

Daiwa Securities Co. Ltd.(URL <http://www.daiwa.jp/>)

Parent Company: Daiwa Securities Group Inc. (Code No. 8601), 100% share holder



July 30, 2008

Non-consolidated financial summary

(For the first quarter ended June 30, 2008)

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

(1) Operating results (year-to-date)

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

“ - ” indicates a loss or negative figure.

(Millions of yen except percentage)

	Operating revenues	Yr/yr change	Net operating revenues	Yr/yr change	Operating income	Yr/yr change
First quarter 2008 (2008/6)	48,365	-	47,882	-	12,133	-
First quarter 2007 (2007/6)	64,456	12.8%	63,863	12.2%	21,882	12.1%

	Ordinary income	Yr/yr change	Net income	Yr/yr change
First quarter 2008 (2008/6)	12,364	-	8,021	-
First quarter 2007 (2007/6)	21,999	12.4%	12,803	4.9%

(2) Financial conditions

(Millions of yen except percentage)

	Total assets	Net assets	Equity ratio
As of Jun. 30, 2008	595,577	236,988	39.8%
As of Mar. 31, 2008	656,019	260,975	39.8%

(References) Equity (i.e. “Owners’ equity” and “valuation and translation adjustment”):

As of Jun. 30, 2008: 236,988 million yen As of Mar. 31, 2008: 260,975 million yen

Representative: Shigeharu Suzuki, President

Contact: Tetsuya Kawaguchi, General Manager, Finance Department

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2. Financial Statements**(1) Balance sheets**

(Millions of yen)

	First quarter Jun. 30, 2008	Fiscal 2007 Mar. 31, 2008
<i>Assets</i>		
Current assets:		
Cash and deposits	81,815	107,406
Cash segregated as deposits for regulatory purposes	146,250	160,082
Trading assets:	57,871	62,497
Trading securities and others	54,647	58,478
Derivative assets	3,223	4,018
Trading receivables, net	3,629	5,092
Receivables related to margin transactions:	178,810	187,807
Customer margin loans	175,675	185,119
Cash deposits as collateral for securities borrowed	3,135	2,688
Collateralized short-term financing agreements:	10,323	8,691
Cash deposits as collateral for securities borrowed	10,323	8,691
Receivables	7,187	9,526
Short-term guarantee money deposited	5,273	5,710
Short-term loans receivable	690	648
Accrued income	11,930	14,172
Deferred tax assets	1,643	4,509
Other current assets	3,294	2,871
Less: Allowance for doubtful accounts	174	183
Total current assets	508,546	568,834
Non-current assets:		
Tangible fixed assets	9,076	9,931
Intangible fixed assets	46,076	44,687
Investments and others:	31,878	32,565
Investment securities	1,871	2,041
Long-term loans receivable	4,904	4,907
Long-term guarantee deposits	16,980	17,500
Deferred tax assets	6,678	6,503
Others	3,822	3,989
Less: Allowance for doubtful accounts	2,379	2,375
Total non-current assets	87,030	87,185
Total assets	595,577	656,019

(Millions of yen)

	First quarter Jun. 30, 2008	Fiscal 2007 Mar. 31, 2008
<i>Liabilities</i>		
Current liabilities:		
Trading liabilities:	2,014	1,014
Trading securities and others	105	108
Derivative liabilities	1,909	905
Payables related to margin transactions:	24,299	18,160
Payable to securities finance companies	5,425	5,045
Proceeds of securities sold for customers' accounts	18,873	13,115
Deposits received	118,073	89,011
Cash deposits received as guarantee	71,588	74,296
Short-term borrowings	64,200	109,200
Account payable	4,375	22,288
Accrued expenses	6,172	5,947
Income taxes payable	1,082	5,779
Accrued bonuses	2,100	5,700
Other current liabilities	3,003	2,375
Total current liabilities	296,909	333,773
Non-current liabilities:		
Long-term debt	32,500	31,500
Long-term debt from parent company	16,000	16,000
Accrued retirement benefits	10,572	10,351
Provision for litigation losses	473	474
Other non-current liabilities	712	750
Total non-current liabilities:	60,258	59,077
Statutory reserves	1,421	2,193
Total liabilities	358,588	395,043
<i>Net assets</i>		
Owners' equity:		
Common stock	100,000	100,000
Capital surplus	50,010	50,010
Additional paid-in capital	50,010	50,010
Retained earnings	86,385	110,364
Earned surplus reserve	2,430	2,430
Other retained surplus:	83,955	107,934
Unappropriated retained earnings	83,955	107,934
Total owners' equity	236,395	260,374
Valuation and translation adjustments:		
Net unrealized gain (loss) on securities, net of tax effect	592	601
Total valuation and translation adjustments:	592	601
Total net assets	236,988	260,975
Total liabilities and net assets	595,577	656,019

(2) Statement of income

(Millions of yen)

	First quarter Apr. 1, 2008 - Jun. 30, 2008
Operating revenues:	
Commissions	35,557
Net gain (loss) on trading	11,144
Net gain (loss) on trading in equity	2,319
Net gain (loss) on trading in bond, forex and other	8,824
Interest and dividend income	1,663
Total operating revenues	48,365
Interest expenses	482
Net operating revenues	47,882
Selling, general and administrative expenses:	
Commission and other expenses	4,753
Employees' compensation and benefits	16,147
Occupancy and rental	4,775
Data processing and office supplies	5,495
Depreciation expenses	3,503
Taxes other than income taxes	384
Others	688
Total selling, general and administrative expenses	35,749
Operating income	12,133
Non-operating income	
Others	258
Total non-operating income	258
Non-operating expenses	
Others	27
Total non-operating expenses	27
Ordinary income	12,364
Extraordinary gains	
Reversal of Reserve for financial instruments business liabilities	771
Total extraordinary gains	771
Extraordinary losses	
Write-down of related companies' stocks	155
Total extraordinary losses	155
Income before income taxes and others	12,980
Income taxes-current	2,263
Income taxes-deferred	2,695
Total income taxes	4,959
Net income	8,021
Net financial income included in Net operating revenues	1,180

(References)

Financial Statement for the first quarter ended June 30, 2007

Statement of income

	(Millions of yen)
	First quarter Apr. 1, 2007 - Jun. 30, 2007
Operating revenues:	
Commissions	50,381
Net gain (loss) on trading	11,818
Net gain (loss) on trading in equity	2,184
Net gain (loss) on trading in bond, forex and other	9,633
Interest and dividend income	2,256
Total operating revenues	64,456
Interest expenses	593
Net operating revenues	63,863
Selling, general and administrative expenses:	
Commission and other expenses	6,053
Employees' compensation and benefits	20,883
Occupancy and rental	4,853
Data processing and office supplies	5,301
Depreciation expenses	2,579
Taxes other than income taxes	458
Others	1,850
Total selling, general and administrative expenses	41,981
Operating income	21,882
Non-operating income	
Others	156
Total non-operating income	156
Non-operating expenses	
Others	39
Total non-operating expenses	39
Ordinary income	21,999
Extraordinary gains	
Reversal of Reserve for securities transaction liabilities	1
Total extraordinary gains	1
Income before income taxes and others	22,001
Income taxes-current	7,450
Income taxes-deferred	1,747
Total income taxes	9,197
Net income	12,803
Net financial income included in Net operating revenues	1,662

3. Other information

(1) Supplemental information for the first quarter ended June 30, 2008

(i) Breakdown of commission revenue

(1) Activity (Millions of yen)

	First quarter Apr. 1, 2008 – Jun. 30, 2008	First quarter Apr. 1, 2007 – Jun. 30, 2007	Yr/yr change(%)
Brokerage commission	10,116	15,190	-33.4%
Stock and other	10,030	15,144	-33.8%
Distribution commission	9,204	17,862	-48.5%
Stock and other	27	1,616	-98.3%
Bond and other	2,160	3,050	-29.2%
Investment fund	7,016	13,195	-46.8%
Other commission	16,237	17,328	-6.3%
Investment fund	11,052	10,935	1.1%
Total	35,557	50,381	-29.4%

(2) Asset class (Millions of yen)

	First quarter Apr. 1, 2008 – Jun. 30, 2008	First quarter Apr. 1, 2007 – Jun. 30, 2007	Yr/yr change(%)
Stock and other	10,588	17,415	-39.2%
Bond and other	3,481	5,016	-30.6%
Investment fund	18,154	24,176	-24.9%
Others	3,333	3,773	-11.7%
Total	35,557	50,381	-29.4%

(ii) Capital adequacy ratio (Millions of yen)

		As of Jun. 30, 2008	As of Jun. 30, 2007
Basic item	(A)	236,395	232,168
Supplementary item	Net unrealized gain on securities, net of tax effect etc.	592	767
	Statutory reserve	1,421	2,193
	Allowance for doubtful accounts	174	41
	Total (B)	2,188	3,002
Assets excluded from capital	(C)	87,808	74,677
Net capital	(A)+(B)-(C) (D)	150,776	160,493
Risk equivalent	Market risk equivalent	1,159	667
	Counterparty risk equivalent	5,522	8,358
	Basic risk equivalent	35,408	36,708
	Total (E)	42,090	45,735
Capital adequacy ratio	(D)/(E)	358.2%	350.9%

Quarterly 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 revenues					
Commissions	50,381	44,337	42,995	34,325	35,557
Brokerage commission	15,190	13,767	11,864	9,028	10,116
Stock and other	15,144	13,685	11,752	8,918	10,030
Distribution commission	17,862	12,413	13,257	8,757	9,204
Stock and other	1,616	1,368	865	1,058	27
Bond and other	3,050	2,436	1,687	1,956	2,160
Investment fund	13,195	8,609	10,704	5,742	7,016
Other commission	17,328	18,155	17,874	16,538	16,237
Investment fund	10,935	11,634	12,058	10,911	11,052
Net gain on trading	11,818	11,597	12,036	9,826	11,144
Net gain (loss) on trading in equity	2,184	1,741	1,896	686	2,319
Net gain (loss) on trading in bond, forex and other	9,633	9,855	10,139	9,140	8,824
Interest and dividend income	2,256	2,478	2,298	1,920	1,663
Total operating revenues	64,456	58,413	57,330	46,072	48,365
Interest expenses	593	589	575	505	482
Net operating revenue	63,863	57,823	56,755	45,567	47,882
Selling, general and administrative expenses:					
Commission and other expenses	6,053	7,038	5,588	4,700	4,753
Employees' compensation and benefits	20,883	17,426	18,666	13,148	16,147
Occupancy and rental	4,853	5,198	4,842	4,768	4,775
Data processing and office supplies	5,301	5,638	5,780	6,125	5,495
Depreciation expenses	2,579	2,835	3,080	3,241	3,503
Taxes other than income taxes	458	322	314	305	384
Others	1,850	904	651	697	688
Total selling, general and administrative expenses:	41,981	39,363	38,924	32,987	35,749
Operating income	21,882	18,460	17,831	12,579	12,133
Non-operating income	156	59	122	87	258
Non-operating expenses	39	64	32	16	27
Ordinary income	21,999	18,456	17,922	12,649	12,364
Extraordinary gains	1	-	-	365	771
Extraordinary losses	-	550	-	722	155
Income before income taxes and others	22,001	17,905	17,922	12,292	12,980
Income taxes-current	7,450	10,312	4,400	6,571	2,263
Income taxes-deferred	1,747	-3,013	3,103	-1,458	2,695
Total income taxes	9,197	7,298	7,503	5,112	4,959
Net income	12,803	10,606	10,418	7,180	8,021
Net financial income included in Net operating revenues	1,662	1,888	1,723	1,415	1,180