

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: November 12, 2008



October 31, 2008

Consolidated financial summary (For the 6-month period ended September 30, 2008)

1. Consolidated financial result (from April 1, 2008 to September 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	
6-month period (2008/9)	296,935	-	151,123	-	(26,616)	-	(23,203)	-
6-month period (2007/9)	465,695	11.0%	255,632	5.9%	70,352	(11.9)%	75,296	(12.9)%

	Net income		Earnings / share		Fully diluted earnings / share	
6-month period (2008/9)	(14,637)	-	(10.87)	Yen	-	Yen
6-month period (2007/9)	42,074	4.9%	30.25	Yen	30.19	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 Sep. 30, 2008	16,564,070	1,017,118	4.7	%	575.28	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 Sep. 30, 2008: 774,427 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)	-	5.00			
Fiscal 2008 (expected)			To be determined		

(Note) Change in expected dividends as of Sep. 30, 2008: None

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

(Note) Change in forecasts of consolidated financial results as of Sep. 30, 2008: None

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.

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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 6-month period ended September 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 Sep. 30, 2008:	1,404,664,772	As of Mar. 31, 2008:	1,404,664,772
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(ii) Number of treasury stock

As of Sep. 30, 2008:	58,481,133	As of Mar. 31, 2008:	58,329,030
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(iii) Average number of shares (from April 1 to September 30)

As of Sep. 30, 2008:	1,346,353,624	As of Sep. 30, 2007:	1,390,583,605
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* Explanation about proper use of forecasts of consolidated financial results and other special notes

1. For preparing the consolidated financial statements for the 6-month period ended September 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.

2. The Group does not 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 6-month period of fiscal 2008

1. Summary of consolidated operating results for the 6-month period of fiscal 2008 (from April 1, 2008 to September 30, 2008)

For the 6-month period of fiscal 2008 (from April 1, 2008 to September 30, 2008), net operating revenues, which mainly consist of commissions and net gains on trading were 151,123 million yen. Selling, general and administrative expenses were 177,739 million yen. As a result, ordinary income was a loss of 23,203 million yen. Net income was a loss of 14,637 million yen.

(1) Commissions

(i) Brokerage commission

Daily average trading value on the Tokyo Stock Exchange decreased by 22.9% (compared with the 6-month period of fiscal 2007) to 2,386.5 billion yen, under generally lower quiet equity market, brokerage commission was 30,448 million yen.

(ii) Underwriting commission

Underwriting commission was 7,741 million yen. Underwriting commission derived from equity fell to 2,270 million yen, due to decrease in initial public offering in the stock market's correction. Underwriting commission derived from bonds stayed flat to 5,410 million yen.

(iii) Distribution commission

Distribution commission in investment trust was 12,443 million yen, resulting from the sales of investment trust. Total distribution commission was 13,028 million yen.

(iv) Other commission

Total other commission including management fees of equity type investment trust was 64,619 million yen.

(2) Net gains on trading

Net gains on trading in equity were 12,443 million yen. Net gains on trading in bond, forex and other were 19,721 million yen. As a result, total net gains on trading were 32,164 million yen.

(3) Net loss on private equity and other securities

Net loss on private equity and other securities totaled in a loss of 16,213 million yen, due to bad condition of the real estate market and the stock market.

(4) Financial income

Interest and dividend income was 138,878 million yen and interest expenses were 126,505 million yen. Net financial income was 12,373 million yen.

(5) Selling, general and administrative expenses

Commission and other expenses including trust fee paid of investment trust were 35,855 million yen. Employees' compensation and benefits were 72,726 million yen. As a result, total selling, general and administrative expenses were 177,739 million yen.

2. Operating results of overseas subsidiaries for the 6-month period of fiscal 2008 (from April 1, 2008 to September 30, 2008)

Ordinary income by geographic area			(Millions of yen)	
America	Europe	Asia & Oceania	Total	
2,243	(1,623)	14	634	

2. Qualitative information concerning consolidated financial conditions

Trading assets were 6,021,380 million yen and collateralized short-term financing agreements (asset) were 7,376,789 million yen. As a result, total assets were 16,564,070 million yen. Trading liabilities were 4,071,200 million yen and collateralized short-term financing agreements (liabilities) were 7,058,471 million yen. Short-term borrowings were 1,323,507 million yen and bonds and notes were 1,204,460 million yen. As a result, total liabilities were 15,546,951 million yen.

Total net assets were 1,017,118 million yen, which consist of common stock, capital surplus, retained earnings of 499,130 million yen and minority interests of 240,634 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 simplified accounting policies and typical accounting procedures for preparation of the quarterly consolidated financial statements

The Company has adopted the simplified accounting policies for the 6-month period ended September 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 6-month period ended September 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 6-month period ended September 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 this fiscal year.

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) from this fiscal year. 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 Sep. 30, 2008	Fiscal 2007 As of Mar. 31, 2008
Assets		
Current assets:		
Cash and deposits	406,977	429,976
Cash segregated as deposits for regulatory purposes	229,245	233,544
Notes receivable and trade accounts receivable	13,080	13,580
Securities	30,905	54,105
Trading assets:	6,021,380	7,857,122
Trading securities and others	4,494,737	6,271,253
Derivative assets	1,526,642	1,585,868
Trading receivables, net	111,064	219,314
Private equity and other securities	454,908	483,268
Less: Allowance for possible investment losses	12,404	11,536
Loans receivable from customers	80,031	75,421
Merchandise	13	0
Work in process	1,575	1,601
Receivables related to margin transactions:	293,527	369,312
Customer margin loans	149,421	192,000
Cash deposits as collateral for securities borrowed	144,106	177,311
Collateralized short-term financing agreements:	7,376,789	6,206,327
Cash deposits as collateral for securities borrowed	7,372,104	6,206,125
Receivables related to gensaki transactions	4,685	202
Receivables	14,792	12,511
Short-term loans receivable	95,074	148,991
Accrued income	31,125	36,597
Deferred tax assets	22,076	15,913
Other current assets	848,074	608,629
Less: Allowance for doubtful accounts	5,679	1,384
Total current assets	16,012,558	16,753,297
Non-current assets:		
Tangible fixed assets	151,712	153,392
Intangible fixed assets	108,145	101,879
Investments and others:	291,653	298,549
Investment securities	210,254	215,611
Long-term loans receivable	18,663	15,061
Long-term guarantee deposits	26,270	30,130
Deferred tax assets	18,752	15,434
Other	20,019	24,579
Less: Allowance for doubtful accounts	2,305	2,267
Total non-current assets	551,512	553,821
Total assets	16,564,070	17,307,119

(Millions of yen)	Fiscal 2008 As of Sep. 30, 2008	Fiscal 2007 As of Mar. 31, 2008
Liabilities		
Current liabilities:		
Notes payable and trade accounts payable	5,231	4,941
Trading liabilities:	4,071,200	4,643,643
Trading securities and others	2,957,246	3,443,374
Derivative liabilities	1,113,953	1,200,269
Payables related to margin transactions:	163,252	202,010
Payables to securities finance companies	6,977	8,617
Proceeds of securities sold for customers' accounts	156,274	193,392
Collateralized short-term financing agreements:	7,058,471	6,238,684
Cash deposits as collateral for securities loaned	6,754,503	5,535,106
Payables related to gensaki transactions	303,968	703,577
Deposits received	130,214	134,361
Cash deposits received as guarantee	115,906	101,149
Short-term borrowings	1,323,507	2,362,803
Commercial paper	464,550	488,300
Bonds and notes due within one year	8,863	130,613
Income taxes payable	5,113	21,537
Deferred tax liabilities	-	13
Accrued bonuses	10,975	17,325
Provision for relocation costs of headquarter office	1,268	4,129
Other current liabilities	738,196	571,406
Total current liabilities	14,096,752	14,920,920
Non-current liabilities:		
Bonds and notes	1,204,460	1,063,741
Long-term debts	207,445	199,070
Deferred tax liabilities	2,208	4,541
Retirement benefits	24,477	23,576
Provision for litigation losses	753	779
Other non-current liabilities	3,239	3,548
Total non-current liabilities	1,442,584	1,295,257
Statutory reserves	7,614	8,017
Total liabilities	15,546,951	16,224,195
Net assets		
Owners' equity:		
Common stock	178,324	178,324
Capital surplus	157,678	157,678
Retained earnings	499,130	527,579
Treasury stock	(61,771)	(61,701)
Total owners' equity	773,362	801,880
Valuation and translation adjustments:		
Net unrealized gain on securities, net of tax effect	12,539	24,470
Deferred gain on hedges	401	800
Translation adjustments	(11,875)	(9,061)
Total valuation and translation adjustments	1,064	16,208
Stock subscription rights	2,056	1,429
Minority interests	240,634	263,404
Total net assets	1,017,118	1,082,923
Total liabilities and net assets	16,564,070	17,307,119

(2) Consolidated statement of income

(Millions of yen)	6-month period Apr. 1, 2008 - Sep. 30, 2008
Operating revenues:	
Commissions	115,837
Net gain on trading	32,164
Net gain on trading in equity	12,443
Net gain on trading in bond, forex and other	19,721
Net loss on private equity and other securities	16,213
Interest and dividend income	138,878
Other sales	26,268
Total operating revenues	296,935
Interest expenses	126,505
Cost of sales	19,307
Net operating revenues	151,123
Selling, general and administrative expenses:	
Commission and other expenses	35,855
Employees' compensation and benefits	72,726
Occupancy and rental	22,588
Data processing and office supplies	15,522
Depreciation	16,636
Taxes other than income taxes	3,321
Provision for doubtful account	4,471
Other	6,616
Total selling, general and administrative expenses	177,739
Operating income	(26,616)
Non-operating income:	
Equity in earnings	251
Other	4,799
Total non-operating income	5,050
Non-operating expenses:	
Other	1,638
Total non-operating expenses	1,638
Ordinary income	(23,203)
Extraordinary gains:	
Gain on sale of investment securities	1,681
Reversal of reserve for financial instruments business liabilities	402
Other	208
Total extraordinary gains	2,291
Extraordinary losses:	
Loss on sale or disposal of fixed assets	798
Write-down of related company's stock	216
Write-down of investment securities	4,991
Loss on disposal of loans receivable	2,175
Other	433
Total extraordinary losses	8,615
Income before income taxes and minority interests	(29,527)
Income taxes-current	10,454
Income taxes-deferred	(7,422)
Total income taxes	3,032
Minority interests	(17,923)
Net income	(14,637)
Net financial income included in net operating revenues	12,373

For preparing the consolidated financial statements for the 6-month period ended September 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)

Condensed consolidated statement of income for the 6-month period ended September 30, 2007

(Millions of yen)	6-month period Apr. 1, 2007 - Sep. 30, 2007
Operating revenues:	
Commissions	154,438
Net gain on trading	71,190
Net gain on trading in equity	15,230
Net gain on trading in bond, forex and other	55,960
Net gain on private equity and other securities	14,305
Interest and dividend income	201,802
Other sales	23,957
Total operating revenues	465,695
Interest expenses	191,720
Cost of sales	18,342
Net operating revenues	255,632
Selling, general and administrative expenses:	
Commission and other expenses	43,372
Employees' compensation and benefits	83,158
Occupancy and rental	18,762
Data processing and office supplies	14,329
Depreciation expenses	13,179
Taxes other than income taxes	3,895
Provision for doubtful account	1,787
Other	6,794
Total selling, general and administrative expenses	185,280
Operating income	70,352
Non-operating income:	
Equity in earnings	1,209
Other	4,742
Total non-operating income	5,952
Non-operating expenses:	
Other	1,007
Total non-operating expenses	1,007
Ordinary income	75,296
Extraordinary gains:	
Gain on sales of investment securities	1,928
Reversal of reserve for financial instruments business liabilities	5
Total extraordinary gains	1,934
Extraordinary losses:	
Write-down of investment securities	1,279
Other	949
Total extraordinary losses	2,228
Income before income taxes and minority interests	75,002
Income taxes-current	30,740
Income taxes-deferred	(2,874)
Total income taxes	27,865
Minority interests	5,061
Net income	42,074
Net financial income included in net operating revenues	10,082

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

6-month period of fiscal 2008 (from April 1, 2008 to September 30, 2008) (A)

(Millions of yen)

	Equity	Fixed income (Bond)	Investment trust	Investment banking	Other	Total
Brokerage commission	30,021	239	188	-	-	30,448
Underwriting commission	-	-	-	7,741	-	7,741
Stock and other	-	-	-	2,270	-	2,270
Bond and other	-	-	-	5,410	-	5,410
Distribution commission	-	-	12,443	585	-	13,028
Other commission	724	500	46,640	5,628	11,125	64,619
Total	30,746	739	59,271	13,955	11,125	115,837

6-month period of fiscal 2007 (from April 1, 2007 to September 30, 2007) (B)

(Millions of yen)

	Equity	Fixed income (Bond)	Investment trust	Investment banking	Other	Total
Brokerage commission	46,508	471	186	-	-	47,165
Underwriting commission	-	-	-	13,857	-	13,857
Stock and other	-	-	-	8,306	-	8,306
Bond and other	-	-	-	5,342	-	5,342
Distribution commission	-	-	22,501	1,997	-	24,499
Other commission	950	700	48,319	6,321	12,624	68,916
Total	47,459	1,171	71,007	22,175	12,624	154,438

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

(Percentage)

	Equity	Fixed income (Bond)	Investment trust	Investment banking	Other	Total
Brokerage commission	(35.4)	(49.3)	1.0	-	-	(35.4)
Underwriting commission	-	-	-	(44.1)	-	(44.1)
Stock and other	-	-	-	(72.7)	-	(72.7)
Bond and other	-	-	-	1.3	-	1.3
Distribution commission	-	-	(44.7)	(70.7)	-	(46.8)
Other commission	(23.8)	(28.5)	(3.5)	(10.9)	(11.9)	(6.2)
Total	(35.2)	(36.9)	(16.5)	(37.1)	(11.9)	(25.0)

(2) Quarterly consolidated statements of income

(Millions of yen)	Fiscal 2007			Fiscal 2008	
	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	2nd quarter Jul. 1, 2008- Sep. 30, 2008
Operating revenue:					
Commissions	74,562	72,602	67,383	61,792	54,045
Brokerage commission	22,890	20,503	16,207	17,149	13,299
Stock and other	22,473	20,100	15,878	16,907	13,114
Bond and other	302	252	202	135	103
Underwriting commission	6,421	5,098	6,514	4,559	3,181
Stock and other	4,139	2,289	3,985	1,297	972
Bond and other	2,189	2,650	2,378	3,259	2,150
Distribution commission	9,676	11,421	6,650	7,666	5,361
Investment trust	8,895	10,920	5,919	7,247	5,195
Other commission	35,573	35,578	38,011	32,417	32,202
Net gain (loss) on trading	24,440	41,650	(9,479)	21,300	10,864
Net gain (loss) on trading in equity	(4,150)	5,329	(9,539)	21,033	(8,590)
Net gain on trading in bond, forex and other	28,591	36,321	59	266	19,454
Net gain (loss) on private equity	6,309	723	4,131	(1,007)	(15,206)
Interest and dividend income	95,909	87,242	69,377	69,748	69,129
Other sales revenues	10,489	13,239	12,855	13,541	12,726
Total operating revenues	211,712	215,457	144,268	165,376	131,559
Interest expenses	92,357	83,894	64,169	62,343	64,161
Cost of sales	7,791	10,136	9,668	10,006	9,301
Net operating revenues	111,563	121,427	70,431	93,026	58,096
Selling, general and administrative expenses:					
Commission and other expenses	23,071	20,432	21,592	18,013	17,842
Employees' compensation and benefits	38,823	41,038	32,464	37,120	35,605
Occupancy and rental	9,804	9,709	10,286	11,082	11,505
Data processing and office supplies	7,474	7,557	7,990	7,836	7,686
Depreciation expenses	6,810	7,262	7,605	8,252	8,384
Taxes other than income taxes	1,792	1,741	1,693	1,816	1,505
Provision for doubtful account	571	876	858	1,157	3,313
Other	3,311	3,670	3,798	3,167	3,449
Total selling, general and administrative expenses	91,660	92,288	86,290	88,446	89,293
Operating income	19,902	29,138	(15,858)	4,580	(31,196)
Non-operating income	1,823	2,274	1,419	4,143	907
Non-operating expenses	521	902	1,225	402	1,235
Ordinary income	21,204	30,511	(15,664)	8,321	(31,525)
Extraordinary gains	1,140	219	1,481	462	1,829
Extraordinary losses	2,015	(65)	9,663	3,029	5,585
Income before income taxes and minority interests	20,329	30,796	(23,847)	5,754	(35,282)
Income taxes-current	14,215	7,849	1,885	4,830	5,623
Income taxes-deferred	(7,402)	4,835	(1,661)	(1,011)	(6,410)
Total income taxes	6,813	12,685	223	3,819	(787)
Minority interests	(1,223)	846	(11,141)	(3,950)	(13,972)
Net income	14,739	17,264	(12,928)	5,885	(20,522)
Net financial income included in net operating	3,551	3,347	5,208	7,405	4,967