

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: February 12, 2009



January 30, 2009

Consolidated financial summary (For the 9-month period ended December 31, 2008)

1. Consolidated financial result (from April 1, 2008 to December 31, 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	
9-month period (2008/12)	335,500	-	145,540	-	(115,805)	-	(113,226)	-
9-month period (2007/12)	681,153	2.9%	377,059	(1.6)%	99,491	(25.6)%	105,808	(25.7)%

	Net income		Earnings / share		Fully diluted earnings / share	
9-month period (2008/12)	(67,676)	-	(50.27)	Yen	-	Yen
9-month period (2007/12)	59,339	(11.3)%	42.87	Yen	42.79	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 Dec. 31, 2008	15,113,175	996,110	4.9	%	554.82	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 Dec. 31, 2008: 746,953 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 Dec. 31, 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 Dec. 31, 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 9-month period ended December 31, 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 Dec. 31, 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 Dec. 31, 2008:	58,361,343	As of Mar. 31, 2008:	58,329,030
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(iii) Average number of shares (from April 1 to December 31)

As of Dec. 31, 2008:	1,346,321,719	As of Dec. 31, 2007:	1,384,161,565
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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 9-month period ended December 31, 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 9-month period of fiscal 2008

1. Summary of consolidated operating results for the 9-month period of fiscal 2008 (from April 1, 2008 to December 31, 2008)

For the 9-month period of fiscal 2008 (from April 1, 2008 to December 31, 2008), net operating revenues, which mainly consist of commissions and net gains on trading were 145,540 million yen. Selling, general and administrative expenses were 261,346 million yen. As a result, ordinary income was a loss of 113,226 million yen. Net income was a loss of 67,676 million yen.

(1) Commissions

(i) Brokerage commission

Daily average trading value on the Tokyo Stock Exchange decreased by 26.1% (compared with the 9-month period of fiscal 2007) to 2,230.3 billion yen, under generally lower quiet equity market, brokerage commission was 44,769 million yen.

(ii) Underwriting commission

Underwriting commission was 15,377 million yen. Underwriting commission derived from equity fell to 7,918 million yen, due to decrease in initial public offering in the stock market's correction. Underwriting commission derived from bonds stayed flat to 7,275 million yen.

(iii) Distribution commission

Distribution commission in investment trust was 14,632 million yen, resulting from the sales of investment trust. Total distribution commission was 15,298 million yen.

(iv) Other commission

Total other commission including management fees of equity type investment trust was 89,777 million yen.

(2) Net gain on trading

Net gain on trading in bond, forex and other was 44,947 million yen, though net loss on trading in equity was 35,632 million yen. As a result, total net gain on trading was 9,315 million yen.

(3) Net loss on private equity and other securities

Net loss on private equity and other securities totaled in 53,692 million yen, due to bad condition of the real estate market and the stock market.

(4) Financial income

Interest and dividend income was 176,404 million yen and interest expenses were 161,279 million yen. Net financial income was 15,124 million yen.

(5) Selling, general and administrative expenses

Commission and other expenses including trust fee paid of investment trust were 51,236 million yen. Employees' compensation and benefits were 108,057 million yen. As a result, total selling, general and administrative expenses were 261,346 million yen.

2. Operating results of overseas subsidiaries for the 9-month period of fiscal 2008 (from April 1, 2008 to December 31, 2008)

Ordinary income by geographic area			(Millions of yen)	
America	Europe	Asia & Oceania	Total	
6,016	(3,637)	(778)	1,600	

2. Qualitative information concerning consolidated financial conditions

Trading assets were 6,971,359 million yen and collateralized short-term financing agreements (asset) were 5,461,101 million yen. As a result, total assets were 15,113,175 million yen. Trading liabilities were 4,534,877 million yen and collateralized short-term financing agreements (liabilities) were 4,947,747 million yen. Short-term borrowings were 1,966,594 million yen and bonds and notes were 1,271,919 million yen. As a result, total liabilities were 14,117,065 million yen.

Total net assets were 996,110 million yen, which consist of common stock, capital surplus, retained earnings of 439,226 million yen and minority interests of 246,946 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 9-month period ended December 31, 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 9-month period ended December 31, 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 9-month period ended December 31, 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 Practical Issues Task Force 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.

(3) Other

“Net unrealized gain on securities, net of tax effect” includes the gain for the Class Shares of 58,913 million yen which was measured at fair value based on “Practical Solution on Accounting for the Book Value of Class Shares at the Balance Sheet Date” (ASBJ Practical Issues Task Force No.10).

Especially, “net unrealized gain on securities, net of tax effect” from the investment in Series 1 Class A and Class B preferred shares of SANYO Electric Co., Ltd. accounts for 60,885 million yen.

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

(Millions of yen)	Fiscal 2008 As of Dec. 31, 2008	Fiscal 2007 As of Mar. 31, 2008
Assets		
Current assets:		
Cash and deposits	441,638	429,976
Cash segregated as deposits for regulatory purposes	244,295	233,544
Notes receivable and trade accounts receivable	11,119	13,580
Securities	41,934	54,105
Trading assets:	6,971,359	7,857,122
Trading securities and others	4,283,080	6,271,253
Derivative assets	2,688,279	1,585,868
Trading receivables, net	-	219,314
Private equity and other securities	614,053	483,268
Less: Allowance for possible investment losses	33,012	11,536
Loans receivable from customers	70,034	75,421
Merchandise	2	0
Work in process	1,969	1,601
Receivables related to margin transactions:	213,007	369,312
Customer margin loans	88,686	192,000
Cash deposits as collateral for securities borrowed	124,321	177,311
Collateralized short-term financing agreements:	5,461,101	6,206,327
Cash deposits as collateral for securities borrowed	5,461,101	6,206,125
Receivables related to gensaki transactions	-	202
Receivables	7,439	12,511
Short-term loans receivable	92,617	148,991
Accrued income	29,502	36,597
Deferred tax assets	1,623	15,913
Other current assets	422,261	608,629
Less: Allowance for doubtful accounts	206	1,384
Total current assets	14,590,744	16,753,297
Non-current assets:		
Tangible fixed assets	149,401	153,392
Intangible fixed assets	108,805	101,879
Other	108,805	101,879
Investments and others:	264,224	298,549
Investment securities	183,649	215,611
Long-term loans receivable	18,874	15,061
Long-term guarantee deposits	26,111	30,130
Deferred tax assets	18,007	15,434
Other	24,345	24,579
Less: Allowance for doubtful accounts	6,763	2,267
Total non-current assets	522,431	553,821
Total assets	15,113,175	17,307,119

(Millions of yen)	Fiscal 2008 As of Dec. 31, 2008	Fiscal 2007 As of Mar. 31, 2008
Liabilities		
Current liabilities:		
Notes payable and trade accounts payable	4,172	4,941
Trading liabilities:	4,534,877	4,643,643
Trading securities and others	2,269,072	3,443,374
Derivative liabilities	2,265,805	1,200,269
Trading receivables, net	140,501	-
Payables related to margin transactions:	149,813	202,010
Payables to securities finance companies	5,334	8,617
Proceeds of securities sold for customers' accounts	144,478	193,392
Collateralized short-term financing agreements:	4,947,747	6,238,684
Cash deposits as collateral for securities loaned	4,516,231	5,535,106
Payables related to gensaki transactions	431,516	703,577
Deposits received	143,007	134,361
Cash deposits received as guarantee	288,625	101,149
Short-term borrowings	1,966,594	2,362,803
Commercial paper	292,300	488,300
Bonds and notes due within one year	10,904	130,613
Income taxes payable	1,023	21,537
Deferred tax liabilities	37,596	13
Accrued bonuses	9,175	17,325
Provision for relocation costs of headquarter office	610	4,129
Other current liabilities	78,224	571,406
Total current liabilities	12,605,173	14,920,920
Non-current liabilities:		
Bonds and notes	1,271,919	1,063,741
Long-term debts	202,099	199,070
Deferred tax liabilities	1,477	4,541
Retirement benefits	24,961	23,576
Provision for litigation losses	752	779
Other non-current liabilities	3,066	3,548
Total non-current liabilities	1,504,277	1,295,257
Statutory reserves:		
Financial instrumentals business liability reserves	7,614	-
Securities trading liability reserves	-	8,017
Total statutory reserves	7,614	8,017
Total liabilities	14,117,065	16,224,195
Net assets		
Owners' equity:		
Common stock	178,324	178,324
Capital surplus	157,678	157,678
Retained earnings	439,226	527,579
Treasury stock	(61,579)	(61,701)
Total owners' equity	713,650	801,880
Valuation and translation adjustments:		
Net unrealized gain on securities, net of tax effect	67,026	24,470
Deferred gain on hedges	694	800
Translation adjustments	(34,417)	(9,061)
Total valuation and translation adjustments	33,303	16,208
Stock subscription rights	2,210	1,429
Minority interests	246,946	263,404
Total net assets	996,110	1,082,923
Total liabilities and net assets	15,113,175	17,307,119

(2) Consolidated statement of income

(Millions of yen)	9-month period Apr. 1, 2008 - Dec. 31, 2008
Operating revenues:	
Commissions	165,221
Net gain on trading	9,315
Net loss on trading in equity	35,632
Net gain on trading in bond, forex and other	44,947
Net loss on private equity and other securities	53,692
Interest and dividend income	176,404
Other sales	38,251
Total operating revenues	335,500
Interest expenses	161,279
Cost of sales	28,679
Net operating revenues	145,540
Selling, general and administrative expenses:	
Commission and other expenses	51,236
Employees' compensation and benefits	108,057
Occupancy and rental	33,154
Data processing and office supplies	22,983
Depreciation	25,404
Taxes other than income taxes	4,978
Provision for doubtful account	5,174
Other	10,358
Total selling, general and administrative expenses	261,346
Operating income	(115,805)
Non-operating income:	
Dividend income	236
Interest income	3,685
Equity in earnings	516
Other	1,868
Total non-operating income	6,306
Non-operating expenses:	
Interest expenses	331
Foreign exchange loss	1,313
Other	2,082
Total non-operating expenses	3,728
Ordinary income	(113,226)
Extraordinary gains:	
Gain on sale of investment securities	2,327
Reversal of reserve for financial instruments business liabilities	402
Other	205
Total extraordinary gains	2,935
Extraordinary losses:	
Loss on sale or disposal of fixed assets	1,014
Loss on disposal of loans receivable	1,967
Write-down of related company's stock	262
Write-down of investment securities	14,513
Other	392
Total extraordinary losses	18,150
Income before income taxes and minority interests	(128,441)
Income taxes-current	7,321
Income taxes-deferred	(17,300)
Total income taxes	(9,978)
Minority interests	(50,786)
Net income	(67,676)

For preparing the consolidated financial statements for the 9-month period ended December 31, 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 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 9-month period ended December 31, 2007

(Millions of yen)	9-month period Apr. 1, 2007 - Dec. 31, 2007
Operating revenues:	
Commissions	227,041
Net gain on trading	112,840
Net gain on trading in equity	20,559
Net gain on trading in bond, forex and other	92,281
Net gain on private equity and other securities	15,029
Interest and dividend income	289,044
Other sales	37,197
Total operating revenues	681,153
Interest expenses	275,614
Cost of sales	28,478
Net operating revenues	377,059
Selling, general and administrative expenses:	
Commission and other expenses	63,805
Employees' compensation and benefits	124,197
Occupancy and rental	28,472
Data processing and office supplies	21,887
Depreciation expenses	20,441
Taxes other than income taxes	5,636
Other	13,128
Total selling, general and administrative expenses	277,568
Operating income	99,491
Non-operating income:	
Equity in earnings	1,623
Other	6,604
Total non-operating income	8,227
Non-operating expenses:	
Other	1,910
Total non-operating expenses	1,910
Ordinary income	105,808
Extraordinary gains:	
Gain on sales of investment securities	2,153
Other	0
Total extraordinary gains	2,153
Extraordinary losses:	
Write-down of investment securities	1,213
Other	949
Total extraordinary losses	2,162
Income before income taxes and minority interests	105,798
Income taxes-current	38,589
Income taxes-deferred	1,961
Total income taxes	40,550
Minority interests	5,908
Net income	59,339
Net financial income included in net operating revenues	13,430

6. Other information

(1) Breakdown of commissions

9-month period of fiscal 2008 (from April 1, 2008 to December 31, 2008) (A)

(Millions of yen)

	Equity	Fixed income (Bond)	Investment trust	Investment banking	Other	Total
Brokerage commission	44,043	323	401	-	-	44,769
Underwriting commission	-	-	-	15,377	-	15,377
Stock and other	-	-	-	7,918	-	7,918
Bond and other	-	-	-	7,275	-	7,275
Distribution commission	-	-	14,632	665	-	15,298
Other commission	1,210	563	63,605	8,665	15,731	89,777
Total	45,254	887	78,639	24,709	15,731	165,221

9-month period of fiscal 2007 (from April 1, 2007 to December 31, 2007) (B)

(Millions of yen)

	Equity	Fixed income (Bond)	Investment trust	Investment banking	Other	Total
Brokerage commission	66,608	723	337	-	-	67,668
Underwriting commission	-	-	-	18,955	-	18,955
Stock and other	-	-	-	10,596	-	10,596
Bond and other	-	-	-	7,992	-	7,992
Distribution commission	-	-	33,422	2,498	-	35,921
Other commission	1,429	933	73,643	10,266	18,221	104,495
Total	68,037	1,656	107,403	31,721	18,221	227,041

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

(Percentage)

	Equity	Fixed income (Bond)	Investment trust	Investment banking	Other	Total
Brokerage commission	(33.9)	(55.2)	19.1	-	-	(33.8)
Underwriting commission	-	-	-	(18.9)	-	(18.9)
Stock and other	-	-	-	(25.3)	-	(25.3)
Bond and other	-	-	-	(9.0)	-	(9.0)
Distribution commission	-	-	(56.2)	(73.3)	-	(57.4)
Other commission	(15.3)	(39.6)	(13.6)	(15.6)	(13.7)	(14.1)
Total	(33.5)	(46.4)	(26.8)	(22.1)	(13.7)	(27.2)

(2) Quarterly consolidated statements of income

(Millions of yen)	Fiscal 2007		Fiscal 2008		
	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	3rd quarter Oct. 1, 2008- Dec. 31, 2008
Operating revenue:					
Commissions	72,602	67,383	61,792	54,045	49,383
Brokerage commission	20,503	16,207	17,149	13,299	14,320
Stock and other	20,100	15,878	16,907	13,114	14,022
Bond and other	252	202	135	103	84
Underwriting commission	5,098	6,514	4,559	3,181	7,636
Stock and other	2,289	3,985	1,297	972	5,648
Bond and other	2,650	2,378	3,259	2,150	1,865
Distribution commission	11,421	6,650	7,666	5,361	2,269
Investment trust	10,920	5,919	7,247	5,195	2,189
Other commission	35,578	38,011	32,417	32,202	25,157
Net gain (loss) on trading	41,650	(9,479)	21,300	10,864	(22,849)
Net gain (loss) on trading in equity	5,329	(9,539)	21,033	(8,590)	(48,076)
Net gain on trading in bond, forex and other	36,321	59	266	19,454	25,226
Net gain (loss) on private equity	723	4,131	(1,007)	(15,206)	(37,478)
Interest and dividend income	87,242	69,377	69,748	69,129	37,525
Other sales	13,239	12,855	13,541	12,726	11,983
Total operating revenues	215,457	144,268	165,376	131,559	38,564
Interest expenses	83,894	64,169	62,343	64,161	34,774
Cost of sales	10,136	9,668	10,006	9,301	9,372
Net operating revenues	121,427	70,431	93,026	58,096	(5,582)
Selling, general and administrative expenses:					
Commission and other expenses	20,432	21,592	18,013	17,842	15,380
Employees' compensation and benefits	41,038	32,464	37,120	35,605	35,331
Occupancy and rental	9,709	10,286	11,082	11,505	10,566
Data processing and office supplies	7,557	7,990	7,836	7,686	7,460
Depreciation expenses	7,262	7,605	8,252	8,384	8,767
Taxes other than income taxes	1,741	1,693	1,816	1,505	1,657
Provision for doubtful account	876	858	1,157	3,313	702
Other	3,670	3,798	3,167	3,449	3,741
Total selling, general and administrative expenses	92,288	86,290	88,446	89,293	83,606
Operating income	29,138	(15,858)	4,580	(31,196)	(89,189)
Non-operating income	2,274	1,419	4,143	907	1,256
Non-operating expenses	902	1,225	402	1,235	2,089
Ordinary income	30,511	(15,664)	8,321	(31,525)	(90,022)
Extraordinary gains	219	1,481	462	1,829	644
Extraordinary losses	(65)	9,663	3,029	5,585	9,535
Income before income taxes and minority interests	30,796	(23,847)	5,754	(35,282)	(98,913)
Income taxes-current	7,849	1,885	4,830	5,623	(3,133)
Income taxes-deferred	4,835	(1,661)	(1,011)	(6,410)	(9,877)
Total income taxes	12,685	223	3,819	(787)	(13,010)
Minority interests	846	(11,141)	(3,950)	(13,972)	(32,863)
Net income	17,264	(12,928)	5,885	(20,522)	(53,039)
Net financial income included in net operating revenues	3,347	5,208	7,405	4,967	2,751