

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 20, 2009

Scheduled dividend payment: June 1, 2009

Scheduled date for filing of financial report : June 22, 2009



April 28, 2009

Financial summary

(For the fiscal year ended March 31, 2009)

1. Consolidated financial results (from April 1, 2008 to March 31, 2009)

(1) Consolidated operating results

(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	
Fiscal 2008 (2009/3)	413,936	(49.9)%	199,544	(55.4)%	(143,725)	-	(141,150)	-
Fiscal 2007 (2008/3)	825,422	(10.0)%	447,491	(15.0)%	83,632	(55.1)%	90,143	(53.9)%
	Net income		Earnings / share		Fully diluted earnings / share		Return on equity	
Fiscal 2008 (2009/3)	(85,039)	-	(63.16)	Yen	-	Yen	(11.1)	%
Fiscal 2007 (2008/3)	46,411	(49.9)%	33.69	Yen	33.63	Yen	5.3	%

(Note) Equity in earnings(losses)

Fiscal 2008 (2009/3): (1,106) million yen

Fiscal 2007 (2008/3): 1,738 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, 2009	14,182,579	952,329	5.1 %	534.99 Yen
As of Mar. 31, 2008	17,307,119	1,082,923	4.7 %	607.64 Yen

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

As of Mar. 31, 2009: 720,272 million yen

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

(3) Consolidated cash flow summary

(Millions of yen)

	Operating activities	Investing activities	Financing activities	Ending balance of cash and cash equivalents
Fiscal 2008 (2009/3)	1,519,387	9,437	(1,459,438)	415,600
Fiscal 2007 (2008/3)	(782,533)	(189,042)	991,086	359,851

2. Dividends

(Millions of yen for annual total of dividend)

	Dividends per share (yen)					Annual total of dividend	Payout ratio (consolidated)	Net assets dividend ratio (consolidated)
	First quarter	Second quarter	Third quarter	Fourth quarter	Fiscal			
Fiscal 2007	-	12.00	-	10.00	22.00	29,919	65.3%	3.5%
Fiscal 2008	-	5.00	-	3.00	8.00	10,770	-	1.4%
Fiscal 2009 (expected)	To be determined							

(*) Daiwa Securities group (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 2009 (from April 1, 2009 to March 31, 2010)

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.

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Contact: Hikari Sakagami, 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) Change in accounting principle, procedure and presentation for preparing the consolidated financial statements (noted on changes in "Change in the basis of financial statements for the fiscal year ended March 31, 2009")
- (i) Change due to amendment to accounting standard: Yes
- (ii) Change due to other than above: None
- (Note) Please see "Change in the basis of financial statements for the fiscal year ended March 31, 2009" on page 17 for details
- (3) Number of outstanding shares (common stock)
- (i) Number of outstanding shares including treasury stock
As of Mar. 31, 2009: 1,404,664,772 As of Mar. 31, 2008: 1,404,664,772
- (ii) Number of treasury stock
As of Mar. 31, 2009: 58,326,258 As of Mar. 31, 2008: 58,329,030
- (Note) Please see "Information on per share" on page 20 regarding number of share for calculation of earnings/share.

(Reference)

Non-consolidated financial results (from April 1, 2008 to March 31, 2009)

(1) Non-consolidated operating results

(Millions of yen except per share data and percentage)

	Operating revenues		Operating income		Ordinary income	
Fiscal 2008 (2009/3)	51,100	(12.7)%	33,010	(20.9)%	34,704	(18.5)%
Fiscal 2007 (2008/3)	58,544	(25.7)%	41,721	(36.2)%	42,608	(38.6)%

	Net income		Earnings/share		Fully diluted earnings/share	
Fiscal 2008 (2009/3)	85	(99.8)%	0.06	Yen	0.06	Yen
Fiscal 2007 (2008/3)	38,989	(47.9)%	28.30	Yen	28.25	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, 2009	1,232,844	603,231	48.7	%	446.40	Yen
As of Mar. 31, 2008	1,307,826	640,378	48.9	%	474.64	Yen

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

As of Mar. 31, 2009: 601,009 million yen As of Mar. 31, 2008: 639,036 million yen

[Qualitative Information and Financial Statements]

Consolidated operating resultsa. Consolidated operating results for fiscal 2008

1. Summary of consolidated operating results for 12 months (comparison with fiscal 2007)

For fiscal 2008 (from April 1, 2008 to March 31, 2009), net operating revenues decreased by 55.4% to 199,544 million yen mainly because commissions and net gain on trading decreased. Selling, general and administrative expenses decreased by 5.7% to 343,270 million yen. As a result, ordinary income was a loss of 141,150 million yen. Extraordinary gains of 6,421 million yen and extraordinary losses of 29,064 million yen such as write-down of investment securities of 24,559 million yen were posted. Consequently, net income was a loss of 85,039 million yen after posting income taxes and minority interests.

(1) Commissions

(i) Brokerage commission

Daily average trading value on the Tokyo Stock Exchange decreased by 31.1% to 2,043.4 billion yen, under generally lower quiet equity market, brokerage commission decreased by 33.6% to 55,728 million yen.

(ii) Underwriting commission

Underwriting commission decreased by 17.7% to 20,964 million yen. Underwriting commission derived from equity decreased by 30.6% to 10,122 million yen due to the equity finance market slowdown. Underwriting commission derived from bonds increased by 1.7% to 10,542 million yen.

(iii) Distribution commission

Total distribution commission decreased by 56.1% to 18,692 million yen, because distribution commissions from asset management business decreased by 54.3% to 17,967 million yen.

(iv) Other commission

Total other commission decreased by 20.4% to 113,495 million yen primarily due to an decrease in management fee of equity type investment trust.

(2) Net gain on trading

Net gain on trading in equity was loss of 25,737 million yen. Net gains on trading in bond, forex and other decreased by 27.8% to 66,658 million yen. As a result, total net gains on trading decreased by 60.4% to 40,921 million yen.

(3) Net loss on private equity and other securities

Net loss on private equity and other securities totaled in 79,477 million yen, due to bad condition of the real estate market and the stock market.

(4) Net financial income

Interest and dividend income decreased by 46.2% to 192,663 million yen and interest expenses also decreased by 48.2% to 176,034 million yen. Net financial income decreased by 10.8% to 16,629 million yen.

(5) Selling, general and administrative expenses

Commission and other expenses including trust fee paid of investment trust decreased by 22.7% to 66,018 million yen. Employees' compensation and benefits decreased by 9.6% to 141,600 million yen. As a result, selling, general and administrative expenses decreased by 5.7% to 343,270 million yen.

2. Operating results of overseas subsidiaries for fiscal 2008 (12months)

Ordinary income by geographic area

			(Millions of yen)	
America	Europe	Asia & Oceania	Total	
4,806	(4,898)	(1,553)	(1,645)	

b. Consolidated financial conditions (comparison with March 31, 2008)

Total assets decreased by 3,124,539 million yen to 14,182,579 million yen, mainly because trading assets decreased. Total liabilities decreased by 2,993,945 million yen to 13,230,249 million yen, because collateralized short-term financing agreements and short-term borrowings decreased. Net assets decreased by 130,593 million yen to 952,329 million yen. As a result, equity ratio became to 5.1%.

Cash flows from operating activities increased by 1,519,387 million yen. Cash flows from investing activities increased by 9,437 million yen mainly due to a decrease in time deposits. Cash flows from financing activities decreased by 1,459,438 million yen mainly due to decrease in short-term borrowings.

Consequently, cash and cash equivalents after effect of exchange rate changes amounted to 415,600 million yen as of March 31, 2009.

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 3 yen per share for this period. Since we paid an interim dividend of 5 yen per share in last December according to the resolution of the Board held on 31th October, 2008, the total amount of dividends will be 8 yen per share for fiscal 2008.

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 2009.

Information on Group Companies

Daiwa Securities Group Inc. (the 'Company') and its related companies, 44 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, 44 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.

Daiwa SMBC Capital Co., Ltd.

etc.

<Group Support Business>

<Research and System Development >

Daiwa Institute of Research Holdings Ltd.

Daiwa Institute of Research Ltd.

Daiwa Institute of Research
Business Innovation Ltd.

etc.

**<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 will further earn a strong trust from stakeholders including Customers, Shareholders, Employees and the Society in order to achieve higher goals. Accordingly, we will become “The Stakeholder-trusted Excellent Company Representing Japan”.

(b) Management targets

We have set the following as the major medium-term management targets for the 3 years ending on March 2012.

- (1) Consolidated ordinary income : ¥200 billion or higher
- (2) Consolidated ROE : 10% or higher
- (3) Market Capitalization : Rank top 40 in Japan
- (4) Productivity : No. 1 among peers (Ordinary/Operating income per employee)

(c) Mid to Long Term Management Strategies

We have formulated our three year medium-term management plan, “Passion for the Best” 2011. We will conduct “Realignment of Business Focus” based on customer needs and change in business environment, and establish stronger customer trust. The focus will be on the following 3 areas;

1. Place more management resources to retail business to promote the “savings to investments” trend and increase customer assets.
2. Improve consultation service to corporate clients to prepare for upcoming changes in the industrial structures and business reorganizations. We will also offer improved financial products with a highly advanced risk management and create a sustainable investment banking business model.
3. Provide a wide range of Asia and emerging market related products and expand business accordingly.

Basic strategies of the Group are as follows.

- (1) Personnel
For personnel, we will strategically allocate resources corresponding to the “Realignment of Business Focus”. We will conduct an advanced education program and train true professionals who devote themselves to obtaining customer trust. Regarding work-life balance, we will further improve work environment and improve productivity.
- (2) Financial affairs
Review and prioritize business division and allocate capital and control capital expenditure and cost in order to maintain financial soundness accordingly. We will also further coordinate within the Group and enhance management flexibility by sophisticating risk management and strengthening financial infrastructure.
- (3) Information technology (IT) strategy
We will optimize IT resources and, minimize cost while implementing flexible IT support that will increase productivity in both development and operations. We will also strive to enhance IT-literacy of the employees to improve efficiency of the operations.

Basic strategies for each business are as follows.

- (1) Retail securities business
Daiwa Securities will provide unique financial products and services such as tailor made premium products. We will also reinforce marketing by reorganizing sales and support structure.
- (2) Wholesale securities business
Daiwa Securities SMBC will maximize customer satisfaction by upgrading execution, derivative position management, and risk management capabilities on a global basis. As for Investment Banking, we will enhance solution and origination capabilities while establishing a global M&A platform.
- (3) Investment business
We will structure a proprietary fund in collaboration with business partners and diversify revenues sources. We will also capture investment opportunities according to market trends and seek for exit opportunities.

- (4) Asset management business
 Daiwa Asset Management will obtain top market share by increasing fund management skills, product development and client support capabilities.
 Daiwa SB Investments will increase AUM by expanding product lineup, improving fund performance and streamlining business.
- (5) Research and System business
 Daiwa Institute of Research will support the Group's investment banking business by taking measures such as strengthening Asia and emerging markets research capabilities. In the system business, it will provide cost-cautious and efficient IT services.
 Daiwa Institute of Research Business Innovation will expand business, enhance client base and provide unrivaled solution to customers.

(d) Current Challenges

As the world economy has slowed down and global financial markets remain volatile, the capital market has not recovered its function as a financial intermediary. Capital flows between investors and issuers are still minimal. Under such circumstances, we believe that Daiwa Securities Group should obtain a strong trust from our customers and stabilize the financial and capital markets through providing highly value added solutions.

Based on these understandings, we have formulated our three year medium-term management plan, "Passion for the Best" 2011. Fiscal year 2009 is the first step and each business unit will implement its action plans.

The action plans for each business in FY2009 are as follows.

- (1) Retail securities business (Daiwa Securities)
- (i) Reinforce marketing by reorganizing sales and support structure
 - (ii) Emphasize equity and fixed income products together with existing investment trusts, annuities and wrap accounts
 - (iii) Improve Daiwa Direct service menu for more active investors
 - (iv) Efficient administrative work with IT innovation
- (2) Wholesale securities business (Daiwa Securities SMBC)
- (i) Expand product and service lineup, and provide best solutions to maximize client satisfaction
 - (ii) Stabilize revenues by improving trading positions and manage risk on a global basis
 - (iii) Continue focus on Asia
 - (iv) Establish a global M&A advisory platform
 - (v) Create proprietary fund as a first step to manage full scale funds
- (3) Asset management business (Daiwa Asset Management, Daiwa SB Investments)
- Daiwa Asset Management
- (i) Improve fund performance by further emphasizing global research and diversifying approaches to generate returns
 - (ii) Develop large-scale funds by strengthening product development capability
 - (iii) Improve marketing based on investor and distributor needs
- Daiwa SB Investments
- (i) Improve fund performance by strengthening collaboration with research division
 - (ii) Expand product lineup with new funds
 - (iii) Increase AUM by providing client-oriented solutions, information and sales support
- (4) Research, consulting and systems business
 (Daiwa Institute of Research and Daiwa Institute of Research Business Innovation)
- (i) Provide support to improve broker rankings and customer satisfaction, and expand the Group's business in Asia
 - (ii) Support IB business, including privatization transactions
 - (iii) Enhance flexible and efficient IT development and system management.
 - (iv) Contribute to the Group's global business strategy and cost reduction by leading the Group's system functions

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

(Millions of yen)	Fiscal 2007 As of Mar. 31, 2008	Fiscal 2008 As of Mar. 31, 2009
Assets		
Current assets:		
Cash and deposits	429,976	409,709
Cash segregated as deposits for regulatory purposes	233,544	214,455
Notes receivable and trade accounts receivable	13,580	11,146
Securities	54,105	48,920
Trading assets:	7,857,122	6,203,742
Trading securities and others	6,271,253	3,564,001
Derivative assets	1,585,868	2,639,740
Trading receivables, net	219,314	143,309
Private equity and other securities	483,268	547,006
Less: Allowance for possible investment losses	11,536	31,237
Loans receivable from customers	75,421	69,592
Work in process	1,602	897
Receivables related to margin transactions:	369,312	248,059
Customer margin loans	192,000	79,094
Cash deposits as collateral for securities borrowed	177,311	168,964
Collateralized short-term financing agreements:	6,206,327	5,413,525
Cash deposits as collateral for securities borrowed	6,206,125	5,413,525
Receivables related to gensaki transactions	202	-
Receivables	12,511	21,662
Short-term loans receivable	148,991	1,869
Accrued income	36,597	27,033
Deferred tax assets	15,913	3,784
Other current assets	608,629	343,758
Less: Allowance for doubtful accounts	1,384	232
Total current assets	16,753,297	13,677,003
Non-current assets:		
Tangible fixed assets	153,392	150,201
Building	57,141	58,248
Furniture and fixtures	33,573	29,276
Land	62,677	62,677
Intangible fixed assets	101,879	110,828
Software	56,798	93,413
Leasehold	5,498	5,501
Other	39,583	11,914
Investments and others:	298,549	244,545
Investment securities	215,611	167,883
Long-term loans receivable	15,061	18,432
Long-term guarantee deposits	30,130	26,091
Deferred tax assets	15,434	16,328
Other	24,579	22,904
Less: Allowance for doubtful accounts	2,267	7,094
Total non-current assets	553,821	505,576
Total assets	17,307,119	14,182,579

(Millions of yen)	Fiscal 2007 As of Mar. 31, 2008	Fiscal 2008 As of Mar. 31, 2009
Liabilities		
Current liabilities:		
Notes payable and trade accounts payable	4,941	4,182
Trading liabilities:	4,643,643	4,809,092
Trading securities and others	3,443,374	2,644,720
Derivative liabilities	1,200,269	2,164,372
Payables related to margin transactions:	202,010	133,872
Payables to securities finance companies	8,617	3,852
Proceeds of securities sold for customers' accounts	193,392	130,020
Collateralized short-term financing agreements:	6,238,684	4,893,261
Cash deposits as collateral for securities loaned	5,535,106	4,228,519
Payables related to gensaki transactions	703,577	664,742
Deposits received	134,361	138,669
Cash deposits received as guarantee	101,149	339,891
Short-term borrowings	2,362,803	936,149
Commercial paper	488,300	320,400
Bonds and notes due within one year	130,613	11,632
Income taxes payable	21,537	1,822
Deferred tax liabilities	13	17,693
Accrued bonuses	17,325	12,527
Provision for relocation costs of headquarter office	4,129	-
Other current liabilities	571,406	78,555
Total current liabilities	14,920,920	11,697,751
Non-current liabilities:		
Bonds and notes	1,063,741	1,260,526
Long-term debts	199,070	237,867
Deferred tax liabilities	4,541	927
Retirement benefits	23,576	25,474
Provision for litigation losses	779	365
Other non-current liabilities	3,548	2,920
Total non-current liabilities	1,295,257	1,528,081
Statutory reserves:		
Securities trading liability reserves	8,017	-
Financial instrumentals business liability reserves	-	4,416
Total statutory reserves	8,017	4,416
Total liabilities	16,224,195	13,230,249
Net assets		
Owners' equity:		
Common stock	178,324	178,324
Capital surplus	157,678	157,678
Retained earnings	527,579	421,819
Treasury stock	(61,701)	(61,525)
Total owners' equity	801,880	696,296
Valuation and translation adjustments:		
Net unrealized gain on securities, net of tax effect	24,470	51,751
Deferred gain on hedges	800	498
Translation adjustments	(9,061)	(28,274)
Total valuation and translation adjustments	16,208	23,975
Stock subscription rights	1,429	2,369
Minority interests	263,404	229,688
Total net assets	1,082,923	952,329
Total liabilities and net assets	17,307,119	14,182,579

(2) Consolidated statement of income

(Millions of yen)	Fiscal 2007 Apr. 1, 2007 - Mar. 31, 2008	Fiscal 2008 Apr. 1, 2008 - Mar. 31, 2009
Operating revenues:		
Commissions	294,424	208,880
Brokerage commission	83,876	55,728
Underwriting commission	25,470	20,964
Distribution commission	42,571	18,692
Other commission	142,506	113,495
Net gain on trading	103,361	40,921
Net gain (loss) on private equity and other securities	19,160	(79,477)
Interest and dividend income	358,422	192,663
Other sales	50,052	50,948
Total operating revenues	825,422	413,936
Interest expenses	339,783	176,034
Cost of sales	38,147	38,357
Net operating revenues	447,491	199,544
Selling, general and administrative expenses:		
Commission and other expenses	85,398	66,018
Employees' compensation and benefits	156,661	141,600
Occupancy and rental	38,759	43,704
Data processing and office supplies	29,877	30,157
Depreciation	28,046	35,590
Taxes other than income taxes	7,329	6,553
Provision for doubtful account	3,522	5,558
Other	14,263	14,086
Total selling, general and administrative expenses	363,858	343,270
Operating income	83,632	(143,725)
Non-operating income:		
Interest income	201	309
Dividend income	3,753	3,869
Equity in earnings	1,738	-
Other	3,954	3,782
Total non-operating income	9,647	7,961
Non-operating expenses:		
Interest expenses	79	612
Foreign exchange loss	1,251	1,504
Equity in losses	-	1,106
Other	1,804	2,162
Total non-operating expenses	3,135	5,386
Ordinary income	90,143	(141,150)
Extraordinary gains:		
Gain on sale of investment securities	3,228	2,330
Reversal of financial instruments business liability reserve	-	3,600
Other	406	490
Total extraordinary gains	3,634	6,421
Extraordinary losses:		
Loss on sale or disposal of fixed assets	1,415	1,430
Loss on sale of investment securities	205	59
Loss on disposal of loan claims	-	1,837
Loss on impairment of fixed assets	537	451
Write-down of investment securities	7,888	24,559
Write-down of related company's stock	375	252
Provision for securities transaction liability reserve	51	-
Relocation costs of headquarter office	1,354	-
Other	-	473
Total extraordinary losses	11,826	29,064
Income before income taxes and minority interests	81,951	(163,793)
Income taxes-current	40,474	4,383
Income taxes-deferred	299	(22,556)
Total income taxes	40,774	(18,173)
Minority interests	(5,233)	(60,580)
Net income	46,411	(85,039)

Consolidated statements of changes in net assets

(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 on securities, net of tax effect	Deferred gain 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

(Apr. 1, 2008 - Mar. 31, 2009)

(Millions of yen)	Owners' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total owners' equity
Beginning balance as of Mar. 31, 2008	178,324	157,678	527,579	(61,701)	801,880
Changes of items during the fiscal year					
Dividends	-	-	(20,194)	-	(20,194)
Net income	-	-	(85,039)	-	(85,039)
Acquisition of treasury stock	-	-	-	(452)	(452)
Disposal of treasury stock	-	-	(249)	627	378
Addition of consolidated subsidiary	-	-	(276)	-	(276)
Total changes of items during the fiscal year	-	-	(105,759)	175	(105,584)
Ending balance as of Mar. 31, 2009	178,324	157,678	421,819	(61,525)	696,296

(Millions of yen)	Valuation and translation adjustments				Stock subscription rights	Minority interests
	Net unrealized gain on securities, net of tax effect	Deferred gain on hedges	Translation adjustments	Total valuation and translation adjustments		
Beginning balance as of Mar. 31, 2008	24,470	800	(9,061)	16,208	1,429	263,404
Changes of items during the fiscal year						
Net changes of items other than owners' equity	27,281	(301)	(19,212)	7,766	939	(33,715)
Total changes of items during the fiscal year	27,281	(301)	(19,212)	7,766	939	(33,715)
Ending balance as of Mar. 31, 2009	51,751	498	(28,274)	23,975	2,369	229,688

Consolidated statements of cash flows

(Millions of yen)	Fiscal 2007 Apr. 1, 2007- Mar. 31, 2008	Fiscal 2008 Apr. 1, 2008- Mar. 31, 2009
1. Cash flows from operating activities:		
Income before income taxes and minority interests	81,951	(163,793)
Depreciation	28,046	39,726
Increase (decrease) in allowance for doubtful accounts	-	5,558
Increase (decrease) in allowance for retirement benefits	985	-
Interest and dividend income	(358,657)	(4,179)
Interest expenses	339,604	612
Equity in losses (earnings)	(1,738)	1,106
Net loss on sale or disposal of fixed assets	1,415	1,430
Net (gain) on sale of investment securities	(3,023)	(2,270)
Loss on impairment of fixed assets	537	-
Loss on write-down of investment securities	7,888	24,559
Loss on write-down of related companies' stocks	375	252
Provision for securities transaction liability reserve	51	-
Provision for financial instruments business liability reserve	-	(3,600)
(Increase) decrease in customer-oriented money trust	43,409	23,190
(Increase) decrease in trading assets, net of trading liabilities	(2,561,538)	1,871,841
(Increase) decrease in private equity and other securities	(76,272)	70,732
(Increase) decrease in loans receivable from customer	(44,083)	(533)
(Increase) decrease in receivables related to margin transactions, net of payables related to margin transactions	174,806	53,115
(Increase) decrease in receivables on collateralized short-term financing agreements, net	1,721,872	(569,791)
(Increase) decrease in short-term loans receivable	(35,064)	112,056
Increase (decrease) in deposits received	(12,342)	4,976
Relocation costs of headquarter office	1,354	-
Others	(65,325)	83,419
Sub-total	(755,747)	1,548,409
Interest and dividend received	362,175	4,202
Interest paid	(342,670)	(626)
Income taxes refunded (paid)	(46,290)	(32,597)
Net cash flows provided by (used in) operating activities	(782,533)	1,519,387

(Millions of yen)	Fiscal 2007 Apr. 1, 2007- Mar. 31, 2008	Fiscal 2008 Apr. 1, 2008- Mar. 31, 2009
2. Cash flows from investing activities:		
Increase in time deposits	(120,181)	(42,211)
Decrease in time deposits	56,042	117,044
Payments for purchase of securities	(31,060)	(16,380)
Proceeds from sale and redemption of securities	41,288	7,347
Payments for purchase of tangible fixed assets	(34,295)	(14,900)
Proceeds from sale of tangible fixed assets	239	-
Payments for purchase of intangible fixed assets	(44,005)	(36,173)
Payments for purchase of investment securities	(45,511)	(15,774)
Proceeds from sale and redemption of investment securities	11,459	9,107
Payments for purchase of related companies' stocks	(10,158)	-
Proceeds from sale of related companies' stocks	160	-
Payments for loan made	(5,091)	(8,146)
Proceeds from collection of loans receivable	1,436	5,305
Others	(9,364)	4,220
Net cash flows provided by (used in) investing activities	(189,042)	9,437
3. Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	945,659	(1,559,873)
Proceeds from long-term debt	48,150	60,600
Payments for repayment of long-term debt	(50,832)	(17,975)
Proceeds from issuance of bonds and notes	442,592	296,344
Payments for redemption of bonds and notes	(294,317)	(218,238)
Dividends paid	(38,787)	(20,194)
Dividends paid to minority shareholders	(10,894)	-
Proceeds from sale of treasury stocks	611	-
Payments for purchases of treasury stocks	(51,031)	-
Others	(64)	(100)
Net cash flows provided by (used in) financing activities	991,086	(1,459,438)
4. Effect of exchange rate changes on cash and cash equivalents	(13,582)	(13,846)
5. Net change in cash and cash equivalents	5,928	55,539
6. Cash and cash equivalents at beginning of term	352,779	359,851
7. Increase in cash and cash equivalents due to merger of subsidiaries	655	-
8. Increase in cash equivalents due to addition of a consolidated subsidiary	488	209
9. Cash and cash equivalents at end of term	359,851	415,600

Facts or circumstances casting doubt on going-concern assumptions

Not applicable.

Notes to consolidated financial statements for the fiscal year ended March 31, 2009

The consolidated financial statements of the Company for the fiscal year ended March 31, 2009 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, 2009

1. Scope of consolidation

Consolidated subsidiaries: 44 companies

Major companies:

Daiwa Securities Co. Ltd.
 Daiwa Securities SMBC Co. Ltd.
 Daiwa Asset Management Co. Ltd.
 Daiwa Institute of Research Holdings Ltd.
 Daiwa Institute of Research Ltd.
 Daiwa Securities Business Center Co., Ltd.
 Daiwa Property Co., Ltd.
 Daiwa SMBC Capital Co., Ltd.
 Daiwa Institute of Research Business Innovation 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, 2009, one company was added to scope of consolidation due to the increase of materiality and two companies were added due to company split. Five companies were excluded from the scope of consolidation mainly due to liquidation. 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.

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, 2009, one company prepared tentative financial statements for consolidation purpose as of March 31, 2009, and the others 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, 2009, 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 income 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 (accounting procedure for write-down due to decreased profitability) is mainly applied.

(2) Depreciation of depreciable assets

(i) Tangible fixed assets (excluding leased 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 (excluding leased 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.

(iii) Leased assets (in finance lease transactions other than those that are expected to transfer ownership of the assets to the lessee)

Leased assets in a finance lease transactions other than those that are expected to transfer ownership of the assets to the lessee are amortized over lease term until its the remaining value will be nil.

However, the accounting treatment for the finance lease transactions other than those that are expected to transfer ownership of the assets to the lessee started on or before March 31, 2008, are same as an operating lease.

(3) Accounting policies for various provisions

(i) Allowance for doubtful accounts

Allowance 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) 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.

(v) 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 23, 2008).

Change in the basis of financial statements for the fiscal year ended March 31, 2009

1. 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.

2. 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.

3. The Company and its consolidated subsidiaries have 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.

Notes to consolidated balance sheets

1. Accumulated depreciation of tangible fixed assets

As of Mar. 31, 2008	As of Mar. 31, 2009
106,710 million yen	104,760 million yen

2. Guarantee

As of Mar. 31, 2008	As of Mar. 31, 2009
1,690 million yen	3,037 million yen

3. Short-term and long-term debts 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, 2008	As of Mar. 31, 2009
-	10,000 million yen

Long-term debts

As of Mar. 31, 2008	As of Mar. 31, 2009
70,000 million yen	95,000 million yen

4. "Net unrealized gain on securities, net of tax effect" includes the gain for the Class Shares of 47,108 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 48,177 million yen.

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, 2009 (Millions of yen)
		As of Mar. 31, 2008	Increase	Decrease	As of Mar. 31, 2009	
The Company	Stock subscription rights issued in July, 2006	298,000	-	5,000	293,000	399
	Series 3 stock subscription rights	2,539,000	-	23,000	2,516,000	694
	Treasury stock subscription rights	54,000	23,000	-	77,000	-
	Stock subscription rights issued in July, 2007	306,000	-	-	306,000	401
	Series 4 stock subscription rights	2,548,000	-	26,000	2,522,000	294
	Treasury stock subscription rights	22,000	26,000	-	48,000	-
	Stock subscription rights issued in July, 2008	-	350,000	-	350,000	340
	Series 5 stock subscription rights	-	3,099,000	16,000	3,083,000	91
	Treasury stock subscription rights	-	16,000	-	16,000	-
Consolidated subsidiary	Series 1 stock subscription rights issued in September, 2006	3,100	-	-	3,100	12
	Series 2 stock subscription rights issued in September, 2006	5,000	-	300	4,700	18
	Series 3 stock subscription rights issued in August, 2006	30,000	-	1,800	28,200	46
	Treasury stock subscription rights	4,300	1,800	-	6,100	-
	Series 1 stock subscription rights issued in September, 2007	6,700	-	-	6,700	8
	Series A stock subscription rights issued in September, 2007	12,000	-	-	12,000	14
	Series B stock subscription rights issued in September, 2007	34,800	-	2,100	32,700	9
	Treasury stock subscription rights	1,100	2,100	-	3,200	-
	Series 1 stock subscription rights issued in September, 2008	-	14,400	-	14,400	13
	Series A stock subscription rights issued in September, 2008	-	21,200	-	21,200	20
	Series B stock subscription rights issued in September, 2008	-	47,000	1,800	45,200	3
	Treasury stock subscription rights	-	1,800	-	1,800	-
					Total	2,369

Note:

- (1) Above all shares of stock subscription rights is common stock.
- (2) Above consolidated subsidiary is Daiwa SMBC Capital Co., Ltd.
- (3) Exercise period of "Series 3 stock subscription rights", "Series 4 stock subscription rights" and "Series 5 stock subscription rights" which the Company issued and "Series 3 stock subscription rights issued in August, 2006", "Series B stock subscription rights issued in September, 2007" and "Series B stock subscription rights issued in September, 2008" which consolidated subsidiary issued have not yet started.
- (4) The consolidated subsidiary split its stock 100-for-1 effective on January 4, 2009.
However, the number of shares above were deemed split as of March 31, 2008.

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)	As of Mar. 31, 2008	As of Mar. 31, 2009
Cash and deposits	429,976	409,709
Time deposit more than 3 months	(85,125)	(9,108)
Negotiable deposit less than 3 months	15,000	15,000
Cash and cash equivalents	359,851	415,600

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, 2008

i. Net operating revenue and expenses

(Millions of yen)	Japan	America	Europe	Asia & Oceania	Total	Elimination/ Unallocated	Consolidated
Net operating revenues							
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

Fiscal year ended March 31, 2009

i. Net operating revenue and expenses

(Millions of yen)	Japan	America	Europe	Asia & Oceania	Total	Elimination/ Unallocated	Consolidated
Net operating revenues							
External customers	156,644	19,673	13,600	9,625	199,544	-	199,544
Intersegment revenues	649	1,232	6,008	2,190	10,081	(10,081)	-
Net operating revenues	157,294	20,905	19,609	11,816	209,626	(10,081)	199,544
S.G. & A. expenses	301,255	13,740	24,713	13,700	353,410	(10,140)	343,270
Operating income	(143,960)	7,165	(5,104)	(1,883)	(143,783)	58	(143,725)
ii. Assets	11,452,445	2,293,672	832,624	72,781	14,651,523	(468,943)	14,182,579

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, 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%

Fiscal year ended March 31, 2009

(Millions of yen)	America	Europe	Asia & Oceania	Total
Overseas net operating revenues	26,092	14,004	10,162	50,259
Consolidated net operating revenues				199,544
Percentage of total revenues	13.1%	7.0%	5.1%	25.2%

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 2007 Apr. 1, 2007- Mar. 31, 2008	Fiscal 2008 Apr. 1, 2008- Mar. 31, 2009
Earnings/share		
Net income (millions of yen)	46,411	(85,039)
Net income not attributable to common stockholder (millions of yen)	-	-
Net income attributable to common stock (millions of yen)	46,411	(85,039)
Average number of common shares outstanding during the year (thousands of shares)	1,377,430	1,346,321
Fully diluted earnings / share		
Adjusted net income (millions of yen)	-	-
Increase in common stock (thousands of shares)	2,287	-
Stock subscription rights (thousands of shares)	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 Series 4 stock subscription rights 2,570	Stock option by stock subscription right Series 1 stock subscription rights 4,500 Series 2 stock subscription rights 2,560 Series 3 stock subscription rights 2,593 Series 4 stock subscription rights 2,570 Series 5 stock subscription rights 3,099

Note:

- (1) The amount of stock option in terms of number of shares is listed.
- (2) "Fully diluted earnings / share" for fiscal 2008 is blank, although there are potential shares. Because net income for fiscal 2008 is deficit and calculated result became negative figure.

Subsequent events

Not applicable

Other notes

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

Supplemental information for fiscal 2008**1. Breakdown of commissions**

Fiscal year ended March 31, 2008 (A)

(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

Fiscal year ended March 31, 2009 (B)

(Millions of yen)	Equity	Fixed income (Bond)	Investment trust	Investment banking	Others	Total
Brokerage commission	54,808	364	554	-	-	55,728
Underwriting commission	-	-	-	20,964	-	20,964
Stock and other	-	-	-	10,122	-	10,122
Bond and other	-	-	-	10,542	-	10,542
Distribution commission	-	-	17,967	724	-	18,692
Other commission	1,593	627	78,478	13,224	19,571	113,495
Total	56,401	991	97,001	34,914	19,571	208,880

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

(Percentage)	Equity	Fixed income (Bond)	Investment trust	Investment banking	Others	Total
Brokerage commission	(33.6)	(60.6)	19.7	-	-	(33.6)
Underwriting commission	-	-	-	(17.7)	-	(17.7)
Stock and other	-	-	-	(30.6)	-	(30.6)
Bond and other	-	-	-	1.7	-	1.7
Distribution commission	-	-	(54.3)	(77.6)	-	(56.1)
Other commission	(24.3)	(48.1)	(18.7)	(29.8)	(17.7)	(20.4)
Total	(33.3)	(53.5)	(28.9)	(26.6)	(17.7)	(29.1)

2. Breakdown of net gain (loss) on trading

(Millions of yen)	Fiscal 2007 Apr. 1, 2007- Mar. 31, 2008	Fiscal 2008 Apr. 1, 2008- Mar. 31, 2009	Yr/yr % change
Stock and other	11,020	(25,737)	-
Bond, forex and other	92,341	66,658	(27.8)
Bond and other	76,961	130,454	69.5
Forex and other	15,379	(63,796)	-
Total	103,361	40,921	(60.4)

(2) Quarterly consolidated statements of income

(Millions of yen)	Fiscal 2007	Fiscal 2008			
	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	4th quarter Jan. 1, 2009- Mar. 31, 2009
Operating revenue:					
Commissions	67,383	61,792	54,045	49,383	43,658
Brokerage commission	16,207	17,149	13,299	14,320	10,959
Stock and other	15,878	16,907	13,114	14,022	10,765
Bond and other	202	135	103	84	40
Underwriting commission	6,514	4,559	3,181	7,636	5,587
Stock and other	3,985	1,297	972	5,648	2,204
Bond and other	2,378	3,259	2,150	1,865	3,267
Distribution commission	6,650	7,666	5,361	2,269	3,394
Investment trust	5,919	7,247	5,195	2,189	3,335
Other commission	38,011	32,417	32,202	25,157	23,718
Net gain (loss) on trading	(9,479)	21,300	10,864	(22,849)	31,606
Net gain (loss) on trading in stock and other	(9,539)	21,033	(8,590)	(48,076)	9,895
Net gain on trading in bond, forex and other	59	266	19,454	25,226	21,710
Net gain (loss) on private equity and other securities	4,131	(1,007)	(15,206)	(37,478)	(25,785)
Interest and dividend income	69,377	69,748	69,129	37,525	16,259
Other sales	12,855	13,541	12,726	11,983	12,696
Total operating revenues	144,268	165,376	131,559	38,564	78,436
Interest expenses	64,169	62,343	64,161	34,774	14,754
Cost of sales	9,668	10,006	9,301	9,372	9,677
Net operating revenues	70,431	93,026	58,096	(5,582)	54,003
Selling, general and administrative expenses:					
Commission and other expenses	21,592	18,013	17,842	15,380	14,782
Employees' compensation and benefits	32,464	37,120	35,605	35,331	33,542
Occupancy and rental	10,286	11,082	11,505	10,566	10,549
Data processing and office supplies	7,990	7,836	7,686	7,460	7,174
Depreciation	7,605	8,252	8,384	8,767	10,186
Taxes other than income taxes	1,693	1,816	1,505	1,657	1,575
Provision for doubtful account	858	1,157	3,313	702	384
Other	3,798	3,167	3,449	3,741	3,728
Total selling, general and administrative expenses	86,290	88,446	89,293	83,606	81,923
Operating income	(15,858)	4,580	(31,196)	(89,189)	(27,919)
Non-operating income	1,419	4,143	907	1,256	1,654
Non-operating expenses	1,225	402	1,235	2,089	1,658
Ordinary income	(15,664)	8,321	(31,525)	(90,022)	(27,923)
Extraordinary gains	1,481	462	1,829	644	3,485
Extraordinary losses	9,663	3,029	5,585	9,535	10,913
Income before income taxes and minority interests	(23,847)	5,754	(35,282)	(98,913)	(35,351)
Income taxes-current	1,885	4,830	5,623	(3,133)	(2,938)
Income taxes-deferred	(1,661)	(1,011)	(6,410)	(9,877)	(5,256)
Total income taxes	223	3,819	(787)	(13,010)	(8,194)
Minority interests	(11,141)	(3,950)	(13,972)	(32,863)	(9,794)
Net income	(12,928)	5,885	(20,522)	(53,039)	(17,363)
Net financial income included in net operating revenues	5,208	7,405	4,967	2,751	1,504

Financial statements**(1) Balance sheets**

(Millions of yen)	Fiscal 2007 As of Mar. 31, 2008	Fiscal 2008 As of Mar. 31, 2009
Assets		
Current assets:		
Cash and deposits	147,868	117,597
Securities	20,981	18,493
Short-term loans receivable	110,826	88,058
Account receivable	29,367	13,546
Accrued income	1,339	1,873
Deferred tax assets	267	102
Other current assets	2,617	8,324
Total current assets	313,268	247,995
Non-current assets:		
Tangible fixed assets	45,145	44,992
Building	545	524
Furniture and fixtures	2,517	2,385
Land	42,082	42,082
Intangible fixed assets	1,345	1,917
Software	763	1,700
Other	581	217
Investments and others:	948,067	937,939
Investment securities	155,184	113,871
Related companies' stocks	620,880	605,403
Long-term loans receivable	5,000	5,000
Long-term loans receivable from related companies	146,875	194,526
Long-term guarantee deposits	9,029	8,214
Other	11,437	11,226
Less: Allowance for doubtful accounts	339	302
Total non-current assets	994,558	984,849
Total assets	1,307,826	1,232,844

(Millions of yen)	Fiscal 2007 As of Mar. 31, 2008	Fiscal 2008 As of Mar. 31, 2009
<i>Liabilities</i>		
Current liabilities:		
Short-term borrowings	137,395	88,500
Bonds and notes due within one year	120,000	2,000
Accrued expense	2,018	1,802
Collateralized short-term financing agreements	54,965	44,375
Income taxes payable	12,357	88
Accrued bonuses	459	134
Other current liabilities	2,864	4,134
Total current liabilities	330,059	141,034
Non-current liabilities:		
Bonds and notes	276,400	420,400
Long-term debts	47,000	62,000
Long-term cash deposits received as guarantee	2,376	2,256
Deferred tax liabilities	9,021	1,340
Retirement benefits	1,466	1,517
Provision for litigation losses	304	129
Other non-current liabilities	818	934
Total non-current liabilities	337,388	488,578
Total liabilities	667,448	629,613
<i>Net assets</i>		
Owners' equity:		
Common stock	178,324	178,324
Capital surplus:		
Additional paid-in capital	157,678	157,678
Total capital surplus	157,678	157,678
Retained earnings:		
Earned surplus reserve	45,335	45,335
Other earned surplus reserve		
General - purpose reserve	218,000	218,000
Deferred earned surplus	78,483	58,124
Total retained earnings	341,818	321,459
Treasury stock	(61,701)	(61,525)
Total owners' equity	616,120	595,937
Valuation and translation adjustments:		
Net unrealized gain on securities, net of tax effect	22,230	4,513
Deferred gain on hedges	685	559
Total valuation and translation adjustments	22,916	5,072
Stock subscription rights	1,341	2,221
Total net assets	640,378	603,231
Total liabilities and net assets	1,307,826	1,232,844

(2) Statements of income

(Millions of yen)	Fiscal 2007 Apr. 1, 2007 - Mar. 31, 2008	Fiscal 2008 Apr. 1, 2008 - Mar. 31, 2009
Operating revenues:		
Dividends from related companies	51,585	44,377
Interest on loans from related companies	4,717	5,413
Other	2,241	1,309
Total operating revenues	58,544	51,100
Operating expenses:		
Selling, general and administrative expenses:		
Commission and other expenses	2,266	1,432
Employees' compensation and benefits	3,885	3,427
Occupancy and rental	888	1,524
Data processing and office supplies	1,106	1,144
Depreciation	865	509
Taxes other than income taxes	664	684
Other	1,355	1,836
Total selling, general and administrative expenses	11,032	10,560
Interest expenses	5,790	7,529
Total operating expenses	16,822	18,090
Operating income	41,721	33,010
Non-operating income:		
Interest income	215	308
Dividend income	2,192	2,863
Other	244	584
Total non-operating income	2,651	3,756
Non-operating expenses:		
Bond issuance cost	510	731
Loss on investment securities	888	492
Loss on investment in partnership	198	305
Other	167	531
Total non-operating expenses	1,764	2,061
Ordinary income	42,608	34,704
Extraordinary gains:		
Gain on sale of investment securities	1,278	1,763
Other	-	109
Total extraordinary gains	1,278	1,872
Extraordinary losses:		
Loss on sale or disposal of fixed assets	384	54
Loss on sale of investment securities	152	269
Write-down of investment securities	7,745	23,442
Write-down of related companies' stocks	-	20,020
Relocation costs of headquarter office	364	-
Other	-	254
Total extraordinary losses	8,646	44,041
Income before income taxes	35,240	(7,463)
Income taxes-current	(2,735)	(7,626)
Income taxes-deferred	(1,013)	77
Total income taxes	(3,748)	(7,548)
Net income	38,989	85

Statements of changes in net assets

(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 on securities, net of tax effect	Deferred gain 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

(Apr. 1, 2008 - Mar. 31, 2009)

(Millions of yen)	Owners' equity						
	Common stock	Capital surplus	Retained earnings			Treasury stock	Total
		Additional paid-in capital	Earned surplus reserve	Other earned surplus reserve			
				General - purpose reserve	Deferred earned surplus		
Beginning balance as of Mar. 31, 2008	178,324	157,678	45,335	218,000	78,483	(61,701)	616,120
Changes of items during the fiscal year							
Dividends	-	-	-	-	(20,194)	-	(20,194)
Net income	-	-	-	-	85	-	85
Purchase of treasury stock	-	-	-	-	-	(452)	(452)
Disposal of treasury stock	-	-	-	-	(249)	627	378
Total changes of items during the fiscal year	-	-	-	-	(20,359)	175	(20,183)
Ending balance as of Mar. 31, 2009	178,324	157,678	45,335	218,000	58,124	(61,525)	595,937

(Millions of yen)	Valuation and translation adjustments		Stock subscription rights
	Net unrealized gain on securities, net of tax effect	Deferred gain on hedges	
Beginning balance as of Mar. 31, 2008	22,230	685	1,341
Changes of items during the fiscal year			
Net changes of items other than owners' equity during the fiscal year	(17,717)	(126)	879
Total changes of items during the fiscal year	(17,717)	(126)	879
Ending balance as of Mar. 31, 2009	4,513	559	2,221

Facts or circumstances casting doubt on going-concern assumptions

Not applicable.

Other

[Change in Directors and Executive Officers]

1. Change in Representative: None
2. Change in Directors and Executive Officers other than Representative
The press release has been issued on March 3, 2009.