

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

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



April 28, 2009

**Non-consolidated financial summary**

(For the fiscal year ended March 31, 2009)

**Financial result (from April 1, 2008 to March 31, 2009)**

## (1) Operating results

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

(Millions of yen except percentage)

	Operating revenues	Yr/yr change	Net operating revenues	Yr/yr change	Operating income	Yr/yr change
Fiscal 2008 (2009/3)	159,883	(29.3)%	158,027	(29.5)%	17,615	(75.1)%
Fiscal 2007 (2008/3)	226,273	(1.9)%	224,010	(2.3)%	70,753	(5.0)%

	Ordinary income	Yr/yr change	Net income	Yr/yr change
Fiscal 2008 (2009/3)	18,396	(74.1)%	9,882	(75.9)%
Fiscal 2007 (2008/3)	71,026	(4.6)%	41,009	(5.7)%

## (2) Financial conditions

(Millions of yen except percentage)

	Total assets	Net assets	Equity ratio
As of Mar. 31, 2009	530,101	238,662	45.0%
As of Mar. 31, 2008	656,019	260,975	39.8%

(References) Equity (i.e. "Owners' equity" and "valuation and translation adjustment"):

As of Mar. 31, 2009: 238,662 million yen As of Mar. 31, 2008: 260,975 million yen

Representative: Shigeharu Suzuki, President

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**Financial Statements**

## Balance sheets

(Millions of yen)

	Fiscal 2007 As of Mar. 31, 2008	Fiscal 2008 As of Mar. 31, 2009
<i>Assets</i>		
<b>Current assets:</b>		
Cash and deposits	107,406	106,943
Cash segregated as deposits for regulatory purposes	160,082	126,692
Trading assets:	62,497	73,099
Trading securities and others	58,478	67,073
Derivative assets	4,018	6,026
Trading receivables, net	5,092	6,840
Receivables related to margin transactions:	187,807	87,578
Customer margin loans	185,119	77,397
Cash deposits as collateral for securities borrowed	2,688	10,181
Collateralized short-term financing agreements:	8,691	9,746
Cash deposits as collateral for securities borrowed	8,691	9,746
Receivables	9,526	8,733
Short-term guarantee money deposited	5,710	5,604
Short-term loans receivable	648	543
Accrued income	14,172	8,771
Deferred tax assets	4,509	1,608
Other current assets	2,871	9,918
Less: Allowance for doubtful accounts	183	71
<b>Total current assets</b>	<b>568,834</b>	<b>446,008</b>
<b>Non-current assets:</b>		
Tangible fixed assets	9,931	9,720
Intangible fixed assets	44,687	45,127
Investments and others:	32,565	29,245
Investment securities	2,041	1,561
Long-term loans receivable	4,907	4,895
Long-term guarantee deposits	17,500	16,511
Deferred tax assets	6,503	5,140
Others	3,989	2,896
Less: Allowance for doubtful accounts	2,375	1,760
<b>Total non-current assets</b>	<b>87,185</b>	<b>84,093</b>
<b>Total assets</b>	<b>656,019</b>	<b>530,101</b>

(Millions of yen)

	<b>Fiscal 2007</b> As of Mar. 31, 2008	<b>Fiscal 2008</b> As of Mar. 31, 2009
<i>Liabilities</i>		
<b>Current liabilities:</b>		
Trading liabilities:	1,014	2,208
Trading securities and others	108	217
Derivative liabilities	905	1,991
Payables related to margin transactions:	18,160	24,290
Payable to securities finance companies	5,045	2,386
Proceeds of securities sold for customers' accounts	13,115	21,903
Deposits received	89,011	82,382
Cash deposits received as guarantee	74,296	61,745
Short-term borrowings	109,200	62,200
Account payable	22,288	1,516
Accrued expenses	5,947	4,835
Income taxes payable	5,779	-
Accrued bonuses	5,700	3,150
Other current liabilities	2,375	1,485
<b>Total current liabilities</b>	<b>333,773</b>	<b>243,814</b>
<b>Non-current liabilities:</b>		
Long-term debt	31,500	34,100
Long-term debt from parent company	16,000	-
Accrued retirement benefits	10,351	11,375
Provision for litigation losses	474	236
Other non-current liabilities	750	629
<b>Total non-current liabilities</b>	<b>59,077</b>	<b>46,341</b>
<b>Statutory reserves</b>	<b>2,193</b>	<b>1,282</b>
<b>Total liabilities</b>	<b>395,043</b>	<b>291,439</b>
<i>Net assets</i>		
<b>Owners' equity:</b>		
<b>Common stock</b>	<b>100,000</b>	<b>100,000</b>
<b>Capital surplus</b>	<b>50,010</b>	<b>50,010</b>
Additional paid-in capital	50,010	50,010
<b>Retained earnings</b>	<b>110,364</b>	<b>88,247</b>
<b>Total owners' equity</b>	<b>260,374</b>	<b>238,257</b>
<b>Valuation and translation adjustments:</b>		
Net unrealized gain (loss) on securities, net of tax effect	601	404
<b>Total valuation and translation adjustments</b>	<b>601</b>	<b>404</b>
<b>Total net assets</b>	<b>260,975</b>	<b>238,662</b>
<b>Total liabilities and net assets</b>	<b>656,019</b>	<b>530,101</b>

## Statements of income

(Millions of yen)

	Fiscal 2007 Apr. 1, 2007 - Mar. 31, 2008	Fiscal 2008 Apr. 1, 2008 - Mar. 31, 2009
<b>Operating revenues:</b>		
Commissions	172,040	115,549
Net gain (loss) on trading	45,279	38,422
Net gain (loss) on trading in equity	6,509	4,767
Net gain (loss) on trading in bond, forex and other	38,769	33,654
Interest and dividend income	8,953	5,911
<b>Total operating revenues</b>	<b>226,273</b>	<b>159,883</b>
<b>Interest expenses</b>	<b>2,263</b>	<b>1,855</b>
<b>Net operating revenues</b>	<b>224,010</b>	<b>158,027</b>
<b>Selling, general and administrative expenses:</b>		
Commission and other expenses	23,380	17,315
Employees' compensation and benefits	70,124	59,644
Occupancy and rental	19,663	19,336
Data processing and office supplies	22,846	24,272
Depreciation expenses	11,736	15,955
Taxes other than income taxes	1,400	1,050
Others	4,104	2,838
<b>Total selling, general and administrative expenses</b>	<b>153,256</b>	<b>140,412</b>
<b>Operating income</b>	<b>70,753</b>	<b>17,615</b>
<b>Non-operating income:</b>		
Others	426	1,045
<b>Total non-operating income</b>	<b>426</b>	<b>1,045</b>
<b>Non-operating expenses:</b>		
Others	152	263
<b>Total non-operating expenses</b>	<b>152</b>	<b>263</b>
<b>Ordinary income</b>	<b>71,026</b>	<b>18,396</b>
<b>Extraordinary gains:</b>		
Reversal of reserve for financial instruments business liabilities	-	910
Retroactive adjustment of depreciation of fixed assets	365	-
Others	1	-
<b>Total extraordinary gains</b>	<b>367</b>	<b>910</b>
<b>Extraordinary losses:</b>		
Loss on disposal of fixed assets	234	574
Write-down of related company's stock	375	251
Write-down of investment security	-	124
Relocation costs of headquarter office	663	-
<b>Total extraordinary losses</b>	<b>1,272</b>	<b>950</b>
<b>Income before income taxes and others</b>	<b>70,121</b>	<b>18,356</b>
Income taxes-current	28,733	4,075
Income taxes-deferred	378	4,398
<b>Total income taxes</b>	<b>29,111</b>	<b>8,473</b>
<b>Net income</b>	<b>41,009</b>	<b>9,882</b>
<b>Net financial income included in net operating revenues</b>	<b>6,690</b>	<b>4,056</b>

**Statements of changes in net assets**

(Apr. 1, 2007 –Mar. 31, 2008)

(Millions of yen)

	Owners' equity				Valuation and translation adjustments
	Common stock	Additional paid-in capital	Retained earnings	Total owners' equity	Net unrealized gain (loss) on securities, net of tax effect
Beginning balance as of Mar. 31, 2007	100,000	50,010	94,955	244,965	923
Changes of items during the fiscal year					
Dividends	-	-	(25,600)	(25,600)	-
Net income	-	-	41,009	41,009	-
Net changes of items other than owners' equity	-	-	-	-	(321)
Total changes of items during the fiscal year	-	-	15,409	15,409	(321)
Ending balance as of Mar. 31, 2008	100,000	50,010	110,364	260,374	601

**Statements of changes in net assets**

(Apr. 1, 2008 –Mar. 31, 2009)

(Millions of yen)

	Owners' equity				Valuation and translation adjustments
	Common stock	Additional paid-in capital	Retained earnings	Total owners' equity	Net unrealized gain (loss) on securities, net of tax effect
Beginning balance as of Mar. 31, 2008	100,000	50,010	110,364	260,374	601
Changes of items during the fiscal year					
Dividends	-	-	(32,000)	(32,000)	-
Net income	-	-	9,882	9,882	-
Net changes of items other than owners' equity	-	-	-	-	(196)
Total changes of items during the fiscal year	-	-	(22,117)	(22,117)	(196)
Ending balance as of Mar. 31, 2009	100,000	50,010	88,247	238,257	404

**Other information**

## (1) Breakdown of commissions

(i) Activity (Millions of yen)

	<b>Fiscal 2007</b> Apr. 1, 2007 – Mar. 31, 2008	<b>Fiscal 2008</b> Apr. 1, 2008 – Mar. 31, 2009	Yr/yr Change(%)
<b>Brokerage commission</b>	<b>49,851</b>	<b>32,438</b>	<b>(34.9)%</b>
Stock and other	49,500	31,952	(35.5)%
<b>Distribution commission</b>	<b>52,292</b>	<b>27,744</b>	<b>(46.9)%</b>
Stock and other	4,908	1,873	(61.8)%
Bond and other	9,131	8,667	(5.1)%
Investment fund	38,252	17,203	(55.0)%
<b>Other commission</b>	<b>69,897</b>	<b>55,367</b>	<b>(20.8)%</b>
Investment fund	45,539	35,551	(21.9)%
<b>Total</b>	<b>172,040</b>	<b>115,549</b>	<b>(32.8)%</b>

(ii) Asset class (Millions of yen)

	<b>Fiscal 2007</b> Apr. 1, 2007 – Mar. 31, 2008	<b>Fiscal 2008</b> Apr. 1, 2008 – Mar. 31, 2009	Yr/yr change(%)
Stock and other	57,442	36,058	(37.2)%
Bond and other	16,632	14,208	(14.6)%
Investment fund	84,142	53,240	(36.7)%
Others	13,823	12,042	(12.9)%
<b>Total</b>	<b>172,040</b>	<b>115,549</b>	<b>(32.8)%</b>

(2) Capital adequacy ratio (Millions of yen)

		As of Mar. 31, 2008	As of Mar. 31, 2009
Basic item	(A)	228,374	228,401
Supplementary item	Net unrealized gain on securities, net of tax effect etc.	601	404
	Statutory reserve	2,193	1,282
	Allowance for doubtful accounts	183	71
	<b>Total (B)</b>	<b>2,977</b>	<b>1,759</b>
Assets excluded from capital	(C)	87,525	85,047
Net capital	(A)+(B)-(C) (D)	143,826	145,112
Risk equivalent	Market risk equivalent	1,307	1,377
	Counterparty risk equivalent	5,832	3,497
	Basic risk equivalent	37,834	32,258
	<b>Total (E)</b>	<b>44,973</b>	<b>37,134</b>
Capital adequacy ratio	(D)/(E)	319.7%	390.7%

**(3) Quarterly 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
<b>Operating revenues:</b>					
<b>Commissions</b>	<b>34,325</b>	<b>35,557</b>	<b>31,288</b>	<b>26,165</b>	<b>22,537</b>
<b>Brokerage commission</b>	<b>9,028</b>	<b>10,116</b>	<b>7,185</b>	<b>8,827</b>	<b>6,308</b>
Stock and other	8,918	10,030	7,119	8,633	6,168
<b>Distribution commission</b>	<b>8,757</b>	<b>9,204</b>	<b>8,361</b>	<b>5,008</b>	<b>5,170</b>
Stock and other	1,058	27	238	1,056	551
Bond and other	1,956	2,160	3,061	1,909	1,535
Investment fund	5,742	7,016	5,061	2,042	3,082
<b>Other commission</b>	<b>16,538</b>	<b>16,237</b>	<b>15,741</b>	<b>12,329</b>	<b>11,059</b>
Investment fund	10,911	11,052	10,586	7,409	6,503
<b>Net gain (loss) on trading</b>	<b>9,826</b>	<b>11,144</b>	<b>8,202</b>	<b>6,289</b>	<b>12,785</b>
Net gain (loss) on trading in equity	686	2,319	654	678	1,115
Net gain (loss) on trading in bond, forex and other	9,140	8,824	7,548	5,610	11,669
<b>Interest and dividend income</b>	<b>1,920</b>	<b>1,663</b>	<b>1,766</b>	<b>1,308</b>	<b>1,173</b>
<b>Total operating revenues</b>	<b>46,072</b>	<b>48,365</b>	<b>41,258</b>	<b>33,763</b>	<b>36,496</b>
<b>Interest expenses</b>	<b>505</b>	<b>482</b>	<b>511</b>	<b>484</b>	<b>376</b>
<b>Net operating revenues</b>	<b>45,567</b>	<b>47,882</b>	<b>40,746</b>	<b>33,278</b>	<b>36,119</b>
<b>Selling, general and administrative expenses:</b>					
Commission and other expenses	4,700	4,753	4,504	4,354	3,702
Employees' compensation and benefits	13,148	16,147	15,168	14,560	13,767
Occupancy and rental	4,768	4,775	5,105	4,656	4,798
Data processing and office supplies	6,125	5,495	5,971	6,042	6,763
Depreciation expenses	3,241	3,503	3,773	4,129	4,547
Taxes other than income taxes	305	384	247	211	207
Others	697	688	682	713	754
<b>Total selling, general and administrative expenses</b>	<b>32,987</b>	<b>35,749</b>	<b>35,455</b>	<b>34,666</b>	<b>34,541</b>
<b>Operating income</b>	<b>12,579</b>	<b>12,133</b>	<b>5,291</b>	<b>(1,387)</b>	<b>1,577</b>
Non-operating income	87	258	195	170	421
Non-operating expenses	16	27	73	90	72
<b>Ordinary income</b>	<b>12,649</b>	<b>12,364</b>	<b>5,413</b>	<b>(1,307)</b>	<b>1,926</b>
Extraordinary gains	365	771	-	-	138
Extraordinary losses	722	155	660	55	78
<b>Income before income taxes and others</b>	<b>12,292</b>	<b>12,980</b>	<b>4,752</b>	<b>(1,363)</b>	<b>1,986</b>
Income taxes-current	6,571	2,263	3,381	(2,100)	530
Income taxes-deferred	(1,458)	2,695	(1,362)	1,701	1,363
<b>Total income taxes</b>	<b>5,112</b>	<b>4,959</b>	<b>2,019</b>	<b>(398)</b>	<b>1,893</b>
<b>Net income</b>	<b>7,180</b>	<b>8,021</b>	<b>2,733</b>	<b>(964)</b>	<b>92</b>
<b>Net financial income included in net operating revenues</b>	<b>1,415</b>	<b>1,180</b>	<b>1,255</b>	<b>823</b>	<b>796</b>