

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

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



July 31, 2009

Non-consolidated financial summary

(For the 3-month period ended June 30, 2009)

1. Financial result (from April 1, 2009 to June 30, 2009)

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

(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
3-month period (2009/6)	49,043	1.4%	48,534	1.4%	10,979	(9.5)%
3-month period (2008/6)	48,365	-	47,882	-	12,133	-

	Ordinary income	Yr/yr change	Net income	Yr/yr change
3-month period (2009/6)	11,135	(9.9)%	6,437	(19.7)%
3-month period (2008/6)	12,364	-	8,021	-

(2) Financial conditions

(Millions of yen except percentage)

	Total assets	Net assets	Equity ratio
As of Jun. 30, 2009	553,952	235,454	42.5%
As of Mar. 31, 2009	530,101	238,662	45.0%

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

As of Jun. 30, 2009: 235,454 million yen As of Mar. 31, 2009: 238,662 million yen

Representative: Shigeharu Suzuki, President

Contact: Tenzan Watanabe, General Manager, Finance Department

Phone: +813-5555-2111

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

(Millions of yen)

	Fiscal 2009 As of Jun. 30, 2009	Fiscal 2008 As of Mar. 31, 2009
<i>Assets</i>		
Current assets:		
Cash and deposits	83,503	106,943
Cash segregated as deposits for regulatory purposes	154,797	126,692
Trading assets:	64,522	73,099
Trading securities and others	58,527	67,073
Derivative assets	5,994	6,026
Trading receivables, net	3,295	6,840
Receivables related to margin transactions:	123,664	87,578
Customer margin loans	114,370	77,397
Cash deposits as collateral for securities borrowed	9,294	10,181
Collateralized short-term financing agreements:	11,418	9,746
Cash deposits as collateral for securities borrowed	11,418	9,746
Receivables	6,453	8,733
Short-term guarantee money deposited	6,859	5,604
Short-term loans receivable	529	543
Accrued income	8,640	8,771
Deferred tax assets	2,507	1,608
Other current assets	5,260	9,918
Less: Allowance for doubtful accounts	101	71
Total current assets	471,352	446,008
Non-current assets:		
Tangible fixed assets	8,860	9,720
Intangible fixed assets	44,373	45,127
Investments and others:	29,366	29,245
Investment securities	1,865	1,561
Long-term loans receivable	4,892	4,895
Long-term guarantee deposits	16,531	16,511
Deferred tax assets	5,042	5,140
Others	2,863	2,896
Less: Allowance for doubtful accounts	1,827	1,760
Total non-current assets	82,600	84,093
Total assets	553,952	530,101

(Millions of yen)

	Fiscal 2009 As of Jun. 30, 2009	Fiscal 2008 As of Mar. 31, 2009
<i>Liabilities</i>		
Current liabilities:		
Trading liabilities:	2,593	2,208
Trading securities and others	66	217
Derivative liabilities	2,527	1,991
Payables related to margin transactions:	26,630	24,290
Payable to securities finance companies	4,056	2,386
Proceeds of securities sold for customers' accounts	22,574	21,903
Deposits received	129,869	82,382
Cash deposits received as guarantee	63,028	61,745
Short-term borrowings	27,200	62,200
Account payable	6,456	1,516
Accrued expenses	5,485	4,835
Income taxes payable	2,029	-
Accrued bonuses	4,200	3,150
Other current liabilities	1,820	1,485
Total current liabilities	269,313	243,814
Non-current liabilities:		
Long-term debt	35,600	34,100
Accrued retirement benefits	11,497	11,375
Provision for litigation losses	214	236
Other non-current liabilities	589	629
Total non-current liabilities	47,902	46,341
Statutory reserves	1,282	1,282
Total liabilities	318,498	291,439
<i>Net assets</i>		
Owners' equity:		
Common stock	100,000	100,000
Capital surplus	50,010	50,010
Additional paid-in capital	50,010	50,010
Retained earnings	84,829	88,247
Total owners' equity	234,839	238,257
Valuation and translation adjustments:		
Net unrealized gain (loss) on securities, net of tax effect	615	404
Total valuation and translation adjustments	615	404
Total net assets	235,454	238,662
Total liabilities and net assets	553,952	530,101

(2) Statement of income

(Millions of yen)

	3-month period Apr.1, 2008 - Jun.30, 2008	3-month period Apr.1, 2009 - Jun.30, 2009
Operating revenues:		
Commissions	35,557	36,731
Net gain (loss) on trading	11,144	10,980
Net gain (loss) on trading in equity	2,319	2,033
Net gain (loss) on trading in bond, forex and other	8,824	8,946
Interest and dividend income	1,663	1,332
Total operating revenues	48,365	49,043
Interest expenses	482	509
Net operating revenues	47,882	48,534
Selling, general and administrative expenses:		
Commission and other expenses	4,753	3,775
Employees' compensation and benefits	16,147	17,558
Occupancy and rental	4,775	4,778
Data processing and office supplies	5,495	5,988
Depreciation expenses	3,503	4,310
Taxes other than income taxes	384	410
Others	688	732
Total selling, general and administrative expenses	35,749	37,554
Operating income	12,133	10,979
Non-operating income:		
Others	258	181
Total non-operating income	258	181
Non-operating expenses:		
Others	27	25
Total non-operating expenses	27	25
Ordinary income	12,364	11,135
Extraordinary gains:		
Reversal of reserve for financial instruments business liabilities	771	-
Total extraordinary gains	771	-
Extraordinary losses:		
Loss on disposal of fixed assets	-	127
Write-down of investment security	-	51
Write-down of related company's stock	155	-
Total extraordinary losses	155	178
Income before income taxes and others	12,980	10,956
Income taxes-current	2,263	5,463
Income taxes-deferred	2,695	(945)
Total income taxes	4,959	4,518
Net income	8,021	6,437
Net financial income included in net operating revenues	1,180	823

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

(i) Activity (Millions of yen)

	3-month period Apr. 1, 2008 – Jun. 30, 2008	3-month period Apr. 1, 2009 – Jun. 30, 2009	Yr/yr Change(%)
Brokerage commission	10,116	9,463	(6.5)%
Stock and other	10,030	9,354	(6.7)%
Distribution commission	9,204	15,471	68.1%
Stock and other	27	6,675	-
Bond and other	2,160	1,796	(16.8)%
Investment fund	7,016	6,999	(0.2)%
Other commission	16,237	11,796	(27.3)%
Investment fund	11,052	7,352	(33.5)%
Total	35,557	36,731	3.3%

(ii) Asset class (Millions of yen)

	3-month period Apr. 1, 2008 – Jun. 30, 2008	3-month period Apr. 1, 2009 – Jun. 30, 2009	Yr/yr change(%)
Stock and other	10,588	16,510	55.9%
Bond and other	3,481	3,255	(6.5)%
Investment fund	18,154	14,460	(20.3)%
Others	3,333	2,505	(24.8)%
Total	35,557	36,731	3.3%

(2) Capital adequacy ratio (Millions of yen)

		As of Jun. 30, 2009	As of Mar. 31, 2009
Basic item	(A)	234,839	228,401
Supplementary item	Net unrealized gain on securities, net of tax effect etc.	615	404
	Statutory reserve	1,282	1,282
	Allowance for doubtful accounts	101	71
Total	(B)	1,999	1,759
Assets excluded from capital	(C)	83,199	85,047
Net capital	(A)+(B)-(C) (D)	153,639	145,112
Risk equivalent	Market risk equivalent	1,238	1,377
	Counterparty risk equivalent	4,092	3,497
	Basic risk equivalent	31,348	32,258
Total	(E)	36,679	37,134
Capital adequacy ratio	(D)/(E)	418.8%	390.7%

(3) Quarterly statements of income

(Millions of yen)

	Fiscal 2008				Fiscal 2009
	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	1st quarter Apr. 1, 2009 - Jun.30, 2009
Operating revenues:					
Commissions	35,557	31,288	26,165	22,537	36,731
Brokerage commission	10,116	7,185	8,827	6,308	9,463
Stock and other	10,030	7,119	8,633	6,168	9,354
Distribution commission	9,204	8,361	5,008	5,170	15,471
Stock and other	27	238	1,056	551	6,675
Bond and other	2,160	3,061	1,909	1,535	1,796
Investment fund	7,016	5,061	2,042	3,082	6,999
Other commission	16,237	15,741	12,329	11,059	11,796
Investment fund	11,052	10,586	7,409	6,503	7,352
Net gain (loss) on trading	11,144	8,202	6,289	12,785	10,980
Net gain (loss) on trading in equity	2,319	654	678	1,115	2,033
Net gain (loss) on trading in bond, forex and other	8,824	7,548	5,610	11,669	8,946
Interest and dividend income	1,663	1,766	1,308	1,173	1,332
Total operating revenues	48,365	41,258	33,763	36,496	49,043
Interest expenses	482	511	484	376	509
Net operating revenues	47,882	40,746	33,278	36,119	48,534
Selling, general and administrative expenses:					
Commission and other expenses	4,753	4,504	4,354	3,702	3,775
Employees' compensation and benefits	16,147	15,168	14,560	13,767	17,558
Occupancy and rental	4,775	5,105	4,656	4,798	4,778
Data processing and office supplies	5,495	5,971	6,042	6,763	5,988
Depreciation expenses	3,503	3,773	4,129	4,547	4,310
Taxes other than income taxes	384	247	211	207	410
Others	688	682	713	754	732
Total selling, general and administrative expenses	35,749	35,455	34,666	34,541	37,554
Operating income	12,133	5,291	(1,387)	1,577	10,979
Non-operating income	258	195	170	421	181
Non-operating expenses	27	73	90	72	25
Ordinary income	12,364	5,413	(1,307)	1,926	11,135
Extraordinary gains	771	-	-	138	-
Extraordinary losses	155	660	55	78	178
Income before income taxes and others	12,980	4,752	(1,363)	1,986	10,956
Income taxes-current	2,263	3,381	(2,100)	530	5,463
Income taxes-deferred	2,695	(1,362)	1,701	1,363	(945)
Total income taxes	4,959	2,019	(398)	1,893	4,518
Net income	8,021	2,733	(964)	92	6,437
Net financial income included in net operating revenues	1,180	1,255	823	796	823