

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

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



October 30, 2009

Non-consolidated financial summary

(For the 6-month period ended September 30, 2009)

1. Financial result (from April 1, 2009 to September 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
6-month period (2009/9)	95,435	6.5%	94,590	6.7%	21,925	25.8%
6-month period (2008/9)	89,623	-	88,629	-	17,425	-

	Ordinary income	Yr/yr change	Net income	Yr/yr change
6-month period (2009/9)	22,403	26.0%	12,799	19.0%
6-month period (2008/9)	17,777	-	10,754	-

(2) Financial conditions

(Millions of yen except percentage)

	Total assets	Net assets	Equity ratio
As of Sep. 30, 2009	582,398	241,737	41.5%
As of Mar. 31, 2009	530,101	238,662	45.0%

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

As of Sep. 30, 2009: 241,737 million yen As of Mar. 31, 2009: 238,662 million yen

Representative: Shigeharu Suzuki, President

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

(Millions of yen)

	Fiscal 2009 As of Sep. 30, 2009	Fiscal 2008 As of Mar. 31, 2009
<i>Assets</i>		
Current assets:		
Cash and deposits	93,226	106,943
Cash segregated as deposits for regulatory purposes	155,862	126,692
Trading assets:	69,179	73,099
Trading securities and others	62,970	67,073
Derivative assets	6,209	6,026
Trading receivables, net	5,066	6,840
Receivables related to margin transactions:	131,785	87,578
Customer margin loans	122,119	77,397
Cash deposits as collateral for securities borrowed	9,666	10,181
Collateralized short-term financing agreements:	9,074	9,746
Cash deposits as collateral for securities borrowed	9,074	9,746
Receivables	14,503	8,733
Short-term guarantee money deposited	5,216	5,604
Short-term loans receivable	507	543
Accrued income	9,686	8,771
Deferred tax assets	4,611	1,608
Other current assets	2,212	9,918
Less: Allowance for doubtful accounts	109	71
Total current assets	500,823	446,008
Non-current assets:		
Tangible fixed assets	8,152	9,720
Intangible fixed assets	44,404	45,127
Investments and others:	29,017	29,245
Investment securities	1,732	1,561
Long-term loans receivable	4,888	4,895
Long-term guarantee deposits	16,262	16,511
Deferred tax assets	5,164	5,140
Others	2,905	2,896
Less: Allowance for doubtful accounts	1,936	1,760
Total non-current assets	81,574	84,093
Total assets	582,398	530,101

(Millions of yen)

	Fiscal 2009 As of Sep. 30, 2009	Fiscal 2008 As of Mar. 31, 2009
<i>Liabilities</i>		
Current liabilities:		
Trading liabilities:	2,548	2,208
Trading securities and others	71	217
Derivative liabilities	2,477	1,991
Payables related to margin transactions:	29,210	24,290
Payable to securities finance companies	4,670	2,386
Proceeds of securities sold for customers' accounts	24,540	21,903
Deposits received	103,360	82,382
Cash deposits received as guarantee	69,526	61,745
Short-term borrowings	54,200	62,200
Account payable	11,480	1,516
Accrued expenses	5,110	4,835
Income taxes payable	4,408	-
Accrued bonuses	6,150	3,150
Other current liabilities	2,234	1,485
Total current liabilities	288,229	243,814
Non-current liabilities:		
Long-term debt	38,600	34,100
Accrued retirement benefits	11,772	11,375
Provision for litigation losses	222	236
Other non-current liabilities	553	629
Total non-current liabilities	51,147	46,341
Statutory reserves	1,282	1,282
Total liabilities	340,660	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	91,190	88,247
Total owners' equity	241,200	238,257
Valuation and translation adjustments:		
Net unrealized gain (loss) on securities, net of tax effect	537	404
Total valuation and translation adjustments	537	404
Total net assets	241,737	238,662
Total liabilities and net assets	582,398	530,101

(2) Statement of income

(Millions of yen)

	6-month period Apr.1, 2008 - Sep.30, 2008	6-month period Apr.1, 2009 - Sep.30, 2009
Operating revenues:		
Commissions	66,846	72,071
Net gain (loss) on trading	19,347	20,782
Net gain (loss) on trading in equity	2,973	3,827
Net gain (loss) on trading in bond, forex and other	16,373	16,955
Interest and dividend income	3,430	2,581
Total operating revenues	89,623	95,435
Interest expenses	994	845
Net operating revenues	88,629	94,590
Selling, general and administrative expenses:		
Commission and other expenses	9,258	7,730
Employees' compensation and benefits	31,316	32,184
Occupancy and rental	9,881	9,694
Data processing and office supplies	11,467	12,332
Depreciation expenses	7,277	8,601
Taxes other than income taxes	631	687
Others	1,370	1,434
Total selling, general and administrative expenses	71,204	72,665
Operating income	17,425	21,925
Non-operating income:		
Others	453	540
Total non-operating income	453	540
Non-operating expenses:		
Others	100	61
Total non-operating expenses	100	61
Ordinary income	17,777	22,403
Extraordinary gains:		
Reversal of reserve for financial instruments business liabilities	771	-
Total extraordinary gains	771	-
Extraordinary losses:		
Loss on disposal of fixed assets	484	487
Write-down of investment security	115	52
Write-down of related company's stock	216	-
Total extraordinary losses	816	540
Income before income taxes and others	17,733	21,863
Income taxes-current	5,645	12,182
Income taxes-deferred	1,333	(3,118)
Total income taxes	6,978	9,064
Net income	10,754	12,799
Net financial income included in net operating revenues	2,435	1,736

3. Other information

(1) Breakdown of commissions

(i) Activity (Millions of yen)

	6-month period Apr. 1, 2008 – Sep. 30, 2008	6-month period Apr. 1, 2009 – Sep. 30, 2009	Yr/yr change(%)
Brokerage commission	17,302	18,152	4.9%
Stock and other	17,150	17,958	4.7%
Distribution commission	17,565	29,987	70.7%
Stock and other	265	10,452	-
Bond and other	5,222	4,273	(18.2)%
Investment trust	12,078	15,261	26.4%
Other commission	31,978	23,931	(25.2)%
Investment trust	21,638	15,296	(29.3)%
Total	66,846	72,071	7.8%

(ii) Asset class (Millions of yen)

	6-month period Apr. 1, 2008 – Jun. 30, 2008	6-month period Apr. 1, 2009 – Sep. 30, 2009	Yr/yr change(%)
Stock and other	18,473	29,253	58.4%
Bond and other	7,981	6,992	(12.4)%
Investment trust	33,868	30,751	(9.2)%
Others	6,522	5,073	(22.2)%
Total	66,846	72,071	7.8%

(2) Capital adequacy ratio (Millions of yen)

		As of Sep. 30, 2009	As of Mar. 31, 2009
Basic item	(A)	241,200	228,401
Supplementary item	Net unrealized gain on securities, net of tax effect etc.	537	404
	Statutory reserve	1,282	1,282
	Allowance for doubtful accounts	109	71
	Total (B)	1,929	1,759
Assets excluded from capital	(C)	82,164	85,047
Net capital	(A)+(B)-(C) (D)	160,965	145,112
Risk equivalent	Market risk equivalent	1,404	1,377
	Counterparty risk equivalent	4,231	3,497
	Basic risk equivalent	31,006	32,258
	Total (E)	36,642	37,134
Capital adequacy ratio	(D)/(E)	439.2%	390.7%

(3) Quarterly statements of income

(Millions of yen)

	Fiscal 2008			Fiscal 2009	
	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	2nd quarter Jul. 1, 2009 - Sep.30, 2009
Operating revenues:					
Commissions	31,288	26,165	22,537	36,731	35,339
Brokerage commission	7,185	8,827	6,308	9,463	8,688
Stock and other	7,119	8,633	6,168	9,354	8,604
Distribution commission	8,361	5,008	5,170	15,471	14,516
Stock and other	238	1,056	551	6,675	3,777
Bond and other	3,061	1,909	1,535	1,796	2,476
Investment trust	5,061	2,042	3,082	6,999	8,262
Other commission	15,741	12,329	11,059	11,796	12,134
Investment trust	10,586	7,409	6,503	7,352	7,944
Net gain (loss) on trading	8,202	6,289	12,785	10,980	9,802
Net gain (loss) on trading in equity	654	678	1,115	2,033	1,794
Net gain (loss) on trading in bond, forex and other	7,548	5,610	11,669	8,946	8,008
Interest and dividend income	1,766	1,308	1,173	1,332	1,249
Total operating revenues	41,258	33,763	36,496	49,043	46,391
Interest expenses	511	484	376	509	336
Net operating revenues	40,746	33,278	36,119	48,534	46,055
Selling, general and administrative expenses:					
Commission and other expenses	4,504	4,354	3,702	3,775	3,954
Employees' compensation and benefits	15,168	14,560	13,767	17,558	14,626
Occupancy and rental	5,105	4,656	4,798	4,778	4,915
Data processing and office supplies	5,971	6,042	6,763	5,988	6,343
Depreciation expenses	3,773	4,129	4,547	4,310	4,290
Taxes other than income taxes	247	211	207	410	277
Others	682	713	754	732	702
Total selling, general and administrative expenses	35,455	34,666	34,541	37,554	35,110
Operating income	5,291	(1,387)	1,577	10,979	10,945
Non-operating income	195	170	421	181	359
Non-operating expenses	73	90	72	25	35
Ordinary income	5,413	(1,307)	1,926	11,135	11,268
Extraordinary gains	-	-	138	-	-
Extraordinary losses	660	55	78	178	361
Income before income taxes and others	4,752	(1,363)	1,986	10,956	10,907
Income taxes-current	3,381	(2,100)	530	5,463	6,718
Income taxes-deferred	(1,362)	1,701	1,363	(945)	(2,172)
Total income taxes	2,019	(398)	1,893	4,518	4,546
Net income	2,733	(964)	92	6,437	6,361
Net financial income included in net operating revenues	1,255	823	796	823	913