

Daiwa Securities Group Inc.

Code No. 8601

Stock Exchange Listings: Tokyo, Osaka, Nagoya

(URL <http://www.daiwa-grp.jp/ir/english/>)

Scheduled date for filing of quarterly financial report: February 10, 2010

Scheduled date to payment of dividends: -



January 29, 2010

Financial summary

(For the 9-month period ended December 31, 2009)

1. Consolidated financial result (from April 1, 2009 to December 31, 2009)

(1) Consolidated operating results (year-to-date)

(Note) All figures in the financial statements are rounded down to the nearest millionth except per share data and percentage.
(Millions of yen except per share data and percentage)

	Operating revenues		Net operating revenues		Operating income		Ordinary income	
9-month period (2009/12)	421,365	25.6%	360,011	147.4%	88,113	-	92,756	-
9-month period (2008/12)	335,500	-	145,540	-	(115,805)	-	(113,226)	-

	Net income		Earnings / share		Fully diluted earnings / share	
9-month period (2009/12)	46,227	-	28.72	Yen	28.68	Yen
9-month period (2008/12)	(67,676)	-	(50.27)	Yen	-	Yen

(2) Consolidated financial conditions

(Millions of yen except per share data and percentage)

	Total assets	Net assets	Equity ratio		Net assets / share	
As of Dec. 31, 2009	14,873,191	938,405	6.2	%	529.60	Yen
As of Mar. 31, 2009	14,182,579	952,329	5.1	%	534.99	Yen

(Note) Equity (defined as "Owners' equity" and "Valuation and translation adjustments"):

As of Dec. 31, 2009: 925,983 million yen

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

2. Dividends

	Dividends per share (yen)				
	First quarter	Second quarter	Third quarter	Fourth quarter	Fiscal
Fiscal 2008	-	5.00	-	3.00	8.00
Fiscal 2009 (actual)	-	5.00	-		
Fiscal 2009 (expected)				To be determined	

(Note) Change in expected dividends as of December 31, 2009: None

3. Forecasts of consolidated financial results for Fiscal 2009 (from April 1, 2009 to March 31, 2010)

(Note) Change in forecasts of consolidated financial results as of December 31, 2009: None

Daiwa Securities Group's (the "Group") principal business is securities business, and the performance is influenced by the economic and market environment. Therefore, the Group doesn't disclose the forecasts of consolidated operating results, considering the difficulty to forecast the performance.

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4. Other information

(1) Changes in significant subsidiaries during the period (Changes of specified subsidiaries accompanying changes in scope of consolidation): None

(2) Adoption of the simplified accounting policies and typical accounting procedures for preparation of the quarterly consolidated financial statements: Yes

(Note) Please see [Qualitative Information and Financial Statements] "4. Other information" on page 4 for details.

(3) Change in accounting principle, procedure and presentation for preparing the quarterly consolidated financial statements (noted on changes in "Change in the basis of financial statements for the 9-month period ended December 31, 2009")

(i) Changes due to amendment to accounting standard: Yes

(ii) Changes due to other than the above: Yes

(Note) Please see [Qualitative Information and Financial Statements] "4. Other information" on page 4 for details.

(4) Number of outstanding shares (common stock)

(i) Number of outstanding shares including treasury stock

As of Dec. 31, 2009:	1,749,319,772	As of Mar. 31, 2009:	1,404,664,772
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(ii) Number of treasury stock

As of Dec. 31, 2009:	874,608	As of Mar. 31, 2009:	58,326,258
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(iii) Average number of shares (9-months)

As of Dec. 31, 2009:	1,609,827,136	As of Dec. 31, 2008:	1,346,321,719
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(*) The Group doesn't disclose expected dividends for the reason described in "3. Forecasts of consolidated financial results for Fiscal 2009" on page 1.

[Qualitative Information and Financial Statements]

1. Qualitative information for consolidated operating results

1. Summary of consolidated operating results for the 9-month period of fiscal 2009 (comparison with the 9-month period of fiscal 2008)

For the 9-month period of fiscal 2009 (from April 1, 2009 to December 31, 2009), net operating revenues increased by 147.4% to 360,011 million yen, mainly because net gain on private equity and other securities, net gain on trading and underwriting commission increased. Selling, general and administrative expenses remained at 4.0% increase to 271,897 million yen. As a result, ordinary income was 92,756 million yen and net income was 46,227 million yen, returning to profitability from deficit in the 9-month period of fiscal 2008.

(1) Commissions

(i) Brokerage commission

Brokerage commission decreased by 5.6% to 42,245 million yen, mainly because daily average trading value on the Tokyo Stock Exchange decreased by 29.2% to 1,568.4 billion yen.

(ii) Underwriting commission

Underwriting commission derived from equity substantially increased by 364.0% to 36,741 million yen, mainly because the Group actively acted as co-lead manager for public offering of large amount. As a result, underwriting commission increased by 203.4% to 46,649 million yen.

(iii) Distribution commission

Distribution commission increased by 69.6% to 25,941 million yen, because distribution commission in investment trust increased by 74.5% to 25,534 million yen

(iv) Other commission

Other commission decreased by 9.8% to 80,944 million yen, because commissions in investment trust decreased by 13.8% to 54,837 million yen due to decrease in trust fee in line with the decline in outstanding balance of equity investment trust.

(2) Net gain on trading

Net gain on trading in stock and other returned to profitability to 17,558 million yen and net gain on trading in bond, forex and other increased by 18.9% to 53,444 million yen. As a result, total net gain on trading jumped by 662.2% to 71,003 million yen.

(3) Net gain on private equity and other securities

Net gain on private equity and other securities marked drastic increase to 80,501 million yen, mainly due to gain on sale of shares of SANYO Electric Co., Ltd. by acceptance for the tender offer.

(4) Financial income

Interest and dividend income decreased by 75.7% to 42,953 million yen and interest expenses decreased by 76.5% to 37,831 million yen due to decline in the level of interest rates. As a result, net financial income decreased by 66.1% to 5,121 million yen.

(5) Selling, general and administrative expenses

Selling, general and administrative expenses increased by 4.0% to 271,897 million yen, mainly because employees' compensation and benefits increased by 19.7% to 129,308 million yen, in line with an increase in bonuses and salaries reflecting a rise in operating results.

2. Operating results of overseas subsidiaries for the 9-month period of fiscal 2009 (from April 1, 2009 to December 31, 2009)

Ordinary income by geographic area				(Millions of yen)
America	Europe	Asia & Oceania	Total	
2,540	3,545	546	6,632	

2. Qualitative information for consolidated financial conditions (comparison with March 31, 2009)

Total assets increased by 690,611 million yen to 14,873,191 million yen, mainly because trading assets increased by 728,672 million yen. Total liabilities increased by 704,536 million yen to 13,934,786 million yen, because short-term borrowings increased by 1,725,359 million yen, though trading liabilities decreased by 605,678 million yen and collateralized short-term financing agreements decreased by 524,331 million yen.

Total net assets decreased by 13,924 million yen to 938,405 million yen. Common stock increased by 69,044 million yen, capital surplus increased by 72,898 million yen and treasury stock as deduction of net assets decreased by 60,839 million yen due to the issuance of new shares and disposal of treasury stock at the same time. In addition net unrealized gain on securities, net of tax effect decreased by 36,035 million yen and minority interest decreased by 220,352 million yen due to the additional acquisition of consolidated subsidiary's stock.

3. Qualitative information for forecasts of consolidated financial results

For the reasons mentioned in "3. Forecasts of consolidated financial results for Fiscal 2009" on page 1, the Group doesn't disclose the forecasts of consolidated operating results.

4. Other information

(1) Adoption of the simplified accounting policies and typical accounting procedures for preparation of the quarterly consolidated financial statements

Daiwa Securities Group Inc. (the 'Company') has adopted the simplified accounting policies for the 9-month period ended December 31, 2009. The effect on the consolidated financial statements was immaterial.

(2) Change in accounting principle, procedure and presentation for preparing the quarterly consolidated financial statements

(i) The Company has applied 'Guidance on determining a subsidiary and an affiliate' (ASBJ Guidance No.22, May 13, 2008) from the first quarter of Fiscal 2009. This change has no effect on the consolidated financial statement of income.

(ii) As for the accounting standard for income from the made-to-order software by some consolidated subsidiaries, the Company has adopted 'Accounting Standard for Construction Contracts' (ASBJ Statement No.15, December 27, 2007) and the 'Guidance on Accounting Standard for Construction Contracts' (ASBJ Guidance No.18, December 27, 2007) from the first quarter of Fiscal 2009. From the contract launching during this fiscal year, the percentage-of-completion method has been applied in case the outcome of the construction activity for the 9-month period ended December 31, 2009 is deemed certain during the course of the activity, otherwise the completed-contract method has been applied. The effect on the consolidated financial statement of income was immaterial.

(iii) Change in fiscal year end for consolidated subsidiaries

The fiscal year ends of consolidated subsidiaries which were newly added to scope of consolidation from the second quarter were as follows.

March: 6 companies

July: 3 companies

3 companies have a July 31 fiscal year-end and consolidated based on their provisional financial statements of December 31.

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

(Millions of yen)	Fiscal 2009 As of Dec. 31, 2009	Fiscal 2008 As of Mar. 31, 2009
<i>Assets</i>		
Current assets:		
Cash and deposits	755,526	409,709
Cash segregated as deposits for regulatory purposes	226,872	214,455
Notes receivable and trade accounts receivable	10,795	11,146
Securities	133,841	48,920
Trading assets:	6,932,414	6,203,742
Trading securities and others	4,915,741	3,564,001
Derivative assets	2,016,673	2,639,740
Trading receivables, net	114,098	143,309
Private equity and other securities	275,347	547,006
Less: Allowance for possible investment losses	32,369	31,237
Loans receivable from customers	65,466	69,592
Work in process	2,356	897
Receivables related to margin transactions:	171,691	248,059
Customer margin loans	118,556	79,094
Cash deposits as collateral for securities borrowed	53,134	168,964
Collateralized short-term financing agreements:	5,407,171	5,413,525
Cash deposits as collateral for securities borrowed	5,403,761	5,413,525
Receivables related to gensaki transactions	3,410	-
Receivables	5,815	21,662
Short-term loans receivable	1,185	1,869
Accrued income	30,287	27,033
Deferred tax assets	24,336	3,784
Other current assets	229,784	343,758
Less: Allowance for doubtful accounts	367	232
Total current assets	14,354,256	13,677,003
Non-current assets:		
Tangible fixed assets	145,167	150,201
Intangible fixed assets	122,255	110,828
Goodwill	11,506	-
Other	110,748	110,828
Investments and others:	251,512	244,545
Investment securities	184,919	167,883
Long-term loans receivable	12,379	18,432
Long-term guarantee deposits	25,053	26,091
Deferred tax assets	15,065	16,328
Other	17,142	22,904
Less: Allowance for doubtful accounts	3,048	7,094
Total non-current assets	518,934	505,576
Total assets	14,873,191	14,182,579

(Millions of yen)	Fiscal 2009 As of Dec. 31, 2009	Fiscal 2008 As of Mar. 31, 2009
Liabilities		
Current liabilities:		
Notes payable and trade accounts payable	4,791	4,182
Trading liabilities:	4,203,414	4,809,092
Trading securities and others	2,679,262	2,644,720
Derivative liabilities	1,524,151	2,164,372
Payables related to margin transactions:	70,123	133,872
Payables to securities finance companies	7,809	3,852
Proceeds of securities sold for customers' accounts	62,314	130,020
Collateralized short-term financing agreements:	4,368,930	4,893,261
Cash deposits as collateral for securities loaned	3,503,104	4,228,519
Payables related to gensaki transactions	865,825	664,742
Deposits received	171,781	138,669
Cash deposits received as guarantee	260,767	339,891
Short-term borrowings	2,661,508	936,149
Commercial paper	386,100	320,400
Bonds and notes due within one year	36,157	11,632
Income taxes payable	10,105	1,822
Deferred tax liabilities	72	17,693
Accrued bonuses	26,171	12,527
Other current liabilities	72,225	78,555
Total current liabilities	12,272,149	11,697,751
Non-current liabilities:		
Bonds and notes	1,249,699	1,260,526
Long-term debts	354,663	237,867
Deferred tax liabilities	540	927
Retirement benefits	27,373	25,474
Provision for litigation losses	207	365
Negative goodwill	23,027	-
Other non-current liabilities	2,709	2,920
Total non-current liabilities	1,658,219	1,528,081
Statutory reserves:		
Financial instrumentals business liability reserves	4,416	4,416
Total statutory reserves	4,416	4,416
Total liabilities	13,934,786	13,230,249
Net assets		
Owners' equity:		
Common stock	247,368	178,324
Capital surplus	230,577	157,678
Retained earnings	455,256	421,819
Treasury stock	(686)	(61,525)
Total owners' equity	932,515	696,296
Valuation and translation adjustments:		
Net unrealized gain on securities, net of tax effect	15,716	51,751
Deferred gain on hedges	682	498
Translation adjustments	(22,930)	(28,274)
Total valuation and translation adjustments	(6,532)	23,975
Stock subscription rights	3,085	2,369
Minority interests	9,336	229,688
Total net assets	938,405	952,329
Total liabilities and net assets	14,873,191	14,182,579

(2) Consolidated statement of income

(Millions of yen)	9-month period Apr. 1, 2008 - Dec. 31, 2008	9-month period Apr. 1, 2009 - Dec. 31, 2009
Operating revenues:		
Commissions	165,221	195,779
Net gain on trading	9,315	71,003
Net gain (loss) on trading in stock and other	(35,632)	17,558
Net gain on trading in bond, forex and other	44,947	53,444
Net gain (loss) on private equity and other securities	(53,692)	80,501
Interest and dividend income	176,404	42,953
Other sales revenues	38,251	31,127
Total operating revenues	335,500	421,365
Interest expenses	161,279	37,831
Cost of sales	28,679	23,522
Net operating revenues	145,540	360,011
Selling, general and administrative expenses:		
Commission and other expenses	51,236	46,304
Employees' compensation and benefits	108,057	129,308
Occupancy and rental	33,154	32,313
Data processing and office supplies	22,983	19,269
Depreciation	25,404	28,798
Taxes other than income taxes	4,978	5,565
Provision for doubtful account	5,174	87
Other	10,358	10,250
Total selling, general and administrative expenses	261,346	271,897
Operating income (loss)	(115,805)	88,113
Non-operating income:		
Interest income	236	207
Dividend income	3,685	2,084
Equity in earnings of affiliates	516	320
Other	1,868	3,671
Total non-operating income	6,306	6,284
Non-operating expenses:		
Interest expenses	331	140
Share distribution expenses	-	868
Foreign exchange losses	1,313	-
Other	2,082	633
Total non-operating expenses	3,728	1,641
Ordinary income (loss)	(113,226)	92,756
Extraordinary gains:		
Gain on sale of investment securities	2,327	482
Reversal of financial instruments business liability reserve	402	-
Other	205	262
Total extraordinary gains	2,935	744
Extraordinary losses:		
Loss on sales or disposal of fixed assets	1,014	584
Loss on disposal of loans receivable	1,967	-
Loss on impairment of fixed assets	-	1,368
Write-down of investment securities	14,513	3,229
Write-down of related company's stock	262	-
Other	392	744
Total extraordinary losses	18,150	5,927
Income (loss) before income taxes and minority interests	(128,441)	87,573
Income taxes-current	7,321	16,038
Income taxes-deferred	(17,300)	16,948
Total income taxes	(9,978)	32,986
Minority interests	(50,786)	8,359
Net income (loss)	(67,676)	46,227

The consolidated financial statements of the Company for the 9-month period ended December 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' (Self-Regulation of the Japan Securities Dealers' Association, November 14, 1974), based on the 'Regulations of Quarterly Consolidated Financial Statements' (Cabinet Office Ordinance No. 64, 2007) and its Article 61 and 82.

(3) Notes concerning the going concern assumption: None

(4) Notes concerning substantial amounts of fluctuation in owners' equity:

The Company issued new shares by public offering as of July 15, 2009 as the payment date, and as a result, the number of outstanding shares increased by 302,635 thousand shares, common stock increased by 58,652 million yen and additional paid-in capital increased by 58,652 million yen. At the same time, treasury stock as deduction of net assets decreased by 61,040 million yen, because of the disposal of treasury stock due to public offering as a sale of shares by underwriters.

In addition, outstanding share of common stock increased by 42,000 thousand shares, common stock increased by 10,389 million yen and additional paid-in capital increased by 10,389 million yen, because of new share issuance and third-party allotment to SMBC Friend Securities Co., Ltd. as of August 11, 2009 as the payment date.

As a result, common stock amounted to 247,368 million yen, additional paid-in capital amounted to 226,723 million yen and treasury stock deduction amounted to 686 million yen as of December 31, 2009.

6. Other information

(1) Breakdown of commissions

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

(Millions of yen)

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

9-month period of fiscal 2009 (from April 1, 2009 to December 31, 2009) (B)

(Millions of yen)

	Equity	Fixed income (Bond)	Investment trust	Investment banking	Other	Total
Brokerage commission	41,655	232	335	-	22	42,245
Underwriting commission	-	-	-	46,649	-	46,649
Stock and other	-	-	-	36,741	-	36,741
Bond and other	-	-	-	9,652	-	9,652
Distribution commission	-	-	25,534	406	-	25,941
Other commission	1,050	282	54,837	11,875	12,897	80,944
Total	42,705	514	80,707	58,932	12,919	195,779

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

(Percentage)

	Equity	Fixed income (Bond)	Investment trust	Investment banking	Other	Total
Brokerage commission	(5.4)	(28.3)	(16.5)	-	-	(5.6)
Underwriting commission	-	-	-	203.4	-	203.4
Stock and other	-	-	-	364.0	-	364.0
Bond and other	-	-	-	32.7	-	32.7
Distribution commission	-	-	74.5	(38.9)	-	69.6
Other commission	(13.3)	(49.8)	(13.8)	37.0	(18.0)	(9.8)
Total	(5.6)	(42.0)	2.6	138.5	(17.9)	18.5

(2) Quarterly consolidated statements of income

(Millions of yen)	Fiscal 2008		Fiscal 2009		
	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	3rd quarter Oct. 1, 2009- Dec. 31, 2009
Operating revenue:					
Commissions	49,383	43,658	70,514	58,008	67,256
Brokerage commission	14,320	10,959	15,255	14,431	12,558
Stock and other	14,022	10,765	15,057	14,261	12,337
Bond and other	84	40	75	71	85
Underwriting commission	7,636	5,587	24,532	6,965	15,151
Stock and other	5,648	2,204	20,786	3,362	12,593
Bond and other	1,865	3,267	3,648	3,475	2,528
Distribution commission	2,269	3,394	7,298	8,641	10,001
Investment trust	2,189	3,335	7,237	8,540	9,756
Other commission	25,157	23,718	23,427	27,971	29,545
Net gain (loss) on trading	(22,849)	31,606	34,712	28,536	7,754
Net gain (loss) on trading in stock and other	(48,076)	9,895	14,685	2,184	688
Net gain on trading in bond, forex and other	25,226	21,710	20,026	26,351	7,066
Net gain (loss) on private equity and other securities	(37,478)	(25,785)	(1,567)	(4,463)	86,532
Interest and dividend income	37,525	16,259	16,815	13,792	12,344
Other sales	11,983	12,696	11,644	9,756	9,726
Total operating revenues	38,564	78,436	132,119	105,631	183,615
Interest expenses	34,774	14,754	15,508	11,340	10,982
Cost of sales	9,372	9,677	9,247	7,152	7,122
Net operating revenues	(5,582)	54,003	107,364	87,137	165,509
Selling, general and administrative expenses:					
Commission and other expenses	15,380	14,782	14,346	15,943	16,014
Employees' compensation and benefits	35,331	33,542	39,938	37,274	52,095
Occupancy and rental	10,566	10,549	10,555	10,945	10,813
Data processing and office supplies	7,460	7,174	6,350	6,744	6,174
Depreciation	8,767	10,186	9,506	9,545	9,746
Taxes other than income taxes	1,657	1,575	2,113	1,762	1,689
Provision for doubtful account	702	384	280	194	(387)
Other	3,741	3,728	3,460	3,159	3,630
Total selling, general and administrative expenses	83,606	81,923	86,552	85,569	99,775
Operating income (loss)	(89,189)	(27,919)	20,812	1,567	65,733
Non-operating income	1,256	1,654	2,814	1,335	2,134
Non-operating expenses	2,089	1,658	798	866	(22)
Ordinary income (loss)	(90,022)	(27,923)	22,827	2,037	67,891
Extraordinary gains	644	3,485	373	264	106
Extraordinary losses	9,535	10,913	1,053	2,520	2,353
Income (loss) before income taxes and minority interests	(98,913)	(35,351)	22,148	(219)	65,645
Income taxes-current	(3,133)	(2,938)	3,181	7,438	5,418
Income taxes-deferred	(9,877)	(5,256)	(1,477)	(5,572)	23,998
Total income taxes	(13,010)	(8,194)	1,703	1,866	29,416
Minority interests	(32,863)	(9,794)	2,574	(4,077)	9,862
Net income (loss)	(53,039)	(17,363)	17,870	1,991	26,366
Net financial income included in net operating revenues	2,751	1,504	1,307	2,451	1,362