

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

Parent Company: Daiwa Securities Group Inc. (Code No. 8601)



January 29, 2010

Non-consolidated financial summary

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

1. Financial result (from April 1, 2009 to December 31, 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
9-month period (2009/12)	146,077	18.4%	144,887	18.8%	28,983	80.7%
9-month period (2008/12)	123,387	-	121,908	-	16,037	-

	Ordinary income	Yr/yr Change	Net income	Yr/yr change
9-month period (2009/12)	29,555	79.4%	16,829	71.9%
9-month period (2008/12)	16,470	-	9,790	-

(2) Financial conditions

(Millions of yen except percentage)

	Total assets	Net assets	Equity ratio
As of Dec. 31, 2009	555,205	245,817	44.3%
As of Mar. 31, 2009	530,101	238,662	45.0%

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

As of Dec. 31, 2009: 245,817 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 Dec. 31, 2009	Fiscal 2008 As of Mar. 31, 2009
<i>Assets</i>		
Current assets:		
Cash and deposits	95,790	106,943
Cash segregated as deposits for regulatory purposes	152,113	126,692
Trading assets:	71,184	73,099
Trading securities and others	66,361	67,073
Derivative assets	4,822	6,026
Trading receivables, net	1,213	6,840
Receivables related to margin transactions:	117,238	87,578
Customer margin loans	110,895	77,397
Cash deposits as collateral for securities borrowed	6,342	10,181
Collateralized short-term financing agreements:	8,971	9,746
Cash deposits as collateral for securities borrowed	8,971	9,746
Receivables	3,435	8,733
Short-term guarantee money deposited	7,645	5,604
Short-term loans receivable	377	543
Accrued income	8,967	8,771
Deferred tax assets	6,121	1,608
Other current assets	1,950	9,918
Less: Allowance for doubtful accounts	97	71
Total current assets	474,911	446,008
Non-current assets:		
Tangible fixed assets	7,333	9,720
Intangible fixed assets	44,039	45,127
Investments and others:	28,921	29,245
Investment securities	1,816	1,561
Long-term loans receivable	4,885	4,895
Long-term guarantee deposits	16,149	16,511
Deferred tax assets	5,151	5,140
Others	2,976	2,896
Less: Allowance for doubtful accounts	2,058	1,760
Total non-current assets	80,294	84,093
Total assets	555,205	530,101

(Millions of yen)

	Fiscal 2009 As of Dec. 31, 2009	Fiscal 2008 As of Mar. 31, 2009
<i>Liabilities</i>		
Current liabilities:		
Trading liabilities:	2,266	2,208
Trading securities and others	338	217
Derivative liabilities	1,928	1,991
Payables related to margin transactions:	24,670	24,290
Payable to securities finance companies	6,086	2,386
Proceeds of securities sold for customers' accounts	18,583	21,903
Deposits received	105,952	82,382
Cash deposits received as guarantee	58,304	61,745
Short-term borrowings	27,200	62,200
Account payable	15,257	1,516
Accrued expenses	6,854	4,835
Income taxes payable	5,084	-
Accrued bonuses	9,587	3,150
Other current liabilities	1,705	1,485
Total current liabilities	256,883	243,814
Non-current liabilities:		
Long-term debt	38,600	34,100
Accrued retirement benefits	11,928	11,375
Provision for litigation losses	179	236
Other non-current liabilities	514	629
Total non-current liabilities	51,221	46,341
Statutory reserves	1,282	1,282
Total liabilities	309,387	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	95,220	88,247
Total owners' equity	245,230	238,257
Valuation and translation adjustments:		
Net unrealized gain (loss) on securities, net of tax effect	587	404
Total valuation and translation adjustments	587	404
Total net assets	245,817	238,662
Total liabilities and net assets	555,205	530,101

(2) 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	93,011	108,033
Net gain (loss) on trading	25,637	34,186
Net gain (loss) on trading in equity	3,652	6,853
Net gain (loss) on trading in bond, forex and other	21,984	27,333
Interest and dividend income	4,738	3,856
Total operating revenues	123,387	146,077
Interest expenses	1,478	1,189
Net operating revenues	121,908	144,887
Selling, general and administrative expenses:		
Commission and other expenses	13,613	11,630
Employees' compensation and benefits	45,876	55,238
Occupancy and rental	14,537	14,411
Data processing and office supplies	17,509	18,554
Depreciation expenses	11,407	12,969
Taxes other than income taxes	842	949
Others	2,084	2,150
Total selling, general and administrative expenses	105,870	115,904
Operating income	16,037	28,983
Non-operating income:		
Others	623	649
Total non-operating income	623	649
Non-operating expenses:		
Others	190	76
Total non-operating expenses	190	76
Ordinary income	16,470	29,555
Extraordinary gains:		
Reversal of reserve for financial instruments business liabilities	771	-
Total extraordinary gains	771	-
Extraordinary losses:		
Loss on disposal of fixed assets	493	491
Write-down of investment security	115	52
Write-down of related company's stock	262	-
Total extraordinary losses	871	544
Income before income taxes and others	16,370	29,011
Income taxes-current	3,545	16,830
Income taxes-deferred	3,034	(4,648)
Total income taxes	6,580	12,181
Net income	9,790	16,829
Net financial income included in net operating revenues	3,259	2,667

3. Other information

(1) Breakdown of commissions

(i) Activity (Millions of yen)

	9-month period Apr. 1, 2008 – Dec. 31, 2008	9-month period Apr. 1, 2009 – Dec. 31, 2009	Yr/yr change(%)
Brokerage commission	26,129	25,196	(3.6)%
Stock and other	25,784	24,878	(3.5)%
Distribution commission	22,574	46,693	106.8%
Stock and other	1,321	15,547	-
Bond and other	7,131	6,481	(9.1)%
Investment trust	14,120	24,663	74.7%
Other commission	44,307	36,144	(18.4)%
Investment trust	29,048	23,524	(19.0)%
Total	93,011	108,033	16.2%

(ii) Asset class (Millions of yen)

	9-month period Apr. 1, 2008 – Dec. 31, 2008	9-month period Apr. 1, 2009 – Dec. 31, 2009	Yr/yr change(%)
Stock and other	28,812	41,927	45.5%
Bond and other	11,114	10,143	(8.7)%
Investment trust	43,514	48,483	11.4%
Others	9,570	7,479	(21.8)%
Total	93,011	108,033	16.2%

(2) Capital adequacy ratio (Millions of yen)

		As of Dec. 31, 2009	As of Mar. 31, 2009
Basic item	(A)	245,230	228,401
Supplementary item	Net unrealized gain on securities, net of tax effect etc.	587	404
	Statutory reserve	1,282	1,282
	Allowance for doubtful accounts	97	71
	Total (B)	1,967	1,759
Assets excluded from capital	(C)	80,993	85,047
Net capital	(A)+(B)-(C) (D)	166,205	145,112
Risk equivalent	Market risk equivalent	1,468	1,377
	Counterparty risk equivalent	3,953	3,497
	Basic risk equivalent	30,632	32,258
	Total (E)	36,053	37,134
Capital adequacy ratio	(D)/(E)	460.9%	390.7%

(3) Quarterly 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 revenues:					
Commissions	26,165	22,537	36,731	35,339	35,962
Brokerage commission	8,827	6,308	9,463	8,688	7,043
Stock and other	8,633	6,168	9,354	8,604	6,920
Distribution commission	5,008	5,170	15,471	14,516	16,705
Stock and other	1,056	551	6,675	3,777	5,095
Bond and other	1,909	1,535	1,796	2,476	2,208
Investment trust	2,042	3,082	6,999	8,262	9,401
Other commission	12,329	11,059	11,796	12,134	12,213
Investment trust	7,409	6,503	7,352	7,944	8,228
Net gain (loss) on trading	6,289	12,785	10,980	9,802	13,404
Net gain (loss) on trading in equity	678	1,115	2,033	1,794	3,026
Net gain (loss) on trading in bond, forex and other	5,610	11,669	8,946	8,008	10,377
Interest and dividend income	1,308	1,173	1,332	1,249	1,275
Total operating revenues	33,763	36,496	49,043	46,391	50,641
Interest expenses	484	376	509	336	344
Net operating revenues	33,278	36,119	48,534	46,055	50,297
Selling, general and administrative expenses:					
Commission and other expenses	4,354	3,702	3,775	3,954	3,899
Employees' compensation and benefits	14,560	13,767	17,558	14,626	23,053
Occupancy and rental	4,656	4,798	4,778	4,915	4,717
Data processing and office supplies	6,042	6,763	5,988	6,343	6,222
Depreciation expenses	4,129	4,547	4,310	4,290	4,368
Taxes other than income taxes	211	207	410	277	261
Others	713	754	732	702	715
Total selling, general and administrative expenses	34,666	34,541	37,554	35,110	43,239
Operating income	(1,387)	1,577	10,979	10,945	7,058
Non-operating income	170	421	181	359	108
Non-operating expenses	90	72	25	35	15
Ordinary income	(1,307)	1,926	11,135	11,268	7,151
Extraordinary gains	-	138	-	-	-
Extraordinary losses	55	78	178	361	4
Income before income taxes and others	(1,363)	1,986	10,956	10,907	7,147
Income taxes-current	(2,100)	530	5,463	6,718	4,647
Income taxes-deferred	1,701	1,363	(945)	(2,172)	(1,530)
Total income taxes	(398)	1,893	4,518	4,546	3,117
Net income	(964)	92	6,437	6,361	4,030
Net financial income included in net operating revenues	823	796	823	913	930