

Daiwa Securities Capital Markets Co. Ltd.

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January 29, 2010

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

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

Financial result (from April 1, 2009 to December 31, 2009)

(1) Consolidated operating results

| | Operating revenues | | Net operating revenues | | Operating income | |
|--------------------------|--------------------|--------------|------------------------|--------------|------------------|--------------|
| | Millions of yen | Yr/yr change | Millions of yen | Yr/yr change | Millions of yen | Yr/yr change |
| 9-month period (2009/12) | 225,355 | (670.9%) | 200,651 | - | 63,398 | - |
| 9-month period (2008/12) | 29,234 | - | (25,241) | - | (137,876) | - |

| | Ordinary income | | Net income | |
|--------------------------|-----------------|--------------|-----------------|--------------|
| | Millions of yen | Yr/yr Change | Millions of yen | Yr/yr change |
| 9-month period (2009/12) | 64,380 | - | 35,350 | - |
| 9-month period (2008/12) | (137,963) | - | (121,524) | - |

(2) Consolidated financial conditions

| | Total assets | Net assets | Equity ratio |
|---------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | |
| As of Dec. 31, 2009 | 11,687,474 | 494,090 | 4.2% |
| As of Mar. 31, 2009 | 11,137,793 | 530,978 | 4.8% |

Equity("Owners' equity" and "Valuation and translation adjustment"):

As of Dec. 31, 2009 492,819 million yen; As of Mar. 31, 2009 529,743 million yen

As of January 1, 2010, the company changed its name from "Daiwa Securities SMBC Co. Ltd." to "Daiwa Securities Capital Markets Co. Ltd."

Representative: Shin Yoshidome, President
Contact: Sunao Otsuka, General Manager, Treasury Department
Parent Company: Daiwa Securities Group Inc. (Securities code: 8601)

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Qualitative Information and Financial Statements

1. Overview of Operating Income (Comparisons in parenthesis are made versus 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 substantially increased to 200,651 million yen due to the favorable performance in investment banking and the recovery in net gain on trading and net gain on private equity and other securities. Selling, general and administrative expenses came to 137,253 million yen (21.9% up) due to commission and other expenses and employees' compensation and benefits. As a result, ordinary income returned to a profit of 64,380 million yen from a loss of 137,963 million yen for the 9-month period of fiscal 2008. Net income totaled 35,350 million yen including extraordinary income, taxes, etc.

(1) Commissions

Total commission revenues amounted to 81,637 million yen (94.6% up). In segments, 64,836 million yen (168.5% up) in investment banking, and 13,698 million yen (4.9% down) in equity were earned.

a) Brokerage commissions

Total brokerage commissions came to 13,557 million yen (6.3% down), and of this total, 13,467 million yen (5.4% down) were earned in equity.

b) Underwriting commissions

Underwriting commissions derived from equity came to 43,204 million yen from 7,763 million yen for the 9-month period of fiscal 2008 due to the underwriting as a lead manager for a large public offering. Underwriting commissions derived from fixed income came to 9,108 million yen (22.1% up), and underwriting commissions totaled 52,567 million yen (241.1% up).

c) Other commissions

Other commissions in investment banking came to 11,971 million yen (38.6% up) due to purchasing an investment bank in Europe, and other commissions totaled 15,144 million yen (28.3% up).

(2) Net gain on trading

Net gain on trading amounted to 33,807 million yen through financial crisis recovery. Net trading gain from fixed income together with those from foreign exchange transactions came to 23,749 million yen. Net trading gain in equity substantially increased to 10,057 million yen from a loss of 40,106 million yen for the 9-month period of fiscal 2008.

(3) Net gain (loss) on private equity and other securities

Net gain (loss) on private equity and other securities substantially increased to 84,270 million yen from a loss of 49,479 million yen for the 9-month period of fiscal 2008 due to proceed from tender offer for shares of SANYO Electric Co., Ltd.

(4) Net interest and dividend income

Interest and dividend income totaled 25,538 million yen (56.4% down), whereas interest expenses totaled 24,619 million yen (54.6% down). Net interest and dividend income came to 918 million yen (79.3% down).

(5) Selling, general and administrative expenses

Commission and other expenses increased to 47,044 million yen (43.6% up) due to the increase of commission paid related to a large public offering, and employees' compensation and benefits increased to 41,546 million yen (29.3% up) due to the increase of allowance for bonuses. As a result, selling, general and administrative expenses totaled 137,253 million yen (21.9% up).

2. Financial Condition

Total assets amounted to 11,687,474 million yen. It mainly includes trading assets which increased by 910,863 million yen to 6,555,607 million yen, and receivables on collateralized short-term financing agreements which decreased by 146,324 million yen to 3,927,172 million yen, and private equity and other securities which decreased by 266,115 million yen due to selling shares of SANYO Electric Co., Ltd. to 224,394 million yen.

Total liabilities amounted to 11,193,384 million yen. It mainly includes payables on collateralized short-term financing agreements which decreased by 448,719 million yen to 2,836,436 million yen, and short-term borrowings which increased by 1,748,505 million yen to 2,508,319 million yen.

Financial statements**Consolidated balance sheets**

(Millions of yen)

| | Fiscal 2009 As of Dec.31,2009 | Fiscal 2008 As of Mar.31,2009 |
|---|----------------------------------|----------------------------------|
| Assets | | |
| Current assets: | | |
| Cash and deposits | 453,233 | 113,265 |
| Cash segregated as deposits for regulatory purposes | 53,396 | 67,730 |
| Trading assets: | 6,555,607 | 5,644,743 |
| Trading securities and others | 4,543,217 | 3,012,413 |
| Derivative assets | 2,012,390 | 2,632,330 |
| Trading receivables, net | 139,678 | 179,248 |
| Private equity and other securities | 224,394 | 490,510 |
| Less: Allowance for possible investment losses | (27,198) | (24,496) |
| Loans receivable from customers | 10,394 | 10,503 |
| Receivables related to margin transactions: | 52,253 | 158,514 |
| Customer margin loans | 5,646 | 19 |
| Cash deposits as collateral for securities borrowed | 46,607 | 158,494 |
| Collateralized short-term financing agreements: | 3,927,172 | 4,073,497 |
| Cash deposits as collateral for securities borrowed | 3,911,078 | 4,061,801 |
| Receivables related to gensaki transactions | 16,094 | 11,695 |
| Short-term loans receivable | 2,333 | 10,272 |
| Accrued income | 8,705 | 7,136 |
| Deferred tax assets | 4,969 | 5,289 |
| Other current assets | 179,942 | 302,471 |
| Less: Allowance for doubtful accounts | (209) | (89) |
| Total current assets | 11,584,674 | 11,038,599 |
| Non-current assets: | | |
| Tangible fixed assets | 3,675 | 4,400 |
| Intangible fixed assets | 70,442 | 60,658 |
| Investments and others: | 28,682 | 34,135 |
| Investment securities | 16,855 | 21,783 |
| Long-term guarantee deposits | 6,417 | 6,116 |
| Deferred tax assets | 1,351 | 923 |
| Other | 4,418 | 5,668 |
| Less: Allowance for doubtful accounts | (361) | (356) |
| Total non-current assets | 102,799 | 99,194 |
| Total assets | 11,687,474 | 11,137,793 |

(Millions of yen)

| | Fiscal 2009 As of Dec.31,2009 | Fiscal 2008 As of Mar.31,2009 |
|--|----------------------------------|----------------------------------|
| Liabilities | | |
| Current liabilities: | | |
| Trading liabilities: | 3,945,313 | 4,620,770 |
| Trading securities and others | 2,422,385 | 2,458,396 |
| Derivative liabilities | 1,522,928 | 2,162,373 |
| Payables related to margin transactions: | 43,520 | 107,776 |
| Proceeds of securities sold for customers' accounts | 43,520 | 107,776 |
| Collateralized short-term financing agreements: | 2,836,436 | 3,285,156 |
| Cash deposits as collateral for securities loaned | 1,879,979 | 2,454,930 |
| Payables related to gensaki transactions | 956,457 | 830,226 |
| Deposits received | 60,376 | 46,283 |
| Cash deposits received as guarantee | 198,848 | 278,072 |
| Short-term borrowings | 2,508,319 | 759,814 |
| Commercial paper | 386,100 | 320,400 |
| Bonds and notes due within one year | 36,157 | 9,632 |
| Income taxes payable | 243 | 312 |
| Deferred tax liabilities | 97 | 22,517 |
| Other current liabilities | 34,236 | 36,221 |
| Total current liabilities | 10,049,649 | 9,486,956 |
| Non-current liabilities: | | |
| Bonds and notes | 828,799 | 840,126 |
| Long-term debts | 305,000 | 270,500 |
| Deferred tax liabilities | 427 | 338 |
| Retirement benefits | 6,044 | 5,065 |
| Other non-current liabilities | 365 | 728 |
| Total non-current liabilities | 1,140,636 | 1,116,759 |
| Statutory reserves | 3,098 | 3,098 |
| Total liabilities | 11,193,384 | 10,606,814 |
| Net Assets | | |
| Owners' equity: | | |
| Common stock | 255,700 | 255,700 |
| Capital surplus | 167,421 | 167,421 |
| Retained earnings | 78,288 | 42,937 |
| Total owners' equity | 501,409 | 466,058 |
| Valuation and translation adjustments: | | |
| Net unrealized gain on securities, net of tax effect | 6,745 | 78,733 |
| Translation adjustments | (15,335) | (15,048) |
| Total valuation and translation adjustments | (8,589) | 63,684 |
| Minority interests | 1,270 | 1,235 |
| Total net assets | 494,090 | 530,978 |
| Total liabilities and net assets | 11,687,474 | 11,137,793 |

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 | 41,941 | 81,637 |
| Net gain on trading: | (22,458) | 33,807 |
| Net gain on trading in equity | (40,106) | 10,057 |
| Net gain on trading in bond, forex and other | 17,647 | 23,749 |
| Net gain (loss) on private equity and other securities | (49,479) | 84,270 |
| Interest and dividend income | 58,615 | 25,538 |
| Other sales | 616 | 101 |
| Total operating revenues | 29,234 | 225,355 |
| Interest expenses | 54,181 | 24,619 |
| Cost of sales | 293 | 84 |
| Net operating revenues | (25,241) | 200,651 |
| Selling, general and administrative expenses: | | |
| Commission and other expenses | 32,762 | 47,044 |
| Employees' compensation and benefits | 32,138 | 41,546 |
| Occupancy and rental | 13,122 | 12,468 |
| Data processing and office supplies | 17,610 | 16,130 |
| Depreciation | 11,239 | 13,445 |
| Taxes other than income taxes | 2,292 | 2,900 |
| Other | 3,469 | 3,717 |
| Total selling, general and administrative expenses | 112,635 | 137,253 |
| Operating income | (137,876) | 63,398 |
| Non-operating income: | | |
| Other | 2,405 | 2,109 |
| Total non-operating income | 2,405 | 2,109 |
| Non-operating expenses: | | |
| Other | 2,492 | 1,126 |
| Total non-operating expenses | 2,492 | 1,126 |
| Ordinary income | (137,963) | 64,380 |
| Extraordinary losses: | | |
| Loss on disposal of loans receivable | 1,967 | — |
| Write-down of investment securities | 1,511 | 521 |
| Provision for financial instruments business liabilities | 364 | — |
| Other | 245 | — |
| Total extraordinary losses | 4,089 | 521 |
| Income before income taxes and minority interests | (142,053) | 63,859 |
| Income taxes-current | 7 | 211 |
| Income taxes-deferred | (20,532) | 28,248 |
| Total income taxes and other | (20,525) | 28,459 |
| Minority interests | (3) | 48 |
| Net income | (121,524) | 35,350 |
| Net financial income included in net operating revenues | 4,433 | 918 |

Supplemental information

(1) Breakdown of commissions

(Millions of yen)

| | 9-month period of fiscal 2008 (from April 1, 2008 to December 31, 2008) (A) | | | | | |
|---------------------------------|---|------------------------|---------------------|-----------------------|--------------|---------------|
| | Equity | Fixed income (Bond) | Investment trust | Investment banking | Others | Total |
| Brokerage commission | 14,237 | 175 | 54 | - | - | 14,467 |
| Underwriting commission: | - | - | - | 15,409 | - | 15,409 |
| Stock and other | - | - | - | 7,763 | - | 7,763 |
| Bond and other | - | - | - | 7,462 | - | 7,462 |
| Distribution commission | - | - | 162 | 98 | - | 260 |
| Other commission | 168 | 335 | 1,136 | 8,637 | 1,524 | 11,803 |
| Total | 14,406 | 511 | 1,353 | 24,145 | 1,524 | 41,941 |

(Millions of yen)

| | 9-month period of fiscal 2009 (from April 1, 2009 to December 31, 2009) (B) | | | | | |
|---------------------------------|---|------------------------|---------------------|-----------------------|--------------|---------------|
| | Equity | Fixed income (Bond) | Investment trust | Investment banking | Others | Total |
| Brokerage commission | 13,467 | 55 | 34 | - | - | 13,557 |
| Underwriting commission: | - | - | - | 52,567 | - | 52,567 |
| Stock and other | - | - | - | 43,204 | - | 43,204 |
| Bond and other | - | - | - | 9,108 | - | 9,108 |
| Distribution commission | - | - | 70 | 297 | - | 367 |
| Other commission | 230 | 121 | 742 | 11,971 | 2,077 | 15,144 |
| Total | 13,698 | 177 | 848 | 64,836 | 2,077 | 81,637 |

(%)

| | Yr/yr % change ((B)/(A)-1) | | | | | |
|---------------------------------|----------------------------|------------------------|---------------------|-----------------------|-------------|--------------|
| | Equity | Fixed income (Bond) | Investment trust | Investment banking | Others | Total |
| Brokerage commission | (5.4) | (68.5) | (36.3) | - | - | (6.3) |
| Underwriting commission: | - | - | - | 241.1 | - | 241.1 |
| Stock and other | - | - | - | 456.5 | - | 456.5 |
| Bond and other | - | - | - | 22.1 | - | 22.1 |
| Distribution commission | - | - | (56.4) | 202.3 | - | 41.2 |
| Other commission | 36.6 | (63.7) | (34.7) | 38.6 | 36.2 | 28.3 |
| Total | (4.9) | (65.3) | (37.3) | 168.5 | 36.2 | 94.6 |

(2) Capital adequacy ratio (Non-consolidated)

(Millions of yen)

| | | Fiscal 2009 As of Dec. 31, 2009 | Fiscal 2008 As of Mar. 31, 2009 |
|------------------------------|--|------------------------------------|------------------------------------|
| Basic item | (A) | 438,760 | 475,057 |
| Supplementary item | Valuation profits of investment securities | - | - |
| | Statutory reserve | 3,098 | 3,098 |
| | Allowance for doubtful accounts | 925 | 1,384 |
| | Subordinated borrowings | 291,600 | 255,000 |
| Total | (B) | 295,623 | 259,482 |
| Assets excluded from capital | (C) | 195,064 | 168,462 |
| Net capital | (D):(A)+(B)-(C) | 539,319 | 566,077 |
| Risk equivalent | Market risk equivalent | 58,565 | 65,763 |
| | Counterparty risk equivalent | 40,040 | 58,780 |
| | Basic risk equivalent | 33,035 | 40,042 |
| | Total | (E) | 131,640 |
| Capital adequacy ratio | (D)/(E) | 409.6% | 343.9% |

(3) Quarterly consolidated statements of operations

(Millions of yen)

| | Fiscal 2008 | | Fiscal 2009 | | |
|---|---|--|---|--|---|
| | Third quarter Oct.1,2008- Dec.31,2008 | Fourth quarter Jan.1,2009- Mar.31,2009 | First quarter Apr.1,2009- Jun.30,2009 | Second quarter Jul.1,2009- Sep.30,2009 | Third quarter Oct.1,2009- Dec.31,2009 |
| Operating revenues: | | | | | |
| Commissions: | 16,028 | 14,344 | 31,699 | 23,729 | 26,208 |
| Brokerage commission: | 4,221 | 3,746 | 4,717 | 4,414 | 4,425 |
| Stock and other | 4,172 | 3,697 | 4,688 | 4,385 | 4,393 |
| Bond and other | 29 | 36 | 16 | 14 | 24 |
| Underwriting commission: | 7,846 | 5,340 | 24,237 | 13,262 | 15,067 |
| Stock and other | 5,599 | 2,105 | 20,734 | 9,880 | 12,588 |
| Bond and other | 2,123 | 3,119 | 3,405 | 3,254 | 2,448 |
| Distribution commission: | 73 | 64 | 30 | 88 | 248 |
| Investment trust | 57 | 33 | 17 | 18 | 35 |
| Other commission: | 3,887 | 5,192 | 2,713 | 5,962 | 6,467 |
| Investment trust | 322 | 241 | 245 | 248 | 248 |
| Net gain (loss) on trading: | (33,224) | 17,703 | 22,258 | 17,600 | (6,051) |
| Net gain (loss) on trading in equity | (49,227) | 8,600 | 12,395 | 191 | (2,529) |
| Net gain (loss) on trading in bond, forex and other | 16,003 | 9,103 | 9,862 | 17,409 | (3,522) |
| Net gain (loss) on private equity and other securities | (34,726) | (25,712) | 919 | (3,615) | 86,966 |
| Interest and dividend income | 17,008 | 9,783 | 9,380 | 8,415 | 7,742 |
| Other sales | (1) | 161 | 100 | - | 1 |
| Total operating revenues | (34,916) | 16,280 | 64,358 | 46,128 | 114,867 |
| Interest expenses | 17,689 | 10,880 | 9,275 | 7,461 | 7,882 |
| Cost of sales | - | 148 | 84 | - | - |
| Net operating revenues | (52,606) | 5,251 | 54,998 | 38,666 | 106,985 |
| Selling general and administrative expenses: | | | | | |
| Commission and other expenses | 10,494 | 9,703 | 17,829 | 14,215 | 14,999 |
| Employees' compensation and benefits | 10,629 | 9,780 | 11,810 | 12,631 | 17,104 |
| Occupancy and rental | 3,702 | 3,754 | 3,823 | 4,172 | 4,472 |
| Data processing and office supplies | 5,825 | 5,838 | 5,633 | 5,414 | 5,082 |
| Depreciation | 3,681 | 4,581 | 4,426 | 4,466 | 4,552 |
| Taxes other than income taxes | 748 | 781 | 1,147 | 855 | 898 |
| Others | 1,089 | 1,435 | 1,022 | 1,321 | 1,373 |
| Total selling general and administrative expenses | 36,170 | 35,875 | 45,692 | 43,076 | 48,484 |
| Operating income | (88,776) | (30,623) | 9,306 | (4,409) | 58,500 |
| Non-operating income | 264 | 1,522 | 1,257 | 574 | 278 |
| Non-operating expenses | 1,035 | 404 | 386 | 263 | 476 |
| Ordinary income | (89,546) | (29,505) | 10,177 | (4,099) | 58,302 |
| Extraordinary gains | - | 2,311 | - | - | - |
| Extraordinary losses | 1,278 | 1,404 | 521 | - | - |
| Income before income taxes and minority interests | (90,825) | (28,598) | 9,655 | (4,099) | 58,302 |
| Income taxes - current | (81) | (117) | 36 | 121 | 53 |
| Income taxes - deferred | (11,799) | (5,054) | (564) | (3,373) | 32,185 |
| Total income taxes and other | (11,881) | (5,172) | (527) | (3,252) | 32,239 |
| Minority interests | (10) | 7 | 48 | 7 | (7) |
| Net income | (78,933) | (23,434) | 10,135 | (854) | 26,070 |
| Net financial income included in net operating revenues | (681) | (1,097) | 105 | 953 | (139) |