

Daiwa Securities SMBC Co. Ltd.

1-8-1 Marunouchi Chiyoda-ku

Tokyo 100-8289, Japan

(URL <http://www.daiwasmbc.co.jp/>)

January 28, 2005

Non-consolidated financial summary

(For the third quarter ended December 31, 2004)

(1) Operating results (from April 1, 2004 to December 31, 2004)

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

	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
Third quarter (2004/12)	141,106	20.9%	127,492	16.2%	41,602	41.5%
Third quarter (2003/12)	116,666	31.9%	109,739	32.1%	29,399	117.5%
Fiscal 2003 (2004/3)	161,681		152,216		40,884	

	Ordinary income		Net income		Return on stockholders' equity
	Millions of yen	Yr/yr change	Millions of yen	Yr/yr change	(Annual basis)
Third quarter (2004/12)	47,680	58.4%	30,894	77.1%	10.6%
Third quarter (2003/12)	30,105	104.3%	17,445	125.1%	6.5%
Fiscal 2003 (2004/3)	41,873		23,227		6.4%

(Note) Change in accounting policies: None

(2) Financial conditions

	Total assets	Stockholders' equity	Stockholders' equity ratio	Capital adequacy ratio
	Millions of yen	Millions of yen		
As of Dec. 31, 2004	9,400,971	402,229	4.3%	385.1%
As of Dec. 31, 2003	5,754,415	366,267	6.4%	426.6%
As of Mar. 31, 2004	7,575,808	372,213	4.9%	336.8%

(Note) Number of shares outstanding (shares):

As of Dec. 31, 2004: 3,200

As of Dec. 31, 2003: 3,200

As of Mar. 31, 2004: 3,200

Representative: Tatsuei Saito, President

Contact: Tenzan Watanabe, General Manager, Treasury Department

Phone: +813-5533-8000

This non-consolidated financial summary has reflected the revision made on with "Revisions on the financial summaries (Supplemental Information) of Daiwa Securities SMBC Co. Ltd." released on November 11, 2005 and other prior related press releases.

Results of Operation

(A) Overview of Operating Income (Comparisons in parenthesis are made versus the third quarter of fiscal 2003)

(1) Commissions

For the third quarter ended December 31, 2004, total commission revenues amounted to 56,190 million yen (26.1% up), of which 36,751 million yen (26.8% up) were derived from equity, 8,077 million yen (11.6% down) from fixed income, and 1,417 million yen (38.9% up) from Beneficiary Certificates. The components of the commissions received are set forth below:

a) Brokerage Commissions

Total Brokerage commissions increased to 10,208 million yen (25.1% up) reflecting the active market condition with increased daily average volume of stocks traded on the Tokyo Stock Exchange (1,387.4 billion yen, 27.0% up).

b) Underwriting Commissions

Underwriting Commissions increased to 32,164 million yen (20.3% up). Underwriting commissions derived from equity increased to 25,554 million yen (27.6% up) due to an increase of PO underwriting issues. On the other hand, underwriting Commissions derived from fixed income decreased to 5,721 million yen (12.2% down).

c) Distribution Commissions

Revenues in distribution commissions generated 507 million yen (0.1% down).

d) Other Commissions

Other Commissions amounted to 13,309 million yen (45.4% up). Other commissions from M&A, Financial Advisory Service, IPO consulting, and so forth increased to 9,056 million yen (73.9% up).

(2) Net Gain on Trading

Net trading gains in equity trading decreased to 26,597 million yen (18.7% down). On the other hand, net trading gains from fixed income together with those from foreign exchange transactions largely increased to 45,393 million yen (166.7% up). Consequently, overall Net Gain on Trading increased to 71,991 million yen (44.7% up).

(3) Net Interest and Dividend Income

Interest and Dividend Income totaled 12,923 million yen, whereas Interests Expenses totaled 13,614 million yen. Net Interest and Dividend Income came to a loss of 690 million yen.

(4) Selling, General and Administrative Expenses

Of the Selling, General and Administrative Expenses during the third quarter of fiscal 2004, Commissions paid totaled 36,621 million yen (7.8% up), personnel expenses totaled 18,707 million yen (3.7% up), Data processing & office supplies totaled 11,293 million yen (6.7% up), Depreciation expenses totaled 8,484 million yen (12.8% up), and Real estate expenses totaled 7,594 million yen (0.5% up). Overall Selling, General and Administrative Expenses came to 85,889 million yen, a 6.9% increase compared to the third quarter of last year.

In conclusion, Operating Revenues for the third quarter of fiscal 2004 came to 141,106 million yen (20.9% up), and Net Operating Revenues to 127,492 million yen (16.2% up). Operational Income came to 41,602 million yen (41.5% up), and Ordinary Income to 47,680 million yen (58.4% up). Adjusted with 181 million yen of net extraordinary income and 16,966 million yen of income taxes, Net Income for this third quarter came to 30,894 million yen (77.1% up).

(B) Financial Condition (Comparisons in parenthesis are made versus the fiscal 2003)

For the third quarter of fiscal 2004, total assets increased by 1,825.1 billion yen to 9,400.9 billion yen reflecting increases in Trading assets by 1,130.2 billion yen, and Receivable on collateralized securities transactions by 1,145.3 billion yen.

Total liabilities increased by 1,795.1 billion yen to 8,998.7 billion yen, which is primarily attributable to increases in Trading liabilities by 607.1 billion yen, short-term borrowings by 861.4 million yen, and Payable on collateralized securities transactions by 208.7 billion yen. The company newly issued 179.1 billion yen of corporate bonds to raise its funds. Total stockholders' equity increased by 30.0 billion yen to 402.2 billion yen compared to the fiscal 2003.

Balance Sheets

(millions of yen)

	Third quarter Dec. 31, 2004	Third quarter Dec. 31, 2003	Increase/ Decrease	Fiscal 2003 Mar. 31, 2004
Assets				
Current assets:	9,277,409	5,627,390	3,650,019	7,446,596
Cash and deposits	67,632	63,389	4,242	67,093
Cash segregated as deposits	25,035	20,432	4,602	20,024
Trading assets:	4,828,187	3,071,141	1,757,046	3,697,892
Trading securities and others	4,308,761	2,601,674	1,707,087	3,200,420
Derivative assets	519,425	469,466	49,959	497,472
Trade date accrual	-	67,915	(67,915)	419,550
Receivables related to margin transactions:	164,349	108,666	55,683	141,196
Loans receivable from customers for margin transactions	3,236	2,196	1,039	1,972
Cash deposits as collateral for securities borrowed from securities finance companies	161,113	106,469	54,643	139,223
Receivables on collateralized securities transactions:	4,064,685	2,162,387	1,902,298	2,919,298
Cash deposits as collateral for securities borrowed	3,772,828	2,071,547	1,701,280	2,818,287
Receivables related to Gensaki transactions	291,857	90,839	201,017	101,010
Short-term guarantee money deposited	12,845	15,304	(2,459)	11,820
Short-term loans receivable	89,658	95,335	(5,677)	130,293
Accrued income	5,856	7,237	(1,380)	6,361
Deferred income tax assets	1,452	925	527	1,664
Other current assets	17,735	14,674	3,060	31,431
Less: Allowance for doubtful accounts-current	(30)	(20)	(9)	(31)
Non-current assets:	123,562	127,024	(3,462)	129,212
Tangible fixed assets	3,916	3,531	384	4,764
Intangible fixed assets	29,356	31,485	(2,128)	32,237
Investments and others:	90,289	92,007	(1,718)	92,210
Investment securities	66,638	43,697	22,941	51,418
Long-term loans receivable	2,143	1,027	1,116	26
Long-term guarantee deposits	5,175	7,506	(2,330)	5,734
Deferred income tax assets	12,670	35,821	(23,150)	30,837
Other investments	4,219	4,510	(290)	4,747
Less: Allowance for doubtful accounts-non-current	(558)	(554)	(4)	(554)
Total assets	9,400,971	5,754,415	3,646,556	7,575,808

	Third quarter Dec. 31, 2004	Third quarter Dec. 31, 2003	Increase/ Decrease	Fiscal 2003 Mar. 31, 2004
Liabilities				
Current liabilities:	8,419,059	4,885,561	3,533,497	6,680,982
Trading liabilities:	3,294,135	1,852,955	1,441,180	2,687,007
Trading securities and others	2,841,377	1,420,883	1,420,494	2,219,915
Derivative liabilities	452,758	432,072	20,686	467,092
Trade date accrual	185,502	-	185,502	-
Payables related to margin transactions:	122,967	75,451	47,516	80,149
Loans from securities finance companies for margin transactions	15	110	(95)	-
Proceeds of securities sold for margin transactions	122,952	75,340	47,611	80,149
Payables on collateralized securities transactions	2,578,132	1,767,764	810,367	2,369,385
Cash deposits as collateral for securities loaned	1,758,202	1,246,237	511,964	1,678,734
Payables related to Gensaki transactions	819,930	521,527	298,402	690,651
Deposits received	10,638	26,557	(15,919)	8,834
Cash deposits received from customers	15,010	12,411	2,599	14,441
Short-term borrowings	2,085,784	913,900	1,171,884	1,224,300
Commercial paper	98,700	220,650	(121,950)	273,722
Bonds due within one year	18,347	7,510	10,836	10,173
Accrued expenses	6,279	4,354	1,925	6,174
Other current liabilities	3,561	4,006	(444)	6,793
Non-current liabilities:	575,701	499,489	76,212	518,629
Bonds	521,326	394,950	126,376	413,959
Long-term borrowings	50,000	100,000	(50,000)	100,000
Accrued retirement benefits	3,878	3,608	269	3,639
Other non-current liabilities	496	929	(433)	1,031
Statutory reserves:	3,980	3,096	884	3,982
Reserve for securities transaction liabilities	3,980	3,096	884	3,981
Reserve for financial futures transaction liabilities	-	0	0	0
Total liabilities	8,998,742	5,388,147	3,610,594	7,203,594
Stockholders' equity				
Common stock	205,600	205,600	-	205,600
Capital surplus	117,321	117,321	-	117,321
Additional paid-in capital	117,321	117,321	-	117,321
Earned surplus	79,447	43,022	36,424	48,804
Earned surplus reserve	5,141	5,141	-	5,141
Voluntary reserve	39,752	250	39,501	250
Unappropriated retained earnings including net income 30,894 million yen for Dec. 2004, net income 17,445 million yen for Dec. 2003 and net income 23,227 million yen for FY2003.	34,553	37,630	(3,076)	43,412
Revaluation reserve for investment securities, net of tax effect	(138)	324	(462)	488
Total stockholders' equity	402,229	366,267	35,961	372,213
Total liabilities and stockholders' equity	9,400,971	5,754,415	3,646,556	7,575,808

Income Statements

(millions of yen)

	Third quarter Apr. 1, 2004 - Dec. 31, 2004	Third quarter Apr. 1, 2003 - Dec. 31, 2003	Yr/yr change	Fiscal 2003 Apr. 1, 2003 - Mar. 31, 2004
Operating revenues	141,106	116,666	20.9%	161,681
Commissions	56,190	44,546	26.1%	68,508
Net gain on trading	71,991	49,750	44.7%	65,829
Interest and dividend income	12,923	22,368	(42.2)%	27,343
Interest expenses	13,614	6,927	96.5%	9,465
Net operating revenues	127,492	109,739	16.2%	152,216
Selling, general and administrative expenses:	85,889	80,339	6.9%	111,332
Commission and other expenses	36,621	33,969	7.8%	48,393
Employees' compensation and benefits	18,707	18,044	3.7%	24,263
Real estate expenses	7,594	7,559	0.5%	10,442
Data processing and office supplies	11,293	10,579	6.7%	13,919
Depreciation expenses	8,484	7,518	12.8%	10,686
Taxes other than income taxes	2,076	1,641	26.5%	2,109
Others	1,112	1,027	8.3%	1,516
Operating income	41,602	29,399	41.5%	40,884
Non-operating income	6,181	1,246	395.8%	1,567
Non-operating expenses	103	540	(80.8)%	578
Ordinary income	47,680	30,105	58.4%	41,873
Extraordinary gains	374	447	(16.3)%	456
Extraordinary losses	192	1,910	(89.9)%	4,203
Income before income taxes and others	47,861	28,641	67.1%	38,126
Income taxes-current	(1,507)	(777)	-	(1,305)
Refund of Income taxes	-	168	-	181
Income taxes-deferred	18,474	12,142	52.1%	16,386
Net income	30,894	17,445	77.1%	23,227
Unappropriated retained earnings-carryforward	3,658	20,185	(81.9)%	20,185
Unappropriated retained earnings	34,553	37,630	(8.2)%	43,412
Net financial income included in Net operating revenues	(690)	15,441	-	17,878

Notes to financial statements

The financial statements of the Company for the third quarter ended December 31, 2004 are prepared in accordance with the 'Cabinet Office Ordinance Concerning Securities Companies' (Prime Minister's Office Ordinance and Ministry of Finance Ordinance No. 32, 1998), and the 'Uniform Accounting Standards of Securities Companies' (set by the board of directors of the Japan Securities Dealers' Association, November 14, 1974), based on the 'Regulations of Interim Financial Statements' (Ministry of Finance Ordinance No. 38, 1977) and its Article 38 and 57.

Basis of financial statements

1. Valuation of financial instruments

(1) Valuation of trading account

Securities and derivative transactions in trading account are recorded at fair value.

(2) Valuation of non-trading securities

(a) Subsidiary and related company stocks are valued at moving average cost method.

(b) Other securities in non-trading account are valued at fair value on the closing date with posting net unrealized gain on securities net of tax effect directly in stockholders' equity, if their fair value is available. Those securities cost is based on moving average method. Other securities are valued at moving average cost method, if their fair value is not available.

2. Depreciation of depreciable assets

(1) Tangible fixed assets

Declining-balance method is applied, and straight-line method is applied to the building (excluding appendixes) acquired after April 1, 1998. Useful life for depreciation is based on Corporation Tax Law.

(2) Intangible fixed assets, and investments and others

Straight-line method is applied, and useful life for depreciation is based on Corporation Tax Law. Software for in-house use is depreciated under straight-line method based on internal estimated useful life (5 years).

3. Accounting policies for various provisions

(1) Allowance for doubtful accounts

The Company provides the allowance based on the historical deterioration rate as for normal loans, and the allowance specifically assessed as for doubtful and failed loans.

(2) Accrued bonuses

Estimated amount of employees' bonuses is accrued based on the Company's bylaws.

(3) Accrued retirement benefits

The Company provides accrued retirement benefits for employees in conformity with the bylaws to meet obligations as of December 31, 2004, as the rise in salaries in the future does not cause fluctuation in the benefit obligation and therefore the service costs are vested fiscal year by fiscal year.

4. Accounting for certain lease transactions

Finance leases in which ownership is not transferred to a lessee are accounted for in the same manner as operating leases.

5. Hedge transaction

A premium or discount on forward foreign exchange contracts to hedge foreign currency denominated deposits is allocated to each fiscal term without marking-to-market.

6. Other material items

(1) Consumption Taxes

Consumption taxes are separately recorded.

(2) Deferred assets

Expenses for issue of bond are amortized in a lump when incurred.

(3) Consolidation Tax System

Consolidation tax system is applied.

(4) Application of 'Accounting Standards for Impairment of Fixed Assets'

Accounting Standards Board of Japan issued 'Accounting Standards for Impairment of Fixed Assets' ('Opinion on Establishing Accounting Standards for Impairment of Fixed Assets' issued by Accounting Standards Board of Japan on August 9, 2002) and 'Guidance on Application of Accounting Standards for Impairment of Fixed Assets' (Application Guidance on Accounting Standards number 6, issued on October 31, 2003). Accordingly, the company has complied with these standards since the last fiscal year ended on March 31, 2004.

Notes to balance sheets

1. Accumulated depreciation of tangible fixed assets

	<u>As of Dec. 31, 2004</u>	<u>As of Dec. 31, 2003</u>	(millions of yen) <u>As of Mar. 31, 2004</u>
	8,739	7,963	7,603

2. Guarantee

	<u>As of Dec. 31, 2004</u>	<u>As of Dec. 31, 2003</u>	(millions of yen) <u>As of Mar. 31, 2004</u>
	20,479	542	521

3. Short-term and long-term borrowings include the subordinated borrowings stipulated by Article 2 of the "Cabinet Office Ordinance on the Capital Adequacy Rule for Securities Companies" (Cabinet office Ordinance No. 23, 2001) are as followings.

	<u>As of Dec. 31, 2004</u>	<u>As of Dec. 31, 2003</u>	(millions of yen) <u>As of Mar. 31, 2004</u>
Short-term borrowings	100,000	-	-
Long-term borrowings	50,000	100,000	100,000

Notes to income statements

	(millions of yen)		
Details of extraordinary gains/losses	Third quarter <u>Apr. 1, 2004 - Dec. 31, 2004</u>	Third quarter <u>Apr. 1, 2003 - Dec. 31, 2003</u>	Fiscal 2003 <u>Apr. 1, 2003 - Mar. 31, 2004</u>
Extraordinary gains			
Gain on sale of investment securities	373	447	456
Reversal of Reserve for securities transaction liabilities	0	-	-
Reversal of Reserve for financial futures transaction liabilities	0	-	-
Extraordinary losses			
Write-down of investment securities	159	554	1,386
Valuation loss of fixed assets	32	86	101
Loss on sale of investment securities	-	-	77
Provision for securities transaction liabilities	-	30	916
Relocation cost of headquarter office	-	1,238	1,405
Others	-	-	315

Supplemental information for the third quarter ended December 31, 2004

(Apr. 1, 2004 –Dec. 31, 2004)

1. Breakdown of commission revenue

(1) Activity

(millions of yen)

	Third quarter (2004/12)	Third quarter (2003/12)	Yr/yr change	Fiscal 2003 (2004/3)
Brokerage commission	10,208	8,157	25.1%	11,665
Stock and other	10,079	8,099	24.4%	11,584
Underwriting	32,164	26,728	20.3%	42,160
Stock and other	25,554	20,022	27.6%	32,776
Bond and other	5,721	6,519	(12.2)%	8,619
Distribution	507	508	(0.1)%	861
Beneficiary certificates	418	207	101.6%	532
Other commission	13,309	9,151	45.4%	13,820
Beneficiary certificates	946	781	21.0%	1,084
Total	56,190	44,546	26.1%	68,508

(2) Asset class

(millions of yen)

	Third quarter (2004/12)	Third quarter (2003/12)	Yr/yr change	Fiscal 2003 (2004/3)
Stock and other	36,751	28,989	26.8%	45,387
Bond and other	8,077	9,141	(11.6)%	12,220
Beneficiary certificates	1,417	1,020	38.9%	1,660
Others	9,944	5,394	84.3%	9,238
Total	56,190	44,546	26.1%	68,508

2. Breakdown of trading gains/losses

(millions of yen)

	Third quarter (2004/12)	Third quarter (2003/12)	Yr/yr change	Fiscal 2003 (2004/3)
Stock and other	26,597	32,731	(18.7)%	42,136
Bond, Forex and other	45,393	17,019	166.7%	23,692
Bond and other	37,630	9,495	296.3%	18,904
Forex and other	7,763	7,523	3.2%	4,787
Total	71,991	49,750	44.7%	65,829

3. Trading volume of stocks (excluding futures transaction) (millions of share, millions of yen)

	Third quarter (2004/12)		Third quarter (2003/12)		Yr/yr change		Fiscal 2003 (2004/3)	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Total	39,964	40,704,368	37,138	31,735,021	7.6%	28.3%	49,001	43,326,386
Dealing (a)	24,484	23,573,076	20,403	17,207,246	20.0%	37.0%	26,977	23,700,575
Brokerage (b)	15,480	17,131,291	16,734	14,527,775	(7.5)%	17.9%	22,023	19,625,810
b/(a + b)	38.7%	42.1%	45.1%	45.8%			44.9%	45.3%
TSE share	6.1%	6.8%	5.7%	6.2%			5.5%	6.0%

4. Underwriting activities (millions of share, millions of yen)

	Third quarter (2004/12)	Third quarter (2003/12)	Yr/yr change	Fiscal 2003 (2004/3)
Underwriting:				
Stock (number of shares)	736	758	(2.9)%	863
(yen amount)	648,713	546,086	18.8%	863,754
Bond (face value)	3,908,409	3,509,428	11.4%	5,133,737
CP & others (face value)	1,009,920	807,464	25.1%	1,275,086
Distribution (*)				
Stock (number of shares)	738	745	(1.0)%	851
(yen amount)	656,083	551,907	18.9%	880,338
Bond (face value)	3,906,170	3,499,115	11.6%	5,116,145
Beneficiary certificates (face value)	511,501	416,854	22.7%	683,574
CP & others (face value)	991,930	793,207	25.1%	1,255,929

(*)Including secondary offering and private placement

5. Capital adequacy ratio (millions of yen)

		Third quarter Dec. 31, 2004	Third quarter Dec. 31, 2003	Fiscal 2003 Mar. 31, 2004
Basic item	Stockholders' equity (A)	402,229	365,943	371,473
Supplementary item	Valuation profits of investment securities	-	324	488
	Statutory reserve	3,980	3,096	3,982
	Allowance for doubtful accounts	30	20	31
	Subordinated borrowings	150,000	100,000	100,000
	Total (B)	154,011	103,440	104,502
	Assets excluded from capital (C)	122,234	124,711	134,092
	Net capital (A)+(B)-(C) (D)	434,006	344,672	341,882
Risk equivalent	Market risk equivalent	64,040	41,014	56,376
	Counterparty risk equivalent	25,900	17,194	22,462
	Basic risk equivalent	22,737	22,579	22,656
	Total (E)	112,678	80,788	101,495
	Capital adequacy ratio (D)/(E)	385.1%	426.6%	336.8%

(Reference Data)

Quarterly income statements

(millions of yen)

	Fiscal 2003		Fiscal 2004		
	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter
	Oct. 1, 2003 - Dec. 31, 2003	Jan. 1, 2004 - Mar. 31, 2004	Apr. 1, 2004 - Jun. 30, 2004	Jul. 1, 2004 - Sep. 30, 2004	Oct. 1, 2004 - Dec. 31, 2004
Operating revenues	39,200	45,015	49,789	51,483	39,832
Commissions	19,833	23,961	14,644	24,205	17,341
Brokerage commission	2,731	3,507	4,225	2,923	3,058
(Stock and other)	2,712	3,484	4,176	2,906	2,996
Underwriting commission	13,977	15,432	7,658	14,443	10,063
(Stock and other)	11,838	12,754	5,296	12,152	8,105
(Bond and other)	2,097	2,099	2,208	1,751	1,762
Distribution commission	227	352	226	133	148
(Beneficiary certificates)	132	324	206	87	124
Other commission	2,896	4,668	2,533	6,704	4,071
(Beneficiary certificates)	282	302	308	313	323
Net gain on trading	13,896	16,078	31,274	23,869	16,847
(Stock and other)	7,102	9,405	16,893	8,072	1,632
(Bond and other)	2,448	9,408	11,290	12,722	13,617
(Forex and other)	4,345	(2,735)	3,090	3,075	1,597
Interest and dividend income	5,471	4,975	3,871	3,409	5,643
Interest expenses	2,417	2,538	3,398	4,267	5,947
Net operating revenues	36,783	42,476	46,391	47,216	33,884
Selling, general and administrative expenses	27,086	30,992	26,752	31,102	28,034
Commission and other expenses	11,616	14,423	10,229	14,355	12,036
Employees' compensation and benefits	5,934	6,218	6,526	6,281	5,900
Real estate expenses	2,471	2,883	2,419	2,590	2,583
Data processing and office supplies	3,568	3,340	3,619	3,921	3,751
Depreciation expenses	2,626	3,168	2,884	2,778	2,820
Taxes other than income taxes	568	467	702	787	586
Others	301	489	369	387	355
Operating income	9,696	11,484	19,638	16,113	5,850
Non-operating income	219	320	386	515	5,279
Non-operating expenses	251	37	20	49	33
Ordinary income	9,665	11,767	20,004	16,579	11,095
Extraordinary gains	89	9	1	373	0
Extraordinary losses	885	2,292	-	208	(16)
Income before income taxes and others	8,868	9,484	20,006	16,744	11,110
Income taxes-current	(125)	(528)	(220)	(475)	(811)
Refund of income taxes	43	12	-	-	-
Income taxes-deferred	3,789	4,244	8,305	6,809	3,359
Net income	5,248	5,781	11,921	10,410	8,563
Net financial income included in Net operating revenues	3,053	2,436	472	(858)	(304)

(Reference information)

Daiwa Securities SMBC Co. Ltd. Consolidated financial summary

(For the Third quarter ended December 31, 2004)

Consolidated income statements

(millions of yen)

	Third quarter Apr. 1, 2004- Dec.31, 2004	Fiscal 2003 Apr. 1, 2003- Mar.31, 2004	% Change 3Q of FY2004 vs. 3/4 of FY2003
Operating revenues	172,080	197,882	15.9%
Commissions	65,022	76,782	12.9%
Net gain on trading	80,962	78,167	38.1%
Interest and dividend income	26,095	42,932	(19.0)%
Interest expenses	20,307	16,596	63.1%
Net operating revenues	151,773	181,285	11.6%
Selling, general and administrative expenses	101,306	128,084	5.5%
Operating income	50,466	53,200	26.5%
Non-operating income	1,317	1,588	10.6%
Non-operating expenses	204	670	(59.3)%
Ordinary income	51,579	54,118	27.1%
Extraordinary gains	374	477	4.5%
Extraordinary losses	192	4,306	(94.0)%
Income before income taxes and others	51,761	50,290	37.2%
Income taxes-current	473	516	22.4%
Income taxes-deferred	17,910	16,512	44.6%
Minority interest in income	(28)	(104)	-
Net income	33,349	33,156	34.1%

Consolidated balance sheets

(millions of yen)

	Third quarter Dec.31, 2004	Fiscal 2003 Mar.31, 2004
Current assets:	9,800,050	8,046,267
Trading assets	5,102,422	3,921,178
Receivables on collateralized securities transactions	4,247,330	3,137,096
Other current assets	450,297	987,993
Non-current assets	145,388	149,008
Total assets	9,945,438	8,195,276
Current liabilities:	8,924,618	7,263,653
Trading liabilities	3,485,192	2,881,439
Payables on collateralized securities transactions	2,813,540	2,696,366
Other current liabilities	2,625,884	1,685,847
Non-current liabilities	578,837	524,793
Statutory reserves	3,980	3,982
Total liabilities	9,507,436	7,792,429
Minority interest	920	900
Total stockholders' equity	437,082	401,946
Total liabilities, minority interest and stockholders' equity	9,945,438	8,195,276

(Scope of consolidation and equity method)

Consolidated subsidiaries: 17 Companies (*Major companies*: Daiwa Securities SMBC Europe Limited, Daiwa Securities SMBC Asia Holding B.V., Daiwa Securities SMBC H.K. Limited, Daiwa Securities SMBC Singapore Limited, Daiwa Securities SMBC Principal Investments Co. Ltd.)

Affiliates applicable of equity method: 1 company