

Daiwa Securities SMBC Co. Ltd.

1-9-1 Marunouchi Chiyoda-ku

Tokyo 100-6753, Japan

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

January 30, 2008

Consolidated financial summary
(For the third quarter ended December 31, 2007)

(Rounded down to the nearest millionth)

(1) Consolidated operating results (from April 1, 2007 to December 31, 2007)

	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 (2007/12)	208,139	(10.0)%	149,246	(22.6)%	27,034	(59.1)%
Third quarter (2006/12)	231,331	(1.0)%	192,840	(5.5)%	66,061	(24.2)%
Fiscal 2006 (2007/3)	317,118		260,700		90,907	

	Ordinary income		Net income		Return on equity
	Millions of yen	Yr/yr change	Millions of yen	Yr/yr change	
Third quarter (2007/12)	28,733	(57.7)%	16,670	(53.7)%	3.3%
Third quarter (2006/12)	67,979	(23.5)%	35,989	(37.2)%	7.9%
Fiscal 2006 (2007/3)	92,866		51,945		8.5%

(2) Consolidated financial conditions

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	
As of Dec. 31, 2007	14,096,751	665,550	4.7%
As of Dec. 31, 2006	10,734,559	673,256	6.3%
As of Mar. 31, 2007	10,448,648	683,247	6.5%

(3) Changes in scope of consolidation: None

(4) Adoption of concise procedure in accounting policies: None

(5) Change in accounting policies from the last fiscal period: Applicable (for details, please see 'Results of Operation and Financial Conditions "Others" ' on page 4)

Representative: Shin Yoshidome, President

Contact: Hisaharu Momoshima, General Manager, Treasury Department

Parent Company: Daiwa Securities Group Inc. (Securities code: 8601), 60% share holder

Phone: +813-5555-3111

(Reference)

(1) Non- consolidated operating results (from April 1, 2007 to December 31, 2007)

	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 (2007/12)	155,978	(11.6)%	115,514	(22.8)%	16,112	(59.3)%
Third quarter (2006/12)	176,476	(9.2)%	149,632	(14.5)%	39,581	(45.0)%
Fiscal 2006 (2007/3)	240,709		201,919		55,815	

	Ordinary income		Net income		Return on equity
	Millions of yen	Yr/yr change	Millions of yen	Yr/yr change	
Third quarter (2007/12)	23,895	(56.3)%	16,278	(51.4)%	4.2%
Third quarter (2006/12)	54,658	(25.9)%	33,477	(27.6)%	8.6%
Fiscal 2006 (2007/3)	70,992		39,869		7.7%

(2) Non- consolidated financial conditions

	Total assets	Net assets	Equity ratio	Capital adequacy ratio
	Millions of yen	Millions of yen		
As of Dec. 31, 2007	12,972,865	565,489	4.4%	322.5%
As of Dec. 31, 2006	9,674,773	569,176	5.9%	458.1%
As of Mar. 31, 2007	9,319,505	575,797	6.2%	465.3%

Results of Operation and Financial Conditions

(A) Overview of Operating Income (Comparisons in parenthesis are made versus the third quarter of fiscal 2006)

For the third quarter ended December 31, 2007, Net Operating Revenues came to 149,246 million yen (22.6% down) reflecting decreases in commission revenues, net trading gains, and etc. Although Selling, general and administrative expenses slightly decreased to 122,212 million yen (3.6% down), Ordinary Income decreased to 28,733 million yen (57.7% down), and Net Income to 16,670 million yen (53.7% down).

(1) Commissions

Total commission revenues amounted to 54,585 million yen (34.3% down) for the third quarter. In segments, 21,179 million yen (14.4% up) were earned in Equity, 894 million yen (37.1% down) in Fixed Income, 1,980 million yen (5.5% down) in Investment Trust, and 29,238 million yen (50.9% down) in Investment Banking.

a) Brokerage Commissions

Total brokerage commissions increased to 21,156 million yen (14.1% up) due to favorable conditions of Asian equities.

b) Underwriting Commissions

Underwriting commissions derived from equities decreased to 10,587 million yen (71.2% down) due to decreased number of deals and fees in both PO and IPO. On the other hand, underwriting commissions derived from fixed income increased to 7,875 million yen (20.5% up). Total Underwriting commissions decreased to 18,830 million yen (57.4% down).

c) Distribution Commissions

Revenues in distribution commissions generated 1,063 million yen (24.4% up) due to increased dealing volume in preferred investment certificates etc.

d) Other Commissions

Other commissions decreased to 13,534 million yen (30.5% down). Particularly, other commissions in Investment Banking decreased to 9,922 million yen (34.6% down) due to decreased fees received in M&A operations lacking in major M&A deal during the third quarter of fiscal 2007.

(2) Net Gain (Loss) on Trading

Net gain on trading decreased to 73,934 million yen (8.1% down). Net trading gains in equities decreased to 12,896 million yen (28.3% down), and net trading gains from fixed income together with those from foreign exchange transactions decreased to 61,038 million yen (2.3% down).

(3) Net Interest and Dividend Income

Interest and dividend income totaled 64,003 million yen (35.3% up), whereas interests expenses totaled 58,892 million yen (53.0% up). Net interest and dividend income came to 5,111 million yen (41.9% down) due to increase of financing costs caused by rising interest rates etc.

(4) Selling, General and Administrative Expenses

Of the Selling, general and administrative expenses, data processing & office supplies, depreciation expenses, and occupancy and rental expenses increased reflecting increased IT related expenses. On the other hand, commission and other expense, including selling commissions of public offering securities, and agency commissions of fixed income, etc, decreased; consequently, overall Selling, general administrative expenses decreased to 122,212 million yen (3.6% down).

(B) Financial Condition (Comparisons are made versus the fiscal 2006)

For the third quarter ended December 31, 2007, total assets increased by 3,648.1 billion yen to 14,096.7 billion yen reflecting increases in trading assets by 2,023.3 billion yen, and receivables on collateralized short-term financing agreements by 1,545.8 billion yen.

Total liabilities increased by 3,665.7 billion yen to 13,431.2 billion yen, which is primarily attributable to increases in payables on collateralized short-term financing agreements by 2,347.3 billion yen, trading liabilities by 899.9 billion yen and short-term borrowings by 451 billion yen. The company newly issued 278.8 billion yen of Medium-term notes to raise its funds during the third quarter of fiscal 2007.

(C) Others

In connection with the current Corporate Tax Law reform, the company has changed the depreciation method to that of complied with new Corporate Tax Law for the property and equipment purchased on or after April 1, 2007.

For property and equipment purchased before April 1, 2007, depreciation is computed by the former depreciation method, i.e. property and equipment is depreciated until depreciable limit. However, after such assets have been depreciated to the depreciable limit, the remaining value is amortized over five years in pro rata from the following fiscal year until its book value is reduced to 1 yen.

The effect on the consolidated financial statements was immaterial.

Consolidated balance sheets

(millions of yen)

	Third quarter Dec. 31, 2006	Third quarter Dec. 31, 2007	Fiscal 2006 Mar. 31, 2007	Comparison with Fiscal 2006	
				Increase/Decrease	Yr/yr % change
Assets					
Current assets:	10,654,836	14,002,589	10,358,038	3,644,550	35.2%
Cash and deposits	107,631	128,398	115,685	12,712	11.0%
Cash segregated as deposits for regulatory purposes	33,795	50,714	46,161	4,553	9.9%
Trading assets:	5,449,436	6,830,061	4,806,680	2,023,380	42.1%
Trading securities and others	4,599,865	5,594,529	3,954,559	1,639,969	41.5%
Derivative assets	849,570	1,235,531	852,120	383,410	45.0%
Trading receivables, net	-	123,975	-	123,975	-
Private equity and other securities	376,843	409,801	378,579	31,222	8.2%
Less: Allowance for possible investment losses	(2,360)	(4,421)	(3,818)	(603)	-
Receivables related to margin transactions:	248,312	233,527	241,058	(7,531)	(3.1)%
Customer margin loans	11,202	1,626	7,570	(5,944)	(78.5)%
Cash deposits as collateral for securities borrowed	237,110	231,901	233,488	(1,586)	(0.7)%
Collateralized short-term financing agreements:	4,323,645	6,107,264	4,561,371	1,545,893	33.9%
Cash deposits as collateral for securities borrowed	3,993,426	5,695,843	4,197,712	1,498,130	35.7%
Receivables related to gensaki transactions	330,219	411,421	363,659	47,762	13.1%
Short-term loans receivable	13,404	20,241	129,766	(109,524)	(84.4)%
Accrued income	15,787	15,834	14,979	855	5.7%
Deferred tax assets-current	956	3,030	3,000	29	1.0%
Other current assets	87,501	84,247	64,735	19,511	30.1%
Less: Allowance for doubtful accounts-current	(118)	(88)	(162)	73	-
Non-current assets:	79,723	94,162	90,610	3,551	3.9%
Tangible fixed assets	5,363	5,275	5,601	(326)	(5.8)%
Intangible fixed assets	39,150	47,329	42,031	5,298	12.6%
Investments and others:	35,208	41,557	42,977	(1,420)	(3.3)%
Investment securities	20,163	21,112	20,899	212	1.0%
Long-term loans receivable	209	74	60	13	22.3%
Long-term guarantee deposits	5,949	6,108	5,929	179	3.0%
Deferred tax assets-non-current	4,108	4,766	6,013	(1,247)	(20.7)%
Other investments	5,536	10,098	10,836	(737)	(6.8)%
Less: Allowance for doubtful accounts-non-current	(757)	(603)	(762)	159	-
Total assets	10,734,559	14,096,751	10,448,648	3,648,102	34.9%

(millions of yen)

	Third quarter Dec. 31, 2006	Third quarter Dec. 31, 2007	Fiscal 2006 Mar. 31, 2007	Comparison with Fiscal 2006	
				Increase/Decrease	Yr/yr % change
Liabilities					
Current liabilities:	9,169,044	12,482,361	8,863,658	3,618,702	40.8%
Trading liabilities:	4,080,052	4,691,959	3,791,978	899,980	23.7%
Trading securities and others	3,398,766	3,734,686	3,107,261	627,425	20.2%
Derivative liabilities	681,285	957,272	684,716	272,555	39.8%
Trading payables, net	340,654	-	1,482	(1,482)	-
Payables related to margin transactions:	204,962	181,919	201,105	(19,186)	(9.5)%
Payable to securities finance companies	-	-	22	(22)	-
Proceeds of securities sold for customers' accounts	204,962	181,919	201,082	(19,163)	(9.5)%
Collateralized short-term financing agreements:	3,204,768	5,346,535	2,999,136	2,347,399	78.3%
Cash deposits as collateral for securities loaned	2,547,660	4,199,239	2,417,161	1,782,077	73.7%
Payables related to gensaki transactions	657,108	1,147,296	581,975	565,321	97.1%
Deposits received	39,153	30,812	31,132	(320)	(1.0)%
Cash deposits received as guarantee	38,904	48,366	22,671	25,695	113.3%
Short-term borrowings	1,005,510	1,864,057	1,412,959	451,098	31.9%
Commercial paper	155,196	230,980	302,391	(71,411)	(23.6)%
Medium-term notes due within one year	20,304	20,138	25,912	(5,774)	(22.3)%
Income taxes payable	1,294	127	2,464	(2,337)	(94.8)%
Deferred tax liabilities-current	15,182	2,803	7,234	(4,431)	(61.2)%
Allowance for relocation costs of headquarter office	-	4,546	-	4,546	-
Other current liabilities	63,061	60,113	65,187	(5,073)	(7.8)%
Non-current liabilities:	887,071	943,478	896,376	47,101	5.3%
Medium-term notes	726,175	758,286	727,473	30,813	4.2%
Long-term debt	155,000	180,000	158,500	21,500	13.6%
Retirement benefits	4,358	4,700	4,482	217	4.8%
Allowance for relocation costs of headquarter office	-	-	4,320	(4,320)	-
Other non-current liabilities	1,536	491	1,600	(1,108)	(69.3)%
Statutory reserves:	5,186	5,361	5,365	(4)	(0.1)%
Total liabilities	10,061,302	13,431,201	9,765,401	3,665,799	37.5%
Net Assets					
Owners' equity	626,851	633,524	642,808	(9,283)	(1.4)%
Common stock	255,700	255,700	255,700	-	-
Capital surplus	167,421	167,421	167,421	-	-
Retained earnings	203,730	210,403	219,686	(9,283)	(4.2)%
Valuation and translation adjustments	45,324	30,874	39,353	(8,479)	(21.5)%
Net unrealized gain (loss) on securities, net of tax effect	27,776	15,465	22,450	(6,985)	(31.1)%
Deferred gains(losses) on hedges	13	(63)	(5)	(57)	-
Translation adjustments	17,534	15,472	16,908	(1,436)	(8.5)%
Minority interests	1,080	1,150	1,085	65	6.0%
Total net assets	673,256	665,550	683,247	(17,697)	(2.6)%
Total liabilities and Net assets	10,734,559	14,096,751	10,448,648	3,648,102	34.9%

Consolidated statements of operations

(millions of yen)

	Third quarter Apr. 1, 2006 - Dec. 31, 2006	Third quarter Apr. 1, 2007 - Dec. 31, 2007	Comparison with the third quarter of Fiscal 2006		Fiscal 2006 Apr. 1, 2006 - Mar. 31, 2007
			Increase/ Decrease	Yr/yr % change	
Operating revenues:	231,331	208,139	(23,192)	(10.0)%	317,118
Commissions	83,117	54,585	(28,532)	(34.3)%	106,530
Net gain (loss) on trading	80,491	73,934	(6,556)	(8.1)%	116,629
Net gain (loss) on private equity and other securities	20,430	15,615	(4,815)	(23.6)%	27,699
Interest and dividend income	47,292	64,003	16,711	35.3%	66,258
Interest expenses	38,491	58,892	20,401	53.0%	56,417
Net operating revenues	192,840	149,246	(43,594)	(22.6)%	260,700
Selling, general and administrative expenses:	126,779	122,212	(4,566)	(3.6)%	169,793
Commission and other expenses	51,972	43,795	(8,176)	(15.7)%	69,368
Employees' compensation and benefits	35,496	35,267	(229)	(0.6)%	47,694
Occupancy and rental	10,251	11,094	842	8.2%	13,951
Data processing and office supplies	13,123	16,038	2,915	22.2%	17,969
Depreciation expenses	8,828	9,806	978	11.1%	11,836
Taxes other than income taxes	3,613	2,872	(741)	(20.5)%	4,607
Other	3,492	3,336	(155)	(4.5)%	4,366
Operating income	66,061	27,034	(39,027)	(59.1)%	90,907
Non-operating income	2,790	2,558	(231)	(8.3)%	3,094
Non-operating expenses	872	859	(13)	(1.5)%	1,134
Ordinary income	67,979	28,733	(39,245)	(57.7)%	92,866
Extraordinary gains	-	4	4	-	-
Extraordinary losses	937	456	(481)	(51.3)%	6,189
Income before income taxes and minority interests	67,041	28,281	(38,759)	(57.8)%	86,677
Income taxes-current	20,819	9,900	(10,919)	(52.4)%	32,553
Income taxes-deferred	10,191	1,592	(8,598)	(84.4)%	2,111
Minority interests	(41)	(117)	(76)	-	(66)
Net income	35,989	16,670	(19,318)	(53.7)%	51,945
Net financial income included in net operating revenues	8,801	5,111	(3,690)	(41.9)%	9,841

Notes to consolidated financial statements

The consolidated financial statements of the company for the third quarter ended December 31, 2007 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 Interim Consolidated Financial Statements' (Ministry of Finance Ordinance No.24, 1999) and its Article 48 and 69.

Basis of consolidated financial statements

1. Scope of consolidation

Consolidated subsidiaries: 18 Companies

Major Companies: Daiwa Securities SMBC Principal Investments Co. Limited
Daiwa Securities SMBC Europe Limited
Daiwa Securities SMBC Asia Holding B.V.
Daiwa Securities SMBC Hong Kong Limited
Daiwa Securities SMBC Singapore Limited

For this third quarter, one company has been added to the scope of consolidation due to its foundation, and one company under liquidation process has been excluded from the scope of consolidation.

Each amount of total assets, operating revenues (or sales), net income corresponding to equity holdings and retained earnings corresponding to equity holdings of non-consolidated subsidiaries has little influence on the consolidated financial statements and has little materiality as a whole.

2. Application of equity method

Affiliates applicable of equity method: 1 Company

Company Name: Daiwa SMBC – SSC Securities Co. Ltd.

Each amount of net income corresponding to equity holdings and retained earnings corresponding to equity holdings of both non-consolidated subsidiaries and affiliates inapplicable of equity method has little influence on the consolidated financial statements and has little materiality as a whole.

For affiliates applicable of equity method whose third quarter ends other than December 31, 2007, the financial statements for the relevant third quarter are reflected.

3. Fiscal period of subsidiaries

For subsidiaries of which the third quarter end is not December 31, 2007, the financial statements for the relevant third quarter are compiled, and material transactions occurred between the different closing dates are adjusted for the consolidated financial statements.

4. Accounting Policies

(1) Valuation of financial instruments and inventories

(i) Valuation of trading securities

Securities, derivative transactions, and assets or liabilities in trading account are recorded at fair value.

(ii) Valuation of non-trading securities

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 Net assets, 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.

Of those securities with no fair value available, for investments in limited partnership, share of net income raised by partnerships has been reflected on statements of operations and share of net unrealized profits and losses on securities held by the partnership directly into Net assets. Private equity and other securities held by a certain consolidated subsidiary are categorized in current assets.

(2) Depreciation of material depreciable assets

(i) Tangible fixed assets

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

For overseas consolidated subsidiaries, straight-line method is mainly applied.

(ii) Intangible fixed assets, and investments and others

The straight-line method is mainly applied. Useful life for depreciation is based on Corporate Tax Law, except for software of in-house use, which is based on internally estimated useful life (mainly 5 years).

(3) Accounting policies for various provisions

(i) Provision for doubtful accounts

Provisions for doubtful accounts are provided based on the estimated historical default rate for normal loans, and based on individually assessed amounts for doubtful accounts.

(ii) Allowance for possible investment losses

Certain consolidated subsidiary provides the allowance based on estimated losses on private equity and other securities held at the third quarter end, assessing the financial conditions of invested companies.

(iii) Accrued bonuses

Accrued bonuses represent liabilities estimated as of the balance sheets date.

(iv) Allowance for relocation costs of headquarter office

Allowance for relocation costs of headquarter office has been booked based on reasonable estimation.

(v) Accrued retirement benefits

The domestic companies provide unfunded defined contribution plan for eligible employees, which defines the amount to be contributed to the individual employee's account in return for services rendered each year.

The contributions under this plan are accumulated on an annual basis and earn a guaranteed hypothetical return at a rate predetermined by the domestic companies each year.

Notes to consolidated balance sheets

1. Accumulated depreciation of tangible fixed assets

As of Dec.31, 2006	As of Dec.31, 2007	As of Mar.31, 2007
14,522 million yen	13,128 million yen	12,880 million yen

2. Guarantee

As of Dec.31, 2006	As of Dec.31, 2007	As of Mar.31, 2007
309 million yen	266 million yen	292 million yen

3. Short-term and long-term borrowings include the subordinated borrowings stipulated by Article 176 of the 'Cabinet Order on financial instruments business' (Cabinet Office Ordinance No.52, 2007) and so on.

	As of Dec.31, 2006	As of Dec. 31, 2007	As of Mar. 31, 2007
Short-term borrowings	62,004 million yen	-	62,001 million yen
Long-term borrowings	150,000 million yen	160,000 million yen	150,000 million yen

Notes to consolidated statements of operations

(millions of yen)

Details of extraordinary gains/losses

	Third quarter Apr. 1, 2006 - Dec. 31, 2006	Third quarter Apr. 1, 2007 - Dec. 31, 2007	Fiscal 2006 Apr. 1, 2006 - Mar. 31, 2007
Extraordinary gains			
Reversal of Reserve for securities transaction liabilities	-	4	-
Reversal of Reserve for financial futures transaction liabilities	-	0	-
Extraordinary losses			
Write-down of related companies' stocks	200	-	200
Write-down of investment securities	465	-	466
Loss on sale of investment securities	262	-	262
Loss on disposal of fixed assets	-	-	209
Provision for securities transaction liabilities	8	-	188
Relocation costs of headquarter office	-	456	4,861

Supplemental information for the third quarter of Fiscal 2007

(Apr.1, 2007 - Dec.31, 2007)

1. Breakdown of commissions

(millions of yen)

	Third quarter Dec. 31, 2006 (A)					Total
	Equity	Fixed income (Bond)	Investment trust	Investment banking	Others	
Brokerage commission	18,142	325	75	-	-	18,543
Underwriting commission	-	-	-	44,232	-	44,232
Stock and other	-	-	-	36,766	-	36,766
Bond and other	-	-	-	6,534	-	6,534
Distribution commission	-	-	661	193	-	855
Other commission	368	1,097	1,359	15,164	1,497	19,486
Agency commission	-	1,093	1,316	-	-	2,409
Total	18,510	1,423	2,095	59,590	1,497	83,117

(millions of yen)

	Third quarter Dec. 31, 2007 (B)					Total
	Equity	Fixed income (bond)	Investment trust	Investment banking	Other	
Brokerage commission	20,781	280	94	-	-	21,156
Underwriting commission	-	-	-	18,830	-	18,830
Stock and other	-	-	-	10,587	-	10,587
Bond and other	-	-	-	7,875	-	7,875
Distribution commission	-	-	578	485	-	1,063
Other commission	397	614	1,307	9,922	1,292	13,534
Agency commission	-	606	1,281	-	-	1,888
Total	21,179	894	1,980	29,238	1,292	54,585

	Yr/yr % change ((B)/(A)-1)					Total
	Equity	Fixed income (Bond)	Investment trust	Investment banking	Other	
Brokerage commission	14.5%	(14.0)%	25.9%	-	-	14.1%
Underwriting commission	-	-	-	(57.4)%	-	(57.4)%
Stock and other	-	-	-	(71.2)%	-	(71.2)%
Bond and other	-	-	-	20.5%	-	20.5%
Distribution commission	-	-	(12.5)%	150.5%	-	24.4%
Other commission	8.1%	(44.0)%	(3.8)%	(34.6)%	(13.7)%	(30.5)%
Agency commission	-	(44.5)%	(2.6)%	-	-	(21.6)%
Total	14.4%	(37.1)%	(5.5)%	(50.9)%	(13.7)%	(34.3)%

(millions of yen)

	Fiscal 2006 ended Mar. 31, 2007					Total
	Equity	Fixed income (Bond)	Investment trust	Investment banking	Others	
Brokerage commission	25,601	449	108	-	-	26,158
Underwriting commission	-	-	-	53,905	-	53,905
Stock and other	-	-	-	43,416	-	43,416
Bond and other	-	-	-	9,336	-	9,336
Distribution commission	-	-	879	369	-	1,248
Other commission	518	1,386	1,863	19,388	2,060	25,216
Agency commission	-	1,380	1,801	-	-	3,182
Total	26,119	1,835	2,850	73,663	2,060	106,530

2. Breakdown of net gains on trading

(millions of yen)

	Third quarter (2006/12)	Third quarter (2007/12)	Yr/yr % change	Fiscal 2006 (2007/03)
Stock and other	17,990	12,896	(28.3)%	24,146
Bond, forex and other	62,500	61,038	(2.3)%	92,482
Total	80,491	73,934	(8.1)%	116,629

Quarterly consolidated statements of operations

(millions of yen)

	Fiscal 2006		Fiscal 2007		
	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter
	Oct. 1, 2006 - Dec. 31, 2006	Jan. 1, 2007 - Mar. 31, 2007	Apr. 1, 2007 - Jun. 30, 2007	Jul. 1, 2007 - Sep. 30, 2007	Oct. 1, 2007 - Dec. 31, 2007
Operating revenues	90,280	85,786	82,499	56,563	69,075
Commissions	41,577	23,412	18,932	18,630	17,022
Brokerage commission	6,624	7,615	7,130	7,187	6,838
(Stock and other)	6,514	7,458	6,992	7,070	6,718
Underwriting commission	24,990	9,673	7,323	6,484	5,022
(Stock and other)	22,298	6,650	4,160	4,136	2,290
(Bond and other)	2,519	2,801	3,046	2,255	2,572
Distribution commission	349	393	541	281	241
(Beneficiary certificates)	282	217	283	179	115
Other commission	9,611	5,730	3,936	4,677	4,919
(Beneficiary certificates)	466	504	445	439	421
Net gain (loss) on trading	27,263	36,138	33,434	11,439	29,061
(Stock and other)	9,321	6,155	16,239	(5,999)	2,655
(Bond and other)	17,942	29,982	17,194	17,438	26,405
Net gain (loss) on private equity and other securities	2,806	7,269	7,609	7,063	942
Interest and dividend income	18,632	18,966	22,523	19,431	22,049
Interest expenses	15,548	17,926	18,268	19,022	21,601
Net operating revenues	74,731	67,859	64,231	37,541	47,474
Selling general and administrative expenses:	48,424	43,013	40,859	40,781	40,571
Commission and other expenses	22,006	17,395	14,356	15,706	13,732
Employees' compensation and benefits	12,610	12,197	12,597	10,896	11,774
Occupancy and rental	3,576	3,699	3,500	3,599	3,994
Data processing and office supplies	4,337	4,845	5,123	5,358	5,556
Depreciation expenses	2,966	3,008	3,063	3,322	3,420
Taxes other than income taxes	1,624	993	1,059	918	894
Others	1,302	873	1,159	978	1,198
Operating income	26,307	24,845	23,371	(3,239)	6,902
Non-operating income	368	303	1,311	862	384
Non-operating expenses	244	262	274	201	382
Ordinary income	26,430	24,887	24,408	(2,578)	6,904
Extraordinary gains	-	-	6	0	(1)
Extraordinary losses	283	5,251	-	456	-
Income before income taxes and minority interests	26,147	19,635	24,415	(3,036)	6,902
Income taxes - current	6,179	11,733	7,896	629	1,374
Income taxes - deferred	4,898	(8,079)	1,343	(1,650)	1,900
Minority interests	(4)	(25)	(45)	(52)	(20)
Net income	15,064	15,956	15,130	(2,067)	3,607
Net financial income included in net operating revenues	3,083	1,039	4,255	408	447

<Reference>

Non-consolidated financial summary of Daiwa Securities SMBC Co. Ltd.

Balance sheets

(millions of yen)

	Third quarter	Third quarter	Fiscal 2006	Comparison with Fiscal 2006	
	Dec. 31, 2006	Dec. 31, 2007	Mar. 31, 2007	Increase/Decrease	Yr/yr % change
Assets					
Current assets:	9,562,417	12,837,614	9,190,900	3,646,714	39.7%
Cash and deposits	50,790	61,368	52,658	8,709	16.5%
Cash segregated as deposits for regulatory purposes	31,051	23,035	30,043	(7,007)	(23.3)%
Trading assets:	5,002,534	6,606,399	4,364,842	2,241,556	51.4%
Trading securities and others	4,153,404	5,369,819	3,511,488	1,858,331	52.9%
Derivative assets	849,130	1,236,579	853,353	383,225	44.9%
Trading receivables, net	-	128,528	9,784	118,743	-
Receivables related to margin transactions:	248,312	233,527	241,058	(7,531)	(3.1)%
Customer margin loans	11,202	1,626	7,570	(5,944)	(78.5)%
Cash deposits as collateral for securities borrowed	237,110	231,901	233,488	(1,586)	(0.7)%
Collateralized short-term financing agreements:	3,917,840	5,414,066	4,067,408	1,346,658	33.1%
Cash deposits as collateral for securities borrowed	3,560,108	4,934,546	3,690,354	1,244,192	33.7%
Receivables related to gensaki transactions	357,732	479,519	377,053	102,465	27.2%
Short-term guarantee money deposited	26,891	39,687	31,781	7,906	24.9%
Short-term loans receivable	238,194	298,521	361,580	(63,058)	(17.4)%
Accrued income	10,749	11,427	9,483	1,943	20.5%
Deferred tax assets-current	649	3,118	2,552	566	22.2%
Other current assets	35,587	18,090	19,931	(1,841)	(9.2)%
Less: Allowance for doubtful accounts-current	(185)	(157)	(226)	68	-
Non-current assets:	112,356	135,250	128,605	6,645	5.2%
Tangible fixed assets	3,550	3,247	3,796	(548)	(14.5)%
Intangible fixed assets	36,666	44,593	39,529	5,064	12.8%
Investments and others:	72,139	87,409	85,279	2,130	2.5%
Investment securities	61,160	70,410	64,373	6,037	9.4%
Long-term loans receivable	2,430	7,993	10,618	(2,625)	(24.7)%
Long-term guarantee deposits	5,014	5,088	5,009	78	1.6%
Deferred tax assets-non-current	1,605	2,051	3,391	(1,340)	(39.5)%
Other investments	2,437	2,338	2,397	(58)	(2.4)%
Less: Allowance for doubtful accounts-non-current	(509)	(473)	(511)	37	-
Total assets	9,674,773	12,972,865	9,319,505	3,653,359	39.2%

	Third quarter	Third quarter	Fiscal 2006	Comparison with Fiscal 2006	
	Dec. 31, 2006	Dec. 31, 2007	Mar. 31, 2007	Increase/Decrease	Yr/yr % change
Liabilities					
Current liabilities:	8,214,602	11,458,912	7,843,373	3,615,538	46.1%
Trading liabilities:	3,817,993	4,565,100	3,535,328	1,029,772	29.1%
Trading securities and others	3,132,653	3,577,133	2,838,818	738,314	26.0%
Derivative liabilities	685,339	987,967	696,509	291,458	41.8%
Trading payables, net	325,650	-	-	-	-
Payables related to margin transactions:	204,962	181,919	201,105	(19,186)	(9.5)%
Payable to securities finance companies	-	-	22	(22)	-
Proceeds of securities sold for customers' accounts	204,962	181,919	201,082	(19,163)	(9.5)%
Collateralized short-term financing agreements:	2,677,988	4,603,619	2,383,944	2,219,675	93.1%
Cash deposits as collateral for securities loaned	1,756,379	3,345,246	1,598,568	1,746,677	109.3%
Payables related to gensaki transactions	921,609	1,258,373	785,375	472,998	60.2%
Deposits received	25,526	17,531	17,604	(72)	(0.4)%
Cash deposits received as guarantee	34,867	32,224	17,841	14,383	80.6%
Short-term borrowings	916,454	1,767,481	1,313,049	454,432	34.6%
Commercial paper	153,190	230,980	301,500	(70,520)	(23.4)%
Medium-term notes due within one year	20,304	20,138	25,912	(5,774)	(22.3)%
Accrued expenses	11,844	11,529	14,981	(3,452)	(23.0)%
Income taxes payable	9	84	239	(155)	(64.7)%
Allowance for relocation costs of headquarter office	-	4,426	-	4,426	-
Other current liabilities	25,810	23,876	31,867	(7,991)	(25.1)%
Non-current liabilities:	885,807	943,101	894,968	48,133	5.4%
Medium-term notes	726,175	758,286	727,473	30,813	4.2%
Long-term debt	155,000	180,000	158,500	21,500	13.6%
Retirement benefits	4,318	4,651	4,446	205	4.6%
Allowance for relocation costs of headquarter office	-	-	4,200	(4,200)	-
Other non-current liabilities	313	163	349	(186)	(53.3)%
Statutory reserves:	5,186	5,361	5,365	(4)	(0.1)%
Total liabilities	9,105,597	12,407,375	8,743,707	3,663,667	41.9%
Net Assets					
Owners' equity	567,674	564,391	574,067	(9,675)	(1.7)%
Common stock	255,700	255,700	255,700	-	-
Capital surplus	167,421	167,421	167,421	-	-
Retained earnings	144,553	141,270	150,946	(9,675)	(6.4)%
Valuation and translation adjustments	1,501	1,097	1,730	(632)	(36.6)%
Net unrealized gain (loss) on securities, net of tax effect	1,501	1,097	1,730	(632)	(36.6)%
Total net assets	569,176	565,489	575,797	(10,308)	(1.8)%
Total liabilities and net assets	9,674,773	12,972,865	9,319,505	3,653,359	39.2%

Statements of operations

(millions of yen)

	Third quarter Apr. 1, 2006 - Dec. 31, 2006	Third quarter Apr. 1, 2007 - Dec. 31, 2007	Comparison with the third quarter		Fiscal 2006 Apr. 1, 2006 - Mar. 31, 2007
			Increase/ Decrease	Yr/yr % change	
Operating revenues	176,476	155,978	(20,498)	(11.6)%	240,709
Commissions	72,807	45,601	(27,205)	(37.4)%	92,633
Net gain (loss) on trading	71,183	66,891	(4,291)	(6.0)%	103,271
Interest and dividend income	32,485	43,484	10,999	33.9%	44,804
Interest expenses	26,843	40,463	13,619	50.7%	38,789
Net operating revenues	149,632	115,514	(34,118)	(22.8)%	201,919
Selling, general and administrative expenses:	110,051	99,401	(10,649)	(9.7)%	146,103
Commission and other expenses	55,107	42,576	(12,530)	(22.7)%	73,156
Employees' compensation and benefits	22,652	21,502	(1,149)	(5.1)%	30,042
Occupancy and rental	8,122	8,610	487	6.0%	11,057
Data processing and office supplies	12,191	14,481	2,289	18.8%	16,355
Depreciation expenses	7,878	8,735	857	10.9%	10,544
Taxes other than income taxes	2,118	1,754	(363)	(17.2)%	2,742
Others	1,980	1,740	(240)	(12.1)%	2,205
Operating income	39,581	16,112	(23,468)	(59.3)%	55,815
Non-operating income	15,715	8,407	(7,307)	(46.5)%	15,970
Non-operating expenses	638	625	(12)	(2.0)%	793
Ordinary income	54,658	23,895	(30,763)	(56.3)%	70,992
Extraordinary gains	-	4	4	-	-
Extraordinary losses	937	448	(488)	(52.1)%	6,068
Income before income taxes	53,720	23,450	(30,270)	(56.3)%	64,924
Income taxes-current	13,596	5,963	(7,632)	(56.1)%	22,253
Income taxes-deferred	6,647	1,208	(5,438)	(81.8)%	2,800
Net income	33,477	16,278	(17,198)	(51.4)%	39,869
Net financial income included in net operating revenues	5,641	3,021	(2,620)	(46.4)%	6,014

Supplemental information for the third quarter ended December 31, 2007

(Apr. 1, 2007 –Dec. 31, 2007)

1. Breakdown of commission revenue

(1) Activity

(millions of yen)

	Third quarter (2006/12)	Third quarter (2007/12)	Yr/yr Change	Fiscal 2006 (2007/3)
Brokerage commission	14,296	14,114	(1.3)%	19,902
Stock and other	14,199	14,001	(1.4)%	19,767
Underwriting commission	40,065	17,288	(56.8)%	48,314
Stock and other	32,854	9,378	(71.5)%	38,235
Bond and other	6,280	7,545	20.1%	8,926
Distribution commission	855	1,063	24.4%	1,248
Beneficiary certificates	661	578	(12.5)%	879
Other commission	17,590	13,134	(25.3)%	23,168
Beneficiary certificates	1,359	1,307	(3.8)%	1,863
Total	72,807	45,601	(37.4)%	92,633

(2) Asset class

(millions of yen)

	Third quarter (2006/12)	Third quarter (2007/12)	Yr/yr Change	Fiscal 2006 (2007/3)
Stock and other	48,097	24,085	(49.9)%	59,301
Bond and other	7,735	8,389	8.5%	10,761
Beneficiary certificates	2,098	1,980	(5.6)%	2,853
Others	14,876	11,145	(25.1)%	19,717
Total	72,807	45,601	(37.4)%	92,633

2. Breakdown of net gains on trading

(millions of yen)

	Third quarter (2006/12)	Third quarter (2007/12)	Yr/yr Change	Fiscal 2006 (2007/3)
Stock and other	13,027	8,322	(36.1)%	17,298
Bond, Forex and other	58,156	58,569	0.7%	85,972
Total	71,183	66,891	(6.0)%	103,271

3. Capital adequacy ratio

(millions of yen)

		Third quarter (2006/12)	Third quarter (2007/12)	Fiscal 2006 Mar. 31, 2007	
Basic item	(A)	567,674	564,391	548,113	
Supplementary item	Valuation profits of investment securities	1,501	1,097	1,730	
	Statutory reserve	5,186	5,361	5,365	
	Allowance for doubtful accounts	185	157	226	
	Subordinated borrowings	210,000	160,000	210,000	
Total	(B)	216,873	166,617	217,322	
Assets excluded from capital	(C)	116,311	142,072	126,881	
Net capital	(A)+(B)-(C)	(D)	668,236	588,936	638,553
Risk equivalent	Market risk equivalent	68,991	98,733	59,041	
	Counterparty risk equivalent	42,853	46,469	43,408	
	Basic risk equivalent	34,012	37,391	34,775	
	Total	(E)	145,857	182,594	137,225
Capital adequacy ratio	(D)/(E)	458.1%	322.5%	465.3%	

Quarterly statements of operations

(millions of yen)

	Fiscal 2006		Fiscal 2007		
	Third quarter Oct. 1, 2006 - Dec. 31, 2006	Fourth quarter Jan. 1, 2007 - Mar. 31, 2007	First quarter Apr. 1, 2007 - Jun. 30, 2007	Second quarter Jul. 1, 2007 - Sep. 30, 2007	Third quarter Oct. 1, 2007 - Dec. 31, 2007
Operating revenues	70,941	64,232	58,894	40,523	56,560
Commissions	35,451	19,826	16,044	15,652	13,904
Brokerage commissions	4,982	5,605	5,216	4,582	4,315
(Stock and other)	4,956	5,567	5,186	4,545	4,269
Underwriting commission	22,810	8,248	6,423	6,306	4,558
(Stock and other)	20,217	5,381	3,597	3,925	1,855
(Bond and other)	2,420	2,645	2,710	2,288	2,546
Distribution commission	349	393	541	312	210
(Beneficiary certificate)	282	217	283	179	115
Other commission	7,308	5,577	3,863	4,451	4,819
(Beneficiary certificate)	466	504	445	439	421
Net gain (loss) on trading	22,725	32,087	29,810	10,158	26,922
(Stock and other)	7,338	4,271	14,595	(7,282)	1,009
(Bond and other)	15,387	27,816	15,214	17,441	25,913
Interest and dividend income	12,764	12,318	13,039	14,711	15,733
Interest expenses	10,810	11,946	11,595	13,712	15,155
Net operating revenues	60,131	52,286	47,298	26,811	41,405
Selling, general and administrative expenses	42,087	36,052	33,652	33,304	32,445
Commission and other expenses	23,043	18,049	14,167	15,258	13,150
Employees' compensation and benefits	7,964	7,390	7,923	6,485	7,092
Occupancy and rental	2,832	2,934	2,722	2,779	3,108
Data processing and office supplies	3,980	4,163	4,816	4,741	4,923
Depreciation expenses	2,627	2,666	2,711	2,972	3,051
Taxes other than income taxes	873	623	726	508	520
Others	765	224	584	557	598
Operating income	18,043	16,234	13,646	(6,492)	8,959
Non-operating income	488	254	7,987	50	369
Non-operating expenses	168	155	198	19	406
Ordinary income	18,363	16,333	21,434	(6,461)	8,922
Extraordinary gains	-	-	6	0	(1)
Extraordinary losses	283	5,130	-	448	-
Income before income taxes	18,080	11,203	21,441	(6,911)	8,920
Income taxes - current	5,431	8,657	5,387	(1,683)	2,259
Income taxes - deferred	2,079	(3,846)	655	(1,013)	1,565
Net income	10,569	6,392	15,398	(4,214)	5,095
Net financial income included in net operating revenues	1,954	372	1,443	999	578