

Daiwa Securities SMBC Co. Ltd.

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April 28, 2008

Consolidated financial summary

(For the fiscal year ended March 31, 2008)

(Rounded down to the nearest millionth)

(1) Consolidated operating results (from April 1, 2007 to March 31, 2008)

	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
Fiscal 2007 (2008/3)	242,269	(23.6)%	161,954	(37.9)%	(225)	-
Fiscal 2006 (2007/3)	317,118	(9.6)%	260,700	(16.3)%	90,907	(34.9)%

	Ordinary income		Net income		Return on equity
	Millions of yen	Yr/yr change	Millions of yen	Yr/yr change	
Fiscal 2007 (2008/3)	1,431	(98.5)%	(5,836)	-	(0.9)%
Fiscal 2006 (2007/3)	92,866	(34.4)%	51,945	(43.5)%	8.5%

(2) Consolidated financial conditions

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	
As of Mar. 31, 2008	13,881,604	615,921	4.4%
As of Mar. 31, 2007	10,448,648	683,247	6.5%

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

Fiscal 2007 614,745 million yen; Fiscal 2006 682,161 million yen

(3) Material changes in scope of consolidation: None

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

(5) Changes in accounting policies from the last fiscal period: Applicable (for details, please see "Changes in Basis of consolidated financial statements" on page 10)

Representative: Shin Yoshidome, President

Contact: Hisaharu Momoshima, General Manager, Treasury Department

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

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(Reference)

(1) Non- consolidated operating results (from April 1, 2007 to March 31, 2008)

	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
Fiscal 2007 (2008/3)	175,118	(27.2)%	117,839	(41.6)%	(13,856)	-
Fiscal 2006 (2007/3)	240,709	(17.7)%	201,919	(24.2)%	55,815	(50.8)%

	Ordinary income		Net income		Return on equity
	Millions of yen	Yr/yr change	Millions of yen	Yr/yr change	
Fiscal 2007 (2008/3)	(6,584)	-	(3,026)	-	(0.5)%
Fiscal 2006 (2007/3)	70,992	(38.9)%	39,869	(41.9)%	7.7%

(2) Non- consolidated financial conditions

	Total assets	Net assets	Equity ratio	Capital adequacy ratio
	Millions of yen	Millions of yen		
As of Mar. 31, 2008	12,858,793	545,744	4.2%	307.6%
As of Mar. 31, 2007	9,319,505	575,797	6.2%	465.3%

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

Fiscal 2007 545,744 million yen; Fiscal 2006 575,797 million yen

Results of Operation and Financial Conditions

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

For the fiscal year ended March 31, 2008, Net Operating Revenues came to 161,954 million yen (37.9% down) reflecting decreases in commission revenues, net trading gain, and etc. Although Selling, general and administrative expenses slightly decreased to 162,179 million yen (4.5% down), Ordinary Income decreased to 1,431 million yen (98.5% down), and Net Income resulted in a loss of 5,836 million yen.

(1) Commissions

Total commission revenues amounted to 77,461 million yen (27.3% down) for the fiscal 2007. In segments, 26,963 million yen (3.2% up) were earned in Equity, and 44,963 million yen (39.0% down) in Investment Banking.

a) Brokerage Commissions

Total brokerage commissions increased to 26,833 million yen (2.6% up) due to favorable conditions of Asian equities.

b) Underwriting Commissions

Underwriting commissions derived from equities decreased to 14,474 million yen (66.7% 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 10,452 million yen (11.9% up). Total Underwriting commissions decreased to 25,445 million yen (52.8% down).

c) Distribution Commissions

Revenues in distribution commissions generated 1,748 million yen (40.0% up) due to increased dealing volume in preferred investment certificates etc.

d) Other Commissions

Other commissions decreased to 23,435 million yen (7.1% down). Particularly, other commissions in Investment Banking decreased to 18,429 million yen (4.9% down) due to decreased fees received in M&A operations.

(2) Net Gain (Loss) on Trading

Net gain on trading decreased to 54,620 million yen (53.2% down). Net trading gain in equities decreased to 2,814 million yen (88.3% down), and net trading gain from fixed income together with those from foreign exchange transactions decreased to 51,806 million yen (44.0% down).

(3) Net Interest and Dividend Income

Interest and dividend income totaled 86,466 million yen (30.5% up), whereas interests expenses totaled 80,315 million yen (42.4% up). Net interest and dividend income came to 6,151 million yen (37.5% 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 162,179 million yen (4.5% down).

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

For the fiscal year ended March 31, 2008, total assets increased by 3,432.9 billion yen to 13,881.6 billion yen reflecting increases in trading assets by 2,427.3 billion yen, and receivables on collateralized short-term financing agreements by 639.2 billion yen.

Total liabilities increased by 3,500.2 billion yen to 13,265.6 billion yen, which is primarily attributable to increases in payables on collateralized short-term financing agreements by 1,992.7 billion yen, short-term borrowings by 698.3 billion yen and trading liabilities by 521.4 billion yen. The company newly issued 332.5 billion yen of Medium-term notes to raise its funds during the fiscal 2007.

Consolidated balance sheets

(millions of yen)

	Fiscal 2006	Fiscal 2007	Comparison with Fiscal 2006	
	Mar. 31, 2007	Mar. 31, 2008	Increase/Decrease	Yr/yr change
Assets				
Current assets:	10,358,038	13,770,381	3,412,343	32.9%
Cash and deposits	115,685	124,858	9,172	7.9%
Cash segregated as deposits for regulatory purposes	46,161	47,361	1,199	2.6%
Trading assets:	4,806,680	7,234,037	2,427,356	50.5%
Trading securities and others	3,954,559	5,651,286	1,696,726	42.9%
Derivative assets	852,120	1,582,751	730,630	85.7%
Trading receivables, net	-	196,872	196,872	-
Private equity and other securities	378,579	419,042	40,463	10.7%
Less: Allowance for possible investment losses	(3,818)	(4,332)	(514)	-
Loans receivable from customers	-	9,669	9,669	-
Receivables related to margin transactions:	241,058	175,217	(65,841)	(27.3)%
Customer margin loans	7,570	788	(6,782)	(89.6)%
Cash deposits as collateral for securities borrowed	233,488	174,429	(59,058)	(25.3)%
Collateralized short-term financing agreements:	4,561,371	5,200,592	639,220	14.0%
Cash deposits as collateral for securities borrowed	4,197,712	4,662,481	464,769	11.1%
Receivables related to gensaki transactions	363,659	538,110	174,451	48.0%
Short-term loans receivable	129,766	147,345	17,579	13.5%
Accrued income	14,979	14,189	(789)	(5.3)%
Deferred tax assets-current	3,000	8,522	5,522	184.0%
Other current assets	64,735	197,076	132,341	204.4%
Less: Allowance for doubtful accounts-current	(162)	(69)	92	-
Non-current assets:	90,610	111,222	20,611	22.7%
Tangible fixed assets	5,601	5,820	218	3.9%
Intangible fixed assets	42,031	54,542	12,511	29.8%
Investments and others:	42,977	50,859	7,881	18.3%
Investment securities	20,899	25,883	4,983	23.8%
Long-term loans receivable	60	49	(11)	(18.6)%
Long-term guarantee deposits	5,929	9,767	3,838	64.7%
Deferred tax assets-non-current	6,013	5,576	(437)	(7.3)%
Other investments	10,836	10,012	(823)	(7.6)%
Less: Allowance for doubtful accounts-non-current	(762)	(430)	331	-
Total assets	10,448,648	13,881,604	3,432,955	32.9%

(millions of yen)

	Fiscal 2006	Fiscal 2007	Comparison with Fiscal 2006	
	Mar. 31, 2007	Mar. 31, 2008	Increase/Decrease	Yr/yr change
Liabilities				
Current liabilities:	8,863,658	12,282,861	3,419,203	38.6%
Trading liabilities:	3,791,978	4,313,463	521,485	13.8%
Trading securities and others	3,107,261	3,112,125	4,863	0.2%
Derivative liabilities	684,716	1,201,337	516,621	75.5%
Trading payables, net	1,482	-	(1,482)	-
Payables related to margin transactions:	201,105	180,124	(20,980)	(10.4)%
Payable to securities finance companies	22	-	(22)	-
Proceeds of securities sold for customers' accounts	201,082	180,124	(20,958)	(10.4)%
Collateralized short-term financing agreements:	2,999,136	4,991,917	1,992,780	66.4%
Cash deposits as collateral for securities loaned	2,417,161	3,817,074	1,399,913	57.9%
Payables related to gensaki transactions	581,975	1,174,842	592,867	101.9%
Deposits received	31,132	39,640	8,507	27.3%
Cash deposits received as guarantee	22,671	26,429	3,757	16.6%
Short-term borrowings	1,412,959	2,111,330	698,370	49.4%
Commercial paper	302,391	488,300	185,908	61.5%
Medium-term notes due within one year	25,912	10,613	(15,299)	(59.0)%
Income taxes payable	2,464	597	(1,867)	(75.8)%
Deferred tax liabilities-current	7,234	134	(7,100)	(98.1)%
Allowance for relocation costs of headquarter office	-	5,018	5,018	-
Other current liabilities	65,187	115,293	50,105	76.9%
Non-current liabilities:	896,376	977,410	81,033	9.0%
Medium-term notes	727,473	787,341	59,868	8.2%
Long-term debt	158,500	185,000	26,500	16.7%
Retirement benefits	4,482	4,654	171	3.8%
Allowance for relocation costs of headquarter office	4,320	-	(4,320)	-
Other non-current liabilities	1,600	414	(1,185)	(74.1)%
Statutory reserves:	5,365	5,409	43	0.8%
Total liabilities	9,765,401	13,265,682	3,500,280	35.8%
Net Assets				
Owners' equity	642,808	611,017	(31,790)	(4.9)%
Common stock	255,700	255,700	-	-
Capital surplus	167,421	167,421	-	-
Retained earnings	219,686	187,896	(31,790)	(14.5)%
Valuation and translation adjustments	39,353	3,727	(35,626)	(90.5)%
Net unrealized gain (loss) on securities, net of tax effect	22,450	(47)	(22,498)	-
Deferred gain (loss) on hedges	(5)	(75)	(70)	-
Translation adjustments	16,908	3,851	(13,057)	(77.2)%
Minority interests	1,085	1,176	91	8.4%
Total net assets	683,247	615,921	(67,325)	(9.9)%
Total liabilities and Net assets	10,448,648	13,881,604	3,432,955	32.9%

Consolidated statements of operations

(millions of yen)

	Fiscal 2006	Fiscal 2007	Comparison with Fiscal 2006	
	Apr. 1, 2006 - Mar. 31, 2007	Apr. 1, 2007 - Mar. 31, 2008	Increase/ Decrease	Yr/yr change
Operating revenues:	317,118	242,269	(74,848)	(23.6)%
Commissions	106,530	77,461	(29,068)	(27.3)%
Net gain (loss) on trading	116,629	54,620	(62,008)	(53.2)%
Net gain (loss) on private equity and other securities	27,699	23,720	(3,979)	(14.4)%
Interest and dividend income	66,258	86,466	20,207	30.5%
Interest expenses	56,417	80,315	23,897	42.4%
Net operating revenues	260,700	161,954	(98,746)	(37.9)%
Selling, general and administrative expenses:	169,793	162,179	(7,613)	(4.5)%
Commission and other expenses	69,368	58,104	(11,264)	(16.2)%
Employees' compensation and benefits	47,694	45,281	(2,413)	(5.1)%
Occupancy and rental	13,951	15,368	1,417	10.2%
Data processing and office supplies	17,969	21,576	3,607	20.1%
Depreciation expenses	11,836	13,460	1,623	13.7%
Taxes other than income taxes	4,607	3,654	(952)	(20.7)%
Other	4,366	4,733	367	8.4%
Operating income	90,907	(225)	(91,132)	-
Non-operating income	3,094	3,704	610	19.7%
Non-operating expenses	1,134	2,047	913	80.5%
Ordinary income	92,866	1,431	(91,435)	(98.5)%
Extraordinary gains	-	0	0	-
Extraordinary losses	6,189	1,547	(4,642)	(75.0)%
Income before income taxes and minority interests	86,677	(115)	(86,792)	-
Income taxes-current	32,553	2,644	(29,908)	(91.9)%
Income taxes-deferred	2,111	2,878	766	36.3%
Minority interests	(66)	(197)	(131)	-
Net income	51,945	(5,836)	(57,782)	-
Net financial income included in net operating revenues	9,841	6,151	(3,690)	(37.5)%

Consolidated statements of changes in net assets

Fiscal 2006 (from April 1, 2006 to March 31, 2007)

(millions of yen)

	Owners' equity			
	Common stock	Capital surplus	Retained earnings	Total owner's equity
Beginning balance as of Mar. 31, 2006	205,600	117,321	197,514	520,435
Changes of items during the fiscal year				
Issuance of new shares	50,100	50,100	-	100,200
Dividends	-	-	(28,800)	(28,800)
Bonus to directors	-	-	(973)	(973)
Net income	-	-	51,945	51,945
Total changes of items during the fiscal year	50,100	50,100	22,172	122,372
Ending balance as of Mar. 31, 2007	255,700	167,421	219,686	642,808

	Valuation and translation adjustments				Minority interests
	Net unrealized gain (loss) on securities, net of tax effect	Deferred gain (loss) on hedges	Translation adjustments	Total Valuation and translation adjustments	
Beginning balance as of Mar. 31, 2006	15,920	-	8,629	24,550	1,082
Changes of items during the fiscal year					
Net changes of items other than owners' equity	6,529	(5)	8,279	14,803	3
Total changes of items during the fiscal year	6,529	(5)	8,279	14,803	3
Ending balance as of Mar. 31, 2007	22,450	(5)	16,908	39,353	1,085

Fiscal 2007 (from April 1, 2007 to March 31, 2008)

(millions of yen)

	Owners' equity			
	Common stock	Capital surplus	Retained earnings	Total owner's equity
Beginning balance as of Mar. 31, 2007	255,700	167,421	219,686	642,808
Changes of items during the fiscal year				
Dividends	-	-	(25,954)	(25,954)
Net income	-	-	(5,836)	(5,836)
Total changes of items during the fiscal year	-	-	(31,790)	(31,790)
Ending balance as of Mar. 31, 2008	255,700	167,421	187,896	611,017

	Valuation and translation adjustments				Minority interests
	Net unrealized gain (loss) on securities, net of tax effect	Deferred gain (loss) on hedges	Translation adjustments	Total Valuation and translation adjustments	
Beginning balance as of Mar. 31, 2007	22,450	(5)	16,908	39,353	1,085
Changes of items during the fiscal year					
Net changes of items other than owners' equity	(22,498)	(70)	(13,057)	(35,626)	91
Total changes of items during the fiscal year	(22,498)	(70)	(13,057)	(35,626)	91
Ending balance as of Mar. 31, 2008	(47)	(75)	3,851	3,727	1,176

Notes to consolidated financial statements

The consolidated financial statements of the company for the fiscal year ended March 31, 2008 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 Consolidated Financial Statements' (Ministry of Finance Ordinance No.28, 1976) and its Article 46 and 68.

Basis of consolidated financial statements

1. Scope of consolidation

Consolidated subsidiaries: 17 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 fiscal year, one company has been added to the scope of consolidation due to its foundation, and two liquidating companies have 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 fiscal year ends other than March 31, 2008, the financial statements for the relevant fiscal year end are reflected.

3. Fiscal period of subsidiaries

For subsidiaries of which the fiscal year end is not March 31, 2008, the financial statements for the relevant fiscal year end 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

a) Held-to-maturity bonds

Held-to-maturity bonds are valued at amortized cost method.

b) Other 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 useful life for depreciation is mainly 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 mainly 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 fiscal 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.

Changes in Basis of consolidated financial statements

In connection with the current Corporate Tax Law reform, the domestic consolidated companies have 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.

Notes to consolidated balance sheets

1. Accumulated depreciation of tangible fixed assets

	As of Mar.31, 2007	As of Mar.31, 2008
	12,880 million yen	12,105 million yen

2. Guarantee

	As of Mar.31, 2007	As of Mar.31, 2008
	292 million yen	260 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 Mar. 31, 2007	As of Mar. 31, 2008
Short-term borrowings	62,001 million yen	-
Long-term borrowings	150,000 million yen	160,000 million yen

Notes to consolidated statements of operations

(millions of yen)

Details of extraordinary gains/losses

	Fiscal 2006 Apr. 1, 2006 - Mar. 31, 2007	Fiscal 2007 Apr. 1, 2007 - Mar. 31, 2008
Extraordinary gains		
Reversal of Reserve for financial futures transaction liabilities	-	0
Extraordinary losses		
Write-down of related companies' stocks	200	-
Write-down of investment securities	466	-
Loss on sale of investment securities	262	-
Loss on disposal of fixed assets	209	-
Provision for securities transaction liabilities	188	44
Relocation costs of headquarter office	4,861	1,503

Supplemental information for the Fiscal 2007
(Apr.1, 2007 - Mar.31, 2008)

1. Breakdown of commissions (millions of yen)

	Fiscal 2006 ended Mar. 31, 2007 (A)					
	Equity	Fixed income (Bond)	Investment trust	Investment banking	Others	Total
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
Total	26,119	1,835	2,850	73,663	2,060	106,530

(millions of yen)

	Fiscal 2007 ended Mar. 31, 2008 (B)					
	Equity	Fixed income (bond)	Investment trust	Investment banking	Other	Total
Brokerage commission	26,360	362	110	-	-	26,833
Underwriting commission	-	-	-	25,445	-	25,445
Stock and other	-	-	-	14,474	-	14,474
Bond and other	-	-	-	10,452	-	10,452
Distribution commission	-	-	658	1,089	-	1,748
Other commission	602	767	1,687	18,429	1,948	23,435
Total	26,963	1,129	2,456	44,963	1,948	77,461

	Yr/yr change ((B)/(A)-1)					
	Equity	Fixed income (Bond)	Investment trust	Investment banking	Other	Total
Brokerage commission	3.0%	(19.4)%	2.0%	-	-	2.6%
Underwriting commission	-	-	-	(52.8)%	-	(52.8)%
Stock and other	-	-	-	(66.7)%	-	(66.7)%
Bond and other	-	-	-	11.9%	-	11.9%
Distribution commission	-	-	(25.1)%	194.6%	-	40.0%
Other commission	16.2%	(44.6)%	(9.5)%	(4.9)%	(5.4)%	(7.1)%
Total	3.2%	(38.4)%	(13.8)%	(39.0)%	(5.4)%	(27.3)%

2. Breakdown of net gain on trading (millions of yen)

	Fiscal 2006 (2007/3)	Fiscal 2007 (2008/3)	Yr/yr change
Stock and other	24,146	2,814	(88.3)%
Bond, forex and other	92,482	51,806	(44.0)%
Total	116,629	54,620	(53.2)%

Quarterly consolidated statements of operations

(millions of yen)

	Fiscal 2006	Fiscal 2007			
	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter
	Jan. 1, 2007 - Mar. 31, 2007	Apr. 1, 2007 - Jun. 30, 2007	Jul. 1, 2007 - Sep. 30, 2007	Oct. 1, 2007 - Dec. 31, 2007	Jan. 1, 2008 - Mar. 31, 2008
Operating revenues	85,786	82,499	56,563	69,075	34,130
Commissions	23,412	18,932	18,630	17,022	22,876
Brokerage commission	7,615	7,130	7,187	6,838	5,677
(Stock and other)	7,458	6,992	7,070	6,718	5,579
Underwriting commission	9,673	7,323	6,484	5,022	6,614
(Stock and other)	6,650	4,160	4,136	2,290	3,886
(Bond and other)	2,801	3,046	2,255	2,572	2,576
Distribution commission	393	541	281	241	684
(Beneficiary certificates)	217	283	179	115	79
Other commission	5,730	3,936	4,677	4,919	9,900
(Beneficiary certificates)	504	445	439	421	380
Net gain (loss) on trading	36,138	33,434	11,439	29,061	(19,314)
(Stock and other)	6,155	16,239	(5,999)	2,655	(10,081)
(Bond and other)	29,982	17,194	17,438	26,405	(9,232)
Net gain (loss) on private equity and other securities	7,269	7,609	7,063	942	8,105
Interest and dividend income	18,966	22,523	19,431	22,049	22,462
Interest expenses	17,926	18,268	19,022	21,601	21,423
Net operating revenues	67,859	64,231	37,541	47,474	12,707
Selling general and administrative expenses:	43,013	40,859	40,781	40,571	39,967
Commission and other expenses	17,395	14,356	15,706	13,732	14,308
Employees' compensation and benefits	12,197	12,597	10,896	11,774	10,013
Occupancy and rental	3,699	3,500	3,599	3,994	4,274
Data processing and office supplies	4,845	5,123	5,358	5,556	5,538
Depreciation expenses	3,008	3,063	3,322	3,420	3,653
Taxes other than income taxes	993	1,059	918	894	782
Others	873	1,159	978	1,198	1,396
Operating income	24,845	23,371	(3,239)	6,902	(27,259)
Non-operating income	303	1,311	862	384	1,146
Non-operating expenses	262	274	201	382	1,188
Ordinary income	24,887	24,408	(2,578)	6,904	(27,302)
Extraordinary gains	-	6	0	(1)	(4)
Extraordinary losses	5,251	-	456	-	1,090
Income before income taxes and minority interests	19,635	24,415	(3,036)	6,902	(28,397)
Income taxes - current	11,733	7,896	629	1,374	(7,255)
Income taxes - deferred	(8,079)	1,343	(1,650)	1,900	1,285
Minority interests	(25)	(45)	(52)	(20)	(80)
Net income	15,956	15,130	(2,067)	3,607	(22,506)
Net financial income included in net operating revenues	1,039	4,255	408	447	1,039

<Reference>

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

Balance sheets

(millions of yen)

	Fiscal 2006	Fiscal 2007	Comparison with Fiscal 2006	
	Mar. 31, 2007	Mar. 31, 2008	Increase/Decrease	Yr/yr change
Assets				
Current assets:	9,190,900	12,716,460	3,525,560	38.4%
Cash and deposits	52,658	56,643	3,984	7.6%
Cash segregated as deposits for regulatory purposes	30,043	24,043	(5,999)	(20.0)%
Trading assets:	4,364,842	7,114,704	2,749,861	63.0%
Trading securities and others	3,511,488	5,531,582	2,020,093	57.5%
Derivative assets	853,353	1,583,121	729,768	85.5%
Trading receivables, net	9,784	201,763	191,978	-
Receivables related to margin transactions:	241,058	175,217	(65,841)	(27.3)%
Customer margin loans	7,570	788	(6,782)	(89.6)%
Cash deposits as collateral for securities	233,488	174,429	(59,058)	(25.3)%
Collateralized short-term financing agreements:	4,067,408	4,530,393	462,985	11.4%
Cash deposits as collateral for securities borrowed	3,690,354	3,866,450	176,096	4.8%
Receivables related to gensaki transactions	377,053	663,942	286,889	76.1%
Short-term guarantee money deposited	31,781	61,156	29,374	92.4%
Short-term loans receivable	361,580	471,975	110,395	30.5%
Accrued income	9,483	13,620	4,136	43.6%
Deferred tax assets-current	2,552	4,523	1,971	77.2%
Other current assets	19,931	62,533	42,602	213.7%
Less: Allowance for doubtful accounts-current	(226)	(114)	111	-
Non-current assets:	128,605	142,332	13,727	10.7%
Tangible fixed assets	3,796	4,037	241	6.4%
Intangible fixed assets	39,529	51,975	12,446	31.5%
Investments and others:	85,279	86,319	1,040	1.2%
Investment securities	64,373	71,664	7,290	11.3%
Long-term loans receivable	10,618	45	(10,573)	(99.6)%
Long-term guarantee deposits	5,009	8,442	3,432	68.5%
Deferred tax assets-non-current	3,391	3,744	353	10.4%
Other investments	2,397	2,860	463	19.3%
Less: Allowance for doubtful accounts-non-current	(511)	(437)	73	-
Total assets	9,319,505	12,858,793	3,539,288	38.0%

	Fiscal 2006	Fiscal 2007	Comparison with Fiscal 2006	
	Mar. 31, 2007	Mar. 31, 2008	Increase/Decrease	Yr/yr change
Liabilities				
Current liabilities:	7,843,373	11,330,543	3,487,170	44.5%
Trading liabilities:	3,535,328	4,258,409	723,081	20.5%
Trading securities and others	2,838,818	3,024,808	185,989	6.6%
Derivative liabilities	696,509	1,233,601	537,091	77.1%
Payables related to margin transactions:	201,105	180,124	(20,980)	(10.4)%
Payable to securities finance companies	22	-	(22)	-
Proceeds of securities sold for customers' accounts	201,082	180,124	(20,958)	(10.4)%
Collateralized short-term financing agreements:	2,383,944	4,289,984	1,906,040	80.0%
Cash deposits as collateral for securities loaned	1,598,568	2,924,870	1,326,301	83.0%
Payables related to gensaki transactions	785,375	1,365,114	579,738	73.8%
Deposits received	17,604	28,729	11,125	63.2%
Cash deposits received as guarantee	17,841	11,945	(5,895)	(33.0)%
Short-term borrowings	1,313,049	2,005,295	692,246	52.7%
Commercial paper	301,500	488,300	186,800	62.0%
Medium-term notes due within one year	25,912	10,613	(15,299)	(59.0)%
Accrued expenses	14,981	14,209	(772)	(5.2)%
Income taxes payable	239	188	(50)	(21.2)%
Allowance for relocation costs of headquarter office	-	4,897	4,897	-
Other current liabilities	31,867	37,845	5,978	18.8%
Non-current liabilities:	894,968	977,095	82,126	9.2%
Medium-term notes	727,473	787,341	59,868	8.2%
Long-term debt	158,500	185,000	26,500	16.7%
Retirement benefits	4,446	4,596	150	3.4%
Allowance for relocation costs of headquarter office	4,200	-	(4,200)	-
Other non-current liabilities	349	157	(192)	(55.0)%
Statutory reserves:	5,365	5,409	43	0.8%
Total liabilities	8,743,707	12,313,048	3,569,341	40.8%
Net Assets				
Owners' equity	574,067	545,086	(28,980)	(5.0)%
Common stock	255,700	255,700	-	-
Capital surplus	167,421	167,421	-	-
Retained earnings	150,946	121,965	(28,980)	(19.2)%
Valuation and translation adjustments	1,730	657	(1,072)	(62.0)%
Net unrealized gain (loss) on securities, net of tax effect	1,730	657	(1,072)	(62.0)%
Total net assets	575,797	545,744	(30,052)	(5.2)%
Total liabilities and net assets	9,319,505	12,858,793	3,539,288	38.0%

Statements of operations

(millions of yen)

	Fiscal 2006	Fiscal 2007	Comparison with the Fiscal 2006	
	Apr. 1, 2006 - Mar. 31, 2007	Apr. 1, 2007 - Mar. 31, 2008	Increase/ Decrease	Yr/yr change
Operating revenues	240,709	175,118	(65,590)	(27.2)%
Commissions	92,633	65,640	(26,993)	(29.1)%
Net gain (loss) on trading	103,271	47,769	(55,501)	(53.7)%
Interest and dividend income	44,804	61,708	16,904	37.7%
Interest expenses	38,789	57,278	18,488	47.7%
Net operating revenues	201,919	117,839	(84,079)	(41.6)%
Selling, general and administrative expenses:	146,103	131,696	(14,406)	(9.9)%
Commission and other expenses	73,156	57,239	(15,916)	(21.8)%
Employees' compensation and benefits	30,042	26,439	(3,602)	(12.0)%
Occupancy and rental	11,057	11,979	921	8.3%
Data processing and office supplies	16,355	19,350	2,995	18.3%
Depreciation expenses	10,544	12,038	1,493	14.2%
Taxes other than income taxes	2,742	2,165	(576)	(21.0)%
Others	2,205	2,483	278	12.6%
Operating income	55,815	(13,856)	(69,672)	-
Non-operating income	15,970	8,980	(6,989)	(43.8)%
Non-operating expenses	793	1,708	914	115.3%
Ordinary income	70,992	(6,584)	(77,577)	-
Extraordinary gains	-	0	0	-
Extraordinary losses	6,068	1,518	(4,549)	(75.0)%
Income before income taxes	64,924	(8,103)	(73,027)	-
Income taxes-current	22,253	(3,549)	(25,803)	-
Income taxes-deferred	2,800	(1,527)	(4,327)	-
Net income	39,869	(3,026)	(42,896)	-
Net financial income included in net operating revenues	6,014	4,429	(1,584)	(26.4)%

Supplemental information for the fiscal ended, 2007

(Apr. 1, 2007 –Mar. 31, 2008)

1. Breakdown of commission revenue

(1) Activity

(millions of yen)

	Fiscal 2006 (2007/3)	Fiscal 2007 (2008/3)	Yr/yr Change
Brokerage commission	19,902	17,889	(10.1)%
Stock and other	19,767	17,756	(10.2)%
Underwriting commission	48,314	23,495	(51.4)%
Stock and other	38,235	12,822	(66.5)%
Bond and other	8,926	10,155	13.8%
Distribution commission	1,248	1,748	40.0%
Beneficiary certificates	879	658	(25.1)%
Other commission	23,168	22,507	(2.9)%
Beneficiary certificates	1,863	1,687	(9.5)%
Total	92,633	65,640	(29.1)%

(2) Asset class

(millions of yen)

	Fiscal 2006 (2007/3)	Fiscal 2007 (2008/3)	Yr/yr Change
Stock and other	59,301	31,990	(46.1)%
Bond and other	10,761	11,238	4.4%
Beneficiary certificates	2,853	2,456	(13.9)%
Others	19,717	19,954	1.2%
Total	92,633	65,640	(29.1)%

2. Breakdown of net gain (loss) on trading

(millions of yen)

	Fiscal 2006 (2007/3)	Fiscal 2007 (2008/3)	Yr/yr Change
Stock and other	17,298	(3,115)	-
Bond, Forex and other	85,972	50,885	(40.8)%
Total	103,271	47,769	(53.7)%

3. Capital adequacy ratio

(millions of yen)

		Fiscal 2006 (2007/3)	Fiscal 2007 (2008/3)
Basic item (A)		548,113	545,086
Supplementary item	Valuation profits of investment securities	1,730	657
	Statutory reserve	5,365	5,409
	Allowance for doubtful accounts	226	114
	Subordinated borrowings	210,000	160,000
Total (B)		217,322	166,182
Assets excluded from capital (C)		126,881	151,000
Net capital (A)+(B)-(C) (D)		638,553	560,268
Risk equivalent	Market risk equivalent	59,041	93,036
	Counterparty risk equivalent	43,408	50,089
	Basic risk equivalent	34,775	38,964
	Total (E)	137,225	182,089
Capital adequacy ratio (D)/(E)		465.3%	307.6%

Quarterly statements of operations

(millions of yen)

	Fiscal 2006	Fiscal 2007			
	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter
	Jan. 1, 2007 - Mar. 31, 2007	Apr. 1, 2007 - Jun. 30, 2007	Jul. 1, 2007 - Sep. 30, 2007	Oct. 1, 2007 - Dec. 31, 2007	Jan. 1, 2008 - Mar. 31, 2008
Operating revenues	64,232	58,894	40,523	56,560	19,140
Commissions	19,826	16,044	15,652	13,904	20,038
Brokerage commissions	5,605	5,216	4,582	4,315	3,774
(Stock and other)	5,567	5,186	4,545	4,269	3,754
Underwriting commission	8,248	6,423	6,306	4,558	6,206
(Stock and other)	5,381	3,597	3,925	1,855	3,444
(Bond and other)	2,645	2,710	2,288	2,546	2,610
Distribution commission	393	541	312	210	684
(Beneficiary certificate)	217	283	179	115	79
Other commission	5,577	3,863	4,451	4,819	9,373
(Beneficiary certificate)	504	445	439	421	380
Net gain (loss) on trading	32,087	29,810	10,158	26,922	(19,122)
(Stock and other)	4,271	14,595	(7,282)	1,009	(11,437)
(Bond and other)	27,816	15,214	17,441	25,913	(7,684)
Interest and dividend income	12,318	13,039	14,711	15,733	18,223
Interest expenses	11,946	11,595	13,712	15,155	16,815
Net operating revenues	52,286	47,298	26,811	41,405	2,325
Selling, general and administrative expenses	36,052	33,652	33,304	32,445	32,294
Commission and other expenses	18,049	14,167	15,258	13,150	14,663
Employees' compensation and benefits	7,390	7,923	6,485	7,092	4,936
Occupancy and rental	2,934	2,722	2,779	3,108	3,368
Data processing and office supplies	4,163	4,816	4,741	4,923	4,869
Depreciation expenses	2,666	2,711	2,972	3,051	3,302
Taxes other than income taxes	623	726	508	520	410
Others	224	584	557	598	743
Operating income	16,234	13,646	(6,492)	8,959	(29,969)
Non-operating income	254	7,987	50	369	572
Non-operating expenses	155	198	19	406	1,082
Ordinary income	16,333	21,434	(6,461)	8,922	(30,480)
Extraordinary gains	-	6	0	(1)	(4)
Extraordinary losses	5,130	-	448	-	1,069
Income before income taxes	11,203	21,441	(6,911)	8,920	(31,554)
Income taxes - current	8,657	5,387	(1,683)	2,259	(9,513)
Income taxes - deferred	(3,846)	655	(1,013)	1,565	(2,735)
Net income	6,392	15,398	(4,214)	5,095	(19,305)
Net financial income included in net operating revenues	372	1,443	999	578	1,408