



May 31, 2006

Press Release

Company Name: Daiwa Securities Group Inc.

Representative: Shigeharu Suzuki, President

Contact: Mikita Komatsu, General Manager, Finance Dept.

2-6-4, Otemachi, Chiyoda-ku, Tokyo, 100-8101, Japan

Phone: +813-3243-2100

URL: [Http://www.daiwa.jp/ir/english/](http://www.daiwa.jp/ir/english/)

Additional information on financial summary
for fiscal year ended March 31, 2006

The Company announces additional information to Consolidated financial summary and Non-consolidated financial summary for fiscal year ended March 31, 2006 disclosed on April 26, 2006.

[Consolidated financial summary for fiscal year ended March 31, 2006]

(Transactions with related parties)

For Fiscal 2005 (from April 1, 2005 to March 31, 2006)

Not applicable.

(Deferred income tax assets / liabilities)

1. Details of deferred income tax assets and liabilities at March 31, 2006 are as follows:

	Millions of yen
Deferred income tax assets	
Net operating losses carry-forward	25,656
Write-down of investment securities	10,636
Employee retirement benefits	8,026
Employee compensation and bonuses	15,278
Provision for doubtful accounts	2,422
Loss on impairment of fixed assets	7,247
Enterprise tax payable	8,337
Allowance for possible investment losses	5,425
Other	10,308
Gross deferred income tax assets	93,339
Less: Valuation allowance	-51,823
Total deferred income tax assets	41,516
Deferred income tax liabilities	
Net unrealized gain on securities	51,926
Other	2,008
Total deferred income tax liabilities	53,935
Net deferred tax liabilities	12,419

2. A reconciliation of difference between the statutory income tax rate and the effective income tax rate for the year ended March 31, 2006 is as follows:

Statutory income tax rate	40.69%
(Reconciliation)	
Valuation allowance	-8.98%
Permanent difference (Non-taxable)	-0.28%
Permanent difference (Non-deductible)	0.29%
Lower tax rate applicable to income of foreign subsidiaries	-0.60%
Adjustment of unrealized gain	0.58%
Other	-1.48%
Effective income tax rate	30.22%

(Securities)

1. Securities held for trading purpose

Trading securities

(Millions of yen)

Type of securities	Fiscal 2005 Mar. 31, 2006		Fiscal 2004 Mar. 31, 2005	
	Assets	Liabilities	Assets	Liabilities
Equities	371,947	99,551	332,397	98,689
Bonds	4,005,131	3,216,833	4,187,216	3,094,627
Commercial paper and certificates of deposits	8,032	-	38,283	-
Beneficiary certificates	95,498	5,471	130,574	3,315
Other	10,602	-	2,076	-
Changes in the market values reflected in the income statements for the relevant fiscal year	-14,343	39,560	24,210	-24,824

2. Securities held for non-trading purpose

(1) Trading securities

(Millions of yen)

Category	Fiscal 2005 Mar. 31, 2006	Fiscal 2004 Mar. 31, 2005
Carrying Amount	3,542	-
Changes in the market values reflected in the income statements for the relevant fiscal year	336	-

(2) Held-to-maturity debt securities for which market value is available

(Millions of yen)

Type of securities	Fiscal 2005 Mar. 31, 2006			Fiscal 2004 Mar. 31, 2005		
	Carrying Amount	Market value	Difference	Carrying Amount	Market value	Difference
Securities with market value not greater than carrying amount	2,509	2,501	-7	2,125	2,118	-7
Government bonds, local government bonds, etc.	2,509	2,501	-7	2,125	2,118	-7
Corporate Bonds	-	-	-	-	-	-
Other	-	-	-	-	-	-

(3) Other securities for which market value is available

(Millions of yen)

Type of securities	Fiscal 2005 Mar. 31, 2006			Fiscal 2004 Mar. 31, 2005		
	Cost	Carrying Amount	Difference	Cost	Carrying Amount	Difference
Securities with carrying amount greater than cost	91,726	214,385	122,658	78,307	142,904	64,596
Equities	81,355	202,067	120,712	70,942	134,810	63,868
Bonds	150	158	8	150	152	2
Government bonds, local government bonds, etc.	-	-	-	-	-	-
Corporate Bonds	-	-	-	-	-	-
Other	150	158	8	150	152	2
Other	10,220	12,159	1,938	7,215	7,940	724
Securities with carrying amount not greater than cost	4,635	4,373	-261	9,933	9,103	-830
Equities	1,137	1,059	-77	3,451	2,933	-518
Bonds	-	-	-	-	-	-
Government bonds, local government bonds, etc.	-	-	-	-	-	-
Corporate Bonds	-	-	-	-	-	-
Other	-	-	-	-	-	-
Other	3,498	3,314	-183	6,482	6,170	-311

(Note) The difference between market value and the carrying amount is recognized as loss in the period of the decline. (2 million yen for Fiscal 2004 and 42 million yen for Fiscal 2005)

If the market value of securities declines significantly (by more than 50% of its cost), the loss is recognized for the difference between its market value and the carrying amount. If the market value of securities declines by between 30% to 50% of its cost, the possibility of recovery of market value is tested based on factors including the movements of share prices for the past 2 years and financial conditions of the issuer, and the loss is recognized in case it is deemed that the possibility of recovery of market value is remote.

(4) Other securities sold during Fiscal 2004 and Fiscal 2005

(Millions of yen)

Category	Fiscal 2005 Apr. 1, 2005-Mar. 31, 2006	Fiscal 2004 Apr. 1, 2004-Mar. 31, 2005
Sales amount	30,237	61,218
Total gain on sale	14,472	10,207
Total loss on sale	1,608	1,834

(5) Securities that do not have market value and their carrying amount (Millions of yen)

Type of securities	Fiscal 2005 Mar. 31, 2006	Fiscal 2004 Mar. 31, 2005
	Carrying Amount	Carrying Amount
Other securities	409,626	164,450
Equities	253,178	60,020
Bonds	659	741
Limited partnership and similar partnership	133,157	84,621
Other	22,630	19,066

(6) Maturity profile of other securities with maturities and held-to-maturity debt securities

(Millions of yen)

Type of securities	Fiscal 2005 Mar. 31, 2006				Fiscal 2004 Mar. 31, 2005			
	Less than 1 year	1 to 5 years	5 to 10 years	Greater than 10 years	Less than 1 year	1 to 5 years	5 to 10 years	Greater than 10 years
Bonds								
Government bonds, Local government bonds, etc.	2,509	-	-	-	2,125	-	-	-
Corporate bonds	155	313	-	-	112	239	-	-
Other	-	158	-	-	-	152	-	-
Other	-	799	-	-	-	542	-	-
Total	2,664	1,270	-	-	2,238	934	-	-

[Non-consolidated financial summary for fiscal year ended March 31, 2006]

(Deferred income tax assets / liabilities)

1. Details of deferred income tax assets and liabilities at March 31, 2006 are as follows:

Deferred income tax assets	Millions of yen
Write-down of investment in subsidiaries	73,353
Write-down of investment securities	9,196
Provision for doubtful accounts	3,805
Net operating losses carry-forward	3,270
Other	2,523
Gross deferred income tax assets	92,149
Less: Valuation allowance	-91,584
Total deferred income tax assets	564
Deferred income tax liabilities	
Net unrealized gain on securities	38,739
Total deferred income tax liabilities	38,739
Net deferred tax liabilities	38,174

2. A reconciliation of difference between the statutory income tax rate and the effective income tax rate for the year ended March 31, 2006 is as follows:

Statutory income tax rate	40.69%
(Reconciliation)	
Valuation allowance	-76.88%
Permanent difference (Non-taxable)	-27.64%
Permanent difference (Non-deductible)	1.17%
Inhabitant tax on per capita basis	0.03%
Effective income tax rate	-62.62%