

Daiwa Securities SMBC Co. Ltd.

1-8-1 Marunouchi Chiyoda-ku

Tokyo 100-8289, Japan

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

April 27, 2005

Consolidated financial summary

(For fiscal year ended March 31, 2005)

(1) Consolidated Operating results (from April 1, 2004 to March 31, 2005)

(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
Fiscal 2004 (2005/3)	249,649	26.2%	222,390	22.7%	83,560	57.1%
Fiscal 2003 (2004/3)	197,882		181,285		53,200	

	Ordinary income		Net income		Return on stockholders' equity
	Millions of yen	Yr/yr change	Millions of yen	Yr/yr change	(Annual basis)
Fiscal 2004 (2005/3)	85,176	57.4%	54,034	63.0%	12.4%
Fiscal 2003 (2004/3)	54,118		33,156		8.6%

(Note) Change in accounting policies: None

(2) Consolidated Financial conditions

	Total assets	Stockholders' equity	Stockholders' equity ratio	Capital adequacy ratio(Note2)
	Millions of yen	Millions of yen		
As of Mar. 31, 2005	9,675,380	466,751	4.8%	355.4%
As of Mar. 31, 2004	8,195,276	401,946	4.9%	336.8%

(Note) 1.Number of shares outstanding (consolidated):

As of Mar. 31, 2005: 3,200

As of Mar. 31, 2004: 3,200

2.Capital adequacy ratio is non-consolidated figure of Daiwa Securities SMBC Co. Ltd.

(3) Scope of consolidation and equity method

Consolidated subsidiaries: 17 Companies

Affiliates applicable of equity method: 1Company

(4) Changes in scope of consolidation and equity method

Affiliates applicable of equity method: 1Company(addition)

Representative: Tatsuei Saito, President

Contact: Tenzan Watanabe, General Manager, Treasury Department

Date of Board of directors' meeting: April 26, 2005

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

Phone: +813-5533-8000

This 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 fiscal 2003)****(1) Commissions**

For the fiscal year ended March 31, 2005, total commission revenues amounted to 91,732 million yen (19.5% up). In segments, 17,283 million yen (17.1% up) were earned in Equity, 2,704 million yen (18.2% down) in Fixed Income, 2,083 million yen (25.2% up) in Investment Trust, and 67,542 million yen (23.3% up) in Investment Banking. The components of the commissions received are set forth below:

a) Brokerage Commissions

Total Brokerage Commissions increased to 17,687 million yen (16.4% up) reflecting the active market condition with increased daily average volume of stocks traded on the Tokyo Stock Exchange (1,425.5 billion yen, 21.6% up).

b) Underwriting Commissions

Underwriting Commissions increased to 54,456 million yen (16.9% up). Underwriting commissions derived from equity increased to 44,547 million yen (20.8% up) due to an increase of PO and IPO underwriting issues. On the other hand, underwriting Commissions derived from fixed income decreased to 8,573 million yen (4.4% down).

c) Distribution Commissions

Revenues in distribution commissions generated 1,013 million yen (17.7% up).

d) Other Commissions

Other commissions in Investment Banking increased to 12,786 million yen (62.4% up) due to increased fees received in M&A operations. Consequently, overall Other Commissions amounted to 18,575 million yen (31.4% up).

(2) Net Gain (Loss) on Trading

Net Gain on Trading increased to 118,304 million yen (51.3% up). Net trading gains in equity increased to 50,537 million yen (6.2% up), and net trading gains from fixed income together with those from foreign exchange transactions increased to 67,767 million yen (121.5% up).

(3) Net Interest and Dividend Income

Interest and Dividend Income totaled 40,777 million yen, whereas Interests Expenses totaled 27,258 million yen. Net Interest and Dividend Income came to 13,518 million yen.

(4) Selling, General and Administrative Expenses

Of the Selling, General and Administrative Expenses, Commissions paid totaled 51,144 million yen (8.6% up), personnel expenses totaled 39,857 million yen (7.4% up), Data processing & office supplies totaled 16,368 million yen (12.1% up), Real estate expenses totaled 12,636 million yen (1.1% up), and Depreciation expenses totaled 12,326 million yen (8.4% up). Overall Selling, General and Administrative Expenses came to 138,830 million yen, an 8.4% increase compared to the last year.

In conclusion, Operating Revenues for the fiscal 2004 came to 249,649 million yen (26.2% up), and Net Operating Revenues to 222,390 million yen (22.7% up). Operational Income came to 83,560 million yen (57.1% up), and Ordinary Income to 85,176 million yen (57.4% up). Finally, subtracting income taxes and minority interest in income from Ordinary Income, Net Income for the fiscal 2004 came to 54,034 million yen (63.0% up).

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

For the fiscal year ended March 31, 2005, total assets increased by 1,480.1 billion yen to 9,675.3 billion yen reflecting increases in Trading assets by 1,161.7 billion yen, and Receivable on collateralized securities transactions by 800.6 billion yen.

Total liabilities increased by 1,415.2 billion yen to 9,207.6 billion yen, which is primarily attributable to increases in Trading liabilities by 695.5 billion yen and short-term borrowings by 898.2 billion yen, and a decrease in Payable on collateralized securities transactions by 288.1 billion yen. The company newly issued 220.9 billion yen of corporate bonds to raise its funds. Total stockholders' equity increased by 64.8 billion yen to 466.7 billion yen compared to the fiscal 2003.

Consolidated Balance Sheets

(millions of yen)

	Fiscal 2004 Mar. 31, 2005	Fiscal 2003 Mar. 31, 2004	Increase/ Decrease
Assets			
Current assets:	9,603,353	8,046,267	1,557,085
Cash and time deposits	114,712	115,661	(948)
Cash segregated as deposits	21,411	22,790	(1,379)
Trading assets:	5,082,914	3,921,178	1,161,736
Trading securities and others	4,535,355	3,423,487	1,111,867
Derivative assets	547,559	497,690	49,868
Trade date accrual	34,726	523,401	(488,674)
Operational investment securities	99,104	8,759	90,344
Less: Allowance for possible investment losses	(1,165)	-	(1,165)
Receivables related to margin transactions:	183,698	141,196	42,502
Loans receivable from customer for margin transactions	1,843	1,972	(129)
Cash deposits as collateral for securities borrowed from securities finance companies	181,855	139,223	42,632
Receivables on collateralized securities transactions:	3,937,749	3,137,096	800,652
Cash deposits as collateral for securities borrowed	3,801,100	3,072,170	728,929
Receivables related to Gensaki transactions	136,649	64,926	71,723
Short-term loans receivable	67,881	73,756	(5,874)
Accrued income	9,640	8,847	793
Deferred income tax assets - current	644	1,658	(1,014)
Other current assets	52,222	92,105	(39,883)
Less: Allowance for doubtful accounts - current	(187)	(184)	(3)
Non-current assets:	72,027	149,008	(76,981)
Tangible fixed assets	5,835	6,351	(516)
Intangible fixed assets	31,710	33,944	(2,234)
Investments and others:	34,481	108,712	(74,230)
Investment securities	18,618	8,721	9,896
Long-term loans receivable	514	130	384
Long-term guarantee deposits	6,092	6,512	(419)
Deferred income tax assets - non-current	2,945	31,706	(28,761)
Other investments	6,830	62,255	(55,424)
Less: Allowance for doubtful accounts - non-current	(520)	(613)	93
Total assets	9,675,380	8,195,276	1,480,104

(millions of yen)

	Fiscal 2004 Mar. 31, 2005	Fiscal 2003 Mar. 31, 2004	Increase/ Decrease
Liabilities			
Current liabilities:	8,548,482	7,263,653	1,284,829
Trading liabilities:	3,576,997	2,881,439	695,557
Trading securities and others	3,116,237	2,413,821	702,415
Derivative liabilities	460,759	467,617	(6,858)
Payables related to margin transactions:	127,198	80,149	47,048
Proceeds of securities sold for margin transactions	127,198	80,149	47,048
Payables on collateralized securities transactions	2,408,224	2,696,366	(288,141)
Cash deposits as collateral for securities loaned	2,017,492	2,026,838	(9,346)
Payables related to Gensaki transactions	390,731	669,527	(278,795)
Deposits received	23,249	21,022	2,227
Cash deposits received from customers	22,000	25,389	(3,389)
Short-term borrowings	2,129,930	1,231,723	898,206
Commercial paper	175,220	273,722	(98,502)
Bonds due within one year	27,397	10,173	17,224
Accrued income taxes	7,604	394	7,210
Accrued bonuses	7,160	5,883	1,276
Other current liabilities	43,500	37,389	6,110
Non-current liabilities:	654,825	524,793	130,031
Bonds	537,131	413,959	123,172
Long-term borrowings	111,997	105,058	6,939
Accrued retirement benefits	4,034	3,654	380
Other non-current liabilities	1,661	2,122	(460)
Statutory reserves:	4,351	3,982	369
Reserve for securities transaction liabilities	4,351	3,981	369
Reserve for financial futures transaction liabilities	0	0	-
Total liabilities	9,207,659	7,792,429	1,415,230
Minority interest	969	900	68
Stockholders' equity			
Common stock	205,600	205,600	-
Capital surplus	117,321	117,321	-
Earned surplus	128,464	74,682	53,782
Net unrealized gain (loss) on investment securities, net of tax effect	10,426	2,063	8,362
Translation adjustments	4,940	2,279	2,660
Total stockholders' equity	466,751	401,946	64,805
Total liabilities, minority interest and stockholders' equity	9,675,380	8,195,276	1,480,104

Consolidated income statements

(millions of yen)

	Fiscal 2004 Apr. 1, 2004 - Mar. 31, 2005	Fiscal 2003 Apr. 1, 2003 - Mar. 31, 2004	Increase/ Decrease	Yr/yr % change
Operating revenues	249,649	197,882	51,767	26.2%
Commissions	91,732	76,782	14,950	19.5%
Net gain (loss) on trading	118,304	78,167	40,137	51.3%
Net gain (loss) on operational investment securities	(1,165)	-	(1,165)	-
Interest and dividend income	40,777	42,932	(2,155)	(5.0)%
Interest expenses	27,258	16,596	10,662	64.2%
Net operating revenues	222,390	181,285	41,105	22.7%
Selling, general and administrative expenses:	138,830	128,084	10,746	8.4%
Commission and other expenses	51,144	47,097	4,046	8.6%
Employees' compensation and benefits	39,857	37,109	2,748	7.4%
Real estate expenses	12,636	12,497	139	1.1%
Data processing and office supplies	16,368	14,607	1,760	12.1%
Depreciation expenses	12,326	11,375	951	8.4%
Taxes other than income taxes	3,804	2,797	1,006	36.0%
Others	2,692	2,599	93	3.6%
Operating income	83,560	53,200	30,359	57.1%
Non-operating income	1,945	1,588	357	22.5%
Non-operating expenses	329	670	(340)	(50.9)%
Ordinary income	85,176	54,118	31,057	57.4%
Extraordinary gains	2,107	477	1,629	341.0%
Extraordinary losses	1,150	4,306	(3,155)	(73.3)%
Income before income taxes and others	86,133	50,290	35,842	71.3%
Income taxes-current	7,992	516	7,476	-
Income taxes-deferred	24,064	16,512	7,552	45.7%
Minority interest in income	(42)	(104)	62	-
Net income	54,034	33,156	20,877	63.0%
Net financial income included in Net operating revenues	13,518	26,335	(12,817)	(48.7)%

Consolidated statements of retained earnings

(millions of yen)

	Fiscal 2004 Apr. 1, 2004 - Mar. 31, 2005	Fiscal 2003 Apr. 1, 2003 - Mar. 31, 2004
Capital surplus		
Beginning balance of capital surplus	117,321	117,321
Increase in capital surplus	-	-
Decrease in capital surplus	-	-
Ending balance of capital surplus	117,321	117,321
Earned surplus		
Beginning balance of earned surplus	74,682	47,125
Increase in earned surplus:	54,034	33,156
Net income	54,034	33,156
Decrease in earned surplus	252	5,600
Dividends	-	5,600
Directors' bonuses	252	-
Ending balance of earned surplus	128,464	74,682

Notes to consolidated financial statements

The consolidated financial statements of the Company for fiscal year ended March 31, 2005 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 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 Europe Limited
Daiwa Securities SMBC Asia Holding B.V.
Daiwa Securities SMBC Hong Kong Limited
Daiwa Securities SMBC Singapore Limited
Daiwa Securities SMBC Principal Investments Co. Ltd.

Each amount of total assets, operating revenues (or sales), net income corresponding to equity holdings and earned surplus 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.

Daiwa SMBC-SSC Securities Co. Ltd. is newly added to the scope of equity method due to its establishment during this fiscal year. Each amount of net income corresponding to equity holdings and earned surplus 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, 2005, the financial statements for the relevant fiscal year are reflected.

3. Fiscal period of subsidiaries

For subsidiaries with the fiscal year ending other than March 31, 2005, the financial statements for the relevant fiscal year are employed and important transactions occurred by discrepancies with closing account date are adjusted for this consolidated financial statements.

4. Accounting Policies

(1) Valuation of financial instruments and inventories

(i) Valuation of trading securities

In terms of domestic consolidated companies, securities, derivative transactions, and assets or liabilities in trading account are recorded at fair value. In terms of consolidated overseas subsidiaries, those policies are mainly applied.

(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 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. Of those securities with no fair value available, investments in limited partnership, which are regarded as equivalent to securities by the amendment of Securities and Exchange Law in 2004, share of net income raised by the partnerships has been reflected on Income statements of this fiscal year and share of net unrealized profits and losses on securities held by the partnerships directly into stockholders' equity. Operational investment securities held by a certain consolidated subsidiary are categorized in current assets.

- (2) Depreciation of depreciable assets
 - (i) Tangible fixed assets
In terms of domestic consolidated companies, declining-balance method is mainly applied, and straight-line method is applied to the building (excluding appendixes) acquired after April 1, 1998. Useful life for depreciation is mainly based on Corporation Tax Law. In terms of consolidated overseas subsidiaries, straight-line method is mainly applied.
 - (ii) Intangible fixed assets, and investments and others
Straight-line method is applied, and useful life for depreciation is mainly based on Corporation Tax Law. Software for in-house use is depreciated under straight-line method based on internal estimated useful life (5years).
 - (3) Deferred assets
Expenses for issue of bond are amortized in a lump when incurred.
 - (4) Accounting policies for various provisions
 - (i) Provision for doubtful accounts
The domestic consolidated companies provide the allowances based on the historical deterioration rate as for normal loans, and the allowance specifically assessed as for doubtful and failed loans. The consolidated overseas subsidiaries mainly provide the allowances specifically assessed.
 - (ii) Allowance for possible investment losses
Certain consolidated subsidiary provides the allowance based on estimated losses on operational investment securities held at the consolidated fiscal year end, assessing the financial conditions of invested companies.
 - (iii) Accrued employees' bonuses
Estimated amount of employees' bonuses is accrued based on the Company's bylaws.
 - (iv) Accrued retirement benefits
The domestic consolidated companies provide accrued retirement benefits for employees in conformity with the bylaws to meet obligations as of March 31, 2005, 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. Other consolidated subsidiaries provide the estimated amounts of retirements benefits payable as of March 31, 2005.
 - (5) Accounting for certain lease transactions
Finance lease in which ownership is not transferred to a lessee are accounted for in the same manner as operating leases.
 - (6) Hedging transactions
A part of interests received or paid on interest rate swap for hedging are accrued without mark-to-market, and a premium or discount on forward exchange contracts to hedge foreign currency denominated deposits is allocated to each fiscal term without mark-to-market.
 - (7) Other material items
 - (i) Consumption taxes
Consumption taxes are separately recorded.
 - (ii) Consolidated tax system
Consolidated tax system is applied.
 - (iii) Impairment of fixed assets
'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) have been applied since last fiscal year.
5. Valuation of assets and liabilities of consolidated subsidiaries
Assets and liabilities of the consolidated subsidiaries are valued at fair value when the majority of ownership is acquired.

6. Amortization of consolidation adjustment account

Consolidation adjustment account is amortized in a lump sum when incurred due to its immateriality in amount.

7. Recording of appropriation of retained earnings

Appropriations of consolidated retained earnings in the consolidated statement of retained earnings are recorded in the fiscal year when the appropriations are resolved.

Changes in Presentation

In effect of this fiscal year, investments in limited partnership are categorized under securities account, due to the amendment of Securities and Exchange Law in 2004. In this effect, Other Investments decreased by 60,696 million yen, and Operational investment securities and Investment securities increased by 58,898 million yen and 1,797 million yen, respectively. There is no effect on Income statements.

Notes to consolidated balance sheets

1. Accumulated depreciation of tangible fixed assets

	As of Mar.31, 2005	As of Mar.31, 2004
	12,124 million yen	10,397 million yen

2. Guarantee

	As of Mar.31, 2005	As of Mar.31, 2004
	448 million yen	616 million yen

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)

	As of Mar. 31, 2005	As of Mar. 31, 2004
Short-term borrowings	102,004 million yen	1,519 million yen
Long-term borrowings	111,997 million yen	105,058 million yen

Notes to consolidated income statements

Details of extraordinary gains / losses

	As of Mar.31, 2005 million yen	As of Mar.31, 2004 million yen
Extraordinary gains:		
Gain on sale of investment securities	2,107	477
Extraordinary losses:		
Write-down of investment securities	159	1,386
Valuation loss of fixed assets	77	191
Loss on sale or disposal of fixed assets	544	-
Loss on sale of investment securities	-	77
Reorganization and relocation costs for business offices	-	1,417
Provision for securities transaction liabilities	369	916
Other	-	315

Supplemental information for the Fiscal 2004**1. Breakdown of commissions**

(millions of yen)

	Fiscal 2004 ended Mar. 31, 2005 (A)					
	Equity	Fixed income (Bond)	Investment Trust	Investment Banking	Others	Total
Brokerage commission	16,967	654	64	-	-	17,687
Underwriting	-	-	-	54,456	-	54,456
Stock and other	-	-	-	44,547	-	44,547
Bond and other	-	-	-	8,573	-	8,573
Distribution	-	-	713	300	-	1,013
Other commission	315	2,050	1,305	12,786	2,118	18,575
Agency commission	-	1,927	1,248	-	-	3,175
Total	17,283	2,704	2,083	67,542	2,118	91,732

(millions of yen)

	Fiscal 2003 ended Mar. 31, 2004 (B)					
	Equity	Fixed income (bond)	Investment Trust	Investment Banking	Other	Total
Brokerage commission	14,488	655	48	-	-	15,191
Underwriting	-	-	-	46,595	-	46,595
Stock and other	-	-	-	36,865	-	36,865
Bond and other	-	-	-	8,964	-	8,964
Distribution	-	-	532	329	-	861
Other commission	275	2,650	1,084	7,873	2,250	14,133
Agency commission	-	2,603	1,030	-	-	3,633
Total	14,764	3,305	1,665	54,797	2,250	76,782

(%)

	Yr/yr % change ((A)/(B)-1)					
	Equity	Fixed income (Bond)	Investment Trust	Investment Banking	Other	Total
Brokerage commission	17.1%	(0.0)%	33.0%	-	-	16.4%
Underwriting	-	-	-	16.9%	-	16.9%
Stock and other	-	-	-	20.8%	-	20.8%
Bond and other	-	-	-	(4.4)%	-	(4.4)%
Distribution	-	-	34.1%	(8.8)%	-	17.7%
Other commission	14.3%	(22.6)%	20.4%	62.4%	(5.9)%	31.4%
Agency commission	-	(26.0)%	21.1%	-	-	(12.6)%
Total	17.1%	(18.2)%	25.2%	23.3%	(5.9)%	19.5%

2. Breakdown of net gains on trading

(millions of yen)

	Fiscal 2004 (2005/03)	Fiscal 2003 (2004/03)	Yr/yr % change
Stock and other	50,537	47,569	6.2%
Bond, forex and other	67,767	30,597	121.5%
Bond and other	48,965	25,786	89.9%
Forex and other	18,801	4,810	290.8%
Total	118,304	78,167	51.3%

Quarterly consolidated income statements

(millions of yen)

	Fiscal 2004			
	First quarter Apr. 1, 2004 - Jun. 30, 2004	Second quarter Jul. 1, 2004 - Sep. 30, 2004	Third quarter Oct. 1, 2004 Dec. 31, 2004	Fourth quarter Jan. 1, 2005 Mar. 31, 2005
Operating revenues	59,206	62,355	50,518	77,569
Commissions	17,945	27,264	19,813	26,710
Brokerage commission	5,251	3,699	4,049	4,686
(Stock and other)	5,102	3,562	3,843	4,459
Underwriting commission	10,186	17,293	11,796	15,179
(Stock and other)	7,799	15,001	9,836	11,908
(Bond and other)	2,232	1,751	1,764	2,824
Distribution commission	226	133	148	506
(Beneficiary certificates)	206	87	124	295
Other commission	2,280	6,138	3,819	6,337
(Beneficiary certificates)	308	313	323	359
Net gain (loss) on trading	34,239	27,032	19,690	37,342
(Stock and other)	18,310	9,429	2,816	19,981
(Bond and other)	12,849	14,524	15,264	6,326
(Forex and other)	3,079	3,078	1,609	11,034
Net gain (loss) on operational investment securities	-	-	-	(1,165)
Interest and dividend income	7,021	8,059	11,014	14,681
Interest expenses	5,012	6,498	8,796	6,951
Net operating revenues	54,194	55,857	41,721	70,617
Selling general and administrative expenses:	31,676	36,350	33,279	37,523
Commission and other expenses	10,238	14,354	12,212	14,339
Employees' compensation and benefits	9,967	9,698	9,282	10,910
Real estate expenses	2,961	3,142	3,106	3,425
Data processing and office supplies	3,837	4,437	4,131	3,962
Depreciation expenses	3,113	3,007	3,031	3,174
Taxes other than income taxes	922	1,042	877	962
Others	635	668	638	749
Operating income	22,517	19,507	8,441	33,093
Non-operating income	476	474	366	628
Non-operating expenses	97	81	25	124
Ordinary income	22,897	19,899	8,783	33,596
Extraordinary gains	1	373	0	1,732
Extraordinary losses	-	208	(16)	958
Income before income taxes and others	22,899	20,064	8,798	34,371
Income taxes - current	115	166	191	7,518
Income taxes - deferred	8,293	6,637	2,979	6,154
Minority interest in income	(10)	(13)	(4)	(13)
Net income	14,479	13,246	5,623	20,684
Net financial income included in Net operating revenues	2,009	1,561	2,217	7,729

<Reference>

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

Balance Sheets

(millions of yen)

	Fiscal 2004 Mar.31,2005	Fiscal 2003 Mar. 31, 2004	Increase/ Decrease
Assets			
Current Assets:	8,932,207	7,446,596	1,485,611
Cash and deposits	58,900	67,093	(8,192)
Cash segregated as deposits	20,050	20,024	25
Trading assets:	4,771,070	3,697,892	1,073,177
Trading securities and others	4,224,157	3,200,420	1,023,737
Derivative assets	546,913	497,472	49,440
Trade date accrual	42,064	419,550	(377,485)
Receivables related to margin transactions:	183,698	141,196	42,502
Loans receivable from customer for margin transactions	1,843	1,972	(129)
Cash deposits as collateral for securities borrowed from securities finance companies	181,855	139,223	42,632
Receivables on collateralized securities transactions:	3,697,303	2,919,298	778,005
Cash deposits as collateral for securities borrowed	3,498,225	2,818,287	679,937
Receivables related to Gensaki transactions	199,078	101,010	98,067
Short-term guarantee money deposited	12,300	11,820	479
Short-term loans receivable	126,346	130,293	(3,946)
Accrued income	5,920	6,361	(441)
Deferred income tax assets	2,076	1,664	412
Other current assets	12,514	31,431	(18,917)
Less: Allowance for doubtful accounts-current	(40)	(31)	(9)
Non-current assets:	107,024	129,212	(22,187)
Tangible fixed assets	4,342	4,764	(421)
Intangible fixed assets	29,344	32,237	(2,893)
Investments and others:	73,337	92,210	(18,872)
Investment securities	60,838	51,418	9,419
Long-term loans receivable	2,207	26	2,180
Long-term guarantee deposits	5,236	5,734	(497)
Deferred income tax assets	2,898	30,837	(27,939)
Other investments	2,725	4,747	(2,021)
Less: Allowance for doubtful accounts-non-current	(569)	(554)	(14)
Total assets	9,039,231	7,575,808	1,463,423

(millions of yen)

	Fiscal 2004 Mar.31,2005	Fiscal 2003 Mar. 31, 2004	Increase/ Decrease
Liabilities			
Current liabilities:	7,962,726	6,680,982	1,281,743
Trading liabilities:	3,310,902	2,687,007	623,894
Trading securities and others	2,850,464	2,219,915	630,549
Derivative liabilities	460,437	467,092	(6,654)
Payables related to margin transactions:	127,198	80,149	47,048
Proceeds of securities sold for margin transactions	127,198	80,149	47,048
Payables on collateralized securities transactions	2,170,275	2,369,385	(199,110)
Cash deposits as collateral for securities loaned	1,626,237	1,678,734	(52,496)
Payables related to Gensaki transactions	544,037	690,651	(146,613)
Deposits received	8,148	8,834	(686)
Cash deposits received from customers	17,607	14,441	3,165
Short-term borrowings	2,098,647	1,224,300	874,347
Commercial paper	175,220	273,722	(98,502)
Bonds due within one year	27,397	10,173	17,224
Accrued expenses	8,862	6,174	2,687
Accrued income taxes	5,617	26	5,590
Other current liabilities	12,849	6,766	6,082
Non-current liabilities:	651,748	518,629	133,118
Bonds	537,131	413,959	123,172
Long-term borrowings	110,000	100,000	10,000
Accrued retirement benefits	4,009	3,639	370
Other non-current liabilities	607	1,031	(424)
Statutory reserves:	4,351	3,982	369
Reserve for securities transaction liabilities	4,351	3,981	369
Reserve for financial futures transaction liabilities	0	0	-
Total liabilities	8,618,826	7,203,594	1,415,232
Stockholders' equity			
Common stock	205,600	205,600	-
Capital surplus	117,321	117,321	-
Additional paid-in capital	117,321	117,321	-
Earned surplus	95,067	48,804	46,262
Earned surplus reserve	5,141	5,141	-
Voluntary reserve	39,752	250	39,501
Unappropriated retained earnings including net income 46,514 million yen for FY2004, net income and net income 23,227 million yen for FY2003.	50,173	43,412	6,761
Net unrealized gain (loss) on investment securities, net of tax effect	2,416	488	1,928
Total stockholders' equity	420,404	372,213	48,191
Total liabilities and stockholders' equity	9,039,231	7,575,808	1,463,423

Income statements

(millions of yen)

	Fiscal 2004 Apr.1,2004 - Mar. 31,2005	Fiscal 2003 Apr. 31,2003 - Mar.31,2004	Increase/ Decrease	Yr/yr % change
Operating revenues	203,609	161,681	41,927	25.9%
Commissions	80,288	68,508	11,780	17.2%
Net gain (loss) on trading	105,927	65,829	40,098	60.9%
Interest and dividend income	17,392	27,343	(9,951)	(36.4)%
Interest expenses	18,235	9,465	8,770	92.7%
Net operating revenues	185,373	152,216	33,157	21.8%
Selling, general and administrative expenses:	118,239	111,332	6,907	6.2%
Commission and other expenses	51,132	48,393	2,738	5.7%
Employees' compensation and benefits	25,954	24,263	1,691	7.0%
Real estate expenses	10,433	10,442	(9)	(0.1)%
Data processing and office supplies	14,933	13,919	1,013	7.3%
Depreciation expenses	11,448	10,686	761	7.1%
Taxes other than income taxes	2,794	2,109	685	32.5%
Others	1,543	1,516	26	1.8%
Operating income	67,133	40,884	26,249	64.2%
Non-operating income	6,827	1,567	5,259	335.5%
Non-operating expenses	179	578	(398)	(68.9)%
Ordinary income	73,781	41,873	31,908	76.2%
Extraordinary gains	2,083	456	1,627	356.8%
Extraordinary losses	1,131	4,203	(3,071)	(73.1)%
Income before income taxes and others	74,734	38,126	36,607	96.0%
Income taxes-current	2,350	(1,305)	3,656	-
Refund of Income taxes	-	181	(181)	-
Income taxes-deferred	25,868	16,386	9,482	57.9%
Net income	46,514	23,227	23,287	100.3%
Unappropriated retained earnings-carryforward	3,658	20,185	(16,526)	(81.9)%
Unappropriated retained earnings	50,173	43,412	6,761	15.6%
Net financial income included in Net operating revenues	(843)	17,878	(18,722)	-

Supplemental information for fiscal 2004

(Apr. 1, 2004 – Mar. 31, 2005)

1. Breakdown of commission revenue

(1) Activity

(millions of yen)

	Fiscal 2004 (2005/3)	Fiscal 2003 (2004/3)	Yr/yr change
Brokerage commission	13,887	11,665	19.0%
Stock and other	13,721	11,584	18.4%
Bond and other	102	37	176.0%
Underwriting	45,775	42,160	8.6%
Stock and other	36,068	32,776	10.0%
Bond and other	8,371	8,619	(2.9)%
Distribution	1,013	861	17.7%
Beneficiary certificates	713	532	34.1%
Other commission	19,612	13,820	41.9%
Beneficiary certificates	1,305	1,084	20.4%
Total	80,288	68,508	17.2%

(2) Asset class

(millions of yen)

	Fiscal 2004 (2005/3)	Fiscal 2003 (2004/3)	Yr/yr change
Stock and other	51,267	45,387	13.0%
Bond and other	11,571	12,220	(5.3)%
Beneficiary certificates	2,082	1,660	25.4%
Others	15,367	9,238	66.3%
Total	80,288	68,508	17.2%

2. Breakdown of trading gains/losses

(millions of yen)

	Fiscal 2004 (2005/3)	Fiscal 2003 (2004/3)	Yr/yr change
Stock and other	45,072	42,136	7.0%
Bond, Forex and other	60,854	23,692	156.9%
Bond and other	42,051	18,904	122.4%
Forex and other	18,803	4,787	292.7%
Total	105,927	65,829	60.9%

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

	Fiscal 2004 (2005/3)		Fiscal 2003 (2004/3)		Yr/yr change	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Total	54,022	54,222,684	49,001	43,326,386	10.2%	25.1%
Dealing (a)	33,165	31,557,115	26,977	23,700,575	22.9%	33.1%
Brokerage (b)	20,857	22,665,568	22,023	19,625,810	(5.3)%	15.5%
b/(a + b)	38.6%	41.8%	44.9%	45.3%		
TSE share	5.9%	6.7%	5.5%	6.0%		

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

	Fiscal 2004 (2005/3)	Fiscal 2003 (2004/3)	Yr/yr change
Underwriting:			
Stock (number of shares)	822	863	(4.7)%
(yen amount)	845,390	863,754	(2.1)%
Bond (face value)	5,508,702	5,133,737	7.3%
CP & others (face value)	1,583,040	1,275,086	24.2%
Distribution (*)			
Stock (number of shares)	824	851	(3.1)%
(yen amount)	860,651	880,338	(2.2)%
Bond (face value)	5,541,871	5,116,145	8.3%
Beneficiary certificates (face value)	628,212	683,574	(8.1)%
CP & others (face value)	1,546,343	1,255,929	23.1%

(*)Including secondary offering and private placement

5. Capital adequacy ratio (millions of yen)

		Mar. 31, 2005	Mar. 31, 2004
Basic item	Stockholders' equity (A)	395,154	371,473
Supplementary item	Valuation profits of investment securities	2,416	488
	Statutory reserve	4,351	3,982
	Allowance for doubtful accounts	40	31
	Subordinated borrowings	210,000	100,000
	Total (B)	216,809	104,502
	Assets excluded from capital (C)	246,528	134,092
	Net capital (A)+(B)-(C) (D)	365,434	341,882
Risk equivalent	Market risk equivalent	52,530	56,376
	Counterparty risk equivalent	26,225	22,462
	Basic risk equivalent	24,040	22,656
	Total (E)	102,797	101,495
	Capital adequacy ratio (D)/(E)	355.4%	336.8%

Quarterly income statements

(millions of yen)

	Fiscal 2003	Fiscal 2004			
	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter
	Jan. 1, 2004 - Mar. 31, 2004	Apr. 1, 2004 - Jun. 30, 2004	Jul. 1, 2004 - Sep. 30, 2004	Oct. 1, 2004 - Dec. 31, 2004	Jan. 1, 2005 - Mar. 31, 2005
Operating revenues	45,015	49,789	51,483	39,832	62,503
Commissions	23,961	14,644	24,205	17,341	24,097
Brokerage commissions	3,507	4,225	2,923	3,058	3,678
(Stock and other)	3,484	4,176	2,906	2,996	3,641
Underwriting commission	15,432	7,658	14,443	10,063	13,610
(Stock and other)	12,754	5,296	12,152	8,105	10,514
(Bond and other)	2,099	2,208	1,751	1,762	2,649
Distribution commission	352	226	133	148	506
(Beneficiary certificates)	324	206	87	124	295
Other commission	4,668	2,533	6,704	4,071	6,302
(Beneficiary certificates)	302	308	313	323	359
Net gain (loss) on trading	16,078	31,274	23,869	16,847	33,936
(Stock and other)	9,405	16,893	8,072	1,632	18,475
(Bond and other)	9,408	11,290	12,722	13,617	4,421
(Forex and other)	(2,735)	3,090	3,075	1,597	11,039
Interest and dividend income	4,975	3,871	3,409	5,643	4,468
Interest expenses	2,538	3,398	4,267	5,947	4,621
Net operating revenues	42,476	46,391	47,216	33,884	57,881
Selling, general and administrative expenses	30,992	26,752	31,102	28,034	32,349
Commission and other expenses	14,423	10,229	14,355	12,036	14,510
Employees' compensation and benefits	6,218	6,526	6,281	5,900	7,246
Real estate expenses	2,883	2,419	2,590	2,583	2,839
Data processing and office supplies	3,340	3,619	3,921	3,751	3,640
Depreciation expenses	3,168	2,884	2,778	2,820	2,964
Taxes other than income taxes	467	702	787	586	718
Others	489	369	387	355	430
Operating income	11,484	19,638	16,113	5,850	25,531
Non-operating income	320	386	515	5,279	645
Non-operating expenses	37	20	49	33	75
Ordinary income	11,767	20,004	16,579	11,095	26,101
Extraordinary gains	9	1	373	0	1,709
Extraordinary losses	2,292	-	208	(16)	939
Income before income taxes and others	9,484	20,006	16,744	11,110	26,872
Income taxes - current	(528)	(220)	(475)	(811)	3,857
Refund of income taxes	12	-	-	-	-
Income taxes - deferred	4,244	8,305	6,809	3,359	7,394
Net income	5,781	11,921	10,410	8,563	15,619
Net financial income included in Net operating revenues	2,436	472	(858)	(304)	(153)