

Daiwa Securities SMBC Co. Ltd.

1-8-1 Marunouchi Chiyoda-ku

Tokyo 100-8289, Japan

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

July 29, 2005

Consolidated financial summary

(For the first quarter ended June 30, 2005)

(1) Consolidated Operating results (from April 1, 2005 to June 30, 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
First quarter (2005/6)	52,042	(12.1)%	43,402	(19.9)%	10,423	(53.7)%
First quarter (2004/6)	59,206		54,194		22,517	
Fiscal 2004 (2005/3)	249,649		222,390		83,560	

	Ordinary income		Net income		Return on shareholders' equity
	Millions of yen	Yr/yr change	Millions of yen	Yr/yr change	(Annual basis)
First quarter (2005/6)	11,266	(50.8)%	7,032	(51.4)%	6.1%
First quarter (2004/6)	22,897		14,479		14.5%
Fiscal 2004 (2005/3)	85,176		54,034		12.4%

(Note) Change in accounting policies: None

(2) Consolidated Financial conditions

	Total assets	Shareholders' equity	Shareholders' equity ratio	Capital adequacy ratio(Note2)
	Millions of yen	Millions of yen		
As of Jun. 30, 2005	9,598,030	459,927	4.8%	412.9%
As of Jun. 30, 2004	8,491,911	418,183	4.9%	337.5%
As of Mar. 31, 2005	9,675,380	466,751	4.8%	355.4%

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

As of Jun. 30, 2005: 3,200

As of Jun. 30, 2004: 3,200

As of Mar. 31, 2005: 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 : None

Representative: Tatsuei Saito, President

Contact: Tenzan Watanabe, General Manager, Treasury Department

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 first quarter of fiscal 2004)

(1) Commissions

For the first quarter ended June 30, 2005, total commission revenues amounted to 12,993 million yen (27.6% down). In segments, 4,124 million yen (19.9% down) were earned in Equity, 458 million yen (5.9% down) in Fixed Income, 465 million yen (13.0% down) in Investment Trust, and 7,432 million yen (34.2% down) in Investment Banking. The components of the commissions received are set forth below:

a) Brokerage Commissions

Total brokerage commissions decreased to 4,202 million yen (20.0% down) reflecting the inactive market condition with decreased daily average volume of stocks traded on the Tokyo Stock Exchange (1,403.3 billion yen, 15.3% down).

b) Underwriting Commissions

Underwriting commissions decreased to 5,181 million yen (49.1% down). Underwriting commissions derived from equities decreased to 2,428 million yen (68.9% down) due to a decrease of PO and IPO underwriting issues. On the other hand, underwriting commissions derived from fixed income increased to 2,344 million yen (5.0% up).

c) Distribution Commissions

Revenues in distribution commissions generated 207 million yen (8.3% down).

d) Other Commissions

Other commissions increased to 3,401 million yen (49.2% up). Other commissions in Investment Banking increased to 2,165 million yen (98.4% up) due to increased fees received in M&A operations etc.

(2) Net Gain(Loss) on Trading

Net gain on trading decreased to 24,612 million yen (28.1% down). Net trading gains in equities decreased to 5,046 million yen (72.4% down), and net trading gains from fixed income together with those from foreign exchange transactions increased to 19,565 million yen (22.8% up).

(3) Net Interest and Dividend Income

Interest and dividend income totaled 11,868 million yen, whereas interests expenses totaled 8,639 million yen. Net interest and dividend income came to 3,228 million yen.

(4) Selling, General and Administrative Expenses

Of the selling, general and administrative expenses, commissions paid totaled 11,663 million yen (13.9% up), personnel expenses totaled 9,774 million yen (1.9% down), data processing & office supplies totaled 3,884 million yen (1.2% up), occupancy and rental expenses totaled 3,152 million yen (6.4% up), and depreciation expenses totaled 3,031 million yen (2.7% down). Overall selling, general and administrative expenses came to 32,978 million yen, a 4.1% increase compared to the first quarter of last year.

In conclusion, Operating Revenues for the first quarter of fiscal 2005 came to 52,042 million yen (12.1% down), and Net Operating Revenues to 43,402 million yen (19.9% down). Operational Income came to 10,423 million yen (53.7% down), and Ordinary Income to 11,266 million yen (50.8% down). Finally, considering income taxes and minority interests, Net Income for the first quarter of fiscal 2005 came to 7,032 million yen (51.4% down).

(B) Financial Condition (Comparisons in parenthesis are made versus the fiscal 2004)

For the first quarter ended June 30, 2005, total assets decreased by 77.3 billion yen to 9,598.0 billion yen reflecting decreases in receivables on collateralized short-term financing agreements by 64.3 billion yen and trading assets by 49.2 billion yen.

Total liabilities decreased by 70.5 billion yen to 9,137.0 billion yen, which is primarily attributable to decreases in short-term borrowings by 538.6 billion yen and trading liabilities by 126.6 billion yen, and increases in payables on collateralized short-term financing agreements by 254.0 billion yen and long-term debt by 100.0 billion yen. The company newly issued 98.4 billion yen of corporate Medium-term note to raise its funds. Total shareholders' equity decreased by 6.8 billion yen to 459.9 billion yen compared to the fiscal 2004.

Consolidated balance sheets

(millions of yen)

	First quarter Jun. 30, 2005	First quarter Jun. 30, 2004	Increase/ Decrease	Fiscal 2004 Mar. 31, 2005
Assets				
Current assets:	9,524,717	8,348,868	1,175,848	9,603,353
Cash and deposits	140,367	104,757	35,609	114,712
Cash segregated as deposits for regulatory purposes	21,861	23,212	(1,350)	21,411
Trading assets:	5,033,621	4,054,832	978,788	5,082,914
Trading securities and others	4,339,984	3,503,176	836,807	4,535,355
Derivative assets	693,637	551,656	141,980	547,559
Trading receivables, net	-	-	-	34,726
Private equity and other securities	108,201	9,538	98,662	99,104
Less: Allowance for possible investment losses	(1,165)	-	(1,165)	(1,165)
Receivables related to margin transactions:	188,893	139,377	49,515	183,698
Customer margin loans	1,881	2,430	(548)	1,843
Cash deposits as collateral for securities borrowed	187,011	136,947	50,064	181,855
Collateralized short-term financing agreements:	3,873,379	3,838,910	34,468	3,937,749
Cash deposits as collateral for securities borrowed	3,659,437	3,603,450	55,986	3,801,100
Receivables related to gensaki transactions	213,941	235,459	(21,517)	136,649
Short-term loans receivable	69,569	80,223	(10,654)	67,881
Accrued income	9,842	9,553	289	9,640
Deferred tax assets-current	302	791	(489)	644
Other current assets	80,061	87,853	(7,791)	52,222
Less: Allowance for doubtful accounts-current	(217)	(182)	(34)	(187)
Non-current assets:	73,313	143,042	(69,729)	72,027
Tangible fixed assets	5,552	5,987	(435)	5,835
Intangible fixed assets	30,675	32,777	(2,102)	31,710
Investments and others:	37,085	104,277	(67,191)	34,481
Investment securities	21,357	9,426	11,930	18,618
Long-term loans receivable	545	141	403	514
Long-term guarantee deposits	6,070	6,104	(33)	6,092
Deferred tax assets-non-current	2,265	23,087	(20,822)	2,945
Other investments	7,441	66,132	(58,691)	6,830
Less: Allowance for doubtful accounts-non-current	(594)	(615)	21	(520)
Total assets	9,598,030	8,491,911	1,106,118	9,675,380

(millions of yen)

	First quarter Jun. 30, 2005	First quarter Jun. 30, 2004	Increase/ Decrease	Fiscal 2004 Mar. 31, 2005
Liabilities				
Current liabilities:	8,318,808	7,598,117	720,690	8,548,482
Trading liabilities:	3,450,384	2,744,886	705,498	3,576,997
Trading securities and others	2,842,418	2,254,186	588,231	3,116,237
Derivative liabilities	607,966	490,699	117,267	460,759
Trading payables, net	193,841	139,943	53,898	-
Payables related to margin transactions:	141,274	90,925	50,349	127,198
Payable to securities finance companies	-	68	(68)	-
Proceeds of securities sold for customers' accounts	141,274	90,856	50,418	127,198
Collateralized short-term financing agreements:	2,662,260	3,019,565	(357,304)	2,408,224
Cash deposits as collateral for securities loaned	2,135,796	2,070,199	65,597	2,017,492
Payables related to gensaki transactions	526,464	949,365	(422,901)	390,731
Deposits received	25,403	28,379	(2,976)	23,249
Cash deposits received as guarantee	18,671	33,487	(14,815)	22,000
Short-term borrowings	1,591,278	1,315,718	275,560	2,129,930
Commercial paper	128,918	159,722	(30,803)	175,220
Medium-term notes due within one year	31,099	18,427	12,672	27,397
Income taxes payable	8,152	852	7,300	7,604
Deferred tax liabilities-current	4,109	124	3,984	548
Other current liabilities	63,413	46,086	17,326	50,111
Non-current liabilities:	813,929	470,708	343,220	654,825
Medium-term notes	596,697	460,482	136,214	537,131
Long-term debt	212,011	4,967	207,043	111,997
Retirement benefits	3,712	3,574	138	4,034
Other non-current liabilities	1,508	1,684	(176)	1,661
Statutory reserves:	4,350	3,980	370	4,351
Reserve for securities transaction liabilities	4,350	3,980	370	4,351
Reserve for financial futures transaction liabilities	0	-	0	0
Total liabilities	9,137,088	8,072,806	1,064,281	9,207,659
Minority interests	1,014	921	93	969
Shareholders' equity				
Common stock	205,600	205,600	-	205,600
Capital surplus	117,321	117,321	-	117,321
Retained earnings	117,803	88,909	28,894	128,464
Net unrealized gain (loss) on securities, net of tax effect	14,065	3,218	10,846	10,426
Translation adjustments	5,137	3,133	2,003	4,940
Total shareholders' equity	459,927	418,183	41,744	466,751
Total liabilities, minority interests and shareholders' equity	9,598,030	8,491,911	1,106,118	9,675,380

Consolidated statements of operations

(millions of yen)

	First quarter Apr. 1, 2005 - Jun. 30, 2005	First quarter Apr. 1, 2004 - Jun. 30, 2004	Yr/yr % change	Fiscal 2004 Apr. 1, 2004 - Mar. 31, 2005
Operating revenues:	52,042	59,206	(12.1)%	249,649
Commissions	12,993	17,945	(27.6)%	91,732
Net gain (loss) on trading	24,612	34,239	(28.1)%	118,304
Net gain (loss) on private equity and other securities (*1)	2,567	-	-	-
Net gain (loss) on private equity and other securities (*2)	-	-	-	(1,165)
Interest and dividend income	11,868	7,021	69.0%	40,777
Interest expenses	8,639	5,012	72.4%	27,258
Net operating revenues	43,402	54,194	(19.9)%	222,390
Selling, general and administrative expenses:	32,978	31,676	4.1%	138,830
Commission and other expenses	11,663	10,238	13.9%	51,144
Employees' compensation and benefits	9,774	9,967	(1.9)%	39,857
Occupancy and rental	3,152	2,961	6.4%	12,636
Data processing and office supplies	3,884	3,837	1.2%	16,368
Depreciation expenses	3,031	3,113	(2.7)%	12,326
Taxes other than income taxes	817	922	(11.4)%	3,804
Other	654	635	3.0%	2,692
Operating income	10,423	22,517	(53.7)%	83,560
Non-operating income	971	476	103.7%	1,945
Non-operating expenses	127	97	31.4%	329
Ordinary income	11,266	22,897	(50.8)%	85,176
Extraordinary gains	0	1	(66.1)%	2,107
Extraordinary losses	-	-	-	1,150
Income before income taxes and minority interests	11,267	22,899	(50.8)%	86,133
Income taxes-current	2,130	115	-	7,992
Income taxes-deferred	2,088	8,293	(74.8)%	24,064
Minority interests	(16)	(10)	-	(42)
Net income	7,032	14,479	(51.4)%	54,034
Net financial income included in net operating revenues	3,228	2,009	60.6%	13,518

Note:

*1. Includes share of net income raised by the investments in limited partnerships and similar partnerships.

*2. Excludes share of net income raised by the investments in limited partnerships and similar partnerships.

Consolidated statements of capital surplus and retained earnings

(millions of yen)

	First quarter Apr. 1, 2005 - Jun. 30, 2005	First quarter Apr. 1, 2004 - Jun. 30, 2004	Fiscal 2004 Apr. 1, 2004 - Mar. 31, 2005
Capital surplus			
Beginning balance of capital surplus	117,321	117,321	117,321
Increase in capital surplus	-	-	-
Decrease in capital surplus	-	-	-
Ending balance of capital surplus	117,321	117,321	117,321
Retained earnings			
Beginning balance of retained earnings	128,464	74,682	74,682
Increase in retained earnings:	7,032	14,479	54,034
Net income	7,032	14,479	54,034
Decrease in retained earnings:	17,693	252	252
Cash dividends paid	17,259	-	-
Bonuses to directors	434	252	252
Ending balance of retained earnings	117,803	88,909	128,464

Notes to consolidated financial statements

The consolidated financial statements of the Company for the first quarter ended June 30, 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 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

The consolidated financial statements include the accounts of Daiwa Securities SMBC Co. Limited ("Company"), a Japanese corporation, Daiwa Securities SMBC Principal Investments Co. Limited, its domestic consolidated subsidiary (together with the Company, "Domestic Companies"), and its overseas consolidated subsidiaries (together with the Domestic Companies, "Daiwa SMBC"). The Company's principal consolidated subsidiaries include:

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. Limited.

Consolidated subsidiaries: 17 Companies

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.

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 first quarter ends other than June 30, 2005, the financial statements for the relevant first quarter are reflected.

3. Fiscal period of subsidiaries

For subsidiaries which the first quarter ends are not June 30, 2005, the financial statements for the relevant first quarter are compiled with and material transactions occurred between the different closing dates are adjusted for this consolidated financial statements.

4. Accounting Policies

(1) Valuation of financial instruments and inventories

(i) Valuation of trading assets and liabilities

Trading assets and liabilities, including securities and financial derivatives for trading purposes held by a securities company are recorded mainly on a trade date basis in the consolidated balance sheet at either market or fair value. Revenues and expenses related to trading securities transactions are recorded on a trade date basis.

() Valuation of non-trading securities

Equities issued by subsidiaries and affiliated companies are stated at moving-average cost. Available-for-sale securities with market value are stated at market value, based on quoted market prices. Realized gains and losses on sale of such securities are computed using the moving-average cost. Available-for-sale equities for which a market value is not available

are stated at the moving-average cost.

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

(2) Depreciation of depreciable assets

(i) Tangible fixed assets

Property and equipment are stated at cost. Impairment losses recognized have been deducted from the acquisition costs. The Domestic Companies compute depreciation principally by the declining-balance method over estimated useful life as stipulated by the corporation tax law of Japan. Depreciation for buildings purchased in Japan after April 1, 1998 is computed by the straight-line method. In overseas consolidated subsidiaries, depreciation is computed by the straight-line method.

(ii) Intangible fixed assets, and investments and others

Intangible fixed assets, and investments and others are generally amortized under the straight-line method. The Domestic Companies compute depreciation over estimated useful life as stipulated by the corporation tax law of Japan, and over internally estimated useful life (5 years) for software of in-house use.

(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 first quarter end, assessing the financial conditions of invested companies.

(iii) Accrued employees' bonuses

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

(iv) 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.

(4) Accounting for certain lease transactions

Financial leases, whose ownership does not transfer to the lessee at the end of the lease term (non-capitalized finance leases) are not capitalized and are accounted for in the same manner as operating leases.

(5) Hedging transactions

Interest received or paid on interest swaps for hedging purposes is accrued without being marked-to-market. The premium or discount on forward foreign exchange contract for hedging purpose is allocated to each fiscal term without being marked-to-market.

(6) Other material items

(i) Consumption taxes

Consumption taxes are separately recorded.

(ii) Deferred assets

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

(iii) Consolidated tax system

The Domestic Companies comply with the consolidated tax system.

Changes in Presentation

Regarding the investments in limited partnerships and a sort of partnerships which are regarded as equivalent to securities by the Article 2 (2) of Securities Exchange Act in 2004, the profits and losses related to these investments had been included in 'Interest and dividend income' until fiscal 2004, but those are included in 'Net gain (loss) on private equity and other securities' since the beginning of this fiscal year. 'Interest and dividend income' decreased by 2,567 million yen, due to this change in presentation.

Notes to consolidated balance sheets

1. Accumulated depreciation of tangible fixed assets

	As of Jun.30, 2005	As of Jun.30, 2004	As of Mar.31, 2005
	12,584 million yen	10,989 million yen	12,124 million yen

2. Guarantee

	As of Jun.30, 2005	As of Jun.30, 2004	As of Mar.31, 2005
	414 million yen	517 million yen	448 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 Jun.30, 2005	As of Jun. 30, 2004	As of Mar. 31, 2005
Short-term borrowings	2,008 million yen	100,495 million yen	102,004 million yen
Long-term borrowings	212,011 million yen	4,967 million yen	111,997 million yen

Notes to consolidated statements of operations

Details of extraordinary gains/losses	(millions of yen)		
	First quarter Apr. 1, 2005 - Jun. 30, 2005	First quarter Apr. 1, 2004 - Jun. 30, 2004	Fiscal 2004 Apr. 1, 2004 - Mar. 31, 2005
Extraordinary gains			
Gain on sale of investment securities	-	-	2,107
Reversal of Reserve for securities transaction liabilities	0	1	-
Reversal of Reserve for financial futures transaction liabilities	-	0	-
Extraordinary losses			
Write-down of investment securities	-	-	159
Valuation loss of fixed assets	-	-	77
Loss on sale or disposal of fixed assets	-	-	544
Provision for securities transaction liabilities	-	-	369

Supplemental information for the Fiscal 2005
(Apr.1, 2005 - Jun.30, 2005)

1. Breakdown of commissions (millions of yen)

	First quarter Jun. 30, 2005 (A)					
	Equity	Fixed income (Bond)	Investment Trust	Investment Banking	Others	Total
Brokerage commission	4,063	121	17	-	-	4,202
Underwriting	-	-	-	5,181	-	5,181
Stock and other	-	-	-	2,428	-	2,428
Bond and other	-	-	-	2,344	-	2,344
Distribution	-	-	122	85	-	207
Other commission	61	336	325	2,165	512	3,401
Agency commission	-	322	311	-	-	633
Total	4,124	458	465	7,432	512	12,993

(millions of yen)

	First quarter Jun. 30, 2004 (B)					
	Equity	Fixed income (bond)	Investment Trust	Investment Banking	Other	Total
Brokerage commission	5,102	129	19	-	-	5,251
Underwriting	-	-	-	10,186	-	10,186
Stock and other	-	-	-	7,799	-	7,799
Bond and other	-	-	-	2,232	-	2,232
Distribution	-	-	206	20	-	226
Other commission	49	357	308	1,091	471	2,280
Agency commission	-	345	290	-	-	636
Total	5,152	486	535	11,298	471	17,945

(%)

	Yr/yr % change ((A)/(B)-1)					
	Equity	Fixed income (Bond)	Investment Trust	Investment Banking	Other	Total
Brokerage commission	(20.4)%	(5.9)%	(11.6)%	-	-	(20.0)%
Underwriting	-	-	-	(49.1)%	-	(49.1)%
Stock and other	-	-	-	(68.9)%	-	(68.9)%
Bond and other	-	-	-	5.0%	-	5.0%
Distribution	-	-	(40.5)%	320.7%	-	(8.3)%
Other commission	23.1%	(5.9)%	5.3%	98.4%	8.6%	49.2%
Agency commission	-	(6.8)%	7.0%	-	-	(0.5)%
Total	(19.9)%	(5.9)%	(13.0)%	(34.2)%	8.6%	(27.6)%

(millions of yen)

	Fiscal 2004 ended Mar. 31, 2005					
	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

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

	First quarter (2005/06)	First quarter (2004/06)	Yr/yr % change	Fiscal 2004 (2005/03)
Stock and other	5,046	18,310	(72.4)%	50,537
Bond, forex and other	19,565	15,929	22.8%	67,767
Bond and other	17,916	12,849	39.4%	48,965
Forex and other	1,649	3,079	(46.4)%	18,801
Total	24,612	34,239	(28.1)%	118,304

Quarterly consolidated statements of operations

(millions of yen)

	Fiscal 2004				Fiscal 2005
	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	First quarter Apr. 1, 2005 - Jun. 30, 2005
Operating revenues	59,206	62,355	50,518	77,569	52,042
Commissions	17,945	27,264	19,813	26,710	12,993
Brokerage commission	5,251	3,699	4,049	4,686	4,202
(Stock and other)	5,102	3,562	3,843	4,459	4,063
Underwriting commission	10,186	17,293	11,796	15,179	5,181
(Stock and other)	7,799	15,001	9,836	11,908	2,428
(Bond and other)	2,232	1,751	1,764	2,824	2,344
Distribution commission	226	133	148	506	207
(Beneficiary certificates)	206	87	124	295	122
Other commission	2,280	6,138	3,819	6,337	3,401
(Beneficiary certificates)	308	313	323	359	325
Net gain (loss) on trading	34,239	27,032	19,690	37,342	24,612
(Stock and other)	18,310	9,429	2,816	19,981	5,046
(Bond and other)	12,849	14,524	15,264	6,326	17,916
(Forex and other)	3,079	3,078	1,609	11,034	1,649
Net gain (loss) on private equity and other securities (*1)	-	-	-	-	2,567
Net gain (loss) on private equity and other securities (*2)	-	-	-	(1,165)	-
Interest and dividend income	7,021	8,059	11,014	14,681	11,868
Interest expenses	5,012	6,498	8,796	6,951	8,639
Net operating revenues	54,194	55,857	41,721	70,617	43,402
Selling general and administrative expenses:	31,676	36,350	33,279	37,523	32,978
Commission and other expenses	10,238	14,354	12,212	14,339	11,663
Employees' compensation and benefits	9,967	9,698	9,282	10,910	9,774
Occupancy and rental	2,961	3,142	3,106	3,425	3,152
Data processing and office supplies	3,837	4,437	4,131	3,962	3,884
Depreciation expenses	3,113	3,007	3,031	3,174	3,031
Taxes other than income taxes	922	1,042	877	962	817
Others	635	668	638	749	654
Operating income	22,517	19,507	8,441	33,093	10,423
Non-operating income	476	474	366	628	971
Non-operating expenses	97	81	25	124	127
Ordinary income	22,897	19,899	8,783	33,596	11,266
Extraordinary gains	1	373	0	1,732	0
Extraordinary losses	-	208	(16)	958	-
Income before income taxes and minority interests	22,899	20,064	8,798	34,371	11,267
Income taxes - current	115	166	191	7,518	2,130
Income taxes - deferred	8,293	6,637	2,979	6,154	2,088
Minority interests	(10)	(13)	(4)	(13)	(16)
Net income	14,479	13,246	5,623	20,684	7,032
Net financial income included in net operating revenues	2,009	1,561	2,217	7,729	3,228

Note:

*1. Includes share of net income raised by the investments in limited partnerships and similar partnerships.

*2. Excludes share of net income raised by the investments in limited partnerships and similar partnerships.

<Reference>

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

Balance sheets

(millions of yen)

	First quarter Jun. 30, 2005	First quarter Jun. 30, 2004	Increase/ Decrease	Fiscal 2004 Mar. 31, 2005
Assets				
Current assets:	8,831,711	7,746,620	1,085,091	8,932,207
Cash and deposits	88,949	57,331	31,617	58,900
Cash segregated as deposits for regulatory purposes	20,071	20,053	17	20,050
Trading assets:	4,719,884	3,812,031	907,852	4,771,070
Trading securities and others	4,026,539	3,260,798	765,740	4,224,157
Derivative assets	693,345	551,232	142,112	546,913
Trading receivables, net	-	-	-	42,064
Receivables related to margin transactions:	188,893	139,377	49,515	183,698
Customer margin loans	1,881	2,430	(548)	1,843
Cash deposits as collateral for securities borrowed	187,011	136,947	50,064	181,855
Collateralized short-term financing agreements:	3,633,357	3,539,731	93,625	3,697,303
Cash deposits as collateral for securities borrowed	3,324,778	3,278,400	46,378	3,498,225
Receivables related to gensaki transactions	308,579	261,331	47,247	199,078
Short-term guarantee money deposited	14,223	19,536	(5,312)	12,300
Short-term loans receivable	132,685	125,814	6,871	126,346
Accrued income	5,948	5,787	160	5,920
Deferred tax assets-current	942	1,145	(203)	2,076
Other current assets	26,800	25,839	960	12,514
Less: Allowance for doubtful accounts-current	(44)	(29)	(15)	(40)
Non-current assets:	107,634	135,683	(28,048)	107,024
Tangible fixed assets	4,025	4,417	(392)	4,342
Intangible fixed assets	28,266	30,976	(2,709)	29,344
Investments and others:	75,342	100,289	(24,946)	73,337
Investment securities	63,516	52,078	11,437	60,838
Long-term loans receivable	2,266	2,193	73	2,207
Long-term guarantee deposits	5,194	5,315	(120)	5,236
Deferred tax assets-non-current	2,216	22,416	(20,200)	2,898
Other investments	2,717	18,841	(16,123)	2,725
Less: Allowance for doubtful accounts-non-current	(569)	(555)	(14)	(569)
Total assets	8,939,346	7,882,303	1,057,043	9,039,231

(millions of yen)

	First quarter Jun. 30, 2005	First quarter Jun. 30, 2004	Increase/ Decrease	Fiscal 2004 Mar. 31, 2005
Liabilities				
Current liabilities:	7,716,301	7,029,566	686,735	7,962,726
Trading liabilities:	3,252,866	2,560,415	692,451	3,310,902
Trading securities and others	2,646,344	2,070,230	576,114	2,850,464
Derivative liabilities	606,521	490,185	116,336	460,437
Trading payables, net	163,876	168,146	(4,270)	-
Payables related to margin transactions:	141,274	90,925	50,349	127,198
Payable to securities finance companies	-	68	(68)	-
Proceeds of securities sold for customers' accounts	141,274	90,856	50,418	127,198
Collateralized short-term financing agreements:	2,376,260	2,672,182	(295,922)	2,170,275
Cash deposits as collateral for securities loaned	1,562,121	1,574,140	(12,018)	1,626,237
Payables related to gensaki transactions	814,138	1,098,042	(283,903)	544,037
Deposits received	10,032	14,372	(4,339)	8,148
Cash deposits received as guarantee	14,859	24,583	(9,724)	17,607
Short-term borrowings	1,554,571	1,311,708	242,862	2,098,647
Commercial paper	128,220	159,722	(31,502)	175,220
Medium-term notes due within one year	31,099	18,427	12,672	27,397
Accrued expenses	8,237	4,883	3,354	8,862
Income taxes payable	7,548	253	7,294	5,617
Other current liabilities	27,455	3,945	23,509	12,849
Non-current liabilities:	810,813	464,437	346,376	651,748
Medium-term notes	596,697	460,482	136,214	537,131
Long-term debt	210,000	-	210,000	110,000
Retirement benefits	3,688	3,559	128	4,009
Other non-current liabilities	428	395	33	607
Statutory reserves:	4,350	3,980	370	4,351
Reserve for securities transaction liabilities	4,350	3,980	370	4,351
Reserve for financial futures transaction liabilities	0	-	0	0
Total liabilities	8,531,466	7,497,984	1,033,482	8,618,826
Shareholders' equity				
Common stock	205,600	205,600	-	205,600
Capital surplus	117,321	117,321	-	117,321
Additional paid-in capital	117,321	117,321	-	117,321
Retained earnings	82,339	60,473	21,865	95,067
Net unrealized gain (loss) on securities, net of tax effect	2,619	924	1,694	2,416
Total shareholders' equity	407,879	384,319	23,560	420,404
Total liabilities and shareholders' equity	8,939,346	7,882,303	1,057,043	9,039,231

Statements of operations

(millions of yen)

	First quarter Apr. 1, 2005 - Jun. 30, 2005	First quarter Apr. 1, 2004 - Jun. 30, 2004	Yr/yr % change	Fiscal 2004 Apr. 1, 2004 - Mar. 31, 2005
Operating revenues	40,546	49,789	(18.6)%	203,609
Commissions	11,523	14,644	(21.3)%	80,288
Net gain (loss) on trading	22,078	31,274	(29.4)%	105,927
Interest and dividend income	6,944	3,871	79.4%	17,392
Interest expenses	4,885	3,398	43.8%	18,235
Net operating revenues	35,661	46,391	(23.1)%	185,373
Selling, general and administrative expenses:	28,344	26,752	5.9%	118,239
Commission and other expenses	12,092	10,229	18.2%	51,132
Employees' compensation and benefits	6,253	6,526	(4.2)%	25,954
Occupancy and rental	2,564	2,419	6.0%	10,433
Data processing and office supplies	3,689	3,619	1.9%	14,933
Depreciation expenses	2,828	2,884	(1.9)%	11,448
Taxes other than income taxes	579	702	(17.6)%	2,794
Others	335	369	(9.3)%	1,543
Operating income	7,317	19,638	(62.7)%	67,133
Non-operating income	790	386	104.4%	6,827
Non-operating expenses	67	20	222.8%	179
Ordinary income	8,039	20,004	(59.8)%	73,781
Extraordinary gains	0	1	(66.1)%	2,083
Extraordinary losses	-	-	-	1,131
Income before income taxes and others	8,040	20,006	(59.8)%	74,734
Income taxes-current	1,398	(220)	-	2,350
Income taxes-deferred	1,677	8,305	(79.8)%	25,868
Net income	4,965	11,921	(58.4)%	46,514
Unappropriated retained earnings-carryforward	32,851	3,658	797.8%	3,658
Unappropriated retained earnings	37,816	15,580	142.7%	50,173
Net financial income included in net operating revenues	2,059	472	335.5%	(843)

Supplemental information for the first quarter ended June 30, 2005

(Apr. 1, 2005 –Jun. 30, 2005)

1. Breakdown of commission revenue

(1) Activity

(millions of yen)

	First quarter (2005/6)	First quarter (2004/6)	Yr/yr change	Fiscal 2004 (2005/3)
Brokerage commission	3,273	4,225	(22.5)%	13,887
Stock and other	3,238	4,176	(22.5)%	13,721
Underwriting	4,970	7,658	(35.1)%	45,775
Stock and other	2,266	5,296	(57.2)%	36,068
Bond and other	2,294	2,208	3.9%	8,371
Distribution	207	226	(8.3)%	1,013
Beneficiary certificates	122	206	(40.5)%	713
Other commission	3,071	2,533	21.2%	19,612
Beneficiary certificates	325	308	5.3%	1,305
Total	11,523	14,644	(21.3)%	80,288

(2) Asset class

(millions of yen)

	First quarter (2005/6)	First quarter (2004/6)	Yr/yr change	Fiscal 2004 (2005/3)
Stock and other	5,608	9,858	(43.1)%	51,267
Bond and other	2,736	2,741	(0.2)%	11,571
Beneficiary certificates	465	535	(13.0)%	2,082
Others	2,712	1,508	79.7%	15,367
Total	11,523	14,644	(21.3)%	80,288

2. Breakdown of net gains on trading

(millions of yen)

	First quarter (2005/6)	First quarter (2004/6)	Yr/yr change	Fiscal 2004 (2005/3)
Stock and other	3,789	16,893	(77.6)%	45,072
Bond, Forex and other	18,289	14,381	27.2%	60,854
Bond and other	16,525	11,290	46.4%	42,051
Forex and other	1,763	3,090	(42.9)%	18,803
Total	22,078	31,274	(29.4)%	105,927

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

	First quarter (2005/6)		First quarter (2004/6)		Yr/yr change		Fiscal 2004 (2005/3)	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Total	15,281	14,409,678	13,905	14,676,430	9.9%	(1.8)%	54,022	54,222,684
Dealing (a)	9,556	8,794,352	8,375	8,509,271	14.1%	3.4%	33,165	31,557,115
Brokerage (b)	5,725	5,615,325	5,530	6,167,159	3.5%	(8.9)%	20,857	22,665,568
b/(a + b)	37.5%	39.0%	39.8%	42.0%			38.6%	41.8%
TSE share	6.4%	7.3%	5.6%	6.0%			5.9%	6.7%

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

	First quarter (2005/6)	First quarter (2004/6)	Yr/yr change	Fiscal 2004 (2005/3)
Underwriting:				
Stock (number of shares)	697	210	231.2%	822
(yen amount)	78,034	155,612	(49.9)%	845,390
Bond (face value)	1,288,794	1,389,796	(7.3)%	5,508,702
CP & others (face value)	532,600	299,200	78.0%	1,583,040
Distribution (*)				
Stock (number of shares)	697	211	229.6%	824
(yen amount)	78,114	157,200	(50.3)%	860,651
Bond (face value)	1,235,050	1,369,782	(9.8)%	5,541,871
Beneficiary certificates (face value)	112,536	263,483	(57.3)%	628,212
CP & others (face value)	539,532	298,200	80.9%	1,546,343

(*)Including secondary offering and private placement

5. Capital adequacy ratio (millions of yen)

		First quarter Jun. 30, 2005	First quarter Jun. 30, 2004	Fiscal 2004 Mar. 31, 2005
Basic item	Shareholders' equity (A)	400,119	383,394	395,154
Supplementary item	Valuation profits of investment securities	2,619	924	2,416
	Statutory reserve	4,350	3,980	4,351
	Allowance for doubtful accounts	44	29	40
	Subordinated borrowings	210,000	100,000	210,000
	Total (B)	217,014	104,933	216,809
	Assets excluded from capital (C)	196,259	150,404	246,528
	Net capital (A)+(B)-(C) (D)	420,874	337,923	365,434
Risk equivalent	Market risk equivalent	51,211	55,364	52,530
	Counterparty risk equivalent	25,831	22,055	26,225
	Basic risk equivalent	24,880	22,680	24,040
	Total (E)	101,923	100,100	102,797
	Capital adequacy ratio (D)/(E)	412.9%	337.5%	355.4%

Quarterly statements of operations

(millions of yen)

	Fiscal 2004				Fiscal 2005
	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter
	Apr. 1, 2004 - Jun. 30, 2004	Jul. 1, 2004 - Sep. 30, 2004	Oct. 1, 2004 - Dec. 31, 2004	Jan. 1, 2005 - Mar. 31, 2005	Apr. 1, 2005 - Jun. 30, 2005
Operating revenues	49,789	51,483	39,832	62,503	40,546
Commissions	14,644	24,205	17,341	24,097	11,523
Brokerage commissions	4,225	2,923	3,058	3,678	3,273
(Stock and other)	4,176	2,906	2,996	3,641	3,238
Underwriting commission	7,658	14,443	10,063	13,610	4,970
(Stock and other)	5,296	12,152	8,105	10,514	2,266
(Bond and other)	2,208	1,751	1,762	2,649	2,294
Distribution commission	226	133	148	506	207
(Beneficiary certificate)	206	87	124	295	122
Other commission	2,533	6,704	4,071	6,302	3,071
(Beneficiary certificate)	308	313	323	359	325
Net gain (loss) on trading	31,274	23,869	16,847	33,936	22,078
(Stock and other)	16,893	8,072	1,632	18,475	3,789
(Bond and other)	11,290	12,722	13,617	4,421	16,525
(Forex and other)	3,090	3,075	1,597	11,039	1,763
Interest and dividend income	3,871	3,409	5,643	4,468	6,944
Interest expenses	3,398	4,267	5,947	4,621	4,885
Net operating revenues	46,391	47,216	33,884	57,881	35,661
Selling, general and administrative expenses	26,752	31,102	28,034	32,349	28,344
Commission and other expenses	10,229	14,355	12,036	14,510	12,092
Employees' compensation and benefits	6,526	6,281	5,900	7,246	6,253
Occupancy and rental	2,419	2,590	2,583	2,839	2,564
Data processing and office supplies	3,619	3,921	3,751	3,640	3,689
Depreciation expenses	2,884	2,778	2,820	2,964	2,828
Taxes other than income taxes	702	787	586	718	579
Others	369	387	355	430	335
Operating income	19,638	16,113	5,850	25,531	7,317
Non-operating income	386	515	5,279	645	790
Non-operating expenses	20	49	33	75	67
Ordinary income	20,004	16,579	11,095	26,101	8,039
Extraordinary gains	1	373	0	1,709	0
Extraordinary losses	-	208	(16)	939	-
Income before income taxes and others	20,006	16,744	11,110	26,872	8,040
Income taxes - current	(220)	(475)	(811)	3,857	1,398
Income taxes - deferred	8,305	6,809	3,359	7,394	1,677
Net income	11,921	10,410	8,563	15,619	4,965
Net financial income included in net operating revenues	472	(858)	(304)	(153)	2,059