



28 July 2005

Summary of Business Results for the First Quarter of the Financial Year Ending 31 March 2006 (Non-consolidated)

Listed company's name: **Shinko Securities Co., Ltd.** Listing stock exchanges: Tokyo, Osaka, and Nagoya
 Code No.: 8606 Location of head office: Tokyo
 (URL: <http://www.shinko-sec.co.jp/>)
 Representative: Takashi Kusama, President
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1. Notes Regarding the Compilation of This Quarterly Business Result Summary

- 1) Adoption of simplified accounting procedures: None
- 2) Changes in accounting policies from the latest consolidated financial year: None

2. Summary of First Quarter Business Results for the Financial Year Ending 31 March 2006 (1 April 2005 - 30 June 2005)

(1) Non-consolidated results of business activities (Note) The amounts displayed below have been rounded off downwards to the nearest million yen.

	Operating revenues		Net operating revenues		Operating profit		Ordinary profit	
	mil. yen	%	mil. yen	%	mil. yen	%	mil. yen	%
First quarter to June 2005	28,184	(-7.4)	27,266	(-7.2)	3,536	(-28.6)	4,505	(-32.0)
First quarter to June 2004	30,420	(15.6)	29,367	(14.6)	4,950	(27.6)	6,628	(51.4)
Financial year to March 2005	106,670		102,543		8,714		11,706	

	Net profit		Net profit per share	Net profit per share (diluted)
	mil. yen	%	yen	yen
First quarter to June 2005	6,689	(10.2)	8.68	8.68
First quarter to June 2004	6,070	(50.8)	7.84	—
Financial year to March 2005	6,735		8.53	—

(Note) 1. Average number of shares outstanding (non-consolidated):
 First quarter to 30 June 2005: 770,926,538
 First quarter to 30 June 2004: 774,382,401
 Financial year to 31 March 2005: 771,874,430

2. Percentage figures for operating revenues, net operating revenues, operating profit, ordinary profit, and net profit represent the percentage increase or decrease on the same period last year.

(2) Non-consolidated financial status

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share	Capital adequacy requirement ratio
	mil. yen	mil. yen	%	yen	%
First quarter to June 2005	2,813,229	230,329	8.2	298.77	401.4
First quarter to June 2004	3,131,147	227,559	7.3	295.07	433.4
Financial year to March 2005	3,428,812	229,113	6.7	296.99	395.1

(Note) 1. Number of shares outstanding (non-consolidated):
 First quarter to 30 June 2005: 770,914,649
 First quarter to 30 June 2004: 771,192,923
 Financial year to 31 March 2005: 770,949,487

2. Number of treasury stocks:
 First quarter to 30 June 2005: 40,204,034
 First quarter to 30 June 2004: 39,925,760
 Financial year to 31 March 2005: 40,169,196

3. Forecast of non-consolidated business results for the full financial year ending 31 March 2006 (1 April 2005 - 31 March 2006)

Because the company's earnings are strongly influenced by market conditions, we do not conduct forecasts of our business results.

Non-consolidated Balance Sheets

(In millions of yen)

	First quarter to 30 June 2005	First quarter to 30 June 2004	Year-on-year increase/decrease	Financial year to 31 March 2005
Assets				
Current assets	2,692,114	3,023,174	-331,059	3,306,423
Cash and due from banks	53,008	55,189	-2,181	31,742
Fund deposits	53,699	66,895	-13,195	61,266
Trading products	1,179,469	1,475,551	-296,082	1,374,638
Trading securities, etc.	1,175,729	1,469,256	-293,526	1,368,853
Derivative assets	3,739	6,295	-2,556	5,785
Margin transaction assets	84,562	96,698	-12,135	82,708
Customers' loans receivable in margin transactions	72,362	86,440	-14,078	74,240
Collateral for borrowed securities for margin transactions	12,200	10,257	1,943	8,468
Loans receivable secured by securities	1,287,696	1,297,735	-10,038	1,724,082
Collateral for borrowed securities	1,287,596	1,287,635	-38	1,713,952
Loans receivable in gensaki transactions	100	10,099	-9,999	10,130
Advances	100	87	12	511
Short-term loans receivable	13,752	12,898	853	14,219
Other current assets	21,670	18,345	3,325	19,148
Allowance for bad debts	-1,846	- 227	-1,618	-1,894
Fixed assets	121,114	107,972	13,142	122,389
Tangible fixed assets	5,889	6,002	-112	5,889
Intangible fixed assets	25,979	18,770	7,208	25,472
Investments and other assets	89,245	83,199	6,045	91,026
Investment securities	76,323	65,442	10,880	77,747
Long-term deposits	8,862	9,194	-331	8,856
Other investments	8,811	13,152	-4,340	9,056
Allowance for bad debts	-4,752	-4,589	-163	-4,633
Total assets	2,813,229	3,131,147	-317,917	3,428,812

(In millions of yen)

	First quarter to 30 June 2005	First quarter to 30 June 2004	Year-on-year increase/decrease	Financial year to 31 March 2005
Liabilities				
Current liabilities	2,517,638	2,846,699	-329,060	3,133,528
Trading products	981,987	1,113,279	-131,291	1,220,685
Trading securities, etc.	977,701	1,109,075	-131,374	1,218,474
Derivative liabilities	4,286	4,203	82	2,210
Trade date accrual	18,515	41,918	-23,403	14,132
Margin transaction liabilities	27,181	32,989	-5,807	53,901
Customers' loans payable for margin transactions	22,539	26,263	-3,724	49,267
Collateral for loaned securities for margin transactions	4,641	6,725	-2,083	4,634
Loans payable secured by securities	1,136,233	1,398,018	-261,784	1,480,857
Amounts receivable on loan transactions	890,568	1,066,493	-175,924	1,302,482
Loans payable in gensaki transactions	245,665	331,525	-85,859	178,375
Deposits received	50,685	63,034	-12,348	52,481
Received margins	13,867	16,491	-2,623	13,709
Accounts for non-received securities and others	2	33	-30	0
Short-term loans payable	237,410	136,010	101,400	227,310
Commercial paper	41,000	35,300	5,700	57,200
Income taxes payable	196	202	-6	698
Reserve for bonus	1,450	2,000	-550	3,300
Other current liabilities	9,108	7,422	1,685	9,251
Fixed liabilities	64,242	55,867	8,374	65,150
Long-term loans payable	42,550	34,250	8,300	42,550
Deferred tax liabilities	5,911	5,707	204	6,399
Reserves for retirement benefits	15,760	15,891	-130	16,180
Other fixed liabilities	19	19	0	19
Statutory reserve	1,018	1,020	-2	1,020
Total liabilities	2,582,900	2,903,587	-320,687	3,199,699
Shareholders' equity				
Common stock	125,167	125,167	—	125,167
Capital surplus	82,089	82,087	2	82,089
Capital reserve	51,407	51,407	—	51,407
Other capital surplus	30,682	30,680	2	30,682
Marginal profit from reduction in capital reserve	30,677	30,677	—	30,677
Gain/loss on disposal of treasury stock	5	3	2	4
Earned surplus	20,547	17,967	2,579	18,633
Unappropriated earned surplus	20,547	17,967	2,579	18,633
Difference in valuation of securities	10,110	9,826	283	10,797
Treasury stock	-7,586	-7,490	-95	-7,574
Total shareholders' equity	230,329	227,559	2,769	229,113
Total liabilities and shareholders' equity	2,813,229	3,131,147	-317,917	3,428,812

Non-consolidated Statement of Income

(In millions of yen)

	First quarter from 1 April 2005 to 30 June 2005	First quarter from 1 April 2004 to 30 June 2004	% change from same period last year	Financial year from 1 April 2004 to 31 March 2005
Operating revenues	28,184	30,420	92.6	106,670
Commissions and fees received	16,998	21,121	80.5	73,266
Trading profit or loss	9,771	8,544	114.4	30,794
Financial revenues	1,415	754	187.7	2,609
Financial expenses	918	1,053	87.2	4,127
Net operating revenues	27,266	29,367	92.8	102,543
Selling, general and administrative expenses	23,730	24,416	97.2	93,829
Transaction expenses	3,227	2,952	109.3	12,645
Personnel expenses	10,666	12,199	87.4	43,304
Real estate expenses	3,559	3,504	101.6	14,069
Office expenses	3,392	3,579	94.8	13,669
Depreciation	2,034	1,192	170.6	6,371
Taxes and dues	308	320	96.5	1,007
Others	541	668	80.9	2,760
Operating profit	3,536	4,950	71.4	8,714
Non-operating revenues	1,000	1,700	58.8	3,454
Non-operating expenses	30	23	133.8	462
Ordinary profit	4,505	6,628	68.0	11,706
Extraordinary profits	2,234	8	25,655.1	1,300
Extraordinary losses	14	529	2.8	6,144
Net profit before taxes, etc.	6,725	6,107	110.1	6,862
Income taxes	35	37	94.4	127
Net profit	6,689	6,070	110.2	6,735
Profit brought forward	13,857	11,897	116.5	11,897
Unappropriated earned surplus	20,547	17,967	114.4	18,633

[About the Non-consolidated Financial Statements]

These non-consolidated financial statements follow the provisions of Ministry of Finance (MoF) Ordinance No.38 (1977) entitled “The Rules for Terms, Formats, and Preparation Method of Interim Financial Statements” and also comply with the provisions stipulated in Articles 38 and 57 of said ordinance. In addition, they are compiled in accordance with Prime Ministerial and MoF Ordinance No.32 (1998) entitled “Cabinet Office Ordinance for Securities Companies” and the resolution entitled “The Unification of Securities Business Accounting” adopted by the Japan Securities Dealers Association on 14 November 1974.

[Basic Important Matters for Preparation of Non-consolidated Financial Statements]

1. Valuation method for securities

(1) Valuation method for securities classed as trading products (securities held for trading purpose):

Securities and derivative contracts classed as trading products are recorded at present market value.

(2) Valuation method for securities not classed as trading products:

1) Shares of subsidiaries and affiliates

The cost method by the moving-average method is used.

2) Other securities

a) Securities, etc. that have market values:

The present market value is recorded on the non-consolidated balance sheets and differences between this and acquisition cost is incorporated into the capital account in full. The selling price is based on the moving-average cost method.

b) Securities, etc. that have no market values

Valued using mainly the moving-average cost method.

2. Depreciation methods used for fixed assets

(1) Tangible fixed assets

The fixed-percentage method is mainly used.

However, buildings acquired after 1 April 1998 (excluding the equipment, etc. they contain) are depreciated using the straight-line (fixed amount) method.

(2) Intangible fixed assets and long-term prepaid expenses

The straight-line method is used.

Moreover, software for our own use is depreciated using a straight-line method with the fixed amount of depreciation being determined by the duration of its potential internal use (5 years).

3. Accounting standards for reserves and allowances

(1) Allowance for bad debts

In preparation for loss from bad debt in loans receivables, etc., the recoverable possibilities of general receivables are reviewed based on the ratio of past uncollectibles and those of specific receivables including the ones that are likely to become bad debts are individually reviewed, so that the irrecoverable amount can be estimated.

(2) Reserve for bonus

To prepare for the payment of bonuses to employees, we calculated the estimated value of future payments and charged an appropriate portion of this obligation to the current period.

(3) Reserves for retirement benefits

To prepare for the payment of lump sum retirement bonuses and qualified pensions, the difference between the value of such obligations and the total value of our pension assets at the end of this financial year was estimated, and the portion of the additional shortfall considered to have arisen in the current period was charged to the current period.

Past service liabilities are regarded at any time as being a number of years (10 years) that fall within the average number of years' service remaining for each employee. These liabilities are amortized and charged to the current period for which it was calculated using the straight-line method.

Actuarial gains and losses are also charged after amortizing by the straight-line method a number of years (10 years) that fall within the average number of years' service remaining for each employee. However, in this case, the charges are recorded in the following consolidated financial year.

4. Handling of lease transaction

In the case of finance leases where ownership is not deemed to have passed to the lessee, normal accounting procedures for leases are followed.

5. Method of hedge accounting

In order to hedge our exposure to cash flow fluctuations caused by borrowing at variable interest rates, we enter into interest rate swap contracts. These are handled on a case-by-case basis.

6. Accounting for consumption tax, etc.

The tax exclusion method is applied.

<Change in Accounting Method>

Given the requirement that “Accounting Standards Related to the Impairment of Fixed Assets” (“Written Opinion About the Establishment of Accounting Standards Related to the Impairment of Fixed Assets” (issued by the Business Accounting Deliberation Council on 9 August 2002)) and “Guidelines for Applying Accounting Standards Related to the Impairment of Fixed Assets” (Guidelines for the Application of Business Accounting Standards No. 6, issued by the Business Accounting Deliberation Council on 31 October 2003) be put into effect in the first accounting year to end on or after 31 March 2006, we began using these standards and guidelines in the current period.

Moreover, there was no effect from this on the current period’s profit and loss.

[Notes on non-consolidated balance sheets] (In millions of yen)

	First quarter to 30 June 2005	First quarter to 30 June 2004	Financial year to 31 March 2005
1. Accumulated depreciation of tangible fixed assets	6,482	6,282	6,414
2. Guarantee obligations (guarantee exercise anticipated)	28,616 (28,495)	36,112 (35,978)	32,932 (32,806)

In accordance with Report No.61 of the Auditing Committee of the Japanese Institute of Certified Public Accountants entitled “Auditing Procedures Concerning the Accounting for and Presentation of Guarantee Obligations and Similar”, we recognize that we bear effective responsibility for guaranteeing our obligations and therefore provide a footnote giving details of these obligations.

3. Subordinated borrowings

Among our long-term borrowings (including those that mature within one year), there are the following subordinated obligations (borrowings with special subordinating conditions) as defined in Article 2 of Cabinet Office Ordinance No.23 (2001) entitled “Orders Concerning the Capital Requirement of Securities Companies”.

	First quarter to 30 June 2005	First quarter to 30 June 2004	Financial year to 31 March 2005
	51,000	42,500	50,800

[Notes on non-consolidated statement of income] (In millions of yen)

	First quarter from 1 April 2005 to 30 June 2005	First quarter from 1 April 2004 to 30 June 2004	Financial year from 1 April 2004 to 31 March 2005
Extraordinary profits			
Profit from sale of investment securities	425	2	1,294
Software licensing fees	1,800	—	—
Reversal from reserve for securities transaction liabilities	2	6	6
Profit from recovery of bad debts	7	—	—
Extraordinary losses			
Loss from sale of fixed assets	—	—	12
Loss from disposition of fixed assets	14	22	586
Loss from sale of investment securities	—	14	41
Write-down of investment securities	—	78	182
Write-down of shares of affiliates	—	—	1,700
Write-down of golf club memberships	—	—	8
Re-amortization of future retirement and severance pay obligations in line with a change to accounting standards	—	413	1,655
Extraordinary depreciation cost	—	—	222
Provision of allowance for bad debts	—	—	1,735

Data on Non-consolidated Settlement of Accounts

1. Commissions and fees received

(1) Breakdown for each account

(In millions of yen)

	First quarter from 1 April 2005 to 30 June 2005	First quarter from 1 April 2004 to 30 June 2004	% change from same period last year	Financial year from 1 April 2004 to 31 March 2005
Brokerage commissions	8,970	13,559	66.2	39,519
(Equities)	(8,936)	(13,478)	(66.3)	(39,277)
(Bonds)	(20)	(63)	(31.5)	(197)
Underwriting & selling fees	965	1,684	57.3	9,358
(Equities)	(773)	(1,377)	(56.1)	(8,277)
(Bonds)	(192)	(307)	(62.6)	(1,081)
Offering & selling fees and commissions	4,028	2,934	137.3	12,435
Other fees and commissions	3,033	2,943	103.1	11,953
Total	16,998	21,121	80.5	73,266

(2) Breakdown for each product

(In millions of yen)

	First quarter from 1 April 2005 to 30 June 2005	First quarter from 1 April 2004 to 30 June 2004	% change from same period last year	Financial year from 1 April 2004 to 31 March 2005
Equities	9,813	14,959	65.6	48,076
Bonds	559	757	73.9	2,995
Beneficiary securities	5,409	4,153	130.2	17,029
Others	1,215	1,251	97.1	5,165
Total	16,998	21,121	80.5	73,266

2. Trading profit or loss

(In millions of yen)

	First quarter from 1 April 2005 to 30 June 2005	First quarter from 1 April 2004 to 30 June 2004	% change from same period last year	Financial year from 1 April 2004 to 31 March 2005
Equities	4,007	2,889	138.7	10,036
Bonds, others	5,763	5,655	101.9	20,758
(Bonds)	(6,592)	(5,540)	(119.0)	(21,328)
(Others)	(-829)	(115)	(—)	(-570)
Total	9,771	8,544	114.4	30,794

3. Volume of equity trading (except for futures contracts) 9,893,782 (In millions of shares/millions of yen)

	First quarter from 1 April 2005 to 30 June 2005		First quarter from 1 April 2004 to 30 June 2004		% change from same period last year		Financial year from 1 April 2004 to 31 March 2005	
	No. of shares	Total value	No. of shares	Total value	No. of shares	Total value	No. of shares	Total value
Total	2,628	2,580,370	3,224	3,127,843	81.5	82.5	11,258	9,893,782
(Dealing)	(700)	(708,149)	(667)	(655,616)	(105.0)	(108.0)	(2,555)	(2,304,233)
(Brokerage)	(1,927)	(1,872,220)	(2,557)	(2,472,227)	(75.4)	(75.7)	(8,703)	(7,589,549)
Brokerage ratio	73.3%	72.6%	79.3%	79.0%			77.3%	76.7%
Shares of total for TSE	1.08%	1.12%	1.25%	1.20%			1.13%	1.11%

4. Volume of underwriting, offering, and selling (In millions of shares/millions of yen)

		First quarter from 1 April 2005 to 30 June 2005	First quarter from 1 April 2004 to 30 June 2004	% change from same period last year	Financial year from 1 April 2004 to 31 March 2005
Underwritten	Equities (No. of shares)	2	6	44.2	61
	Equities (Total value)	19,227	27,936	68.8	150,605
	Bonds (Total at face value)	436,985	585,769	74.6	1,826,376
	Commercial paper, foreign instruments, etc. (Total at face value)	544,095	269,000	202.3	801,464
Offered and sold*	Equities (No. of shares)	2	6	44.2	62
	Equities (Total value)	20,188	29,107	69.4	168,109
	Bonds (Total at face value)	514,809	648,982	79.3	2,088,635
	Beneficiary certificates (Total at face value)	674,034	819,241	82.3	2,613,154
	Commercial paper, foreign instruments, etc. (Total at face value)	544,095	269,000	202.3	800,865

* Includes volume sold and volume privately placed.

5. Capital adequacy requirement ratio (In millions of shares/millions of yen)

		As of 30 June 2005	As of 30 June 2004	As of 31 March 2005
Basic items	Total capital (A)	220,218	217,732	213,540
Supplemental items	Difference in valuation (valuation revenues) of other securities, etc.	10,110	9,826	10,797
	Reserve for securities transaction liabilities, etc.	1,018	1,020	1,020
	Allowance for bad debts	162	227	210
	Subordinated short-term debt	51,000	42,500	50,800
Total (B)		62,292	53,575	62,828
Deducted assets (C)		86,669	76,387	87,155
Shareholders' equity after deduction (A)+(B)-(C) (D)		195,840	194,920	189,213
Amount equivalent to risk	Amount equivalent to market risk	18,157	15,897	16,866
	Amount equivalent to customer risk	8,169	7,879	8,854
	Amount equivalent to fundamental risk	22,457	21,194	22,157
	Total (E)	48,784	44,971	47,878
Capital adequacy requirement ratio (D)/(E)*100		401.4%	433.4%	395.1%

(Reference)

Quarterly Changes in Consolidated Statement of Income

(In millions of yen)

	First quarter of previous financial year	Second quarter of previous financial year	Third quarter of previous financial year	Fourth quarter of previous financial year	First quarter of current financial year
Operating revenues	30,420	24,987	23,284	27,978	28,184
Commissions and fees received	21,121	16,883	15,583	19,677	16,998
Brokerage commissions	13,559	8,265	7,192	10,501	8,970
(Equities)	(13,478)	(8,215)	(7,121)	(10,461)	(8,936)
(Bonds)	(63)	(39)	(62)	(31)	(20)
Underwriting & selling fees	1,684	2,776	2,790	2,106	965
(Equities)	(1,377)	(2,551)	(2,469)	(1,879)	(773)
(Bonds)	(307)	(225)	(321)	(227)	(192)
Offering & selling fees and commissions	2,934	2,912	2,878	3,710	4,028
Other fees and commissions	2,943	2,928	2,722	3,359	3,033
Trading profit or loss	8,544	7,521	7,011	7,717	9,771
Equities, etc.	2,889	2,205	2,615	2,326	4,007
Bonds & others	5,655	5,316	4,395	5,390	5,763
Bonds	(5,540)	(6,178)	(4,037)	(5,572)	(6,592)
Others	(115)	(-862)	(357)	(-181)	(-829)
Financial revenues	754	581	689	583	1,415
Financial expenses	1,053	1,128	972	972	918
Net operating revenues	29,367	23,858	22,311	27,006	27,266
Selling, general and administrative expenses	24,416	23,642	22,010	23,759	23,730
Transaction expenses	2,952	3,205	3,313	3,174	3,227
Personnel expenses	12,199	10,821	9,495	10,788	10,666
Real estate expenses	3,504	3,648	3,401	3,514	3,559
Office expenses	3,579	3,447	3,313	3,328	3,392
Depreciation	1,192	1,667	1,585	1,926	2,034
Taxes and dues	320	230	258	198	308
Others	668	621	642	827	541
Operating profit	4,950	216	300	3,247	3,536
Non-operating revenues	1,700	345	1,015	393	1,000
Non-operating expenses	23	114	144	180	30
Ordinary profit	6,628	446	1,171	3,460	4,505
Extraordinary profits	8	582	176	533	2,234
Extraordinary losses	529	499	513	4,602	14
Net profit before taxes, etc.	6,107	529	834	-609	6,725
Income taxes	37	35	27	27	35
Net profit	6,070	494	807	-636	6,689