

Summary of Business Results for the Third Quarter of the Financial Year Ending 31 March 2004 (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/>)
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1. Notes regarding the compilation of this quarterly business result summary
 The accounting methods used are identical to those applied to non-consolidated accounts in recent financial years

2. Summary of Third Quarter Business Results for the Financial Year Ending 31 March 2004 (1 April 2003 to 31 December 2003)

(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	%
Third quarter to December 2003	79,174	(39.5)	76,230	(39.7)	11,643	()	12,607	()
Third quarter to December 2002	56,743	(-16.3)	54,582	(-16.3)	-11,851	()	-4,994	()
Financial year to March 2003	75,954		73,097		-14,341		-7,571	

	Net profit for this period		Net profit per share
	mil. yen	%	yen
Third quarter to December 2003	11,394	()	14.64
Third quarter to December 2002	-8,786	()	-10.91
Financial year to March 2003	-29,322		-36.64

(Note) 1. Average number of shares outstanding (non-consolidated):
 Third quarter to December 2003: 778,203,572
 Third quarter to December 2002: 805,460,361
 Financial year to March 2003: 800,194,773

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.

(3) Non-consolidated financial status

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share	Capital adequacy requirement ratio
	mil. yen	mil. yen	%	Yen	%
Third quarter to December 2003	2,506,862	219,295	8.7	281.82	454.2
Third quarter to December 2002	1,737,054	225,598	13.0	284.40	470.2
Financial year to March 2003	2,092,922	203,116	9.7	260.99	419.4

(Note) 1. Number of shares outstanding (non-consolidated):
 Third quarter to December 2003: 778,144,093
 Third quarter to December 2002: 793,257,013
 Financial year to March 2003: 778,264,644

2. Number of treasury stocks:
 Third quarter to December 2003: 32,974,590
 Third quarter to December 2002: 17,861,670
 Financial year to March 2003: 32,854,039

3. Forecast of non-consolidated business results for the full financial year ending 31 March 2004 (1 April 2003 - 31 March 2004)

Because our 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)

	Third quarter to 31 December 2003	Third quarter to 31 December 2002	Year-on-year increase/decrease	Financial year to 31 March 2003
Assets				
Current assets	2,405,948	1,636,386	769,561	2,003,196
Cash and due from banks	92,534	75,174	17,360	30,268
Fund deposits	43,244	32,444	10,800	32,644
Trading products	1,052,997	785,346	267,650	888,851
Trading securities, etc.	1,049,666	780,714	268,951	884,759
Derivative assets	3,330	4,632	-1,301	4,092
Trade date accrual	55,977		55,977	25,534
Margin transaction assets	67,029	32,901	34,127	36,337
Customers' loans receivable in margin transactions	60,309	26,478	33,831	28,036
Collateral for borrowed securities for margin transactions	6,720	6,423	296	8,300
Loans receivable secured by securities	1,070,057	682,596	387,461	958,609
Collateral for borrowed securities	1,068,057	670,596	397,460	958,609
Loans receivable in gensaki transactions	1,999	11,999	-9,999	
Advances	292	1,529	-1,237	997
Accounts for non-delivered securities and others		7	-7	4,356
Short-term loans receivable	12,725	13,088	-363	13,590
Other current assets	11,264	13,302	-2,037	12,086
Allowance for bad debts	-175	-4	-171	-80
Fixed assets	100,914	100,667	246	89,726
Tangible fixed assets	6,132	7,814	-1,682	6,588
Intangible fixed assets	16,315	9,738	6,576	10,169
Investments and other assets	78,466	83,114	-4,647	72,968
Investment securities	60,966	60,440	525	53,966
Long-term deposits	9,354	11,269	-1,914	9,962
Other investments	13,140	16,202	-3,061	13,867
Allowance for bad debts	-4,994	-4,797	-197	-4,828
Total assets	2,506,862	1,737,054	769,808	2,092,922

	Third quarter to 31 December 2003	Third quarter to 31 December 2002	Year-on-year increase/decrease	Financial year to 31 March 2003
Liabilities				
Current liabilities	2,234,409	1,473,334	761,074	1,839,167
Trading products	904,359	433,421	470,937	422,353
Trading securities, etc.	898,677	429,986	468,691	418,645
Derivative liabilities	5,681	3,435	2,245	3,707
Trade date accrual		24,984	-24,984	
Margin transaction liabilities	25,890	18,095	7,795	19,942
Customers' loans payable for margin transactions	20,003	10,938	9,065	15,075
Collateral for loaned securities for margin transactions	5,886	7,156	-1,270	4,867
Loans payable secured by securities	1,118,362	885,586	232,776	1,277,296
Amounts receivable on loan transactions	868,024	558,678	309,346	949,296
Loans payable in gensaki transactions	250,338	326,908	-76,570	328,000
Deposits received	32,715	24,638	8,076	30,500
Received margins	12,639	7,102	5,537	6,909
Accounts for non-received securities and others	9	1	8	4,356
Short-term loans payable	102,960	61,260	41,700	63,260
Commercial paper	30,000	13,500	16,500	2,000
Income taxes payable	97	120	-22	135
Reserve for bonus	1,450	1,260	190	1,930
Other current liabilities	5,925	3,364	2,561	10,482
Fixed liabilities	52,343	37,164	15,178	49,682
Long-term loans payable	33,000	21,000	12,000	33,000
Deferred tax liabilities	3,912	581	3,331	607
Reserves for retirement benefits	15,411	15,565	-154	16,056
Other fixed liabilities	19	18	1	19
Statutory reserve	814	956	-142	956
Total liabilities	2,287,566	1,511,456	776,110	1,889,805
Shareholders' equity				
Common stock	125,167	125,167		125,167
Capital surplus	82,086	111,407	-29,321	111,407
Capital reserve	51,407	71,407	-20,000	71,407
Other capital surplus	30,678	40,000	-9,321	40,000
Marginal profit from reduction in capital reserve	30,677	40,000	-9,322	40,000
Gain/loss on disposal of treasury stock	1		1	
Earned surplus	11,394	-8,786	20,181	-29,322
Unappropriated earned surplus	11,394	-8,786	20,181	-29,322
Difference in valuation of securities	5,703	802	4,900	884
Treasury stock	-5,055	-2,992	-2,063	-5,020
Total shareholders' equity	219,295	225,598	-6,302	203,116
Total liabilities and shareholders' equity	2,506,862	1,737,054	769,808	2,092,922

Non-consolidated Statement of Income

(In millions of yen)

	Third quarter from 1 April 2003 to 31 December 2003	Third quarter from 1 April 2002 to 31 December 2002	% change from same period last year	Financial year from 1 April 2002 to 31 March 2003
Operating revenues	79,174	56,743	139.5	75,954
Commissions and fees received	42,766	32,805	130.4	41,514
Trading profit or loss	35,082	20,796	168.7	30,179
Financial revenues	1,326	3,141	42.2	4,259
Financial expenses	2,944	2,161	136.2	2,856
Net operating revenues	76,230	54,582	139.7	73,097
Selling, general and administrative expenses	64,587	66,433	97.2	87,438
Transaction expenses	8,384	8,928	93.9	11,908
Personnel expenses	31,723	31,453	100.9	41,131
Real estate expenses	10,645	11,291	94.3	15,025
Office expenses	8,931	9,471	94.3	12,380
Depreciation	2,917	2,922	99.8	3,926
Taxes and dues	316	413	76.6	517
Others	1,668	1,952	85.4	2,547
Operating profit	11,643	-11,851		-14,341
Non-operating revenues	1,356	7,053	19.2	7,308
Non-operating expenses	392	197	199.2	537
Ordinary profit	12,607	-4,994		-7,571
Extraordinary profits	1,205	497	242.4	911
Extraordinary losses	2,322	4,169	55.7	22,528
Net profit before taxes, etc.	11,490	-8,666		-29,187
Income taxes	96	120	80.0	135
Net profit	11,394	-8,786		-29,322
Profit brought forward				
Unappropriated earned surplus	11,394	-8,786		-29,322

[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 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 this 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 this period was charged to this period.
The difference at the change in the accounting method (8.277 billion yen) will be amortized in straight-line method over 5 years, and the amount appropriated to this period is included in the extraordinary loss.
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 this 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.

[Notes on non-consolidated balance sheets]

	Third quarter to 31 December 2003	Third quarter to 31 December 2002	Financial year to 31 March 2003 (In millions of yen)
1. Accumulated depreciation of tangible fixed assets	6,028	6,250	5,967
2. Guarantee obligations (guarantee exercise anticipated)	39,665 (39,489)	32,145 (31,886)	42,697 (42,453)

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”.

	Third quarter to 31 December 2003	Third quarter to 31 December 2002	Financial year to 31 March 2003 (In millions of yen)
	38,500	41,000	38,500

[Notes on non-consolidated statement of income]

	Third quarter from 1 April 2003 to 31 December 2003	Third quarter from 1 April 2002 to 31 December 2002	Financial year from 1 April 2002 to 31 March 2003 (In millions of yen)
Extraordinary profits			
Profit from sale of fixed assets		5	16
Profit from sale of investment securities	498	140	543
Profit from recovery of bad debts	565		
Reversal from reserve for securities transaction liabilities	142	351	351
Extraordinary losses			
Loss from sale of fixed assets	109	62	781
Loss from disposition of fixed assets	264	40	535
Loss from sale of investment securities	122	23	325
Write-down of investment securities	337	2,527	2,132
Write-down of shares of affiliates			7,274
Write-down of golf club memberships	3		31
Write-down of other investments			402
Re-amortization of future retirement and severance pay obligations in line with a change to accounting standards	1,241	1,241	1,655
Expenses incurred through merging or eliminating branches	228	262	326
Special retirement allowance			6,237
Loss from support for affiliates			2,700
Addition to allowance for bad debts	15	12	125

Data on Non-consolidated Settlement of Accounts

1. Commissions and fees received

(1) Breakdown for each account (In millions of yen)

	Third quarter from 1 April 2003 to 31 December 2003	Third quarter from 1 April 2002 to 31 December 2002	% change from same period last year	Financial year from 1 April 2002 to 31 March 2003
Brokerage commissions	25,756	16,616	155.0	20,301
(Equities)	(25,487)	(16,080)	(158.5)	(19,672)
(Bonds)	(214)	(423)	(50.6)	(502)
Underwriting & selling fees	3,713	2,552	145.5	3,496
(Equities)	(2,925)	(1,630)	(179.4)	(2,268)
(Bonds)	(787)	(921)	(85.5)	(1,227)
Offering & selling fees and commissions	6,693	6,037	110.9	8,362
Other fees and commissions	6,602	7,599	86.9	9,353
Total	42,766	32,805	130.4	41,514

(2) Breakdown for each product (In millions of yen)

	Third quarter from 1 April 2003 to 31 December 2003	Third quarter from 1 April 2002 to 31 December 2002	% change from same period last year	Financial year from 1 April 2002 to 31 March 2003
Equities	29,005	18,360	158.0	22,793
Bonds	2,301	2,218	103.7	3,139
Beneficiary securities	9,762	10,790	90.5	13,355
Others	1,697	1,437	118.1	2,226
Total	42,766	32,805	130.4	41,514

2. Trading profit or loss (In millions of yen)

	Third quarter from 1 April 2003 to 31 December 2003	Third quarter from 1 April 2002 to 31 December 2002	% change from same period last year	Financial year from 1 April 2002 to 31 March 2003
Equities, etc.	10,923	3,387	322.4	4,768
Bonds, exchange, etc.	24,159	17,408	138.8	25,410
(Bonds, etc.)	(23,992)	(16,643)	(144.2)	(25,615)
(Exchange, etc.)	(166)	(765)	(21.8)	(-204)
Total	35,082	20,796	168.7	30,179

3. Volume of equity trading (except for futures contracts)

(In millions of shares/millions of yen)

	Third quarter from 1 April 2003 to 31 December 2003		Third quarter from 1 April 2002 to 31 December 2002		% change from same period last year		Financial year from 1 April 2002 to 31 March 2003	
	No. of shares	Total value	No. of shares	Total value	No. of shares	Total value	No. of shares	Total value
Total	9,212	6,513,262	6,114	4,961,359	150.7	131.3	8,110	6,170,201
(Dealing)	(1,505)	(1,755,658)	(1,712)	(1,822,540)	(87.9)	(96.3)	(2,087)	(2,201,685)
(Brokerage)	(7,706)	(4,757,603)	(4,402)	(3,138,818)	(175.1)	(151.6)	(6,023)	(3,968,516)
Brokerage ratio	83.7%	73.0%	72.0%	63.3%			74.3%	64.3%
Shares of total for TSE	1.55%	1.20%	1.67%	1.39%			1.63%	1.34%

4. Volume of underwriting, offering, and selling

(In millions of shares/millions of yen)

		Third quarter from 1 April 2003 to 31 December 2003	Third quarter from 1 April 2002 to 31 December 2002	% change from same period last year	Financial year from 1 April 2002 to 31 March 2003
Underwritten	Equities (No. of shares)	42	17	236.9	21
	Equities (Total value)	61,983	39,432	157.2	51,260
	Bonds (Total at face value)	1,348,325	1,200,458	112.3	1,574,518
	Commercial paper, foreign instruments, etc. (Total at face value)	875,213	901,077	97.1	1,204,536
Offered and sold*	Equities (No. of shares)	43	18	238.6	21
	Equities (Total value)	68,791	46,066	149.3	58,695
	Bonds (Total at face value)	1,503,944	1,361,375	110.5	1,805,224
	Beneficiary certificates (Total at face value)	1,597,789	1,388,607	115.1	1,787,270
	Commercial paper, foreign instruments, etc. (Total at face value)	875,213	901,077	97.1	1,204,536

* Includes volume sold and volume privately placed.

5. Capital adequacy requirement ratio

(millions of yen)

		As of 31 December 2003	As of 31 December 2002	As of 31 March 2003
Basic items	Total capital (A)	213,592	224,795	202,231
Supplemental items	Difference in valuation (valuation revenues) of other securities, etc.	5,703	802	884
	Reserve for securities transaction liabilities, etc.	814	956	956
	Allowance for bad debts	175	4	80
	Subordinated short-term debt	38,500	41,000	38,500
Total (B)		45,192	42,763	40,421
Deducted assets (C)		74,161	82,344	70,405
Shareholders' equity after deduction (A)+(B)-(C) (D)		184,623	185,214	172,247
Amount equivalent to risk	Amount equivalent to market risk	13,343	11,533	12,554
	Amount equivalent to customer risk	6,977	5,412	6,704
	Amount equivalent to fundamental risk	20,321	22,445	21,809
	Total (E)	40,642	39,390	41,067
Capital adequacy requirement ratio (D)/(E)*100		454.2%	470.2%	419.4%

(Reference)

Quarterly Changes in Consolidated Statement of Income

(In millions of yen)

	Third quarter of previous financial year	Fourth quarter of previous financial year	First quarter of current financial year	Second quarter of current financial year	Third quarter of current financial year
Operating revenues	19,299	19,210	26,310	26,713	26,151
Commissions and fees received	11,386	8,709	11,358	15,584	15,823
Brokerage commissions	5,504	3,685	5,919	10,130	9,705
(Equities)	(5,347)	(3,591)	(5,802)	(10,048)	(9,637)
(Bonds)	(125)	(78)	(103)	(62)	(48)
Underwriting & selling fees	753	943	958	1,147	1,607
(Equities)	(391)	(637)	(662)	(922)	(1,340)
(Bonds)	(361)	(306)	(296)	(224)	(267)
Offering & selling fees and commissions	2,249	2,325	2,407	1,951	2,334
Other fees and commissions	2,879	1,754	2,072	2,354	2,175
Trading profit or loss	6,538	9,382	13,985	11,204	9,892
Equities, etc.	856	1,380	3,732	3,503	3,687
Bonds, exchange, etc.	5,681	8,002	10,253	7,700	6,205
(Bonds, etc.)	(5,974)	(8,972)	(11,016)	(6,595)	(6,379)
(Exchange, etc.)	(-293)	(-970)	(-763)	(1,104)	(-174)
Financial revenues	1,374	1,118	966	-75	435
Financial expenses	678	695	688	910	1,345
Net operating revenues	18,620	18,514	25,622	25,803	24,805
Selling, general and administrative expenses	21,034	21,005	21,742	21,098	21,746
Transaction expenses	2,846	2,980	2,680	2,783	2,920
Personnel expenses	10,084	9,677	10,793	10,093	10,836
Real estate expenses	3,565	3,734	3,762	3,422	3,460
Office expenses	3,022	2,909	2,781	3,034	3,115
Depreciation	1,000	1,004	972	1,003	941
Taxes and dues	96	104	154	85	77
Others	418	594	596	675	395
Operating profit	-2,414	-2,490	3,879	4,705	3,059
Non-operating revenues	179	254	507	561	288
Non-operating expenses	18	340	7	223	161
Ordinary profit	-2,252	-2,576	4,378	5,042	3,186
Extraordinary profits	16	414	267	933	4
Extraordinary losses	1,885	18,359	586	893	842
Net profit before taxes, etc.	-4,121	-20,521	4,059	5,082	2,348
Income taxes	40	15	34	31	31
Net profit	-4,161	-20,536	4,025	5,051	2,317