

## Summary of Non-consolidated Financial Statements for the Financial Year Ended 31 March 2004

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  
 Contact: Akihiko Furuta, General Manager of Treasury Dept. at (03) 5203-6000

### 1. Summary of Business Results for the Financial Year Ended 31 March 2004 (1 April 2003 to 31 March 2004)

(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	%
Financial year to March 2004	109,105	(43.6)	105,253	(44.0)	18,982	( )	20,248	( )
Financial year to March 2003	75,954	(-14.1)	73,097	(-14.0)	-14,341	( )	-7,571	( )

	Net profit		Net profit per share	Net profit per share (diluted)	Return on Equity (ROE)	Ratio of current income to current expenses
	mil. yen	%	yen	yen	%	%
Financial year to March 2004	15,971	( )	20.29		7.4	69.2
Financial year to March 2003	-29,322	( )	-36.64		-13.3	50.7

- (Note) 1. Average number of shares outstanding (non-consolidated):  
 Financial year to March 2004: 778,181,867  
 Financial year to March 2003: 800,194,773
2. There has been no change in the accounting methods used to compile these financial statements.
3. Percentage figures for operating revenues, net operating revenues, operating profit, ordinary profit, and net profit represent the percentage increase or decrease on the previous year.

### (2) Dividends

	Annual dividend per share			Total dividend (annual)	Dividend payout ratio	Dividends on Equity
	Interim	Year end				
Financial year to March 2004	yen	yen	yen	mil. yen	%	%
Financial year to March 2004	5.00		5.00	3,890	24.6	1.7
Financial year to March 2003	0.00		0.00			

### (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	%
Financial year to March 2004	2,383,125	226,913	9.5	291.39	459.6
Financial year to March 2003	2,092,922	203,116	9.7	260.99	419.4

- (Note) 1. Number of shares outstanding (non-consolidated):  
 Financial year to March 2004: 778,102,479  
 Financial year to March 2003: 778,264,644
2. Number of treasury stocks:  
 Financial year to March 2004: 33,016,204  
 Financial year to March 2003: 32,854,039

### 2. Forecast of non-consolidated business results for the full financial year ending 31 March 2005 (1 April 2004 - 31 March 2005)

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)

	Financial year to 31 March 2004	Financial year to 31 March 2003	Year-on-year increase/decrease
<b>Assets</b>			
Current assets	2,277,074	2,003,196	273,878
Cash and due from banks	97,468	30,268	67,199
Fund deposits	49,844	32,644	17,200
Trading products	847,678	888,851	-41,173
Trading securities, etc.	844,546	884,759	-40,212
Derivative assets	3,131	4,092	-960
Trade date accrual	41,581	25,534	16,047
Margin transaction assets	81,584	36,337	45,247
Customers' loans receivable in margin transactions	71,681	28,036	43,644
Collateral for borrowed securities for margin transactions	9,903	8,300	1,602
Loans receivable secured by securities	1,131,256	958,609	172,646
Collateral for borrowed securities	1,127,256	958,609	168,646
Loans receivable in gensaki transactions	3,999		3,999
Advance money	919	997	-77
Cash paid for offering, etc.	2,104	1,447	656
Short-term deposits	1,725	2,014	-289
Accounts for non-delivered securities and others	704	4,356	-3,651
Short-term loans receivable	12,874	13,590	-715
Accrued revenues	5,191	3,871	1,320
Other current assets	4,388	4,752	-363
Allowance for bad debts	-248	-80	-167
Fixed assets	106,050	89,726	16,324
Tangible fixed assets	6,038	6,588	-550
Buildings	2,931	3,317	-386
Furniture and fixtures	1,897	2,061	-163
Land	1,209	1,209	
Intangible fixed assets	18,354	10,169	8,185
Software	12,235	8,702	3,533
Phone right, etc.	6,118	1,466	4,652
Investments and other assets	81,657	72,968	8,689
Investment securities	41,444	33,190	8,254
Share of affiliates	22,147	20,775	1,371
Long-term deposits	9,238	9,962	-723
Other investments	13,592	13,867	-275
Allowance for bad debts	-4,765	-4,828	62
<b>Total assets</b>	<b>2,383,125</b>	<b>2,092,922</b>	<b>290,202</b>

(In millions of yen)

	Financial year to 31 March 2004	Financial year to 31 March 2003	Year-on-year increase/decrease
<b>Liabilities</b>			
Current liabilities	2,100,143	1,839,167	260,976
Trading products	796,913	422,353	374,560
Trading securities, etc.	790,762	418,645	372,116
Derivative liabilities	6,150	3,707	2,443
Margin transaction liabilities	52,173	19,942	32,230
Customers' loans payable for margin transactions	44,185	15,075	29,109
Collateral for loaned securities for margin transactions	7,988	4,867	3,121
Loans payable secured by securities	1,043,968	1,277,296	-233,327
Amounts receivable on loan transactions	815,928	949,296	-133,367
Loans payable in gensaki transactions	228,040	328,000	-99,960
Deposits received	38,805	30,500	8,305
Received margins	14,035	6,909	7,125
Accounts for non-received securities and others	704	4,356	-3,652
Short-term loans payable	126,010	63,260	62,750
Commercial paper	18,500	2,000	16,500
Accrued liability	1,598	6,880	-5,281
Income taxes payable	153	135	18
Reserve for bonus	3,290	1,930	1,360
Other current liabilities	3,989	3,601	388
Fixed liabilities	55,040	49,682	5,358
Long-term loans payable	34,250	33,000	1,250
Deferred tax liabilities	4,972	607	4,365
Reserves for retirement benefits	15,799	16,056	-257
Other fixed liabilities	19	19	0
Statutory reserve	1,027	956	70
Reserve for securities transaction liabilities	1,027	956	70
<b>Total liabilities</b>	<b>2,156,211</b>	<b>1,889,805</b>	<b>266,405</b>
<b>Shareholders' equity</b>			
Common stock	125,167	125,167	
Capital surplus	82,087	111,407	-29,320
Capital reserve	51,407	71,407	-20,000
Other capital surplus	30,679	40,000	-9,320
Marginal profit from reduction in capital reserve	30,677	40,000	-9,322
Gain/loss on disposal of treasury stock	2		2
Earned surplus	15,971	-29,322	45,294
Unappropriated earned surplus	15,971	-29,322	45,294
Difference in valuation of securities	8,758	884	7,873
Treasury stock	-5,071	-5,020	-51
<b>Total shareholders' equity</b>	<b>226,913</b>	<b>203,116</b>	<b>23,797</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,383,125</b>	<b>2,092,922</b>	<b>290,202</b>

**Non-consolidated Statement of Income**

(In millions of yen)

	Financial year from 1 April 2003 to 31 March 2004	Financial year from 1 April 2002 to 31 March 2003	% change from previous year
Operating revenues	109,105	75,954	143.6
Commissions and fees received	60,585	41,514	145.9
Trading profit or loss	46,747	30,179	154.9
Financial revenues	1,773	4,259	41.6
Financial expenses	3,851	2,856	134.8
Net operating revenues	105,253	73,097	144.0
Sales and general administrative expenses	86,271	87,438	98.7
Transaction expenses	11,174	11,908	93.8
Personnel expenses	42,296	41,131	102.8
Real estate expenses	14,157	15,025	94.2
Office expenses	12,178	12,380	98.4
Depreciation	3,899	3,926	99.3
Taxes and dues	396	517	76.5
Others	2,169	2,547	85.2
Operating profit	18,982	-14,341	
Non-operating revenues	1,858	7,308	25.4
Non-operating expenses	591	537	109.9
Ordinary profit	20,248	-7,571	
Extraordinary profits	2,096	911	230.0
Extraordinary losses	6,221	22,528	27.6
Net profit before taxes, etc.	16,123	-29,187	
Income taxes	152	135	112.6
Net profit	15,971	-29,322	
Profit brought forward			
Unappropriated earned surplus	15,971	-29,322	

Statement of Earned Surplus

(Appropriation of profits)

(Unit: Million yen)

Term	115th term	Term	114th term
Date of approval by general meeting of shareholders		Date of approval by general meeting of shareholders	27 June 2003
(Appropriation of earned surplus)		(Disposition of other capital surplus)	
I. Unappropriated earned surplus	15,971	I. Other capital surplus	40,000
II. Appropriated profits		II. Disposed-of amount of other capital surplus	
Dividends (*)	3,890	Amount transferred to earned surplus	29,322
Bonus payments to directors	183	III. Amount of other capital surplus carried forward to next year	10,677
III. Profit carried forward	11,897	(Disposition of unappropriated losses)	
		I. Undisposed loss for this year	29,322
		II. Disposed-of amount of loss	
		Amount transferred from other capital surplus	29,322
		Losses carried forward	

(\*) Proposed dividends for the 115th period are 5 yen per share

## [Non-consolidated financial statements]

These non-consolidated financial statements follow the provisions of Ministry of Finance (MoF) Ordinance No.59 (1963) entitled “The Rules for Terms, Formats, and Preparation Method of Financial Statements” and also comply with the provisions stipulated in Articles 2 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 (up to 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 this obligation to this year.
- (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 year was charged to this year.  
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 year 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 year 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]

	Financial year to 31 March 2004	Financial year to 31 March 2003 (In millions of yen)
1. Accumulated depreciation of tangible fixed assets	6,173	5,967
2. Guarantee obligations (guarantee exercise anticipated)	38,669 (38,514)	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”.

	Financial year to 31 March 2004	Financial year to 31 March 2003 (In millions of yen)
4. Limitation on Dividends	42,500	38,500

Restricted net assets (unavailable for dividend allocation), as set forth in article 124, paragraph 3 of the Commercial Code of Japan, were 7.827 billion yen.

[Notes on non-consolidated statement of income]

	Financial year from 1 April 2003 to 31 March 2004	Financial year from 1 April 2002 to 31 March 2003 (In millions of yen)
Extraordinary profits		
Profit from sale of fixed assets		16
Profit from sale of investment securities	1,531	543
Profit from recovery of bad debts	565	
Reversal from reserve for securities transaction liabilities		351
Extraordinary losses		
Loss from sale of fixed assets	115	781
Loss from disposition of fixed assets	293	535
Loss from sale of investment securities	122	325
Write-down of investment securities	394	2,132
Write-down of shares of affiliates	2,473	7,274
Write-down of golf club memberships	1	31
Write-down of other investments		402
Re-amortization of future retirement and severance pay obligations in line with a change to accounting standards	1,655	1,655
System change costs	814	
Expenses incurred through merging or eliminating branches	247	326
Special retirement allowance		6,237
Loss from support for affiliates		2,700
Provision of reserve for securities transaction liabilities	70	
Provision of allowance for bad debts	32	125

Data on Non-consolidated Settlement of Accounts

## 1. Commissions and fees received

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

	Financial year from 1 April 2003 to 31 March 2004	Financial year from 1 April 2002 to 31 March 2003	% change from previous year
Brokerage commissions	36,526	20,301	179.9
(Equities)	(36,191)	(19,672)	(184.0)
(Bonds)	(260)	(502)	(51.9)
Underwriting & selling fees	5,317	3,496	152.1
(Equities)	(4,314)	(2,268)	(190.2)
(Bonds)	(1,003)	(1,227)	(81.7)
Offering & selling fees and commissions	9,337	8,362	111.7
Other fees and commissions	9,403	9,353	100.5
Total	60,585	41,514	145.9

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

	Financial year from 1 April 2003 to 31 March 2004	Financial year from 1 April 2002 to 31 March 2003	% change from previous year
Equities	41,124	22,793	180.4
Bonds	3,094	3,139	98.6
Beneficiary securities	13,468	13,355	100.8
Others	2,898	2,226	130.2
Total	60,585	41,514	145.9

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

	Financial year from 1 April 2003 to 31 March 2004	Financial year from 1 April 2002 to 31 March 2003	% change from previous year
Equities, etc.	15,487	4,768	324.8
Bonds, exchange, etc.	31,260	25,410	123.0
(Bonds, etc.)	(30,923)	(25,615)	(120.7)
(Exchange, etc.)	(336)	(-204)	( )
Total	46,747	30,179	154.9

## 3. Volume of equity trading (except for futures contracts) (In millions of shares/millions of yen)

	Financial year from 1 April 2003 to 31 March 2004		Financial year from 1 April 2002 to 31 March 2003		% change from previous year	
	No. of shares	Total value	No. of shares	Total value	No. of shares	Total value
Total	12,699	9,256,454	8,110	6,170,201	156.6	150.0
(Dealing)	(2,317)	(2,447,759)	(2,087)	(2,201,685)	(111.1)	(111.2)
(Brokerage)	(10,381)	(6,808,694)	(6,023)	(3,968,516)	(172.4)	(171.6)
Brokerage ratio	81.7%	73.6%	74.3%	64.3%		
Shares of total for TSE	1.52%	1.21%	1.63%	1.34%		

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

		Financial year from 1 April 2003 to 31 March 2004	Financial year from 1 April 2002 to 31 March 2003	% change from previous year
Underwritten	Equities (No. of shares)	59	21	283.8
	Equities (Total value)	89,824	51,260	175.2
	Bonds (Total at face value)	1,977,618	1,574,518	125.6
	Commercial paper, foreign instruments, etc. (Total at face value)	1,146,313	1,204,536	95.2
Offered and sold*	Equities (No. of shares)	60	21	284.6
	Equities (Total value)	97,813	58,695	166.6
	Bonds (Total at face value)	2,195,424	1,805,224	121.6
	Beneficiary certificates (Total at face value)	2,236,125	1,787,270	125.1
	Commercial paper, foreign instruments, etc. (Total at face value)	1,146,313	1,204,536	95.2

\* Includes volume sold and volume privately placed.

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

		As of 31 March 2004	As of 31 March 2003
Basic items	Total capital (A)	214,081	202,231
Supplemental items	Difference in valuation (valuation revenues) of other securities, etc.	8,758	884
	Reserve for securities transaction liabilities, etc.	1,027	956
	Allowance for bad debts	248	80
	Subordinated short-term debt	42,500	38,500
	Total (B)	52,534	40,421
	Deducted assets (C)	76,099	70,405
	Shareholders' equity after deduction (A)+(B)-(C) (D)	190,516	172,247
Amount equivalent to risk	Amount equivalent to market risk	13,443	12,554
	Amount equivalent to customer risk	7,507	6,704
	Amount equivalent to fundamental risk	20,499	21,809
	Total (E)	41,450	41,067
	Capital adequacy requirement ratio (D)/(E)*100	459.6 %	419.4 %

(Reference)

Quarterly Changes in Consolidated Statement of Income

(In millions of yen)

	Fourth quarter of previous financial year	First quarter of current financial year	Second quarter of current financial year	Third quarter of current financial year	Fourth quarter of current financial year
Operating revenues	19,210	26,310	26,713	26,151	29,931
Commissions and fees received	8,709	11,358	15,584	15,823	17,819
Brokerage commissions	3,685	5,919	10,130	9,705	10,769
(Equities)	(3,591)	(5,802)	(10,048)	(9,637)	(10,703)
(Bonds)	(78)	(103)	(62)	(48)	(46)
Underwriting & selling fees	943	958	1,147	1,607	1,604
(Equities)	(637)	(662)	(922)	(1,340)	(1,389)
(Bonds)	(306)	(296)	(224)	(267)	(215)
Offering & selling fees and commissions	2,325	2,407	1,951	2,334	2,643
Other fees and commissions	1,754	2,072	2,354	2,175	2,801
Trading profit or loss	9,382	13,985	11,204	9,892	11,664
Equities, etc.	1,380	3,732	3,503	3,687	4,564
Bonds, exchange, etc.	8,002	10,253	7,700	6,205	7,100
(Bonds, etc.)	(8,972)	(11,016)	(6,595)	(6,379)	(6,930)
(Exchange, etc.)	(-970)	(-763)	(1,104)	(-174)	(169)
Financial revenues	1,118	966	-75	435	447
Financial expenses	695	688	910	1,345	907
Net operating revenues	18,514	25,622	25,803	24,805	29,023
Sales and general administrative expenses	21,005	21,742	21,098	21,746	21,684
Transaction expenses	2,980	2,680	2,783	2,920	2,789
Personnel expenses	9,677	10,793	10,093	10,836	10,573
Real estate expenses	3,734	3,762	3,422	3,460	3,511
Office expenses	2,909	2,781	3,034	3,115	3,247
Depreciation	1,004	972	1,003	941	982
Taxes and dues	104	154	85	77	79
Others	594	596	675	395	501
Operating profit	-2,490	3,879	4,705	3,059	7,338
Non-operating revenues	254	507	561	288	501
Non-operating expenses	340	7	223	161	198
Ordinary profit	-2,576	4,378	5,042	3,186	7,641
Extraordinary profits	414	267	933	4	890
Extraordinary losses	18,359	586	893	842	3,899
Net profit before taxes, etc.	-20,521	4,059	5,082	2,348	4,632
Income taxes	15	34	31	31	56
Net profit	-20,536	4,025	5,051	2,317	4,576

## Changes Among Officers

Information concerning the assignment of officers was disclosed on March 22nd, 2004