



26 October 2005

Summary of Non-consolidated Financial Statements for the First Half of the Financial Year Ending 31 March 2006

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
 These financial statements were approved at a meeting of the Board of Directors on 26 October 2005.
 It is the policy of the company not to pay an interim dividend.
 The company's stock trading unit is 1000 shares.

1. Non-consolidated Business Results for the First Half of the Financial Year Ending 31 March 2006 (1 April 2005 - 30 September 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 half to September 2005	62,122	(12.1)	60,149	(13.0)	10,555	(104.3)	12,122	(71.3)
First half to September 2004	55,407	(4.5)	53,226	(3.5)	5,167	(-39.8)	7,075	(-24.9)
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 half to September 2005	14,967	(128.0)	19.42	19.41
First half to September 2004	6,564	(-27.7)	8.50	—
Financial year to March 2005	6,735		8.53	—

(Note) 1. Average number of shares outstanding (non-consolidated):
 First half to 30 September 2005: 770,881,478
 First half to 30 September 2004: 772,747,301
 Financial year to 31 March 2005: 771,874,430

2. There has been changes 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 same period last year.

(2) Dividend

	Interim dividend per share	Annual dividend per share
	yen	yen
First half to September 2005	—	—
First half to September 2004	—	—
Financial year to March 2005	—	6.00

(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	%
First half to September 2005	2,978,810	242,759	8.1	314.94	456.0
First half to September 2004	2,915,010	225,997	7.8	293.09	417.6
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 half to 30 September 2005:	770,809,443
	First half to 30 September 2004:	771,086,834
	Financial year to 31 March 2005:	770,949,487
2. Number of treasury stocks:	First half to 30 September 2005:	40,309,240
	First half to 30 September 2004:	40,031,849
	Financial year to 31 March 2005:	40,169,196

2. 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 half to 30 September 2005	First half to 30 September 2004	Year-on-year increase/decrease	Financial year to 31 March 2005
Assets				
Current assets	2,851,393	2,805,602	45,791	3,306,423
Cash and due from banks	120,626	62,151	58,475	31,742
Fund deposits	67,907	60,125	7,781	61,266
Trading products	1,034,066	1,330,143	-296,077	1,374,638
Trading securities, etc.	1,031,288	1,324,316	-293,028	1,368,853
Derivative assets	2,777	5,826	-3,048	5,785
Trade date accrual	44,684	—	44,684	—
Margin transaction assets	85,821	88,677	-2,855	82,708
Customers' loans receivable in margin transactions	70,050	82,594	-12,544	74,240
Collateral for borrowed securities for margin transactions	15,771	6,082	9,688	8,468
Loans receivable secured by securities	1,454,095	1,239,436	214,658	1,724,082
Collateral for borrowed securities	1,453,995	1,239,336	214,658	1,713,952
Loans receivable in gensaki transactions	100	100	—	10,130
Advances	519	281	237	511
Short-term loans receivable	11,951	11,878	72	14,219
Deferred tax assets	2,381	—	2,381	—
Other current assets	29,499	13,135	16,364	19,148
Allowance for bad debts	-159	-227	68	-1,894
Fixed assets	127,416	109,408	18,008	122,389
Tangible fixed assets	6,020	5,975	44	5,889
Intangible fixed assets	26,101	21,639	4,461	25,472
Investments and other assets	95,295	81,793	13,502	91,026
Investment securities	83,182	63,064	20,117	77,747
Long-term deposits	8,552	8,705	-152	8,856
Other investments	8,689	14,743	-6,053	9,056
Allowance for bad debts	-5,129	-4,720	-409	-4,633
Total assets	2,978,810	2,915,010	63,800	3,428,812

(In millions of yen)

	First half to 30 September 2005	First half to 30 September 2004	Year-on-year increase/decrease	Financial year to 31 March 2005
Liabilities				
Current liabilities	2,669,998	2,633,370	36,628	3,133,528
Trading products	958,296	1,012,412	-54,116	1,220,685
Trading securities, etc.	949,524	1,008,963	-59,438	1,218,474
Derivative liabilities	8,771	3,448	5,322	2,210
Trade date accrual	—	81,180	-81,180	14,132
Margin transaction liabilities	54,968	34,538	20,429	53,901
Customers' loans payable for margin transactions	47,594	30,401	17,193	49,267
Collateral for loaned securities for margin transactions	7,373	4,137	3,236	4,634
Loans payable secured by securities	1,243,021	1,235,587	7,433	1,480,857
Amounts receivable on loan transactions	1,070,970	1,024,723	46,246	1,302,482
Loans payable in gensaki transactions	172,051	210,864	-38,813	178,375
Deposits received	63,513	58,548	4,965	52,481
Received margins	15,897	15,427	470	13,709
Accounts for non-received securities and others	206	4	201	0
Short-term loans payable	240,810	141,710	99,100	227,310
Commercial paper	80,300	42,100	38,200	57,200
Income taxes payable	2,295	378	1,917	698
Reserve for bonus	3,500	4,000	-500	3,300
Other current liabilities	7,190	7,481	-291	9,251
Fixed liabilities	65,033	54,621	10,411	65,150
Long-term loans payable	41,050	34,250	6,800	42,550
Deferred tax liabilities	8,632	4,488	4,144	6,399
Reserves for retirement benefits	15,328	15,864	-535	16,180
Other fixed liabilities	22	19	3	19
Statutory reserve	1,018	1,020	-2	1,020
Total liabilities	2,736,051	2,689,012	47,038	3,199,699
Shareholders' equity				
Common stock	125,167	125,167	—	125,167
Capital surplus	82,090	82,088	1	82,089
Capital reserve	51,407	51,407	—	51,407
Other capital surplus	30,683	30,681	1	30,682
Marginal profit from reduction in capital reserve	30,677	30,677	—	30,677
Gain/loss on disposal of treasury stock	6	4	1	4
Earned surplus	28,825	18,462	10,362	18,633
Unappropriated earned surplus	28,825	18,462	10,362	18,633
Difference in valuation of securities	14,300	7,808	6,492	10,797
Treasury stock	-7,624	-7,529	-95	-7,574
Total shareholders' equity	242,759	225,997	16,761	229,113
Total liabilities and shareholders' equity	2,978,810	2,915,010	63,800	3,428,812

Non-consolidated Statement of Income

(In millions of yen)

	First half from 1 April 2005 to 30 September 2005	First half from 1 April 2004 to 30 September 2004	% change from same period last year	Financial year from 1 April 2004 to 31 March 2005
Operating revenues	62,122	55,407	112.1	106,670
Commissions and fees received	38,103	38,005	100.3	73,266
Trading profit or loss	21,488	16,066	133.8	30,794
Financial revenues	2,530	1,336	189.4	2,609
Financial expenses	1,973	2,181	90.4	4,127
Net operating revenues	60,149	53,226	113.0	102,543
Selling, general and administrative expenses	49,594	48,059	103.2	93,829
Transaction expenses	6,641	6,158	107.9	12,645
Personnel expenses	22,239	23,020	96.6	43,304
Real estate expenses	7,738	7,153	108.2	14,069
Office expenses	6,567	7,026	93.5	13,669
Depreciation	4,378	2,860	153.1	6,371
Taxes and dues	553	550	100.6	1,007
Others	1,474	1,290	114.3	2,760
Operating profit	10,555	5,167	204.3	8,714
Non-operating revenues	1,673	2,045	81.8	3,454
Non-operating expenses	106	137	77.3	462
Ordinary profit	12,122	7,075	171.3	11,706
Extraordinary profits	2,771	591	468.7	1,300
Extraordinary losses	157	1,028	15.4	6,144
Net profit before taxes, etc.	14,735	6,637	222.0	6,862
Income taxes	2,150	73	2,945.2	127
Adjustment amount for income taxes	-2,381	—	—	—
Net profit	14,967	6,564	228.0	6,735
Profit brought forward	13,857	11,897	116.5	11,897
Unappropriated earned surplus	28,825	18,462	156.1	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 (within 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 this interim period was charged to the 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 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) Reserve for securities transaction liabilities
In order to provide against losses resulting from securities trouble, we set aside, in accordance with the provisions in Article 51 of the Securities and Exchange Law, an amount calculated based on the provisions in Article 35 of “Cabinet Office Ordinance for Securities Companies.

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>

- Starting from this interim period, we compiled these financial statements in accordance with “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.)

There was no effect from this on the current period’s profit and loss.

- In the past, we recorded our dividends, from stocks with a market price, in the financial year containing the day on which dividend payment was received. Beginning with this interim period, however, we switched to a method in which, on the day after the final sales day provided for by the dividend right of the stock in question (hereafter referred to as the “succeeding day”), we estimate and record the uncollected dividends based on the publicly announced prospective dividend amount per share.

Given the growing number of companies that are increasing or restoring their dividends as their business results recover, we undertook this change because recording dividends on the subsequent day makes it possible to minimize the time between the point when we evaluate a stock with a market price that will be evaluated according to the price at the end of the interim period, and the point when we learn of the actual dividend income, and therefore to calculate the period’s profit and loss more appropriately.

Due to the use of this new method for the current period, operating profit increased 337 million yen, and ordinary profit and interim net profit before taxes, etc., both increased 476 million yen, over what they would have been with the previous method.

[Notes on non-consolidated balance sheets]

	First half to 30 September 2005	First half to 30 September 2004	Financial year to 31 March 2005 (In millions of yen)
1. Accumulated depreciation of tangible fixed assets	6,500	6,392	6,414
2. Guarantee obligations (guarantee exercise anticipated)	28,569 (28,450)	35,575 (35,442)	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 half to 30 September 2005	First half to 30 September 2004	Financial year to 31 March 2005 (In millions of yen)
	51,000	42,500	50,800

[Notes on non-consolidated statement of income]

	First half from 1 April 2005 to 30 September 2005	First half from 1 April 2004 to 30 September 2004	Financial year from 1 April 2004 to 31 March 2005
Extraordinary profits			(In millions of yen)
Profit from sale of investment securities	653	584	1,294
Software licensing fees	1,800	—	—
Reversal from reserve for securities transaction liabilities	2	6	—
Profit from recovery of bad debts	316	—	—
Extraordinary losses			
Loss from sale of fixed assets	—	—	12
Loss from disposition of fixed assets	70	29	586
Loss from sale of investment securities	—	17	41
Write-down of investment securities	67	101	182
Write-down of shares of affiliates	—	—	1,700
Write-down of golf club memberships	2	11	8
Re-amortization of future retirement and severance pay obligations in line with a change to accounting standards	—	827	1,655
Irregular depreciation expense	—	—	222
Provision of allowance for bad debts	17	41	1,735

Data on Non-consolidated Settlement of Accounts

1. Commissions and fees received

(1) Breakdown for each account

(In millions of yen)

	First half from 1 April 2005 to 30 September 2005	First half from 1 April 2004 to 30 September 2004	% change from same period last year	Financial year from 1 April 2004 to 31 March 2005
Brokerage commissions	21,355	21,825	97.8	39,519
(Equities)	(21,272)	(21,694)	(98.1)	(39,277)
(Bonds)	(49)	(103)	(47.7)	(197)
Underwriting & selling fees	2,967	4,461	66.5	9,358
(Equities)	(2,596)	(3,928)	(66.1)	(8,277)
(Bonds)	(371)	(532)	(69.7)	(1,081)
Offering & selling fees and commissions	7,379	5,846	126.2	12,435
Other fees and commissions	6,400	5,872	109.0	11,953
Total	38,103	38,005	100.3	73,266

(2) Breakdown for each product

(In millions of yen)

	First half from 1 April 2005 to 30 September 2005	First half from 1 April 2004 to 30 September 2004	% change from same period last year	Financial year from 1 April 2004 to 31 March 2005
Equities	24,060	25,835	93.1	48,076
Bonds	1,036	1,401	73.9	2,995
Beneficiary securities	10,327	8,285	124.7	17,029
Others	2,678	2,483	107.8	5,165
Total	38,103	38,005	100.3	73,266

2. Trading profit or loss

(In millions of yen)

	First half from 1 April 2005 to 30 September 2005	First half from 1 April 2004 to 30 September 2004	% change from same period last year	Financial year from 1 April 2004 to 31 March 2005
Equities	8,275	5,094	162.4	10,036
Bonds, others	13,212	10,971	120.4	20,758
(Bonds)	(14,942)	(11,718)	(127.5)	(21,328)
(Others)	(-1,729)	(-746)	(—)	(-570)
Total	21,488	16,066	133.8	30,794

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

	First half from 1 April 2005 to 30 September 2005		First half from 1 April 2004 to 30 September 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	6,636	6,009,616	5,612	5,245,322	118.2	114.6	11,258	9,893,782
(Dealing)	(1,483)	(1,563,071)	(1,271)	(1,160,178)	(116.7)	(134.7)	(2,555)	(2,304,233)
(Brokerage)	(5,153)	(4,446,545)	(4,341)	(4,085,143)	(118.7)	(108.8)	(8,703)	(7,589,549)
Brokerage ratio	77.6%	74.0%	77.3%	77.9%			77.3%	76.7%
Shares of total for TSE	1.12%	1.12%	1.17%	1.14%			1.13%	1.11%

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

			First half from 1 April 2005 to 30 September 2005	First half from 1 April 2004 to 30 September 2004	% change from same period last year	Financial year from 1 April 2004 to 31 March 2005
Underwritten	Equities	(# of shares)	14	24	59.3	61
	Equities	(Total value)	67,326	64,544	104.3	150,605
	Bonds	(Total at face value)	804,372	1,071,240	75.1	1,826,376
	Commercial paper, foreign instruments, etc.	(Total at face value)	1,173,093	483,200	242.8	801,464
Offered and sold*	Equities	(# of shares)	14	24	59.3	62
	Equities	(Total value)	70,132	67,582	103.8	168,109
	Bonds	(Total at face value)	938,335	1,198,242	78.3	2,088,635
	Beneficiary certificates	(Total at face value)	1,515,881	1,377,822	110.0	2,613,154
	Commercial paper, foreign instruments, etc.	(Total at face value)	1,172,863	483,200	242.7	800,865

* Includes volume sold and volume privately placed.

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

		As of 30 September 2005	As of 30 September 2004	As of 31 March 2005
Basic items	Total capital (A)	228,458	218,189	213,540
Supplemental items	Difference in valuation (valuation revenues) of other securities, etc.	14,300	7,808	10,797
	Reserve for securities transaction liabilities, etc.	1,018	1,020	1,020
	Allowance for bad debts	159	227	210
	Subordinated short-term debt	51,000	42,500	50,800
Total (B)		66,479	51,557	62,828
Deducted assets (C)		83,524	79,339	87,155
Shareholders' equity after deduction (A)+(B)-(C) (D)		211,413	190,406	189,213
Amount equivalent to risk	Amount equivalent to market risk	17,457	16,721	16,866
	Amount equivalent to customer risk	6,728	7,201	8,854
	Amount equivalent to fundamental risk	22,177	21,666	22,157
	Total (E)	46,362	45,588	47,878
Capital adequacy requirement ratio (D)/(E)*100		456.0%	417.6%	395.1%

(Reference)

Quarterly Changes in Non-consolidated Statement of Income

(In millions of yen)

	Second quarter of previous financial year	Third quarter of previous financial year	Fourth quarter of previous financial year	First quarter of current financial year	Second quarter of current financial year
Operating revenues	24,987	23,284	27,978	28,184	33,938
Commissions and fees received	16,883	15,583	19,677	16,998	21,105
Brokerage commissions	8,265	7,192	10,501	8,970	12,385
(Equities)	(8,215)	(7,121)	(10,461)	(8,936)	(12,336)
(Bonds)	(39)	(62)	(31)	(20)	(29)
Underwriting & selling fees	2,776	2,790	2,106	965	2,002
(Equities)	(2,551)	(2,469)	(1,879)	(773)	(1,823)
(Bonds)	(225)	(321)	(227)	(192)	(179)
Offering & selling fees and commissions	2,912	2,878	3,710	4,028	3,351
Other fees and commissions	2,928	2,722	3,359	3,033	3,366
Trading profit or loss	7,521	7,011	7,717	9,771	11,717
Equities, etc.	2,205	2,615	2,326	4,007	4,268
Bonds & others	5,316	4,395	5,390	5,763	7,449
Bonds	(6,178)	(4,037)	(5,572)	(6,592)	(8,349)
Others	(-862)	(357)	(-181)	(-829)	(-900)
Financial revenues	581	689	583	1,415	1,115
Financial expenses	1,128	972	972	918	1,055
Net operating revenues	23,858	22,311	27,006	27,266	32,883
Selling, general and administrative expenses	23,642	22,010	23,759	23,730	25,863
Transaction expenses	3,205	3,313	3,174	3,227	3,414
Personnel expenses	10,821	9,495	10,788	10,666	11,572
Real estate expenses	3,648	3,401	3,514	3,559	4,179
Office expenses	3,447	3,313	3,328	3,392	3,174
Depreciation	1,667	1,585	1,926	2,034	2,344
Taxes and dues	230	258	198	308	245
Others	621	642	827	541	933
Operating profit	216	300	3,247	3,536	7,019
Non-operating revenues	345	1,015	393	1,000	672
Non-operating expenses	114	144	180	30	75
Ordinary profit	446	1,171	3,460	4,505	7,616
Extraordinary profits	582	176	533	2,234	536
Extraordinary losses	499	513	4,602	14	142
Net profit before taxes, etc.	529	834	-609	6,725	8,010
Income taxes	35	27	27	35	2,114
Adjustment amount for income taxes	—	—	—	—	-2,381
Net profit	494	807	-636	6,689	8,277