



Summary of Business Results for the Third 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
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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 methods since the most recent financial year: Yes

2. Summary of Third Quarter Business Results for the Financial Year Ending 31 March 2006 (1 April 2005 - 31 December 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	%
Third quarter to December 2005	103,181	(31.1)	100,216	(32.7)	24,142	(341.6)	25,845	(213.4)
Third quarter to December 2004	78,692	(-0.6)	75,537	(-0.9)	5,467	(-53.0)	8,246	(-34.6)
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
Third quarter to December 2005	23,915	(224.4)	31.03	30.98
Third quarter to December 2004	7,371	(-35.3)	9.55	—
Financial year to March 2005	6,735		8.53	—

(Note) 1. Average number of shares outstanding (non-consolidated):
 Third quarter to 31 December 2005: 770,842,440
 Third quarter to 31 December 2004: 772,177,721
 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.

(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 2005	2,857,557	257,007	9.0	333.46	456.6
Third quarter to December 2004	2,818,395	228,126	8.1	295.88	417.7
Financial year to March 2005	3,428,812	229,113	6.7	296.99	395.1

(Note) 1. Number of shares outstanding (non-consolidated):
 Third quarter to 31 December 2005: 770,736,682
 Third quarter to 31 December 2004: 770,999,206
 Financial year to 31 March 2005: 770,949,487

2. Number of treasury stocks:
 Third quarter to 31 December 2005: 40,382,001
 Third quarter to 31 December 2004: 40,119,477
 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)

	Third quarter to 31 December 2005	Third quarter to 31 December 2004	Year-on-year increase/decrease	Financial year to 31 March 2005
Assets				
Current assets	2,721,618	2,706,751	14,866	3,306,423
Cash and due from banks	66,745	89,661	-22,916	31,742
Fund deposits	77,864	58,330	19,533	61,266
Trading products	1,081,667	1,119,164	-37,496	1,374,638
Trading securities, etc.	1,078,804	1,115,558	-36,754	1,368,853
Derivative assets	2,863	3,605	-742	5,785
Trade date accrual	—	80,116	-80,116	—
Margin transaction assets	132,339	70,282	62,056	82,708
Customers' loans receivable in margin transactions	117,018	59,491	57,527	74,240
Collateral for borrowed securities for margin transactions	15,320	10,791	4,529	8,468
Loans receivable secured by securities	1,323,410	1,259,626	63,784	1,724,082
Collateral for borrowed securities	1,323,310	1,259,526	63,784	1,713,952
Loans receivable in gensaki transactions	100	100	—	10,130
Advances	181	206	-25	511
Accounts for non-delivered securities and others	75	—	75	—
Short-term loans receivable	11,574	12,608	-1,034	14,219
Deferred tax assets	2,571	—	2,571	—
Other current assets	25,520	16,929	8,591	19,148
Allowance for bad debts	-332	-174	-158	-1,894
Fixed assets	135,939	111,643	24,295	122,389
Tangible fixed assets	6,012	5,925	86	5,889
Intangible fixed assets	25,265	21,792	3,473	25,472
Investments and other assets	104,661	83,925	20,735	91,026
Investment securities	92,884	71,283	21,600	77,747
Long-term deposits	8,436	8,659	-222	8,856
Other investments	8,483	8,803	-320	9,056
Allowance for bad debts	-5,142	-4,820	-321	-4,633
Total assets	2,857,557	2,818,395	39,161	3,428,812

(Shinko Securities)
(In millions of yen)

	Third quarter to 31 December 2005	Third quarter to 31 December 2004	Year-on-year increase/decrease	Financial year to 31 March 2005
Liabilities				
Current liabilities	2,532,579	2,533,647	-1,067	3,133,528
Trading products	918,709	1,066,941	-148,232	1,220,685
Trading securities, etc.	914,911	1,060,742	-145,830	1,218,474
Derivative liabilities	3,797	6,199	-2,401	2,210
Trade date accrual	10,788	—	10,788	14,132
Margin transaction liabilities	51,075	23,807	27,267	53,901
Customers' loans payable for margin transactions	43,593	17,958	25,635	49,267
Collateral for loaned securities for margin transactions	7,482	5,849	1,632	4,634
Loans payable secured by securities	1,044,855	1,190,260	-145,405	1,480,857
Amounts receivable on loan transactions	898,979	991,848	-92,869	1,302,482
Loans payable in gensaki transactions	145,875	198,412	-52,536	178,375
Deposits received	71,625	52,543	19,081	52,481
Received margins	20,580	12,381	8,199	13,709
Accounts for non-received securities and others	0	84	-84	0
Short-term loans payable	312,310	147,710	164,600	227,310
Commercial paper	83,300	32,000	51,300	57,200
Income taxes payable	7,797	540	7,257	698
Reserve for bonus	2,600	1,500	1,100	3,300
Other current liabilities	8,937	5,878	3,058	9,251
Fixed liabilities	66,951	55,601	11,350	65,150
Long-term loans payable	41,050	34,250	6,800	42,550
Deferred tax liabilities	12,259	5,337	6,922	6,399
Reserves for retirement benefits	10,962	15,994	-5,032	16,180
Other fixed liabilities	2,679	19	2,660	19
Statutory reserve	1,018	1,020	-2	1,020
Total liabilities	2,600,550	2,590,269	10,281	3,199,699
Shareholders' equity				
Common stock	125,167	125,167	—	125,167
Capital surplus	82,091	82,089	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	37,773	19,269	18,503	18,633
Unappropriated earned surplus	37,773	19,269	18,503	18,633
Difference in valuation of securities	19,635	9,157	10,478	10,797
Treasury stock	-7,660	-7,557	-103	-7,574
Total shareholders' equity	257,007	228,126	28,880	229,113
Total liabilities and shareholders' equity	2,857,557	2,818,395	39,161	3,428,812

Non-consolidated Statement of Income

(In millions of yen)

	Third quarter from 1 April 2005 to 31 December 2005	Third quarter from 1 April 2004 to 31 December 2004	% change from same period last year	Financial year from 1 April 2004 to 31 March 2005
Operating revenues	103,181	78,692	131.1	106,670
Commissions and fees received	66,587	53,588	124.3	73,266
Trading profit or loss	32,993	23,077	143.0	30,794
Financial revenues	3,599	2,025	177.7	2,609
Financial expenses	2,964	3,154	94.0	4,127
Net operating revenues	100,216	75,537	132.7	102,543
Selling, general and administrative expenses	76,074	70,069	108.6	93,829
Transaction expenses	10,013	9,471	105.7	12,645
Personnel expenses	35,510	32,516	109.2	43,304
Real estate expenses	11,220	10,555	106.3	14,069
Office expenses	9,749	10,340	94.3	13,669
Depreciation	6,617	4,445	148.9	6,371
Taxes and dues	836	808	103.4	1,007
Others	2,126	1,932	110.0	2,760
Operating profit	24,142	5,467	441.6	8,714
Non-operating revenues	1,820	3,060	59.5	3,454
Non-operating expenses	117	282	41.7	462
Ordinary profit	25,845	8,246	313.4	11,706
Extraordinary profits	3,501	767	456.1	1,300
Extraordinary losses	202	1,542	13.2	6,144
Net profit before taxes, etc.	29,143	7,471	390.1	6,862
Income taxes	7,800	100	7,800.0	127
Adjustment amount for income taxes	-2,571	—	—	—
Net profit	23,915	7,371	324.4	6,735
Profit brought forward	13,857	11,897	116.5	11,897
Unappropriated earned surplus	37,773	19,269	196.0	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 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 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.
(Additional information)
In December 2005, our company changed part of their respective systems for lump-sum retirement grants to a fixed contribution pension system by applying “Accounting for Transfers between Retirement Benefit Plans” (Financial Accounting Standards Implementation Guidance No.1).
The amount affected by this change, 240 million yen, was recorded under special profit as “Profit from switchover of retirement benefits payment system.”

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 the 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 “Implementation Guidance for Accounting Standard for Impairment of Fixed Assets” (Financial Accounting Standards Implementation Guidance 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, our company and the group’s domestic consolidated subsidiaries recorded their dividends, from stocks with a market price, in the financial year containing the day on which dividend payment was received. Beginning with the 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 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 24 million yen, and ordinary profit and net profit before taxes, etc., both increased 42 million yen, over what they would have been with the previous method.

[Notes on non-consolidated balance sheets]

	Third quarter to 31 December 2005	Third quarter to 31 December 2004	Financial year to 31 March 2005
			(In millions of yen)
1. Accumulated depreciation of tangible fixed assets	6,524	6,307	6,414
2. Guarantee obligations (guarantee exercise anticipated)	28,466 (28,351)	35,195 (35,068)	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”.

	Third quarter to 31 December 2005	Third quarter to 31 December 2004	Financial year to 31 March 2005
			(In millions of yen)
	51,000	42,500	50,800

[Notes on non-consolidated statement of income]

	Third quarter from 1 April 2005 to 31 December 2005	Third quarter from 1 April 2004 to 31 December 2004	Financial year from 1 April 2004 to 31 March 2005
Extraordinary profits			(In millions of yen)
Profit from sale of investment securities	1,143	761	1,294
Software licensing fees	1,800	—	—
Profit from switchover of retirement benefits payment system	240	—	—
Reversal from reserve for securities transaction liabilities	2	6	6
Profit from recovery of bad debts	316	—	—
Extraordinary losses			
Loss from sale of fixed assets	—	10	12
Loss from disposition of fixed assets	116	81	586
Loss from sale of investment securities	—	17	41
Write-down of investment securities	67	138	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	—	1,241	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)

	Third quarter from 1 April 2005 to 31 December 2005	Third quarter from 1 April 2004 to 31 December 2004	% change from same period last year	Financial year from 1 April 2004 to 31 March 2005
Brokerage commissions	39,532	29,018	136.2	39,519
(Equities)	(39,400)	(28,815)	(136.7)	(39,277)
(Bonds)	(84)	(165)	(50.8)	(197)
Underwriting & selling fees	5,256	7,251	72.5	9,358
(Equities)	(4,600)	(6,397)	(71.9)	(8,277)
(Bonds)	(655)	(853)	(76.7)	(1,081)
Offering & selling fees and commissions	11,767	8,724	134.9	12,435
Other fees and commissions	10,031	8,594	116.7	11,953
Total	66,587	53,588	124.3	73,266

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

	Third quarter from 1 April 2005 to 31 December 2005	Third quarter from 1 April 2004 to 31 December 2004	% change from same period last year	Financial year from 1 April 2004 to 31 March 2005
Equities	44,305	35,422	125.1	48,076
Bonds	1,615	2,220	72.8	2,995
Beneficiary securities	16,449	12,319	133.5	17,029
Others	4,216	3,626	116.3	5,165
Total	66,587	53,588	124.3	73,266

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

	Third quarter from 1 April 2005 to 31 December 2005	Third quarter from 1 April 2004 to 31 December 2004	% change from same period last year	Financial year from 1 April 2004 to 31 March 2005
Equities, etc.	11,925	7,709	154.7	10,036
Bonds, exchange, etc.	21,068	15,367	137.1	20,758
(Bonds, etc.)	(23,065)	(15,756)	(146.4)	(21,328)
(Exchange, etc.)	(-1,996)	(-388)	(—)	(-570)
Total	32,993	23,077	143.0	30,794

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

(In millions of shares/millions of yen)

	Third quarter from 1 April 2005 to 31 December 2005		Third quarter from 1 April 2004 to 31 December 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	10,973	10,346,946	8,111	7,226,916	135.3	143.2	11,258	9,893,782
(Dealing)	(2,060)	(2,328,059)	(1,952)	(1,724,568)	(105.5)	(135.0)	(2,555)	(2,304,233)
(Brokerage)	(8,912)	(8,018,886)	(6,158)	(5,502,347)	(144.7)	(145.7)	(8,703)	(7,589,549)
Brokerage ratio	81.2%	77.5%	75.9%	76.1%			77.3%	76.7%
Shares of total for TSE	1.09%	1.06%	1.12%	1.09%			1.13%	1.11%

4. Volume of underwriting, offering, and selling

(In millions of shares/millions of yen)

			Third quarter from 1 April 2005 to 31 December 2005	Third quarter from 1 April 2004 to 31 December 2004	% change from same period last year	Financial year from 1 April 2004 to 31 March 2005
Underwritten	Equities	(No. of shares)	24	43	56.4	61
	Equities	(Total value)	118,289	122,176	96.8	150,605
	Bonds	(Total at face value)	1,152,606	1,466,993	78.6	1,826,376
	Commercial paper, foreign instruments, etc.	(Total at face value)	1,771,793	646,000	274.3	801,464
Offered and sold*	Equities	(No. of shares)	27	43	63.4	62
	Equities	(Total value)	123,278	128,167	96.2	168,109
	Bonds	(Total at face value)	1,337,357	1,645,603	81.3	2,088,635
	Beneficiary certificates	(Total at face value)	2,596,797	1,916,191	135.5	2,613,154
	Commercial paper, foreign instruments, etc.	(Total at face value)	1,771,713	646,000	274.3	800,865

* Includes volume sold and volume privately placed.

5. Capital adequacy requirement ratio

(In millions of shares/millions of yen)

		As of 31 December 2005	As of 31 December 2004	As of 31 March 2005
Basic items	Total capital (A)	237,371	218,969	213,540
Supplemental items	Difference in valuation (valuation revenues) of other securities, etc.	19,635	9,157	10,797
	Reserve for securities transaction liabilities, etc.	1,018	1,020	1,020
	Allowance for bad debts	332	174	210
	Subordinated short-term debt	51,000	42,500	50,800
Total (B)		71,987	52,852	62,828
Deducted assets (C)		83,261	78,911	87,155
Shareholders' equity after deduction (A)+(B)-(C) (D)		226,097	192,910	189,213
Amount equivalent to risk	Amount equivalent to market risk	19,641	17,443	16,866
	Amount equivalent to customer risk	7,415	6,776	8,854
	Amount equivalent to fundamental risk	22,457	21,956	22,157
	Total (E)	49,513	46,176	47,878
Capital adequacy requirement ratio (D)/(E)*100		456.6%	417.7%	395.1%

(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	23,284	27,978	28,184	33,938	41,058
Commissions and fees received	15,583	19,677	16,998	21,105	28,484
Brokerage commissions	7,192	10,501	8,970	12,385	18,177
(Equities)	(7,121)	(10,461)	(8,936)	(12,336)	(18,127)
(Bonds)	(62)	(31)	(20)	(29)	(34)
Underwriting & selling fees	2,790	2,106	965	2,002	2,288
(Equities)	(2,469)	(1,879)	(773)	(1,823)	(2,004)
(Bonds)	(321)	(227)	(192)	(179)	(283)
Offering & selling fees and commissions	2,878	3,710	4,028	3,351	4,387
Other fees and commissions	2,722	3,359	3,033	3,366	3,631
Trading profit or loss	7,011	7,717	9,771	11,717	11,505
Equities, etc.	2,615	2,326	4,007	4,268	3,649
Bonds, exchange, etc.	4,395	5,390	5,763	7,449	7,856
(Bonds, etc.)	(4,037)	(5,572)	(6,592)	(8,349)	(8,122)
(Exchange, etc.)	(357)	(-181)	(-829)	(-900)	(-266)
Financial revenues	689	583	1,415	1,115	1,069
Financial expenses	972	972	918	1,055	991
Net operating revenues	22,311	27,006	27,266	32,883	40,067
Selling, general and administrative expenses	22,010	23,759	23,730	25,863	26,480
Transaction expenses	3,313	3,174	3,227	3,414	3,371
Personnel expenses	9,495	10,788	10,666	11,572	13,270
Real estate expenses	3,401	3,514	3,559	4,179	3,481
Office expenses	3,313	3,328	3,392	3,174	3,181
Depreciation	1,585	1,926	2,034	2,344	2,239
Taxes and dues	258	198	308	245	282
Others	642	827	541	933	651
Operating profit	300	3,247	3,536	7,019	13,587
Non-operating revenues	1,015	393	1,000	672	147
Non-operating expenses	144	180	30	75	11
Ordinary profit	1,171	3,460	4,505	7,616	13,723
Extraordinary profits	176	533	2,234	536	730
Extraordinary losses	513	4,602	14	142	44
Net profit before taxes, etc.	834	-609	6,725	8,010	14,408
Income taxes	27	27	35	2,114	5,650
Adjustment amount for income taxes	—	—	—	-2,381	-189
Net profit	807	-636	6,689	8,277	8,947