



29 January 2008

## Summary of Third-Quarter Business Results for the Financial Year Ending 31 March 2008

Listed company's name: Shinko Securities Co., Ltd.

Listing stock exchanges: Tokyo, Osaka, and Nagoya

Code No.: 8606

URL: <http://www.shinko-sec.co.jp/>

Representative: Takashi Kusama, President

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(Note) The amounts displayed below have been rounded off downwards to the nearest million yen.

### 1. Summary of Consolidated Results for Third Quarter of the Financial Year Ending 31 March 2008 (1 April 2007 to 31 December 2007)

#### (1) Consolidated results of business activities

(Percentage figures represent the percentage increase/decrease on the same period last year.)

	Operating revenues		Net operating revenues		Operating profit		Ordinary profit	
	mil. yen	%	mil. yen	%	mil. yen	%	mil. yen	%
Third quarter to December 2007	120,003	(15.5)	107,028	(10.5)	19,015	(29.3)	20,892	(12.2)
Third quarter to December 2006	103,882	(-4.9)	96,894	(-8.6)	14,706	(-43.1)	18,614	(-34.4)
Financial year to March 2007	146,794		136,319		23,786		29,056	

	Net profit		Net profit per share	Net profit per share (diluted)
	mil. yen	%	yen	yen
Third quarter to December 2007	14,817	(0.2)	19.17	19.14
Third quarter to December 2006	14,783	(-43.0)	19.18	19.14
Financial year to March 2007	21,935		28.45	28.38

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	mil. yen	mil. yen	%	yen
As of December 2007	3,810,221	293,226	7.5	368.97
As of December 2006	4,031,569	282,291	6.8	358.13
As of March 2007	3,734,941	292,817	7.6	368.49

#### (3) Consolidated cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash & cash equivalents balance at term end
	mil. yen	mil. yen	mil. yen	mil. yen
Third quarter to December 2007	-62,139	-4,448	42,719	97,076
Third quarter to December 2006	-52,472	-7,137	52,702	110,912
Financial year to March 2007	-37,990	-13,986	53,418	121,014

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2. Dividends

(Record date)	Dividend per share	
	Interim	Year end
Financial year to March 2007	yen 12.00	yen 12.00
Financial Year to March 2008 (Estimate)	TBD	TBD

3. Forecast of consolidated business results for the full financial year ending 31 March 2008 (1 April 2007 - 31 March 2008):

Because the main business activity of our corporate group is the buying and selling of securities, our earnings are strongly influenced by market conditions, etc. For this reason, we do not conduct forecasts of our business results.

4. Other

- (1) Transfer of significant subsidiaries during the period (Transfer of specific subsidiaries involving changes in the scope of consolidation) -- None
- (2) Adoption of simplified accounting procedures -- None
- (3) Changes in accounting policies from the latest consolidated financial year: Existing  
(Note) Please see "3. Other" in "Qualitative Information/Financial Statement, etc." on page 5.

(Reference) Summary of Non-consolidated Business Results

1. Summary of Non-consolidated Results for Third Quarter of the Financial Year Ending 31 March 2008 (1 April 2007 to 31 December 2007)

(1) Non-consolidated results of business activities

(Percentage figures represent the percentage increase/decrease on the same period last year.)

	Operating revenues		Net operating revenues		Operating profit		Ordinary profit	
	mil. yen	%	mil. yen	%	mil. yen	%	mil. yen	%
Third quarter to December 2007	111,518	(15.6)	98,844	(10.2)	15,621	(16.7)	18,196	(13.9)
Third quarter to December 2006	96,443	(-6.5)	89,735	(-10.5)	13,385	(-44.6)	15,977	(-38.2)
Financial year to March 2007	137,514		127,358		22,456		25,856	

	Net profit		Net profit per share	Net profit per share (diluted)
	mil. yen	%	yen	yen
Third quarter to December 2007	13,787	(4.9)	17.83	17.81
Third quarter to December 2006	13,148	(-45.0)	17.06	17.02
Financial year to March 2007	19,574		25.38	25.33

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share	Capital adequacy requirement ratio
	mil. yen	mil. yen	%	yen	%
As of December 2007	3,766,368	274,928	7.3	355.58	386.1
As of December 2006	3,981,395	267,046	6.7	346.35	437.8
As of March 2007	3,689,766	274,465	7.4	355.09	427.5

2. Forecast of non-consolidated business results for the full financial year ending 31 March 2008 (1 April 2007 - 31 March 2008)

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

(Qualitative Information, Financial Statements, etc.)

## 1. Qualitative Information on Consolidated Operating Results

The Japanese economy continued with a long-lasting business uptrend for the current third quarter (9 months from April to December of 2007). Capital investments maintained steady growth, consumer spending showed gradual recovery and, from the beginning of autumn, production volume showed a pickup due to the recovery in the high-technology division and expansion in export targets. The stock market showed gradual growth supported by high stock prices in the US and a weak yen towards the summer period, and at the beginning of July, the Nikkei Index recorded a new recovery high of above 18,200 yen. Thereafter, however, the subprime loan problem in the US produced a huge turmoil in the financial markets in Japan and overseas, and currency exchange moved toward a stronger yen. This triggered the market to quickly move for adjustment, finishing at above 15,300 yen. The bond market started off with 10-year government bond yields below 1.7%, and in line with a rise in long-term US interest and stock prices at the beginning of July, it surged to around 1.95%. However, concerns about credit squeeze at the global level led the US to move for risk aversion, causing a drop to above 1.4%. Thereafter, the rate recovered somewhat; however, the Bank of Japan's policy for holding the interest rate unchanged resulted in it finishing at 1.5%.

Overseas, the US economy continued with the adjustment of the housing market; however both consumption and capital investment remained steady, and was fueled by the growth in exports, which heightening the growth rate. While the subprime loan problem spread, a deceleration was seen in growth rate towards the end of the year. The European economy experienced continued expansion; however, in the summer period and thereafter, a slowdown was observed in the pace of expansion resulting from inventory adjustment in the summer period. As for the stock market, the US showed steady movement focused on large capital stock against favorable economies overseas throughout the period until the beginning of autumn, which entered an adjustment period due to turmoil in the finance market that continued into the end of this period. Europe moved toward recovery after adjustment in the summer period. The bond market experienced a temporary hike in US long-term interest at the beginning of the period; however, in the summer period and thereafter, the movement to the term-end was steady at a low level to the end of the period due to capital inflows on risk aversion and the prospect of an additional lowering of the interest rate by the US.

Under these circumstances, our corporate group earned consolidated operating revenues for this period of 120.003 billion yen (115.5% of the same period last year), an ordinary profit of 20.892 billion yen (112.2%), and a net profit of 14.817 billion yen (100.2%). A brief breakdown of these results is as follows:

### (1) Commissions and fees received

Commissions and fees received during the period totaled 63.126 billion yen (94.9%). A breakdown of this income is as follows:

#### - Brokerage commissions

The average daily turnover during the period in the sections 1 and 2 of the Tokyo Stock Exchange was 2.9392 trillion yen (117.5%). Our company brokered the sale of 4.873 billion shares of stock (90.9%) worth 5.4715 trillion yen (55.6%), while our group commissions on the same totaled 22.722 billion yen (85.1%).

#### - Underwriting and selling fees

In the market for stock issues, our company underwrote and sold the stock of 42 newly listed companies during the period, and served as the lead manager in 9 of these cases. We also underwrote the offerings and sold the stock of 16 previously listed companies, serving as the lead manager in 5 of those cases. Moreover, with regard to J-REITs, we underwrote and sold the stock of 5 companies, serving as the lead manager in 1 case. As a result, the fees on stock underwriting and selling totaled 2.042 billion yen (39.6%).

In the market for bond issues, moreover, we served as the lead manager in 17 issues of zaito institution bonds, electric power company bonds, and general corporate bonds. As a result, the fees on bond underwriting and selling totaled 701 million yen (76.6%).

- Offering, selling, and other fees and commissions

This income is made up chiefly of fees and commissions we earn selling investment trusts to our customers and service commissions.

In the area of foreign equity investment trusts, we introduced the “Invesco Global Equity Open” and “CROCI Global Sector Fund” that aim to enjoy benefits from growth in global economy, “DIAM World Environmental Business Fund” that invests in environmental businesses, and “New Growth China Equity Fund” and newly offered them to customers.

Moreover, due to a prolonged period of low interest rates, we engaged in successive offering focusing on distribution-type investment trusts that individual investors showing strong needs in and investment trusts related to emerging nations with high economic growth rates.

As a result, commissions from the sale of investment trusts reached 15.226 billion yen (112.2%). Other fees and commissions totaled 22.334 billion yen (111.6%).

(2) Trading profits

The period saw us earn trading profits of 11.898 billion yen (227.6%) on equity trading, and 31.993 billion yen (141.6%) on the trading of bonds and other instruments. Total trading profits thus stood at 43.891 billion yen (157.8%).

(3) Financial profit/loss

Deducting financial expenses of 12.974 billion yen (185.7%) from financial revenues of 13.573 billion yen (153.8%) gave a financial profit of 598 million yen (32.5%).

(4) Selling, general and administrative expenses

During this period, personnel expenses and depreciation costs increased. As a result, selling, general and administrative expenses reached 88.013 billion yen (107.1%).

(5) Extraordinary profits and losses

As extraordinary profit, we recorded, among other things, 1.923 billion yen from the sale of investment securities, and 819 million yen from the sale of fixed assets. As extraordinary losses, we recorded, among other things, a 410 million yen loss from the sale of fixed assets, and 363 million yen in merger expenses. Thus, overall, we posted an extraordinary profit of 2.097 billion yen.

## 2. Qualitative Information on Consolidated Financial Position

Cash flow from operating activities was minus 62.139 billion yen, resulting from payment of 304.386 billion yen due to position increase in trading products, despite a 22.989 billion yen net profit before taxes, etc. and a 163.316 billion increase in loans secured by securities.

Cash flow from investing activities was minus 4.448 billion yen, reflecting a 7.807 billion yen payment for the acquisition of intangible fixed assets, mostly IT system, a 4.892 billion yen payment for the acquisition of investment securities, despite a 10.358 billion yen proceed from sales of investment securities.

Cash flow from financial activities was plus 42.719 billion yen due to an increase in the short-term loans payable and an increase in commercial paper.

As a result of these flows, the balance of cash and cash equivalents stood at 97.076 billion yen at the end of the period.

3. Other

- (1) Transfer of significant subsidiaries during the period (Transfer of specific subsidiaries involving changes in the scope of consolidation):  
Not applicable.
- (2) Adoption of simplified accounting procedures  
Not applicable.
- (3) Changes in accounting policies from the latest consolidated financial year
  - 1) In line with revisions in the corporate tax in 2007, “The treatment of depreciation for audit purpose at the present stage” (The Japanese Institute of Certified Public Accountants, Auditing and Assurance Practice Report No. 81, April 25, 2007), that will be used from the business year ending on and after 1 April 2007, our company and all consolidated subsidiaries in Japan used this handling method from this period, and any assets acquired after 1 April 2007 were changed over to the method based on the revised Corporate Tax Law. Thus, the affect of this change on the profit/loss is minor.
  - 2) Financial contributions to limited partnerships had been recorded on “Investment securities” under “Fixed Asset”; however, with the increase in individual investments of recent years heightening its monetary importance, they were recorded as “Investing securities for sale, etc.” under “Current Assets” from this period. With this change, current assets increased 3.985 billion yen and fixed assets decreased accordingly.  
In line with the above, the profit/loss and expenses for limited partnerships, which had been allocated as “Non-operating revenues” and “Non-operating expenses,” respectively, were allocated in “Profit or loss on investment securities for sale, etc.,” resulting in an increase in an operating profit by 487 million yen. Ordinary profit and net profit before taxes, etc. are not affected by this change.  
Furthermore, in the consolidated cash flow statement, cash flow generated from investment to limited partnerships had been included in “Cash flow from investment activities”, but were included in “Cash flow from operating activities” from this period.
  - 3) Conventionally, securities owned for the purpose of trading investment by consolidated subsidiaries performing venture capital business were included in “Investment securities for sale,” but from this period, they were included in “Investment securities for sale, etc.” under “Current assets” along with the investment to limited partnerships from this period.  
In line with the above, the profit/loss and expenses generated from securities owned by consolidated subsidiaries performing venture capital that was noted as “Trading profit or loss on investment securities for sale” under “Operating profit,” which were renamed as “Profit or loss on investment securities for sale, etc.” from this period.

4. Consolidated Financial Statements

### Consolidated Balance Sheets

(In millions of yen)

	As of 31 December 2006	As of 31 December 2007	Year-on-year increase/decrease	As of 31 March 2007
<b>Assets</b>				
Current assets	3,864,899	3,663,572	-201,327	3,569,189
Cash and due from banks	111,095	98,960	-12,135	121,197
Fund deposits	70,167	53,102	-17,064	87,006
Trading products	1,475,830	1,519,752	43,922	1,321,935
Trading securities, etc.	1,470,609	1,504,341	33,732	1,316,064
Derivative assets	5,220	15,411	10,190	5,870
Trade date accrual	92,187	13,921	-78,265	—
Investment securities for sale, etc.	2,384	11,541	9,156	8,766
Margin transaction assets	97,403	78,117	-19,286	114,021
Customers' loans receivable in margin transactions	87,415	62,791	-24,624	105,991
Collateral for borrowed securities for margin transactions	9,988	15,326	5,337	8,029
Loans receivable secured by securities	1,984,792	1,858,483	-126,309	1,891,914
Collateral for borrowed securities	1,959,713	1,785,464	-174,249	1,871,826
Loans receivable in gensaki transactions	25,078	73,019	47,940	20,087
Advances	5,307	483	-4,823	186
Accounts for non-delivered securities and others	—	—	—	173
Short-term loans receivable	127	139	11	174
Securities	4,293	10,026	5,733	5,501
Deferred income tax assets	1,916	1,928	11	3,321
Other current assets	19,533	17,166	-2,366	15,095
Allowance for bad debts	-139	-51	88	-107
Fixed assets	166,669	146,649	-20,020	165,752
Tangible fixed assets	34,562	34,145	-416	34,497
Intangible fixed assets	35,850	34,758	-1,091	35,098
Investments and other assets	96,256	77,744	-18,512	96,156
Investment securities	81,257	59,837	-21,420	81,027
Long-term deposits	11,587	11,322	-264	11,370
Deferred income tax assets	203	427	223	331
Other investments	8,413	9,723	1,310	7,803
Allowance for bad debts	-5,204	-3,566	1,638	-4,376
<b>Total assets</b>	<b>4,031,569</b>	<b>3,810,221</b>	<b>-221,348</b>	<b>3,734,941</b>

Summary of Third Quarter Business Results for the Financial Year Ending 31 March 2008  
Shinko Securities (8606)

(In millions of yen)

	As of 31 December 2006	As of 31 December 2007	Year-on-year increase/decrease	As of 31 March 2007
<b>Liabilities</b>				
Current liabilities	3,666,938	3,433,786	-233,152	3,354,918
Trading products	1,230,840	1,080,942	-149,898	1,140,368
Trading securities, etc.	1,225,874	1,075,013	-150,861	1,137,898
Derivative liabilities	4,966	5,928	962	2,469
Trade date accrual	—	—	—	32,703
Margin transaction liabilities	42,012	21,910	-20,101	59,990
Customers' loans payable for margin transactions	37,312	20,478	-16,833	55,766
Collateral for loaned securities for margin transactions	4,700	1,431	-3,268	4,224
Loans payable secured by securities	1,738,301	1,644,702	-93,599	1,481,385
Amounts receivable on loan transactions	1,591,798	1,455,250	-136,547	1,370,140
Loans payable in gensaki transactions	146,503	189,451	42,948	111,244
Deposits received	78,995	61,557	-17,438	56,041
Received margins	34,082	37,174	3,091	40,750
Accounts for non-received securities and others	1	31	30	—
Short-term loans payable	401,900	439,940	38,040	399,908
Commercial paper	122,530	129,700	7,170	117,200
Income taxes payable	2,808	1,276	-1,532	8,410
Deferred tax liabilities	52	—	-52	41
Reserve for bonus	2,938	2,679	-258	6,507
Allowance for directors' bonus	—	—	—	344
Reserve for point service	204	786	582	401
Reserve for business reorganization loss	—	—	—	33
Other current liabilities	12,270	13,085	814	10,830
Fixed liabilities	81,204	82,511	1,307	86,289
Corporate bonds	33,000	33,000	—	33,000
Long-term loans payable	24,550	30,700	6,150	30,700
Deferred tax liabilities	12,218	10,235	-1,982	12,661
Reserve for retirement benefits	8,080	5,084	-2,995	6,373
Reserve for directors' retirement benefits	—	723	723	732
Reserve for executive officers' retirement benefits	—	815	815	859
Other fixed liabilities	3,356	1,952	-1,404	1,962
Statutory reserve	1,135	697	-437	916
<b>Total liabilities</b>	3,749,278	3,516,995	-232,282	3,442,124
<b>Net assets</b>				
Shareholders' equity	255,530	268,879	13,349	263,305
Common stock	125,167	125,167	—	125,167
Capital surplus	82,618	82,963	345	82,900
Retained earnings	55,424	68,119	12,694	62,576
Treasury stock	-7,680	-7,370	309	-7,339
Valuation and translation adjustments	20,588	16,398	-4,189	21,511
Net unrealized gains on other securities, net of taxes	19,732	15,598	-4,133	20,702
Foreign currency translation adjustment	856	800	-55	808
Minority interest	6,172	7,947	1,774	8,000
<b>Total net assets</b>	282,291	293,226	10,934	292,817
<b>Total liabilities and net assets</b>	4,031,569	3,810,221	-221,348	3,734,941

## Consolidated Statement of Income

(In millions of yen)

	Third quarter from 1 April 2006 to 31 December 2006	Third quarter from 1 April 2007 to 31 December 2007	Year on Year		Financial year from 1 April 2006 to 31 March 2007
			Increase/ decrease	% change	
Operating revenues	103,882	120,003	16,120	115.5	146,794
Commissions and fees received	66,502	63,126	-3,375	94.9	91,115
Trading profit or loss	27,819	43,891	16,071	157.8	42,104
Profit or loss on investment securities for sale, etc.	733	-588	-1,321	—	270
Financial revenues	8,826	13,573	4,746	153.8	13,303
Financial expenses	6,987	12,974	5,987	185.7	10,474
Net operating revenues	96,894	107,028	10,133	110.5	136,319
Selling, general and administrative expenses	82,188	88,013	5,824	107.1	112,532
Transaction expenses	12,200	13,340	1,140	109.3	16,498
Personnel expenses	41,565	42,937	1,372	103.3	56,964
Real estate expenses	10,981	11,706	724	106.6	14,746
Office expenses	5,930	6,744	813	113.7	8,219
Depreciation	7,805	9,247	1,442	118.5	10,892
Taxes and dues	989	1,078	89	109.0	1,333
Others	2,716	2,956	240	108.9	3,877
Operating profit	14,706	19,015	4,309	129.3	23,786
Non-operating revenues	4,993	3,533	-1,460	70.8	6,424
Investment profit on equity method	70	30	-39	43.6	5
Others	4,922	3,502	-1,420	71.1	6,418
Non-operating expenses	1,084	1,655	570	152.6	1,154
Ordinary profit	18,614	20,892	2,278	112.2	29,056
Extraordinary profits	4,762	3,385	-1,376	71.1	6,310
Extraordinary losses	675	1,288	612	190.7	1,749
Net profit before taxes, etc.	22,701	22,989	288	101.3	33,617
Income taxes	4,011	5,472	1,461	136.4	9,543
Adjustment amount for income taxes	3,541	1,933	-1,607	54.6	1,927
Minority interest	365	765	400	209.7	211
Net profit	14,783	14,817	34	100.2	21,935



## Consolidated Statement of Changes in Net Assets

Third quarter from 1 April 2006 to 31 December 2006

(In millions of yen)

	Shareholders' equity					Valuation and translation adjustments			Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Net unrealized gains on other securities, net of taxes	Foreign currency translation adjustment	Total valuation and translation adjustments		
Balance as of 31 March 2006	125,167	82,544	50,322	-7,696	250,336	24,713	422	25,135	6,103	281,575
Amounts of changes during the period										
Distribution of surplus*			-9,248		-9,248					-9,248
Officer's bonus*			-432		-432					-432
Net profit			14,783		14,783					14,783
Acquisition of treasury stocks				-82	-82					-82
Disposal of treasury stock		74		97	172					172
Net amount of change during the period for non-stockholder-capital items						-4,981	433	-4,547	69	-4,477
Total amount of change during the period	—	74	5,102	15	5,193	-4,981	433	-4,547	69	715
Balance as of 31 December 2006	125,167	82,618	55,424	-7,680	255,530	19,732	856	20,588	6,172	282,291

\* This is a profit distribution item decided at the regular shareholders' meeting held in June 2006.

Third quarter from 1 April 2007 to 31 December 2007

(In millions of yen)

	Shareholders' equity					Valuation and translation adjustments			Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Net unrealized gains on other securities, net of taxes	Foreign currency translation adjustment	Total valuation and translation adjustments		
Balance as of 31 March 2007	125,167	82,900	62,576	-7,339	263,305	20,702	808	21,511	8,000	292,817
Amounts of changes during the period										
Distribution of surplus*			-9,275		-9,275					-9,275
Net profit			14,817		14,817					14,817
Acquisition of treasury stocks				-116	-116					-116
Disposal of treasury stock		62		84	147					147
Net amount of change during the period for non-stockholder-capital items						-5,104	-8	-5,112	-52	-5,164
Total amount of change during the period	—	62	5,542	-31	5,573	-5,104	-8	-5,112	-52	408
Balance as of 31 December 2007	125,167	82,963	68,119	-7,370	268,879	15,598	800	16,398	7,947	293,226

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Shinko Securities (8606)

Financial Year Ended 31 March 2007 (1 April 2006 - 31 March 2007)

(In millions of yen)

	Shareholders' equity					Valuation and translation adjustments			Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Net unrealized gains on other securities, net of taxes	Foreign currency translation adjustment	Total valuation and translation adjustments		
Balance as of 31 March 2006	125,167	82,544	50,322	-7,696	250,336	24,713	422	25,135	6,103	281,575
Amounts of changes during the period										
Distribution of surplus*			-9,248		-9,248					-9,248
Officer's bonus*			-432		-432					-432
Net profit			21,935		21,935					21,935
Acquisition of treasury stocks				-123	-123					-123
Disposal of treasury stock		356		481	837					837
Net amount of change during the period for non-stockholder-capital items						-4,010	386	-3,624	1,897	-1,727
Total amount of change during the year	—	356	12,254	357	12,968	-4,010	386	-3,624	1,897	11,241
Balance as of 31 March 2007	125,167	82,900	62,576	-7,339	263,305	20,702	808	21,511	8,000	292,817

\* This is a profit distribution item decided at the regular shareholders' meeting held in June 2006.

## Consolidated Cash Flow Statement

(In millions of yen)

	Third quarter from 1 April 2006 to 31 December 2006	Third quarter from 1 April 2007 to 31 December 2007	Financial year from 1 April 2006 to 31 March 2007
<b>I</b>	<b>Cash flow from operating activities</b>		
Net profit before taxes, etc.	22,701	22,989	33,617
Depreciation	7,805	9,375	10,892
Adjustment for extraordinary profit and loss			
Profit from sale on fixed assets	-17	-819	-17
Loss from sale or disposition of fixed assets	314	583	445
Profit from sale on investment securities	-3,615	-1,923	-4,941
Write-down and loss from sale of investment securities	146	341	321
Loss from change in IT system	—	—	296
Software licensing fee	-859	—	-859
Provision of reserve for past directors' retirement benefits	—	—	478
Business reorganization loss	—	—	136
Reversal of reserve for securities transaction liabilities	-22	-218	-241
Provision of allowance for bad debts	-224	-62	-180
Interest income and dividends receivable	-9,597	-14,357	-14,473
Interest cost	6,987	12,974	10,474
Investment profit/loss on equity method	-70	-30	-5
Increase/decrease in loans receivable	142	40	97
Increase/decrease in money held as customers' trust	20,705	33,983	3,780
Increase/decrease in advances and deposits received	11,707	5,218	-6,126
Increase/decrease in trading products	-281,880	-304,386	-94,572
Increase/decrease in margin transaction assets	57,279	35,904	40,662
Increase/decrease in margin transaction liabilities	-56,747	-38,080	-38,769
Increase/decrease in loans receivable secured by securities	-253,041	33,431	-160,163
Increase/decrease in loans payable secured by securities	421,637	163,316	164,721
Increase/decrease in allowance for bad debts	-124	-746	-1,006
Increase/decrease in reserve for bonus	-4,151	-4,171	-238
Increase/decrease in reserve for retirement benefits	-2,746	-1,342	-2,861
Others	26,105	-4,108	33,187
Subtotal	-37,564	-52,086	-25,343
Interest and dividends received	9,022	14,819	14,338
Interest paid	-6,597	-12,642	-10,358
Income taxes, etc. paid	-17,332	-12,229	-16,627
Cash flow from operating activities	-52,472	-62,139	-37,990
<b>II</b>	<b>Cash flow from investing activities</b>		
Payments for purchases of investment securities	-6,320	-4,892	-10,985
Proceeds from the sale/redemption of investment securities	8,990	10,358	11,840
Payments for purchases of tangible fixed assets	-951	-1,893	-1,406
Proceeds from the sale of tangible fixed assets	25	1,267	53
Payments for purchases of intangible fixed assets	-10,965	-7,807	-13,383
Proceeds from sale of intangible fixed assets	501	147	700
Proceeds from return on long-term deposits	477	47	694
Others	1,104	-1,676	-1,498
Cash flow from investing activities	-7,137	-4,448	-13,986
<b>III</b>	<b>Cash flow from financing activities</b>		
Increase/decrease in short-term loans payable	12,210	40,031	16,368
Increase/decrease in commercial paper	38,330	12,500	33,000
Proceeds from issue of corporate bonds	12,982	—	12,982
Proceeds from long-term loans payable	—	—	15,000
Payments for long-term loans payable	-1,500	—	-16,500
Payments for acquiring treasury stocks	-82	-116	-123
Proceeds from sale of treasury stocks	172	147	837
Dividend paid	-9,248	-9,230	-9,248
Proceeds from issuing stock to minority shareholders	—	75	1,263
Dividend paid to minority shareholders	-161	-688	-161
Cash flow from financing activities	52,702	42,719	53,418
<b>IV</b> Effect of foreign exchange rate changes on cash and cash equivalents	295	-68	175
<b>V</b> Increase/decrease in cash and cash equivalents	-6,611	-23,937	1,617
<b>VI</b> Balance of cash and cash equivalents at start of year	117,524	121,014	117,524
<b>VII</b> Increase in cash and cash equivalents resulting from new consolidation	—	—	1,872
<b>VIII</b> Balance of cash and cash equivalents at end of period	110,912	97,076	121,014

[About the consolidated financial statements]

These consolidated financial statements follow the provisions of Ministry of Finance (MoF) Ordinance No.24 (1999) entitled “The Rules for Terms, Formats, and Preparation Method of Interim Consolidated Financial Statements” (“Rules for Interim Consolidated Financial Statements”) and also comply with the provisions stipulated in Articles 48 and 69 of said ordinance. In addition, they are compiled in accordance with Cabinet Office Ordinance No.52 (2007) entitled “Cabinet Office Ordinance Concerning Financial Instruments Business” and the self-regulations entitled “Uniform Accounting Standards of Securities Companies”(resolution at the board of directors for the Japan Securities Dealers Association held on November 14, 1974).

The consolidated financial statements for the previous period were prepared based on the unrevised Rules for Interim Consolidated Financial Statements, whereas the consolidated financial statements for the current period were prepared based on the revised Rules.

[Basic Important Matters for Preparation of Consolidated Financial Statements]

1. Matters regarding the scope of consolidation

(1) Consolidated subsidiaries (20 subsidiaries)

Major subsidiaries

Shinko Securities Business Services Co., Ltd.  
Shinko Investment Co., Ltd.  
Shinko Investment Trust Management Co., Ltd.  
Nippon Securities Technology Co., Ltd.  
(Excluded) Shinko Real Estate Co., Ltd.

2. Matters concerning the application of equity method

Equity-method affiliates (3 affiliates)

CUBIC Venture Capital Co., Ltd.  
Mitoyo Securities Co., Ltd.  
Eiwa Securities Co., Ltd.

Non-equity-method affiliates (1 affiliate)

Misawa Kyoei KK

3. Matters concerning the closing date of consolidated subsidiaries

We consolidated the results of 15 consolidated subsidiaries using their quarterly results for the same period as the parent company’s accounting period. For five consolidated subsidiaries with accounting dates different from that of the parent company, financial statements as of the closing date of the third quarter are used.

4. Matters concerning the accounting standard

(1) Valuation method for significant assets

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

Securities and derivative contracts classed as trading products and held by the parent company or subsidiaries are recorded at present market value.

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

The following valuation methods are applied to securities that are not held for trading purposes:

a) Bonds that are to be held to maturity

The amortized cost (straight-line) method is used.

b) Other securities

Securities, etc. that have market values:

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

Securities, etc. that have no market values

Valued using the moving-average cost method.

Moreover, with regard to contributions to investment business limited partnerships and similar partnerships (according to Article 2, Paragraph 2 of the Financial Instruments and Exchange Law, such contributions are regarded as negotiable securities), we use, as the book value, the value of our holdings of partnership assets as designated on the partnership's most recent statement of accounts that we are able to obtain as of the day - stipulated in the partnership agreement - on which the latest statement of accounts is reported. With regard to profit and loss obtained from the operations of the partnership, etc., we use a method whereby we record the value of our holdings.

(2) Depreciation methods used for significant depreciable assets

1) Tangible fixed assets

Both our company and domestic consolidated subsidiaries use mainly fixed-percentage depreciation.

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 significant reserves and allowances

1) Allowance for bad debts

In preparation for possible loss from bad debt in loans receivables, etc., allowance for general receivables is provided based on the ratio of past loss experience and also specific receivables such as non-recoverable receivables is provided for the estimated uncollectible amounts after reviewing collectability of receivables individually.

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) Reserve for point service

To prepare for the cost burden for use of the Shinko Point Service in the future, the expected required amount is calculated for this period based on the usage rate.

Shinko Point Service commenced from October of 2006; and, the rational usage rate cannot be calculated; therefore, the amount reported for the end of this period is the amount equivalent to the total points given out to customers.

4) Reserve for retirement benefits

To prepare for the payment of employee retirement benefits, the amount considered to have arisen within the period was charged to the period on the basis of the estimated value of projected retirement benefit obligations and our pension assets at the end of this period.

Prior service cost is charged to expenses using the straight-line method based on determined years (10 years) within average remaining service year of the employees when incurred.

Actuarial differences are also charged to expenses from the following fiscal year using the straight-line method based on determined years (10 years) within average remaining service year of the employees when incurred.

5) Reserve for directors' retirement benefits

To prepare for the payment of retirement benefits for directors, the necessary amount for the end of this period will be posted in accordance with the inhouse regulations.

6) Reserve for executive officers' retirement benefits

To prepare for the payment of retirement benefits for executive officers, the necessary amount for the end of this period will be posted in accordance with the inhouse regulations.

- (4) Standards for translating significant assets or liabilities denominated in foreign currencies into Japanese yen  
Foreign currency denominated claims and obligations are translated into Japanese yen at the spot rate prevailing on the closing day of this period. Currency translation losses or gains are recorded on the income statement as such.

The assets, liabilities, revenues, and expenses of foreign subsidiaries are also translated into Japanese yen at the spot rate prevailing on the closing day of this period. Any translation losses or gains are recorded in the net assets under the account "Foreign currency translation adjustment".

- (5) Handling of significant 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.

- (6) Method of significant 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.

- (7) Accounting for consumption tax, etc.

The tax exclusion method is applied.

5. Scope of cash and cash equivalents included in the consolidated cash flow statement

The cash movements recorded in the consolidated cash flow statement are those of cash and cash equivalents. Assets classed as cash or cash equivalents are cash on hand, deposits for which no notice of withdrawal is required, and highly liquid short-term investments that carry next to no price risk and have a maturity of less than three months.

Summary of Third Quarter Business Results for the Financial Year Ending 31 March 2008  
Shinko Securities (8606)

[Notes to consolidated balance sheets]

	Third quarter to 31 December 2006	Third quarter to 31 December 2007	Financial year to 31 March 2007 (In millions of yen)
1. Accumulated depreciation of tangible fixed assets	16,790	17,248	16,751
2. Guarantee obligations (guarantee exercise anticipated)	1,059 (973)	933 (855)	1,037 (952)

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 corporate bonds and borrowings

Among our corporate bonds and long-term borrowings (including those that mature within one year), there are the following subordinated obligations (corporate bonds and borrowings with special subordinating conditions) as defined in Article 176 of Cabinet Office Ordinance No.52 (2007) entitled “Cabinet Office Ordinance Concerning Financial Instruments Business”.

	Third quarter to 31 December 2006	Third quarter to 31 December 2007	Financial year to 31 March 2007 (In millions of yen)
Corporate bonds	13,000	13,000	13,000
Long-term borrowings (incl. those that mature within 1 year)	40,050	38,550	40,050

[Notes to consolidated income statement]

	Third quarter from 1 April 2006 to 31 December 2006	Third quarter from 1 April 2007 to 31 December 2007	Financial year from 1 April 2006 to 31 March 2007 (In millions of yen)
Extraordinary profits			
Profit from sale of fixed assets	17	819	17
Profit from sale of investment securities	3,615	1,923	4,941
Software licensing fees	859	—	859
Profit from affiliate liquidation	—	362	—
Reversal from reserve for securities transaction liabilities	22	218	241
Reversal from allowance for bad debts	248	62	251
Extraordinary losses			
Loss from sale of fixed assets	22	410	59
Loss from disposition of fixed assets	291	173	385
Loss from sale of investment securities	28	62	27
Write-down of investment securities	118	278	293
Loss from change in IT system	191	—	296
Provision of reserve for past directors' retirement benefits	—	—	478
Business reorganization loss	—	—	136
Merger expenses	—	363	—
Provision of allowance for bad debts	23	—	70

Data on Consolidated Settlement of Accounts

1. Commissions and fees received

(1) Breakdown by categories

(In millions of yen)

	Third quarter from 1 April 2006 to 31 December 2006	Third quarter from 1 April 2007 to 31 December 2007	Year on year		Financial year from 1 April 2006 to 31 March 2007
			Increase/ decrease	% change	
Brokerage commissions	26,844	22,820	-4,023	85.0	36,876
(Equities)	(26,696)	(22,722)	(-3,973)	(85.1)	(36,692)
(Bonds)	(102)	(27)	(-74)	(27.3)	(117)
Underwriting & selling fees	6,077	2,744	-3,333	45.2	8,235
(Equities)	(5,162)	(2,042)	(-3,119)	(39.6)	(7,098)
(Bonds)	(914)	(701)	(-213)	(76.6)	(1,119)
Offering & selling fees and commissions	13,571	15,226	1,655	112.2	19,143
Other fees and commissions	20,008	22,334	2,325	111.6	26,860
<b>Total</b>	<b>66,502</b>	<b>63,126</b>	<b>-3,375</b>	<b>94.9</b>	<b>91,115</b>

(2) Breakdown by products

(In millions of yen)

	Third quarter from 1 April 2006 to 31 December 2006	Third quarter from 1 April 2007 to 31 December 2007	Year on year		Financial year from 1 April 2006 to 31 March 2007
			Increase/ decrease	% change	
Equities	32,333	25,079	-7,253	77.6	44,374
Bonds	1,701	1,287	-413	75.7	2,082
Beneficiary securities	24,726	29,979	5,253	121.2	34,610
Others	7,740	6,778	-961	87.6	10,047
<b>Total</b>	<b>66,502</b>	<b>63,126</b>	<b>-3,375</b>	<b>94.9</b>	<b>91,115</b>

2. Trading profits

(In millions of yen)

	Third quarter from 1 April 2006 to 31 December 2006	Third quarter from 1 April 2007 to 31 December 2007	Year on year		Financial year from 1 April 2006 to 31 March 2007
			Increase/ decrease	% change	
Equities	5,228	11,898	6,669	227.6	8,019
Bonds, others	22,591	31,993	9,401	141.6	34,084
(Bonds)	(25,677)	(32,918)	(7,241)	(128.2)	(37,279)
(Others)	(-3,085)	(-925)	(2,160)	(—)	(-3,195)
<b>Total</b>	<b>27,819</b>	<b>43,891</b>	<b>16,071</b>	<b>157.8</b>	<b>42,104</b>



(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	37,878	42,911	44,549	40,176	35,277
Commissions and fees received	22,811	24,613	23,397	20,608	19,120
Brokerage commissions	8,681	10,031	8,772	7,739	6,308
(Equities)	(8,641)	(9,996)	(8,746)	(7,713)	(6,263)
(Bonds)	(21)	(15)	(11)	(6)	(9)
Underwriting & selling fees	2,237	2,157	1,248	917	578
(Equities)	(1,971)	(1,936)	(1,016)	(669)	(357)
(Bonds)	(266)	(204)	(231)	(248)	(220)
Offering & selling fees and Other fees and commissions	4,604	5,571	5,877	4,723	4,626
Other fees and commissions	7,288	6,851	7,499	7,228	7,607
Trading profit or loss	11,470	14,284	16,371	14,689	12,830
Equities	3,234	2,791	3,631	4,826	3,440
Bonds, others	8,235	11,492	12,739	9,863	9,390
(Bonds)	(10,411)	(11,602)	(16,731)	(7,895)	(8,291)
(Others)	(-2,175)	(-109)	(-3,991)	(1,968)	(1,098)
Profit or loss on investment securities for sale, etc.	76	-462	274	-92	-769
Financial revenues	3,519	4,477	4,506	4,970	4,095
Financial expenses	2,969	3,486	4,306	4,500	4,168
Net operating revenues	34,909	39,425	40,243	35,675	31,109
Selling, general and administrative	28,121	30,344	29,815	29,783	28,413
Transaction expenses	4,329	4,297	4,309	4,796	4,235
Personnel expenses	13,881	15,399	15,052	14,284	13,600
Real estate expenses	3,654	3,765	3,871	3,977	3,857
Office expenses	2,237	2,289	2,136	2,295	2,311
Depreciation	2,899	3,087	3,079	2,950	3,217
Taxes and dues	286	343	463	337	277
Others	832	1,161	902	1,141	913
Operating profit	6,787	9,080	10,427	5,891	2,695
Non-operating revenues	1,110	1,430	1,276	1,227	1,028
Investment profit on equity method	40	-65	21	3	6
Others	1,069	1,496	1,255	1,224	1,022
Non-operating expenses	210	69	400	582	673
Ordinary profit	7,687	10,441	11,304	6,537	3,051
Extraordinary profits	3,537	1,548	328	929	2,127
Extraordinary losses	256	1,073	309	261	717
Net profit before taxes, etc.	10,968	10,916	11,323	7,205	4,461
Income taxes	2,164	5,531	2,361	3,565	-454
Adjustment amount for income taxes	1,405	-1,614	1,522	-1,933	2,344
Minority interest	270	-153	189	352	223
Net profit	7,128	7,151	7,249	5,220	2,347

## 5. Non-consolidated Financial Statements

### Non-consolidated Balance Sheets

(In millions of yen)

	As of 31 December 2006	As of 31 December 2007	Year-on-year increase/decrease	Financial year to 31 March 2007
<b>Assets</b>				
Current assets	3,834,938	3,635,181	-199,757	3,542,039
Cash and due from banks	92,346	85,109	-7,237	107,086
Fund deposits	66,560	49,439	-17,121	83,049
Trading products	1,474,715	1,519,228	44,512	1,320,824
Trading securities, etc.	1,469,494	1,503,816	34,321	1,314,953
Derivative assets	5,220	15,411	10,190	5,870
Trade date accrual	92,185	13,916	-78,269	—
Investment securities for sale, etc.	—	8,375	8,375	—
Margin transaction assets	94,024	73,165	-20,858	110,858
Customers' loans receivable in margin transactions	84,069	57,893	-26,176	102,846
Collateral for borrowed securities for margin transactions	9,955	15,272	5,317	8,011
Loans receivable secured by securities	1,984,792	1,858,483	-126,309	1,891,914
Collateral for borrowed securities	1,959,713	1,785,464	-174,249	1,871,826
Loans receivable in gensaki transactions	25,078	73,019	47,940	20,087
Advances	61	366	305	156
Accounts for non-delivered securities and others	—	—	—	173
Short-term loans receivable	11,467	11,139	-328	11,473
Deferred income tax assets	1,639	1,650	10	2,880
Other current assets	17,261	14,359	-2,901	13,729
Allowance for bad debts	-117	-51	65	-106
Fixed assets	146,457	131,187	-15,270	147,726
Tangible fixed assets	6,106	6,659	553	6,268
Intangible fixed assets	33,955	33,361	-594	34,095
Investments and other assets	106,395	91,165	-15,229	107,362
Investment securities	95,019	77,575	-17,444	96,001
Long-term deposits	8,204	8,274	70	8,102
Other investments	8,175	8,668	493	7,392
Allowance for bad debts	-5,004	-3,352	1,651	-4,132
<b>Total assets</b>	<b>3,981,395</b>	<b>3,766,368</b>	<b>-215,027</b>	<b>3,689,766</b>

Summary of Third Quarter Business Results for the Financial Year Ending 31 March 2008  
Shinko Securities (8606)

(In millions of yen)

	As of 31 December 2006	As of 31 December 2007	Year-on-year increase/decrease	Financial year to 31 March 2007
<b>Liabilities</b>				
Current liabilities	3,634,048	3,410,879	-223,168	3,330,272
Trading products	1,230,840	1,080,942	-149,898	1,140,368
Trading securities, etc.	1,225,874	1,075,013	-150,861	1,137,898
Derivative liabilities	4,966	5,928	962	2,469
Trade date accrual	—	—	—	32,703
Margin transaction liabilities	40,716	18,529	-22,186	58,606
Customers' loans payable for margin transactions	36,048	17,151	-18,897	54,400
Collateral for loaned securities for margin transactions	4,667	1,378	-3,288	4,206
Loans payable secured by securities	1,738,301	1,644,702	-93,599	1,481,385
Amounts receivable on loan transactions	1,591,798	1,455,250	-136,547	1,370,140
Loans payable in gensaki transactions	146,503	189,451	42,948	111,244
Deposits received	70,386	58,675	-11,711	53,148
Received margins	33,529	36,555	3,026	40,228
Accounts for non-received securities and others	1	31	30	—
Short-term loans payable	382,020	425,270	43,250	381,208
Commercial paper	122,530	129,700	7,170	117,200
Income taxes payable	2,011	199	-1,811	7,225
Reserve for bonus	2,550	2,300	-250	5,720
Reserve for directors' bonus	—	—	—	282
Reserve for point service	204	786	582	401
Reserve for affiliate reorganization loss	—	807	807	536
Other current liabilities	10,956	12,379	1,422	11,256
Fixed liabilities	79,203	79,900	697	84,150
Corporate bonds	33,000	33,000	—	33,000
Long-term loans payable	24,550	30,700	6,150	30,700
Deferred tax liabilities	11,693	9,878	-1,815	12,096
Reserve for retirement benefits	7,502	4,460	-3,042	5,889
Reserve for directors' retirement benefits	—	325	325	331
Reserve for executive officers' retirement benefits	—	677	677	753
Other fixed liabilities	2,456	858	-1,597	1,378
Statutory reserve	1,098	660	-437	879
<b>Total liabilities</b>	<b>3,714,349</b>	<b>3,491,440</b>	<b>-222,909</b>	<b>3,415,301</b>
<b>Net assets</b>				
Shareholders' equity	248,507	260,101	11,593	255,557
Common stock	125,167	125,167	—	125,167
Capital surplus	82,166	82,511	345	82,448
Capital reserve	51,407	51,407	—	51,407
Other capital surplus	30,759	31,104	345	31,041
Retained earnings	48,853	59,791	10,938	55,279
Other Retained earnings	48,853	59,791	10,938	55,279
Retained earnings carried-forward to next term	48,853	59,791	10,938	55,279
Treasury stock	-7,679	-7,369	309	-7,337
Valuation and translation adjustments	18,538	14,826	-3,711	18,907
Net unrealized gains on other securities, net of taxes	18,538	14,826	-3,711	18,907
<b>Total net assets</b>	<b>267,046</b>	<b>274,928</b>	<b>7,881</b>	<b>274,465</b>
<b>Total liabilities and net assets</b>	<b>3,981,395</b>	<b>3,766,368</b>	<b>-215,027</b>	<b>3,689,766</b>

### Non-consolidated Statement of Income

(In millions of yen)

	Third quarter from 1 April 2006 to 31 December 2006	Third quarter from 1 April 2007 to 31 December 2007	Year on Year		Financial year from 1 April 2006 to 31 March 2007
			Increase/ decrease	% change	
Operating revenues	96,443	111,518	15,075	115.6	137,514
Commissions and fees received	60,172	55,436	-4,736	92.1	82,670
Trading profit or loss	27,714	43,530	15,815	157.1	41,897
Profit or loss on investment securities for sale, etc.	—	-744	-744	—	—
Financial revenues	8,555	13,296	4,740	155.4	12,945
Financial expenses	6,708	12,673	5,965	188.9	10,155
Net operating revenues	89,735	98,844	9,109	110.2	127,358
Selling, general and administrative expenses	76,349	83,223	6,873	109.0	104,902
Transaction expenses	10,992	11,775	782	107.1	14,838
Personnel expenses	35,074	36,776	1,701	104.9	48,313
Real estate expenses	10,395	11,721	1,326	112.8	14,035
Office expenses	10,455	11,846	1,390	113.3	14,192
Depreciation	6,799	8,496	1,697	125.0	9,540
Taxes and dues	783	797	14	101.8	1,074
Others	1,848	1,809	-39	97.9	2,908
Operating profit	13,385	15,621	2,236	116.7	22,456
Non-operating revenues	2,969	2,897	-71	97.6	4,016
Non-operating expenses	377	323	-54	85.7	616
Ordinary profit	15,977	18,196	2,218	113.9	25,856
Extraordinary profits	4,241	2,030	-2,210	47.9	5,778
Extraordinary losses	800	778	-21	97.4	1,885
Net profit before taxes, etc.	19,419	19,447	28	100.1	29,749
Income taxes	2,890	3,908	1,018	135.2	8,034
Adjustment amount for income taxes	3,380	1,752	-1,628	51.8	2,140
Net profit	13,148	13,787	639	104.9	19,574

### Non-consolidated Statement of Changes in Net Assets

Third Quarter for the Financial Year Ending 31 March 2007 (1 April 2006 - 31 December 2006) (In millions of yen)

	Shareholders' equity							Valuation and translation adjustments	Total net assets
	Common stock	Capital surplus			Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on other securities, net of taxes	
		Capital reserve	Other capital surplus	Total capital surplus					
Balance as of 31 March 2006	125,167	51,407	30,684	82,092	45,323	-7,695	244,887	22,431	267,319
Amounts of changes during the period									
Distribution of surplus*					-9,248		-9,248		-9,248
Officer's bonus*					-370		-370		-370
Net profit					13,148		13,148		13,148
Acquisition of treasury stocks						-82	-82		-82
Disposal of treasury stock			74	74		97	172		172
Net amount of change during the period for non-stockholder-capital items								-3,893	-3,893
Total amount of change during the period	—	—	74	74	3,530	15	3,620	-3,893	-273
Balance as of 31 December 2006	125,167	51,407	30,759	82,166	48,853	-7,679	248,507	18,538	267,046

\* This is a profit distribution item decided at the regular shareholders' meeting held in June 2006.

Third Quarter for the Financial Year Ending 31 March 2008 (1 April 2007 - 31 December 2007) (In millions of yen)

	Shareholders' equity							Valuation and translation adjustments	Total net assets
	Common stock	Capital surplus			Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on other securities, net of taxes	
		Capital reserve	Other capital surplus	Total capital surplus					
Balance as of 31 March 2007	125,167	51,407	31,041	82,448	55,279	-7,337	255,557	18,907	274,465
Amounts of changes during the period									
Distribution of surplus					-9,275		-9,275		-9,275
Net profit					13,787		13,787		13,787
Acquisition of treasury stocks						-116	-116		-116
Disposal of treasury stock			62	62		84	147		147
Net amount of change during the period for non-stockholder-capital items								-4,080	-4,080
Total amount of change during the period	—	—	62	62	4,512	-31	4,543	-4,080	462
Balance as of 31 December 2007	125,167	51,407	31,104	82,511	59,791	-7,369	260,101	14,826	274,928

Summary of Third Quarter Business Results for the Financial Year Ending 31 March 2008  
Shinko Securities (8606)

Financial year from 1 April 2006 to 31 March 2007

(In millions of yen)

	Shareholders' equity							Valuation and translation adjustments	Total net assets
	Common stock	Capital surplus			Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on other securities, net of taxes	
		Capital reserve	Other capital surplus	Total capital surplus					
Balance as of 31 March 2006	125,167	51,407	30,684	82,092	45,323	-7,695	244,887	22,431	267,319
Amounts of changes during the year									
Distribution of surplus*					-9,248		-9,248		-9,248
Officer's bonus*					-370		-370		-370
Net profit					19,574		19,574		19,574
Acquisition of treasury stocks						-123	-123		-123
Disposal of treasury stock			356	356		481	837		837
Net amount of change during the year for non-stockholder-capital items								-3,524	-3,524
Total amount of change during the year	—	—	356	356	9,956	357	10,670	-3,524	7,146
Balance as of 31 March 2007	125,167	51,407	31,041	82,448	55,279	-7,337	255,557	18,907	274,465

\* This is a profit distribution item decided at the regular shareholders' meeting held in June 2006.

[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” (“Rules for 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 Cabinet Office Ordinance No.52 (2007) entitled “Cabinet Office Ordinance Concerning Financial Instruments Business” and the self-regulations entitled “Uniform Accounting Standards of Securities Companies” (resolution at the board of directors for the Japan Securities Dealers Association held on November 14, 1974).

The consolidated financial statements for the previous period were prepared based on the unrevised Rules for Interim Financial Statements, whereas the consolidated financial statements for the current period were prepared based on the revised Rules.

[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 net assets 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.

Moreover, with regard to contributions to investment business limited partnerships and similar partnerships (according to Article 2, Paragraph 2 of the Financial Instruments and Exchange Law, such contributions are regarded as negotiable securities), we use, as the book value, the value of our holdings of partnership assets as designated on the partnership’s most recent statement of accounts that we are able to obtain as of the day - stipulated in the partnership agreement - on which the latest statement of accounts is reported. With regard to profit and loss obtained from the operations of the partnership, etc., we use a method whereby we record the value of our holdings.

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 possible loss from bad debt in loans receivables, etc., allowance for general receivables is provided based on the ratio of past loss experience and also specific receivables such as non-recoverable receivables is provided for the estimated uncollectible amounts after reviewing collectability of receivables individually.

(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 the period.

(3) Reserve for point service

To prepare for the cost burden for use of the Shinko Point Service in the future, the expected required amount is calculated for this period based on the usage rate.

Shinko Point Service commenced from October of 2006; and, the rational usage rate cannot be calculated; therefore, the amount reported for the end of this period is the amount equivalent to the total points given out to customers.

(4) Reserve for affiliate reorganization loss

In line with the commencement of closing procedures for Shinko Securities (Europe), the estimated amount of the cost burden involving office closing will be posted.

(5) Reserve for retirement benefits

To prepare for the payment of employee retirement benefits, the amount considered to have arisen within the period was charged to the period on the basis of the estimated value of projected retirement benefit obligations and our pension assets at the end of this period.

Prior service cost is charged to expenses using the straight-line method based on determined years (10 years) within average remaining service year of the employees when incurred.

Actuarial differences are also charged to expenses from the following fiscal year using the straight-line method based on determined years (10 years) within average remaining service year of the employees when incurred.

(6) Reserve for directors' retirement benefits

To prepare for the payment of retirement benefits for directors, the necessary amount for the end of this period will be posted in accordance with the inhouse regulations.

(7) Reserve for executive officers' retirement benefits

To prepare for the payment of retirement benefits for executive officers, the necessary amount for the end of this period will be posted in accordance with the inhouse regulations.

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]

1. In line with revisions in the corporate tax in 2007, "The treatment of depreciation for audit purpose at the present stage" (The Japanese Institute of Certified Public Accountants, Auditing and Assurance Practice Report No. 81, April 25, 2007), that will be used from the business year ending on and after April 1, 2007, our company and all consolidated subsidiaries in Japan will be using this handling method from this period, and any assets acquired after April 1, 2007 will be changed over to the method based on the revised Corporate Tax Law. Thus, the affect of this change on the profit/loss is minor.

2. Financial contributions to limited partnerships had been recorded on "Investment securities" under "Fixed Asset"; however, with the increase in individual investments of recent years heightening its monetary importance, they will be recorded as "Investing securities for sale, etc." under "Current Assets." With this change, current assets increased 8.375 billion yen and fixed assets decreased accordingly.

In line with the above, the profit/loss and expenses for limited partnerships, which had been allocated as "Non-operating revenues" and "Non-operating expenses," respectively, will be allocated in "Profit or loss on investment securities for sale, etc.," resulting in an decrease in an operating profit by 744 million yen. Ordinary profit and net profit before taxes, etc. are not affected by this change.



Summary of Third Quarter Business Results for the Financial Year Ending 31 March 2008  
Shinko Securities (8606)

[Notes to non-consolidated balance sheets]

	Third quarter to 31 December 2006	Third quarter to 31 December 2007	Financial year to 31 March 2007 (In millions of yen)
1. Accumulated depreciation of tangible fixed assets	6,446	6,355	6,445
2. Guarantee obligations (guarantee exercise anticipated)	18,159 (18,073)	13,633 (13,555)	16,837 (16,752)

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 corporate bonds and long-term borrowings (including those that mature within one year), there are the following subordinated obligations (corporate bonds and borrowings with special subordinating conditions) as defined in Article 176 of Cabinet Office Ordinance No.52 (2007) entitled “Cabinet Office Ordinance Concerning Financial Instruments Business”.

	Third quarter to 31 December 2006	Third quarter to 31 December 2007	Financial year to 31 March 2007 (In millions of yen)
Corporate bonds	13,000	13,000	13,000
Long-term borrowings (incl. those that mature within one year)	40,050	38,550	40,050

[Notes to non-consolidated statement of income]

	Third quarter from 1 April 2006 to 31 December 2006	Third quarter from 1 April 2007 to 31 December 2007	Financial year from 1 April 2006 to 31 March 2007 (In millions of yen)
Extraordinary profits			
Profit from sale of investment securities	3,126	1,363	4,442
Software licensing fees	859	—	859
Profit from affiliate liquidation	—	362	—
Reversal from reserve for securities transaction liabilities	23	218	242
Reversal from allowance for bad debts	232	86	234
Extraordinary losses			
Loss from sale of fixed assets	—	3	—
Loss from disposition of fixed assets	151	162	171
Loss from sale of investment securities	1	53	21
Write-down of investment securities	118	195	293
Loss from change in IT system	526	—	615
Provision of reserve for past directors' retirement benefits	—	—	224
Provision of reserve for affiliate reorganization loss	—	—	536
Merger expenses	—	363	—
Provision of allowance for bad debts	0	—	21

## Data on Non-consolidated Settlement of Accounts

### 1. Commissions and fees received

#### (1) Breakdown by categories (In millions of yen)

	Third quarter from 1 April 2006 to 31 December 2006	Third quarter from 1 April 2007 to 31 December 2007	Year on year		Financial year from 1 April 2006 to 31 March 2007
			Increase/ decrease	% change	
Brokerage commissions	25,762	21,595	-4,167	83.8	35,357
(Equities)	(25,615)	(21,500)	(-4,115)	(83.9)	(35,175)
(Bonds)	(101)	(27)	(-73)	(27.3)	(117)
Underwriting & selling fees	6,077	2,742	-3,334	45.1	8,234
(Equities)	(5,162)	(2,041)	(-3,120)	(39.6)	(7,098)
(Bonds)	(914)	(701)	(-213)	(76.6)	(1,119)
Offering & selling fees and commissions	13,422	15,082	1,660	112.4	18,925
Other fees and commissions	14,911	16,016	1,104	107.4	20,153
<b>Total</b>	<b>60,172</b>	<b>55,436</b>	<b>-4,736</b>	<b>92.1</b>	<b>82,670</b>

#### (2) Breakdown by products (In millions of yen)

	Third quarter from 1 April 2006 to 31 December 2006	Third quarter from 1 April 2007 to 31 December 2007	Year on year		Financial year from 1 April 2006 to 31 March 2007
			Increase/ decrease	% change	
Equities	31,232	23,839	-7,393	76.3	42,830
Bonds	1,696	1,283	-412	75.7	2,076
Beneficiary securities	20,178	24,114	3,936	119.5	28,290
Others	7,065	6,199	-866	87.7	9,472
<b>Total</b>	<b>60,172</b>	<b>55,436</b>	<b>-4,736</b>	<b>92.1</b>	<b>82,670</b>

### 2. Trading profits (In millions of yen)

	Third quarter from 1 April 2006 to 31 December 2006	Third quarter from 1 April 2007 to 31 December 2007	Year on year		Financial year from 1 April 2006 to 31 March 2007
			Increase/ decrease	% change	
Equities	5,244	11,904	6,660	227.0	8,033
Bonds, others	22,470	31,625	9,155	140.7	33,864
(Bonds)	(25,556)	(32,550)	(6,994)	(127.4)	(37,059)
(Others)	(-3,085)	(-925)	(2,160)	(—)	(-3,195)
<b>Total</b>	<b>27,714</b>	<b>43,530</b>	<b>15,815</b>	<b>157.1</b>	<b>41,897</b>

Summary of Third Quarter Business Results for the Financial Year Ending 31 March 2008  
Shinko Securities (8606)

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

	Third quarter from 1 April 2006 to 31 December 2006		Third quarter from 1 April 2007 to 31 December 2007		% change from same period last year		Financial year from 1 April 2006 to 31 March 2007	
	# of shares	Total value	# of shares	Total value	# of shares	Total value	# of shares	Total value
Total	8,162	12,310,430	8,548	8,209,156	104.7	66.7	11,660	15,678,124
(Dealing)	(2,803)	(2,472,481)	(3,674)	(2,737,643)	(131.1)	(110.7)	(4,108)	(3,373,338)
(Brokerage)	(5,359)	(9,837,949)	(4,873)	(5,471,513)	(90.9)	(55.6)	(7,551)	(12,304,786)
Brokerage ratio	65.7%	79.9%	57.0%	66.7%			64.8%	78.5%
Shares of total for TSE	0.90%	0.80%	0.68%	0.62%			0.88%	0.78%

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

			Third quarter from 1 April 2006 to 31 December 2006	Third quarter from 1 April 2007 to 31 December 2007	% change from same period last year	Financial year from 1 April 2006 to 31 March 2007
Underwritten	Equities	(# of shares)	55	9	17.0	72
	Equities	(Total value)	109,004	38,530	35.3	155,937
	Bonds	(Total at face value)	674,077	672,909	99.8	958,915
	Commercial paper, foreign instruments, etc.	(Total at face value)	3,452,157	4,836,843	140.1	5,045,879
Offered and sold*	Equities	(# of shares)	55	9	17.0	72
	Equities	(Total value)	114,383	40,439	35.4	163,250
	Bonds	(Total at face value)	1,113,072	1,166,049	104.8	1,562,946
	Beneficiary securities	(Total at face value)	2,556,206	2,789,770	109.1	3,616,902
	Commercial paper, foreign instruments, etc.	(Total at face value)	3,498,329	4,836,043	138.2	5,090,591

\* Includes volume sold and volume privately placed.

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

		As of 31 December 2006	As of 31 December 2007	As of 31 March 2007
Basic items	Total capital (A)	248,507	260,101	246,282
Supplemental items	Difference in valuation (valuation revenues) of other securities, etc.	18,538	14,826	18,907
	Reserve for securities transaction liabilities, etc.	1,098	660	879
	Allowance for bad debts	117	51	106
	Subordinated long-term debt	13,000	18,000	18,000
	Subordinated short-term debt	40,050	33,550	35,050
	Total (B)	72,803	67,088	72,943
Deducted assets (C)		100,057	88,937	98,370
Non-fixed equity amount (D)	(A)+(B)-(C)	221,254	238,252	220,855
Amount equivalent to risk	Amount equivalent to market risk	19,054	26,534	19,369
	Amount equivalent to counterparty risk	6,530	7,036	6,678
	Amount equivalent to fundamental risk	24,952	28,127	25,607
	Total (E)	50,536	61,698	51,654
Capital adequacy requirement ratio	(D)/(E)*100	437.8%	386.1%	427.5%

(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	35,402	41,070	41,567	37,351	32,599
Commissions and fees received	20,585	22,497	20,802	18,109	16,524
Brokerage commissions	8,292	9,595	8,326	7,318	5,950
(Equities)	(8,253)	(9,559)	(8,299)	(7,293)	(5,906)
(Bonds)	(21)	(15)	(11)	(6)	(9)
Underwriting & selling fees	2,237	2,157	1,248	916	578
(Equities)	(1,971)	(1,936)	(1,016)	(667)	(357)
(Bonds)	(266)	(204)	(231)	(248)	(220)
Offering & selling fees and commissions	4,560	5,503	5,830	4,682	4,568
Other fees and commissions	5,494	5,242	5,397	5,191	5,426
Trading profit or loss	11,408	14,183	16,232	14,515	12,781
Equities	3,237	2,789	3,631	4,830	3,442
Bonds, others	8,171	11,393	12,601	9,684	9,339
(Bonds)	(10,347)	(11,503)	(16,593)	(7,716)	(8,240)
(Others)	(-2,175)	(-109)	(-3,991)	(1,968)	(1,098)
Profit or loss on investment securities for sale, etc.	—	—	158	-172	-729
Financial revenues	3,408	4,389	4,374	4,899	4,022
Financial expenses	2,875	3,447	4,198	4,393	4,081
Net operating revenues	32,526	37,623	37,368	32,958	28,518
Selling, general and administrative expenses	26,463	28,552	27,805	28,037	27,380
Transaction expenses	3,939	3,845	3,880	4,211	3,682
Personnel expenses	11,760	13,238	12,881	12,285	11,609
Real estate expenses	3,451	3,640	3,654	3,928	4,138
Office expenses	4,003	3,736	3,705	3,915	4,225
Depreciation	2,552	2,741	2,806	2,780	2,908
Taxes and dues	244	291	326	243	226
Others	510	1,060	548	671	589
Operating profit	6,062	9,070	9,563	4,920	1,137
Non-operating revenues	277	1,046	2,206	485	204
Non-operating expenses	44	238	8	304	9
Ordinary profit	6,296	9,878	11,761	5,102	1,332
Extraordinary profits	2,930	1,536	328	272	1,429
Extraordinary losses	104	1,085	304	159	315
Net profit before taxes, etc.	9,123	10,330	11,785	5,214	2,446
Income taxes	1,640	5,144	2,000	2,852	-944
Adjustment amount for income taxes	1,369	-1,240	1,333	-1,779	2,198
Net profit	6,113	6,426	8,452	4,142	1,192