

Summary of Consolidated Financial Statements for the First Half of the Financial Year Ending 31 March 2004

Listed company's name: **Shinko Securities Co., Ltd.** Listing stock exchanges: Tokyo, Osaka, and Nagoya
Code No.: 8606 Location of head office: Tokyo

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

Representative: Takashi Kusama, President

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These financial statements were approved at a meeting of the Board of Directors on 24 October 2003.

These financial statements were not compiled in accordance with U.S. GAAP.

1. Consolidated results for the period 1 April 2003 to 30 September 2003

(1) 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	%
Interim period to September 2003	55,766	(38.0)	53,839	(39.9)	8,996	()	10,134	()
Interim period to September 2002	40,407	(- 23.5)	38,497	(-23.2)	-9,471	()	-8,437	()
Financial year to March 2003	80,303		76,656		-15,386		-14,113	

	Interim net profit for this period		Interim net profit per share	Interim net profit per share (diluted)
	mil. yen	%	yen	yen
Interim period to September 2003	8,965	()	11.58	
Interim period to September 2002	-11,519	()	-14.32	
Financial year to March 2003	-32,307		-40.59	

(Note) 1. Investment profit or loss on equity method: Interim period to September 2003: -30 million yen
Interim period to September 2002: -269 million yen
Financial year to March 2003: -245 million yen

2. Average number of shares outstanding (consolidated): Interim period to September 2003: 774,107,834
Interim period to September 2002: 804,708,879
Financial year to March 2003: 795,982,332

3. There has been no change in the accounting methods used to compile these financial statements.

4. Percentage figures for operating revenues, net operating revenues, operating profit, ordinary profit, and interim net profit represent the percentage increase (or decrease) on the same period last year.

(2) Consolidated financial status

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	mil. yen	mil. yen	%	yen
Interim period to September 2003	2,512,982	217,161	8.6	280.52
Interim period to September 2002	2,201,525	228,414	10.4	285.64
Financial year to March 2003	2,155,425	203,154	9.4	262.45

(Note) Number of shares outstanding (consolidated): Interim period to September 2003: 774,127,644
Interim period to September 2002: 799,671,891
Financial year to March 2003: 774,081,700

(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
Interim period to September 2003	-27,281	-3,316	41,236	50,548
Interim period to September 2002	-47,671	-4,548	20,627	58,480
Financial year to March 2003	-50,627	-1,065	1,951	40,260

(4) Scope of full consolidation and partial consolidation under the equity method:

Number of fully consolidated subsidiaries: 14

Number of non-consolidated subsidiaries under the equity method: --

Number of equity-method affiliates: 5

(5) Changes in scope of consolidation and application of the equity method:

Consolidation: No company was added or removed.

Equity method: No company was added or removed.

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

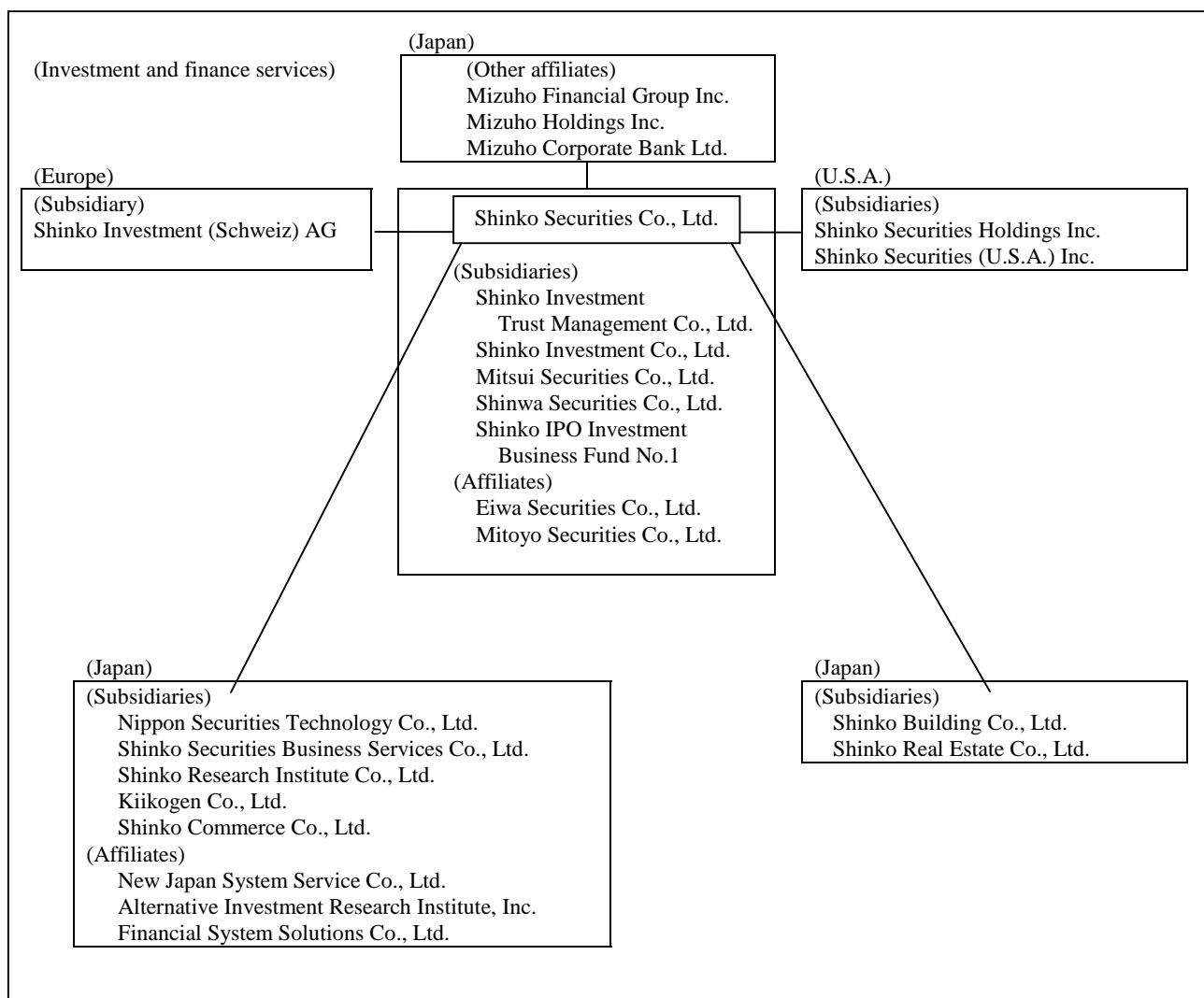
Because the main business activity of our corporate group is the buying and selling of securities, our earnings are highly contingent on the state of the stock market, etc. For this reason, we do not conduct forecasts of our business results.

Our Corporate Group

Our corporate group is composed of 15 subsidiaries and 5 affiliates. The business activities of our company and of 7 of the subsidiaries and 2 of the affiliates consist mainly of trading securities, the commissioning of securities trading, the underwriting and selling of securities, offering and selling of securities, handling of private offerings, and other securities- and finance-related activities, as well as a wide range of services in the areas of raising and operating funds for customers. The other companies provide services related to and supportive of our company's activities, conduct market surveys and research, manage real estate, and more. Therefore, our corporate group's business activities all come under the single business segment of "investment and financial services."

All of our subsidiary companies, except Shinko IPO Investment Business Fund No. 1, are consolidated companies, and the equity method is applied for all of our affiliated companies.

1. Organizational Diagram of Corporate Group



[Business Policy]1. Basic Business Policy

Our corporate group's main field of business is the securities industry and related areas. In this field we provide a full line of services as a general securities company having multiple, integrated departments. As a securities company in the Mizuho Financial Group, moreover, we aim to maximize the synergy between group members and their departments, thereby providing high-value added financial service to a wide range of customers, from retail to wholesale customers.

2. Basic Policy Regarding Profit Distribution

Our corporate group's main goal is to maximize corporate value. Our basic policy with regard to profit distribution is to provide a variable dividend, based on the results in the period in question.

3. Medium- and Long-Term Business Strategy

The entire company has been working hard to "build a business foundation on which stable profits can be obtained in any business environment," which is our basic philosophy of the Medium-Term Business Plan. Our main activities in connection with the plan are as follows.

- Based on the synergistic effects arising from our ties with the Mizuho Group and among our divisions, we provide high-value-added products.
By strengthening our ties within the Mizuho Financial Group, we are expanding our full-line functions.
- We are reforming our business style.
We are improving our consulting performance, offering high-quality services based on CRM (Customer Relationship Management), and building an efficient sales system, through the 3 Shinko Supports (person-to-person business, our call center, the Internet).
- We are increasing our earnings by strengthening our investment banking operations.
We are obtaining fee business through providing solutions.
- We are strengthening our financial structure by continuing to cut costs.
We are reviewing our investments, and increasing settlement efficiency by making business office operations cashless.
- We are vigorously promoting an IT strategy positioned as "an important infrastructure that supports our business model."
We are developing a new system aimed at applying STP (Straight-Through Processing) to securities transactions, rebuilding our networks for IP telephones, etc., and using e-communication.
- We are creating a personnel system that educates people to think and act on their own and that promotes competitiveness and customer trust.
We are implementing employee evaluations and treatment that are fair, transparent, and acceptable to all concerned.
- We are observing laws and ordinances so as to obtain the trust of customers.
We are making our compliance manual known to all employees and strengthening those functions related to inspections and to checks and balances.

4. The Period's Business Goals and Their State of Achievement

We positioned the raising of the quality of our customer service as a key theme for the period, and carried out a thorough re-examination of the products and information we offer, the nature of face-to-face contact at branches, and the tools customers use for settling their accounts. We then set to work constructing systems aimed at enhancing the experience of our customers.

In the Retail Business Division, a long process aimed at transforming our sales and marketing culminated in the launch in April of our "Business Reconstruction Project". Personnel have been reassigned with a view to meeting the diversifying needs and investment styles of our customers, and we are shifting towards a consulting-oriented approach in line with our "client first" corporate philosophy. We also increased staff and expanded functions at our call center - which supports the activities of our manned branches, and took steps to improve our Shinko Net Club online trading service by boosting the range of products that can be traded through it. June, for example, saw it start handling new government bonds targeting individual investors. In the future too, we will continue to listen to the voices of our customers to enhance the convenience and functionality of our Shinko 3 Support system - which provides support face-to-face at branches, over the phone via the call center, and online through the Shinko Net Club. We have also improved the service offered by the corporate-client teams at our branches through the deployment in April of a corporate-client CRM system at every one of our branches. Through this development, we have completed the construction of an advice-centered sales and marketing system that uses information about individual corporate clients as its base. We also took a fresh look at the locations of our branches with an eye on more efficient resource allocation, which resulted in us merging and closing three branches whose territories overlapped.

In the Wholesale Division, we worked to develop our asset management business and strengthen our M&A,

securitization, and solutions businesses with a view to building a revenue structure that is robust in the face of market volatility. In the Trading Division, we worked to boost our sales strength by formulating a product strategy based on proactively anticipating customer needs and boldly and quickly recommending products suited to conditions in the market.

Using this departmental infrastructure as a base, we intend to maximize synergies by taking further advantage of our hallmark “full line” functionality and our links with Mizuho Securities. Cooperation with Mizuho Securities is already progressing in various areas, starting with a deal to carry out joint underwriting, the integration of our market making operations in the JASDAQ market in May, and the construction of a joint management structure for our IR consulting business in June.

Other developments include a complete switch to IP phones in April and more active use of electronic communications. Through the application of Internet technologies such as these, we have been able to improve efficiency and trim costs. On the even more important themes of risk management and compliance, July saw the introduction of an e-mail monitoring system as part of the security policy we established in November last year, marking a further step in our efforts to strengthen our systems for protecting and managing information.

5. Our tasks to be solved

There is a feeling that the Japanese economy has overcome the pain of structural reform and moved into a new phase. Moreover, the national economy seems poised for a large-scale shift of funds from savings to investment, and a move from a bank-centered system of indirect finance to one in which funds are procured in the capital markets. These changes will bring about a significant increase in the areas in which we operate, and call for us to play a far more active role. Our company views this as a time of opportunity, and we intend to be positive and creative in implementing new policies that are ahead of their time. We believe that the survival of a securities company depends on “service quality control”. By maintaining first-class quality in products, settlement, personnel, etc., we aim to win the trust of our customers, and evolve into a key player in our country’s capital markets.

6. Numerical Goals

As previously mentioned, in May 2002 we established a Medium-Term Business Plan, for the period up through March 2004. Its specific targets include the following: (1) 2.4 trillion yen in entrusted retail assets; (2) a dividend of at least 5 yen; (3) obtaining at least an A rating.

7. Basic Approach to Corporate Governance and the State of Implementation of Related Measures

(Basic Approach to Corporate Governance)

We are aware that, in business management today, promptly dealing with changes in the business environment, and making decisions and undertaking organizational efforts that are both appropriate and timely, are what constitute the key to future corporate growth. Recognizing the importance of increasing managerial speed, of ensuring the transparency of corporate activities, and especially of increasing disclosure and accountability to shareholders, our company has undertaken various measures aimed to improve our corporate governance.

(The State of Implementation of Measures Related to Corporate Governance)

Our company is one that uses an auditor system. With regard to our current corporate governance system, we have two types of management decision making bodies: a board of directors, which is required by law; and a management committee, which is composed of the company’s directors and those executive officers who are in charge of the company’s main operations. Based on the “Board of Directors Rules,” the board of directors makes decisions about legal matters and matters related to the administration of especially important operations. Based on the “Management Committee Regulations,” the management committee discusses and decides on administrative matters other than those decided by the board of directors. In addition, there are four auditors (two from outside the company: an officer of an affiliated company, and an individual with experience as an officer of another company) who provide advice and suggestions to the board of directors.

Our company has 6 directors, three of whom are representative directors, and three of whom serve concurrently as executive officers; there are no directors from outside the company. Moreover, there are 27 executive officers (in addition to the three director/executive officers). Executive officers are appointed by the board of directors; their positions as executive officers are based on commissioning contracts; and their term of office, like that of directors, is, as a rule, two years. Under the control and supervision of the company president, executive officers administer those operations entrusted to them by decision of the board of directors. The titles of executive officers include Senior Managing Executive Officer, Managing Executive Director, and Executive Officer.

Introducing a system of executive officers has made it possible to greatly reduce the number of directors, which in turn has had the effect of invigorating debate on the Board of Directors and strengthening the Board's decision-making function and business oversight function. In addition, it has enabled executive officers to execute, with greater dispatch, the duties of which they are in charge.

During the past twelve months, as part of measures aimed at improving our corporate governance, we have established a compliance hotline with the aim of pre-empting wrongdoings through the early identification of matters for concern. A legal hotline has also been set up, allowing employees to raise concerns with an outside lawyer.

8. Basic policies regarding our relationship with affiliated entities (parent company, etc.)

The Mizuho Bank owns 11.06% of the voting stock of the company; the Mizuho Corporate Bank also owns 11.06%; and the Mizuho Securities owns 5.25%. These three companies thus own a combined 27.37% of the voting stock. At the same time, the Mizuho Securities Company is a fully owned subsidiary of the Mizuho Corporate Bank; the Mizuho Corporate Bank and the Mizuho Bank are fully owned subsidiaries of Mizuho Holdings; and Mizuho Holdings is a fully owned subsidiary of the Mizuho Financial Group. Accordingly, of each the Mizuho Financial Group, Mizuho Holdings and the Mizuho Corporate Bank, our company is a consolidated company to which the equity method applies.

Our role in the Mizuho Financial Group is to utilize our strengths as a full-line securities company to contribute, through our ties with the Group, to the Group's underwriting strategy, product strategy, sales strategy, etc.; in addition, we contribute to the Group by cultivating customers and business ties outside the Group, thereby expanding the Group's customer base and strengthening its profit structure. In the area of personnel, we invite officers from affiliates to our company, and temporarily transfer mid-level managers of ours to affiliates, so as to improve our staff and thereby strengthen our administrative organization. With regard to financial transactions, our activities are within the range of ordinary financial transactions.

[Business Performance and Financial Position]

1. Business Performance

The domestic economy made a weak start to this interim period as pessimism prevailed in the face uncertainty over the future course of the Iraq war and the SARS outbreak. As these risks receded, however, signs of recovery returned, and strength in the export sector prevented any further retreat.

Amidst these circumstances, the Nikkei Stock Average slumped to a post-bubble record low of 7,607.88 yen on 28 April. After that, though, share prices turned upward, and firmness in the US stock market coupled with improved macroeconomic indicators at home spurred a heavy spate of buying by overseas investors, driving the Nikkei up to 11,000 yen in mid-September. The bond market made a strong start to the period, as global deflationary fears pushed the yield on long-term bonds down below 0.5% in June. From July onwards, however, rising overseas interest rates and the bullish stock market sent the market into a nose-dive, with yields bouncing back to 1.6% in September and remaining volatile until the end of the period.

Overseas, the U.S. stock market was bullish as income tax cuts and continued low interest rates raised hopes of an economic recovery there. However, the upbeat economic outlook led to heavy selling in the bond market, with long-term interest rates temporarily topping 4.6% in September. In Europe, the economic situation in Germany - the continent's leading economy - worsened as it suffered the effects of a strong euro. However, as the summer passed, prospects of recoveries elsewhere saw signs of improvement start to reappear. In the foreign exchange market, the yen steadily gained strength against the dollar as recovery hopes pushed Japanese stocks higher and heightened concerns that the U.S. current account deficit would widen. The yen's appreciation left it trading at around 110 yen to the dollar in late September.

Against this background, our corporate group earned interim consolidated operating revenues of 55.766 billion yen (138% of that for the same period last year), an ordinary profit of 10.134 billion yen, and a net profit of 8.965 billion yen. A brief breakdown of these results follows:

(1) Commissions and fees received

Commissions and fees received during the period totaled 29.311 billion yen (121.1%). A breakdown of this income follows:

- Brokerage commissions

The average daily turnover during the period in the sections 1 and 2 of the Tokyo Stock Exchange was 1.007 trillion yen (124.5%). Our company brokered the sale of 5.536 billion shares of stock (196.6%) worth 3.0172 trillion yen (145.1%), while our commissions on the same totaled 16.678 billion yen (150.2%). Commissions earned on bond brokering totaled 167 million yen (54.8%).

- Underwriting and selling fees

Forty-eight firms conducted initial public offerings (IPOs) during the period, and we were involved in the underwriting of 33 of these issues, of which we lead-managed 10. We also acted as underwriters for 33 public stock offerings by already listed companies, of which we were lead managers for six.

In the primary market for bonds, we continued a focus on underwriting government-guaranteed bonds and local government bonds, and also lead-managed seven issues of general corporate bonds (bonds issued by firms other than power companies).

All told, we earned equity underwriting and selling fees of 1.585 billion yen (127.9%), and bond underwriting and selling fees of 520 million yen (93%).

- 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. Interest rates remained super low during this interim period, so we concentrated our marketing efforts on income funds that invest in foreign bonds. In addition to continuing to handle two foreign bond funds (one distributes returns monthly, the other quarterly) managed by Shinko Investment Trust Management Co., Ltd., we also introduced some new investment trust products. One of these is "IG Fund", a Shinko Investment Trust Management-run fund that invests in investment-grade foreign corporate bonds. Another is an open-type fund managed by Kogin Daiichi Life Asset Management that makes monthly payouts on investment in bonds from issuers with high credit ratings. Regarding equity-related products, we offered "UAM Multi-management Fund 1" (also known as "Fruit Kingdom"), a fund managed by United Investments Co., Ltd. that aims for smooth returns regardless of market trends; "Shinko Japan Unit 2003-08" from Shinko Investment Trust Management, which allows investors to enjoy capital gains when the markets are rising; and the 2003-04 and 2003-06 versions of a principal-guaranteed Australian-dollar denominated fund that tracks the movement of the Nikkei 225 index.

Funds that invest in domestic government and corporate bonds continue to suffer declining returns, prompting the

offering of three new products of this type: “DIAM Bond Plus 03-05”, “DIAM Bond Plus 03-07”, and “DIAM Bond Plus 03-09”, all of which are managed by Kogin Daiichi Life Asset Management.

These moves allowed us to earn handling commissions for offering and selling of 4.401 billion yen (115.3%), and other fees and commissions of 5.922 billion yen (83.5%).

(2) Trading profits

This period saw us earn trading profits of 7.296 billion yen (290.3%) on equity trading, and 17.969 billion yen (153.2%) on the trading of bonds, foreign currency and other instruments. Total trading profits thus stood at 25.266 billion yen (177.4%).

(3) Financial balance

Deducting financial expenses of 1.927 billion yen (100.9%) from financial revenues of 975 million yen (51.8%) gives a negative financial balance of 951 million yen.

(4) Selling, general and administrative expenses

Although there was an increase in systems development expenses paid to external contractors, lower transaction and real estate expenses pushed total SG&A expenses for this interim period down to 44.842 billion yen (93.5%).

(5) Extraordinary profits and losses

We recorded extraordinary profits of 497 million yen on factors such as gains on the sale of investment securities. However, we recorded extraordinary losses of 667 million yen on valuation losses on investment securities holdings, and booked an amortized charge of 845 million yen against a shortfall in reserves to cover retirement and severance pay obligations that was recognized following a change to accounting standards. Overall, we recorded an extraordinary loss of 717 million yen.

2. Financial status

Despite an increase in holdings of trading products, factors such as a drop in the balance of loans payable secured by securities meant net cash used in operating activities was 27.281 billion yen.

Net cash used in investing activities totaled 3.316 billion yen on factors such as an increase in systems investment. This investment included the construction of a network to support STP (straight through processing) for securities transactions.

Financing activities provided net cash of 41.236 billion yen on factors such as an inflow of call money that increased the balance of short-term loans payable.

As a result of these flows, the balance of cash and cash equivalents stood at 50.548 billion yen at the end of this interim period.

Interim Consolidated Balance Sheets

(In millions of yen)

	Interim period to 30 September 2003	Interim period to 30 September 2002	Year-on-year increase/decrease	Financial year to 31 March 2003
Assets				
Current assets	2,367,001	2,047,846	319,154	2,016,757
Cash and due from banks	50,800	62,087	- 11,287	41,292
Fund deposits	46,968	41,167	5,801	34,019
Trading products	810,888	856,576	- 45,687	893,408
Trading securities, etc.	805,506	851,980	- 46,473	889,315
Derivative assets	5,382	4,596	785	4,092
Trade date accrual		25,019	- 25,019	25,532
Investment securities for sale	3,629	5,282	- 1,652	4,177
Margin transaction assets	62,571	58,217	4,353	38,082
Customers' loans receivable in margin transactions	54,332	47,620	6,711	29,481
Collateral for borrowed securities for margin transactions	8,239	10,597	- 2,357	8,600
Loans receivable secured by securities	1,370,243	982,165	388,077	958,609
Collateral for borrowed securities	1,370,243	982,165	388,077	958,609
Advances	1,017	1,611	- 594	1,013
Accounts for non-delivered securities and others				4,356
Short-term loans receivable	309	267	41	275
Securities	3,251		3,251	713
Deferred income tax assets	460	599	- 138	528
Other current assets	16,998	14,871	2,127	14,817
Allowance for bad debts	- 139	- 21	- 117	- 69
Fixed assets	145,981	153,678	- 7,697	138,668
Tangible fixed assets	52,062	55,376	- 3,313	52,827
Intangible fixed assets	15,922	12,872	3,049	12,505
Investments and other assets	77,996	85,429	- 7,433	73,335
Investment securities	51,419	51,689	- 269	45,426
Long-term deposits	16,180	17,809	- 1,628	16,566
Deferred income tax assets	315	1,465	- 1,150	273
Other investments	15,390	19,523	- 4,133	16,140
Allowance for bad debts	- 5,310	- 5,059	- 250	- 5,071
Total assets	2,512,982	2,201,525	311,457	2,155,425

	Interim period to 30 September 2003	Interim period to 30 September 2002	Year-on-year increase/decrease	Financial year to 31 March 2003
Liabilities				
Current liabilities	2,227,722	1,918,394	309,328	1,886,637
Trading products	836,402	509,803	326,599	422,353
Trading securities, etc.	830,268	506,004	324,264	418,645
Derivative liabilities	6,134	3,798	2,335	3,707
Trade date accrual	365,002		365,002	
Margin transaction liabilities	40,660	33,902	6,757	20,662
Customers' loans payable for margin transactions	31,439	24,820	6,619	15,506
Collateral for loaned securities for margin transactions	9,220	9,082	138	5,155
Loans payable secured by securities	770,624	1,187,303	- 416,679	1,272,302
Amounts receivable on loan transactions	532,086	956,914	- 424,828	949,296
Loans payable in gensaki transactions	238,538	230,389	8,149	323,006
Deposits received	38,752	28,470	10,282	32,563
Received margins	12,621	10,299	2,322	7,284
Accounts for non-received securities and others		0	- 0	4,356
Short-term loans payable	142,155	130,680	11,475	111,310
Commercial paper	12,500	9,800	2,700	2,000
Income taxes payable	319	516	- 197	1,205
Deferred tax liabilities		25	- 25	8
Reserve for bonus	2,938	3,282	- 343	2,294
Other current liabilities	5,746	4,310	1,436	10,294
Fixed liabilities	62,278	48,444	13,833	59,773
Long-term loans payable	36,672	24,672	12,000	36,732
Deferred tax liabilities	4,081	1,472	2,609	643
Reserves for retirement benefits	16,248	16,034	213	17,084
Other fixed liabilities	5,274	6,264	- 989	5,312
Statutory reserve	833	978	- 144	978
Total liabilities	2,290,834	1,967,817	323,017	1,947,389
Minority interest	4,986	5,293	- 307	4,881
Shareholders' equity				
Common stock	125,167	125,167		125,167
Capital surplus	82,085	111,407	- 29,322	111,407
Earned surplus	9,849	- 7,609	17,458	- 28,439
Difference in valuation of securities	5,914	1,674	4,239	834
Foreign exchange translation adjustment	235	325	- 89	286
Treasury stock	- 6,089	- 2,550	- 3,539	- 6,102
Total shareholders' equity	217,161	228,414	- 11,253	203,154
Total liabilities, minority interest, and shareholders' equity	2,512,982	2,201,525	311,457	2,155,425

Interim Consolidated Statement of Income

(In millions of yen)

	Interim period from 1 April 2003 to 30 September 2003	Interim period from 1 April 2002 to 30 September 2002	% change from same period last year	Financial year from 1 April 2002 to 31 March 2003
Operating revenues	55,766	40,407	138.0	80,303
Commissions and fees received	29,311	24,200	121.1	45,634
Trading profit or loss	25,266	14,242	177.4	30,142
Trading profit or loss on investment securities for sale	213	81	262.3	56
Financial revenues	975	1,883	51.8	4,469
Financial expenses	1,927	1,909	100.9	3,646
Net operating revenues	53,839	38,497	139.9	76,656
Selling, general and administrative expenses	44,842	47,969	93.5	92,043
Transaction expenses	5,945	6,879	86.4	12,922
Personnel expenses	24,112	25,151	95.9	48,239
Real estate expenses	7,593	8,664	87.6	16,838
Office expenses	2,471	1,845	133.9	4,229
Depreciation	2,819	2,899	97.3	5,952
Taxes and dues	331	491	67.4	709
Others	1,568	2,038	76.9	3,150
Operating profit	8,996	- 9,471		- 15,386
Non-operating revenues	2,789	2,980	93.6	5,722
Non-operating expenses	1,651	1,945	84.9	4,449
Investment loss on equity method	30	269	11.5	245
Others	1,620	1,676	96.7	4,203
Ordinary profit	10,134	- 8,437		- 14,113
Extraordinary profits	1,219	494	246.7	916
Extraordinary losses	1,936	2,948	65.7	17,131
Net profit before taxes, etc.	9,417	- 10,891		- 30,328
Income taxes	327	615	53.2	1,483
Adjustment amount for income taxes	24	20	119.9	933
Minority interest	100	- 7		- 438
Net profit	8,965	- 11,519		- 32,307

Interim Consolidated Statement of Earned Surplus

(In millions of yen)

	Interim period from 1 April 2003 to 30 September 2003	Interim period from 1 April 2002 to 30 September 2002	Financial year from 1 April 2002 to 31 March 2003
Capital surplus			
Balance of capital surplus at start of period	111,407	118,805	118,805
Increase in capital surplus	0		
Gain/loss on disposal of treasury stock	0		
Decrease in capital surplus	29,322	7,397	7,397
Offset by capital reserve	29,322	7,397	7,397
Balance of capital surplus at end of period	82,085	111,407	111,407
Earned Surplus			
Balance of earned surplus at start of period	- 28,439	- 3,487	- 3,487
Increase in earned surplus	38,288	7,397	7,397
Offset by capital reserve	29,322	7,397	7,397
Net profit	8,965		
Decrease in earned surplus		11,519	32,349
Net profit		- 11,519	- 32,307
Reduction in earned surplus outside the scope of the equity method			42
Balance of earned surplus at end of period	9,849	- 7,609	- 28,439

Interim Consolidated Cash Flow Statement

(In millions of yen)

	Interim period from 1 April 2003 to 30 September 2003	Interim period from 1 April 2002 to 30 September 2002	Financial year from 1 April 2002 to 31 March 2003
I Cash flows from operating activities			
Net profit before taxes, etc.	9,417	- 10,891	- 30,328
Depreciation	2,819	2,899	5,952
Adjustment for extraordinary profit and loss			
Profit from sale on fixed assets	- 11	- 14	- 25
Loss from sale or disposition of fixed assets	135	479	2,374
Profit from sale on investment securities	- 497	- 124	- 535
Write-down and loss from sale of investment securities	789	1,434	5,569
Write-down of golf club memberships	3	-	33
Write-down of other investments	-	-	402
Re-amortization of future retirement and severance pay obligations in line with a change to accounting standards	845	845	1,690
Expenses incurred through merging or eliminating branches	146	174	668
Special retirement allowance	-	-	6,262
Profit from recovery of bad debts	- 565	-	-
Reversal from reserve for securities transaction liabilities	- 144	- 355	- 355
Addition to allowance for bad debts	15	13	128
Interest income and dividends receivable	- 1,389	- 2,158	- 4,982
Interest cost	1,927	1,909	3,646
Investment profit/loss on equity method	30	269	245
Increase/decrease in loans receivable	- 5	286	267
Increase/decrease in money held as customers' trust	- 12,950	5,930	13,090
Increase/decrease in advances and deposits received	6,184	- 2,200	2,491
Increase/decrease in trading products	885,917	18,858	- 105,912
Increase/decrease in margin transaction assets	- 24,489	- 5,426	14,708
Increase/decrease in margin transaction liabilities	19,997	2,570	- 10,669
Increase/decrease in loans receivable secured by securities	- 411,633	- 507,298	- 483,742
Increase/decrease in loans payable secured by securities	- 501,678	447,697	532,696
Increase/decrease in allowance for bad debts	309	80	315
Increase/decrease in reserve for bonus	643	- 914	- 1,901
Increase/decrease in reserves for retirement benefits	- 1,681	219	423
Others	- 18	- 877	- 3,010
Subtotal	- 25,879	- 46,592	- 50,494
Interest and dividends received	1,718	1,562	4,433
Interest paid	- 1,906	- 1,938	- 3,685
Income taxes, etc. paid	- 1,214	- 702	- 881
Cash flow from operating activities	- 27,281	- 47,671	- 50,627
II Cash flows from investing activities			
Payments for purchases of investment securities	- 545	- 2,816	- 2,853
Proceeds from the sale of investment securities	1,831	1,255	2,879
Payments for purchases of tangible fixed assets	- 163	- 486	- 1,267
Proceeds from the sale of tangible fixed assets	15	223	1,052
Payments for purchases of intangible fixed assets	- 5,406	- 3,658	- 5,511
Proceeds from sale of intangible fixed assets	40	17	27
Revenue by return on long-term deposits	385	102	1,335
Others	526	814	3,272
Cash flow from investing activities	- 3,316	- 4,548	- 1,065
III Cash flows from financing activities			
Increase/decrease in short-term loans payable	43,095	27,150	16,350
Proceeds from long-term loans payable	-	-	19,000
Payments for long-term loans payable	- 1,810	- 3,729	- 27,039
Payments for acquiring treasury stocks	- 19	- 1,197	- 4,762
Dividend paid to minority shareholders	- 29	- 1,596	- 1,596
Cash flow from financing activities	41,236	20,627	1,951
IV Effect of foreign exchange rate changes on cash and cash equivalents	- 350	- 161	- 233
V Increase/decrease in cash and cash equivalents	10,287	- 31,754	- 49,974
VI Balance of cash and cash equivalents at start of period	40,260	90,235	90,235
VII Balance of Cash and cash equivalents at end of period	50,548	58,480	40,260

[Interim consolidated financial statements]

These interim 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” and also comply with the provisions stipulated in Articles 48 and 69 of said ordinance. In addition, they are compiled in accordance with Prime Ministerial and MoF Ordinance No.32 (1998) entitled “Cabinet Ordinance Concerning Securities Companies” and the resolution entitled “Unification of Securities Business Accounting ” adopted by the Japan Securities Dealers Association on 14 November 1974.

[Basic Important Matters for Preparation of Interim Consolidated Financial Statements]

1. Matters regarding the scope of consolidation

(1) Consolidated subsidiaries (14 subsidiaries)

Major subsidiaries

Nippon Securities Technology Co., Ltd.

Shinko Securities Business Services Co., Ltd.

Shinko Investment Trust Management Co., Ltd.

Shinko Investment Co., Ltd.

(2) Non-consolidated subsidiaries (1 subsidiary)

Shinko IPO Investment Business Fund No.1

2. Matters concerning the application of equity method

Equity-method affiliates (5 affiliates)

Major affiliates

Eiwa Securities Co., Ltd.

Mitoyo Securities Co., Ltd.

3. Matters concerning the interim period of consolidated subsidiaries

With regard to our consolidated subsidiaries, we use and consolidate their financial statements from interim closings conducted on the same dates as the parent company's closings.

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 depreciable cost (straight-line) method is used.

b) Other securities

Securities, etc. that have market values:

The present market value is recorded on the interim 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.

Securities, etc. that have no market values

Valued using the moving-average cost method.

(2) Depreciation methods used for significant depreciable assets

1) Tangible fixed assets

Both the parent company and 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 (5 years).

(3) Accounting standards for significant reserves and allowances

1) Allowance for bad debts

In preparation for loss from bad debt in loans receivables, etc., the recoverable possibilities of general receivables are reviewed based on the ratio of past uncollectibles and those of specific receivables including the ones that are likely to become bad debts are individually reviewed, so that the irrecoverable amount can be estimated.

2) Reserve for bonus

To prepare for the payment of bonuses to employees, we calculated the estimated value of future payments and charged an appropriate portion of this obligation to this interim period.

3) Reserves for retirement benefits

To prepare for the payment of lump sum retirement bonuses and qualified pensions, the difference between the value of such obligations and the total value of our pension assets at the end of this financial year was estimated, and the portion of the additional shortfall considered to have arisen in this interim period was charged to the interim period.

The difference at the change in the accounting method (8.454 billion yen) will be amortized in straight-line method over 5 years, and the amount appropriated to this interim period is included in the extraordinary loss.

Past service liabilities are regarded at any time as being a number of years (10 years) that fall within the average number of years' service remaining for each employee. These liabilities are amortized and charged to the period for which it was calculated using the straight-line method.

Actuarial gains and losses are also charged after amortizing by the straight-line method a number of years (10 years) that fall within the average number of years' service remaining for each employee. However, in this case, the charges are recorded in the following consolidated financial year.

(4) Standards for translating significant assets and liabilities denominated in foreign currencies

Foreign currency denominated claims and obligations are translated into Japanese yen at the spot rate prevailing on the day the consolidated balance sheet was prepared. 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 day the consolidated balance sheet was compiled. Any translation losses or gains are recorded in the capital account under the heading "Foreign exchange 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 interim consolidated cash flow statement

The cash movements recorded in the interim 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.

[Notes on consolidated balance sheets]

	Interim period to 30 September 2003	Interim period to 30 September 2002	Financial year to 31 March 2003 (In millions of yen)
1. Accumulated depreciation of tangible fixed assets	23,293	22,295	20,989
2. Guarantee obligations (guarantee exercise anticipated)	2,917 (2,735)	3,892 (3,227)	3,670 (3,426)

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”.

	Interim period to 30 September 2003	Interim period to 30 September 2002	Financial year to 31 March 2003 (In millions of yen)
	38,500	41,000	38,500

[Notes on consolidated statement of income]

	Interim period from 1 April 2003 to 30 September 2003	Interim period from 1 April 2002 to 30 September 2002	Financial year from 1 April 2002 to 31 March 2003 (In millions of yen)
Extraordinary profits			
Profit from sale of fixed assets	11	14	25
Profit from sale of investment securities	497	124	535
Profit from recovery of bad debts	565		
Reversal from reserve for securities transaction liabilities	144	355	355
Extraordinary losses			
Loss from sale of fixed assets	77	285	1,607
Loss from disposition of fixed assets	57	194	766
Loss from sale of investment securities	122	24	330
Write-down of investment securities	667	1,410	5,239
Write-down of golf club memberships	3		33
Write-down of other investments			402
Re-amortization of future retirement and severance pay obligations in line with a change to accounting standards	845	845	1,690
Expenses incurred through merging or eliminating branches	146	174	668
Special retirement allowance			6,262
Addition to allowance for bad debts	15	13	128

[Notes to the interim consolidated cash flow statement]

Relationship between the balance of cash and cash equivalents at the end of this interim period and balances of account items recorded on the interim consolidated balance sheets

	Interim period to 30 September 2003	Interim period to 30 September 2002	Financial year to 31 March 2003 (In millions of yen)
Cash and due from banks	50,800	62,087	41,292
Fixed deposits for periods exceeding 3 months	- 251	- 3,606	- 1,031
Cash and cash equivalents	50,548	58,480	40,260

Segment Information

1. Business segment information

This corporate group is carrying out global business activities mainly for securities, which include (1) selling and buying securities, (2) brokerage of the entrustment of selling and buying securities, etc., (3) underwriting and selling securities, (4) handling the offering and selling of securities, and (5) handling the private offering of securities. These business activities involve providing financial and other services. We earn profit based on these business activities combined with such services. Therefore, the segment information on business types is omitted because our corporate group's business activities all come under the single business segment of "investment and financial services."

2. Geographical segment information

For this interim accounting period, the same period last year, and the previous financial year, the segment information on locations is omitted because each of the total operating revenue and assets of consolidated companies in Japan exceeds 90% of those in all segments.

3. Overseas gross sales (operating revenues)

For this interim accounting period, the same period last year, and the previous financial year, the overseas operating revenue is omitted because it is less than 10% of the consolidated operating revenues.

Data on Interim Consolidated Settlement of Accounts

1. Commissions and fees received

(1) Breakdown for each account

(In millions of yen)

	Interim period from 1 April 2003 to 30 September 2003	Interim period from 1 April 2002 to 30 September 2002	% change from same period last year	Financial year from 1 April 2002 to 31 March 2003
Brokerage commissions	16,881	11,489	146.9	20,998
(Equities)	(16,678)	(11,101)	(150.2)	(20,354)
(Bonds)	(167)	(305)	(54.8)	(514)
Underwriting & selling fees	2,105	1,798	117.1	3,496
(Equities)	(1,585)	(1,239)	(127.9)	(2,268)
(Bonds)	(520)	(559)	(93.0)	(1,227)
Offering & selling fees and commissions	4,401	3,817	115.3	8,429
Other fees and commissions	5,922	7,094	83.5	12,710
Total	29,311	24,200	121.1	45,634

(2) Breakdown for each product

(In millions of yen)

	Interim period from 1 April 2003 to 30 September 2003	Interim period from 1 April 2002 to 30 September 2002	% change from same period last year	Financial year from 1 April 2002 to 31 March 2003
Equities	18,689	12,793	146.1	23,492
Bonds	1,549	1,408	110.0	3,154
Beneficiary securities	7,806	8,392	93.0	16,437
Others	1,267	1,604	79.0	2,550
Total	29,311	24,200	121.1	45,634

2. Trading profit or loss

(In millions of yen)

	Interim period from 1 April 2003 to 30 September 2003	Interim period from 1 April 2002 to 30 September 2002	% change from same period last year	Financial year from 1 April 2002 to 31 March 2003
Equities, etc.	7,296	2,513	290.3	4,723
Bonds, exchange, etc.	17,969	11,729	153.2	25,418
(Bonds, etc.)	(17,628)	(10,671)	(165.2)	(25,623)
(Exchange, etc.)	(341)	(1,058)	(32.3)	(- 204)
Total	25,266	14,242	177.4	30,142

Market or Fair Values of Securities and Derivatives

(For this interim period and the same period last year)

1. Trading-related

(1) Market values of trading securities, etc (securities for purchase and sale)

(In millions of yen)

Type	As of 30 September 2003		As of 30 September 2002	
	Assets	Liabilities	Assets	Liabilities
Equities and warrants	25,844	6,375	26,170	10,316
Bonds	765,392	823,704	810,446	495,681
CP and CD	13,998		10,998	
Beneficiary securities, etc.	270	188	4,364	6

(2) Notional amounts and market values of derivative contracts

(In millions of yen)

Type	As of 30 September 2003				As of 30 September 2002			
	Assets		Liabilities		Assets		Liabilities	
	Notional amounts, etc.	Fair value	Notional amounts, etc.	Fair value	Notional amounts, etc.	Fair value	Notional amounts, etc.	Fair value
Options contracts	430,334	2,527	417,817	3,783	106,879	1,249	26,904	186
Forward exchange contracts	20,906	241	6,083	50	35,402	195	26,839	125
Futures/forward contracts	49,233	614	31,783	236	42,555	306	80,161	213
Swap contracts	100,448	1,998	101,848	2,063	76,694	2,844	106,594	3,273

Note: Deemed settlement values of forward exchange and futures contracts are recorded in the fair value column.

2. Non-trading-related

(1) Bonds with readily determinable market values that are to be held to maturity

(In millions of yen)

Type	As of 30 September 2003			As of 30 September 2002		
	Value on consolidated balance sheets	Market value	Gain/loss	Value on consolidated balance sheets	Market value	Gain/loss
Governmental / local bonds						
Corporate bonds	3,242	3,244	1	3,304	3,310	5
Others						
Total	3,242	3,244	1	3,304	3,310	5

(2) Other securities with readily determinable market values

(In millions of yen)

Type	As of 30 September 2003			As of 30 September 2002		
	Acquisition cost	Value on consolidated balance sheets	Balance	Acquisition cost	Value on consolidated balance sheets	Balance
Equities	23,598 ()	33,176 ()	9,577 ()	27,140 (95)	30,618 (151)	3,477 (55)
Bonds						
Others	5,831	6,230	399	5,251	4,435	- 816
Total	29,429 ()	39,406 ()	9,976 ()	32,392 (95)	35,053 (151)	2,660 (55)

(Note) Figures in brackets refer to investment securities for sale. Investment securities for sale are recorded under "Current assets".

(3) Securities without readily determinable market values and their recorded values on the interim consolidated balance sheets

(In millions of yen)

Type	As of 30 September 2003	As of 30 September 2002
	Value on consolidated balance sheets	Value on consolidated balance sheets
Bonds to be held to maturity	9	
Governmental /local bonds	9	
Corporate bonds		
Others		
Other securities	13,563 (3,629)	14,036 (5,131)
Unlisted equities	12,499 (3,565)	12,628 (4,972)
Unlisted bonds	64 (64)	408 (158)
Others	999	999

(Note) Figures in brackets refer to investment securities for sale. Investment securities for sale are recorded under "Current assets".

(Previous financial year)

1. Trading-related

(1) Market or fair value of debt and equity securities, etc. held for trading purposes

(In millions of yen)

Type	As of 31 March 2003	
	Assets	Liabilities
Equities and warrants	17,519	7,944
Bonds	787,506	410,688
CP and CD	79,750	
Beneficiary securities, etc.	4,539	11

(2) Notional amounts and market values of derivative contracts

(In millions of yen)

Type	As of 31 March 2003			
	Assets		Liabilities	
	Notional amounts, etc.	Fair value	Notional amounts, etc.	Fair value
Options contracts	49,149	922	18,856	51
Forward exchange contracts	18,816	103	39,280	297
Futures/forward contracts	29,020	158	86,317	174
Swap contracts	81,954	2,908	111,854	3,184

Note: Deemed settlement values of forward exchange and futures contracts are recorded in the fair value column.

2. Non-trading-related

(1) Bonds with readily determinable market values that are to be held to maturity

(In millions of yen)

Type	As of March 31, 2003		
	Value on consolidated balance sheets	Market value	Balance
Market value higher than value recorded on consolidated balance sheets	2,970	2,976	6
Governmental / local bonds			
Corporate bonds	2,970	2,976	6
Others			
Market value lower than or equal to value recorded on consolidated balance sheets	301	301	- 0
Governmental / local bonds			
Corporate bonds	301	301	- 0
Others			

(2) Other securities with readily determinable market values

(In millions of yen)

Type	As of March 31, 2003		
	Acquisition cost	Value on consolidated balance sheets	Balance
Value recorded on consolidated balance sheets higher than acquisition cost	10,310	14,575	4,265
	(82)	(103)	(21)
Equities	10,310	14,575	4,265
	(82)	(103)	(21)
Bonds			
Governmental / local bonds			
Corporate bonds			
Others			
Others			
Value recorded on consolidated balance sheets lower than or equal to acquisition cost	18,634	15,705	- 2,928
Equities	14,371	11,564	- 2,806
Bonds			
Governmental / local bonds			
Corporate bonds			
Others			
Others	4,262	4,140	- 121

(Note) Figures in brackets refer to investment securities for sale. Investment securities for sale are recorded under "Current assets".

(3) Securities without readily determinable market values and their recorded values on the interim consolidated balance sheets

(In millions of yen)

Type	As of 30 September 2003
	Value on consolidated balance sheets
Bonds to be held to maturity	9
Governmental local / bonds	9
Corporate bonds	
Others	
Other securities	14,642
	(4,073)
Unlisted equities	13,300
	(3,981)
Unlisted bonds	341
	(92)
Others	999

(Note) Figures in brackets refer to investment securities for sale. Investment securities for sale are recorded under "Current assets".

(Reference)

Quarterly Changes in Consolidated Statement of Income

(In millions of yen)

	Second quarter of previous financial year	Third quarter of previous financial year	Fourth quarter of previous financial year	First quarter of current financial year	Second quarter of current financial year
Operating revenues	18,632	20,502	19,392	27,566	28,200
Commissions and fees received	10,606	12,552	8,882	12,518	16,792
Brokerage commissions	4,485	5,683	3,825	6,276	10,604
(Equities)	(4,316)	(5,523)	(3,729)	(6,157)	(10,520)
(Bonds)	(130)	(127)	(80)	(104)	(63)
Underwriting & selling fees	756	753	943	958	1,147
(Equities)	(599)	(391)	(637)	(662)	(922)
(Bonds)	(157)	(361)	(306)	(296)	(224)
Offering & selling fees and commissions	1,908	2,266	2,345	2,426	1,975
Other fees and commissions	3,455	3,848	1,767	2,856	3,065
Trading profit or loss	6,721	6,523	9,376	14,020	11,245
Equities, etc.	1,067	838	1,372	3,753	3,542
Bonds, exchange, etc.	5,654	5,684	8,004	10,267	7,702
(Bonds, etc.)	(6,251)	(5,977)	(8,974)	(11,030)	(6,597)
(Exchange, etc.)	(- 597)	(- 293)	(- 970)	(- 763)	(1,104)
Trading profit or loss on investment securities for sale	10	2	- 27	21	191
Financial revenues	1,295	1,424	1,161	1,004	- 29
Financial expenses	969	865	871	854	1,072
Net operating revenues	17,662	19,637	18,521	26,711	27,127
Selling, general and administrative expenses	22,964	22,038	22,035	22,901	21,940
Transaction expenses	3,784	3,175	2,868	2,910	3,035
Personnel expenses	11,823	11,860	11,228	12,547	11,565
Real estate expenses	3,779	3,983	4,189	4,250	3,342
Office expenses	772	804	1,579	845	1,625
Depreciation	1,722	1,482	1,571	1,398	1,421
Taxes and dues	115	114	103	238	92
Others	967	617	494	709	858
Operating profit	- 5,301	- 2,400	- 3,513	3,810	5,186
Non-operating revenues	630	1,166	1,575	1,387	1,402
Non-operating expenses	1,143	652	1,851	734	917
Investment loss on equity method	200	1	- 24	5	25
Others	942	651	1,875	728	892
Ordinary profit	- 5,813	- 1,886	- 3,789	4,463	5,670
Extraordinary profits	71	16	405	270	949
Extraordinary losses	2,057	2,101	12,081	596	1,340
Net profit before taxes, etc.	- 7,799	- 3,971	- 15,464	4,137	5,279
Income taxes	181	180	688	153	173
Adjustment amount for income taxes	6	55	857		24
Minority interest	- 44	72	- 503	18	81
Net profit	- 7,943	- 4,280	- 16,507	3,965	5,000