



26 October 2004

Summary of Consolidated Financial Statements for the First Half of the Financial Year Ending 31 March 2005

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 26 October 2004.
 These financial statements were not compiled in accordance with U.S. GAAP.

1. Consolidated Business Results for the First Half of the Financial Year Ending 31 March 2005 (1 April 2004 - 30 September 2004)

(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	%
First half to September 2004	58,465	(4.8)	55,974	(4.0)	5,659	(-37.1)	8,125	(-19.8)
First half to September 2003	55,766	(38.0)	53,839	(39.9)	8,996	()	10,134	()
Financial year to March 2004	114,967		110,483		20,391		22,643	

	Net profit		Net profit per share	Net profit per share (diluted)
	mil. yen	%	yen	yen
First half to September 2004	7,046	(-21.4)	9.17	
First half to September 2003	8,965	()	11.58	
Financial year to March 2004	15,614		19.91	

- (Note) 1. Investment profit or loss on equity method: First half to 30 September 2004: 94 million yen
 First half to 30 September 2003: -30 million yen
 Financial year to 31 March 2004: 4 million yen
2. Average number of shares outstanding (consolidated): First half to 30 September 2004: 768,688,252
 First half to 30 September 2003: 774,107,834
 Financial year to 31 March 2004: 774,091,793
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 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
First half to September 2004	2,973,691	226,954	7.6	295.89
First half to September 2003	2,512,982	217,161	8.6	280.52
Financial year to March 2004	2,443,667	227,376	9.3	293.49

- (Note) Number of shares outstanding (consolidated): First half to 30 September 2004: 767,027,785
 First half to 30 September 2003: 774,127,644
 Financial year to 31 March 2004: 774,043,431

(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
First half to September 2004	-58,181	-9,126	28,079	70,427
First half to September 2003	-27,281	-3,316	41,236	50,548
Financial year to March 2004	1,758	-7,631	75,539	109,557

(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 2005

(1 April 2004 - 31 March 2005):

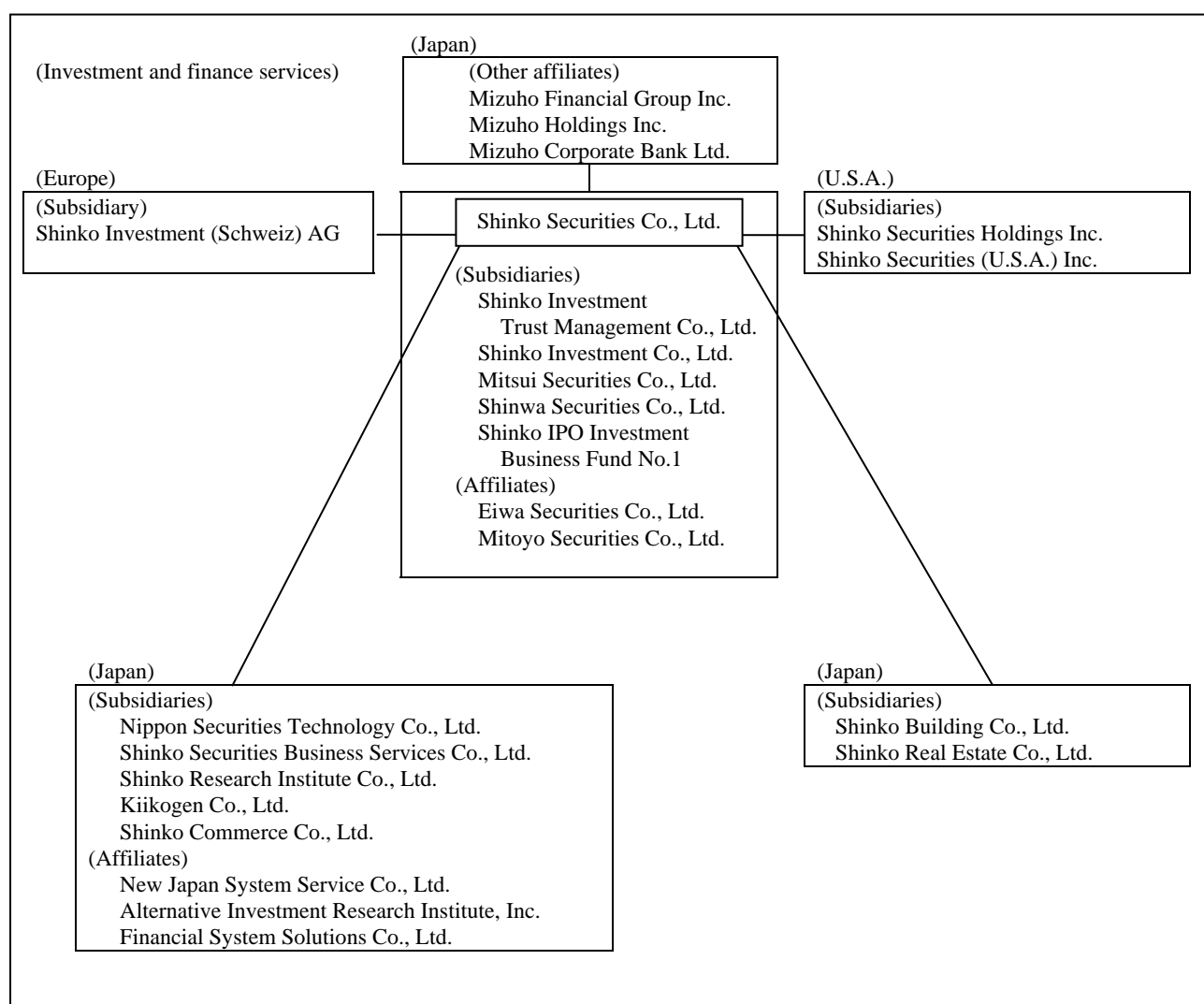
Because the main business activity of our corporate group is the buying and selling of securities, our earnings are strongly influenced by market conditions, etc. For this reason, we do not conduct forecasts of our business results.

Our Corporate Group

Our corporate group is composed of 15 subsidiaries and 5 affiliates. The business activities of our company and of 8 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 subsidiaries, 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, from retail to wholesale, as a general securities company having multiple, integrated functions. 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.

2. Basic Policy Regarding Profit Distribution

Our company'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

Our company established our Third Medium-Term Business Plan which came into effect from April of this year. Current signs suggest that Japan's long-term recession and deflationary spiral may be coming to an end. Our Medium-Term Business Plan will guide our efforts towards significant business expansions which capitalize on the movements in the equity market as investors attempt to pre-empt the economic upturn. The essence of the plan is outlined below.

- Third Medium Term-Business Plan (April 2004 - March 2006)
(Medium Term-Business Policy)

- In order to firmly establish our position as the leading corporate group in the industry, it is essential for us to maximize the merits of our full range of services. We must expand our middle-retail customer base, pursue improvements in functionality and effectiveness in our corporate division, and further strengthen our products department which supports our customer departments.

(Basic Principles)

- Evolve into the Securities Company which best serves society.
 - Aim to provide the highest standards of product quality
 - Contribute to the vitality of the capital markets
 - Be a warmhearted organization

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

In this period, we worked towards attaining the basic goal of our Third Medium-Term Business Plan - "to be a securities company that can achieve stable earnings in any business environment" - by attempting to broaden our sales base and reform our profit structure.

In our Retail Division, we continued to implement a customer-oriented "Sales Restructuring Project" in which we are endeavoring to expand the products, services and information that we provide so as to better meet the specific needs of each customer. Through these efforts we were able to further diversify our product portfolio and increase our sales revenue and, we believe, make further progress in establishing a system that comprises both hardware and software and possesses a profit structure not dependent on stocks. Corroborating this view is the fact that our volume of business for so-called "order-made products" - financial products geared to the lifestyles of individual customers - increased during this period. In addition, we promoted proposals for using our Shinko 3 Support system, which, in accordance with the customer's investment propensities, organically employs the functions of our call center and the Shinko Net Club (non-person-to-person channels), and were thereby able, we believe, to increase customer satisfaction while further enhancing the efficiency of our selling operations. Furthermore, at Customer Plaza Central Marunouchi, a joint branch office of ours and the Mizuho Bank that opened in the previous period, we offered, with considerable success, high-quality general financial services based on the idea of "one-stop shopping," an undertaking which, we believe, contributed greatly to expanding our sales base and to meeting the investment needs of our Group companies' customers.

In our Wholesale Division, we implemented various measures aimed at expanding our investment banking operations and, in consequence, were able to steadily increase our results. In our underwriting business, we maintained our position as third in the industry in terms of the number of IPOs (initial public offerings) for which we serve as either lead manager or underwriter. In addition, we increased our share of the underwriting for POs (public offerings and selling stocks of previously listed companies). In our bond-trading operations, moreover, we maintained a high share of the underwriting for, among other things, corporate bond issues directed at individual investors.

In our joint sales operations with Mizuho Securities, we offered products to, among others, middle and retail customers, an endeavor which played a major role in expanding our sales base. Our efforts to strengthen these operations also led to synergies that produced positive effects in various areas.

In our Products Division, we sought to increase our earnings through strengthening our trading and dealing

capabilities. At the same time, in order to handle the diversifying and increasingly advanced needs of customers, we focused on options transactions for individuals, stock lending and borrowing, and other over-the-counter transactions (transactions that do not go through a stock exchange and in which a securities company becomes the trading partner), and also worked to increase our lineup of publicly offered structured bonds, insurance products, and more, offering top-quality products in a timely manner. At the same time, with regard to information, which could be called the lifeblood of securities companies, we made a company-wide effort to communicate information in accordance with the motto, “promptly, intelligibly, accurately.”

On the other hand, with regard to cost reductions, part of the new system that we have been developing for increasing our operational efficiency was implemented and functioned smoothly during the period. We anticipate that the entire system will be fully operational next year. Starting from then, we believe, we can expect a wide range of benefits, not only in front but also in back operations.

Thus, positive effects have been steadily appearing from the various measures that we have been implementing, and we intend to continue to vigorously carry out those measures in the future.

5. Our tasks to be solved

The securities industry is facing unprecedented reforms in the financial and securities-market systems. In addition, competition in the industry is expected to intensify as more and more new companies enter the field. At the same time, it is believed that a large amount of capital, the like of which has never been seen before, will flow with amazing force into the securities market due to, among other things, developments in direct financing, the introduction of a securities intermediation system, the implementation of an investment-favoring tax system, and a complete lifting of the ban on payoffs. Accordingly, we believe that the securities industry will increasingly expand in the future.

Given this business environment, in April we established our Third Medium-Term Business Plan, which sets forth guidelines for achieving dynamic business growth in the future. The plan seeks to create a securities company that can enable its customers to realize a high degree of satisfaction through their transactions. It also attempts to provide for the thoroughgoing quality control of our assets (products, employees, information, accounts), contribute to the vitalization of Japan’s securities market, and promote our evolution into a securities company that has a strong sense of its role in society as a general securities company. We view the achieving of these goals as a matter of the utmost importance for our company, and all of our employees have joined together in endeavoring to attain them.

6. Numerical Goals

Our Third Medium-Term Business Plan outlines the following targets: (1) ROE of over 10%; (2) An increase of over 15% in net operating income; (3) Profit margins that rank among the top group of companies in the industry; (4) Eight trillion yen of assets deposited by retail customers (as of the end of March 2006); (5) 1.25 trillion yen of assets deposited through equity investment trust (as of the end of March 2006)

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 has installed full-time auditors. 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.

As of the end of this period (September 30, 2004), our company has nine directors, of whom three are representative directors and six also serve as executive officers; we have no outside directors. In addition, we have 26 executive officers (excluding those who also serve as directors). Executive officers are appointed by the board of directors and, under the control and supervision of the company president, they conduct activities entrusted to them by decision of the board of directors. Their term of office, like that of directors, is as a rule two years. Their positions as executive officers are based on commissioning contracts. Their titles include Senior Managing

Executive Officer, Managing Executive Officer, 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.

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

The Mizuho Bank owns 11.15% of the voting stock of the company; the Mizuho Corporate Bank also owns 11.15%; and the Mizuho Securities owns 5.33%. These three companies thus own a combined 27.64% of the voting stock. At the same time, the Mizuho Corporate Bank owns 81.52% of the voting stock of the Mizuho Securities Company as a 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.

[Business Performance and Financial Position]**1. Business Performance**

During this interim period, the Japanese economy continued to recover steadily thanks to, among other things, an increase in exports, a recovery in capital investment, and a rise in personal spending that reflected an improved employment situation. However, with high oil prices continuing to the end of the period, there was concern about a US economic slowdown, and that, along with inventory adjustments in the high-tech field, led to a sense of uncertainty about the future.

Regarding the stock market, in late April, against a backdrop of rising expectations of a recovery in the overall economy and in corporate profits, the Nikkei Average rebounded to a high of 12,163 yen. Subsequently, due to a drop in overseas stock prices triggered by expectations of higher US interest rates, the Nikkei entered a precipitous stage of adjustment. From then until the middle of the period, however, it returned to around the 12,000-yen level. Then, with purchasing by foreigners slowing down and with trends in US stocks being closely watched, it fluctuated indecisively until the end of the period.

Regarding the bond market, the first half of the period proved to be a time of adjustment in which growing expectations that the prevailing easy money policy would be tightened due to an anticipated emergence from deflationary conditions helped to temporarily raise the yield on newly issued 10-year government bonds to nearly 2%. In the second half of the period, the market, sustained by expectations of a slowdown in the economy and the stability of US long-term interest rates, did an about-face and firmed up, with the result that, by the end of the period, the yield on 10-year government bonds had fallen back nearly to its level at the start of the period.

Overseas, the US economy, due to the waning of the effects of the tax cut and other policy measures and to repercussions from high oil prices, seemed to slow down despite a high level of personal spending. On the other hand, the European economy, spurred by a recovery in imports, continued to recover gradually, led by the corporate sector. As US interest rates proceeded to rise gradually, and as both Americans and Europeans closely watched trends in oil prices, the US and European stock markets remained essentially flat, fluctuating within a narrow range. Particularly conspicuous amid this trend was the slump in high-tech stocks that resulted from concern about a global slowdown in IT demand. In the first half of the period, the US and European bond markets were forced into a phase of adjustment by expectations of higher US interest rates; in the second half, however, sustained by concerns about economic slowdown and by stable commodity prices, they proceeded to grow firmer.

Under these circumstances, our corporate group earned consolidated operating revenues for this interim period of 58.465 billion yen (104.8% of that for the same period last year), an ordinary profit of 8.125 billion yen (80.2%), and a net profit of 7.046 billion yen (78.6%). A brief breakdown of these results follows:

(1) Commissions and fees received

Commissions and fees received during this interim period totaled 40.811 billion yen (139.2%). A breakdown of this income follows:

- Brokerage commissions

The average daily turnover during this interim period in the sections 1 and 2 of the Tokyo Stock Exchange was 1.3863 trillion yen (137.7%). Our company brokered the sale of 4.341 billion shares of stock (78.4%) worth 4.0851 trillion yen (135.4%), while our commissions on the same totaled 22.463 billion yen (134.7%). Commissions earned on bond brokering totaled 103 million yen (62.0%).

- Underwriting and selling fees

In the stock issuing market, there were 71 newly listed companies during the period. Of these, our company underwrote the offerings and sold the stock of 41, and served as the lead manager in 10 of those cases. We also underwrote the offerings and sold the stock of 62 previously listed companies, serving as the lead manager in eight of those cases. At the same time, in the bond issuing market, we continued to focus our energies on underwriting government guaranteed bonds and local bonds, while at the same time serving as the lead manager for four issues of general corporate bonds.

As a result of these efforts, our commissions for underwriting and selling stock totaled 3.928 billion yen (247.8%), while our commissions for underwriting and selling bonds reached 532 million yen (102.3%).

- 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.

As extremely low interest rates remain in place, distributed investment trusts have become increasingly attractive to individual investors. In addition to our current products in this market, which focus on foreign government bonds, we have introduced the new Shinko J-REIT open and Shinko US-REIT open (Shinko Investment Trust Management Co., Ltd.), an investment trust which concentrates on Real Estate, thereby further strengthening our line-up of distributed investment trust products.

Furthermore, our line-up of equity investment trusts investing in both domestic and overseas stocks have been bolstered by the addition of the open-type investment trust “Growing Covers”, which focuses on new growth stocks, (Yasuda Asset Management Co., Ltd.) and the unit type trust “Real China 2004-5” (Shinko Investment Trust Management Co., Ltd.). The above products strengthened our sales of equity investment products by combining with our existing line-up.

On the other hand, in the area of public bond investment trusts, Shinko Investment Trust’s “Mid-Term Government Bond Fund” and “Green Mid-Term Government Bond Fund” were redeemed at the end of May.

As a result, the volume of investment trusts offered and sold in this interim period reached 1.3778 trillion yen (130.5%), and commissions from the sale of investment trusts reach 5.918 billion yen (134.5%). Other fees and commissions totaled 7.834 billion yen (132.3%).

Moreover, the outstanding principal of our investment trusts at the end of this interim period, including our outstanding balance for foreign investment trusts (as based on current value), was 1.761 trillion yen (96.9%).

(2) Trading profit

This interim period saw us earn trading profit of 5.069 billion yen (69.5%) on equity trading, and 10.982 billion yen (61.1%) on the trading of bonds, foreign currency and other instruments. Total trading profit thus stood at 16.052 billion yen (63.5%).

(3) Financial profit/loss

Deducting financial expenses of 2.491 billion yen (129.2%) from financial revenues of 1.44 billion yen (147.6%) gives a financial loss for this interim period of 1.05 billion yen.

(4) Sales, general and administrative expenses

Although real estate expenses decreased, transaction expenses, personnel expenses and office expenses all increased, resulting in total selling, general and administrative expenses of 50.315 billion yen (112.2%).

(5) Extraordinary profit and loss

We recorded extraordinary profits of 611 million yen on sale of investment securities. However, we recorded extraordinary losses, including loss from write-down of investment securities of 259 million yen, and re-amortization of future retirement and severance pay obligations in line with a change to accounting standards of 845 million yen. Overall, we recorded an extraordinary loss of 595 million yen.

2. Financial position

Factors such as an increase in holdings of trading products meant net cash used in operating activities was 58.181 billion yen.

Net cash used in investing activities totaled 9.126 billion yen on factors such as an increase in investment in new system.

Factors such as an increase in our issue of commercial paper meant financing activities provided net cash of 28.079 billion yen.

As a result of these flows, the balance of cash and cash equivalents stood at 70.427 billion yen at the end of this interim period.

Consolidated Balance Sheets

(In millions of yen)

	First half to 30 September 2004	First half to 30 September 2003	Year-on-year increase/decrease	Financial year to 31 March 2004
Assets				
Current assets	2,821,160	2,367,001	454,159	2,294,581
Cash and due from banks	70,607	50,800	19,807	109,778
Fund deposits	63,767	46,968	16,798	53,044
Trading products	1,332,175	810,888	521,286	849,695
Trading securities, etc.	1,326,348	805,506	520,842	846,563
Derivative assets	5,826	5,382	444	3,131
Trade date accrual				41,581
Investment securities for sale	2,753	3,629	-876	3,250
Margin transaction assets	92,398	62,571	29,826	84,724
Customers' loans receivable in margin transactions	86,088	54,332	31,756	74,512
Collateral for borrowed securities for margin transactions	6,309	8,239	-1,929	10,211
Loans receivable secured by securities	1,239,436	1,370,243	-130,806	1,131,256
Collateral for borrowed securities	1,239,336	1,370,243	-130,906	1,127,256
Loans receivable in gensaki transactions	100		100	3,999
Advances	1,935	1,017	917	1,535
Accounts for non-delivered securities and others				704
Short-term loans receivable	171	309	-138	279
Securities	1,200	3,251	-2,050	1,513
Deferred income tax assets	463	460	2	518
Other current assets	16,458	16,998	-539	16,918
Allowance for bad debts	-206	-139	-67	-221
Fixed assets	152,531	145,981	6,550	149,085
Tangible fixed assets	45,677	52,062	-6,385	46,737
Intangible fixed assets	23,328	15,922	7,406	20,180
Investments and other assets	83,524	77,996	5,528	82,167
Investment securities	55,598	51,419	4,178	55,537
Long-term deposits	15,440	16,180	-740	15,542
Deferred income tax assets	194	315	-120	223
Other investments	17,219	15,390	1,828	15,859
Allowance for bad debts	-4,928	-5,310	381	-4,995
Total assets	2,973,691	2,512,982	460,709	2,443,667

(In millions of yen)

	First half to 30 September 2004	First half to 30 September 2003	Year-on-year increase/decrease	Financial year to 31 March 2004
Liabilities				
Current liabilities	2,679,839	2,227,722	452,116	2,147,366
Trading products	1,012,412	836,402	176,010	796,913
Trading securities, etc.	1,008,963	830,268	178,695	790,762
Derivative liabilities	3,448	6,134	-2,685	6,150
Trade date accrual	81,180	365,002	-283,821	
Margin transaction liabilities	36,486	40,660	-4,174	53,627
Customers' loans payable for margin transactions	32,126	31,439	686	45,351
Collateral for loaned securities for margin transactions	4,360	9,220	-4,860	8,275
Loans payable secured by securities	1,230,588	770,624	459,963	1,038,972
Amounts receivable on loan transactions	1,024,723	532,086	492,637	815,928
Loans payable in gensaki transactions	205,864	238,538	-32,673	223,043
Deposits received	64,059	38,752	25,306	42,726
Received margins	16,391	12,621	3,770	14,834
Accounts for non-received securities and others	4		4	704
Short-term loans payable	183,752	142,155	41,597	171,367
Commercial paper	42,100	12,500	29,600	18,500
Income taxes payable	555	319	236	431
Deferred tax liabilities	0		0	9
Reserve for bonus	4,503	2,938	1,565	3,727
Other current liabilities	7,802	5,746	2,055	5,552
Fixed liabilities	60,631	62,278	-1,646	62,744
Long-term loans payable	34,250	36,672	-2,422	35,795
Deferred tax liabilities	4,555	4,081	474	5,037
Reserves for retirement benefits	16,838	16,248	590	16,750
Other fixed liabilities	4,987	5,274	-287	5,160
Statutory reserve	1,047	833	213	1,052
Total liabilities	2,741,518	2,290,834	450,683	2,211,163
Minority interest	5,219	4,986	232	5,127
Shareholders' equity				
Common stock	125,167	125,167		125,167
Capital surplus	82,088	82,085	3	82,087
Earned surplus	19,482	9,849	9,633	16,497
Difference in valuation of securities	8,507	5,914	2,592	9,540
Foreign exchange translation adjustment	287	235	51	204
Treasury stock	-8,579	-6,089	-2,489	-6,121
Total shareholders' equity	226,954	217,161	9,792	227,376
Total liabilities, minority interest, and shareholders' equity	2,973,691	2,512,982	460,709	2,443,667

Consolidated Statement of Income

(In millions of yen)

	First half from 1 April 2004 to 30 September 2004	First half from 1 April 2003 to 30 September 2003	% change from same period last year	Financial year from 1 April 2003 to 31 March 2004
Operating revenues	58,465	55,766	104.8	114,967
Commissions and fees received	40,811	29,311	139.2	65,896
Trading profit or loss	16,052	25,266	63.5	46,831
Trading profit or loss on investment securities for sale	161	213	75.7	308
Financial revenues	1,440	975	147.6	1,930
Financial expenses	2,491	1,927	129.2	4,483
Net operating revenues	55,974	53,839	104.0	110,483
Sales, general and administrative expenses	50,315	44,842	112.2	90,092
Transaction expenses	6,801	5,945	114.4	12,189
Personnel expenses	26,844	24,112	111.3	48,965
Real estate expenses	7,516	7,593	99.0	14,651
Office expenses	3,261	2,471	132.0	5,394
Depreciation	3,636	2,819	129.0	5,518
Taxes and dues	674	331	203.4	521
Others	1,580	1,568	100.8	2,850
Operating profit	5,659	8,996	62.9	20,391
Non-operating revenues	3,738	2,789	134.0	5,236
Investment profit on equity method	94			4
Others	3,644	2,789	130.6	5,231
Non-operating expenses	1,271	1,651	77.0	2,984
Investment loss on equity method		30		
Others	1,271	1,620	78.5	2,984
Ordinary profit	8,125	10,134	80.2	22,643
Extraordinary profits	616	1,219	50.6	2,339
Extraordinary losses	1,212	1,936	62.6	8,566
Net profit before taxes, etc.	7,530	9,417	80.0	16,416
Income taxes	231	327	70.8	607
Adjustment amount for income taxes	85	24	352.3	54
Minority interest	166	100	166.1	139
Net profit	7,046	8,965	78.6	15,614

Consolidated Statement of Earned Surplus

(In millions of yen)

	First half from 1 April 2004 to 30 September 2004	First half from 1 April 2003 to 30 September 2003	Financial year from 1 April 2003 to 31 March 2004
Capital Surplus			
Balance of capital surplus at start of period	82,087	111,407	111,407
Increase in capital surplus	1		2
Gain/loss on disposal of treasury stock	1		2
Decrease in capital surplus		29,322	29,322
Offset by capital reserve		29,322	29,322
Balance of capital surplus at end of period	82,088	82,085	82,087
Earned Surplus			
Balance of earned surplus at start of period	16,497	-28,439	-28,439
Increase in earned surplus	7,046	38,288	44,937
Offset by capital reserve		29,322	29,322
Net profit	7,046	8,965	15,614
Decrease in earned surplus	4,061		
Dividend	3,865		
Officer's bonus	195		
Balance of earned surplus at end of period	19,482	9,849	16,497

Consolidated Cash Flow Statement

(In millions of yen)

	First half from 1 April 2004 to 30 September 2004	First half from 1 April 2003 to 30 September 2003	Financial year from 1 April 2003 to 31 March 2004
I Cash flows from operating activities			
Net profit before taxes, etc.	7,530	9,417	16,416
Depreciation	3,636	2,819	5,518
Adjustment for extraordinary profit and loss			
Profit from sale on fixed assets	-	-11	-11
Loss from sale or disposition of fixed assets	36	135	4,172
Profit from sale on investment securities	-611	-497	-1,763
Write-down and loss from sale of investment securities	277	789	1,516
Write-down of golf club memberships	11	3	1
Re-amortization of future retirement and severance pay obligations in line with a change to accounting standards	845	845	1,690
System change costs	-	-	814
Expenses incurred through merging or eliminating branches	-	146	247
Profit from recovery of bad debts	-	-565	-
Reversal (provision) of reserve for securities transaction liabilities	-5	-144	74
Provision of allowance for bad debts	41	15	49
Interest income and dividends receivable	-1,970	-1,389	-2,572
Interest cost	2,491	1,927	4,483
Investment profit/loss on equity method	-94	30	-4
Increase/decrease in loans receivable	130	-5	-22
Increase/decrease in money held as customers' trust	-10,635	-12,950	-19,019
Increase/decrease in advances and deposits received	20,933	6,184	9,639
Increase/decrease in trading products	-142,887	885,917	402,936
Increase/decrease in margin transaction assets	-7,674	-24,489	-46,642
Increase/decrease in margin transaction liabilities	-17,140	19,997	32,964
Increase/decrease in loans receivable secured by securities	-108,180	-411,633	-172,646
Increase/decrease in loans payable secured by securities	191,615	-501,678	-233,330
Increase/decrease in allowance for bad debts	-65	309	279
Increase/decrease in reserve for bonus	776	643	1,432
Increase/decrease in reserves for retirement benefits	-757	-1,681	-2,024
Others	5,058	-18	7,182
Subtotal	-56,635	-25,879	11,382
Interest and dividends received	1,344	1,718	2,541
Interest paid	-2,424	-1,906	-4,521
Income taxes, etc. paid	-466	-1,214	-1,381
Special retirement benefits	-	-	-6,262
Cash flow from operating activities	-58,181	-27,281	1,758
II Cash flows from investing activities			
Payments for purchases of investment securities	-3,037	-545	-2,489
Proceeds from the sale of investment securities	900	1,831	5,154
Payments for purchases of tangible fixed assets	-272	-163	-346
Proceeds from the sale of tangible fixed assets	535	15	936
Payments for purchases of intangible fixed assets	-5,822	-5,406	-11,804
Proceeds from sale of intangible fixed assets	-	40	199
Increase/decrease in long-term deposits	101	385	1,023
Others	-1,532	526	-305
Cash flow from investing activities	-9,126	-3,316	-7,631
III Cash flows from financing activities			
Increase/decrease in short-term loans payable	34,440	43,095	71,620
Proceeds from long-term loans payable	-	-	11,000
Payments for long-term loans payable	-	-1,810	-7,000
Payments for acquiring treasury stocks	-2,457	-19	-51
Dividend paid	-3,865	-	-
Dividend paid to minority shareholders	-36	-29	-29
Cash flow from financing activities	28,079	41,236	75,539
IV Effect of foreign exchange rate changes on cash and cash equivalents	98	-350	-370
V Increase/decrease in cash and cash equivalents	-39,129	10,287	69,296
VI Balance of cash and cash equivalents at start of this interim period	109,557	40,260	40,260
VII Balance of cash and cash equivalents at end of this interim period	70,427	50,548	109,557

[About the interim 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” 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 Co., Ltd.
Shinko Investment Trust Management 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

The interim closing date of consolidated subsidiaries coincides with the consolidated closing date.

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 our 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 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 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 (5 years).

(3) 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.

(4) 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 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 the 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.

(5) 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 closing day of this interim 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 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".

(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]

	First half to 30 September 2004	First half to 30 September 2003	Financial year to 31 March 2004 (In millions of yen)
1. Accumulated depreciation of tangible fixed assets	23,592	23,293	23,129
2. Guarantee obligations (guarantee exercise anticipated)	1,637 (1,504)	2,917 (2,735)	2,786 (2,632)

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 Adequacy of Securities Companies”.

	First half to 30 September 2004	First half to 30 September 2003	Financial year to 31 March 2004 (In millions of yen)
	42,500	38,500	42,500

[Notes on consolidated income statement]

	First half from 1 April 2004 to 30 September 2004	First half from 1 April 2003 to 30 September 2003	Financial year from 1 April 2003 to 31 March 2004 (In millions of yen)
Extraordinary profits			
Profit from sale of fixed assets	-	11	11
Profit from sale of investment securities	611	497	1,763
Profit from recovery of bad debts	-	565	565
Reversal from reserve for securities transaction liabilities	5	144	-
Extraordinary losses			
Loss from sale of fixed assets	1	77	3,789
Loss from disposition of fixed assets	35	57	383
Loss from sale of investment securities	17	122	141
Write-down of investment securities	259	667	1,374
Write-down of golf club memberships	11	3	1
Re-amortization of future retirement and severance pay obligations in line with a change to accounting standards	845	845	1,690
System change costs	-	-	814
Expenses incurred through merging or eliminating branches	-	146	247
Provision of reserve for securities transaction liabilities	-	-	74
Provision of allowance for bad debts	41	15	49

[Notes to the interm consolidated cash flow statement]

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

	First half from 1 April 2004 to 30 September 2004	First half from 1 April 2003 to 30 September 2003	Financial year from 1 April 2003 to 31 March 2004 (In millions of yen)
Cash and due from banks	70,607	50,800	109,778
Fixed deposits for periods exceeding 3 months	-180	-251	-221
Cash and cash equivalents	70,427	50,548	109,557

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 Consolidated Settlement of Accounts

1. Commissions and fees received

(1) Breakdown for each account

(In millions of yen)

	First half from 1 April 2004 to 30 September 2004	First half from 1 April 2003 to 30 September 2003	% change from same period last year	Financial year from 1 April 2003 to 31 March 2004
Brokerage commissions	22,596	16,881	133.9	38,216
(Equities)	(22,463)	(16,678)	(134.7)	(37,878)
(Bonds)	(103)	(167)	(62.0)	(263)
Underwriting & selling fees	4,461	2,105	211.8	5,318
(Equities)	(3,928)	(1,585)	(247.8)	(4,315)
(Bonds)	(532)	(520)	(102.3)	(1,003)
Offering & selling fees and commissions	5,918	4,401	134.5	9,437
Other fees and commissions	7,834	5,922	132.3	12,924
Total	40,811	29,311	139.2	65,896

(2) Breakdown for each product

(In millions of yen)

	First half from 1 April 2004 to 30 September 2004	First half from 1 April 2003 to 30 September 2003	% change from same period last year	Financial year from 1 April 2003 to 31 March 2004
Equities	26,616	18,689	142.4	42,834
Bonds	1,413	1,549	91.2	3,100
Beneficiary securities	10,187	7,806	130.5	16,763
Others	2,594	1,267	204.7	3,198
Total	40,811	29,311	139.2	65,896

2. Trading profit or loss

(In millions of yen)

	First half from 1 April 2004 to 30 September 2004	First half from 1 April 2003 to 30 September 2003	% change from same period last year	Financial year from 1 April 2003 to 31 March 2004
Equities, etc.	5,069	7,296	69.5	15,550
Bonds, exchange, etc.	10,982	17,969	61.1	31,281
(Bonds, etc.)	(11,729)	(17,628)	(66.5)	(30,945)
(Exchange, etc.)	(-746)	(341)	()	(336)
Total	16,052	25,266	63.5	46,831

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 2004		As of 30 September 2003	
	Assets	Liabilities	Assets	Liabilities
Equities and warrants	54,400	10,757	25,844	6,375
Bonds	1,248,471	998,114	765,392	823,704
CP and CD	20,997		13,998	
Beneficiary securities, etc.	2,478	91	270	188

(2) Notional amounts and market values of derivative contracts

(In millions of yen)

Type	As of 30 September 2004				As of 30 September 2003			
	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	446,135	2,936	408,858	590	430,334	2,527	417,817	3,783
Forward exchange contracts	55,736	236	82,778	779	20,906	241	6,083	50
Futures/forward contracts	43,146	1,102	107,160	445	49,233	614	31,783	236
Swap contracts	79,701	1,551	101,701	1,632	100,448	1,998	101,848	2,063

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 2004			As of 30 September 2003		
	Value on consolidated balance sheets	Market value	Gain/loss	Value on consolidated balance sheets	Market value	Gain/loss
Governmental / local bonds						
Corporate bonds	4,653	4,663	9	3,242	3,244	1
Others						
Total	4,653	4,663	9	3,242	3,244	1

(2) Other securities with readily determinable market values

(In millions of yen)

Type	As of 30 September 2004			As of 30 September 2003		
	Acquisition cost	Value on consolidated balance sheets	Balance	Acquisition cost	Value on consolidated balance sheets	Balance
Equities	23,033 (7)	35,443 (9)	12,410 (2)	23,598 ()	33,176 ()	9,577 ()
Bonds						
Others	4,071	4,687	616	5,831	6,230	399
Total	27,104 (7)	40,131 (9)	13,026 (2)	29,429 ()	39,406 ()	9,976 ()

(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 2004	As of 30 September 2003
	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	12,560 (2,743)	13,563 (3,629)
Unlisted equities	11,516 (2,704)	12,499 (3,565)
Unlisted bonds	39 (39)	64 (64)
Others	1,004	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 values of trading securities, etc (securities for purchase and sale)

(In millions of yen)

Type	As of 31 March 2004	
	Assets	Liabilities
Equities and warrants	40,091	9,129
Bonds	787,545	781,326
CP and CD	17,098	
Beneficiary securities, etc.	1,829	306

(2) Notional amounts and market values of derivative contracts

(In millions of yen)

Type	As of 31 March 2004			
	Assets		Liabilities	
	Notional amounts, etc.	Fair value	Notional amounts, etc.	Fair value
Options contracts	251,034	793	238,380	2,658
Forward exchange contracts	37,239	393	12,066	101
Futures/forward contracts	54,844	170	88,699	1,507
Swap contracts	81,976	1,774	109,108	1,882

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 31 March 2004		
	Value on consolidated balance sheets	Market value	Balance
Market value higher than value recorded on consolidated balance sheets	3,772	3,777	5
Governmental / local bonds			
Corporate bonds	3,772	3,777	5
Others			
Market value lower than or equal to value recorded on consolidated balance sheets	704	703	-0
Governmental / local bonds			
Corporate bonds	704	703	-0
Others			

(2) Other securities with readily determinable market values

(In millions of yen)

Type	As of 31 March 2004		
	Acquisition cost	Value on consolidated balance sheets	Balance
Value on consolidated balance sheets higher than Acquisition cost	20,405 (12)	35,771 (35)	15,366 (22)
Equities	18,697 (12)	33,220 (35)	14,523 (22)
Bonds			
Governmental/local bonds			
Corporate bonds			
Others			
Others	1,708	2,551	842
Value on consolidated balance sheets higher than Acquisition cost	5,598	4,918	-679
Equities	3,489	2,905	-583
Bonds			
Governmental/local bonds			
Corporate bonds			
Others			
Others	2,108	2,013	-95

(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 consolidated balance sheets

(In millions of yen)

Type	As of 31 March 2004
	Value on consolidated balance sheets
Bonds to be held to maturity	
Governmental /local bonds	
Corporate bonds	
Others	
Other securities	13,017 (3,215)
Equities	11,970
(Unlisted equities)	(3,167)
Bonds	47
(Unlisted bonds)	(47)
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	28,200	27,551	31,649	31,990	26,474
Commissions and fees received	16,792	17,160	19,423	22,614	18,196
Brokerage commissions	10,604	10,114	11,221	14,037	8,558
(Equities)	(10,520)	(10,045)	(11,154)	(13,956)	(8,507)
(Bonds)	(63)	(49)	(46)	(64)	(39)
Underwriting & selling fees	1,147	1,607	1,604	1,684	2,776
(Equities)	(922)	(1,340)	(1,389)	(1,377)	(2,551)
(Bonds)	(224)	(267)	(215)	(307)	(225)
Offering & selling fees and Other fees and commissions	1,975	2,360	2,674	2,966	2,951
3,065	3,077	3,923	3,925	3,909	
Trading profit or loss	11,245	9,896	11,669	8,535	7,517
Equities, etc.	3,542	3,690	4,562	2,876	2,193
Bonds, exchange, etc.	7,702	6,205	7,107	5,658	5,324
(Bonds, etc.)	(6,597)	(6,379)	(6,937)	(5,543)	(6,186)
(Exchange, etc.)	(1,104)	(-174)	(169)	(115)	(-862)
Trading profit or loss on investment securities for sale	191	-14	109	34	126
Financial revenues	-29	508	446	805	634
Financial expenses	1,072	1,496	1,059	1,215	1,275
Net operating revenues	27,127	26,054	30,589	30,775	25,199
Sales, general and administrative expenses	21,940	22,572	22,676	25,584	24,730
Transaction expenses	3,035	3,165	3,077	3,246	3,554
Personnel expenses	11,565	12,559	12,293	14,280	12,563
Real estate expenses	3,342	3,459	3,598	3,869	3,646
Office expenses	1,625	1,383	1,538	1,452	1,808
Depreciation	1,421	1,330	1,368	1,580	2,056
Taxes and dues	92	85	105	419	255
Others	858	587	694	735	845
Operating profit	5,186	3,481	7,913	5,190	468
Non-operating revenues	1,402	1,086	1,360	2,511	1,226
Investment profit on equity method		20	-16	68	25
Others	1,402	1,065	1,376	2,442	1,201
Non-operating expenses	917	585	746	589	682
Investment loss on equity method	25	-30			
Others	892	616	746	589	682
Ordinary profit	5,670	3,982	8,526	7,112	1,013
Extraordinary profits	949	214	906	11	605
Extraordinary losses	1,340	958	5,671	541	671
Net profit before taxes, etc.	5,279	3,237	3,761	6,582	947
Income taxes	173	364	-84	113	118
Adjustment amount for income taxes	24	14	15	57	28
Minority interest	81	138	-98	99	66
Net profit	5,000	2,721	3,927	6,312	733