



25 October 2006

Summary of Consolidated Financial Statements for the First Half of the Financial Year Ending 31 March 2007

Listed company's name: **Shinko Securities Co., Ltd.** Listing stock exchanges: Tokyo, Osaka, and Nagoya
 Code No.: 8606 Location of head office: Tokyo
 (URL: <http://www.shinko-sec.co.jp/>)
 Representative: Takashi Kusama, President
 Contact: Akihiko Furuta, General Manager of Treasury Dept. at (03) 5203-6000
 These financial statements were approved at a meeting of the Board of Directors on 25 October 2006.
 Name of parent company, etc.: Mizuho Financial Group, Inc. (code no. 8411) (1 additional company)
 Our company's percentage of the voting rights of the parent company, etc.: 27.4%
 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 2007 (1 April 2006 - 30 September 2006)

(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 2006	66,004	(0.2)	61,985	(-2.6)	7,918	(-30.7)	10,926	(-17.7)
First half to September 2005	65,845	(12.6)	63,634	(13.7)	11,418	(101.8)	13,277	(63.4)
Financial year to March 2006	152,915		148,520		39,263		43,184	

	Net profit		Net profit per share	Net profit per share (diluted)
	mil. yen	%	yen	yen
First half to September 2006	7,655	(-51.5)	9.93	9.91
First half to September 2005	15,770	(123.8)	20.46	20.45
Financial year to March 2006	34,962		44.77	44.68

- (Note) 1. Investment profit or loss on equity method: First half to 30 September 2006: 30 million yen
 First half to 30 September 2005: 53 million yen
 Financial year to 31 March 2006: 217 million yen
2. Average number of shares outstanding (consolidated): First half to 30 September 2006: 770,785,490
 First half to 30 September 2005: 770,870,768
 Financial year to 31 March 2006: 770,796,576
3. There have been no changes 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	Net assets	Equity ratio	Net assets per share
	mil. yen	mil. yen	%	yen
First half to September 2006	4,002,857	275,434	6.7	349.56
First half to September 2005	3,025,535	246,842	8.2	320.24
Financial year to March 2006	3,475,843	275,472	7.9	356.86

(Note) Number of shares outstanding (consolidated): First half to 30 September 2006: 770,959,893
 First half to 30 September 2005: 770,798,733
 Financial year to 31 March 2006: 770,670,430

(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 2006	19,743	-8,079	-3,587	125,730
First half to September 2005	62,372	-4,152	22,838	132,443
Financial year to March 2006	-75,097	-8,278	149,448	117,524

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

Number of fully consolidated subsidiaries: 16

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

Number of equity-method affiliates: 3

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

Consolidation: No company was added and removed.

Equity method: No company was added and removed.

2. Forecast of consolidated business results for the full financial year ending 31 March 2007

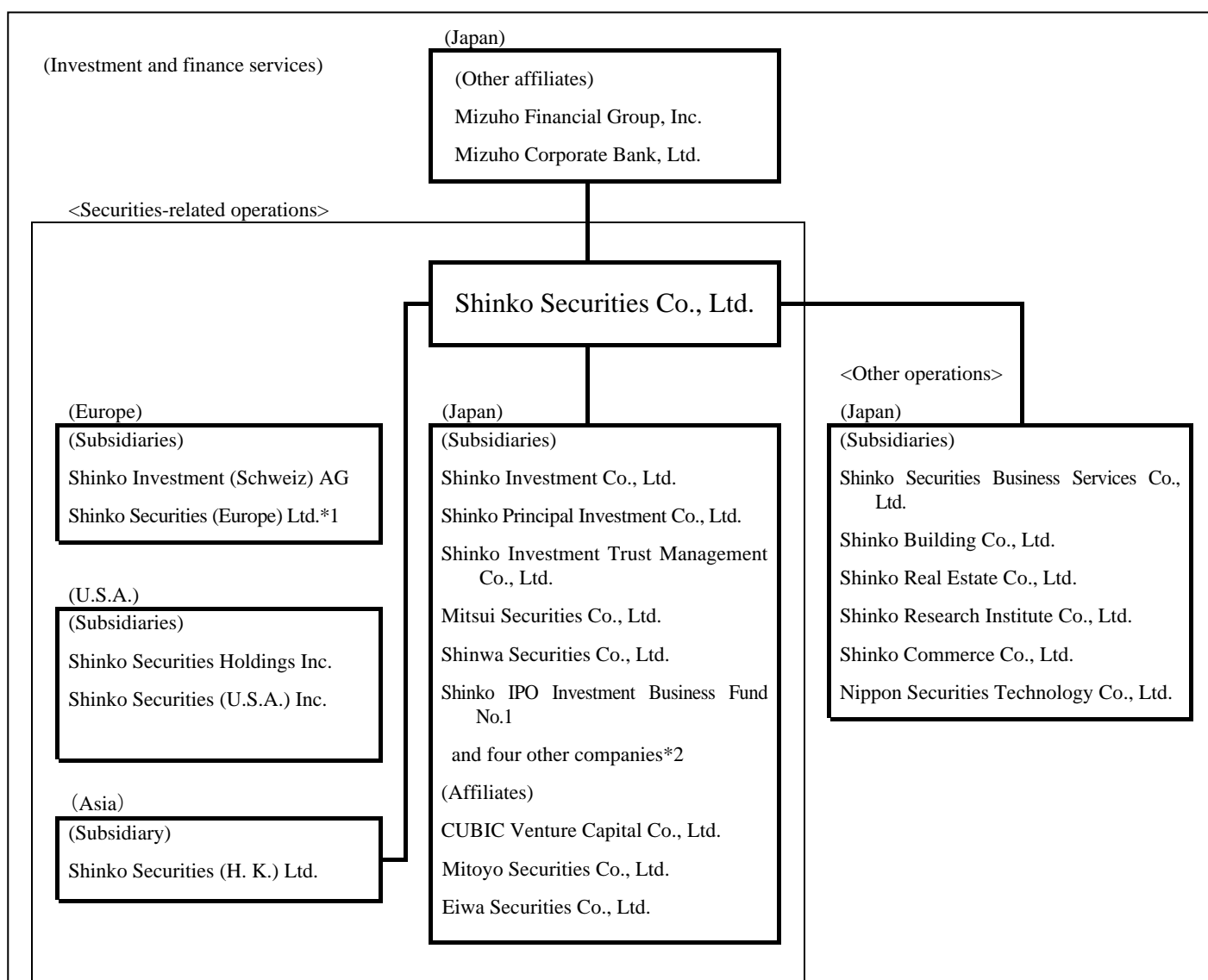
(1 April 2006 - 31 March 2007):

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 21 subsidiaries and 3 affiliates. The business activities of our company and of 15 of the subsidiaries and 3 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."

Organizational Diagram of Corporate Group



*1 Shinko Securities (Europe) Ltd. received a securities business license and was established in August 2006.

*2 Shinko IPO Investment Business Fund No.1 and the four other companies are non-consolidated subsidiaries to which the equity method does not apply.

[Business Policy]

1. Our 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. Our 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 this year in question.

3. Medium- and Long-Term Business Strategy and Numerical Goals

We are currently engaged in trying to achieve the goals of our 4th Medium-Term Business Plan, which covers the period from April 2006 through March 2009. This new medium-term business plan seeks to improve the efficiency of our operations and maximize the quality of services, thereby enabling us to conduct a securities business with high productivity and further solidify our standing in the industry. The essence of the plan is outlined below.

- Fourth Medium-Term Business Plan (April 2006 - March 2009)

(New Business Philosophy)

➤ "Client First" - Act vigorously, act decisively, act boldly.

We believe that, by acting with the idea of "Client First" in mind, we will be able to further enhance our company's reputation as a pillar in the capital market and increase our corporate value, thereby raising the level of satisfaction of all stakeholders. This is the essence of "Client First" and, ultimately, the "Shinko Way."

Moreover, a securities company's greatest assets are human resources, because the personality and attitude of each member of the staff, from senior officer to individual employee, determine the Company's real strength. We aspire to be a group of people with sound minds, aggressive business instincts and skills.

(Medium-Term Business Goals)

- Increased size: 20 trillion yen or more in assets under custody, ordinary profit of at least 50 billion yen.
- Higher quality: ROE of at least 10%, acquisition of credit rating of at least A.

(Goals for Each Earnings-Related Division)

<Retail Division>

- To become the No. 1 securities company in customer satisfaction.
- To have deposited retail assets of 12 trillion yen (by end of March 2009).

<Corporate Division>

- To establish a position as the No. 1 supporter of fresh, high-growth corporations.
- To establish the 5 pillars of the investment banking business
 - An IPO business that is in the industry's top echelon in terms of the number of IPOs handled as lead managing underwriter.
 - A corporate finance business that is among the industry's top 3 in terms of the number of companies (companies with a total market value of less than 100 billion yen) handled as lead managing underwriter.
 - An M&A business that is among the industry's top 10 in terms of the number of contracts concluded.
 - An investment business able to increase earnings (for which a new investment business model will be used).
 - A growing funds business.

<Products Division>

- We will establish a solid market presence, and, towards that end, build a system that will obtain a market share of 5%.

(Other Medium-Term Goals)

<Personnel Division>

- We will increase the quantity and quality of our employees as a member of a "highly-motivated industry." Towards that end, we will:
 - Hire 1,500 new employees in three years including new graduates and mid-career professionals.
 - Establish a new system for rehiring former employees.
 - Raise the percentage of female managers to 3%.
 - Lower the threshold in terms of the age at which an employee becomes eligible for a managerial position.

<IT and Clerical Division>

- We will improve our quality as a member of an “equipment (data processing) industry.” Specifically, we will:
 - Ensure the safety of our open network mission-critical system.
 - Establish a back up center, back up office and the second call center.
 - Introduce “Direct Course” for customers who do not need access to the traditional brick and mortar channel.
 - Facilitate access from the ATMs located in convenience stores.

<Strengthening of ties with outside channels>

- We will vigorously use the business foundations of the Mizuho Financial Group and energetically establish channels of exchange with other types of businesses. We will thus:
 - Strengthen our ties with Mizuho Financial Group.
 - Expand the scope of our ties with affiliated companies.
 - Establish ties with other groups and companies.

<Financial strategy>

- We will increase our capital and secure our funds.
 - We will build a back-up system for market procurement and investigate procurement methods.

<Strengthening of governance system>

- Adjustment of internal controls.
- Promotion of cost control.
- Compliance
- Shinko Group company strategy

<Brand strategy>

- We will grapple with CSR activities.

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

In this financial year, which represents the initial period of our 4th Medium-Term Business Plan, we worked to broaden our business foundations, reform our profit structure, and improve the quality of our operations.

In our Retail Division, we attempted to increase customer satisfaction by conducting a periodic customer satisfaction survey and then incorporating the results in reform measures that are being implemented. At the same time, we worked to provide products, services and information geared to the diversifying needs and investment objectives of customers; as a result, our sales of investment trusts, variable annuity insurance, foreign bonds, structured bonds and more proceeded favorably, permitting a steady acquisition of non-equity earnings. The total value of contract assets for “Shinko Asset Management Wrap” (nicknamed “Long·AP”) exceeded 100 billion yen; and our joint brokerage operations with Mizuho Bank and Tokyo Mitsubishi Bank began handling this service in, respectively, May and September. As part of our Internet trading service, we made preparations for starting, in October, a new “Direct Course” in Shinko Net Club. This new course will complement the existing “3 Support Course” and enable customers to choose the course best suited to their trading styles. As a new service, moreover, we introduced “Shinko Point Service,” aiming to further increase customer satisfaction thereby. On the other hand, our results in the area of assets were less than satisfactory; in particular, our stock assets under custody decreased in value due to the effects of, among other things, stock price fluctuations caused by a weak market performance.

In our Wholesale Division, we worked to strengthen our marketing operations with the aim of establishing the “5 pillars of the investment banking business,” a major component of our new medium-term business plan; in addition, we worked to build a back-up system. As a result, in the area of stock underwriting, we led the industry for the first time in terms of the number of IPOs (initial public offerings) for which we served as lead managing underwriter; in the area of bond underwriting, moreover, we served as lead managing underwriter for fiscal investment and loan program agency (FILP) bonds, electric power company bonds, general corporate bonds, and more. Furthermore, in the area of mergers and acquisitions, we steadily accumulated significant results by carrying out various measures.

In our Products Division, we sought to establish a larger presence in the market by improving our trading capacity both quantitatively and qualitatively. At the same time, we worked to expand our product lineup of investment trusts, privately offered structured bonds, insurance products and more, and endeavored to increase our information transmission capabilities.

We also worked hard to develop our global business. Thus, we established a British subsidiary in August, and in September we obtained, from the China Securities Regulatory Committee, authorization to operate as a qualified foreign institutional investor (QFII) in that country.

Among other noteworthy events during the period, we completed the switchover from our previous IT system, whose replacement was a top business priority, to a new, open network system, “STAGE”; and our company’s rating by the Japan Credit Rating Agency, Ltd. (JCR) was raised from BBB+ to A-. Obtaining a rating of A or better is a major goal of our new medium-term business plan, and we intend to make every effort to achieve it.

5. Our tasks to be solved

Now that its financial system has grown more stable, the Japanese economy is finally escaping from the long-term recession that followed the collapse of the bubble. In order to further invigorate the economy and ensure solid economic growth led by the private sector, it is necessary, we believe, to further accelerate the flow of money “from indirect financing to direct financing” and “from savings to investment” by means of pushing ahead with reform of the financial system.

In order to maintain and increase Japan’s vitality in face of the unprecedented graying of society that is now immanent, how should personal financial assets, amounting to as much as 1,500 trillion yen, be shifted to the securities market? That is, what kinds of customer channels should our company establish, and what kinds of services should we provide? In today’s new legal environment, what kind of advice should we provide to stock-issuing companies and customers? As these questions suggest, the roles that our company should play, and the business opportunities that will arise from them, will, we believe, greatly increase in the future.

Based on an awareness of this prospect, we devised our 4th Medium-Term Business Plan (see “3. Medium- and Long-Term Business Strategy and Numerical Goals” above), and we are currently engaged in trying to achieve the goals of the business plan.

Our company always harbors a sense of corporate mission in its breast. Based on the idea of “Client First,” we cultivate an acute sensitivity, an instinctive feel, for the market, while at the same time doing work that we find refreshing and exhilarating. Moreover, we believe that all of our officers and employees should seek to be one at heart and to progress straight ahead without being prideful or getting misled.

We are aware that achieving this medium-term business plan is the most important task now facing our company. Thus, all of our officers and employees are determined to unite together and work towards attaining that goal.

[Business Performance and Financial Position]

1. Business Performance

In this interim period, the Japanese economy continued to expand thanks to strong domestic demand led by capital investment and to the continued recovery of exports, propelled by the ongoing growth of foreign economies. During the period, the equity markets got off to a good start, with the Nikkei Stock Average rising above 17,500 early on. Beginning in May, however, stock prices fell worldwide while the dollar depreciated against the yen, and the Nikkei also joined in the slide, temporarily falling below 14,300 yen in mid-June as the markets scrambled to adjust. After that, and until the end of the period, the equity markets, bolstered by a rebound in overseas stock prices and a depreciating yen, continued to rally, so that by the end of the period the Nikkei had returned to above 16,100 yen. In the bond market, the yield on 10-year government bonds, affected by speculation about when the Bank of Japan would end its long-maintained zero interest rate and by rising interest rates abroad, climbed above 2.0% temporarily; but then the zero interest rate was at last abandoned in mid-July, after which the stability of domestic prices was confirmed as long-term rates fell worldwide, as a result of which the yield on 10-year bonds turned downwards, eventually ending the period slightly below 1.7%.

Meanwhile, overseas, the U.S. economy continued to gradually lose steam as the country’s housing market cooled down. On the other hand, the European economies, spurred mainly by external demand, recovered at a steady pace. In the U.S., equity markets began plummeting in mid-May because of increased concerns, generated by a jump in the inflation index, that interest rates would continue to be raised; but in the summer, as oil prices stopped rising, the markets reversed course and, buoyed by solid corporate earnings, continued to rally until the end of the period. European equity markets also underwent a phase of rapid adjustment, after which they staged a recovery against a backdrop of expectations that economic conditions and corporate earnings would both improve. In overseas bond markets, yields rose temporarily in response to the continuing climb in both oil prices and U.S. interest rates; but from the outset of summer to the end of the period, yields remained steady in both the United States and Europe due to, among other things, the U.S. Federal Reserve’s cessation of interest rate hikes and a drop in energy prices.

Under these circumstances, our corporate group earned consolidated operating revenues for this interim period of 66.004 billion yen (100.2% of that for the same period last year), an ordinary profit of 10.926 billion yen (82.3%), and a net profit of 7.655 billion yen (48.5%). A brief breakdown of these results follows:

(1) Commissions and fees received

Commissions and fees received during this interim period totaled 43.69 billion yen (105.3%). 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 2.5048 trillion yen (155.2%). Our company brokered the sale of 3.65 billion shares of stock (70.8%) worth 7.8071 trillion yen (175.6%), while our commissions on the same totaled 18.054 billion yen (81.5%). Commissions earned on bond brokering totaled 80 million yen (162.1%).

- Underwriting and selling fees

In the stock issuing market, our company underwrote the offerings and sold the stock of 48 newly listed companies during this interim period, and served as the lead manager in 16 of those cases. We also underwrote the offerings and sold the stock of 20 previously listed companies, serving as the lead manager in four of those cases. As a result, our commissions for underwriting and selling stocks totaled 3.19 billion yen (122.9%).

Regarding bonds, we lead managed 5 issues of electric power company bonds and industrial bonds. As a result, our commissions for underwriting and selling bonds totaled 648 million yen (174.7%).

- Offering, selling, and other fees and commissions

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

In the area of distributed investment trusts, for which there is a strong demand among individual investors due to Japan's long-continuing low interest rates, we increased the quality and quantity of our product lineup, offering, among other things, funds that invest in foreign bonds, real estate trusts, and domestic and foreign stocks with a high dividend yield.

On the other hand, in the area of investment trusts, which invest in equities, we newly introduced "Nippon Steel Group Open," which seeks to profit from the growth of the steel industry, and "Shinko Pure India Equity Fund," which invests in India, for which expectations of growth are high.

In addition, we introduced "Seven Leaves Capital Preservation Fund-Principal Protection Strategy Ivy Clarus 2006-09 (USD)," a foreign investment trust that aims to obtain an absolute return through hedge funds and to guarantee the investor's dollar-denominated principal at the time of redemption.

As a result, commissions from the sale of investment trusts reached 8.966 billion yen (119.7%) Other fees and commissions totaled 12.72 billion yen (144.7%).

(2) Trading profits

This interim period saw us earn trading profits of 1.993 billion yen (24.1%) on equity trading, and 14.356 billion yen (108.5%) on the trading of bonds and other instruments. Total trading profits thus stood at 16.349 billion yen (76.0%).

(3) Financial profit/loss

Deducting financial expenses of 4.018 billion yen (181.8%) from financial revenues of 5.307 billion yen (202.5%) gives a financial profit of 1.288 billion yen (314.2%).

(4) Selling, general and administrative expenses

During this interim period, although real estate expenses, etc. decreased, personnel expenses, office expenses, etc. increased, resulting in total selling, general and administrative expenses of 54.067 billion yen (103.5%).

(5) Extraordinary profits and losses

As extraordinary profit, we recorded 859 million yen in software licensing fees, and 253 million yen from the reversal from allowance for bad debts. On the negative side, we recorded an extraordinary loss of 418 million yen. Thus, overall, we posted an extraordinary profit of 805 million yen.

2. Financial position

Net cash provided in operating activities was 19.743 billion yen due to such factors as an increase in loans payable secured by securities.

Net cash used in investment activities totaled 8.079 billion yen due to such factors as an increase in new IT system investments.

Net cash used in financing activities totaled 3.587 billion yen due to such factors as a decrease in short term loans payable.

As a result of these flows, the balance of cash and cash equivalents stood at 125.73 billion yen at the end of this interim period.

3. Risk related to business, etc.

Below we have described the various types of risk, related to our corporate group's business, that, we believe, are important for investors to know in making investment decisions. In the name of providing investors with relevant information for investment decisions, we have also discussed some other matters besides those related to risk. Our corporate group, aware of the possibility of such types of risk occurring, endeavors to avoid them or, if they do occur, to deal with them effectively. Although future events might affect them, the views presented below are based on our best judgment as of the release date of this latest settlement of accounts (25 October 2006).

(1) Risk related to price fluctuations, etc., of securities

1) Risk related to trading operations, etc.

Our corporate group conducts trading operations, etc., involving various financial products, including derivatives; and fluctuations, etc., in the related stock prices, interest rates and exchange rates can affect the group's business results and financial position.

2) Risk related to underwriting operations

Our corporate group conducts underwriting operations for equities and bonds. When, in the offering and selling activities involved, a remainder of unsold securities occurs, it can affect the market price of the securities, which can in turn cause a loss on their sale or appraisal and thus affect the group's business results and financial position as well.

3) Investment securities

Our corporate group purchases stocks and other investment securities with the aim of holding them for a long time. When stock prices fall, investment capital depreciates and appraisal loss occurs, which can affect the group's business results and financial position.

(2) Risk related to the worsening of the investment recipient's credit

Should the entity in which an investment is made default, etc., such things as nonperformance of a swap contract, damage to the capital invested in a bond, a delay in interest payments, etc., can ensue, resulting in a loss, and this in turn can affect business results and financial position.

(3) Risk related to market shrinkage

When the stock market slumps, the volume of transactions may decrease, as may stock brokerage commissions. The issue market may also be similarly affected. Such a situation can have an impact on business results and financial position.

(4) Risk originating in subsidiary companies

Our company has various subsidiaries: Shinko Investment Co., Ltd., which conducts investment operations; Shinko Investment Trust Co., Ltd., which manages investment trusts; Shinko Building Co., Ltd., which operates a real estate business; etc. Accordingly, their business results can be greatly affected by fluctuations in the stock market, changes in real estate market conditions, and other factors, and this in turn can affect the business results and financial position of our corporate group.

(5) IT system risk and other types of operational risk

In accordance with our basic policy for IT system risk management, our company continually endeavors to strengthen our IT security in terms of preventing system malfunctions, improper computer use, etc. However, should unauthorized access from the outside, a fire, electrical circuit problems, or some other problem occur, then, depending on the extent of its damage to the system, it could affect our operations, which in turn could impact our business results and financial position.

Our company has prepared instruction manuals for its various operations, and we continually endeavor to strengthen our compliance system. However, should an employee be negligent in conducting operations or cause an accident or commit an irregularity, it could interfere with operations or generate a loss and thus affect our business results and financial position as well.

(6) Risk related to legal violations

In our corporate group, compliance is one of the most important themes of management, and we are continually working to strengthen it. However, should an officer or employee intentionally or unintentionally violate a law, our relationship of trust with clients could be damaged. Moreover, should we as a corporation violate a law, we could be ordered by the regulatory authorities to restrict or cease our operations, which could result in lawsuits being brought against us by clients and our having to pay damages, which could in turn affect our business results and financial position.

(7) Risk related to management of client information, etc.

Our corporate group, by establishing in-house regulations and conducting educational activities for employees, seeks to instill a clear understanding about how personal information and confidential information should be managed. However, should client information, etc., be divulged outside the company, it could greatly damage the group's reputation and affect its business results and financial position as well.

(8) Risk related to a decline in credit rating and a worsening of the terms for obtaining credit

Should a rating agency lower our company's credit rating, it could be expected to restrict the amount, and increase the cost, of the capital and funds that we can raise, and could thus affect our business results and financial position as well.

(9) Risk related to capital adequacy requirement ratio

Based on the Securities and Exchange Law, a securities company is required to maintain a capital adequacy requirement ratio of 120% or higher. If by chance this capital adequacy requirement ratio cannot be maintained, the company risks being ordered to discontinue business, etc. Furthermore, should the capital adequacy requirement ratio sharply decrease due to, for example, the posting of a loss caused by a deterioration of the business environment, then vigorously eliminating risk and pursuing profit so as to maintain the ratio will become difficult, and the possibility of losing profit opportunities will increase. As a result of this, moreover, the company's business activities could be affected, and its business results and financial position could be impacted as well.

(10) Regarding changes in the law

Our corporate group conducts its operations in accordance with current regulations. Future changes, etc., in laws, rules, political policies, customary practices, interpretations, or other societal standards could result in a situation that affects the group's conduct of operations and its business results and financial position as well.

(11) Regarding competition

The securities industry expects business opportunities to increase as a result of, among other things, various kinds of system reforms and the lifting of the ban against financial institutions conducting intermediary businesses. However, when business opportunities increase, so does competition in the industry, and companies from other industries also enter the fray, further intensifying the competition. If, in such a situation, our corporate group should be unable to prevail against the competition, its business results and financial position could suffer.

(12) Regarding retirement benefit obligations

Our corporate group's employee retirement benefit costs and obligations are calculated according to the discount rate, the expected rate of return on the investment of pension assets, and other factors set for the actuarial calculation. Should the yield on pension assets fall or their market value decline, or should the factors in the calculation be changed, it will affect the subsequent value of the costs and obligations.

(13) Event risk

Our corporate group conducts business activities at branch offices and business offices both inside and outside Japan. Should a terrorist act, a disaster, or some other such event occur, part or all of those activities might have to be discontinued, which could affect the group's business results and financial position.

Consolidated Balance Sheets

(In millions of yen)

	First half to 30 September 2006	First half to 30 September 2005	Year-on-year increase/decrease	Financial year to 31 March 2006
Assets				
Current assets	3,833,932	2,869,524	964,407	3,301,765
Cash and due from banks	125,952	132,666	-6,714	117,742
Fund deposits	63,136	72,006	-8,870	90,807
Trading products	1,675,144	1,035,655	639,488	1,129,989
Trading securities, etc.	1,669,698	1,032,877	636,820	1,126,971
Derivative assets	5,445	2,777	2,667	3,018
Trade date accrual	60,806	44,684	16,122	35,000
Investment securities for sale	2,142	2,340	-198	2,771
Margin transaction assets	115,100	89,506	25,593	154,683
Customers' loans receivable in margin transactions	107,821	73,560	34,260	143,473
Collateral for borrowed securities for margin transactions	7,278	15,946	-8,667	11,210
Loans receivable secured by securities	1,755,258	1,454,095	301,163	1,731,751
Collateral for borrowed securities	1,725,178	1,453,995	271,183	1,681,659
Loans receivable in gensaki transactions	30,079	100	29,979	50,092
Advances	155	2,348	-2,193	410
Accounts for non-delivered securities and others	67	—	67	42
Short-term loans receivable	373	272	101	229
Securities	1,602	1,613	-11	900
Deferred income tax assets	3,397	2,558	838	5,335
Other current assets	30,944	31,922	-978	32,476
Allowance for bad debts	-149	-147	-1	-377
Fixed assets	168,925	156,010	12,914	174,077
Tangible fixed assets	34,662	38,847	-4,184	34,866
Intangible fixed assets	34,568	27,179	7,389	32,050
Investments and other assets	99,694	89,984	9,709	107,160
Investment securities	84,277	72,560	11,716	91,115
Long-term deposits	11,945	13,089	-1,143	12,064
Deferred income tax assets	181	278	-96	335
Other investments	8,479	9,434	-954	9,020
Allowance for bad debts	-5,189	-5,377	188	-5,375
Total assets	4,002,857	3,025,535	977,322	3,475,843

(In millions of yen)

	First half to 30 September 2006	First half to 30 September 2005	Year-on-year increase/decrease	Financial year to 31 March 2006
Liabilities				
Current liabilities	3,643,970	2,704,459	939,511	3,118,025
Trading products	1,249,203	958,296	290,907	1,108,796
Trading securities, etc.	1,247,673	949,524	298,148	1,101,191
Derivative liabilities	1,530	8,771	-7,240	7,604
Margin transaction liabilities	66,558	56,811	9,746	98,759
Customers' loans payable for margin transactions	62,274	49,264	13,009	92,622
Collateral for loaned securities for margin transactions	4,283	7,546	-3,263	6,136
Loans payable secured by securities	1,751,641	1,237,503	514,138	1,316,664
Amounts receivable on loan transactions	1,614,152	1,070,970	543,182	1,128,375
Loans payable in gensaki transactions	137,489	166,533	-29,043	188,288
Deposits received	63,870	68,848	-4,978	62,392
Received margins	26,524	16,655	9,868	24,527
Accounts for non-received securities and others	47	120	-72	—
Short-term loans payable	344,150	271,870	72,280	389,690
Commercial paper	124,000	80,300	43,700	84,200
Income taxes payable	2,327	2,618	-290	15,601
Deferred tax liabilities	—	—	—	207
Reserve for bonus	5,023	4,034	989	7,089
Other current liabilities	10,623	7,400	3,223	10,097
Fixed liabilities	82,357	67,639	14,718	75,084
Corporate bonds	33,000	—	33,000	20,000
Long-term loans payable	24,550	41,050	-16,500	26,050
Deferred tax liabilities	12,726	8,997	3,729	15,392
Reserves for retirement benefits	8,934	16,311	-7,376	10,827
Other fixed liabilities	3,146	1,280	1,865	2,814
Statutory reserve	1,094	1,047	47	1,157
Total liabilities	3,727,423	2,773,145	954,277	3,194,267
Minority interest	—	5,546	—	6,103
Shareholders' equity				
Common stock	—	125,167	—	125,167
Capital surplus	—	82,542	—	82,544
Earned surplus	—	31,153	—	50,322
Net unrealized gains on other securities, net of taxes	—	15,245	—	24,713
Foreign currency translation adjustment	—	359	—	422
Treasury stock	—	-7,626	—	-7,696
Total shareholders' equity	—	246,842	—	275,472
Total liabilities, minority interest, and shareholders' equity	—	3,025,535	—	3,475,843
Net assets				
Shareholders' equity	248,392	—	—	—
Common stock	125,167	—	—	—
Capital surplus	82,603	—	—	—
Earned surplus	48,296	—	—	—
Treasury stock	-7,675	—	—	—
Valuation and translation adjustments	21,100	—	—	—
Net unrealized gains on other securities, net of taxes	20,456	—	—	—
Foreign currency translation adjustment	644	—	—	—
Minority interest	5,941	—	—	—
Total net assets	275,434	—	—	—
Total liabilities and net assets	4,002,857	—	—	—

Consolidated Statement of Income

(In millions of yen)

	First half from 1 April 2006 to 30 September 2006	First half from 1 April 2005 to 30 September 2005	% change from same period last year	Financial year from 1 April 2005 to 31 March 2006
Operating revenues	66,004	65,845	100.2	152,915
Commissions and fees received	43,690	41,502	105.3	101,351
Trading profit or loss	16,349	21,513	76.0	45,919
Trading profit or loss on investment securities for sale	656	208	314.8	365
Financial revenues	5,307	2,621	202.5	5,279
Financial expenses	4,018	2,211	181.8	4,395
Net operating revenues	61,985	63,634	97.4	148,520
Selling, general and administrative expenses	54,067	52,216	103.5	109,256
Transaction expenses	7,870	7,480	105.2	14,982
Personnel expenses	27,683	25,976	106.6	56,742
Real estate expenses	7,327	7,788	94.1	14,554
Office expenses	3,692	3,150	117.2	6,862
Depreciation	4,905	5,151	95.2	10,323
Taxes and dues	702	684	102.7	1,465
Others	1,884	1,984	95.0	4,326
Operating profit	7,918	11,418	69.3	39,263
Non-operating revenues	3,883	3,102	125.2	6,218
Investment profit on equity method	30	53	56.0	217
Others	3,852	3,048	126.4	6,000
Non-operating expenses	874	1,242	70.4	2,297
Ordinary profit	10,926	13,277	82.3	43,184
Extraordinary profits	1,224	3,029	40.4	6,900
Extraordinary losses	418	365	114.7	4,251
Net profit before taxes, etc.	11,732	15,942	73.6	45,833
Income taxes	1,846	2,449	75.4	15,570
Adjustment amount for income taxes	2,135	-2,413	—	-5,217
Minority interest	94	135	69.9	518
Net profit	7,655	15,770	48.5	34,962

Consolidated Statement of Earned Surplus

(In millions of yen)

	First half from 1 April 2005 to 30 September 2005	Financial year from 1 April 2005 to 31 March 2006
Capital Surplus		
Balance of capital surplus at start of period	82,541	82,541
Increase in capital surplus	1	2
Gain/loss on disposal of treasury stock	1	2
Balance of capital surplus at end of period	82,542	82,544
Earned Surplus		
Balance of earned surplus at start of period	20,174	20,174
Increase in earned surplus	15,770	34,962
Net profit	15,770	34,962
Decrease in earned surplus	4,791	4,814
Dividend	4,625	4,625
Officer's bonus	165	165
Decrease in earned surplus due to exclusion from consolidation and from application of equity method	0	22
Balance of earned surplus at end of period	31,153	50,322

Consolidated Statement of Shareholders' Equity

First-Half for the Financial Year Ending 31 March 2007 (1 April 2006 - 30 September 2006) (In millions of yen)

	Shareholders' equity					Valuation and translation adjustments			Minority interests	Total net assets
	Common stock	Capital surplus	Earned surplus	Treasury stock	Total	Net unrealized gains on other securities, net of taxes	Foreign currency translation adjustment	Total valuation and translation adjustments		
Balance as of 31 March 2006	125,167	82,544	50,322	-7,696	250,336	24,713	422	25,135	6,103	281,575
Amounts of changes in 1st half										
Distribution of surplus			-9,248		-9,248					-9,248
Officer's bonus			-432		-432					-432
Net profit			7,655		7,655					7,655
Acquisition of treasury stocks				-57	-57					-57
Disposal of treasury stock		59		77	137					137
Net amount of change in 1st half for non-stockholder-capital items						-4,256	222	-4,034	-161	-4,196
Total amount of change in 1st half	—	59	-2,025	20	-1,944	-4,256	222	-4,034	-161	-6,141
Balance as of 30 September 2006	125,167	82,603	48,296	-7,675	248,392	20,456	644	21,100	5,941	275,434

Consolidated Cash Flow Statement

(In millions of yen)

	First half from 1 April 2006 to 30 September 2006	First half from 1 April 2005 to 30 September 2005	Financial year from 1 April 2005 to 31 March 2006
I Cash flows from operating activities			
Net profit before taxes, etc.	11,732	15,942	45,833
Depreciation	4,905	5,151	10,323
Adjustment for extraordinary profit and loss			
Profit from sale on fixed assets	-17	-225	-1,998
Loss from sale or disposition of fixed assets	95	90	3,152
Loss from assets impairment	—	165	165
Profit from sale on investment securities	-30	-685	-2,005
Write-down and loss from sale of investment securities	106	81	85
Write-down of golf club memberships	—	2	3
Loss from change in IT system	193	—	601
Software licensing fee	-859	-1,800	-1,800
Profit from switchover of retirement benefits payment system	—	—	-344
Reversal of reserve for business reorganization loss	—	-316	-316
Provision (reversal) of reserve for securities transaction liabilities	-62	-2	108
Provision (reversal) of allowance for bad debts	-230	25	24
Interest income and dividends receivable	-5,947	-3,340	-6,201
Interest cost	4,018	2,211	4,395
Investment profit/loss on equity method	-30	-53	-217
Increase/decrease in loans receivable	-104	-50	11
Increase/decrease in money held as customers' trust	27,645	-7,120	-25,847
Increase/decrease in advances and deposits received	1,733	10,961	6,442
Increase/decrease in trading products	-429,950	20,389	87,250
Increase/decrease in margin transaction assets	39,583	-3,085	-68,262
Increase/decrease in margin transaction liabilities	-32,201	692	42,639
Increase/decrease in loans receivable secured by securities	-23,507	269,987	-7,668
Increase/decrease in loans payable secured by securities	434,977	-238,354	-159,193
Increase/decrease in allowance for bad debts	-125	478	733
Increase/decrease in reserve for bonus	-2,066	177	3,232
Increase/decrease in reserves for retirement benefits	-1,892	-873	-6,357
Others	5,858	-8,296	1,339
Subtotal	33,823	62,152	-73,867
Interest and dividends received	5,274	3,519	4,867
Interest paid	-3,891	-2,179	-4,388
Income taxes, etc. paid	-15,462	-1,119	-1,708
Cash flow from operating activities	19,743	62,372	-75,097
II Cash flows from investing activities			
Payments for purchases of investment securities	-3,099	-5,460	-12,179
Proceeds from the sale of investment securities	1,765	4,629	9,880
Payments for purchases of tangible fixed assets	-580	-543	-1,245
Proceeds from the sale of tangible fixed assets	25	726	3,757
Payments for purchases of intangible fixed assets	-6,880	-4,641	-12,609
Proceeds from sale of intangible fixed assets	345	—	—
Proceeds from return on long-term deposits	118	839	1,864
Proceeds from acquiring stock of subsidiaries upon a change in scope of consolidation	—	84	84
Others	226	213	2,168
Cash flow from investing activities	-8,079	-4,152	-8,278
III Cash flows from financing activities			
Increase/decrease in short-term loans payable	-45,540	4,465	117,035
Increase/decrease in commercial paper	39,800	23,100	27,000
Proceeds from issue of corporate bonds	12,982	—	19,960
Payments for long-term loans payable	-1,500	—	-9,750
Payments for acquiring treasury stocks	-57	-50	-121
Proceeds from sale of treasury stocks	137	—	—
Dividend paid	-9,248	-4,625	-4,625
Proceeds from issuing stock to minority shareholders	—	30	30
Dividend paid to minority shareholders	-161	-80	-80
Cash flow from financing activities	-3,587	22,838	149,448
IV Effect of foreign exchange rate changes on cash and cash equivalents	128	122	188
V Increase/decrease in cash and cash equivalents	8,205	81,180	66,261
VI Balance of cash and cash equivalents at start of year	117,524	51,656	51,656
VII Decrease in cash and cash equivalents resulting from exclusion from consolidation	—	-392	-392
VIII Balance of cash and cash equivalents at end of year	125,730	132,443	117,524

[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” (“Rules for Interim Consolidated Financial Statements”) and also comply with the provisions stipulated in Articles 48 and 69 of said ordinance. In addition, they are compiled in accordance with 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.

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

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

1. Matters regarding the scope of consolidation
 - (1) Consolidated subsidiaries (16 subsidiaries)
 - Major consolidated subsidiaries
 - Shinko Securities Business Services Co., Ltd.
 - Shinko Investment Co., Ltd.
 - Shinko Investment Trust Management Co., Ltd.
 - Nippon Securities Technology Co., Ltd.
 - (2) Non-consolidated subsidiaries (5 subsidiaries)
 - Major non-consolidated subsidiaries
 - Shinko IPO Investment Business Fund No.1
 - (2) Matters concerning the application of equity method
 - Equity-method affiliates (3 affiliates)
 - CUBIC Venture Capital Co., Ltd.
 - Mitoyo Securities Co., Ltd.
 - Eiwa Securities Co., Ltd.
 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.
 - Moreover, with regard to contributions to limited liability unions of the investment industry and similar unions (according to Article 2, Paragraph 2 of the Securities and Exchange Law, such contributions are regarded as negotiable securities), we use, as the acquisition price, the value of our holdings of union assets as designated on the union’s most recent statement of accounts that we are able to obtain as of the day - stipulated in the union contract - on which the latest statement of accounts is reported. With regard to profit and loss obtained from the operations of the union, etc., we use a method whereby we record the value of our holdings under profit and costs.
 - (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 deferred assets

The entire cost of issuing corporate bonds is handled as a cost at the time that it occurs.

(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 employee pensions, the difference between the value of such obligations and the total value of our pension assets at the end of this period was estimated, and the portion of the additional shortfall considered to have arisen in this interim period was charged to the period.

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

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

(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 net asset account under the heading "Foreign currency translation adjustment".

(6) 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.

(7) 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.

(8) 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.

[Change in Accounting Method]

(Accounting Standards Related to Items Listed in Net Assets Section of Balance Sheet)

Starting from the current interim period, the standards that apply are: "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Corporate Accounting Standards No. 5, 9 December 2005), and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board Guidance No. 8, 9 December 2005). Moreover, the amount that corresponds to the total in the "Capital" section before application of these standards is 269.492 billion yen.

[Notes on consolidated balance sheets]

	First half to 30 September 2006	First half to 30 September 2005	Financial year to 31 March 2006 (In millions of yen)
1. Accumulated depreciation of tangible fixed assets	16,832	22,345	16,311
2. Guarantee obligations (guarantee exercise anticipated)	1,129 (1,040)	1,379 (1,260)	1,232 (1,119)

In accordance with Report No.61 of the Auditing Committee of the Japanese Institute of Certified Public Accountants entitled “Auditing Procedures Concerning the Accounting for and Presentation of Guarantee Obligations and Similar”, we recognize that we bear effective responsibility for guaranteeing our obligations and therefore provide a footnote giving details of these obligations.

3. Subordinated corporate bonds and borrowings

Among our corporate bonds and long-term borrowings (including those that mature within one year), there are the following subordinated obligations (corporate bonds and borrowings with special subordinating conditions) as defined in Article 2 of Cabinet Office Ordinance No.23 (2001) entitled “Orders Concerning the Capital Adequacy of Securities Companies”.

	First half to 30 September 2006	First half to 30 September 2005	Financial year to 31 March 2006 (In millions of yen)
Corporate bonds	13,000	—	—
Long-term borrowings (incl. those that mature within 1 year)	40,050	51,000	41,250

[Notes on consolidated income statement]

	First half from 1 April 2006 to 30 September 2006	First half from 1 April 2005 to 30 September 2005	Financial year from 1 April 2005 to 31 March 2006 (In millions of yen)
Extraordinary profits			
Profit from sale of fixed assets	17	225	1,998
Profit from sale of investment securities	30	685	2,005
Software licensing fees	859	1,800	1,800
Profit from switchover of retirement benefits payment system	—	—	344
Profit from recovery of bad debts	—	—	435
Reversal from reserve for securities transaction liabilities	62	2	—
Reversal from allowance for bad debts	253	—	—
Reversal from reserve for business reorganization loss	—	316	316
Extraordinary losses			
Loss from sale of fixed assets	22	—	2,957
Loss from disposition of fixed assets	73	90	195
Loss from asset impairment	—	165	165
Loss from sale of investment securities	—	11	28
Write-down of investment securities	106	69	56
Write-down of golf club memberships	—	2	3
Contribution to securities market foundation building fund	—	—	109
Loss from change in IT system	193	—	601
Provision of reserve for securities transaction liabilities	—	—	108
Provision of allowance for bad debts	23	25	24

[Notes on consolidated statement of shareholders' equity]

First-Half for the Financial Year Ending 31 March 2007 (1 April 2006 - 30 September 2006)

1. Matters related to issued shares

	Shares at end of previous period (x 1,000)	Shares increased in this interim period (x 1,000)	Shares decreased in this interim period (x 1,000)	Shares at end of this interim period (x 1,000)
Shares outstanding				
Common stock	811,118	—	—	811,118
Total	811,118	—	—	811,118

2. Matters related to treasury stock

	Shares at end of previous period (x 1,000)	Shares increased in this interim period (x 1,000)	Shares decreased in this interim period (x 1,000)	Shares at end of this interim period (x 1,000)
Treasury stock				
Common stock	40,448	118	408	40,158
Total	40,448	118	408	40,158

(Notes)

- Treasury stock that is common stock increased by 118,000 shares. This increase resulted from the purchase of less than a full trading unit of shares.
- Treasury stock that is common stock decreased by 408,000 shares. A decrease of 11,000 shares resulted from a request to increase a purchase of shares comprising less than a full trading unit, while a decrease of 397,000 shares resulted from the exercising of stock option rights

3. Matters related to dividends

(1) Dividend payment amounts

Decision	Type of stock	Total amount of dividends (x 1 mil. yen)	Dividend per share (yen)	Record date	Effective issue date
Regular shareholders' meeting of 29 June 2006	Common stock	9,248	12.00	31 March 2006	30 June 2006

- (2) Dividend for which the record date falls within the current interim period and the effective issue date falls after the period.
None

[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 consolidated balance sheets

	First half from 1 April 2006 to 30 September 2006	First half from 1 April 2005 to 30 September 2005	Financial year from 1 April 2005 to 31 March 2006
			(In millions of yen)
Cash and due from banks	125,952	132,666	117,742
Fixed deposits for periods exceeding 3 months	-222	-223	-218
Cash and cash equivalents	125,730	132,443	117,524

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.

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 2006		As of 30 September 2005	
	Assets	Liabilities	Assets	Liabilities
Equities and warrants	84,621	7,815	95,608	19,562
Bonds	1,564,478	1,239,012	919,923	927,769
CP and CD	17,989	—	13,998	—
Beneficiary securities, etc.	2,608	844	3,346	2,193

(2) Notional amounts and market values of derivative contracts

(In millions of yen)

Type	As of 30 September 2006				As of 30 September 2005			
	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	185,606	3,372	98,041	244	176,708	1,324	152,212	1,444
Forward exchange contracts	19,194	100	56,556	226	12,206	59	33,849	70
Futures/forward contracts	226,675	992	38,722	232	41,351	240	94,218	6,173
Swap contracts	74,252	981	64,074	826	89,475	1,153	89,089	1,082

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 2006			As of 30 September 2005		
	Value on consolidated balance sheets	Market value	Gain/loss	Value on consolidated balance sheets	Market value	Gain/loss
Governmental / local bonds	500	498	-1	—	—	—
Corporate bonds	4,096	4,084	-11	4,617	4,617	-0
Others	—	—	—	—	—	—
Total	4,596	4,582	-13	4,617	4,617	-0

(2) Other securities with readily determinable market values

(In millions of yen)

Type	As of 30 September 2006			As of 30 September 2005		
	Acquisition cost	Value on consolidated balance sheets	Balance	Acquisition cost	Value on consolidated balance sheets	Balance
Equities	24,896	56,892	31,996	24,171	47,270	23,099
Bonds	—	—	—	—	—	—
Others	4,355	5,459	1,103	3,871	4,850	979
Total	29,251	62,351	33,100	28,043	52,121	24,078

(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 2006	As of 30 September 2005
	Value on consolidated balance sheets	Value on consolidated balance sheets
Bonds to be held to maturity	—	—
Governmental /local bonds	—	—
Corporate bonds	—	—
Others	—	—
Other securities	18,912	17,795
	(2,142)	(2,340)
Unlisted equities	8,059	10,469
	(2,139)	(2,305)
Unlisted bonds	3	35
	(3)	(35)
Others	10,849	7,290

(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 2006	
	Assets	Liabilities
Equities and warrants	95,387	8,469
Bonds	1,018,585	1,092,144
CP and CD	10,998	—
Beneficiary securities, etc.	2,000	576

(2) Notional amounts and market values of derivative contracts

(In millions of yen)

Type	As of 31 March 2006			
	Assets		Liabilities	
	Notional amounts, etc.	Fair value	Notional amounts, etc.	Fair value
Options contracts	262,342	879	253,918	1,116
Forward exchange contracts	31,058	44	56,688	168
Futures/forward contracts	82,958	536	75,352	5,116
Swap contracts	74,245	1,557	64,359	1,203

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 2006		
	Value on consolidated balance sheets	Market value	Balance
Market value higher than value recorded on consolidated balance sheets	900	900	0
Governmental / local bonds	—	—	—
Corporate bonds	900	900	0
Others	—	—	—
Market value lower than or equal to value recorded on consolidated balance sheets	3,701	3,678	-23
Governmental / local bonds	500	496	-3
Corporate bonds	3,200	3,181	-19
Others	—	—	—

(2) Other securities with readily determinable market values

(In millions of yen)

Type	As of 31 March 2006		
	Acquisition cost	Value on consolidated balance sheets	Balance
Market value higher than value recorded on consolidated balance sheets	24,909 (98)	65,137 (608)	40,227 (509)
Equities	22,656 (98)	61,782 (608)	39,125 (509)
Bonds	—	—	—
Governmental/local bonds	—	—	—
Corporate bonds	—	—	—
Others	—	—	—
Others	2,253	3,355	1,102
Market value lower than or equal to value recorded on consolidated balance sheets	3,540	3,221	-318
Equities	2,438	2,133	-304
Bonds	—	—	—
Governmental/local bonds	—	—	—
Corporate bonds	—	—	—
Others	—	—	—
Others	1,102	1,087	-14

(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 2006
	Value on consolidated balance sheets
Bonds to be held to maturity	—
Governmental /local bonds	—
Corporate bonds	—
Others	—
Other securities	19,626 (2,163)
Unlisted equities	8,348 (2,159)
Unlisted bonds	3 (3)
Others	11,274

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

Data on Consolidated Settlement of Accounts

1. Commissions and fees received

(1) Breakdown by account

(In millions of yen)

	First half from 1 April 2006 to 30 September 2006	First half from 1 April 2005 to 30 September 2005	% change from same period last year	Financial year from 1 April 2005 to 31 March 2006
Brokerage commissions	18,163	22,249	81.6	56,943
(Equities)	(18,054)	(22,165)	(81.5)	(56,742)
(Bonds)	(80)	(49)	(162.1)	(135)
Underwriting & selling fees	3,839	2,967	129.4	7,490
(Equities)	(3,190)	(2,596)	(122.9)	(6,417)
(Bonds)	(648)	(371)	(174.7)	(1,073)
Offering & selling fees and commissions	8,966	7,492	119.7	16,655
Other fees and commissions	12,720	8,792	144.7	20,261
Total	43,690	41,502	105.3	101,351

(2) Breakdown by instrument

(In millions of yen)

	First half from 1 April 2006 to 30 September 2006	First half from 1 April 2005 to 30 September 2005	% change from same period last year	Financial year from 1 April 2005 to 31 March 2006
Equities	21,629	24,968	86.6	63,625
Bonds	1,165	1,040	112.0	2,408
Beneficiary securities	16,152	12,468	129.5	27,772
Others	4,742	3,024	156.8	7,543
Total	43,690	41,502	105.3	101,351

2. Trading profits

(In millions of yen)

	First half from 1 April 2006 to 30 September 2006	First half from 1 April 2005 to 30 September 2005	% change from same period last year	Financial year from 1 April 2005 to 31 March 2006
Equities	1,993	8,285	24.1	15,490
Bonds, others	14,356	13,227	108.5	30,428
(Bonds)	(15,265)	(14,957)	(102.1)	(31,862)
(Others)	(-909)	(-1,729)	(—)	(-1,433)
Total	16,349	21,513	76.0	45,919

(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	35,999	43,429	43,640	34,074	31,929
Commissions and fees received	22,975	30,781	29,067	23,311	20,378
Brokerage commissions	12,937	18,986	15,706	10,494	7,668
(Equities)	(12,887)	(18,936)	(15,640)	(10,451)	(7,602)
(Bonds)	(29)	(35)	(50)	(26)	(54)
Underwriting & selling fees	2,002	2,288	2,234	1,799	2,040
(Equities)	(1,823)	(2,004)	(1,816)	(1,412)	(1,778)
(Bonds)	(179)	(283)	(418)	(387)	(261)
Offering & selling fees and Other fees and commissions	3,410	4,450	4,712	4,470	4,496
4,625	5,055	6,413	6,547	6,172	
Trading profit or loss	11,749	11,532	12,874	8,221	8,128
Equities, etc.	4,289	3,668	3,536	1,227	765
Bonds, exchange, etc.	7,460	7,863	9,337	6,993	7,362
(Bonds, etc.)	(8,360)	(8,130)	(8,774)	(6,268)	(8,996)
(Exchange, etc.)	(-900)	(-266)	(562)	(724)	(-1,634)
Trading profit or loss on investment securities for sale	107	-3	160	718	-61
Financial revenues	1,167	1,120	1,537	1,822	3,484
Financial expenses	1,174	1,104	1,079	1,357	2,660
Net operating revenues	34,825	42,324	42,560	32,716	29,268
Selling, general and administrative expenses	26,953	27,917	29,123	27,390	26,676
Transaction expenses	3,856	3,806	3,695	3,715	4,154
Personnel expenses	13,334	15,210	15,555	14,550	13,133
Real estate expenses	4,033	3,361	3,404	3,610	3,716
Office expenses	1,486	1,509	2,201	1,614	2,077
Depreciation	2,732	2,748	2,424	2,670	2,235
Taxes and dues	275	309	472	402	300
Others	1,236	972	1,369	825	1,058
Operating profit	7,871	14,407	13,437	5,326	2,591
Non-operating revenues	1,458	1,081	2,035	2,434	1,448
Investment profit on equity method	46	134	28	32	-2
Others	1,411	946	2,006	2,402	1,450
Non-operating expenses	656	397	657	304	570
Ordinary profit	8,673	15,090	14,815	7,456	3,470
Extraordinary profits	728	1,137	2,733	265	958
Extraordinary losses	176	43	3,842	31	387
Net profit before taxes, etc.	9,225	16,185	13,706	7,690	4,041
Income taxes	2,363	5,907	7,213	242	1,604
Adjustment amount for income taxes	-2,453	-148	-2,654	2,207	-72
Minority interest	75	255	127	141	-46
Net profit	9,240	10,171	9,020	5,099	2,555