

**Consolidated Financial Summary**  
**( for the quarter ended June 30, 2003 )**

Company's name: **Mizuho Securities Co., Ltd. ("the Company")**  
(URL <http://www.mizuho-sc.com>) Location: Tokyo

Representative: Name: Yoshio Osawa  
Title: President

For inquiry: Name: Keisuke Yokoo  
Title: Managing Executive Officer, Head of Planning Group Phone: (03) 5208-3212

Parent company: Mizuho Financial Group, Inc. The percentage of stock held by the  
(Stock code number : 8411) parent company: 100%

Application of US GAAP : No ( Including indirect holding by  
the parent company 100% )

Business performance for the quarter ended June 30, 2003 ( April 1, 2003 through June 30, 2003 )

(note) Any fraction of less than ¥1 million in each indicated amount is rounded down.

(1) Consolidated operating results

	Operating revenues		Net operating revenues		Operating profit	
	mil. yen	%	mil. yen	%	mil. yen	%
Quarter ended June 30, 2003	65,705 (	-9.5 )	30,342 (	-11.1 )	8,483 (	-16.5 )
Year ended March 31, 2003	290,379		136,446		40,624	

	Ordinary profit		Net profit	
	mil. yen	%	mil. yen	%
Quarter ended June 30, 2003	9,671 (	-10.5 )	5,153 (	97.3 )
Year ended March 31, 2003	43,232		10,448	

(note) ① Equity in earnings from investments in affiliates: Quarter ended June 30, 2003 29  
Year ended March 31, 2003 12

② Change in accounting policies: No change

③ The percentage in the columns of operating revenues, net operating revenues, operating profit, ordinary profit and net profit represents percentage of change from one-fourth of the corresponding annual amounts for the previous year.

(2) Consolidated financial position

	Total assets	Shareholder's equity	Shareholder's equity to total assets
	mil. yen	mil. yen	%
As of June 30, 2003	12,621,546	261,483	2.1
As of March 31, 2003	11,967,617	249,910	2.1

(note) Shareholder's equity to total assets = Total shareholder's equity ÷ ( Liabilities + Stocks held by Minority Shareholders + Total shareholder's equity ) × 100

(3) Scope of Consolidation and Application of the Equity Method

Number of Consolidated Subsidiaries: 9  
Nonconsolidated subsidiaries accounted for by the Equity Method: -  
Affiliates accounted for by the Equity Method: 4

(4) Change in Scope of Consolidation and Application of the Equity Method

Consolidation	Equity Method
Newly Consolidated: -	Newly applied: -
Excluded: -	Excluded: -

## 【Overview of Group Structures】

The Company and its subsidiaries and affiliates mainly operate debt and equity securities, M&A, structured finance and other businesses in securities and investment banking field and offer to corporate investors and customers including corporations, financial institutions and public-sector organizations, the high-quality financial products and services by conducting advanced financial technologies suitable for a wide range of customers' needs.

The Company has a presence in major financial centers in the UK, Switzerland, the United States and Hong Kong as a global investment banking firm focusing on trading and underwriting securities.

The Mizuho Financial Group, which the Company belongs to carried out a business reorganization on March 12, 2003. As a result, Mizuho Holdings, Inc. became a wholly-owned subsidiary of Mizuho Financial Group, Inc. and the Company became a wholly-owned subsidiary of Mizuho Corporate Bank, Ltd.

The major companies in the Company's group are as follows:

Name of Companies	Location	Capital	Major Operation	Ownership Percentage
(Parent company)				
Mizuho Financial Group, Inc.	Chiyoda-ku, Tokyo	mil.yen 1,540,965	Bank holding company	—
Mizuho Holdings, Inc.	Chiyoda-ku, Tokyo	mil.yen 2,442,000	Bank holding company	—
Mizuho Corporate Bank, Ltd.	Chiyoda-ku, Tokyo	mil.yen 1,070,965	Commercial banking	—
(Consolidated subsidiaries)				
Mizuho Securities Asia Limited	Hong Kong, People's Republic of China	mil. HK\$ 330	Securities	100.0%
Japan Investor Relations and Investor Support, Inc.	Chiyoda-ku, Tokyo	mil.yen 250	IR consulting services	100.0%
The Bridgeford Group, Inc.	New York, USA	US\$ 1,000,000	M&A business	100.0%
Mizuho Bank (Switzerland)Ltd.	Zurich, Switzerland	mil.SFR 159	Securities, commercial banking and private banking	40.0%
Mizuho International plc	London, UK	mil. £ 257	Securities, commercial banking and custody services	40.0%
Mizuho Securities USA Inc.	Hoboken, New Jersey, USA	US\$ 231,300	Securities and derivatives brokerage	40.0%
(Other affiliates)				
Mobile Internet Capital Inc.	Minato-ku, Tokyo	mil.yen 100	Venture capital	30.0%
Japan Industrial Partners Inc.	Chiyoda-ku, Tokyo	mil.yen 100	Investment advisory services	33.75%
Basic Capital Management, Limited	Chiyoda-ku, Tokyo	mil.yen 100	Investment advisory services	50.0%
Industrial Decisions, Inc.	Minato-ku, Tokyo	mil.yen 40	Consulting services	50.0%

**Consolidated Balance Sheets**  
**( As of June 30, 2003 )**

( Unit : Millions of yen )

Description	As of June 30, 2003	As of March 31, 2003	Change
<b>Assets</b>			
Current assets	12,493,170	11,836,854	656,316
Cash and deposits	74,847	75,671	(824)
Cash segregated as deposits	6,517	1,481	5,035
Trading assets	5,031,657	4,769,653	262,004
Trading securities and others	4,944,068	4,676,328	267,739
Derivative transactions	87,589	93,324	(5,735)
Operational securities	3,124	3,047	77
Margin transaction assets	9,068	7,044	2,023
Loans secured by securities	6,989,739	6,855,160	134,578
Guarantee deposits	31,148	37,803	(6,655)
Securities fails to deliver	244,195	19,146	225,049
Short-term loans receivable	35,483	5,375	30,107
Accrued income	37,190	36,571	618
Short-term deferred tax assets	1,907	2,530	(622)
Others	28,316	23,399	4,916
Allowance for doubtful accounts	(26)	(32)	6
Fixed assets	128,375	130,762	(2,387)
Tangible fixed assets	11,544	11,588	(44)
Buildings	6,871	6,961	(90)
Furniture and fixture	4,672	4,627	45
Intangible fixed assets	8,747	8,344	403
Goodwill	94	112	(18)
Software	8,590	8,138	451
Others	63	93	(29)
Investments	108,083	110,829	(2,745)
Investment securities	102,411	104,039	(1,628)
Other equity investments	1,293	303	990
Long-term guarantee deposits	2,973	2,871	101
Long-term prepaid expenses	10	11	(0)
Long-term deferred tax assets	766	3,096	(2,329)
Others	627	506	121
<b>Total assets</b>	<b>12,621,546</b>	<b>11,967,617</b>	<b>653,929</b>

( Unit : Millions of yen )

Description	As of June 30, 2003	As of March 31, 2003	Change
<b>Liabilities</b>			
Current liabilities	12,158,220	11,519,032	639,188
Trading liabilities	3,220,554	2,690,094	530,459
Trading securities and others	3,121,341	2,624,529	496,811
Derivative transactions	99,213	65,564	33,648
Payable-unsettled trades	269,045	595,773	(326,728)
Borrowings secured by securities	7,617,519	7,490,959	126,559
Deposits received	16,520	9,945	6,575
Cash collateral received from customers	32,367	34,761	(2,393)
Securities fails to receive	44,319	25,791	18,528
Valuation margin received	8,670	4,463	4,207
Short-term borrowings	760,292	515,936	244,356
Commercial paper	133,900	91,400	42,500
Accrued expenses	36,848	29,006	7,842
Income taxes payable	4,774	7,860	(3,085)
Reserve for bonuses	6,057	16,926	(10,868)
Others	7,350	6,114	1,236
Fixed liabilities	112,076	111,956	119
Bonds and notes	93,782	89,863	3,919
Long-term borrowings	15,118	18,180	(3,062)
Deferred tax liabilities	1,562	429	1,132
Reserve for retirement benefits	1,009	954	55
Others	603	2,528	(1,924)
Statutory reserves	486	439	46
<b>Total liabilities</b>	<b>12,270,784</b>	<b>11,631,429</b>	<b>639,354</b>
Minority interests	89,278	86,277	3,000
<b>Shareholder's equity</b>			
Common stock	150,200	150,200	—
Capital surplus	95,324	95,324	—
Retained earnings	10,958	5,804	5,153
Unrealized gains (losses) on other securities, net of taxes	2,843	(1,943)	4,786
Foreign currency translation adjustments	2,157	523	1,633
<b>Total shareholder's equity</b>	<b>261,483</b>	<b>249,910</b>	<b>11,573</b>
<b>Total liabilities, minority interests and     shareholder's equity</b>	<b>12,621,546</b>	<b>11,967,617</b>	<b>653,929</b>

**Consolidated Statements of Operations**  
**( for the quarter ended June 30, 2003 )**

( Unit: Millions of yen )

Description	Quarter ended June 30, 2003      a	Year ended Mar.31, 2003      b	Comparison (%) 4xa/b
Operating revenues	65,705	290,379	90.5%
Commission	12,053	40,070	120.3%
Trading profit	8,240	58,696	56.2%
Net gains on operational securities	—	41	—
Financial income	45,411	191,571	94.8%
Financial expenses	35,363	153,932	91.9%
Net operating revenues	30,342	136,446	88.9%
Selling, general and administrative expenses	21,858	95,822	91.2%
Commissions and other transaction-related expenses	7,086	20,071	141.2%
Compensation and benefits	9,985	56,175	71.1%
Real estate expenses	1,830	6,601	110.9%
Data processing and office supplies	745	3,315	90.0%
Depreciation	1,342	5,368	100.1%
Taxes and dues other than income taxes	126	569	88.6%
Amortization of consolidation differences	—	1,766	—
Others	741	1,953	151.9%
Operating profit	8,483	40,624	83.5%
Non-operating revenues	1,204	4,801	100.3%
Equity in earnings from investments in affiliates	29	12	974.8%
Others	1,174	4,789	98.1%
Non-operating expenses	16	2,193	3.0%
Ordinary profit	9,671	43,232	89.5%
Non-ordinary profits	38	1,137	13.5%
Non-ordinary losses	148	13,930	4.3%
Net profit before income taxes and minority interests	9,561	30,438	125.6%
Income taxes-current	3,371	10,467	128.8%
Income taxes-deferred	668	(1,906)	—
Minority interests in net profit	366	11,428	12.8%
Net profit	5,153	10,448	197.3%

## **Notes to consolidated financial statements**

The Company's quarterly consolidated financial statements are prepared based on the "Regulations of Interim Consolidated Financial Statements" (Ministry of Finance (MoF) Ordinance No.24, 1999) and its Article 48 and 69, in accordance with the "Cabinet Office Ordinance Concerning Securities Companies"(Prime Minister's Office and MoF Ordinance No.32, 1998), and the "Uniform Accounting Standards of Securities Companies"(approved by the board of directors of the Japan Securities Dealers Association, September 28, 2001).

## **Basis of consolidated financial statements**

### 1.Scope of consolidation

Consolidated subsidiaries : 9 Companies

Name of major subsidiaries :

Mizuho Securities Asia Limited  
Japan Investor Relations and Investor Support, Inc.  
The Bridgeford Group, Inc.  
Mizuho Bank (Switzerland) Ltd.  
Mizuho International plc  
Mizuho Securities USA Inc.

### 2.Application of the equity method

Affiliates accounted for by the equity method : 4 Companies

Name of the affiliates :

Mobile Internet Capital Inc.  
Japan Industrial Partners Inc.  
Basic Capital Management, Limited  
Industrial Decisions, Inc.

### 3.Quarter ends of subsidiaries

The quarterly financial statements for consolidated subsidiaries are based on the same quarter end date as the parent company uses.

### 4.Accounting policies

#### (1) Valuation of securities and trading account

##### ① Valuation of trading account

The Company and its subsidiaries are trading financial instruments to contribute for the markets to have proper prices and liquidities.

The Company and subsidiaries hold trading positions for the purpose of :

1) responding to customers' needs to invest or hedge risk, and 2) gaining profits or mitigating losses due to fluctuations of market prices and differences of prices in various markets.

Securities, derivative transactions, and assets or liabilities in trading account are recorded at fair value, considering liquidity risk.

##### ② Valuation of non-trading securities

Non-trading securities are valued as follows :

- (a) Other securities, which have readily determinable fair value are stated at fair value with changes in differences between fair value and cost or amortized cost determined by the moving average method, net of the applicable income taxes, included directly in shareholder's equity.
- (b) Other securities, which do not have readily determinable fair value are stated at cost determined by the moving average method.

(2) Depreciation method of significant assets

① Tangible fixed assets

The Company and domestic consolidated subsidiary mainly apply the declining-balance method except for buildings (excluding leasehold improvement) acquired after March 31, 1998, which are applied the straight-line method. Overseas subsidiaries mainly apply the straight-line method.

② Intangible fixed assets

The straight-line method is primarily applied to amortization of intangible asset. The amortization period of software for internal use are determined based on estimated internal useful lives.

(3) Accounting policies for reserves

① Allowance for doubtful accounts

The allowance is provided for impaired loans and accounts at the amount estimated based on the management's assessments of asset quality and for other receivables at the amount estimated based on past experiences.

② Reserve for bonuses

Reserve is provided for bonus payments to employees at the amount attributable to the quarter of the future payments estimated based on the company's internal rules.

③ Reserve for retirement benefits

Reserve for retirement benefits is provided for future retirement benefits to employees. It is recorded as the amounts deemed to have arisen at the end of the quarter, based on estimated actuarial retirement benefits and plan assets as of consolidated fiscal year end.

Prior service cost is charged to income in the consolidated fiscal period which the cost is recognized.

Net actuarial gain or loss is amortized in the years following the consolidated fiscal year of incurrence in which the gain or loss is recognized over the period within the employees average remaining service period on a straight-line basis.

(4) Accounting for lease transactions

Except for finance lease agreements, under which the ownership of the leased assets is deemed to be transferred to the lessee, lease fees are charged to income, when incurred.

(5) Other significant accounting policies

① Consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

## 5.Valuation of assets and liabilities of subsidiaries acquired

All assets and liabilities of consolidated subsidiaries are valued at fair value and included in the consolidated financial statements when acquired.

## 6.Amortization of consolidation differences

Consolidation differences are charged to income in the consolidated fiscal year of the acquisition due to immaterial amount.