

**Nonconsolidated Financial Summary**  
**( for the year ended March 31, 2004 )**

Company's name: **Mizuho Securities Co., Ltd.**

(URL <http://www.mizuho-sc.com>)

Location: Tokyo

Representative: Name: Yoshio Osawa

Title: President

For inquiry: Name: Keisuke Yokoo

Title: Managing Director, Head of Planning Group Phone: (03) 5208-3212

Date of resolution of Board of Directors with respect to  
the non-consolidated financial statements : April 28, 2004  
Date of General Shareholder's Meeting : June 24, 2004

Interim dividend system: Available  
Unit of trading : Not employed

Business performance for the year ended March 31, 2004 (April 1, 2003 through March 31, 2004)

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

(1) Operating results

	Operating revenues		Net operating revenues		Operating profit	
	mil. yen	%	mil. yen	%	mil. yen	%
Fiscal year (2004/3)	83,704 (	42.5 )	79,086 (	40.5 )	36,969 (	62.9 )
Fiscal year (2003/3)	58,747 (	32.0 )	56,285 (	35.1 )	22,696 (	61.5 )

	Ordinary profit		Net profit	
	mil. yen	%	mil. yen	%
Fiscal year (2004/3)	37,005 (	63.3 )	20,807 (	414.6 )
Fiscal year (2003/3)	22,654 (	57.9 )	4,043 (	— )

(note) ① Change in accounting policies : No change

② The percentage in the column of operating revenues, net operating revenues, operating profit, ordinary profit, and net profit indicate percentage changes from the year in the previous fiscal year.

(2) Financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Capital adequacy ratio
	mil. yen	mil. yen	%	%
Fiscal year (2004/3)	6,331,295	286,990	4.5	277.7
Fiscal year (2003/3)	5,955,961	242,859	4.1	385.5

(note) Shareholders' equity ratio = Total shareholders' equity ÷ Total liabilities and shareholders' equity × 100

**Nonconsolidated Balance Sheets**  
**( As of March 31, 2004 )**

( Unit : Millions of yen )

Description	As of March 31, 2004	As of March 31, 2003	Change
Assets			
Current assets	6,117,029	5,867,144	249,885
Cash and deposits	35,211	36,562	(1,350)
Cash segregated as deposits	6,086	1,304	4,781
Trading assets	2,889,826	3,373,694	(483,867)
Trading securities and others	2,848,038	3,366,922	(518,883)
Derivative transactions	41,788	6,772	35,015
Operational securities	4,572	792	3,779
Receivable-unsettled trades	121,534	-	121,534
Margin transaction assets	4,775	5,184	(409)
Loans secured by securities	3,006,454	2,433,454	572,999
Guarantee deposits	15,040	3,441	11,599
Securities fails to deliver	4,948	7	4,941
Valuation margin paid	13,902	1,270	12,631
Short-term loans receivable	-	70	(70)
Accrued income	8,876	8,890	(14)
Short-term deferred tax assets	3,815	1,511	2,303
Others	1,999	960	1,038
Allowance for doubtful accounts	(13)	(1)	(11)
Fixed assets	214,265	88,817	125,448
Tangible fixed assets	5,405	5,111	294
Buildings	2,690	2,664	26
Furniture and fixture	2,714	2,446	267
Intangible fixed assets	6,243	6,052	191
Goodwill	277	112	164
Software	5,905	5,877	28
Others	60	61	(1)
Investments	202,616	77,654	124,962
Investment Securities	56,928	18,067	38,861
Investment in affiliates	141,946	53,793	88,153
Other equity investments	403	303	100
Long-term guarantee deposits	2,770	2,814	(43)
Long-term prepaid expenses	8	11	(3)
Long-term deferred tax assets	-	2,157	(2,157)
Others	557	506	50
Total assets	6,331,295	5,955,961	375,333

( Unit : Millions of yen )

Description	As of March 31, 2004	As of March 31, 2003	Change
<b>Liabilities</b>			
Current liabilities	5,928,863	5,711,707	217,155
Trading liabilities	2,644,249	1,894,275	749,973
Trading securities and others	2,594,253	1,888,344	705,908
Derivative transactions	49,995	5,930	44,065
Payable-unsettled trades	-	426,960	(426,960)
Margin transaction liabilities	400	-	400
Borrowings secured by securities	2,230,988	2,894,957	(663,969)
Deposits received	3,834	1,770	2,063
Cash collateral received from customers	291	4	287
Securities fails to receive	2,410	60	2,350
Short-term borrowings	767,056	391,255	375,801
Commercial paper	237,800	91,400	146,400
Short-term bonds and notes	12,500	-	12,500
Accrued expenses	8,000	3,960	4,040
Income taxes payable	15,862	4,326	11,536
Reserve for bonuses	4,526	2,022	2,504
Others	941	715	226
Fixed liabilities	114,637	954	113,682
Bonds and notes	62,900	-	62,900
Long-term borrowings	35,500	-	35,500
Deferred tax liabilities	12,700	-	12,700
Reserve for retirement benefits	2,496	954	1,541
Others	1,039	-	1,039
Statutory reserves	804	439	364
<b>Total liabilities</b>	<b>6,044,304</b>	<b>5,713,102</b>	<b>331,202</b>
<b>Shareholder's equity</b>			
Common stock	150,200	150,200	-
Capital surplus	95,324	95,324	-
Additional paid-in capital	95,324	95,324	-
Retained earnings	20,387	(419)	20,807
Legal earned reserve	870	870	-
Voluntary reserve	1,611	1,633	(22)
Unappropriated retained earnings ( deficit )	17,905	(2,923)	20,829
Unrealized gains(losses) on other securities, net of taxes	21,078	(2,245)	23,323
<b>Total shareholders' equity</b>	<b>286,990</b>	<b>242,859</b>	<b>44,130</b>
<b>Total liabilities and shareholders' equity</b>	<b>6,331,295</b>	<b>5,955,961</b>	<b>375,333</b>

**Nonconsolidated Statement of Operations**  
**( for the year ended March 31, 2004 )**

( Unit : Millions of yen )

	Year ended Mar.31, 2004	Year ended Mar.31, 2003	Period to period comparison (%)
Operating revenues	83,704	58,747	142.5%
Commission	34,162	32,747	104.3%
Trading profit	40,265	16,406	245.4%
Net gains on operational securities	815	39	-
Financial income	8,460	9,553	88.6%
Financial expenses	4,618	2,461	187.6%
Net operating revenues	79,086	56,285	140.5%
Selling, general and administrative expenses	42,117	33,589	125.4%
Commissions and other transaction-related expenses	10,281	7,406	138.8%
Compensation and benefits	20,129	15,965	126.1%
Real estate expenses	4,806	3,763	127.7%
Data processing and office supplies	2,364	2,499	94.6%
Depreciation	3,316	2,908	114.1%
Taxes and dues other than income taxes	479	422	113.5%
Others	738	623	118.3%
Operating profit	36,969	22,696	162.9%
Non-operating revenues	87	22	384.0%
Non-operating expenses	51	63	80.9%
Ordinary profit	37,005	22,654	163.3%
Non-ordinary profits	—	33	-
Non-ordinary losses	771	13,621	5.7%
Net profit before income taxes	36,234	9,067	399.6%
Income taxes-current	18,877	5,767	327.3%
Income taxes-deferred	(3,449)	(742)	464.5%
Net profit	20,807	4,043	514.6%
Unappropriated retained earnings ( deficit ) brought forward	(2,901)	(6,966)	—
Unappropriated retained earnings ( deficit )	17,905	(2,923)	—

## **Notes to financial statements**

The Company's financial statements are prepared based on the "Regulations Concerning the terminology Forms and Preparation Methods of Financial Statements" (Ministry of Finance (MoF) Ordinance No.59, 1963) and its Article 2, 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).

Based on the note in additional clause 2 of the "Partial Amendments of the Regulations Concerning the terminology, Forms and Preparation Methods of Financial Statements" (the Prime Ministers Office Ordinance No.5, January 30, 2004), the Financial Statements for the year ended March 31, 2004 are prepared in accordance with the former "Regulations Concerning the terminology, Forms and Preparation Methods of Financial statements".

## **Basis of financial statements**

### 1. Valuation of trading account

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

The Company holds trading positions for the purposes of :

1) responding to counterparties' needs to invest or hedge risk, and 2) gaining profit or mitigating loss 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 :

(1) Investments in subsidiaries and affiliates are stated at cost determined by the moving average method

(2) 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.

Other securities, which do not have readily determinable fair value are stated at cost determined by the moving average method.

### 3. Depreciation and amortization

#### (1) Tangible fixed assets

The Company applies the declining-balance method except for buildings (excluding leasehold improvement) acquired after March 31, 1998, which are applied the straight-line method

#### (2) Intangible fixed assets, investments and others

The straight-line method is primarily applied.

The amortization period of software for internal use are determined based on estimated internal useful lives

### 4. Deferred assets

Bond issuance cost is charged to income when incurred.

### 5. Accounting policies for reserves

#### (1) Allowance for doubtful accounts

The Company provides the allowance for possible losses on impaired at the amount estimated based on the management's assessments of asset quality and the allowance 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 year 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 based on actuarial retirement benefits and plan assets.

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

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

## 6. 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.

## 7. Accounting for hedging transactions

Gains or losses on forward foreign exchange contracts hedging foreign exchange risk associated with investment in subsidiaries denominated in foreign currencies are deferred as assets or liabilities until related gains or losses of the hedged instruments are recognized.

## 8. Consumption taxes

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

**Notes to balance sheet**

## 1. Accumulated depreciation of tangible fixed assets

	As of Mar.31, 2004	As of Mar.31, 2003
	4,762	3,715

(millions of yen)

## 2. Subordinated debt

Subordinated debt defined in Article 2 of "The Orders Concerning the Capital Requirement of Securities Companies"(2001 ordinance No.23 of the Cabinet Office) in Bonds and notes and Long-term borrowings are as follows:

	As of Mar.31, 2004	As of Mar.31, 2003
Subordinated bonds(Bonds and notes)	40,000	-
Subordinated borrowings(Long term borrowings)	32,000	-

(millions of yen)

## 3. Retained earnings(deficit)net of legal earned reserve

	As of Mar.31, 2004	As of Mar.31, 2003
	-	(1,290)

(millions of yen)

## 4. Increase in net assets due to changes in fair value of securities and trading assets and liabilities, which is restricted for distribution in accordance with Enforcement Regulations of Commercial Code.

	As of Mar.31, 2004	As of Mar.31, 2003
	24,609	-

(millions of yen)

**Notes to statements of operations**

## 1. Net profit per share

	Year ended <u>Mar.31, 2004</u>	Year ended <u>Mar.31, 2003</u>
	6,926	1,345

( yen )

## 2. Details of non-ordinary profits / losses

	Year ended <u>Mar.31, 2004</u>	Year ended <u>Mar.31, 2003</u>
Non-ordinary profits		
Reversal of allowance for doubtful accounts	—	17
Others	—	16
Non-ordinary losses		
Loss on sale or disposition of fixed assets	52	60
Valuation loss on investment securities	19	13,321
Loss on assets placed in employee retirement benefit trusts	332	—
Additions to statutory reserves	364	187
others	0	51

( millions of yen )

**Financial Data for the Year Ended March 31, 2004**

## 1. Commission Income

## (1) Breakdown for accounts

( Unit: Millions of yen )

	Year ended March 31,2004	Year ended March 31,2003	Period-to-period comparison (%)
Brokerage commission	5,063	3,045	166.3%
(Stocks)	( 4,803 )	( 2,701 )	( 177.8% )
(Bonds)	( 251 )	( 341 )	( 73.5% )
Underwriting and selling commissions	8,473	7,264	116.7%
(Stocks)	( 3,098 )	( 1,824 )	( 169.8% )
(Bonds)	( 5,181 )	( 5,439 )	( 95.3% )
Offering and selling commissions	1,605	640	250.8%
(Bonds)	( 1,170 )	( 626 )	( 186.8% )
(Beneficiary securities)	( 99 )	( 13 )	( 734.1% )
Other commissions received	19,019	21,797	87.3%
Total	34,162	32,747	104.3%

## (2) Breakdown by products

( Unit: Millions of yen )

	Year ended March 31,2004	Year ended March 31,2003	Period-to-period comparison (%)
Stocks	8,455	4,947	170.9%
Bonds	12,434	13,158	94.5%
Beneficiary securities	773	552	140.0%
Others	12,499	14,089	88.7%
Total	34,162	32,747	104.3%

## 2. Trading profit/loss

( Unit: Millions of yen )

	Year ended March 31,2004	Year ended March 31,2003	Period-to-period comparison (%)
Stocks	19,488	6,220	313.3%
Bonds	18,505	9,952	185.9%
Others	2,270	232	977.6%
(Foreign exchange in the above)	( 2,148 )	( 63 )	( - )
Total	40,265	16,406	245.4%

## 3. Transaction volume on securities transactions

( Unit: 100 Millions of yen )

	Year ended March 31,2004	Year ended March 31,2003	Period-to-period comparison (%)
Fixed income and Gensaki	2,087,654	1,722,427	121.2%
(Fixed income)	( 1,899,077 )	( 1,618,071 )	( 117.4% )
[Japanese government bond]	[ 1,789,607 ]	[ 1,522,478 ]	[ 117.5% ]
(Gensaki transactions)	( 185,097 )	( 102,925 )	( 179.8% )
(Convertible bond)	( 3,480 )	( 1,430 )	( 243.3% )
[Brokerage transaction on CB]	[ 432 ]	[ 284 ]	[ 152.2% ]
Stock	161,424	76,056	212.2%
[Brokerage transaction volume]	[ 79,879 ]	[ 39,254 ]	[ 203.5% ]
Listed bond futures	677,946	528,113	128.4%
[Brokerage transaction volume]	[ 99,244 ]	[ 73,160 ]	[ 135.7% ]
Listed bond futures options	51,143	38,466	133.0%
[Brokerage transaction volume]	[ 16,928 ]	[ 12,699 ]	[ 133.3% ]
Listed equity index futures	129,048	60,902	211.9%
[Brokerage transaction volume]	[ 23,528 ]	[ 15,468 ]	[ 152.1% ]
Listed equity index options	15,809	13,140	120.3%
[Brokerage transaction volume]	[ 1,057 ]	[ 475 ]	[ 222.5% ]

## 4. Volume of underwriting, offering and selling

( Unit: Thousands of stocks, Millions of yen )

		Year ended March 31,2004	Year ended March 31,2003	Period-to-period comparison (%)
Volume of underwriting	Stocks ( No. of stocks )	36,318	18,374	197.7%
	Stocks ( Amount )	76,458	46,200	165.5%
	Bonds ( Face amount )	4,812,417	3,738,757	128.7%
Volume of offering and selling *	Stocks ( No. of stocks )	36,319	18,376	197.6%
	Stocks ( Amount )	79,590	47,994	165.8%
	Bonds ( Face amount )	1,513,941	1,462,430	103.5%
	Beneficiary Securities ( Face amount )	101,410	25,103	404.0%

\* The volumes of selling and private offering included

## 5. Capital adequacy ratio

( Unit: Millions of yen )

		As of March 31, 2004	As of March 31, 2003
Basic capital	(A)	255,397	242,859
Supplemental capital	Unrealized loss on other securities, net of taxes	21,078	—
	Reserve for transaction responsibility, and others	804	439
	Allowance for doubtful accounts	3	1
	subordinated debt	72,000	—
<b>Total</b>	<b>(B)</b>	<b>93,886</b>	<b>441</b>
Deduction: Disallowed assets	(C)	162,528	73,371
Capital after deduction	(A)+(B)-(C)	186,756	169,929
Amount of risks	Amount of market risk	50,032	33,135
	Amount of customer risk	7,288	2,945
	Amount of fundamental risk	9,922	7,988
	<b>Total</b>	<b>(E)</b>	<b>67,243</b>
Capital adequacy ratio	(D)/(E)	277.7%	385.5%

## 6. Number of directors and employees

	As of March 31,2004	As of March 31,2003
Number of directors	7	7
Number of employees	1,255	1,122



**Quarterly trends in Nonconsolidated Statement of Operations**

( Unit: Millions of yen )

	Three months ended Jun.30, 2003	Three months ended Sep.30, 2003	Three months ended Dec.31, 2003	Three months ended Mar.31, 2004
Operating revenues	18,165	24,915	18,232	22,391
Commission	7,266	8,591	7,387	10,917
Trading profit	7,910	13,762	9,155	9,436
Net gains on operational securities	—	52	846	(83)
Financial income	2,988	2,509	842	2,120
Financial expenses	568	1,137	1,453	1,459
Net operating revenues	17,596	23,778	16,778	20,932
Selling, general and administrative expenses	8,901	10,527	10,113	12,574
Commissions and other transaction-related expenses	2,037	2,481	2,142	3,619
Compensation and benefits	4,216	5,162	5,173	5,576
Real estate expenses	1,103	1,238	1,136	1,328
Data processing and office supplies	472	523	556	812
Depreciation	763	796	824	932
Taxes and dues other than income taxes	105	149	120	103
Others	202	174	158	201
Operating profit	8,695	13,251	6,664	8,358
Non-operating revenues	37	44	5	0
Non-operating expenses	1	37	14	(1)
Ordinary profit	8,730	13,258	6,655	8,360
Non-ordinary profits	—	—	—	—
Non-ordinary losses	47	491	98	134
Net profit before income taxes	8,683	12,766	6,557	8,226
Income taxes-current	3,199	7,029	3,686	4,963
Income taxes-deferred	500	(1,680)	(815)	(1,454)
Net profit	4,984	7,418	3,686	4,717