

**Nonconsolidated Financial Summary**  
**( for the three months ended June 30, 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

Business performance for the three months ended June 30, 2004 (April 1, 2004 through June 30, 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	%
3 month ended June 30, 2004	31,577	( 73.8 )	29,068	( 65.2 )	16,637	( 91.3 )
3 month ended June 30, 2003	18,165		17,596		8,695	
Year ended March 31, 2004	83,704		79,086		36,969	

	Ordinary profit		Net profit	
	mil. yen	%	mil. yen	%
3 month ended June 30, 2004	17,436	( 99.7 )	10,792	( 116.5 )
3 month ended June 30, 2003	8,730		4,984	
Year ended March 31, 2004	37,005		20,807	

(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 first quarter in the previous fiscal year.

(2) Financial position

	Total assets	Shareholder's equity	Shareholder's equity ratio	Capital adequacy ratio
	mil. yen	mil. yen	%	%
As of June 30, 2004	8,629,780	282,430	3.3	353.7
As of June 30, 2003	5,675,544	252,602	4.5	327.4
As of March 31, 2004	6,331,295	286,990	4.5	277.7

(note) Shareholder's equity ratio = Total shareholder's equity ÷ Total liabilities and shareholder's equity × 100

**Nonconsolidated Balance Sheets****( As of June 30, 2004 )**

( Unit : Millions of yen )

Description	As of June 30, 2004	As of June 30, 2003	Change	As of March 31, 2004
<b>Assets</b>				
Current assets	8,433,837	5,580,060	2,853,776	6,117,029
Cash and deposits	59,311	37,307	22,004	35,211
Cash segregated as deposits	6,093	4,147	1,945	6,086
Trading assets	4,152,044	3,367,770	784,273	2,889,826
Trading securities and others	4,099,090	3,351,688	747,402	2,848,038
Derivative transactions	52,953	16,082	36,871	41,788
Operational securities	4,657	871	3,786	4,572
Receivable-unsettled trades	177,848	—	177,848	121,534
Margin transaction assets	4,336	7,043	(2,707)	4,775
Loans secured by securities	3,978,598	2,109,556	1,869,042	3,006,454
Guarantee deposits	16,097	7,835	8,262	15,040
Securities fails to deliver	1,246	543	702	4,948
Valuation margin paid	13,613	3,566	10,046	13,902
Short-term loans receivable	—	30,070	(30,070)	—
Accrued income	13,480	8,214	5,266	8,876
Short-term deferred tax assets	2,559	1,010	1,548	3,815
Others	3,962	2,131	1,831	1,999
Allowance for doubtful accounts	(12)	(7)	(4)	(13)
Fixed assets	195,943	95,483	100,459	214,265
Tangible fixed assets	5,245	5,507	(261)	5,405
Buildings	2,657	2,637	19	2,690
Furniture and fixture	2,587	2,869	(281)	2,714
Intangible fixed assets	6,208	6,232	(23)	6,243
Goodwill	253	94	159	277
Software	5,895	6,076	(181)	5,905
Others	59	60	(1)	60
Investments	184,489	83,744	100,744	202,616
Investment securities	49,609	26,099	23,510	56,928
Investment in affiliates	131,070	53,793	77,276	141,946
Other equity investments	327	317	9	403
Long-term guarantee deposits	2,809	2,900	(90)	2,770
Long-term prepaid expenses	7	10	(3)	8
Others	666	622	43	557
<b>Total assets</b>	<b>8,629,780</b>	<b>5,675,544</b>	<b>2,954,236</b>	<b>6,331,295</b>

( Unit : Millions of yen )

Description	As of June 30, 2004	As of June 30, 2003	Change	As of March 31, 2004
<b>Liabilities</b>				
Current liabilities	8,155,039	5,420,337	2,734,701	5,928,863
Trading liabilities	3,644,563	1,972,768	1,671,794	2,644,249
Trading securities and others	3,584,975	1,956,667	1,628,307	2,594,253
Derivative transactions	59,587	16,101	43,486	49,995
Payable-unsettled trades	—	67,686	(67,686)	—
Margin transaction liabilities	652	—	652	400
Borrowings secured by securities	3,362,658	2,592,431	770,226	2,230,988
Deposits received	7,936	10,746	(2,810)	3,834
Cash collateral received from customers	279	1,500	(1,221)	291
Securities fails to receive	1,240	1,303	(63)	2,410
Short-term borrowings	902,484	630,540	271,943	767,056
Commercial paper	204,000	133,900	70,100	237,800
Short-term bonds and notes	11,500	—	11,500	12,500
Accrued expenses	11,196	5,032	6,164	8,000
Income taxes payable	5,940	3,123	2,817	15,862
Reserve for bonuses	1,868	399	1,468	4,526
Others	718	902	(184)	941
Fixed liabilities	191,416	2,118	189,298	114,637
Bonds and notes	90,300	—	90,300	62,900
Long-term borrowings	88,500	—	88,500	35,500
Deferred tax liabilities	9,390	1,108	8,282	12,700
Reserve for retirement benefits	3,194	1,009	2,184	2,496
Others	31	—	31	1,039
Statutory reserves	894	486	407	804
<b>Total liabilities</b>	<b>8,347,350</b>	<b>5,422,942</b>	<b>2,924,407</b>	<b>6,044,304</b>
<b>Shareholder's equity</b>				
Common stock	150,200	150,200	—	150,200
Capital surplus	95,324	95,324	—	95,324
Additional paid-in capital	95,324	95,324	—	95,324
Retained earnings	20,665	4,564	16,100	20,387
Legal earned reserve	870	870	—	870
Voluntary reserve	1,586	1,611	(24)	1,611
Unappropriated retained earnings	18,208	2,083	16,125	17,905
Unrealized gain on other securities, net of taxes	16,240	2,513	13,727	21,078
<b>Total shareholder's equity</b>	<b>282,430</b>	<b>252,602</b>	<b>29,828</b>	<b>286,990</b>
<b>Total liabilities and shareholder's equity</b>	<b>8,629,780</b>	<b>5,675,544</b>	<b>2,954,236</b>	<b>6,331,295</b>

**Nonconsolidated Statement of Operations**  
**( for the three months ended June 30, 2004 )**

( Unit: Millions of yen )

Description	Three months ended June 30, 2004	Three months ended June 30, 2003	Comparison (%)	Year ended March 31, 2004
Operating revenues	31,577	18,165	173.8%	83,704
Commission	10,973	7,266	151.0%	34,162
Trading profit	18,971	7,910	239.8%	40,265
Net gains on operational securities	750	—	-	815
Financial income	881	2,988	29.5%	8,460
Financial expenses	2,508	568	441.4%	4,618
Net operating revenues	29,068	17,596	165.2%	79,086
Selling, general and administrative expenses	12,430	8,901	139.6%	42,117
Commissions and other transaction-related expenses	2,859	2,037	140.3%	10,281
Compensation and benefits	5,755	4,216	136.5%	20,129
Real estate expenses	1,243	1,103	112.8%	4,806
Data processing and office supplies	580	472	122.8%	2,364
Depreciation	807	763	105.8%	3,316
Taxes and dues other than income taxes	962	105	909.1%	479
Others	221	202	109.4%	738
Operating profit	16,637	8,695	191.3%	36,969
Non-operating revenues	1,350	37	-	87
Non-operating expenses	551	1	-	51
Ordinary profit	17,436	8,730	199.7%	37,005
Non-ordinary profits	0	—	-	—
Non-ordinary losses	91	47	194.6%	771
Net profit before income taxes	17,344	8,683	199.7%	36,234
Income taxes-current	5,288	3,199	165.3%	18,877
Income taxes-deferred	1,264	500	252.8%	(3,449)
Net profit	10,792	4,984	216.5%	20,807
Unappropriated retained earnings ( deficit ) brought forward	7,416	(2,901)	—	(2,901)
Unappropriated retained earnings	18,208	2,083	—	17,905

## **Notes to financial statements**

The Company's quarterly financial statements are prepared based on the "Regulations Concerning the Terminology, Forms and Preparation Methods of Interim Financial Statements" (Ministry of Finance (MoF) Ordinance No.38, 1977) and its Article 38 and 57, 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 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 quarter 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 at end of year.

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 sheets**

## 1. Accumulated depreciation of tangible fixed assets

	<u>As of June 30, 2004</u>	<u>As of June 30, 2003</u>	(millions of yen) <u>As of March 31, 2004</u>
	5,022	3,990	4,762

## 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:

	<u>As of June 30, 2004</u>	<u>As of June 30, 2003</u>	(millions of yen) <u>As of March 31, 2004</u>
Subordinated bonds (Bonds and notes)	40,000	—	40,000
Subordinated borrowings (Long term borrowings)	32,000	—	32,000

**Notes to statements of operations**

## 1. Net profit per share

	For the three months ended <u>June 30, 2004</u>	For the three months ended <u>June 30, 2003</u>	( yen ) For the year ended <u>March 31, 2004</u>
	3,592	1,659	6,926

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

	For the three months ended <u>June 30, 2004</u>	For the three months ended <u>June 30, 2003</u>	( millions of yen ) For the year ended <u>March 31, 2004</u>
Non-ordinary profits			
Reversal of allowance for doubtful accounts	0	—	—
Non-ordinary losses			
Loss on sale or disposition of fixed assets	0	0	52
Valuation loss on investment securities	0	—	19
Loss on assets placed in employee retirement benefit trusts	—	—	332
Additions to statutory reserves	91	46	364
others	—	—	0

## Financial Data for the three months ended June 30, 2004

### 1. Commission Income

#### (1) Breakdown for accounts

( Unit : Millions of yen )

	Three months ended June 30, 2004	Three months ended June 30, 2003	Comparison (%)	Year ended March 31, 2004
Brokerage commission	1,659	970	171.0%	5,063
(Stocks)	( 1,591 )	( 908 )	( 175.2% )	( 4,803 )
(Bonds)	( 62 )	( 60 )	( 102.4% )	( 251 )
Underwriting and selling commissions	3,393	2,803	121.1%	8,473
(Stocks)	( 1,379 )	( 346 )	( 398.8% )	( 3,098 )
(Bonds)	( 2,013 )	( 2,457 )	( 82.0% )	( 5,181 )
Offering and selling commissions	1,239	124	999.3%	1,605
(Bonds)	( 64 )	( 114 )	( 56.2% )	( 1,170 )
(Beneficiary securities)	( 145 )	( 9 )	( - )	( 99 )
Other commissions received	4,681	3,369	138.9%	19,019
<b>Total</b>	<b>10,973</b>	<b>7,266</b>	<b>151.0%</b>	<b>34,162</b>

#### (2) Breakdown by products

( Unit : Millions of yen )

	Three months ended June 30, 2004	Three months ended June 30, 2003	Comparison (%)	Year ended March 31, 2004
Stocks	3,275	1,323	247.4%	8,455
Bonds	3,812	3,969	96.1%	12,434
Beneficiary securities	587	105	554.4%	773
Others	3,298	1,867	176.6%	12,499
<b>Total</b>	<b>10,973</b>	<b>7,266</b>	<b>151.0%</b>	<b>34,162</b>

### 2. Trading profit/loss

( Unit : Millions of yen )

	Three months ended June 30, 2004	Three months ended June 30, 2003	Comparison (%)	Year ended March 31, 2004
Stocks	9,569	2,240	427.1%	19,488
Bonds	7,527	4,044	186.1%	18,505
Others	1,874	1,625	115.3%	2,270
(Foreign exchange in the above)	( 1,839 )	( 1,649 )	( 111.5% )	( 2,148 )
<b>Total</b>	<b>18,971</b>	<b>7,910</b>	<b>239.8%</b>	<b>40,265</b>

## 3. Transaction volume on securities transactions

( Unit : 100 Millions of yen )

	3 months ended June 30, 2004	3 months ended June 30, 2003	Comparison (%)	Year ended March 31, 2004
Fixed income and Gensaki	644,394	582,948	110.5%	2,087,654
(Fixed income)	( 599,290 )	( 529,232 )	( 113.2% )	( 1,899,077 )
[Japanese government bonds]	[ 349,948 ]	[ 497,144 ]	[ 70.4% ]	[ 1,789,607 ]
(Gensaki transactions)	( 44,431 )	( 52,963 )	( 83.9% )	( 185,097 )
(Bonds with stock option)	( 672 )	( 753 )	( 89.2% )	( 3,480 )
[Brokerage transaction volume]	[ 195 ]	[ 157 ]	[ 124.0% ]	[ 432 ]
Stock	68,738	27,637	248.7%	161,424
[Brokerage transaction volume]	[ 34,862 ]	[ 13,324 ]	[ 261.7% ]	[ 79,879 ]
Listed bond futures	202,704	162,400	124.8%	677,946
[Brokerage transaction volume]	[ 22,822 ]	[ 21,123 ]	[ 108.0% ]	[ 99,244 ]
Listed bond futures options	14,443	11,098	130.1%	51,143
[Brokerage transaction volume]	[ 4,656 ]	[ 3,789 ]	[ 122.9% ]	[ 16,928 ]
Listed equity index futures	44,522	30,037	148.2%	129,048
[Brokerage transaction volume]	[ 8,019 ]	[ 6,540 ]	[ 122.6% ]	[ 23,528 ]
Listed equity index options	2,579	3,789	68.1%	15,809
[Brokerage transaction volume]	[ 232 ]	[ 358 ]	[ 64.7% ]	[ 1,057 ]

## 4. Volume of underwriting, offering and selling

( Unit : Thousands of stocks, Millions of yen )

		3 months ended June 30, 2004	3 months ended June 30, 2003	Comparison (%)	Year ended March 31, 2004
Volume of underwriting	Stocks ( No. of stocks )	16,038	5,871	273.2%	36,318
	Stocks ( Amount )	39,737	7,273	546.4%	76,458
	Bonds ( Face amount )	1,764,034	1,581,725	111.5%	4,812,417
Volume of offering and selling *	Stocks ( No. of stocks )	16,898	5,871	287.8%	36,319
	Stocks ( Amount )	41,027	7,619	538.5%	79,590
	Bonds ( Face amount )	559,569	583,735	95.9%	1,513,941
	Beneficiary Securities ( Face amount )	104,783	8,008	1,308.5%	101,410

\* Including the volumes of selling and private offering

## 5. Capital adequacy ratio

( Unit : Millions of yen )

		As of June 30, 2004	As of June 30, 2003	As of March 31, 2004
Basic capital	(A)	266,190	250,089	255,397
Supplemental capital	Unrealized loss on other securities, net of taxes	16,240	2,513	21,078
	Reserve for transaction responsibility, and others	894	486	804
	Allowance for doubtful accounts	2	7	3
	Subordinated debt	72,000	—	72,000
	Total (B)	89,138	3,008	93,886
Deduction: Disallowed assets	(C)	153,254	71,723	162,528
Capital after deduction	(A)+(B)-(C) (D)	202,073	181,374	186,756
Amount of risks	Amount of market risk	38,048	41,922	50,032
	Amount of customer risk	7,943	5,089	7,288
	Amount of fundamental risk	11,133	8,377	9,922
	Total (E)	57,124	55,389	67,243
Capital adequacy ratio	(D)/(E)	353.7%	327.4%	277.7%



**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	Three months ended Jun.30, 2004
Operating revenues	18,165	24,915	18,232	22,391	31,577
Commission	7,266	8,591	7,387	10,917	10,973
Trading profit	7,910	13,762	9,155	9,436	18,971
Net gains on operational securities	—	52	846	(83)	750
Financial income	2,988	2,509	842	2,120	881
Financial expenses	568	1,137	1,453	1,459	2,508
Net operating revenues	17,596	23,778	16,778	20,932	29,068
Selling, general and administrative expenses	8,901	10,527	10,113	12,574	12,430
Commissions and other transaction-related expenses	2,037	2,481	2,142	3,619	2,859
Compensation and benefits	4,216	5,162	5,173	5,576	5,755
Real estate expenses	1,103	1,238	1,136	1,328	1,243
Data processing and office supplies	472	523	556	812	580
Depreciation	763	796	824	932	807
Taxes and dues other than income taxes	105	149	120	103	962
Others	202	174	158	201	221
Operating profit	8,695	13,251	6,664	8,358	16,637
Non-operating revenues	37	44	5	0	1,350
Non-operating expenses	1	37	14	(1)	551
Ordinary profit	8,730	13,258	6,655	8,360	17,436
Non-ordinary profits	—	—	—	—	0
Non-ordinary losses	47	491	98	134	91
Net profit before income taxes	8,683	12,766	6,557	8,226	17,344
Income taxes-current	3,199	7,029	3,686	4,963	5,288
Income taxes-deferred	500	(1,680)	(815)	(1,454)	1,264
Net profit	4,984	7,418	3,686	4,717	10,792