

## Nonconsolidated Interim Financial Summary ( for the nine months ended December 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

Business performance for the nine months ended December 31, 2004 (April 1, 2004 through December 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	%
9 months ended Dec. 31, 2004	73,106 (	19.2 )	65,358 (	12.4 )	27,732 (	-3.1 )
9 months ended Dec. 31, 2003	61,312		58,153		28,610	
Year ended March 31, 2004	83,704		79,086		36,969	

  

	Ordinary profit		Net profit		Net profit per share	
	mil. yen	%	mil. yen	%	yen	
9 months ended Dec. 31, 2004	27,479 (	-4.1 )	16,623 (	3.3 )	5,139 . 66	
9 months ended Dec. 31, 2003	28,644		16,089		5,355 . 92	
Year ended March 31, 2004	37,005		20,807		6,926 . 44	

(note) ① Average number of share outstanding:

9 months ended Dec. 31, 2004: 3,234,301 Shares      9 months ended Dec. 31, 2003: 3,004,000 Shares

Year ended March 31, 2004: 3,004,000 Shares

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 the same period in the previous fiscal year.

### (2) Financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share	Capital adequacy ratio
	mil. yen	mil. yen	%	yen	%
9 months ended Dec. 31, 2004	11,039,907	359,637	3.3	97,594 . 90	459.6
9 months ended Dec. 31, 2003	6,939,337	274,403	4.0	91,346 . 18	354.0
Year ended March 31, 2004	6,331,295	286,990	4.5	95,536 . 05	277.7

(note) ① Number of share outstanding:

9 months ended Dec. 31, 2004: 3,685,000 Shares      9 months ended Dec. 31, 2003: 3,004,000 Shares

Year ended March 31, 2004: 3,004,000 Shares

② Number of share held as treasury stock:

9 months ended Dec. 31, 2004: — Shares      9 months ended Dec. 31, 2003: — Shares

Year ended March 31, 2004: — Shares

③ Shareholders' equity ratio = Total shareholders' equity ÷ Total liabilities and shareholders' equity × 100

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

( Unit : Millions of yen )

Description	As of December 31, 2004	As of December 31, 2003	Change	As of March 31, 2004
<b>Assets</b>				
Current assets	10,838,086	6,826,137	4,011,948	6,117,029
Cash and deposits	46,627	29,971	16,656	35,211
Cash segregated as deposits	8,798	1,476	7,321	6,086
Trading assets	6,140,411	3,749,333	2,391,078	2,889,826
Trading securities and others	6,089,273	3,726,091	2,363,182	2,848,038
Derivative transactions	51,138	23,242	27,896	41,788
Operational securities	5,779	2,340	3,439	4,572
Receivable-unsettled trades	—	—	—	121,534
Margin transaction assets	29,811	6,142	23,668	4,775
Loans secured by securities	4,565,153	3,010,948	1,554,205	3,006,454
Guarantee deposits	16,706	6,306	10,399	15,040
Securities fails to deliver	56	9	47	4,948
Valuation margin paid	5,423	6,183	(760)	13,902
Accrued income	13,238	8,521	4,717	8,876
Short-term deferred tax assets	2,730	2,787	(57)	3,815
Others	3,351	2,123	1,228	1,999
Allowance for doubtful accounts	(4)	(7)	2	(13)
Fixed assets	201,820	113,199	88,620	214,265
Tangible fixed assets	5,200	5,461	(260)	5,405
Buildings	2,662	2,712	(49)	2,690
Furniture and fixture	2,537	2,749	(211)	2,714
Intangible fixed assets	6,121	5,950	171	6,243
Goodwill	205	56	148	277
Software	5,857	5,832	24	5,905
Others	58	60	(2)	60
Investments	190,498	101,787	88,710	202,616
Investment Securities	52,032	43,741	8,291	56,928
Investment in affiliates	131,190	53,987	77,202	141,946
Other equity investments	2,836	665	2,171	403
Long-term guarantee deposits	2,941	2,911	29	2,770
Long-term prepaid expenses	14	8	5	8
Others	1,483	473	1,010	557
<b>Total assets</b>	<b>11,039,907</b>	<b>6,939,337</b>	<b>4,100,569</b>	<b>6,331,295</b>

( Unit : Millions of yen )

Description	As of December 31, 2004	As of December 31, 2003	Change	As of March 31, 2004
<b>Liabilities</b>				
Current liabilities	10,423,471	6,642,351	3,781,120	5,928,863
Trading liabilities	3,940,679	3,050,064	890,614	2,644,249
Trading securities and others	3,883,631	3,020,884	862,747	2,594,253
Derivative transactions	57,048	29,180	27,867	49,995
Payable-unsettled trades	711,465	54,944	656,520	—
Margin transaction liabilities	20,315	289	20,025	400
Borrowings secured by securities	3,935,539	2,867,127	1,068,412	2,230,988
Deposits received	6,434	1,609	4,824	3,834
Cash collateral received from customers	123	198	(75)	291
Securities fails to receive	50	11	38	2,410
Short-term borrowings	1,504,352	452,010	1,052,342	767,056
Commercial paper	269,300	188,000	81,300	237,800
Short-term bonds and notes	16,700	5,500	11,200	12,500
Accrued expenses	11,558	7,207	4,350	8,000
Income taxes payable	1,828	10,952	(9,123)	15,862
Reserve for bonuses	3,874	2,921	953	4,526
Others	1,249	1,514	(264)	941
Fixed liabilities	255,643	21,879	233,763	114,637
Bonds and notes	126,500	11,700	114,800	62,900
Long-term borrowings	118,646	500	118,146	35,500
Deferred tax liabilities	6,368	7,728	(1,359)	12,700
Reserve for retirement benefits	4,127	1,950	2,177	2,496
Others	—	—	—	1,039
Statutory reserves	1,155	703	451	804
<b>Total liabilities</b>	<b>10,680,269</b>	<b>6,664,933</b>	<b>4,015,335</b>	<b>6,044,304</b>
<b>Shareholders' equity</b>				
Common stock	195,146	150,200	44,946	150,200
Capital surplus	125,288	95,324	29,964	95,324
Additional paid-in capital	125,288	95,324	29,964	95,324
Retained earnings	26,496	15,669	10,827	20,387
Legal earned reserve	870	870	—	870
Voluntary reserve	1,586	1,611	(24)	1,611
Unappropriated retained earnings	24,039	13,187	10,851	17,905
Unrealized gains on other securities, net of taxes	12,706	13,209	(503)	21,078
<b>Total shareholders' equity</b>	<b>359,637</b>	<b>274,403</b>	<b>85,233</b>	<b>286,990</b>
<b>Total liabilities and shareholders' equity</b>	<b>11,039,907</b>	<b>6,939,337</b>	<b>4,100,569</b>	<b>6,331,295</b>

**Nonconsolidated Statements of Operations**  
**( for the nine months ended December 31, 2004 )**

( Unit: Millions of yen )

	nine months ended Dec. 31, 2004	nine months ended Dec. 31, 2003	Period to period comparison (%)	Year ended March 31, 2004
Operating revenues	73,106	61,312	119.2%	83,704
Commission	32,065	23,245	137.9%	34,162
Trading profit	36,261	30,828	117.6%	40,265
Net gains on operational securities	894	899	99.4%	815
Financial income	3,885	6,339	61.3%	8,460
Financial expenses	7,748	3,159	245.3%	4,618
Net operating revenues	65,358	58,153	112.4%	79,086
Selling, general and administrative expenses	37,625	29,542	127.4%	42,117
Commissions and other transaction-related expenses	8,657	6,662	130.0%	10,281
Compensation and benefits	17,189	14,553	118.1%	20,129
Real estate expenses	4,044	3,478	116.3%	4,806
Data processing and office supplies	2,485	1,552	160.1%	2,364
Depreciation	2,493	2,384	104.6%	3,316
Taxes and dues other than income taxes	1,986	375	528.5%	479
Others	768	536	143.3%	738
Operating profit	27,732	28,610	96.9%	36,969
Non-operating revenues	1,450	87	—	87
Non-operating expenses	1,703	53	—	51
Ordinary profit	27,479	28,644	95.9%	37,005
Non-ordinary profits	213	—	—	—
Non-ordinary losses	465	636	73.2%	771
Net profit before income taxes	27,227	28,007	97.2%	36,234
Income taxes-current	10,106	13,914	72.6%	18,877
Income taxes-deferred	497	(1,995)	—	(3,449)
Net profit	16,623	16,089	103.3%	20,807
Unappropriated retained earnings ( deficit ) brought forward	7,416	(2,901)	—	(2,901)
Unappropriated retained earnings	24,039	13,187	—	17,905

## **Notes to financial statements**

The Company's interim 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 shareholders' 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

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 period 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 Dec. 31, 2004</u>	<u>As of Dec. 31, 2003</u>	<u>As of March 31, 2004</u>
	5,581	4,504	4,762

(millions of yen)

## 2. Subordinated debt

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

	<u>As of Dec. 31, 2004</u>	<u>As of Dec. 31, 2003</u>	<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

(millions of yen)

**Notes to statements of operations**

## 1. Net profit per share

	For the nine months ended <u>Dec. 31, 2004</u>	For the nine months ended <u>Dec. 31, 2003</u>	( yen ) For the year ended <u>March 31, 2004</u>
	5,139	5,355	6,926

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

	For the nine months ended <u>Dec. 31, 2004</u>	For the nine months ended <u>Dec. 31, 2003</u>	( millions of yen ) For the year ended <u>March 31, 2004</u>
Non-ordinary profits			
Gain on redemption of devaluated bonds	212	—	—
Reversal of allowance for doubtful accounts	1	—	—
	<u>For the nine months ended Dec. 31, 2004</u>	<u>For the nine months ended Dec. 31, 2003</u>	<u>For the year ended March 31, 2004</u>
Non-ordinary losses			
Loss on sale or disposition of fixed assets	4	13	52
Valuation loss on investment securities	0	19	19
Impairment loss	66	—	—
Loss on assets placed in employee retirement benefit trusts	—	332	332
Additions to statutory reserves	361	263	364
Others	33	7	0

**Financial Data for the Nine Months Ended December 31, 2004**

## 1. Commission Income

## (1) Breakdown by accounts

( Unit: Millions of yen )

	Nine months ended December 31, 2004	Nine months ended December 31, 2003	Period-to-period comparison (%)	Year ended March 31, 2004
Brokerage commission	4,345	3,594	120.9%	5,063
(Stocks)	( 4,155 )	( 3,394 )	( 122.4% )	( 4,803 )
(Bonds)	( 180 )	( 194 )	( 92.6% )	( 251 )
Underwriting and selling commissions	10,837	7,143	151.7%	8,473
(Stocks)	( 6,065 )	( 2,596 )	( 233.6% )	( 3,098 )
(Bonds)	( 4,436 )	( 4,398 )	( 100.9% )	( 5,181 )
Offering and selling commissions	2,112	673	313.7%	1,605
(Bonds)	( 572 )	( 641 )	( 89.3% )	( 1,170 )
(Beneficiary securities)	( 236 )	( 32 )	( 734.0% )	( 99 )
Other commissions received	14,771	11,834	124.8%	19,019
<b>Total</b>	<b>32,065</b>	<b>23,245</b>	<b>137.9%</b>	<b>34,162</b>

## (2) Breakdown by products

( Unit: Millions of yen )

	Nine months ended December 31, 2004	Nine months ended December 31, 2003	Period-to-period comparison (%)	Year ended March 31, 2004
Stocks	11,002	6,376	172.6%	8,455
Bonds	9,555	9,288	102.9%	12,434
Beneficiary securities	1,695	449	376.7%	773
Others	9,812	7,130	137.6%	12,499
<b>Total</b>	<b>32,065</b>	<b>23,245</b>	<b>137.9%</b>	<b>34,162</b>

## 2. Trading profit/loss

( Unit: Millions of yen )

	Nine months ended December 31, 2004	Nine months ended December 31, 2003	Period-to-period comparison (%)	Year ended March 31, 2004
Stocks	17,722	13,387	132.4%	19,488
Bonds	15,229	15,793	96.4%	18,505
Others	3,309	1,646	201.0%	2,270
(Foreign exchange in the above)	( 3,141 )	( 1,727 )	( 181.9% )	( 2,148 )
<b>Total</b>	<b>36,261</b>	<b>30,828</b>	<b>117.6%</b>	<b>40,265</b>

## 3. Transaction volume on securities transactions

( Unit: 100 Millions of yen )

	Nine months ended December 31, 2004	Nine months ended December 31, 2003	Period-to-period comparison (%)	Year ended March 31, 2004
Fixed income and Gensaki	1,999,258	1,555,948	128.5%	2,087,654
(Fixed income)	( 1,822,878 )	( 1,414,093 )	( 128.9% )	( 1,899,077 )
[Japanese government bond]	[ 1,740,431 ]	[ 1,332,633 ]	[ 130.6% ]	[ 1,789,607 ]
(Gensaki transactions)	( 173,237 )	( 139,447 )	( 124.2% )	( 185,097 )
(Bonds with stock option)	( 3,143 )	( 2,407 )	( 130.6% )	( 3,480 )
[Brokerage transaction on CB]	[ 401 ]	[ 333 ]	[ 120.3% ]	[ 432 ]
Stock	182,563	108,060	168.9%	161,424
[Brokerage transaction volume]	[ 88,404 ]	[ 54,145 ]	[ 163.3% ]	[ 79,879 ]
Listed bond futures	628,383	515,192	122.0%	677,946
[Brokerage transaction volume]	[ 73,353 ]	[ 77,074 ]	[ 95.2% ]	[ 99,244 ]
Listed bond futures options	40,690	42,251	96.3%	51,143
[Brokerage transaction volume]	[ 11,954 ]	[ 15,162 ]	[ 78.8% ]	[ 16,928 ]
Listed equity index futures	124,043	91,666	135.3%	129,048
[Brokerage transaction volume]	[ 19,557 ]	[ 18,845 ]	[ 103.8% ]	[ 23,528 ]
Listed equity index options	8,531	11,644	73.3%	15,809
[Brokerage transaction volume]	[ 500 ]	[ 954 ]	[ 52.4% ]	[ 1,057 ]

## 4. Volume of underwriting, offering and selling

( Unit: Thousands of stocks, Millions of yen )

		Nine months ended December 31, 2004	Nine months ended December 31, 2003	Comparison (%)	Year ended March 31, 2004
Volume of underwriting	Stocks ( No. of stocks )	114,532	33,987	337.0%	36,318
	Stocks ( Amount )	193,061	61,576	313.5%	76,458
	Bonds ( Face amount )	5,344,690	3,836,904	139.3%	4,812,417
Volume of offering and selling *	Stocks ( No. of stocks )	96,822	33,987	284.9%	36,319
	Stocks ( Amount )	193,464	64,206	301.3%	79,590
	Bonds ( Face amount )	1,379,652	1,238,626	111.4%	1,513,941
	Beneficiary Securities ( Face amount )	454,710	46,892	969.7%	101,410

\* Including the volumes of selling and private offering

## 5. Capital adequacy ratio

( Unit: Millions of yen )

		As of December 31, 2004	As of December 31, 2003	As of March 31, 2004
Basic capital	(A)	346,931	261,193	255,397
Supplemental capital	Unrealized loss on other securities, net of taxes	12,706	13,209	21,078
	Reserve for transaction responsibility, and others	1,155	703	804
	Allowance for doubtful accounts	2	1	3
	Subordinated debt	72,000	—	72,000
<b>Total</b>	<b>(B)</b>	<b>85,863</b>	<b>13,914</b>	<b>93,886</b>
Deduction: Disallowed assets	(C)	157,571	73,535	162,528
Capital after deduction	(A)+(B)-(C)	275,222	201,573	186,756
Amount of risks	Amount of market risk	38,015	43,270	50,032
	Amount of customer risk	8,784	4,251	7,288
	Amount of fundamental risk	13,078	9,416	9,922
	<b>Total</b>	<b>(E)</b>	<b>59,879</b>	<b>56,938</b>
Capital adequacy ratio	(D)/(E)	459.6%	354.0%	277.7%

(Note) ①Market risk is measured by internal risk measurement method since this period.

②Subordinated debt as of December 31, 2004 and as of March 31, 2004 are subordinated bonds and subordinated borrowings.  
[subordinated borrowings]

Amount: 32,000 mil. yen Date of borrowing: March 19, 2004 Expiry date: March 19, 2009

[Subordinated bonds]

Amount: 40,000 mil. yen Date of issue: March 19, 2004 Date of redemption: March 19, 2009



**Quarterly trends in Nonconsolidated Statements of Operations**

(Unit: Millions of yen)

	Three months ended Dec. 31, 2003	Three months ended Mar. 31, 2004	Three months ended Jun. 30, 2004	Three months ended Sep. 30, 2004	Three months ended Dec. 31, 2004
Operating revenues	18,232	22,391	31,577	20,620	20,909
Commission	7,387	10,917	10,973	10,831	10,260
Trading profit	9,155	9,436	18,971	7,774	9,515
Net gains on operational securities	846	(83)	750	(31)	175
Financial income	842	2,120	881	2,046	957
Financial expenses	1,453	1,459	2,508	3,050	2,189
Net operating revenues	16,778	20,932	29,068	17,570	18,719
Selling, general and administrative expenses	10,113	12,574	12,430	13,419	11,775
Commissions and other transaction-related expenses	2,142	3,619	2,859	2,933	2,864
Compensation and benefits	5,173	5,576	5,755	6,170	5,263
Real estate expenses	1,136	1,328	1,243	1,310	1,490
Data processing and office supplies	556	812	580	1,156	749
Depreciation	824	932	807	837	848
Taxes and dues other than income taxes	120	103	962	725	298
Others	158	201	221	286	261
Operating profit	6,664	8,358	16,637	4,150	6,944
Non-operating revenues	5	0	1,350	98	2
Non-operating expenses	14	(1)	551	592	559
Ordinary profit	6,655	8,360	17,436	3,656	6,387
Non-ordinary profits	—	—	0	157	55
Non-ordinary losses	98	134	91	255	119
Net profit before income taxes	6,557	8,226	17,344	3,558	6,323
Income taxes-current	3,686	4,963	5,288	2,581	2,237
Income taxes-deferred	(815)	(1,454)	1,264	(1,146)	379
Net profit	3,686	4,717	10,792	2,124	3,706