

Nonconsolidated Financial Summary (for the three months ended June 30, 2005)

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

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

Location: Tokyo

Representative: Name: Makoto Fukuda

Title: President

For inquiry: Name: Hajime Nakai

Title: Managing Director, Head of Planning Group

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Business performance for the three months ended June 30, 2005 (April 1, 2005 through June 30, 2005)

(note) All amounts have been rounded down to the nearest one million yen.

(1) Operating results

	Operating revenues		Net operating revenues		Operating profit	
	mil. yen	%	mil. yen	%	mil. yen	%
3 months ended June 30, 2005	25,172	(-20.3)	23,083	(-20.6)	9,358	(-43.8)
3 months ended June 30, 2004	31,577	(73.8)	29,068	(65.2)	16,637	(91.3)
Year ended March 31, 2005	104,417		93,433		40,549	

	Ordinary profit		Net profit		Net profit per share	
	mil. yen	%	mil. yen	%	yen	
3 months ended June 30, 2005	11,163	(-36.0)	8,768	(-18.7)	2,379 . 57	
3 months ended June 30, 2004	17,436	(99.7)	10,792	(116.5)	3,592 . 60	
Year ended March 31, 2005	40,091		24,191		7,231 . 13	

(note) i. Average number of shares issued and outstanding:

3 months ended June 30, 2005 : 3,685,000 Shares 3 months ended June 30, 2004 : 3,004,000 Shares

Year ended March 31, 2005 : 3,345,432 Shares

ii. Change in accounting policies : No change

iii. 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	%
3 months ended June 30, 2005	11,601,882	361,485	3.1	98,096 . 48	340.2
3 months ended June 30, 2004	8,629,780	282,430	3.3	94,018 . 23	353.7
Year ended March 31, 2005	11,634,782	368,809	3.2	100,083 . 97	395.3

(note) i. Number of shares issued and outstanding:

As of June 30, 2005 : 3,685,000 Shares As of June 30, 2004 : 3,004,000 Shares

As of March 31, 2005 : 3,685,000 Shares

ii. Number of shares held as treasury stock:

As of June 30, 2005 : - Shares As of June 30, 2004 : - Shares

As of March 31, 2005 : - Shares

iii. Shareholders' equity ratio = Total shareholders' equity / Total liabilities and shareholders' equity x 100

Nonconsolidated Balance Sheets
(As of June 30, 2005)

(Unit: Millions of yen)

Description	As of Sep. 30, 2005	As of Sep. 30, 2004	Change	As of March 31, 2005
Assets				
Current assets	11,404,013	8,433,837	2,970,176	11,429,667
Cash and deposits	71,412	59,311	12,100	43,205
Cash segregated as deposits	13,298	6,093	7,205	8,137
Trading assets	6,328,546	4,152,044	2,176,502	6,090,476
Trading securities and others	6,270,947	4,099,090	2,171,856	6,029,569
Derivative transactions	57,598	52,953	4,645	60,906
Operating investment securities	5,333	4,657	675	5,891
Receivable - unsettled trades	-	177,848	(177,848)	-
Margin transaction assets	8,047	4,336	3,710	8,590
Loans secured by securities	4,894,958	3,978,598	916,359	5,217,800
Payments for subscription	15,105	-	15,105	10,193
Guarantee deposits	35,133	16,097	19,035	24,807
Securities: fail to deliver	5,302	1,246	4,055	145
Variation margin paid	3,726	13,613	(9,886)	-
Accrued income	15,529	13,480	2,048	13,170
Short-term deferred tax assets	5,715	2,559	3,156	6,392
Others	1,910	3,962	(2,052)	863
Allowance for doubtful accounts	(7)	(12)	5	(6)
Fixed assets	197,868	195,943	1,925	205,115
Tangible fixed assets	5,130	5,245	(115)	5,140
Buildings	2,700	2,657	43	2,675
Furniture and fixture	2,429	2,587	(158)	2,464
Intangible fixed assets	6,180	6,208	(27)	6,447
Goodwill	165	253	(88)	181
Software	5,958	5,895	63	6,209
Others	56	59	(2)	57
Investments	186,557	184,489	2,068	193,526
Investment securities	50,839	49,609	1,230	57,563
Investment in affiliates	131,190	131,070	120	131,190
Other equity investments	-	327	(327)	-
Long-term guarantee deposits	2,904	2,809	94	2,839
Long-term prepaid expenses	12	7	4	13
Others	1,611	666	945	1,919
Total assets	11,601,882	8,629,780	2,972,101	11,634,782

(Unit: Millions of yen)

Description	As of June 30, 2005	As of June 30, 2004	Change	As of March 31, 2005
Liabilities				
Current liabilities	10,928,773	8,155,039	2,773,734	10,969,311
Trading liabilities	4,365,136	3,644,563	720,573	4,360,335
Trading securities and others	4,296,706	3,584,975	711,731	4,302,353
Derivative transactions	68,429	59,587	8,841	57,981
Payable - unsettled trades	78,588	-	78,588	210,844
Margin transaction liabilities	832	652	180	457
Borrowings secured by securities	4,397,323	3,362,658	1,034,664	4,364,950
Deposits received	24,380	7,936	16,444	7,455
Cash collateral received from customers	710	279	431	224
Securities: fails to receive	7,194	1,240	5,954	1,981
Variation margin received	5	8	(2)	5,229
Short-term borrowings	1,689,906	902,484	787,421	1,680,152
Commercial paper	340,900	204,000	136,900	297,200
Short-term bonds and notes	1,000	11,500	(10,500)	9,500
Advance receipt	2,657	140	2,517	586
Accrued expenses	13,602	11,196	2,405	12,716
Income taxes payable	4,187	5,940	(1,753)	11,003
Reserve for bonuses	1,455	1,868	(412)	5,811
Others	891	569	322	861
Fixed liabilities	310,240	191,416	118,824	295,392
Bonds and notes	155,300	90,300	65,000	138,900
Long-term borrowings	145,621	88,500	57,121	144,634
Deferred tax liabilities	4,034	9,390	(5,355)	7,046
Reserve for retirement benefits	5,283	3,194	2,089	4,811
Others	-	31	(31)	-
Statutory reserves	1,382	894	488	1,268
Securities transaction liability reserve	1,299	812	486	1,185
Futures transaction liability reserve	83	81	1	83
Total liabilities	11,240,396	8,347,350	2,893,046	11,265,973
Shareholders' equity				
Common stock	195,146	150,200	44,946	195,146
Capital surplus	125,288	95,324	29,964	125,288
Additional paid-in capital	125,288	95,324	29,964	125,288
Retained earnings	31,124	20,665	10,459	34,064
Legal earned reserve	870	870	-	870
Voluntary reserve	1,561	1,586	(24)	1,586
Unappropriated retained earnings	28,692	18,208	10,484	31,607
Unrealized gains on other securities, net of taxes	9,926	16,240	(6,314)	14,310
Total shareholders' equity	361,485	282,430	79,054	368,809
Total liabilities and shareholders' equity	11,601,882	8,629,780	2,972,101	11,634,782

Nonconsolidated Statements of Operations
(for the three months ended June 30, 2005)

(Unit: Millions of yen)

	Three months ended June 30, 2005	Three months ended June 30, 2004	Period to period comparison (%)	Year ended March 31, 2005
Operating revenues	25,172	31,577	79.7%	104,417
Commission	10,412	10,973	94.9%	49,108
Trading profit	13,025	18,971	68.7%	47,891
Net gains on operating investment securities	388	750	51.8%	813
Interest and dividend income	1,346	881	152.6%	6,604
Interest expense	2,088	2,508	83.3%	10,983
Net operating revenues	23,083	29,068	79.4%	93,433
Selling, general and administrative expenses	13,725	12,430	110.4%	52,884
Commissions and other transaction-related expenses	2,964	2,859	103.7%	12,844
Compensation and benefits	6,636	5,755	115.3%	24,123
Occupancy	1,774	1,243	142.7%	5,657
Data processing and office supplies	876	580	151.1%	3,385
Depreciation	807	807	99.9%	3,373
Taxes and dues other than income taxes	395	962	41.1%	2,342
Others	270	221	122.3%	1,157
Operating profit	9,358	16,637	56.2%	40,549
Non-operating revenues	2,427	1,350	179.8%	1,790
Non-operating expenses	622	551	112.9%	2,248
Ordinary profit	11,163	17,436	64.0%	40,091
Non-ordinary profits	2,542	0	-	257
Non-ordinary losses	140	91	152.4%	660
Profit before income taxes	13,565	17,344	78.2%	39,688
Income taxes - current	4,123	5,288	78.0%	19,084
Income taxes - deferred	673	1,264	53.2%	-3,587
Net profit	8,768	10,792	81.3%	24,191
Unappropriated retained earnings brought forward	19,923	7,416	268.7%	7,416
Unappropriated retained earnings	28,692	18,208	157.6%	31,607

Notes to financial statements

The Company's quarterly financial statements are prepared in accordance with the "Regulations Concerning the Terminology, Forms and Preparation Methods of Interim Financial Statements" (Ministry of Finance (MoF) Ordinance No.38, 1977) (the "Regulations"), as well as 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), subject to the provision of Article 38 and 57 of the Regulations.

Basis of financial statements

1. Valuation of trading account

The Company, through its trading activities, intends to contribute to the markets for their liquidity and price discovery process.

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.

2. Valuation of non-trading securities

Non-trading securities are valued as follows :

- (1) Investments in subsidiaries and affiliates are stated at cost, using the moving average method.
- (2) Other securities
 - (a) Securities with market value
Recorded at market value. Difference between the cost, using the moving average method, and market value is recorded as Net unrealized gains on investment securities in Shareholders' equity on the balance sheet.
 - (b) Securities without market value
Recorded at cost using 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, for which the straight-line method is used.
- (2) Intangible fixed assets
The straight-line method is applied.
The amortization period of software for internal use is 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 doubtful accounts. For performing assets, allowance is calculated based on the past loss experience. For non-performing assets, it is based on the management's assessment of recoverability of the assets, and amount expected to be non-recoverable is provided for.
- (2) Reserve for bonuses
Reserve is provided for bonus payments to employees at the amount accrued at the end of the period, based on the estimated future payments and service periods.
- (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 gains or losses are recognized as income or expenses from the following fiscal year under the straight-line method over a certain term within the average remaining service period of the current employees.

6. Accounting for lease transactions

Financing leases other than those for which the ownership of the leased property transfers to the lessee are accounted for as ordinary rental transactions.

7. Accounting for hedging transactions

Gain or loss resulting from forward foreign exchange transactions entered into in order to hedge the exchange risk of foreign currency denominated equity investments in subsidiaries is deferred when they qualify for hedge accounting. For interest rate swap contracts which are used as hedges for the interest rate risk of the subordinated loans, the net amount to be paid or received under the contract is added to or deducted from the interest on the loans subject to the hedge. This treatment is allowed under Japanese GAAP provided the transactions meet certain criteria for hedge accounting, and assessment of hedge effectiveness is not required in this case.

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	(millions of yen)		
	<u>As of June 30, 2005</u>	<u>As of June 30, 2004</u>	<u>As of March 31, 2005</u>
	5,949	5,022	5,724

2. Subordinated debt

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

	(millions of yen)		
	<u>As of June 30, 2005</u>	<u>As of June 30, 2004</u>	<u>As of March 31, 2005</u>
Subordinated bonds (Bonds and notes)	40,000	40,000	40,000
Subordinated borrowings (Long term borrowings)	52,000	32,000	52,000

Notes to statements of operations

1. Net profit per share	(yen)		
	For the three months ended <u>June 30, 2005</u>	For the three months ended <u>June 30, 2004</u>	For the year ended <u>March 31, 2005</u>
	2,379	3,592	7,231

2. Details of non-ordinary profits / losses

	(millions of yen)		
	For the three months ended <u>June 30, 2005</u>	For the three months ended <u>June 30, 2004</u>	For the year ended <u>March 31, 2005</u>
Non-ordinary profits			
Gain on recovery of securities written off	2,542	-	257
Release of allowance for doubtful accounts	-	0	-
	<u>For the three months ended June 30, 2005</u>	<u>For the three months ended June 30, 2004</u>	<u>For the year ended March 31, 2005</u>
Non-ordinary losses			
Loss on sale or disposal of fixed assets	1	0	63
Valuation loss on investment securities	-	0	0
Loss on impairment of fixed assets	-	-	66
Amortization of prior service cost	-	-	30
Valuation loss on golf club memberships	19	-	23
Provision for Securities transaction liability reserve	117	87	470
Provision for Futures transaction liability reserve	-	3	5
Others	1	-	-

Financial Data for the Three Months Ended June 30, 2005

1. Commission Income

(1) Breakdown by categories

(Unit: Millions of yen)

	Three months ended June 30, 2005	Three months ended June 30, 2004	Period-to-period comparison (%)	Year ended March 31, 2005
Brokerage commission	1,500	1,659	90.4%	5,953
(Stocks)	(1,427)	(1,591)	(89.7%)	(5,709)
(Bonds)	(69)	(62)	(112.1%)	(233)
Underwriting and selling commissions	2,303	3,393	67.9%	16,551
(Stocks)	(661)	(1,379)	(47.9%)	(10,285)
(Bonds)	(1,642)	(2,013)	(81.6%)	(5,701)
Subscription and distribution commissions	597	1,239	48.2%	2,818
(Bonds)	(440)	(64)	(685.2%)	(1,004)
(Investment trusts)	(17)	(145)	(11.8%)	(301)
Other commissions received	6,011	4,681	128.4%	23,784
Total	10,412	10,973	94.9%	49,108

(2) Breakdown by products

(Unit: Millions of yen)

	Three months ended June 30, 2005	Three months ended June 30, 2004	Period-to-period comparison (%)	Year ended March 31, 2005
Stocks	2,370	3,275	72.4%	17,272
Bonds	3,542	3,812	92.9%	12,644
Investment trusts	711	587	121.0%	2,378
Others	3,788	3,298	114.8%	16,812
Total	10,412	10,973	94.9%	49,108

2. Trading profit/loss

(Unit: Millions of yen)

	Three months ended June 30, 2005	Three months ended June 30, 2004	Period-to-period comparison (%)	Year ended March 31, 2005
Stocks	6,953	9,569	72.7%	23,320
Bonds	2,813	7,527	37.4%	20,824
Others	3,258	1,874	173.8%	3,746
(of which Foreign exchange)	(1,115)	(1,839)	(60.6%)	(3,522)
Total	13,025	18,971	68.7%	47,891

3. Trading volume of stocks (excluding futures transaction)

(Unit: Millions of stocks, Millions of yen)

	Three months ended June 30, 2005		Three months ended June30, 2004		Period-to-period comparison (%)		Year ended March 31, 2005	
	No. of stocks	Amount	No. of stocks	Amount	No. of stocks	Amount	No. of stocks	Amount
Total	5,734	5,850,572	6,207	6,873,804	92.4%	85.1%	23,373	25,376,650
(Proprietary) a	(3,174)	(3,076,576)	(3,088)	(3,387,515)	(102.8%)	(90.8%)	(12,543)	(13,244,204)
(Brokerage) b	(2,560)	(2,773,996)	(3,119)	(3,486,289)	(82.1%)	(79.6%)	(10,829)	(12,132,446)
b/(a+b)	44.6%	47.4%	50.2%	50.7%			46.3%	47.8%
TSE share	2.7%	3.1%	2.8%	3.2%			2.8%	3.4%

4. Volume of underwriting, subscription and distribution

(Unit: Millions of stocks, Millions of yen)

			Three months ended	Three months ended	Period-to-period	Year ended
			June 30, 2005	June 30, 2004	comparison (%)	March 31, 2005
Underwriting	Stocks	(No. of stocks)	0	16	0.1%	230
	Stocks	(Amount)	17,438	39,737	43.9%	320,922
	Bonds	(Face amount)	1,863,833	1,764,034	105.7%	6,739,575
Subscription and Distribution *	Stocks	(No. of stocks)	0	16	0.1%	213
	Stocks	(Amount)	18,430	41,027	44.9%	326,690
	Bonds	(Face amount)	543,426	559,569	97.1%	1,807,434
	Investment Trusts	(Face amount)	221,880	104,783	211.8%	569,032

* Including selling and distribution of private placement.

5. Capital adequacy ratio

(Unit: Millions of yen)

		As of	As of	As of
		June 30, 2005	June 30, 2004	March 31, 2005
Basic capital	(A)	351,559	266,190	342,790
Supplementary capital	Unrealized gain on other securities, net of taxes	9,926	16,240	14,310
	Statutory reserves	1,382	894	1,268
	Allowance for doubtful accounts	5	2	4
	Long-term subordinated debt	20,000	-	20,000
	Short-term subordinated debt	72,000	72,000	72,000
	Total	(B) 103,314	89,138	107,583
Deduction: Disallowed assets	(C)	158,582	153,254	157,841
Capital after deduction	(A) + (B) - (C) (D)	296,291	202,073	292,531
Amount of risks	Market risk	60,884	38,048	49,613
	Counterparty risk	11,495	7,943	10,346
	Basic risk	14,694	11,133	14,038
	Total	(E) 87,074	57,124	73,998
Capital adequacy ratio	(D)/(E)	340.2%	353.7%	395.3%

(Note) i. Market risk is calculated with internal market risk model.

ii. Long-term subordinated debt as of June 30 and March 31, 2005 is subordinated borrowings.

Amount: 20,000 mil. yen Date of borrowing: March 29, 2005 Due date: April 20, 2015

iii Short-term subordinated debts as of June 30, March 31, 2005 and March 31, 2004 are subordinated borrowings and subordinated bonds.

[Subordinated borrowings]

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

[Subordinated bonds]

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

Quarterly trends in Nonconsolidated Statements of Operations

(Unit: Millions of yen)

	Three months ended June 30, 2004	Three months ended Sep. 30, 2004	Three months ended Dec. 31, 2004	Three months ended Mar. 31, 2005	Three months ended June 30, 2005
Operating revenues	31,577	20,620	20,909	31,310	25,172
Commission	10,973	10,831	10,260	17,042	10,412
Trading profit	18,971	7,774	9,515	11,630	13,025
Net gains on operating investment securities	750	(31)	175	(80)	388
Interest and dividend income	881	2,046	957	2,718	1,346
Interest expense	2,508	3,050	2,189	3,234	2,088
Net operating revenues	29,068	17,570	18,719	28,075	23,083
Selling, general and administrative expenses	12,430	13,419	11,775	15,258	13,725
Commissions and other transaction-related expenses	2,859	2,933	2,864	4,186	2,964
Compensation and benefits	5,755	6,170	5,263	6,933	6,636
Occupancy	1,243	1,310	1,490	1,613	1,774
Data processing and office supplies	580	1,156	749	899	876
Depreciation	807	837	848	880	807
Taxes and dues other than income taxes	962	725	298	356	395
Others	221	286	261	388	270
Operating profit	16,637	4,150	6,944	12,816	9,358
Non-operating revenues	1,350	98	2	340	2,427
Non-operating expenses	551	592	559	544	622
Ordinary profit	17,436	3,656	6,387	12,612	11,163
Non-ordinary profits	0	157	55	43	2,542
Non-ordinary losses	91	255	119	194	140
Profit before income taxes	17,344	3,558	6,323	12,461	13,565
Income taxes - current	5,288	2,581	2,237	8,977	4,123
Income taxes - deferred	1,264	(1,146)	379	(4,084)	673
Net profit	10,792	2,124	3,706	7,568	8,768