

Nonconsolidated Interim Financial Summary (for the half year ended September 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

Date of resolution of Board of Directors with respect to

Interim dividend system:

Available

the non-consolidated interim financial statements: October 27, 2004

Unit of trading:

Not employed

Business performance for the half year ended September 30, 2004 (April 1, 2004 through September 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	%
Half year (2004/9)	52,197 (	21.2)	46,638 (	12.7)	20,788 (	-5.3)
Half year (2003/9)	43,080 (	64.1)	41,375 (	65.3)	21,946 (	146.5)
Fiscal year (2004/3)	83,704		79,086		36,969	

	Ordinary profit		Net profit		Net profit per share	
	mil. yen	%	mil. yen	%	yen	
Half year (2004/9)	21,092 (	-4.1)	12,916 (	4.1)	4,294 . 41	
Half year (2003/9)	21,988 (	148.3)	12,402 (	155.9)	4,128 . 63	
Fiscal year (2004/3)	37,005		20,807		6,926 . 44	

(note) ① Average number of share outstanding:

Half year(2004/9) 3,007,721 Shares Half year(2003/9) 3,004,000 Shares Fiscal year(2004/3) 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 half year 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	%
Half year (2004/9)	10,486,256	352,994	3.4	95,792 . 33	417.9
Half year (2003/9)	6,602,091	267,598	4.1	89,080 . 57	375.7
Fiscal year (2004/3)	6,331,295	286,990	4.5	95,536 . 05	277.7

(note) ① Number of share outstanding:

Half year(2004/9) 3,685,000 Shares Half year(2003/9) 3,004,000 Shares Fiscal year(2004/3) 3,004,000 Shares

② Number of share held as treasury stock:

Half year(2004/9) – Shares Half year(2003/9) – Shares Fiscal year(2004/3) – Shares

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

Nonconsolidated Balance Sheets
(As of September 30, 2004)

(Unit : Millions of yen)

Description	As of September 30, 2004	As of September 30, 2003	Change	As of March 31, 2004
Assets				
Current assets	10,300,059	6,493,736	3,806,322	6,117,029
Cash and deposits	86,655	59,480	27,175	35,211
Cash segregated as deposits	7,209	2,376	4,832	6,086
Trading assets	5,438,513	3,497,742	1,940,771	2,889,826
Trading securities and others	5,395,937	3,466,716	1,929,221	2,848,038
Derivative transactions	42,575	31,025	11,550	41,788
Operational securities	5,043	1,362	3,681	4,572
Receivable-unsettled trades	—	31,875	(31,875)	121,534
Margin transaction assets	2,890	10,467	(7,576)	4,775
Loans secured by securities	4,727,430	2,869,513	1,857,917	3,006,454
Guarantee deposits	14,578	9,680	4,898	15,040
Securities fails to deliver	1,957	—	1,957	4,948
Valuation margin paid	11	—	11	13,902
Accrued income	11,478	8,004	3,473	8,876
Short-term deferred tax assets	3,337	2,325	1,011	3,815
Others	958	910	47	1,999
Allowance for doubtful accounts	(4)	(1)	(2)	(13)
Fixed assets	186,197	108,355	77,842	214,265
Tangible fixed assets	5,117	5,546	(428)	5,405
Buildings	2,629	2,745	(115)	2,690
Furniture and fixture	2,487	2,800	(313)	2,714
Intangible fixed assets	6,173	6,071	102	6,243
Goodwill	229	75	154	277
Software	5,885	5,935	(49)	5,905
Others	58	60	(1)	60
Investments	174,906	96,737	78,168	202,616
Investment Securities	38,763	38,849	(85)	56,928
Investment in affiliates	131,190	53,987	77,202	141,946
Other equity investments	640	588	51	403
Long-term guarantee deposits	2,886	2,911	(24)	2,770
Long-term prepaid expenses	15	9	5	8
Others	1,409	390	1,018	557
Total assets	10,486,256	6,602,091	3,884,165	6,331,295

(Unit : Millions of yen)

Description	As of September 30, 2004	As of September 30, 2003	Change	As of March 31, 2004
Liabilities				
Current liabilities	9,911,304	6,322,656	3,588,648	5,928,863
Trading liabilities	3,895,520	2,708,572	1,186,947	2,644,249
Trading securities and others	3,859,916	2,688,718	1,171,197	2,594,253
Derivative transactions	35,603	19,853	15,749	49,995
Payable-unsettled trades	209,249	—	209,249	—
Margin transaction liabilities	272	2,653	(2,381)	400
Borrowings secured by securities	4,177,371	2,949,260	1,228,111	2,230,988
Deposits received	6,091	2,232	3,859	3,834
Cash collateral received from customers	265	77	188	291
Securities fails to receive	2,217	—	2,217	2,410
Short-term borrowings	1,298,755	469,725	829,029	767,056
Commercial paper	282,500	167,700	114,800	237,800
Short-term bonds and notes	11,500	—	11,500	12,500
Accrued expenses	10,789	6,541	4,247	8,000
Income taxes payable	8,551	10,127	(1,575)	15,862
Reserve for bonuses	3,520	1,976	1,544	4,526
Others	4,700	3,790	909	941
Fixed liabilities	220,919	11,221	209,697	114,637
Bonds and notes	107,000	3,300	103,700	62,900
Long-term borrowings	105,500	500	105,000	35,500
Deferred tax liabilities	4,581	5,941	(1,359)	12,700
Reserve for retirement benefits	3,837	1,480	2,357	2,496
Others	—	—	—	1,039
Statutory reserves	1,037	615	422	804
Total liabilities	10,133,262	6,334,493	3,798,768	6,044,304
Shareholders' equity				
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	22,789	11,982	10,807	20,387
Legal earned reserve	870	870	—	870
Voluntary reserve	1,586	1,611	(24)	1,611
Unappropriated retained earnings	20,332	9,501	10,831	17,905
Unrealized gains on other securities, net of taxes	9,770	10,090	(320)	21,078
Total shareholders' equity	352,994	267,598	85,396	286,990
Total liabilities and shareholders' equity	10,486,256	6,602,091	3,884,165	6,331,295

Nonconsolidated Statements of Operations
(for the half year ended September 30, 2004)

(Unit : Millions of yen)

	Half year ended Sept.30, 2004	Half year ended Sept.30, 2003	Period to period comparison (%)	Year ended Mar.31, 2004
Operating revenues	52,197	43,080	121.2%	83,704
Commission	21,805	15,858	137.5%	34,162
Trading profit	26,745	21,672	123.4%	40,265
Net gains on operational securities	718	52	—	815
Financial income	2,928	5,497	53.3%	8,460
Financial expenses	5,559	1,705	325.9%	4,618
Net operating revenues	46,638	41,375	112.7%	79,086
Selling, general and administrative expenses	25,850	19,428	133.1%	42,117
Commissions and other transaction-related expenses	5,792	4,519	128.2%	10,281
Compensation and benefits	11,926	9,379	127.2%	20,129
Real estate expenses	2,554	2,341	109.1%	4,806
Data processing and office supplies	1,736	996	174.4%	2,364
Depreciation	1,645	1,559	105.5%	3,316
Taxes and dues other than income taxes	1,687	255	660.2%	479
Others	507	377	134.5%	738
Operating profit	20,788	21,946	94.7%	36,969
Non-operating revenues	1,448	81	—	87
Non-operating expenses	1,144	39	—	51
Ordinary profit	21,092	21,988	95.9%	37,005
Non-ordinary profits	158	—	—	—
Non-ordinary losses	346	538	64.4%	771
Net profit before income taxes	20,903	21,450	97.5%	36,234
Income taxes-current	7,869	10,228	76.9%	18,877
Income taxes-deferred	117	(1,180)	—	(3,449)
Net profit	12,916	12,402	104.1%	20,807
Unappropriated retained earnings (deficit) brought forward	7,416	(2,901)	—	(2,901)
Unappropriated retained earnings	20,332	9,501	—	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 half 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 Sep. 30, 2004</u>	<u>As of Sep. 30, 2003</u>	<u>As of March 31, 2004</u>
	5,280	4,271	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 Sep. 30, 2004</u>	<u>As of Sep. 30, 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

Notes to statements of operations

1. Net profit per share

	For the half year ended <u>Sep.30, 2004</u>	For the half year ended <u>Sep.30, 2003</u>	(yen) For the year ended <u>Mar.31, 2004</u>
	4,294	4,128	6,926

2. Details of non-ordinary profits / losses

	For the half year ended <u>Sep.30, 2004</u>	For the half year ended <u>Sep.30, 2003</u>	(millions of yen) For the year ended <u>Mar.31, 2004</u>
Non-ordinary profits			
Gain on redemption of devaluated bonds	156	—	—
Reversal of allowance for doubtful accounts	1	—	—
	<u>For the half year ended Sep.30, 2004</u>	<u>For the half year ended Sep.30, 2003</u>	<u>For the year ended Mar.31, 2004</u>
Non-ordinary losses			
Loss on sale or disposition of fixed assets	4	3	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	242	175	364
Others	33	7	0

Financial Data for the Half Year Ended September 30, 2004

1. Commission Income

(1) Breakdown by accounts

(Unit: Millions of yen)

	Half year ended September 30,2004	Half year ended September 30,2003	Period-to-period comparison (%)	Year ended March 31,2004
Brokerage commission	2,962	2,363	125.3%	5,063
(Stocks)	(2,836)	(2,224)	(127.5%)	(4,803)
(Bonds)	(119)	(136)	(86.9%)	(251)
Underwriting and selling commissions	6,796	5,122	132.7%	8,473
(Stocks)	(3,582)	(1,709)	(209.6%)	(3,098)
(Bonds)	(3,196)	(3,264)	(97.9%)	(5,181)
Offering and selling commissions	1,910	252	756.7%	1,605
(Bonds)	(440)	(229)	(191.5%)	(1,170)
(Beneficiary securities)	(166)	(22)	(742.9%)	(99)
Other commissions received	10,135	8,119	124.8%	19,019
Total	21,805	15,858	137.5%	34,162

(2) Breakdown by products

(Unit: Millions of yen)

	Half year ended September 30,2004	Half year ended September 30,2003	Period-to-period comparison (%)	Year ended March 31,2004
Stocks	6,887	4,288	160.6%	8,455
Bonds	6,835	6,059	112.8%	12,434
Beneficiary securities	1,119	324	344.7%	773
Others	6,963	5,185	134.3%	12,499
Total	21,805	15,858	137.5%	34,162

2. Trading profit/loss

(Unit: Millions of yen)

	Half year ended September 30,2004	Half year ended September 30,2003	Period-to-period comparison (%)	Year ended March 31,2004
Stocks	12,692	7,416	171.1%	19,488
Bonds	11,309	12,610	89.7%	18,505
Others	2,743	1,645	166.8%	2,270
(Foreign exchange in the above)	(2,594)	(1,735)	(149.5%)	(2,148)
Total	26,745	21,672	123.4%	40,265

3. Transaction volume on securities transactions

(Unit: 100 Millions of yen)

	Half year ended September 30,2004	Half year ended September 30,2003	Period-to-period comparison (%)	Year ended March 31,2004
Fixed income and Gensaki	1,355,228	1,127,110	120.2%	2,087,654
(Fixed income)	(1,244,565)	(1,019,867)	(122.0%)	(1,899,077)
[Japanese government bond]	[1,188,019]	[961,170]	[123.6%]	[1,789,607]
(Gensaki transactions)	(108,712)	(105,537)	(103.0%)	(185,097)
(Bonds with stock option)	(1,949)	(1,705)	(114.3%)	(3,480)
[Brokerage transaction on CB]	[274]	[264]	[103.7%]	[432]
Stock	127,252	69,580	182.9%	161,424
[Brokerage transaction volume]	[62,544]	[34,363]	[182.0%]	[79,879]
Listed bond futures	423,027	362,626	116.7%	677,946
[Brokerage transaction volume]	[48,205]	[53,121]	[90.7%]	[99,244]
Listed bond futures options	29,470	28,104	104.9%	51,143
[Brokerage transaction volume]	[10,747]	[8,767]	[122.6%]	[16,928]
Listed equity index futures	81,867	61,452	133.2%	129,048
[Brokerage transaction volume]	[13,803]	[13,659]	[101.1%]	[23,528]
Listed equity index options	6,224	9,401	66.2%	15,809
[Brokerage transaction volume]	[424]	[831]	[51.0%]	[1,057]

4. Volume of underwriting, offering and selling

(Unit: Thousands of stocks, Millions of yen)

		Half year ended September 30,2004	Half year ended September 30,2003	Comparison (%)	Year ended March 31,2004
Volume of underwriting	Stocks (No. of stocks)	88,823	18,237	487.0%	36,318
	Stocks (Amount)	105,947	39,096	271.0%	76,458
	Bonds (Face amount)	3,715,330	2,468,895	150.5%	4,812,417
Volume of offering and selling *	Stocks (No. of stocks)	71,033	18,237	389.5%	36,319
	Stocks (Amount)	101,585	40,840	248.7%	79,590
	Bonds (Face amount)	1,045,852	841,403	124.3%	1,513,941
	Beneficiary Securities (Face amount)	259,696	26,549	978.2%	101,410

* Including the volumes of selling and private offering

5. Capital adequacy ratio

(Unit: Millions of yen)

		As of September 30, 2004	As of September 30, 2003	As of March 31, 2004
Basic capital	(A)	343,224	257,507	255,397
Supplemental capital	Unrealized loss on other securities, net of taxes	9,770	10,090	21,078
	Reserve for transaction responsibility, and others	1,037	615	804
	Allowance for doubtful accounts	2	1	3
	Subordinated debt	72,000	—	72,000
Total	(B)	82,810	10,707	93,886
Deduction: Disallowed assets	(C)	154,864	72,306	162,528
Capital after deduction	(A)+(B)-(C) (D)	271,170	195,908	186,756
Amount of risks	Amount of market risk	43,290	38,086	50,032
	Amount of customer risk	9,306	5,427	7,288
	Amount of fundamental risk	12,282	8,620	9,922
	Total	(E)	64,880	52,134	67,243
Capital adequacy ratio	(D)/(E)	417.9%	375.7%	277.7%

(Note) Market risk is measured by internal risk measurement method since this half year.

6. Number of directors and employees

	As of September 30,2004	As of September 30,2003	As of March 31,2004
Number of directors	7	7	7
Number of employees	1,392	1,186	1,255

Quarterly trends in Nonconsolidated Statements of Operations

(Unit: Millions of yen)

	Three months ended Sep.30, 2003	Three months ended Dec.31, 2003	Three months ended Mar.31, 2004	Three months ended Jun.30, 2004	Three months ended Sep.30, 2004
Operating revenues	24,915	18,232	22,391	31,577	20,620
Commission	8,591	7,387	10,917	10,973	10,831
Trading profit	13,762	9,155	9,436	18,971	7,774
Net gains on operational securities	52	846	(83)	750	(31)
Financial income	2,509	842	2,120	881	2,046
Financial expenses	1,137	1,453	1,459	2,508	3,050
Net operating revenues	23,778	16,778	20,932	29,068	17,570
Selling, general and administrative expenses	10,527	10,113	12,574	12,430	13,419
Commissions and other transaction-related expenses	2,481	2,142	3,619	2,859	2,933
Compensation and benefits	5,162	5,173	5,576	5,755	6,170
Real estate expenses	1,238	1,136	1,328	1,243	1,310
Data processing and office supplies	523	556	812	580	1,156
Depreciation	796	824	932	807	837
Taxes and dues other than income taxes	149	120	103	962	725
Others	174	158	201	221	286
Operating profit	13,251	6,664	8,358	16,637	4,150
Non-operating revenues	44	5	0	1,350	98
Non-operating expenses	37	14	(1)	551	592
Ordinary profit	13,258	6,655	8,360	17,436	3,656
Non-ordinary profits	—	—	—	0	157
Non-ordinary losses	491	98	134	91	255
Net profit before income taxes	12,766	6,557	8,226	17,344	3,558
Income taxes-current	7,029	3,686	4,963	5,288	2,581
Income taxes-deferred	(1,680)	(815)	(1,454)	1,264	(1,146)
Net profit	7,418	3,686	4,717	10,792	2,124