

**Nonconsolidated Interim Financial Summary  
(for the half year ended September 30, 2005)**

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

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

Location: Tokyo

Representative: Makoto Fukuda, President

For inquiry: Hajime Nakai, Managing Director, Head of Planning Group

Phone: (03) 5208-3212

Date of resolution of Board of Directors with respect to the non-consolidated interim financial statements: October 28, 2005

Interim dividend system: Adopted

Unit share system: Not adopted

Business performance for the six months ended September 30, 2005 (April 1, 2005 through September 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	%
Half year (2005/9)	64,345 (	23.3 )	59,171 (	26.9 )	29,179 (	40.4 )
Half year (2004/9)	52,197 (	21.2 )	46,638 (	12.7 )	20,788 (	-5.3 )
Fiscal year (2005/3)	104,417		93,433		40,549	

  

	Ordinary profit		Net profit		Net profit per share	
	mil. yen	%	mil. yen	%	yen	
Half year (2005/9)	30,841 (	46.2 )	20,547 (	59.1 )	5,575 . 94	
Half year (2004/9)	21,092 (	-4.1 )	12,916 (	4.1 )	4,294 . 41	
Fiscal year (2005/3)	40,091		24,191		7,231 . 13	

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

Half year (2005/9) 3,685,000 Shares      Half year (2004/9) 3,007,721 Shares  
Fiscal year (2005/3) 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	%
As of September 30, 2005	12,439,794	381,791	3.1	103,606 . 96	359.9
As of September 30, 2004	10,486,256	352,994	3.4	95,792 . 33	417.9
As of 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 September 30, 2005: 3,685,000 Shares      As of September 30, 2004: 3,685,000 Shares  
As of March 31, 2005: 3,685,000 Shares

ii. Number of shares held as treasury stock:

As of September 30, 2005: - Shares      As of September 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 September 30, 2005)**

(Unit: Millions of yen)

Description	As of Sep. 30, 2005	As of Sep. 30, 2004	Change	As of March 31, 2005
<b>Assets</b>				
Current assets	12,228,059	10,300,059	1,927,999	11,429,667
Cash and deposits	20,392	86,655	(66,262)	43,205
Cash segregated as deposits	16,598	7,209	9,389	8,137
Trading assets	6,264,949	5,438,513	826,436	6,090,476
Trading securities and others	6,185,778	5,395,937	789,840	6,029,569
Derivative transactions	79,171	42,575	36,595	60,906
Operating investment securities	7,776	5,043	2,732	5,891
Margin transaction assets	11,222	2,890	8,331	8,590
Loans secured by securities	5,807,669	4,727,430	1,080,239	5,217,800
Payments for subscription	10,993	-	10,993	10,193
Guarantee deposits	45,672	14,578	31,093	24,807
Securities: fail to deliver	-	1,957	(1,957)	145
Variation margin paid	22,036	11	22,024	-
Accrued income	12,977	11,478	1,499	13,170
Short-term deferred tax assets	6,414	3,337	3,076	6,392
Others	1,361	958	403	863
Allowance for doubtful accounts	(6)	(4)	(2)	(6)
Fixed assets	211,735	186,197	25,538	205,115
Tangible fixed assets	5,258	5,117	141	5,140
Buildings	2,679	2,629	49	2,675
Furniture and fixture	2,579	2,487	91	2,464
Intangible fixed assets	6,269	6,173	95	6,447
Goodwill	150	229	(79)	181
Software	6,063	5,885	178	6,209
Others	56	58	(2)	57
Investments	200,207	174,906	25,301	193,526
Investment securities	64,557	38,763	25,794	57,563
Investment in affiliates	131,190	131,190	-	131,190
Other equity investments	-	640	(640)	-
Long-term guarantee deposits	2,920	2,886	33	2,839
Long-term prepaid expenses	10	15	(5)	13
Others	1,528	1,409	119	1,919
<b>Total assets</b>	<b>12,439,794</b>	<b>10,486,256</b>	<b>1,953,538</b>	<b>11,634,782</b>

(Unit: Millions of yen)

Description	As of Sep. 30, 2005	As of Sep. 30, 2004	Change	As of March 31, 2005
<b>Liabilities</b>				
Current liabilities	11,697,908	9,911,304	1,786,603	10,969,311
Trading liabilities	5,032,543	3,895,520	1,137,023	4,360,335
Trading securities and others	4,919,315	3,859,916	1,059,398	4,302,353
Derivative transactions	113,228	35,603	77,624	57,981
Payable - unsettled trades	598,060	209,249	388,811	210,844
Margin transaction liabilities	6,971	272	6,699	457
Borrowings secured by securities	3,684,401	4,177,371	(492,970)	4,364,950
Deposits received	11,438	6,091	5,346	7,455
Cash collateral received from customers	16,849	265	16,584	224
Securities: fail to receive	40	2,217	(2,176)	1,981
Variation margin - received	-	3,742	(3,742)	5,229
Short-term borrowings	1,949,217	1,298,755	650,462	1,680,152
Commercial paper	365,800	282,500	83,300	297,200
Short-term bonds and notes	1,000	11,500	(10,500)	9,500
Advance receipt	747	-	747	586
Accrued expenses	12,962	10,789	2,172	12,716
Income taxes payable	13,046	8,551	4,494	11,003
Reserve for bonuses	4,000	3,520	480	5,811
Others	826	957	(131)	861
Fixed liabilities	358,616	220,919	137,696	295,392
Bonds and notes	187,200	107,000	80,200	138,900
Long-term borrowings	156,109	105,500	50,609	144,634
Deferred tax liabilities	9,692	4,581	5,111	7,046
Reserve for retirement benefits	5,614	3,837	1,776	4,811
Statutory reserves	1,478	1,037	440	1,268
Securities transaction liability reserve	1,395	954	440	1,185
Futures transaction liability reserve	83	83	-	83
<b>Total liabilities</b>	<b>12,058,003</b>	<b>10,133,262</b>	<b>1,924,741</b>	<b>11,265,973</b>
<b>Shareholders' equity</b>				
Common stock	195,146	195,146	-	195,146
Capital surplus	125,288	125,288	-	125,288
Additional paid-in capital	125,288	125,288	-	125,288
Retained earnings	42,903	22,789	20,113	34,064
Legal earned reserve	870	870	-	870
Voluntary reserve	1,561	1,586	(24)	1,586
Unappropriated retained earnings	40,471	20,332	20,138	31,607
Unrealized gains on other securities, net of taxes	18,453	9,770	8,683	14,310
<b>Total shareholders' equity</b>	<b>381,791</b>	<b>352,994</b>	<b>28,796</b>	<b>368,809</b>
<b>Total liabilities and shareholders' equity</b>	<b>12,439,794</b>	<b>10,486,256</b>	<b>1,953,538</b>	<b>11,634,782</b>

**Nonconsolidated Statements of Operations**  
**(for the half year ended September 30, 2005)**

(Unit: Millions of yen)

	Half year ended Sep. 30 2005	Half year ended Sep. 30 2004	Period to period comparison (%)	Year ended March 31, 2005
Operating revenues	64,345	52,197	123.3%	104,417
Commission	24,630	21,805	113.0%	49,108
Trading profit	33,084	26,745	123.7%	47,891
Net gains on operating investment securities	1,783	718	248.2%	813
Interest and dividend income	4,847	2,928	165.5%	6,604
Interest expense	5,174	5,559	93.1%	10,983
Net operating revenues	59,171	46,638	126.9%	93,433
Selling, general and administrative expenses	29,991	25,850	116.0%	52,884
Commissions and other transaction-related expenses	7,244	5,792	125.1%	12,844
Compensation and benefits	14,407	11,926	120.8%	24,123
Occupancy	3,543	2,554	138.7%	5,657
Data processing and office supplies	1,742	1,736	100.3%	3,385
Depreciation	1,640	1,645	99.7%	3,373
Taxes and dues other than income taxes	846	1,687	50.2%	2,342
Others	565	507	111.5%	1,157
Operating profit	29,179	20,788	140.4%	40,549
Non-operating revenues	2,884	1,448	199.2%	1,790
Non-operating expenses	1,222	1,144	106.8%	2,248
Ordinary profit	30,841	21,092	146.2%	40,091
Non-ordinary profits	2,547	158	-	257
Non-ordinary losses	257	346	74.2%	660
Profit before income taxes	33,132	20,903	158.5%	39,688
Income taxes - current	12,803	7,869	162.7%	19,084
Income taxes - deferred	(218)	117	-	-3,587
Net profit	20,547	12,916	159.1%	24,191
Unappropriated retained earnings brought forward	19,923	7,416	268.7%	7,416
Unappropriated retained earnings	40,471	20,332	199.0%	31,607

## **Notes to financial statements**

The Company's interim 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.

**Change in presentation**

Investments in limited partnerships, which were previously classified under Other equity investments, are now classified under Investment securities. This is due to the change in Securities Exchange Act.

**Notes to balance sheets**

1. Accumulated depreciation of tangible fixed assets	(millions of yen)		
	<u>As of Sept. 30, 2005</u>	<u>As of Sep. 30, 2004</u>	<u>As of Mar. 31, 2005</u>
	6,216	5,280	5,724

## 2. Subordinated debt

Bonds and notes, Short-term borrowings 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 Sep. 30, 2005</u>	<u>As of Sep. 30, 2004</u>	<u>As of Mar. 31, 2005</u>
Subordinated bonds (Bonds and notes)	40,000	40,000	40,000
Subordinated borrowings (Short/Long-term borrowings)	52,000	32,000	52,000

**Notes to statements of operations**

1. Net profit per share	(yen)		
	<u>Half year ended Sep. 30, 2005</u>	<u>Half year ended Sep. 30, 2004</u>	<u>Year ended March 31, 2005</u>
	5,575	4,294	7,231
2. Details of non-ordinary profits / losses	(millions of yen)		
	<u>Half year ended Sep. 30, 2005</u>	<u>Half year ended Sep. 30, 2004</u>	<u>Year ended March 31, 2005</u>
Non-ordinary profits			
Gain from sales of Investment Securities	5	-	-
Gain on recovery of securities written off	2,542	156	257
Release of allowance for doubtful accounts	0	1	-
Non-ordinary losses			
Loss on sale or disposal of fixed assets	1	4	63
Valuation loss on investment securities	-	0	0
Loss on impairment of fixed assets	-	66	66
Amortization of prior service cost	-	-	30
Valuation loss on golf club memberships	19	33	23
Provision for Securities transaction liability reserve	235	237	470
Provision for Futures transaction liability reserve	-	5	5
Others	1	-	-

## Financial Data for the Half Year Ended September 30, 2005

### 1. Commission Income

#### (1) Breakdown by categories

(Unit: Millions of yen)

	Half year ended September 30, 2005	Half year ended September 30, 2004	Period-to-period comparison (%)	Year ended March 31, 2005
Brokerage commission	3,441	2,962	116.2%	5,953
(Stocks)	( 3,205 )	( 2,836 )	( 113.0% )	( 5,709 )
(Bonds)	( 226 )	( 119 )	( 190.0% )	( 233 )
Underwriting and selling commissions	6,256	6,796	92.0%	16,551
(Stocks)	( 2,591 )	( 3,582 )	( 72.3% )	( 10,285 )
(Bonds)	( 3,496 )	( 3,196 )	( 109.4% )	( 5,701 )
Subscription and distribution commissions	908	1,910	47.6%	2,818
(Bonds)	( 673 )	( 440 )	( 152.8% )	( 1,004 )
(Investment trusts)	( 24 )	( 166 )	( 14.9% )	( 301 )
Other commissions received	14,023	10,135	138.4%	23,784
<b>Total</b>	<b>24,630</b>	<b>21,805</b>	<b>113.0%</b>	<b>49,108</b>

#### (2) Breakdown by products

(Unit: Millions of yen)

	Half year ended September 30, 2005	Half year ended September 30, 2004	Period-to-period comparison (%)	Year ended March 31, 2005
Stocks	6,435	6,887	93.4%	17,272
Bonds	8,017	6,835	117.3%	12,644
Investment trusts	1,467	1,119	131.1%	2,378
Others	8,710	6,963	125.1%	16,812
<b>Total</b>	<b>24,630</b>	<b>21,805</b>	<b>113.0%</b>	<b>49,108</b>

### 2. Trading profit/loss

(Unit: Millions of yen)

	Half year ended September 30, 2005	Half year ended September 30, 2004	Period-to-period comparison (%)	Year ended March 31, 2005
Stocks	20,986	12,692	165.4%	23,320
Bonds	9,352	11,309	82.7%	20,824
Others	2,745	2,743	100.1%	3,746
(of which Foreign exchange)	( 914 )	( 2,594 )	( 35.3% )	( 3,522 )
<b>Total</b>	<b>33,084</b>	<b>26,745</b>	<b>123.7%</b>	<b>47,891</b>

## 3. Trading volume of stocks (excluding futures transaction)

(Unit: Millions of stocks, Millions of yen)

	Half year ended Sep. 30, 2005		Half year ended Sep. 30, 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	11,562	12,780,701	11,712	12,725,211	98.7%	100.4%	23,373	25,376,650
(Proprietary) a	( 6,034 )	( 6,336,289 )	( 6,043 )	( 6,470,715 )	( 99.8% )	( 97.9% )	( 12,543 )	( 13,244,204 )
(Brokerage) b	( 5,527 )	( 6,444,412 )	( 5,668 )	( 6,254,496 )	( 97.5% )	( 103.0% )	( 10,829 )	( 12,132,446 )
b/(a+b)	47.8%	50.4%	48.4%	49.2%			46.3%	47.8%
TSE share	2.1%	2.8%	2.9%	3.3%			2.8%	3.4%

## 4. Volume of underwriting, subscription and distribution

(Unit: Millions of stocks, Millions of yen)

		Half year ended Sep. 30, 2005	Half year ended Sep. 30, 2004	Period-to-period comparison (%)	Year ended March 31, 2005
Underwriting	Stocks ( No. of stocks )	3	88	3.8%	230
	Stocks ( Amount )	93,200	105,947	88.0%	320,922
	Bonds ( Face amount )	3,515,045	3,715,330	94.6%	6,739,575
Subscription and Distribution *	Stocks ( No. of stocks )	3	71	4.6%	213
	Stocks ( Amount )	97,560	101,585	96.0%	326,690
	Bonds ( Face amount )	1,079,618	1,045,852	103.2%	1,807,434
	Investment Trusts ( Face amount )	469,987	259,696	181.0%	569,032

\* Including selling and distribution of private placement.

## 5. Capital adequacy ratio

(Unit: Millions of yen)

		As of Sept. 30, 2005	As of Sept. 30, 2004	As of March 31, 2005
Basic capital	(A)	363,337	343,224	342,790
Supplementary capital	Unrealized gain on other securities, net of taxes	18,453	9,770	14,310
	Statutory Reserves	1,478	1,037	1,268
	Allowance for doubtful accounts	4	2	4
	Long-term subordinated debt	20,000	-	20,000
	Short-term subordinated debt	72,000	72,000	72,000
	Total	(B) 111,936	82,810	107,583
Deduction: Disallowed assets	(C)	160,312	154,864	157,841
Capital after deduction	(A) + (B) - (C)	(D) 314,962	271,170	292,531
Amount of risks	Market risk	57,268	43,290	49,613
	Counterparty risk	15,239	9,306	10,346
	Basic risk	15,003	12,282	14,038
	Total	(E) 87,511	64,880	73,998
Capital adequacy ratio	(D)/(E)	359.9%	417.9%	395.3%

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

ii. Long-term subordinated debt as of September 30, 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 September 30, 2005 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

## 6. Directors and employees

	As of Sep. 30, 2005	As of Sep. 30, 2004	As of March 31, 2005
Directors	8	7	7
Employees	1,580	1,392	1,463



**Quarterly trends in Nonconsolidated Statements of Operations**

(Unit: Millions of yen)

	Three months ended Sep. 30, 2004	Three months ended Dec. 31, 2004	Three months ended Mar. 31, 2005	Three months ended June 30, 2005	Three months ended Sep. 30, 2005
Operating revenues	20,620	20,909	31,310	25,172	39,173
Commission	10,831	10,260	17,042	10,412	14,217
Trading profit	7,774	9,515	11,630	13,025	20,059
Net gains on operating investment securities	(31)	175	(80)	388	1,395
Interest and dividend income	2,046	957	2,718	1,346	3,501
Interest expense	3,050	2,189	3,234	2,088	3,085
Net operating revenues	17,570	18,719	28,075	23,083	36,087
Selling, general and administrative expenses	13,419	11,775	15,258	13,725	16,266
Commissions and other transaction-related expenses	2,933	2,864	4,186	2,964	4,280
Compensation and benefits	6,170	5,263	6,933	6,636	7,771
Occupancy	1,310	1,490	1,613	1,774	1,769
Data processing and office supplies	1,156	749	899	876	865
Depreciation	837	848	880	807	832
Taxes and dues other than income taxes	725	298	356	395	451
Others	286	261	388	270	295
Operating profit	4,150	6,944	12,816	9,358	19,821
Non-operating revenues	98	2	340	2,427	456
Non-operating expenses	592	559	544	622	599
Ordinary profit	3,656	6,387	12,612	11,163	19,678
Non-ordinary profits	157	55	43	2,542	5
Non-ordinary losses	255	119	194	140	117
Profit before income taxes	3,558	6,323	12,461	13,565	19,566
Income taxes - current	2,581	2,237	8,977	4,123	8,680
Income taxes - deferred	(1,146)	379	(4,084)	673	(892)
Net profit	2,124	3,706	7,568	8,768	11,778