

Nonconsolidated Financial Summary (for the year ended March 31, 2006)

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

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

Location: Tokyo

Representative: Makoto Fukuda,
President

For inquiry: Shigeki Matsushima, Managing Director,
Head of Risk Management and Finance Group

Phone: (03) 5208-2030

Date of resolution of Board of Directors with respect to the non-consolidated financial statements: April 26, 2006

Date of General Shareholders' Meeting: June 26, 2006

Interim dividend system: Adopted

Unit share system: Not adopted

Business performance for the year ended March 31, 2006 (April 1, 2005 through March 31, 2006)

(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	%
Fiscal year (2006/3)	138,874 (	33.0)	127,467 (	36.4)	61,423 (	51.5)
Fiscal year (2005/3)	104,417 (	24.7)	93,433 (	18.1)	40,549 (	9.7)

	Ordinary profit		Net profit		Net profit per share	
	mil. yen	%	mil. yen	%	yen	
Fiscal year (2006/3)	62,793 (	56.6)	13,612 (	-43.7)	3,694 . 16	
Fiscal year (2005/3)	40,091 (	8.3)	24,191 (	16.3)	7,231 . 13	

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

Fiscal year (2006/3) 3,685,000 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 Mar. 31, 2006	10,785,309	391,854	3.6	106,337 . 81	267.7
As of Mar. 31, 2005	11,634,782	368,809	3.2	100,083 . 97	395.3

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

As of Fiscal: 2005 (2006/3) 3,685,000 Shares As of Fiscal: 2004 (2005/3) 3,685,000 Shares

ii. Number of shares held as treasury stock:

As of Fiscal: 2005 (2006/3) — Shares As of Fiscal: 2004 (2005/3) — Shares

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

Nonconsolidated Balance Sheets
(As of March 31, 2006)

(Unit: Millions of yen)

Description	As of Mar. 31, 2006	As of Mar. 31, 2005	Change
Assets			
Current assets	10,530,330	11,429,667	(899,337)
Cash and deposits	30,068	43,205	(13,137)
Cash segregated as deposits	21,093	8,137	12,955
Trading assets	5,400,149	6,090,476	(690,327)
Trading securities and others	5,248,118	6,029,569	(781,451)
Loan assets	4,588	—	4,588
Derivative transactions	147,441	60,906	86,535
Operating investment securities	18,672	5,891	12,781
Margin transaction assets	11,018	8,590	2,428
Loans secured by securities	4,943,175	5,217,800	(274,625)
Payments for subscription	19,335	10,193	9,141
Guarantee deposits	42,070	24,807	17,263
Securities: fail to deliver	4	145	(140)
Variation margin paid	18,664	—	18,664
Accrued income	17,038	13,170	3,868
Short-term deferred tax assets	8,144	6,392	1,752
Others	905	863	41
Allowance for doubtful accounts	(11)	(6)	(4)
Fixed assets	254,979	205,115	49,864
Tangible fixed assets	5,887	5,140	747
Buildings	2,806	2,675	130
Furniture and fixture	3,081	2,464	616
Intangible fixed assets	6,655	6,447	207
Goodwill	120	181	(61)
Software	6,480	6,209	271
Others	54	57	(2)
Investments	242,436	193,526	48,909
Investment securities	92,536	57,563	34,972
Investment in affiliates	131,225	131,190	35
Long-term loan to affiliates	13,000	—	13,000
Long-term guarantee deposits	3,236	2,839	396
Long-term prepaid expenses	8	13	(4)
Others	2,429	1,919	509
Total assets	10,785,309	11,634,782	(849,473)

(Unit: Millions of yen)

Description	As of Mar. 31, 2006	As of Mar. 31, 2005	Change
Liabilities			
Current liabilities	9,974,588	10,969,311	(994,723)
Trading liabilities	4,379,593	4,360,335	19,258
Trading securities and others	4,228,830	4,302,353	(73,523)
Derivative transactions	150,762	57,981	92,781
Payable - unsettled trades	297,405	210,844	86,560
Margin transaction liabilities	12,336	457	11,878
Borrowings secured by securities	2,909,359	4,364,950	(1,455,591)
Deposits received	17,884	7,455	10,429
Cash collateral received from customers	19,071	224	18,847
Securities: fail to receive	—	1,981	(1,981)
Variation margin - received	—	5,229	(5,229)
Short-term borrowings	1,987,836	1,680,152	307,684
Commercial paper	308,700	297,200	11,500
Short-term bonds and notes	1,300	9,500	(8,200)
Advance receipt	467	586	(118)
Accrued expenses	11,723	12,716	(993)
Income taxes payable	20,135	11,003	9,131
Reserve for bonuses	7,937	5,811	2,125
Others	836	861	(25)
Fixed liabilities	417,166	295,392	121,773
Bonds and notes	213,100	138,900	74,200
Long-term borrowings	168,383	117,634	50,749
Long-term borrowings from affiliates	24,700	27,000	(2,300)
Deferred tax liabilities	4,266	7,046	(2,779)
Reserve for retirement benefits	6,686	4,811	1,874
Others	29	—	29
Statutory reserves	1,700	1,268	431
Securities transaction liability reserve	1,616	1,185	431
Futures transaction liability reserve	83	83	—
Total liabilities	10,393,454	11,265,973	(872,518)
Shareholders' equity			
Common stock	195,146	195,146	—
Capital surplus	125,288	125,288	—
Additional paid-in capital	125,288	125,288	—
Retained earnings	35,969	34,064	1,904
Legal earned reserve	870	870	—
Voluntary reserve	1,561	1,586	(24)
Unappropriated retained earnings	33,536	31,607	1,929
Unrealized gains on other securities, net of taxes	35,451	14,310	21,140
Total shareholders' equity	391,854	368,809	23,045
Total liabilities and shareholders' equity	10,785,309	11,634,782	(849,473)

Nonconsolidated Statements of Operations
(for the year ended March 31, 2006)

(Unit: Millions of yen)

Description	Year ended Mar. 31, 2006	Year ended Mar. 31, 2005	Period to period comparison (%)
Operating revenues	138,874	104,417	133.0%
Commission	66,539	49,108	135.5%
Trading profit	59,863	47,891	125.0%
Net gains on operating investment securities	1,698	813	208.9%
Interest and dividend income	10,772	6,604	163.1%
Interest expense	11,407	10,983	103.9%
Net operating revenues	127,467	93,433	136.4%
Selling, general and administrative expenses	66,043	52,884	124.9%
Commissions and other transaction-related expenses	17,562	12,844	136.7%
Compensation and benefits	29,878	24,123	123.9%
Occupancy	7,984	5,657	141.1%
Data processing and office supplies	4,080	3,385	120.5%
Depreciation	3,421	3,373	101.4%
Taxes and dues other than income taxes	1,827	2,342	78.0%
Others	1,289	1,157	111.4%
Operating profit	61,423	40,549	151.5%
Non-operating revenues	3,889	1,790	217.2%
Non-operating expenses	2,519	2,248	112.1%
Ordinary profit	62,793	40,091	156.6%
Non-ordinary profits	2,547	257	990.3%
Non-ordinary losses	41,250	660	—
Profit before income taxes	24,090	39,688	60.7%
Income taxes - current	29,515	19,084	154.7%
Income taxes - deferred	(19,038)	(3,587)	530.7%
Net profit	13,612	24,191	56.3%
Unappropriated retained earnings brought forward	19,923	7,416	268.7%
Unappropriated retained earnings	33,536	31,607	106.1%

Notes to financial statements

The Company's financial statements are prepared in accordance with the "Regulations Concerning the Terminology, Forms and Preparation Methods of Financial Statements" (Ministry of Finance (MoF) Ordinance No.59, 1963) (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), and the "Cabinet Office Ordinance Concerning Financial Accounting and Reporting for Special Finance Company" (Prime Minister's Office and MoF Ordinance No.32, 1999), subject to the provision of article 2 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

	<u>As of Mar. 31, 2006</u>	<u>As of Mar. 31, 2005</u>
	6,849	5,724

(millions of yen)

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:

	<u>As of Mar. 31, 2006</u>	<u>As of Mar. 31, 2005</u>
Subordinated bonds (Bonds and notes)	40,000	40,000
Subordinated borrowings (Short/Long-term borrowings)	45,000	52,000

(millions of yen)

3. Net unrealized gains on securities and trading assets / liabilities, which is not available for distribution as per article 124 of Commercial Code Enforcement Regulations.

	<u>As of Mar. 31, 2006</u>	<u>As of Mar. 31, 2005</u>
	23,617	12,753

(millions of yen)

4. Loan balance as per "Money Lending Business Law (Law 32, 1983)

	<u>As of Mar. 31, 2006</u>	<u>As of Mar. 31, 2005</u>
	1,100	—

(millions of yen)

Notes to statements of operations

	Fiscal Year (2006/3)	Fiscal Year (2005/3)
1. Net profit per share	3,694	7,231

(yen)

2. Details of non-ordinary profits / losses

	Fiscal Year (2006/3)	Fiscal Year (2005/3)
Non-ordinary profits		
Gain from sales of Investment Securities	5	—
Gain on recovery of securities written off	2,542	257
Non-ordinary losses		
Loss on sale or disposal of fixed assets	1	63
Valuation loss on investment securities	—	0
Loss on impairment of fixed assets	34	66
Amortization of prior service cost	—	30
Valuation loss on golf club memberships	15	23
Provision for Securities transaction liability reserve	456	470
Provision for Futures transaction liability reserve	—	5
Loss due to execution error	40,739	—
Others	2	—

(millions of yen)

Financial Data for the Year Ended March 31, 2006

1. Commission Income

(1) Breakdown by categories

(Unit: Millions of yen)

	Year ended Mar 31, 2006	Year ended Mar 31, 2005	Period-to-period comparison (%)
Brokerage commission	8,471	5,953	142.3%
(Stocks)	(7,931)	(5,709)	(138.9%)
(Bonds)	(517)	(233)	(222.1%)
Underwriting and selling commissions	24,262	16,551	146.6%
(Stocks)	(16,184)	(10,285)	(157.3%)
(Bonds)	(6,984)	(5,701)	(122.5%)
Subscription and distribution commissions	1,767	2,818	62.7%
(Stocks)	(20)	(—)	(—)
(Bonds)	(1,207)	(1,004)	(120.2%)
(Investment trusts)	(324)	(301)	(107.5%)
Other commissions received	32,038	23,784	134.7%
Total	66,539	49,108	135.5%

(2) Breakdown by products

(Unit: Millions of yen)

	Year ended Mar 31, 2006	Year ended Mar 31, 2005	Period-to-period comparison (%)
Stocks	27,113	17,272	157.0%
Bonds	15,100	12,644	119.4%
Investment trusts	3,880	2,378	163.1%
Others	20,445	16,812	121.6%
Total	66,539	49,108	135.5%

2. Trading profit/loss

(Unit: Millions of yen)

	Year ended Mar 31, 2006	Year ended Mar 31, 2005	Period-to-period comparison (%)
Stocks	40,922	23,320	175.5%
Bonds	15,763	20,824	75.7%
Others	3,177	3,746	84.8%
(of which Foreign exchange)	(1,632)	(3,522)	(46.4%)
Total	59,863	47,891	125.0%

3. Trading volume of stocks (excluding futures transaction) (Unit: Millions of stocks, Millions of yen)

	Year ended Mar. 31, 2006		Year ended Mar. 31, 2005		Period-to-period comparison (%)	
	No. of stocks	Amount	No. of stocks	Amount	No. of stocks	Amount
Total	22,335	29,905,052	23,373	25,376,650	95.6%	117.8%
(Proprietary) a	(10,793)	(14,121,623)	(12,543)	(13,244,204)	(86.0%)	(106.6%)
(Brokerage) b	(11,541)	(15,783,429)	(10,829)	(12,132,446)	(106.6%)	(130.1%)
b/(a+b)	51.7%	52.8%	46.3%	47.8%		
TSE share	1.8%	2.3%	2.8%	3.4%		

4. Volume of underwriting, subscription and distribution (Unit: Millions of stocks, Millions of yen)

		Year ended Mar. 31, 2006	Year ended Mar. 31, 2005	Period-to-period comparison (%)
Underwriting	Stocks (No. of stocks)	200	230	86.7%
	Stocks (Amount)	465,782	320,922	145.1%
	Bonds (Face amount)	6,929,189	6,739,575	102.8%
Subscription and Distribution *	Stocks (No. of stocks)	211	213	99.4%
	Stocks (Amount)	500,481	326,690	153.2%
	Bonds (Face amount)	2,111,092	1,807,434	116.8%
	Investment Trusts (Face amount)	1,469,510	569,032	258.2%

* Including selling and distribution of private placement.

5. Capital adequacy ratio (Unit: Millions of yen)

		As of Mar. 31, 2006	As of Mar. 31, 2005
Basic capital	(A)	349,770	342,790
Supplementary capital	Unrealized gain on other securities, net of taxes	35,451	14,310
	Statutory Reserves	1,700	1,268
	Allowance for doubtful accounts	11	4
	Long-term subordinated debt	20,000	20,000
	Short-term subordinated debt	65,000	72,000
	Total (B)	122,162	107,583
Deduction: Disallowed assets	(C)	215,341	157,841
Capital after deduction	(A)+(B)-(C) (D)	256,591	292,531
Amount of risks	Market risk	68,319	49,613
	Counterparty risk	10,324	10,346
	Basic risk	17,186	14,038
	Total (E)	95,829	73,998
Capital adequacy ratio	(D)/(E)	267.7%	395.3%

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

ii. Long-term subordinated debt as of March 31, 2006 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 March 31, 2006 are subordinated borrowings and subordinated bonds.

[Subordinated borrowings]

Amount: 25,000 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 Mar. 31, 2006	As of Mar. 31, 2005
Directors	8	7
Employees	1,628	1,463

Quarterly trends in Nonconsolidated Statements of Operations

(Unit: Millions of yen)

	Three months ended Mar. 31, 2005	Three months ended June 30, 2005	Three months ended Sep. 30, 2005	Three months ended Dec. 31, 2005	Three months ended Mar. 31, 2006
Operating revenues	31,310	25,172	39,173	37,598	36,930
Commission	17,042	10,412	14,217	21,354	20,554
Trading profit	11,630	13,025	20,059	14,762	12,017
Net gains on operating investment securities	(80)	388	1,395	(39)	(45)
Interest and dividend income	2,718	1,346	3,501	1,521	4,404
Interest expense	3,234	2,088	3,085	2,800	3,432
Net operating revenues	28,075	23,083	36,087	34,797	33,498
Selling, general and administrative expenses	15,258	13,725	16,266	17,012	19,039
Commissions and other transaction-related expenses	4,186	2,964	4,280	4,891	5,426
Compensation and benefits	6,933	6,636	7,771	7,991	7,479
Occupancy	1,613	1,774	1,769	1,725	2,714
Data processing and office supplies	899	876	865	833	1,504
Depreciation	880	807	832	850	930
Taxes and dues other than income taxes	356	395	451	430	550
Others	388	270	295	289	433
Operating profit	12,816	9,358	19,821	17,785	14,458
Non-operating revenues	340	2,427	456	60	944
Non-operating expenses	544	622	599	582	714
Ordinary profit	12,612	11,163	19,678	17,262	14,688
Non-ordinary profits	43	2,542	5	(0)	—
Non-ordinary losses	194	140	117	40,858	134
Profit before income taxes	12,461	13,565	19,566	(23,596)	14,554
Income taxes - current	8,977	4,123	8,680	8,649	8,062
Income taxes - deferred	(4,084)	673	(892)	(17,916)	(902)
Net profit	7,568	8,768	11,778	(14,329)	7,395