

## Consolidated Financial Summary ( for the year ended March 31, 2003 )

Company's name: **Mizuho Securities Co., Ltd. ("the Company")**

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

Location: Tokyo

Representative: Name: Yoshio Osawa

Title: President

For inquiry: Name: Keisuke Yokoo

Title: Managing Executive Officer, Head of Planning Group

Phone: (03) 5208-3212

Date of resolution of Board of Directors with respect to

the consolidated financial statements:

April 25, 2003

Parent company: Mizuho Financial Group, Inc.

( Stock code number: 8411 )

The percentage of stock held by the  
parent company: 100%

Application of US GAAP: No

( Including indirect holding by  
the parent company 100% )

Business performance for the year ended March 31, 2003 ( April 1, 2002 through March 31, 2003 )

(note) Any fraction of less than ¥1 million in each indicated amount is rounded down.

### (1) Consolidated operating results

	Operating revenues		Net operating revenues		Operating profit	
	mil. yen	%	mil. yen	%	mil. yen	%
Fiscal year (2003/3)	290,379	( 640.9 )	136,446	( 321.6 )	40,624	( 290.5 )
Fiscal year (2002/3)	45,305	( 513.4 )	42,428	( 547.3 )	13,985	( 1,850.7 )

	Ordinary profit		Net profit (loss)	
	mil. yen	%	mil. yen	%
Fiscal year (2003/3)	43,232	( 302.8 )	10,448	( - )
Fiscal year (2002/3)	14,278	( 1,939.7 )	(6,800)	( - )

(note) ① Equity in earnings from investments in affiliates: Fiscal year (2003/3) 12  
Fiscal year (2002/3) 10

② Changes in accounting policies: No change

③ The percentage in the column of operating revenues, net operating revenues, operating profit, ordinary profit, and net profit indicate percentage changes from the year in the previous year.

### (2) Consolidated financial position

	Total assets	Shareholders' equity	Shareholders' equity to total assets
	mil. yen	mil. yen	%
Fiscal year (2003/3)	11,967,617	249,910	2.1
Fiscal year (2002/3)	2,875,550	236,800	8.2

(note) Shareholders' equity to total assets = Total shareholders' equity ÷ ( Liabilities + Stocks held by Minority Shareholders + Total shareholders' equity ) × 100

### (3) Scope of Consolidation and Application of the Equity Method

Number of Consolidated Subsidiaries: 9  
Nonconsolidated subsidiaries accounted for by the Equity Method: -  
Affiliates accounted for by the Equity Method: 4

### (4) Change in Scope of Consolidation and Application of the Equity Method

Consolidation		Equity Method	
Newly Consolidated:	7	Newly applied:	3
Excluded:	1	Excluded:	-

## 【Overview of Group Structures】

Through a corporate split and merger process, on April 1, 2002, The Mizuho Financial Group consolidated and reorganized The Dai-Ichi Kangyo Bank, Limited, The Fuji Bank, Limited and The Industrial Bank of Japan, Limited (collectively, the "Three Banks") under Mizuho Holdings, Inc. ("MHHD"), a holding company for the Three Banks, to form Mizuho Bank, Limited and Mizuho Corporate Bank, Limited. Further to this reorganization, Mizuho Financial Group launched a new business structure under four core companies including the above two banks and Mizuho Trust & Banking Co., Ltd. and Mizuho Securities Co., Ltd.

The Company and its subsidiaries and affiliates mainly operate debt and equity securities, M&A, structured finance and other businesses in securities and investment banking field and offer to corporate investors and customers including corporations, financial institutions and public-sector organizations, the high-quality financial products and services by conducting advanced financial technologies suitable for a wide range of customers' needs.

The Company took over control of the overseas securities subsidiaries that were operating under the Three Banks to enhance the global linkage in securities and investment banking field effective this fiscal year.

Effective March 12, 2003, as a result of further reorganization, Mizuho Holdings, Inc. became a wholly owned subsidiary of Mizuho Financial Group, Inc. and the company became a wholly owned subsidiary of Mizuho Corporate Bank, Ltd.

The Company's group consists of the parent bank holding companies, subsidiaries and affiliates operating securities and investment banking business. The major companies in the Company's group are as follows:

Name of Companies	Location	Capital	Major Operation	Ownership Percentage
(Parent Company)				
Mizuho Financial Group, Inc.	Chiyoda-ku, Tokyo	mil.yen 1,540,965	Bank Holding Company	—
Mizuho Holdings, Inc.	Chiyoda-ku, Tokyo	mil.yen 2,442,000	Bank Holding Company	—
Mizuho Corporate Bank, Ltd.	Chiyoda-ku, Tokyo	mil.yen 1,070,965	Commercial Banking	—
(Consolidated subsidiaries)				
Mizuho Securities Asia Ltd.	Hong Kong, People's Republic of China	mil. HK\$ 330	Securities	100.0%
Japan Investor Relations and Investor Support, Inc.	Chiyoda-ku, Tokyo	mil.yen 250	IR Consulting services	100.0%
The Bridgeford Group, Inc.	New York, USA	US\$ 1,000,000	M&A business	100.0%
Mizuho Bank (Switzerland)Ltd	Zurich, Switzerland	mil.SFR 159	Securities, Commercial banking and Private banking	40.0%
Mizuho International Plc	London, UK	mil. £ 257	Securities, Commercial banking and Custody services	40.0%
Mizuho Securities USA Inc.	Hoboken, New Jersey, USA	US\$ 231,300	Securities and Derivatives brokerage	40.0%
(Other affiliates)				
Mobile Internet Capital Inc.	Minato-ku, Tokyo	mil.yen 100	Venture capital	30.0%
Japan Industrial Partners Inc.	Chiyoda-ku, Tokyo	mil.yen 100	Investment advisory services	33.75%
Basic Capital Management, Limited	Chiyoda-ku, Tokyo	mil.yen 100	Investment advisory services	50.0%
Industrial Decisions, Inc.	Minato-ku, Tokyo	mil.yen 40	Consulting services	50.0%

(note) 1 At March 12, 2003, the Company became a wholly-owned subsidiary of Mizuho Corporate Bank, Limited as a result of "Business Reorganization" to reform the Mizuho Financial Group.

2 Mizuho Bank (Switzerland) Ltd, Mizuho International Plc and Mizuho securities USA Inc. are newly consolidated in this year.

3 Japan Industrial Partners Inc., Basic Capital Management, Limited and Industrial Decisions, Inc. were established and newly accounted for by the equity method in this year.

**Consolidated Balance Sheets**  
**( As of March 31, 2003 and 2002 )**

( Unit : Millions of yen )

Description	As of March 31, 2003	As of March 31, 2002	Change
<b>Assets</b>			
Current assets	11,836,854	2,830,861	9,005,992
Cash and deposits	75,671	114,637	(38,966)
Cash segregated as deposits	1,481	9,446	(7,965)
Trading assets	4,769,653	1,482,900	3,286,752
Trading securities and others	4,676,328	1,479,653	3,196,675
Derivative transactions	93,324	3,247	90,076
Operational securities	3,047	1,604	1,443
Margin transaction assets	7,044	6,286	758
Loans secured by securities	6,855,160	1,206,442	5,648,718
Guarantee deposits	37,803	2,318	35,485
Securities fails to deliver	19,146	-	19,146
Short-term loans receivable	5,375	4	5,371
Accrued income	36,571	5,890	30,680
Short-term deferred tax assets	2,530	923	1,606
Other current assets	23,399	427	22,971
Allowance for doubtful accounts	(32)	(21)	(10)
Fixed assets	130,762	44,688	86,074
Tangible fixed assets	11,588	5,154	6,434
Buildings	6,961	2,679	4,282
Furniture and fixture	4,627	2,475	2,151
Intangible fixed assets	8,344	5,175	3,169
Goodwill	112	188	(75)
Software	8,138	4,883	3,255
Other intangible fixed assets	93	103	(10)
Investments	110,829	34,358	76,470
Investment Securities	104,039	27,349	76,690
Other equity investments	303	151	152
Long-term guarantee deposits	2,871	2,859	11
Long-term prepaid expenses	11	7	4
Long-term deferred tax assets	3,096	3,649	(553)
Other investments	506	341	165
<b>Total assets</b>	<b>11,967,617</b>	<b>2,875,550</b>	<b>9,092,066</b>

( Unit:Millions of yen )

Description	As of March 31, 2003	As of March 31, 2002	Change
<b>Liabilities</b>			
Current liabilities	11,519,032	2,637,927	8,881,104
Trading liabilities	2,690,094	1,068,049	1,622,045
Trading securities and others	2,624,529	1,064,912	1,559,616
Derivative transactions	65,564	3,136	62,428
Payable-unsettled trades	595,773	81,412	514,361
Borrowings secured by securities	7,490,959	974,245	6,516,714
Deposits received	9,945	2,077	7,867
Cash collateral received from customers	34,761	2,070	32,690
Securities fails to receive	25,791	31	25,759
Valuation margin received	4,463	337	4,125
Short-term borrowings	515,936	500,877	15,058
Commercial paper	91,400	—	91,400
Accrued expenses	29,006	3,676	25,330
Income taxes payable	7,860	2,055	5,804
Reserve for bonuses	16,926	865	16,060
Other current liabilities	6,114	2,227	3,886
Fixed liabilities	111,956	569	111,387
Bonds and Notes	89,863	—	89,863
Long-term borrowings	18,180	55	18,125
Reserve for retirement benefits	954	514	440
Other Long-term liabilities	2,957	—	2,957
Statutory reserves	439	252	187
<b>Total liabilities</b>	<b>11,631,429</b>	<b>2,638,749</b>	<b>8,992,679</b>
Minority interests	86,277	—	86,277
<b>Shareholders' equity</b>			
Common stock		150,200	
Additional paid-in capital		95,324	
Retained earnings (deficit)		(4,643)	
Net unrealized loss on other securities, net of taxes		4,393	
Foreign currency translation adjustments		313	
<b>Total shareholders' equity</b>		<b>236,800</b>	
<b>Shareholder's equity</b>			
Common stock	150,200		
Capital surplus	95,324		
Retained earnings	5,804		
Net unrealized loss on other securities, net of taxes	1,943		
Foreign currency translation adjustments	523		
<b>Total shareholder's equity</b>	<b>249,910</b>		
<b>Total liabilities, minority interests and shareholder's equity</b>	<b>11,967,617</b>	<b>2,875,550</b>	<b>9,092,066</b>

**Consolidated Statements of Operations**  
**( for the years ended March 31, 2003 and 2002 )**

( Unit : Millions of yen )

Description	Year ended Mar.31, 2003	Year ended Mar.31, 2002	Period to period comparison (%)
Operating revenues	290,379	45,305	640.9%
Commission	40,070	28,869	138.8%
Trading profit	58,696	5,463	—
Net gains on operational securities	41	—	—
Financial income	191,571	10,972	—
Financial expenses	153,932	2,876	—
Net operating revenues	136,446	42,428	321.6%
Selling, general and administrative expenses	95,822	28,443	336.9%
Commissions and other transaction-related expenses	20,071	5,823	344.7%
Compensation and benefits	56,175	13,063	430.0%
Real estate expenses	6,601	3,291	200.6%
Data processing and office supplies	3,315	2,539	130.6%
Depreciation	5,368	2,580	208.0%
Taxes and dues other than income taxes	569	419	135.8%
Amortization of consolidation differences	1,766	—	—
Others	1,953	725	269.4%
Operating profit	40,624	13,985	290.5%
Non-operating revenues	4,801	300	—
Equity in earnings from investments in affiliates	12	10	119.5%
Others	4,789	290	—
Non-operating expenses	2,193	6	—
Ordinary profit	43,232	14,278	302.8%
Non-ordinary profits	1,137	32	—
Non-ordinary losses	13,930	18,502	75.3%
Net profit ( loss ) before income taxes	30,438	(4,191)	—
Income taxes-current	10,467	2,722	384.5%
Income taxes-refund	—	3	—
Income taxes-deferred	(1,906)	(109)	—
Minority interests in net profit	11,428	—	—
Net profit ( loss )	10,448	(6,800)	—

**Consolidated Statements of Capital Surplus and Retained Earnings****( for the years ended March 31, 2003 and 2002 )**

( Unit: Millions of yen )

Description	Year ended Mar.31, 2003	Year ended Mar.31, 2002
Consolidated retained earnings at beginning		2,156
Decrease in retained earnings		6,800
Net loss		6,800
Consolidated retained earnings (deficit) at end		(4,643)
Capital surplus		
Consolidated capital surplus at beginning	95,324	
Consolidated capital surplus at end	95,324	
Retained earnings		
Consolidated retained earnings (deficit) at beginning	(4,643)	
Increase in retained earnings	10,448	
Net profit	10,448	
Consolidated retained earnings at end	5,804	

## **Notes to financial statements**

The Company's-consolidated financial statements are prepared based on the "Regulations of Consolidated Financial Statements" (Ministry of Finance (MoF) Ordinance No.28, 1976) and its Article 46 and 68, 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).

The "Regulations of Consolidated Financial Statements" have been amended and accordingly, the consolidated financial statements for the year ended March 31, 2003 are prepared in accordance with the amended regulations.

## **Basis of consolidated financial statements**

### 1.Scope of consolidation

Consolidated subsidiaries : 9 Companies

Name of major subsidiaries :

Mizuho Securities Asia Ltd.  
Japan Investor Relations and Investor Support, Inc.  
The Bridgeford Group, Inc.  
Mizuho Bank (Switzerland) Ltd  
Mizuho International Plc  
Mizuho securities USA Inc.

Mizuho Bank (Switzerland) Ltd, Mizuho International Plc and Mizuho securities USA Inc. are newly consolidated subsidiaries in this fiscal year.

### 2.Application of the equity method

Affiliate accounted for by the equity method

Name of the affiliate :

Mobile Internet Capital Inc.  
Japan Industrial Partners Inc.  
Basic Capital Management, Limited  
Industrial Decisions, Inc.

Japan Industrial Partners Inc., Basic Capital Management, Limited and Industrial Decisions, Inc. are newly accounted for by the equity method in this year.

### 3.Yearends of subsidiaries

For three subsidiaries with year ends different from the consolidated year end, the financial statements for the year ended these subsidiaries' respective closing dates are consolidated.

Significant transactions during the period between the yearends of these subsidiaries and the consolidated financial statements are reflected in the consolidated financial statements.

### 4. Accounting policies

(1) Valuation of securities and trading account

① Valuation of trading account

The Company and its subsidiaries are trading financial instruments to contribute for the markets to have proper prices and liquidities.

The Company and subsidiaries hold trading positions for the purpose of :

1) responding to customers' needs to invest or hedge risk, and 2) gaining profits or mitigating losses 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 :

(a) 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 shareholder's equity.

(b) Other securities, which do not have readily determinable fair value are stated at cost determined by the moving average method.

(2) Depreciation method of significant assets

① Tangible fixed assets

The Company and domestic consolidated subsidiary mainly apply the declining-balance method except for buildings (excluding leasehold improvement), which are applied the straight-line method.

Overseas subsidiaries mainly apply the straight-line method.

② Intangible fixed assets

The straight-line method is primarily applied to amortization of intangible asset. The amortization period of software for internal use are determined based on estimated internal useful lives.

(3) Accounting policies for reserves

① Allowance for doubtful accounts

The allowance is provided for impaired loans and accounts at the amount estimated based on the management's assessments of asset quality and 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 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 actual retirement benefits and plan assets as of consolidated fiscal year.

Prior service cost is charged to income in the consolidated fiscal year which the cost is recognized.

Net actuarial gain or loss is amortized in the years following the consolidated fiscal year of incurrence in which the gain or loss is recognized over the period within the employees average remaining service period on a straight-line basis.

(4) 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.

(5) Other significant accounting policies

① Consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

5.Valuation of assets and liabilities of subsidiaries acquired

All assets and liabilities of consolidated subsidiaries are valued at fair value and included in the consolidated financial statements when acquired.

6.Amortization of consolidation differences

Consolidation differences are charged to income in the consolidated fiscal year of the acquisition due to immaterial amount.

7.Appropriation of earnings

Consolidated statement of capital surplus and retained earnings are prepared based on appropriation of earnings settled by the end of year.