

[Updated] Correction in "Summary of Consolidated Financial Statements  
for the Fiscal Year Ended March 31, 2014 Under Japanese GAAP"

Mizuho Securities Co., Ltd. hereby announces partial corrections in its "Summary of Consolidated Financial Statements for the Fiscal Year Ended March 31, 2014 Under Japanese GAAP".

[Updated]

"Summary of Consolidated Financial Statements for the Fiscal Year Ended March 31, 2014 Under Japanese GAAP"  
disclosed on April 28, 2014

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3. Consolidated Capital Adequacy Requirement Ratio

(before correction)

(Millions of yen)

		As of March 31, 2013	As of March 31, 2014
Basic items	Total capital (A)	578,254	605,916
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	14,145	19,819
	Reserve for financial instruments transaction liabilities, etc.	1,203	1,273
	Allowance for doubtful accounts	60	72
	Subordinated long-term borrowings	134,000	90,000
	Subordinated short-term borrowings	199,399	195,000
	Total (B)	348,808	306,165
Deducted assets (C)		208,853	209,045
Equity after deduction (A) + (B) - (C) (D)		718,209	703,035
Amount equivalent to risk	Amount equivalent to market risk	<u>157,772</u>	<u>158,574</u>
	Amount equivalent to counterparty risk	<u>56,377</u>	<u>55,408</u>
	Amount equivalent to fundamental risk	66,458	71,731
	Total (E)	<u>280,608</u>	<u>285,714</u>
Capital adequacy requirement ratio (D)/(E) * 100		<u>255.9%</u>	<u>246.0%</u>

(after correction)

(Millions of yen)

		As of March 31, 2013	As of March 31, 2014
Basic items	Total capital (A)	578,254	605,916
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	14,145	19,819
	Reserve for financial instruments transaction liabilities, etc.	1,203	1,273
	Allowance for doubtful accounts	60	72
	Subordinated long-term borrowings	134,000	90,000
	Subordinated short-term borrowings	199,399	195,000
	Total (B)	348,808	306,165
Deducted assets (C)		208,853	209,045
Equity after deduction (A) + (B) - (C) (D)		718,209	703,035
Amount equivalent to risk	Amount equivalent to market risk	<u>157,912</u>	<u>158,799</u>
	Amount equivalent to counterparty risk	<u>56,469</u>	<u>55,011</u>
	Amount equivalent to fundamental risk	66,458	71,731
	Total (E)	<u>280,840</u>	<u>285,541</u>
Capital adequacy requirement ratio (D)/(E) * 100		<u>255.7%</u>	<u>246.2%</u>

## IV. Supplemental Information (Non-consolidated)

## Capital adequacy requirement ratio

(before correction)

(Millions of yen)

		As of March 31, 2013	As of March 31, 2014
Basic items	Total capital (A)	538,212	572,137
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	8,205	(1,081)
	Reserve for financial instruments transaction liabilities, etc.	1,185	1,254
	Allowance for doubtful accounts	16	21
	Subordinated long-term borrowings	134,000	90,000
	Subordinated short-term borrowings	190,000	195,000
	Total (B)	333,406	285,194
Deducted assets	(C)	304,856	327,640
Equity after deduction	(A) + (B) - (C) (D)	566,762	529,691
Amount equivalent to risk	Amount equivalent to market risk	<u>90,504</u>	<u>95,387</u>
	Amount equivalent to counterparty risk	<u>28,842</u>	<u>26,252</u>
	Amount equivalent to fundamental risk	49,519	53,425
	Total (E)	<u>168,865</u>	<u>175,066</u>
Capital adequacy requirement ratio	(D)/(E) * 100	<u>335.6%</u>	<u>302.5%</u>

(after correction)

(Millions of yen)

		As of March 31, 2013	As of March 31, 2014
Basic items	Total capital (A)	538,212	572,137
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	8,205	(1,081)
	Reserve for financial instruments transaction liabilities, etc.	1,185	1,254
	Allowance for doubtful accounts	16	21
	Subordinated long-term borrowings	134,000	90,000
	Subordinated short-term borrowings	190,000	195,000
	Total (B)	333,406	285,194
Deducted assets	(C)	304,856	327,640
Equity after deduction	(A) + (B) - (C) (D)	566,762	529,691
Amount equivalent to risk	Amount equivalent to market risk	<u>90,643</u>	<u>95,612</u>
	Amount equivalent to counterparty risk	<u>28,924</u>	<u>25,851</u>
	Amount equivalent to fundamental risk	49,519	53,425
	Total (E)	<u>169,087</u>	<u>174,890</u>
Capital adequacy requirement ratio	(D)/(E) * 100	<u>335.1%</u>	<u>302.8%</u>



April 28, 2014

## Summary of Consolidated Financial Statements for the Fiscal Year Ended March 31, 2014 Under Japanese GAAP

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

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

Representative: Hiroshi Motoyama, President

Contact: Akio Arai, General Manager of Accounting Dept. on +81 3-5208-3210

Preparation of supplemental explanatory documents: Yes

Holding of presentation meeting: No

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(Amounts are rounded down to the nearest millions of yen)

#### (1) Consolidated operating results

(Percentage figures represent year-on-year changes)

	Operating revenues		Net operating revenues		Operating income		Ordinary income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Year ended March 31, 2014	367,702	10.9	323,197	25.6	40,552	34.9	43,153	33.0
Year ended March 31, 2013	331,646	45.1	257,255	53.9	30,060		32,438	

(Note) Comprehensive income (loss): Year ended March 31, 2014: 56,579 million yen (31.1 %)  
Year ended March 31, 2013: 43,169 million yen (- %)

	Net income		Net income per share	Net income per share - fully diluted	Return on Equity
	millions of yen	%	yen	yen	%
Year ended March 31, 2014	51,247	78.6	25.43		8.5
Year ended March 31, 2013	28,698		17.01		5.7

Reference: Equity in net earnings (losses) of affiliated companies: Year ended March 31, 2014: 36 million yen  
Year ended March 31, 2013: (378) million yen

#### (2) Consolidated financial positions

	Total assets	Net assets	Equity ratio	Net assets per share
	millions of yen	millions of yen	%	yen
March 31, 2014	22,345,707	651,962	2.8	313.35
March 31, 2013	23,433,395	592,420	2.4	284.10

Reference: Equity (i.e. "Shareholders' equity" and "Accumulated other comprehensive income"):

March 31, 2014: 631,440 million yen

March 31, 2013: 572,494 million yen

## 2. Notes

(1) Changes in significant subsidiaries (changes in specified subsidiaries accompanying changes in the scope of consolidation) during the period: None

(2) Changes in accounting policies, estimates, and restatements:

1) Changes in accounting policies in accordance with revisions of accounting standards: Yes

2) Changes other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(Note)

For further information, please refer to "6. Changes in accounting policies" on page 11.

(3) Number of outstanding shares (common stock)

1) Number of shares issued at end of the period (including treasury stock):

March 31, 2014:	2,015,102,652 shares
March 31, 2013:	2,015,102,652 shares

2) Number of treasury stock at end of the period:

March 31, 2014:	shares
March 31, 2013:	shares

3) Average number of outstanding shares for the period:

March 31, 2014	2,015,102,652 shares
March 31, 2013	1,686,994,340 shares

\* Note on the status of audit procedures

This summary of financial statements is exempt from the audit procedures based on the "Financial Instruments and Exchange Act."

\* Other important matters

Former Mizuho Securities Co., Ltd. and Mizuho Investors Securities Co., Ltd. merged on January 4, 2013.

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## I. Consolidated Financial Statements

### 1. Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
<b>Assets</b>		
Current assets		
Cash and bank deposits	236,210	278,478
Cash segregated as deposits for customers and others	97,467	170,820
Trading assets	8,326,052	7,036,655
Trading securities and others	7,187,913	5,922,358
Derivatives	1,138,138	1,114,296
Receivables – unsettled trades		67,668
Operating investment securities	70,201	61,040
Operating loans receivable	7,967	9,758
Receivables related to margin transactions	63,393	88,779
Loans receivable under margin transactions	50,675	72,867
Cash collateral for borrowed securities under margin transactions	12,718	15,911
Collateralized short-term financing agreements-receivable	14,134,016	14,046,930
Deposits paid for securities borrowed	4,646,357	4,774,637
Securities purchased under agreements to resell	9,487,658	9,272,292
Advances paid	2,298	4,656
Securities: fail to deliver	15,682	19,567
Short-term loans receivable	3,975	6,390
Securities	9,102	6,250
Deferred tax assets	16,069	25,178
Other current assets	235,297	295,712
Less: Allowance for doubtful accounts	(68)	(78)
Total current assets	23,217,666	22,117,807
Noncurrent assets		
Property and equipment	41,805	40,374
Buildings	13,901	13,791
Equipment	8,743	7,976
Land	17,879	17,750
Leased assets	1,280	855
Intangible assets	84,580	83,523
Software	28,103	32,855
Customer related assets	54,711	49,084
Other	1,766	1,584
Investments and other assets	89,342	104,002
Investment securities	59,780	63,595
Long-term loans receivable	136	124
Long-term guarantee deposits	16,990	17,679
Net defined benefit asset		11,535
Deferred tax assets	904	925
Other	16,074	14,765
Less: Allowance for doubtful accounts	(4,543)	(4,624)
Total noncurrent assets	215,728	227,900
<b>Total assets</b>	<b>23,433,395</b>	<b>22,345,707</b>

(Millions of yen)

As of March 31, 2013 As of March 31, 2014

<b>Liabilities</b>		
Current liabilities		
Trading liabilities	4,323,674	5,294,062
Trading securities and others	3,292,009	4,277,148
Derivatives	1,031,665	1,016,914
Payables – unsettled trades	410,651	
Payables related to margin transactions	24,287	23,936
Borrowings on margin transactions	9,279	8,030
Cash collateral for loaned securities under margin transactions	15,007	15,905
Collateralized short-term financing agreements-payable	14,513,681	13,381,117
Deposits received for securities loaned	2,430,334	2,630,759
Securities sold under agreements to repurchase	12,083,346	10,750,358
Deposits received	134,403	165,964
Guarantee deposits received	303,496	385,265
Securities: fail to receive	14,171	26,676
Short-term borrowings	1,462,169	686,517
Commercial paper	312,400	290,100
Bonds and notes due within one year	82,071	128,898
Lease obligations	525	438
Income taxes payable	4,142	3,183
Accrued employees' bonuses	20,358	24,693
Provision for bonus point redemption	498	695
Other current liabilities	48,934	58,079
Total current liabilities	21,655,466	20,469,629
Noncurrent liabilities		
Bonds and notes	478,565	560,173
Long-term borrowings	668,397	623,979
Lease obligations	2,171	1,734
Deferred tax liabilities	13,309	13,496
Provision for retirement benefits	16,607	
Net defined benefit liability		17,774
Provision for directors' retirement benefits	267	265
Provision for executive officers' retirement benefits	166	183
Other noncurrent liabilities	4,818	5,234
Total noncurrent liabilities	1,184,304	1,222,842
Statutory reserves		
Reserve for financial instruments transaction liabilities	1,203	1,273
Total statutory reserves	1,203	1,273
<b>Total liabilities</b>	22,840,974	21,693,745



(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
<b>Net assets</b>		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus	359,999	359,999
Retained earnings	140,554	191,868
Total shareholders' equity	<u>625,720</u>	<u>677,034</u>
Accumulated other comprehensive income		
Net unrealized gains on (operating) investment securities, net of tax	14,145	15,938
Foreign currency translation adjustments	(67,372)	(65,414)
Remeasurement of defined benefit plans		3,881
Total accumulated other comprehensive income	<u>(53,226)</u>	<u>(45,594)</u>
Minority interests	19,926	20,522
<b>Total net assets</b>	<u>592,420</u>	<u>651,962</u>
<b>Total liabilities and net assets</b>	<u>23,433,395</u>	<u>22,345,707</u>

## 2. Consolidated Statements of Income and Comprehensive Income

### Consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2013	Year ended March 31, 2014
Operating revenues		
Commissions	142,716	209,709
Brokerage commissions	39,997	68,224
Underwriting and selling fees, and commissions from solicitation to qualifying investors	26,109	37,641
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	28,804	41,044
Other commissions and fees	47,805	62,799
Net gain on trading	68,288	69,849
Net gain on operating investment securities	1,425	3,836
Interest and dividend income	119,216	84,306
Total operating revenues	331,646	367,702
Interest expenses	74,391	44,504
Net operating revenues	257,255	323,197
Selling, general and administrative expenses	227,194	282,645
Transaction-related expenses	44,700	57,314
Personnel expenses	103,468	129,539
Real estate expenses	29,725	33,702
Administrative expenses	15,831	21,273
Depreciation and amortization	19,970	23,409
Taxes and dues	4,174	4,299
Provision of allowance for doubtful accounts		131
Other	9,324	12,975
Operating income	30,060	40,552
Non-operating income	4,263	4,223
Non-operating expenses	1,885	1,622
Ordinary income	32,438	43,153
Extraordinary gain	5,020	4,258
Gain on sales of noncurrent assets	67	57
Gain on sales of investment securities	952	4,200
Gain on negative goodwill	30	
Reversal of reserve for financial instruments transaction liabilities	7	
Gain on transfer of business	3,961	
Extraordinary loss	12,402	5,226
Loss on sales of noncurrent assets	83	4
Loss on disposal of noncurrent assets	637	480
Loss on sales of investment securities	478	123
Loss on impairment of investment securities	829	30
Loss on impairment of golf club membership	90	7
Impairment losses	1,737	149
Loss on change in equity	326	
Merger expenses	6,595	2,068
Head office transfer cost		2,293
Provision for contingencies	1,623	
Provision of reserve for financial instruments transaction liabilities		69
Income before income taxes and minority interests	25,056	42,185
Income taxes - current	7,081	3,527
Income taxes - deferred	(10,131)	(12,161)
Total income taxes	(3,049)	(8,634)
Income before minority interests	28,106	50,820
Minority interests	(591)	(426)
Net income	28,698	51,247

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Year ended March 31, 2013	Year ended March 31, 2014
Income before minority interests	28,106	50,820
Other comprehensive income		
Net unrealized gains on (operating) investment securities, net of tax	12,160	1,783
Foreign currency translation adjustments	2,461	3,974
Share in other comprehensive income of affiliates accounted for using equity method	440	1
Total other comprehensive income	15,063	5,759
Comprehensive income	43,169	56,579
(Breakdown)		
Attributable to:		
Owners of the parent	42,145	54,998
Minority interests	1,023	1,581

### 3. Consolidated Statements of Changes in Shareholders' Equity

Year ended March 31, 2013

(Millions of yen)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	125,167	381,614	(5,725)	501,056
Changes during the period				
Net income			28,698	28,698
Deficit disposition		(117,433)	117,433	
Increase due to the merger		95,817		95,817
Changes in scope of equity method			(63)	(63)
Changes in scope of consolidation			211	211
Net changes of items other than shareholders' equity				
Total changes during the period	—	(21,615)	146,279	124,664
Balance at end of period	125,167	359,999	140,554	625,720

(Millions of yen)

	Accumulated other comprehensive income			Minority interests	Total net assets
	Net unrealized gains on (operating) investment securities, net of tax	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Balance at beginning of period	1,942	(68,616)	(66,674)	19,721	454,103
Changes during the period					
Net income					28,698
Deficit disposition					
Increase due to the merger					95,817
Changes in scope of equity method					(63)
Changes in scope of consolidation					211
Net changes of items other than shareholders' equity	12,203	1,244	13,447	205	13,653
Total changes during the period	12,203	1,244	13,447	205	138,317
Balance at end of period	14,145	(67,372)	(53,226)	19,926	592,420

Year ended March 31, 2014

(Millions of yen)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	125,167	359,999	140,554	625,720
Changes during the period				
Net income			51,247	51,247
Changes in scope of consolidation			66	66
Net changes of items other than shareholders' equity				
Total changes during the period			51,313	51,313
Balance at end of period	125,167	359,999	191,868	677,034

(Millions of yen)

	Accumulated other comprehensive income				Minority interests	Total net assets
	Net unrealized gains on (operating) investment securities, net of tax	Foreign currency translation adjustments	Remeasurement of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	14,145	(67,372)		(53,226)	19,926	592,420
Changes during the period						
Net income						51,247
Changes in scope of consolidation						66
Net changes of items other than shareholders' equity	1,792	1,958	3,881	7,632	595	8,228
Total changes during the period	1,792	1,958	3,881	7,632	595	59,541
Balance at end of period	15,938	(65,414)	3,881	(45,594)	20,522	651,962

#### 4. Note on the going-concern assumption

Not applicable

#### 5. Significant accounting policies in the preparation of consolidated financial statements

##### 1. Scope of consolidation

Consolidated subsidiaries (23 subsidiaries)

Major subsidiaries

Mizuho Securities UK Holdings Ltd.  
Mizuho International plc  
Mizuho Bank (Switzerland) Ltd.  
Mizuho Securities USA Inc.  
Mizuho Securities Asia Limited  
Mizuho Securities (Singapore) Pte. Ltd.  
Mizuho Securities India Private Limited  
Mizuho Investment Consulting (Shanghai) Co., Ltd.  
Shinko Asset Management Co., Ltd.  
Mizuho Securities Principal Investment Co., Ltd.  
Basic Capital Management Ltd.  
Mizuho Securities Research & Consulting Co., Ltd.  
Japan Investor Relations and Investor Support, Inc.  
Nippon Securities Technology Co., Ltd.  
Mizuho Securities Business Services Co., Ltd.  
Mizuho Securities Property Management Co., Ltd.  
Mitsui Securities Co., Ltd.  
Other 6 companies

Excluded from the scope of consolidation:

Mizuho Saudi Arabia Company  
Mizuho Securities Office Services Co., Ltd.  
Mizuho Investors Business Service Co., Ltd.  
Shinko IPO Investment Business Fund No.1

##### 2. Matters concerning the application of equity method

Equity-method affiliates (9 affiliates)

Neostella Capital Co., Ltd.  
Energy & Environment Investment, Inc.  
Mobile Internet Capital, Inc.  
The Neostella Capital No.1 Investment Business Limited Partnership  
Industrial Decisions, Inc.  
Other 4 companies

##### 3. Matters related to the period of consolidated subsidiaries

The closing dates of consolidated subsidiaries are as follows:

March 31, 2014	19 subsidiaries
December 31, 2013	4 subsidiaries

For 4 consolidated subsidiaries with different closing dates to the consolidated closing date, financial statements as of each subsidiary's closing date are used. However, for important transactions that took place between the closing date of each company and the consolidated closing date, adjustments necessary for the consolidation are performed.

##### 4. Matters related to the accounting standards

###### (1) Valuation method for significant assets

###### 1) Valuation method for securities classed as trading products (securities held for trading purpose):

Securities and derivative contracts classed as trading products and held by the Mizuho Securities Co., Ltd (hereinafter, the "Company") and its subsidiaries are recorded at fair value.

2) Valuation method for securities not classed as trading products:

The following valuation methods are applied to securities that are not held for trading purposes:

a) Bonds that are to be held to maturity

The amortized cost (straight-line) method is used.

b) Other securities

Other securities with fair value:

Those are recorded at fair value on the consolidated balance sheets. Differences between the cost, using the moving average method, and fair value are recorded as net unrealized gains (or losses) on investment securities.

Other securities those are difficult to calculate fair value:

Those are recorded at cost using moving average method.

Moreover, with regard to contributions to investment business limited partnerships and similar partnerships (according to Article 2, Paragraph 2 of the Financial Instruments and Exchange Act, such contributions are regarded as negotiable securities), the Company mainly uses, as the book value, the value of its holdings of partnership assets as designated on the partnership's most recent statement of accounts that the Company is able to obtain as of the day - stipulated in the partnership agreement - on which the latest statement of accounts is reported. With regard to profit and loss obtained from the operations of the partnership, etc., the Company uses a method whereby the Company records the value of its holdings.

(2) Depreciation methods used for significant depreciable assets

1) Property and equipment

Both the Company and domestic consolidated subsidiaries mainly use declining-balance method.

However, buildings acquired after 1 April 1998 (excluding the equipment, etc. they contain) are depreciated using the straight-line method.

2) Intangible assets and long-term prepaid expenses

The straight-line method is mainly used.

Moreover, software for own use is depreciated using a straight-line method determined by the duration of its potential internal use (up to 5 years).

3) Leased Assets

Depreciation of assets under financing leases other than those for which the ownership of the leased property transfers to the lessee is calculated on declining-balance method over the period equal to lease period with the residual value of nil.

(3) Accounting standards for significant reserves and allowances

1) Allowance for doubtful accounts

In preparation for possible loss from bad debt in loans and receivables, etc., allowance for general receivables is provided based on the ratio of past loss experience and also specific receivables such as non-recoverable receivables is provided for the estimated uncollectible amounts after reviewing collectability of receivables individually.

2) Accrued employees' bonuses

To prepare for the payment of bonuses to employees, the Company calculates the estimated value of future payments and charges an appropriate portion of this obligation to the period.

3) Provision for bonus point redemption

To prepare for the cost burden for use of the Mizuho Point Service in the future, the expected required amount is calculated for this period based on the usage rate.

4) Provision for directors' retirement benefits

To prepare for the payment of retirement benefits for directors, the necessary amount for the end of this period is recorded in accordance with the in-house regulations.

5) Provision for executive officers' retirement benefits

To prepare for the payment of retirement benefits for executive officers, the necessary amount for the end of this period is recorded in accordance with the in-house regulations.

6) Reserve for financial instruments transaction liabilities

Reserve for financial instruments transaction liabilities is provided for potential loss from accidents in security transactions in accordance with Article 46, Paragraph 5 of the Financial Instruments and Exchange Act, and Article 175 of "Cabinet Office Ordinance on the Financial Instruments and Exchange Business".

(4) Accounting for retirement benefits

1) Allocation of expected benefit payments

When calculating retirement benefits, the straight-line method is used to allocate expected benefit payments to the period until this fiscal year end. Under the straight-line method for the retirement benefit payments calculation, the expected benefit divided by the total service years would be deemed as arising in each period.

2) Actuarial differences and prior service cost

Prior service cost is charged to expenses using the lump-sum or the straight-line method based on determined years (10 years) within average remaining service year of the employees when incurred.

Actuarial differences are also charged to expenses from the following fiscal year using the straight-line method based on determined years (10 years) within average remaining service year of the employees when incurred.

(5) Standards for translating significant assets or liabilities denominated in foreign currencies into Japanese yen

Foreign currency denominated claims and obligations are translated into Japanese yen at the spot rate prevailing on the closing day of this period. Currency translation losses or gains are recorded on the statements of operations as such.

The assets, liabilities, revenues, and expenses of foreign subsidiaries are also translated into Japanese yen at the spot rate prevailing on the closing day of this period. Any translation losses or gains are recorded in the net assets under the account "Foreign currency translation adjustments" and "Minority interests".

(6) Method of significant hedge accounting

1) Gains or losses resulting from forward foreign exchange transactions entered to hedge the exchange-rate risk of foreign-currency-dominated equity investments in subsidiaries, to the extent effective, are included in the foreign exchange translation adjustments in net assets.

2) The method of fair value hedge is applied for foreign borrowing exposures in order to minimize the risk of exchange-rate fluctuations for foreign-currency-denominated securities and others.

3) The method of fair value hedge is applied for forward foreign exchange transactions in order to minimize the risk of exchange-rate fluctuations for foreign-currency-denominated investment securities.

4) A special disposition method is applied for interest-rate swap agreements, which are adopted to reduce interest-rate risks of subordinated borrowings, under a condition that these agreements meet the requirements of the method.

(7) Accounting for consumption tax

The tax exclusion method is applied.

## 6. Changes in accounting policies

(Application of "Revised Accounting Standard for Consolidated Financial Statements", etc.)

The Company applied "Revised Accounting Standard for Consolidated Financial Statements" (Accounting Standards Board of Japan ("ASBJ") Statement No.22, March 25, 2011), "Revised Guidance on Disclosures about Certain Special Purpose Entities" (ASBJ Guidance No.15, March 25, 2011), "Revised Guidance on Determining a Subsidiary and an Affiliate" (ASBJ Guidance No.22, March 25, 2011) and "Revised Practical Solution on Application of the Control Criteria and Influence Criteria to Investment Associations" (ASBJ Practical Issues Task Force No.20, March 25, 2011) from this fiscal year. The impact of applying these accounting standards to Retained earnings at the beginning of this fiscal year is nil.

(Application of "Accounting Standard for Retirement Benefits", etc.)

The Company applied "Accounting Standard for Retirement Benefits" (ASBJ Statement No.26, May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25, May 17, 2012) from the end of this fiscal year excluding the paragraph 35 of ASBJ Statement No.26 and the paragraph 67 of ASBJ Guidance No.25. As a result, the Company recognized the difference between retirement benefit obligations and plan assets as Net defined benefit asset or Net defined benefit liability at the end of this fiscal year.

At the application of these accounting standards, the Company followed the paragraph 37 of ASBJ Statement No.26 and unrecognized actuarial gains and losses were recognized as Remeasurement of defined benefit plans in Accumulated other comprehensive income.

As a result, 11,535 million yen was recognized in Net defined benefit asset and 17,774 million yen was recognized in Net defined benefit liability. In addition, Deferred tax asset increased by 32 million yen, Deferred tax liability increased by 2,208 million yen and Accumulated other comprehensive income increased by 3,881 million yen at the end of this fiscal year.



## 7. Notes to Consolidated Financial Statements

(Consolidated Balance Sheets)

	Year ended March 31, 2013	Year ended March 31, 2014 (Millions of yen)
1. Accumulated depreciation deducted from property and equipment	56,039	57,645
2. Obligations under guarantees	248	215
(potential guarantee obligation)	(174)	(130)

In accordance with Report No. 61 of the Auditing Committee of the Japanese Institute of Certified Public Accountants, titled "Auditing Procedures Concerning the Accounting for Guarantee Obligations and Quasi-Guarantees," those obligations of the Company deemed to cause the Company to be held liable as a guarantor are to be treated as quasi-guarantees and stated in notes.

3. The balance for affiliate companies is as follows:

	March 31, 2013	March 31, 2014 (Millions of yen)
Investment Securities	489	544

(Consolidated Statements of Changes in Shareholders' Equity)

Fiscal Year Ended March 31, 2013 (April 1, 2012 - March 31, 2013)

1. Matters related to outstanding shares

(Thousands of shares)

	Shares at April 1, 2012	Shares increased in this year	Shares decreased in this year	Shares at March 31, 2013
Shares outstanding Common stock	1,584,312	430,789		2,015,102
Total	1,584,312	430,789		2,015,102

(Note) The number of shares outstanding (common stock) increased by 430,789 thousand shares due to the merger.

2. Matters related to treasury stock

Not applicable

Fiscal Year Ended March 31, 2014 (April 1, 2013 - March 31, 2014)

1. Matters related to outstanding shares

(Thousands of shares)

	Shares at April 1, 2013	Shares increased in this year	Shares decreased in this year	Shares at March 31, 2014
Shares outstanding Common stock	2,015,102			2,015,102
Total	2,015,102			2,015,102

2. Matters related to treasury stock

Not applicable

(Per share information)

(Yen)

Year ended March 31, 2013		Year ended March 31, 2014	
Net assets per share	284.10	Net assets per share	313.35
Net income per share	17.01	Net income per share	25.43

(Notes)

1. Net income per share (diluted) for the year ended March 31, 2013 was not shown due to no potential securities.

2. Net income per share was calculated based on the following:

	Year ended March 31, 2013	Year ended March 31, 2014
Net income (Millions of yen)	28,698	51,247
Amount not attributable to common stock shareholders (Millions of yen)		
Net income attributable to common stock (Millions of yen)	28,698	51,247
Average number of common shares outstanding (Thousands of shares)	1,686,994	2,015,102

**. Supplemental Information (Consolidated)**

**1. Commissions**

1) Breakdown by items

(Millions of yen)

	Year ended March 31, 2013	Year ended March 31, 2014	Increase/(Decrease)	
			Amount	Percentage (%)
Brokerage commissions	39,997	68,224	28,226	70.6
Equities	25,763	53,733	27,969	108.6
Bonds	14,063	14,052	(11)	(0.1)
Underwriting and selling fees, and commissions from solicitation to qualifying investors	26,109	37,641	11,532	44.2
Equities	8,996	13,968	4,972	55.3
Bonds	16,719	22,892	6,172	36.9
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	28,804	41,044	12,240	42.5
Other commissions and fees	47,805	62,799	14,994	31.4
<b>Total</b>	<b>142,716</b>	<b>209,709</b>	<b>66,993</b>	<b>46.9</b>

2) Breakdown by instruments

(Millions of yen)

	Year ended March 31, 2013	Year ended March 31, 2014	Increase/(Decrease)	
			Amount	Percentage (%)
Equities	36,521	69,368	32,847	89.9
Bonds	31,954	43,420	11,466	35.9
Beneficiary certificates	53,076	73,467	20,390	38.4
Other	21,163	23,452	2,289	10.8
<b>Total</b>	<b>142,716</b>	<b>209,709</b>	<b>66,993</b>	<b>46.9</b>

**2. Net gain on trading**

(Millions of yen)

	Year ended March 31, 2013	Year ended March 31, 2014	Increase/(Decrease)	
			Amount	Percentage (%)
Equities, etc.	10,418	26,063	15,645	150.2
Bonds, etc. • Others	57,870	43,786	(14,083)	(24.3)
Bonds, etc.	17,484	45,218	27,734	158.6
Others	40,385	(1,431)	(41,817)	( )
<b>Total</b>	<b>68,288</b>	<b>69,849</b>	<b>1,561</b>	<b>2.3</b>

### 3. Consolidated Capital Adequacy Requirement Ratio

(Millions of yen)

		As of March 31, 2013	As of March 31, 2014
Basic items	Total capital (A)	578,254	605,916
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	14,145	19,819
	Reserve for financial instruments transaction liabilities, etc.	1,203	1,273
	Allowance for doubtful accounts	60	72
	Subordinated long-term borrowings	134,000	90,000
	Subordinated short-term borrowings	199,399	195,000
	Total (B)	348,808	306,165
Deducted assets	(C)	208,853	209,045
Equity after deduction	(A) + (B) - (C) (D)	718,209	703,035
Amount equivalent to risk	Amount equivalent to market risk	157,912	158,799
	Amount equivalent to counterparty risk	56,469	55,011
	Amount equivalent to fundamental risk	66,458	71,731
	Total (E)	280,840	285,541
Capital adequacy requirement ratio	(D)/(E) * 100	255.7%	246.2%

#### 4. Quarterly Consolidated Statements of Income

(Millions of yen)

	Fourth quarter ended March 2013	First quarter ended June 2013	Second quarter ended September 2013	Third quarter ended December 2013	Fourth quarter ended March 2014
	Jan. 1, 2013 - Mar. 31, 2013	Apr. 1, 2013 - Jun. 30, 2013	Jul. 1, 2013 - Sep. 30, 2013	Oct. 1, 2013 - Dec. 31, 2013	Jan. 1, 2014 - Mar. 31, 2014
Operating revenues	116,223	96,999	96,996	87,214	86,492
Commissions	52,482	54,707	50,048	54,072	50,880
Brokerage commissions	18,295	21,414	14,522	18,112	14,174
Equities	13,755	17,524	11,523	14,555	10,129
Bonds	4,464	3,755	2,905	3,454	3,937
Underwriting and selling fees, and commissions from solicitation to qualifying investors	7,438	8,262	8,090	11,214	10,075
Equities	2,940	2,573	2,365	4,221	4,808
Bonds	4,405	5,377	5,687	6,921	4,905
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	12,903	10,522	10,208	10,660	9,652
Other commissions and fees	13,844	14,508	17,226	14,085	16,978
Net gain on trading	27,676	18,375	18,177	14,656	18,640
Equities, etc.	4,730	13,570	3,440	9,401	(348)
Bonds, etc. • Others	22,946	4,804	14,737	5,254	18,989
Bonds, etc.	32,797	7,379	12,453	11,202	14,183
Others	(9,851)	(2,574)	2,283	(5,947)	4,806
Net gain (loss) on operating investment securities	658	(789)	2,314	2,321	(9)
Interest and dividend income	35,405	24,705	26,456	16,164	16,980
Interest expenses	21,301	12,559	13,851	7,280	10,813
Net operating revenues	94,921	84,439	83,145	79,933	75,678
Selling, general and administrative expenses	74,446	69,057	69,898	72,317	71,371
Transaction-related expenses	13,646	14,560	13,325	13,956	15,471
Personnel expenses	37,039	31,950	32,518	32,543	32,526
Real estate expenses	9,053	8,114	8,109	8,502	8,975
Administrative expenses	4,631	4,901	5,571	6,446	4,354
Depreciation and amortization	5,905	5,426	5,810	6,463	5,708
Taxes and dues	1,419	1,257	1,085	1,284	672
Other	2,750	2,847	3,476	3,120	3,662
Operating income	20,475	15,382	13,247	7,615	4,307
Non-operating income	1,534	1,117	901	889	1,313
Non-operating expenses	328	822	731	(87)	154
Ordinary income	21,681	15,677	13,417	8,592	5,466
Extraordinary gain	658	1,974	1,248	564	471
Extraordinary loss	5,118	382	1,354	1,621	1,867
Income before income taxes and minority interests	17,221	17,268	13,311	7,535	4,070
Income taxes - current	3,825	1,054	1,614	1,978	(1,120)
Income taxes - deferred	(5,862)	(720)	(8,814)	(3,666)	1,038
Income before minority interests	19,258	16,934	20,511	9,222	4,151
Minority interests	19	(428)	(197)	94	105
Net income	19,238	17,363	20,709	9,128	4,046

. Non-consolidated Financial Statements

1. Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
<b>Assets</b>		
Current assets		
Cash and bank deposits	149,917	153,502
Cash segregated as deposits for customers and others	94,508	164,937
Trading assets	6,496,354	5,262,651
Trading securities and others	5,384,711	4,174,833
Derivatives	1,111,642	1,087,818
Receivables – unsettled trades		82,267
Operating investment securities	22,902	18,483
Operating loans receivable	4,098	3,598
Receivables related to margin transactions	60,389	85,274
Loans receivable under margin transactions	47,791	69,407
Cash collateral for borrowed securities under margin transactions	12,597	15,867
Collateralized short-term financing agreements-receivable	4,850,073	4,926,123
Deposits paid for securities borrowed	4,654,470	4,789,303
Securities purchased under agreements to resell	195,602	136,820
Advances paid	80	662
Advance payments for customers	61	646
Advance payments for others	18	15
Short-term guarantee deposits	77,897	108,208
Securities: fail to deliver	6,275	3,843
Variation margin paid	6,704	1,353
Short-term loans receivable	38,818	59,677
Advance payments	201	988
Prepaid expenses	2,627	2,703
Accounts receivable-other	652	1,669
Accrued income	22,007	20,749
Deferred tax assets	13,989	21,842
Other current assets	4,025	34
Less: Allowance for doubtful accounts	(18)	(21)
Total current assets	11,851,505	10,918,552
Noncurrent assets		
Property and equipment	17,942	17,284
Buildings	6,776	7,101
Equipment	7,161	6,593
Land	2,745	2,745
Leased assets	1,259	843
Intangible assets	26,987	30,210
Software	25,264	28,669
House leasehold rights	79	78
Telephone subscription rights	492	490
Other intangible assets	1,152	972
Investments and other assets	275,834	308,211
Investment securities	39,917	41,674
Investments in subsidiaries and affiliates	173,282	189,258
Long-term loans receivable to subsidiaries and affiliates	20,886	25,981
Long-term guarantee deposits	16,202	16,843
Long-term prepaid expenses	2,042	6,250
Prepaid pension cost	6,992	7,138
Deferred tax assets	13,388	18,986
Other	7,659	6,697
Less: Allowance for doubtful accounts	(4,537)	(4,619)
Total noncurrent assets	320,764	355,706
<b>Total assets</b>	<b>12,172,269</b>	<b>11,274,259</b>

(Millions of yen)

As of March 31, 2013      As of March 31, 2014

<b>Liabilities</b>		
Current liabilities		
Trading liabilities	3,770,998	4,209,557
Trading securities and others	2,774,144	3,216,324
Derivatives	996,853	993,232
Payables – unsettled trades	382,812	
Payables related to margin transactions	22,912	22,643
Borrowings on margin transactions	8,021	6,782
Cash collateral for loaned securities under margin transactions	14,890	15,861
Collateralized short-term financing agreements-payable	4,487,174	4,251,865
Deposits received for securities loaned	2,430,352	2,630,804
Securities sold under agreements to repurchase	2,056,821	1,621,061
Deposits received	106,928	131,547
Deposits from customers	72,542	94,928
Deposits for subscription		694
Deposits for others	34,385	35,923
Guarantee deposits received	73,257	70,936
Securities: fail to receive	2,310	5,352
Short-term borrowings	1,301,000	509,698
Commercial paper	312,400	290,100
Bonds and notes due within one year	54,371	48,353
Lease obligations	519	432
Advances received	386	497
Accounts payable-other	1,701	2,375
Accrued expenses	23,408	22,533
Income taxes payable	2,545	1,112
Accrued employees' bonuses	8,965	12,627
Provision for bonus point redemption	498	695
Other current liabilities	2,234	2,752
	<b>Total current liabilities</b>	<b>10,554,423</b>
Noncurrent liabilities		
Bonds and notes	382,338	455,877
Long-term borrowings	401,400	404,900
Long-term borrowings from subsidiaries and affiliates	267,000	212,000
Lease obligations	2,162	1,730
Provision for retirement benefits	15,282	16,094
Other noncurrent liabilities	2,058	2,065
	<b>Total noncurrent liabilities</b>	<b>1,070,243</b>
Statutory reserves		
Reserve for financial instruments transaction liabilities	1,185	1,254
	<b>Total statutory reserves</b>	<b>1,185</b>
<b>Total liabilities</b>	<b>11,625,851</b>	<b>10,677,007</b>

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
<b>Net assets</b>		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus		
Additional paid - in capital	285,831	285,831
Other capital surplus	95,817	95,817
Total capital surpluses	381,649	381,649
Retained earnings		
Other retained earnings		
Retained earnings brought forward	31,395	91,516
Total retained earnings	31,395	91,516
Total shareholders' equity	538,212	598,333
Valuation and translation adjustments		
Net unrealized gains on (operating) investment securities, net of tax	15,021	16,865
Net deferred gains or losses on hedges, net of tax	(6,816)	(17,946)
Total valuation and translation adjustments	8,205	(1,081)
<b>Total net assets</b>	546,417	597,251
<b>Total liabilities and net assets</b>	12,172,269	11,274,259



## 2. Non-consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2013	Year ended March 31, 2014
Operating revenues		
Commissions	101,652	148,149
Brokerage commissions	21,219	43,105
Underwriting and selling fees, and commissions from solicitation to qualifying investors	18,890	24,470
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	28,586	37,131
Other commissions and fees	32,956	43,442
Net gain on trading	76,640	95,563
Net gain (loss) on operating investment securities	(2,128)	1,998
Interest and dividend income	44,937	33,373
Total operating revenues	<u>221,102</u>	<u>279,085</u>
Interest expenses	<u>32,006</u>	<u>26,345</u>
Net operating revenues	<u>189,095</u>	<u>252,739</u>
Selling, general and administrative expenses	155,554	202,775
Transaction-related expenses	30,422	41,306
Personnel expenses	62,772	82,762
Real estate expenses	24,471	26,959
Administrative expenses	20,020	30,046
Depreciation and amortization	11,853	15,023
Taxes and dues	2,257	2,390
Provision of allowance for doubtful accounts	2	126
Other	3,754	4,158
Operating income	<u>33,541</u>	<u>49,964</u>
Non-operating income	5,870	5,148
Non-operating expenses	392	792
Ordinary income	<u>39,019</u>	<u>54,320</u>
Extraordinary gain	1,731	5,705
Gain on sales of noncurrent assets	23	
Gain on sales of investment securities	1,700	5,705
Reversal of reserve for financial instruments transaction liabilities	7	
Extraordinary loss	12,746	5,983
Loss on disposal of noncurrent assets	602	421
Loss on sales of investment securities	185	130
Loss on sales of investments in subsidiaries and affiliates	55	287
Loss on impairment of investment securities	17	19
Loss on impairment of investments in subsidiaries and affiliates	2,583	489
Loss on impairment of golf club membership	90	7
Impairment losses	1,395	149
Merger expenses	7,815	2,115
Head office transfer cost		2,293
Provision of reserve for financial instruments transaction liabilities		69
Income before income taxes	<u>28,004</u>	<u>54,042</u>
Income taxes - current	3,240	2,169
Income taxes - deferred	(6,632)	(8,248)
Total income taxes	<u>(3,391)</u>	<u>(6,078)</u>
Net income	<u>31,395</u>	<u>60,121</u>

### 3. Non-consolidated Statements of Changes in Shareholders' Equity

Year ended March 31, 2013

(Millions of yen)

	Shareholders' equity					
	Common stock	Capital surplus			Retained earnings	Total Shareholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	
Balance at beginning of period	125,167	380,194	23,069	403,264	(117,433)	410,998
Changes during the period						
Net income					31,395	31,395
Reversal of legal capital surplus		(94,363)	94,363	—		—
Deficit disposition			(117,433)	(117,433)	117,433	—
Increase due to the merger			95,817	95,817		95,817
Net changes of items other than shareholders' equity						
Total changes during the period	—	(94,363)	72,748	(21,615)	148,828	127,213
Balance at end of period	125,167	285,831	95,817	381,649	31,395	538,212

(Millions of yen)

	Valuation and translation adjustments			Total net assets
	Net unrealized gains on (operating) investment securities, net of tax	Net deferred hedge gain (loss), net of tax	Total valuation and translation adjustments	
Balance at beginning of period	3,119	1,151	4,271	415,269
Changes during the period				
Net income				31,395
Reversal of legal capital surplus				—
Deficit disposition				—
Increase due to the merger				95,817
Net changes of items other than shareholders' equity	11,901	(7,967)	3,934	3,934
Total changes during the period	11,901	(7,967)	3,934	131,147
Balance at end of period	15,021	(6,816)	8,205	546,417

Year ended March 31, 2014

(Millions of yen)

	Shareholders' equity					
	Common stock	Capital surplus			Retained earnings	Total Shareholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	
Balance at beginning of period	125,167	285,831	95,817	381,649	31,395	538,212
Changes during the period						
Net income					60,121	60,121
Net changes of items other than shareholders' equity						
Total changes during the period	—	—	—	—	60,121	60,121
Balance at end of period	125,167	285,831	95,817	381,649	91,516	598,333

(Millions of yen)

	Valuation and translation adjustments			Total net assets
	Net unrealized gains on (operating) investment securities, net of tax	Net deferred hedge gain (loss), net of tax	Total valuation and translation adjustments	
Balance at beginning of period	15,021	(6,816)	8,205	546,417
Changes during the period				
Net income				60,121
Net changes of items other than shareholders' equity	1,843	(11,130)	(9,287)	(9,287)
Total changes during the period	1,843	(11,130)	(9,287)	50,834
Balance at end of period	16,865	(17,946)	(1,081)	597,251

#### 4. Note on the going-concern assumption

Not applicable

#### IV. Supplemental Information (Non-consolidated)

##### Capital adequacy requirement ratio

(Millions of yen)

		As of March 31, 2013	As of March 31, 2014
Basic items	Total capital (A)	538,212	572,137
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	8,205	(1,081)
	Reserve for financial instruments transaction liabilities, etc.	1,185	1,254
	Allowance for doubtful accounts	16	21
	Subordinated long-term borrowings	134,000	90,000
	Subordinated short-term borrowings	190,000	195,000
	Total (B)	333,406	285,194
Deducted assets	(C)	304,856	327,640
Equity after deduction	(A) + (B) - (C) (D)	566,762	529,691
Amount equivalent to risk	Amount equivalent to market risk	90,643	95,612
	Amount equivalent to counterparty risk	28,924	25,851
	Amount equivalent to fundamental risk	49,519	53,425
	Total (E)	169,087	174,890
Capital adequacy requirement ratio	(D)/(E) * 100	335.1%	302.8%