

[Updated] Correction in "Summary of Consolidated Financial Statements
for the Nine Months Ended December 31, 2013 Under Japanese GAAP"

Mizuho Securities Co., Ltd. hereby announces partial corrections in its "Summary of Consolidated Financial Statements for the Nine Months Ended December 31, 2013 Under Japanese GAAP".

[Updated]

"Summary of Consolidated Financial Statements for the Nine Months Ended December 31, 2013 Under Japanese GAAP" disclosed on January 31, 2014 and corrected on May 7, 2014

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(3) Capital adequacy requirement ratio

1) Consolidated base

(before correction)

(Millions of yen)

		As of March 31, 2013	As of December 31, 2013
Basic items	Total capital (A)	578,254	628,854
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	14,145	19,232
	Reserve for financial instruments transaction liabilities, etc.	1,203	1,361
	Allowance for doubtful accounts	60	69
	Subordinated long-term borrowings	134,000	96,000
	Subordinated short-term borrowings	199,399	199,000
	Total (B)	348,808	315,664
Deducted assets	(C)	208,853	207,497
Equity after deduction	(A) + (B) - (C) (D)	718,209	737,021
Amount equivalent to risk	Amount equivalent to market risk	<u>157,772</u>	<u>150,184</u>
	Amount equivalent to counterparty risk	<u>56,377</u>	<u>64,900</u>
	Amount equivalent to fundamental risk	66,458	72,027
	Total (E)	<u>280,608</u>	<u>287,112</u>
Capital adequacy requirement ratio	(D)/(E) * 100	<u>255.9%</u>	<u>256.7%</u>

(after correction)

(Millions of yen)

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Equity after deduction	(A) + (B) - (C) (D)	718,209	737,021
Amount equivalent to risk	Amount equivalent to market risk	<u>157,912</u>	<u>150,491</u>
	Amount equivalent to counterparty risk	<u>56,469</u>	<u>64,932</u>
	Amount equivalent to fundamental risk	66,458	72,027
	Total (E)	<u>280,840</u>	<u>287,451</u>
Capital adequacy requirement ratio	(D)/(E) * 100	<u>255.7%</u>	<u>256.3%</u>

2) Non-consolidated base

(before correction)

(Millions of yen)

		As of March 31, 2013	As of December 31, 2013
Basic items	Total capital (A)	538,212	593,347
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	8,205	116
	Reserve for financial instruments transaction liabilities, etc.	1,185	1,343
	Allowance for doubtful accounts	16	15
	Subordinated long-term borrowings	134,000	96,000
	Subordinated short-term borrowings	190,000	199,000
	Total (B)	333,406	296,475
Deducted assets	(C)	304,856	325,347
Equity after deduction	(A) + (B) - (C) (D)	566,762	564,475
Amount equivalent to risk	Amount equivalent to market risk	<u>90,504</u>	<u>92,649</u>
	Amount equivalent to counterparty risk	<u>28,842</u>	24,916
	Amount equivalent to fundamental risk	49,519	53,262
	Total (E)	<u>168,865</u>	<u>170,828</u>
Capital adequacy requirement ratio	(D)/(E) * 100	<u>335.6%</u>	<u>330.4%</u>

(after correction)

(Millions of yen)

		As of March 31, 2013	As of December 31, 2013
Basic items	Total capital (A)	538,212	593,347
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	8,205	116
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	Total (B)	333,406	296,475
Deducted assets	(C)	304,856	325,347
Equity after deduction	(A) + (B) - (C) (D)	566,762	564,475
Amount equivalent to risk	Amount equivalent to market risk	<u>90,643</u>	<u>92,956</u>
	Amount equivalent to counterparty risk	<u>28,924</u>	24,916
	Amount equivalent to fundamental risk	49,519	53,262
	Total (E)	<u>169,087</u>	<u>171,135</u>
Capital adequacy requirement ratio	(D)/(E) * 100	<u>335.1%</u>	<u>329.8%</u>



January 31, 2014

Summary of Consolidated Financial Statements for the Nine Months Ended December 31, 2013 Under Japanese GAAP

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

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

Representative: Hiroshi Motoyama, President

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

Preparation of supplemental explanatory documents: Yes

Holding of quarterly presentation meeting: No

1. Consolidated Financial Results for the Nine Months Ended December 31, 2013 (April 1, 2013 to December 31, 2013)

(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	%
Nine months ended								
December 31, 2013	281,210	30.5	247,519	52.5	36,245	278.2	37,687	250.4
December 31, 2012	215,423	29.2	162,333	29.9	9,584	-	10,756	-

(Note) Comprehensive income: December 31, 2013: 56,132 million yen (441.4%)
December 31, 2012: 10,367 million yen (- %)

	Net income		Net income per share	Net income per share
	millions of yen	%	per share	- fully diluted
Nine months ended			yen	yen
December 31, 2013	47,200	399.0	23.42	-
December 31, 2012	9,459	-	5.97	-

(2) Consolidated financial positions

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
December 31, 2013	25,160,456	648,087	2.5
March 31, 2013	23,433,395	592,420	2.4

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

December 31, 2013: 626,967 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) Application of specific accounting methods in the preparation of quarterly consolidated financial statements: None

(3) 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) Changes in accounting policies in accordance with revisions of accounting standards are described in Changes in accounting policies, estimates, and restatements in "Summary Information (Notes)" on page 2.

(4) Number of outstanding shares (common stock)

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

December 31, 2013: 2,015,102,652 shares

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

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

December 31, 2013: - shares

March 31, 2013: - shares

3) Average number of outstanding shares for the nine months:

Nine months ended December 31, 2013 2,015,102,652 shares

Nine months ended December 31, 2012 1,584,312,962 shares

* Other important matters

Former Mizuho Securities Co., Ltd. and Mizuho Investors Securities Co., Ltd. merged on January 4, 2013 and numbers as of the date of or before the merger and those for the period ended on or before the merger are the closing numbers of former Mizuho Securities Co., Ltd.

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1. Summary Information (Notes)

Changes in accounting policies, estimates, and restatements

(Changes in accounting policies)

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 the first quarter period of this fiscal year. The impact of applying these accounting standards to Retained earnings at the beginning of this fiscal year is nil.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2013	As of December 31, 2013
Assets		
Current assets		
Cash and bank deposits	236,210	429,144
Cash segregated as deposits for customers and others	97,467	132,707
Trading assets	8,326,052	7,669,164
Trading securities and others	7,187,913	6,559,832
Derivatives	1,138,138	1,109,331
Operating investment securities	70,201	61,772
Operating loans receivable	7,967	7,885
Receivables related to margin transactions	63,393	69,923
Loans receivable under margin transactions	50,675	57,703
Cash collateral for borrowed securities under margin transactions	12,718	12,220
Collateralized short-term financing agreements-receivable	14,134,016	16,212,855
Deposits paid for securities borrowed	4,646,357	4,670,607
Securities purchased under agreements to resell	9,487,658	11,542,247
Advances paid	2,298	4,588
Securities: fail to deliver	15,682	16,492
Short-term loans receivable	3,975	6,433
Securities	9,102	8,889
Deferred tax assets	16,069	23,285
Other current assets	235,297	293,658
Less: Allowance for doubtful accounts	(68)	(70)
Total current assets	23,217,666	24,936,728
Noncurrent assets		
Property and equipment	41,805	40,488
Intangible assets	84,580	81,509
Investments and other assets	89,342	101,730
Investment securities	59,780	66,489
Long-term guarantee deposits	16,990	17,935
Deferred tax assets	904	915
Other	16,211	21,047
Less: Allowance for doubtful accounts	(4,543)	(4,658)
Total noncurrent assets	215,728	223,727
Total assets	23,433,395	25,160,456

(Millions of yen)

As of March 31, 2013 As of December 31, 2013

	As of March 31, 2013	As of December 31, 2013
Liabilities		
Current liabilities		
Trading liabilities	4,323,674	4,685,316
Trading securities and others	3,292,009	3,663,079
Derivatives	1,031,665	1,022,236
Payables – unsettled trades	410,651	661,299
Payables related to margin transactions	24,287	22,631
Borrowings on margin transactions	9,279	8,687
Cash collateral for loaned securities under margin transactions	15,007	13,943
Collateralized short-term financing agreements-payable	14,513,681	16,123,651
Deposits received for securities loaned	2,430,334	2,221,800
Securities sold under agreements to repurchase	12,083,346	13,901,850
Deposits received	134,403	209,392
Guarantee deposits received	303,496	338,039
Securities: fail to receive	14,171	18,133
Short-term borrowings	1,462,169	743,085
Commercial paper	312,400	285,600
Bonds and notes due within one year	82,071	118,454
Lease obligations	525	466
Income taxes payable	4,142	4,042
Accrued employees' bonuses	20,358	17,254
Accrued directors' bonuses	70	40
Provision for bonus point redemption	498	597
Other current liabilities	48,864	64,665
Total current liabilities	21,655,466	23,292,670
Noncurrent liabilities		
Bonds and notes	478,565	547,125
Long-term borrowings	668,397	637,135
Lease obligations	2,171	1,873
Deferred tax liabilities	13,309	9,875
Provision for retirement benefits	16,607	17,407
Provision for directors' retirement benefits	267	237
Provision for executive officers' retirement benefits	166	172
Other noncurrent liabilities	4,818	4,508
Total noncurrent liabilities	1,184,304	1,218,335
Statutory reserves		
Reserve for financial instruments transaction liabilities	1,203	1,361
Total statutory reserves	1,203	1,361
Total liabilities	22,840,974	24,512,368

(Millions of yen)

As of March 31, 2013 As of December 31, 2013

	As of March 31, 2013	As of December 31, 2013
Net assets		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus	359,999	359,999
Retained earnings	140,554	187,755
Total shareholders' equity	<u>625,720</u>	<u>672,921</u>
Accumulated other comprehensive income (loss)		
Net unrealized gains on (operating) investment securities, net of tax	14,145	19,232
Foreign currency translation adjustments	(67,372)	(65,187)
Total accumulated other comprehensive income (loss)	<u>(53,226)</u>	<u>(45,954)</u>
Minority interests	19,926	21,120
Total net assets	<u>592,420</u>	<u>648,087</u>
Total liabilities and net assets	<u>23,433,395</u>	<u>25,160,456</u>

(2) Quarterly Consolidated Statements of Income and Comprehensive IncomeQuarterly Consolidated Statements of Income
For the nine months ended December 31, 2012 and 2013

	(Millions of yen)	
	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Operating revenues		
Commissions	90,233	158,828
Brokerage commissions	21,702	54,050
Underwriting and selling fees, and commissions from solicitation to qualifying investors	18,670	27,566
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	15,900	31,391
Other commissions and fees	33,960	45,820
Net gain on trading	40,611	51,209
Net gain on operating investment securities	767	3,845
Interest and dividend income	83,810	67,326
Total operating revenues	<u>215,423</u>	<u>281,210</u>
Interest expenses	<u>53,089</u>	<u>33,691</u>
Net operating revenues	<u>162,333</u>	<u>247,519</u>
Selling, general and administrative expenses	152,748	211,273
Transaction-related expenses	31,053	41,843
Personnel expenses	66,428	97,012
Real estate expenses	20,672	24,726
Administrative expenses	11,200	16,919
Depreciation and amortization	14,064	17,700
Taxes and dues	2,754	3,627
Provision of allowance for doubtful accounts	57	153
Other	6,516	9,290
Operating income	<u>9,584</u>	<u>36,245</u>
Non-operating income	2,729	2,909
Non-operating expenses	1,557	1,467
Ordinary income	<u>10,756</u>	<u>37,687</u>
Extraordinary gain	4,362	3,787
Gain on sales of noncurrent assets	46	21
Gain on sales of investment securities	434	3,765
Reversal of reserve for financial instruments transaction liabilities	16	-
Gain on transfer of business	3,864	-
Extraordinary loss	7,283	3,359
Loss on disposal of noncurrent assets	209	242
Loss on sales of investment securities	322	121
Loss on impairment of investment securities	834	20
Loss on impairment of golf club membership	13	3
Impairment losses	544	149
Loss on change in equity	326	-
Merger expenses	3,450	1,769
Head office transfer cost	-	894
Provision for contingencies	1,583	-
Provision of reserve for financial instruments transaction liabilities	-	157
Income before income taxes and minority interests	<u>7,835</u>	<u>38,115</u>
Income taxes – current	3,256	4,647
Income taxes – deferred	(4,269)	(13,200)
Total income taxes	<u>(1,012)</u>	<u>(8,553)</u>
Income before minority interests	<u>8,848</u>	<u>46,668</u>
Minority interests	(611)	(531)
Net income	<u>9,459</u>	<u>47,200</u>

Quarterly Consolidated Statements of Comprehensive Income
For the nine months ended December 31, 2012 and 2013

	(Millions of yen)	
	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Income before minority interests	8,848	46,668
Other comprehensive income		
Net unrealized gains on (operating) investment securities, net of tax	340	5,066
Foreign currency translation adjustments	737	4,396
Share in other comprehensive income of affiliates accounted for using equity method	440	0
Total other comprehensive income	<u>1,519</u>	<u>9,463</u>
Comprehensive income	<u>10,367</u>	<u>56,132</u>
(Breakdown)		
Attributable to:		
Owners of the parent	10,388	54,473
Minority interests	(20)	1,659

(3) Note on the going-concern assumption

Not applicable

(4) Note on material changes in shareholders' equity

Not applicable

3. Supplemental Information**(1) Commissions**

1) Breakdown by items

(Millions of yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013	Year on year	
			Increase/ (Decrease)	Comparison (%)
Brokerage commissions	21,702	54,050	32,347	149.1
Equities	12,008	43,603	31,595	263.1
Bonds	9,599	10,114	514	5.4
Underwriting and selling fees, and commissions from solicitation to qualifying investors	18,670	27,566	8,896	47.6
Equities	6,055	9,159	3,103	51.3
Bonds	12,314	17,986	5,672	46.1
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	15,900	31,391	15,491	97.4
Other commissions and fees	33,960	45,820	11,860	34.9
Total	90,233	158,828	68,595	76.0

2) Breakdown by instruments

(Millions of yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013	Year on year	
			Increase/ (Decrease)	Comparison (%)
Equities	18,766	53,793	35,027	186.7
Bonds	22,909	32,273	9,363	40.9
Beneficiary certificates	33,345	55,998	22,652	67.9
Others	15,212	16,764	1,552	10.2
Total	90,233	158,828	68,595	76.0

(2) Net gain on trading

(Millions of yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013	Year on year	
			Increase/ (Decrease)	Comparison (%)
Equities, etc.	5,688	26,411	20,723	364.3
Bonds, etc. · Others	34,923	24,797	(10,126)	(29.0)
Bonds, etc.	(15,313)	31,035	46,348	-
Others	50,237	(6,237)	(56,474)	-
Total	40,611	51,209	10,597	26.1

(3) Capital adequacy requirement ratio**1) Consolidated base**

(Millions of yen)

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Basic items	Total capital (A)	578,254	628,854
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	14,145	19,232
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	Amount equivalent to fundamental risk	66,458	72,027
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2) Non-consolidated base

(Millions of yen)

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Basic items	Total capital (A)	538,212	593,347
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	8,205	116
	Reserve for financial instruments transaction liabilities, etc.	1,185	1,343
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	Subordinated long-term borrowings	134,000	96,000
	Subordinated short-term borrowings	190,000	199,000
	Total (B)	333,406	296,475
Deducted assets	(C)	304,856	325,347
Equity after deduction	(A) + (B) - (C) (D)	566,762	564,475
Amount equivalent to risk	Amount equivalent to market risk	90,643	92,956
	Amount equivalent to counterparty risk	28,924	24,916
	Amount equivalent to fundamental risk	49,519	53,262
	Total (E)	169,087	171,135
Capital adequacy requirement ratio	(D)/(E) * 100	335.1%	329.8%

(4) Quarterly Consolidated Statements of Income

(Millions of yen)

	Third quarter ended December 2012	Fourth quarter ended March 2013	First quarter ended June 2013	Second quarter ended September 2013	Third quarter ended December 2013
	Oct. 1, 2012 - Dec. 31, 2012	Jan. 1, 2013 - Mar. 31, 2013	Apr. 1, 2013 - Jun. 30, 2013	Jul. 1, 2013 - Sep. 30, 2013	Oct 1, 2013 - Dec. 31, 2013
Operating revenues	77,322	116,223	96,999	96,996	87,214
Commissions	32,460	52,482	54,707	50,048	54,072
Brokerage commissions	9,556	18,295	21,414	14,522	18,112
Equities	5,272	13,755	17,524	11,523	14,555
Bonds	4,248	4,464	3,755	2,905	3,454
Underwriting and selling fees, and commissions from solicitation to qualifying investors	6,099	7,438	8,262	8,090	11,214
Equities	1,468	2,940	2,573	2,365	4,221
Bonds	4,550	4,405	5,377	5,687	6,921
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	6,003	12,903	10,522	10,208	10,660
Other commissions and fees	10,800	13,844	14,508	17,226	14,085
Net gain on trading	9,080	27,676	18,375	18,177	14,656
Equities, etc.	10,045	4,730	13,570	3,440	9,401
Bonds, etc. · Others	(965)	22,946	4,804	14,737	5,254
Bonds, etc.	13,560	32,797	7,379	12,453	11,202
Others	(14,525)	(9,851)	(2,574)	2,283	(5,947)
Net gain (loss) on operating investment securities	332	658	(789)	2,314	2,321
Interest and dividend income	35,448	35,405	24,705	26,456	16,164
Interest expenses	21,731	21,301	12,559	13,851	7,280
Net operating revenues	55,591	94,921	84,439	83,145	79,933
Selling, general and administrative expenses	55,047	74,446	69,057	69,898	72,317
Transaction-related expenses	11,191	13,646	14,560	13,325	13,956
Personnel expenses	25,030	37,039	31,950	32,518	32,543
Real estate expenses	7,165	9,053	8,114	8,109	8,502
Administrative expenses	3,923	4,631	4,901	5,571	6,446
Depreciation and amortization	4,513	5,905	5,426	5,810	6,463
Taxes and dues	1,010	1,419	1,257	1,085	1,284
Other	2,211	2,750	2,847	3,476	3,120
Operating income	543	20,475	15,382	13,247	7,615
Non-operating income	836	1,534	1,117	901	889
Non-operating expenses	372	328	822	731	(87)
Ordinary income	1,007	21,681	15,677	13,417	8,592
Extraordinary gain	408	658	1,974	1,248	564
Extraordinary loss	1,018	5,118	382	1,354	1,621
Income before income taxes and minority interests	398	17,221	17,268	13,311	7,535
Income taxes - current	1,015	3,825	1,054	1,614	1,978
Income taxes - deferred	(1,890)	(5,862)	(720)	(8,814)	(3,666)
Income before minority interests	1,272	19,258	16,934	20,511	9,222
Minority interests	174	19	(428)	(197)	94
Net income	1,098	19,238	17,363	20,709	9,128

4. (Reference) Quarterly Non-consolidated Financial Statements

(1) (Reference) Quarterly Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2013	As of December 31, 2013
Assets		
Current assets		
Cash and bank deposits	149,917	300,623
Cash segregated as deposits for customers and others	94,508	125,637
Trading assets	6,496,354	5,354,534
Trading securities and others	5,384,711	4,273,484
Derivatives	1,111,642	1,081,049
Operating investment securities	22,902	18,341
Operating loans receivable	4,098	3,598
Receivables related to margin transactions	60,389	66,408
Loans receivable under margin transactions	47,791	54,199
Cash collateral for borrowed securities under margin transactions	12,597	12,208
Collateralized short-term financing agreements-receivable	4,850,073	4,909,002
Deposits paid for securities borrowed	4,654,470	4,684,891
Securities purchased under agreements to resell	195,602	224,111
Advances paid	80	374
Securities: fail to deliver	6,275	1,289
Short-term loans receivable	38,818	38,152
Deferred tax assets	13,989	19,601
Other current assets	114,117	146,265
Less: Allowance for doubtful accounts	(18)	(15)
Total current assets	<u>11,851,505</u>	<u>10,983,813</u>
Noncurrent assets		
Property and equipment	17,942	16,992
Intangible assets	26,987	27,157
Investments and other assets	275,834	310,531
Investment securities	213,200	228,897
Long-term guarantee deposits	16,202	17,071
Deferred tax assets	13,388	22,259
Other	37,580	46,955
Less: Allowance for doubtful accounts	(4,537)	(4,653)
Total noncurrent assets	<u>320,764</u>	<u>354,681</u>
Total assets	<u><u>12,172,269</u></u>	<u><u>11,338,495</u></u>

(Millions of yen)

As of March 31, 2013 As of December 31, 2013

	As of March 31, 2013	As of December 31, 2013
Liabilities		
Current liabilities		
Trading liabilities	3,770,998	3,633,809
Trading securities and others	2,774,144	2,643,316
Derivatives	996,853	990,493
Payables – unsettled trades	382,812	294,624
Payables related to margin transactions	22,912	21,556
Borrowings on margin transactions	8,021	7,623
Cash collateral for loaned securities under margin transactions	14,890	13,932
Collateralized short-term financing agreements-payable	4,487,174	4,608,786
Deposits received for securities loaned	2,430,352	2,222,255
Securities sold under agreements to repurchase	2,056,821	2,386,530
Deposits received	106,928	171,384
Guarantee deposits received	73,257	63,470
Securities: fail to receive	2,310	2
Short-term borrowings	1,301,000	485,889
Commercial paper	312,400	285,600
Bonds and notes due within one year	54,371	43,398
Lease obligations	519	463
Income taxes payable	2,545	2,267
Accrued employees' bonuses	8,965	8,630
Provision for bonus point redemption	498	597
Other current liabilities	27,730	27,889
Total current liabilities	10,554,423	9,648,370
Noncurrent liabilities		
Bonds and notes	382,338	446,331
Long-term borrowings	668,400	629,900
Lease obligations	2,162	1,866
Provision for retirement benefits	15,282	15,934
Other noncurrent liabilities	2,058	1,284
Total noncurrent liabilities	1,070,243	1,095,317
Statutory reserves		
Reserve for financial instruments transaction liabilities	1,185	1,343
Total statutory reserves	1,185	1,343
Total liabilities	11,625,851	10,745,031
Net assets		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus	381,649	381,649
Retained earnings	31,395	86,531
Total shareholders' equity	538,212	593,347
Valuation and translation adjustments		
Net unrealized gains on (operating) investment securities, net of tax	15,021	19,744
Net deferred gains (losses) on hedges, net of tax	(6,816)	(19,627)
Total valuation and translation adjustments	8,205	116
Total net assets	546,417	593,464
Total liabilities and net assets	12,172,269	11,338,495

(2) (Reference) Quarterly Non-consolidated Statements of Income

For the nine months ended December 31, 2012 and 2013

(Millions of yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Operating revenues		
Commissions	62,061	113,235
Net gain on trading	43,322	74,648
Net gain (loss) on operating investment securities	(1,420)	2,046
Interest and dividend income	31,319	24,681
Total operating revenues	<u>135,282</u>	<u>214,611</u>
Interest expenses	<u>22,017</u>	<u>18,563</u>
Net operating revenues	<u>113,264</u>	<u>196,048</u>
Selling, general and administrative expenses	102,980	152,440
Transaction-related expenses	20,535	30,092
Personnel expenses	38,667	62,528
Real estate expenses	17,497	19,592
Administrative expenses	14,071	23,523
Depreciation and amortization	8,079	11,397
Taxes and dues	1,502	2,079
Provision of allowance for doubtful accounts	61	153
Other	2,565	3,073
Operating income	<u>10,284</u>	<u>43,608</u>
Non-operating income	4,127	4,359
Non-operating expenses	<u>382</u>	<u>488</u>
Ordinary income	<u>14,029</u>	<u>47,479</u>
Extraordinary gain	1,235	5,308
Gain on sales of investment securities	1,218	5,308
Reversal of reserve for financial instruments transaction liabilities	16	-
Extraordinary loss	7,608	3,835
Loss on disposal of noncurrent assets	182	203
Loss on sales of investment securities	148	128
Loss on sales of investments in subsidiaries and affiliates	55	24
Loss on impairment of investment securities	150	-
Loss on impairment of investments in subsidiaries and affiliates	2,470	457
Loss on impairment of golf club membership	13	3
Impairment losses	519	149
Merger expenses	4,069	1,816
Head office transfer cost	-	894
Provision of reserve for financial instruments transaction liabilities	-	157
Income before income taxes	<u>7,656</u>	<u>48,952</u>
Income taxes – current	801	3,699
Income taxes – deferred	<u>(1,687)</u>	<u>(9,882)</u>
Total income taxes	<u>(885)</u>	<u>(6,182)</u>
Net income	<u>8,542</u>	<u>55,135</u>