

MONEX GROUP

Quarterly financial results of Subsidiary (Monex, Inc.)

TOKYO, October 24, 2014 – Monex Group, Inc. (TSE 8698, Oki Matsumoto, Representative Executive Officer and CEO) reported today the following quarterly financial results of its wholly-owned subsidiary, Monex, Inc., for the 1st half of the fiscal year ending March 31, 2015 prepared in accordance with the generally accepted accounting principles in Japan.

Financial results for the 1st half of the fiscal year ending March 31, 2015 (From April 1, 2014 to September 30, 2014)

(1) Results of operations

(Unit: million yen)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
For the 1 st half ended September 30, 2014	14,895	13,315	3,263	3,313	1,909
For the 1 st half ended September 30, 2013	20,729	19,232	8,904	8,931	5,280

(2) Financial condition

(Unit: million yen)

	Total assets	Net assets
As of September 30, 2014	574,176	52,613
As of March 31, 2014	531,551	51,118

(Please refer to Appendix for more details)

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Appendix

1. Quarterly Financial Statements

(1) Balance Sheets

(Unit: million yen)

	As of March 31, 2014	As of September 30, 2014
Current assets		
Cash and deposits	53,193	62,590
Cash segregated for customers and others	192,897	221,792
Money held in trust	53,830	58,915
Trading assets	18,831	21,140
Trading securities and other	1,832	1,144
Derivatives	16,998	19,996
Securities	5,099	5,099
Margin transaction assets	178,229	164,275
Loans on margin transaction	176,203	152,804
Cash collateral pledged for securities borrowing on margin transaction	2,026	11,470
Loans secured by securities	-	360
Cash paid for offering	783	2,482
Short-term guarantee deposited	13,183	8,796
Accrued revenue	2,960	3,246
Short-term loans receivable	52	11,674
Deferred tax assets	86	-
Other current assets	3,765	3,347
Allowance for doubtful receivables	-25	-20
Total current assets	522,886	563,700
Non-current assets		
Property, plant and equipment	390	1,059
Intangible assets	6,656	7,665
Investment and others	1,617	1,751
Investment securities	1,030	1,032
Long-term guarantee deposits	254	323
Deferred tax assets	217	206
Other	410	425
Allowance for doubtful receivables	-295	-236
Total non-current assets	8,664	10,475
Total assets	531,551	574,176

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(Unit: million yen)

	As of March 31, 2014	As of September 30, 2014
Current liabilities		
Trading liabilities	17,008	19,987
Derivatives	17,008	19,987
Trade date accrual	32	1
Margin transaction liabilities	36,307	38,963
Borrowings on margin transaction	22,607	10,104
Cash received as collateral for securities lending on margin transaction	13,700	28,858
Loans payable secured by securities	35,523	46,071
Deposits received	150,641	187,457
Guarantee money received	107,463	110,464
Short-term borrowings	63,600	15,300
Commercial papers	5,000	10,000
Allowance for point services	130	150
Deferred tax liabilities	-	280
Other current liabilities	7,393	3,128
Total current liabilities	423,102	431,806
Non-current liabilities		
Long-term debt	55,800	88,100
Negative goodwill	77	58
Other non-current liabilities	53	39
Total non-current liabilities	55,931	88,197
Statutory reserve		
Financial instruments transactions reserve	1,399	1,558
Total statutory reserve	1,399	1,558
Total liabilities	480,433	521,563
Net assets		
Common stock	12,200	12,200
Capital surplus	29,872	29,872
Retained earnings	8,324	9,663
Owners' equity	50,397	51,736
Net unrealized holding gains (losses) on securities	721	876
Accumulated other comprehensive income	721	876
Total net assets	51,118	52,613
Total liabilities and net assets	531,551	574,176

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(2)Statement of income

(Unit: million yen)

	Six months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)	Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)
Operating revenue		
Commission revenue	13,552	8,601
Brokerage commission	11,871	7,172
Underwriting and distribution	29	49
Subscription and distribution	535	258
Other commissions	1,116	1,121
Net gain on trading account	2,327	1,260
Financial income	4,698	4,956
Other operating revenue	150	77
Total operating revenue	20,729	14,895
Financial expenses	1,496	1,580
Net operating revenue	19,232	13,315
Selling, general and administrative expenses	10,327	10,051
Operating income	8,904	3,263
Non-operating income	33	53
Non-operating expenses	6	3
Ordinary income	8,931	3,313
Extraordinary loss		
Provision of financial instruments transactions reserve	205	159
Cancellation loss of outsourcing contracts	57	114
Loss on disposal of Property, plant and equipment	20	-
Total extraordinary loss	283	273
Income before income taxes	8,648	3,039
Income taxes - current	3,431	838
Income taxes - deferred	-63	292
Total income taxes	3,367	1,130
Net income	5,280	1,909

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2. Supplementary information

(1) Brokerage commissions

(Unit: million yen)

	Six months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)	Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)
Stocks and ETFs	11,296	6,933
Options and Futures	489	220
OSE-FX	84	18
Bond and Others	0	-
Total brokerage commissions	11,871	7,172

(2) Trading value of stocks and ETFs

(Unit: million yen)

	Six months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)	Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)
Cash	6,244,487	3,791,327
Margin	7,797,804	4,227,133
Total	14,042,291	8,018,460

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(3) Statement of income for each quarter

(Unit: million yen)

	1Q of FYE Mar. 2014	2Q of FYE Mar. 2014	3Q of FYE Mar. 2014	4Q of FYE Mar. 2014	1Q of FYE Mar. 2015	2Q of FYE Mar. 2015
Operating revenue						
Commission revenue	8,261	5,291	5,579	4,781	3,933	4,668
Brokerage commission	7,363	4,507	4,786	3,997	3,240	3,932
Underwriting and distribution	16	13	51	39	32	16
Subscription and distribution	335	199	205	176	135	122
Other commissions	546	569	537	567	525	596
Net gain on trading account	1,481	846	897	810	577	682
Financial income	2,708	1,990	2,594	1,979	2,671	2,285
Other operating revenue	75	75	71	70	45	31
Total operating revenue	12,525	8,203	9,142	7,642	7,228	7,667
Financial expenses	992	503	999	376	1,006	573
Net operating revenue	11,533	7,699	8,143	7,265	6,221	7,093
Selling, general and administrative expenses	5,457	4,870	5,025	5,013	4,898	5,153
Operating income	6,076	2,828	3,117	2,251	1,323	1,940
Non-operating income	16	17	16	22	35	17
Non-operating expenses	4	1	1	4	1	2
Ordinary income	6,087	2,844	3,132	2,269	1,357	1,955
Extraordinary income						
Reversal of financial instruments transactions reserve	9	-9	-	-	-	-
Total extraordinary income	9	-9	-	-	-	-
Extraordinary loss						
Provision of financial instruments transactions reserve	-	205	180	85	73	85
Cancellation loss of outsourcing contracts	-	57	-	-	-	114
Loss on disposal of Property, plant and equipment	20	-	-	-	-	-
Total extraordinary loss	20	262	180	85	73	200
Income before income taxes	6,076	2,572	2,951	2,183	1,283	1,755
Income taxes - current	2,310	1,121	1,167	962	122	716
Income taxes - deferred	4	-67	23	-59	372	-80
L, Total income taxes	2,314	1,053	1,190	902	494	635
Net income	3,761	1,518	1,761	1,280	789	1,119

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