

MONEX GROUP

Quarterly financial results of Subsidiary (Monex, Inc.)

TOKYO, January 27, 2015 – 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 3rd quarter of the fiscal year ending March 31, 2015 prepared in accordance with the generally accepted accounting principles in Japan.

Financial results for the 3rd quarter of the fiscal year ending March 31, 2015 (From April 1, 2014 to December 31, 2014)

(1) Results of operations

(Unit: million yen)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
For the 3 rd quarter ended December 31, 2014	24,183	21,661	6,214	6,305	3,732
For the 3 rd quarter ended December 31, 2013	29,871	27,375	12,021	12,064	7,042

(2) Financial condition

(Unit: million yen)

	Total assets	Net assets
As of December 31, 2014	610,576	54,828
As of March 31, 2014	531,551	51,118

(Please refer to Appendix for more details)

Contact: Yuko Machida
Investor Relations, Financial Control Department
Monex Group, Inc.
+81-3-4323-8698

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Appendix

1. Quarterly Financial Statements

(1) Balance Sheet

(Unit: million yen)

	As of March 31, 2014	As of December 31, 2014
Current assets		
Cash and deposits	53,193	46,514
Cash segregated for customers and others	192,897	233,448
Money held in trust	53,830	63,999
Trading assets	18,831	26,655
Trading securities and other	1,832	2,426
Derivatives	16,998	24,228
Securities	5,099	4,999
Margin transaction assets	178,229	169,574
Loans on margin transaction	176,203	163,072
Cash collateral pledged for securities borrowing on margin transaction	2,026	6,501
Cash paid for offering	783	1,382
Short-term guarantee deposited	13,183	17,062
Accrued revenue	2,960	3,150
Short-term loans receivable	52	21,845
Deferred tax assets	86	-
Other current assets	3,765	9,902
Allowance for doubtful receivables	-25	-21
Total current assets	522,886	598,514
Non-current assets		
Property, plant and equipment	390	1,014
Intangible assets	6,656	9,360
Investment and others	1,617	1,687
Investment securities	1,030	1,016
Long-term guarantee deposits	254	322
Deferred tax assets	217	181
Other	410	398
Allowance for doubtful receivables	-295	-230
Total non-current assets	8,664	12,061
Total assets	531,551	610,576

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(Unit: million yen)

	As of March 31, 2014	As of December 31, 2014
Current liabilities		
Trading liabilities	17,008	24,273
Derivatives	17,008	24,273
Trade date accrual	32	799
Margin transaction liabilities	36,307	37,952
Borrowings on margin transaction	22,607	16,453
Cash received as collateral for securities lending on margin transaction	13,700	21,498
Loans payable secured by securities	35,523	48,906
Deposits received	150,641	207,189
Guarantee money received	107,463	114,900
Short-term borrowings	63,600	18,300
Commercial papers	5,000	10,000
Allowance for point services	130	155
Deferred tax liabilities	-	624
Other current liabilities	7,393	2,803
Total current liabilities	423,102	465,905
Non-current liabilities		
Long-term debt	55,800	88,100
Negative goodwill	77	48
Other non-current liabilities	53	41
Total non-current liabilities	55,931	88,190
Statutory reserve		
Financial instruments transactions reserve	1,399	1,652
Total statutory reserve	1,399	1,652
Total liabilities	480,433	555,748
Net assets		
Common stock	12,200	12,200
Capital surplus	29,872	29,872
Retained earnings	8,324	11,487
Owners' equity	50,397	53,559
Net unrealized holding gains (losses) on securities	721	1,268
Accumulated other comprehensive income	721	1,268
Total net assets	51,118	54,828
Total liabilities and net assets	531,551	610,576

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(2)Statement of income

(Unit: million yen)

	Nine months ended December 31, 2013 (From April 1, 2013 to December 31, 2013)	Nine months ended December 31, 2014 (From April 1, 2014 to December 31, 2014)
Operating revenue		
Commission revenue	19,132	13,925
Brokerage commission	16,657	11,640
Underwriting and distribution	80	79
Subscription and distribution	740	491
Other commissions	1,653	1,713
Net gain on trading account	3,225	2,455
Financial income	7,292	7,694
Other operating revenue	222	108
Total operating revenue	<u>29,871</u>	<u>24,183</u>
Financial expenses	2,496	2,521
Net operating revenue	<u>27,375</u>	<u>21,661</u>
Selling, general and administrative expenses	15,353	15,446
Operating income	<u>12,021</u>	<u>6,214</u>
Non-operating income	50	95
Non-operating expenses	8	5
Ordinary income	<u>12,064</u>	<u>6,305</u>
Extraordinary loss		
Provision of financial instruments transactions reserve	385	253
Cancellation loss of outsourcing contracts	57	114
Loss on disposal of Property, plant and equipment	20	1
Total extraordinary loss	<u>463</u>	<u>369</u>
Income before income taxes	<u>11,600</u>	<u>5,935</u>
Income taxes - current	4,598	1,758
Income taxes - deferred	△39	445
Total income taxes	<u>4,558</u>	<u>2,203</u>
Net income	<u><u>7,042</u></u>	<u><u>3,732</u></u>

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2. Supplementary information

(1) Brokerage commissions

(Unit: million yen)

	Nine months ended December 31, 2013 (From April 1, 2013 to December 31, 2013)	Nine months ended December 31, 2014 (From April 1, 2014 to December 31, 2014)
Stocks and ETFs	15,929	11,217
Options and Futures	620	401
OSE-FX	107	21
Bond and Others	0	-
Total brokerage commissions	16,657	11,640

(2) Trading value of stocks and ETFs

(Unit: million yen)

	Nine months ended December 31, 2013 (From April 1, 2013 to December 31, 2013)	Nine months ended December 31, 2014 (From April 1, 2014 to December 31, 2014)
Cash	8,818,763	6,259,614
Margin	10,643,111	6,490,203
Total	19,461,874	12,749,817

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(3) Statement of income for each quarter

(Unit: million yen)

	1Q of FYE	2Q of FYE	3Q of FYE	4Q of FYE	1Q of FYE	2Q of FYE	3Q of FYE
	Mar. 2014	Mar. 2014	Mar. 2014	Mar. 2014	Mar. 2015	Mar. 2015	Mar. 2015
Operating revenue							
Commission revenue	8,261	5,291	5,579	4,781	3,933	4,668	5,323
Brokerage commission	7,363	4,507	4,786	3,997	3,240	3,932	4,468
Underwriting and distribution	16	13	51	39	32	16	30
Subscription and distribution	335	199	205	176	135	122	232
Other commissions	546	569	537	567	525	596	591
Net gain on trading account	1,481	846	897	810	577	682	1,195
Financial income	2,708	1,990	2,594	1,979	2,671	2,285	2,737
Other operating revenue	75	75	71	70	45	31	31
Total operating revenue	12,525	8,203	9,142	7,642	7,228	7,667	9,287
Financial expenses	992	503	999	376	1,006	573	940
Net operating revenue	11,533	7,699	8,143	7,265	6,221	7,093	8,346
Selling, general and administrative expenses	5,457	4,870	5,025	5,013	4,898	5,153	5,395
Operating income	6,076	2,828	3,117	2,251	1,323	1,940	2,951
Non-operating income	16	17	16	22	35	17	42
Non-operating expenses	4	1	1	4	1	2	1
Ordinary income	6,087	2,844	3,132	2,269	1,357	1,955	2,991
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	93
Cancellation loss of outsourcing contracts	-	57	-	-	-	114	-
Loss on disposal of Property, plant and equipment	20	-	-	-	-	-	1
Total extraordinary loss	20	262	180	85	73	200	95
Income before income taxes	6,076	2,572	2,951	2,183	1,283	1,755	2,896
Income taxes - current	2,310	1,121	1,167	962	122	716	920
Income taxes - deferred	4	-67	23	-59	372	-80	153
Total income taxes	2,314	1,053	1,190	902	494	635	1,073
Net income	3,761	1,518	1,761	1,280	789	1,119	1,823

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