

MONEX GROUP

Quarterly financial results of Subsidiary (Monex, Inc.)

TOKYO, July 22, 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 quarter of the fiscal year ending March 31, 2015 prepared in accordance with the generally accepted accounting principles in Japan.

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

(1) Results of operations

(Unit: million yen)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
For the quarter ended June 30, 2014	7,228	6,221	1,323	1,357	789
For the quarter ended June 30, 2013	12,525	11,533	6,076	6,087	3,761

(2) Financial condition

(Unit: million yen)

	Total assets	Net assets
As of June 30, 2014	541,071	51,458
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 June 30, 2014
Current assets		
Cash and deposits	53,193	57,357
Cash segregated for customers and others	192,897	210,158
Money held in trust	53,830	55,887
Trading assets	18,831	18,763
Trading securities and other	1,832	2,272
Derivatives	16,998	16,491
Securities	5,099	5,099
Margin transaction assets	178,229	157,424
Loans on margin transaction	176,203	156,488
Cash collateral pledged for securities borrowing on margin transaction	2,026	935
Cash paid for offering	783	1,594
Short-term guarantee deposited	13,183	16,004
Accrued revenue	2,960	3,156
Short-term loans receivable	52	1,625
Deferred tax assets	86	—
Other current assets	3,765	4,174
Allowance for doubtful receivables	-25	-20
Total current assets	522,886	531,225
Non-current assets		
Property, plant and equipment	390	1,080
Intangible assets	6,656	7,117
Investment and others	1,617	1,648
Investment securities	1,030	1,021
Long-term guarantee deposits	254	320
Deferred tax assets	217	199
Other	410	387
Allowance for doubtful receivables	-295	-279
Total non-current assets	8,664	9,846
Total assets	531,551	541,071

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(Unit: million yen)

	As of March 31, 2014	As of June 30, 2014
Current liabilities		
Trading liabilities	17,008	16,469
Derivatives	17,008	16,469
Trade date accrual	32	918
Margin transaction liabilities	36,307	35,732
Borrowings on margin transaction	22,607	11,426
Cash received as collateral for securities lending on margin transaction	13,700	24,305
Loans payable secured by securities	35,523	53,950
Deposits received	150,641	178,118
Guarantee money received	107,463	109,127
Short-term borrowings	63,600	27,700
Commercial papers	5,000	5,000
Allowance for point services	130	155
Deferred tax liabilities	—	333
Other current liabilities	7,393	3,230
Total current liabilities	423,102	430,736
Non-current liabilities		
Long-term debt	55,800	57,300
Negative goodwill	77	68
Other non-current liabilities	53	35
Total non-current liabilities	55,931	57,403
Statutory reserve		
Financial instruments transactions reserve	1,399	1,472
Total statutory reserve	1,399	1,472
Total liabilities	480,433	489,613
Net assets		
Common stock	12,200	12,200
Capital surplus	29,872	29,872
Retained earnings	8,324	8,544
Owners' equity	50,397	50,616
Net unrealized holding gains (losses) on securities	721	841
Accumulated other comprehensive income	721	841
Total net assets	51,118	51,458
Total liabilities and net assets	531,551	541,071

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(2)Statement of income

(Unit: million yen)

	Three months ended June 30, 2013 (From April 1, 2013 to June 30, 2013)	Three months ended June 30, 2014 (From April 1, 2014 to June 30, 2014)
Operating revenue		
Commission revenue	8,261	3,933
Brokerage commission	7,363	3,240
Underwriting and distribution	16	32
Subscription and distribution	335	135
Other commissions	546	525
Net gain on trading account	1,481	577
Financial income	2,708	2,671
Other operating revenue	75	45
Total operating revenue	12,525	7,228
Financial expenses	992	1,006
Net operating revenue	11,533	6,221
Selling, general and administrative expenses	5,457	4,898
Operating income	6,076	1,323
Non-operating income	16	35
Non-operating expenses	4	1
Ordinary income	6,087	1,357
Extraordinary income		
Reversal of financial instruments transactions reserve	9	—
Total extraordinary income	9	—
Extraordinary loss		
Provision of financial instruments transactions reserve	—	73
Loss on disposal of Property, plant and equipment	20	—
Total extraordinary loss	20	73
Income before income taxes	6,076	1,283
Income taxes - current	2,310	122
Income taxes - deferred	4	372
Total income taxes	2,314	494
Net income	3,761	789

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2. Supplementary information

(1) Brokerage commissions

(Unit: million yen)

	Three months ended June 30, 2013 (From April 1, 2013 to June 30, 2013)	Three months ended June 30, 2014 (From April 1, 2014 to June 30, 2014)
Stocks and ETFs	6,977	3,116
Options and Futures	329	113
OSE-FX	56	10
Bond and Others	0	—
Total brokerage commissions	7,363	3,240

(2) Trading value of stocks and ETFs

(Unit: million yen)

	Three months ended June 30, 2013 (From April 1, 2013 to June 30, 2013)	Three months ended June 30, 2014 (From April 1, 2014 to June 30, 2014)
Cash	3,912,680	1,672,539
Margin	4,823,866	2,004,890
Total	8,736,546	3,677,430

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

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