

MONEX GROUP

Quarterly financial results of Subsidiary (Monex, Inc.)

TOKYO, July 23, 2013 – 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, 2014 prepared in accordance with the generally accepted accounting principles in Japan.

Financial results for the 1st quarter of the fiscal year ending March 31, 2014 (From April 1, 2013 to June 30, 2013)

(1) Results of operations

(Unit: million yen)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
For the quarter ended June 30, 2013	12,525	11,533	6,076	6,087	3,761
For the quarter ended June 30, 2012	5,221	4,374	637	714	734

(2) Financial condition

(Unit: million yen)

	Total assets	Net assets
As of June 30, 2013	525,706	45,437
As of March 31, 2013	424,146	41,660

(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, 2013	As of June 30, 2013
Current assets		
Cash and deposits	33,296	58,247
Cash segregated for customers and others	151,559	178,506
Money held in trust	46,062	52,760
Trading assets	16,514	20,401
Trading securities and other	2,355	4,025
Derivatives	14,158	16,376
Securities	4,098	5,098
Margin transaction assets	149,487	178,195
Loans on margin transactions	145,276	177,970
Cash collateral pledged for securities borrowing on margin transaction	4,210	225
Cash paid for offering	1,936	882
Short-term guarantee deposited	11,298	19,801
Accrued revenue	2,914	2,668
Short-term loans receivable	43	58
Deferred tax assets	—	141
Other current assets	1,741	3,140
Allowance for doubtful receivables	-21	-25
Total current assets	418,931	519,879
Non-current assets		
Property, plant and equipment	296	395
Intangible assets	3,424	3,823
Investment and others	1,492	1,607
Investment securities	985	993
Long-term guarantee deposits	209	208
Deferred tax assets	289	292
Other	310	507
Allowance for doubtful receivables	-301	-395
Total non-current assets	5,214	5,826
Total assets	424,146	525,706

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(Unit: million yen)

	As of March 31, 2013	As of June 30, 2013
Current liabilities		
Trading liabilities	14,145	16,404
Derivatives	14,145	16,404
Trade date accrual	209	1,287
Margin transaction liabilities	39,744	37,148
Borrowings on margin transactions	14,847	24,964
Cash received as collateral for securities lending on margin transaction	24,897	12,184
Loans payable secured by securities	30,553	43,321
Deposits received	111,669	146,609
Guarantee money received	85,320	110,463
Short-term borrowings	96,000	87,500
Allowance for point services	171	163
Deferred tax liabilities	126	—
Other current liabilities	3,443	4,498
Total current liabilities	381,384	447,395
Non-current liabilities		
Long-term debt	—	31,800
Negative goodwill	116	107
Other non-current liabilities	56	47
Total non-current liabilities	173	31,954
Statutory reserve		
Financial instruments transactions reserve	927	918
Total statutory reserve	927	918
Total liabilities	382,485	480,268
Net assets		
Common stock	7,425	7,425
Capital surplus	26,848	27,361
Retained earnings	6,589	10,351
Owners' equity	40,863	45,138
Net unrealized holding gains (losses) on securities	797	299
Accumulated other comprehensive income	797	299
Total net assets	41,660	45,437
Total liabilities and net assets	424,146	525,706

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(2)Statement of income

(Unit: million yen)

	Three months ended June 30, 2012 (From April 1, 2012 to June 30, 2012)	Three months ended June 30, 2013 (From April 1, 2013 to June 30, 2013)
Operating revenue		
Commission revenue	2,230	8,261
Brokerage commission	1,745	7,363
Underwriting and distribution	1	16
Subscription and distribution	86	335
Other commissions	397	546
Net gain on trading account	581	1,481
Financial income	2,366	2,708
Other operating revenue	42	75
Total operating revenue	5,221	12,525
Financial expenses	847	992
Net operating revenue	4,374	11,533
Selling, general and administrative expenses	3,736	5,457
Operating income	637	6,076
Non-operating income	77	16
Non-operating expenses	0	4
Ordinary income	714	6,087
Extraordinary income		
Reversal of financial instruments transactions reserve	290	9
Total extraordinary income	290	9
Extraordinary loss		
Loss on disposal of Property, plant and equipment	5	20
Impairment loss on investment securities	3	—
Total extraordinary loss	8	20
Income before income taxes	996	6,076
Income taxes - current	49	2,310
Income taxes - deferred	212	4
Total income taxes	261	2,314
Net income	734	3,761

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2. Supplementary information

(1) Brokerage commissions

(Unit: million yen)

	Three months ended June 30, 2012 (From April 1, 2012 to June 30, 2012)	Three months ended June 30, 2013 (From April 1, 2013 to June 30, 2013)
Stocks and ETFs	1,535	6,977
Options and Futures	149	329
OSE-FX	60	56
Total brokerage commissions	1,745	7,363

(2) Trading value of stocks and ETFs

(Unit: million yen)

	Three months ended June 30, 2012 (From April 1, 2012 to June 30, 2012)	Three months ended June 30, 2013 (From April 1, 2013 to June 30, 2013)
Cash	691,568	3,912,680
Margin	936,840	4,823,866
Total	1,628,409	8,736,546

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(3) Statement of income for each quarter

(Unit: million yen)

	1 st quarter ended Jun. 30, 2012	2 nd quarter ended Sep. 30, 2012	3 rd quarter ended Dec. 31, 2012	4 th quarter ended Mar. 31, 2013	1 st quarter ended Jun. 30, 2013
Operating revenue					
Commission revenue	2,230	2,140	2,726	5,621	8,261
Brokerage commission	1,745	1,620	2,181	4,802	7,363
Underwriting and distribution	1	6	13	25	16
Subscription and distribution	86	79	102	225	335
Other commissions	397	435	428	566	546
Net gain on trading account	581	517	750	1,272	1,481
Financial income	2,366	1,253	1,734	1,541	2,708
Other operating revenue	42	39	37	37	75
Total operating revenue	5,221	3,951	5,247	8,472	12,525
Financial expenses	847	318	754	294	992
Net operating revenue	4,374	3,633	4,493	8,178	11,533
Selling, general and administrative expenses	3,736	3,652	3,800	4,612	5,457
Operating income	637	-19	692	3,566	6,076
Non-operating income	77	14	14	26	16
Non-operating expenses	0	7	11	5	4
Ordinary income	714	-12	695	3,587	6,087
Extraordinary income					
Gain on sales of investment securities	-	159	16	4,866	-
Reversal of financial instruments transactions reserve	290	-	-	-81	9
Total extraordinary income	290	159	16	4,785	9
Extraordinary loss					
Business combination related costs	-	-	-	111	20
Loss on disposal of Property, plant and equipment	5	-	23	-	-
Cancellation loss of outsourcing contracts	-	-	17	-3	-
Impairment loss on investment securities	3	-	-	-	-
Loss on sales of golf membership	-	-	1	-	-
Total extraordinary loss	8	-	42	108	20
Income before income taxes	996	147	668	8,264	6,076
Income taxes - current	49	-7	47	1,886	2,310
Income taxes - deferred	212	10	90	225	4
Total income taxes	261	3	137	2,111	2,314
Net income	734	144	530	6,153	3,761

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