

MONEX GROUP

Quarterly financial results of Subsidiary (Monex, Inc.)

TOKYO, October 22, 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 half of the fiscal year ending March 31, 2014 prepared in accordance with the generally accepted accounting principles in Japan.

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

(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, 2013	20,729	19,232	8,904	8,931	5,280
For the 1 st half ended September 30, 2012	9,173	8,007	618	702	879

(2) Financial condition

(Unit: million yen)

	Total assets	Net assets
As of September 30, 2013	514,656	44,954
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 September 30, 2013
Current assets		
Cash and deposits	33,296	53,399
Cash segregated for customers and others	151,559	187,922
Money held in trust	46,062	52,865
Trading assets	16,514	19,902
Trading securities and other	2,355	3,466
Derivatives	14,158	16,435
Securities	4,098	5,097
Margin transaction assets	149,487	162,483
Loans on margin transaction	145,276	159,771
Cash collateral pledged for securities borrowing on margin transaction	4,210	2,711
Cash paid for offering	1,936	1,316
Short-term guarantee deposited	11,298	19,748
Accrued revenue	2,914	2,956
Short-term loans receivable	43	50
Deferred tax assets	—	114
Other current assets	1,741	2,513
Allowance for doubtful receivables	-21	-22
Total current assets	418,931	508,348
Non-current assets		
Property, plant and equipment	296	430
Intangible assets	3,424	4,278
Investment and others	1,492	1,598
Investment securities	985	996
Long-term guarantee deposits	209	255
Deferred tax assets	289	242
Other	310	423
Allowance for doubtful receivables	-301	-320
Total non-current assets	5,214	6,308
Total assets	424,146	514,656

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(Unit: million yen)

	As of March 31, 2013	As of September 30, 2013
Current liabilities		
Trading liabilities	14,145	16,383
Derivatives	14,145	16,383
Trade date accrual	209	821
Margin transaction liabilities	39,744	34,828
Borrowings on margin transaction	14,847	13,091
Cash received as collateral for securities lending on margin transaction	24,897	21,736
Loans payable secured by securities	30,553	32,413
Deposits received	111,669	155,548
Guarantee money received	85,320	109,117
Short-term borrowings	96,000	74,900
Allowance for point services	171	166
Deferred tax liabilities	126	—
Other current liabilities	3,443	5,947
Total current liabilities	381,384	430,126
Non-current liabilities		
Long-term debt	—	38,300
Negative goodwill	116	97
Other non-current liabilities	56	44
Total non-current liabilities	173	38,442
Statutory reserve		
Financial instruments transactions reserve	927	1,133
Total statutory reserve	927	1,133
Total liabilities	382,485	469,702
Net assets		
Common stock	7,425	7,425
Capital surplus	26,848	25,097
Retained earnings	6,589	11,870
Owners' equity	40,863	44,392
Net unrealized holding gains (losses) on securities	797	561
Accumulated other comprehensive income	797	561
Total net assets	41,660	44,954
Total liabilities and net assets	424,146	514,656

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(2)Statement of income

(Unit: million yen)

	Six months ended September 30, 2012 (From April 1, 2012 to September 30, 2012)	Six months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)
Operating revenue		
Commission revenue	4,371	13,552
Brokerage commission	3,365	11,871
Underwriting and distribution	7	29
Subscription and distribution	166	535
Other commissions	832	1,116
Net gain on trading account	1,099	2,327
Financial income	3,620	4,698
Other operating revenue	81	150
Total operating revenue	9,173	20,729
Financial expenses	1,166	1,496
Net operating revenue	8,007	19,232
Selling, general and administrative expenses	7,389	10,327
Operating income	618	8,904
Non-operating income	91	33
Non-operating expenses	8	6
Ordinary income	702	8,931
Extraordinary income		
Reversal of financial instruments transactions reserve	290	—
Gain on sale of investment securities	159	—
Total extraordinary income	450	—
Extraordinary loss		
Provision of financial instruments transactions reserve	—	205
Cancellation loss of outsourcing contracts	—	57
Loss on disposal of Property, plant and equipment	5	20
Impairment loss on investment securities	3	—
Total extraordinary loss	8	283
Income before income taxes	1,143	8,648
Income taxes - current	42	3,431
Income taxes - deferred	222	-63
Total income taxes	264	3,367
Net income	879	5,280

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2. Supplementary information

(1) Brokerage commissions

(Unit: million yen)

	Six months ended September 30, 2012 (From April 1, 2012 to September 30, 2012)	Six months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)
Stocks and ETFs	2,992	11,296
Options and Futures	276	489
OSE-FX	96	84
Bond and Others	0	0
Total brokerage commissions	3,365	11,871

(2) Trading value of stocks and ETFs

(Unit: million yen)

	Six months ended September 30, 2012 (From April 1, 2012 to September 30, 2012)	Six months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)
Cash	1,352,693	6,244,487
Margin	1,827,040	7,797,804
Total	3,179,733	14,042,291

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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	2 nd quarter ended Sep. 30, 2013
Operating revenue						
Commission revenue	2,230	2,140	2,726	5,621	8,261	5,291
Brokerage commission	1,745	1,620	2,181	4,802	7,363	4,507
Underwriting and distribution	1	6	13	25	16	13
Subscription and distribution	86	79	102	225	335	199
Other commissions	397	435	428	566	546	569
Net gain on trading account	581	517	750	1,272	1,481	846
Financial income	2,366	1,253	1,734	1,541	2,708	1,990
Other operating revenue	42	39	37	37	75	75
Total operating revenue	<u>5,221</u>	<u>3,951</u>	<u>5,247</u>	<u>8,472</u>	<u>12,525</u>	<u>8,203</u>
Financial expenses	847	318	754	294	992	503
Net operating revenue	<u>4,374</u>	<u>3,633</u>	<u>4,493</u>	<u>8,178</u>	<u>11,533</u>	<u>7,699</u>
Selling, general and administrative expenses	<u>3,736</u>	<u>3,652</u>	<u>3,800</u>	<u>4,612</u>	<u>5,457</u>	<u>4,870</u>
Operating income	<u>637</u>	<u>-19</u>	<u>692</u>	<u>3,566</u>	<u>6,076</u>	<u>2,828</u>
Non-operating income	77	14	14	26	16	17
Non-operating expenses	0	7	11	5	4	1
Ordinary income	<u>714</u>	<u>-12</u>	<u>695</u>	<u>3,587</u>	<u>6,087</u>	<u>2,844</u>
Extraordinary income						
Gain on sales of investment securities	-	159	16	4,866	-	-
Reversal of financial instruments transactions reserve	290	-	-	-81	9	-9
Total extraordinary income	<u>290</u>	<u>159</u>	<u>16</u>	<u>4,785</u>	<u>9</u>	<u>-9</u>
Extraordinary loss						
Provision of financial instruments transactions reserve	-	-	-	-	-	205
Cancellation loss of outsourcing contracts	-	-	17	-3	-	57
Business combination related costs	-	-	-	111	20	-
Loss on disposal of Property, plant and equipment	5	-	23	-	-	-
Impairment loss on investment securities	3	-	-	-	-	-
Loss on sales of golf membership	-	-	1	-	-	-
Total extraordinary loss	<u>8</u>	<u>-</u>	<u>42</u>	<u>108</u>	<u>20</u>	<u>262</u>
Income before income taxes	<u>996</u>	<u>147</u>	<u>668</u>	<u>8,264</u>	<u>6,076</u>	<u>2,572</u>
Income taxes - current	49	-7	47	1,886	2,310	1,121
Income taxes - deferred	212	10	90	225	4	-67
Total income taxes	<u>261</u>	<u>3</u>	<u>137</u>	<u>2,111</u>	<u>2,314</u>	<u>1,053</u>
Net income	<u>734</u>	<u>144</u>	<u>530</u>	<u>6,153</u>	<u>3,761</u>	<u>1,518</u>

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