

MONEX GROUP

Quarterly financial results of Subsidiary (Monex, Inc.)

TOKYO, October 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 1st half of the fiscal year ending March 31, 2016 prepared in accordance with the generally accepted accounting principles in Japan.

Financial results for the 1st half of the fiscal year ending March 31, 2016 (From April 1, 2015 to September 30, 2015)

(1) Results of operations

(Unit: million yen)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Profit
For the 1 st half ended September 30, 2015	19,116	17,418	5,116	5,143	3,290
For the 1 st half ended September 30, 2014	14,895	13,315	3,263	3,313	1,909
Fluctuation (%)	28.3	30.8	56.8	55.2	72.3

(2) Financial condition

(Unit: million yen)

	Total assets	Net assets
As of September 30, 2015	586,527	56,584
As of March 31, 2015	592,198	55,375

(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 Sheets

(Unit: million yen)

	As of March 31, 2015	As of September 30, 2015
Current assets		
Cash and deposits	47,546	47,133
Cash segregated for customers and others	246,397	233,200
Money held in trust	63,884	61,508
Trading assets	15,152	18,351
Trading securities and other	1,826	1,918
Derivatives	13,326	16,433
Securities	3,999	-
Margin transaction assets	175,637	177,213
Loans on margin transaction	165,629	175,361
Cash collateral pledged for securities borrowing on margin transaction	10,007	1,852
Cash paid for offering	2,411	2,063
Short-term guarantee deposited	15,283	22,432
Accrued revenue	3,297	3,098
Short-term loans receivable	1,839	3,021
Other current assets	3,387	3,046
Allowance for doubtful receivables	-22	-1
Total current assets	578,814	571,069
Non-current assets		
Property, plant and equipment	1,017	1,028
Intangible assets	10,663	12,730
Investment and others	1,702	1,698
Investment securities	1,059	1,054
Long-term guarantee deposits	312	339
Deferred tax assets	168	180
Other	367	323
Allowance for doubtful receivables	-206	-199
Total non-current assets	13,383	15,457
Total assets	592,198	586,527

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(Unit: million yen)

	As of March 31, 2015	As of September 30, 2015
Current liabilities		
Trading liabilities	12,487	9,199
Derivatives	12,487	9,199
Trade date accrual	95	102
Margin transaction liabilities	46,124	27,178
Borrowings on margin transaction	13,860	14,424
Cash received as collateral for securities lending on margin transaction	32,263	12,754
Loans payable secured by securities	41,865	47,691
Deposits received	200,796	205,389
Guarantee money received	115,717	119,297
Short-term borrowings	16,500	16,300
Current portion of long-term loans payable	-	19,300
Commercial papers	10,000	10,000
Allowance for point services	135	139
Deferred tax liabilities	381	354
Other current liabilities	2,805	4,263
Total current liabilities	446,909	459,216
Non-current liabilities		
Long-term debt	88,100	68,800
Negative goodwill	38	19
Other non-current liabilities	36	29
Total non-current liabilities	88,175	68,849
Statutory reserve		
Financial instruments transactions reserve	1,738	1,876
Total statutory reserve	1,738	1,876
Total liabilities	536,822	529,942
Net assets		
Common stock	12,200	12,200
Capital surplus	32,359	32,359
Retained earnings	9,690	10,700
Owners' equity	54,250	55,260
Net unrealized holding gains (losses) on securities	1,125	1,323
Accumulated other comprehensive income	1,125	1,323
Total net assets	55,375	56,584
Total liabilities and net assets	592,198	586,527

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(2)Statement of income

(Unit: million yen)

	Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)	Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)
Operating revenue		
Commission revenue	8,601	10,798
Brokerage commission	7,172	9,066
Underwriting and distribution	49	30
Subscription and distribution	258	460
Other commissions	1,121	1,242
Net gain on trading account	1,260	3,140
Financial income	4,956	5,094
Other operating revenue	77	83
Total operating revenue	14,895	19,116
Financial expenses	1,580	1,697
Net operating revenue	13,315	17,418
Selling, general and administrative expenses	10,051	12,302
Operating income	3,263	5,116
Non-operating income	53	36
Non-operating expenses	3	9
Ordinary income	3,313	5,143
Extraordinary loss		
Provision of financial instruments transactions reserve	159	137
Cancellation loss of outsourcing contracts	114	43
Total extraordinary loss	273	180
Income before income taxes	3,039	4,962
Income taxes - current	838	1,803
Income taxes - deferred	292	-131
Total income taxes	1,130	1,671
Profit	1,909	3,290

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2. Supplementary information

(1) Brokerage commissions

(Unit: million yen)

	Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)	Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)
Stocks and ETFs	6,933	8,668
Options and Futures	220	397
OSE-FX	18	-
Total brokerage commissions	7,172	9,066

(2) Trading value of stocks and ETFs

(Unit: million yen)

	Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)	Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)
Cash	3,791,327	4,907,514
Margin	4,227,133	4,620,280
Total	8,018,460	9,527,795

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(3) Statement of income for each quarter

(Unit: million yen)

	1Q of FYE Mar. 2015	2Q of FYE Mar. 2015	3Q of FYE Mar. 2015	4Q of FYE Mar. 2015	1Q of FYE Mar. 2016	2Q of FYE Mar. 2016
Operating revenue						
Commission revenue	3,933	4,668	5,323	5,116	5,365	5,433
Brokerage commission	3,240	3,932	4,468	4,249	4,512	4,553
Underwriting and distribution	32	16	30	19	19	10
Subscription and distribution	135	122	232	216	224	236
Other commissions	525	596	591	630	609	632
Net gain on trading account	577	682	1,195	1,342	1,543	1,596
Financial income	2,671	2,285	2,737	2,252	2,824	2,270
Other operating revenue	45	31	31	36	40	42
Total operating revenue	7,228	7,667	9,287	8,747	9,774	9,342
Financial expenses	1,006	573	940	593	1,128	568
Net operating revenue	6,221	7,093	8,346	8,154	8,645	8,773
Selling, general and administrative expenses	4,898	5,153	5,395	5,641	6,115	6,187
Operating income	1,323	1,940	2,951	2,512	2,530	2,586
Non-operating income	35	17	42	26	24	12
Non-operating expenses	1	2	1	1	1	8
Ordinary income	1,357	1,955	2,991	2,537	2,552	2,590
Extraordinary loss						
Provision of financial instruments transactions reserve	73	85	93	86	98	39
Cancellation loss of outsourcing contracts	-	114	-	2	-	43
Loss on disposal of Property, plant and equipment	-	-	1	-	-	-
Total extraordinary loss	73	200	95	89	98	82
Income before income taxes	1,283	1,755	2,896	2,448	2,454	2,507
Income taxes - current	122	716	920	995	901	902
Income taxes - deferred	372	-80	153	-60	-64	-66
Total income taxes	494	635	1,073	934	836	835
Profit	789	1,119	1,823	1,513	1,617	1,672

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