



Monex Group, Inc.

Consolidated Financial Summary under IFRSs for the 2Q of the fiscal year ending March 31, 2017 (April 1, 2016 - September 30, 2016)

This is an English translation for the Japanese report of the consolidated financial summary under IFRSs for the 2Q of the fiscal year ending March 31, 2017. If there is any discrepancy between the statement in English and Japanese, the Japanese statement shall take precedence.

Basis of preparation of financial statements

The financial information included in this report is based on our un-audited consolidated financial statements for the 2Q of the fiscal year ending March 31, 2017. All of those financial statements have been prepared based on IFRSs. All financial information presented in million yen has been rounded to the nearest million.

Use of estimates and judgments

Management of Monex Group, Inc. and its subsidiaries is required to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses in preparation of financial statements in accordance with IFRSs. Actual results could differ from these estimates.

Accounting estimates and its underlying assumptions are continually reviewed. The impact of revisions to accounting estimates is prospectively recognized in the period when the revision is made and in subsequent periods.

Monex Group, Inc. / October 2016

Consolidated Financial Summary

For the 2Q of the fiscal year ending March 31, 2017

(Millions of Yen)	
Operating results (from Apr. 1, 2016 to Sep. 30, 2016):	
Total revenue	¥23,390
Total expenses	23,281
Quarterly profit before income taxes	109
Income tax expense	279
Quarterly profit	¥(170)
Quarterly profit attributable to :	
Owners of the Company	¥(102)
Non-controlling interests	(67)
(Millions of Yen)	
Financial Position (as of Sep. 30, 2016):	
Total assets	¥852,011
Equity attributable to owners of the Company	81,296
(Yen)	
Earnings per share attributable to owners of the Company (from Apr. 1, 2016 to Sep. 30, 2016):	
Basic earnings per share	¥(0.36)
Diluted earnings per share	(0.37)

Note:

Earnings per share attributable to owners of the Company are computed by dividing quarterly profit attributable to owners by the weighted average number of common shares outstanding for the period.

Quarterly Consolidated Statements of Income

	(Millions of Yen)	
	Six months ended September 30, 2015	Six months ended September 30, 2016
Revenue:		
Commission received	¥17,372	¥12,903
Net trading income	3,747	2,385
Financial income	7,423	6,362
Other operating income	425	401
Total operating revenue	28,967	22,051
Other financial income	27	643
Other income	22	696
Total revenue	29,016	23,390
Expenses:		
Financial expenses	2,517	1,950
Selling, general and administrative expenses.	20,794	19,973
Other financial expenses	153	987
Other expenses	243	325
Equity in losses of equity method investments	20	46
Total expenses	23,726	23,281
Quarterly profit before income taxes	5,290	109
Income tax expense.....	1,745	279
Quarterly profit	¥3,545	¥(170)
Quarterly profit attributable to :		
Owners of the Company.....	¥3,548	¥(102)
Non-controlling interests.....	(3)	(67)
Earnings per share attributable to owners of the Company:		
	(in yen)	(in yen)
Basic earnings per share.....	¥12.39	¥(0.36)
Diluted earnings per share.....	12.39	(0.37)

Quarterly Consolidated Statements of Comprehensive Income

	(Millions of Yen)	
	Six months ended September 30, 2015	Six months ended September 30, 2016
Quarterly profit	¥3,545	¥(170)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Changes in fair value of available-for-sale financial assets	837	146
Changes in fair value of hedging instrument	293	(232)
Foreign currency translation adjustments in foreign operations	(73)	(2,599)
Share of other comprehensive income of equity method investments	34	(29)
Other comprehensive income after income taxes	1,090	(2,715)
Quarterly comprehensive income	¥4,635	¥(2,885)
Quarterly comprehensive income attributable to :		
Owners of the Company	¥4,638	¥(2,817)
Non-controlling interests	(3)	(67)

Quarterly Consolidated Statements of Financial Position

	(Millions of Yen)	
	As of March 31, 2016	As of September 30, 2016
Assets:		
Cash and cash equivalents	¥61,902	¥77,747
Cash segregated as deposits	497,442	486,924
Trading securities and other	2,945	1,989
Derivative assets	19,153	19,562
Investments in securities	3,707	4,294
Margin transaction assets	149,236	128,144
Loans secured by securities	31,628	36,055
Other financial assets	64,272	41,907
Property and equipment	2,457	2,121
Intangible assets	53,053	51,823
Equity method investments	1,125	372
Deferred tax assets	8	8
Other assets	1,187	1,063
Total assets	¥888,116	¥852,011
Liabilities and Equity:		
Liabilities:		
Trading securities and other	¥—	¥11
Derivative liabilities	7,178	4,137
Margin transaction liabilities	33,006	31,121
Loans payable secured by securities	71,974	70,766
Deposits received	350,904	358,969
Guarantee deposits received	170,666	159,799
Bonds and loans payable	154,261	133,024
Other financial liabilities	5,868	6,384
Provisions	2,556	2,029
Income taxes payable	1,505	243
Deferred tax liabilities	3,161	3,065
Other liabilities	1,014	784
Total liabilities	802,094	770,330
Equity:		
Common stock	10,394	10,394
Additional paid-in capital	40,510	40,547
Treasury stock	—	(1,000)
Retained earnings	22,380	21,539
Other components of equity	12,532	9,817
Equity attributable to owners of the Company	85,816	81,296
Non-controlling interests	207	384
Total equity	86,022	81,681
Total liabilities and equity	¥888,116	¥852,011

Quarterly Consolidated Statements of Cash Flows

	(Millions of Yen)	
	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from operating activities:		
Quarterly profit before income taxes	¥5,290	¥109
Depreciation and amortization	2,364	3,189
Loss on business restructuring	—	145
Reversal of allowance for loss on cancellation of outsourcing contract	—	(428)
Gain on sales of investments in associates	—	(247)
Financial income and financial expenses	(4,781)	(4,068)
Decrease/increase in derivative assets and liabilities	(6,891)	(3,825)
Decrease/increase in assets/liabilities for margin transaction	(20,523)	19,206
Decrease/increase in loans/loans payable secured by securities	10,753	(6,191)
Decrease/increase in cash segregated as deposits	1,176	(11,489)
Decrease/increase in deposits received and guarantee deposits received	19,453	20,340
Decrease/increase in short-term loans receivable	2,699	19,677
Other, net	(8,802)	4,120
Sub total	737	40,539
Interest and dividends income received	7,042	6,210
Interest expenses paid	(2,361)	(2,192)
Income taxes refund/paid	367	(884)
Net cash provided by (used in) operating activities	5,786	43,673
Cash flows from investing activities:		
Purchase of investments in securities	(9)	(4)
Proceeds from sales and redemption of securities	5,384	101
Purchase of property and equipment	(228)	(321)
Purchase of intangible assets	(4,916)	(3,870)
Purchase of investments in joint ventures	(288)	(12)
Proceeds from sales of associates	—	295
Other, net	18	45
Net cash provided by (used in) investing activities	(39)	(3,767)
Cash flows from financing activities:		
Net increase/decrease in short-term loans payable	389	(23,394)
Proceeds from issuance of bonds	—	2,996
Purchase of redemption of bonds	—	(2,000)
Proceeds from long-term loans payable	—	24,902
Repayment of long-term loans payable	(1,250)	(23,300)
Purchase of treasury stock	(1,162)	(1,000)
Cash dividends paid	(2,010)	(739)
Proceeds from stock issuance to non-controlling interests	—	245
Proceeds from sales of investments in subsidiaries to non-controlling interests	98	—
Other, net	—	37
Net cash provided by (used in) financing activities	(3,936)	(22,255)
Net increase/decrease in cash and cash equivalents	1,811	17,652
Cash and cash equivalents at the beginning of period	66,337	59,756
Effect of exchange rate change on cash and cash equivalents	(91)	(850)
Cash and cash equivalents at the end of period	¥68,056	¥76,558