

# MONEX GROUP

## Quarterly financial results of Subsidiary (Monex, Inc.)

TOKYO, January 26, 2016 – 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 3<sup>rd</sup> quarter of the fiscal year ending March 31, 2016 prepared in accordance with the generally accepted accounting principles in Japan.

Financial results for the 3<sup>rd</sup> quarter of the fiscal year ending March 31, 2016 (From April 1, 2015 to December 31, 2015)

### (1) Results of operations

(Unit: million yen)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Profit
For the 3 <sup>rd</sup> quarter ended December 31, 2015	27,354	24,693	6,318	6,361	2,546
For the 3 <sup>rd</sup> quarter ended December 31, 2014	24,183	21,661	6,214	6,305	3,732
Fluctuation (%)	13.1	14.0	1.7	0.9	-31.8

### (2) Financial condition

(Unit: million yen)

	Total assets	Net assets
As of December 31, 2015	608,548	56,027
As of March 31, 2015	592,198	55,375

(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, 2015	As of December 31, 2015
<b>Current assets</b>		
Cash and deposits	47,546	56,237
Cash segregated for customers and others	246,397	239,496
Money held in trust	63,884	63,578
Trading assets	15,152	17,391
Trading securities and other	1,826	3,032
Derivatives	13,326	14,358
Securities	3,999	-
Trade date accrual	-	107
Margin transaction assets	175,637	176,964
Loans on margin transaction	165,629	174,129
Cash collateral pledged for securities borrowing on margin transaction	10,007	2,834
Loans secured by securities	-	2
Cash paid for offering	2,411	965
Short-term guarantee deposited	15,283	21,109
Accrued revenue	3,297	3,292
Short-term loans receivable	1,839	5,050
Deferred tax assets	-	235
Other current assets	3,387	4,301
Allowance for doubtful receivables	-22	-2
<b>Total current assets</b>	<b>578,814</b>	<b>588,731</b>
<b>Non-current assets</b>		
Property, plant and equipment	1,017	1,061
Intangible assets	10,663	14,054
Investment and others	1,702	4,700
Investment securities	1,059	1,058
Long-term guarantee deposits	312	337
Long-term loans receivable	-	3,008
Deferred tax assets	168	190
Other	367	301
Allowance for doubtful receivables	-206	-195
<b>Total non-current assets</b>	<b>13,383</b>	<b>19,816</b>
<b>Total assets</b>	<b>592,198</b>	<b>608,548</b>

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(Unit: million yen)

	As of March 31, 2015	As of December 31, 2015
<b>Current liabilities</b>		
Trading liabilities	12,487	9,750
Derivatives	12,487	9,750
Trade date accrual	95	-
Margin transaction liabilities	46,124	28,260
Borrowings on margin transaction	13,860	13,387
Cash received as collateral for securities lending on margin transaction	32,263	14,873
Loans payable secured by securities	41,865	53,517
Deposits received	200,796	221,651
Guarantee money received	115,717	117,617
Short-term borrowings	16,500	15,000
Current portion of long-term loans payable	-	19,300
Commercial papers	10,000	10,000
Allowance for point services	135	138
Allowance for loss on cancellation of outsourcing contract	-	2,360
Deferred tax liabilities	381	-
Other current liabilities	2,805	4,204
<b>Total current liabilities</b>	<b>446,909</b>	<b>481,800</b>
<b>Non-current liabilities</b>		
Long-term debt	88,100	68,800
Negative goodwill	38	9
Other non-current liabilities	36	34
<b>Total non-current liabilities</b>	<b>88,175</b>	<b>68,843</b>
<b>Statutory reserve</b>		
Financial instruments transactions reserve	1,738	1,876
<b>Total statutory reserve</b>	<b>1,738</b>	<b>1,876</b>
<b>Total liabilities</b>	<b>536,822</b>	<b>552,520</b>
<b>Net assets</b>		
Common stock	12,200	12,200
Capital surplus	32,359	32,359
Retained earnings	9,690	9,957
Owners' equity	54,250	54,517
Net unrealized holding gains (losses) on securities	1,125	1,510
Accumulated other comprehensive income	1,125	1,510
<b>Total net assets</b>	<b>55,375</b>	<b>56,027</b>
<b>Total liabilities and net assets</b>	<b>592,198</b>	<b>608,548</b>

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## (2)Statement of income

(Unit: million yen)

	Nine months ended December 31, 2014 (From April 1, 2014 to December 31, 2014)	Nine months ended December 31, 2015 (From April 1, 2015 to December 31, 2015)
Operating revenue		
Commission revenue	13,925	15,148
Brokerage commission	11,640	12,599
Underwriting and distribution	79	133
Subscription and distribution	491	600
Other commissions	1,713	1,816
Net gain on trading account	2,455	4,316
Financial income	7,694	7,755
Other operating revenue	108	134
Total operating revenue	<u>24,183</u>	<u>27,354</u>
Financial expenses	<u>2,521</u>	<u>2,661</u>
Net operating revenue	<u>21,661</u>	<u>24,693</u>
Selling, general and administrative expenses	<u>15,446</u>	<u>18,374</u>
Operating income	<u>6,214</u>	<u>6,318</u>
Non-operating income	95	53
Non-operating expenses	<u>5</u>	<u>11</u>
Ordinary income	<u>6,305</u>	<u>6,361</u>
Extraordinary loss		
Provision of financial instruments transactions reserve	253	137
Loss on cancellation of outsourcing contract	114	43
Provision of allowance for loss on cancellation of outsourcing contract	-	2,360
Loss on disposal of Property, plant and equipment	1	-
Total extraordinary loss	<u>369</u>	<u>2,541</u>
Income before income taxes	<u>5,935</u>	<u>3,819</u>
Income taxes - current	1,758	2,094
Income taxes - deferred	445	-821
Total income taxes	<u>2,203</u>	<u>1,272</u>
Profit	<u><u>3,732</u></u>	<u><u>2,546</u></u>

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## 2. Supplementary information

### (1) Brokerage commissions

(Unit: million yen)

	Nine months ended December 31, 2014 (From April 1, 2014 to December 31, 2014)	Nine months ended December 31, 2015 (From April 1, 2015 to December 31, 2015)
Stocks and ETFs	11,217	12,067
Options and Futures	401	532
OSE-FX	21	-
Total brokerage commissions	11,640	12,599

### (2) Trading value of stocks and ETFs

(Unit: million yen)

	Nine months ended December 31, 2014 (From April 1, 2014 to December 31, 2014)	Nine months ended December 31, 2015 (From April 1, 2015 to December 31, 2015)
Cash	6,259,614	6,818,246
Margin	6,490,203	6,598,006
Total	12,749,817	13,416,252

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## (3) Statement of income for each quarter

(Unit: million yen)

	1Q of FYE	2Q of FYE	3Q of FYE	4Q of FYE	1Q of FYE	2Q of FYE	3Q of FYE
	Mar. 2015	Mar. 2015	Mar. 2015	Mar. 2015	Mar. 2016	Mar. 2016	Mar. 2016
Operating revenue							
Commission revenue	3,933	4,668	5,323	5,116	5,365	5,433	4,349
Brokerage commission	3,240	3,932	4,468	4,249	4,512	4,553	3,533
Underwriting and distribution	32	16	30	19	19	10	102
Subscription and distribution	135	122	232	216	224	236	139
Other commissions	525	596	591	630	609	632	573
Net gain on trading account	577	682	1,195	1,342	1,543	1,596	1,175
Financial income	2,671	2,285	2,737	2,252	2,824	2,270	2,660
Other operating revenue	45	31	31	36	40	42	51
Total operating revenue	<u>7,228</u>	<u>7,667</u>	<u>9,287</u>	<u>8,747</u>	<u>9,774</u>	<u>9,342</u>	<u>8,238</u>
Financial expenses	<u>1,006</u>	<u>573</u>	<u>940</u>	<u>593</u>	<u>1,128</u>	<u>568</u>	<u>963</u>
Net operating revenue	<u>6,221</u>	<u>7,093</u>	<u>8,346</u>	<u>8,154</u>	<u>8,645</u>	<u>8,773</u>	<u>7,274</u>
Selling, general and administrative expenses	<u>4,898</u>	<u>5,153</u>	<u>5,395</u>	<u>5,641</u>	<u>6,115</u>	<u>6,187</u>	<u>6,072</u>
Operating income	<u>1,323</u>	<u>1,940</u>	<u>2,951</u>	<u>2,512</u>	<u>2,530</u>	<u>2,586</u>	<u>1,202</u>
Non-operating income	35	17	42	26	24	12	17
Non-operating expenses	<u>1</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>8</u>	<u>1</u>
Ordinary income	<u>1,357</u>	<u>1,955</u>	<u>2,991</u>	<u>2,537</u>	<u>2,552</u>	<u>2,590</u>	<u>1,217</u>
Extraordinary loss							
Provision of financial instruments transactions reserve	73	85	93	86	98	39	-
Loss on cancellation of outsourcing contract	-	114	-	2	-	43	-
Provision of allowance for loss on cancellation of outsourcing contract	-	-	-	-	-	-	2,360
Loss on disposal of Property, plant and equipment	-	-	1	-	-	-	-
Total extraordinary loss	<u>73</u>	<u>200</u>	<u>95</u>	<u>89</u>	<u>98</u>	<u>82</u>	<u>2,360</u>
Income before income taxes	<u>1,283</u>	<u>1,755</u>	<u>2,896</u>	<u>2,448</u>	<u>2,454</u>	<u>2,507</u>	<u>-1,142</u>
Income taxes - current	122	716	920	995	901	902	291
Income taxes - deferred	<u>372</u>	<u>-80</u>	<u>153</u>	<u>-60</u>	<u>-64</u>	<u>-66</u>	<u>-690</u>
Total income taxes	<u>494</u>	<u>635</u>	<u>1,073</u>	<u>934</u>	<u>836</u>	<u>835</u>	<u>-399</u>
Profit or loss	<u>789</u>	<u>1,119</u>	<u>1,823</u>	<u>1,513</u>	<u>1,617</u>	<u>1,672</u>	<u>-743</u>

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