

# Financial Highlights (Consolidated)

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2<sup>nd</sup> Quarter Fiscal Year ends Mar 2015

Invest Securities Co., Ltd.

# Financial Highlights for the 2<sup>nd</sup> Quarter Fiscal Year Ended March 2015

## ■ Ordinary loss of 552 million yen

Foreign exchange market volatility increased from the latter half of August 2014, helping operating revenue recover slightly. Yet, a period of low market volatility until then resulted in operating revenue for the quarter under review declining significantly, representing a negative 111.2% of that for the same quarter a year ago, a quarter of favorable foreign exchange market conditions.

## ■ Recorded 1,015 million yen in extraordinary income on the sale of part of investment securities

## ■ Concluded a capital and business alliance agreement with Tradency Inc. in August 2014

Invast Securities and Tradency are planning to co-develop a higher-quality service “New ST24 (tentative name)”, following which they will provide this service offering as a white-label service

## ■ Overseas subsidiary Invast Financial Services (IFS) achieved single-month profitability in the 14<sup>th</sup> month after business launch

## ■ Overseas financial business segment

The balance of deposited margin for the overseas financial business segment amounted to 1,028 million yen as of June 30, 2014. Invast Securities recorded 185 million yen in operating loss owing to its prior investment

## ■ Passed a resolution for the retirement of shares of treasury stock

The Board of Directors' meeting held on July 30, 2014 passed a resolution for the retirement of 507,000 shares of the Company's common treasury stock.

These shares represented 7.9% of the total number of shares outstanding prior to the share retirement, which was implemented on August 15, 2014.

## ■ Passed a resolution for the acquisition of own shares as treasury stock

The Board of Directors' meeting held on July 30, 2014 passed a resolution for the acquisition of the Company's own shares as its treasury stock

Total number of shares to be acquired: 200,000 shares (upper limit) (3.4% of the total number of shares outstanding [excluding treasury stock])

Total value of the shares to be acquired: 300 million yen (upper limit) Share acquisition period: From July 31, 2014 to December 31, 2014

# Summary of Financial Results 2Q FY ends Mar 2015

## [Financial highlights]

	2Q FY2014 (from April 1, 2013 to September 30, 2013)		2Q FY2015 (from April 1, 2014 to September 30, 2014)		Year-on-year change	
	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated
Operating revenues (in millions of yen)	2,471	2,471	1,130	1,222	45.7%	49.4%
Commissions earned (exchange FX, etc.)	865	865	281	281	32.4%	32.4%
Trading profit and loss (over-the-counter FX)	1,599	1,599	667	744	41.7%	46.5%
Selling, general and administrative expenses (-ditto-)	1,962	2,013	1,526	1,803	77.8%	89.6%
Operating income (-ditto-)	508	457	△395	△581	△77.9%	△127.2%
Ordinary income (-ditto-)	548	496	△372	△552	△67.7%	△111.2%
Extraordinary income/loss (-ditto-)	24	24	1,012	1,012	4,204.4%	4,204.4%
Net income (-ditto-)	522	469	403	223	77.3%	47.6%

	March 31, 2014		September 30, 2014		Year-on-year change	
	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated
Net assets (in millions of yen)	13,532	13,239	12,014	11,541	88.7%	87.1%
Net assets per share (yen)	2,314.52	2,264.28	2,068.13	1,986.46	89.3%	87.7%
Margins received (in millions of yen)	74,645	75,395	71,705	72,517	96.0%	96.1%

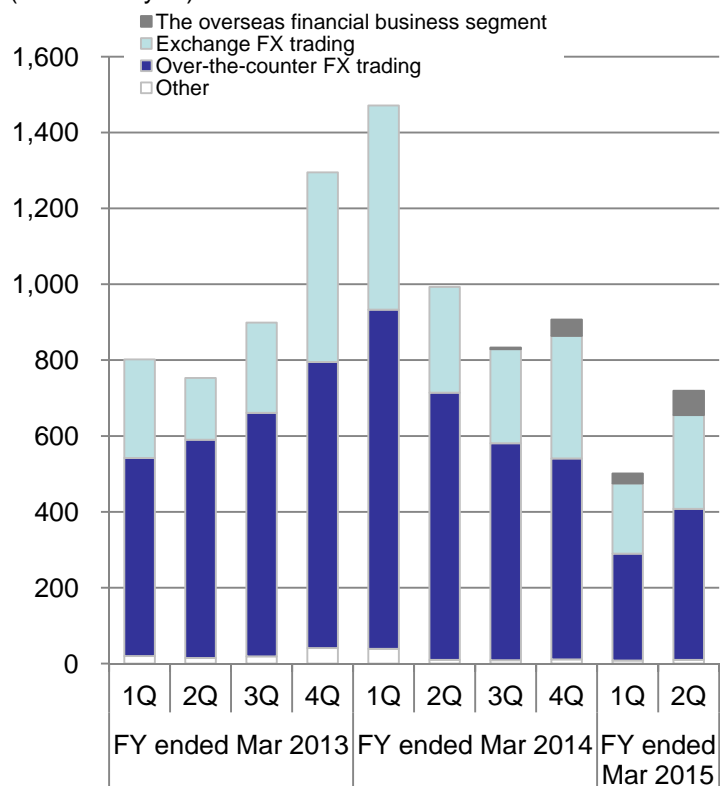
\* The Company recorded 1,015 million yen in extraordinary income on the sale of investment securities as it sold part of its investment securities holdings in the second quarter under review.

\* The financial closing date of IFS is December 31, causing its financial results to become incorporated into Invest Securities' consolidated financial results with a time lag of three months. Hence, the consolidated financial results for the second quarter of the fiscal year ending March 2015 are designed to reflect IFS's financial results for the period from January to June 2014.

# Operating Revenue

Operating revenue for the second quarter of the fiscal year ending March 2015 stood at 719 million yen. Trading income in the over-the-counter foreign exchange margin trading service business (ST24, FX24 and TriAuto) amounted to 398 million yen. Commission received in the exchange-traded foreign exchange margin contract service business (Click 365) totaled 247 million yen. Net operating revenue of 64 million yen was recorded in the overseas financial business segment (IFS) during the period from April 2014 to June 30, 2014. Operating revenue for the quarter under review struggled to grow and declined significantly year on year as foreign exchange market volatility remained low during the quarter in comparison to the same quarter a year ago, a quarter of favorable foreign exchange market conditions (49.4% of the operating revenue for the year-ago quarter).

(Millions of yen)



FY ended March 2014 [Consolidated] (Millions of yen)

	Term ended March 2014				
	1Q	2Q	3Q	4Q	Total
Exchange FX trading	538	279	248	323	1,390
Over-the-counter FX trading	894	707	572	530	2,703
Other	43	10	9	11	73
The overseas financial business segment	-	-	4	43	47
<b>Total</b>	<b>1,476</b>	<b>995</b>	<b>833</b>	<b>908</b>	<b>4,213</b>

FY ended March 2015 [Consolidated] (Millions of yen)

	Term ended March 2015				
	1Q	2Q	3Q	4Q	Total
Exchange FX trading	185	247			
Over-the-counter FX trading	282	398			
Other	8	10			
The overseas financial business segment	26	64			
<b>Total</b>	<b>502</b>	<b>719</b>			

# Total amount of deposited margin

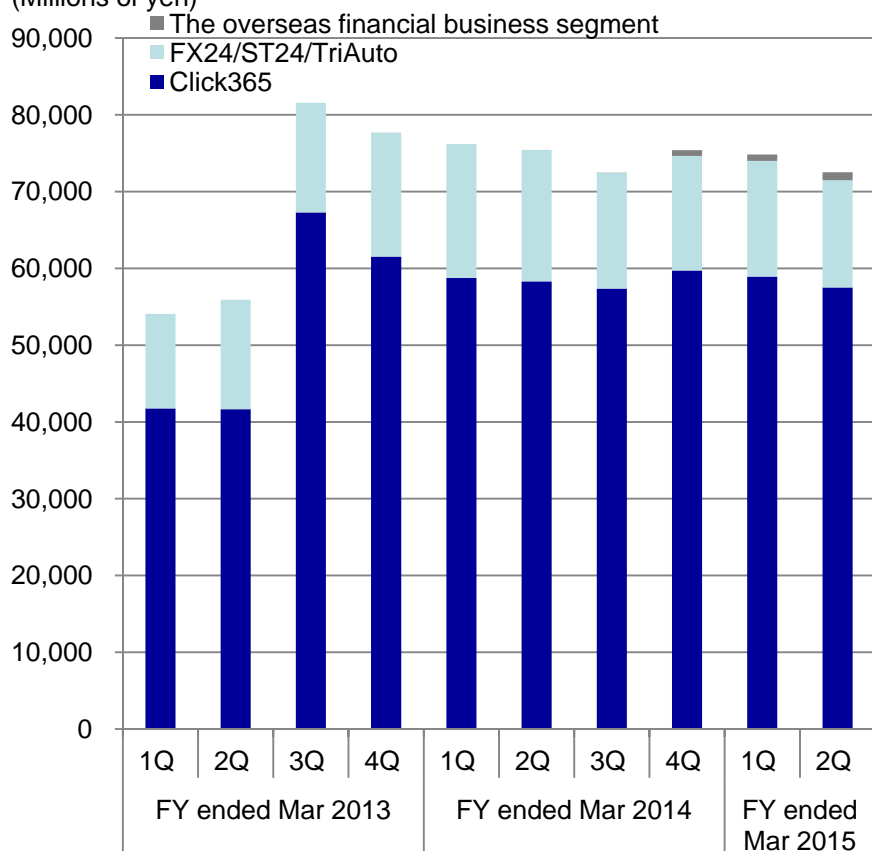
The total balance of deposited margin for all the Company's business segments amounted to 72,517 million yen for the second quarter of the fiscal year ending March 2015.

The balance of deposited margin for "Click 365," the exchange-traded foreign exchange margin contract service business, amounted to 57,514 million yen.

The balance of deposited margin for the "FX24," "ST24," "TriAuto" services and others in the over-the-counter foreign exchange margin trading service business stood at 13,974 million yen .

The balance of deposited margin in the overseas financial business segment (IFS) totaled 1,028 million yen as of June 30, 2014 and 934 million yen as of September 30, 2014

(Millions of yen)



FY ended March 2014 [Consolidated] (Millions of yen)

	1Q	2Q	3Q	4Q
Click 365	58,743	58,314	57,372	59,719
FX24/ST24/TriAuto	17,439	17,133	15,040	14,926
The overseas financial business segment	-	-	48	750
Total	76,183	75,448	72,461	75,395

FY ended March 2015[Consolidated] (Millions of yen)

	1Q	2Q	3Q	4Q
Click 365	58,942	57,514		
FX24/ST24/TriAuto	15,051	13,974		
The overseas financial business segment	834	1,028		
Total	74,828	72,517		

# Concluded a capital and business alliance agreement with Tradency Inc. (1)

## Entered into capital and business alliance with Tradency Inc. in August 2014 through a third party share allocation-based capital increase program

Through this capital alliance, Invast Securities (“the Company”) and Tradency Inc. (“Tradency”) (\*) will co-develop a higher-quality new selective FX trade system “New ST24 (tentative name)” by combining the former’s accumulated service operations know-how acquired through its selective automatic FX trading service “ST24,” the main business of the firm, with the latter’s highly advanced technological expertise.

In addition, after completing the co-development, the Company and Tradency plan to provide the “New ST24 (tentative name)” service to the overseas financial retail markets as a white-label service through cooperating with each other.

### Details of Business Alliance

The Company and Tradency have agreed to promote the following initiatives.

Both parties will consult with each other on specific policies and contents in the future.

- Joint development of “New ST24 (tentative name)”
- Global white label monopoly sales of “New ST24 (tentative name)”

### Details of Capital Alliance

The Company acquired 271,038 shares of classified Tradency stock (US\$4.6 million in acquisition value, and 14.99% of the total number of shares outstanding of Tradency) through the latter’s third party allocation-based capital increase program.

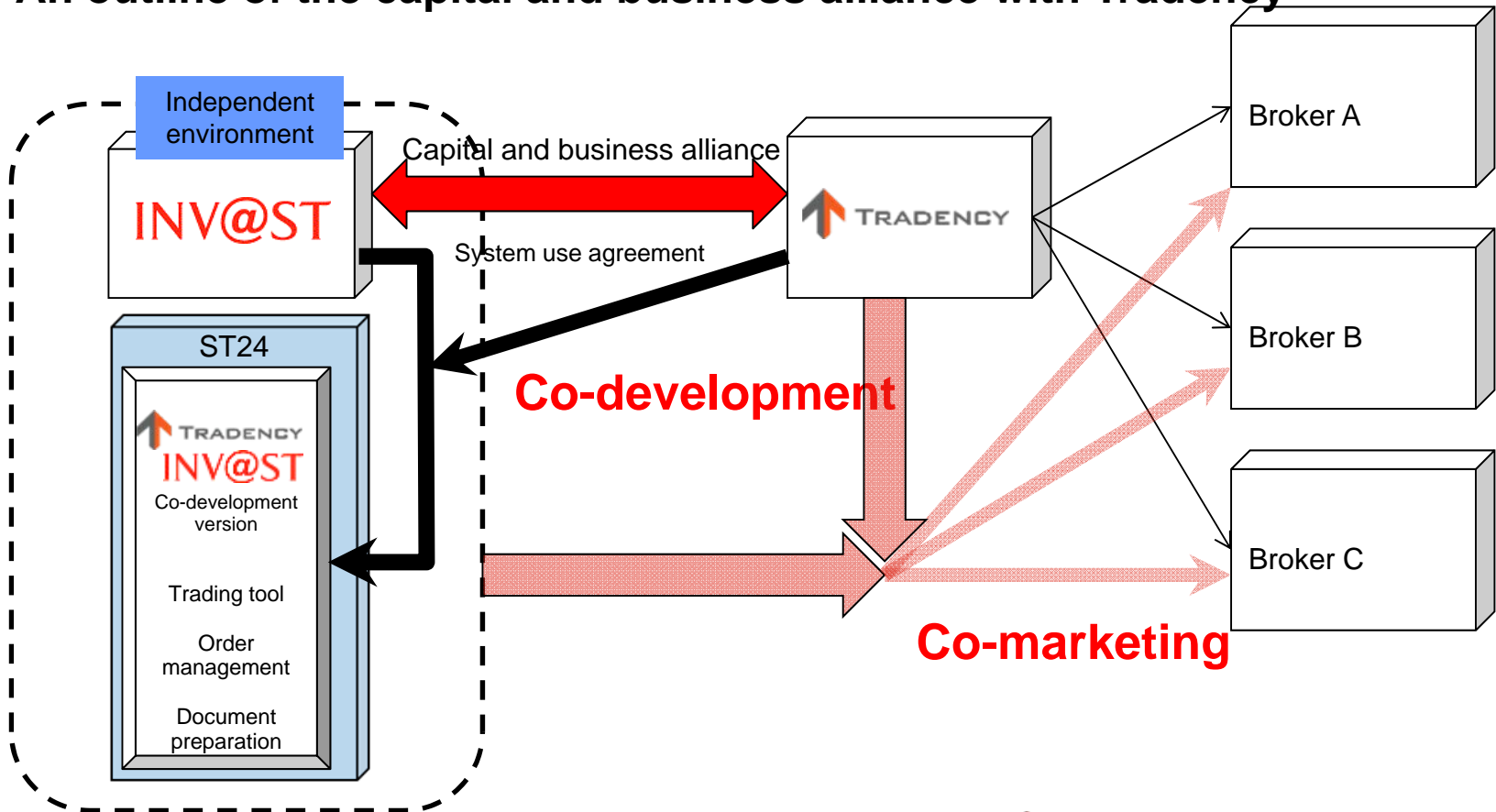
With Tradency being an unlisted company, its share price was determined through having a third-party institution-based share price calculation performed and taking our investigation results into consideration.

(\*) Tradency, the Company’s “ST24” system provision partner, is a financial technology provider delivering innovative trading solutions whose development centers are located in Israel. Tradency’s “Mirror Trader” platform is a leading selective FX system trading platform that has been introduced in more than 20 countries around the world.



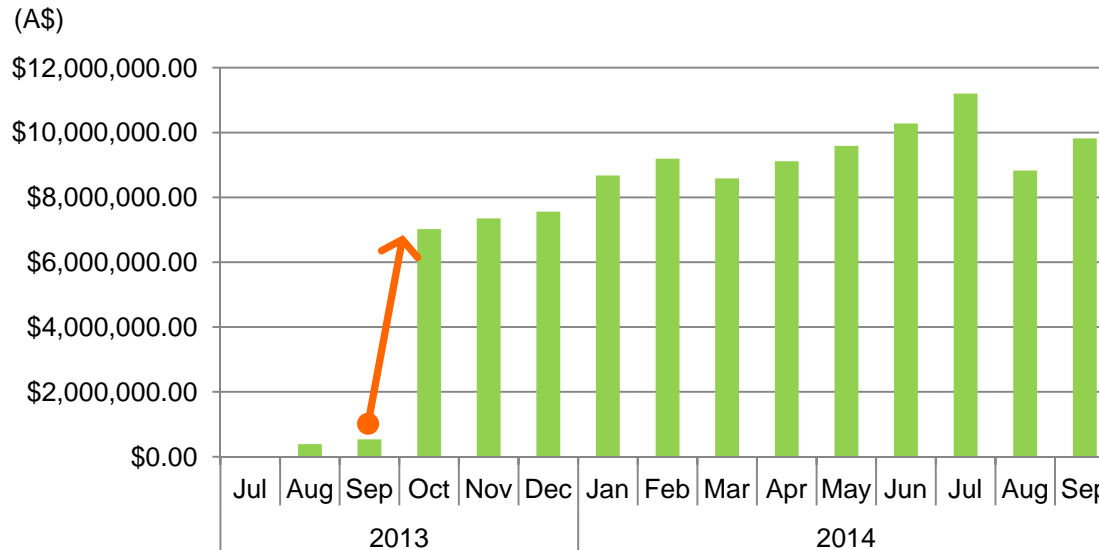
# Concluded a capital and business alliance agreement with Tradency Inc. (2)

## An outline of the capital and business alliance with Tradency



# Overseas subsidiary Invast Financial Services (IFS)

- ◆ Starting from April 2014, IFS began to offer ST24 trading service to overseas customers
- ◆ **With its monthly customer transaction volume having exceeded the 1 million-contract mark, IFS achieved single-month profitability in the 14th month after business launch**
- ◆ IFS recorded an amount equivalent to 91 million yen in net operating revenue for the second quarter of the fiscal year ending March 2015 (not recorded for the same quarter a year ago)
- ◆ The balance of deposited margin as of June 30, 2014 stood at an amount equivalent to 1,028 million yen
- ◆ **IFS conducted a capital increase of A\$2.54 million in October 2014 to make its paid-in capital A\$9 million in view of a further expansion of its business operations**
- ◆ IFS's diverse current customer base in South East Asia consists of customers based in Singapore and China and that in the eurozone comprises those based in the U.K. and France while that in other regions is composed of those based in South Africa and British Virgin Islands.





- ◆ The number of strategies incorporated is over 8,000, the largest in the world,\*1 supported by a step-by-step addition of new proprietary strategies
- ◆ The number of trading accounts exceeded the 70,000 mark (as of September 30, 2014). This is the largest among mirror trader providers in Japan. \*2
- ◆ On the other hand, trading volume and deposited margin balance struggled to grow, affected by the reduced advertising costs and a low volatility market
- ◆ **Concluded a capital and business alliance agreement with Tradency Inc. in August 2014**

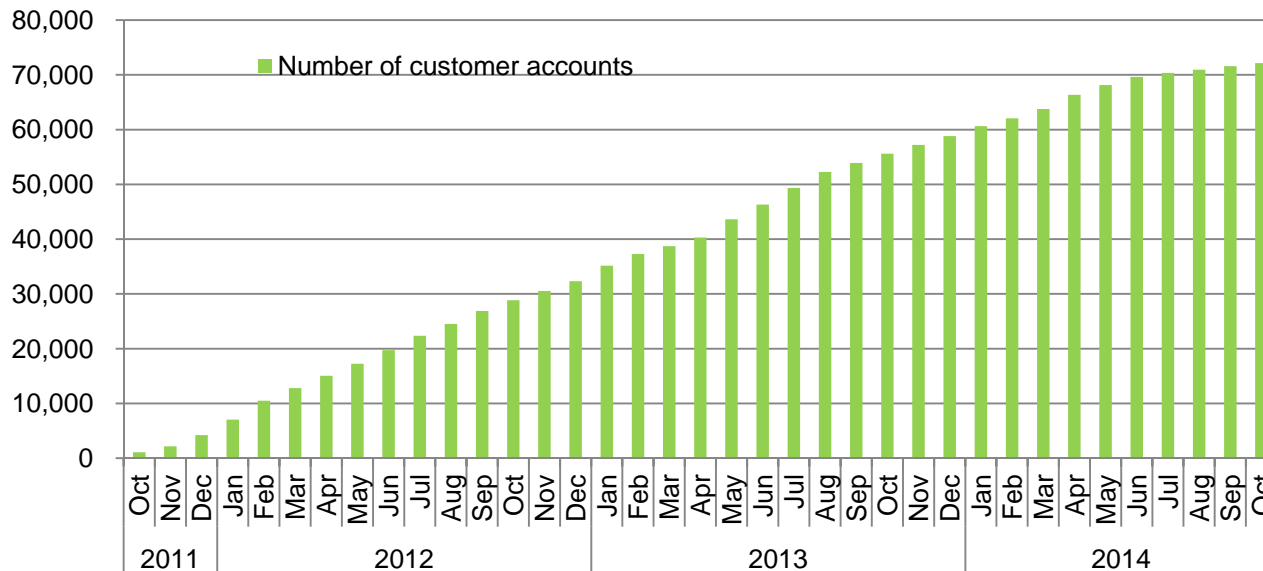
[Invast Securities and Tradency are planning to co-develop a higher-quality service “New ST24 \(tentative name\)”, following which they will provide this service offering as a white-label service](#)

\* The Mirror Trader, developed by Israel's Tradency Inc., is the most prominent platform for selective FX system trading, and has been introduced in more than 20 countries worldwide

\* Strategies refer to trading programs incorporated into trading platforms.

\*1 Among all mirror trader providers (as of November 13, 2013; based on a Tradency survey)

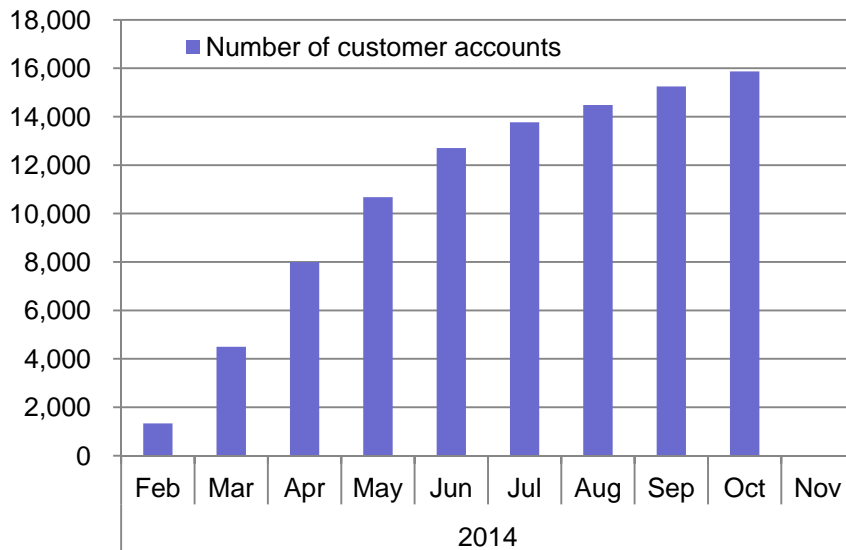
\*2 Among all mirror trader providers in Japan (as of January 16, 2014; based on a Tradency survey)



# Launched the new “TriAuto” service



- ◆ Launched on March 10, 2014 “TriAuto,” a new auto-pilot-based discretionary FX margin trading service (\*began to accept account opening applications from customers, starting from February 15, 2014)
- ◆ This is a new type of FX trading service that allows the trader user to decide on his/her trading direction while the auto-pilot automatically does the rest of the trading process
- ◆ An innovative FX trading service offering based on a combination of the advantages of discretionary FX trading and automatic trading services
- ◆ With the TriAuto service, the user customer does what humans are good at such as predicting of market trend and formulation of strategy. Meanwhile, the auto-pilot (system) performs what humans are not good at such as entry settlement and risk management
- ◆ Well-developed risk management function
- ◆ Launched on June 9, 2014 two new functions: “Quick Shikake” and demo game “BACK TO THE SOBA”
- ◆ The total number of customer accounts for the TriAuto service exceeded the 15,000 mark (as of September 30, 2014), this service offering struggled to grow affected by the reduced advertising costs and a low volatility market
- ◆ Aiming to expand our customer bases by stepping up advertising costs

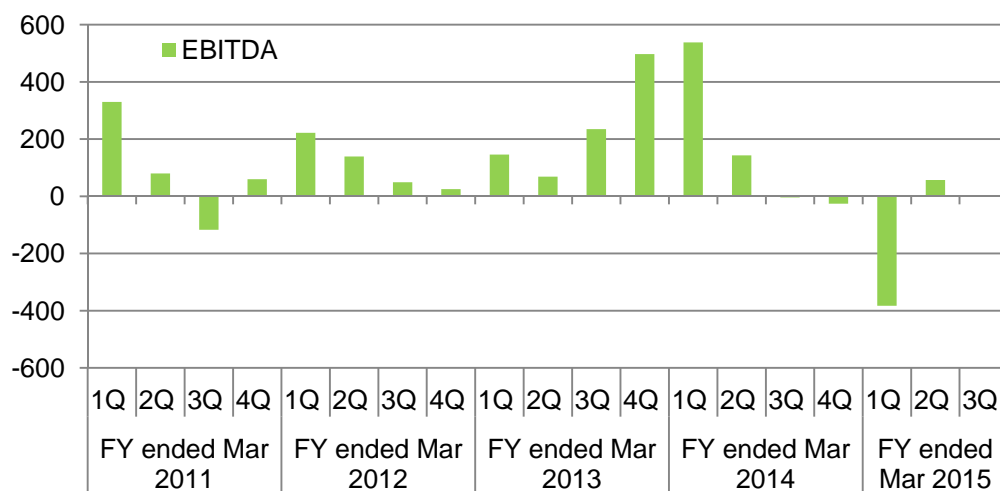


# Earnings metrics

## EBITDA

(Millions of yen)

	FY ended March 2012 [Non-consolidated]				FY ended March 2013 [Non-consolidated]				FY ended March 2014 [Consolidated]				FY ended March 2015 [Consolidated]			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net income before taxes	176	79	-18	-45	100	0	158	389	471	49	3,528	6	47	413		
Extraordinary income/loss	8	0	-1	-0	23	0	0	-13	24	-0	3,635	132	542	470		
Interest expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Depreciation	54	60	66	70	69	69	76	93	91	93	102	98	111	114		
EBITDA	222	139	48	24	146	69	235	497	538	143	-4	-26	-383	57		



Note: EBITDA was calculated by the formula of: Net income before taxes – extraordinary income/loss + Interest expense + Depreciation = EBITDA. This represents an income metric that illustrates what level of cash flow was generated by capital including borrowed capital

Invast Securities Co., Ltd. (as of September 30<sup>th</sup> 2014)

■ Company name	:	INVEST SECURITIES CO., LTD.
■ Head office	:	NBF Toranomom Building 1-6-21 Nishishinbashi, Minato-ku, Tokyo Japan
■ Established	:	August 10, 1960
■ Paid in capital	:	5,965,080,000 yen
■ Market listing	:	JASDAQ (Code: 8709) (*1) Listed on March 6, 2006
■ President	:	President and CEO Takeshi Kawaji
■ Employees	:	54 [Non-consolidated] 69 [Consolidated]
■ Licenses	:	Financial Instruments Business Operators (Type 1/ Type 2) Director-General of Kanto Local Finance Bureau (Kinsho) No. 26
■ Membership	:	Tokyo Financial Exchange