



Monex Group, Inc.

ANNUAL REPORT 2014

For the year ended March 31, 2014



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The art piece on the cover page: *Sushi/2014* by Rikako Kawaguchi (see page 27 for details)

This is an English translation of Annual Report 2014 of Monex Group, Inc. ("the Company"). The descriptions herein concerning the products, services, etc., that are handled by the Company's group companies ("the Group Companies"), are made only for disclosure purposes and are given to describe matters that are required for providing specific explanations concerning the Company. Therefore, this material is not intended to recommend, or conduct solicitation for, any of such products, services, etc.

This presentation material contains forward-looking statements that are based on our current expectations, assumptions, estimates and projections about our industry and the Company.

These forward-looking statements are subject to various risks and uncertainties.

These statements discuss future expectations, identify strategies, contain projections of results of operations or of our financial condition and state other "forward-looking" information. Our operations are subject to risks, uncertainties and other factors that could cause our actual results to differ materially from those contained in any forward-looking statements.



MONEX GROUP
Monex Group, Inc.

The Monex Group views its mission as being to create a global full service online financial institution, unlike anything that exists in the conventional financial world, in order to provide world-class financial services to individual investors. This belief permeates the entire Group as a part of its unchanging DNA, and the distinctive Monex approach of pursuing innovation and undertaking challenges has been passed down to the present day. Moving forward, the Monex Group will continue to employ its flexible thinking and exceptional foresight to pioneer new forms of financial business.

WE WILL CONTINUE TO PROVIDE WORLD-CLASS FINANCIAL SERVICES AS A FULL SERVICE ONLINE FINANCIAL INSTITUTION

BUSINESS PRINCIPLES

“MONEX” stands for the future of finance, one step advanced from “MONEY.”

The Monex Group is aspiring to empower traders and investors worldwide with best of breed technology, education, service, and financial professionalism to provide access to top financial markets globally.

CODE OF CONDUCT

Celebrating the diversity of each and every one of our customers and employees

Driving the future of technology and first class financial professionalism that empowers traders and investors

Creating new value to contribute to all stakeholders

ABOUT THE MONEX GROUP

The Monex Group has its main business bases in Japan, the United States and China (Hong Kong). In addition to its core business of online trading, the Monex Group is actively engaged in foreign exchange (FX), M&A advisory services, and other business areas in 12 global locations.



CONTINUED GROWTH AND EXPANSION SINCE 1999

1999

APR Establishment of Monex, Inc.

MAY Establishment of Nikko Beans, Inc.

2000

AUG Shares of Monex, Inc. listed on the Tokyo Stock Exchange "Mothers" Market

2001

JUN Merger of Monex, Inc. and Saison Securities Co., Ltd.

2004

AUG Establishment of the joint holding company Monex Beans Holdings, Inc. (Currently Monex Group, Inc.) through share transfer by Monex, Inc. and Nikko Beans, Inc.

AUG Shares of Monex Beans Holdings, Inc. listed on the Tokyo Stock Exchange "Mothers" Market

OCT Establishment of Monex Alternative Investments, Inc.

2005

MAY Merger of Monex, Inc. and Nikko Beans, Inc. (Company name changed to Monex Beans, Inc. after the merger)

SEP Shares of Monex Beans Holdings, Inc. listed on the First Section of the Tokyo Stock Exchange

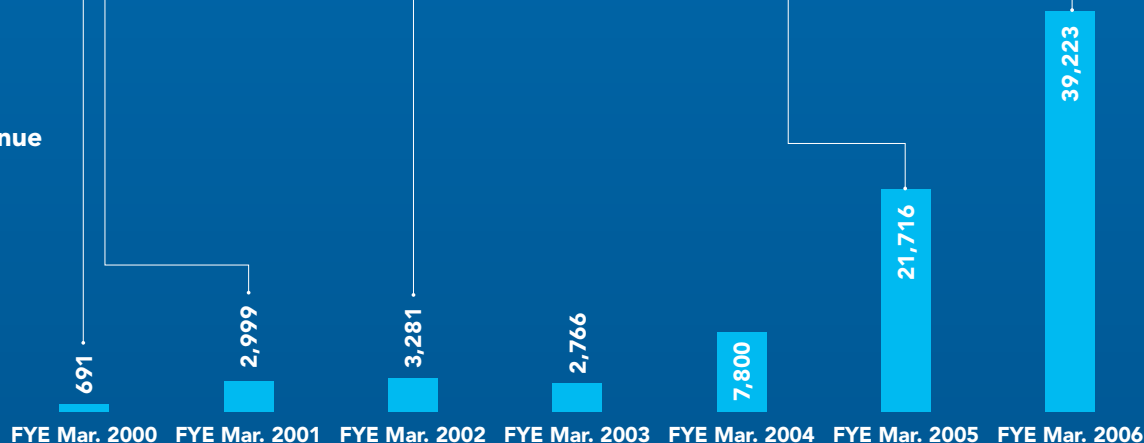
SEP Establishment of WR Hambrecht & Co Japan (name later changed to Monex Hambrecht, Inc.)

NOV Establishment of Monex Business Incubation, Inc. (currently Monex Ventures, Inc.)

DEC Monex Beans, Inc. changed its name to Monex, Inc.

Changes in Operating Revenue (Millions of yen)

Data prior to FYE Mar. 2005 are for the former Monex, Inc. (non-consolidated). Data for FYE Mar. 2013 and FYE Mar. 2014 are based on IFRSs (International Financial Reporting Standards).



BUSINESS SEGMENTS AND MAIN GROUP COMPANIES Figures as of March 31, 2014

Monex, Inc.

Since its establishment in 1999, the company has supported the asset-building of individual investors through long-term, diversified investments by offering a broad lineup of investment products and services as well as investment information. With an extensive track record of developing Japan's as well as the industry's first innovative and unique products and services, the company boasts an approximately 20% share of stock brokerage commissions and the No. 2 ranking in customer assets in custody among Japan's top five online brokerage firms.

Active accounts: 894,640

Assets in custody: ¥3,149.9 billion

Japan

TradeStation Group

Established in 1982 as a systems development company, TradeStation is now known as a leading online securities group that is highly appreciated by active traders in the U.S. The group has received a number of awards for its analysis and trading tools that are developed in-house, including an award from *BARRON'S*, a renowned financial information magazine. The group is also engaged in the licensing business, offering its trading tools to brokerage firms in South Korea, China and the Middle East.

Active accounts: 83,167

Assets in custody: ¥369.0 billion

U.S.

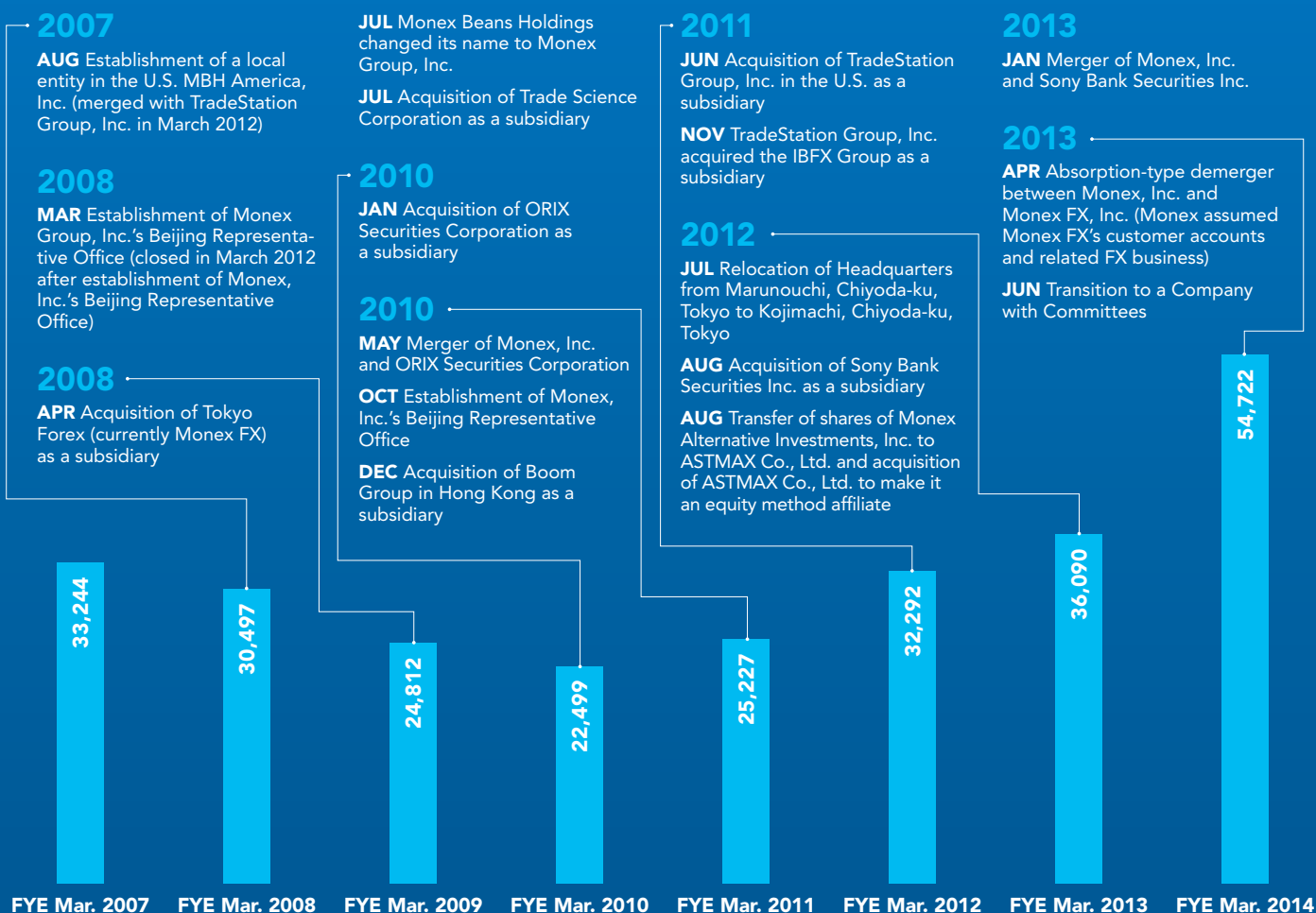
Monex BOOM Securities Group

Established in 1997, the group is the oldest online securities group for retail investors in the Asia-Pacific region. Under the "BOOM" brand, the group provides access to 15 markets in 12 countries and regions mainly in Asia in addition to the U.S. and Australia, as well as "multi-currency, multi-market" services including the ability to perform settlements in six major currencies.

Active accounts: 10,515

Assets in custody: ¥107.8 billion

China (Hong Kong)



CORPORATE VALUE CREATION CYCLE

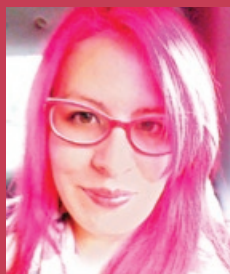
The Monex Group regards three elements, comprised of employees, brand and technical and product development capabilities, to be the source of value provision for its stakeholders, including approximately 1 million customers of securities brokerage subsidiaries for each segment in Japan, the U.S. and China (Hong Kong).

While generating sustainable profits based on revenues brought by these sources of value provision, returning such profits to approximately 50,000 shareholders and executing balanced investment for future growth, we will promote the corporate value creation cycle centered on offering online financial services that further enhance the lifestyles of retail investors.

EMPLOYEES

With 12 business sites around the globe (Japan, the U.S., China, Latin America, Europe and Australia), the Monex Group employs approximately 1,000 people engaged in the operation of online brokerage services and system development, etc. With a wide range of employees of different nationalities and cultural backgrounds executing operations, we have set "BOOST" as a core value for them. This core value plays a role in uniting employees across the Group while respecting the originality and diversity of each business site.

See page 17 for details.



BRANDS

The brand name "MONEX" derives part of its meaning from the future of finance, and is one step advanced from "MONEY." The Monex Group aspires to become a future-oriented brand by continuing to create online financial services that will contribute to enhance the lifestyles of people around the world while offering innovative and unique financial products and services to retail investors across the globe.

See page 18 for details.



TECHNICAL AND PRODUCT DEVELOPMENT CAPABILITIES

The trading platforms developed by the U.S.-based Trade-Station Group are highly evaluated among active traders in the U.S. Monex in Japan has been providing innovative and unique products and services that have contributed benefits to retail investors since the company's establishment, and has an extensive track record, having introduced the industry's first financial products and services. By maximizing synergy with the Group's technical and product development capabilities, our focus has been on offering world-class financial services to retail investors around the globe.

See page 19 for details.



ASSETS

EMPLOYEES
BRANDS
TECHNICAL
AND PRODUCT
DEVELOPMENT
CAPABILITIES

INVESTMENT
TO EVOLVE
BUSINESSES

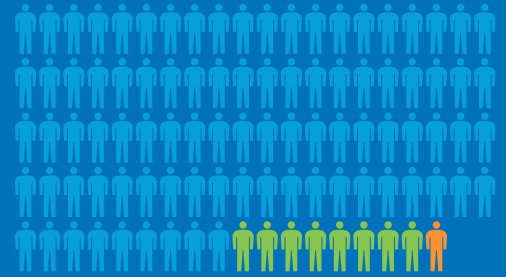
See page 14 for details.

OFFERING ONLINE FINANCIAL SERVICES

With a customer base of retail investors in Japan, the U.S. and China (Hong Kong), the Monex Group has approximately one million active accounts* in total as of March 31, 2014. In addition to the U.S., with its in-depth retail customer base, and Japan, with its high-quality customer network, the Monex Group has been working on information gathering and preparations in light of the possibility of expanding the online brokerage business to mainland China in the future.

Japan:
890,000
U.S.:
80,000
China (Hong Kong):
10,000

More than 980,000 customers around the world



CUSTOMERS (Active Accounts)

(As of Mar. 31, 2014)

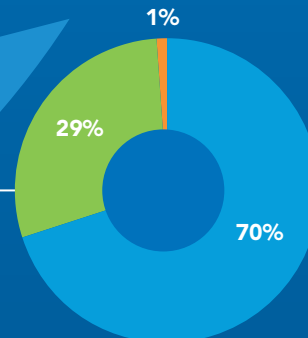
SHAREHOLDER RETURN

¥5.2bn

Interim and year-end dividends paid during the fiscal year ended March 2014
See page 31 for details.

REVENUE (Operating Revenue)

(FYE Mar. 2014)



Japan segment:
¥38.3bn

U.S. segment:
¥16.1bn

China (Hong Kong) segment:
¥0.6bn

See page 8 for details.

*Active Accounts in Japan

The number of active Monex, Inc. accounts (including margin trading accounts and FX trading accounts) refers to the number of accounts with customer assets in possession (balance of margin deposits or margin transaction balance in the case of margin trading accounts, and balance of margin deposits in the case of FX trading accounts) or accounts that have traded more than once (including withdrawals) in the past year.

Active Accounts in the U.S.

The total number of TradeStation accounts with a balance of U.S.\$200 or more, or accounts that have traded during the past six months and IBFX accounts with customer assets in possession.

Active Accounts in Hong Kong

The Monex BOOM Securities Group's accounts with customer assets in possession

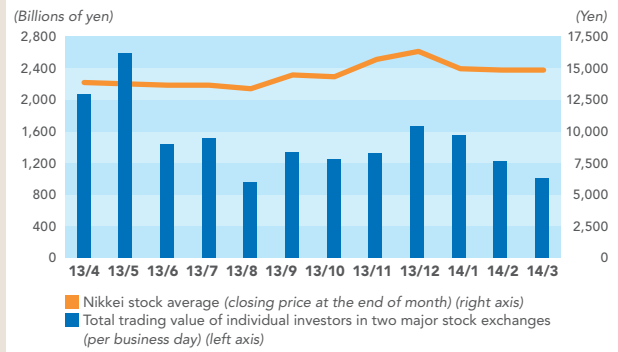
MARKET INFORMATION

Japan

The domestic economy in Japan saw a significant improvement in business sentiment and consumer appetite on the back of the introduction of “quantitative and qualitative monetary easing” and the implementation of financial policies by the Abe cabinet in addition to the fact that Tokyo had been elected as a city to host the 2020 Olympic Games, among other factors. Progress has been made towards the exit from deflation, as the consumer price index excluding fresh food (core CPI) increased on a year-on-year basis.

The Nikkei average substantially increased from early spring, recording a high of ¥16,291 in December 2013 after a correction period. Since the beginning of 2014, the market experienced another correction, with the Nikkei average falling to ¥14,827 at the end of March. Furthermore, depreciation of the yen accelerated as the foreign exchange rate moved in line with the rise in stock prices. The average one-day trading value by retail investors on the Tokyo and Nagoya stock exchanges increased 141.4% from the previous year to ¥1,501.3 billion.

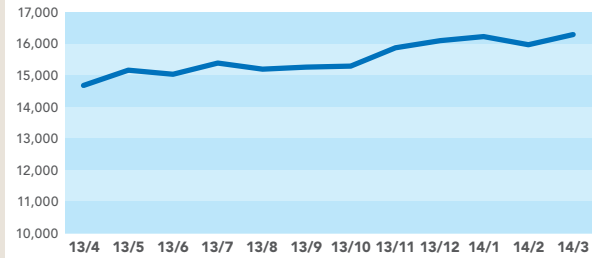
Average trading value of retail investors in two major stock exchanges (Tokyo and Nagoya) (Per business day), Nikkei stock average (Closing price at the end of month)



U.S.

The U.S. economy saw a steady improvement in economic conditions due to the effects of the quantitative easing policy and other measures. As a result, some economic indicators related to the labor market and personal consumption, etc., recovered to levels that existed prior to the financial crisis. In light of the strong economic recovery, the Federal Reserve commenced the tapering of its quantitative easing program. As a result of a rally in the stock market, the NY Dow average reached U.S.\$16,576 in December 2013, setting a new record high. Despite a period of correction in early 2014, the NY Dow average approached the record high once again, closing at U.S.\$16,457 at the end of March.

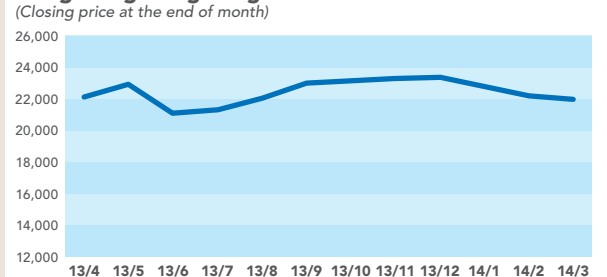
NY Dow Average (Closing price at the end of month)



China (Hong Kong)

The growth of the Hong Kong economy remained at less than 3% per annum due to the effects of policies acting as a temporary headwind such as China’s stance to place greater importance on structural economic and social reforms rather than on economic growth and the tapering of quantitative easing, as pursued by the U.S. At the same time, the regulation of rising real estate prices remained an uncertain factor for the stock market throughout the year. The Hang Seng index remained virtually flat throughout the fiscal year, fluctuating within a range of approximately 2,000 points on either side of the 22,000 point-level.

Hong Kong Hang Seng Index



KEY BUSINESS PERFORMANCE

Consolidated Financial Highlights

(Millions of yen)

	FYE Mar. 2010	FYE Mar. 2011	FYE Mar. 2012	FYE Mar. 2013	FYE Mar. 2014
	JGAAP			IFRSs	
Total operating revenue	¥ 22,499	¥ 25,227	¥ 32,292	¥ 36,090	¥ 54,722
Net income attributable to owners of Monex Group, Inc. ¹	3,776	1,992	1,422	3,901	10,354
Total assets	374,688	365,730	535,663	682,193	929,431
Equity attributable to owners of Monex Group, Inc. ²	66,310	71,025	72,459	79,667	80,701
EBITDA ³	5,428	5,336	6,179	12,715	20,465
ROE (%) ⁴	7.1	2.9	2.0	5.0	12.9
Equity attributable to owners of Monex Group, Inc. per share (yen) ^{5,7}	221.39	221.54	240.93	265.84	280.52
Net income attributable to owners of Monex Group, Inc. per share (yen) ⁶	15.27	6.47	4.67	13.02	35.76
Cash dividends per share (yen) ⁷	7.00	5.00	2.00	4.10	18.00

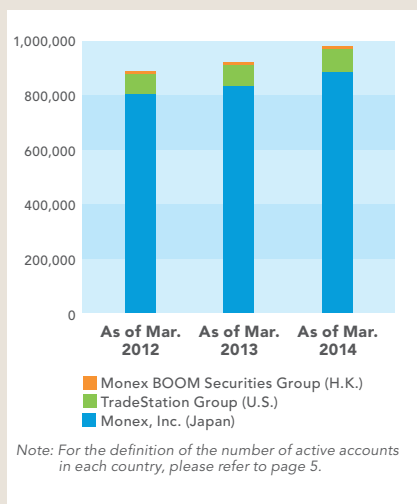
The Company prepared consolidated financial statements in accordance with IFRSs (International Financial Reporting Standards) for the year ended March 31, 2013.

1. "Net income" under JGAAP; 2. "Net assets" under JGAAP; 3. Calculation formula under IFRSs: Net income attributable to owners of the Company + Interest expense (included in other financial expense) + Income tax expense + Depreciation and amortization + Revaluation loss of investment securities + Disposal loss of fixed assets, Calculation formula under JGAAP: Net income + Interest expense (other than financial expense related to margin transaction) + Income taxes + Depreciation and amortization + Amortization of goodwill + Loss on valuation of investment securities + Loss on disposal of fixed assets; 4. "Net income on owners' equity" under JGAAP; 5. "Net assets per share" under JGAAP; 6. "Net income per share" under JGAAP; 7. A 100-for-1 split on the Company's common stock was carried out effective October 1, 2013. The amount indicated is based on the assumption that the stock split was carried out at the beginning of the fiscal year ended March 2010.

Non-Financial Highlights

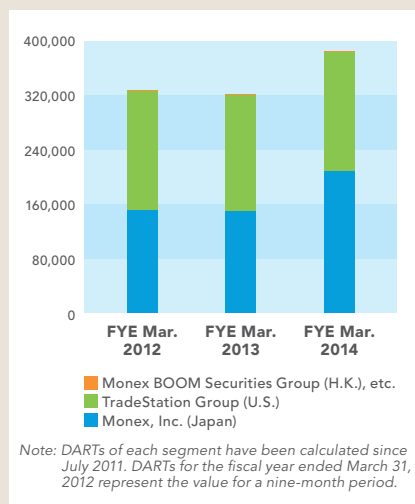
Active accounts (Japan, U.S., China (Hong Kong))

With active accounts as a source of income increasing in Japan, the U.S. and China (Hong Kong), the customer base of individual investors is steadily expanding.



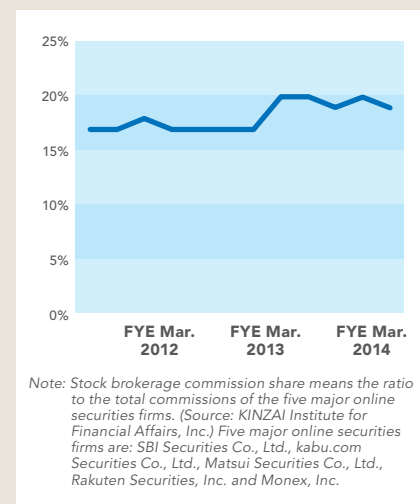
DARTs (Japan, U.S., China (Hong Kong))

The Monex Group regards the value of DARTs (Daily Average Revenue Trades, meaning the number of trades with revenue or the number of transactions per business day), which is highly correlated with revenue items for each segment, as an important indicator. The value of DARTs in the U.S. segment is larger than in other segments since their main customers are active traders.



Stock brokerage commission share from the five major Japanese online securities firms

The stock brokerage commission share of Monex Group, Inc. has been hovering at approximately 20%. The Group assigns priority to sustainable growth rather than participating in the commission-reducing competition seen among securities firms who seek a short-term increase in market share.



PERFORMANCE REVIEW

Japan Segment

Summary of Business Performance for FYE March 2014 and Future Issues

As a result of economic stimulation measures known as “Abenomics,” which had been implemented since December 2012 and led to the yen’s depreciation along with a surge in stock prices, Monex, Inc. benefitted from the outcome. The Company saw its equity trading value per day increase to ¥97,400 million (up 117.1% YoY). Commission received and financial revenue reached ¥23,940 million (up 84.4% YoY) and ¥8,485 million (up 44.4% YoY), respectively, thanks to an increase in equity transactions. In addition, net trading income totaled ¥5,748 million (up 11.2% YoY) due to a rise in FX transactions. Consequently, total operating revenue amounted to ¥38,311 million (up 58.6% YoY).

On the other hand, selling, general and administrative expenses (SGA) expanded to ¥19,173 million (up 16.1%), since variable costs such as transaction-related expenses increased due to a rise in equity transactions; and system-related costs grew due to the commencement of an equity main system development & replacement project. The Company saw segment profits (income before income taxes) of ¥19,497 million (up 51.3%) after posting other revenue and expenses (net amount) of ¥2,210 million, including a gain on the sale of shares of LIFENET INSURANCE COMPANY of ¥2,288 million.

In FYE March 2014, Monex, Inc. began offering *MONEX INSIGHT*, a new investment information service; and *MT4*, a new FX service; and additionally improved its services for U.S. equity transactions, began offering a downloadable trading platform, and cut back costs as a result of in-house development of a trading platform for Nippon Individual Savings Accounts (NISA). Moreover, since the company reinforced its efforts to underwrite initial public offerings (IPOs), the number of times that Monex, Inc. participated in underwriting syndicates increased from FYE March 2013. The company also continued to focus on providing its customers with extensive investment information through aggressive transmission of information at online and on-site seminars.

At the same time, system-related costs increased from FYE March 2013, after Monex, Inc. began a development project to replace its core brokerage system in FYE March 2017.

Furthermore, the company plans to retain and entice active traders in Japan by implementing various measures, such as introducing a trading platform developed by the TradeStation Group, which enjoys strong support from active traders in the U.S., and increasing the number of margin trading accounts.

Highlights of FYE March 2014

Monex, Inc. succeeded in increasing its market share with regard to Japanese stock brokerage commissions* to 19.6% (up 1.2 points) amid intensifying competition among online brokers.

In the U.S. equity transaction, the number of trades in the fourth quarter of FYE March 2014 jumped by 99.1% compared to the fourth quarter of FYE March 2013, and the number of Daily Average Revenue Trades (DARTs) soared by 76.4%. These outcomes were attributable to the company’s efforts to strategically cultivate customers—in December 2013, Monex, Inc. became the first company among major online brokers** where customers are able to use designated accounts for U.S. equity trading; and the company began offering downloadable trading tools in February 2014 in addition to the existing website transaction screen.

As for NISA, Monex, Inc. saw the number of accounts reach 96,000 at the end of March 2014 (exceeding 100,000 at the end of April 2014). Trades were conducted in more than 30% of these accounts by the end of March 2014.

At the same time, the company underwrote IPOs for 31 companies in FYE March 2014, which was the sixth highest number among Japanese securities brokerage companies. Additionally, Monex, Inc. achieved an annual participation rate in IPOs of 58%, a historical high. The company efficiently earned profits by taking full advantage of the active IPO market.

*Shares of stock brokerage commissions from the five major Japanese online brokers** (Source: Monex, Inc.)
**The five major online brokers are: SBI Securities Co., Ltd., kabu.com Securities Co., Ltd., Matsui Securities Co., Ltd., Rakuten Securities, Inc., and Monex, Inc.



U.S. Equities Trading Platform, TradeStation

(Millions of yen)	FYE Mar. 2012	FYE Mar. 2013	FYE Mar. 2014 (Current term)	YoY change (%)
Total operating revenue	¥21,567	¥24,151	¥38,311	58.6%
Financial expenses	986	878	1,851	110.8%
Selling, general and administrative expenses	16,742	16,510	19,173	16.1%
Other revenue and expenses (net amount)	(132)	6,089	2,210	-63.7%
Equity in earnings (losses) of affiliates	(62)	36	0	-99.5%
Segment profit (income before income taxes)	3,646	12,888	19,497	51.3%

U.S. Segment

Summary of Business Performance for FYE March 2014 and Future Issues

In FYE March 2014, the number of DARTs totaled 175,319 (up 3.4% YoY) and total operating revenue amounted to ¥16,062 million (up 37.0% YoY), as transactions by active traders in the U.S. recovered toward the end of FYE March 2014 and the TradeStation Group implemented measures to secure new sources of revenue. On the other hand, SGA increased to ¥15,290 million (up 13.9% YoY) due to depreciation of the yen against the U.S. dollar, though it decreased in terms of U.S. dollar value (down 5.2% YoY). Segment loss (loss before income taxes) including other revenue and expenses (net amount) amounted to ¥2,388 million.

As a result of B2B business dealings, the TradeStation Group concluded a license agreement with Shinhan Investment Corp., a member of the Shinhan Financial Group, a major financial group in South Korea. The agreement will enable customers of the Shinhan Financial Group to use advanced TradeStation's trading platform in the future to trade equities and futures in the South Korean market.

The U.S. segment saw its earnings before interest, taxes, depreciation, and amortization (EBITDA) turn into the black in the fourth quarter of FYE March 2014. The challenge will be to improve profitability further in FYE March 2015 and later.

Highlights of FYE March 2014

As measures to secure new sources of revenue, the U.S. segment began offering the following: *Option Flat Fee*, a new commission structure for customers who trade options in large quantities (trading revenue increased by 27%); *Unbundled Pricing*, a special commission structure that reflects rebates and trading costs of exchanges on the provision of liquidity (Unbundled Pricing was applied to 20% of equity trading volumes); and *TradingApp™ Store* (more than 800 applications were provided, used by 4,300 or more customers). These measures helped to expand the number of DARTs.

(Millions of yen)	FYE Mar. 2012	FYE Mar. 2013	FYE Mar. 2014 (Current term)	YoY change (%)
Total operating revenue	¥8,644	¥11,727	¥16,062	37.0%
Financial expenses	693	1,593	2,818	76.9%
Selling, general and administrative expenses	8,884	13,423	15,290	13.9%
Other revenue and expenses (net amount)	(59)	(2,485)	(342)	—
Segment loss (loss before income taxes)	(993)	(5,775)	(2,388)	—

Note: Business results from the U.S. segment were significantly impacted as a result of an approximately 20% decline in the average value of the U.S. dollar against the yen from the previous consolidated fiscal year ended March 2013.

China (Hong Kong) Segment

Summary of Business Performance for FYE March 2014 and Future Issues

Since the Hong Kong stock market remained solid, Monex Boom Securities (H.K.) Limited saw the number of DARTs reach 1,342 (up 29.4% YoY), resulting in total operating revenue of ¥585 million (up 51.1% YoY). On the other hand, SGA increased to ¥710 million (up 49.4% YoY), as the China (Hong Kong) segment commenced operation of its new company that aims to cultivate customers in mainland China. Consequently, segment losses (loss before income taxes) amounted to ¥138 million. The segment will focus on getting the new company off the ground at an early stage to contribute to the earnings of the Monex Group.

Highlights of FYE March 2014

Although the Monex BOOM Securities Group posted net income in FYE March 2014, the China (Hong Kong) segment recorded a net loss due to an upfront investment by its new company that aims to secure customers from mainland China. The Monex Group will continue to implement necessary measures to establish a customer base while carefully controlling the downside risk involved with investment in mainland China.

(Millions of yen)	FYE Mar. 2012	FYE Mar. 2013	FYE Mar. 2014 (Current term)	YoY change (%)
Total operating revenue	¥454	¥387	¥585	51.1%
Financial expenses	3	1	3	138.7%
Selling, general and administrative expenses	437	475	710	49.4%
Other revenue and expenses (net amount)	0	(18)	(10)	—
Segment profit (loss) (income (loss) before income taxes)	14	(107)	(138)	—

Note: Business results from the China segment were significantly impacted as a result of an approximately 20% decline in the average value of the Hong Kong dollar against the yen from the previous consolidated fiscal year ended March 2013.

TO OUR SHAREHOLDERS

We intend to remain a company that stays one step ahead of our peers by evolving our business model to achieve sustainable growth and greater corporate value.



Oki Matsumoto

*Representative Executive Officer
President & Chief Executive Officer
Monex Group, Inc.*

Monex Group, Inc. is an online brokerage company with more than one million active retail investor accounts. With a commitment to globally providing top-caliber financial services, conventionally for institutional investors, to retail investors, the Company currently has 12 locations and approximately 1,000 employees around the world involved in online financial services and systems development.

Since our establishment in 1999, the Group has expanded with the growth of our businesses in Japan and strategic M&A. Utilizing capital and expertise accumulated since our establishment, we are currently securing ongoing growth by investing worldwide and developing new business models. The Company is unlike any company in the world with a global customer base of retail investors and a business model centered on internally developed brokerage systems that serve as the engine of our operations. Our Group mission is to ensure that this business model creates new value for our retail investors and stakeholders.

The Company is committed to a management strategy that enhances the value of our online brokerage operations. Thank you for your ongoing support.

Q. As CEO, how do you assess the Company's operating environment and financial results for the fiscal year ended March 2014?

A. In 2013 and 2014, there was a large flow of money in global stock markets, prodded by monetary policies adopted by countries around the world. In the U.S., with the recovery from the financial crisis, the Federal Reserve Bank began tapering its quantitative easing policy, which led to historical highs in the New York Dow Jones Industrial Average. In Japan, under economic policies called "Abenomics," the Bank of Japan took several quantitative and qualitative easing measures that led to the depreciation of the yen and a rise in stock prices. Japan has finally begun to emerge from decades of deflation with a more favorable economy characterized by higher inflation and wages, an improved employment situation and stronger corporate earnings.

This macroeconomic environment has been a strong tailwind for our operations. The Company registered its highest-ever operating revenue for the fiscal year ended March 31, 2014, and profitability rose significantly compared to the year before. While the Japan segment led the Group's strong performance, I must highlight that the U.S. segment registered a positive EBITDA in the fourth quarter of the fiscal year ended March 31, 2014. Since the 2011 acquisition of TradeStation Group, Inc., our U.S. segment has struggled but thanks to an effective grasp of customer needs with the implementation of a new commission fee structure and advances in B2B businesses, it has begun to show signs of real recovery.

Consolidated total operating revenue for the fiscal year ended March 31, 2014 rose 51.6%, to ¥54.7 billion. Selling, general and administrative expenses grew 15.2%, to ¥35.0 billion, resulting in a 165.4% jump in net income attributable to owners of the Company at ¥10.4 billion. With significant gains in both revenues and profits, the Monex Group was able to focus on its "Global Vision" efforts to develop attractive new services and expand in-house systems development. I am confident that we have moved significantly forward in securing a stronger foundation for our Group's future.

Q. What progress has the Monex Group made on its medium- to long-term business strategy, "Global Vision"?

A. During the fiscal year ended March 2014, we focused many of our management resources on the implementation of our "Global Vision," a business strategy first initiated during our fiscal year ended March 2012. Under "Global Vision," we are striving to increase medium-term revenues and profits and reduce costs by offering retail investors around the world access to global markets and financial products and by internally developing systems and investor information tools that will become the Group's assets.



TO OUR SHAREHOLDERS (cont.)

In 2013 and 2014, we made steady progress in our “Global Vision” and acquired experience and skills that can be utilized for future development projects. Specifically, we internally developed the middle- and back-office systems of our U.S. FX operations, integrated our liquidity pools in the U.S. and increased the profitability of our FX operations (March 2013). In Japan, we began offering a new market information service called “MONEX INSIGHT” (May 2013), introduced specified accounts for U.S. equity trading (December 2013) and launched “TradeStation,” a U.S. equities trading platform (February 2014).

Q. What are your plans for the fiscal year ending March 2015 and beyond?

A. In the coming 2015 fiscal year, we will release the multi-functional Japanese equities trading platform, “TradeStation,” in Japan to acquire more active traders. This will further expand our customer base in the Japan segment, which continues to be our core source of revenues and income, and help us secure a new level of growth. In the U.S. segment, we will add to our customer base of active traders by embracing more retail investors and further developing our B2B businesses, which will create new opportunities for revenues. In the China segment, we will continue to move forward with plans to launch an online brokerage service for retail investors in China.

The Global Management Committee guides and oversees initiatives under the “Global Vision” as well as makes important decisions regarding management issues and policies. This committee is comprised of the CEO, COO, CFO, CAO (Chief Administrative Officer), CQO (Chief Quality Officer), CSO (Chief Strategic Officer) and CPO (Chief Project Officer), and works to make timely decisions and implement responsive strategies for each of the Group companies.

Monex is the only brokerage company in the world with a customer base of retail investors in Japan, the U.S. and China (Hong Kong). Our strategy to secure a competitive edge with internally developed trading platforms has helped us create an entirely unique business model. Management and employees are committed to further differentiating our business model as we move forward toward the fiscal year ending March 2017, our last year under our “Global Vision” strategy.

Monex continues to look to the future in its business creation efforts. In April 2014, we formed a capital and business alliance with Shizuoka Bank. With the management resources of both companies, we will aggressively seek out state-of-the-art technologies and ideas that will better enable us to provide online financial services that enhance the lifestyles of our primarily retail customers. Furthermore, Monex Ventures, the Group’s corporate venture capital operations, will invest in start-up companies that have superior financial and IT technologies. We believe this effort will also positively impact the Group by giving us better access to information about IT technology trends and imparting a spirit of inspiration characteristic of venture companies.



Q. What are the characteristics of corporate governance at Monex Group, Inc.?

A. One of the chief characteristics of our corporate governance is our “Company with Committees” structure. Of our 11 board members, six are outside independent directors. Secondly, our Nominating, Audit and Compensation committees are each chaired by an outside independent director. Thirdly, a majority of our outside independent directors are either top executives of listed companies or have experience managing a global company.

I believe corporate governance is a way to enhance our ability to forecast profit sources. To protect the interests of our diverse range of stakeholders, from shareholders to investors, it is important to be able to envision future changes in how the Company produces profits.

With a global standard of corporate governance, we are pursuing greater transparency in our management and stronger oversight capabilities to produce ongoing returns for our stakeholders.

Q. What would you like to say to shareholders and investors?

A. The Company seeks to raise ROE (return on equity attributable to owners of the parent company) by effectively utilizing capital and securing a balance in revenues from operations in Japan, the U.S. and China. Our mission is to increase corporate value by providing retail investors with future-oriented online financial services. By maximizing our management resources—our employees, our brand, our technological expertise and our product development know-how—we will create competitive new businesses and implement innovative business strategies that will expand revenue opportunities.

Thank you for your ongoing support.

MEDIUM- AND LONG-TERM STRATEGY, "GLOBAL VISION"

Starting point of Global Vision

Why the Monex Group decided to implement "Global Vision"

Insight into the capital market and the hypothesis arising from it marked the beginning of the Monex Group's current medium- and long-term business strategy. Monex's CEO's message to employees across the globe in June 2011 shows a part of it.

Internet borderless, financial products that are international and marketed on a 24-hour basis

In an environment where the Internet is borderless to begin with, and financial products are inherently international, and the markets continue to progress towards a 24-hour, round-the-clock trading schema, online brokerages should not attempt to become the largest they can be in a single market, but rather expand globally. By cooperating internationally we can gain a competitive advantage on a worldwide scale, thus growing even larger. This is the fundamental idea of "Global Vision."

We live in a world where we have access to all sorts of information from all over the world, thanks to the Internet. Our clients' tastes are becoming more global. Clients in all of our regions are demanding financial services and information across the globe. Even if local brokerages were to serve these global needs while expending great resources and costs, the ability is not guaranteed to create competitive services with high demand. Working together globally makes it possible for the local brokerages to lend and borrow their products and services flexibly among the group companies.

Now forex is traded 24 hours a day, and derivatives are in the process of 24-hour trading. All financial products are expected to trade during the entire day in the future.

Stock exchanges will eventually cooperate with one another in order to construct a system in which equities are fungible among several markets and clearance is passed along from time zone to time zone. Once that becomes a reality, it would be unfeasible for domestically based brokerage firms to operate on shifts around the clock. Rather, companies such as ours can relay our operations on a global scale, like the stock exchanges themselves. Brokerage firms unable to do so will likely lose their competitive edge.

Online brokerages should work together globally if the financial system goes universal

By the same token, financial trading systems are becoming more universal day by day. The Tokyo Stock Exchange (TSE) has been using NYSE Technologies' Tdex+ since 2010 and even planning on using Tdex+ for ToSTNeT, and the Osaka Exchange has used a product designed by NASDAQ OMX since 2011. TSE is even planning on using Tdex+ to handle in-market after-hours trading. At the same time, exchanges all over the world are looking for ways to cut costs, and in so doing are beginning to develop common standards on their trading systems.

Investment banks and hedge funds have already been using universal platforms, simultaneously using a platform or using globally packaged systems, and I believe it will soon become a common practice in the financial retail business as well. As these standards develop, products and services developed in one region will be able to be sold in different areas with little additional cost, thereby improving overall profitability and efficiency.

(This is an excerpted and edited message from Monex's CEO to his employees all over the world. The original whole message is below on Monex Group's website. http://www.monexgroup.jp/en/group/global_vision/ceo_message_20110608)

We will promote global collaboration under “Global Vision” with the aim of increasing medium- to long-term revenue and reducing fixed costs

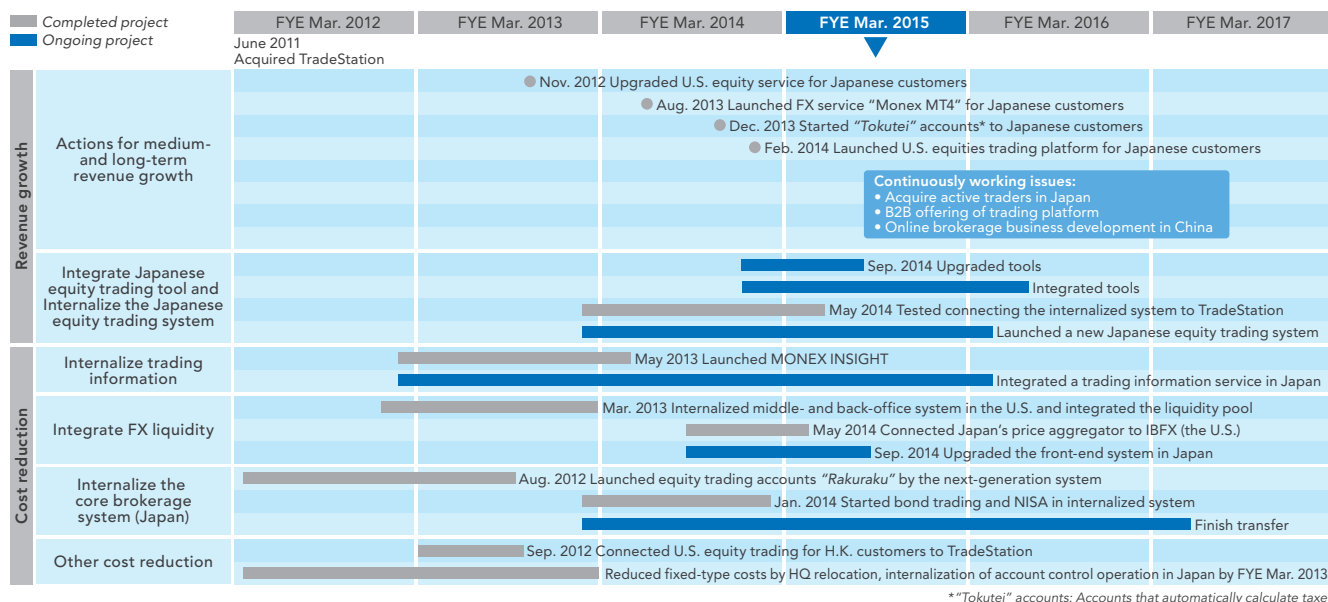
“Global Vision” is a medium- to long-term business strategy that the Monex Group has been implementing since the fiscal year ended March 2012, with “globalization” and “internal development” as its core.

In terms of revenues, we will secure revenue sources in multiple regions by establishing business sites in Japan, the U.S. and China (Hong Kong), in addition to developing products and services that take advantage of our global managerial resources. Furthermore, we intend to generate revenues in the B2B domain by providing internally developed systems to other

financial institutions.

In terms of costs, we will reduce fixed costs such as systems-related costs by having TradeStation Group, Inc., our U.S. subsidiary, play a central role in system development, as well as integrating investment information services and trading tools for customers.

Below is the overall picture of the project that is being promoted toward its goal in the fiscal year ending March 2017 under “Global Vision.”



Engaged in executing strategies in order to create stakeholder value

“Global Vision” aims to realize new values and ideas and differentiate ourselves from other financial institutions based on our business principles of creating the future of finance while remaining one step ahead of our peers. I personally think that the ultimate goal of the Vision is to increase our long-term corporate value. Therefore, I believe that our focus on the various projects we have been working on in order to realize our Global Vision should not only be towards launching particular products and services. Instead, the real objectives should be about enhancing the convenience of customers by offering added value, and thus increasing long-term profitability for shareholders and investors. Additionally, our management resources are limited so we also need to work from the perspective of prioritizing our numerous projects and deciding on cost allocation in order to produce the best outcome.

As the Chief Project Officer, I would like to make objective judgments on the prioritization, timeframe and cost effectiveness of projects from the viewpoint of enhancing our long-term profitability.

*CPO stands for the Chief Project Officer of the development project that the Monex Group has been implementing under “Global Vision.”



Toshihiko Katsuya
 Monex Group, Inc.
 Executive Director &
 Chief Project Officer (CPO*)

SPECIAL FEATURE:

THREE KEY ASSETS THAT SUPPORT THE SUSTAINABLE GROWTH OF THE MONEX GROUP

EMPLOYEES

SEE PAGE 17 FOR DETAILS

BRANDS

SEE PAGE 18 FOR DETAILS

TECHNICAL AND PRODUCT DEVELOPMENT CAPABILITIES

SEE PAGE 19 FOR DETAILS

The Monex Group regards three key assets—employees, brands, and technical and product development capabilities—to be the source of value provision for its stakeholders. We believe that pursuing business while mutually linking these three assets will help offer future-oriented online financial services that further enhance the lifestyles of retail investors, as well as creating new value.



EMPLOYEES



The Monex Group integrates various values, ideas and technology to create and offer to retail investors advanced and unique financial services

With 12 business sites around the globe, the Monex Group currently employs approximately 1,000 people engaged in the operation of online financial services and system development, etc. We have defined five core values in the execution of business by our employees. These core values are collectively called "BOOST." BOOST was initiated at the TradeStation Group in the U.S. in 2008 and was extended to the entire Monex Group in 2013.

What is BOOST?

Being the "BEST"

Taking "OWNERSHIP"

Thinking "OUTSIDE" the box

"SAVINGS" and efficiency

Doing the right "THING"

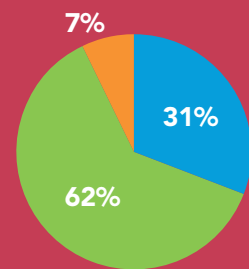
As shown in the history of the Monex Group on page 2, the Group has expanded in scale and business operations through M&A as well as organic growth. The Group has adopted a policy of respecting the character and originality of management of subsidiaries in Japan, the U.S. and China, which have become part of the Monex Group through past M&A, and operates them through local management and employees. Our abundant experience in organizational integration has become the basis of our corporate culture that respects mutual understanding and the diversity of the employees of the Monex Group.

More than half of the employees of the U.S. segment are engaged in system development as engineers. They are primarily responsible for developing the brokerage system that supports the Group's business.

Number of consolidated employees: 992

(As of March 31, 2014)

- Japan segment: 305
- U.S. segment: 616
- China segment: 71



The U.S. segment accounts for approximately 60% of the Group's employees. More than half of the employees of the U.S. segment are engaged in system development of securities trading platforms, etc., in the U.S. and Japan. The Japan segment, which accounts for approximately 30% of the Group's employees, plans to hire more engineers for system development, etc., in preparation for in-house development of a core brokerage system. Employees around the globe have been collaborating as a team to promote various projects.

BOOST Program

BOOST is a companywide peer recognition program that allows employees to nominate their colleagues for living up to the Group's core values. Nominees are reviewed by a committee made up of prior BOOST winners. The names of the employees who are selected are announced at our quarterly employee meeting, and they are each awarded a personalized "bobble head" to proudly display on their desk.



Voice

I won the BOOST Award for creating a project to share native customs and language with co-workers of different cultures

When I joined TradeStation Global Services as a QA Tester in our new office in Costa Rica I had no idea what to expect. As a speaker of Spanish, English and Japanese I found myself in a unique position to help my co-workers learn to communicate in other languages. I created the Language Lunch program to help employees learn and improve their English and Japanese. Once a week, groups would share a meal and converse only in the language they were learning. I saw a need for this and made it happen!

I was nominated for and won a BOOST Award for "Ownership," and proudly display my award on my desk. TradeStation is an amazing place to work! I feel fortunate to have the opportunity to work with people from many different cultures and to share our native customs and language, but most of all, I feel truly lucky that I belong to a company that provides such a wonderful work environment and nurtures its employees' ideas and creativity.



Arianna Reyes

Information Technology Department, TradeStation Global Services, S.A.



BRANDS

The mission of MONEX is to realize the “future of finance while remaining one step ahead of our peers” and to offer it to retail investors across the globe

The brand name “MONEX” derives part of its meaning from the future of finance while remaining one step ahead of our peers. The Monex Group aspires to become a future-oriented brand by continuing to create online financial services that will contribute to enhancing the lifestyles of people around the world.

This idea forms the base of the service brands in the three countries/regions: “Monex” (Japan), “TradeStation” and “IBFX” (U.S.), and “BOOM” (Hong Kong), as well as the corporate brand “MONEX” as an online financial institution for retail investors. The idea has led to creating value in providing innovative and unique services to retail investors by establishing a unique business model that provides financial services to retail investors globally and developing the system internally.

To offer retail investors the same level of investment opportunities as institutional investors and to gain information on advanced technology through investment in venture companies in the fintech domain that possess both financial skills and IT technology are also efforts that stem from the Monex Group’s brand concept.

The basis of the Monex Group’s business activities since its establishment is to realize and offer to retail investors the future of finance while remaining one step ahead of our peers.

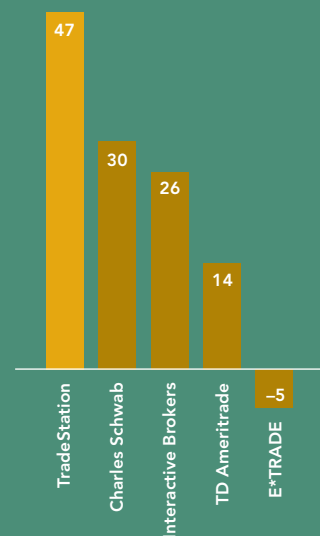
Monex’s brand symbol



“Giant Step,” the brand symbol of Monex, was designed by the graphic designer Shin Matsunaga at the time of establishment of Monex, Inc., in 1999 as an “image that unwaveringly illustrates the obvious principle that money originally exists for the happiness of man.”

Gaining customer loyalty by offering high system convenience through advanced technical capabilities and strong business ethics based on core values

TradeStation is a brand that enjoys overwhelming support from active traders in the U.S. In a survey by a third-party institution using net promoter scores, an indicator of intention to recommend use to family and friends, TradeStation scored the highest among online brokers in the U.S. According to the survey results, the TradeStation brand enjoys high customer loyalty and intention of continued use.



Source: Investment Trends, 2013

Voice

The Monex Group will offer online financial services that are one step ahead of our peers to retail investors around the world

I believe that MONEX is a brand that “creates the future of finance.” Monex, Inc. in Japan has been rated by retail investors as offering “solid investment information” and “a user-friendly website,” and is highly evaluated by specialized rating institutions for its call center support system. A spirit of venturing into new and unknown territory has been rooted in Monex, Inc. since its establishment. We intend to evolve the MONEX brand by becoming the online brokerage firm that is chosen by experienced active traders who frequently trade in equities, in addition to retail investors in the asset formation segment, which is the company’s existing customer base.

The MONEX brand has expanded globally, and I understand that our mission is to design new ways for retail investors to build their assets and make the most of their money in the future that is one step ahead of our peers, no matter where in the world the investors are. Along with colleagues across the world, I hope that we can provide financial services that are unique to MONEX to retail investors that use the services of Monex Group brands.



Yumi Matsuzaki

*PR Representative,
President's Office,
Monex Group, Inc.*

TECHNICAL AND PRODUCT DEVELOPMENT CAPABILITIES

Advanced technical and product development capabilities promptly realize various flexible and innovative ideas

The systems and trading tools developed by the TradeStation Group of the U.S. have been supported by active traders for many years, and have won numerous awards in the past.

Since its establishment, the TradeStation Group has had in-house engineers, who have developed securities trading platforms. When the Monex Group incorporated TradeStation into the Group in 2011, it decided to take advantage of its strong technical capabilities to internally develop a trading platform for the entire Group.

Gaining a competitive advantage through differentiated services and product development, and pursuing the possibilities of low-cost system development through in-house development, are the main points of our medium- to long-term business strategy, "Global Vision" (see page 14). TradeStation's advanced technical strength is essential for executing our strategy.

At the same time, Monex, Inc. in Japan has been providing unique and innovative products and services that have contributed to the benefit of retail investors since the company's establishment.

Monex BOOM Securities of Hong Kong is the first online broker in Asia. Under the selling point of offering "multi-currency, multi-market" services, it provides access to 15 stock markets in 12 countries/regions as well as allowing settlement in six currencies.

By maximizing synergy between TradeStation's technical capabilities and the product development abilities of Monex, Inc. and Monex BOOM Securities, the Monex Group will offer retail investors around the globe advanced and unique financial services that further enhance their lifestyles.

Voice

We are committed to delivering trading tools that traders require

For 30 years TradeStation has been the award-winning, world leader in rules-based trading and analysis technology. TradeStation is an advanced multi-asset trading platform that seamlessly integrates real-time and historical market data, with fast accurate order execution, and powerful state-of-the-art analytics, to offer an advanced trading platform for traders at every level.

What sets TradeStation apart is the incredible breadth and depth of analysis and customization, offering almost limitless analysis possibilities, so traders can model, test, and trade almost any idea. And TradeStation offers advanced trading tools not available anywhere else.

TradeStation is built by traders for traders, with one of the largest dedicated engineering teams in the financial industry. TradeStation is committed to delivering the trading tools traders need today and in the future.



Mike Burke

Vice President, Client Training & Education, TradeStation Securities, Inc.

The technical capabilities of TradeStation are highly rated in the United States

- No. 1 in three divisions of the Readers' Awards of financial information magazine, *Technical Analysis of Stocks & Commodities*, for the 10th consecutive year in equity trading/futures trading systems
- No. 1 in three divisions in the reviews of online brokerage firms by online financial media, *StockBrokers.com*, and winner of the Best Platform Technology Award (for the second consecutive year)
- Top-ranked in two divisions in the online brokerage firm ranking by financial information newspaper, *Barron's*

Monex Securities continues to offer retail investors unique products and services that are the first in Japan or first in the world

- Evening trading of Japanese equity (2001)
- Stock lending service (2003)
- First online broker to become lead manager of an IPO (2005)
- Handling of Chinese government bonds in Chinese yuan (2011)
- No.1 in the number of stocks, trading hours, and lowest fees for U.S. equity (as of 2012)
- Handling of fund of private equity funds, KKR (2013)

Monex BOOM Securities offers access to 12 countries/regions and allows settlement in six currencies

Offers access to the following 12 countries/regions:

Hong Kong, China, U.S., Japan, South Korea, Singapore, Australia, Thailand, Taiwan, Indonesia, Malaysia, Philippines

Supports the following six currencies:

HKD, RMB, USD, JPY, SGD, AUD

CORPORATE GOVERNANCE

The Monex Group aims for lasting enhancement of corporate value through realization of its business principle of “aspiring to empower traders and investors worldwide with best of breed technology, education, service, and financial professionalism to provide access to the best financial markets and financial products.” In order to achieve this, we recognize the importance of building a system of corporate governance capable of obtaining balanced opinions from multiple perspectives. In addition, we have organized our Board of Directors and business execution divisions with a lineup of personnel having a global perspective and the necessary expertise. Also, for the purpose of listening to a wide variety of opinions, we actively promote highly fair and transparent disclosure practices.

Outline of Corporate Governance System

In June 2013, the Company transitioned to a “company with committees.”

Given that a considerable transfer of authority from the Board of Directors to executive officers is permitted in a company with committees, it is possible to accelerate decision-making processes. In addition, this structure allows us to further enhance the effectiveness of corporate governance by aiming to strengthen supervisory functions by the Board of Directors against business execution divisions while utilizing the superior independence and expertise of outside directors through the establishment of the three Nominating, Audit and Compensation committees, each of which must be comprised of a majority of outside directors.

Board of Directors

The Company’s Board of Directors is comprised of 11 directors, including six outside directors.

The Board of Directors is chaired by the Managing Director & Chairman. An ordinary Board of Directors’ meeting is held once a month in addition to extraordinary Board of Directors’ meetings, which are held as circumstances warrant.

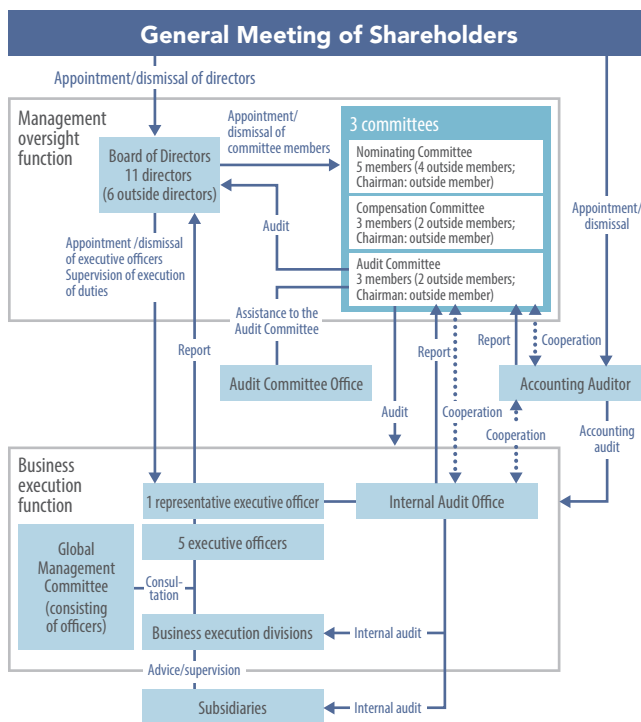
While the authority to make decisions related to business execution is transferred to executive officers within the scope permitted by laws and regulations in order to make decisions flexibly, the Board of Directors is in charge of making decisions with respect to important management matters while supervising the performance of duties by executive officers. Outside directors in particular exercise a supervisory function from a position of independence, lending even more strength and effectiveness to corporate governance.

Nominating, Audit and Compensation Committees

The Nominating Committee determines the content of proposals submitted at the General Meeting of Shareholders with regard to the selection and dismissals of candidates for directorship. It is composed of five directors (including four outside directors) and is chaired by Outside Director Nobuyuki Idei. Meetings are held as required.

The Audit Committee is in charge of auditing business reports, financial statements, etc., as well as the preparation of audit reports, etc., in addition to auditing the performance of duties by directors and executive officers. It also conducts audits in cooperation with the Accounting Auditor and the internal audit division pursuant to audit policies and plans formulated by the Audit Committee. It is composed of three directors (including two outside directors) and is chaired by Outside Director Koji Kotaka. An ordinary Audit Committee meeting is held once a month in addition to extraordinary Audit Committee meetings, which are held as circumstances warrant.

The Compensation Committee makes decisions on the individual remuneration of directors and executive officers and related matters. It is composed of three directors (including two outside directors) and is chaired by Outside Director Jun Makihara. The meetings are held as required.



Business Execution

The Company has six executive officers, including one appointed Representative Executive Officer.

With regard to matters delegated by the Board of Directors and other important issues, the Representative Executive Officer makes decisions referring to the discussion and advisory made in advance by the Global Management Committee, which is composed of officers. In principle, the Global Management Committee is held once a month.

Executive officers execute duties in accordance with the decisions made by the Board of Directors and the Representative Executive Officer.

Functions and Roles Fulfilled by Outside Directors in Corporate Governance

Jun Makihara

Jun Makihara proactively expresses his opinions in order to secure the validity and adequacy of the decision-making processes by the Board of Directors from an objective and neutral perspective independent of management by drawing upon his in-depth expertise mainly in the financial field.

Kaoru Hayashi

Kaoru Hayashi proactively expresses his opinions in order to secure validity and adequacy of the decision-making processes by the Board of Directors from objective and neutral perspectives independent of management by drawing upon his current experiences of being involved with corporate management related mainly to the information technology business.

Nobuyuki Idei

Nobuyuki Idei proactively expresses his opinions in order to secure the validity and adequacy of the decision-making processes by the Board of Directors from objective and neutral perspectives independent of management by drawing upon his long-term abundant experience and track record mainly in corporate management.

Koji Kotaka

Koji Kotaka proactively expresses his opinions in order to secure the validity and adequacy of the decision-making processes by the Board of Directors and the Audit Committee from objective and neutral perspectives independent of management by drawing upon his specialized knowledge and experiences mainly with various laws as an attorney as well as his financial expertise and experience.

Fujiyo Ishiguro

Fujiyo Ishiguro strives to secure the validity and adequacy of the decision-making processes by the Board of Directors from objective and neutral perspectives independent of management by drawing upon her current experience of being involved with corporate management related to the information technology business.

Billy Wade Wilder

Billy Wade Wilder strives to secure the validity and adequacy of the decision-making processes by the Board of Directors and the Audit Committee from objective and neutral perspectives independent of management by drawing upon his in-depth financial expertise.

Matters Related to Corporate Governance

Establishment of an Internal Control System

Officers and employees of Monex Group, Inc. and its group companies execute their management or individual duties in accordance with the "Basic Policy on the Development of the Internal Control System" resolved by the Company's Board of Directors, internal control regulations enacted based on the policy as well as various internal rules pertaining to overall business operations set out by the Company and its group companies. Respecting decision-making authority, the Company and its group companies enacted individual regulations concerning decision-making authority, clarifying the scope of authority for resolution by the respective Board of Directors as well as the scope of authority for determination by respective officers, including the Representative Executive Officer.

In addition, a system exists where the Internal Audit Office directly under the Representative Executive Officer conducts internal audits of the Company and its group companies and reports the results to the Board of Directors and the Audit Committee on a regular basis through the Executive Officer in charge of the internal audit division.

Furthermore, as a system to identify and rectify behavior resulting in violation of the laws and regulations or the Company's Articles of Incorporation and other internal rules, (violation of laws and regulations, etc.) as early as possible and to implement and reinforce compliance management, we have set up a contact desk (whistle-blowing system) for consultation and reporting from our officers and employees with regard to the violation or possible violation of laws and regulations, etc.

Establishment of a Risk Management System

At Monex Group, Inc. we implement our basic policies on risk management and our system in accordance with the "Regulations on Integrated Risk Management."

We engage in risk management in the following manner. After classifying risks faced by the Company into market-related risks, credit risks and other risks in accordance with this regulation, we carry out the following: designate competent departments according to classified risk; the designated departments conduct risk management; the Chief Risk Management Officer reports the risk management status of the respective divisions to the Board of Directors on a regular basis; and the Board of Directors checks on the status.

Remuneration of Officers

Method of Determining the Remuneration of Directors and Executive Officers

Individual remuneration and related matters are decided upon by the Compensation Committee based on the following criteria. Remuneration for directors as well as for executive officers is composed of fixed remuneration and share based payment as a means of motivation toward shareholder value enhancement. At the same time, remuneration of directors who do not concur-

CORPORATE GOVERNANCE (cont.)

rently serve as executive officers is composed of fixed remuneration only without stock-price-linked remuneration, as more emphasis is placed on their supervisory functions independent of business execution.

Specific methods determining remuneration and other matters are as described below.

■ Fixed remuneration

Fixed remuneration is calculated by adding a certain flat rate amount for position allowance, etc. to the basic remuneration value.

■ Share based payment

Share based payment is calculated as follows. First, a virtual number of shares to be granted is allocated based on a combined total of basic points total in accordance with

job responsibilities and grade points in accordance with contribution to operating results, etc. Second, the amount is calculated based on the virtual number of shares granted during a certain period of time in the past and the Company's reference stock price for the applicable fiscal year.

The maximum total amount of remuneration resolved at the Ordinary General Meeting of Shareholders held on June 24, 2006 prior to the transition of the Company to a company with committees on June 22, 2013 was as follows.

■ Directors

The amount is set to a total fixed range of ¥300 million or less per year and to a variable range within 3.0% of consolidated net income for the previous fiscal year prior to the payment date.

■ Corporate Auditors

The amount is set to be ¥96 million or less per year.

Remuneration for Officers

Officer category	Total remuneration (millions of yen)	Total remuneration by type (millions of yen)			Number of applicable officers
		Fixed remuneration	Share based payment	Other	
Directors (excluding outside directors)	¥153	¥95	¥56	¥ 1	4
Corporate auditors (excluding outside corporate auditors)	2	2	—	—	1
Executive officers	45	34	9	0	2
Outside directors	64	64	—	0	9

(Notes)

1. The number of executive officers who concurrently serve as directors is included in the number of directors.
2. The Company transitioned from a company having auditors to one with committees on June 22, 2013. Since the time that four Corporate Auditors resigned on the same day, there have been no Corporate Auditors.
3. Share based payment refers to the amount reported as expenses for the fiscal year ended March 2014, and does not refer to the amount confirmed for payment.

Message to Stakeholders from an Outside Director

"Monex and I"

My relationship with Monex started when I was still serving as CEO of Sony Corporation. I had heard about Oki Matsumoto's passion for an online brokerage business and decided to provide Sony's support. My decision was based on my belief that in order to realize Japan's revolution, it is essential for the next generation to generate new businesses. This belief remains unchanged even now.

As I anticipated, Monex has expanded its business operations globally with offices in Tokyo, Hong Kong, China, and the U.S., reflecting the current Internet age with borderless connections spread around the world. The number of foreign employees exceeded that of Japanese employees, and last year I assumed a position as Outside Director after serving as Chairman of the Advisory Board.

Free access to the Internet became available to the public in 1995. Now the whole world is connected to the Internet. Furthermore, the widespread use of smartphones has rapidly progressed in recent years. Indeed, I cannot imagine at all

what kind of monster this palm-sized supercomputer will turn into after 10 years. As Monex provides online-based services, we may need to redefine our business model looking ahead to the future age of smartphones.

While I serve as outside directors of global companies such as Accenture plc, Lenovo Group Limited and Baidu, Inc., I have an ambition to transform Monex into

a leading global company as it accelerates the speed with which it tackles reforms. Moreover, I would like to continue to support management through the growth of Monex to become a company that can truly satisfy its users.



Nobuyuki Idei

Independent Outside Director

RISK CONTROL IN THE MONEX GROUP

The Monex Group operates its business on a global basis and makes it its corporate philosophy to utilize cutting-edge IT technologies and financial expertise in order to create new value. Thus, it acknowledges that there are risks unique to the Group. We believe it is extremely important to control such risks in improving the Group's corporate value.

Furthermore, we consider it important to be accountable to our stakeholders so that they fully understand the management policy and status of the risks.

The Monex Group regards the following 12 items as major risks pertaining to the Group:

- (1) The possibility that the Group's business performance may be seriously affected in the event that Monex, Inc. a) faces a business suspension order or cancellation of registration under Japan's Financial Instruments and Exchange Act; b) fails to maintain a certain level of capital adequacy ratio; or c) faces a lawsuit, etc., brought by a customer related to the Financial Instruments Sales Law or the Consumer Contract Law.

The possibility that the Group's business performance may be seriously affected in the event that an overseas subsidiary engaged in financial business a) faces cancellation of registration and license as a financial business operator; and b) violates regulations concerning the maintenance of equity capital in accordance with laws and regulations applied in each location of the overseas subsidiary, leading to cancellation of registration/license and thus being unable to continue business.

The possibility that the Group's competitiveness may decline or business performance be seriously affected in the event that legal regulations concerning the financial business in Japan or abroad are widened in scope, leading to a contraction of business domains, the generation of additional costs, or expansion of area of responsibility following changes in the regulations.
- (2) The possibility of fluctuations in the Group's share price since brokerage commission income, which accounts for the majority of the Monex Group's revenue, is linked to stock market sentiment, making it hard to forecast how much impact from changes in stock market sentiment the Group's business performance will receive.
- (3) The possibility that the Group's business expansion strategy faces a) the risk that necessary personnel cannot be recruited or infrastructure development cannot be completed appropriately; b) the risk that the content or timing of new products and services are not accepted by customers; and c) risks that are unforeseen at the current moment.
- (4) The possibility that customer credit risk surfaces with regard to the provision of credit to customers involved in margin trading, futures/options trading, forex trading and CFD trading due to fluctuations in the stock market or forex market, etc.
- (5) The possibility that losses are incurred in the underwriting business of Monex, Inc. in the event Monex, Inc. fails to sell securities it underwrote, and the possibility that confidence toward Monex, Inc. drops and claims for damages are made by customers in the event of a scandal affecting the company that is the subject of the underwriting business.
- (6) The possibility that business operations may be seriously affected due to a natural catastrophe or terrorist attack at major business sites of the Monex Group.
- (7) The possibility that the Group's business performance may be affected due to a drop in the credibility of the Monex Group as well as claims for damages for leakage or abuse of personal information owing to unforeseen contingencies on the part of the Group companies.
- (8) The possibility that the Group's business performance may be affected due to a failure in the system that accepts and executes trade orders from customers or a shortage of processing capacity, communication failure, system failure due to computer virus or hacking, etc., or the delay or discontinuation of system development within the Monex Group.
- (9) The possibility that the Group's business performance is affected by a loss of customers resulting from a breach in trust in the event of failure to provide company information or share price information based on an agreement with an information provider owing to system failure, etc., on the part of the information provider.
- (10) The possibility that the Group's business performance may be affected by the impact of foreign exchange rate fluctuations on revenues and the costs of overseas subsidiaries that are posted in the consolidated profit and loss statement.
- (11) The possibility that the Group's competitiveness and revenues may be affected, for instance by a defection of customers due to the failure to materialize the Group's differentiation strategy as expected.
- (12) The possibility that the Group's business performance may be affected by the necessity to carry out impairment, due to deterioration of business performance, on intangible assets including goodwill that are posted in the consolidated financial statements.

RISK CONTROL IN THE MONEX GROUP (cont.)

Items acknowledged as risks are classified systematically, and the location and related divisions of each risk are clarified. The risk control manager thereafter measures the risks comprehensively, estimates the degree of impact and event probability of the risks, confirms the control situation and reports to the Board of Directors how much risk the Monex Group as a whole is facing.

Of the risks pertaining to the Group, we would like to explain as follows on 1) the control system of risks attributed to financial instruments handled by the Group companies and 2) capital management.

1. Control system of risks attributed to financial instruments

The Group has developed an adequate control system catered to each risk based on appropriate identification, analysis and evaluation of the risks in order to contain within a certain scope the risks that could affect the management of the Group. We have established regulations to control the overall risk, and the Executive Officer in charge of the division to which the risk belongs controls the risk in accordance with specific management policies and systems. Each subsidiary is also instructed to establish risk control policies and systems. The risk control manager confirms the development and operation status of the risk control systems of the Group and its major subsidiaries, after which the degree of impact and event probability of the risks on the overall Group is estimated, and the remaining risk after determining the extent of reduction due to the control is reported to the Board of Directors on a regular basis.

Credit risk

Credit risk is the risk of financial losses incurred due to the non-performance of a contract obligation on the part of a business counterparty and other reasons. It consists mainly of counterparty risk and issuer risk against customers and client financial institutions of the Monex Group.

Liquidity risk

Liquidity risk is the risk of problems in the settlement of liabilities by a company through cash or the delivery of other financial assets and other methods.

The Monex Group reduces liquidity risk by confirming the financing situation and outlook as required and concluding overdraft facilities and commitment line contracts (revolving credit contracts), etc., with major financial institutions.

The Group also seeks further reduction of liquidity risk by enabling flexible accommodation of funds within the Group.

Market risk

Market risk is the risk of the fair value of securities, etc., and future cash flows fluctuating due to changes in prices on the market, and can be classified into foreign exchange risk, interest rate risk and other risks.

With regard to foreign exchange risk, the Group measures risks such as imbalance of position, etc., through daily monitoring of foreign currency assets and liabilities of inventory of financial instruments in foreign currencies at financial instruments business operators, and hedges risk by using exchange contract transactions for net positions. Therefore, exchange rate fluctuation risks are limited.

With regard to interest rate risk, the main financial assets that are affected by this risk are money on deposit and money in trust. Quantitative analysis results are reported to the Board of Directors for risk control. The Group has established a system in which it monitors interest rate risk pertaining to the Group's assets and liabilities and hedges flexibly the fluctuation of net profit/loss by using derivative contracts such as interest rate swaps at times of rapid interest rate fluctuation.

Operational risk

The Monex Group faces operational risks that are attributed to a variety of events that occur in relation to business processes, personnel, technology and the business platform, as well as external events other than credit, market and liquidity risks such as changes in laws and regulations.

In order to measure and control operational risks, they are reported to the Company's Board of Directors on a regular basis. Each subsidiary seeks the reduction of operational risk by clarifying rules of division of duties and document management, as well as thorough compliance with laws and regulations.

2. Capital management

In order to maintain sound management and efficiency as well as realizing sustainable growth, the Monex Group places emphasis on an appropriate level of capital and the maintenance of liabilities and a capital structure that match the business risks. In addition, the Group has subsidiaries that are required to maintain a certain level of capital adequacy ratio and net assets in accordance with the Financial Instruments and Exchange Act and similar laws/regulations overseas.

The capital level of each subsidiary adequately satisfies the levels required by the laws and regulations of each country/region (as of August 31, 2014).

CSR ACTIVITIES BY THE MONEX GROUP

RELATIONSHIP WITH STAKEHOLDERS

The Group seeks to fulfill its responsibilities as a corporate group by contributing to society through its business operations based on the business principles and code of conduct of the Group.

We believe that as a member of society, it is an important challenge and responsibility for our Group to establish a trustworthy financial infrastructure for individuals and to provide the superior financial services that individuals require, thereby contributing to the healthy development of the capital market.

We will continue to focus on our operations as a financial group, through which we seek to contribute to the sustainable development of society as a whole.

Initiatives for the Healthy Development of Capital Markets

Offering financial products and services to retail investors at the same level available to institutional investors

Based on the belief that offering financial products, services and investment opportunities at the same level as that provided to institutional investors supports the asset management of retail investors and leads to the formation of fair capital markets, since our establishment we have been at the forefront of developing high-quality, advanced products and services and providing them to retail investors.

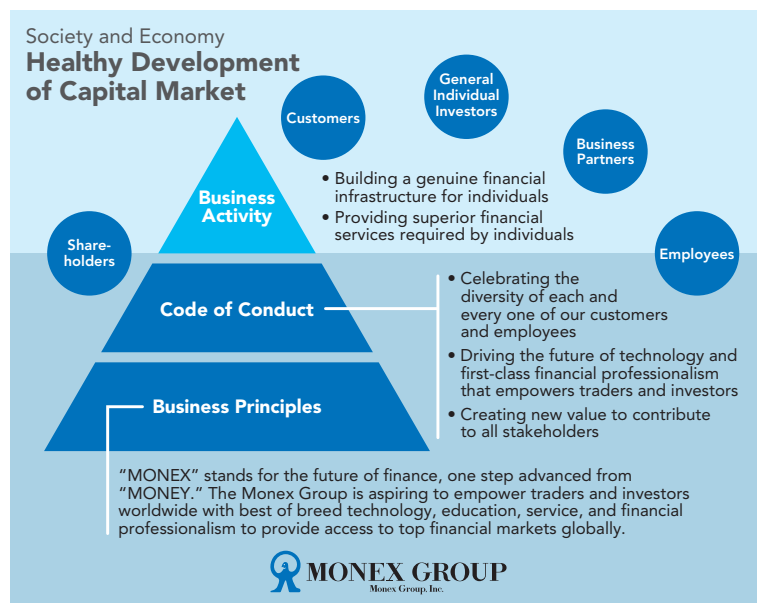
Investment education

The Group has made concerted efforts in the area of investment education to provide information on various investment theories and financial products to investors in formats that even novices can grasp.

TradeStation runs TradeStation Academic Program, a partnership with educational institutions that aims to enrich higher



TradeStation Academic Program



education. Through this program, the company provides a safe and secure online environment where educational leaders and students can learn trading strategy and risk management. It allows students and pupils from 27 universities, such as Carnegie Mellon University, the University of Pennsylvania, New York University, and other educational institutions to access TradeStation's trading platform free of charge and enables them to trade equities, futures, options, and forex products using real time market data with virtual accounts prepared by TradeStation.

As part of investment education activities and social contribution activities, Monex, Inc. sponsors Overview of Financial Markets at Aoyama Business School, a course where fund managers, etc., active at the forefront of financial markets, are invited as guest speakers to teach graduate students practical market analysis and market prediction techniques.

In addition, one of our biggest features is offering a wide range of online and offline seminars on many occasions as part of our investment education for our customers and general retail investors.



Overview of Financial Markets, a course sponsored by Monex, Inc.

CSR ACTIVITIES BY THE MONEX GROUP (cont.)

Social Initiatives

Social and cultural activities

Our Group has been conducting the ART IN THE OFFICE program since 2008. The program supports young contemporary artists by selecting one artist from an open application and providing him/her with the opportunity to exhibit their works in the press conference room at Monex, Inc. (Tokyo).

ART IN THE OFFICE: For details on this year's winning art, please refer to page 27 of this annual report.

Past winning artworks are available on our website.
http://www.monexgroup.jp/en/company/art_in_the_office/index

Community contribution

TradeStation runs a program called TradeStation Cares, which provides a way for its employees to give to the communities they live in. Every year, the company sponsors several programs, including the School Supply Drive, the Thanksgiving Food Drive, Angel Tree Holiday Gift Drive, and the Beach Clean-up Excursion.

Over the past few years, the program has also held fund-raising events to support areas affected by typhoons and tsunamis in Japan, the Haiti Earthquake and Hurricane Sandy.



Beach Clean-up Excursion

Other Initiatives

Initiatives to enhance customer satisfaction: Orientation Committee

Since its establishment, Monex, Inc. in Japan has held an Orientation Committee meeting once every three months as an opportunity to gather feedback directly from its customers. As of August 2014, the Orientation Committee had met 56 times. Many of the ideas expressed at the meetings have been used to improve our products and services.

Monex Global Retail Investor Survey:

Providing results of research on retail investors' views toward the global investment market environment

The Monex Group has been conducting the Monex Global Retail Investor Survey, a survey on the sentiment of retail investors in Japan, the U.S. and China (Hong Kong), on a quarterly basis and has revealed the survey results 13 times since June 2011. A few open-ended surveys have been conducted globally, covering retail investors at three global financial centers. In this respect, the Monex Global Retail Investor Survey is significant.

Creating a good working environment

The Japan segment is currently running the positive action scheme (promotion of business activities by female employees). Women make up 16% of the Monex Group's management (directors and executive officers) and 22% of managers (full-time employees) in the Japan segment. The Group works to put in place a workplace environment and programs that make it easier for females to return to work after maternity leave before or after childbirth. So far, all female directors and employees who have taken maternity leave have returned.

As part of its measures to nurture young employees in the Japan segment as a source of innovation, the Group has also established the Beans Scholarship to support employees pursuing MBAs and other degrees at overseas universities.



Thanksgiving Food Drive



Angel Tree Holiday Gift Drive

ART IN THE OFFICE 2014: THE WINNING ARTIST AND HER WORK

The Monex Group has been conducting the ART IN THE OFFICE program since 2008 as part of its social and cultural activities. In 2014, Monex, Inc. again invited applications from the public for artwork to lend color to the Group's press conference room. This year, the work proposed by Ms. Rikako Kawauchi was selected from among 75 entries.



Sushi/2014



Concept of the Work

"Sushi" is an artwork piece produced by Ms. Kawauchi exclusively for this program based on ideas gained through her interactions with employees of Monex, Inc. over a two week period as she worked on this piece, which features sushi, an authentic Japanese delicacy, as its theme. The work was inspired by both the corporate image of Monex, Inc., a company that is a step ahead of the times and that transforms flexibly along with the times; and sushi, which is made of simple ingredients comprising vinegar rice and sashimi, yet can produce a versatile look depending on the combination of the colors, textures and taste of the ingredients and their different shapes. On the opposite side of the main wall, three works describing the back side of sushi are displayed. This display is reflected by the attitude of Monex, Inc., which looks at things from various angles, free of stereotypical notions.



Artist profile: Rikako Kawauchi

Born in 1990 in Tokyo (Japan). Graduated from Bunka Gakuin's Department of Fine Arts Advanced Course in 2009. Currently in her fourth year at the Tama Art University Department of Painting, Oil Painting Course. Winner of the first Contemporary Art Foundation Art Award 2014. Based on the idea that "food" is a fundamental element at the core of human beings, her drawings explore the relationship of food with the artist herself, the human body and psyche, and interpersonal relations.

DIRECTORS & MANAGEMENT



From left to right: Shoji Kuwashima, Managing Director & Vice Chairman; Oki Matsumoto, Managing Director & Chairman; Salomon Sredni, Managing Director; and Takashi Oyagi, Managing Director

BOARD OF DIRECTORS

Oki Matsumoto

Managing Director & Chairman

APR 1987 Joined Salomon Brothers Asia Limited
APR 1990 Joined Goldman Sachs Japan Co., Ltd.
NOV 1994 Managing Director, Tokyo Branch, Goldman Sachs Japan Co., Ltd.
NOV 1994 General Partner, Goldman Sachs Group, L.P.
NOV 1998 Limited Partner, Goldman Sachs Group, L.P.
APR 1999 President & CEO, (the former) Monex, Inc.
AUG 2004 President & CEO, Monex Group, Inc.
AUG 2004 Director, Nikko Beans, Inc. (currently Monex, Inc.)
MAY 2005 to present President & CEO, Monex Beans Holdings, Inc. (currently Monex, Inc.)
JUN 2010 to present Director, Kakaku.com, Inc.
FEB 2011 Representative Director, Chairman & CEO of Monex Group, Inc.
JUN 2011 to present Managing Director & Chairman, TradeStation Group, Inc.
JUN 2013 to present Managing Director & Chairman, Representative Executive Officer, President & Chief Executive Officer of Monex Group, Inc.
NOV 2013 to present Director, JIN Co., Ltd.

Shoji Kuwashima

Managing Director & Vice Chairman

APR 1977 Joined Nikko Securities Co., Ltd.
OCT 2001 Director, Nikko Cordial Corporation (currently Citigroup Japan Holdings Corp.)
JAN 2006 Managing Director & Chairman, Nikko Systems Solutions, Ltd.
JUN 2006 Director, Monex Group, Inc.
DEC 2006 Resigned as Director, Monex Group, Inc.
DEC 2006 Representative Director, President & CEO, Nikko Cordial Corporation
JAN 2008 Co-Chairman, Nikko Cordial Corporation
APR 2009 to present Director, Monex, Inc.
JUN 2009 Director, Monex Group, Inc.
FEB 2011 Managing Director & Vice Chairman, Monex Group, Inc.
JUN 2013 to present Managing Director, Vice Chairman & Executive Officer, Monex Group, Inc.

Takashi Oyagi

Managing Director

APR 1991 Joined Bank of Japan
JAN 1998 Joined Goldman Sachs (Japan) Ltd.
APR 1999 Joined (the former) Monex, Inc.
MAY 2004 Joined Deutsche Bank Securities, Inc.
AUG 2007 CEO & President, MBH America, Inc.
JUL 2009 Executive Officer, Monex Group, Inc.
JUN 2011 to present Director, TradeStation Group, Inc.
JUN 2011 Managing Director, Monex Group, Inc.
JUN 2013 to present Managing Director & Executive Officer, Monex Group, Inc.

Salomon Sredni

Managing Director

JAN 1988 Joined Arthur Andersen LLP
AUG 1994 Vice President of Accounting and Corporate Controller, IVAX Corporation
DEC 1996 Chief Financial Officer, TradeStation Group, Inc.
SEP 1999 President & Chief Operating Officer, TradeStation Group, Inc.
FEB 2007 to present Chief Executive Officer & President, TradeStation Group, Inc.
JUN 2012 Managing Director, Monex Group, Inc.
JUN 2013 to present Managing Director & Executive Officer, Monex Group, Inc.

Masakazu Sasaki

Director

OCT 1989 Joined Asahi Shinwa & Co. (currently KPMG AZSA LLC)
AUG 1997 Established Sasaki C.P.A. Office
APR 1999 Member of the Board of Auditors of (the former) Monex, Inc.
JUN 2003 Director, (the former) Monex, Inc.
AUG 2004 Director, Monex Group, Inc.
JUN 2005 Member of the Board of Auditors of Monex Group, Inc.
JUN 2007 Director, Monex Group, Inc.
JUN 2009 to present Member of the Board of Auditors of Monex, Inc.
JUN 2009 Member of the Board of Auditors of Monex Group, Inc.
JUN 2013 to present Director, Monex Group, Inc.

Jun Makihara

Outside & Independent Director

SEP 1981 Joined Goldman Sachs Co., Ltd.
DEC 1992 General Partner, Goldman, Sachs & Co.
JUL 2000 to present Chairman, Neoteny Co., Ltd.
MAR 2005 to present Director, RHJ International
JUN 2006 to present Director, Monex Group, Inc.
JUN 2011 to present Director, TradeStation Group, Inc.
JUN 2011 to present Director, Shinsei Bank, Limited

Kaoru Hayashi

Outside & Independent Director

AUG 1995 Representative Director & President, Digital Garage, Inc.
DEC 1996 to present Representative Director and President, K. Garage, Y.K.
JUL 2002 Representative Director & Chairman, Kakaku.com, Inc.
JUN 2003 to present Chairman of the Board, Kakaku.com, Inc.
NOV 2004 to present Representative Director, President & Group CEO, Digital Garage, Inc.
AUG 2006 to present Representative Director & President, CGM Marketing, Inc. (currently BI.Garage, Inc.)
JUN 2009 to present Representative Director & Chairman, DG Incubation, Inc.
MAY 2011 to present Director, MEDIA DO Co., Ltd.
JUN 2012 to present Director, Monex Group, Inc.
SEP 2012 to present Managing Director & Chairman, econtext ASIA Limited
APR 2013 to present Representative Director & Chairman, Open Network Lab, Inc.
MAR 2014 to present Representative Director, Chairman & CEO, CIWorks Inc.

Nobuyuki Idei

Outside & Independent Director

APR 1960 Joined Sony Corporation
APR 1995 President and Representative Director, Sony Corporation
JUN 2000 Chairman & Representative Director, Sony Corporation
JUN 2003 Chairman & Representative Executive Officer, Sony Corporation
FEB 2006 to present Director, Accenture plc
APR 2006 to present Representative Director, Quantum Leaps Corporation
JUN 2006 Chairman of the Advisory Board, Monex Group, Inc.
JAN 2007 to present Representative Director, I-Concept, Inc.
JUN 2007 to present Director, Baidu, Inc.
JUL 2007 to present Director, FreeBit Co., Ltd.
SEP 2011 to present Director, Lenovo Group Limited
JUN 2013 to present Director, Monex Group, Inc.

Koji Kotaka

Outside & Independent Director

APR 1987 Registered as a lawyer
APR 1987 Joined Sato and Tsuda Law Office
AUG 1990 Joined Goldman Sachs Japan Co., Ltd.
NOV 1998 Managing Director, Goldman Sachs Japan Co., Ltd.
NOV 2009 Joined Nishimura & Asahi Law Office
JAN 2011 Established Koji Kotaka Law Office
FEB 2011 to present Representative Director, R&K Company
JUN 2013 to present Director, Monex Group, Inc.

Fujiyo Ishiguro

Outside & Independent Director

JAN 1981 Joined Brother Industries, Ltd.
JAN 1988 Joined Swarovski Japan LTD.
SEP 1994 President, Alphametrics, Inc.
JAN 1999 Director, Netyear Group, Inc.
JUL 1999 Director, Netyear Group Corporation
MAY 2000 to present Representative Director & President, Netyear Group Corporation
JUN 2013 to present Corporate Auditor, Sompo Japan Insurance Inc.
MAR 2014 to present Director, Hottolink, Inc.
JUN 2014 to present Corporate Auditor, NIPPONKOA Insurance Company, Limited
JUN 2014 to present Director, Monex Group, Inc.

Billy Wade Wilder

Outside & Independent Director

APR 1986 Head of Japan Equity Research Department, Schroder Securities Japan Limited
DEC 1992 Joined Fidelity Investments Japan
SEP 1995 President & Representative Director, Fidelity Investments Japan
JUL 2004 President & Representative Director, Nikko Asset Management Co., Ltd.
JUN 2014 to present Director, Monex Group, Inc.

THREE COMMITTEES

NOMINATING COMMITTEE

Chairman:

Nobuyuki Idei

Outside & Independent Director

Members:

Jun Makihara

Outside & Independent Director

Kaoru Hayashi

Outside & Independent Director

Fujiyo Ishiguro

Outside & Independent Director

Oki Matsumoto

Managing Director & Chairman

AUDIT COMMITTEE

Chairman:

Koji Kotaka

Outside & Independent Director

Members:

Billy Wade Wilder

Outside & Independent Director

Masakazu Sasaki

Director

COMPENSATION COMMITTEE

Chairman:

Jun Makihara

Outside & Independent Director

Members:

Nobuyuki Idei

Outside & Independent Director

Oki Matsumoto

Managing Director & Chairman

EXECUTIVE OFFICERS

Oki Matsumoto

*Representative Executive Officer,
President & Chief Executive Officer*

Salomon Sredni

Executive Officer & Chief Operating Officer

Masaki Ueda

Executive Officer & Chief Financial Officer

Hisashi Tanaami

Executive Officer & Chief Administrative Officer

Shoji Kuwashima

Executive Officer & Chief Quality Officer

Takashi Oyagi

Executive Officer & Chief Strategic Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS

Interview with the CFO

Engaged in further reinforcement of the revenue base and enhancement of shareholder return

For the fiscal year ended March 2014, the Monex Group delivered record revenue and profit, with operating revenues setting a new record high. At the same time, the Group announced a policy to place greater importance on return on equity (ROE) in addition to increasing profit allocation to shareholders by setting a higher dividend payout ratio in its basic policy on shareholder return from the fiscal year under review. Masaki Ueda, Executive Officer & CFO, answered the following questions on the Group's consolidated operating results for the fiscal year ended March 2014 and future financial strategy in a Q&A format.

Q. Please provide a summary of the operating environment and consolidated financial results for the fiscal year ended March 2014.

A. Operating revenue increased 51.6% from the previous fiscal year to ¥54,722 million, setting a record high since establishment of the Company in 1999. Revenues in the Japan segment surged due mainly to an improvement in financial balance as a result of a rise in the volume of margin trading on top of a strong performance in the stock market and greater investment appetite among individual investors. On the FX front, amid an intensified competition environment with a rise in low-spread brokers, we managed to secure revenues at a level similar to the previous fiscal year.

What I would like to emphasize here is that profitability in the U.S. segment (including Europe and Australia) has improved. Operating revenue for the fiscal year ended March 2014 rose

37.0% year on year to ¥16,062 million, up about 14% even after deducting the effect of the yen's depreciation. Although volatility of the stock market remained lower, we achieved profitability on an EBITDA basis during the fourth quarter on the back of implementing various measures including the introduction of a new commission system for active traders, among others.

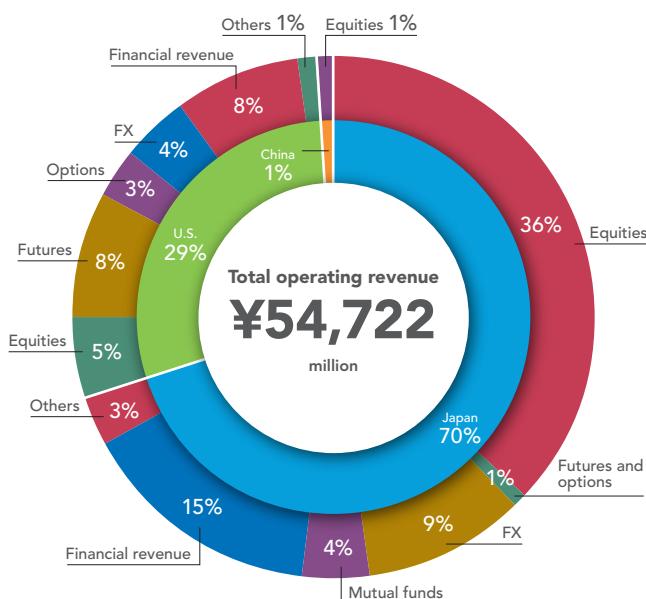
In the China segment, operating revenues surged 51.1% from the previous fiscal year to ¥585 million reflecting increased equity transactions at Monex BOOM Securities in addition to the fact that the Hong Kong dollar became approximately 20% cheaper against the yen on a year-on-year basis.

Q. What are the factors behind the dramatic increase in income before income taxes and net income?

A. With regard to operating performance of the Japan segment, which has the highest impact on the Group's consolidated financial results, the majority of expenses are fixed costs such as system-related expenses and others. Therefore, when revenue exceeds a certain level, such increases will be directly translated into a rise in profits. While operating revenues for the fiscal year ended March 2014 rose 51.6% from a year earlier, selling, general and administrative expenses increased 15.2% from the previous fiscal year to ¥34,981 million, income before income taxes jumped 141.4% year on year to ¥16,895 million, and net income attributable to the owners of Monex Group, Inc. grew 165.4% from a year earlier to ¥10,354 million.

Selling, general and administrative expenses in the Japan segment rose 16.1% from the previous fiscal year to ¥19,173 million, primarily due to variable costs such as transaction-related expenses associated with an increase in equity transactions as well as a rise in system-related expenses. At Monex, Inc., we are currently working on a development project to replace the core online system, and both the new and old systems are to be operated in parallel. Although system-related expenses have increased temporarily for this reason, costs are expected to decline after the fiscal year ending March 2017 subsequent to full migration to the new system.

Total operating revenue by local segment and product lines



Masaki Ueda

Executive Officer & CFO
Monex Group, Inc.



Q. What is your basic policy for boosting earnings capacity?

A. The summer of 2012 prior to the introduction of Abenomics was an extremely sluggish period for the Japanese stock market. The average one-day trading value from individual investors on the three stock exchanges (Tokyo, Osaka and Nagoya) for the second quarter of the previous fiscal year (July through September 2012) declined to approximately ¥350.0 billion, which was almost equivalent to one-fourth of the average one-day trading value from individual investors on the two stock exchanges (Tokyo and Nagoya) for the fiscal year ended March 2014. Despite these circumstances, the Monex Group secured profitability as a result of implementing drastic cost-cutting measures. It is the Monex Group's basic growth strategy to aim for sustainable revenue expansion based on a solid financial position that enables us to deliver profits even when the market condition deteriorates.

As for revenue expansion measures implemented by region, while working on the realization of profitability for the U.S. segment as soon as practicable through the provision of services that will lead to the cultivation of new customer bases and the revitalization of transactions by existing active traders, in the China segment, we will endeavor to push forward expansion into the Chinese market in collaboration mainly with Monex BOOM Securities in Hong Kong. At the same time, in the Japan segment, we will continue to focus on revenue generation not only from Japanese equities but also from a wide range of products including mutual funds, fixed income, FX, U.S. equities, etc., for which balance has steadily risen, as well as the IPO underwriting operations for which Monex, Inc. ranked sixth among domestic firms (out of 31 participating companies in the underwriting syndicate) for the fiscal year ended March 2014.

Q. Please explain the Monex Group's medium- to long-term financial strategy.

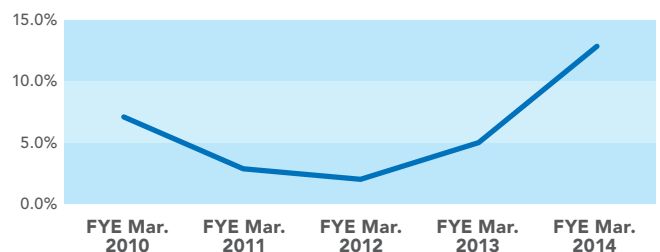
A. Equity at the end of the fiscal year ended March 2014 amounted to ¥80,701 million. By maintaining this level and utilizing capital effectively in the future, we will aim to further boost ROE (return on equity attributable to owners of Monex Group, Inc.). As ROE for the fiscal year ended March 2014 rose 7.9 points from the previous fiscal year to 12.9%,

our current target of 15% has become more realistic. By implementing investment projects such as development of the core system within the scope of equity and covering short-term capital demand of the securities firm through indirect financing, we have managed to raise funds without undermining the health of our financial position.

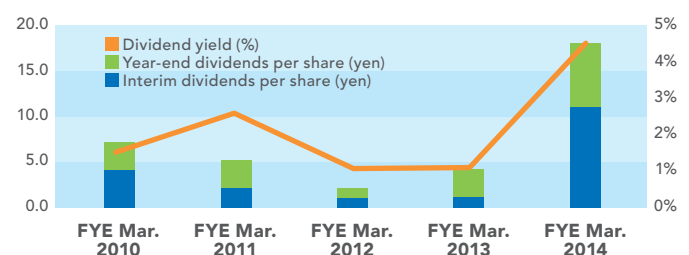
We are also determined to further boost shareholder return. The Group revised its basic policy on shareholder return in June 2013 by increasing the dividend payout ratio from the previous 30% to 50% of net income attributable to owners of Monex Group, Inc. The specific amount of the dividend is determined based on the dividend payout ratio of 50% or a dividend on equity (DOE) ratio of 1%, whichever is higher. In accordance with this basic policy, we paid a year-end dividend of ¥7 per share and an annual dividend of ¥18 per share including an interim dividend for the fiscal year ended March 2014.* In addition, in May 2013, we acquired 120,000 shares of treasury stock for ¥5,514 million in total. We will flexibly continue to acquire treasury stock in the future.

*The Group paid an interim dividend of ¥11 per share during the fiscal year ended March 2014. The amount of dividend per share is the amount modified retrospectively in light of the share split conducted effective as of October 1, 2013.

Ratio of profit to equity attributable to owners of Monex Group, Inc. (ROE)



Cash dividends per share and dividend yield



CONSOLIDATED FINANCIAL STATEMENTS

This annual report does not include notes on the consolidated financial statements.
For details, please refer to the Annual Financial Statements 2014.
http://www.monexgroup.jp/en/ir_library/annual_report/pdf/E_annual_financial_statement2014_03.pdf

Consolidated Statement of Income

For the fiscal years ended March 31, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Revenue:			
Commission received	¥20,367	¥33,542	\$326,027
Net trading income	6,974	8,011	77,866
Financial revenue	8,195	12,583	122,308
Other operating revenue	554	587	5,705
Total operating revenue	36,090	54,722	531,906
Other financial revenue	4,855	2,305	22,402
Other revenue	1,759	59	570
Equity in earnings of affiliates	36	0	2
Total revenue	42,740	57,086	554,879
Expenses:			
Financial expenses	2,320	4,672	45,411
Selling, general and administrative expenses	30,359	34,981	340,019
Other financial expenses	46	99	962
Other expenses	3,016	439	4,270
Total expenses	35,742	40,191	390,662
Income before income taxes	6,998	16,895	164,217
Income tax expense	3,091	6,539	63,557
Net income	3,907	10,356	100,660
Net income attributable to:			
Owners of Monex Group, Inc.	3,901	10,354	100,641
Non-controlling interests	6	2	19
Net income	¥ 3,907	¥10,356	\$100,660
		Yen	U.S. dollars
Earnings per share attributable to owners of Monex Group, Inc.:			
Basic earnings per share	¥ 13.02	¥ 35.76	\$ 0.35
Diluted earnings per share	—	—	—

Consolidated Statement of Comprehensive Income

For the fiscal years ended March 31, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Net income	¥ 3,907	¥10,356	\$100,660
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation adjustments in foreign operations	3,305	2,349	22,833
Valuation difference on available-for-sale financial assets	(2,519)	(1,960)	(19,055)
Changes in fair value of hedging instrument	—	(143)	(1,394)
Accumulated other comprehensive income for equity method investments	51	23	220
Other comprehensive income after income taxes	837	268	2,604
Total comprehensive income	4,744	10,624	103,264
Total comprehensive income attributable to:			
Owners of Monex Group, Inc.	4,738	10,622	103,245
Non-controlling interests	6	2	19
Total comprehensive income	¥ 4,744	¥10,624	\$103,264

Consolidated Statement of Financial Position

As of March 31, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Assets:			
Cash and cash equivalents	¥ 51,193	¥ 85,442	\$ 830,504
Cash segregated as deposits	349,837	426,719	4,147,735
Trading securities and other	4,078	2,458	23,888
Derivative assets	753	1,613	15,683
Investments in securities	18,551	8,390	81,548
Margin transaction assets	149,487	178,230	1,732,403
Loans secured by securities	44,583	152,382	1,481,162
Other financial assets	22,950	28,864	280,563
Property and equipment	1,485	1,579	15,344
Intangible assets	37,394	41,558	403,950
Equity method investments	826	861	8,370
Deferred tax assets	61	247	2,400
Other assets	995	1,089	10,581
Total assets	¥682,193	¥929,431	\$9,034,131
Liabilities and Equity:			
Liabilities:			
Derivative liabilities	¥ 7,604	¥ 7,378	\$ 71,718
Margin transaction liabilities	39,745	36,308	352,912
Loans payables secured by securities	67,661	183,765	1,786,205
Deposits received	231,164	287,385	2,793,404
Guarantee deposits received	131,535	158,869	1,544,216
Bonds and loans payables	113,381	159,125	1,546,707
Other financial liabilities	2,099	4,280	41,598
Provisions	88	156	1,519
Income tax payables	2,072	5,629	54,717
Deferred tax liabilities	5,418	3,810	37,030
Other liabilities	1,726	2,026	19,689
Total liabilities	602,492	848,731	8,249,715
Equity:			
Common stock	10,394	10,394	101,026
Additional paid-in capital	40,521	40,510	393,763
Retained earnings	22,079	22,856	222,160
Other components of equity	6,673	6,941	67,467
Equity attributable to owners of Monex Group, Inc.	79,667	80,701	784,415
Non-controlling interests	35	—	—
Total equity	79,702	80,701	784,415
Total liabilities and equity	¥682,193	¥929,431	\$9,034,131

CONSOLIDATED FINANCIAL STATEMENTS (cont.)

Consolidated Statement of Changes in Equity

For the fiscal years ended March 31, 2013 and 2014

(Millions of yen)

	Equity attributable to owners of Monex Group, Inc.											
	Common stock	Additional paid-in capital	Treasury stock	Retained earnings	Other components of equity					Total	Non-controlling interests	Total equity
					Valuation difference on available-for-sale financial assets	Changes in fair value of hedging instrument	Foreign currency translation adjustments in foreign operations	Other components of equity for equity method investment	Sub total			
Balance as of April 1, 2012	¥10,394	¥40,521	¥ —	¥18,808	¥5,351	¥ —	¥ 485	¥ 0	¥5,836	¥75,558	¥248	¥75,806
Net income	—	—	—	3,901	—	—	—	—	—	3,901	6	3,907
Other comprehensive income	—	—	—	—	(2,519)	—	3,305	51	837	837	—	837
Total comprehensive income	—	—	—	3,901	(2,519)	—	3,305	51	837	4,738	6	4,744
Transactions with owners:												
Dividends paid	—	—	—	(629)	—	—	—	—	—	(629)	—	(629)
Changes in other non-controlling interests	—	—	—	—	—	—	—	—	—	—	(219)	(219)
Total of transactions with owners	—	—	—	(629)	—	—	—	—	—	(629)	(219)	(848)
Balance as of March 31, 2013	¥10,394	¥40,521	¥ —	¥22,079	¥2,833	¥ —	¥3,789	¥51	¥6,673	¥79,667	¥ 35	¥79,702
Net income	—	—	—	10,354	—	—	—	—	—	10,354	2	10,356
Other comprehensive income	—	—	—	—	(1,960)	(143)	2,349	23	268	268	—	268
Total comprehensive income	—	—	—	10,354	(1,960)	(143)	2,349	23	268	10,622	2	10,624
Transactions with owners:												
Acquisition of treasury stock	—	—	(5,514)	—	—	—	—	—	—	(5,514)	—	(5,514)
Cancellation of treasury stock	—	(5,514)	5,514	—	—	—	—	—	—	—	—	—
Dividends paid	—	—	—	(4,064)	—	—	—	—	—	(4,064)	—	(4,064)
Transfer to Additional paid-in capital from Retained earnings	—	5,514	—	(5,514)	—	—	—	—	—	—	—	—
Acquisition of non-controlling interests	—	(11)	—	—	—	—	—	—	—	(11)	(37)	(47)
Total of transactions with owners	—	(11)	—	(9,578)	—	—	—	—	—	(9,588)	(37)	(9,625)
Balance as of March 31, 2014	¥10,394	¥40,510	¥ —	¥22,856	¥ 872	¥ (143)	¥6,138	¥74	¥6,941	¥80,701	¥ —	¥80,701

For the fiscal year ended March 31, 2014

(Thousands of U.S. dollars)

	Equity attributable to owners of Monex Group, Inc.											
	Common stock	Additional paid-in capital	Treasury stock	Retained earnings	Other components of equity					Total	Non-controlling interests	Total equity
					Valuation difference on available-for-sale financial assets	Changes in fair value of hedging instrument	Foreign currency translation adjustments in foreign operations	Other components of equity for equity method investment	Sub total			
Balance as of March 31, 2013	\$101,026	\$393,865	\$ —	\$214,613	\$ 27,534	\$ —	\$36,831	\$498	\$64,863	\$774,368	\$339	\$774,706
Net income	—	—	—	100,641	—	—	—	—	—	100,641	19	100,660
Other comprehensive income	—	—	—	—	(19,055)	(1,394)	22,833	220	2,604	2,604	—	2,604
Total comprehensive income	—	—	—	100,641	(19,055)	(1,394)	22,833	220	2,604	103,245	19	103,264
Transactions with owners:												
Acquisition of treasury stock	—	—	(53,596)	—	—	—	—	—	—	(53,596)	—	(53,596)
Cancellation of treasury stock	—	(53,596)	53,596	—	—	—	—	—	—	—	—	—
Dividends paid	—	—	—	(39,498)	—	—	—	—	—	(39,498)	—	(39,498)
Transfer to Additional paid-in capital from Retained earnings	—	53,596	—	(53,596)	—	—	—	—	—	—	—	—
Acquisition of non-controlling interests	—	(103)	—	—	—	—	—	—	—	(103)	(358)	(461)
Total of transactions with owners	—	(103)	—	(93,094)	—	—	—	—	—	(93,197)	(358)	(93,555)
Balance as of March 31, 2014	\$101,026	\$393,763	\$ —	\$222,160	\$ 8,479	\$(1,394)	\$59,664	\$717	\$67,467	\$784,415	\$ —	\$784,415

Consolidated Statement of Cash Flows

For the fiscal years ended March 31, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Cash flows from operating activities:			
Income before income taxes	¥ 6,998	¥ 16,895	\$ 164,217
Depreciation and amortization	3,116	3,441	33,444
Impairment loss on non-financial assets	2,524	—	—
Gain on bargain purchase	(1,231)	—	—
Financial revenue and financial expenses	(10,683)	(10,117)	(98,337)
Decrease/increase in derivative assets/liabilities	5,688	(1,482)	(14,406)
Decrease/increase in assets/liabilities for margin transaction	(46,234)	(32,180)	(312,788)
Decrease/increase in loans/loans payables secured by securities	14,605	8,886	86,375
Increase in cash segregated as deposits	(36,934)	(62,900)	(611,395)
Increase in deposits received and guarantee deposits received	36,034	67,582	656,900
Decrease/increase in short-term loans receivable	354	(1,032)	(10,035)
Other, net	(640)	(1,119)	(10,872)
Sub total	(26,404)	(12,026)	(116,895)
Interest and dividends income received	8,174	11,928	115,941
Interest expenses paid	(2,231)	(4,069)	(39,553)
Income taxes paid	(50)	(4,088)	(39,740)
Net cash provided by (used in) operating activities	(20,510)	(8,256)	(80,248)
Cash flows from investing activities:			
Payments into time deposits	(100)	—	—
Proceeds from withdrawal of time deposits	400	100	972
Purchase of investments in securities	(20,342)	(12,771)	(124,131)
Proceeds from sales and redemption of securities	25,038	23,458	228,016
Purchase of property and equipment	(517)	(765)	(7,440)
Purchase of intangible assets	(2,958)	(4,026)	(39,134)
Payments for purchase of subsidiaries	(905)	—	—
Proceeds from sales of subsidiaries	46	—	—
Payments for purchase of affiliates	(259)	—	—
Other, net	(2)	(36)	(350)
Net cash provided by (used in) investing activities	401	5,960	57,934
Cash flows from financing activities:			
Net increase/decrease in short-term loans payables	23,834	(14,403)	(140,001)
Proceeds from long-term loans payables	9,986	87,516	850,660
Repayment and redemption of long-term loans payables	(2,772)	(27,500)	(267,302)
Proceeds from stock issuance to non-controlling interests	16	—	—
Acquisition of non-controlling interests	—	(47)	(461)
Purchase of treasury stock	—	(5,514)	(53,596)
Cash dividends paid	(629)	(4,053)	(39,395)
Cash dividends paid to non-controlling interests	(41)	—	—
Net cash provided by (used in) financing activities	30,395	35,998	349,905
Net increase in cash and cash equivalents	10,286	33,703	327,592
Cash and cash equivalents at the beginning of year	38,674	50,140	487,364
Effect of exchange rate change on cash and cash equivalents	1,181	1,012	9,841
Cash and cash equivalents at the end of year	¥ 50,140	¥ 84,855	\$ 824,797

STOCK INFORMATION

(AS OF MARCH 31, 2014)

Investor Information

Stock listing	First section of the Tokyo Stock Exchange
Security code	8698
Name of company	Monex Group, Inc.
Issued stock	287,680,500 shares
Trading unit	100*
No. of shareholders	51,461
Administrator for shareholders' register	Mizuho Trust & Banking, Co., Ltd.
Fiscal year	From April 1 of each year to March 31 of the following year
Record date for year-end dividends	March 31
Record date for interim dividends	September 30
General Meeting of Shareholders	June each year

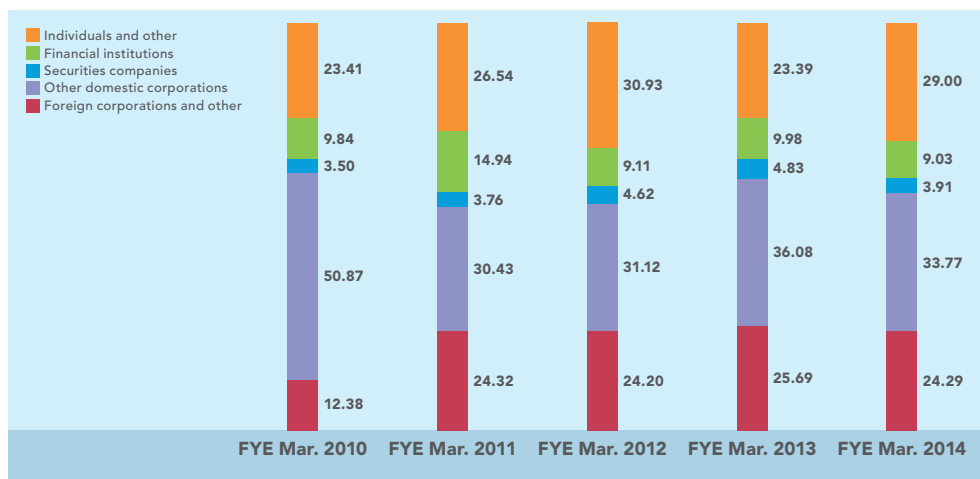
*As of October 1, 2013, the Company conducted a 100-for-1 split on the Company's common shares, adopted a share unit system that defines 100 common shares as one unit, and created rights of holders of common shares of less than one unit.

Major Shareholders

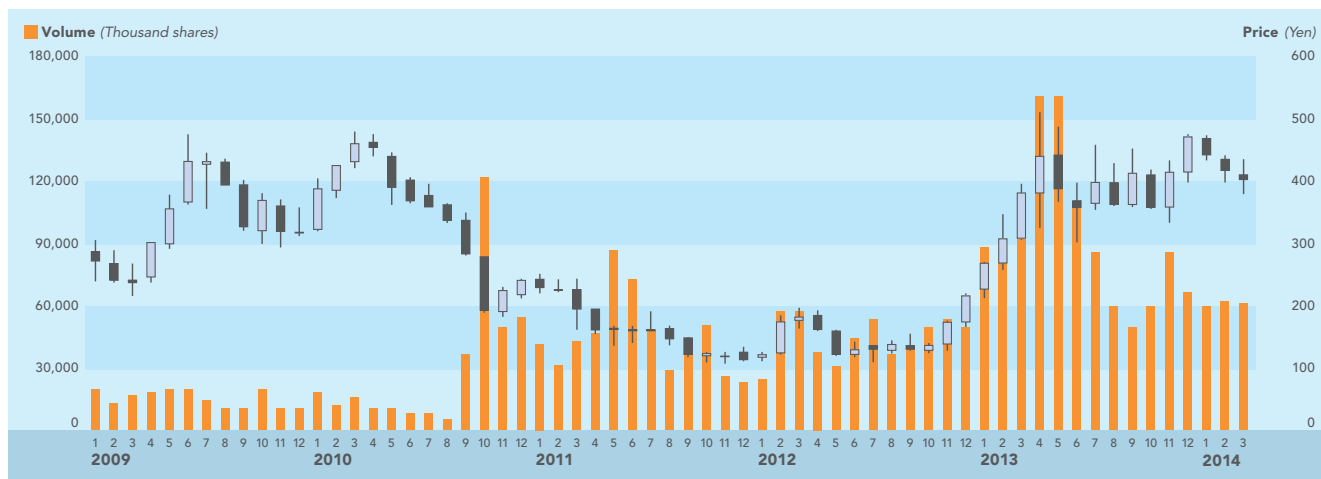
Name	No. of shares held (shares)	Percentage of shares held (%)
Orix Corporation*	56,223,300	19.45
Oki Matsumoto, Inc.	18,556,000	6.45
Sony Corporation	11,723,500	4.08
CBNY-FIDELITY CAPITAL TRUST: FIDELITY CAPITAL APPRECIATION FUND	8,377,000	2.91
Oki Matsumoto	7,492,000	2.60
Mizuho Securities Co., Ltd.	6,016,200	2.09
Recruit Holdings Co., Ltd.	5,720,000	1.99
CBLDN THREADNEEDLE SPECIALIST INVESTMENT FUNDS ICVC-GLOBAL EQUITY INCOME FUND	5,123,600	1.78
CBNY S/A FIDELITY DIVIDEND GROWTH FUND	4,910,700	1.71
THE CHASE MANHATTAN BANK 385036	4,740,000	1.65

*As of April 7, 2014: Orix Corporation 0 shares (0.00%), The Shizuoka Bank 56,223,300 shares (19.54%) of the Monex Group, Inc.; As of May 2, 2014: The Shizuoka Bank further acquired shares of the Group and has come to hold 57,536,100 shares (20.00%) in total.

Stock Distribution (%)



Share Price and Volume



Effective on October 1, 2013, the Company conducted a 100-for-1 split of the Company's common shares. Share prices and turnovers have been adjusted retroactively since January 2009.

CORPORATE INFORMATION

(AS OF JUNE 30, 2014)

Corporate Profile

Monex Group, Inc.	
Founded	August 2004
Representative	Oki Matsumoto
Capital	¥10,393 million
Description of business	Holding company
Head office	Kojimachi Odori Bldg., 2-4-1, Kojimachi, Chiyoda-ku, Tokyo 102-0083, Japan
URL	www.monexgroup.jp/en/

Group Company Profile

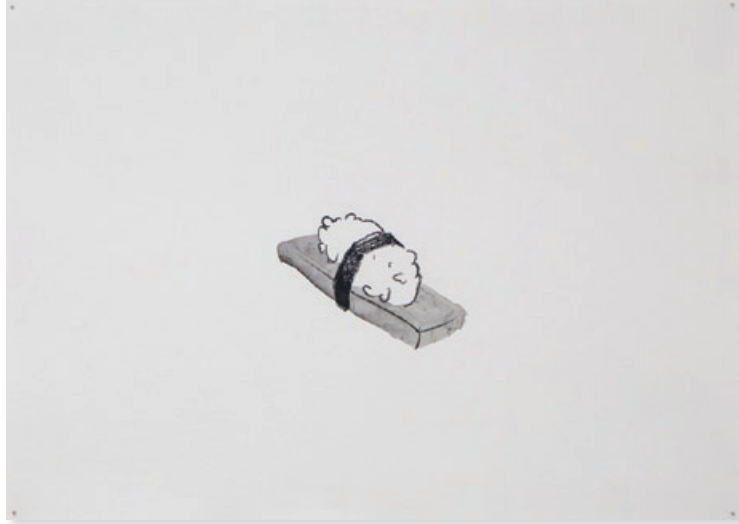
Japan	Monex, Inc.	Monex FX, Inc.	Monex Ventures, Inc.
Founded	April 1999	July 2004	November 2005
Representative	Oki Matsumoto	Toshihiko Katsuya	Satoshi Hasuo
Capital	¥12,200 million	¥1,800 million	¥100 million
Description of business	Financial instruments business	FX trading and related businesses	Venture capital investment business
Head office	Chiyoda-ku, Tokyo	Chuo-ku, Tokyo	Chiyoda-ku, Tokyo

	Monex Hambrecht, Inc.	Trade Science Corporation
Founded	September 2005	April 2006
Representative	Yuko Seimei	Kazuhiro Kunisada
Capital	¥113 million	¥91 million
Description of business	M&A advisory services, research and investigation for OpenIPO® business	Investment advisory service and agency business
Head office	Minato-ku, Tokyo	Chiyoda-ku, Tokyo

U.S.	TradeStation Group, Inc.	TradeStation Securities, Inc.	IBFX, Inc.
Founded	January 2000	September 1995	June 2010
Representative	Salomon Sredni	William Cahill	Gary Weiss
Description of business	Immediate holding company in the United States	Financial instruments business	Financial instruments business (FX business)
Head office	Florida, United States	Florida, United States	Florida, United States

TradeStation Technologies, Inc.	
Founded	September 1982
Representative	Salomon Sredni
Description of business	Technology development
Head office	Florida, United States

China (Hong Kong)	Monex International Limited	Monex Boom Securities (H.K.) Limited (Monex BOOM Securities)
Founded	August 2010	March 1997
Representative	Katsuki Mandai	Nick Tang
Description of business	Immediate holding company in Hong Kong	Financial instruments business
Head office	Hong Kong	Hong Kong



Monex Group, Inc.

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