



ANNUAL REPORT 2013

For the year ended March 31, 2013

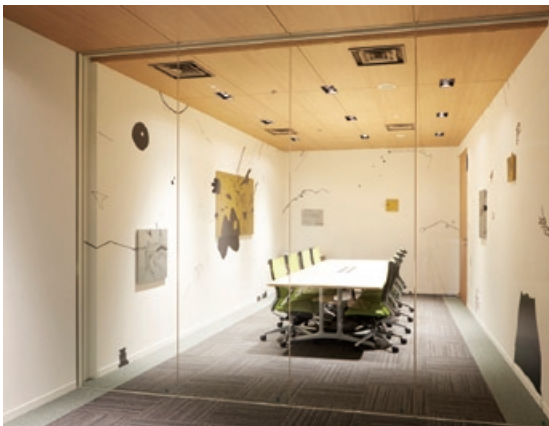
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About the Cover Page

ART IN THE OFFICE

This year's winning art



The Monex Group has been conducting the ART IN THE OFFICE program since 2008 as part of its social and cultural activities. In 2013, 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. Marie Nohara was selected from among 108 entries.

▶ Artwork Description P.19

Title: Work in progress
(acrylic color, vinyl chloride sheet, oil paint, cloth, wooden panel)

This is an English translation of Annual Report 2013 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.

Any party who wishes to actually purchase products, services, etc., handled by the Group Companies may be required to take necessary advance procedures designated by the relevant Group company including opening of an account, and to pay fees and/or expenses as designated by the relevant Group company. Each of the traded products may suffer a loss in the invested principal due to fluctuation of price and other factors. In addition, the investors may be required to pledge a designated amount of margin deposits upon conducting margin trading, futures and option transactions, foreign exchange margin trading or exchange equity index margin contracts. There is a risk that the investor may suffer losses exceeding the amount of margin deposits (initial investment) provided for such trading.

For more details concerning important matters such as the products and services offered by the Group Companies and the fees or risks associated with each product, please refer to the website of the relevant Group company.

We Will Continue to Provide World-Class Financial Services as a Full Service Online Financial Institution



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.

Business Principles

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

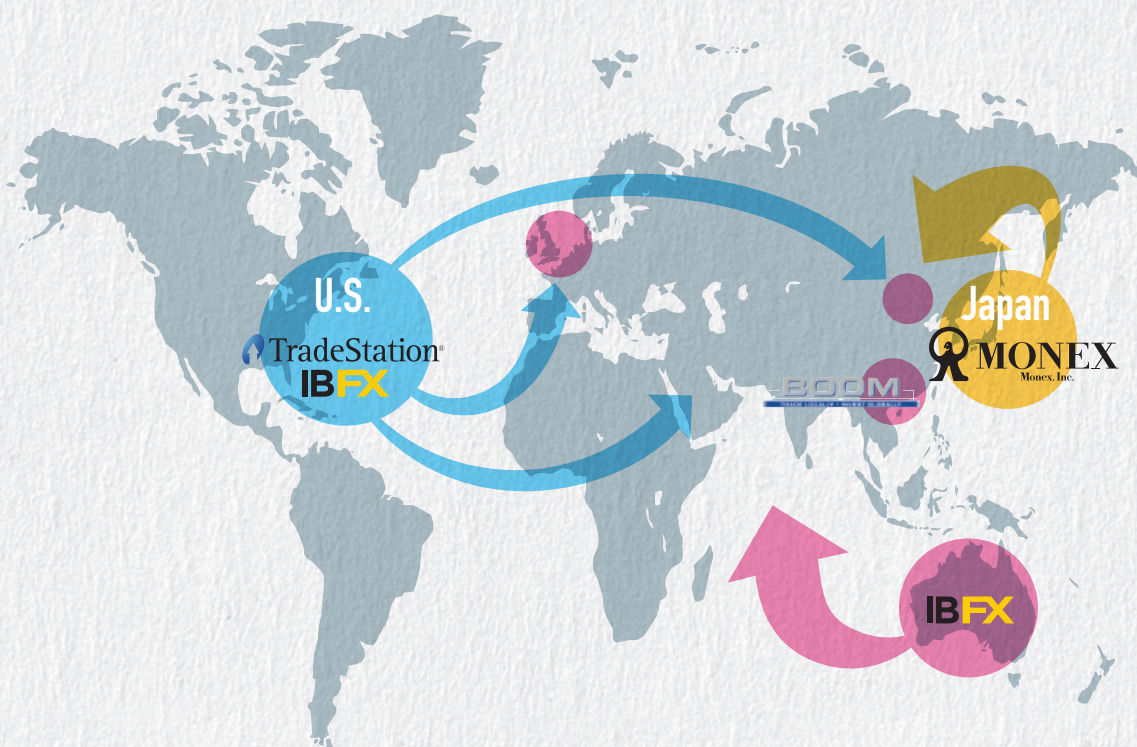
The Monex Group is aspiring to empower traders and investors worldwide with best of breed technology, education, service, and financial professionalism to provide access to top financial markets globally.

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

WHAT IS 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 active in foreign exchange (FX), M&A advisory services, and other business areas.



Main Business Sites

Monex, Inc. (Japan)

- Online securities brokerage firm for retail investors. Ground-breaking products and services for retail investors in Japan: Nighttime Trading Market for Japanese equities (2001), "Stock Lending Service" (2003), first online brokerage firm to be appointed a sole lead manager in an IPO (2005), trading of Chinese government bonds denominated in RMB (2011), largest number of U.S. equities offered with the longest trading hours and the lowest fees (2012)
- Number of active accounts: 867,835 (as of end of June 2013)
- Customer assets in custody: ¥2,982.8 billion (as of end of June 2013)

TradeStation Group, Inc. (United States and other countries)

- Online brokerage firm whose tools, developed in-house, enjoy strong support from active traders. Stocks, futures, options, and FX trading are accessible on a single platform, with extensive automated trading and back test functions.
- Number of active accounts: 88,973 (as of end of June 2013)
- Customer assets in custody: ¥316.1 billion (as of end of June 2013)

Monex Boom Securities (H.K.) Limited (China (Hong Kong))

- Oldest online brokerage firm for retail investors in the Asia-Pacific region, providing access to 15 markets in 12 countries and territories
- Number of accounts: 10,100 (as of end of June 2013)
- Customer assets in custody: ¥89.1 billion (as of end of June 2013)

Consolidated Financial Highlights

(Millions of Yen)

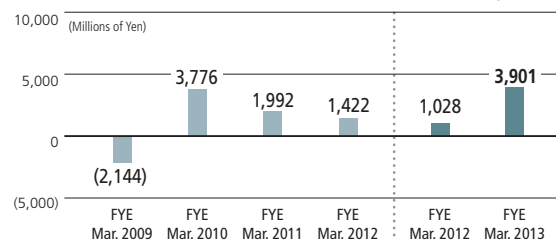
		FYE	FYE	FYE	FYE	FYE
		Mar. 2009	Mar. 2010	Mar. 2011	Mar. 2012	Mar. 2013
		JGAAP				IFRSs
Total operating revenue		24,812	22,499	25,227	32,292	30,569
Net income attributable to owners of Monex Group, Inc. *1	(2,144)	3,776	1,992	1,422	1,028	3,901
Total assets	*2	235,694	374,688	365,730	535,663	526,729
Equity attributable to owners of Monex Group, Inc. *3		40,066	66,310	71,025	72,459	75,558
EBITDA	*4	6,668	5,428	5,336	6,179	5,046
ROE	(%) *5	(5.0)	7.1	2.9	2.0	1.4
ROA	(%)	(0.8)	1.2	0.5	0.3	1.3
Equity attributable to owners of Monex Group, Inc. per share (yen) *6		17,235	22,139	22,154	24,093	25,213
Income attributable to owners of Monex Group, Inc. per share (yen) *7		(928)	1,527	647	467	338
Cash dividends per share (yen)		400	700	500	200	200
						410

The Company prepared consolidated financial statements in accordance with IFRSs (International Financial Reporting Standards) for the year ended March 31, 2013 and financial data for the year ended March 31, 2012 is also disclosed based on IFRSs. *1 "Net income" under JGAAP *2 "Total assets" under JGAAP *3 "Net assets" under JGAAP *4 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 *5 "Net income on owners' equity" under JGAAP *6 "Net assets per share" under JGAAP *7 "Net income per share" under JGAAP

■ Total operating revenue

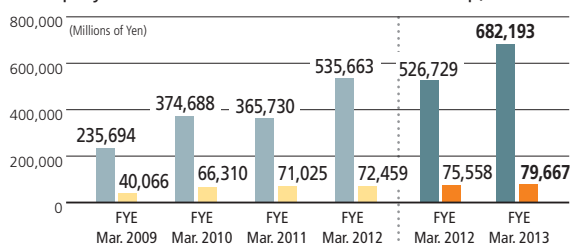


■ Net income attributable to owners of Monex Group, Inc.

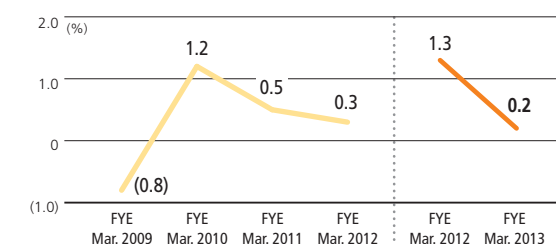


■ Total assets

■ Equity attributable to owners of Monex Group, Inc.

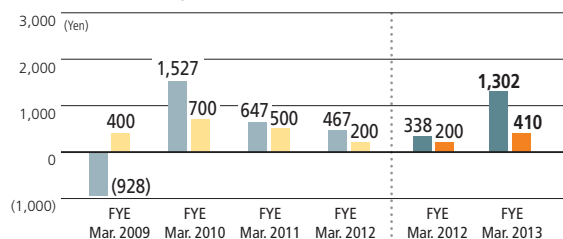


— ROA

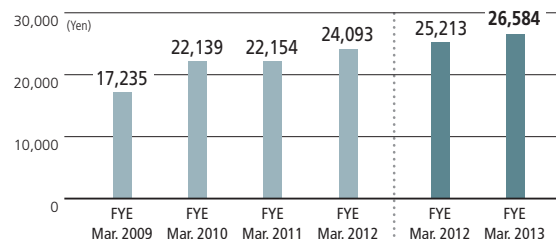


■ Income attributable to owners of Monex Group, Inc. per share

■ Cash dividends per share



■ Equity attributable to owners of Monex Group, Inc. per share



Letter to Shareholders and Investors

Engaged in creating new value, based on our “Global Vision” medium- to long-term strategy

Japan's stock market has, by and large, followed a course of steady recovery since the inauguration of the Abe administration in December 2012. Given that one of our Group's major sources of revenue comes from the handling of Japanese shares, we too were able to achieve good operating results for the fiscal year ended March 2013. The various measures and preparations for the future that we steadily implemented over the past few years while the market remained sluggish have at last begun to bear fruit.

The Monex Group is currently implementing its “Global Vision” medium- to long-term management strategy, with the aim of becoming a truly global online financial group active on the world stage. Centered on collaboration with our subsidiaries, Monex, Inc. in Japan and TradeStation Group, Inc. (“TradeStation”) in the U.S., we will work to globally diversify our revenue base and build a global management structure, thereby providing all of our stakeholders with new value unique to Monex. Thank you for your continued support.



Oki Matsumoto

Representative Executive Officer, President & CEO
Monex Group, Inc.



Profile

- 1987 Joined Salomon Brothers Asia Limited
- 1990 Joined Goldman Sachs (Japan) Ltd.
- 1994 General Partner, the Goldman Sachs Group, L.P.
- 1999 to present President & CEO, Monex, Inc.
- 2004 to present President & CEO, Monex Beans Holdings, Inc. (Currently Monex Group, Inc.)
- 2008 External Director of Tokyo Stock Exchange Group, Inc., Tokyo Stock Exchange, Inc. and Shinsei Bank, Limited
- 2010 to present External Director of Kakaku.com, Inc.
- 2011 Representative Director, Chairman and CEO of Monex Group, Inc.
- 2013 Managing Director & Chairman, Representative Executive Officer, President & Chief Executive Officer of Monex Group, Inc.

Interview with the CEO

Q1: How do you analyze the recent dynamic movement of capital markets centered around Japan and the United States?

A1

Now that it has achieved qualitative change, I see the Japanese economy acting as a driver of global markets.

Up until about September 2012, the world economy had been veiled in a mood of stagnation, but from about that fall, economic recovery became more conspicuous, especially in Japan and the United States. Japan freed itself from the former acceptance of deflation, and turned sharply in the direction of creating a global standard of moderate inflation. Using cars as a metaphor, I think the magnitude of the qualitative change could be likened to changing from reverse into forward gear. Foreign exchange has also moved in the direction of a weaker yen based on expectations for inflation, and there are signs of increased volatility in FX markets, where the volume of FX trading has increased sharply. At the same time, the recovery of the real economy also became more of a certainty in the United States, where the stock price has begun to go up as an indicator. The qualitative

change in the Japanese economy and the popular support for it mean that, even if there is some slight correction, the briskness of the stock market in Japan is unlikely to be short-lived. I believe that, for the next few years, Japan will drive the world's markets.

The Group has been united thus far in its efforts for Global Vision, its medium- to long-term management strategy. Given that the Japanese market is the main engine of our revenue and profit, the fact that it has rallied will have a positive effect on the Group, in that it will secure funding for promotion of the Global Vision. I believe that, by diversifying our sphere of business operations across the world, we will be able to minimize the risk of market fluctuations, even if the Japanese market grows sluggish again in the future.

Q2: Please explain the consolidated financial results for the fiscal year ended March 2013.

A2

The volume of stock and FX transactions rose sharply in the fourth quarter, while net income increased 257.2% from the previous fiscal year to ¥3.9 billion.

Looking at the consolidated financial results for the fiscal year ended March 2013, operating revenues increased 18.1% from the previous fiscal year to ¥36 billion while net income increased 257.2% to ¥3.9 billion. Particularly during the fourth quarter, the stock trading value, the volume of FX transactions and the number of new accounts opened in the Japan segment each grew significantly, almost doubling from the third quarter. Furthermore, following the changes to margin trading rules which came into effect in Japan in January 2013 allowing the same margin to be used any number of times for trading on the same day, the volume of margin trading increased.

The regional segment breakdown of operating revenues less financial expenses shows that Japan accounted for about 69%, the United States for about 30%, and China for about 1%. Although the proportion of the China segment is still quite minor, the stock brokerage commissions of Monex BOOM Securities group are showing signs of increasing, backed by the recovery of the Hong Kong stock market.

One of the merits of online financial institutions is that, because the rate of increase in operating costs relative to revenues can be kept low, as the market livens up and trading volume increases, almost all of the increase in revenue will benefit the bottom line. Especially now, as markets in Japan and the United States perk up, I view this as an opportunity for increasing the scale and activities of our business.

Interview with the CEO

Q3: How is the Global Vision progressing?

A3

We are proceeding to develop systems and tools in-house, drawing fully on the technologies of TradeStation in the United States.

▶ Progress of the Global Vision.....P.8 ▶ U.S. Equities Trading System.....P.10

In November 2012, Monex, Inc.—the core company of the Group—adopted the systems of its U.S. subsidiary, TradeStation, to completely overhaul its U.S. equities trading service, and increase the number of its tradable stocks to approximately 2,800. The trading tools developed by TradeStation are highly regarded among active traders in the U.S., and TradeStation is a leading U.S. online securities group, having been successively awarded No. 1 ratings in BARRON'S, one of the most authoritative financial media in the U.S. There has been no precedent of a top-class financial institution in the U.S. having developed trading tools for retail investors in Japan, and so I am proud that our achievement was a truly epoch-making event.

In May this year, we launched "MONEX INSIGHT," a new market information service that was jointly developed by TradeStation and Monex, Inc. for use in Japan. Developing

such a market information service in-house was very challenging. In addition to making constant improvements in order to realize the best service to satisfy our customers, we also plan to release more advanced U.S. equities trading tools as well as new foreign exchange tools. In conjunction with this, we also plan to push ahead with the in-house development of a trading system for Japanese equities.

Developing systems and processes in-house on a global level means we can take control of our own source of competitiveness. Although it is a significant exercise both in terms of profitability and differentiating ourselves from our competitors, this in itself will not earn the trust of customers. I recognize that it is essential that we promote two concurrent measures in order to improve customer satisfaction: enhancement of systems and tools, and enrichment of products and services.

Q4: What efforts have you undertaken to enhance management structure?

A4

We proceeded to globalize our management structure through the voluntary adoption of IFRSs and transition to a "company with committees."

▶ About IFRSs.....P.20 ▶ Corporate Governance.....P.14

It is accounting and governance that control how an enterprise is managed. In order to expand business globally, an enterprise must develop these two facets in accordance with global standards, and it must build a framework that is recognized throughout the world.

Consequently, we have conducted disclosure based on International Financial Reporting Standards (IFRSs), starting with the announcement of our financial results for the fiscal year ended March 2013. The transition to IFRSs helps facilitate global corporate activities, including M&A, and has resulted in us demonstrating greater accountability to all our shareholders and investors spread throughout the world and to all our stakeholders.

Meanwhile, with corporate governance, we are aiming to establish an organizational structure befitting a global corporation. As part of this, we received approval at the General Meeting of Shareholders in June 2013 for transition to a "company with committees," and accordingly established the three Nominating, Compensation and Audit committees, each of which must be comprised of a majority of outside directors. Becoming a company with committees has not only made the separation of executive and supervisory functions clearer, but has also made it possible to further streamline decision making through transfer of authority to executive officers.



Q5: Please explain your policy on shareholder return

A5 Stable dividend payments and increasing corporate value: I seek to maximize shareholder benefit through these two aspects.

I view returning profits to shareholders from two perspectives. First is shareholder return through dividend payments and share buybacks. Traditionally, our basic policy has been to provide shareholder return based on business performance while reserving the capital necessary for a growing company. The dividend policy for the fiscal year ended March 2013 was for a dividend payout ratio equal to 30% of Net income attributable to owners of Monex Group, Inc. or a dividend on equity (DOE, see Note) ratio of 1%, whichever is higher. Subsequent to this, in June 2013, the dividend policy was partially revised to set a dividend payout ratio of 50% or a DOE ratio of 1%, whichever is higher, with the aim of further improving shareholder return and enhancing shareholder value. This new dividend policy starts from the fiscal year ending March 2014. With regard to share buybacks, these are to be flexibly considered by management

while also taking our financial position into account.

The second policy for shareholder return is increase corporate value through steady promotion of the medium- to long-term strategy. In the past, even when the market environment in Japan was sluggish, the Group stayed focused on the future of finance, and made every effort to create new products and services and to develop a better investment environment for retail investors. Now, we continue to evolve into an online financial group in possession of a global management structure, a global customer base and global products and services. With the Group united in forging ahead with our "Global Vision" medium- to long-term strategy, I hope to reward the support shown by our shareholders by continuously raising our corporate value.

Note: "Equity" means the sum of capital stock, capital surplus, treasury stock and retained earnings.

Q6: In conclusion, do you have a message for the readers?

A6 We will continue to take on challenges in uncharted fields as a global online financial group.

The fiscal year ended March 2013 produced an unusually large number of achievements. For instance, the early application of IFRSs at the Monex Group, reinforcement of the business tie-up with Sony Bank, Inc. through the merger between Monex, Inc. and Sony Bank Securities, Inc., renewal of the U.S. equity trading service at Monex, Inc., and increased profitability by integrating the FX liquidity pool at our U.S. subsidiary, TradeStation. Each and every one of the various initiatives undertaken during the current fiscal year forms the foundations for the Group to leap forward as a global online financial group.

Since its foundation in 1999, the Group has continued to take on challenges in unexplored fields, constantly tackling unprecedented management issues. We lead the industry in

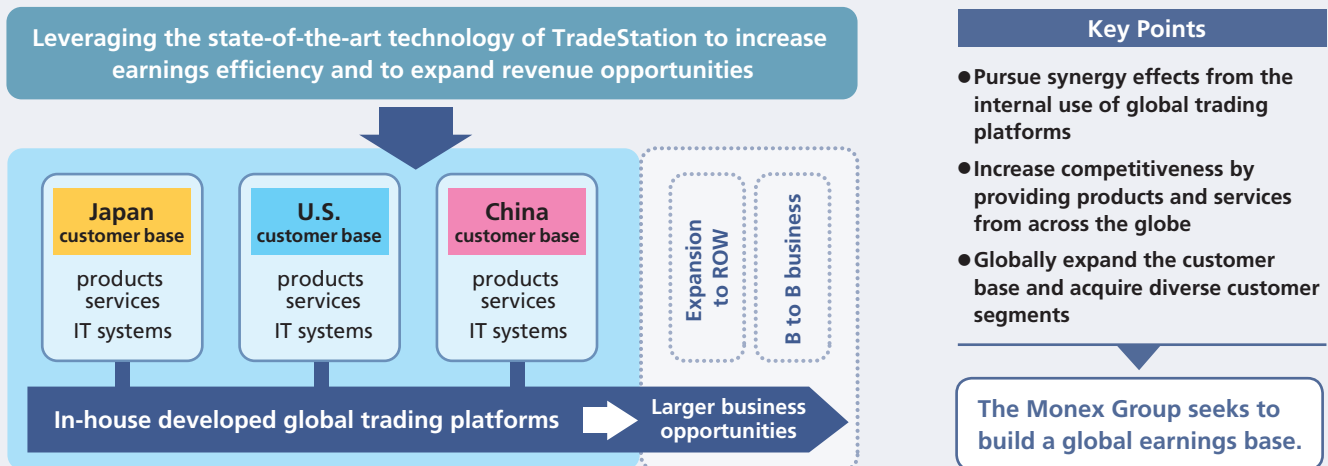
the area of global expansion. We are the only online securities group in the world to have a representative office in mainland China, and were the first to introduce the systems of a U.S. online financial institution to Japan. Taking on the unknown enables us to make new discoveries all the more because it entails challenges, and the learning effect and knowledge that is accumulated along the way have considerably enhanced our Group's competitiveness.

The Group has again made a good start to the fiscal year ending March 2014. Just as with the previous fiscal year, we will aggressively inject management resources into the promotion of the Global Vision, thereby spreading our own unique new value to all stakeholders. I hope the Monex Group will continue to engage your attention.

Our Global Vision is a medium- to long-term strategy that seeks to structure a competitive global online financial group.

In conjunction with the spread of the Internet, broadened markets and an increasing number of financial products accessible to retail investors, investment and asset management by retail investors has become more and more global. Monex Group's Global Vision is a strategy that seeks to increase profit ratio and revenue opportunities, by developing a global platform with cutting-edge financial IT technology and by providing retail investors with differentiated products and services taking advantage of the synergies of our Group offices. As a global online brokerage group with an unprecedented business structure, a stable profit structure and an established customer base, Monex will keep providing value to every stakeholder.

Concept "Global Vision"



Past Global Vision Achievements

The Monex Group acquired the Hong-Kong based BOOM Securities Group (now Monex BOOM Securities Group) in December 2010, making its entry into brokerage business in countries and regions other than Japan. In June 2011, we acquired TradeStation Group, Inc.—an online securities group that has gained considerable support from active traders in the United States—through a friendly takeover bid, thereby completing a tripolar global business structure with bases in Japan, the United States, and China.

After the acquisitions in the United States and Hong Kong, the Group adopted the Global Vision, our medium- to long-term strategy, and a roadmap that clearly lays out the

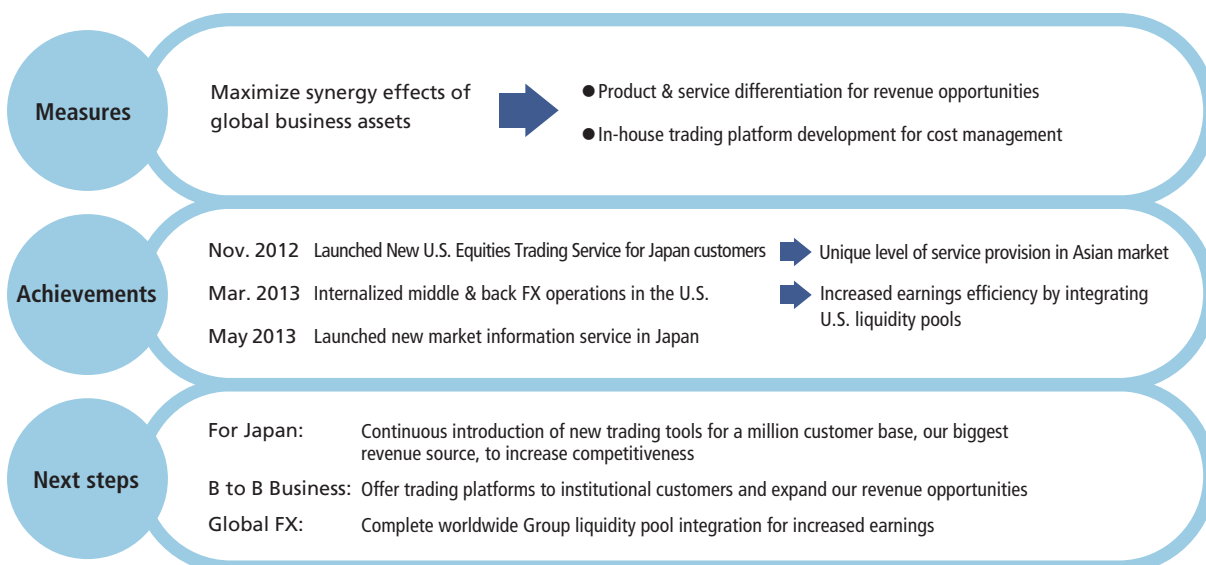
steps that will be taken to carry out the Global Vision, and launched specific initiatives for integrating systems and developing products and services. The first accomplishment was the release in Japan of a new U.S. equities trading service in November 2012. This service, which enables real-time trading of equities listed on the United States markets (approximately 2,800 equities), was created using an innovative trading platform developed through collaboration by TradeStation and the Monex Group. In May 2013, we launched MONEX INSIGHT, a new investor information service for use in Japan that was jointly developed by TradeStation and Monex, Inc.

Outlook for the Fiscal Year Ending March 2014

In the fiscal year ending March 2014, the Group will continue to steadily carry out the roadmap, which is a system and service development plan, taking measures to increase revenues and reduce fixed costs while globally expanding high-quality services to our Group offices and

additionally developing them as B to B business services. Monex, Inc. and TradeStation will continue their close collaboration to build a competitive business base, facilitate in-house system development and globally exploit and acquire new customer segments.

● Plan to achieve “Global Vision”— Roadmap



Message from Salomon Sredni, CEO of TradeStation

In-house development of competitive global trading platforms utilizing the award-winning technology of TradeStation is the key to achieve cost reduction under the Global Vision

Salomon Sredni

Managing Director (Member of the Board), Executive Officer & Chief Operation Officer, Monex Group, Inc. Chief Executive Officer and Director, TradeStation Group, Inc.




I am once again very pleased to have the opportunity to address you.

A year ago I wrote to you about our commitment to execute on our Global Vision. At that time the Global Vision was little more than a dream we all shared. Today, I am happy to report that we are operating as a true global firm and we have taken concrete steps to begin to make our vision a reality.

Our first step in this journey was to clear and execute the U.S.-markets business being conducted by our Hong Kong and Japan customers, and we began to do that in 2012. In addition, we currently have a program for our Japanese customers to trade the U.S. markets in Japan with a Japanese version of TradeStation. We started providing a brand new and superior market information service called “MONEX INSIGHT” in Japan in May 2013, and are in the process of finalizing the rollout of MetaTrader4 in Japan (a white label of our IBFX MT4 offering) (as of July 2013).

Much work is still left to do, but this year alone we hired over 100 new technology employees to continue to make our vision a reality. Continuing to expand our global footprint, our new Costa Rica office, which was built to recruit technical talent at competitive rates, already has over 30 employees.

At TradeStation, we have always led with award-winning and differentiated technology. Our ability now to export our brokerage technology success in the U.S. to the rest of the Monex Group companies, and to other companies around the globe, is very exciting and something we are hard at work on.

I believe that innovation and differentiation in technology will be the major catalyst of our growth, and what will set us apart – far apart – from our competitors in the online brokerage industry globally.

I look forward to continuing to share our progress as we forge ahead down this exciting road.



Roundtable Discussion

Monex, Inc.



TradeStation

Special Feature

Joint Development Project between Japan and the U.S.

New U.S. Equities Trading System

In autumn 2012, Monex Group teams in Japan and the U.S. joined forces to develop a state-of-the-art U.S. equities trading system for Japanese retail investors, opening up a new stage for overseas investment.

The number of tradable stocks dramatically increased from roughly 200 to about 2,800, bringing Japanese retail investors much closer to the U.S. stocks trading. Four of the players from the Japanese and U.S. teams who took leading roles in the promotion of this project spoke about their passion for developing the system.

Roundtable Discussion



Edward Morrow
Product Management,
TradeStation Securities, Inc.



Rei Kawachi
Global Systems Business
Division, Monex, Inc.



Andrew James
Product Management,
TradeStation Securities, Inc.



Hiroto Yamagishi
Sales Planning Division,
Monex, Inc.

The project started amid a mixture of hope and trepidation

Morrow I feel fortunate to have been able to participate in the joint development project from its inception all the way through to release. It was very exciting to be able to promote development with colleagues in Tokyo and to provide such system to Japanese retail investors.

Kawachi Because I had been involved in call center operations before I joined this project, I knew nothing about systems development and was anxious about how helpful I would be. At the same time, it was invigorating because I had the important role of reflecting the customers' points of view in development as much as possible.

James At the start of the project, the U.S. team had just begun pre-development of a web app for our U.S. customer base. Even so, since information on the joint development for a Japanese customer base was able to be shared early on, we were able to proceed with development efficiently on the basis of a common program that could be used for either development project.

Yamagishi My roles in the project were in usability testing and overall promotion. Under the agile development approach* adopted by TradeStation, we completed improvements to screens and building of the demo trading site in a short period of time checking as we went, including by actually running the system in a development environment.



On the promotion side of things, we had to be particularly mindful that the system being developed would also be a “replacement,” which means the existing trading system will be completely replaced. We mapped out promotion while simultaneously weighing up both consideration for existing users accustomed to the existing display and promotion of the merits to new users.

Pursuit of a common vision, beyond differences in language and culture

Kawachi The time difference was a big problem in the collaboration project. Sometimes we would hold a meeting at 11 o’clock at night, then do some joint testing, and then hold another meeting at 2 o’clock in the morning. The dissimilar ways of thinking between Japan and the U.S. also brought a shouting match for most of the meeting time. But by confronting each other on the level, I reckon we were able to promote stronger bonds and progress on developing the tool.

Morrow In addition to differences in time zones and language, there were also differences in development style. TradeStation follows an agile development approach,* whereas Monex follows a waterfall development approach.* After persistent efforts from both teams though, we were able to limit the impacts arising from the differences of our style. In the end, I think we were able to learn how to overcome linguistic and cultural differences and make progress towards common goals.

James I also feel that the biggest challenge in this project was reconciling the differences in our approach toward development. Another area where Japanese and U.S. understanding needed to be brought into harmony was our awareness of compliance. Since laws and regulations in Japan and the U.S. differ, we promoted development with the utmost care.

Giving the world’s largest market a more familiar presence

Yamagishi It used to be that retail investors in Japan were not very familiar with U.S. stocks. But in this project, having prepared a trading environment that no other brokerage firm has, it is expected that the appeal of these stocks will rapidly permeate among them. The U.S. capital market is the world’s largest market drawing global blue-chip companies together. Accordingly, it is likely that U.S. equities investment will become an indispensable means of asset management for Japanese investors in the future.

Morrow Our U.S. equities trading system has many features, not least of which is the new web trading

application. The system has enabled trading in pre- and post-market sessions and has dramatically increased the number of tradable stocks from roughly 200 to about 2,800.

Kawachi Since the transactions are for U.S. equities, some people might think that the threshold is too high for them. However, the system is extremely easy to use. Everything can be done on one screen, and we have designed it meticulously so that users will become more aware of the richness of function and extent of scalability as they get more used to it.

James We also plan to add more features to the system. Possibilities include a function for Bid and Asked ordering, indicator alerts, investment strategy automation and links with social media. Customers in Japan should keep an eye on future developments.

*The agile development approach is a flexible development approach able to cope with environmental changes, etc., by proceeding with checks repeatedly carried out over short periods of time. In contrast, with the waterfall development approach, each process is followed step-by-step based on a clear development schedule and specifications.

Supporting smooth communication between Japan and the U.S.

I was stationed in the U.S., serving as an intermediary between Monex, Inc. and TradeStation. After the release of the U.S. equity trading system, now I look back and think that the most important thing in collaborating with overseas companies is communication, that is, making efforts for mutual understanding and mutual concessions. Differences in business practices, culture, language and time zones meant that there was some pent-up frustration on both sides at times, but we overcame this challenging phase by consciously remembering to see things from both perspectives. I believe that the joint development was a success because the teams in Japan and the U.S. united as one in pursuing the same direction and the same goals on the basis of our Global Vision.



Eri Hosaka
Global Systems Business Division
Monex, Inc.

Performance Review

Monex Group companies implemented a variety of measures aimed at maximizing shareholder value and achieving sustained growth. Here we present a performance review of the Group's three main companies: the core company Monex, Inc.; the U.S.-based TradeStation, which has strong technological capabilities; and the Hong Kong company Monex BOOM Group. (As of June 30, 2013)

Monex, Inc.

Monex, Inc. is the online securities company at the core of the Monex Group.

Since its establishment in 1999, the company has offered a broad lineup of innovative investment products and services, and has provided education on investment based on the concept of "providing the same kinds of products and services to individual investors as are provided to institutional investors." By doing this, Monex, Inc. has provided support for individual investors as they build their assets. The company has developed many unique products and services, such as the Kaburobo Fund, which is operated by an automated stock trading program.



<http://www.monex.co.jp/>

QUICK REVIEW

"Abenomics" and money market relaxation by the Bank of Japan, backed up the booming market, gave a big boost to trades by retail investors and increased the number of online/offline seminar participants

Achievements

Apr. 2012–
Mar. 2013

- Reinforced business tie-up with Sony Bank / Started real-time money transfer service
- Renewed U.S. equities trading platform
- Merged with Sony Bank Securities, Inc.
- Adapted to deregulated deposit rule for margin trading
- "Customer Appreciation Day" event attracted 1,810 participants
- Started accepting applicants for "Monex Signal for U.S. Equities" trial use
- Started preparatory service for "Japan ISA (Individual Savings Account, called NISA)" (new tax policy for retail investors)
- 4 straight nights of webinars on Japan equities attracted a total of 12,000 investors

Apr.–Jun.
2013

- Customer assets in custody exceeded 3 trillion yen (April 30 and May 31, 2013)
- Set a new record for the average number of trades per business day (May 2013, 224,690)
- 28.0 billion yen recorded as the highest monthly sales value for a mutual fund (May 2013)
- Started offering "Monex Signal for Futures" service
- Started offering new market information service "MONEX INSIGHT"



TradeStation Group, Inc.

TradeStation, an online securities group with advanced technology development capabilities based in Florida in the United States, joined the Monex Group in June 2011. With a fee structure that is competitive even within the industry, the company is highly appreciated by active traders for its advanced trading and analysis tools that it developed in-house.

In November 2011, TradeStation acquired the U.S. forex company IBFX, Inc.



»»» QUICK REVIEW

- DARTs (Daily Average Revenue Trades) changed its trend to pick up slowly though low volatility and interest rates in the U.S. market continued
- Newly hired more than 100 IT engineers during FYE March 2013, enhancing development capability to realize "Global Vision"

Achievements

Apr. 2012–
Mar. 2013

- Started clearing and settlement service on U.S. equities trades for Monex Boom Group
- Opened software development center in Costa Rica
- Launched new U.S. equities trading platform and service for Monex, Inc. (Japan)
- Received Barron's Magazine #1 ratings – won "Best for Frequent Traders," "Best Trading Experience and Technology" and given highest star rating for "International Traders"

Apr.–Jun.
2013

- Started offering new trading app for iPad
- Started offering new market information service "MONEX INSIGHT" for Monex, Inc. (Japan)

Monex BOOM Group

Monex BOOM Group is the Monex Group's operational base for its securities business in Hong Kong, where it was established in 1997 as the first online securities brokerage firm in the Asia-Pacific region. The company handles stocks from 12 countries and regions and offers convenient international investment services including the ability to perform settlement in six major currencies under a single account.

»»» QUICK REVIEW

Trading volume and commission revenue of Monex Boom Securities (H.K.) increased as Hong Kong stock market revived



<http://home.boom.com.hk/>

Achievements

Apr. 2012–
Mar. 2013

- Switched U.S. equities service connection to TradeStation (U.S.)
- Launched Premier Multi-market Watchlist service
- Upgraded order entry interface
- Initiated a white-label project for providing Boom's trading system to a bank

Corporate Governance

Approach to Corporate Governance

The Company is aiming 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 fulfill our Global Vision, which is our mid/long-term strategy for achieving this, we have organized our Board of Directors and business execution divisions with a lineup of personnel having global perspectives and the necessary expertise. Also for the purpose of hearing a wide variety of opinions, we actively promote highly fair and transparent disclosure practices. Through such structures, we have built a system of corporate governance capable of obtaining balanced opinions from multiple perspectives.

Transition to a Company with Committees

On June 22, 2013, the Company transitioned to a "company with committees." Through this transition, not only will the separation of executive and supervisory functions become clearer, but by establishing the three Nominating, Compensation and Audit committees, each of which must be comprised of a majority of outside directors, we aim to ensure the transparency and fairness of management and to further enhance the effectiveness of corporate governance. Furthermore, under the provisions of the Companies Act, given that a considerable transfer of authority from the Board of Directors to executive officers is permitted in a company with committees, it should now be possible to respond quickly to any changes in the business environment.

Board of Directors

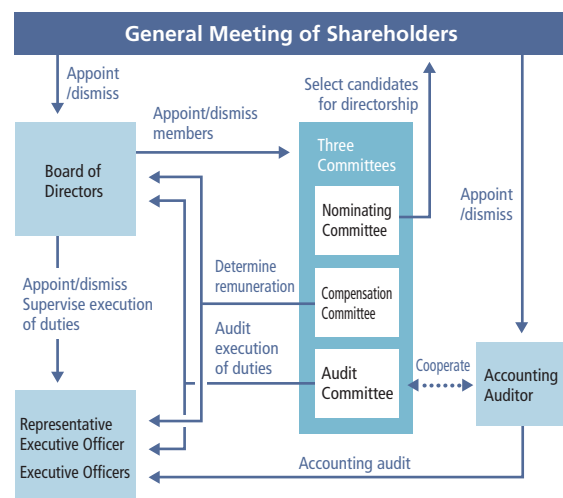
The Board of Directors is composed of ten directors (including five outside directors). In addition to making decisions with respect to matters prescribed by laws and regulations, basic management policies and important management matters, the Board of Directors also supervises the performance of duties by executive officers. Outside directors, in particular, exercise a supervisory function from a position of independence, giving even more strength and effectiveness to corporate governance.

Nominating, Compensation and Audit Committees

- The Nominating Committee is composed of three directors (including two outside directors). It determines the content of proposals submitted at General Meetings of Shareholders regarding the selection of candidates for directorship.
- The Compensation Committee is composed of three directors (including two outside directors). It makes

decisions on the individual remuneration of directors and executive officers and related matters.

- The Audit Committee is composed of three directors (including two outside directors). In addition to auditing the performance of duties by directors and executive officers, it also cooperates with the Accounting Auditor in proposing audit policies and plans.



Proactive Disclosure

The Company regards disclosure as extremely important, not only for building relationships with stakeholders and the market, but also for corporate governance, as an internal and external checking function for substantive management and business execution.

Disclosure of Business Results

The Company attaches great importance to the detailed disclosure of business results, and so discloses operating revenues and financial expenses on a monthly basis. Proactive disclosure is also being promoted at our

subsidiaries, such as the disclosure of the number of active accounts and transaction-related matters at Monex, Inc., and the monthly disclosure of DARTs (daily average revenue trades) and customer assets at TradeStation Group, Inc.

Ongoing Disclosure and Declaration of Management Perception and Views on the Present State of Business

Within the Company, Monex Group, Inc. shares the perception and views of management regarding the present state of business on an active and ongoing basis by holding meetings for all Group employees and by issuing internal circulars on the Q&A session held during the external briefing following the disclosure of quarterly financial results. The perceptions and opinions of Oki Matsumoto, the Representative Director, President and CEO of Monex, Inc. have also been posted without fail in every Monex Mail (an email magazine published every business day) ever since the first issue was distributed in August 1999.

Communication with Shareholders and Investors

● Invigoration of General Shareholders' Meetings

The Company holds the Annual General Meeting of Shareholders on a Saturday to facilitate attendance by

retail shareholders. In addition, the convocation notice for the General Meeting of Shareholders is mailed out and posted on our website three weeks prior to the event to encourage investors to exercise their voting rights. We have also adopted an electronic voting website to allow shareholders to vote via the Internet or mobile phone and have adopted an electronic voting platform for institutional investors which is operated by ICJ, Inc., a joint venture formed between Tokyo Stock Exchange, Inc. and other companies.

● Proactive IR Activities

On the day when our quarterly financial results are announced, or on the next business day, we hold a meeting to explain the results to retail investors. Telephone conferences for institutional investors are conducted in Japanese and English on the day of the announcement. We also visit Europe and the United States twice or so a year to hold successive meetings directly with overseas institutional investors. At all of these meetings, the Company's Representative Executive Officer and CEO delivers the briefing and answers questions directly. We also actively participate in conferences convened by securities companies and work to create a wide range of opportunities to explain our business strategies.

Message to Stakeholders from an Outside Director



Jun Makiyara
Independent Outside Director

I have a confession to make. I enjoy being an outside director of Monex Group. I am an outside director of three publicly listed companies, but I enjoy Monex the most. As a stakeholder, you might question whether my "enjoyment" is relevant. It may even be a negative if my "having fun" clouds my judgment as an "overseer" of the Company.

But here is the reason I enjoy my association with Monex. It is a young company. It is growing. It is ambitious. One has only to read Monex's "Strategic Roadmap" to realize that if this company executes its strategy correctly, it could be much, much larger than it is today. And so I enjoy the dynamic dialogue we have at the board, discussing and debating the strategy and tactics involved in implementing this roadmap.

The strategy involves domestic and overseas acquisitions, building new businesses restructuring existing businesses, and dealing with regulators, and additionally requires managing an evolving, diverse,

workforce. These are all areas in which the outside directors have specific expertise. In this sense, the Company has chosen the makeup of its board well.

A criticism one hears in Japan of the practice of having outside directors is that they cannot hope to understand a company as well as the management. In Monex's case, though, as it grows into new businesses and new regions, the outside directors may well have more expertise than existing management.

The other part of a dynamic dialogue is, of course, that management listens. It takes full advantage of the expertise of the outside directors. There have been many instances where a board discussion has resulted in a change in what the Company was planning to do. In this sense, the Company makes full use of its board. We are not a "decorative" board.

So in closing, I would like to thank the stakeholders for allowing me to have so much fun. And I hope that I can continue to have fun at Monex.

Directors & Management

Board of Directors

Oki Matsumoto
Managing Director & Chairman



After graduating from the University of Tokyo's Faculty of Law in 1987, Oki Matsumoto joined Salomon Brothers Asia Limited in 1987, and Goldman Sachs Japan Co., Ltd. in 1990, where he became a General Partner. In April 1999, Matsumoto jointly established (the former) Monex, Inc. with Sony Corporation. Monex, Inc. integrated its management with Nikko Beans, Inc. in August 2004, forming Monex Beans Holdings, Inc. (currently Monex Group, Inc.), of which Matsumoto was the Representative Director, President and CEO. Matsumoto became the Representative Director, Chairman and President in February 2011, and assumed his current position in June 2013. Matsumoto also currently serves as an Outside Director at Kakaku.com, Inc.

Shoji Kuwashima
Managing Director & Vice Chairman



Graduated from the Faculty of Engineering at Tokyo Institute of Technology in 1977. Shoji Kuwashima joined Nikko Securities Co., Ltd. in 1977, and was appointed as an Executive Officer in June 1999. Kuwashima became a Director of Nikko Cordial Corporation (currently Citigroup Japan Holdings Corp.) in October 2001, and directed the group's technology department. He was appointed to the position of Representative Director, President and CEO in December 2006, and subsequently to the post of Co-Chairman in January 2008, before retiring as Director in December 2008. Kuwashima participated in Monex's management as an Outside Director from June to December 2006, and was appointed Managing Director in June, 2009. He became Vice Chairman in February 2011, and then his current position as Vice Chairman & CQO* in June 2013.

*CQO = Chief Quality Officer

Takashi Oyagi
Managing Director



After graduating from the University of Tokyo's Faculty of Law and joining the Bank of Japan in 1991, Takashi Oyagi obtained an MBA from the University of Chicago's Graduate School of Business. After working with Goldman Sachs (Japan) Ltd., Oyagi joined (the former) Monex, Inc. as a founding member in 1999. Oyagi joined Deutsche Bank Securities, Inc. in 2004. He later assumed the position of CEO and President of MBH America, Inc., a U.S. subsidiary of Monex Group, Inc. established in August 2007. He was appointed as Executive Director of Monex Group, Inc. in July 2009 and was responsible for business development in China and Hong Kong. He was appointed to the position of CSO* in February 2011, and became a Managing Director in June 2011. He assumed his current position as Managing Director & CSO in June 2013. Oyagi also currently serves as CSO for TradeStation Group, Inc.

*CSO = Chief Strategic Officer

Salomon Sredni
Managing Director



Salomon Sredni graduated from Pennsylvania State University and joined Arthur Andersen LLP, an international accounting firm, in 1988. He joined IVAX Corporation, a publicly-held pharmaceutical company, in 1994 as Vice President of Accounting and Corporate Controller. In December 1996, Sredni joined TradeStation Group, Inc. as its Chief Financial Officer (CFO), and was named Treasurer and a Director of the company in July 1997. He was named President and Chief Operating Officer (COO) in September 1999, and became Chief Executive Officer and President in February 2007, a post he has held since. Sredni is a member of the American Institute of Certified Public Accountants (AICPA) and the Florida Institute of Certified Public Accountants (FICPA). At Monex Group, Inc., Sredni became COO in November 2011, and Managing Director in June 2012. He assumed his current position as Managing Director & COO in June 2013.

Masakazu Sasaki
Director

Certified Public Accountant (CPA)
Sasaki C.P.A. Office

Obtained his postgraduate degree at Yokohama National University's Graduate School of Business Administration in 1988. After working for Asahi Shinwa & Co. (currently KPMG AZSA LLC), Masakazu Sasaki established Sasaki C.P.A. Office August 1997. He was appointed as a member of the Board of Auditors of (the former) Monex, Inc. in April 1999. Sasaki was later appointed as a Director of the Company at the time of its establishment in August 2004. He was appointed a member of the Board of Auditors at Monex Group, Inc. in June 2009, and assumed his current position in June 2013.

Takeshi Tamaki

Outside & Independent Director

After graduating from the University of Tokyo's Faculty of Economics in 1964, Takeshi Tamaki joined the Bank of Tokyo (currently The Bank of Tokyo-Mitsubishi UFJ) in 1964. After serving as Deputy Director of the Sales Department at the Head Office and Head of the Yaesudori Branch, Tamaki was promoted to Director in June 1993. He was appointed Managing Director in January 1996. In 1997, Tamaki became the Senior Managing Director of BOT Lease Co., Ltd., and subsequently assumed positions as Executive Deputy President and Full-Time Corporate Auditor of the company. He was appointed as a member of the Board of Auditors at Monex Group, Inc. in June 2007, and became the Statutory Auditor in June 2009. Tamaki assumed his current position in June 2013.

Jun Makihara

Outside & Independent Director

Chairman Neoteny Co., Ltd.

Jun Makihara obtained an MBA from Harvard Business School and then joined Goldman Sachs Co., Ltd. in 1981, and was named a General Partner of Goldman, Sachs & Co. in December 1992. He was Co-head of Investment Banking, and then Co-branch Manager and Co-head of Equity Business at the Tokyo Branch before appointment as Chairman of Neoteny Co., Ltd. in July 2000. Makihara assumed his current position at Monex Group, Inc. in June 2006 and also currently serves as an Outside Director for RHJ International and Shinsei Bank, Limited.

Kaoru Hayashi

Outside & Independent Director

Representative Director, President and Group CEO
Digital Garage, Inc.

After graduation from university, Kaoru Hayashi established From Garage, Inc. in 1983. In August 1995, inheriting the philosophy of From Garage, he established Digital Garage, Inc. and became Representative Director and President. Hayashi has held the position of Representative Director, President and Group CEO since November 2004. He assumed his current position at Monex Group, Inc. in June 2012. Hayashi also currently serves as Chairman of the Board at Kakaku.com, Inc., Representative Director and President of CGM Marketing, Inc., Representative Director and Chairman of the Board at DG Incubation, Inc., Representative Director and Chairman at Open Network Lab, Inc., and Representative Director and Chairman of the Board at VeriTrans Inc.

Nobuyuki Idei

Outside & Independent Director

Representative Director, Founder and CEO
Quantum Leaps Corporation

After graduation from Waseda University's First School of Political Science and Economics in 1960, Nobuyuki Idei joined Sony Corporation in 1960. He was appointed as President and Representative Director in June 1995, Chairman and Representative Director in June 2000, and Chairman and Representative Executive Officer in June 2003. In April 2006, Idei was appointed to his current position of Representative Director of Quantum Leaps Corporation. He assumed his current position at Monex Group, Inc. in June 2013. Idei also currently serves as a Director of Accenture plc, Representative Director of I-Concept, Inc., a Director of Baidu, Inc., FreeBit Co., Ltd. and Lenovo Group Limited, and President of Asia Innovators' Initiative (All).

Koji Kotaka

Outside & Independent Director

Attorney at Law, Koji Kotaka Law Office

Koji Kotaka graduated from Keio University Faculty of Law in 1983 and registered as a lawyer in 1987, and joined the Sato and Tsuda Law Office. After graduating from the University of Chicago Law School, he joined Goldman Sachs Japan Co., Ltd. in 1990, and was appointed Managing Director in November 1998. Kotaka then joined Nishimura & Asahi Law Office in November 2009, before establishing the Koji Kotaka Law Office in January 2011. He assumed his current position at Monex Group, Inc. in June 2013. Kotaka also currently serves as Representative Director of R&K Company.

Three Committees

Nominating Committee

●Chairman

Nobuyuki Idei

Outside & Independent Director

●Member

Jun Makihara

Outside & Independent Director

●Member

Oki Matsumoto

Managing Director & Chairman of the Board of Directors,
Representative Executive Officer, President & Chief Executive Officer

Compensation Committee

●Chairman

Jun Makihara

Outside & Independent Director

●Member

Nobuyuki Idei

Outside & Independent Director

●Member

Oki Matsumoto

Managing Director & Chairman of the Board of Directors,
Representative Executive Officer, President & Chief Executive Officer

Audit Committee

●Chairman

Takeshi Tamaki

Outside & Independent Director

●Member

Koji Kotaka

Outside & Independent Director

●Member

Masakazu Sasaki

Director

Executive Officers

Oki Matsumoto

Representative Executive Officer, President & Chief Executive Officer

Masaki Ueda

Executive Officer & Chief Financial Officer

Shoji Kuwashima

Executive Officer & Chief Quality Officer

Salomon Sredni

Executive Officer & Chief Operating Officer

Hisashi Tanaami

Executive Officer & Chief Administrative Officer

Takashi Oyagi

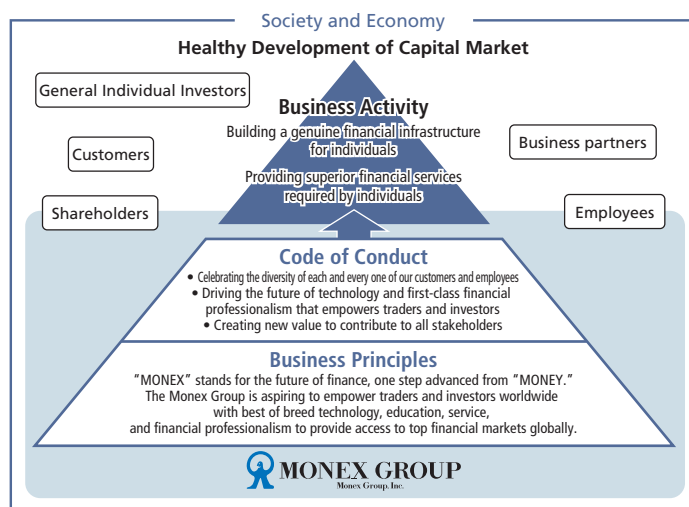
Executive Officer & Chief Strategic Officer

Corporate Social Responsibility at the Monex Group

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.



Introduction to a selection of the Group's highly original initiatives

1 Initiatives for the Healthy Development of Capital Markets

Offering financial products and services to individual investors at the same levels available to institutional investors

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

● U.S. equities trading service

In November 2012, Monex, Inc. achieved the highest number of tradable U.S. equities in Japan (approximately 2,800 issues), the lowest level of commissions and the longest trading hours (including pre/post-sessions) by using a platform developed in-house by TradeStation in the U.S.

In addition, Monex, Inc. offers financial products and services to individual investors ahead of its competitors in Japan, such as a stock lending service, origination of its own alternative mutual funds plus smaller investment units, and RMB-denominated products and services.

Investment education

The Group has made a concerted effort 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. It offers a wide range of offline and online seminars to its customers and to the general public.

2 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, as part of which one such artist is selected from an open application and provided with the opportunity to exhibit their works in the Group's press conference room.

Community contribution

In the U.S., TradeStation runs a program called "TradeStation Cares," providing a way for its employees to give to the communities they live in. Two of the programs it sponsors every year are the School Tools for Cool Kids Program and the Thanksgiving Food Drive. Over the past few years, the program has also held fund-raising events to support areas affected by the typhoons and tsunami in Japan, the Haiti Earthquake and Hurricane Sandy.



3 Relationships with Stakeholders

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 hear feedback directly from customers. As of June 2013, the Orientation Committee had met 52 times. Many of the ideas expressed at the meetings have been used to improve our products and services.

Creating a good working environment

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. All female employees who have taken maternity leave thus far have returned.

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

Artwork Description



ART IN THE OFFICE

This year's winning art

Title:
Work in progress

"Work in progress" was produced based on the ideas Ms. Nohara got from her images of Monex that she felt during the two weeks she worked on the piece at the office. All of the motifs that project outside the frame were produced based on employees' own images of Monex and on the shape of objects found in the company. Transcending the frame and spreading freely without restraint fits with the Monex Group's corporate image of expanding business globally.

Artist Profile

Marie Nohara



Ms. Nohara was born in Osaka Prefecture in 1987. In 2012, she studied as an exchange student at the Royal College of Art in London before earning a Master of Fine Arts in oil painting from the Kyoto City University of Arts. Ms. Nohara was awarded the French Embassy Prize and the Audience Prize at the art award tokyo marunouchi (a.a.t.m.) 2013 exhibition, and was selected for the young artists and curators support program 1floor 2013. Ms. Nohara meticulously dismantles the imprecise process employed when painting in oil colors, and while using the will of others and fortuity, attempts to paint pictures by overlaying her own personal rules on the process. By accepting the unpredictability that occurs when the artist excludes as much of her own volition as possible, Ms. Nohara creates while questioning the artist's volition and the definition of an artwork.

Financial Information

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Masaki Ueda
Monex Group, Inc.
Executive Officer and CFO

22 Data

Market information ■ Retail investor trading value on the 3 stock exchanges
■ Nikkei stock average (closing price at the end of month)
■ Monthly OTC FX
■ Dollar-yen exchange rate

Monex, Inc. Number of active accounts / Customer assets in custody
Number of equity trades / Monthly value of equity trades

TradeStation group Number of DARTs / Customer assets in custody

Global data Trading value of Global FX

About IFRSs (International Financial Reporting Standards)

Consolidated financial statements for the year ended March 31, 2013 in accordance with IFRSs (International Financial Reporting Standards)

The Group engages in business activities with a focus on the three major locations of Japan, the U.S. and China for the establishment of a global financial group providing an online service based on the medium- to long-term strategy "Global Vision." The Group voluntary adopted IFRSs to improve the international comparability of financial information.

Comparison of consolidated statement of income under IFRSs with JGAAP for the year ended March 31, 2013

Net income attributable to owners of the Company under IFRSs is ¥1,846 million less than net income under JGAAP for the year ended March 31, 2013.

Net income (JGAAP)	¥ 5,747 million
<hr/>	
Adjustment of goodwill amortization under IFRS	¥ 1,324 million
Impairment loss on goodwill	¥ (2,524) million
Reversal of financial instruments transactions reserve	¥ (209) million
Other	¥ (437) million
<hr/>	
Net income attributable to owners of the Company (IFRSs)	¥ 3,901 million

What is "Net income attributable to owners of the Company?"

"Net income" in the consolidated statement of income under IFRSs includes the portion of the individual net income of consolidated subsidiaries attributable to non-controlling interests (minority interests under JGAAP). "Net income attributable to owners of the Company" in the consolidated statement of income under IFRSs is equivalent to "Net income" under JGAAP.

Example from the Company

The Company's interest to Monex Hambrecht, Inc. is 84%. 100% of the net income of Monex Hambrecht, Inc. is recognized as consolidated net income. Net income after deducting 16% of the net income of Monex Hambrecht, Inc. is "Net income attributable to owners of the Company."

Comparison of the consolidated statement of financial position under IFRSs with JGAAP for the year ended March 31, 2013

"Total assets" under IFRSs is ¥11,031 million less than "Total assets" under JGAAP as of March 31, 2013.

Total assets (JGAAP)	¥ 693,224 million
<hr/>	
Offsetting of receivables and payables related to derivative transactions	¥ (9,880) million
Other	¥ (1,151) million
<hr/>	
Total assets (IFRSs)	¥ 682,193 million

What is "Consolidated statement of financial position?"

There is no difference between the consolidated statement of financial position under IFRSs and the consolidated balance sheet under JGAAP in that each shows the financial condition at the end of the fiscal period. Unlike those on the consolidated balance sheet under JGAAP, the account items on the consolidated statement of financial position under IFRSs are not clearly defined and therefore vary from company to company.

Management Analysis of Financial Condition and Performance Results



Masaki Ueda

Executive Officer & CFO
Monex Group, Inc.

We are working to establish a global financial and accounting control system, and to further strengthen our revenue base.

During the fiscal year ended March 2013, Monex Group, Inc. achieved an increase in income before income taxes of 162.3% compared to the previous fiscal year, and a significant increase in net income attributable to owners of Monex Group, Inc. of 279.3%. The Company has also further accelerated its efforts aimed at achieving sustainable growth and maximizing Group corporate value, such as the early application of International Financial Reporting Standards (IFRSs) and global diversification of the revenue base through promotion of the Global Vision. The CFO of Monex Group, Inc. spoke about the consolidated financial results and financial outcomes for the fiscal year, as well as about future financial strategies.

Q1 What is your view of the business environment in the fiscal year ended March 2013?

A1 Since the inauguration of the Abe administration in December 2012, the depreciation of the yen and the rise of stock market prices have occurred in parallel, and the sentiment of individual investors has gradually recovered. During the fiscal year ended March 2013, the average one-day trading value by individual investors on the Tokyo, Osaka and Nagoya stock exchanges increased 38% from the previous fiscal year. Similarly, the volume of FX trading in

Japan recorded significant growth of 28%. With respect to business in Japan, it could be said that there was a generally favorable business environment.

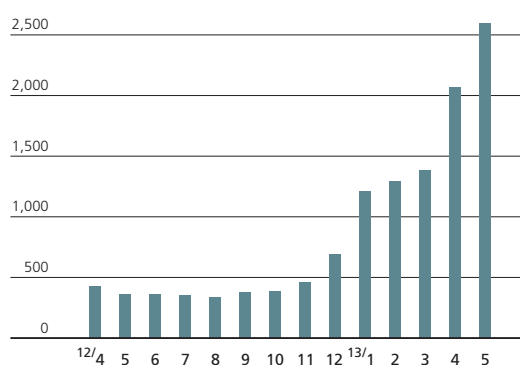
On the other hand, in the United States, the NYSE trading value in the fiscal year ended March 2013 decreased 23% compared to the previous period. The average VIX (volatility index) during the same period also fell significantly from the previous fiscal year to 16.62 points. As for the business results for TradeStation Group, Inc., whose major customer base is formed by active traders, because revenue tends to decrease as the VIX declines, our U.S. business found itself navigating through a tough environment.

Data (As of the end of May 2013)

Market information

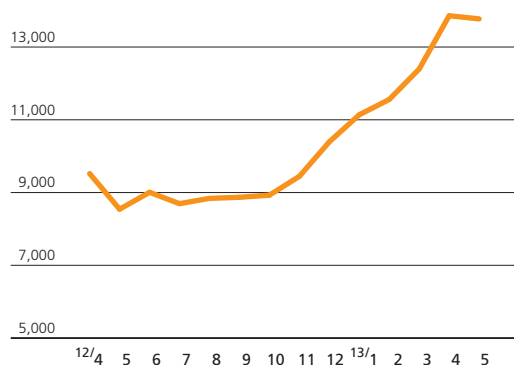
Retail investor trading value on the 3 stock exchanges

3 stock exchanges (Tokyo, Osaka and Nagoya) (Billions of Yen)



Nikkei stock average (closing price at the end of month)

(YEN)



Q2**Please explain the consolidated financial results for the fiscal year ended March 2013.****A2**

During the fiscal year ended March 2013, commission revenues from shares increased, and so consolidated operating revenues increased 18.1% from the previous fiscal year to ¥36,090 million. Furthermore, with other financial revenue increasing to ¥4,855 million and other revenue, such as the gain on negative goodwill associated with business combinations, increasing to ¥1,759 million, total revenue increased 36.2% from the previous fiscal year to ¥42,740 million. On the other hand, selling, general and administrative expenses also increased 16.5% from the previous fiscal year due to an increase in transaction-related expenses associated with an increase in equity transactions. Coupled with an impairment loss on goodwill recorded at the time of acquiring the U.S. subsidiary, total expenses increased 24.5% from the previous fiscal year to ¥35,742 million. As a result, income before income taxes increased 162.3% from the previous fiscal year to ¥6,998 million, and net income attributable to owners of Monex Group, Inc. less non-controlling interests increased 279.3% from the previous fiscal year to ¥3,901 million.

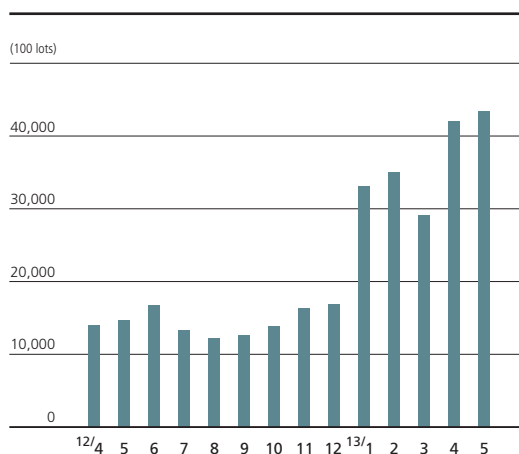
Previously, Monex Group, Inc. had built a structure, mainly through the reduction of costs, whereby it could ensure a high level of profit even if the market environment was sluggish. As a result of the success of these efforts, and boosted by the

tailwind of the market, our business results improved in a flash. However, the results by geographic segment show that, whereas the Japan segment achieved dramatic increases in income before income taxes, the U.S. segment (including Europe and Australia) recorded a segment loss (loss before income taxes) of ¥5,775 million, and the China segment recorded a segment loss (loss before income taxes) of ¥107 million. We recognize that increasing and stabilizing profits will be a future issue for the strategic U.S. and China segments.

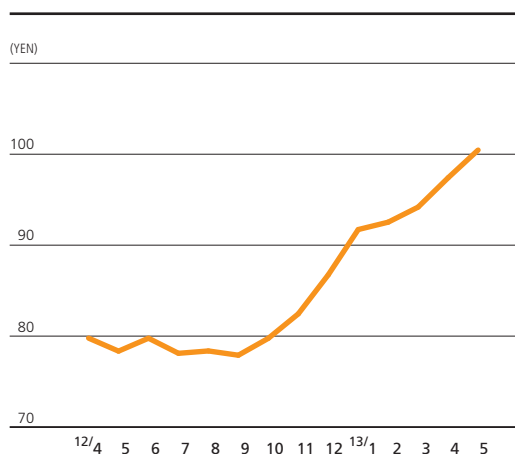
Q3**Apart from an improvement in business results, were there any other financial outcomes worth highlighting during the fiscal year ended March 2013?****A3**

The first finance-related outcome is our credit rating. In December 2012, the Japan Credit Rating Agency, Ltd. (JCR), one of Japan's leading rating agencies, announced a rating affirmation of BBB, which is indicative of investment grade. Although our performance at this time was sluggish in response to the stagnant conditions of the Japanese market, I perceive this rating as high acclaim of the Group's enhanced capital strength and good financial condition.

The second outcome is a reduction in assets. In March and April 2013, with the aim of increasing management efficiency and utilizing our asset holding effectively, we sold listed securities and

Monthly OTC FX

Source: The Financial Futures Association of Japan

Dollar-yen exchange rate

recorded gains on their sale of about ¥4.6 billion and ¥2.3 billion, respectively. The Group is currently pushing ahead with the in-house development of systems based on the Global Vision. In-house development requires the purchase of hardware and so on, and because our non-current assets may possibly increase in the future, we have been endeavoring to reduce our assets ahead of time.

The third outcome is our voluntary adoption of International Financial Reporting Standards (IFRSs).

Q4 What were the reasons behind the decision to adopt IFRSs?

A4 The Group conducts business on a global scale, primarily in Japan, the U.S. and China (Hong Kong). We believed that adopting IFRSs was absolutely vital for us to continue evolving as a global enterprise and wanted to adopt it as soon as practicable. To be exact, TradeStation Group, Inc. in the U.S. became a wholly owned subsidiary of Monex Group, Inc. in June 2011, and we determined that it would be a good idea to improve the international comparability of our financial information by applying IFRSs from the time we made this large acquisition. I believe that the effects of applying IFRSs will especially come to the fore in the future in conducting M&A of overseas enterprises and when communicating with overseas investors.

Q5 Is it true that cost-cutting efforts will be further accelerated?

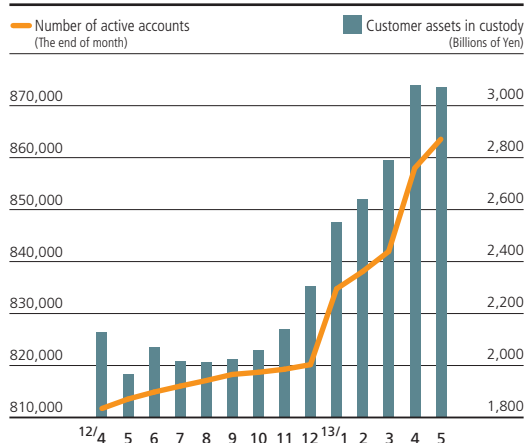
A5 The Group is currently rolling out its "Global Vision" medium- to long-term management strategy. One of the central measures for realizing our vision is the in-house development of systems, and by developing our own global platform drawing on the technological capabilities of TradeStation, our aim will be to enhance the competitiveness of our products and services and expand our new customers and customer assets in custody.

Developing systems in-house will also contribute greatly to reducing costs. Although there is a temporary increase in expenses during this transition phase as both the current system and the new system are operated concurrently, over the five years up to the fiscal year ending March 2018 our plan is to reduce fixed costs by ¥2.3 billion annually compared to the fiscal year ended March 2013.

Account administration for Monex, Inc. had previously been outsourced, but by bringing it back in-house, we reduced data processing and office supplies expenses (Japan segment) for the fiscal year ended March 2013 by 2.6%. In order to establish a corporate structure that can turn a sound profit even if the business environment deteriorates, reducing fixed costs is an extremely important activity. Going forward, we will maintain a policy of continuously striving to keep costs in check.

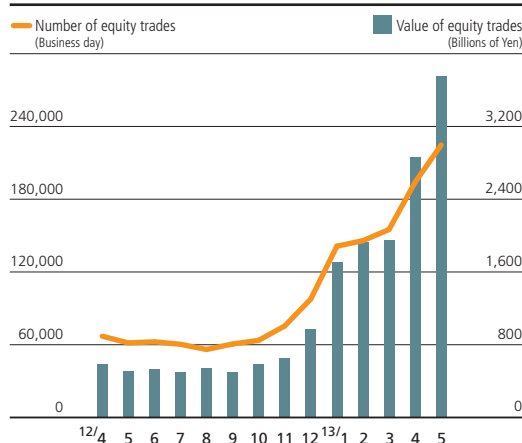
Monex, Inc.

Number of active accounts* / Customer assets in custody



*Active accounts are the accounts with balance or the accounts which have traded more than once (including withdrawal) in the past 1 year.

Number of equity trades / Monthly value of equity trades



Q6

Please explain about the financial indicators you emphasize and about your future financial strategies.

A6

I attach great importance to return on equity (ROE) as an indicator of how efficiently profit has been generated from the amount invested by shareholders. In addition to building a business model in which we do not hold excessive net assets (capital), we have been working to improve ROE by acquiring and retiring treasury stock as circumstances demand. As a result of having recorded an increase in profit for the fiscal year ended March 2013, in May 2013, we acquired and retired 120,000 shares of treasury stock. As a consequence of the retirement, the Company's total number of issued shares stands at approximately 2,880,000.

In terms of revenues, we are working hard for the diversification of the business and geographic composition of our revenue base through steady progress of the Global Vision. In business segments, we will focus on expanding our FX and mutual fund businesses, nurturing them into key sources of revenue, second only to equities. The importance of mutual funds in particular stands out, in the sense that they give stability to income because commission revenue is earned against the balance of the fund. In regional segments, the U.S. is showing signs of recovery in operating revenues, and so we will further expand business here, linking it to profit contribution. At the same time, we plan to push forward with expansion into the Chinese market.

Q7

To conclude, can you please tell us about your policy on returning profits to shareholders?

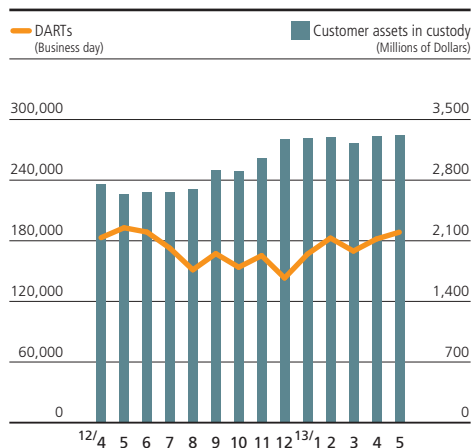
A7

The Group seeks to enhance shareholder return by paying dividends based on business performance while reserving adequate capital for a growing company. Specifically, dividend amounts are determined according to a dividend payout ratio equal to 50% of net income attributable to owners of Monex Group, Inc. or a dividend on equity (DOE) ratio of 1%, whichever is higher. In the fiscal year ended March 2013, the dividend payout ratio against net income had been set at 30%, but this was changed to 50% starting with the fiscal year ending March 2014. With regard to share buybacks, as usual, we will conduct these flexibly, bearing in mind the trend of our financial results and financial position.

Regarding the business environment for the fiscal year ending March 2014, while many elements remain unclear, such as the wild fluctuations of the Nikkei average, our view is that it will stay generally favorable. Within the Group, stock brokerage commissions and the number of people opening new accounts are steadily increasing. Based on our Global Vision, we remain determined to realize sustainable improvements in shareholder value by endeavoring to strengthen the competitiveness of our products and services and to improve our revenue base.

TradeStation group

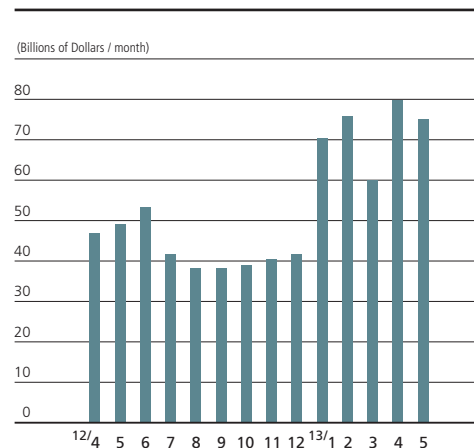
Number of DARTs*/ Customer assets in custody



*DARTs of TradeStation Group, Inc. is the sum of DARTs of equities, futures, options and OTC FX of its subsidiary securities company and FX companies.

Global data

Trading value of Global FX*



*Trading value of Global FX is the sum of monthly trading value in global FX of the Group companies.

Stock Information

(As of March 31, 2013)

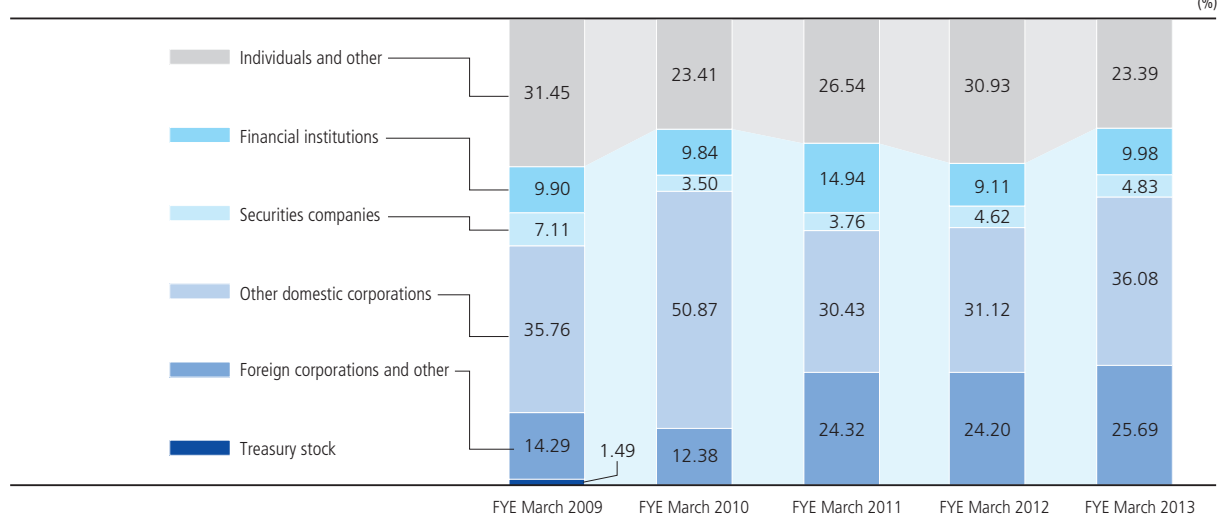
Stock listing	First Section of Tokyo Stock Exchange
Security code	8698
Name of company	Monex Group, Inc.
Issued stock	2,996,805 shares*
Trading unit	1 share
No. of shareholders	43,688
Administrator for shareholders' register	Mizuho Trust & Banking, Co., Ltd.
Fiscal year	From April 1 of each year to March 31 of the following year
Record date for year-end dividends	March 31
Record date for interim dividends	September 30
Ordinary shareholders' meeting	June each year

*As the 120,000 own shares bought back on May 15, 2013, were retired on May 31, 2013, the number of shares outstanding is recorded as 2,876,805 in Annual Report 2013 as of the date of its issue.

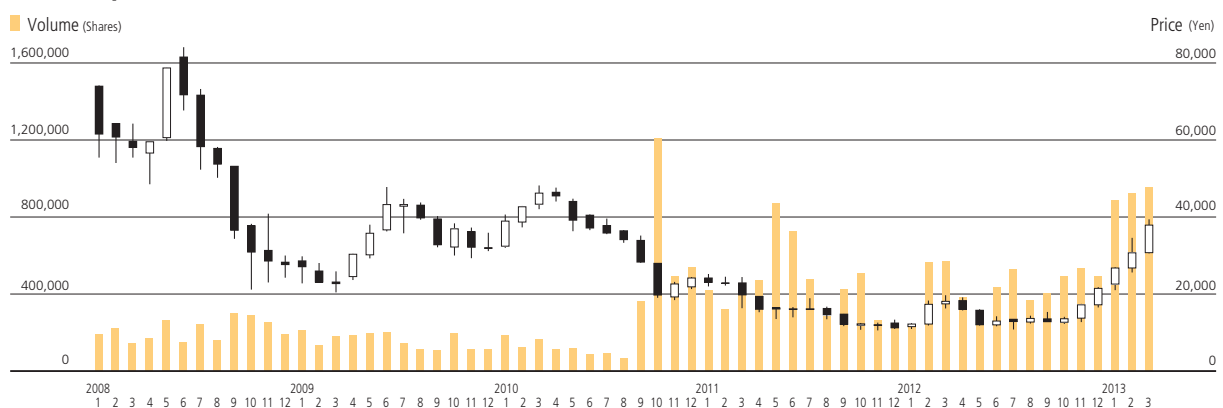
Major shareholders

Name	No. of shares held (shares)	Percentage of shares held (%)
ORIX Corporation	673,002	22.45
Oki Matsumoto, Inc.	185,560	6.19
STATE STREET BANK AND TRUST COMPANY	154,853	5.16
Sony Corporation	117,235	3.91
Mizuho Securities Co., Ltd.	89,953	3.00
CBNY - FIDELITY SMALL CAP VALUE FUND	82,500	2.75
Oki Matsumoto	74,920	2.49
SCB SG A / C HLBSGSG (CONSO)	65,600	2.18
The Master Trust Bank of Japan, Ltd. (Trust Account)	63,798	2.12
Recruit Holdings Co., Ltd.	57,200	1.90

● Stock distribution



● Share price and volume



Notice

As of October 1, 2013, the Company will conduct a 100-for-1 split on the Company's common shares and adopt a share unit system which defines 100 common shares as 1 unit. This stock split and adoption of the share unit system will not result in any substantial change to the investment unit.

History of Monex Group

● History of Monex Group

	Japan	U.S.	China/Hong Kong
1982		<ul style="list-style-type: none"> ● TradeStation Technologies, Inc. formed as Omega Research, Inc. 	
1997		<ul style="list-style-type: none"> ● TradeStation stock listed on NASDAQ 	<ul style="list-style-type: none"> ● Monex Boom Securities (H.K.) Limited was founded as Boom Securities (H.K.) Limited, being the first in Asia Pacific to launch Internet stock trading for retail investors
1999	<ul style="list-style-type: none"> ● Monex, Inc. was co-founded by Oki Matsumoto & Sony Corporation ● Started offering online brokerage service upon complete liberalization of stock brokerage commissions in Japan 		
2000	<ul style="list-style-type: none"> ● Monex, Inc. stock listed on the Tokyo Stock Exchange "Mothers" Market 	<ul style="list-style-type: none"> ● TradeStation acquired Online Trading.com, a direct-access securities brokerage firm 	
2004	<ul style="list-style-type: none"> ● Monex Group, Inc. was established as Monex Beans Holdings, Inc. through business integration of Monex, Inc. and Nikko Beans, Inc. ● Monex Group, Inc. stock listed on the Tokyo Stock Exchange "Mothers" Market in exchange for delisting of Monex, Inc. stock 		
2005	<ul style="list-style-type: none"> ● Monex, Inc. and Nikko Beans, Inc. merged to become Monex, Inc. (former name: Monex Beans, Inc.) ● Monex Group, Inc. stock changed its listing from "Mothers" Market to First Section of the Tokyo Stock Exchange 		
2008			<ul style="list-style-type: none"> ● Monex Group, Inc. opened Beijing Representative Office (closed in 2012 after opening of Monex, Inc.'s Beijing Representative Office)
2010	<ul style="list-style-type: none"> ● Monex Group, Inc. completed share exchange to acquire Orix Securities Corporation ● Monex, Inc. merged with Orix Securities Corporation 		<ul style="list-style-type: none"> ● Monex, Inc. opened Beijing Representative Office, the only representative office of an online brokerage firm in PRC ● Boom Group companies became wholly owned subsidiaries of Monex Group, Inc.
2011		<ul style="list-style-type: none"> ● TradeStation became wholly owned subsidiary of Monex Group, Inc. and its stock was delisted from NASDAQ ● TradeStation Group, Inc. acquired IBFX Holdings, LLC 	
2012	<ul style="list-style-type: none"> ● Monex Group, Inc. acquired Sony Bank Securities Inc. 	<ul style="list-style-type: none"> ● Established TradeStation Global Services, S.A., a development center, in Costa Rica 	
2013	<ul style="list-style-type: none"> ● Monex, Inc. merged with Sony Bank Securities Inc. ● Monex, Inc. assumed FX customer accounts from Monex FX, Inc. ● Became a "Company with Committees" 		

Corporate Information

(As of June 30, 2013)

● Corporate Profile

Monex Group, Inc.

Founded: August 2004

Representative: Oki Matsumoto

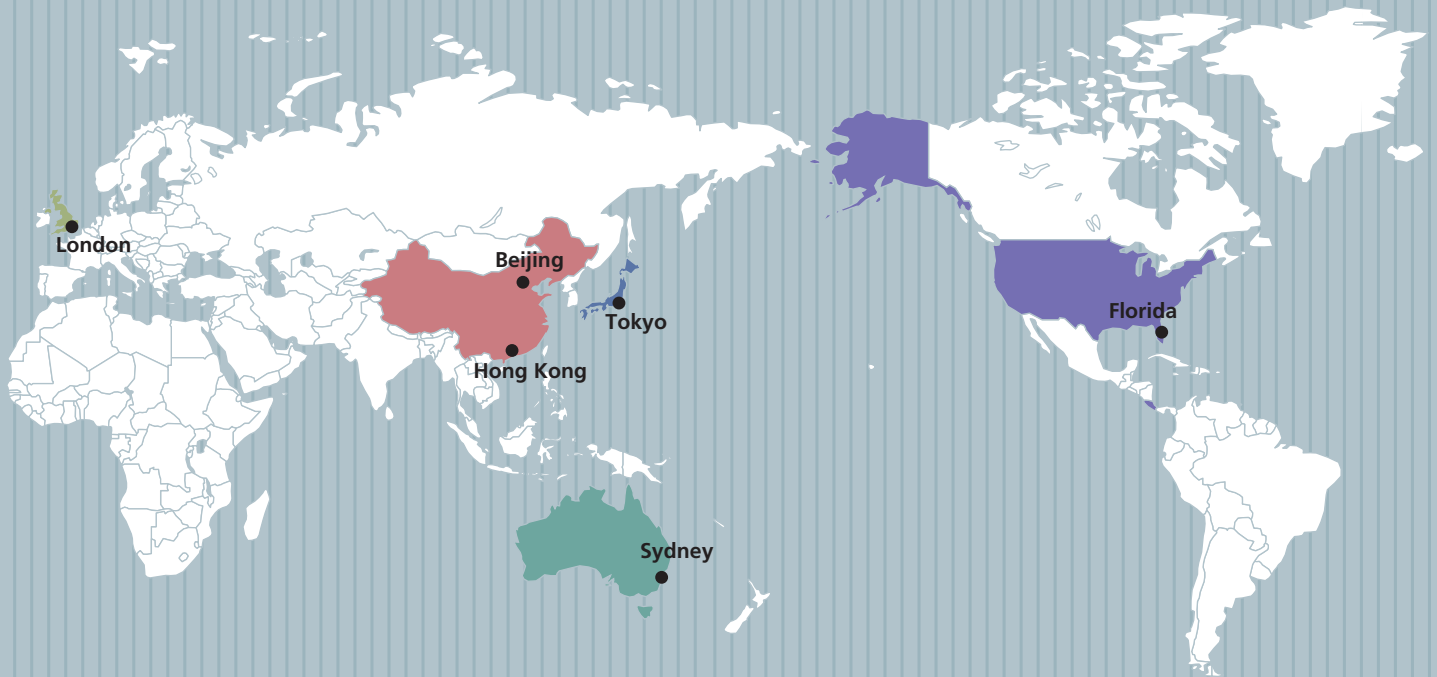
Capital: ¥10,393 million

Description of Business: Holding company

Head Office: Kojimachi Odori Bldg. 2-4-1, Kojimachi,
Chiyoda-ku, Tokyo 102-0083, Japan

URL: <http://www.monexgroup.jp/>

● Group Company Profile



Domestic

■ Monex, Inc.

Founded: May 1999
 Representative: Oki Matsumoto
 Capital: ¥7,425 million
 Description of Business: Securities business, accompanying business, other services
 Head Office: Chiyoda-ku, Tokyo

■ Monex FX, Inc.

Founded: July 2004
 Representative: Toshihiko Katsuya
 Capital: ¥1,800 million
 Description of Business: Financial product trading and related businesses
 Head Office: Chuo-ku, Tokyo

■ Monex Hambrecht, Inc.

Founded: September 2005
 Representative: Yuko Seimei
 Capital: ¥113 million
 Description of Business: M&A advisory services, research and investigation for OpenIPO® business
 Head Office: Minato-ku, Tokyo

■ Trade Science Corporation

Founded: April 2006
 Representative: Kazuhiro Kunisada
 Capital: ¥91 million
 Description of Business: Investment advisory service utilizing program investment management methods and related R&D
 Head Office: Chiyoda-ku, Tokyo

Overseas offices

■ TradeStation Group, Inc.

Founded: January 2000
 Representative: Salomon Sredni
 Capital: U.S.\$515,000
 Description of Business: Holding company in the United States
 Head Office: Florida, United States

■ TradeStation Securities, Inc.

Founded: September 1995
 Representative: William Cahill
 Description of Business: Online brokerage
 Head Office: Florida, United States

■ IBFX, Inc.

Founded: June 2010
 Representative: Gary Weiss
 Description of Business: FX business
 Head Office: Florida, United States

■ TradeStation Technologies, Inc.

Founded: September 1982
 Representative: Salomon Sredni
 Description of Business: Technology development
 Head Office: Florida, United States

■ TradeStation Global Services, S.A.

Founded: April 2012
 Representative: Enrique Pizzi
 Description of Business: Software development
 Head Office: San Jose, Costa Rica

■ TradeStation Europe Limited

Founded: June 2005
 Representative: Jeremy Davies
 Description of Business: Securities business
 Head Office: London, United Kingdom

■ IBFX Australia Pty. Ltd.

Founded: November 2002
 Representative: Gary Weiss
 Description of Business: FX, CFD business
 Head Office: Sydney, Australia

■ Monex International Limited

Founded: August 2010
 Representative: Takashi Oyagi
 Capital: U.S.\$10 million
 Description of Business: Holding company in Hong Kong
 Head Office: Hong Kong

■ Monex Boom Securities (H.K.) Limited (Monex BOOM Securities)

Founded: March 1997
 Representative: Agatha Lo
 Capital: HK\$80 million
 Description of Business: Online brokerage
 Head Office: Hong Kong

■ Beijing Representative Office

Established: October 2010
 Business: Developing business opportunities in China
 Address: Beijing, China

Monex Group, Inc.

Kojimachi Odori Bldg.
2-4-1, Kojimachi, Chiyoda-ku, Tokyo 102-0083, Japan
www.monexgroup.jp/en/

