



**MONEX GROUP**  
Monex Group, Inc.

## ANNUAL REPORT 2010

For the year ended March 31, 2010

**Monex Group, Inc.**





# We Will Continue to Provide Global-class Financial Services as a Comprehensive Online Financial Institution

The Monex Group has viewed its mission as creating a comprehensive global online financial institution, unlike anything that exists in the conventional financial world, in order to provide global-class financial services to individual investors. This belief permeates the entire Group as a part of our 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.

## Monex will

### PURSUE THE SPIRIT OF INNOVATION

We will constantly strive to pioneer new fields in finance and propose new approaches to managing money.

### STAY CUSTOMER FOCUSED

We believe that the best guide to our corporate activities is the voice of our customers. With this guide, we will continue to create financial services truly needed by individuals.

### CHALLENGE FOR THE BEST

We will continue to provide the best products and services for our customers always thinking outside the box.

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This is an English translation of Annual Report 2010 of Monex Group, Inc. ("the Company"). The descriptions herein concerning the products, services, etc. which are handled by the Company's group companies ("the Group Companies"), are made only for disclosure purposes and are given to describe matters which 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 or foreign exchange margin trading. 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.

## ● Consolidated Financial Highlights

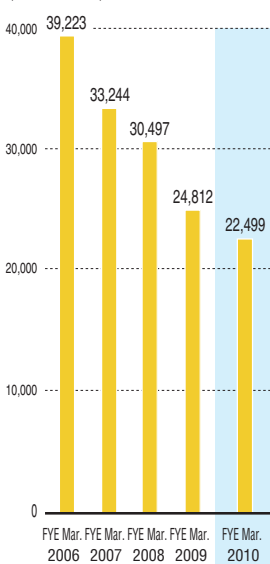
(Millions of Yen)

	FYE March 2006	FYE March 2007	FYE March 2008	FYE March 2009	FYE March 2010
Operating revenues	¥ 39,223	¥ 33,244	¥ 30,497	¥ 24,812	¥ 22,499
Operating income	25,174	16,559	13,016	5,269	4,461
Net income (loss)	13,617	9,534	7,206	(2,144)	3,776
Total assets	430,299	379,988	335,016	235,694	374,688
Net assets	41,588	47,562	45,554	40,066	66,310
EBITDA*	23,773	16,454	12,892	6,668	5,427
Net assets per share (yen)	17,607	20,253	19,665	17,235	22,140
Net income (loss) per share (yen)	5,677	4,066	3,081	(929)	1,527
Cash dividends per share (yen)	1,500	2,900	1,550	400	700

\*Net income + interest cost (excluding financial expenses caused by margin trading) + income taxes + depreciation expenses

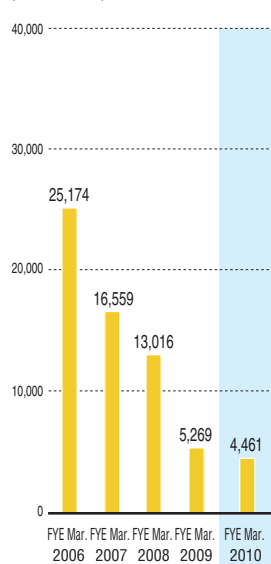
Operating revenues

(Millions of Yen)



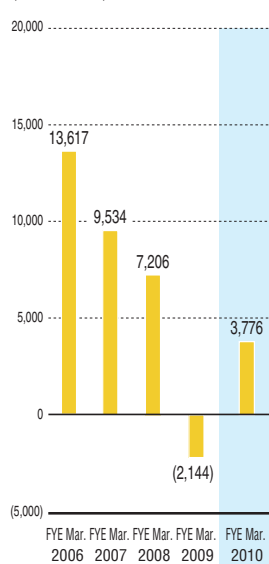
Operating income

(Millions of Yen)



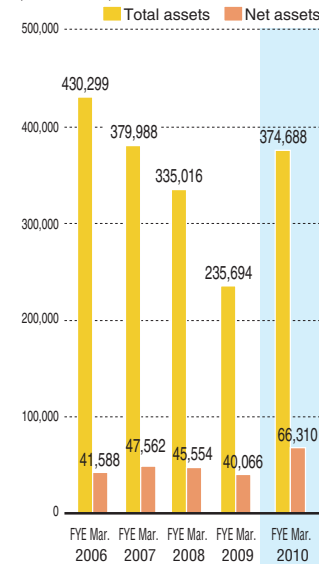
Net income (loss)

(Millions of Yen)



Total assets and net assets

(Millions of Yen)



## ● Letter to Shareholders and Investors

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### Looking ahead to future growth despite an adverse business environment, the Group actively implemented a variety of measures including an acquisition of ORIX Securities

During the fiscal year ended March 2010, the business environment was quite adverse, including an 8.2% decline in trading volumes by individual investors in domestic stock markets.

Under these conditions, we worked to diversify our revenue sources and reduce costs so we can build a solid financial foundation that is not susceptible to changes in external conditions.

We also implemented a variety of measures looking ahead to the future, including the acquisition of ORIX Securities,

the release of investment advisory tools as one element of the development of “Intelligence Infrastructure,”

and full-scale development of our business in China.

We remain committed to achieving continued growth, raising corporate value even further,

and meeting the expectations of our shareholders and investors.



#### **Oki Matsumoto**

Monex Group, Inc.  
Representative Director, President & CEO

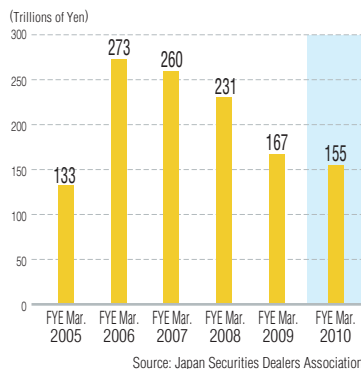
Biography	1987	Joined Salomon Brothers Asia Limited
	1990	Joined Goldman Sachs (Japan) Ltd.
	1994	General Partner, the Goldman Sachs Group, L.P.
	1999 to present	President & CEO, Monex, Inc.
	2004 to present	President & CEO, Monex Beans Holdings, Inc. (Currently Monex Group, Inc.)
	2008 to present	External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

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## Stock market trends in the fiscal year ended March 2010 and their impact

### Rebuilding of strong management structures proceeds amidst bearish investor sentiment >>>

#### ■ Individual Investor Online Trading Value



In the fiscal year ended March 2010, stock markets in Japan exhibited a tone of recovery supported by expectations of economic recovery and strong performance in developing countries such as China, and the Nikkei Stock Average was up 36.8% compared to the end of the prior fiscal year. However, the individual investor segment, which has a strong impact on the Group's performance, remained sluggish, and average one-day trading value by individual investors on the Tokyo, Osaka, Nagoya and JASDAQ stock exchanges fell 8.2% compared to the previous year. Group revenues from stock brokerage commissions declined 7.7% from the previous year.

Under these adverse conditions, the Group is focusing on diversifying revenue sources and meticulously managing costs so we can build a solid financial foundation that can maintain income at high levels even under a difficult business environment. Selling, general and administrative (SG&A) expenses fell 2.1% from the prior year even though expenses increased as a result of ORIX Securities becoming a wholly-owned subsidiary, and streamlining of operations continued.

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## Self-Assessment of Consolidated Earnings for the Fiscal Year Ended March 2010

### Progress in building the foundations for future growth >>>

Consolidated financial results for the fiscal year ended March 2010 were as follows: operating revenues were ¥22,499 million (down 9.3% from the previous year), net operating revenues were ¥19,921 million (down 5.4%), operating income was ¥4,461 million (down 15.3%), ordinary income was ¥4,479 million (down 14.4%), and net income was ¥3,776 million (compared to a net loss of ¥2,144 million in the previous year).

Net income of ¥3,776 million is a figure that we cannot be satisfied with at all. However, we can see steady progress from our business strategies, and we have made new preparations for future development. When Monex FX, Inc. (formerly Tokyo Forex Co., Ltd.) became a subsidiary two years ago, we established a structure that can bring trading income from foreign exchange transactions into the Group, and the foreign exchange business, which has undergone rapid growth in these years, is making increasingly significant contributions to income. Other endeavors including development of new income sources such as futures, options, and mutual funds, extensive cost cutting throughout the fiscal year, measures for the merger of ORIX Securities, and the full-scale development of business in China are all key measures essential for the continued growth of the Group next year and beyond. These achievements in building the foundations for future growth receive an "acceptance."



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## Notable results by group companies

### Major trust bank selects MAI's fund of hedge funds investment product for its pension fund investors >>>

Mizuho Trust & Banking Co., Ltd. selected the fund of hedge funds investment product managed by Monex Alternative Investments, Inc. (MAI) for its pension fund investors. It is extremely unusual for a hedge fund investment product managed by domestic managers to be included on a pension fund product list, as pension funds have extremely exacting standards.

Until now, MAI has provided the world's highest-quality alternative investment products to individual investors. With its selection by the Mizuho Trust & Banking, the fund of hedge funds investment product has been assessed to have outstanding liquidity and transparency as well as excellent investment performance. This development is seen as dramatic proof of the high quality of the Group's product development capabilities.

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## Progress made in building "Intelligence Infrastructure"

### Two investment advisory tools released >>>



Top page of "MONEX VISION" (beta version)

In order to contribute to higher returns for individual investors, the Group has focused its energies on building "Intelligence Infrastructure" that can provide comprehensive intelligence (theory, strategies, information, education, advice, etc.) concerning investments. As part of these efforts, "MONEX VISION" (beta version), a portfolio management advice tool that supports long-term and diversified investment, was released in January and March 2010, and "MONEX SIGN" (beta version), a trading timing analysis tool for active traders who conduct short-term stock trades, was released in April 2010. Both tools are ground-breaking services unprecedented in Japan's online securities industry, and we are proud of these innovations that only Monex could achieve in its pursuit of the financial services of the future.

The Group is currently improving both tools by incorporating the opinions and requests of testers, and we plan to release the official versions during the fiscal year ending March 2011.

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## Effects of the merger with ORIX Securities

### Market share expanded and management efficiency increased as a result of cost reductions >>>

Monex, Inc. and ORIX Securities Corporation, both consolidated subsidiaries, merged on May 1, 2010 to create a new Monex, Inc.

The merger is significant for two reasons. The first is an expansion of our market share and a gain of mental momentum. Following the merger, Monex, Inc. has approximately 10% of the market for stock trading and approximately 20% of the market for futures and options trading by individuals in terms of value. This has led to substantial mental momentum among officers and employees toward recovering the company's leading position in Japan. The second area of significance is higher management efficiency as a result of reducing costs. We anticipate a reduction in costs of approximately ¥3,500 million annually, primarily as a result of the integration of systems, and we will be able to reinforce profit bases that will become sources of revenue for implementing various growth strategies. Through the larger scale of business and higher management efficiency, we will strive to become Japan's leading online securities company in terms of both quality and volume.

Overseas developments and future policies

The Chinese market, which is undergoing rapid growth, is our main target >>>

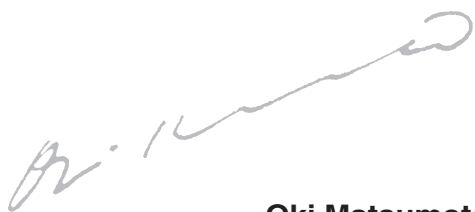
In developing our overseas business, we have made the Chinese market, which is growing at a brisk pace, our main target. We established a joint venture company with one of China's largest financial media group companies in February 2010 and began developing financial education (training) contents to provide services in China. In the future, we hope to supply our financial products and services to Chinese customers from within China, and the establishment of the joint venture company was an important step in that direction. We are making steady progress toward a full-scale launch of business in China including ongoing preparations for opening a Monex, Inc. Beijing Representative Office and building cooperative relationships with major securities companies in China.

The Group has set a long-term goal of acquiring one-third of its income from overseas business within 7 to 10 years, and considering the rapid development of Chinese markets, we may very well achieve this target even sooner.

Returning profits to shareholders

We strive to return profits to shareholders by raising corporate value and paying dividends >>>

Under conventional business models, the objectives of paying high dividends and securing funds for reinvestment are at odds with one another. The online financial institution business model, however, does not require massive amounts of funds for capital investment, and as a result it is possible to achieve both a high dividend payout ratio and appropriate business investment. The Group makes use of the strengths of this business model to maintain a high dividend payout ratio of approximately 50% of consolidated net income while actively investing in future growth fields such as expanding the asset investment business and developing overseas business. We are committed to meeting shareholder expectations with respect to both raising corporate value and payment of dividends.



**Oki Matsumoto**  
Representative Director, President & CEO  
Monex Group, Inc.



## ● Growth Strategy & Achievements

The Monex Group strives to be a global online financial institution that provides world-class financial products and services to individual investors. As the roadmap for achieving that goal, we adopt strategies that span the short-term, mid-term, as well as the long-term.

Short-term Strategy	<h3>Online Trading</h3> <ul style="list-style-type: none"> <li>● Attract active traders</li> <li>● Reinforce the FX business</li> </ul> <p>Online trading is positioned as the main growth area under our short-term strategy. We implemented measures to attract active traders by making ORIX Securities a subsidiary and merging it with Monex, Inc., and successfully established a trading income-based business model for the FX business.</p>	▶▶▶ Achievements
		<b>2009</b>
		<b>July:</b> Monex, Inc. eliminates FX PLUS commissions
		<b>2010</b>
		<b>January:</b> ORIX Securities becomes a wholly-owned subsidiary
		<b>May:</b> Monex, Inc. and ORIX Securities merge

Mid-term Strategy	<h3>Asset Management Business</h3> <ul style="list-style-type: none"> <li>● Establish a full, global product lineup</li> <li>● Acquire assets in custody by providing investment advice functions</li> </ul> <p>Under the mid-term strategy, the asset management business is positioned as the major growth area. The Group is using its advanced product development capabilities to reinforce its product lineup and released two investment advisory tools as part of its efforts to build an “Intelligence Infrastructure.”</p>	▶▶▶ Achievements
		<b>2009</b>
		<b>July:</b> Kabu-robot Fund introduced
		<b>2010</b>
		<b>January:</b> “MONEX VISION” (beta version) released <b>March:</b>
		<b>April:</b> “MONEX SIGN” (beta version) released

Long-term Strategy	<h3>Develop Overseas Markets including China</h3> <ul style="list-style-type: none"> <li>● Generate profits from overseas business, including China</li> </ul> <p>Overseas markets, including China, are set as the main growth area under the long-term strategy. Against a backdrop of rapid economic growth in China, financial markets are steadily developing and the individual investor segment is expanding. The Monex Group is currently working to generate profits from finance-related business in China.</p>	▶▶▶ Achievements
		<b>2010</b>
		<b>February:</b> Joint venture established in Beijing, China



### Active Trading Segment Expands with Acquisition of ORIX Securities

The Group acquired ORIX Securities in January 2010, and Monex, Inc. and ORIX Securities merged in May 2010 to become a new Monex, Inc. As a result of the merger, the number of securities accounts and assets in custody both reached the highest levels in Japan's online securities industry. In addition, we control approximately 10% of the share market and approximately 20% of the derivative and futures market in terms of individual trading value. As such, the Group has rapidly achieved its short-term strategic target of expanding business in the active trading segment.

### Expanding Business in the Rapidly Growing FX Market

The Group acquired a foreign exchange trading company (currently Monex FX, Inc.) in April 2008 and established its current foundations with Monex, Inc. and Monex FX as the mainstays of the FX business. In July 2009, Monex, Inc. eliminated FX PLUS foreign exchange trading commissions, and the Monex Group's FX business shifted from a commission-based business to a trading income-based business. In January 2010, ORIX Securities, which possessed ORIX FX, was added to the Monex Group, increasing our business scale even further.

### Using Outstanding Product Origination Capabilities to Enhance the Product Lineup

We have introduced numerous products unique to Monex with a focus on mutual funds to enhance our product lineup. The Kabu-robot Fund, an original mutual fund based on a revolutionary automated, algorithm-based trading program, was introduced in July 2009. The Premium Hybrid 2010 fund, introduced in February 2010, is a world-class alternative investment product that targets hedge funds with various strategies. The Group is also expanding investment opportunities for individual investors by starting online trading of already-issued bonds (foreign bonds) in April 2010.

### Two Investment Advisory Tools Released as Part of "Intelligence Infrastructure"

The Group is developing an "Intelligence Infrastructure" that can provide multifaceted information including theory, strategies, information, education, and advice on investing. As a part of these efforts, we released "MONEX VISION" (beta version), a portfolio management advice tool that supports asset management through long-term and diversified investment, in January and March 2010. In addition, "MONEX SIGN" (beta version), a trading timing analysis tool for customers that seek to profit from short-term trading, was released in April 2010. We plan to release the official versions of both tools in the fiscal year ending March 2011. The day when individual investors can use full-scale investment advisory functions based on cutting-edge financial engineering is rapidly approaching.

### Joint Venture Established in Beijing, China to Expand Global Business

In February 2010, the Group established BaiFor Investment Advisory Ltd., a joint venture based in Beijing, China, with SEEC Holdings Limited, a group company originated from China's financial think-tank, the Stock Exchange Executive Council (SEEC). BaiFor Investment will provide various services relating to finance training to institutional employees and individual investors in China. With the establishment of BaiFor Investment, the Monex Group has secured a bridgehead in China and will continue its efforts to expand business there by establishing a Monex, Inc. representative office in Beijing.

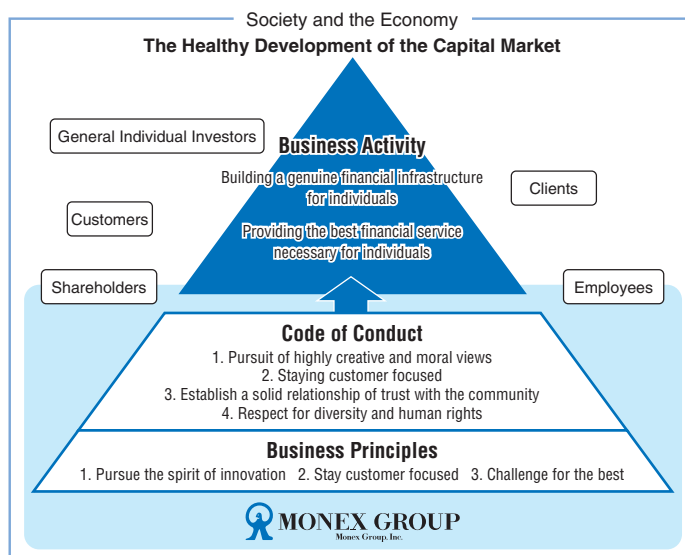


## ● Corporate Social Responsibility at Monex

The Monex Group seeks to fulfill our responsibilities as a corporate group by contributing to society through our business operations, based on the corporate philosophy 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 best possible financial services currently being demanded, thereby contributing to the healthy development of the capital market.

The Monex Group 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.



## Highly Original Monex Group Initiatives

### Initiatives for the Sound Development of Capital Markets

#### ● Offering Financial Products and Services to Individual Investors at the Same Levels Available to Institutional Investors

The Monex Group believes that offering financial products, services and investment opportunities to individuals at the same level provided to institutional investors will support asset management of individual investors and lead to the formation of fair capital markets. Based on this belief, we have been at the forefront of the development and provision of high-quality, advanced products and services.

##### • “Monex Night Time Trading”

Japan’s first proprietary trading system for individual investors, launched in January 2001.

##### • “Stock Lending Service”

Stock lending, previously made available only to institutional investors and major shareholders, was offered to individual investors for the first time in Japan in January 2003.

##### • Initial Public Offering (IPO)

An IPO underwriting department was created to enhance the provision of IPO shares to individual investors, with Monex becoming the first online brokerage to serve as the sole lead manager for an IPO in June 2005.

##### • Alternative Mutual Funds

The Group established alternative mutual funds which invest in private equity funds and hedge funds that were previously only available to institutional investors and a very select group of wealth investors. The Group made it possible for individual investors to invest by making the minimum investment sum much smaller.

#### ● Investment Education

Since its establishment, Monex, Inc. 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, thereby raising the investment literacy of individual investors. It offers a wide range of seminars to its customers and the general public, including online seminars.

##### • “Kabu-no-Gakko” (School of Stocks)

Seminars offering fun ways to learn about stock trading and investment diversification are held for elementary and junior high school students in a real classroom, in addition to those offered at resorts and other locations for retiring baby boomers.



##### • “Monex Money Seminar”

A newspaper-based seminar presented in 42 parts over the course of a year (from October 2006 to September 2007),



using the *Asahi Shimbun*. Any advertisement and publicity themes were removed in order to help to raise the investment literacy of the public.

### Social Initiatives

#### ● Social and Cultural Activities

“ART IN THE OFFICE” program → See the next page.

#### ● Donated Courses at University

Hachinohe University, located in Hachinohe City in Aomori Prefecture, the site of the Monex Contact Center, organized a business theory course in 2008 and 2009. We dispatched financial experts from the Group to provide lectures focused on both theory and practical issues. The course was made available to both Hachinohe University students and members of the local community.

## Relationships with Stakeholders

### ● Initiatives to Enhance Customer Satisfaction —Orientation Committee

Every three months since its establishment, Monex, Inc. has been holding its Orientation Committee meetings, attended by the president, deputy president, and a cross-section of employees from different divisions, as an opportunity to directly hear feedback from customers. As of May 2010, the Orientation Committee has met 42 times; and many of the ideas expressed



at the meetings have been used to improve our products and services.

### ● Creating a Good Working Environment

• The Group established the Beans Scholarship to support employees pursuing MBAs and other degrees at foreign universities, as one aspect of its measures to nurture young employees, a source of vitality for the Group. The first scholarship was awarded in 2009 to an employee for study at a distinguished university in the United States.

• The Group works to put in place a workplace environment and programs that make it easier for female employees to return to work after childbirth. For the 14 women who have taken maternity leave thus far, the return rate has been 100%.

## ● About the Cover Page

### ART IN THE OFFICE This year's winning art



Title  
1000s

The Monex Group started the ART IN THE OFFICE program in 2008 as part of its social and cultural activities with the aim of supporting young contemporary artists. Under this program, Monex, Inc. chooses one artist from an open invitation to provide an exhibition space inside the company's meeting room for a certain period of time, covering expenses and providing an award. This year, Shusaku Nakata was selected from the largest number of applicants received in the past.

### Shusaku Nakata

#### Profile

Born in Nagasaki in 1979, currently resides in Tokyo.

Graduated from the Sculpture Course at the Master's Degree Program at Musashino Art University in 2006, and also from Animation Course at the school run by Image Forum in 2007.

Centering on sculptures, drawings and animations, he expresses himself by creating installations that ties together different elements with separates beginnings and endings.

He searches for a way for his artwork to create a feeling in which we can slightly distance ourselves from the elements that surround us in our everyday life on a human scale to a bigger and unknown dimension, and where those two things can coexist.

The artist aims to create a space of understanding of all these elements, where the view forgets whether it is a sculpture or a painting.



## ● Corporate Governance

The corporate governance system in decision-making, execution, and oversight in the management of the Group

### 1. Basic Concept of Corporate Governance

Monex Group, Inc. believes that, as a basis for establishing a group-wide corporate governance structure, corporate governance rules should first be established and thoroughly implemented within each group company. We also consider that monitoring management execution of the Group through promotion of information disclosure and a system for hearing broad-ranging and varied opinions leads to balanced business judgment, which is crucial for effective corporate governance.

### 2. Basic Policy regarding the Internal Control System

Based on the perception that the establishment and operation of an appropriate internal control system is an important management issue, the Group determines basic policies regarding the operation of the internal control system, and at the same time develops relevant internal regulations. Monex, Inc. also determines basic policies for its internal control system in a similar manner.

To verify whether the internal control system is operating as intended, the Board of Directors and auditors conduct regular checks. In addition, the Group is able to obtain advice as necessary from the attorney, who is our advisor on issues regarding the establishment and enforcement of internal discipline and the control system, as well as external risk management.

The Company's basic policy on its internal control system is disclosed on its website (<http://www.monexgroup.jp/en/company/governance/index>).

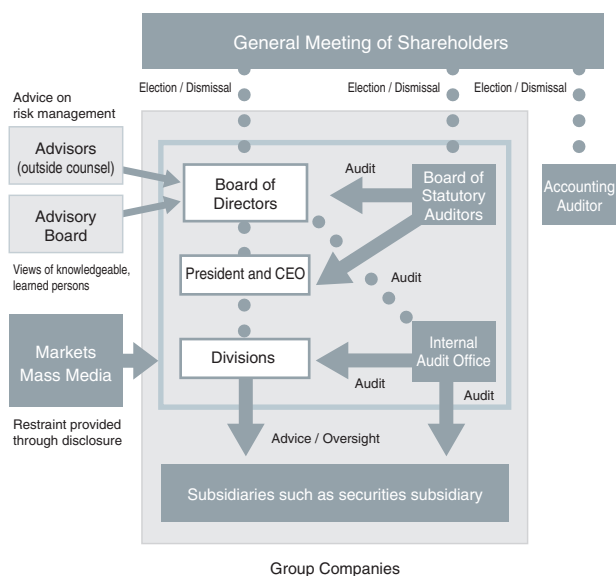
### 3. Board of Directors and Board of Statutory Auditors

As of June 30, 2010, the Board of Directors comprises ten directors, of which four are external directors (three are independent as well). Six full-time directors (one of whom is the CEO) engage in business execution. A Steering Committee consisting of full-time directors meets every week as a consultative council to the CEO. In addition, the Board of Directors meeting is held more than once a month to ensure effective management control.

The Company has adopted the board of statutory auditors system. As of June 30, 2010, its board of auditors comprises four members, including two external and independent auditors and one statutory auditor.

### 4. Proactive Disclosure

The Monex Group considers appropriate disclosure as extremely important, and seeks to provide disclosure in a continuous and easy-to-understand manner. We therefore



disclose our monthly operating revenues, net operating revenues, and ordinary income. Monex, Inc. also undertakes active disclosure, including weekly and monthly customer account figures, etc. Such disclosures are made in compliance with our Disclosure Policy, which is designed to remove any vague or arbitrary methods.

### 5. Establishing a Corporate Culture of Thorough Compliance

It is crucial that not only the management, but each individual working for a company in the Monex Group recognizes the importance of compliance and acts accordingly. Based on this perception, we disclose the Group's Corporate Ethics Compliance Policy and present briefings by the relevant departments on compliance-related issues at monthly corporate-wide meetings, as well as at various forums provided within our corporate network. We seek to establish a corporate culture that calls for strict compliance, with a commitment from both our directors and our employees.

### 6. Ongoing Disclosure and Declarations of Management's Perceptions and Thoughts on Current Status

The Company confirms the importance, from the point of view of corporate governance, of the ongoing disclosure and declaration of its management's perceptions and thoughts on current status; that disclosure functions as, in effect, a restraint on management from outside the Company and from within. Under this concept, the Company manages to share the management's current recognitions and ideas with the group employees, by



holding a monthly gathering of all employees, sharing Q&As after quarterly financial disclosures through the intranet, etc. The CEO of Monex, Inc. expresses his perceptions and opinions in each issue of Monex Mail, an e-mail magazine that Monex, Inc., has published every business day without fail since its first issue.

## 7. Advisory Board

In order to obtain balanced, multidisciplinary, objective opinions and advice from a broader perspective, we have established an Advisory Board, consisting of a group of specialists. A regular quarterly meeting is held to gather broad-ranging advice that will contribute to the business operations of our Group.

## 8. About Remuneration for Board Directors

The total amount of board directors' remuneration is within the limit resolved at the General Meeting of Shareholders (\*) and the contents of the remuneration consist of a fixed portion and a performance-linked portion that fluctuates depending on the consolidated net income. The Company established a Remuneration Committee consisting of external and independent board directors in order to discuss its substantial contents. External directors receive only a fixed amount of remuneration because of the importance of their having a position independent from business execution in their supervisory functions.

(\*) Limit of the remuneration for board directors resolved at the Annual General Meeting of Shareholders held on June 24, 2006 is the total amount of fixed portion of ¥300 million per annum plus a performance-linked portion within 3% of the consolidated net income of the previous fiscal year of the payment day.

## ■ Communication with Shareholders and Investors

### • Measures to Invigorate General Shareholders Meetings

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

In addition, convocation notice on the general shareholders meeting is sent out to customers and posted on our website three weeks prior to the event to encourage investors to exercise their voting rights. We adopted an electronic voting website to allow shareholders to vote via the Internet or mobile phone, and starting in 2009, we also adopted an electronic voting platform for institutional investors operated by ICJ, Inc., a joint venture formed between the Tokyo Stock Exchange, Inc. and other companies. In the same year, we also began disclosing the results of voting to the public.

### • Investor Relations

We hold a meeting to explain our financial results to individual investors on the first business day following the announcement of quarterly financial results as a way to enhance communication with shareholders and investors. Telephone conferences for institutional investors are conducted in Japanese and English on the day quarterly financial results are announced, and a briefing is held on the day financial results are announced for the second quarter and the fiscal year-end. We visit Europe and the United States twice a year and regularly hold direct meetings with overseas institutional investors. At all of these meetings, the Company's CEO directs the proceedings and answers questions. 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 External Director

My role as an external director includes participating in the monthly Board of Directors meetings, which usually run about three hours, where I express my opinions and make proposals. In conjunction with this, I periodically meet with the Company's executives and other external directors, and communicate via telephone or e-mail to discuss crucial corporate matters. These are the most obvious aspects of my activities as an external director, related to management oversight. I agree with the Monex executive officers that our aim is to enhance corporate value, but my activities are characterized by work that represents the interests of individual shareholders and governance-related activities that take place outside the Company.

The CEO and other executives are intimately acquainted with the operations of the Company; whereas our job as external directors comes down to helping them manage the Company properly by asking "good questions" that make them aware of relevant issues.

**Yuko Kawamoto**  
Director (External and Part-time)



Asking good questions requires an objective understanding of Monex's customers and the competitive environment, as well as the ability to focus on the future from an objective standpoint while considering how management views the current situation. I continually seek to better understand management's view of the current situation and the basis for decision-making; and I believe that my contribution to Monex's development is to help prevent management from falling into the trap of making decisions from a short-term perspective when grappling with complex situations.

Monex is a young and vigorous company with a flexible corporate structure that is sensitive to the opinions of shareholders, customers and employees. I hope to use the experience I have gained from my career working for a consulting company and as an external director for several companies, as well as knowledge acquired from graduate school, in order to contribute to Monex by asking good questions.



## ● Board of Directors & Advisory Board

### ■ Board of Directors

Representative Director,  
President and CEO  
(Member of the Board)

#### Okii Matsumoto

Representative Director,  
President and CEO  
of Monex, Inc.



After graduating from The University of Tokyo's Faculty of Law in 1987, Oki Matsumoto began his career at Salomon Brothers Asia Limited. He then joined Goldman Sachs Japan Co., Ltd., where he was responsible for FX and fixed income products and related risk management as a General Partner and Co-head of FX/ Fixed income business at the Tokyo Branch. It was in April 1999 that 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 became the Representative Director, President and CEO.

In addition, Matsumoto currently serves as an External Director for the Tokyo Stock Exchange Group, Inc., Tokyo Stock Exchange, Inc., Shinsei Bank, Limited and Kakaku.com, Inc. He is also a commissioner of the Securities Industry Council of Japan Securities Dealers Association and a part-time lecturer at the University of Tokyo.

Representative Director,  
Deputy President and CFO  
(Member of the Board)

#### Kyoko Kudo

Representative Director,  
Deputy President  
of Monex, Inc.



Kyoko Kudo graduated from The University of Tokyo's Faculty of Law in 1987 and took a position with Citibank, N.A., where she engaged in currency options trading. After being qualified as certified public accountant and a stint with Coopers & Lybrand International, Kudo joined Goldman Sachs Japan Co., Ltd. In April 1999, Kudo became the Director of (the former) Monex, Inc. as a founding member. She assumed her current position in August 2004, at the time Monex Group, Inc. was established.

Managing Director  
(Member of the Board)

#### Tsutomu Nakajima

Senior Managing Director,  
of Monex, Inc.



After graduating from The University of Tokyo's Faculty of Economics in 1980, Tsutomu Nakajima joined The Long-Term Credit Bank of Japan. During his time with the bank, he studied at Boston University's School of Management (Graduate Program) and went on to serve as a member of the Financial Products Planning Department, Secretary to the President, and Director of the Securities Products Planning Section. In August 1998, he joined Goldman Sachs Japan Co., Ltd. as Director of the Structured Finance Department and eventually became the General Manager of the Financial Products Department. His involvement in the development of financial products spanned more than 10 years, during which he focused particularly on securitization and liquidation business. In April 2004, Nakajima joined Monex, Inc. After serving as Director of the Strategic Business Department and Head of the CEO's Office, Nakajima assumed his current position at Monex Group, Inc. in June 2006.

Managing Director  
(Member of the Board)

#### Hisashi Tanaami

Senior Managing Director,  
of Monex, Inc.



Hisashi Tanaami graduated from Keio University's Faculty of Law in 1978 and then went on to obtain a Master's Degree in Law at the University of Tsukuba's Graduate School of Business Sciences (majoring in business law) in 2006. He then worked for the Chiyoda Mutual Life Insurance Company (currently AIG Star Life Insurance Co., Ltd.), where he developed his career within the Equity Department as an analyst and fund manager for Japanese equity. Thereafter he was promoted to Director of the Department of Investment Management for Variable Insurance and established a solid track record as a portfolio manager for a variable insurance fund. In February 2001, Tanaami joined Matsui Securities Co., Ltd., where he served as Director and Managing Director. Tanaami was appointed as a full-time member of the Board of Auditors of Monex Group, Inc. in June 2005 and assumed his current position in June 2007.

Managing Director  
(Member of the Board)

#### Tadasu Kawai

Director,  
of Monex FX, Inc.



Tadasu Kawai graduated from Keio University's Faculty of Economics in 1964. He entered Sony Corporation in 1970, and spent 26 years working at Sony subsidiaries overseas. Positions he held include Chief Manager of Sony Overseas S.A. (Switzerland), Executive Deputy President of Sony Deutschland G.m.b.H., President of Sony of Canada Ltd., and Executive Deputy President of Sony Corp. of America, and his track record covers a wide range of business fields including sales, marketing and management. Back in Japan, he was assigned Officer and Managing Director, Officer in charge of Business Operation and Senior Managing Director and Full-time Corporate Auditor. In August 2004, when Monex Group, Inc. was established, Kawai was appointed as a full-time member of the Board of Auditors. He assumed his current position in June, 2009.

Managing Director  
(Member of the Board)

#### Shoji Kuwashima

Managing Director, Senior Advisor  
of Monex, Inc.



Graduated from the Faculty of Engineering at Tokyo Institute of Technology in 1977. Joined Nikko Securities Co., Ltd., and was appointed executive officer in 1999. Became Director of Nikko Cordial Corporation in October 2001, and directed the group's technology department. Was promoted to Representative Director, President and CEO in December 2006, and after the post as Co-Chairman, retired as its Director in December 2008. Participated in Monex's management from June 2006 to December of the same year as an outside Member of the Board, and has been in his current position since June 2009.

Director  
(External, Member of the Board)

### Yuko Kawamoto

Professor, Graduate School of  
Finance, Accounting and Law,  
Waseda University

Yuko Kawamoto graduated from The University of Tokyo's Faculty of Letters in 1982 and then joined the Bank of Tokyo (currently The Bank of Tokyo-Mitsubishi UFJ). After completing her postgraduate study at the University of Oxford, Kawamoto joined the Tokyo office of McKinsey & Company. There she participated in capital market projects at the company's research institute and also worked at the Paris office, after which she was named Senior Expert at the Tokyo office. While working at McKinsey, Kawamoto also served as a commissioner/advisor on various governmental councils, including the Financial System Council and Task Force of the Financial Services Agency. Kawamoto became a professor at the Waseda University Graduate School of Finance, Accounting and Law in April 2004, and assumed her current position with Monex Group, Inc. in June 2006.

In addition, Kawamoto currently serves as an External Director of the Osaka Securities Exchange Co., Ltd. and Resona Holdings, Inc. and Yamaha Motor Co., Ltd., and is a Corporate Auditor of Tokio Marine Holdings, Inc.

Director  
(External, Member of the Board)

### Jun Makihara

Neoteny Co., Ltd., Chairman

Jun Makihara obtained an MBA from Harvard Business School in 1981. He then entered Goldman Sachs Co., Ltd. and was named a General Partner of Goldman Sachs & Co. in December 1992. He was co-head of Investment Banking, and then the co-branch manager and co-head of Equity Business at the Tokyo Branch before he was nominated as Chairman of Neoteny Co., Ltd. in July 2000. Makihara assumed his current position at Monex Group, Inc. in June 2008.

Besides the aforementioned positions, Makihara currently serves as an External Director for RHJ International.

Director  
(External, Member of the Board)

### Takeo Kato

Counsellor of Fuji Electric Holdings  
Co., Ltd.

Graduated from the University of Tokyo, Faculty of Law in 1961. Entered Fuji Electric Manufacturing Co., Ltd. (currently Fuji Electric Holdings Co., Ltd.) and was appointed as Executive Managing Director in June 1989, after working as the head of the Planning Department and as head of the Human Resources Department. Was appointed Executive Vice President (and Representative Director) in June 1998, Chairman and Director in June 2000, Advisor in June 2004 and has served as Counsellor since July 2009. While participating in corporate management, he has held key posts such as President of the Pension Fund Association, Co-Chairman of the Nippon Keidanren's Committee on Labor-Management Relations, Employer Members representative of the Central Labour Relations Commission, and Chairman of the Board and Principal of Kaisei Academy. He has held his current position since June 2009.

Director  
(External, Member of the Board)

### Haruyuki Urata

Director, Deputy President  
and Chief Financial Officer,  
ORIX Corporation

After graduating from Kyoto University's Faculty of Economics in 1977, Haruyuki Urata joined Orient Lease Co., Ltd. (currently ORIX Corporation) in the same year. After serving as the Deputy Head of the Risk Management Headquarters, he was made Executive Officer in February 2005. He also served subsequently as the Deputy Head of the Human Resources & Corporate Administration Headquarters and Head of the Office of the President. In August 2006 he was promoted to Corporate Senior Vice President as well as being in charge of the Corporate Planning Office, and appointed Director in June 2007. Urata was named Deputy President in January 2008, and became the Chief Financial Officer in January 2009. He has held his current position at Monex Group since June 2010.

Full-time Member  
of the Board of Auditors

### Takeshi Tamaki

Statutory (External) Auditor of  
Monex, Inc.  
Statutory Auditor of Monex FX, Inc.



Takeshi Tamaki graduated from The University of Tokyo's Faculty of Economics in 1964, and entered the Bank of Tokyo (currently The Bank of Tokyo-Mitsubishi UFJ). He developed his expertise in commercial loan business and served in a variety of positions, including Deputy Director of the Sales Department at the Head Office and Head of the Yaezu Branch. In June 1993, Tamaki was promoted to Director and headed the Human Resources Department as well as the Corporate Business Department. In January 1996, he was appointed Managing Director. In 1997, he 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. Tamaki was appointed to his current position at Monex Group, Inc. in June 2007.

Member of the Board of Auditors

### Takehiko Moriyama

Statutory Auditor of Monex, Inc.

After graduating from Waseda University's First School of Political Science and Economics in 1970, Takehiko Moriyama worked for The Sanko Steamship Co., Ltd. as Director of the First Accounting Division within the Accounting Department. Subsequently he joined Nikko Securities Co., Ltd., and took charge of accounting for more than 20 years as Director of the Accounting and Operation Department of Nikko Securities Co., (Europe) Ltd., and Director of the Administration Department of Nikko Bank (Switzerland) Ltd. When Nikko Online (currently Monex, Inc.) was established in May 1999, Moriyama was nominated as Representative Director, and subsequently he became a full-time member of the company's Board of Auditors. He was appointed to his current position at Monex Group, Inc. in August 2004, at the time of the Company's establishment.

Member of the Board of Auditors

### Tetsuo Ozawa

Attorney at Law,  
Partner of Tokyo Fuji Law Office

After leaving The University of Tokyo's Faculty of Law in 1971, Tetsuo Ozawa was registered as a lawyer at Daini Tokyo Bar Association in 1973 and subsequently joined Tokyo Fuji Law Office. He became a partner in 1978. Ozawa covers a wide range of corporate legal matters and has engaged in a number of cases regarding corporate/management responsibility, such as class actions and investigation as a member of the corporate internal investigation team. He also serves as a compliance committee member for various companies and as an outside contact for help lines. Ozawa assumed his current position at Monex Group, Inc. in August 2004.

Besides the aforementioned positions, Ozawa serves as a member of the Board of Auditors or Corporate Auditor for LAWSON, INC. and CEMEDINE CO., LTD.

Member of the Board of Auditors

### Masakazu Sasaki

Statutory Auditor of Monex, Inc.  
Certified Public Accountant,  
Office of Sasaki Certified Public Accountant

Masakazu Sasaki 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), he established the Office of Sasaki Certified Public Accountant in August 1997. Sasaki was appointed as a member of the Board of Auditors of (the former) Monex, Inc. in April 1999. He was also appointed Director of Monex Group, Inc. in August 2004, at the time the Company was established. Sasaki also served as a member of the Board of Auditors of Monex Group, Inc. and went on to assume his current position in June 2009.

## ■ Advisory Board Members

**Nobuyuki Idei** (CEO, Quantum Leaps Corporation)

**Motoshige Itoh** (Professor of the Faculty of Economics, Graduate School of Economics, the University of Tokyo)

**Shoichiro Iwata** (President & CEO, ASKUL Corporation)

**Eiko Ohya** (Journalist and commentator)

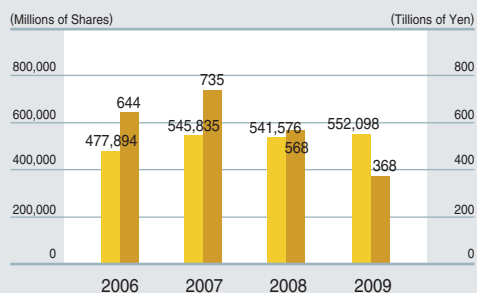
**Makoto Naruke** (Founder and Director, Inspire Corporation)

## ● Financial Section

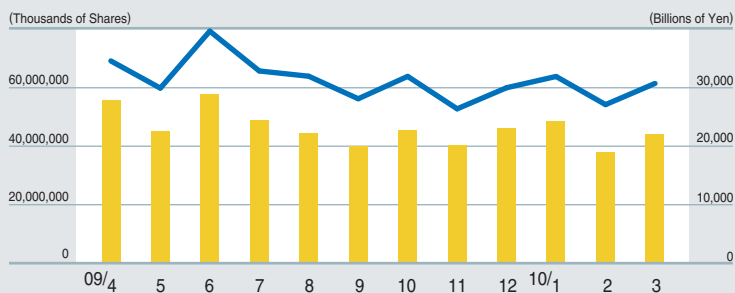
14	Market Information
15	Financial Indicators
16	Financial Review
17	Financial Review / Business Situation
19	Consolidated Financial Statements
19	Consolidated Statements of Operations
20	Consolidated Balance Sheets
22	Consolidated Statements of Changes in Net Assets
23	Consolidated Statements of Cash Flows
24	Notes to Consolidated Financial Statements
26	Notes

## ● Market Information

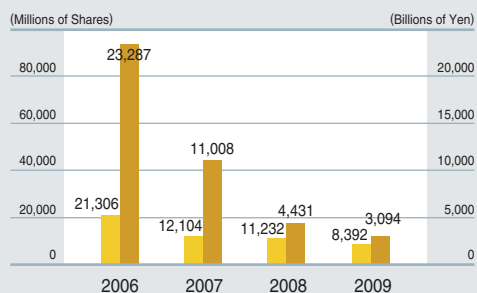
TSE 1st Section Trading volume Trading value



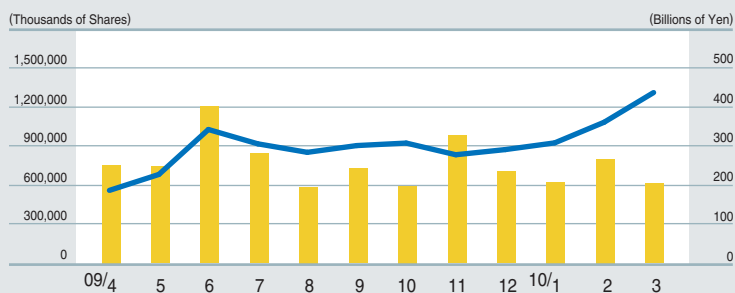
Trading volume Trading value



JASDAQ Trading volume Trading value

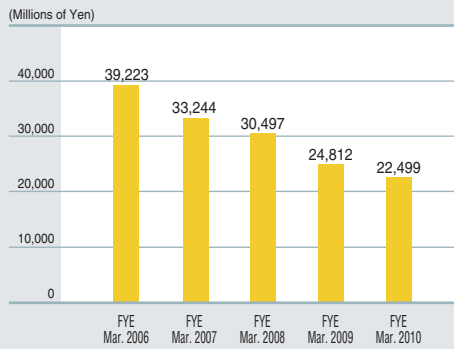


Trading volume Trading value

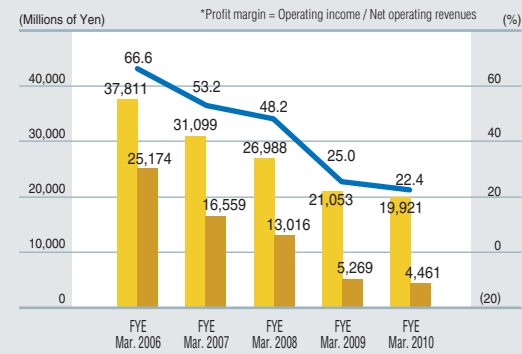


# Financial Indicators

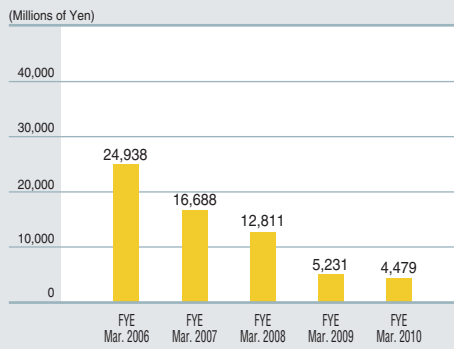
## Operating revenues



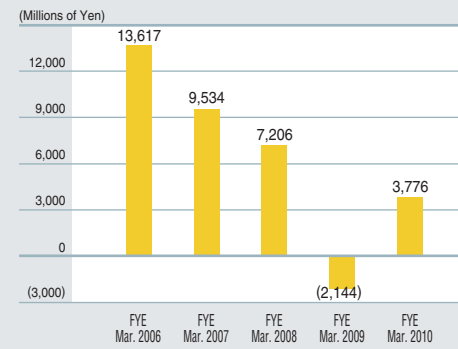
## Net operating revenues, Operating income, Profit margin



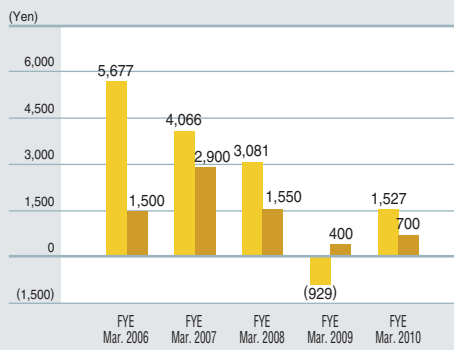
## Ordinary income



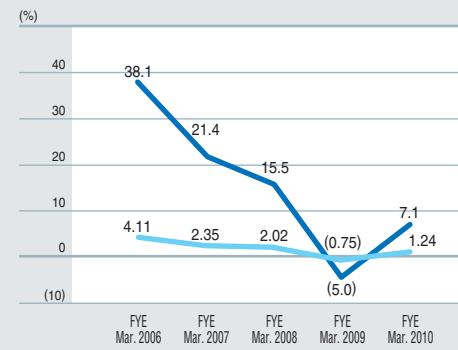
## Net income (loss)



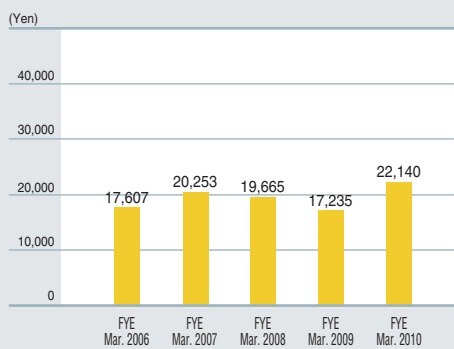
## Net income (loss) per share, Cash dividends per share



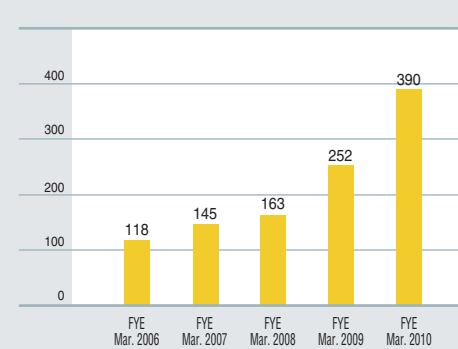
## ROE, ROA



## Net assets per share



## Number of employees



## ● Financial Review



### Kyoko Kudo

Representative Director,  
Deputy President and CFO  
Monex Group, Inc.

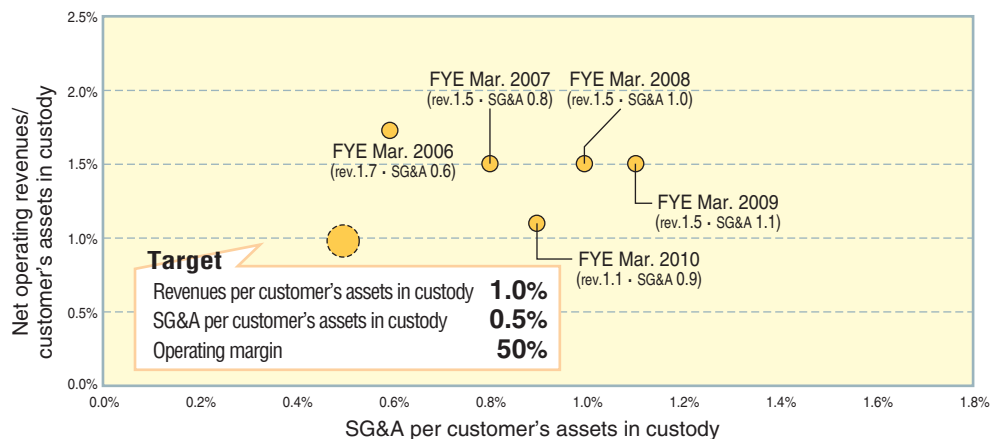
During the fiscal year ended March 2010, we faced a difficult economic environment. Though the Nikkei Stock Average was generally bullish, average one-day trading value by individual investors on the Tokyo, Osaka, Nagoya, and JASDAQ stock exchanges was approximately ¥620 billion, down 8.2% from the previous year. Stock brokerage commissions, which are the Group's major source of income, fell 7.7% from the prior year, but thanks to the diversification of revenue sources and comprehensive efforts to cut costs, we achieved net income of ¥3,776 million.

The Group has been working to diversify its revenue sources and made significant progress this fiscal year. Revenues oriented from customer's FX trading increased rapidly, and as a result, dependence on the stock brokerage business (stock brokerage commissions and financial income) for the Group's revenues fell by seven percentage points from the prior fiscal year to 70%.

To reduce costs, we worked to maintain and strengthen the low-cost structure that is the strength of the online business by scrutinizing all expense categories and implementing strict cost controls. As a result, we were able to absorb the increase in expenses in conjunction with the acquisition of ORIX Securities Corporation, and SG&A expenses declined 2.1% compared to the previous year. Going forward, we expect to achieve substantial cost reductions as a result of the merger of Monex, Inc. and ORIX Securities as of May 1, 2010, mainly in system-related expenses.

The Group seeks to establish a low-cost asset management business model. This model is based on increasing revenue per asset in custody by expanding managed asset products, while creating a low-cost management and operational structure to limit the increase in expenditures as assets in custody rise. Revenues per assets in custody for the fiscal year under review was 1.1%, and SG&A expenses per assets in custody were 0.9%. In the fiscal year ending March 2011, trading by individual investors in domestic stock markets continues to be sluggish. The business environment is becoming increasingly adverse, but the Group remains committed to bolstering its financial soundness, the foundation of its competitive advantage, and achieving continuous growth.

### ■ Revenues/SG&A per customer's assets in custody





## ● Financial Review / Business Situation

### Business and Financial Review

#### Business Result

During the consolidated fiscal year ended March 31, 2010, the domestic economy moved into a recovery phase following the sharp economic downturn caused by global turmoil in financial markets during the previous fiscal year. Public works investment rose during the first half of the year, as did both exports and production levels, driven by inventory adjustments both in Japan and overseas and an improvement in overseas economies. In the second half of the year, public investment slowed but the improvement in exports and production continued, while personal consumption also showed signs of recovery.

The domestic stock market also improved, with the Nikkei 225 Stock Average increasing from ¥8,000+ in April 2009 to ¥10,000+ by August 2009 on the back of the expectations for economic recovery. In late November the indicator fell back to around ¥9,000 in response to ongoing yen appreciation and economic uncertainty in the future, before rising once more as the yen rate settled and the American stock market started to recover. As of March 31, 2010, the Nikkei had reached ¥11,000+. Meanwhile, average daily value of trading by individual investors on the four stock markets (Tokyo, Osaka, Nagoya and JASDAQ) was approximately ¥620 billion, a drop of 8.2% relative to the previous consolidated fiscal year.

In this business environment, the Monex Group has sought to diversify revenue sources by devoting extra resources to areas such as investment trusts, bonds and margin forex trading in addition to our core business of stock brokerage services. Monex Group, Inc. also acquired all stock in ORIX Securities Corporation ("ORIX Securities") through a stock swap effective January 17, 2010, creating a new subsidiary that further consolidates our customer base for future growth.

#### Commission revenues

Total commission revenues for the consolidated fiscal year fell 12.6% in annual terms to ¥13,021 million.

##### (1) Commission to consignees

Commission to consignees fell 7.7% to ¥10,494 million due to the drop in average daily turnover.

##### (2) Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors

During the fiscal year underwrote new stock issues for six companies including Dai-ichi Life Insurance. Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors totaled ¥23 million, an increase of 353.3% in annual terms.

##### (3) Fee for offering, secondary distribution and solicitation for selling and others for professional investors

Sales of investment trusts experienced healthy growth, particularly in newly emerging economies where share prices were recovering strongly, leading to an increase in associated commissions. Overall, fee for offering, secondary distribution and solicitation for selling and others for professional investors rose 61.1% to ¥539 million.

##### (4) Other forms of commission

Agency commissions for investment trusts fell 8.9% in annual terms to ¥1,017 million due to a lower average outstanding balance of investment trusts. Meanwhile, commissions from margin forex trading fell 74.8% to ¥400 million following changes to the commission structure. As a result, combined revenue from other forms of commission fell to ¥1,963 million, down 38.4%.

Trading revenue associated with margin forex trading increased during the fiscal year. This can be attributed to the abovementioned changes to the commission structure and the review of the required margin as well as the internalization of cover transactions.

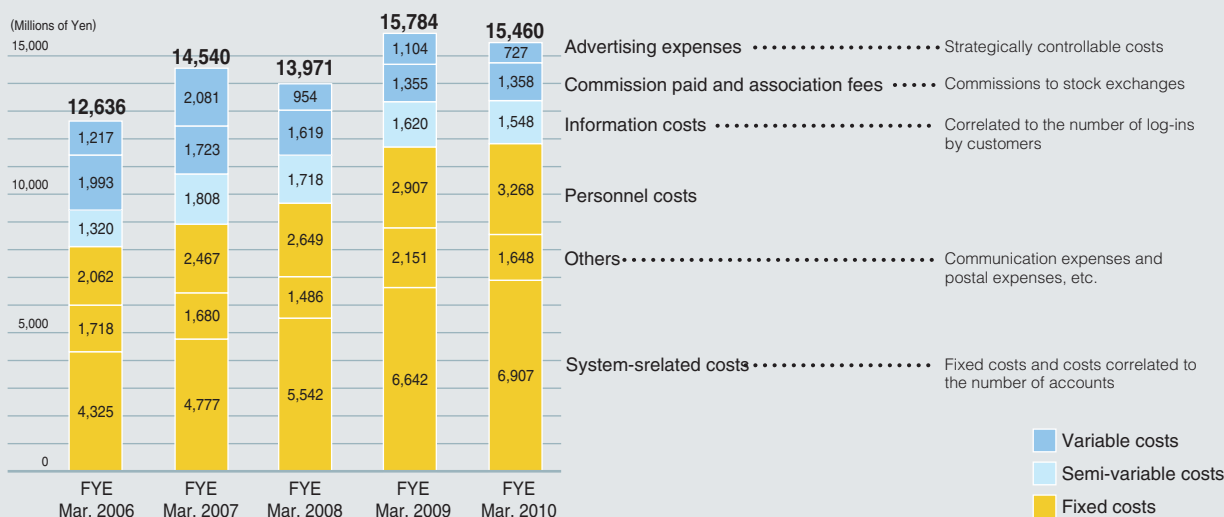
#### Net trading gains

Higher income from margin forex trading led to a net gain of trading account of ¥3,414 million for the consolidated fiscal year, up 210.4% in annual terms.

#### Financial income

The margin balance at the end of the consolidated fiscal year (combined total of buying and selling contracts) was ¥137.8 billion, up ¥73.3 billion from last year. The increase in the margin balance is mainly attributable to the process of converting ORIX Securities to a consolidated affiliate. However the absence this year of the transitory increases posted in the previous fiscal year, combined with a general downturn in

#### ■ Cost structure



margin transactions, caused margin transactions income to fall 3.6% in annual terms to ¥3,202 million, while financial income overall was down 30.2% to ¥6,007 million. Net financial income (financial income less financial expenses) likewise fell 29.3% to ¥3,430 million.

Overall, operating revenue fell 9.3% in annual terms to ¥22,499 million, while net operating revenue (operating revenue less financial expenses) fell 5.4% to ¥19,921 million.

### Selling, general and administrative expenses

Despite the decline in average daily turnover, commissions paid and exchange and association dues increased 0.2% to ¥1,358 million, reflecting expenses associated with the merger with ORIX Securities. Cost-cutting programs resulted in a 34.1% drop in advertising expenses to ¥727 million as well as an 0.4% decrease in outsourcing expenses for back office work to ¥4,137 million. SG&A expenses overall fell 2.1% to ¥15,460 million.

Operating income fell to ¥4,461 million, a drop of 15.3% relative to last year, while ordinary income likewise fell 14.4% to ¥4,479 million.

### Other

Extraordinary income of ¥374 million consisted primarily of ¥309 million in reversal of financial instruments transactions reserve. Extraordinary loss of ¥994 million consisted mainly of integration-related expenses (¥743 million) and losses on disposals of non-current assets (¥181 million). Integration-related expenses refers to the May 2010 merger of Monex, Inc. and ORIX Securities, as well as expenses associated to voluntary retirements and systems-related costs.

Income before income taxes and minority interests was ¥3,996 million, up 8,135.3% over last year's results. Net income itself was ¥3,776 million, a significant improvement on last year's net loss of ¥2,144 million.

## Financial conditions

### Cash flow

During the consolidated fiscal year under review, net cash

used in operating activities totaled ¥5,198 million (compared to ¥31,297 million in net cash provided the previous year), net cash provided by investing activities totaled ¥4,201 million (compared to ¥3,874 million in net cash used the previous year), and net cash used in financing activities totaled ¥9,026 million (compared to ¥35,197 million in net cash used the previous year). As a result, cash and cash equivalents at the end of the fiscal year amounted to ¥29,306 million, down ¥10,025 million from the previous year.

Details of each cash flow category, including key determining factors, are described below.

### Cash Flows from Operating Activities

Cash flows from operating activities resulted in a net outflow of ¥5,198 million during the consolidated fiscal year.

Outflows included an increase of ¥32,207 million in margin transaction assets, net of increase in margin transaction liabilities. Inflows included an increase of ¥10,309 million in loans payable secured by securities and in loans receivable secured by securities and an increase of ¥5,969 million in deposits received.

### Cash Flows from Investing Activities

Cash flows from investing activities resulted in a net inflow of ¥4,201 million during the consolidated fiscal year.

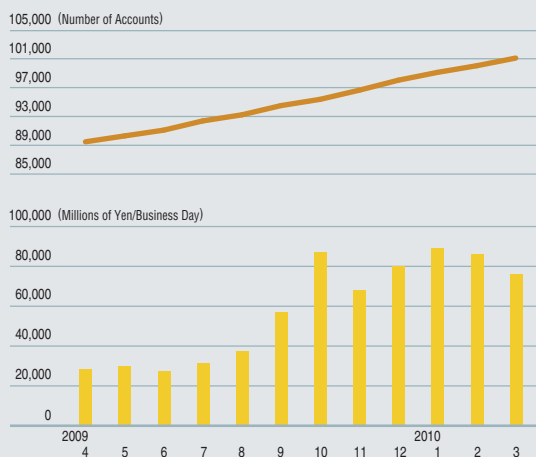
Redemption of securities resulted in an inflow of ¥37,081 million, while purchases of securities resulted in an outflow of ¥36,984 million. There was an inflow of ¥3,820 million in proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation.

### Cash Flows from Financing Activities

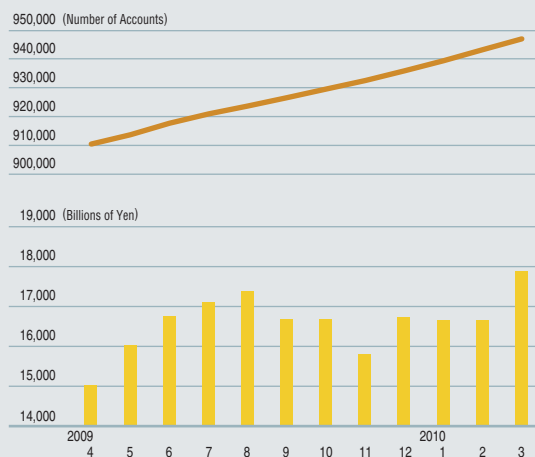
Cash flows from financing activities resulted in a net outflow of ¥9,026 million during the consolidated fiscal year.

Corporate bond issues generated an inflow of ¥18,973 million, while redemption of bonds resulted in an outflow of ¥18,800 million. The reduction of short-term borrowings resulted in an outflow of ¥10,200 million.

■ Number of FX margin trading accounts /FX margin trading amount (Monex, Inc.)\*



■ Accounts/Customer's assets in custody (Monex, Inc.)\*



\*Not including ORIX Securities

# ● Consolidated Financial Statements

## Consolidated Statements of Operations

For the fiscal years ended March 31, 2010 and 2009

	2010	2009
Millions of Yen		
<b>Operating revenues:</b>		
Commission revenues	¥13,021	¥14,900
Commission to consignees	10,494	11,372
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	23	5
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	539	334
Other fees received	1,963	3,188
Net gain on trading account	3,414	1,100
Net gain (loss) on operating investments	(116)	4
Financial income	6,007	8,611
Other operating revenues	172	195
	<b>22,499</b>	<b>24,812</b>
Financial expenses	2,577	3,758
<b>Net operating revenues</b>	<b>19,921</b>	<b>21,053</b>
<b>Selling, general and administrative expenses (Note *1; P26):</b>	<b>15,460</b>	<b>15,784</b>
<b>Operating income</b>	<b>4,461</b>	<b>5,269</b>
<b>Non-operating income:</b>	<b>196</b>	<b>94</b>
Dividends income	158	50
Gain on investments in partnership	—	11
Other	38	32
<b>Non-operating expenses:</b>	<b>178</b>	<b>132</b>
Equity in losses of affiliates	61	20
Foreign exchange losses	7	25
Bond issuance cost	47	40
Loss on investments in partnership	54	33
Other	7	13
<b>Ordinary income</b>	<b>4,479</b>	<b>5,231</b>
<b>Extraordinary income:</b>	<b>374</b>	<b>991</b>
Reversal of allowance for doubtful accounts	65	29
Reversal of financial instruments transactions reserve	309	952
Reversal of reserve for commodities transactions	—	10
<b>Extraordinary loss:</b>	<b>994</b>	<b>6,187</b>
Loss on valuation of investment securities	—	4,940
Loss on redemption of investment securities	41	—
Losses on disposals of non-current assets (Note *2; P26)	181	154
Integration-related expenses (Note *3; P26)	743	—
Loss on cancellation of operations consignment contracts	27	198
Loss on cancellation of lease contracts	—	19
Impairment loss	—	873
<b>Income before income taxes and minority interests prior to distribution of gain in silent partnership</b>	<b>3,860</b>	<b>36</b>
Distribution of gain in silent partnership	(136)	(12)
<b>Income before income taxes and minority interests</b>	<b>3,996</b>	<b>48</b>
<b>Income taxes:</b>		
Current	1,208	2,120
Deferred	(975)	115
	<b>232</b>	<b>2,235</b>
<b>Minority interests</b>	<b>(12)</b>	<b>(42)</b>
<b>Net income (loss)</b>	<b>¥ 3,776</b>	<b>¥ (2,144)</b>
	2010	2009
Yen		
<b>Per share amounts</b>		
Net income (loss)	¥ 1,527.41	¥ (928.55)
Cash dividends per share applicable to the year	700	400

The accompanying notes are an integral part of the financial statements.

## Consolidated Balance Sheets

As of March 31, 2010 and 2009

	2010	2009
Millions of Yen		
<b>Assets</b>		
<b>Current assets:</b>		
Cash and deposits (Note *1; P26)	¥ 31,696	¥ 39,891
Cash segregated for customers and others	127,742	66,988
Money held in trust	34,543	25,218
Trading assets	7,910	7,264
Trading securities and other	620	825
Derivatives	7,289	6,438
Securities (Note *1; P26)	2,703	2,323
Operating investment securities	1,059	1,189
Margin transaction assets	115,927	52,983
Loans on margin transactions	106,984	46,546
Cash collateral pledged for securities borrowing on margin transactions	8,943	6,436
Loans secured by securities	186	94
Cash collateral pledged for securities borrowed	186	94
Cash paid for offering	685	573
Short-term guarantee deposits	8,066	4,781
Accrued revenues	2,670	1,635
Short-term loans receivable	18,121	20,019
Deferred tax assets	1,283	119
Other	1,341	2,286
Allowance for doubtful receivables	(64)	(40)
	<b>353,873</b>	<b>225,328</b>
<b>Non-current assets:</b>		
Property, and equipment, at cost		
Buildings	366	309
Accumulated depreciation	(151)	(106)
Buildings (net)	214	202
Furniture and fixtures	993	558
Accumulated depreciation	(571)	(175)
Furniture and fixtures (net)	422	383
	<b>636</b>	<b>585</b>
Intangible assets, net of amortization:		
Trade rights	0	0
Telephone subscription rights	24	9
Software	1,557	1,311
Software in progress	15	161
Goodwill (Note *8; P26)	8,013	654
Other	333	0
	<b>9,945</b>	<b>2,138</b>
Investment and others:		
Investment securities (Note *4; P26)	7,404	6,828
Long-term guarantee deposits	1,257	738
Deferred tax assets	1,553	65
Other	54	42
Allowance for doubtful receivables	(37)	(33)
	<b>10,232</b>	<b>7,641</b>
<b>Total non-current assets</b>	<b>20,815</b>	<b>10,365</b>
<b>Total assets</b>	<b>¥374,688</b>	<b>¥235,694</b>

The accompanying notes are an integral part of the financial statements.

	2010	2009
Millions of Yen		
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Trading liabilities	¥ 2,854	¥ 1,943
Trading securities and other	—	75
Derivatives	2,854	1,867
Trade date accrual	84	220
Margin transaction liabilities	43,677	26,557
Borrowings on margin transactions	12,853	8,692
Cash received for securities lending on margin transactions	30,824	17,865
Loans payable secured by securities	35,108	22,382
Cash received on debt credit transactions of securities	35,108	22,382
Deposits received	70,583	41,119
Guarantee money received	101,337	55,354
Short-term borrowings	30,450	27,500
Bonds	9,500	9,300
Current portion of long-term debt	3,500	500
Income taxes payable	419	341
Accrued consumption taxes	61	11
Deferred tax liabilities	29	24
Accrued employees' bonuses	156	2
Accrued directors' bonuses	39	—
Allowance for point services	195	256
Other	2,293	1,243
	<b>300,290</b>	<b>186,756</b>
<b>Non-current liabilities:</b>		
Long-term debt	5,000	6,000
Long-term deposits received	1,150	1,271
Deferred tax liabilities	0	64
Other	54	—
	<b>6,205</b>	<b>7,336</b>
<b>Statutory reserves:</b>		
Financial instruments transactions reserve (Note *5; P26)	1,882	1,535
<b>Total reserves under the special laws</b>	<b>1,882</b>	<b>1,535</b>
<b>Total liabilities</b>	<b>308,378</b>	<b>195,628</b>
<b>Net assets</b>		
<b>Shareholders' equity:</b>		
Common stock:	8,800	8,800
Capital surplus	38,999	15,154
Retained earnings	18,205	17,658
Treasury stock	—	(2,009)
<b>Total shareholders' equity</b>	<b>66,004</b>	<b>39,604</b>
<b>Valuation and translation adjustments:</b>		
Net unrealized holding gains on securities, net of taxes	224	209
Foreign currency translation adjustments	(7)	(5)
<b>Total valuation and translation adjustments</b>	<b>217</b>	<b>203</b>
<b>Minority interests</b>	<b>88</b>	<b>258</b>
<b>Total net assets</b>	<b>66,310</b>	<b>40,066</b>
<b>Total liabilities and net assets</b>	<b>¥374,688</b>	<b>¥235,694</b>



## Consolidated Statements of Changes in Net Assets

For the fiscal years ended March 31, 2010 and 2009

	Millions of Yen									
	Owners' Equity					Valuation and Translation Adjustments			Minority Interests	Total Net Assets
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Owners' Equity	Net Unrealized Holding Gains on Securities, Net of Taxes	Foreign Currency Translation Adjustments	Total Valuation and Translation Adjustments		
<b>Balance at March 31, 2008</b>	<b>¥8,800</b>	<b>¥15,154</b>	<b>¥21,766</b>	<b>¥(2,009)</b>	<b>¥43,712</b>	<b>¥1,711</b>	<b>¥(4)</b>	<b>¥1,706</b>	<b>¥135</b>	<b>¥45,554</b>
Changes of items during the period										
Cash dividends paid	—	—	(1,963)	—	(1,963)	—	—	—	—	(1,963)
Net loss	—	—	(2,144)	—	(2,144)	—	—	—	—	(2,144)
Purchase of treasury stock	—	—	—	(0)	(0)	—	—	—	—	(0)
Retirement of treasury stock	—	—	(0)	0	—	—	—	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—	—	(1,502)	(0)	(1,503)	123	(1,379)
<b>Total changes of items during the period</b>	<b>—</b>	<b>—</b>	<b>(4,107)</b>	<b>0</b>	<b>(4,108)</b>	<b>(1,502)</b>	<b>(0)</b>	<b>(1,503)</b>	<b>123</b>	<b>(5,487)</b>
<b>Balance at March 31, 2009</b>	<b>8,800</b>	<b>15,154</b>	<b>17,658</b>	<b>(2,009)</b>	<b>39,604</b>	<b>209</b>	<b>(5)</b>	<b>203</b>	<b>258</b>	<b>40,066</b>
Changes of items during the period										
Issuance of new shares	—	23,844	—	—	23,844	—	—	—	—	23,844
Cash dividends paid	—	—	(1,389)	—	(1,389)	—	—	—	—	(1,389)
Net income	—	—	3,776	—	3,776	—	—	—	—	3,776
Purchase of treasury stock	—	—	—	(101)	(101)	—	—	—	—	(101)
Disposal of treasury stock	—	(402)	—	677	275	—	—	—	—	275
Retirement of treasury stock	—	(1,433)	—	1,433	—	—	—	—	—	—
Transfer to capital surplus from retained earnings	—	1,835	(1,835)	—	—	—	—	—	—	—
Other	—	—	(4)	—	(4)	—	—	—	—	(4)
Net changes of items other than shareholders' equity	—	—	—	—	—	15	(2)	13	(170)	(157)
<b>Total changes of items during the period</b>	<b>—</b>	<b>23,844</b>	<b>546</b>	<b>2,009</b>	<b>26,400</b>	<b>15</b>	<b>(2)</b>	<b>13</b>	<b>(170)</b>	<b>26,243</b>
<b>Balance at March 31, 2010</b>	<b>¥8,800</b>	<b>¥38,999</b>	<b>¥18,205</b>	<b>¥ —</b>	<b>¥66,004</b>	<b>¥ 224</b>	<b>¥ (7)</b>	<b>¥ 217</b>	<b>¥ 88</b>	<b>¥66,310</b>

The accompanying notes are an integral part of the financial statements.

## Consolidated Statements of Cash Flows

For the fiscal years ended March 31, 2010 and 2009

	2010	2009
Millions of Yen		
<b>Cash flows from operating activities:</b>		
Income before income taxes and minority interests	¥ 3,996	¥ 48
Depreciation	967	504
Write-down of goodwill	—	873
Write-down of investment securities	—	4,940
Loss (gain) on redemption of investment securities	41	—
Amortization of goodwill	269	257
Losses on disposals of non-current assets	181	154
Decrease in allowance for doubtful receivables	(407)	(40)
Decrease in accrued employees' bonuses	75	(67)
Decrease in accrued directors' bonuses	39	(151)
Increase (decrease) in allowance for point services	(61)	35
Increase (decrease) in financial instruments transactions reserve	(309)	(952)
Interest income and dividends income	(6,167)	(8,663)
Interest expense	2,577	3,758
Decrease in cash segregated for customers and others	(2,475)	6,515
(Increase) decrease in money held in trust	1,002	10,964
(Increase) decrease in trading assets	281	2,249
(Increase) decrease in operating investment securities	43	(23)
Decrease in margin transaction assets, net of increase in margin transaction liabilities	(32,207)	44,809
Decrease in loans payable secured by securities and in loans receivable secured by securities	10,309	(26,488)
(Increase) decrease in payments on securities subscribed	(53)	(83)
(Increase) decrease in short-term loans receivable	2,659	15,006
(Increase) decrease in short-term guarantee deposits	4,441	(874)
Decrease in deposits received	5,969	(963)
Decrease in guarantee money received	2,636	(21,808)
Increase (decrease) in consumption taxes payable	50	(24)
Other, net	(1,509)	310
<b>Subtotal</b>	<b>(7,647)</b>	<b>30,287</b>
Interest and dividend received	5,462	8,729
Interest paid	(2,601)	(3,828)
Income taxes paid	(411)	(3,890)
<b>Net cash provided by (used in) operating activities</b>	<b>(5,198)</b>	<b>31,297</b>
<b>Cash flows from investing activities:</b>		
Purchases of securities	(36,984)	(102,260)
Redemption of securities	37,081	102,155
Purchases of property and equipment	(80)	(432)
Purchases of intangible assets	(916)	(894)
Purchases of investment securities	(64)	(317)
Proceeds from sales and redemption of investment securities	756	—
Payments for guarantee deposits	(127)	(80)
Proceeds from guarantee deposits	19	66
Payment for purchase of investments in subsidiaries	(17)	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(2,123)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation (Note *2; P27)	3,820	—
Other, net	713	11
<b>Net cash provided by (used in) investing activities</b>	<b>4,201</b>	<b>(3,874)</b>
<b>Cash flows from financing activities:</b>		
Decrease due to the acquisition of treasury stock	(101)	(0)
Decrease in short-term borrowings	(10,200)	(35,600)
Increase in long-term debt	2,500	6,000
Increase in bonds	18,973	37,280
Decrease in bonds	(18,800)	(41,000)
Dividends paid	(1,398)	(1,977)
Proceeds from minority shareholders due to issuance of shares	—	100
<b>Net cash used in financing activities</b>	<b>(9,026)</b>	<b>(35,197)</b>
<b>Foreign currency translation adjustments on cash and cash equivalents</b>	<b>(2)</b>	<b>(0)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(10,025)</b>	<b>(7,774)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>39,331</b>	<b>47,106</b>
<b>Cash and cash equivalents at end of year (Note *1; P27)</b>	<b>¥29,306</b>	<b>¥39,331</b>

The accompanying notes are an integral part of the financial statements.

# ● Notes to Consolidated Financial Statements

Consolidated fiscal year from April 1, 2009 to March 31, 2010

## Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of Monex Group, Inc. (the "Company") have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Law of Japan and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different from International Financial Reporting Standards with respect to certain application and disclosure requirements. The accounts of overseas consolidated subsidiary is maintained in conformity with generally accepted accounting principles and practices prevailing in the respective countries of domicile. The accounts of overseas consolidated subsidiary for the year ended March 31, 2010 are prepared in conformity with generally accepted accounting principles and practices prevailing in the country and adjusted for the difference in accounting polices from Japanese GAAP, if any.

The accompanying consolidated financial statements translated into English from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law of Japan.

## 1. Scope of subsidiaries

Consolidated subsidiaries: 10

List of consolidated subsidiaries:

Monex, Inc.  
Monex Alternative Investments, Inc.  
Monex Business Incubation, Inc.  
Monex University, Inc.  
Monex Capital Partners I, Inc.  
MBH America, Inc.  
Monex Hambrecht, Inc.  
(former WR Hambrecht & Co Japan, Inc.)  
Monex FX, Inc.  
Trade Science Corporation  
ORIX Securities Corporation

List includes ORIX Securities since stock was newly acquired during the consolidated fiscal year.

## 2. Application of the equity method

Affiliated companies under the equity method: 2

List of affiliated companies under equity method:  
Triangle Partners (silent partner Triangle Partners)  
Dot Commodity, Inc.

List includes Dot Commodity, Inc. since stock was newly acquired during the consolidated fiscal year.

## 3. Accounting period for consolidated subsidiaries

The final date of the accounting period for all consolidated subsidiaries is the same as the consolidated settlement date.

## 4. Accounting standards

### (1) Evaluation standards and principles for key assets

1. Securities classified as the trading account (trading assets) are accounted as follows:

Market value accounting

### 2. Securities not classified as the trading account (trading assets) are accounted as follows:

- (i) Held-to-maturity debt securities  
Amortized cost method (Interest method)
- (ii) Other securities
  - (a) (Securities with a Readily Ascertainable Market Value) Available-for-sale securities which include cash segregated for customers and others and money held in trust with a readily ascertainable market value are stated at fair market value as of balance sheet dates. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on sale of such securities are computed using the moving-average method.
  - (b) (Securities without a Readily Ascertainable Market Value) Available-for-sale securities without a readily ascertainable market value are stated at cost, using the moving average method. Investment in limited partnership is recorded at net asset value based on most recent financial statements of partnership corresponding to the Company's share.

### 3. Derivatives

Market value accounting

### (2) Depreciation of key depreciable assets

#### 1. Tangible fixed assets

Depreciation of property and equipment is computed using the declining-balance method over the estimated useful lives.

The usable life is generally estimated as follows.

Buildings: 3 to 18 years

Furniture and fixtures: 4 to 6 years

## 2. Intangible fixed assets

Goodwill related to the acquisition of the Company's memberships is recorded at cost and amortized using the straight-line method over a five-year period. Software for internal use is capitalized and amortized using the straight-line method over the estimated useful life (five years).

## 3. Investments and other assets

Long-term pre-paid expenses are calculated by the equal installment method.

### (3) Basis of computation of key allowance

#### 1. Allowance for doubtful receivables

An allowance for doubtful receivables is provided in an amount considered to be sufficient to cover estimated losses. Uncollectible amounts are calculated by estimating amounts for certain identified doubtful accounts and applying a percentage based on the rate of actual losses in the past for other accounts.

#### 2. Accrued employees' bonuses

The accrued employees' bonuses reserve is designed to cover employees' bonuses, based on the expected cost of bonuses to be paid in the current consolidated fiscal year.

#### 3. Accrued directors' bonuses

The accrued directors' bonuses reserve is designed to cover directors' bonuses, based on the expected cost of bonuses to be paid in the current consolidated fiscal year.

#### 4. Retirement payouts

The employee retirement payout reserve is designed to cover retirement payouts based on the anticipated level of retirement payouts at the end of the current fiscal year.

#### 5. Allowance for point services

An allowance for point services is provided for the future reduction of commission revenues for granted and outstanding incentive points to be used after the end of the current fiscal year, using an estimated usage rate based on records of usage.

#### 6. Financial instruments transaction reserve

The financial instruments transaction reserve is designed to cover securities trading losses. It is calculated in accordance with the provisions of Article 46, part 5 of the Financial Instruments and Exchange Law and Article 175 of the Cabinet Office Ordinance concerning Financial Instruments Business Operators.

### (4) Key hedge accounting principles

#### 1. Hedge accounting

Market value hedge method

#### 2. Hedging instruments and scope

Hedging instruments: Forward foreign exchange contracts

Hedging scope: Foreign currency denominated and other securities

#### 3. Hedging principle

Exchange contracts are used as a means of reducing the risk of foreign exchange fluctuations in foreign currency denominated and other securities.

#### 4. Hedging efficacy assessment

The effectiveness of the hedge is assessed by comparing the cumulative amount of valuations in the forward foreign exchange contracts and the cumulative amount of valuations in the hedged securities.

### (5) Other information used in preparation of the consolidated financial statements

#### 1. Consumption tax accounting

Consumption tax and local government tax accounting are normally calculated on the tax exclusion method.

### 5. Assets and liabilities of consolidated subsidiaries

The market value method is used to evaluate assets and liabilities of consolidated subsidiaries.

### 6. Amortization of goodwill and negative goodwill

Amortization of goodwill and negative goodwill is the straight-line method for the relevant period based on the anticipated period of the investment benefit.

### 7. Definition of funds for consolidated cash flow calculations

For the purpose of consolidated cash flow calculations, funds are defined as cash on hand, readily available deposits and short-term investments with a maturity period of less than three months from the date of acquisition and which can be readily converted to cash with negligible price fluctuation risk.

## Consolidated balance sheets

Consolidated fiscal year (as of March 31, 2010)

\*1. Deposits of ¥2,895 million and securities of ¥2,198 million had been deposited as collateral for loan transactions with securities finance companies, for clearing transactions with financial instruments clearing organizations and for foreign exchange transactions. Also, ¥15,314 million of securities deposited by customers as margin money had been pledged as collateral for loan transactions with securities finance companies.

2. The fair value of deposited securities (excluding those pertaining to 1 above) is as follows:

	Millions of Yen
Securities lending for margin transactions	¥33,995
Securities pledged for borrowings from securities financial companies or securities exchange brokers	13,122
Securities loaned	34,633
Other securities pledged	¥ 2,497

3. The fair value of securities received as collateral is as follows:

	Millions of Yen
Securities in custody for loans receivable from customers	¥102,583
Securities borrowed from securities finance companies	9,042
Securities borrowed	94,262
Securities received as guarantee for margin transactions	¥199,199

\*4. The amount of investment securities relating to non-consolidated subsidiaries and affiliates is as follows:

	Millions of Yen
Investment securities	¥814

\*5. The financial instruments transaction liability reserve has been recorded in accordance with Article 46-5 of the Financial Instruments and Exchange Act and with Article 175 of the Cabinet Office Ordinance concerning Financial Instruments Business Operators, etc.

6. The Company and its consolidated subsidiary have entered commitment line agreements for lending. The unused balance for lending based on these agreements is as follows:

	Millions of Yen
Commitment lines for lending	¥2,500
Less amount executed	—
Unused amount	¥2,500

7. The Company and its consolidated subsidiary have entered overdraft agreements and commitment line agreements for borrowings for the purpose of

procuring working capital efficiently. The unused balance for borrowings based on these agreements is as follows:

	Millions of Yen
Commitment lines of credit and overdraft	¥119,700
Less amount executed	21,950
Unused amount	¥ 97,750

\*8. Negative goodwill has been offset against goodwill. The amounts before being offset are as follows:

	Millions of Yen
Goodwill	¥8,253
Negative Goodwill	240
Unused amount	¥8,013

## Consolidated statements of operations

For the fiscal year ended March 31, 2010

\*1. The breakdown of major selling, general and administrative expenses is as follows:

	Millions of Yen
Commissions paid and exchange and association dues	¥1,358
Communication, freight and information expenses	2,057
Advertising expenses	727
Directors' compensation	442
Employees' salaries	2,286
Provision for accrued employees' bonuses	74
Provision for accrued directors' bonuses	42
Severance and retirement benefit expenses	18
Equipment rental and maintenance	1,036
Outsourcing expenses	4,137
Depreciation expenses	967
Amortization of goodwill	269

\*2. The breakdown of losses on disposals of non-current assets is as follows:

	Millions of Yen
Buildings	¥ 0
Software	181
Total	¥181

\*3. Business integration costs are a temporary expense which arose as a consequence of preparations for the merger between Monex, Inc. and ORIX Securities Corporation. The breakdown of major costs is as follows:

	Millions of Yen
Costs related to voluntary retirements	¥437
System-related costs	124
Other	181
Total	¥743



## Consolidated statements of changes in net assets

For the fiscal year ended March 31, 2010

### 1. Type and total number of issued shares, and type and number of treasury stock

	As of March 31, 2009	Increase	Decrease	As of March 31, 2010
Issued shares				
Common stock (Note 1)	2,344,687	673,002	26,569	2,991,120
Total	2,344,687	673,002	26,569	2,991,120
Treasury stock				
Common stock (Note 2)	35,006	3,371	38,377	—
Total	35,006	3,371	38,377	—

Notes: 1. The 673,002-share increase in the total number of issued shares of common stock is due to new shares being issued as a consequence of the exchange of stock. The 26,569-share decrease in the total number of issued shares of common stock is due to the cancellation of treasury stock.

2. The 3,371-share increase in the number of shares of treasury stock is due to repurchases. The 38,377-share decrease in the number of shares of treasury stock is due to 11,808 shares of treasury stock being issued as a consequence of the exchange of stock and 26,569 shares of treasury stock being cancelled.

### 2. Stock options

Name of company	Breakdown	Type of target stock	Number of target stock (shares)				Balance as of March 31, 2010 (Millions of Yen)
			As of March 31, 2009	Increase	Decrease	As of March 31, 2010	
(consolidated subsidiary) Monex Hambrecht, Inc. (former WR Hambrecht & Co Japan, Inc.)	—	—	—	—	—	—	
Total	—	—	—	—	—	—	

### 3. Dividends

#### (1) Amount of dividends paid

(Resolution)	Type of stock	Total dividends paid (Millions of Yen)	Dividend paid per share (Yen)	Reference date	Effective date
Ordinary General Meeting of Shareholders June 20, 2009	Common stock	461	200.00	March 31, 2009	June 22, 2009
Meeting of the Board of Directors October 28, 2009	Common stock	927	400.00	September 30, 2009	December 9, 2009

(2) Dividends for which the reference date is during the fiscal year ended March 31, 2010, but the effective date is during the fiscal year ending March 31, 2011

(Resolution)	Type of stock	Total dividends paid (Millions of Yen)	Source of dividends	Dividend paid per share (Yen)	Reference date	Effective date
Ordinary General Meeting of Shareholders June 19, 2010	Common stock	897	Retained earnings	300.00	March 31, 2010	June 21, 2010

## Consolidated statements of cash flows

For the fiscal year ended March 31, 2010

### \*1. Relationship between the balance of cash and cash equivalents as of March 31, 2010 and the amounts recorded in the consolidated balance sheets

	Millions of Yen (as of March 31, 2010)
Cash and deposits account	¥31,696
Marketable securities including MMFs and medium-term government bond funds	505
Segregated cash included in cash and deposits	(2,895)
Cash and cash equivalents	¥29,306

### \*2. Major assets and liabilities of the company that became a new consolidated subsidiary as a consequence of the exchange of stock

	Millions of Yen
ORIX Securities Corporation	
Current assets	¥ 129,066
Non-current assets	4,352
Goodwill	7,737
Current liabilities	(116,186)
Non-current liabilities	(360)
Statutory reserves	(657)
Acquisition price of the shares of the new consolidated subsidiary	23,952
Issue price of the shares issued in the exchange of stock	23,844
Cash and cash equivalents of the new consolidated subsidiary	3,928
Net cash provided by the acquisition of the new consolidated subsidiary	¥ 3,820

## Lease transactions

For the fiscal year ended March 31, 2010

### Finance lease transactions (lessee)

Finance lease transactions that do not transfer ownership

- Details of lease assets  
Not applicable
- Method for depreciating lease assets  
Not applicable

Finance lease transactions, which do not transfer ownership of the leased property and which commenced on or before March 31, 2008, are accounted for in the same manner as operating leases. Their details are as follows:

#### (1) Lease property acquisition costs, accumulated depreciation and net balance at year-end

	Acquisition costs (Millions of Yen)	Accumulated depreciation (Millions of Yen)	Net balance at year-end (Millions of Yen)
Furniture and fixtures	¥1,148	¥867	¥281
Software	767	582	184
Total	¥1,916	¥1,450	¥465

(2) Net balance of future lease payments at year-end

	Millions of Yen
Within one year	¥357
Over one year	136
Total	¥493

(3) Lease payments, depreciation and interest expense

	Millions of Yen
Lease payments	¥411
Depreciation	377
Interest expense	¥ 23

(4) Calculation of depreciation

Depreciation is calculated using the straight-line method over the term of the lease with zero residual value.

(5) Calculation of interest expense

Interest expense is calculated as the difference between total lease payments and the acquisition cost of leased property, and is allocated to relevant accounting periods based on the interest method.

contracts. Securities and investment securities are primarily held-to-maturity debt securities and net investments necessary for conducting a financial transactions business, and they are exposed to the risk of market price fluctuations.

Almost all guarantee monies received and trade-payable margin transaction liabilities have a maturity of one year or less. Those that are partially denominated in foreign currencies are exposed to the risk of currency fluctuations, but this risk is being managed appropriately.

Loans and corporate bonds are primarily for the purpose of procuring funds needed to provide margin transactions. As for derivative transactions, forward foreign exchange contracts are used for the purpose of avoiding the risk of foreign exchange fluctuations in margin forex trading and in foreign currency denominated securities.

(3) Risk management systems for financial instruments

In order to keep the risks that affect business management to within certain permissible limits, the Monex Group properly identifies, analyzes and assesses risks, and it has developed an appropriate management system suited to each type of risk, including: a) market-related risk, b) credit risk, and c) liquidity risk. The Monex Group also manages financial instruments firms properly, calculating their capital adequacy ratios in accordance with the Financial Instruments and Exchange Act.

## Financial instruments

For the fiscal year ended March 31, 2010

### (Additional information)

Effective from the year ended March 31, 2010, the Company and its consolidated subsidiaries adopted the "Accounting Standard for Financial Instruments" (Accounting Standards Board of Japan (ASBJ) Statement No. 10, March 10, 2008) and "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19, March 10, 2008).

### 1. Financial instruments

(1) Basic policy for financial instruments

The Group procures necessary funds according to the business plan, primarily by borrowing from financial institutions and by issuing corporate bonds. Any temporary surplus funds are mostly invested in highly liquid financial assets, and in accordance with the Financial Instruments and Exchange Act, separately managed money trusts and so forth are established for customer deposits and guarantee money received by financial instruments firms.

(2) Details of financial instruments and associated risks

Guarantee monies deposited and trade-receivable margin transaction assets are exposed to the credit risk of customers. Foreign currency denominated trade receivables are also exposed to the risk of currency fluctuations, but in principle, their net position is hedged using forward exchange

### 2. Fair value of financial instruments

The value of financial instruments recorded on the consolidated balance sheets as of March 31, 2010, their fair value, and the difference between these two are as follows. Any financial instruments, for which determination of fair value is deemed extremely difficult, have not been included in the following table.

	Value recorded on consolidated balance sheets (Millions of Yen)	Fair value (Millions of Yen)	Difference (Millions of Yen)
(1) Cash and deposits	¥ 31,696	¥ 31,696	–
(2) Cash segregated for customers and others, and money held in trust	162,285	162,285	–
(3) Securities and investment securities	11,812	11,812	(0)
a) Trading securities	620	620	–
b) Derivative transactions	7,289	7,289	–
c) Held-to-maturity debt securities	2,198	2,198	(0)
d) Available-for-sale securities	1,703	1,703	–
(4) Margin transaction assets	115,927	115,927	–
(5) Short-term guarantee money deposited and short-term loans receivable	26,187	26,187	–
Total assets	¥347,909	¥347,909	¥(0)

(1) Margin transaction liabilities	¥ 43,677	¥ 43,677	–
(2) Loans payable secured by securities	35,108	35,108	–
(3) Deposits received	70,583	70,583	–
(4) Guarantee money received and short-term borrowings	131,787	131,787	–
(5) Current portion of bonds	9,500	9,500	–
(6) Long-term debt and current portion of long-term debt	8,500	8,575	75
(7) Derivative transactions	2,854	2,854	–
Total liabilities	¥302,011	¥302,086	¥75

Note 1. Calculation of the fair value of financial instruments and notes on securities and derivative transactions

**(Assets)**

- (1) Cash and deposits, (5) Short-term guarantee money deposited and short-term loans receivable

Given that these are settled in a short period of time, their book values closely approximate their fair value, and so they have been stated at their respective book values.

- (2) Cash segregated for customers and others, and money held in trust  
Given that these are mostly trust property and marked to market, their book values closely approximate their fair value, and so they have been stated at their respective book values.

- (3) Securities and investment securities  
The fair value of shares has been stated using the prices at exchange. The fair value of bonds has been stated using either the prices at exchange or the prices offered by correspondent financial institutions. And the fair value of derivative transactions has been stated using the prices offered by correspondent financial institutions and so forth.

- (4) Margin transaction assets  
Given that even margin transaction assets with prescribed terms of contract have short terms, their book values closely approximate their fair value, and so they have been stated at their respective book values. Also, given that margin transaction assets with no prescribed terms of contract can be regarded as fair value using the amount of the payment (book value) if an offsetting transaction was conducted at the time fair value was assessed, they have been stated at their respective book values.

**(Liabilities)**

- (1) Margin transaction liabilities  
Given that even margin transaction liabilities with prescribed terms of contract have short terms, their book values closely approximate their fair value, and so they have been stated at their respective book values.

- (2) Loans payable secured by securities (3) Deposits received (4) Guarantee money received and short-term borrowings  
Given that these are settled in a short period of time, their book values closely approximate their fair value, and so they have been stated at their respective book values.

- (5) Current portion of bonds  
Given that these are corporate bonds redeemed in a short period of time, their book values closely approximate their fair value, and so they have been stated at their respective book values.

- (6) Long-term debt and current portion of long-term debt  
The fair value of these have been estimated at the present value, calculated by discounting the sum of the principal and interest by the interest rate envisaged if the same loan was borrowed anew.

- (7) Derivative transactions  
The fair value has been stated using the prices offered by correspondent financial institutions and so forth.

Note 2. Financial instruments, for which determination of fair value is deemed extremely difficult

Category	Value recorded on consolidated balance sheets (Millions of Yen)
Unlisted company stocks*1	¥5,818
Investment trusts*2	349
Investments in limited partnerships*2	1,097

\*1. Given that unlisted company stocks have no market price and determining their fair value is deemed extremely difficult, they have not been included in "(3) Securities and investment securities."

\*2. Given that investment trusts and investments in limited partnerships are comprised of assets such as unlisted company stocks, for which determination of fair value is deemed extremely difficult, among operating investment securities, securities and investment securities, they have not been included in "(3) Securities and investment securities."

Note 3. Redemption schedule after March 31, 2010, for monetary claims and for securities with terms to maturity  
Almost all monetary claims are scheduled to be redeemed within one year. The impending redemption schedule for those available-for-sale securities with terms to maturity and for held-to-maturity debt securities is as follows:

	1 year or less (Millions of Yen)	More than 1 year but less than 5 years (Millions of Yen)	More than 5 years but less than 10 years (Millions of Yen)
Government bonds, municipal bonds	¥12,200	¥33,000	¥10,000

Note 4. Repayment schedule after March 31, 2010, for corporate bonds and long-term debt

	1 year or less (Millions of Yen)	More than 1 year but less than 2 years (Millions of Yen)
Corporate bonds	¥ 9,500	–
Long-term debt	3,500	¥5,000
Total	¥13,000	¥5,000

## Securities

As of March 31, 2010

### I. Securities in the trading account

Differences in valuation included in income for the fiscal year ended March 31, 2010  
¥(23) million

### II. Securities not classified in the trading account

#### 1. Held-to-maturity debt securities

	Type	Book value (Millions of Yen)	Fair value (Millions of Yen)	Difference (Millions of Yen)
Fair value is greater than book value	(1) Government bonds, municipal bonds	¥ 199	¥ 199	¥0
	(2) Corporate bonds	—	—	—
	(3) Other	—	—	—
	Subtotal	199	199	0
Fair value is not greater than book value	(1) Government bonds, municipal bonds	1,998	1,998	(0)
	(2) Corporate bonds	—	—	—
	(3) Other	—	—	—
	Subtotal	1,998	1,998	(0)
Total	¥2,198	¥2,198	¥(0)	

#### 2. Available-for-sale securities

	Type	Book value (Millions of Yen)	Acquisition cost (Millions of Yen)	Difference (Millions of Yen)
Book value is greater than acquisition cost	(1) Shares	¥5	¥0	¥4
	(2) Bonds			
	a) Government bonds, municipal bonds	38,121	37,613	508
	b) Corporate bonds	—	—	—
	c) Other	—	—	—
(3) Other	—	—	—	
Subtotal	38,127	37,613	513	
Book value is not greater than acquisition cost	(1) Shares	0	0	(0)
	(2) Bonds			
	a) Government bonds, municipal bonds	15,726	15,749	(22)
	b) Corporate bonds	—	—	—
	c) Other	—	—	—
(3) Other	1,192	1,221	(29)	
Subtotal	16,919	16,970	(51)	
Total	¥55,046	¥54,584	¥461	

(Note) Given that unlisted company stocks (book value ¥5,818 million), investment trusts (book value ¥349 million) and investments in limited partnerships (book value ¥1,097 million) do not have market prices and determining their fair value is deemed extremely difficult, they have not been included in "Available-for-sale securities" in the above table.

#### 3. Available-for-sale securities sold during the fiscal year ended March 31, 2010

Type	Sales amount (Millions of Yen)	Gains on sales (Millions of Yen)	Losses on sales (Millions of Yen)
(1) Shares	—	—	—
(2) Bonds			
a) Government bonds, municipal bonds	¥20,299	¥272	—
b) Corporate bonds	—	—	—
c) Other	—	—	—
(3) Other	—	—	—
Total	¥20,299	¥272	—

## Derivative transactions

As of March 31, 2010

### 1. Derivative transactions for which hedge accounting has not been applied

Contract amount, fair value and valuation profits (losses) on derivative transactions

Type	Assets		Liabilities	
	Contract amount (Millions of Yen)	Fair value (Millions of Yen)	Contract amount (Millions of Yen)	Fair value (Millions of Yen)
Forward foreign exchange contracts	¥263,958	¥7,289	¥162,948	¥2,854

(Note) 1. Calculation of fair value

Fair values have been calculated based on the prices offered by correspondent financial institutions and so forth.

2. The fair value column shows imputed gains (losses) on settlement.

### 2. Derivative transactions for which hedge accounting has been applied

Contract amount, fair value and valuation profits (losses) on derivative transactions

Type	Assets		Liabilities	
	Contract amount (Millions of Yen)	Fair value (Millions of Yen)	Contract amount (Millions of Yen)	Fair value (Millions of Yen)
Forward foreign exchange contracts	—	—	¥465	¥16

## Severance and retirement benefits

### 1. Overview of current retirement benefits plan

The Group has adopted a defined contribution pension plan. However, ORIX Securities, which became a consolidated subsidiary during the fiscal year ended March 31, 2010, had concurrently adopted a defined benefit pension plan. The defined benefit pension plan was abolished in conjunction with the merger of ORIX Securities with Monex, Inc. in May 2010.

## 2. Retirement benefit obligations

	For the fiscal year ended March 31, 2010 (Millions of Yen)
a) Retirement benefit obligations	(292)
b) Pension assets	366
c) Subtotal ( a ) + b )	73
d) Unrecognized past service liabilities	3
e) Unrecognized actuarial differences	(45)
f) Total ( c ) + d ) + e )	32
g) Prepaid pension costs	32
h) Allowance for severance and retirement benefits ( f ) - g )	—

## 3. Severance and retirement benefit expenses

	For the fiscal year ended March 31, 2010 (Millions of Yen)
Service costs	¥5
Interest costs	0
Expected return on assets	(6)
Amortization of past service liabilities	(0)
Amortization of actuarial differences	1
Severance and retirement benefit expenses	(0)
Payment of premiums to defined contribution pension plan	18
Total	¥18

## 4. Basis for calculating retirement benefit obligations

	For the fiscal year ended March 31, 2010
Discount rate	2.2%
Expected rate of return on assets	2.2%
Periodic allocation method for projected benefits	Straight-line basis
Years over which past service liabilities are amortized	12.5 years
Years over which actuarial differences are amortized	13.0 years

## Stock option plan

For the fiscal year ended March 31, 2010

1. Amount recorded and account name for expenses during the fiscal year ended March 31, 2010  
Not applicable

## 2. Details, size and changes in stock option plan

### (1) Details of stock option plan

Name of company	Monex Hambrecht, Inc. (former WR Hambrecht & Co Japan, Inc.)
Date of resolution	January 31, 2008
Persons granted	2 directors of its subsidiary
Number of granted shares	54 shares
Date of grant	January 31, 2008
Vesting conditions	Vesting conditions shall be stipulated in the "Stock Option Agreement" concluded between Monex Hambrecht, Inc. and the persons to whom the stock options are granted.
Vesting period	No provision has been made for the vesting period
Exercise period	From January 31, 2010 to January 31, 2018

### (2) Size and changes in stock option plan

#### a) Number of stock options

Name of company	Monex Hambrecht, Inc.
Date of resolution	January 31, 2008
Before vesting	
Opening (shares)	54
Granted (shares)	—
Lapsed (shares)	—
Vested (shares)	54
Unvested (shares)	—
After vesting	
Opening (shares)	—
Vested (shares)	54
Exercised (shares)	—
Lapsed (shares)	—
Unexercised (shares)	54

#### b) Information on unit price

Name of company	Monex Hambrecht, Inc.
Date of resolution	January 31, 2008
Exercise price (yen)	¥150,000
Average share price at exercise (yen)	—
Fair estimated unit price on date granted (yen)	—

## 3. Method for estimating number of vested stock options

Basically, since making a reasonable estimate for the number of lapsed options in the future is difficult, in the adopted method, only the actual number of lapsed options is reflected.

## Tax effect accounting

For the fiscal year ended March 31, 2010

Breakdown of deferred tax assets and deferred tax liabilities according to major causes

	(Millions of Yen)
Deferred tax assets (current)	
Enterprise tax payable	¥54
Allowance for point services	79
Accrued employees' bonuses	69
Business integration	552
Tax loss carry forwards	616
Other	108
Subtotal	1,481
Valuation allowance	(0)
Total	1,480
Deferred tax liabilities (Current)	
Net unrealized holding gains on securities	(197)
Retained earnings of subsidiaries	(29)
Total	(226)
Net deferred tax assets (liabilities) (Current)	1,254
Deferred tax assets (Non-current)	
Financial instruments transactions reserve	766
Deferred assets	44
Excess depreciation	123
Goodwill	329
Accumulated deficits	2,025
Other	97
Subtotal	3,387
Valuation allowance	(1,833)
Total	1,553
Deferred tax liabilities (Non-current)	
Net unrealized holding gains on securities	(0)
Other	(0)
Total	(0)
Net deferred tax assets (liabilities) (Non-current)	¥1,553
Breakdown of the major items causing differences between the effective statutory tax rate and the burden ratio of income taxes after application of tax effect accounting	
	(%)
Effective statutory tax rate	40.7
(Adjustments)	
Effects of permanent differences	
Entertainment costs and other items that are never included in expenses	1.1
Valuation allowance	(40.1)
Amortization of goodwill	3.1
Per capita rate of residential tax	0.4
Equity in losses of affiliates	0.6
Other	0.0
Burden ratio of income taxes after application of tax effect accounting	5.8

## Business combinations

For the fiscal year ended March 31, 2010

Application of the purchase method  
(Making ORIX Securities Corporation a wholly-owned subsidiary)

### 1. Name of the acquired entity and description of its business, main reason for conducting the business combination, date of the business combination, legal form of the business combination, name of the entity after the business combination and percentage of voting rights acquired

(1) Name of the acquired entity and description of its business

Name of the acquired entity:

ORIX Securities Corporation

Description of business:

Trading of financial instruments

(2) Main reason for conducting the business combination

By merging the entity with Monex, Inc., a wholly-owned subsidiary of Monex Group, Inc., the aim is to expand the customer base, and at the same time, achieve considerable cost reductions through cuts to system-related costs, and strive for a new stage of growth.

(3) Date of the business combination: January 17, 2010

(4) Legal form of the business combination: exchange of stock

(5) Percentage of voting rights acquired: 100%

### 2. Period for which the business results of the acquired entity are included in the consolidated financial statements

From February 1, 2010 to March 31, 2010

### 3. Breakdown of the acquisition cost of the acquired entity

		Millions of Yen
Consideration for acquisition	Common stock of Monex Group, Inc.	¥23,844
Costs incurred directly in acquisition	Advisory costs, etc.	108
Acquisition cost		¥23,952

### 4. Exchange ratio for each type of stock, calculation of the exchange ratio, number of issued shares, and appraised value of those shares

(1) Exchange ratio for each type of stock

Monex Group, Inc. 1: ORIX Securities Corporation 1.550

(2) Calculation of the stock exchange ratio

Monex Group, Inc. made a request to Deutsche Securities Inc. ("Deutsche Securities") and ORIX Corporation made a request to Mizuho Securities Co., Ltd. ("Mizuho Securities") for the calculation of the stock exchange



ratio used in this exchange of stock.

Deutsche Securities adopted the market price approach, discounted cash flow approach ("DCF approach") and several other generally accepted approaches to calculating the value per Monex Group, Inc. share to serve as the basis for calculating this stock exchange ratio. Deutsche Securities also adopted the comparison-of-similar-companies approach and the DCF approach for calculating the value per ORIX Securities Corporation share, and submitted the calculation results for the stock exchange ratio to Monex Group, Inc. The overall calculation results by Deutsche Securities for the stock exchange ratio using the evaluation methods mentioned above are in the range, Monex Group, Inc. 1.00 : 0.58 – 1.73. This indicates the range of Monex Group, Inc. common stock apportioned for one share of ORIX Securities common stock. In making its calculations, Deutsche Securities has set certain preconditions such as for the accuracy and completeness of the materials and other information submitted by Monex Group, Inc. and ORIX Securities, and the calculation results are not a recommendation to Monex Group, Inc. shareholders or ORIX Securities shareholders to exercise any specific voting right.

Deutsche Securities used October 26, 2009 as the calculation date for the stock prices (market prices) of Monex Group, Inc. and other similar companies, which formed the basis of the appraisal, and it analyzed the weighted stock price averages on the calculation date and on dates going back one month, three months and six months from the calculation date.

Since market stock prices exist for Monex Group, Inc., Mizuho Securities conducted its calculations for Monex Group, Inc. using the Market Stock price method, and it conducted its calculations for both companies using contribution analysis and the comparison of similar companies. In making its calculations, Mizuho Securities has set certain preconditions such as for the accuracy and completeness of the materials and other information submitted by both companies. Its calculation results based on each method are as follows. The calculated ranges shown below for the stock exchange ratio indicate the number of shares of Monex Group, Inc. common stock apportioned for one share of ORIX Securities common stock.

Adopted method		Calculated range for stock exchange ratio (Monex Group, Inc. = 1.00)
ORIX Securities shares	Monex Group, Inc. shares	
Comparison of similar companies	Market Stock price method	0.99 – 1.90
Comparison of similar companies	Comparison of similar companies	0.93 – 1.67
Contribution analysis	Contribution analysis	1.54 – 2.05

Mizuho Securities used October 27, 2009 as the calculation date for the Market Stock price method, and used the closing stock price on the calculation date, the average closing stock prices for the week leading up to the calculation date, the average

closing stock prices for the month leading up to the calculation date and the average closing stock price on the date going back three months from the calculation date.

(3) Number of issued shares, and appraised value of those shares

Number of issued shares: 673,002

Valuation of issued shares: ¥23,844 million

## 5. Amount of goodwill, basis for goodwill, and method and period of amortization

(1) Amount of goodwill: ¥7,737 million

(2) Basis for goodwill

Primarily, the excess earning power of ORIX Securities and the effect of the expected cost reductions resulting from the merger of Monex, Inc. and ORIX Securities.

(3) Method and period of amortization

Straight-line amortization over 18 years

## 6. Breakdown of the major assets received and major liabilities assumed on the date of the business combination

	Millions of Yen
Current assets	¥129,066
Margin transaction assets	47,342
Non-current assets	4,352
<b>Total assets</b>	<b>133,419</b>
Current liabilities	116,186
Margin transaction liabilities	33,726
Non-current liabilities	360
Statutory reserves	657
<b>Total liabilities</b>	<b>¥117,204</b>

## 7. Estimate of the effects on the consolidated statements of operations for the fiscal year ended March 31, 2010, supposing that the business combination was complete at the start of the fiscal year

	Millions of Yen
Operating revenues	¥ 6,081
Net operating revenues	5,543
Operating loss	(971)
Ordinary loss	(891)
Net loss before income taxes and minority interests	(2,475)
Net loss	¥(1,777)

### (Calculation of estimates)

The difference between the operating revenues, net operating revenues and income information supposing that the business combination was complete at the start of the fiscal year and the operating revenues, net operating revenues and income information contained in the consolidated statements of operations of the acquiring entity are assumed to be operating estimates.

An audit certificate has not been received for this explanatory note.

## Segment information

For the fiscal year ended March 31, 2010

### [Industry Segment]

Industry segment information has not been disclosed because the operating revenues, operating income and assets related to the trading of financial instruments and incidental services each account for more than 90% of the Company's consolidated operating revenues, operating income and consolidated assets, respectively.

### [Geographic Segment]

Geographic segment information has not been disclosed because the operating revenues and assets in Japan account for more than 90% of the Company's consolidated operating revenues and consolidated assets, respectively.

### [Overseas Sales]

Information on overseas sales has not been disclosed because overseas operating revenues account for less than 10% of the Company's consolidated operating revenues.

## Related party transactions

For the fiscal year ended March 31, 2010

### 1. Transactions with related parties

- (1) Transactions between the company submitting consolidated financial statements and related parties  
Not applicable
- (2) Transactions between consolidated subsidiaries of the company submitting consolidated financial statements and related parties  
Not applicable

## Per share information

For the fiscal year ended March 31, 2010

Net assets per share	¥22,139.55
Net income per share	¥1,527.41

Diluted net income per share is not presented because there are no residual securities.

(Note) The basis for calculating net assets per share is as follows:

Total net assets (Millions of Yen)	¥66,310
Deductions from net assets (Millions of Yen)	88
(Minority interests)	(88)
Year-end net assets relating to common stock (Millions of Yen)	¥66,222
Year-end number of common stock used in calculation of per share net assets (shares)	2,991,120

(Note) The basis for calculating net income per share is as follows:

Net income (Millions of Yen)	¥3,776
Amount not attributable to common shareholders (Millions of Yen)	—
Net income relating to common stock (Millions of Yen)	¥3,776
Average number of shares during the period (shares)	2,472,377

## Subsequent events

For the fiscal year ended March 31, 2010

Not applicable

## ● Communication Site



## Contact Points

### Pursuing the maximum customer satisfaction by various communication

As one of the major online financial firms in Japan, we keep strengthening function and improving the usability of our website, which is the most common point of contact with Monex customers.

Monex, Inc., the business core of the Group, operates Monex Lounge@Ginza as a space to provide direct communication to customers in order to maximize customer satisfaction, in addition to the communication through phone and e-mail operated by the Contact Centers located in Tokyo and Hachinohe City.

### Website: Monex, Inc.

#### Clear and easy-to-use website

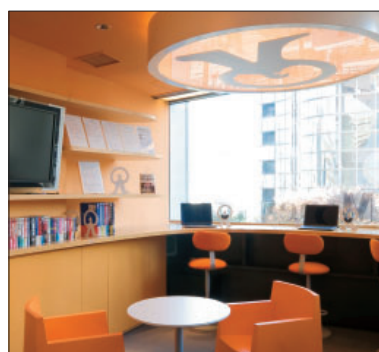
In the online securities ranking by Gomez Consulting Co., Ltd., announced in October 2006, Monex, Inc. ranked first among 27 companies for its website's ease of use and convenient functions and services, and second for its financial products and market information. Instead of becoming complacent after receiving this high ranking, Monex, Inc. has continued to improve its website and expand its lineup of original products and services, with the aim of achieving further progress as an online securities company.



### Monex Lounge@Ginza

#### A space for generating ideas with customers

In July 2005, Monex, Inc. opened the Monex Lounge@Ginza in Tokyo to serve as a space to attempt different services for customers. In addition to offering explanations of services and products, the lounge functions as a library, stocked with numerous books and DVDs on investing. The space is also used occasionally for seminars led by Monex employees or distinguished individuals from the investing world, in order to communicate directly with customers.



### Contact Center

#### Customer support via telephone and e-mail

Monex, Inc. began providing telephone and e-mail-based customer support in September 2008 at its Contact Center located in Hachinohe City, Aomori Prefecture. The creation of this new center, in addition to the one that already existed in Tokyo, further raises the quality of service provided. In the future, Monex, Inc. will seek to develop them into next-generation centers that are able to provide cutting-edge services, including investment advice, in order to establish a closer relationship with customers.



## ● Products & Services

The Monex Group provides a variety of financial products and services to private investors through the core companies of the Monex Group such as Monex, Inc. and Monex FX, Inc. Many of these are original products and services created or proposed through the collaboration among highly distinctive group companies, including

Monex Alternative Investments, Trade Science, and Monex University. In the future, the Monex Group will continue to develop world-class financial products and services that truly meet customer needs.

(Products and service names and descriptions are current as of June 2010.)

### ■ Stock brokerage business

- Cash transactions
- Margin transactions
- “Monex Night Time Trading” (evening trading)
- Small-lot stock trading scheme (small-lot stocks)
- Initial Public Offering shares
- Off-market transactions
- U.S. stocks
- Chinese stocks
- Stock lending services
- Trading tools
- Virtual Trade Club (stock)



◀ Monex Trader (trading tool)

### ■ Bonds/futures

**Bonds**

- Japanese government bonds for individuals
- Monex notes for individuals
- Overseas bonds
- Structured notes
- Foreign currency settlement service

**Futures, options (Nikkei 225 futures)**

**Covered warrants**

**Insurance products**

### ■ Margin forex trading (FX)

- Monex, Inc.
  - FX Plus (approx. 25 times the deposit)
  - OSE-FX (approx. 30 times the deposit)
- Monex FX
  - Smart Foreign Currency (approx. 1 time the deposit)
  - Let's Begin (approx. 5 times the deposit)
  - Let's Trade (approx. 50 times the deposit)
  - OSE-FX (approx. 30 times the deposit)

### ■ Mutual funds

- “Select Funds” carefully selected by Monex
- Monthly purchase program
- Alternative investment products
- ETFs (exchange-traded funds)
- REITs (real estate investment trusts)
- Foreign-currency-denominated MMFs (U.S. dollar, euro and Australian dollar, etc.)

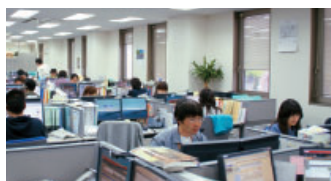
### ■ Information provision services

- Market information (real-time stock prices and access to news websites)
- Offline seminars/Online seminars
- Mail magazines (Monex-mail, market mails, etc.)
- Providing high-quality institutional investor-level reports for customers by our chief economist, market analyst, etc.
- J.P. Morgan's analyst reports

### Access Methods



Stocks, ETFs and covered warrants can be traded through a variety of access methods, whether via PC, mobile phone, PDA or our contact center (which also provides customer assistance).



◀ Monex contact center

- Monex Points
 

The Group awards customers “Monex Points” according to trading volume, which can then be exchanged for a variety of benefits, including use as credit to pay brokerage commissions.

## ■ Stock Brokerage Business—Example of Commission Calculation (Cash Transactions/Margin Transactions)

Monex, Inc. establishes specific commissions according to the access method and service type.

### ● 50% Refunds

If the monthly stock brokerage commission paid is ¥300,000 or more, an amount equal to one-half of that commission is refunded as Monex Points.

### ● Day Trading One-Way Refunds

When a customer engages in day trading and pays a flat rate per day, an amount equal to the commissions for one side of the transactions is refunded as Monex Points.

			Transaction value *1		
			¥100 thousands	¥1 million	¥2 million
Commission per transaction	Personal computer	At market	0.105% of principal (Minimum commission: 1,050 yen)		
		Limit order	0.1575% of principal (Minimum commission: 1,575 yen)		
	Mobile phone	At market Limit order	0.105% of principal (Minimum commission: 105 yen)		
Flat rate per day *2			¥2,625 regardless of the number of trades per day (Every ¥3 million of transaction value)		

\*1. The principal in the example of commission per contract calculation is the principal value per transaction.

\*2. The commission rate is calculated after combining the transaction value of an order made through a personal computer or mobile phone.

Note: Clients can choose between the commission per transaction scheme or the flat rate scheme every month.

## ■ Mutual Funds

Monex, Inc. assists customer investment decisions by listing Select Funds, which are chosen from among the broad spectrum of mutual funds it handles. Monex, Inc. also provides excellent fund-related search functions so that each customer can select the mutual funds best suited to their investment objectives and risk tolerance.

### Monex Group's Original Mutual Funds

#### • Monex Asset Planning Fund series

This fund makes diversified investments for six different asset classes worldwide, consisting of Japanese and foreign stocks, bonds and real estate.

#### • Kabu-robot Fund

Investment decisions for this fund are made by Monex's Kabu-robot, an automated algorithm-based stock trading program that beat out around 20,000 other entrants to win a contest open to the public. The program for Kabu-robot was planned and developed by Trade Science Corporation, a Monex Group company.

### Alternative investment products managed and advised by Monex Alternative Investments

#### • Asia Focus

This product is linked to a fund of funds that makes diversified investments involving Japanese and other Asian hedge funds.

#### • China Focus

China Focus is a long-short fund that provides access to China A shares, investment in which is usually limited to foreign investors.

#### • Premium Hybrid series

These are long-term, fund of funds types of alternative investment products that allow customers to invest in private equity funds and hedge funds that are well known throughout the world. These innovative products enable private investors to make small investments in private equity funds, which have traditionally been limited to institutional investors. (These funds are no longer open to new investors.)

## ■ Information Provision

The Monex Group is establishing multifaceted and multilayered structures to provide private investors with information comparable to that provided to institutional investors.

Monex, Inc.

Monex University, Inc.



Chief Economist  
Naoki Murakami  
Macro Economics Analysis

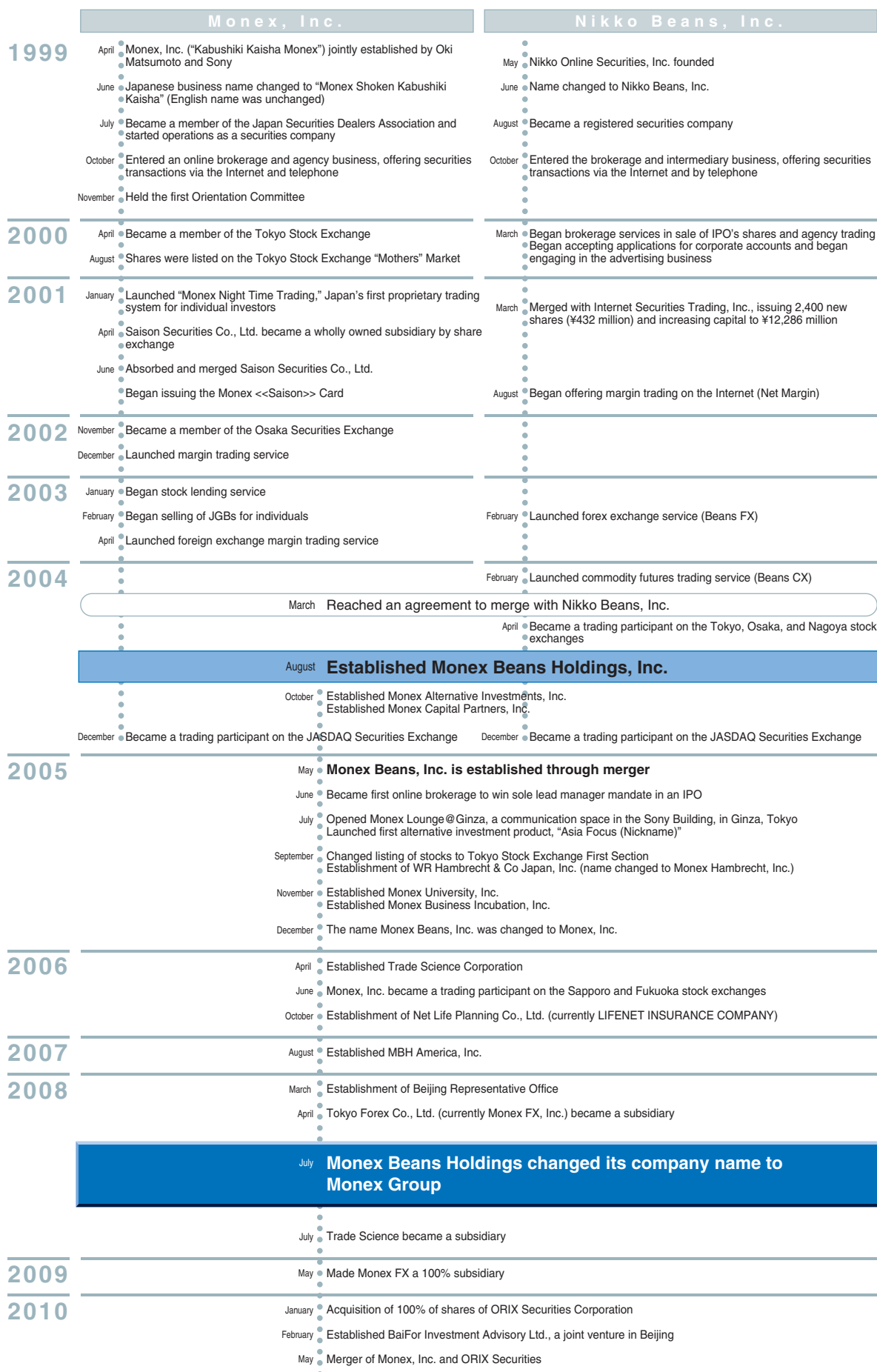


Market Analyst  
Toshiyuki Kanayama  
Investment Information



Representative Director, President  
Shinobu Naito  
Investor Education

# ● Monex History





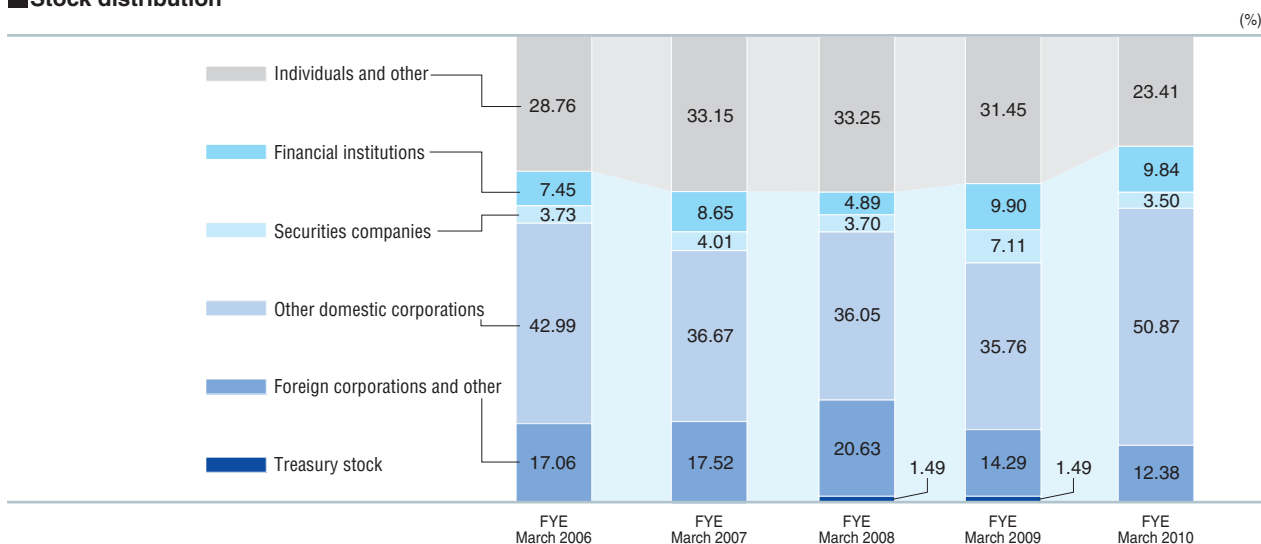
## ● Stock Information (As of March 31, 2010)

<b>Stock listing</b>	First Section of Tokyo Stock Exchange
<b>Security code</b>	8698
<b>Name of company</b>	Monex Group, Inc.
<b>No. of issued stocks</b>	2,991,120
<b>Trading unit</b>	1 share
<b>No. of shareholders</b>	42,491
<b>Administrator for shareholders' register</b>	Mitsubishi UFJ Trust and Banking Corporation
<b>Fiscal year</b>	From April 1 of each year to March 31 of the following year
<b>Record date for year-end dividends</b>	March 31
<b>Record date for interim dividends</b>	September 30
<b>Ordinary shareholders' meeting</b>	June each year

### Major shareholders

Name	No. of shares held (shares)	Percentage of shares held (%)
ORIX Corporation	673,002	22.50
Citigroup Japan Holdings Corp.	616,419	20.60
Oki Matsumoto	260,480	8.70
Sony Corporation	117,235	3.91
Mizuho Securities Co., Ltd.	89,962	3.00
Credit Suisse Securities (Japan) Limited	70,735	2.36
Development Bank of Japan, Inc.	68,415	2.28
Japan Trustee Services Bank, Ltd. (Trust Account)	58,211	1.94
Recruit Co., Ltd.	57,200	1.91
Goldman Sachs and Company, Regular Account	38,751	1.29

### ■ Stock distribution



### ■ Share price and volume



### ■ Indicators per share

		FYE March 2006	FYE March 2007	FYE March 2008	FYE March 2009	FYE March 2010
Net assets per share	(Yen)	17,607	20,253	19,665	17,235	22,140
Net income (loss) per share	(Yen)	5,677	4,066	3,081	(929)	1,527
Return on equity (ROE)	(%)	38.1	21.4	15.5	(5.0)	7.1
Cash dividends per share	(Yen)	1,500	2,900	1,550	400	700

## ● Corporate Profile (As of June 30, 2010)

### Monex Group, Inc.

Founded:	August 2004
Representative:	Oki Matsumoto
Capital:	¥8,800 million
Description of Business:	Holding company
Head Office:	Pacific Century Place Marunouchi 1-11-1 Marunouchi, Chiyoda-ku Tokyo 100-6219, Japan TEL: +81-3-6212-3750
URL:	<a href="http://www.monexgroup.jp/en/">http://www.monexgroup.jp/en/</a>

### Directors & Auditors

Representative Director, President & CEO	Oki Matsumoto
Representative Director, Deputy President & CFO	Kyoko Kudo
Managing Director	Tsutomu Nakajima
Managing Director	Hisashi Tanaami
Managing Director	Tadasu Kawai
Managing Director	Shoji Kuwashima

Director (External & Part-time)	Yuko Kawamoto
Director (External & Part-time)	Jun Makihara
Director (External & Part-time)	Takeo Kato
Director (External & Part-time)	Haruyuki Urata
Full-time Member of the Board of Auditors (External)	Takeshi Tamaki
Member of the Board of Auditors	Takehiko Moriyama
Member of the Board of Auditors (External)	Tetsuo Ozawa
Member of the Board of Auditors	Masakazu Sasaki

## ● Group Company Profile (As of June 30, 2010)

### Financial products and services for individual investors ●

#### Monex, Inc.

**Founded:** May 1999  
**Representative:** Oki Matsumoto  
**Capital:** ¥7,425 million  
**Description of Business:**  
 Securities business, accompanying business, other services  
**Head Office:**  
 1-11-1 Marunouchi Chiyoda-ku, Tokyo 100-6219, Japan  
**URL:** <http://www.monex.co.jp/>

- Registration No.  
Financial instrument firm, Director General of Kanto Local Finance Bureau (Kinsho) No. 165  
Money lending business, Governor of Tokyo (1)No. 31319
- Membership of investor protection fund:  
Japan Investor Protection Fund
- Industry organization membership  
Japan Securities Dealers Association (JSDA) &  
The Financial Futures Association of Japan (FFAJ)

#### Monex FX, Inc.

**Founded:** July 2004  
**Representative:** Atsushi Yasuhara  
**Capital:** ¥1,800 million  
**Description of Business:**  
 Financial product trading and related businesses  
**Head Office:**  
 36-2 Hakozaicho Nihonbashi, Chuo-ku,  
 Tokyo 103-0015, Japan  
**URL:** <http://www.monexfx.co.jp/>

- Registration No.  
Financial instrument firm, Director General of Kanto Local Finance Bureau (Kinsho) No. 283
- Industry organization membership  
The Financial Futures Association of Japan (FFAJ)

### Business development for exclusive products and services ●

#### Monex Alternative Investments, Inc.

**Founded:** October 2004  
**Representative:** Shigeo Mizuta  
**Capital:** ¥95 million  
**Description of Business:**  
 Discretionary investment management business  
 Investment advisory business  
**Head Office:**  
 1-3-3 Uchisaiwaicho, Chiyoda-ku, Tokyo 100-0011, Japan  
**URL:** <http://www.monexai.com/english.php>

- Registration No.  
Financial instrument firm, Director General of Kanto Local Finance Bureau (Kinsho) No. 1078
- Industry organization membership  
Japan Securities Investment Advisors Association

#### Monex Hambrecht, Inc.

**Founded:** September 2005  
**Representative:** Shuichi Matsuzawa  
**Capital:** ¥113 million  
**Description of Business:**  
 M&A advisory services  
 Research and investigation for OpenIPO® business  
**Head Office:**  
 1-11-1 Marunouchi, Chiyoda-ku, Tokyo 100-6220, Japan  
**URL:** <http://www.mhinc.jp/e/>

#### Monex Business Incubation, Inc.

**Founded:** November 2005  
**Representative:** Toshihiko Katsuya  
**Capital:** ¥100 million  
**Description of Business:**  
 Discovery and incubation of new businesses  
 Investment by program trading  
**Head Office:**  
 1-11-1 Marunouchi, Chiyoda-ku, Tokyo 100-6219, Japan

#### Monex University, Inc.

**Founded:** November 2005  
**Representative:** Shinobu Naito  
**Capital:** ¥40 million  
**Description of Business:**  
 Creating investment educational contents  
 Planning and management of investment education related events  
 Planning of investment education related books/DVDs and others  
**Head Office:**  
 1-11-1 Marunouchi, Chiyoda-ku, Tokyo 100-6219, Japan  
**URL:** <http://www.monexuniv.co.jp/>

#### Trade Science Corporation

**Founded:** April 2006  
**Representatives:** Koichi Kato, Hideaki Shimane  
**Capital:** ¥191 million  
**Description of Business:**  
 Investment advisory service utilizing program investment management method and R&D for its system  
**Head Office:**  
 1-22-3, Nishi Waseda, Shinjuku-ku, Tokyo 169-0051, Japan  
**URL:** <http://www.trade-sc.jp/english.html>

- Registration No.  
Financial instrument firm, Director General of Kanto Local Finance Bureau (Kinsho) No. 909
- Industry organization membership  
Japan Securities Investment Advisors Association

### Overseas subsidiary and office ●

#### MBH America, Inc.

**Founded:** August 2007  
**Representative:** Takashi Oyagi  
**Capital:** US\$400,000  
**Description of Business:**  
 Research in the global financial industry

#### Beijing Representative Office (Monex Group)

**Established:** March 2008  
**Business:** Developing business opportunities in China  
**Address:** 1202A, Excel Centre No.6 Wudinghou St., Xicheng District Beijing, 100032, P.R. China

# Monex Group, Inc.

Pacific Century Place Marunouchi  
1-11-1 Marunouchi, Chiyoda-ku, Tokyo 100-6219, Japan  
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[www.monexgroup.jp/en/](http://www.monexgroup.jp/en/)

