



MONEX

MONEX, Inc.

2001



Monex Consolidated Accounts: As an Everyday Part of Life

Greetings from Oki Matsumoto, CEO

Pioneering Online Trading for Individual Investors

The launch pad is ready for a dramatic takeoff

The past fiscal year, which ended March 2001, was a fruitful one during which we at Monex Inc. laid the foundations for building our business. The crucial event was our listing on the Tokyo Stock Exchange's new Mothers market. That milestone means that we are able to deliver on our conviction that a securities company entrusted with its client's funds should itself be publicly traded. Of equal significance is our developing a full line of products and services for our rapidly increasing client base: about 110,000 clients as of March. Furthermore, our merger with Saison Securities at the end of June 2001 boosts our total client accounts to around 170,000. That puts Monex third among online securities companies after two giants from the brick-and-mortar side of the industry, Nomura and Daiwa. In anticipation of continuing rapid growth, we have upgraded our infrastructure to be able to serve up to 300,000 accounts.

Our product line has expanded as well. Sales of The Fund@Monex, Japan's first investment trust to be sold exclusively by an online broker, and some thirty other investment trusts on offer at our online Select Shop are moving well. We have also begun underwriting initial public offerings (IPOs). In the past fiscal year, we made a strong start in this field: we handled new offerings for 23 mainly IT-related companies. Our perspective reaches beyond IT; however, we also plan to handle attractive issues in other fields with strong growth potential such as nanotechnology and microelectronics. While many of our clients are novices at investing in the stock market, the rapid increase in the number of individuals opening investment accounts leads us to believe there are many investors who seek to broaden their investment horizons, and we will be there to serve them.

Monex Consolidated Accounts: More and More for the Everyday

Settlement, care and custody, and the management of funds are the core financial functions – infrastructure as everyday and essential as electricity, water and gas. Because they are so basic, a comprehensive brokerage account must be able to handle them seamlessly as well.

To build that infrastructure, our company is actively promoting business partnerships with other financial organizations such as Credit Saison and Shinsei Bank. The affiliated card service we will launch with Credit Saison in

August 2001 will enable Monex clients to use credit card and cash card services at the over 1,000 Saison ATMs nationwide. In October, our clients will gain access to the approximately 25,000 post office ATMs as well.

Realizing that we receive over 60% of orders from our clients at night, we launched a night trading service in January. That gives those who are busy during the daytime greater access to our services.

We are also committed to offering investment opportunities for small as well as large sums, with, for example, our mini equity investment products and cumulative investment trust accounts funded through regular monthly contributions. For even greater convenience, we have also begun offering an Internet-based service that provides support for the preparation of income tax returns. All these moves are directed towards our goal of making an account with Monex a consolidated account that is an essential, natural part of our clients' lives.

Gaining trust through disclosure and courtesy

What does it take for a new company to be entrusted with its clients' precious financial assets? Demonstrated trustworthiness is an absolute requirement. We believe that thorough information disclosure and utter transparency is the only way to win that trust.

At Monex, we disclose our disclosure policy itself and, based on it, promptly reveal not only financial information but also system glitches and other problems. We find that that policy not only wins our clients' trust but also enables us to improve our operations swiftly and effectively. Online trading is a fiercely competitive industry, one in which our disclosure policy, low fees, and easy-to-use comprehensive accounts are key factors differentiating us from rival online brokerages.

Establishing an advisory board of outside experts was another trust building policy that has additional benefits. Our advisory board meets every three months to offer its well-informed views to our management. We find that process highly useful.

We also stress listening to our clients and cultivating our relationships with them. An online brokerage like ours has few opportunities to interact with its clients in non-virtual modes. Thus, we regard it as vital to perform such basics as responding to email or telephone inquiries from our clients speedily, accurately, and with clarity.

Asset Management in the equity market

Japanese individuals collectively own the largest pool of personal financial assets in the world: about 1,400 trillion yen in assets. Almost all those funds – 90 percent – are invested in savings accounts, insurance, and annuities. Equity investments, whether in stocks or equity-based investment trusts, account for only about 10 percent. In the U.S., by contrast, equity investments account for about 50 percent. We are convinced that a more vigorous stock market is essential to creating new growth industries and revitalizing the Japanese economy and that correcting the Japanese bias against equity investments will enable individual investors, through participating in the stock market, to help create and share new wealth.

Although our company is sure the time will come when individuals will actively invest in the stock market and manage their own assets, accelerating that change requires giving them more motivation. One possibility is to lower the barriers blocking the movement of financial assets. It is necessary, for example, to reform the unit share system, to enable individuals with small amounts of capital to invest in stock. Under the existing system, for example, an investor wishing to purchase a stock listed at 1,000 yen per share must have one million yen to invest, because the trading unit is 1,000 shares. In the U.S., where small investors are active in the stock market, 20 dollars can be enough to start investing in equities. We envision a future in which systemic reforms will enable individuals actively to invest their assets in equities.

Maximizing ROE

Securities companies' performance is greatly affected by the state of the stock market itself. Thus, short-term fluctuations in performance are inevitable for a brokerage like Monex, for which commission income on trades is our main source of revenue. Our company is presently putting the latest financial infrastructure in place to maximize the interactive, high capacity, and low cost advantages of the Internet in preparation for more active equity markets. We will continue, with the trends improving in the mid to long term, to stress growth and maximizing return on equity.



Oki Matsumoto, President CEO

Profile

Oki Matsumoto, President CEO (Born December 19, 1963)

April, 1999	President CEO, Monex, Inc.
November, 1998	Limited Partner, The Goldman Sachs Group, L.P.
November, 1994	General Partner, The Goldman Sachs Group, L.P.
April, 1990	Joined Goldman, Sachs & Co.
April, 1987	Joined Salomon Brothers Asia, Ltd.
March, 1987	Graduated from Faculty of Law, University of Tokyo

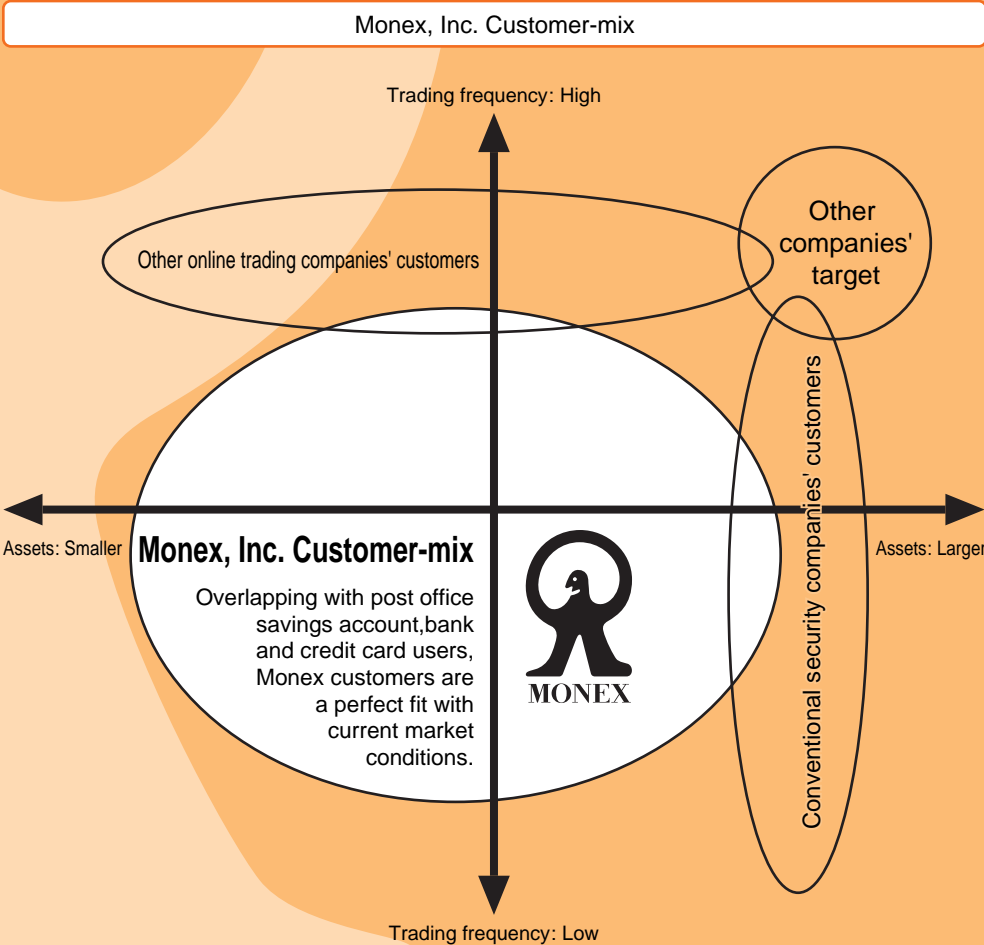
- Company name: Monex, Inc.
- Date registered: July 30, 1999 (Kanto Regional Financial Bureau Cert. No. 152)
- Capital: 6,101,264,347 yen (as of June 30, 2001)
- A member of the
 - Japan Investor Protection Fund
 - Japan Securities Business Association
 - Tokyo Stock Exchange

A convenient, secure, low-cost financial infrastructure in which everyone can participate: That's fundamental.

Online investors are a growing group. And they include new types of investors.

About four million individual Japanese invest in securities. Of them, one out of three utilizes online trading. The manifest advantages of online trading, including lower fees and night-time trading, coupled with the spread of Internet access, are expected to increase the number of investors trading online.

Monex is the largest securities company specialized in online trading business in Japan, with about 170,000 client accounts. Our client profile shows that we typically attract a new type of investor: more than three-fourths are young generation (mid forties or below), and a majority are novice investors, with under three years' experience of investment in securities. These are a growing new breed of individual investors who want to enjoy life while managing their assets.

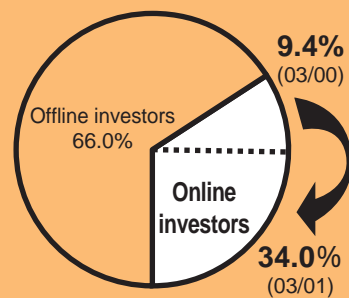


Our policy: Customer First. It's that simple.

The Monex Saison Card is all-a-client-needs to access 26,000 ATMs (Saison and post office ATMs) throughout Japan. A Monex account thus becomes an easy-to-use Monex Consolidated Account for making deposits and withdrawals, paying credit card bills, and other transactions.

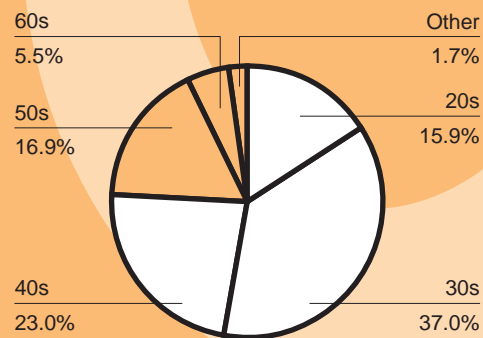
We have built a safe, secure Internet-based financial infrastructure and a low fee structure through careful cost management, including keeping the size of our staff small. Building on these achievements, we are committed to developing the right investment environment for the individual investor, including offering night-time trading for clients being busy in the day, mini equity investment products, and cumulative investment trust accounts funded through regular monthly contributions. These products put equity investments within the reach of investors with modest amounts of capital.

Proportion of individual investors trading online



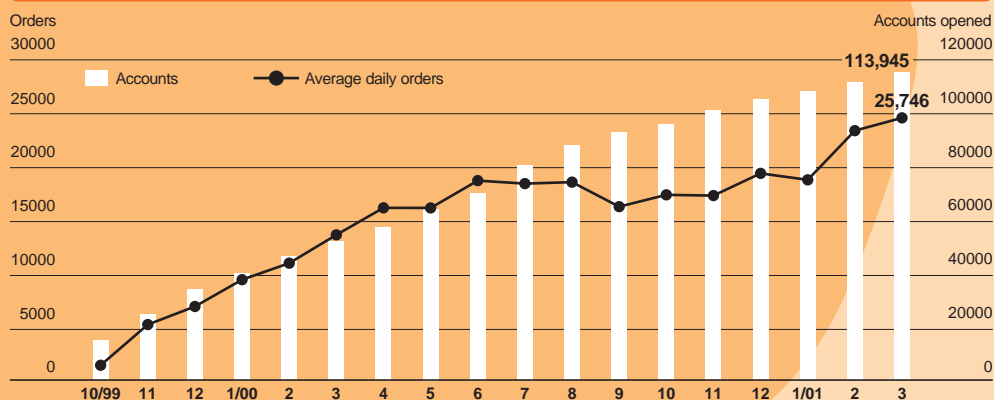
Source: Japan Securities Business Association

Age breakdown of Monex Inc. customers



(As of March, 2001)

Changes in customer accounts opened and average orders per day



Equities, Select Investment Trusts, IPOs

Full-time online trading of attractive products

Monex offers the following services for individual investors via our website, which is structured to be easy to understand, even for newcomers to the Internet:

1 Stock brokerage

We serve as brokers for transactions in domestic equities, including stocks in companies traded on the exchanges and over-the-counter stocks. Our fees are competitive for all trades, regardless of the size of the contract. And our customer-oriented service is superb. In January 2001, we launched Monex Nighter, our night-time trading system, which operates between 5:00 p.m. and 11:59 p.m. In May 2001, we began offering mini equity investments: our clients can buy or sell in one-tenth of the usual trading unit.

2 Investment trust sales

Select Shop opened on our website to offer a selection of some 30 carefully screened investment trusts. Here, too, we turn our backs on custom to offer financial products with low fee structures. Our continuing drive to deliver superior service includes offering cumulative investment trust accounts funded through regular monthly contributions that begin at only 10,000 yen per month, accepting limit orders, and eliminating foreign exchange fees on purchases of dollar-denominated investments with quotations in dollars.



3 Underwriting

Monex, which was licensed to engage in underwriting in April 2000, has begun underwriting initial public offerings. In the past fiscal year, we underwrote and participated in the selling group for 23 companies' IPOs.

Individual investors typically find it difficult to acquire shares in attractive IPOs. We open participation to individuals through strictly monitored lotteries on IPO shares. We also leverage Monex's own experience in listing our shares to advise other companies planning to go public.

4 Additional services

1. Placing advertisement on the Monex website and Monex Mail messages
2. Offering Web-based corporate investor relations information on our IR Gate

Earning our clients' trust

The latest security systems, prompt responses over the Internet, and thorough information disclosure

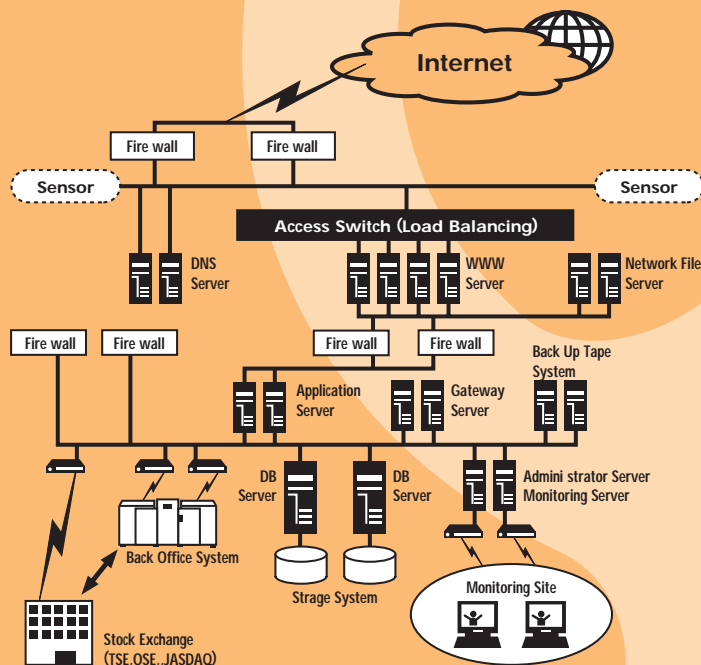
The trust of its clients: that is the most precious asset for a financial institution.

At Monex, we have expanded and upgraded our Internet trading system to handle the rapidly growing number of client accounts we serve. We have also installed the latest security system, including firewalls and intrusion detection sensors, to block illegal access.

In accordance with its disclosure policy, Monex implements a thorough disclosure of the information on its systems.

Monex ITS (Internet Trading System)

Internet customers access Monex ITS through 100 Mbps primary and backup lines. Accesses are automatically distributed to 14 web servers to even out the load.



System Operating Policy

- 1 Every server has a back up server, ensuring that if one server goes down the system remains at full capacity.
- 2 To ensure security, access is restricted by a firewall, and accesses are constantly monitored to detect and prevent abnormalities.
- 3 Accesses are measured near the point at which they leave the Internet and enter our system, allowing us to measure actual access times from the instant that NTT Flet's ISDN circuits deliver log-ins.



Monex Exclusives: Financial Products for the Investor

We offer with confidence the financial products available in our Select Shop online. In addition to this set of funds, which reflects Monex's client-centered, future-oriented character, we provide profiles of our fund managers and other detailed information on our services there.

1 The Vanguard Group Funds

High-quality investment trusts at low cost: the products we offer from the Vanguard Group focus on index funds. The US based Vanguard is one of the world largest asset management firms in terms of the size of assets it manages. Monex is the first to sell the Vanguard Group investment trusts in Japan.



2 The Fund@Monex

We launched the Fund@Monex, Japan's first investment trust to be sold exclusively by an online broker, in July 2000. The initial offering of this fund attracted a rush of 2,550 investors. Sold exclusively by Monex and designed to have low fees, since it is available only on the Internet, this fund selectively invests in companies that are growing through creating information technologies and companies that are expanding through effective use of the Internet.



3 Monex developed The Game Fund™,

Monex, together with Mizuho Securities, developed The Game Fund™, a new type of investment trust, in collaboration with a major game software house, Konami. A first in Japan, the fund's net asset value at redemption will be determined by the number of units of two game software packages (to be developed) that will have been shipped. When sales began in December 2000, 2,738 investors applied to buy into the fund, and the fund was closed on December 20. We inform the status of making the game software occasionally on our website.



Strategic Partnerships

Monex actively seeks to build a wide range of strategic partnerships in order to offer attractive products and services. Our goal is making an account with us an essential part of everyday life.

1 Services with Credit Saison

Our merger with Saison Securities brought about a tie-up with Credit Saison as well, to expand our business and improve client service. Our ties to Credit Saison will give us access to more than 10 million Saison Card members and expand our potential client base.

●The Monex Saison Card

1. Use as a credit card.
2. Settle from a Monex Comprehensive Account.
3. Use at Saison and post office ATMs.

●Offering products and services to Saison Card members

1. Monex points:
Points are calculated at a higher rate than usual.
2. Automatic cumulative savings:
Regular monthly contributions to cumulative investment trust accounts can be made via the Saison Card.
New products are being planned.



2 Tie-up with Shinsei Bank

Through our tie-up with Shinsei Bank, Monex clients will easily be able to access bank deposits and other financial products and services on the Internet (scheduled to start in August 2001). We will also launch a service on our website showing clients their financial assets (including stocks, investment trusts and bank accounts) at a glance.

■Account Aggregation Services

Monex Home Page

Display stock balance

Display investment trust balance

Display savings balance

Financial Summary

	Thousands of Yen		Thousands of
	2001	2000	U.S. dollars
Operating Results:			
Operating Revenues:			
Commission revenues	¥ 2,946,845	¥ 664,211	\$ 23,784
Other service revenues	31,872	21,175	257
Net gain (loss) on trading assets	1,220	(109)	10
Financial income	19,518	6,191	158
Total revenues	2,999,455	691,468	24,209
Operating Expenses:			
Selling, general and administrative expenses	3,679,399	1,460,947	29,697
Financial expense	1	77	0
Total expenses	3,679,400	1,461,024	29,697
Loss Before Income Taxes	(838,819)	(805,676)	(6,770)
Net Loss	(840,439)	(807,024)	(6,783)
Financial Position:			
Total assets	¥ 11,176,280	¥ 5,693,725	\$ 90,204
Shareholders' equity	9,857,951	4,419,626	79,564

	Yen		U.S. dollars
	2001	2000	
Per Share Amounts:			
Net loss	¥ (610.46)	¥ (62,169.67)	\$ (4.93)
Shareholders' equity	6,872.45	220,221.51	55.47
Other Data:			
Number of employees	33	36	

Notes

1. The translation of Japanese yen amounts into U.S. dollar amounts is presented solely for the convenience of readers outside Japan. The exchange rate used for the translation was the prevailing exchange rate on March 31, 2001, which was ¥123.9=US\$1.00.
2. Net loss per share is computed by dividing net loss by the weighted average number of common shares outstanding for the period and shareholders' equity per share is calculated by dividing shareholders' equity by the number of common shares outstanding at the year end.

Results of Operation (from April 1, 2000 to March 31, 2001)

This fiscal year, the Japanese economy was showing signs of recovery in corporate performance with an increase in capital spending, while consumer spending remained weak. However, exports decreased substantially due to the plunge of the information technology related stocks in the US stock market and due to problems with bad loans elsewhere in Asia, with the result that the Japanese economy went into a downturn. On the financial side, although the Bank of Japan had lifted its zero-interest-rate policy in August 2000, it restored a virtually zero-interest-rate policy in March 2001 in order to cope with the prevailing economic slowdown. The current account surplus contracted because of low interest rates and sluggish exports; consequently, the yen kept weakening and dropped to the ¥120 level against the US dollar at the end of this fiscal year. Overall domestic stock prices were weak during this year, and the Nikkei average plunged below ¥12,000 in March 2001 — setting a very severe tone for the market. Under these circumstances, the Company has started its underwriting business and has sought to deal in new products and develop new services.

1. Commission Revenues

Stocks (Brokerage Business) – In this fiscal year the domestic stock market made a solid start, with the Nikkei average reaching ¥20,800 on April 12, 2000; however, the market outlook has been bearish since then, and the Nikkei average momentarily fell below ¥12,000 in March 2001, and was below ¥13,000 at the year end.

Reflecting this market environment, the number of brokerage orders rose steadily from the beginning of the period until around August 2000, but afterwards growth slowed with the impact of the weak stock market, which continued till January 2001. In February the number of brokerage orders began to rise as transactions increased in the stock market. Also, the Company launched our unique evening trading market called “Monex Nighter” in late January of 2001.

As a result, sales volume of brokerage in this year totaled ¥1,286,282 million (US\$10,381,614 thousand), an increase of 325.4% from the previous period, and brokerage commissions in this period totaled ¥2,448 million (US\$19,762 thousand), an increase of 324.3% from the previous period.

Stocks (Underwriting Business) – The Company gained approval of its principal underwriting business in April 2000 and started operations in May, focusing on information technology related stocks. The Company handled twenty-three stocks (including underwriting and sales of stocks as a member of the main sales group) during the year, the volume of underwriting totaled ¥4,355 million (US\$35,149 thousand) and the volume of sales totaled ¥6,462 million (US\$52,155 thousand). As a result, commissions received totaled ¥279 million (US\$2,252 thousand).

Investment Trusts – The Company launched an open-end stock investment trust called “Monex/Japan Growth Stock Fund (The Fund@Monex)” in July 2000 that was sold solely by the Company. It further developed its investment trust business by initiating the sale of Vanguard Group’s index-typed funds.

Also, in December, the Company launched Game Fund ®Tokimeki Memorial, the first publicly offered investment trust in Japan, which invests in new game software. This generated considerable interest and led to 2,736 subscriptions worth ¥770 million (US\$6,215 thousand).

As a result, fees related to investment trusts totaled ¥198 million (US\$1,598 thousand), an increase of 139.7% from the previous period.

As stated above, commission revenues totaled ¥2,947 million (US\$23,784 thousand) in this fiscal year, an increase of 343.7% from the previous period.

2. Other Service Revenues

The Company provided advertising spaces on its web-site for 16 companies. From October 2000, the Company started to handle advertisements in "Monex Mail", an electronic mail magazine distributed by the Company, with the service rendered to 16 companies. Income of ¥27 million (US\$214 thousand) was generated through this advertising. The Company also initiated IR support services for listed companies. The services were rendered to 11 companies and produced ¥5 million (US\$43 thousand) in income for this year.

As a result, the other service revenues totaled ¥32 million (US\$257 thousand), an increase of 50.5% from the previous period.

3. Net Gain on Trading Assets

Trading assets of the Company consists of marketable securities that supplement brokerage securities and securities issued by companies with high-ratings (commercial paper) to turn over surplus. Net gain on trading assets recorded for this year was only ¥1 million (US\$10 thousand).

4. Financial Income

In this fiscal year interest income amounted to ¥20 million (US\$158 thousand). Foreign exchange revenue that was recorded as financial income previously was summed up as net gain on trading assets from this year.

5. Selling, General and Administrative Expenses

In this fiscal year commissions paid of ¥329 million (US\$2,652 thousand) were recorded. The commissions paid to brokerage companies substantially decreased due to the completion of a direct ordering system linked to the Tokyo Stock Exchange in August 2000. With the increase in the number of customer accounts and deals, ¥551 million (US\$4,450 thousand) of communication and freight expenses were recorded, while advertising expenses were only ¥96 million (US\$775 thousand).

Equipment rental and maintenance expenses of ¥840 million (US\$6,781 thousand) including systems-related lease payments were recorded.

Outsourcing expenses of ¥1,034 million (US\$8,343 thousand) were recorded for outsourcing functions such as maintaining accounting and back office systems.

As a result, selling, general and administrative expenses of ¥3,679 million (US\$29,697 thousand), an increase of 151.9% from the previous period, were recorded for the year ended March 31, 2001.

6. Others

Initial public offering expense of ¥88 million (US\$712 thousand), stock issuance costs of ¥ 20 million (US\$ 163 thousand) and provision for statutory reserve of ¥48 million (US\$388 thousand) were recorded as other expenses.

7. Profit and Loss

Overall the Company recorded total operating revenues of ¥ 2,999 million (US\$ 24,209 thousand), an increase of 333.8% from the previous period, an operating loss of ¥ 680 million (US\$ 5,488 thousand), a decrease of 11.6% from the previous period, and a net loss of ¥ 840 million (US\$ 6,783 thousand), an increase of 4.1% from the previous period for the year ended March 31, 2001.

Cash Flows

In this fiscal year, the Company obtained ¥6,259 million (US\$50,513 thousand) of financing by issuing new common stocks. However, being partially offset by the loss from operating activities, the increase of trading assets, and the increase of cash required to be segregated, cash and cash equivalents at the end of the year increased by ¥3,350 million (US\$27,040 thousand) to ¥6,975 million (US\$56,297 thousand).

1. Net Cash Used in Operating Activities

Net cash used in operating activities totaled ¥2,876 million (US\$23,214 thousand), an increase of 177.2% from the previous period. Provision for statutory reserve of ¥48 million (US\$388 thousand) contributed to the increase in cash and cash equivalents. However, loss before income taxes of ¥839 million (US\$6,770 thousand), an increase of ¥1,003 million (US\$8,091 thousand) in trading assets, and an increase of ¥735 million (US\$5,932 thousand) in cash required to be segregated contributed to a decrease in cash and cash equivalents.

2. Net Cash Used in Investing Activities

Net cash used in investing activities in this year totaled only ¥32 million (US\$259 thousand), a decrease of 94.0% from the previous period.

3. Net Cash Provided by Financing Activities

Net cash provided by financing activities in this year totaled ¥6,259 million (US\$50,513 thousand), an increase of 20.3% from the previous period. All of this was due to the issuance of common stocks.

Balance Sheets

As of March 31, 2001 and 2000

Assets	Thousands of Yen		Thousands of U.S. dollars (Note 1)
	2001	2000	2001
Current assets:			
Cash and cash equivalents	¥ 6,975,170	¥ 3,624,883	\$ 56,297
Cash required to be segregated (Note 3)	2,000,000	1,265,000	16,142
Money deposited	212,091	129,442	1,712
Receivable from customers	13,770	—	111
Payments on securities subscribed	167,550	46,751	1,352
Prepaid expenses	92,133	37,696	744
Accrued revenues	89,872	9,223	725
Trading assets (Note 4 and 7)	1,060,637	46	8,560
Others	39,941	43,040	322
	10,651,164	5,156,081	85,965
Property & Equipment, at cost:			
Furniture and fixtures	5,448	1,934	44
Accumulated depreciation	(1,389)	(302)	(11)
	4,059	1,632	33
Intangible assets, net of amortization:			
Goodwill	162,392	202,990	1,311
Software	11,206	5,637	90
Others	1,491	1,008	12
	175,089	209,635	1,413
Investments and others:			
Investment securities (Note 5)	9,650	—	78
Membership deposits (Note 6)	314,810	313,810	2,541
Long-term guarantee money deposited	9,300	11,700	75
Others	12,208	867	99
	345,968	326,377	2,793
Total	¥ 11,176,280	¥ 5,693,725	\$ 90,204

Liabilities and Equity	Thousands of Yen		Thousands of U.S. dollars (Note 1)
	2001	2000	2001
Current Liabilities:			
Deposits received (Note 8)	¥ 998,335	¥ 1,013,715	\$ 8,058
Net payable arising from recognizing trading on trade date	58,085	—	469
Accrued expenses	200,263	248,274	1,616
Income tax payable	1,620	1,348	13
Others	1,155	9	9
	1,259,458	1,263,346	10,165
Statutory Reserve:			
Reserve for securities transactions (Note 12)	58,871	10,753	475
	58,871	10,753	475

Commitment and Contingent liabilities (Note 9)

Shareholders' Equity (Note 13):

Common stock,

Par value ¥50,000 per share before April 24, 2000:

Non-par-value on and after April 24, 2000:

5,137,664 and 22,000 shares authorized in 2001
and 2000. 1,434,416 and 20,069 shares issued
and outstanding in 2001 and 2000

	6,101,264	3,550,000	49,244
Additional paid-in capital	5,404,150	1,676,650	43,617
Accumulated deficit	(1,647,463)	(807,024)	(13,297)
	9,857,951	4,419,626	79,564
Total	¥ 11,176,280	¥ 5,693,725	\$ 90,204

Statements of Operations

For the year ended March 31, 2001 and for the period from April 5, 1999
(date of inception) through March 31, 2000

	Thousands of Yen		Thousands of U.S. dollars (Note 1)
	2001	2000	2001
Operating Revenues:			
Commission revenues (Note 15)	¥ 2,946,845	¥ 664,211	\$ 23,784
Other service revenues (Note 16)	31,872	21,175	257
Net gain (loss) on trading assets	1,220	(109)	10
Financial income	19,518	6,191	158
	2,999,455	691,468	24,209
Operating Expenses:			
Selling, general and administrative expenses (Note 17)	3,679,399	1,460,947	29,697
Financial expense	1	77	0
	3,679,400	1,461,024	29,697
Operating Loss	(679,945)	(769,556)	(5,488)
Other Income:			
Miscellaneous income	12,028	1,014	97
	12,028	1,014	97
Other Expenses:			
Public offering expenses	88,270	—	712
Stock issuance costs	20,208	25,384	163
Miscellaneous expenses	14,306	997	116
Provision for statutory reserve, net (Note 12)	48,118	10,753	388
	170,902	37,134	1,379
Loss Before Income Taxes	(838,819)	(805,676)	(6,770)
Income Tax	1,620	1,348	13
Net Loss	¥ (840,439)	¥ (807,024)	\$ (6,783)

Per share amounts:

	Yen		U.S. dollars (Note 1)
	2001	2000	2001
Net loss	¥ (610.46)	¥ (62,169.67)	\$ (4.93)

Statements of Shareholders' Equity

For the year ended March 31, 2001 and for the period from April 5, 1999
(date of inception) through March 31, 2000

	Number of Shares of Common Stock	Thousands of Yen		
		Common Stock	Additional Paid-in Capital	Accumulated Deficit
Shares issued in connection with formation	1,000	¥ 50,000	—	—
Shares issued in third party allotment	18,869	3,465,000	¥ 1,641,650	—
Stock options exercised	200	35,000	35,000	—
Net loss	—	—	—	¥ (807,024)
Balance at March 31, 2000	20,069	3,550,000	1,676,650	(807,024)
Shares issued in initial public offering	150,000	2,550,000	3,727,500	—
Shares issued at ¥1 per share	1,264,347	1,264	—	—
Net loss	—	—	—	(840,439)
Balance at March 31, 2001	1,434,416	¥ 6,101,264	¥ 5,404,150	¥ (1,647,463)

	Thousands of U.S.dollars (Note 1)		
	Common Stock	Additional Paid-in Capital	Accumulated Deficit
Balance at March 31, 2000	\$ 28,652	\$ 13,532	\$ (6,514)
Shares issued in initial public offering	20,581	30,085	—
Shares issued at ¥1 per share	11	—	—
Net loss	—	—	(6,783)
Balance at March 31, 2001	\$ 49,244	\$ 43,617	\$ (13,297)

Statements of Cash Flows

For the year ended March 31, 2001 and for the period from April 5, 1999
(date of inception) through March 31, 2000

	Thousands of Yen		Thousands of U.S. dollars (Note 1)
	2001	2000	2001
Cash flows from operating activities:			
Net loss before income taxes	¥ (838,819)	¥ (805,676)	\$ (6,770)
Provision for statutory reserve, net (Note 12)	48,118	10,753	388
Depreciation	4,078	1,199	33
Amortization of goodwill	40,598	—	328
Stock issuance costs	20,208	25,384	163
Interest income	(19,518)	(2,137)	(158)
Interest expense	1	77	0
Increase in cash required to be segregated (Note 3)	(735,000)	(1,265,000)	(5,932)
Increase in money deposited	(82,648)	(129,442)	(667)
Increase in payments on securities subscribed	(120,799)	(46,751)	(975)
Increase in prepaid expenses	(54,437)	(37,696)	(439)
Increase in accrued revenues	(76,344)	(8,914)	(616)
Increase in trading assets (Notes 4 and 7)	(1,002,507)	—	(8,091)
Increase (decrease) in deposits received (Note 8)	(15,380)	1,013,715	(124)
Increase (decrease) in accrued expenses	(48,011)	248,274	(388)
Other operating activities	(6,869)	(43,078)	(56)
Sub total	(2,887,329)	(1,039,292)	(23,304)
Interest received	15,135	1,828	122
Interest paid	(1)	(77)	0
Income taxes	(4,004)	—	(32)
Net cash used in operating activities	(2,876,199)	(1,037,541)	(23,214)
Cash flows from investing activities:			
Purchases of property & equipment	(3,514)	(1,934)	(29)
Purchases of goodwill	—	(202,990)	—
Purchases of investment securities (Note 5)	(9,572)	—	(77)
Payments for increase in membership deposits (Note 6)	(1,000)	(313,810)	(8)
Other investing activities	(17,985)	(20,108)	(145)
Net cash used in investing activities	(32,071)	(538,842)	(259)
Cash flows from financing activities:			
Proceeds from common stock issuance	6,258,557	5,201,266	50,513
Net cash provided by financing activities	6,258,557	5,201,266	50,513
Net increase in cash and cash equivalents	3,350,287	3,624,883	27,040
Cash and cash equivalents at beginning of year	3,624,883	—	29,257
Cash and cash equivalents at end of year	¥ 6,975,170	¥ 3,624,883	\$ 56,297

Notes to Financial Statements

1. Basis of Presenting Financial Statements

Monex, Inc. (the "Company") maintains its accounts and records in accordance with the provisions set forth in the Japanese Commercial Code and the Securities and Exchange Law and in conformity with accounting principles and practices generally accepted in Japan ("Japanese GAAP"), which are different from the accounting and disclosure requirements of International Accounting Standards.

The accompanying financial statements are a translation of the audited financial statements of the Company which were prepared in accordance with Japanese GAAP and were filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Securities and Exchange Law.

In preparing these financial statements, certain reclassifications and rearrangements have been made in the financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. Such reclassifications and rearrangements had no effect on the Company's net loss. In addition, notes to the financial statements include certain information which is not required under Japanese GAAP but is presented herein as additional information. Statements of shareholders' equity for 2001 and 2000 have been prepared for the purpose of inclusion in the accompanying financial statements, although such statements were not required for domestic purposes and were not filed with the regulatory authorities.

The translation of the Japanese yen to U.S. dollars is included solely for the convenience of readers, using the prevailing exchange rate at March 31, 2001 which was ¥123.9 to U.S. \$1. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.

2. Summary of Significant Accounting Policies

(1) Advertising revenues

The Company enters into certain contracts with customers where it receives an advertising fee for placing the banner-ads on its web site on behalf of them for a definite period. In this fiscal year, the Company started services for providing advertising space on its e-mail magazine "Monex mail". Advertising revenues from these transactions are substantially recognized on an accrual basis based on the term of the contract with its customers.

(2) Depreciation and amortization of non-current assets

(a) Property & Equipment

Depreciation of equipment, furniture and fixtures is computed by the declining-balance method in accordance with the Japanese Corporate Tax Law.

(b) Intangible assets

Goodwill related to acquisition of the membership for the Tokyo Stock Exchange (“TSE”) is recorded at cost and amortized on the straight-line method over the maximum period (five years) in accordance with the Commercial Code of Japan.

(c) Software

Software for internal use is capitalized and amortized on the straight-line method over the estimated useful lives (five years).

(3) Stock issuance costs

Stock issuance costs are expensed when incurred.

(4) Lease transactions

Finance lease transactions, other than those wherein ownership of the lease property is regarded as being transferred to the lessee, are accounted for in the same manner as operating leases.

(5) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows consist of cash on hand, demand deposits, and readily-marketable short-term investments bearing low risk of price fluctuation with maturities not exceeding three months.

(6) Income taxes

Deferred income taxes are recorded to reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These deferred taxes are measured by applying currently enacted tax laws to the temporary differences. A valuation allowance is provided if it is anticipated that some or all of deferred tax assets may not be realized.

(7) Per share amounts

The computation of net loss per share is based on the weighted average number of shares of common stock outstanding during each period. Although the subscription rights related to stock options are granted they had no diluting effect on the calculation of net income per share during the periods because net loss is recorded.

The Company issued new shares of stock at ¥1 per share as of May 18, June 8, and June 27, 2000. Net loss per share is calculated assuming these issuance were made at the beginning of the year.

(8) Trading Account (“tokutei torihiki kanjo”)

With approval in accordance with Article 53, Section 1 of the Securities and Exchange Law, the Company established a trading account (“tokutei torihiki kanjo”) in order to prepare the financial statements which fairly presented the security exchange transactions.

(a) Securities and other assets in the trading account

Prior to April 1, 2000, securities listed on stock exchanges were accounted for based on a settlement date basis at the lower of cost-or-market method (revaluation method). Unlisted securities were accounted for based on a settlement date basis at the cost method. Costs of listed and unlisted securities were determined by the moving average method.

Effective April 1, 2000, securities and other assets classified as the trading account (trading assets) are accounted for based on a trade date basis at market value or fair value.

(b) Derivative contracts in the trading account

Prior to April 1, 2000, gains and losses on settlements of derivative contracts were recorded on a settlement date basis.

Effective April 1, 2000, derivative contracts in the trading account (trading assets) are accounted for based on a trade date basis at market value or fair value. Accordingly, realized gains and losses on foreign-currency transactions previously presented in “financial income” are included in “net gain on trading assets.” Deemed settlement gains and losses on these transactions that were not previously recognized are recorded in “trading assets” and “net gain on trading assets”.

(c) Net payable or receivable arising from recognizing trading on trade date

To recognize trading assets on a trade date basis, the balances of trade settlement amounts and gains or losses on settlement accrued on a trade basis are offset and recorded in “net payable or receivable arising from recognizing trading on trade date” in either of the assets or liabilities until settlement date.

(d) Commissions

“Brokerage commissions” previously recognized on a settlement basis are recorded on a trade date basis. “Commissions from subscription and distribution” previously recognized on the date of payment or the final date of the subscription period are recognized and accounted for based on the date of application of subscription.

By setting up a trading account (“tokutei torihiki kanjo”), unrealized gains/losses, deemed settlement gains/losses, and commissions received on a trade date basis separately recorded in the previous period are recorded in a lump sum in the current year. As a result of these changes, commission revenues increased by ¥59,867 thousand (US\$ 483 thousand), net gain on trading assets increased by ¥727 thousand (US\$ 6 thousand), and net loss before income taxes decreased by ¥60,594 thousand (US\$ 489 thousand).

(9) Accounting for securities not classified in the trading account (“tokutei torihiki kanjo”)

Effective April 1, 2000, the Company adopted the new Japanese accounting standard for financial instruments (“Opinions Concerning Establishment of Accounting Standard for Financial Instruments” issued by the Business Accounting Deliberation Council on January 22, 1999). However, the financial impact of adopting this new accounting standard is considered immaterial. Based on the examination of the intent of holding each security a discounted government bond purchased in this fiscal year is classified as “held-to-maturity debt securities” and stated as investment securities at amortized cost.

3. Cash required to be segregated

Cash of ¥2,000,000 thousand (US\$16,142 thousand) and ¥1,265,000 thousand at March 31, 2001 and 2000, has been segregated in an account for the exclusive benefit of customers in accordance with the relevant Cabinet Orders, Prime Minister's Office Orders and Ministerial Ordinances promulgated pursuant to the Securities and Exchange Law of Japan (together the "Customer Segregation Rules").

4. Trading Assets

Trading assets at March 31, 2001 and 2000 consisted of the following:

	Thousands of Yen		Thousands of U.S. dollars
	2001	2000	2001
Corporate shares	¥ 56,000	—	\$ 452
Investment trust	5,110	—	41
Commercial paper	999,437	—	8,066
Others	—	¥ 46	—
Forward exchange contracts	90	—	1
	¥ 1,060,637	¥ 46	\$ 8,560

Effective April 1, 2000, the Company established a trading account ("tokutei torihiki kanjo"). Valuation methods related to trading assets at March 31, 2001 and 2000 are different as explained in Note 2 (8).

5. Investment Securities for Non-Trading Purpose

The Company holds a discounted government bond for non-trading purpose which was purchased in this fiscal year to be pledged as collateral for postage payable in arrears. This bond is classified as held to maturity and stated at amortized cost. The face value is ¥ 10,000 thousand (US\$ 81 thousand) and redemption is within 5 years.

The fair value of this security as of March 31, 2001 is as follows:

	Thousands of Yen		
	Book value	Market value	Unrealized gain
Discounted government bond	¥ 9,650	¥ 9,825	¥ 175

	Thousands of U.S.dollars		
	Book value	Market value	Unrealized gain
Discounted government bond	\$ 78	\$ 79	\$ 1

6. Membership Deposits

Details of membership deposits at March 31, 2001 and 2000 are as follows:

	Thousands of Yen		Thousands of U.S. dollars
	2001	2000	2001
Deposits for membership of TSE	¥ 313,810	¥ 313,810	\$ 2,533
Others	1,000	—	8
	¥ 314,810	¥ 313,810	\$ 2,541

7. Derivatives

In the normal course of business, the Company enters into forward foreign exchange contracts to meet customers needs. The forward foreign exchange contracts involve off-balance sheet market and credit risk under which default by the counterparty and future changes in interest rates or foreign currency exchange rates may ultimately result in cash settlements in excess of the amounts recognized in the balance sheets.

The Company only makes contracts with banks with high credit ratings. Therefore, credit risk associated with forward foreign exchange contracts is considered minimal.

Based on the Company's internal control for derivative transactions, the administration department aggregates the necessary amount of forward foreign currency contracts and the accounting department confirms if the transactions are based on actual demands. Also following the Company's procedures for numerical risk control and the "Cabinet Office Ordinance Regarding Securities Companies' Capital Adequacy Requirements", the accounting department calculates the numerical amounts of transactions which are reported to the board of directors monthly.

The description of derivative contracts for trading purpose at March 31, 2001 is as follows:

	Thousands of Yen			
	2001			
	Assets		Liabilities	
	Contract amount	Fair value	Contract amount	Fair value
Forward currency contracts	¥ 34,515	¥ 90	—	—

	Thousands of US dollars			
	2001			
	Assets		Liabilities	
	Contract amount	Fair value	Contract amount	Fair value
Forward currency contracts	\$ 279	\$ 1	—	—

There are no derivative contracts for non-trading purpose at March 31, 2001.

The description of derivative contracts at March 31, 2000 is as follows:

	Thousands of Yen		
	2000		
	Contract amount	Fair value	Unrecognized gain (loss)
Forward currency contracts (Selling USD)	¥ 10,637	¥ 10,655	¥ (18)
Forward currency contracts (Buying USD)	10,583	10,655	72

Effective April 1, 2000, the Company established a trading account ("tokutei torihiki kanjo"). Valuation methods and presentation on financial statements related to derivative contracts for trading purpose at March 31, 2001 and 2000 are different as explained in Note 2 (8).

8. Deposits Received

Details of deposits received at March 31, 2001 and 2000 are as follows:

	Thousands of Yen		Thousands of
	2001	2000	U.S. dollars
Cash received for customers' accounts on trading	¥ 710,110	¥ 778,178	\$ 5,732
Others	288,225	235,537	2,326
	¥ 998,335	¥ 1,013,715	\$ 8,058

9. Leases

Information of leased property such as acquisition costs, accumulated depreciation, obligation under finance lease, depreciation expense and imputed interest expense of finance leases that do not transfer ownership of leased property for the year ended March 31, 2001 and for the period from April 5, 1999 through March 31, 2000 is as follows:

Acquisition costs and accumulated depreciation:

	Thousands of Yen		
	2001		
	Equipment	Software	Total
Acquisition costs	¥ 3,021,965	¥ 527,058	¥ 3,549,023
Accumulated depreciation	(671,201)	(54,898)	(726,099)
Net balance at year end	¥ 2,350,764	¥ 472,160	¥ 2,822,924

	Thousands of Yen		
	2000		
	Equipment	Software	Total
Acquisition costs	¥ 1,899,548	—	¥ 1,899,548
Accumulated depreciation	(147,790)	—	(147,790)
Net balance at year end	¥ 1,751,758	—	¥ 1,751,758

	Thousands of U.S. Dollars		
	2001		
	Equipment	Software	Total
Acquisition costs	\$ 24,390	\$ 4,254	\$ 28,644
Accumulated depreciation	(5,417)	(443)	(5,860)
Net balance at year end	\$ 18,973	\$ 3,811	\$ 22,784

Obligation under finance leases:

	Thousands of Yen		Thousands of
	2001	2000	U.S. Dollars
Due within one year	¥ 682,065	¥ 356,498	\$ 5,505
Due after one year	2,195,063	1,409,090	17,716
	¥ 2,877,128	¥ 1,765,588	\$ 23,221

Lease payments, depreciation and interest expense:

	Thousands of Yen		Thousands of U.S. Dollars
	2001	2000	2001
Lease payments	¥ 638,352	¥ 161,409	\$ 5,152
Depreciation	578,309	147,790	4,668
Interest expense	100,390	27,450	810

Depreciation for the leased property is calculated using the straight-line method over the useful lives of the respective leased assets with zero residual value. The difference between total lease payments and acquisition costs of leased assets is recognized as interest expense, which is allocated to relevant accounting periods based on the interest method.

Under the capital expenditure program as of March 31, 2001, the Company plans to develop a network system through a lease agreement, which enables customers to withdraw money from ATMs by using "Monex (Saison) card". Total lease payments are estimated to be ¥350,000 thousand (US\$2,825 thousand), ¥70,000 thousand (US\$565 thousand) of which will be paid during the year ending March 31, 2002.

10. Retirement Benefits

The Company does not have retirement benefit plans and is not a member of any pension plan.

11. Income Taxes

The normal effective statutory income tax rate in Japan arising out of the aggregation of corporate, enterprise and inhabitants taxes was approximately 42% for 2001 and 2000, respectively.

The tax effects of significant temporary differences and loss carry forward which result in deferred tax assets and liabilities at March 31, 2001 and 2000 are as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	2001	2000	2001
Deferred tax assets:			
Tax losses carry forward	¥ 658,334	¥ 326,908	\$ 5,313
Reserve for securities transaction	24,755	4,522	200
Others	3,829	6,449	31
	¥ 686,918	¥ 337,879	\$ 5,544
Valuation allowance	(686,918)	(337,879)	(5,544)
Deferred tax assets total	¥ —	¥ —	\$ —

12. Statutory Reserve

Statutory reserve at March 31, 2001 and 2000 is as follows:

	Thousands of Yen		Thousands of
	2001	2000	U.S. Dollars
Reserve for securities transactions	¥ 58,871	¥ 10,753	\$ 475

Reserve for securities transactions is recorded in accordance with Article 51 of the Securities and Exchange Law, which requires a securities company to set aside a reserve in proportion to its securities transactions and other related trading to cover possible customer losses incurred by default of the securities company on securities transactions.

13. Shareholders' Equity

The Japanese Commercial Code requires at least 50% of the issue price of new shares, with a minimum of the par value thereof, to be included in common stock. Proceeds in excess of amounts designated as common stock are credited to additional paid-in capital.

The Japanese Commercial Code also requires to appropriate from retained earnings to legal reserve an amount equivalent to at least 10% of all cash payments which are made as an appropriation of retained earnings until such reserve equals to 25% of common stock. This reserve is not available for dividends but may be used to reduce a deficit by resolution of the shareholders. As of March 31, 2001 and 2000, there were no retained earnings available for payment of dividends.

On April 24, 2001 the Company converted ¥50,000 per share of par value common stock to non-par value based on the resolution of extraordinary shareholders' meeting held on that date.

On May 18, June 8, and June 27, 2000 the Company issued additional shares at the nominal value of ¥1 per share of non-par value common stock which totaled to 1,264,347 shares.

On August 4, 2000 the Company was listed in the Mothers Section of Tokyo Stock Exchange and issued 150,000 shares of non-par value common stock.

14. Capital Adequacy Requirements

In Japan, a securities company is subject to risk-based capital adequacy rules established and administered by the Financial Services Agency ("FSA"), formerly named as Financial Supervisory Agency. The Company reports its capital adequacy ratio as defined pursuant to these rules.

The capital adequacy rules require a company to report to the FSA if the ratio falls to 140% or below and the securities company must report its capital adequacy ratio to the FSA on a daily basis while its ratio is 120% or below. The Company's capital adequacy ratios were 1,041.3% (unaudited) and 1,252.2% (unaudited) as of March 31, 2001 and 2000, respectively.

15. Commission Revenues

Details of commission revenues for the year ended March 31, 2001 and for the period from April 5, 1999 through March 31, 2000 are as follows:

	Thousands of Yen		Thousands of U.S. dollars
	2001	2000	2001
Brokerage:			
Equity	¥ 2,448,479	¥ 577,082	\$ 19,762
Underwriting and distribution:			
Equity	167,862	—	1,355
Subscription and distribution:			
Equity	111,852	—	903
Investment trust	140,423	82,064	1,133
Other commissions:			
Equity	9,515	1,792	77
Investment trust	58,132	788	469
Others	10,582	2,485	85
	¥ 2,946,845	¥ 664,211	\$ 23,784

16. Other Service Revenues

Details of other service revenues for the year ended March 31, 2001 and for the period from April 5, 1999 through March 31, 2000 are as follows:

	Thousands of Yen		Thousands of U.S. dollars
	2001	2000	2001
Advertising revenues	¥ 26,574	¥ 21,175	\$ 214
Others	5,298	—	43
	¥ 31,872	¥ 21,175	\$ 257

17. Selling, General and Administrative Expenses

Major components of selling, general and administrative expenses for the year ended March 31, 2001 and for the period from April 5, 1999 through March 31, 2000 are as follows:

	Thousands of Yen		Thousands of U.S. dollars
	2001	2000	2001
Commissions paid	¥ 328,553	¥ 161,447	\$ 2,652
Exchange and association dues	71,736	3,470	579
Communication and freight	551,326	169,387	4,450
Traveling and transportation	7,715	2,930	62
Advertising expenses	96,020	129,027	775
Entertainment expenses	6,292	3,226	51
Directors' compensation	25,146	5,000	203
Employees salaries	415,526	141,158	3,354
Other salaries and compensation	27,040	15,947	218
Welfare expenses	36,658	10,564	296
Office rent and maintenance	38,100	19,554	307
Equipment rental and maintenance	840,143	212,757	6,781
Outsourcing expenses	1,033,765	502,199	8,343
Office supply expenses	47,703	48,691	385
Depreciation expenses	4,078	1,199	33
Taxes and dues	10,410	898	84
Amortization of goodwill	40,598	—	328
Other operating expenses	98,590	33,493	796
	¥ 3,679,399	¥ 1,460,947	\$ 29,697

18. Subsequent Events

(1) Business combination with Saison Securities Co., Ltd.

On December 27, 2000, the Company entered into a stock exchange agreement with Saison Securities Co., Ltd. ("Saison"). In connection therewith, on April 1, 2001, the Company issued 71,561 new shares in exchange for all of the outstanding Saison shares and made it a wholly owned subsidiary. As a result of the issuance of the new shares, on April 1, 2001 the company recorded additional paid-in capital of ¥1,764,475 thousand (US\$14,241 thousand).

Subsequently, on April 18, 2001, the Board of Directors of the Company approved the merger and liquidation of Saison into the Company effective June 30, 2001.

(2) Stock option

At the shareholders' meeting held on June 23, 2001, the shareholders approved the grants of 19,350 options to two directors and thirty-eight employees. Exercise price is calculated by multiplying the closing price determined in the Mothers Section of Tokyo Stock Exchange one month prior to the grant date by 1.05 and rounded up to one yen. However, the price shall not be less than the closing price at the grant date.

To the Shareholders and the Board of Directors of Monex, Inc.:

We have audited the accompanying balance sheets of Monex, Inc. (a Japanese corporation) as of March 31, 2001 and 2000, and the related statements of operations, shareholders' equity and cash flows for the year ended March 31, 2001 and for the period from April 5, 1999 (date of inception) through March 31, 2000, expressed in yen. Our audits were made in accordance with generally accepted auditing standards in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Monex, Inc. as of March 31, 2001 and 2000, and the results of its operations and its cash flows for the year ended March 31, 2001 and for the period from April 5, 1999 (date of inception) through March 31, 2000, in conformity with accounting principles generally accepted in Japan applied on a consistent basis during the periods, except as noted in the following paragraph.

As explained in Note 2, in the year ended March 31, 2001, Monex, Inc. prospectively adopted a new Japanese accounting standard for financial instruments.

As explained in Note 18, on April 1, 2001, Monex, Inc. entered into a stock exchange agreement with Saison Securities Co., Ltd. (Saison) and made it a wholly owned subsidiary. Subsequently, on April 18, 2001, the Board of Directors of the Company approved the merger and liquidation of Saison into the Company effective June 30, 2001.

Also, in our opinion, the translated amounts in the accompanying financial statements translated into U.S. dollars have been computed on the basis set forth in Note 1.

Asahi & Co.

Tokyo, Japan
June 23, 2001

Statement on Accounting Principles and Auditing Standards

This statement is to remind users that accounting principles and auditing standards and their application in practice may vary among nations and therefore could affect, possibly materially, the reported financial position and results of operations. The accompanying financial statements are prepared based on accounting principles generally accepted in Japan, and the auditing standards and their application in practice are those generally accepted in Japan. Accordingly, the accompanying financial statements and the auditors' report presented above are for users familiar with Japanese accounting principles, auditing standards and their application in practice.

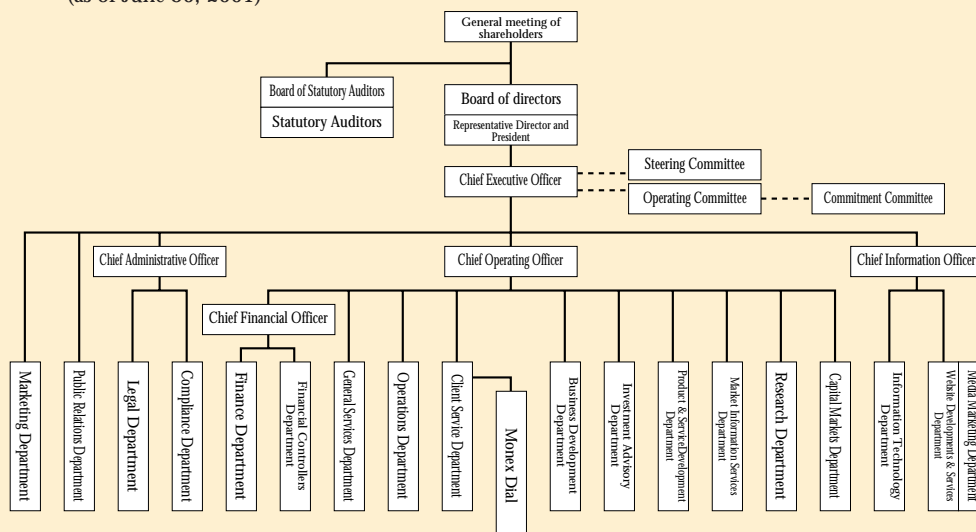
●History and organization

●Company history

Years	Subjects
April 1999	Monex, Inc. (“Kabushiki kaisha Monex”) (Capital 50 million yen) was founded at 13, Nishiki-cho 3-chome, Chiyoda-ku, Tokyo, to engage in the business of acquiring and managing negotiable securities.
June 1999	Increased capital to 200 million yen by issuing new shares to third parties. The company’s objective was changed to securities trading, and the Japanese business name was changed to “Monex Shoken Kabushiki Kaisha”. English name was unchanged.
July 1999	Became a registered stock broker in accordance with the Securities Exchange Law. The company was registered as an investment consulting business in accordance with laws and regulations governing securities-related investment consulting businesses and became a member of the Japan Investor Protection Fund.
August 1999	Increased capital to 1 billion 165 million yen through a new share issue to third parties. Became a member of the Japan Securities Business Association and started operations as a securities brokerage. The Monex Dial (a call center) was established in Bunkyo-ku, Tokyo.
October 1999	Entered an online brokerage and agency business, offering securities transactions via the Internet and telephone.
November 1999	Participation in the advertising business was approved in accordance with the requirements of the Securities Exchange Law.
February 2000	Increased capital to 3 billion 550 million yen through a new share issue to third parties.
March 2000	Customer accounts topped 50 thousand.
April 2000	Became a member of the Tokyo Stock Exchange. Became securities underwriter in accordance with the requirements of the Securities Exchange Law.
May 2000	Upgraded website and servers to support continuing growth.
June 2000	Increased capital to 3,550.06 million yen by a 1:3 allotment of new shares to existing shareholders. Increased capital to 3,550.30 million yen by a 1:3 allotment of new shares to existing shareholders. Increased capital to 3,551.26 million yen by a 1:3 allotment of new shares to existing shareholders. Total shares issued reached 1,284,416.
August 2000	Public offering increased capital to 6,101.26 million yen. Total shares issued reached 1,434,416 shares. Shares are listed on the Tokyo Stock Exchange Mother’s Market.
November 2000	Customer accounts topped 100 thousand.
December 2000	Enters tie-up with Credit Saison Co., Ltd.
April 2001	Exchange of shares results in Saison Securities Co., Ltd.’s becoming a wholly owned subsidiary. Total shares issued reached 1,505,977.
June 2001	Absorbed and merged Saison Securities Co., Ltd.

●Organization

(as of June 30, 2001)



●Major shareholders (as of April 1, 2001)

(Top 10)

Name, business name or title	Number of shares	Percentage of Shareholdings
Sony Corporation	470,400	31.2
Oki Matsumoto	260,480	17.3
Koichi Suzuki	107,520	7.1
Internet Initiative Japan Inc.	71,680	4.8
J.P. Morgan Malaysia Ltd.	68,544	4.6
Recruit Inc.	68,544	4.6
Credit Saison Co.,Ltd	39,674	2.6
GS Capital Partners III, L.P.	26,624	1.8
Kyoko Kudo	24,320	1.6
Takashi Oyagi	17,920	1.2

●Officers (as of June 23, 2001)

President CEO	Oki Matsumoto	Director	Shigemi Tsubaki
Director	Kyoko Kudo	Standing Statutory Auditor	Masakazu Sasaki
Director	Yukio Namba	Statutory Auditor	Takemi Nagasaka
Director	Koichi Suzuki	Statutory Auditor	Seigoro Ohta
Director	Kenichi Oyama	Statutory Auditor	Toru Ishiguro

Statutory Auditors ((Masakazu Sasaki)), ((Takemi Nagasaka)), ((Seigoro Ohta)), and ((Toru Ishiguro)) are external auditors as defined in the Law for Special Exceptions to the Commercial Code Concerning Audit of Joint-Stock Companies, Article 1.

●Our businesses

●Securities business (the Securities and Exchange Law, Art. 2, Para.8)

- 1) Securities brokerage
Acting as a broker or a finder for our customers for buying and selling securities.
- 2) Securities trading
Trading in securities on our own account.
- 3) Securities underwriting
Acquiring newly issued or outstanding securities for the purpose of soliciting an unspecified large number of investors for the purchase of the securities, and taking over any securities remaining unsold.
- 4) Handling of public offerings and private placements
Soliciting an unspecified large number of investors for the purchase of newly issued or outstanding securities, and soliciting a small number of investors for the purchase of newly issued securities.

●Incidental business (the Securities and Exchange Law, Art. 34, Para.1)

- 1) Safekeeping of securities
- 2) Acting as an agent for customers relating to securities
- 3) Acting as an agent for the payment of income, redemption money, and cancellation money of investment trusts
- 4) Concluding cumulative investment contracts
- 5) Providing information concerning, and advice on, securities

●Other services (the Securities and Exchange Law, Art. 34, Para.2&4)

- 1) Investment advisory service
- 2) Concluding a partnership agreement etc.
- 3) Handling of advertisement
- 4) Management consultancy

Headquarters: 13, Nishiki-cho 3-chome, Kanda, Chiyoda-ku, Tokyo 101-0054

Tel: 03-5205-4800

Monex Dial (Bunkyo-ku, Tokyo)

Tel: 03-5800-4047



Advertisement displayed on the Sony Building

Monex, Inc.
<http://www.monex.co.jp/>