



## **Financial Results**

**First Half of Fiscal Year Ending March 31, 2006**

**October 24, 2005**

This is an English translation of Japanese presentation material prepared for IR conference held on the above date; it includes the information on consolidated financial summary under Japanese GAAP for FYE March 2006. If there is any discrepancy between a statement in English and a statement in Japanese, the Japanese statement is always controlling.

### **Forward-looking Statements**

Statements made at this presentation and in this material include forward-looking statements that are based on our current expectations, assumptions, estimates and projections about our business and the industry. These forward-looking statements are subject to various risks and uncertainties. These statements discuss future expectations and plans, identify strategies, contain projections of results of operations and of our financial condition, and state other "forward-looking" information. Known and unknown risks, uncertainties and other factors could cause the actual results to differ materially from expected results contained in any forward-looking statements. Potential risks and uncertainties include, without limitation, our ability to continue to attract and retain customers and their assets; our ability to make our operations profitable; changes in the demand for brokerage services in Japan; our ability to continue to expand and maintain our computers and electronic systems and to avoid failures of these systems; and our ability to maintain our relationship with our founding shareholders. This does not correspond to US GAAP.

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**➔ 1. Financial Results**

**2. Business Model and Future  
Development**

**Financial Summary: First Half of FYE Mar. 31, 2005 vs. First Half of FYE Mar. 31, 2006**

(in million yen, %)

	First Half of FYE Mar. 31, 2005 (Apr. 2004-Sep. 2004)	First Half of FYE Mar. 31, 2006 (Apr. 2005-Sep. 2005)	Change
Operating Revenues	10,295	15,196	47.6%
Net Operating Revenues	9,752	14,481	48.5%
SG&A	5,698	5,650	0.8%
Operating Income	4,054	8,830	117.8%
Ordinary Income	3,983	8,593	115.7%
Net Income	4,280	4,425	3.4%

(in million yen, %)

	First Half of FYE Mar. 31, 2005 (as of Sep. 30, 2004)	First Half of FYE Mar. 31, 2006 (as of Sep. 30, 2005)	Change
Total Assets	197,755	287,114	45.2%
Net Assets	26,959	32,360	20.0%
Cash and Deposits	38,566	14,706	61.9%
Capital Adequacy Ratio	531.2%	450.5%	-

Please note that, unless otherwise stated, the figures in this material show the consolidated figures of MBH and its group companies (i.e. Monex and Nikko Beans) and those figures before 2Q of FYE Mar. 31, 2005 are the simple sums of those of Monex and Nikko Beans. All statements in this presentation material are based on this premise.

**Financial Summary: Second Half of FYE Mar. 31, 2005 vs. First Half of FYE Mar. 31, 2006**

(in million yen, %)

	Second Half of FYE Mar. 31, 2005 (Oct. 2004-Mar. 2005)	First Half of FYE Mar. 31, 2006 (Apr. 2005-Sep. 2005)	Change
Operating Revenues	11,420	15,196	33.1%
Net Operating Revenues	10,937	14,481	32.4%
SG&A	5,726	5,650	1.3%
Operating Income	5,211	8,830	69.4%
Ordinary Income	5,196	8,593	65.4%
Net Income	2,799	4,425	58.1%

(in million yen, %)

	Second Half of FYE Mar. 31, 2005 (as of Mar. 31, 2005)	First Half of FYE Mar. 31, 2006 (as of Sep. 30, 2005)	Change
Total Assets	232,091	287,114	23.7%
Net Assets	29,811	32,360	8.5%
Cash and Deposits	26,004	14,706	43.4%
Capital Adequacy Ratio	470.6%	450.5%	-

**Financial Summary: 1Q of FYE Mar. 31, 2006 vs. 2Q of FYE Mar. 31, 2006**

(in million yen, %)

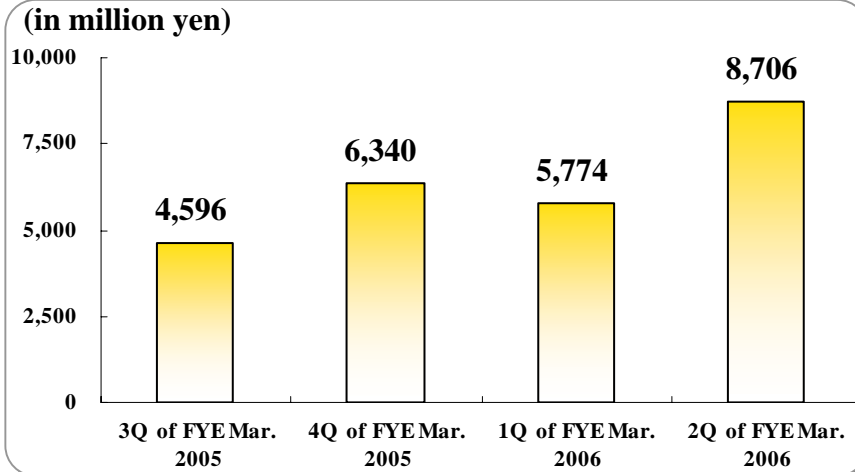
	<b>1Q of FYE Mar. 31, 2006 (Apr. 2005-Jun. 2005)</b>	<b>2Q of FYE Mar. 31, 2006 (Jul. 2005-Sep. 2005)</b>	<b>Change</b>
<b>Operating Revenues</b>	<b>6,151</b>	<b>9,045</b>	<b>47.1%</b>
<b>Net Operating Revenues</b>	<b>5,774</b>	<b>8,706</b>	<b>50.8%</b>
<b>SG&amp;A</b>	<b>2,781</b>	<b>2,869</b>	<b>3.2%</b>
<b>Operating Income</b>	<b>2,993</b>	<b>5,837</b>	<b>95.0%</b>
<b>Ordinary Income</b>	<b>2,998</b>	<b>5,594</b>	<b>86.5%</b>
<b>Net Income</b>	<b>1,433</b>	<b>2,991</b>	<b>108.6%</b>

(in million yen, %)

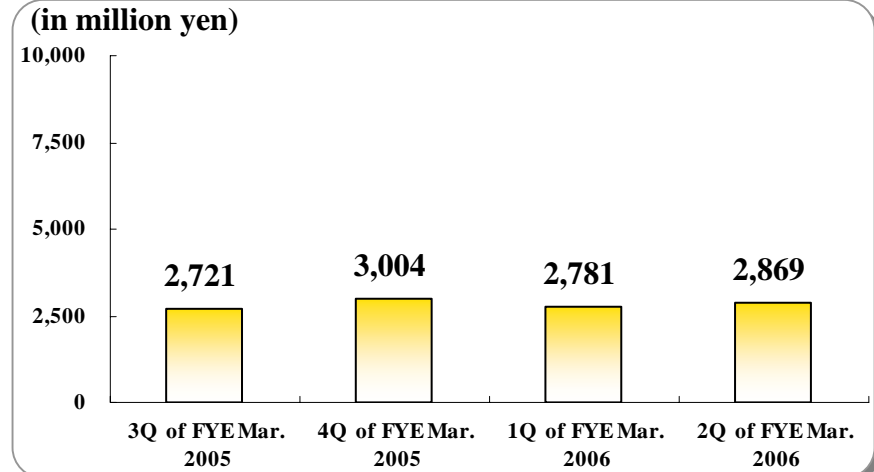
	<b>1Q of FYE Mar. 31, 2006 (as of Jun. 30, 2005)</b>	<b>2Q of FYE Mar. 31, 2006 (as of Sep. 30, 2005)</b>	<b>Change</b>
<b>Total Assets</b>	<b>240,523</b>	<b>287,114</b>	<b>19.4%</b>
<b>Net Assets</b>	<b>29,420</b>	<b>32,360</b>	<b>10.0%</b>
<b>Cash and Deposits</b>	<b>26,784</b>	<b>14,706</b>	<b>45.1%</b>
<b>Capital Adequacy Ratio</b>	<b>451.6%</b>	<b>450.5%</b>	<b>-</b>

**Financial Summary: Financial Highlights (Quarterly Basis)**

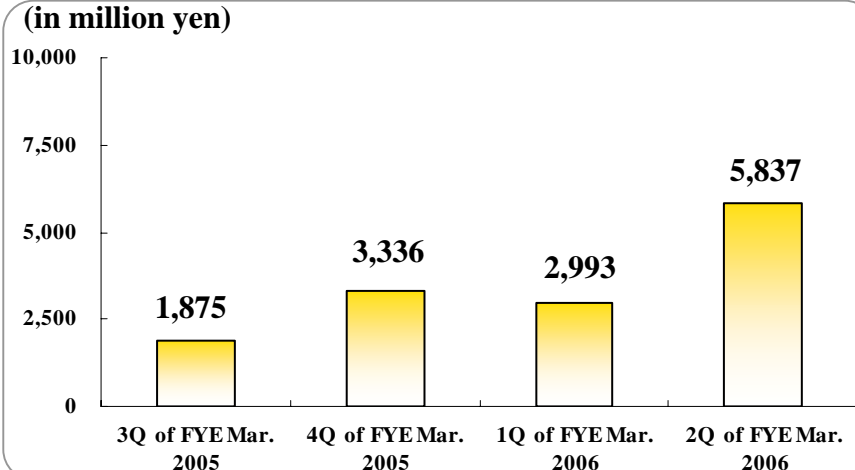
**Net Operating Revenues**



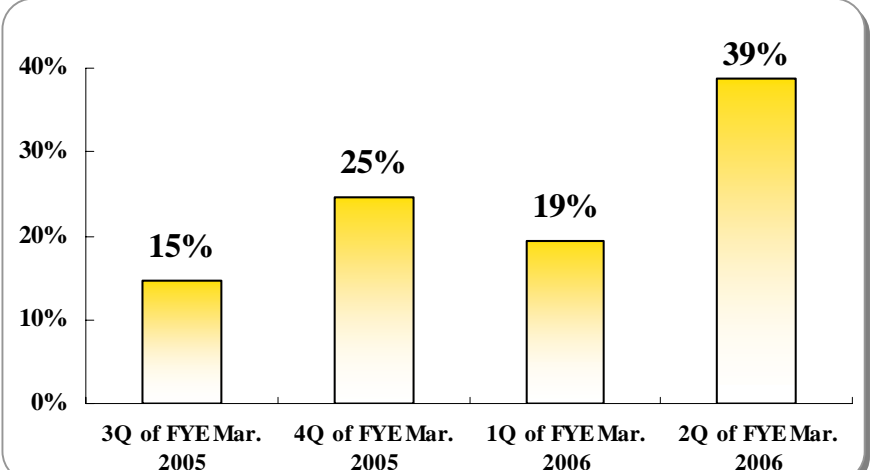
**SG&A**



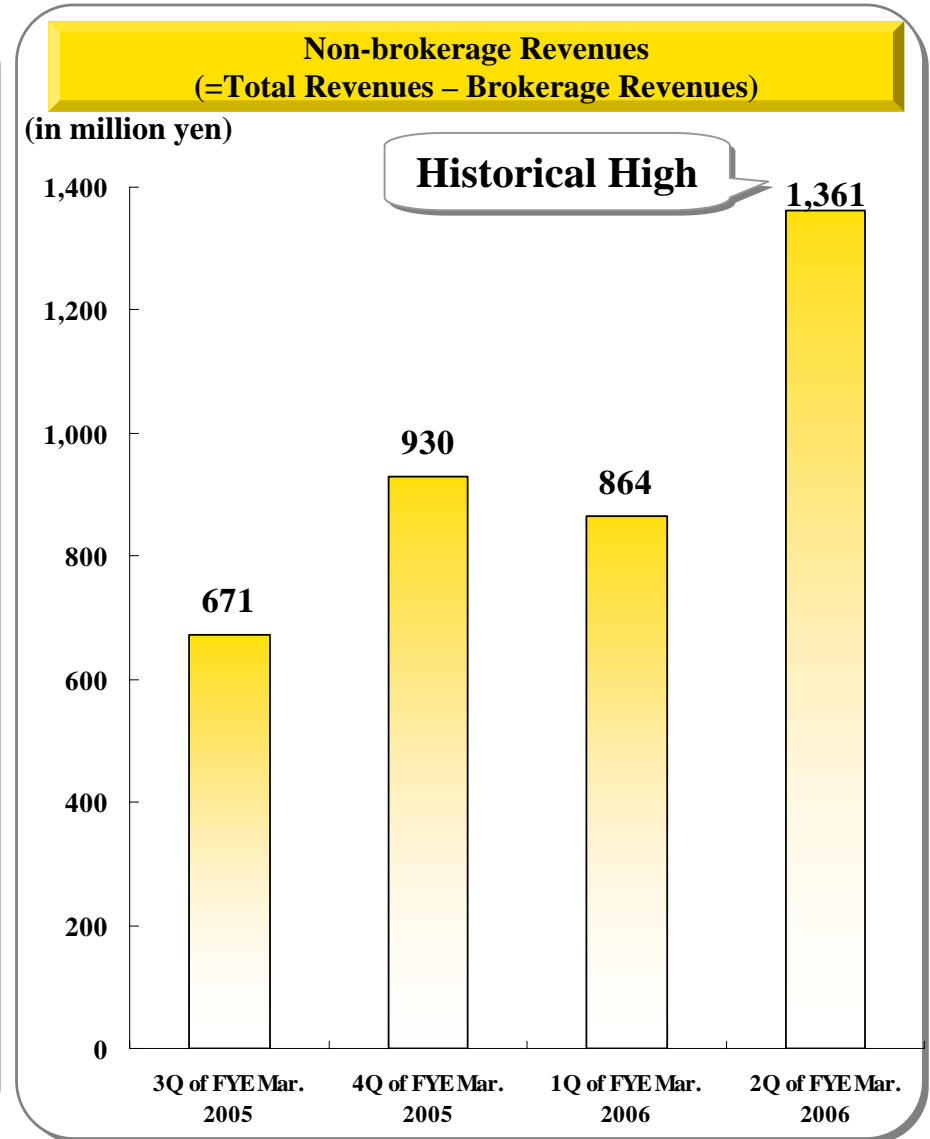
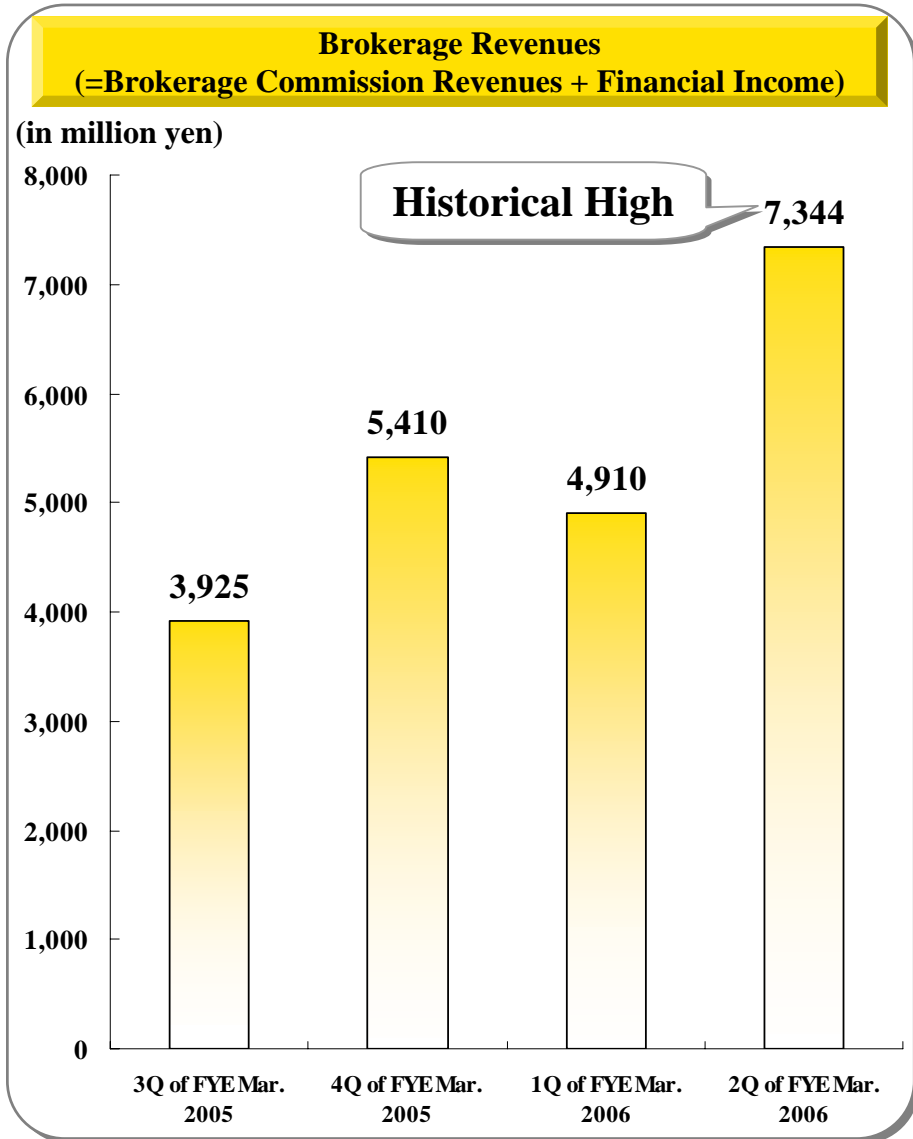
**Operating Income**



**ROE (annualized)**



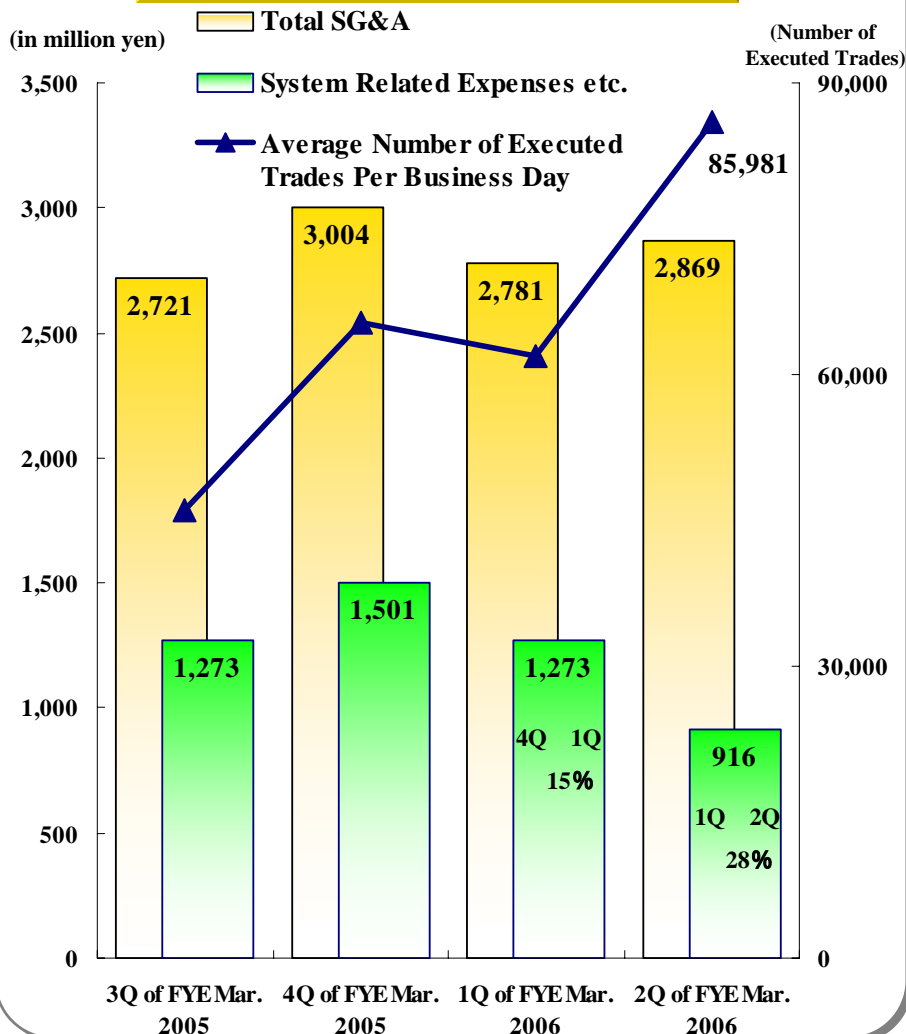
**Financial Summary: Brokerage Revenues and Non-brokerage Revenues**





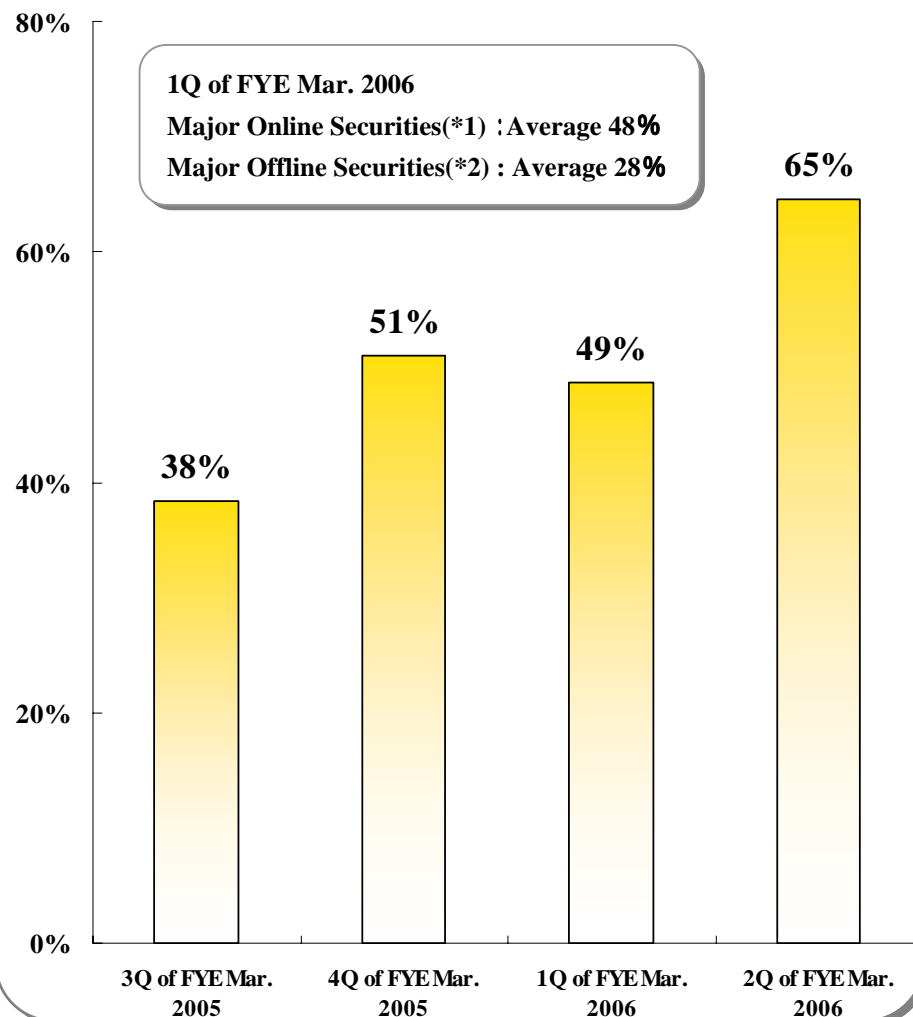
## Financial Summary: Improved Profitability through the Merger of Subsidiaries

### SG&A and Number of Executed Trades



System Related Expenses etc. = Office rent and maintenance + Outsourcing and office supply expenses + Depreciation expenses

### Profitability(Operating Income/Operating Revenues)



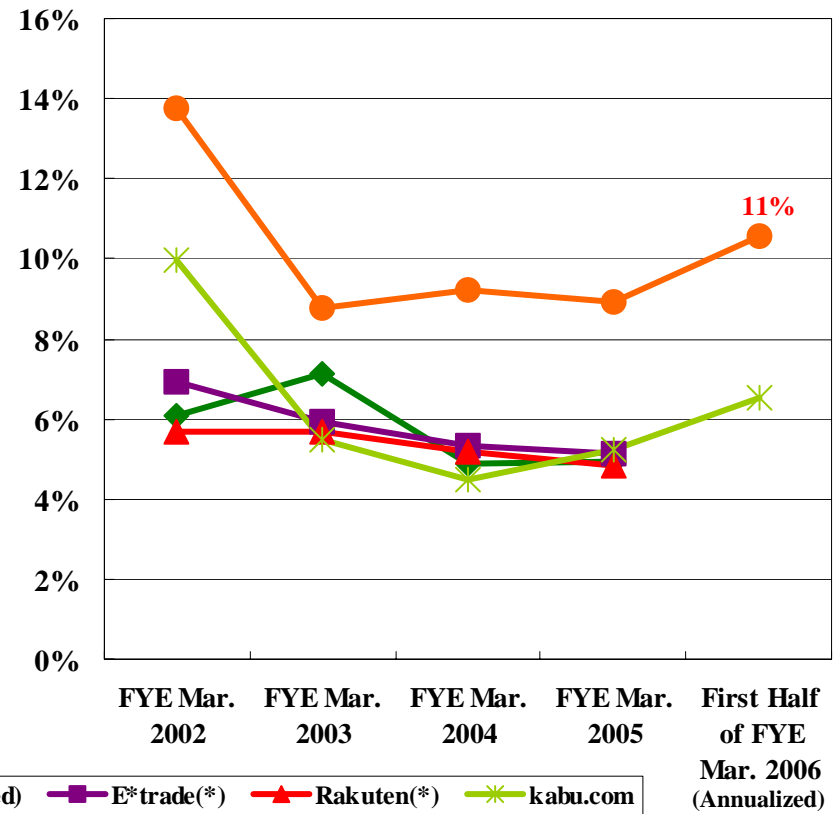
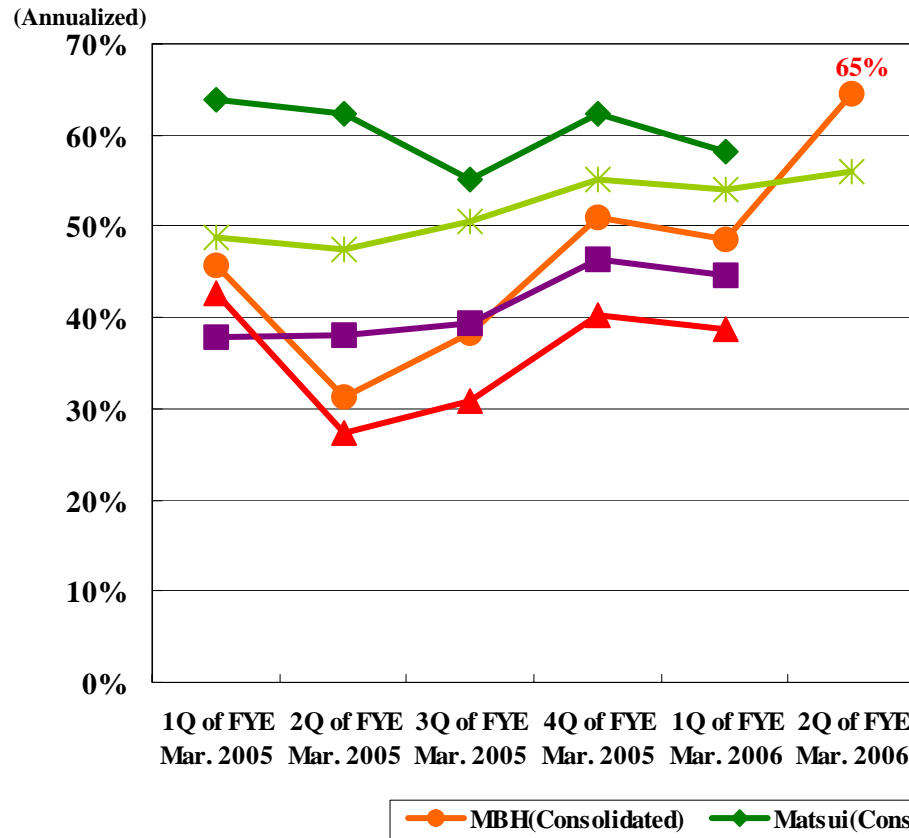
(\*1)Major Online Securities = E\*trade, Matsui, Rakuten, kabu.com

(\*2)Major Offline Securities = Nomura, Daiwa, Nikko Cordial

## Comparison with Competitors: High Profitability

**Enhancing profitability**

**Cost reduction through the merger and careful balance sheet management are key drivers**



**Operating Income/Operating Revenues**

**Net Operating Revenues/Total Assets**

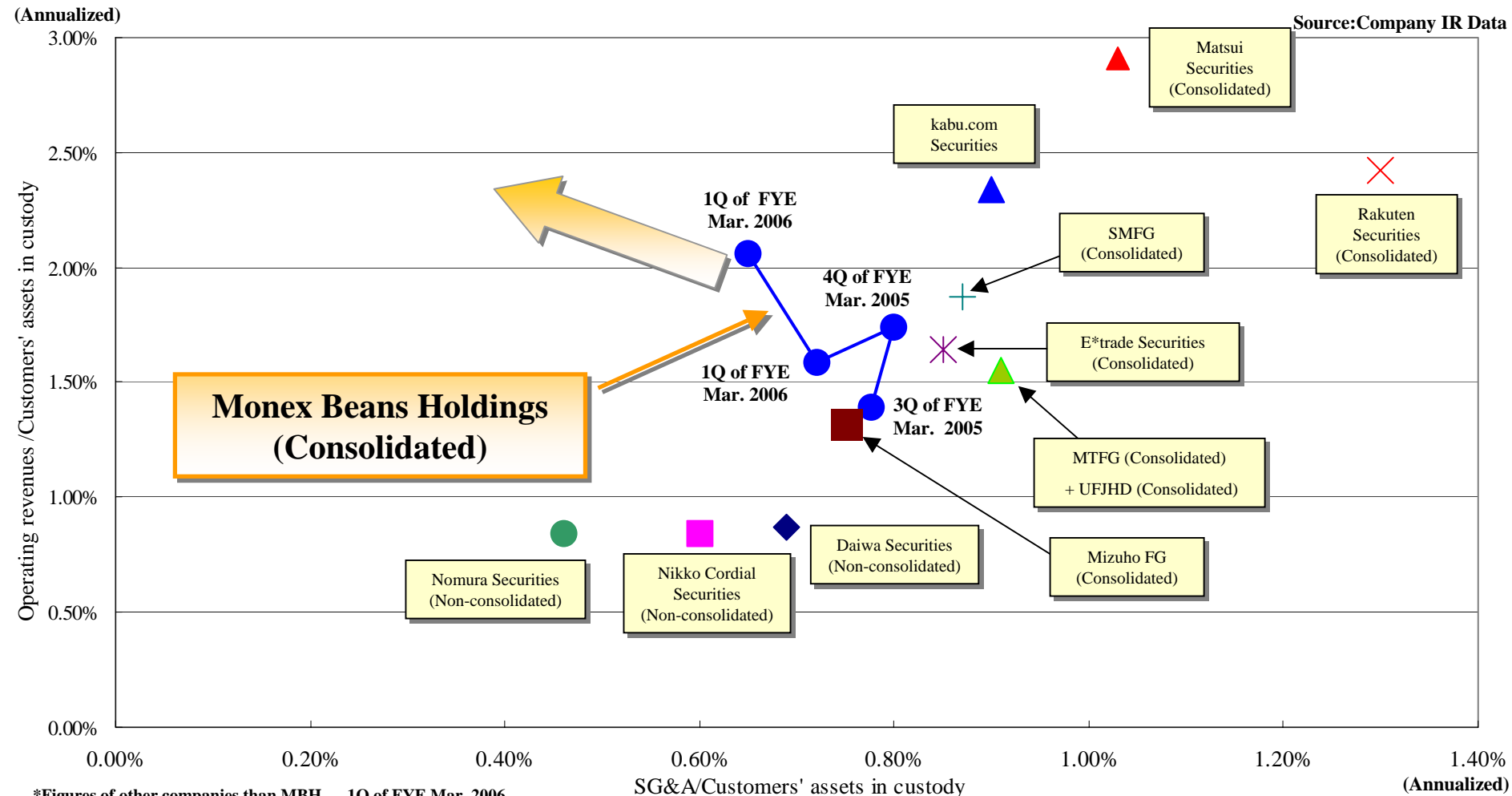
(\*) Figures of E\*trade and Rakuten:

Source: Company IR Data

From FYE Mar. 2002 to FYE Mar. 2005 = non-consolidated basis, from FYE Mar. 31 2006 = consolidated basis

**Comparison with Competitors: Revenues/SG&A Per Customers' Assets in Custody**

**Numerical Target = Higher Revenues/Lower SG&A Per Customers' Assets in Custody**  
**Key Factors : "Supply of High Value Added Products" and "Continuous Cost Control"**

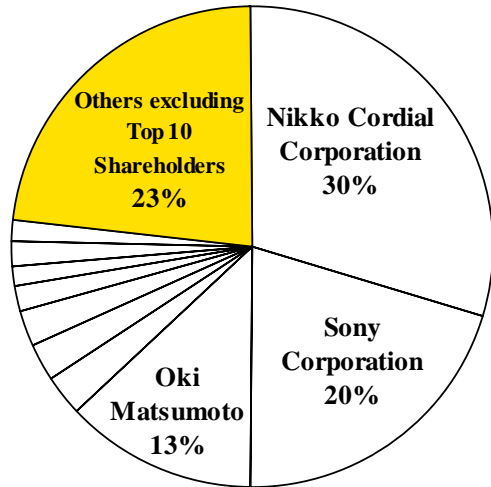


\*Figures of other companies than MBH 1Q of FYE Mar. 2006

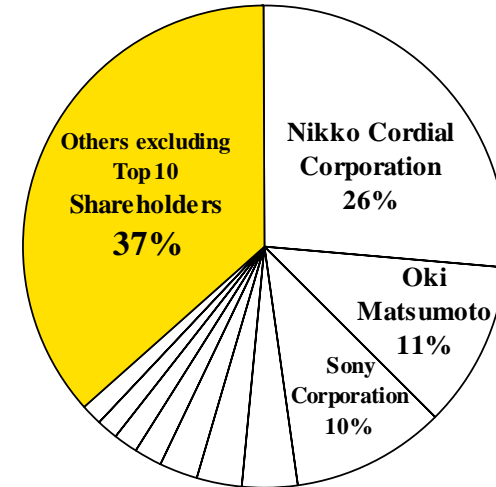
MTFG, UFJHD, Mizuho FG and SMFG Customers' assets in custody = Total assets, Operating revenues = Gross profits, SG&A = General and administrative expenses

Comparison with Competitors: Highly Diversified Shareholders

Shareholders of MBH (as of Mar. 31, 2005)

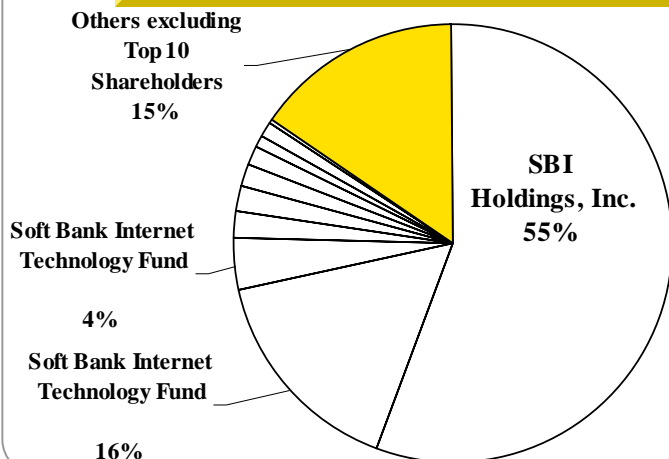


Shareholders of MBH (as of Sep. 30, 2005)

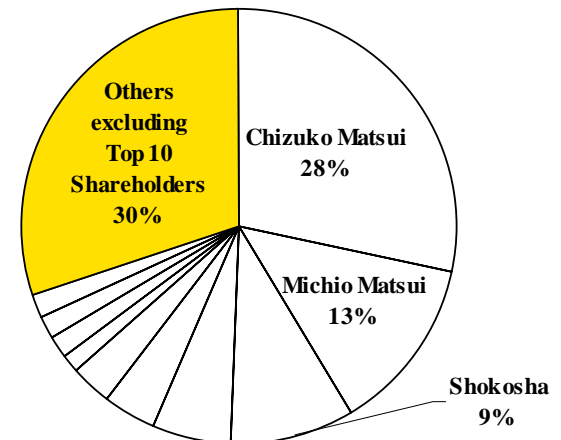


Offering  
(Sep. 2005)

Shareholders of E\*trade (as of Mar. 31, 2005)



Shareholders of Matsui (as of Mar. 31, 2005)



1. Financial Results

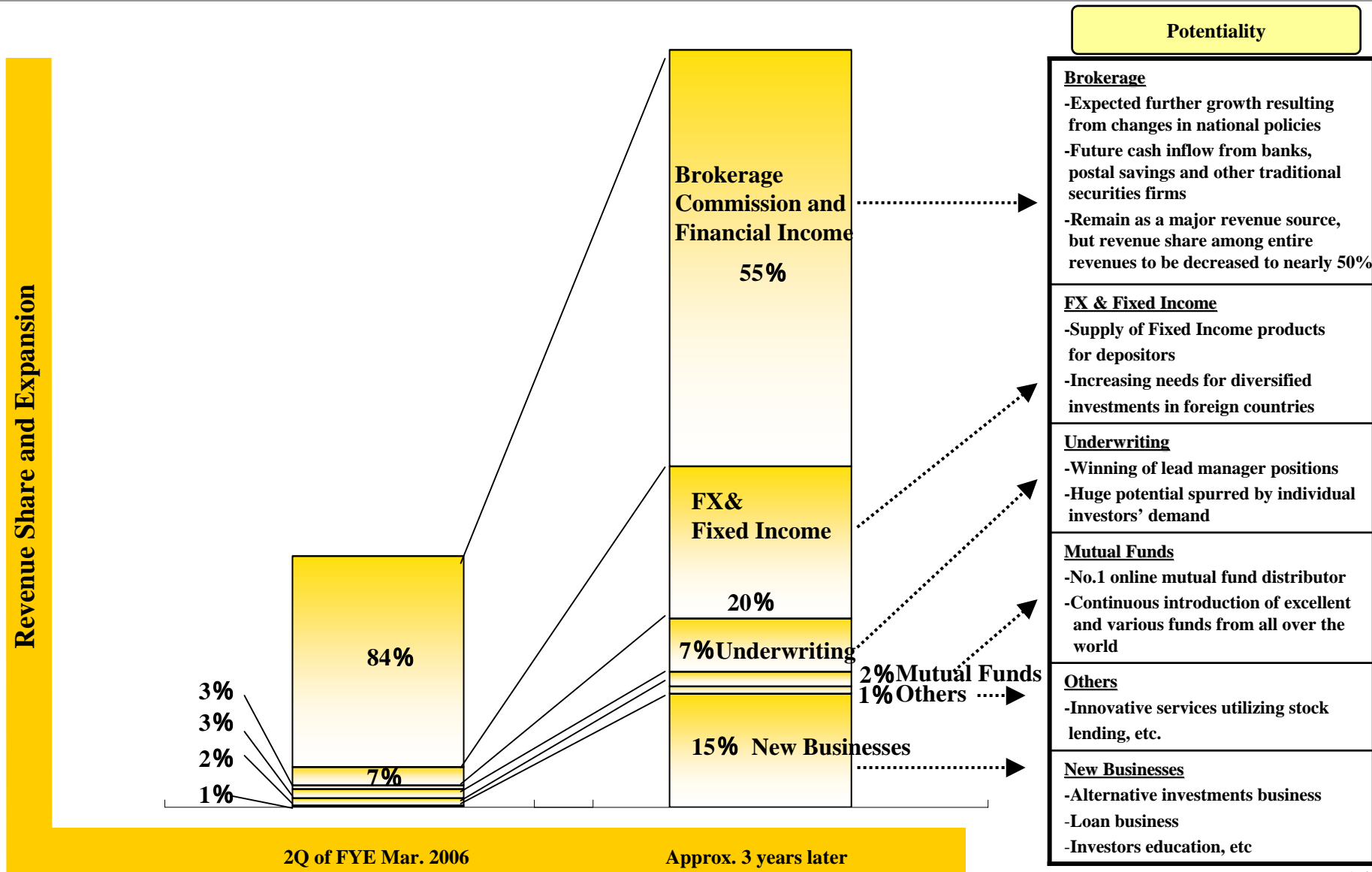
➔ **2. Business Model and Future  
Development**

## Mission Statement

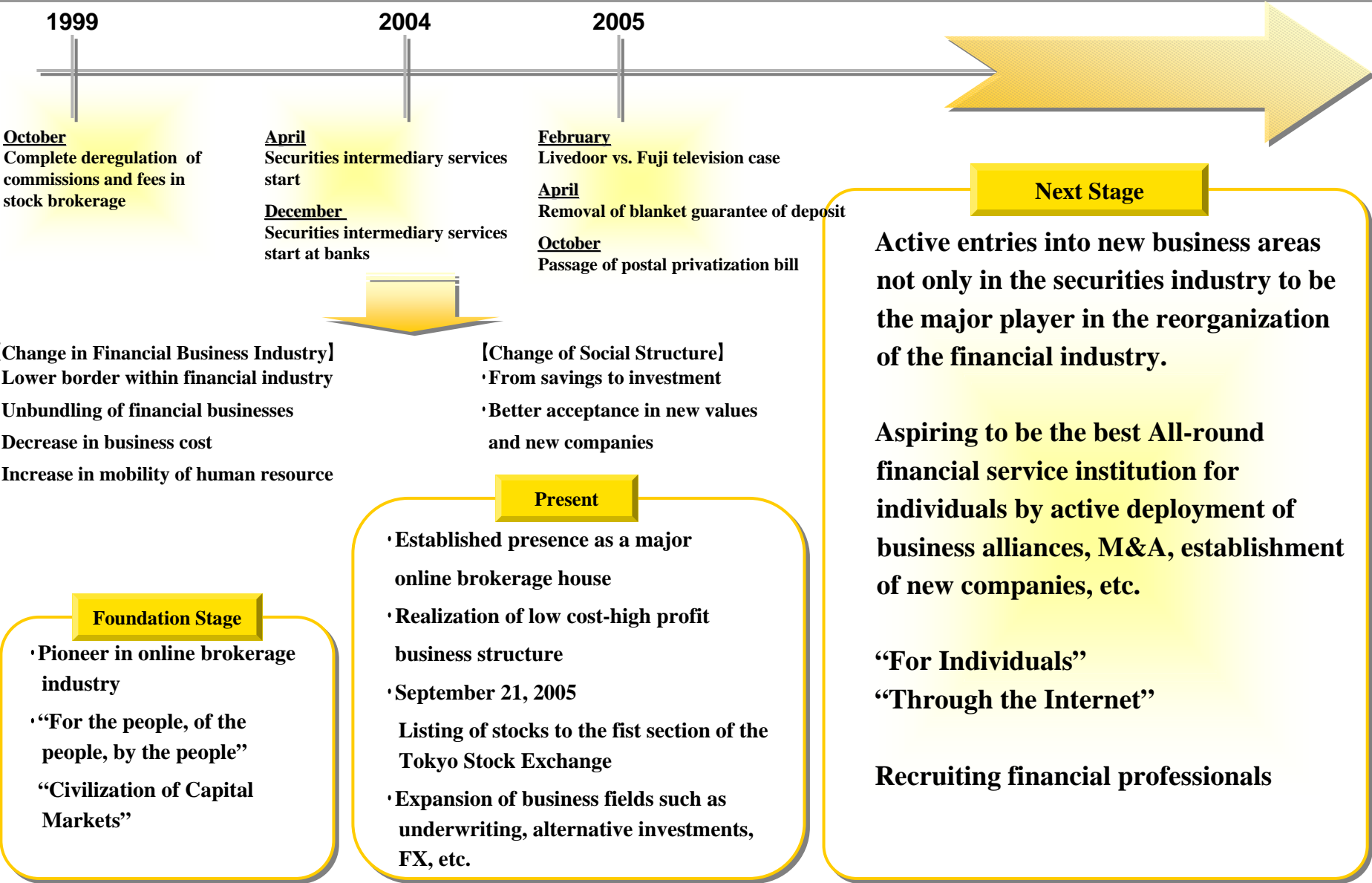
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- ◆ **Take position as a total financial service provider, not just as an online brokerage firm**
- ◆ **Offer comprehensive products and service line-ups with “World Class Quality”**
- ◆ **Support passive investors to manage his/her financial assets efficiently**
- ◆ **Strengthen “Products Origination Capability”**
- ◆ **Pursue less operating cost / establish a portfolio management-oriented business**
- ◆ **Be ready for the deregulation such as removal of barriers on financial sectors by leveraging the holding company structure**
- ◆ **Empower investors education and enhance financial literacy**

## Current and Future Business Models: Further Expansion of Revenue Potentiality



## Strategy : Towards the Next Stage of Growth





## Continuous Efforts: “For Our Customers”

### Cost

#### 【Commission】

- For active customers: Lowest in the industry
- For general customers : Competitive low pricing

#### 【Market Spread】

- Average market spread : Approx. 0.22%
- Lack of stability and speed of the system may cause an opportunity loss of 0.22% of the investment amount

#### 【Opportunities】

- Various order patterns expand investment opportunities

### Access

#### 【Market/Products】

- Provision of various products and markets such as Chinese Stocks, HSBC India Open, Vanguard Mutual Funds, Commodities, FX and Night time trading, etc.

#### 【Specialty in Human Resource/Talent】

- Provision of access to global top players

### Literacy

- Investment education related books, seminars, mail magazines, etc.
- Offering investment strategies/theories
- Establishment of “Monex University” (ref. P.25)

### Lower cost

### More access

### Higher literacy

#### Cost

Cost does not only indicate commission, but also market spread and opportunities, and fulfilling all factors conclusively forms the lowest cost in the industry

#### Access

Continuously providing more access to various markets and top players around the world

#### Literacy

Continuous support to customers’ asset management through investment education



**Towards a financial institution  
which maximizes customers’  
investment return**

## Brokerage Business: Providing the Best Trading Platform

### Commission

#### [Volume Discount]

Top trading customers' average commission rate :  
0.04% ~ 0.05%(approx.)

### Originality

#### [Night Time Trading]

- The only PTS in Japan for individual investors
- Stable operation since its start of service in January 2001
- One Coin Pricing – Just 500yen per trade

#### [Small Unit Stocks]

- Transaction available from 1/10 of the ordinary amount
- Supporting entry-level investors

### Trading Functions

#### [Trading Tool : Market Rider Premium]

- Registration of up to 1,000 names available
- Variety of order methods such as direct orders from information screen, stop loss order, etc.

### Customer Support

- Support by telephone and e-mails
- Continuous enhancement of website

### Providing the Best Trading Platform

#### [Fast and Stable System]

#### [New Products/Services]

##### New function added to Monex Night Time Trading “Monex Nighter Chance”

Expanding investment opportunities for individual investors



- A service that allows trading at prices determined by Monex Beans within 7% range of Stock Exchange Closing prices for certain stocks

##### “Kabu-Soku Pocket” (tentative)

- December 2005 start!
- Real time automated information update on au mobile phone screen  
Continuously providing the latest technology first in the industry



##### Changeable Interface Mode

- Continuous efforts for a user friendly website
- Providing “Changeable Interface mode”, a menu customization service similar to former Monex screen responding to customers' request



## Underwriting Business: Increase both Lead Manager Mandates and Underwriting of Shares

### Innovation

- First online securities firm to enter into underwriting business
- Professional team with significant expertise and experience

### Track Records

- IPO Participation rate : 43% [as of Sep. 2005]
- Low cancel rate in book building process: 3.65%
- First online securities firm to attain sole lead manager on an IPO

**Dreamvisor.com Incorporated**

Stocks listed to the TSE Mothers market  
on June 7, 2005

72% underwritten at Monex Beans

### Alliance

- Nikko Cordial Corporation
  - Mizuho Securities
- ➔
- Increase in underwriting of shares

### Strengthening the Investment Banking Business

**Hiring top players**

Executive experienced personnel at major securities firm has joined

**Continuously attaining lead manager mandate**

Increase in underwriting of shares

Increase in revenue and customer base

Track Records in Underwriting/Sales

(Unit:# of Transactions)

	IPO	PO	Total
FYE Mar.2001	52	0	52
FYE Mar.2002	60	0	60
FYE Mar.2003	44	2	46
FYE Mar.2004	48	1	49
FYE Mar.2005	73	19	92
FYE Mar.2006	32	6	38 (First Half)
<b>Total</b>	<b>309</b>	<b>28</b>	<b>337</b>

\*Figures of FYE Mar. 2005 and before are simple sums of Monex, Inc. and Nikko Beans, Inc.

\*Figures of FYE Mar. 2006 only reflect the first half of Fiscal Year

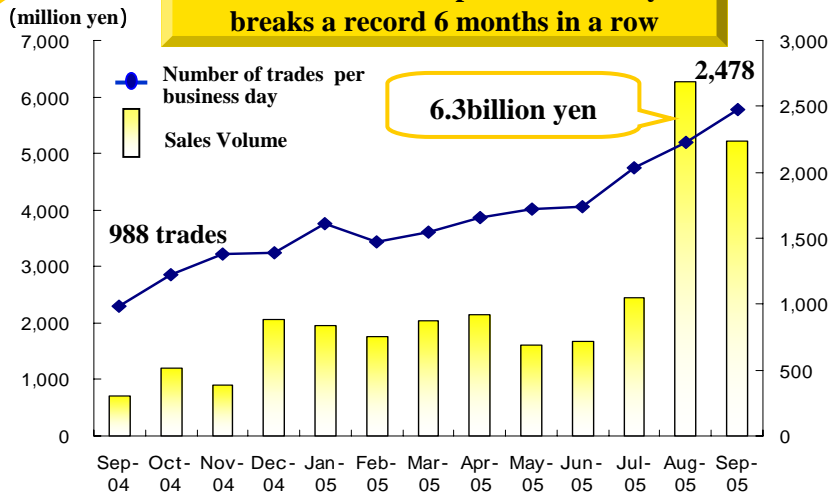
### Challenges

**Establishment of WR Hambrecht & Co Japan, Inc. [Sep. 21, 2005]**

A preparatory company to consider the implementation of OpenIPO® already conducted in the United States such as US Google and US Morningstar IPOs.

# Mutual Funds Business : Highly Selected Funds, Front-Runner Among Online Mutual Fund Distributors

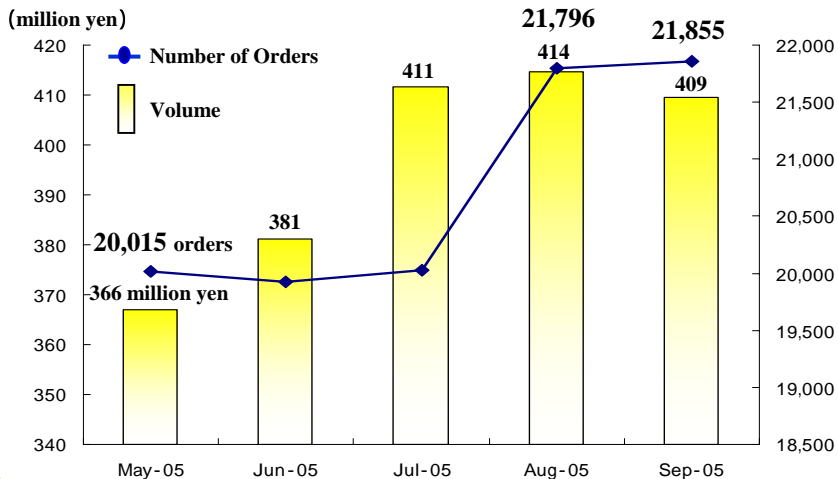
## Number of trades per business day breaks a record 6 months in a row



\*Number of Trades: MRF is not included

\*Sales Volume: Sum of Domestic and Foreign Investment Trusts [excluding MMF and MRF]

## Steady Growth of Monthly Purchase Plan



## Merger Effect

### Former Nikko Beans customers' purchase trend

Purchase volume of the funds exclusively sold at former Monex = **About 45%**  
(From May, 2005 to Aug, 2005)

Total purchase volume

➔ Strong needs for former Monex' selected funds accelerate increase in total sales volume

## Wide Array of Product Line

Nearly 140 mutual funds available [As of Sep.2005]

### Ongoing promotion of high-quality funds

- Vanguard Index Funds [Since Aug. 2000]
  - The only distributor of Vanguard funds in Japan
- The Fund @ Monex [Since July. 2000]
  - The first mutual fund exclusively sold at online brokers
  - Aggregate return ratio for last 3 years :98.9% [as of Oct.14. 2005]

### Sales Ranking [As of Sep.2005]

1. Investment Trust Linked with Fund of Asian Funds "Asia Focus"
2. HSBC India Open
3. Nikkei 225 No-load Open
4. Toyota Asset: Vanguard Foreign Equity Fund
5. Nikko Beans Japanese Equity Fund

Note: Domestic Bond [including MRF], foreign currency denominated MMF and Money Portfolio are not included.

➔ Continue to provide high-quality selected funds

## Alternative Investments: Highest Quality Alternative Products to Individual Investors

### First Full-fledged Fund

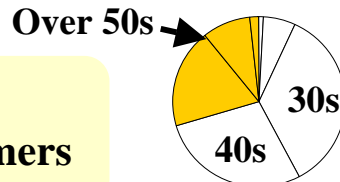
Investment Trust Linked with Fund of Asian Funds

**“Asia Focus”** [Launched in Jul.2005]

**Sales Volume: Approx. 5.7 billion** [As of Oct.20, 2005]

- Cutting-edged experts(Japan: Monex Alternative Investments (MAI), Non-Japan Asia: Fullerton) carefully select fund managers
- Original financial products-Tailor-made for our clients
- Nation-wide fund information sessions  
Tokyo, Osaka, Nagoya, Fukuoka, Shizuoka, etc  
8 Seminars with about 3,500 participants [Since Mar.2005]
- High proportion of investors of over 50 years old  
Attracting this generation as a substitute for savings

Approx.30%



Proportion of Over 50s Investors

**Strategic product designed for baby-boomers**

### Pilot Fund

Monex Fund of Funds I (MCPI) [Launched in Nov.2004]

Investing in Hedge Funds, PE Funds and Venture Capital Funds

### Expansion of “Gatekeeper” Function (MAI)

Promoting “Asia Focus” as our “Flagship” fund with total assets of over 10 billion yen

Strategically creating 2 cutting-edge alternative funds each year, including venture capital and PE funds

### More Information Services

Renewal of Monex<Alternative>Mail

:About 15,000 subscribers [As of Oct.2005]

Strong commitments to regular fund information sessions across Japan

### オルタナティブ投資

実績ある投資のソムリエが、おいしい投資先だけ、選び抜きました。



## Forex and Fixed Income Businesses: To be the Top Runner in Domestic Retail Business

### FX Business

Substantial increase in number of accounts

[As of Sep.2005] **27,025**

**80%** increase in a year

Product/Service differentiation

- Small-unit trade available
- Easy fund transfer from/to MRF and deposits to/from margin accounts
- 24 hours trading

To Offer Latest and Highest Quality Customer Services

Planning New Platform for improved FX Services

- Additional currencies
- Implementation of new and improved trading tools
- Leveraging competitive advantage in fee structure under contemplation

Maintaining competitive advantages among other FX service providers

### Fixed Income Business

JGB for individuals

- Continuous distribution of JGBs for individual investors from the first issue
- Highly popular among female investors
- Marketing through the SAISON Counter

Australian Dollar-denominated World Bank Debt Securities, etc

- Customers in their 30s are leading clients

### Domestic Bond

Broad diversification of product lines

- Planning to introduce new types of bonds
- New bond offering to meet ongoing clients' needs for cash flow

### Foreign Bond

Systematizing marketing of secondary foreign bond trading

Preparing a new approach to bond price management

Entering into Debt Capital Market Business

## Investors Education: Contribute in Customer's Long-term Asset Management

### **【Mail Magazines】**

- Over 360,000 subscribers
- Top ranked financial mail magazines

### **【Off-line Seminars and Study Sessions】**

- Sponsoring lectures and events by diverse financial experts for customer education
- 44 Seminars, about 2,500 participants per month  
[Since May 2005]
- Largest investment education services among online brokers

### **【Distribution of DVDs and Books】**

- DVDs: About 7,500 Sold
- Books: Over 100,000 Sold



### **【Monex Lounge @Ginza】**

- Mini seminars on almost everyday since the opening in Jul.2005
- Total visitors:  
Approx. 4,500 [As of Oct.19, 2005]



### **To Support Financial Literacy of Individuals**

**Offering financial education resources to business partners and other financial institutions**

**Providing investors education to perspective customers through our securities intermediary institutions**

**Enhancing off-line customer services**

- Disseminating latest and wide range of information on our services and products

**New business alliances with leading corporations**



**Establishment of Investors Education Center  
“Monex University”**

## Business Alliances : Expansion of Customer Platform

### First Stage : Large Scale Network Alliances with Nationwide Financial Institutions

#### Securities Intermediary

**[Credit Saison ]** [Started in Dec. 2004]

- Over 17 million Card Holders, +8 million UC Card Holders
- Tsukuba Seibu SAISON Counter Open in Oct.2005

**[Mizuho Bank]** [Started in Jul.2005]

- Mega Bank with over 26 million Accounts
- Planning to introduce new services such as one-day account opening

#### Account Opening Introduction

**[Seven Bank]** [Started in Apr.2005]

- Internet Bank with over 10 thousand ATMs

**[Japan Net Bank]** [Started in Jun.2005]

- Internet Bank with over 1.1 million accounts

### Second Stage : Local Network Alliances with Local Financial Institutions and Other Firms

#### Account Opening Introduction

**[Johoku Shinyo Kinko(S&L)]** [Started in Oct.2005]

- 119 branches (of which 34 are sub-branches)

**[Softmap]** [Started in Sep.2005]

- One of the largest “Digital Retailers” in Japan

**[Gourmet Navigator]** [Started in Sep.2005]

- Restaurant information site with about 3.5 million members

**[eAccess]** [Started in Sep.2005]

- eAccess’s “promotion space” in Yodobashi Camera Multi-media Akihabara Store

### Establishment of ATM Network

**[Seven Bank]**

- No charge for deposits and withdrawals with over 10,000 ATM

**[Japan Post]**

- Deposits and withdrawals available at over 25,000 ATMs across Japan

**[Credit Saison]**

- Withdrawals available at over 700 SAISON CD·ATMs



Competitive Services and Products: For All Customers' Satisfaction

[As of Sep 30, 2005]

	Equities						Stock Lending	Fixed Income	Mutual Funds		Alternative Investments		Others				
	In-house Margin Trading	Stop Loss Order	China Stocks	U.S. Stocks	Night Time Trading (PTS)	Small-Unit Stock		JGB /Foreign Bonds	Monthly Auto-investment	China/India Equity Funds	Low Diversified	High Diversified	CX (Commodities Futures)	FX	ATM Access	Credit settlement thru MRF	Open Account Postal Service
Monex Beans				×													
E*trade		×			×		×		×			×	×			×	×
Matsui		×		×	×	×	×	×	×	×	×	×		×	×		
Rakuten					×	×	×	×	×			×		×	×	×	×
kabu.com			×	×	×		×	×			×	×	×	×	×	×	×

: Available only at Monex Beans among 5 brokers above : Available × : Not Available

Source: Company IR data, etc.

## New Challenges

### 1. Reinforcement of Marketing : 100% Commitment towards Higher Recognition

- Name Change : December 3, 2005 Monex Beans, Inc. **“Monex, Inc.”**
- Marketing Budget : Tripled marketing budget for second half of FYE March 2006 compared to first half

### 2. Establishment of Monex Business Incubation, Inc.

Date of Establishment : November 2005 (planned)  
 Capital : 100 million yen  
 Representative : Oki Matsumoto  
 Business Description : Discovery and incubation of MBH group's new businesses

- Actively engaging in discovery and incubation of new business models to match a rapidly changing business environment
- The businesses will be dedicated to those that will enhance financial services for individual investors

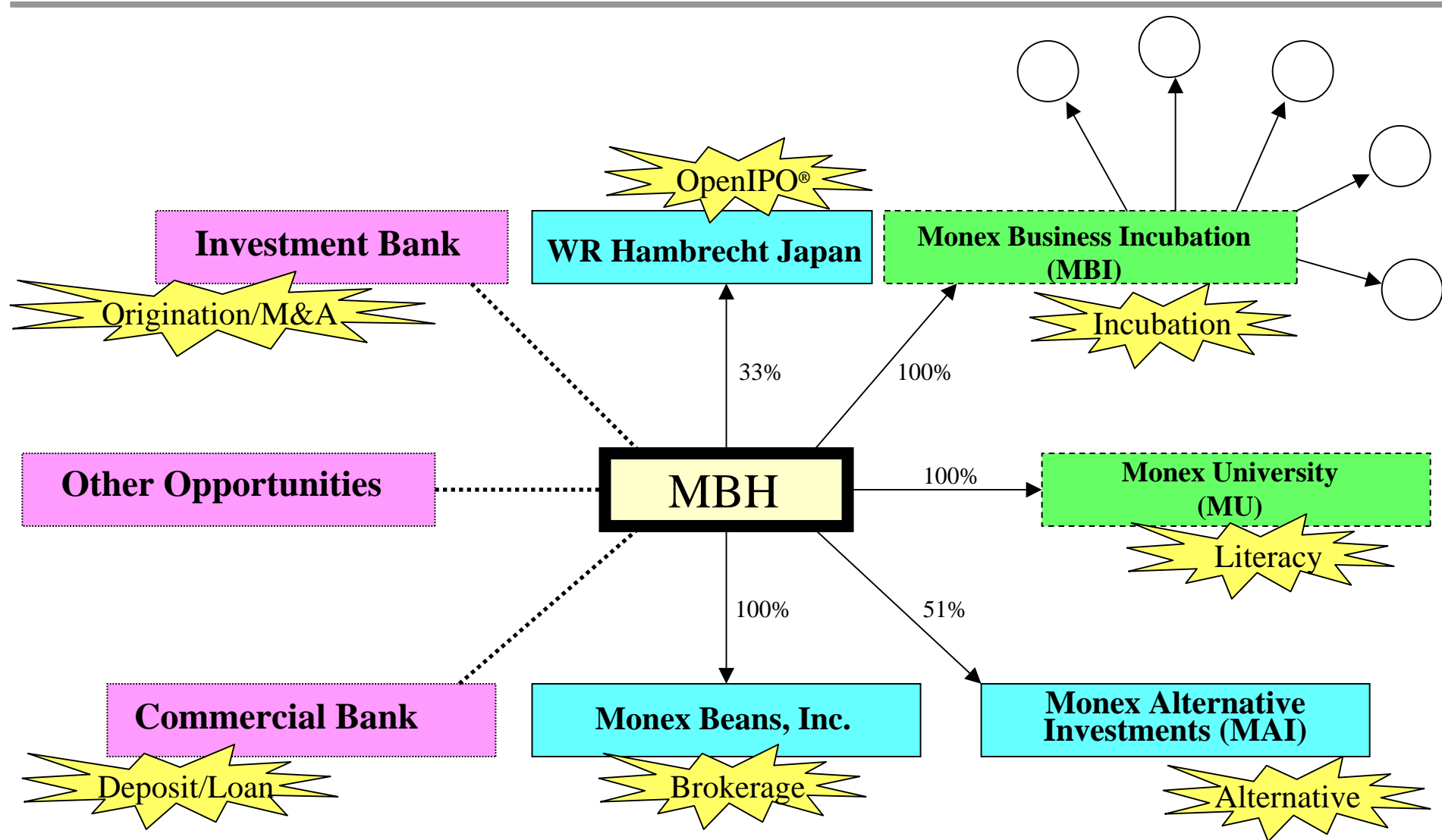
### 3. Establishment of Monex University, Inc.

Date of Establishment : December 2005 (planned)  
 Capital : 40 million yen  
 Representative : Shinobu Naito  
 Business Description : Development of investment education service

**“Beginner’s luck never lasts forever”**

Establishment of an investment education center which is a realization of the Monex philosophy since its foundation

Further Business Expansion



# **MBH**

**Monex Beans Holdings, Inc.**