



# **Financial Results**

**Fiscal Year Ended March 31, 2005**

**April 25, 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 2005. 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 and Business  
Overview**
- 2. Business Model and Future  
Development**

**Financial Summary: FYE Mar. 31, 2004 vs. FYE Mar. 31, 2005**

(in million yen, %)

	FYE Mar. 2004 (Apr. 2003-Mar. 2004)	FYE Mar. 2005 (Apr. 2004-Mar. 2005)	Change
<b>Operating Revenues</b>	<b>15,075</b>	<b>21,716</b>	<b>44.0%</b>
<b>Net Operating Revenues</b>	<b>14,437</b>	<b>20,690</b>	<b>43.3%</b>
<b>SG&amp;A</b>	<b>8,960</b>	<b>11,424</b>	<b>27.5%</b>
<b>Operating Income</b>	<b>5,477</b>	<b>9,266</b>	<b>69.2%</b>
<b>Ordinary Income</b>	<b>5,484</b>	<b>9,180</b>	<b>67.4%</b>
<b>Net Income</b>	<b>4,793</b>	<b>7,079</b>	<b>47.7%</b>

(in million yen, %)

	FYE Mar. 2004 (as of Mar. 31, 2004)	FYE Mar. 2005 (as of Mar. 31, 2005)	Change
<b>Total Assets</b>	<b>156,491</b>	<b>232,091</b>	<b>48.3%</b>
<b>Net Assets</b>	<b>22,492</b>	<b>29,811</b>	<b>32.5%</b>
<b>Capital Adequacy Ratio</b>	<b>521.7%</b>	<b>470.6%</b>	<b>-</b>
<b>Cash and Deposits</b>	<b>15,983</b>	<b>26,004</b>	<b>62.7%</b>

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: 3Q of FYE Mar. 31, 2005 vs. 4Q of FYE Mar. 31, 2005**

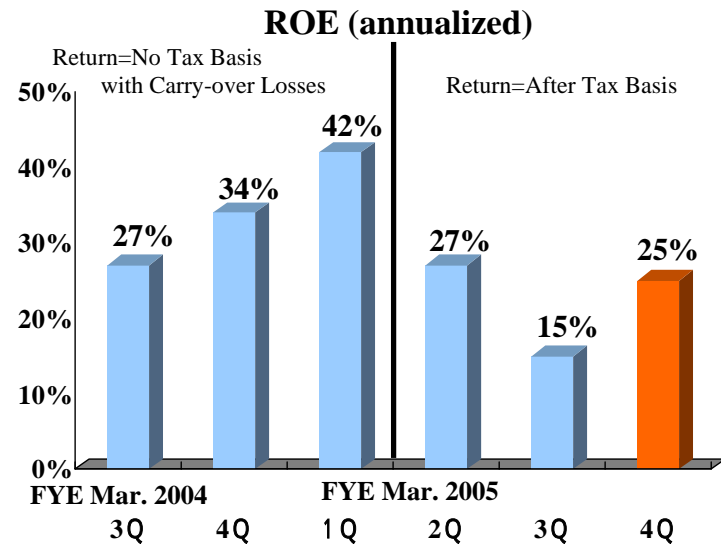
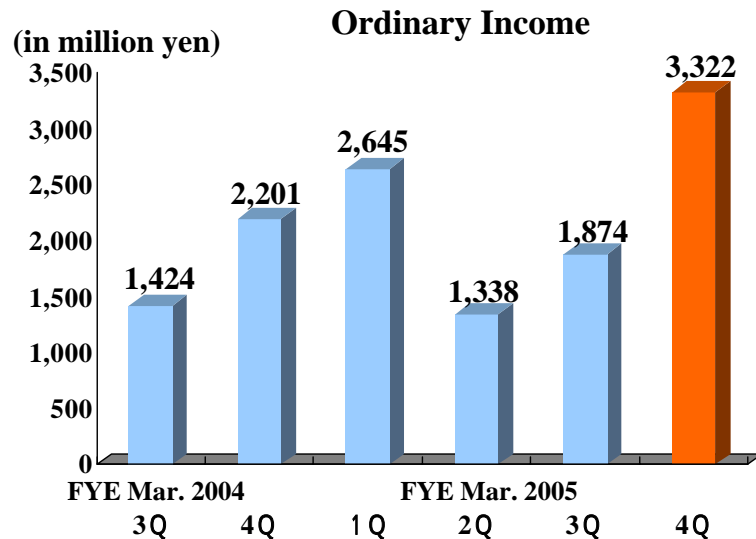
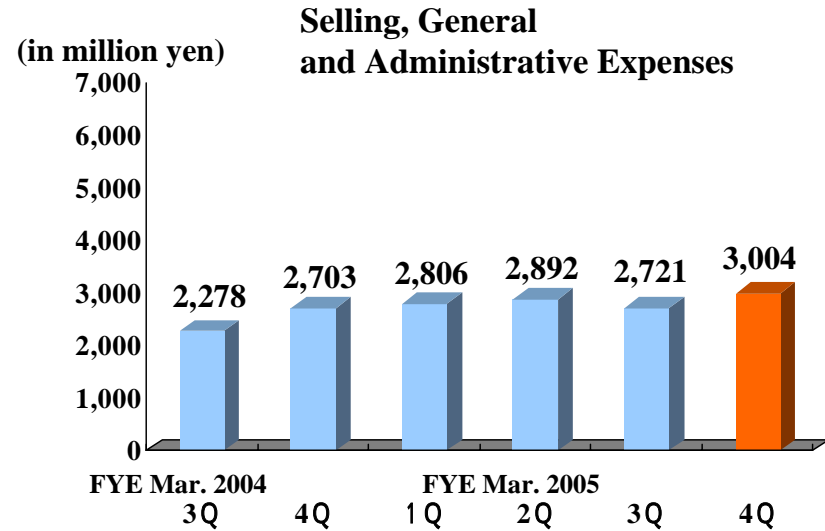
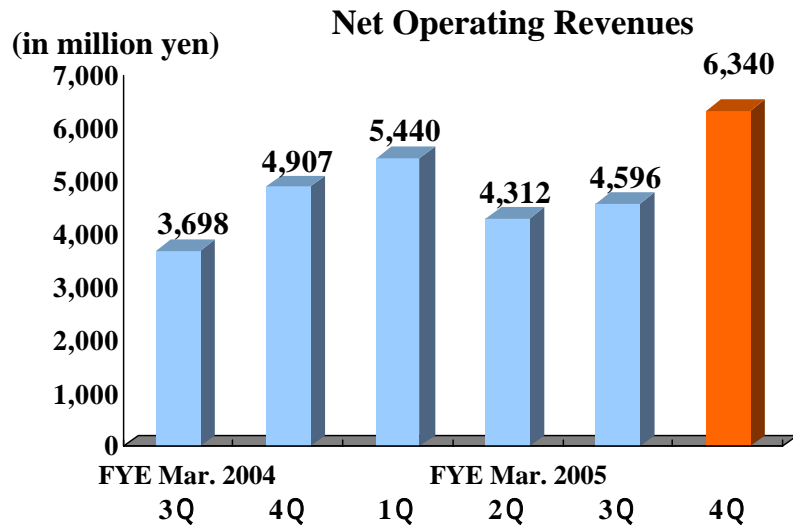
(in million yen, %)

	3Q of FYE Mar. 2005 (Oct. 2004-Dec. 2004)	4Q of FYE Mar. 2005 (Jan. 2005-Mar. 2005)	Change
<b>Operating Revenues</b>	<b>4,887</b>	<b>6,533</b>	<b>33.7%</b>
<b>Net Operating Revenues</b>	<b>4,596</b>	<b>6,340</b>	<b>37.9%</b>
<b>SG&amp;A</b>	<b>2,721</b>	<b>3,004</b>	<b>10.4%</b>
<b>Operating Income</b>	<b>1,875</b>	<b>3,336</b>	<b>77.9%</b>
<b>Ordinary Income</b>	<b>1,874</b>	<b>3,322</b>	<b>77.2%</b>
<b>Net Income</b>	<b>1,014</b>	<b>1,784</b>	<b>75.9%</b>

(in million yen, %)

	3Q of FYE Mar. 2005 ( as of Dec. 31, 2004 )	4Q of FYE Mar. 2005 (as of Mar. 31, 2005)	Change
<b>Total Assets</b>	<b>184,837</b>	<b>232,091</b>	<b>25.6%</b>
<b>Net Assets</b>	<b>28,014</b>	<b>29,811</b>	<b>6.4%</b>
<b>Capital Adequacy Ratio</b>	<b>503.7%</b>	<b>470.6%</b>	<b>-</b>
<b>Cash and Deposits</b>	<b>27,665</b>	<b>26,004</b>	<b>6.0%</b>

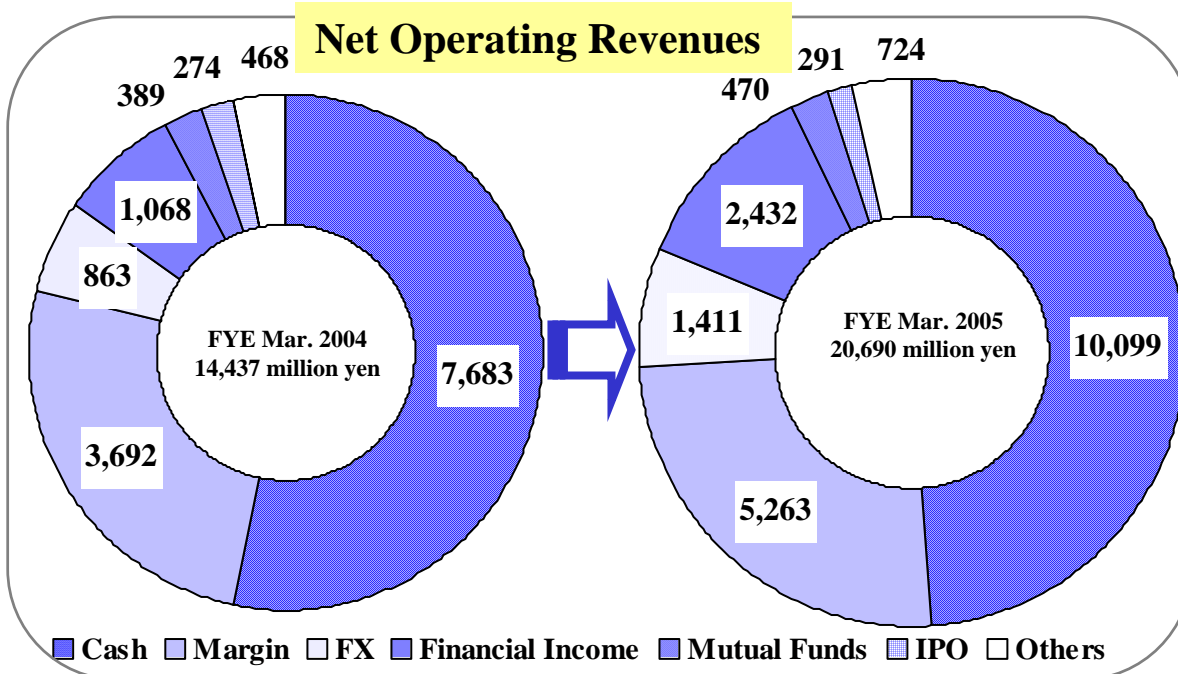
**Financial Summary: Financial Highlights (Quarterly Basis)**



## Financial Summary:

### Net Operating Revenues vs. Selling, General and Administrative Expenses

#### Net Operating Revenues



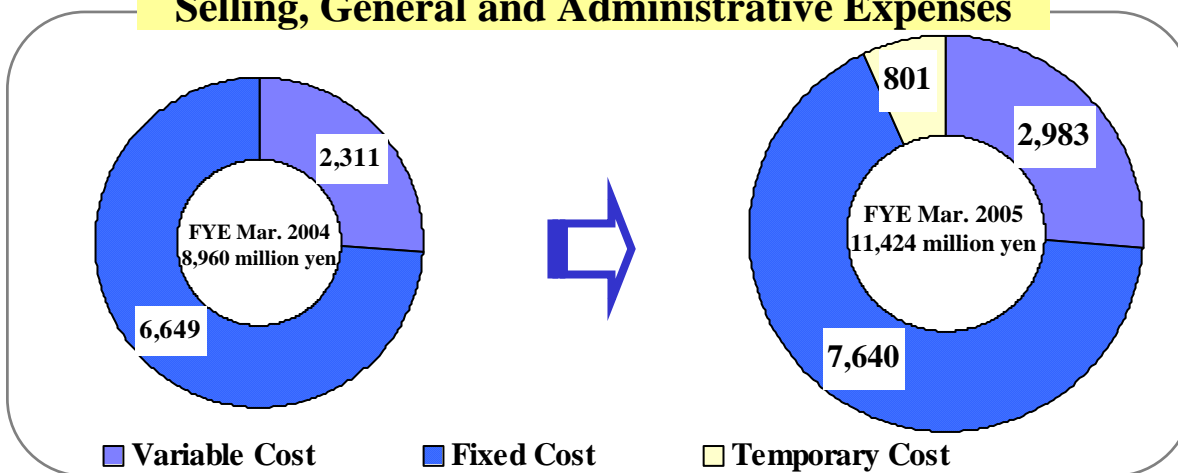
1. The ratio of brokerage commission revenues over net operating revenues  
 FYE Mar. 2004: 79%  
 FYE Mar. 2005: 74%
2. Revenues excluding brokerage commissions are 26% of total revenues and cover about 70% of fixed cost.

#### Break-even Point Analysis

**TSE Trading Volume /business day**  
**500 million shares**

This estimate is based on the following assumptions: "Trading volume share on TSE" and "Revenues excluding brokerage commissions" remain the same figures as those of 4Q of FYE Mar. 31, 2005.

#### Selling, General and Administrative Expenses

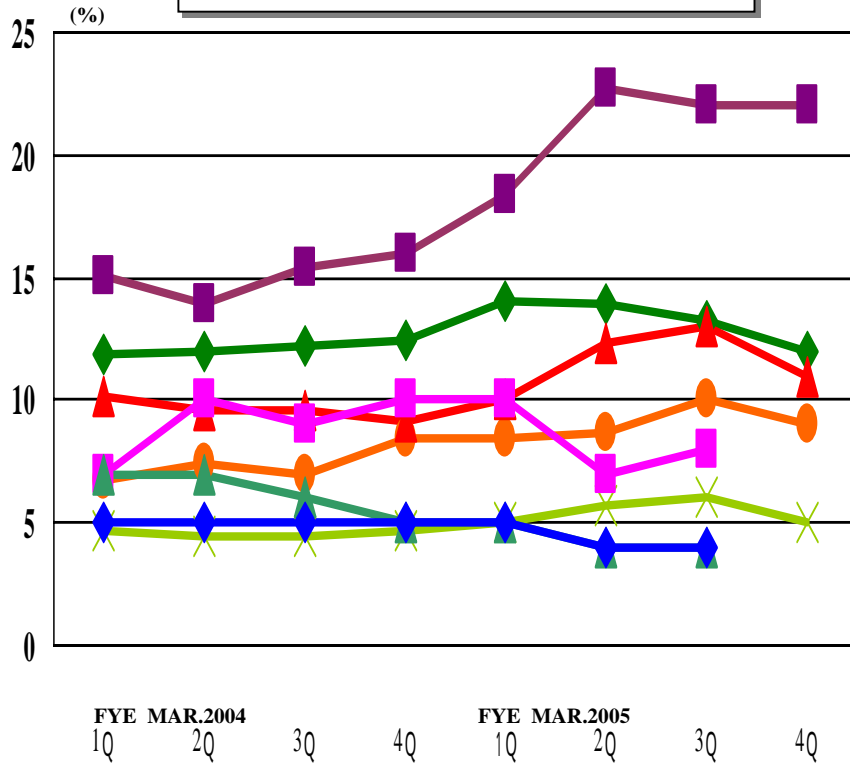


Temporary cost was borne due to the merger

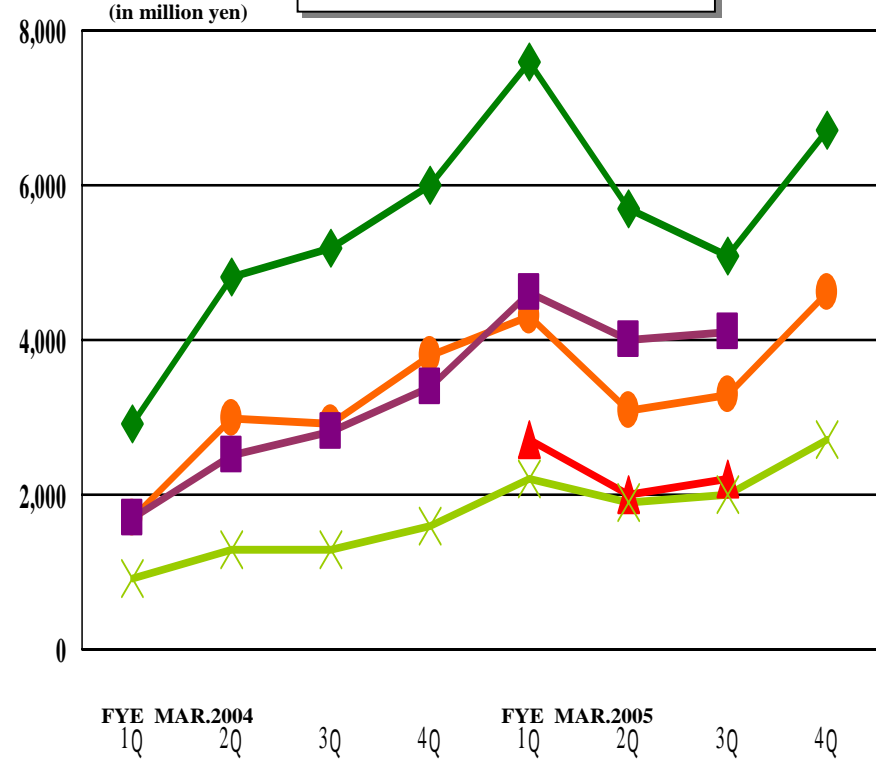
Reduction of system related running cost is expected after the merger. (refer to P25)

## Comparison with Others: Retail Trading Value & Equity Brokerage Commissions

Share of Trading Value in Domestic Market



Equity Brokerage Commissions



—○— Monex Beans    —◆— Matsui    —■— E\*Trade    —▲— Rakuten  
—×— Kabu.com    —□— Nomura    —▲— Nikko Cordial    —◆— Daiwa

—○— Monex Beans    —◆— Matsui    —■— E\*Trade    —▲— Rakuten    —×— Kabu.com

Source: Company IR data

Note: Market share is that of trading value of TSE 1<sup>st</sup> section, 2<sup>nd</sup> section, Mothers and JASDAQ

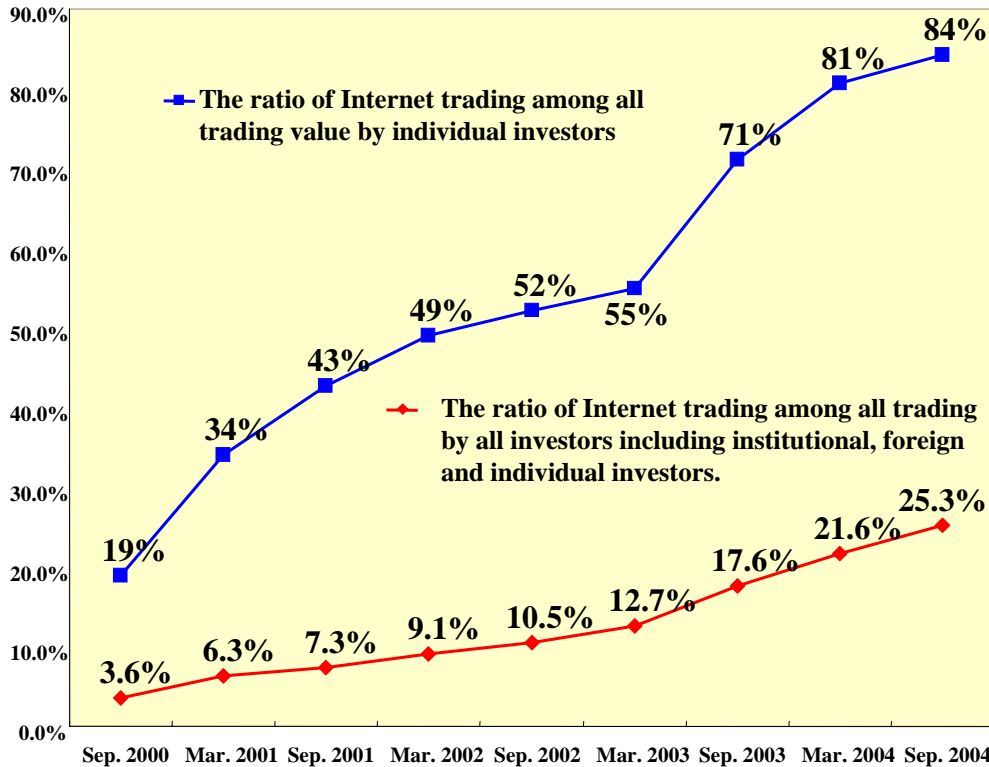


<Reference> Individual Investors Trend

**Trading Value**

The ratio of internet trading value has increased significantly since March 2003. More than 80% of individual investors choose internet trading at present.

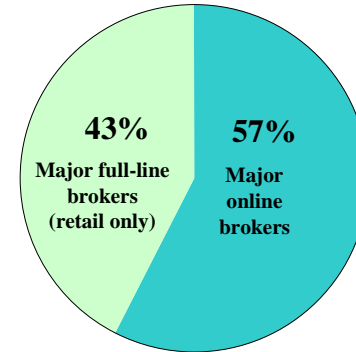
Source: Japan Securities Dealers Association



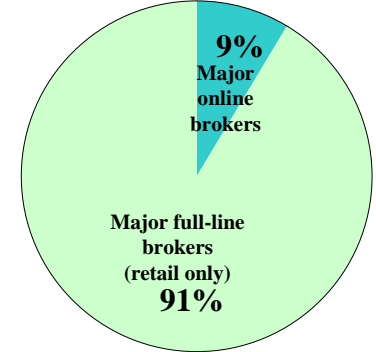
**Major Online Brokers vs. Major Full-line Brokers**

The trading value of major online brokers has surpassed those of major full-line brokers. But, more than 90% of individual assets are still held by major full-line brokers. This means further success of online brokers depends on increasing customers' assets in custody.

Trading Value (Apr. 2003-Mar. 2004)



Customers' Assets in Custody (as of Mar. 31, 2004)



Major Online Brokers: Monex Beans, Matsui, E\*trade, Rakuten and Kabu.com

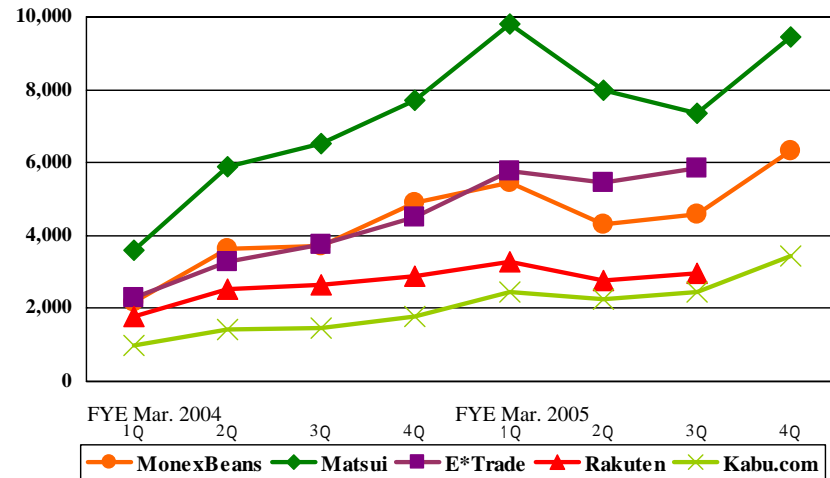
Major Full-line Brokers: Nomura, Nikko Cordial and Daiwa

Source: Company IR data

## Comparison with Others: Financial Highlights (Quarterly Basis)

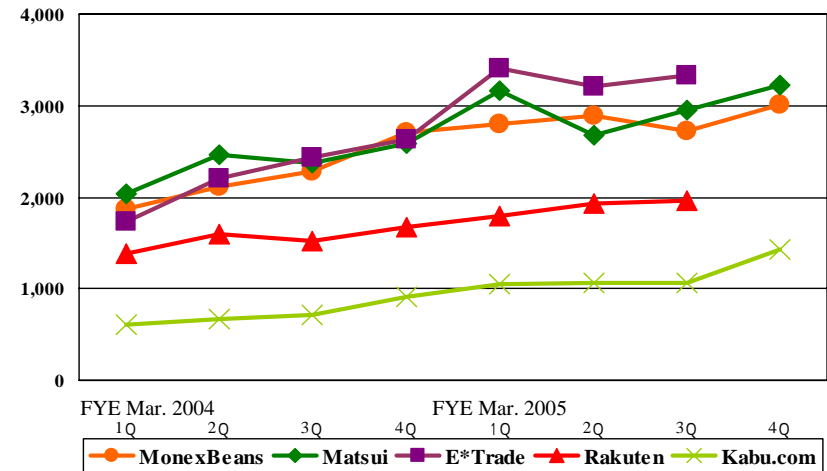
### Net Operating Revenues

(in million yen)



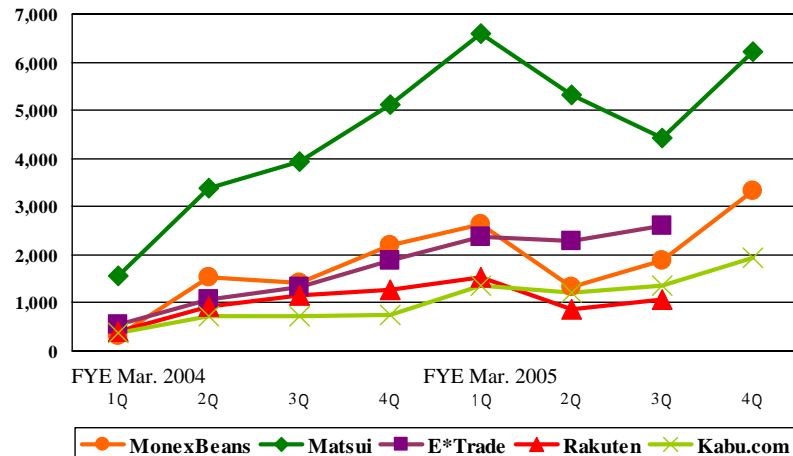
### Selling, General and Administrative Expenses

(in million yen)



### Ordinary Income

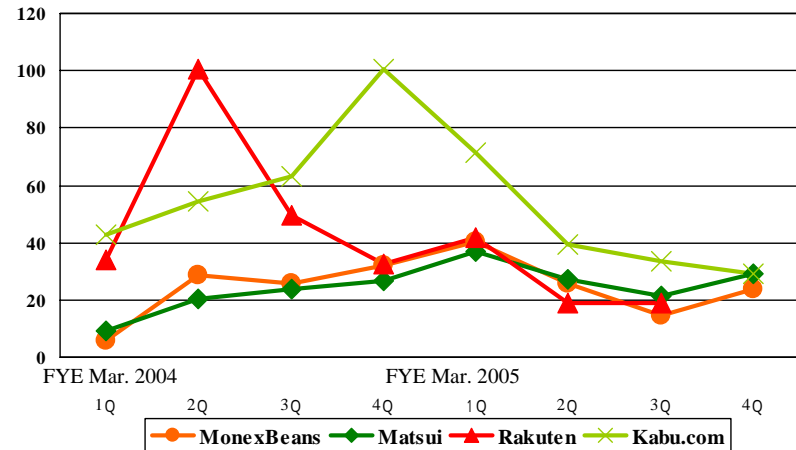
(in million yen)



### ROE

(%)

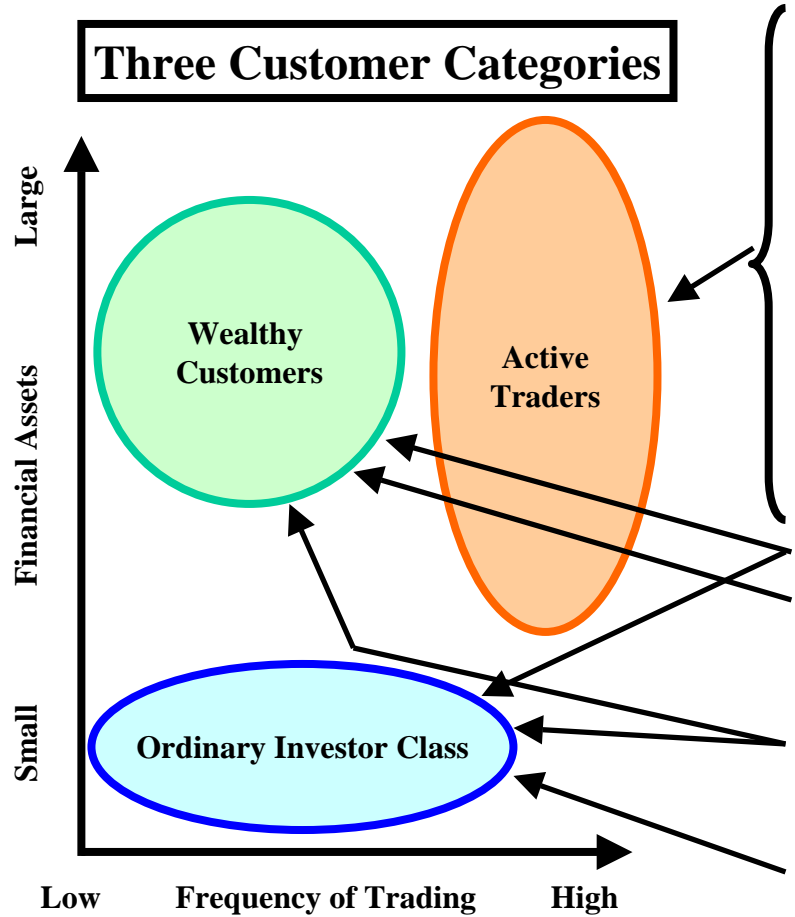
(annualized)



Source: Company IR data

**Brokerage Business: Expanding Customer Base with Steady Revenue Growth**

**Value-added services and products to meet customers' needs**



- 50% Commission Return**
  - Volume discount for highly active traders
  - Very competitive commission table for active traders
- In-house Margin Trading**
  - Steady increase of outstanding margin balance since launch
  - Outstanding Margin Balance 30 billion yen
  - In-house Margin Trading Balance/Total Margin Trading Balance 34% (Long Position Only)
- High Quality Trading Engine**
  - Trading Tool with Direct Link to Execution
  - Professional-oriented order scheme (“Stop Loss Order” etc.)
  - Stable information infrastructure
- Alternative Investments**
- Asset Utilization Services**
  - Stock Lending Service
  - Tax and estate planning related to Services
- Cash Management Account Services**
  - Deposit/Withdrawal (Valid at Post Offices ATMs)
  - Tie-up with over 10,000 IY bank ATM network
- Unique Services**
  - Small Unit Stocks (About 3,000 stocks will be available)
  - Night Time Trading (The only PTS in Japan)

## Underwriting Business: High Reputation from Investors and Corporations

### Environment

**“82%”**; Market share of individual investors in the primary market (2004/1 ~ 12)  
 Source: Japan Securities Dealers Association

## Monex Beans

**“Trail Blazer”**  
 First underwriter among 5 major online brokers

**“Professional Expertise”**

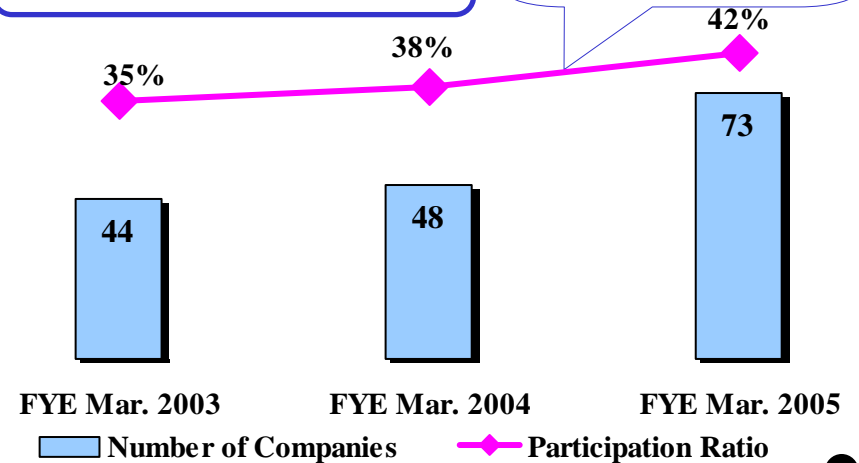
**“Partnership”**  
 Nikko Cordial Corporation and Mizuho Securities

**“1,500 billion yen”**  
 Customer’ Assets in Custody (Mar. 31 2005)

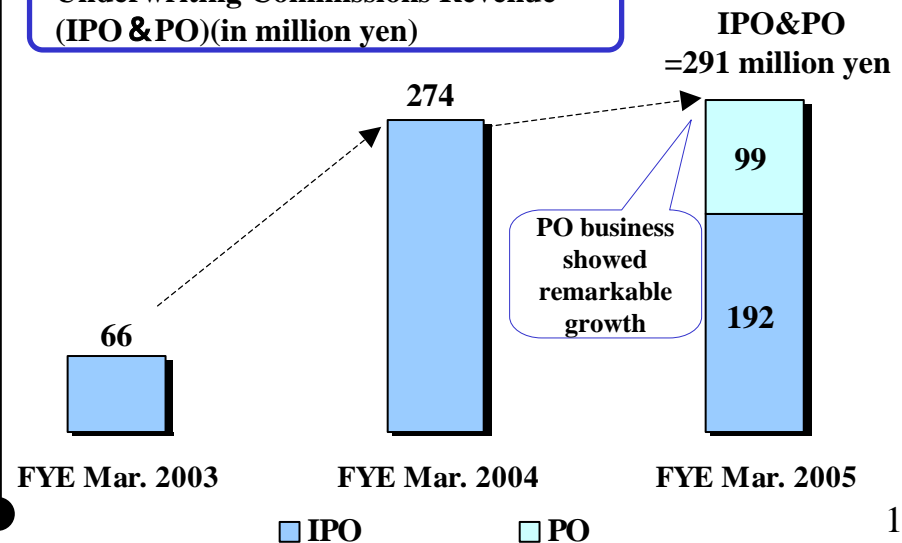
**Establish Platform for Investment Banking**

**Aiming for lead underwriter status**

### Number of Companies and Participation Ratio



### Underwriting Commissions Revenue (IPO & PO)(in million yen)



## Mutual Fund Business: Front-runner Among Online Mutual Fund Distributors

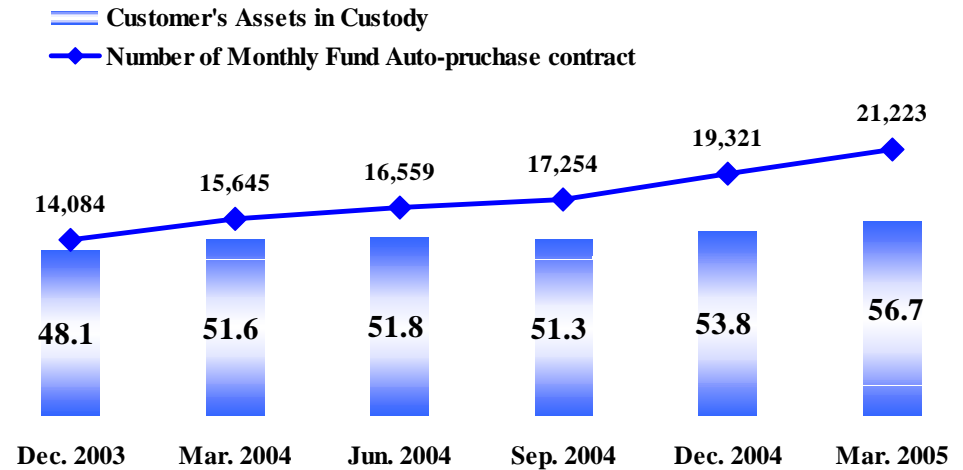
Customer's Assets in Custody: Monthly Fund Auto-purchase has contributed to the steady growth of assets.

### Monthly Fund Auto-purchase

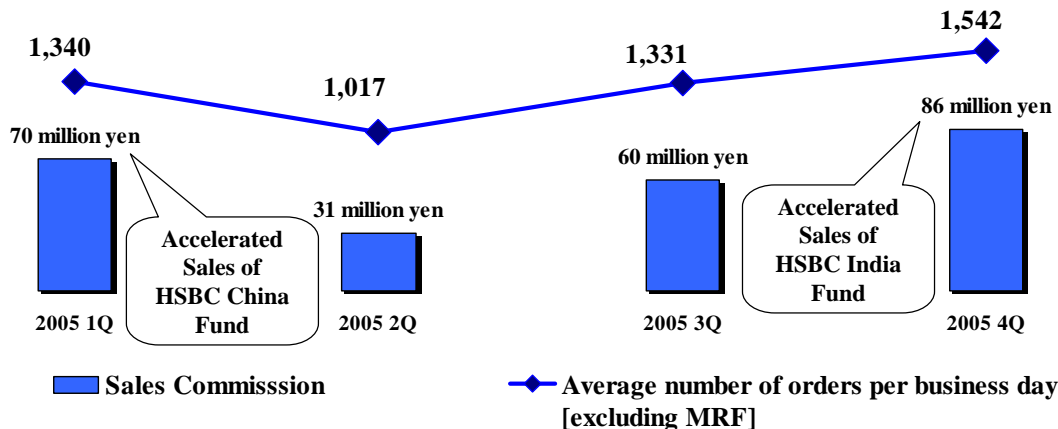
From securities, banks and post savings accounts  
**21,223 orders /month**  
**400 million yen /month (Mar. 2005)**

### Vanguard

Monex Beans is the only distributor outside U.S.  
**3.4 billion yen (as of Mar. 31, 2005)**



## Sales Commissions: China/India fund spurred the increase of commission.



### Timely Fund Supply

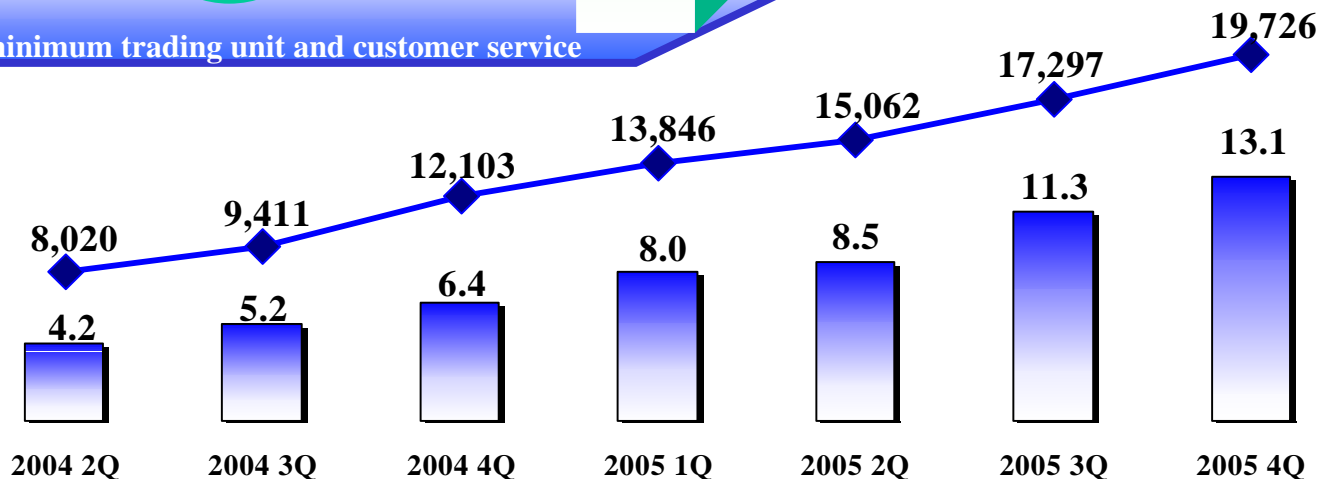
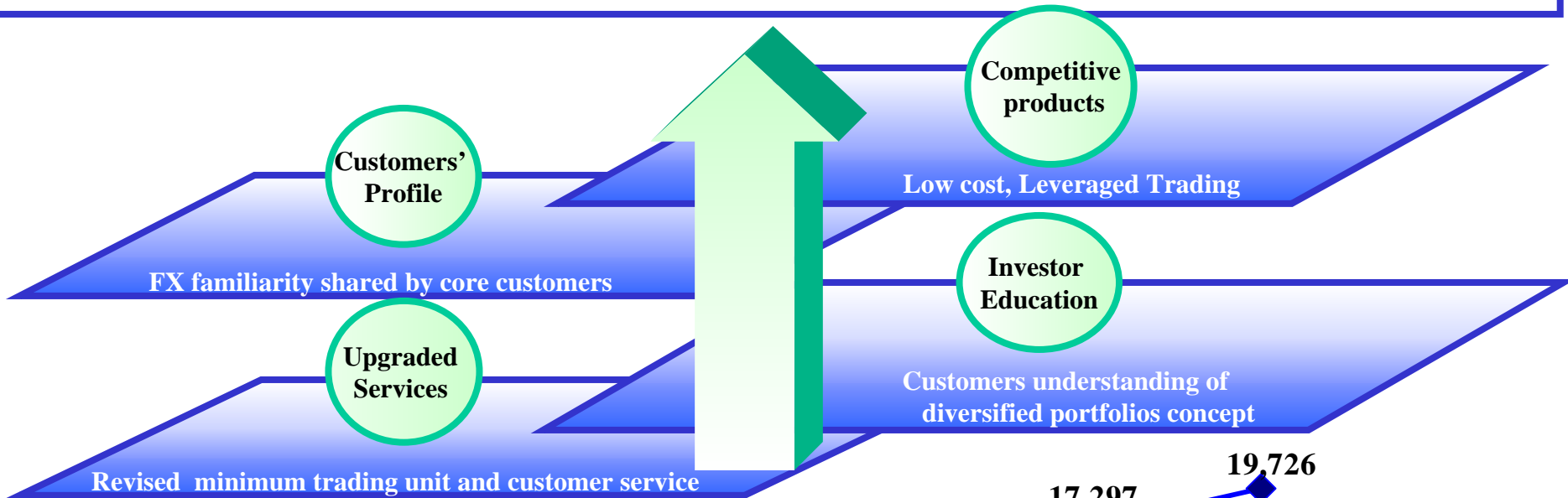
Good Performance of BRICs Markets  
 "HSBC China Open"  
 "HSBC India Open"

### Fund Selection

Customer-oriented fund selection with  
 non-biased Monex Beans Status

**FX Business: Maintaining Strong Growth Trend**

**“Number of Accounts” and “Margin Balance” are ranked top among FX business providers**



\*Number of accounts is the simple sum of those of Monex and Nikko Beans.

Margin Balance(in billion yen)

Number of Accounts

**Fixed Income Business:**

**“Deposits” to “Securities Investments”, “JPY” to “Multi Currencies”**

**“Removal of blanket guarantee of deposit” and “Low interest rate policy” etc.  
Momentum of Japanese individual financial assets portfolio change**

**Shift from “Deposits” to “Investments”**  
**“Issued Amount of JGB for Individual Investors”**  
 1st issue(Mar. 2003): 383 billion yen  
 10th issue(Apr. 2005): 2,337 billion yen

**Shift from “JPY” to “Multi Currencies”**  
**“Investments in Non-yen Assets by Individuals(\*)”**  
 As of Mar. 31 1998: 6.3 trillion yen  
 As of Mar. 31 2003: 12.5 trillion yen

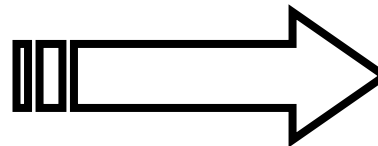
\*Total amount of foreign currency deposit and securities investments. Source:BOJ

**Monex Beans accelerates this business as a key revenue source.**

**Ratio of Fixed Income among  
total customer's assets in custody**

JGB for individual Investors  
 ↓  
**“Monex Beans”**  
 is one of the two online JGB distributors

**Current:  
Less than 1%**



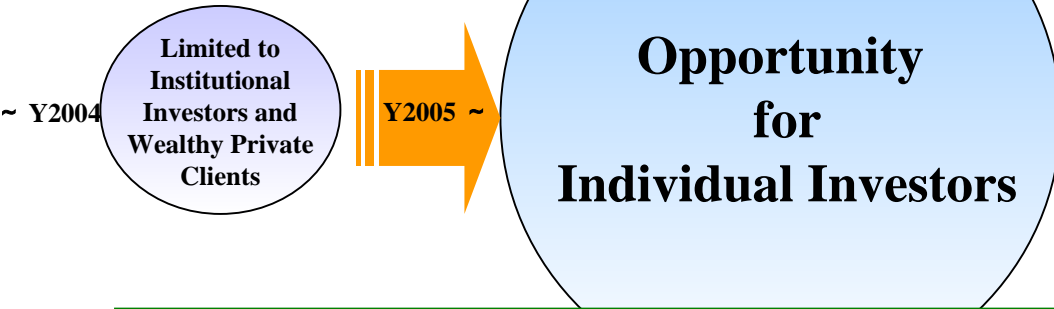
**Target:  
3~5%**

- 1. Expanded Products Line**  
 Current: “JGB for Individual Investor” & “The World Bank Debt Securities”  
“Launch of Original Products”
- 2. Improvement of Services (Settlement etc.)**
- 3. Investors Education**

**Alternative Investment Funds Business:**

**Monex Beans declares Y2005 as “the 1<sup>st</sup> year in alternative investment history in Japan”**

Monex Alternative Investments (MAI), a gatekeeper company, introduce carefully selected funds with business professional expertise



**Launch of “Fullerton\* - Monex Asian Fund of Hedge Funds”**

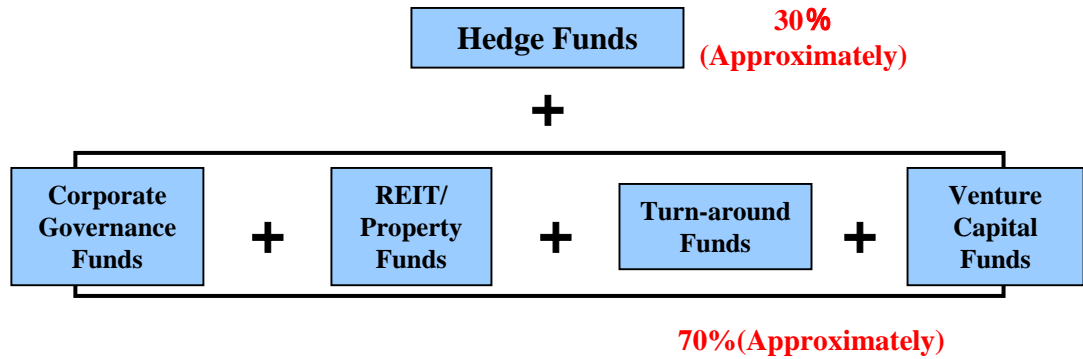
-To offer new and real fund of hedge funds solely dedicated to Asian strategies, enabling individual investors to further diversify their portfolios and broaden investment opportunities

**To be launched in Summer 2005**

\* A Singapore government controlled AM entity

**“Monex Fund of Funds I” launched in Dec. 2004**

Over 10 funds selected out of more than 40 carefully examined funds



**Alternative Investments Seminar (Mar. 2005)**

- ◇ **2,000** participants
- ◇ Top-notch fund managers as guest speakers

**Alternative Investments Email Magazine**

- ◇ Started since Jan. 2005
- ◇ Nearly **8,000** people currently registered



## Original Services: Front-runner In Providing These Unique Services!

**3,000** names available on these services!

### Stock Lending

- ◆ Automatic credit of “Dividends equivalent amount” to client accounts
- ◆ Nearly **3,000** Japanese names available; No.1 among any institutional lenders

Year 2005 tax law reform will contribute to the expansion of this business



### Small Unit Stocks

- ◆ Up to **3,000** names expected to increase from 300 names

### Margin Trade Simulator

- ◆ Various simulations available, based on customers’ transactions  
i.e.) Break-even analysis  
Margin requirement, etc.

### Night Time Trading

- ◆ The only PTS (Proprietary Trading System) for individual investors in Japan
- ◆ More than **3,000** names tradable
- ◆ Open to other securities: now available at Marusan Sec.

### ATM/Credit Card

ATM card  
with credit card function

- ◆ Access to approximately 25,000 ATMs located at Post Offices
- ◆ Access to over 10,000 IY Bank ATMs will be available in July 2005



### Commodity Futures

- ◆ Easy cash transfer to/from securities account
- ◆ Even inflation helps optimally



GOLD



GASOLINE



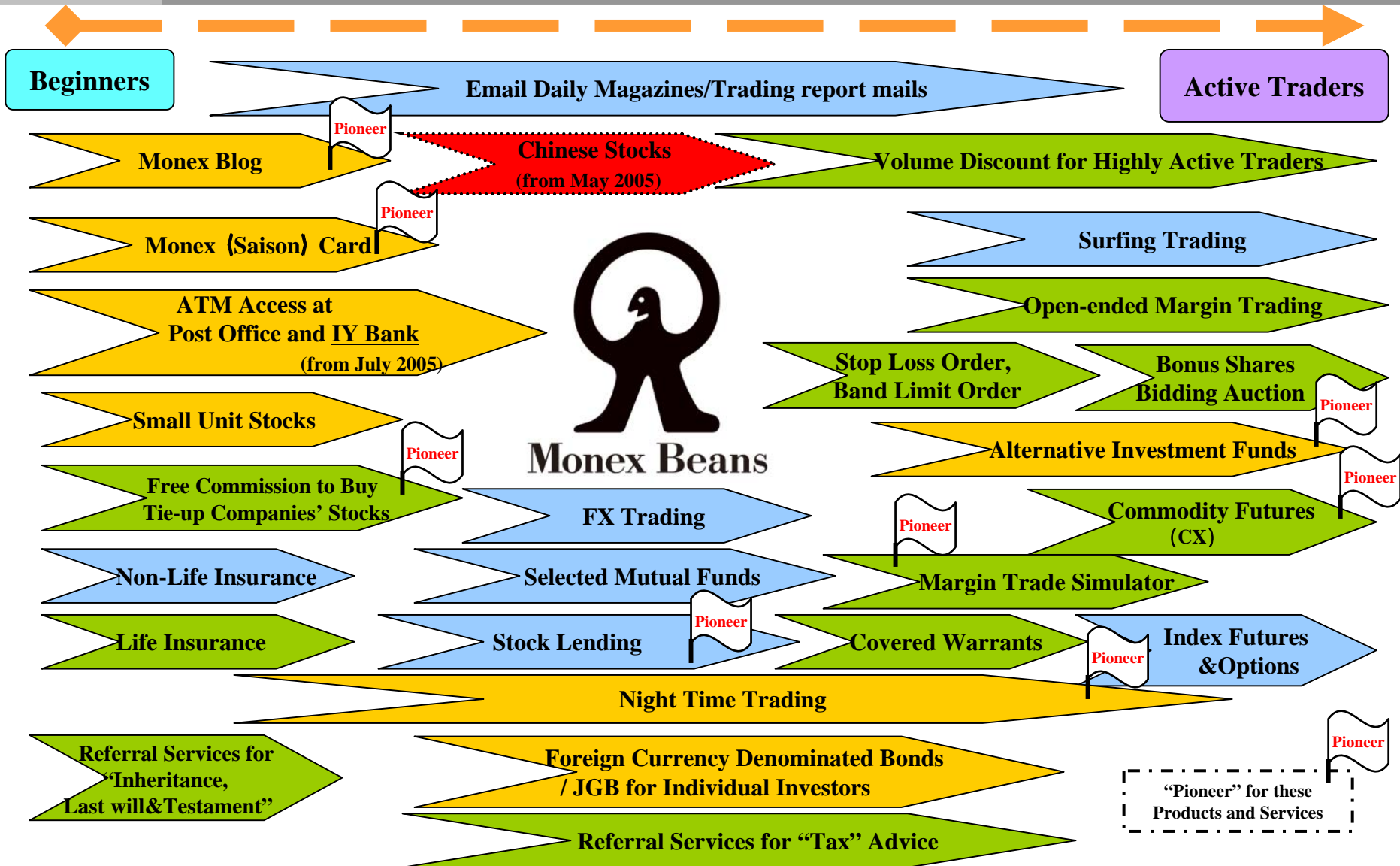
KEROSENE

CRUDE OIL  
PLATINUM

### Stockholders’ Benefit Services

- ◆ Offer commission free service to the shareholders of tie-up companies for their repeat purchases
- ◆ Tie-up with 13 companies such as Tokyo Gas

# Service Lineup: Providing “Financial Paradise” Through Our Internet



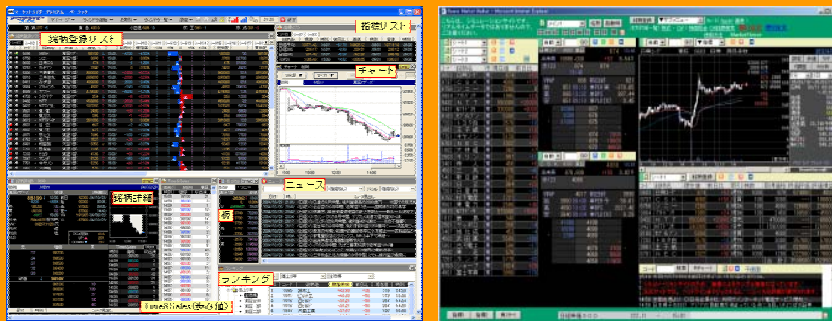
## New Services: The Merger To Fulfill All Users' Needs!

### New services To Monex users!

- Stop loss order/Band limit order
- Open-ended Margin Trading
- Commodity Futures
- “Market Rider Premium”
- “Market Walker”
- Covered Warrants
- Chinese Stocks (from May 2005)

### New services To Nikko Beans users!

- Night Time Trading
- Stock Lending
- Small Unit stocks
- Monex (Saison) Card
- Fixed Income Products
- Alternative Investment Funds
- Index Futures and Options

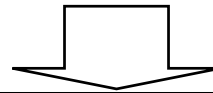


## Investors Education : Paradigm Change “The era of asset management with self responsibility”

Monex Beans has always been emphasizing the importance of investors education.

The reason is:

Monex Beans believes Financial literacy shall support his/her asset management planning.  
“Beginner's luck will not last forever.”



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**Contents : Monex Beans has created many on/offline educational contents in these five years.**

**Monex Daily Mail**  
**Over 350,000**

enrollments

Distribution even on Saturdays  
Attractive writers



**Mega Seminars**

“Customers Forum”

On Sep. 4, 2004

“Alternative Seminar”

On Mar. 12, 2005

more than **3,000** participants



**Lectures**

More than **11,000** participants

Nationwide **89** seminars

(from Apr. 2004 to Mar. 2005)



**Sales of Tutorial Books and DVDs**

DVD・・・Over **5,000** sales

Tutorial books on various subject



In addition, more than 200 educational contents are provided on the website

# 1. Financial Results and Business

## Overview

# 2. Business Model and Future

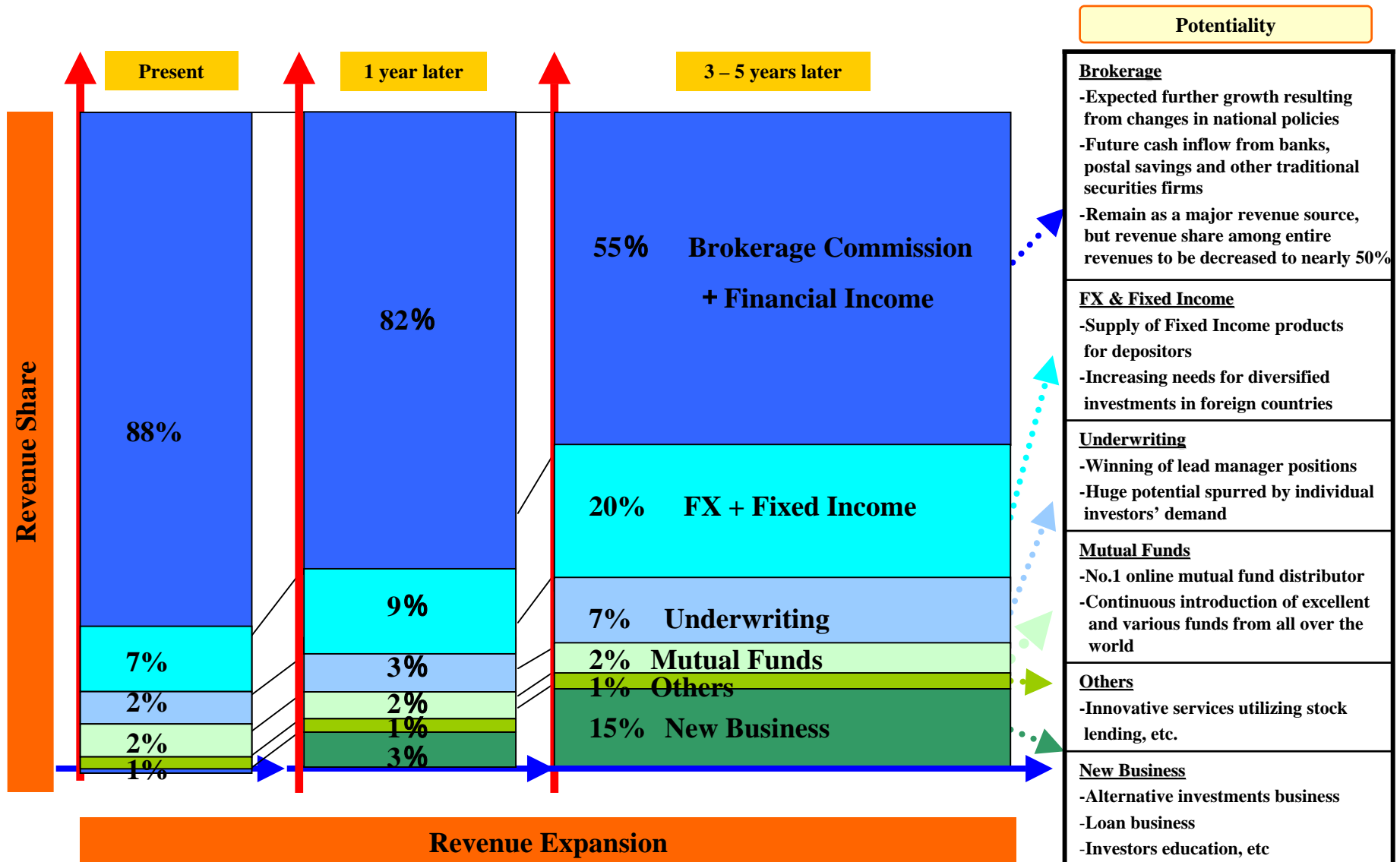
## Development

## Mission Statements

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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





## Acceleration of Alliances with Other Businesses

### Securities Intermediary Business

#### Alliance with Credit Saison

**December 16, 2004 Start!**

- Account Opening available over the Ikebukuro SAISON Counter in Seibu Department Stores and Credit Saison Members' Website.

**March 10, 2005 Start!**

- JGB Sales Intermediary over the SAISON Counter and the Members' Website

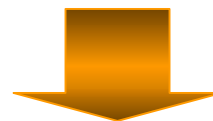
First to start security intermediately services with the Non-bank industry

### Account Opening over the counters

#### Alliance with IY Bank

**April 27, 2005 Start!**

- Introduction of Account Opening over the counters by IY Bank at "money's convenience" corner of Ito-Yokado's Soga store.



### ATM Tie-ups

#### ATM Tie-up with Credit Saison

**August 28, 2001 Start!**

- Withdrawals available at SAISON ATMs across Japan

#### ATM Tie-up with Japan Post

**October 1, 2001 Start!**

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

#### ATM Tie-up with IY Bank

**Coming Soon! (July 2005)**

- Deposits and Withdrawals available at over 10,000 ATMs located at 7-Eleven Stores and Ito-Yokado Stores across Japan

#### Monex Saison Card



#### Credit Saison Home Page



- Adding Off-line platform to the On-line brokerage business
- Enhancing customers' benefits as Cash Management Account
- Pursuing other Business Alliances aggressively to expand our business
- Establishing a firm platform to provide Overall Financial Services for Individual Investors



**Full Line Services and Products: For All Customers' Satisfaction**

(As of April 20, 2005)

	Equities						Stock Lending	Fixed Income	Mutual Fund			Alternative Investments		Others		
	In-house Margin Trading	Stop Loss Order	China Stocks	U.S. Stocks	Night Time Trading	Small Unit Stocks			JGB /Foreign Bonds	Monthly Auto-purchase	China/India Equity Funds	Low Diversified	High Diversified	Commodities Futures	FX	Cash Management Account
Monex Beans			*1	×												
E*trade		×			×		×		×			×	×		*2	
Matsui		×		×	×	×	×	×	×	×	×	×	×		×	
Rakuten					×	×	×	×	×			×	×		×	
Kabu.com			×	×	×		×	×			×	×	×	×	×	

Source: Company IR data, etc.

**: Available Only at Monex Beans among 5 companies    : Available    : Planning    × : Not Available**

**\*1 Planning to offer in May 2005    \*2 Planning to offer in July 2005**

## Effects of Business Merger: The Maximization of the Potentiality as an Online Broker

1. Full-line services and products to expand customer base
  - Provide enhanced and various financial services
  - Cater highly valuable services comparable to major offline brokers



“Monex Only”  
 Night Time Trading  
 Small Unit Stocks  
 Stock Lending  
 ATMs  
 Index Futures and Options

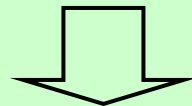


“Nikko Beans Only”  
 Stop Loss Order  
 Market Rider Premium  
 Open-ended Margin Trading  
 Commodity Futures

**The Online Financial Institution**

2. System-related Running Costs Reduction

-Before the merger  
**5.7 billion yen per year**  
 (estimated based on the actual costs for FYE Mar. 2005)



-After the merger  
**3.4 billion yen per year**  
 (estimated based on the actual costs for FYE Mar. 2005)

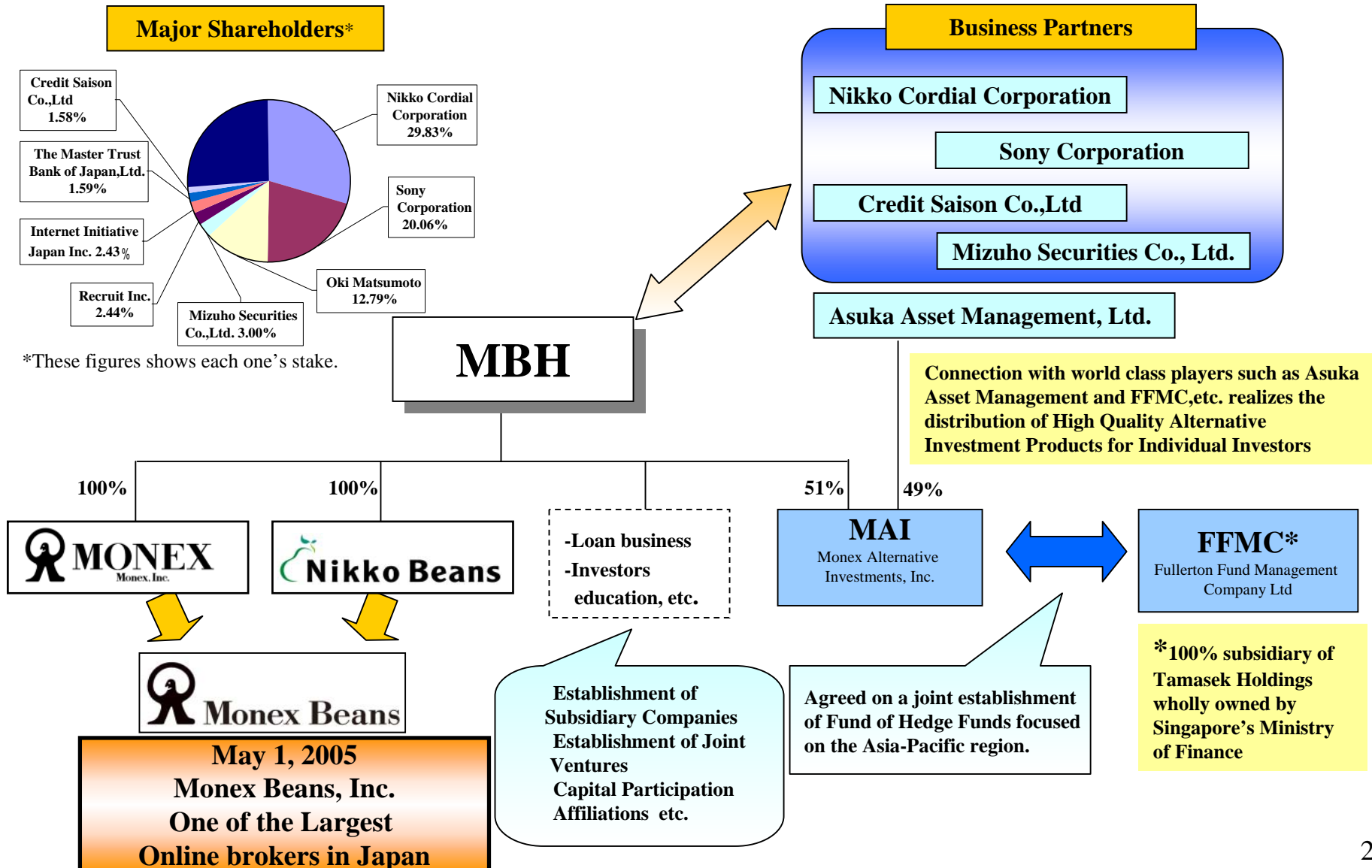
Estimated Running Costs Reduction

**2.3 billion yen per year**

This effects of system cost reduction will be realized after 2Q/FYE2006.

\* Temporary cost regarding this merger will be incurred for FYE 2006, such as; Retirement of Internet trading system of Monex, System Development Costs and so on.

# Monex Beans Group Overview



## Message to Shareholders

### Higher ROE

**ROE(pretax) = 33%**

**ROE(after tax) = 27%**

(FYE Mar. 2005)

Monex Beans is aiming to secure higher ROE and maintain moderate retained earnings.

### Cash Dividends

**Cash Dividends for this fiscal year = JPY 500 / share**

(Subject to approval of annual shareholders' meeting scheduled on Jun. 2005)

While the principle of Monex Beans is to increase higher dividend payment ratio, Monex Beans may appropriately maintain retained earnings for reasonable period to establish the financial base for future operation.

### Disclosure

- 1. Full Disclosure Policy**
  - including latest management policy, system failure and malfunction information, etc.
- 2. Timely Disclosure Policy**
  - through TDnet, Monex Beans Website, etc.
- 3. Continuous Disclosure Policy**
  - Weekly/Monthly Bases

### Corporate Governance

- 1. Strengthen Monex Beans Group Corporate Governance**
- 2. External checks and balances through Monex Beans Disclosure Policy**
- 3. Advisory Board with a broad perspective**

# **MBH**

**Monex Beans Holdings, Inc.**