



FYE 03/2002 Financial Results

April 19, 2002

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.

I . Financial results

Financial Summary of FYE 03/2002

(unit: million yen)

	FYE 03/2001	FYE 03/2002	change
Operating revenue	2,999	3,281	+9.4%
(Commission revenue)	2,946	3,222	+9.4%
Operating expense	3,679	4,516	+22.8%
Operating loss	679	1,236	-
Ordinary loss	790	1,200	-
Net loss	840	1,406	-

Note) P/L of Saison Securities is not included.

Total assets	11,176	13,124	+17.4%
Shareholders' equity	9,857	10,323	+4.7%
Capital adequacy ratio	1,041.3%	860.5%	
Cash and equivalent (incl. CP)	7,974	8,333	+4.5%
Lease o/s (over 3 mil Yen)	2,877	3,209	+11.6%

(unit: million yen)

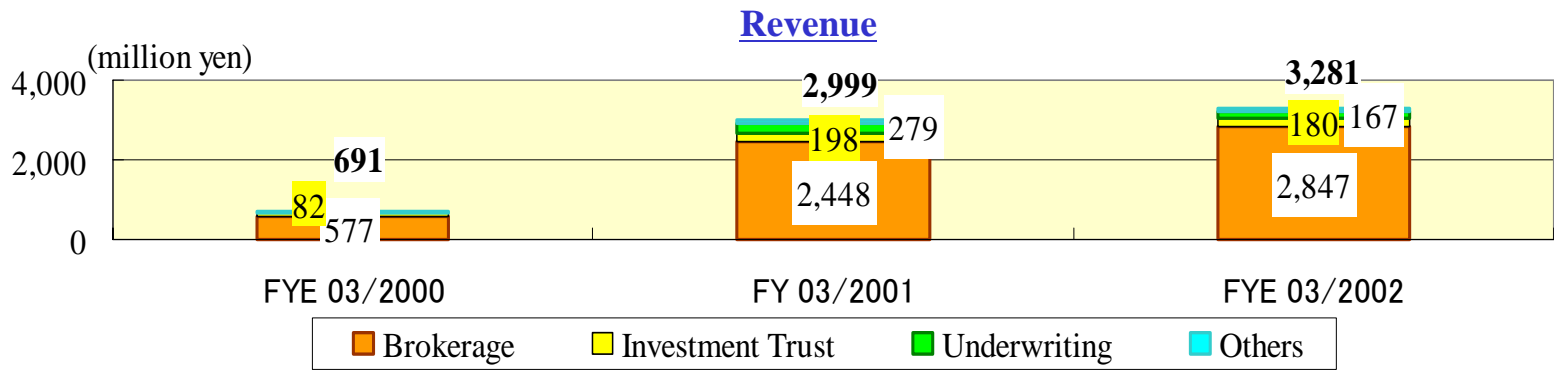
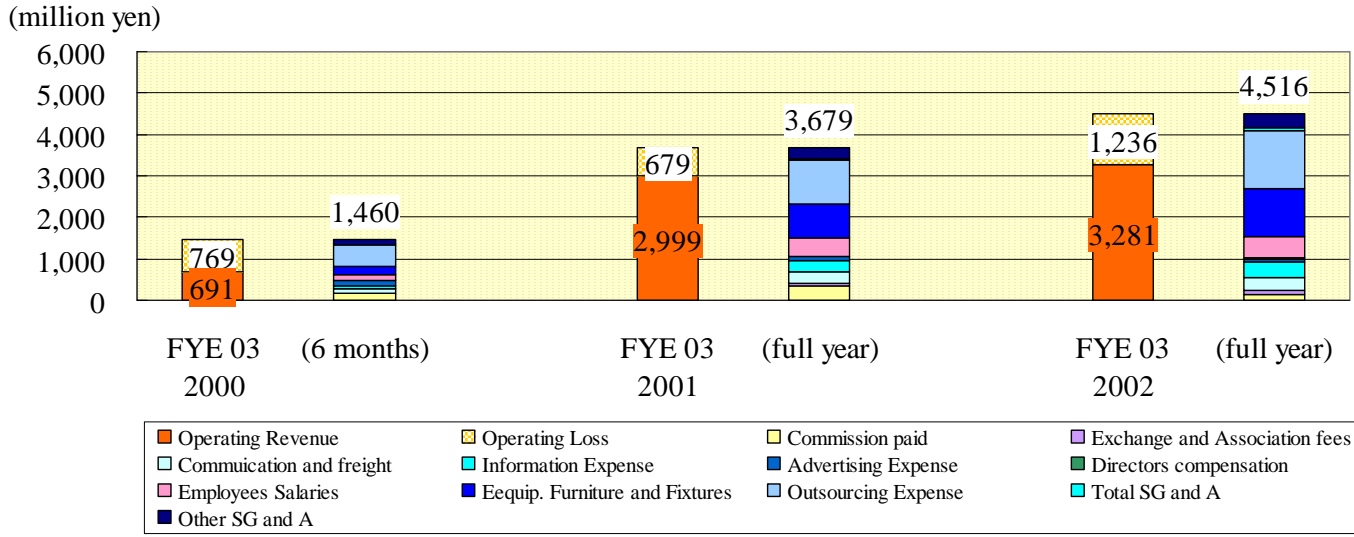
	FYE 03/2001 4Q	FYE 03/2002 4Q	Changes
Operating revenue	752	794	+5.5%
(Commission revenue)	730	780	+6.9%
Operating expense	891	1,142	+28.1%
Operating loss	139	349	-
Ordinary loss	139	348	-
Net loss	152	484	-

	FYE 03/2002 3Q	FYE 03/2002 4Q	Changes
Operating revenue	779	794	+1.9%
(Commission revenue)	762	780	+2.4%
Operating expense	1,217	1,142	-6.1%
Operating loss	437	349	-
Ordinary loss	435	348	-
Net loss	452	484	-

Operating Revenue vs. Sales and General Administrative Expenses



	FYE 03 / 2001				FYE 03/2002 (million yen)			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Operating Revenue (1)	647	850	748	752	942	764	779	794
Sales and administrative expenses (2)	848	1,015	923	891	974	1,182	1,217	1,137
(1) / (2)	76%	84%	81%	84%	98%	65%	64%	70%



Break-Even Analysis – Spreadsheet

1. Divide major items of SG & A into 2 categories (1) Variable (trade volume and number of accounts base) and (2) Fixed.

(unit: million yen)

After excluding one-time cost, Outsourcing Expenses are divided into three categories.

Major Items of SG and A	Variable / Fixed	FYE 03. 2001				FYE 03. 2002			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Commision paid	Variable (based on trading volume)	146	126	32	22	34	34	42	27
Exchange and Association fees	Fixed	12	17	22	19	24	22	22	20
Communication and Freight	Variable (based on trading volume)	66	76	69	59	75	79	87	66
Information expenses	Vairable (based on number of accounts)	57	81	67	72	78	79	122	120
Advertising Expense	Fixed	23	42	23	6	16	17	17	6
Directors' compensation	Fixed	2	7	7	7	7	7	7	7
Employees salaries	Fixed	95	107	109	103	93	143	141	139
Equipment, Furniture and Fixture	Variable (based on number of accounts)	157	200	231	250	250	285	306	327
Outsourcing Expense (1)	Fixed (30%)	71	78	80	82	83	97	107	100
Outsourcing Expense (2)	Variable (20%: based on trading volume)	47	52	53	54	56	64	71	67
Outsourcing Expense (3)	Variable (50%: based on number of accounts)	118	130	133	136	139	162	178	167
Outsourcing Expense (4)	One-time Expense						79	14	5
Amortization of Goodwill	Fixed	10	10	10	10	10	10	10	10
Variable Cost (based on trading volume) (A)		259	254	154	135	165	179	201	160
Variable Cost (based on # of accounts) (B)		332	411	431	458	467	527	607	616
Fixed Cost (+ one-time cost) (C)		213	261	251	227	233	377	320	290
Total major items listed above		803	926	835	820	865	1,085	1,129	1,066
Ratio to Total SGA (total of major item of SGA / total SGA)		95%	91%	90%	92%	88%	92%	93%	94%

2. Brokerage Commision takes major portion in Operating Revenue

Brokerage Commission	587	607	582	671	795	664	698	688
Operating Revenue	647	850	748	752	942	764	779	794
Brokerage Commision/Operating Revenue	91%	71%	78%	89%	84%	87%	90%	87%

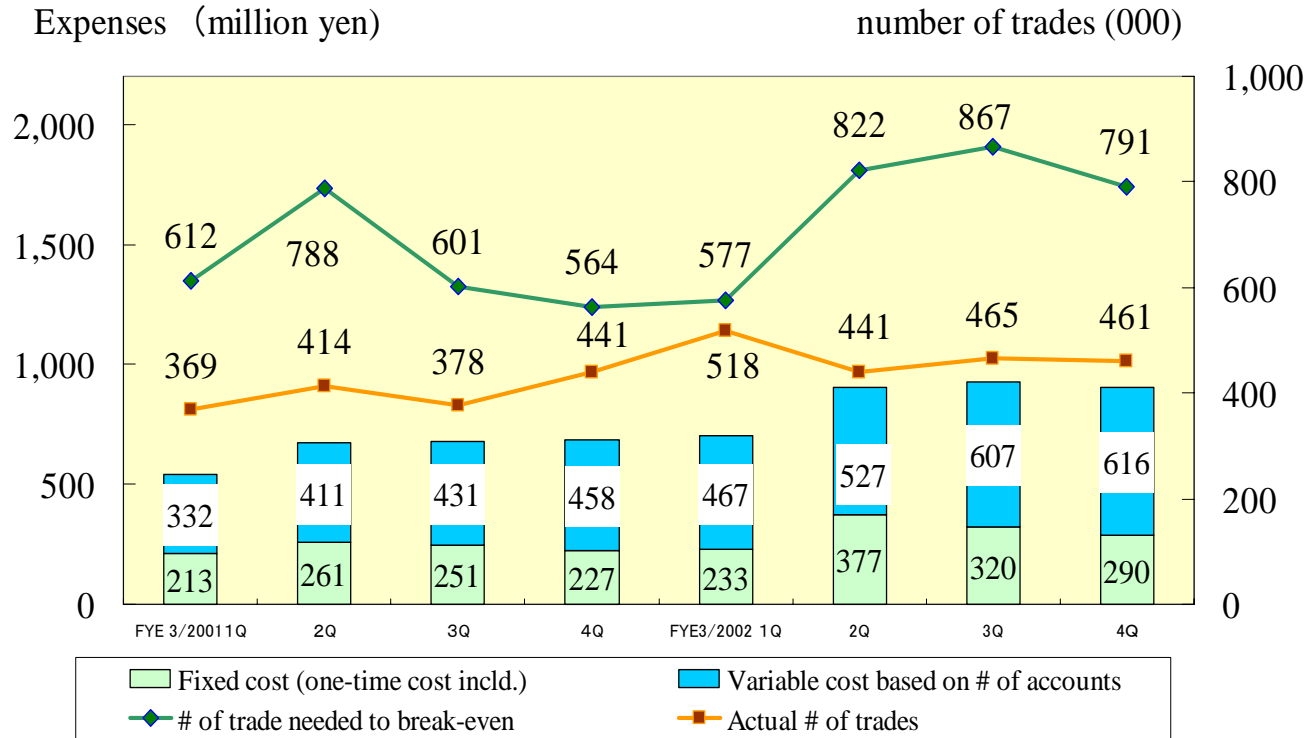
3. Calculate Variable cost per trade and the others

Quarterly Trading Volume ('000 trades) (D)	369	414	378	441	518	441	465	461
Average Commission / Trade (Yen)	1,591	1,466	1,540	1,522	1,531	1,506	1,501	1,493
Variable (based on trading volume) / Trade (A)/(D) (Yen)	702	614	407	307	317	406	432	347
Average Commission per Trade - Variable (based on trading volume) per Trade	889	853	1,132	1,215	1,214	1,100	1,069	1,146

4. Calculation of estimated Break-Even point to cover both Fixed cost and Variable cost based on number of accounts

Break-even Point Estimate (Quaterly) ('000 trades)	612	788	601	564	577	822	867	791
Break-even Point Estimate (Monthly) ('000 trades)	204	263	200	188	195	274	289	264

Break-Even Analysis – Number of Trade

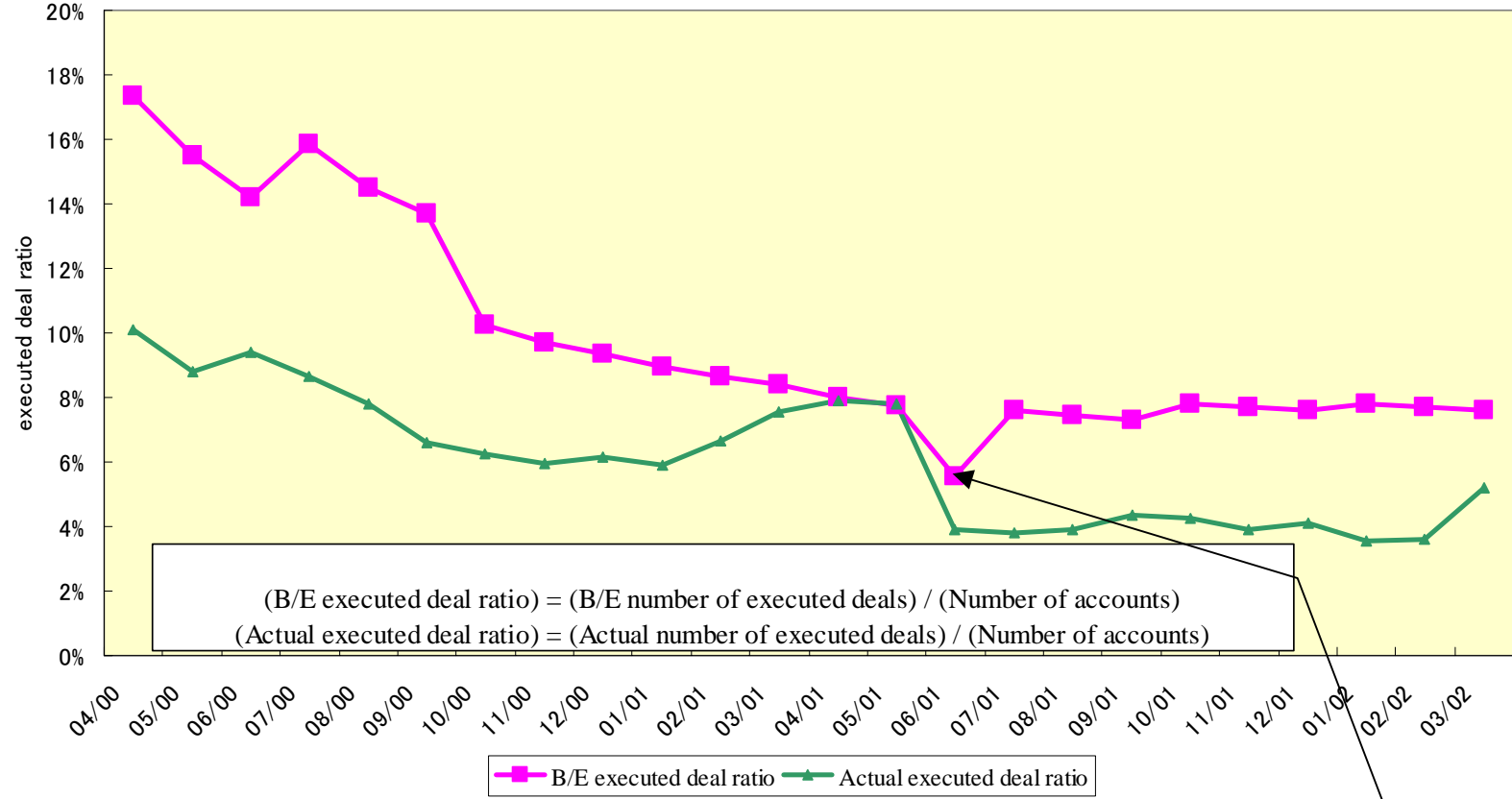


- 2Q:**
- One-time cost and fixed cost rose due to strategic investments and merger related expenses.
- 3Q:**
- In line with the increase in the number of clients' accounts, (1) Lease Expenses, (2) System Maintenance Cost, and (3) Variable Cost based on the number of accounts increased
 - The number of employees slightly increased
 - Rise in information cost due to the introduction of information services
- 4Q:**
- Increase of lease expenses
 - Decrease of communication and freight due to cease of monthly statement
 - Commission paid was reduced due to some reimbursements.

Break-Even Analysis - Executed Deal Ratio



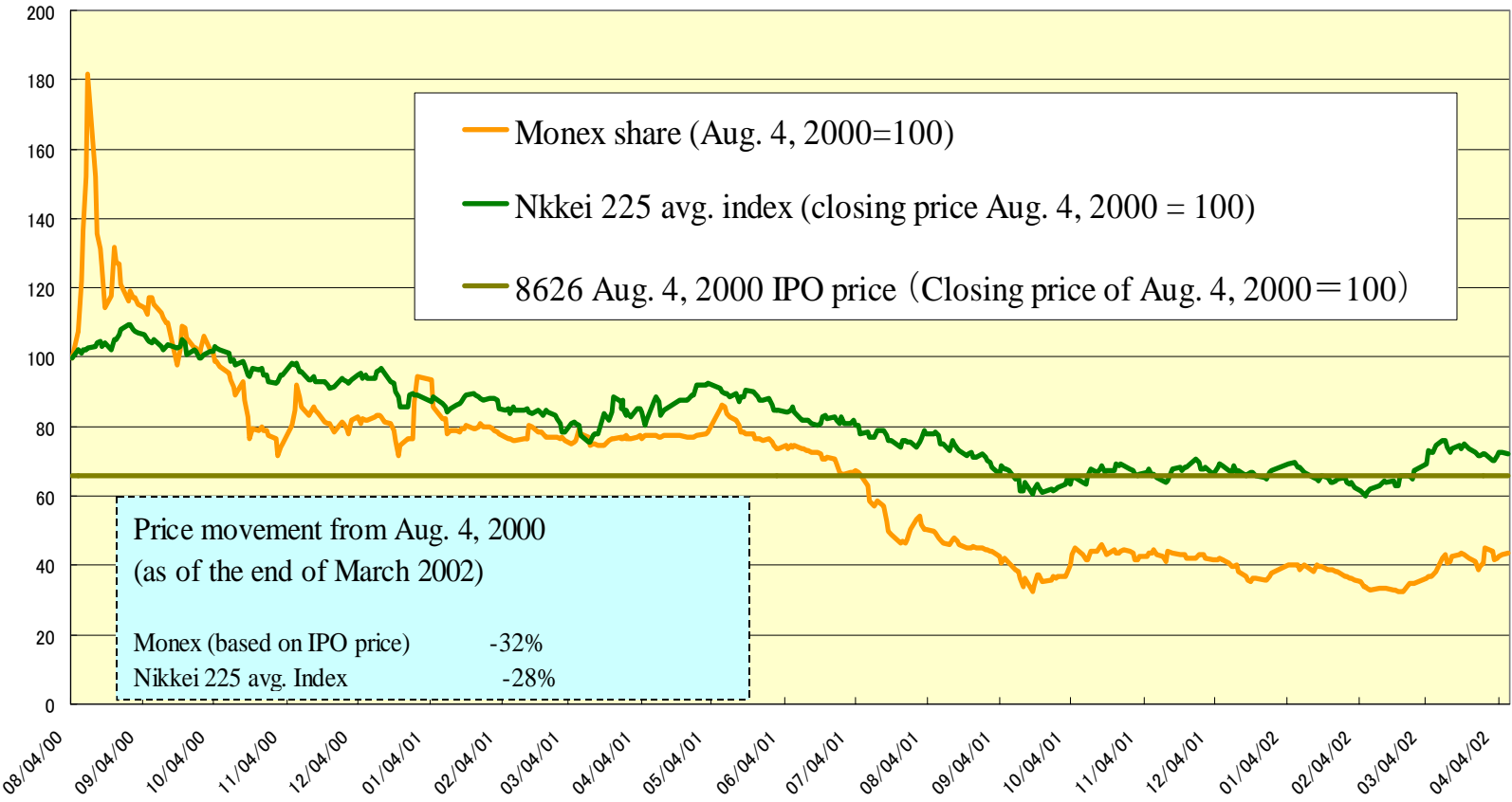
B/E executed deal ratio and Nikkei 225 avg.



Due to merger with Saison sec. on Jun 30.

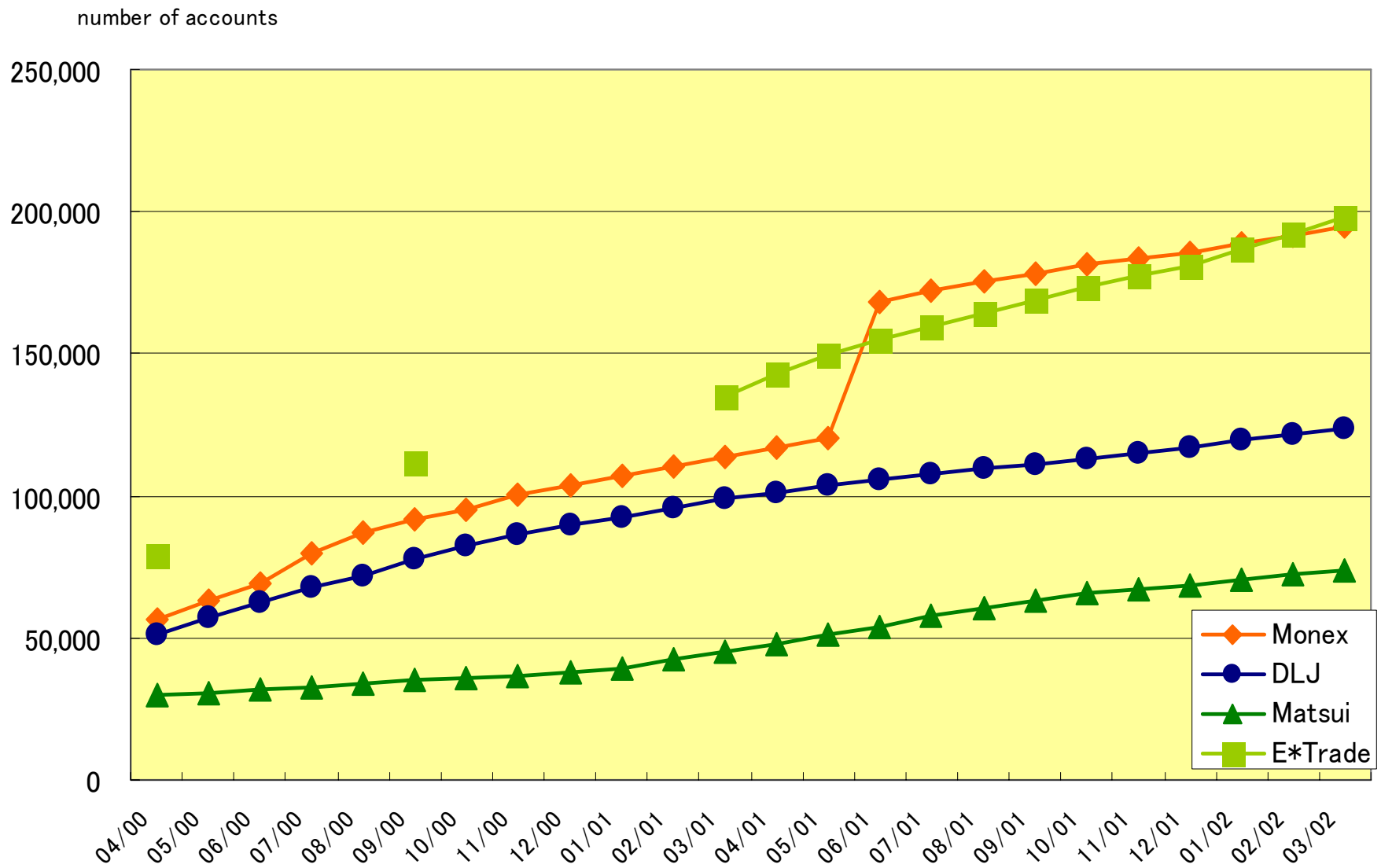
Share Price Movement

Monex share price vs. Nikkei 225 average index
(August 4, 2000 as a base)



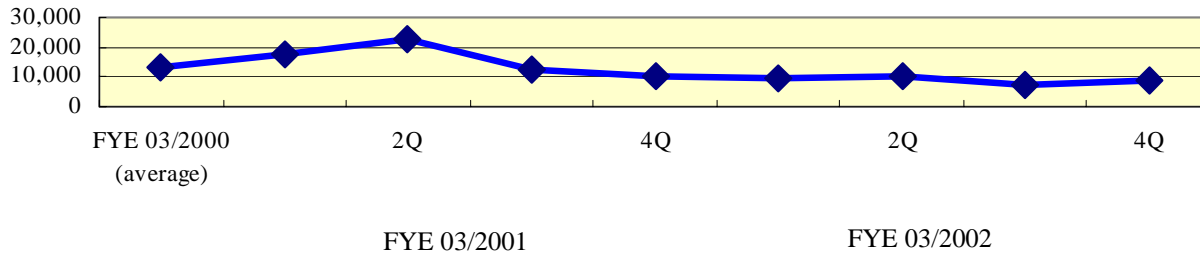
II . Business other than stock brokerage

Number of customers' accounts



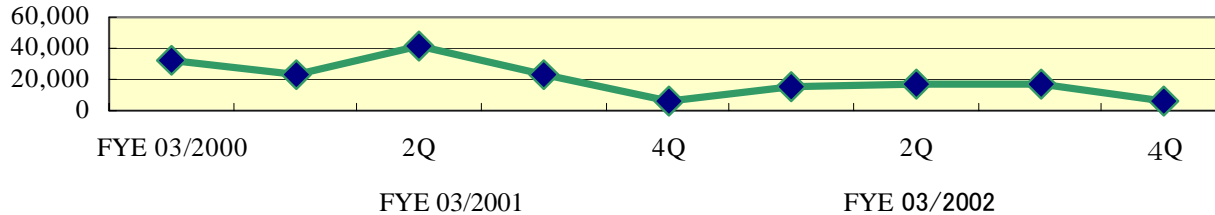
Account acquiring cost

Newly acquired accounts

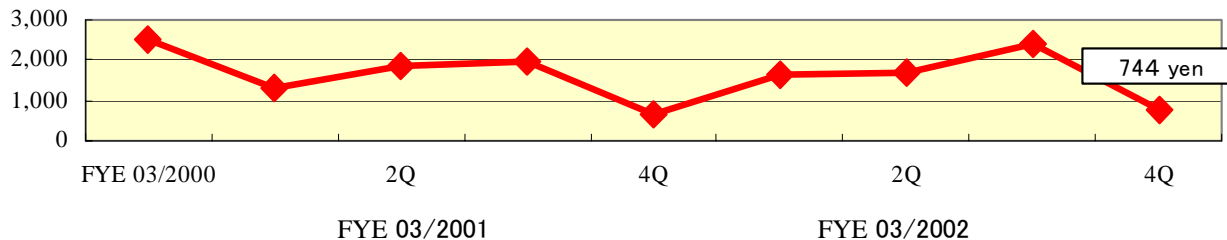


44,270 accounts transferred from Saison Securities are not included in new accounts acquired in the 1Q in FYE 03/2002.

Advertising Cost (thousand yen)

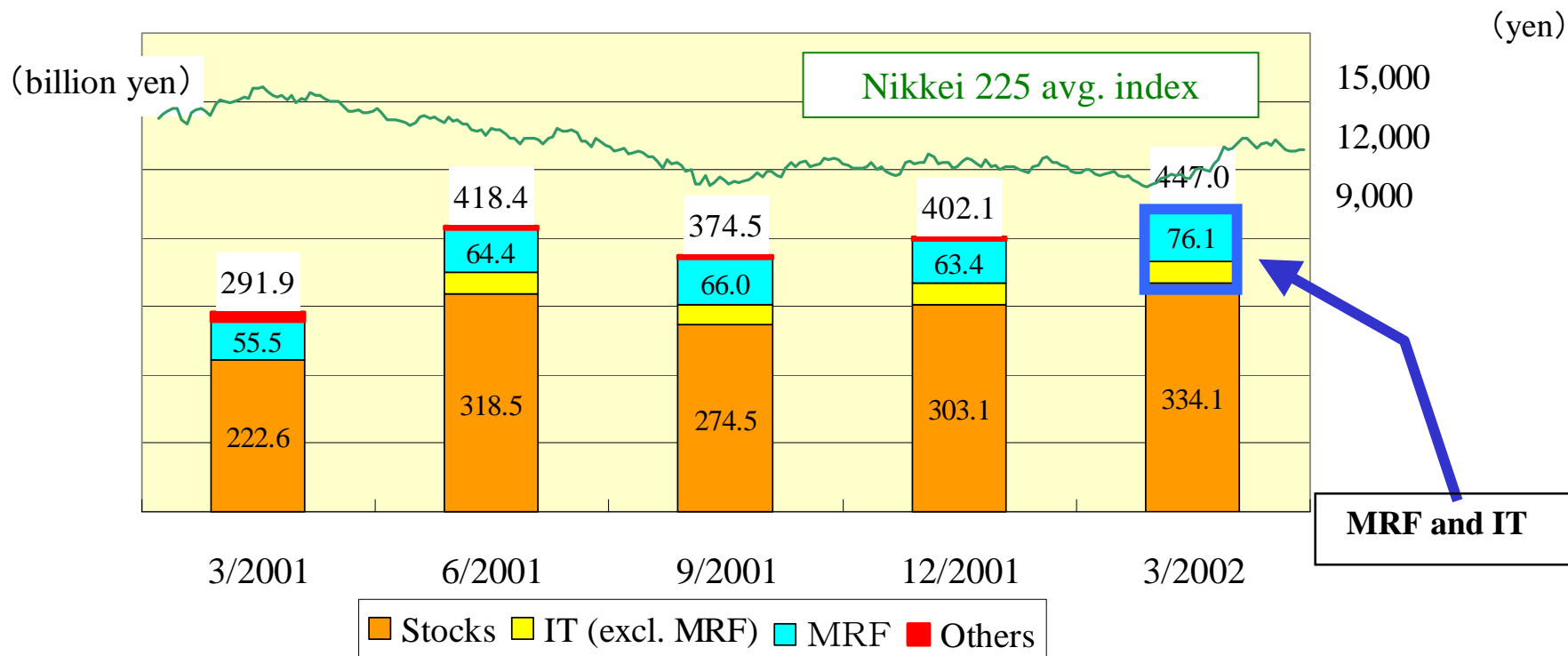


Account acquiring cost (Yen/account)



■ On back of co-marketing with Credit Saison and successful PR, we maintain much **lower account acquiring cost** than industry average.

Customers' assets in Custody



Transfer from Saison Securities (June 30, 2001) 91.4 billion Yen (Stocks 65 billion Yen)

MRF Outstanding (March 31, 2002) 76.1 billion Yen

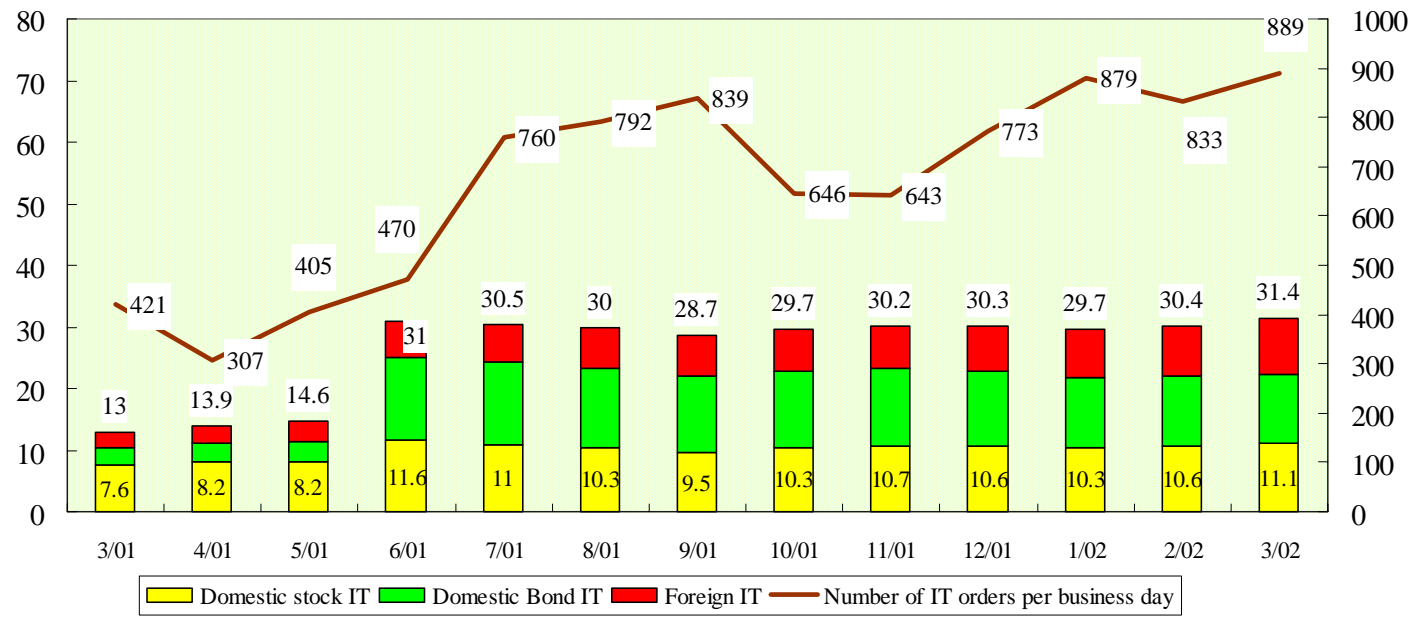
Money inflow from customers has always exceeded outflow since the first day of business (excluding only 3 days.)

Investment Trust Business



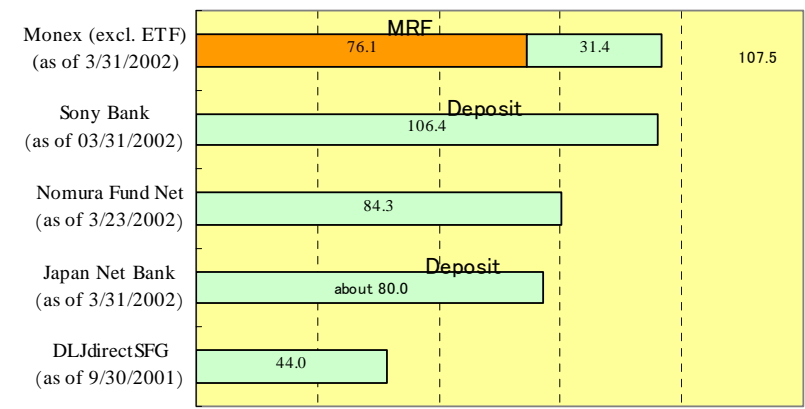
Outstanding (billion yen)

Number of orders



Monthly Fixed amount Purchase(as of 3/2002)	Number of orders	Monthly Purchase Amount
Teigaku Tsumitate Direct withdrawal from MRF	2,754	55 mil yen
Card de JIDO Tsumitate Withdrawal from bank account	4,981	93 mil yen

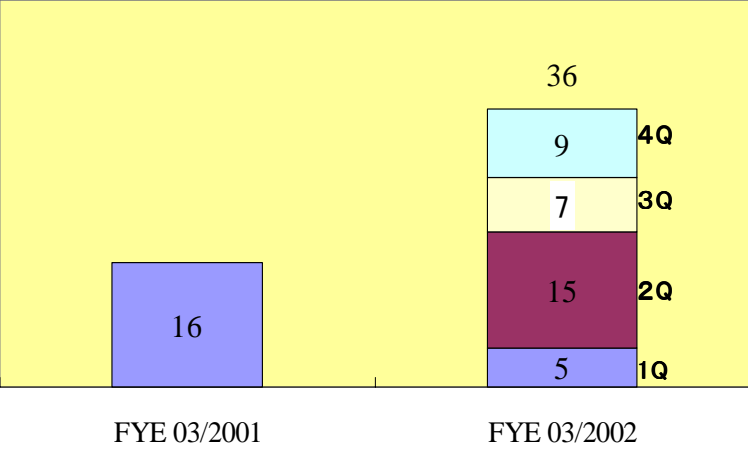
Deposit and IT outstanding (billion yen)



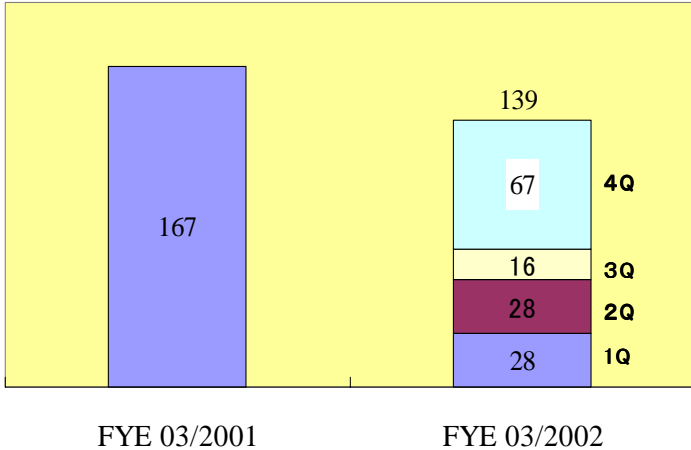
Underwriting business

IPO market: Compared to last FY, 42% down in amount, and 10% down in number of IPO issues

Monex: Underwriting: number of issues



Monex: Underwriting (total amount; million)



• Number of underwriting increased by 125%

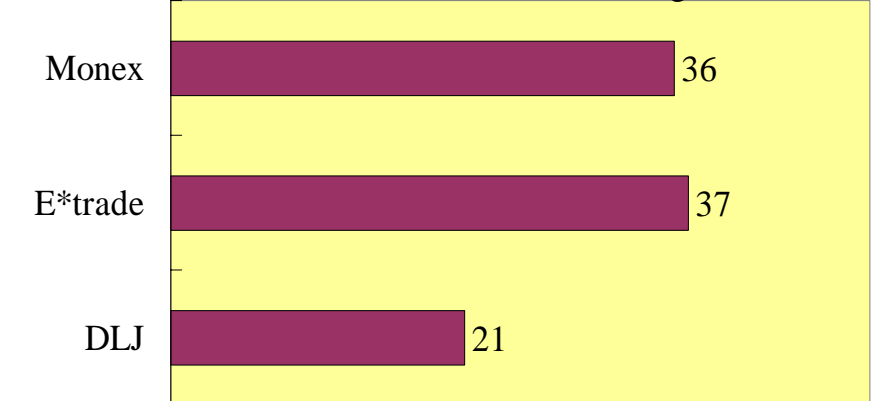
• Acquired large shares in underwriting of Konami Computer Entertainment Japan, PIA Corporation, Gygnno System Japan.

• Despite of Larger share, total amount of issues was relatively small: underwriting fee has decreased.

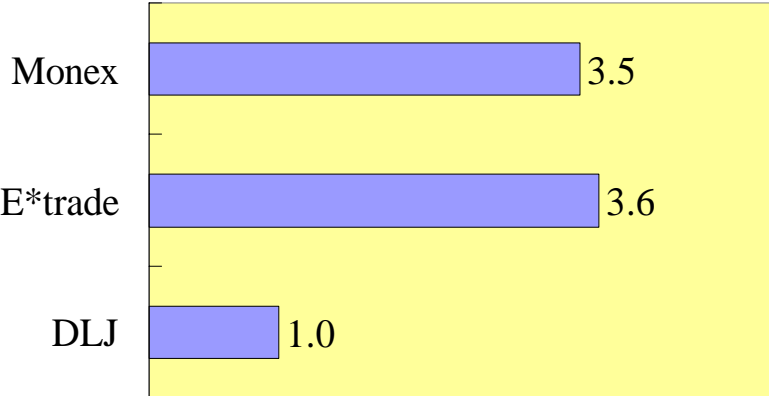
* Excluding issues only involved in Sales ; 8626 Monex inc.

FYE 03/2002

Number of underwriting

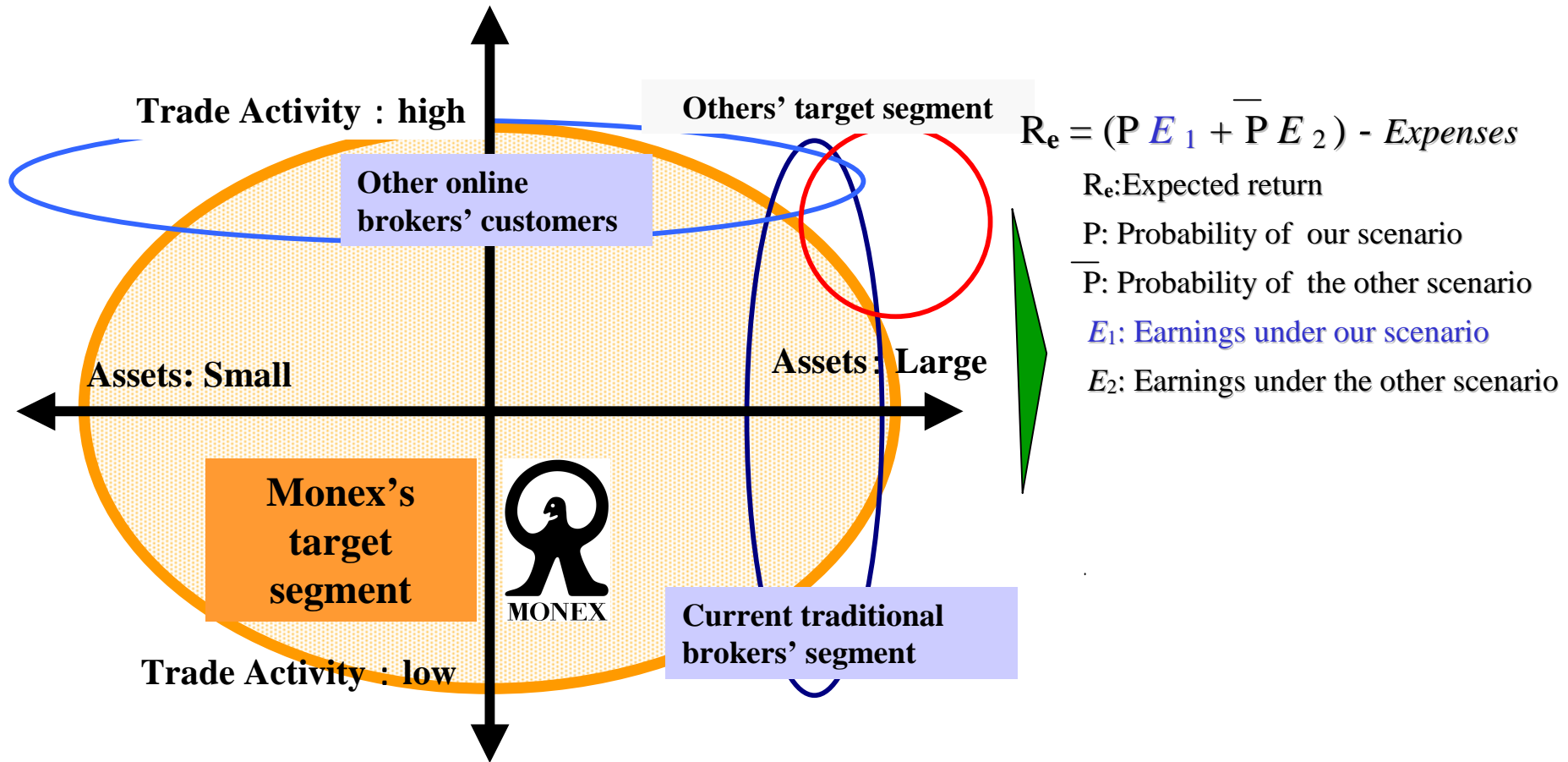


Underwriting amount (billion yen)



III. Business Plan

Monex's Business Model



Assumptions of business model: Structural changes, Pay-off(bank deposit insurance coverage limit), Fiscal Deficit, Corporations and Government Balance Sheet Problems

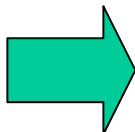
➡ Shift from indirect to direct financing/more responsibility to manage own assets

$$R_e = P E_1 + \bar{P} E_2 - \text{Exp.}$$

- Studying the merger with other competitors

- Basic concepts for possible mergers:

- Obtain larger earning opportunity
- Save costs by economies of scale
- Strengthen earning capabilities by obtaining bargaining power in price negotiations
- Create Opposition party against existing large Securities houses and establish a new regime
- Create capital market where individuals participate in at ease
- Establish business model where individuals are major participants



$$R_e = P E_1 + \bar{P} E_2 - \text{Exp.}$$

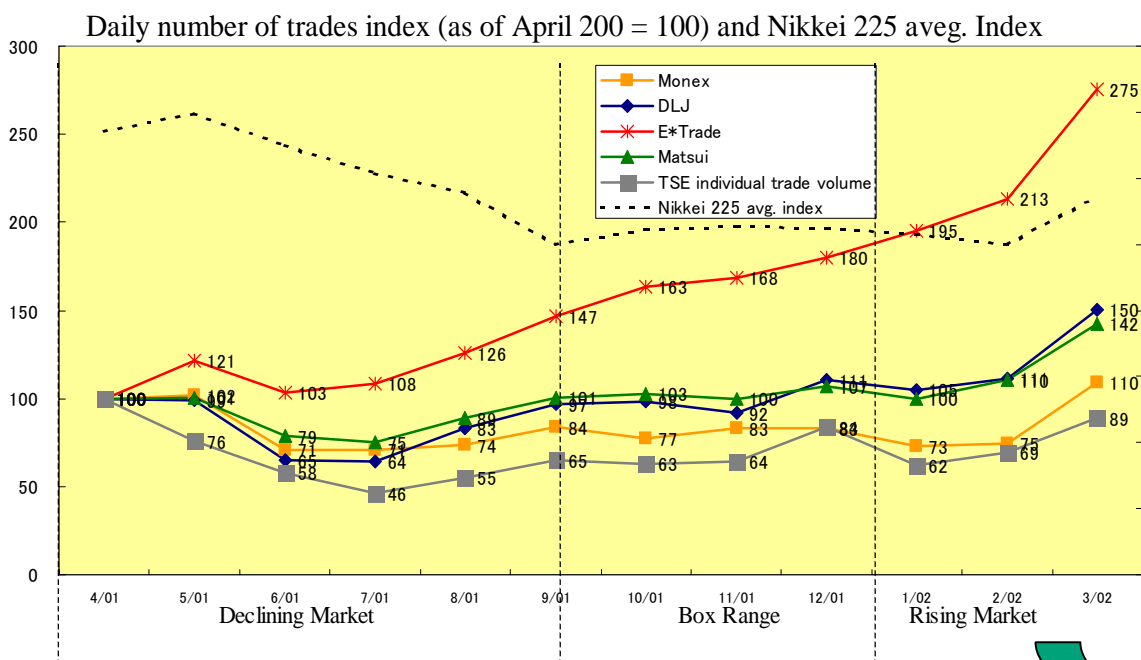
Study of Margin Trading \Rightarrow Suspend the final decision due to the following:

- **Price control**

To find out if Price control for “short sale” would apply to “margin trading”, and in that case, what the exceptional case would be.

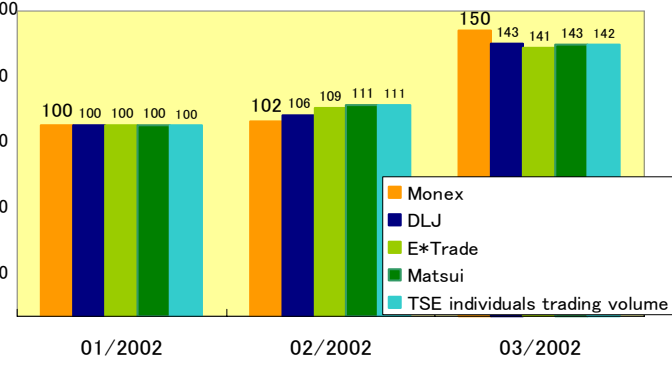
- **Study the possible merger of other competitor who has already provided margin trading**

Daily number of trades index (as of April 200 = 100) and Nikkei 225 avg. Index

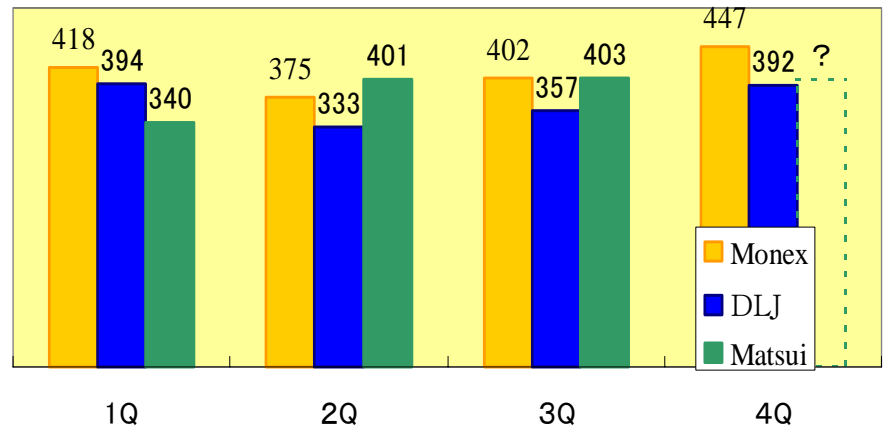


$$R_e = P E_1 + \bar{P} E_2 - \text{Exp.}$$

Daily average number of trades and TSE individuals trading volume index (Jan2002 = 100)



Customers' assets in custody March 2002 (billion yen)



Monex enjoyed the largest increase during picking up market.

$$R_e = P E_1 + \bar{P} E_2 - \text{Exp.}$$

Account aggregation

“Money Station”

- Increase number of financial institutions connected to Money Station; currently connected to Shinsei bank, Mizuho Bank, Credit Saison

Financial Advice Tool

Introduce “e-Advice”

- Integrate the data from Money Station (account aggregation) to our assets guide tool.
- Calculate the difference between existing and optimal portfolio
- Provide more efficient portfolio management tool

Instant cash transfer

Introduce “Money express”

- Develop our instant cash transfer system from existing Mizuho’s “Super Debit Service”

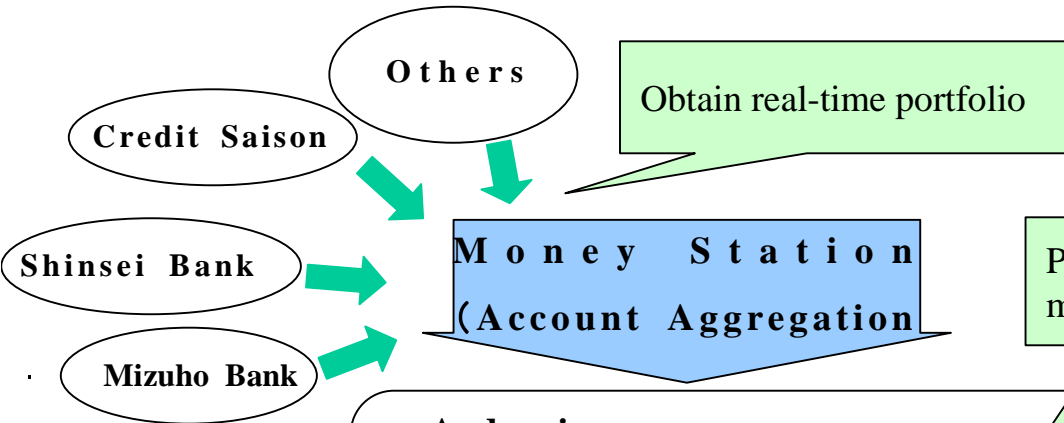
Night trading : PTS

More participants from other securities houses (April 8, 2002 – started connection with Marusan Securities)

Mail Magazine

Monex Mail : more developed contents

$$R_e = P E_1 + \bar{P} E_2 - \text{Exp.}$$



Provide efficient financial management tool

Difference bet. Exiting and Optimal portfolio

e A d v i s e

ポートフォリオ

現在

資産金額の将来予想

マネックスのお勧め

資産内容	現在 (円)	お薦め (円)	お薦め (%)	現在の差額 (円)
流動性資産	1,500,000	400,000	15	-1,100,000
国内円債券	500,000	1,300,000	45	+800,000
国内円株券	500,000	800,000	25	+300,000
海外債券	0	250,000	10	+250,000
海外株券	0	0	0	+0
その他	0	250,000	10	+250,000
合計	2,500,000	2,500,000	100	+0

● 今後40年間の資産グラフ

現在の保有資産を元本として、上記プランを採用した場合の予測グラフです。

投資時期(年)	元本の計	元本+利息(円)
現在	1,000,000	1,000,000
2	1,400,000	1,700,000
5	2,200,000	2,500,000
7	2,600,000	3,100,000
10	3,400,000	4,300,000
20	5,800,000	7,200,000
30	8,200,000	11,500,000
40	12,600,000	18,900,000

Instant cash transfer on the website

Money express
(Linked cash transfer)



Buy stocks and investment trusts to achieve optimal portfolio

$$R_e = P E_1 + \bar{P} E_2 - \text{Exp.}$$

Propose new type of investment

Combination of virtually no-loaded “Bear fund” and stocks whose performance –the investor believes- would outperform the market, would generate “market neutral” performance on the stocks.

① Stocks portfolio:

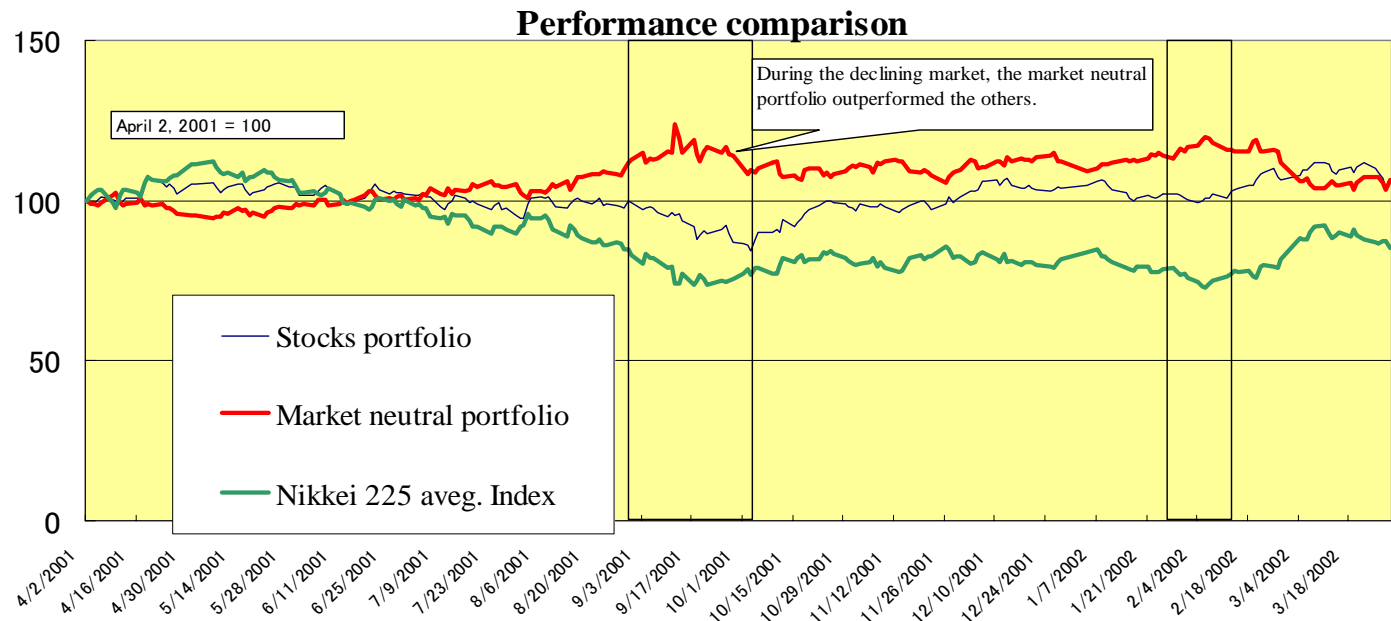
Invest each 20% of cash into 5 stocks: e.g. Sharp, Advantest, TEPCO, Ito-Yokado, JR-east

② Market Neutral portfolio

Invest each 10% into the above 5 stocks and 50% into “Bear fund”.

③ Nikkei 225 avg. Index.

Compare each performance



Expenses

$$R_e = P E_1 + \bar{P} E_2 - \text{Exp.}$$

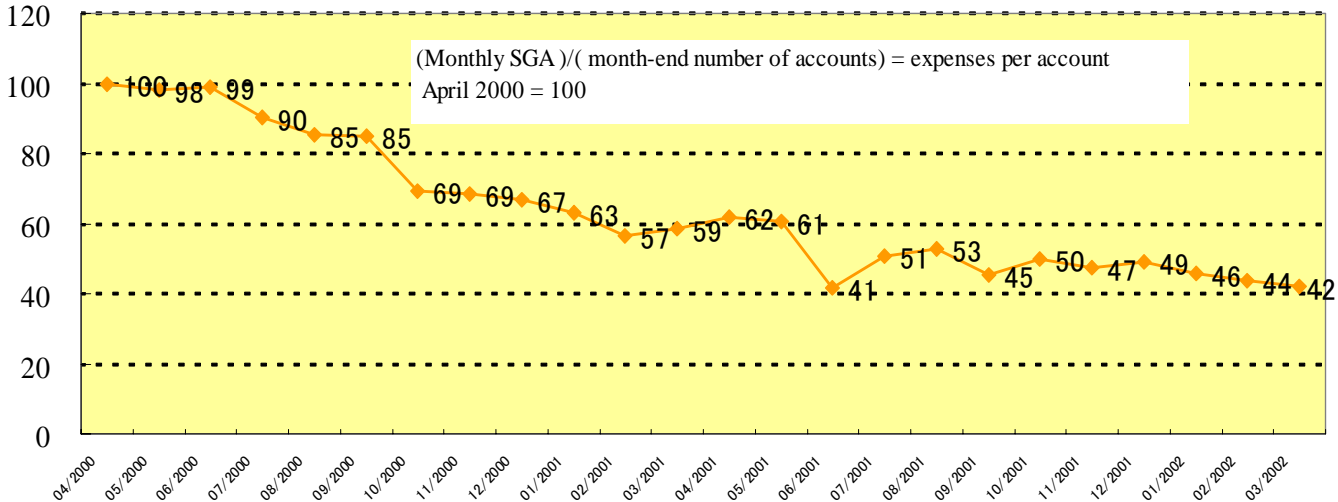
●Charging information services

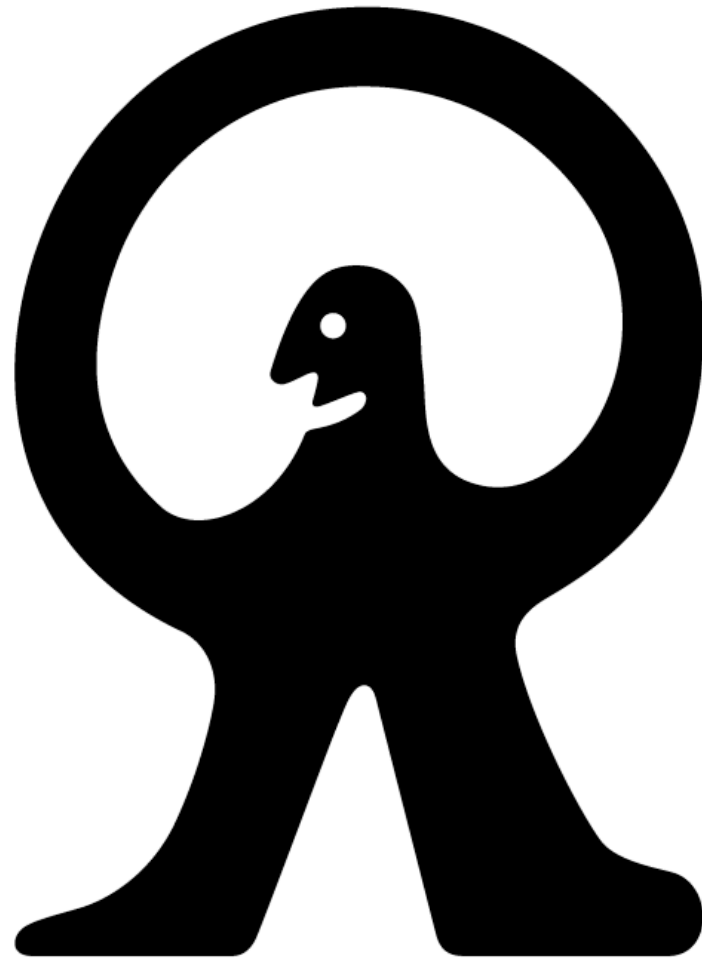
- Started negotiation with information providers in order to obtain a new fee structure which is based on volume rather than number of accounts ⇒ Decided not to charge information services to our customers at this time
- Still exists a possibility to charge in the future when introducing new information services

●Review the outsourcing expenses

- Change fee structures from “number of accounts basis” to “number of trades basis”

Expenses per account





MONEX

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