



FYE 03/2002 3Q Financial Results

January 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.

FY 3/2002 Financial Summary

(million Yen)

	FY 3/2001	FY3/2002	
	Apr.-Dec. Total	Apr.-Dec. Total	% chg
Operating Revenue	2,246	2,486	+10.7%
(Commission Revenue)	2,216	2,422	+9.3%
Operating Expense	2,787	3,373	+21.0%
Operating Loss	540	887	-
Ordinary Loss	651	852	-
Net Loss	688	921	-

* P/L of Saison Securities is not included.

(million Yen)

Total Assets	11,193	13,154	+17.5%
Shareholders' Equity	10,009	10,803	+7.9%
Capital Adequacy Ratio	1257.9%	931.6%	

FY 3/2002 Third Quarter Financial Summary

Year on Year

(million Yen)

	FY 3/2001 3Q	FY3/2002 3Q	% chg
Operating Revenue	748	779	+4.1%
(Commission Revenue)	743	762	+2.6%
Operating Expense	923	1,217	31.7%
Operating Loss	175	437	-
Ordinary Loss	176	435	-
Net Loss	187	452	-

Quarter on Quarter

(million Yen)

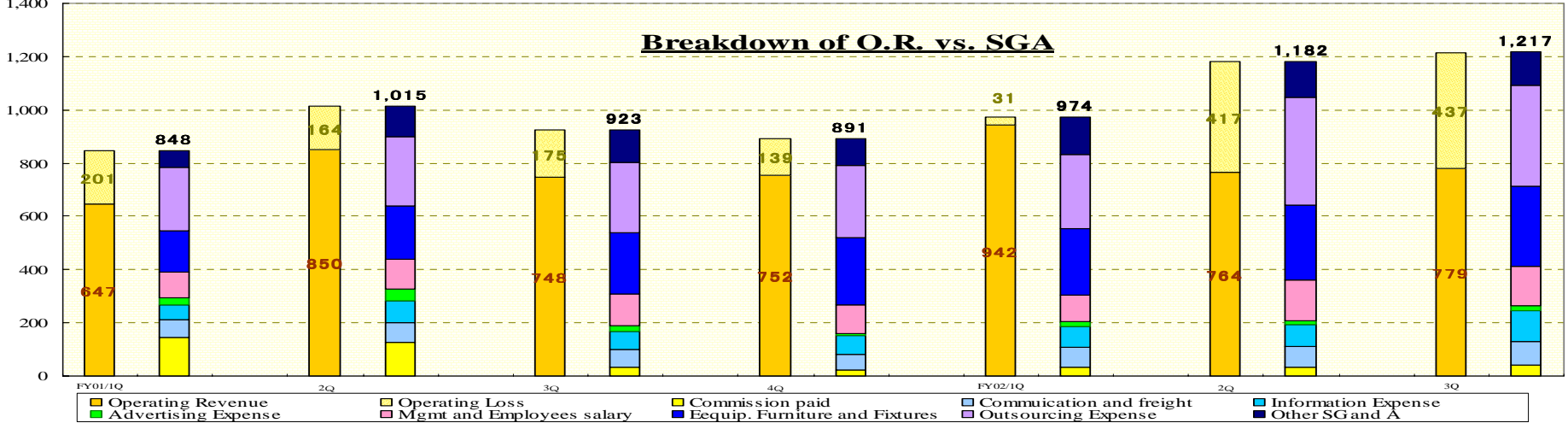
	FY 3/2002 2Q	FY3/2002 3Q	% chg
Operating Revenue	764	779	+1.9%
(Commission Revenue)	756	762	+0.9%
Operating Expense	1,182	1,217	+2.9%
Operating Loss	417	437	-
Ordinary Loss	414	435	-
Net Loss	427	452	-

Operating Revenue vs. Sales and General Administrative Expenses

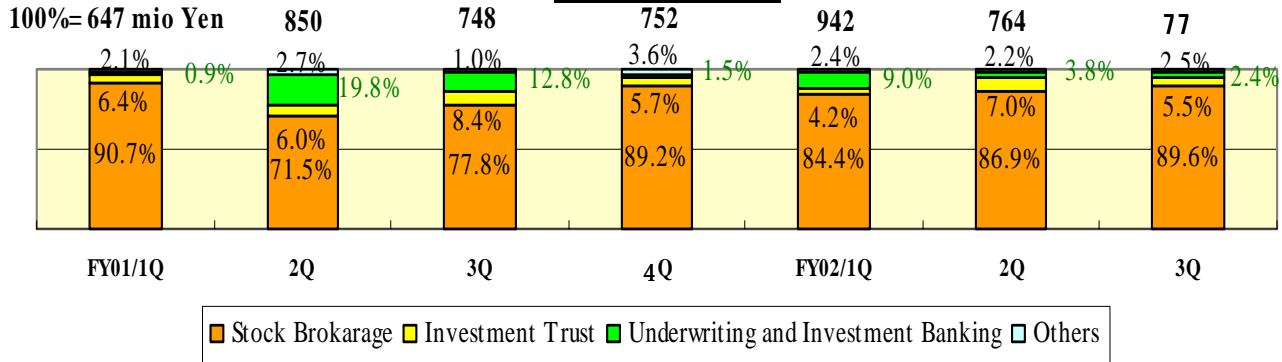
(million Yen)

	FEY 03/2001				FEY 03/2002		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Operating Revenue (1)	647	850	748	752	942	764	779
Sales and Administrative Expenses (2)	848	1,015	923	891	974	1,182	1,217
(1) / (2)	76%	84%	81%	84%	97%	65%	64%

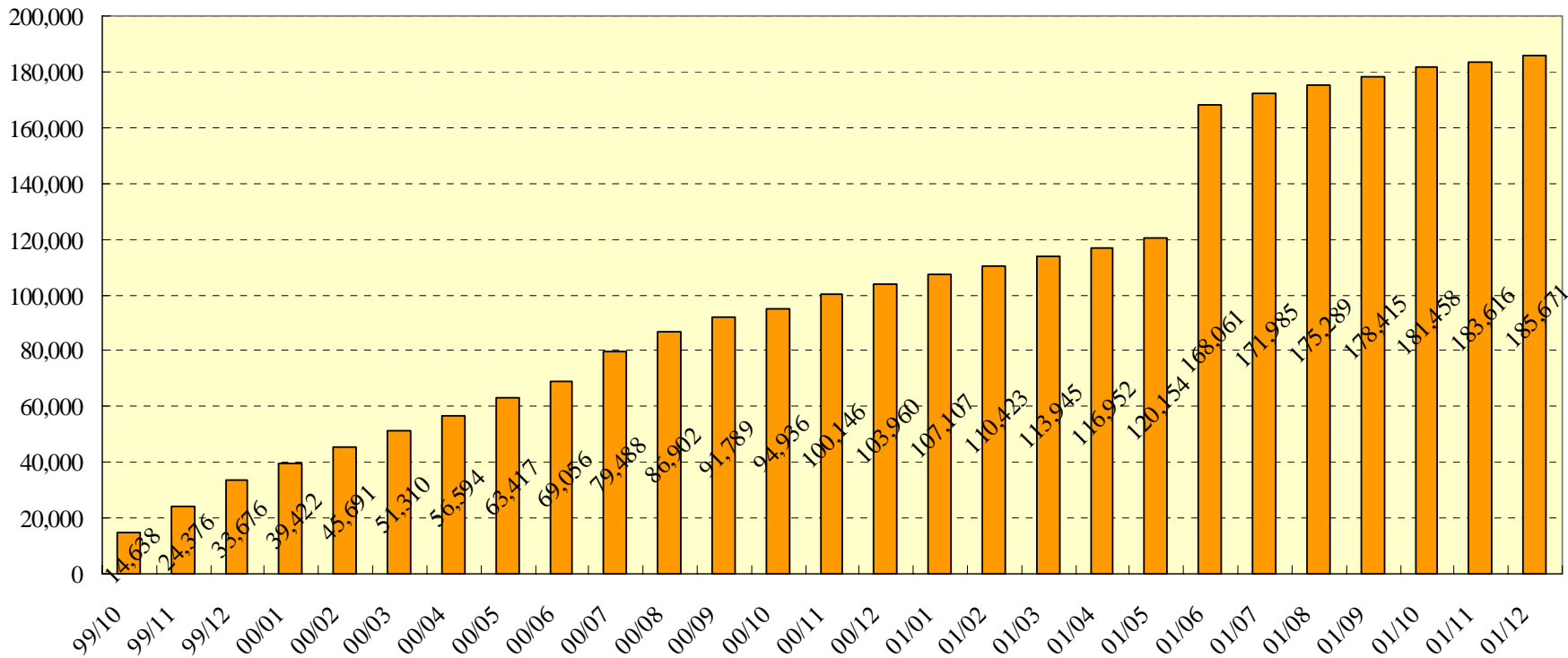
(million Yen)



Revenue Breakdown

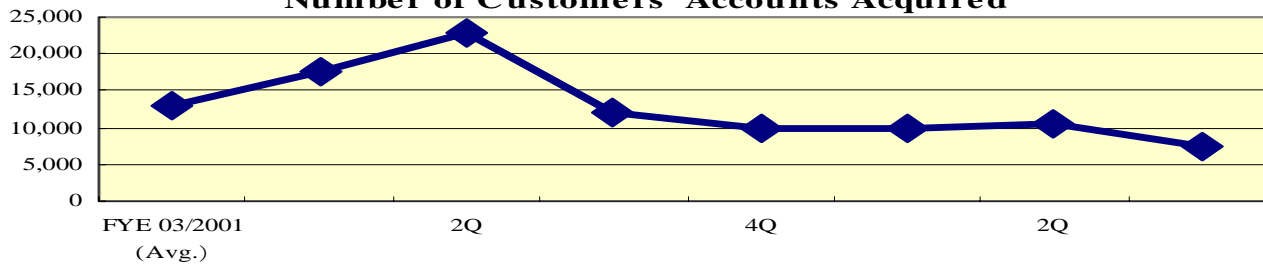


Number of Customers' Accounts



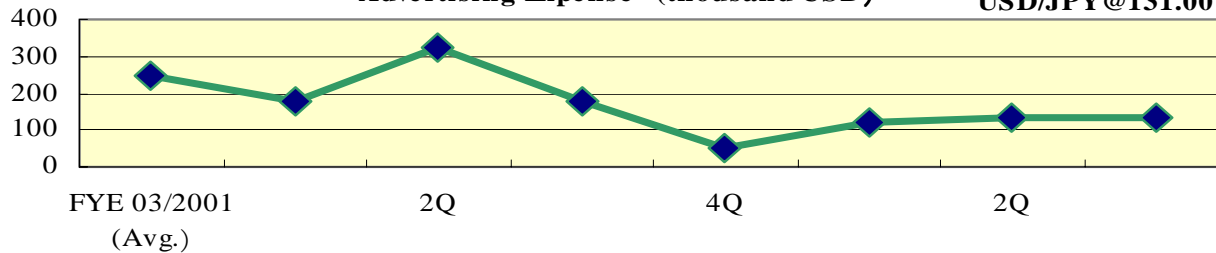
Cost to Acquire Customers' Accounts

Number of Customers' Accounts Acquired

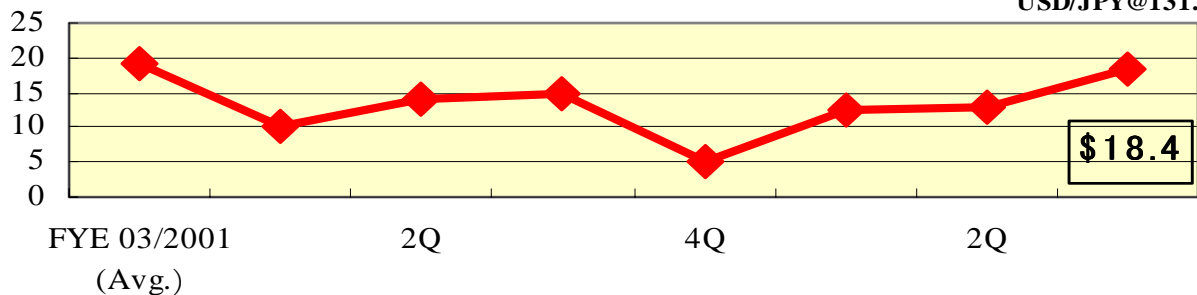


44,270 accounts transferred from Saison Securities are not included in new accounts acquired for 1Q in FYE 03/2001.

Advertising Expense (thousand USD) USD/JPY@131.00



Advertising Expense per Account (USD/account) USD/JPY@131.00



■ Account acquiring cost has risen slightly due to the decrease in total accounts acquired in this period.

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

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

2. Brokerage Commission takes major portion in Operating Revenue

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

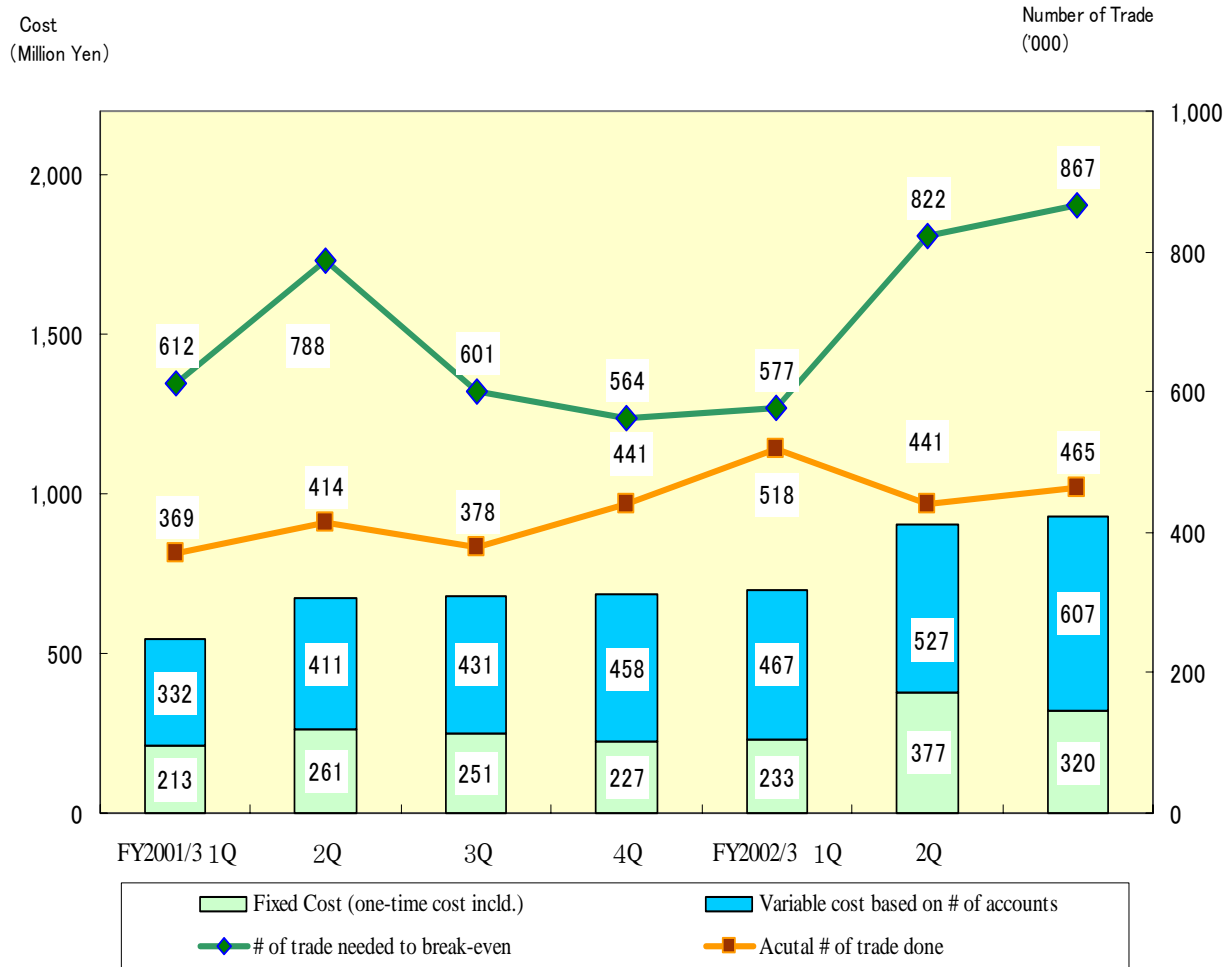
3. Calculate Variable cost per trade

Quarterly Trading Volume (Daily Trading Volume x Business Day /1000) (D)	369	414	378	441	518	441	465
Average Commission / Trade (Yen)	1,591	1,466	1,540	1,522	1,531	1,506	1,501
Variable (based on trading volume) / Trade (A)/(D) (Yen)	702	614	407	307	317	406	432
Average Commission per Trade - Variable (based on trading volume) per Trade (Yen)	889	853	1,132	1,215	1,214	1,100	1,069

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

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

Break-Even Analysis – Number of Trade



2Q: One-time cost and fixed cost rose due to strategic investments and merger effect.

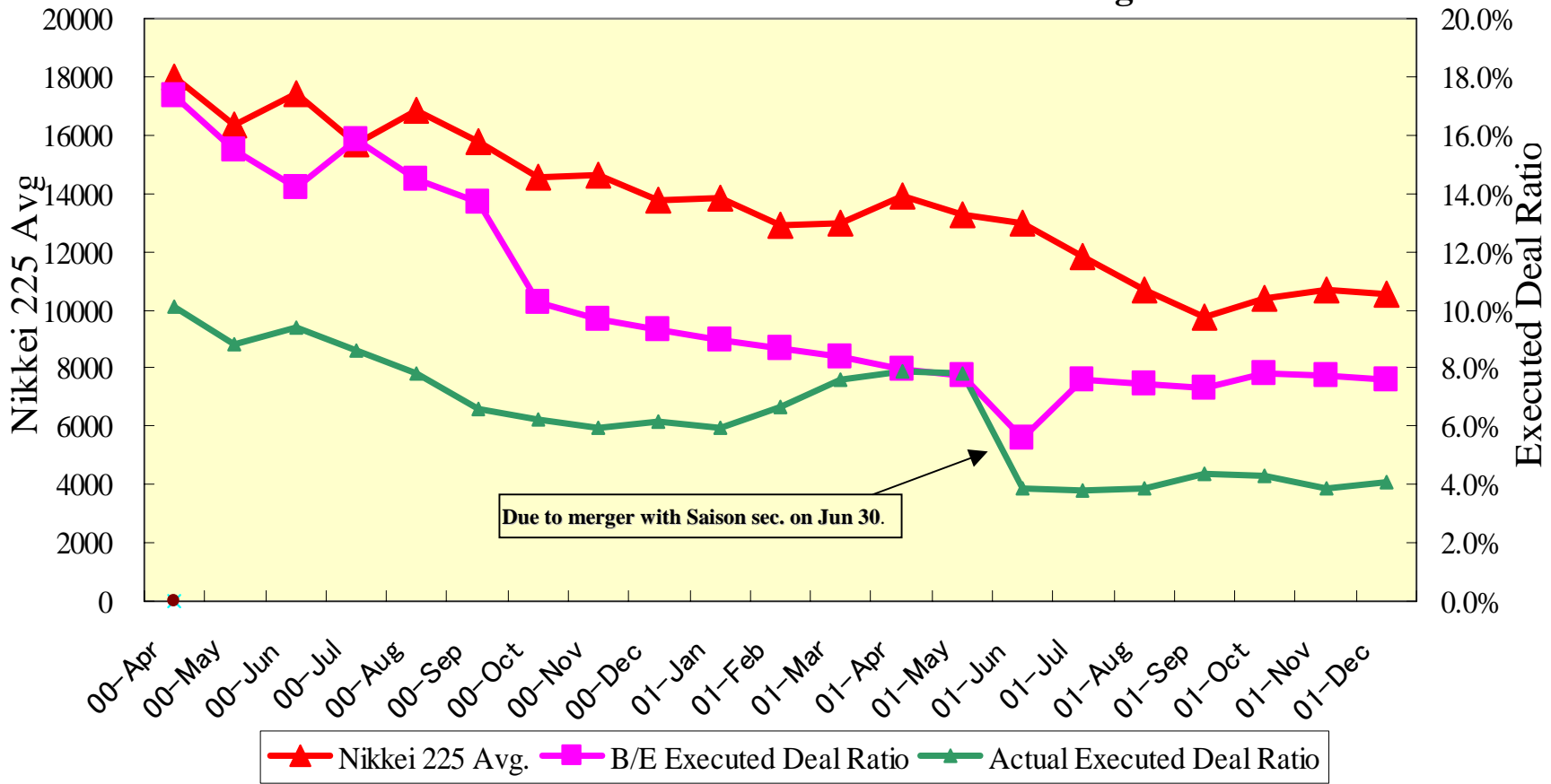
3Q: In line with the increase in the number of clients' accounts, (1) Lease Expenses, (2) System Maintenance Cost, and (3) Variable Cost based on the number of accounts increased

The number of employees slightly increased

Rise in information cost due to the improvement of information services

Break-Even Analysis - Executed Deal Ratio

B/E Executed Deal Ratio and Nikkei 225 Avg.

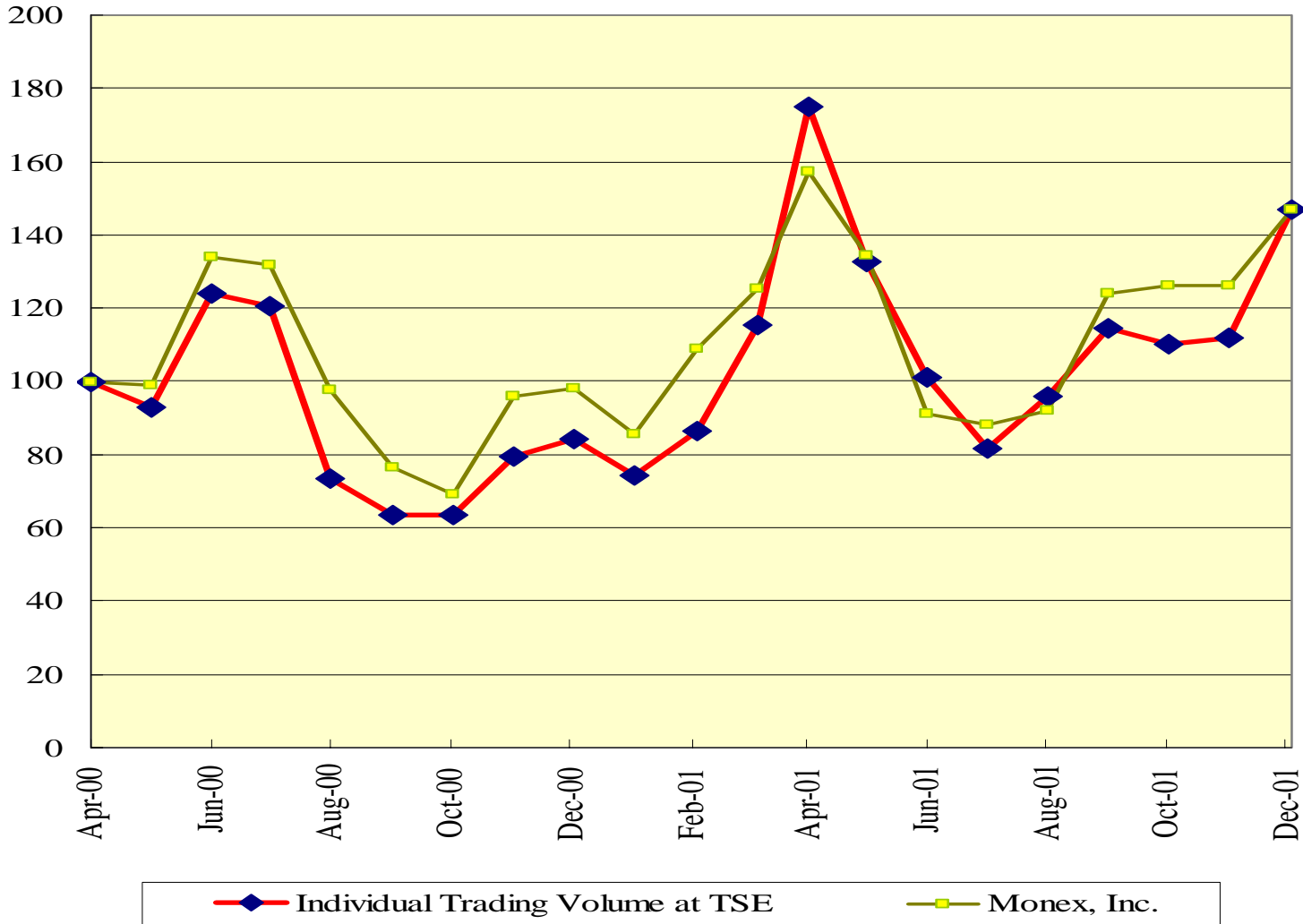


$$(\text{B/E Executed Deal Ratio}) = (\text{B/E number of Executed Deals}) / (\text{Number of Accounts})$$

$$(\text{Actual Executed Deal Ratio}) = (\text{Actual number of Executed Deals}) / (\text{Number of Accounts})$$

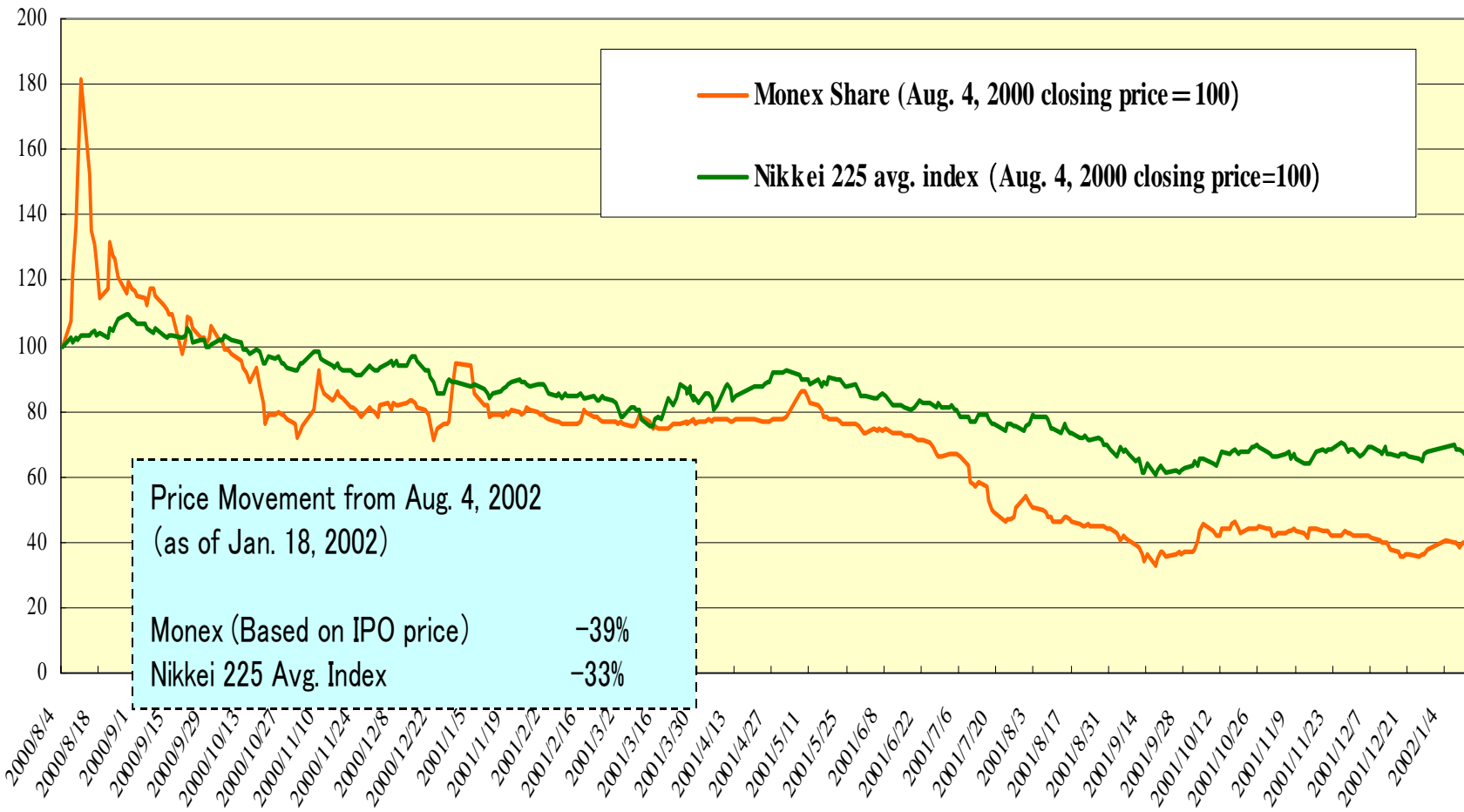
Correlation with Market

Individual Trading Volume at TSE and Monex Clients' Trading Volume at TSE
(index April 2000 = 100)



Monex Share Price vs. Nikkei 225

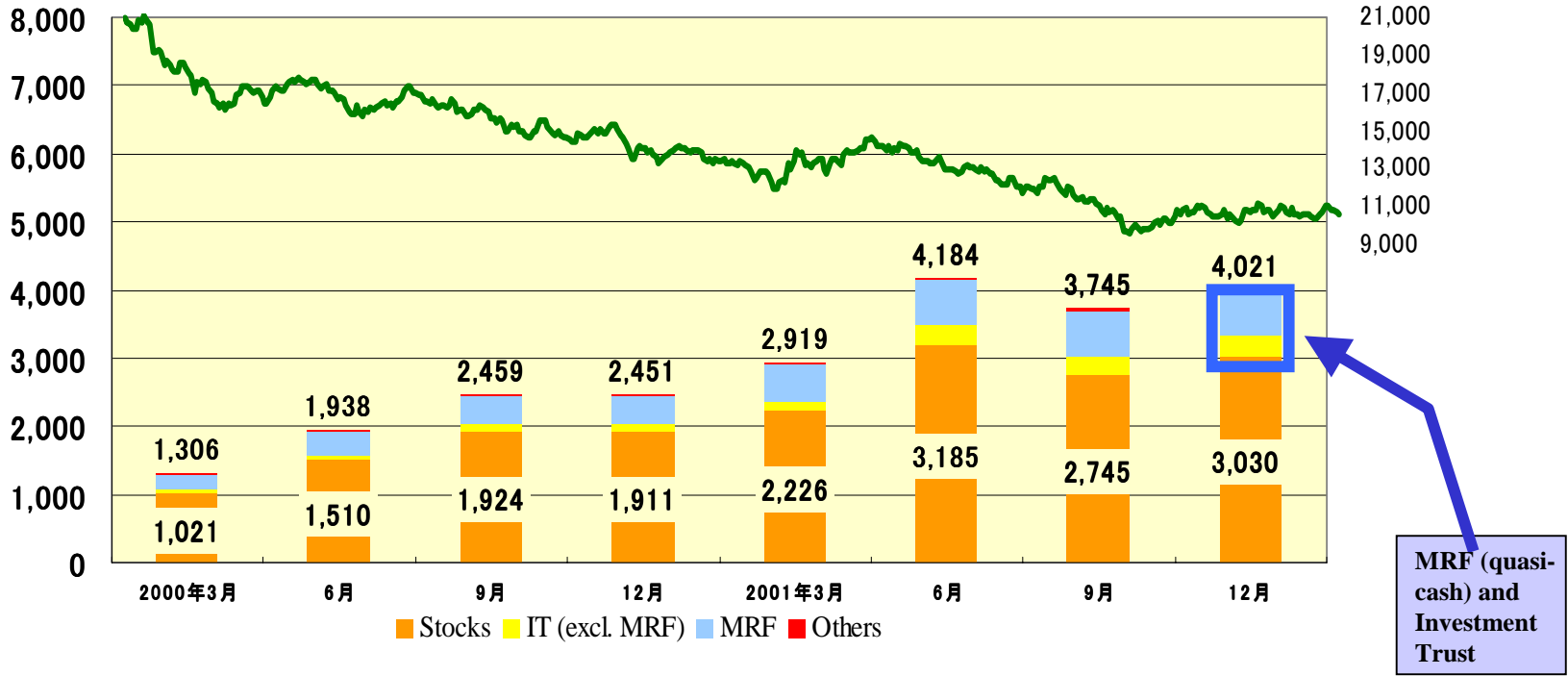
Monex Share Price vs. Nikkei 225 Average Index (August 4, 2000 as a base)



Price Movement from Aug. 4, 2002
(as of Jan. 18, 2002)

Monex (Based on IPO price)	-39%
Nikkei 225 Avg. Index	-33%

Customers' Asset in Custody

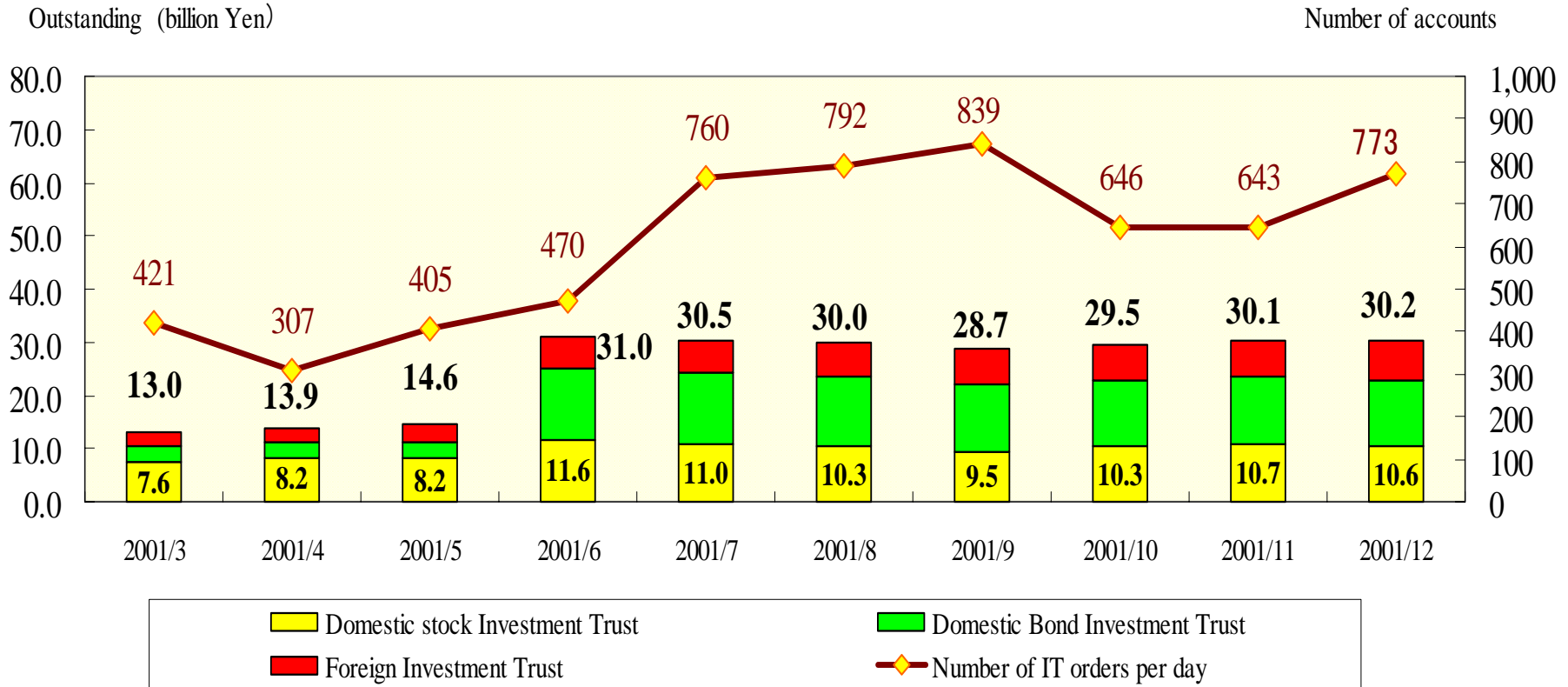


Transfer from Saison Securities on June 30, 2001 → 91.4 billion Yen (Stocks 65 billion Yen)

MRF Outstanding as of December 31, 2001 → 63 billion Yen

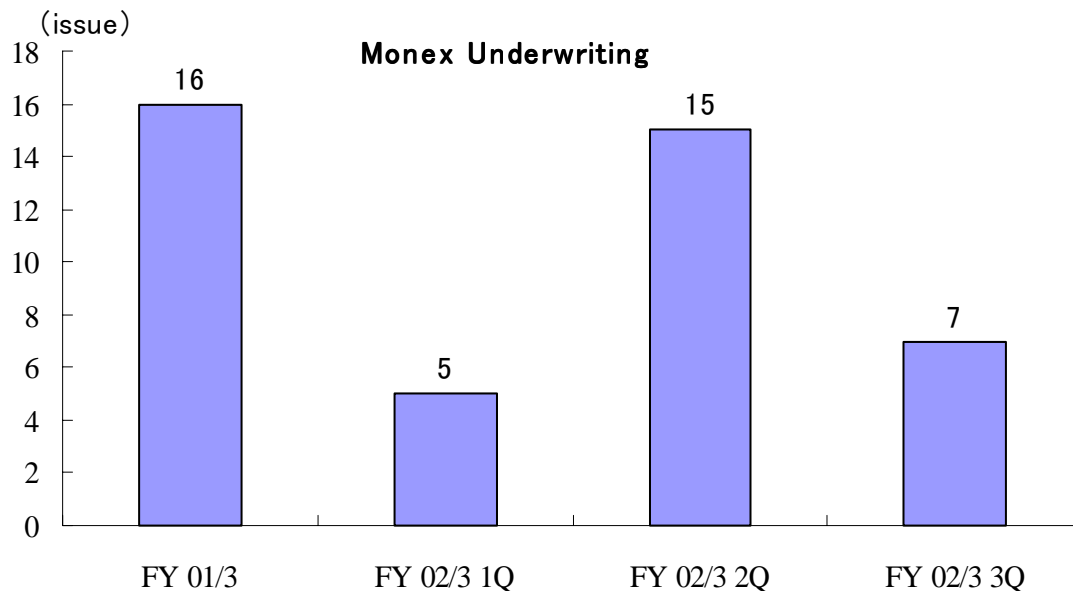
Money inflow from customers has always exceeded outflow since the first day of business (excluding only 2 days.)

Investment Trust Business



Monthly Fixed Amount Purchase		Oct.	Nov.	Dec.
Teigaku Tsumitate	Number of orders	1,967	2,140	2,368
Direct withdrawal from MRF	Monthly (million Yen)	38	42	49
Card de JIDO Tsumitate	Number of orders	4,735	4,872	4,919
Withdrawal from bank account	Monthly (million Yen)	91	94	111

Underwriting Business



Expanding revenue
with keeping the cost at
low level



Aiming to raise
underwriting share, not
the number of deals

Major issues and Monex's share in coming quarter:

First deal as a lead-manager	SOURCENEXT CORPORATION	(40%)
Co-manager deal	Konami Computer Entertainment Japan	(10%)
Others	PIA CORPORATION	(10%)

Basic Direction

● **Over-all account – to expand and to reinforce**

● **Cash Management Account (Credit Card, ATM)**

Monex «Saison» Card:

11,806 cards issued as of Jan. 18, 2002 (issuance started in July 2001)

● **Money Station (Account Aggregation)**

● **Link-settlement (Connecting Money Transfer with banks)**

● **Asset Planning Department**

● **Proposing a better way of investing/managing individual financial assets by discussing the structural problems in Japan (Bankruptcy of the government, Collapse of pension system, Lifting an embargo of guaranteeing bank deposit, Japanese 401k plan etc) with clients**

● **Establishing a better positioning as an Asset Gatherer for individual assets**

Core Competence = Enlarging the Scale

●Co-marketing with Credit Saison

●Expanding Services and Contents

- To reinforce information services
- To connect Monex Nighter with more companies
- To expand the number of mini-stocks
- To strengthen a line-up of Investment Trust
- To correspond to simple tax return system
- To study for wide-range Risk hedging tools



(In addition to bear-fund, study an introduction of margin trade etc. as a choice)

●M & A

For More Profitability - Possible Theme to Study

- **To pursue more profit and less cost by possible M & A**
- **To charge to some part of Information Service**
- **To activate existing accounts**
- **Underwriting business : more deals as a lead-manage**

Supplementary Explanation: Margin Trade and Information Services

Is it reasonable to pursue Monex type of Margin Trade to provide clients with a broader range of hedging tool?

From protecting clients' benefit point of view, we have provided a bear-fund only as a hedging tool. However, as the demand from the clients' has been high, Monex will reevaluate the following points:

- Disparity and time-lag of information and a size of investment
- The necessity and the effect of educating clients with investment and trading
- Differences of price movement and event risk effects between index fund and individual stocks
- The possibility of put option on index funds and/or individual stocks, and margin trade on ETF

How can we match the expansion of clients' accounts and the enrichment of information services?

- Which service should be the subject for charging?
- Possible method are:
 - When the amount of assets in custody becomes below the minimum requirement
 - When the number of trades becomes below the minimum requirement
 - Simple and uniform charges



MONEX

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