



FYE 03/2002 2Q Financial Results

October 2001

Forward-looking Statements

Statements made at this presentation and in these materials include forward-looking statements that are based on our current expectations, assumptions, estimates and projections about us and our 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 or of our financial condition or state other “forward-looking” information. Known and unknown risks, uncertainties and other factors could cause the actual results to differ materially from those contained in any forward-looking statement. 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 avoid failures of these systems; and our ability to maintain our relationship with our founding shareholders.

I. Semi-annual Financial Result and Analysis

II. Business Model and Strategy

I. Semi-annual Financial Result and Analysis

FY 3/2002 Semi-annual Financial Summary

マネックス証券株式会社

(million Yen)

	FY 3/2001 Semi-annual	FY3/2002 Semi-annual	% chg
Operating Revenue	1,497	1,707	+14.0%
(Commission Revenue)	1,472	1,679	+14.1%
Operating Expense	1,863	2,156	+15.7%
Operating Loss	365	449	-
Ordinary Loss	474	416	-
Net Loss	500	468	-

* P/L of Saison Securities is not included in FY3/2002 Semi annual result.

(million Yen)

Total Assets	12,038	13,553	+12.6%
Shareholders' Equity	10,197	11,152	+9.4%
Capital Adequacy Ratio	1437.4%	1,044.2%	

* Amotization of goodwill does not occur by making Saison Securities a subsidiary and merging it after.

1.764 billion yen was amounted as a recapitalization. Current asset in hand as of Sep.30, 2001 was

9.168 billion yen

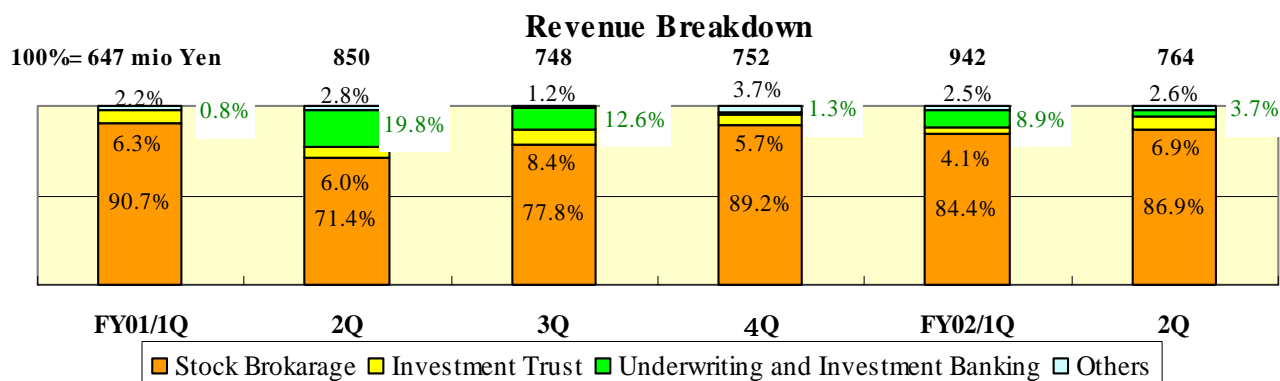
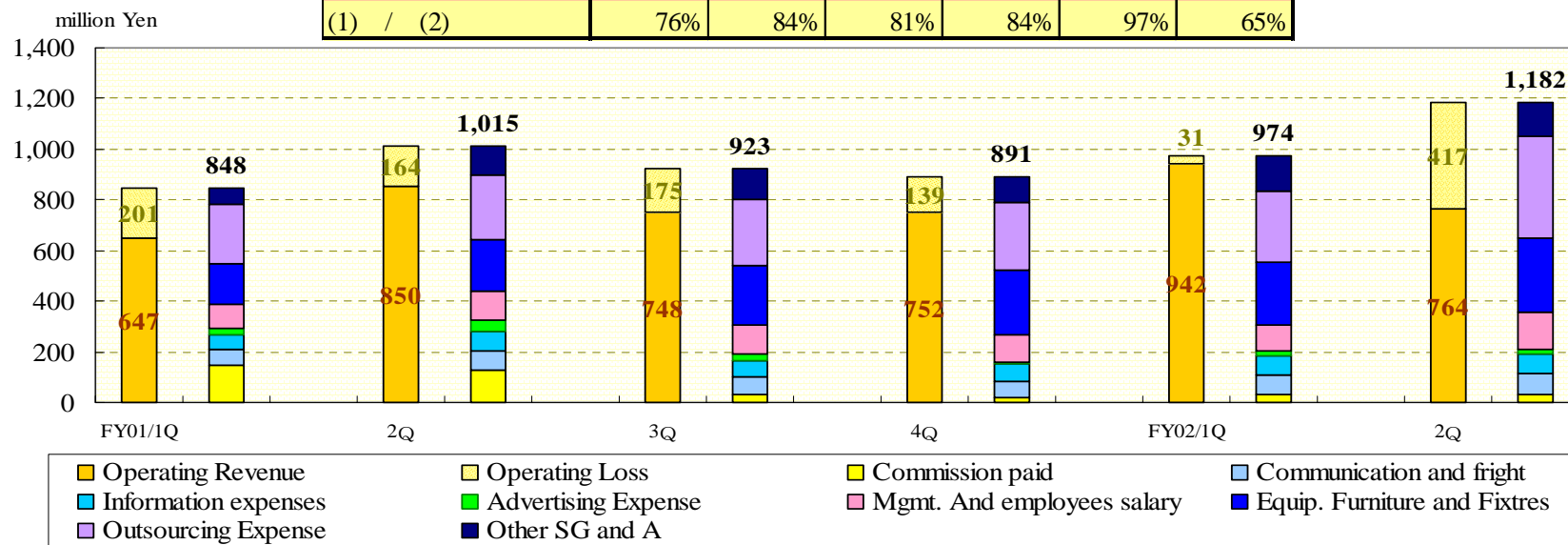
(million Yen)

	FY 3/2001 2Q	FY3/2002 2Q	% chg
Operating Revenue	850	764	-10.1%
(Commission Revenue)	835	756	-9.5%
Operating Expense	1,015	1,182	+16.5%
Operating Loss	164	417	-
Ordinary Loss	230	414	-
Net Loss	243	427	-

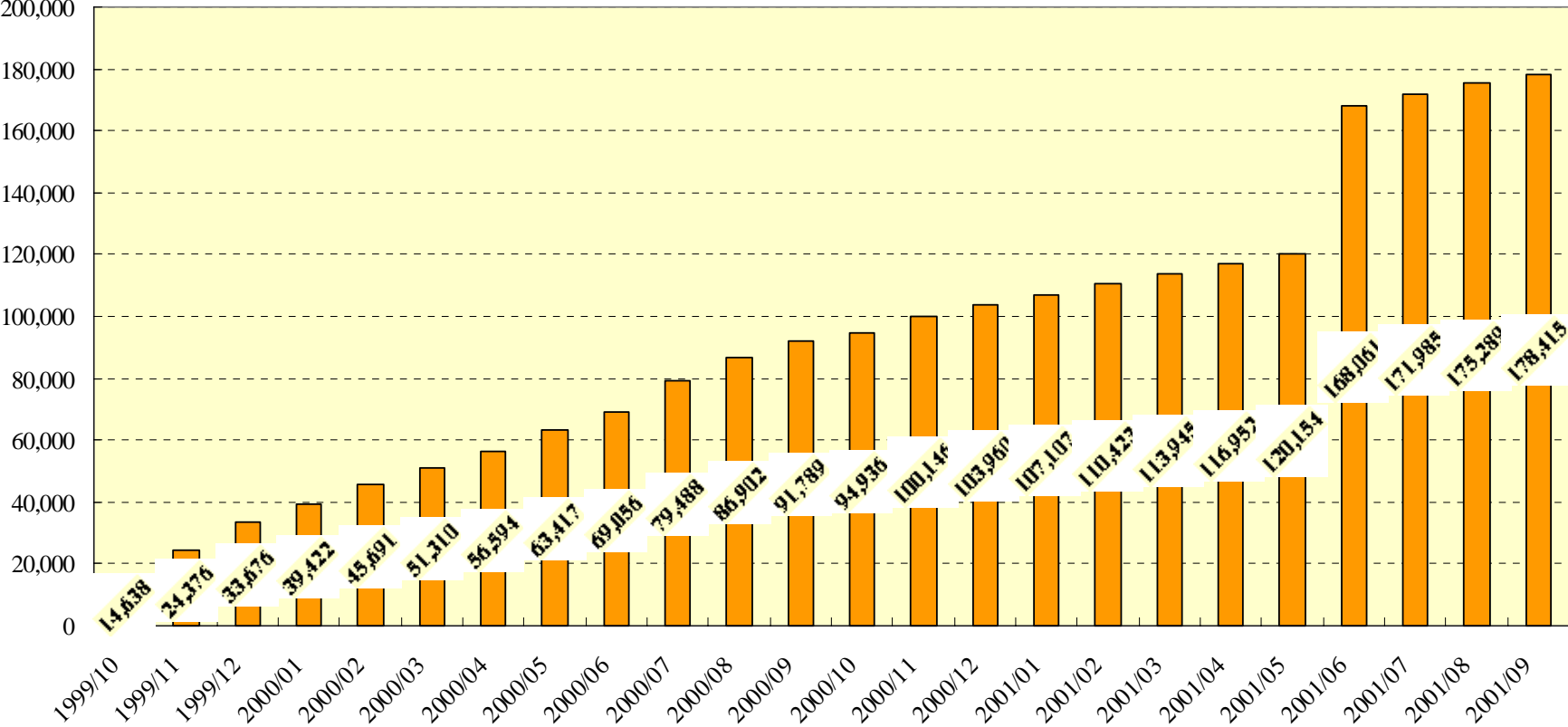
Operating Revenue vs. SG&A

(million Yen)

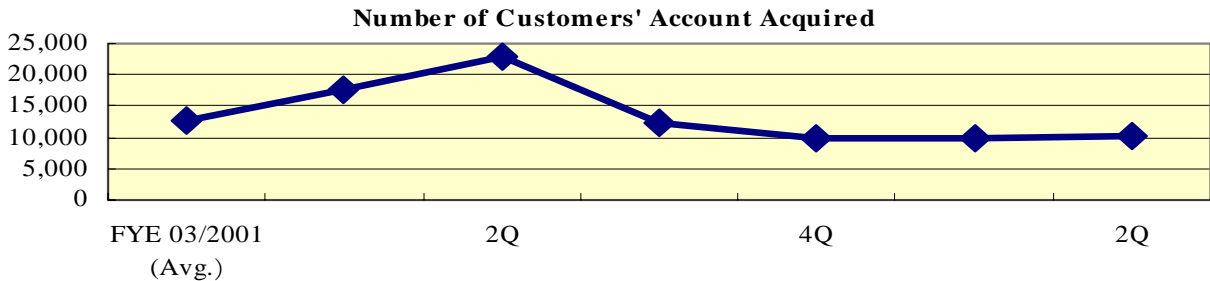
	FEY 03/2000				FEY 03/2001	
	1Q	2Q	3Q	4Q	1Q	2Q
Operating Revenue (1)	647	850	748	752	942	764
SG and A (2)	848	1,015	923	891	974	1,182
(1) / (2)	76%	84%	81%	84%	97%	65%



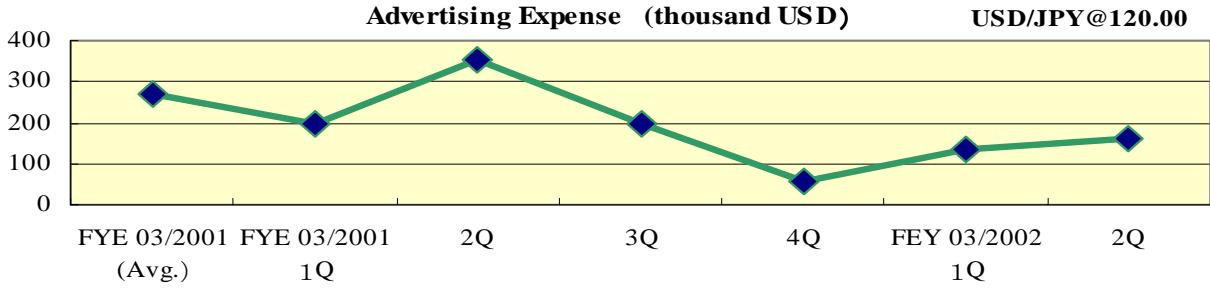
Number of Customers' Account



Cost to Acquire Customers' Account

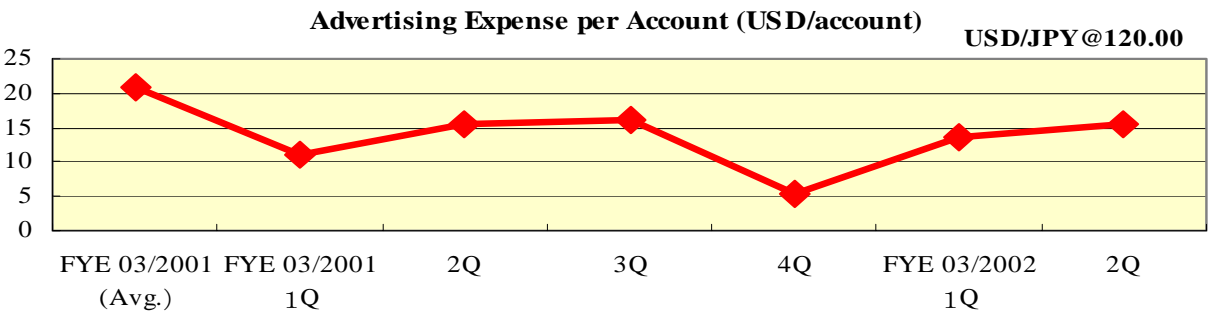


44,270 accounts transferred from Saison Securities are not included in new account acquired for 1Q in FYE 03/2001.



- Advertising cost has been maintained low since the start of business.
- Much lower account acquiring cost compared to other on-line brokers

→ To acquire overwhelming number of accounts with low cost



Break-Even Analysis

1. Divide major items of SG & A into 2 categories (1) Variables (trade volume and number of accounts base) and (2) Fixed. Some of the items are calculated based on partial variables and fixed cost. Outsourcing Expenses are divided into three categories after excluding one-time expense. (Outsourcing Expenses of this quarter is analyzed more realistically compared to that of until last quarter.

(million Yen)

Major Items of SG and A	Variable / Fixed	FYE 03/2001				FYE 03/2002		After Revision
		1Q	2Q	3Q	4Q	1Q	2Q	A total of US\$ 883,000 of one time expenses (labor and outsourcing expense) is included here.
Commision Paid	Variable (based on trading volume)	146	126	32	22	34	34	34
Exchange and Association fees	Fixed	12	17	22	19	24	22	22
Communications and Freight	Variable (based on trading volume)	66	76	69	59	75	79	79
Expense to acquire information	Vairable (based on number of accounts)	57	81	67	72	78	79	79
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	131
Equipment, Furniture and Fixture	Variable (based on number of accounts)	157	200	231	250	250	285	285
Outsourcing Expense (1)	Fixed (30%)	71	78	80	82	83	97	97
Outsourcing Expense (2)	Variable (20% of trading volume)	47	52	53	54	56	64	64
Outsourcing Expense (3)	Variable (50% of number of accounts)	118	130	133	136	139	162	162
Outsourcing Expense (4)	One-time Expense						79	0
Amortization of Goodwill	Fixed	10	10	10	10	10	10	10
Variable Cost (based on trading volume)	(A)	259	254	154	135	165	179	179
Variable Cost (based on # of accounts)	(B)	332	411	431	458	467	527	527
Fixed Cost (+ one-time cost)	(C)	213	261	251	227	233	377	286
Total SG and A (major items listed above)		803	926	835	820	865	1,085	993
Ratio to Totall SG and A (total of major item of SG and A/total SG and A)		95%	91%	90%	92%	88%	92%	91%

2. Brokerage Commision takes major part in Operating Revenue

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

3. Calculate Variable cost per trade

Quarterly Trade Volume (Daily Trading Volume x Business Day in '000 trades) (D)	369	414	378	441	519	441	441
Average Commision / Trade (US\$)	1,591	1,466	1,540	1,522	1,531	1,506	1,506
Variable (based on trading volume) / Trade (A)/(D) (円)	702	614	407	307	317	406	406
Average Commission per Trade - Variable (based on trading volume) per Trade (US\$)	889	853	1,132	1,215	1,214	1,100	1,100

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

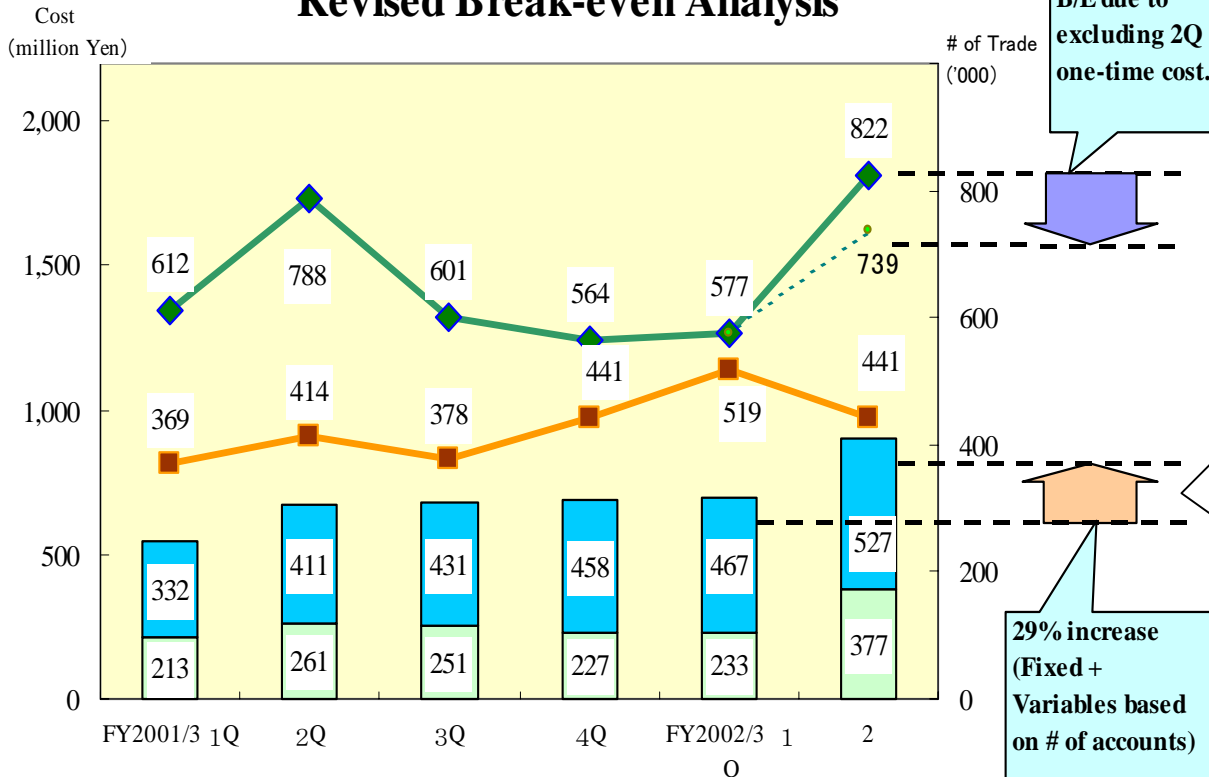
Break-even Point Estimate (Quarterly) ('000 trades)	612	788	601	564	577	822	739
Break-even Point Estimate (Monthly) ('000 trades)	204	263	200	188	195	274	246

Revised Break-Even Analysis - Number of Trade

Accepted a rise in fixed-cost and in one-time cost to concentrate investment for expanding an infrastructure for new services.

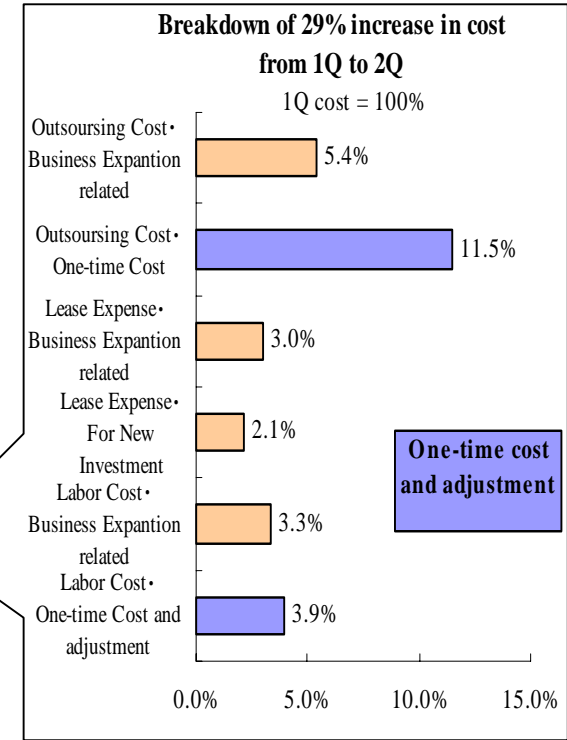
Infrastructure: Account Aggregation, ATM (to link with Postal Office/Credit Saison), Cash Management Account, mobile phone other than i-mode, and L, T-mode. **Products:** mini-stock. **Services:** New market information platform.

Revised Break-even Analysis



Decline in B/E due to excluding 2Q one-time cost.

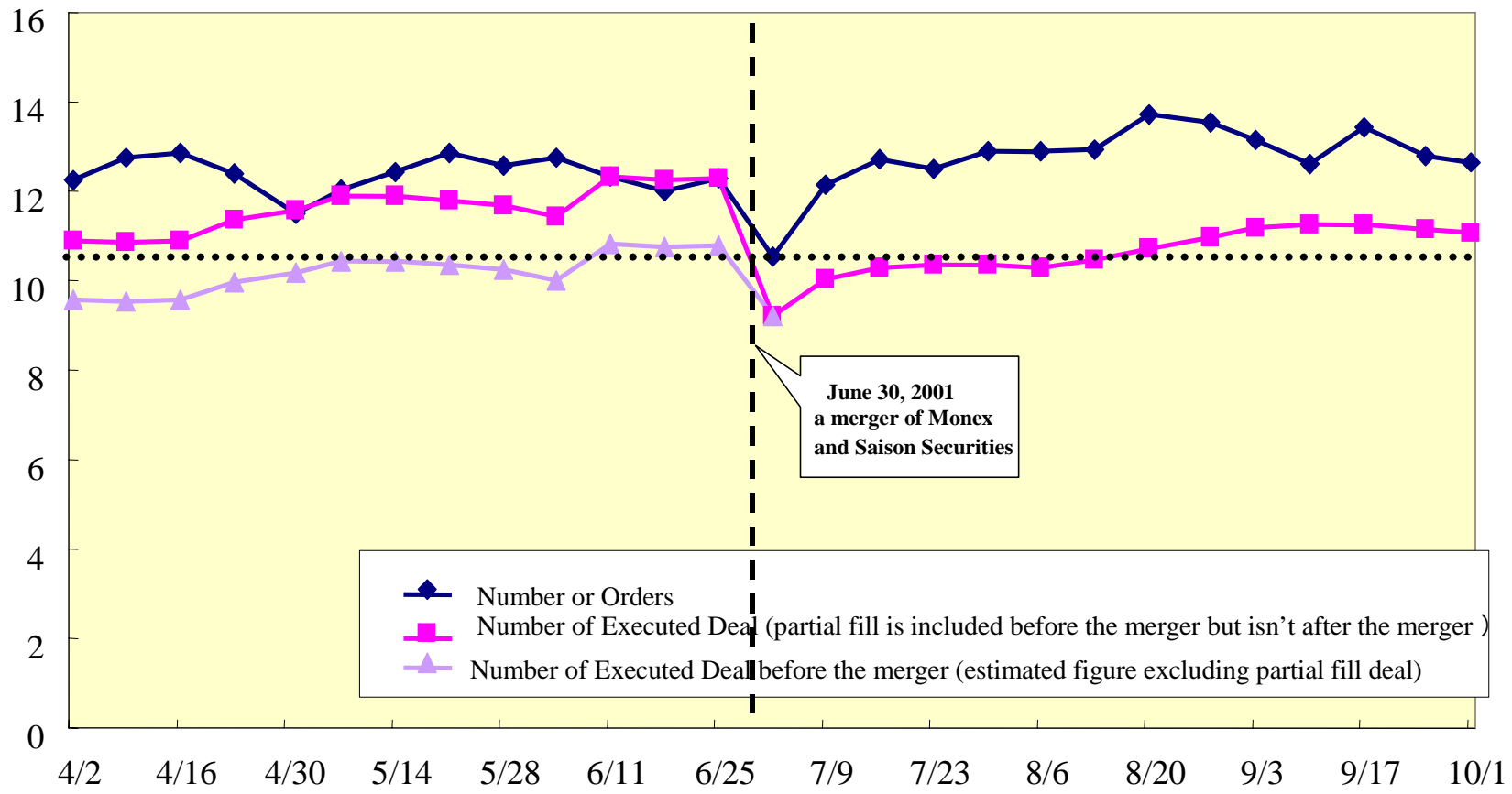
29% increase (Fixed + Variables based on # of accounts)



One-time cost and adjustment

- Fixed Cost
- Break-even # of Trade
- Break-even # of Trade after revision
- Variables based on # of accounts
- Actual # of Trade done

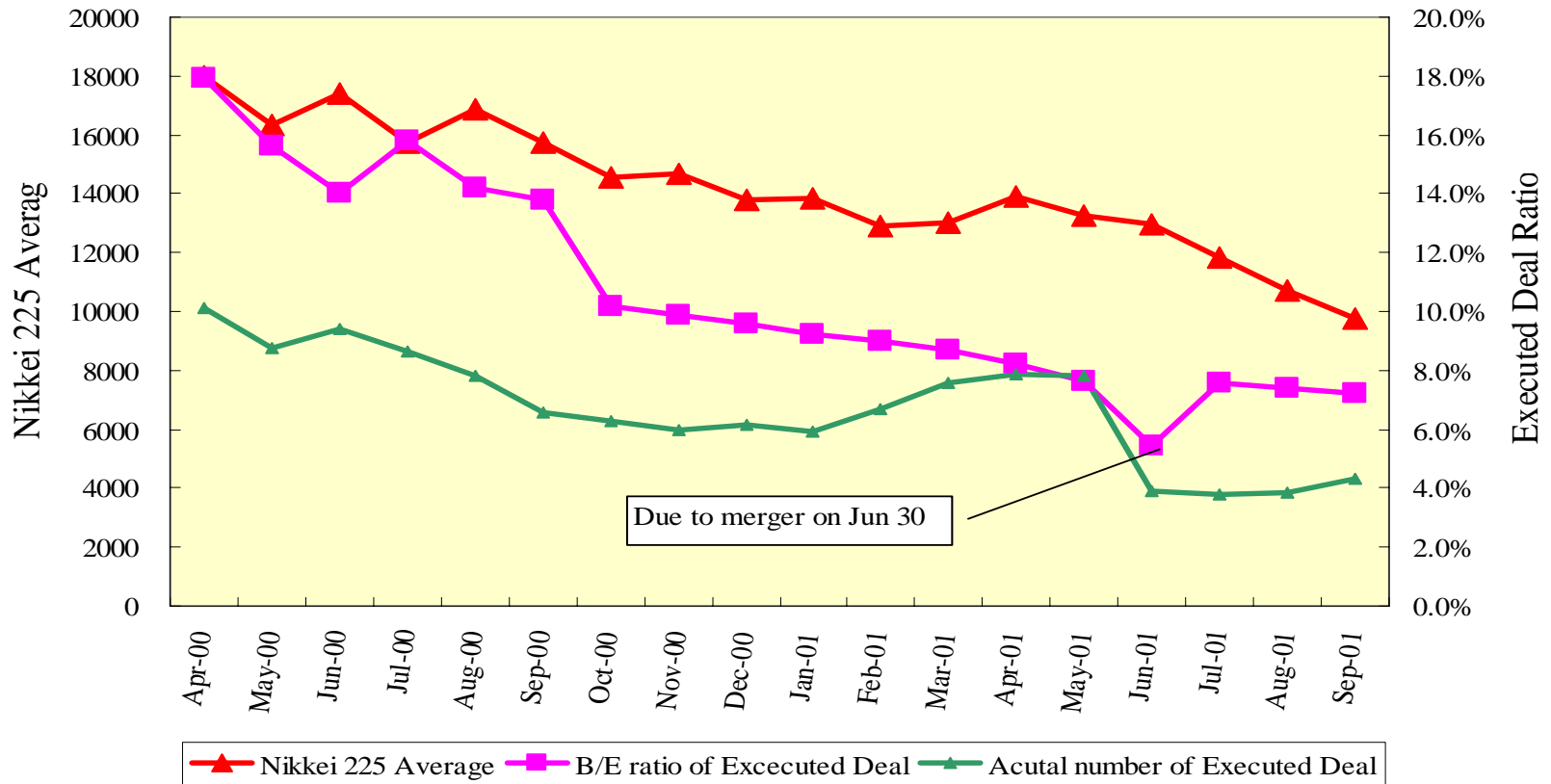
Ex-Saison Securities' Customers' Ratio in Number of Orders and Executed Deals (%: Weekly Average)



*The ratio before merger is simply calculated from the figure of Monex and Saison Securities

Revised Break-Even Analysis - Executed Deal Ratio

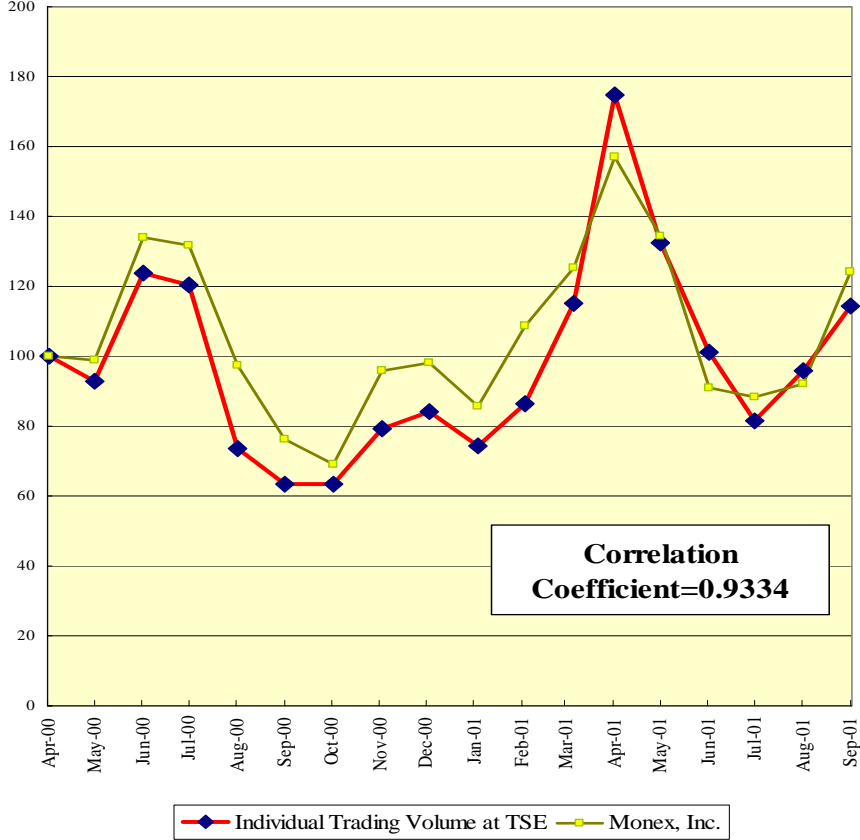
Break-even of Executed Deal Ratio and Nikkei 225 Average



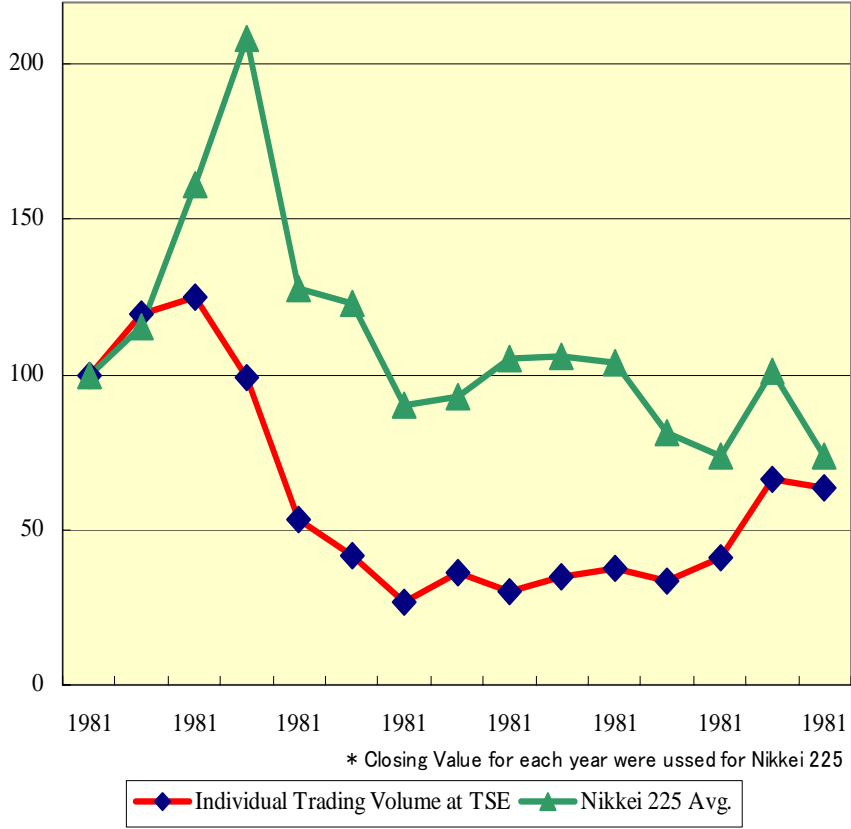
$$\text{(B/E of Executed Deal Ratio)} = \text{(B/E of Executed Deal)} / \text{(Number of Accounts)}$$

$$\text{(Actual Executed Deal Ratio)} = \text{(Actual Executed Deal)} / \text{(Number of Account Acquired)}$$

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

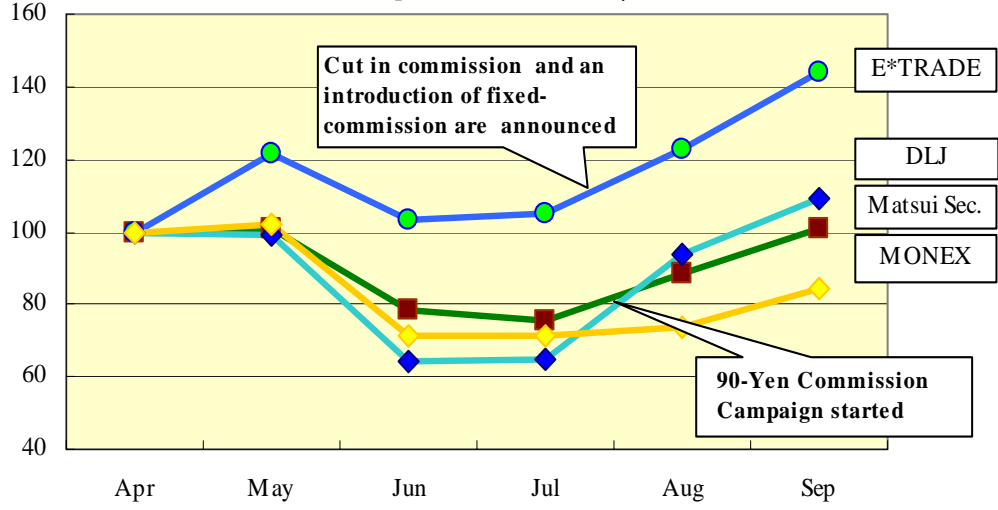


Individual Trading Volume at TSE and Nikkei 225 Average (1986 =100)

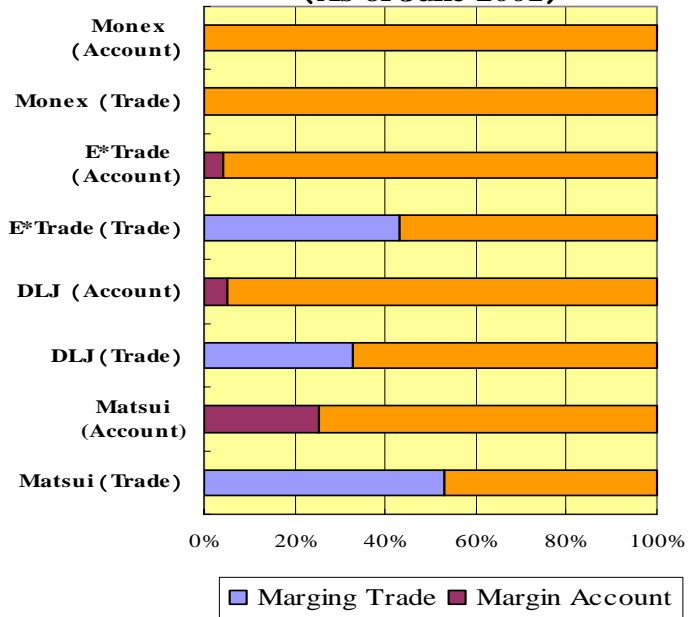


Comparison with Other On-line Brokers

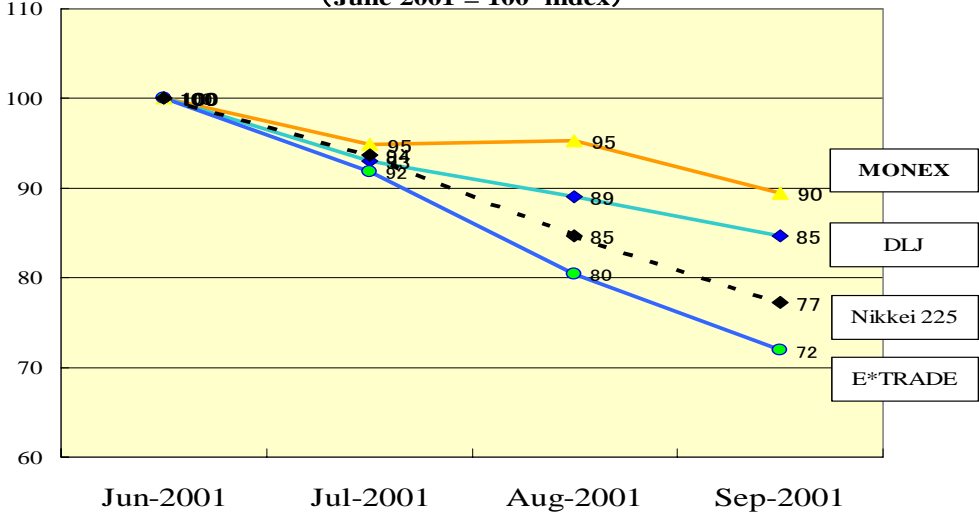
Movement of the Number of Executed Deal
(April 2001 = 100 index)



Ratio of Margin Trade and Account
(As of June 2001)

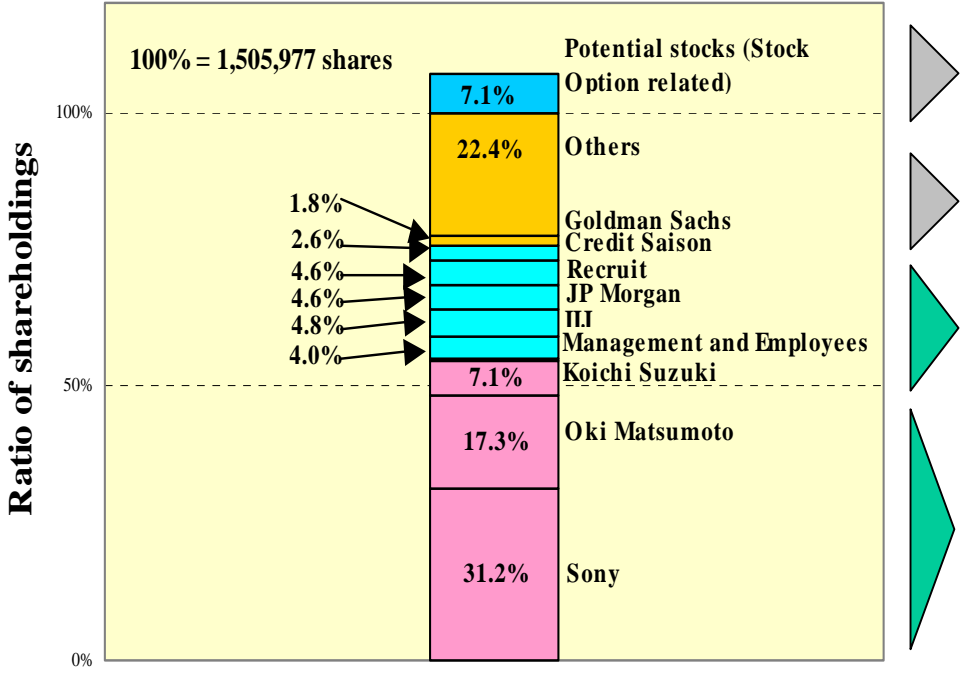


Movement of Customers' Asset in Custody
(June 2001 = 100 index)



- According to E*Trade's semi-annual financial result, its number of order increased by 19% from 1Q to 2Q, however, its commission earnings decreased by 9%.
- Decrease in customers' asset in custody at Monex this quarter is smaller compared to that of other brokers and the stock market price.
- Matsui has not disclosed the figure after 1Q

Monex's Shareholder (as of April 1, 2001)



• Latent Stock Total: 105,983 Shares

• Financial institutional and individual investors (24.2%)

• Strategic Investors (Domestic 11.9% Foreign 4.6%)

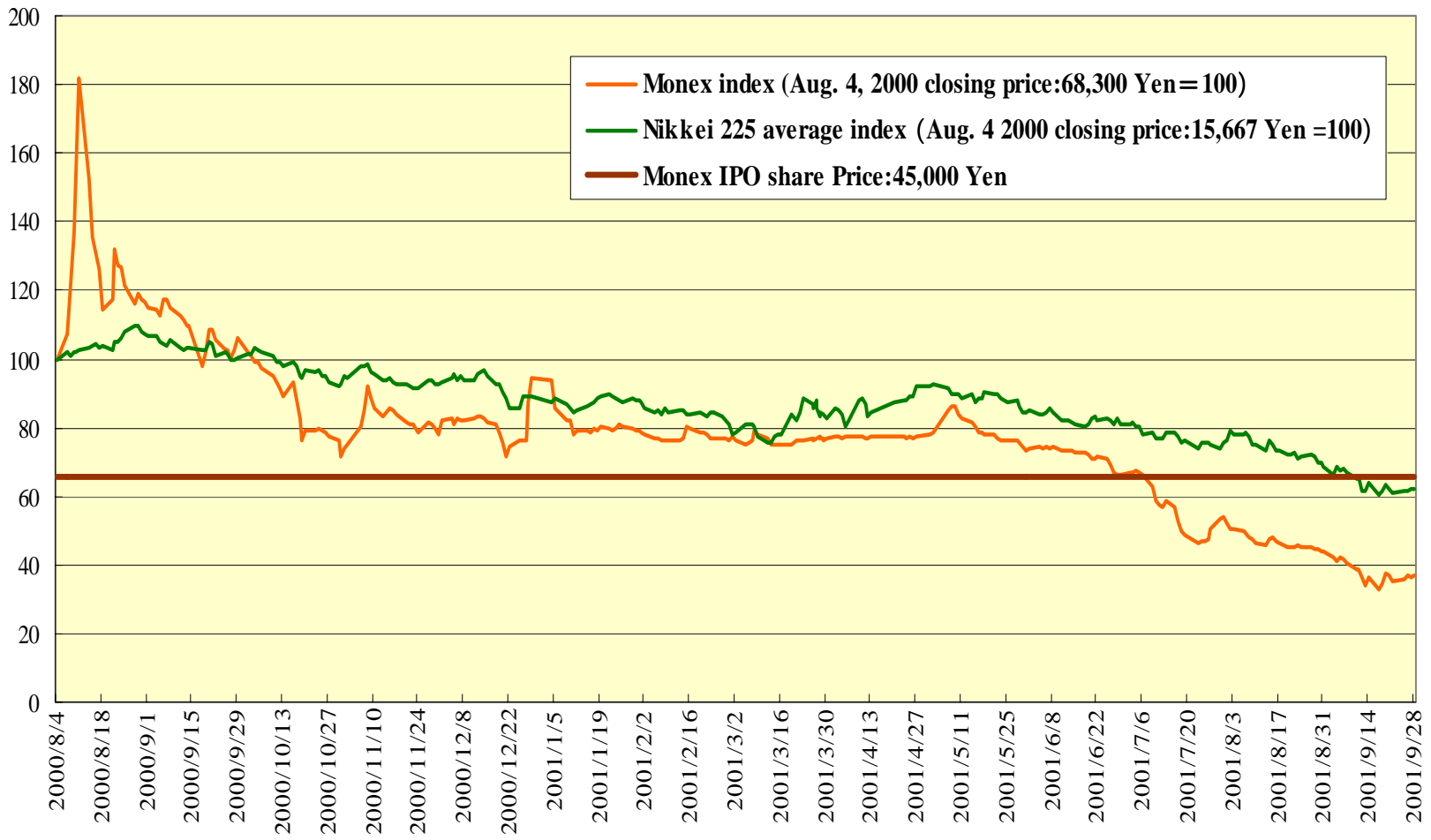
• Management and Employees (excluding Oki Matsumoto) (4.0%)

• Lock-up contract (54.5%) for three years after IPO (until August 2003)

• Stock Options Schedule

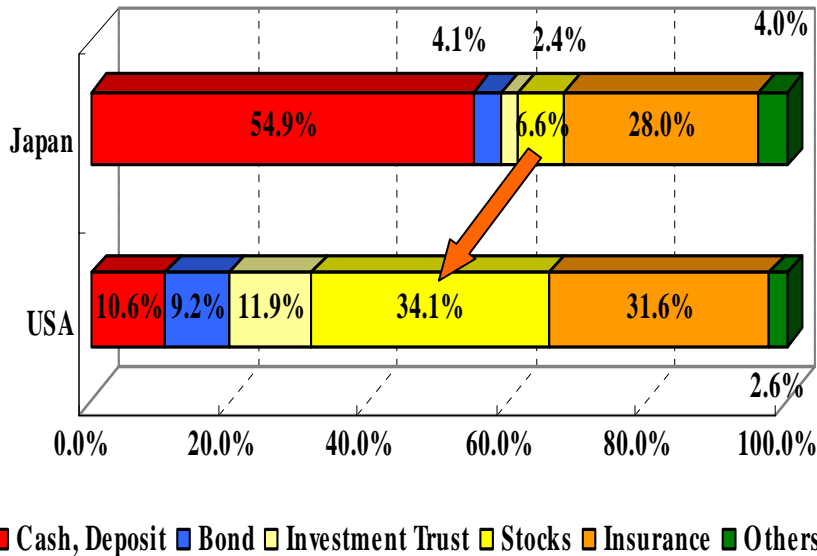
- Exercisable from Dec. 2001 70,399 shares (strike: 5,469円 ITM)
- Exercisable from May 2002 16,384 shares (strike: 39,064円 OTM)
- Exercisable from July 2002 19,200 shares (strike: 56,700円 OTM)

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



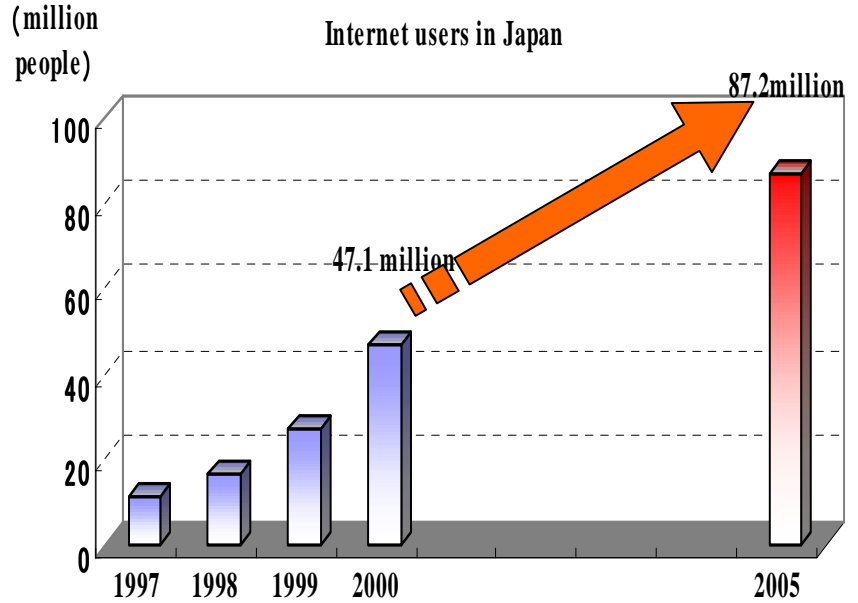
II. Business Model and Strategy

Asset Allocation of Household (as of Dec.2000)



Source: Bank of Japan Survey (March 30, 2001)

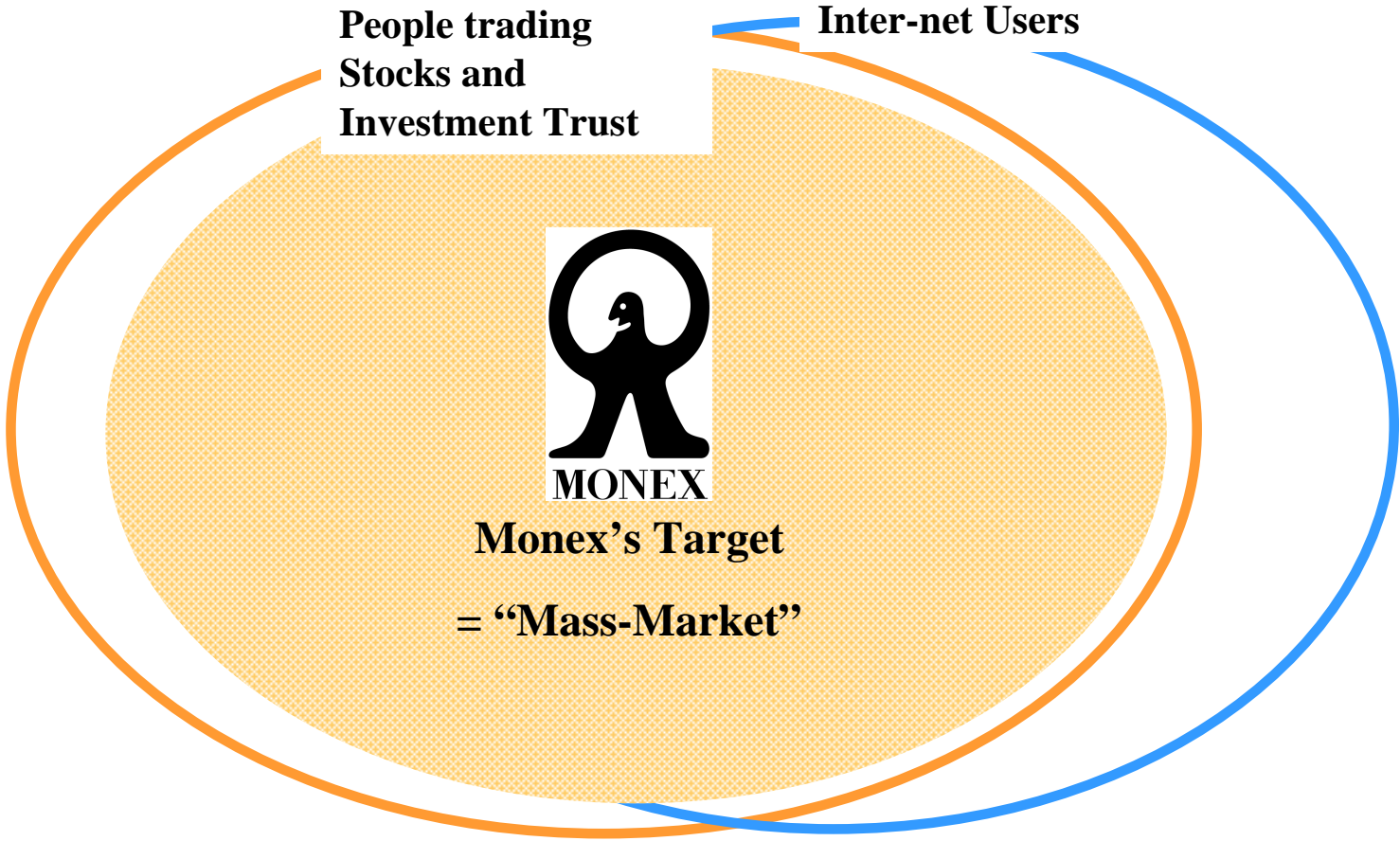
Following a major balance-sheet adjustment, asset allocation of household in Japan is expected to follow US' footsteps to shift more to direct financing.

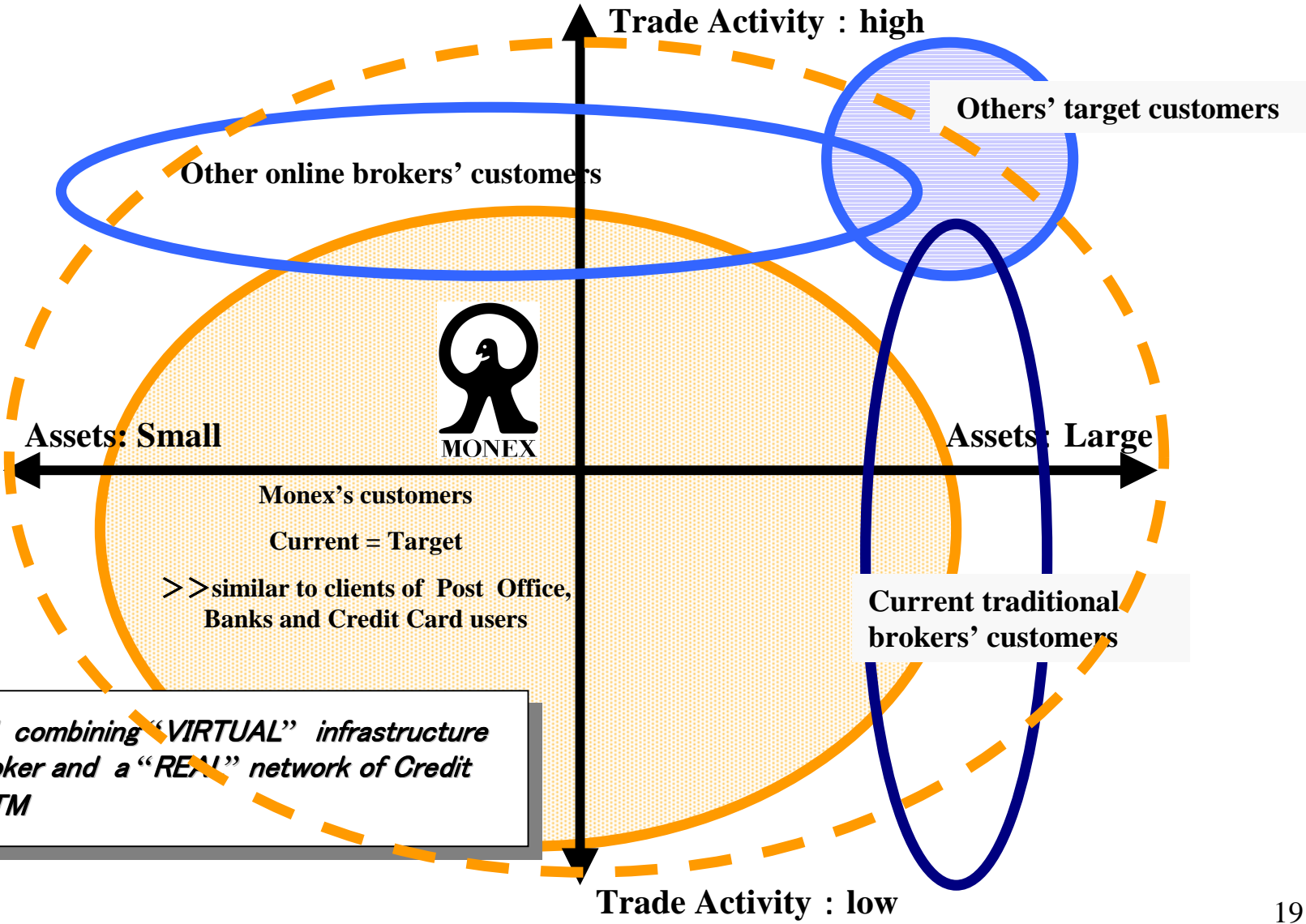


Source: Correspondence and Communication White Paper 2001

With a decline trend in working population, more people inevitably become a constituent of labor force in order to maintain GDP at the favorable level. This implies an individual finance would shift from off-line to on-line sooner than later.

Monex targets "Mass-Market"



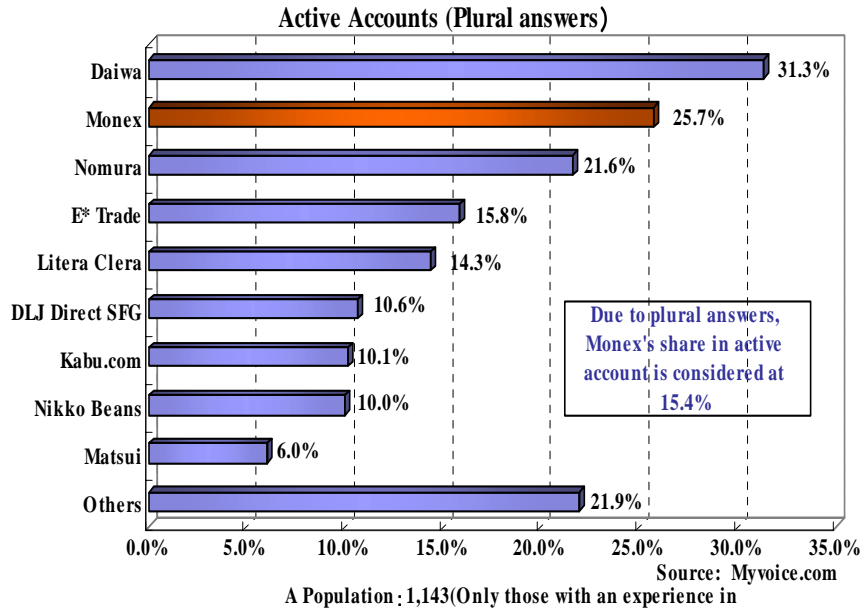
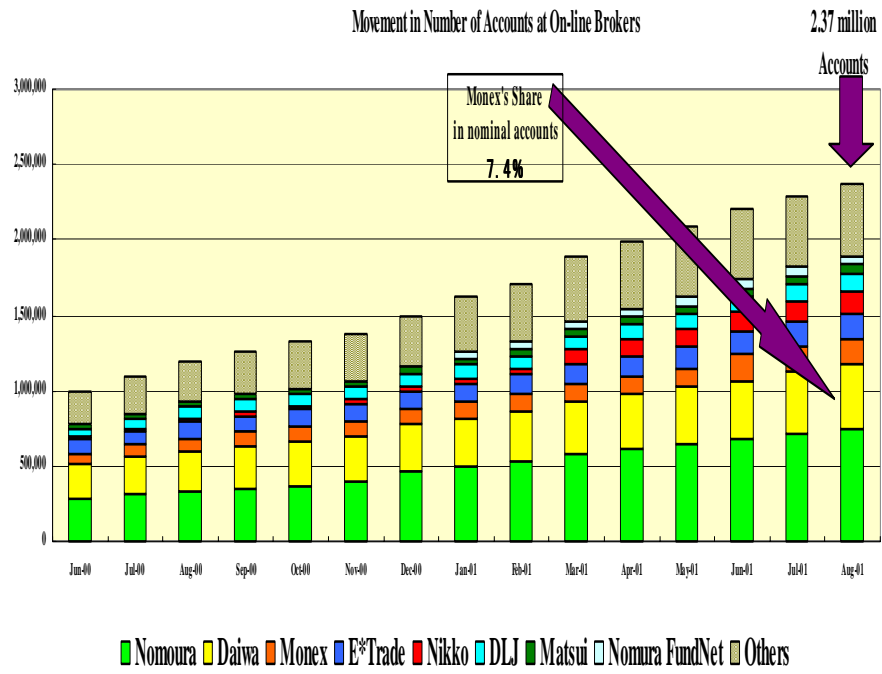
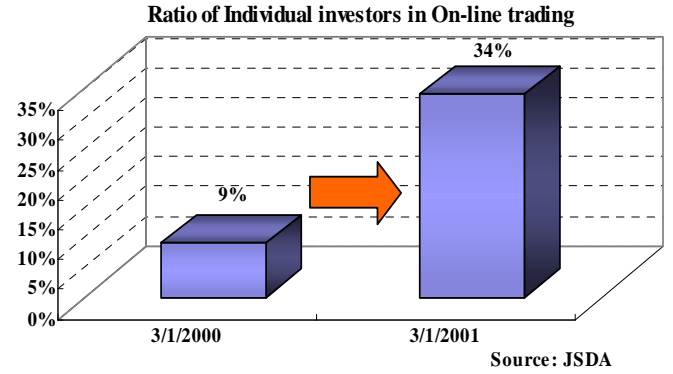


Materialized combining "VIRTUAL" infrastructure of online broker and a "REAL" network of Credit Card and ATM

A shift from indirect finance to direct finance has not taken place yet



But several measures such as smaller unit of share, Japanese 401k, and tax structural change has already been discussed



Changes for the precondition of our business model

- Shift from Indirect to Direct Finance
- Shift from Off-line to On-line Trading

Monex plans and materializes a new type of infrastructure for individuals for coming new phase, replacing saving deposit at banks

Monex aims at the followings in coming new phase:

Concrete Plan

“Asset Gatherer ”



● Not only a mere trading-engine, we provide an infrastructure for asset investment/management.

“Over-all accounts”



● To provide CMA (Cash Management Account) and ATM Service

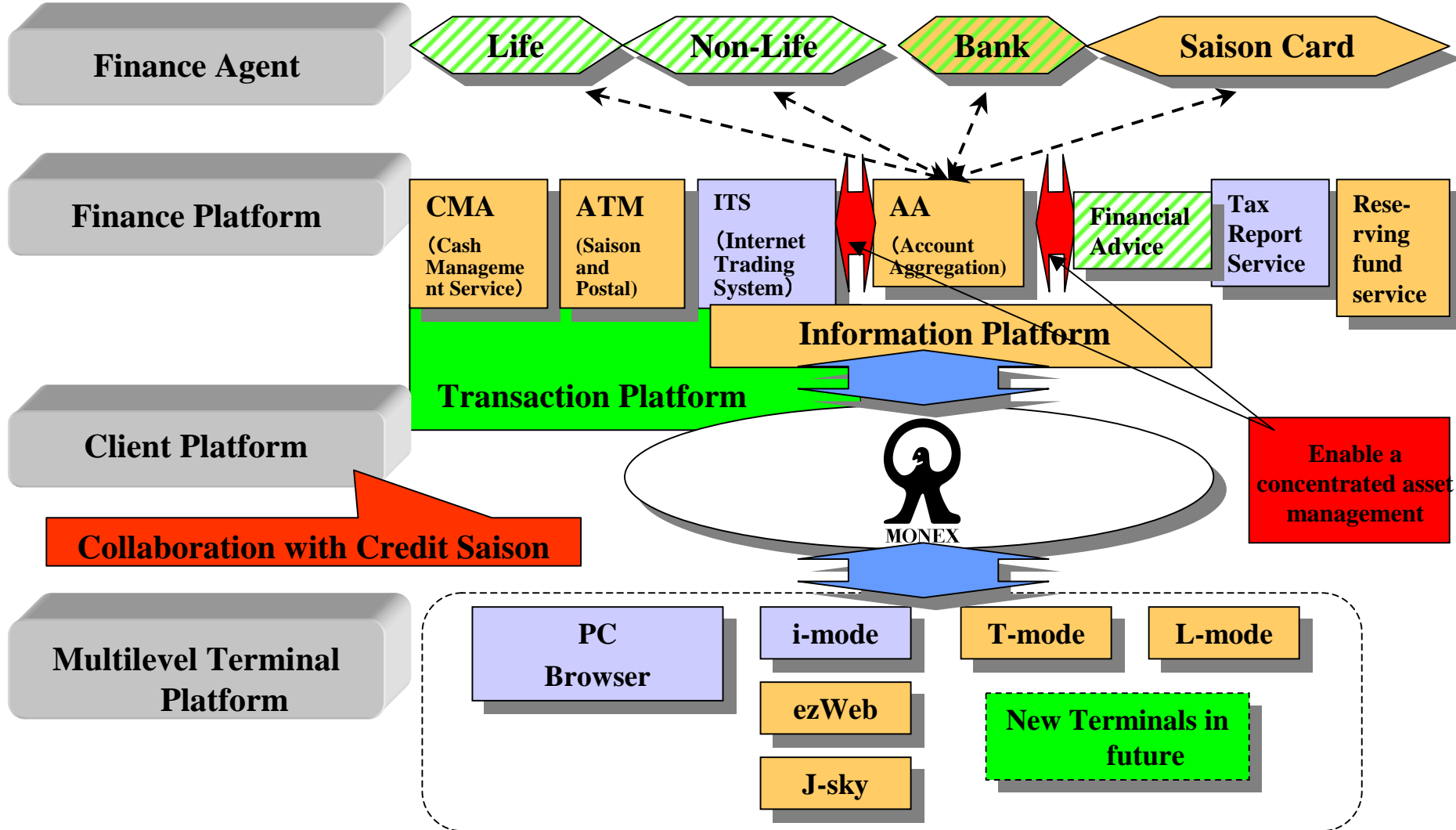
“Finance Agent”



● To provide Account Aggregation Tool

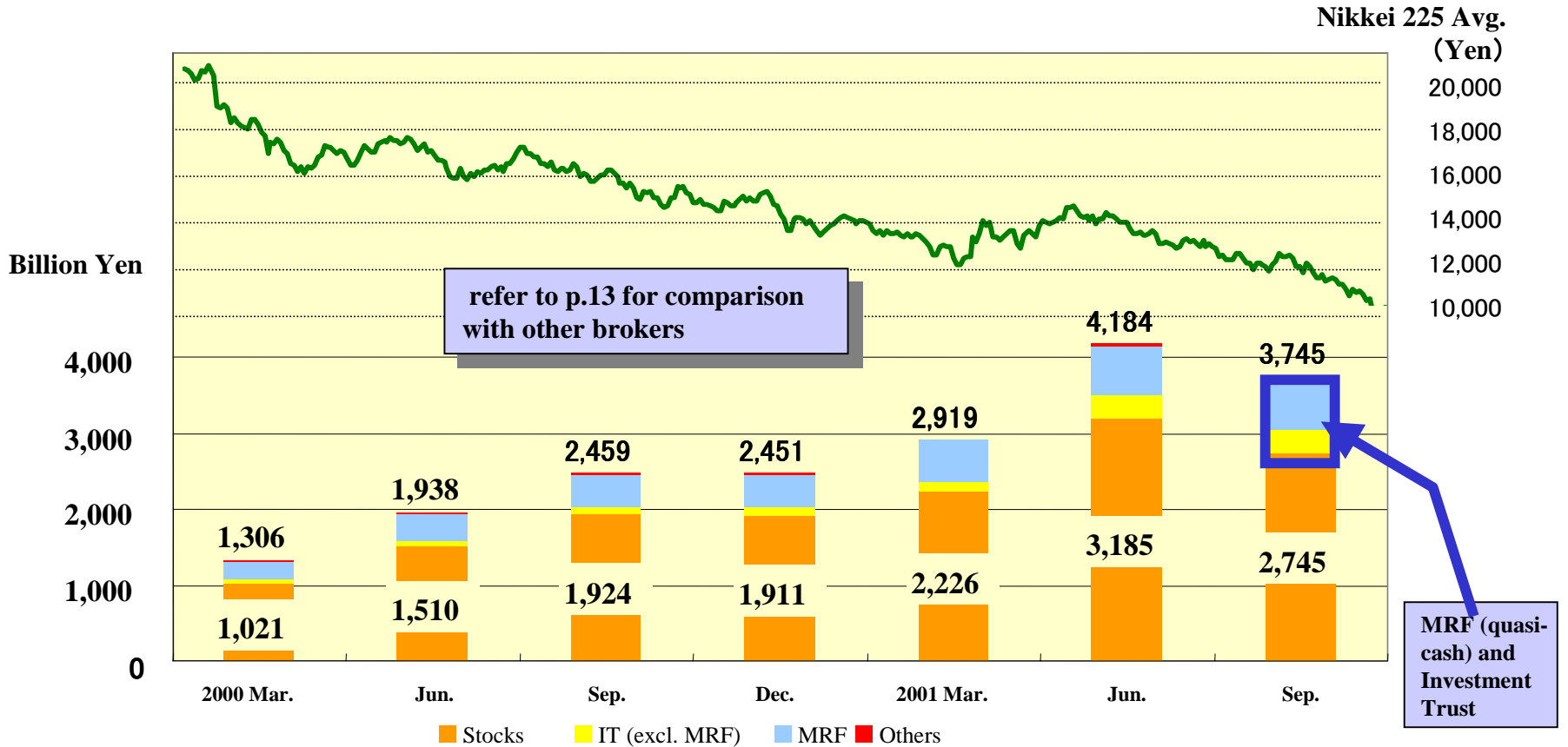
- Paradigm shift due to structural change
- Concentration of individual account due to tax reform

Image of Individual Account in New Financial System



➔ Built during 2Q of FYE 2002
 ➔ Had built by the past quarter
 ➔ Plans for future

Asset Gatherer – Movement in Customers' Asset in Custody マネックス証券株式会社

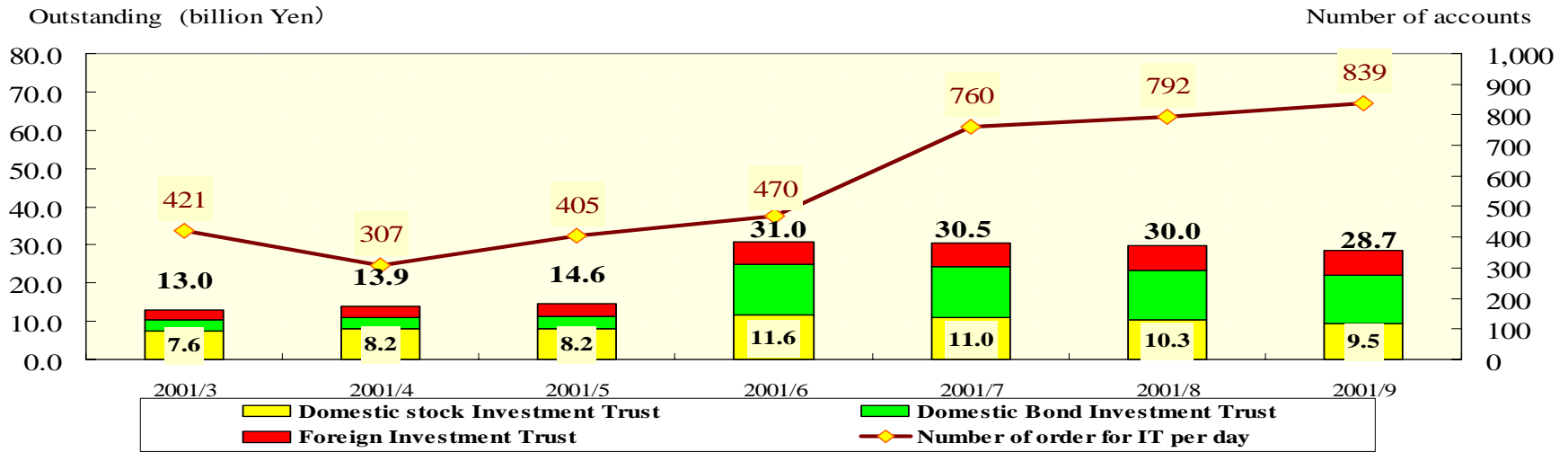


Transfer from Saison Securities on June 30, 2001 → 91.4 billion Yen (Stocks 65 billion Yen)

MRF Outstanding as of September 30, 2001 → 66 billion Yen

Receipt of money from customers has always exceeded outflow since the first day of business (excluding only 1 day.)

Asset Gatherer – Investment Trust, Monthly Purchase and MRF マネックス証券株式会社



		Jul.	Aug.	Sep.
Monthly fixed amount purchase	Number of order	1,685	1,956	2,147
Direct withdrawal from MRF	Monthly (million Yen)	33	38	41
Card de JIDO Tsumitate	Number of order	4,134	4,761	4,720
Withdrawal from bank account	Monthly (million Yen)	113	96	89

	<u>Monex, Inc</u>	<u>Nomura FundNet</u>	<u>Japan Net Bank</u>
	(End of Sep. 2001)	(End of Aug. 2001)	(Sep. 24, 2001)
Number of Accounts :	178,415 accounts	60,000 accounts	387,000 accounts
Investment Trust Outstanding :	28.7 billion Yen	71 billion Yen	—
Saving Outstanding :	66 billion Yen (MRF)	—	63.5 billion Yen (biggest on-line bank)

Source: Nikkin

Source: Nikkei Industrial News

Basic Strategy:


▪ **Acquiring overwhelming number of customers' account at low cost in order to generate profit even with a low rate of orders from customers**

 **As for information services, materialized the content to satisfy even the most active traders by collaborating with partner-companies at low cost due to advanced technology.**

● **Monex Speed**


 *Streaming real-time stock price update*

● **Second-phase information**


 *Substantial series of charts such as daily chart, various oscillator charts / relative charts / Market commentaries (foreign and domestic market)/ Various rankings/ Stock Screening/ Searchable data-base containing 15.000 articles on Japanese companies*

Platform

● **Quick Research-net**

 *Carry the latest report on over 1,000 stocks/ Quick Consensus (indexed-average figure of rating on stocks published by many securities houses) / Searchable by key words*

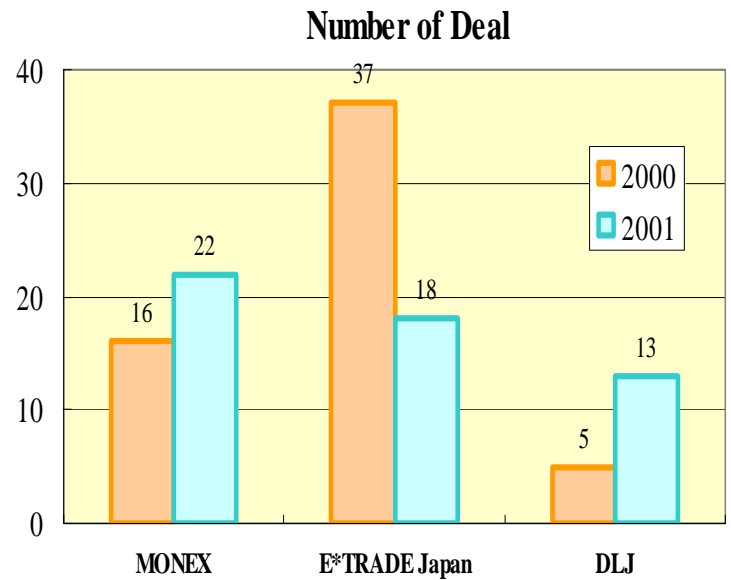
● **JP Morgan Research**

 *Providing those analyst reports for institutional investors without editing Already provided almost 700 kinds (1,300 papers) in 4 months since the start of this service in June 2001*

To reinforce our top-ranked position among the on-line securities firms

(Concrete Plan)

- **Reinforcement and promotion of monthly fixed amount purchase** as well as ‘**Card de Tsumitate**’
- **Reviewing the possibility to enter into Japanese 401k business**
- **Making sales commission ‘no-load’**
 - **Make the sales commission of 3 funds (total outstanding: 1.9 billion yen base price basis) free of charge from October 15, 2001**
 - **Coincide with Monex’s philosophy**
 - **Expect an increase in profit in mid to long term.**
- **Strengthening the collaboration with Vanguard**

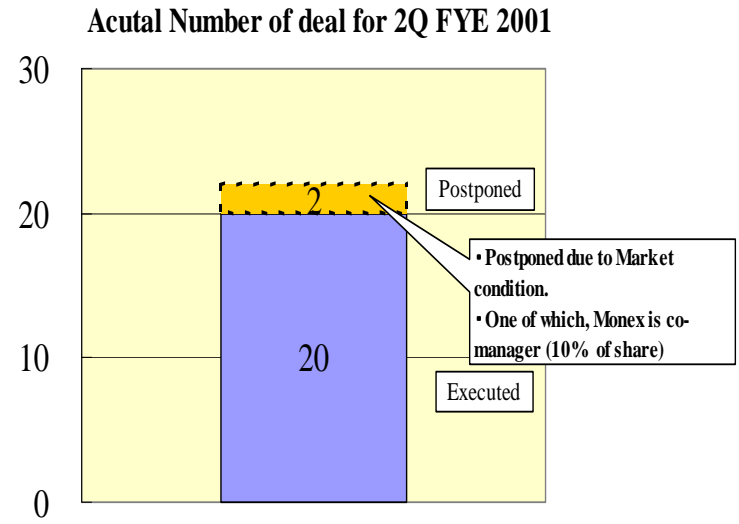


Source: www.tokyoipo.com

- ①: Actual Number as of Oct 4, 2001 for the figure 2001.
- ②: Lead Manager Ranking was surveyed by Tokyo IPO on January 30, 2001

Lead Manager Ranking

MONEX	2
E*TRADE	5
DLJ	6



Expanding profit while maintaining the low cost is the main theme for coming quarter.
→ Aiming more earning by raising underwriting share, not by increasing the number of deals

Materializing strategies efficiently by collaborating with Partners

Most Important Partners :

- Credit Saison

About 13 million card-holders (10% of population、24% of household penetration)

Mailing monthly bill-statement to about 6 million people.

→Realization of CMA and ATM network, as well as a strong marketing-platform

- JP Morgan

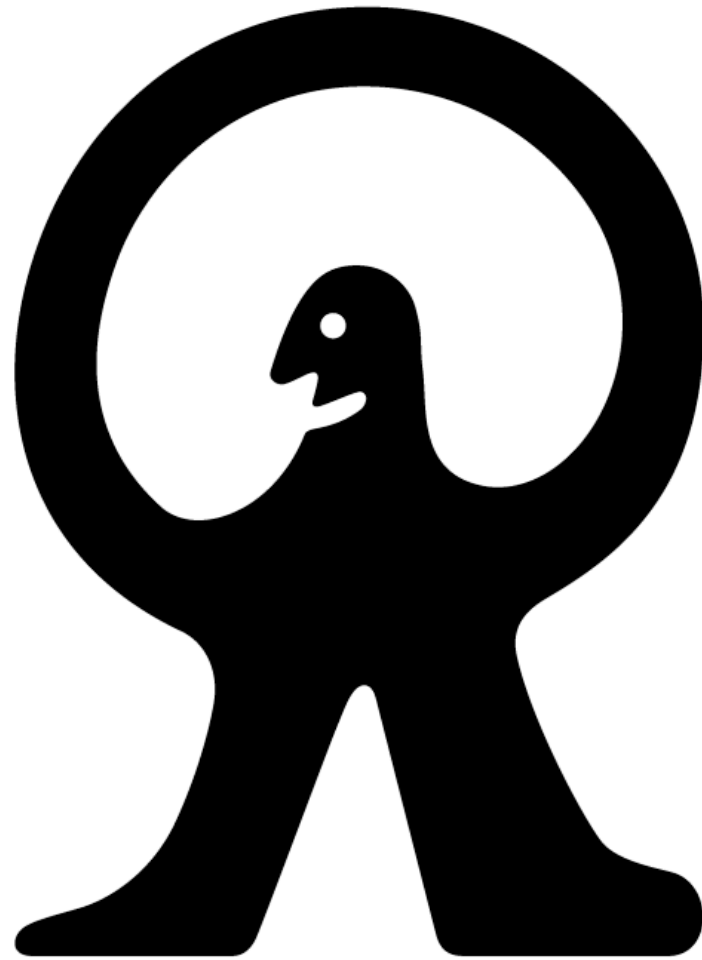
One of the most prominent investment banks in the world

→Succeeding in practical outsourcing its highly reputed research division

- Vanguard

One of the world-largest investment trust companies with index and pension fund

→Know-how and branding on investment trust business especially 401k business



MONEX

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