

# Financial Results of Fiscal Year Ended March 31, 2012

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This is an English translation of Japanese presentation material prepared in connection with the disclosure of the financial results of Monex Group, Inc.

It includes information derived from the consolidated financial statements of Monex Group, Inc. which are prepared in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"). Japanese GAAP differs in certain material respects from accounting principles generally accepted in other countries, including accounting principles generally accepted in the United States ("U.S. GAAP") and from International Financial Reporting Standards ("IFRS").

**Forward-looking Statements**

This presentation material contains forward-looking statements that are based on our current expectations, assumptions, estimates and projections about our industry and us. These forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of terms such as "may", "will", "expect", "anticipate", "estimate", "plan" or other similar words. These statements discuss future expectations, identify strategies, contain projections of results of operations or of our financial condition on state other "forward-looking" information. Our operations are subject to risks, uncertainties and other factors that could cause our actual results to differ materially from those contained in any forward-looking statement.



## Important Matters Concerning Product-related Risks

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**This material is explanatory material on the financial results of Monex Group, Inc. (“the Company”). The descriptions herein concerning the products, services, etc. which are handled by the Company’s group companies (“the Group Companies”), are made only for disclosure purposes and are given to describe matters which are required for providing specific explanations concerning the Company. Therefore, this material is not intended to recommend, or conduct solicitation for , any of such products, services, etc.**

**Any party who wishes to actually purchase products, services, etc. handled by the Group Companies may be required to take necessary advance procedures designated by the relevant group company including opening of an account, and to pay fees and/or expenses as designated by the relevant group company. Each of the traded products may suffer a loss in the invested principal due to fluctuation of price and other factors. In addition, the investors may be required to pledge a designated amount of margin deposits upon conducting margin trading, futures and option transactions or foreign exchange margin trading. There is a risk that the investor may suffer losses exceeding the amount of margin deposits (initial investment) provided for such trading.**

**For more details concerning important matters such as the products and services offered by the Group Companies and the fees or risks associated with each product, please refer to the website of the relevant group company.**

## **Our Business Principles**

**"MONEX" stands for the future of finance, one step advanced from "MONEY"**

**The Monex Group is aspiring to empower traders and investors worldwide with best of breed technology, education, service and financial professionalism to provide access to top financial markets globally.**

**To achieve this we are committed to:**

- Celebrating the diversity of each and every one of our customers and employees**
- Driving the future of technology and first class financial professionalism that empowers traders and investors**
- Creating new value to contribute to all stakeholders**

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# **1. Key Strategy Overview**

## **2. Financial Results**

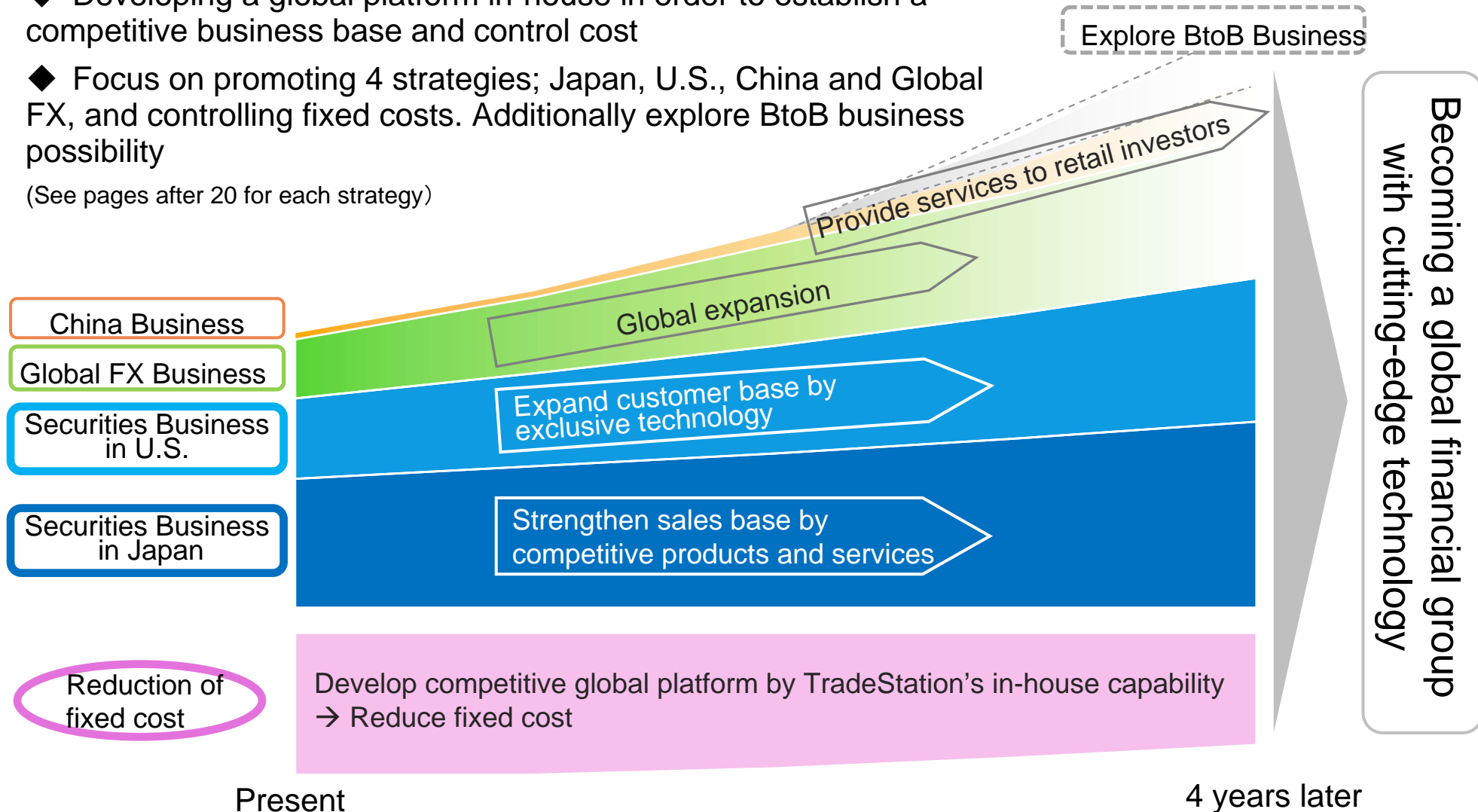
## **3. Global Vision and Strategies**

## **4. Data**

## Strategies for Future Growth

- ◆ Developing a global platform in-house in order to establish a competitive business base and control cost
- ◆ Focus on promoting 4 strategies; Japan, U.S., China and Global FX, and controlling fixed costs. Additionally explore BtoB business possibility

(See pages after 20 for each strategy)



1. Key Strategy Overview

**2. Financial Results**

3. Global Vision and Strategies

4. Data

## Major Business Activities this Quarter

### ◆Promoted business integration with TradeStation and drew corporate roadmap

Promoted system integration and drew up corporate roadmap (mid/long term plan) (Detailed after page 20)

### ◆Revenues taken in by market volatility in Japan, but U.S. market volume and VIX were weak

(Japan)

- Trading volume recovered following Nikkei 225's pick-up and Monex, Inc.'s brokerage commission increased by 24% (vs. 3Q)

- FX trading volume increased by 6% due to market volatility but the related revenue went down 1%

(U.S.)

Since market price picked up but trading volume and VIX were weak, brokerage commission from equities at TradeStation decreased by 6% and futures decreased by 17% (vs. 3Q)

### ◆Extraordinary factors in this quarter

#### Positive factors

- Financial income as a result of portfolio review on segregated cash trust JPY 280M
- Capital gain via IPO of LIFENET INSURERANCE shares held since its incubation (partially sold through over allotment) JPY 345M
- Tax reduction due to settlement of loss from uncollectible receivables from customer's futures and options occurred in March 2011 JPY 129M

#### Other factor

- Revenue and cost of IBFX (acquired Nov. 2011) contributed by 3 months (1.5 months in 3Q)

<p>Ref:</p> <p><b>Overview of Japanese Stock Market</b></p> <p>(as of the end of Mar. 2012)</p>	<p>Nikkei 225 Average : +19.3% from Dec. 31, 2011 +3.4% from Mar. 31, 2011</p> <p>Trading Value* : +42.6% from 3Q (3 months) of FYE Mar. 2012 -14.7% from FYE Mar. 2011</p> <p>*Total trading value of individual investors in 3 Japanese major markets</p>
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**Financial Summary : 3Q of FYE Mar. 31, 2012 vs. 4Q of FYE Mar. 31, 2012 (in 3 months)**

(in million yen, %)

	3Q of FYE Mar. 31, 2012 (Oct. 2011– Dec. 2011)	4Q of FYE Mar. 31, 2012 (Jan. 2012– Mar. 2012)	Change
Operating Revenues	8,690	8,905	2.5%
Net Operating Revenues	7,600	8,345	9.8%
SG&A	7,396	7,822	5.8%
Operating Income	204	522	155.6%
Ordinary Income	149	462	208.6%
Net Income	-31	490	-
EBITDA*	1,197	1,720	43.6%

\*EBITDA : Net Income + Interest (excluding financial expenses related to margin trading business) + Taxes + Depreciation and Amortization  
+ Devaluation loss of investment securities + Disposal loss of fixed assets

(in million yen, %)

	3Q of FYE Mar. 31, 2012 (as of Dec. 31, 2011)	FYE Mar. 31, 2012 (as of Mar. 31, 2012)	Change
Total Assets	520,691	535,663	2.9%
Shareholders' Equity	66,921	72,202	7.9%

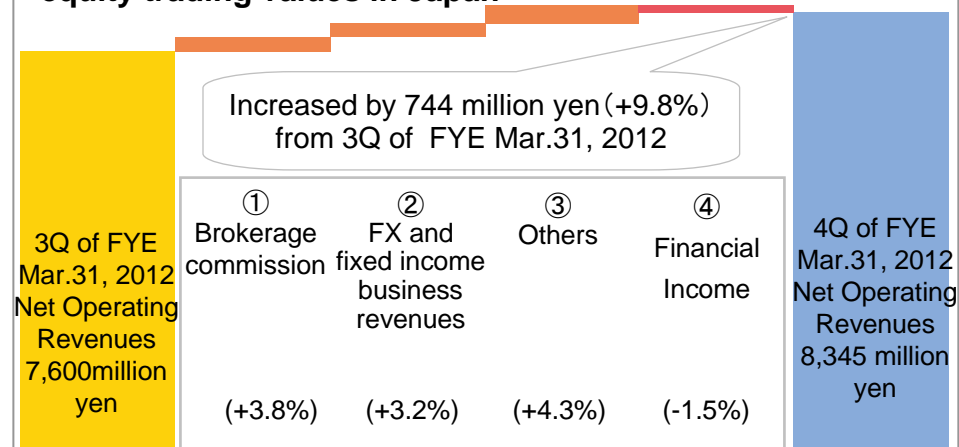
(For reference : Monex, Inc.)

Capital Adequacy Ratio	409.2%	444.4%	-
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## Major Factors of Revenue and SG&A (Comparison with Previous Quarter)

### ■ Revenue: Comparison with 3Q of FYE Mar. 31, 2012

◆ Brokerage commission increased due to the increase of equity trading values in Japan



#### ◆ Major increasing factors

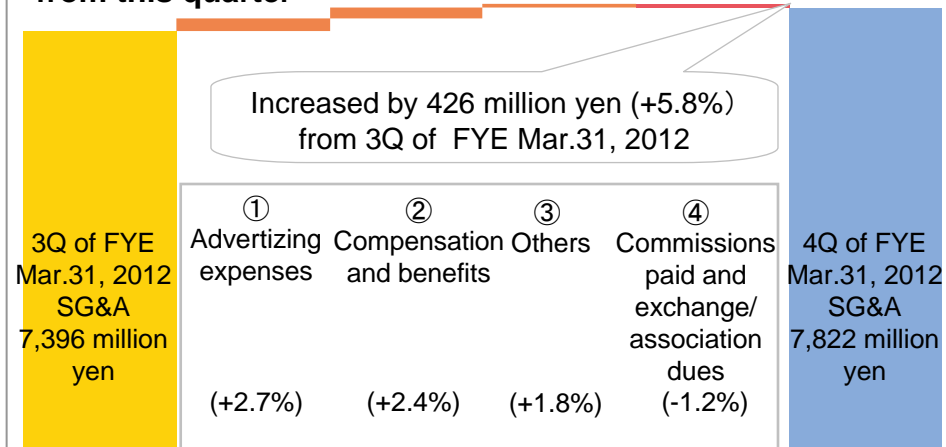
- ① Brokerage commission (exc. OSE-FX) +288 million yen
  - The average trading value per day of Monex, Inc.'s clients increased by 13% compared with previous quarter
- ② FX and fixed income business revenues +241 million yen
  - IBFX contributed entirely from this quarter
- ③ Others +328 million yen
  - Revenue on consulting service (M&A advisory) increased

#### ◆ Major decreasing factor

- ④ Financial Income -113 million yen
  - Due to the decrease in margin balance

### ■ SG&A: Comparison with 3Q of FYE Mar. 31, 2012

◆ Cost increased due to IBFX contributed by 3 months from this quarter



#### ◆ Major increasing factors

- ① Advertizing expenses +202 million yen
  - Due to aggressive advertising of FX by Monex, Inc.
- ② Compensation and benefits +176 million yen
  - IBFX contributed 3 months from this quarter
- ③ Others +133 million yen
  - Due to the increase of amortization of goodwill

#### ◆ Major decreasing factor

- ④ Commissions paid and exchange/association dues -85 million yen
  - Due to the sluggish market in U.S.

**Financial Summary : FYE Mar. 31, 2011 vs. FYE Mar. 31, 2012 (in 12 months)**

(in million yen, %)

	FYE Mar. 31, 2011 (Apr. 2010 – Mar. 2011)	FYE Mar. 31, 2012 (Apr. 2011 – Mar. 2012)	Change
Operating Revenues	25,227	32,292	28.0%
Net Operating Revenues	22,589	29,054	28.6%
SG&A	17,848	26,605	49.1%
Operating Income	4,741	2,448	-48.3%
Ordinary Income	4,990	2,373	-52.4%
Net Income	1,992	1,422	-28.6%
EBITDA*	5,336	6,179	15.8%

\*EBITDA : Net Income + Interest (excluding financial expenses related to margin trading business) + Taxes + Depreciation and Amortization  
+ Devaluation loss of investment securities + Disposal loss of fixed assets

(in million yen, %)

	FYE Mar. 31, 2011 (as of Mar. 31, 2011)	FYE Mar. 31, 2012 (as of Mar. 31, 2012)	Change
Total Assets	365,730	535,663	46.5%
Shareholders' Equity	70,823	72,202	1.9%

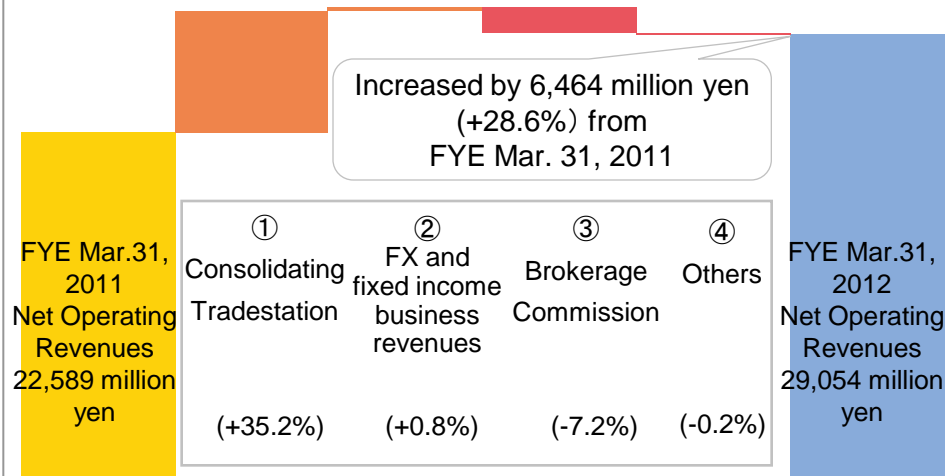
(For reference : Monex, Inc.)

Capital Adequacy Ratio	504.7%	444.4%	-
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# Major Factors of Revenue and SG&A (Comparison with Last Fiscal Year)

## ■ Revenue: Comparison with FYE Mar. 31, 2011

### ◆ Increased due to the consolidation of TradeStation



### ◆ Major increasing factors

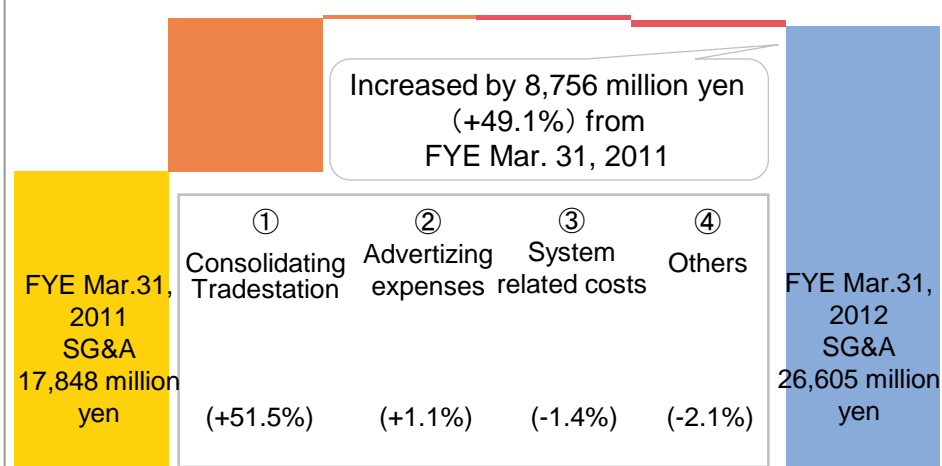
- ① Consolidation of TradeStation (including IBFX) +7,942 million yen
- ② FX and fixed income business revenues +189 million yen
  - Due to great amount of sales of newly bonds

### ◆ Major decreasing factors

- ③ Brokerage commission (exc. OSE-FX) -1,630 million yen
  - The average share trading value per day of Monex, Inc.'s clients decreased by 14% compared with the last fiscal year
- ④ Others -36 million yen

## ■ SG&A: Comparison with FYE Mar. 31, 2011

### ◆ Increased due to the consolidation of TradeStation



### ◆ Major increasing factors

- ① Consolidation of TradeStation (and IBFX) (Including amortization of goodwill) +9,193 million yen
- ② Advertizing expenses +191 million yen
  - Increased strategically to reinforce sales promotion

### ◆ Major decreasing factors

- ③ Systems related costs (\*) -258 million yen
  - Decreased as a result of the cost reduction after the merger of Monex, Inc. and ORIX Securities in May 2010
- ④ Others -370 million yen
  - Communication, freight and information expenses decreased

(\*) System related costs = Rental and maintenance + Data processing and office supplies + Amortization and depreciation



## Balance Sheet (2)

### ■ Goodwill/Intangible Asset

#### ◆ Breakdown of goodwill and identifiable intangible asset for amortization

As of March 2012	Goodwill (JPY bn)	Identifiable intangible asset (JPY bn)	Software (JPY bn)	Remaining years
Monex FX	0.1	-	-	1
ORIX Securities	6.6	-	-	15
Monex BOOM Securities	0.5	0.6	0	5-16
TradeStation Group	10.7	12.4	0	2-17
IBFX	0.1	0.8	-	1-9
Others	0	-	-	3
<b>Total</b>	<b>18.3</b>	<b>13.8</b>	<b>0.1</b>	

Note) Goodwill and Identifiable intangible asset of Monex BOOM Securities, TradeStation Group and IBFX are originally HK and US dollar based and the amount of amortization in JPY will be changed according to the currency rate.

#### ◆ About Goodwill after adopting IFRS

Under IFRS, goodwill will not be amortized but impairment test has to be periodically conducted. Monex Group schedules to adopt IFRS as of the end of FYE March 31, 2013 and the amortization of goodwill for the fiscal year under JGAAP is about JPY1.30bn (\$1=JPY80)

### ■ Investment securities

(in billion yen)				
Name of securities (Purpose for acquisition)	Acquisition cost	Book value	Estimated Value(*3)	Appraisal profit
<b>◆ Market value</b>				
LIFENET INSURANCE(*1) (Incubation)	1.8	7.1	-	5.2
Asia Focus (Maintenance of products)	0.6	0.5	-	0
<b>◆ Securities without market value</b>				
Tokyo Stock Exchange G(*2)		1.3	2.1	0.8
Akatsuki Financial Group convertible bond		0.5	0.6	0.1
Others(*4)		0.7	-	-
<b>Total</b>		<b>10.2</b>		

(\*1) Stock price of LIFENET as of Mar. 31, 2012 was JPY1,252. Unrealized gain (5.2bn) was reported as a component of shareholders' equity.

(\*2) The number of Tokyo Stock Exchange G shares we hold is 40,000 shares

(\*3) Estimated value is calculated using the latest net asset value

(\*4) Investment per security: maximum 0.2bn

#### ◆ About shareholding of LIFENET INSURANCE (7157)

- Oct. 2006: Monex Group, Inc, and Asuka DBJ jointly invested on incubation
- May 2008: Business initiation
- Mar. 2012 : Listed on TSE Mothers

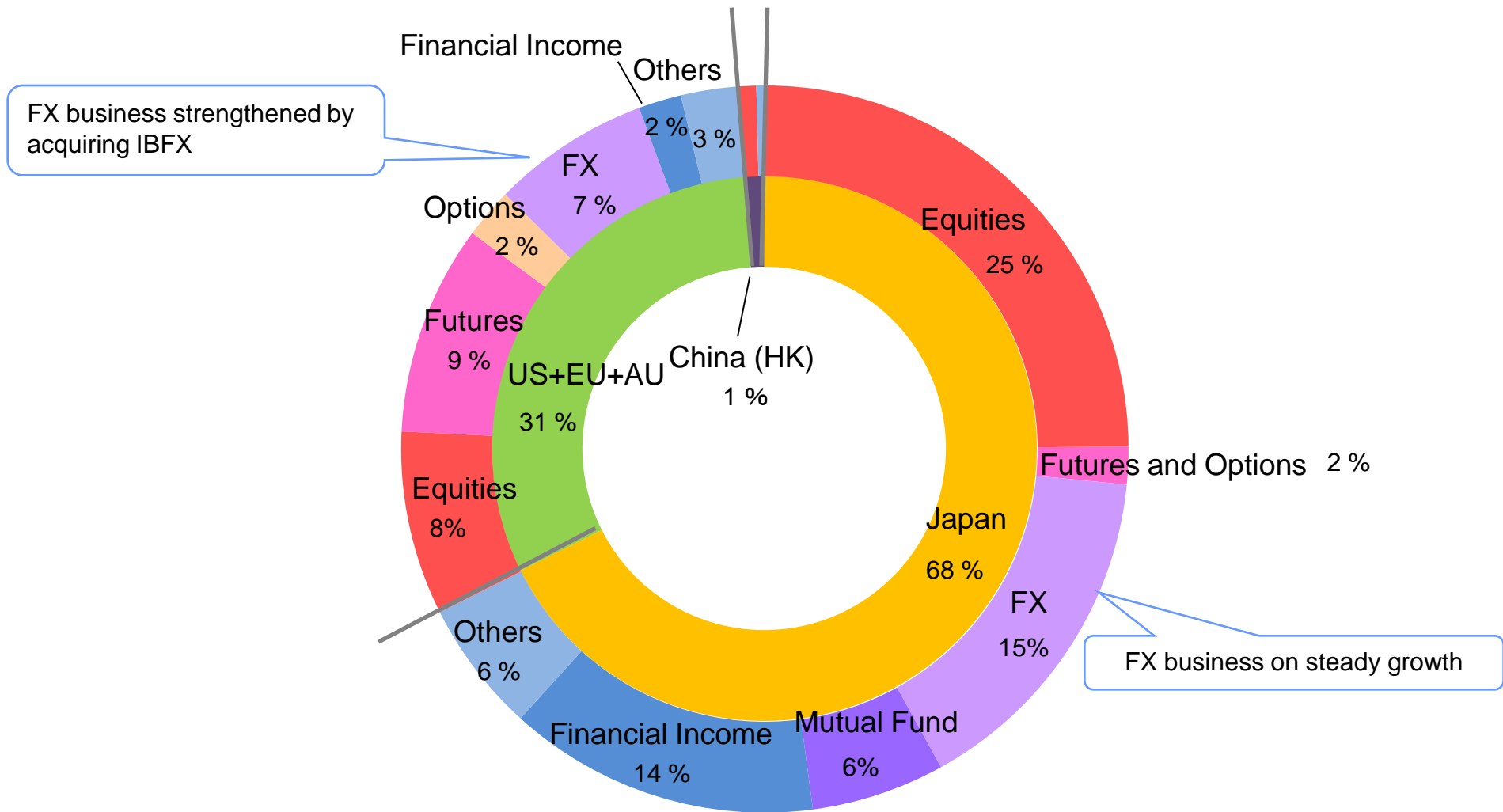
Shareholding as of Mar. 15, 2012: 6,250,000 shares  
(Average purchase price: JPY320/share)

Exercised green shoe option in overallotment  
:566,100 shares(price sold: JPY930→JPY0.3bn extraordinary income)

Number of shareholdings as of the end of Mar. 2012  
:5,683,900 shares(13.5%)

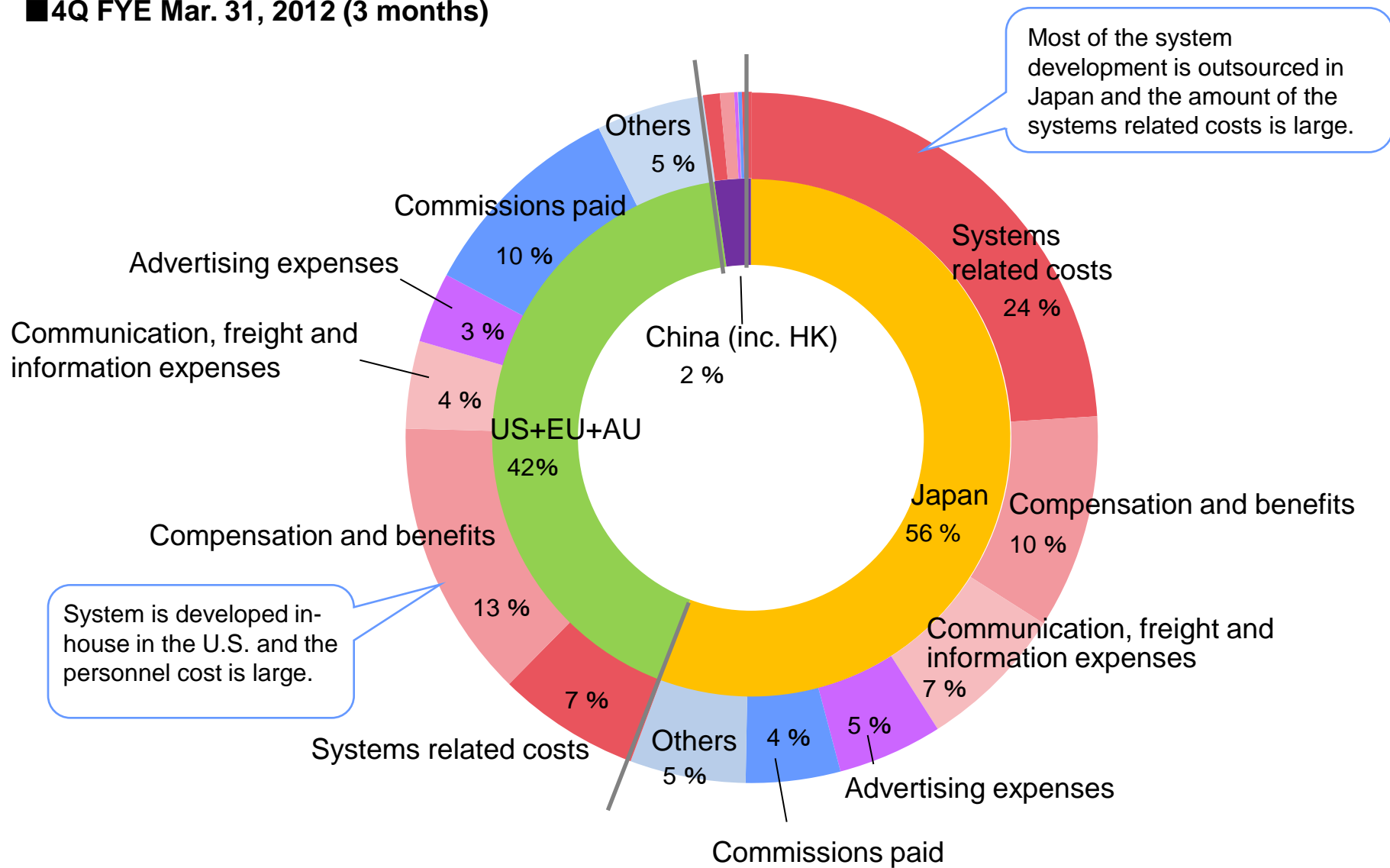
# Distribution of Consolidated Net Operating Revenues by Regions and Businesses

■ 4Q FYE Mar. 31, 2012 (3 months)



# Distribution of Consolidated SG&A by Regions and Contents

■ 4Q FYE Mar. 31, 2012 (3 months)

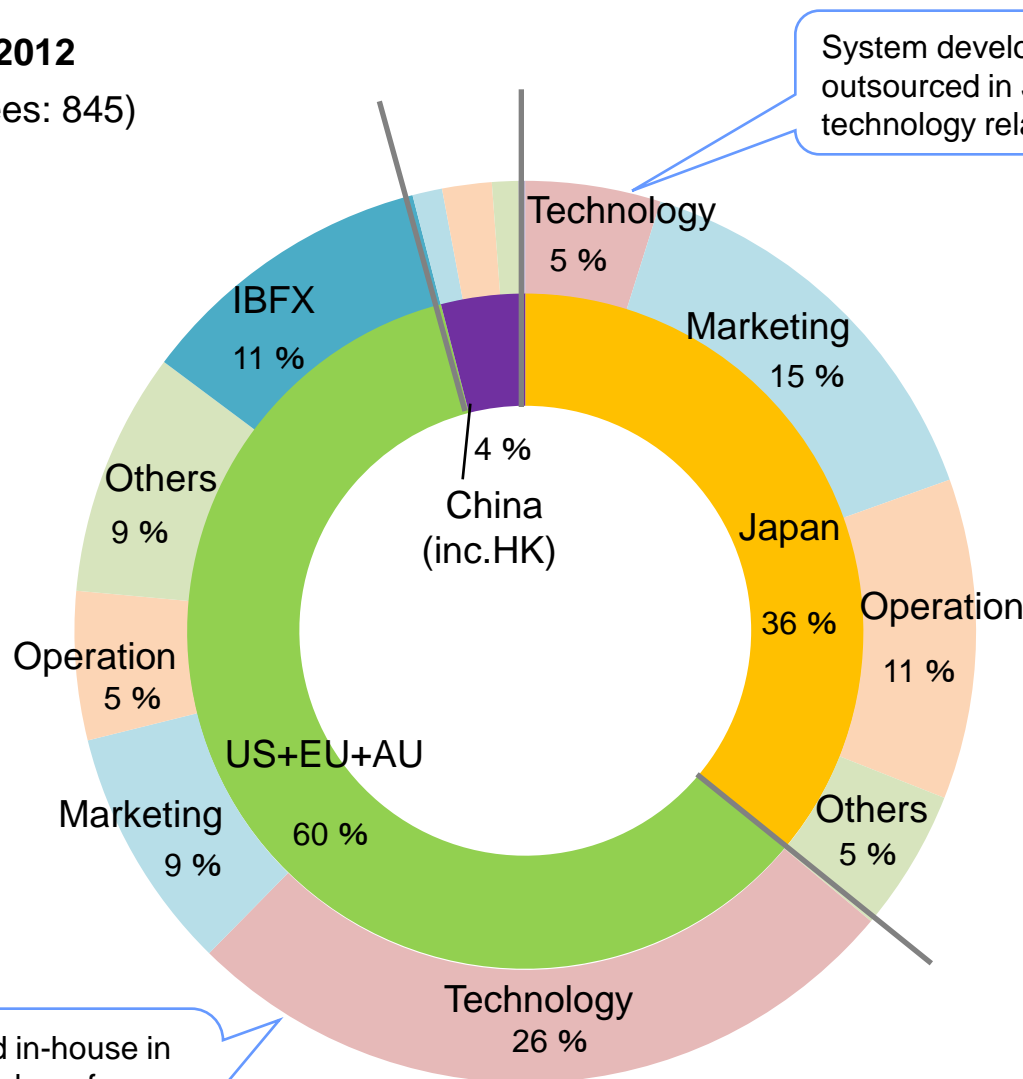




## Distribution of Consolidated Personnel by Regions and Jobs

■ As of the end of March 2012

(Total number of employees: 845)



System development is mostly outsourced in Japan and the number of technology related employees is small.

System is developed in-house in the U.S. and the number of employees related to technology is large.

1. Key Strategy Overview

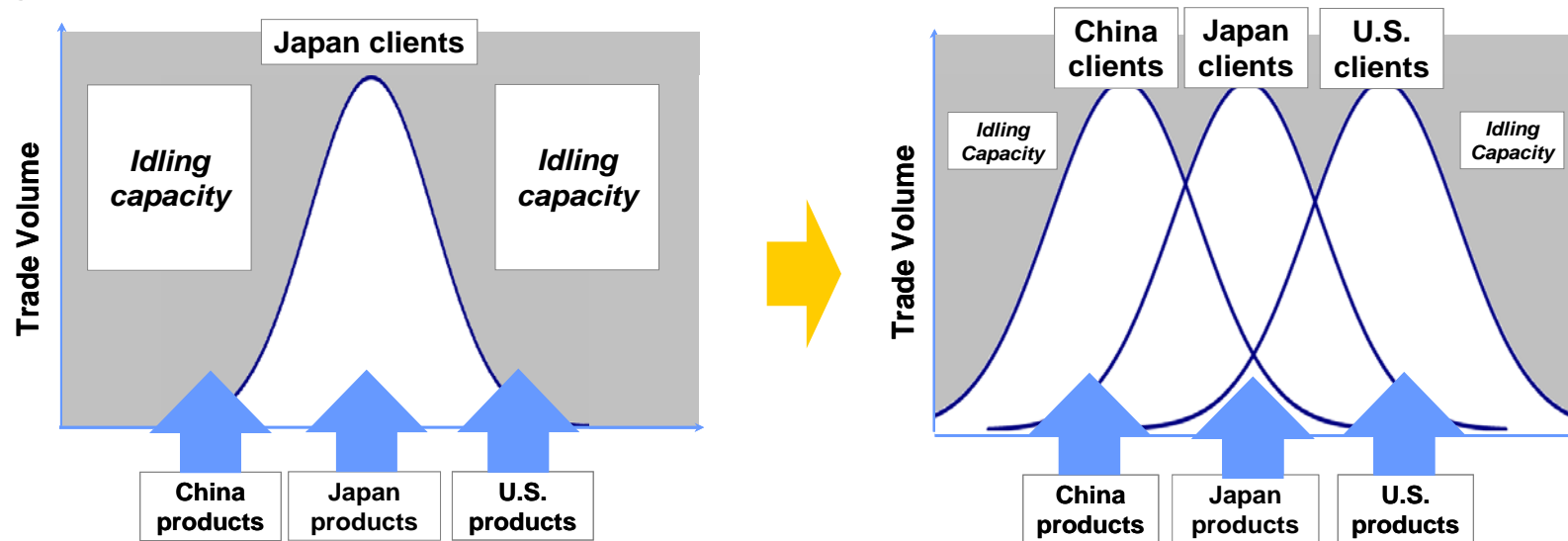
2. Financial Results

**3. Global Vision and Strategies**

4. Data

## Background for the Global Vision

### ■ Coping with local market bias issue



(Recognition)

- ◆ The world is becoming flat in various aspects through the Internet
- ◆ Investors require various and global investment products

(Issue to be solved)

- ◆ Costly if provide all products to investors ⇔ But will lose competitiveness if fail to provide

### ■ Globalization of stock exchanges and regulations around the world

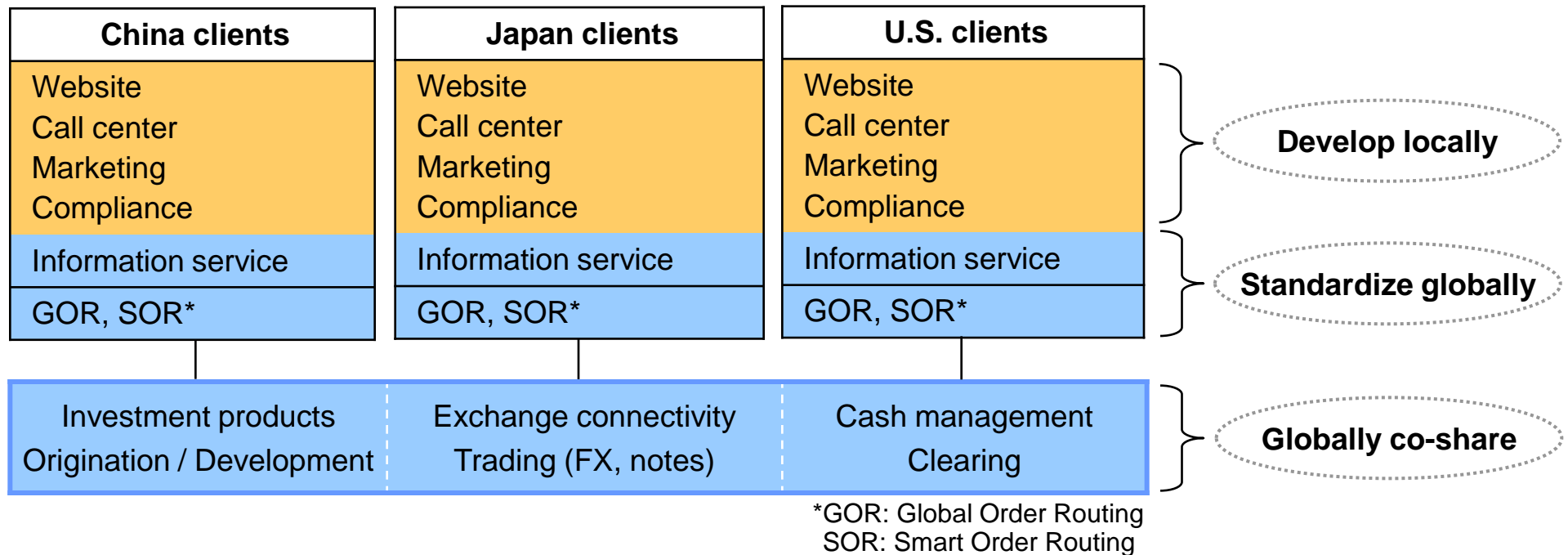
- ◆ Globalization and standardization of protocols and packages will further accelerate due to mergers of stock exchanges seeking competitive advantage and enhancement of functional capabilities
- ◆ Rules and regulations of stock trading will also become global and standardized as compliance levels heighten for international securities transactions



**Global Vision**

## Concept of Shared Platform under the Global Vision

### ■ Global Platform



#### ◆ Effectiveness of Global Vision

- Cost reduction and management efficiency by global standard and co-sharing
  - Leverage global product and service strength in local markets
  - Source management and personnel talents globally
- ⇒ Achieve growth of revenue by strong competitiveness and sizable cost reduction simultaneously**
- ⇒ Enable to develop BtoB business**

# Roadmap (1)

## ■ Measures to integrate systems and control cost

		FYE March 2013	FYE March 2014	FYE March 2015	FYE March 2016
Global FX	Trading platform	Implement MT4 to Monex FX and Monex, Inc.	Implement "TradeStation" platform to Monex FX and Monex, Inc.		
	Liquidity/risk management	Integrate liquidity/risk management of Monex, Inc., Monex FX and TradeStation Forex (IBFX)			
Information		Unify info. providers	Integrate data center		
System related	U.S. equities (interface)	Implement "TradeStation" platform to Monex, Inc.			
	Japan equities (interface)	Connect to next gen.	Introduce "TradeStation" platform to Monex, Inc.		
	Futures&OP (interface)			Introduce "TradeStation" platform to Monex, Inc.	
	Next gen.	Enable account openings and trading of Japanese equities			<b><u>Complete shifting to next gen.</u></b>
Internalization		Internalize account admin. for Monex, Inc. Set up Costa Rica office for tech. development			

## Roadmap (2)

### ■ Measures to increase revenue

	General	<ul style="list-style-type: none"> <li>- Establish brand image as a “Global &amp; leading online financial company”</li> <li>- Provide innovative financial services using in-house developed technology</li> <li>- Enrich services for smartphone and tablet PC users</li> </ul>
JAPAN	Equities	<ul style="list-style-type: none"> <li>- Attract active traders from competitors by offering original services (trade signal, TradeStation platform, etc.) and special commission package</li> <li>- Provide the best US equity service in Japan</li> </ul>
	Mutual Funds/Bonds	<ul style="list-style-type: none"> <li>- Increase product line-up of funds over 1,000, develop and offer savings/pension type products and original mutual funds</li> <li>- Enrich the lineup of bonds/notes</li> </ul>
	Investment Bank	<ul style="list-style-type: none"> <li>- Differentiation by IPO underwriting, M&amp;A advisory, etc.</li> </ul>
U.S.		<ul style="list-style-type: none"> <li>- Expand product and pricing offerings to expand base as web app is available.</li> <li>- Strategic alliance with education providers to attract active traders</li> <li>- Exploit options trading opportunity by promoting OptionStation Pro, etc.</li> <li>- Leverage social media and marketing across businesses, improve retention by creating customer experience consistent with our technology leadership</li> <li>- Continue to grow prime brokerage services growth</li> </ul>
CHINA	Hong Kong	<ul style="list-style-type: none"> <li>- Promote retail financial business, including possibility of strategic alliance</li> <li>- Connect US equity to TradeStation, provide new services</li> </ul>
	Mainland	<ul style="list-style-type: none"> <li>- Exploit opportunities for retail financial businesses (brokerage, education, asset management, etc.)</li> </ul>
GLOBAL FX	Japan	<ul style="list-style-type: none"> <li>- Obtain active traders: segment marketing, lowering spread to increase trading volume</li> <li>- Promotion of algorithm trading, launch social trading</li> </ul>
	U.S.	<ul style="list-style-type: none"> <li>- Initiate institutional FX</li> <li>- Promote social trading</li> </ul>
	Rest of the world	<ul style="list-style-type: none"> <li>- Expand white label business</li> <li>- Develop Global FX brand leveraging AU, Canada, HK and UK bases</li> <li>- Manage FX risk dynamically to maximize profitability</li> </ul>

# Global FX: Accelerating Global Expansion by Integrating IBFX

## ■ Leverage group synergy to expand globally

### Monex, Inc.

- Started as one of the first FX providers in Japan in 2003 and remains a major player
- Offers FX for a diversified investment

#### (FX Products)

OTC FX (no commission)

OSE FX (with commission)

OTC=over the counter, OSE=Osaka Stock Exchange

#### (Trading tool)

Offering “Monex Joo” which was developed in-house

#### (Liquidity/risk management)

Internally consolidating and managing liquidities from Monex, Inc. and Monex FX to improve profitability

### Monex FX

- Targets FX traders as a FX specialized firm
- Offers premium services for heavy traders

OTC FX (no commission)

OSE FX (with commission)

### TradeStation Forex (to be renamed as “IBFX, Inc.”)

#### (Ex-TradeStation Forex)

- Offering “TradeStation” platform developed in-house
- Initiated current FX business since April 2011

#### (IBFX Division: Acquired and integrated since Nov. 2011)

#### **In-house system development capability**

- In-house developed liquidity/risk management system
- Offering MT4, the most widely used FX trading platform in the world
- Equipped with Expert Advisor (EA) language for program traders

#### **White label business**

- White label partners in 5 countries, 16 partners
- The only MT4 platform provider officially approved in Korea

#### **Global expansion**

- Global reach through IBFX Australia, Ltd.
- Customers from over 150 nations
- Contracts with introducing brokers over 50 countries
- 17 languages supported at Utah customer desk

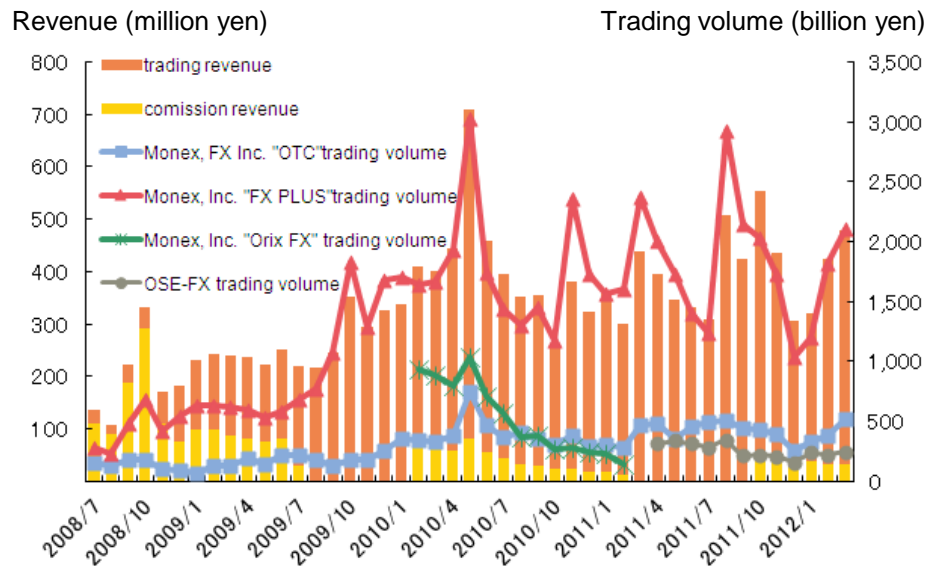
#### ◆ Future plan

- Integrate system and liquidity/risk management to improving profitability adopting current Monex FX/Monex, Inc. method
- Establish global FX brand, 1) adapting IBFX (MT4) and TradeStation platform over the Group, 2) promoting white label business, 3) global expansion using introducing brokers through AU, HK, Canada and UK business base, and 4) unifying global brand image under IBFX

## Global FX: Local Activities

### Japan (Monex, Inc. and Monex FX)

#### ◆ Caught up earning opportunity in Feb. - Mar.



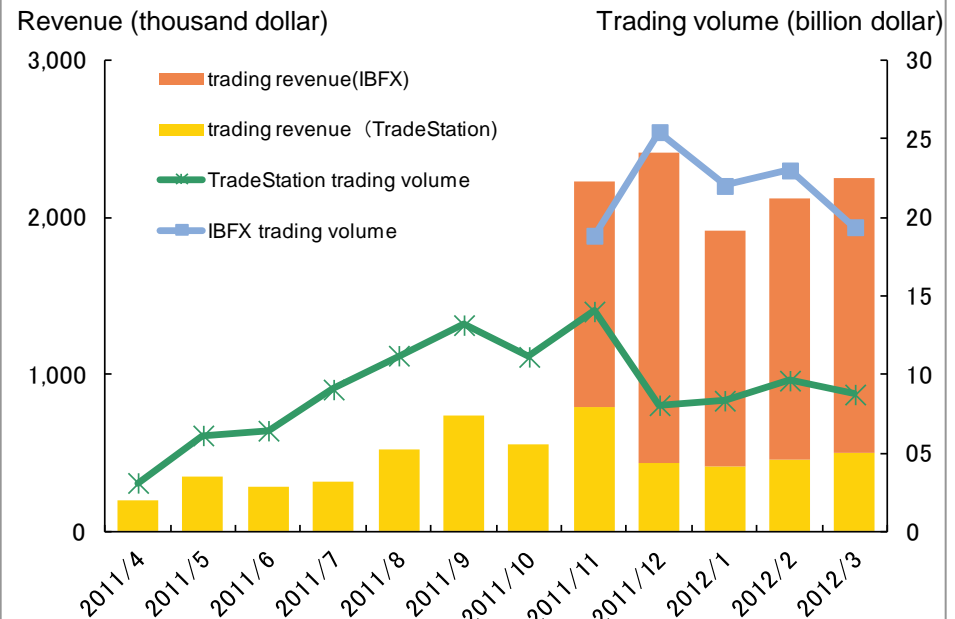
\* "OSE-FX" trading volume consists of trading volume of Monex, Inc. and Monex FX, Inc.

#### Activities in this quarter

- Monex FX started to provide "Premium Account" for transactions in more than 100,000 currency since December 2011. In January 2012 more than 50% of the total trading volume of Monex FX comes from "Premium Account" service.
- Monex, Inc. and Monex FX provided webinars and narrow spread campaign for activating customer timely.

### U.S. and Australia (TradeStation Forex)

#### ◆ Acquiring IBFX, FX became a core business in TradeStation



\*Numbers of IBFX in Nov. consisting of 10.5 business days (out of 21.5) as acquired as of Nov. 15 (21 business days in Dec.)

#### Activities in this quarter

- IBFX contributed by 3 months from this quarter (1.5 months in 3Q)
- Trading volume and revenue stagnated since the volatility of EUR, the most major currency in TradeStation, went down and the regulation in Korea tightened the maximum leverage from 20 down to 10 times.

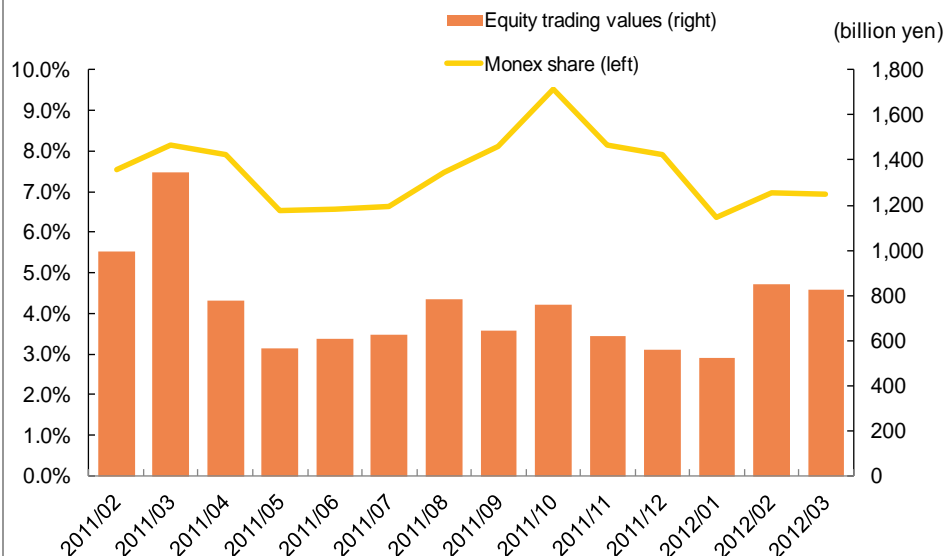


# Japan: Equity Business

## Equity business (Monex, Inc.)

### Market share of equity trading and equity trading values

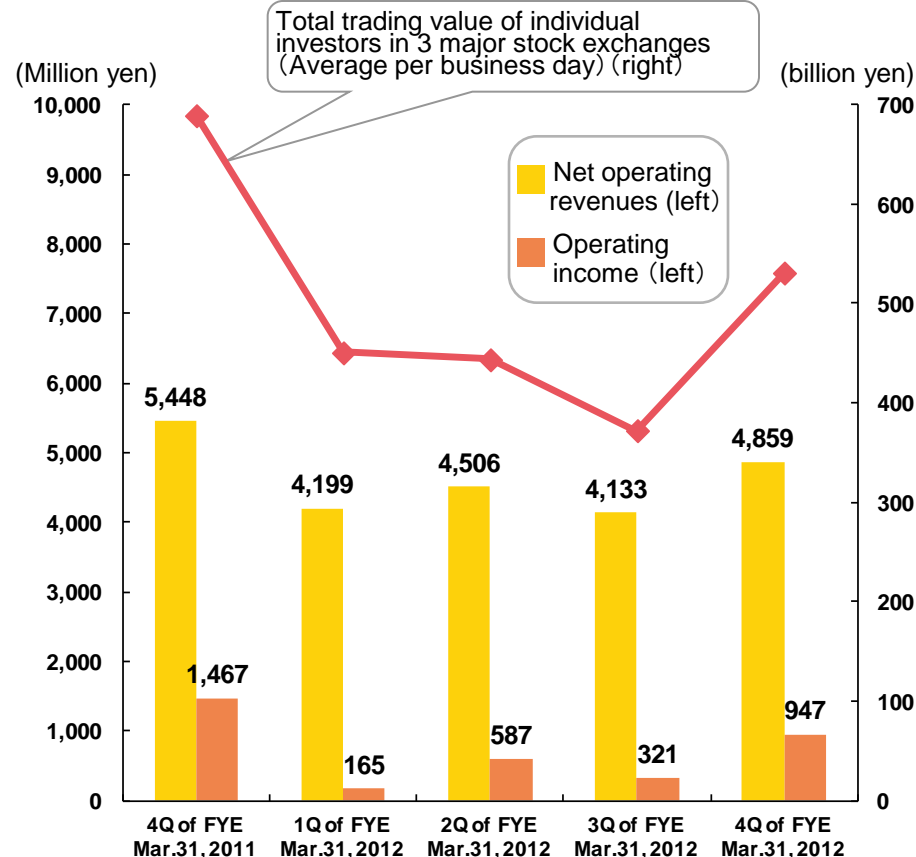
Monex's share in retail equity market and its equity trading values



#### Activities in this quarter

- Started "Monex Signal", an e-mail alert service, which delivers the investment info. based on the algorithm analysis by Trade Science. Currently 2,000 customers are using this service. (Feb. 2012)
- Released the 2<sup>nd</sup> enhanced version of "Monex Trader" under the supervision of TradeStation. (Mar. 2012)
- Held "Stock Webinars for 5 straight nights" (5,000 attendees in total) and "Annual Client Day in Tokyo"(2,000 attendees in total) (Jan & Feb 2012)

## Net operating revenues and market trading value



#### Correlation b/w Monex, Inc.'s net operating revenues and market trading value

Net operating revenues of Monex, Inc. is linked to the trading value of individual investors. As the fixed cost ratio is high, the profit ratio tends to increase once the revenues exceeds a break-even point.

# Japan: Mutual Fund Business / Alternative Investment Business

## ■ Mutual Fund Business (Monex, Inc.)

### ◆ Trends in mutual fund sales and balance (billion yen)

	FYE March 2011				FYE March 2012			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Sales	25.3	14.3	17.3	23.8	19.8	21.6	11.6	16.3
( no load )	13.6	7.9	9.4	14.0	12.4	13.1	7.7	10.7
Balance ( excluding M R F )	202.6	215.7	224.2	232.0	229.3	198.4	199.6	226.7
( no load )	98.4	105.2	110.5	115.7	122.4	110.9	114.4	129.5
( original funds )	28.0	28.0	28.7	28.9	28.4	26.4	26.1	27.8
Balance of foreign currency MMF	29.1	32.9	33.7	37.2	37.9	39.4	39.7	42.6

\*Original mutual funds:

Proprietary funds that are originated and promoted by the Monex Group: e.g. Monex Asset Allocation Fund; Kaburobo Fund; 5 alternative investment funds by MAI, etc.

### ◆ No. of funds: 443 (including 128 no-load funds)

- Added 68 funds on our platform during 4Q 2012
- Plan to redesign our website thoroughly with the increase in the number and varieties of funds



### ◆ Released “Smartphone optimized web” for foreign currency MMF

- Enhance usability of Smartphone users and stimulate customers’ activities and transactions
- Plan to release Smartphone views for Mutual Funds

### ◆ Collaborative project for mutual fund promotion

- 4 major online securities (Monex, Inc., SBI Sec., kabu.com, Rakuten Sec.) held a big event for retail investors at “Kokugikan” in Tokyo on Mar. 18, 2012

## ■ Alternative Investment Business (MAI)

### MAI Monex Alternative Investments, Inc.

URL: <http://www.monexai.com>

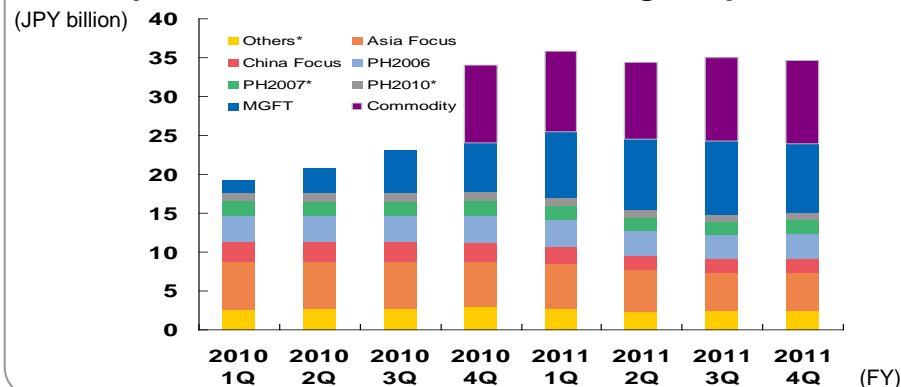
### ◆ Further strengthening of the management setup

For the purpose of enhancing the corporate governance and receiving better advise as to the fund management business, 2 external directors, including an outside expert, were appointed as of 1<sup>st</sup> April 2012.

	Fund	Portfolio assets	AUM
Individual	Asia Focus	HF of Japan and Asia	4.7bil
	China Focus	China A, HK & Taiwan share	1.9bil
	PH2006	Global HF and PE	3.3bil
	PH2007	Global HF and PE	1.7bil*
	PH2010	Global HF	1.0bil*
	Commodity	Global Commodity Futures	0.6bil
	Others	Global HF、PE、VC	2.5bil*
Institution	MGFT	Global HF	8.8bil
	Commodity	Global Commodity Futures	10.1bil
Total			34.6bil

PH: Premium Hybrid, MGFT: Monex Global FOF Trust, \*as of Feb.29, 2012

### ◆ Keep the same level of AUM with the good performance



# U.S.: About TradeStation

## ■ Overview



### ◆ Company Overview

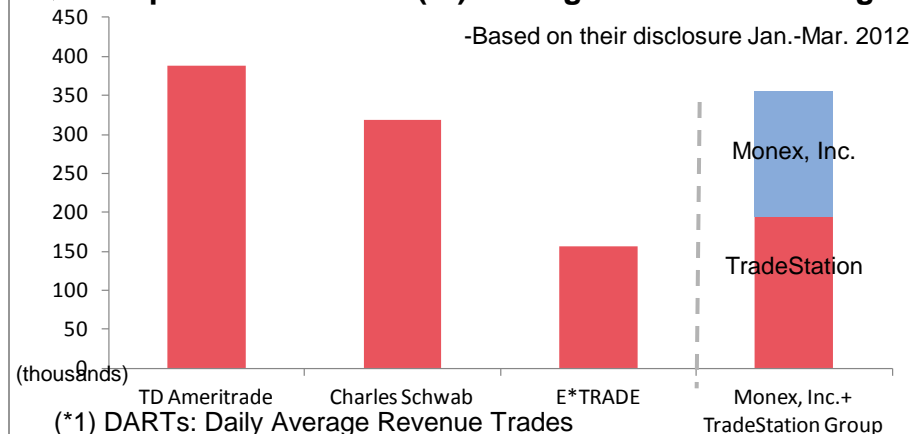
- Formed in 1982 as a trading platform provider. Initial Public Offering in 1997 (listed on the NASDAQ GS). Grown into a highly regarded brand among active traders.
- Most recently awarded *Barron's* magazine #1 ratings as best for active traders, best for international traders and best trading experience and technology. (2012).
- Attracts a highly active and valuable customer base by providing state-of-the-art trading platform and competitive commission rates
- CEO: Salomon Sredni
- No. of clients accounts with asset balance (as of March end, 2012, including IBFX): 81,516

### ◆ Unique Technology-Driven Platform

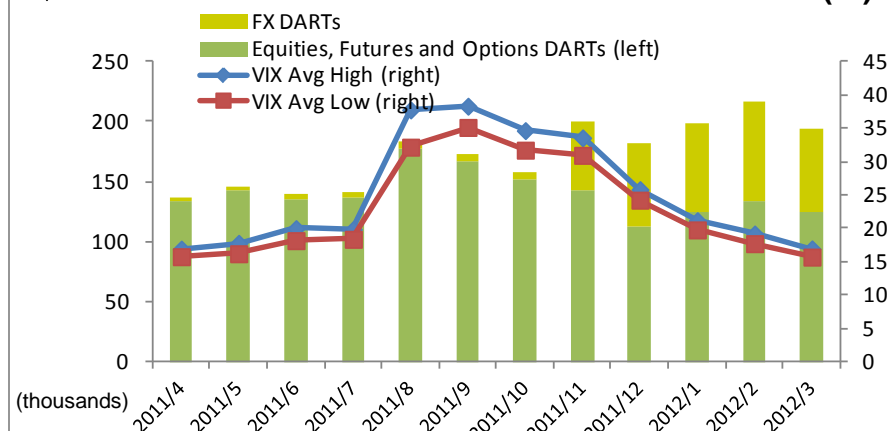
- High level in-house technology: Nearly 30% of the total 511 (as of March end, 2012, including IBFX) employees are in IT-related functions; can be leveraged to enhance current technology capability and lower development costs.
- Its award-winning platform for active traders, in particular rule-based traders, along with its programming language EasyLanguage® is an industry standard among these traders. We foresee the increase in interest and demand for algorithm trading to continue on a global scale.

## ■ Management Benchmark

### ◆ Comparison of DARTs(\*1) among US listed brokerages



### ◆ Correlation between TradeStation DARTs and VIX(\*2)



(\*2) VIX: Index indicating how the market views on volatility for the next 30 days. Calculation according to linear regression analysis on FYE Mar, 2012 shows that in average when VIX went up by 1%, DARTs and revenue of Equities, Futures and Options went up by 0.3%.

## U.S.: About TradeStation and US Business Progress

### ■ Characteristics of TradeStation

#### ◆ TradeStation® (trading platform)

TradeStation® is an award winning direct-access trading platform which offers sophisticated analysis capabilities for every level of trader. TradeStation® provides the ability to back-test and paper-trade your ideas before risking capital in the market.

Clients can analyze and trade stocks, options, futures and forex all from the same platform.



#### ◆ EasyLanguage®

EasyLanguage® is TradeStation's proprietary programming language that allows clients to create and modify indicators and trading strategies in TradeStation®.

EasyLanguage® is the technology behind all of the analysis tools built into TradeStation®. Clients can also build and customize their own unique analysis tools based on their ideas and tailored to the way they trade.

### ■ U.S. business progress

#### ◆ New accounts growth continuing

TradeStation (excluding IBFX) new account growth momentum continued the positive trend. Jan-Mar new accounts up 14% vs. prior year. F2011 new accounts up 17%.

#### ◆ Client assets as of March 31, 2012\*:

- Equities up 8.4% versus prior quarter
- Futures down 0.1% versus prior quarter
- Forex down 1.2% versus prior quarter

#### ◆ Positive response to launch of OptionStation PRO v2

Continued to receive positive feedback for new product with favorable reviews in press. Jan-Mar options DARTS up 13% vs. prior quarter and up 8% vs. year ago. Further enhancements and marketing planned for April-June quarter.

#### ◆ Portfolio Maestro and Chart Trading Launch

Tremendous feedback on both products. EasyLanguage enhancements that were used to create Chart Trading have generated significant developer interest and should result in many innovative trading apps being added to Strategy Network.

#### ◆ Launch of TradeStation Android app

Available in Android App Store.



\*Numbers in this slide excluded IBFX

## China

### ■ Business in HK, Asia's global financial center



#### ◆ Monex Boom Group Overview

Monex Boom Group offers stock trading in 12 markets, and margin trading services that accept 5 markets' stocks as collaterals including Hong Kong and U.S. Customers can trade stocks using any of the 6 currencies (HKD, USD, RMB etc.) in a single account. Average stock commission is 15bps (From Jan. to Mar. 2012). The group has 9,880 accounts with balance of 77 billion yen assets in custody as of Mar. 2012 (including Monex (Japan)'s Hong Kong stock trading). Agatha Lo is the COO of the company. The group has 38 employees. (as of Mar. 31, 2012)

#### ◆ Leverage on Monex Brand Power and Group's Synergy

In Feb and Mar, Monex Boom successfully hosted 6 times face-to-face investment seminars targeting Japanese in Hong Kong.

In Mar, Monex Boom started to provide trading of Hong Kong stocks to Monex, Inc (Japan).

#### ◆ Future plan

Monex Boom is preparing to launch new trading functions (including enhanced order input pages, new customizable multi-market stocks monitoring list).

### ■ Business development in Mainland China

◆ Targeting ultimately to initiate online brokerage business in Mainland China for retail investors, several business possibilities are being discussed and developed

- 1) Possibility to obtain brokerage license in Mainland China through the Beijing representative office of Monex, Inc., and to provide financial services for Chinese who have assets outside China
- 2) Possibility of collaboration with Chinese brokerage firms
- 3) Possibility to establish a system provider subsidiary to provide TradStation's trading systems to Chinese local securities brokerage firms

**1. Key Strategy Overview**

**2. Financial Results**

**3. Global Vision and Strategies**

**4. Data**

## Breakdown of Global DARTs and Global FX Volume by Region

### ■ Global. DARTs: 4Q of FYE March 2012 (DARTs of Jan. – Mar. 2012)

DARTs=Daily Average Revenue Trades (Equities, Options and Futures, FX and Mutual Funds)

	Monex, Inc. Monex FX, Inc. (Japan)	TradeStation (U.S., etc.)		Monex BOOM (China /Hong Kong)	Total: <b>Global DARTs</b>
		U.S.	Non-U.S.		
D A R T s	159,279	140,538	55,077	1,047	<b>355,942</b>
	45%	39%	15%	0%	100%

### ■ Global FX Volume: 4Q of FYE March 2012 (Monthly volume of Jan. – Mar. 2012)

(in million dollars )	Monex, Inc. Monex FX, Inc. (Japan)	TradeStation (U.S., etc.)		Total: <b>Global FX Monthly Volume</b>
		U.S.	Non-U.S.(*2)	
Trading Volume(*1)	29,250	11,377	18,974	<b>59,601</b>
	49%	19%	32%	100%

\*1) Converted at each month end rate

\*2) Includes white label clients

## Breakdown of Net Operating Revenues by Business

■ FYE Mar. 31, 2012 (12 months: Apr. 2011 to Mar. 2012)

(in million yen)

Business category	Recurring revenue		Variable revenue		Total	%
Equities	Japan	4,343	Japan(Cash)	4,033	14,972	52%
	U.S.	1,391	(Margin)	3,320		
	Hong Kong	67	U.S.	1,528		
			Hong Kong	288		
Futures and Options	U.S.	362	Japan	539	3,841	13%
			U.S.	2,938		
FX	U.S.	18	Japan	5,164	6,281	22%
			U.S.	1,097		
Managed asset	Japan	1,578	Japan	424	2,002	7%
Fixed income		—	Japan	449	449	2%
Investment banking		—	Japan	198	199	1%
Total		7,760		19,985	27,745	95%
Others					1,308	5%
Net Operating Revenues					29,054	100%

Ratio of “Recurring revenue” and “Variable revenue” are 27% and 69% respectively

We aim to increase “Recurring revenue” as “Variable revenue” is largely affected by market conditions



## Financial Results : Quarterly Breakdown of Consolidated Income Statement

(in million yen)

	FYE Mar. 31, 2011				FYE Mar. 31, 2012			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Brokerage commissions( includes OSE-FX)	2,772	1,904	2,089	3,336	2,120	3,941	3,387	3,675
Stocks and ETFs	2,582	1,631	1,855	3,015	1,882	2,526	2,166	2,595
Monex Boom securities	-	-	-	96	85	80	57	64
OSE-FX	-	86	84	119	135	136	101	101
Options and Futures	184	185	149	201	102	1,277	1,119	978
Others	4	2	0	0	-	-	-	-
Underwriting and distribution commissions	1	1	10	1	0	0	5	52
Subscription and distribution commissions	209	114	152	169	126	142	78	107
Other commissions	723	602	522	546	511	1,089	786	1,079
Margin forex trades commissions (OTC)	201	107	66	32	0	124	(*)-123	0
Mutual funds agency commissions	311	307	321	324	326	304	281	300
Others	210	188	135	189	183	659	628	778
Net gain on trading account	1,526	1,103	936	1,158	1,231	1,360	(*)1,747	1,860
Net gain on operating investments	9	12	12	-8	-21	-4	-0	87
Financial income	2,130	1,504	2,059	1,461	2,015	1,949	2,530	1,886
Other operating revenues	33	34	33	61	71	161	153	154
Operating revenues	7,407	5,277	5,816	6,725	6,057	8,640	8,690	8,905
Financial expenses	974	431	867	364	977	611	1,089	559
Net operating revenues	6,432	4,846	4,949	6,361	5,080	8,028	7,600	8,345
Selling, general and administrative expenses	4,891	4,137	4,309	4,509	4,350	7,036	7,396	7,822
Operating income	1,540	708	639	1,851	730	991	204	522
Ordinary income	1,814	678	627	1,870	815	944	149	462
Quarterly net income	1,212	387	298	93	528	435	-31	490

(\*)"Margin forex trades commissions" of TradeStation in 2Q FYE2012 was re-allocated to "Net gain on trading account" in 3Q FYE2012

## Financial Results : Quarterly Breakdown of Consolidated SG&A

(in million yen)

	FYE Mar. 31, 2011				FYE Mar. 31, 2012			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Transaction-related expenses	1,267	1,118	1,260	1,360	1,224	2,439	2,521	2,679
Commissions paid	246	217	220	237	238	1,038	1,034	933
Exchange and association dues	205	138	162	212	163	209	184	199
Communication, freight and information expenses	608	572	579	608	567	777	837	874
Advertising expenses	181	168	276	279	232	398	440	642
Others	25	21	22	22	21	15	25	28
Compensation and benefits	936	803	795	850	913	1,604	1,679	1,855
Rental and maintenance	531	466	422	424	437	482	438	459
Data processing and office supplies	1,300	1,153	1,195	1,184	1,181	1,221	1,243	1,232
Data processing	1,279	1,116	1,177	1,166	1,166	1,209	1,233	1,216
Office supplies	20	36	18	17	14	11	10	16
Amortization and depreciation	430	281	286	321	288	474	844	769
Taxes other than income taxes	69	48	48	45	65	43	50	47
Provision for allowance for doubtful receivables	83	-19	-14	-2	10	-2	-5	-1
Amortization of goodwill	158	156	156	164	170	432	219	308
Other operating expenses	113	128	157	160	59	342	403	470
Selling, general and administrative expenses	4,891	4,137	4,309	4,509	4,350	7,036	7,396	7,822

## Financial Results : Overseas Subsidiaries

(Income Statement)

	FYE Mar. 2012					
	2Q		3Q		4Q	
	U.S.	H.K.	U.S.	H.K.	U.S.	H.K.
Brokerage commissions	1,710	80	1,464	57	1,292	64
Stocks and ETFs	591	80	484	57	453	64
Options and Futures	1,119	-	980	-	839	-
Others	-	-	-	-	-	-
Underwriting and distribution commissions	-	-	-	-	-	0
Subscription and distribution commissions	-	-	-	-	-	-
Other commissions	556	0	308	0	476	0
Margin forex trades commissions (OTC)	124	-	-124	-	-	-
Mutual funds agency commissions	-	-	-	-	-	-
Others	432	0	432	0	476	0
Net gain on trading account	-	0	517	0	580	-3
Net gain on operating investments	-	-	-	-	-	-
Financial income	557	22	479	13	390	13
Other operating revenues	102	26	100	18	99	21
Operating revenues	2,926	129	2,869	89	2,839	96
Financial expenses	209	0	252	0	231	0
Net operating revenues	2,716	129	2,617	89	2,608	95
Selling, general and administrative expenses(*1)	2,712	98	3,192	98	3,288	176
Operating income	3	30	-574	-9	-680	-80
Ordinary income	-6	30	-608	-10	-705	-81
Quarterly net income(*2)	-125	26	-356	-9	-487	-80

(SG&A)

(in million yen)

	FYE Mar. 2012					
	2Q		3Q		4Q	
	U.S.	H.K.	U.S.	H.K.	U.S.	H.K.
Transaction-related expenses	1,222	30	1,357	23	1,350	28
Commissions paid	792	15	824	10	740	13
Exchange and association dues	30	-	31	-	32	-
Communication, freight and information expenses	245	12	295	11	319	12
Advertising expenses	153	2	205	1	257	1
Others	0	0	0	0	0	1
Compensation and benefits	795	48	865	55	1,020	51
Rental and maintenance	57	6	52	6	62	6
Data processing and office supplies	0	1	0	1	0	2
Data processing	0	1	-	1	0	1
Office supplies	0	0	0	0	-0	0
Amortization and depreciation	(*3)153	3	(*3)548	3	460	(*4)52
Taxes other than income taxes	5	-	4	-	3	-
Provision for allowance for doubtful receivables	-	-	-	-	-	-
Amortization of goodwill	(*3)267	-	(*3)52	-	139	(*4)32
Other operating expenses	210	8	311	7	252	2
Selling, general and administrative expenses	2,712	98	3,192	98	3,288	176

(\*3)There was a transfer from goodwill to intangible fixed assets as a result of fixing the valuation of intangible fixed assets related to the acquisition of TradeStation. Hence, in U.S. the Amortization of goodwill has been partially transferred to Depreciation in 3Q.

(\*4)Expenses concerning depreciation of goodwill and intangible fixed assets about Monex BOOM Securities have been booked in Japan until 3Q but transferred to Hong Kong in 4Q.

(\*1)SG&A in U.S. and in H.K. each includes amortization of goodwill and intangible fixed assets generated from the acquisition of TradeStation and MonexBOOM Securities

(\*2) Amortization of goodwill includes the amortization based on the accounting standard in Japan, that is related to the acquisition of TradeStation and as such tax ratio is higher compared with income size

## Corporate Governance

### ■ Board of Directors and Management Team to Enforce Mid-Long Term Strategy

◆ **Board of Directors from June 2012:**  
**5 external (4 independent) directors out of 9**  
 (to be proposed to AGM in June, 2012)

<b>Oki Matsumoto</b>	Chairman and CEO
<b>Shoji Kuwashima</b>	Managing Director, Vice Chairman
<b>Takashi Oyagi</b>	Managing Director
<b>Salomon Sredni</b>	Managing Director
<b>Yuko Kawamoto</b>	External (& Independent) Director since 2006 Professor, Graduate School of Finance, Accounting and Law, Waseda Univ.
<b>Jun Makihara</b>	External (& Independent) Director since 2006 Chairman, Neoteny Co., Ltd.
<b>Takeo Kato</b>	External (& Independent) Director since 2009 Ex-Chairman, Fuji Electric Co., Ltd.
<b>Haruyuki Urata</b>	External Director since 2010 Director, Representative Executive Officer, Deputy President & CFO, ORIX Corporation
<b>Kaoru Hayashi</b>	External (& Independent) Director from 2012 President & Group CEO, Digital Garage, Inc.

◆ **Board of Auditors: 2 external and independent out of 4**

<b>Takeshi Tamaki</b>	Full time, external & independent member
<b>Takehiko Moriyama</b>	Member
<b>Tetsuo Ozawa</b>	External & independent member
<b>Masakazu Sasaki</b>	Member

◆ **Advisory Board comprising external experts**

<b>Nobuyuki Idei</b>	Founder & CEO, Quantum Leaps Corporation
<b>Joichi Ito</b>	Director, MIT Media Lab
<b>Ken Kusunoki</b>	Professor, Hitotsubashi Univ. Graduate School of International Corporate Strategy
<b>Charles Lake</b>	Chairman Representative in Japan, Aflac Japan

◆ **Global Management Committee**

<b>O. Matsumoto</b>	President & CEO	<b>S. Kuwashima</b>	CQO
<b>S. Sredni</b>	COO	<b>T. Oyagi</b>	CSO
<b>M. Ueda</b>	CFO	<b>K. Kaneko</b>	MS's COO
<b>H. Tanaami</b>	CAO		

### ■ Corporate Governance for Business Sustainability

- ◆ **Adopted external directors at an early stage and majority of the new Board of Directors will be external**
- ◆ **Board directors' remuneration is within the limited amount resolved at the Annual General Meeting of Shareholders and it consists of a fixed portion and a portion linked to Monex Group stock price. Also established a Remuneration Committee consisting of external and independent board directors**
- ◆ **Governance through proactive and transparent disclosure and investor relationship**

# Investors' Guide

## ■ Pursuing investment returns for our shareholders

### ◆ Basic policy for shareholder's return

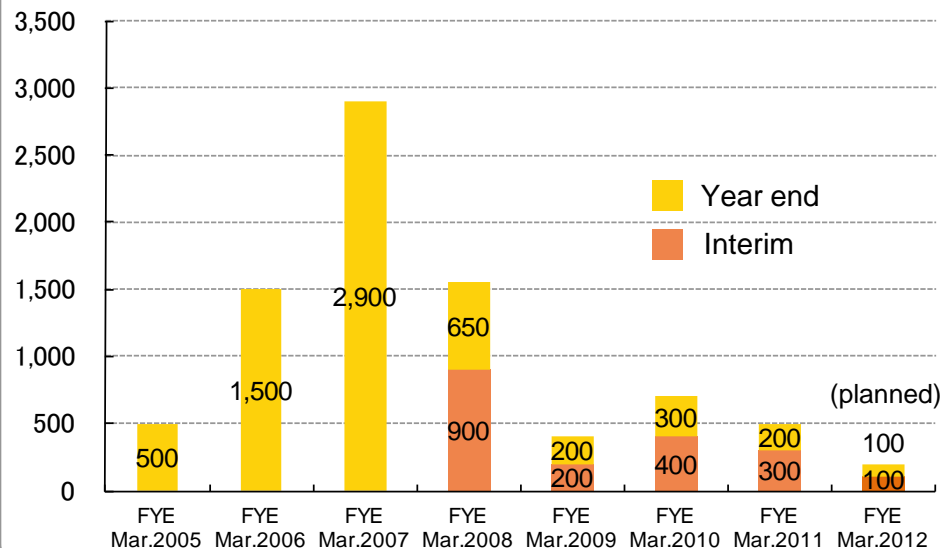
• Reserving necessary capital as a growing company, the company aim to provide return to its shareholders based upon its business performances.

• The company's policy for shareholder's return is to pay dividends and buy back shares. The total return ratio is generally targeted at 50% of consolidated net income of current fiscal year. (We will also keep a certain payout ratio for dividends.)

- In case the Company has a net loss, the management will consider to pay out a certain amount as dividend, comprehensively examining internal reserves, financial condition, business environment and business plan

### ◆ Dividend record

(Yen)



### ◆ Major shareholders and share distribution

- Total number of issued shares as of the end of March 2012: 2,996,805 shares

Shareholder	Percentage
ORIX Corporation	22.5%
Ok! Matsumoto	8.7%
Fidelity	9.4%
Foreign Institutions, etc.	14.9%
Individual Investors, etc.	22.2%
Financial Institutions	9.1%
Other Institutions	8.7%
Securities Companies	4.6%

\*Cancelled 200,000 own shares as of March end 2012 (6.26% of shares issued and outstanding before cancellation) acquired during May-June 2011

\*The Fund's Reports to the Ministry of Finance submitted by Fidelity dated April 5, 2012:

- FMR LLC: 280,212 shares (9.35%)

### ◆ Indicators per share

(Unit: JPY)	FYE March 2008	FYE March 2009	FYE March 2010	FYE March 2011	FYE March 2012
Book-value Per Share (BPS)	19,664	17,235	22,139	22,154	24,093
Earnings Per Share (EPS)	3,080	-928	1,527	647	467
Return on Equity (ROE)	15.5%	-5.0%	7.1 %	2.9%	2.0%
Dividend Per Share	1,550	400	700	500	200 (planned)

The Monex Group

Holding Company

# Monex Group, Inc.

(As of April 26, 2012)

[ China ]

**Monex International Limited**

Asia business base in Hong Kong

Online Securities Company



Monex BOOM Group

Online securities group in Hong Kong

**Beijing Representative Office**

(Monex, Inc.)

[ Incubation ]



**LIFENET INSURANCE COMPANY**

New type of life insurance service through the internet

(Investment Ratio) Monex G: 13.5%

[ Japan ]

Online Securities Company



**MONEX**  
Monex, Inc.

Comprehensive investment service provider

M&A Advisory

**MONEX HAMBRECHT, INC.**

M&A advisory service  
Aspiring to introduce a new IPO

(Investment Ratio) Monex G: 84.1%  
ZenShin Capital Partners II: 7.9%  
Hambrecht Partners Holdings: 5.5%

Asset Management

**MAI**

**Monex Alternative Investments, Inc.**  
Providing the best alternative investment products to individual investors

(Voting right ratio) Monex G: 51%  
Asuka Asset Management: 26%

R&D of Program Trading

**trade-science**

Trade Science Corporation  
Next generation asset management utilizing artificial intelligence

Investment Education



Investor education for all individuals

[ US/EU ]



**TradeStation Group, Inc.**

Holding company in U.S.

Online Securities Company

**TradeStation Securities, Inc.**

Technology

**TradeStation Technologies, Inc.**

EU Base

**TradeStation Europe Limited**

(London)

[ Global FX ]

(Japan)

**MONEX FX**  
Monex FX, Inc.

(U.S.)

**TradeStation Forex, Inc.**  
(to be renamed as "IBFX, Inc.")

(Australia)

**IBFX Australia Pty. Ltd.**

\*Subsidiaries without investment ratio are fully owned by Monex Group, Inc.