

# Financial Results of 1Q of Fiscal Year Ending 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. Financial Results**

## **2. Acquisition of TradeStation**

## **3. Business Strategies**

## **4. Data**

## Major Business Activities in this Quarter

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### ◆Global business expansion

- Successfully completed the acquisition of TradeStation Group, Inc., a U.S. online securities company formerly listed on NASDAQ (June 10, 2011)
- Developing specific plans to utilize TradeStation to create positive synergies within the group (See pages from 16)

### ◆Ended profitable in quarterly base (3 months) in spite of unfriendly operational condition

- Trading revenue was increased (compared to the previous quarter) due to strong demand for FX trading and foreign bonds despite stagnant retail equity trading

### ◆Revision of trading commission table

- Commissions for small-amount trading is now cheapest level in the industry, targeting novice customers
- Revenue impact by commission cut to be minimized by exercising SG&A reduction at the same time
- Increase in stock inflow accounts and decrease in stock outflow accounts from/to major off-line and online securities companies have been confirmed throughout this quarter, analyzed as the result of stock inflow campaign and the impact of the commission revision

### ◆Strengthening original products and services

- Strengthened marketing activity and increased sales of “Kabu- robo Fund” based on its outstanding performance in the past 1 year

### ◆Share buyback

- Acquired 200,000 own shares (6.25% of shares issued and outstanding) of Monex Group in order to improve capital efficiency and shareholder return taking into account developments in the investment and financing of our global business strategy and our resulting capital condition (completed as of June 16, 2011)

**Financial Summary : 4Q of FYE Mar. 31, 2011 vs. 1Q of FYE Mar. 31, 2012 (in 3 months)**

(in million yen, %)

	4Q of FYE Mar. 31, 2011 (Jan. 2011 - Mar. 2011)	1Q of FYE Mar. 31, 2012 (Apr. 2011 – Jun. 2011)	Change
Operating Revenues	6,725	6,057	-9.9%
Net Operating Revenues	6,361	5,080	-20.1%
SG&A	4,509	4,350	-3.5%
Operating Income	1,851	730	-60.6%
Ordinary Income	1,870	815	-56.4%
Net Income	93	528	464.3%
EBITDA*	1,345	1,407	4.6%

\*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, %)

	FYE Mar. 31, 2011 (as of Mar. 31, 2011)	1Q of FYE Mar. 31, 2012 (as of Jun. 30, 2011)	Change
Total Assets	365,730	528,101	44.4%
Shareholders' Equity	70,823	67,866	-4.2%

(For reference : Monex, Inc.)

Capital Adequacy Ratio	510.3%	492.7%	-
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\*Extraordinary income and loss

4Q of FYE Mar.31,2011 Extraordinary loss  
1Q of FYE Mar.31,2012 Extraordinary income  
Extraordinary loss

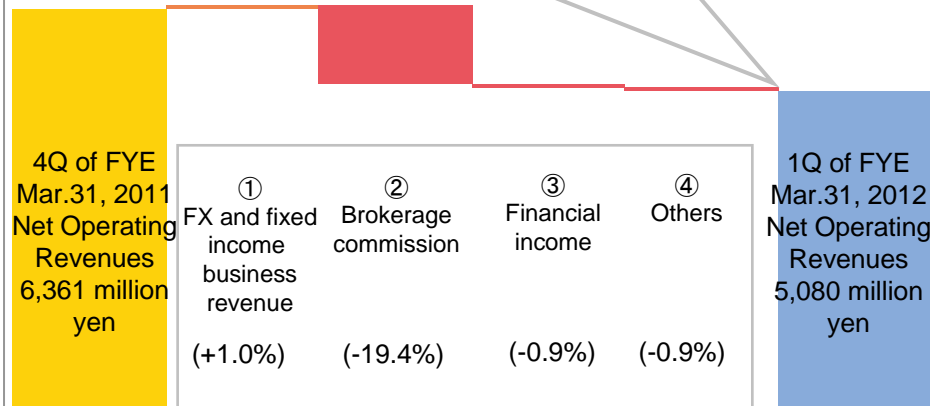
Provision for allowance for doubtful receivables 1,005 million yen  
Capital gain from Investments in subsidiaries and affiliates 221 million yen  
Reversal of Financial Instruments Transaction Liability Reserve 126 million yen  
Loss related to annulment of a business entrustment agreement 180 million yen  
Devaluation loss of investment securities 141 million yen

## Major Factors of Revenue and SG&A (Comparison with Previous Quarter)

### ■ Revenue: Comparison with 4Q of FYE Mar. 31, 2011

#### ◆ Significant decrease in equity trading values

Decreased by 1,281 million yen (-20.1%)  
from 4Q of FYE Mar.31, 2011



#### ◆ Major increasing factor

- ① FX and fixed income business revenues +62 million yen
  - Excellent sales of newly issued bonds

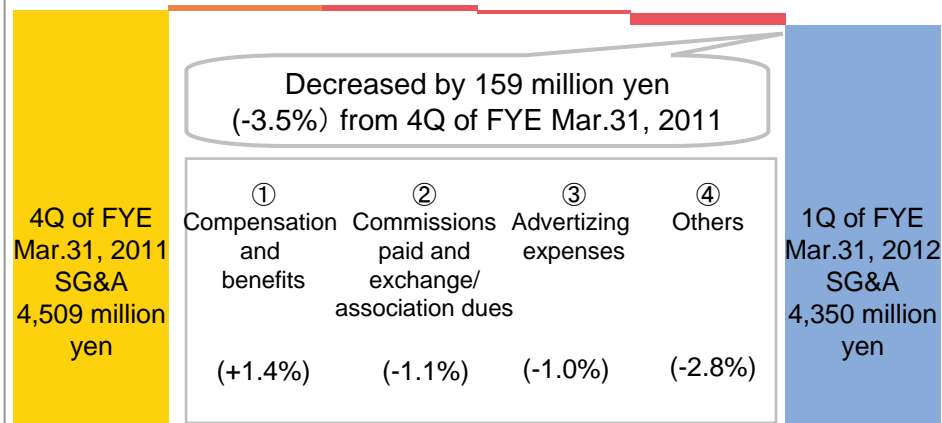
#### ◆ Major decreasing factors

- ② Brokerage commission (exc. OSE-FX) -1,231 million yen
  - Client's trading value decreased by 39% from previous quarter
- ③ Financial Income -57 million yen
  - Due to the decrease in margin balance
- ④ Others -54 million yen
  - Sales commissions of mutual funds decreased

### ■ SG&A: Comparison with 4Q of FYE Mar. 31, 2011

#### ◆ Slight decrease of trading related payment due to the sluggish market

Decreased by 159 million yen  
(-3.5%) from 4Q of FYE Mar.31, 2011



#### ◆ Major increasing factor

- ① Compensation and benefits +62 million yen
  - Temporary increase due to the newly introduced early retirement program

#### ◆ Major decreasing factors

- ② Commissions paid and exchange/association dues -47 million yen
  - Decrease of equity trading values
- ③ Advertisizing expenses -47 million yen
  - Costs related to the loyalty program decreased
- ④ Others -127 million yen
  - Communication, freight and information expenses, and Professional fees decreased



**Financial Summary : 1Q of FYE Mar. 31, 2011 vs. 1Q of FYE Mar. 31, 2012 (in 3 months)**

(in million yen, %)

	1Q of FYE Mar. 31, 2011 (Apr. 2010 – Jun. 2010)	1Q of FYE Mar. 31, 2012 (Apr. 2011 – Jun. 2011)	Change
Operating Revenues	7,407	6,057	-18.2%
Net Operating Revenues	6,432	5,080	-21.0%
SG&A	4,891	4,350	-11.1%
Operating Income	1,540	730	-52.6%
Ordinary Income	1,814	815	-55.0%
Net Income	1,212	528	-56.4%
EBITDA*	1,911	1,407	-26.4%

\*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, %)

	1Q of FYE Mar. 31, 2011 (as of Jun. 30, 2010)	1Q of FYE Mar. 31, 2012 (as of Jun. 30, 2011)	Change
Total Assets	377,703	528,101	39.8%
Shareholders' Equity	66,644	67,866	1.8%

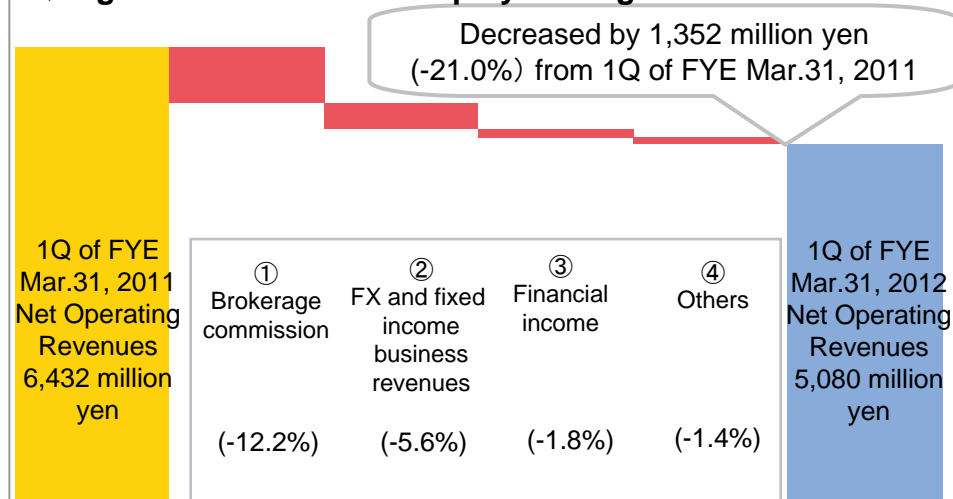
(For reference : Monex, Inc.)

Capital Adequacy Ratio	411.2%	492.7%	-
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## Major Factors of Revenue and SG&A (Comparison with Last Fiscal Year)

### ■ Revenue: Comparison with 1Q of FYE Mar. 31, 2011

#### ◆ Significant decrease in equity trading values

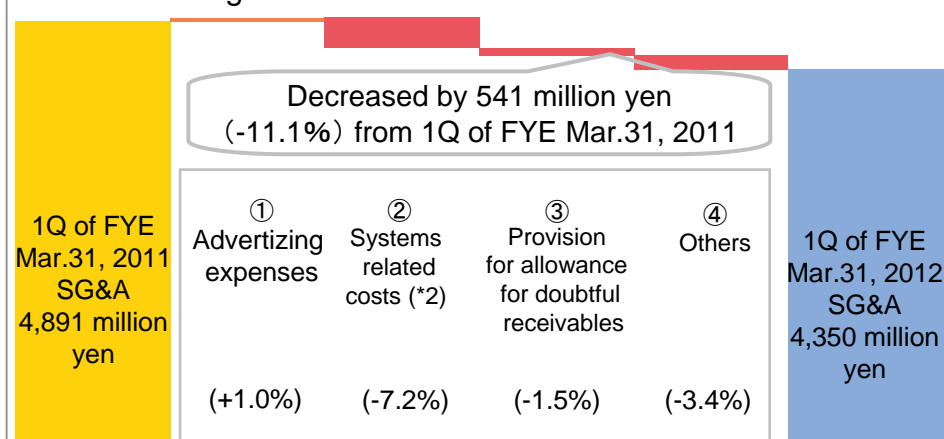


#### ◆ Major decreasing factors

- ① Brokerage commission (exc. OSE-FX) -787 million yen
  - Client's trading value decreased by 21.0% from 1Q of last fiscal year
- ② FX and fixed income business revenues -357 million yen
  - FX trading values decreased
- ③ Financial income -116 million yen
  - Due to the decrease in margin balance
- ④ Others -90 million yen
  - Sales commissions of mutual funds decreased

### ■ SG&A: Comparison with 1Q of FYE Mar. 31, 2011

#### ◆ System related costs decreased due to the cost reduction since the merger of securities subsidiaries



#### ◆ Major increasing factor

- ① Advertising expenses +50 million yen
  - Increased stragically to strengthen the sales

#### ◆ Major decreasing factors

- ② Systems related costs (\*) -354 million yen
  - Result of the cost reduction since the merger of Monex, Inc. and ORIX Securities in May 2010
- ③ Provision for allowance for doubtful receivables -73 million yen
  - A considerable amount was recorded in 1Q of FYE Mar. 31, 2011, due to the merger of Monex, Inc. and ORIX Securities
- ④ Others -165 million yen
  - Commissions paid and exchange/association dues, and communication, freight and information expenses decreased

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

# Balance Sheet

## Consolidated TradeStation's Balance Sheet upon the acquisition in June 2011

(in billion yen)		[Cash margin from customers (minimum requirement)]		(*3) Non-current assets (investment value of risk assets)																																			
<b>[Segregated cash trust]</b>				<table border="1"> <tr> <td>Property/equipment</td> <td>0.9</td> <td colspan="2">(Facilities, equipment, etc)</td> </tr> <tr> <td>Software</td> <td>3.0</td> <td colspan="2">(Assets to provide service)</td> </tr> <tr> <td>Goodwill</td> <td>27.2</td> <td colspan="2">(Monex FX: 0.3 ORIX Sec: 6.9 Boom Group: 0.5 TradeStation Group: 19.3(*4))</td> </tr> <tr> <td>Guarantee deposits, etc</td> <td>1.8</td> <td colspan="2">(Real estate deposit, etc)</td> </tr> <tr> <td>Investment securities</td> <td>7.5</td> <td colspan="2">(See (*5) below)</td> </tr> <tr> <td><b>Total</b></td> <td><b>40.6</b></td> <td colspan="2"><b>billion yen</b></td> </tr> </table>				Property/equipment	0.9	(Facilities, equipment, etc)		Software	3.0	(Assets to provide service)		Goodwill	27.2	(Monex FX: 0.3 ORIX Sec: 6.9 Boom Group: 0.5 TradeStation Group: 19.3(*4))		Guarantee deposits, etc	1.8	(Real estate deposit, etc)		Investment securities	7.5	(See (*5) below)		<b>Total</b>	<b>40.6</b>	<b>billion yen</b>									
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Monex, Inc.	146.4	Monex, Inc.	142.3																																				
Monex FX	5.1	Monex FX	4.6																																				
Monex Boom Sec.	10.7	Monex Boom Sec.	10.8																																				
<u>TradeStation Sec.</u>	<u>115.2</u>	<u>TradeStation Sec.</u>	<u>125.1</u>																																				
<b>Total</b>	<b>277.6</b>	<b>Total</b>	<b>282.9</b>																																				
<b>[Funds operation]</b>		<b>[Financing]</b>		<b>(*5) Value of main investment securities</b> (in billion yen)																																			
Cash/Deposits	39.0	Call money	36.0	<table border="1"> <thead> <tr> <th>Name of securities (Purpose for acquisition)</th> <th>Book value</th> <th>Estimated value(*6)</th> <th>Premium</th> </tr> </thead> <tbody> <tr> <td>US Treasury security (held by TradeStation)</td> <td>2.2</td> <td>2.2</td> <td>-</td> </tr> <tr> <td>LIFENET INSURANCE (Incubation)</td> <td>2.0</td> <td>1.7</td> <td>-0.2</td> </tr> <tr> <td>Tokyo Stock Exchange G</td> <td>1.3</td> <td>2.1</td> <td>0.8</td> </tr> <tr> <td>Asia Focus (Maintenance of products)</td> <td>1.2</td> <td>1.2</td> <td>-</td> </tr> <tr> <td>Triangle Partners (Support of Chinese IPO)</td> <td>0.3</td> <td>0.3</td> <td>-</td> </tr> <tr> <td>Others (*7)</td> <td>0.4</td> <td>-</td> <td>-</td> </tr> <tr> <td><b>Total</b></td> <td><b>7.5</b></td> <td></td> <td></td> </tr> </tbody> </table>				Name of securities (Purpose for acquisition)	Book value	Estimated value(*6)	Premium	US Treasury security (held by TradeStation)	2.2	2.2	-	LIFENET INSURANCE (Incubation)	2.0	1.7	-0.2	Tokyo Stock Exchange G	1.3	2.1	0.8	Asia Focus (Maintenance of products)	1.2	1.2	-	Triangle Partners (Support of Chinese IPO)	0.3	0.3	-	Others (*7)	0.4	-	-	<b>Total</b>	<b>7.5</b>		
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Others (*7)	0.4	-	-																																				
<b>Total</b>	<b>7.5</b>																																						
Net margin assets(*1)	89.8	Bank borrowing	49.0																																				
<b>Total</b>	<b>128.9</b>	Short-term notes	5.0																																				
		Cash collateral from stock lending(*2)	31.7																																				
		<b>Total</b>	<b>121.7</b>																																				
JGB as collateral	4.0	<b>Total net assets</b>		<b>68.0</b>																																			
Non-current assets(*3)	40.6																																						

(\*1) Margin transaction assets – Margin transaction liabilities

(\*2) Including collateral from securities finance companies

(\*4) Includes the intangible fixed assets

(\*6) Estimated value is calculated using the market or latest net asset value

(\*7) Investment per security: maximum 73 million yen

1. Financial Results

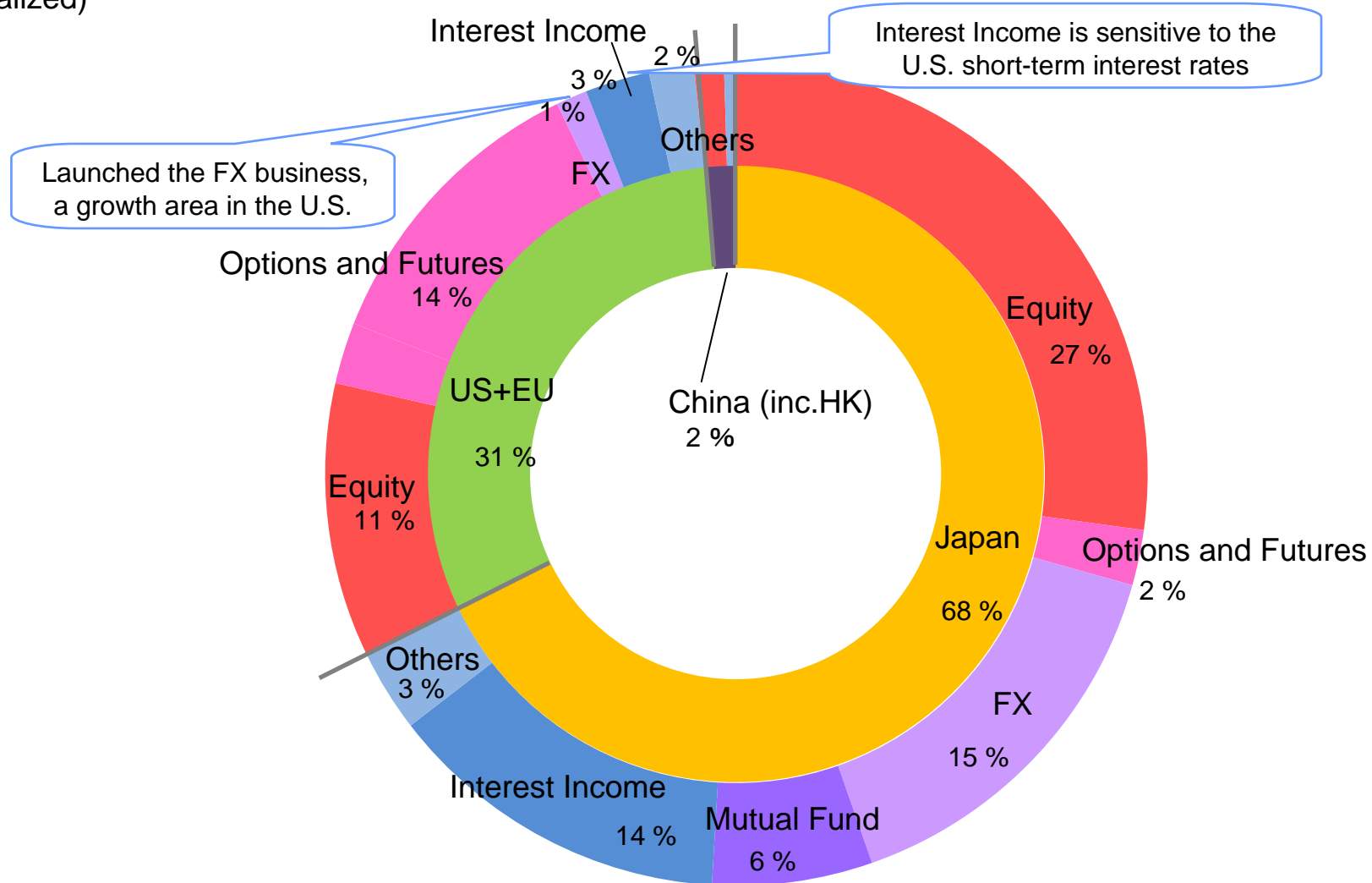
**2. Acquisition of TradeStation**

3. Business Strategies

4. Data

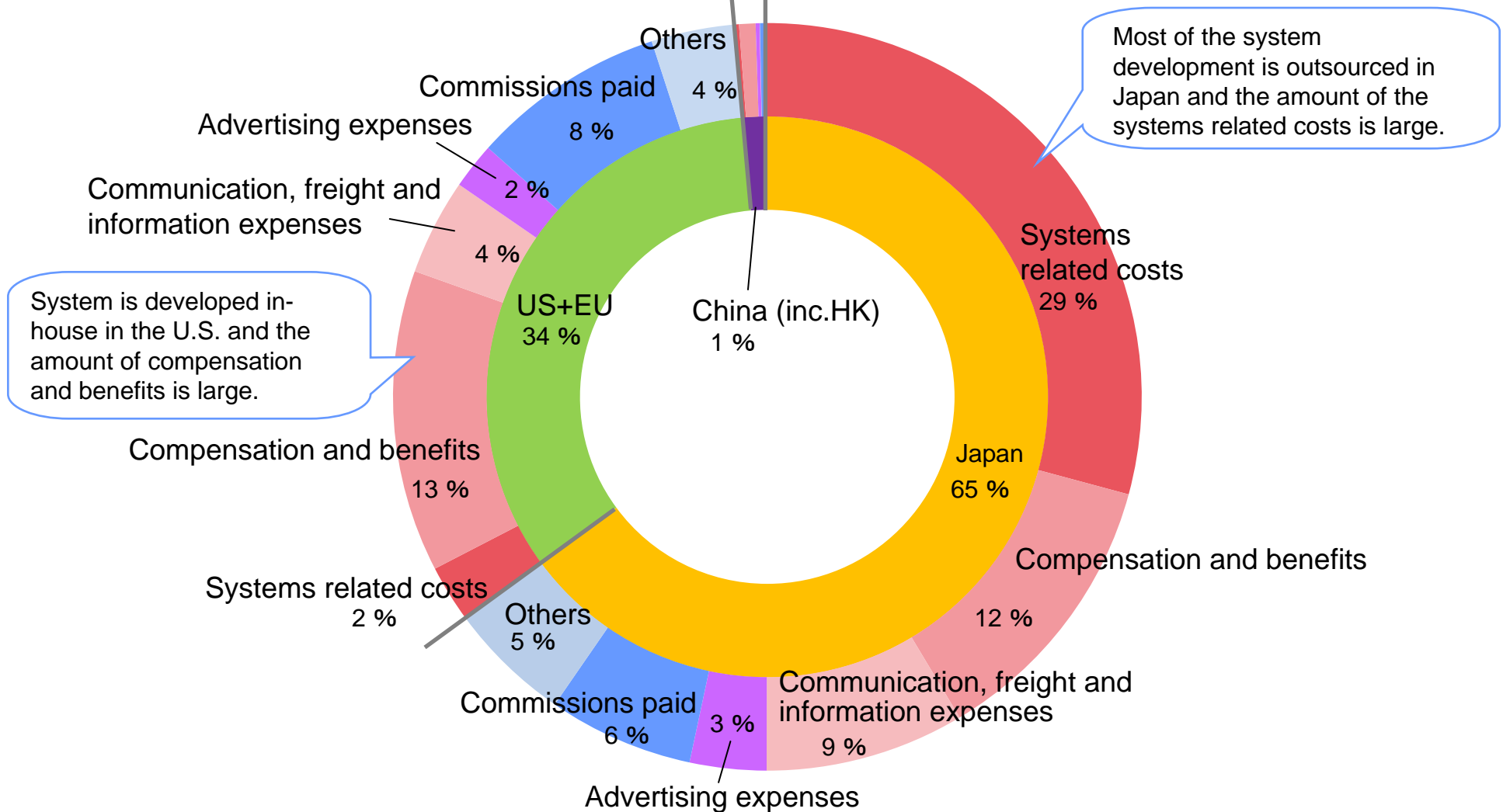
## Distribution of Revenue by Regions and Businesses

■ Combined the net operating revenues of Monex Group, Inc. (FYE Mar. 31, 2011) and TradeStation Group, Inc. (FYE Dec. 31, 2010) (Revenues of Monex International Limited inc. Monex BOOM Securities were annualized)



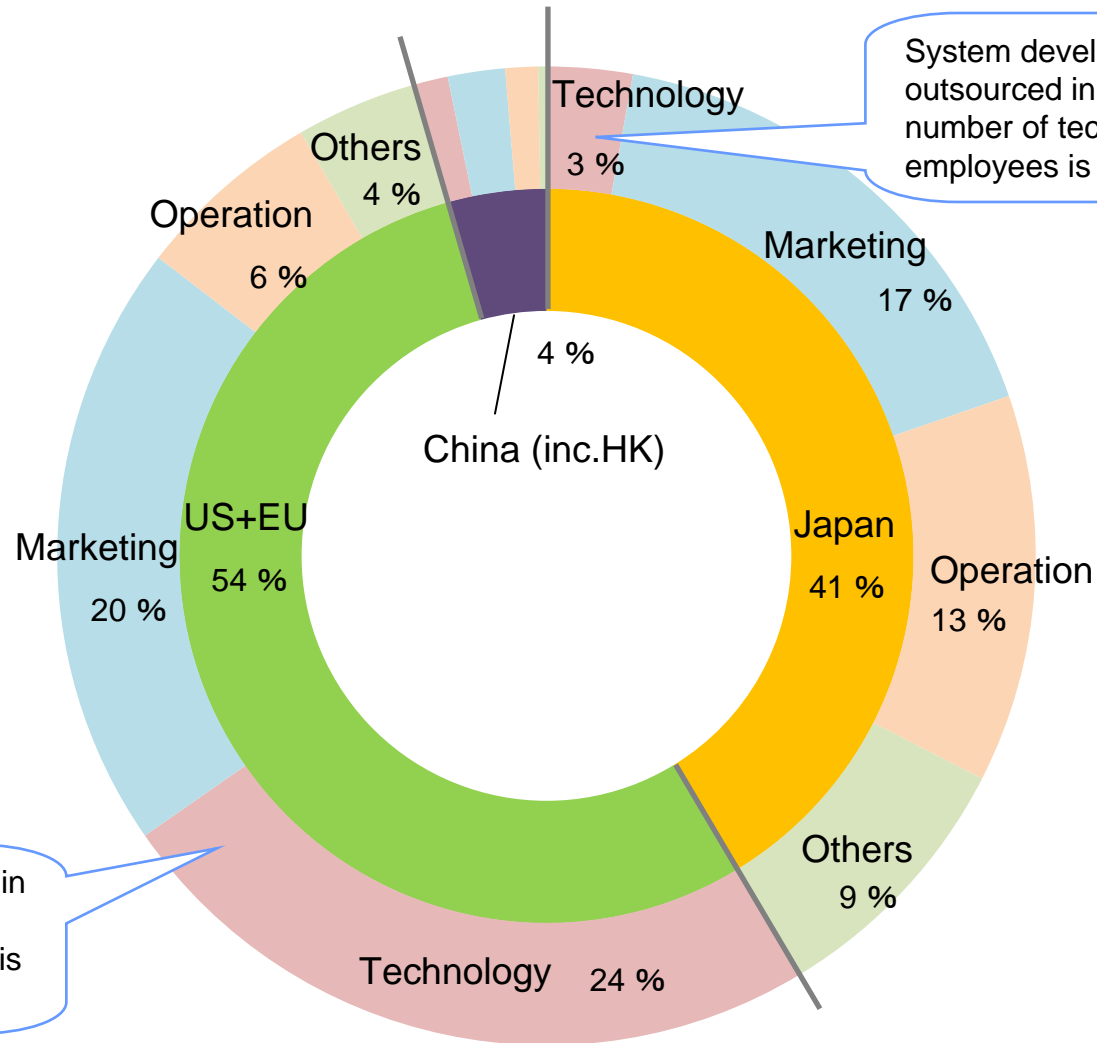
## Distribution of Cost by Regions and Businesses

■ Combined costs of Monex Group, Inc. (FYE Mar. 31, 2011) and TradeStation Group, Inc. (FYE Dec. 31, 2010) (Costs of Monex International Limited inc. Monex BOOM Sec. were annualized.)



## Distribution of Consolidated Personnel by Regions and Jobs

■ Consolidated as of the end of June 2011



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 technology related employees is large.

1. Financial Results

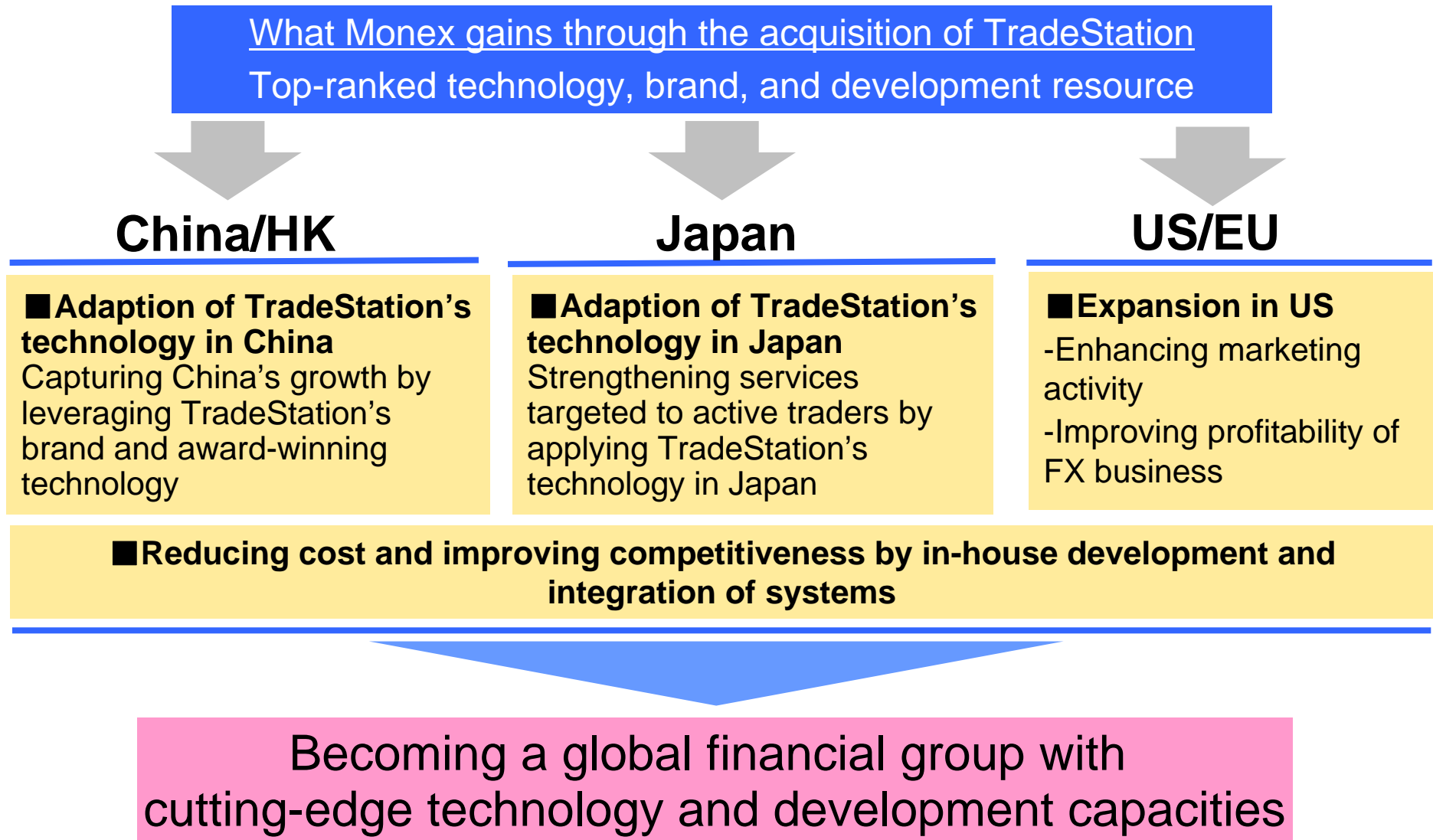
2. Acquisition of TradeStation

**3. Business Strategies**

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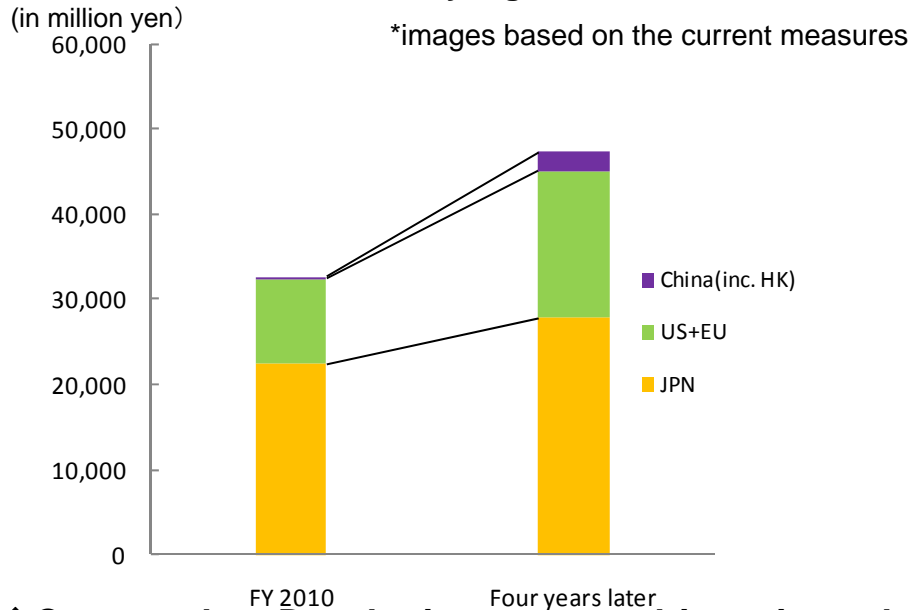
## Value Proposition by TradeStation



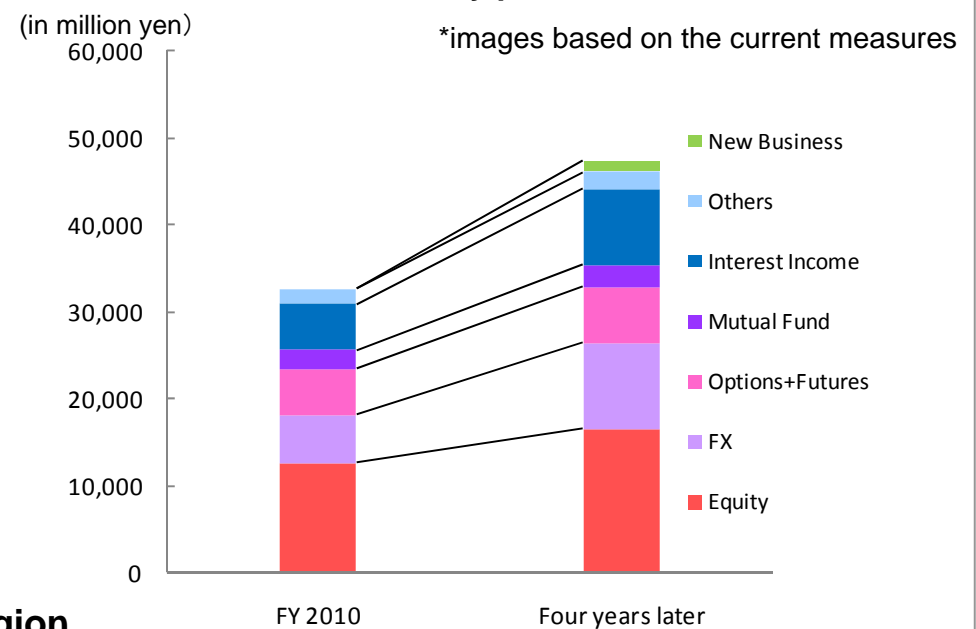
# Measure for Revenue Improvement after the Acquisition of TradeStation

## Globalization of our business: Aiming to increase net operating revenues by more than 1.5 times

**Structure of the revenue by region:**



**Structure of the revenue by product line:**



### ◆ Current plan: Developing revenue drivers in each region

#### Strategy in China

1. Developing BtoBtoC trading platform business (1-2 yrs.)
2. Providing trading tools in HK through Monex BOOM (1-2 yrs.)
3. Starting FX business in HK (1 yr.)

#### Strategy in Japan

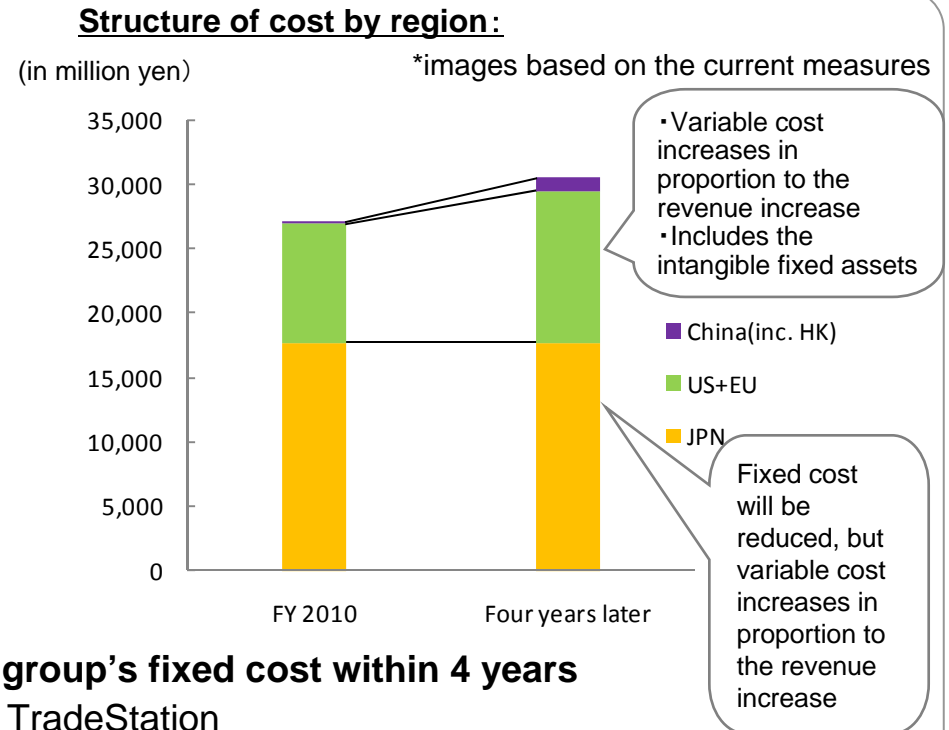
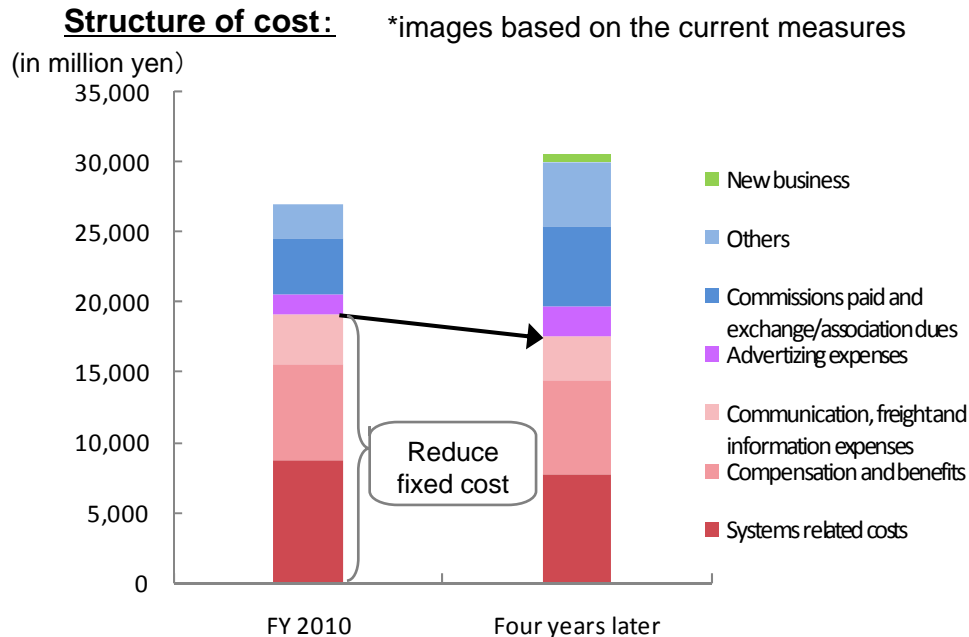
1. Improving of Monex's current trading tools utilizing TradeStation's know-how to attract active traders (1 yr.)
2. Introducing of state of the art trading tools for equity, derivatives and FX (2 yrs.)
3. Launching program trading and trading signal services using EasyLanguage (2 yrs.)

#### Expanding business in US

1. Consolidating FX coverage trading of TradeStation into Monex's existing flow and import/improve trading revenue (1 yr.)
2. Attracting broader range of active traders as well as rule-based traders (3-4 yrs.)

# Measures for Cost Efficiency after the Acquisition of TradeStation

## ■ Reducing cost



### ◆ Target of cost reduction: Reduce 20% of the entire group's fixed cost within 4 years

- Develop the system in-house mainly by the engineers of TradeStation
- Reduce the costs by developing a universal platform that can be used in Japan, the U.S., and China (inc. HK)

### ◆ Current short-term measures (1-2 yrs.)

- In-house development and integration of trading tools (2 yrs.)
- Sharing of FX trading platform (2 yrs.)
- Integration and sharing of market data services (1-2 yrs.)
- Integrate US/China stock distribution systems and other redundancies to improve efficiency (2 yrs.)

#### ※Preconditions

- Introduction of IFRS is completed by FYE Mar. 31, 2013
- Fixed cost of FY2010 consists of fixed cost and semi-variable cost of both Monex Group and TradeStation in FY2010. New business and new depreciation are excluded from fixed cost.
- Depreciation of intangible fixed assets related to acquisition of TradeStation is included in "Others"

## Further Improvement of Revenue and Cost Efficiency

### ■ Management indicator

Targeting 40% of profit margin and 10% of ROE in mid/long term

### ■ Current plans for improvement

We envision that current plans will reduce fixed cost by 8% and increase revenue by 45% in 4 years to improve profit margin(\*) up to 37%

(\*) Profit margin (stated in this material) is calculated as  
Operating income / Net operating revenues (not operating revenues)



### ■ Further revenue improvement

Expanding existing businesses and introducing of new businesses

### ■ Further cost reduction

Building a universal platform to create next-generation systems will allow for 20% reduction in fixed costs

## Disclosure Policy and Shareholder's Return

◆ Disclosure policy	Monex Group, Inc. (consolidated)	Japan Monex, Inc.	US TradeStation	China/HK Monex BOOM Sec.
	Weekly (from Aug. 2011)	—	— (Stop weekly disclosure)	—
Monthly (from July 2011)	Operating revenues Net operating revenues (Stop disclosing ordinary income) ----- Global DARTs	Change of items (To stop) No. of equity orders, mutual fund orders, stock lending accounts and balance (To add) Monthly trade value	- DARTs - Total client assets - Average equities client credit balances - Average equities client margin balances (Continue current disclosure on TSt's website)	—
Quarterly	Full financial disclosure upon TSE rule	P/L	Financial result, number of accounts, client assets in custody	Financial result, number of accounts, client assets in custody

### ◆ 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

1. Financial Results

2. Acquisition of TradeStation

3. Business Strategies

**4. Data**

## Financial Results : Quarterly Breakdown of Income Statement

(in million yen)

	FYE Mar. 31, 2010				FYE Mar. 31, 2011				FYE Mar. 31, 2012
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Brokerage commissions( includes OSE-FX)	3,145	2,670	2,073	2,604	2,772	1,904	2,089	3,336	2,120
Stocks and ETFs	3,063	2,577	1,979	2,449	2,582	1,631	1,855	3,015	1,882
Monex Boom securities	-	-	-	-	-	-	-	96	85
OSE-FX	-	-	-	-	-	86	84	119	135
Options and Futures	73	86	88	151	184	185	149	201	102
Others	9	6	5	3	4	2	0	0	-
Underwriting and distribution commissions	1	3	3	14	1	1	10	1	0
Subscription and distribution commissions	136	125	129	147	209	114	152	169	126
Other commissions	543	471	363	584	723	602	522	546	511
Margin forex trades commissions (OTC)	238	30	0	130	201	107	66	32	0
Mutual funds agency commissions	215	247	264	290	311	307	321	324	326
Others	89	193	98	163	210	188	135	189	183
Net gain on trading account	558	715	1,051	1,089	1,526	1,103	936	1,158	1,231
Net gain on operating investments	-45	-0	-0	-70	9	12	12	-8	-21
Financial income	1,758	1,216	1,658	1,374	2,130	1,504	2,059	1,461	2,015
Other operating revenues	38	40	37	56	33	34	33	61	71
Operating revenues	6,138	5,242	5,317	5,801	7,407	5,277	5,816	6,725	6,057
Financial expenses	919	478	728	451	974	431	867	364	977
Net operating revenues	5,218	4,763	4,589	5,349	6,432	4,846	4,949	6,361	5,080
Selling, general and administrative expenses	3,554	3,585	3,447	4,873	4,891	4,137	4,309	4,509	4,350
Operating income	1,663	1,178	1,142	476	1,540	708	639	1,851	730
Ordinary income	1,808	1,120	1,137	412	1,814	678	627	1,870	815
Quarterly net income	1,413	622	803	936	1,212	387	298	93	528

**Financial Results : Quarterly Breakdown of SG&A**

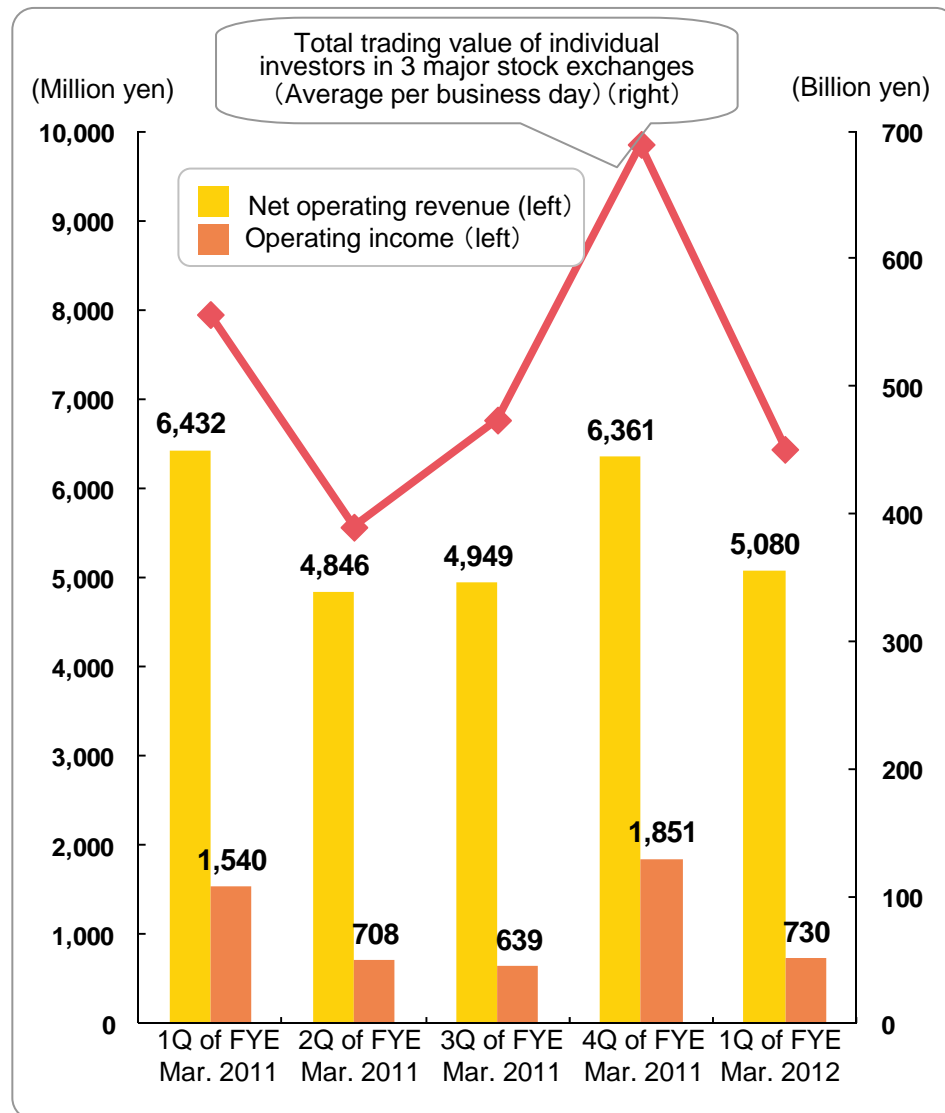
(in million yen)

	FYE Mar. 31, 2010				FYE Mar. 31, 2011				FYE Mar. 31, 2012
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Transaction-related expenses	979	1,044	948	1,247	1,267	1,118	1,260	1,360	1,224
Commissions paid	196	263	181	194	246	217	220	237	238
Exchange and association dues	128	117	100	176	205	138	162	212	163
Communication, freight and information expenses	494	480	484	598	608	572	579	608	567
Advertising expenses	145	161	161	258	181	168	276	279	232
Others	14	21	19	19	25	21	22	22	21
Compensation and benefits	777	751	744	995	936	803	795	850	913
Rental and maintenance	395	438	406	488	531	466	422	424	437
Data processing and office supplies	962	952	958	1,336	1,300	1,153	1,195	1,184	1,181
Data processing	946	935	942	1,313	1,279	1,116	1,177	1,166	1,166
Office supplies	15	17	15	23	20	36	18	17	14
Amortization and depreciation	143	150	151	522	430	281	286	321	288
Taxes other than income taxes	54	38	44	67	69	48	48	45	65
Provision for allowance for doubtful receivables	-	-	-	-	83	-19	-14	-2	10
Amortization of goodwill	46	48	56	118	158	156	156	164	170
Other operating expenses	195	159	138	97	113	128	157	160	59
<b>Selling, general and administrative expenses</b>	<b>3,554</b>	<b>3,585</b>	<b>3,447</b>	<b>4,873</b>	<b>4,891</b>	<b>4,137</b>	<b>4,309</b>	<b>4,509</b>	<b>4,350</b>

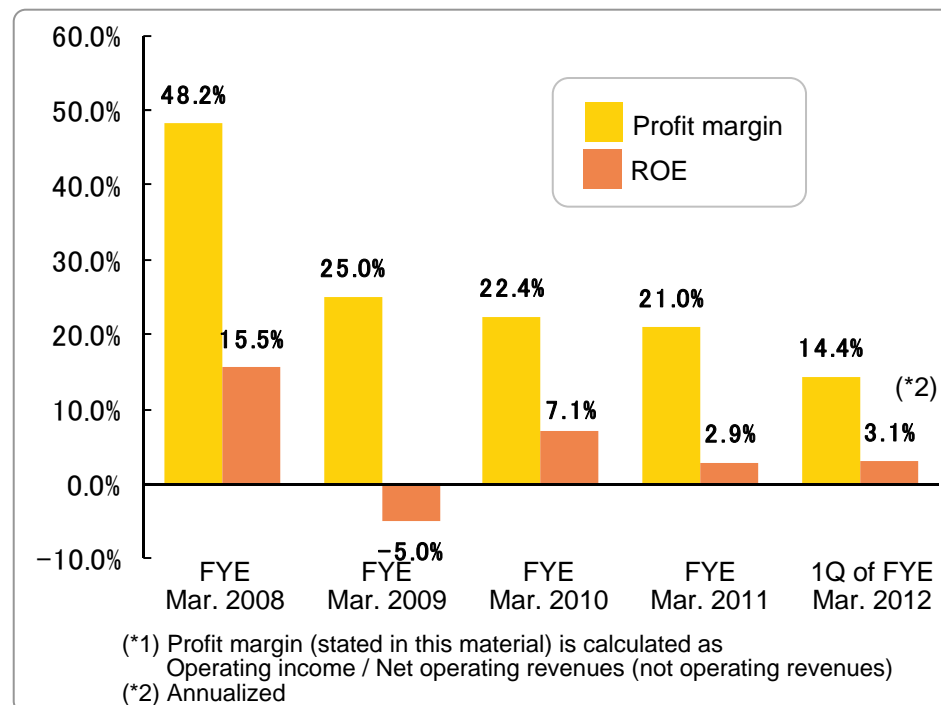


# Trends in Revenue

## Net operating revenue and operating income



## Profit margin(\*1) and ROE trends



## Overview of the Japanese Stock Market

### As of 1Q of FYE Mar. 2012

Nikkei 225 Average : +0.6% from Mar. 31, 2011  
 +4.6% from Jun. 30, 2010

Trading Value\* : -34.6% from 4Q of FYE Mar. 31, 2011  
 -19.0% from 1Q of FYE Mar. 31, 2011

\*Total trading value of individual investors in 3 Japanese major markets (which include JASDAQ until Oct. 12, 2010)

## Breakdown of Net Operating Revenues by Business

■ 1Q of FYE Mar. 31, 2012 (3 months: Apr. to Jun. 2011)

(in million yen)

Business category	Revenue from “stock”	Revenue from “flow”	Total	%
Equities	Net financial income 1,038	Cash trading commission 1,078 Margin trading commissions 774 Others 29	2,921	57%
Derivatives		Futures/Options commissions 102	102	2%
FX business	—	Net trading gain 1,072 FX commissions 136	1,208	24%
Managed asset	416 (Agency commissions, management fee, etc.)	123 (Selling commissions of mutual funds)	539	11%
Fixed income	—	163	163	3%
Investment banking	—	8	8	0%
Total	1,455	3,489	4,944	97%
Others			135	3%
Net Operating Revenues			5,080	100%

Revenue ratio from “stock” and “flow” are 29% and 69% respectively

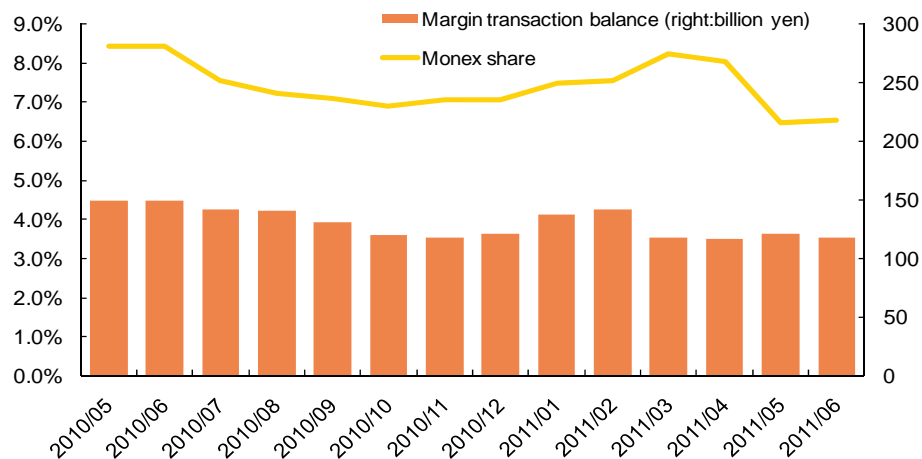
We aim to increase the ratio of revenue from “stock”, as revenue from “flow” are largely affected by market conditions

# Equity Business / FX Business

## Equity business

### Market share of equity trading and margin balance

Monex's share in retail equity market and its margin balance



\*Margin balance as of the monthly end | Market share by the monthly trading value

### Revision of trading commission table from May 2011

Commissions for trade value under 300 thousand yen is set the cheapest among major competitors.

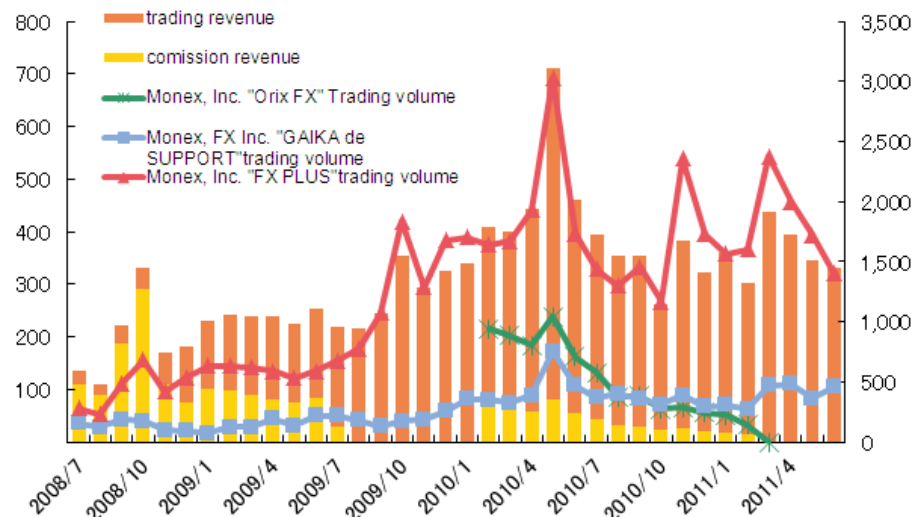
### Changed part of equity trading commission table via PC (per transaction) (incl. tax)

Transaction value	Commission before revision	Commission after revision
under 100 thousand yen	At market 1,050 yen Limit order 1,575 yen	105 yen
100 to 200 thousand yen		189 yen
200 to 300 thousand yen		262 yen
300 to 400 thousand yen		367 yen
400 to 500 thousand yen		472 yen

## FX business

### Revenue (million yen)

### Trading volume (billion yen)



## Revenue by trading at leverage rate lower than 1:25

### Composition of revenues by FX business (Apr.-Jun. 2011)



※ <Revenue from leverage rate 1:25 or lower>

97 percent of total FX business revenue is generated from trading at leverage rate lower than 1:25. Impact by leverage regulatory is estimated to be limited

# Mutual Fund Business / Alternative Investment Business

## ■ Mutual Fund Business

### ◆ Trends in mutual fund sales and balance

(Billion yen)

	FYE March 2010				FYE March 2011				FYE March 2012
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Sales	18.2	20.0	15.8	17.0	25.3	14.3	17.3	23.8	19.8
(no load)	10.3	11.6	8.1	8.6	13.6	7.9	9.4	14.0	12.4
Balance (excluding MRF)	149.4	168.5	179.6	190.6	202.6	215.7	224.2	232.0	229.3
(no load)	78.3	86.4	91.3	97.2	98.4	105.2	110.5	115.7	122.4
(original funds)	25.5	27.9	28.0	28.4	28.0	28.0	28.7	28.9	28.4
Balance of foreign currency MMF	26.6	26.9	28.4	29.2	29.1	32.9	33.7	37.2	37.9

#### \*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: 318 (including 106 no-load funds)

#### ◆ Collaborative project for mutual fund promotion

Four major online securities (Monex, Inc., SBI Sec., kabu.com, Rakuten Sec.) jointly planned three exclusive funds:

- Japan Support Stock Fund (Japan Stock)
- Emerging Country Small-mid Cap Stock Fund
- Japan Emerging Market Stock Fund - Brazil Real



4 securities companies will plan to organize exclusive funds incorporating investors' needs, hold events and publish books, etc.

## ■ Alternative Investment Business

**MAI** Monex Alternative Investments, Inc.  
URL: <http://www.monexai.com>

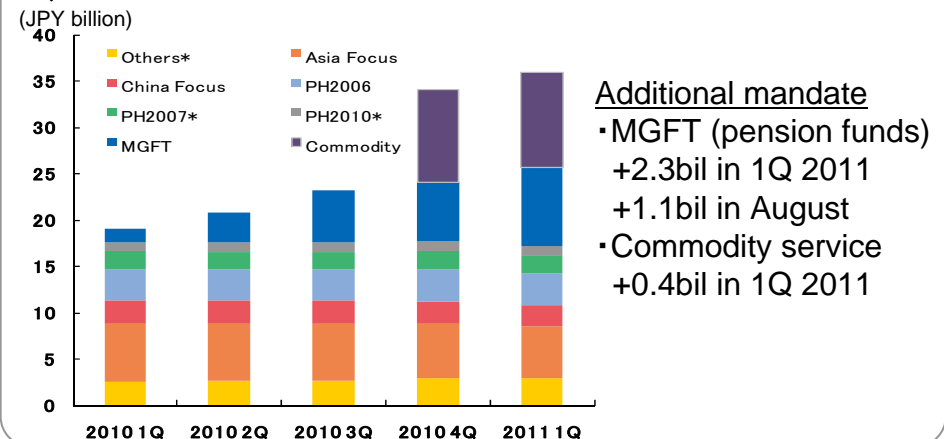
### ◆ New Commodity fund is in the planning stage

- We will offer low-risk and expanded management services to more individual customers through the new 'Commodity investment fund specialized trend-follow strategy'. (Billion yen)

	Fund	Portfolio assets	AUM
Individual	Asia Focus	HF of Japan and Asia	5.7bil
	China Focus	China A, HK & Taiwan share	2.2bil
	PH2006	Global HF and PE	3.4bil
	PH2007	Global HF and PE	1.9bil*
	PH2010	Global HF	1.1bil*
	Others	Global HF, PE, VC	2.9bil*
Institution	MGFT	Global HF	8.5bil
	Commodity	Global Commodity Futures	10.3bil
Total			36.0bil

PH: Premium Hybrid, MGFT: Monex Global FOF Trust, \*as of May 31, 2011

### ◆ Pension mandates thru Mizuho has reached JPY8.5B



# About TradeStation

## Summary of TradeStation



### Company overview

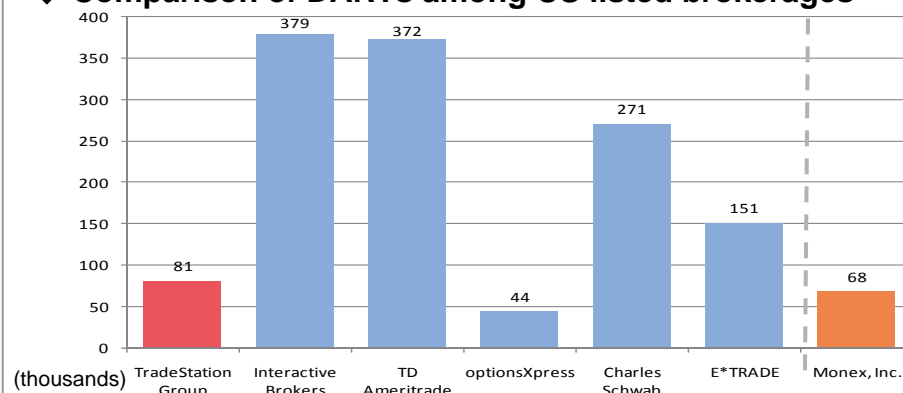
- Formed in 1982 as a trading platform provider. Initial Public Offering in 1997 (listed on the NASDAQ GS). Grown into a highly regarded brand among active traders.
- Most recently rewarded by *Barron's* magazine the #1 rating for online brokerages (2011).
- Attracts a highly active and valuable customer base by providing state-of-the-art trading platform and competitive commission rates
- Net interest income earned on clients' segregated cash as an important source of income (potential upside with normalized US interest rates)
- Capital: USD 515,000, CEO: Salomon Sredni

### Unique Technology-Driven Platform

- High level in-house technology: Nearly half of the total 392 (as of June end, 2011) 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.

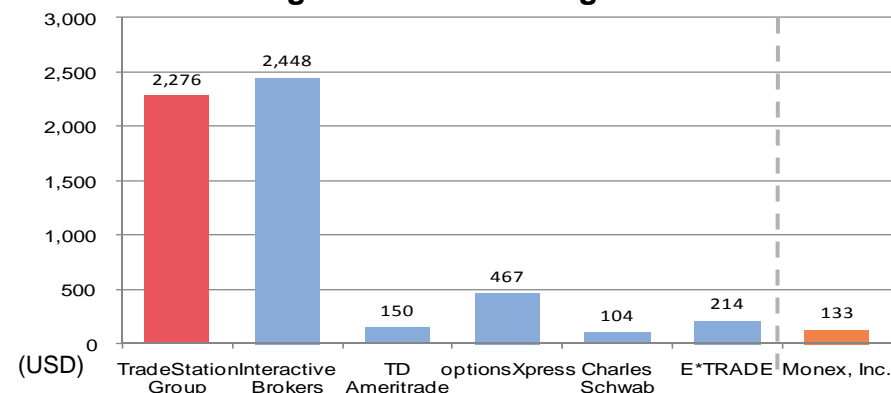
## Prominent difference in client base, reflected in Revenue per account

### Comparison of DARTs among US listed brokerages



\* DARTs: Daily Average Revenue Trades. For the six listed online brokerages, includes futures, option and FX in addition to cash equities transactions, while for Monex, Inc., only includes equities.

### Comparison of annual commissions and fees per account among US listed brokerages



\* Source: Public company data. Based on each company's own definition of the no. of 'active' accounts as of FY end published in its disclosures. Monex, Inc. was calculated based on total no. of accounts. Converted at USD1=JPY82

\* TD Ameritrade data on their 10K of FYE Sep. 2010, other US companies of FYE Dec. 2010 and Monex, Inc. of FYE Mar. 2011 data.

## Revenue Structure of TradeStation

### ■ (Ref.) Income Statement of TradeStation Group, Inc.

◆ From Jan. to Jun. 2011, unaudited (in thousand USD)

Revenues:	
Commissions and fees	53,169
Net interest income	7,712
Subscription fees and other	2,893
Gains on marketable securities	2,325
Net revenues	66,099
Expenses:	
Personnel expense	32,323
Clearing and execution	14,632
Data centers and communications	7,749
Others	15,933
Total expenses	70,637
Income before income taxes	(4,538)
Income tax provision	(2,065)
Net income	(2,473)

Not consolidated in Monex Group's Income Statement

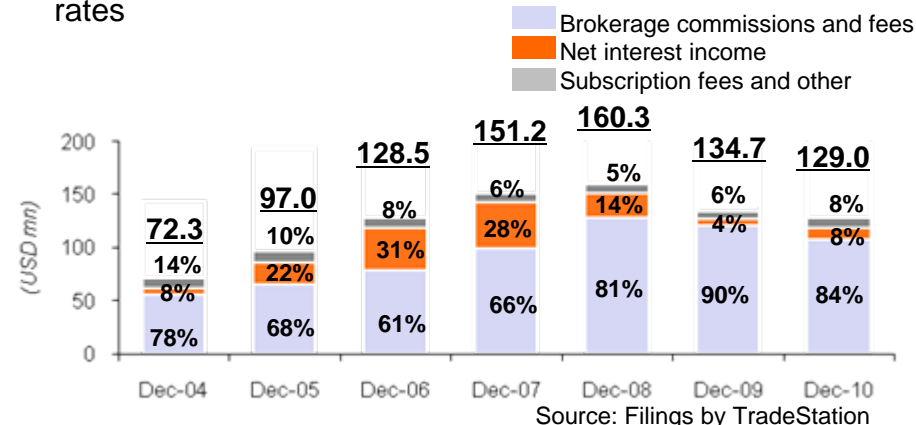
Due to the acceleration of stock compensation responding to the company delisting upon the acquisition in June 2011, personnel expense increased by USD8M temporarily and affected net income.

◆ Number of client accounts with asset balance :  
56,156 (as of the end of June 2011)

### ■ Comparison of revenue structure

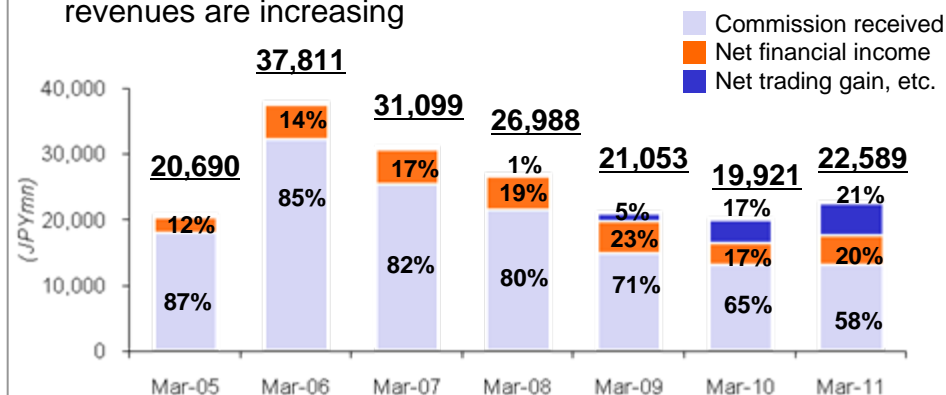
#### ◆ TradeStation: Trend of Net Operating Revenue (US GAAP)

Net interest income decrease in line with declining interest rates



#### ◆ Monex Group: Trend of Net Operating Revenue (Japanese GAAP)

Affected by stagnant equity market but FX related revenues are increasing



## About Monex BOOM Group

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



#### ◆ Monex BOOM Group Overview

Monex Boom Group offers stock trading in 12 markets; margin trading in 5 markets such as HK and US. Customers can trade using 6 currencies (HKD, USD, RMB etc.) in a single account. Average stock commission is 14bps (As from Apr. to Jun. 2011). The group has 9,614 accounts with balance of 67 billion yen assets in custody at the end of June 2011. Agatha Lo is the COO of the company. The group has 36 employees. (as of Jun. 30, 2011)

\*BOOM Securities changed its name to Monex BOOM Securities as of July 21, 2011

#### ◆ Enhancing margin trading by Group's credibility

#### ◆ Future plan

We plan to expand margin trading, strengthen trading system and product & service line-up. Planning mutual product supply between HK and Japan. Hong Kong is rapidly growing as the offshore market of RMB and Monex, Inc. and Monex Boom will join forces to develop RMB related products for the customers of Monex, Inc.

### ■ Quarterly financial result

#### ◆ Consolidated financial result of Monex International Limited including Monex BOOM Group

(As from Apr. to Jun. 2011, in thousand yen)

Operating revenue	
Commission received	91,056
Net trading income	(143)
Financial revenue	19,060
Other revenues	28,769
Total of operating revenue	138,742
Financial expense	443
Net operating revenue	138,299
Operating expense	96,557
Operating income	41,742
Ordinary income	42,683
Income before income taxes	42,683
Income taxes	6,234
Net income	36,449

#### ◆ Balance of Monex BOOM's margin loan

(in thousand yen)

	Dec. 2010	Mar. 2011	Jun. 2011
<b>Balance of margin loan</b>	494,180	715,774	1,180,084

# Investors' Guide

## ■ Pursuing investment returns for our shareholders

### ◆ Basic policy for shareholder's return

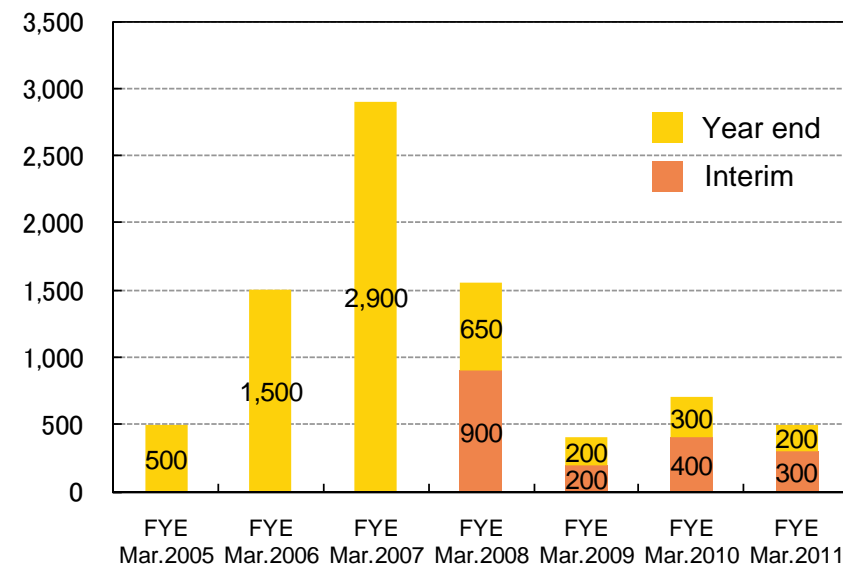
• Reserving necessary capital as a growing company, the company aim to provide return to its shareholders based upon its business performances.

• 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 end of Mar. 2011: 3,196,805 shares

ORIX Corporation 21.1%	Oki Matsumoto 8.1%	Foreign Institutions, etc. 24.3%	Individual Investors, etc. 18.4%	Financial Institutions 14.9%	Other Institutions 9.4%	Securities Companies 3.8%
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\*Acquired 200,000 own shares (6.25% of shares issued and outstanding) in May-June 2011

### ◆ Indicators per share

(Unit: JPY)	FYE March 2008	FYE March 2009	FYE March 2010	FYE March 2011	1Q FYE March 2012
Book-value Per Share (BPS)	19,664	17,235	22,139	22,154	22,646
Earnings Per Share (EPS)	3,080	-928	1,527	647	672
Return on Equity (ROE)	15.5%	-5.0%	7.1 %	2.9%	3.1%
Dividend Per Share	1,550	400	700	500	(TBD)

\*EPS and ROE of 1Q, FYE March 2012 are multiplied by 4 of 3 month data.



The Monex Group

Holding Company **Monex Group, Inc.**

(As of July 26, 2011)

[ China ]

**Monex International Limited**  
Asia business base in Hong Kong

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: 18.5%

[ Japan ]

Securities Company



Comprehensive investment service provider

Investment Education



R&D of Program Trading

**trade-science**  
Trade Science Corporation  
Next generation asset management  
utilizing artificial intelligence

FX Business



**Monex FX, Inc.**  
Specialized for FX trading

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%

M&A Advisory

**MONEX HAMBRECHT, INC.**

M&A advisory service  
Aspiring to introduce a new IPO  
(Investment Ratio) Monex G: 78.6%  
ZenShin Capital Partners II: 7.9%  
Hambrecht Partners Holdings: 5.5%  
Development Bank of Japan: 5.5%

[ US/EU ]



**TradeStation Group, Inc.**  
Holding company in US

Online securities company

**TradeStation Securities, Inc.**

FX Business

**TradeStation Forex, Inc.**

Technology

**TradeStation Technologies, Inc.**

EU Base

**TradeStation Europe Limited**  
(London)

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