

Disclaimer

This document is an English-language translation of the non-consolidated financial summary of the financial results for the first half of the fiscal year ending March 31, 2014 (from April 2013 to March 2014). This summary was prepared originally in Japanese in accordance with generally accepted accounting principles in Japan (Japanese GAAP). If there are discrepancies between the English translation and the original document in Japanese, the Japanese version will take precedence.

kabu.com Securities Co., Ltd.

**Non-Consolidated Financial Summary under Japanese GAAP
For the 1st Half (1H) of the Fiscal Year Ending March 31, 2014**

Company name: kabu.com Securities Co., Ltd. URL: <http://kabu.com>
 Listing: 1st section of the Tokyo Stock Exchange
 Code number: 8703
 Representative: Masakatsu Saito, CEO
 Contact: Takeshi Amemiya, CFO E-mail: ir@kabu.com

1. Financial summary (April 1, 2013 to September 30, 2013)

(1) Operating results (% : change year-on-year)

	Operating revenues		Net operating revenues		Operating income		Ordinary income		Net income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
1H of fiscal year ending March 31, 2014	12,421	133.3	11,388	154.6	6,280	594.2	6,335	559.7	3,590	469.2
1H of fiscal year ended March 31, 2013	5,325	(17.9)	4,473	(20.5)	904	(41.8)	960	(41.7)	630	(25.7)

	Earnings per share	Fully diluted earnings per share	ROE
	yen	yen	%
1H of fiscal year ending March 31, 2014	20.39	-	19.2
1H of fiscal year ended March 31, 2013	3.58	-	3.9

(2) Financial position

	Total assets	Net Assets	Equity ratio	Capital adequacy ratio
	millions of yen	millions of yen	%	%
September 30, 2013	719,067	38,721	5.4	447.0
March 31, 2013	573,306	35,937	6.3	478.0

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
	yen				
Fiscal year ended March 2013	-	0.00	-	8.00	8.00
Fiscal year ending March 2014	-	0.00			

3. Forecast for the Business Results of Full Fiscal Year (April 1, 2013 to March 31, 2014)

The Company's principal business is acting as a broker in transactions in financial instruments, mainly securities. Since this business is strongly influenced by conditions in equity and other financial markets, forecasting future performance is extremely difficult. Accordingly the Company does not disclose forecasts of its performance. In place of such forecasts, the Company discloses its quarterly financial results as quickly as possible. The Company also provides monthly information on fees and commissions, which account for a high percentage of operating revenues, the number of customer accounts, equity trading value, and other operating statistics that have a major impact on the Company's performance.

(1)Non-Consolidated Balance Sheets

(Unit : Millions of Yen)

	As of March 31, 2013	As of September 30, 2013
Assets		
Current Assets		
Cash and bank deposits	55,041	68,471
Cash held in trust	284,488	384,447
Margin account assets	188,971	206,046
Loans receivable from customers	142,820	164,783
Cash deposited as collateral for securities borrowed	46,151	41,263
Advances paid	152	120
Amount paid	975	422
Short term guarantee deposits	34,027	47,808
Prepaid expenses	195	307
Accrued income	1,237	1,591
Deferred tax assets	-	102
Other	262	581
Total current assets	<u>565,352</u>	<u>709,901</u>
Fixed Assets		
Tangible fixed assets	761	712
Intangible fixed assets	2,236	2,427
Investment and others	4,956	6,027
Investment securities	4,199	5,234
Long term guarantee deposits	362	382
Long-term advances paid	1,566	1,447
Other	316	321
Allowance for doubtful accounts	(1,488)	(1,358)
Total fixed assets	<u>7,954</u>	<u>9,166</u>
Total Assets	<u>573,306</u>	<u>719,067</u>

(Unit : Millions of Yen)

	As of March 31, 2013	As of September 30, 2013
Liabilities		
Current liabilities		
Margin account liabilities	124,921	131,269
Loans from securities finance companies	64,458	70,939
Proceeds of securities lent on customers' account	60,463	60,329
Payables on collateralized securities transactions	30,976	30,755
Deposits received	152,651	218,958
Guarantee money received	154,500	202,610
Short-term borrowings	17,000	55,000
Short-term loans payable to subsidiaries and affiliate	33,000	15,000
Accounts payable	450	601
Accrued expenses	575	586
Accrued income taxes	882	2,569
Deferred tax liabilities	79	-
Reserve for directors' bonuses	-	48
Other	701	586
Total current liabilities	<u>515,737</u>	<u>657,987</u>
Long-term liabilities		
Long-term borrowings	13,100	13,100
Long-term loans payable to subsidiaries and affiliate	6,900	6,900
Deferred tax liabilities	673	1,089
Other	10	0
Total long-term liabilities	<u>20,684</u>	<u>21,089</u>
Statutory reserves		
Reserve for financial product transaction liabilities	948	1,269
Total statutory reserves	<u>948</u>	<u>1,269</u>
Total liabilities	<u>537,369</u>	<u>680,346</u>
Net assets		
Shareholders' equity		
Common stock	7,196	7,196
Additional paid in capital	11,913	11,913
Retained earnings	14,412	16,594
Total shareholders' equity	<u>33,522</u>	<u>35,704</u>
Valuation and translation adjustments		
Net unrealized gain on investment securities	2,414	3,016
Total valuation and translation adjustments	<u>2,414</u>	<u>3,016</u>
Total net assets	<u>35,937</u>	<u>38,721</u>
Total liabilities and net assets	<u>573,306</u>	<u>719,067</u>

(2)Non-Consolidated Statements of Income

(Unit : Millions of Yen)

	1H of fiscal year ended March 2013 (April 1 to September 30, 2012)	1H of fiscal year ending March 2014 (April 1 to September 30, 2013)
Operating revenues		
Commissions	2,848	7,622
Brokerage commissions	2,175	6,546
Fees for offering, secondary distribution and solicitation for selling and other services for professional investor	74	208
Other	598	867
Net gain on trading	29	292
Financial income	2,447	4,506
Total operating revenues	5,325	12,421
Financial expenses	851	1,033
Net operating revenues	4,473	11,388
Selling, general and administrative expenses		
Transaction related expenses	1,569	2,536
Employment cost	443	605
Facilities and rentals	601	714
Outsourcing and office supplies	314	457
Depreciation and amortization	485	539
Duties and taxes other than income taxes	80	101
Provision of allowance for doubtful accounts	-	49
Other	74	103
Total selling, general and administrative expenses	3,569	5,108
Operating income	904	6,280
Non-operating income	121	74
Non-operating expenses	65	19
Ordinary income	960	6,335
Special profits		
Reversal of reserve for financial product transaction	37	-
Total special profits	37	-
Special losses		
Provision of reserve for financial product transaction liabilities	-	320
Total special losses	-	320
Income before income taxes	997	6,014
Income taxes - current	319	2,523
Income taxes - deferred	47	(99)
Income taxes	366	2,423
Net income	630	3,590

(3)Non-Consolidated Statement of Income by Quarter (Quarterly transition)

(Unit : Millions of Yen)

	1Q of FY 2013	2Q of FY 2013	3Q of FY 2013	4Q of FY 2013	1Q of FY 2014	2Q of FY 2014
Operating revenues						
Commissions	1,499	1,348	1,775	3,182	4,654	2,967
Brokerage commissions	1,143	1,031	1,367	2,668	4,025	2,520
Fees for offering, secondary distribution and solicitation for selling and others for professional investor:	28	45	47	84	138	69
Other	327	271	361	429	490	377
Net gain on trading	17	11	24	106	60	232
Financial income	1,354	1,092	1,317	1,401	2,447	2,059
Total operating revenues	2,872	2,452	3,117	4,689	7,162	5,259
Financial expenses	548	303	519	288	691	342
Net operating revenues	2,324	2,149	2,598	4,400	6,471	4,916
Selling, general and administrative expenses						
Transaction related expenses	794	774	778	1,110	1,376	1,159
Employment cost	221	222	217	260	300	305
Facilities and rentals	289	312	329	357	348	365
Outsourcing and office supplies	159	155	130	170	210	246
Depreciation and amortization	240	244	259	281	266	273
Duties and taxes other than income taxes	49	30	25	27	67	34
Other	38	36	36	34	111	41
Total selling, general and administrative expenses	1,792	1,776	1,777	2,242	2,681	2,426
Operating income	531	373	820	2,157	3,789	2,490
Non-operating income	58	62	88	74	40	34
Non-operating expenses	0	64	58	92	11	8
Ordinary income	589	370	851	2,139	3,818	2,516
Special profits						
Reversal of reserve for financial product transactions	34	2	-	-	-	-
Total special profits	34	2	-	-	-	-
Special losses						
Valuation loss on investment securities	-	-	0	-	-	-
Provision of reserve for financial product transaction liabilities	-	-	1	202	194	126
Total special losses	-	-	2	202	194	126
Income before income taxes	623	373	848	1,937	3,624	2,390
Income taxes - current	206	112	291	424	1,467	1,055
Income taxes - deferred	15	32	34	375	(6)	(92)
Net income	402	228	522	1,137	2,163	1,427

(4)Monthly Business Data

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13
Number of customer accounts *1 (at month-end)	816,890	825,151	829,785	834,439	838,184	842,585
Number of new customer accounts (monthly)	7,150	8,571	4,942	4,963	4,088	4,710
Number of customer accounts from Bank of Tokyo-Mitsubishi UFJ and other partners (at month-end)	53,687	54,644	55,111	55,525	56,058	56,560
Number of active accounts *2	419,042	422,996	426,626	427,775	429,346	431,935
Number of margin customer accounts *1 (at month-end)	90,381	91,734	92,615	93,541	94,286	95,034
Number of forward and option customer accounts *1 (at month-end)	39,404	39,958	40,388	40,751	40,973	41,265
Number of OTC FX customer accounts *1 (at month-end)	51,650	53,408	54,527	55,512	56,337	57,284
Average daily number of executed equity trades *3	125,732	148,213	97,574	98,431	75,411	96,546
Average value of equity trading (thousands of yen)	1,157	1,308	1,176	1,174	1,035	1,066
Monthly trading value of OTC FX (100 millions of yen)	114,109	48,938	64,164	51,488	44,712	33,485
Monthly trading value of Exchange FX*4 (100 millions of yen)	5,262	3,822	3,081	2,454	1,439	1,591
Amount of customer assets *5 (at month-end) (millions of yen)	1,663,329	1,680,169	1,596,338	1,638,637	1,597,200	1,696,613
Margin trading balance *6 (at month-end) (millions of yen)	188,274	208,154	193,416	202,014	194,991	225,113
Number of automatic debit accounts *1 (at month-end)	402,393	404,171	405,489	406,398	407,181	408,038

	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
Number of customer accounts *1 (at month-end)	786,506	788,954	791,688	797,354	803,531	810,069
Number of new customer accounts (monthly)	2,882	2,736	2,995	5,949	6,468	6,855
Number of customer accounts from Bank of Tokyo-Mitsubishi UFJ and other partners (at month-end)	48,438	48,599	48,889	50,106	51,303	52,816
Number of margin customer accounts *1 (at month-end)	84,349	84,468	85,097	86,242	87,461	89,096
Number of forward and option customer accounts *1 (at month-end)	37,478	37,668	37,888	38,236	38,592	38,970
Number of OTC FX customer accounts *1 (at month-end)	44,078	44,304	45,126	46,824	48,460	49,877
Average daily number of executed equity trades *3	39,492	45,766	60,192	87,228	90,794	101,197
Average value of equity trading (thousands of yen)	723	718	813	979	1,042	1,026
Monthly trading value of OTC FX (100 millions of yen)	7,123	11,962	14,834	39,960	61,662	40,680
Monthly trading value of Exchange FX*4 (100 millions of yen)	1,410	1,799	2,282	4,789	3,727	3,222
Amount of customer assets *5 (at month-end) (millions of yen)	1,078,942	1,123,431	1,217,003	1,336,930	1,399,071	1,472,046
Margin trading balance *6 (at month-end) (millions of yen)	95,367	96,722	107,923	130,328	155,677	203,283
Number of automatic debit accounts *1 (at month-end)	-	-	-	-	-	401,083

*1 : The number of accounts includes corporate accounts.

*2 : The number of accounts which hold more than 0 yen.

*3 : The number of trades includes partially executed trades.

*4 : Exchange FX includes OSE-FX(FX traded in Osaka Securities Exchange) and Click365(FX traded in Tokyo Financial Exchange)

*5 : Amount of customer assets is the value on a market price basis at month-end.

*6 : Margin trading balance is the value on a handover basis at month-end.