

Disclaimer

This document is an English-language translation of the non-consolidated financial summary of the financial results for the first quarter 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 Quarter (1Q) of the Fiscal Year Ending March 31, 2014**

Company name: kabu.com Securities Co., Ltd.
 Listing: 1st section of the Tokyo Stock Exchange
 Code number: 8703
 Representative: Masakatsu Saito, CEO
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1. Financial summary (April 1, 2013 to Jun 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	%
1Q of fiscal year ending March 31, 2014	7,162	149.4	6,471	178.4	3,789	613.1	3,818	547.9	2,163	438.0
1Q of fiscal year ended March 31, 2013	2,872	(12.8)	2,324	(16.7)	531	(27.4)	589	(28.2)	402	(22.3)

	Earnings per share	Fully diluted earnings per share	ROE
	yen	yen	%
1Q of fiscal year ending March 31, 2014	12.28	-	23.7
1Q of fiscal year ended March 31, 2013	2.28	-	5.0

(2) Financial position

	Total assets	Net Assets	Equity ratio	Capital adequacy ratio
	millions of yen	millions of yen	%	%
Jun 30, 2013	602,160	36,933	6.1	479.1
March 31, 2013	573,306	35,937	6.3	478.0

2. Dividends

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

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 Jun 30, 2013
Assets		
Current Assets		
Cash and bank deposits	55,041	32,256
Cash held in trust	284,488	333,272
Margin account assets	188,971	182,251
Loans receivable from customers	142,820	173,021
Cash deposited as collateral for securities borrowed	46,151	9,229
Advances paid	152	426
Amount paid	975	455
Short term guarantee deposits	34,027	40,971
Prepaid expenses	195	341
Accrued income	1,237	1,282
Deferred tax assets	-	58
Other	262	2,307
Total current assets	<u>565,352</u>	<u>593,622</u>
Fixed Assets		
Tangible fixed assets	761	746
Intangible fixed assets	2,236	2,207
Investment and others	4,956	5,584
Investment securities	4,199	4,850
Long term guarantee deposits	362	354
Long-term advances paid	1,566	1,480
Other	316	307
Allowance for doubtful accounts	(1,488)	(1,409)
Total fixed assets	<u>7,954</u>	<u>8,537</u>
Total Assets	<u>573,306</u>	<u>602,160</u>

(Unit : Millions of Yen)

	As of March 31, 2013	As of Jun 30, 2013
Liabilities		
Current liabilities		
Margin account liabilities	124,921	43,194
Loans from securities finance companies	64,458	22,800
Proceeds of securities lent on customers' account	60,463	20,393
Payables on collateralized securities transactions	30,976	27,858
Deposits received	152,651	196,356
Guarantee money received	154,500	199,623
Short-term borrowings	17,000	73,000
Short-term loans payable to subsidiaries and affiliate	33,000	-
Accounts payable	450	250
Accrued expenses	575	720
Accrued income taxes	882	1,491
Deferred tax liabilities	79	-
Reserve for bonuses	-	38
Reserve for directors' bonuses	-	34
Other	701	575
Total current liabilities	515,737	543,144
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	938
Other	10	1
Total long-term liabilities	20,684	20,939
Statutory reserves		
Reserve for financial product transaction liabilities	948	1,142
Total statutory reserves	948	1,142
Total liabilities	537,369	565,227
Net assets		
Shareholders' equity		
Common stock	7,196	7,196
Additional paid in capital	11,913	11,913
Retained earnings	14,412	15,166
Treasury stock	-	-
Total shareholders' equity	33,522	34,276
Valuation and translation adjustments		
Net unrealized gain on investment securities	2,414	2,656
Total valuation and translation adjustments	2,414	2,656
Total net assets	35,937	36,933
Total liabilities and net assets	573,306	602,160

(2)Non-Consolidated Statements of Income

(Unit : Millions of Yen)

	1Q of fiscal year ended March 2013 (April 1 to June 30, 2012)	1Q of fiscal year ending March 2014 (April 1 to June 30, 2013)
Operating revenues		
Commissions	1,499	4,654
Brokerage commissions	1,143	4,025
Fees for offering, secondary distribution and solicitation for selling and other services for professional investor	28	138
Other	327	490
Net gain on trading	17	60
Financial income	1,354	2,447
Total operating revenues	2,872	7,162
Financial expenses	548	691
Net operating revenues	2,324	6,471
Selling, general and administrative expenses		
Transaction related expenses	794	1,376
Employment cost	221	300
Facilities and rentals	289	348
Outsourcing and office supplies	159	210
Depreciation and amortization	240	266
Duties and taxes other than income taxes	49	67
Provision of allowance for doubtful accounts	-	62
Other	38	48
Total selling, general and administrative expenses	1,792	2,681
Operating income	531	3,789
Non-operating income	58	40
Non-operating expenses	0	11
Ordinary income	589	3,818
Special profits		
Reversal of reserve for financial product transaction	34	-
Total special profits	34	-
Special losses		
Valuation loss on investment securities	-	194
Total special losses	-	194
Income before income taxes	623	3,624
Income taxes - current	206	1,467
Income taxes - deferred	15	(6)
Income taxes	221	1,461
Net income	402	2,163

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

(4)Monthly Business Data

	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13
Number of customer accounts *1 (at month-end)	797,354	803,531	810,069	816,890	825,151	829,785
Number of new customer accounts (monthly)	5,949	6,468	6,855	7,150	8,571	4,942
Number of customer accounts from Bank of Tokyo-Mitsubishi UFJ and other partners (at month-end)	50,106	51,303	52,816	53,687	54,644	55,111
Number of active accounts *2	-	-	-	419,042	422,996	426,626
Number of margin customer accounts *1 (at month-end)	86,242	87,461	89,096	90,381	91,734	92,615
Number of forward and option customer accounts *1 (at month-end)	38,236	38,592	38,970	39,404	39,958	40,388
Number of OTC FX customer accounts *1 (at month-end)	46,824	48,460	49,877	51,650	53,408	54,527
Average daily number of executed equity trades *3	87,228	90,794	101,197	125,732	148,213	97,574
Average value of equity trading (thousands of yen)	979	1,042	1,026	1,157	1,308	1,176
Monthly trading value of OTC FX (100 millions of yen)	39,960	61,662	40,680	114,109	48,938	64,164
Monthly trading value of Exchange FX*4 (100 millions of yen)	4,789	3,727	3,222	5,262	3,822	3,081
Amount of customer assets *5 (at month-end) (millions of yen)	1,336,930	1,399,071	1,472,046	1,663,329	1,680,169	1,596,338
Margin trading balance *6 (at month-end) (millions of yen)	130,328	155,677	203,283	188,274	208,154	193,416
Number of automatic debit accounts *1 (at month-end)	-	-	401,083	402,393	404,171	405,489

	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
Number of customer accounts *1 (at month-end)	778,481	780,932	784,022	786,506	788,954	791,688
Number of new customer accounts (monthly)	2,965	2,832	3,425	2,882	2,736	2,995
Number of customer accounts from Bank of Tokyo-Mitsubishi UFJ and other partners (at month-end)	47,609	47,852	48,169	48,438	48,599	48,889
Number of margin customer accounts *1 (at month-end)	83,137	83,721	84,447	84,349	84,468	85,097
Number of forward and option customer accounts *1 (at month-end)	36,931	37,114	37,300	37,478	37,668	37,888
Number of OTC FX customer accounts *1 (at month-end)	43,524	43,683	43,890	44,078	44,304	45,126
Average daily number of executed equity trades *3	37,457	34,633	38,941	39,492	45,766	60,192
Average value of equity trading (thousands of yen)	706	738	759	723	718	813
Monthly trading value of OTC FX (100 millions of yen)	4,462	4,415	4,143	7,123	11,962	14,834
Monthly trading value of Exchange FX*4 (100 millions of yen)	1,261	1,077	1,308	1,410	1,799	2,282
Amount of customer assets *5 (at month-end) (millions of yen)	1,061,797	1,058,937	1,059,203	1,078,942	1,123,431	1,217,003
Margin trading balance *6 (at month-end) (millions of yen)	102,759	106,382	118,633	95,367	96,722	107,923

*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.