

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, 2015 (from April 2014 to March 2015). 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, 2015**

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, 2014 to September 30, 2014)

(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, 2015	10,622	(14.5)	9,461	(16.9)	4,207	(33.0)	4,327	(31.7)	3,246	(9.6)
1H of fiscal year ended March 31, 2014	12,421	133.3	11,388	154.6	6,280	594.2	6,335	559.7	3,590	469.2

	Earnings per share	Fully diluted earnings per share	ROE
	yen	yen	%
1H of fiscal year ending March 31, 2015	18.59	-	15.6
1H of fiscal year ended March 31, 2014	20.39	-	19.2

(2) Financial position

	Total assets	Net Assets	Equity ratio	Capital adequacy ratio
	millions of yen	millions of yen	%	%
September 30, 2014	774,137	40,935	5.3	427.9
March 31, 2014	700,675	42,240	6.0	432.5

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
Fiscal year ended March 2014	-	0.00	-	18.00	18.00
Fiscal year ending March 2015	-	0.00			
Fiscal year ending March 2015 (Forecasts)			-	-	-

3. Forecast for the Business Results of Full Fiscal Year (April 1, 2014 to March 31, 2015)

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, 2014	As of September 30, 2014
Assets		
Current Assets		
Cash and bank deposits	49,214	44,537
Cash held in trust	349,578	428,534
Margin account assets	234,740	229,274
Loans receivable from customers	183,317	164,174
Cash deposited as collateral for securities borrowed	51,422	65,099
Advances paid	97	117
Cash paid for offering	364	851
Short term guarantee deposits	52,818	57,911
Prepaid expenses	234	439
Accrued income	1,700	1,964
Deferred tax assets	147	—
Other	1,642	1,318
Total current assets	<u>690,539</u>	<u>764,950</u>
Fixed Assets		
Tangible fixed assets	936	818
Intangible fixed assets	2,658	2,837
Investment and others	6,541	5,530
Investment securities	5,829	4,737
Long term guarantee deposits	378	472
Long-term advances paid	1,269	1,188
Other	249	266
Allowance for doubtful accounts	(1,186)	(1,133)
Total fixed assets	<u>10,136</u>	<u>9,187</u>
Total Assets	<u>700,675</u>	<u>774,137</u>

(Unit : Millions of Yen)

	As of March 31, 2014	As of September 30, 2014
Liabilities		
Current liabilities		
Margin account liabilities	110,693	144,355
Loans from securities finance companies	46,460	56,173
Proceeds of securities lent on customers' account	64,232	88,182
Payables on collateralized securities transactions	59,169	64,443
Deposits received	189,320	246,665
Guarantee money received	196,545	219,620
Short-term borrowings	64,000	30,000
Short-term loans payable to subsidiaries and affiliate	10,000	-
Accounts payable	717	350
Accrued expenses	574	653
Accrued income taxes	4,161	1,803
Deferred tax liabilities	-	85
Reserve for directors' bonuses	-	46
Other	332	357
Total current liabilities	<u>635,514</u>	<u>708,380</u>
Long-term liabilities		
Long-term borrowings	13,100	15,100
Long-term loans payable to subsidiaries and affiliate	6,900	6,900
Deferred tax liabilities	1,399	1,060
Total long-term liabilities	<u>21,399</u>	<u>23,060</u>
Statutory reserves		
Reserve for financial product transaction liabilities	1,521	1,760
Total statutory reserves	<u>1,521</u>	<u>1,760</u>
Total liabilities	<u>658,434</u>	<u>733,202</u>
Net assets		
Shareholders' equity		
Common stock	7,196	7,196
Additional paid in capital	11,913	11,913
Retained earnings	19,633	19,710
Treasury stock	-	(884)
Total shareholders' equity	<u>38,743</u>	<u>37,935</u>
Valuation and translation adjustments		
Net unrealized gain on investment securities	3,497	2,999
Total valuation and translation adjustments	<u>3,497</u>	<u>2,999</u>
Total net assets	<u>42,240</u>	<u>40,935</u>
Total liabilities and net assets	<u>700,675</u>	<u>774,137</u>

(2)Non-Consolidated Statements of Income

(Unit : Millions of Yen)

	1H of fiscal year ended March 2014 (April 1 to September 30, 2013)	1H of fiscal year ending March 2015 (April 1 to September 30, 2014)
Operating revenues		
Commissions	7,622	5,037
Brokerage commissions	6,546	4,225
Fees for offering, secondary distribution and solicitation for selling and other services for professional investors	208	98
Other	867	713
Net gain on trading	292	404
Financial income	4,506	5,180
Total operating revenues	12,421	10,622
Financial expenses	1,033	1,160
Net operating revenues	11,388	9,461
Selling, general and administrative expenses		
Transaction related expenses	2,536	2,619
Employment cost	605	551
Facilities and rentals	714	790
Outsourcing and office supplies	457	411
Depreciation and amortization	539	637
Duties and taxes other than income taxes	101	147
Provision of allowance for doubtful accounts	49	-
Other	103	95
Total selling, general and administrative expenses	5,108	5,254
Operating income	6,280	4,207
Non-operating income	74	138
Non-operating expenses	19	18
Ordinary income	6,335	4,327
Special profits		
Gain on sales of investment securities	-	1,107
Total special profits	-	1,107
Special losses		
Provision of reserve for financial product transaction liabilities	320	239
Total special losses	320	239
Income before income taxes	6,014	5,195
Income taxes - current	2,523	1,778
Income taxes - deferred	(99)	170
Income taxes	2,423	1,948
Net income	3,590	3,246

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

(Unit : Millions of Yen)

	1Q of FY 2014	2Q of FY 2014	3Q of FY 2014	4Q of FY 2014	1Q of FY 2015	2Q of FY 2015
Operating revenues						
Commissions	4,654	2,967	3,037	2,702	2,316	2,720
Brokerage commissions	4,025	2,520	2,523	2,270	1,926	2,299
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	138	69	74	69	49	49
Other	490	377	439	362	341	372
Net gain on trading	60	232	111	219	172	231
Financial income	2,447	2,059	2,494	2,359	2,551	2,628
Total operating revenues	7,162	5,259	5,644	5,281	5,041	5,580
Financial expenses	691	342	636	391	606	554
Net operating revenues	6,471	4,916	5,007	4,890	4,435	5,026
Selling, general and administrative expenses						
Transaction related expenses	1,376	1,159	1,035	1,100	1,502	1,116
Employment cost	300	305	292	255	253	298
Facilities and rentals	348	365	372	392	393	397
Outsourcing and office supplies	210	246	221	199	207	203
Depreciation and amortization	266	273	272	285	299	338
Duties and taxes other than income taxes	67	34	53	58	100	46
Other	111	41	31	26	46	49
Total selling, general and administrative expenses	2,681	2,426	2,280	2,318	2,803	2,451
Operating income	3,789	2,490	2,727	2,571	1,632	2,575
Non-operating income	40	34	39	89	103	34
Non-operating expenses	11	8	2	9	9	8
Ordinary income	3,818	2,516	2,763	2,651	1,726	2,600
Special profits						
Gain on sales of investment securities	-	-	-	-	-	1,107
Total special profits	-	-	-	-	-	1,107
Special losses						
Provision of reserve for financial product transaction liabilities	194	126	129	122	109	130
Impairment loss	-	-	21	50	-	-
Total special losses	194	126	150	172	109	130
Income before income taxes	3,624	2,390	2,613	2,479	1,617	3,577
Income taxes - current	1,467	1,055	943	1,111	316	1,461
Income taxes - deferred	(6)	(92)	100	(102)	292	(122)
Net income	2,163	1,427	1,568	1,470	1,008	2,238

(4)Monthly Business Data

	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14
Number of customer accounts *1 (at month-end)	872,970	876,143	879,762	883,602	886,965	891,095
Number of new customer accounts (monthly)	4,324	3,519	3,997	4,120	3,792	4,500
Number of customer accounts from Bank of Tokyo-Mitsubishi UFJ and other partners (at month-end)	58,820	59,050	59,349	59,626	59,879	60,087
Number of active accounts *2	447,798	449,474	452,132	452,717	454,035	455,691
Number of margin customer accounts *1 (at month-end)	100,724	101,640	103,741	104,771	105,697	106,991
Number of forward and option customer accounts *1 (at month-end)	43,588	43,822	44,067	44,283	44,556	44,821
Number of OTC FX customer accounts *1 (at month-end)	62,724	63,338	64,126	64,766	65,336	66,151
Average daily number of executed equity trades *3	79,193	81,127	100,542	96,993	99,089	103,826
Average value of equity trading (thousands of yen)	1,006	996	1,062	1,078	1,011	1,053
Monthly trading value of OTC FX (100 millions of yen)	28,715	22,367	19,513	20,108	22,595	44,393
Monthly trading value of Exchange FX*4 (100 millions of yen)	785	806	764	800	837	1,230
Amount of customer assets *5 (at month-end) (millions of yen)	1,673,891	1,713,424	1,797,487	1,826,292	1,833,237	1,848,286
Margin trading balance *6 (at month-end) (millions of yen)	203,468	192,028	207,883	209,428	221,627	252,389
Number of automatic debit accounts *1 (at month-end)	413,567	414,138	414,722	415,450	416,143	416,734

	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
Number of customer accounts *1 (at month-end)	847,049	850,922	855,298	861,267	865,354	869,044
Number of new customer accounts (monthly)	4,831	4,189	4,679	6,289	4,644	4,069
Number of customer accounts from Bank of Tokyo-Mitsubishi UFJ and other partners (at month-end)	56,945	57,199	57,455	57,826	58,194	58,519
Number of active accounts *2	432,984	434,266	435,243	440,094	442,773	445,474
Number of margin customer accounts *1 (at month-end)	95,735	96,380	97,166	98,309	99,168	100,085
Number of forward and option customer accounts *1 (at month-end)	41,680	41,952	42,250	42,636	42,994	43,294
Number of OTC FX customer accounts *1 (at month-end)	58,133	58,798	59,594	60,631	61,393	62,032
Average daily number of executed equity trades *3	93,659	93,079	106,859	113,244	98,794	89,145
Average value of equity trading (thousands of yen)	1,021	1,070	1,121	1,105	1,066	1,041
Monthly trading value of OTC FX (100 millions of yen)	30,021	31,265	34,435	42,635	33,720	31,779
Monthly trading value of Exchange FX*4 (100 millions of yen)	1,104	1,221	1,996	2,713	1,280	995
Amount of customer assets *5 (at month-end) (millions of yen)	1,698,625	1,745,818	1,776,189	1,754,202	1,735,003	1,687,805
Margin trading balance *6 (at month-end) (millions of yen)	209,633	204,132	221,939	242,492	225,824	247,550
Number of automatic debit accounts *1 (at month-end)	408,799	409,525	410,299	411,467	412,231	412,973

*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.