



Matsui Securities Co., Ltd.

(First Section of Tokyo Stock Exchange: 8628)

Financial Results for 1Q FY2005

August 2005

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The material is intended to provide the financial results for the three months ended June 30, 2005 and the company's business strategy, and does not constitute a solicitation of an offer to buy the securities issued by the company. The material is created based upon information as of August 2005. The information herein identifies our views at the time of creation of the material, and the company does not make any representation or warranty as to its accuracy or completeness, therefore, the information may be changed without any notices. The company does not assume responsibility for any omissions or errors of any data and descriptions in the material.

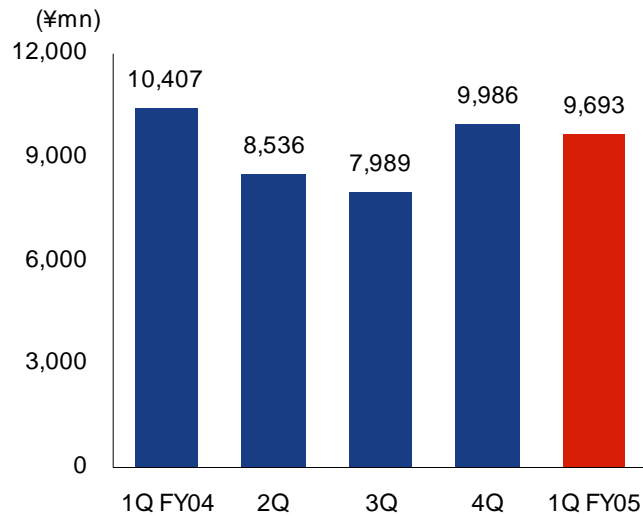
This presentation may contain forward looking information. Please keep in mind that they are based on projections of the company and subject to changes depending on the situation. We will under no circumstances assume the obligation to revise this presentation in case such situation occurs.

Highlights of 1Q FY2005

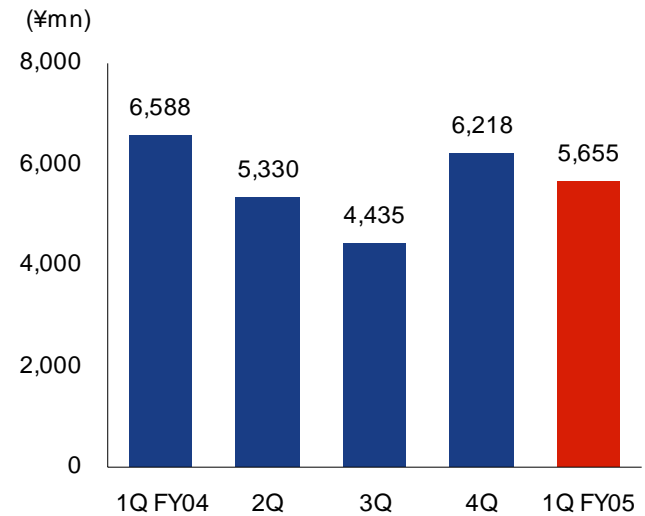
Section 1

Highlights of Financial Results for 1Q FY2005

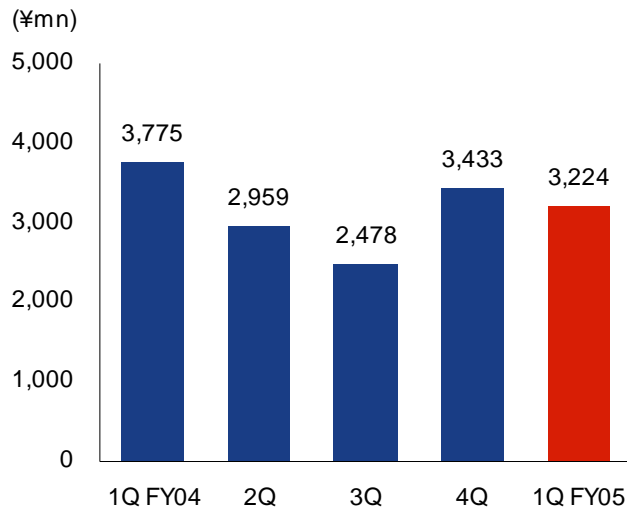
◆ Operating revenues



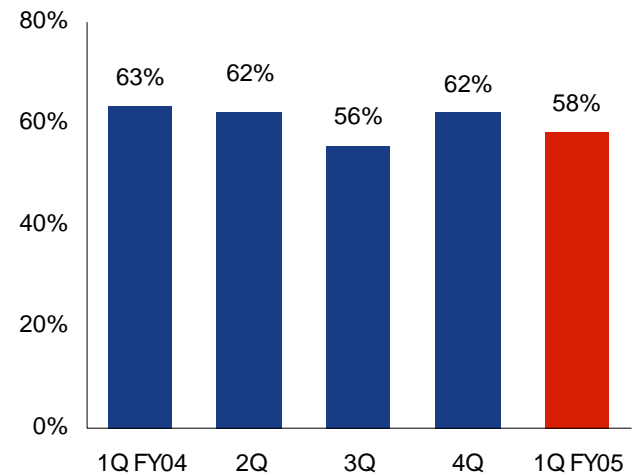
◆ Ordinary income



◆ Net income

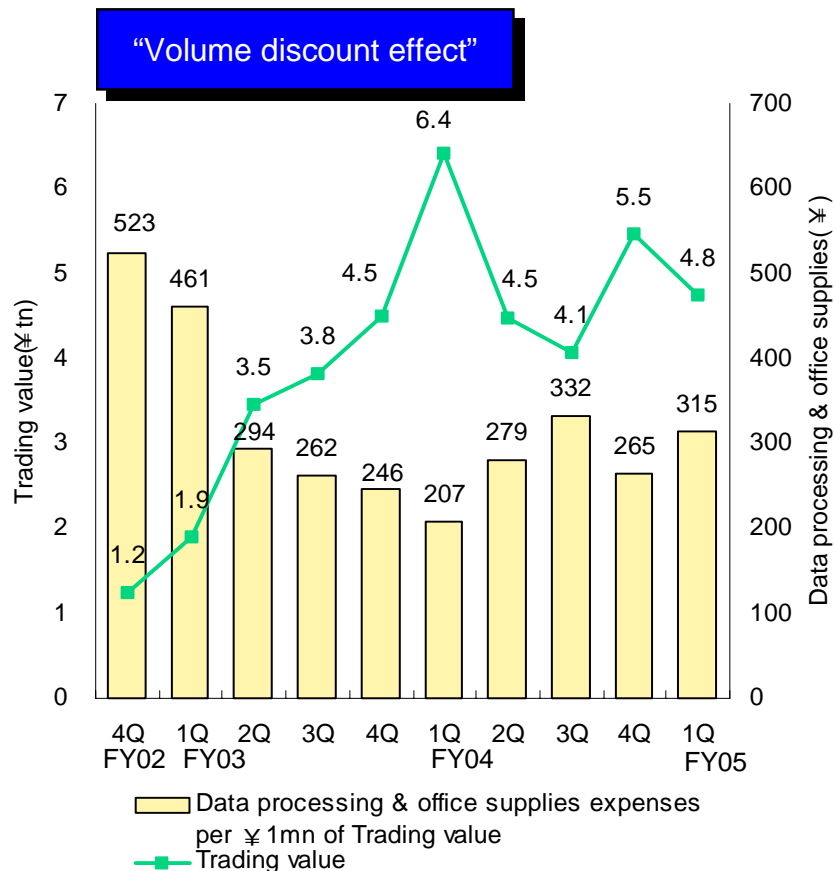


◆ Ordinary income ratio

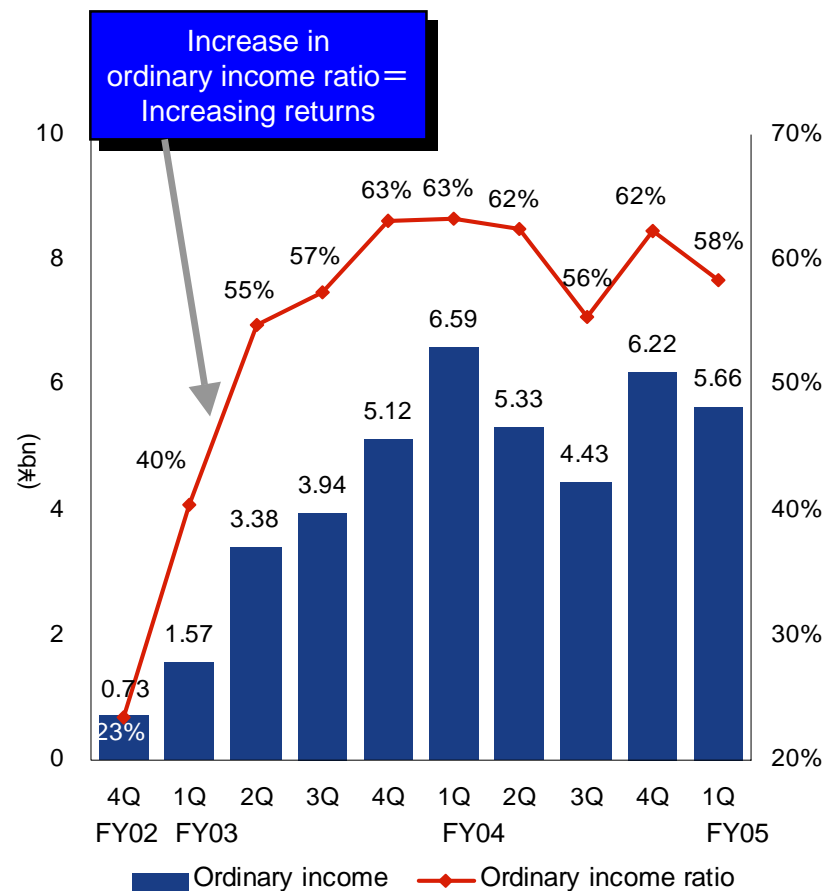


Matsui's Business Model of Increasing Returns

◆ Analysis of equity trading value and data processing & office supplies expenses

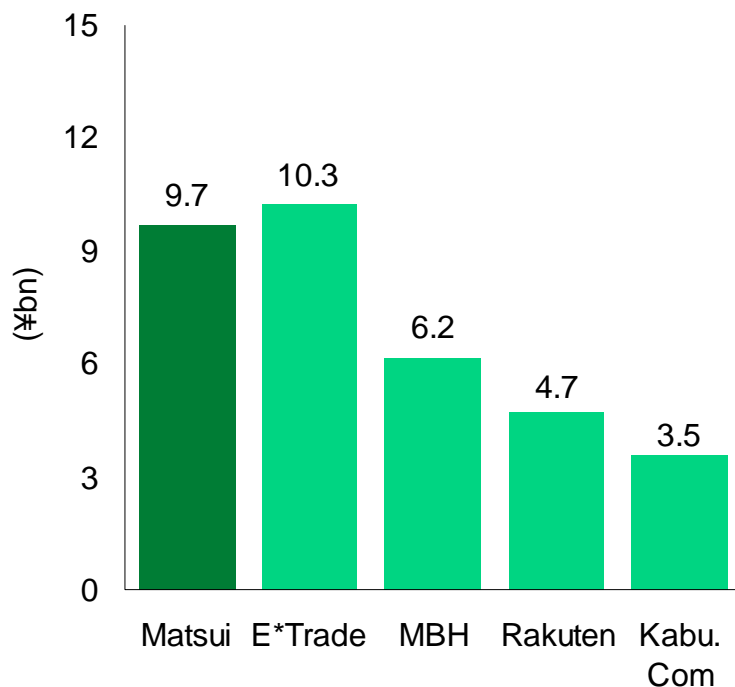


◆ Profitability analysis



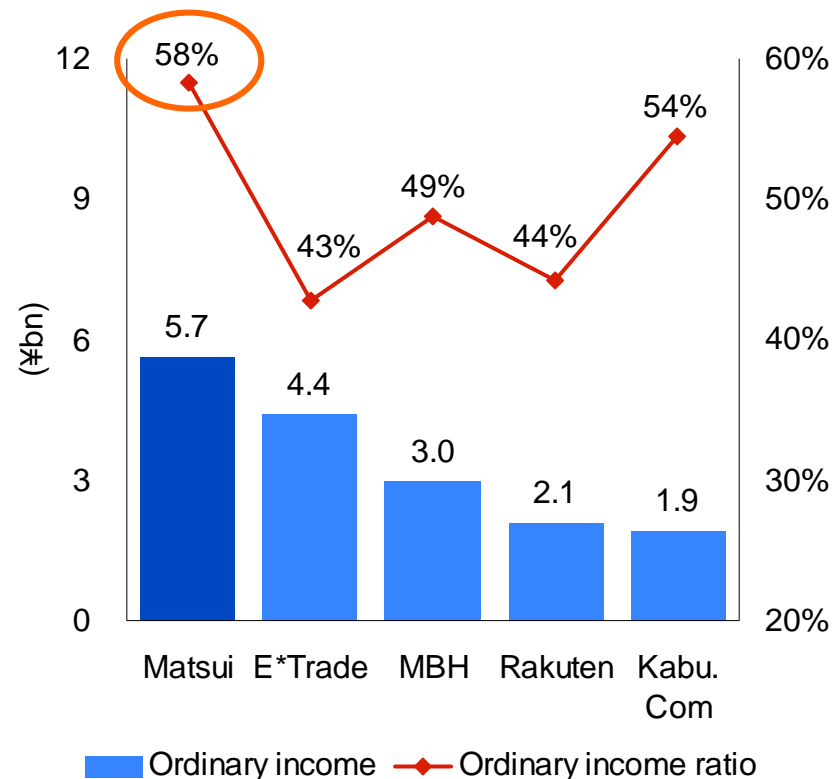
Comparison with On-line Brokers

◆ Operating revenues¹ (1Q FY05)



◆ Ordinary income¹ (1Q FY05)

◆ Ordinary income ratio (1Q FY05)



Source: Company data

Note:

1 Consolidated results (except for Kabu.Com)

Summary of Financial Results (Consolidated)

Section 2

Summary of Financial Results for 1Q FY2005

(¥ mn)	FY2004 1Q(Apr–Jun)	FY2005 1Q(Apr–Jun)	QoQ
Operating Revenues	10,407	9,693	-7%
Commissions	7,990	6,718	-16%
Interest & dividend income	2,403	3,005	25%
Interest expenses	603	620	3%
Net operating revenues	9,804	9,073	-7%
SG&A	3,162	3,427	8%
Operating income	6,642	5,646	-15%
Ordinary income	6,588	5,655	-14%
Net income	3,775	3,224	-15%

Breakdown of Net Operating Revenues

(¥ mn)	FY2004 1Q(Apr-Jun)	FY2005 1Q(Apr-Jun)	QoQ
Commissions	7,990	6,718	-16%
Brokerage	7,592	6,149	-19%
Underwriting & distribution	100	60	-41%
Subscription & distribution	8	2	-72%
Others	290	507	75%
Net gain (loss) on trading	13	△ 31	-
Interest & dividend income (1)	2,403	3,005	25%
Total operating revenues	10,407	9,693	-7%
Interest expenses (2)	603	620	3%
Net operating revenues	9,804	9,073	-7%
Net interest income (1)-(2)	1,801	2,385	32%

Breakdown of SG&A

(¥ mn)	FY2004 1Q(Apr–Jun)	FY2005 1Q(Apr–Jun)	QoQ
Transaction related expenses	926	981	6%
Advertisement	96	108	12%
Employees' compensation & benefits	522	501	-4%
Occupancy & rental	67	72	8%
Data processing & office supplies	1,329	1,497	13%
Depreciation	175	237	36%
Duties & taxes other than income taxes	56	58	3%
Provision of allowance for doubtful accounts	48	21	-56%
Others	38	58	55%
Total SG&A	3,162	3,427	8%

Summary of Financial Results for 1Q FY2005

(¥mn)	FY2004 2Q(Jul-Sep)	FY2004 3Q(Oct-Dec)	FY2004 4Q(Jan-Mar)	FY2005 1Q(Apr-Jun)	QoQ
Operating Revenues	8,536	7,989	9,986	9,693	-3%
Commissions	6,116	5,531	7,446	6,718	-10%
Interest & dividend income	2,421	2,466	2,633	3,005	14%
Interest expenses	534	626	532	620	17%
Net operating revenues	8,001	7,363	9,454	9,073	-4%
SG&A	2,683	2,950	3,221	3,427	6%
Operating income	5,319	4,412	6,233	5,646	-9%
Ordinary income	5,330	4,435	6,218	5,655	-9%
Net income	2,959	2,478	3,433	3,224	-6%

Quarterly Breakdown of Net Operating Revenues

(¥mn)	FY2004 2Q(Jul-Sep)	FY2004 3Q(Oct-Dec)	FY2004 4Q(Jan-Mar)	FY2005 1Q(Apr-Jun)	QoQ
Commissions	6,116	5,531	7,446	6,718	-10%
Brokerage	5,669	5,127	6,795	6,149	-9%
Underwriting & distribution	53	90	64	60	-6%
Subscription & distribution	14	6	1	2	63%
Others	380	307	586	507	-14%
Net gain (loss) on trading	△ 2	△ 7	△ 92	△ 31	-
Interest & dividend income (1)	2,421	2,466	2,633	3,005	14%
Total operating revenues	8,536	7,989	9,986	9,693	-3%
Interest expenses (2)	534	626	532	620	17%
Net operating revenues	8,001	7,363	9,454	9,073	-4%
Net interest income (1)-(2)	1,887	1,839	2,101	2,385	14%

Quarterly Breakdown of SG&A

(¥mn)	FY2004 2Q(Jul-Sep)	FY2004 3Q(Oct-Dec)	FY2004 4Q(Jan-Mar)	FY2005 1Q(Apr-Jun)	QoQ
Transaction related expenses	753	770	890	981	10%
Advertisement	100	127	109	108	-1%
Employees' compensation & benefits	399	489	517	501	-3%
Occupancy & rental	67	69	70	72	3%
Data processing & office supplies	1,248	1,348	1,449	1,497	3%
Depreciation	182	191	207	237	15%
Duties & taxes other than income taxes	47	40	51	58	13%
Provision of allowance for doubtful accounts	△ 48	-	-	21	-
Others	35	44	37	58	57%
Total SG&A	2,683	2,950	3,221	3,427	6%

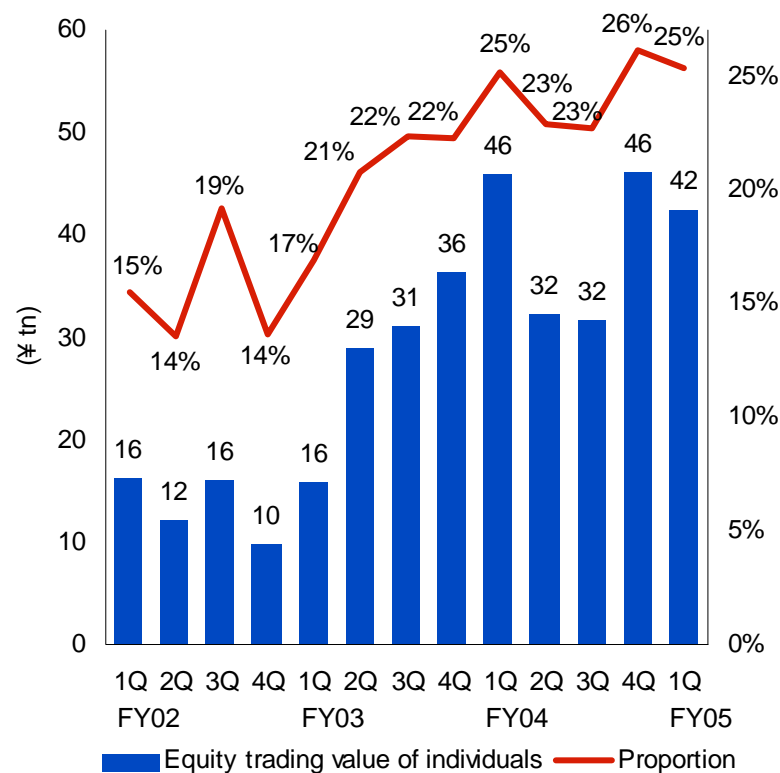
Retail Brokerage Market Overview and Matsui's Performance

Section 3

Retail Equity Trading Market

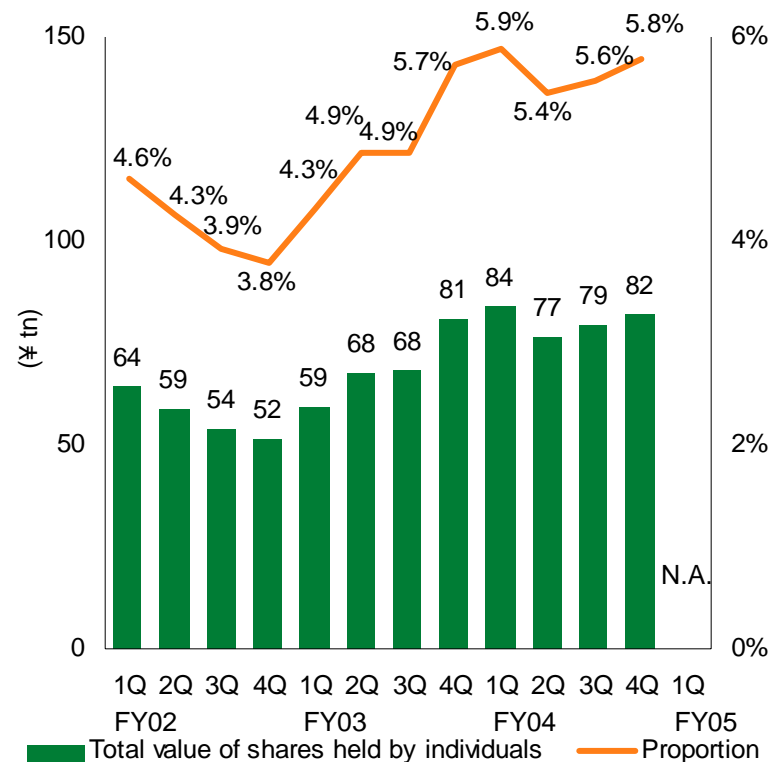
◆ Equity trading value of individuals¹ (“flow”)

◆ Proportion to total equity trading value



◆ Total value of shares held by individuals (“stock”)

◆ Proportion to total financial assets of individuals



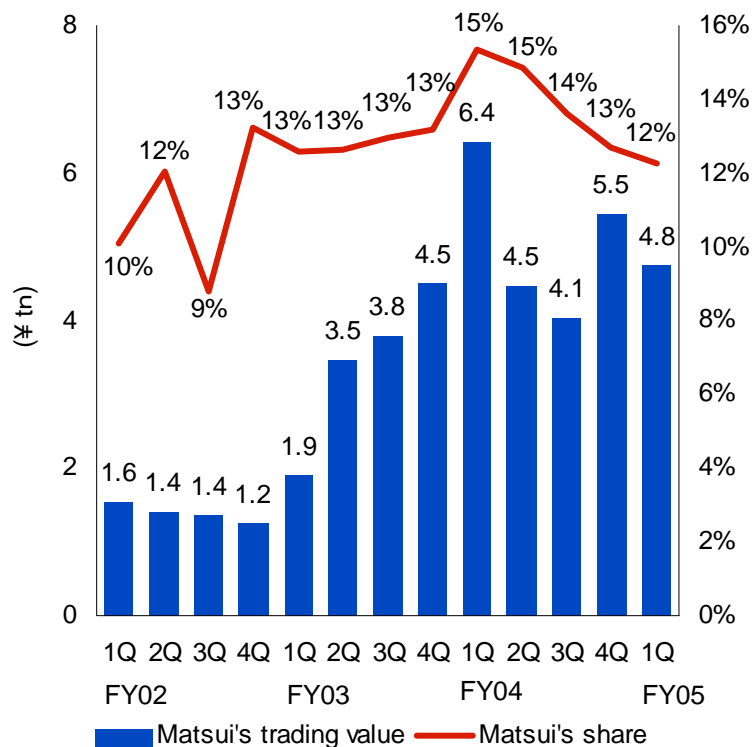
Source: TSE, JASDAQ, BOJ

Note:

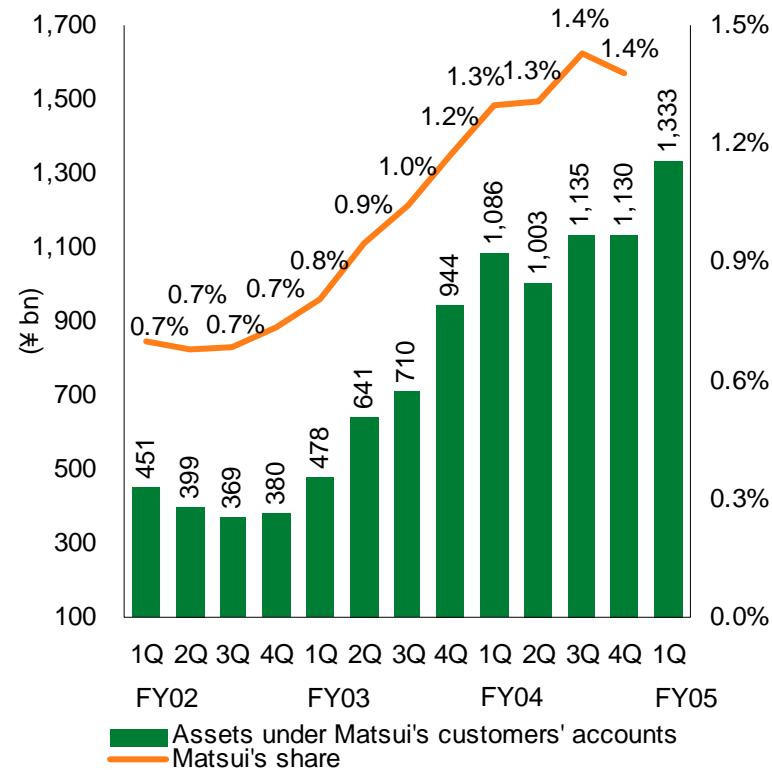
¹ Sum of the equity trading value on 3 stock exchanges (through securities companies with over ¥3bn capital) and JASDAQ

Matsui's Performance I (vs. Market)

- ◆ Matsui's trading value ("flow")
- ◆ Matsui's share of retail equity trading value



- ◆ Assets under Matsui's customers' accounts ("stock")
- ◆ Matsui's share of value of shares owned by individuals



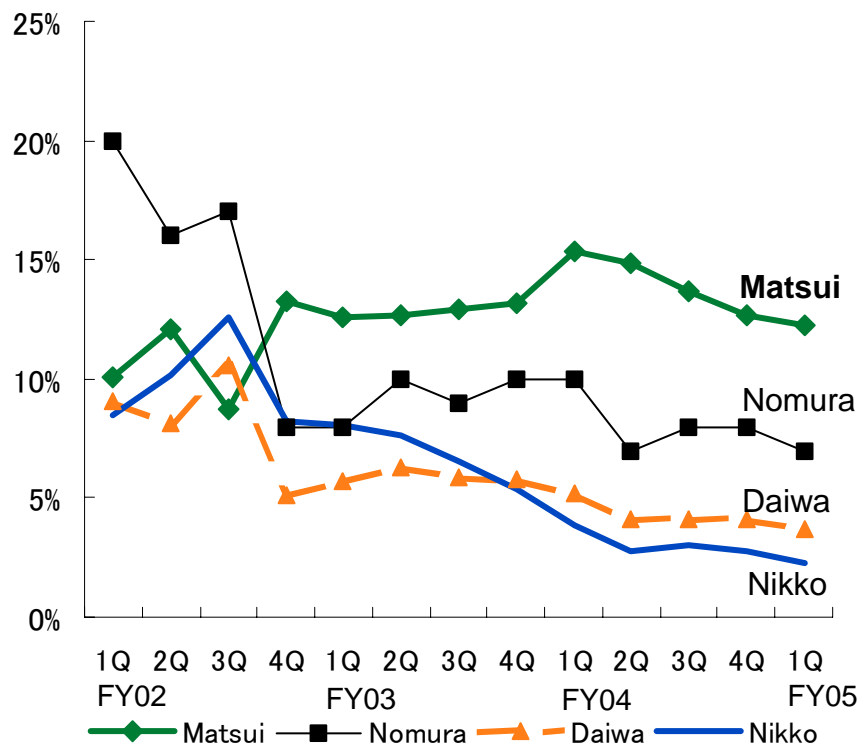
Source: TSE, BOJ

Note:

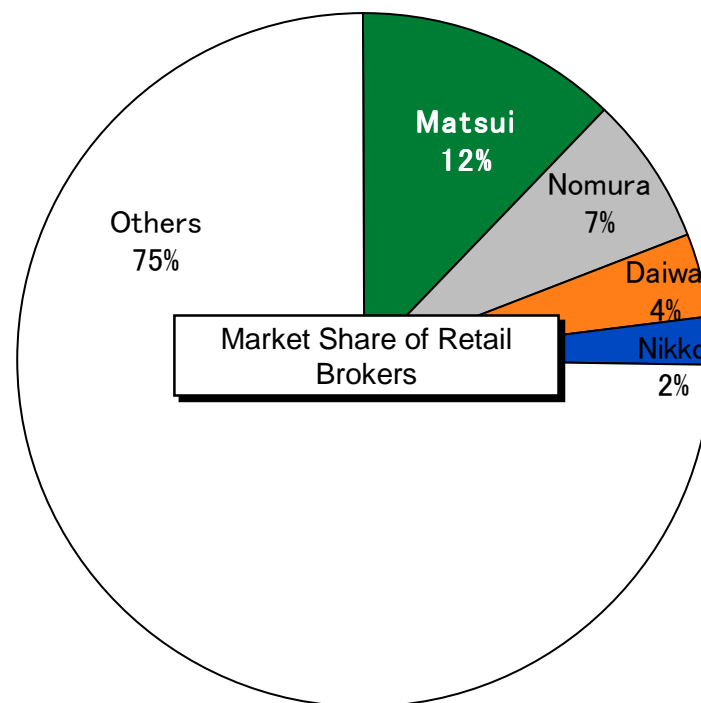
1 Sum of the equity trading value on 3 major stock exchanges

Matsui's Performance II (vs. Off-line Brokers)

◆ Market share in retail equity trading value¹



◆ Market share in retail equity trading value¹ as of 1Q FY05



Source: TSE, Company data (estimated value based on company reports)

Note:

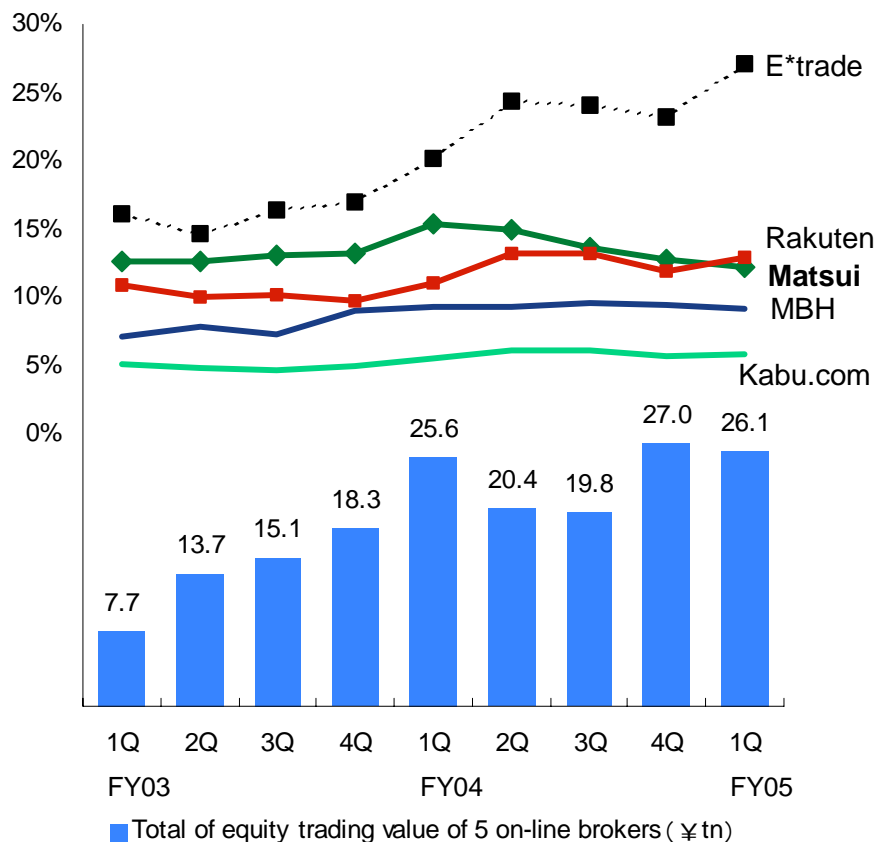
1 Sum of the retail equity trading value on 3 major stock exchanges

Nomura: Retail business division of Nomura Securities, Nikko: Nikko Cordial Securities,

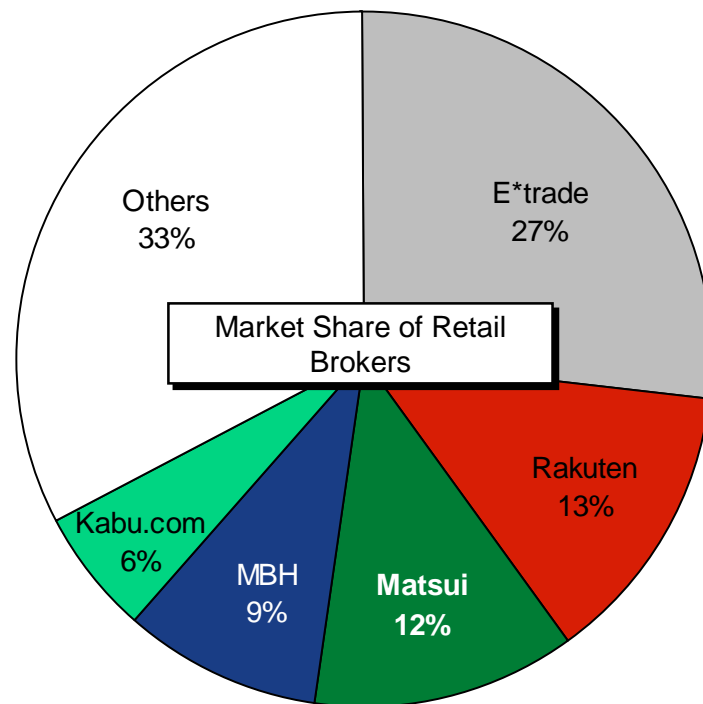
Daiwa: Daiwa Securities

Matsui's Performance III (vs. On-line Brokers)

◆ Market share (retail equity trading value)¹



◆ Market share as of 1Q FY05 (retail equity trading value)¹



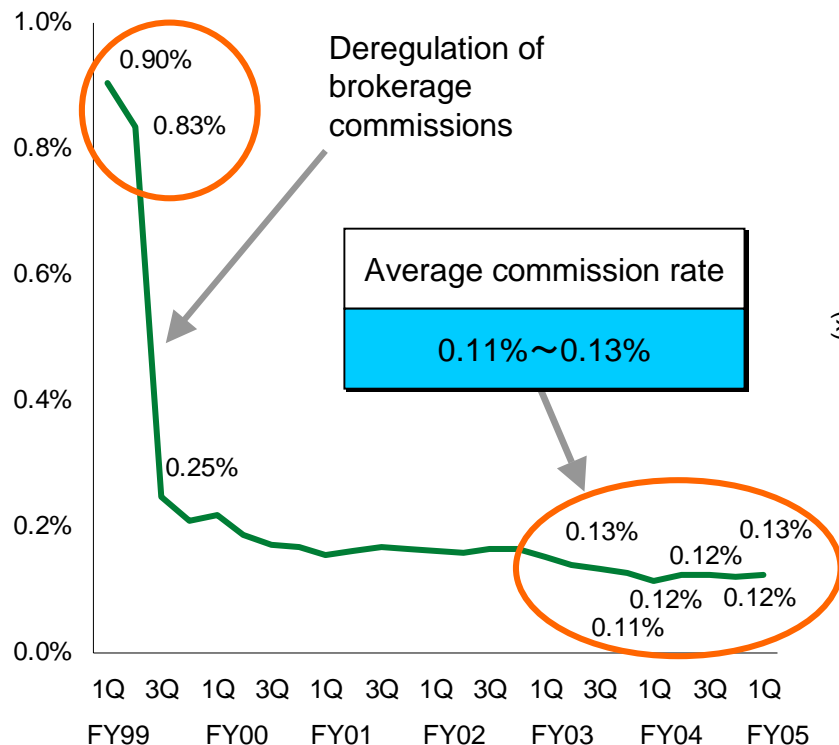
Source: TSE, Company data, Company website

Note:

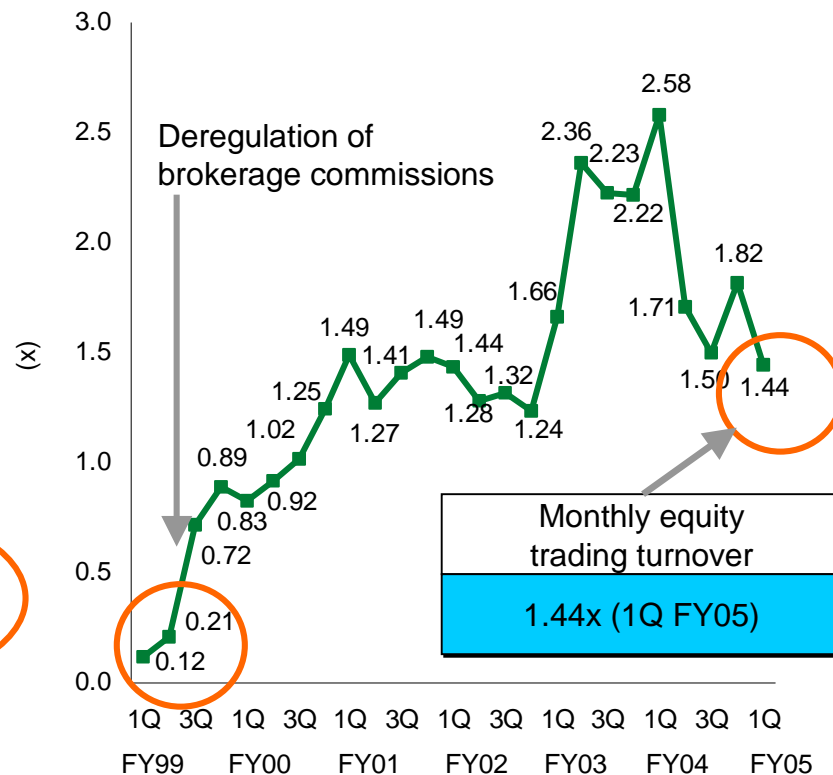
1 Sum of the retail equity trading value on 3 major stock exchanges

Matsui's Performance IV (Commission Rate and Trading Turnover)

◆ Matsui's average commission rate¹



◆ Equity trading turnover of Matsui's customers²



Notes:

1 Average commission rate = (Monthly average brokerage commission) / (Monthly average equity trading value)

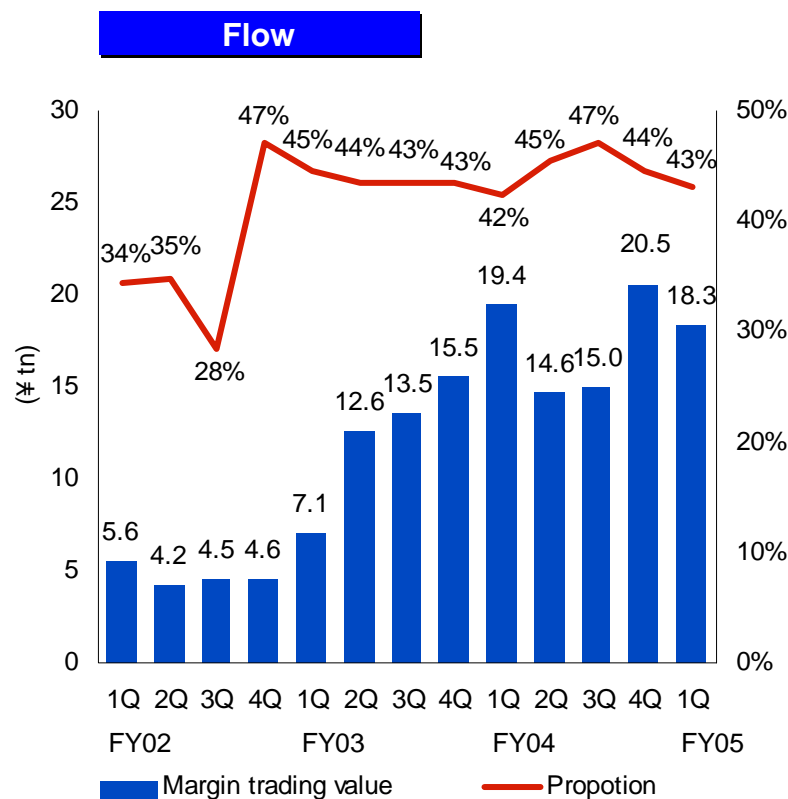
2 Equity trading turnover = (monthly average trading value) / (quarterly average assets under customers' accounts*)

* From 2Q FY01, assets under customers' accounts of Matsui's board members and related persons are excluded

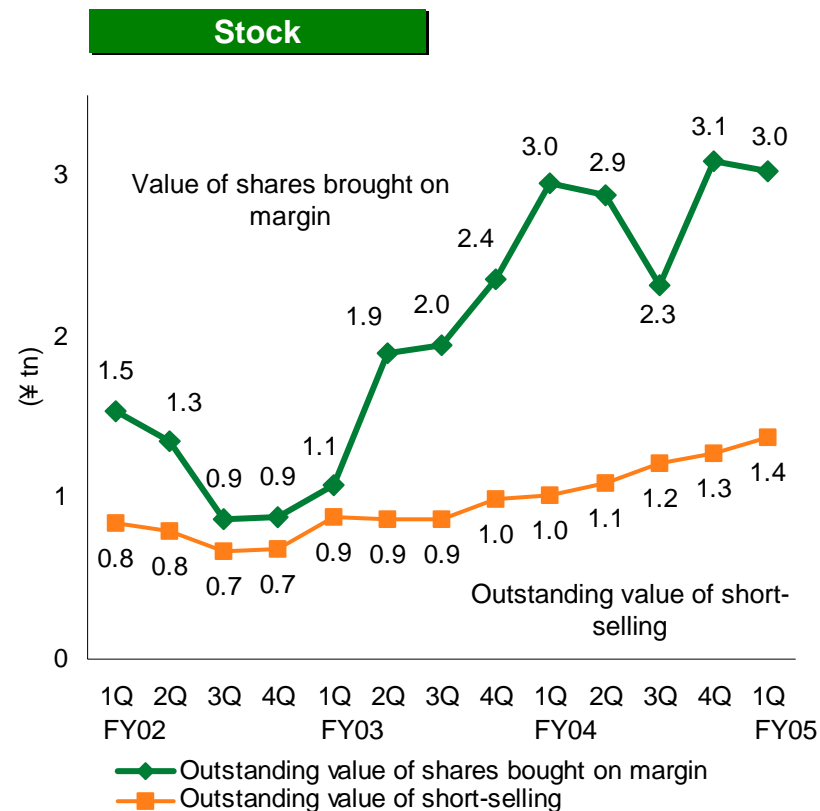
Retail Margin Trading

◆ Margin trading value of individuals¹

◆ Proportion to total equity transaction by individuals



◆ Outstanding value of shares of margin trading²



Source: TSE, JASDAQ

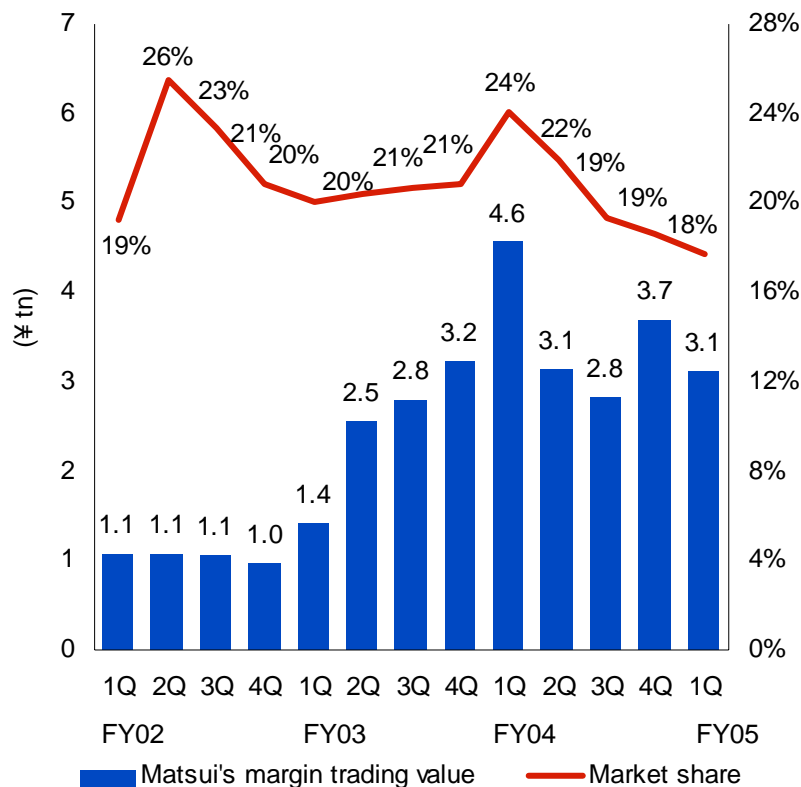
Notes:

1 Sum of the equity trading value of 3 major stock exchanges and JASDAQ

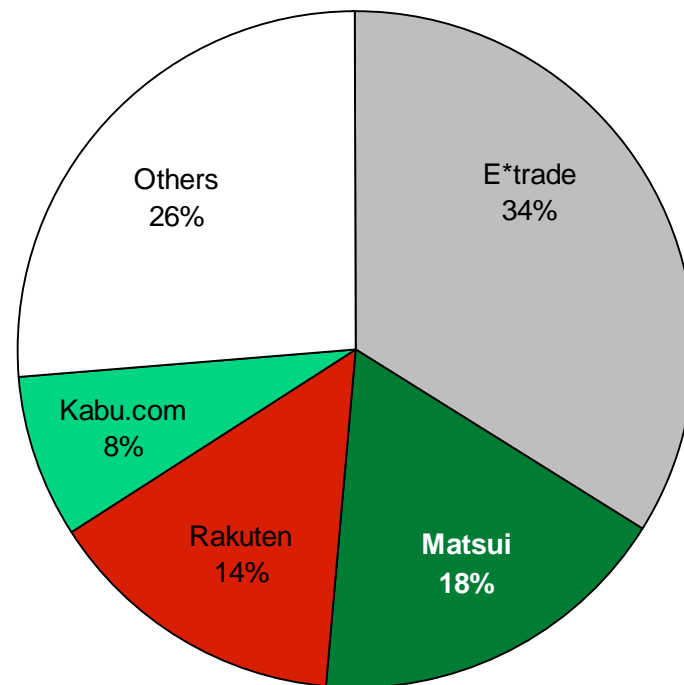
2 Sum of the balance in each quarter on 3 major stock exchanges

Matsui's Performance I

◆ Matsui's margin trading value and market share¹



◆ Market share of retail margin trading by value² (1Q FY05)



Source: TSE, JASDAQ, Company data, Company HP

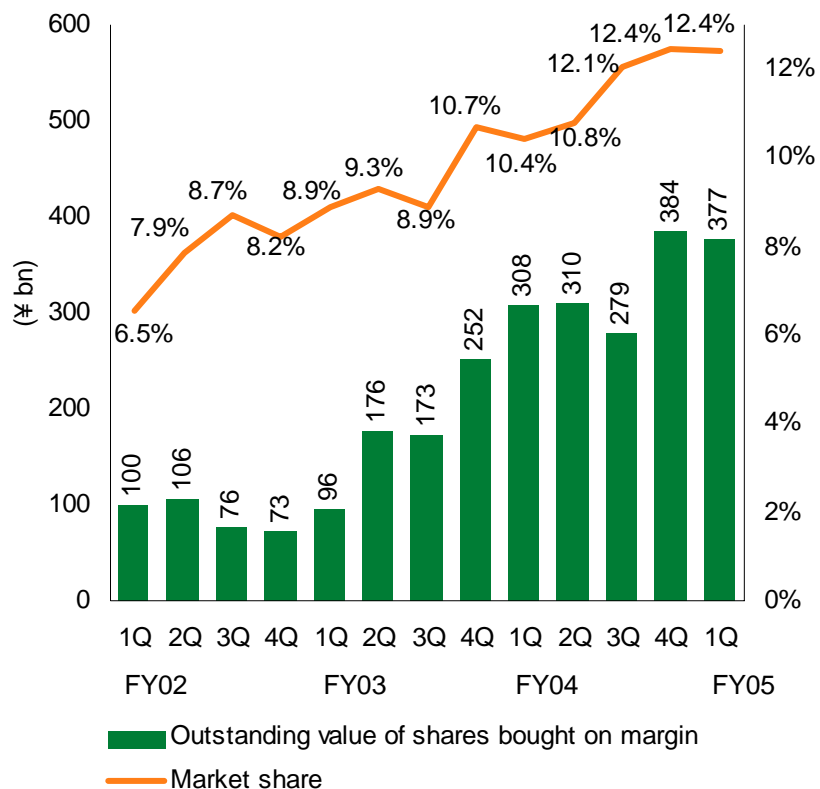
Notes:

1 Sum of trading value on 3 major stock exchanges and JASDAQ

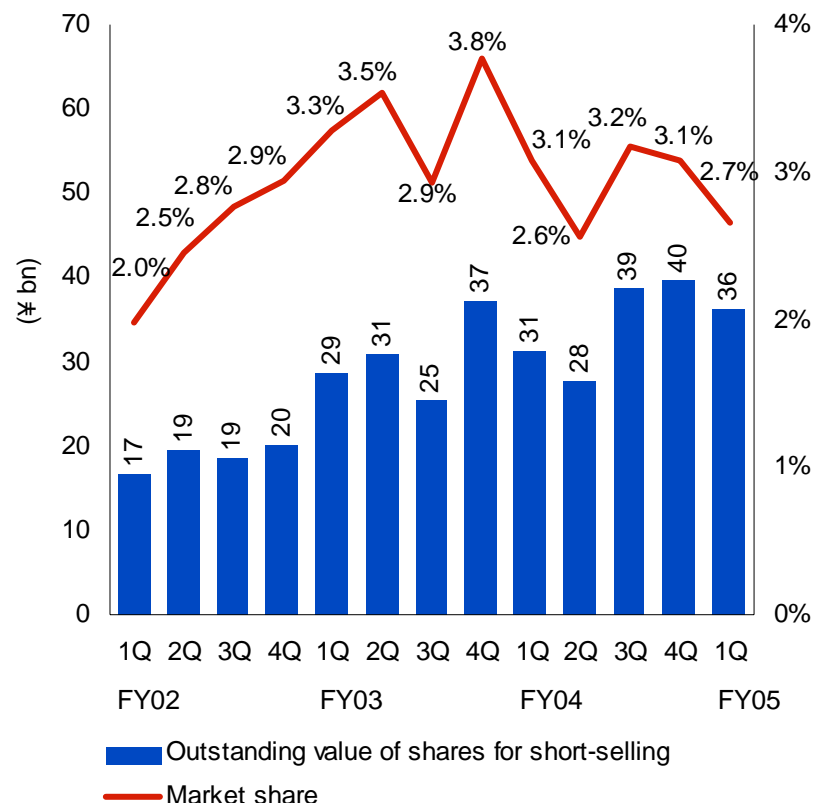
2 Sum of margin trading value on 3 major stock exchanges

Matsui's Performance II

◆ Matsui's outstanding value of shares bought on margin¹ and its market share²



◆ Matsui's outstanding value of shares for short-selling¹ and its market share²



Source: TSE

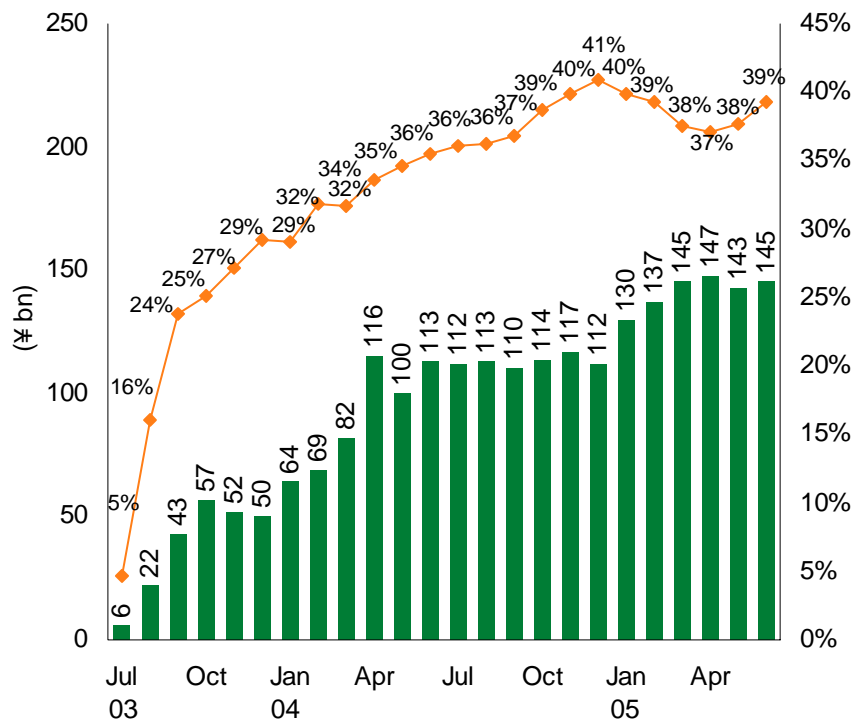
Notes:

1 As of end of each quarter

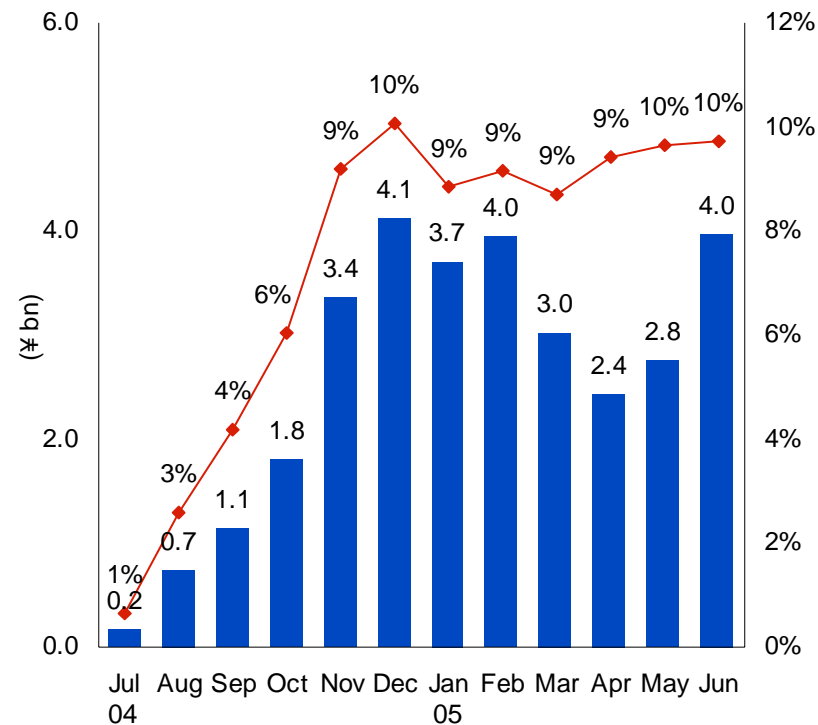
2 Total market share in 3 major stock exchanges

Unlimited Margin Trading

- ◆ Matsui's value of shares bought on margin with unlimited margin trading period¹
- ◆ Ratio of value of shares bought on margin with unlimited margin trading period in Matsui's total outstanding value of shares brought on margin



- ◆ Matsui's value of shares for short-selling with unlimited margin trading period¹
- ◆ Ratio of value of shares for short-selling with unlimited margin trading period in Matsui's total outstanding value of shares for short-selling



Note:

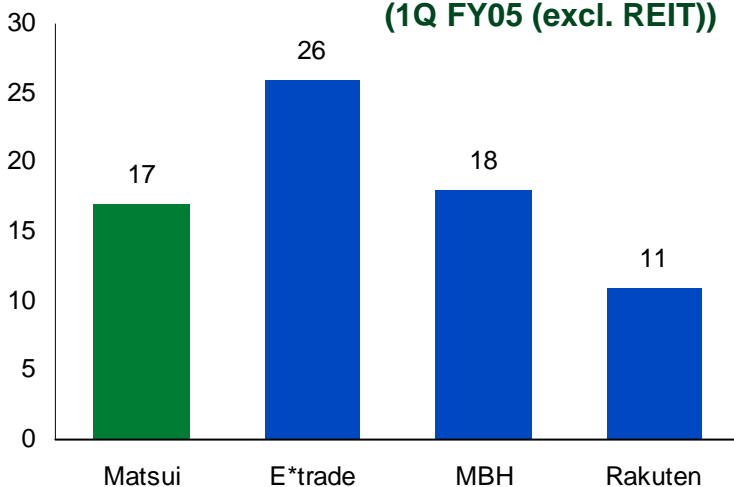
¹ outstanding amount as of the end of each month (transaction value basis)

Performance in Underwriting Business

◆ Underwriting deals (1Q FY05)

	(# of deals)	(Amount)
1Q FY05	20	¥1,259mn
FY04	113	¥7,280mn

【 # of IPOs underwritten by on-line brokers 】 (1Q FY05 (excl. REIT))



Source: Company website

*Listing date base

◆ Distribution deals (1Q FY05)

	(# of deals)	(Amount)
1Q FY05	1	¥1mn
FY04	4	¥411mn

◆ Off-trading floor distributions (1Q FY05)

	(# of deals)	(Amount)
1Q FY05	41	¥2,543mn
FY04	153	¥7,141mn

Performance in Various Products and Services

		FY04				FY05
		1Q	2Q	3Q	4Q	1Q
Designated deposit account for shares acquired through stock option ¹	# of accounts	1,660	2,195	2,503	2,661	4,785
	Value of assets under customer accounts	¥5.7bn	¥6.3bn	¥9.2bn	¥10.3bn	¥12.2bn
	# of companies that have appointed Matsui as their custodian	32	38	40	47	53
Green sheet market offering	# of offerings	1	6	6	1	1
	Total size	¥54mn	¥240mn	¥117mn	¥27mn	¥44mn
Stock lending service	# of accounts	6,936	7,857	8,853	10,383	11,995
	Outstanding value of order as of end of month (similar to asset under customer accounts)	¥22.7bn	¥21.2bn	¥17.3bn	¥18.0bn	¥19.5bn
NetFx	# of accounts	5,235	7,868	10,933	15,243	18,903
	Monthly average trading value	¥93.2bn	¥90.0bn	¥114.3bn	¥196.1bn	¥247.4bn

Note:

1 Account for custody of shares acquired through exercise of stock option

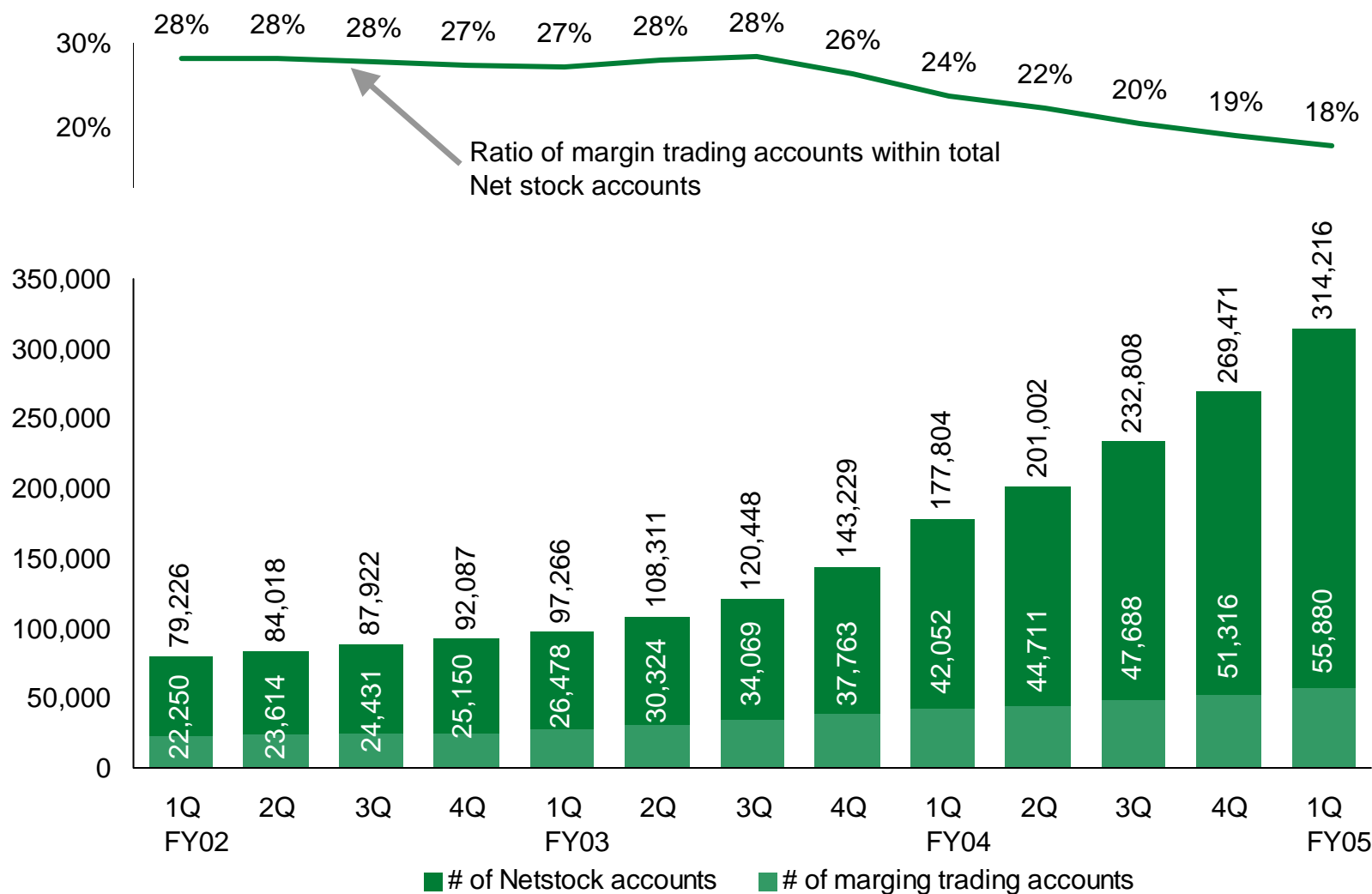
(*) the figures as under (1) # of accounts, (2) assets under customers' accounts, (3) # of companies that have appointed Matsui as their custodian for shares acquired through stock option, (4) outstanding value under stock lending service as of end of month state figures as of end of quarter

Supplemental Information

Section 4

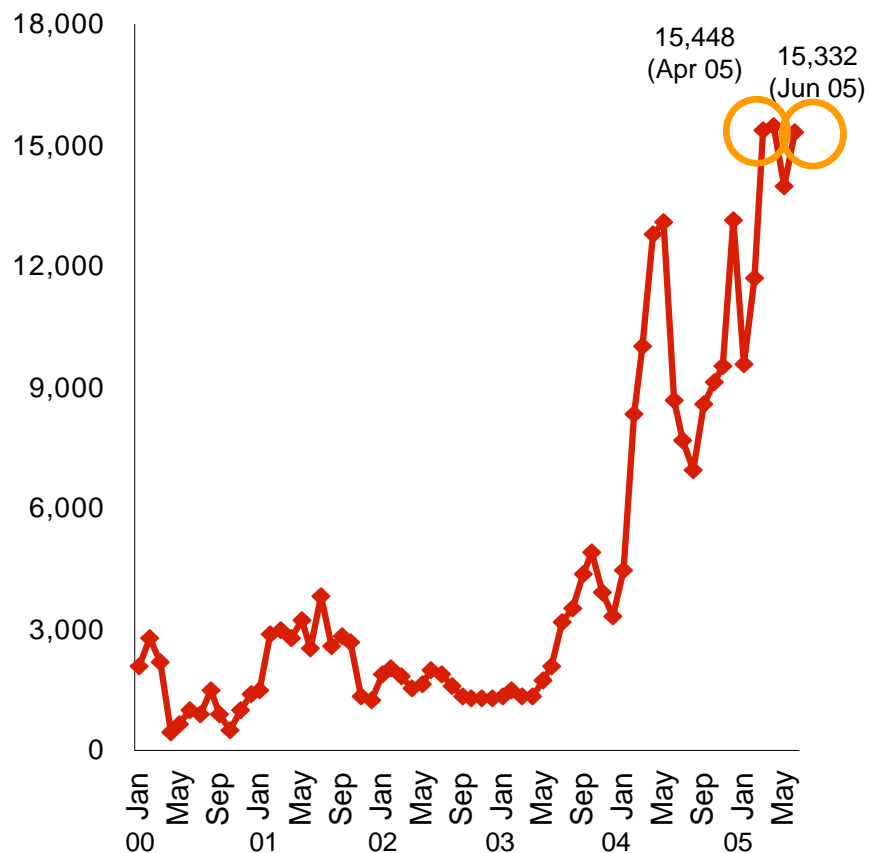
Net stock Accounts

◆ Number of Net stock accounts (Quarterly)

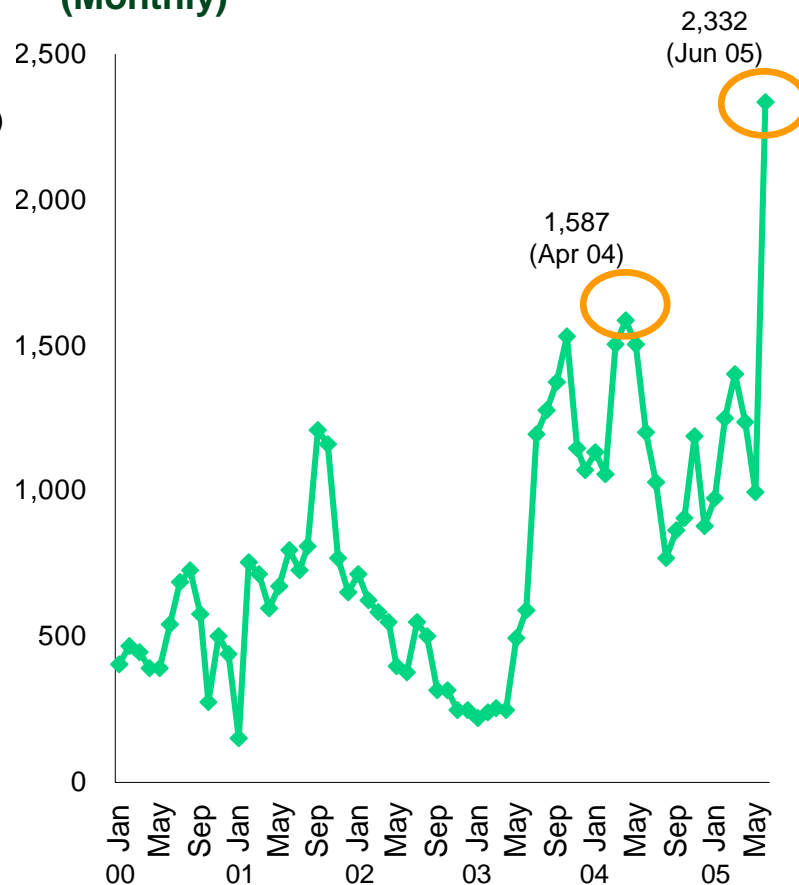


Monthly Number of New Accounts

◆ # of new accounts
(Monthly)

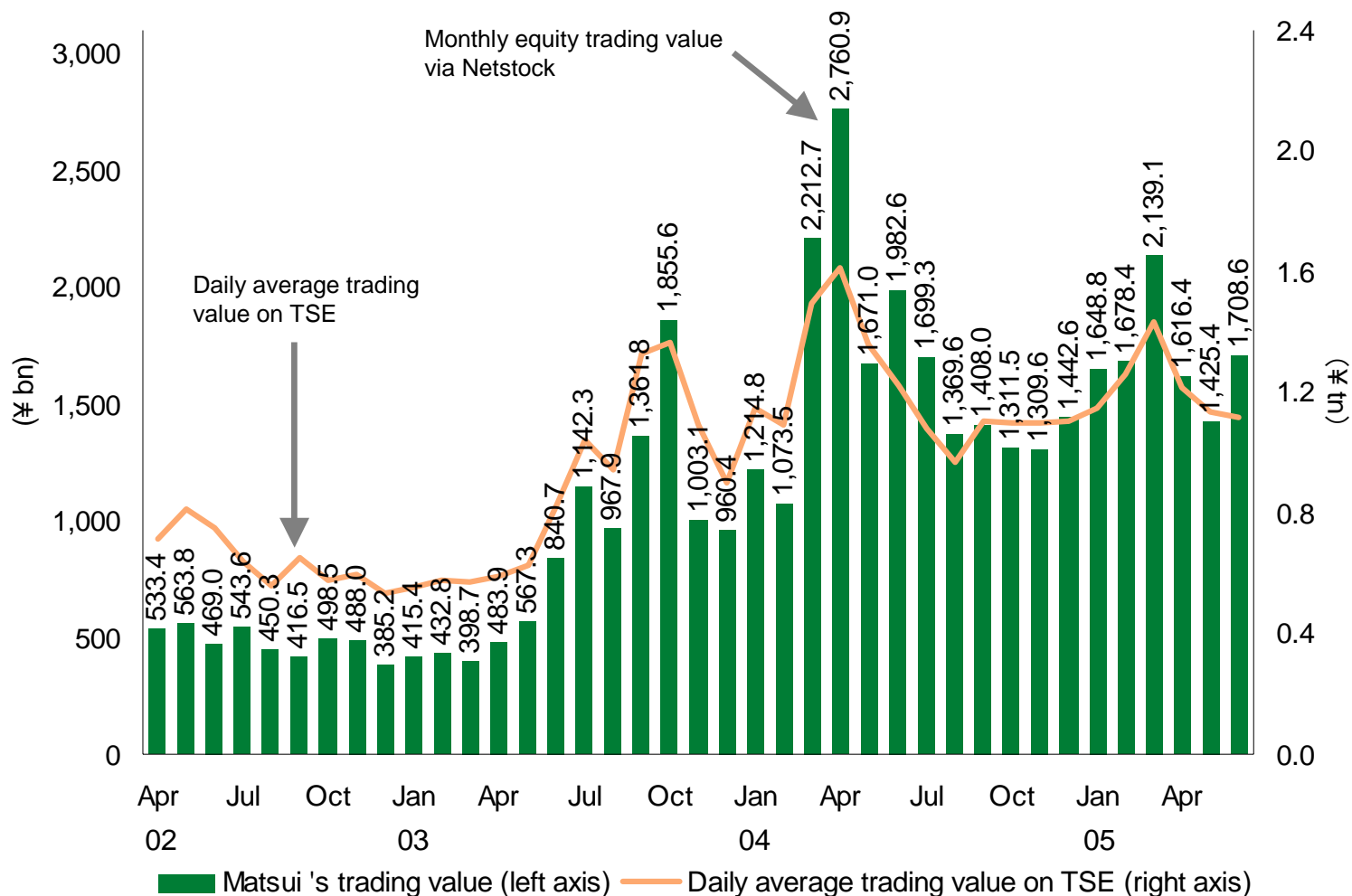


◆ # of new margin trade accounts
(Monthly)



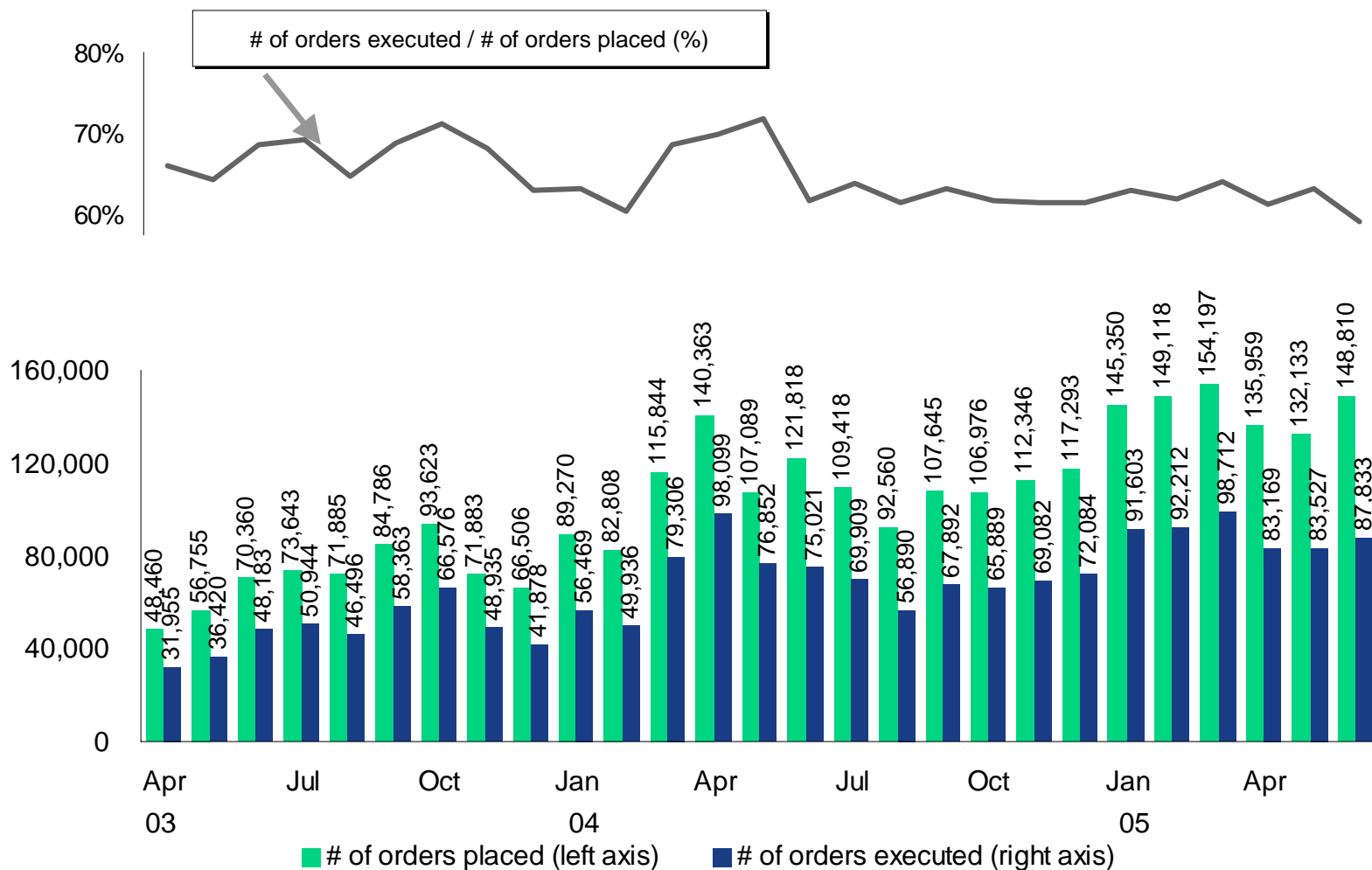
Equity Trading Value

◆ Equity trading value via Netstock (Monthly)



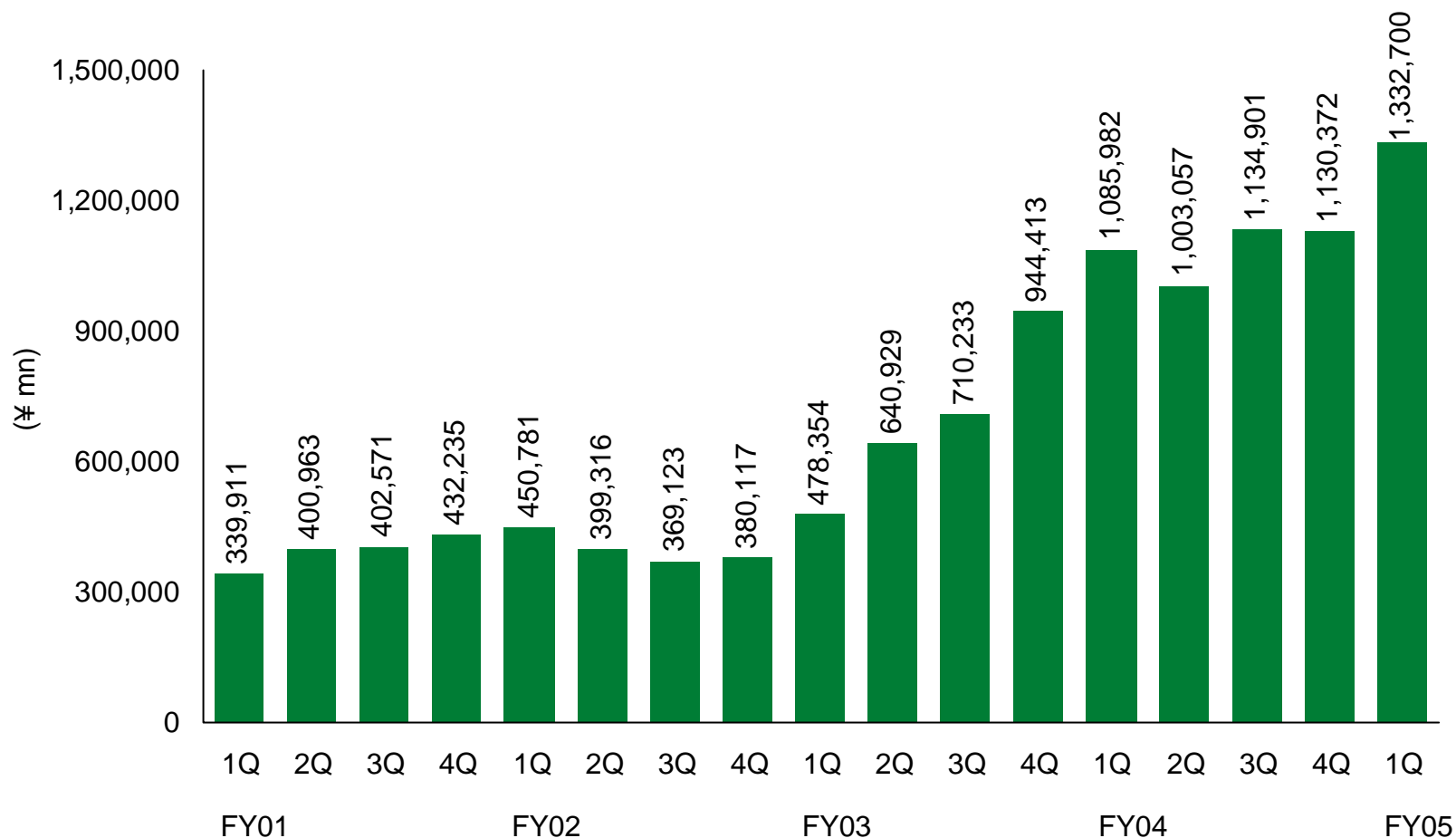
Number of Orders Placed and Executed

◆ # of orders placed & executed (Daily average)



Assets under Customers' Accounts

◆ Balance of assets under customers' accounts (Quarterly)



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