



Matsui Securities Co., Ltd.

(First Section of Tokyo Stock Exchange: 8628)

Results for 1st Q FY2006

August 2006

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Highlights of 1st Quarter FY2006

1. Operating revenues:11.8billion yen, Net income: 3.8billion yen

- ◆ Commission income: 7.5billion yen (+12% up)
- ◆ Net interest income: 3.6billion yen (+51% up)
~ 77% of SG&A covered by net interest income
- ◆ Ordinary income ratio: 55%

2. Results of Operation

- ◆ Equity trading value: 7.6trillion yen (+60% up), Market share: 10%
- ◆ Shares bought on margin: 503.8billion yen(+34% up)
- ◆ # of accounts as of the end of 1st Q: 588,267 (+70,746 up in 1st Q)
- ◆ Average commission rate: 8.6bp

3. Future Developments

- ◆ Plan to introduce the night trading (PTS) in the form of “Real-Time-Settlement”
- ◆ Enhance the customer support system by expansion of “Call-Center”
- ◆ Continuously reinforce the capacity of the trading system
- ◆ Improve usability of the trading platform by introduction of “NSHS” and upgrade of the mobile phone services, etc.

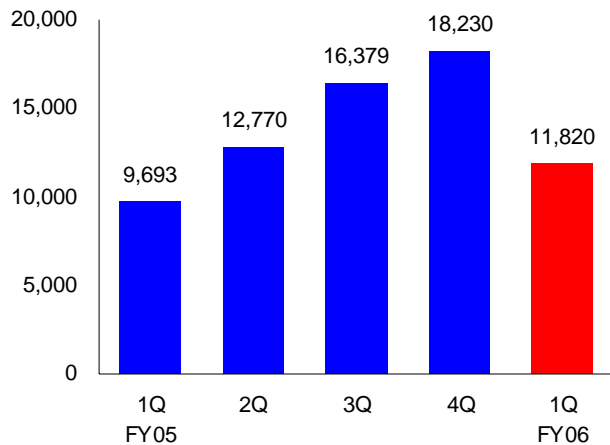
Financial Summary

Section 1

Summary

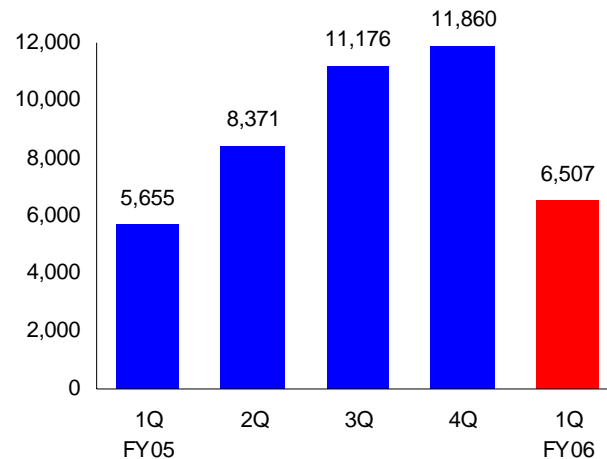
◆ Operating revenues

(JPY mn)



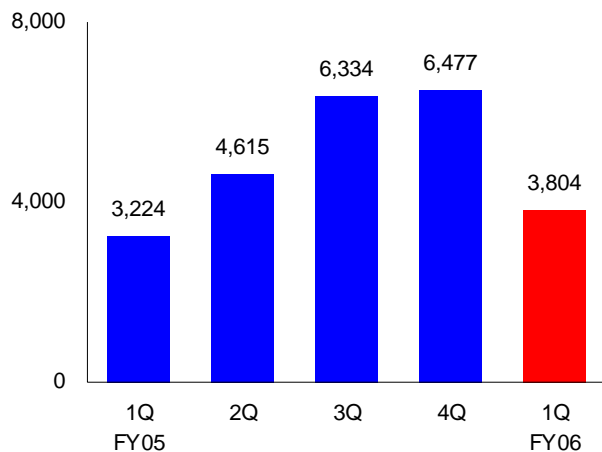
◆ Ordinary income

(JPY mn)



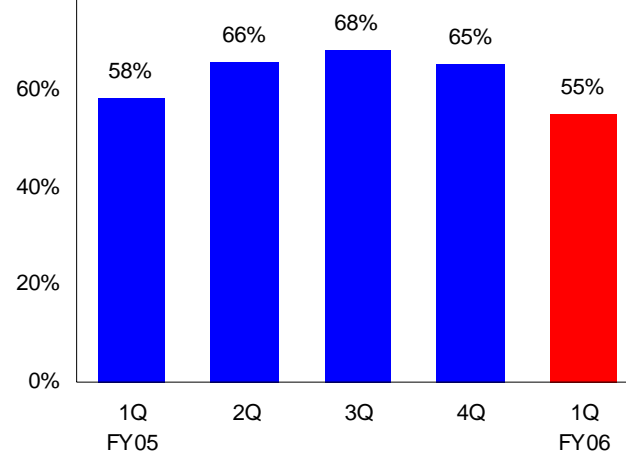
◆ Net income

(JPY mn)



◆ Ordinary income ratio

80%



Summary of Financial Results

(JPY mn)

	FY06	FY05	QoQ	FY05			YoY	FY05 total
	1Q	4Q		3Q	2Q	1Q		
Operating Revenues	11,820	18,230	-35%	16,379	12,770	9,693	22%	57,072
Commissions	7,524	13,175	-43%	13,060	9,524	6,718	12%	42,477
Interest & dividend income	4,297	4,511	-5%	4,019	3,304	3,005	43%	14,839
Interest expenses	700	731	-4%	795	776	620	13%	2,922
Net operating revenues	11,120	17,499	-36%	15,584	11,994	9,073	23%	54,150
SG&A	4,666	5,676	-18%	4,311	3,621	3,427	36%	17,034
Operating income	6,454	11,823	-45%	11,274	8,373	5,646	14%	37,116
Ordinary income	6,507	11,860	-45%	11,176	8,371	5,655	15%	37,062
Net income	3,804	6,477	-41%	6,334	4,615	3,224	18%	20,650
Matsui's trading value (JPY tn)	7.6	10.7	-29%	10.8	7.2	4.8	60%	33.5
Daily average trading value onTSE (JPY tn)	2.8	3.1	-10%	3.1	2.0	1.4	103%	2.4

Breakdown of Net Operating Revenues

(JPY mn)

	FY06	FY05	QoQ	FY05			YoY	FY05 total
	1Q	4Q		3Q	2Q	1Q		
Commissions	7,524	13,175	-43%	13,060	9,524	6,718	12%	42,477
Brokerage	6,875	12,313	-44%	12,076	8,643	6,149	12%	39,182
Underwriting & selling	19	37	-48%	26	41	60	-67%	164
Subscription & distribution	0	17	-97%	3	1	2	-78%	23
Others	629	808	-22%	954	839	507	24%	3,108
Net gain (loss) on trading	△ 1	544	-	△ 700	△ 58	△ 31	-	△ 244
Interest & dividend income(1)	4,297	4,511	-5%	4,019	3,304	3,005	43%	14,839
Total operating revenues	11,820	18,230	-35%	16,379	12,770	9,693	22%	57,072
Interest expenses (2)	700	731	-4%	795	776	620	13%	2,922
Net operating revenues	11,120	17,499	-36%	15,584	11,994	9,073	23%	54,150
Net interest income (1) - (2)	3,597	3,779	-5%	3,224	2,528	2,385	51%	11,917

Breakdown of SG&A

(JPY mn)

	FY06	FY05	QoQ	FY05			YoY	FY05 total
	1Q	4Q		3Q	2Q	1Q		
Transaction related expenses	1,368	1,598	-14%	1,322	1,099	981	39%	5,000
Advertisement	265	343	-23%	212	107	108	145%	770
Employees' compensation & benefits	452	624	-28%	470	384	501	-10%	1,979
Occupancy & rental	90	86	4%	85	80	72	24%	324
Data processing & office supplies	2,309	2,027	14%	1,991	1,659	1,497	54%	7,173
Depreciation	288	288	0%	273	252	237	21%	1,050
Duties & taxes other than income taxes	80	120	-33%	94	80	58	38%	353
Provision of allowance for doubtful accounts	-	903	-	17	8	21	-	949
Others	80	29	171%	60	59	58	37%	206
Total SG&A	4,666	5,676	-18%	4,311	3,621	3,427	36%	17,034

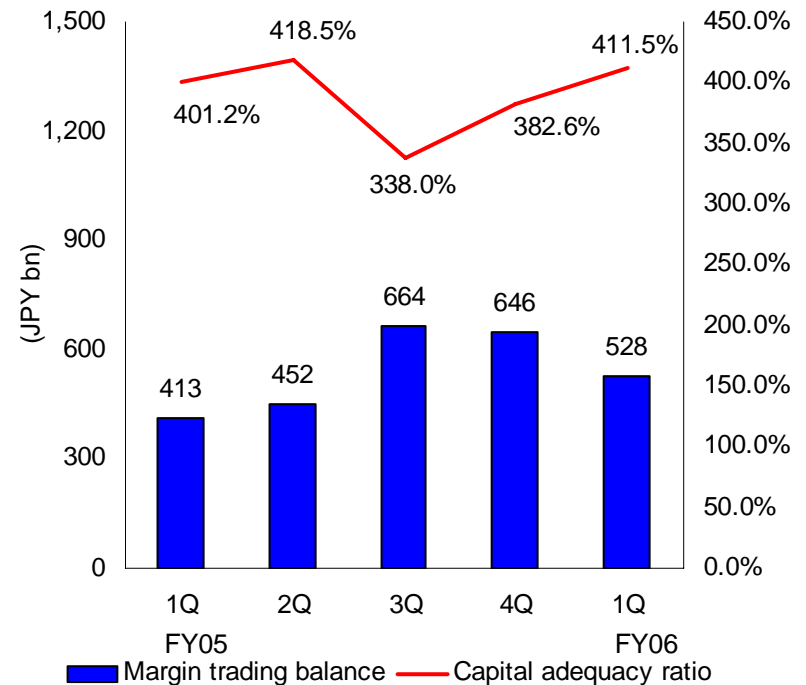
Capital Adequacy Ratio

411.5% of capital adequacy ratio as of 30 June 2006

◆ Capital adequacy ratio (As of 30 June 2006)

			(JPY mn)
Tier 1	Capital	(A)	64,370
Tier 2	Net unrealized gain on investment		732
	Statutory reserves		2,958
	Allowance for doubtful accounts		372
	Sub total	(B)	4,063
Assets to be deducted from equity capital		(C)	6,030
Net Capital			
		(A) + (B) - (C)	(D) 62,404
Total risk	Market risk		166
	Counterparty risk		10,773
	Basic risk		4,223
	Total	(E)	15,163
Capital Adequacy ratio		(D)/(E)	411.5%

◆ Margin trading balance and capital adequacy ratio

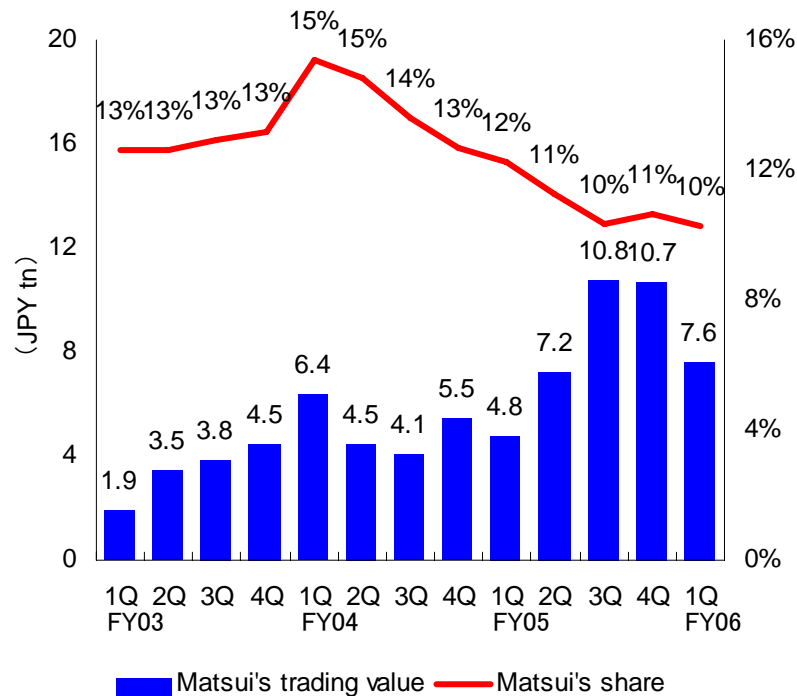


Results of Operation

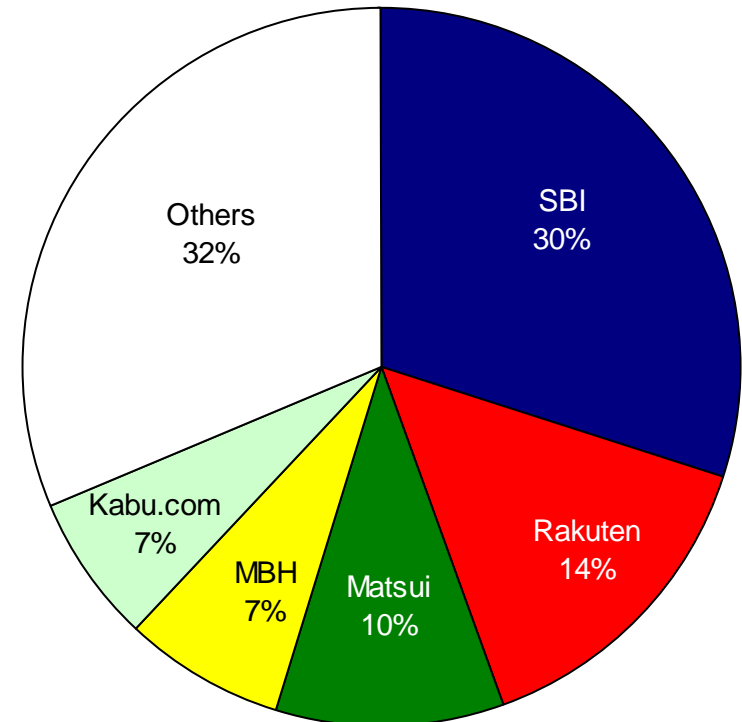
Section 2

Equity Trading Value

- ◆ Matsui's trading value
- ◆ Matsui's market share in retail equity trading value

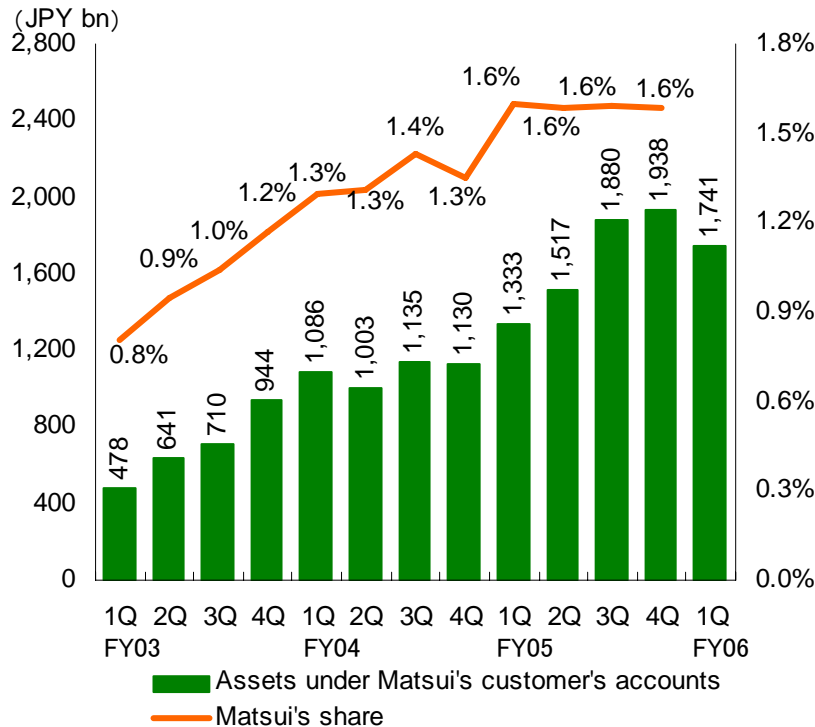


- ◆ Market share in retail equity trading value for 1Q FY06

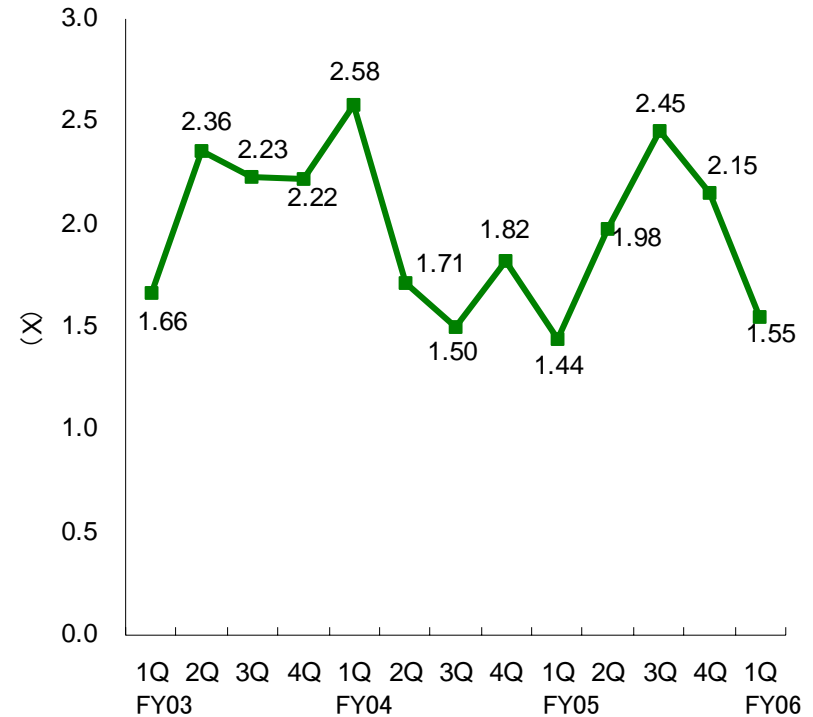


Assets under customers' accounts / Trading Turnover

- ◆ Assets under Matsui's customers' accounts
- ◆ Matsui's market share in value of shares owned by individuals



- ◆ Equity trading turnover of Matsui's customers



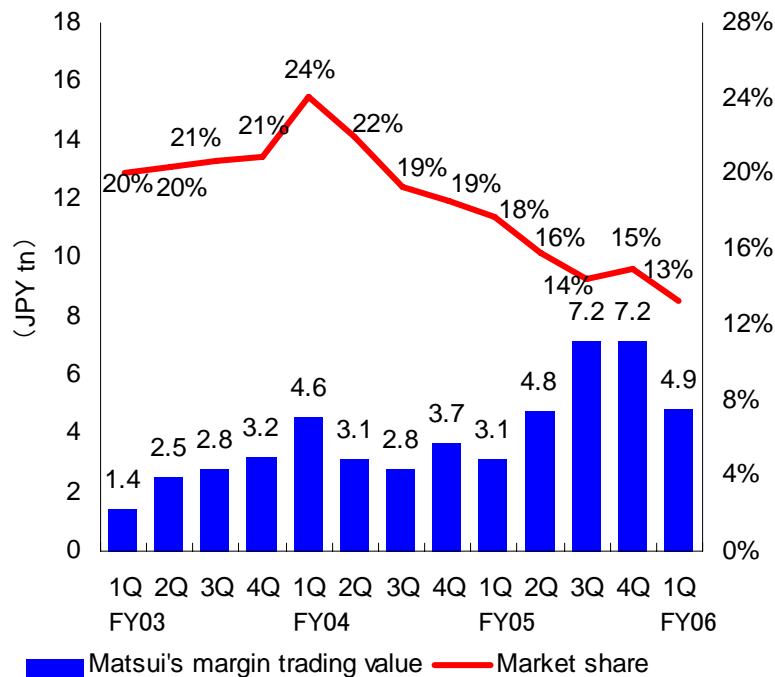
Note:

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

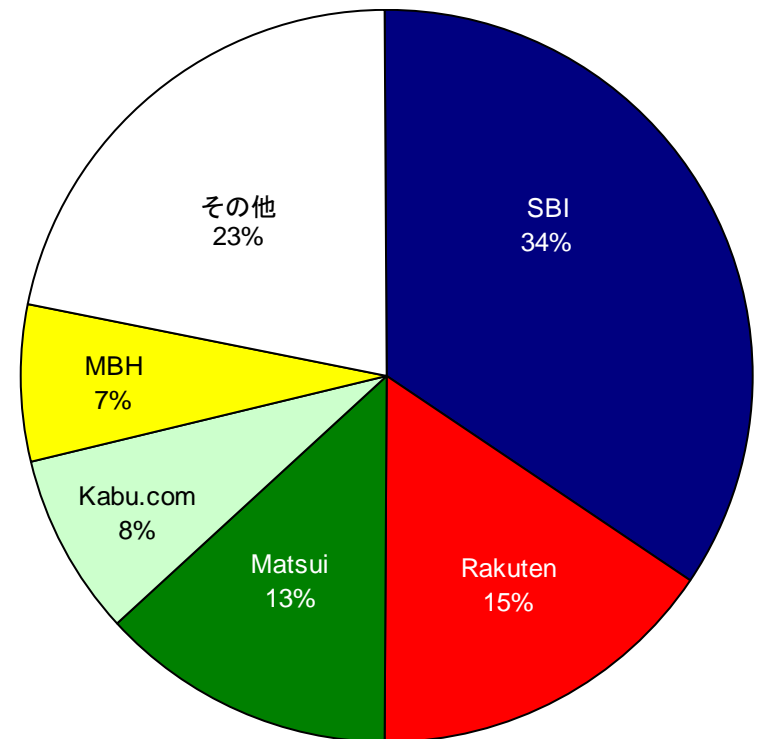
* assets under customer's accounts of related persons are excluded

Margin Trading Value

◆ Matsui's margin trading value and its market share



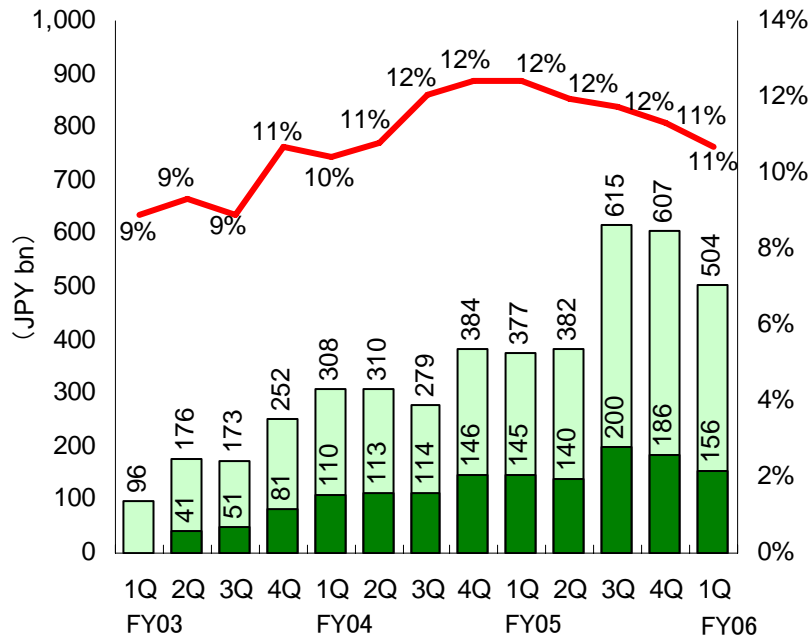
◆ Market share in retail margin trading value for 1Q FY06



Source: TSE, Company data, Company websites
 Note: Sum of margin trading value on 3 major stock exchanges

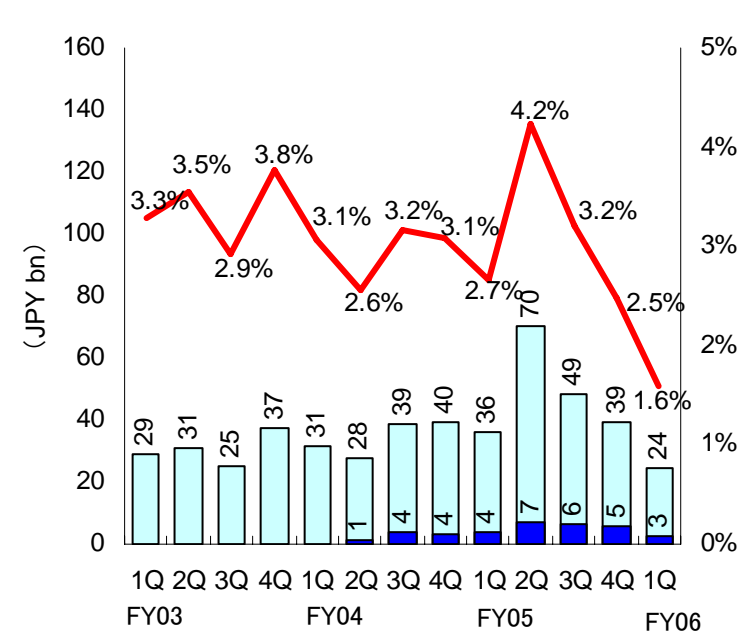
Margin Trading Balance

◆ Shares bought on margin¹ and its market share²



Shares bought on margin Unlimited Market share

◆ Shares sold on margin¹ and its market share²



Shares sold on margin Unlimited Market share

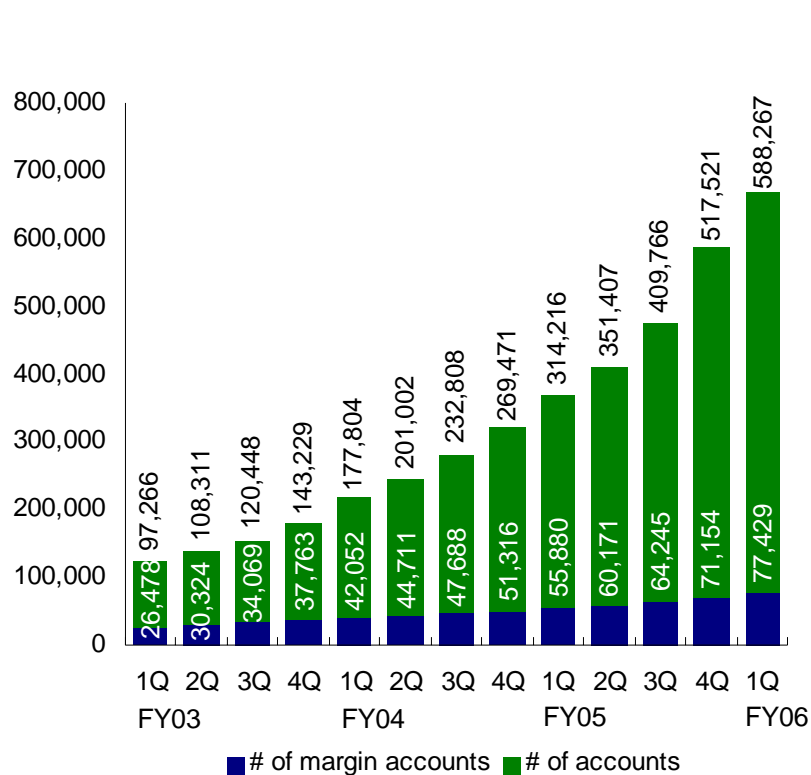
Source: TSE

Notes:

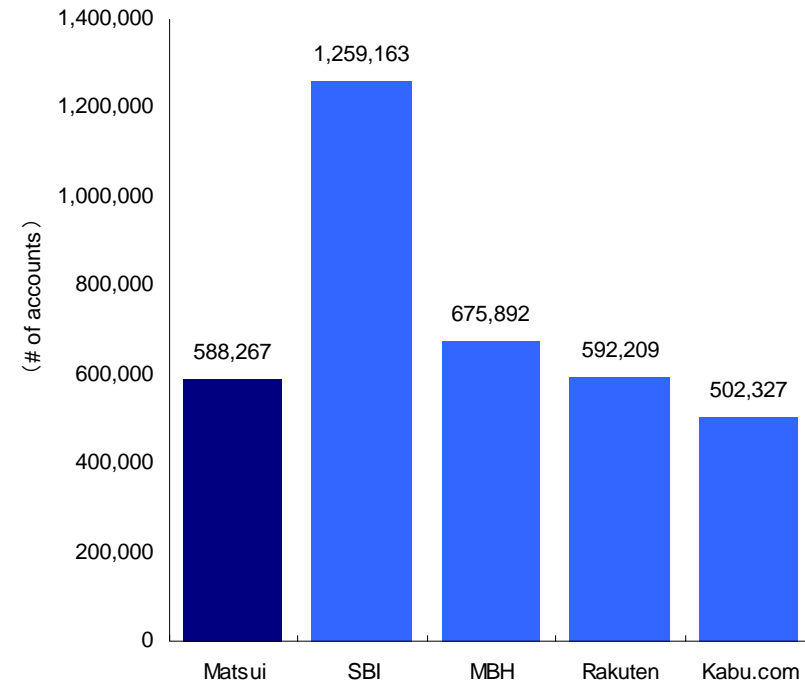
- 1 Balance as of the end of each quarter
- 2 Total market share in 3 major stock exchanges

Number of Accounts

◆ Number of accounts at Matsui¹



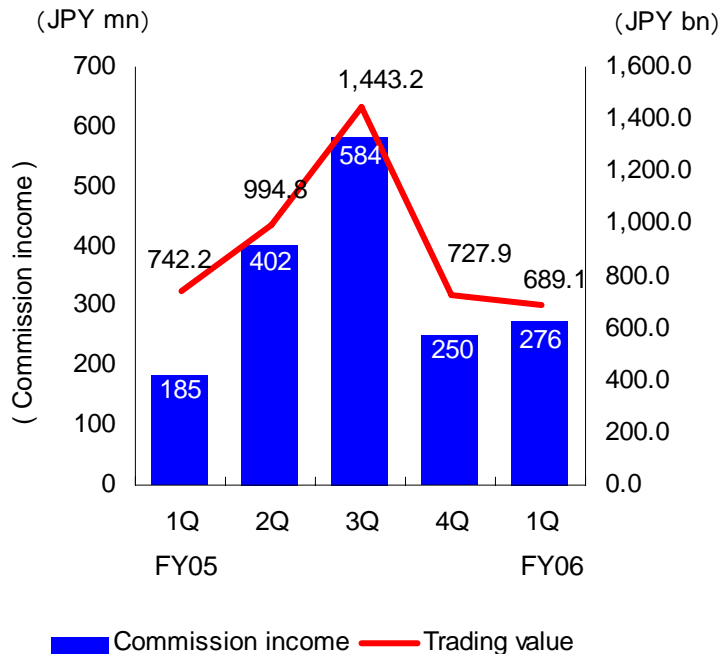
◆ Number of accounts at 5 major on-line brokers (Jun. 06)



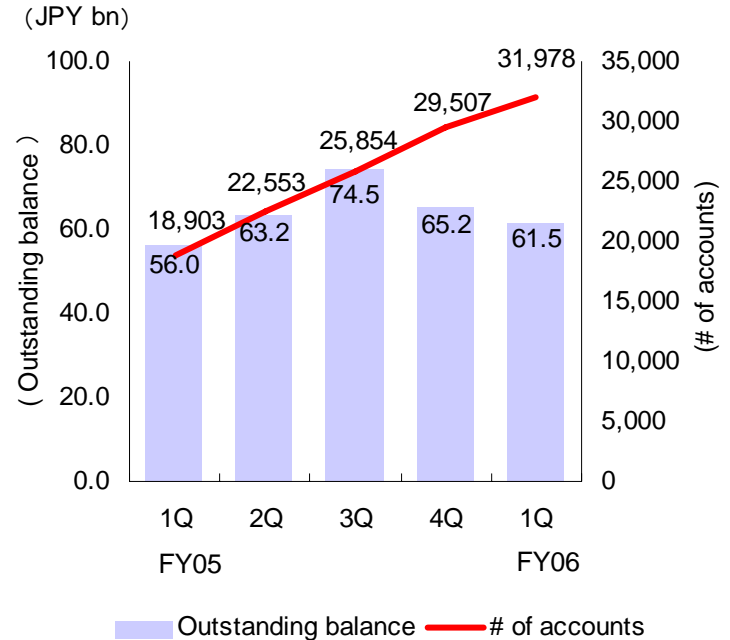
NetFx (Foreign exchange margin trading)

NetFx is already one of the important revenue sources as a core related business

Commission income & Trading value



Outstanding balance & # of accounts



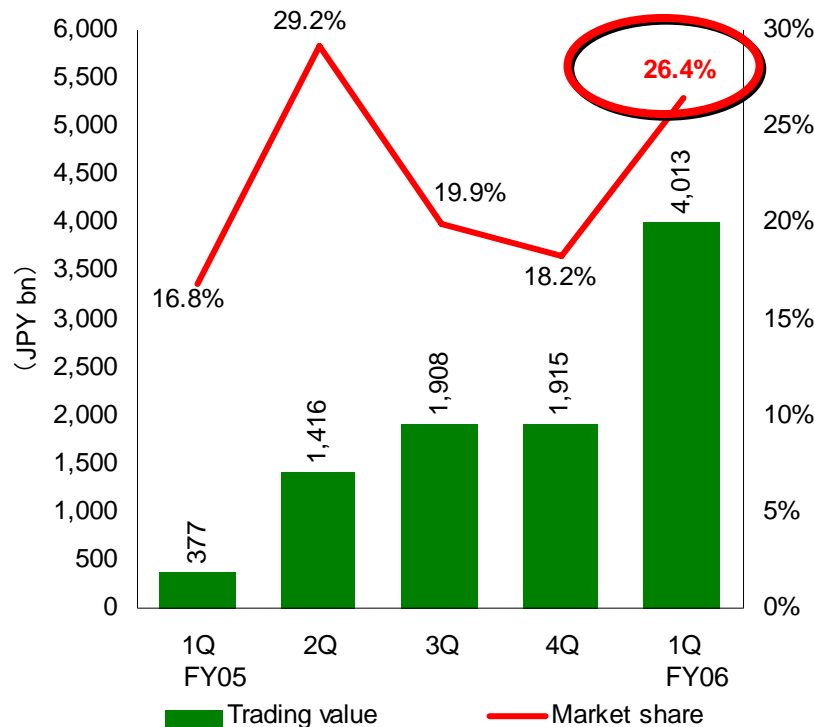
Nikkei 225 Futures

Matsui's market share is 26% of retail trading

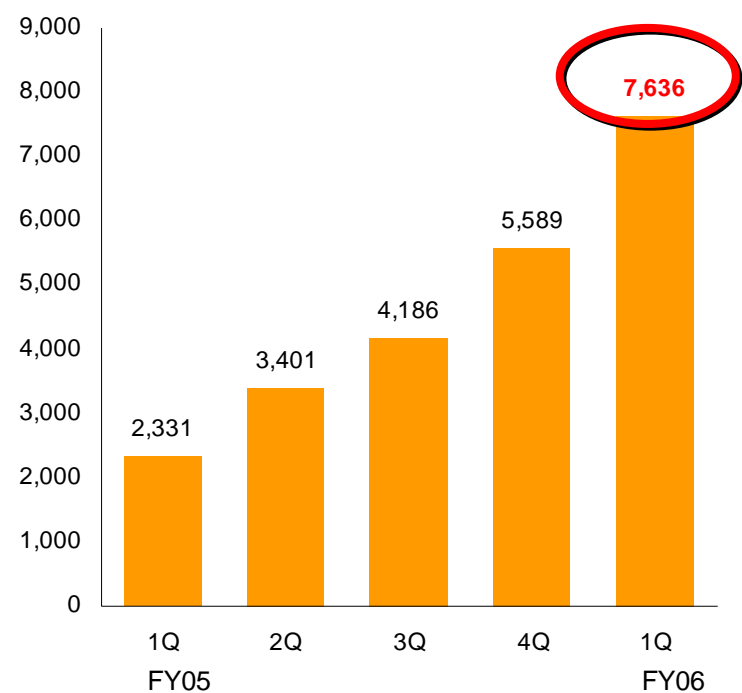
Have launched the "Mini Nikkei 225 Futures" since 18 July 06 with the lowest level of commission



Trading value & Market share

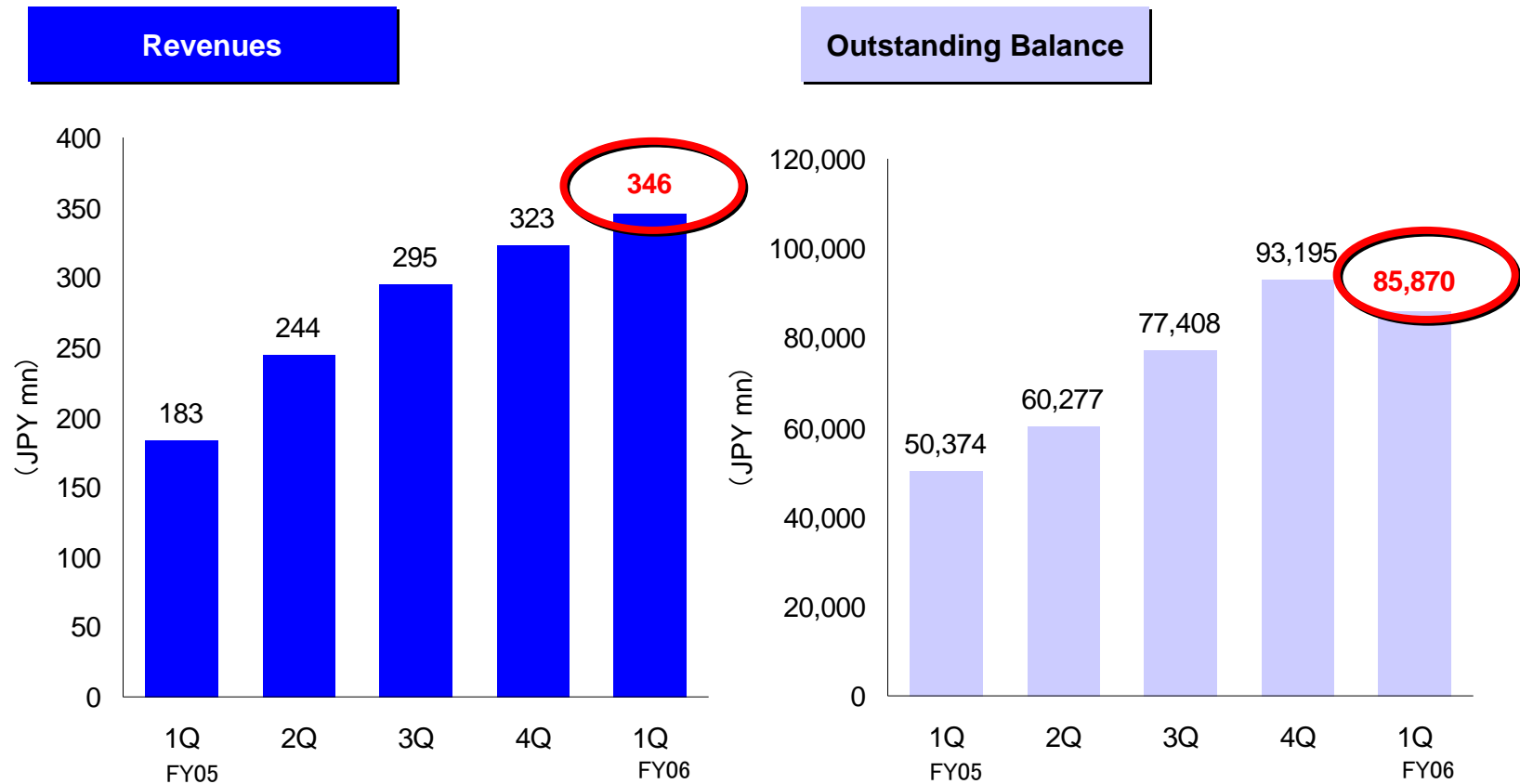


of accounts



Stock Lending Business

Revenues from stock lending have steadily increased based upon accumulated balance of margin trading

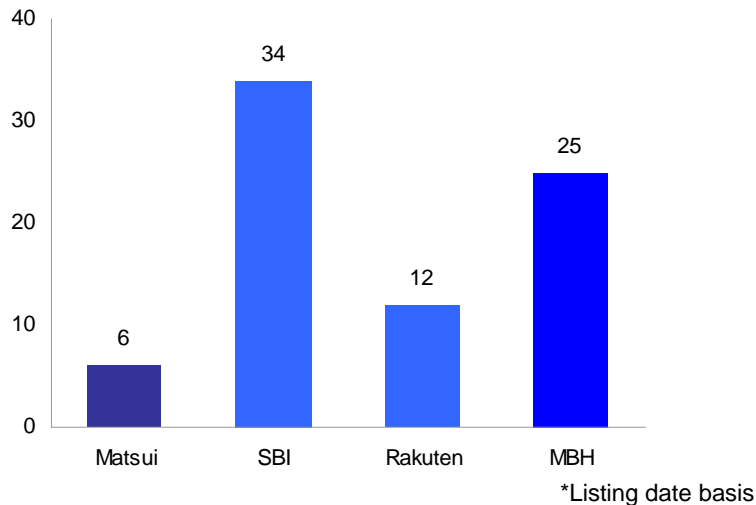


Underwriting Business

◆ Underwriting deals (1Q FY06)

	(# of deals)	(Total size)
FY05 total	58	4,171mn
1Q FY06	7	256mn

【# of IPOs underwritten by on-line brokers】 (1Q FY06 (excl. REIT))



Source: Company websites

◆ Distribution deals (1Q FY06)

	(# of deals)	(Total size)
FY05 total	17	838mn
1Q FY06	4	1mn

◆ Off-trading floor distributions (1Q FY06)

	(# of deals)	(Total size)
FY05 total	175	7,809mn
1Q FY06	22	909mn

List of Newly Offered Services / Products

Starting in	Details of services
March,2005	Launch the Online Chinese stock trading Add NetFx in Mobile services
April	Add Ebank as the disbursement bank Launch Nikkei stock price index futures and Nikkei stock price index options (short) trading
May	Launch the "Netstock Trader Premium" Launch off-market trading services "Yoichi" Simple application for opening new securities account via Ebank website Expand affiliated financial institutions for online transfer
June	"Easy procedure for opening securities account "via the mail service
July	Add the "Easy order function"
August	Abolish the minimum fee for NetFx
October	Launch the "Only for mobile trading account"
January,2006	Abolish the minimum fee for Telestock
February	Launch the visiting-support service "Lesson of basic operation for online securities trading"
March	Launch the visiting-support service "Introduction to start online trading" Launch the trial "Netstock High-Speed"
April	Change the commission rate (stock, future and option)
July	Launch the "Mini Nikkei 225 Futures"
August(plan)	Launch the providing automatic speech web contents "Read Speaker"
Autumn,2006(plan)	Renewal for Matsui's web site Launch the "Netstock High-Speed" for mobile
2007(plan)	Launch the "Real-Time-Settlement" night trading

Future Developments

Section 3

“Real-Time-Settlement” Night Trading

Plan to introduce the night trading¹ in the form of “Real-Time-Settlement”²

Real-Time-Settlement

Real-time-settlement enables investors to cash in stock immediately upon selling stock

↓

- ◆ The cash could be used for other purpose immediately upon selling stock (e.g. withdraw the cash at ATM, use the cash for internet shopping)
 - ⇒ Equity trading becomes the infrastructure of consumption
- ◆ Remove settlement risks from investors

Settlement	Immediate (Real time)
Pricing Method	Auction
Service Hour	Night time (Details are not decided)
Eligible Shares	Listed Shares selected by Matsui
Type of Trading	Cash trading (Margin trading to be considered)
Target customers	Customers having accounts at Matsui

Attention to Compliance System

Fairness of price-making would be the most important issue in terms of protection of investors

↓

Build solid compliance system cooperatively with TSE

Enhancement of Customer Support

Customer support system become significantly important in accordance with the increase in number of accounts and number of transactions

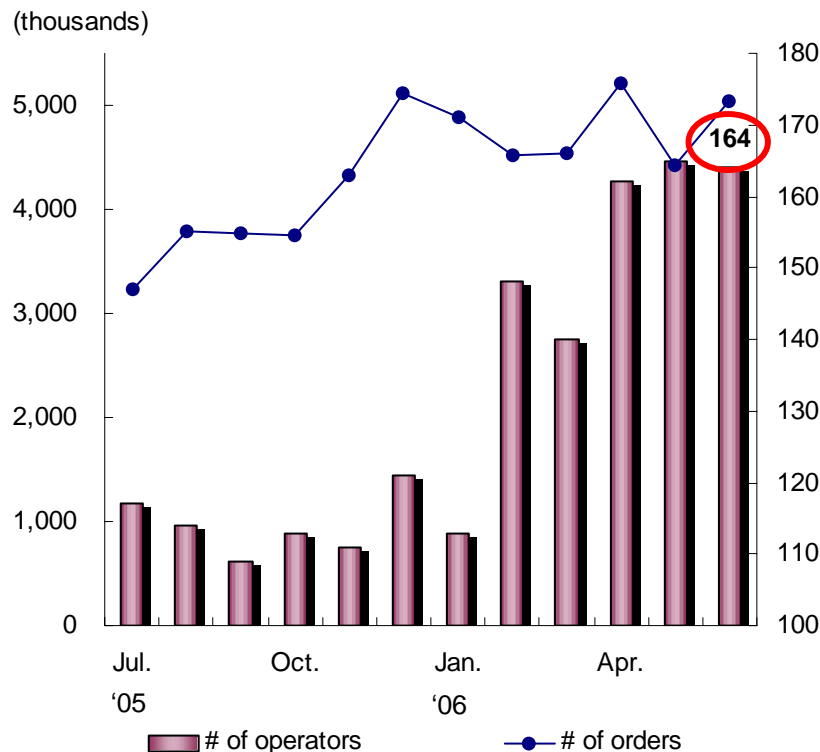
※Received the first place in “satisfaction level of after-services among on-line brokers” in Nikkei Business

◆ Provision of the visiting-support service in accordance with the level of customers’ experience

◆ Expansion of “Call-Center”

- Plan to increase # of operators to 300-350 to deal with expected increase in # of accounts and transactions (As of June 06: 164 operators)

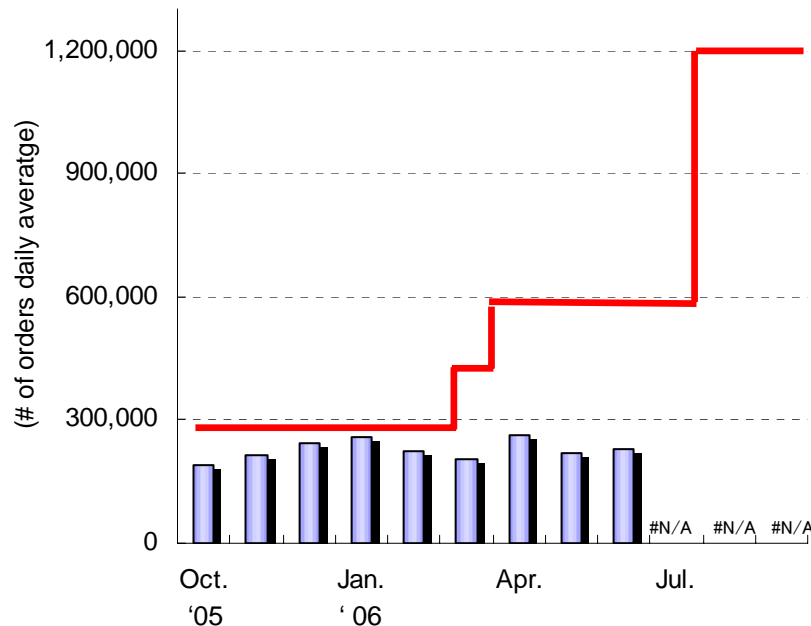
◆ # of operators and # of orders



Securing of Stability in Trading System

Plan to reinforce the capacity of the trading system since stability of on-line trading platform is significantly important

◆ # of orders and system capacity



Plan to reinforce the capacity of the system

◆ 1Q of FY2006

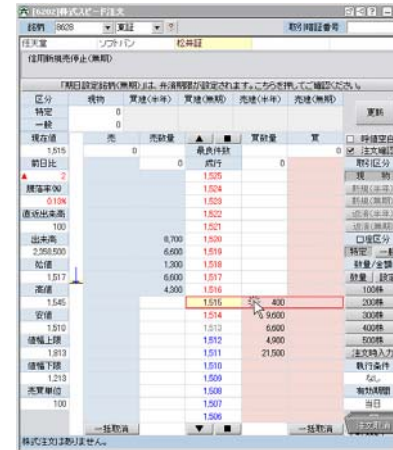
- Reinforcement of the front DB server (Apr)
 - Reinforcement of the load balancer (Apr)
 - Application tuning (Apr)
 - Reinforcement of the system connecting to stock exchanges (Apr, May)
- ⇒ Increase the system capacity level to double of the historically maximum level as the results of the reinforcement conducted in April

◆ 2Q of FY2006

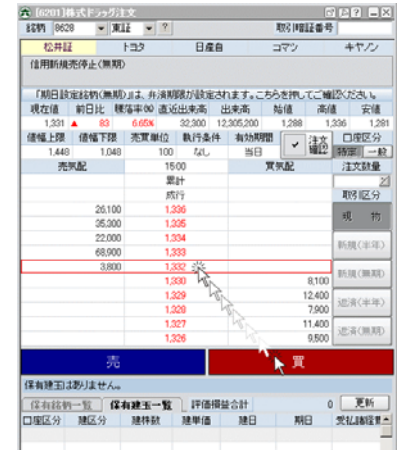
- Reinforcement of the WEB server (Jul, Aug)
 - Reinforcement of the code processing equipment (Jul)
 - Reinforcement of the front DB server (Aug)
 - Reinforcement of the AP server (Aug)
- ⇒ Plan to double the current capacity level as the results of the reinforcement to be conducted by August

Introduction of NetStock High-Speed (“NSHS”)

- ◆ Trading tool which integrates screen for order and confirmation of the execution and screen for the best bit and offer quotes updated timely and automatically
- ◆ Matsui offers the trading tool at free of charge, which is similar to trading tools used by institutional investors
- ◆ Customers have high level of interest in the NSHS (20% of the customers’ inquiries is related to the NSHS in June 06)

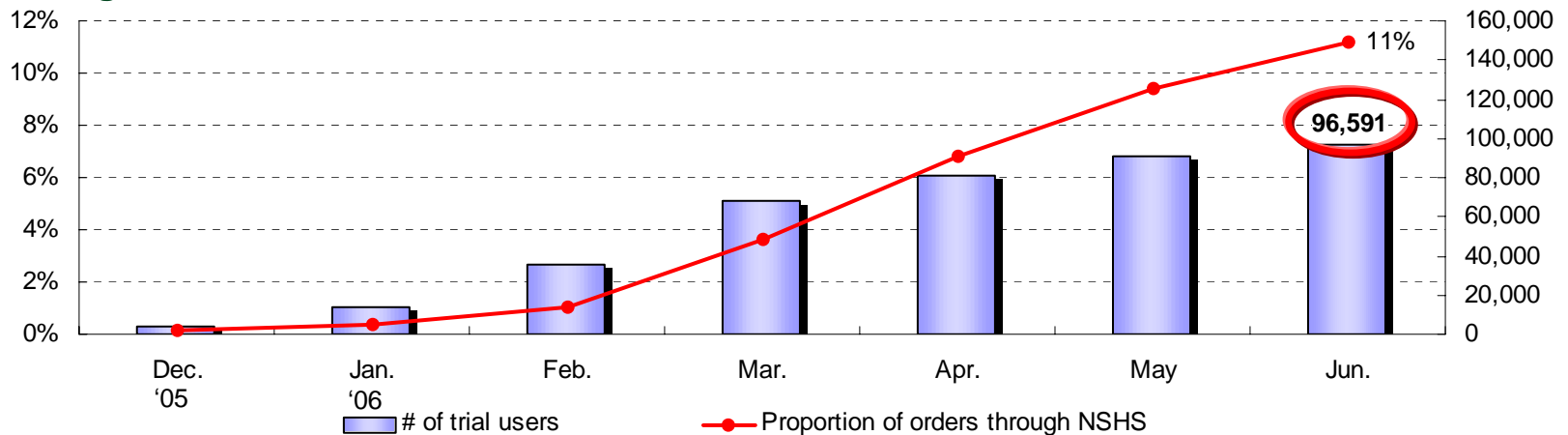


【Speed order function】
Enforce the order by click specific price on the best bit and offer quotes



【Drug order function】
Enforce the order by drug specific price on the best bit and offer quotes to “buy” or “sell” button

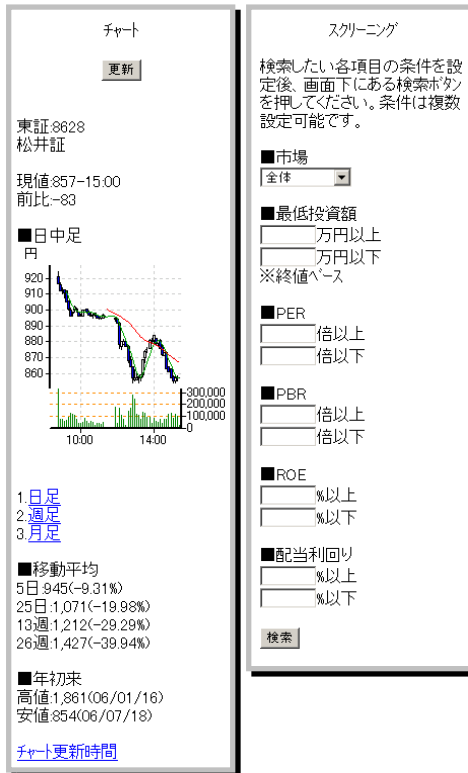
of trial users / Proportion of orders through the NSHS



Upgrade and Expansion of Mobile phone Services

Addition of information retrieval functions (chart, screening, ranking etc.) on mobile phone services

Expansion of information service



Additional function

- ◎Chart
- ◎Screening
- ◎Ranking

【Currently available functions】

- Cash transaction
- Margin transaction
- Off-trading floor distributions
- Future/Option trading
- FX margin transaction
- Account management
- Easy log-in, Easy-order function
- Deposits and withdrawal through online with financial institutions
- Change of password

Others services

- Add chart, ranking function to the general site
- “Mobile trading dedicated account”¹
⇒ Appealing to users who do not have PC

Future developments

- Develop NSHS for mobile phone

時価詳細・複数気配記

[8628] 松井証券

詳細情報	複数気配	チャート
1,000円:	+10円 (+1.0%)	
売数量	15:00	買数量
100	成行 1,040	
200	1,030	
300	1,020	
400	1,010	
5000	引 1,000	
	998 引	5000
	995	3000
	994	1100
	993	300
	990	100

Plan to load similar function of NSHS on the mobile phone services

Acquisition of New Customers

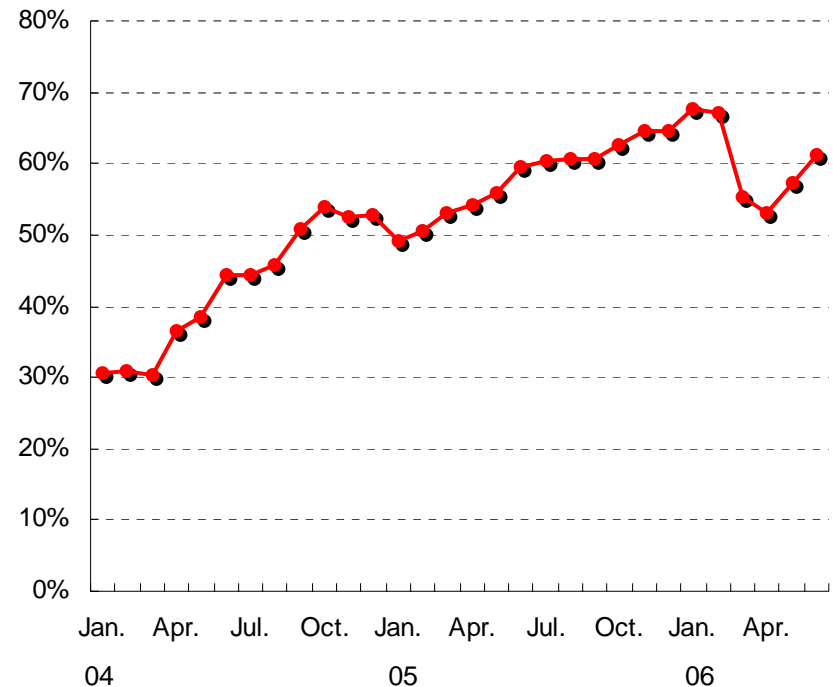
Plan to renew the website under the concept of “Be friendly to beginners”

Renewal Matsui’s website

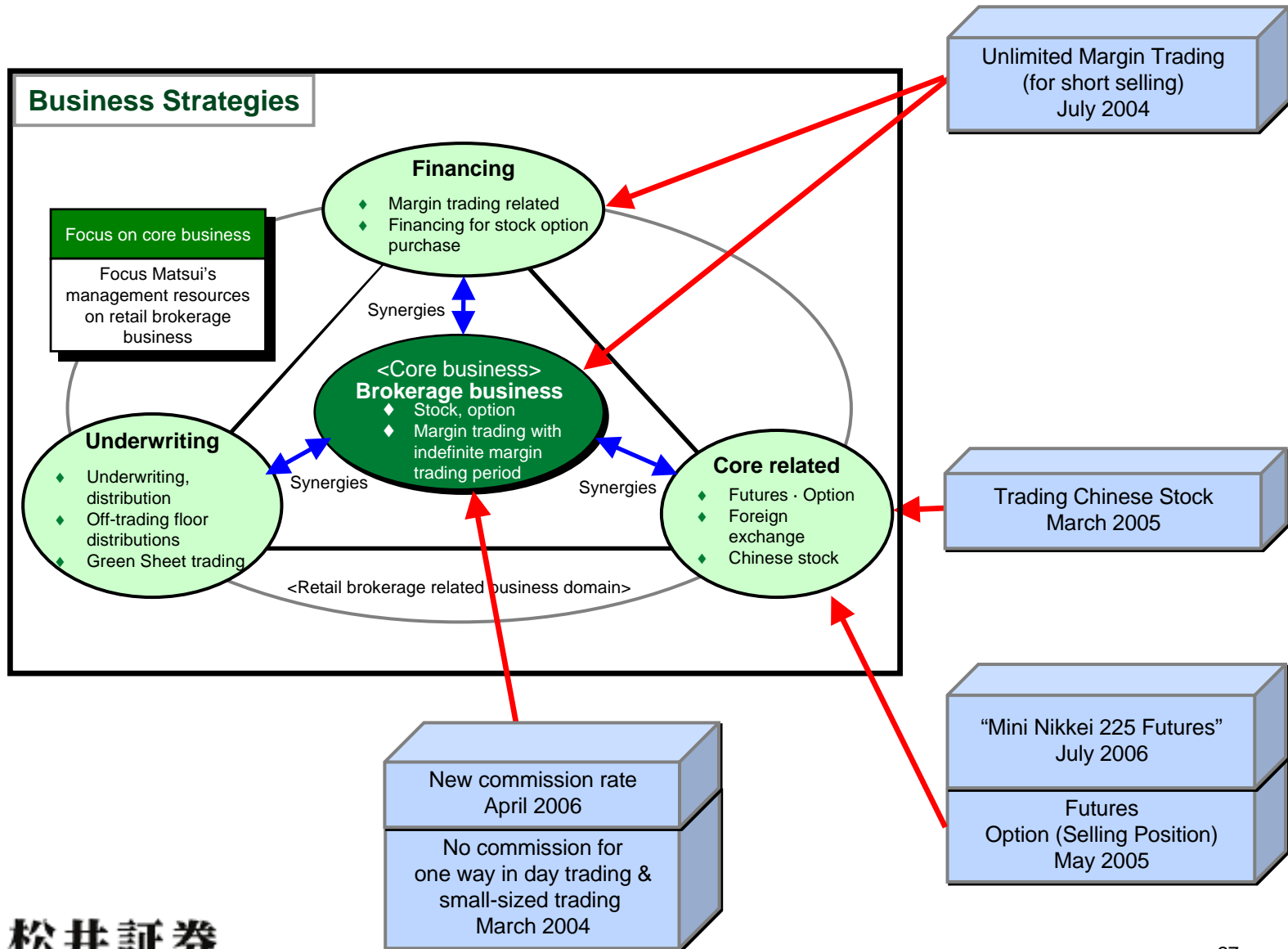
- ◆ Attract target investors who wish to open accounts at online brokers
 - enhance to appeal Matsui
 - enhance to appeal Matsui’s services and products
- ◆ Enhancement of Matsui’s brand
 - appeal its reliability and stability
 - appeal Matsui as a pioneer
- ◆ Improvement of usability and accessibility
 - be friendly to beginners
 - changeable font size
 - clarify directories on the website
 - introduce RSS in preparation for IE7

◎“Read speaker”, a function which read out what is written on the website, has been already introduced, it is friendly to customers of advanced age or who have a poor eyesight

◆ Proportion of new customers without investment experiences ¹



Business Strategies: Focus on Core Related Businesses



The material is intended to provide the financial results for the quarter ended 30 June 2006 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 2006. 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.

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⇒ http://www.matsui.co.jp/about_matsui/en/