



Matsui Securities Co., Ltd.

(First Section of Tokyo Stock Exchange: 8628)

Results for 1st Q FY2008

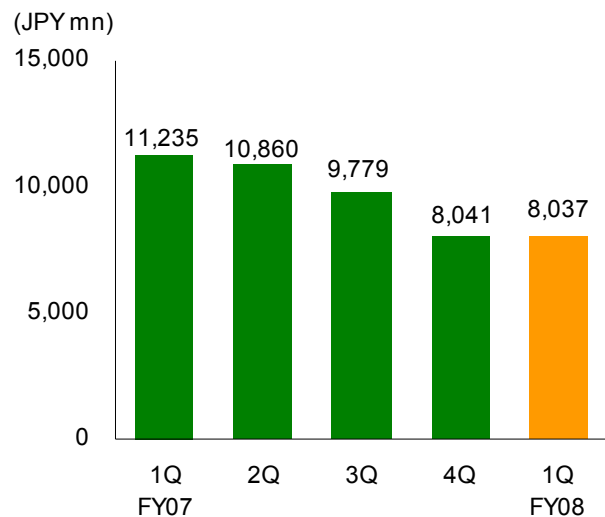
August 2008

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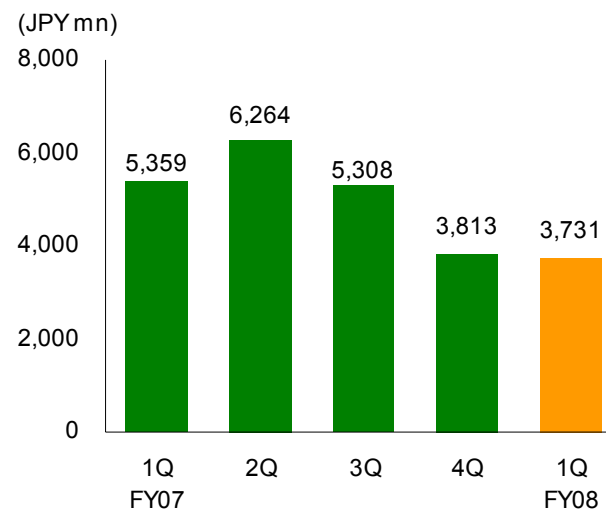
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Financial Results

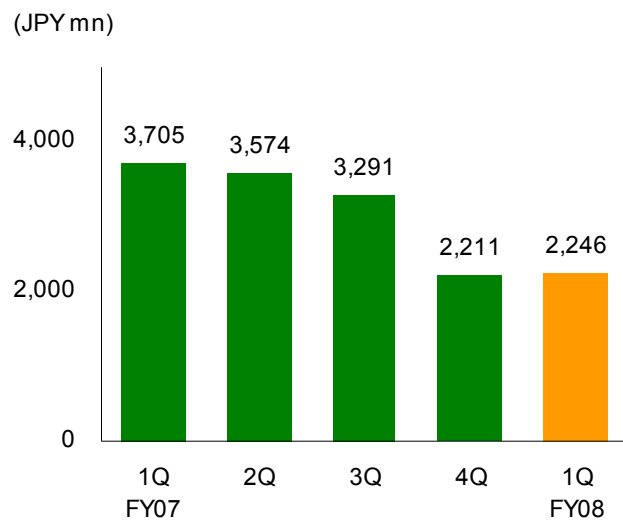
◆ Operating revenues



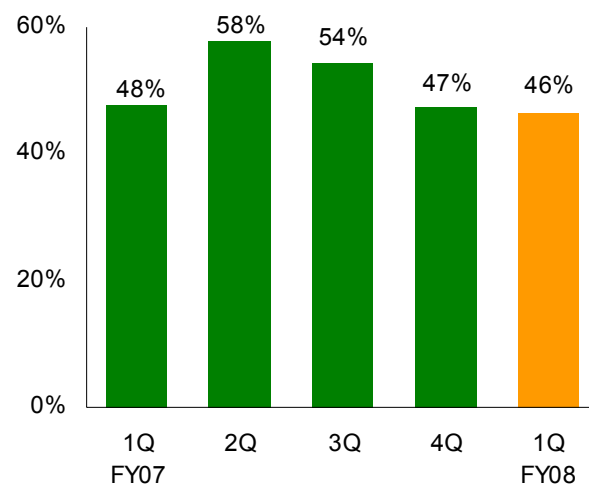
◆ Ordinary income



◆ Net income

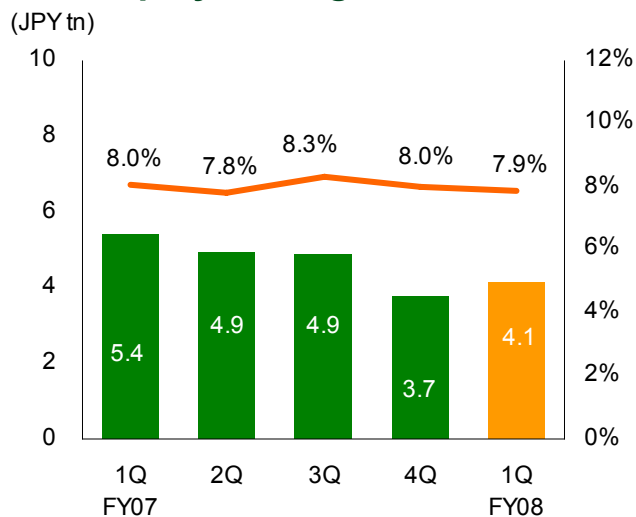


◆ Ordinary income ratio

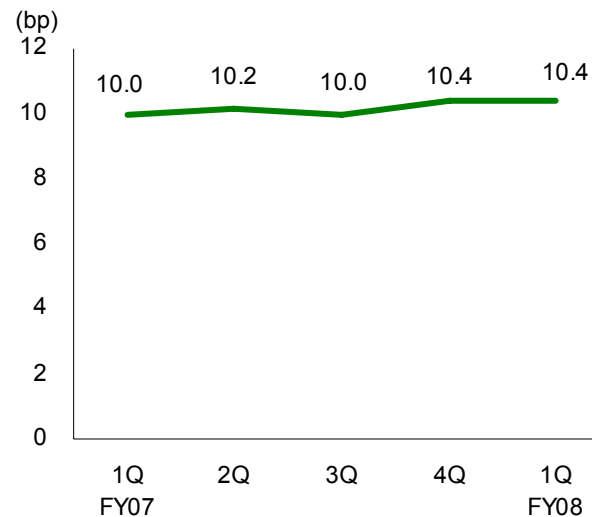


Results of Operation

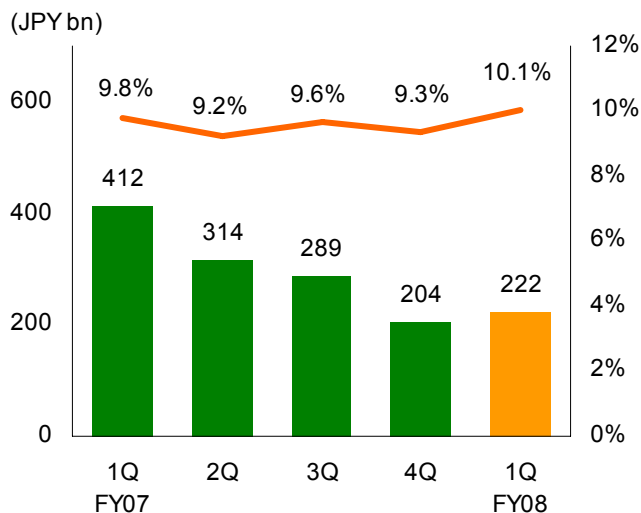
◆ Equity trading value



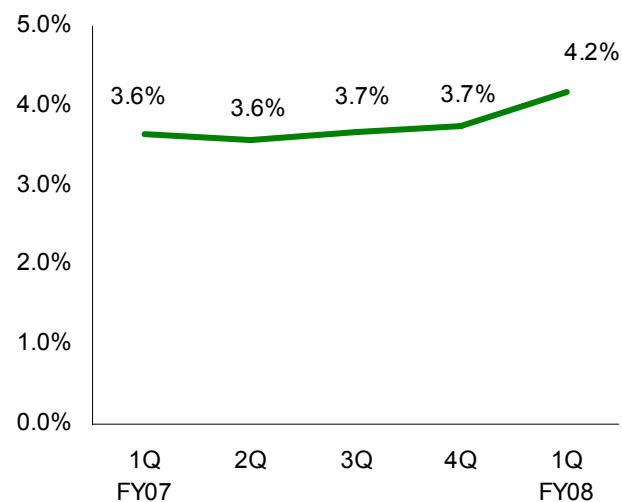
◆ Commission rate



◆ Shares bought on margin

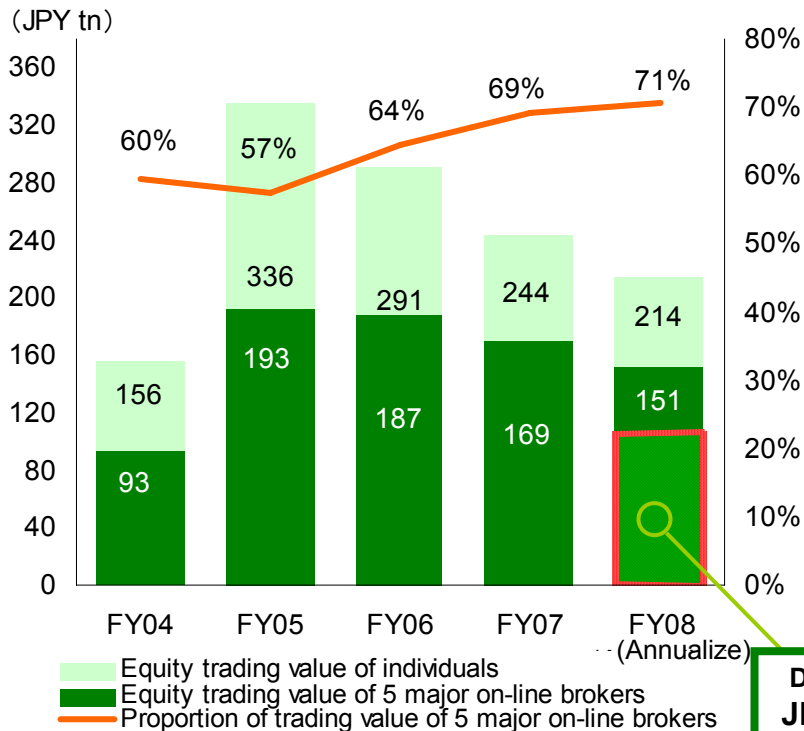


◆ Net interest income ratio



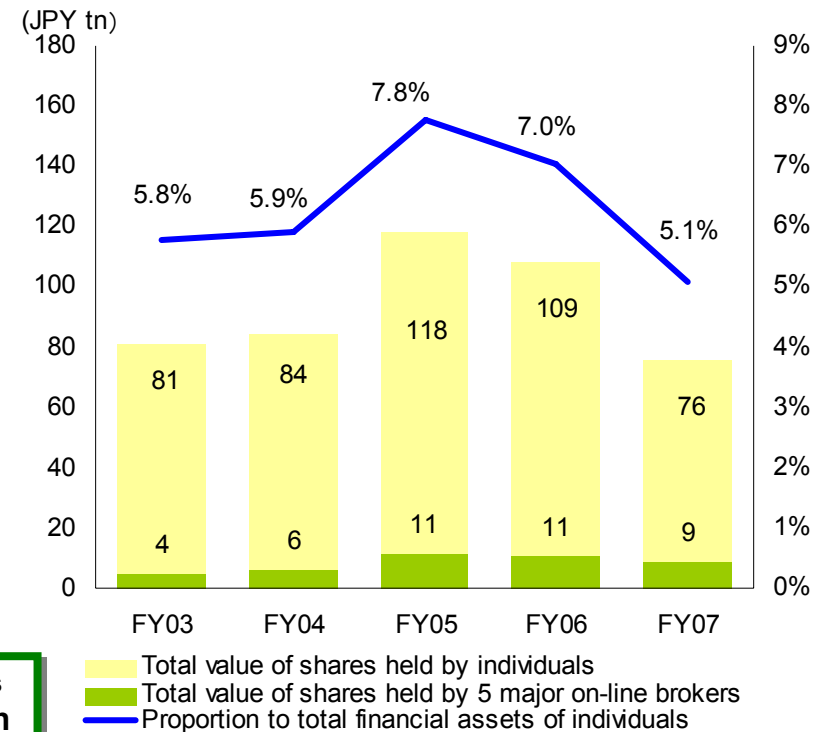
Overview of Retail Equity Trading Market

◆ Equity trading value of individuals¹ (FLOW)



**Day traders
JPY 120 tn
(Estimate)**

◆ Total value of shares held by individuals (STOCK)



Financial Summary

Section 1

Summary of Financial Results(Quarterly)

(JPY mn)

	FY08	FY07	QoQ	FY07			YoY	FY07
	1Q	4Q		3Q	2Q	1Q		TOTAL
Operating Revenues	8,037	8,041	-0%	9,779	10,860	11,235	-28%	39,915
Commissions	5,362	5,221	3%	6,176	6,499	6,626	-19%	24,521
Interest & dividend income	2,673	2,817	-5%	3,599	4,361	4,607	-42%	15,384
Interest expenses	619	628	-2%	711	967	919	-33%	3,226
Net operating revenues	7,418	7,413	0%	9,067	9,893	10,316	-28%	36,689
SG&A	3,738	3,607	4%	3,761	3,628	5,034	-26%	16,030
Operating income	3,680	3,806	-3%	5,306	6,265	5,282	-30%	20,660
Ordinary income	3,731	3,813	-2%	5,308	6,264	5,359	-30%	20,744
Net income	2,246	2,211	2%	3,291	3,574	3,705	-39%	12,781
Ordinary income ratio	46%	47%	-	54%	58%	48%	-	52%
Matsui's trading value (JPY tn)	4.1	3.7	10%	4.9	4.9	5.4	-24%	18.9
Daily average trading value on TSE (JPY tn)	2.5	2.8	-9%	2.8	3.1	3.1	-18%	2.9

Source: TSE

Breakdown of Net Operating Revenues (Quarterly)

(JPY mn)

	FY08	FY07	QoQ	FY07			YoY	FY07
	1Q	4Q		3Q	2Q	1Q		TOTAL
Commissions	5,362	5,221	3%	6,176	6,499	6,626	-19%	24,521
Brokerage	4,875	4,647	5%	5,600	5,746	6,092	-20%	22,085
Underwriting & selling	0	2	-99%	2	4	3	-100%	11
Subscription & distribution	-	0	-	0	1	0	-	2
Others	486	572	-15%	574	748	531	-8%	2,424
Net gain (loss) on trading	2	3	-30%	4	1	2	7%	9
Interest & dividend income(1)	2,673	2,817	-5%	3,599	4,361	4,607	-42%	15,384
Total operating revenues	8,037	8,041	-0%	9,779	10,860	11,235	-28%	39,915
Interest expenses (2)	619	628	-2%	711	967	919	-33%	3,226
Net operating revenues	7,418	7,413	0%	9,067	9,893	10,316	-28%	36,689
Net interest income (1) - (2)	2,054	2,189	-6%	2,888	3,394	3,688	-44%	12,159

Breakdown of SG&A (Quarterly)

(JPY mn)

	FY08	FY07	QoQ	FY07			YoY	FY07
	1Q	4Q		3Q	2Q	1Q		TOTAL
Transaction related expenses	1,068	1,105	-3%	1,205	1,159	1,132	-6%	4,601
Advertisement	164	153	8%	198	158	94	75%	602
Employees' compensation & benefits	546	501	9%	543	556	569	-4%	2,169
Occupancy & rental	119	115	4%	107	109	110	8%	441
Data processing & office supplies	1,593	1,586	0%	1,624	1,610	1,931	-18%	6,752
Depreciation	291	257	13%	261	265	292	-0%	1,076
Duties & taxes other than income taxes	61	49	25%	53	65	76	-21%	243
Provision of allowance for doubtful accounts	15	△ 40	-	△ 62	△ 169	856	-98%	586
Others	46	34	34%	29	32	67	-32%	162
Total SG&A	3,738	3,607	4%	3,761	3,628	5,034	-26%	16,030

Policy of Profit Sharing with Shareholders

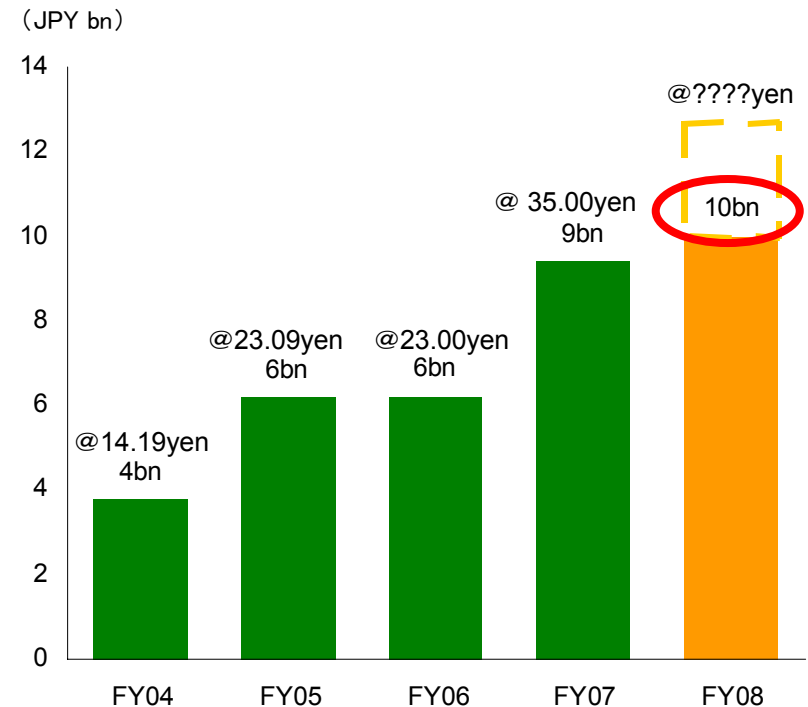
◆ Dividend policy

- Maintain the performance based return to the shareholders
- Target of payout ratio is “30% and above”

◆ Plan for FY08

- Plan to buy-back the shares up to 10 billion JPY yen worth of shares or 12.5 million shares
- Dividend payout ratio will be 30% and above

◆ Total of profit shared with shareholders(Annual)

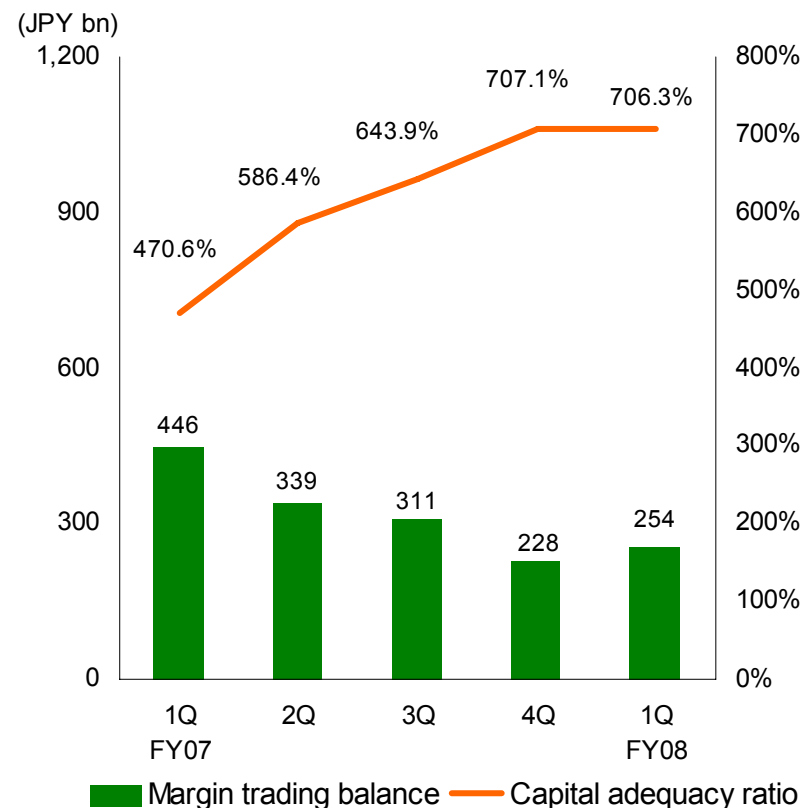


Capital Adequacy Ratio

◆ Capital adequacy ratio (As of 30 June 08)

		(JPY mn)
Tier 1	(A)	73,801
Tier 2	Net unrealized gain on investment	0
	Statutory reserves	3,745
	Allowance for doubtful accounts	310
	Sub total (B)	4,057
Assets to be deducted from equity capital	(C)	7,804
Net Capital		
	(A) + (B) - (C) (D)	70,054
Total risk	Market risk	4
	Counterparty risk	5,813
	Basic risk	4,099
	Total (E)	9,917
Capital Adequacy ratio (D)/(E)		706.3%

◆ Margin trading balance and capital adequacy ratio

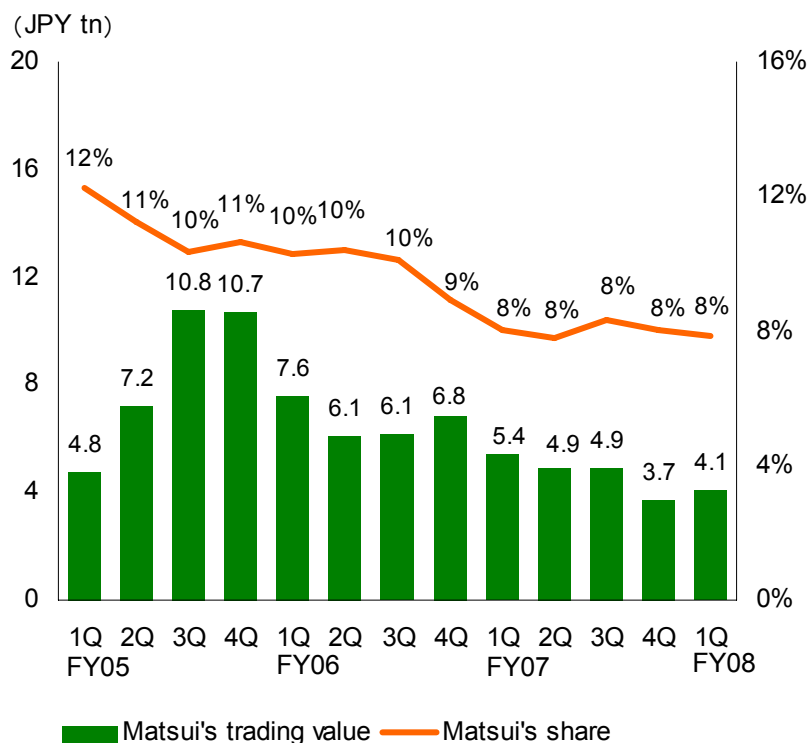


Results of Operation

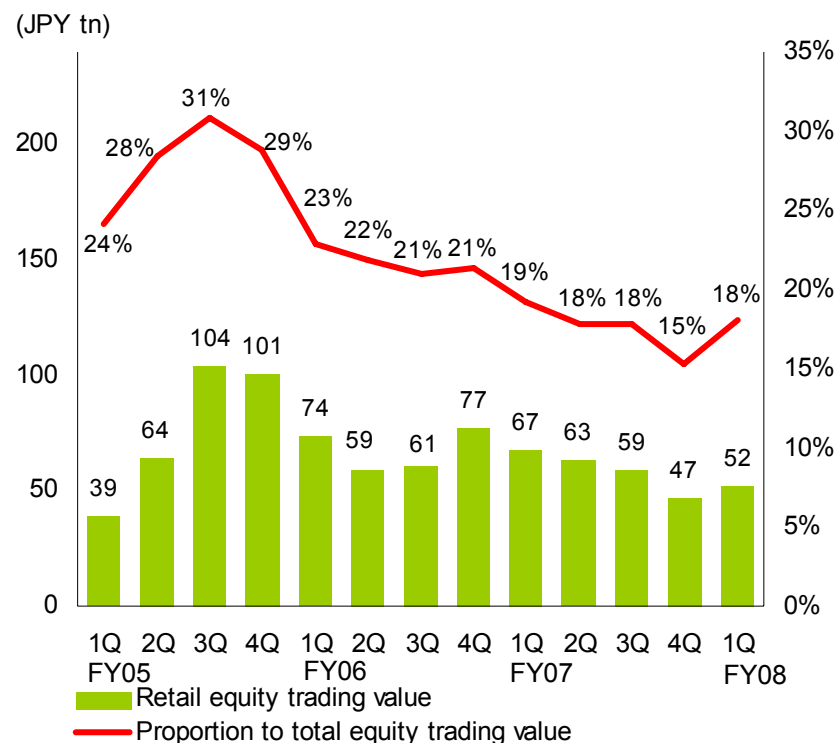
Section 2

Equity Trading Value

◆ Matsui's equity trading value and its market share¹

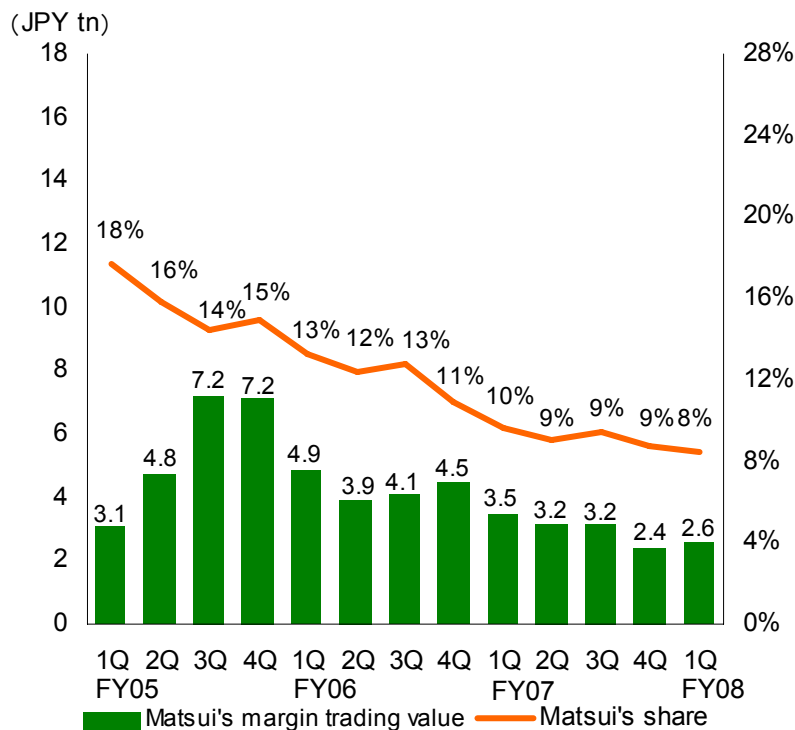


◆ Retail equity trading value¹ and proportion to total equity trading value

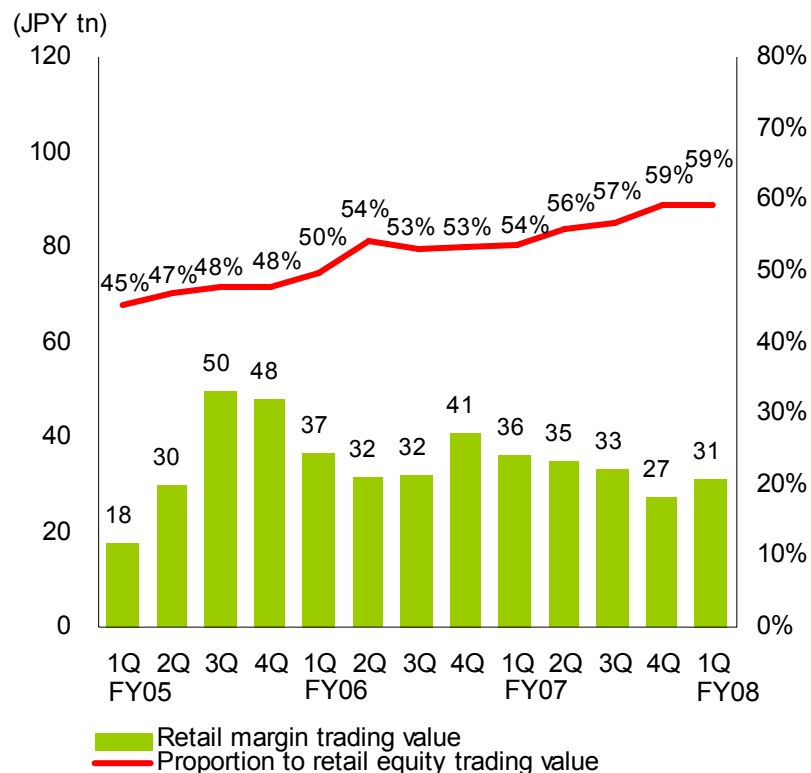


Margin Trading Value

◆ Matsui's margin trading value and its market share¹

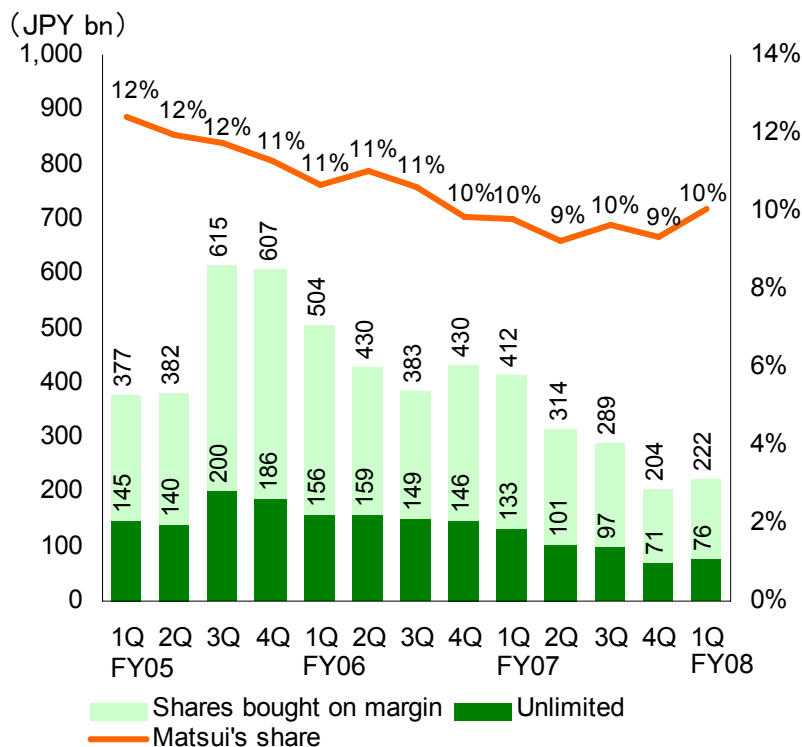


◆ Retail margin trading value¹ and proportion to total retail equity trading value

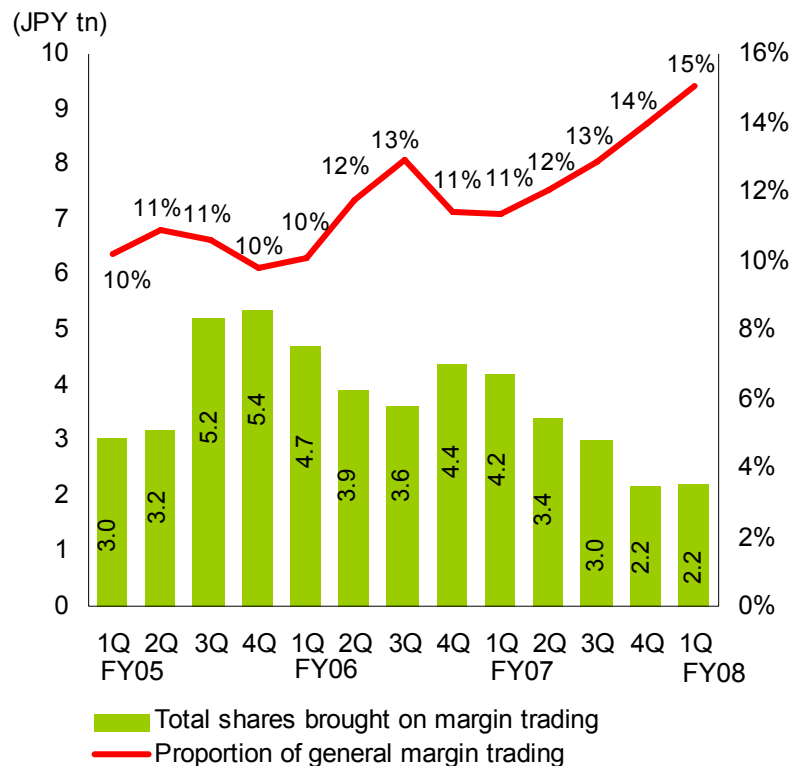


Margin Trading Balance

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

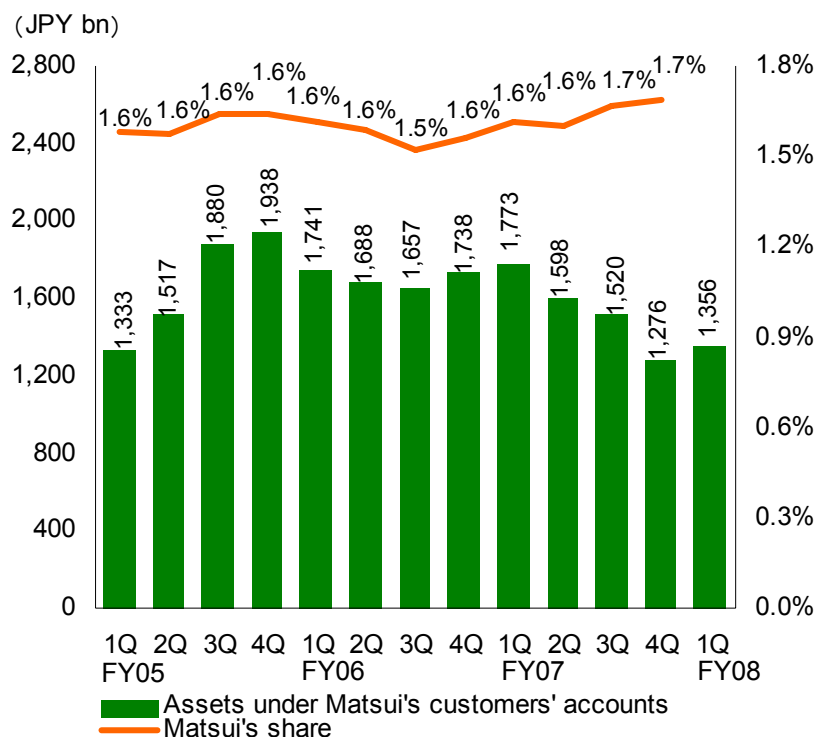


◆ Total shares bought on margin¹ and proportion of general margin trading

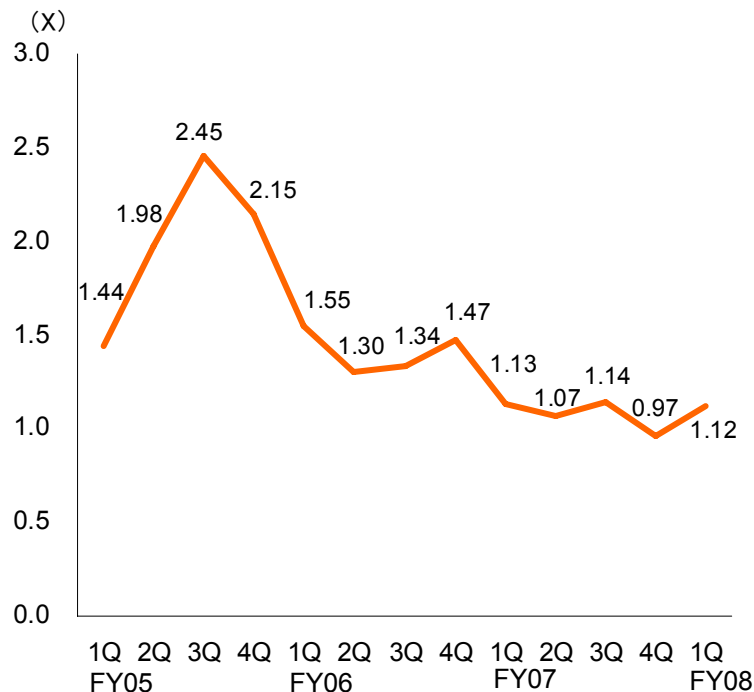


Assets under Customers' Accounts / Trading Turnover

◆ Assets under Matsui's customers' accounts and its market share



◆ Equity trading turnover¹ of Matsui's customers



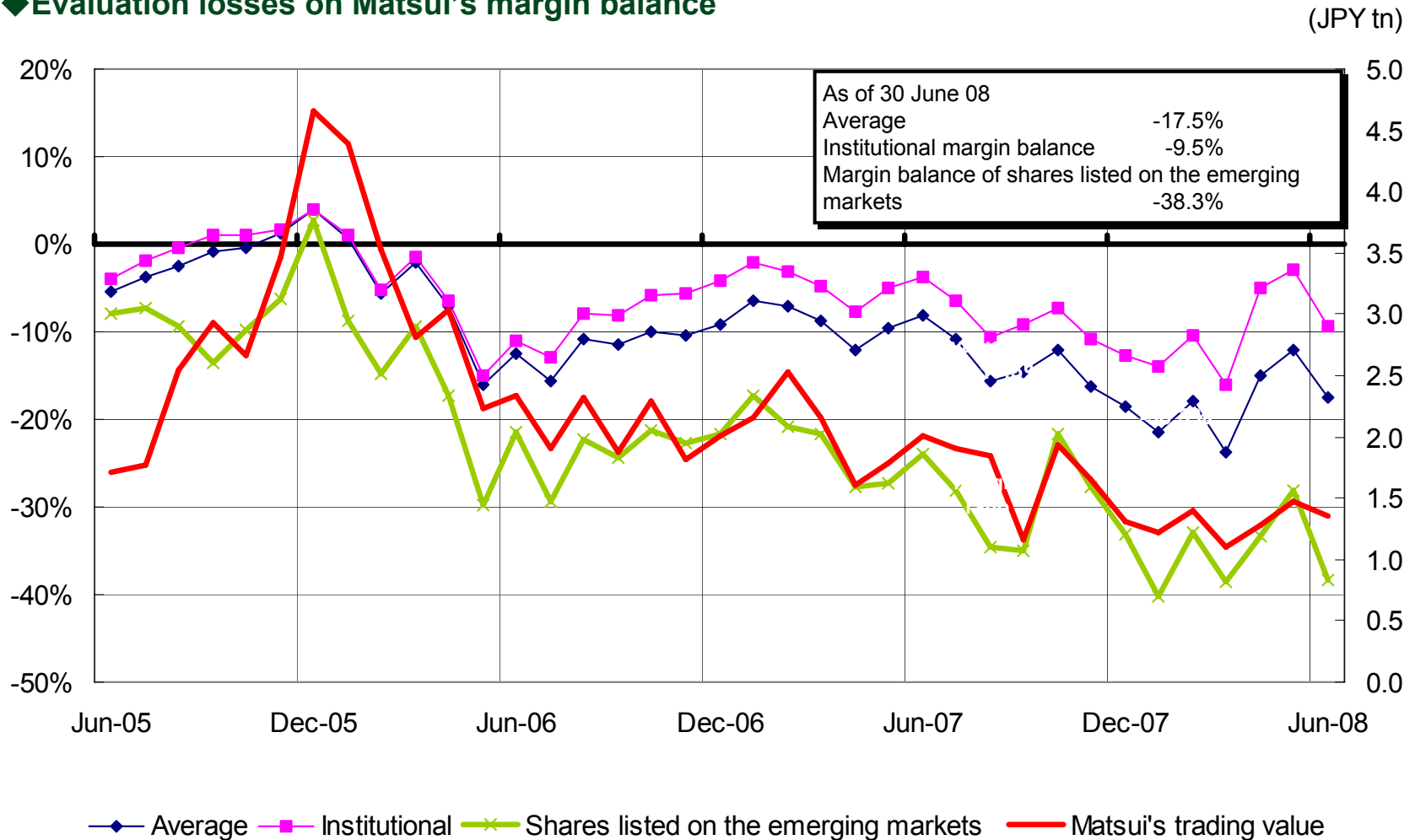
Source: BOJ

Note 1: Equity trading turnover = (monthly average trading value) / (quarterly average assets under customers' accounts*)

* assets under customers' accounts of Matsui's related persons are excluded

Evaluation Losses on Matsui's Margin Balance

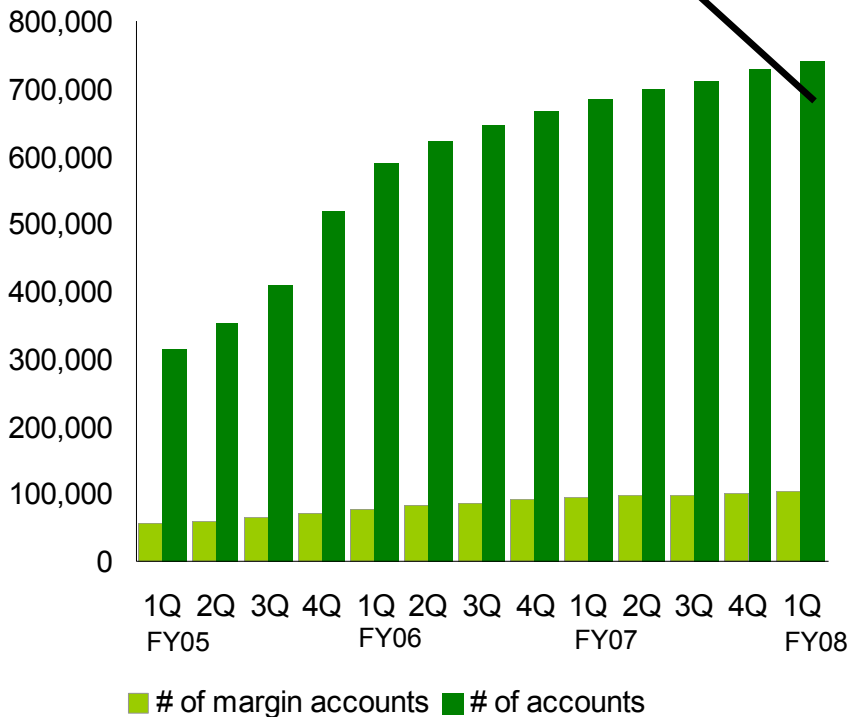
◆ Evaluation losses on Matsui's margin balance



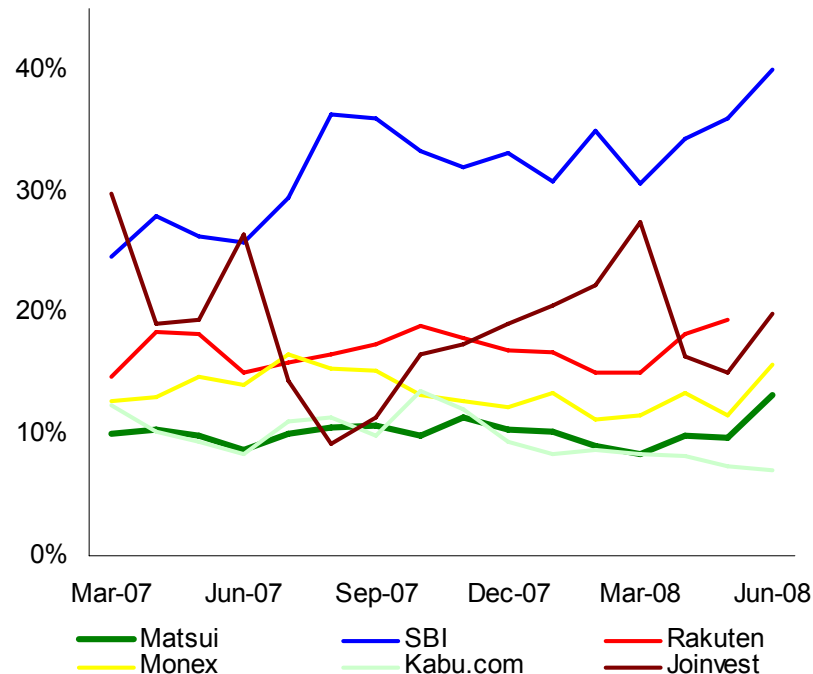
Number of Accounts

◆ Number of accounts at Matsui¹

of accounts 740,884
 # of margin accounts 103,073
 (as of 30 Jun. 08)

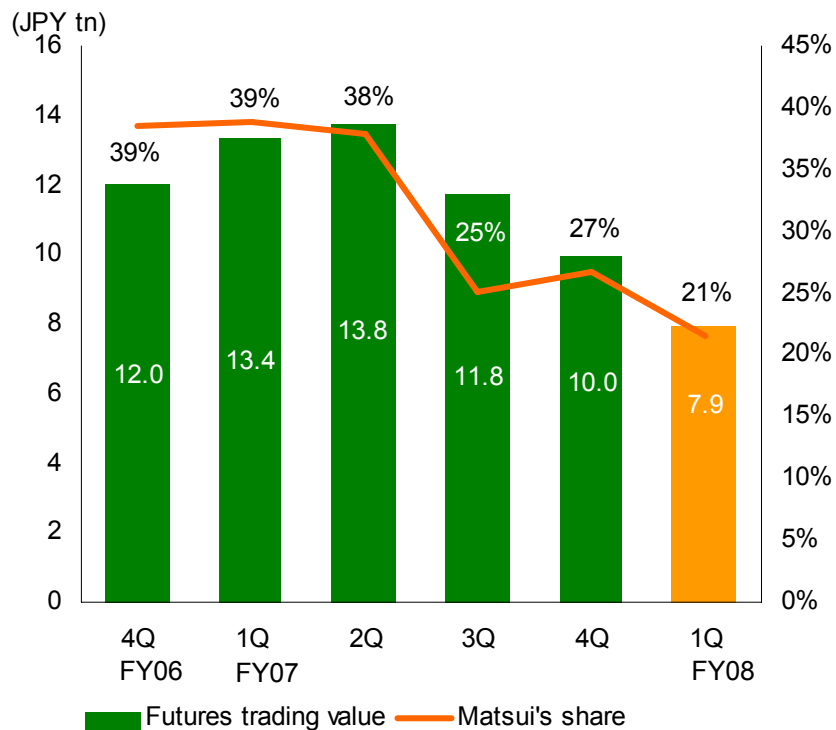


◆ On-line brokers' share of the net increase in accounts²

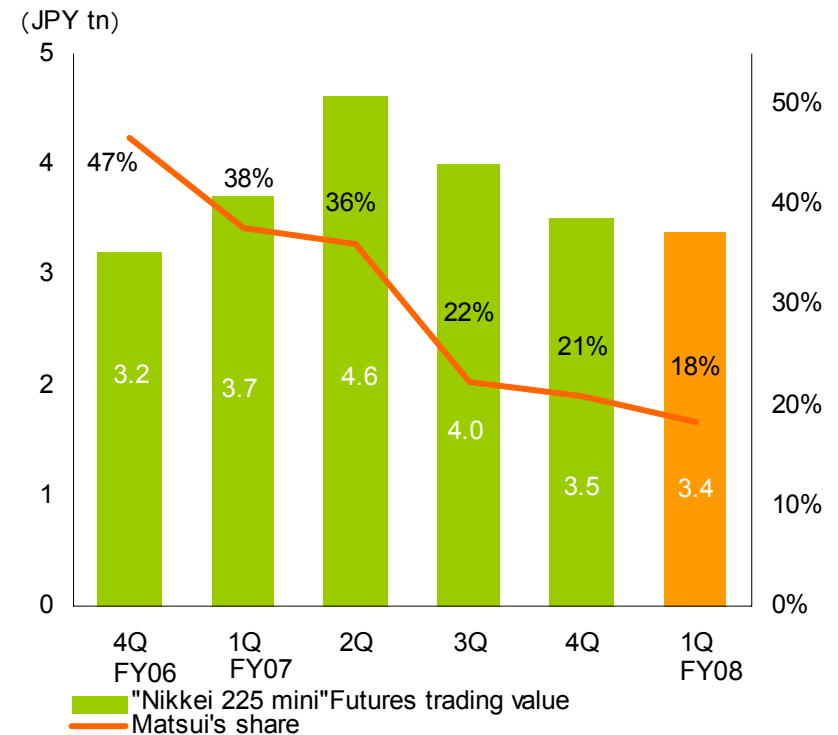


Nikkei 225 Futures

◆ Matsui's Nikkei 225 Futures trading value and its market share¹

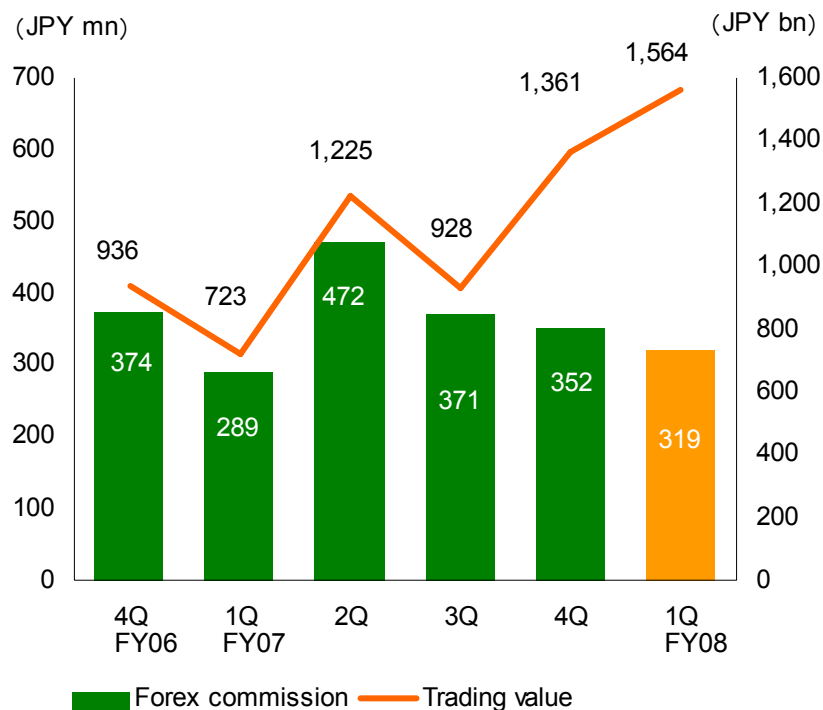


◆ Matsui's "Nikkei 225 mini" Futures trading value and its market share¹

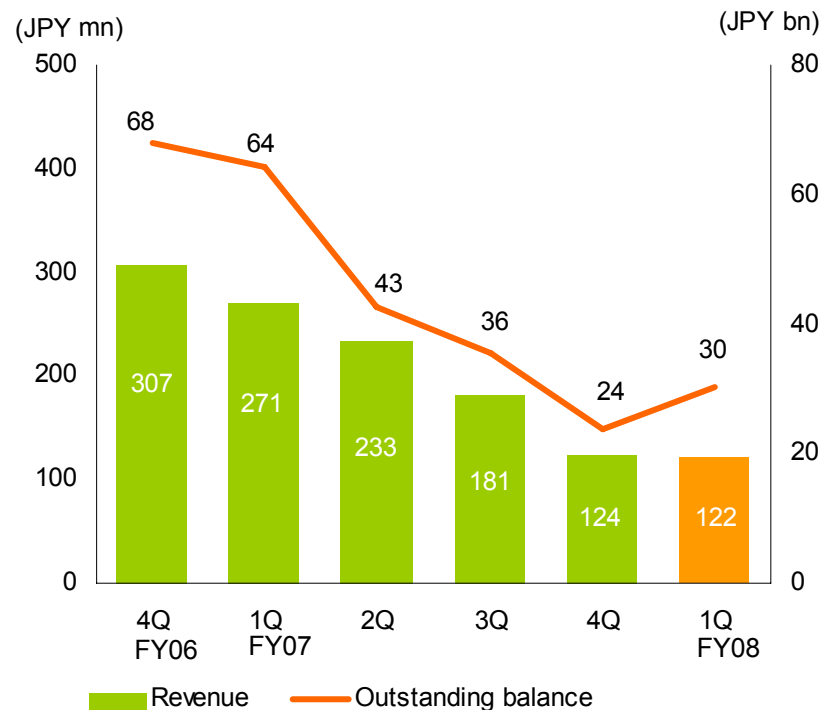


Forex Margin trading / Stock Lending Business

◆ Matsui's Forex margin commission income and trading value¹

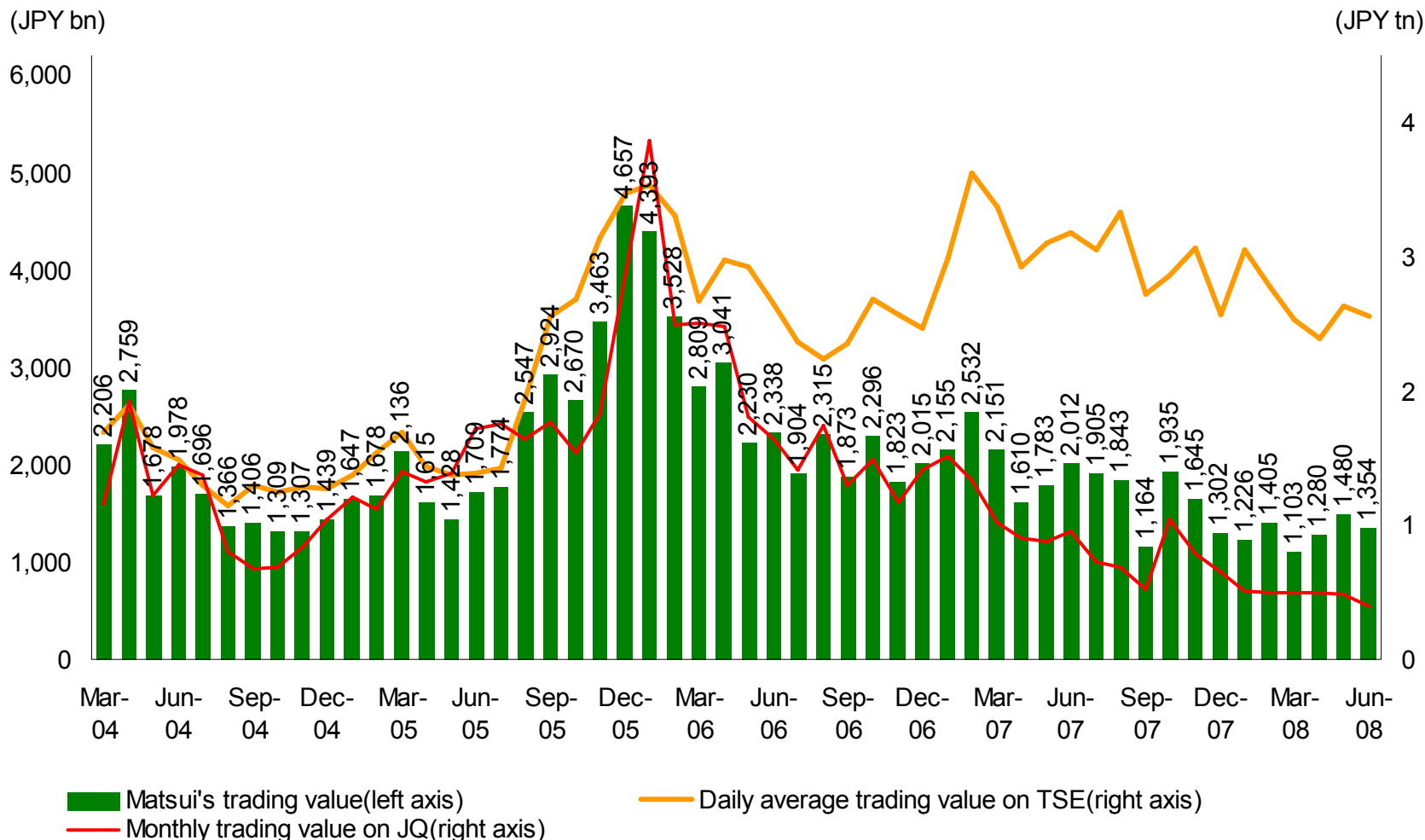


◆ Matsui's stock lending business revenue and outstanding balance²



Equity Trading Value

◆ Matsui's monthly equity trading value



Recent Developments

Section 3

Corporate Strategy

Our Purpose

We will provide superior quality of trading platform for retail investors based upon "customer-centered strategy"



Our achievements

- ◆ Pioneer in providing full-fledged online brokerage services in Japan
- ◆ Customer-oriented trading rule for margin trading
- ◆ "Box Rate" fee structure
- ◆ Pioneer in developing unlimited margin trading
- ◆ Pioneering approach to "NetFx" "Off-trading floor distributions" "Nikkei 225 futures and Nikkei 225 Options"

Our direction

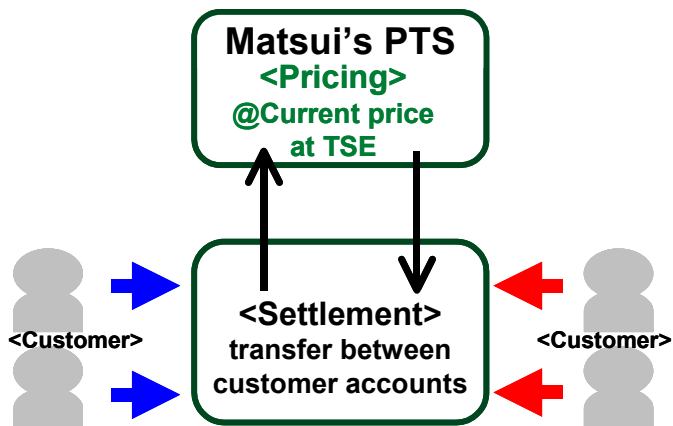
- ◆ Develop unique and innovative services
- ◆ Focus on brokerage business
- ◆ Pursue the services which expand brokerage(Flow) business rather than asset gathering related(stock) services

Introduction of “Real-Time-Gross-Settlement” Service

◆Outline of RTGS

Settlement	Immediate(Real time)
Pricing Method	Crossing of mirror method
Service Hour	Conform to the trading time on TSE
Eligible Shares	Listed shares at 1st section of the TSE, ETF and REIT
Type of Trading	Cash trading

◆PTS(Propriety Trading System)



◆Advantages to customers

Improvement in trading capacity for "Day-Traders"

1. Cash transaction

- Enable customers to do day-trading of the same stock several times on the same day

(e.g.) In case of 1 million yen in the account	Current	RTGS
09:10am Buy A 1,000shares @1,000yen	○	○
09:50am Sell A 1,000shares @1,020yen	○	○
10:30am Buy A 1,000shares @1,000yen	×	○
10:45am Sell A 1,000shares @1,030yen	×	○
⋮	×	○

2. Margin transaction (Consider to introduce in the near future)

- Allow customers to use the proceeds of the sale of shares on any given date towards purchase of another company's shares to be settled on the same date (Loop-trade of margin transaction)

(e.g.) In case of 1 million yen in the margin account	Current	RTGS
09:05am Buy A 1,000shares @3,000yen	○	○
09:30am Sell A 1,000shares @3,020yen	○	○
09:40am Buy B 1,000shares @3,000yen	×	○
09:55am Sell B 1,000shares @3,030yen	×	○
⋮	×	○

Immediate evaluation of collateral (for margin transaction)

- Increase in trading capacity of customer as a result of increase in margin ratio immediately upon selling collateral securities

(e.g.) In case of 1 million yen worth of collateral shares	Margin Ratio	
	Current	RTGS
Balance of margin trades: 2.5million yen evaluation of collateral: 80% of market price	32%	32%
↓ Selling the collateral shares		
Balance of margin trades: 2.5million yen evaluation of collateral: 100% of market price	32%	40%

The CME “Nikkei 225” Futures Trading

Matsui is the first to offer the Night-time Nikkei 225 Futures trading service among the major on-line brokers

◆Outline of the service

Eligible Brand	Nikkei 225 Futures listed on CME (Yen-denominated)
Commission	1,050 yen/unit
Trading Unit	Nikkei 225 X 500 (Yen)
Tick	5 yen
Minimum Deposit	646,250 yen (As of 26 May 2008) Initial Performance Bond X 110%
Service Hour (Japan time)	08:00pm~05:15am (DST in US) 08:00pm~06:15am (Standard time in US)

◆Background and Objectives

- As a consequence of globalization, the Japanese market is greatly influenced by the global market
- Offer hedging-opportunity in case that the price fluctuates wildly during the night-time
- Differentiate our marketing strategy against other on-line brokers about the night-time trading services
- Expect the growth of the night-time futures trading since it has similarities with the FX margin transaction, which trading is concentrated in the night-time

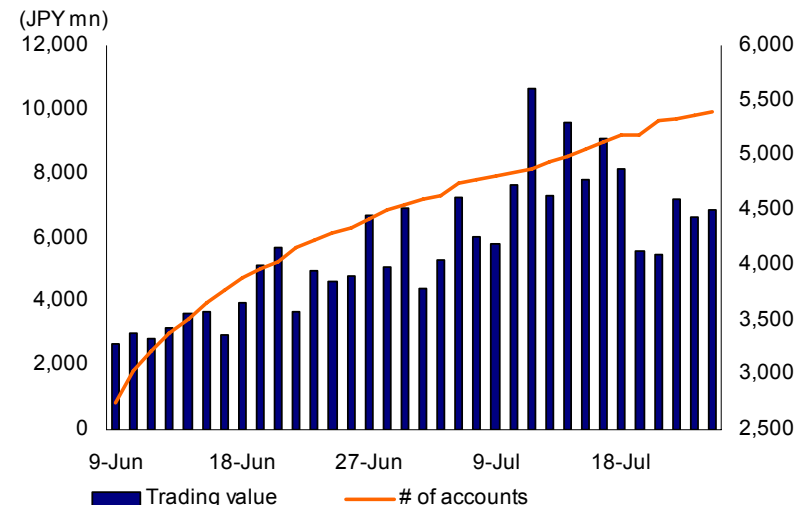
◆Recent Developments

- Discount campaign (Jun.08 – Aug.08)
525yen/unit for commission during the campaign period
- Install the automatic update function for quotation and price chart (Jul.08)

◆Recent Results (maximum of 6/9-7/25)

- # of accounts : 5,403 (as of 7/25)
- Trading value : JPY10.7bn (7/11)
- CME market share : 4.7% (7/25)

【Trading value and # of accounts 6/9-7/25】



Improvement in Quality of Services to Customers

◆Improvement of research function

Add the new information research tool (Jul.08)

“Chart-folio” :

Narrow down target brands based on chart analysis

“News Finder” :

Narrow down target brands based on news search by some key-words

Renewal the screen for the information retrieval function (Jul.08)

【Image】



◆Enhancement of mobile phone services

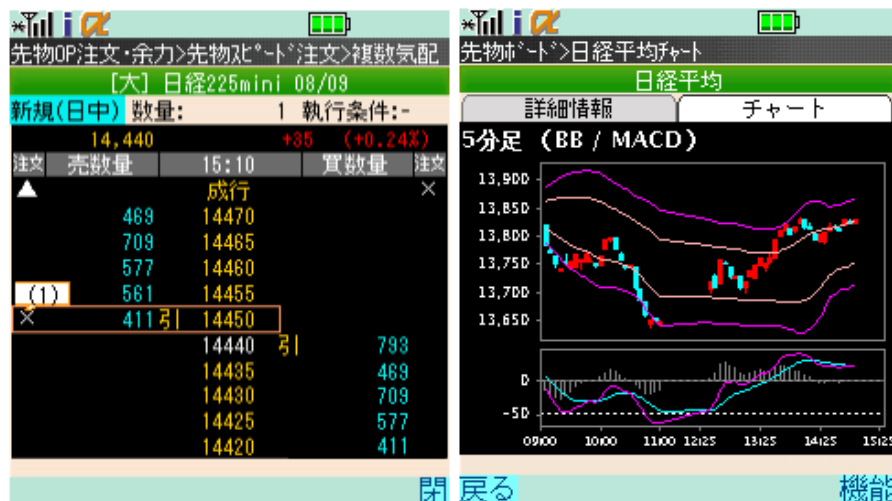
- Sell “Matsui Keitai”, a mobile phone that the “High-Speed α” is pre-installed (Mar.08)

- Renewal the website for mobile trading (May 08)

- Add Nintendo DS, Play Station Portable and iPod touch as the recommended environment (May 08)

- Introduce “High-Speed α” for Nikkei 225 futures and option trading, a trading tool for mobile phone

【Image of “High Speed α” for Nikkei 225 futures】



List of Newly Offered Services / Products

Starting in	Detail of services
September,2006	Launch of "Netstock High-Speed"
October	Introduce "High-Speed α", a trading tool for mobile phone
November	Renewal Matsui's web site Enhance the system security of members' web site(Introduce "Security board") Expand trigger mail function Launch the "Kabu-gokoro", a online community site about investments
December	Shorten the lead time for opening an account Launch trading of the listed foreign securities (a part)
January,2007	Add Futures and Options trading function on "Netstock High-Speed" Introduce "Matsui Com-stock Loan", a stock mortgage card loan
February	Start the notification service via e-mail for investors with regard to margin call Introduce "Stop order" function
April	Launch the margin trading of foreign stock(institutional and unlimited)
May	Add the contents(column and novel) to "Kabu-gokoro"
July	Launch the VWAP guarantee trading Add dealing currencies(ZAR and HKD) on NetFX
August	Implement "High-Speed α" with Softbank Mobile
September	Implement "High-Speed α" with au
November	Start dealing with "Nikkei 225" Futures in the "Evening-Session" Start the real-time disbursement service
February,2008	Revised down commissions and spread for NetFx
May	Launch the RTGS service by establishment of the PTS
June	Launch the Night-time "Nikkei 225" Futures listed on CME
July	Add "Chart-folio" and "News Finder" as the new information research tool Introduce "High-Speed α" for Futures and Options trading

The material is intended to provide the financial results for the quarter ended 30 June 2008 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 2008. 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.

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