



# Matsui Securities Co., Ltd.

(First Section of Tokyo Stock Exchange: 8628)

Annual Results for 1Q FY2009

August 2009

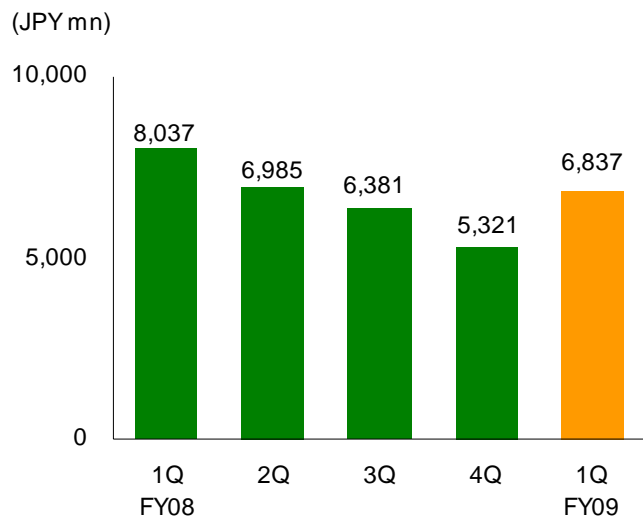
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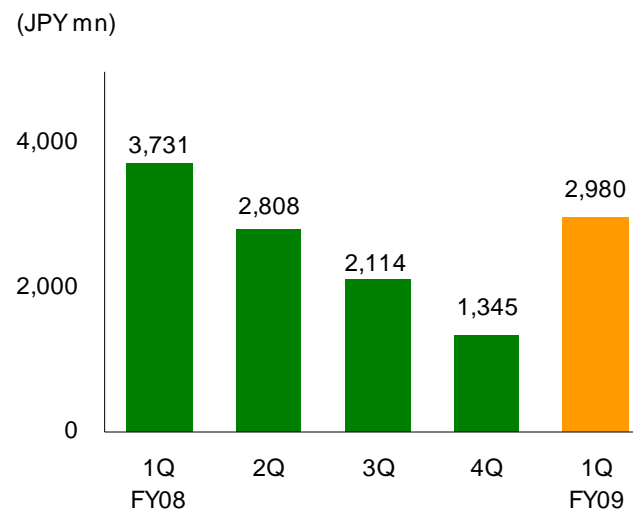
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# Financial Results

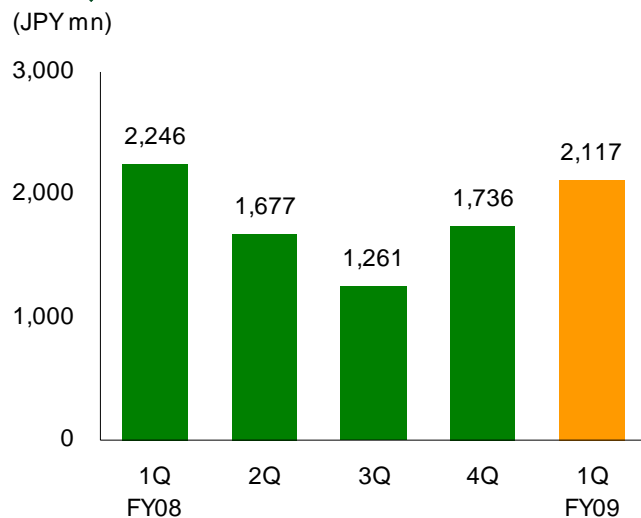
## ◆ Operating revenues



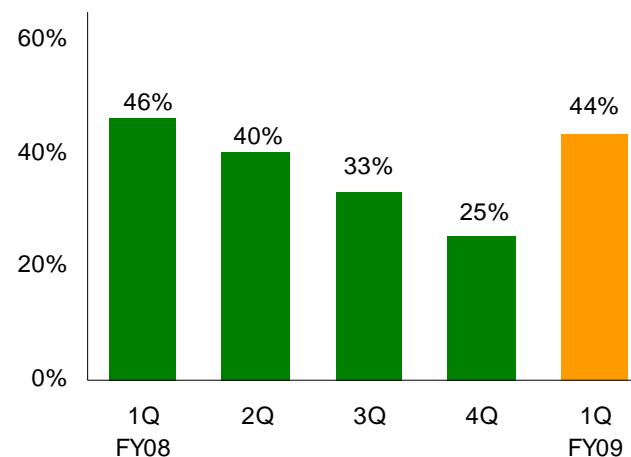
## ◆ Ordinary income



## ◆ Net income

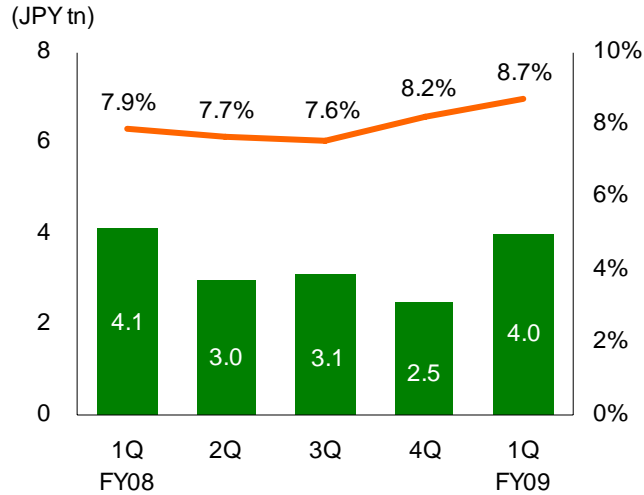


## ◆ Ordinary income ratio

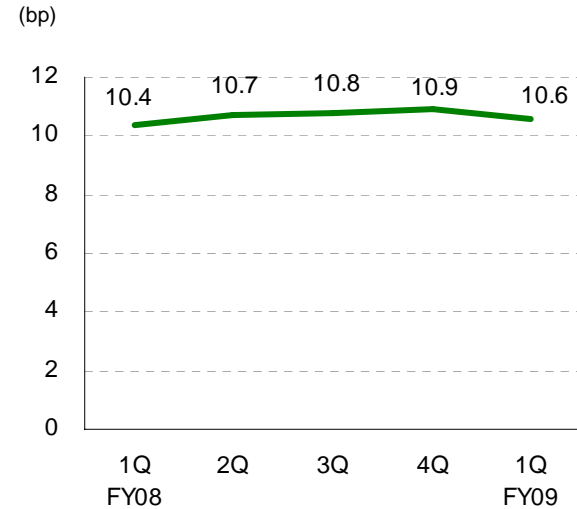


# Results of Operation

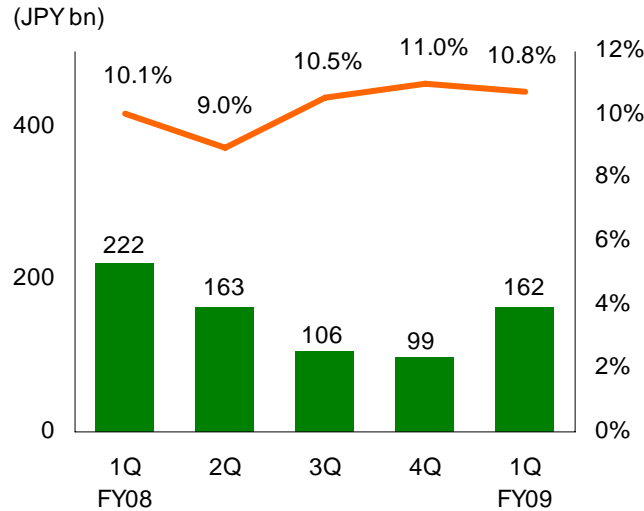
## ◆ Equity trading value



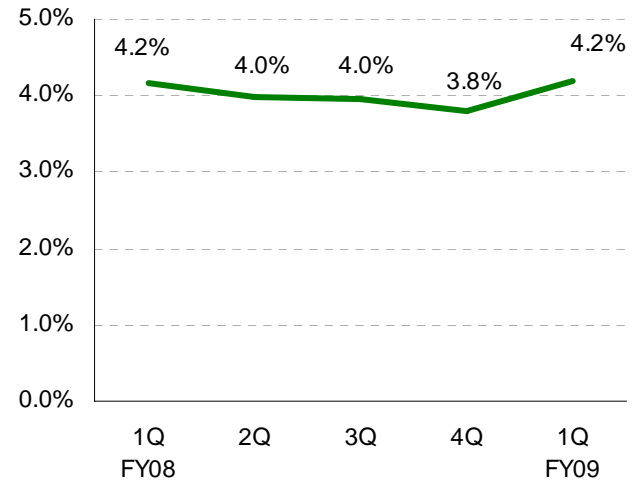
## ◆ Equity commission rate



## ◆ Shares bought on margin

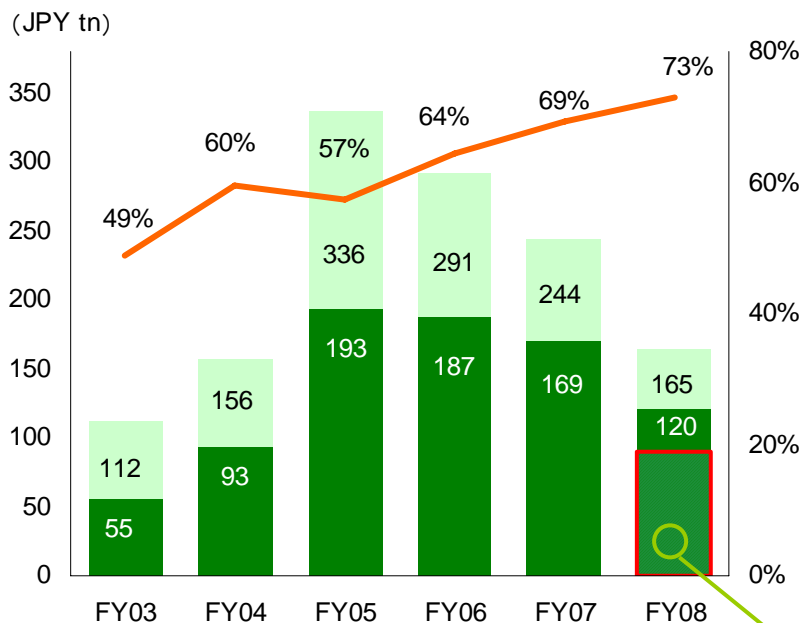


## ◆ Net interest income ratio



# Overview of Retail Equity Trading Market

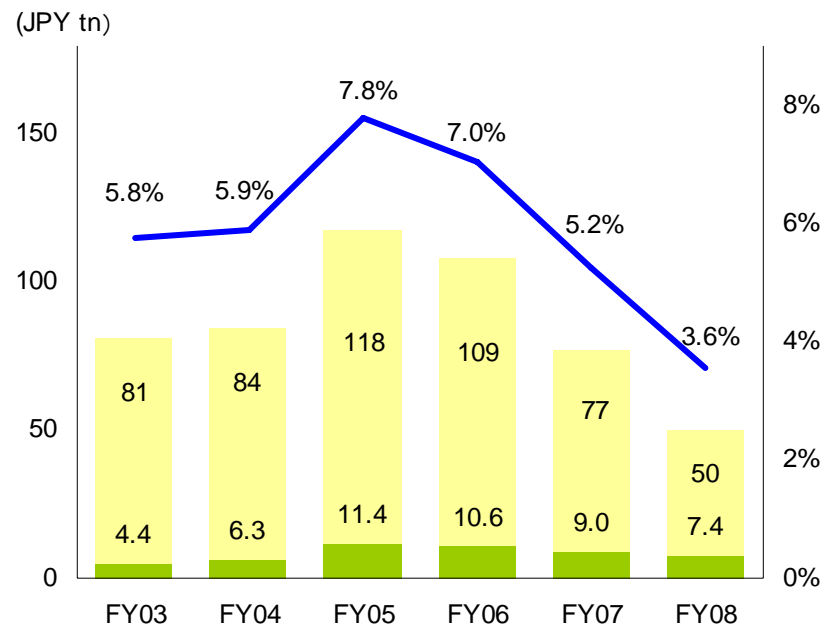
## ◆ Equity trading value of individuals<sup>1</sup> (FLOW)



■ Equity trading value of individuals  
■ Equity trading value of 5 major on-line brokers  
— Proportion of trading value of 5 major on-line brokers

**Day traders  
JPY 80 tn  
(Estimate)**

## ◆ Total value of shares held by individuals<sup>1</sup> (STOCK)



■ Total value of shares held by individuals  
■ Total value of shares held by 5 major on-line brokers  
— Proportion to total financial assets of individuals

# Financial Summary

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## Section 1

# Summary of Financial Results(Quarterly)

(JPY mn)

	FY09	FY08	QoQ	FY08			YoY	FY08 TOTAL
	1Q	4Q		3Q	2Q	1Q		
Operating Revenues	6,837	5,321	29%	6,381	6,985	8,037	-15%	26,724
Commissions	5,189	3,777	37%	4,672	4,453	5,362	-3%	18,263
Interest & dividend income	1,646	1,545	7%	1,707	2,531	2,673	-38%	8,456
Interest expenses	347	495	-30%	532	614	619	-44%	2,260
Net operating revenues	6,490	4,826	34%	5,848	6,371	7,418	-13%	24,464
SG&A	3,522	3,479	1%	3,740	3,565	3,738	-6%	14,521
Operating income	2,968	1,347	120%	2,109	2,807	3,680	-19%	9,943
Ordinary income	2,980	1,345	122%	2,114	2,808	3,731	-20%	9,998
Net income	2,117	1,736	22%	1,261	1,677	2,246	-6%	6,921
Ordinary income ratio	44%	25%	-	33%	40%	46%	-	37%
Matsui's trading value (JPY tn)	4.0	2.5	61%	3.1	3.0	4.1	-3%	12.6
Daily average trading value on TSE (JPY tn)	1.7	1.4	19%	1.9	2.2	2.5	-32%	2.0

# Breakdown of Net Operating Revenues (Quarterly)

(JPY mn)

	FY09	FY08	QoQ	FY08			YoY	FY08 TOTAL
	1Q	4Q		3Q	2Q	1Q		
Commissions	5,189	3,777	37%	4,672	4,453	5,362	-3%	18,263
Brokerage	4,747	3,157	50%	3,990	3,865	4,875	-3%	15,888
Underwriting & selling	-	-	-	0	1	0	-	1
Subscription & distribution	0	0	-61%	0	0	-	-	1
Others	442	620	-29%	681	587	486	-9%	2,374
Net gain (loss) on trading	1	△ 1	-	2	1	2	-27%	4
Interest & dividend income(1)	1,646	1,545	7%	1,707	2,531	2,673	-38%	8,456
Total operating revenues	6,837	5,321	29%	6,381	6,985	8,037	-15%	26,724
Interest expenses (2)	347	495	-30%	532	614	619	-44%	2,260
Net operating revenues	6,490	4,826	34%	5,848	6,371	7,418	-13%	24,464
Net interest income (1) - (2)	1,299	1,050	24%	1,175	1,917	2,054	-37%	6,196



# Breakdown of SG&A (Quarterly)

~Monthly IT related expenses have been reduced by 0.2bn since June 09  
as the result of updating the outsource contract

(JPY mn)

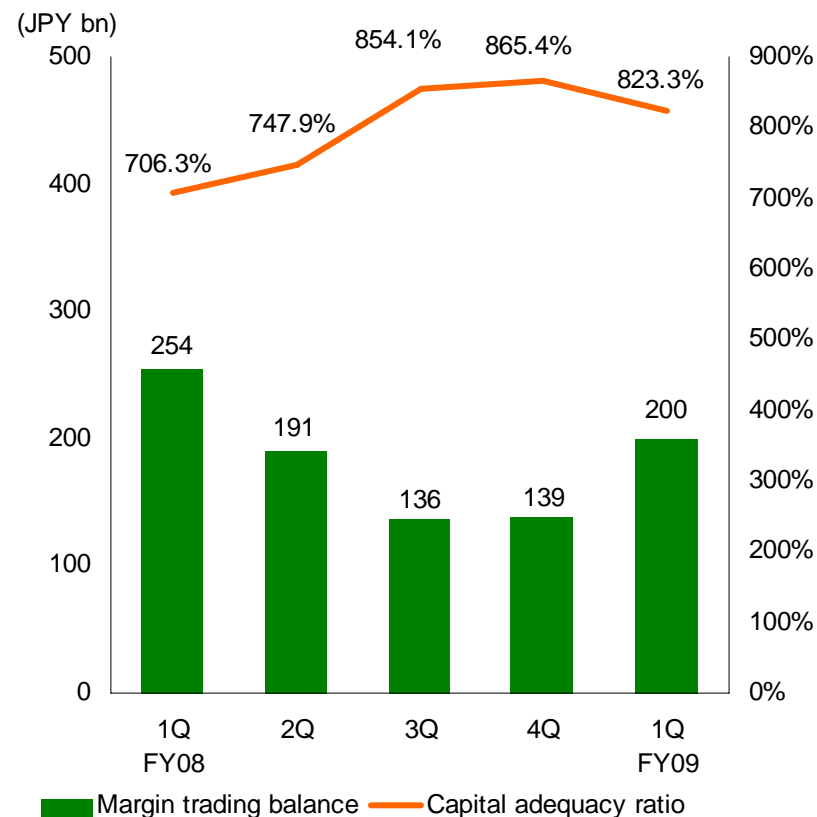
	FY09	FY08	QoQ	FY08			YoY	FY08 TOTAL
	1Q	4Q		3Q	2Q	1Q		
Transaction related expenses	947	946	0%	1,073	1,009	1,068	-11%	4,096
Advertisement	97	131	-26%	175	129	164	-41%	599
Employees' compensation & benefits	497	446	11%	512	521	546	-9%	2,024
Occupancy & rental	173	125	39%	137	120	119	46%	501
Data processing & office supplies	1,297	1,576	-18%	1,635	1,548	1,593	-19%	6,353
Depreciation	386	331	16%	322	316	291	32%	1,261
Duties & taxes other than income taxes	55	32	73%	34	34	61	-10%	160
Provision of allowance for doubtful accounts	124	-	-	-	△ 15	15	723%	-
Others	44	23	93%	26	31	46	-2%	125
<b>Total SG&amp;A</b>	<b>3,522</b>	<b>3,479</b>	<b>1%</b>	<b>3,740</b>	<b>3,565</b>	<b>3,738</b>	<b>-6%</b>	<b>14,521</b>

# Capital Adequacy Ratio

## ◆ Capital adequacy ratio (As of 30 June 09)

		(JPY mn)
Tier 1	(A)	68,567
Tier 2	Net unrealized gain on investment	16
	Statutory reserves	2,283
	Allowance for doubtful accounts	203
	Sub total	(B) 2,503
Assets to be deducted from equity capital	(C)	8,760
Net Capital		
(A) + (B) - (C)		(D) 62,310
Total risk	Market risk	2
	Counterparty risk	3,995
	Basic risk	3,569
	Total	(E) 7,567
Capital Adequacy ratio		(D)/(E) 823.3%

## ◆ Margin trading balance and capital adequacy ratio



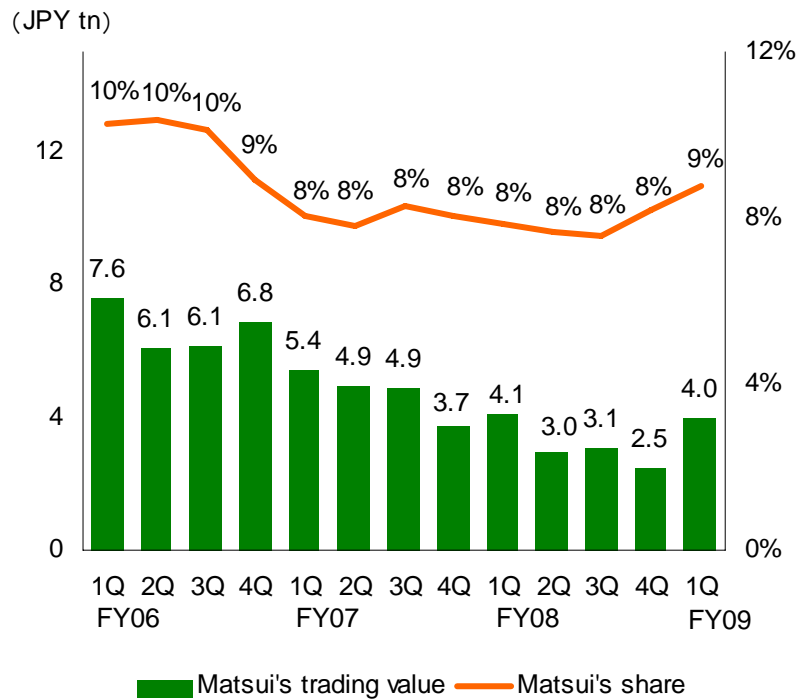
# Results of Operation

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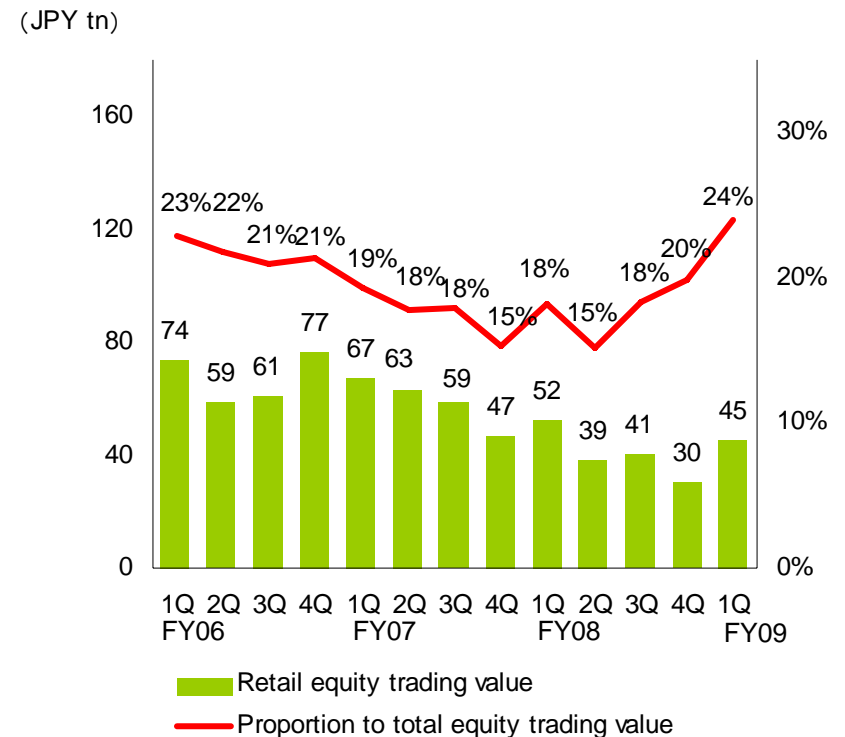
## Section 2

# Equity Trading Value

## ◆ Matsui's equity trading value and its market share<sup>1</sup>

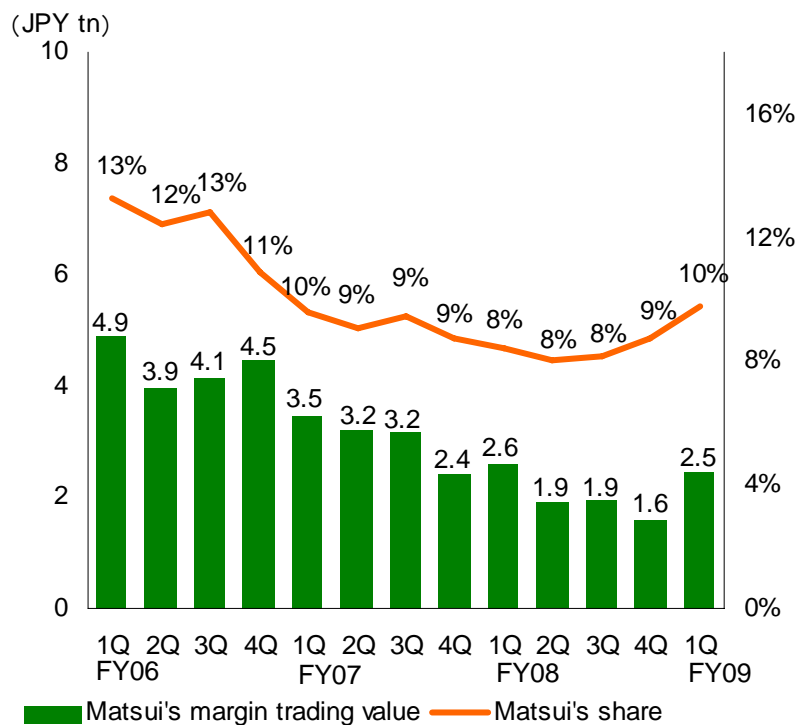


## ◆ Retail equity trading value<sup>1</sup> and proportion to total equity trading value

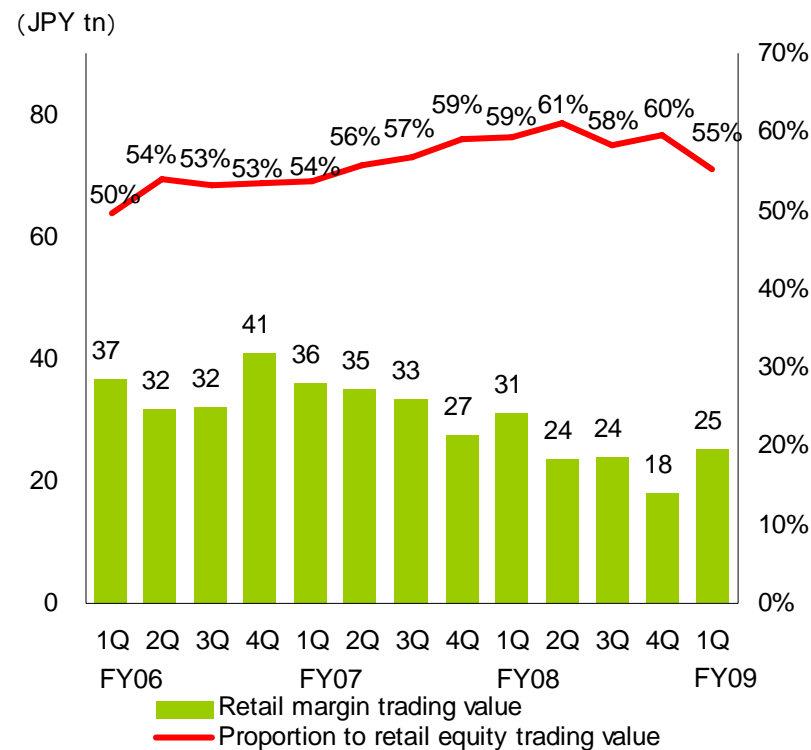


# Margin Trading Value

## ◆ Matsui's margin trading value and its market share<sup>1</sup>

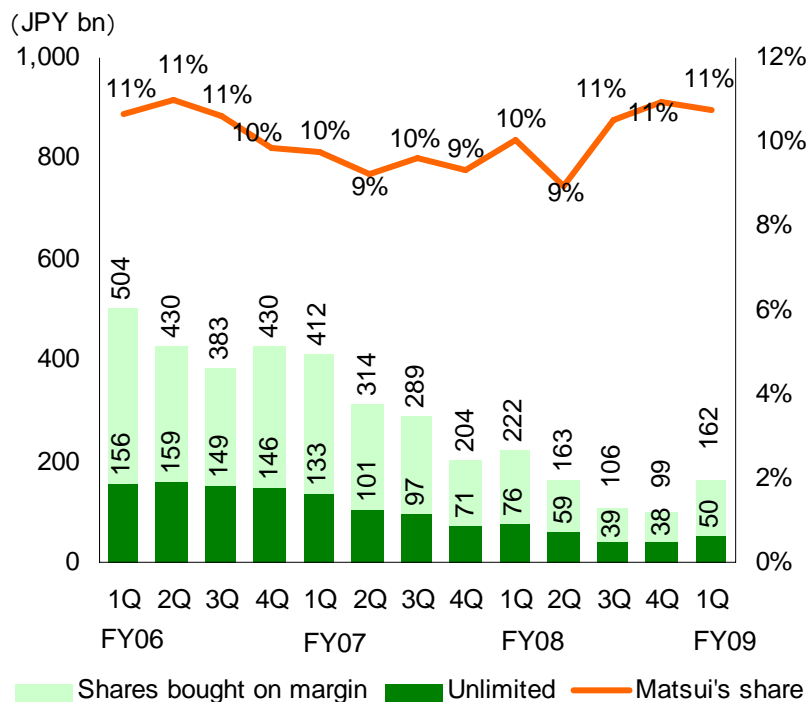


## ◆ Retail margin trading value<sup>1</sup> and proportion to total retail equity trading value

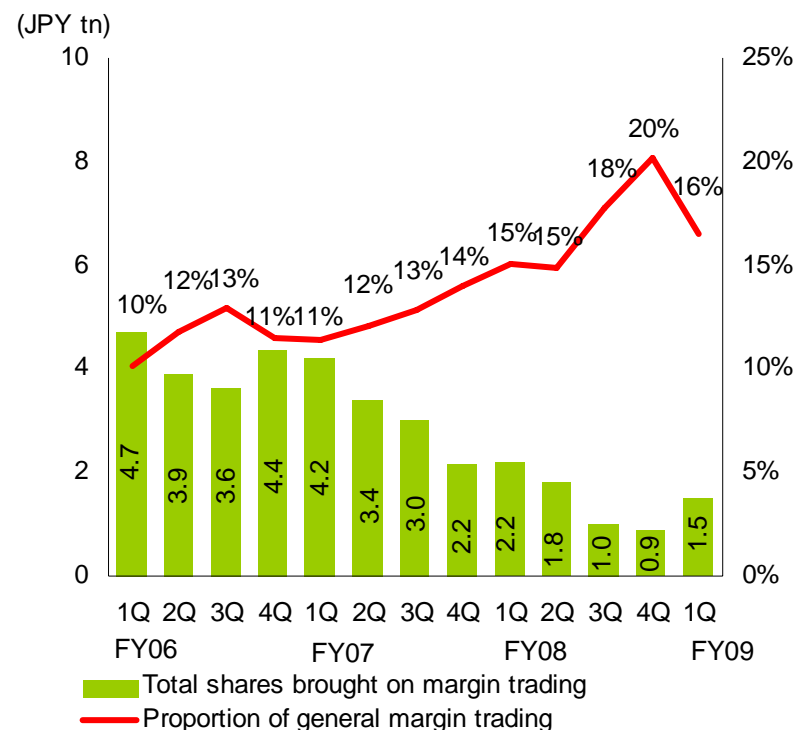


# Margin Trading Balance

## ◆ Matsui's shares bought on margin<sup>1</sup> and its market share<sup>2</sup>

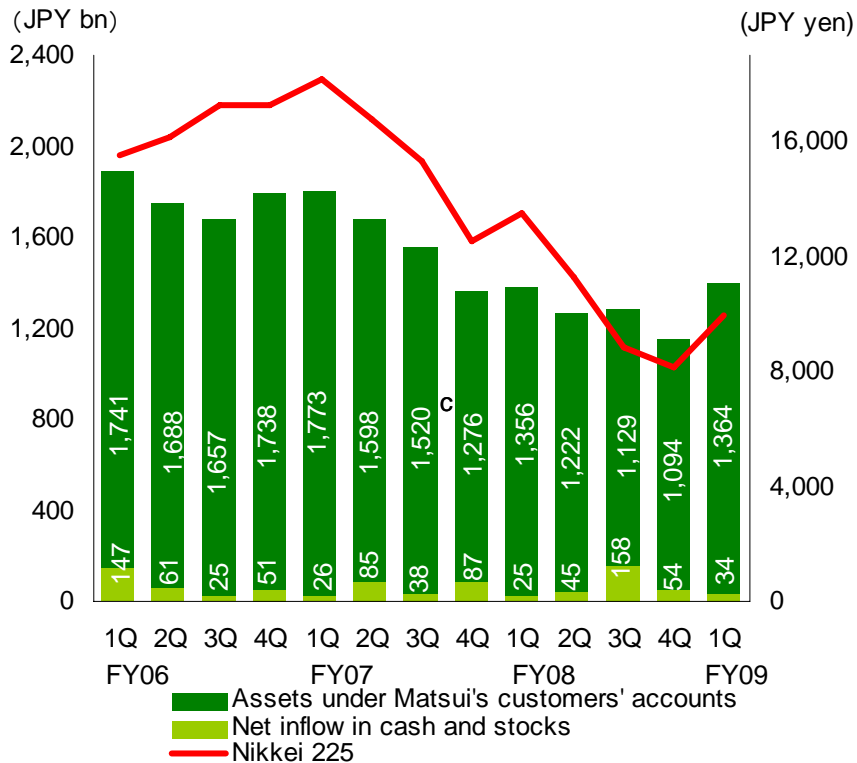


## ◆ Total shares bought on margin<sup>1</sup> and proportion of general margin trading

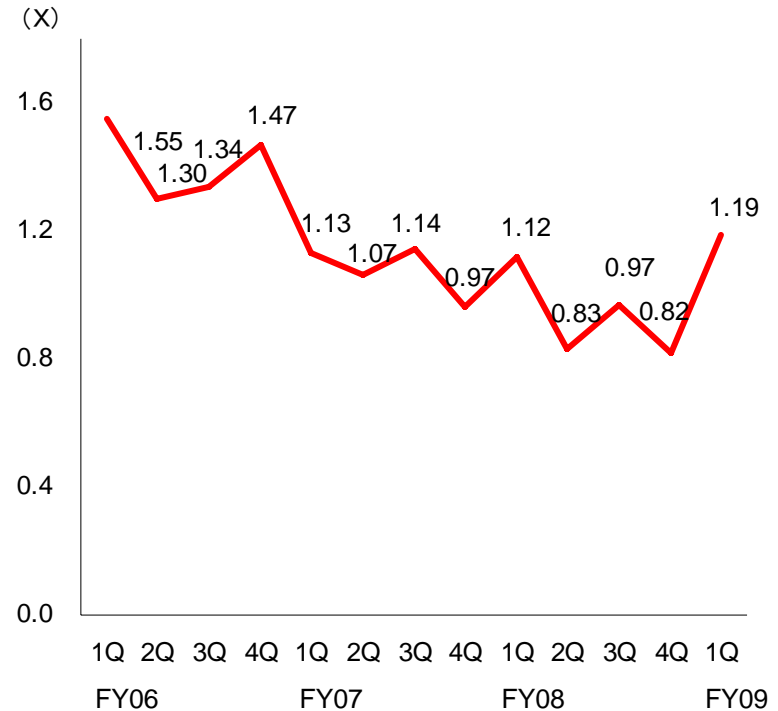


# Assets under Customers' Accounts / Trading Turnover

## ◆ Assets under Matsui's Customers' accounts



## ◆ Equity trading turnover<sup>1</sup> of Matsui's customers



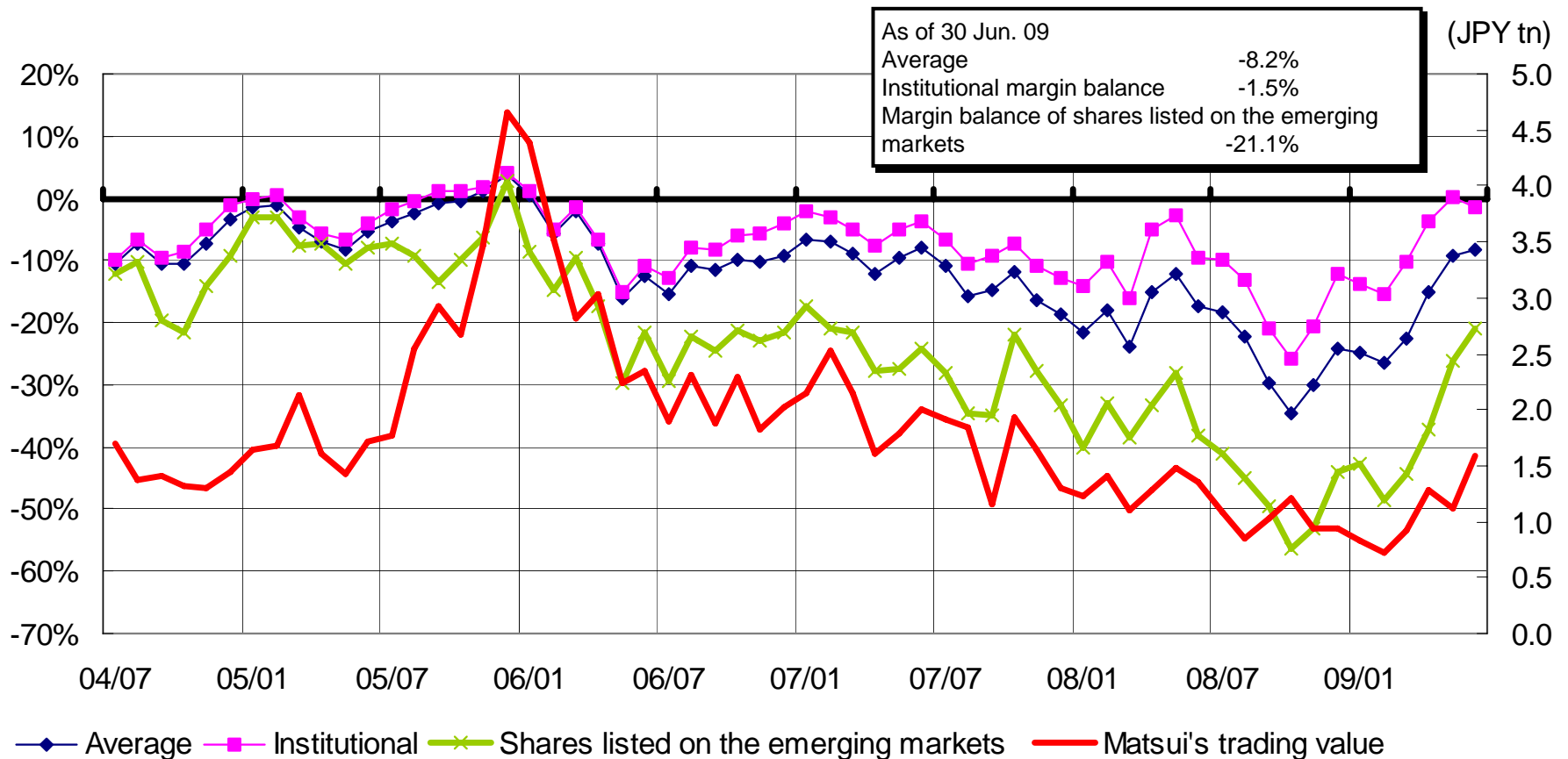
Source: BOJ

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

Note 2: Nikkei 225 is the closed price at the end of each quarter

# Evaluation Losses on Matsui's Margin Balance

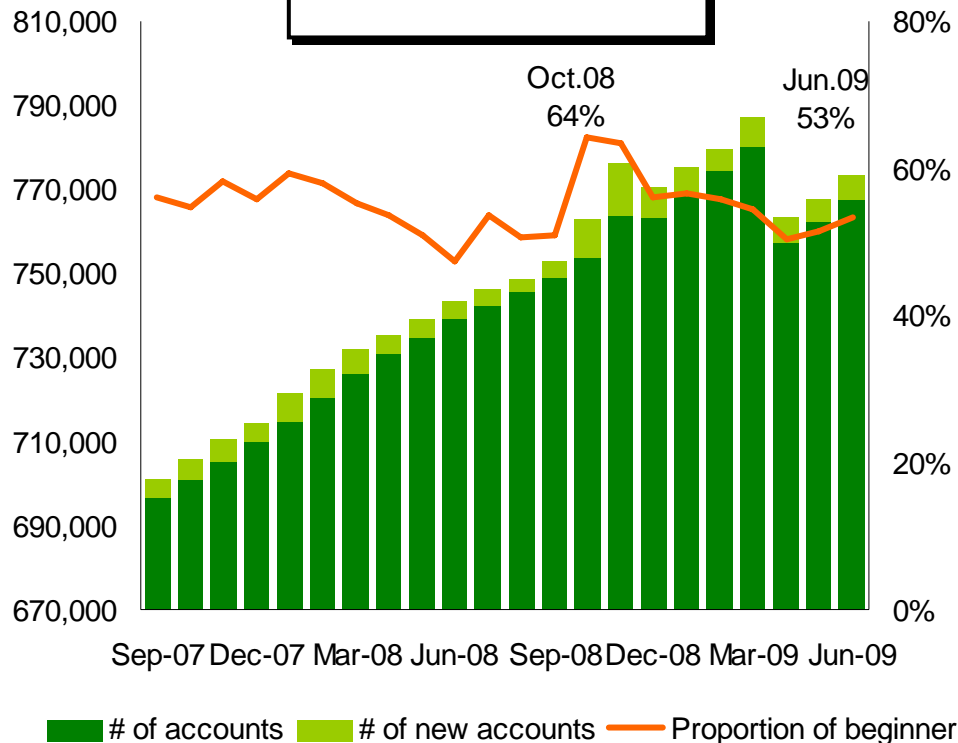




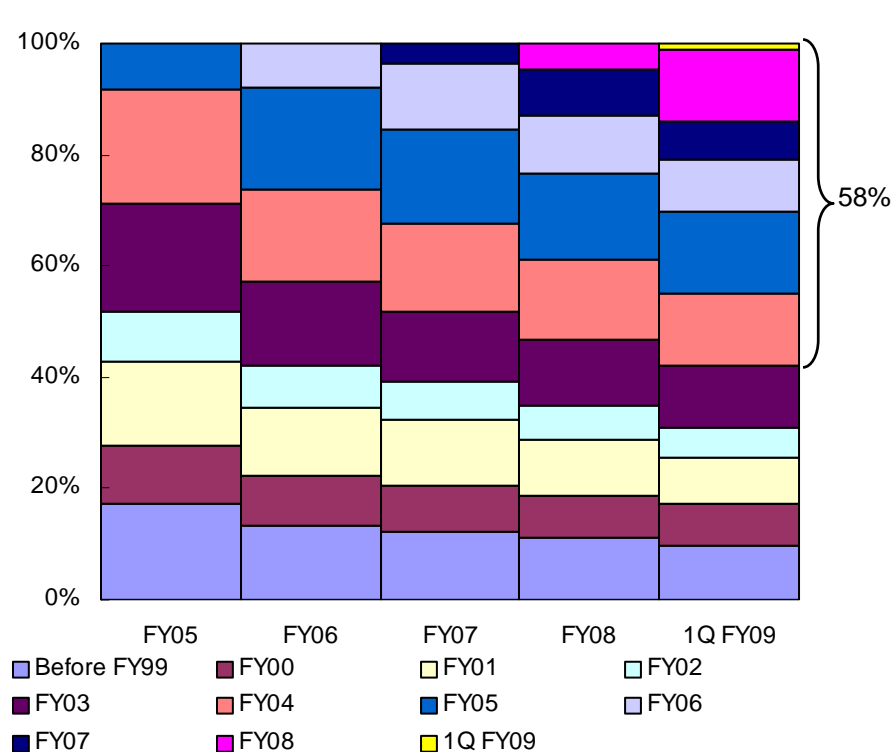
# Number of Accounts

## ◆ Number of accounts at Matsui<sup>1</sup>

# of accounts 770,748  
 # of margin accounts 109,142  
 (as of 30 Jun. 09)



## ◆ Breakdown of trading value by customers opening the accounts in each fiscal year

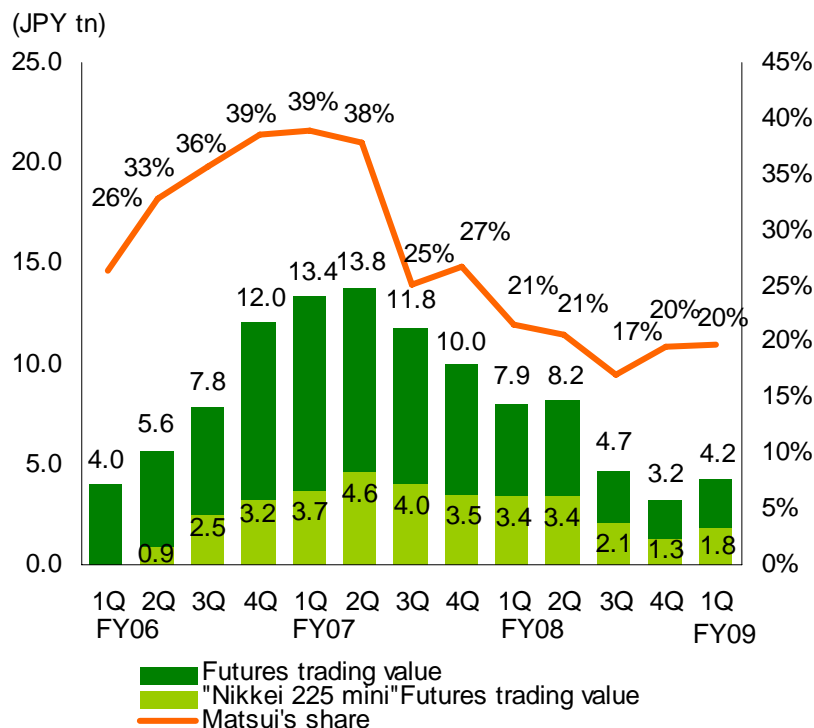


Note 1: Number of accounts as of the end of each month

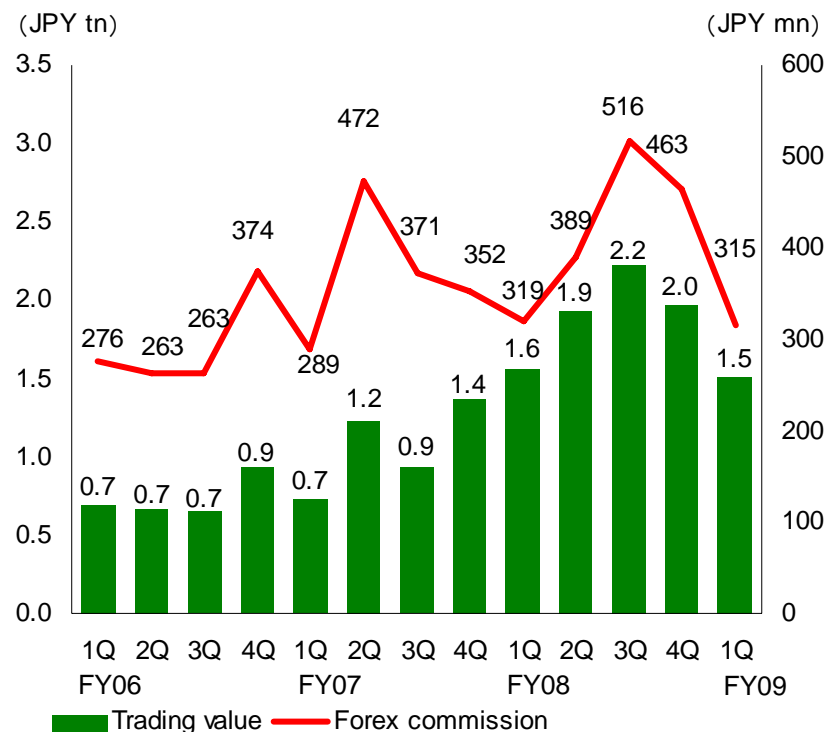
11,140 of dormant accounts were closed down in Dec. 08, 28,846 of dormant accounts were closed down in Apr. 09 and 1,602 of dormant margin accounts were closed down in May 09.

# Nikkei 225 Futures / Forex Margin trading

## ◆ Matsui's Nikkei 225 Futures trading value and its market share<sup>1</sup>



## ◆ Matsui's Forex margin commission income and trading value<sup>2</sup>



Source: OSE (Osaka Securities Exchange)

Note 1: The steep decrease in market share in 3QFY07 is due to a statistical reason (a part of brokers' trading value have been included in that of retail since 3QFY07)

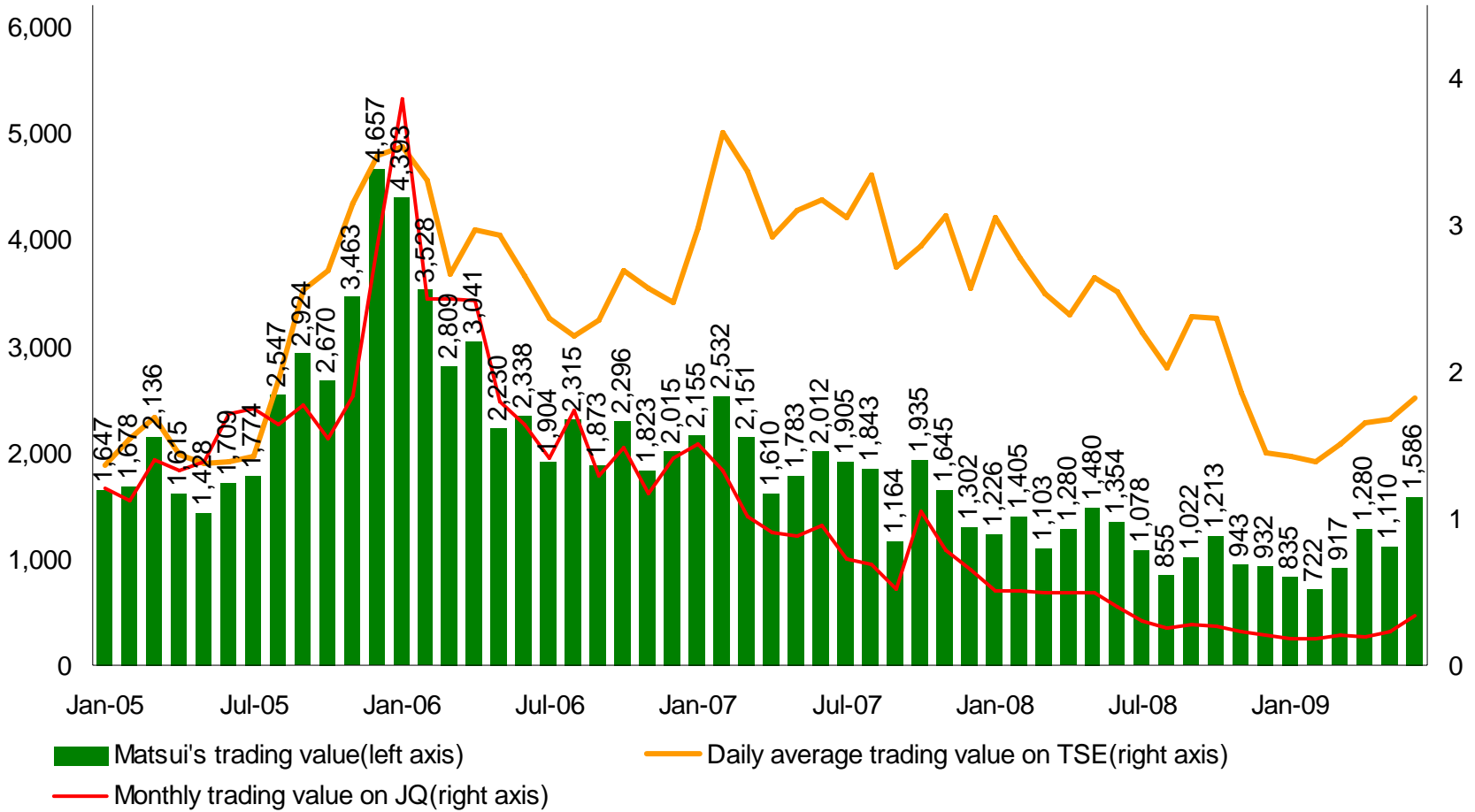
Note 2: The steep decrease in Forex margin commission in 1QFY09 is due to the campaign of no commission charge for new NetFx customers during 11 May 09 to 12 Jun. 09.

# Equity Trading Value

## ◆ Matsui's monthly equity trading value

(JPY bn)

(JPY tn)



# Recent Developments

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## Section 3

# Corporate Strategy

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## 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" "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

# RTGS / CME Futures

## ◆ Real-Time-Gross-Settlement

- Steady operation of system, steady increase in number of accounts  
# of accounts: 30,954 (As of end of Jun. 09)
- Secure liquidity is the highest priority

## ◆ Undertakings in 1QFY09

- No commission charge up to JPY10mn of trading value (~Sep.09)

### Appeal the merits of RTGS

- Enable customers to day-trade the same stock several times on the same day
- Possible to trade during 11AM-12AM
- Possible to transfer the proceeds of the sale of shares to the bank account using the real-time disbursement service
- Increase in trading capacity of customers as result of increase in margin ratio immediately upon selling collateral securities

## ◆ Future developments

- Introduce margin transaction in order to increase liquidity

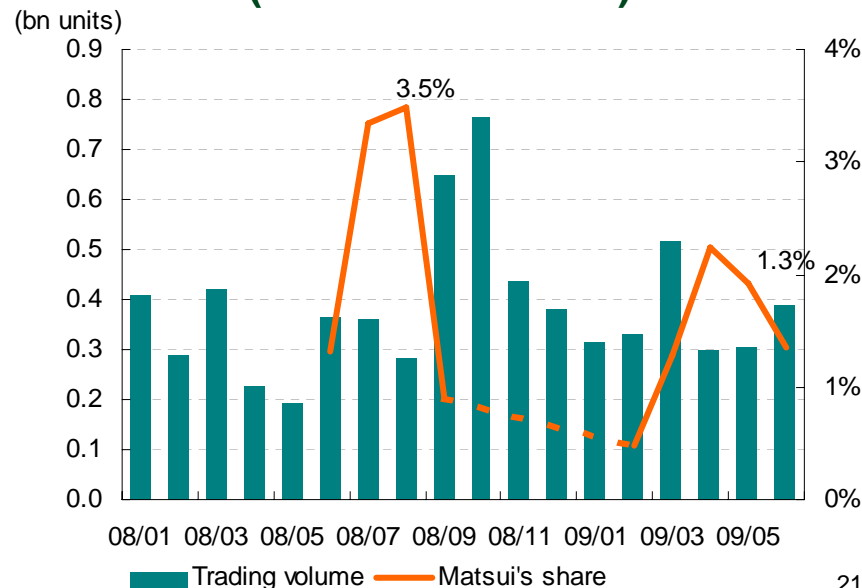
## ◆ Recent Results of the CME “Nikkei 225” Futures trading(maximum of 4/1-6/30)

- # of accounts : 9,928 (As of end of Jun.09)
- Trading value : 5.8bn (6 Mar.09)
- CME market share : 3.7% (13 Apr.09)

## ◆ Undertakings in 1QFY09

- Save the interval of automatic update for chart of CME Futures on the members site (Jun.09)
- Discount of commission charge for Nikkei 225 Futures trading among night-time CME Futures traders (Jun.09)
- Discount campaign for commission charge (Jul. 09)

## ◆ Trading volume of the CME “Nikkei 225” futures (Yen denominated)



# Details of Newly Offered Services

Campaign/Promotion	Improvement in Quality of Services to Customers
<ul style="list-style-type: none"> <li>◆ No commission charge up to JPY10mn of trading value (4/1-6/30)</li> <li>◆ No commission charge for new NetFx customers (5/11-6/12)</li> <li>◆ No commission charge for ETF trading in the form of the VWAP guarantee trading (5/11-7/31)</li> <li>◆ Discount of commission charge for Nikkei 225 Futures trading among night-time CME Futures traders (6/1-6/30)</li> <li>◆ Capping maximum commission charge at JPY10,500 for new margin customers (6/8-7/31)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Improve online cash transfer services to account holders at Japan Post Bank (5/7-) ~Add "KDDI" and "Softbank" as the carrier corresponding with the cash transfer services</li> <li>◆ Start to provide the Reuter news on the public site with free of charge (6/5-)</li> <li>◆ Save the interval of automatic update for chart of CME Futures on the members site (6/5-)</li> <li>◆ Digitize the document of customers' agreement and consent for opening the margin account and the futures/options account (6/6-) ~Possible to complete account opening for margin and futures/options on the same day</li> </ul>

The material is intended to provide the financial results for the quarter ended 30 June 2009 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 July 2009. 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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## Contact information

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