



# Matsui Securities Co., Ltd.

(First Section of Tokyo Stock Exchange: 8628)

## Annual Results for 1Q FY2011

July 2011

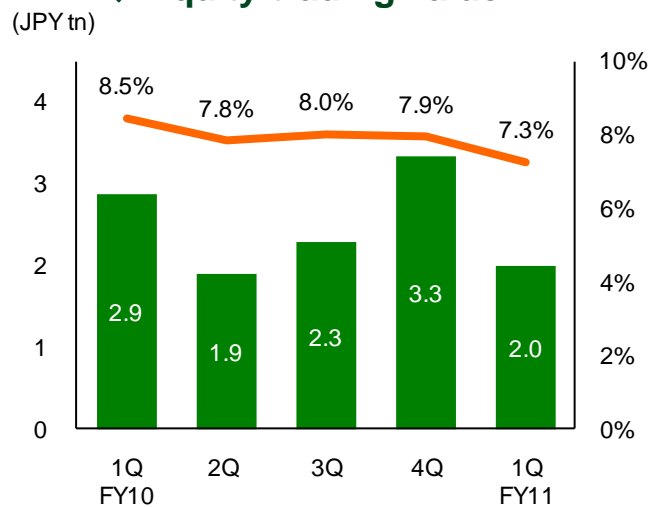
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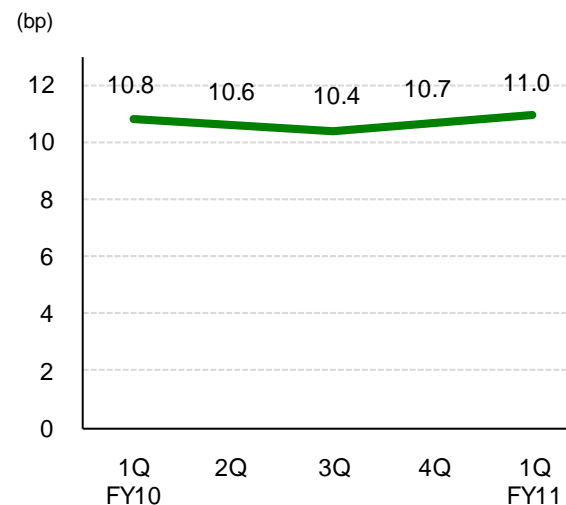
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# Results of Operation

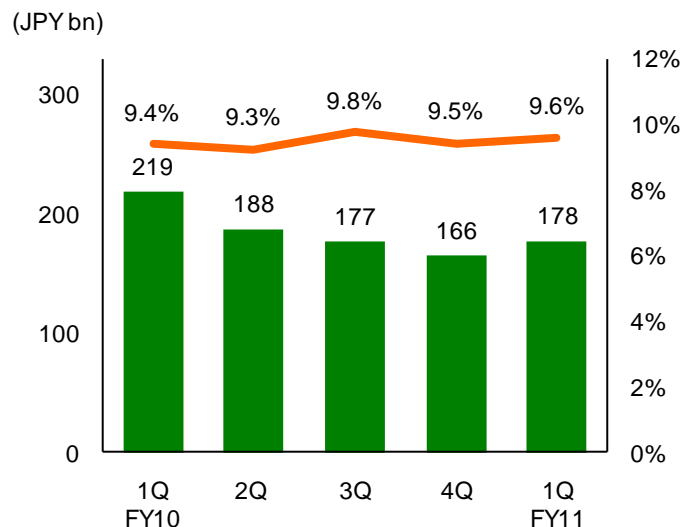
## ◆ Equity trading value



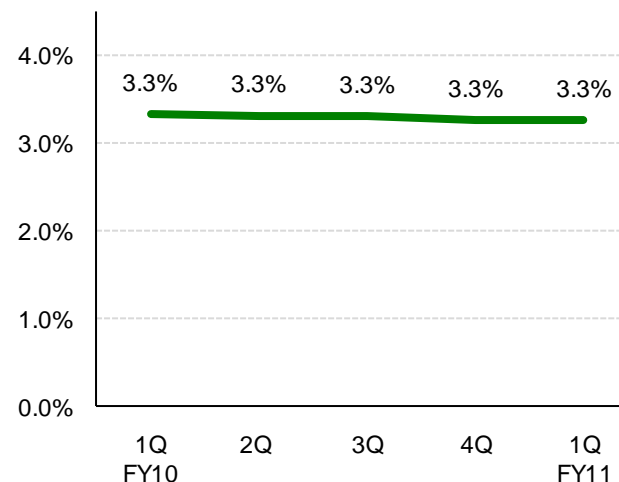
## ◆ Equity commission rate



## ◆ Margin balance

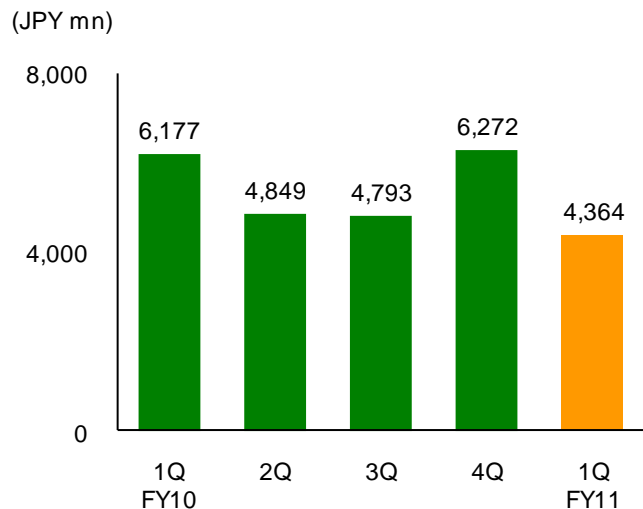


## ◆ Net interest income ratio

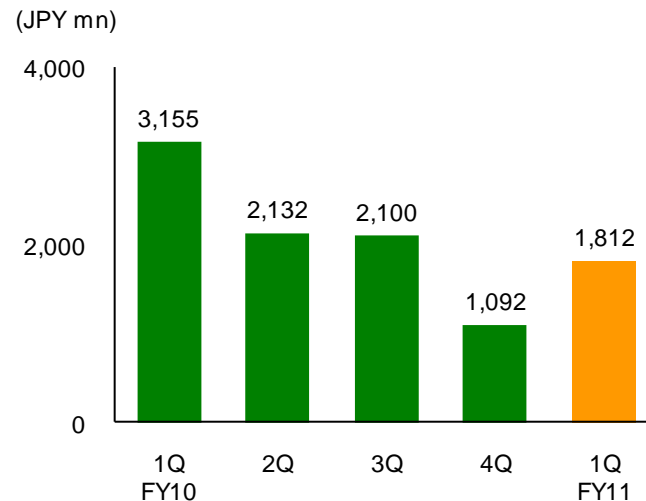


# Financial Results

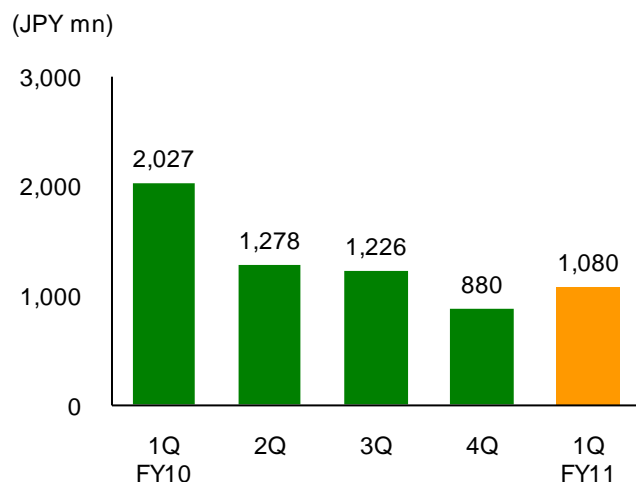
## ◆ Operating revenues



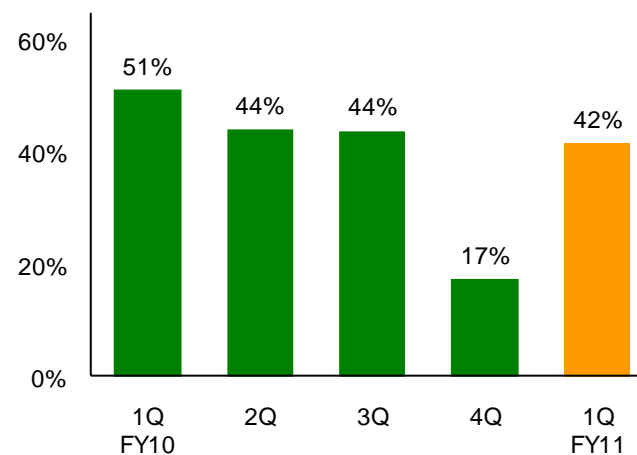
## ◆ Ordinary income



## ◆ Net income

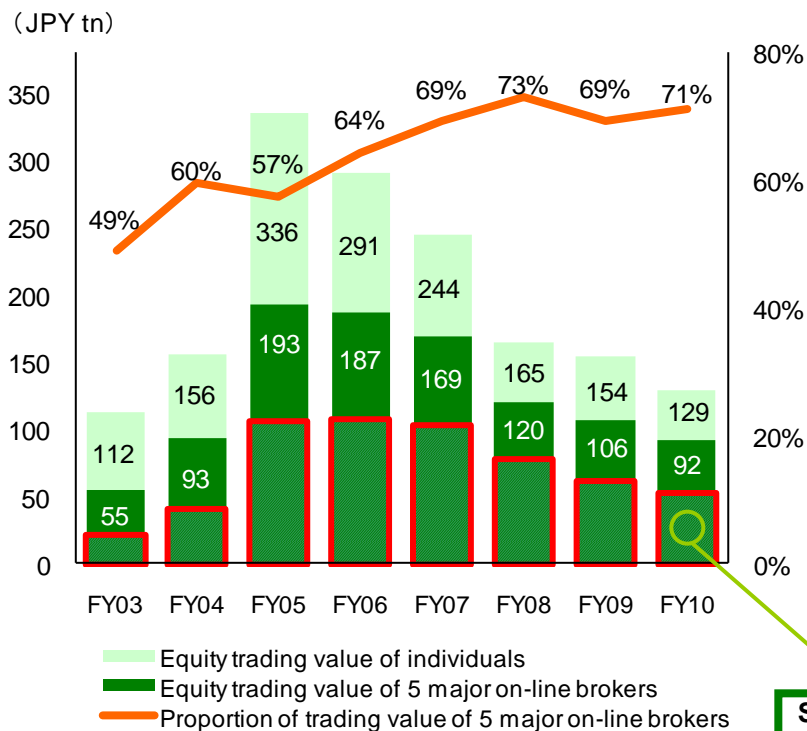


## ◆ Ordinary income ratio

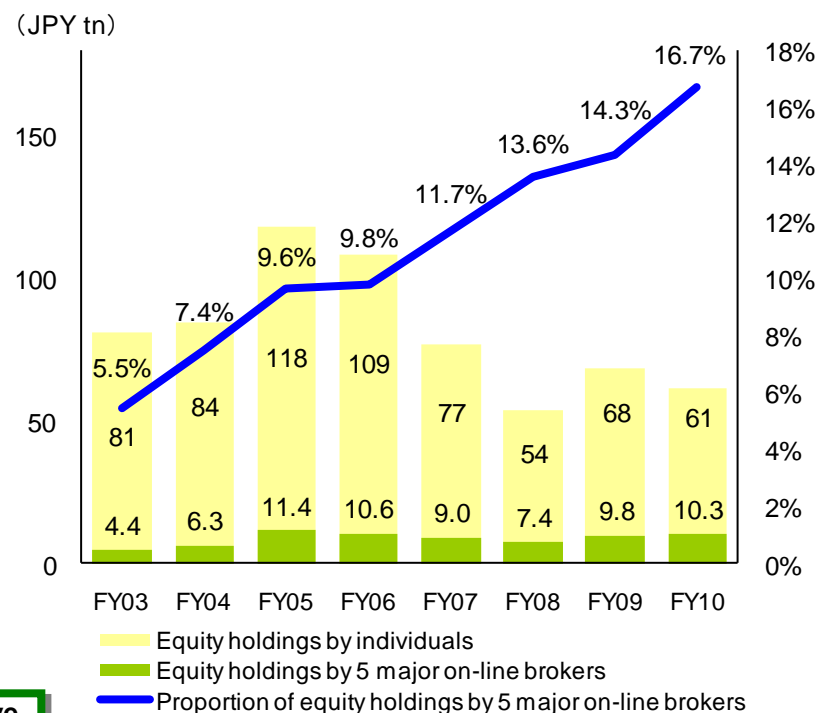


# Overview of Retail Equity Trading Market

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



## ◆ Equity holdings by individuals<sup>1</sup> (STOCK)



**Super active  
traders  
JPY 50 tn  
(Estimate)**

# Financial Summary

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## Section 1

# Summary of Financial Results (Quarterly)

(JPY mn)

	FY11	FY10	QoQ	FY10			YoY	FY10 TOTAL
	1Q	4Q		3Q	2Q	1Q		
Operating Revenues	4,364	6,272	-30%	4,793	4,849	6,177	-29%	22,091
Commissions	2,800	4,570	-39%	3,190	3,021	4,256	-34%	15,037
Interest & dividend income	1,605	1,704	-6%	1,602	1,827	1,920	-16%	7,053
Interest expenses	220	211	4%	185	170	205	7%	770
Net operating revenues	4,144	6,061	-32%	4,608	4,679	5,972	-31%	21,320
SG&A	2,366	4,983	-53%	2,512	2,548	2,828	-16%	12,870
Operating income	1,778	1,078	65%	2,097	2,131	3,144	-43%	8,450
Ordinary income	1,812	1,092	66%	2,100	2,132	3,155	-43%	8,479
Net income	1,080	880	23%	1,226	1,278	2,027	-47%	5,410
Ordinary income ratio	42%	17%	-	44%	44%	51%	-	38%
Matsui's trading value (JPY tn)	2.0	3.3	-40%	2.3	1.9	2.9	-31%	10.4
Daily average trading value on TSE (JPY tn)	1.4	1.9	-26%	1.4	1.3	1.7	-17%	1.6

# Breakdown of Net Operating Revenues (Quarterly)

(JPY mn)

	FY11	FY10	QoQ	FY10			YoY	FY10 TOTAL
	1Q	4Q		3Q	2Q	1Q		
Commissions	2,800	4,570	-39%	3,190	3,021	4,256	-34%	15,037
Brokerage	2,574	4,227	-39%	2,883	2,600	3,744	-31%	13,455
Equity	2,196	3,578	-39%	2,373	2,035	3,140	-30%	11,126
Futures & Options	204	480	-57%	364	455	516	-60%	1,815
Others	226	342	-34%	304	421	512	-56%	1,579
Net gain (loss) on trading	-41	-2	-	1	1	1	-	0
Interest & dividend income (1)	1,605	1,704	-6%	1,602	1,827	1,920	-16%	7,053
Total operating revenues	4,364	6,272	-30%	4,793	4,849	6,177	-29%	22,091
Interest expenses (2)	220	211	4%	185	170	205	7%	770
Net operating revenues	4,144	6,061	-32%	4,608	4,679	5,972	-31%	21,320
Net interest income (1) - (2)	1,385	1,493	-7%	1,418	1,657	1,715	-19%	6,283



# Breakdown of SG&A (Quarterly)

(JPY mn)

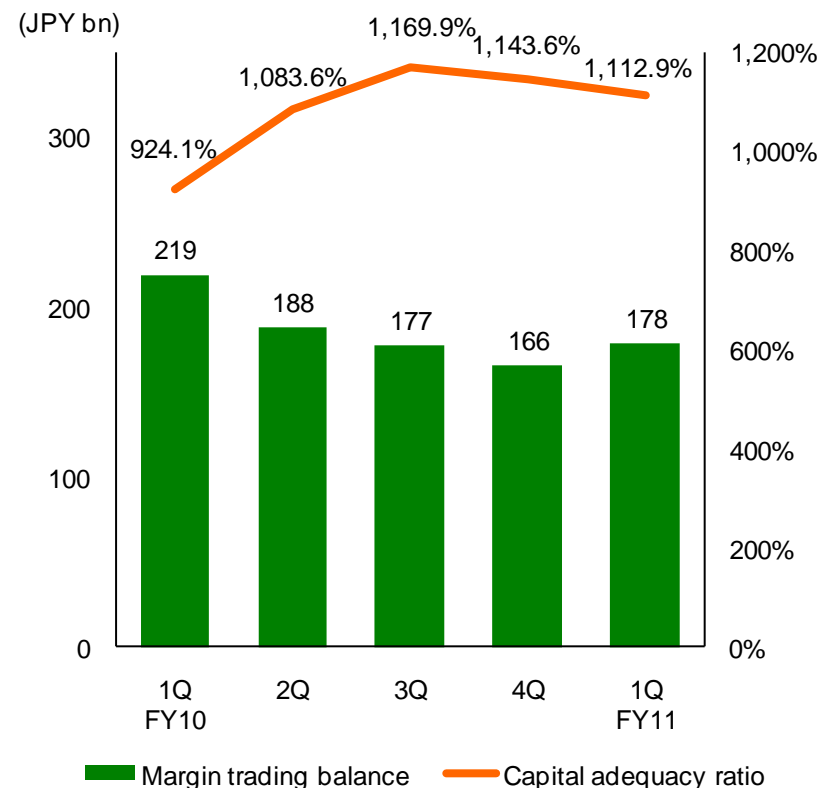
	FY11	FY10	QoQ	FY10			YoY	FY10 TOTAL
	1Q	4Q		3Q	2Q	1Q		
Transaction related expenses	743	892	-17%	782	806	884	-16%	3,365
Advertisement	76	111	-31%	83	96	86	-11%	375
Employees' compensation & benefits	461	482	-4%	490	458	544	-15%	1,974
Occupancy & rental	294	296	-1%	279	272	281	5%	1,128
Data processing & office supplies	449	445	1%	462	452	570	-21%	1,931
Depreciation	437	435	0%	453	465	472	-7%	1,825
Duties & taxes other than income taxes	32	32	-0%	22	25	39	-18%	118
Provision of allowance for doubtful accounts	-98	2,378	-	-	-	-	-	2,378
Others	49	22	122%	23	69	37	32%	151
Total SG&A	2,366	4,983	-53%	2,512	2,548	2,828	-16%	12,870

# Capital Adequacy Ratio

## ◆ Capital adequacy ratio (As of 31 June 2011)

(JPY mn)		
Tier 1 (A)		72,886
Tier 2	Net unrealized gain on investment	0
	Statutory reserves	1,108
	Allowance for doubtful accounts	23
Sub total (B)		1,131
Assets to be deducted from equity capital (C)		8,509
Net Capital		
(A) + (B) - (C) (D)		65,507
Total risk	Market risk	0
	Counterparty risk	3,674
	Basic risk	2,210
	Total (E)	5,885
Capital Adequacy ratio (D)/(E)		1,112.9%

## ◆ Margin trading balance and capital adequacy ratio



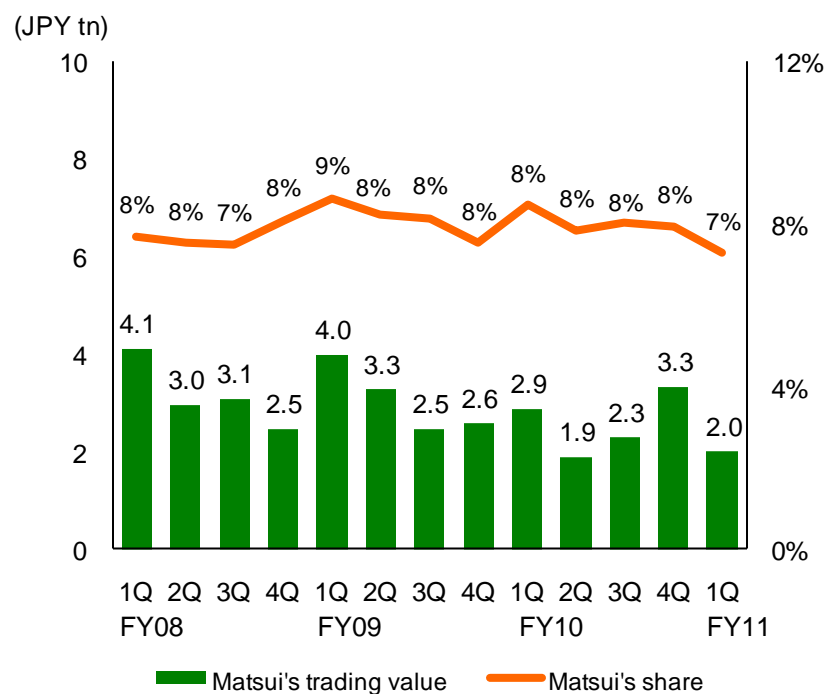
# Results of Operation

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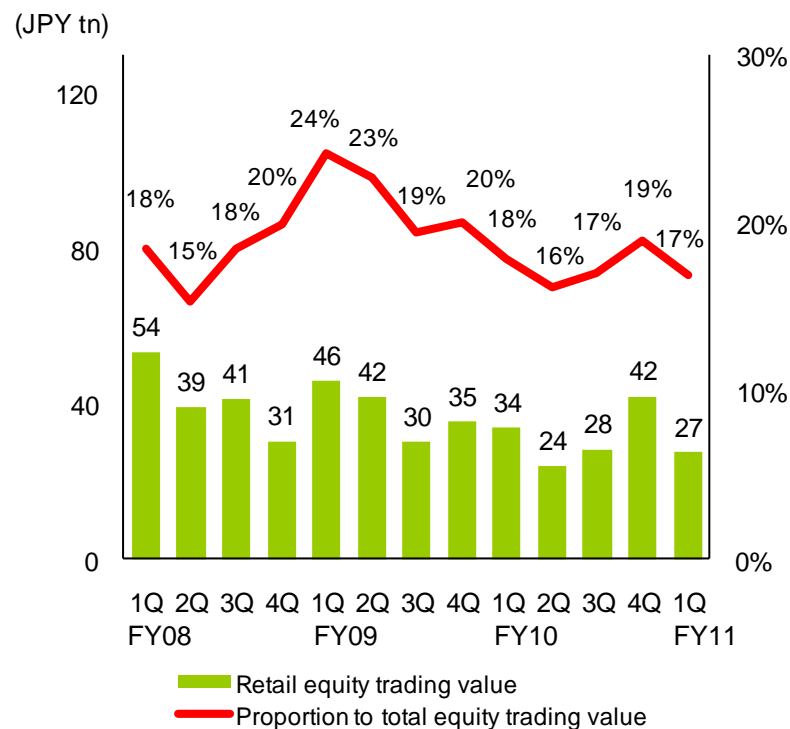
## Section 2

# Equity Trading Value

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

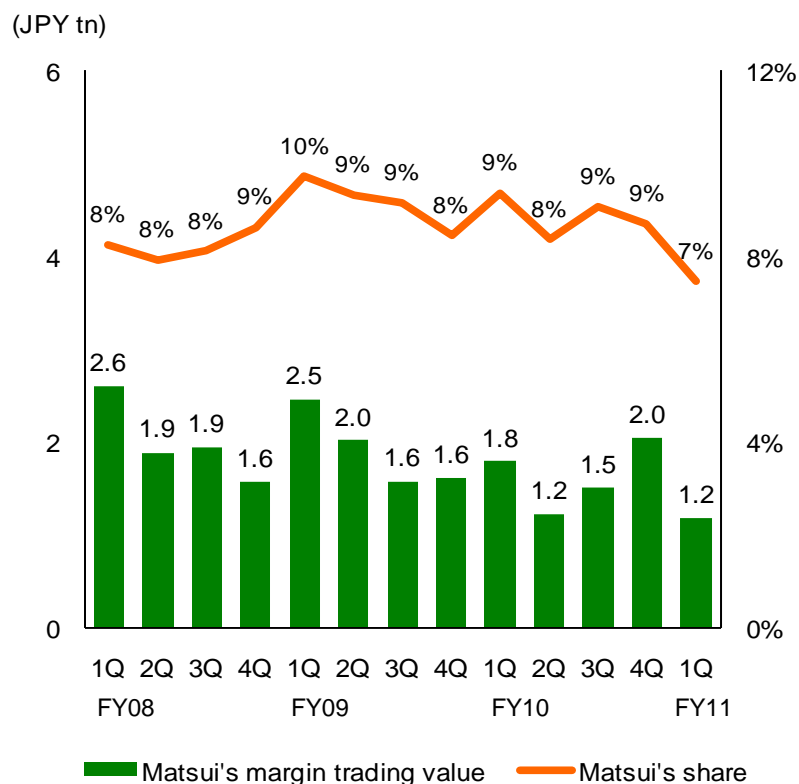


## ◆ Retail equity trading value<sup>1</sup> and proportion to total equity trading value

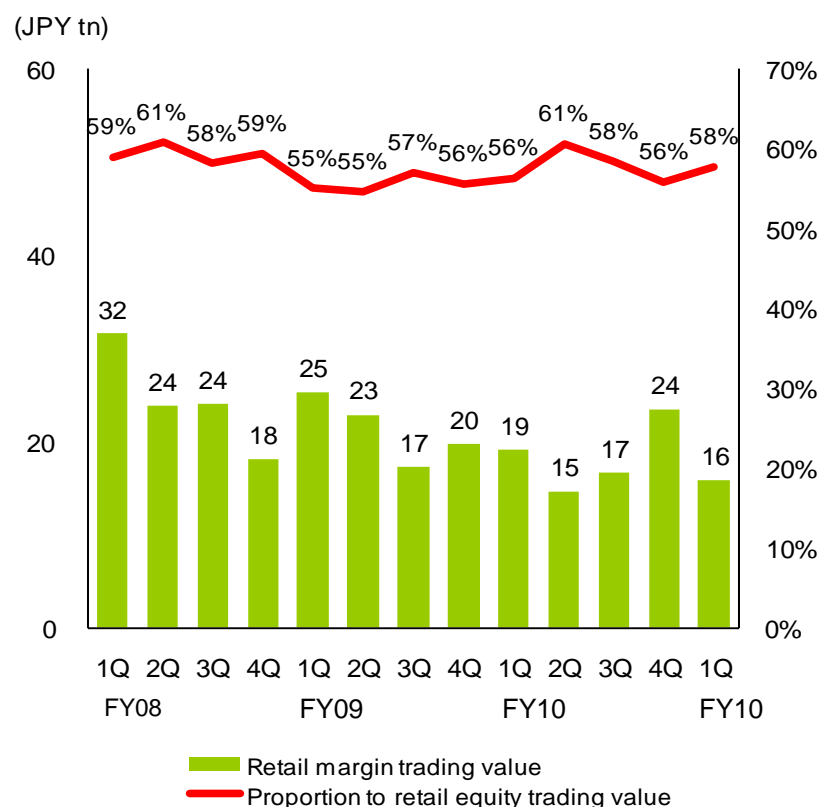


# Margin Trading Value

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

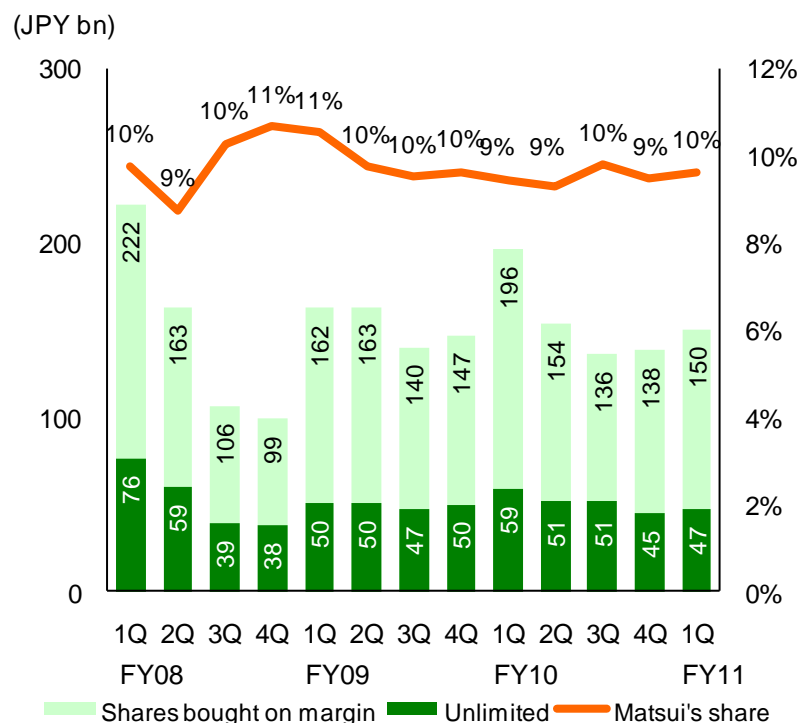


## ◆ Retail margin trading value<sup>1</sup> and proportion to total retail equity trading value

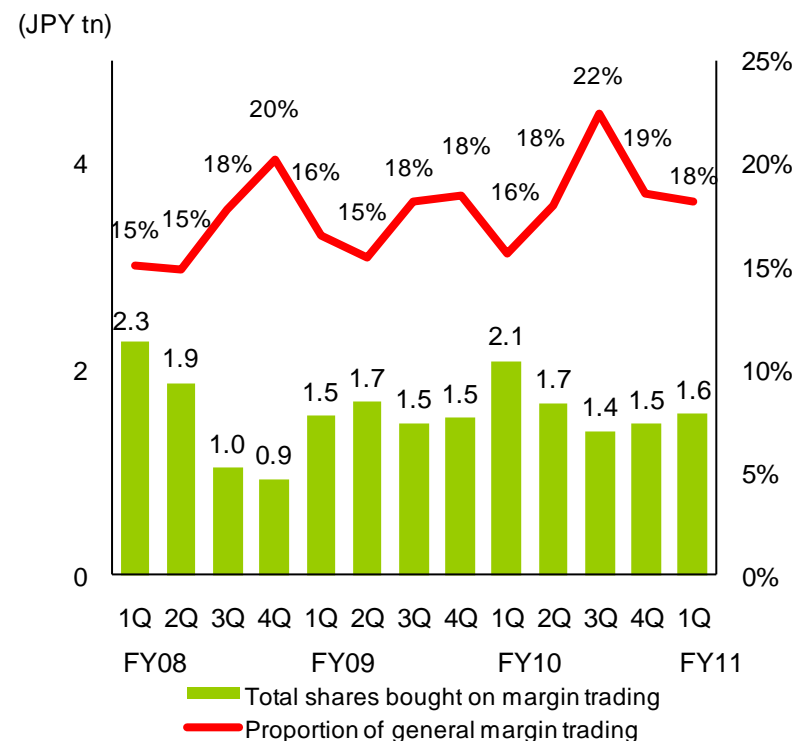


# Margin Trading Balance

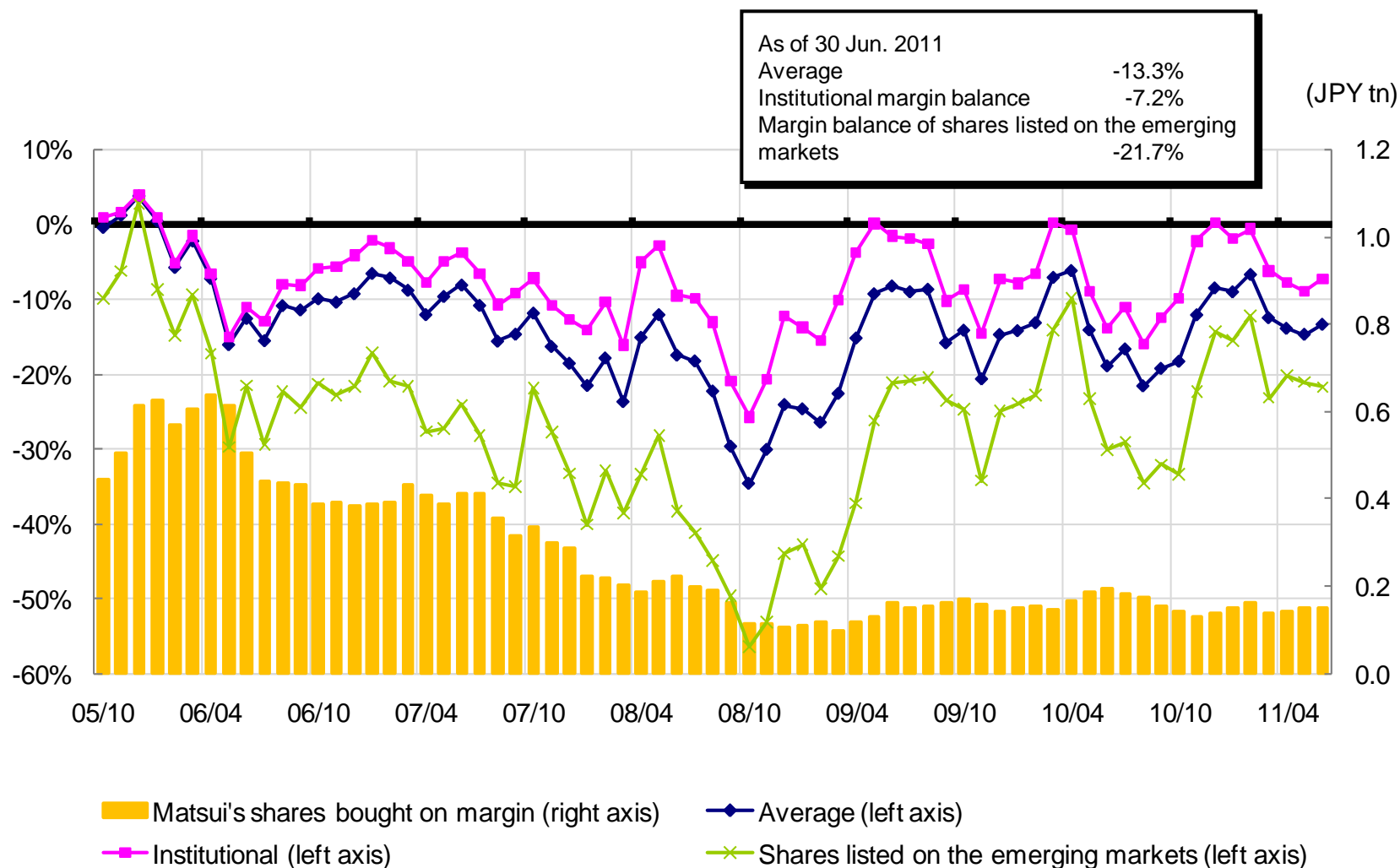
## ◆ Matsui's shares bought on margin<sup>1</sup> and its market share<sup>2</sup>



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

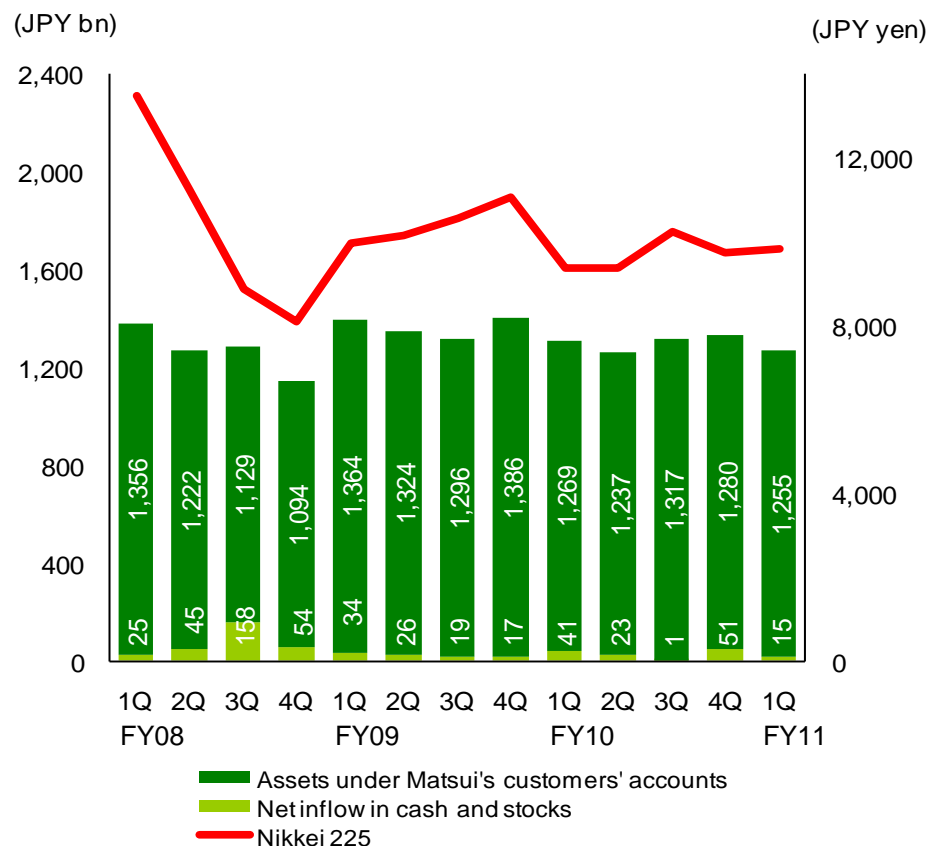


# Evaluation Losses on Matsui's Margin Balance

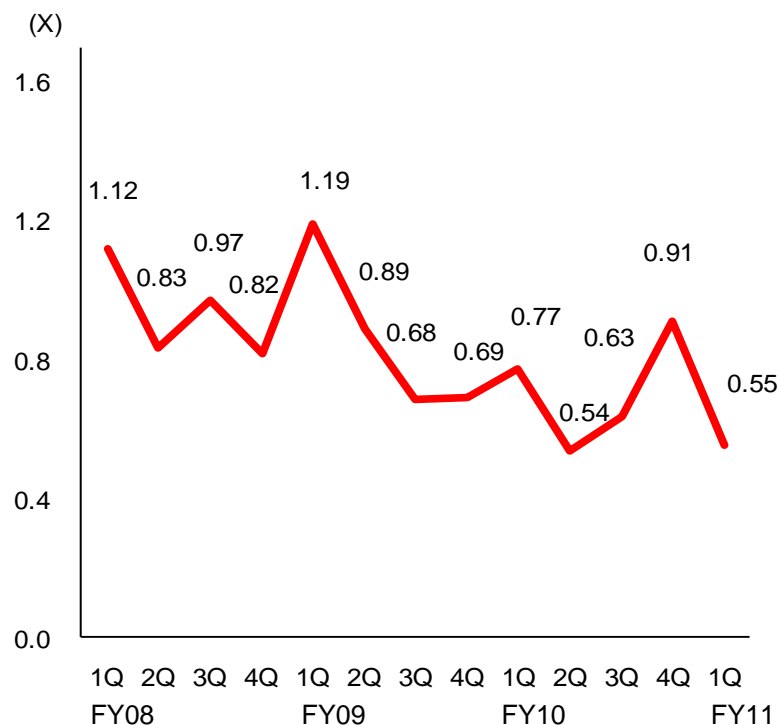


# Assets under Customers' Accounts / Trading Turnover

## ◆ Assets under Matsui's customers' accounts



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



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

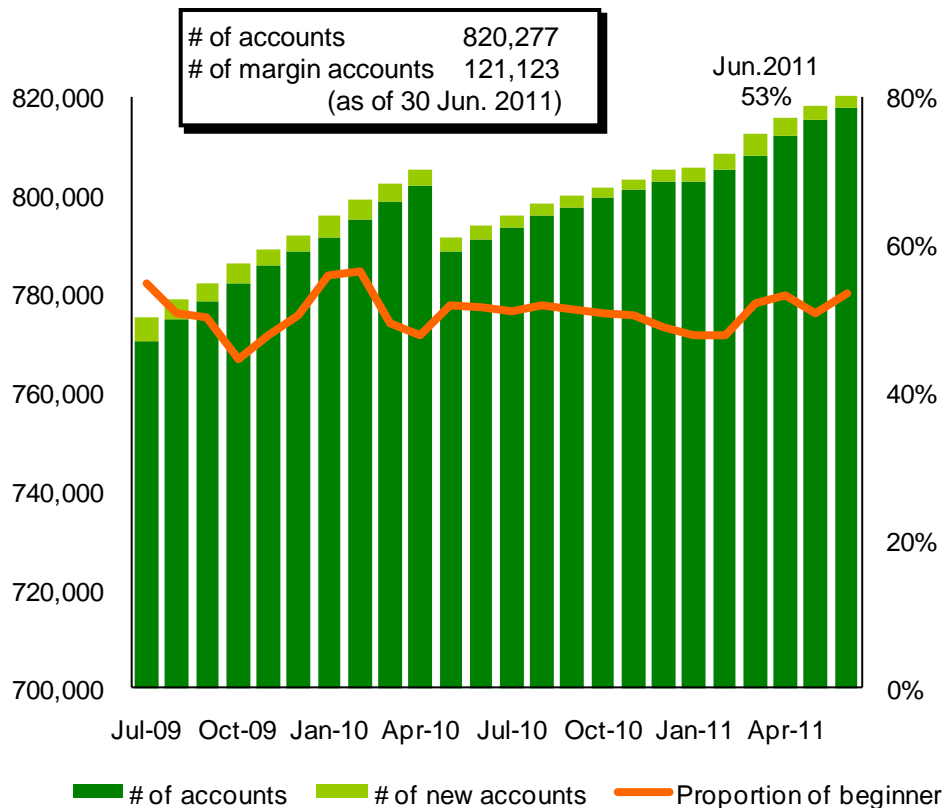
\* assets under customers' accounts of Matsui's related persons are excluded

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

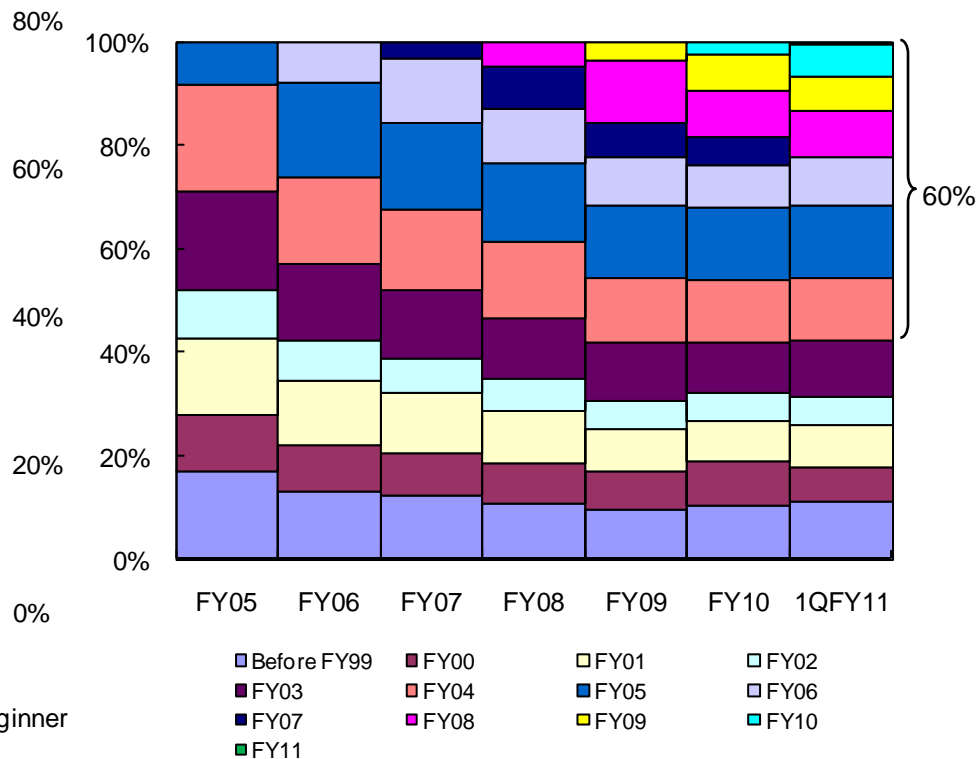


# Number of Accounts / Breakdown of Trading Value

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



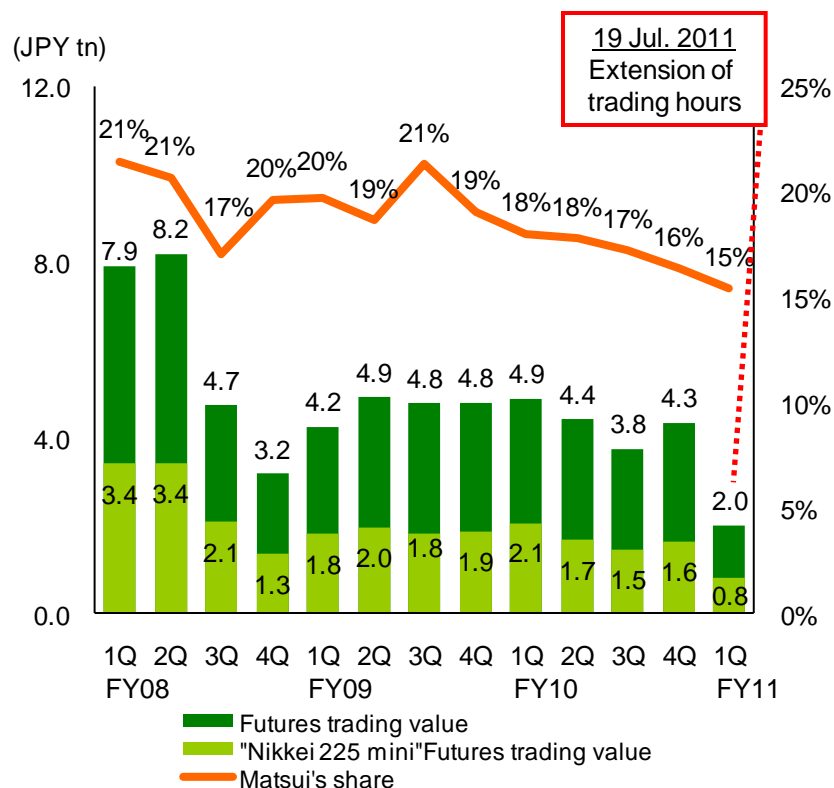
## ◆ Breakdown of trading value by customers opening the accounts in each fiscal year



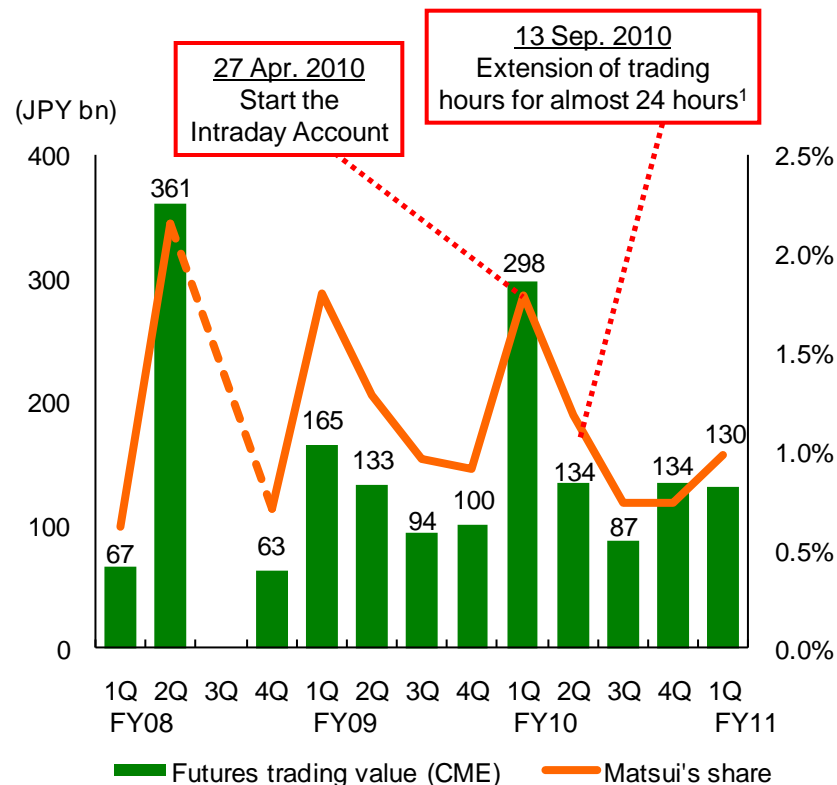
Note 1: Number of accounts as of the end of each month  
 Dormant accounts were closed down 16,431 in May 2010 and 1,925 in Jan. 2011

# Nikkei 225 Futures

## ◆ Matsui's OSE Nikkei 225 Futures trading value and its market share



## ◆ Matsui's CME Nikkei225 Futures trading value



# 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"
- ◆ Pioneer in providing specific application available for smartphone

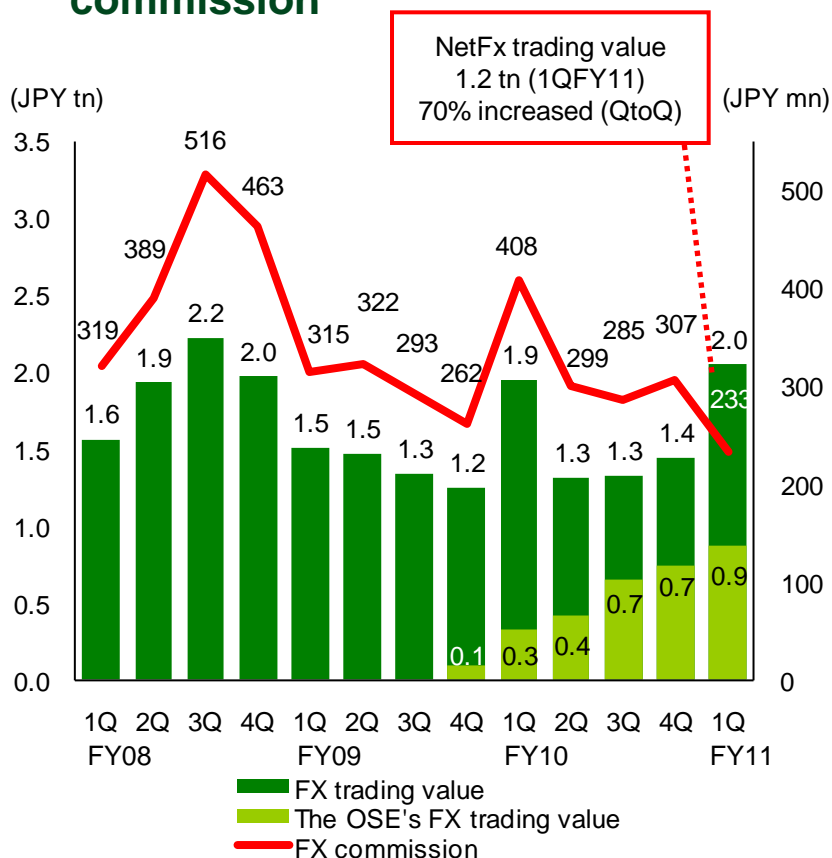
## Our Direction

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

# FX Margin Trading

No commission charge and spread tightening for “NetFx”- OTC FX trading were implemented from April, 2011

## ◆ Matsui’s FX trading value and commission



## ◆ De-leverage

The upper limit of leverage was determined to restrict extreme speculation in FX trading

- Aug. 2010~ Upper limit of 50 fold
- Aug. 2011~ Upper limit of 25 fold

## ◆ Composition by Leverage in Matsui

Approximately 100% of OTC FX business revenue is generated from trading at leverage lower than 25 fold, so that the impact by the leverage regulation is estimated to be limited.

	Number of people	Margin balance	Guarantee money
~25 fold	99%	98%	100%
~50 fold	1%	2%	0%

(as of June 2011)

## ~ Undertakings in FY11 ~

### Spread tightening campaign for “NetFx”-OTC FX trading

Spread tightening for “GBP/JPY” from 6 pips to 3 pips (from 8 Aug. to 1 Oct. 2011)

“GBP/JPY” Spread  
6pips→3pips

# RTGS / Enhancement of Trading Platform

## ◆Real-Time-Gross-Settlement

- Steady operation of system, secure liquidity is the highest priority
- # of accounts : 45,428 (As of 31 Jun. 2011)

## ~ Undertakings in FY11 ~

- No commission charge up to JPY10mn of trading value (~Sep.11)

### 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

## ◆Enhancement of the trading application “KABU touch” for smartphone

### ■ Add trading function (Aug. 2010)

Add trading function of cash and margin trading first among the securities companies in Japan

### ■ Add trading function of futures and options (Feb. 2011)

### ■ Introduce “KABU touch” for Android (Sep. 2011)

< Stock Price Board >



< Speed Order >



# Details of Newly Offered Services

Campaign/Promotion	Improvement in Quality of Services to Customers
<ul style="list-style-type: none"> <li>◆ No commission charge for RTGS up to JPY10mn of trading value (2011/4/1-6/30, 7/1-9/30)</li> <li>◆ No commission charge for CME Nikkei 225 futures trading (2011/4/29-5/7)</li> <li>◆ Spread tightening campaign for “AUD/JPY” in “NetFx”-OTC FX trading (2011/5/2-7/30)</li> <li>◆ No commission charge for Nikkei 225 futures trading for new futures/options customers (2011/7/11-8/12)</li> <li>◆ No commission charge for ETF cash trading (2011/7/1-2011/12/30)</li> <li>◆ Spread tightening campaign for “GBP/JPY” in “NetFx”-OTC FX trading (2011/8/8-10/1)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Add two transaction currencies for the OSE’s FX (2011/4/4-)</li> <li>◆ Implementation of no commission charge and spread tightening for “NetFx”-OTC FX trading(2011/4/4-)</li> <li>◆ Expand FX market information offering on the web site (2011/6/27-)</li> <li>◆ Enhance the order function for the OSE’s FX for mobile phone (2011/7/9-)</li> <li>◆ Introduce trading application “KABU touch” for Android (2011/9-)</li> </ul>

The material is intended to provide the financial results for the quarter ended 30 June 2011 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 2011. 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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