



# Matsui Securities Co., Ltd.

(First Section of TSE and OSE: 8628)

Annual Results for 1Q FY2012

July 2012

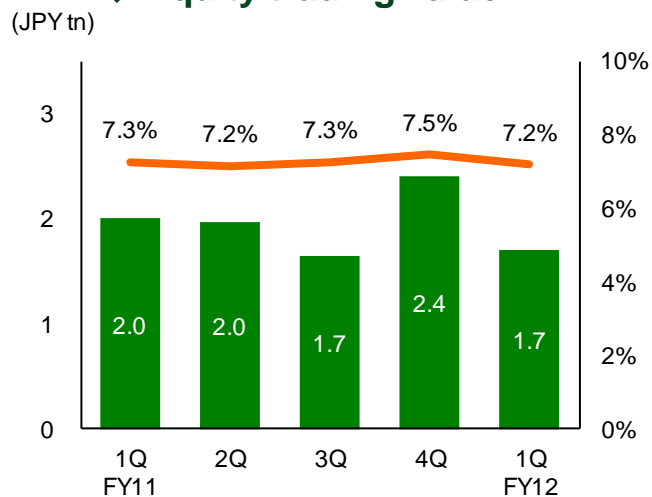
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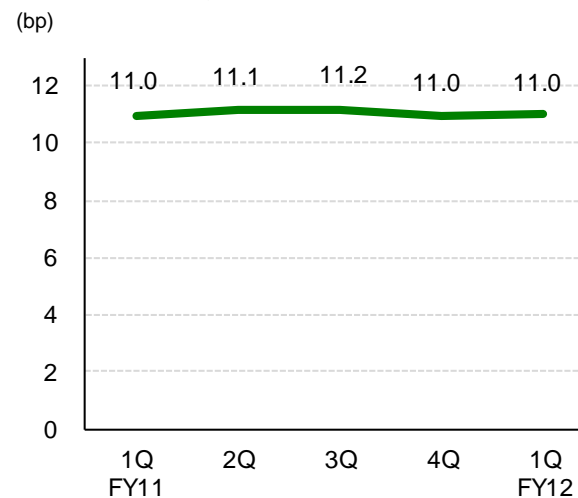
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# Results of Operation

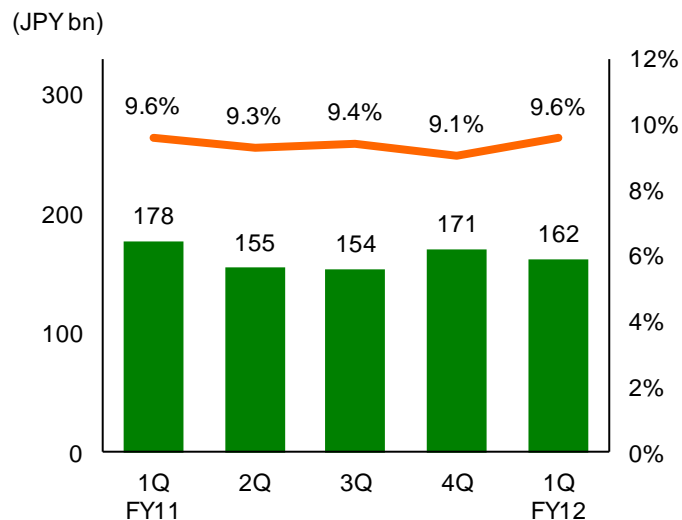
## ◆ Equity trading value



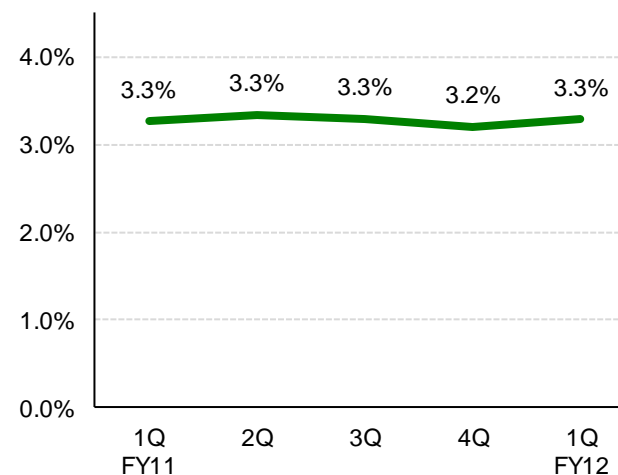
## ◆ Equity commission rate



## ◆ Margin balance

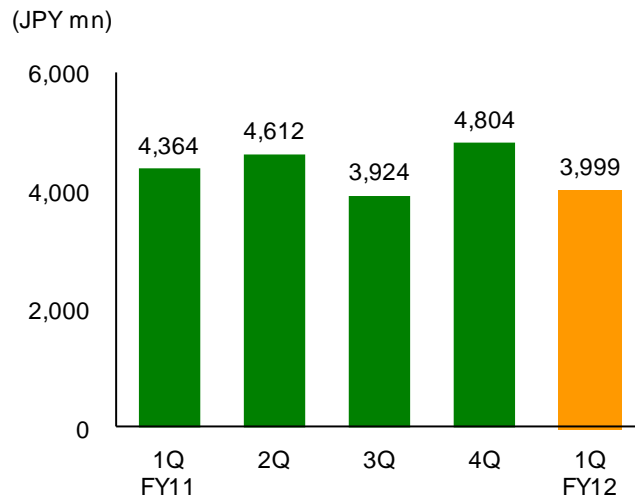


## ◆ Net interest income ratio

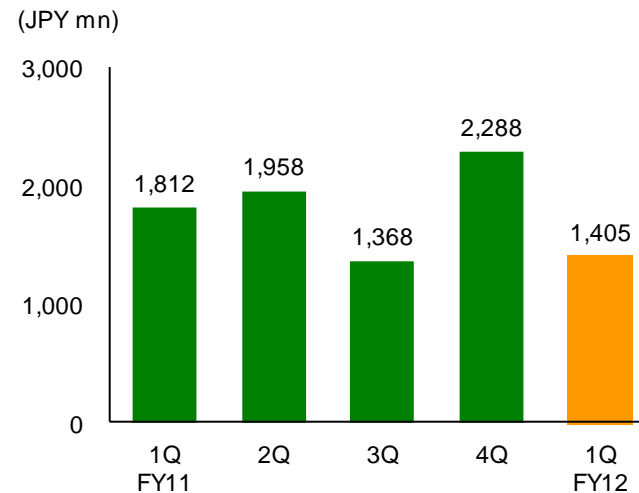


# Financial Results

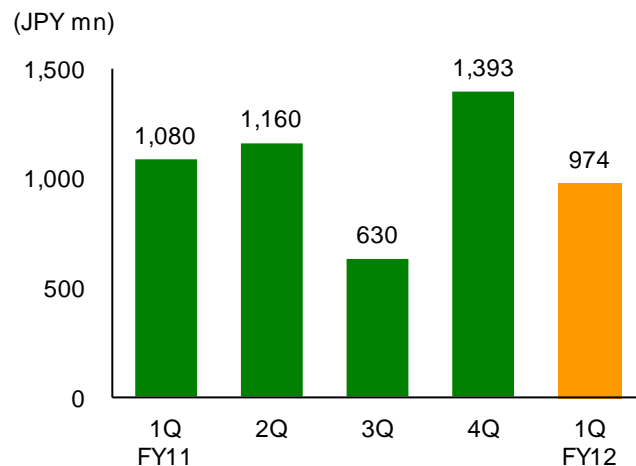
## ◆ Operating revenues



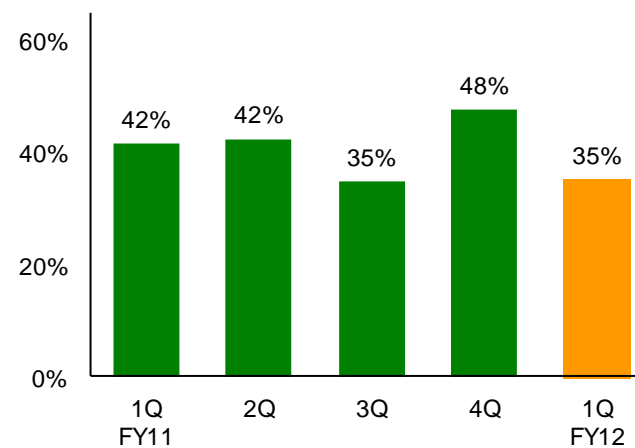
## ◆ Ordinary income



## ◆ Net income

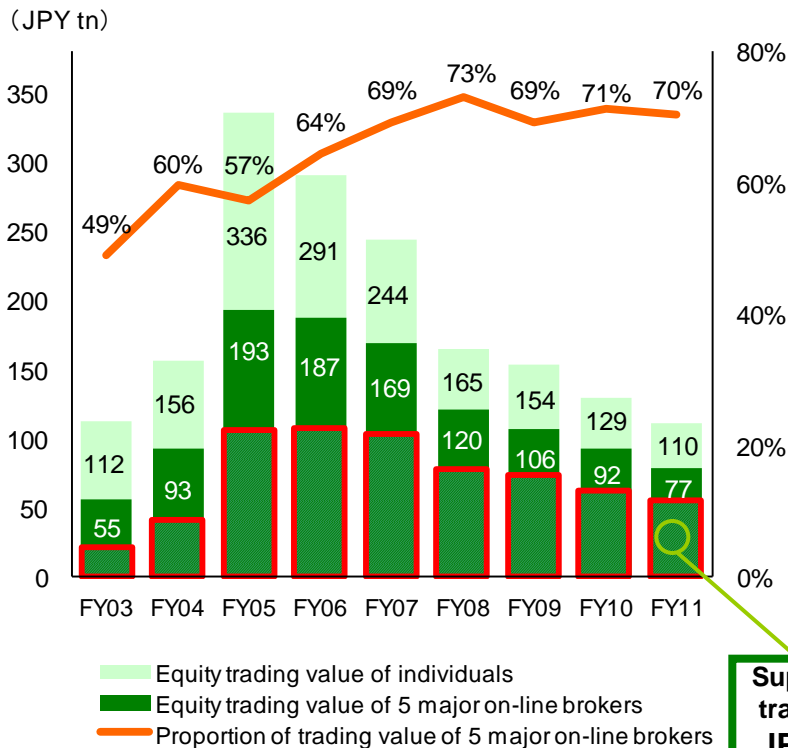


## ◆ Ordinary income ratio



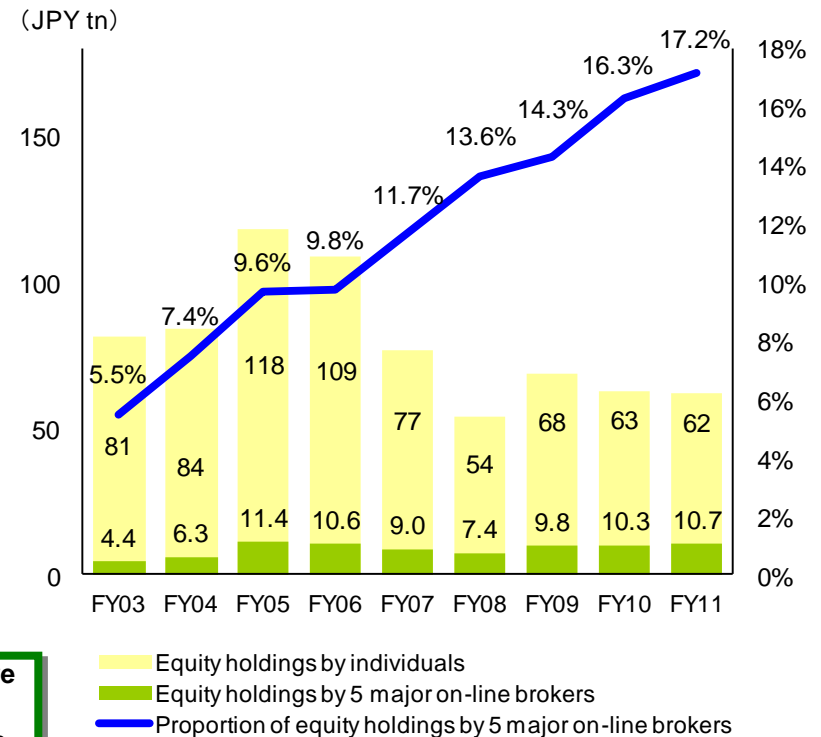
# Overview of Retail Equity Trading Market

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



**Super active traders**  
**JPY 55 tn**  
**(Estimate)**

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



# Financial Summary

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## Section 1

# Summary of Financial Results (Quarterly)

(JPY mn)

	FY12	FY11	QoQ	FY11			YoY	FY11 TOTAL
	1Q	4Q		3Q	2Q	1Q		
Operating Revenues	3,999	4,804	-17%	3,924	4,612	4,364	-8%	17,703
Commissions	2,428	3,302	-26%	2,470	2,974	2,800	-13%	11,547
Interest & dividend income	1,570	1,500	5%	1,453	1,653	1,605	-2%	6,211
Interest expenses	216	283	-24%	211	261	220	-2%	975
Net operating revenues	3,783	4,520	-16%	3,713	4,350	4,144	-9%	16,728
SG&A	2,407	2,254	7%	2,347	2,393	2,366	2%	9,360
Operating income	1,376	2,266	-39%	1,366	1,958	1,778	-23%	7,368
Ordinary income	1,405	2,288	-39%	1,368	1,958	1,812	-22%	7,426
Net income	974	1,393	-30%	630	1,160	1,080	-10%	4,263
Ordinary income ratio	35%	48%	-	35%	42%	42%	-	42%
Matsui's trading value (JPY tn)	1.7	2.4	-29%	1.7	2.0	2.0	-14%	8.0
Daily average trading value on TSE (JPY tn)	1.2	1.4	-13%	1.1	1.4	1.4	-12%	1.3

Source: TSE

# Breakdown of Net Operating Revenues (Quarterly)

(JPY mn)

	FY12	FY11	QoQ	FY11			YoY	FY11 TOTAL
	1Q	4Q		3Q	2Q	1Q		
Commissions	2,428	3,302	-26%	2,470	2,974	2,800	-13%	11,547
Brokerage	2,191	2,991	-27%	2,205	2,665	2,574	-15%	10,435
Equity	1,896	2,657	-29%	1,844	2,201	2,196	-14%	8,898
Futures & Options	220	215	2%	249	304	204	7%	973
Others	237	311	-24%	265	309	226	5%	1,111
Net gain (loss) on trading	-1	1	-	1	-15	-41	-	-55
Interest & dividend income (1)	1,570	1,500	5%	1,453	1,653	1,605	-2%	6,211
Total operating revenues	3,999	4,804	-17%	3,924	4,612	4,364	-8%	17,703
Interest expenses (2)	216	283	-24%	211	261	220	-2%	975
Net operating revenues	3,783	4,520	-16%	3,713	4,350	4,144	-9%	16,728
Net interest income (1) - (2)	1,355	1,217	11%	1,242	1,391	1,385	-2%	5,236



# Breakdown of SG&A (Quarterly)

(JPY mn)

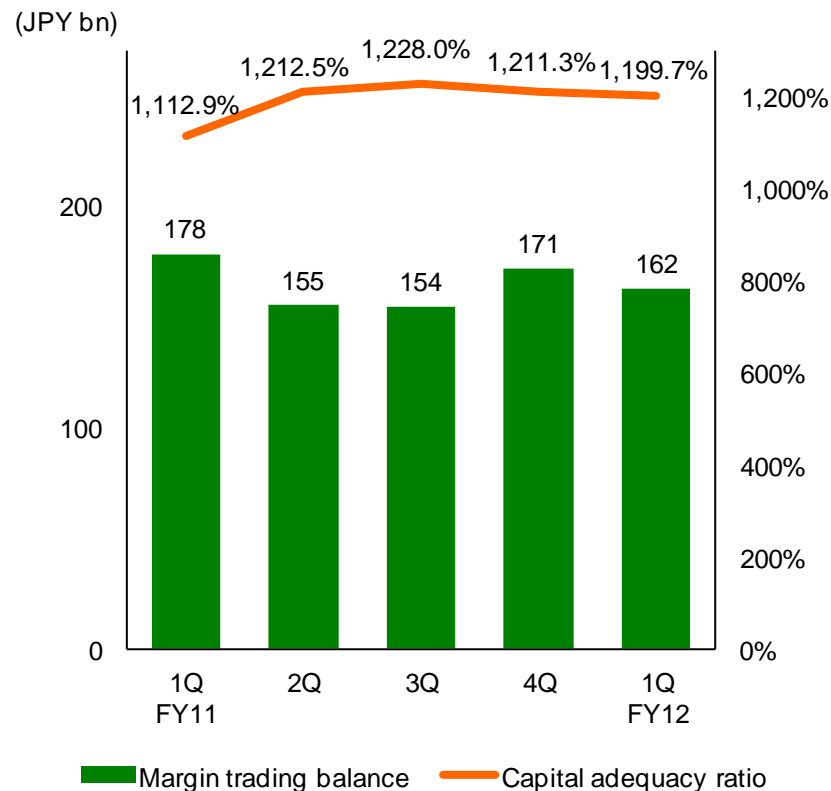
	FY12	FY11	QoQ	FY11			YoY	FY11 TOTAL
	1Q	4Q		3Q	2Q	1Q		
Transaction related expenses	773	795	-3%	800	766	743	4%	3,104
Advertisement	139	126	11%	180	97	76	83%	479
Employees' compensation & benefits	457	449	2%	443	456	461	-1%	1,809
Occupancy & rental	236	237	-0%	262	284	294	-20%	1,077
Data processing & office supplies	422	415	2%	445	432	449	-6%	1,742
Depreciation	448	447	0%	460	425	437	3%	1,769
Duties & taxes other than income taxes	35	25	43%	18	23	32	10%	98
Provision of allowance for doubtful accounts	-9	-131	-	-96	-20	-98	-	-346
Others	46	19	143%	14	27	49	-7%	108
<b>Total SG&amp;A</b>	<b>2,407</b>	<b>2,254</b>	<b>7%</b>	<b>2,347</b>	<b>2,393</b>	<b>2,366</b>	<b>2%</b>	<b>9,360</b>

# Capital Adequacy Ratio

## ◆ Capital adequacy ratio (As of 30 June 2012)

		(JPY mn)
Tier 1	(A)	73,183
Tier 2	Net unrealized gain on investment	-
	Statutory reserves	1,067
	Allowance for doubtful accounts	8
	Sub total (B)	1,075
Assets to be deducted from equity capital	(C)	7,103
Net Capital		
	(A) + (B) - (C) (D)	67,155
Total risk	Market risk	0
	Counterparty risk	3,479
	Basic risk	2,117
	Total (E)	5,597
Capital Adequacy ratio (D)/(E)		1,199.7%

## ◆ Margin trading balance and capital adequacy ratio



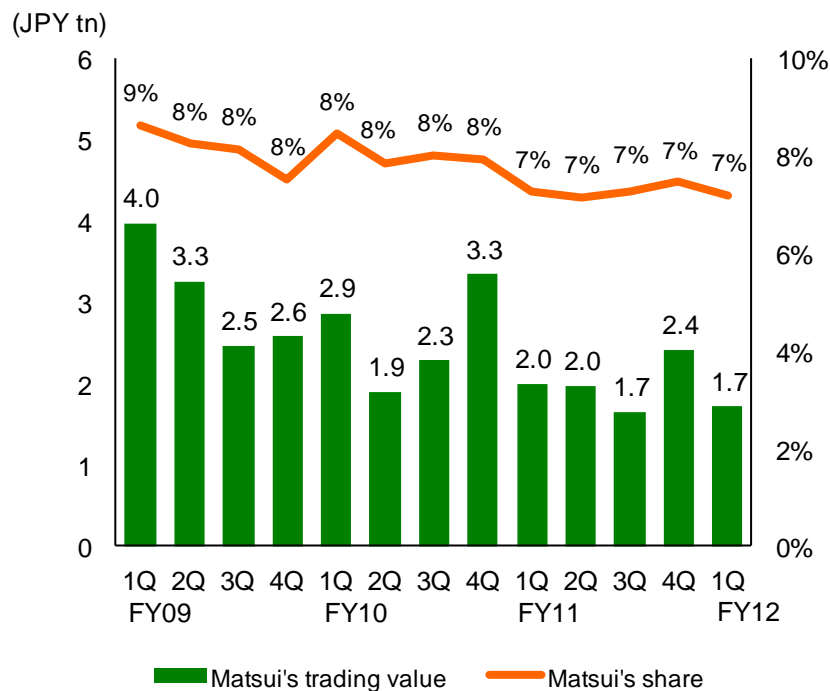
# Results of Operation

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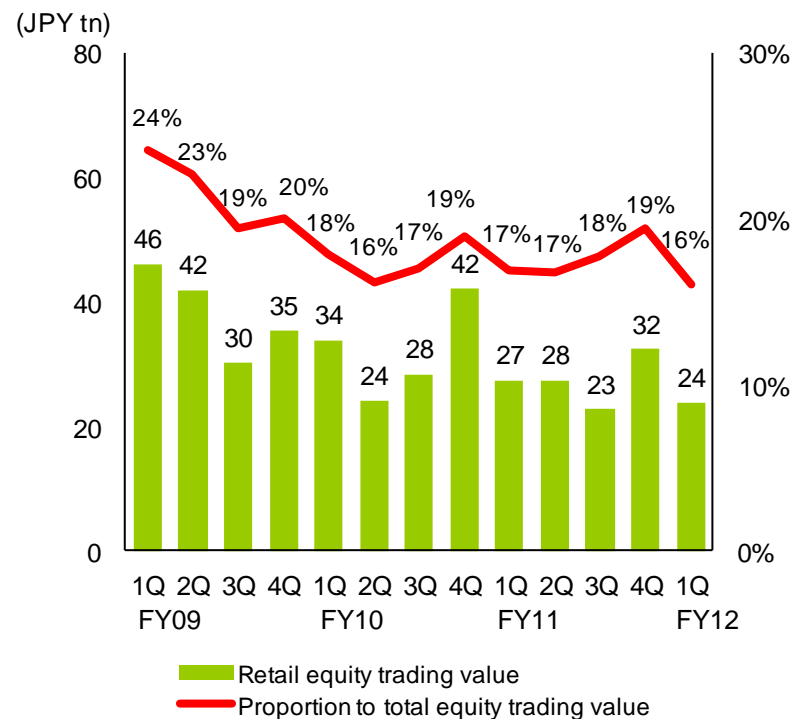
## Section 2

# Equity Trading Value

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

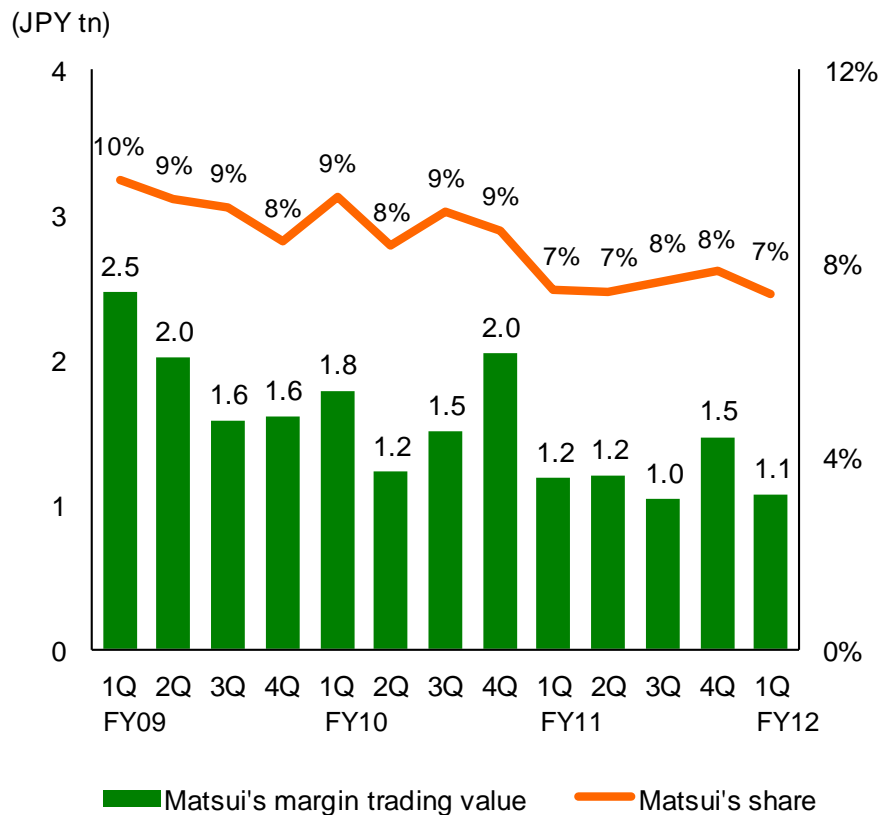


## ◆ Retail equity trading value<sup>1</sup> and proportion to total equity trading value

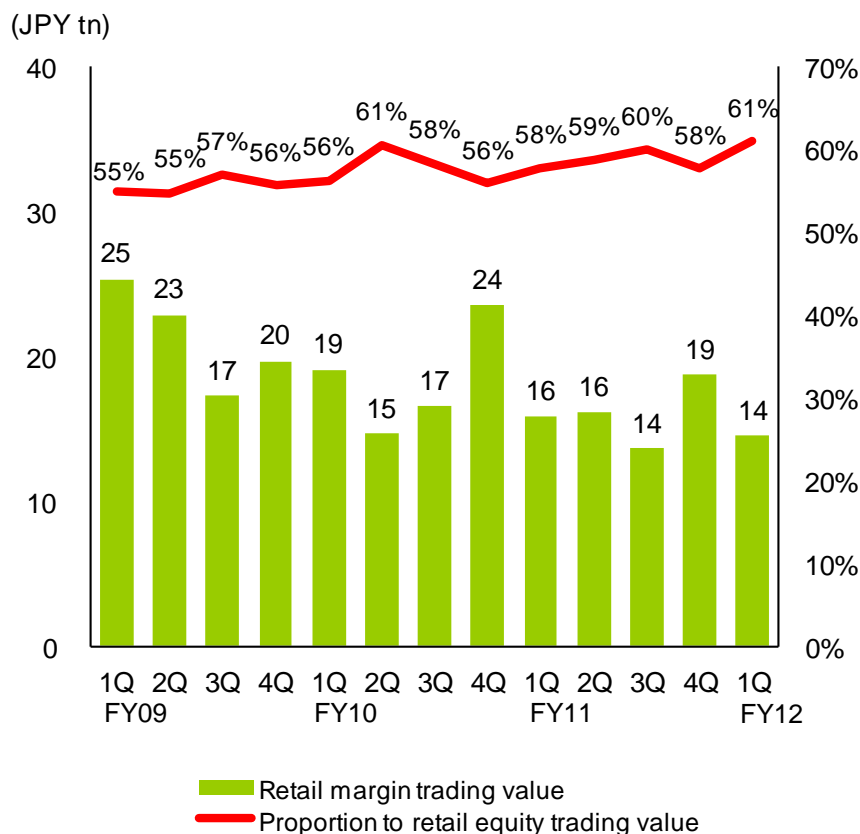


# Margin Trading Value

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

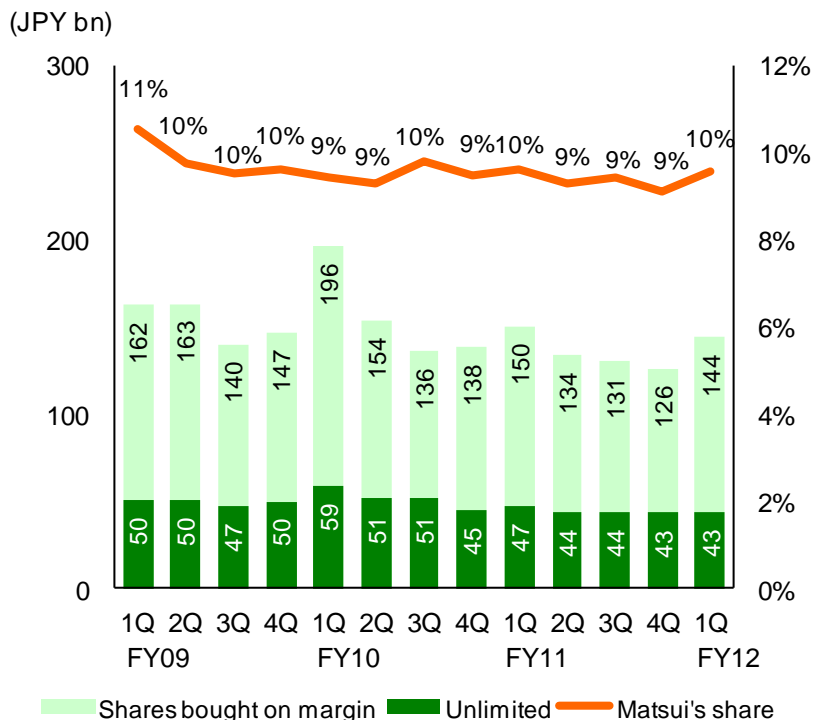


## ◆ Retail margin trading value<sup>1</sup> and proportion to total retail equity trading value

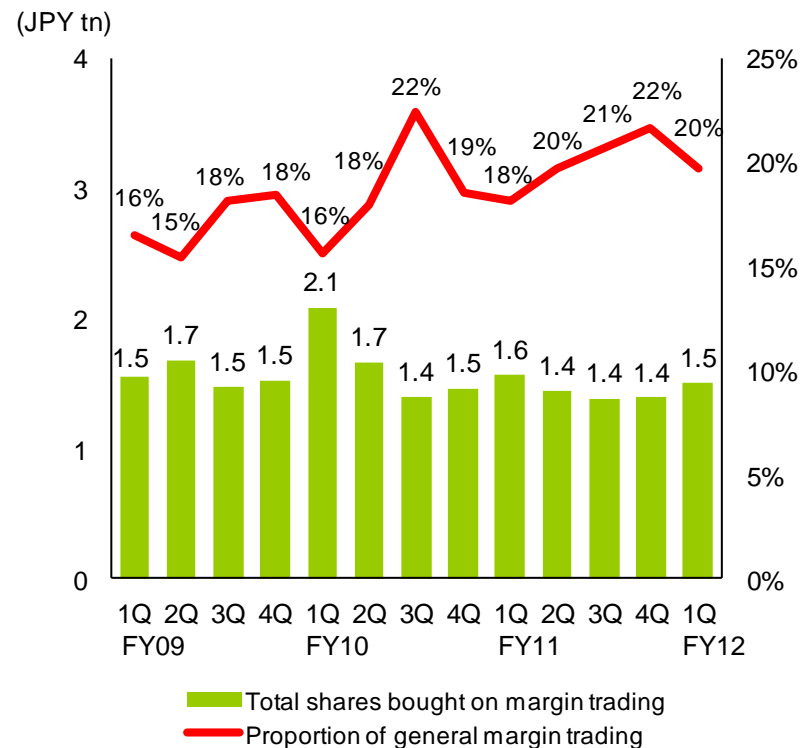


# Margin Trading Balance

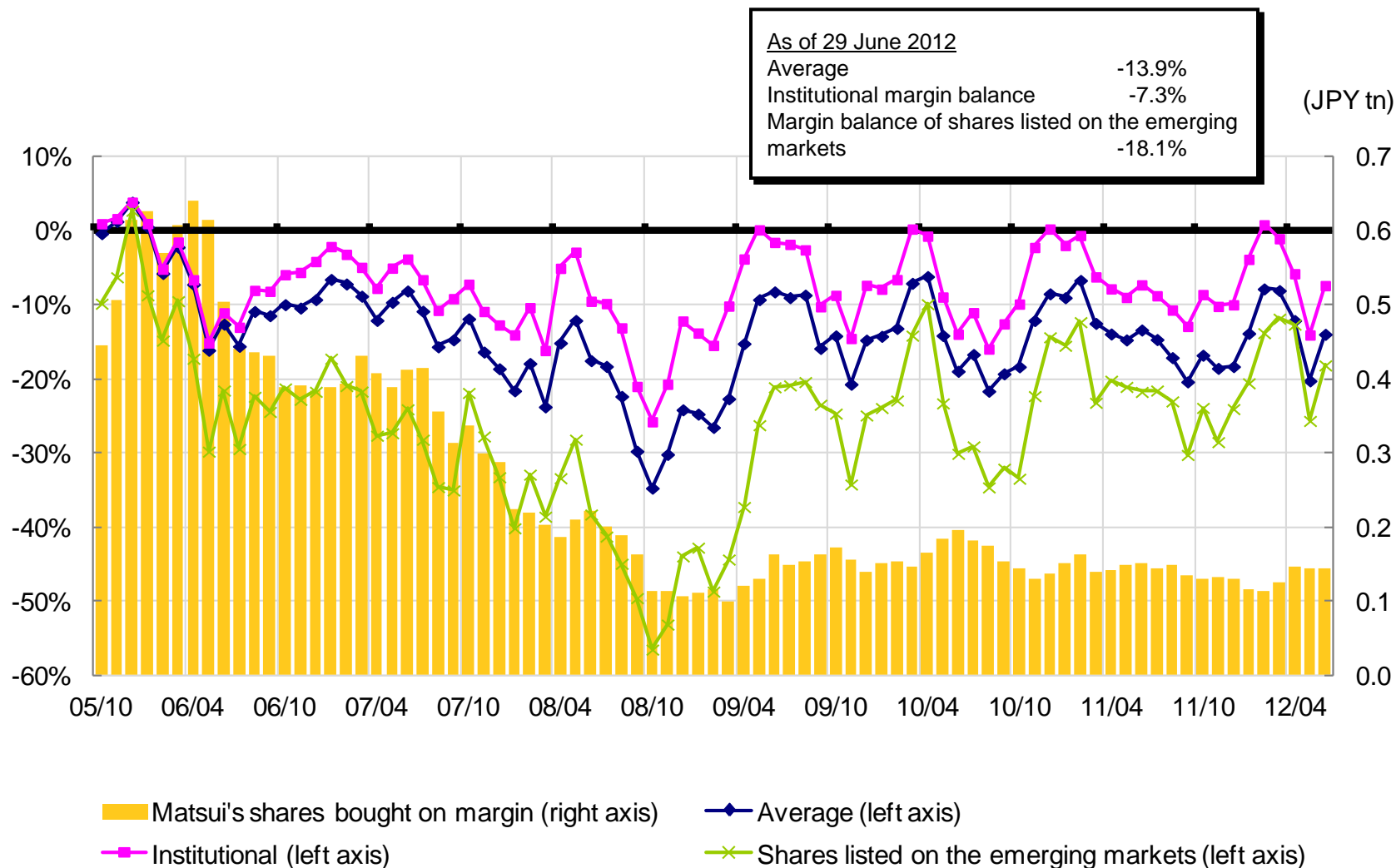
## ◆ Matsui's shares bought on margin<sup>1</sup> and its market share<sup>2</sup>



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

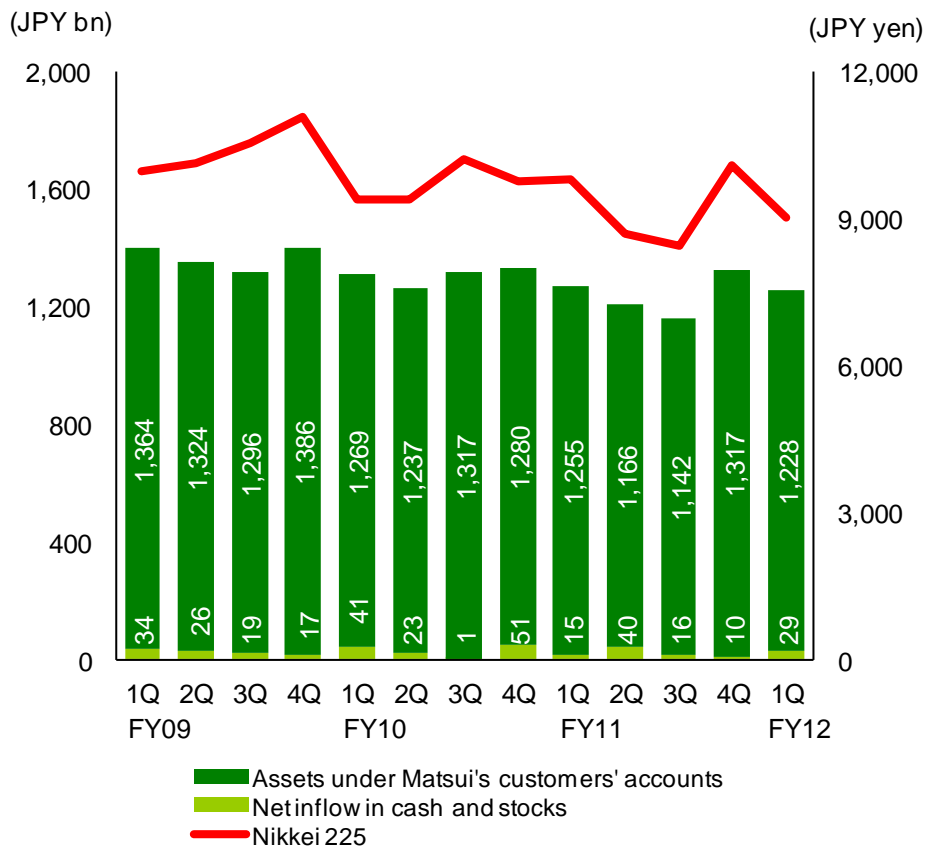


# Evaluation Losses on Matsui's Margin Balance

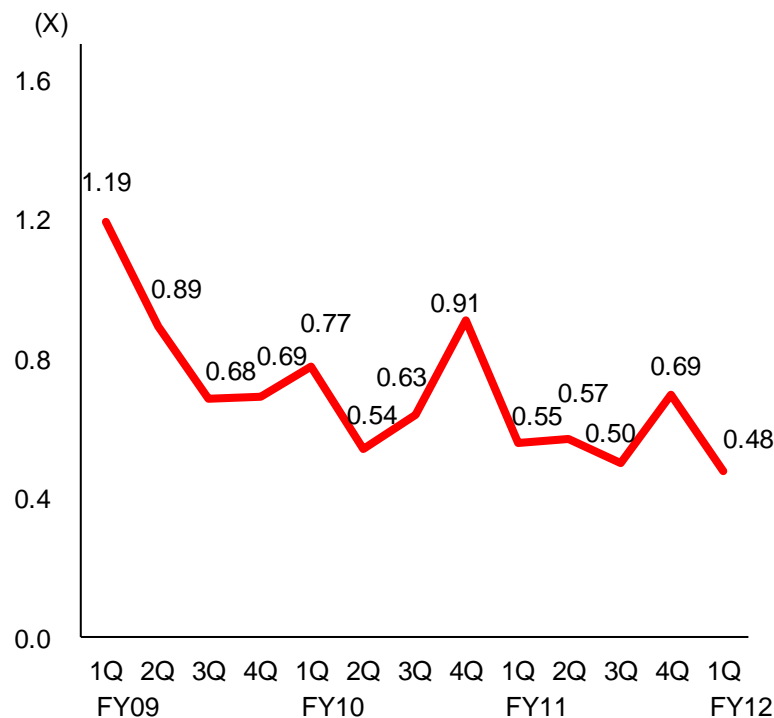


# Assets under Customers' Accounts / Trading Turnover

## ◆ 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\*)

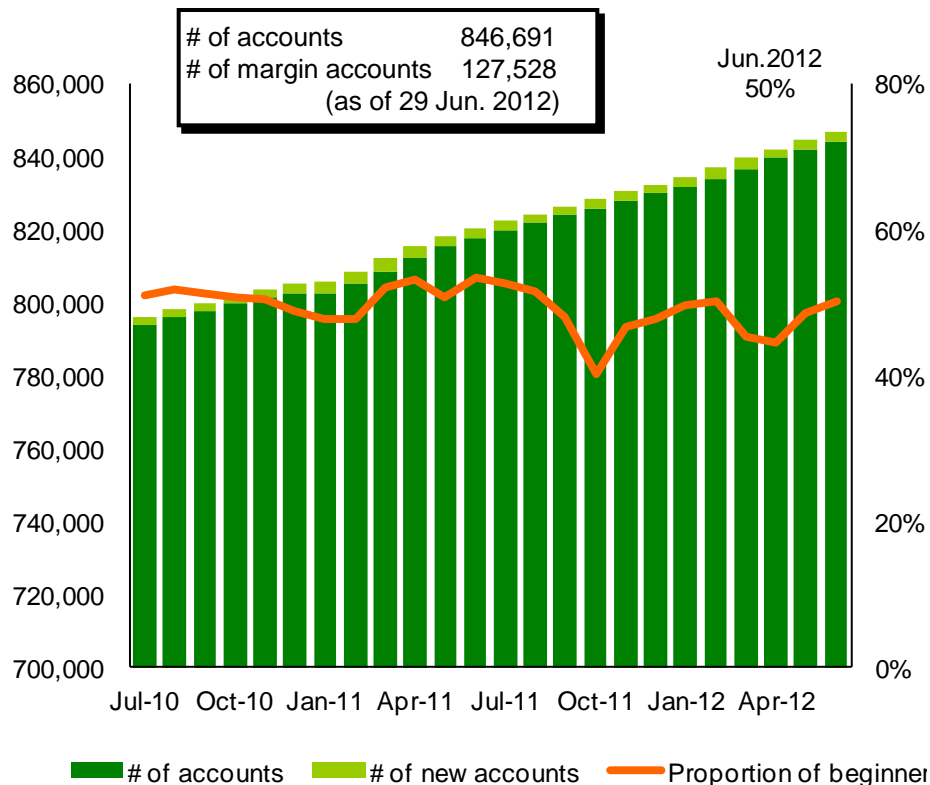
\* assets under customers' accounts of Matsui's related persons are excluded

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

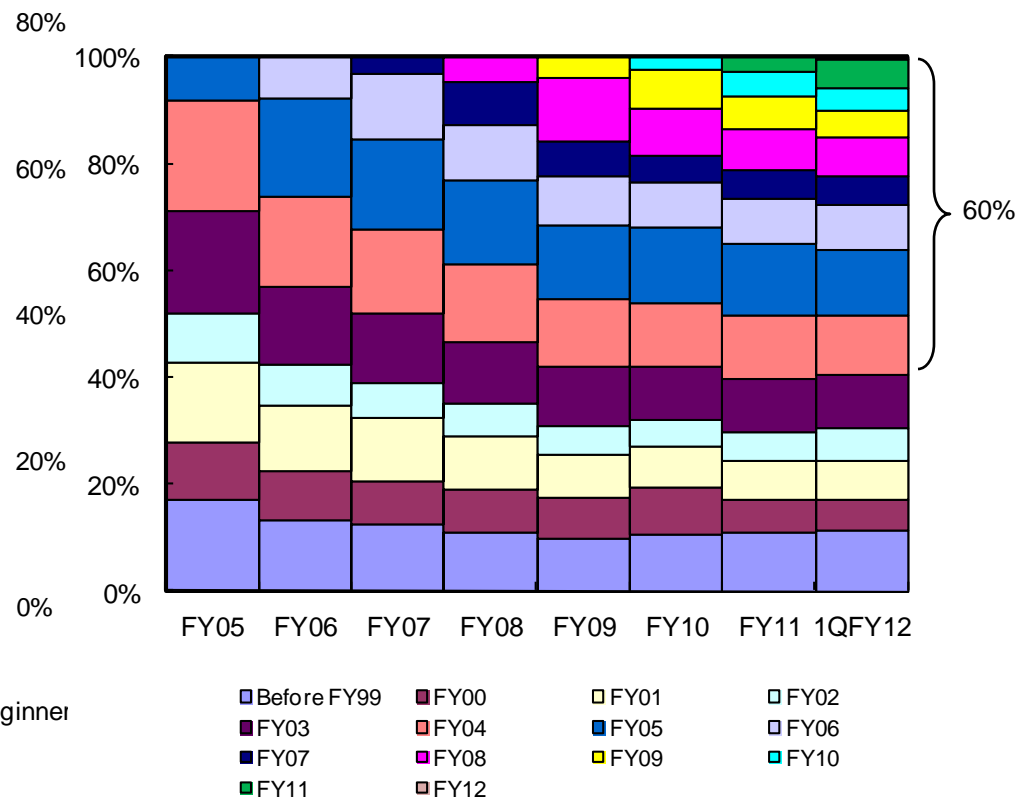


# Number of Accounts / Breakdown of Trading Value

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



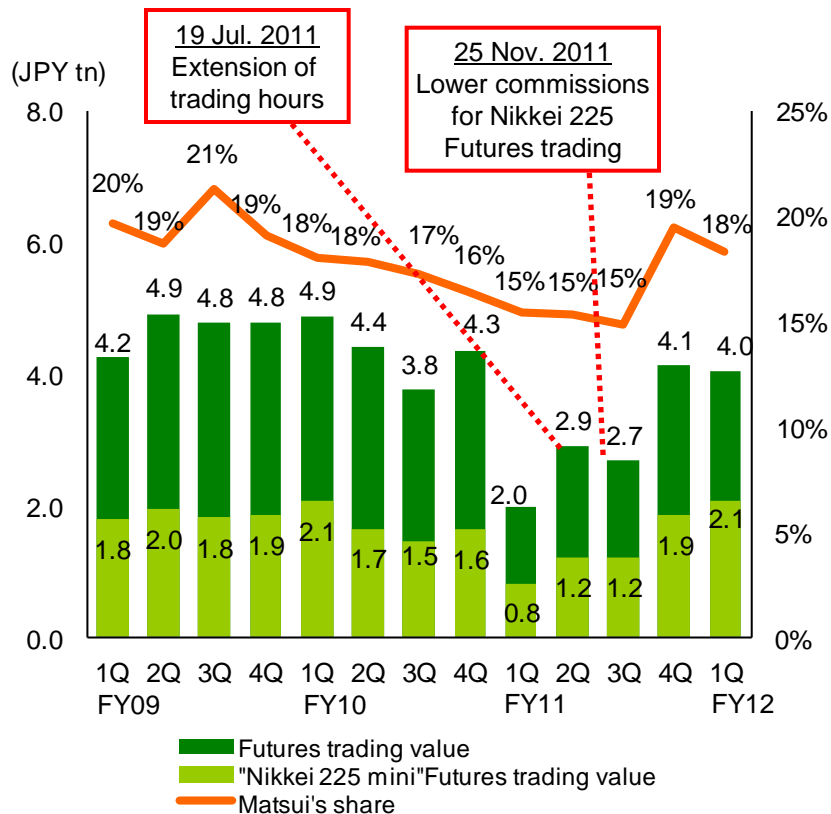
## ◆ Breakdown of trading value by customers opening the accounts in each fiscal year



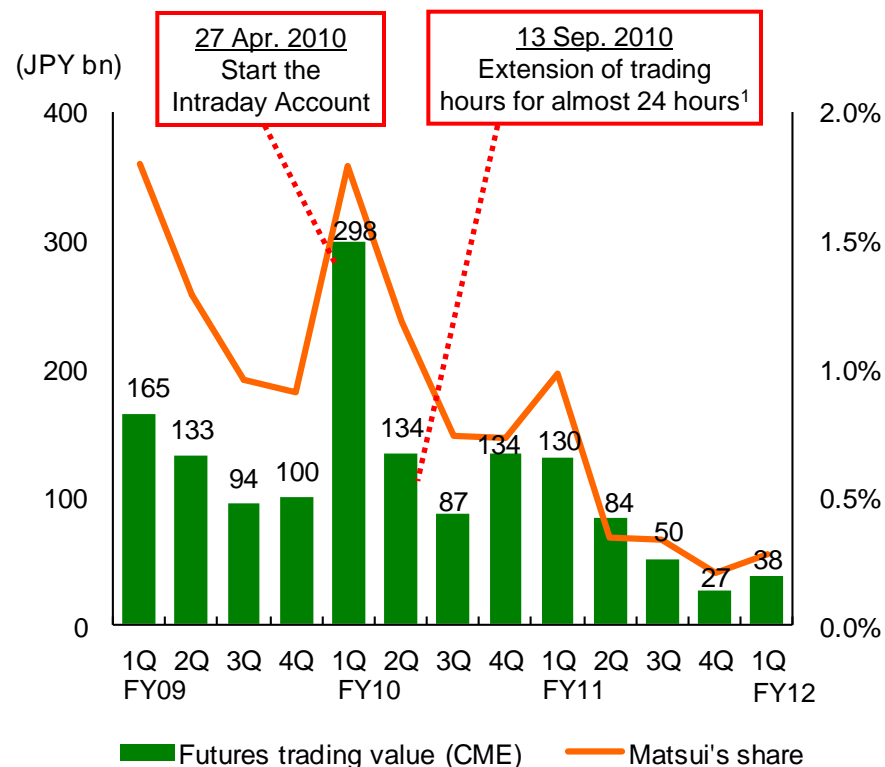
Note 1: Number of accounts as of the end of each month  
Dormant accounts were closed down 1,925 in Jan. 2011

# Nikkei 225 Futures

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

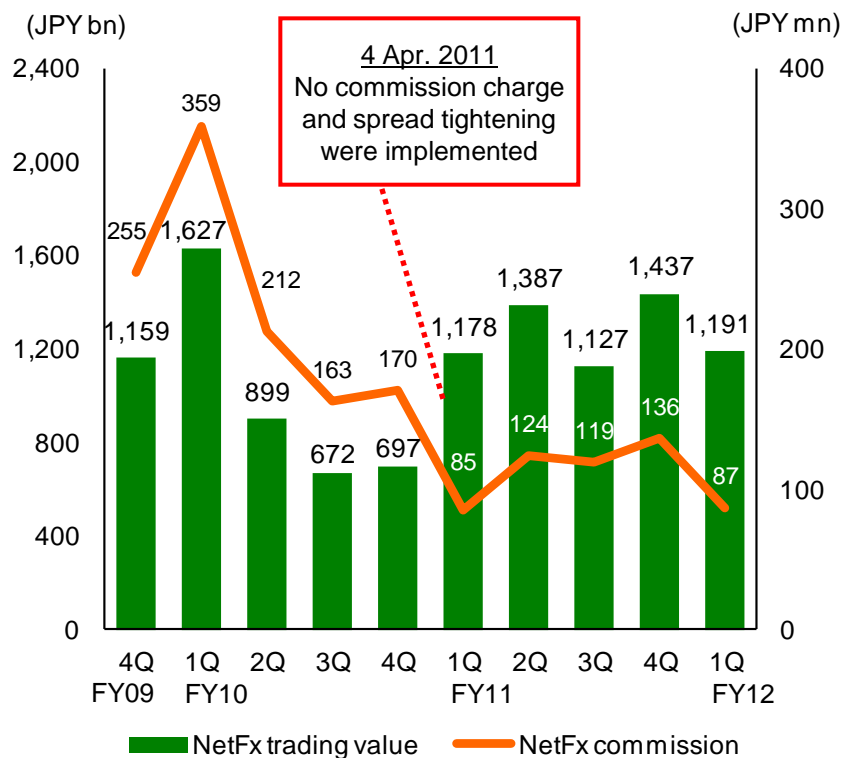


## ◆ Matsui's CME Nikkei225 Futures trading value and its market share

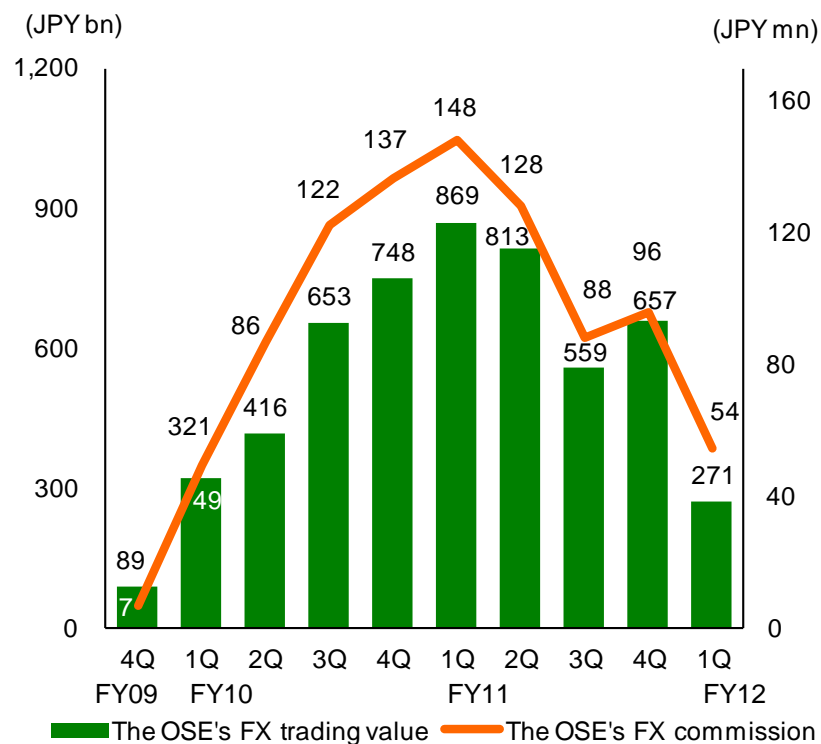


# FX Margin Trading

## ◆ Matsui's OTC FX trading value and commission



## ◆ The OSE's FX trading value in Matsui and commission



# 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
- ◆ Pioneer in providing online margin trading in Japan
- ◆ "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
- ◆ Introduced "RTGS based margin transaction"

## 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

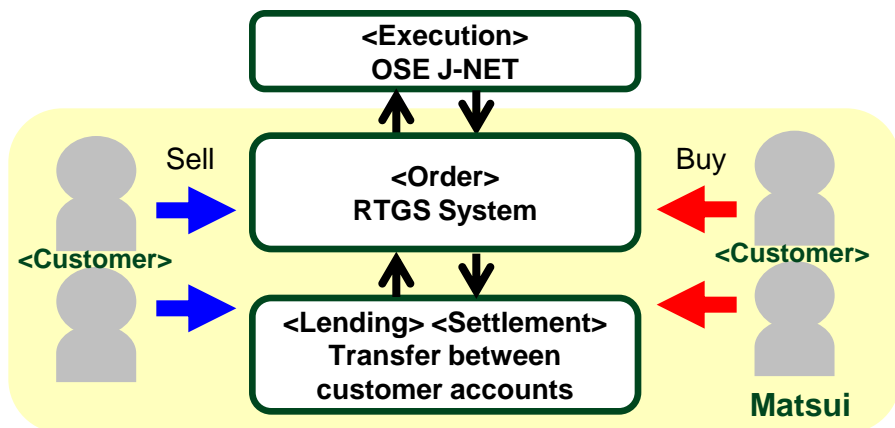
# Real Time Gross Settlement

## ◆ Outline of RTGS

Settlement	Immediate (Real time)
Pricing method	Auction method
Execution	Executed by off-floor trading on OSE (J-NET)
Type of transaction	Cash transaction / Margin transaction
Trading hour	8:30 to 15:00
Trading channel	Web(PC), Netstock High Speed, KABU touch
Commission for margin transaction	No commission (Interest rate : 7.3% p.a.)
Commission for cash transaction	0 yen up to 1mn yen of trading value 1,680yen up to 2mn yen, +840yen per 1mn yen
Eligible shares	100 shares (Cross listed shares on TSE and OSE)
# of account	Cash:61,761    Margin:10,331

※As of 20 Jul.

## ◆ Structure of RTGS



## ◆ Recent Developments

### 1. [Introduction of "Auction method"]

Change the pricing method to "auction" which get trades executed easier than previously employed method.

### 2. [Extension of trading hours]

Extend the trading hours available from 8:30am to 15:00pm

⇒ It would offer another trading opportunity to customers to tap the market ahead of exchange



### 3. [Decimalization of stock price]

⇒ Nominal quotation of stocks available at RTGS is displayed smaller than that at TSE

### 4. [Enhancement of trading tools]

Enable to order from real time trading tools, such as "KABU touch" etc.

# Enhancement of Trading Platform for FX

## ◆ Introduction of trading application “FXtouch” for smartphone (Mar. 2012)

### ● Speed order function

Enable to order with one tap watching the exchange rate and chart screen updated in real time



Available to trade equity, futures and options and FX via the trading application for smartphone

### ■ Proportion of trading value via “FXtouch”

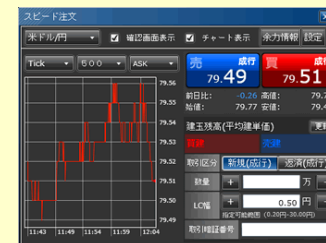
	WEB(PC)	Mobile	FXtouch
Apr. 2012	71%	21%	8%
May 2012	67%	23%	10%
Jun. 2012	60%	21%	19%
Jul. 2012	55%	21%	24%

⇒ The proportion of trading value via “FXtouch” has risen smoothly

## ◆ Introduction of trading tool “NetFx trader” for PC (Jul. 2012)

### ● Speed order function

Enable to order with one tap watching the exchange rate and chart screen updated in real time



### ● Technical chart

Extensive technical charts and several reference indices are provided (e.g. Bollinger band, MACD)



## ◆ Promotion

- Cash-back campaign for customers who trades FX by “FXtouch” or “NetFx trader” (from Jul. to Aug. 2012)

# 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 based cash transaction for customers who trade in the morning time of 8:30 to 9:00 (2012/4/2-5/18)</li> <li>◆ Discount of commission charge for equity trading for new margin customers (2012/4/2-5/18)</li> <li>◆ Spread tightening campaign for “USD/JPY” in “NetFx”-OTC FX trading (2012/4/2-6/30)</li> <li>◆ No commission charge for Nikkei 225 futures trading (2012/7/2-7/28)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Change the pricing method for RTGS to “Auction” and extend the trading hours for RTGS (2012/4/2-)</li> <li>◆ Expand eligible shares for RTGS (2012/4/2-)</li> <li>◆ Open the Matsui Securities Facebook page and Twitter account (2012/4/16-)</li> <li>◆ Introduce the trading application “FXtouch” for Android (2012/5/17-)</li> <li>◆ Decimalize the stock price at RTGS (2012/5/21-)</li> <li>◆ Add the trading function of RTGS to “KABU touch”, the trading application for smartphone (2012/6/4-)</li> <li>◆ Introduce the real time FX trading tool “NetFx trader” (2012/7/21-)</li> </ul>



The material is intended to provide the financial results for the quarter ended 30 June 2012 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 2012. 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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