



# Matsui Securities Co., Ltd.

(First Section of Tokyo Stock Exchange: 8628)

## Financial Results for 1H FY2005

November 2005

# Contents

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Section 1	Highlights of 1H FY2005	2
Section 2	Summary of Financial Results (Consolidated)	6
Section 3	Retail Brokerage Market Overview and Matsui's Performance	13
Section 4	Supplemental Information	25

The material is intended to provide the financial results for the six months ended September 30, 2005 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 November 2005. 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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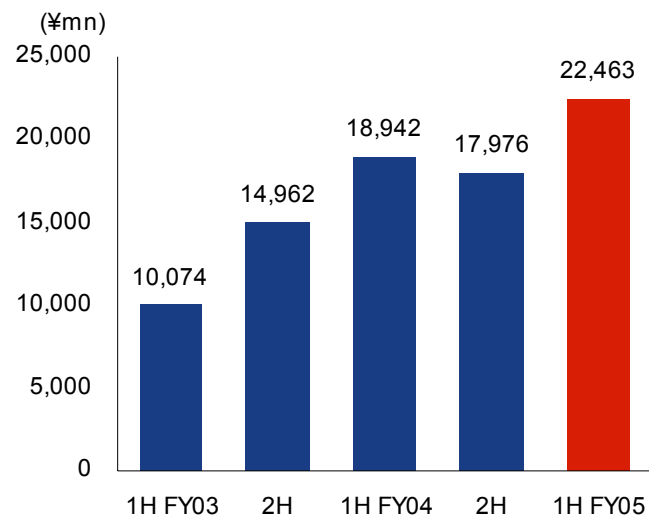
# Highlights of 1H FY2005

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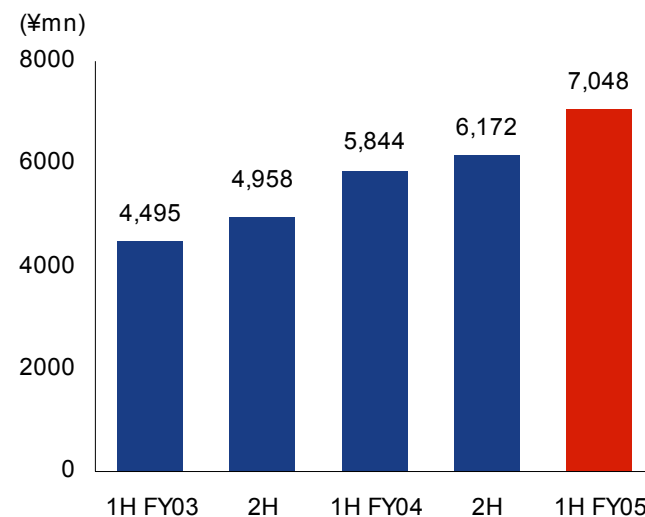
## Section 1

# Highlights of Financial Results for 1H FY2005

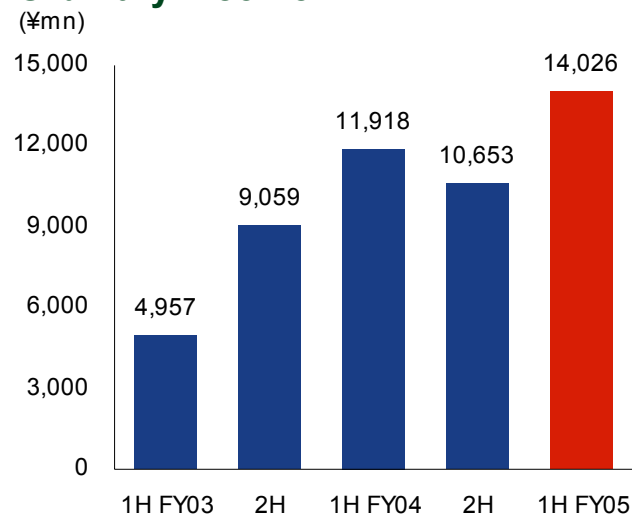
## ◆ Operating revenues



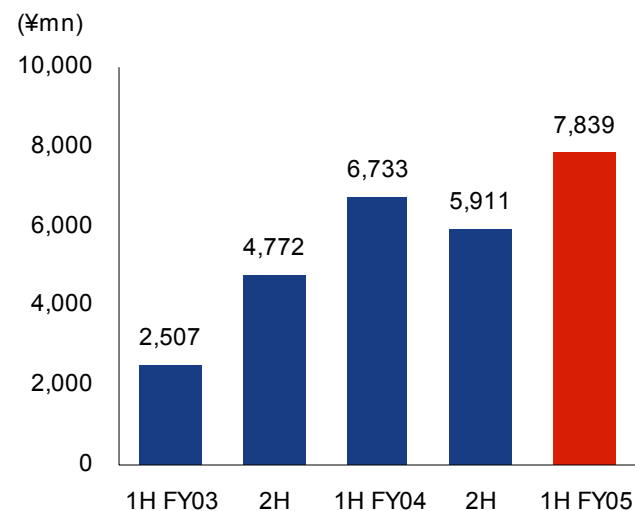
## ◆ SG&A



## ◆ Ordinary income

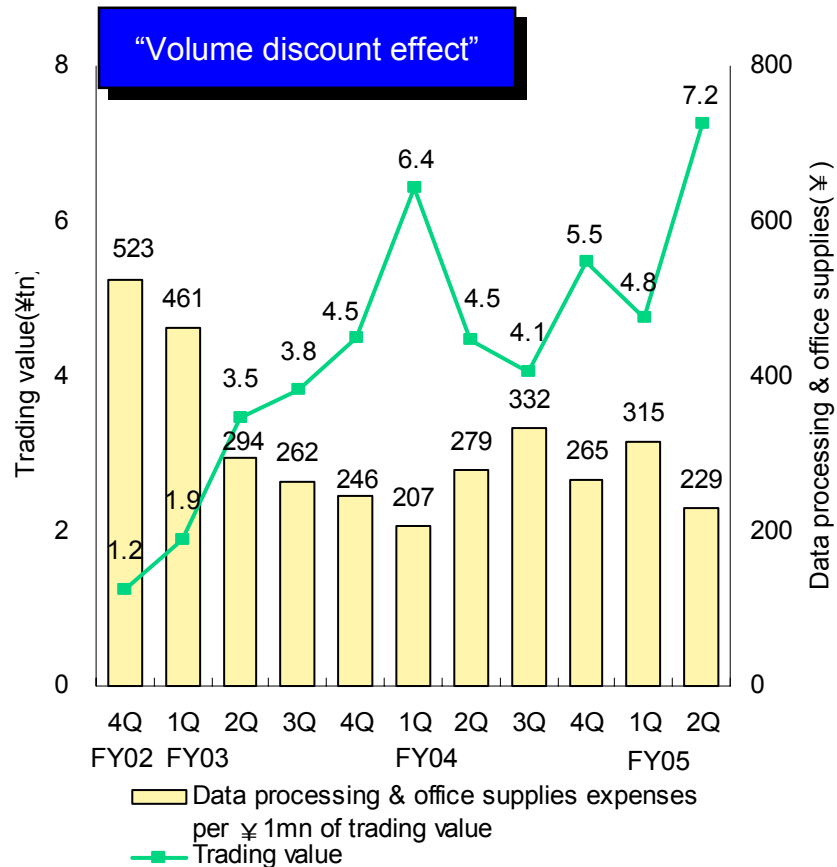


## ◆ Net income

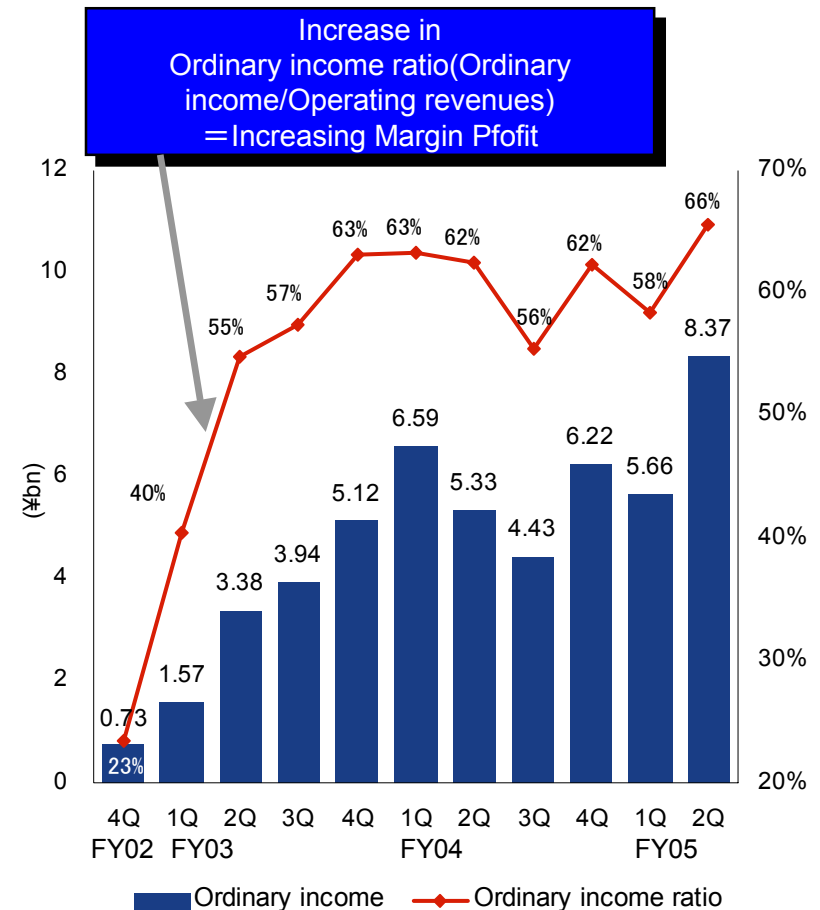


# Matsui's Business Model of Increasing Marginal Profit

## ◆ Analysis of equity trading value and data processing & office supplies expenses

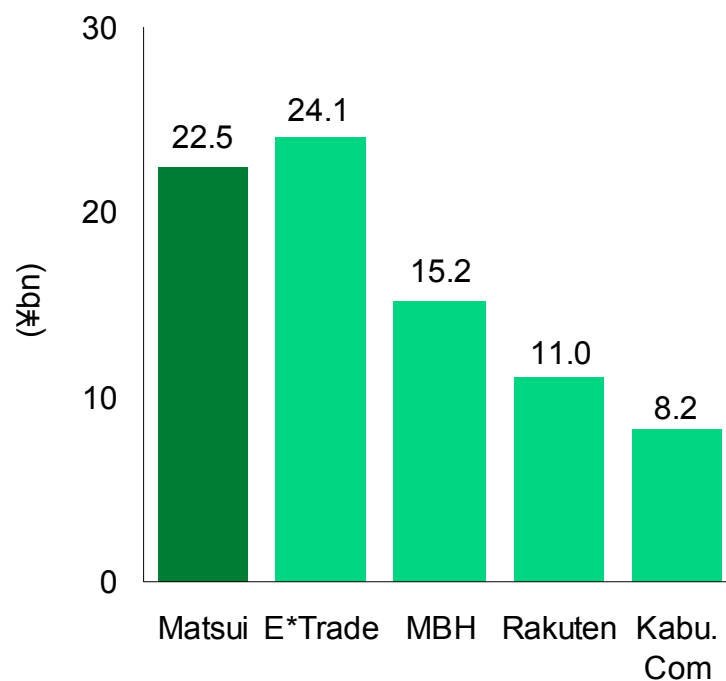


## ◆ Profitability analysis



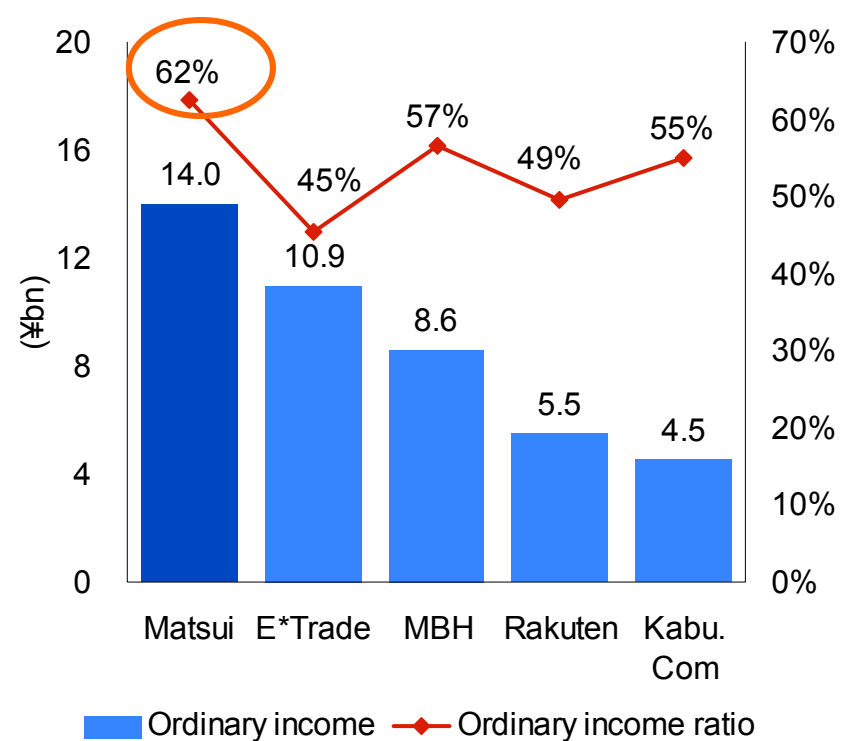
# Comparison with On-line Brokers

## ◆ Operating revenues<sup>1</sup> (1H FY05)



## ◆ Ordinary income<sup>1</sup> (1H FY05)

## ◆ Ordinary income ratio (1H FY05)



Source: Company data

Note: Consolidated results (except for Kabu.Com)

# Summary of Financial Results (Consolidated)

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## Section 2

# Summary of Financial Results for 1H FY2005

(¥mn)	FY2004 1H(Apr-Sep)	<i>FY2005 1H(Apr-Sep)</i>	%change (1H FY2005 /1H FY2004)
Operating Revenues	18,942	<i>22,463</i>	19%
Commissions	14,106	<i>16,242</i>	15%
Interest & dividend income	4,824	<i>6,309</i>	31%
Interest expenses	1,137	<i>1,396</i>	23%
Net operating revenues	17,805	<i>21,067</i>	18%
SG&A	5,844	<i>7,048</i>	21%
Operating income	11,961	<i>14,019</i>	17%
Ordinary income	11,918	<i>14,026</i>	18%
Net income	6,733	<i>7,839</i>	16%

# Breakdown of Net Operating Revenues

(¥mn)	FY2004 1H(Apr-Sep)	FY2005 1H(Apr-Sep)	%change (1H FY2005 /1H FY2004)
Commissions	14,106	16,242	15%
Brokerage	13,261	14,793	12%
Underwriting & selling	153	100	-34%
Subscription & distribution	22	3	-86%
Others	670	1,346	101%
Net gain (loss) on trading	12	-89	-
Interest & dividend income (1)	4,824	6,309	31%
Total operating revenues	18,942	22,463	19%
Interest expenses (2)	1,137	1,396	23%
Net operating revenues	17,805	21,067	18%
Net interest income (1)-(2)	3,688	4,914	33%

## Breakdown of SG&A

(¥mn)	FY2004 1H(Apr-Sep)	<i>FY2005 1H(Apr-Sep)</i>	%change (1H FY2005 /1H FY2004)
Transaction related expenses	1,680	<i>2,080</i>	24%
Advertisement	196	<i>215</i>	10%
Employees' compensation & benefits	921	<i>886</i>	-4%
Occupancy & rental	134	<i>152</i>	14%
Data processing & office supplies	2,577	<i>3,156</i>	22%
Depreciation	356	<i>489</i>	37%
Duties & taxes other than income taxes	103	<i>138</i>	34%
Provision of allowance for doubtful accounts	—	<i>29</i>	—
Others	73	<i>117</i>	61%
Total SG&A	5,844	<i>7,048</i>	21%

# Quarterly Summary of Financial Results

(¥mn)	FY2004 3Q(Oct-Dec)	FY2004 4Q(Jan-Mar)	FY2005 1Q(Apr-Jun)	<i>FY2005 2Q(Jul-Sep)</i>	%change (2Q FY2005 /1Q FY2005)
Operating Revenues	7,989	9,986	9,693	<i>12,770</i>	32%
Commissions	5,531	7,446	6,718	<i>9,524</i>	42%
Interest & dividend income	2,466	2,633	3,005	<i>3,304</i>	10%
Interest expenses	626	532	620	<i>776</i>	25%
Net operating revenues	7,363	9,454	9,073	<i>11,994</i>	32%
SG&A	2,950	3,221	3,427	<i>3,621</i>	6%
Operating income	4,412	6,233	5,646	<i>8,373</i>	48%
Ordinary income	4,435	6,218	5,655	<i>8,371</i>	48%
Net income	2,478	3,433	3,224	<i>4,615</i>	43%

# Quarterly Breakdown of Net Operating Revenues

(¥mn)	FY2004 3Q(Oct-Dec)	FY2004 4Q(Jan-Mar)	FY2005 1Q(Apr-Jun)	<i>FY2005 2Q(Jul-Sep)</i>	%change (2Q FY2005 /1Q FY2005)
Commissions	5,531	7,446	6,718	<i>9,524</i>	42%
Brokerage	5,127	6,795	6,149	<i>8,643</i>	41%
Underwriting & selling	90	64	60	<i>41</i>	-31%
Subscription & distribution	6	1	2	<i>1</i>	-56%
Others	307	586	507	<i>839</i>	65%
Net gain (loss) on trading	-7	-92	-31	<i>-58</i>	-
Interest & dividend income (1)	2,466	2,633	3,005	<i>3,304</i>	10%
Total operating revenues	7,989	9,986	9,693	<i>12,770</i>	32%
Interest expenses (2)	626	532	620	<i>776</i>	25%
Net operating revenues	7,363	9,454	9,073	<i>11,994</i>	32%
Net interest income (1)-(2)	1,839	2,101	2,385	<i>2,528</i>	6%

# Quarterly Breakdown of SG&A

(¥mn)	FY2004 3Q(Oct-Dec)	FY2004 4Q(Jan-Mar)	FY2005 1Q(Apr-Jun)	<i>FY2005 2Q(Jul-Sep)</i>	%change (2Q FY2005 /1Q FY2005)
Transaction related expenses	770	890	981	<i>1,099</i>	12%
Advertisement	127	109	108	<i>107</i>	-1%
Employees' compensation & benefits	489	517	501	<i>384</i>	-23%
Occupancy & rental	69	70	72	<i>80</i>	11%
Data processing & office supplies	1,348	1,449	1,497	<i>1,659</i>	11%
Depreciation	191	207	237	<i>252</i>	6%
Duties & taxes other than income taxes	40	51	58	<i>80</i>	38%
Provision of allowance for doubtful accounts	-	-	21	<i>8</i>	-64%
Others	44	37	58	<i>59</i>	1%
Total SG&A	2,950	3,221	3,427	<i>3,621</i>	6%

# Retail Brokerage Market Overview and Matsui's Performance

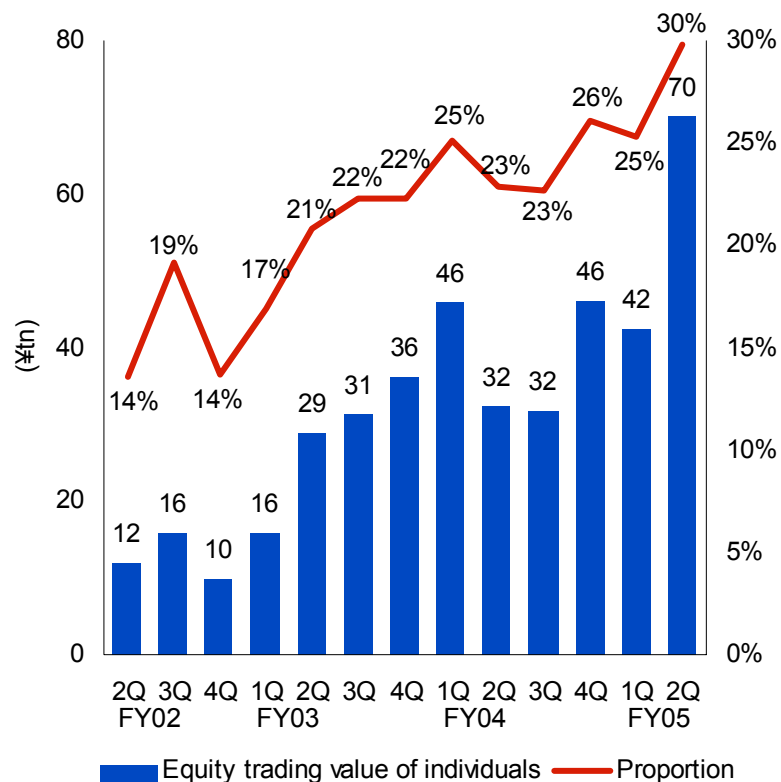
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## Section 3

# Retail Equity Trading Market

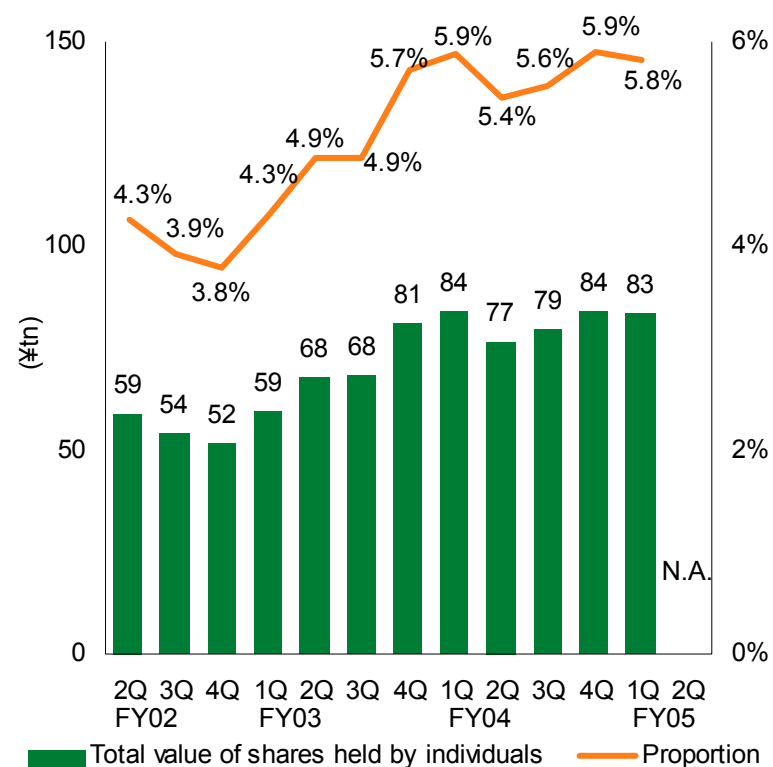
## ◆Equity trading value of individuals<sup>1</sup>

### ◆Proportion to total equity trading value



## ◆Total value of shares held by individuals

### ◆Proportion to total financial assets of individuals



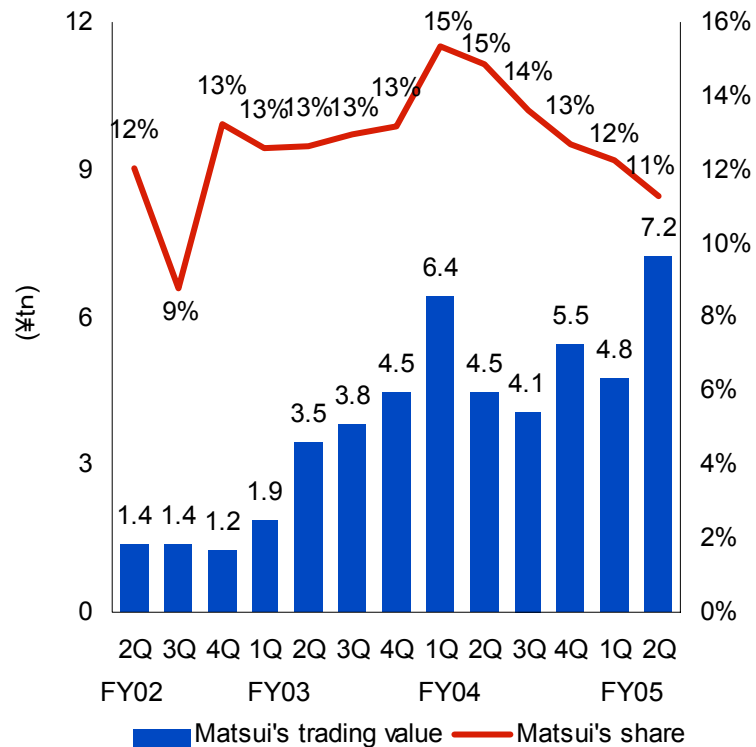
Source: TSE, JASDAQ, BOJ

Note: Sum of the equity trading value on 3 stock exchanges (through securities companies with over ¥3bn capital) and JASDAQ

# Matsui's Performance I (vs. Market)

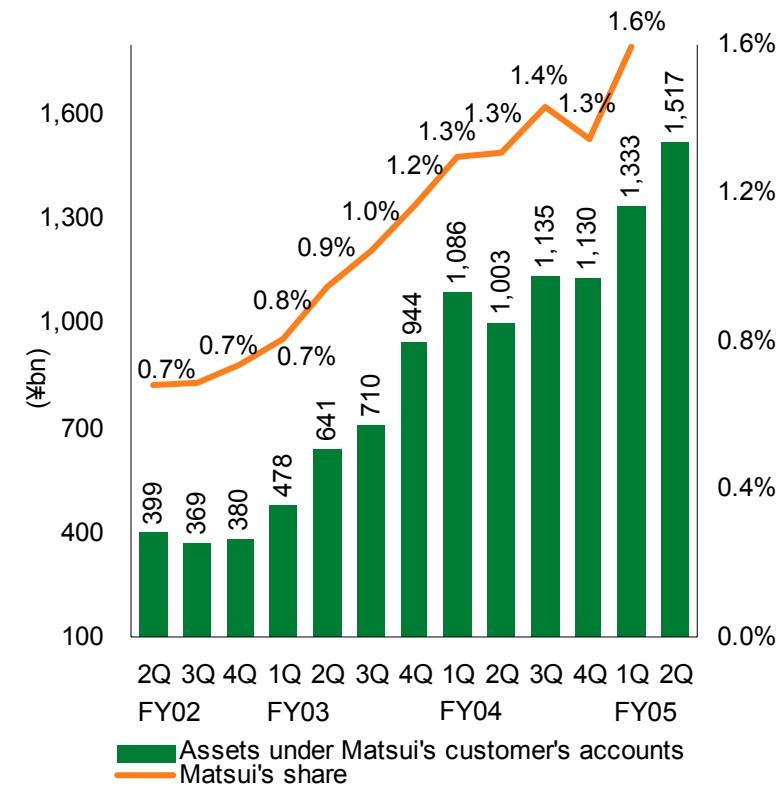
## ◆ Matsui's trading value

## ◆ Matsui's share of retail equity trading value



## ◆ Assets under Matsui's customer's accounts

## ◆ Matsui's share of value of shares held by individuals

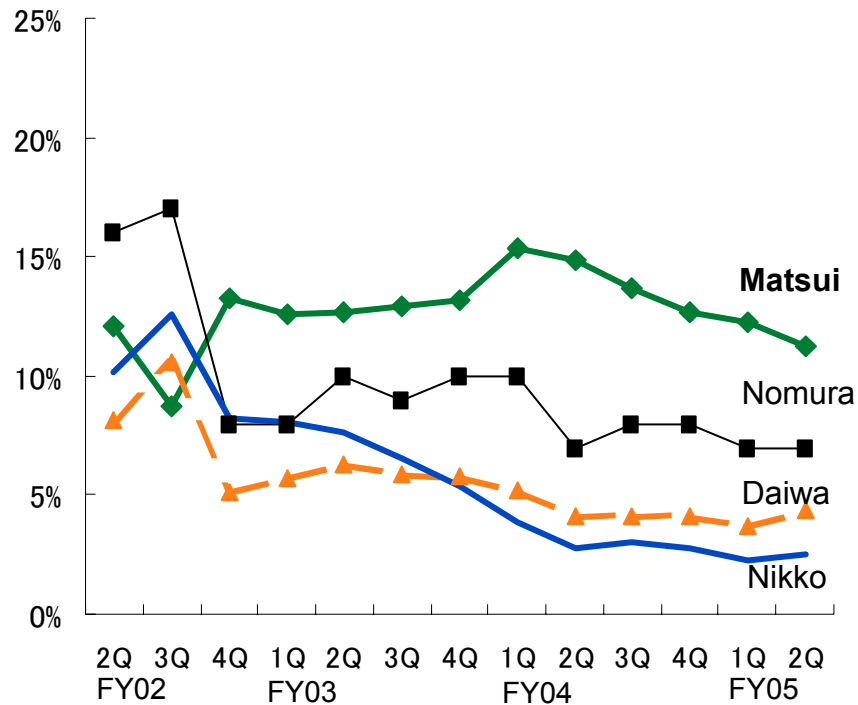


Source: TSE, BOJ

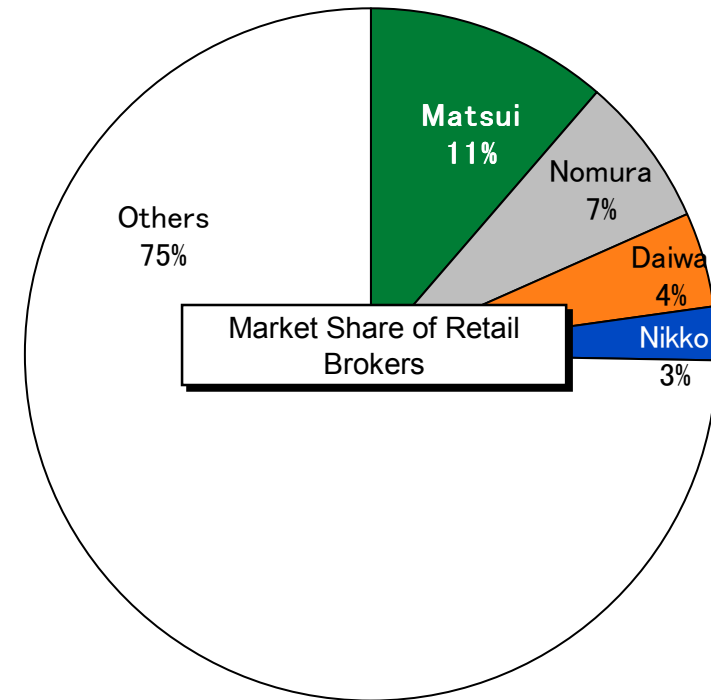
Note: Sum of the equity trading value on 3 major stock exchanges

# Matsui's Performance II (vs. Conventional Brokers ("Off-line"))

## ◆ Market share in retail equity trading value<sup>1</sup>



## ◆ Market share in retail equity trading value<sup>1</sup> for 2Q FY05



Source: TSE, Company data (estimated value based on company reports)

Note:

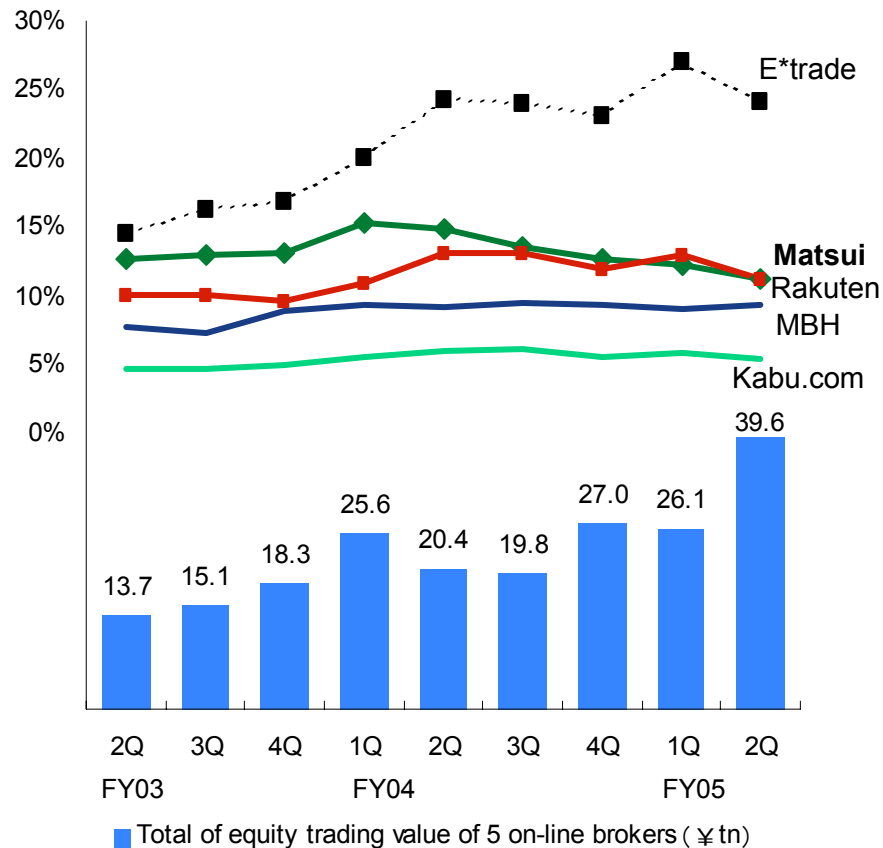
<sup>1</sup> Sum of the retail equity trading value on 3 major stock exchanges

Nomura: Retail business division of Nomura Securities, Nikko: Nikko Cordial Securities,

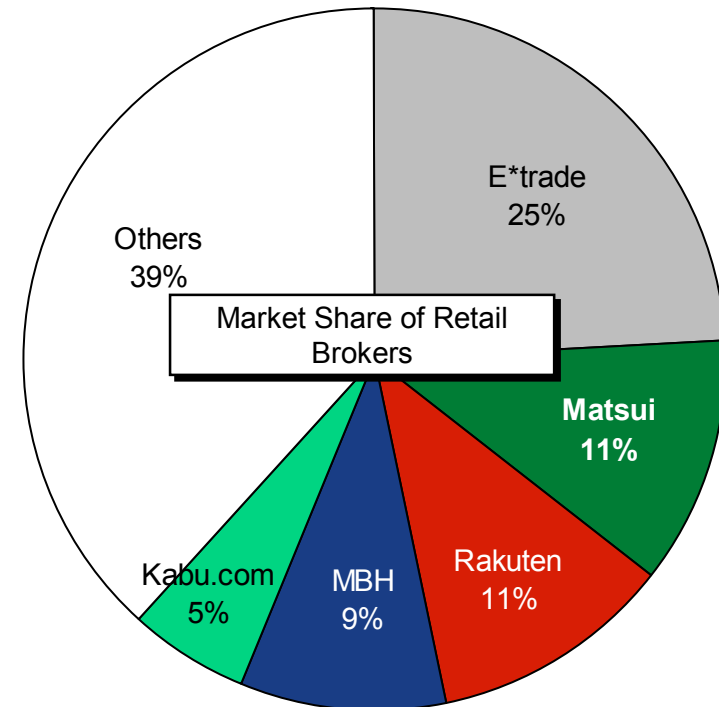
Daiwa: Daiwa Securities

# Matsui's Performance III(vs. On-line Brokers)

## ◆ Market share (retail equity trading value)<sup>1</sup>



## ◆ Market share for 2Q FY05 (retail equity trading value)<sup>1</sup>

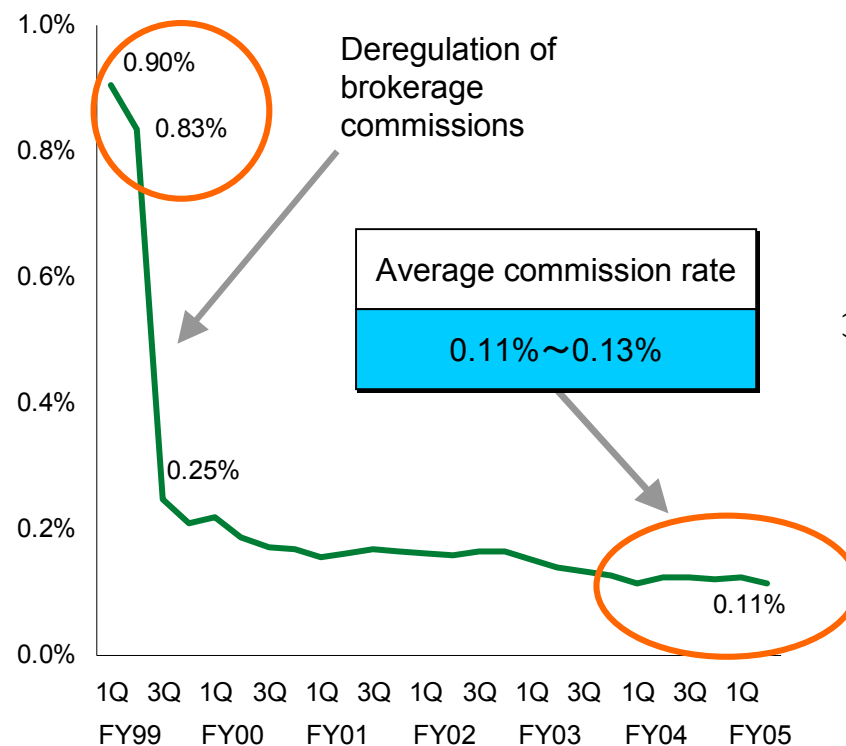


Source: TSE, Company data, Company websites

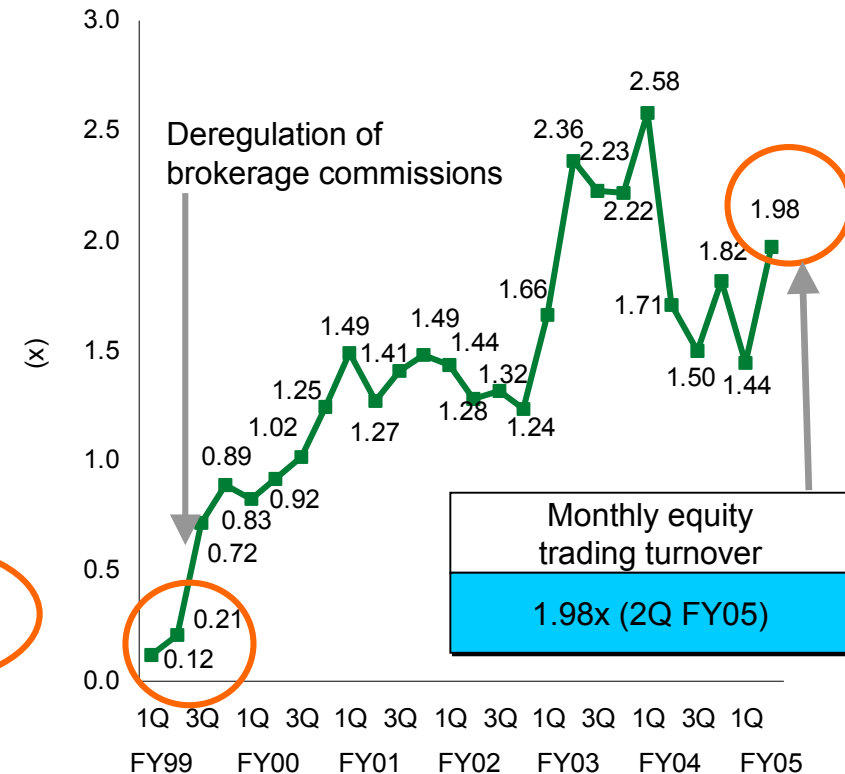
Note: Sum of the retail equity trading value on 3 major stock exchanges

# Matsui's Performance IV (Commission Rate and Trading Turnover)

## ◆ Matsui's average commission rate<sup>1</sup>



## ◆ Equity trading turnover of Matsui's customers<sup>2</sup>



Notes:

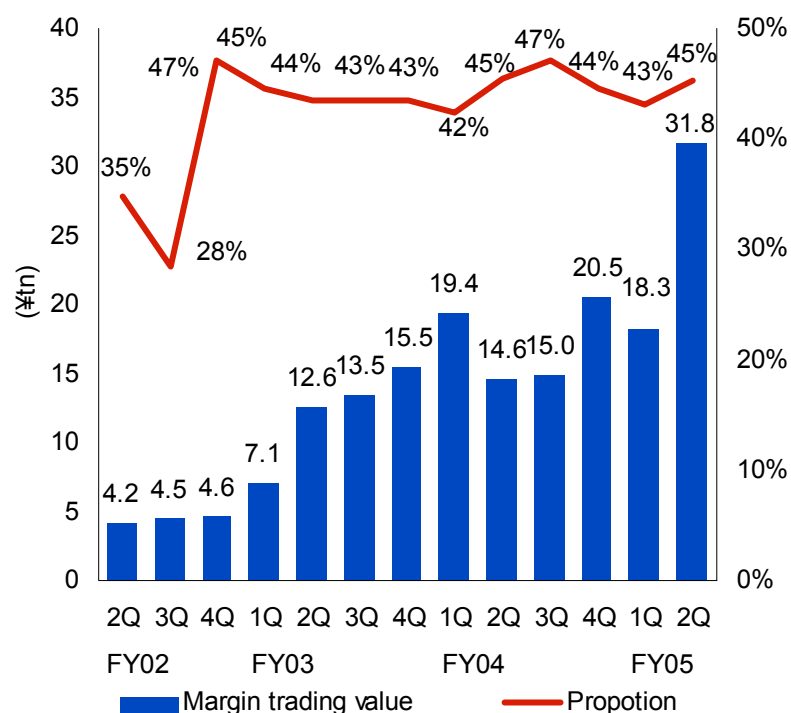
1 Average commission rate = (quarterly brokerage commission) / (quarterly equity trading value)

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

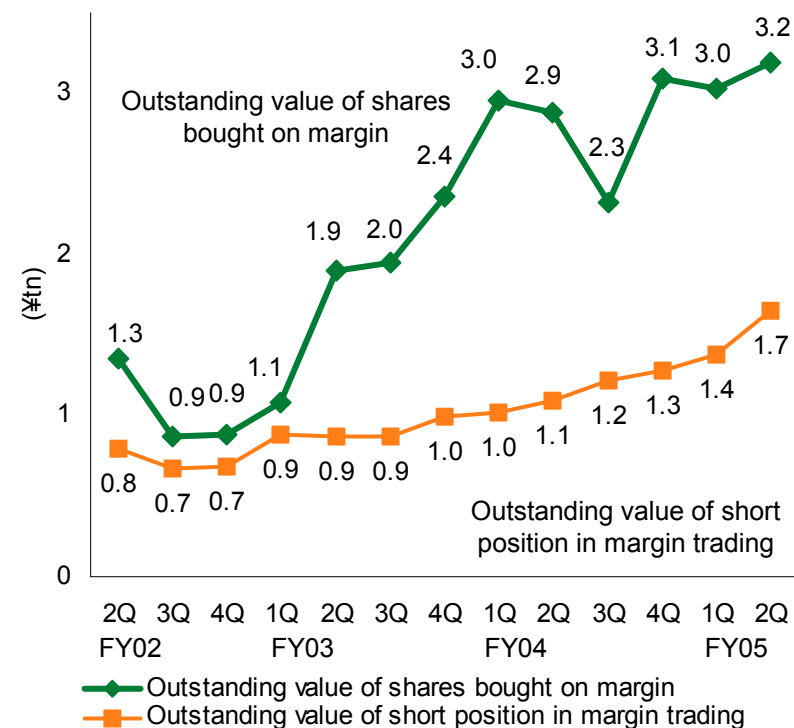
\* From 2Q FY01, assets under customer's accounts of Matsui's board members and related persons are excluded

# Retail Margin Trading

- ◆ Margin trading value of individuals<sup>1</sup>
- ◆ Proportion to total equity transaction by individuals



- ◆ Outstanding value of shares of margin trading<sup>2</sup>



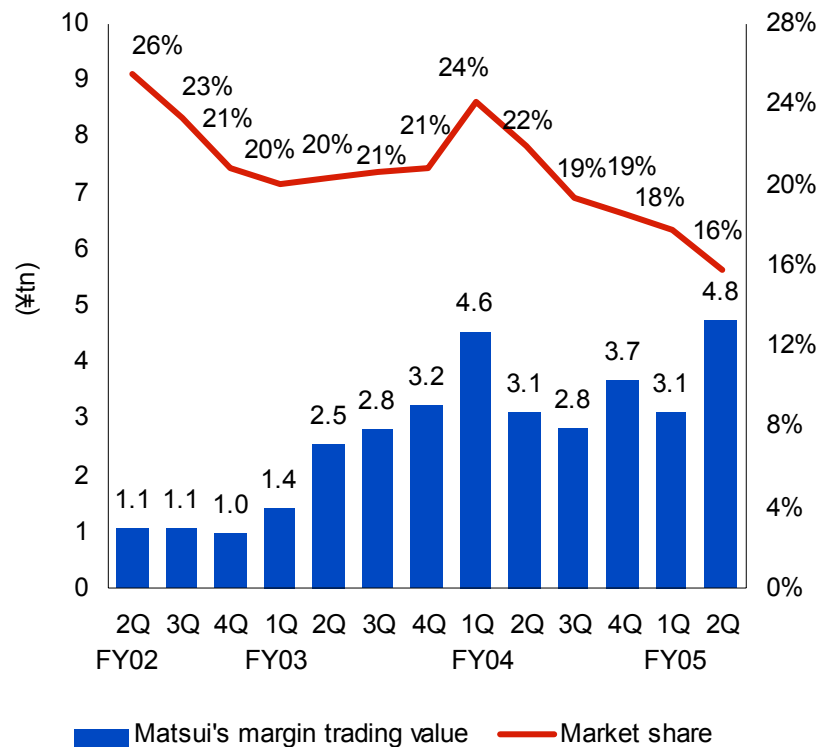
Source: TSE, JASDAQ

Notes:

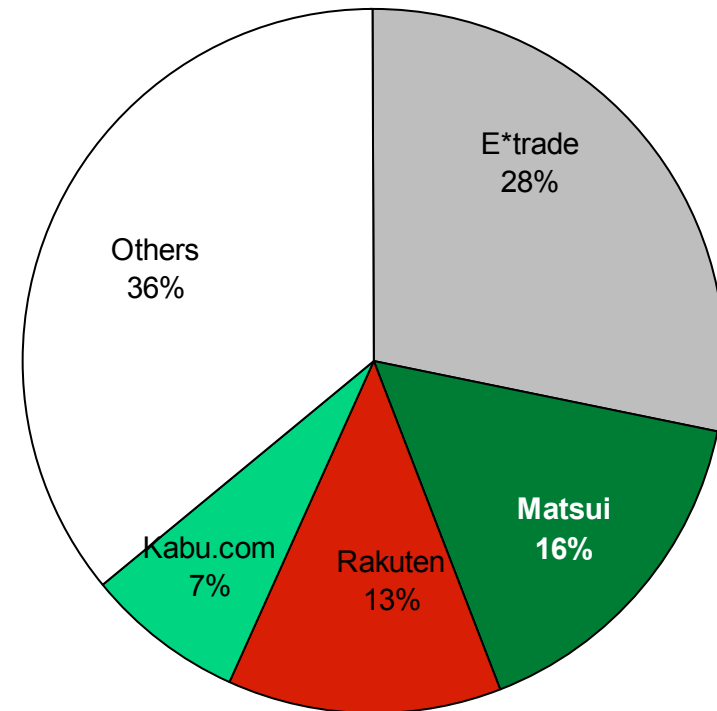
- <sup>1</sup> Sum of the equity trading value of 3 major stock exchanges and JASDAQ
- <sup>2</sup> Sum of the balance in each quarter on 3 major stock exchanges

# Matsui's Performance I

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



## ◆ Market share of retail margin trading by value<sup>2</sup> (2Q FY05)



Source: TSE, JASDAQ, Company data, Company websites

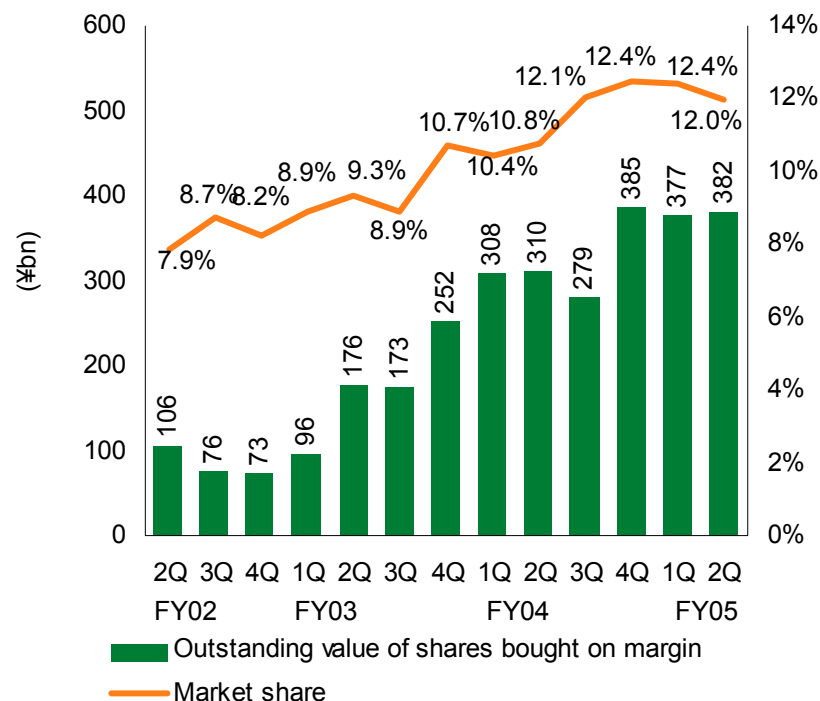
Notes:

1 Sum of trading value on 3 major stock exchanges and JASDAQ

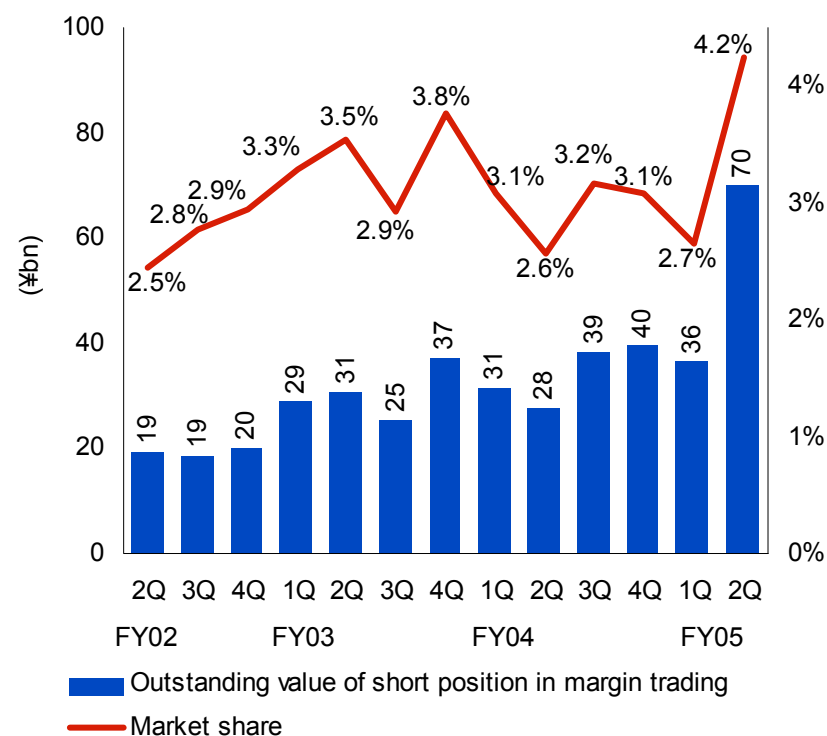
2 Sum of margin trading value on 3 major stock exchanges

# Matsui's Performance II

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



## ◆ Matsui's outstanding value of short position in margin trading<sup>2</sup>



Source: TSE

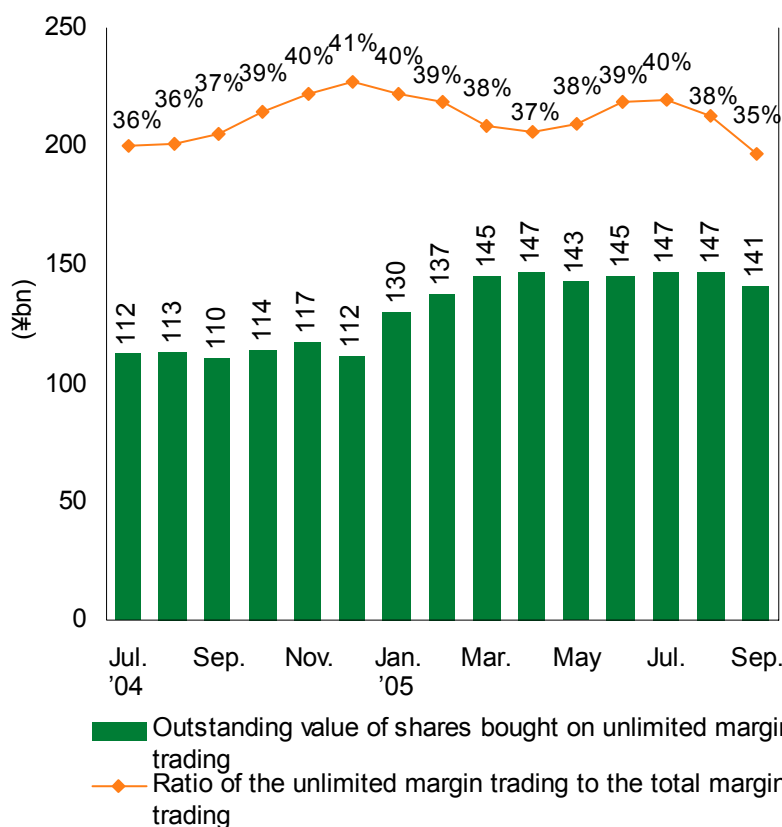
Notes:

1 As of the end of each quarter

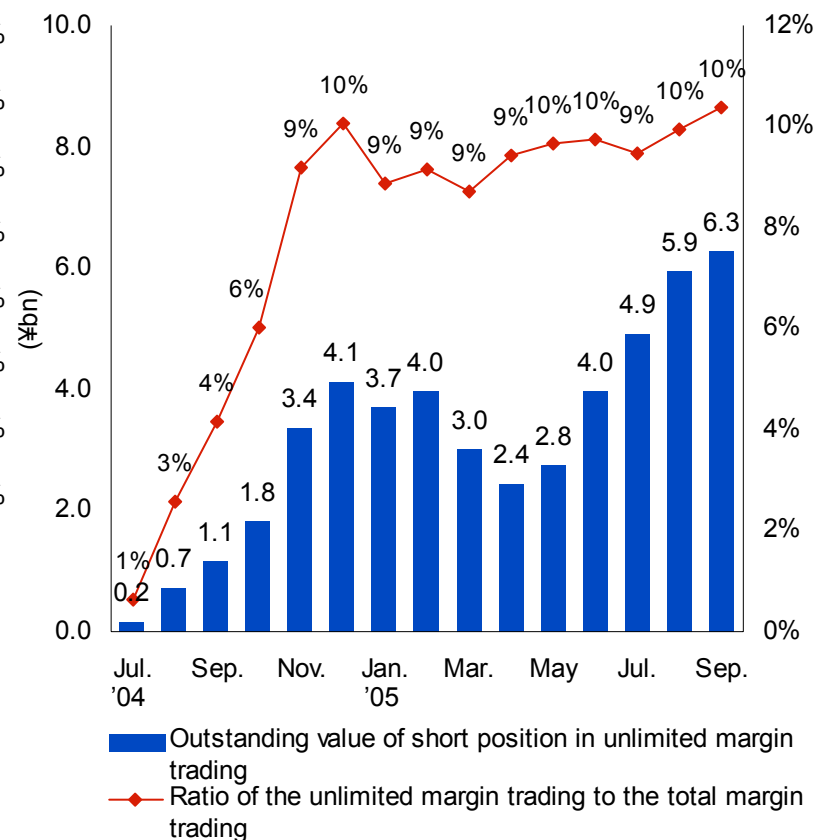
2 Total market share in 3 major stock exchanges

# Unlimited Margin Trading

- ◆ Outstanding value of shares bought on unlimited margin trading at Matsui<sup>1</sup>
- ◆ Ratio of outstanding value of shares bought on unlimited margin trading to the total outstanding value of shares bought on margin trading

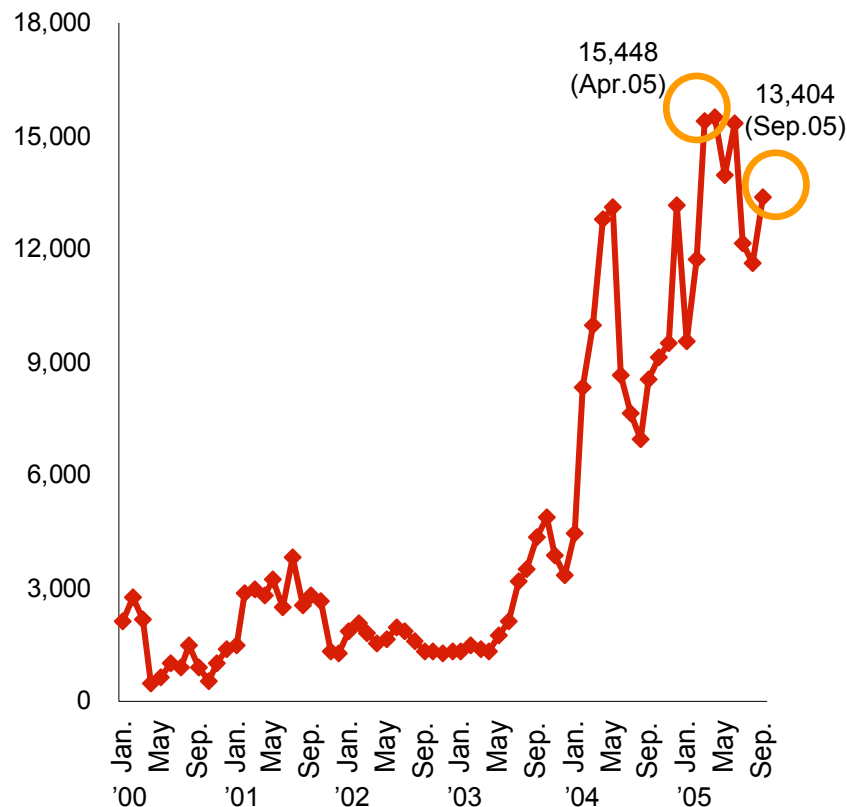


- ◆ Outstanding value of short position in unlimited margin trading at Matsui<sup>1</sup>
- ◆ Ratio of outstanding value of short position in unlimited margin trading to the total outstanding value of short position in margin trading

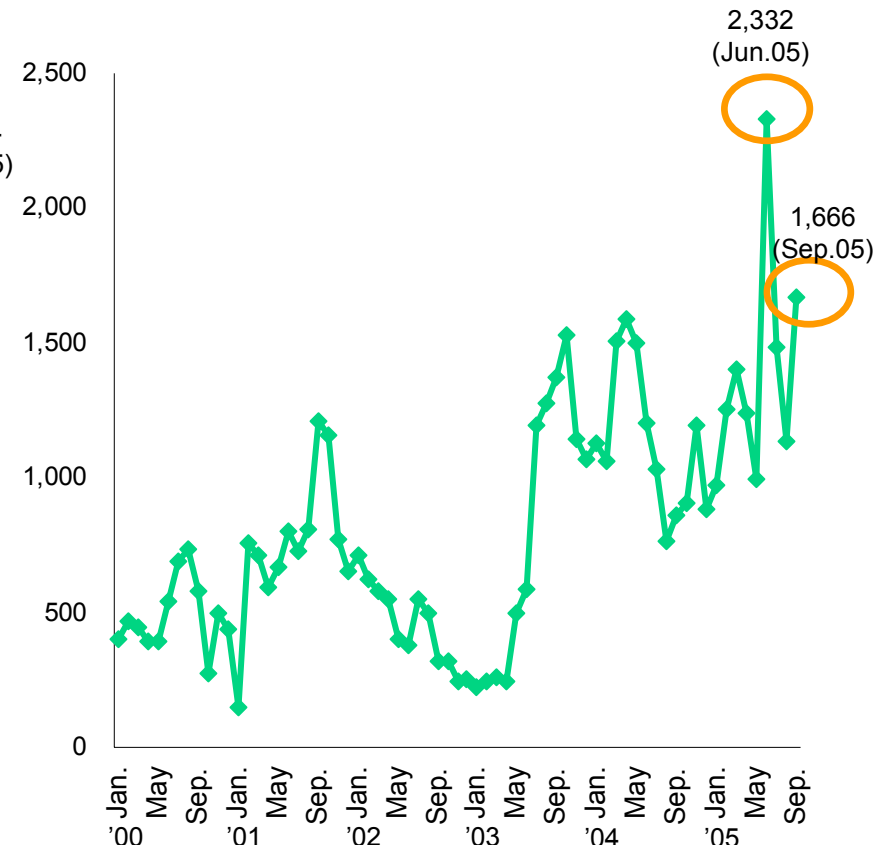


# Monthly Number of New Accounts

◆ Number of new accounts  
(Monthly)



◆ Number of new margin trade accounts  
(Monthly)

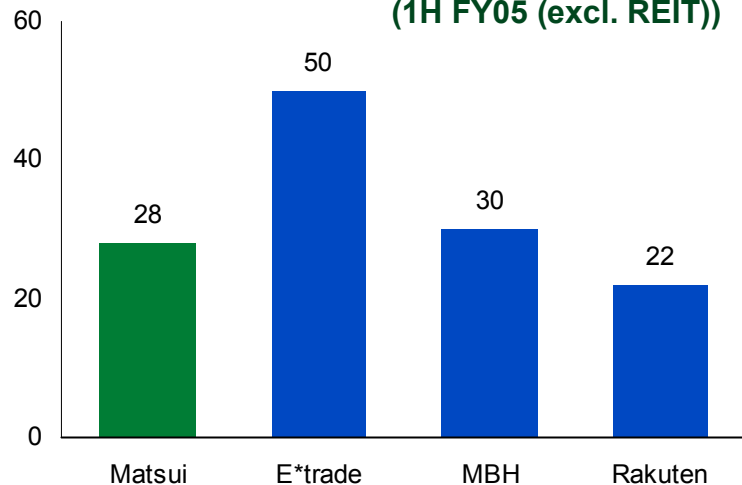


# Performance in Underwriting Business

## ◆ Underwriting deals (1H FY05)

	(Number of deals)	(Total size)
1Q	20	¥1,259mn
2Q	13	¥898mn
<b>TOTAL</b>	<b>33</b>	<b>¥2,157mn</b>

## 【 Number of IPOs underwritten by on-line brokers 】 (1H FY05 (excl. REIT))



Source: Company websites

\*Listing date basis

## ◆ Distribution deals (1H FY05)

	(Number of deals)	(Total size)
1Q	1	¥1mn
2Q	3	¥291mn
<b>TOTAL</b>	<b>4</b>	<b>¥292mn</b>

## ◆ Off-trading floor distributions (1H FY05)

	(Number of deals)	(Total size)
1Q	41	¥2,543mn
2Q	54	¥2,056mn
<b>TOTAL</b>	<b>95</b>	<b>¥4,599mn</b>

# Performance of Other Products and Services

		FY04				FY05	
		1Q	2Q	3Q	4Q	1Q	2Q
Designated deposit account for shares acquired through stock option <sup>1</sup>	Number of accounts	1,660	2,195	2,503	2,661	4,785	5,050
	Value of assets under customers' accounts	¥5.7bn	¥6.3bn	¥9.2bn	¥10.3bn	¥12.2bn	¥12.8bn
	Number of companies that have appointed Matsui as their custodian	32	38	40	47	53	62
Green sheet market offering	Number of offerings	1	6	6	1	1	1
	Total size	¥54mn	¥240mn	¥117mn	¥27mn	¥44mn	¥19mn
Stock deposit service	Number of accounts	6,936	7,857	8,853	10,383	11,995	13,116
	Outstanding value of orders (similar to assets under customers' accounts)	¥22.7bn	¥21.2bn	¥17.3bn	¥18.0bn	¥19.5bn	¥19.0bn
NetFx	Number of accounts	5,235	7,868	10,933	15,243	18,903	22,553
	Monthly average trading value	¥93.2bn	¥90.0bn	¥114.3bn	¥196.1bn	¥247.4bn	¥331.6bn

Note1: Account for custody of shares acquired through exercise of stock option

(\*) The figures for (1) number of accounts, (2) assets under customers' accounts, (3) number of companies that have appointed Matsui as their custodian for shares acquired through stock options and (4) outstanding value under stock deposit services state figures as of the end of each quarter.

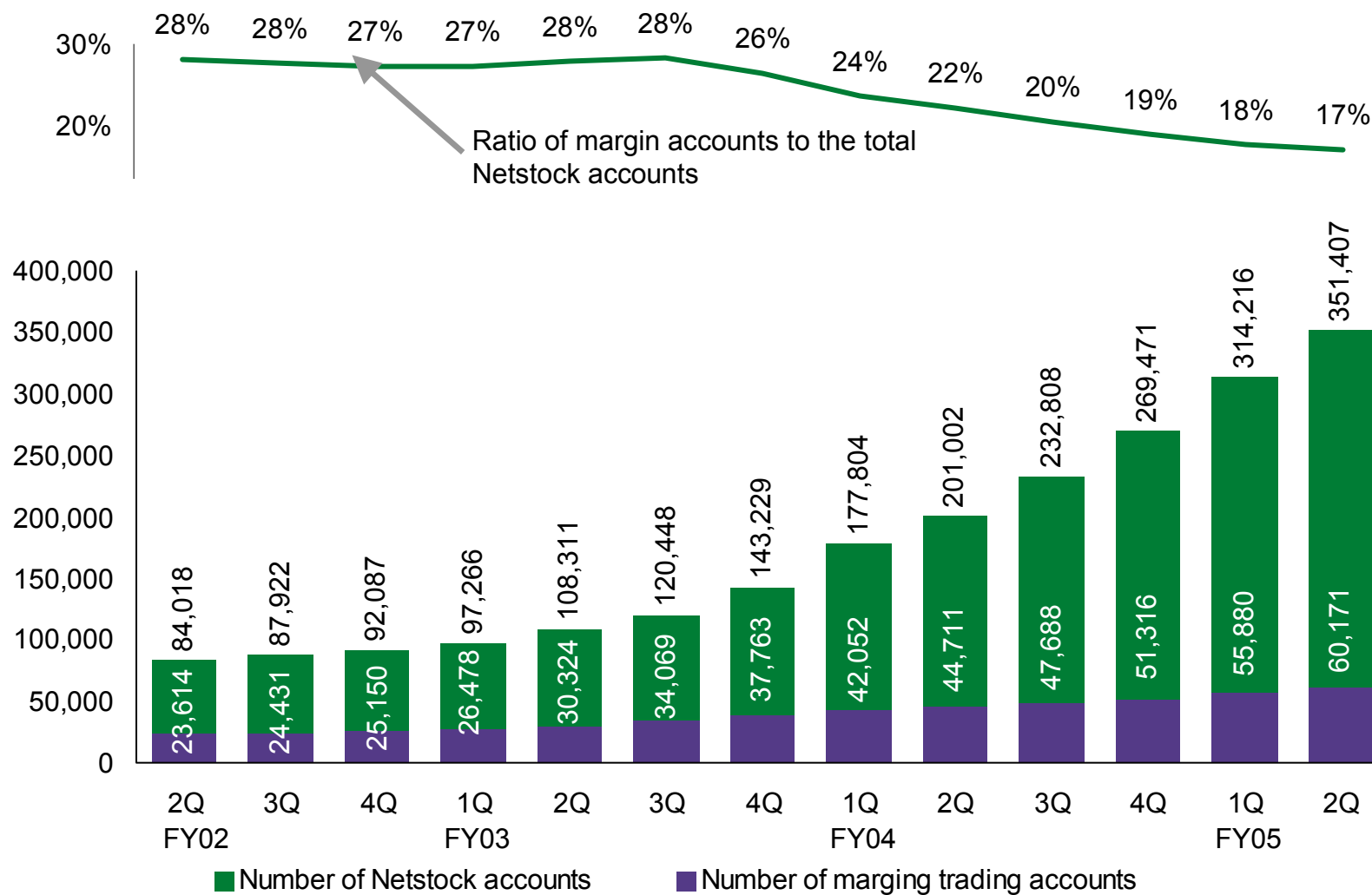
# Supplemental Information

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## Section 4

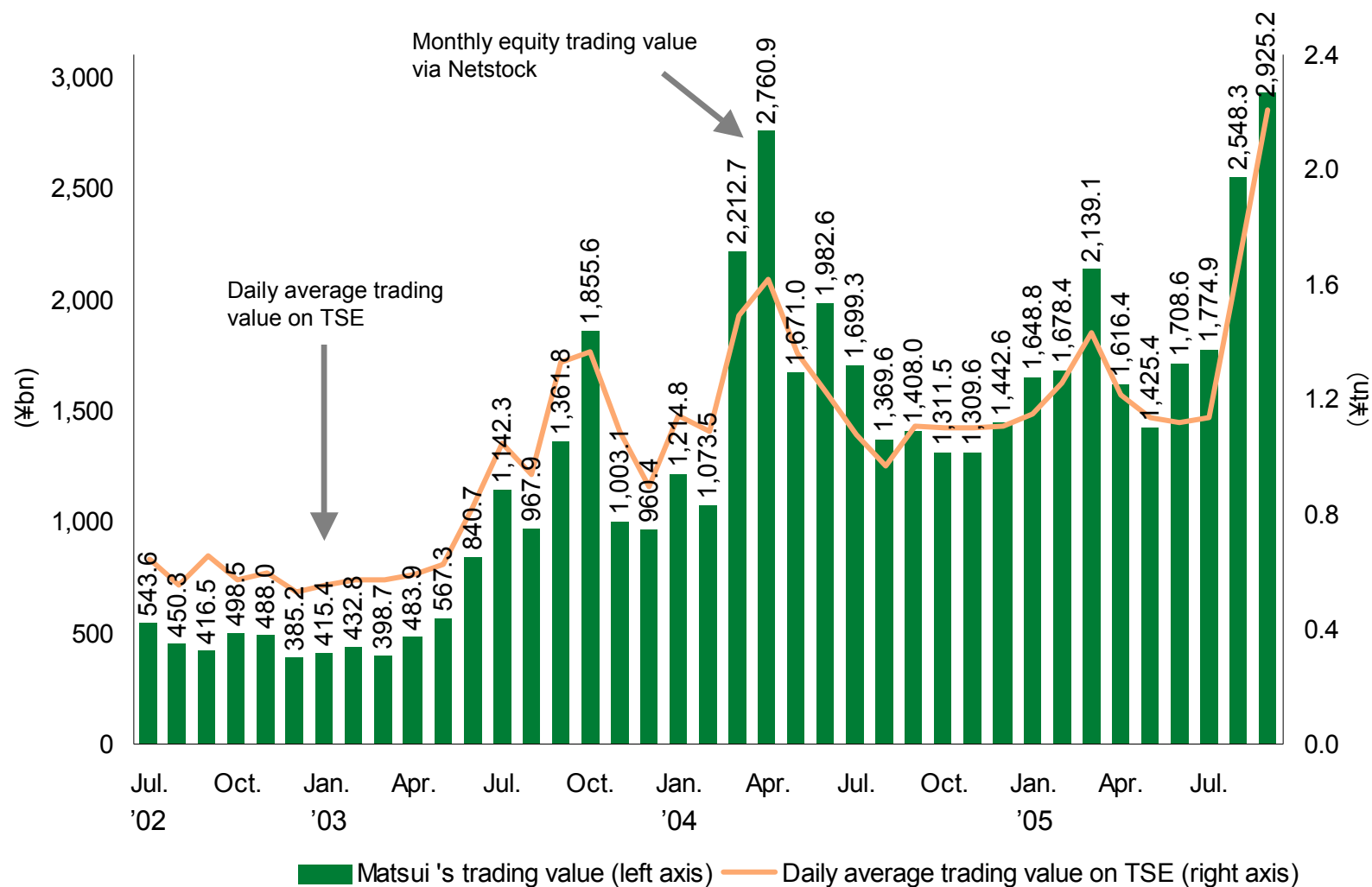
# Netstock Accounts

## ◆ Number of Netstock accounts (Quarterly)



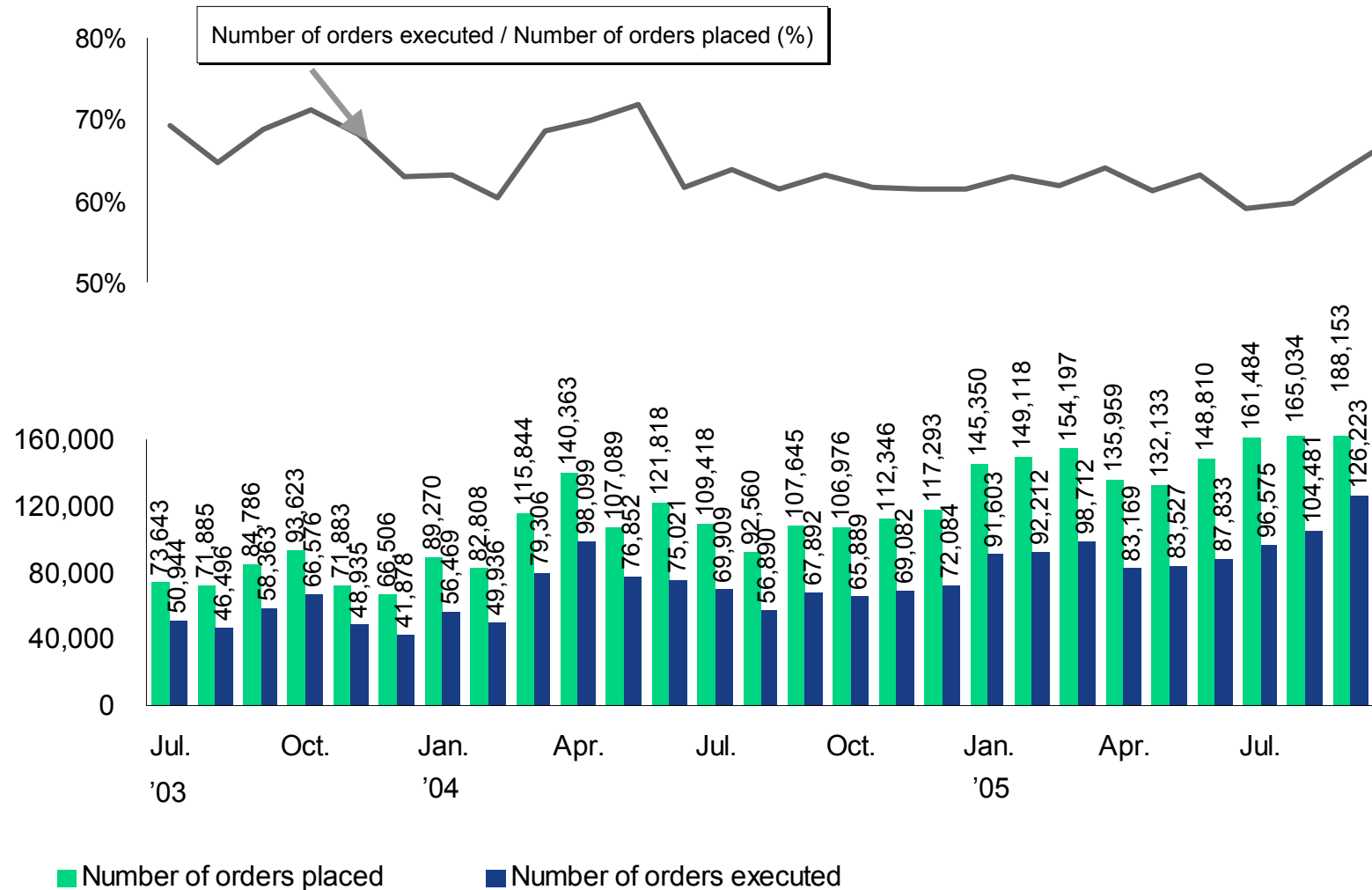
# Equity Trading Value

## ◆ Equity trading value via Netstock (Monthly)



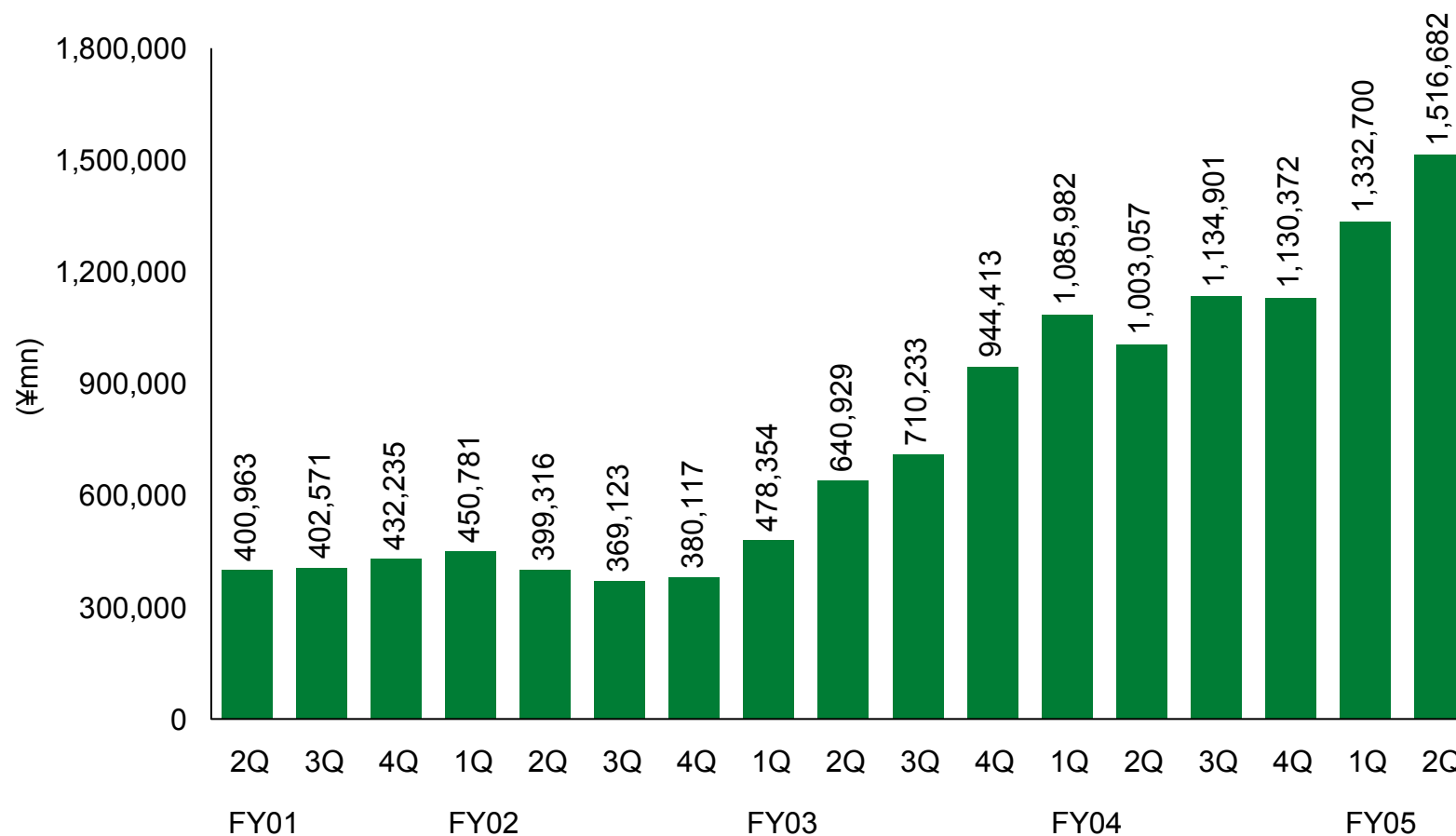
# Number of Orders Placed and Executed

## ◆ Number of orders placed & executed (Daily average)



# Assets under Customers' Accounts

## ◆ Balance of assets under customer's accounts (Quarterly)



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東証1部:8628



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[http://www.matsui.co.jp/about\\_matsui/en/](http://www.matsui.co.jp/about_matsui/en/) (English IR)