



Matsui Securities Co., Ltd.

(First Section of Tokyo Stock Exchange: 8628)

Results for 2nd Q FY2008

November 2008

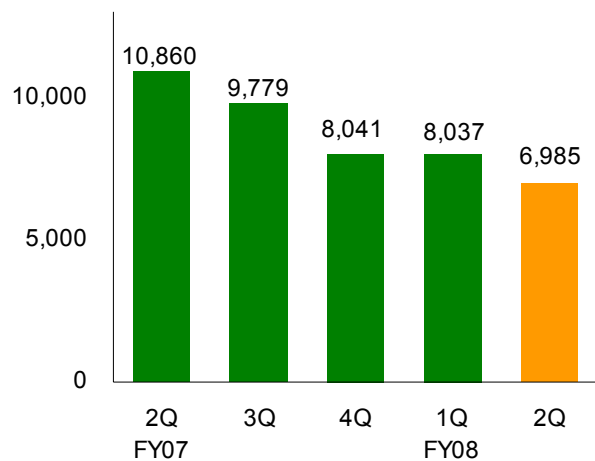
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Financial Results

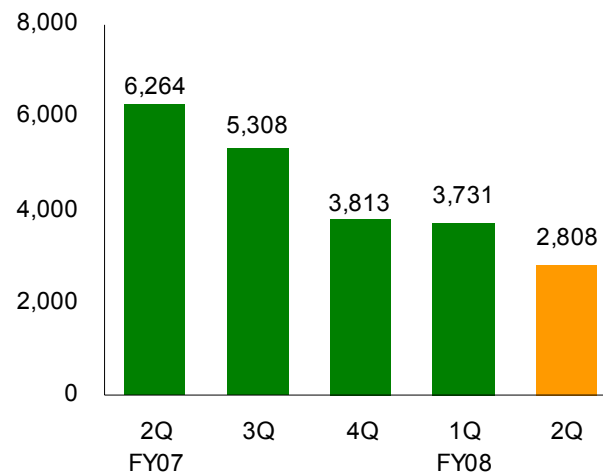
◆ Operating revenues

(JPY mn)



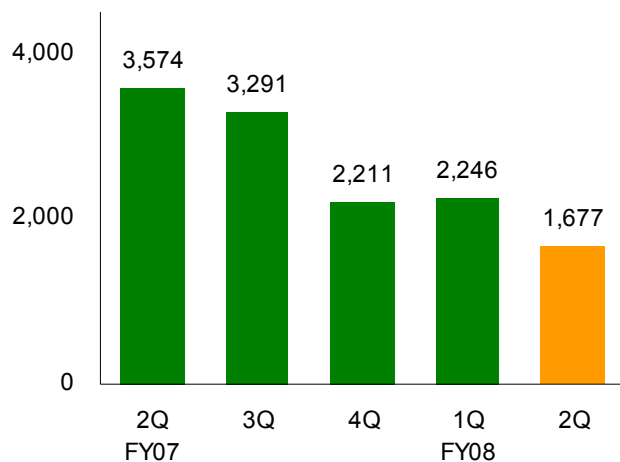
◆ Ordinary income

(JPY mn)

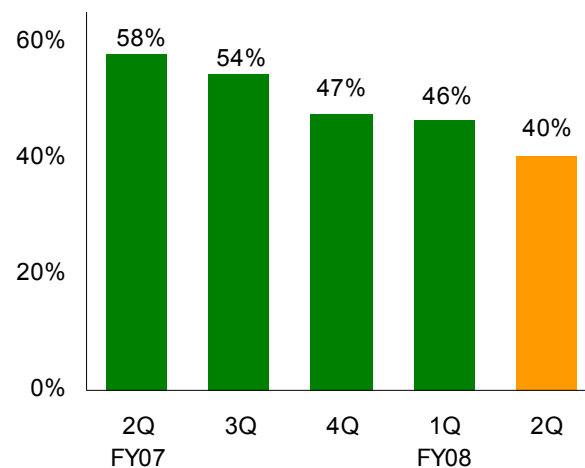


◆ Net income

(JPY mn)

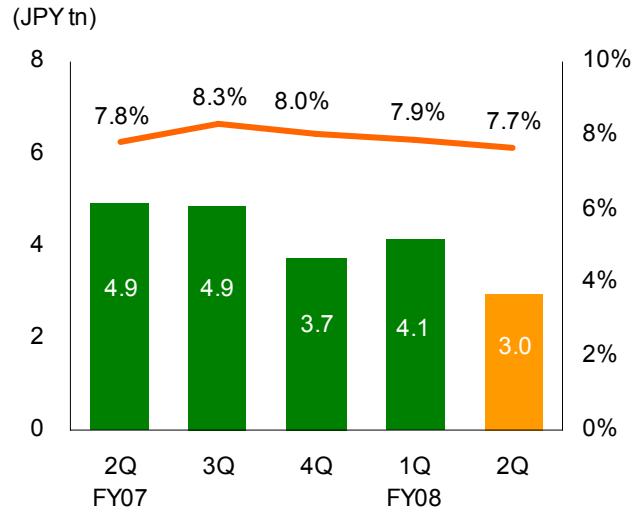


◆ Ordinary income ratio

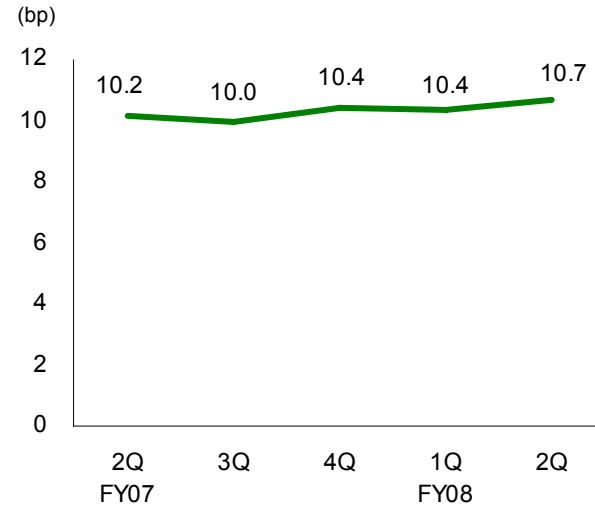


Results of Operation

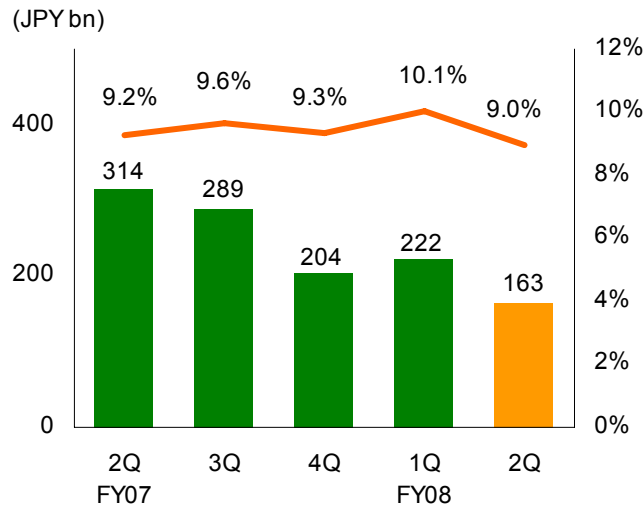
◆ Equity trading value



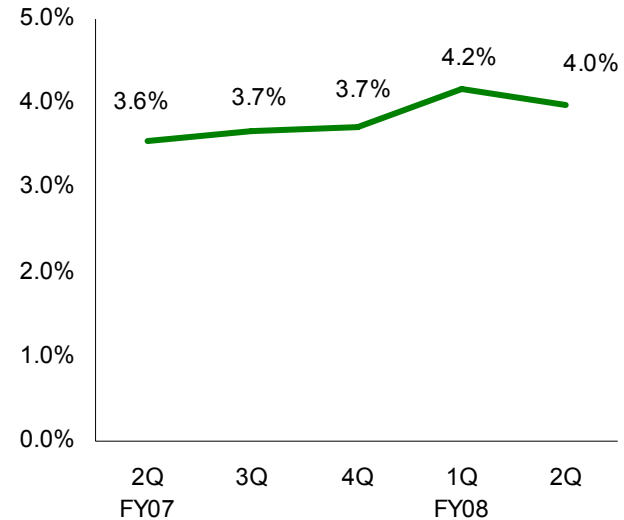
◆ Commission rate



◆ Shares bought on margin

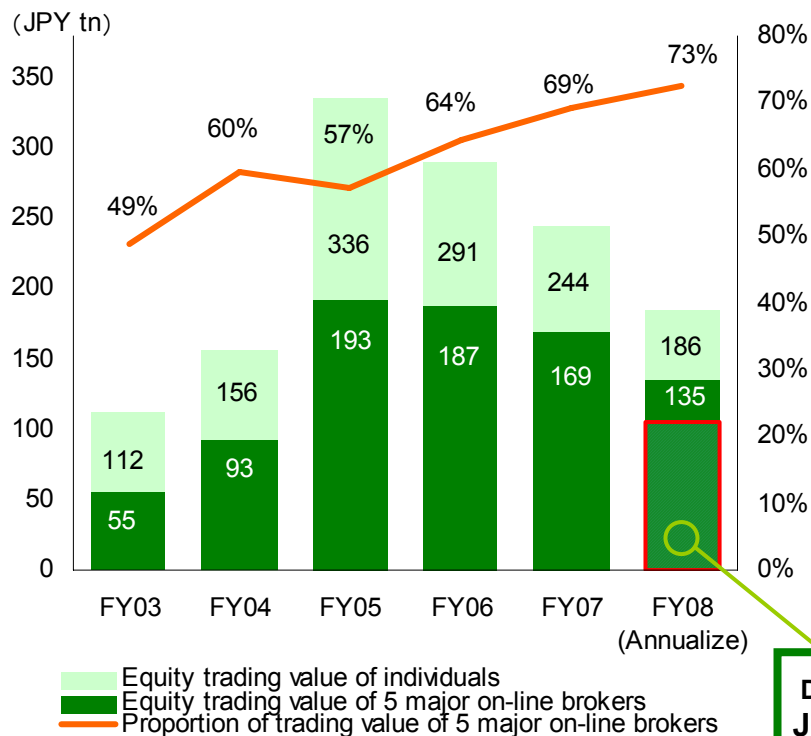


◆ Net interest income ratio

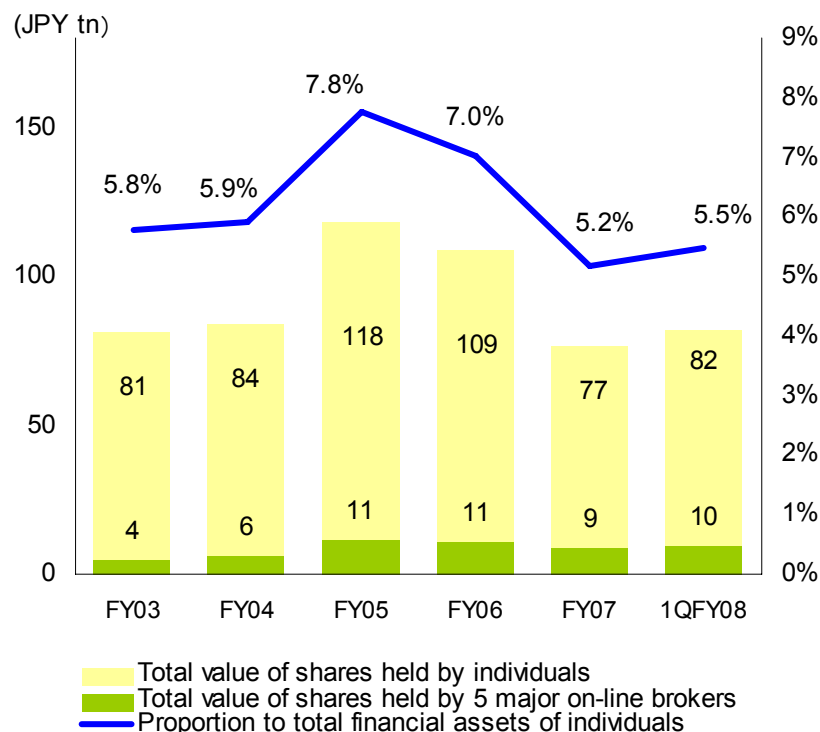


Overview of Retail Equity Trading Market

◆ Equity trading value of individuals¹ (FLOW)



◆ Total value of shares held by individuals (STOCK)



Financial Summary

Section 1

Summary of Financial Results(1HF FY08)

(JPY mn)

	FY08	FY07			YoY	FY07
	1HF	2HF	HFoHF	1HF		TOTAL
Operating Revenues	15,022	17,820	-16%	22,095	-32%	39,915
Commissions	9,815	11,397	-14%	13,125	-25%	24,521
Interest & dividend income	5,204	6,417	-19%	8,968	-42%	15,384
Interest expenses	1,233	1,340	-8%	1,886	-35%	3,226
Net operating revenues	13,789	16,480	-16%	20,209	-32%	36,689
SG&A	7,303	7,368	-1%	8,662	-16%	16,030
Operating income	6,487	9,112	-29%	11,547	-44%	20,660
Ordinary income	6,539	9,122	-28%	11,623	-44%	20,744
Net income	3,923	5,502	-29%	7,279	-46%	12,781
Ordinary income ratio	44%	51%	-	53%	-	52%
Matsui's trading value (JPY tn)	7.1	8.6	-18%	10.3	-31%	18.9
Daily average trading value onTSE (JPY tn)	2.4	2.8	-16%	3.1	-23%	2.9

Breakdown of Net Operating Revenues (1HF FY08)

(JPY mn)

	FY08	FY07			YoY	FY07
	1HF	2HF	HFoHF	1HF		TOTAL
Commissions	9,815	11,397	-14%	13,125	-25%	24,521
Brokerage	8,741	10,247	-15%	11,838	-26%	22,085
Underwriting & selling	1	4	-79%	7	-88%	11
Subscription & distribution	0	0	-85%	1	-95%	2
Others	1,073	1,146	-6%	1,279	-16%	2,424
Net gain (loss) on trading	3	7	-49%	2	39%	9
Interest & dividend income(1)	5,204	6,417	-19%	8,968	-42%	15,384
Total operating revenues	15,022	17,820	-16%	22,095	-32%	39,915
Interest expenses (2)	1,233	1,340	-8%	1,886	-35%	3,226
Net operating revenues	13,789	16,480	-16%	20,209	-32%	36,689
Net interest income (1) - (2)	3,971	5,077	-22%	7,082	-44%	12,159

Breakdown of SG&A (1HF FY08)

(JPY mn)

	FY08	FY07			YoY	FY07
	1HF	2HF	HFoHF	1HF		TOTAL
Transaction related expenses	2,077	2,310	-10%	2,291	-9%	4,601
Advertisement	293	350	-16%	252	17%	602
Employees' compensation & benefits	1,067	1,044	2%	1,125	-5%	2,169
Occupancy & rental	239	221	8%	219	9%	441
Data processing & office supplies	3,141	3,211	-2%	3,542	-11%	6,752
Depreciation	607	518	17%	557	9%	1,076
Duties & taxes other than income taxes	95	102	-7%	141	-33%	243
Provision of allowance for doubtful accounts	-	△ 101	-	687	-	586
Others	76	63	21%	99	-23%	162
Total SG&A	7,303	7,368	-1%	8,662	-16%	16,030

Summary of Financial Results(Quarterly)

(JPY mn)

	FY08	FY08	QoQ	FY07			YoY	FY07
	2Q	1Q		4Q	3Q	2Q		TOTAL
Operating Revenues	6,985	8,037	-13%	8,041	9,779	10,860	-36%	39,915
Commissions	4,453	5,362	-17%	5,221	6,176	6,499	-31%	24,521
Interest & dividend income	2,531	2,673	-5%	2,817	3,599	4,361	-42%	15,384
Interest expenses	614	619	-1%	628	711	967	-37%	3,226
Net operating revenues	6,371	7,418	-14%	7,413	9,067	9,893	-36%	36,689
SG&A	3,565	3,738	-5%	3,607	3,761	3,628	-2%	16,030
Operating income	2,807	3,680	-24%	3,806	5,306	6,265	-55%	20,660
Ordinary income	2,808	3,731	-25%	3,813	5,308	6,264	-55%	20,744
Net income	1,677	2,246	-25%	2,211	3,291	3,574	-53%	12,781
Ordinary income ratio	40%	46%	-	47%	54%	58%	-	52%
Matsui's trading value (JPY tn)	3.0	4.1	-28%	3.7	4.9	4.9	-40%	18.9
Daily average trading value on TSE (JPY tn)	2.2	2.5	-12%	2.8	2.8	3.1	-27%	2.9

Breakdown of Net Operating Revenues (Quarterly)

(JPY mn)

	FY08	FY08	QoQ	FY07			YoY	FY07
	2Q	1Q		4Q	3Q	2Q		TOTAL
Commissions	4,453	5,362	-17%	5,221	6,176	6,499	-31%	24,521
Brokerage	3,865	4,875	-21%	4,647	5,600	5,746	-33%	22,085
Underwriting & selling	1	0	-	2	2	4	-80%	11
Subscription & distribution	0	-	-	0	0	1	-95%	2
Others	587	486	21%	572	574	748	-22%	2,424
Net gain (loss) on trading	1	2	-31%	3	4	1	149%	9
Interest & dividend income(1)	2,531	2,673	-5%	2,817	3,599	4,361	-42%	15,384
Total operating revenues	6,985	8,037	-13%	8,041	9,779	10,860	-36%	39,915
Interest expenses (2)	614	619	-1%	628	711	967	-37%	3,226
Net operating revenues	6,371	7,418	-14%	7,413	9,067	9,893	-36%	36,689
Net interest income (1) - (2)	1,917	2,054	-7%	2,189	2,888	3,394	-44%	12,159

Breakdown of SG&A (Quarterly)

(JPY mn)

	FY08	FY08	QoQ	FY07			YoY	FY07
	2Q	1Q		4Q	3Q	2Q		TOTAL
Transaction related expenses	1,009	1,068	-5%	1,105	1,205	1,159	-13%	4,601
Advertisement	129	164	-21%	153	198	158	-18%	602
Employees' compensation & benefits	521	546	-5%	501	543	556	-6%	2,169
Occupancy & rental	120	119	1%	115	107	109	10%	441
Data processing & office supplies	1,548	1,593	-3%	1,586	1,624	1,610	-4%	6,752
Depreciation	316	291	9%	257	261	265	19%	1,076
Duties & taxes other than income taxes	34	61	-43%	49	53	65	-47%	243
Provision of allowance for doubtful accounts	△ 15	15	-	△ 40	△ 62	△ 169	-	586
Others	31	46	-33%	34	29	32	-4%	162
Total SG&A	3,565	3,738	-5%	3,607	3,761	3,628	-2%	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”

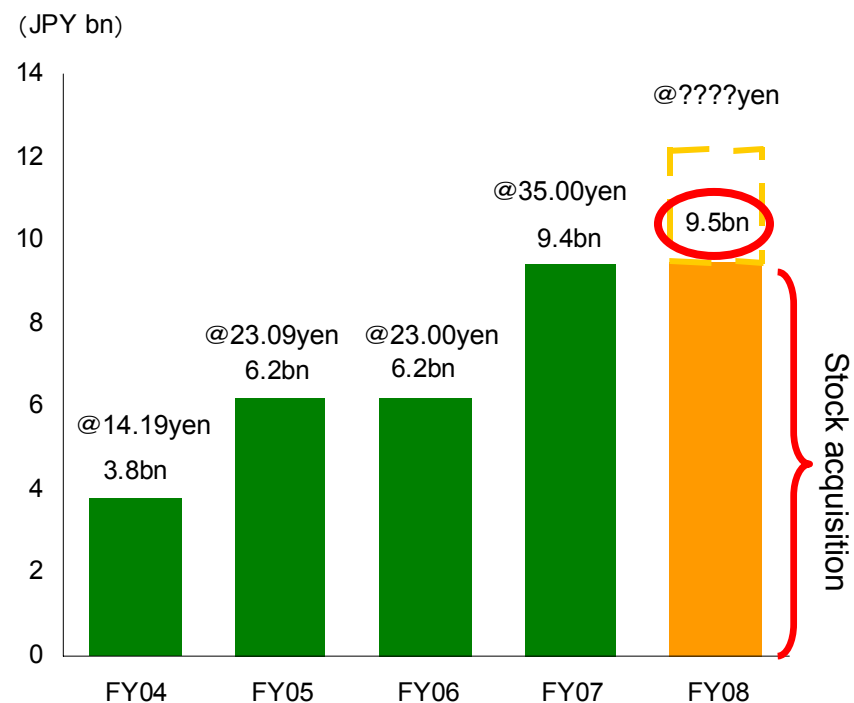
◆ Result of Stock Acquisition

- Total # of shares acquired: 12.5 million shares
- Total cost of acquisition: 9,452 million yen

◆ Outline of Stock Acquisition

- Type of shares to be acquired :
Shares of common stock
- Total # of shares to be acquired :
Up to 12.5 million shares
- Total cost of shares to be acquired :
Up to JPY10bn
- Period of acquisition:
From Aug.1, 2008 to Oct.31, 2008

◆ Total of profit shared with shareholders(Annual)

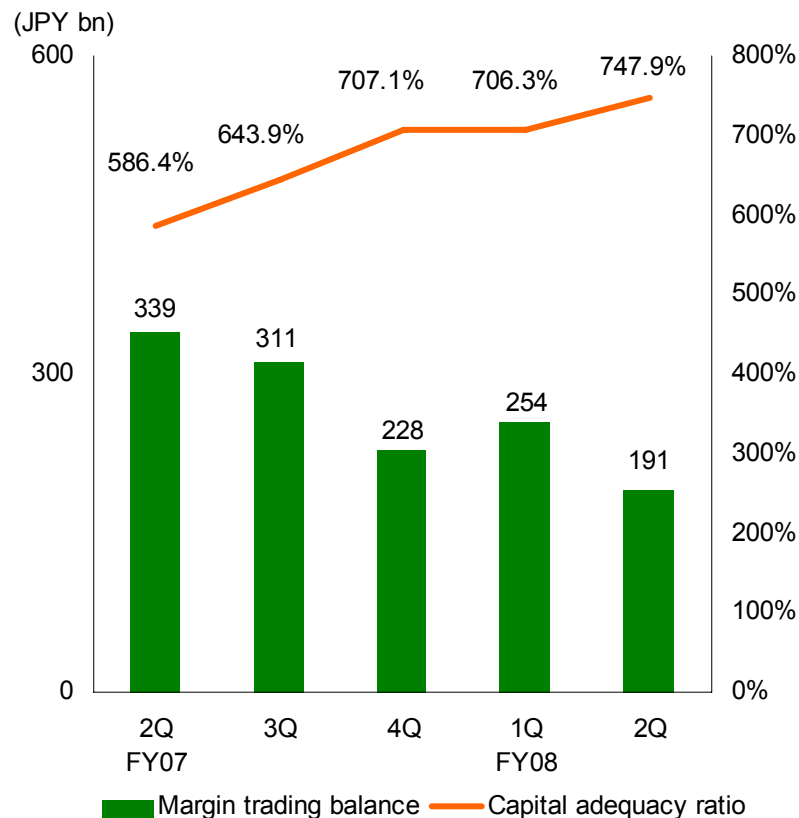


Capital Adequacy Ratio

◆ Capital adequacy ratio (As of 30 September 08)

(JPY mn)		
Tier 1	(A)	68,598
Tier 2	Net unrealized gain on investment	-
	Statutory reserves	3,745
	Allowance for doubtful accounts	234
	Sub total	(B) 3,980
Assets to be deducted from equity capital	(C)	7,656
Net Capital	(A) + (B) - (C)	(D) 64,921
Total risk	Market risk	3
	Counterparty risk	4,737
	Basic risk	3,938
	Total	(E) 8,679
Capital Adequacy ratio	(D)/(E)	747.9%

◆ Margin trading balance and capital adequacy ratio

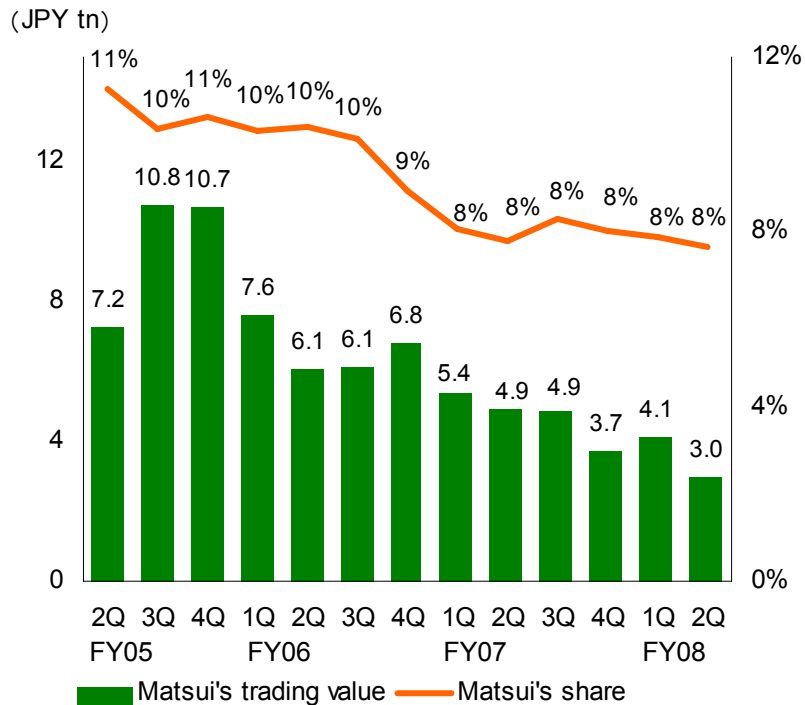


Results of Operation

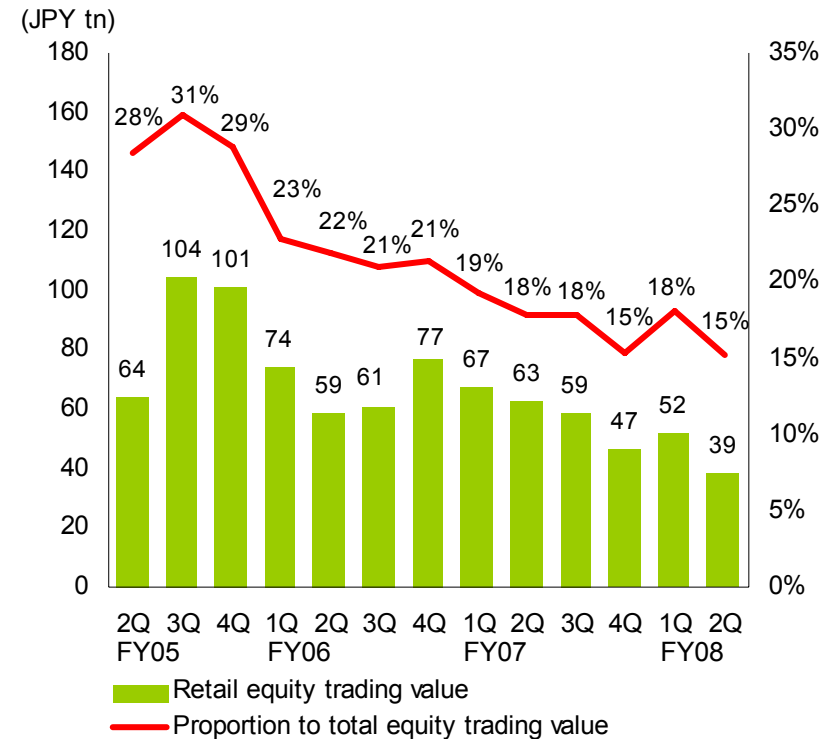
Section 2

Equity Trading Value

◆ Matsui's equity trading value and its market share¹

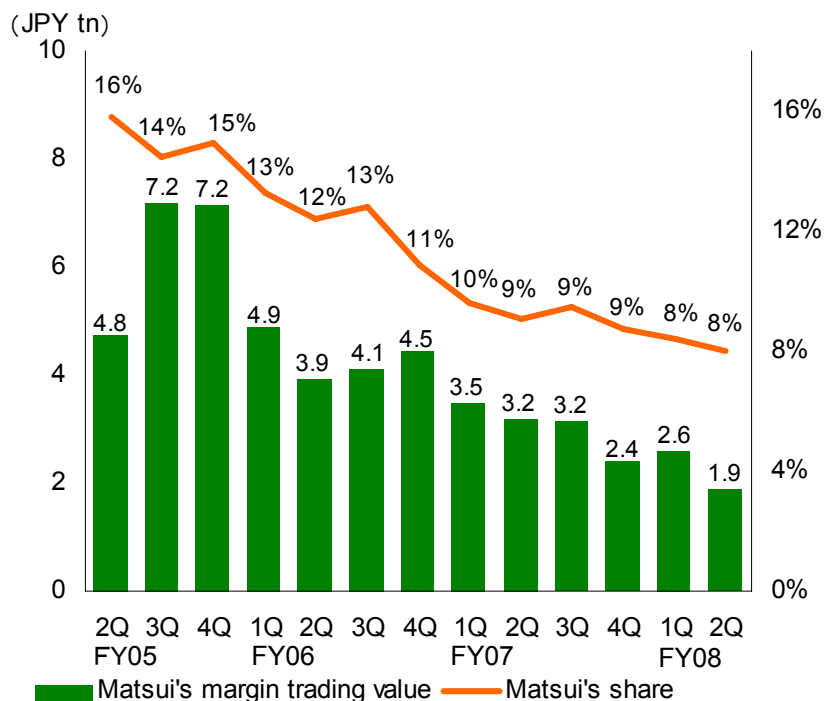


◆ Retail equity trading value¹ and proportion to total equity trading value

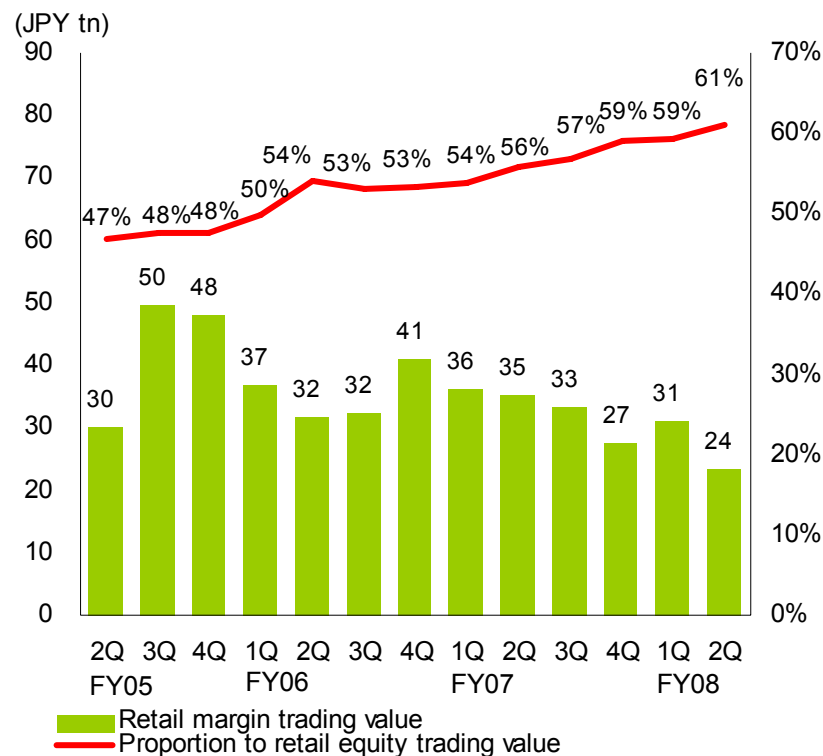


Margin Trading Value

◆ Matsui's margin trading value and its market share¹

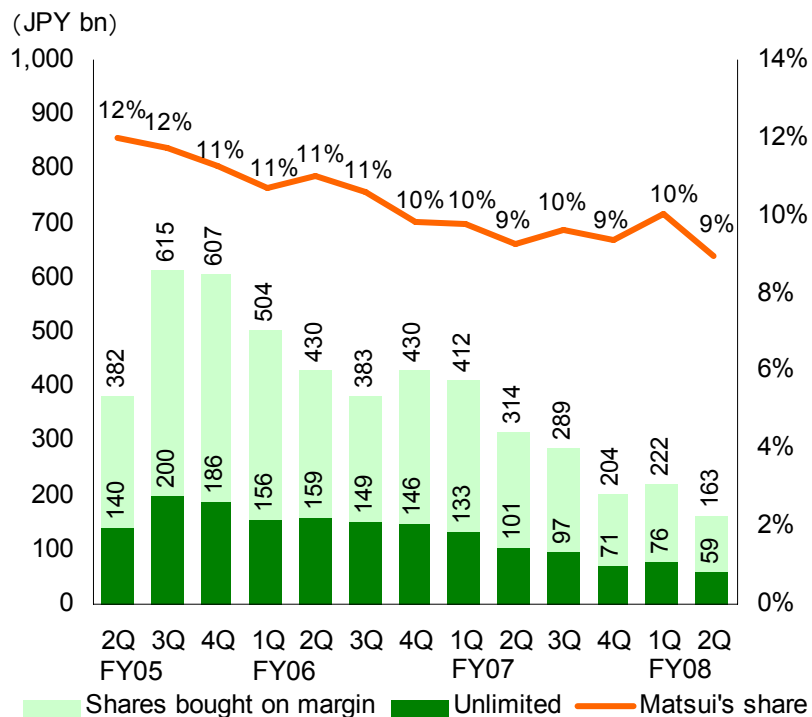


◆ Retail margin trading value¹ and proportion to total retail equity trading value

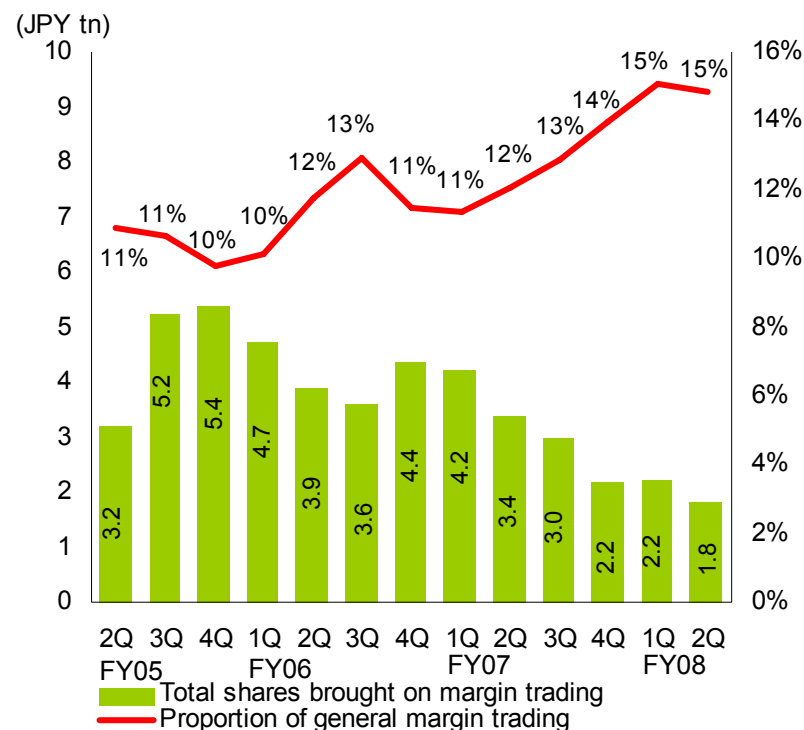


Margin Trading Balance

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

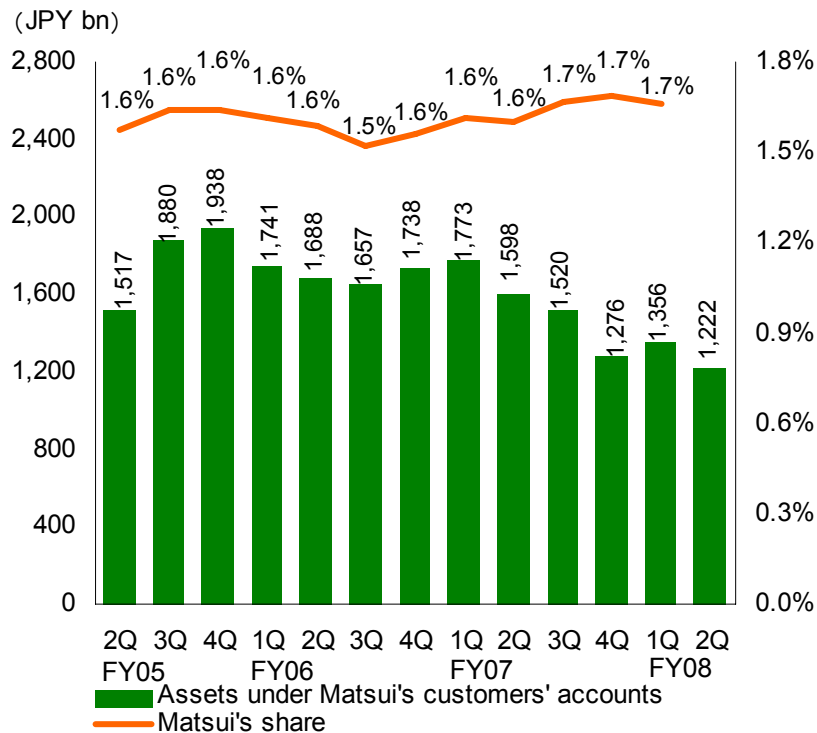


◆ Total shares bought on margin¹ and proportion of general margin trading

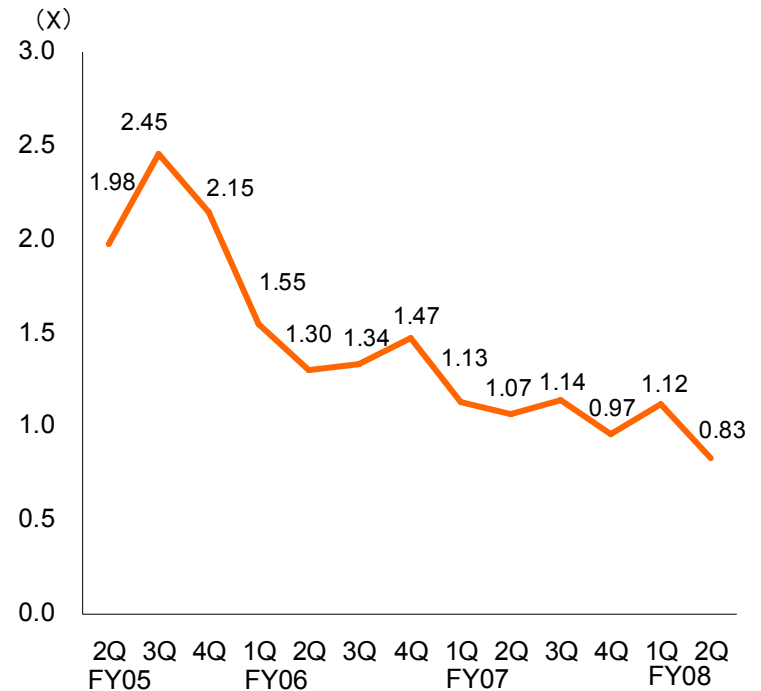


Assets under Customers' Accounts / Trading Turnover

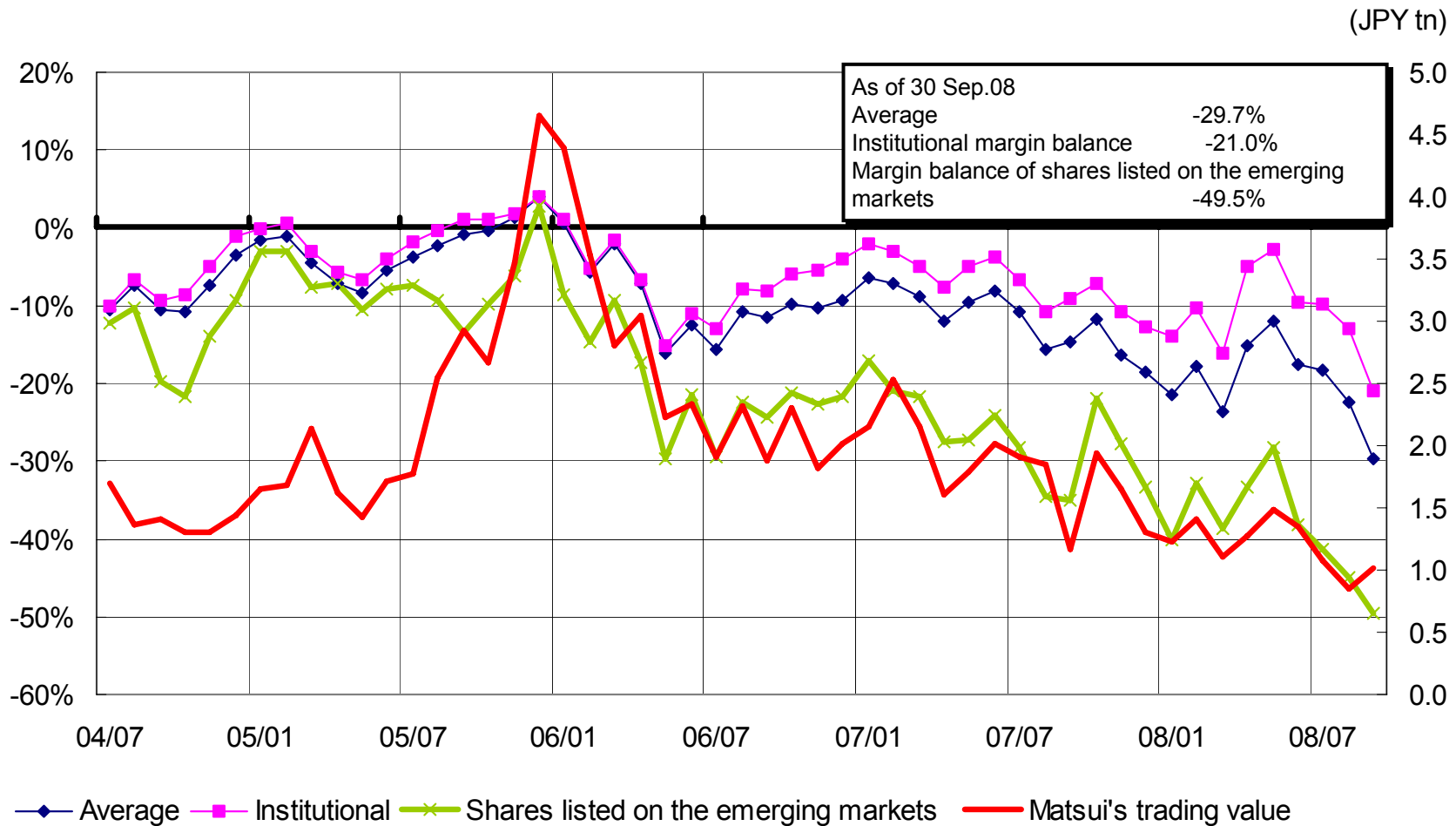
◆ Assets under Matsui's customers' accounts and its market share



◆ Equity trading turnover¹ of Matsui's customers

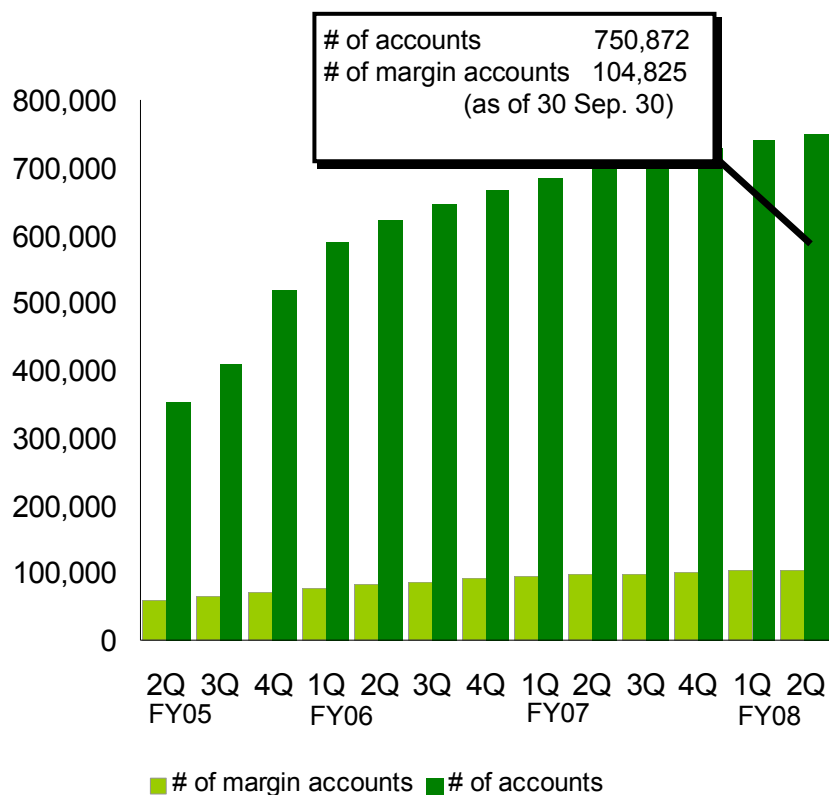


Evaluation Losses on Matsui's Margin Balance

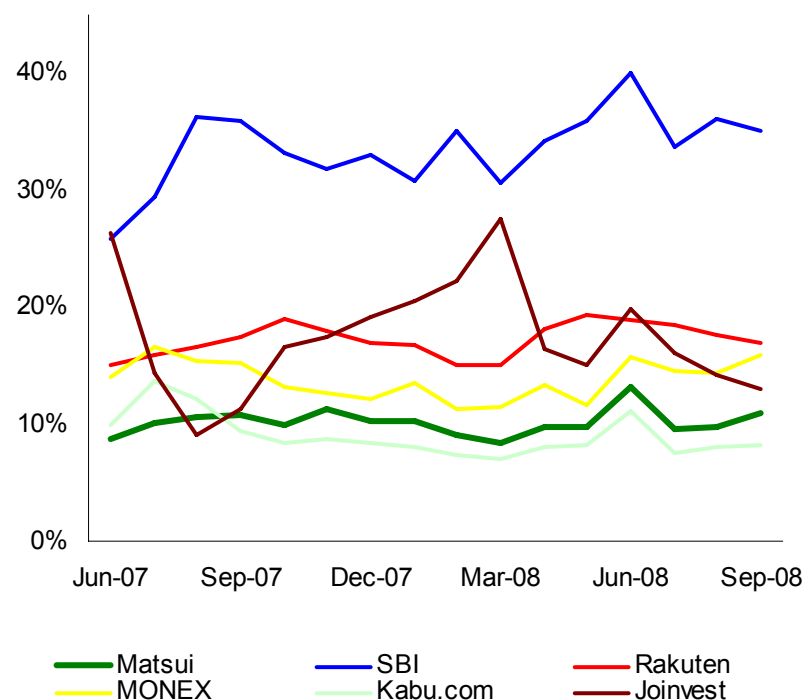


Number of Accounts

◆ Number of accounts at Matsui¹

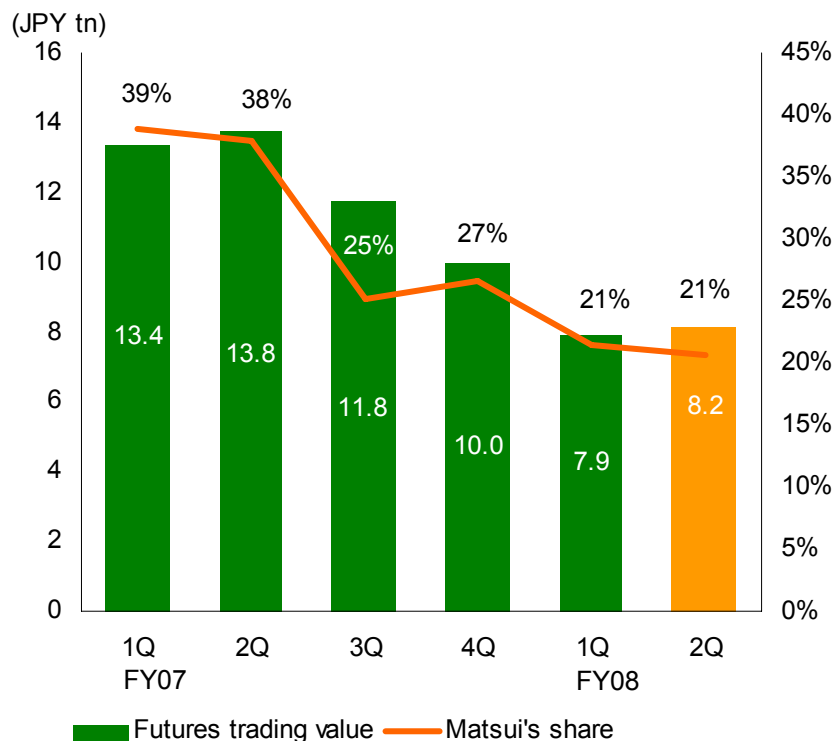


◆ On-line brokers' share of the net increase in accounts²

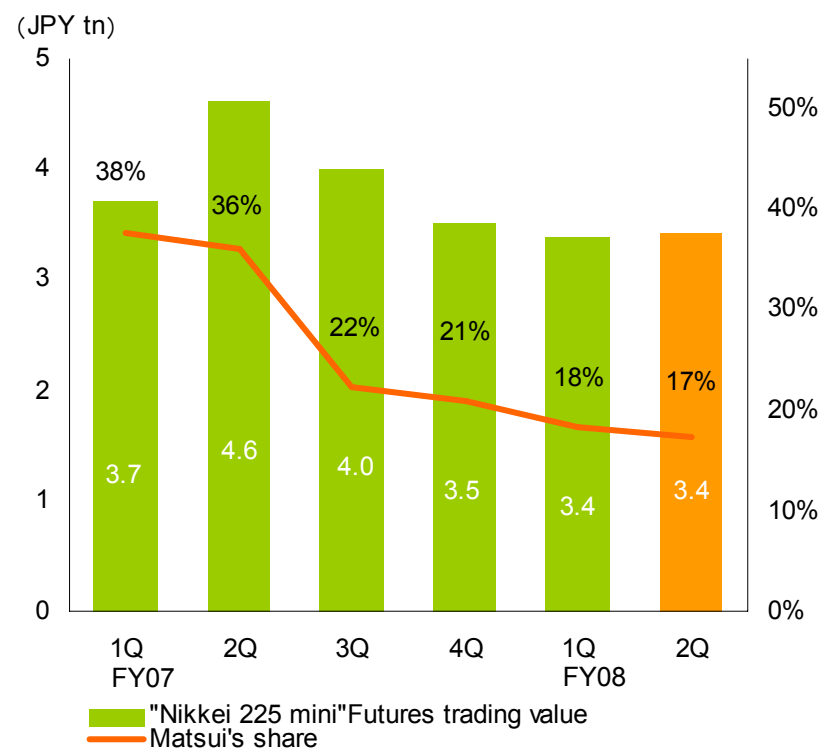


Nikkei 225 Futures

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



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

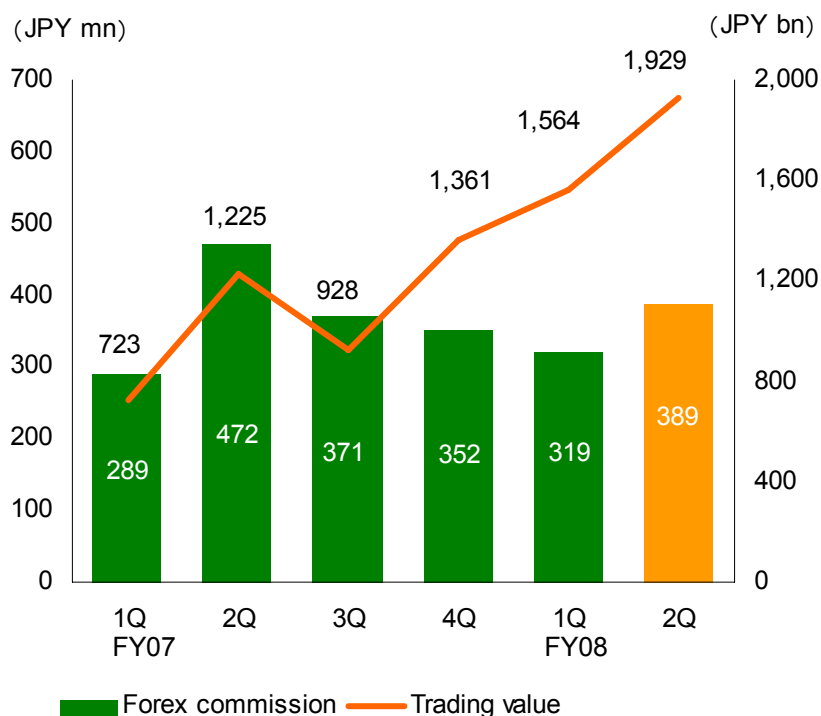


Source: OSE (Osaka Securities Exchange)

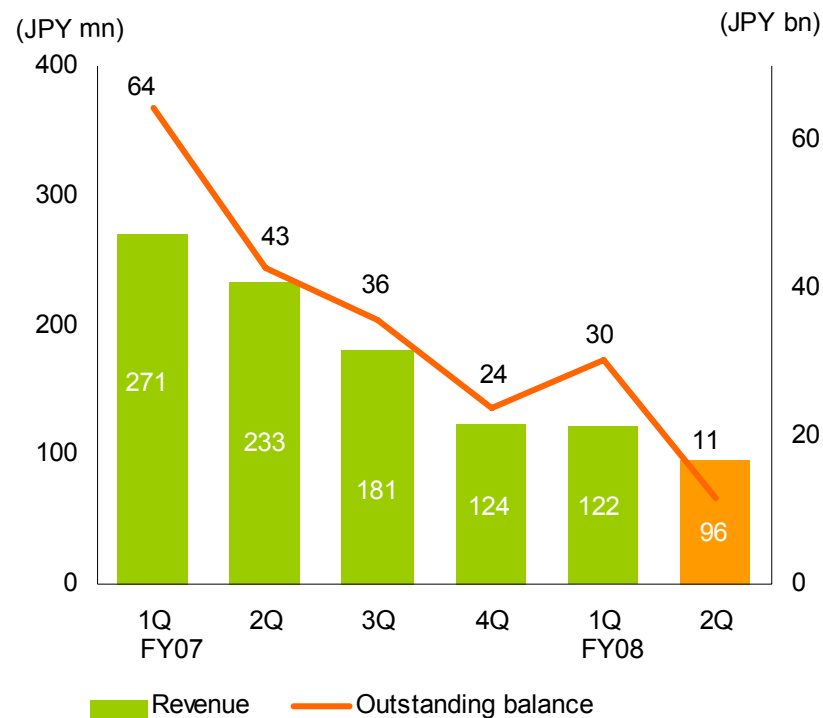
Note 1: The steep decrease in market share in 3QFY07 is due to a statistical reason (a part of brokers' trading value have been included in that of retail since 3QFY07)

Forex Margin trading / Stock Lending Business

◆ Matsui's Forex margin commission income and trading value¹

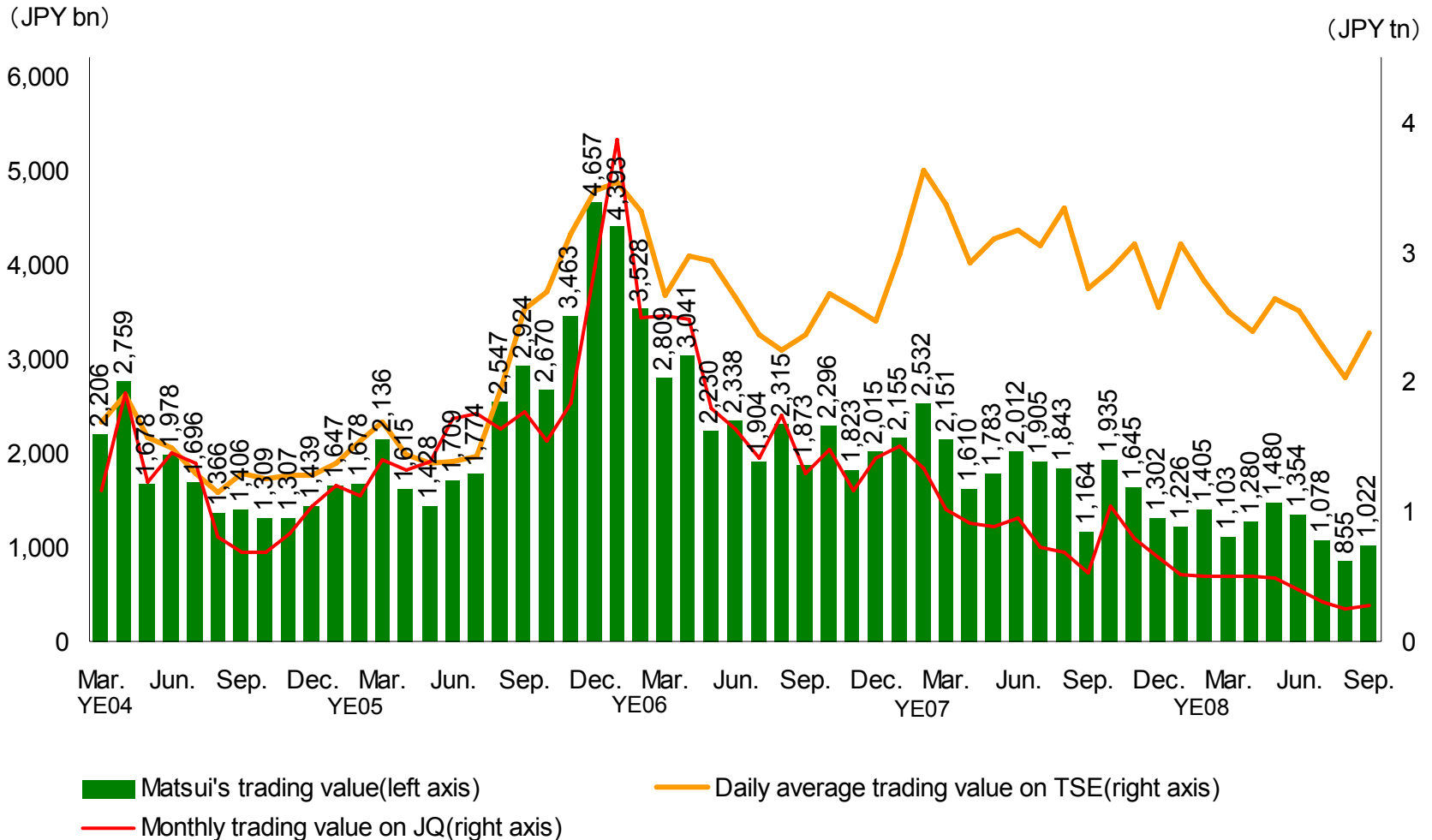


◆ Matsui's stock lending business revenue and outstanding balance²



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

RTGS / CME Futures

◆Real-Time-Gross-Settlement

- Steady operation of system, steady increase in number of accounts
- Secure liquidity is the highest priority

◆Recent Developments

- No commission up to JPY10mn of trading value (~Mar.09)
- Release the News flash on market orders
Release the list of market orders on customer's web site as a News flash before opening the AM/PM session so as to easily identify the stock that can possibly be executed

Appeal the merits of RTGS

- Enable customers to day-trade the same stock several times on the same day
- Possible to transfer the proceeds of the sale of shares to the bank account using the real-time disbursement service

◆Future developments

- Introduce margin transaction in order to increase liquidity

◆The CME “Nikkei225”Futures Trading

From 15 Sep., purchase orders of the CME “Nikkei225” futures and the application for opening the account have been temporarily suspended. Plan to re-start the service at an early point

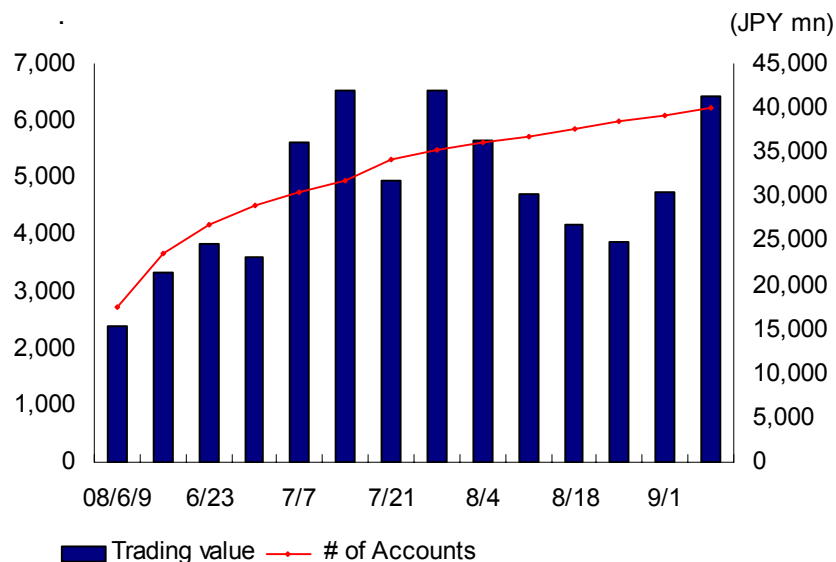
■Reason for the temporary suspension

Measures taken as result of Lehman Brothers Chapter11 bankruptcy, who act as agent for the service

◆Recent Results(maximum of 6/9-9/12)

- Trading value : JPY10.9bn(8/1)
- CME market share : 5.03% (8/8)

【Weekly trading value and # of accounts 6/9-9/12】

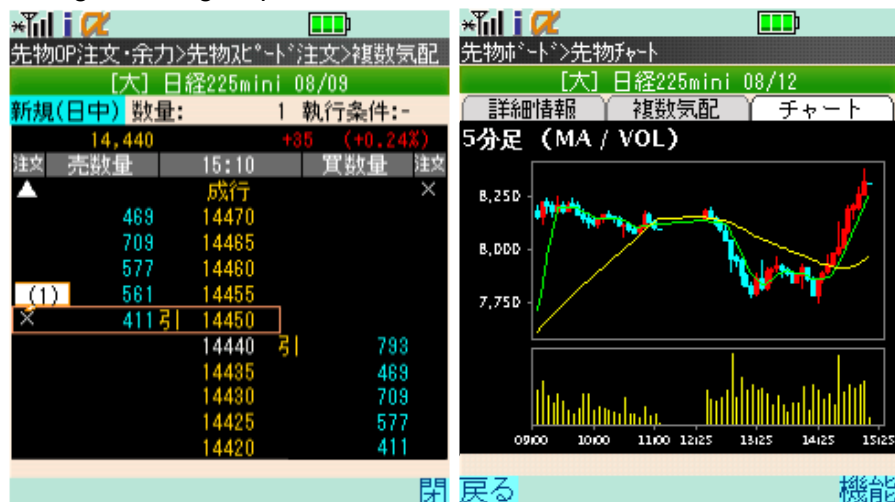


Improvement in Quality of Services to Customers

◆ Enhancement of mobile phone services

- Introduction of “High-Speed α” for Nikkei225 futures and option trading, a real-time trading tool for mobile phone

【Images of “High-Speed α” for Nikkei225mini】



◆ Improvement of research function

- “Chart-folio” (Jul.08)
Narrow down target brands based on chart analysis
- “News Finder” (Jul.08)
Narrow down target brands based on news search by some key-words

◆ Online cash transfer service

Tie-up with Resona Group in offering online cash transfer service to account holders at those banks(Oct.08)

【Online cash transfer service (12 banks in total)】

Banks	Mobile service
	○
Japan Post Bank	(Only for i-mode)
Mizuho Bank	○
The Bank of Tokyo-Mitsubishi UFJ	○
Sumitomo Mitsui Banking Corporation	○
Resona Bank	○
Saitama Resona Bank	○
The Japan Net Bank	○
Seven Bank	○
eBANK Corporation	○
Suruga Bank	×
The Bank of Kyoto	×
The Kinki Osaka Bank	○

◆ Electronic Share Certificate System

Required measures in system and back-office operation to deal with the paperless share system to be implemented in Jan.09 are taken and are progressing timely

Introduction of ETF Account

◆Outline

Account	Securities account that restricted only trading of the ETFs
Introduction	17 November 2008
Eligible Brand	Stock Price Index, REIT, Gold, Currency etc. 68 brands in total
Commission	Similar structure as NetStock

◆Purpose of "Account confined to ETF"

- Expansion of the range of retail investors
Focusing on its simplicity, a characteristic of ETF, which appeal to beginner investors who are disinclined for the investment in individual brand stock
- Acquisition of new type of investor base
Facilitate certain customers, who are reluctant to stock investments because of its restriction for insider-trading

◆Background

- Matsui's mission is to expand the range of retail investors and to offer high quality services
- Interests in ETF have been increased as a product suitable for beginners because of lower transaction cost, diversified investment and tradable products at stock exchanges
- ETF is exempt from the insider-trading regulation which has been restricted
- Offering the suitable trading environment which could comply with the regulation is quite important for brokers

◆Collaboration with TSE

- Co-Sponsored Seminar
Plan to hold a Seminar co-sponsored by Matsui and TSE on 2 December 2008

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 reagard to margin call Introduce "Stop order" function
April	Launch the margin trading of foreign stock(institutional and unlimited)
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
October	Offer the online cash transfer service to account holders at Resona Bank
November	Launch the "ETF Account"

The material is intended to provide the financial results for the quarter ended 30 September 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 October 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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