



Matsui Securities Co., Ltd.

(First Section of Tokyo Stock Exchange: 8628)

Annual Results for 2Q FY2010

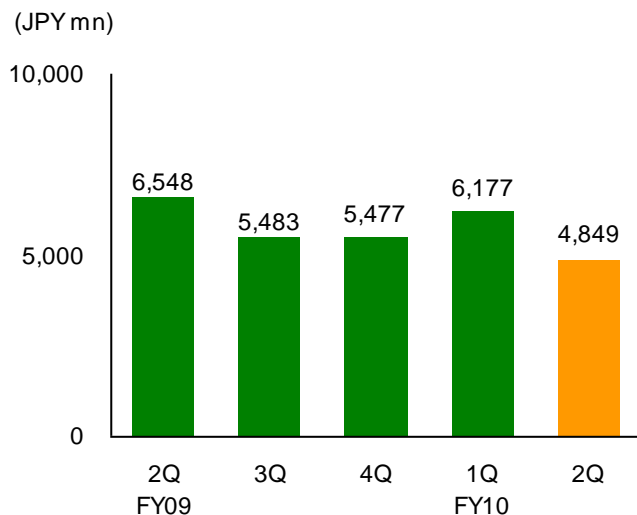
October 2010

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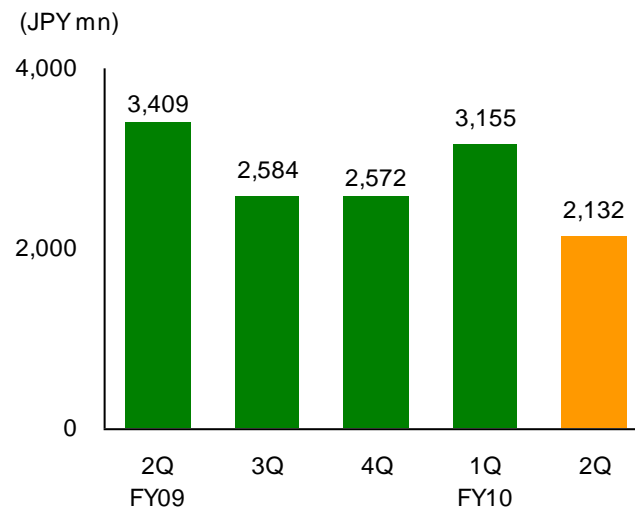
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Financial Results

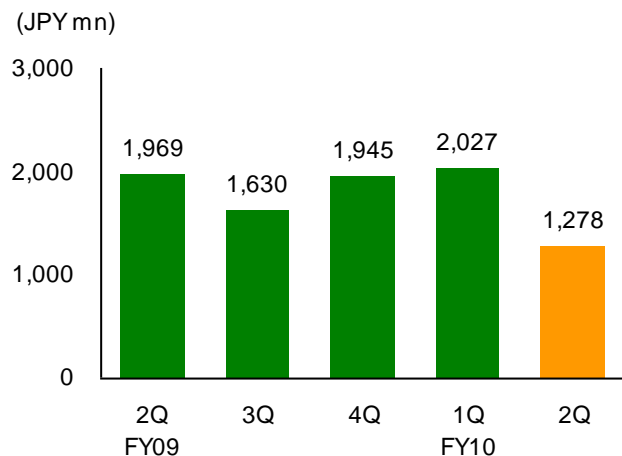
◆ Operating revenues



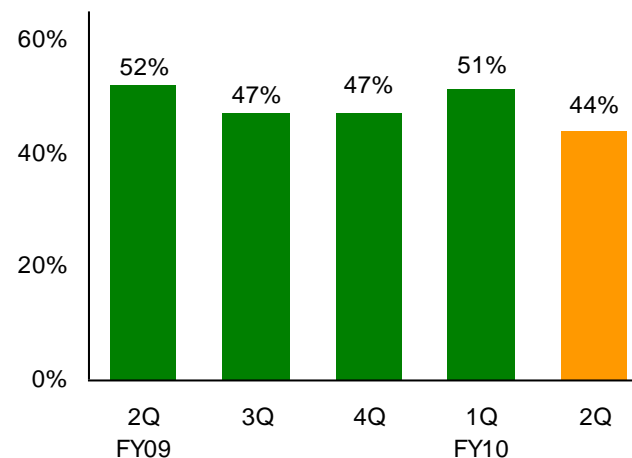
◆ Ordinary income



◆ Net income

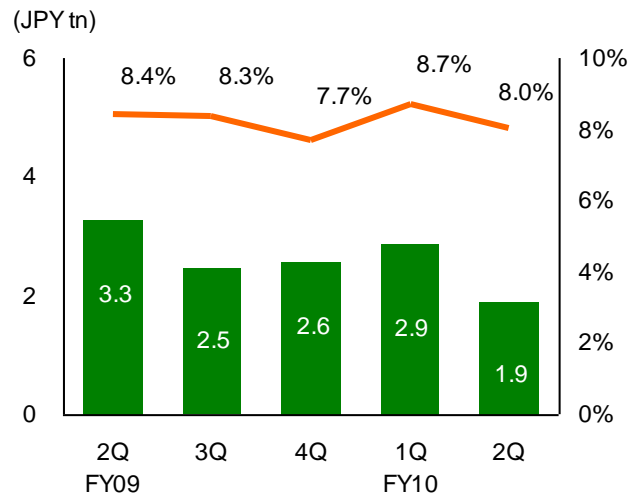


◆ Ordinary income ratio

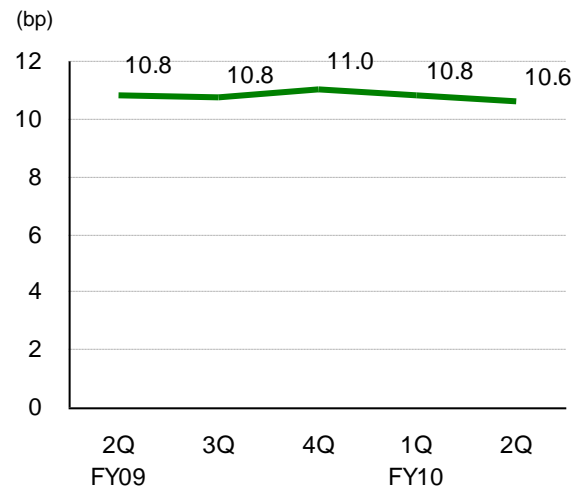


Results of Operation

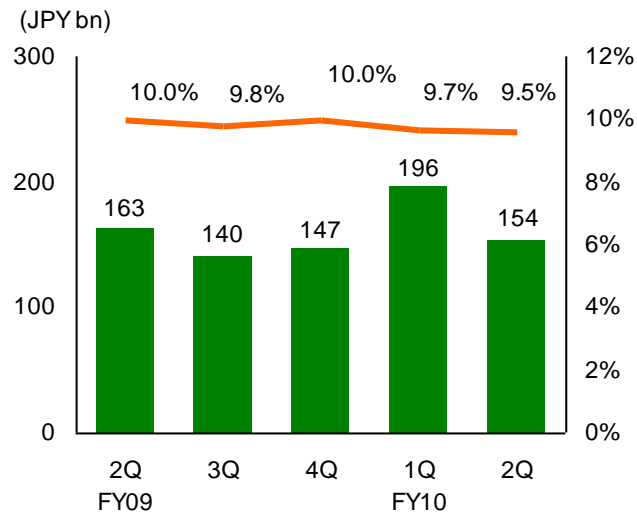
◆ Equity trading value



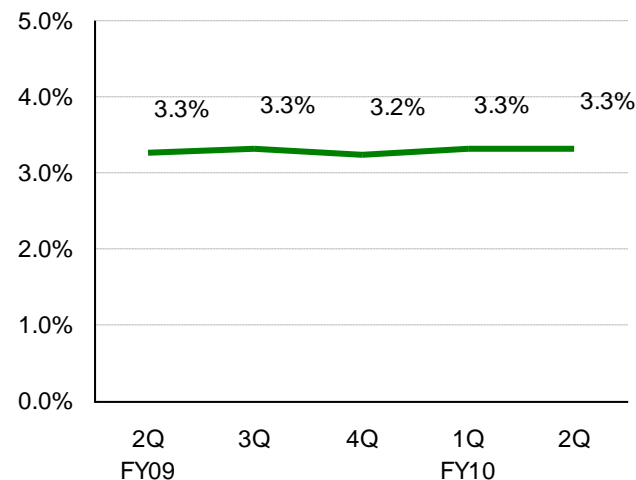
◆ Equity commission rate



◆ Margin balance (long-position)

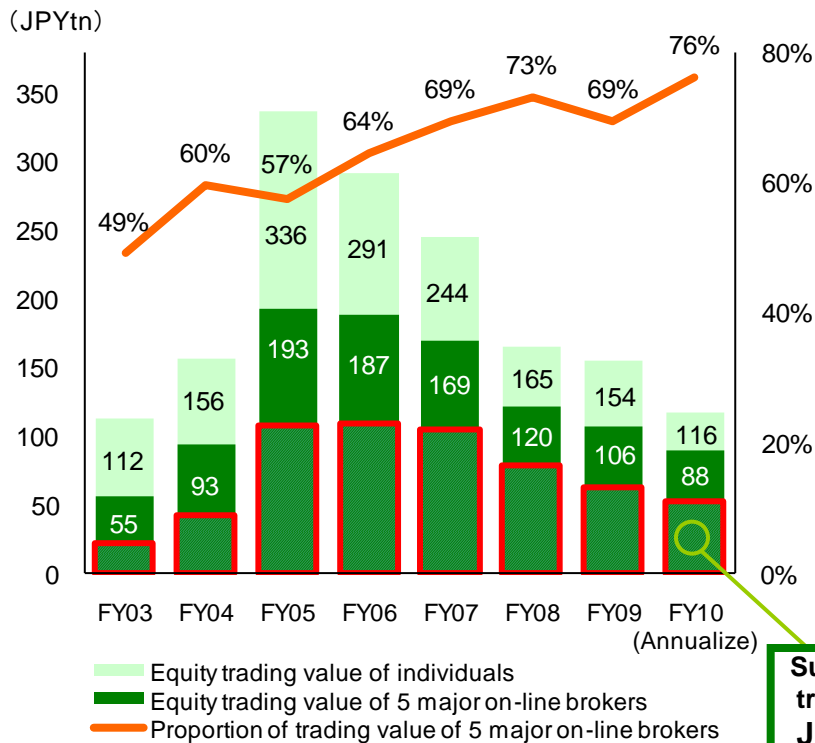


◆ Net interest income ratio



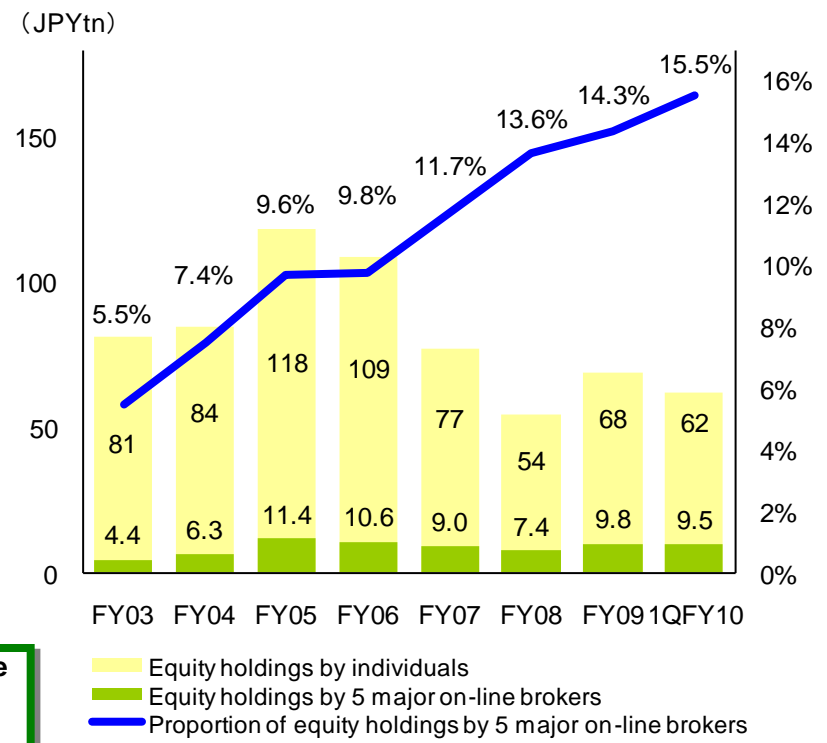
Overview of Retail Equity Trading Market

◆ Equity trading value of individuals¹ (FLOW)



Super active traders
JPY 50 tn
(Estimate)

◆ Equity holdings by individuals¹ (STOCK)



Financial Summary

Section 1

Summary of Financial Results (1HF FY10)

(JPY mn)

	FY10	FY09			YoY	FY09
	1HF	2HF	HFoHF	1HF		TOTAL
Operating Revenues	11,026	10,960	1%	13,386	-18%	24,346
Commissions	7,277	7,471	-3%	9,811	-26%	17,282
Interest & dividend income	3,747	3,489	7%	3,571	5%	7,060
Interest expenses	375	434	-14%	635	-41%	1,069
Net operating revenues	10,651	10,526	1%	12,750	-16%	23,276
SG&A	5,376	5,521	-3%	6,370	-16%	11,891
Operating income	5,275	5,005	5%	6,380	-17%	11,385
Ordinary income	5,288	5,156	3%	6,389	-17%	11,545
Net income	3,305	3,575	-8%	4,086	-19%	7,661
Ordinary income ratio	48%	47%	-	48%	-	47%
Matsui's trading value (JPY tn)	4.8	5.0	-6%	7.2	-34%	12.3
Daily average trading value on TSE (JPY tn)	1.5	1.5	-2%	1.6	-10%	1.6

Breakdown of Net Operating Revenues (1HF FY10)

(JPY mn)

	FY10	FY09			YoY	FY09
	1HF	2HF	HFoHF	1HF		TOTAL
Commissions	7,277	7,471	-3%	9,811	-26%	17,282
Brokerage	6,344	6,575	-4%	8,850	-28%	15,424
Underwriting & selling	0	11	-98%	-	-	11
Subscription & distribution	0	0	-95%	0	-77%	0
Others	933	885	5%	962	-3%	1,846
Net gain (loss) on trading	2	1	151%	3	-41%	4
Interest & dividend income (1)	3,747	3,489	7%	3,571	5%	7,060
Total operating revenues	11,026	10,960	1%	13,386	-18%	24,346
Interest expenses (2)	375	434	-14%	635	-41%	1,069
Net operating revenues	10,651	10,526	1%	12,750	-16%	23,276
Net interest income (1) - (2)	3,372	3,054	10%	2,936	15%	5,990

Breakdown of SG&A (1HF FY10)

(JPY mn)

	FY10	FY09			YoY	FY09
	1HF	2HF	HFoHF	1HF		TOTAL
Transaction related expenses	1,691	1,756	-4%	1,874	-10%	3,630
Advertisement	181	204	-11%	186	-3%	391
Employees' compensation & benefits	1,002	945	6%	985	2%	1,930
Occupancy & rental	552	580	-5%	460	20%	1,040
Data processing & office supplies	1,023	1,223	-16%	1,916	-47%	3,139
Depreciation	937	940	-0%	836	12%	1,775
Duties & taxes other than income taxes	64	57	12%	86	-25%	143
Provision of allowance for doubtful accounts	-	-24	-	149	-	124
Others	106	44	140%	65	63%	109
Total SG&A	5,376	5,521	-3%	6,370	-16%	11,891

Summary of Financial Results (Quarterly)

(JPY mn)

	FY10	FY10	QoQ	FY09			YoY	FY09 TOTAL
	2Q	1Q		4Q	3Q	2Q		
Operating Revenues	4,849	6,177	-21%	5,477	5,483	6,548	-26%	24,346
Commissions	3,021	4,256	-29%	3,787	3,684	4,622	-35%	17,282
Interest & dividend income	1,827	1,920	-5%	1,691	1,797	1,924	-5%	7,060
Interest expenses	170	205	-17%	215	220	288	-41%	1,069
Net operating revenues	4,679	5,972	-22%	5,263	5,263	6,260	-25%	23,276
SG&A	2,548	2,828	-10%	2,791	2,730	2,848	-11%	11,891
Operating income	2,131	3,144	-32%	2,472	2,533	3,412	-38%	11,385
Ordinary income	2,132	3,155	-32%	2,572	2,584	3,409	-37%	11,545
Net income	1,278	2,027	-37%	1,945	1,630	1,969	-35%	7,661
Ordinary income ratio	44%	51%	-	47%	47%	52%	-	47%
Matsui's trading value (JPY tn)	1.9	2.9	-34%	2.6	2.5	3.3	-42%	12.3
Daily average trading value on TSE (JPY tn)	1.3	1.7	-25%	1.5	1.5	1.5	-17%	1.6

Breakdown of Net Operating Revenues (Quarterly)

(JPY mn)

	FY10	FY10	QoQ	FY09			YoY	FY09 TOTAL
	2Q	1Q		4Q	3Q	2Q		
Commissions	3,021	4,256	-29%	3,787	3,684	4,622	-35%	17,282
Brokerage	2,600	3,744	-31%	3,351	3,224	4,102	-37%	15,424
Underwriting & selling	0	0	-94%	-	11	-	-	11
Subscription & distribution	0	0	-57%	0	0	-	-	0
Others	421	512	-18%	436	449	520	-19%	1,846
Net gain (loss) on trading	1	1	49%	-1	1	2	-36%	4
Interest & dividend income (1)	1,827	1,920	-5%	1,691	1,797	1,924	-5%	7,060
Total operating revenues	4,849	6,177	-21%	5,477	5,483	6,548	-26%	24,346
Interest expenses (2)	170	205	-17%	215	220	288	-41%	1,069
Net operating revenues	4,679	5,972	-22%	5,263	5,263	6,260	-25%	23,276
Net interest income (1) - (2)	1,657	1,715	-3%	1,477	1,578	1,637	1%	5,990

Breakdown of SG&A (Quarterly)

(JPY mn)

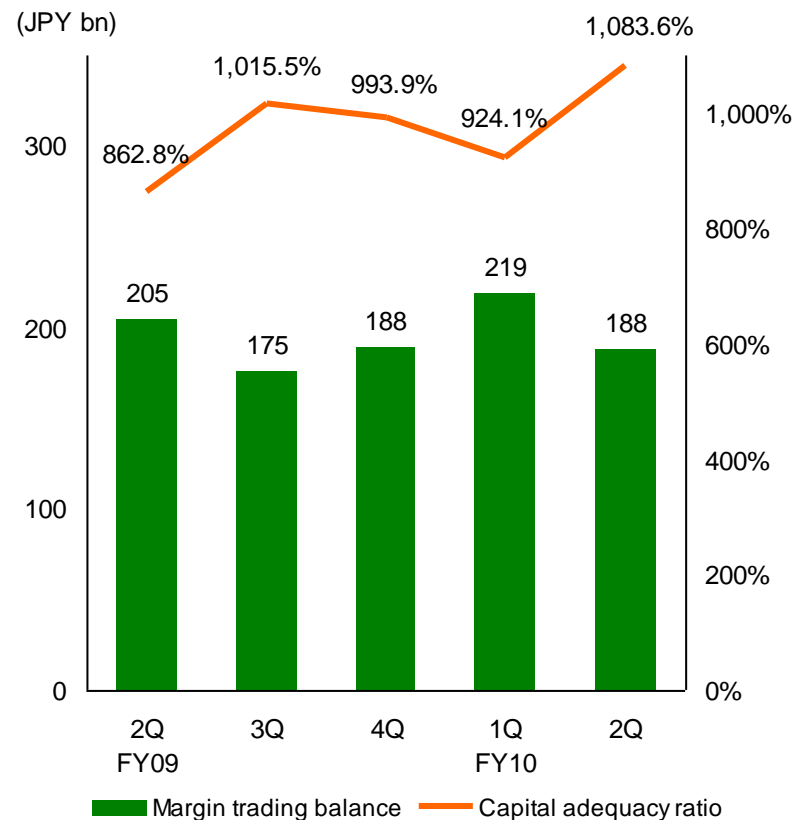
	FY10	FY10	QoQ	FY09			YoY	FY09 TOTAL
	2Q	1Q		4Q	3Q	2Q		
Transaction related expenses	806	884	-9%	895	861	927	-13%	3,630
Advertisement	96	86	12%	107	97	90	7%	391
Employees' compensation & benefits	458	544	-16%	476	469	488	-6%	1,930
Occupancy & rental	272	281	-3%	291	289	287	-5%	1,040
Data processing & office supplies	452	570	-21%	596	627	619	-27%	3,139
Depreciation	465	472	-1%	482	457	450	3%	1,775
Duties & taxes other than income taxes	25	39	-36%	31	26	31	-20%	143
Provision of allowance for doubtful accounts	-	-	-	5	-29	25	-	124
Others	69	37	86%	14	30	21	235%	109
Total SG&A	2,548	2,828	-10%	2,791	2,730	2,848	-11%	11,891

Capital Adequacy Ratio

◆ Capital adequacy ratio (As of 30 September 10)

			(JPY mn)
Tier 1		(A)	73,557
Tier 2	Net unrealized gain on investment		4
	Statutory reserves		1,665
	Allowance for doubtful accounts		38
	Sub total	(B)	1,708
Assets to be deducted from equity capital		(C)	8,377
Net Capital			
	(A) + (B) - (C)	(D)	66,888
Total risk	Market risk		1
	Counterparty risk		3,799
	Basic risk		2,372
	Total	(E)	6,172
Capital Adequacy ratio			(D)/(E) 1,083.6%

◆ Margin trading balance and capital adequacy ratio

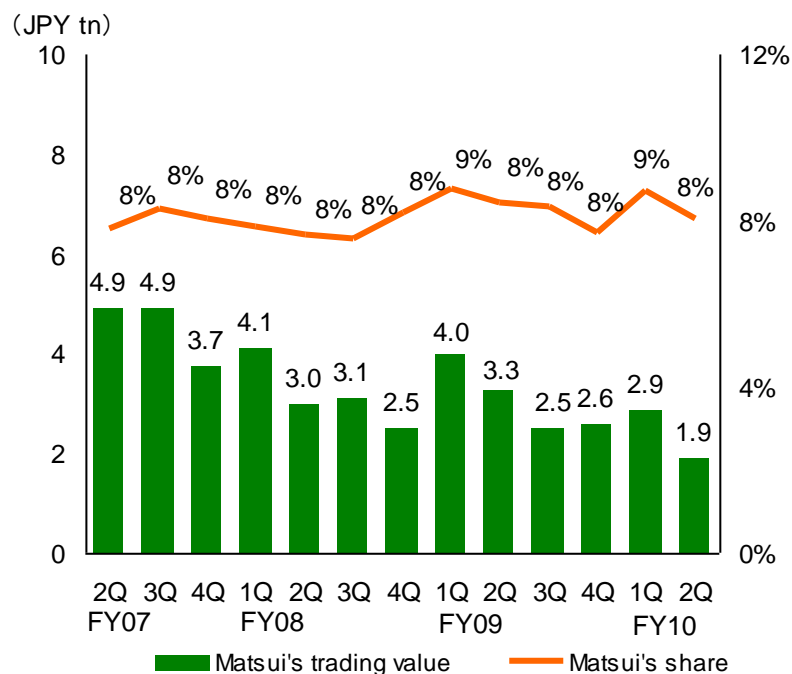


Results of Operation

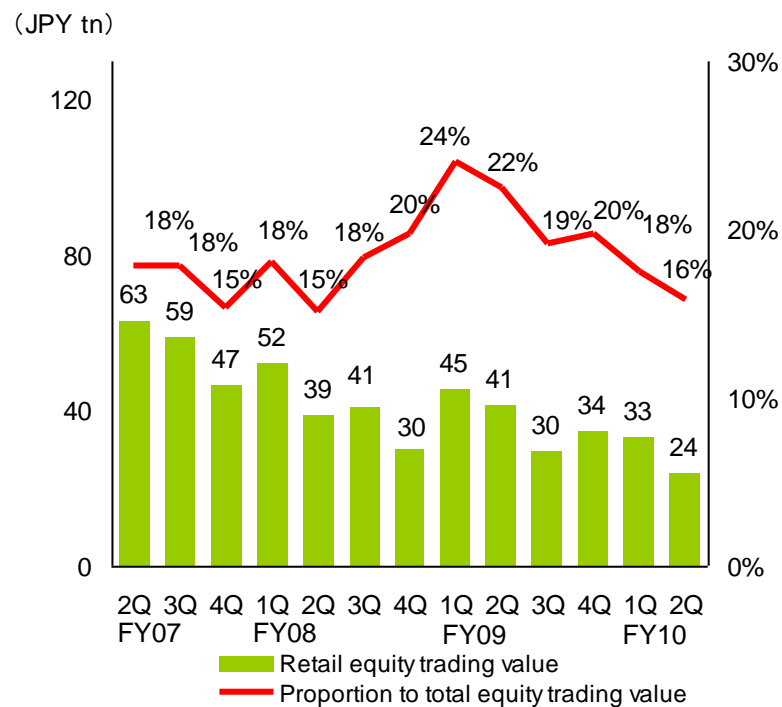
Section 2

Equity Trading Value

◆ Matsui's equity trading value and its market share¹

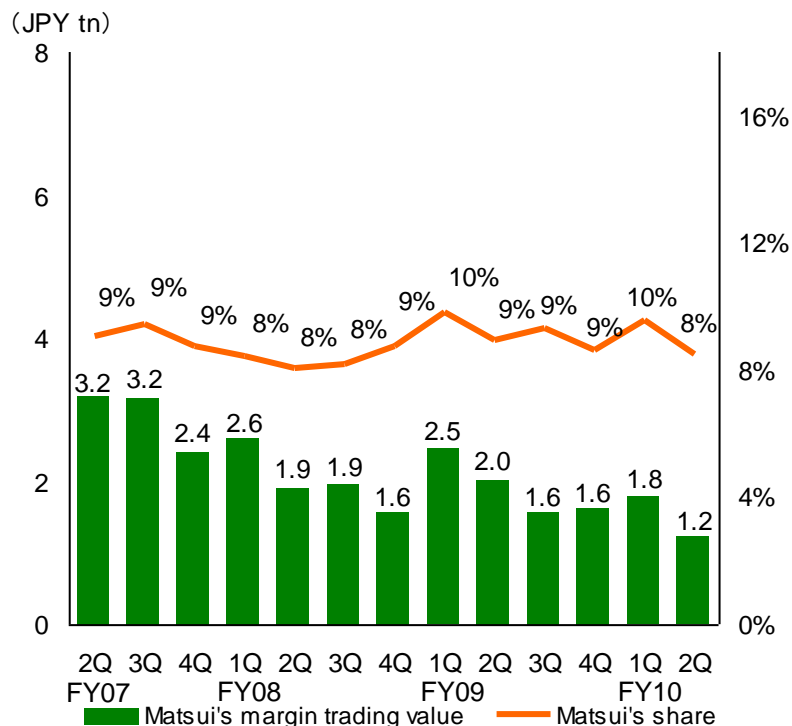


◆ Retail equity trading value¹ and proportion to total equity trading value

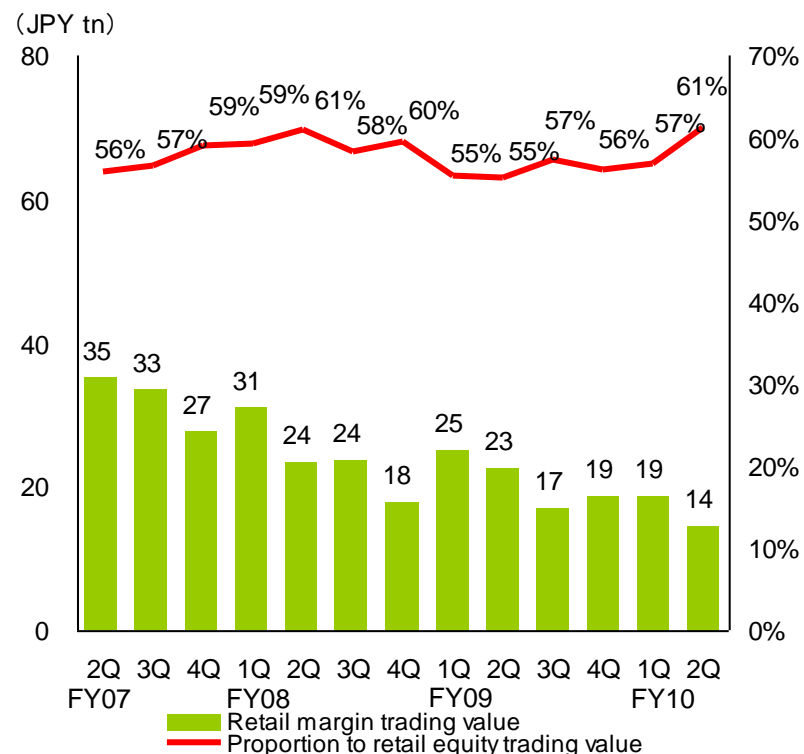


Margin Trading Value

◆ Matsui's margin trading value and its market share¹

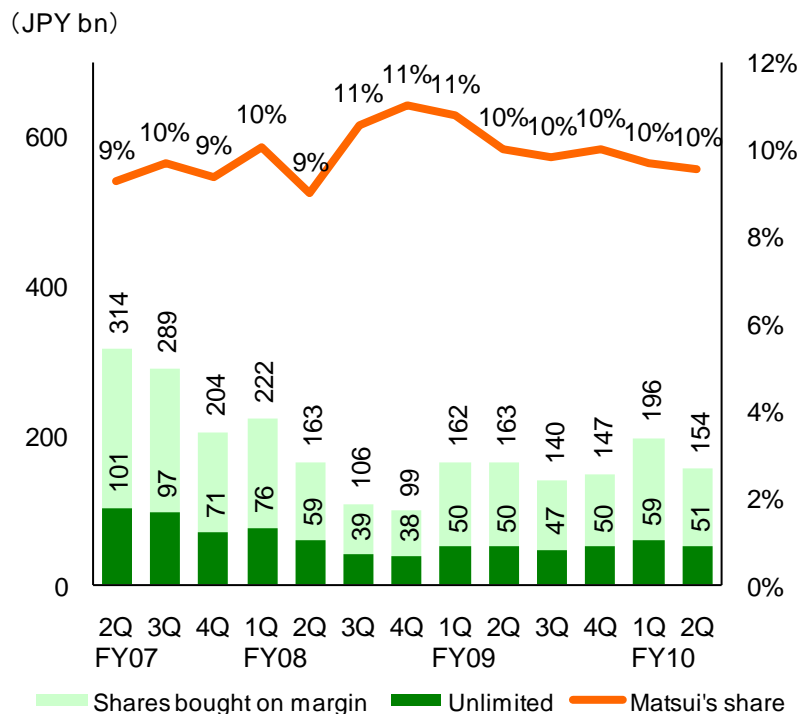


◆ Retail margin trading value¹ and proportion to total retail equity trading value

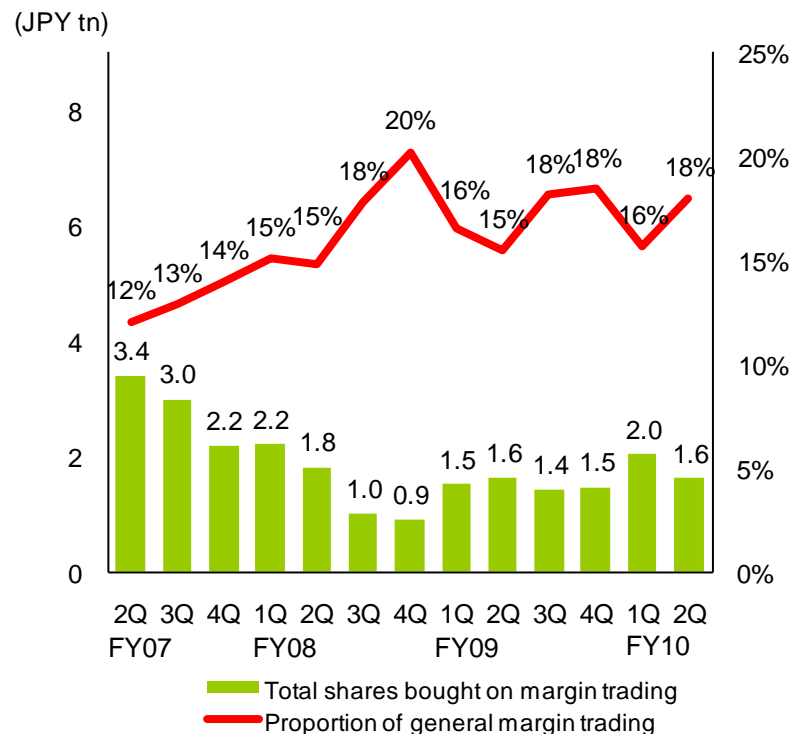


Margin Trading Balance

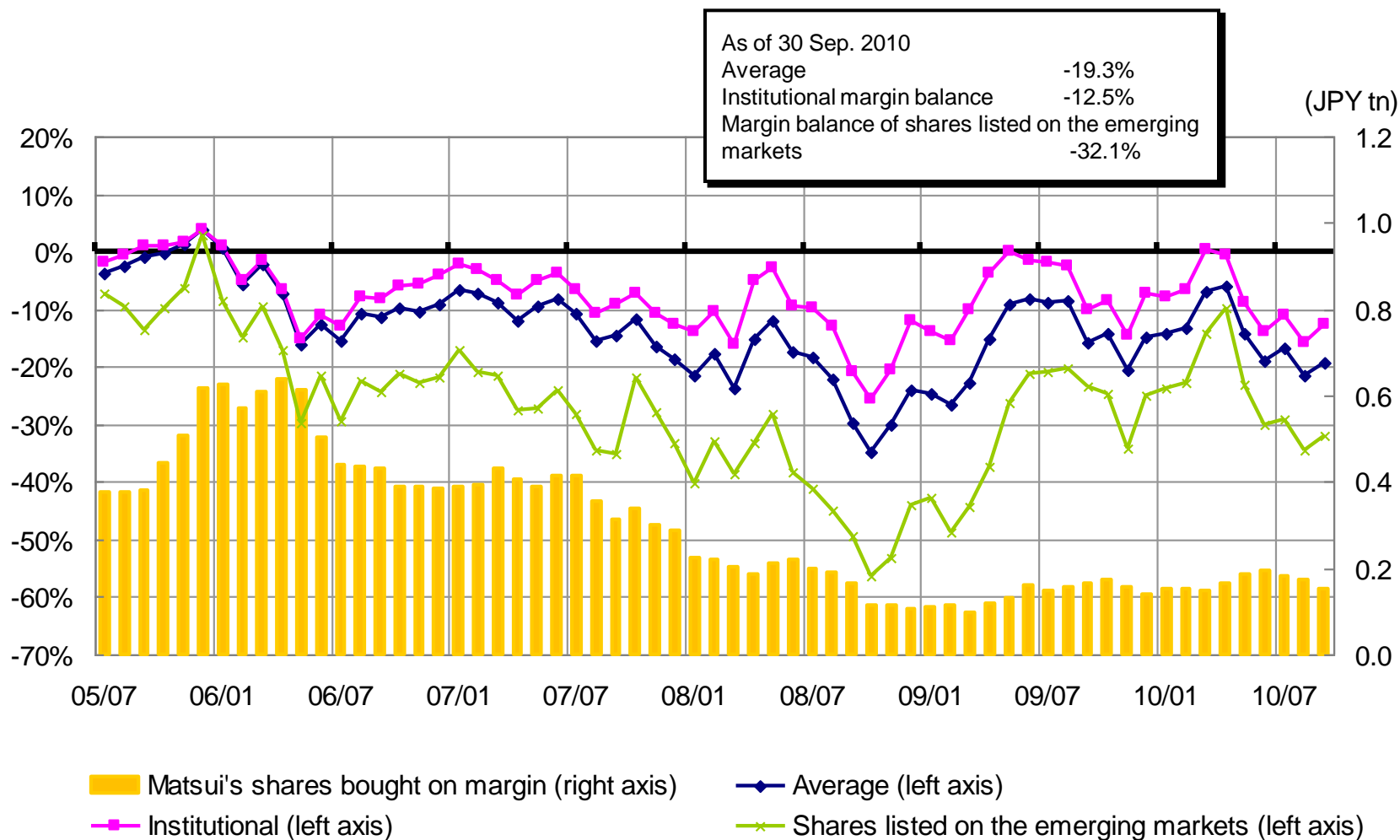
◆ Matsui's shares bought on margin¹ and its market share²



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

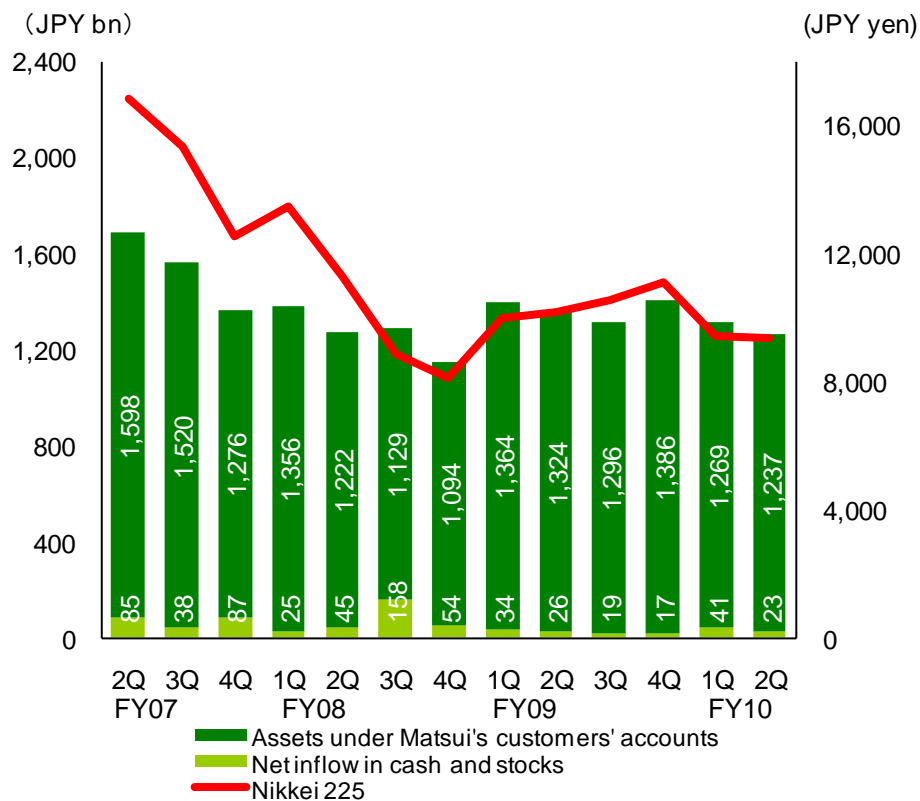


Evaluation Losses on Matsui's Margin Balance

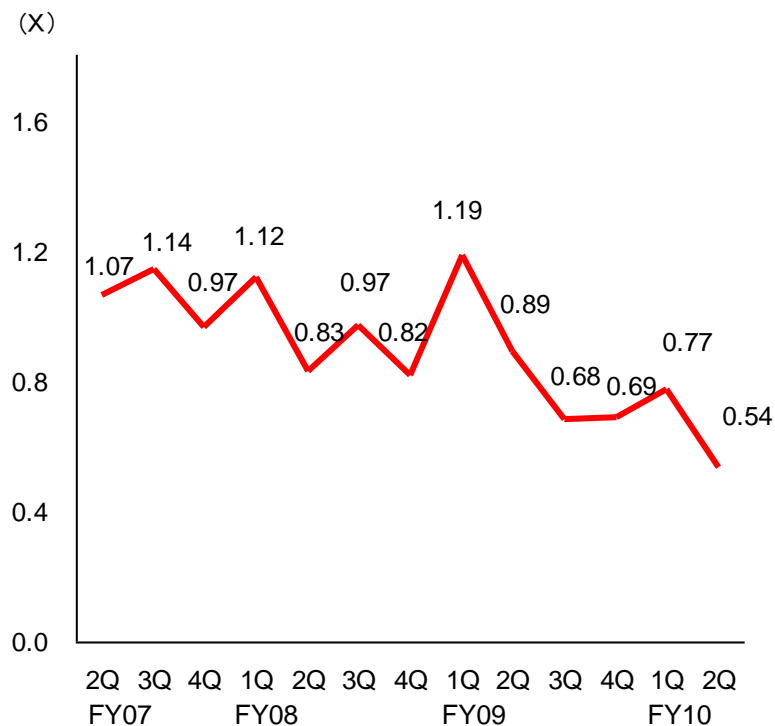


Assets under Customers' Accounts / Trading Turnover

◆ Assets under Matsui's customers' accounts



◆ Equity trading turnover¹ of Matsui's customers



Source: BOJ

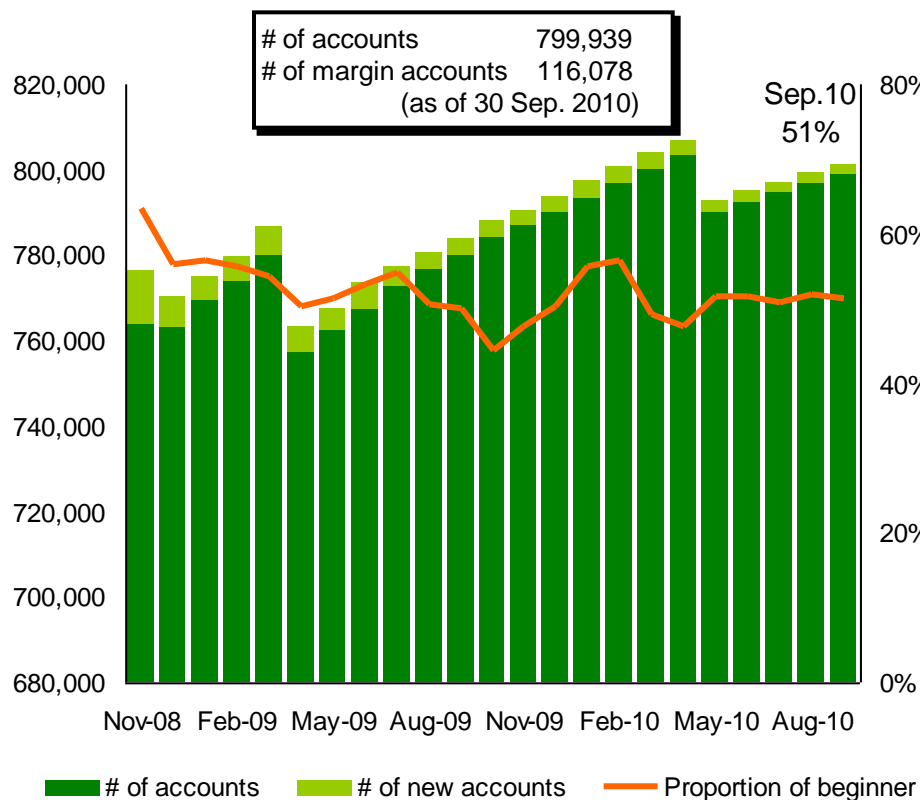
Note 1: Equity trading turnover = (monthly average trading value) / (quarterly average assets under customers' accounts*)

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

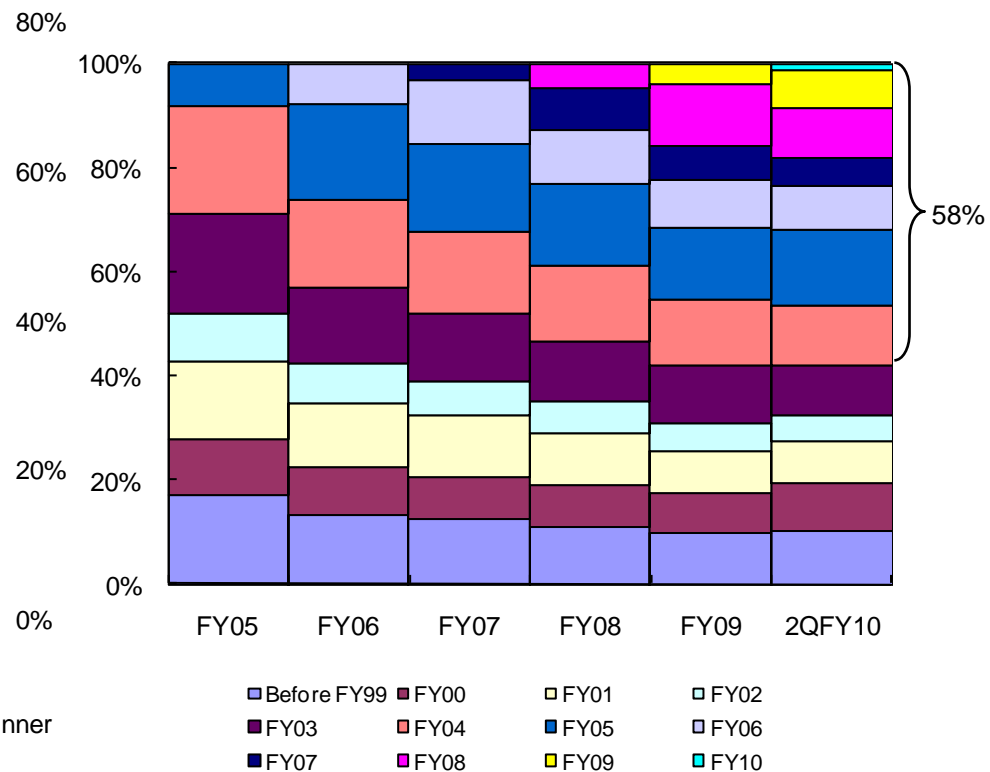
Note 2: Nikkei 225 is the closed price at the end of each quarter

Number of Accounts / Breakdown of Trading Value

◆ Number of accounts at Matsui¹



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

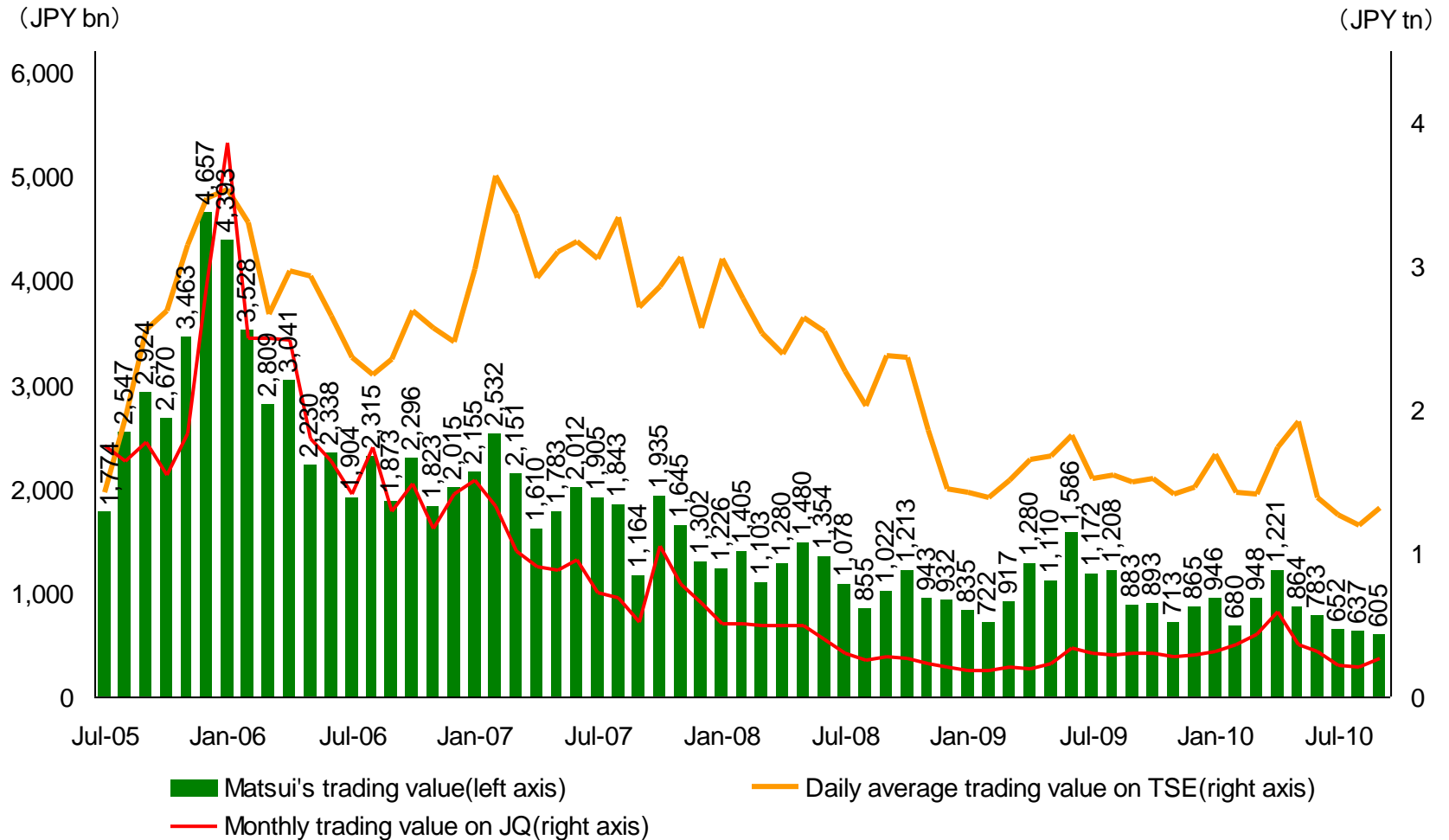


Note 1: Number of accounts as of the end of each month

Dormant accounts were closed down 11,140 in Dec. 2008, 28,846 in Apr. 2009 and 16,431 in May 2010

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" "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 / FX Margin Trading

◆ Real-Time-Gross-Settlement

- Steady operation of system, secure liquidity is the highest priority
- # of accounts : 41,373 (As of 30 Sep. 10)

~ Undertakings in 2QFY10 ~

- No commission charge up to JPY10mn of trading value (~Dec.10)



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 ~

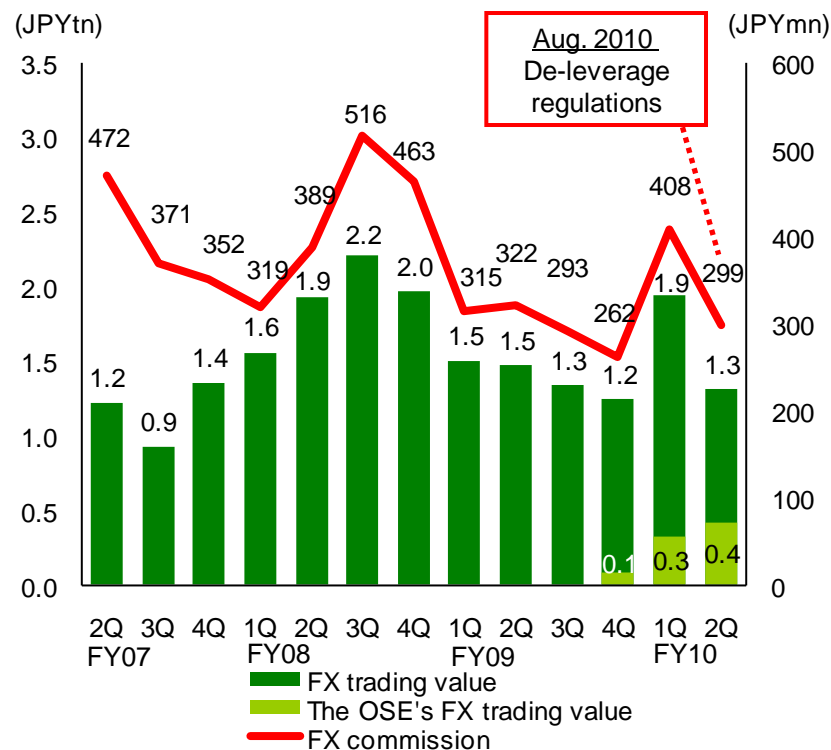
- Introduce margin transaction in order to increase liquidity

◆ FX margin trading

The OSE's trading value has been growing and the proportion to the total FX trading value has been rising

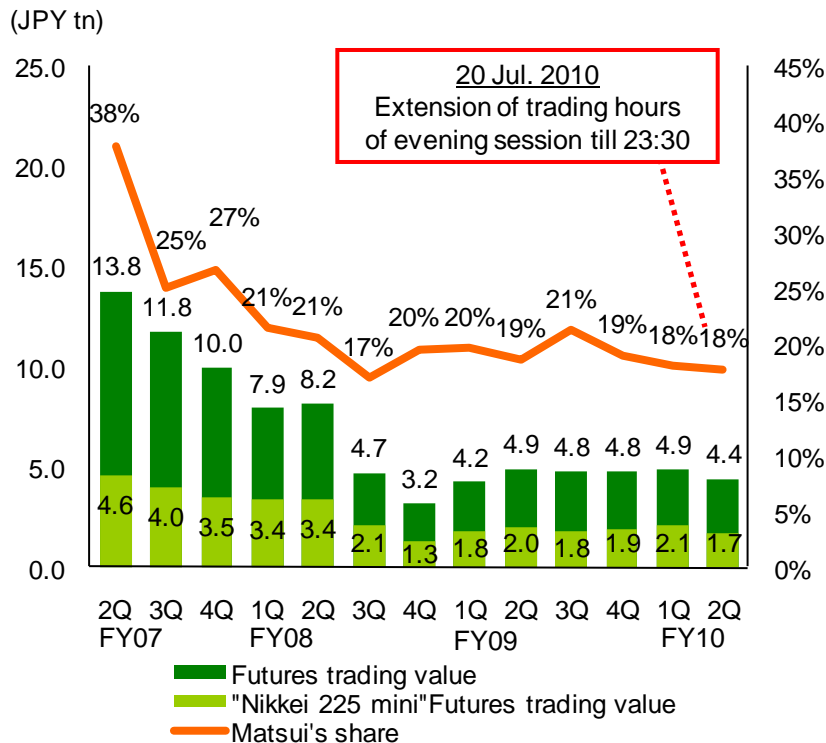
- The OSE's FX trading value : 160bn (Sep.10)
- Proportion of the OSE's FX : 38% (Sep.10)

◆ Matsui's FX trading value and commission

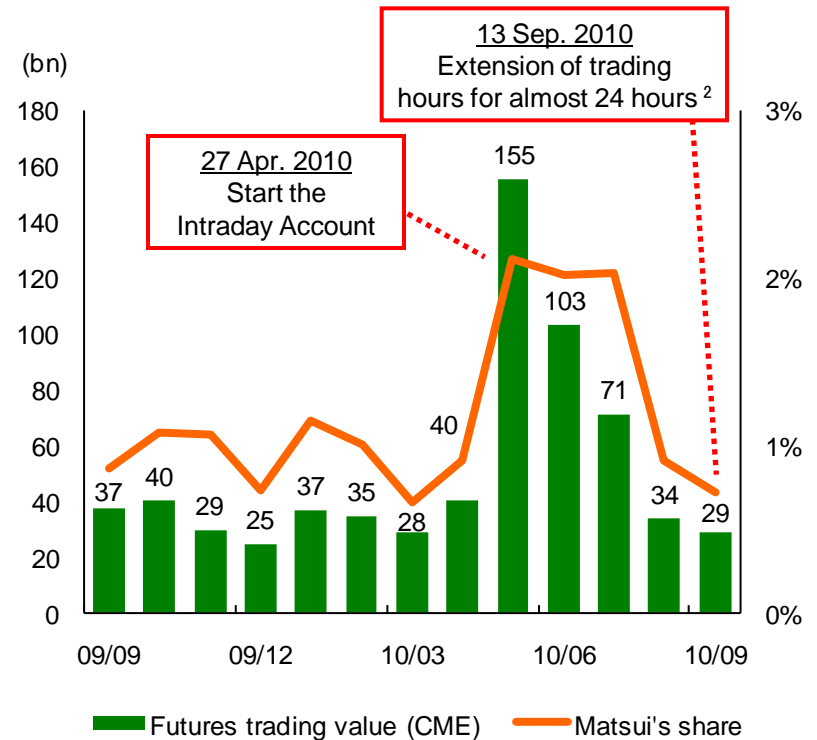


Nikkei 225 Futures

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



◆ Matsui's CME Nikkei225 Futures trading value



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 has been included in that of retail since 3QFY07)

Note 2: The trading hours of CME Nikkei 225 Futures are 07:00am-05:15am (US summer time), 08:00am-06:15am (US winter time)

Enhancement of Trading Platform

Enhancement of the mobile trading platform for customers

◆ Introduction of the application “KABU touch” for iPhone

- March 2009
Introduce “KABU touch” as a real time information application first among the securities companies in Japan

- August 2010

Add trading function to “KABU touch”

◆ Main functions of “KABU touch”

- Trading function
 - Able to trade both cash and margin trading
 - Able to trade with one tap on pricing board by using “Speed Order” function
- Stock price information board
 - Update automatically in zero second
- Technical charts
 - Able to use various types of technical charts
- Investment information
 - Offer various information such as index, rankings of trading information, market news, etc.

<Speed Order>



<Technical Chart>



<Stock Price Board>



Details of Newly Offered Services

Campaign/Promotion	Improvement in Quality of Services to Customers
<ul style="list-style-type: none"> ◆ No commission charge for RTGS up to JPY10mn of trading value (7/1-9/30,10/1-12/30) ◆ No commission charge for transferring stocks from other brokers (7/12-8/13) ◆ No commission charge for CME Nikkei 225 futures trading for new customers (7/5-7/30) ◆ No commission charge for Nikkei 225 futures trading for new customers (7/20-9/17) ◆ Discount of commission charge for equity trading for new customers (8/23-11/4) 	<ul style="list-style-type: none"> ◆ Start CME Nikkei 225 futures trading available for mobile phone (7/5-) ◆ Add trading function to “KABU touch”, application for iPhone (8/20-) ◆ Increase in number of dealing stocks for short-selling of unlimited margin trading (9/13-) ◆ Extend the trading hours for CME Nikkei 225 futures trading (9/13-) ~Able to trade CME Nikkei 225 for almost 24 hours ◆ Start notice mail services (10/12-) ~Send messages to customers via e-mail to inform customers' transaction results, etc.

The material is intended to provide the financial results for the quarter ended 30 September 2010 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 2010. 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.

This presentation may contain forward looking information. Please keep in mind that they are based on projections of the company and subject to changes depending on the situation. We will under no circumstances assume the obligation to revise this presentation in case such situation occurs.

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