



# Matsui Securities Co., Ltd.

(First Section of Tokyo Stock Exchange: 8628)

## Annual Results for 2Q FY2011

October 2011

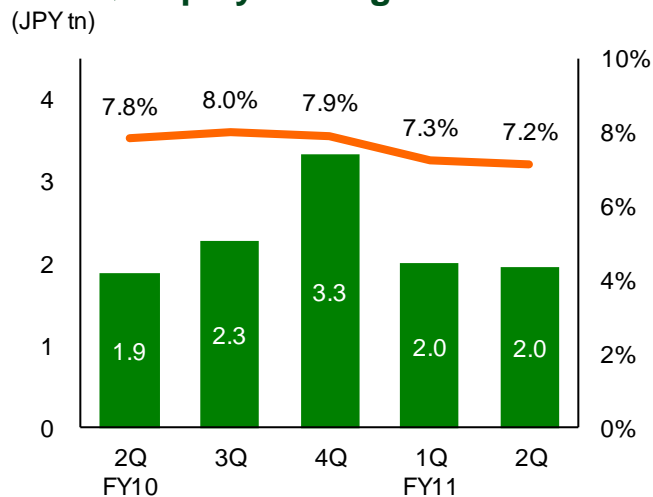
# Table of Contents

---

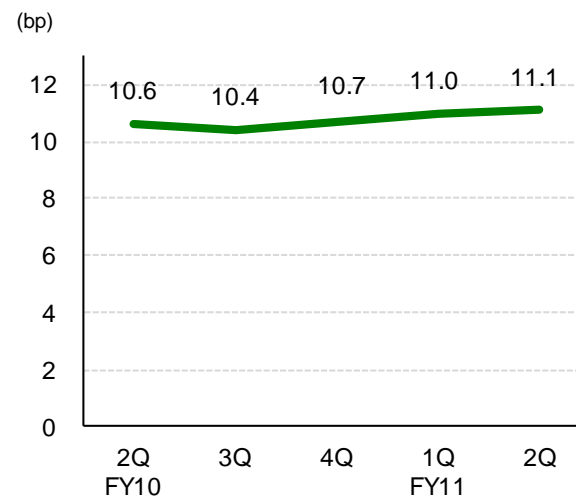
Section 1	Financial Summary	5
Section 2	Results of Operation	13
Section 3	Recent Developments	22

# Results of Operation

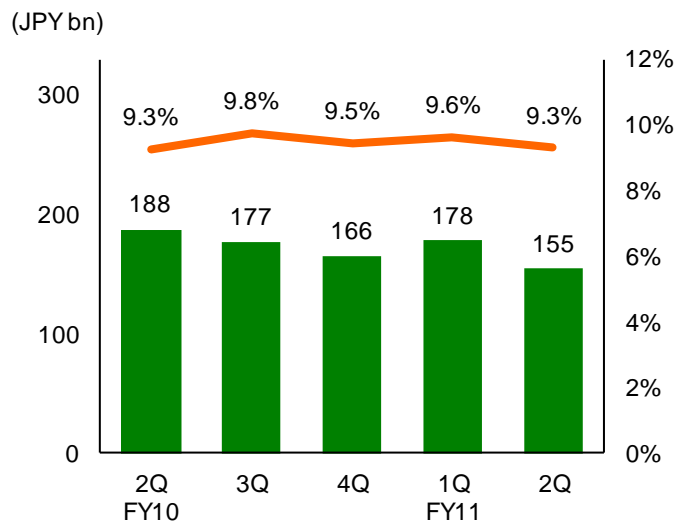
## ◆ Equity trading value



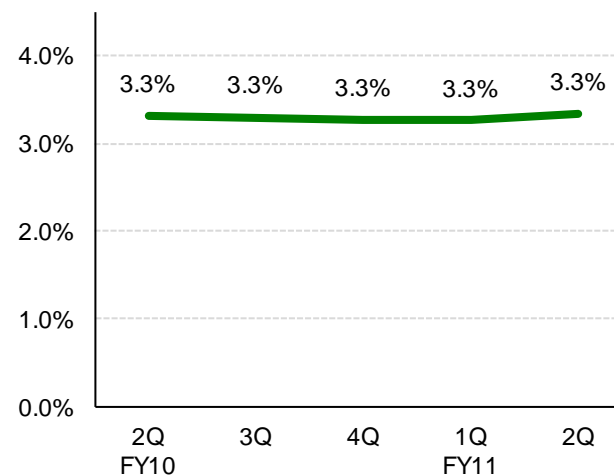
## ◆ Equity commission rate



## ◆ Margin balance

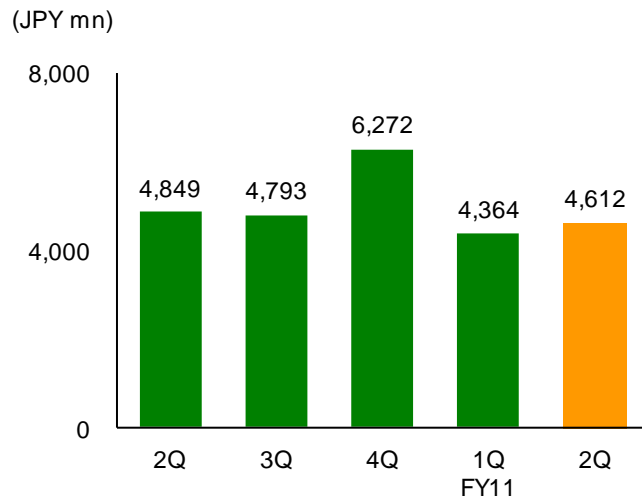


## ◆ Net interest income ratio

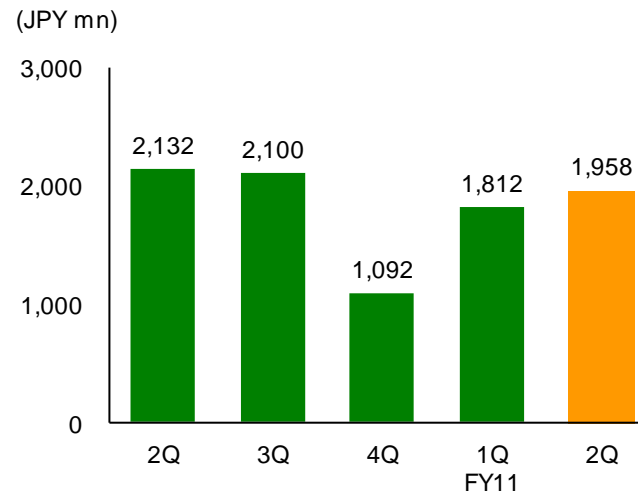


# Financial Results

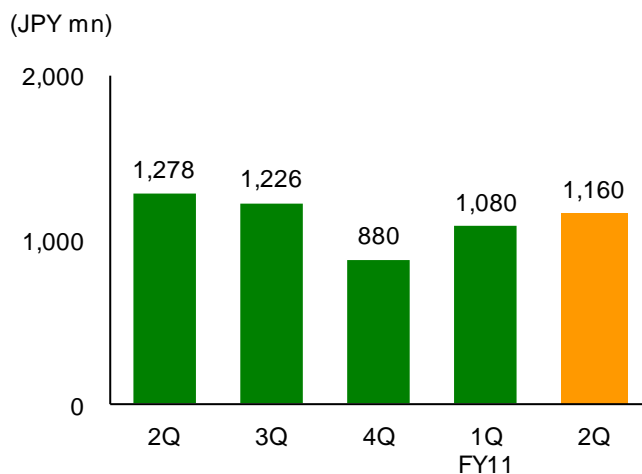
## ◆ Operating revenues



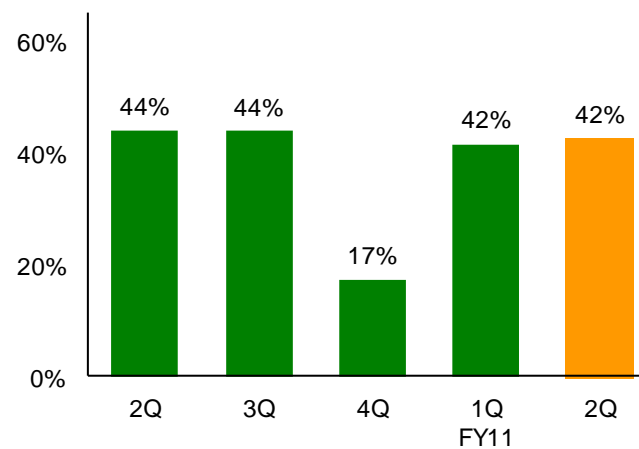
## ◆ Ordinary income



## ◆ Net income

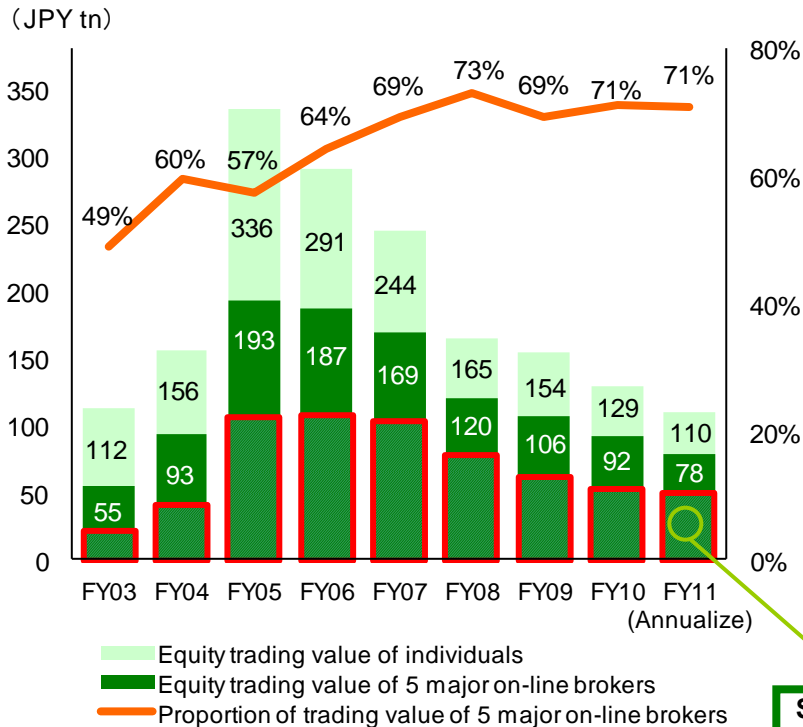


## ◆ Ordinary income ratio



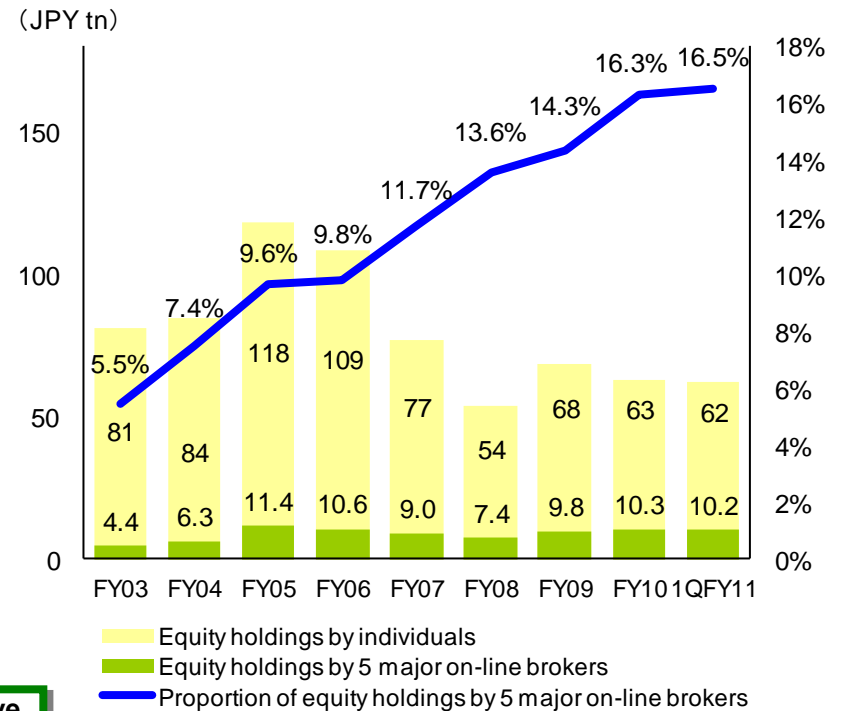
# Overview of Retail Equity Trading Market

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



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

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



# Financial Summary

---

## Section 1

# Summary of Financial Results (1HF FY11)

(JPY mn)

	FY11	FY10			YoY	FY10 TOTAL
	1HF	2HF	HFoHF	1HF		
Operating Revenues	8,976	11,065	-19%	11,026	-19%	22,091
Commissions	5,775	7,760	-26%	7,277	-21%	15,037
Interest & dividend income	3,258	3,307	-1%	3,747	-13%	7,053
Interest expenses	482	396	22%	375	29%	770
Net operating revenues	8,495	10,670	-20%	10,651	-20%	21,320
SG&A	4,759	7,495	-37%	5,376	-11%	12,870
Operating income	3,736	3,175	18%	5,275	-29%	8,450
Ordinary income	3,771	3,192	18%	5,288	-29%	8,479
Net income	2,240	2,105	6%	3,305	-32%	5,410
Ordinary income ratio	42%	29%	-	48%	-	38%
Matsui's trading value (JPY tn)	4.0	5.6	-29%	4.8	-17%	10.4
Daily average trading value on TSE (JPY tn)	1.4	1.7	-17%	1.5	-6%	1.6

# Breakdown of Net Operating Revenues (1HF FY11)

(JPY mn)

	FY11	FY10			YoY	FY10
	1HF	2HF	HFoHF	1HF		TOTAL
Commissions	5,775	7,760	-26%	7,277	-21%	15,037
Brokerage	5,239	7,111	-26%	6,344	-17%	13,455
Equity	4,397	5,951	-26%	5,175	-15%	11,126
Futures & Options	508	844	-40%	971	-48%	1,815
Others	536	646	-17%	933	-43%	1,579
Net gain (loss) on trading	-57	-2	-	2	-	0
Interest & dividend income (1)	3,258	3,307	-1%	3,747	-13%	7,053
Total operating revenues	8,976	11,065	-19%	11,026	-19%	22,091
Interest expenses (2)	482	396	22%	375	29%	770
Net operating revenues	8,495	10,670	-20%	10,651	-20%	21,320
Net interest income (1) - (2)	2,777	2,911	-5%	3,372	-18%	6,283



# Breakdown of SG&A (1HF FY11)

(JPY mn)

	FY11	FY10			YoY	FY10 TOTAL
	1HF	2HF	HFoHF	1HF		
Transaction related expenses	1,509	1,674	-10%	1,691	-11%	3,365
Advertisement	173	194	-11%	181	-5%	375
Employees' compensation & benefits	917	972	-6%	1,002	-9%	1,974
Occupancy & rental	578	575	0%	552	5%	1,128
Data processing & office supplies	882	908	-3%	1,023	-14%	1,931
Depreciation	861	889	-3%	937	-8%	1,825
Duties & taxes other than income taxes	55	54	1%	64	-14%	118
Provision of allowance for doubtful accounts	-118	2,378	-	-	-	2,378
Others	76	45	68%	106	-29%	151
<b>Total SG&amp;A</b>	<b>4,759</b>	<b>7,495</b>	<b>-37%</b>	<b>5,376</b>	<b>-11%</b>	<b>12,870</b>

# Summary of Financial Results (Quarterly)

(JPY mn)

	FY11	FY11	QoQ	FY10			YoY	FY10 TOTAL
	2Q	1Q		4Q	3Q	2Q		
Operating Revenues	4,612	4,364	6%	6,272	4,793	4,849	-5%	22,091
Commissions	2,974	2,800	6%	4,570	3,190	3,021	-2%	15,037
Interest & dividend income	1,653	1,605	3%	1,704	1,602	1,827	-10%	7,053
Interest expenses	261	220	19%	211	185	170	54%	770
Net operating revenues	4,350	4,144	5%	6,061	4,608	4,679	-7%	21,320
SG&A	2,393	2,366	1%	4,983	2,512	2,548	-6%	12,870
Operating income	1,958	1,778	10%	1,078	2,097	2,131	-8%	8,450
Ordinary income	1,958	1,812	8%	1,092	2,100	2,132	-8%	8,479
Net income	1,160	1,080	7%	880	1,226	1,278	-9%	5,410
Ordinary income ratio	42%	42%	-	17%	44%	44%	-	38%
Matsui's trading value (JPY tn)	2.0	2.0	-1%	3.3	2.3	1.9	4%	10.4
Daily average trading value on TSE (JPY tn)	1.4	1.4	-2%	1.9	1.4	1.3	8%	1.6

# Breakdown of Net Operating Revenues (Quarterly)

(JPY mn)

	FY11	FY11	QoQ	FY10			YoY	FY10 TOTAL
	2Q	1Q		4Q	3Q	2Q		
Commissions	2,974	2,800	6%	4,570	3,190	3,021	-2%	15,037
Brokerage	2,665	2,574	4%	4,227	2,883	2,600	2%	13,455
Equity	2,201	2,196	0%	3,578	2,373	2,035	8%	11,126
Futures & Options	304	204	49%	480	364	455	-33%	1,815
Others	309	226	36%	342	304	421	-27%	1,579
Net gain (loss) on trading	-15	-41	-	-2	1	1	-	0
Interest & dividend income (1)	1,653	1,605	3%	1,704	1,602	1,827	-10%	7,053
Total operating revenues	4,612	4,364	6%	6,272	4,793	4,849	-5%	22,091
Interest expenses (2)	261	220	19%	211	185	170	54%	770
Net operating revenues	4,350	4,144	5%	6,061	4,608	4,679	-7%	21,320
Net interest income (1) - (2)	1,391	1,385	0%	1,493	1,418	1,657	-16%	6,283

# Breakdown of SG&A (Quarterly)

(JPY mn)

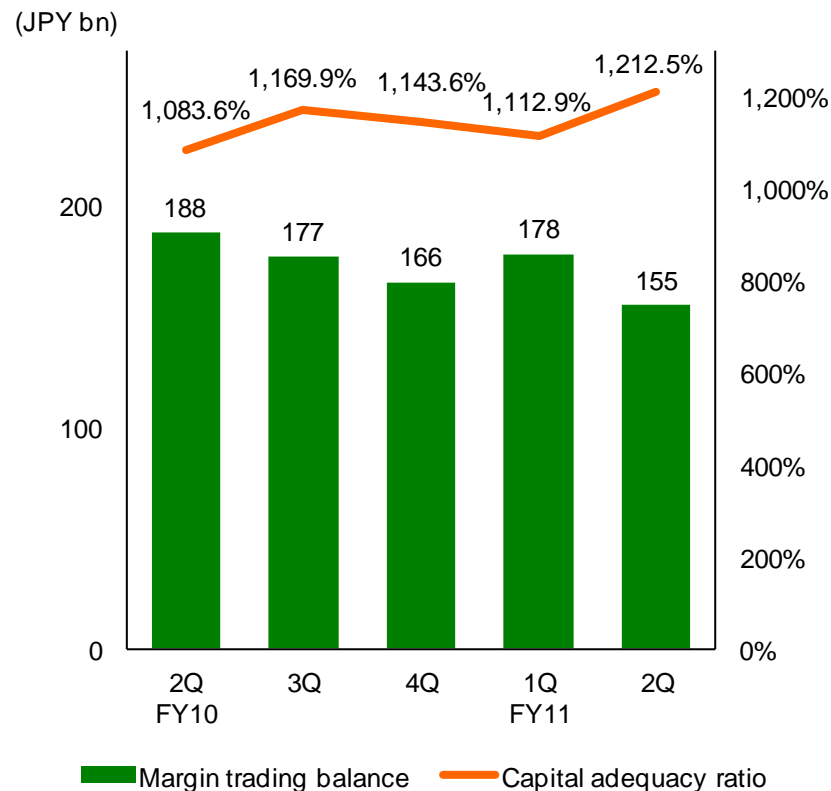
	FY11	FY11	QoQ	FY10			YoY	FY10 TOTAL
	2Q	1Q		4Q	3Q	2Q		
Transaction related expenses	766	743	3%	892	782	806	-5%	3,365
Advertisement	97	76	28%	111	83	96	1%	375
Employees' compensation & benefits	456	461	-1%	482	490	458	-1%	1,974
Occupancy & rental	284	294	-3%	296	279	272	5%	1,128
Data processing & office supplies	432	449	-4%	445	462	452	-4%	1,931
Depreciation	425	437	-3%	435	453	465	-9%	1,825
Duties & taxes other than income taxes	23	32	-28%	32	22	25	-8%	118
Provision of allowance for doubtful accounts	-20	-98	-	2,378	-	-	-	2,378
Others	27	49	-45%	22	23	69	-61%	151
<b>Total SG&amp;A</b>	<b>2,393</b>	<b>2,366</b>	<b>1%</b>	<b>4,983</b>	<b>2,512</b>	<b>2,548</b>	<b>-6%</b>	<b>12,870</b>

# Capital Adequacy Ratio

## ◆ Capital adequacy ratio (As of 30 September 2011)

		(JPY mn)
Tier 1	(A)	74,043
Tier 2	Net unrealized gain on investment	-
	Statutory reserves	1,108
	Allowance for doubtful accounts	13
	Sub total (B)	1,121
Assets to be deducted from equity capital	(C)	8,189
Net Capital		
	(A) + (B) - (C) (D)	66,975
Total risk	Market risk	0
	Counterparty risk	3,365
	Basic risk	2,157
	Total (E)	5,523
Capital Adequacy ratio (D)/(E)		1,212.5%

## ◆ Margin trading balance and capital adequacy ratio



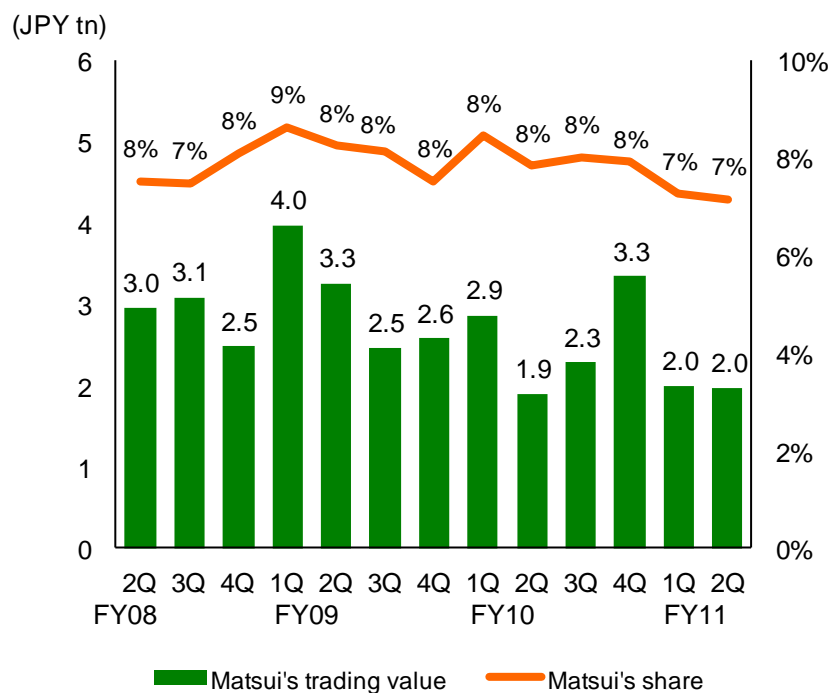
# Results of Operation

---

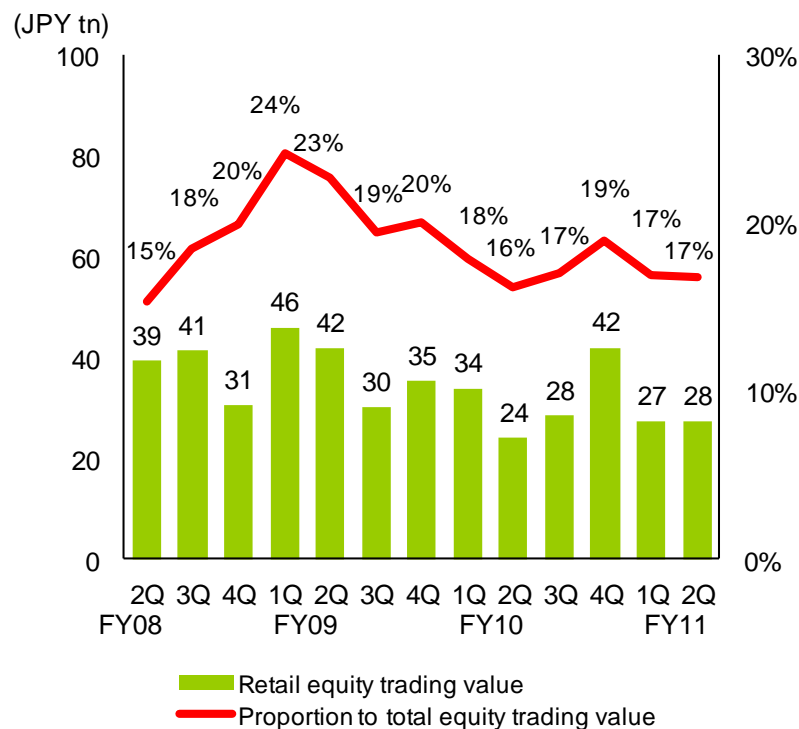
## Section 2

# Equity Trading Value

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

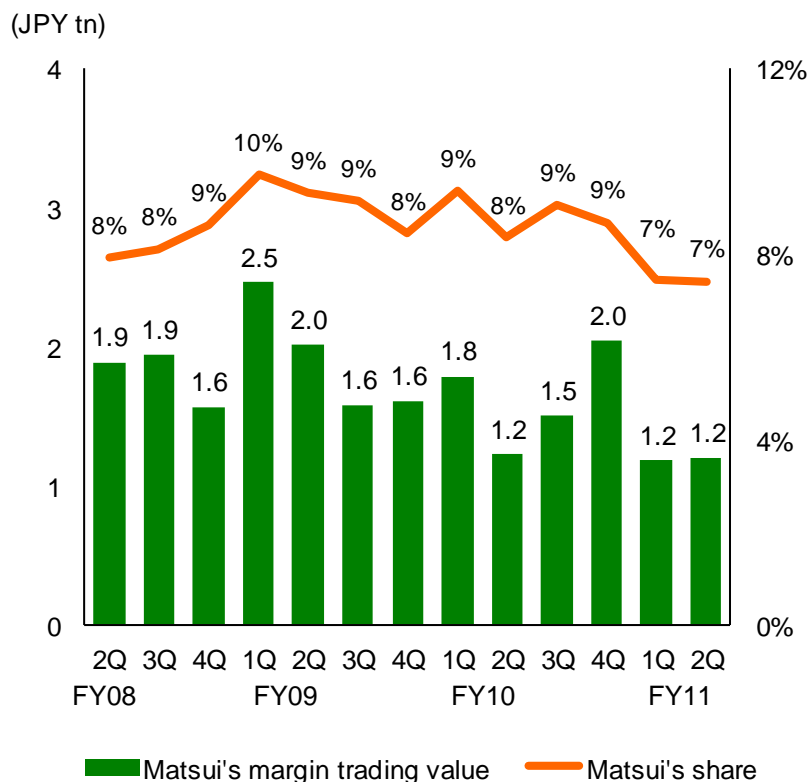


## ◆ Retail equity trading value<sup>1</sup> and proportion to total equity trading value

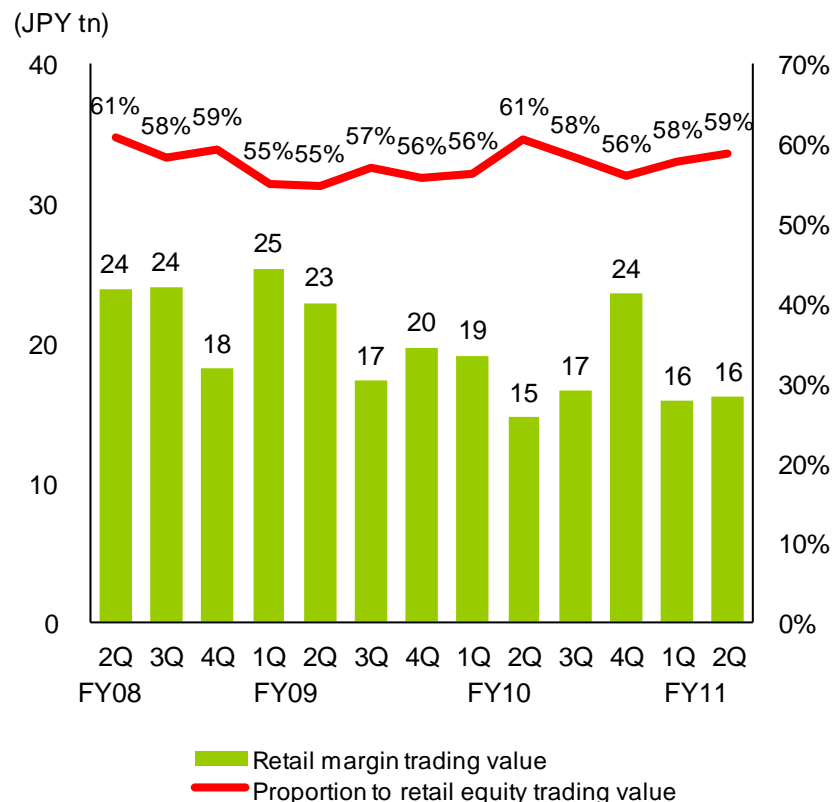


# Margin Trading Value

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



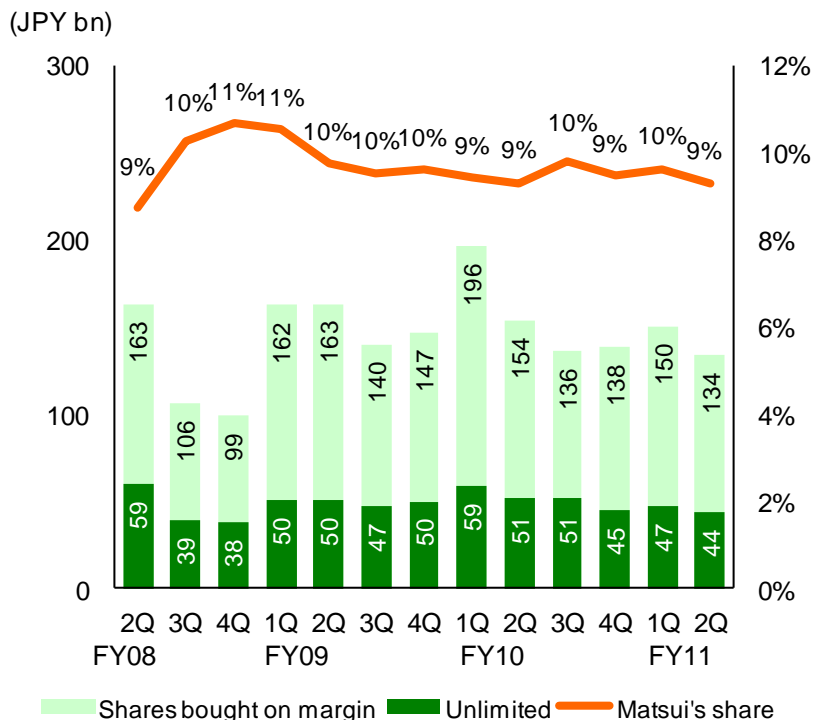
## ◆ Retail margin trading value<sup>1</sup> and proportion to total retail equity trading value



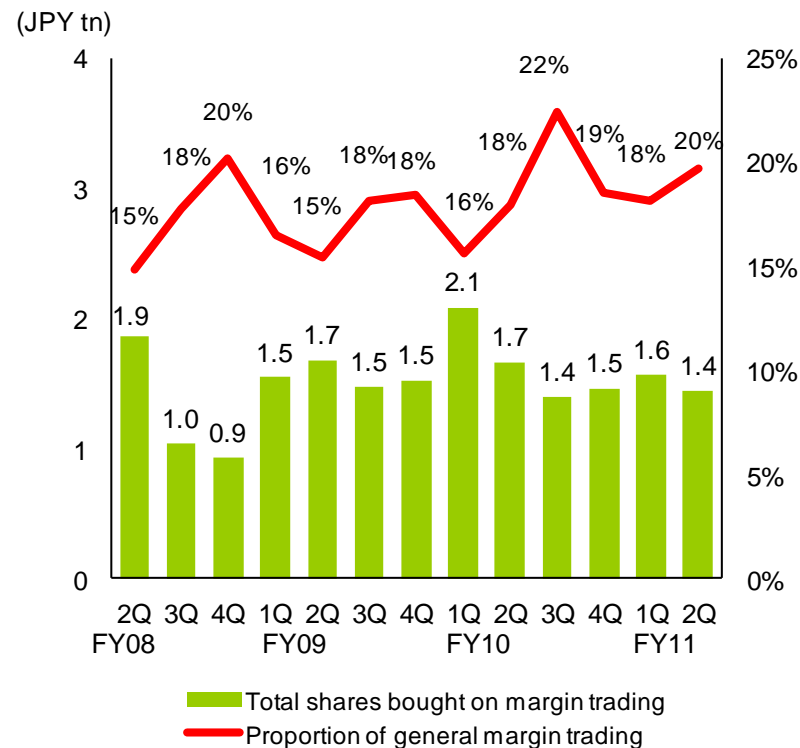


# Margin Trading Balance

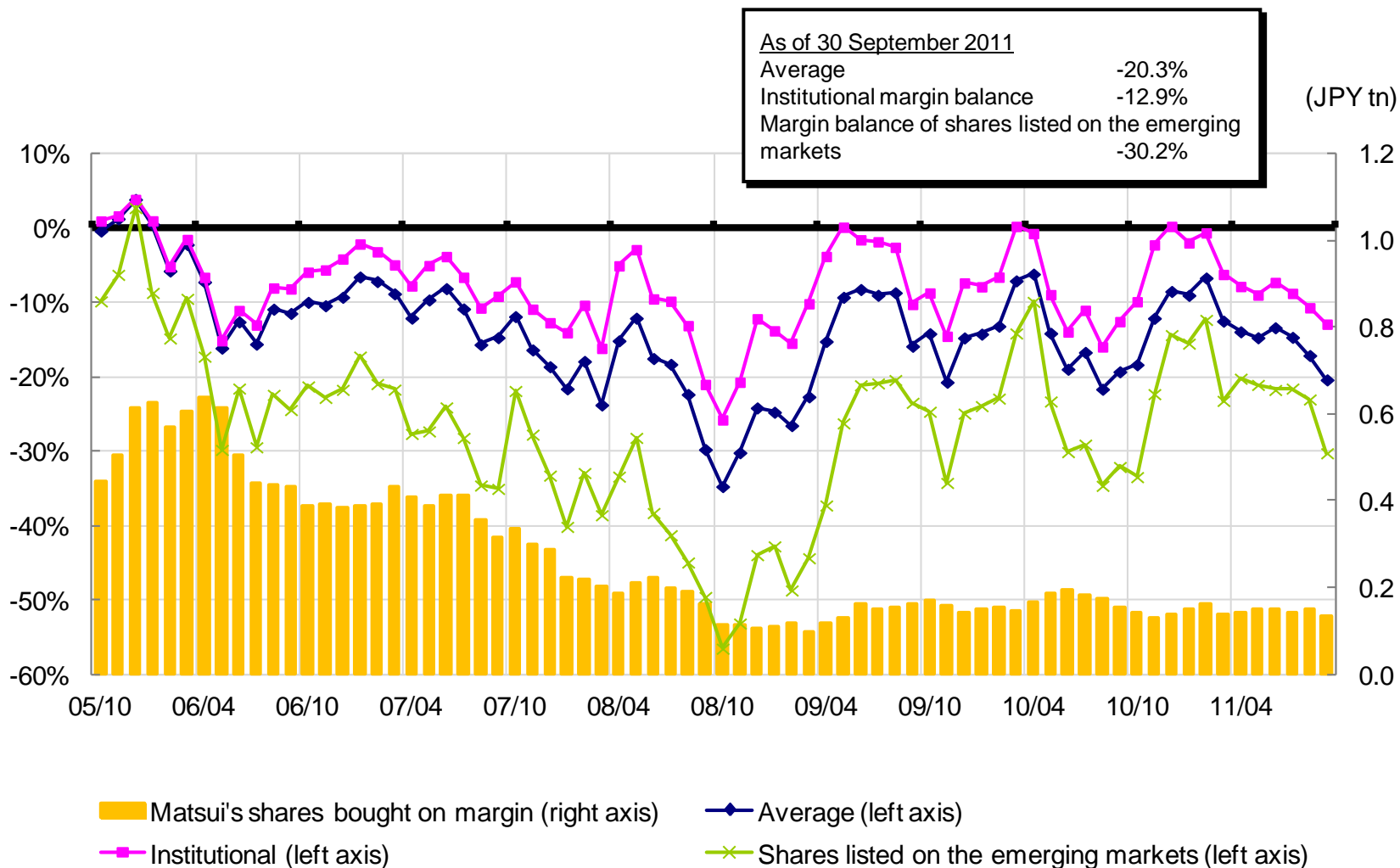
## ◆ Matsui's shares bought on margin<sup>1</sup> and its market share<sup>2</sup>



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

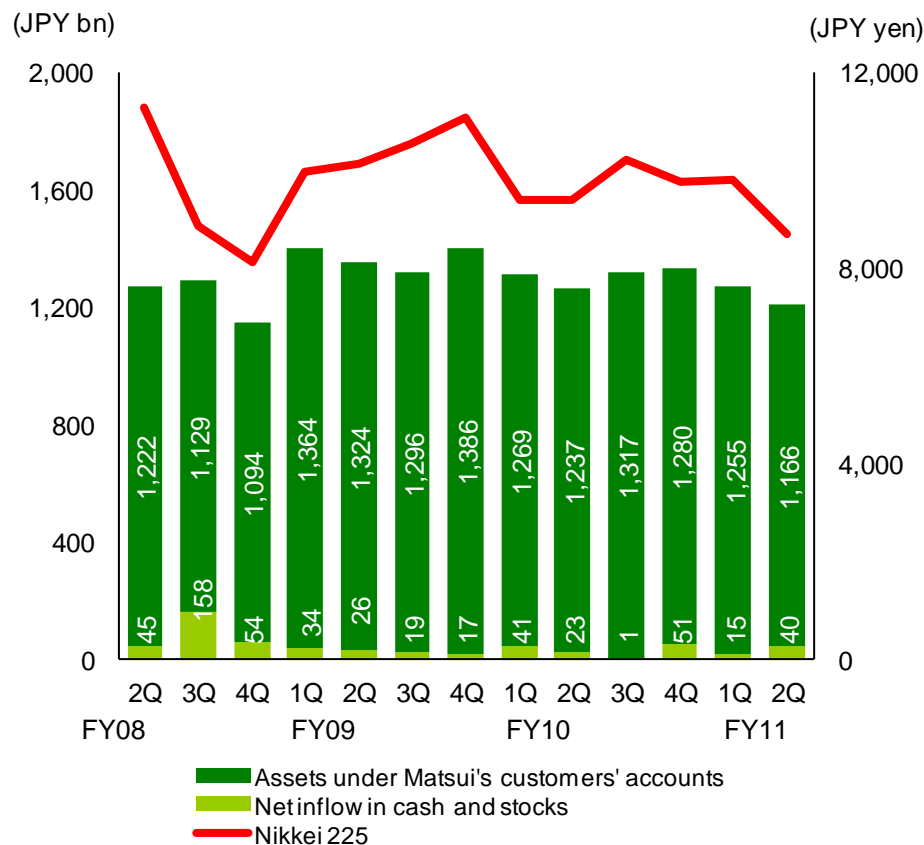


# Evaluation Losses on Matsui's Margin Balance

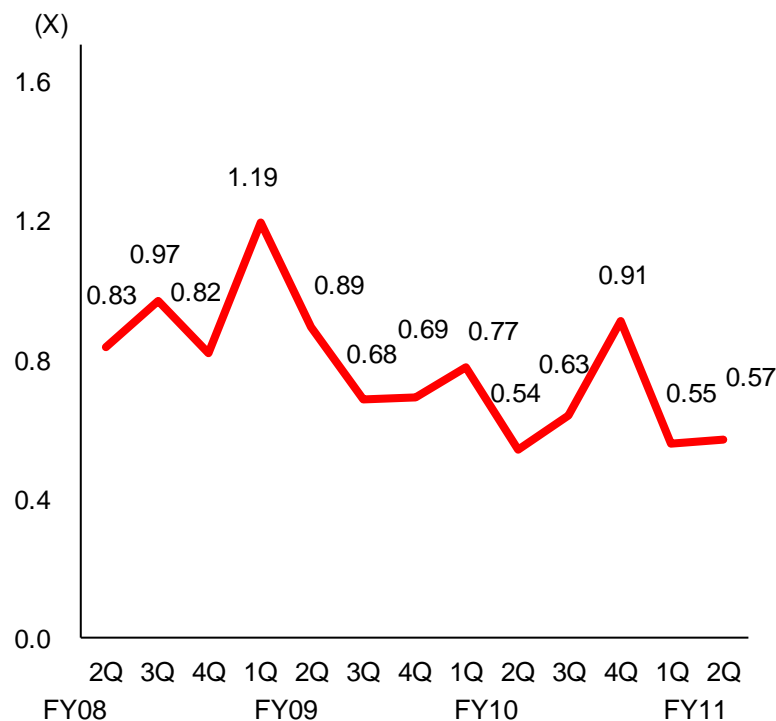


# Assets under Customers' Accounts / Trading Turnover

## ◆ Assets under Matsui's customers' accounts



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



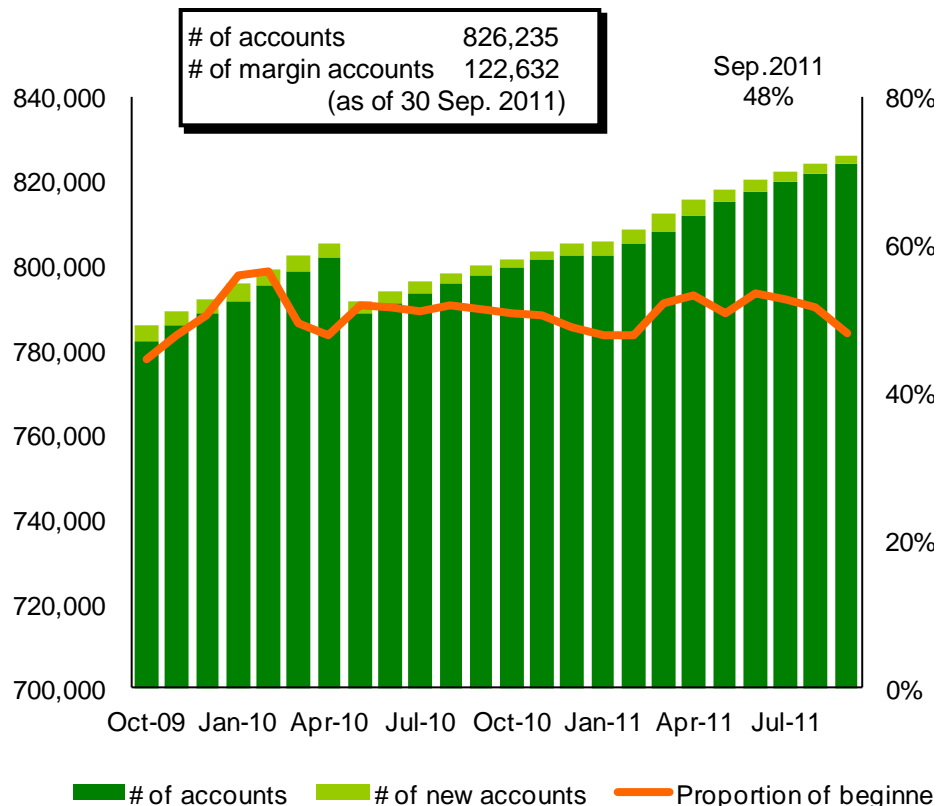
Note 1: Equity trading turnover = (monthly average trading value) / (quarterly average assets under customers' accounts\*)

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

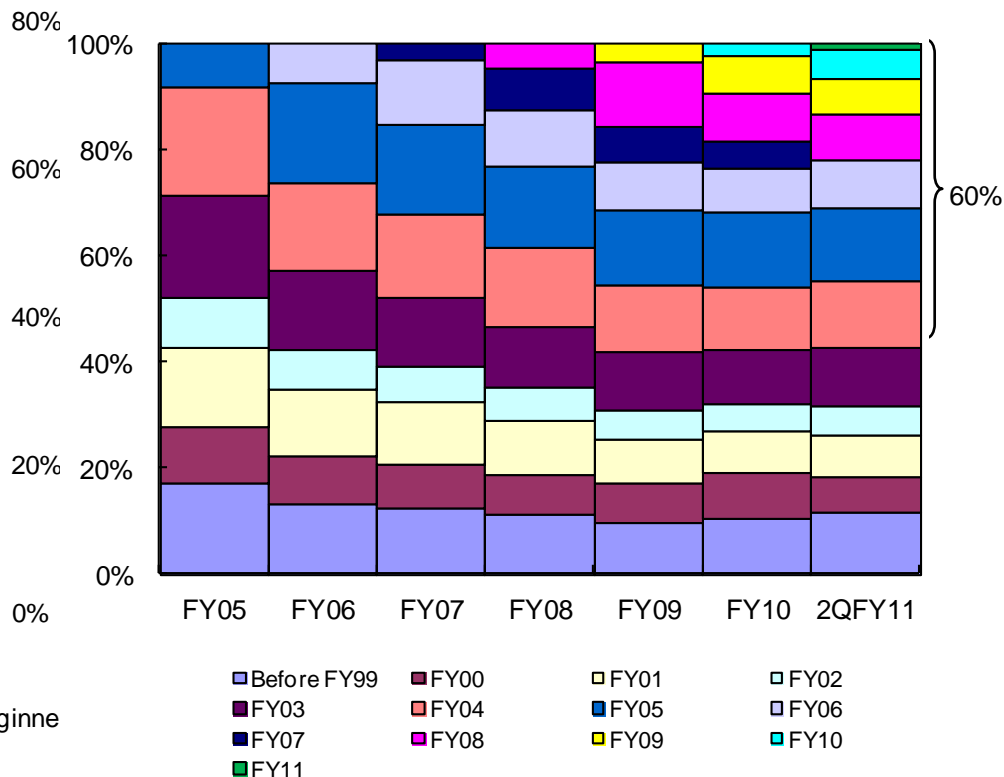
Note 2: Nikkei 225 is the closed price at the end of each quarter

# Number of Accounts / Breakdown of Trading Value

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



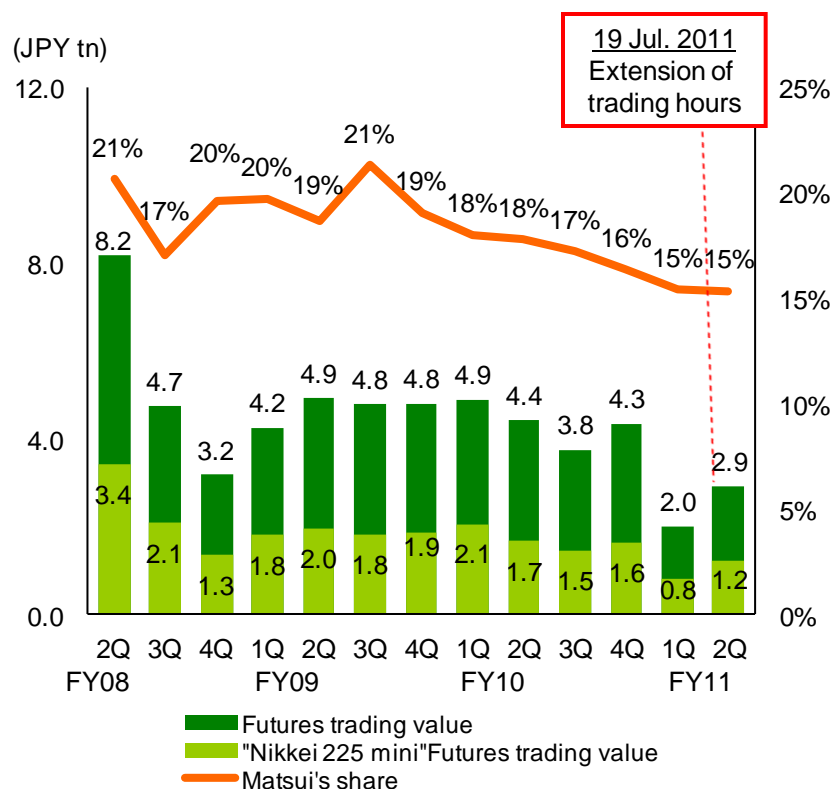
## ◆ Breakdown of trading value by customers opening the accounts in each fiscal year



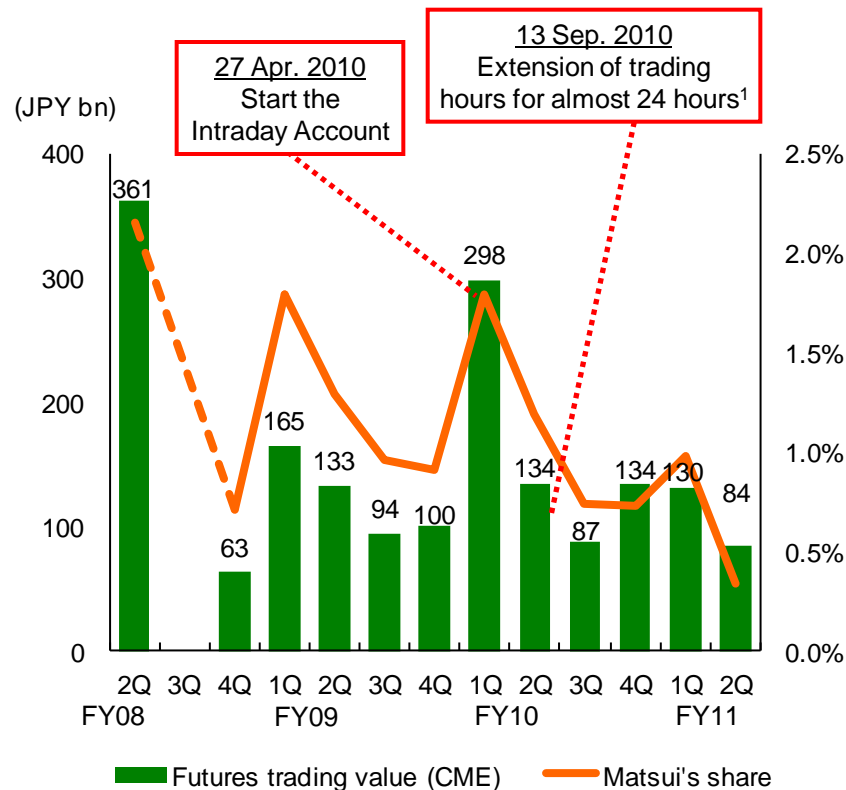
Note 1: Number of accounts as of the end of each month  
Dormant accounts were closed down 16,431 in May 2010 and 1,925 in Jan. 2011

# Nikkei 225 Futures

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

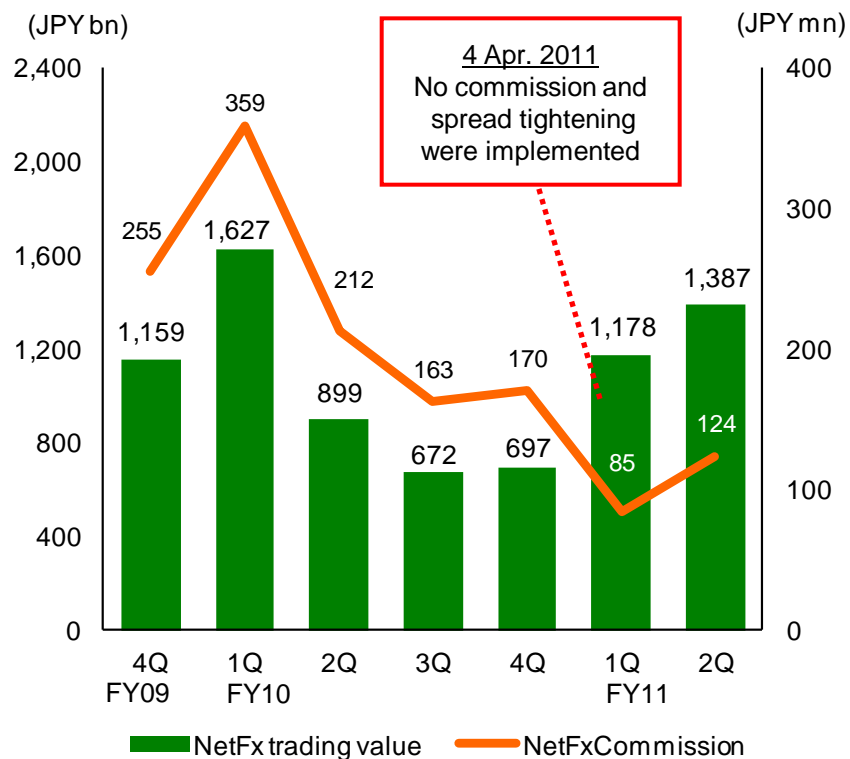


## ◆ Matsui's CME Nikkei225 Futures trading value

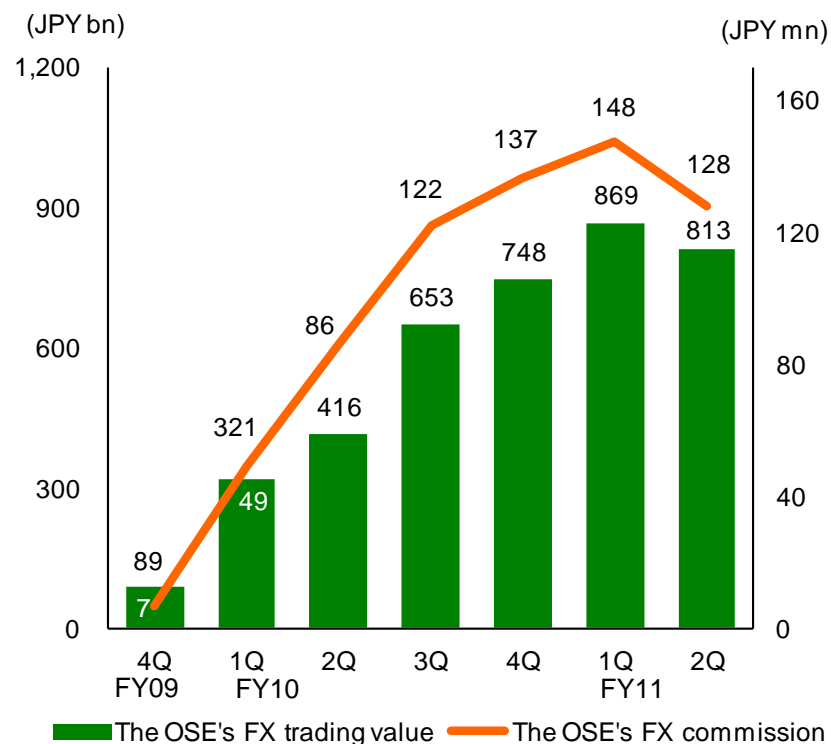


# FX Margin Trading

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



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



# 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"
- ◆ 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 I

## Margin transaction service has been introduced in 11 October

### ◆ Outline of RTGS

Settlement	Immediate (Real time)
Pricing Method	Matching the current price at TSE
Execution	Executed by off-floor trading on OSE (J-NET)
Type of transaction	Cash transaction / Margin transaction
Commission for margin transaction	No commission (annual interest: 7.3%)
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	Cross listed shares on TSE and OSE (57 shares)

### ◆ Advantages to Customers

**Improvement of trading capacity  
for "super active traders"**

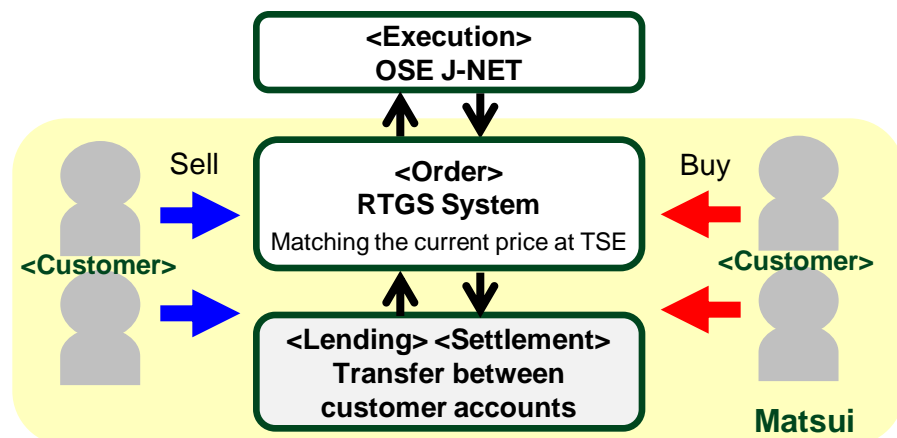
#### Margin Transaction

- Allow customers to use the proceeds of the sale of shares on any given date towards purchase of another company's shares to be settled on the same date (Loop-trade of margin transaction)

(e.g.) In case of 1 million yen in the margin account

				RTGS (T+0)	Current (T+3)
09:10am	Buy A	1,000 shares	@3,000yen	○	○
09:50am	Sell A	1,000 shares	@3,020yen	○	○
10:30am	Buy A	1,000 shares	@3,000yen	○	×
10:45am	Sell A	1,000 shares	@3,030yen	○	×
13:00am	Buy B	1,000 shares	@3,000yen	○	×
13.30am	Sell B	1,000 shares	@3,030yen	○	×

### ◆ Structure of RTGS



#### Cash Transaction

- Enable customers to day-trade the same stock several times on the same day

(e.g.) In case of 1 million yen in the account

				RTGS (T+0)	Current (T+3)
09:10am	Buy A	1,000 shares	@1,000yen	○	○
09:50am	Sell A	1,000 shares	@1,020yen	○	○
10:30am	Buy A	1,000 shares	@1,000yen	○	×
10:45am	Sell A	1,000 shares	@1,030yen	○	×

# Real Time Gross Settlement II

## ◆ Trading Results (11 to 21 Oct.)

	Total	Cash account	Margin account	Proportion of margin account
Number of accounts	53,449	53,449	7,451	14%

※As of 24 Oct.

	Total	Cash transaction	Margin transaction	Proportion of margin transaction
Value of orders (JPY mn)	2,967	1,001	1,966	66%
Trading value (JPY mn)	600	145	455	76%
Execution ratio	20%	14%	23%	-

Number of orders	9,147	4,547	4,600	50%
Number of executed trades	3,918	1,372	2,546	65%
Execution ratio	43%	30%	55%	-

## ◆ Character of Customers

### ■ “Day-traders” are main customers

63% of RTGS customers are day-traders, and their assets per person is approximately 5.6 million JPY which is about 1.5 times of average assets per active margin customer

### ■ Lower customers activity levels

RTGS margin customers have not become active due to the dull market.

### ■ Failure of large amount of orders

Execution ratio is 55% in numbers but 23% in trading value, which describes the failure of large amount of orders

## ◆ Future Developments

### ▪ Enhancement of trading tools

Enable to order from real time trading tools, such as Netstock High Speed, KABU touch etc.

### ▪ Improvement of market information

Simplify the market information such as bids/offers etc.

### ▪ Expansion of eligible shares

### ▪ Increase of liquidity by accepting orders from other brokers

# Details of Newly Offered Services

Campaign/Promotion	Improvement in Quality of Services to Customers
<ul style="list-style-type: none"> <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> <li>◆ Starting campaign for “NetFx”-OTC FX trading (2011/10/3-12/24)</li> <li>◆ No commission charge for RTGS based cash transaction (2011/10/11-11/11)</li> </ul>	<ul style="list-style-type: none"> <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 (2011/9/2-)</li> <li>◆ Open the “Matsui Securities website” for smartphone (2011/9/9-)</li> <li>◆ Enhance the research function of “QUICK research net” (2011/9/16-)</li> <li>◆ Start the RTGS based margin transaction (2011/10/11-)</li> </ul>

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

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.

## Contact information

### **Matsui Securities Co., Ltd.**

URL: <http://www.matsui.co.jp/ir/en/>

Tel: +81-3-5216-0784 Fax: +81-3-5216-8638

Mail: [ir@matsui.co.jp](mailto:ir@matsui.co.jp)

Akira WARITA, Managing Director : [a-warita@matsui.co.jp](mailto:a-warita@matsui.co.jp)

Kumiko HAYASHI : [k-hayashi@matsui.co.jp](mailto:k-hayashi@matsui.co.jp)