



Matsui Securities Co., Ltd.

(First Section of TSE and OSE: 8628)

Annual Results for 2Q FY2012

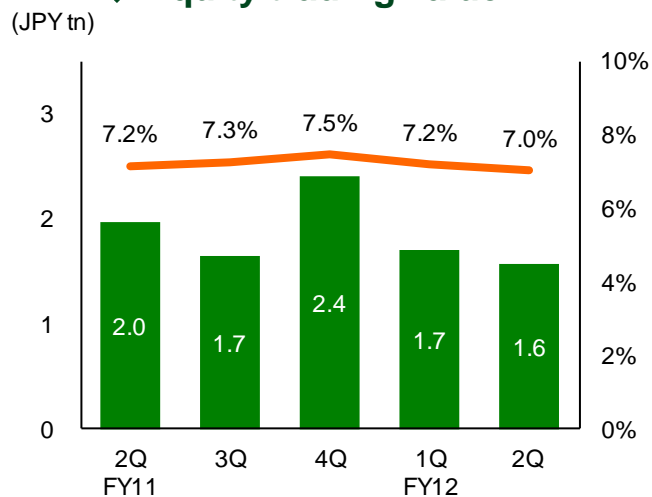
October 2012

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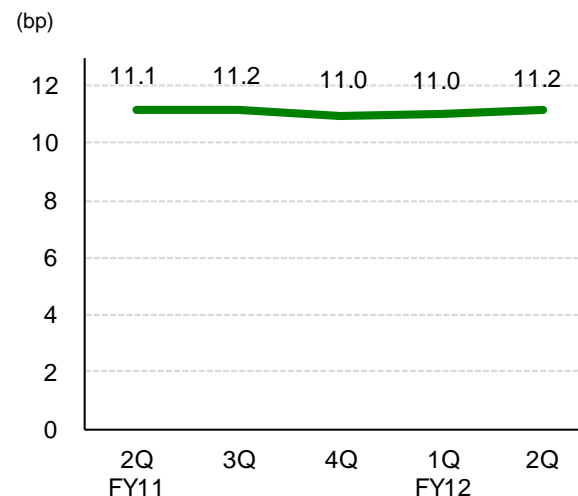
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Results of Operation

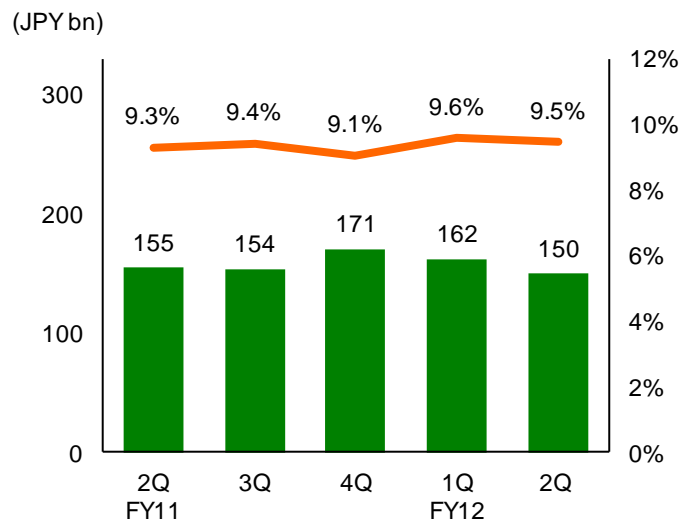
◆ Equity trading value



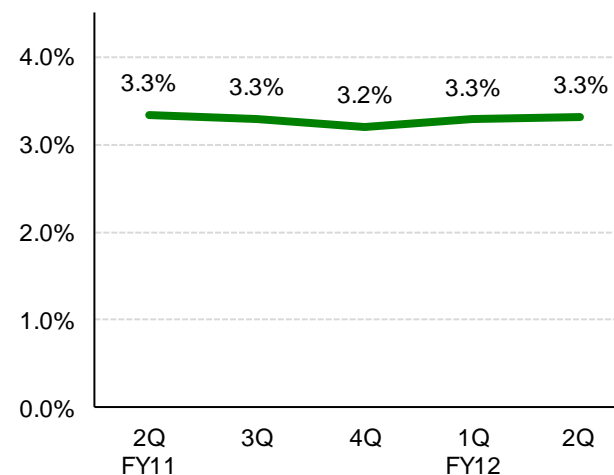
◆ Equity commission rate



◆ Margin balance

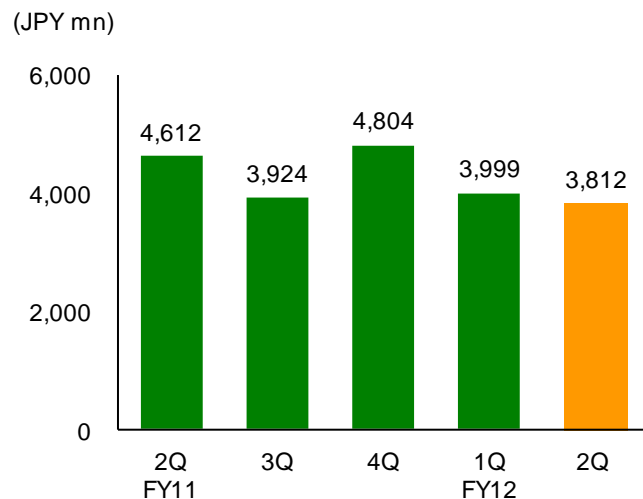


◆ Net interest income ratio

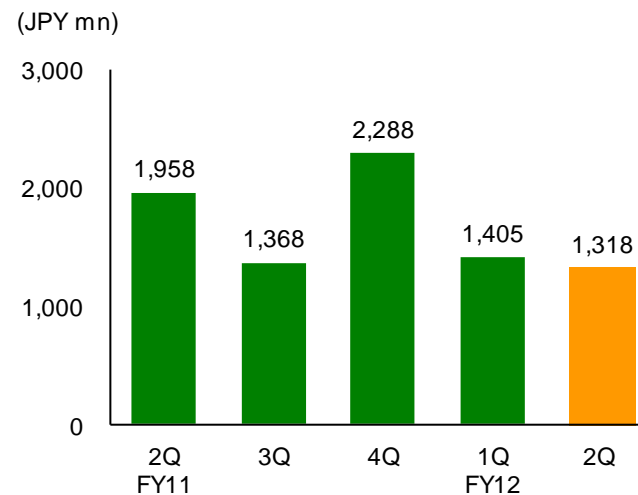


Financial Results

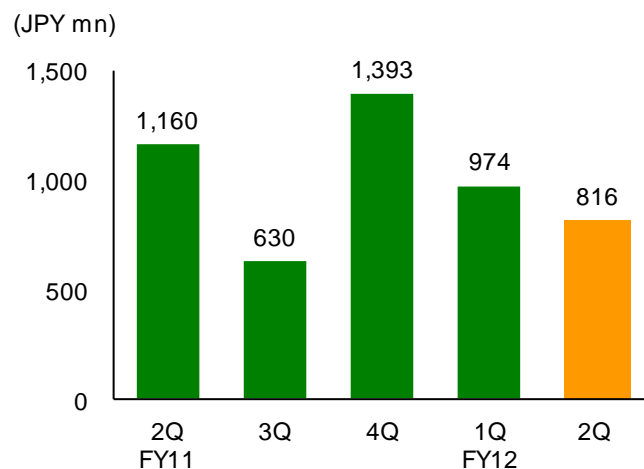
◆ Operating revenues



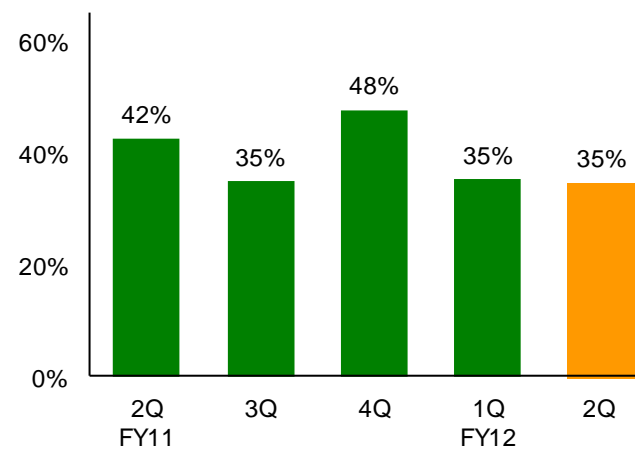
◆ Ordinary income



◆ Net income

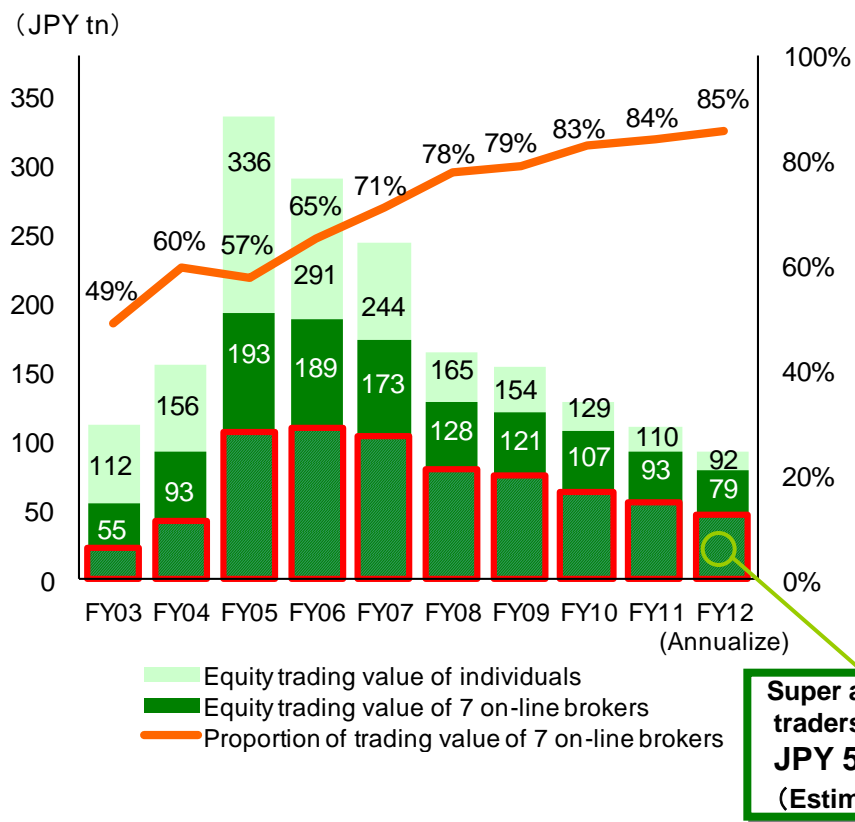


◆ Ordinary income ratio

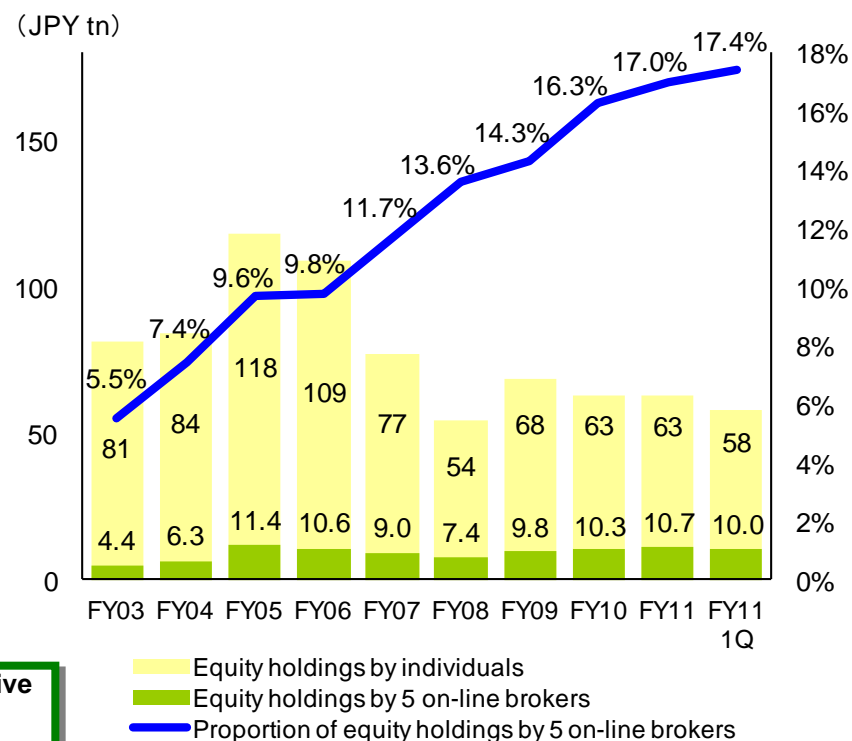


Overview of Retail Equity Trading Market

◆ Equity trading value of individuals¹ (FLOW)



◆ Equity holdings by individuals¹ (STOCK)



Financial Summary

Section 1

Summary of Financial Results (1HF FY12)

(JPY mn)

	FY12	FY11			YoY	FY11 TOTAL
	1HF	2HF	HFoHF	1HF		
Operating Revenues	7,811	8,727	-10%	8,976	-13%	17,703
Commissions	4,720	5,772	-18%	5,775	-18%	11,547
Interest & dividend income	3,089	2,953	5%	3,258	-5%	6,211
Interest expenses	453	494	-8%	482	-6%	975
Net operating revenues	7,358	8,234	-11%	8,495	-13%	16,728
SG&A	4,671	4,602	1%	4,759	-2%	9,360
Operating income	2,688	3,632	-26%	3,736	-28%	7,368
Ordinary income	2,723	3,656	-26%	3,771	-28%	7,426
Net income	1,790	2,023	-12%	2,240	-20%	4,263
Ordinary income ratio	35%	42%	-	42%	-	42%
Matsui's trading value (JPY tn)	3.3	4.1	-19%	4.0	-17%	8.0
Daily average trading value on TSE (JPY tn)	1.1	1.2	-8%	1.4	-17%	1.3

Breakdown of Net Operating Revenues (1HF FY12)

(JPY mn)

	FY12	FY11			YoY	FY11 TOTAL
	1HF	2HF	HFoHF	1HF		
Commissions	4,720	5,772	-18%	5,775	-18%	11,547
Brokerage	4,213	5,196	-19%	5,239	-20%	10,435
Equity	3,655	4,501	-19%	4,397	-17%	8,898
Futures & Options	426	464	-8%	508	-16%	973
Others	502	575	-13%	536	-6%	1,111
Net gain (loss) on trading	-0	2	-	-57	-	-55
Interest & dividend income (1)	3,089	2,953	5%	3,258	-5%	6,211
Total operating revenues	7,811	8,727	-10%	8,976	-13%	17,703
Interest expenses (2)	453	494	-8%	482	-6%	975
Net operating revenues	7,358	8,234	-11%	8,495	-13%	16,728
Net interest income (1) - (2)	2,636	2,459	7%	2,777	-5%	5,236

Breakdown of SG&A (1HF FY12)

(JPY mn)

	FY12	FY11			YoY	FY11 TOTAL
	1HF	2HF	HFoHF	1HF		
Transaction related expenses	1,473	1,595	-8%	1,509	-2%	3,104
Advertisement	234	306	-24%	173	35%	479
Employees' compensation & benefits	911	892	2%	917	-1%	1,809
Occupancy & rental	466	499	-7%	578	-19%	1,077
Data processing & office supplies	823	860	-4%	882	-7%	1,742
Depreciation	895	907	-1%	861	4%	1,769
Duties & taxes other than income taxes	54	43	26%	55	-1%	98
Provision of allowance for doubtful accounts	-15	-228	-	-118	-	-346
Others	64	33	96%	76	-16%	108
Total SG&A	4,671	4,602	1%	4,759	-2%	9,360

Summary of Financial Results (Quarterly)

(JPY mn)

	FY12	FY12	QoQ	FY11			YoY	FY11 TOTAL
	2Q	1Q		4Q	3Q	2Q		
Operating Revenues	3,812	3,999	-5%	4,804	3,924	4,612	-17%	17,703
Commissions	2,292	2,428	-6%	3,302	2,470	2,974	-23%	11,547
Interest & dividend income	1,519	1,570	-3%	1,500	1,453	1,653	-8%	6,211
Interest expenses	237	216	10%	283	211	261	-9%	975
Net operating revenues	3,575	3,783	-6%	4,520	3,713	4,350	-18%	16,728
SG&A	2,264	2,407	-6%	2,254	2,347	2,393	-5%	9,360
Operating income	1,311	1,376	-5%	2,266	1,366	1,958	-33%	7,368
Ordinary income	1,318	1,405	-6%	2,288	1,368	1,958	-33%	7,426
Net income	816	974	-16%	1,393	630	1,160	-30%	4,263
Ordinary income ratio	35%	35%	-	48%	35%	42%	-	42%
Matsui's trading value (JPY tn)	1.6	1.7	-8%	2.4	1.7	2.0	-20%	8.0
Daily average trading value on TSE (JPY tn)	1.1	1.2	-13%	1.4	1.1	1.4	-22%	1.3

Source: TSE

Breakdown of Net Operating Revenues (Quarterly)

(JPY mn)

	FY12	FY12	QoQ	FY11			YoY	FY11 TOTAL
	2Q	1Q		4Q	3Q	2Q		
Commissions	2,292	2,428	-6%	3,302	2,470	2,974	-23%	11,547
Brokerage	2,022	2,191	-8%	2,991	2,205	2,665	-24%	10,435
Equity	1,759	1,896	-7%	2,657	1,844	2,201	-20%	8,898
Futures & Options	207	220	-6%	215	249	304	-32%	973
Others	264	237	11%	311	265	309	-14%	1,111
Net gain (loss) on trading	1	-1	-	1	1	-15	-	-55
Interest & dividend income (1)	1,519	1,570	-3%	1,500	1,453	1,653	-8%	6,211
Total operating revenues	3,812	3,999	-5%	4,804	3,924	4,612	-17%	17,703
Interest expenses (2)	237	216	10%	283	211	261	-9%	975
Net operating revenues	3,575	3,783	-6%	4,520	3,713	4,350	-18%	16,728
Net interest income (1) - (2)	1,281	1,355	-5%	1,217	1,242	1,391	-8%	5,236

Breakdown of SG&A (Quarterly)

(JPY mn)

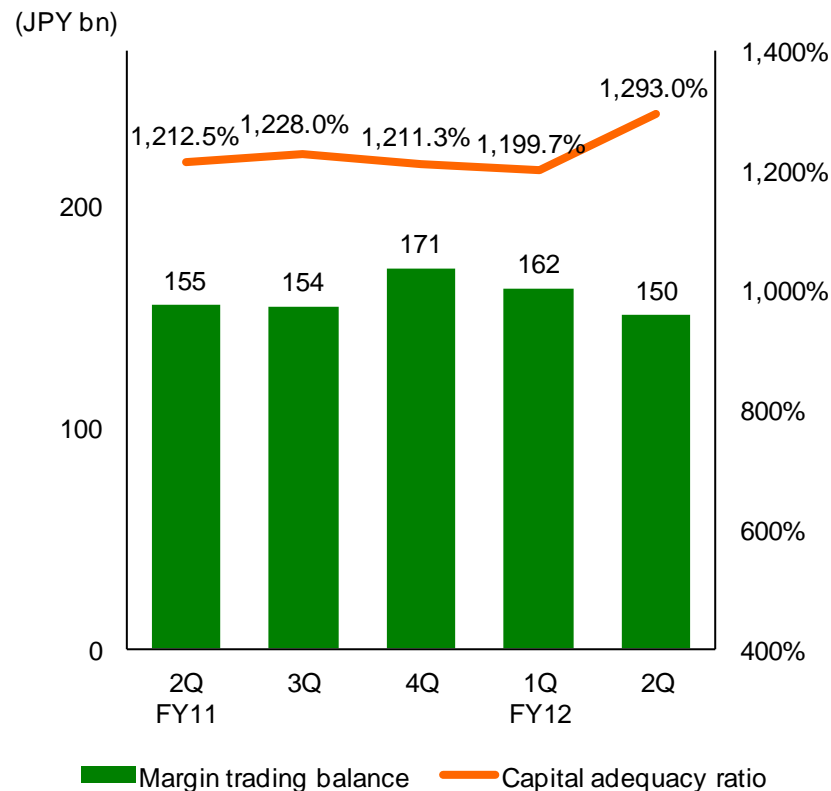
	FY12	FY12	QoQ	FY11			YoY	FY11 TOTAL
	2Q	1Q		4Q	3Q	2Q		
Transaction related expenses	700	773	-9%	795	800	766	-9%	3,104
Advertisement	95	139	-32%	126	180	97	-3%	479
Employees' compensation & benefits	453	457	-1%	449	443	456	-0%	1,809
Occupancy & rental	230	236	-3%	237	262	284	-19%	1,077
Data processing & office supplies	402	422	-5%	415	445	432	-7%	1,742
Depreciation	447	448	-0%	447	460	425	5%	1,769
Duties & taxes other than income taxes	19	35	-46%	25	18	23	-17%	98
Provision of allowance for doubtful accounts	-6	-9	-	-131	-96	-20	-	-346
Others	18	46	-60%	19	14	27	-32%	108
Total SG&A	2,264	2,407	-6%	2,254	2,347	2,393	-5%	9,360

Capital Adequacy Ratio

◆ Capital adequacy ratio (As of 30 September 2012)

(JPY mn)		
Tier 1 (A)		74,000
Tier 2	Net unrealized gain on investment	-
	Statutory reserves	1,067
	Allowance for doubtful accounts	6
Sub total (B)		1,073
Assets to be deducted from equity capital (C)		6,939
Net Capital (A) + (B) - (C) (D)		68,133
Total risk	Market risk	0
	Counterparty risk	3,169
	Basic risk	2,099
	Total (E)	5,269
Capital Adequacy ratio (D)/(E)		1,293.0%

◆ Margin trading balance and capital adequacy ratio

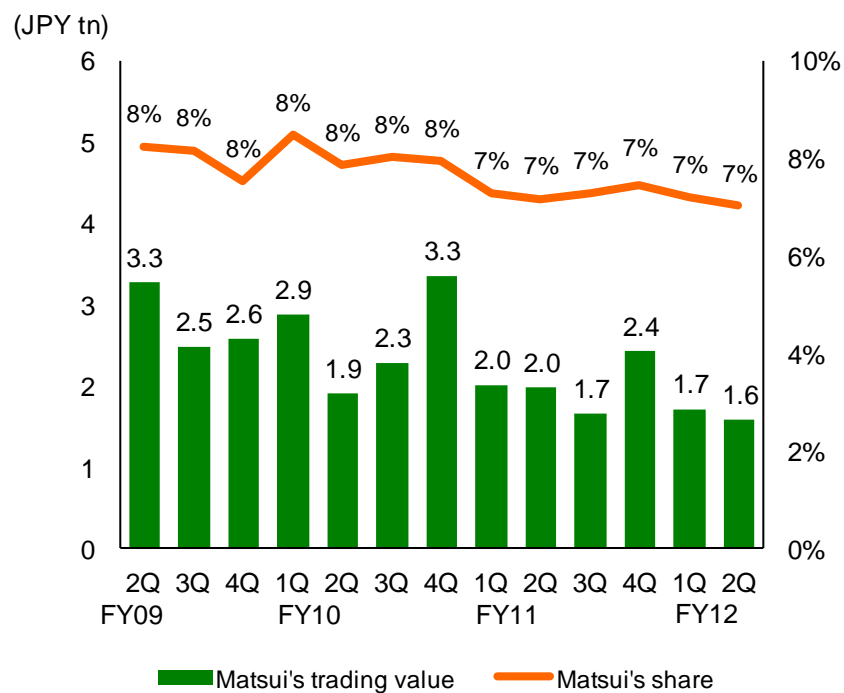


Results of Operation

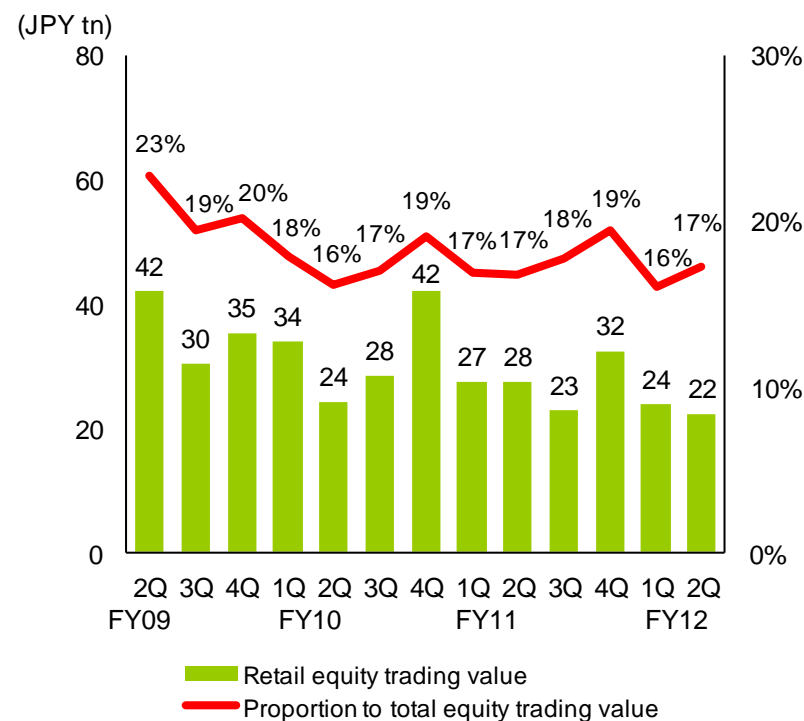
Section 2

Equity Trading Value

◆ Matsui's equity trading value and its market share¹



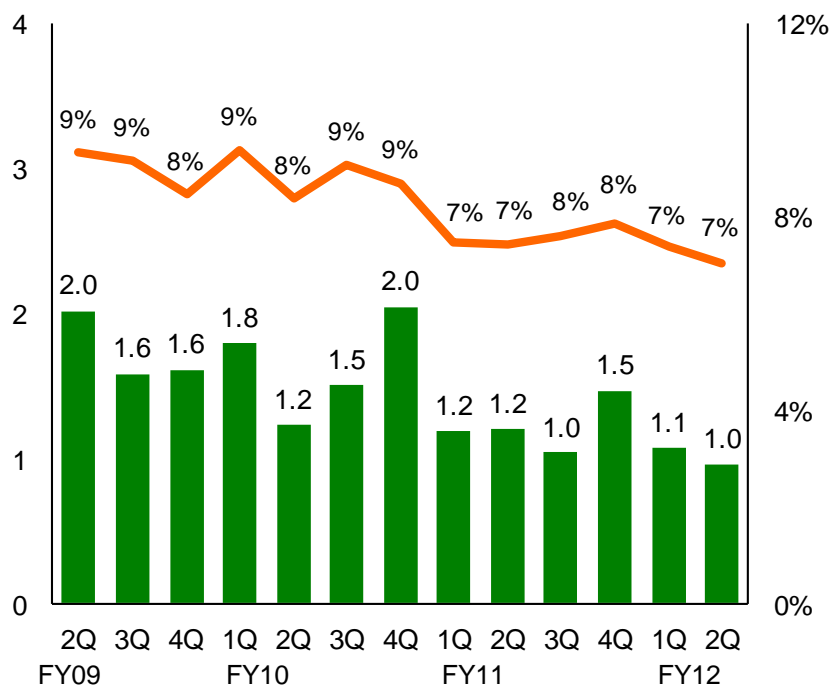
◆ Retail equity trading value¹ and proportion to total equity trading value



Margin Trading Value

◆ Matsui's margin trading value and its market share¹

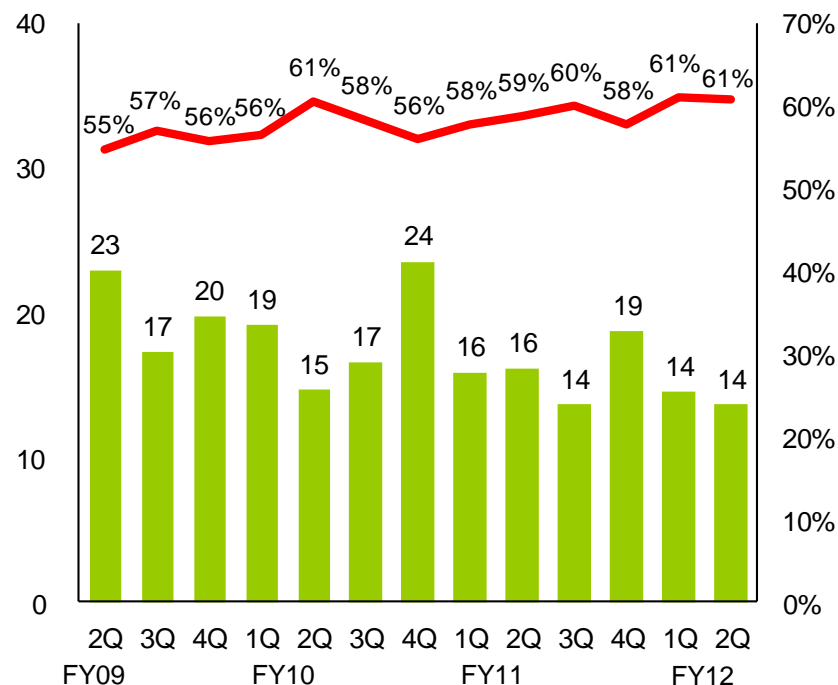
(JPY tn)



■ Matsui's margin trading value — Matsui's share

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

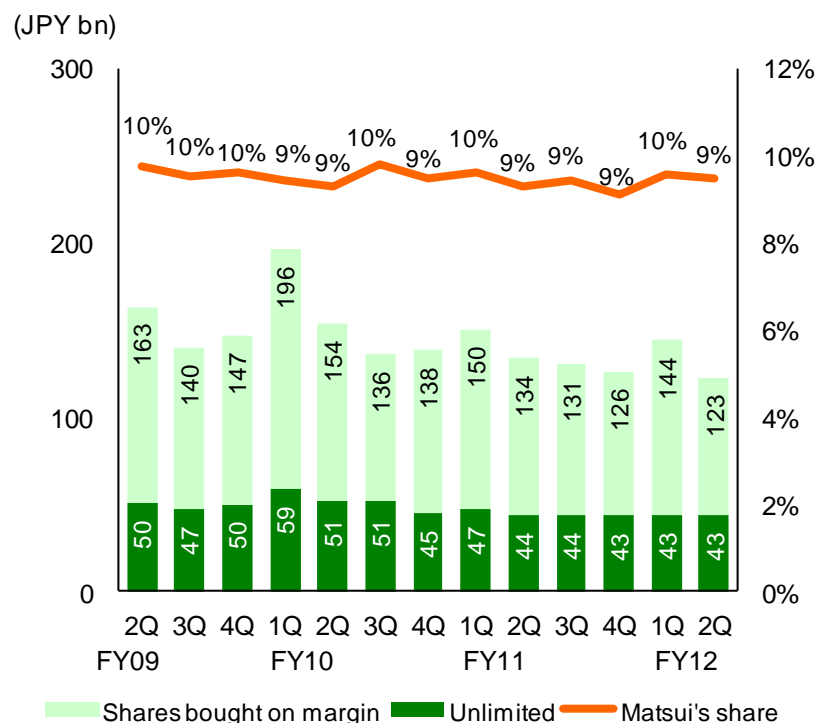
(JPY tn)



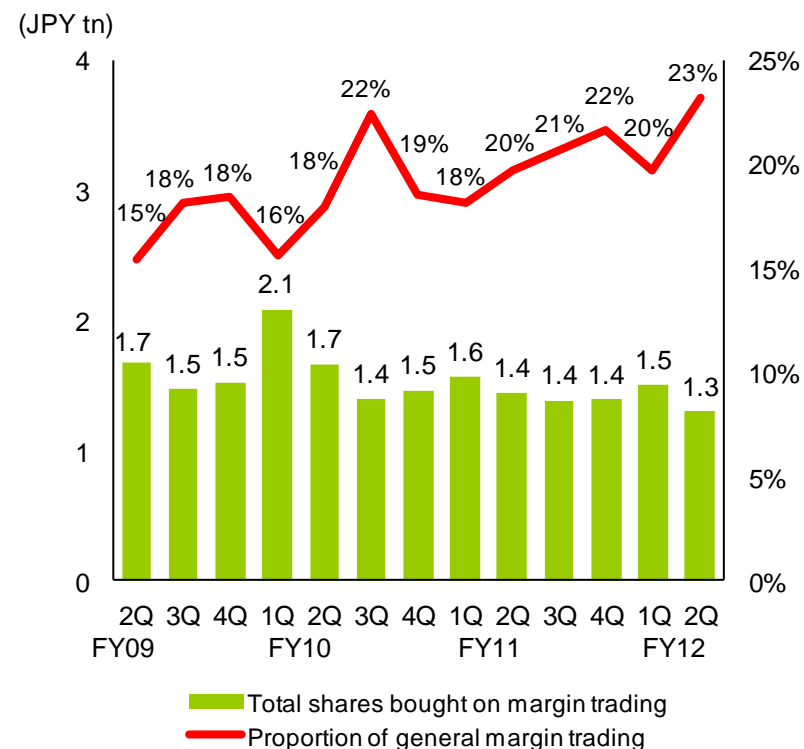
■ Retail margin trading value — Proportion to retail equity trading value

Margin Trading Balance

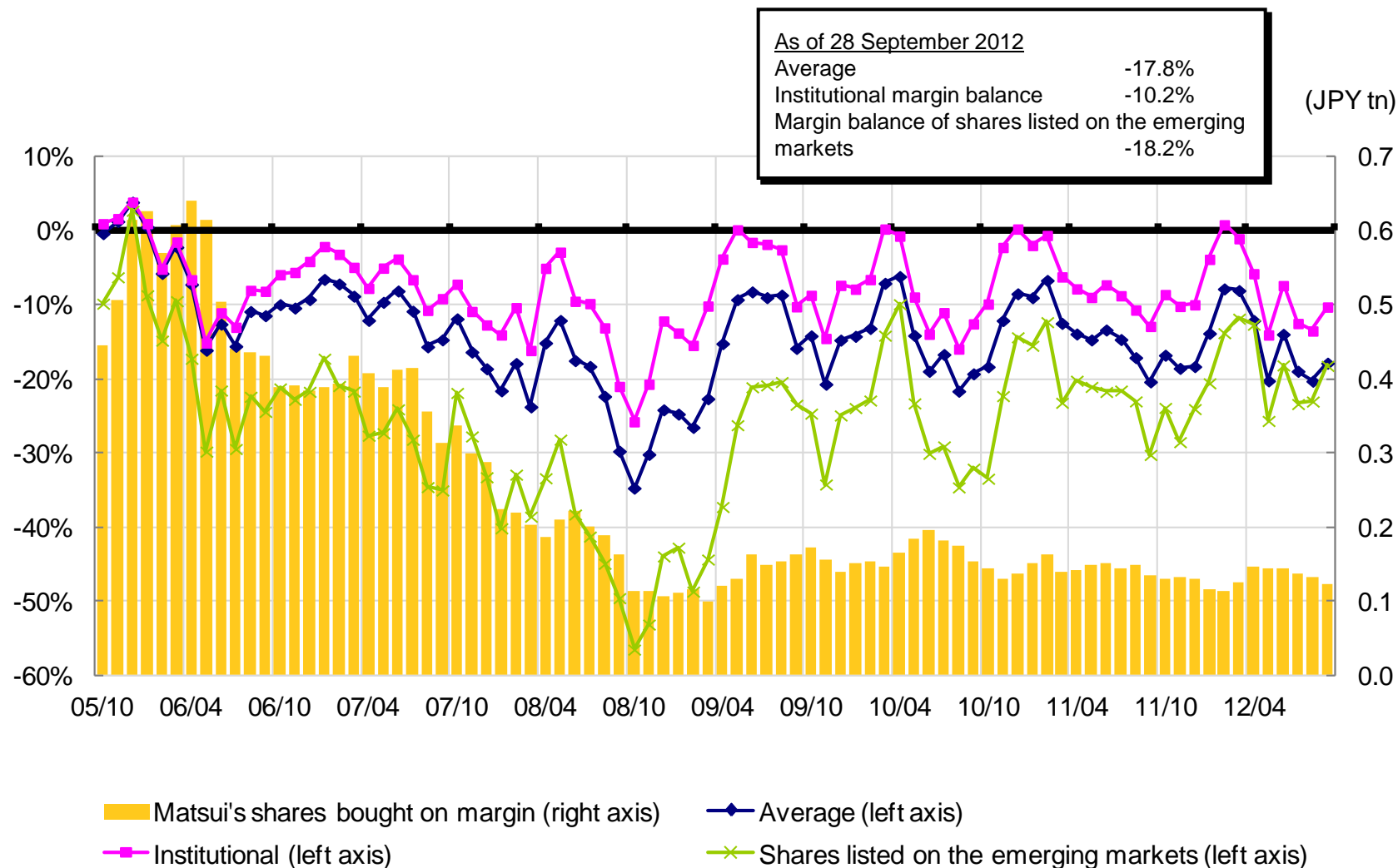
◆ Matsui's shares bought on margin¹ and its market share²



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

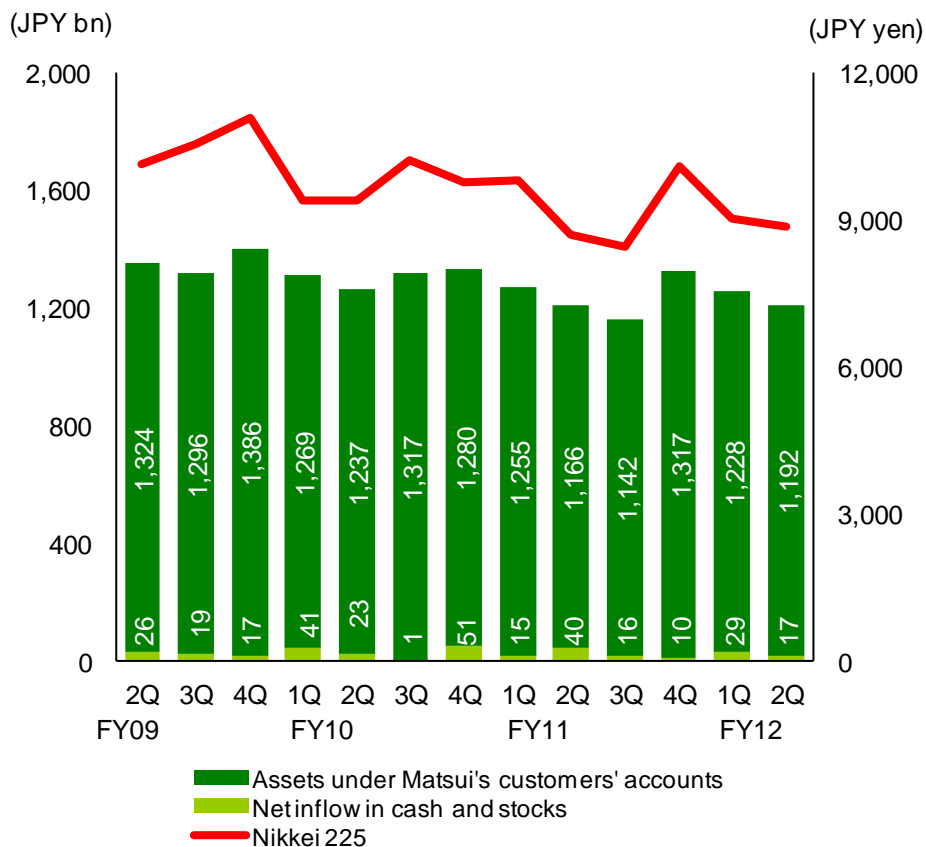


Evaluation Losses on Matsui's Margin Balance

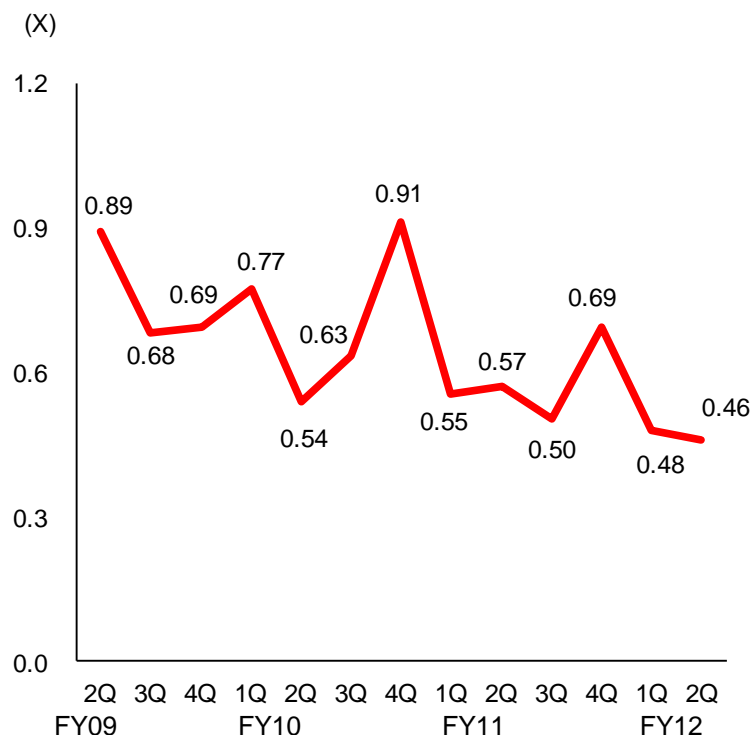


Assets under Customers' Accounts / Trading Turnover

◆ Assets under Matsui's customers' accounts



◆ Equity trading turnover¹ of Matsui's customers



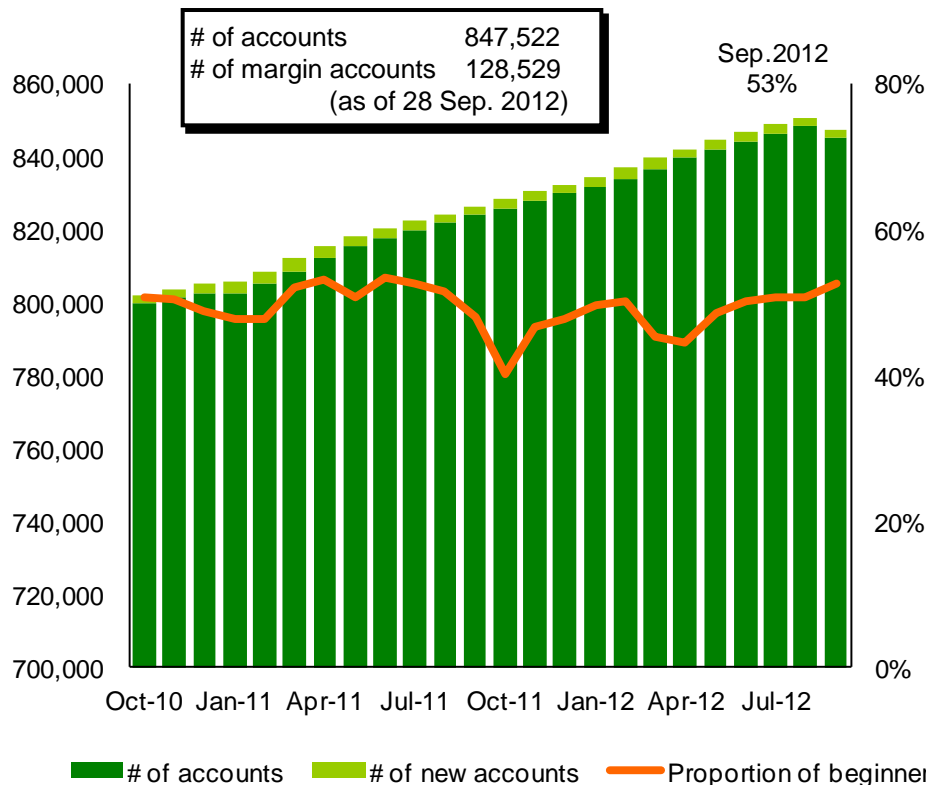
Note 1: Equity trading turnover = (monthly average trading value) / (quarterly average assets under customers' accounts*)

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

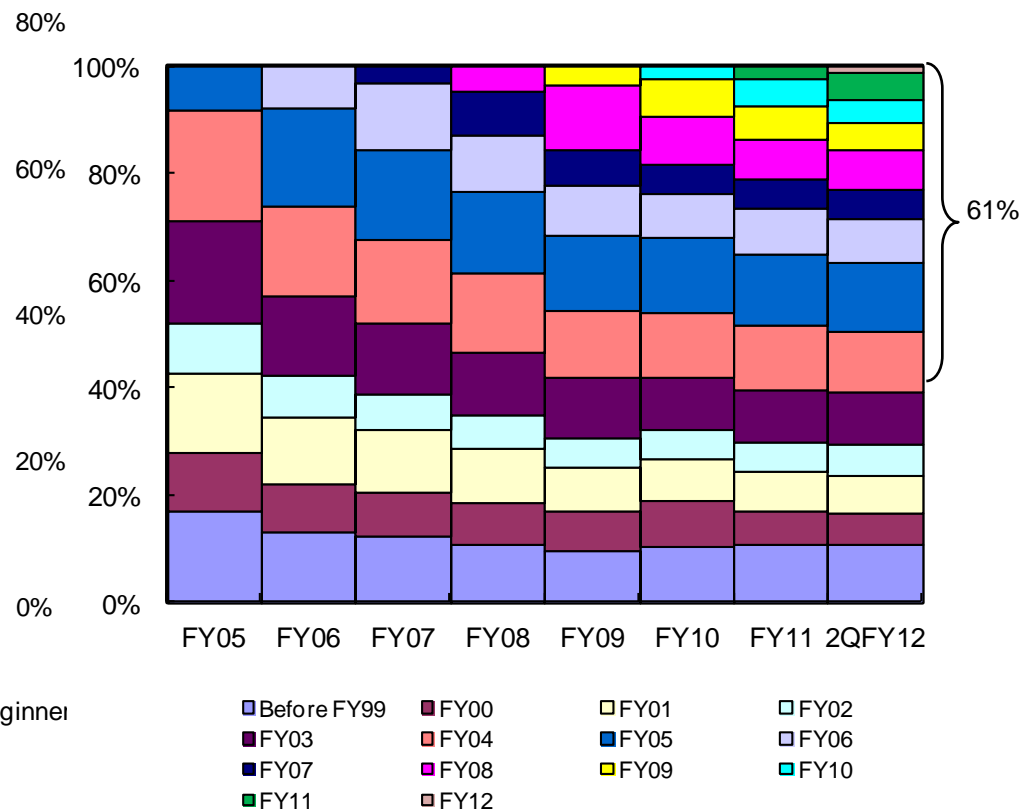
Note 2: Nikkei 225 is the closed price at the end of each quarter

Number of Accounts / Breakdown of Trading Value

◆ Number of accounts at Matsui¹



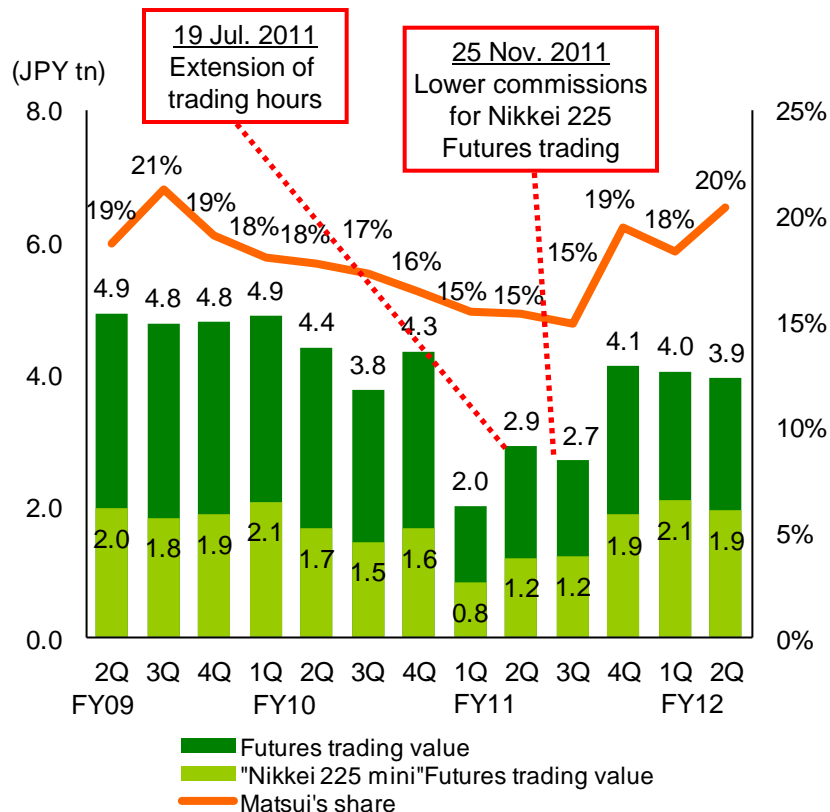
◆ Breakdown of trading value by customers opening the accounts in each fiscal year



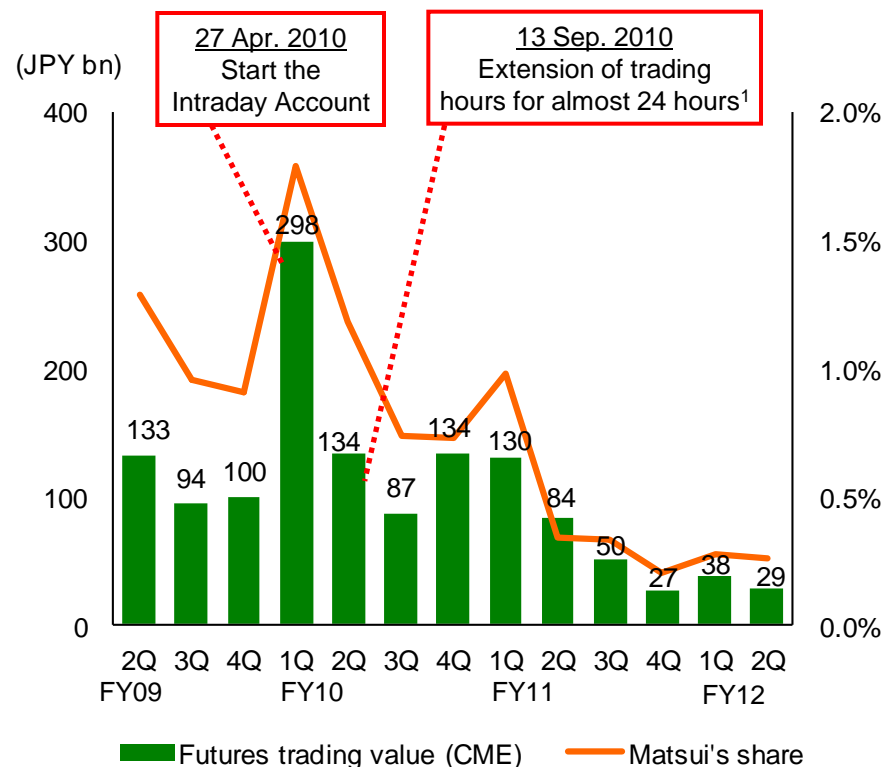
Note 1: Number of accounts as of the end of each month
 Dormant accounts were closed down 1,925 in Jan. 2011, and 5,009 in Sep. 2012

Nikkei 225 Futures

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

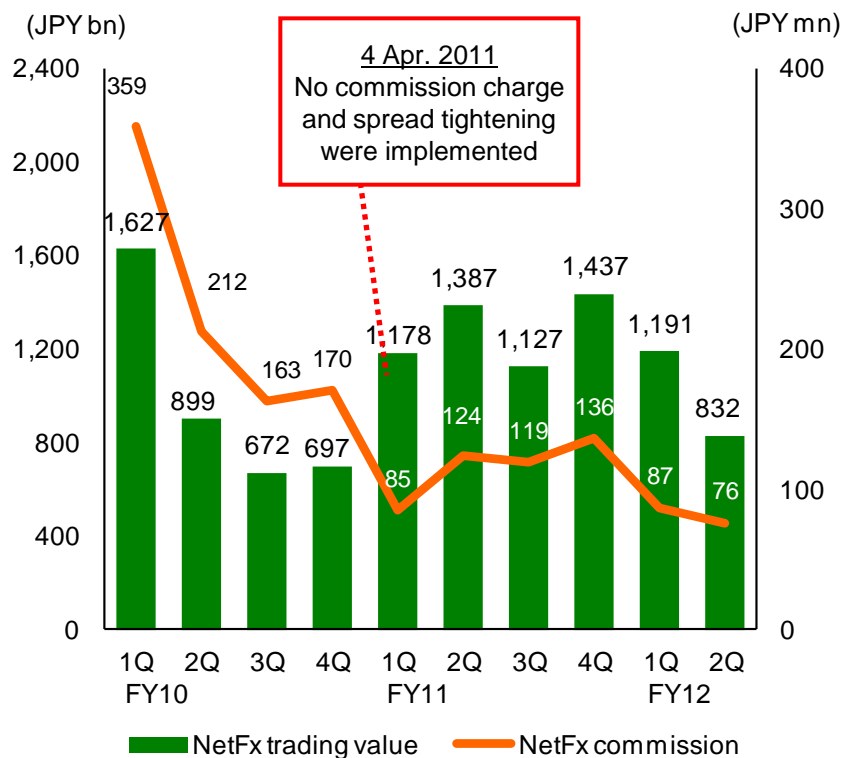


◆ Matsui's CME Nikkei225 Futures trading value and its market share

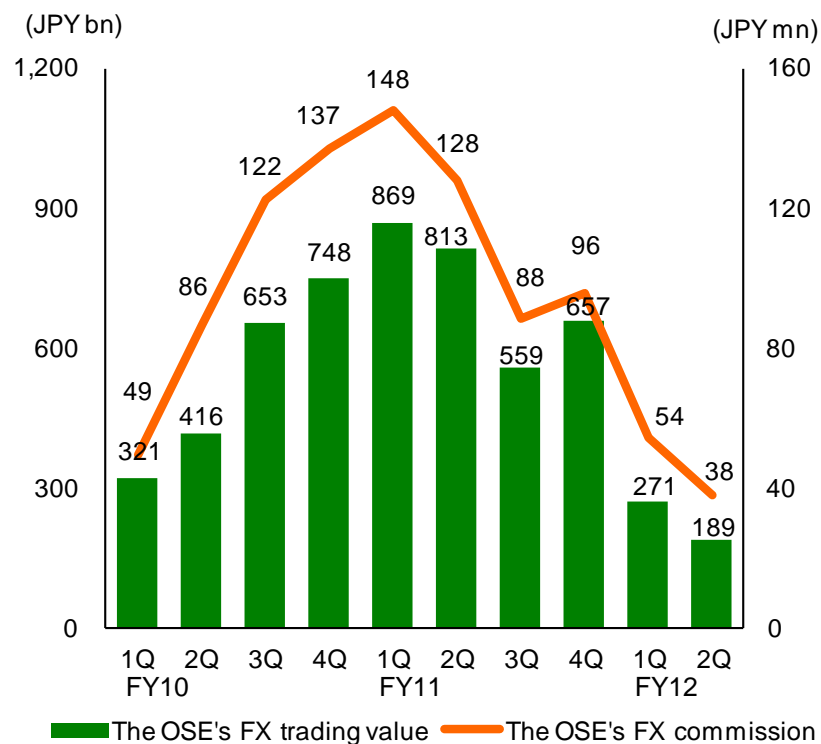


FX Margin Trading

◆ Matsui's OTC FX trading value and commission



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



Recent Developments

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
- ◆ 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

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

Deregulation of Margin Trading

Deregulation of Margin Trading will be implemented from Jan. 2013

◆Outline of Deregulation

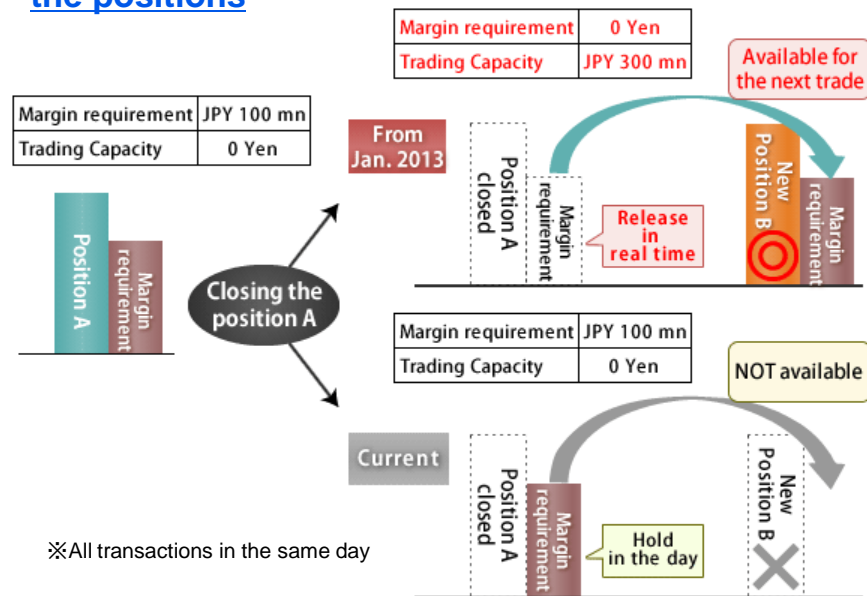
Current rules prohibit the collateral pledged on a margin trade from being available for other trades until 1day after closing the positions. The new rules allow re-use of the collateral within the same day upon closing the positions.

Enable retail investors to day-trade several times in a single day without having to source new deposits

➡ Improvement of trading capacity for "super active traders" in margin trading

◆Advantages of Customers

Improve trading capacity in real time after closing the positions



※All transactions in the same day

Enable day-trade several times in a single day using the same collateral

(e.g.) In case of 1 million yen in the margin account					From Jan. 2013	Current
09:10	Buy A	1,000 shares	@3,000yen		○	○
09:50	Sell A	1,000 shares	@3,020yen		○	○
10:30	Buy B	1,000 shares	@3,000yen		○	×
10:45	Sell B	1,000 shares	@3,030yen		○	×
11:00	Buy B	1,000 shares	@3,000yen		○	×

◆Future Prospects

- Prepare system adjustment for the deregulation from the first day of Jan. 2013
- Plan to introduce new services by taking advantages of the benefits under the new rules

※Discontinuation of the RTGS services

Plan to discontinue the RTGS services in Nov. 2012 in response to the deregulation of margin trading which will benefit the same advantages as RTGS services

Details of Newly Offered Services

Campaign/Promotion	Improvement in Quality of Services to Customers
<ul style="list-style-type: none"> ◆ No commission charge for Nikkei 225 futures trading (2012/7/2-7/28) ◆ Cash back campaign for “NetFx”-OTC FX trading (2012/7/23-8/4) ◆ Cash back campaign for OSE’s FX trading (2012/9/3-2013/1/1) ◆ Starting campaign for new customers (2012/10/11-12/28) ~No commission charge for the customers who open the new account ◆ Cash back campaign for transferring stocks from other brokers or depositing new cash in the account (2012/10/11-12/28) 	<ul style="list-style-type: none"> ◆ Introduce the real time FX trading tool “NetFx trader” (2012/7/21-) ◆ Spread tightening for “USD/JPY” in “NetFx”-OTC FX trading (2012/8/6-) ◆ Introduce the online cash transfer services for smartphone to account holders at Bank of Tokyo-Mitsubishi UFJ (2012/8/12-) ◆ Enhance the functions for the “Pricing Board” (2012/8/18-) ~Add chart screen and bids/offers ◆ Introduce the online cash transfer services for smartphone to account holders at Resona Bank (2012/10/15-)

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