



Matsui Securities Co., Ltd.

(First Section of TSE: 8628)

Annual Results for 2QFY2014

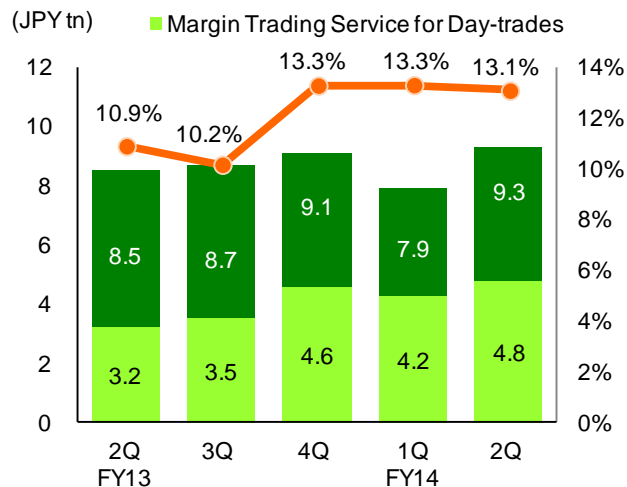
October 2014

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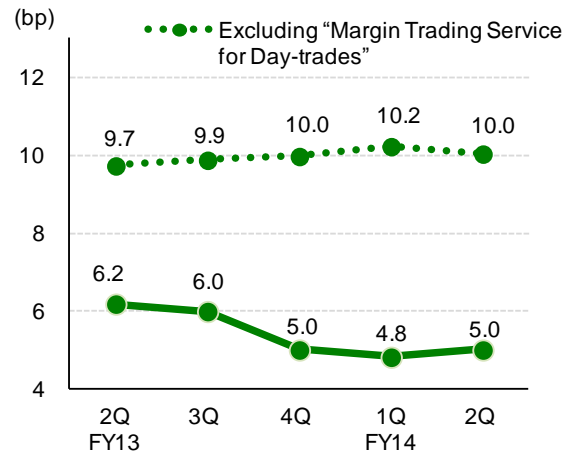
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Results of Operation

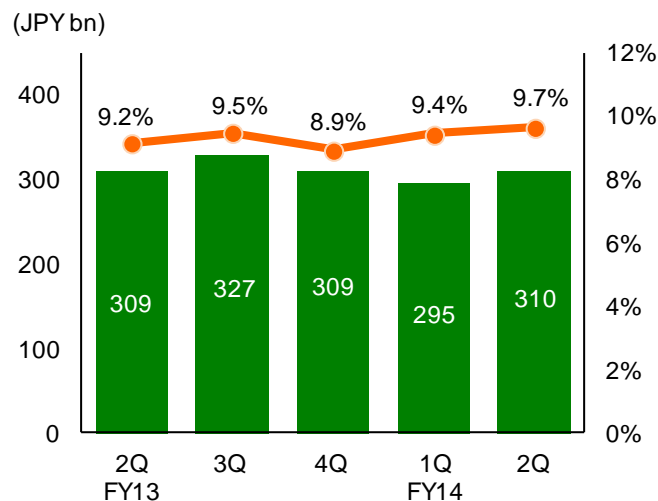
◆ Equity trading value / Market share



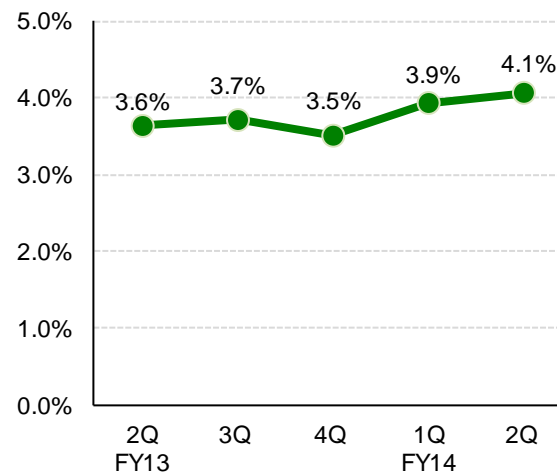
◆ Equity commission rate



◆ Margin balance / Market share

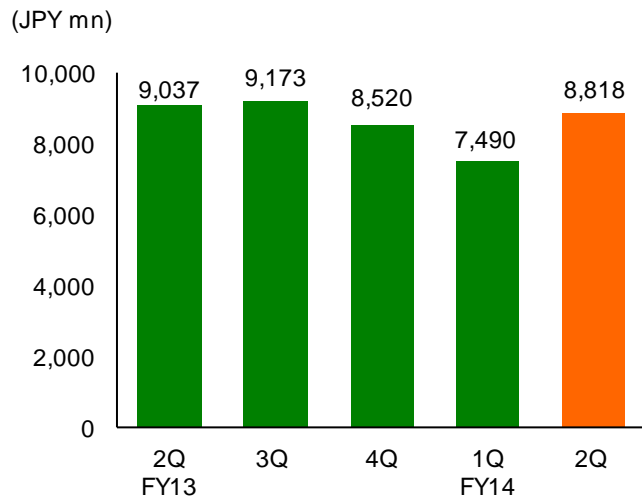


◆ Net interest income ratio

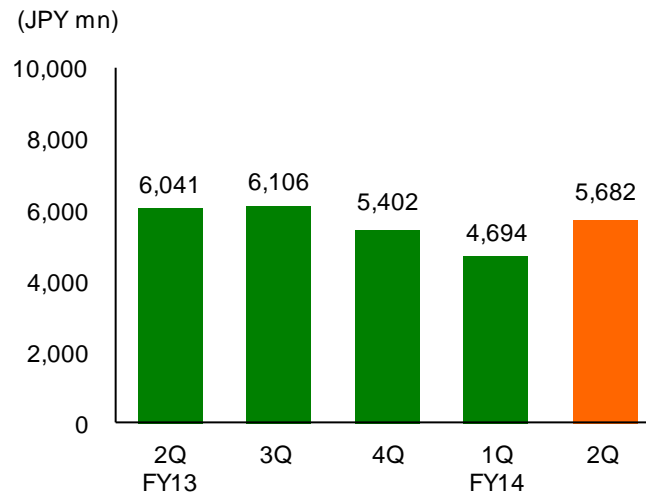


Financial Results

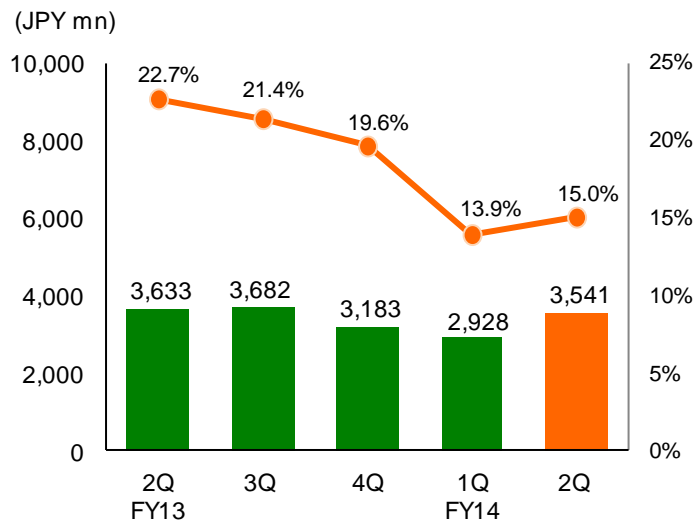
◆ Operating revenues



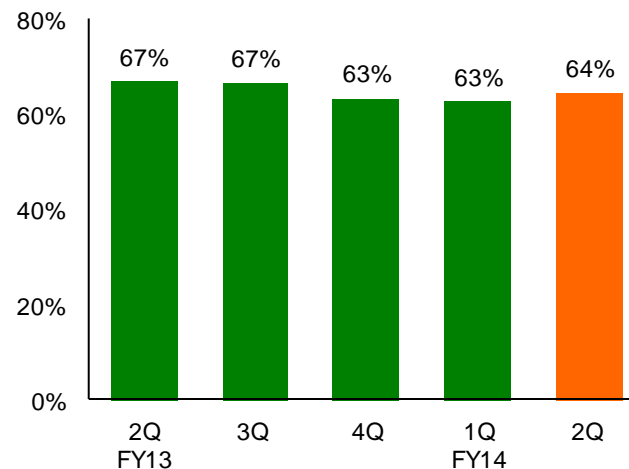
◆ Ordinary income



◆ Net income / ROE¹

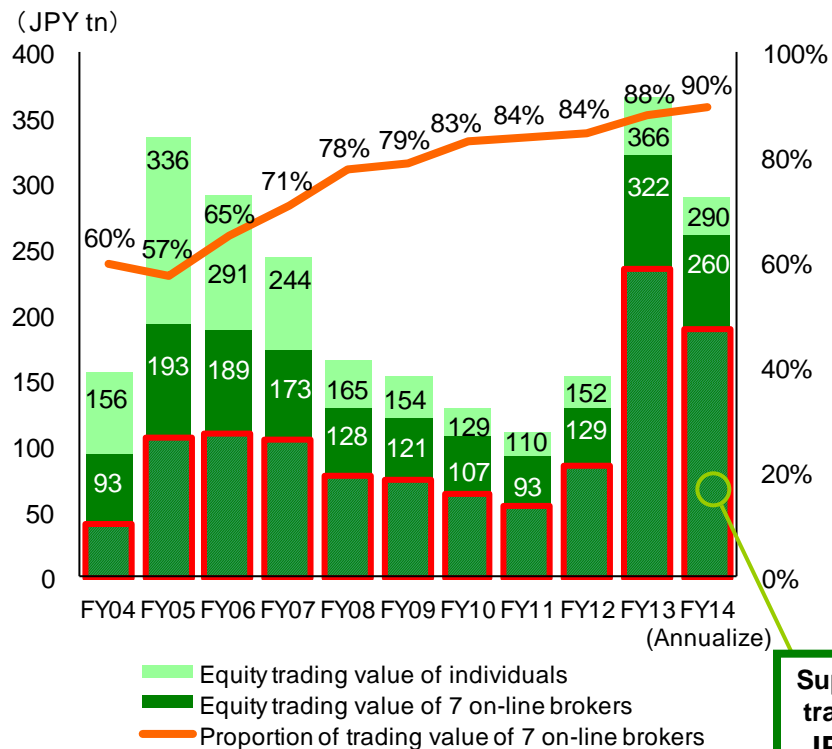


◆ Ordinary income ratio

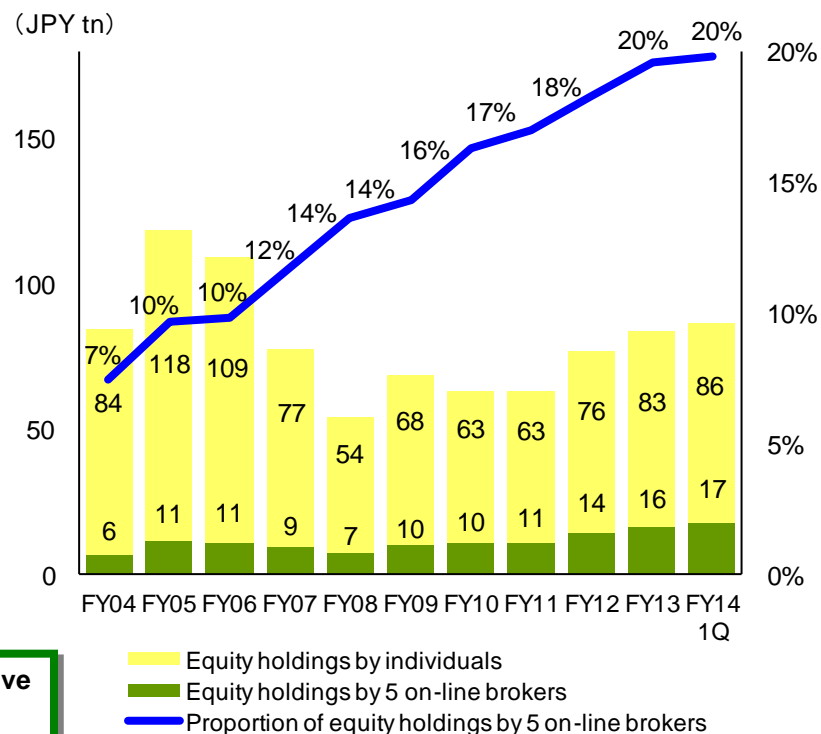


Overview of Retail Equity Trading Market

◆ Equity trading value of individuals¹ (FLOW)



◆ Equity holdings by individuals¹ (STOCK)



Source: TSE, BOJ, Company data, Company Website
 Note 1: 5 on-line brokers are Matsui, SBI, Rakuten, Monex and Kabu.com
 7 on-line brokers include the 5 brokers and GMO Click and Okasan Online
 Note 2: Super active traders : number of trades per month is over 100 times

Financial Summary

Section 1

Summary of Financial Results (1HF FY14)

(JPY mn)

	FY14	FY13			YoY	FY13
	1HF	2HF	HFoHF	1HF		TOTAL
Operating Revenues	16,309	17,693	-8%	22,190	-27%	39,883
Commissions	9,755	11,372	-14%	15,977	-39%	27,349
Interest & dividend income	6,548	6,315	4%	6,204	6%	12,519
Interest expenses	679	555	22%	591	15%	1,145
Net operating revenues	15,630	17,139	-9%	21,599	-28%	38,738
SG&A	5,322	5,664	-6%	5,984	-11%	11,648
Operating income	10,308	11,475	-10%	15,615	-34%	27,090
Ordinary income	10,376	11,508	-10%	15,666	-34%	27,175
Net income	6,469	6,865	-6%	9,435	-31%	16,300
Ordinary income ratio	64%	65%	-	71%	-	68%
Matsui's trading value (JPY tn)	17.2	17.7	-3%	21.8	-21%	39.5
Daily average trading value on TSE (JPY tn)	2.3	2.8	-17%	3.0	-22%	2.9

Breakdown of Net Operating Revenues (1HF FY14)

(JPY mn)

	FY14	FY13			YoY	FY13
	1HF	2HF	HFoHF	1HF		TOTAL
Commissions	9,755	11,372	-14%	15,977	-39%	27,349
Brokerage	9,264	10,797	-14%	15,383	-40%	26,180
Equity	8,481	9,784	-13%	14,083	-40%	23,867
Futures & Options	530	625	-15%	891	-40%	1,516
Others	489	575	-15%	589	-17%	1,164
Net gain (loss) on trading	3	4	-12%	7	-54%	11
Interest & dividend income (1)	6,548	6,315	4%	6,204	6%	12,519
Total operating revenues	16,309	17,693	-8%	22,190	-27%	39,883
Interest expenses (2)	679	555	22%	591	15%	1,145
Net operating revenues	15,630	17,139	-9%	21,599	-28%	38,738
Net interest income (1) - (2)	5,869	5,760	2%	5,613	5%	11,373
Average margin balance (JPY bn)	293	319	-8%	310	-5%	315

Breakdown of SG&A (1HF FY14)

(JPY mn)

	FY14	FY13			YoY	FY13
	1HF	2HF	HFoHF	1HF		TOTAL
Transaction related expenses	2,334	2,397	-3%	2,560	-9%	4,957
Advertisement	263	309	-15%	285	-8%	594
Employees' compensation & benefits	933	1,084	-14%	991	-6%	2,075
Occupancy & rental	443	454	-2%	450	-2%	905
Data processing & office supplies	848	868	-2%	876	-3%	1,745
Depreciation	680	807	-16%	827	-18%	1,635
Duties & taxes other than income taxes	91	85	7%	141	-36%	226
Provision of allowance for doubtful accounts	-68	-120	-	52	-	-68
Others	62	87	-29%	86	-29%	173
Total SG&A	5,322	5,664	-6%	5,984	-11%	11,648

Summary of Financial Results (Quarterly)

(JPY mn)

	FY14	FY14	QoQ	FY13			YoY	FY13 TOTAL
	2Q	1Q		4Q	3Q	2Q		
Operating Revenues	8,818	7,490	18%	8,520	9,173	9,037	-2%	39,883
Commissions	5,349	4,406	21%	5,395	5,977	6,052	-12%	27,349
Interest & dividend income	3,466	3,082	12%	3,123	3,192	2,983	16%	12,519
Interest expenses	426	253	69%	281	274	239	79%	1,145
Net operating revenues	8,392	7,238	16%	8,239	8,900	8,799	-5%	38,738
SG&A	2,718	2,604	4%	2,838	2,825	2,771	-2%	11,648
Operating income	5,674	4,633	22%	5,400	6,075	6,028	-6%	27,090
Ordinary income	5,682	4,694	21%	5,402	6,106	6,041	-6%	27,175
Net income	3,541	2,928	21%	3,183	3,682	3,633	-3%	16,300
Ordinary income ratio	64%	63%	-	63%	67%	67%	-	68%
Matsui's trading value (JPY tn)	9.3	7.9	18%	9.1	8.7	8.5	10%	39.5
Daily average trading value on TSE (JPY tn)	2.3	2.3	1%	2.9	2.7	2.4	-4%	2.9

Breakdown of Net Operating Revenues (Quarterly)

(JPY mn)

	FY14	FY14	QoQ	FY13			YoY	FY13 TOTAL
	2Q	1Q		4Q	3Q	2Q		
Commissions	5,349	4,406	21%	5,395	5,977	6,052	-12%	27,349
Brokerage	5,064	4,200	21%	5,069	5,728	5,749	-12%	26,180
Equity	4,674	3,807	23%	4,547	5,238	5,276	-11%	23,867
Futures & Options	274	256	7%	323	302	306	-10%	1,516
Others	285	203	40%	326	249	298	-4%	1,164
Net gain (loss) on trading	3	1	410%	1	3	1	109%	11
Interest & dividend income (1)	3,466	3,082	12%	3,123	3,192	2,983	16%	12,519
Total operating revenues	8,818	7,490	18%	8,520	9,173	9,037	-2%	39,883
Interest expenses (2)	426	253	69%	281	274	239	79%	1,145
Net operating revenues	8,392	7,238	16%	8,239	8,900	8,799	-5%	38,738
Net interest income (1) - (2)	3,039	2,830	7%	2,841	2,919	2,745	11%	11,373
Average margin balance (JPY bn)	299	288	4%	324	315	302	-1%	315

Breakdown of SG&A (Quarterly)

(JPY mn)

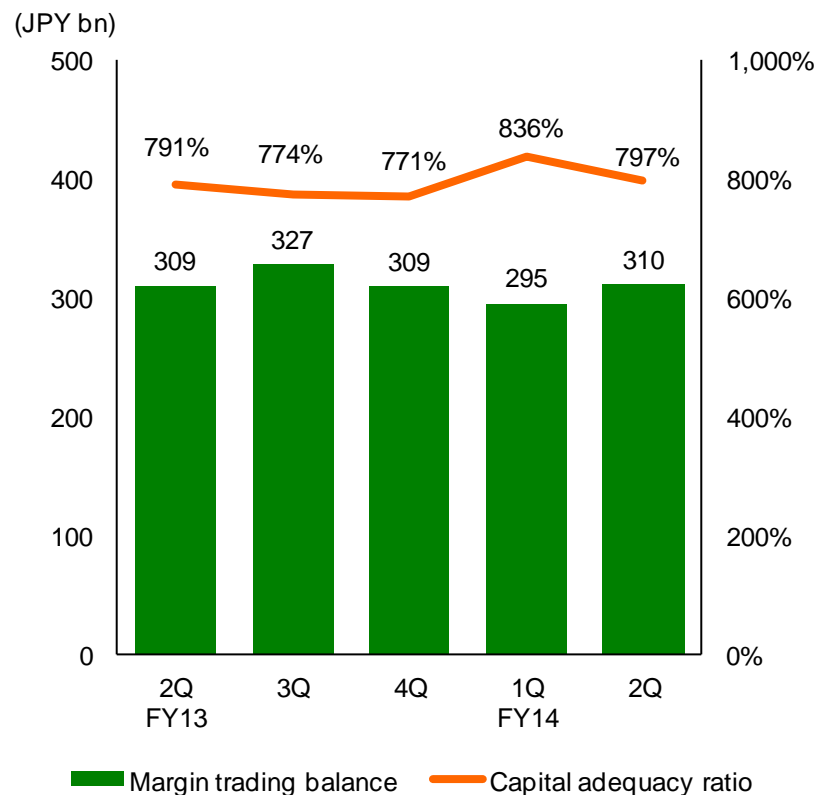
	FY14	FY14	QoQ	FY13			YoY	FY13 TOTAL
	2Q	1Q		4Q	3Q	2Q		
Transaction related expenses	1,219	1,115	9%	1,240	1,158	1,154	6%	4,957
Advertisement	144	119	21%	183	126	139	4%	594
Employees' compensation & benefits	468	465	1%	468	616	485	-3%	2,075
Occupancy & rental	222	222	-0%	219	235	222	-0%	905
Data processing & office supplies	421	427	-1%	420	449	438	-4%	1,745
Depreciation	315	364	-13%	407	400	399	-21%	1,635
Duties & taxes other than income taxes	45	46	-1%	40	45	68	-33%	226
Provision of allowance for doubtful accounts	7	-75	-	-4	-115	-32	-	-68
Others	20	41	-50%	49	38	39	-47%	173
Total SG&A	2,718	2,604	4%	2,838	2,825	2,771	-2%	11,648

Regulatory Capital

◆ Capital adequacy ratio (As of 30 September 2014)

		(JPY mn)
Tier 1	(A)	78,304
Tier 2	Net unrealized gain on investment	3,367
	Statutory reserves	2,277
	Allowance for doubtful accounts	10
Sub total		(B) 5,655
Assets to be deducted from equity capital		(C) 5,042
Net Capital		
(A) + (B) - (C)		(D) 78,917
Total risk	Market risk	840
	Counterparty risk	6,459
	Basic risk	2,606
Total		(E) 9,906
Capital adequacy ratio		(D)/(E) 796.5%

◆ Margin trading balance and capital adequacy ratio



Shareholders Return

We paid interim dividend of 20 yen per share for FY14.

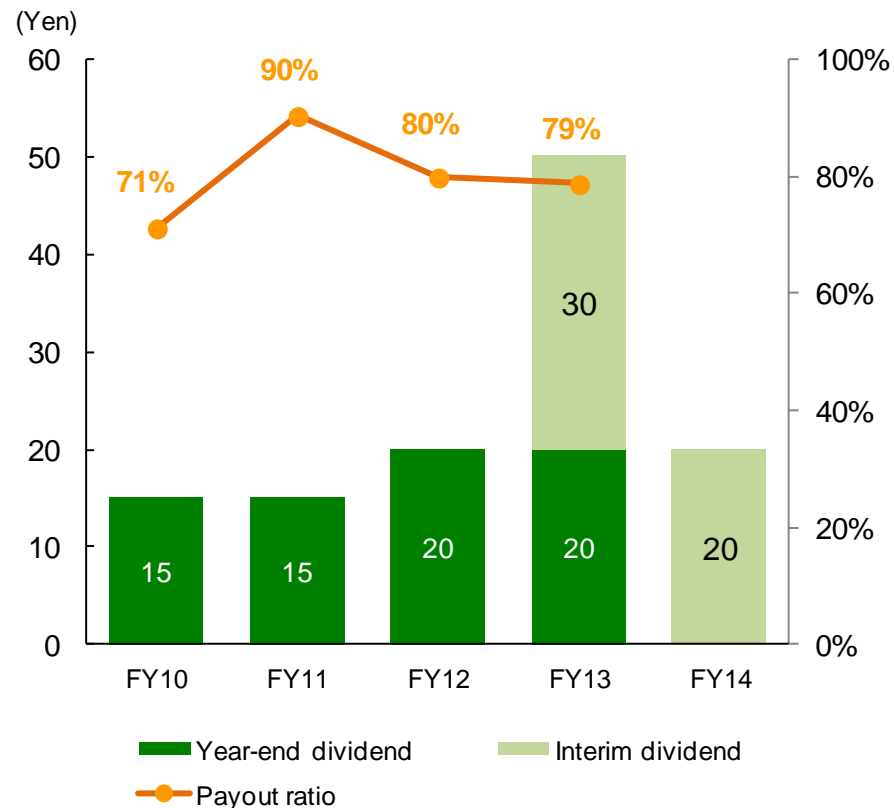
◆ Dividend policy

- Maintain the performance based return to the shareholders
- Target of payout ratio is “30% and above”

◆ Dividends for FY14

- Interim : Paid 20 yen per share
- Year-end : Not yet determined

◆ Matsui’s dividend per share and payout ratio

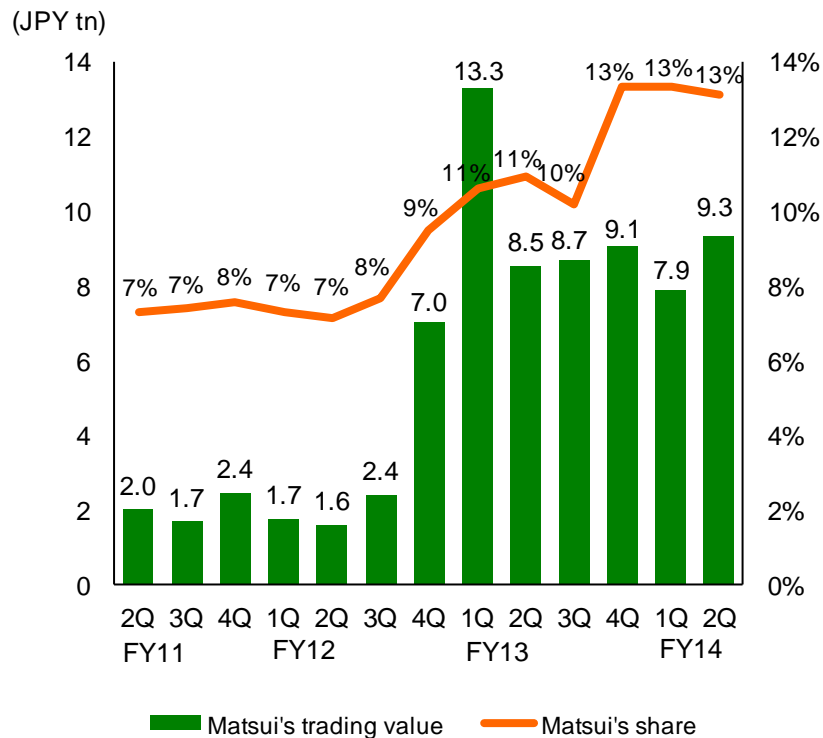


Results of Operation

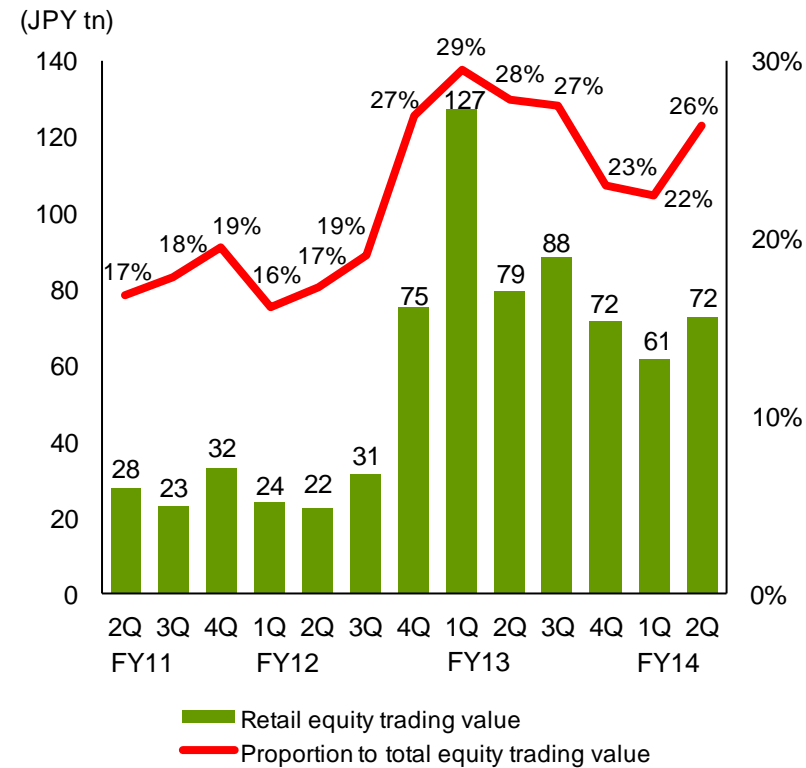
Section 2

Equity Trading Value

◆ Matsui's equity trading value and its market share¹

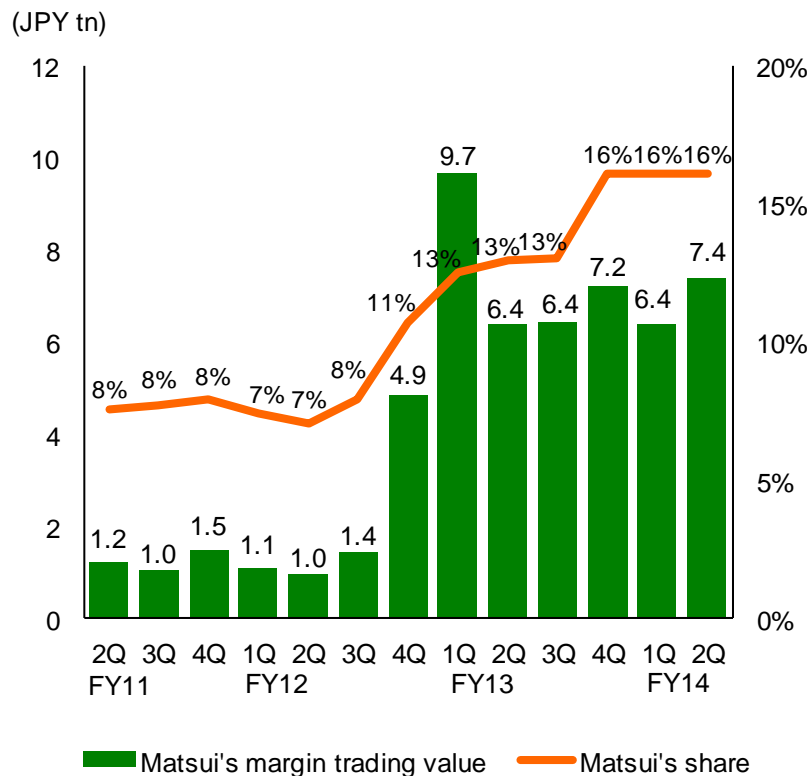


◆ Retail equity trading value¹ and proportion to total equity trading value

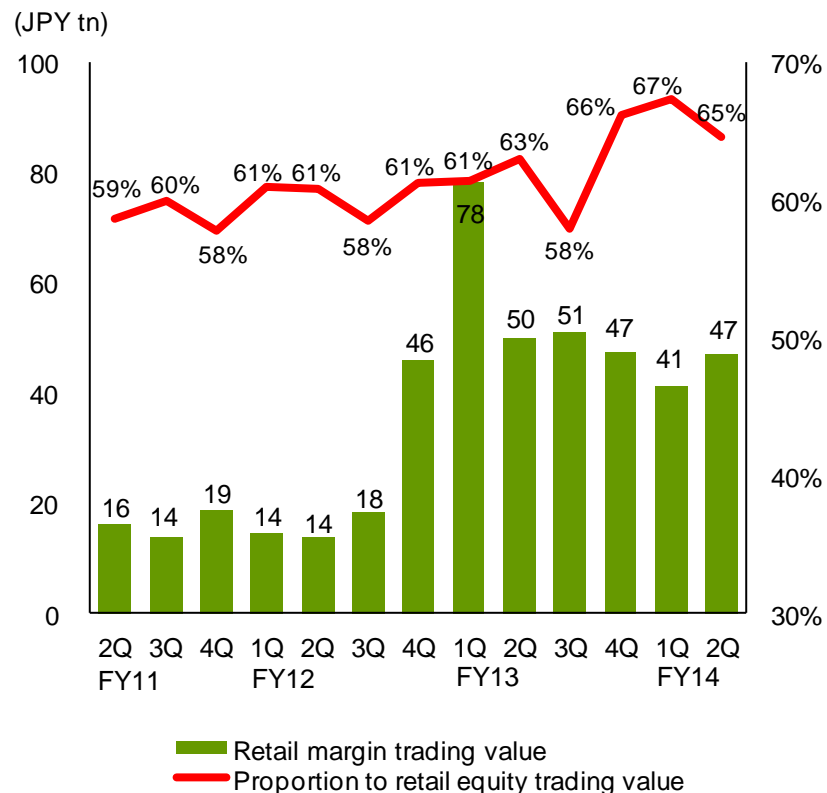


Margin Trading Value

◆ Matsui's margin trading value and its market share¹

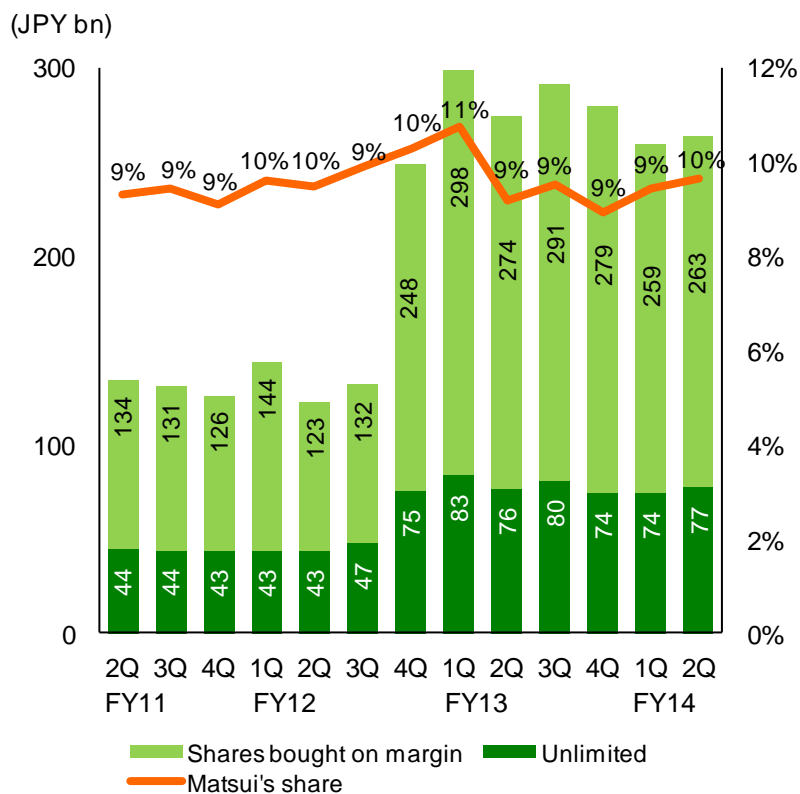


◆ Retail margin trading value¹ and proportion to total retail equity trading value

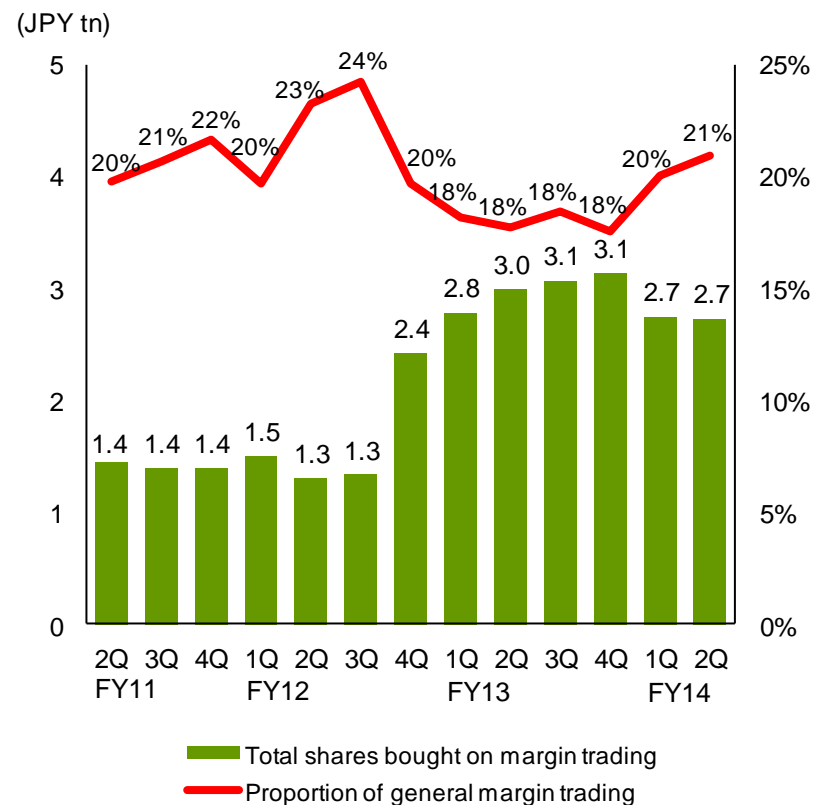


Margin Trading Balance

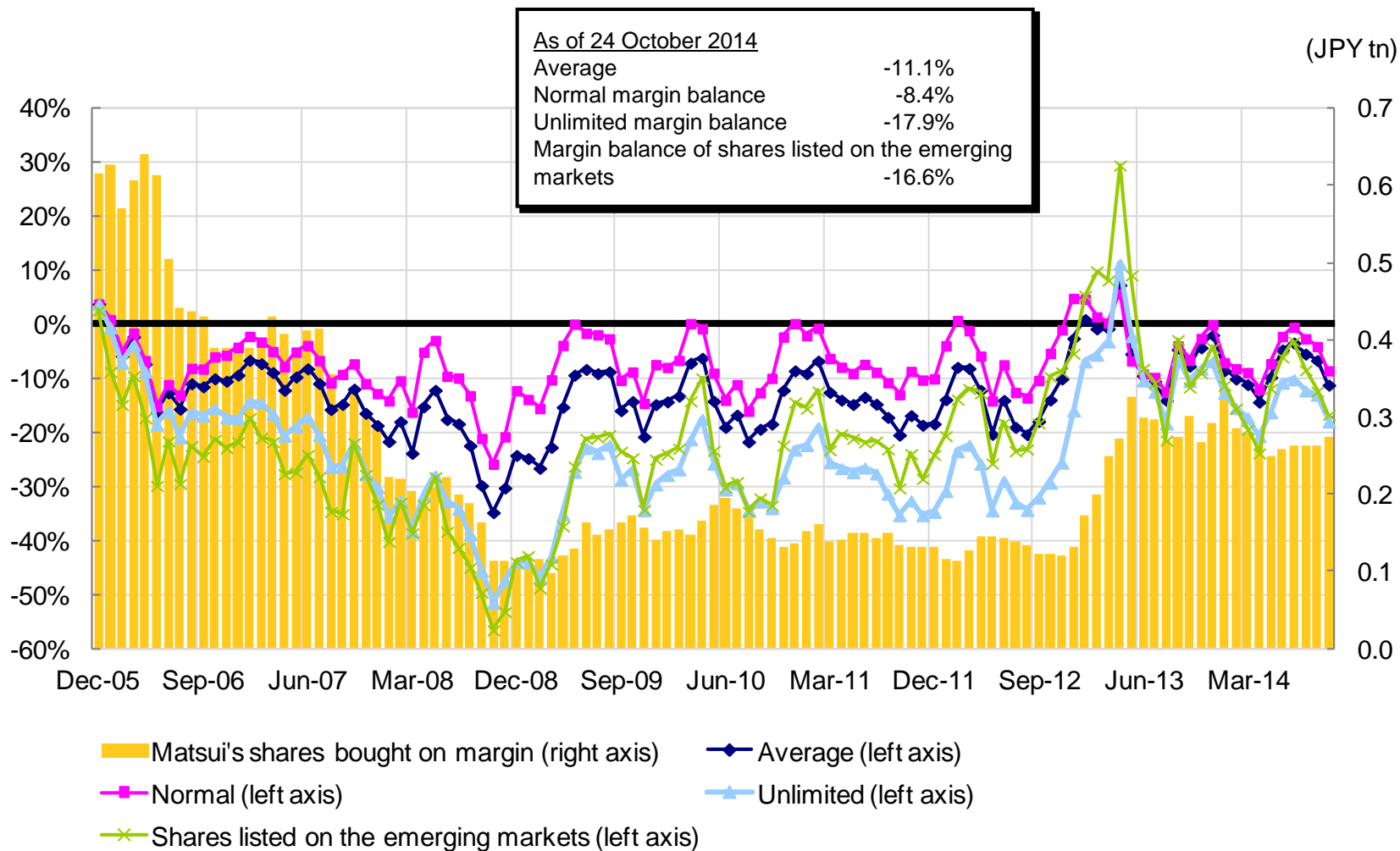
◆ Matsui's shares bought on margin¹ and its market share²



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

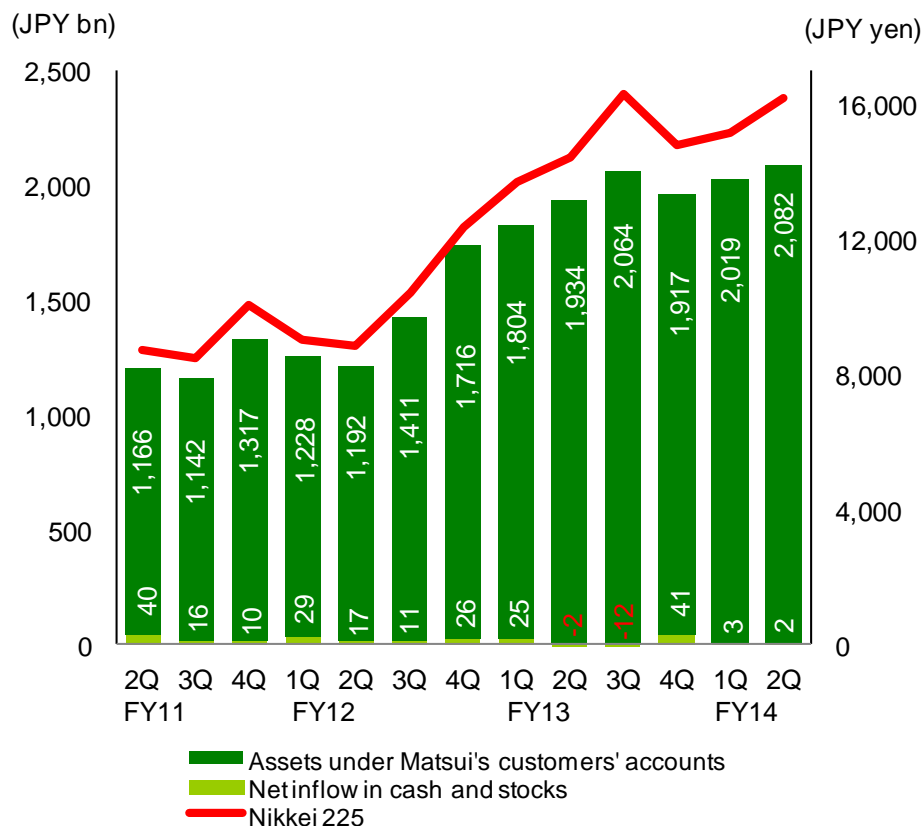


Unrealized Losses on Matsui's Margin Balance

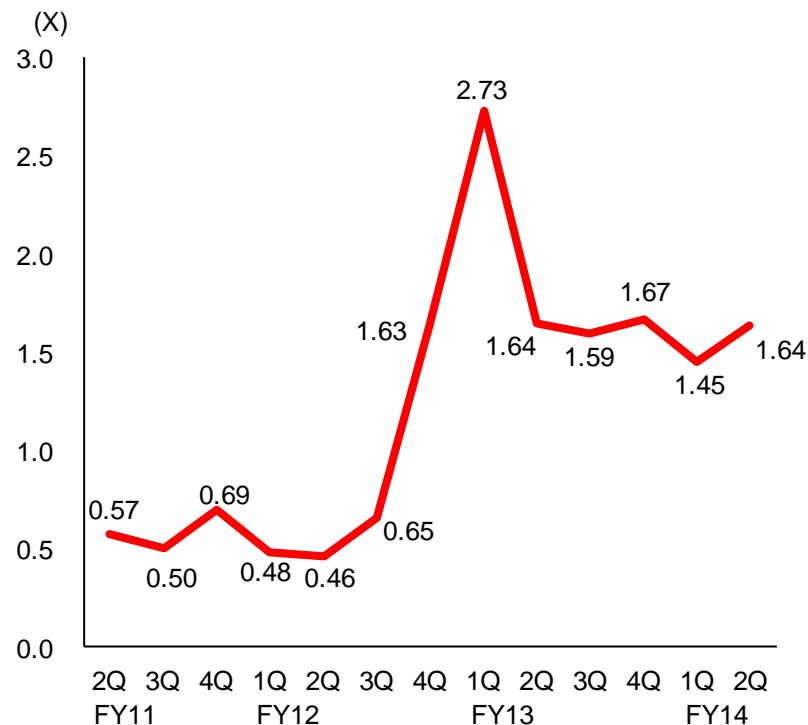


Assets under Customers' Accounts / Trading Turnover

◆ Assets under Matsui's customers' accounts



◆ Equity trading turnover¹ of Matsui's customers



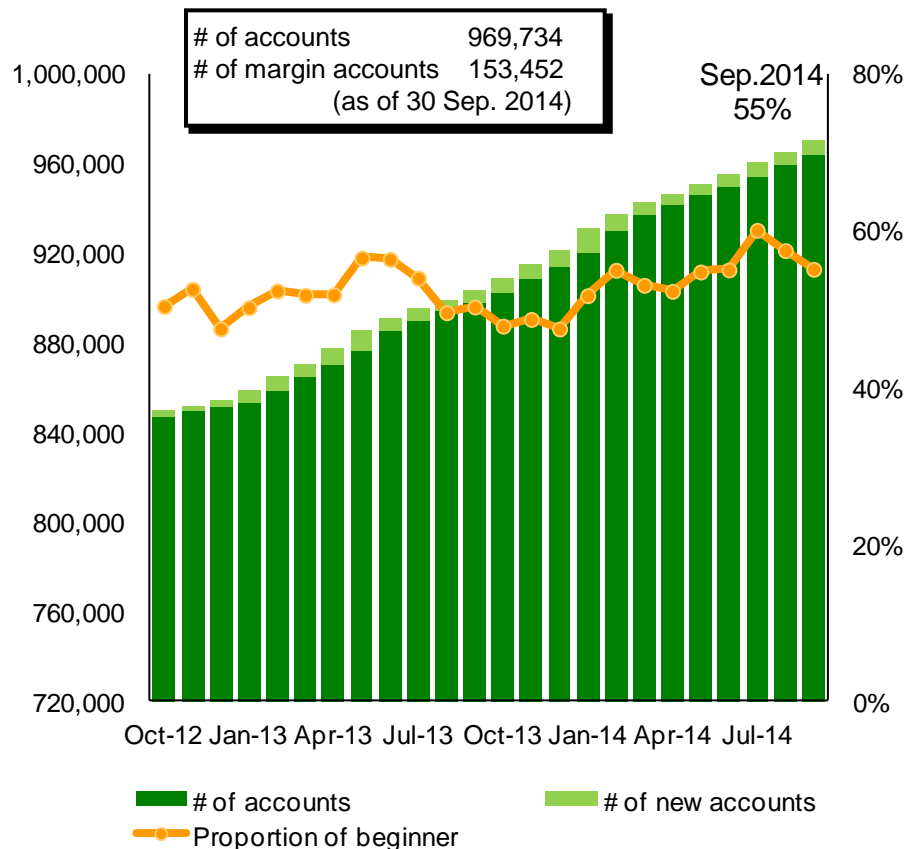
Note 1: Equity trading turnover = (monthly average trading value) / (quarterly average assets under customers' accounts*)

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

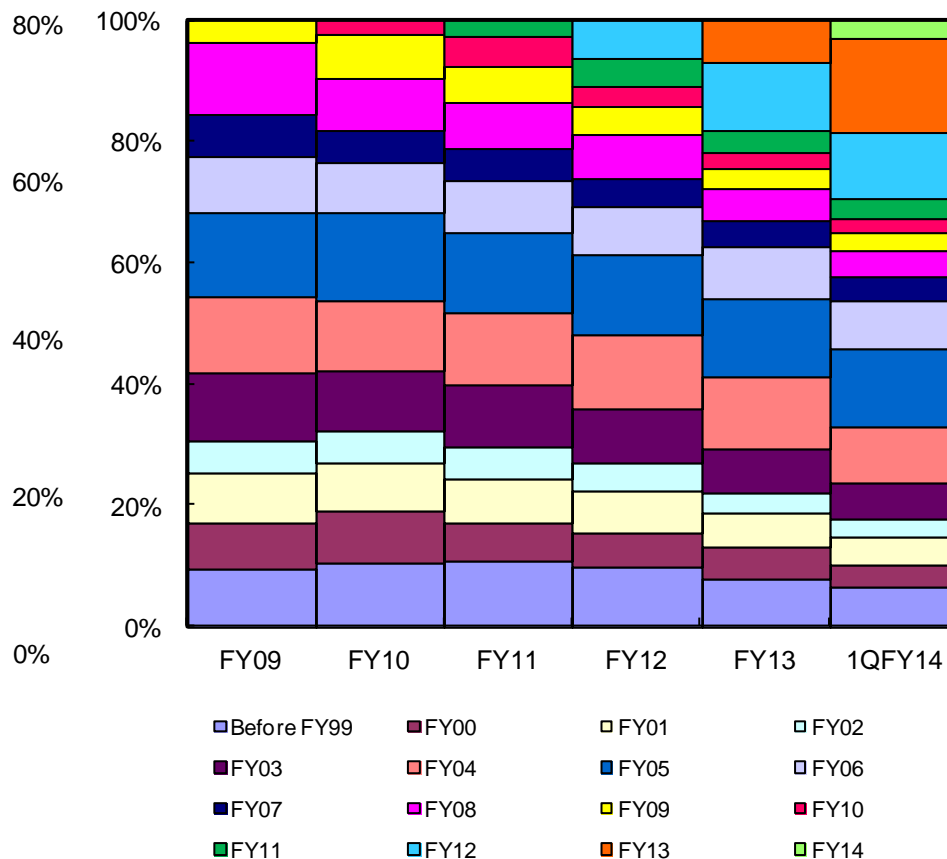
Note 2: Nikkei 225 is the closed price at the end of each quarter

Number of Accounts / Breakdown of Trading Value

◆ Number of accounts at Matsui¹

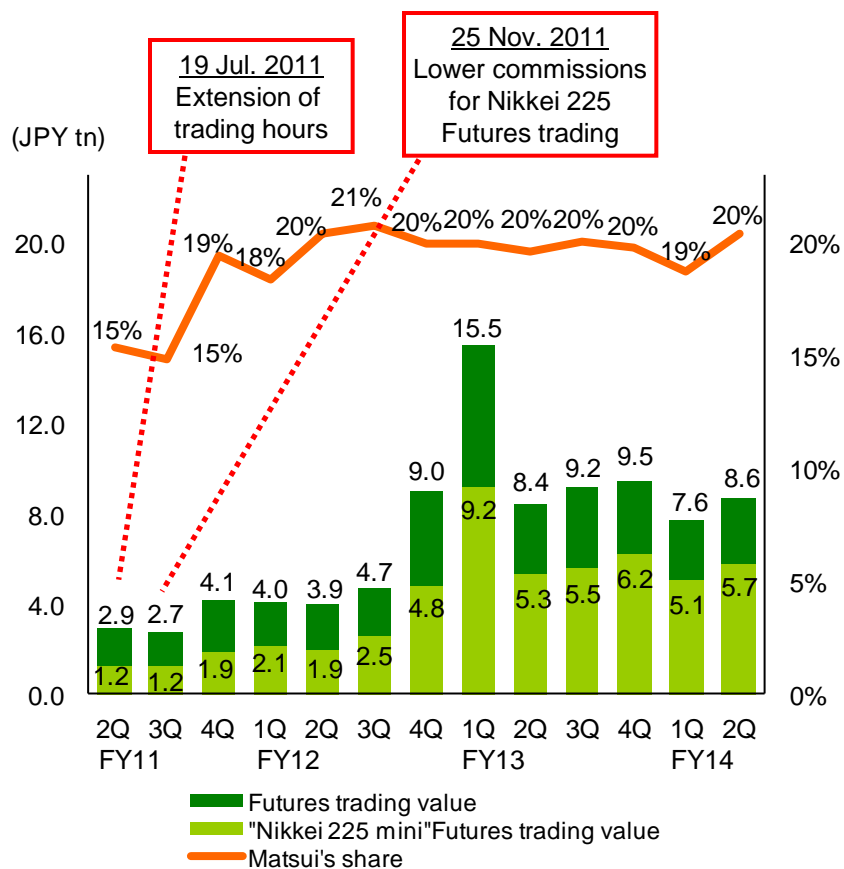


◆ Breakdown of trading value by customers opening the accounts in each fiscal year

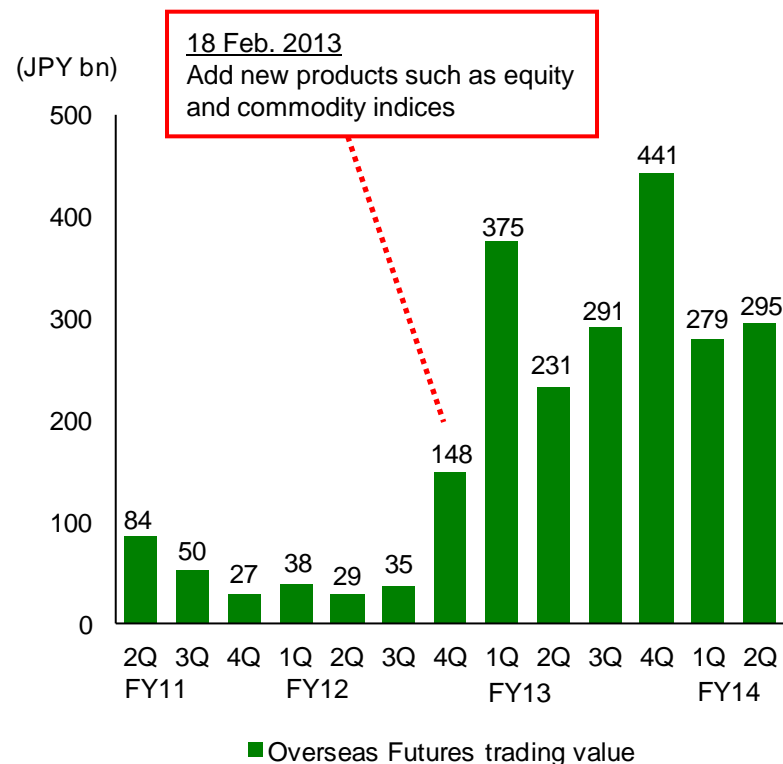


Futures trading value

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

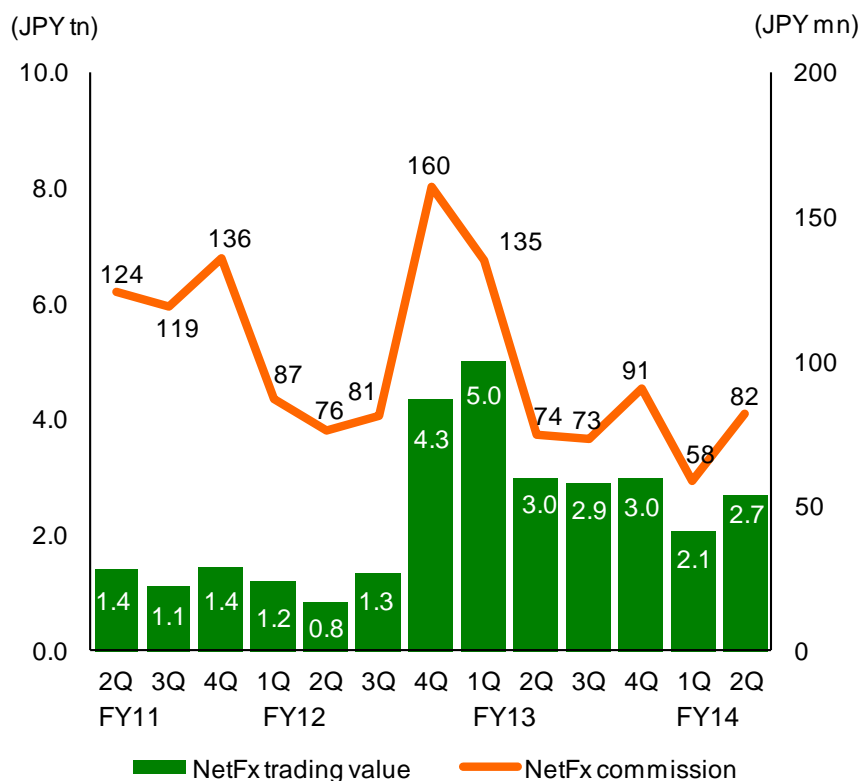


◆ Matsui's Overseas Futures trading value (CME)

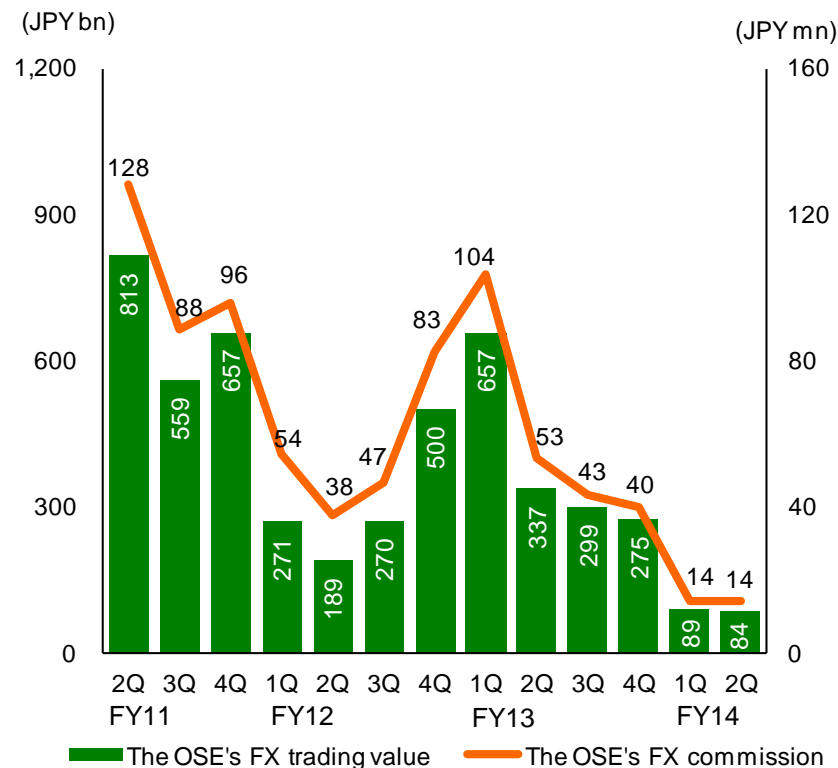


FX Margin Trading

◆ 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
- ◆ Introduced "Margin Trading Service for Day-trades"
- ◆ Introduced "Premium Short-Selling Service"

Our Direction

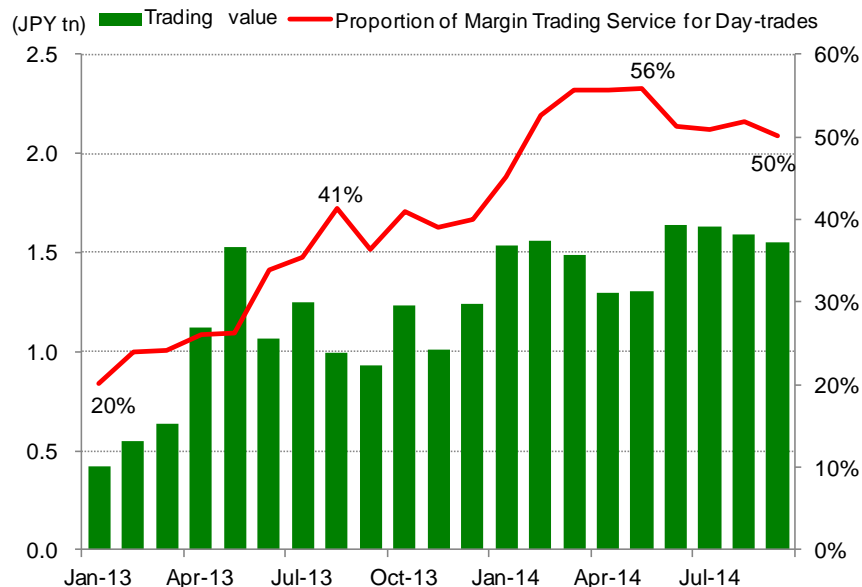
- ◆ Develop unique and innovative services
- ◆ Focus on brokerage business
- ◆ Pursue the services which expand brokerage (flow) business rather than asset gathering related (stock) services

Margin Trading Service for Day-trades I

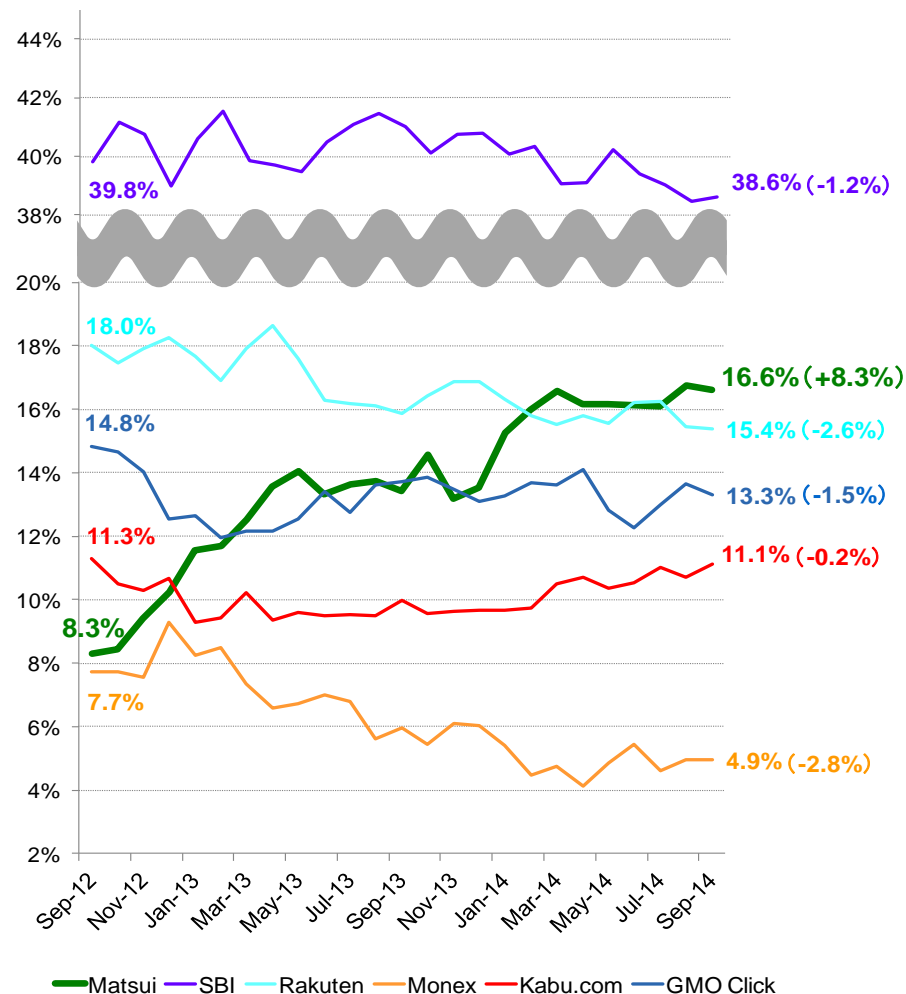
◆ Outline of Margin Trading Service for Day-trades

Commisson	0Yen	
Interest rate p.a.	Trading value per an order	rate
	JPY3mn or above	0%
	Under JPY3mn	2%

◆ Trading results



◆ Market share¹ of margin trading



Margin Trading Service for Day-trades II

Introduced the Premium Short-Selling Service since Mar. 2014

◆ Outline of the Premium Short-Selling Service

Number of eligible stocks	98 stocks(as of Sep.)
Commissions	Charge the stock lending fee
Upper limit on margin balance	At least 100 unit in each stock

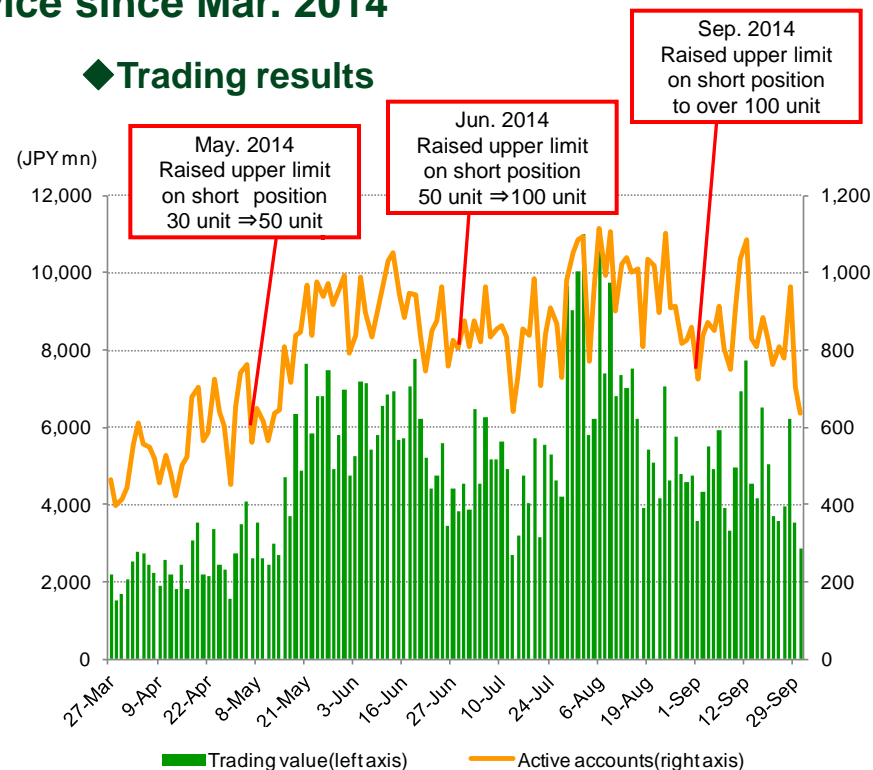
◆ Advantage

- Enable to do short-selling of unique stocks listed on the emerging markets which are not available for short-selling under the normal type of margin transaction at any online securities
- Charge additional stock lending fee of 10~20bp per each stock

◆ Top 10 ranking in trading value

Rank	July	August	September
1	mixi	mixi	mixi
2	Japan Communications	COLOPL	DWTI
3	MICRONICS JAPAN	MICRONICS JAPAN	Japan Communications
4	UBIC	Japan Communications	CYBERDYNE
5	COLOPL	Klab	Klab
6	DDS	Morpho	ASUKANET
7	Adways	CYBERDYNE	MICRONICS JAPAN
8	DWTI	DWTI	COLOPL
9	WirelessGate	PeptiDream	TOREX SEMICONDUCTOR
10	Broccoli	UBIC	ADTEC Plasma Technology

◆ Trading results



◆ Future Developments

Plan to implement continuous improvements of the service, such as increase number of eligible stocks for short-selling, expansion of the upper limit for the short-selling service, development of trading tools etc.

NISA I

Active account ratio for NISA¹ is 59.2%, high level among Online Securities brokers

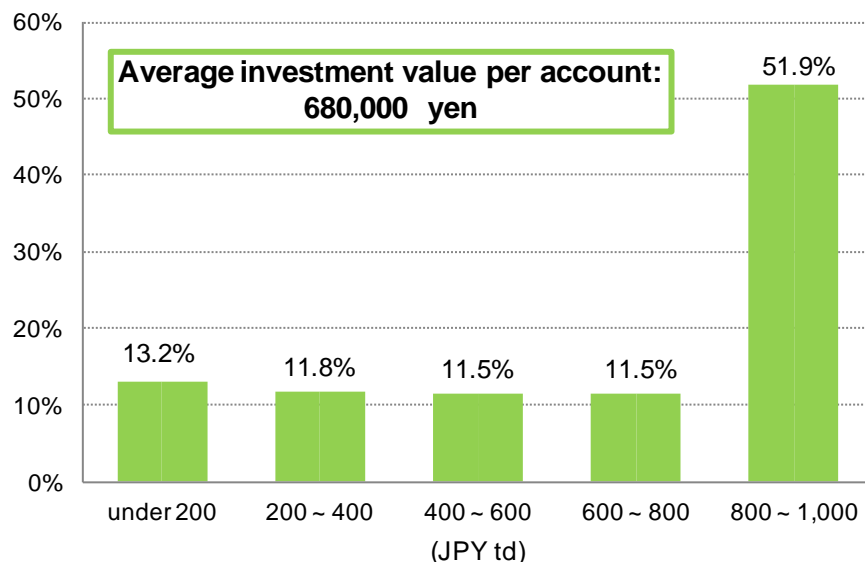
◆ Number of NISA accounts and customers' asset (as of Sep. 30, 2014)

Total number of accounts	75,826
Number of active accounts ²	44,885
Active account ratio	59.2%
Total investment value(JPY mn)	30,713
Customers' assets(JPY mn)	22,174

◆ Top 3 ranking in trading value (from Jan. to Sep. 2014)

Rank	Equity	ETF / REIT
1	Mizuho Financial Group	NEXT FUNDS Nikkei 225 Leveraged Index Exchange Traded Fund
2	Takeda Pharmaceutical	Nikkei 225 Exchange Traded Fund
3	Canon	TOPIX Exchange Traded Fund

◆ Distribution of the invested amount (as of Sep. 30, 2014)



◆ Situation of NISA

NISA has been introduced since January 2014, but many of the user is advanced and senior investors. "Junior NISA" and expansion of the upper limit for annual investment amount are considered as NISA expansion measures.

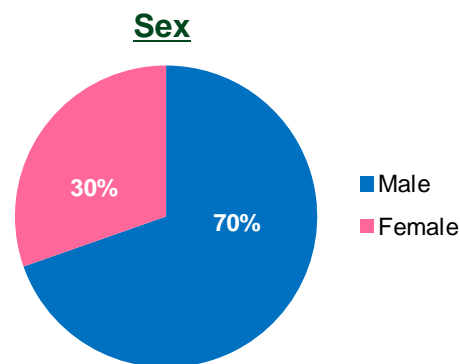
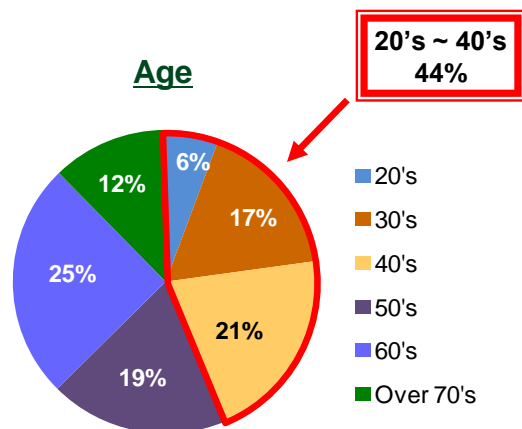
◆ Matsui's development

Matsui has offered commission free campaign for the infant accounts and promoted the use of "Living Donation Support Service"; it would be critical to promote the transfer of assets to future generations and to support to the generations for their investment management in order to shift individual financial assets from savings to investment.

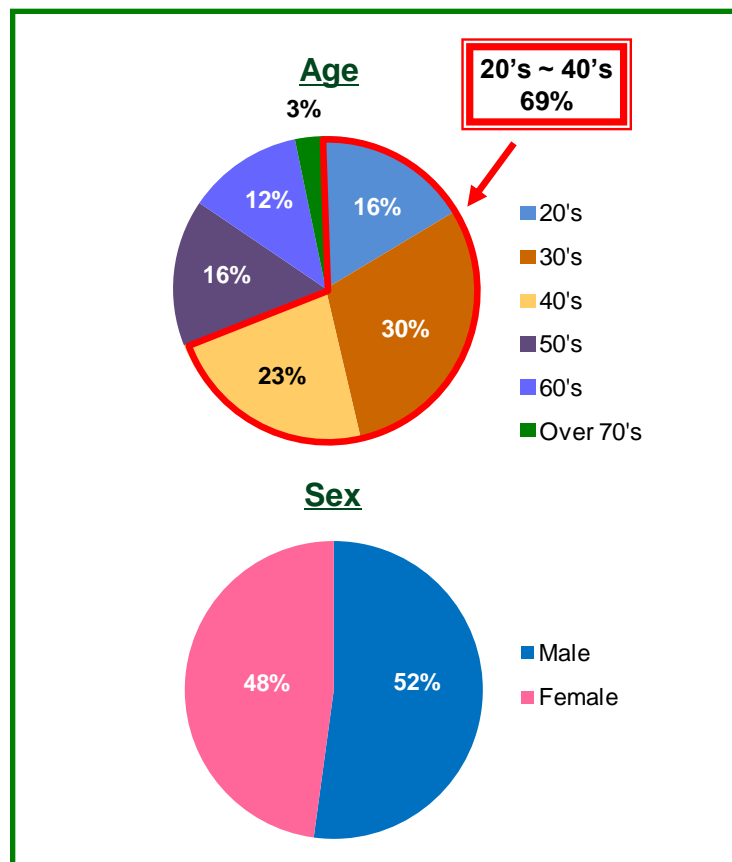
NISA II

Number of new customers¹ accounts is 10,367 (as of Sep. 30, 2014),
60% of the new customers' accounts is beginner

◆ Breakdown of NISA accounts
75,826 accounts (as of Sep. 30, 2014)



◆ Number of beginners, out of the new customers
6,230 accounts (as of Sep. 30, 2014)



The material is intended to provide the financial results for the quarter ended 30 September 2014 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 2014. 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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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

Akira WARITA, Managing Director : a-warita@matsui.co.jp

Shinji OIDA : s-oida@matsui.co.jp