



Matsui Securities Co., Ltd.

(First Section of Tokyo Stock Exchange: 8628)

Financial Results for 3Q FY2005

February 2006

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The material is intended to provide the financial results for the nine months ended December 31, 2005 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 February 2005. 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.

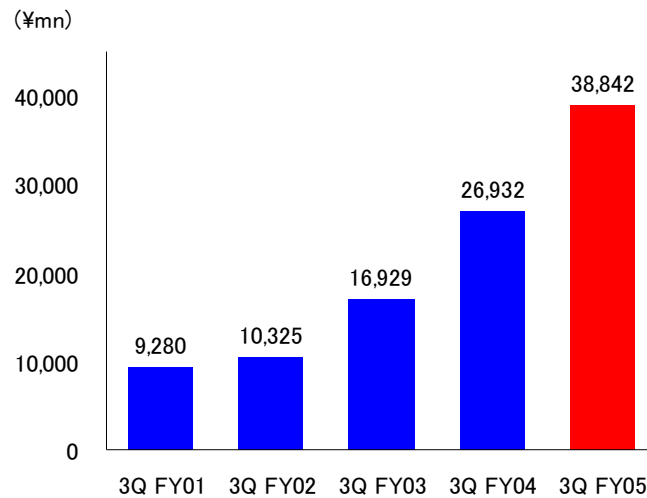
This presentation may contain forward looking information. Please keep in mind that they are based on projections of the company and subject to changes depending on the situation. We will under no circumstances assume the obligation to revise this presentation in case such situation occurs.

Highlights of 3Q FY2005

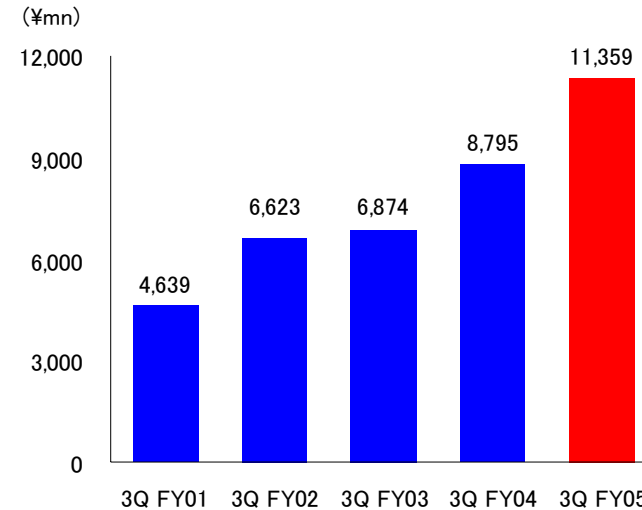
Section 1

Highlights of Financial Results for 3Q FY2005

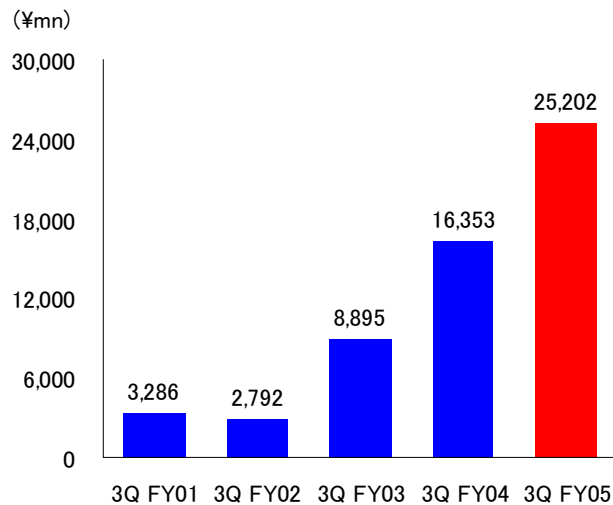
◆ Operating revenues



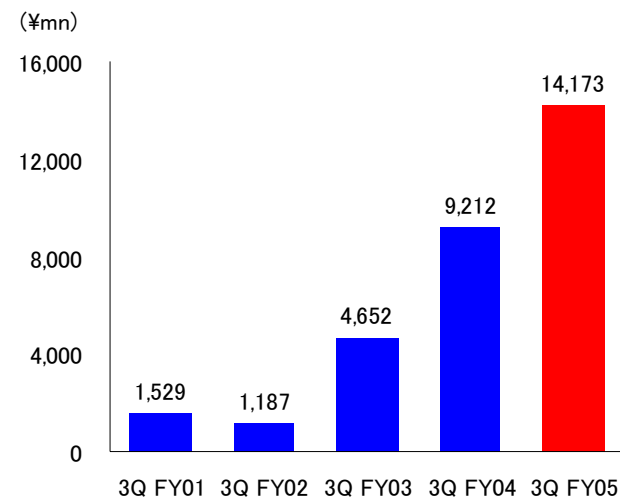
◆ SG&A



◆ Ordinary income



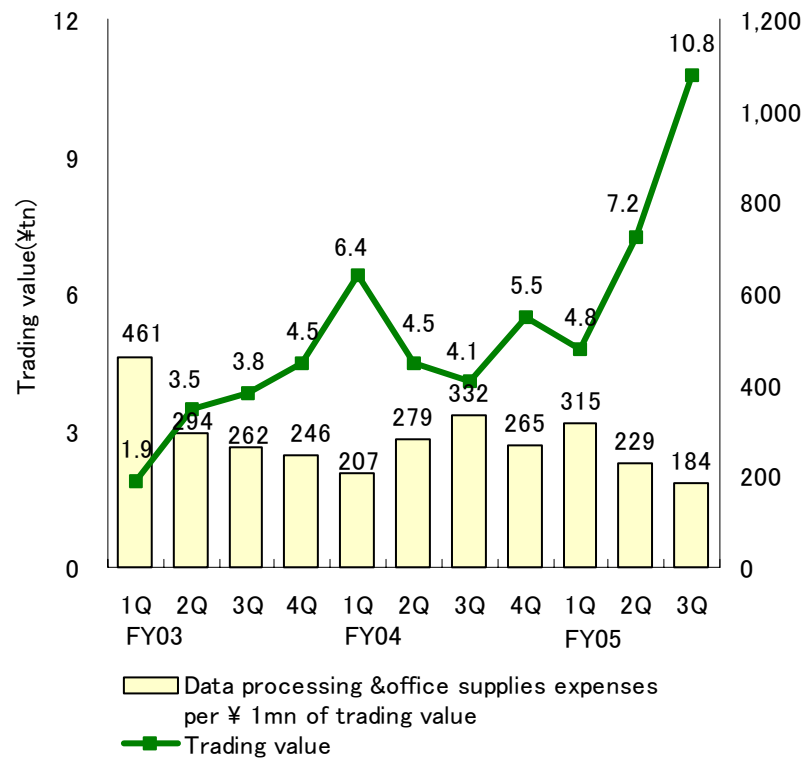
◆ Net income



Matsui's Business Model of Increasing Marginal Profit

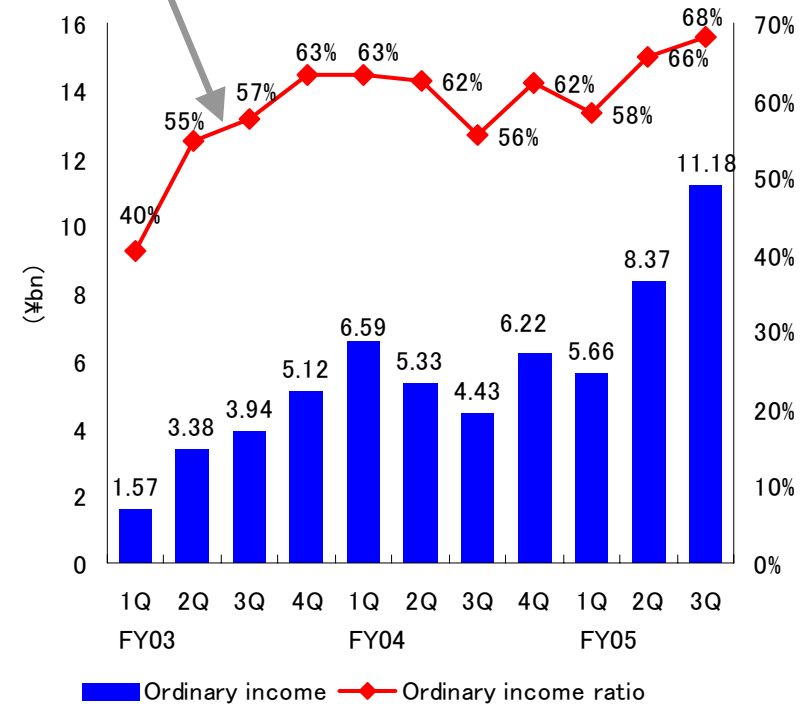
◆ Analysis of equity trading value and data processing & office supplies expenses

“Volume discount effect”



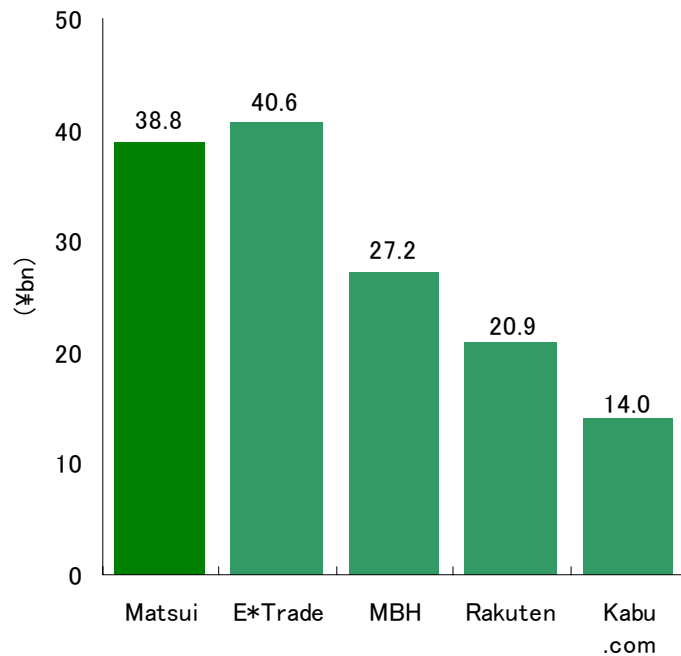
◆ Profitability analysis

Increase in
Ordinary income ratio (Ordinary
income/Operating revenues)
= Increasing Margin Profit



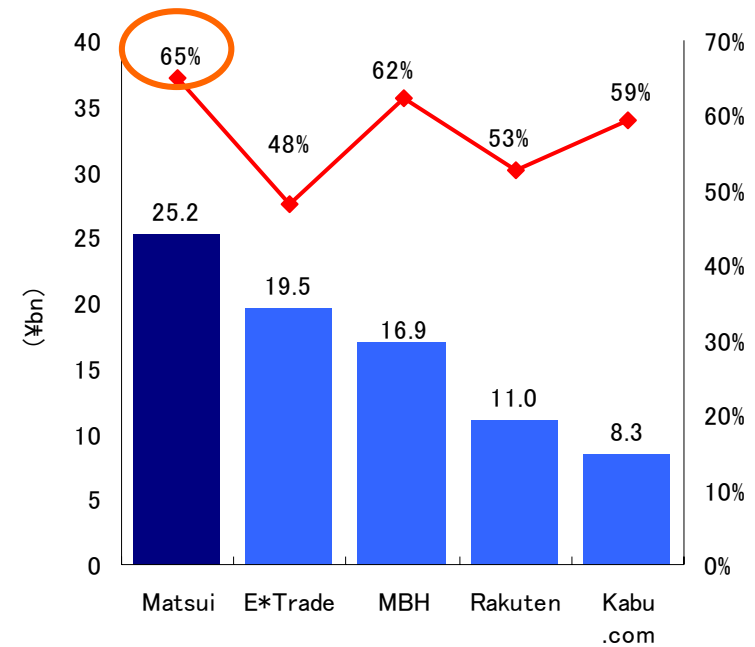
Comparison with On-line Brokers

◆ Operating revenues¹ (3Q FY05)



◆ Ordinary income¹ (3Q FY05)

◆ Ordinary income ratio (3Q FY05)



■ Ordinary income ◆ Ordinary income ratio

Source: Company data

Note: Consolidated results (except for Kabu.com)

Summary of Financial Results (Consolidated)

Section 2

Summary of Financial Results for 3Q FY2005

| (¥mn) | FY2004 3Q(Apr.-Dec.) | <i>FY2005 3Q(Apr.-Dec.)</i> | QoQ |
|-------------------------------|-------------------------|---------------------------------|-----|
| Operating Revenues | 26,932 | <i>38,842</i> | 44% |
| Commissions | 19,636 | <i>29,302</i> | 49% |
| Interest & dividend income | 7,290 | <i>10,328</i> | 42% |
| Interest expenses | 1,763 | <i>2,191</i> | 24% |
| Net operating revenues | 25,168 | <i>36,651</i> | 46% |
| SG&A | 8,795 | <i>11,359</i> | 29% |
| Operating income | 16,374 | <i>25,293</i> | 54% |
| Ordinary income | 16,353 | <i>25,202</i> | 54% |
| Net income | 9,212 | <i>14,173</i> | 54% |

Breakdown of Net Operating Revenues

| (¥mn) | FY2004 3Q(Apr.-Dec.) | <i>FY2005</i> <i>3Q(Apr.-Dec.)</i> | QoQ |
|--------------------------------|-------------------------|---------------------------------------|------|
| Commissions | 19,636 | <i>29,302</i> | 49% |
| Brokerage | 18,388 | <i>26,869</i> | 46% |
| Underwriting & selling | 243 | <i>127</i> | -48% |
| Subscription & distribution | 28 | <i>6</i> | -78% |
| Others | 978 | <i>2,300</i> | 135% |
| Net gain (loss) on trading | 5 | <i>-788</i> | - |
| Interest & dividend income (1) | 7,290 | <i>10,328</i> | 42% |
| Total operating revenues | 26,932 | <i>38,842</i> | 44% |
| Interest expenses (2) | 1,763 | <i>2,191</i> | 24% |
| Net operating revenues | 25,168 | <i>36,651</i> | 46% |
| Net interest income (1)-(2) | 5,527 | <i>8,138</i> | 47% |

Breakdown of SG&A

| (¥mn) | FY2004 3Q(Apr.-Dec.) | <i>FY2005</i> <i>3Q(Apr.-Dec.)</i> | QoQ |
|---|-------------------------|---------------------------------------|-----|
| Transaction related expenses | 2,450 | <i>3,402</i> | 39% |
| Advertisement | 323 | <i>427</i> | 32% |
| Employees' compensation & benefits | 1,410 | <i>1,355</i> | -4% |
| Occupancy & rental | 203 | <i>238</i> | 17% |
| Data processing & office supplies | 3,924 | <i>5,147</i> | 31% |
| Depreciation | 548 | <i>762</i> | 39% |
| Duties & taxes other than income taxes | 143 | <i>233</i> | 63% |
| Provision of allowance for doubtful accounts | - | <i>45</i> | - |
| Others | 117 | <i>177</i> | 52% |
| Total SG&A | 8,795 | <i>11,359</i> | 29% |

Quarterly Summary of Financial Results

| (¥mn) | FY2004 4Q(Jan.-Mar.) | FY2005 1Q(Apr.-Jun.) | FY2005 2Q(Jul.-Sep.) | <i>FY2005 3Q(Oct.-Dec.)</i> | %change (3Q FY2005 /2Q FY2005) |
|-------------------------------|-------------------------|-------------------------|-------------------------|---------------------------------|--------------------------------------|
| Operating Revenues | 9,986 | 9,693 | 12,770 | <i>16,379</i> | 28% |
| Commissions | 7,446 | 6,718 | 9,524 | <i>13,060</i> | 37% |
| Interest & dividend income | 2,633 | 3,005 | 3,304 | <i>4,019</i> | 22% |
| Interest expenses | 532 | 620 | 776 | <i>795</i> | 2% |
| Net operating revenues | 9,454 | 9,073 | 11,994 | <i>15,584</i> | 30% |
| SG&A | 3,221 | 3,427 | 3,621 | <i>4,311</i> | 19% |
| Operating income | 6,233 | 5,646 | 8,373 | <i>11,274</i> | 35% |
| Ordinary income | 6,218 | 5,655 | 8,371 | <i>11,176</i> | 34% |
| Net income | 3,433 | 3,224 | 4,615 | <i>6,334</i> | 37% |

Quarterly Breakdown of Net Operating Revenues

| (¥mn) | FY2004 4Q(Jan.-Mar.) | FY2005 1Q(Apr.-Jun.) | FY2005 2Q(Jul.-Sep.) | <i>FY2005 3Q(Oct.-Dec.)</i> | %change (3Q FY2005 /2Q FY2005) |
|--------------------------------|-------------------------|-------------------------|-------------------------|---------------------------------|--------------------------------------|
| Commissions | 7,446 | 6,718 | 9,524 | <i>13,060</i> | 37% |
| Brokerage | 6,795 | 6,149 | 8,643 | <i>12,076</i> | 40% |
| Underwriting & selling | 64 | 60 | 41 | <i>26</i> | -35% |
| Subscription & distribution | 1 | 2 | 1 | <i>3</i> | 227% |
| Others | 586 | 507 | 839 | <i>954</i> | 14% |
| Net gain (loss) on trading | -92 | -31 | -58 | <i>-700</i> | - |
| Interest & dividend income (1) | 2,633 | 3,005 | 3,304 | <i>4,019</i> | 22% |
| Total operating revenues | 9,986 | 9,693 | 12,770 | <i>16,379</i> | 28% |
| Interest expenses (2) | 532 | 620 | 776 | <i>795</i> | 2% |
| Net operating revenues | 9,454 | 9,073 | 11,994 | <i>15,584</i> | 30% |
| Net interest income (1)-(2) | 2,101 | 2,385 | 2,528 | <i>3,224</i> | 28% |

Quarterly Breakdown of SG&A

| (¥mn) | FY2004 4Q(Jan.-Mar.) | FY2005 1Q(Apr.-Jun.) | FY2005 2Q(Jul.-Sep.) | <i>FY2005 3Q(Oct.-Dec.)</i> | %change (3Q FY2005 /2Q FY2005) |
|---|-------------------------|-------------------------|-------------------------|---------------------------------|--------------------------------------|
| Transaction related expenses | 890 | 981 | 1,099 | <i>1,322</i> | 20% |
| Advertisement | 109 | 108 | 107 | <i>212</i> | 99% |
| Employees' compensation & benefits | 517 | 501 | 384 | <i>470</i> | 22% |
| Occupancy & rental | 70 | 72 | 80 | <i>85</i> | 6% |
| Data processing & office supplies | 1,449 | 1,497 | 1,659 | <i>1,991</i> | 20% |
| Depreciation | 207 | 237 | 252 | <i>273</i> | 8% |
| Duties & taxes other than income taxes | 51 | 58 | 80 | <i>94</i> | 18% |
| Provision of allowance for doubtful accounts | – | 21 | 8 | <i>17</i> | 115% |
| Others | 37 | 58 | 59 | <i>60</i> | 2% |
| Total SG&A | 3,221 | 3,427 | 3,621 | <i>4,311</i> | 19% |

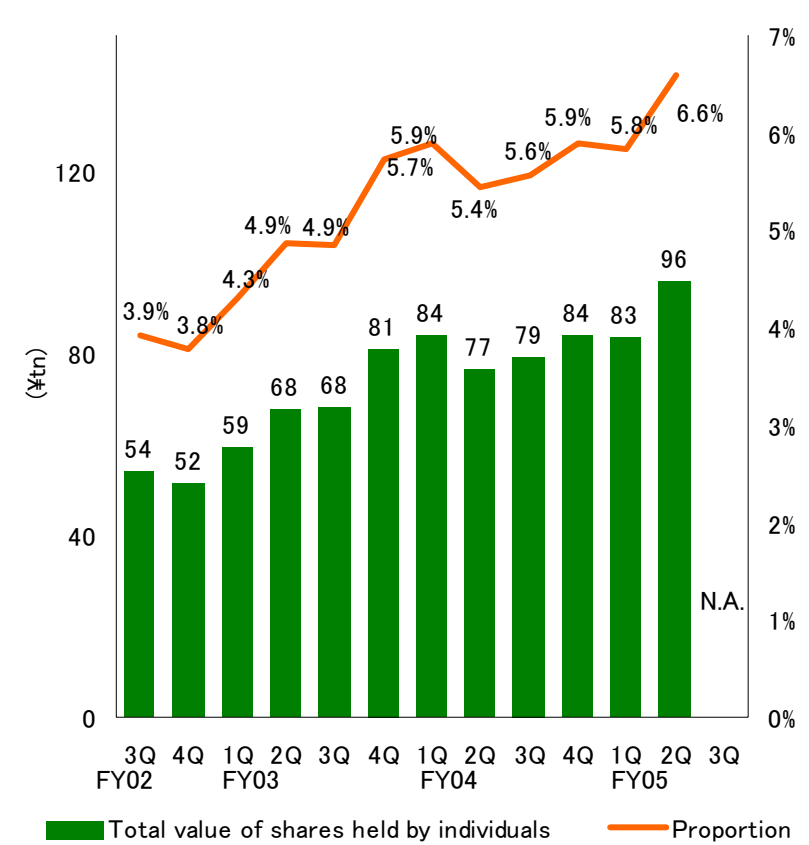
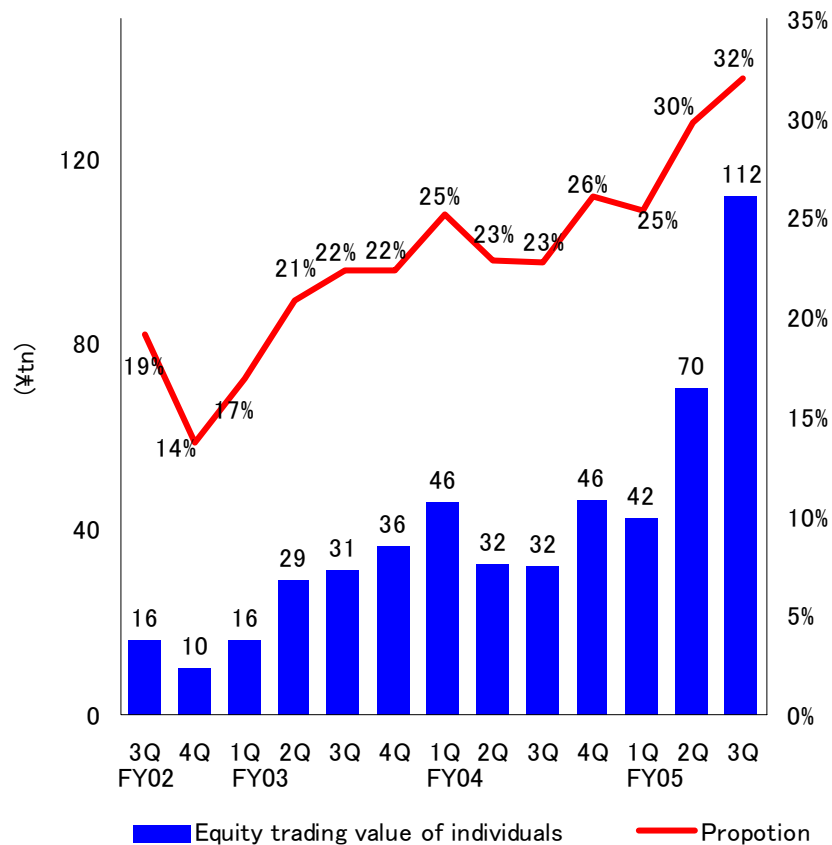
Retail Brokerage Market Overview and Matsui's Performance

Section 3

Retail Equity Trading Market

- ◆ Equity trading value of individuals¹
- ◆ Proportion to total equity trading value

- ◆ Total value of shares held by individuals
- ◆ Proportion to total financial assets of individuals



Source: TSE, JASDAQ, BOJ

Note: Sum of the equity trading value on 3 stock exchanges (through securities companies with over ¥3bn capital) and JASDAQ

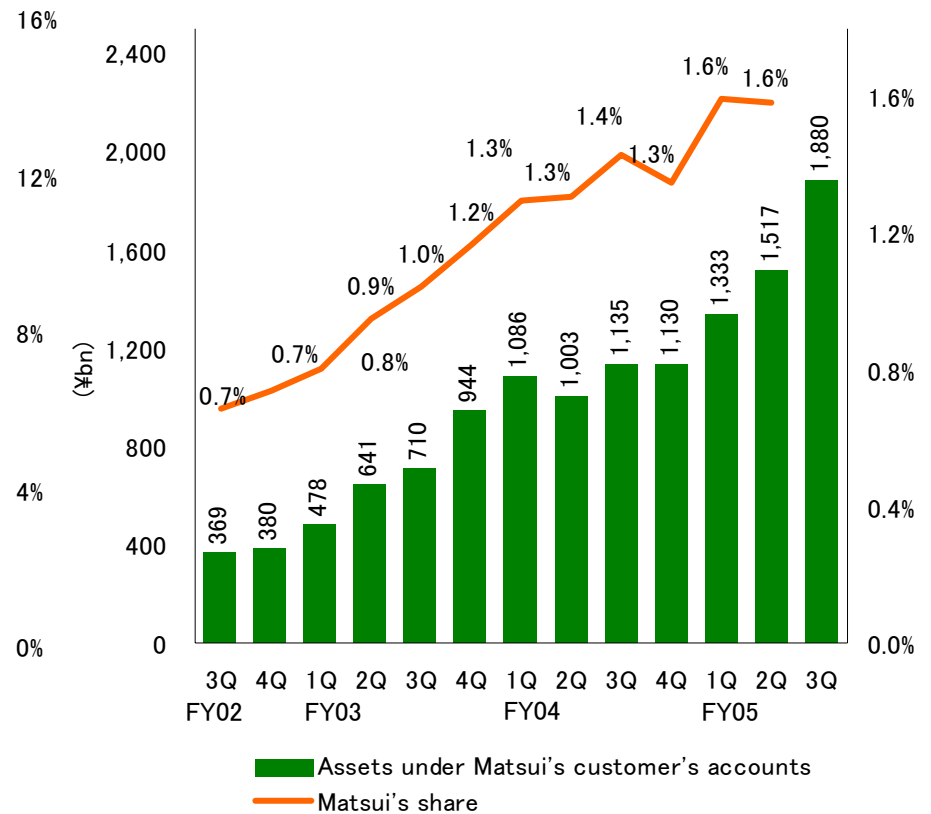
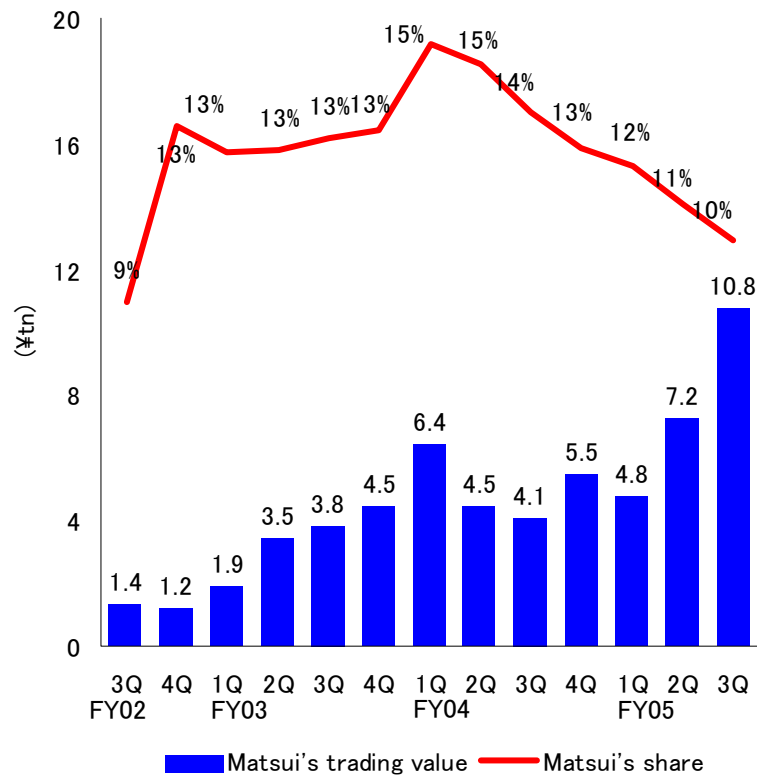
Matsui's Performance I (vs. Market)

◆ Matsui's trading value

◆ Matsui's share in retail equity trading value

◆ Assets under Matsui's customer's accounts

◆ Matsui's share in value of shares held by individuals

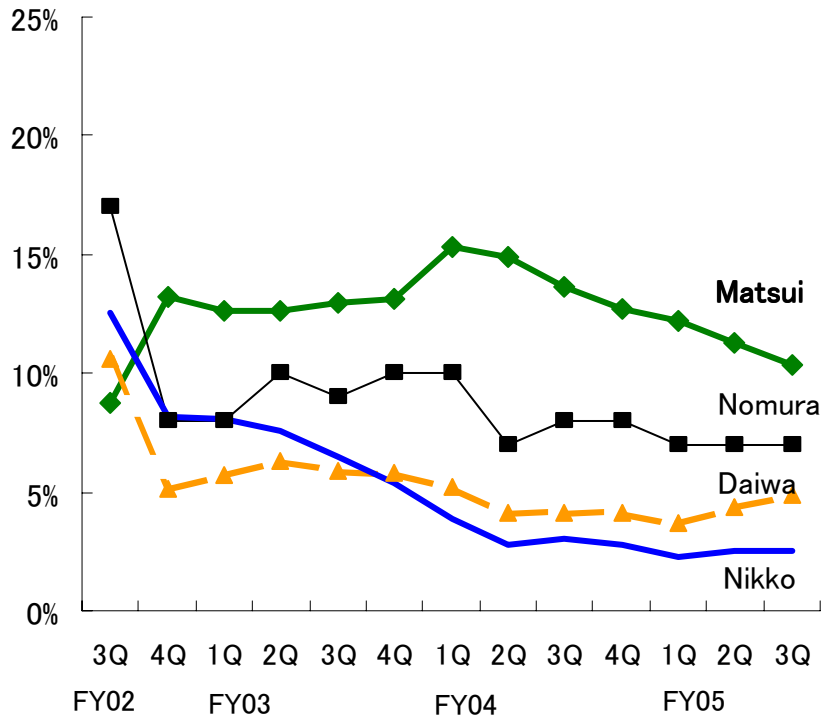


Source: TSE, BOJ

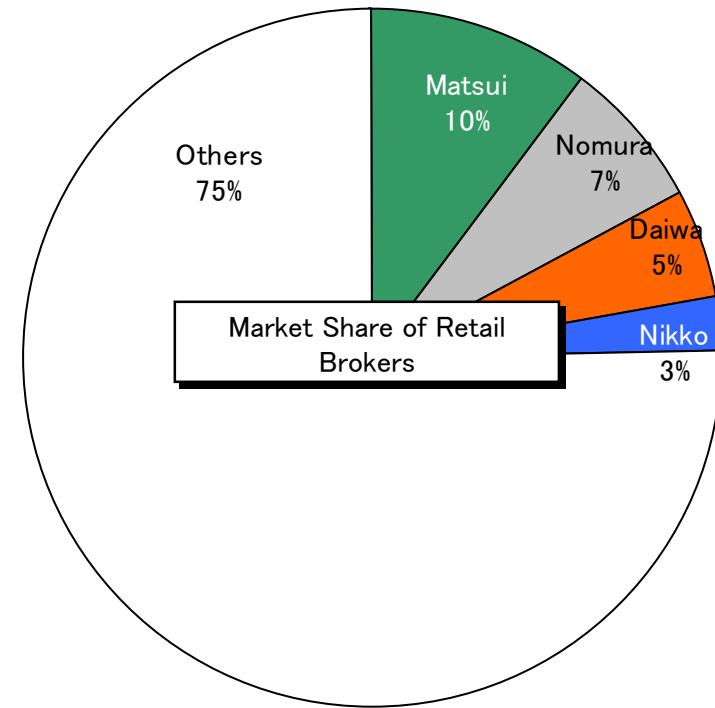
Note: Sum of the equity trading value on 3 major stock exchanges

Matsui's Performance II (vs. Conventional Brokers ("Off-line"))

◆ Market share in retail equity trading value



◆ Market share in retail equity trading value for 3Q FY05



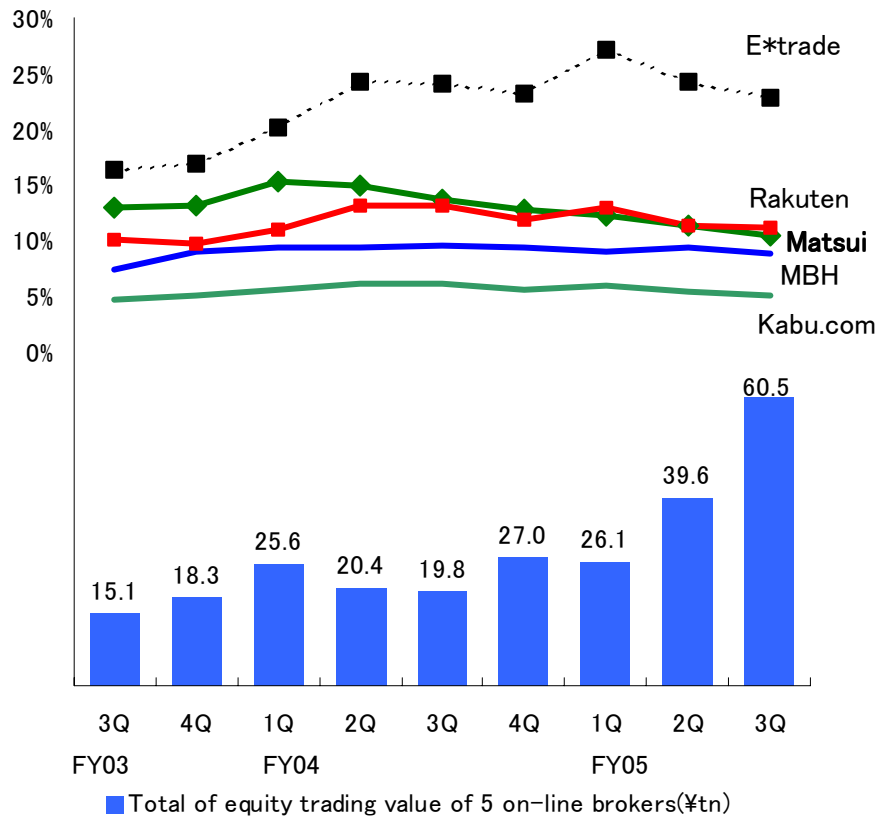
Source: TSE, Company data (estimated value based on company reports)

Note: Sum of the retail equity trading value on 3 major stock exchanges

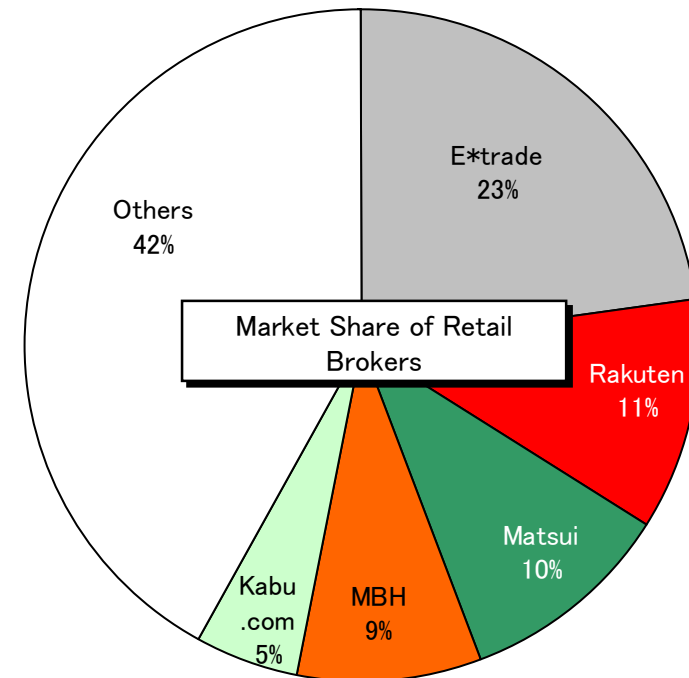
Nomura: Retail business division of Nomura Securities, Nikko: Nikko Cordial Securities, Daiwa: Daiwa Securities

Matsui's Performance III (vs. On-line Brokers)

◆ Market share (retail equity trading value)¹



◆ Market share for 3Q FY05 (retail equity trading value)¹



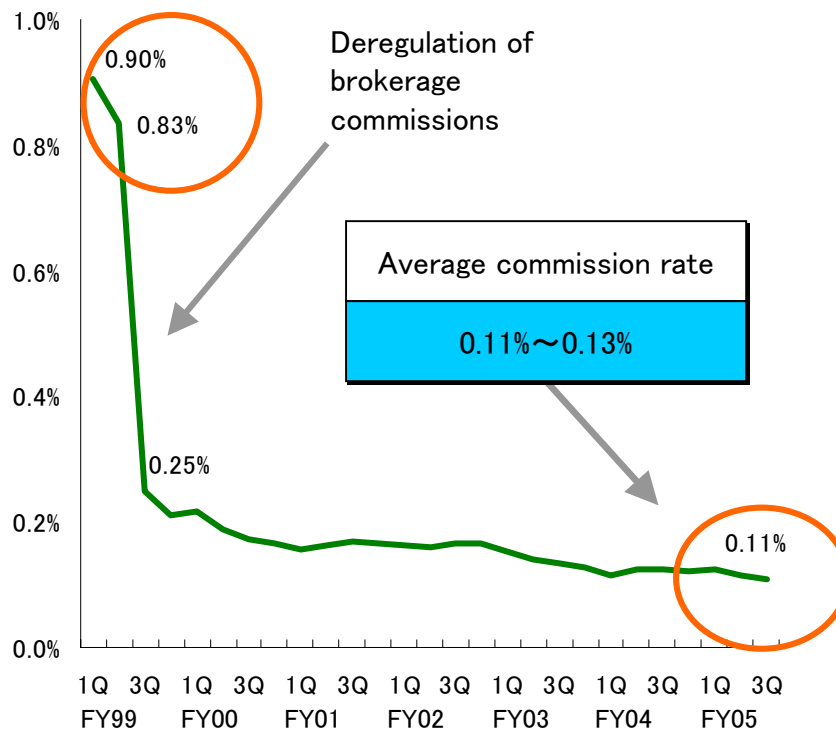
Source: TSE, Company data, Company websites

Note: Sum of the retail equity trading value on 3 major stock exchanges

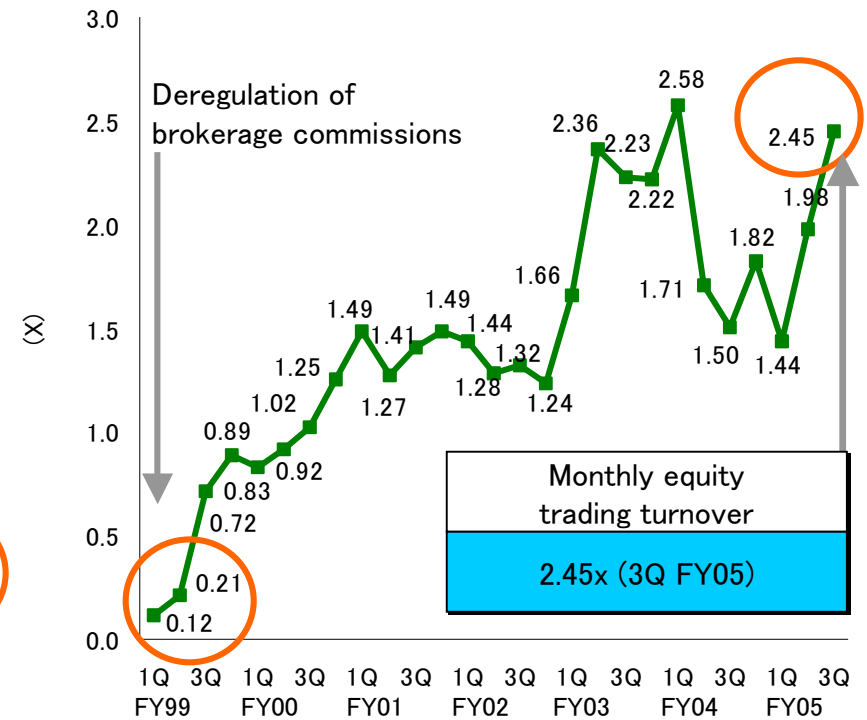
Matsui's Performance

(Commission Rate and Trading Turnover)

◆ Matsui's average commission rate¹



◆ Equity trading turnover of Matsui's customers²



Notes:

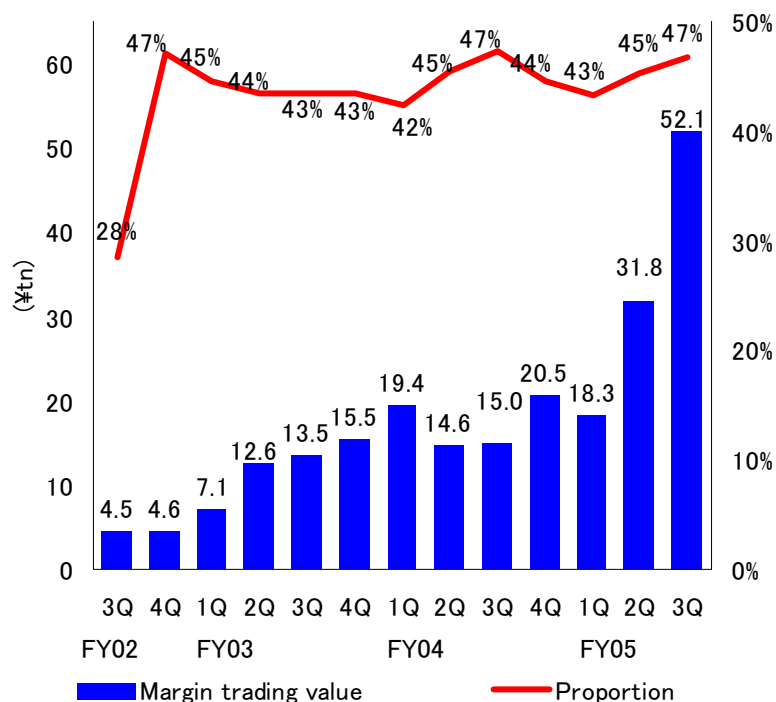
1 Average commission rate = (quarterly brokerage commission) / (quarterly equity trading value)

2 Equity trading turnover = (monthly average trading value) / (quarterly average assets under customer's accounts*)

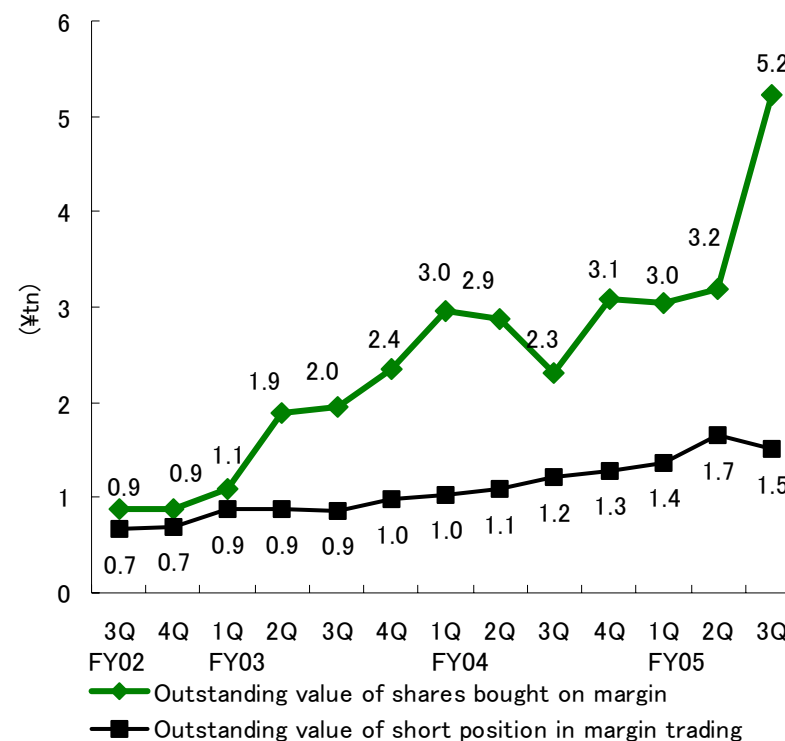
* From 2Q FY01, assets under customer's accounts of Matsui's board members and related persons are excluded

Retail Margin Trading

- ◆ Margin trading value of individuals¹
- ◆ Proportion to total equity transaction by individuals



- ◆ Outstanding value of margin trading²



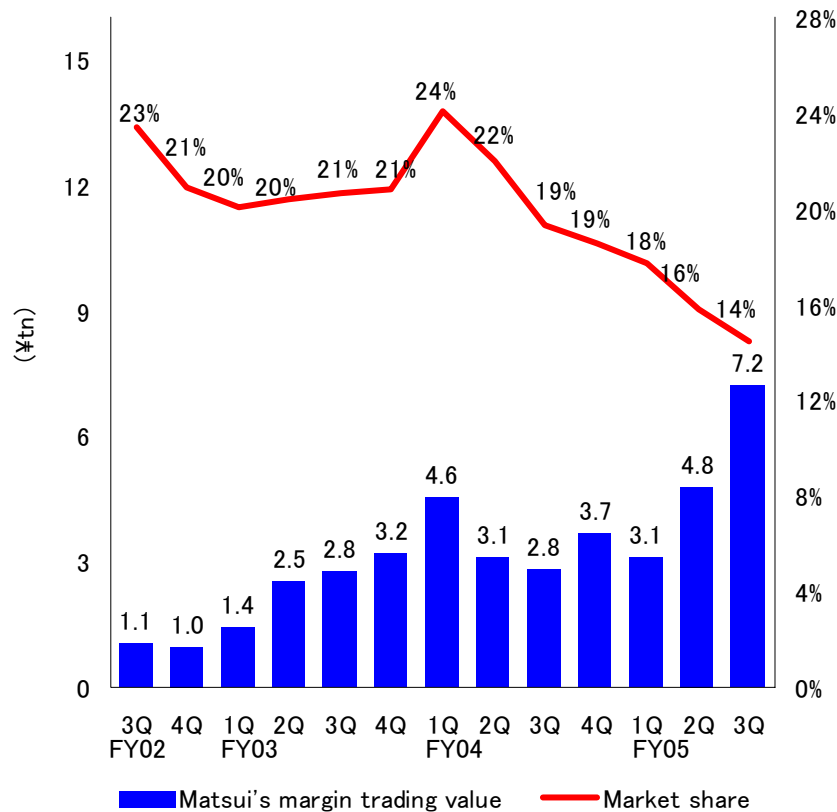
Source: TSE, JASDAQ

Notes:

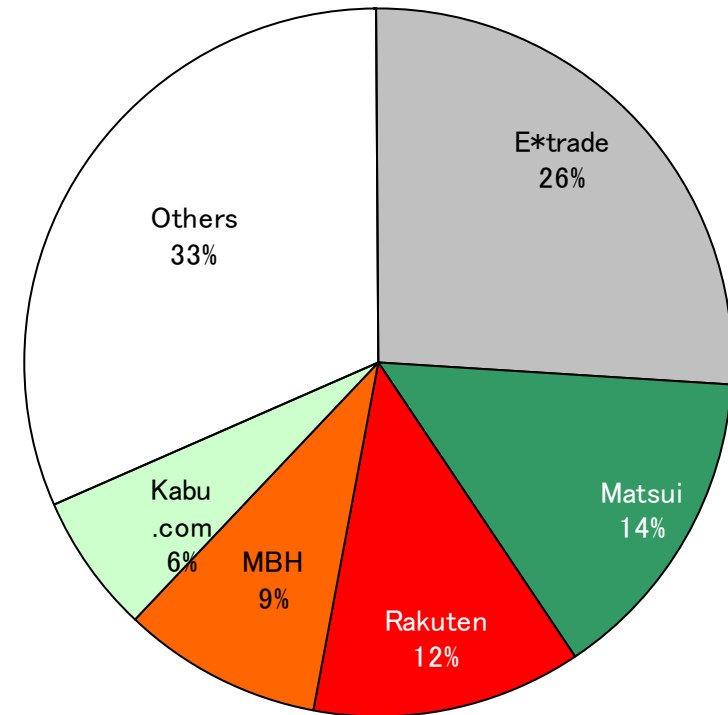
- 1 Sum of the equity trading value of 3 major stock exchanges and JASDAQ
- 2 Sum of the balance in each quarter on 3 major stock exchanges

Matsui's Performance I

◆ Matsui's margin trading value and market share¹



◆ Market share of retail margin trading by value² (3Q FY05)



Source: TSE, JASDAQ, Company data, Company websites

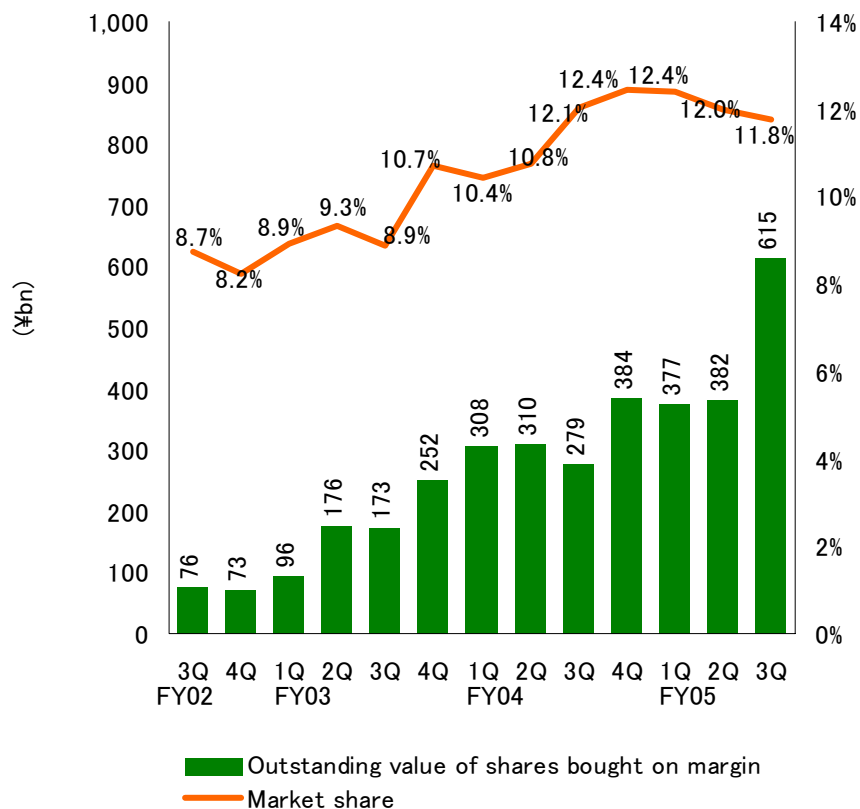
Notes:

1 Sum of trading value on 3 major stock exchanges and JASDAQ

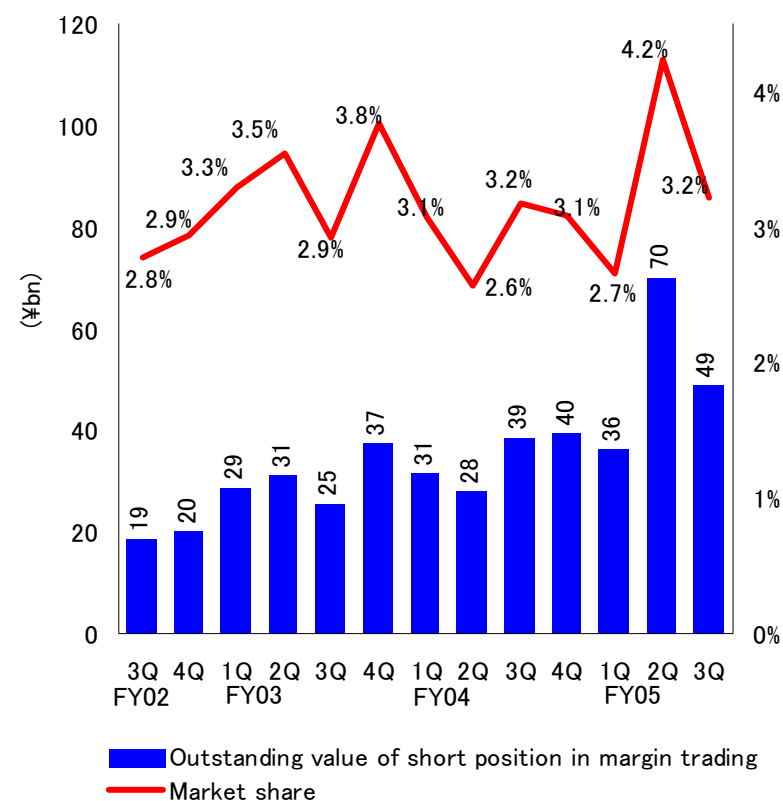
2 Sum of margin trading value on 3 major stock exchanges

Matsui's Performance II

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



◆ Matsui's outstanding value of short position in margin trading and its market share²



Source: TSE

Notes:

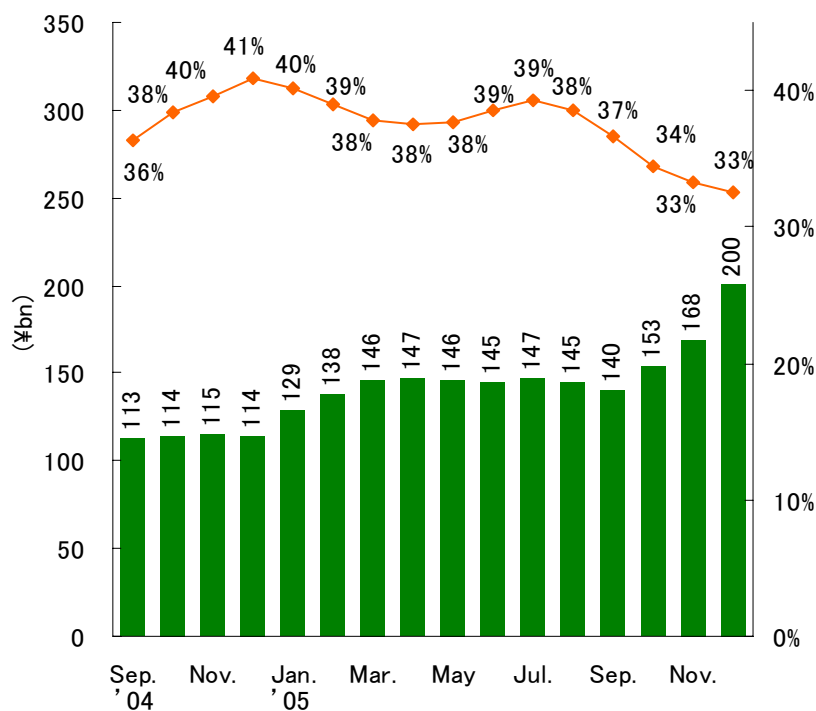
1 As of the end of each quarter

2 Total market share in 3 major stock exchanges

Unlimited Margin Trading

◆ Outstanding value of shares bought on unlimited margin trading at Matsui¹

◆ Ratio of outstanding value of shares bought on unlimited margin trading to the total outstanding value of shares bought on margin trading

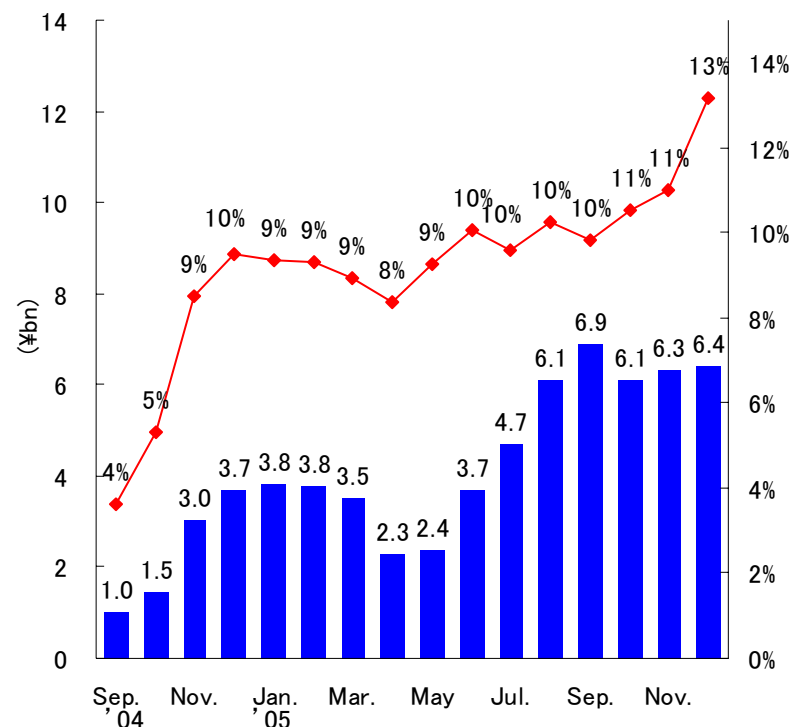


■ Outstanding value of shares bought on unlimited margin trading

◆ Ratio of the unlimited margin trading to the total margin trading

◆ Outstanding value of short position in unlimited margin trading at Matsui¹

◆ Ratio of outstanding value of short position in unlimited margin trading to the total outstanding value of short position in margin trading

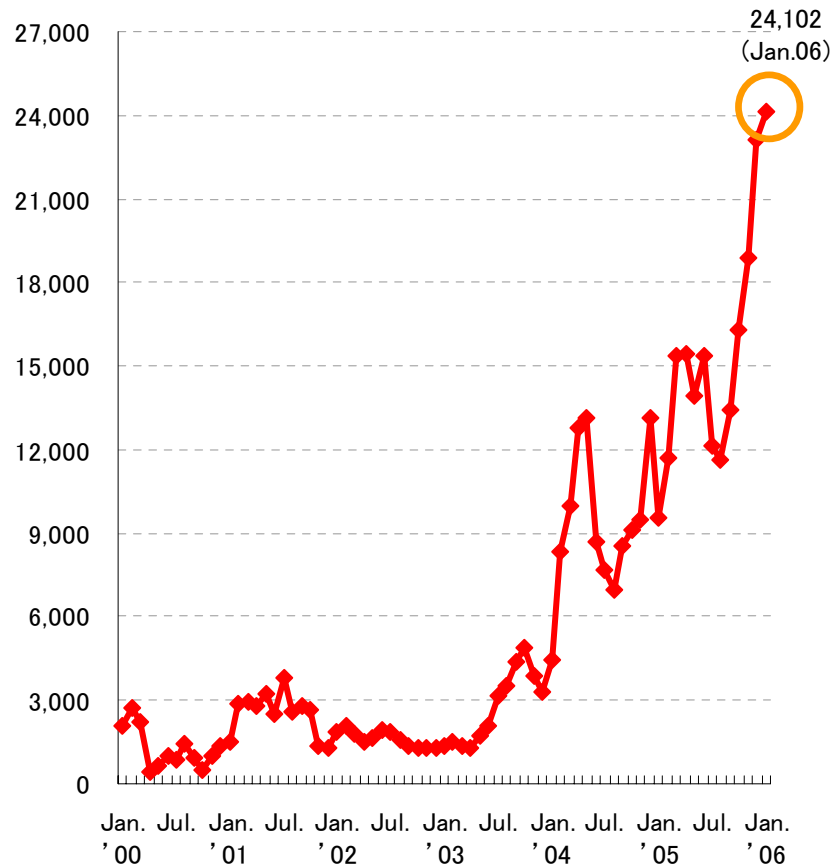


■ Outstanding value of short position in unlimited margin trading

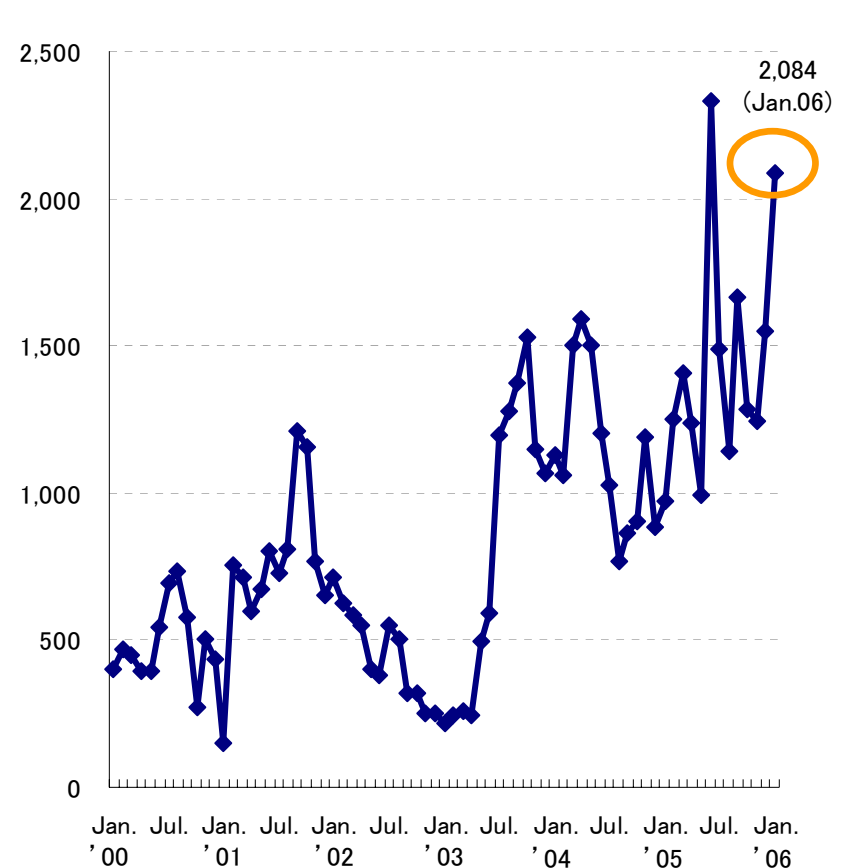
◆ Ratio of the unlimited margin trading to the total margin trading

Monthly Number of New Accounts

◆ Number of new accounts
(Monthly)



◆ Number of new margin trade accounts
(Monthly)



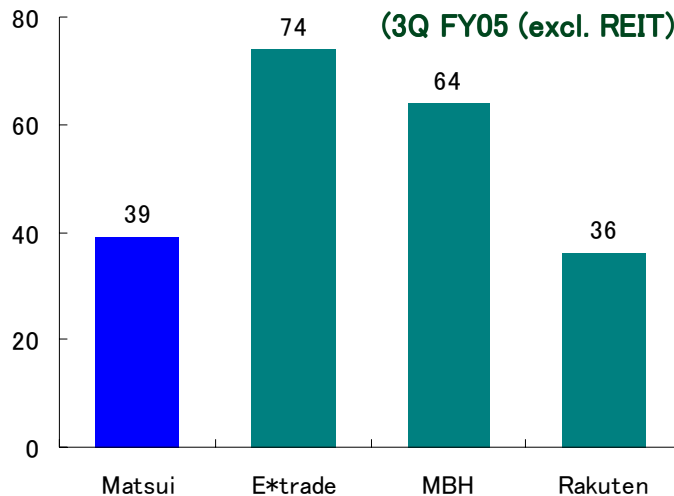
Performance in Underwriting Business

◆ Underwriting deals (3Q FY05)

| | (Number of deals) | (Total size) |
|--------------|-------------------|-----------------|
| 1Q | 20 | ¥1,259mn |
| 2Q | 13 | ¥898mn |
| 3Q | 14 | ¥972mn |
| TOTAL | 47 | ¥3,130mn |

【 Number of IPOs underwritten by on-line brokers 】

(3Q FY05 (excl. REIT))



Source: Company websites

*Listing date basis

◆ Distribution deals (3Q FY05)

| | (Number of deals) | (Total size) |
|--------------|-------------------|---------------|
| 1Q | 1 | ¥1mn |
| 2Q | 3 | ¥291mn |
| 3Q | 7 | ¥21mn |
| TOTAL | 11 | ¥313mn |

◆ Off-trading floor distributions (3Q FY05)

| | (Number of deals) | (Total size) |
|--------------|-------------------|-----------------|
| 1Q | 41 | ¥2,543mn |
| 2Q | 54 | ¥2,056mn |
| 3Q | 27 | ¥1,112mn |
| TOTAL | 122 | ¥5,712mn |

Performance of Other Products and Services

| | | FY04 | | | | FY05 | | |
|--|---|---------|---------|----------|----------|----------|----------|----------|
| | | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q |
| Designated deposit account for shares acquired through stock option ¹ | Number of accounts | 1,660 | 2,195 | 2,503 | 2,661 | 4,785 | 5,050 | 5,237 |
| | Value of assets under customers' accounts | ¥5.7bn | ¥6.3bn | ¥9.2bn | ¥10.3bn | ¥12.2bn | ¥12.8bn | ¥18.5bn |
| | Number of companies that have appointed Matsui as their custodian | 32 | 38 | 40 | 47 | 53 | 62 | 63 |
| Green sheet market offering | Number of offerings | 1 | 6 | 6 | 1 | 1 | 1 | 4 |
| | Total size | ¥54mn | ¥240mn | ¥117mn | ¥27mn | ¥44mn | ¥19mn | ¥87mn |
| Stock deposit service | Number of accounts | 6,936 | 7,857 | 8,853 | 10,383 | 11,995 | 13,116 | 14,323 |
| | Outstanding value of orders (similar to assets under customers') | ¥22.7bn | ¥21.2bn | ¥17.3bn | ¥18.0bn | ¥19.5bn | ¥19.0bn | ¥20.6bn |
| NetFx | Number of accounts | 5,235 | 7,868 | 10,933 | 15,243 | 18,903 | 22,553 | 25,854 |
| | Monthly average trading value | ¥93.2bn | ¥90.0bn | ¥114.3bn | ¥196.1bn | ¥247.4bn | ¥331.6bn | ¥481.1bn |

Note1: Account for custody of shares acquired through exercise of stock options

(*) The figures for (1) number of accounts, (2) assets under customers' accounts, (3) number of companies that have appointed Matsui as their custodian for shares acquired through stock options and (4) outstanding value under stock deposit services state figures as of the end of each quarter.

Directions (Revision in Commission Structure)

Change in Commission Structure

From April 2006, New BOX RATE, will be implemented

~The lowest Commission is designed to be 315 yen, it is the 1/10 of the current structure~

◆New Commission Structure

Subdivision of Box Rate

Total transaction value of ¥1million/day



Charge ¥1,050

(※) Under the current Structure, for the total transaction value of 3 million yen, we charge 3,150 yen.

Expansion of Mini-Box

Expand Mini-Box Commission for small transactions

For the total transaction value/day

Up to ¥100,000 ... FREE

Up to ¥300,000 ... ¥315

Up to ¥500,000 ... ¥525

Setting a ceiling on the Commission

Set a ceiling (¥105,000) on the Commission that Customers pay in 1 day

(※) The Commission is practically free for the trading value which exceed 1 hundred million yen.

◆The NEW Commission of Matsui

| Total transaction value / DAY | Commission |
|-------------------------------|-----------------|
| UP to ¥100,000 | FREE |
| UP to ¥300,000 | ¥315 |
| UP to ¥500,000 | ¥525 |
| UP to ¥1million | ¥1,050 |
| UP to ¥2million | ¥2,100 |
| ⋮ | ⋮ |
| Above ¥100million | ¥105,000 (flat) |

One way Commission-Free for Day trading will remain

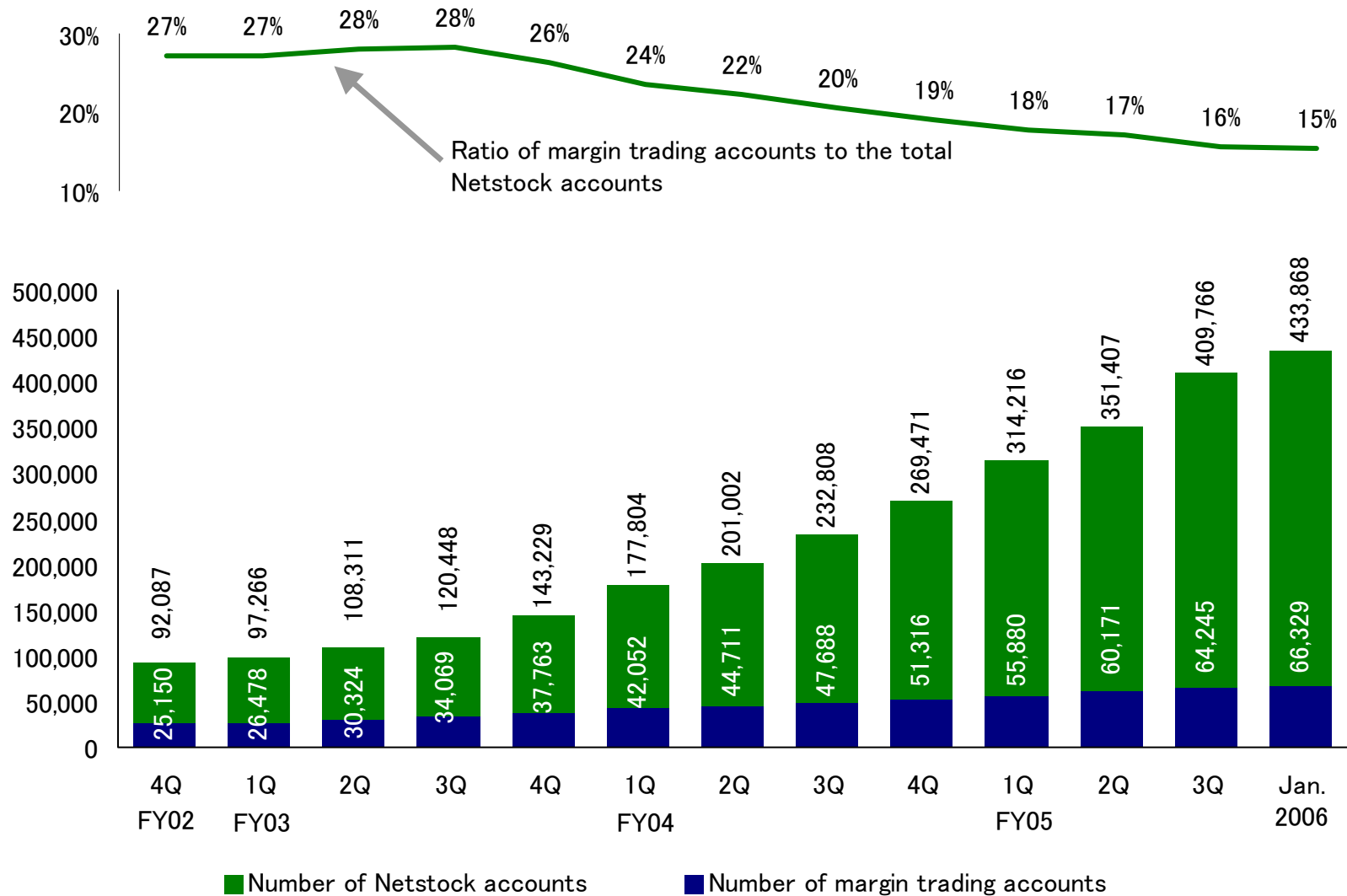
※Future and Option trading are excluded from the Box Rate

Supplemental Information

Section 4

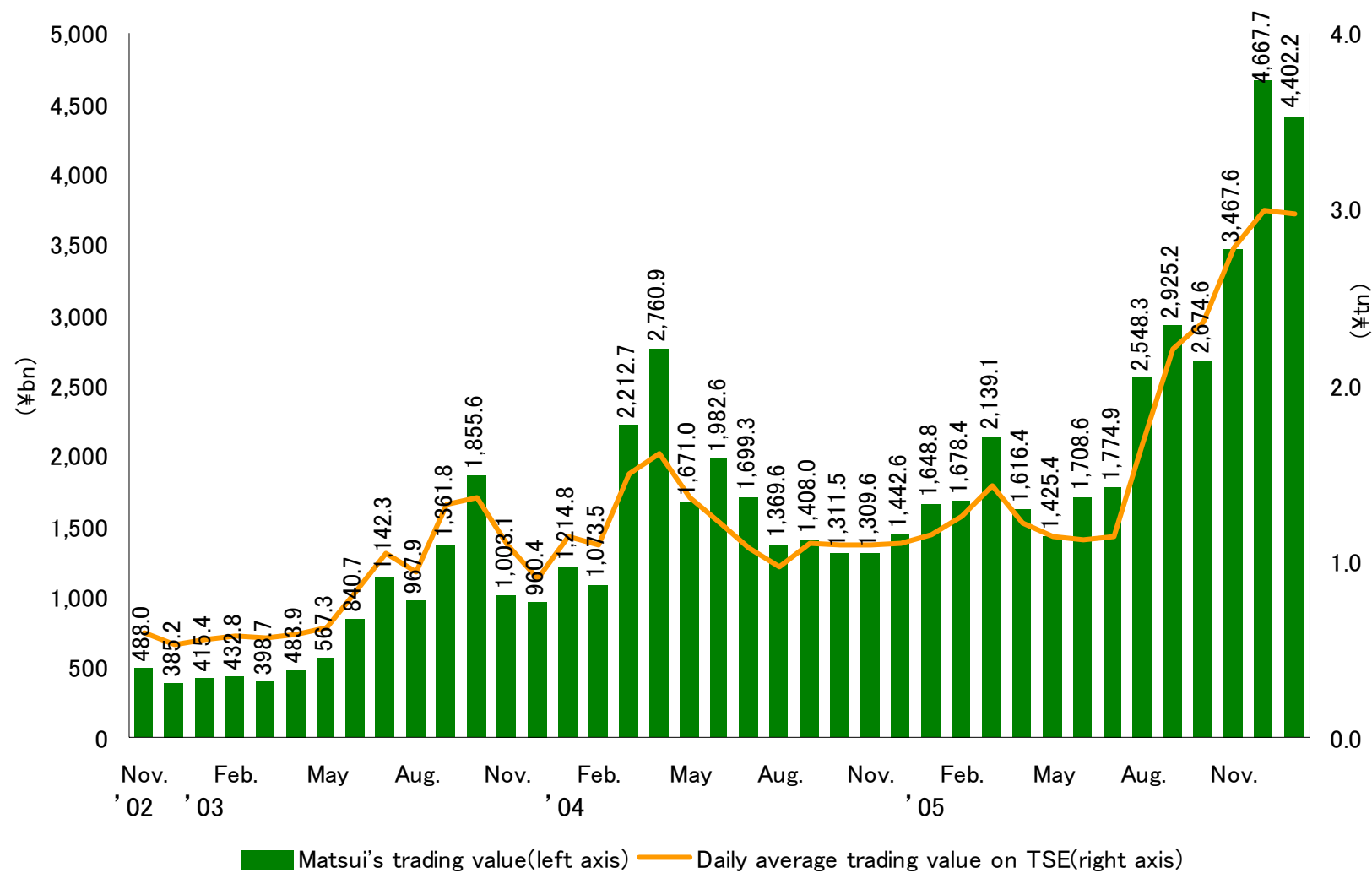
Netstock Accounts

◆ Number of Netstock accounts (Quarterly)



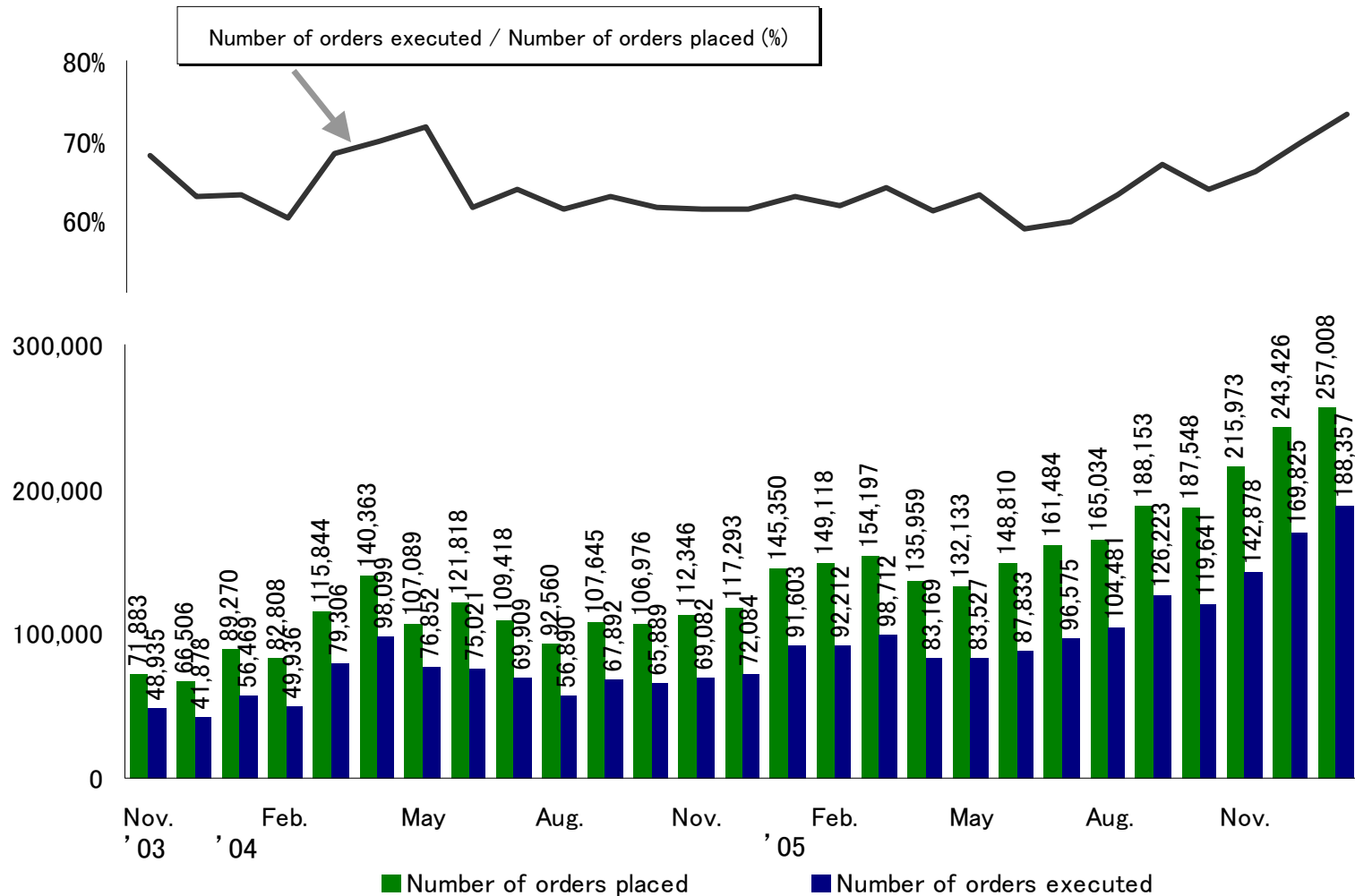
Equity Trading Value

◆ Equity trading value via Netstock (Monthly)



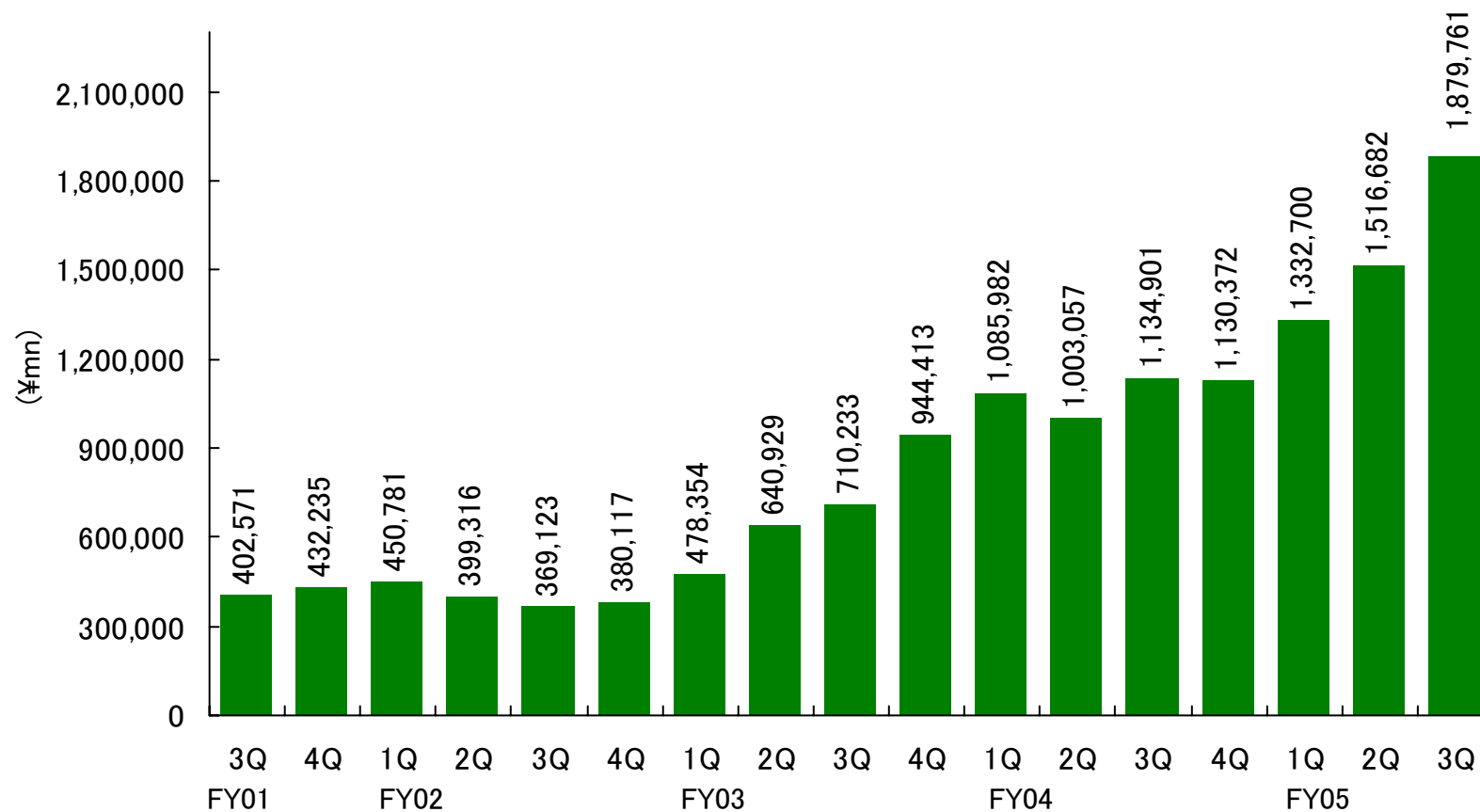
Number of Orders Placed and Executed

◆ Number of orders placed & executed (Daily average)



Assets under Customers' Accounts

◆ Balance of assets under customer's accounts (Quarterly)



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<http://www.matsui.co.jp/>

http://www.matsui.co.jp/about_matsui/en/ (English IR)