



Matsui Securities Co., Ltd.

(First Section of Tokyo Stock Exchange: 8628)

Results for 3Q FY2006

February 2007

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Highlights of 3Q FY2006

1. Operating revenues:31.6billion yen, Net income: 9.4billion yen

- ◆ Commission income: 19.0billion yen (YoY -35% down)
- ◆ Net interest income: 10.5billion yen (YoY +29% up)
 - ~ 77% of SG&A covered by net interest income
- ◆ Ordinary income ratio: 51%

2. Results of Operation

- ◆ Equity trading value for 3Q FY06: 6.1trillion yen (YoY -43% down), Market share: 10%
- ◆ Shares bought on margin as of 31 Dec. 06 : 383.4billion yen (YoY -38% down)
- ◆ # of accounts : 644,847, # of margin accounts : 87,328 (as of 31 Dec. 06)
- ◆ 39% of the balance of total margin trading is unlimited margin trading (as of 31 Dec. 06)

3. Recent and Future Developments

- ◆ Have introduced "Matsui Com-stock Loan", a stock mortgage card loan since Jan. 07
- ◆ Introduce "Stop order" function in Feb.07
- ◆ Plan to launch the "Real-Time-Settlement" services by establishment of the PTS in summer '07

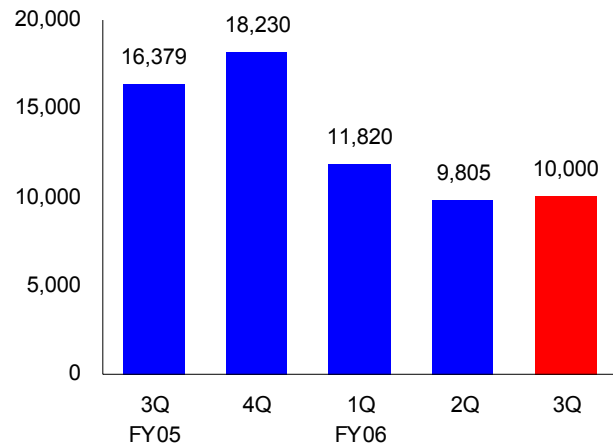
Financial Summary

Section 1

Summary

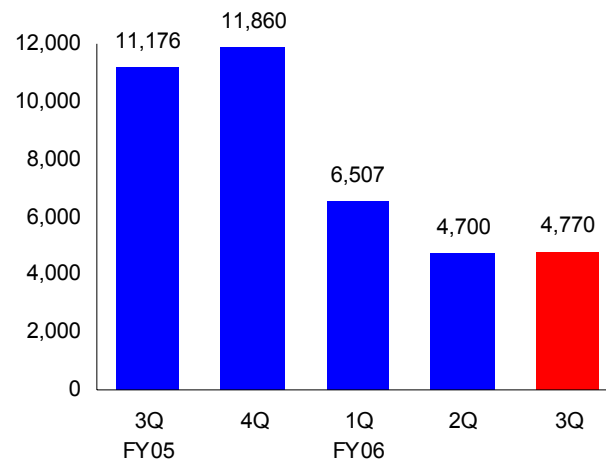
◆ Operating revenues

(JPY mn)



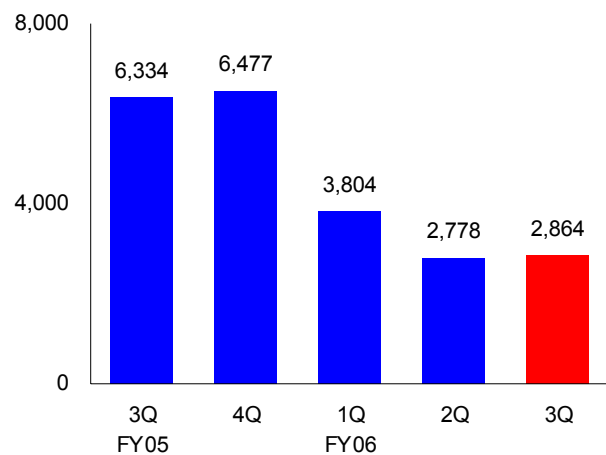
◆ Ordinary income

(JPY mn)

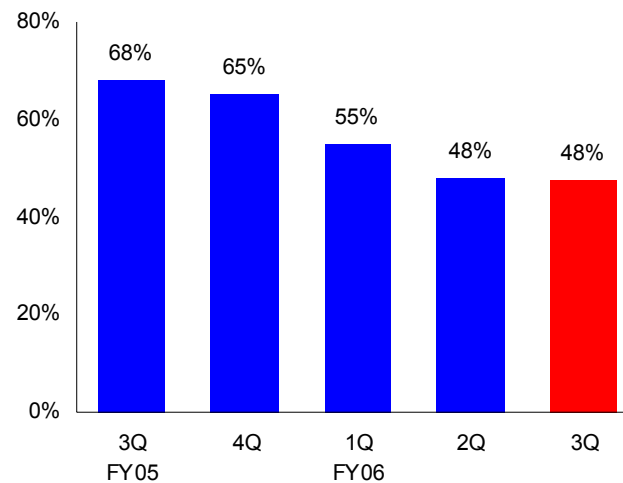


◆ Net income

(JPY mn)



◆ Ordinary income ratio



Summary of Financial Results (3Q FY06)

(JPY mn)

	3Q(Apr.-Dec.) FY2006	3Q(Apr.-Dec.) FY2005	YoY
Operating Revenues	31,625	38,842	-19%
Commissions	19,034	29,302	-35%
Interest & dividend income	12,666	10,328	23%
Interest expenses	2,160	2,191	-1%
Net operating revenues	29,465	36,651	-20%
SG&A	13,640	11,359	20%
Operating income	15,825	25,293	-37%
Ordinary income	15,977	25,202	-37%
Net income	9,445	14,173	-33%
Ordinary income ratio	51%	65%	-
Matsui's trading value (JPY tn)	19.8	22.8	-13%
Daily average trading value onTSE (JPY tn)	2.6	2.2	19%

Breakdown of Net Operating Revenues (3Q FY06)

(JPY mn)

	3Q(Apr.-Dec.) FY2006	3Q(Apr.-Dec.) FY2005	YoY
Commissions	19,034	29,302	-35%
Brokerage	17,183	26,869	-36%
Underwriting & selling	52	127	-59%
Subscription & distribution	22	6	253%
Others	1,777	2,300	-23%
Net gain (loss) on trading	△ 75	△ 788	-
Interest & dividend income(1)	12,666	10,328	23%
Total operating revenues	31,625	38,842	-19%
Interest expenses (2)	2,160	2,191	-1%
Net operating revenues	29,465	36,651	-20%
Net interest income (1) - (2)	10,506	8,138	29%

Breakdown of SG&A (3Q FY06)

(JPY mn)

	3Q(Apr.-Dec.) FY2006	3Q(Apr.-Dec.) FY2005	YoY
Transaction related expenses	3,932	3,402	16%
Advertisement	766	427	79%
Employees' compensation & benefits	1,506	1,355	11%
Occupancy & rental	292	238	23%
Data processing & office supplies	6,612	5,147	28%
Depreciation	913	762	20%
Duties & taxes other than income taxes	218	233	-6%
Provision of allowance for doubtful accounts	-	45	-
Others	167	177	-6%
Total SG&A	13,640	11,359	20%

Summary of Financial Results (Quarterly)

(JPY mn)

	FY06	FY06	QoQ	FY06	FY05		YoY	FY05
	3Q	2Q		1Q	4Q	3Q		TOTAL
Operating Revenues	10,000	9,805	2%	11,820	18,230	16,379	-39%	57,072
Commissions	5,520	5,989	-8%	7,524	13,175	13,060	-58%	42,477
Interest & dividend income	4,478	3,891	15%	4,297	4,511	4,019	11%	14,839
Interest expenses	689	771	-11%	700	731	795	-13%	2,922
Net operating revenues	9,311	9,033	3%	11,120	17,499	15,584	-40%	54,150
SG&A	4,547	4,426	3%	4,666	5,676	4,311	5%	17,034
Operating income	4,764	4,607	3%	6,454	11,823	11,274	-58%	37,116
Ordinary income	4,770	4,700	2%	6,507	11,860	11,176	-57%	37,062
Net income	2,864	2,778	3%	3,804	6,477	6,334	-55%	20,650
Ordinary income ratio	48%	48%	-	55%	65%	68%	-	65%
Matsui's trading value (JPY tn)	6.1	6.1	1%	7.6	10.7	10.8	-43%	33.5
Daily average trading value onTSE (JPY tn)	2.6	2.3	11%	2.8	3.1	3.1	-17%	2.4

Breakdown of Net Operating Revenues (Quarterly)

(JPY mn)

	FY06	FY06	QoQ	FY06	FY05		YoY	FY05
	3Q	2Q		1Q	4Q	3Q		TOTAL
Commissions	5,520	5,989	-8%	7,524	13,175	13,060	-58%	42,477
Brokerage	4,949	5,359	-8%	6,875	12,313	12,076	-59%	39,182
Underwriting & selling	14	18	-20%	19	37	26	-45%	164
Subscription & distribution	20	2	-	0	17	3	-	23
Others	537	611	-12%	629	808	954	-44%	3,108
Net gain (loss) on trading	2	△ 76	-	△ 1	544	△ 700	-	△ 244
Interest & dividend income(1)	4,478	3,891	15%	4,297	4,511	4,019	11%	14,839
Total operating revenues	10,000	9,805	2%	11,820	18,230	16,379	-39%	57,072
Interest expenses (2)	689	771	-11%	700	731	795	-13%	2,922
Net operating revenues	9,311	9,033	3%	11,120	17,499	15,584	-40%	54,150
Net interest income (1) - (2)	3,789	3,120	21%	3,597	3,779	3,224	18%	11,917

Breakdown of SG&A (Quarterly)

(JPY mn)

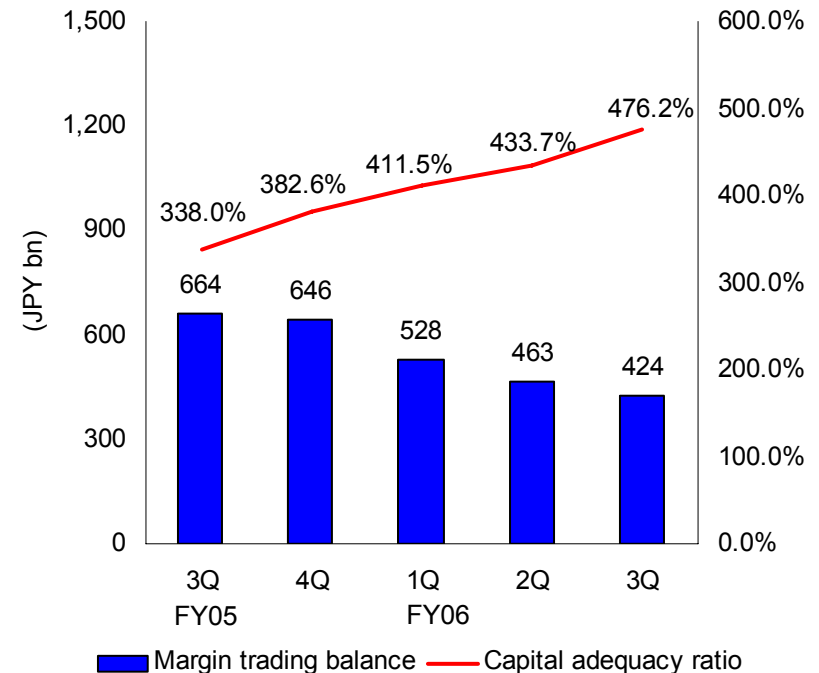
	FY06	FY06	QoQ	FY06	FY05		YoY	FY05
	3Q	2Q		1Q	4Q	3Q		TOTAL
Transaction related expenses	1,258	1,306	-4%	1,368	1,598	1,322	-5%	5,000
Advertisement	221	280	-21%	265	343	212	4%	770
Employees' compensation & benefits	555	499	11%	452	624	470	18%	1,979
Occupancy & rental	110	93	18%	90	86	85	29%	324
Data processing & office supplies	2,209	2,094	5%	2,309	2,027	1,991	11%	7,173
Depreciation	321	305	5%	288	288	273	18%	1,050
Duties & taxes other than income taxes	66	72	-8%	80	120	94	-30%	353
Provision of allowance for doubtful accounts	-	-	-	-	903	17	-	949
Others	29	58	-50%	80	29	60	-51%	206
Total SG&A	4,547	4,426	3%	4,666	5,676	4,311	5%	17,034

Capital Adequacy Ratio

◆ Capital adequacy ratio (As of 31 December 2006)

(JPY mn)		
Tier 1	(A)	70,338
Tier 2	Net unrealized gain on investment	824
	Statutory reserves	3,230
	Allowance for doubtful accounts	214
	Sub total (B)	4,269
Assets to be deducted from equity capital (C)		6,643
Net Capital (A) + (B) - (C) (D)		67,964
Total risk	Market risk	176
	Counterparty risk	9,374
	Basic risk	4,721
	Total (E)	14,272
Capital Adequacy ratio (D) / (E)		476.2%

◆ Margin trading balance and capital adequacy ratio

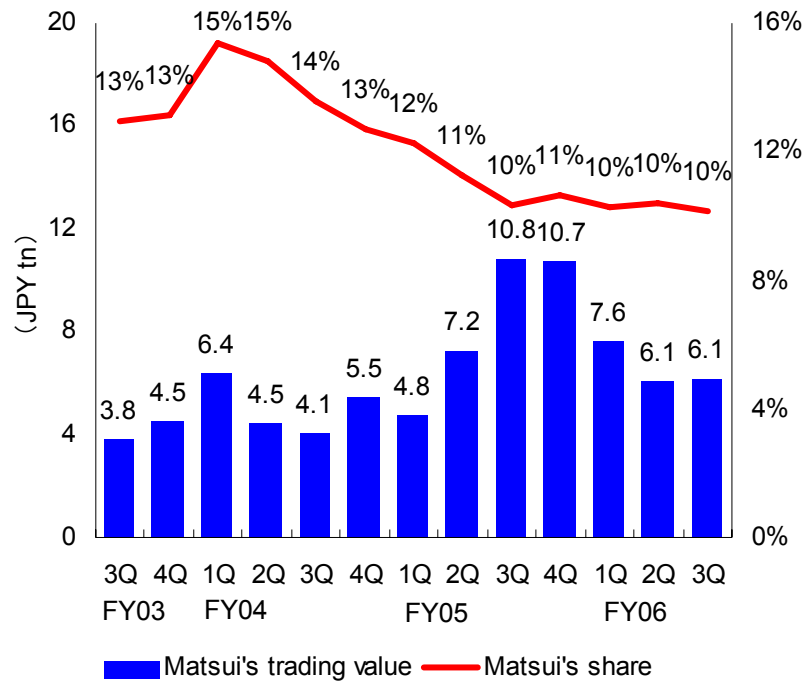


Results of Operation

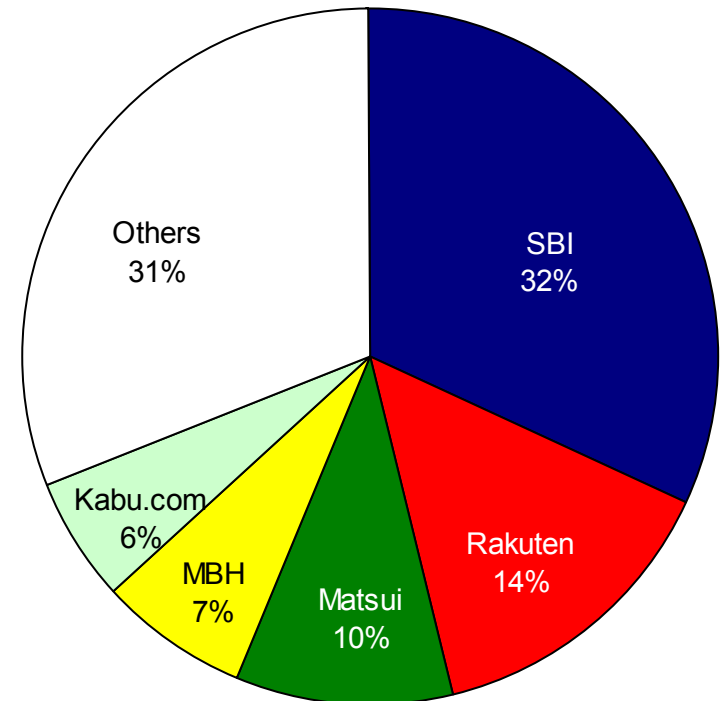
Section 2

Equity Trading Value

- ◆ Matsui's trading value
- ◆ Matsui's market share in retail equity trading value¹



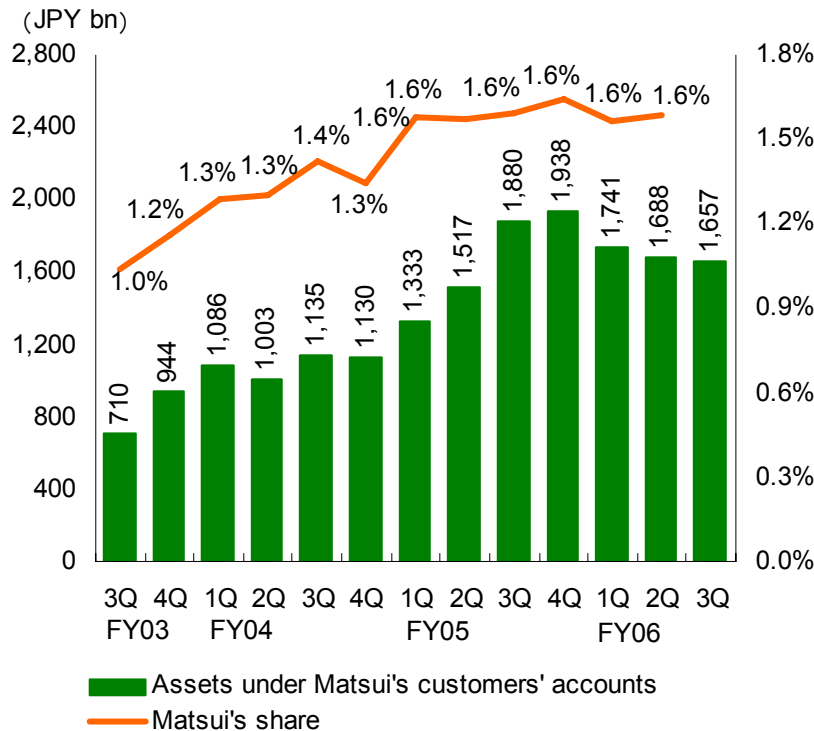
- ◆ Market share in retail equity trading value for 3Q FY06



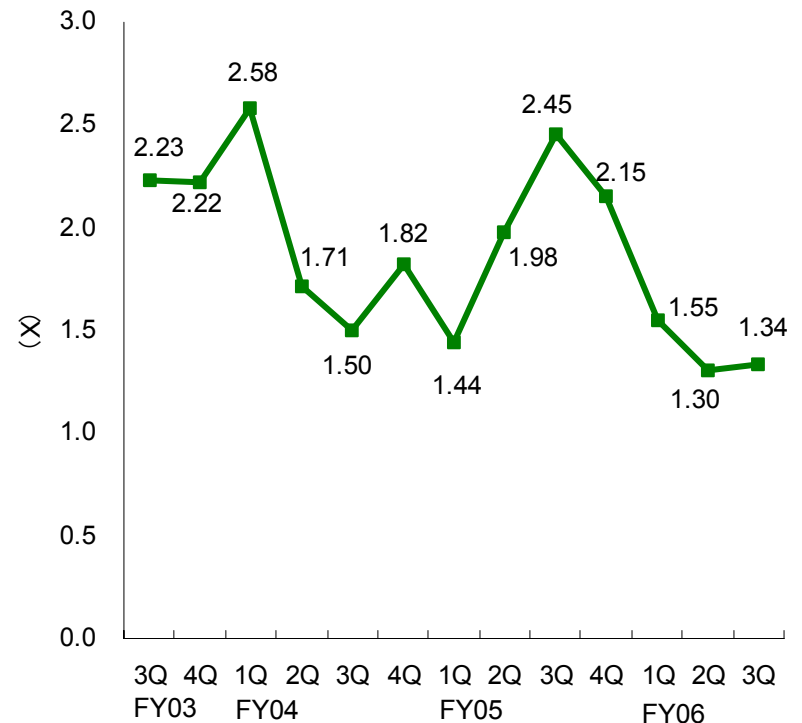
Assets under Customers' Accounts / Trading Turnover

◆ Assets under Matsui's customers' accounts

◆ Matsui's market share in value of shares owned by individuals



◆ Equity trading turnover¹ of Matsui's customers



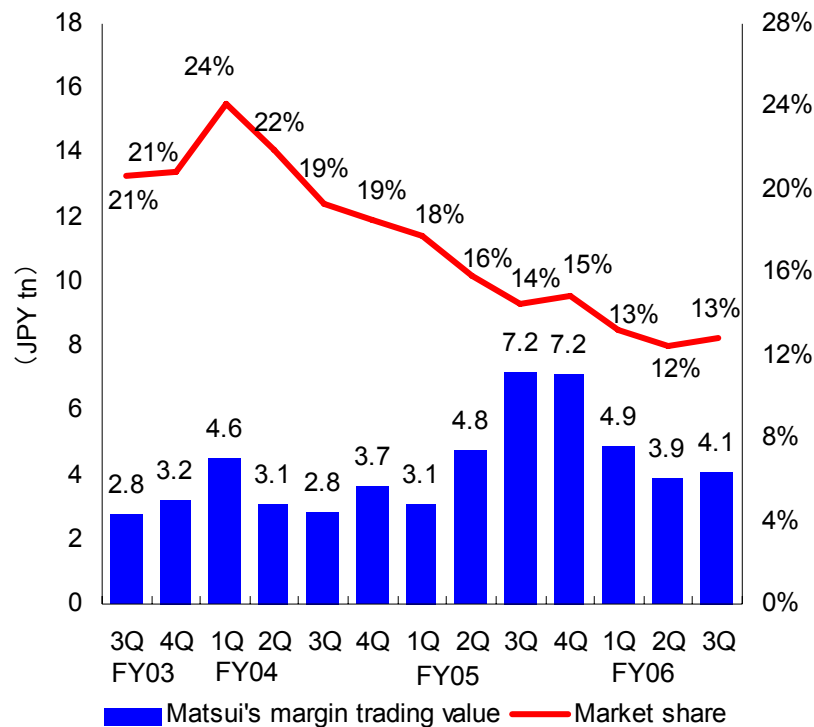
Source: BOJ

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

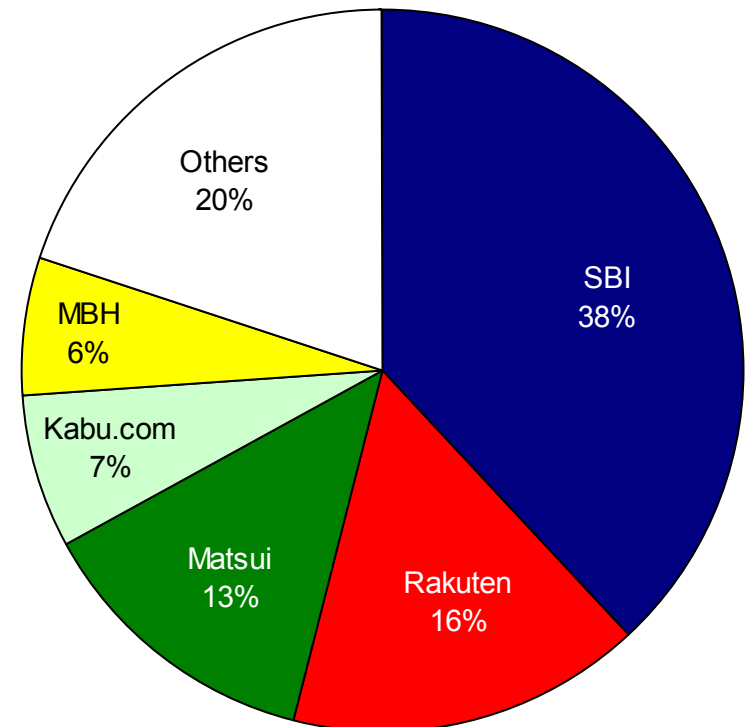
* assets under customers' accounts of Matsui's related persons are excluded

Margin Trading Value

◆ Matsui's margin trading value and its market share¹

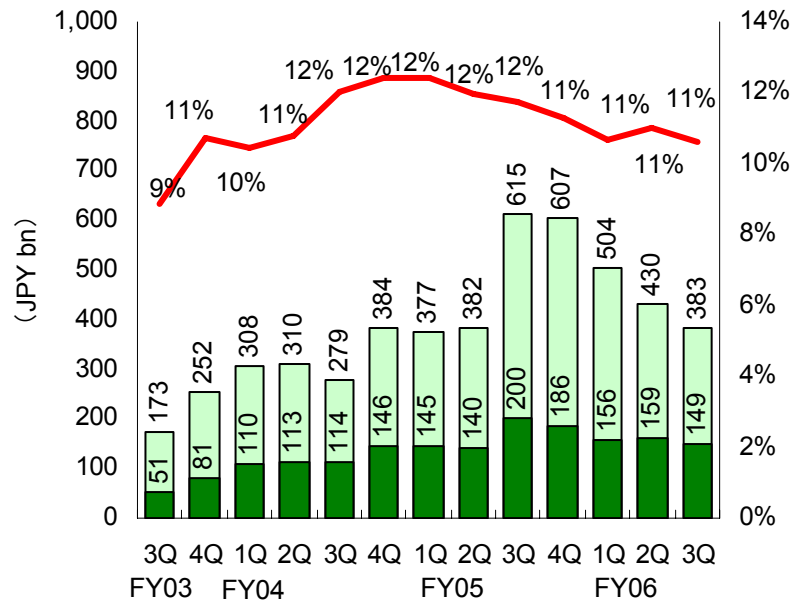


◆ Market share in retail margin trading value¹ for 3Q FY06



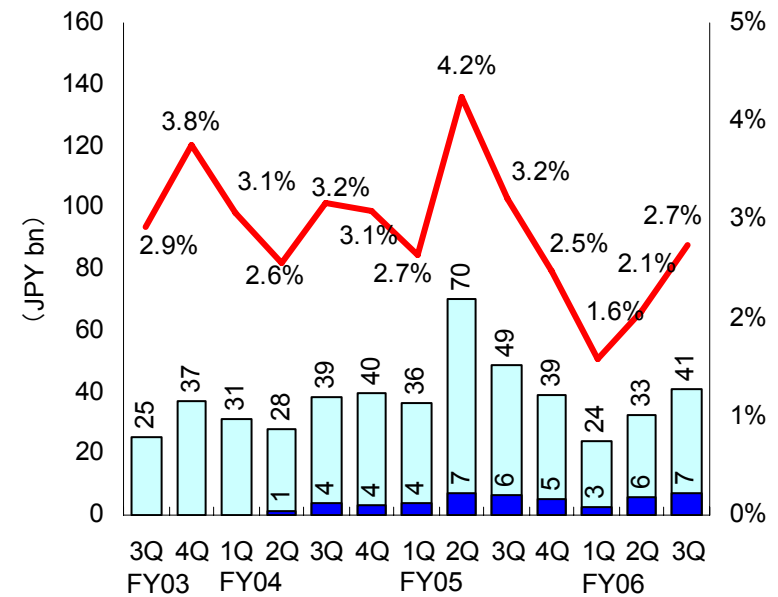
Margin Trading Balance

◆ Shares bought on margin¹ and its market share²



Shares bought on margin Unlimited Market share

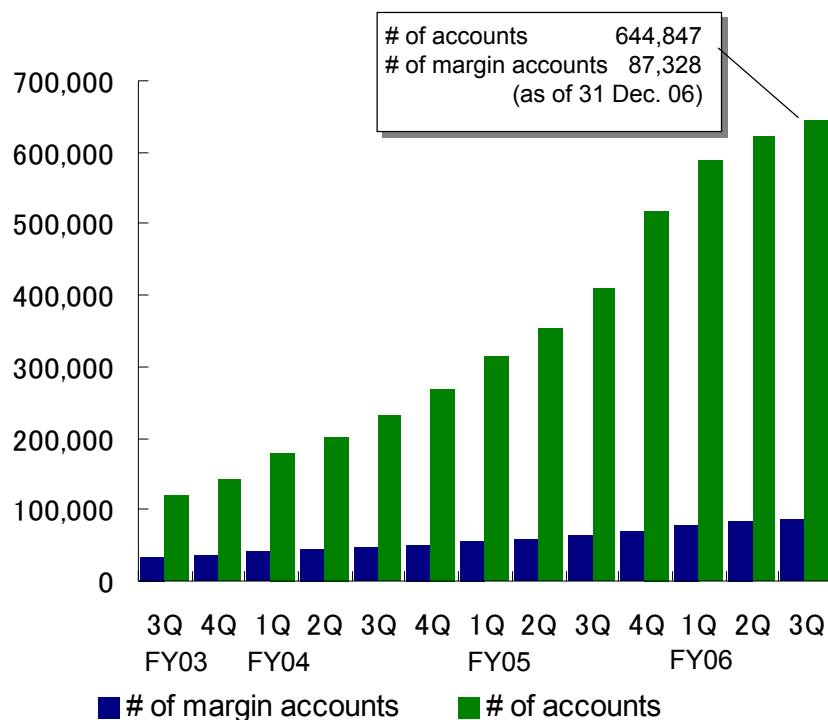
◆ Shares sold on margin¹ and its market share²



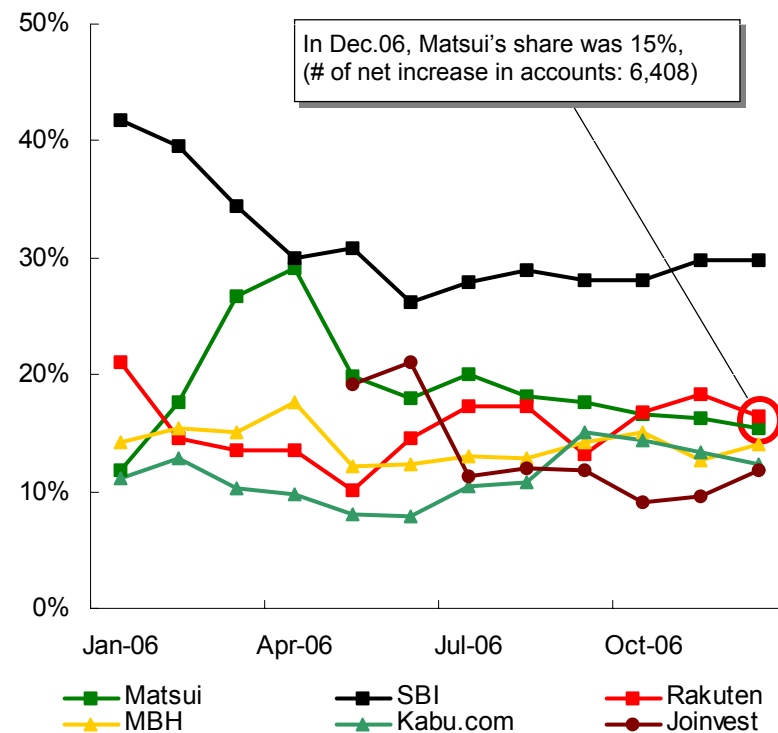
Shares sold on margin Unlimited Market share

Number of Accounts

◆ Number of accounts at Matsui¹



◆ On-line brokers' share of the net increase in accounts²



Source: Company websites

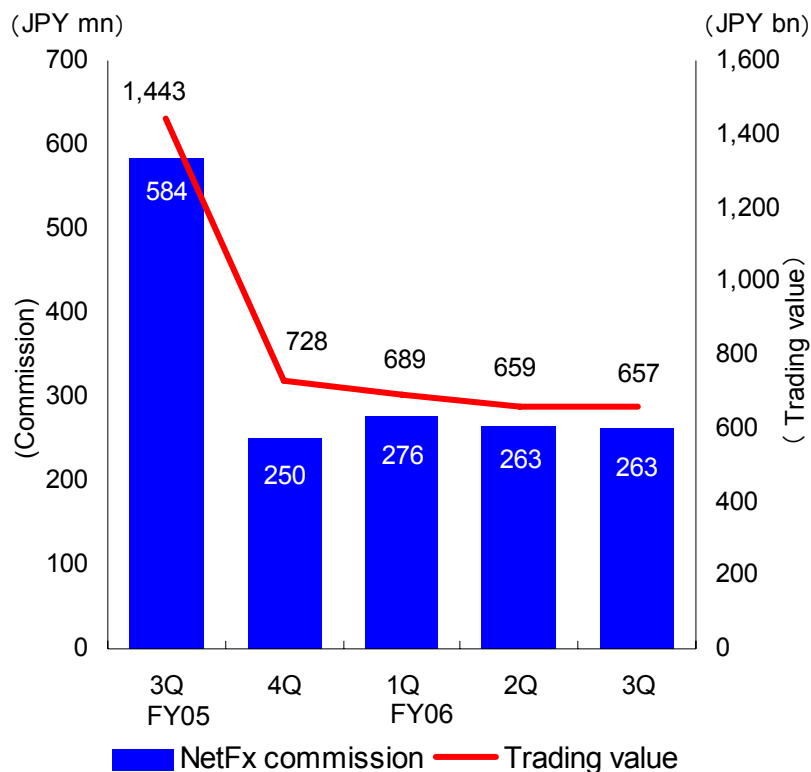
Note1: Number of accounts as of the end of each quarter

2: Share of net increase in accounts = # of net increase in accounts per month / Sum of net increase in accounts at 6 major on-line brokers. (exclude the effect of the merger between Kabu.com and Me-net in Jan. 06)

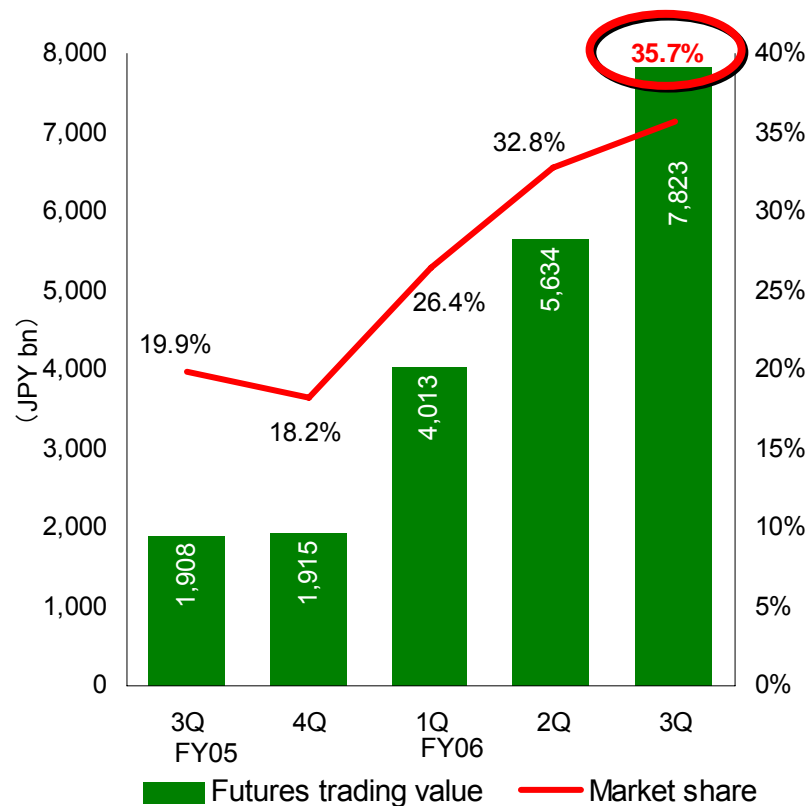
Core related businesses (NetFx and Futures)

Nikkei 225 Futures trading value and its market share is constantly increasing.

◆ NetFx commission income and trading value¹



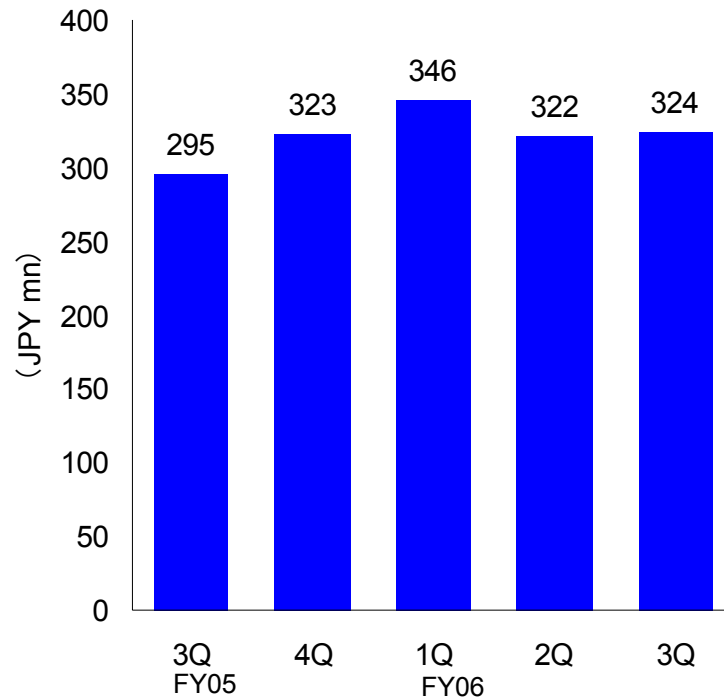
◆ Nikkei 225 Futures trading value and market share²



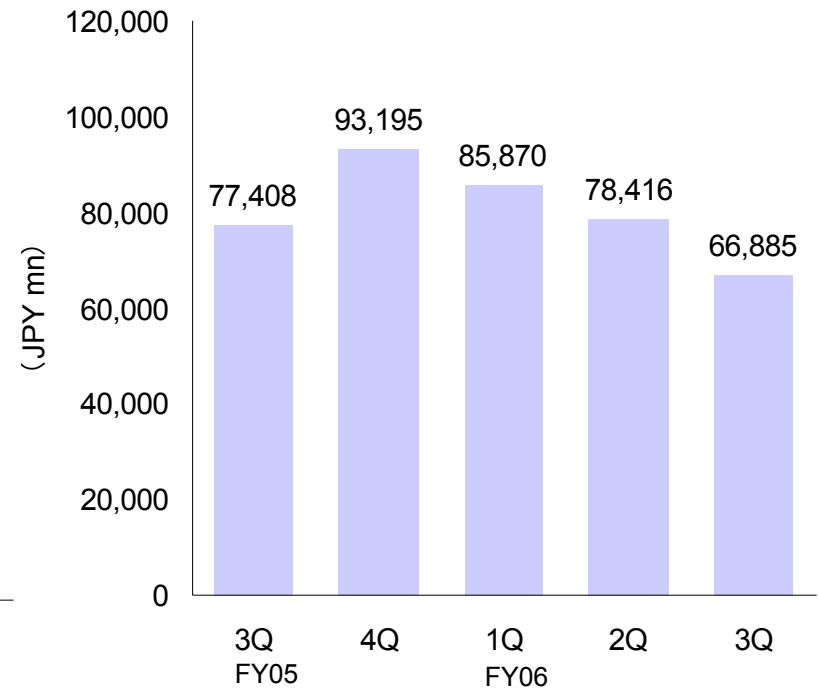
Stock Lending Business

Revenues from stock lending have steadily increased based upon accumulated balance of margin trading

◆ Revenues



◆ Outstanding Balance



List of Newly Offered Services / Products

Starting in	Details of services
January, 2006	Abolish the minimum fee for Telestock
February	Launch the visiting-support service "Lesson of basic operation for online securities trading"
March	Launch the visiting-support service "Introduction to start online trading" Launch of "Netstock High-Speed"
April	Change the commission rate (stock, future and option)
July	Launch trading of "Mini Nikkei 225 Futures"
August	Introduce "Read Speaker", a function which read out text on the web site
October	Start accepting simple application for opening new securities account via Suruga Bank website Introduce "High-Speed α", a trading tool for mobile phone
November	Renewal Matsui's web site Enhance the system security of members' web site(Introduce "Security board") Expand trigger mail function Launch the "Kabu-gokoro", a online community site about investments
December	Shorten the lead time for opening an account Launch trading of the listed foreign securities (a part)
January,2007	Add Futures and Options trading function on Netstock High-Speed Introduce "Matsui Com-stock Loan", a stock mortgage card loan
February(plan)	Offer an online cash transfer service to account holders at Seven Bank Introduce "Stop order" function
Summer(plan)	Plan to launch the "Real-Time-Settlement" by establishment of the PTS

Future Developments

Section 3

Introduction of "Real-Time-Settlement" Service

Plan to introduce "Real-Time-Settlement" service by establishing the PTS

Pricing Method: Crossing

- ◆ Orders are executed at the market quotation at the stock exchanges
- ◆ Our PTS has no price function
⇒ reduce our responsibilities as to monitoring customers' unfair trading

Service Hour: Daytime

- ◆ The advantage of RTS: Proceeds could be used for other purpose immediately
- ◆ Efficient our operation in terms of monitoring customers' trading, customer support through Call-Center

Settlement: Real time

- ◆ Real-Time-Settlement enables investors to cash in stock immediately upon selling
⇒ Allow customers to use the proceeds from the sale of shares on any given day towards purchase of the same company's shares to be settled on the same date (Loop trade)



Customers' availability of trading capacity would be improved, and it would expect increase of liquidity

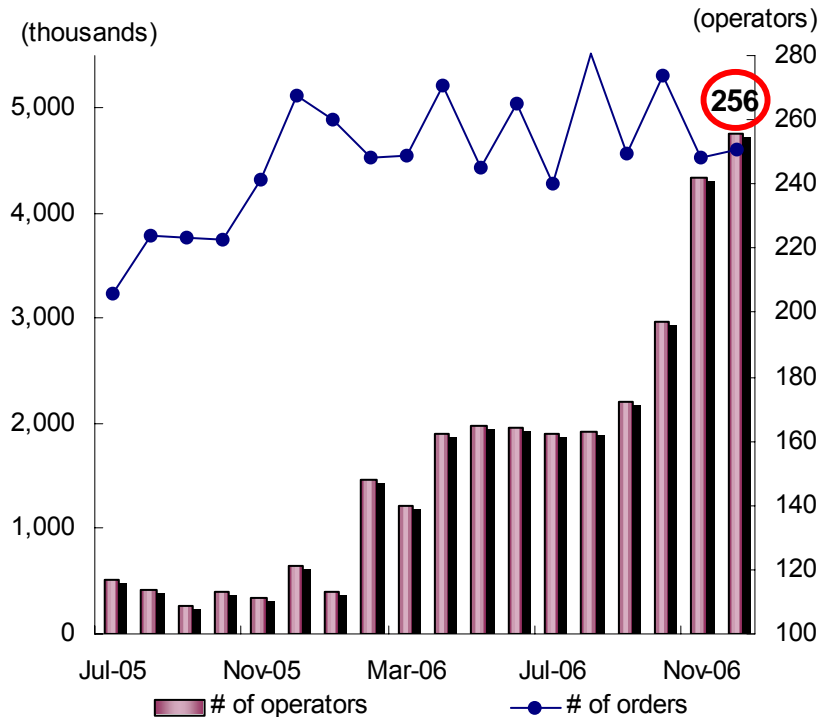
Settlement	Immediate (Real time)
Pricing Method	Crossing
Service Hour	Day time
Eligible Shares	Listed shares at 1st section of the TSE
Type of Trading	Cash trading (Margin trading to be considered)
Target customers	Customers having Accounts at Matsui
Schedule	Plan to launch in summer 2007

Improvement of Quality of Services to Customers

Enhancement of customer support

- ◆ Expansion of “Call-Center”
 - The capacity of the Call-Center has been expanded to accept max. 350 operators to deal with expected increase in # of transactions (256 operators as of 31 Dec.06)

◆ # of operators and # of orders



Reinforcement of the capacity of systems

- ◆ The system capacity has increased to a sufficient level through a continuous reinforcement by the end of 3QFY06
- ◆ Improve the performance of the system through periodic maintenance



Enhancement of Order functions

Netstock High-Speed (“NSHS”)

- Trading tool at free of charge, which is equivalent to trading tool used by institutional investors

◆ Recent developments

- Add trading function of Nikkei 225 Futures and Options (Jan.06)



(Image of Netstock High-speed)

【Speed order for Nikkei 225 Futures and Options】

Enforce the order by click specific price on the best bit and offer quotes

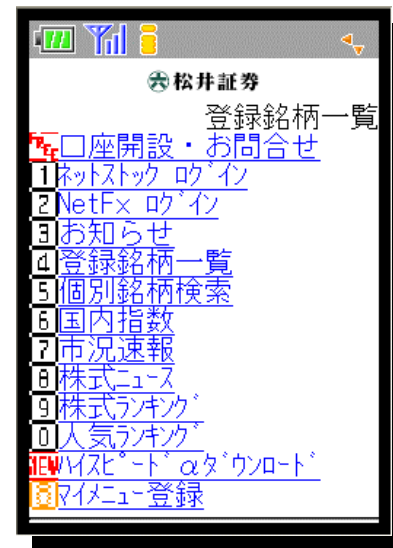
Enhancement of mobile phone services

◆ Recent developments

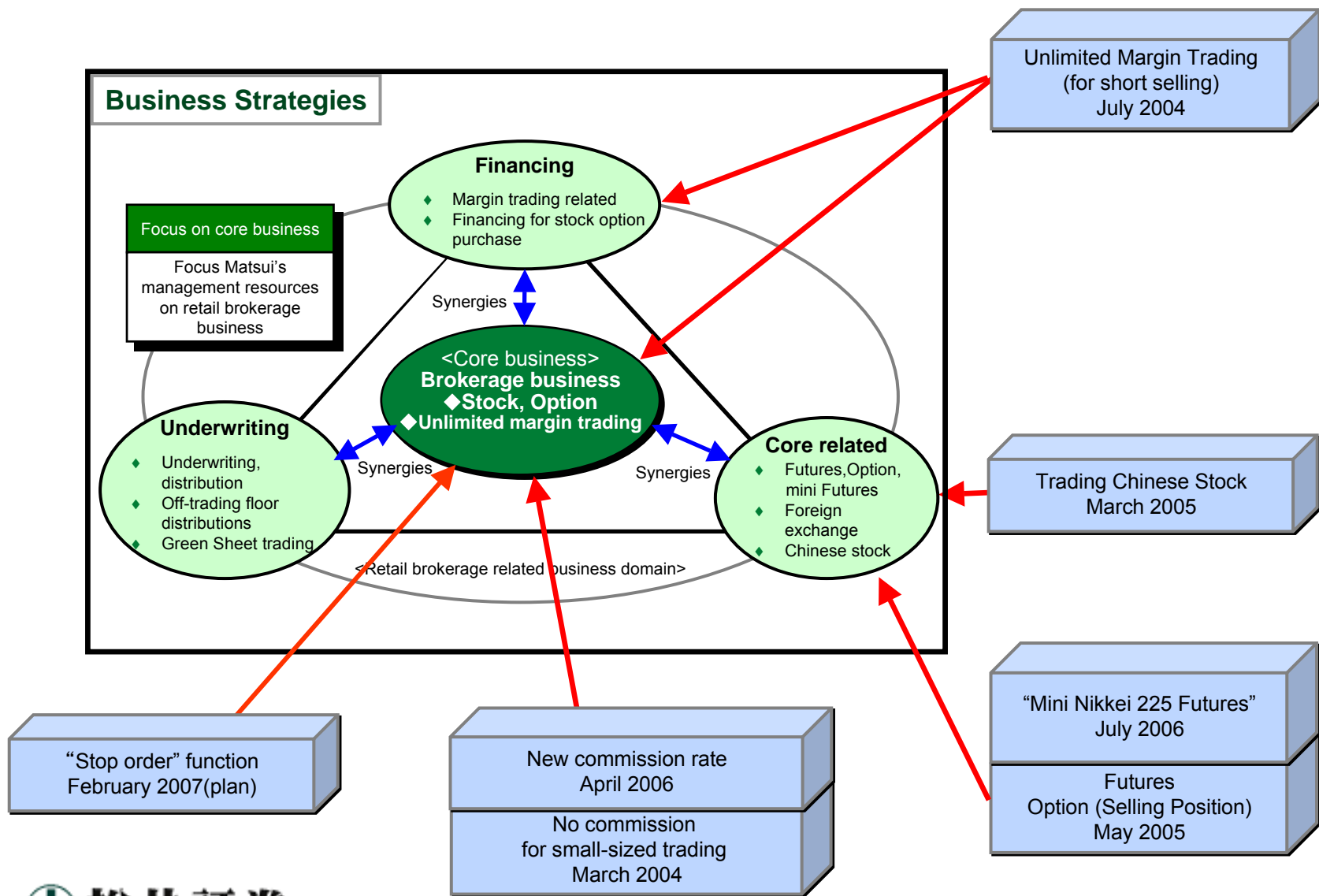
- Launch "High-Speed α", a “NSHS” trading tool for mobile phone(Oct.06)
- Expand trigger mail function²(Nov.06)
- Introduce "Stop order" function(Feb.07)
- Offer a online cash transfer services to account holders at Seven Bank and Mizuho Bank (Feb.07)



(Image of High-Speed α)



Business Strategies: Focus on Core Related Businesses



The material is intended to provide the financial results for the nine month ended 31 December 2006 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 January 2006. 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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