



Matsui Securities Co., Ltd.

(First Section of Tokyo Stock Exchange: 8628)

Annual Results for FY2006

May 2007

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Highlights of FY2006

1. Operating revenues:43.7billion yen, Net income: 13.4billion yen

- ◆ Commission income: 26.9billion yen (YoY -37% down)
- ◆ Net interest income: 13.8billion yen (YoY +16% up)
~ 76% of SG&A covered by net interest income
- ◆ Ordinary income ratio: 52%
- ◆ ROE: 18.8%
- ◆ Dividend per share: 23.0yen

2. Results of Operation

- ◆ Equity trading value for FY06: 26.7trillion yen (YoY -20% down)
- ◆ Market share: 10%
- ◆ Shares bought on margin as of 31 Mar. 07 : 430.4billion yen (YoY -29% down)
- ◆ # of accounts : 668,073, # of margin accounts : 91,220 (as of 31 Mar. 07)
- ◆ 34% of the balance of total margin trading is unlimited margin trading (as of 31 Mar. 07)

3. Recent and Future Developments

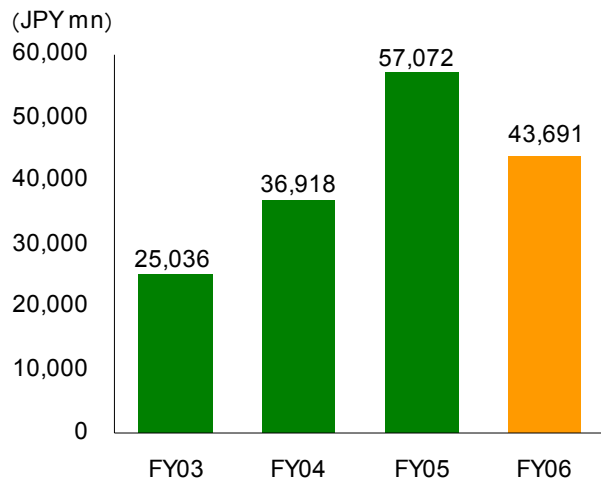
- ◆ Plan to enhance the mobile phone services through adding new carrier corresponding with "High-speed α "
- ◆ Plan to launch the "Real-Time-Settlement" services by establishment of the PTS in summer '07

Financial Summary

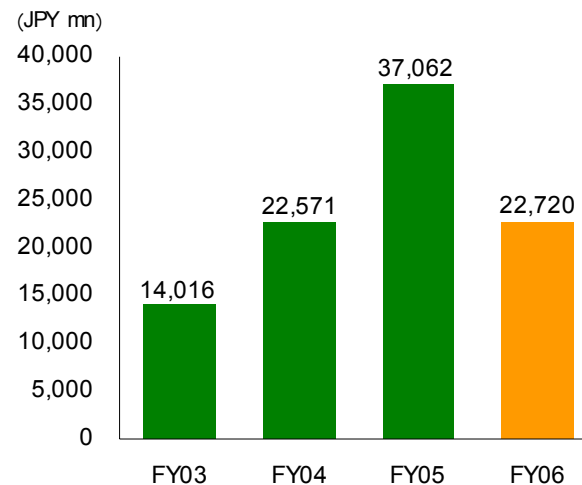
Section 1

Financial Results

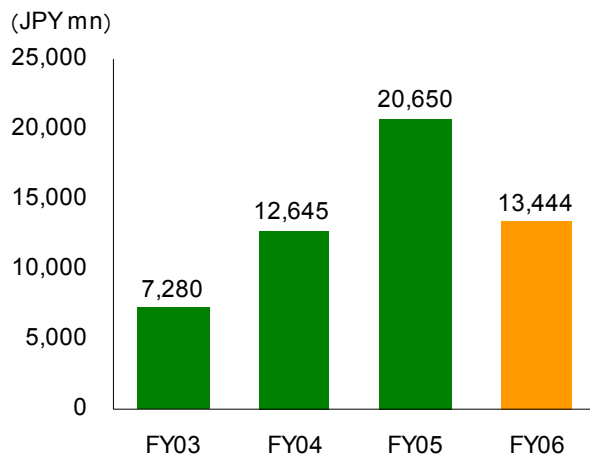
◆ Operating revenues



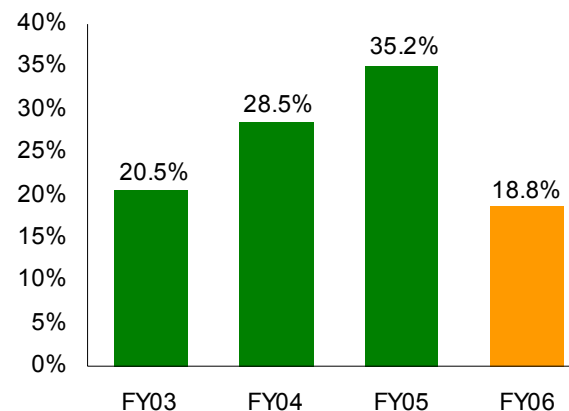
◆ Ordinary income



◆ Net income

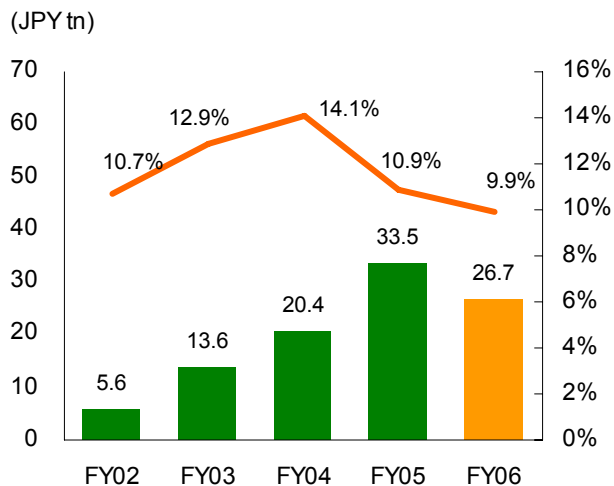


◆ ROE

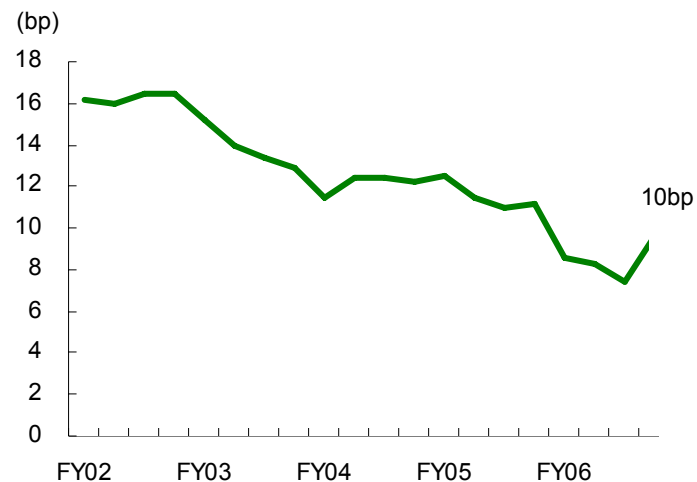


Results of Operation

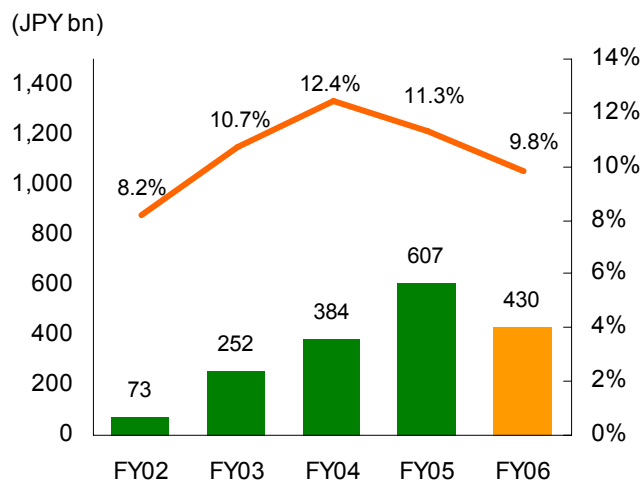
◆ Equity trading value



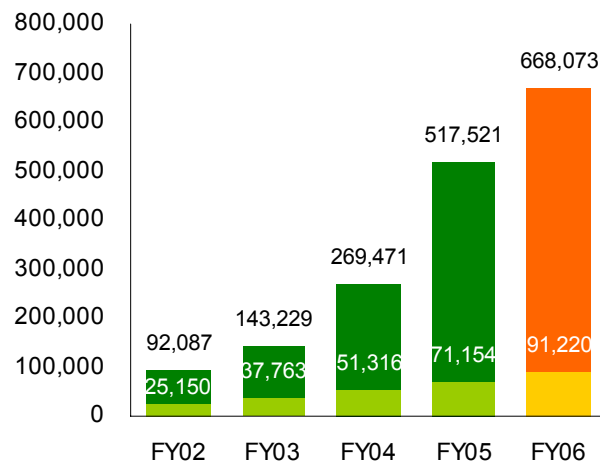
◆ Commission rate



◆ Shares bought on margin



◆ # of accounts / margin accounts



Summary of Financial Results

(JPY mn)

	FY06 (Apr.06-Mar.07)	FY05 (Apr.05-Mar.06)	YoY
Operating Revenues	43,691	57,072	-23%
Commissions	26,936	42,477	-37%
Interest & dividend income	16,828	14,839	13%
Interest expenses	2,984	2,922	2%
Net operating revenues	40,708	54,150	-25%
SG&A	18,160	17,034	7%
Operating income	22,547	37,116	-39%
Ordinary income	22,720	37,062	-39%
Net income	13,444	20,650	-35%
Ordinary income ratio	52%	65%	-
Matsui's trading value (JPY tn)	26.7	33.5	-20%
Daily average trading value onTSE (JPY tn)	2.8	2.4	15%

Breakdown of Net Operating Revenues

(JPY mn)

	FY06 (Apr.06-Mar.07)	FY05 (Apr.05-Mar.06)	YoY
Commissions	26,936	42,477	-37%
Brokerage	24,386	39,182	-38%
Underwriting & selling	58	164	-65%
Subscription & distribution	24	23	5%
Others	2,468	3,108	-21%
Net gain (loss) on trading	△ 73	△ 244	-
Interest & dividend income(1)	16,828	14,839	13%
Total operating revenues	43,691	57,072	-23%
Interest expenses (2)	2,984	2,922	2%
Net operating revenues	40,708	54,150	-25%
Net interest income (1) - (2)	13,844	11,917	16%

Breakdown of SG&A

(JPY mn)

	FY06 (Apr.06-Mar.07)	FY05 (Apr.05-Mar.06)	YoY
Transaction related expenses	5,182	5,000	4%
Advertisement	920	770	19%
Employees' compensation & benefits	1,998	1,979	1%
Occupancy & rental	409	324	26%
Data processing & office supplies	8,848	7,173	23%
Depreciation	1,252	1,050	19%
Duties & taxes other than income taxes	284	353	-19%
Provision of allowance for doubtful accounts	-	949	-
Others	186	206	-10%
Total SG&A	18,160	17,034	7%

Summary of Financial Results(Quarterly)

(JPY mn)

	FY06	FY06	QoQ	FY06		FY05	YoY	FY06
	4Q	3Q		2Q	1Q	4Q		TOTAL
Operating Revenues	12,066	10,000	21%	9,805	11,820	18,230	-34%	43,691
Commissions	7,902	5,520	43%	5,989	7,524	13,175	-40%	26,936
Interest & dividend income	4,162	4,478	-7%	3,891	4,297	4,511	-8%	16,828
Interest expenses	823	689	19%	771	700	731	13%	2,984
Net operating revenues	11,243	9,311	21%	9,033	11,120	17,499	-36%	40,708
SG&A	4,520	4,547	-1%	4,426	4,666	5,676	-20%	18,160
Operating income	6,722	4,764	41%	4,607	6,454	11,823	-43%	22,547
Ordinary income	6,742	4,770	41%	4,700	6,507	11,860	-43%	22,720
Net income	3,999	2,864	40%	2,778	3,804	6,477	-38%	13,444
Ordinary income ratio	56%	48%	-	48%	55%	65%	-	52%
Matsui's trading value (JPY tn)	6.8	6.1	11%	6.1	7.6	10.7	-36%	26.7
Daily average trading value onTSE (JPY tn)	3.3	2.6	29%	2.3	2.8	3.1	6%	2.8

Breakdown of Net Operating Revenues (Quarterly)

(JPY mn)

	FY06	FY06	QoQ	FY06		FY05	YoY	FY06
	4Q	3Q		2Q	1Q	4Q		TOTAL
Commissions	7,902	5,520	43%	5,989	7,524	13,175	-40%	26,936
Brokerage	7,203	4,949	46%	5,359	6,875	12,313	-42%	24,386
Underwriting & selling	6	14	-56%	18	19	37	-83%	58
Subscription & distribution	2	20	-90%	2	0	17	-88%	24
Others	691	537	29%	611	629	808	-15%	2,468
Net gain (loss) on trading	2	2	7%	△ 76	△ 1	544	-	△ 73
Interest & dividend income(1)	4,162	4,478	-7%	3,891	4,297	4,511	-8%	16,828
Total operating revenues	12,066	10,000	21%	9,805	11,820	18,230	-34%	43,691
Interest expenses (2)	823	689	19%	771	700	731	13%	2,984
Net operating revenues	11,243	9,311	21%	9,033	11,120	17,499	-36%	40,708
Net interest income (1) - (2)	3,339	3,789	-12%	3,120	3,597	3,779	-12%	13,844

Breakdown of SG&A (Quarterly)

(JPY mn)

	FY06	FY06	QoQ	FY06		FY05	YoY	FY06
	4Q	3Q		2Q	1Q	4Q		TOTAL
Transaction related expenses	1,250	1,258	-1%	1,306	1,368	1,598	-22%	5,182
Advertisement	154	221	-30%	280	265	343	-55%	920
Employees' compensation & benefits	493	555	-11%	499	452	624	-21%	1,998
Occupancy & rental	117	110	7%	93	90	86	36%	409
Data processing & office supplies	2,236	2,209	1%	2,094	2,309	2,027	10%	8,848
Depreciation	339	321	6%	305	288	288	18%	1,252
Duties & taxes other than income taxes	67	66	1%	72	80	120	-45%	284
Provision of allowance for doubtful accounts	-	-	-	-	-	903	-	-
Others	19	29	-34%	58	80	29	-35%	186
Total SG&A	4,520	4,547	-1%	4,426	4,666	5,676	-20%	18,160

Policy of Profit Sharing with Shareholders

◆ Capital planning policy

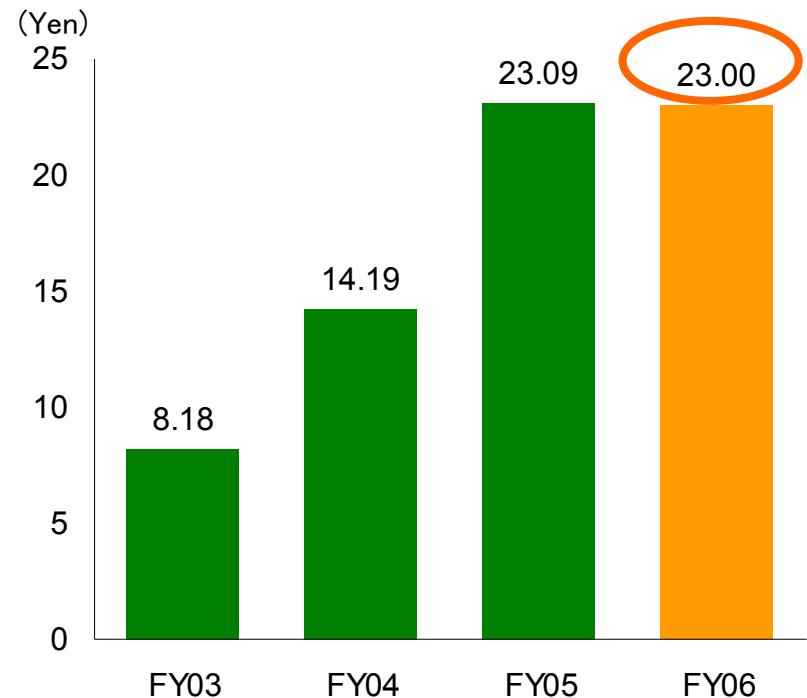
- Maximize our corporate value through the strategic investments
- Maintaining appropriate level of capital adequacy ratio to support the margin trading business
- Reward our shareholders in accordance with our earnings



◆ Dividend policy

30% of Dividend Payout Ratio

◆ Matsui's dividend per share

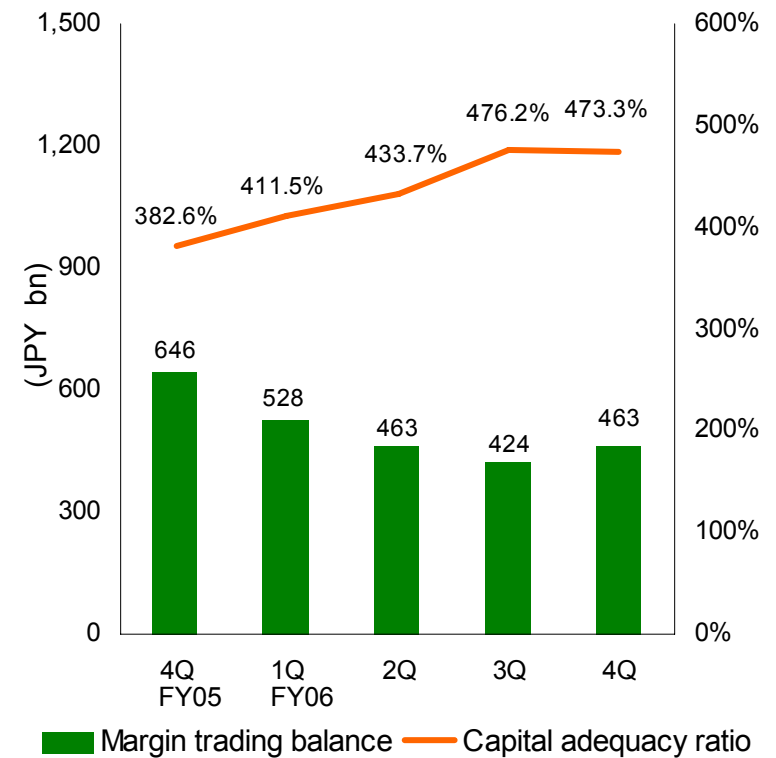


Capital Adequacy Ratio

◆ Capital adequacy ratio (As of 31 March 07)

(JPY mn)		
Tier 1	(A)	74,357
Tier 2	Net unrealized gain on investment	864
	Statutory reserves	3,399
	Allowance for doubtful accounts	281
	Sub total	(B) 4,545
Assets to be deducted from equity capital	(C)	6,280
Net Capital		
(A) + (B) - (C)		(D) 72,622
Total risk	Market risk	186
	Counterparty risk	10,363
	Basic risk	4,793
	Total	(E) 15,343
Capital Adequacy ratio		(D)/(E) 473.3%

◆ Margin trading balance and capital adequacy ratio

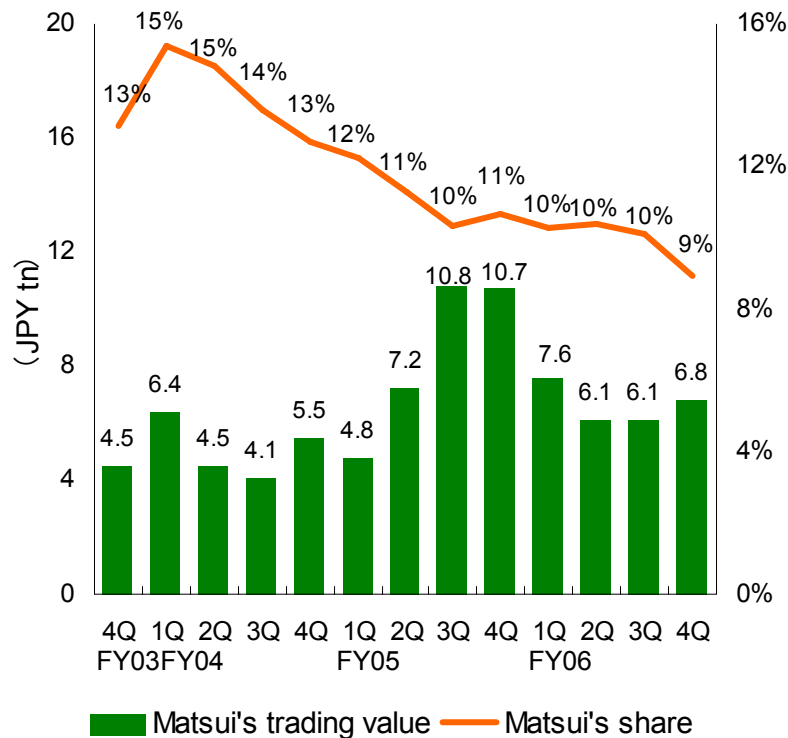


Results of Operation

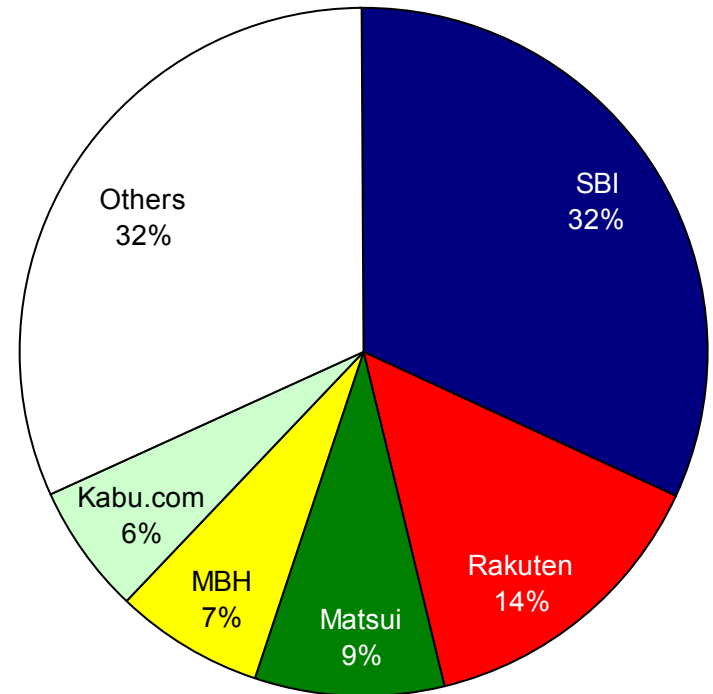
Section 2

Equity Trading Value

◆ Matsui's equity trading value and its market share¹

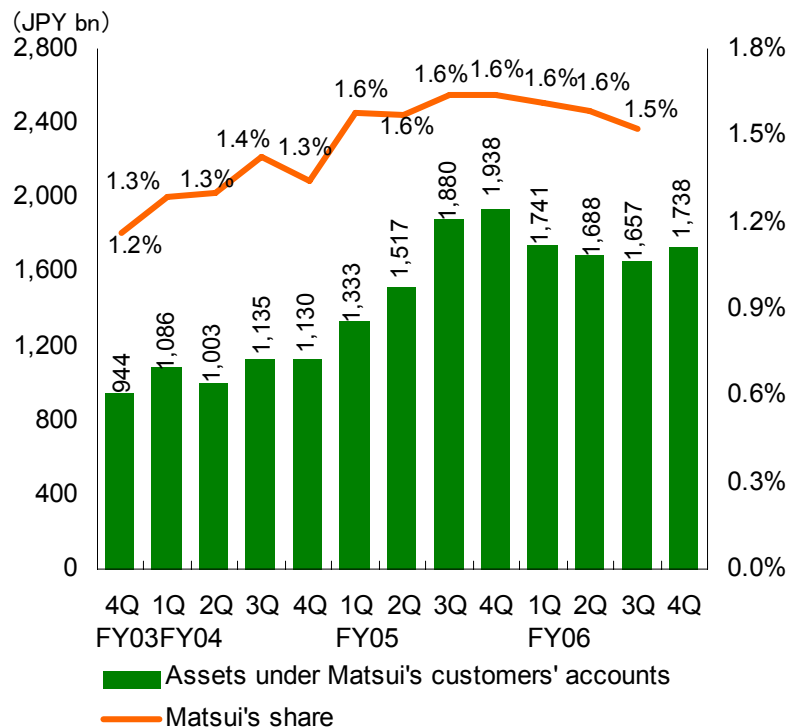


◆ Market share in retail equity trading value¹ for 4Q FY06

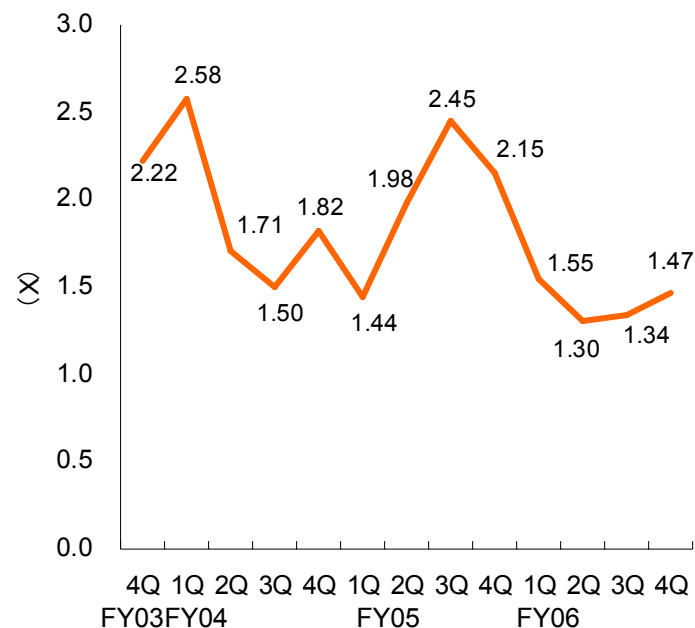


Assets under Customers' Accounts / Trading Turnover

◆ Assets under Matsui's customers' accounts and its market share

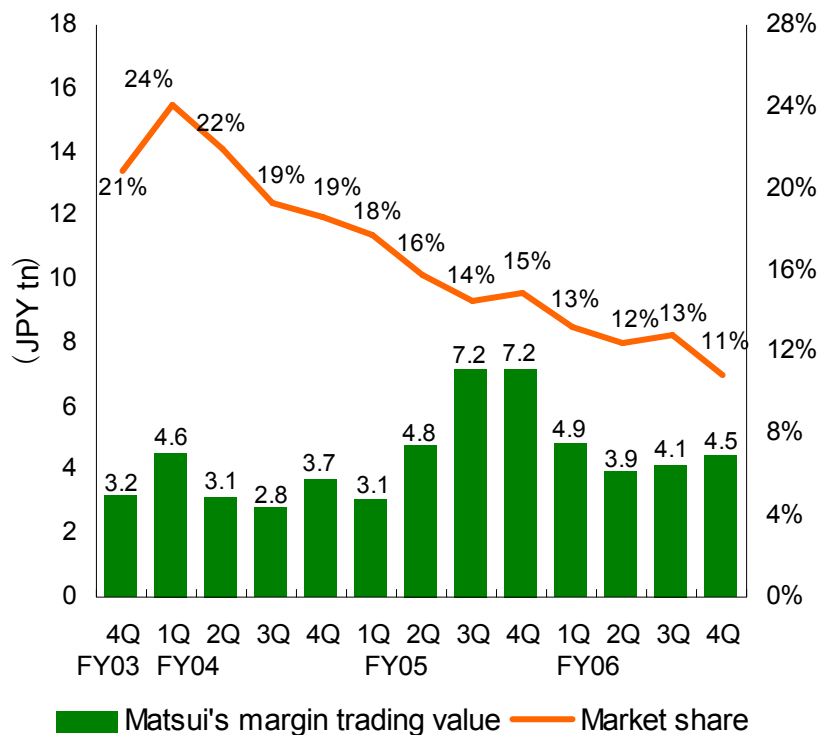


◆ Equity trading turnover¹ of Matsui's customers

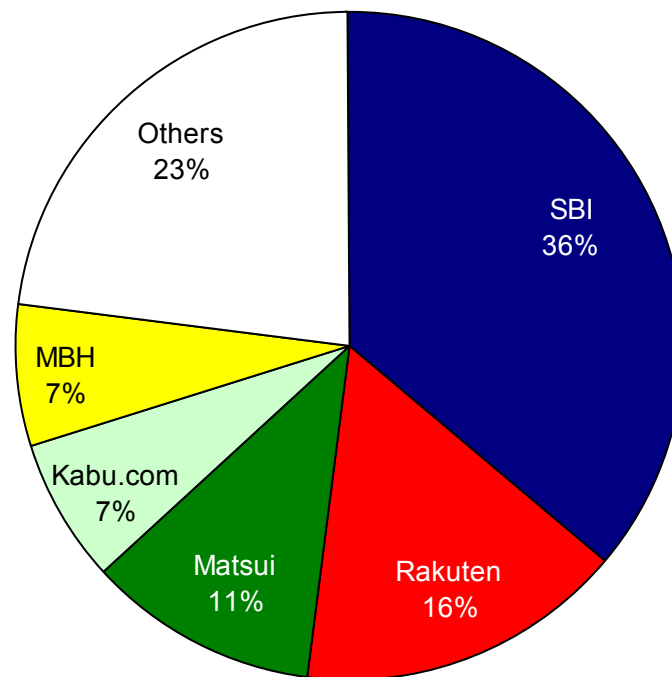


Margin Trading Value

◆ Matsui's margin trading value and its market share¹

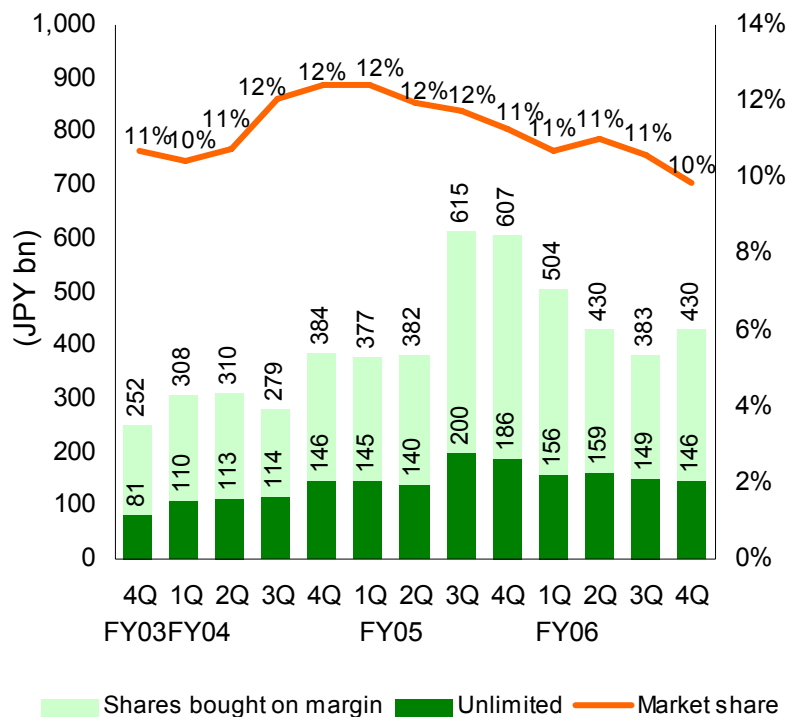


◆ Market share in retail margin trading value¹ for 4Q FY06

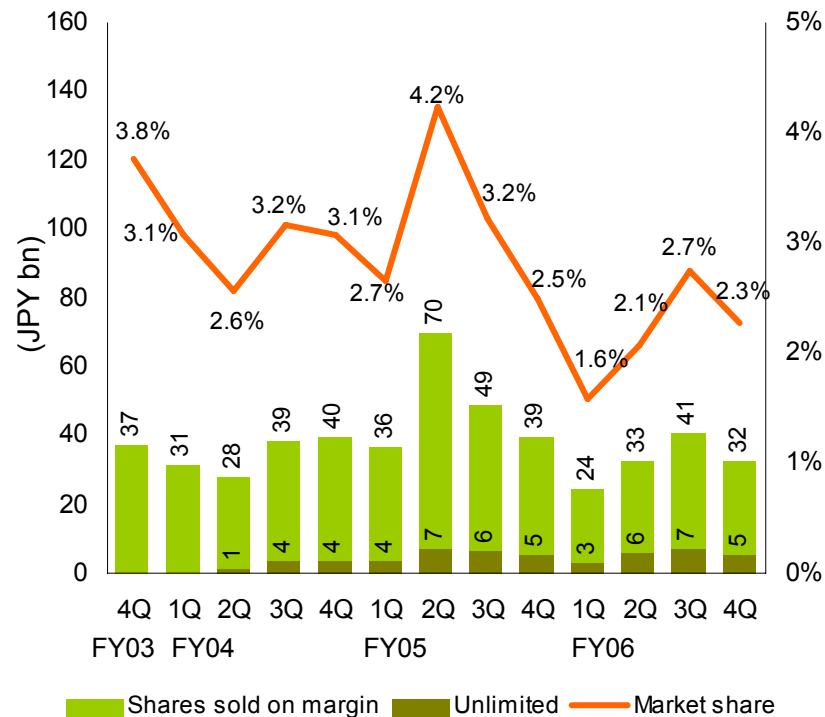


Margin Trading Balance

◆ Shares bought on margin¹ and its market share²

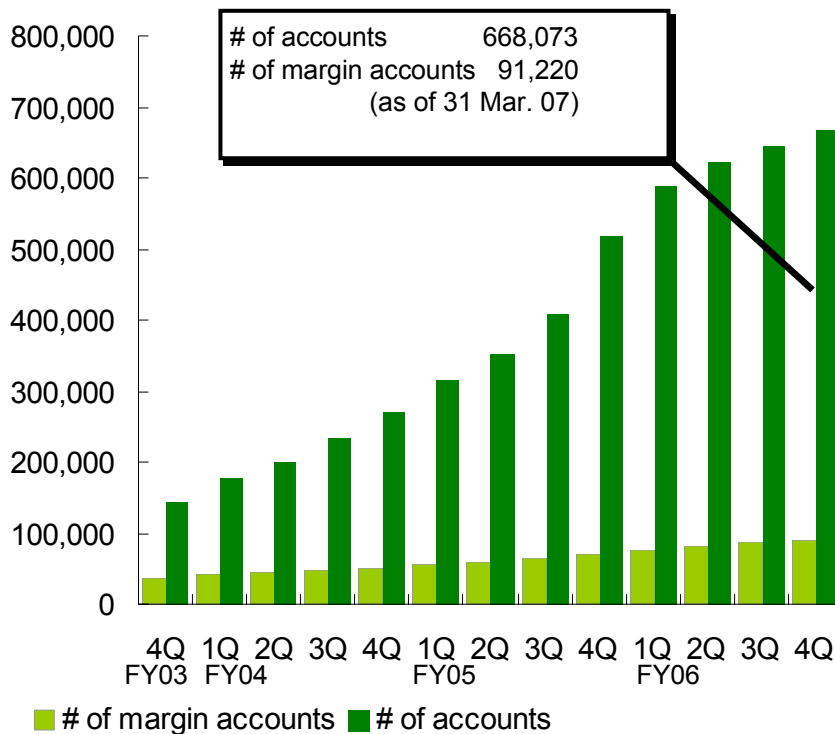


◆ Shares sold on margin¹ and its market share²

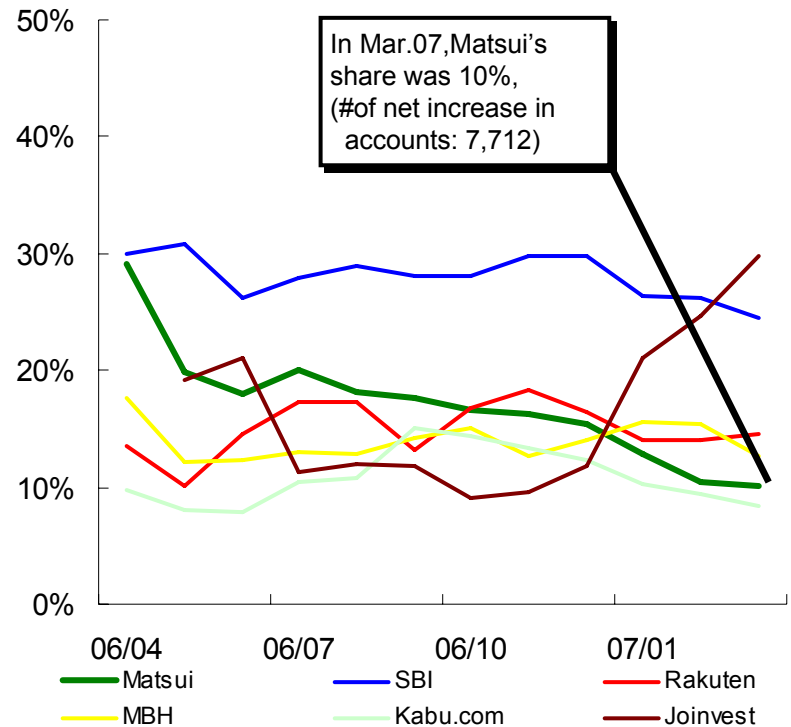


Number of Accounts

◆ Number of accounts at Matsui¹



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



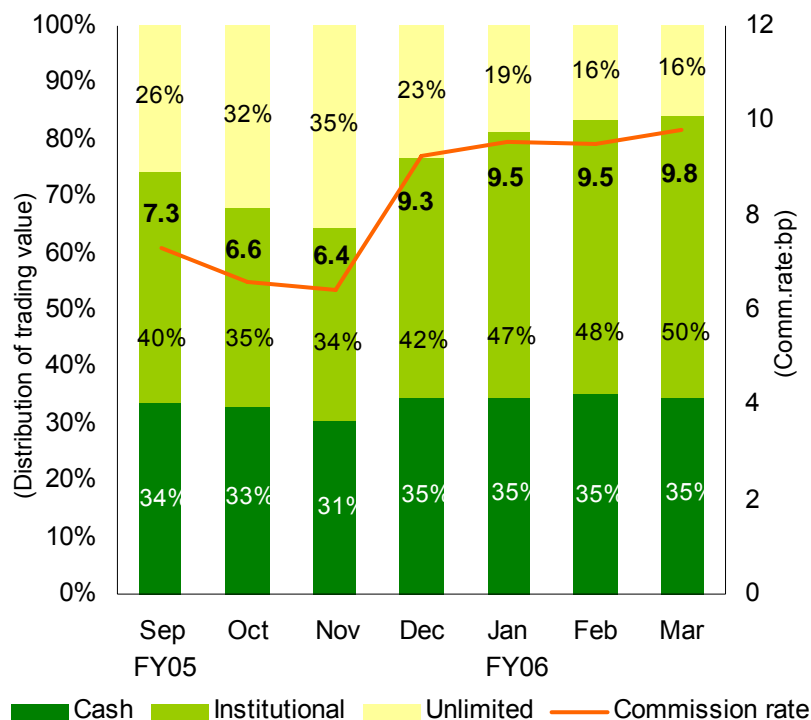
Source: Company websites

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

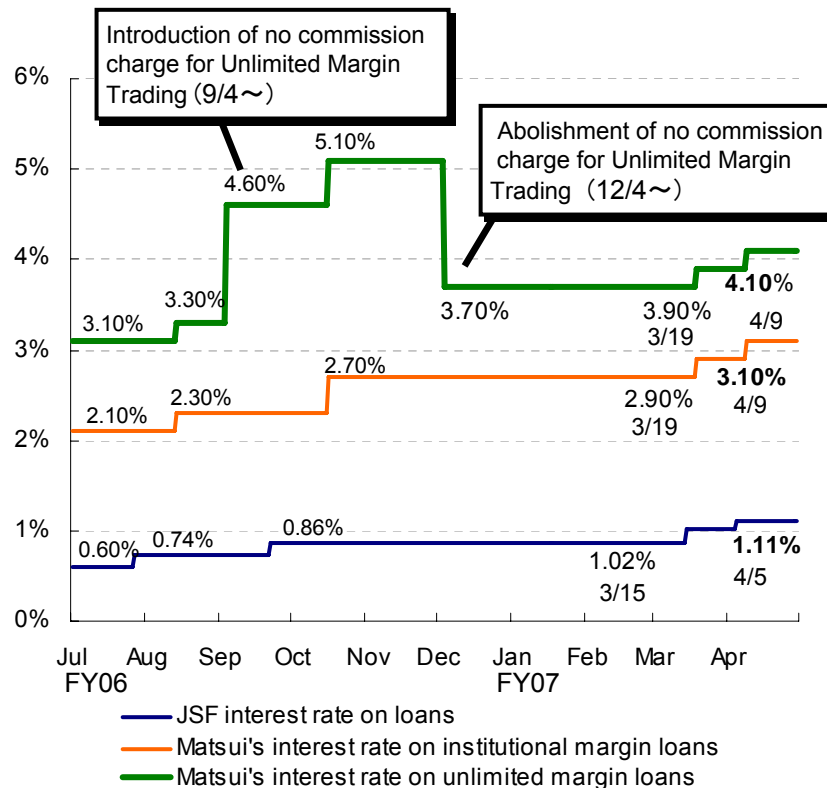
Note2: Share of net increase in accounts = # of net increase in accounts per month / Sum of net increase in accounts at 6 major on-line brokers. (exclude the effect of the merger between Kabu.com and Me-net in Jan. 06)

Commission Rate / Interest Rate on Margin Loans

◆ Distribution of trading value and commission rate

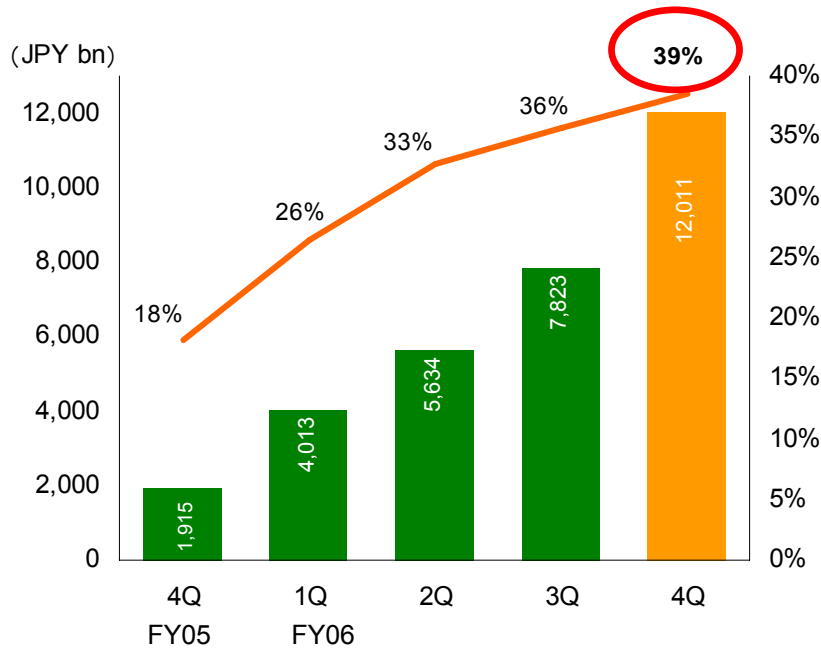


◆ JSF interest rate and Matsui's interest rate¹



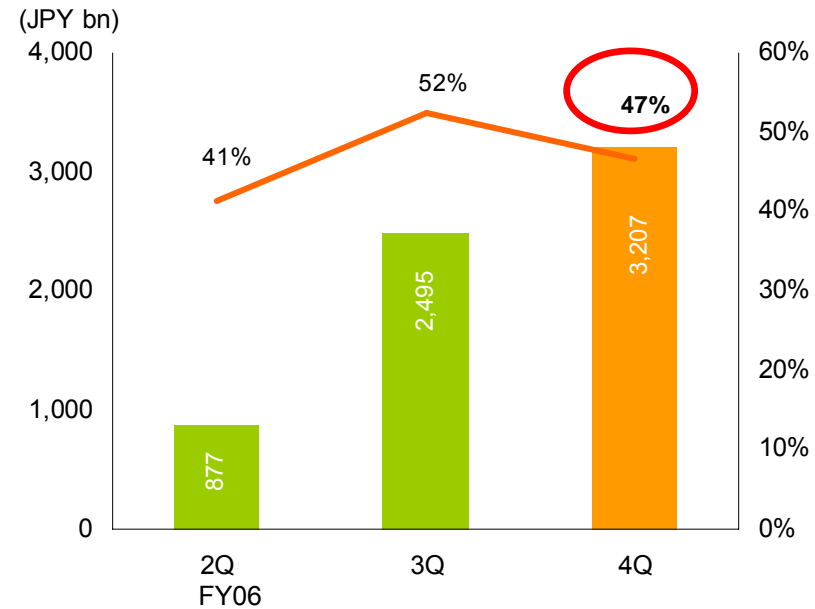
Nikkei 225 Futures

◆ Nikkei 225 Futures trading value and its market share¹



■ Futures trading value
 — Market share

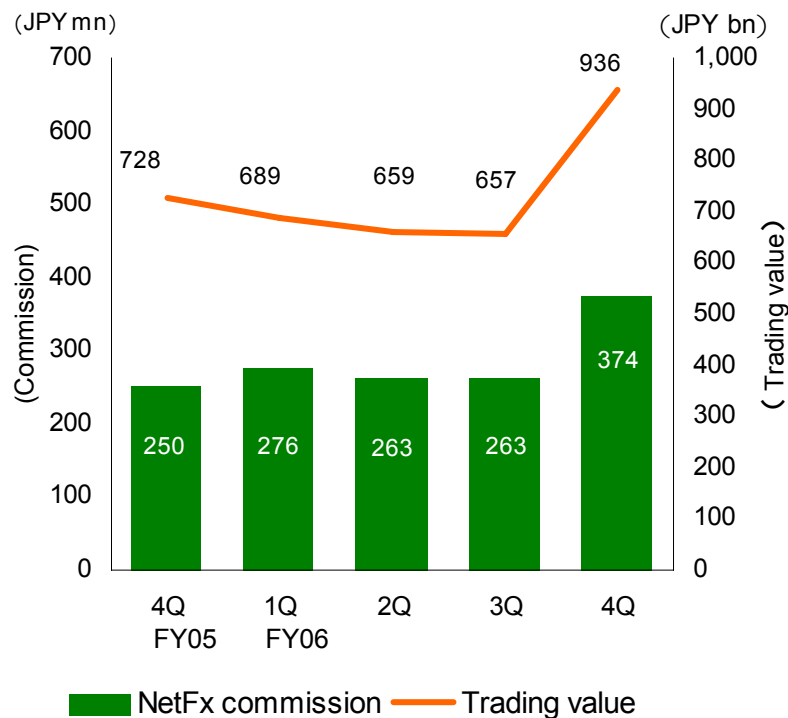
◆ “Nikkei 225 mini” Futures trading value and its market share²



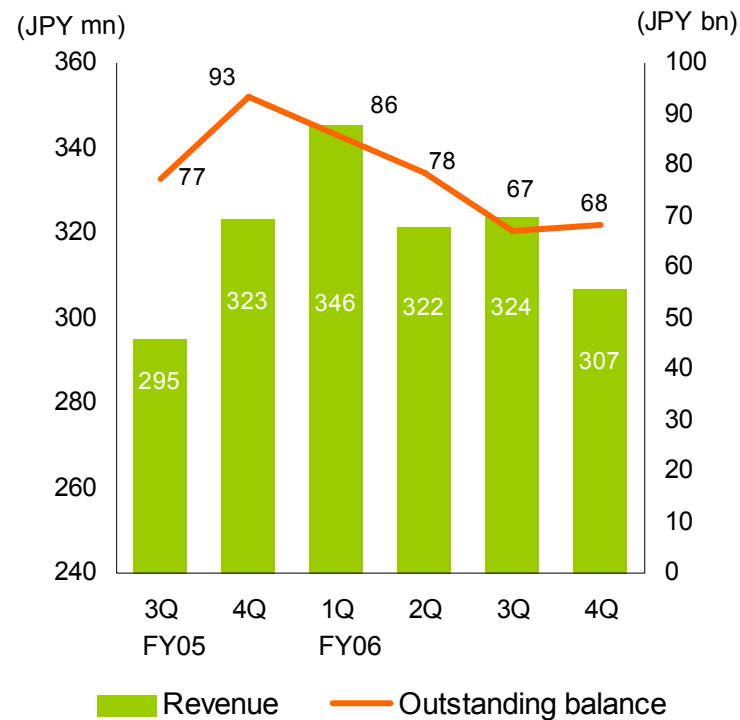
■ "Nikkei 225 mini" Futures trading value
 — "Nikkei 225 mini" Futures market share

NetFx / Stock Lending Business

◆ NetFx commission income and trading value¹



◆ Lending business revenue² and outstanding balance



List of Newly Offered Services / Products

Starting in	Detail of services
April,2006	Change the commission rate (stock, future and option)
July	Launch trading of "Nikkei 225 mini" Futures
August	Introduce "Read Speaker", a function which read out text on the web site
September	Launch of "Netstock High-Speed"
October	Start accepting simple application for opening new securities account via Suruga Bank web site 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	Offer the online cash transfer service to account holders at Seven Bank Start the notification service via e-mail for investors with regard to margin call Introduce "Stop order" function
March	Offer the online cash transfer service to account holders at Kyoto Bank
April	Launch the margin trading of foreign stock(institutional and unlimited)
May(Plan)	Add the contents(column and novel) to"Kabu-gokoro"
Summer(Plan)	Add new carrier corresponding with "High-speed α"(au and softbank) Plan to launch the "Real-Time-Settlement" service by establishment of the PTS

Future 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" "Off-trading floor distributions" "Nikkei 225 futures and Nikkei 225 Options"

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

Specific measure(e.g.)

Introduce "Real-Time-Settlement" service by establishing the PTS which enables customers' availability of trading capacity to dramatically improve

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 (236 staffs as of 31 Mar.07)
 - Start disclosing various operational information regarding Call-center including accessibility

◆ Accessibility of call center(Mar.07)

	8:30	9:30	10:30	11:30	12:30	13:30	14:30	15:30	16:30
月	●●●	●●●	●●●	●●●	●●●	●●●	●●●	●●●	●●●
火	●●●	●●●	●●●	●●●	●●●	●●●	●●●	●●●	●●●
水	●●●	●●●	●●●	●●●	●●●	●●●	●●●	●●●	●●●
木	●●●	●●●	●●●	●●●	●●●	●●●	●●●	●●●	●●●
金	●●●	●●●	●●●	●●●	●●●	●●●	●●●	●●●	●●●

【状況】
 ●●● : 90%
 ●● : 80%
 ● : 70%
 × : 70%

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
- ◆ Introduce "Stop order" function as result of confirmation of system stability



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)

⇒30% of future trading is executed through "NSHS"

現在値	売	売数量	▲	▲	▼	買数量	買	更新
17,310		0				0	0	評価空白
前日比								注文確認
▲ 55								新規
騰落率00								追買
0.30%								数量
直近出来高	216	17,348						設定
5	392	17,348						注文入力
出来高	925	17,330						執行条件
7,595	562	17,325						注
始値	481	17,320						有効期間
17,310	560	17,315						当日
高値	33	17,310						株式ニュース
17,315		17,305				313		株式ライブ
安値		17,300				537		注文入力
17,300		17,295				351		執行条件
値幅上昇		17,290				870		注
20,110		17,285				327		有効期間
連続下落		17,280				374		当日
14,110		17,275				68		株式ニュース
売買単位		17,270				158		株式ライブ
1		17,265						注文入力
SO日		17,260						執行条件
07/03/09								注

【Netstock High-Speed】

Speed order for Nikkei 225 Futures and Options

Enhancement of mobile phone services

◆ Recent developments

- Add information function for members site(May06)
- Add information function for general site(Jul.06)
- Add "WILLCOM" as one of the recommended carrier(Aug.06)
- Launch "High-Speed α", a "NSHS" trading tool for mobile phone(Oct.06)
- Expand trigger mail function¹(Nov.06)
- Introduce IR information site for mobile phone(Jan.07)
- Offer execution order(Feb.07)
- Introduce "Stop order" function(Feb.07)
- Offer a online cash transfer services to account holders at Seven Bank and Mizuho Bank (Feb.07)
- Add "au" and "SoftBank" as the carrier corresponding with "High-Speed α" (Summer.07)



【Mobile site】
Top Page

Note 1: Real-time-trigger mail is available in PC

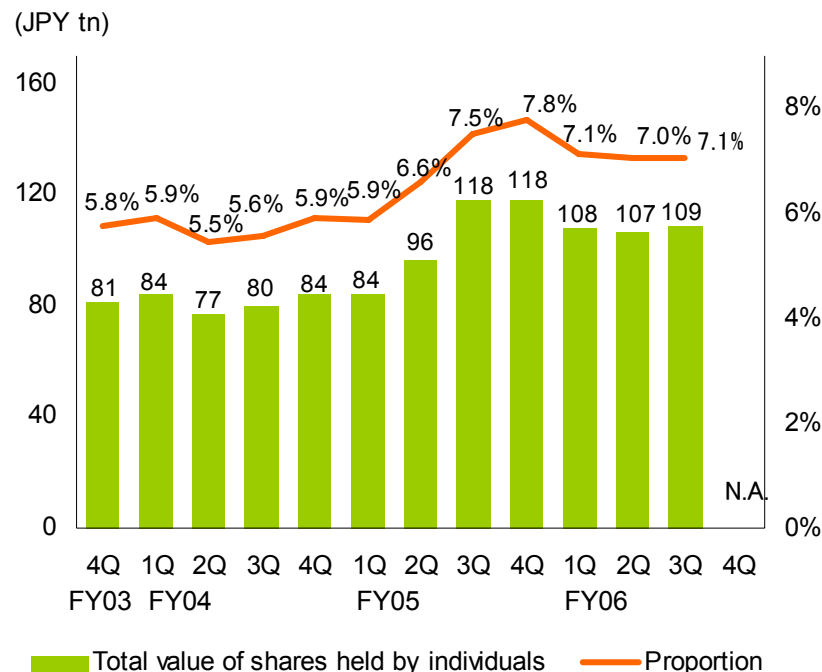
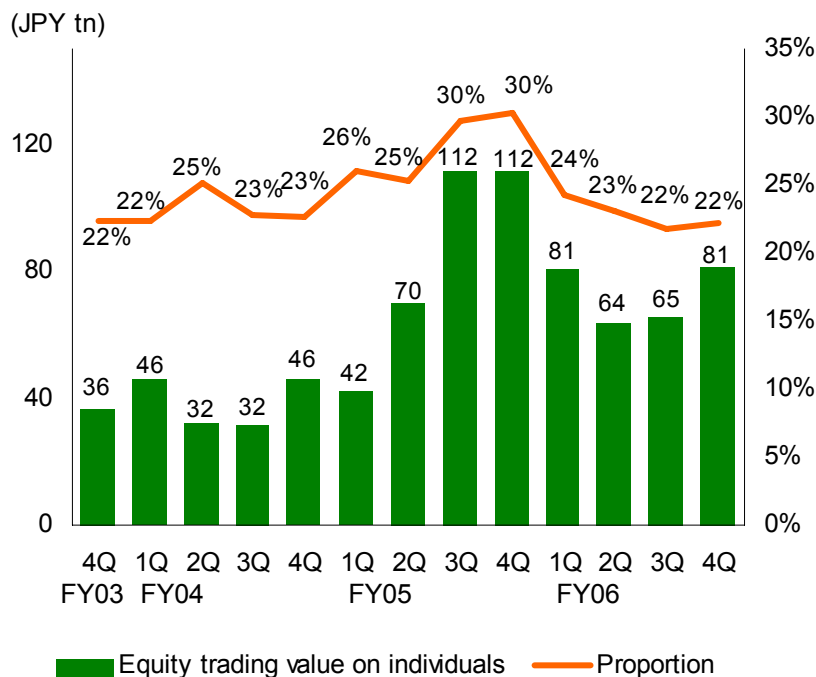
Market Information

Appendix A

Overview of Retail Equity Trading Market

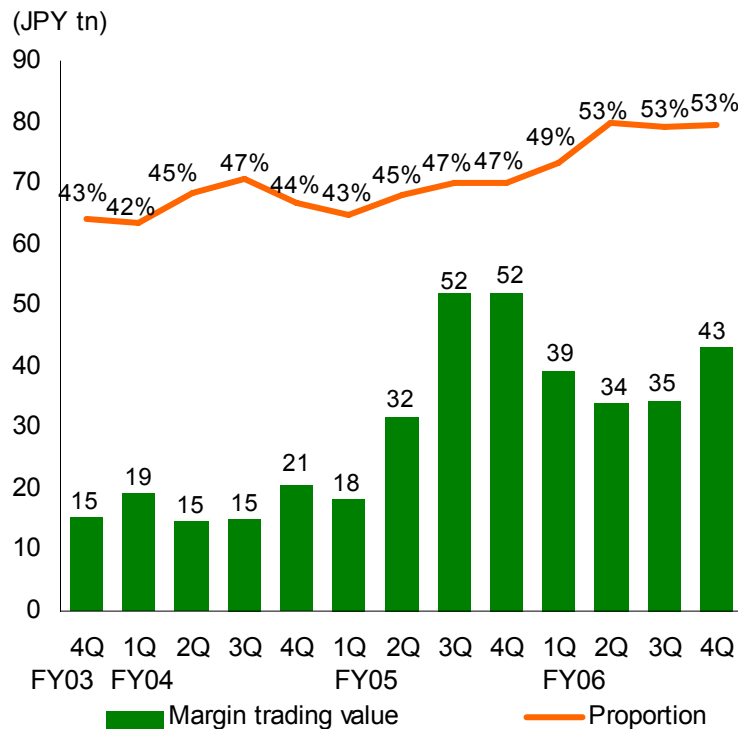
- ◆ Equity trading value of individuals¹
- ◆ Proportion to total equity trading value

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

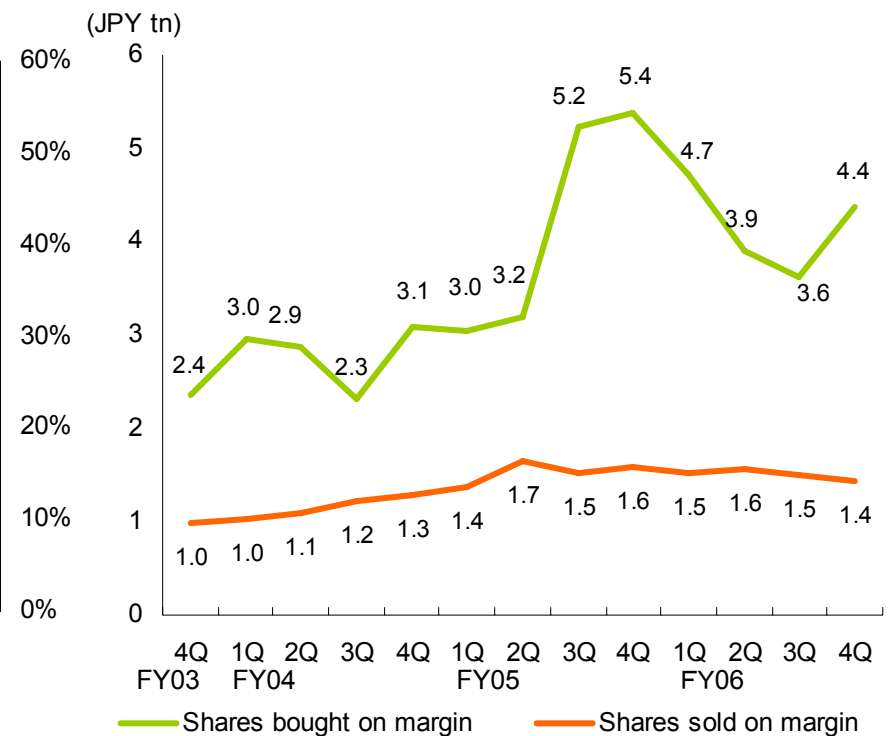


Overview of Retail Margin Trading Market

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

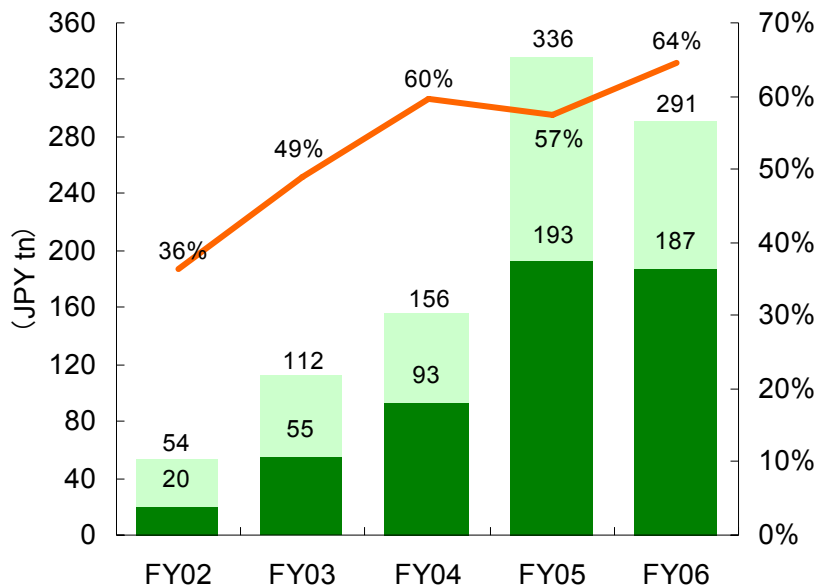


- ◆ Margin trading balance²



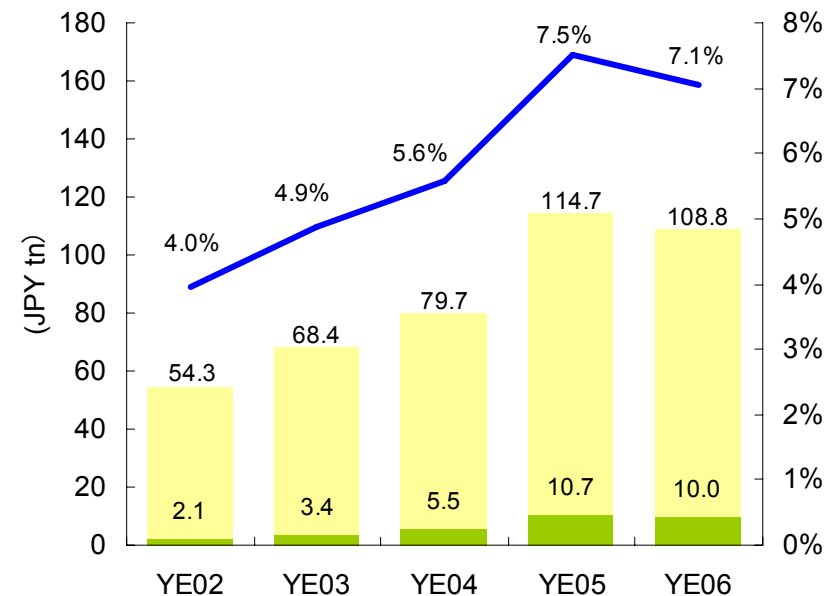
Growth Potential in On-line trading

◆ Equity trading value of individuals (FLOW)



- Equity trading value of individuals
- Equity trading value of 5 major on-line brokers
- Proportion to trading value of 5 major on-line brokers

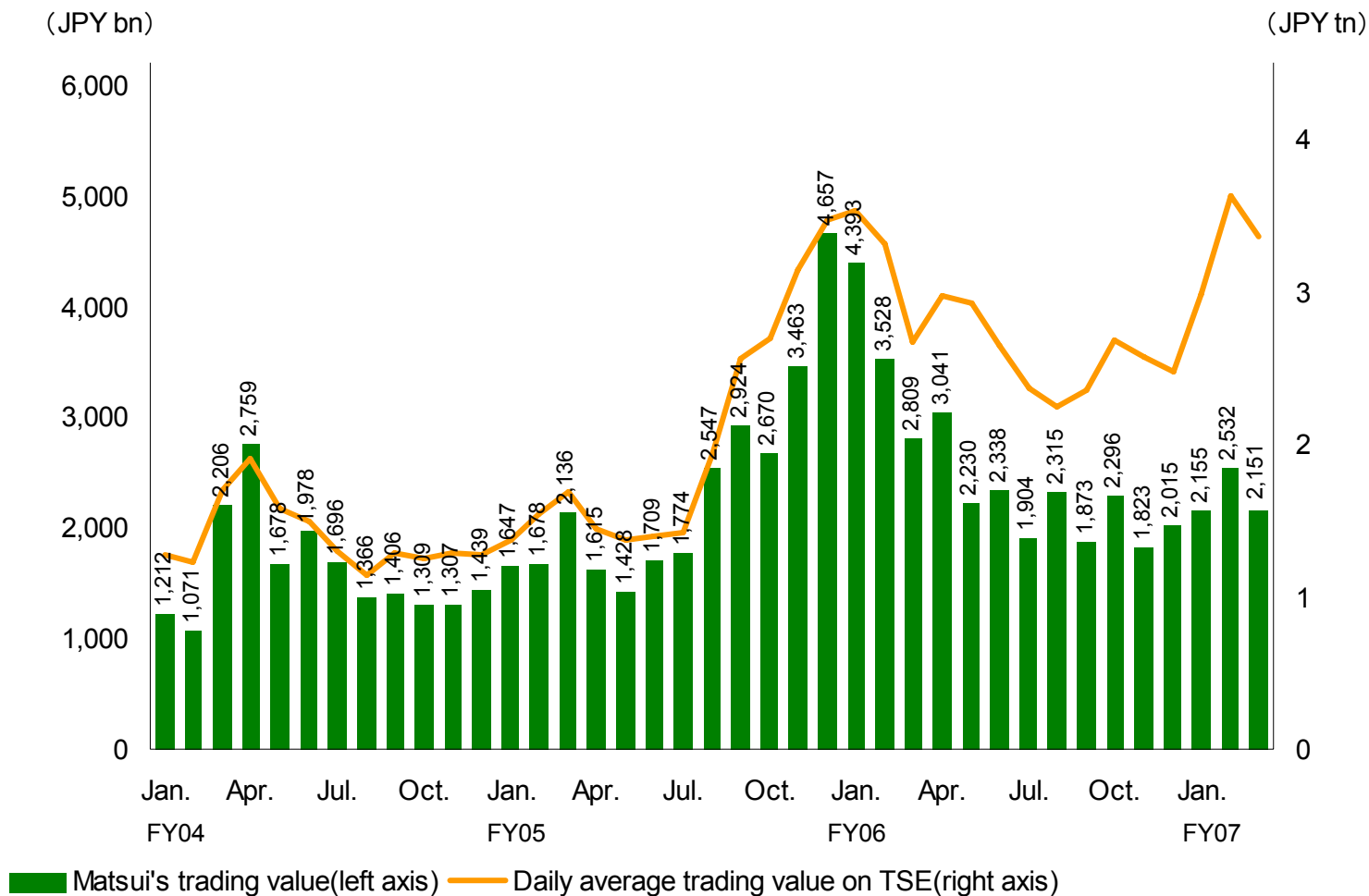
◆ Total value of shares held by individuals (STOCK)



- Total value of shares held by individuals
- Total value of shares held by 5 major on-line brokers
- Proportion to total financial assets of individuals

Equity Trading Value

◆ Equity trading value (Monthly)



Corporate Profile

Appendix B

Corporate Profile

Corporate name	Matsui Securities Co.,Ltd.
Representative	Michio Matsui, President & CEO
Date of Establishment	May 1918
Date of Incorporation	March 1931
Capital Stock	11,922,067,936JPY
Head Office	1-4, Kojimachi, Chiyoda-ku, Tokyo, 102-8516
Number of Employees	109
Shares Outstanding	269,182,502
Unit of Shares	100
Member of Stock Exchange	First Section of Tokyo Stock Exchange: 8628

Source: as of March 31, 2007

Historical performance

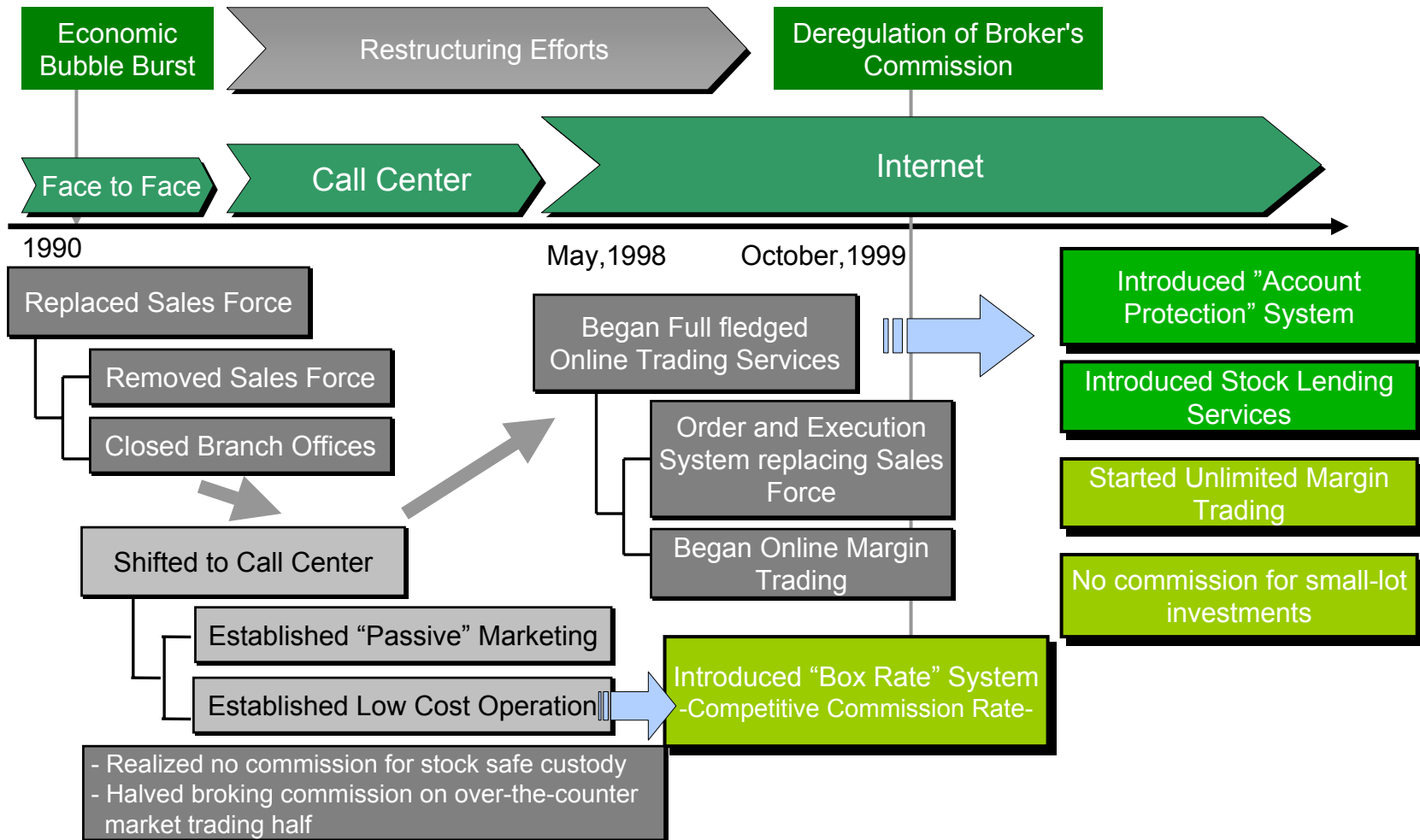
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	FY2003	FY2004	FY2005	FY2006
Operating Revenue	25,036	36,918	57,072	43,691
Operating Income	14,285	22,607	37,116	22,547
Ordinary Income	14,016	22,571	37,062	22,720
Net Income	7,280	12,645	20,650	13,444

Matsui Securities as an Innovator

Pioneer in providing full-fledged online trading services ("Net Stock").

- Matsui Securities have undertaken restructuring efforts since the economic bubble burst in 1990 -



The material is intended to provide the financial results for the year ended 31 March 2007 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 April 2007. 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.

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