



# Matsui Securities Co., Ltd.

(First Section of Tokyo Stock Exchange: 8628)

## Annual Results for FY2009

April 2010

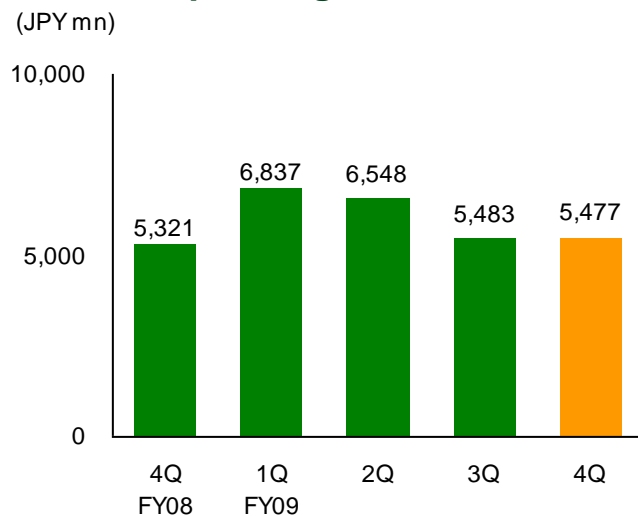
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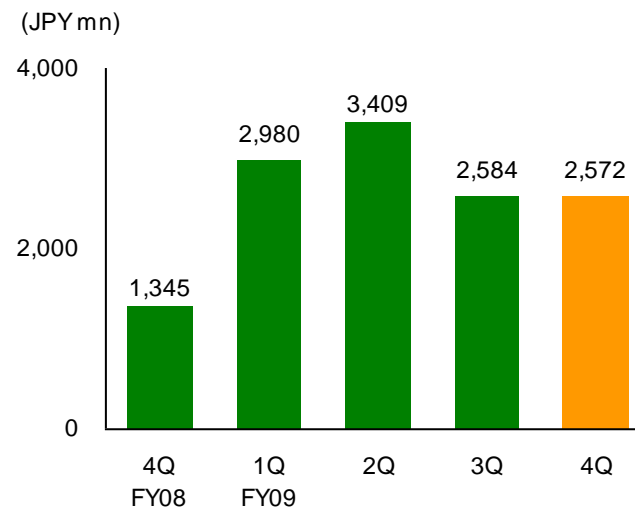
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# Financial Results

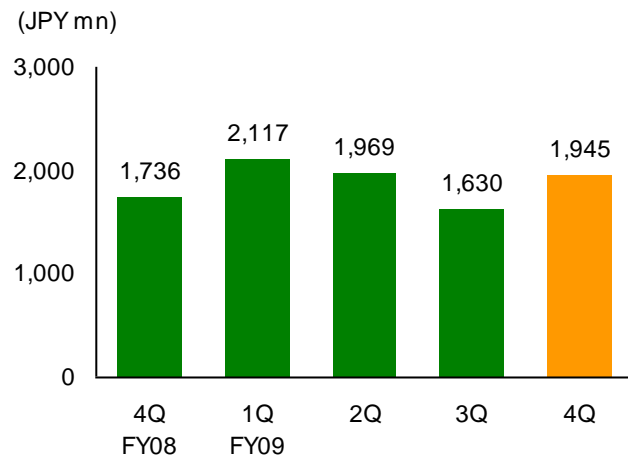
## ◆ Operating revenues



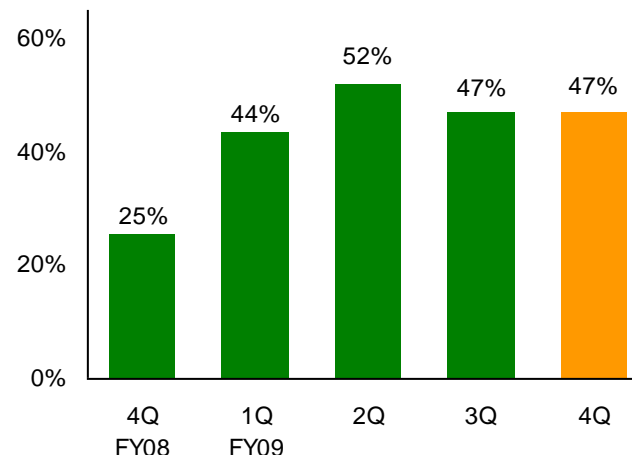
## ◆ Ordinary income



## ◆ Net income

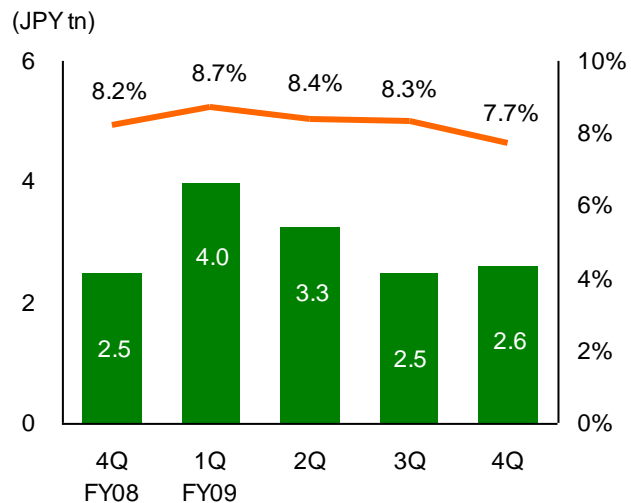


## ◆ Ordinary income ratio

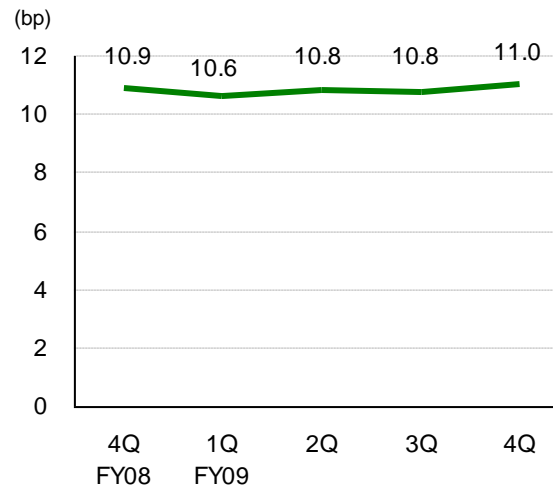


# Results of Operation

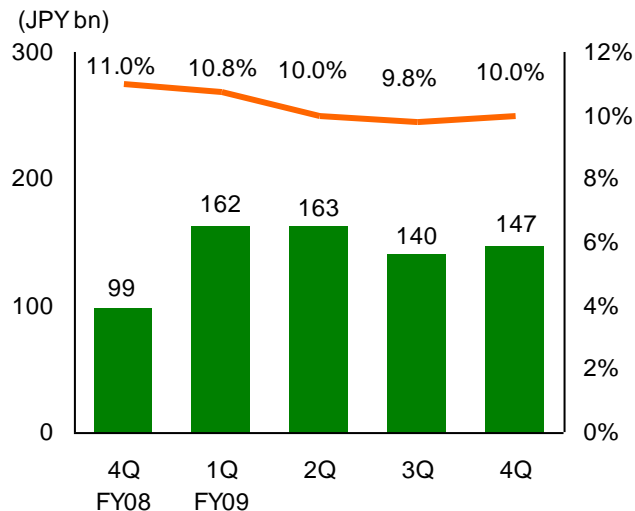
## ◆ Equity trading value



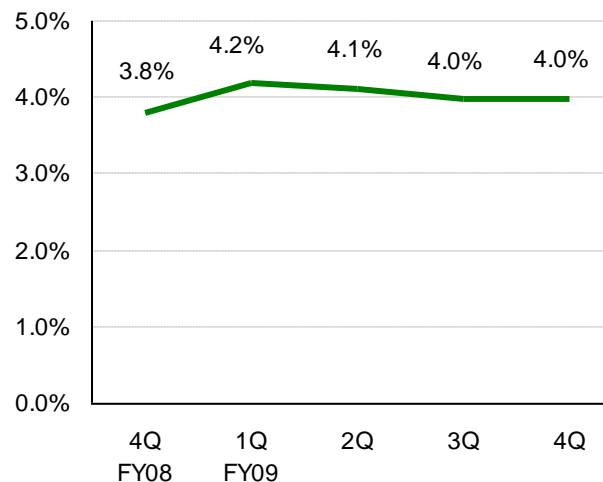
## ◆ Equity commission rate



## ◆ Margin balance (long-position)

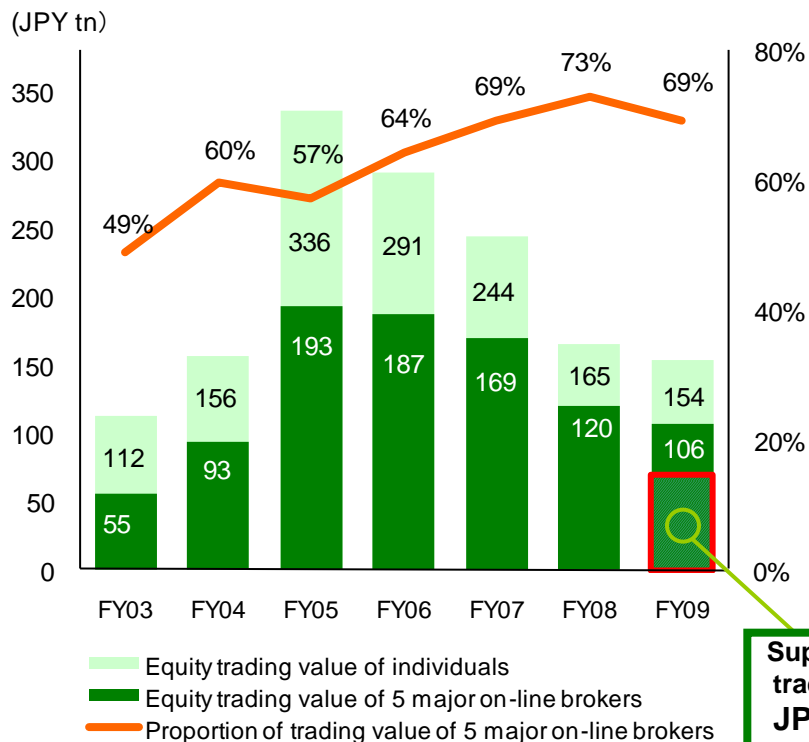


## ◆ Net interest income ratio



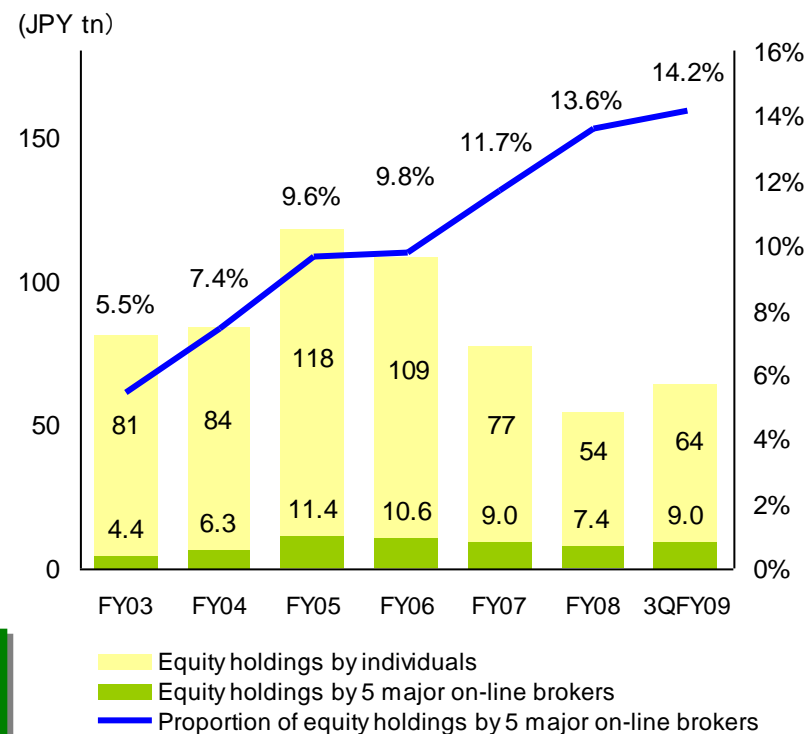
# Overview of Retail Equity Trading Market

## ◆ Equity trading value of individuals<sup>1</sup> (FLOW)



**Super active traders  
JPY 70 tn  
(Estimate)**

## ◆ Equity holdings by individuals<sup>1</sup> (STOCK)



# Financial Summary

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## Section 1

# Summary of Financial Results

(JPY mn)

	FY09 (Apr.09-Mar.10)	FY08 (Apr.08-Mar.09)	YoY
Operating Revenues	24,346	26,724	-9%
Commissions	17,282	18,263	-5%
Interest & dividend income	7,060	8,456	-17%
Interest expenses	1,069	2,260	-53%
Net operating revenues	23,276	24,464	-5%
SG&A	11,891	14,521	-18%
Operating income	11,385	9,943	15%
Ordinary income	11,545	9,998	15%
Net income	7,661	6,921	11%
Ordinary income ratio	47%	37%	-
Matsui's trading value (JPY tn)	12.3	12.6	-3%
Daily average trading value on TSE (JPY tn)	1.6	2.0	-23%

# Breakdown of Net Operating Revenues

(JPY mn)

	FY09 (Apr.09-Mar.10)	FY08 (Apr.08-Mar.09)	YoY
Commissions	17,282	18,263	-5%
Brokerage	15,424	15,888	-3%
Underwriting & selling	11	1	977%
Subscription & distribution	0	1	-44%
Others	1,846	2,374	-22%
Net gain (loss) on trading	4	4	-9%
Interest & dividend income (1)	7,060	8,456	-17%
Total operating revenues	24,346	26,724	-9%
Interest expenses (2)	1,069	2,260	-53%
Net operating revenues	23,276	24,464	-5%
Net interest income (1) - (2)	5,990	6,196	-3%



# Breakdown of SG&A (FY09)

~IT related expenses were reduced by 2.2bn compared to FY08 as the result of updating the outsource contract since June 09

(JPY mn)

	FY09 (Apr.09-Mar.10)	FY08 (Apr.08-Mar.09)	YoY
Transaction related expenses	3,630	4,096	-11%
Advertisement	391	599	-35%
Employees' compensation & benefits	1,930	2,024	-5%
Occupancy & rental	1,040	501	107%
Data processing & office supplies	3,139	6,353	-51%
Depreciation	1,775	1,261	41%
Duties & taxes other than income taxes	143	160	-11%
Provision of allowance for doubtful accounts	124	-	-
Others	109	125	-13%
Total SG&A	11,891	14,521	-18%

# Summary of Financial Results (Quarterly)

(JPY mn)

	FY09	FY09	QoQ	FY09		FY08	YoY	FY09 TOTAL
	4Q	3Q		2Q	1Q	4Q		
Operating Revenues	5,477	5,483	-0%	6,548	6,837	5,321	3%	24,346
Commissions	3,787	3,684	3%	4,622	5,189	3,777	0%	17,282
Interest & dividend income	1,691	1,797	-6%	1,924	1,646	1,545	9%	7,060
Interest expenses	215	220	-2%	288	347	495	-57%	1,069
Net operating revenues	5,263	5,263	-0%	6,260	6,490	4,826	9%	23,276
SG&A	2,791	2,730	2%	2,848	3,522	3,479	-20%	11,891
Operating income	2,472	2,533	-2%	3,412	2,968	1,347	83%	11,385
Ordinary income	2,572	2,584	-0%	3,409	2,980	1,345	91%	11,545
Net income	1,945	1,630	19%	1,969	2,117	1,736	12%	7,661
Ordinary income ratio	47%	47%	-	52%	44%	25%	-	47%
Matsui's trading value (JPY tn)	2.6	2.5	4%	3.3	4.0	2.5	4%	12.3
Daily average trading value on TSE (JPY tn)	1.5	1.5	3%	1.5	1.7	1.4	4%	1.6

# Breakdown of Net Operating Revenues (Quarterly)

(JPY mn)

	FY09	FY09	QoQ	FY09		FY08	YoY	FY09
	4Q	3Q		2Q	1Q	4Q		TOTAL
Commissions	3,787	3,684	3%	4,622	5,189	3,777	0%	17,282
Brokerage	3,351	3,224	4%	4,102	4,747	3,157	6%	15,424
Underwriting & selling	-	11	-	-	-	-	-	11
Subscription & distribution	0	0	-75%	-	0	0	-62%	0
Others	436	449	-3%	520	442	620	-30%	1,846
Net gain (loss) on trading	-1	1	-	2	1	-1	-	4
Interest & dividend income (1)	1,691	1,797	-6%	1,924	1,646	1,545	9%	7,060
Total operating revenues	5,477	5,483	-0%	6,548	6,837	5,321	3%	24,346
Interest expenses (2)	215	220	-2%	288	347	495	-57%	1,069
Net operating revenues	5,263	5,263	-0%	6,260	6,490	4,826	9%	23,276
Net interest income (1) - (2)	1,477	1,578	-6%	1,637	1,299	1,050	41%	5,990

# Breakdown of SG&A (Quarterly)

(JPY mn)

	FY09	FY09	QoQ	FY09		FY08	YoY	FY09 TOTAL
	4Q	3Q		2Q	1Q	4Q		
Transaction related expenses	895	861	4%	927	947	946	-5%	3,630
Advertisement	107	97	11%	90	97	131	-18%	391
Employees' compensation & benefits	476	469	2%	488	497	446	7%	1,930
Occupancy & rental	291	289	1%	287	173	125	133%	1,040
Data processing & office supplies	596	627	-5%	619	1,297	1,576	-62%	3,139
Depreciation	482	457	5%	450	386	331	46%	1,775
Duties & taxes other than income taxes	31	26	17%	31	55	32	-2%	143
Provision of allowance for doubtful accounts	5	-29	-	25	124	-	-	124
Others	14	30	-53%	21	44	23	-39%	109
<b>Total SG&amp;A</b>	<b>2,791</b>	<b>2,730</b>	<b>2%</b>	<b>2,848</b>	<b>3,522</b>	<b>3,479</b>	<b>-20%</b>	<b>11,891</b>

# Policy of Profit Sharing with Shareholders

## Plan to pay 15 yen per share as dividends for FY09

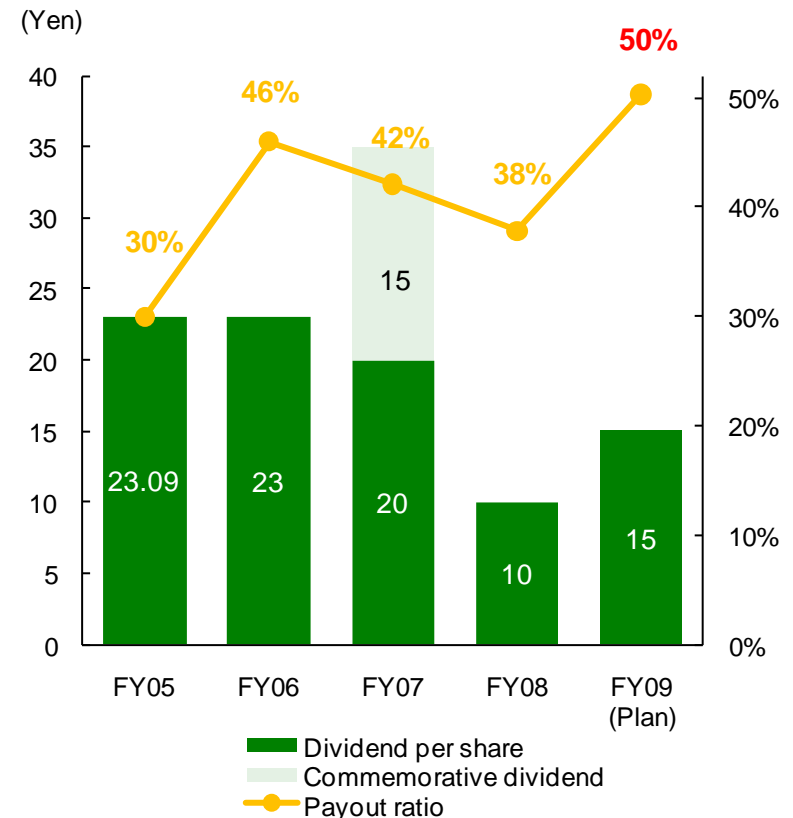
### ◆ Dividend policy

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

### ◆ Dividends for FY09

- Plan to pay 15 yen per share
- 50% increase compared to FY08

### ◆ Matsui’s dividend per share and payout ratio <sup>1</sup>

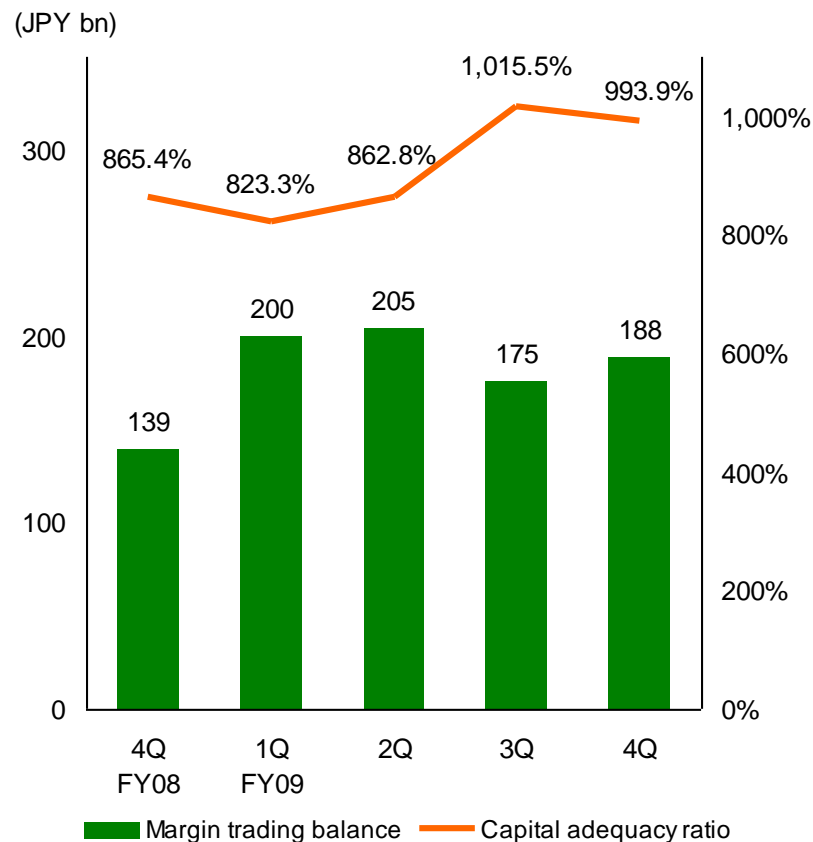


# Capital Adequacy Ratio

## ◆ Capital adequacy ratio (As of 31 March 10)

			(JPY mn)
Tier 1		(A)	70,253
Tier 2	Net unrealized gain on investment		13
	Statutory reserves		1,665
	Allowance for doubtful accounts		249
	Sub total	(B)	1,927
Assets to be deducted from equity capital		(C)	8,680
Net Capital			
	(A) + (B) - (C)	(D)	63,500
Total risk	Market risk		3
	Counterparty risk		3,671
	Basic risk		2,713
	Total	(E)	6,388
Capital Adequacy ratio			(D)/(E) 993.9%

## ◆ Margin trading balance and capital adequacy ratio



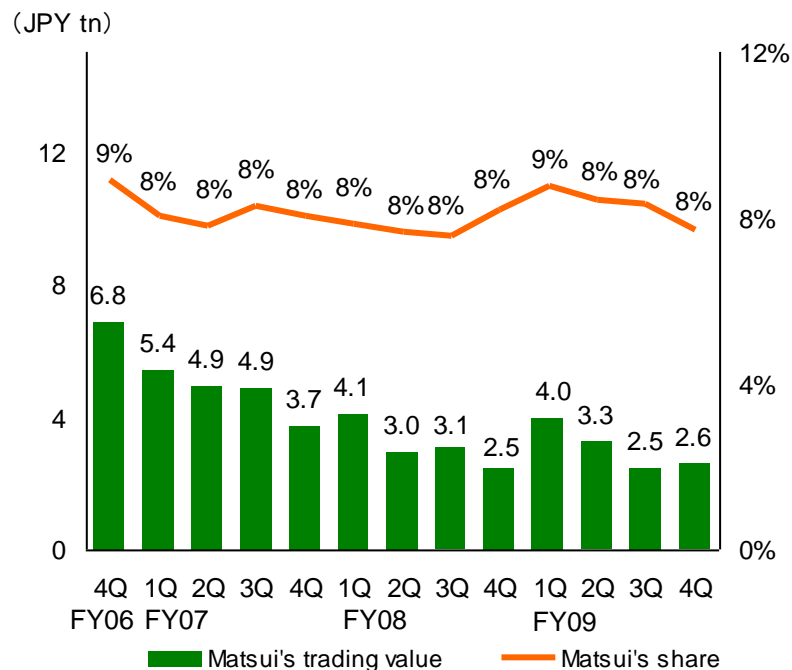
# Results of Operation

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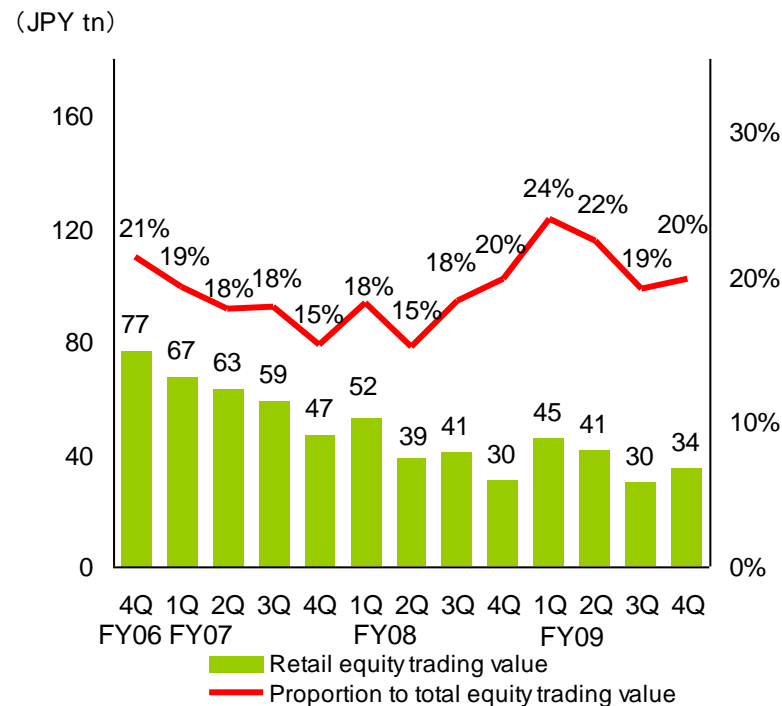
## Section 2

# Equity Trading Value

## ◆ Matsui's equity trading value and its market share<sup>1</sup>



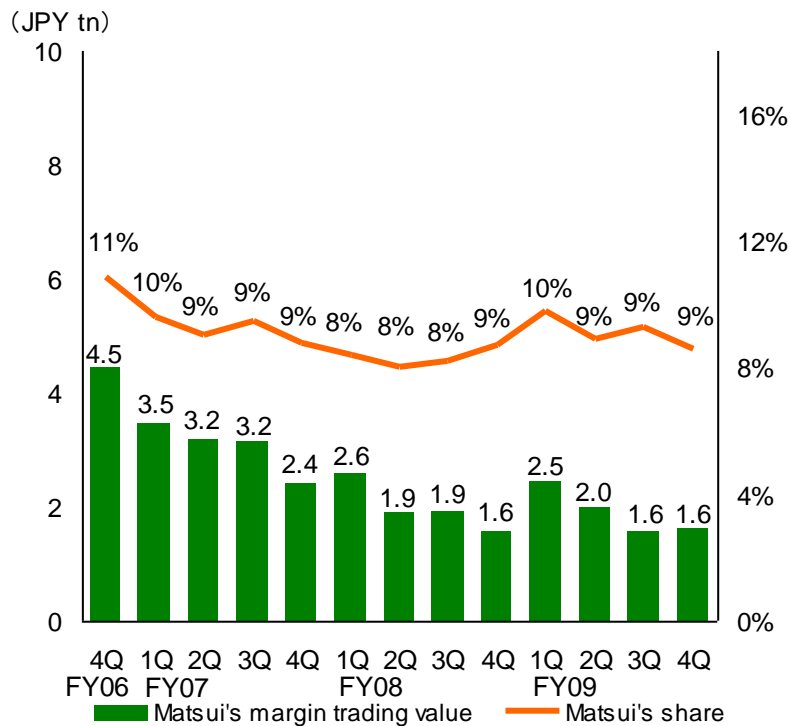
## ◆ Retail equity trading value<sup>1</sup> and proportion to total equity trading value



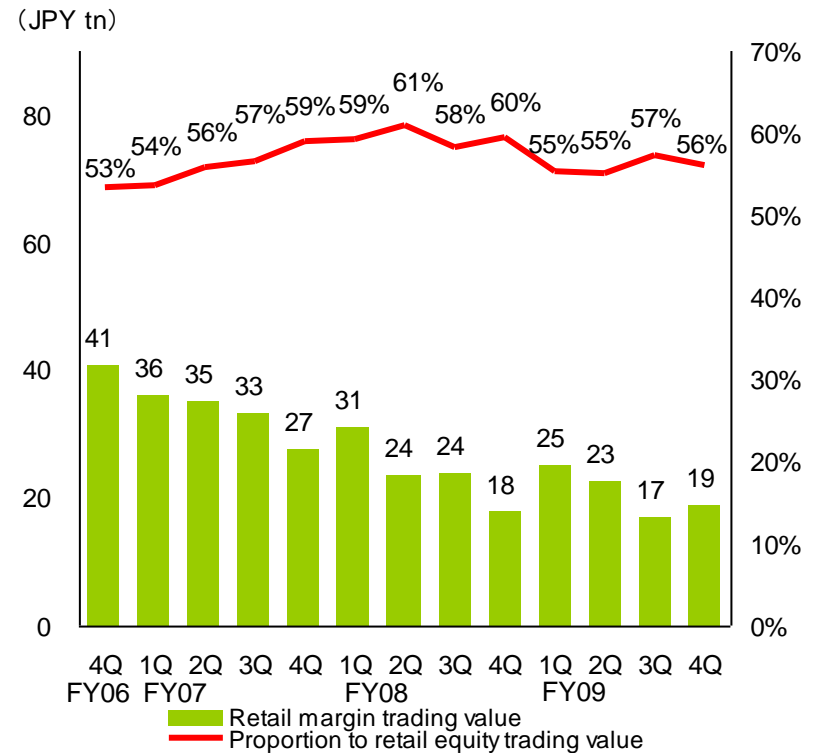


# Margin Trading Value

## ◆ Matsui's margin trading value and its market share<sup>1</sup>

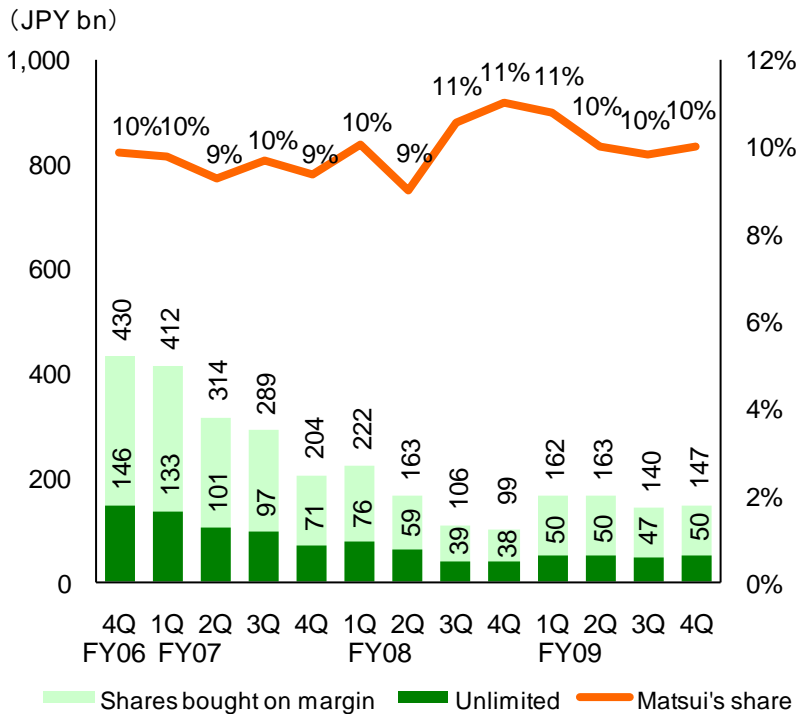


## ◆ Retail margin trading value<sup>1</sup> and proportion to total retail equity trading value

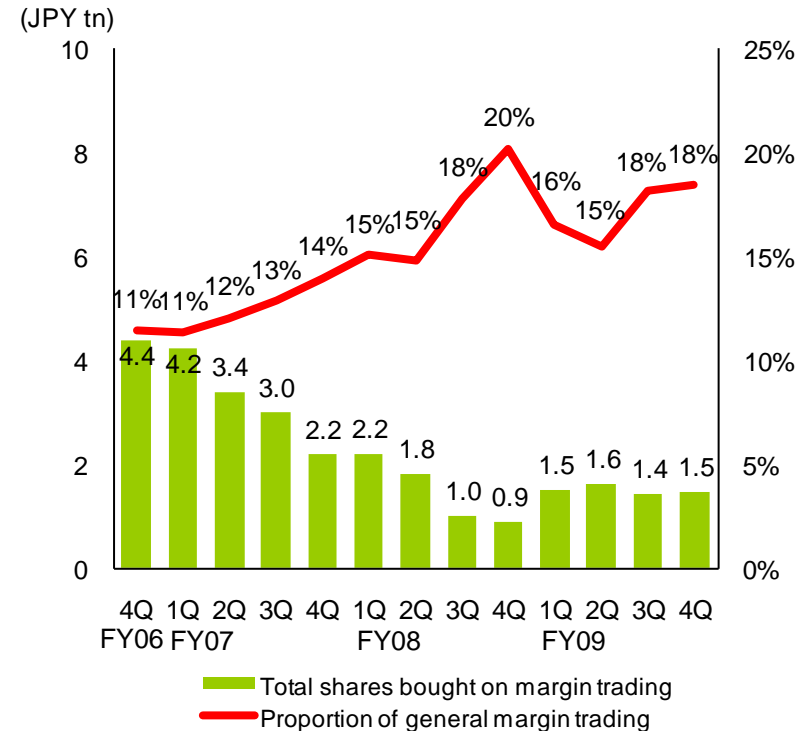


# Margin Trading Balance

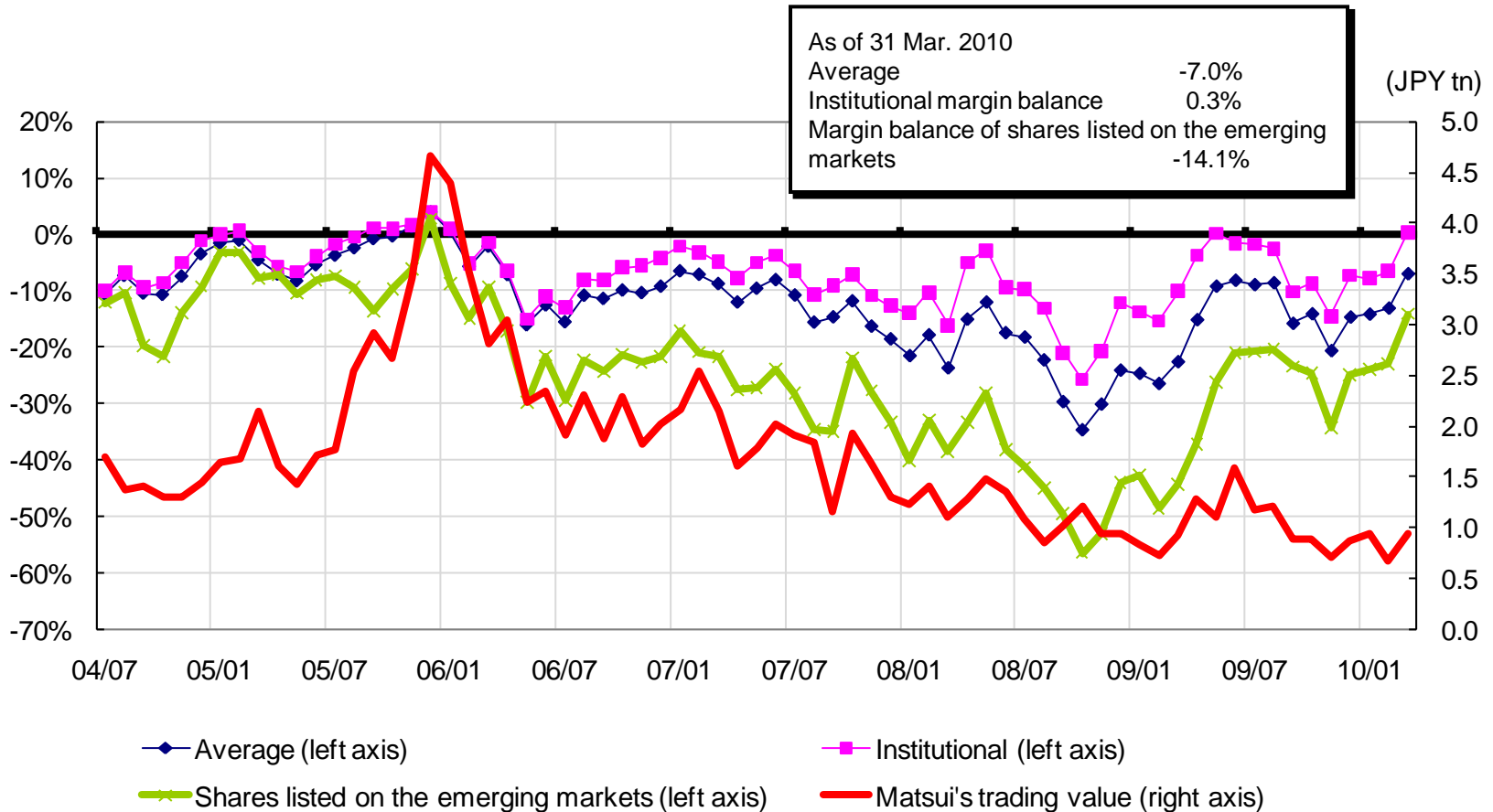
## ◆ Matsui's shares bought on margin<sup>1</sup> and its market share<sup>2</sup>



## ◆ Total shares bought on margin<sup>1</sup> and proportion of general margin trading

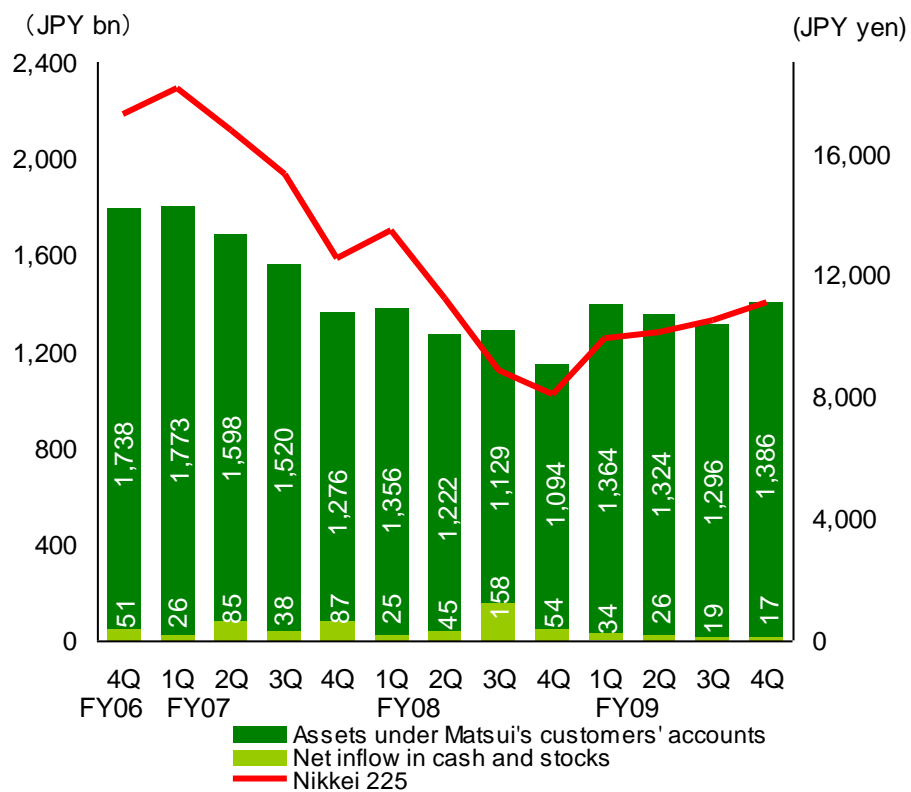


# Evaluation Losses on Matsui's Margin Balance

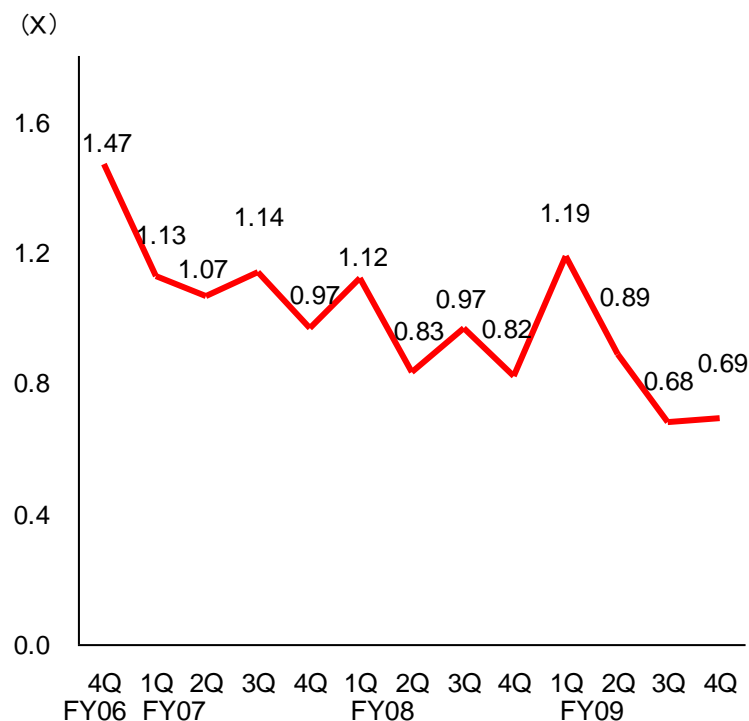


# Assets under Customers' Accounts / Trading Turnover

## ◆ Assets under Matsui's customers' accounts



## ◆ Equity trading turnover<sup>1</sup> of Matsui's customers



Source: BOJ

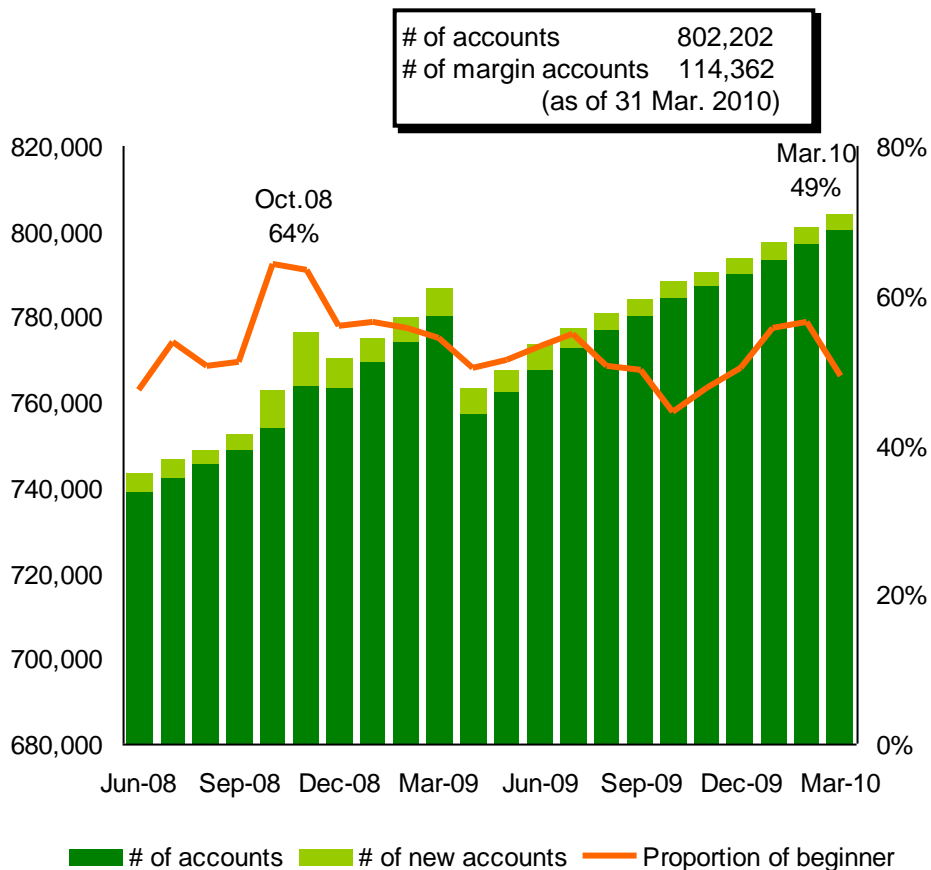
Note 1: Equity trading turnover = (monthly average trading value) / (quarterly average assets under customers' accounts\*)

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

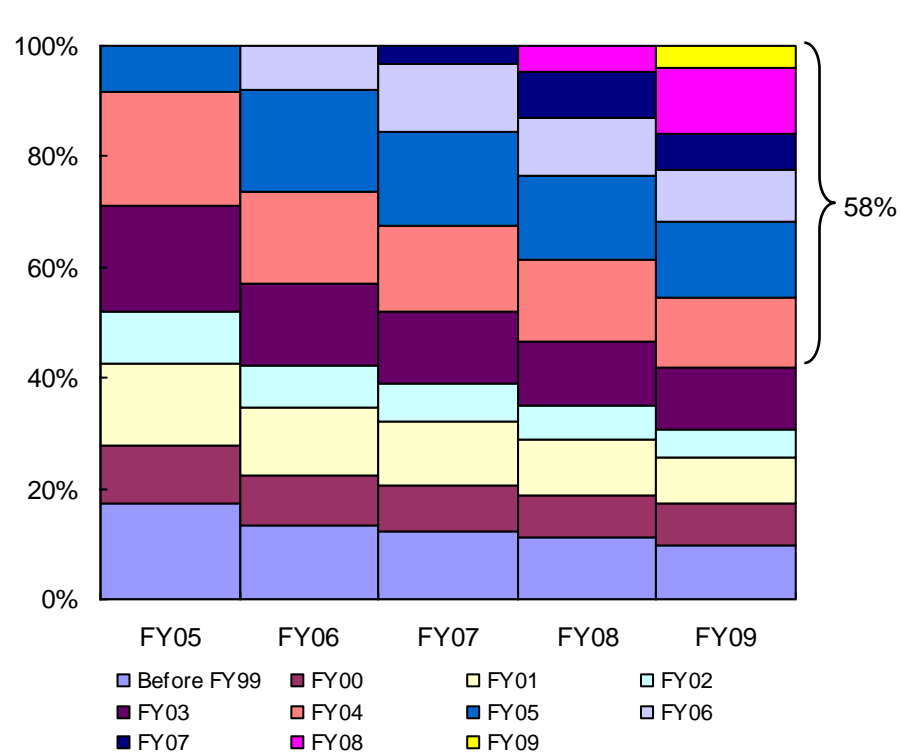
Note 2: Nikkei 225 is the closed price at the end of each quarter

# Number of Accounts

## ◆ Number of accounts at Matsui<sup>1</sup>



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

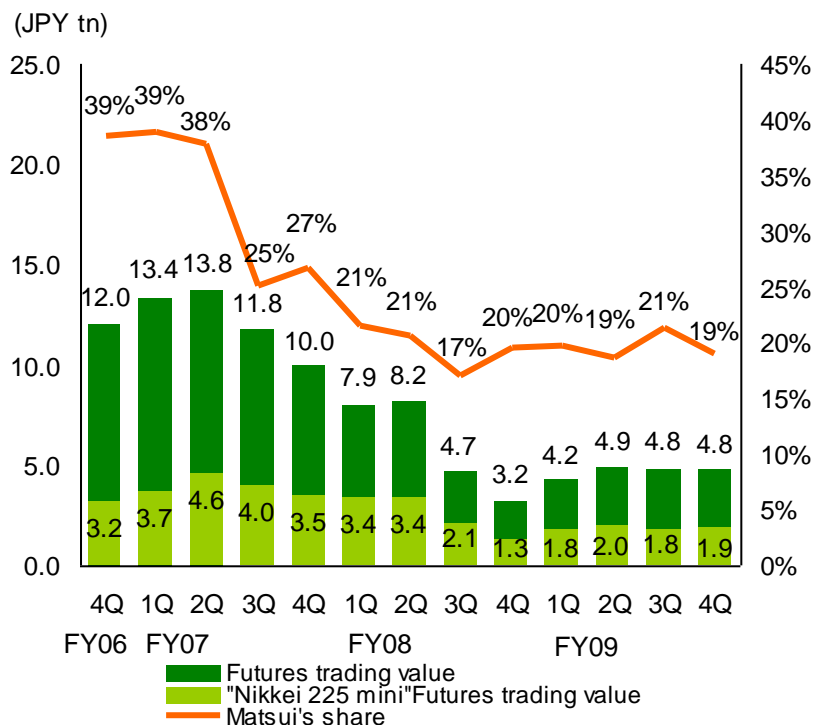


Note 1: Number of accounts as of the end of each month

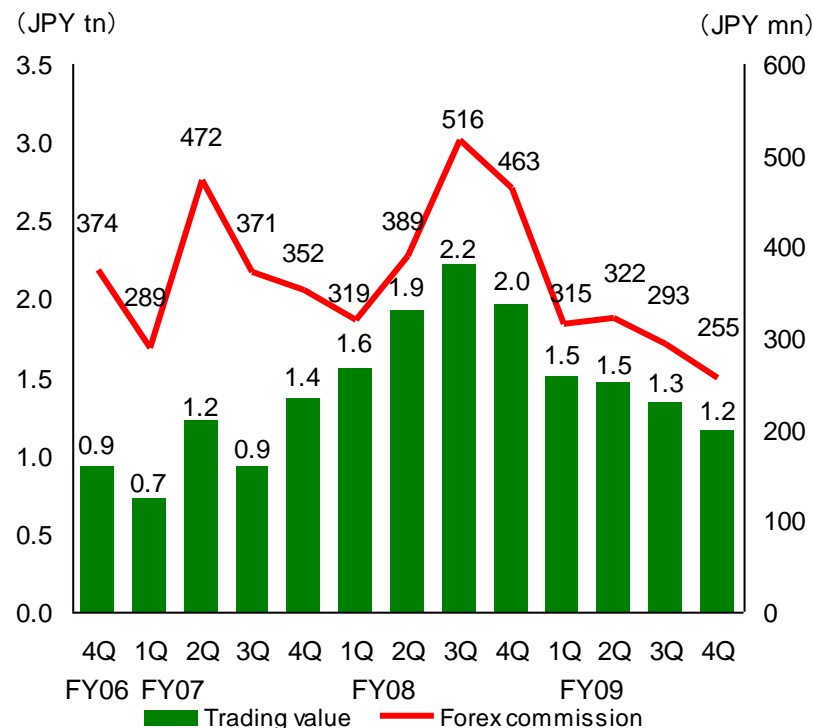
11,140 of dormant accounts were closed down in Dec. 08, 28,846 of dormant accounts were closed down in Apr. 09 and 1,602 of dormant margin accounts were closed down in May 09.

# Nikkei 225 Futures / Forex Margin Trading (Net Fx)

## ◆ Matsui's Nikkei 225 Futures trading value and its market share<sup>1</sup>



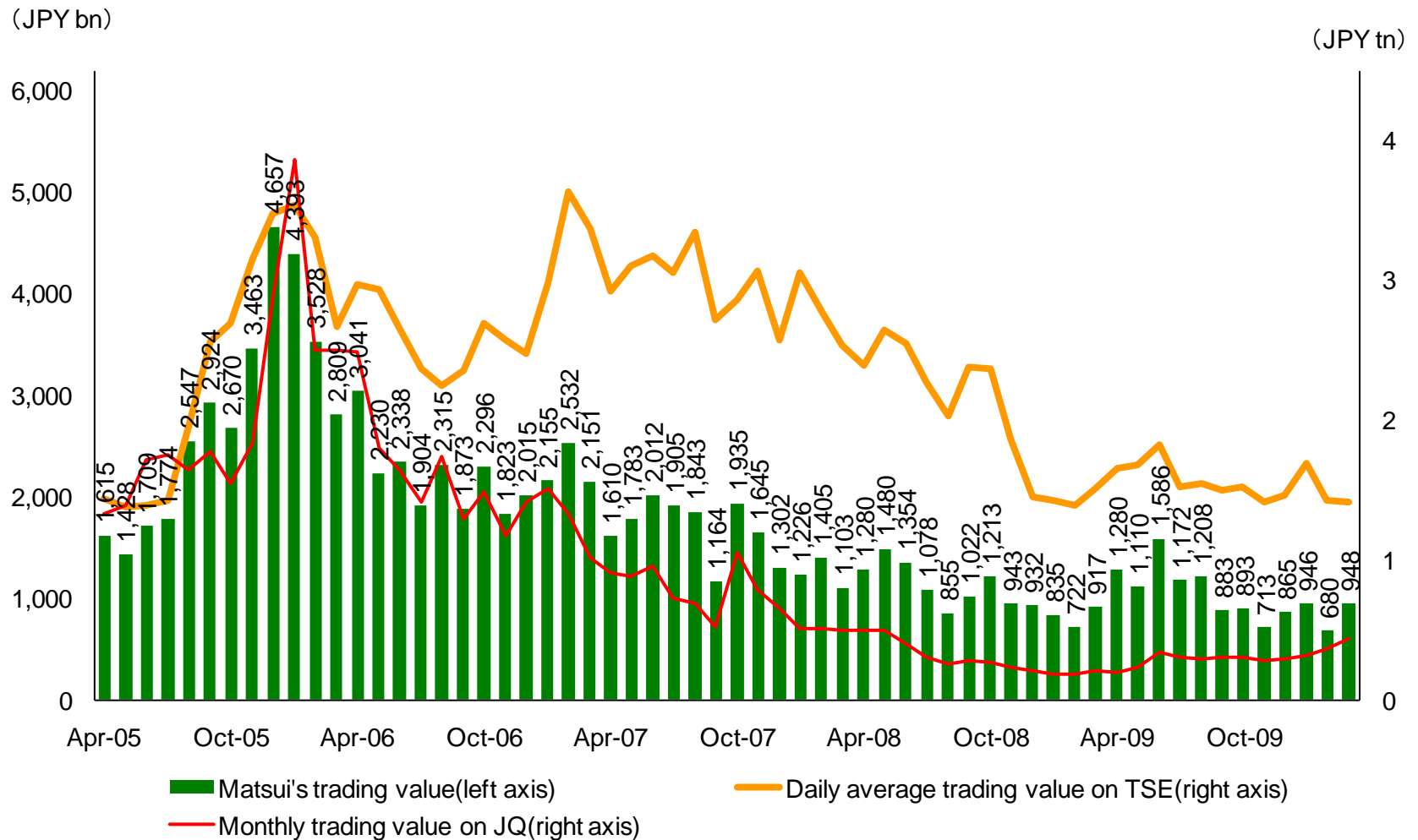
## ◆ Matsui's Forex margin commission income and trading value



Source: OSE (Osaka Securities Exchange)

Note 1: The steep decrease in market share in 3QFY07 is due to a statistical reason  
 (a part of brokers' trading value have been included in that of retail since 3QFY07)

# Equity Trading Value



# Recent Developments

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## Section 3



# Corporate Strategy

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## 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" "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

# RTGS / CME Futures

## ◆ Real-Time-Gross-Settlement

- Steady operation of system, secure liquidity is the highest priority
- # of accounts : 38,239 (As of 31 Mar. 10)

## ~ Undertakings in FY09 ~

### Acquisition of Patent (March 2010)

No. 4469838

“Real Time Gross Settlement System and Device”

### Appeal the merits of RTGS

- Enable customers to day-trade the same stock several times on the same day
- Possible to trade during 11AM-12AM
- Possible to transfer the proceeds of the sale of shares to the bank account using the real-time disbursement service
- Increase in trading capacity of customers as result of increase in margin ratio immediately upon selling collateral securities

## ~ Future Developments ~

- Introduce margin transaction in order to increase liquidity

## ◆ CME “Nikkei 225” Futures Trading

### ~ Recent Results (maximum of 1/1-3/31)~

- # of accounts : 12,082 (As of 31 Mar.10)
- Trading value : 3.7bn (4 Feb.10)
- Market share : 1.8% (12 Feb.10)

### Start the Intraday Account (April 2010)

Able to trade with smaller amount of margin during a given period of time (from the opening till 15 min. before the closing)

- Merits for the intraday account  
Enable customers to trade with smaller amount of margin, which is a quarter of ordinary margin

Product	Initial margin	Trading value	Leverage
OSE Nikkei 225 futures (large)	JPY330,000	JPY11 mil.	33.3 fold
CME Nikkei 225 futures (ordinary)	JPY687,500	JPY5.5 mil.	8 fold
<b>CME Nikkei 225 futures (small margin)</b>	<b>JPY149,600</b>		<b>36.8 fold</b>

(as of 19 Apr. 10)

- No commission charge for CME Nikkei 225 futures trading for new customers (4/27-5/31)

# The OSE's Forex Margin Trading

**Solid growth in number of accounts and volume**  
**Market share has been reached 47% in March**

## ◆ Outline of the Service

<b>Introduction</b>	February 1, 2010 ~
<b>Currency</b>	9 pairs of currencies
<b>Commission</b>	210 yen/unit
<b>Order method</b>	12 types

## ◆ Background

- Merits for tax treatment
  - Separated capital gain taxation of 20%
  - Combined taxation with gain and loss for Futures and Options
  - Tax loss carry-forward for max 3 years
- Transparent pricing method
  - 8 bids/offers on pricing board
- High level of protection of customers' margin assets
  - Segregated by the OSE

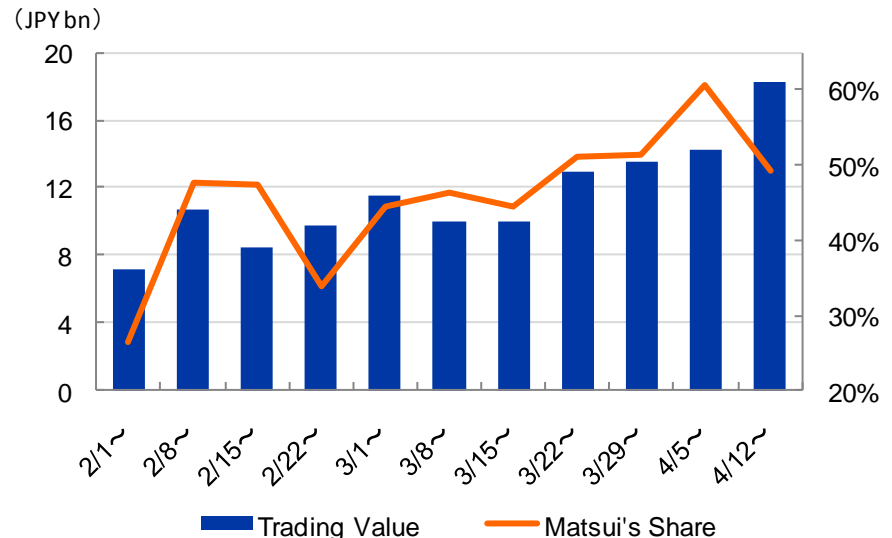
## ◆ Recent Results (maximum of 2/1-)

- # of accounts : 4,122 (As of 31 Mar. 10)
- Trading volume : 5,131bn (16 Apr. 10)
- Market share : 63% (6 Apr. 10)

## ◆ Undertakings in FY09

- No commission charge for new customers
- Introduction of the trigger mail function

## ◆ Trading Value and Market Share



# Details of Newly Offered Services

Campaign/Promotion	Improvement in Quality of Services to Customers
<ul style="list-style-type: none"> <li>◆ No commission charge for RTGS up to JPY10mn of trading value (1/4-3/31)</li> <li>◆ Discount of commission charge for Nikkei 225 futures trading among new futures/options customers (12/7-1/29)</li> <li>◆ No commission charge for new OSE's FX customers (2/1-3/31)</li> <li>◆ No commission charge for transferring stocks from other brokers (4/1-5/31)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Upgrade "Stock Price Information Board" and "Bid and Offer Pricing Board" (1/4-)</li> <li>◆ Start the OSE's FX (2/1-)</li> <li>◆ Increase in number of dealing Chinese stocks (3/1-)</li> <li>◆ Expand the trading function for the OSE's FX (3/28-) ~Introduce the trigger mail function</li> </ul>

The material is intended to provide the financial results for the quarter ended 31 March 2010 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 2010. 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

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