



# Matsui Securities Co., Ltd.

(First Section of Tokyo Stock Exchange: 8628)

## Annual Results for FY2010

April 2011

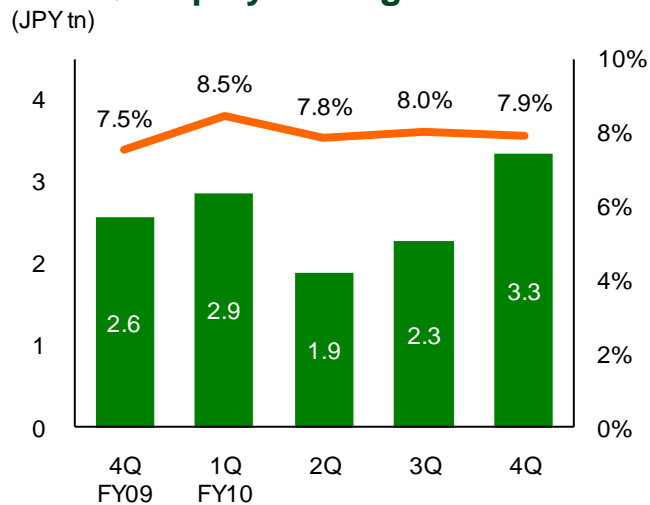
# Table of Contents

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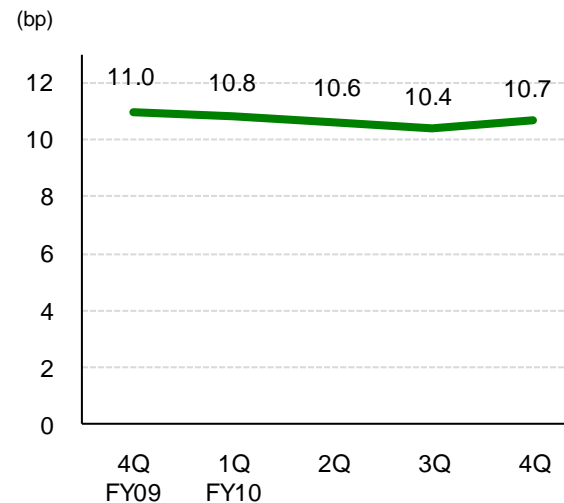
Section 1	Financial Summary	5
Section 2	Results of Operation	14
Section 3	Recent Developments	22

# Results of Operation

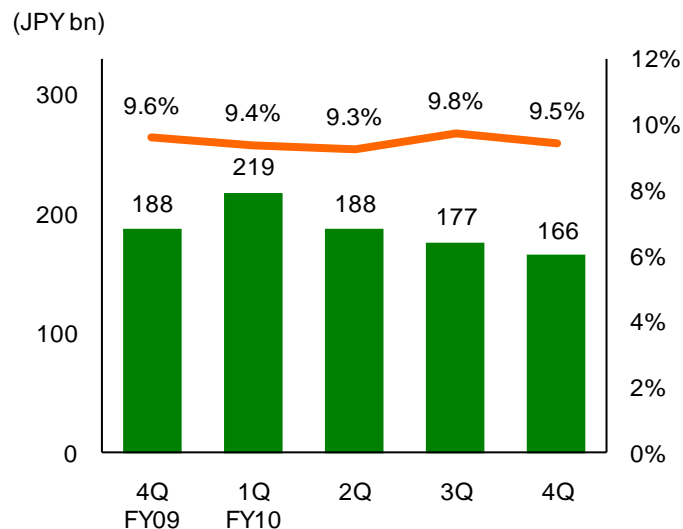
## ◆ Equity trading value



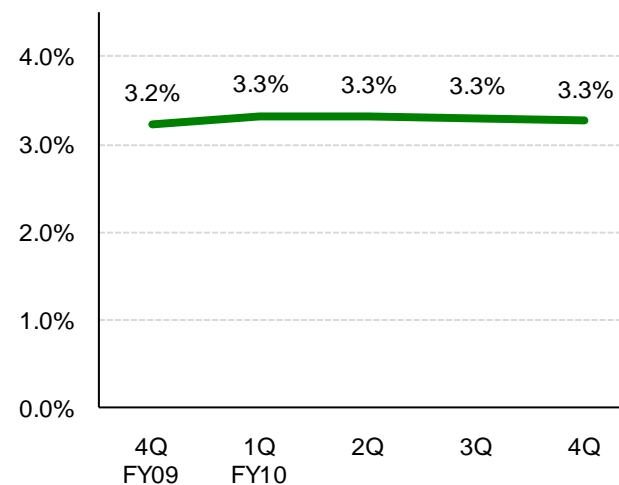
## ◆ Equity commission rate



## ◆ Margin balance

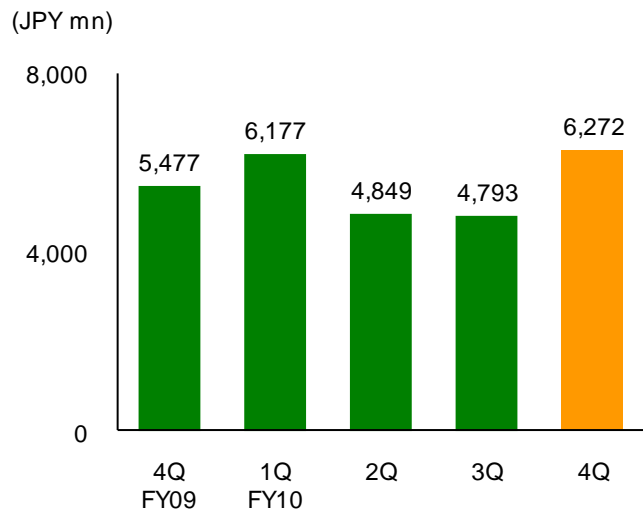


## ◆ Net interest income ratio

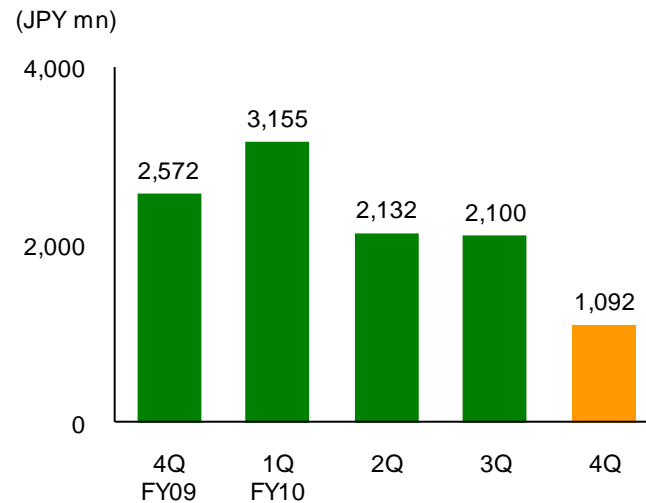


# Financial Results

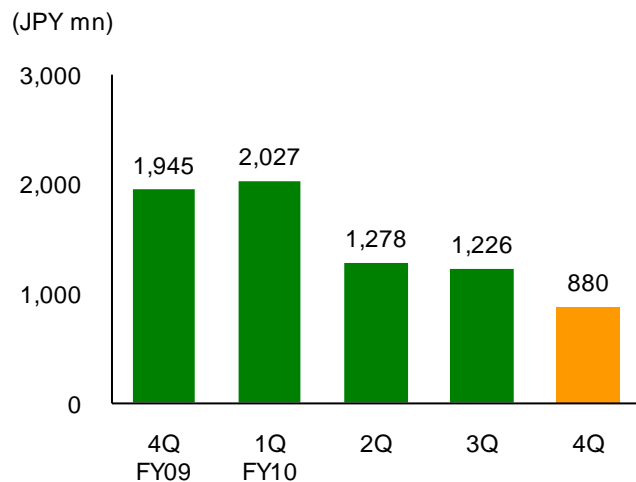
## ◆ Operating revenues



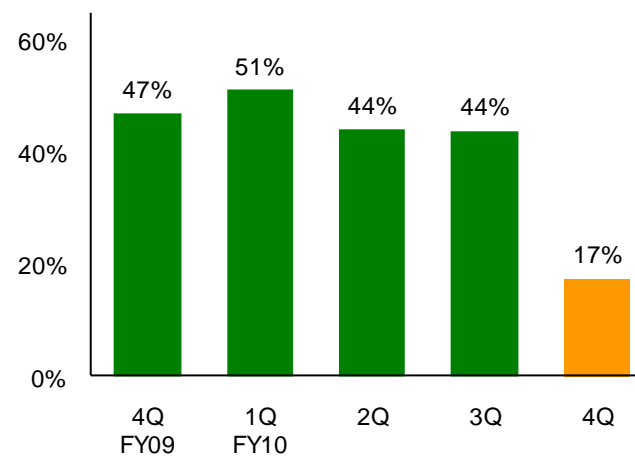
## ◆ Ordinary income



## ◆ Net income

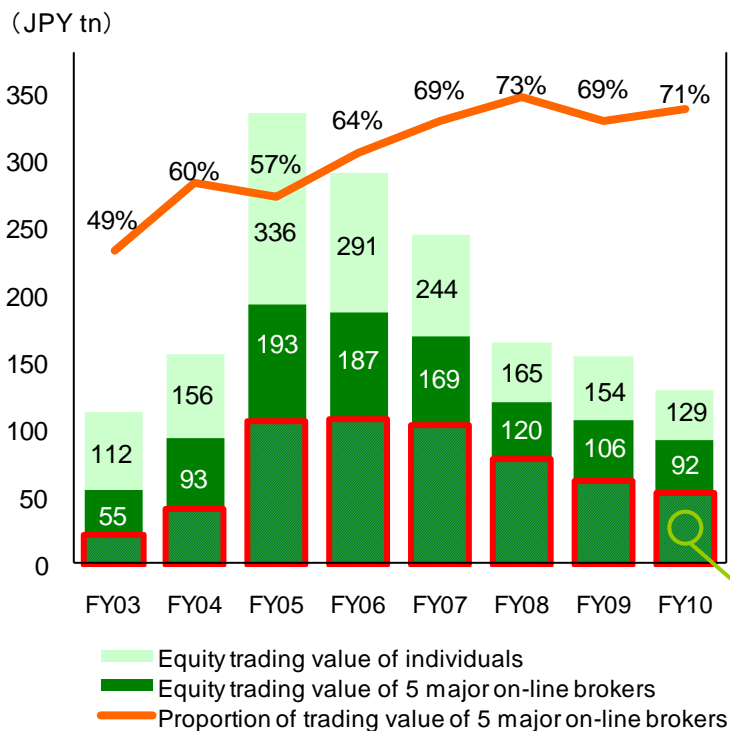


## ◆ Ordinary income ratio



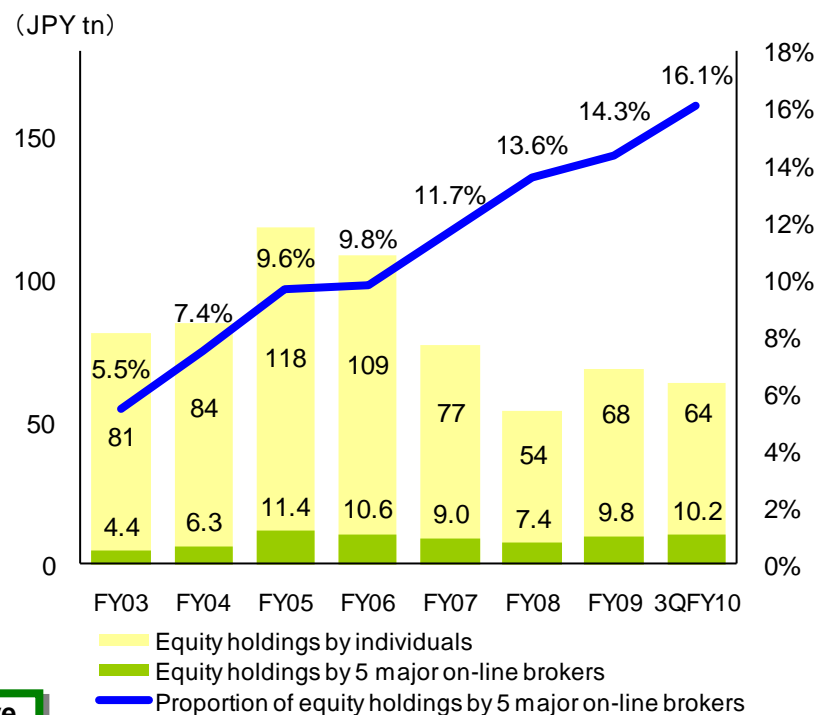
# Overview of Retail Equity Trading Market

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



**Super active traders  
JPY 50 tn  
(Estimate)**

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



# Financial Summary

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## Section 1

# Summary of Financial Results (FY10)

(JPY mn)

	FY10 (Apr.10-Mar.11)	FY09 (Apr.09-Mar.10)	YoY
Operating Revenues	22,091	24,346	-9%
Commissions	15,037	17,282	-13%
Interest & dividend income	7,053	7,060	-0%
Interest expenses	770	1,069	-28%
Net operating revenues	21,320	23,276	-8%
SG&A	12,870	11,891	8%
Operating income	8,450	11,385	-26%
Ordinary income	8,479	11,545	-27%
Net income	5,410	7,661	-29%
Ordinary income ratio	38%	47%	-
Matsui's trading value (JPY tn)	10.4	12.3	-15%
Daily average trading value on TSE (JPY tn)	1.6	1.6	0%

# Breakdown of Net Operating Revenues (FY10)

(JPY mn)

	FY10 (Apr.10-Mar.11)	FY09 (Apr.09-Mar.10)	YoY
Commissions	15,037	17,282	-13%
Brokerage	13,455	15,424	-13%
Equity	11,126	13,381	-17%
Futures & Options	1,815	1,865	-3%
Others	1,579	1,846	-14%
Net gain (loss) on trading	0	4	-91%
Interest & dividend income (1)	7,053	7,060	-0%
Total operating revenues	22,091	24,346	-9%
Interest expenses (2)	770	1,069	-28%
Net operating revenues	21,320	23,276	-8%
Net interest income (1) - (2)	6,283	5,990	5%



## Breakdown of SG&A (FY10)

~Provision of allowance for doubtful accounts in FY10 was 2.4bn yen mainly due to futures and options transaction loss of customers as the result of significantly volatile market movements following the great eastern Japan earthquake

(JPY mn)

	FY10 (Apr.10-Mar.11)	FY09 (Apr.09-Mar.10)	YoY
Transaction related expenses	3,365	3,630	-7%
Advertisement	375	391	-4%
Employees' compensation & benefits	1,974	1,930	2%
Occupancy & rental	1,128	1,040	8%
Data processing & office supplies	1,931	3,139	-39%
Depreciation	1,825	1,775	3%
Duties & taxes other than income taxes	118	143	-17%
Provision of allowance for doubtful accounts	2,378	124	-
Others	151	109	38%
Total SG&A	12,870	11,891	8%

# Summary of Financial Results (Quarterly)

(JPY mn)

	FY10	FY10	QoQ	FY10		FY09	YoY	FY10 TOTAL
	4Q	3Q		2Q	1Q	4Q		
Operating Revenues	6,272	4,793	31%	4,849	6,177	5,477	15%	22,091
Commissions	4,570	3,190	43%	3,021	4,256	3,787	21%	15,037
Interest & dividend income	1,704	1,602	6%	1,827	1,920	1,691	1%	7,053
Interest expenses	211	185	14%	170	205	215	-2%	770
Net operating revenues	6,061	4,608	32%	4,679	5,972	5,263	15%	21,320
SG&A	4,983	2,512	98%	2,548	2,828	2,791	79%	12,870
Operating income	1,078	2,097	-49%	2,131	3,144	2,472	-56%	8,450
Ordinary income	1,092	2,100	-48%	2,132	3,155	2,572	-58%	8,479
Net income	880	1,226	-28%	1,278	2,027	1,945	-55%	5,410
Ordinary income ratio	17%	44%	-	44%	51%	47%	-	38%
Matsui's trading value (JPY tn)	3.3	2.3	46%	1.9	2.9	2.6	30%	10.4
Daily average trading value on TSE (JPY tn)	1.9	1.4	29%	1.3	1.7	1.5	24%	1.6

# Breakdown of Net Operating Revenues (Quarterly)

(JPY mn)

	FY10	FY10	QoQ	FY10		FY09	YoY	FY10
	4Q	3Q		2Q	1Q	4Q		TOTAL
Commissions	4,570	3,190	43%	3,021	4,256	3,787	21%	15,037
Brokerage	4,227	2,883	47%	2,600	3,744	3,351	26%	13,455
Equity	3,578	2,373	51%	2,035	3,140	2,869	25%	11,126
Futures & Options	480	364	32%	455	516	441	9%	1,815
Others	342	304	13%	421	512	436	-21%	1,579
Net gain (loss) on trading	-2	1	-	1	1	-1	-	0
Interest & dividend income (1)	1,704	1,602	6%	1,827	1,920	1,691	1%	7,053
Total operating revenues	6,272	4,793	31%	4,849	6,177	5,477	15%	22,091
Interest expenses (2)	211	185	14%	170	205	215	-2%	770
Net operating revenues	6,061	4,608	32%	4,679	5,972	5,263	15%	21,320
Net interest income (1) - (2)	1,493	1,418	5%	1,657	1,715	1,477	1%	6,283

# Breakdown of SG&A (Quarterly)

~Provision of allowance for doubtful accounts in FY10 was 2.4bn yen mainly due to futures and options transaction loss of customers as the result of significantly volatile market movements following the great eastern Japan earthquake

(JPY mn)

	FY10	FY10	QoQ	FY10		FY09	YoY	FY10 TOTAL
	4Q	3Q		2Q	1Q	4Q		
Transaction related expenses	892	782	14%	806	884	895	-0%	3,365
Advertisement	111	83	33%	96	86	107	3%	375
Employees' compensation & benefits	482	490	-2%	458	544	476	1%	1,974
Occupancy & rental	296	279	6%	272	281	291	2%	1,128
Data processing & office supplies	445	462	-4%	452	570	596	-25%	1,931
Depreciation	435	453	-4%	465	472	482	-10%	1,825
Duties & taxes other than income taxes	32	22	44%	25	39	31	3%	118
Provision of allowance for doubtful accounts	2,378	-	-	-	-	5	-	2,378
Others	22	23	-4%	69	37	14	56%	151
<b>Total SG&amp;A</b>	<b>4,983</b>	2,512	98%	2,548	2,828	2,791	79%	12,870

# Policy of Profit Sharing with Shareholders

## Plan to pay 15 yen per share as dividends for FY10

### ◆ Dividend policy

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

### ◆ Dividends for FY10

- Plan to pay 15 yen per share

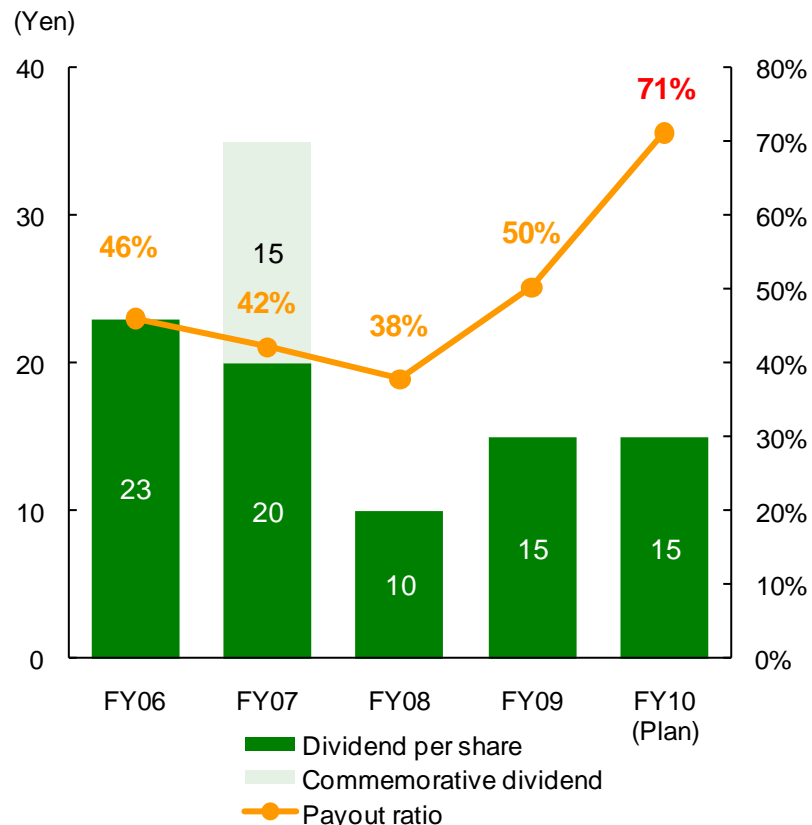
### ◆ Convertible Bond

Redemption at maturity of outstanding balance of 15,576 million yen on 31 Mar. 2011

※Cancellation of the CB in FY10

- Date of cancellation : 17 Jun. 2010
- Amount cancelled : 10,930 million yen
- Impact on financial results : 82 million yen of gains on cancellation

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

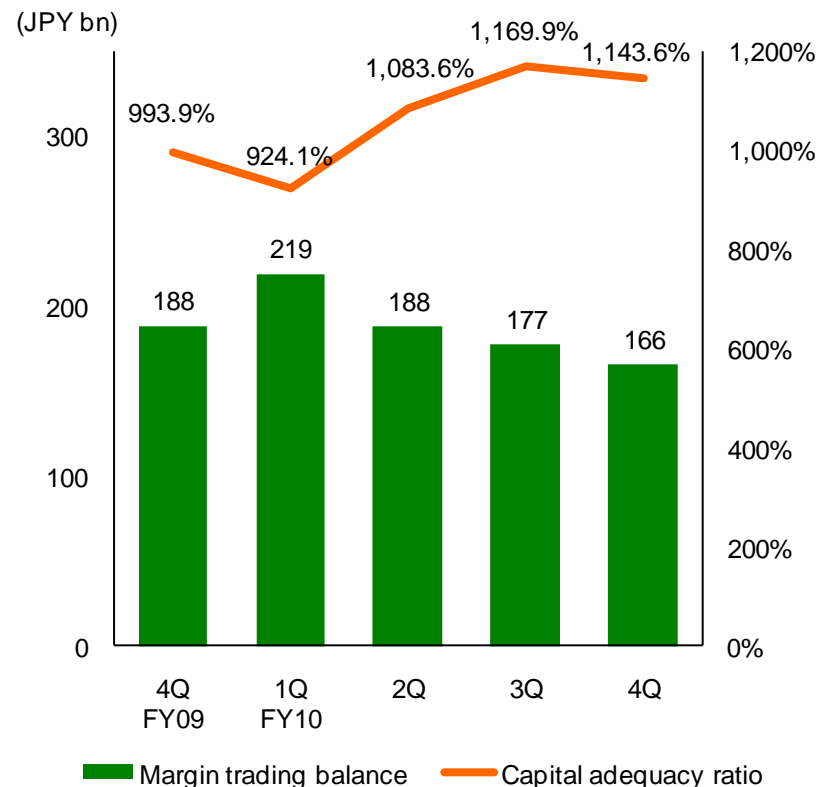


# Capital Adequacy Ratio

## ◆ Capital adequacy ratio (As of 31 March 11)

		(JPY mn)
Tier 1	(A)	71,808
Tier 2	Net unrealized gain on investment	0
	Statutory reserves	1,108
	Allowance for doubtful accounts	28
	Sub total (B)	1,136
Assets to be deducted from equity capi	(C)	9,034
Net Capital		
	(A) + (B) - (C) (D)	63,910
Total risk	Market risk	0
	Counterparty risk	3,349
	Basic risk	2,238
	Total (E)	5,588
Capital Adequacy ratio (D)/(E)		1,143.6%

## ◆ Margin trading balance and capital adequacy ratio



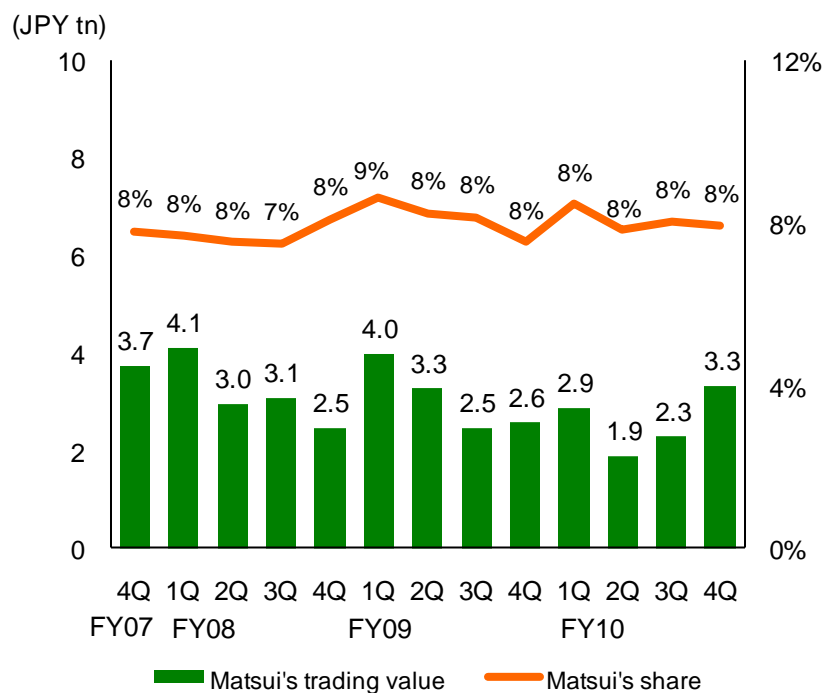
# Results of Operation

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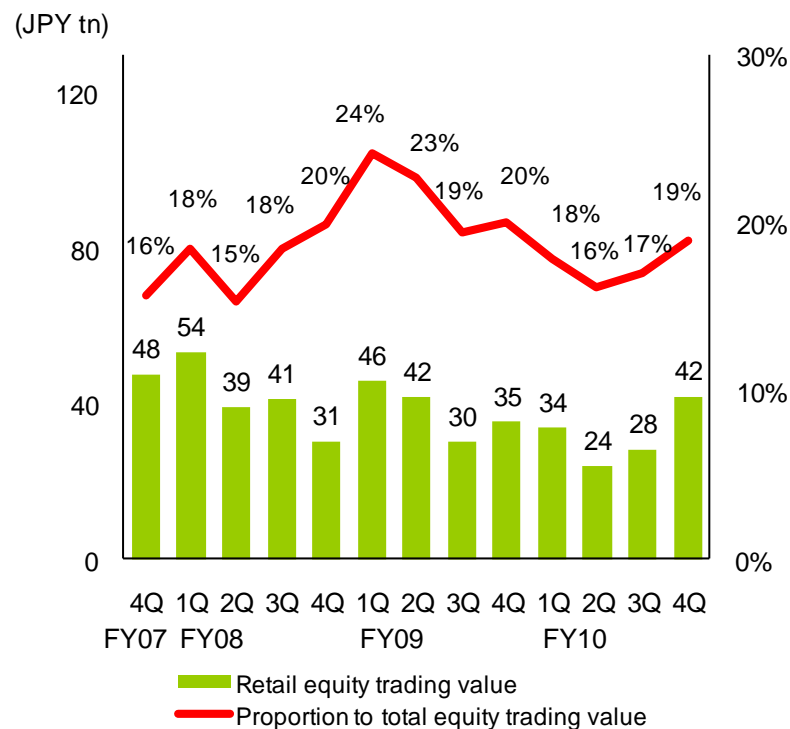
## Section 2

# Equity Trading Value

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



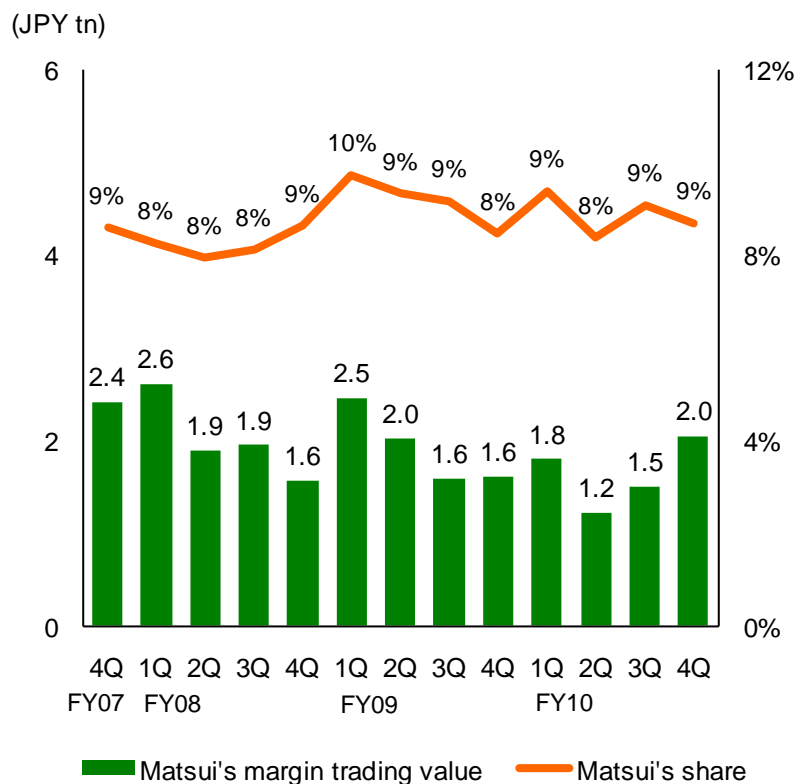
## ◆ Retail equity trading value<sup>1</sup> and proportion to total equity trading value



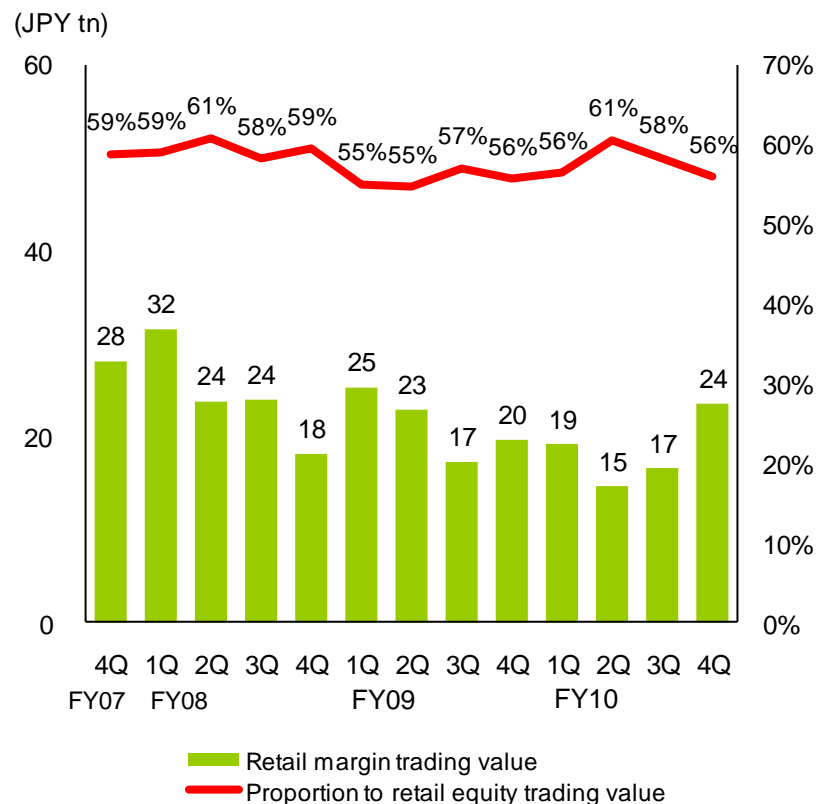


# Margin Trading Value

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

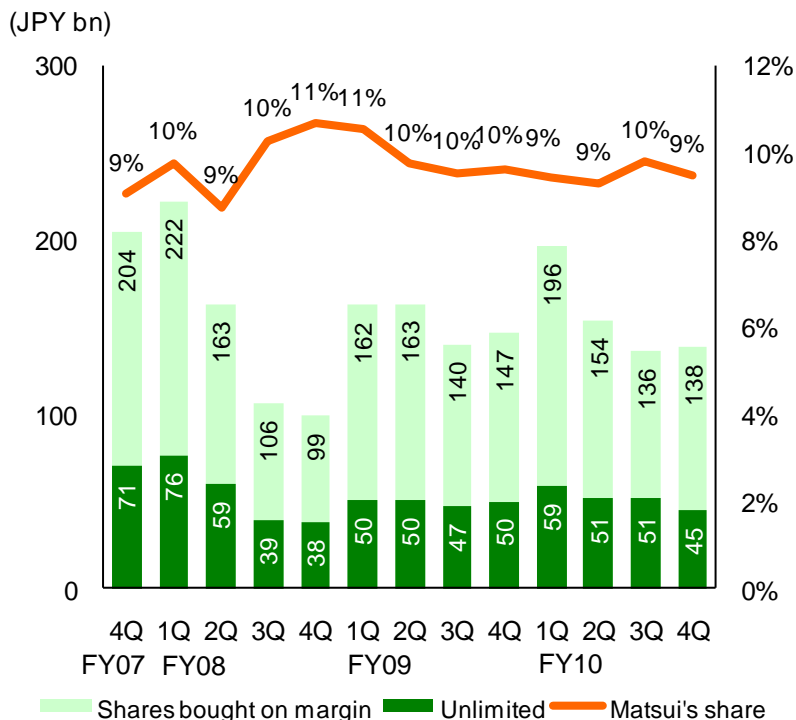


## ◆ Retail margin trading value<sup>1</sup> and proportion to total retail equity trading value

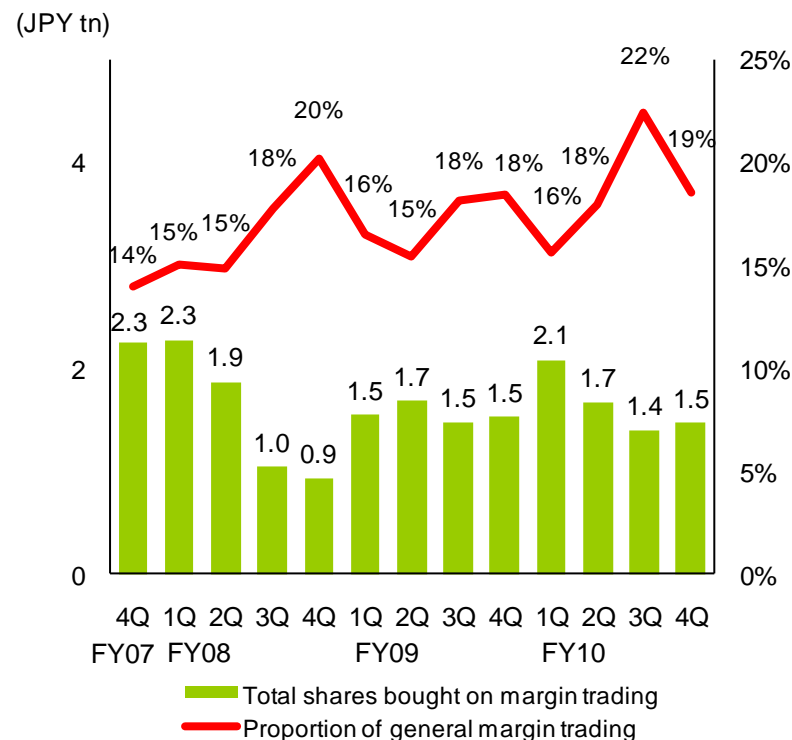


# Margin Trading Balance

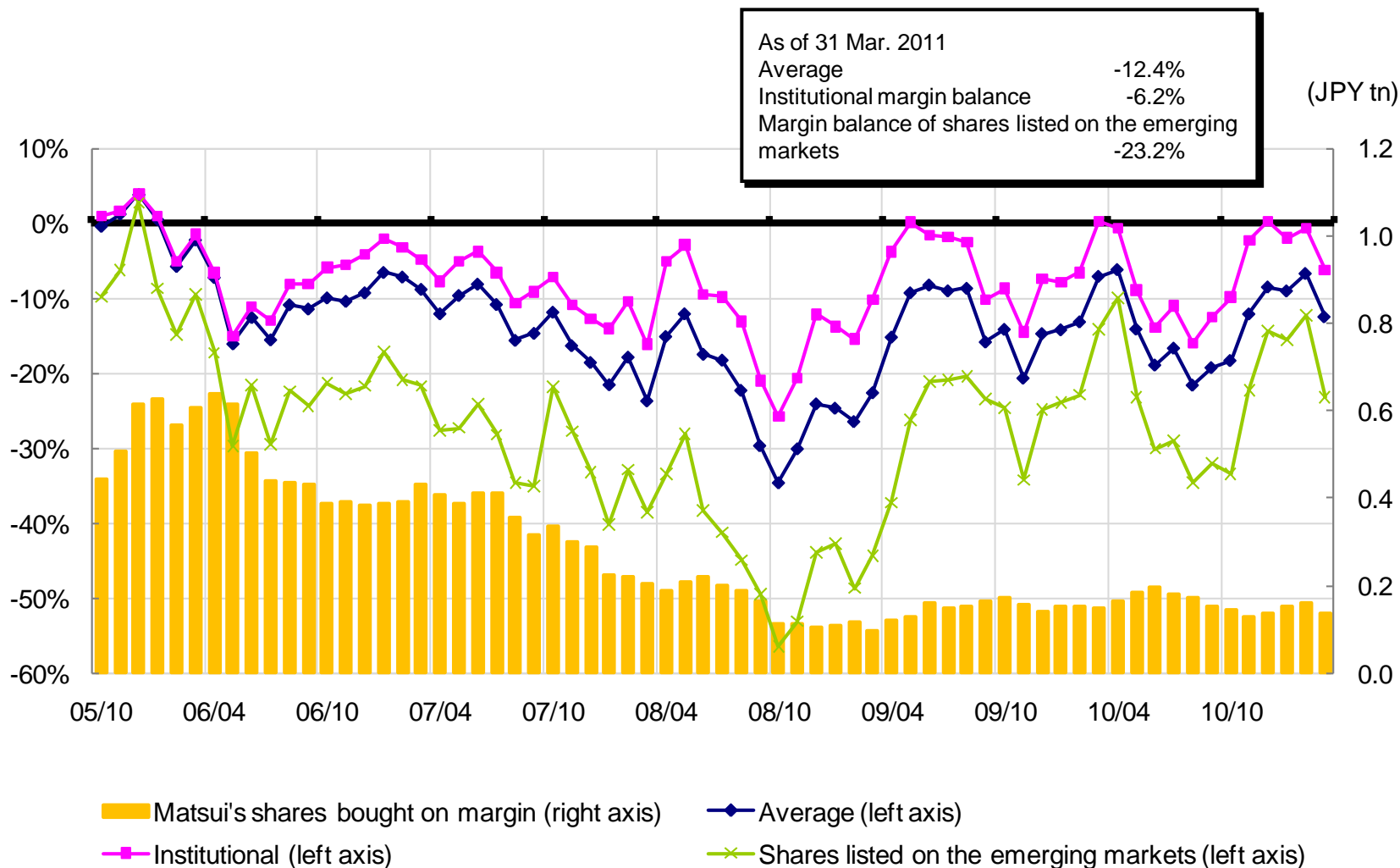
## ◆ Matsui's shares bought on margin<sup>1</sup> and its market share<sup>2</sup>



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

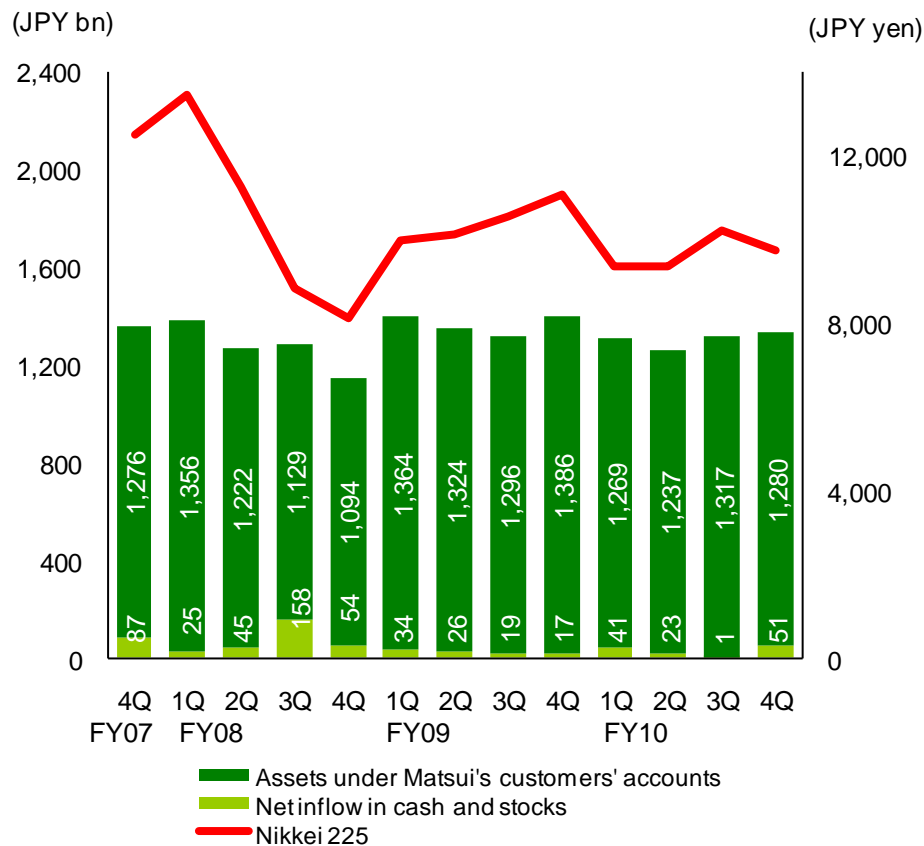


# Evaluation Losses on Matsui's Margin Balance

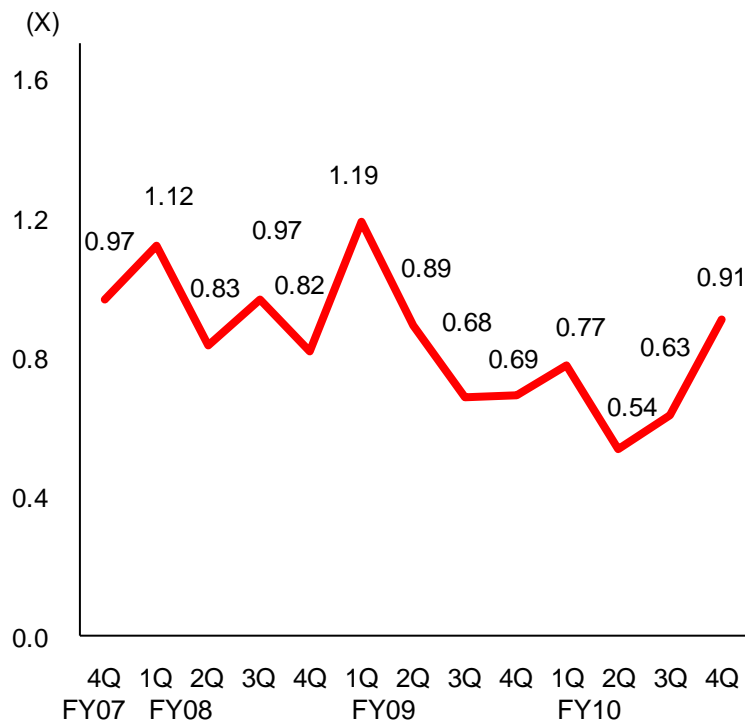


# Assets under Customers' Accounts / Trading Turnover

## ◆ Assets under Matsui's customers' accounts



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



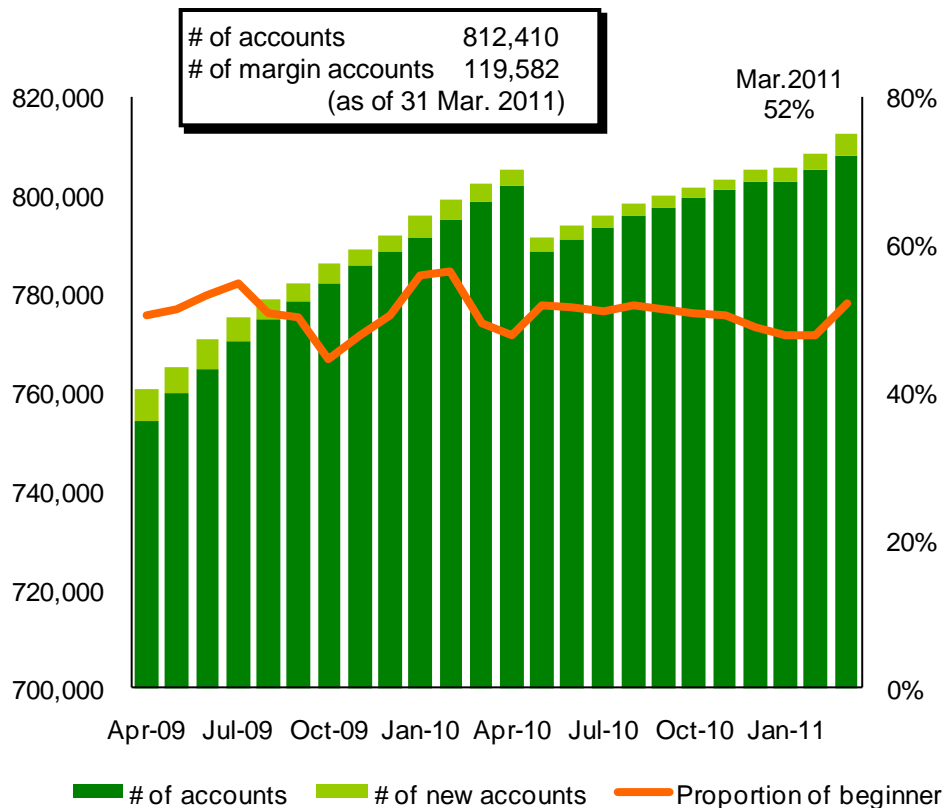
Note 1: Equity trading turnover = (monthly average trading value) / (quarterly average assets under customers' accounts\*)

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

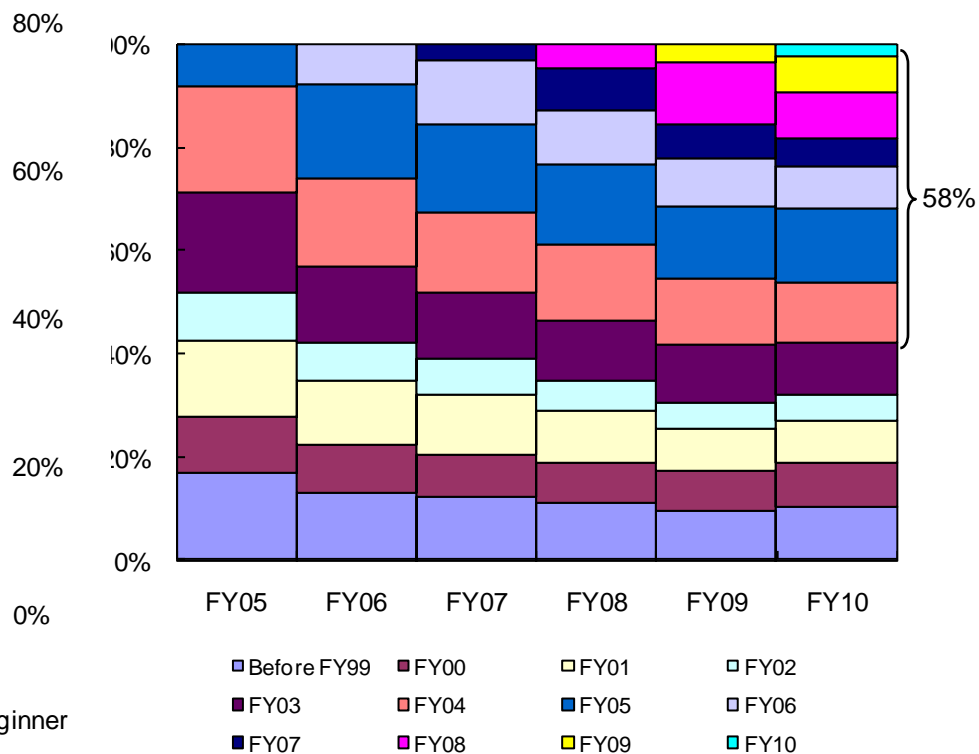
Note 2: Nikkei 225 is the closed price at the end of each quarter

# Number of Accounts / Breakdown of Trading Value

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



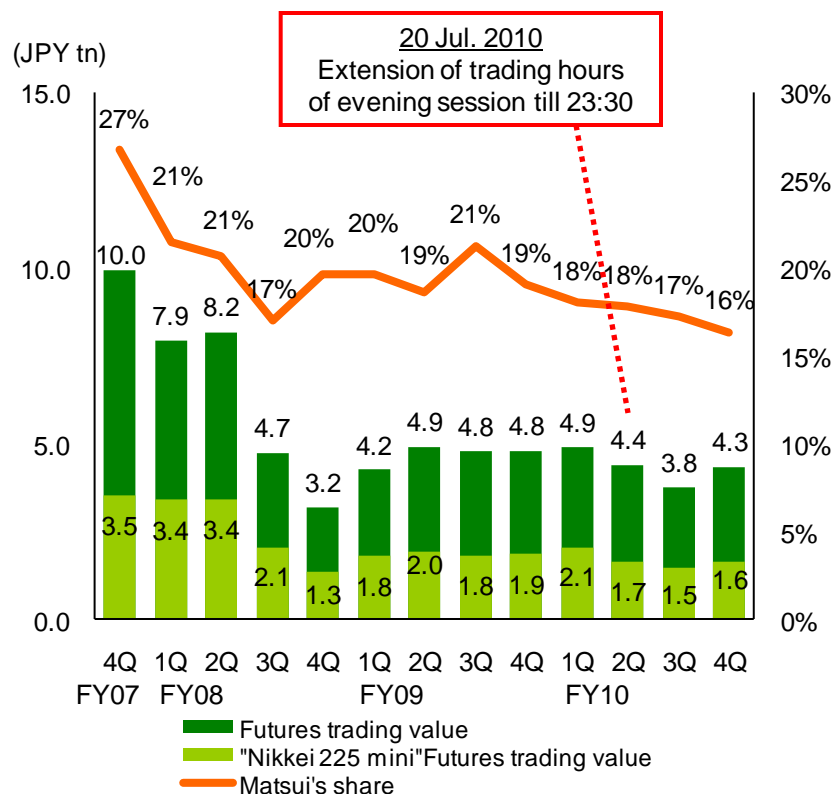
## ◆ Breakdown of trading value by customers opening the accounts in each fiscal year



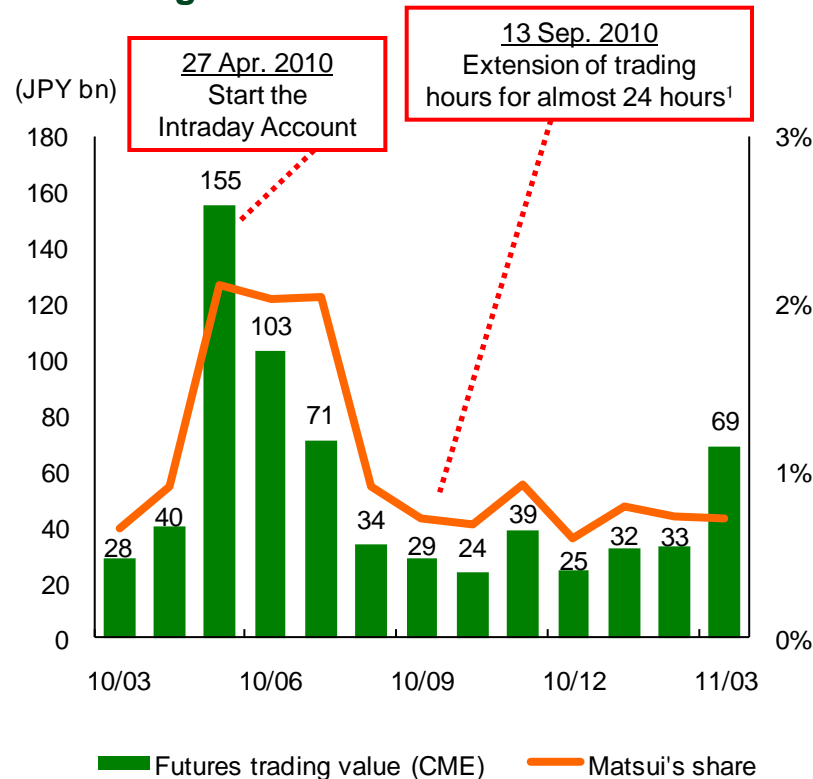
Note 1: Number of accounts as of the end of each month  
Dormant accounts were closed down 28,846 in Apr. 2009, 16,431 in May 2010 and 1,925 in Jan. 2011

# Nikkei 225 Futures

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



## ◆ Matsui's CME Nikkei225 Futures trading value



Source: OSE (Osaka Securities Exchange)

Note 1: The trading hours of CME Nikkei 225 Futures are 07:00am-05:15am (US summer time), 08:00am-06:15am (US winter time)

# 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"
- ◆ Pioneer in providing specific application available for smartphone

## 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



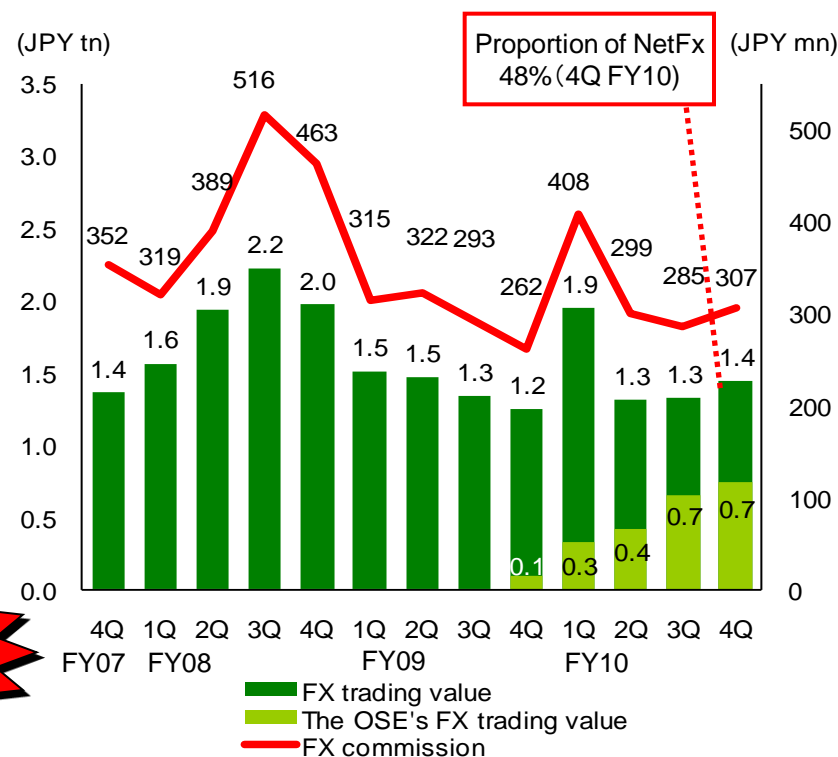
# FX Margin Trading

No commission charge and new spread for “NetFx”- OTC FX trading are implemented from 4 April, 2011

## ◆ New commission and spread<sup>1</sup>

Transaction Currents	New Commission	New Spread
USD/JPY	0 Yen	2 Pips
EUR/JPY		4 Pips
AUD/JPY		4 Pips
NZD/JPY		6 Pips
GBP/JPY		6 Pips
CAD/JPY		6 Pips
CHF/JPY		6 Pips
ZAR/JPY		6 Pips
HKD/JPY		4 Pips

## ◆ Matsui’s FX trading value and commission



## Spread reduction campaign for “NetFx”-OTC FX trading

Reduction of spread for “AUD/JPY” from 4 pips to 2 pips (from 2 May to 30 Jul. 2011)

“AUD/JPY” Spread 4pips→2pips

# RTGS / Enhancement of Trading Platform

## ◆Real-Time-Gross-Settlement

- Steady operation of system, secure liquidity is the highest priority
- # of accounts : 44,370 (As of 31 Mar. 2011)

### ~ Undertakings in FY10 ~

- No commission charge up to JPY10mn of trading value (~Jun.11)

### 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

## ◆Enhancement of the mobile trading platform

- March 2009  
Introduce “KABU touch” as a real time information application first among the securities companies in Japan
- August 2010  
Add trading function of cash and margin trading to “KABU touch”
- February 2011

**Add trading function of futures and options to “KABU touch”**

< Speed Order >



< Technical Char >



# 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 (2011/1/4-3/31, 4/1-6/30)</li> <li>◆ No commission charge for ETF trading (2010/12/21-2011/2/28)</li> <li>◆ Starting campaign for loss-cut account (2011/2/14-3/31) ~Discount of commission charge for Nikkei 225 futures trading for the customers who open the loss-cut account</li> <li>◆ No commission charge for CME Nikkei 225 futures trading (2011/4/29-5/7)</li> <li>◆ Spread reduction campaign for “AUD/JPY” in “NetFx”-OTC FX trading (2011/5/2-7/30)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Implementation of new commission charge (2011/1/24-)</li> <li>◆ Introduction of loss-cut account for futures and options trading (2011/2/14-) ~First among the major on-line brokers</li> <li>◆ Add trading function of futures and options to the application for iPhone “KABU touch” (2011/2/17-)</li> <li>◆ Add two transaction currencies for the OSE’s FX (2011/4/4-)</li> <li>◆ Implementation of no commission charge and new spread for “NetFx”-OTC FX trading (2011/4/4-)</li> </ul>

The material is intended to provide the financial results for the quarter ended 31 March 2011 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 2011. 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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