



# Matsui Securities Co., Ltd.

(First Section of TSE and OSE: 8628)

## Annual Results for FY2011

April 2012

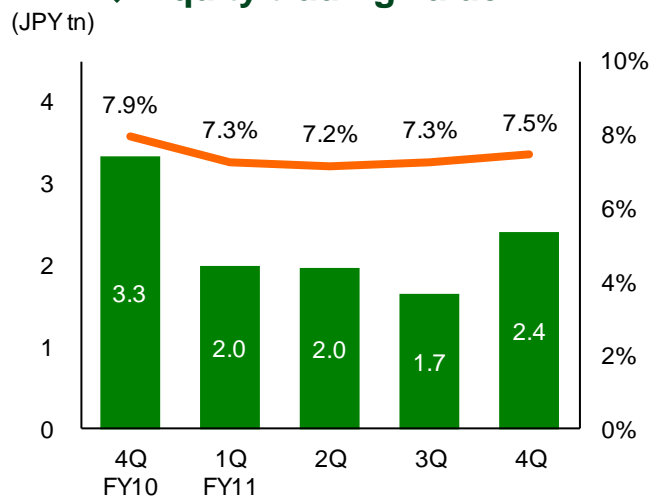
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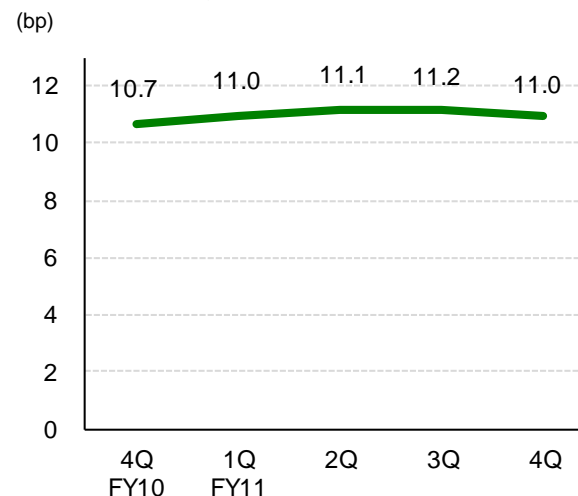
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# Results of Operation

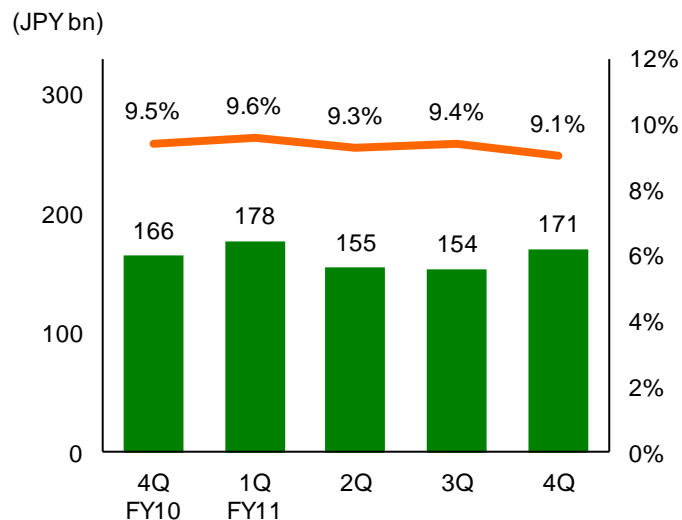
## ◆ Equity trading value



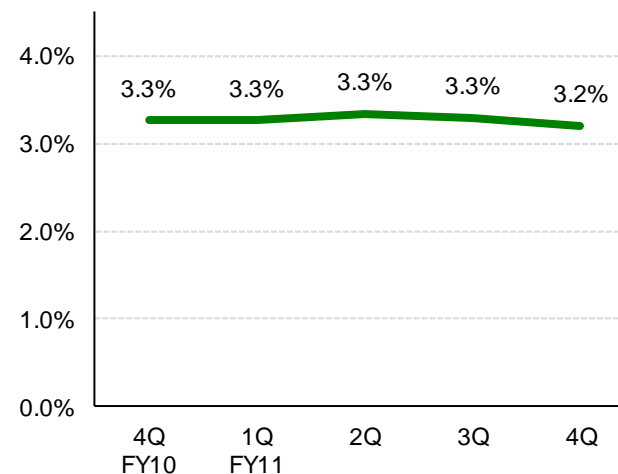
## ◆ Equity commission rate



## ◆ Margin balance

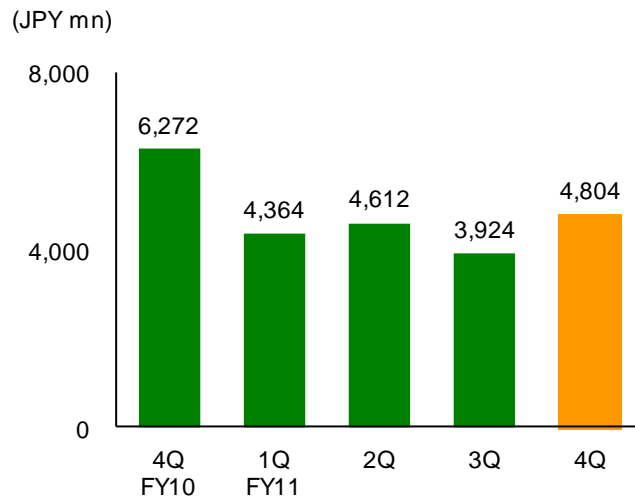


## ◆ Net interest income ratio

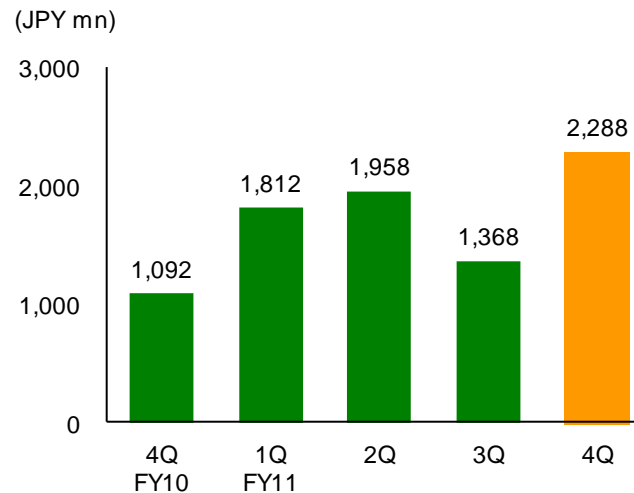


# Financial Results

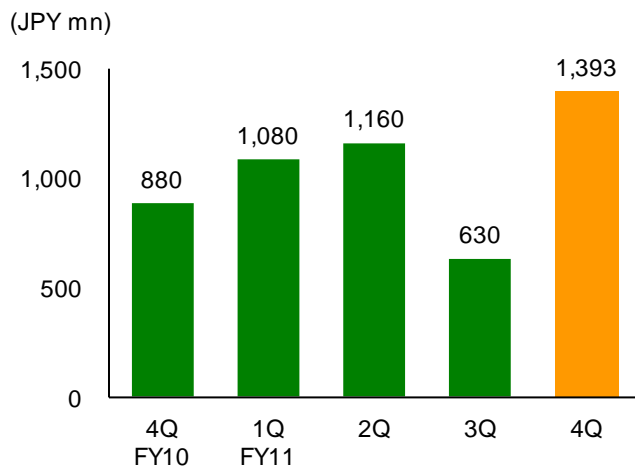
## ◆ Operating revenues



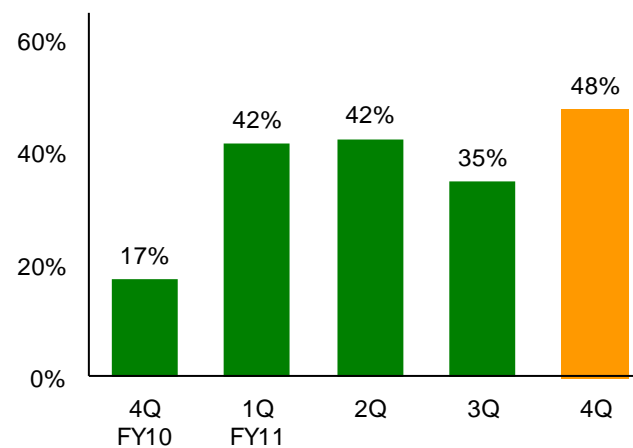
## ◆ Ordinary income



## ◆ Net income

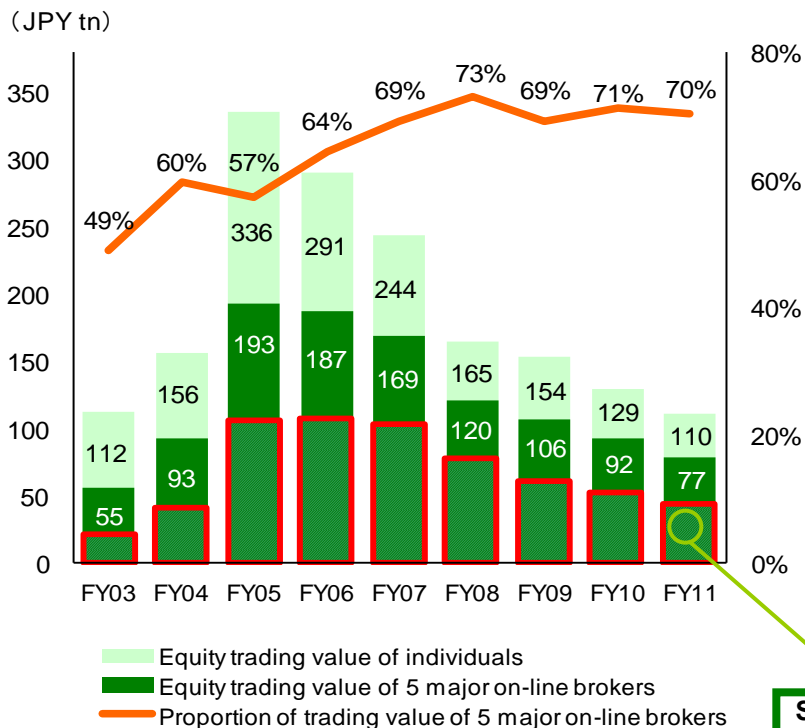


## ◆ Ordinary income ratio

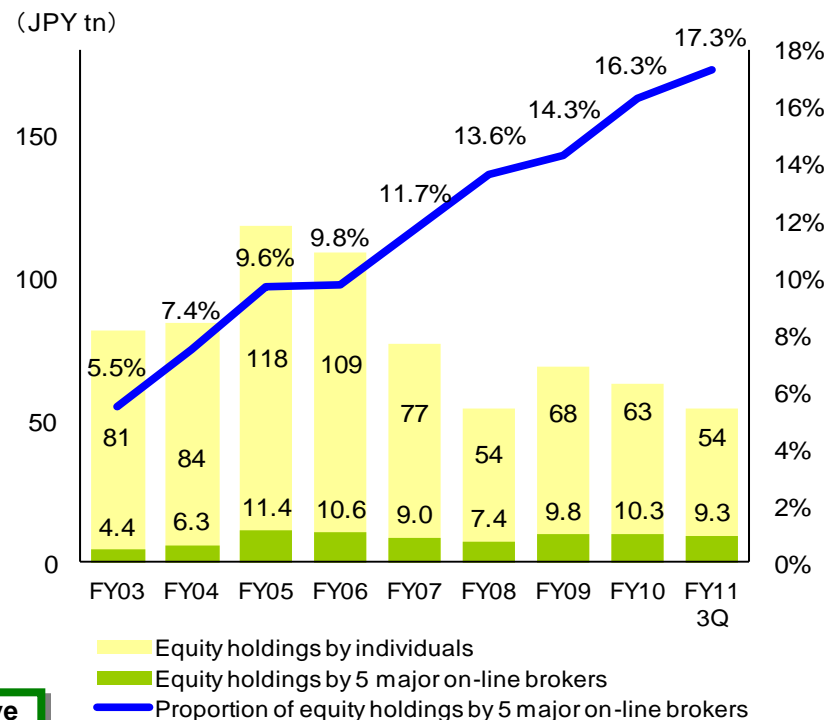


# Overview of Retail Equity Trading Market

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



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



# Financial Summary

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## Section 1

# Summary of Financial Results (FY11)

(JPY mn)

	FY11 (Apr.11-Mar.12)	FY10 (Apr.10-Mar.11)	YoY
Operating Revenues	17,703	22,091	-20%
Commissions	11,547	15,037	-23%
Interest & dividend income	6,211	7,053	-12%
Interest expenses	975	770	27%
Net operating revenues	16,728	21,320	-22%
SG&A	9,360	12,870	-27%
Operating income	7,368	8,450	-13%
Ordinary income	7,426	8,479	-12%
Net income	4,263	5,410	-21%
Ordinary income ratio	42%	38%	-
Matsui's trading value (JPY tn)	8.0	10.4	-23%
Daily average trading value on TSE (JPY tn)	1.3	1.6	-16%

# Breakdown of Net Operating Revenues (FY11)

(JPY mn)

	FY11 (Apr.11-Mar.12)	FY10 (Apr.10-Mar.11)	YoY
Commissions	11,547	15,037	-23%
Brokerage	10,435	13,455	-22%
Equity	8,898	11,126	-20%
Futures & Options	973	1,815	-46%
Others	1,111	1,579	-30%
Net gain (loss) on trading	-55	0	-
Interest & dividend income (1)	6,211	7,053	-12%
Total operating revenues	17,703	22,091	-20%
Interest expenses (2)	975	770	27%
Net operating revenues	16,728	21,320	-22%
Net interest income (1) - (2)	5,236	6,283	-17%



# Breakdown of SG&A (FY11)

(JPY mn)

	FY11 (Apr.11-Mar.12)	FY10 (Apr.10-Mar.11)	YoY
Transaction related expenses	3,104	3,365	-8%
Advertisement	479	375	28%
Employees' compensation & benefits	1,809	1,974	-8%
Occupancy & rental	1,077	1,128	-4%
Data processing & office supplies	1,742	1,931	-10%
Depreciation	1,769	1,825	-3%
Duties & taxes other than income taxes	98	118	-17%
Provision of allowance for doubtful accounts	-346	2,378	-
Others	108	151	-28%
<b>Total SG&amp;A</b>	<b>9,360</b>	<b>12,870</b>	<b>-27%</b>

# Summary of Financial Results (Quarterly)

(JPY mn)

	FY11	FY11	QoQ	FY11		FY10	YoY	FY11
	4Q	3Q		2Q	1Q	4Q		TOTAL
Operating Revenues	4,804	3,924	22%	4,612	4,364	6,272	-23%	17,703
Commissions	3,302	2,470	34%	2,974	2,800	4,570	-28%	11,547
Interest & dividend income	1,500	1,453	3%	1,653	1,605	1,704	-12%	6,211
Interest expenses	283	211	34%	261	220	211	34%	975
Net operating revenues	4,520	3,713	22%	4,350	4,144	6,061	-25%	16,728
SG&A	2,254	2,347	-4%	2,393	2,366	4,983	-55%	9,360
Operating income	2,266	1,366	66%	1,958	1,778	1,078	110%	7,368
Ordinary income	2,288	1,368	67%	1,958	1,812	1,092	110%	7,426
Net income	1,393	630	121%	1,160	1,080	880	58%	4,263
Ordinary income ratio	48%	35%	-	42%	42%	17%	-	42%
Matsui's trading value (JPY tn)	2.4	1.7	46%	2.0	2.0	3.3	-28%	8.0
Daily average trading value on TSE (JPY tn)	1.4	1.1	31%	1.4	1.4	1.9	-25%	1.3

Source: TSE

# Breakdown of Net Operating Revenues (Quarterly)

(JPY mn)

	FY11	FY11	QoQ	FY11		FY10	YoY	FY11
	4Q	3Q		2Q	1Q	4Q		TOTAL
Commissions	3,302	2,470	34%	2,974	2,800	4,570	-28%	11,547
Brokerage	2,991	2,205	36%	2,665	2,574	4,227	-29%	10,435
Equity	2,657	1,844	44%	2,201	2,196	3,578	-26%	8,898
Futures & Options	215	249	-14%	304	204	480	-55%	973
Others	311	265	17%	309	226	342	-9%	1,111
Net gain (loss) on trading	1	1	170%	-15	-41	-2	-	-55
Interest & dividend income (1)	1,500	1,453	3%	1,653	1,605	1,704	-12%	6,211
Total operating revenues	4,804	3,924	22%	4,612	4,364	6,272	-23%	17,703
Interest expenses (2)	283	211	34%	261	220	211	34%	975
Net operating revenues	4,520	3,713	22%	4,350	4,144	6,061	-25%	16,728
Net interest income (1) - (2)	1,217	1,242	-2%	1,391	1,385	1,493	-19%	5,236

# Breakdown of SG&A (Quarterly)

(JPY mn)

	FY11	FY11	QoQ	FY11		FY10	YoY	FY11 TOTAL
	4Q	3Q		2Q	1Q	4Q		
Transaction related expenses	795	800	-1%	766	743	892	-11%	3,104
Advertisement	126	180	-30%	97	76	111	14%	479
Employees' compensation & benefits	449	443	1%	456	461	482	-7%	1,809
Occupancy & rental	237	262	-10%	284	294	296	-20%	1,077
Data processing & office supplies	415	445	-7%	432	449	445	-7%	1,742
Depreciation	447	460	-3%	425	437	435	3%	1,769
Duties & taxes other than income taxes	25	18	34%	23	32	32	-23%	98
Provision of allowance for doubtful accounts	-131	-96	-	-20	-98	2,378	-	-346
Others	19	14	37%	27	49	22	-15%	108
<b>Total SG&amp;A</b>	<b>2,254</b>	<b>2,347</b>	<b>-4%</b>	<b>2,393</b>	<b>2,366</b>	<b>4,983</b>	<b>-55%</b>	<b>9,360</b>

# Policy of Profit Sharing with Shareholders

## Plan to pay 15 yen per share as dividends for FY11

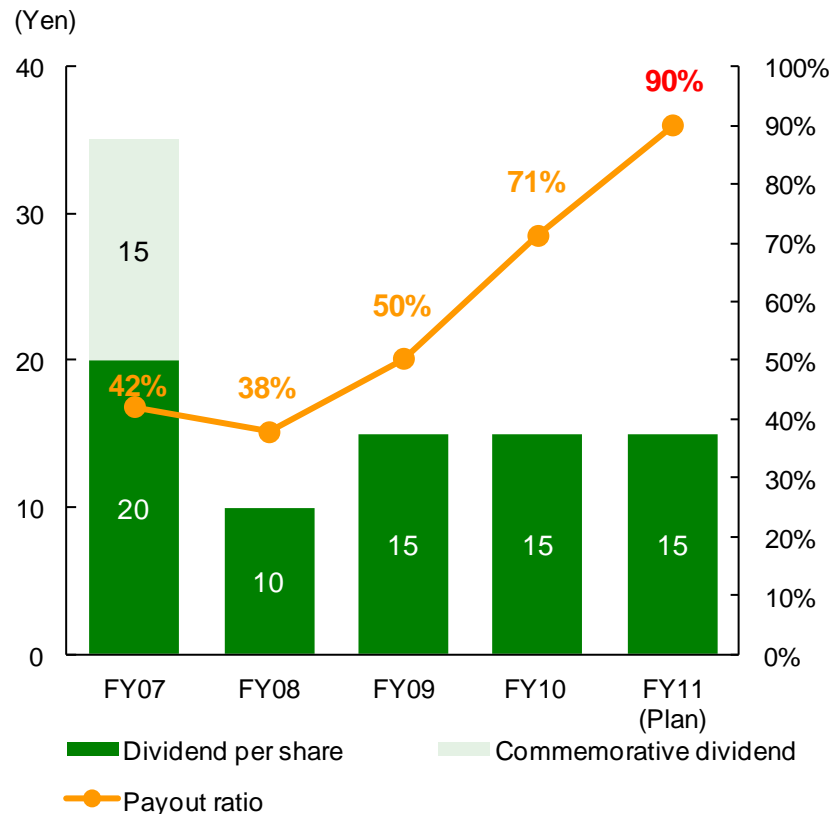
### ◆ Dividend policy

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

### ◆ Dividends for FY11

- Plan to pay 15 yen per share

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

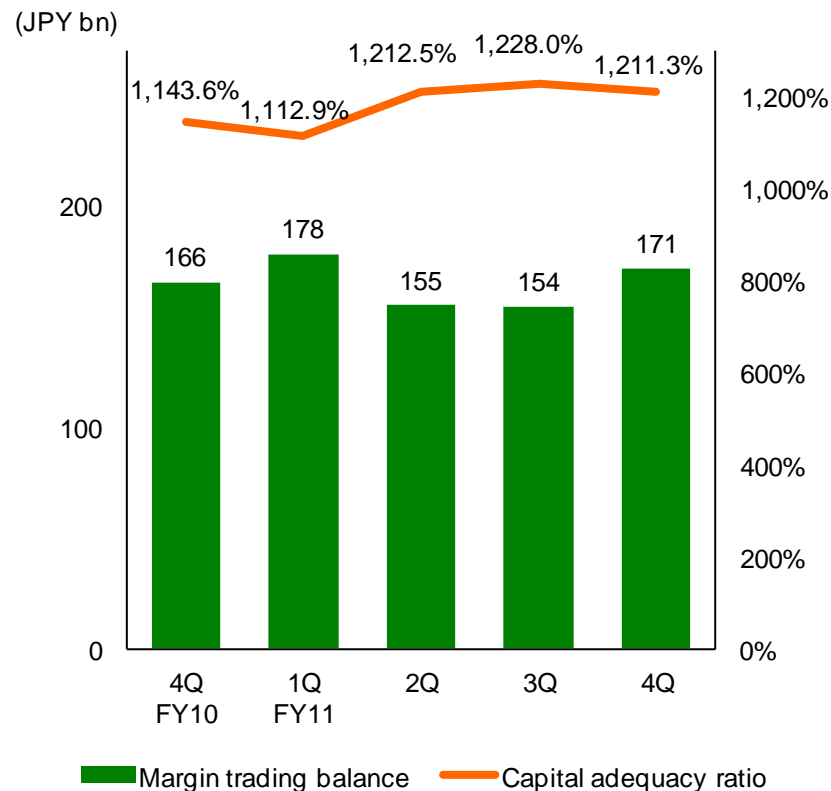


# Capital Adequacy Ratio

## ◆ Capital adequacy ratio (As of 31 March 2012)

		(JPY mn)
Tier 1	(A)	72,212
Tier 2	Net unrealized gain on investment	-
	Statutory reserves	1,067
	Allowance for doubtful accounts	12
	Sub total (B)	1,079
Assets to be deducted from equity capital	(C)	7,675
Net Capital		
	(A) + (B) - (C) (D)	65,617
Total risk	Market risk	0
	Counterparty risk	3,267
	Basic risk	2,149
	Total (E)	5,416
Capital Adequacy ratio (D)/(E)		1,211.3%

## ◆ Margin trading balance and capital adequacy ratio



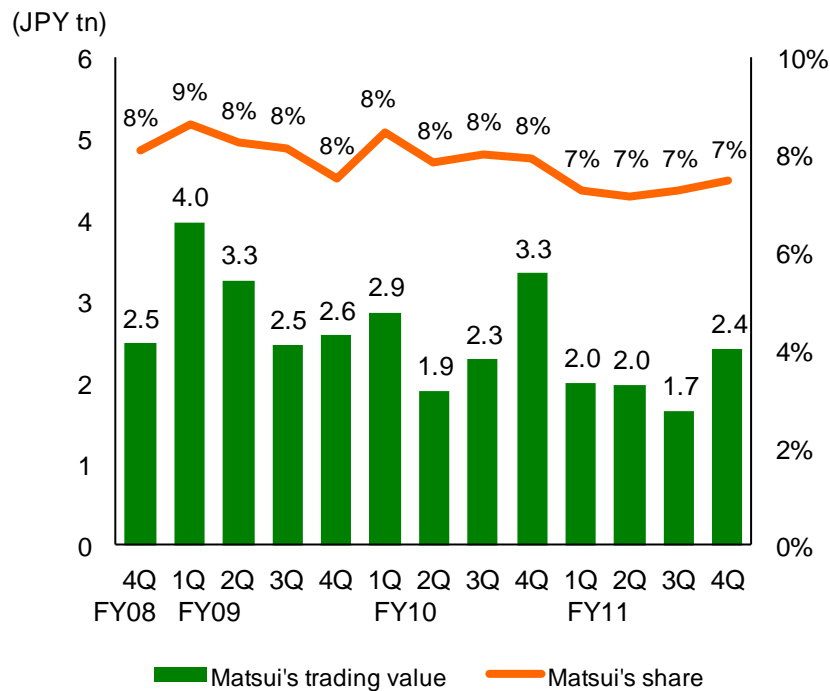
# Results of Operation

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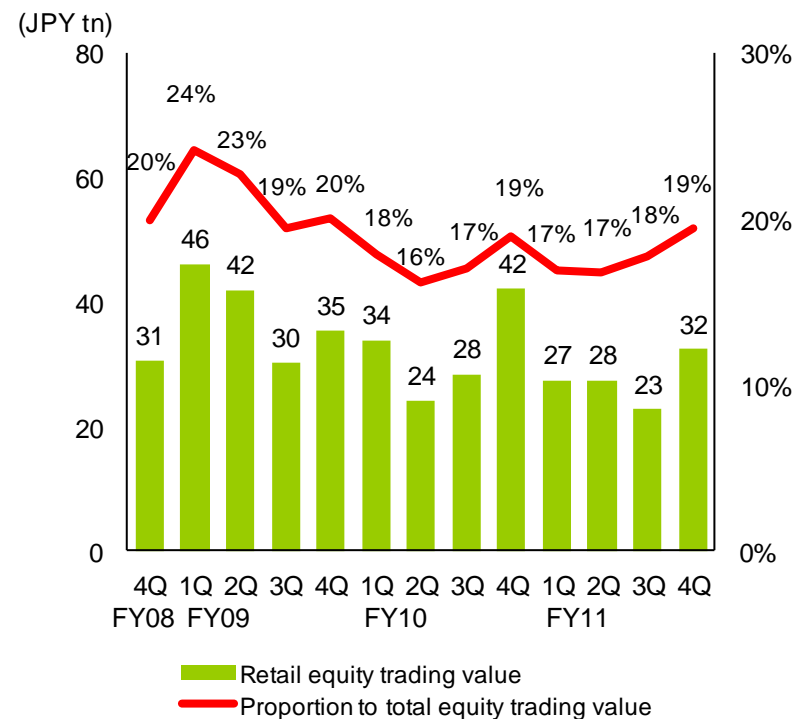
## Section 2

# Equity Trading Value

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



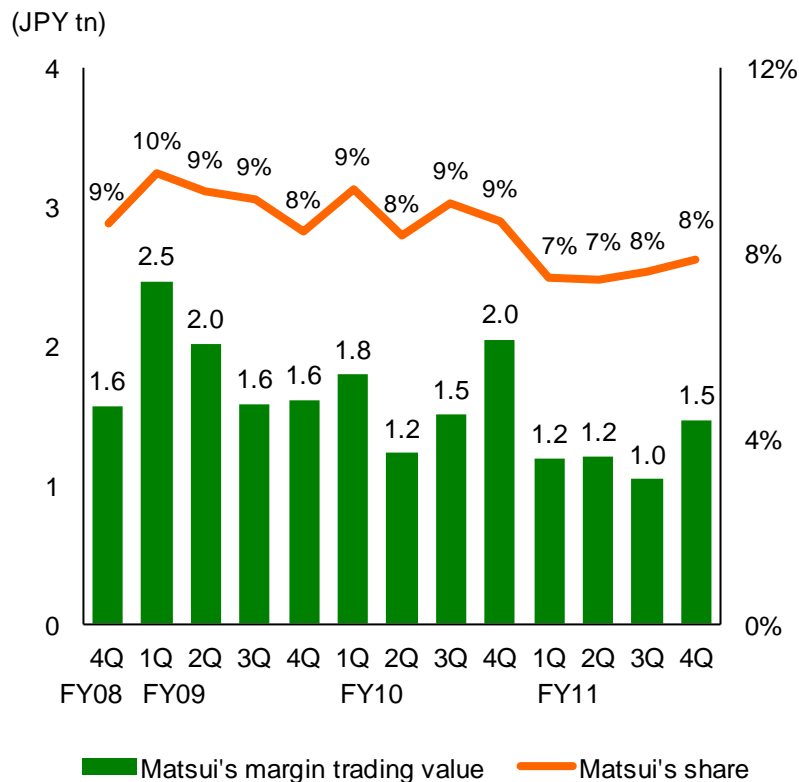
## ◆ Retail equity trading value<sup>1</sup> and proportion to total equity trading value



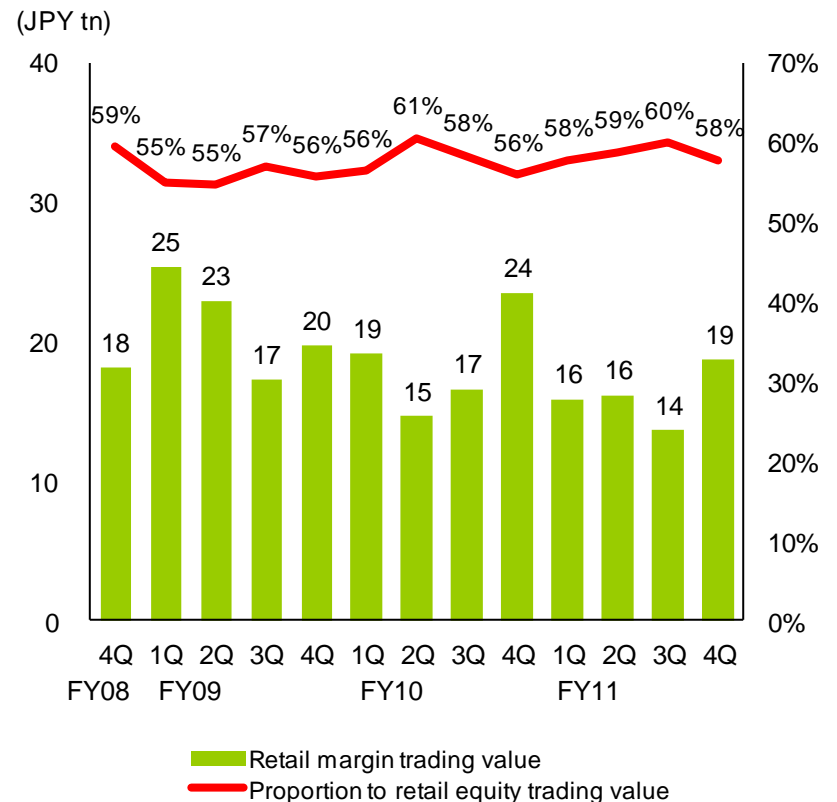


# Margin Trading Value

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

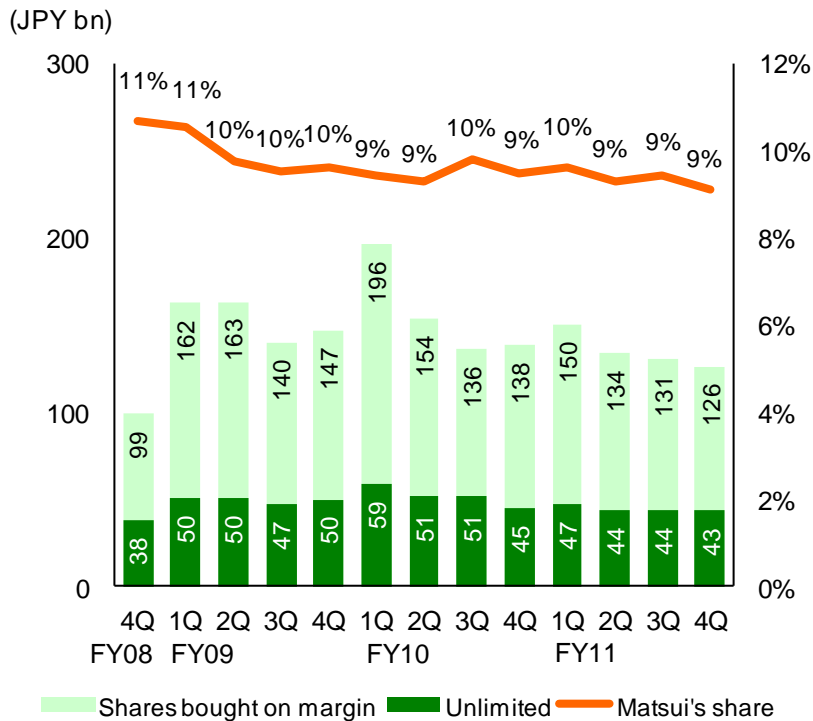


## ◆ Retail margin trading value<sup>1</sup> and proportion to total retail equity trading value

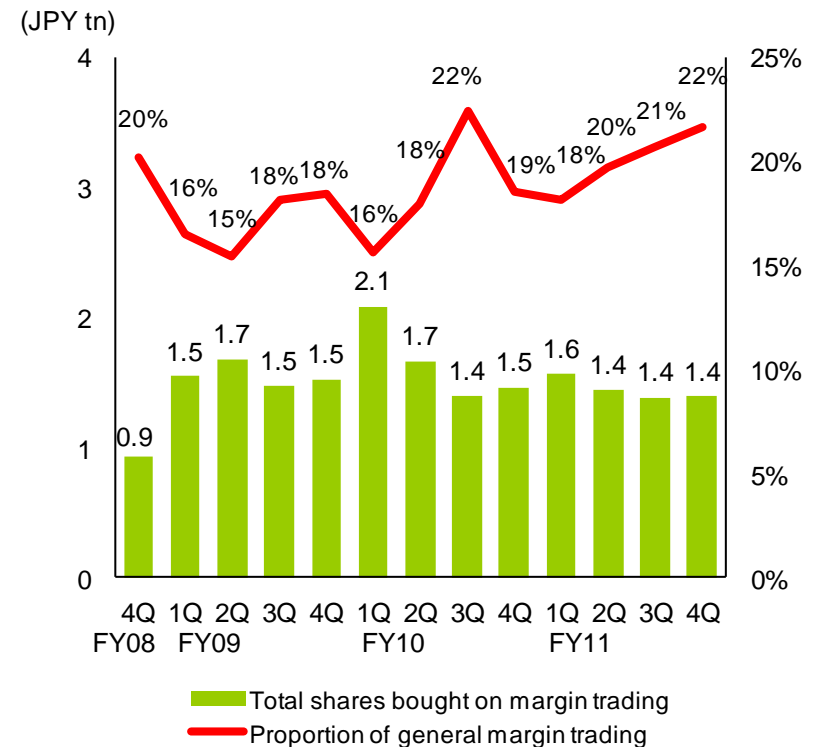


# Margin Trading Balance

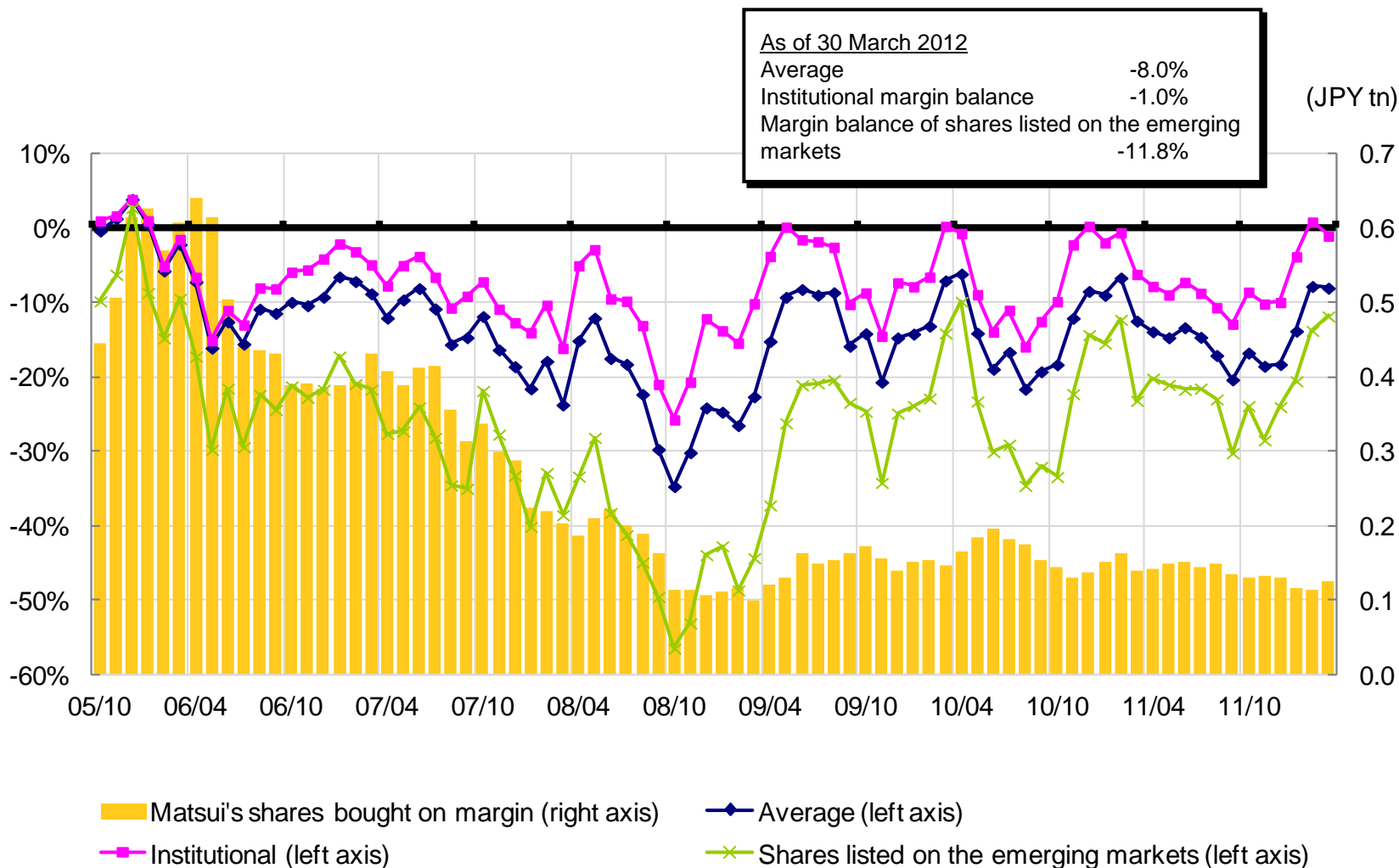
## ◆ Matsui's shares bought on margin<sup>1</sup> and its market share<sup>2</sup>



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

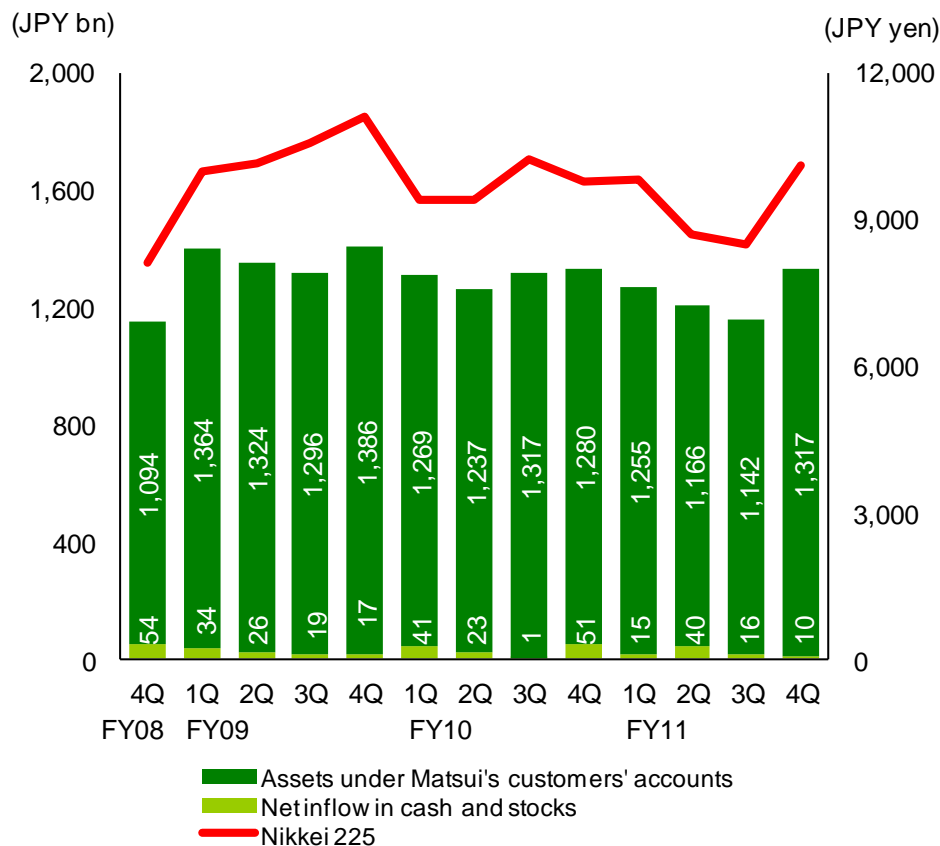


# Evaluation Losses on Matsui's Margin Balance

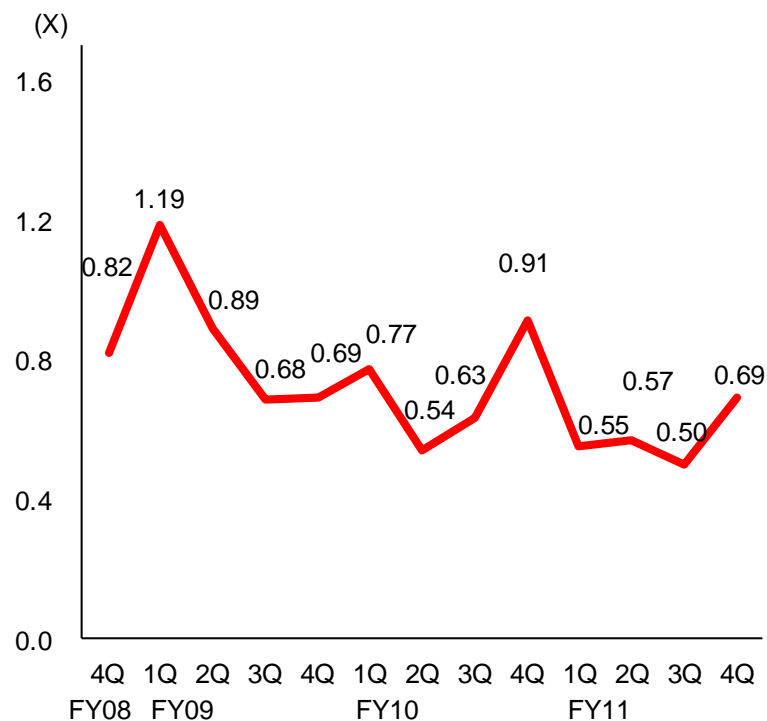


# Assets under Customers' Accounts / Trading Turnover

## ◆ Assets under Matsui's customers' accounts



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



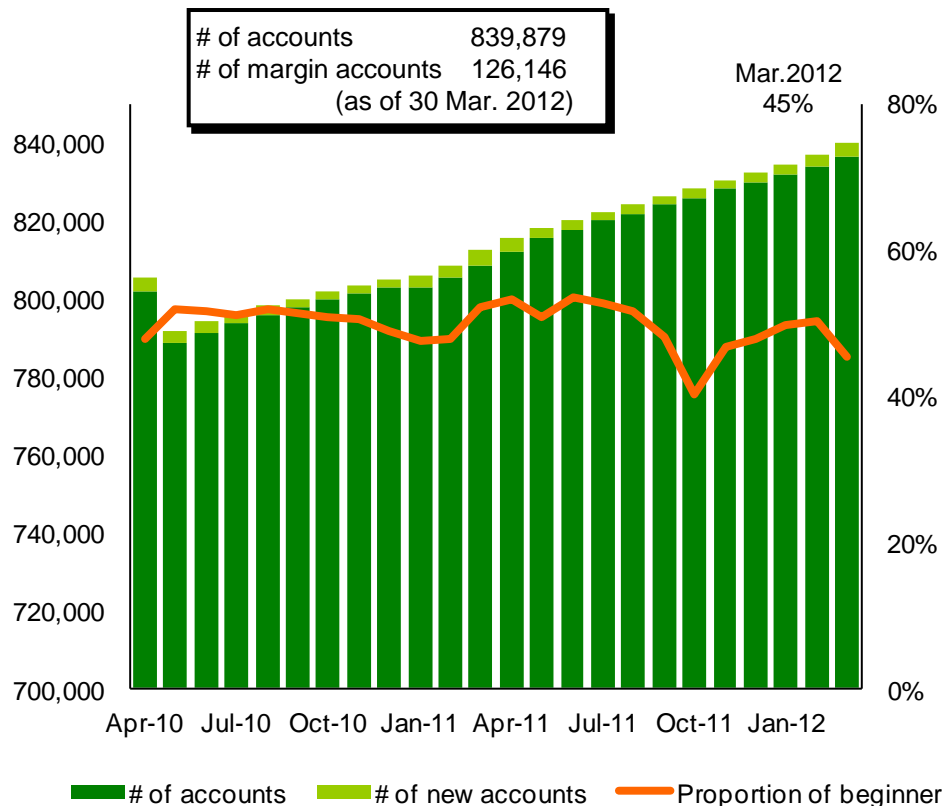
Note 1: Equity trading turnover = (monthly average trading value) / (quarterly average assets under customers' accounts\*)

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

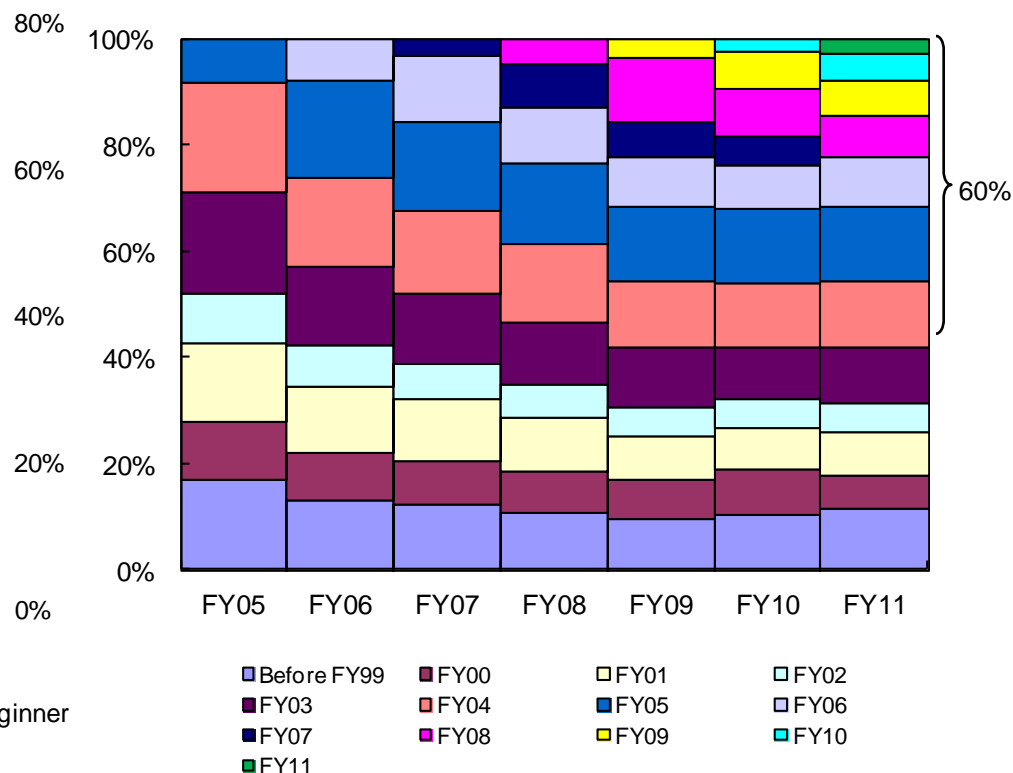
Note 2: Nikkei 225 is the closed price at the end of each quarter

# Number of Accounts / Breakdown of Trading Value

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



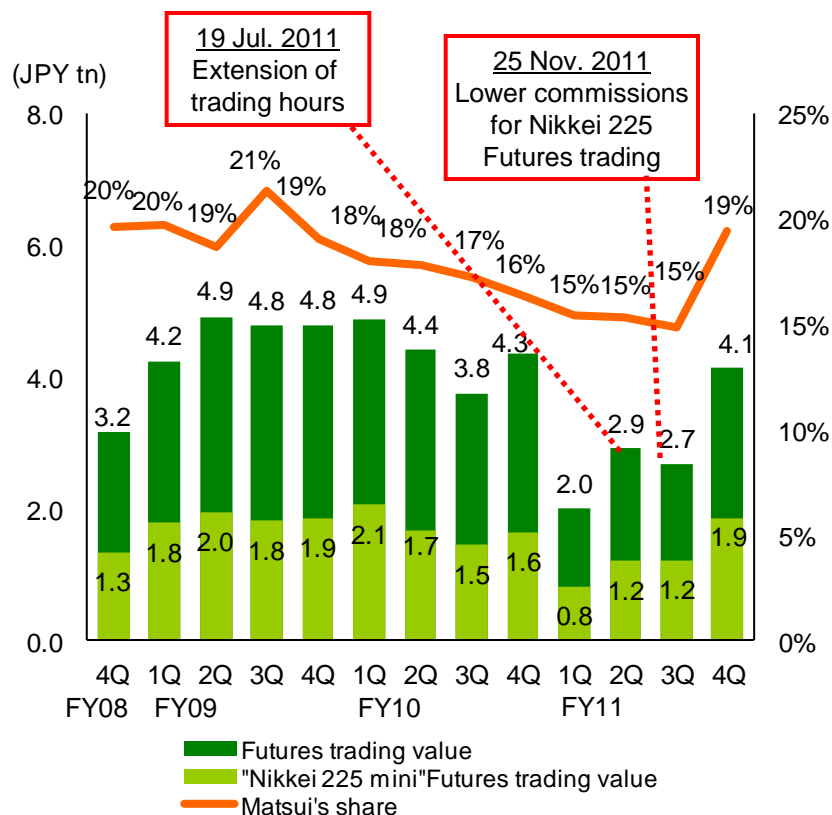
## ◆ Breakdown of trading value by customers opening the accounts in each fiscal year



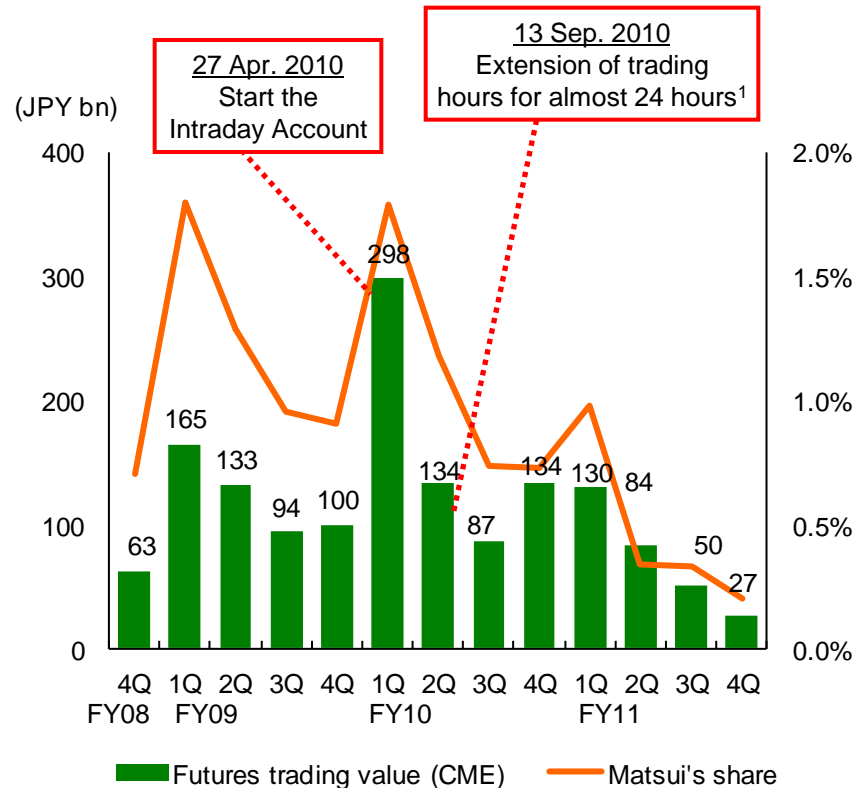
Note 1: Number of accounts as of the end of each month  
Dormant accounts were closed down 16,431 in May 2010 and 1,925 in Jan. 2011

# Nikkei 225 Futures

## ◆ Matsui's OSE Nikkei 225 Futures trading value and its market share

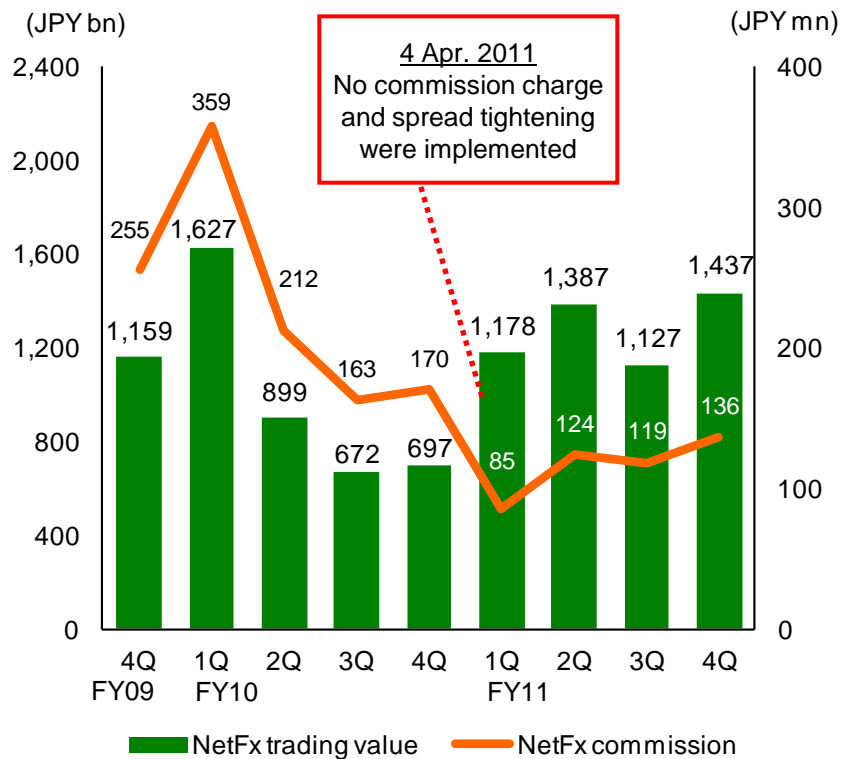


## ◆ Matsui's CME Nikkei225 Futures trading value and its market share

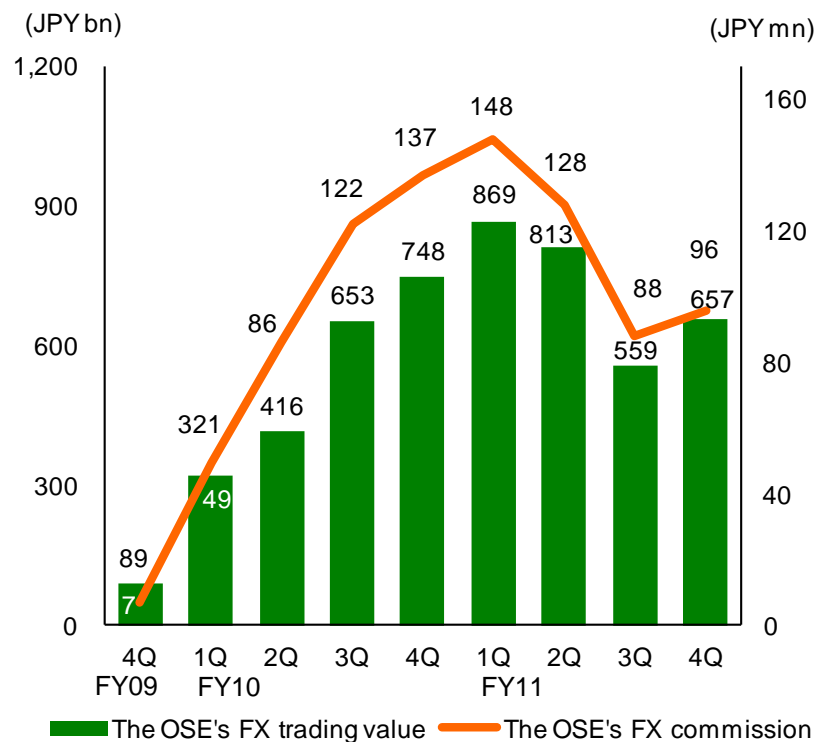


# FX Margin Trading

## ◆ Matsui's OTC FX trading value and commission



## ◆ The OSE's FX trading value in Matsui and commission



# Recent Developments

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## 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" "Nikkei 225 futures and Nikkei 225 Options"
- ◆ Pioneer in providing specific application available for smartphone
- ◆ Introduced "RTGS based margin transaction"

## 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

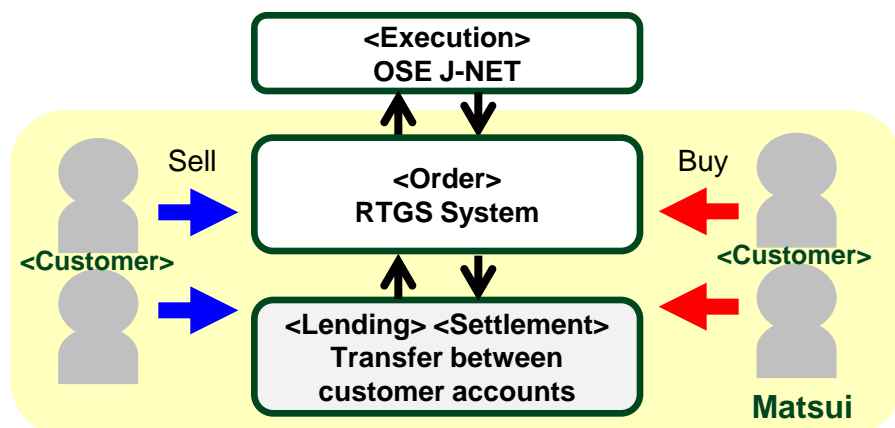
# Real Time Gross Settlement I

## ◆ Outline of RTGS

Settlement	Immediate (Real time)
Pricing method	Auction method
Execution	Executed by off-floor trading on OSE (J-NET)
Type of transaction	Cash transaction / Margin transaction
Trading hour	<b>8:30 to 15:00</b>
Trading channel	Web(PC), Netstock High Speed
Commission for margin transaction	<b>No commission</b> (Interest rate : 7.3% p.a.)
Commission for cash transaction	<b>0 yen up to 1mn yen of trading value</b> 1,680yen up to 2mn yen, +840yen per 1mn yen
Eligible shares	<b>100 shares</b> (Cross listed shares on TSE and OSE)
# of account	<b>Cash:59,531    Margin:9,755</b>

※As of 20 Apr.

## ◆ Structure of RTGS



## ◆ Results of Operation (April)

### ■ Daily average for April 2012

	Total	4Q	Cash transaction	Margin transaction
Value of orders (JPY mn)	117	+68%	82	35
Trading value (JPY mn)	22	+121%	11	11
Execution ratio	18%	-	13%	30%
Number of orders	620	+75%	490	130
Number of executed trades	193	+72%	131	62
Execution ratio	31%	-	27%	48%

### ■ Hourly trading value and number of executed trades

Trading hour	Trading value (JPY mn)	Ratio	Number of executed trades	Ratio
8:30~ 9:00	56	17%	528	18%
9:00~ 10:00	76	23%	644	22%
10:00~ 11:00	47	15%	452	16%
11:00~ 12:00	18	6%	226	8%
12:00~ 13:00	41	13%	282	10%
13:00~ 14:00	46	14%	318	11%
14:00~ 15:00	40	12%	446	15%
<b>Total</b>	<b>323</b>	<b>100%</b>	<b>2,896</b>	<b>100%</b>

# Real Time Gross Settlement II

## Implement continuous improvements to increase liquidity

### ◆ Recent Developments since 2 Apr.

#### 【Introduction of “Auction method”】

Change the pricing method to “auction” which get trades executed easier than previously employed method.

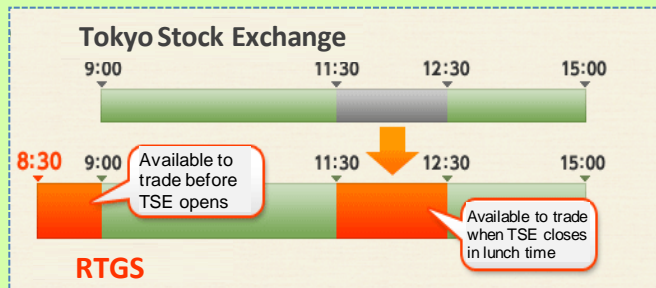
Previously 2 conditions needed to be met:

- 1) match the price of customers’ bid and ask order,
- 2) the price should be then current price at TSE.

#### 【Extension of trading hours】

Extend the trading hours available from 8:30am to 15:00pm

⇒ It would offer another trading opportunity to customers to tap the market ahead of exchange



### ◆ Future Developments

21 May 2012 ~

#### 【Decimalization of stock price】

⇒ Nominal quotation of stocks available at RTGS is displayed smaller than that at TSE

Small price fluctuation makes trading opportunity

【Tokyo Stock Exchange】			【RTGS】		
Sell		Buy	Sell		Buy
	98			96.00	
	97			95.90	
	96			95.80	
	95			95.70	
1,000	96		1,000	95.60	
	95	1,000		95.50	
	94			95.40	1,000
	93			95.30	
				95.20	
				95.10	
				95.00	

4 Jun. 2012 ~

#### 【Enhancement of trading tools】

Enable to order from real time trading tools, such as “KABU touch” etc.

Other than those, plan to implement continuous improvements to increase liquidity, such as expansion of eligible shares and enhancement of trading platform etc.

# 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 cash transaction, the OSE's FX and transferring stocks from other brokers (2011/12/1-2012/1/31)</li> <li>◆ No commission charge for RTGS based cash transaction executed by "Netstock High Speed" (2012/1/4-1/31)</li> <li>◆ Starting campaign for "NetFx"-OTC FX trading (2012/1/2-3/31)</li> <li>◆ No commission charge for RTGS based cash transaction for customers who trade in the morning time of 8:30 to 9:00 (2012/4/2-4/27)</li> <li>◆ Spread tightening campaign for "USD/JPY" in "NetFx"-OTC FX trading (2012/4/2-6/30)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Enhance the trading tool of "Netstock High Speed" for RTGS (2012/1/4-)</li> <li>◆ Launch the real time Forex trading application "FXtouch" for iPhone (2012/3/29-)</li> <li>◆ Change the pricing method for RTGS to "Auction" and extend the trading hours for RTGS (2012/4/2-)</li> <li>◆ Expand eligible shares for RTGS (2012/4/2-)</li> <li>◆ Open the Matsui Securities Facebook page and Twitter account (2012/4/16-)</li> </ul>

The material is intended to provide the financial results for the quarter ended 31 March 2012 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 2012. 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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