

**Quarterly Securities Report  
Including Financial Statements  
Under Japanese GAAP  
For the Three Months  
Ended June 30, 2012**

**Matsui Securities Co., Ltd.**

1-4, Kojimachi, Chiyoda-ku, Tokyo, Japan

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Filed with the Director of the Kanto Local Finance Bureau

On August 13, 2012



# **1 Information on Matsui Securities Co., Ltd. (“Company”)**

## **Part 1 Company Financial Outlook**

### **1 Major Business Indices**

		Three months Ended June 30, 2011	Three months Ended June 30, 2012	Year Ended March 31, 2012
Operating revenues	(Millions of Yen)	4,364	3,999	17,703
Net operating revenues	(Millions of Yen)	4,144	3,783	16,728
Ordinary income	(Millions of Yen)	1,812	1,405	7,417
Net income	(Millions of Yen)	1,080	974	4,257
Comprehensive income	(Millions of Yen)	1,080	—	—
Equity in earnings of affiliates	(Millions of Yen)	—	—	—
Capital stock	(Millions of Yen)	11,945	11,945	11,945
Total shares outstanding	(1,000 shares)	269,265	269,265	269,265
Net assets	(Millions of Yen)	72,981	73,184	76,063
Total assets	(Millions of Yen)	414,711	390,260	420,961
Earnings per share	(Yen)	4.21	3.79	16.58
Fully diluted earnings per share	(Yen)	—	—	—
Dividends per share	(Yen)	—	—	15.00
Equity ratio	(%)	17.6	18.8	18.1

Note :

1. The Company reports consolidated business indices for the three months ended June 30, 2011.
2. Due to the merger with its sole subsidiary on April 1, 2012 the Company will no longer prepare consolidated financial statements beginning with the year ending March 31, 2013, and all interim periods.. Therefore the Company reports non-consolidated business indices for the three months ended June 30, 2012 and the year ended March 31, 2012.

### **2 Company’s Business**

The Company merged with its sole subsidiary on April 1, 2012. There have been no other significant changes in the business of the Company.

## **Part 2 Business Outlook of the Company**

### **1 Risk of the Company's Business**

There have been no unusual changes in financial position, result of operations and cash flows of the Company in the three months ended June 30, 2012.

There have been no significant changes in the risk of the Company's business described in the Annual Securities Report of the Company as of March 31, 2012.

### **2 Significant Contracts for the Company's Business**

There have been no new significant contracts in the three months ended June 30, 2012.

## Part 3 Corporate Profiles

### 1 Number of Shares

#### (1) Total Number of Shares

Number of Shares Authorized	
Common Stock	1,050,000,000 shares
Total	1,050,000,000 shares

	Number of Shares Outstanding		Stock Exchange(s) Listed at	Details
	As of June 30, 2012 (End of the quarterly period)	As of August 13, 2012 (Date of filing of this Report)		
Common Stock	269,264,702 shares	269,264,702 shares	Tokyo Stock Exchange (First Section) Osaka Stock Exchange (First Section)	1 unit consists of 100shares
Total	269,264,702 shares	269,264,702 shares	—	—

#### (2) New-Share Purchase Rights

No relevant items.

#### (3) Exercise of Moving Strike Convertible Bonds

No relevant items.

#### (4) Rights Plan

No relevant items.

#### (5) Total Number of Shares Outstanding and Capital Stock

	Shares Outstanding		Capital Stock		Additional Paid in Capital	
	Change (Thousands of shares)	Shares outstanding (Thousands of shares)	Change (Millions of Yen)	Outstanding Balance (Millions of Yen)	Change (Millions of Yen)	Outstanding Balance (Millions of Yen)
From April 1, 2012 to June 30, 2012	—	269,265	—	11,945	—	9,793

## (6) Principal Shareholders

Information on the changes in principal shareholders has been omitted for the three months ended June 30, 2012.

## (7) Voting Rights

The following tables show the status of voting rights as of March 31, 2012 instead of those as of June 30, 2012 for the Company is not able to settle the list of shareholders as of June 30, 2012.

### (i) Outstanding shares

( As of March 31, 2012 )

	Number of shares	Number of voting rights
Shares without voting rights	—	—
Shares with limited voting rights (Treasury stock)	—	—
Shares with limited voting rights (Other than treasury stock)	—	—
Shares with full voting rights (Treasury stock)	( Treasury stock ) Common stock 12,532,800	—
Shares with full voting rights (Other than treasury stock)	Common stock 256,718,000	2,564,669
Odd lot shares (1 lot = 100 shares)	Common stock 13,902	—
Total number of shares outstanding	269,264,702	—
Total number of voting rights	—	2,564,669

Note:

- 400 shares under the title of Japan Securities Depository Center Inc. and 251,100 shares of securities bought by customers using money loaned from the Company's own fund are included in "Shares with full voting rights (Other than treasury stock)." 4 voting rights under the title of Japan Securities Depository Center Inc. are included in "Shares with full voting rights (Other than treasury stock)". 2,511 voting rights of securities bought by customers using money loaned from the Company's own fund are not included in "Shares with full voting rights (Other than treasury stock)".
- 87 treasury shares are included in odd-lot shares.

### (ii) Treasury Stock

( As of March 31, 2012 )

Name of shareholders	Address	Treasury stock held by the Company's own name	Treasury stock held by other person's name	Total Number of shares held	Percentage of shares to the total number of outstanding shares (%)
(Treasury stock held by the Company ) Matsui Securities Co., Ltd.	1-4, Kojimachi, Chiyoda-ku, Tokyo, Japan	12,532,800	—	12,532,800	4.65
Total	—	12,532,800	—	12,532,800	4.65

## **2 Executives**

There have been no changes to the Company's executives' from when the Company filed its Annual Securities Report on June 18, 2012 up until the three months ended June 30, 2012.

### 3 Operations of Business

#### (1) Commissions

(Millions of Yen)

	Item	Stocks	Bonds	Beneficiary Certificates	Others	Total
Three months ended June 30, 2011	Brokerage commissions	2,401	—	25	148	2,574
	Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	0	—	—	—	0
	Fee for offering, secondary distribution and solicitation for selling and others for professional investors	0	—	—	—	0
	Others	105	—	1	120	226
	Total	2,506	—	26	268	2,800
Three months ended June 30, 2012	Brokerage commissions	2,116	—	20	55	2,191
	Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	—	—	—	—	—
	Fee for offering, secondary distribution and solicitation for selling and others for professional investors	0	—	—	—	0
	Others	117	—	2	119	237
	Total	2,233	—	21	174	2,428

#### (2) Net Gain on Trading

(Millions of Yen)

	Three months ended June 30, 2011			Three months ended June 30, 2012		
	Realized gain and loss	Evaluation gain and loss	Total	Realized gain and loss	Evaluation gain and loss	Total
Net gain on trading of stocks	(0)	0	(0)	(1)	0	(1)
Net gain on trading of bonds and others	(41)	0	(41)	1	0	1
Bonds	—	—	—	—	—	—
Others	(41)	0	(41)	1	0	1
Total	(41)	0	(41)	(1)	0	(1)



**(3) Operations of Securities Trading****[1] Trading of securities excluding futures****i) Stocks**

(Millions of Yen)

	Brokerage	Proprietary trading	Total
Three months ended June 30, 2011	1,998,417	0	1,998,417
Three months ended June 30, 2012	1,710,585	2	1,710,586

**Margin trading transactions included in the “stocks” above are as follows:**

(Millions of Yen)

	Brokerage	Proprietary trading	Total
Three months ended June 30, 2011	1,182,697	—	1,182,697
Three months ended June 30, 2012	1,068,319	—	1,068,319

**ii) Bonds**

(Millions of Yen)

	Brokerage	Proprietary trading	Total
Three months ended June 30, 2011	—	—	—
Three months ended June 30, 2012	—	—	—

**iii) Beneficiary Certificates**

(Millions of Yen)

	Brokerage	Proprietary trading	Total
Three months ended June 30, 2011	22,054	—	22,054
Three months ended June 30, 2012	19,886	—	19,886

**iv ) Others**

(Millions of Yen)

	New-share purchase rights	Commercial paper	Others	Total
	Three months ended June 30, 2011	—	—	3,853
Three months ended June 30, 2012	—	—	1,174	1,174

※"Others" are beneficiary securities issued by beneficiary securities trusts defined under the trust law.

**Brokerage trading transactions included in "Others" above are as follows:**

(Millions of Yen)

	New-share purchase rights	Commercial paper	Others	Total
	Three months ended June 30, 2011	—	—	3,853
Three months ended June 30, 2012	—	—	1,174	1,174

※"Others" are beneficiary securities issued by beneficiary securities trusts defined under the trust law.

**[2] Futures Trading**

**i ) Stock-based**

(Millions of Yen)

	Futures trading		Option trading		Total
	Brokerage	Proprietary trading	Brokerage	Proprietary trading	
Three months ended June 30, 2011	2,145,948	—	3,826,233	204	5,972,384
Three months ended June 30, 2012	4,096,420	—	6,720,476	—	10,816,896

**ii ) Bond-based**

(Millions of Yen)

	Futures trading		Option trading		Total
	Brokerage	Proprietary trading	Brokerage	Proprietary trading	
Three months ended June 30, 2011	—	—	—	—	—
Three months ended June 30, 2012	—	—	—	—	—

**[3] Underwriting and selling, underwriting and selling for professional investors, subscription and distribution, private offering, and subscription and distribution for professional investors**

**i) Stocks**

(Millions of Yen)

	Underwriting	Selling	Underwriting and selling for professional investors	Subscription	Distribution	Private offerings	Subscription and distribution for professional investors
Three months ended June 30, 2011	—	—	—	0	—	—	—
Three months ended June 30, 2012	—	—	—	1	—	—	—

**ii) Bonds**

(Millions of Yen)

	Item	Underwriting	Selling	Underwriting and selling for professional investors	Subscription	Distribution	Private offerings	Subscription and distribution for professional investors
Three months ended June 30, 2011	Government Bonds	—	—	—	—	—	—	—
	Municipal Bonds	—	—	—	—	—	—	—
	Special Bonds	—	—	—	—	—	—	—
	Corporate Bonds	—	—	—	—	—	—	—
	Foreign Bonds	—	—	—	—	—	—	—
	Total	—	—	—	—	—	—	—
Three months ended June 30, 2012	Government Bonds	—	—	—	—	—	—	—
	Municipal Bonds	—	—	—	—	—	—	—
	Special Bonds	—	—	—	—	—	—	—
	Corporate Bonds	—	—	—	—	—	—	—
	Foreign Bonds	—	—	—	—	—	—	—
	Total	—	—	—	—	—	—	—

**iii) Beneficiary certificates**

(Millions of Yen)

	Underwriting	Selling	Underwriting and selling for professional investors	Subscription	Distribution	Private offerings	Subscription and distribution for professional investors
Three months ended June 30, 2011	—	—	—	579	—	—	—
Three months ended June 30, 2012	—	—	—	206	—	—	—

iv ) Others

(Millions of Yen)

	Item	Underwriting	Selling	Underwriting and selling for professional investors	Subscription	Distribution	Private offerings	Subscription and distribution for professional investors
Three months ended June 30, 2011	Commercial Paper	—	—	—	—	—	—	—
	Foreign certificates	—	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—
Three months ended June 30, 2012	Commercial Paper	—	—	—	—	—	—	—
	Foreign certificates	—	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—

(4) Capital Adequacy Ratio

(Millions of Yen)

		As of June 30, 2011	As of June 30, 2012
Tier I Capital	①	72,886	73,183
Tier II Capital	Net unrealized gain on investment	0	—
	Reserve for financial products transaction liabilities	1,108	1,067
	General allowance for doubtful accounts	23	8
	Long-term Subordinated debts	—	—
	Short-term Subordinated debts	—	—
	Total ②	1,131	1,075
Assets to be deducted from equity capital	③	8,509	7,103
Equity capital after deduction	① + ② - ③ (A)	65,507	67,155
Risk	Market risk	0	0
	Counterparty risk	3,674	3,479
	Basic risk	2,210	2,117
	Total (B)	5,885	5,597
Capital adequacy ratio	(A) / (B) × 100	1,112.9%	1,199.7%

Note: Values are rounded down to the nearest million yen.

## **Part 4 Financial Status**

### **1 Presentation of Quarterly Financial Statements**

Pursuant to Article 54 and 73 of the “Regulations of Quarterly Financial Statements” (Cabinet Office Ordinance No. 63, 2007), the quarterly financial statements of the Company are prepared in accordance with the “Cabinet Office Ordinance concerning Financial Instruments Business” (Cabinet Office Ordinance No. 52, 2007) and the “Uniform Accounting Standards of Securities Business” (set by the board of directors of the Japan Securities Dealers’ Association, November 14, 1974) along with the “Regulations of Quarterly Financial Statements”.

As described in “3 Consolidated Financial Statements” the Company no longer prepares consolidated financial statements starting with the three months ended June 30, 2012.

### **2 Audit Report**

The quarterly financial statements for the three months ended June 30, 2012 (from April 1, 2012 to June 30, 2012) were reviewed by PricewaterhouseCoopers Aarata in accordance with the Article 193-2-1 of Financial Instruments and Exchange Law.

### **3 Consolidated Financial Statements**

The consolidated financial statements of the Company are no longer prepared starting with the three months ended June 30, 2012 due to the merger with its sole subsidiary on April 1, 2012.

#### **Notice to readers:**

The accompanying quarterly consolidated financial statements were prepared in accordance with the provision set forth in the Corporations Law of Japan, the Financial Instruments and Exchange Law, and in conformity with accounting principles and practices generally accepted in Japan, which are different from International Financial Reporting Standards in certain aspects of application and disclosure requirements.

The quarterly consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries or jurisdictions other than Japan.

# 1 Quarterly Non-Consolidated Financial Statements

## [1] Quarterly Non-Consolidated Balance Sheets

(Millions of Yen)

	March 31, 2012	June 30, 2012
<b>Assets</b>		
Current Assets		
Cash and bank deposits	16,204	15,368
Cash segregated as deposits	227,911	199,431
Cash in trust	9,608	7,768
Trading assets:	1,687	2,383
Trading securities and others	0	0
Derivatives	1,687	2,383
Net receivables arising from pre-settlement date trades	1	186
Margin account assets:	135,011	146,220
Loans receivable from customers	126,087	143,756
Cash deposited as collateral for securities borrowed from securities finance companies	8,924	2,464
Receivables on collateralized securities transactions:	14,689	3,587
Cash deposits collateral for securities borrowed	14,689	3,587
Receivables from customers and others	21	27
Short-term guarantee deposits	3,337	4,109
Others	5,077	4,291
Allowance for doubtful accounts	(13)	(9)
<b>Total current assets</b>	<b>413,532</b>	<b>383,359</b>
Fixed assets		
Tangible fixed assets	771	1,015
Intangible assets	4,018	3,889
Software	4,012	3,883
Others	6	6
Investments and others	2,640	1,997
Investment securities	214	214
Shares of affiliated companies	450	—
Others	4,269	4,070
Allowance for doubtful accounts	(2,293)	(2,287)
<b>Total fixed assets</b>	<b>7,429</b>	<b>6,901</b>
<b>Total assets</b>	<b>420,961</b>	<b>390,260</b>

(Millions of Yen)

	March 31, 2012	June 30, 2012
<b>Liabilities</b>		
Current liabilities		
Trading liabilities:	286	382
Trading securities and others	0	0
Derivatives	286	382
Margin account liabilities:	47,425	27,425
Loans from securities finance companies	2,148	8,723
Proceeds of securities sold on customers' account	45,277	18,702
Payables on collateralized securities transactions:	5,735	5,640
Cash deposits as collateral for securities loaned	5,735	5,640
Deposits received	117,813	105,090
Guarantee money received	113,646	107,457
Short-term borrowings	56,550	68,050
Accrued income taxes	1,129	370
Accrued bonuses	93	21
Others	922	1,342
Total current liabilities	343,600	315,777
Long-term liabilities		
Long-term borrowings	25	25
Reserve for retirement bonuses for directors and auditors	204	204
Others	2	3
Total long-term liabilities	231	232
Statutory reserves		
Reserve for financial products transaction liabilities	1,067	1,067
Total statutory reserves	1,067	1,067
Total liabilities	344,898	317,077
<b>Net assets</b>		
Shareholders' equity		
Common stock	11,945	11,945
Capital surplus	9,793	9,793
Earned surplus	63,802	60,925
Treasury stock	(9,475)	(9,475)
Total shareholders' equity	76,065	73,189
Valuation and translation adjustments		
Net unrealized gain (loss) on investment securities, net of taxes	(2)	(5)
Total valuation and translation adjustments	(2)	(5)
Total net assets	76,063	73,184
Total liabilities and net assets	420,961	390,260

**[2] Quarterly Non-Consolidated Statements of Income**  
**Non-Consolidated Statements of income**

(Millions of Yen)

	Three months ended June 30, 2012
Operating revenues	
Commissions	2,428
Brokerage commissions	2,191
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	0
Others	237
Net gain (loss) on trading	(1)
Interest and dividend income	1,570
Other operating revenue	1
Total operating revenues	<u>3,999</u>
Interest expenses	<u>216</u>
Net operating revenues	<u>3,783</u>
Selling, general and administrative expenses	
Transaction related expenses	773
Employees' compensation and benefits	457
Occupancy and rental	236
Data processing and office supplies	422
Depreciation	448
Duties and taxes other than income taxes	35
Provision of allowance for doubtful accounts	(9)
Others	46
Total selling, general and administrative expenses	<u>2,407</u>
Operating income	<u>1,376</u>
Non-operating income	
Dividend income	26
Others	3
Total non-operating income	<u>29</u>
Non-operating expenses	
Others	<u>0</u>
Total non-operating expenses	<u>0</u>
Ordinary income	<u>1,405</u>
Special profits	
Gain on extinguishment of tie-in shares	98
Total Special profits	<u>98</u>
Special losses	
Loss on sales and disposals of fixed assets	1
Total Special losses	<u>1</u>
Income before income taxes	<u>1,502</u>
Income taxes - current	363
Income taxes - deferred	165
Income taxes	<u>528</u>
Net income	<u>974</u>



## **Notes to Quarterly Non-Consolidated Financial Statements**

### **Notes to Quarterly Non-Consolidated Statements of Cash Flows**

The Company does not prepare the statement of cash flows for the three months ended June 30, 2012.

Depreciation including the intangible assets of three months ended June 30, 2012 are as follows.

Three months ended June 30, 2012	
Depreciation	448 million yen

## **Notes Concerning Net Assets**

(Three months ended June 30, 2012)

### 1. Dividends

Dividend payment

Date of resolution	Ordinary General Meeting of Shareholders held on June 24, 2012
Type of Shares	Common stock
Amount of dividend payment	3,851 million yen
Dividends per share	15 yen
Date of record for dividends	March 31, 2012
Effective date	June 25, 2012
Source of dividends	Earned surplus

### 2. Dividends for which effective date is after June 30, 2012

No relevant items.

### 3. Significant changes in net assets

No relevant items.

## **Segment Information**

(Three months ended June 30, 2012)

Disclosures on segment information have been omitted, as the business of the Company consists of only a single segment of online brokerage service.

## **Financial Instruments**

(As of June 30, 2012)

“Proceeds of securities sold on customers’ account” are important to the business of the Company. The outstanding balance has changed significantly in this quarterly period.

Item	Book value (millions of yen)	Fair value (millions of yen)	Difference (millions of yen)	Calculation method of fair value
Proceeds of securities sold on customers’ account	18,702	18,702	—	※Note

Note: As the Proceeds of securities sold on customers’ account are close to the balance-sheet date, fair value is evaluated by their book value.

## **Securities**

Shares of affiliated companies totaling 450 million yen, which were included as assets on the non-consolidated balance sheet as of March 31, 2012, are not included as of June 30, 2012 due to the merger of the Company’s sole subsidiary.

## **Derivative Transactions**

No relevant items.

## **Per Share Information**

Earnings per share and its basis of calculation information is as follows:

Items	Three months ended June 30, 2012
Earnings per share (Yen)	3.79
(Calculation basis)	
Net income on the statements of income (Millions of Yen)	974
Net income not attributed to common stock (Millions of Yen)	—
Net income attributed to common stock (Millions of Yen)	974
Average number of common stock outstanding (Thousands of shares)	256,732

Note: Fully diluted earnings per share has been omitted, as there are no residual securities.

## **Subsequent Events**

No relevant items.

## **2 Others**

No relevant items.

## **2 Information on the Surety of the Company**

No relevant items.

**Note: The Original Quarterly Securities Report includes the quarterly review by PricewaterhouseCoopers Aarata for the quarterly financial statements for the three months ended June 30, 2012.**