

Quarterly Securities Report
Including Financial Statements
Under Japanese GAAP
For the Three Months
Ended June 30, 2016

Matsui Securities Co., Ltd.

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

Filed with the Director of the Kanto Local Finance Bureau

On August 12, 2016

1 Company information

Part 1 Overview of company

1 Summary of business results

	Three months Ended June 30, 2015	Three months Ended June 30, 2016	Year Ended March 31, 2016
Operating revenue (Millions of Yen)	9,236	7,463	34,435
Net operating revenue (Millions of Yen)	8,788	7,212	33,003
Ordinary income (Millions of Yen)	6,059	4,084	21,833
Net income (Millions of Yen)	4,066	2,828	14,763
Equity in earnings of affiliates if equity method is applied (Millions of Yen)	—	—	—
Capital stock (Millions of Yen)	11,945	11,945	11,945
Total number of issued shares (Shares)	269,264,702	259,264,702	259,264,702
Net assets (Millions of Yen)	89,214	89,751	92,718
Total assets (Millions of Yen)	861,543	627,031	663,425
Basic earnings per share (Yen)	15.84	11.02	57.50
Diluted earnings per share (Yen)	15.84	11.01	57.49
Dividend paid per share (Yen)	—	—	45.00
Equity-to-asset ratio (%)	10.4	14.3	14.0

2 Description of business

There have been no significant changes in the business of the Company in the three months ended June 30, 2016.

Part 2 Overview of business

1 Business risks

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, 2016.

There have been no significant changes in the business risks described in the Annual Securities Report of the Company as of March 31, 2016.

2 Critical contracts for operation

There have been no new significant contracts in the three months ended June 30, 2016. During the three months ended June 30, 2016, the Company has renewed the Contract on the Information Processing with SCSK Co., Ltd., which ended in May 31, 2016, with the new contract term expiring in May 2017.

Part 3 Information about reporting company

1 Information about shares, etc.

(1) Total number of shares, etc.

[1] Total number of shares

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

[2] Issued shares

	Total number of issued shares		Stock Exchange(s) Listed at	Details
	As of June 30, 2016 (End of the quarterly period)	As of August 12, 2016 (Date of the filing of this Report)		
Common Stock	259,264,702 shares	259,264,702 shares	Tokyo Stock Exchange (First Section)	1 unit consists of 100 shares
Total	259,264,702 shares	259,264,702 shares	—	—

(2) Subscription rights to shares, etc.

No relevant items.

(3) Exercises, etc. of moving strike convertible bonds, etc.

No relevant items.

(4) Description of rights plan

No relevant items.

(5) Changes in number of issued shares, stated capital, etc.

	Issued shares (shares)		Capital Stock (Millions of Yen)		Legal capital surplus (Millions of Yen)	
	Change	Outstanding amount	Change	Outstanding amount	Change	Outstanding amount
From April 1, 2016 to June 30, 2016	—	259,264,702	—	11,945	—	9,793

(6) Major shareholders

Information on the changes in major shareholders has been omitted for the three months ended June 30, 2016.

(7) Voting Rights

The following tables show the status of voting rights as of March 31, 2016 instead of those as of June 30, 2016 for the Company is not able to settle the list of shareholders as of June 30, 2016.

(i) Issued shares

(As of March 31, 2016)

	Number of shares	Number of voting rights
Shares without voting rights	—	—
Shares with limited voting rights (Treasury shares)	—	—
Shares with limited voting rights (Other than treasury shares)	—	—
Shares with full voting rights (Treasury shares)	(Treasury shares) Common stock 2,533,300	—
Shares with full voting rights (Other than treasury shares)	Common stock 256,716,700	2,566,054
Odd lot shares (1 lot = 100 shares)	Common stock 14,702	—
Total number of issued shares	259,264,702	—
Total number of voting rights	—	2,566,054

Note:

- 400 shares under the title of Japan Securities Depository Center Inc. and 111,300 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 shares)." 4 voting rights under the title of Japan Securities Depository Center Inc. are included in "Shares with full voting rights (Other than treasury shares)". 1,113 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 shares)".
- 14 treasury shares are included in odd-lot shares.

(ii) Treasury shares, etc.

(As of March 31, 2016)

Name of shareholders	Address	Treasury shares held by the Company's own name	Treasury shares held by other person's name	Total Number of shares held	Shareholding ratio (%)
(Treasury shares held by the Company) Matsui Securities Co., Ltd.	1-4, Kojimachi, Chiyoda-ku, Tokyo, Japan	2,533,300	—	2,533,300	0.98
Total	—	2,533,300	—	2,533,300	0.98

2 Information about officers

Following is the change in the officers' title after June 20, 2016 when the Company filed its Annual Securities report for the year ended March 31, 2016. The Number of officers by gender after the Ordinary General Meeting of Shareholders held on June 26, 2016 is as follows.

Male: 12 Female: 0

New title	Former title	Name	Date of change
Managing Director (Managing Director of Compliance Dept. and System Dept.)	Managing Director (Director in charge of Compliance Dept. and Managing Director of System Dept.)	Takashi Moribe	June 26, 2016

Part 4 Financial information

1 Note on 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”.

2 Note on independent audit

The quarterly financial statements for the three months ended June 30, 2016 (from April 1, 2016 to June 30, 2016) were reviewed by PricewaterhouseCoopers Aarata LLC in accordance with the Article 193-2-1 of Financial Instruments and Exchange Law.

3 Note on quarterly consolidated financial statements

The consolidated financial statements of the Company are not prepared for three months ended June 30, 2016, because there is not a subsidiary.

Notice to readers:

The accompanying quarterly non-consolidated financial statements have been prepared in accordance with the provision set forth in the Corporation Law of Japan, and 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 non-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 Financial Statements

[1] Quarterly Balance Sheet

(Millions of Yen)

	March 31, 2016	June 30, 2016
Assets		
Current assets		
Cash and deposits	26,569	22,993
Cash segregated as deposits	375,812	371,612
Money held in trust	4,596	4,650
Trading products:	1,817	1,835
Trading securities and other	0	0
Derivatives	1,817	1,835
Trade date accrual	17	86
Margin transaction assets:	232,043	209,312
Loans on margin transactions	228,152	206,137
Cash collateral pledged for securities borrowing on margin transactions	3,890	3,175
Loans secured by securities:	7,869	1,561
Cash collateral pledged for securities borrowed	7,869	1,561
Advances paid	23	124
Cash paid for offering	—	1
Short-term guarantee deposits	2,166	3,317
Other	4,312	3,958
Allowance for doubtful accounts	(7)	(94)
Total current assets	655,217	619,356
Non-current assets		
Property, plant and equipment:	953	926
Intangible assets:	2,999	2,980
Software	2,999	2,980
Other	0	0
Investments and other assets:	4,256	3,769
Investment securities	3,119	2,154
Other	2,486	3,316
Allowance for doubtful accounts	(1,348)	(1,701)
Total non-current assets	8,208	7,675
Total assets	663,425	627,031

(Millions of Yen)

	March 31, 2016	June 30, 2016
Liabilities		
Current liabilities		
Trading products:	458	230
Derivatives	458	230
Margin transaction liabilities:	35,793	21,484
Borrowings on margin transactions	5,452	3,316
Cash received for securities lending on margin transactions	30,341	18,168
Loans payable secured by securities:	14,838	8,462
Cash received on debt credit transaction of securities	14,838	8,462
Deposits received	200,271	205,962
Guarantee deposits received	182,641	183,818
Accounts for non-received securities and others	44	—
Short-term loans payable	128,050	111,050
Income taxes payable	3,551	1,264
Provision for bonuses	248	47
Other	1,258	1,407
Total current liabilities	567,151	533,724
Non-current liabilities		
Reserve for retirement bonuses for directors and auditors	204	204
Other	3	3
Total non-current liabilities	208	208
Reserves under special laws		
Reserve for financial products transaction liabilities	3,349	3,349
Total reserves under special laws	3,349	3,349
Total liabilities	570,707	537,281
Net assets		
Shareholders' equity		
Capital stock	11,945	11,945
Capital surplus	9,793	9,793
Retained earnings	70,793	68,487
Treasury shares	(1,915)	(1,915)
Total shareholders' equity	90,616	88,309
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,066	1,397
Total valuation and translation adjustments	2,066	1,397
Subscription rights to shares	37	45
Total net assets	92,718	89,751
Total liabilities and net assets	663,425	627,031

[2] Quarterly Statement of Income

(Millions of Yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Operating revenue		
Commission received	5,880	4,572
Commission to consignees	5,566	4,308
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	0	—
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	0	0
Other fees received	313	265
Net trading income	2	1
Financial revenue	3,353	2,889
Other operating revenue	1	1
Total operating revenue	9,236	7,463
Financial expenses	448	251
Net operating revenue	8,788	7,212
Selling, general and administrative expenses		
Trading related expenses	1,197	1,067
Personnel expenses	517	559
Real estate expenses	227	226
Office cost	442	439
Depreciation	280	312
Taxes and dues	80	104
Provision of allowance for doubtful accounts	(11)	441
Other	39	37
Total selling, general and administrative expenses	2,771	3,184
Operating income	6,017	4,028
Non-operating income		
Dividend income	40	55
Other	3	2
Total non-operating income	43	56
Non-operating expenses		
Other	0	1
Total non-operating expenses	0	1
Ordinary income	6,059	4,084
Extraordinary income		
Gain on sales of investment securities	181	—
Total extraordinary income	181	—
Extraordinary losses		
Provision of reserve for financial products transaction liabilities	170	—
Loss on sales and retirement of non-current assets	1	—
Total extraordinary losses	171	—
Profit before income taxes	6,069	4,084
Income taxes – current	1,725	1,191
Income taxes - deferred	278	64
Total income taxes	2,003	1,255
Profit	4,066	2,828

Notes

Notes - Additional information

The Company has applied "Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No.26, March 28, 2016) from the three months ended June 30, 2016.

Notes - Quarterly statement of cash flows

The Company does not prepare the quarterly statement of cash flows for the three months ended June 30, 2016. Depreciation including the intangible assets of three months ended June 30, 2016 is as follows.

	Three months ended June 30, 2015	Three months ended June 30, 2016
Depreciation	280 million yen	312 million yen

Notes - Equity

(Three months ended June 30, 2015)

1. Dividend payment

Date of resolution	Ordinary General Meeting of Shareholders held on June 28, 2015
Type of shares	Common stock
Amount of dividend payment	5,135 million yen
Dividends per share	20 yen
Date of record for dividends	March 31, 2015
Effective date	June 29, 2015
Source of dividends	Retained earnings

2. Dividends for which effective date is after June 30, 2015

No relevant items.

(Three months ended June 30, 2016)

1. Dividend payment

Date of resolution	Ordinary General Meeting of Shareholders held on June 26, 2016
Type of shares	Common stock
Amount of dividend payment	5,135 million yen
Dividends per share	20 yen
Date of record for dividends	March 31, 2016
Effective date	June 27, 2016
Source of dividends	Retained earnings

2. Dividends for which effective date is after June 30, 2016

No relevant items.

Notes - Segment information, etc.

(Segment information)

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

Notes - Financial instruments

No relevant items.

Notes - Securities

No relevant items.

Notes - derivatives

No relevant items.

Notes - Per share information

The amounts of basic earnings per share and diluted earnings per share with their respective bases of calculation information are as follows:

Items	Three months ended June 30, 2015	Three months ended June 30, 2016
(1)Basic earnings per share (Yen)	15.84	11.02
(Calculation basis)		
Net income (Millions of Yen)	4,066	2,828
Net income not attributed to common stock (Millions of Yen)	—	—
Net income attributed to common stock (Millions of Yen)	4,066	2,828
Average number of shares of common stock outstanding (Shares)	256,731,457	256,731,388
(2)Diluted earnings per share (Yen)	15.84	11.01
(Calculation basis)		
Net income on the statements of income (Millions of Yen)	—	—
Increase of common stock (Shares)	43,159	68,177
Significant changes in the residual securities which are not considered in the calculation of diluted earnings per share	—	—

Notes - Significant events after reporting period

No relevant items.

2 Other information

No relevant items.

2 Information about company which provides guarantee to reporting company

No relevant items.

Note: The Original Quarterly Securities Report includes the quarterly review by PricewaterhouseCoopers Aarata LLC for the quarterly financial statements for the three months ended June 30, 2016.