

Quarterly Securities Report  
Including Financial Statements  
Under Japanese GAAP  
For the Three Months  
Ended June 30, 2017

**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 10, 2017

# **1 Company information**

## **Part 1 Overview of company**

### **1 Summary of business results**

	Three months Ended June 30, 2016	Three months Ended June 30, 2017	Year Ended March 31, 2017
Operating revenue (Millions of Yen)	7,463	7,215	27,727
Net operating revenue (Millions of Yen)	7,212	6,896	26,499
Ordinary income (Millions of Yen)	4,084	4,016	15,044
Net income (Millions of Yen)	2,828	2,780	10,697
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)	259,264,702	259,264,702	259,264,702
Net assets (Millions of Yen)	89,751	93,019	94,820
Total assets (Millions of Yen)	627,031	820,967	770,716
Basic earnings per share (Yen)	11.02	10.83	41.67
Diluted earnings per share (Yen)	11.01	10.82	41.65
Dividend paid per share (Yen)	—	—	33.00
Equity-to-asset ratio (%)	14.3	11.3	12.3

## **2 Description of business**

There have been no significant changes in the business of the Company in the three months ended June 30, 2017.

## **Part 2 Overview of business**

### **1 Business risks**

The event shown below which occurred in the three months ended June 30, 2017 may cause a material business risk to the Company.

The Company has changed the policy of covering customers' positions in foreign exchange margin trading. In new scheme the Company does not necessarily cover all the customers' positions and the Company trades with not only one but several counterparties.

The description of the business risk related to the foreign exchange margin trading shown in the annual securities report for the year ended March 31, 2017 was replaced with the following description.

10. Risk related to foreign exchange margin trading: The Company trades foreign exchange transactions with several counterparties to cover positions held through foreign exchange margin trading with its customers. The Company takes credit risk of these counterparties to its guarantee deposits offered to them. The Company tries to control market risk through covering and matching customers' trades by following the corporate rules although unexpected events in the foreign exchange market may bring financial damage to the Company.

### **2 Critical contracts for operation**

No relevant items.

## Part 3 Information about reporting company

### 1 Information about shares, etc.

#### (1) Total number of shares, etc.

##### (i) Total Number of shares

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

##### (ii) Issued shares

	Total number of issued shares		Stock Exchange Listed at	Details
	As of June 30, 2017 (End of the quarterly period)	As of August 10, 2017 (Date of filing of this Report)		
Common stock	259,264,702 shares	259,264,702 shares	Tokyo Stock Exchange (First Section)	1 unit consists of 100shares
Total	259,264,702 shares	259,264,702 shares	—	—

Notes: Total number of issued shares (As of August 10, 2017) does not include the number of issued shares by exercising share option from August 1, 2017 to August 10, 2017.

#### (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, 2017 to June 30, 2017	—	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, 2017.

## (7) Voting Rights

The following tables show the status of voting rights as of March 31, 2017 instead of those as of June 30, 2017 for the Company is not able to settle the list of shareholders as of June 30, 2017.

### (i) Issued shares

( As of March 31, 2017 )

	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 256,715,900	2,566,035
Odd lot shares (1 lot = 100 shares)	Common stock 15,502	—
Total number of issued shares	259,264,702	—
Total number of voting rights	—	2,566,035

Note:

- 400 shares under the title of Japan Securities Depository Center Inc. and 112,400 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)". 1,124 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)".
- 66 treasury shares are included in odd-lot shares.

### (ii) Treasury shares, etc.

( As of March 31, 2017 )

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

There have been no changes to the Company's executives' from when the Company filed its Annual Securities Report on June 19, 2017 up until the three months ended June 30, 2017.

## **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, 2017 (from April 1, 2017 to June 30, 2017) were reviewed by PricewaterhouseCoopers Aarata LLC in accordance with the Article 193-2-1 of Financial Instruments and Exchange Act.

### **3 Note on quarterly consolidated financial statements**

The consolidated financial statements of the Company are not prepared for three months ended June 30, 2017, because there is not a subsidiary.

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

The accompanying quarterly financial statements have been prepared in accordance with the provision set forth in the Corporation Law of Japan, and the Financial Instruments and Exchange Act, 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 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, 2017	June 30, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	25,743	37,151
Cash segregated as deposits	467,212	509,012
Money held in trust	5,950	5,813
Trading products:	1,408	1,260
Trading securities and other	0	25
Derivatives	1,408	1,234
Trade date accrual	15	—
Margin transaction assets:	245,202	243,926
Loans on margin transactions	237,047	227,358
Cash collateral pledged for securities borrowing on margin transactions	8,154	16,568
Loans secured by securities:	9,536	5,534
Cash collateral pledged for securities borrowed	9,536	5,534
Advances paid	26	18
Cash paid for offering	28	59
Short-term guarantee deposits	1,648	3,703
Other	4,859	4,535
Allowance for doubtful accounts	(116)	(109)
<b>Total current assets</b>	<b>761,510</b>	<b>810,902</b>
Non-current assets		
Property, plant and equipment:	958	930
Intangible assets:	4,118	4,524
Software	4,118	4,524
Other	0	0
Investments and other assets:	4,129	4,612
Investment securities	2,893	3,673
Other	2,785	2,498
Allowance for doubtful accounts	(1,549)	(1,559)
<b>Total non-current assets</b>	<b>9,205</b>	<b>10,066</b>
<b>Total assets</b>	<b>770,716</b>	<b>820,967</b>

(Millions of Yen)

	March 31, 2017	June 30, 2017
<b>Liabilities</b>		
Current liabilities		
Trading products:	281	243
Derivatives	281	243
Trade date accrual	—	37
Margin transaction liabilities:	51,228	59,296
Borrowings on margin transactions	5,932	7,940
Cash received for securities lending on margin transactions	45,297	51,357
Loans payable secured by securities:	13,262	14,331
Cash received on debt credit transaction of securities	13,262	14,331
Deposits received	272,048	315,213
Guarantee deposits received	205,409	225,184
Short-term loans payable	126,100	107,100
Income taxes payable	2,417	1,175
Provision for bonuses	174	48
Other	1,608	1,952
Total current liabilities	672,527	724,579
Non-current liabilities		
Long-term loans payable	150	150
Reserve for retirement bonuses for directors and auditors	204	204
Other	3	3
Total non-current liabilities	358	358
Reserves under special laws		
Reserve for financial products transaction liabilities	3,012	3,012
Total reserves under special laws	3,012	3,012
Total liabilities	675,896	727,949
<b>Net assets</b>		
Shareholders' equity		
Capital stock	11,945	11,945
Capital surplus	9,793	9,793
Retained earnings	73,018	70,663
Treasury shares	(1,915)	(1,915)
Total shareholders' equity	92,840	90,485
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,898	2,440
Total valuation and translation adjustments	1,898	2,440
Subscription rights to shares	81	93
Total net assets	94,820	93,019
Total liabilities and net assets	770,716	820,967



## [2] Quarterly Statement of Income

(Millions of Yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Operating revenue		
Commission received	4,572	4,334
Commission to consignees	4,308	4,152
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	—	2
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	0	0
Other fees received	265	179
Net trading income	1	138
Financial revenue	2,889	2,743
Other operating revenue	1	0
Total operating revenue	7,463	7,215
Financial expenses	251	320
Net operating revenue	7,212	6,896
Selling, general and administrative expenses		
Trading related expenses	1,067	1,093
Personnel expenses	559	581
Real estate expenses	226	216
Office cost	439	508
Depreciation	312	363
Taxes and dues	104	101
Provision of allowance for doubtful accounts	441	20
Other	37	49
Total selling, general and administrative expenses	3,184	2,931
Operating income	4,028	3,964
Non-operating income		
Dividend income	55	49
Other	2	3
Total non-operating income	56	52
Non-operating expenses		
Other	1	0
Total non-operating expenses	1	0
Ordinary income	4,084	4,016
Extraordinary income		
Gain on sales of investment securities	—	0
Total extraordinary income	—	0
Profit before income taxes	4,084	4,016
Income taxes – current	1,191	1,106
Income taxes - deferred	64	131
Total income taxes	1,255	1,236
Profit	2,828	2,780

## **Notes**

### **Notes - Quarterly statement of cash flows**

The Company does not prepare the quarterly statement of cash flows for the three months ended June 30, 2017. Depreciation including the intangible assets of three months ended June 30, 2017 is as follows.

	Three months ended June 30, 2016	Three months ended June 30, 2017
Depreciation	312 million yen	363 million yen

### **Notes - Equity**

(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.

(Three months ended June 30, 2017)

#### 1. Dividend payment

Date of resolution	Ordinary General Meeting of Shareholders held on June 25, 2017
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, 2017
Effective date	June 26, 2017
Source of dividends	Retained earnings

#### 2. Dividends for which effective date is after June 30, 2017

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, 2016	Three months ended June 30, 2017
(1)Basic earnings per share (Yen)	11.02	10.83
(Calculation basis)		
Net income (Millions of Yen)	2,828	2,780
Net income not attributed to common stock (Millions of Yen)	—	—
Net income attributed to common stock (Millions of Yen)	2,828	2,780
Average number of shares of common stock outstanding (Shares)	256,731,388	256,731,314
(2)Diluted earnings per share (Yen)	11.01	10.82
(Calculation basis)		
Net income on the statements of income (Millions of Yen)	—	—
Increase of common stock (Shares)	68,177	138,436
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, 2017.**