

Quarterly Securities Report
Including Financial Statements
Under Japanese GAAP
For the Six Months
Ended September 30, 2013

Matsui Securities Co., Ltd.

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

Filed with the Director of the Kanto Local Finance Bureau
On November 13, 2013

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

Part 1 Company Financial Outlook

1 Major Business Indices

		Six months Ended September 30, 2012	Six months Ended September 30, 2013	Year Ended March 31, 2013
Operating revenues	(Millions of Yen)	7,811	22,190	20,799
Net operating revenues	(Millions of Yen)	7,358	21,599	19,915
Ordinary income	(Millions of Yen)	2,723	15,666	10,245
Net income	(Millions of Yen)	1,790	9,435	6,427
Equity in earnings of affiliates	(Millions of Yen)	—	—	—
Capital stock	(Millions of Yen)	11,945	11,945	11,945
Total shares outstanding	(shares)	269,264,702	269,264,702	269,264,702
Net assets	(Millions of Yen)	74,000	85,752	80,841
Total assets	(Millions of Yen)	371,766	727,426	610,804
Earnings per share	(Yen)	6.97	36.75	25.03
Fully diluted earnings per share	(Yen)	—	—	—
Dividends per share	(Yen)	—	30.00	20.00
Equity ratio	(%)	19.9	11.8	13.2
Cash flows from operating activities	(Millions of Yen)	4,046	16,831	(74,775)
Cash flows from investing activities	(Millions of Yen)	(338)	(414)	(791)
Cash flows from financing activities	(Millions of Yen)	(13,370)	(14,350)	77,102
Cash and cash equivalents at end of period	(Millions of Yen)	15,426	28,692	26,624

		Three months Ended September 30, 2012	Three months Ended September 30, 2013
Earnings per share	(Yen)	3.18	14.15

2 Company’s Business

There have been no significant changes in the business of the Company in the three months ended September 30, 2013.

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 Six months ended September 30, 2013.

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, 2013.

2 Significant Contracts for the Company's Business

There have been no new significant contracts in the three months ended September 30, 2013.

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 September 30, 2013 (End of the quarterly period)	As of November 13, 2013 (Date of filing of this Report)		
Common Stock	269,264,702 shares	269,264,702 shares	Tokyo 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 (shares)	Shares outstanding (shares)	Change (Millions of Yen)	Outstanding Balance (Millions of Yen)	Change (Millions of Yen)	Outstanding Balance (Millions of Yen)
From July 1, 2013 to September 30, 2013	—	269,264,702	—	11,945	—	9,793

(6) Principal Shareholders

(As of September 30, 2013)

Name	Address	Shares in possession (Thousands of shares)	Percentage of shares in possession to the total shares outstanding (%)
Chizuko Matsui	Bunkyo-ku, Tokyo, Japan	57,142	21.22
Maruroku Ltd.	2-4-2, Nishikata, Bunkyo-ku, Tokyo, Japan	33,866	12.58
Shokosha Ltd.	2-4-2, Nishikata, Bunkyo-ku, Tokyo, Japan	27,522	10.22
The Master Trust Bank of Japan, Ltd. (Trust account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo, Japan	11,256	4.18
TAIYO FUND, L.P, (Standing proxy: Citibank Japan Ltd.)	40 RAGSDALE DRIVE, SUITE 200 MONTEREY, CA 93940 US (2-3-14, Higashi-shinagawa, Shinagawa-ku, Tokyo, Japan,)	10,945	4.06
Michio Matsui	Bunkyo-ku, Tokyo, Japan	8,001	2.97
Michitaro Matsui	Bunkyo-ku, Tokyo, Japan	7,762	2.88
Chiaki Matsui	Bunkyo-ku, Tokyo, Japan	7,762	2.88
Yuma Matsui	Bunkyo-ku, Tokyo, Japan	7,762	2.88
Japan Trustee Services Bank, Ltd. (Trust account)	1-8-11, Harumi, Chuo-ku, Tokyo, Japan	7,727	2.87
Total	—	179,744	66.75

Note:

- (1) 12,533 thousands of treasury stock (4.65%) are not included above.
- (2) Because the Company was not able to verify the number of shares held by The Master Trust Bank of Japan, Ltd. (Trust account), and Japan Trustee Services Bank, Ltd. (Trust account) for their trustee businesses, the Company does not show these numbers.

(7) Voting Rights

(i) Outstanding shares

(As of September 30, 2013)

	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 12,533,000	—
Shares with full voting rights (Other than treasury stock)	Common stock 256,717,700	2,564,718
Odd lot shares (1 lot = 100 shares)	Common stock 14,002	—
Total number of shares outstanding	269,264,702	—
Total number of voting rights	—	2,564,718

Note:

- 400 shares under the title of Japan Securities Depository Center Inc. and 245,900 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)". 2,459 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)".
- 23 treasury shares are included in odd-lot shares.

(ii) Treasury Stock

(As of September 30, 2013)

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	12,533,000	—	12,533,000	4.65
Total	—	12,533,000	—	12,533,000	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 17, 2013 up until the Six months ended September 30, 2013.

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”.

2 Audit Report

The quarterly financial statements for the three months ended September 30, 2013 (from July 1, 2013 to September 30, 2013) and six months ended September 30, 2013 (from April 1, 2013 to September 30, 2013) 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 not prepared for six months ended September 30, 2013 because there is not a subsidiary.

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, 2013	September 30, 2013
Assets		
Current Assets		
Cash and bank deposits	8,857	8,990
Cash segregated as deposits	300,116	395,220
Cash in trust	19,067	20,401
Trading assets:	1,402	1,743
Trading securities and others	0	0
Derivatives	1,402	1,743
Margin account assets:	252,751	276,750
Loans receivable from customers	248,476	273,835
Cash deposited as collateral for securities borrowed from securities finance companies	4,275	2,915
Receivables on collateralized securities transactions:	12,225	5,119
Cash deposits collateral for securities borrowed	12,225	5,119
Receivables from customers and others	20	15
Short-term guarantee deposits	3,749	4,970
Others	4,280	5,334
Allowance for doubtful accounts	(20)	(17)
Total current assets	602,447	718,525
Fixed assets		
Tangible fixed assets	927	957
Intangible assets	3,271	2,807
Software	3,266	2,802
Others	5	4
Investments and others	4,158	5,137
Investment securities	3,562	4,501
Others	2,556	2,368
Allowance for doubtful accounts	(1,959)	(1,732)
Total fixed assets	8,357	8,901
Total assets	610,804	727,426

(Millions of Yen)

	March 31, 2013	September 30, 2013
Liabilities		
Current liabilities		
Trading liabilities:	611	627
Trading securities and others	0	0
Derivatives	611	627
Net receivables arising from pre-settlement date trades	71	212
Margin account liabilities:	47,790	43,207
Loans from securities finance companies	3,360	7,863
Proceeds of securities sold on customers' account	44,431	35,344
Payables on collateralized securities transactions:	36,598	45,640
Cash deposits as collateral for securities loaned	36,598	45,640
Deposits received	151,654	219,544
Guarantee money received	149,923	194,231
Suspense account for undelivered securities	7	3
Short-term borrowings	137,525	128,100
Accrued income taxes	2,976	6,249
Accrued bonuses	112	98
Others	1,161	1,389
Total current liabilities	528,430	639,300
Long-term liabilities		
Long-term borrowings	—	200
Deferred tax liabilities	226	413
Reserve for retirement bonuses for directors and auditors	204	204
Others	3	3
Total long-term liabilities	433	820
Statutory reserves		
Reserve for financial products transaction liabilities	1,100	1,554
Total statutory reserves	1,100	1,554
Total liabilities	529,963	641,674
Net assets		
Shareholders' equity		
Common stock	11,945	11,945
Capital surplus	9,793	9,793
Earned surplus	66,378	70,679
Treasury stock	(9,475)	(9,475)
Total shareholders' equity	78,641	82,942
Valuation and translation adjustments		
Net unrealized gain (loss) on investment securities, net of taxes	2,200	2,810
Total valuation and translation adjustments	2,200	2,810
Total net assets	80,841	85,752
Total liabilities and net assets	610,804	727,426

[2] Quarterly Non-Consolidated Statements of Income

(Millions of Yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013
Operating revenues		
Commissions	4,720	15,977
Brokerage commissions	4,213	15,383
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	5	4
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	0	0
Others	502	589
Net gain (loss) on trading	(0)	7
Interest and dividend income	3,089	6,204
Other operating revenue	2	3
Total operating revenues	7,811	22,190
Interest expenses	453	591
Net operating revenues	7,358	21,599
Selling, general and administrative expenses		
Transaction related expenses	1,473	2,560
Employees' compensation and benefits	911	991
Occupancy and rental	466	450
Data processing and office supplies	823	876
Depreciation	895	827
Duties and taxes other than income taxes	54	141
Provision of allowance for doubtful accounts	(15)	52
Others	64	86
Total selling, general and administrative expenses	4,671	5,984
Operating income	2,688	15,615
Non-operating income		
Dividend income	26	36
Others	10	16
Total non-operating income	36	52
Non-operating expenses		
Others	0	0
Total non-operating expenses	0	0
Ordinary income	2,723	15,666
Special profits		
Gain on extinguishment of tie-in shares	98	—
Total Special profits	98	—
Special losses		
Loss on sales and disposals of fixed assets	5	—
Provision for statutory reserves	—	454
Total Special losses	5	454
Income before income taxes	2,817	15,212
Income taxes – current	883	6,162
Income taxes – deferred	144	(384)
Income taxes	1,027	5,777
Net income	1,790	9,435

[3] Quarterly Non-Consolidated Statements of Cash Flows

(Millions of Yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013
Cash flows from operating activities		
Income before income taxes	2,817	15,212
Depreciation and amortization	895	827
Net change in allowance for doubtful accounts	(138)	(230)
Net change in accrued bonuses	(53)	(15)
Net change in reserve for financial products transaction liabilities	—	454
Interest and dividend income	(2,880)	(6,065)
Interest expenses	266	438
Loss (gain) on extinguishment of tie-in shares	(98)	—
Gain or loss on sales and disposals of fixed assets	5	—
Net change in cash segregated as deposits	26,100	(95,099)
Net change in cash in trust	—	600
Net change in trading assets and liabilities	(927)	(325)
Net change in net receivables and payables arising from pre-settlement date trades	(100)	140
Net change in margin assets and liabilities	(10,859)	(28,582)
Net change in receivables on collateralized securities transactions	6,986	7,107
Net change in deposits received and receivables from customers and others	(13,029)	67,896
Net change in payables on collateralized securities transactions	159	9,042
Net change in guarantee money received	(6,507)	44,307
Net change in short-term guarantee deposits	(541)	(1,221)
Others	744	(36)
Sub total	2,841	14,449
Interest and dividend received	2,562	5,751
Interest paid	(250)	(440)
Income taxes paid	(1,107)	(2,928)
Net cash flows from operating activities	4,046	16,831
Cash flows from investing activities		
Payments for purchases of property and equipment	(7)	(104)
Payments for purchases of intangible assets	(330)	(324)
Others	(1)	14
Net cash flows from investing activities	(338)	(414)
Cash flows from financing activities		
Net change in short-term borrowings	(9,500)	(9,500)
Proceeds from long-term borrowings	—	300
Repayments of long-term borrowings	(25)	(25)
Payments for purchase of treasury stock	(0)	(0)
Dividends paid	(3,845)	(5,125)
Net cash flows from financing activities	(13,370)	(14,350)
Translation difference of cash and cash equivalent	(0)	(0)
Net change in cash and cash equivalent	(9,662)	2,067
Cash and cash equivalents at beginning of period	24,812	26,624
Increase in cash and cash equivalents resulting from merger	275	—
Cash and cash equivalents at end of period	*1 15,426	*1 28,692

Notes to Quarterly Non-Consolidated Financial Statements

Notes to Quarterly Non-Consolidated Statements of Cash Flows

Six months ended September 30, 2012	Six months ended September 30, 2013																
<p>※1 The reconciliation between cash and cash equivalents and the balance of cash in hand and at banks presented in the quarterly non-consolidated balance sheet is as follows.</p> <p style="text-align: right;">(As of September 30, 2012)</p> <p style="text-align: right;">(Millions of Yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash and bank deposits</td> <td style="text-align: right;">6,258</td> </tr> <tr> <td>Cash in trust</td> <td style="text-align: right;">10,167</td> </tr> <tr> <td>Cash in trust which is held to segregate guarantee money</td> <td style="text-align: right;">(1,000)</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">15,426</td> </tr> </table>	Cash and bank deposits	6,258	Cash in trust	10,167	Cash in trust which is held to segregate guarantee money	(1,000)	Cash and cash equivalents	15,426	<p>※1 The reconciliation between cash and cash equivalents and the balance of cash in hand and at banks presented in the quarterly non-consolidated balance sheet is as follows.</p> <p style="text-align: right;">(As of September 30, 2013)</p> <p style="text-align: right;">(Millions of Yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash and bank deposits</td> <td style="text-align: right;">8,990</td> </tr> <tr> <td>Cash in trust</td> <td style="text-align: right;">20,401</td> </tr> <tr> <td>Cash in trust which is held to segregate guarantee money</td> <td style="text-align: right;">(700)</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">28,692</td> </tr> </table>	Cash and bank deposits	8,990	Cash in trust	20,401	Cash in trust which is held to segregate guarantee money	(700)	Cash and cash equivalents	28,692
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Cash and cash equivalents	28,692																

Notes Concerning Net Assets

(Six months ended September 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 September 30, 2012

No relevant items.

(Six months ended September 30, 2013)

1. Dividends

Dividend payment

Date of resolution	Ordinary General Meeting of Shareholders held on June 23, 2013
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, 2013
Effective date	June 24, 2013
Source of dividends	Earned surplus

2. Dividends for which effective date is after September 30, 2013

Date of resolution	Board of directors' meeting held on October 24, 2013
Type of Shares	Common stock
Amount of dividend payment	7,702 million yen
Dividends per share	30 yen
Date of record for dividends	September 30, 2013
Effective date	November 25, 2013
Source of dividends	Earned surplus

Financial Instruments

There have been no significant changes in financial instruments during the six months ended September 30, 2013 compared to fiscal year ended March 31, 2013.

Securities

No relevant items.

Derivative Transactions

No relevant items.

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.

Per Share Information

Earnings per share and it's basis of calculation information is as follows:

Items	Six months ended September 30, 2012	Six months ended September 30, 2013
Earnings per share (Yen)	6.97	36.75
(Calculation basis)		
Net income on the statements of income (Millions of Yen)	1,790	9,435
Net income not attributed to common stock (Millions of Yen)	—	—
Net income attributed to common stock (Millions of Yen)	1,790	9,435
Average number of common stock outstanding (shares)	256,731,785	256,731,692

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

Subsequent Events

No relevant items.

2 Others

At the meeting held on October 24, 2013, the board of directors of the Company resolved to distribute interim dividends with record date dated September 30, 2013.

The details are as follows.

Amount of dividend payment	7,702 million yen
Dividends per share	30 yen
Effective date	November 25, 2013

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 September 30,2013 and for the six months ended September 30, 2013.