

Quarterly Securities Report
Including Financial Statements
Under Japanese GAAP
For the Six Months
Ended September 30, 2015

Matsui Securities Co., Ltd.

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

Filed with the Director of the Kanto Local Finance Bureau

On November 12, 2015

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

Part 1 Company Financial Outlook

1 Major Business Indices

		Six months ended September 30, 2014	Six months ended September 30, 2015	Year ended March 31, 2015
Operating revenues	(Millions of Yen)	16,309	18,540	34,306
Net operating revenues	(Millions of Yen)	15,630	17,747	32,893
Ordinary income	(Millions of Yen)	10,376	12,208	22,202
Net income	(Millions of Yen)	6,469	8,625	15,571
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)	86,807	92,950	90,029
Total assets	(Millions of Yen)	767,157	744,866	817,183
Earnings per share	(Yen)	25.20	33.59	60.65
Fully diluted earnings per share	(Yen)	25.20	33.59	60.64
Dividends per share	(Yen)	20.00	25.00	40.00
Equity ratio	(%)	11.3	12.5	11.0
Cash flows from operating activities	(Millions of Yen)	31,093	(6,620)	21,871
Cash flows from investing activities	(Millions of Yen)	(505)	190	2,068
Cash flows from financing activities	(Millions of Yen)	(21,685)	(181)	(21,867)
Cash and cash equivalents at end of period	(Millions of Yen)	42,236	28,795	35,406

		Three months ended September 30, 2014	Three months ended September 30, 2015
Earnings per share	(Yen)	13.79	17.76

2 Company’s Business

There have been no significant changes in the business of the Company in the three months ended September 30, 2015.

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, 2015.

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, 2015.

2 Significant Contracts for the Company's Business

There have been no new significant contracts in the three months ended September 30, 2015.

Part 3 Corporate Profiles

1 Stock Information

(1) Number of Shares

(i) Total Number of Shares

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

(ii) Outstanding Shares

	Number of Shares Outstanding		Stock Exchange Listed at	Details
	As of September 30, 2015 (End of the quarterly period)	As of November 12, 2015 (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) Stock Acquisition Rights

Stock acquisition rights issued in the three months ended September 30, 2015 are as follows.

Date of resolution	July 27, 2015
Number of stock acquisition rights (Units)	680
Number of treasury stock acquisition rights out of the total number of stock acquisition rights (Units)	—
Class of shares subject to stock acquisition rights	Common stock
Number of shares subject to stock acquisition rights (Shares)	※1 68,000
Amount to be paid per share upon the exercise of each stock acquisition rights (Yen)	1
Exercise period for stock acquisition rights	※2 From August 12, 2018 to August 11, 2021
Issuance price and amount credited to equity capital in the event of share issuance upon the exercise of stock acquisition rights (Yen)	※3
Conditions for the exercise of stock acquisition rights	※4
Matters concerning the transfer of stock acquisition rights	The acquisition of the stock acquisition rights through assignment shall require the approval of the Board of Directors of the Company.
Matters concerning substitute payment	—
Matters concerning the grant of stock acquisition rights in connection with acts of reorganization	※5

Note:

1. The number of shares to be issued upon exercise of stock acquisition rights is 100. The Company will adjust the number of shares to be issued in case it splits its shares, allots its shares without contribution and merges its shares. The Company will adjust the number of shares in case it acquires other companies, divides the corporation, exchanges its shares with other companies' shares.
2. If the final day of the exercise period falls on a holiday of the Company, the final day shall be the working day immediately preceding the final day.
3. Issuance price of the stock acquisition rights to be exercised from August 12, 2018 is 953 yen per share. Issuance price of the stock acquisition rights to be exercised from August 12, 2019 is 937 yen per share. Issuance price of the stock acquisition rights to be exercised from August 12, 2020 is 920 yen per share. The amount of capital to be increased due to the issuance of shares upon exercise of the stock acquisition rights shall be a half of the maximum amount of capital increase, etc. which is calculated in accordance with Article 17, Paragraph 1 of the Corporation Accounting Regulations, and any fraction less than 1 yen arising from there shall be rounded up to the nearest 1 yen.
4. (i) Persons allotted stock acquisition rights are eligible to exercise only when they are active directors at the time of the exercise. However the Company may treat the rights of those who are out of the service of directors still effective when it finds reasonable grounds.
(ii) Persons allotted stock acquisition rights are eligible to exercise their rights as follows.
 - 1) From August 12, 2018 to August 11, 2019: Within one third of the number of rights originally allotted.
 - 2) From August 12, 2019 to August 11, 2020: Within two thirds of the number of rights originally allotted.
 - 3) From August 12, 2020 to August 11, 2021: All rights can be exercised.(iii) Each one right cannot be partially exercised.
(iv) Other conditions of exercise are specified in the contracts between the Company and the persons to be allotted stock acquisition right.
5. In case of corporate reorganization including merger, corporate division and exchange of shares, the reorganized company will allot stock acquisition rights to the persons who hold remaining rights according to the reorganization contracts. The terms of new rights will be determined in accordance with the remaining rights.

(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, 2015 to September 30, 2015	—	269,264,702	—	11,945	—	9,793

(6) Principal Shareholders

(As of September 30, 2015)

Name	Address	Shares in possession (Thousands of shares)	Percentage of shares in possession to the total shares outstanding (%)
Chizuko Matsui	Bunkyo-ku, Tokyo, Japan	55,696	20.68
Maruroku Ltd.	2-4-2, Nishikata, Bunkyo-ku, Tokyo, Japan	35,312	13.11
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	15,766	5.86
Japan Trustee Services Bank, Ltd. (Trust account)	1-8-11, Harumi, Chuo-ku, Tokyo, Japan	9,685	3.60
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
TAIYO FUND, L.P. (Standing proxy: Citibank Japan Ltd.)	5300 CARILLON POINT, KIRKLAND, WA 98033 USA (6-27-30, Shinjuku, Shinjuku-ku, Tokyo, Japan)	5,767	2.14
Total	—	181,034	67.23

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, 2015)

	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 12,533,200	—
Shares with full voting rights (Other than treasury stock)	Common stock 256,716,000	2,565,873
Odd lot shares (1 lot = 100 shares)	Common stock 15,502	—
Total number of shares outstanding	269,264,702	—
Total number of voting rights	—	2,565,873

Note:

- 400 shares under the title of Japan Securities Depository Center Inc. and 128,700 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)". 1,287 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)".
- 45 treasury shares are included in odd-lot shares.

(ii) Treasury Stock

(As of September 30, 2015)

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	12,533,200	—	12,533,200	4.65
Total	—	12,533,200	—	12,533,200	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 22, 2015 up until the six months ended September 30, 2015.

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, 2015 (from July 1, 2015 to September 30, 2015) and six months ended September 30, 2015 (from April 1, 2015 to September 30, 2015) 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, 2015 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 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 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 Non-Consolidated Financial Statements

[1] Quarterly Non-Consolidated Balance Sheets

(Millions of Yen)

	March 31, 2015	September 30, 2015
Assets		
Current assets		
Cash and bank deposits	15,717	10,545
Cash segregated as deposits	462,912	405,912
Cash in trust	20,889	19,450
Trading assets:	1,538	1,660
Trading securities and others	0	0
Derivatives	1,538	1,659
Net receivables arising from pre-settlement date trades	185	43
Margin account assets:	284,207	284,347
Loans receivable from customers	277,246	281,836
Cash deposited as collateral for securities borrowed from securities finance companies	6,961	2,510
Receivables on collateralized securities transactions:	12,080	4,840
Cash deposits collateral for securities borrowed	12,080	4,840
Receivables from customers and others	27	58
Short-term guarantee deposits	5,736	5,103
Others	5,249	4,970
Allowance for doubtful accounts	(11)	(11)
Total current assets	808,528	736,915
Fixed assets		
Tangible fixed assets	1,039	990
Intangible assets:	2,850	2,630
Software	2,850	2,630
Others	0	0
Investments and others:	4,765	4,331
Investment securities	3,975	3,127
Others	1,956	2,337
Allowance for doubtful accounts	(1,165)	(1,132)
Total fixed assets	8,655	7,952
Total assets	817,183	744,866

(Millions of Yen)

	March 31, 2015	September 30, 2015
Liabilities		
Current liabilities		
Trading liabilities:	1,379	818
Trading securities and others	7	—
Derivatives	1,371	818
Margin account liabilities:	56,398	27,003
Loans from securities finance companies	3,774	3,371
Proceeds of securities sold on customers' account	52,624	23,633
Payables on collateralized securities transactions:	25,558	14,843
Cash deposits as collateral for securities loaned	25,558	14,843
Deposits received	261,516	233,519
Guarantee money received	207,098	197,053
Suspense account for undelivered securities	12	—
Short-term borrowings	164,600	169,600
Accrued income taxes	5,442	4,350
Accrued bonuses	277	135
Others	1,957	1,381
Total current liabilities	724,237	648,702
Long-term liabilities		
Long-term borrowings	50	—
Reserve for retirement bonuses for directors and auditors	204	204
Others	3	3
Total long-term liabilities	257	207
Statutory reserves		
Reserve for financial products transaction liabilities	2,660	3,007
Total statutory reserves	2,660	3,007
Total liabilities	727,155	651,917
Net assets		
Shareholders' equity		
Common stock	11,945	11,945
Capital surplus	9,793	9,793
Earned surplus	75,143	78,633
Treasury stock	(9,475)	(9,475)
Total shareholders' equity	87,406	90,896
Valuation and translation adjustments		
Net unrealized gain (loss) on investment securities, net of taxes	2,613	2,033
Total valuation and translation adjustments	2,613	2,033
Stock acquisition rights	10	21
Total net assets	90,029	92,950
Total liabilities and net assets	817,183	744,866

[2] Quarterly Non-Consolidated Statements of Income

(Millions of Yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Operating revenues		
Commissions:	9,755	11,798
Brokerage commissions	9,264	11,112
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	3	0
Others	489	686
Net gain (loss) on trading	3	4
Interest and dividend income	6,548	6,735
Other operating revenue	3	3
Total operating revenues	16,309	18,540
Interest expenses	679	793
Net operating revenues	15,630	17,747
Selling, general and administrative expenses		
Transaction related expenses	2,334	2,396
Employees' compensation and benefits	933	1,101
Occupancy and rental	443	446
Data processing and office supplies	848	860
Depreciation	680	568
Duties and taxes other than income taxes	91	160
Provision of allowance for doubtful accounts	(68)	(11)
Others	62	67
Total selling, general and administrative expenses	5,322	5,588
Operating income	10,308	12,159
Non-operating income		
Dividend income	58	40
Others	13	9
Total non-operating income	71	48
Non-operating expenses		
Others	2	0
Total non-operating expenses	2	0
Ordinary income	10,376	12,208
Special profits		
Gain on sales of investment securities	—	1,012
Total special profits	—	1,012
Special losses		
Provision for statutory reserves	355	347
Loss on sales and disposals of property and equipment	—	1
Total special losses	355	348
Income before income taxes	10,021	12,872
Income taxes – current	3,254	4,227
Income taxes – deferred	298	19
Income taxes	3,552	4,247
Net income	6,469	8,625

[3] Quarterly Non-Consolidated Statements of Cash Flows

(Millions of Yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from operating activities		
Income before income taxes	10,021	12,872
Depreciation and amortization	680	568
Net change in allowance for doubtful accounts	(78)	(33)
Net change in accrued bonuses	(227)	(142)
Net change in reserve for financial products transaction liabilities	355	347
Interest and dividend income	(6,412)	(6,484)
Interest expenses	470	538
Gain or loss on sales and disposals of fixed assets	—	1
Gain or loss on sales of investment securities	—	(1,012)
Net change in cash segregated as deposits	(77,300)	57,000
Net change in cash in trust	(200)	—
Net change in trading assets and liabilities	578	(683)
Net change in net receivables and payables arising from pre-settlement date trades	104	142
Net change in margin assets and liabilities	24,873	(29,533)
Net change in receivables on collateralized securities transactions	2,241	7,239
Net change in deposits received and receivables from customers and others	60,489	(28,027)
Net change in payables on collateralized securities transactions	2,704	(10,715)
Net change in guarantee money received	17,776	(10,046)
Net change in short-term guarantee deposits	(1,101)	634
Others	(644)	(117)
Sub total	34,327	(7,451)
Interest and dividend received	6,146	6,739
Interest paid	(456)	(545)
Income taxes paid	(8,923)	(5,363)
Net cash flows from operating activities	31,093	(6,620)
Cash flows from investing activities		
Payments for purchases of property and equipment	(5)	(141)
Payments for purchases of intangible assets	(509)	(671)
Payments for purchases of investment securities	—	(20)
Proceeds from sales of investment securities	—	1,016
Others	8	6
Net cash flows from investing activities	(505)	190
Cash flows from financing activities		
Net change in short-term borrowings	(22,500)	5,000
Net change in Commercial paper	6,000	—
Repayments of long-term borrowings	(50)	(50)
Dividends paid	(5,135)	(5,131)
Net cash flows from financing activities	(21,685)	(181)
Translation difference of cash and cash equivalent	0	0
Net change in cash and cash equivalent	8,903	(6,611)
Cash and cash equivalents at beginning of period	33,333	35,406
Cash and cash equivalents at end of period	※1 42,236	※1 28,795

Notes to Quarterly Non-Consolidated Financial Statements

Notes to Quarterly Non-Consolidated Statements of Cash Flows

(Millions of Yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash and bank deposits	10,121	10,545
Cash in trust	33,015	19,450
Cash in trust whose purpose is to segregate guarantee money	(900)	(1,200)
Cash and cash equivalents	42,236	28,795

Notes Concerning Net Assets

(Six months ended September 30, 2014)

1. Dividend payment

Date of resolution	Ordinary general meeting of shareholders held on June 22, 2014
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, 2014
Effective date	June 23, 2014
Source of dividends	Earned surplus

2. Dividends for which effective date is after September 30, 2014

Date of resolution	Board of directors' meeting held on October 28, 2014
Type of shares	Common stock
Amount of dividend payment	5,135 million yen
Dividends per share	20 yen
Date of record for dividends	September 30, 2014
Effective date	November 25, 2014
Source of dividends	Earned surplus

(Six months ended September 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	Earned surplus

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

Date of resolution	Board of directors' meeting held on October 26, 2015
Type of shares	Common stock
Amount of dividend payment	6,418 million yen
Dividends per share	25 yen
Date of record for dividends	September 30, 2015
Effective date	November 24, 2015
Source of dividends	Earned surplus

Financial Instruments

There have been no significant changes in financial instruments during the six months ended September 30, 2015 compared to fiscal year ended March 31, 2015.

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

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

Items	Six months ended September 30, 2014	Six months ended September 30, 2015
(1)Earnings per share (Yen)	25.20	33.59
(Calculation basis)		
Net income on the statements of income (Millions of Yen)	6,469	8,625
Net income not attributed to common stock (Millions of Yen)	—	—
Net income attributed to common stock (Millions of Yen)	6,469	8,625
Average number of common stock outstanding (Shares)	256,731,609	256,731,457
(2) Fully diluted earnings per share (Yen)	25.20	33.59
(Calculation basis)		
Net income on the statements of income (Millions of Yen)	—	—
Increase of common stock (Shares)	9,044	49,747
Significant changes in the residual securities which are not considered in the calculation of fully diluted earnings per share	—	—

Subsequent Events

No relevant items.

2 Others

At the meeting held on October 26, 2015, the board of directors of the Company resolved to distribute interim dividends with record date dated September 30, 2015.

The details are as follows.

Amount of dividend payment	6,418 million yen
Dividends per share	25 yen
Effective date	November 24, 2015

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, 2015 and for the six months ended September 30, 2015.