

Quarterly Securities Report  
Including Financial Statements  
Under Japanese GAAP  
For the Nine months  
Ended December 31, 2014

**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 February 13, 2015

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

## **Part 1 Company Financial Outlook**

### **1 Major Business Indices**

		Nine months ended December 31, 2013	Nine months ended December 31, 2014	Year ended March 31, 2014
Operating revenues	(Millions of Yen)	31,363	25,438	39,883
Net operating revenues	(Millions of Yen)	30,499	24,467	38,738
Ordinary income	(Millions of Yen)	21,772	16,472	27,175
Net income	(Millions of Yen)	13,117	10,845	16,300
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)	82,785	85,801	85,365
Total assets	(Millions of Yen)	797,193	781,209	688,353
Earnings per share	(Yen)	51.09	42.24	63.49
Fully diluted earnings per share	(Yen)	—	42.24	—
Dividends per share	(Yen)	30.00	20.00	50.00
Equity ratio	(%)	10.4	11.0	12.4

		Three months ended December 31, 2013	Three months ended December 31, 2014
Earnings per share	(Yen)	14.34	17.05

Note: The Company does not report fully diluted earnings per share for the nine months ended December 31, 2013, and the year ended March 31, 2014, as there are no residual securities.

## **2 Company’s Business**

There have been no significant changes in the business of the Company in the nine months ended December 31, 2014.

## **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 nine months ended December 31, 2014.

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, 2014.

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

There have been no new significant contracts in the three months ended December 31, 2014.

## 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 December 31, 2014 (End of the quarterly period)	As of February 13, 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

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 October 1, 2014 to December 31, 2014	—	269,264,702	—	11,945	—	9,793

#### (6) Principal Shareholders

Information on the changes in principal shareholders has been omitted for the three months ended December 31, 2014.

## (7) Voting Rights

The following tables show the status of voting rights as of September 30, 2014 instead of those as of December 31, 2014 for the Company is not able to settle the list of shareholders as of December 31, 2014.

### (i) Outstanding shares

( As of September 30, 2014 )

	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 256,716,800	2,564,252
Odd lot shares (1 lot = 100 shares)	Common stock 14,902	—
Total number of shares outstanding	269,264,702	—
Total number of voting rights	—	2,564,252

Note:

- 400 shares under the title of Japan Securities Depository Center Inc. and 291,600 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)". 2,916 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)".
- 93 treasury shares are included in odd-lot shares.

### (ii) Treasury Stock

( As of September 30, 2014 )

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 16, 2014 up until the nine months ended December 31, 2014.

## **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 December 31, 2014 (from October 1, 2014 to December 31, 2014) and nine months ended December 31, 2014 (from April 1, 2014 to December 31, 2014) 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 nine months ended December 31, 2014 because there is not a subsidiary.

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

The accompanying quarterly non-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 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, 2014	December 31, 2014
<b>Assets</b>		
Current Assets		
Cash and bank deposits	12,166	21,457
Cash segregated as deposits	341,812	449,015
Cash in trust	21,867	3,909
Trading assets:	1,307	1,099
Trading securities and others	0	0
Derivatives	1,307	1,099
Net receivables arising from pre-settlement date trades	139	49
Margin account assets:	282,225	279,994
Loans receivable from customers	279,353	273,956
Cash deposited as collateral for securities borrowed from securities finance companies	2,872	6,039
Receivables on collateralized securities transactions:	9,636	5,180
Cash deposits collateral for securities borrowed	9,636	5,180
Receivables from customers and others	86	27
Short-term guarantee deposits	4,122	6,566
Others	5,397	4,839
Allowance for doubtful accounts	(14)	(31)
<b>Total current assets</b>	<b>678,743</b>	<b>772,106</b>
Fixed assets		
Tangible fixed assets	998	927
Intangible assets	2,726	2,478
Software	2,726	2,478
Others	1	0
Investments and others	5,886	5,698
Investment securities	5,201	4,958
Others	2,056	2,033
Allowance for doubtful accounts	(1,372)	(1,293)
<b>Total fixed assets</b>	<b>9,610</b>	<b>9,103</b>
<b>Total assets</b>	<b>688,353</b>	<b>781,209</b>

(Millions of Yen)

	March 31, 2014	December 31, 2014
<b>Liabilities</b>		
Current liabilities		
Trading liabilities:	699	1,920
Trading securities and others	0	2
Derivatives	699	1,918
Margin account liabilities:	32,025	38,503
Loans from securities finance companies	2,798	3,177
Proceeds of securities sold on customers' account	29,228	35,326
Payables on collateralized securities transactions:	25,498	23,321
Cash deposits as collateral for securities loaned	25,498	23,321
Deposits received	178,071	266,322
Guarantee money received	176,619	210,337
Suspense account for undelivered securities	11	—
Short-term borrowings	176,100	145,100
Commercial paper	—	3,000
Accrued income taxes	9,037	2,466
Accrued bonuses	305	119
Others	1,693	1,196
<b>Total current liabilities</b>	<b>600,058</b>	<b>692,284</b>
Long-term liabilities		
Long-term borrowings	150	100
Deferred tax liabilities	651	341
Reserve for retirement bonuses for directors and auditors	204	204
Others	3	3
<b>Total long-term liabilities</b>	<b>1,009</b>	<b>648</b>
Statutory reserves		
Reserve for financial products transaction liabilities	1,922	2,477
<b>Total statutory reserves</b>	<b>1,922</b>	<b>2,477</b>
<b>Total liabilities</b>	<b>602,988</b>	<b>695,408</b>
<b>Net assets</b>		
Shareholders' equity		
Common stock	11,945	11,945
Capital surplus	9,793	9,793
Earned surplus	69,841	70,417
Treasury stock	(9,475)	(9,475)
<b>Total shareholders' equity</b>	<b>82,104</b>	<b>82,680</b>
Valuation and translation adjustments		
Net unrealized gain (loss) on investment securities, net of taxes	3,260	3,114
<b>Total valuation and translation adjustments</b>	<b>3,260</b>	<b>3,114</b>
Stock acquisition rights	—	6
<b>Total net assets</b>	<b>85,365</b>	<b>85,801</b>
<b>Total liabilities and net assets</b>	<b>688,353</b>	<b>781,209</b>



## [2] Quarterly Non-Consolidated Statements of Income

(Millions of Yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Operating revenues		
Commissions	21,954	15,590
Brokerage commissions	21,111	14,804
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	5	—
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	0	3
Others	838	784
Net gain (loss) on trading	10	6
Interest and dividend income	9,396	9,838
Other operating revenue	4	4
Total operating revenues	31,363	25,438
Interest expenses	864	971
Net operating revenues	30,499	24,467
Selling, general and administrative expenses		
Transaction related expenses	3,717	3,532
Employees' compensation and benefits	1,607	1,416
Occupancy and rental	685	663
Data processing and office supplies	1,325	1,282
Depreciation	1,227	982
Duties and taxes other than income taxes	186	139
Provision of allowance for doubtful accounts	(63)	(18)
Others	125	104
Total selling, general and administrative expenses	8,809	8,100
Operating income	21,690	16,367
Non-operating income		
Dividend income	68	94
Others	17	14
Total non-operating income	85	109
Non-operating expenses		
Others	3	3
Total non-operating expenses	3	3
Ordinary income	21,772	16,472
Special profits		
Gain on sales of investment securities	—	927
Total Special profits	—	927
Special losses		
Loss on sales and disposals of fixed assets	1	46
Provision for statutory reserves	635	555
Total Special losses	636	601
Income before income taxes	21,136	16,799
Income taxes – current	8,495	5,685
Income taxes – deferred	(476)	268
Income taxes	8,019	5,953
Net income	13,117	10,845

## **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 nine months ended December 31, 2014. Depreciation including the intangible assets of nine months ended December 31, 2014 is as follows.

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Depreciation	1,227 million yen	982 million yen

### **Notes Concerning Net Assets**

(Nine months ended December 31, 2013)

#### 1. Dividends

Dividend payment

Date of resolution	Ordinary General Meeting of Shareholders held on June 23, 2013	Board of directors' meeting held on October 24, 2013
Type of Shares	Common stock	Common stock
Amount of dividend payment	5,135 million yen	7,702 million yen
Dividends per share	20 yen	30 yen
Date of record for dividends	March 31, 2013	September 30, 2013
Effective date	June 24, 2013	November 25, 2013
Source of dividends	Earned surplus	Earned surplus

#### 2. Dividends for which effective date is after December 31, 2013

No relevant items.

(Nine months ended December 31, 2014)

#### 1. Dividends

Dividend payment

Date of resolution	Ordinary General Meeting of Shareholders held on June 22, 2014	Board of directors' meeting held on October 28, 2014
Type of Shares	Common stock	Common stock
Amount of dividend payment	5,135 million yen	5,135 million yen
Dividends per share	20 yen	20 yen
Date of record for dividends	March 31, 2014	September 30, 2014
Effective date	June 23, 2014	November 25, 2014
Source of dividends	Earned surplus	Earned surplus

#### 2. Dividends for which effective date is after December 31, 2014

No relevant items.

## **Financial Instruments**

There have been no significant changes in financial instruments during the nine months ended December 31, 2014 compared to fiscal year ended March 31, 2014.

## **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	Nine months ended December 31, 2013	Nine months ended December 31, 2014
(1) Earnings per share (Yen)	51.09	42.24
(Calculation basis)		
Net income on the statements of income (Millions of Yen)	13,117	10,845
Net income not attributed to common stock (Millions of Yen)	—	—
Net income attributed to common stock (Millions of Yen)	13,117	10,845
Average number of common stock outstanding (shares)	256,731,687	256,731,592
(2) Fully diluted earnings per share (Yen)	—	42.24
(Calculation basis)		
Net income on the statements of income (Millions of Yen)	—	—
Increase of common stock (shares)	—	18,173
Significant changes in the residual securities which are not considered in the calculation of fully diluted earnings per share	—	—

Note: Fully diluted earnings per share during the nine months ended December 31, 2014 has been omitted, as there are no residual securities.

## **Subsequent Events**

No relevant items.

## **2 Others**

At the meeting held on October 28, 2014, the board of directors of the Company resolved to distribute interim dividends with record date dated September 30, 2014.

The details are as follows.

Amount of dividend payment	5,135 million yen
Dividends per share	20 yen
Effective date	November 25, 2014

## **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 December 31, 2014 and for the nine months ended December 31, 2014.**