

Quarterly Securities Report
Including Financial Statements
Under Japanese GAAP
For the Nine Months
Ended December 31, 2015

Matsui Securities Co., Ltd.

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

Filed with the Director of the Kanto Local Finance Bureau

On February 12, 2016

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

Part 1 Company Financial Outlook

1 Major Business Indices

		Nine months ended December 31, 2014	Nine months ended December 31, 2015	Year ended March 31, 2015
Operating revenues	(Millions of Yen)	25,438	26,611	34,306
Net operating revenues	(Millions of Yen)	24,467	25,496	32,893
Ordinary income	(Millions of Yen)	16,472	17,264	22,202
Net income	(Millions of Yen)	10,845	11,898	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)	85,801	90,016	90,029
Total assets	(Millions of Yen)	781,209	765,880	817,183
Earnings per share	(Yen)	42.24	46.34	60.65
Fully diluted earnings per share	(Yen)	42.24	46.33	60.64
Dividends per share	(Yen)	20.00	25.00	40.00
Equity ratio	(%)	11.0	11.7	11.0

		Three months ended December 31, 2014	Three months ended December 31, 2015
Earnings per share	(Yen)	17.05	12.75

2 Company’s Business

There have been no significant changes in the business of the Company in the three months ended December 31, 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 nine months ended December 31, 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 December 31, 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 December 31, 2015 (End of the quarterly period)	As of February 12, 2016 (Date of filing of this Report)		
Common stock	269,264,702 shares	259,264,702 shares	Tokyo Stock Exchange (First Section)	1 unit consists of 100shares
Total	269,264,702 shares	259,264,702 shares	—	—

In accordance with the resolution at the meeting of the board of directors held on January 27, 2016, the Company canceled 10,000,000 treasury shares as of February 3, 2016. As a result, total number of shares outstanding at the date of filing of this report is 259,264,702 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, 2015 to December 31, 2015	—	269,264,702	—	11,945	—	9,793

In accordance with the resolution at the meeting of the board of directors held on January 27, 2016, the Company canceled 10,000,000 treasury shares as of February 3, 2016. As a result, total number of shares outstanding at the date of filing of this report is 259,264,702 shares.

(6) Principal Shareholders

Information on the changes in principal shareholders has been omitted for the three months ended December 31, 2015.

(7) Voting Rights

The following tables show the status of voting rights as of September 30, 2015 instead of those as of December 31, 2015 for the Company is not able to settle the list of shareholders as of December 31, 2015.

(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 nine months ended December 31, 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 December 31, 2015 (from October 1, 2015 to December 31, 2015) and nine months ended December 31, 2015 (from April 1, 2015 to December 31, 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 nine months ended December 31, 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	December 31, 2015
Assets		
Current assets		
Cash and bank deposits	15,717	10,331
Cash segregated as deposits	462,912	428,312
Cash in trust	20,889	18,419
Trading assets:	1,538	1,943
Trading securities and others	0	0
Derivatives	1,538	1,943
Net receivables arising from pre-settlement date trades	185	—
Margin account assets:	284,207	286,084
Loans receivable from customers	277,246	283,105
Cash deposited as collateral for securities borrowed from securities finance companies	6,961	2,978
Receivables on collateralized securities transactions:	12,080	4,203
Cash deposits collateral for securities borrowed	12,080	4,203
Receivables from customers and others	27	80
Short-term guarantee deposits	5,736	3,317
Others	5,249	4,895
Allowance for doubtful accounts	(11)	(26)
Total current assets	808,528	757,558
Fixed assets		
Tangible fixed assets	1,039	968
Intangible assets:	2,850	2,774
Software	2,850	2,773
Others	0	0
Investments and others:	4,765	4,580
Investment securities	3,975	3,424
Others	1,956	2,295
Allowance for doubtful accounts	(1,165)	(1,138)
Total fixed assets	8,655	8,322
Total assets	817,183	765,880

(Millions of Yen)

	March 31, 2015	December 31, 2015
Liabilities		
Current liabilities		
Trading liabilities:	1,379	757
Trading securities and others	7	0
Derivatives	1,371	757
Net payables arising from pre-settlement date trades	—	62
Margin account liabilities:	56,398	29,415
Loans from securities finance companies	3,774	4,165
Proceeds of securities sold on customers' account	52,624	25,251
Payables on collateralized securities transactions:	25,558	10,694
Cash deposits as collateral for securities loaned	25,558	10,694
Deposits received	261,516	254,725
Guarantee money received	207,098	208,439
Suspense account for undelivered securities	12	6
Short-term borrowings	164,600	165,100
Accrued income taxes	5,442	1,786
Accrued bonuses	277	191
Others	1,957	1,304
Total current liabilities	724,237	672,480
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	208
Statutory reserves		
Reserve for financial products transaction liabilities	2,660	3,176
Total statutory reserves	2,660	3,176
Total liabilities	727,155	675,864
Net assets		
Shareholders' equity		
Common stock	11,945	11,945
Capital surplus	9,793	9,793
Earned surplus	75,143	75,488
Treasury stock	(9,475)	(9,475)
Total shareholders' equity	87,406	87,751
Valuation and translation adjustments		
Net unrealized gain (loss) on investment securities, net of taxes	2,613	2,236
Total valuation and translation adjustments	2,613	2,236
Stock acquisition rights	10	29
Total net assets	90,029	90,016
Total liabilities and net assets	817,183	765,880

[2] Quarterly Non-Consolidated Statements of Income

(Millions of Yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Operating revenues		
Commissions	15,590	16,744
Brokerage commissions	14,804	15,732
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	—	50
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	3	0
Others	784	962
Net gain (loss) on trading	6	5
Interest and dividend income	9,838	9,858
Other operating revenue	4	4
Total operating revenues	25,438	26,611
Interest expenses	971	1,116
Net operating revenues	24,467	25,496
Selling, general and administrative expenses		
Transaction related expenses	3,532	3,518
Employees' compensation and benefits	1,416	1,643
Occupancy and rental	663	668
Data processing and office supplies	1,282	1,289
Depreciation	982	866
Duties and taxes other than income taxes	139	222
Provision of allowance for doubtful accounts	(18)	10
Others	104	103
Total selling, general and administrative expenses	8,100	8,320
Operating income	16,367	17,176
Non-operating income		
Dividend income	94	76
Others	14	12
Total non-operating income	109	88
Non-operating expenses		
Others	3	0
Total non-operating expenses	3	0
Ordinary income	16,472	17,264
Special profits		
Gain on sales of investment securities	927	1,012
Total special profits	927	1,012
Special losses		
Provision for statutory reserves	555	516
Loss on sales and disposals of property and equipment	46	6
Total special losses	601	522
Income before income taxes	16,799	17,755
Income taxes – current	5,685	5,747
Income taxes – deferred	268	110
Income taxes	5,953	5,857
Net income	10,845	11,898

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, 2015. Depreciation including the intangible assets of nine months ended December 31, 2015 is as follows.

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Depreciation	982 million yen	866 million yen

Notes Concerning Net Assets

(Nine months ended December 31, 2014)

1. 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.

(Nine months ended December 31, 2015)

1. Dividend payment

Date of resolution	Ordinary general meeting of shareholders held on June 28, 2015	Board of directors' meeting held on October 26, 2015
Type of shares	Common stock	Common stock
Amount of dividend payment	5,135 million yen	6,418 million yen
Dividends per share	20 yen	25 yen
Date of record for dividends	March 31, 2015	September 30, 2015
Effective date	June 29, 2015	November 24, 2015
Source of dividends	Earned surplus	Earned surplus

2. Dividends for which effective date is after December 31, 2015

No relevant items.

Financial Instruments

No relevant items.

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, 2014	Nine months ended December 31, 2015
(1) Earnings per share (Yen)	42.24	46.34
(Calculation basis)		
Net income on the statements of income (Millions of Yen)	10,845	11,898
Net income not attributed to common stock (Millions of Yen)	—	—
Net income attributed to common stock (Millions of Yen)	10,845	11,898
Average number of common stock outstanding (Shares)	256,731,592	256,731,434
(2) Fully diluted earnings per share (Yen)	42.24	46.33
(Calculation basis)		
Net income on the statements of income (Millions of Yen)	—	—
Increase of common stock (Shares)	18,173	58,753
Significant changes in the residual securities which are not considered in the calculation of fully diluted earnings per share	—	—

Subsequent Events

Cancellation of treasury shares

At the meeting held on January 27, 2016 the board of directors of the Company resolved to cancel its treasury shares pursuant to Article 178 of the Corporation Act and subsequently conducted such cancellation.

1. Type of shares cancelled

Shares of common stock of the Company

2. Number of shares cancelled

10,000,000 shares

(Percentage of number of shares cancelled to that of shares outstanding before the cancellation: 3.71%)

3. Date of cancellation

February 3, 2016

4. Total number of shares outstanding after the cancellation

259,264,702 shares

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 December 31, 2015 and for the nine months ended December 31, 2015.