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THOMSON FINANCIAL



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The 89th Fiscal Year Interim Business Report

(April 1, 2004 through September 30, 2004)

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Matsui Securities Co., Ltd.

Notice to readers:

Consolidated interim statements of balance sheets and consolidated interim statements of cash flows have been amended after the issuance of this interim business report. These corrections have been revealed as an amendments to the "Consolidated and Non-Consolidated Financial Summary under Japanese GAAP for the Six Months Ended September 30, 2004 (Kessan Tanshin)." This summary translation is based on the amended financial statements. Please refer the details of the amendment to the summary translation of Kessan Tanshin.

1. Outline of Operation

	Consolidated					
	Non-consolidated					
	Year ended Mar. 31, 2000	Year ended Mar. 31, 2001	Year ended Mar. 31, 2002	Year ended Mar. 31, 2003	Year ended Mar. 31, 2004	Six months ended Sep. 30, 2004
Earnings per share	143.45	114.77	24.56	16.94	81.50	75.68
(Yen)	142.40	114.26	24.42	16.86	81.44	75.64
Fully diluted earnings per share	—	—	24.11	16.66	76.99	67.39
(Yen)	—	—	23.98	16.58	76.93	67.35
Net assets per share	1,302.20	258.90	355.25	363.80	439.36	491.06
(Yen)	1,298.51	258.14	354.82	363.29	438.80	490.45

**2. Interview with Michio Matsui
(President, Chief Executive Officer and Representative Director)**

Translation omitted.

3. Organization (As of September 30, 2004)

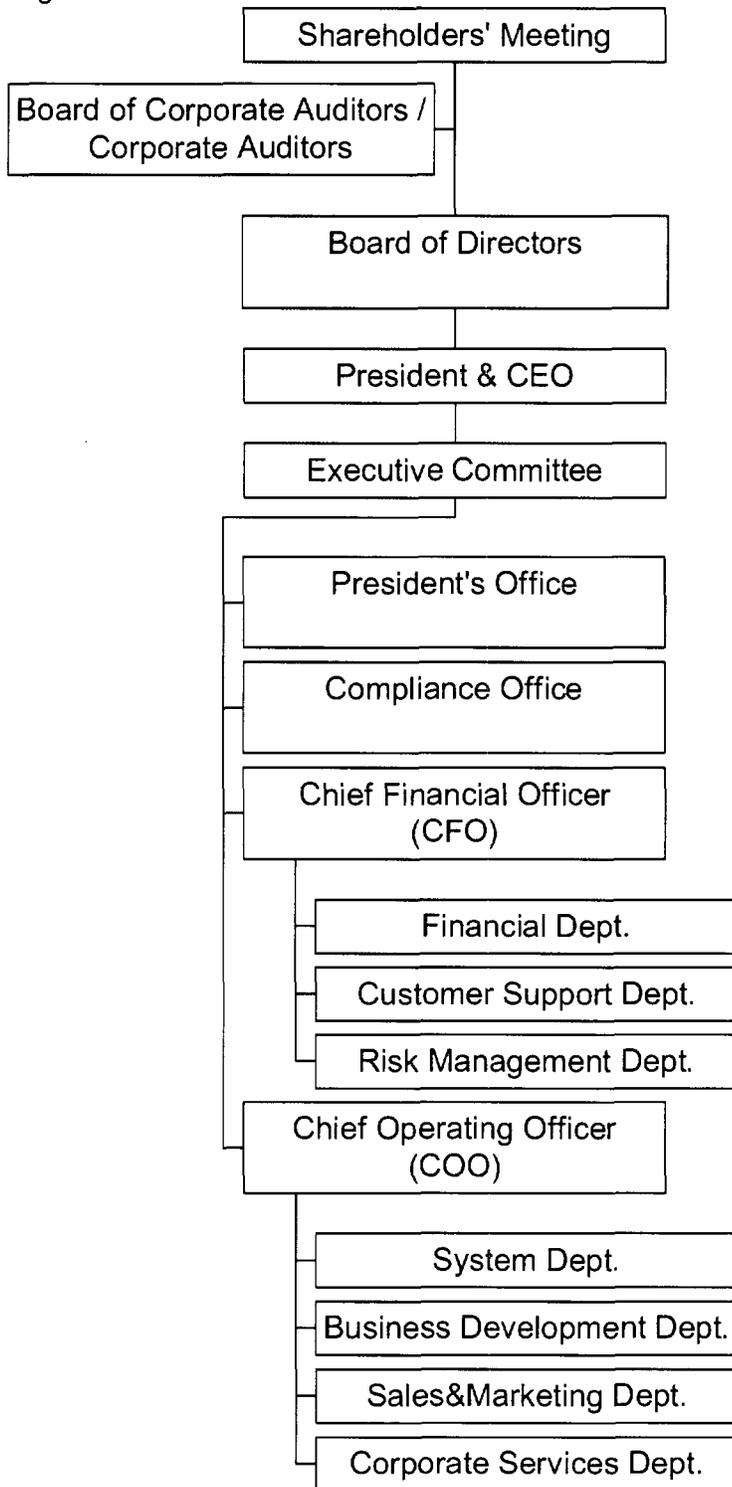
Directors:

Michio Matsui	President and Chief Executive Officer
Yuichiro Kuki	Chief Operating Officer
Hirohito Imada	Chief Financial Officer
Akira Nakamura	Managing Director (Compliance Office)
Hisashi Tanaami	Managing Director (Corporate Services Dept.)
Yoshihiko Sugiyama	Director (Risk Management Dept.)
Masahito Amemiya	Director (President Office)
Ayumi Sato	Director (Customer Support Dept.)
Yukihiro Yabuki	Director (Business Development Dept.)

Auditors:

Yoshinobu Isokawa	Standing Corporate Auditor
Kyosuke Moriya	Outside Corporate Auditor
Kentaro Aoki	Outside Corporate Auditor

Organization:



4. Consolidated Financial Statements

Notice to readers:

The accompanying consolidated financial statements have been prepared in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Accounting Standards.

The 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 and jurisdictions other than Japan.

Consolidated Balance Sheets

(Millions of Yen)

Item	September 30, 2003	September 30, 2004	March 31, 2004
(Assets)			
Current assets			
Cash and bank deposits	12,248	45,787	29,744
Cash segregated as deposits	140,701	181,003	183,002
Cash in trust	—	5,700	4,400
Trading assets	94	976	397
Net receivables arising from pre-settlement date trades	67	—	14
Margin account assets:	180,525	314,471	261,154
Loans receivable from customers	176,410	309,941	252,081
Cash deposited as collateral for securities borrowed from securities finance companies	4,115	4,531	9,073
Receivable on collateralized securities transactions:	—	107	—
Cash deposits collateral for securities borrowed	—	107	—
Receivables from customers and others	135	152	23
Advance paid for subscription	234	76	44
Short-term guarantee deposits	3,570	2,088	899
Others	2,033	3,964	3,415
Allowance for doubtful accounts	(208)	(170)	(206)
Total current assets	339,398	554,155	482,887
Fixed assets			
Tangible fixed assets	870	1,152	974
Intangible assets	2,169	1,892	2,055
Software	2,116	1,835	1,997
Others	53	57	58
Investments and others	1,969	2,453	2,250
Investment securities	1,021	1,322	1,177
Others	1,197	1,150	1,334
Allowance for doubtful accounts	(249)	(18)	(261)
Total fixed assets	5,009	5,498	5,279
Total assets	344,407	559,653	488,166

(Millions of Yen)

Item	September 30, 2003	September 30, 2004	March 31, 2004
(Liabilities)			
Current liabilities			
Trading assets	89	325	217
Net payables arising from pre-settlement date trades	—	526	—
Margin account liabilities:	100,912	105,586	101,342
Loans from securities finance companies	70,021	77,741	64,046
Proceeds of securities sold on customers' account	30,891	27,845	37,296
Payables on collateralized securities transactions:			
Cash deposits as collateral for securities loaned	22,134	53,410	23,579
Deposits received	56,595	82,426	79,361
Guarantee money received	89,011	129,434	112,977
Suspense account for undelivered securities	—	28	15
Short-term borrowings	22,931	21,877	25,177
Commercial paper	—	1,000	3,000
Bond due within one year	—	500	500
Accrued income taxes	2,456	4,931	6,112
Accrued bonuses	84	93	—
Others	1,021	1,435	1,650
Total current liabilities	295,234	401,572	353,929
Long-term liabilities			
Bond	10,500	40,000	20,000
Convertible bond	—	40,000	40,000
Long-term borrowings	3,120	32,593	33,532
Reserve for directors' retirement bonuses	281	241	281
Others	0	0	0
Total long-term liabilities	13,902	112,834	93,813
Statutory reserves			
Reserve for securities transactions	1,002	1,555	1,261
Total Statutory reserves	1,002	1,555	1,261
Total liabilities	310,137	515,961	449,004
(Shareholders' equity)			
Common stock	11,414	11,464	11,463
Capital surplus	9,264	9,313	9,312
Earned surplus	13,580	22,826	18,352
Net unrealized gain (loss) on investment securities, net of taxes	15	109	52
Treasury stock	(4)	(19)	(17)
Total shareholders' equity	34,269	43,692	39,162
Total liabilities and shareholders' equity	344,407	559,653	488,166

Brief comments on the consolidated balance sheets:*Translation omitted.***An outlook for the quarterly results of operations***Translation omitted.*

Consolidated Statements of Income

(Millions of Yen)

Item	Six months ended September 30, 2003	Six months ended September 30, 2004	Year ended March 31, 2004
Operating revenues			
Commissions	8,286	14,106	20,206
Net gain (loss) on trading	0	12	30
Interest and dividend income	1,788	4,824	4,800
Total operating revenues	10,074	18,942	25,036
Interest expenses	588	1,137	1,298
Net operating revenues	9,486	17,805	23,738
Selling, general and administrative expenses	4,495	5,844	9,453
Transaction related expenses	1,002	1,680	2,261
Employees compensation and benefits	899	921	1,863
Occupancy and rental	166	134	369
Data processing and office supplies	1,886	2,577	3,986
Depreciation	329	356	689
Duties and taxes other than income taxes	69	103	67
Provision of allowance for doubtful accounts	85	-	94
Others	60	73	125
Operating income	4,990	11,961	14,285
Non-operating income	18	56	30
Non-operating expenses	51	99	298
Ordinary income	4,957	11,918	14,016
Special profits	0	62	2
Special losses	304	298	776
Income before income taxes	4,654	11,683	13,242
Income taxes - current	2,458	4,824	6,676
Income taxes - deferred	(312)	125	(713)
Net income	2,507	6,733	7,280

Brief comments on the consolidated statements of income:

Translation omitted.

Consolidated Statements of Retained Earnings

Item	Six months ended September 30, 2003		Six months ended September 30, 2004		Year ended March 31, 2004	
	Millions of Yen		Millions of Yen		Millions of Yen	
(Capital surplus)						
I Beginning balance of capital surplus		9,254		9,312		9,254
II Increase in capital surplus						
1 Issuance of new shares on the exercise of new-share purchase rights	9	9	1	1	57	57
III Capital surplus at end of period		9,264		9,313		9,312
(Earned surplus)						
I Beginning balance of earned surplus		11,516		18,352		11,516
II Increase in earned surplus						
1 Net income	2,507	2,507	6,733	6,733	7,280	7,280
III Decrease in earned surplus						
1 Cash dividends	444		2,183		444	
2 Bonus to directors	—		74		—	
3 Bonus to auditors	—	444	3	2,260	—	444
IV Earned surplus at end of period		13,580		22,826		18,352

Consolidated Statements of Cash Flows

Item	Six months ended September 30, 2003	Six months ended September 30, 2004	Year ended March 31, 2004
	Millions of Yen	Millions of Yen	Millions of Yen
I Cash flows from operating activities			
Income before income taxes	4,654	11,683	13,242
Depreciation and amortization	329	356	689
Net change in allowance for doubtful accounts	85	(278)	94
Net change in accrued bonuses	(13)	93	(98)
Net change in reserve for securities transactions	248	294	508
Interest and dividend income	(9)	(18)	(14)
Interest expenses	46	453	313
Interest income on margin transactions	(1,765)	(4,581)	(4,720)
Interest expenses on margin transactions	504	616	862
Loss on sales and disposals of property and equipment	—	4	130
Loss on sales of investment securities	(0)	—	(0)
Devaluation loss on corporate golf and resort membership	0	—	6
Net change in deposits segregated for customers	(62,900)	1,999	(105,201)
Net change in cash in trust	—	(1,300)	(4,400)
Net change in trading assets	(4)	(470)	(180)
Net change in margin assets and liabilities	(41,483)	(49,073)	(121,683)
Net change in deposits received	21,339	3,065	44,105
Net change in cash collateral for securities loaned	17,271	29,831	18,715
Net change in guarantee deposits received	41,268	16,457	65,234
Net change in short-term guarantee deposits	—	(1,189)	2,100
Bonus to officials	—	(77)	—
Others	(1,008)	609	(65)
Sub total	(21,439)	8,475	(90,362)
Interest and dividend received	9	18	14
Interest paid	(31)	(392)	(156)
Interest on margin transactions received	1,772	3,631	4,289
Interest on margin transactions paid	(513)	(584)	(915)
Income taxes paid	(138)	(6,083)	(699)
Net cash flows from operating activities	(20,338)	5,065	(87,829)

Item	Six months ended September 30, 2003	Six months ended September 30, 2004	Year ended March 31, 2004
	Millions of Yen	Millions of Yen	Millions of Yen
II Cash flows from investing activities			
Payments for purchases of property and equipment	(61)	(199)	(337)
Payments for purchases of intangible assets	(414)	(264)	(512)
Payments for purchases of investment securities	(157)	(50)	(250)
Proceeds from sales of investment securities	7	—	7
Proceeds from maturity and cancellation of insurance contracts	0	—	0
Others	(31)	7	(198)
Net cash flows from investing activities	(657)	(505)	(1,290)
III Cash flows from financing activities:			
Net change in short-term borrowings	16,000	(6,300)	16,950
Net change in commercial paper	—	(2,000)	3,000
Proceeds from long-term borrowings	3,080	3,000	35,080
Repayments of long-term borrowings	(207)	(939)	(499)
Payments for installment purchase obligation	(143)	—	(143)
Proceeds from issuance of new bonds	9,951	19,905	59,831
Proceeds from issuance of new stock	18	1	115
Payments for purchase of treasury stock	(1)	(2)	(15)
Dividends paid	(444)	(2,183)	(444)
Net cash flows from financing activities	28,254	11,483	113,875
IV Translation difference of cash and cash equivalent	(0)	0	(0)
V Net change in cash and cash equivalent	7,259	16,042	24,756
VI Cash and cash equivalents at beginning of period	4,989	29,744	4,989
VII Cash and cash equivalents at end of period	12,248	45,787	29,744

Capital Adequacy Ratio

(Millions of Yen)

		As of Sep. 30, 2003	As of Sep. 30, 2004	As of Mar. 31, 2004
Tier I Capital ①		34,206	43,528	36,799
Tier II Capital	Net unrealized gain on investment	14	108	52
	Statutory reserves	1,001	1,555	1,261
	Allowance for doubtful accounts	208	170	205
	Short-term subordinate debts	500	500	500
	Total ②	1,724	2,334	2,019
Assets to be deducted from equity capital ③		4,408	4,681	4,633
Equity capital after deduction ①+②-③ (A)		31,522	41,181	34,184
Risk	Market risk	98	214	135
	Counter party risk	3,831	6,635	5,439
	Basic risk (The quarter of total operating expenses for the year ended the month before the last month)	1,896	2,658	2,262
	Total (B)	5,826	9,507	7,837
Capital adequacy ratio (A)÷(B)×100		541.0	433.1	436.1

Note: Capital adequacy ratio as of March 31, 2004 is calculated with appropriated retained earnings being deducted from Tier I capital.

6. Corporate profile and Company's shares

• Total number of shares outstanding	88,984,452 shares
• Number of shareholders	21,146
• Stock market listed	Tokyo Stock Exchange (First section)
• Accounting auditor	Chuo Aoyama Audit Corporation
• Number of directors and employees (Including Temporary staffs)	156
• Distribution of shares	
1) Number of shares	
Individuals and others	52,152,958 (58.61%)
Financial institutions	13,769,300 (15.47%)
Other domestic institutions	12,085,608 (13.58%)
Foreigners	9,896,258 (11.12%)
Securities companies	1,080,328 (1.21%)
Total	88,984,452
2) Number of shareholders	
Individuals and others	20,754
Financial institutions	45
Other domestic institutions	137
Foreigners	173
Securities companies	37
Total	21,146

Principal Shareholders

(As of September 30, 2004)

Name	Address	Shares owned	Percentage of shares owned to the total shares outstanding (%)
Chizuko Matsui	2-4-2, Nishikata, Bunkyo-ku, Tokyo, Japan	25,233,200	28.36
Michio Matsui	2-4-2, Nishikata, Bunkyo-ku, Tokyo, Japan	12,097,781	13.60
Shokosha Ltd.	1-20-7, Nihombashi, Chuo-ku, Tokyo, Japan	8,130,408	9.14
Japan Trustee Services Bank, Ltd. (Trust account)	1-8-11, Harumi, Chuo-ku, Tokyo, Japan	5,530,100	6.21
Maruroku Ltd.	2-4-2, Nishikata, Bunkyo-ku, Tokyo, Japan	3,564,000	4.01
The Master Trust Bank of Japan, Ltd. (Trust account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo, Japan	2,130,000	2.39
Michitaro Matsui	2-4-2, Nishikata, Bunkyo-ku, Tokyo, Japan	1,463,400	1.64
Chiaki Matsui	2-4-2, Nishikata, Bunkyo-ku, Tokyo, Japan	1,463,300	1.64
Yuma Matsui	2-4-2, Nishikata, Bunkyo-ku, Tokyo, Japan	1,463,200	1.64
AIG Star Life Insurance Co., Ltd. (General Account)	2-3-14, Higashishinagawa, Shinagawa-ku, Tokyo, Japan	1,295,200	1.46

7. Introduction of Netstock Online Trading Services

Translation omitted.