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April 28, 2011

Consolidated Financial Results for the Fiscal Year Ended March 31, 2011 [under Japanese GAAP]

Company name: **Mitsubishi UFJ Securities Holdings Co., Ltd.**
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Scheduled date of General Shareholders' Meeting: June 28, 2011
 Scheduled date to file Securities Report: June 28, 2011
 Supplementary material on financial results: None
 Financial results presentation meeting: None

(Millions of yen with fractional amounts disregarded)

1. Consolidated performance for the fiscal year 2010 (from April 1, 2010 to March 31, 2011)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Operating revenue		Net operating revenue		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2010	202,262	(41.2)	139,866	(51.3)	(115,027)	–	(95,859)	–
FY2009	343,824	(26.2)	287,153	24.9	24,049	–	41,022	–

	Net income		Net income per share	Diluted net income per share	Net income /equity
	Millions of yen	%	Yen	Yen	%
FY2010	(50,440)	–	(70.35)	–	(8.4)
FY2009	28,748	–	40.10	40.09	4.7

(Note) Comprehensive income FY2010: (123,652) million yen (– %) FY2009: 62,778 million yen (– %)

(Reference) Equity in earnings (losses) of affiliates FY2010: 12,712 million yen

FY2009: 228 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2011	20,486,251	802,106	2.7	778.14
As of March 31, 2010	20,134,713	701,654	3.2	889.78

(Reference) Equity As of March 31, 2011: 557,913 million yen As of March 31, 2010: 637,962 million yen

(Note) "Equity ratio" is computed under the formula shown below:

(Total net assets – Subscription rights to shares – Minority interests) / Total assets

(3) Consolidated cash flows

(Millions of yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
FY2010	258,942	64,820	162,018	612,678
FY2009	(605,490)	(26,401)	650,194	132,196

2. Other**(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes**

Newly consolidated: 1 company (MM Partnership)

(2) Changes in accounting policies, procedures, and methods of presentation

- a. Changes due to revisions to accounting standards: Yes
- b. Changes due to other reasons: None

(3) Number of issued shares (common stock)

- a. Total number of issued shares at the end of the period (including treasury stock)

As of March 31, 2011	716,985,496 shares
As of March 31, 2010	716,985,496 shares

- b. Number of shares of treasury stock at the end of the period

As of March 31, 2011	– shares
As of March 31, 2010	– shares

- c. Average number of shares during the period

Fiscal year ended March 31, 2011	716,985,496 shares
Fiscal year ended March 31, 2010	716,985,496 shares

<* Indication regarding execution of audit procedures >

This financial results report is exempt from the audit procedures for financial statements pursuant to the Financial Instruments and Exchange Act. At the time of disclosure of this financial results report, the audit procedures for financial statements are in progress.

<* Other special matters>

None

Attached Material

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1. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
ASSETS		
Current assets		
Cash and deposits	168,469	618,340
Cash segregated as deposits	91,588	79,899
Trading products	11,395,146	10,196,705
Trading securities and other	6,538,721	3,927,867
Derivatives	4,856,424	6,268,837
Trade date accrual	109,281	23,400
Private equity and other securities	67,650	65,901
Operating loans	1,448	495
Margin transaction assets	59,020	53,577
Loans on margin transactions	45,958	42,100
Cash collateral pledged for securities borrowing on margin transactions	13,062	11,477
Loans secured by securities	6,765,283	7,835,342
Cash collateral pledged for securities borrowed	3,180,267	3,292,741
Loans on Gensaki transactions	3,585,015	4,542,601
Advances paid	4,962	8,302
Short-term guarantee deposits	435,248	500,844
Short-term loans receivable	111	92
Stocks of parent company	302	236
Short-term investment securities	327,962	182,384
Income taxes receivable	1,482	1,282
Deferred tax assets	19,473	10,220
Other current assets	103,931	41,034
Allowance for doubtful accounts	(967)	(449)
Total current assets	19,550,395	19,617,609
Noncurrent assets		
Property, plant and equipment	23,441	23,843
Buildings	10,391	11,123
Equipment	7,626	6,673
Land	5,357	5,300
Lease assets	5	2
Construction in progress	60	743
Intangible assets	45,508	39,805
Software	44,165	38,639
Other	1,343	1,165
Investments and other assets	515,368	804,992
Investment securities	489,398	751,895
Long-term loans receivable	3,395	3,336
Deferred tax assets	5,546	4,258
Other	20,989	49,380
Allowance for doubtful accounts	(3,962)	(3,878)
Total noncurrent assets	584,318	868,641
Total assets	20,134,713	20,486,251

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
LIABILITIES		
Current liabilities		
Trading products	7,540,898	8,908,654
Trading securities and other	2,932,436	2,847,019
Derivatives	4,608,461	6,061,635
Margin transaction liabilities	23,908	11,220
Borrowings on margin transactions	18,254	7,948
Cash received for securities lending on margin transactions	5,653	3,272
Loans payable secured by securities	8,307,900	6,782,909
Cash received on debt credit transaction of securities	3,038,736	1,925,479
Borrowings on Gensaki transactions	5,269,163	4,857,429
Deposits received	132,382	77,405
Guarantee deposits received	438,558	771,416
Short-term loans payable	1,367,784	1,369,308
Current portion of long-term loans payable	108,058	32,300
Commercial papers	374,700	438,800
Current portion of bonds	85,130	131,106
Income taxes payable	5,901	4,716
Provision for bonuses	20,630	13,022
Asset retirement obligations	–	895
Other current liabilities	59,648	68,610
Total current liabilities	18,465,501	18,610,367
Noncurrent liabilities		
Bonds payable	681,530	638,231
Long-term loans payable	266,947	409,799
Deferred tax liabilities	4,363	6,783
Liability for retirement benefits	10,773	10,718
Liability for directors' retirement benefits	415	487
Asset retirement obligations	–	4,209
Other noncurrent liabilities	1,665	2,176
Total noncurrent liabilities	965,696	1,072,405
Reserves under the special laws		
Reserve for financial products transaction liabilities	1,861	1,371
Total reserves under the special laws	1,861	1,371
Total liabilities	19,433,059	19,684,144

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
NET ASSETS		
Shareholders' equity		
Capital stock	65,518	65,518
Capital surplus	416,948	416,948
Retained earnings	184,580	126,812
Total shareholders' equity	667,047	609,280
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(5,382)	(7,682)
Deferred gains or losses on hedges	24	6
Foreign currency translation adjustment	(23,726)	(43,690)
Total accumulated other comprehensive income	(29,085)	(51,366)
Subscription rights to shares	0	4
Minority interests	63,691	244,188
Total net assets	701,654	802,106
Total liabilities and net assets	20,134,713	20,486,251

(2) Consolidated statements of income

(Millions of yen)

	For the fiscal year ended March 31, 2010 (From April 1, 2009 to March 31, 2010)	For the fiscal year ended March 31, 2011 (From April 1, 2010 to March 31, 2011)
Operating revenue		
Commission received	185,669	161,494
Net trading income	100,418	(27,195)
Net gain (loss) on private equity and other securities	(2,649)	186
Other net gain on goods trading	(9)	4
Financial revenue	60,396	67,772
Total operating revenue	343,824	202,262
Financial expenses	56,671	62,395
Net operating revenue	287,153	139,866
Selling, general and administrative expenses		
Trading related expenses	74,852	74,047
Personnel expenses	110,023	99,592
Real estate expenses	25,728	26,082
Office cost	21,729	24,311
Depreciation	21,859	21,652
Taxes and dues	2,485	2,737
Provision of allowance for doubtful accounts	999	—
Other	5,425	6,470
Total selling, general and administrative expenses	263,103	254,894
Operating income (loss)	24,049	(115,027)
Non-operating income		
Interest income	8,379	5,032
Equity in earnings of affiliates	228	12,712
Gain on valuation of investment securities	8,053	—
Other	2,498	4,369
Total non-operating income	19,160	22,114
Non-operating expenses		
Interest expenses	713	663
Loss on retirement of noncurrent assets	443	655
Foreign exchange losses	256	1,122
Other	773	504
Total non-operating expenses	2,187	2,946
Ordinary income (loss)	41,022	(95,859)

(Millions of yen)

	For the fiscal year ended March 31, 2010 (From April 1, 2009 to March 31, 2010)	For the fiscal year ended March 31, 2011 (From April 1, 2010 to March 31, 2011)
Extraordinary income		
Gain on sales of investment securities	1,511	175
Gain on sales of noncurrent assets	0	15
Gain on negative goodwill	–	943
Reversal of reserve for financial products transaction liabilities	3	489
Reversal of allowance for doubtful accounts	–	71
Gain on change in equity	–	27,913
Total extraordinary income	1,515	29,608
Extraordinary loss		
Loss on sales of investment securities	9	549
Loss on valuation of investment securities	660	320
Loss on sales of noncurrent assets	71	2
Impairment loss	1,082	3,525
Compensation for damage, etc.	726	–
Loss related to M&A	469	–
Integration-related expenses	289	193
Loss on liquidation of subsidiaries	129	–
Head office transfer cost	–	492
Early extra retirement payments	–	5,640
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	2,473
Total extraordinary losses	3,440	13,199
Income (loss) before income taxes and minority interests	39,097	(79,450)
Income taxes-current	12,838	7,744
Income taxes-deferred	(9,883)	13,385
Total income taxes	2,954	21,130
Income (loss) before minority interests	–	(100,580)
Minority interests in income (loss)	7,394	(50,140)
Net income (loss)	28,748	(50,440)

(3) Consolidated statements of comprehensive income

(Millions of yen)

	For the fiscal year ended March 31, 2010 (From April 1, 2009 to March 31, 2010)	For the fiscal year ended March 31, 2011 (From April 1, 2010 to March 31, 2011)
Income (loss) before minority interests	–	(100,580)
Other comprehensive income		
Valuation difference on available-for-sale securities	–	(2,954)
Deferred gains or losses on hedges	–	(17)
Foreign currency translation adjustment	–	(19,372)
Share of other comprehensive income of associates accounted for using equity method	–	(727)
Total other comprehensive income	–	*2 (23,071)
Comprehensive income	–	*1 (123,652)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	–	(72,721)
Comprehensive income attributable to minority interests	–	(50,931)

(4) Consolidated statements of changes in net assets

(Millions of yen)

	For the fiscal year ended March 31, 2010 (From April 1, 2009 to March 31, 2010)	For the fiscal year ended March 31, 2011 (From April 1, 2010 to March 31, 2011)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	65,518	65,518
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	65,518	65,518
Capital surplus		
Balance at the end of previous period	416,948	416,948
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	416,948	416,948
Retained earnings		
Balance at the end of previous period	170,580	184,580
Changes of items during the period		
Dividends from surplus	(14,748)	(7,327)
Net income (loss)	28,748	(50,440)
Total changes of items during the period	13,999	(57,767)
Balance at the end of current period	184,580	126,812
Total shareholders' equity		
Balance at the end of previous period	653,047	667,047
Changes of items during the period		
Dividends from surplus	(14,748)	(7,327)
Net income (loss)	28,748	(50,440)
Total changes of items during the period	13,999	(57,767)
Balance at the end of current period	667,047	609,280

(Millions of yen)

	For the fiscal year ended March 31, 2010 (From April 1, 2009 to March 31, 2010)	For the fiscal year ended March 31, 2011 (From April 1, 2010 to March 31, 2011)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	(19,687)	(5,382)
Changes of items during the period		
Net changes of items other than shareholders' equity	14,304	(2,299)
Total changes of items during the period	14,304	(2,299)
Balance at the end of current period	(5,382)	(7,682)
Deferred gains or losses on hedges		
Balance at the end of previous period	–	24
Changes of items during the period		
Net changes of items other than shareholders' equity	24	(17)
Total changes of items during the period	24	(17)
Balance at the end of current period	24	6
Foreign currency translation adjustment		
Balance at the end of previous period	(35,680)	(23,726)
Changes of items during the period		
Net changes of items other than shareholders' equity	11,953	(19,963)
Total changes of items during the period	11,953	(19,963)
Balance at the end of current period	(23,726)	(43,690)
Total accumulated other comprehensive income		
Balance at the end of previous period	(55,368)	(29,085)
Changes of items during the period		
Net changes of items other than shareholders' equity	26,282	(22,281)
Total changes of items during the period	26,282	(22,281)
Balance at the end of current period	(29,085)	(51,366)
Subscription rights to shares		
Balance at the end of previous period	0	0
Changes of items during the period		
Net changes of items other than shareholders' equity	–	4
Total changes of items during the period	–	4
Balance at the end of current period	0	4

(Millions of yen)

	For the fiscal year ended March 31, 2010 (From April 1, 2009 to March 31, 2010)	For the fiscal year ended March 31, 2011 (From April 1, 2010 to March 31, 2011)
Minority interests		
Balance at the end of previous period	59,758	63,691
Changes of items during the period		
Net changes of items other than shareholders' equity	3,933	180,496
Total changes of items during the period	3,933	180,496
Balance at the end of current period	63,691	244,188
Total net assets		
Balance at the end of previous period	657,438	701,654
Changes of items during the period		
Dividends from surplus	(14,748)	(7,327)
Net income (loss)	28,748	(50,440)
Net changes of items other than shareholders' equity	30,216	158,219
Total changes of items during the period	44,216	100,452
Balance at the end of current period	701,654	802,106

(5) Consolidated statements of cash flows

(Millions of yen)

	For the fiscal year ended March 31, 2010 (From April 1, 2009 to March 31, 2010)	For the fiscal year ended March 31, 2011 (From April 1, 2010 to March 31, 2011)
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	39,097	(79,450)
Depreciation and amortization	21,859	21,652
Amortization of goodwill	(233)	589
Gain on negative goodwill	–	(943)
Increase (decrease) in provision for retirement benefits	1,605	92
Increase (decrease) in provision for directors' retirement benefits	4	71
Increase (decrease) in allowance for doubtful accounts	685	(600)
Increase (decrease) in reserve for financial products transaction liabilities	(3)	(489)
Interest and dividends income	(69,664)	(73,699)
Interest expenses	57,385	63,058
Equity in (earnings) losses of affiliates	(228)	(12,712)
Loss (gain) on sales of investment securities	(1,501)	374
Loss (gain) on valuation of investment securities	(7,393)	(1,058)
Loss (gain) on sales of noncurrent assets	71	(12)
Loss (gain) on change in equity	–	(27,913)
Impairment loss	1,082	3,525
Compensation for damage, etc.	726	–
Loss related to M&A	469	–
Integration-related expenses	289	193
Loss on liquidation of subsidiaries	129	–
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	2,473
Head office transfer cost	–	492
Early extra retirement payments	–	5,640
Decrease (increase) in cash segregated as deposits for customers	(12,940)	12,204
Decrease (increase) in trading products-assets (liabilities)	(854,795)	2,335,451
Decrease (increase) in trade date accrual	235,534	88,582
Decrease/increase in assets/liabilities for margin transaction	(16,244)	(7,360)
Decrease/increase in loans/borrowings secured by securities	19,959	(2,446,029)
Decrease/increase in advance paid/deposits received	52,122	(59,469)
Decrease (increase) in short-term guarantee deposits	77,543	(99,671)
Increase (decrease) in guarantee deposits received	(114,821)	353,270
Other, net	(38,589)	162,313
Subtotal	(607,851)	240,576
Interest and dividends income received	75,617	84,530
Interest expenses paid	(57,860)	(56,286)
Compensation for damage, etc. paid	(726)	–
Payments for loss related to M&A	(469)	–
Integration-related expenses paid	(260)	(222)
Payments for loss on liquidation of subsidiaries	(58)	–
Head office transfer cost paid	–	(209)
Income taxes paid	(13,881)	(9,446)
Net cash provided by (used in) operating activities	(605,490)	258,942

(Millions of yen)

	For the fiscal year ended March 31, 2010 (From April 1, 2009 to March 31, 2010)	For the fiscal year ended March 31, 2011 (From April 1, 2010 to March 31, 2011)
Cash flows from investing activities		
Payments into time deposits	(3,558)	(6,985)
Proceeds from withdrawal of time deposits	12,293	11,699
Purchase of short-term investment securities	(225,307)	(542,273)
Proceeds from sales and redemption of securities	157,910	464,020
Purchase of investment securities	(46,810)	(66,939)
Proceeds from sales and redemption of investment securities	91,727	223,759
Purchase of property, plant and equipment	(3,006)	(6,467)
Proceeds from sales of property, plant and equipment	1,532	23
Purchase of intangible assets	(12,625)	(11,847)
Decrease (increase) in call and other loans	1,453	78
Payments for sales of investments in subsidiaries resulting in change of scope of consolidation	(10)	–
Other, net	–	(247)
Net cash provided by (used in) investing activities	(26,401)	64,820
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	374,043	2,042
Increase (decrease) in commercial papers	228,200	64,100
Proceeds from long-term loans payable	79,583	207,552
Repayment of long-term loans payable	(108,110)	(145,162)
Proceeds from issuance of bonds	255,167	206,965
Redemption of bonds	(162,850)	(165,042)
Cash dividends paid	(14,748)	(7,327)
Payments of cash dividends to minority shareholders	(1,208)	(1,284)
Proceeds from stock issuance to minority shareholders	117	175
Net cash provided by (used in) financing activities	650,194	162,018
Effect of exchange rate change on cash and cash equivalents	4,680	(5,299)
Net increase (decrease) in cash and cash equivalents	22,982	480,482
Cash and cash equivalents at beginning of period	109,213	132,196
Cash and cash equivalents at end of period	132,196	612,678

2. Notes on premise of going concern

None

3. Key items forming the basis of preparation of consolidated financial statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 31 companies (previous year: 30 companies)

Names of principal consolidated subsidiaries

Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (Note 1)

KOKUSAI Asset Management Co., Ltd.

MUS Principal Investments Co., Ltd.

MU Hands-on Capital Ltd.

MUS Business Service Co., Ltd.

MUS Information Systems Co., Ltd.

MUS Facility Service Co., Ltd.

Big Wing Investment Co., Ltd.

Mitsubishi UFJ Securities International plc

Mitsubishi UFJ Wealth Management Bank (Switzerland), Ltd.

Mitsubishi UFJ Securities (USA), Inc.

Mitsubishi UFJ Securities (HK) Holdings, Limited

Mitsubishi UFJ Securities (HK), Limited (Note 2)

MUSHK Limited. (Note 3)

Mitsubishi UFJ Securities (Singapore), Limited

Ling Zheng Investment Consulting (Shanghai) Co., Ltd.

TMI Nominees Limited

MFHK Nominees Limited

MUS Roosevelt Capital Partners, Ltd.

MUS Roosevelt Capital Advisers (HK), Limited

MUS Roosevelt China Pacific Fund, L.P.

MM Partnership

Corporate Value Up Fund Investment Limited Liability Partnership

THC Millennium Venture Capital Investment Limited Partnership

THC Phoenix Japan Venture Capital Investment Limited Partnership

Hands-on No.1 Venture Capital Investment Limited Partnership

Hands-on No.1-2 Venture Capital Investment Limited Partnership

NCS Holdings Co., Ltd.

Fukuin Co., Ltd.

(Note 1) Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. has changed its trade name of company from Mitsubishi UFJ Securities Co., Ltd. (trade name of the company changed from Mitsubishi UFJ Securities Spin-off Preparation Co., Ltd. as of April 1, 2010) as of May 1, 2010.

(Note 2) Mitsubishi UFJ Securities (HK), Limited has changed its trade name of company from Mitsubishi UFJ Securities (HK) Capital, Limited as of December 31, 2010.

(Note 3) MUSHK Limited. has changed its trade name of company from Mitsubishi UFJ Securities (HK), Limited as of December 31, 2010.

(Addition)

MM Partnership

The above entity was newly consolidated upon its establishment.

- (2) Names of companies or other entities not considered to be subsidiaries although the Company holds, in its own calculation, the majority of voting rights (business execution rights) of the companies and entities

THC AP Venture Capital Investment Limited Partnership

Shonan Industry-University Joint Incubation Fund Venture Capital Investment Limited Partnership

Gunma Challenge Fund Venture Capital Investment Limited Partnership

FOODSNET Corporation

YAMAGATA FOODS Co., Ltd.

GREEN BELL Co., Ltd.

PATLITE Corporation

Dream Infinity Inc.

Nippon Computer Systems Corp.

(Reasons for not treating as subsidiaries)

The companies were not treated as subsidiaries because they were held by the Company's consolidated subsidiaries engaged in the venture capital business that maintained the position of general partner in those partnerships in order to render quasi-administrative services as their main businesses, or because their shares and other instruments were held as business transactions for such purposes of incubation business, business revitalization and acquiring capital gains thereby and were not intended to place the companies under control.

2. Application of equity method

- (1) Seventeen affiliates are under the equity method (previous year: 17 companies)

Names of principal affiliates under equity method

Morgan Stanley MUFG Securities Co., Ltd.

Marunouchi Capital Co., Ltd.

KE Capital Partners Pte. Ltd.

Kim Eng Holdings Limited

Sino Roosevelt Investment Partners Limited

(Addition)

Morgan Stanley MUFG Securities Co., Ltd.

The above company was included in the scope of affiliates under equity method upon the Company's acquisition of voting rights of the company.

(Exclusion)

Works Capital Inc.

The above company was excluded from the scope of affiliates under equity method due to its completion of liquidation.

- (2) Names of companies or other entities not treated as affiliates although the Company holds, in its own calculation, between 20% and 50% of the voting rights of the companies and entities SuperIndex inc.

Centillion II Venture Capital Corporation

REVO TRADING Co., Ltd.

(Reason for not treating as affiliates)

The companies were not treated as affiliates because their shares and other instruments were held as business transactions by the Company's consolidated subsidiaries engaged in the venture capital business for such purposes of incubation business, business revitalization and acquiring capital gains thereby and were not intended to place the companies under control.

3. Financial closing dates and other details of consolidated subsidiaries

The financial closing dates of consolidated subsidiaries are as follows.

End of August	1 subsidiary
End of December	22 subsidiaries
End of February	1 subsidiary
End of March	7 subsidiaries

Of the consolidated subsidiaries whose financial closing date differs from the consolidated financial closing date, 23 subsidiaries for which the difference in closing dates was three months or less were accounted for based on the financial statements as of the financial closing date of each subsidiary. However, necessary adjustments were made to the consolidated financial statements for any significant transactions that took place between the end of the fiscal year of each subsidiary and the end of the consolidated fiscal year. With regard to the one subsidiary for which the difference in closing dates exceeded three months, the accounts were provisionally closed at the end of the consolidated fiscal year for the preparation of financial statements.

4. Accounting policies

(1) Major hedge accounting

1) Hedge accounting

Fair value hedge and deferred hedge that specifies foreign exchange contracts (foreign exchange swap transactions) and interest rate swaps as hedging instruments were adopted.

2) Hedging instruments and hedged items

a. Exchange rate volatility risk

Hedging instruments: foreign exchange contracts (foreign exchange swap transactions)

Hedged items: foreign currency denominated financial assets (other securities and ownership in investments in overseas subsidiaries, etc.)

b. Interest rate volatility risk

Hedging instruments: interest rate swaps

Hedged items: investment securities (other securities)

3) Hedging policy

Foreign exchange contracts (foreign exchange swap transactions) are used to avoid the exchange rate volatility risk in part of foreign currency denominated financial assets, while interest rate swaps are used to avoid the interest rate volatility risk in certain investment securities (other securities). As such, hedged items are identified on an individual contract basis.

4) Method for assessing the effectiveness of hedging activities

The effectiveness of hedged items and hedging instruments is periodically assessed.

(2) Method and period of amortization of goodwill

Amortization period is estimated based on the status of relevant subsidiary for every recognition of goodwill, and goodwill is amortized in equal portions over the estimated years within 20 years. If goodwill amount is immaterial, the goodwill is written off completely in the fiscal year in which it arises.

(3) Scope of cash in the consolidated statements of cash flows

Cash and cash equivalents include cash on hand and deposits readily convertible to cash including current deposits and ordinary deposits (excluding time deposits with a deposit period of over three months).

Disclosure of the items other than above was omitted because there were no significant changes from the latest Securities Report (submitted on June 28, 2010).

4. Changes of key items forming the basis of preparation of consolidated financial statements

1. Application of Accounting Standard for Asset Retirement Obligations

Effective from the fiscal year under review, the Company adopted the “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18, March 31, 2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008).

As a result, operating loss and ordinary loss each increased by 572 million yen and loss before income taxes and minority interests increased by 3,045 million yen. The change in asset retirement obligations due to the adoption of this accounting standard and guidance was 3,892 million yen.

2. Application of Accounting Standard for Business Combinations and others

Effective from the fiscal year under review, the Company adopted the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, December 26, 2008), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008), the “Partial Amendments to Accounting Standard for Research and Development Costs” (ASBJ Statement No. 23, December 26, 2008), the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, December 26, 2008), the “Revised Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16, December 26, 2008) and the “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, December 26, 2008).

5. Notes to consolidated financial statements

(Notes to consolidated statements of comprehensive income)

For the fiscal year ended March 31, 2011 (From April 1, 2010 to March 31, 2011)

*1. Comprehensive income for the fiscal year immediately before the fiscal year ended March 31, 2011

Comprehensive income attributable to owners of the parent	55,031 million yen
Comprehensive income attributable to minority interests	7,747
<u>Total</u>	<u>62,778</u>

*2. Other comprehensive income for the fiscal year immediately before the fiscal year ended March 31, 2011

Valuation difference on available-for-sale securities	14,381 million yen
Deferred gains or losses on hedges	24
Foreign currency translation adjustment	11,588
Share of other comprehensive income of associates accounted for using equity method	642
<u>Total</u>	<u>26,636</u>

(Segment information)

For the fiscal year ended March 31, 2011 (From April 1, 2010 to March 31, 2011)

1. Overview of reportable segments

The Company and its consolidated subsidiaries (the “Group”) identify the reportable segment as a component unit that constitutes a business for which discrete financial information is available and is regularly reviewed by the Board of Directors to make decisions about the allocation of resources to the segment and assess its performance.

The Group is engaged in business activities centered on financial instruments business in many areas and provides services relating to investment and financing services. While promoting cooperation among group companies under control, the Company, as a holding company of securities companies, makes decisions about the allocation of resources and assesses the performance of each group company by type of service.

Therefore, the Group’s segments are distinguished by the service and the geographical area, and thus the following items are identified as reportable segments: “Securities Brokerage (Japan),” “Securities Brokerage (U.K.),” “Securities Brokerage (U.S.A.)” and “Asset Management.” “Securities Brokerage” provides customers with broader investment and financing services from both funding and investment aspects and “Asset Management” mainly provides with services of establishment and management of investment trusts targeting various assets as investments.

2. The calculation method of net operating revenue, profit or loss, assets and other items by reportable segment

Accounting policy for business segment reported is consistent with “Key issues forming the basis of preparation of consolidated financial statements.” Reportable segment profit or loss is the amount based on the profit or loss after applicable taxes. Inter-segment net operating revenue and transfers are based on actual market prices.

3. Information about net operating revenue, profit or loss, assets and other items by reportable segment

(Millions of yen)

	Reportable segment					Other (Note 1)	Total	Adjustment (Note 2)	Amounts on interim consolidated financial statements (Note 3)
	Securities Brokerage (Japan)	Securities Brokerage (U.K.)	Securities Brokerage (U.S.A.)	Asset Management	Total				
Net operating revenue									
Net operating revenue from external customers	56,783	21,959	8,625	53,203	140,570	(703)	139,866	–	139,866
Inter-segment net operating revenue or transfers	4,659	3,618	2,734	–	11,013	21,284	32,298	(32,298)	–
Total	61,443	25,578	11,359	53,203	151,584	20,580	172,164	(32,298)	139,866
Segment profit (loss)	(144,940)	1,680	409	10,356	(132,494)	(10,812)	(143,307)	92,867	(50,440)
Segment assets	11,669,461	7,406,548	1,702,969	111,829	20,890,808	1,796,863	22,687,672	(2,201,421)	20,486,251
Other items:									
Depreciation and amortization	18,902	1,989	302	642	21,838	375	22,213	(560)	21,652
Amortization of goodwill	426	–	–	–	426	162	589	–	589
Interest income	7	4,116	–	854	4,978	179	5,158	(126)	5,032
Interest expenses	–	–	–	–	–	668	668	(5)	663
Equity in earnings (losses) of affiliates	–	–	–	–	–	–	–	12,712	12,712
Extraordinary income	678	46	–	0	725	10,180	10,906	18,701	29,608
Gain on negative goodwill	–	–	–	–	–	–	–	943	943
Gain on change in equity	–	–	–	–	–	–	–	27,913	27,913
Extraordinary loss	12,302	254	–	14	12,572	910	13,482	(283)	13,199
Impairment loss	3,265	–	–	–	3,265	260	3,525	0	3,525
Early extra retirement payments	5,640	–	–	–	5,640	–	5,640	–	5,640
Loss on adjustment for changes of accounting standard for asset retirement obligations	2,417	–	–	–	2,417	56	2,473	–	2,473
Taxes	6,606	1,564	239	7,149	15,561	18,725	34,286	(13,156)	21,130
Investment in affiliates under equity method	–	–	–	–	–	482,941	482,941	(158,912)	324,029
Increase in property, plant and equipment and intangible assets	15,522	3,092	189	700	19,504	180	19,685	(713)	18,972

(Notes) 1. “Other” includes the holding company of securities companies, principal investment operations and others.

2. Adjustment includes the following:

- (1) Adjustment to segment profit or loss, amounting to 92,867 million yen, includes (12,287) million yen of eliminations of inter-segment transactions, 27,913 million yen of gain on change in equity in connection with the contribution of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. shares and 75,767 million yen of equity in earnings or losses of affiliates, taxes and minority interests in income all of which were not allocated to each segment.
- (2) Adjustment to segment assets, amounting to (2,201,421) million yen, includes (2,162,712) million yen of eliminations of receivables and payables between segments, (27,397) million yen of reversal of partnership accounts that were accounted for as subsidiaries on non-consolidated financial statements, 13,188 million yen of equity in earnings or losses of affiliates, (12,074) million yen of adjustments of unrealized gains or losses and (12,626) million yen of netting of assets and liabilities.
- (3) Adjustment to taxes, amounting to (13,156) million yen, includes (13,205) million yen of elimination of investment costs in the course of capital consolidation.

3. Segment profit or loss is adjusted to agree with net loss for the fiscal year ended March 31, 2011.

(Per share information)

FY2010 (From April 1, 2010 to March 31, 2011)	
Net assets per share	778.14 yen
Basic net income (loss) per share	(70.35) yen
Diluted net income per share is not presented because, in spite of the existence of potential shares, net loss was recorded for the fiscal year.	

(Note) The basis of calculation for basic net loss per share is as follows.

(Millions of yen)	
	FY2010 (From April 1, 2010 to March 31, 2011)
Net income (loss)	(50,440)
Net income not attributable to common stockholder	—
Net income (loss) attributable to common stock	(50,440)
Average number of common shares (Thousands of shares)	716,985
Summary of potential shares that are not included in calculation of diluted net income per share due to a lack of dilution effect	<p>Subscription rights to shares issued by consolidated subsidiaries MU Hands-on Capital Ltd. Number of units — * The exercise period expired on December 1, 2010.</p> <p>Fukuin Co., Ltd. Number of types 2 Number of units 12,370</p> <p>Subscription rights to shares issued by affiliated company Kim Eng Holdings Limited Number of units — * The exercise period expired on February 22, 2010</p>

<Reference>

Consolidated Financial Results
for the Fiscal Year Ended March 31, 2011

1. Commission received

(1) Breakdown by item

(Millions of yen)

	FY2009 (From April 1, 2009 to March 31, 2010)	FY2010 (From April 1, 2010 to March 31, 2011)	Increase (Decrease)
Commission to consignees	25,227	22,226	(3,001)
Stocks	24,843	21,699	(3,144)
Bonds	253	281	27
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	39,373	20,048	(19,325)
Stocks	24,358	6,878	(17,480)
Bonds	15,014	13,169	(1,844)
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	26,663	31,415	4,752
Beneficiary certificates	26,468	31,306	4,837
Other fees received	94,404	87,804	(6,600)
Beneficiary certificates	75,902	66,679	(9,223)
Total	185,669	161,494	(24,174)

(2) Breakdown by product

(Millions of yen)

	FY2009 (From April 1, 2009 to March 31, 2010)	FY2010 (From April 1, 2010 to March 31, 2011)	Increase (Decrease)
Stocks	49,935	31,725	(18,209)
Bonds	16,415	15,180	(1,234)
Beneficiary certificates	102,501	98,230	(4,270)
Other	16,816	16,356	(459)
Total	185,669	161,494	(24,174)

2. Net trading income

(Millions of yen)

	FY2009 (From April 1, 2009 to March 31, 2010)	FY2010 (From April 1, 2010 to March 31, 2011)	Increase (Decrease)
Securities	10,653	(6,953)	(17,606)
Bonds	102,340	(46,027)	(148,367)
Other	(12,575)	25,784	38,360
Total	100,418	(27,195)	(127,613)

<Reference>

Quarterly Trends in Consolidated Statements of Income

(Millions of yen)

	4Q of FY2009 (January 1 to March 31, 2010)	1Q of FY2010 (April 1 to June 30, 2010)	2Q of FY2010 (July 1 to September 30, 2010)	3Q of FY2010 (October 1 to December 31, 2010)	4Q of FY2010 (January 1 to March 31, 2011)
Operating revenue	77,838	83,840	74,661	80,976	(37,216)
Commission received	46,474	37,787	42,628	41,576	39,500
Commission to consignees	5,608	5,409	5,337	4,933	6,545
Stocks	5,562	5,288	5,222	4,777	6,409
Bonds	11	50	57	107	65
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	8,369	2,990	6,605	5,553	4,898
Stocks	6,016	1,110	1,984	1,760	2,022
Bonds	2,353	1,880	4,621	3,793	2,875
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	6,951	8,004	8,159	7,912	7,339
Beneficiary certificates	6,932	7,971	8,133	7,887	7,314
Other fees received	25,544	21,382	22,526	23,177	20,717
Beneficiary certificates	18,204	17,837	17,219	16,395	15,226
Net trading income	26,513	29,687	14,791	21,789	(93,463)
Net trading income from securities	3,336	(2,799)	2,166	(1,645)	(4,675)
Net trading income from bonds	26,182	43,056	36,047	1,847	(126,978)
Other net trading income	(3,006)	(10,569)	(23,422)	21,587	38,189
Net gain on private equity and other securities	(2,068)	823	7	52	(697)
Other net gain on goods trading	(0)	(8)	11	(0)	1
Financial revenue	6,920	15,550	17,221	17,557	17,442
Financial expenses	9,782	17,438	13,772	18,040	13,143
Net operating revenue	68,055	66,402	60,888	62,936	(50,360)
Selling, general and administrative expenses	71,698	65,760	68,474	63,958	56,700
Trading related expenses	19,803	19,149	20,185	18,026	16,686
Personal expenses	30,825	26,858	27,187	25,964	19,582
Real estate expenses	6,627	6,239	6,744	6,464	6,634
Office cost	6,098	5,653	6,801	5,689	6,166
Depreciation	5,763	5,361	5,651	5,327	5,312
Taxes and dues	680	813	614	829	480
Other	1,899	1,685	1,290	1,655	1,838
Operating income (loss)	(3,642)	641	(7,585)	(1,022)	(107,061)
Non-operating income	4,715	6,084	(11)	3,093	12,948
Non-operating expenses	279	250	1,151	527	1,017
Ordinary income (loss)	794	6,475	(8,748)	1,544	(95,130)
Extraordinary income	474	24,618	3,897	538	554
Extraordinary loss	1,137	2,772	1,901	624	7,900
Income (loss) before income taxes and minority interests	130	28,321	(6,752)	1,457	(102,476)
Income taxes-current	2,803	1,652	2,420	1,542	2,129
Income taxes-deferred	(7,901)	2,699	(2,493)	3,595	9,583
Income taxes	(5,098)	4,352	(72)	5,137	11,712
Income (loss) before minority interests	5,229	23,968	(6,680)	(3,680)	(114,189)
Minority interests in income (loss)	1,619	1,169	(3,311)	(2,645)	(45,353)
Net income (loss)	3,609	22,799	(3,368)	(1,034)	(68,835)

<Reference>

Non-consolidated Financial Results of
Mitsubishi UFJ Morgan Stanley Securities, Co., Ltd.
for the Fiscal Year Ended March 31, 2011

(1) Non-consolidated operating results

(Millions of yen)

	FY2009 (From April 1, 2009 to March 31, 2010)	FY2010 (From April 1, 2010 to March 31, 2011)	Increase (Decrease)
Operating revenue	218,163	75,752	(142,411)
Commission received	109,342	97,394	(11,948)
Net trading income	78,918	(48,643)	(127,562)
Net operating revenue	202,965	61,443	(141,522)
Operating income (loss)	9,327	(128,567)	(137,894)
Ordinary income (loss)	11,094	(126,709)	(137,804)
Net income (loss)	11,008	(144,940)	(155,949)

(Breakdown of operating revenue)

<Breakdown by item of commission received>

(Millions of yen)

	FY2009 (From April 1, 2009 to March 31, 2010)	FY2010 (From April 1, 2010 to March 31, 2011)	Increase (Decrease)
Commission to consignees	25,441	21,253	(4,187)
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	25,042	8,901	(16,141)
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	26,663	31,415	4,752
Other fees received	32,195	35,823	3,628
Total	109,342	97,394	(11,948)

<Breakdown by product of commission received>

(Millions of yen)

	FY2009 (From April 1, 2009 to March 31, 2010)	FY2010 (From April 1, 2010 to March 31, 2011)	Increase (Decrease)
Stocks	46,980	29,058	(17,922)
Bonds	6,370	5,507	(863)
Beneficiary certificates	42,515	48,502	5,987
Other	13,475	14,326	851
Total	109,342	97,394	(11,948)

<Net trading income>

(Millions of yen)

	FY2009 (From April 1, 2009 to March 31, 2010)	FY2010 (From April 1, 2010 to March 31, 2011)	Increase (Decrease)
Securities	11,267	888	(10,378)
Bonds	82,149	(26,636)	(108,786)
Other	(14,497)	(22,894)	(8,397)
Total	78,918	(48,643)	(127,562)

(2) Non-consolidated financial position

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011	Increase (Decrease)
Total assets	12,752,634	11,669,461	(1,083,172)
Net assets	626,646	168,791	(457,855)

Note 1: The performance results stated for FY2009 and as of March 31, 2010 are the performance results of Mitsubishi UFJ Securities Co., Ltd. (current Mitsubishi UFJ Securities Holdings Co., Ltd.)

Note 2: On April 1, 2010, the domestic business operations of the current Mitsubishi UFJ Securities Holdings Co., Ltd. were transferred to Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. by a way of a company split. Furthermore, on May 1, 2010, the investment banking division of Morgan Stanley Japan Securities Co., Ltd. was integrated.

Note 3: The net capital adequacy ratio as of March 31, 2011 is 219.4%.