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October 26, 2018

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2019 [under Japanese GAAP]

Company name: **Mitsubishi UFJ Securities Holdings Co., Ltd.**

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Supplementary material on quarterly financial results: Yes

Quarterly financial results presentation meeting: None

(Millions of yen with fractional amounts disregarded)

1. Consolidated performance for the second quarter of fiscal year 2018 (from April 1, 2018 to September 30, 2018)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Operating revenue		Net operating revenue		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First six months of FY2018	185,537	2.2	165,515	(5.8)	20,998	(21.0)	28,864	(18.0)
First six months of FY2017	181,631	(9.4)	175,757	(5.0)	26,568	10.5	35,191	(26.3)

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Yen	Yen
First six months of FY2018	15,363	(13.4)	20.85	20.85
First six months of FY2017	17,747	—	24.08	24.08

(Note) Comprehensive income First six months of FY2018: 11,905 million yen (58.5)%
First six months of FY2017: 28,712 million yen —%

(Note) The year-on-year change of first six months of FY2017 is not presented because results have been retrospectively adjusted in accordance with changes in accounting policies.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2018	23,937,165	961,443	2.9
As of March 31, 2018	22,344,541	996,688	3.2

(Reference) Equity As of September 30, 2018: 682,423 million yen As of March 31, 2018: 711,978 million yen

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

(Total net assets – Share acquisition rights – Non-controlling interests) / Total assets

(Note) Figures as of March 31, 2018 have been retrospectively adjusted in accordance with changes in accounting policies.

***Notes**

- (1) **Changes in significant subsidiaries during the current period (changes in specified subsidiaries resulting in the change in scope of consolidation):** None
- (2) **Application of particular accounting for preparing quarterly consolidated financial statements:** None
- (3) **Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections**
- a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement of prior period financial statements after error corrections: None
- (Note) For details, please refer to “1. Summary Information (Notes) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections” on page 1 of the “Attached Material.”

(4) **Number of issued shares (common stock)**

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

As of September 30, 2018	736,985,496 shares
As of March 31, 2018	736,985,496 shares

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

As of September 30, 2018	– shares
As of March 31, 2018	– shares

- c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

First six months of the fiscal year ending March 31, 2019	736,985,496 shares
First six months of the fiscal year ended March 31, 2018	736,985,496 shares

< * >

This quarterly financial results report is not subject to quarterly review.

< * Other special matters >

None

Attached Material

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1. Summary Information (Notes)

Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

(Changes in accounting policies)

The Group has applied the “Guidance on Accounting Standard for Tax Effect Accounting” (The Accounting Standards Board of Japan (ASBJ) Guidance No. 28, revised on February 16, 2018) effective from the beginning of the first quarter of the fiscal year ending March 31, 2019. Accordingly, the treatment of taxable temporary differences related to shares and investments in subsidiaries in the non-consolidated financial statements were reviewed. The changes in accounting policies in line with this revision of the Guidance were retrospectively applied, and the quarterly consolidated financial statements as of and for the six months ended September 30, 2017, and the consolidated financial statements as of and for the fiscal year ended March 31, 2018, reflect the effects of the retrospective application.

As a result of the reflection of the cumulative effects on the net assets balance at the beginning of the previous fiscal year, the retained earnings balance at the beginning of the previous fiscal year increased by 2,916 million yen.

1. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
ASSETS		
Current assets		
Cash and deposits	2,148,003	1,844,623
Cash segregated as deposits	795,610	811,774
Trading products	9,665,903	10,518,813
Trading securities and other	2,812,701	3,970,794
Derivatives	6,853,202	6,548,019
Trade date accrual	230,932	—
Margin transaction assets	364,858	291,442
Loans secured by securities	7,266,553	8,592,771
Short-term guarantee deposits	1,013,202	952,398
Short-term investment securities	35,250	69,544
Income taxes receivable	—	3,612
Other current assets	241,254	307,067
Total current assets	<u>21,761,569</u>	<u>23,392,049</u>
Non-current assets		
Property, plant and equipment	37,756	36,206
Intangible assets	109,172	107,791
Investments and other assets	436,042	401,118
Total non-current assets	<u>582,971</u>	<u>545,115</u>
Total assets	<u>22,344,541</u>	<u>23,937,165</u>

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
LIABILITIES		
Current liabilities		
Trading products	8,608,126	8,142,871
Trading securities and other	2,078,853	1,974,759
Derivatives	6,529,273	6,168,112
Trade date accrual	—	960,968
Margin transaction liabilities	244,266	238,489
Loans payable secured by securities	5,040,012	5,929,857
Short-term loans payable	2,155,366	2,183,198
Current portion of bonds	241,499	286,233
Current portion of long-term loans payable	69,238	173,959
Commercial papers	811,926	681,011
Income taxes payable	11,058	4,750
Provision for contingent loss	27	49
Asset retirement obligations	177	28
Other current liabilities	2,530,994	2,584,919
Total current liabilities	19,712,696	21,186,338
Non-current liabilities		
Bonds payable	1,013,449	1,128,624
Long-term loans payable	604,849	644,202
Net defined benefit liability	2,301	2,356
Provision for directors' retirement benefits	33	30
Asset retirement obligations	7,704	7,899
Other non-current liabilities	2,497	2,003
Total non-current liabilities	1,630,836	1,785,116
Reserves under the special laws		
Reserve for financial products transaction liabilities	4,319	4,266
Total reserves under the special laws	4,319	4,266
Total liabilities	21,347,852	22,975,721
NET ASSETS		
Shareholders' equity		
Capital stock	75,518	75,518
Capital surplus	438,808	438,808
Retained earnings	211,478	192,187
Total shareholders' equity	725,806	706,515
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,703	1,996
Deferred gains or losses on hedges	85	142
Foreign currency translation adjustment	(17,179)	(27,925)
Remeasurements of defined benefit plans	1,562	1,694
Total accumulated other comprehensive income	(13,827)	(24,091)
Share acquisition rights	19	27
Non-controlling interests	284,690	278,992
Total net assets	996,688	961,443
Total liabilities and net assets	22,344,541	23,937,165

(2) Consolidated statements of income and Consolidated statements of comprehensive income
Consolidated statements of income (cumulative)

(Millions of yen)

	First six months of FY2017 (From April 1, 2017 to September 30, 2017)	First six months of FY2018 (From April 1, 2018 to September 30, 2018)
Operating revenue		
Commission received	76,513	73,353
Net trading income	79,333	68,929
Financial revenue	25,783	43,250
Other operating revenue	0	3
Total operating revenue	181,631	185,537
Financial expenses	5,873	20,022
Net operating revenue	175,757	165,515
Selling, general and administrative expenses	149,188	144,516
Operating profit	26,568	20,998
Non-operating income		
Share of profit of entities accounted for using equity method	6,119	6,065
Other	3,261	3,443
Total non-operating income	9,381	9,508
Non-operating expenses		
Loss on sales of investment securities	609	810
Loss on investments in money held in trust	33	429
Other	114	402
Total non-operating expenses	758	1,642
Ordinary profit	35,191	28,864
Extraordinary income		
Gain on sales of investment securities	35	—
Reversal of reserve for financial products transaction liabilities	59	53
Gain on liquidation of subsidiaries and associates	—	1,611
Total extraordinary income	94	1,664
Extraordinary losses		
Loss on valuation of investment securities	0	—
Impairment loss	16	16
Other	—	270
Total extraordinary losses	16	286
Profit before income taxes	35,269	30,242
Income taxes-current	6,576	2,904
Income taxes-deferred	2,884	4,825
Total income taxes	9,461	7,730
Profit	25,808	22,511
Profit attributable to non-controlling interests	8,060	7,147
Profit attributable to owners of parent	17,747	15,363

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	First six months of FY2017 (From April 1, 2017 to September 30, 2017)	First six months of FY2018 (From April 1, 2018 to September 30, 2018)
Profit	25,808	22,511
Other comprehensive income		
Valuation difference on available-for-sale securities	141	269
Deferred gains or losses on hedges	5	56
Foreign currency translation adjustment	2,804	(10,875)
Remeasurements of defined benefit plans, net of tax	(261)	(57)
Share of other comprehensive income of entities accounted for using equity method	215	—
Total other comprehensive income	2,904	(10,606)
Comprehensive income	28,712	11,905
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	20,826	4,761
Comprehensive income attributable to non-controlling interests	7,886	7,143

(3) Notes to consolidated financial statements

(Notes on premise of going concern)

None

(Notes on significant changes in the amount of shareholders' equity)

None

Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending March 31, 2019

1. Commission received

(1) Breakdown by item

(Millions of yen)

	First six months of FY2017 (From April 1, 2017 to September 30, 2017)	First six months of FY2018 (From April 1, 2018 to September 30, 2018)	Increase (Decrease)	FY2017 (From April 1, 2017 to March 31, 2018)
Commission to consignees	19,567	17,187	(2,379)	42,501
Stocks	18,970	16,703	(2,266)	41,150
Bonds	14	6	(7)	20
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	11,521	12,544	1,023	24,619
Stocks	3,725	4,093	368	9,912
Bonds	7,796	8,451	654	14,707
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	17,099	11,334	(5,765)	34,713
Beneficiary certificates	15,476	9,686	(5,789)	31,359
Other fees received	28,324	32,287	3,963	56,741
Beneficiary certificates	11,670	11,807	137	23,379
Total	76,513	73,353	(3,159)	158,576

(2) Breakdown by product

(Millions of yen)

	First six months of FY2017 (From April 1, 2017 to September 30, 2017)	First six months of FY2018 (From April 1, 2018 to September 30, 2018)	Increase (Decrease)	FY2017 (From April 1, 2017 to March 31, 2018)
Stocks	23,538	23,432	(105)	52,974
Bonds	11,386	11,931	544	20,548
Beneficiary certificates	27,651	21,947	(5,704)	55,921
Other	13,936	16,042	2,105	29,132
Total	76,513	73,353	(3,159)	158,576

2. Net trading income

(Millions of yen)

	First six months of FY2017 (From April 1, 2017 to September 30, 2017)	First six months of FY2018 (From April 1, 2018 to September 30, 2018)	Increase (Decrease)	FY2017 (From April 1, 2017 to March 31, 2018)
Stocks	17,031	(1,433)	(18,465)	39,297
Bonds and other	62,302	70,363	8,061	131,849
Total	79,333	68,929	(10,403)	171,147

Quarterly Trends in Consolidated Statements of Income

(Millions of yen)

	2Q of FY2017 (July 1 to September 30, 2017)	3Q of FY2017 (October 1 to December 31, 2017)	4Q of FY2017 (January 1 to March 31, 2018)	1Q of FY2018 (April 1 to June 30, 2018)	2Q of FY2018 (July 1 to September 30, 2018)
Operating revenue	94,947	100,449	94,820	92,611	92,925
Commission received	39,692	42,234	39,828	40,974	32,379
Commission to consignees	9,718	12,360	10,573	8,926	8,261
Stocks	9,467	12,025	10,154	8,702	8,001
Bonds	6	4	1	2	4
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	6,968	7,661	5,435	7,013	5,531
Stocks	2,225	3,995	2,191	2,742	1,351
Bonds	4,742	3,666	3,244	4,271	4,179
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	8,383	8,874	8,740	5,929	5,404
Beneficiary certificates	7,601	8,050	7,832	5,124	4,562
Other fees received	14,621	13,338	15,079	19,105	13,182
Beneficiary certificates	5,859	5,937	5,772	5,964	5,842
Net trading income	42,389	45,551	46,262	37,354	31,575
Net trading income from securities (stocks)	9,934	18,653	3,612	(5,878)	4,444
Net trading income from bonds and other	32,455	26,897	42,650	43,233	27,130
Financial revenue	12,865	12,663	8,728	14,279	28,970
Other operating revenue	0	—	0	3	—
Financial expenses	2,568	2,584	2,616	6,608	13,414
Net operating revenue	92,379	97,864	92,203	86,003	79,511
Selling, general and administrative expenses	75,528	77,305	76,109	75,042	69,473
Trading related expenses	24,275	22,325	24,835	20,591	20,068
Personnel expenses	27,176	28,790	26,282	28,063	25,261
Real estate expenses	6,001	6,166	5,322	6,078	6,082
Office cost	8,007	8,364	7,778	8,259	8,046
Depreciation	6,342	6,464	6,528	6,768	6,759
Taxes and dues	1,403	3,155	3,755	3,466	1,255
Other	2,321	2,037	1,606	1,815	2,000
Operating profit	16,850	20,559	16,094	10,960	10,037
Non-operating income	3,185	5,291	7,810	5,616	3,892
Non-operating expenses	25	523	216	1,380	262
Ordinary profit	20,010	25,326	23,688	15,196	13,668
Extraordinary income	11	—	84	53	1,611
Extraordinary losses	9	304	505	218	68
Profit before income taxes	20,012	25,022	23,266	15,031	15,211
Income taxes-current	3,686	7,794	5,552	1,220	1,684
Income taxes-deferred	2,981	(2,437)	574	2,247	2,577
Total income taxes	6,667	5,357	6,127	3,468	4,262
Profit	13,344	19,664	17,138	11,563	10,948
Profit attributable to non-controlling interests	5,413	6,229	5,129	3,091	4,055
Profit attributable to owners of parent	7,930	13,435	12,009	8,471	6,892

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for the Second Quarter of the Fiscal Year Ending March 31, 2019

(1) Consolidated operating results

(Millions of yen)

	First six months of FY2017 (From April 1, 2017 to September 30, 2017)	First six months of FY2018 (From April 1, 2018 to September 30, 2018)	Increase (Decrease)	FY2017 (From April 1, 2017 to March 31, 2018)
Operating revenue	139,964	135,162	(4,802)	300,043
Commission received	66,409	63,085	(3,323)	136,559
Net trading income	58,694	57,265	(1,429)	136,620
Net operating revenue	136,648	132,440	(4,208)	293,290
Operating profit	16,467	16,904	436	47,894
Ordinary profit	17,179	17,843	664	49,352
Profit attributable to owners of parent	11,031	11,580	549	32,470

(Breakdown of operating revenue)

<Breakdown by item of commission received>

(Millions of yen)

	First six months of FY2017 (From April 1, 2017 to September 30, 2017)	First six months of FY2018 (From April 1, 2018 to September 30, 2018)	Increase (Decrease)	FY2017 (From April 1, 2017 to March 31, 2018)
Commission to consignees	15,439	13,504	(1,934)	33,322
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	6,982	6,986	3	14,934
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	17,042	11,261	(5,781)	34,513
Other fees received	26,944	31,332	4,388	53,788
Total	66,409	63,085	(3,323)	136,559

<Breakdown by product of commission received>

(Millions of yen)

	First six months of FY2017 (From April 1, 2017 to September 30, 2017)	First six months of FY2018 (From April 1, 2018 to September 30, 2018)	Increase (Decrease)	FY2017 (From April 1, 2017 to March 31, 2018)
Stocks	19,302	19,595	292	43,588
Bonds	7,137	6,660	(476)	11,328
Beneficiary certificates	27,265	21,530	(5,735)	55,068
Other	12,704	15,299	2,594	26,572
Total	66,409	63,085	(3,323)	136,559

<Net trading income>

(Millions of yen)

	First six months of FY2017 (From April 1, 2017 to September 30, 2017)	First six months of FY2018 (From April 1, 2018 to September 30, 2018)	Increase (Decrease)	FY2017 (From April 1, 2017 to March 31, 2018)
Stocks	14,013	12,893	(1,120)	38,084
Bonds and other	44,680	44,371	(308)	98,536
Total	58,694	57,265	(1,429)	136,620

(2) Consolidated financial position

(Millions of yen)

	As of September 30, 2017	As of September 30, 2018	Increase (Decrease)	As of March 31, 2018
Total assets	13,180,548	13,869,446	891,887	12,977,558
Net assets	438,443	407,214	605	406,608

(3) Non-consolidated operating results

(Millions of yen)

	First six months of FY2017 (From April 1, 2017 to September 30, 2017)	First six months of FY2018 (From April 1, 2018 to September 30, 2018)	Increase (Decrease)	FY2017 (From April 1, 2017 to March 31, 2018)
Operating revenue	119,879	120,551	671	261,997
Commission received	56,579	55,566	(1,013)	117,905
Net trading income	48,517	48,864	347	116,744
Net operating revenue	116,690	116,497	(192)	254,866
Operating profit	10,079	13,010	2,931	36,134
Ordinary profit	14,263	18,535	4,272	43,964
Profit	11,337	14,300	2,963	33,060

(Breakdown of operating revenue)

<Breakdown by item of commission received>

(Millions of yen)

	First six months of FY2017 (From April 1, 2017 to September 30, 2017)	First six months of FY2018 (From April 1, 2018 to September 30, 2018)	Increase (Decrease)	FY2017 (From April 1, 2017 to March 31, 2018)
Commission to consignees	15,133	13,124	(2,009)	32,583
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	6,982	6,986	3	14,934
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	10,830	7,692	(3,137)	23,354
Other fees received	23,631	27,762	4,130	47,033
Total	56,579	55,566	(1,013)	117,905

<Breakdown by product of commission received>

(Millions of yen)

	First six months of FY2017 (From April 1, 2017 to September 30, 2017)	First six months of FY2018 (From April 1, 2018 to September 30, 2018)	Increase (Decrease)	FY2017 (From April 1, 2017 to March 31, 2018)
Stocks	19,067	19,260	192	43,002
Bonds	6,199	5,737	(462)	9,657
Beneficiary certificates	18,800	15,602	(3,197)	39,092
Other	12,510	14,965	2,455	26,153
Total	56,579	55,566	(1,013)	117,905

<Net trading income>

(Millions of yen)

	First six months of FY2017 (From April 1, 2017 to September 30, 2017)	First six months of FY2018 (From April 1, 2018 to September 30, 2018)	Increase (Decrease)	FY2017 (From April 1, 2017 to March 31, 2018)
Stocks	12,911	12,346	(565)	36,431
Bonds and other	35,605	36,518	913	80,313
Total	48,517	48,864	347	116,744

(4) Non-consolidated financial position

(Millions of yen)

	As of September 30, 2017	As of September 30, 2018	Increase (Decrease)	As of March 31, 2018
Total assets	13,108,472	13,769,948	901,039	12,868,908
Net assets	435,572	406,419	4,001	402,418