

Tokyo Stock Exchange Group, Inc. and Consolidated Subsidiaries

Consolidated financial results for FY2010 (Year ended March 31, 2011, unaudited)

Company name: **Tokyo Stock Exchange Group, Inc.**
 URL: <http://www.tse.or.jp/english/>
 Representative: Atsushi Saito, President and CEO
 Contact: Shunzo Kayanuma, Director, Corporate Communications
 Scheduled date of annual general shareholders meeting: June 21, 2011
 Scheduled date of start of dividend payment: June 1, 2011

1. Consolidated Financial Results for the Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(Figures less than a million yen are omitted)

(1) Operating results

(Percentage figures represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2011	57,097	(5.9)	13,596	(8.3)	15,302	(12.2)	8,879	—
Year ended March 31, 2010	60,665	(9.6)	14,824	4.6	17,425	7.2	(3,602)	—

(Notes)

Comprehensive income:

Year ended March 31, 2011: ¥ 8,527 million / 221.3%

Year ended March 31, 2010: ¥ 2,653 million

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to operating revenues
	yen	yen	%	%	%
Year ended March 31, 2011	3,905.07	—	7.5	3.4	23.8
			*1) 8.8	*2) 10.9	
Year ended March 31, 2010	(1,584.27)	—	(3.2)	3.3	24.4
			*1) (3.8)	*2) 12.8	

(Reference)

Equity in earnings of affiliated companies:

Year ended March 31, 2011: ¥ 321 million

Year ended March 31, 2010: ¥ 915 million

(Notes)

1) Figures marked “*1)” under “Return on equity” are calculated excluding “Default compensation reserve funds”^{*} from shareholders’ equity.

2) Figures marked “*2)” under “Ratio of ordinary profit to total assets” are calculated excluding “Margin funds for derivatives and when-issued transactions”, “Deposits for clearing funds”, “Deposits as collateral for facilitating settlement”, “Legal guarantee funds”, and “Special assets for default compensation reserve funds” from total assets.

^{*} The same amount is recorded as “Special assets for default compensation reserve funds” under assets and as “Default compensation reserve funds” under equity.

(Reference Translation)

(2) Financial position

	Total assets	Total equity	Equity capital ratio	Net assets per share
	million yen	million yen	%	yen
As of March 31, 2011	514,405	124,782	23.7	53,606.95
	*1) 145,325	*2) 107,414	*3) 71.9	*2) 45,968.53
As of March 31, 2010	391,075	116,940	29.1	50,085.81
	*1) 136,585	*2) 99,573	*3) 70.7	*2) 42,447.39

(Reference)

Shareholders' equity:

As of March 31, 2011: ¥ 121,888 million

As of March 31, 2010: ¥ 113,882 million

(Notes)

- 1) Figures marked “*1)” under “Total assets” are calculated excluding “Margin funds for derivatives and when-issued transactions”, “Deposits for clearing funds”, “Deposits as collateral for facilitating settlement”, “Legal guarantee funds”, and “Special assets for default compensation reserve funds” from total assets.
- 2) Figures marked “*2)” under “Total equity” and “Net assets per share” are calculated excluding “Default compensation reserve funds” from total equity.
- 3) Figures marked “*3)” under “Equity capital ratio” are calculated excluding “Margin funds for derivatives and when-issued transactions”, “Deposits for clearing funds”, “Deposits as collateral for facilitating settlement”, “Legal guarantee funds”, and “Special assets for default compensation reserve funds” from total assets, and excluding “Default compensation reserve funds” from total equity.

(3) Cash flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of the year
	million yen	million yen	million yen	million yen
Year ended March 31, 2011	22,497	(20,406)	(686)	29,101
Year ended March 31, 2010	10,631	(20,338)	198	27,693

2. Dividends

Record date	Dividend per share					Total cash dividends	Dividends payout ratio	Ratio of dividends to net assets
	First quarter	Second quarter	Third quarter	Fiscal year end	Annual			
	yen	yen	yen	yen	yen	million yen	%	%
Year ended March 31, 2010	—	—	—	300	300	682	—	0.6
								*0.7
Year ended March 31, 2011	—	—	—	1,200	1,200	2,728	30.7	2.3
								*2.7
Year ending March 31, 2012(Forecast)	—	—	—	—	—			

(Reference Translation)

(Note)

Figures marked “*” under “Ratio of dividends to net assets” are calculated excluding “Default compensation reserve funds” from total equity.

3. Forecast for the Fiscal Year ending March 31, 2012 (April 1, 2011 to March 31, 2012)

(Percentage figures represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Net income		Net income per share	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
For six months ending September 30, 2011	—	—	—	—	—	—	—	—	—	—
For Year ending March 31, 2012	—	—	—	—	—	—	—	—	—	—

4. Others

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries that caused changes in the scope of consolidation): None

(2) Changes in accounting principles, procedures, and presentation

1) Changes pursuant to revision of accounting policies: Yes

2) Changes other than the above: None

(3) Number of issued and outstanding shares (common stock)

1) Number of issued (or outstanding) shares at the end of the period (including treasury stock):

As of March 31, 2011: 2,300,000 shares

As of March 31, 2010: 2,300,000 shares

2) Number of treasury shares at the end of period:

As of March 31, 2011: 26,260 shares

As of March 31, 2010: 26,260 shares

3) Average number of shares:

As of March 31, 2011: 2,273,740 shares

As of March 31, 2010: 2,273,740 shares

(Reference Translation)

(Reference) Overview of non-consolidated financial results

Non-Consolidated Financial Results for the Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(1) Operating results

(Percentage figures represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2011	6,994	(8.1)	1,386	(31.6)	2,522	(19.9)	869	(53.2)
Year ended March 31, 2010	7,606	(16.1)	2,026	(36.9)	3,148	(8.8)	1,858	(27.0)

	Net income per share	Diluted net income per share
	yen	yen
Year ended March 31, 2011	382.61	—
Year ended March 31, 2010	817.35	—

(2) Financial position

	Total assets	Total equity	Equity capita ratio	Net assets per share
	million yen	million yen	%	yen
As of March 31, 2011	139,861	108,337	77.5	47,647.47
As of March 31, 2010	141,054	108,340	76.8	47,648.76

(Reference)

Shareholders' equity:

As of March 31, 2011: ¥ 108,337 million

As of March 31, 2010: ¥ 108,340 million

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(Reference Translation)

1. Operating results

(1) Analysis of operating results

During the fiscal year ended March 2011 (April 1, 2010 to March 31, 2011), TSE group (Tokyo Stock Exchange Group, Inc., its consolidated subsidiaries and equity-method affiliates) worked to improve the stability and convenience of the market infrastructure by improving the capabilities of "arrowhead", the stock, etc. trading system launched in the previous year, and providing a proximity service. TSE group also listed the first dividend index futures in Japan and promoted expansion of the ETF line-up in order to meet the diverse needs of investors. Furthermore, in order to ensure the fairness and transparency of the market, the trading surveillance system was reformed for more sophisticated and effective examinations, and the timely disclosure of quarterly reports was revised to permit the flexible release of appropriate disclosure to investors.

TSE group's consolidated results of the fiscal year showed trading fees based on the value of securities traded and the volume of derivatives traded remaining at an unchanged level from the previous year, while the level of TOPIX and other market conditions failed to show real recovery. Listing fees were down this period, while such fees were larger due to a string of large-scale capital increases last year. As a result, Operating revenue declined 5.9%, to ¥57,097 million, operating expenses were down 5.1%, to ¥43,501 million, operating profit fell 8.3%, to ¥13,596 million, and ordinary profit decreased 12.2%, to ¥15,302 million.

However, income before income taxes and minority interests showed a drastic increase of 479.8% on the previous year, to ¥15,121 million, due to extraordinary losses of ¥13,213million being recorded in the previous year from litigation-related compensation for damages to Mizuho Securities Co., Ltd., resulting in net profits of ¥8,879 million.

<Reference>

	FY2009	End of FY2009	FY2010	End of FY2010
	TOPIX	793.82 points ~ 979.58 points	978.81 points	766.73 points ~ 998.90 points
Market capitalization	¥ 263,066.4 billion ~ ¥ 330,503.2 billion	¥ 330,281.0 billion	¥ 265,388.6 billion ~ ¥ 341,611.8 billion	¥ 301,251.4 billion

(Operating revenue)

1) Trading participation fees

Trading participation fees comprise "Basic Fees" based on the types of the trading participant's trading qualification, "Transaction Fees" based on the value of securities traded or volume of derivatives traded, "Access Fees" based on the number of orders, and "Trading System Facilities Usage Fees" based on the types of trading system facilities used.

Trading participation fees in the fiscal year ended March 2011 declined 1.0%, to ¥21,516 million, resulting from trading value remaining at the same level as the previous year.

Breakdown of trading participation fees

(millions of yen)

	FY2009	FY2010	Change (%)
	Trading participation fees	21,727	21,516
Basic fees	874	868	(0.6)
Transaction fees	16,728	16,612	(0.7)
Access fees	2,545	2,553	0.3
Trading system facilities usage fees	1,559	1,457	(6.5)
Others	21	24	16.5

(Note)

"Others" comprise give-up fees and position transfer fees.

(Reference Translation)

<Reference>

Trading value of equities and trading volume of derivatives

	Daily average			Total		
	FY2009	FY2010	Change (%)	FY2009	FY2010	Change (%)
Equities trading value (¥ millions)	1,553,533	1,553,535	0.0	379,062,124	380,616,295	0.4
TOPIX futures trading volume (contracts)	61,076	60,926	(0.2)	14,902,519	14,926,980	0.2
JGB futures trading volume (contracts)	29,000	32,661	12.6	7,076,089	8,001,934	13.1

2) Listing fees

Listing fees comprise the "Initial/Additional Listing Fees" that are received based on the issue amount when a company initially lists or when a listed company issues additional shares, and "Annual Listing Fees" received from listed companies based on their market capitalization.

Due to a decrease in the scale of listed company fund-raising in comparison to the previous year, listing fees for the fiscal year ended March 2011 fell 25.7% to ¥9,862 million.

· Breakdown of listing fees

(millions of yen)

	FY2009	FY2010	Change (%)
	Listing fees	13,271	9,862
Initial/Additional listing fees	7,845	4,459	(43.2)
Annual listing fees	5,425	5,403	(0.4)

<Reference>

Number of listed companies and ETFs and REITs

(company)

	New listed companies			Total listed companies		
	FY2009	FY2010	Change	FY2009	FY2010	Change
TSE First and Second Sections	18 *9	28 *6	10 *(3)	2,127	2,116	(11)
Mothers	6 *0	6 *1	0 *1	186	176	(10)
Total	24 *9	34 *7	10 *(2)	2,313	2,292	(21)

(issue)

	New listed issues			Total listed issues		
	FY2009	FY2010	Change	FY2009	FY2010	Change
ETFs	28	15	(13)	86	101	15
REITs	1 *1	1 *0	0 *(1)	37	35	(2)

(Note)

Figures marked "*" indicate the number of newly listed companies and newly listed issues, representing companies established and issues newly listed as a result of mergers and stock transfers (technical listings).

(Reference Translation)

Fund procurement by listed companies			(millions of yen)
	FY2009	FY2010	Change (%)
Fund raising by listed companies	7,458,127	3,906,915	(47.6)

(Note)

Total amount of fund raising via shareholder allotments, public offerings (including initial public offerings), third-party allotments, preferred stocks, and convertible bonds exercise and stock options.

3) Income from information services

Income from information services is comprised of income related to the provision of corporate action information and various other information, primarily consisting of fees for market information provided to information vendors (market information fees), and also income related to the index business.

During the fiscal year ended March 2011, market information fees increased 3.2%, to ¥11,071 million, due to enhanced services to individual real-time terminals coinciding with the launch of arrowhead.

4) Income from securities settlement

Income from securities settlement is derived from settlement commissions based on the value of securities traded and the volume of derivatives traded related to the assumption of financial instrument obligations carried out by Japan Securities Clearing Corporation. During the fiscal year ended March 2011, income from securities settlement increased 2.2%, to ¥7,407 million.

5) Other operating income

Other operating income consists of "arrownet Usage Fees", "Co-location Usage Fees", "Proximity Usage Fees", and fees for system development and operations, and lease transactions provided by TOSHO SYSTEM SERVICE CO., LTD. "arrownet Usage Fees" are those related to use of the network which connect TSE's trading system, market information systems, etc. to trading participants and users.

"Co-location Usage Fees" are those for using the service which allows trading participants to place their devices, etc. within the TSE system center for the purpose of accelerating trade execution, etc. "Proximity Usage Fees" are those for using the proximity service which diversifies connectivity to domestic and Asian markets, and can be used by trading participants and market-related parties, such as information vendors.

Other operating income for the fiscal year ended March 2011 declined 5.9%, to ¥7,238 million, due to a decrease in revenue from lease transactions by TOSHO SYSTEM SERVICE CO., LTD.

(Operating expenses)

During the fiscal year ended March 2011, salaries and compensation decreased 2.4% compared with the previous fiscal year, to ¥11,534 million. Real estate rental fees are primarily rental fees for the Tokyo Stock Exchange building and for system development and operational facilities. These fees declined 5.1%, to ¥5,736 million due to reorganization of system development and operations accompanying the launch of arrowhead.

System maintenance and operation costs consist of maintenance and operation costs for arrowhead, clearing, and other systems, and these costs declined 23.8%, to ¥6,298 million, resulting from a decrease in support costs related to system development following the launch of arrowhead.

Depreciation expenses fell 3.9%, to ¥10,334 million reflecting the depreciation of each system.

The launch of arrowhead caused decreases in system development costs (calculated as negative but transferred to assets as positive), causing other operating expense to increase 7.2%, to ¥9,597 million.

(Reference Translation)

(2) Analysis of financial position

(Assets, liabilities and equity)

Clearing deposit money, etc. (margin funds for derivatives and when-issued transactions, deposits for clearing funds, and deposits as collateral for facilitating settlement; totaling ¥351,387 million as of March 31, 2011), legal guarantee funds (¥325 million as of March 31, 2011), deposits received as trading participants guarantee (¥3,112 million as of March 31, 2011), and default compensation reserve funds (¥17,367 million as of March 31, 2011), all of which hedges risks of securities trading based on various rules, are recorded as assets and liabilities. Out of these assets and liabilities, clearing deposit money, etc. are large in amount and fluctuate daily in line with clearing participants' positions and stock price movements, and, as a result, the amounts of TSE group's assets and liabilities are significantly impacted by fluctuations in these clearing funds (refer to "Section 4. Consolidated Balance Sheets: (6) Notes to consolidated financial statements—*4. Assets and liabilities for hedging risks of securities trading" for more information regarding these assets and liabilities)

Total assets as of March 31, 2011 rose ¥123,330 million from the end of the previous fiscal year, to ¥514,405, as the result of a increase in clearing deposit money, etc. Additionally, excluding clearing deposit money, etc., legal guarantee funds, and default compensation reserve funds, assets totaled ¥145,325 million, for a ¥8,739 increase from the previous fiscal year-end. Total liabilities as of March 31, 2011 increased ¥115,489 million, to ¥389,623 million on an increase in clearing deposit money, etc. similar to that recorded for assets. Excluding clearing deposit money, etc., legal guarantee funds, and deposits received as trading participant guarantees, liabilities increased ¥1,549 million, to ¥34,798 million, in part from accrued income taxes.

Total equity as of March 31, 2011, increased ¥7,841 million, to ¥124,782 million, due to net income being recorded as earned surplus. Additionally, after excluding default compensation reserve funds, total equity was ¥107,414 million.

(Cash flows)

Cash and cash equivalents as of March 31, 2011 totaled ¥29,101 million, a ¥1,408 million decrease on the previous year.

(Cash flow from operating activities)

Net cash provided by operating activities totaled ¥22,497 million, which included ¥15,121 million in income before income taxes and minority interests, ¥10,391 million in depreciation, and ¥2,509 million paid in corporate taxes, etc.

(Cash flow from investing activities)

Net cash used in investing activities totaled ¥20,406 million, which included ¥61,760 million in expenses due to time deposits, ¥47,680 million in revenues from refund of time deposits, ¥3,384 million in expenses due to acquisition of investment securities, and ¥3,914 million in expenses due to acquisition of intangible fixed assets.

(Cash flow from financing activities)

Net cash provided by financing activities totaled ¥686 million due to ¥682 million in dividend payments.

(Reference Translation)

<Reference> Cash flow-related indices

	FY2006	FY2007	FY2008	FY2009	FY2010
Equity capital ratio (%)	19.4%	16.1%	16.5%	29.1%	23.7%
	*75.2%	*65.7%	*69.5%	*70.7%	*71.9%
Ratio of interest-bearing debt to cash flow	—	87.3%	101.9%	165.3%	78.1%
Interest coverage ratio	116,583.3	200.7	149.9	156.7	383.5

Equity capital ratio: shareholders' equity / total assets

Ratio of interest-bearing debt to cash flow: interest-bearing debt / operating cash flow

Interest coverage ratio: operating cash flow / interest expense

(Note)

Figures marked "*" under "Equity capital ratio" are calculated excluding "Margin funds for derivatives and when-issued transactions", "Deposits for clearing funds", "Deposits as collateral for facilitating settlement", "Legal guarantee funds", and "Special assets for default compensation reserve funds" from total assets, and excluding "Default compensation reserve funds" from total equity.

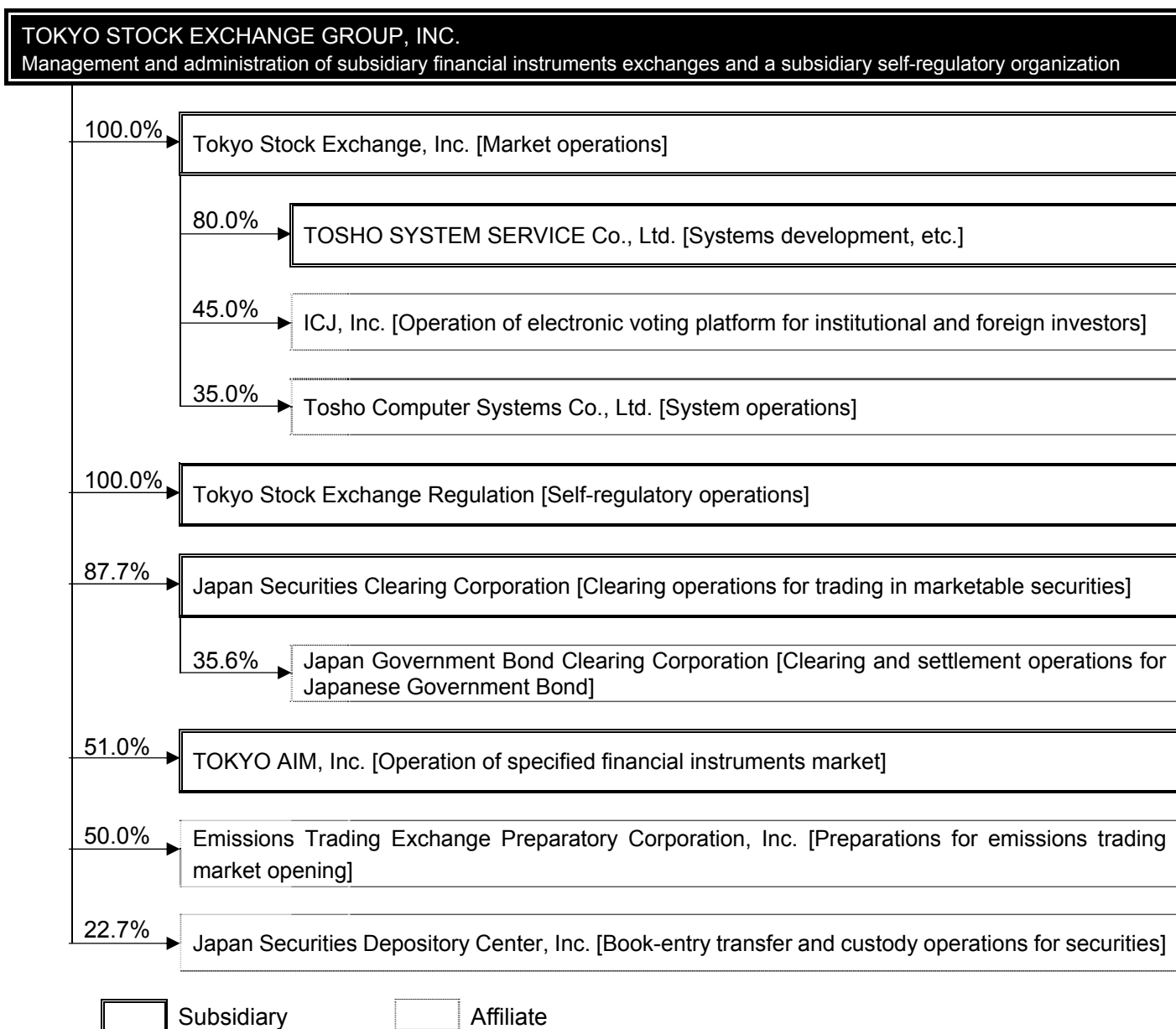
(Reference Translation)

2. Information regarding corporate group

TSE Group's operations are managed and administered by subsidiary financial instruments exchanges and a subsidiary self-regulatory organization.

TSE Group comprises five subsidiaries and five affiliates, and its primary operations are the development and operation of markets for exchange-traded financial instruments. Specifically, this includes providing market facilities for the trading of marketable securities, forward transactions for instruments including securities indexes, and securities options transactions, as well as conducting operations to ensure impartiality in market disclosures and securities trading, and the assumption of securities obligations.

An outline of the Tokyo Stock Exchange Group is shown below.



(As of March 31, 2011)

* Percentage figures indicate ownership percentage.

(Reference Translation)

3. Management policies

(1) Basic management policy

TSE group's corporate philosophy asserts our goal "to strive to create a sound market with a high level of reliability and convenience from the standpoint of investors and other market users, thereby contributing to the realization of a more prosperous society." With this in mind, TSE group remains conscious of its social responsibility as a market operator to stably provide opportunities for investors to trade with confidence in the market. While maintaining a transparent system of management that balances the public needs with profitability, our exchange strives to meet the diverse needs of market users.

In order to realize this goal, TSE group will further refine the market infrastructure and utilize it to further expand the base of individual investors and other user, thereby achieving high liquidity. We will also challenge ourselves to explore all available options, including strategic alliances with overseas exchanges, etc. in light of recent cross-border merger and acquisition trends, and advance our position as an international financial center.

As a basic strategy, TSE group plans to "increase IPOs" by fulfilling its function of providing risk-money and "expand the derivatives and ETF markets" by acting as a one-stop market through a diverse product lineup, thereby leading the Japanese economy's recovery. These initiatives will be promoted by boosting our marketing and sales activities, as well as appropriately fulfilling self-regulatory functions which respond to the changing environment. Additionally, TSE group will propose policy measures and actively provide information and releases with the aim of improving the competitiveness of the Japanese financial market overall.

(2) Medium-term management strategy

The expectations, forecasts, estimations, outlook, plans, etc. related to future matters in this section are based on TSE group's judgment at the time of this document's submission. Actual outcomes may vary widely.

In March of this year, TSE group laid down a Medium-term Management Plan (FY2011 – FY2013). Under this plan, "Increase IPOs" and "Expand Derivatives/ETF markets" were identified as core initiatives in order to further strengthen the functions of the financial market infrastructure over the next 3 years. Along with the foundation for realizing this strategy, the plan provides the following 6 matters as primary themes where TSE group will steadily take measures.

- 1) Increase IPOs
- 2) Expand Derivatives/ETF markets
- 3) Enhance Marketing and Sales Activities
- 4) Fulfill Self-Regulatory Functions Responding to Evolving Environments
- 5) Propose Policy Measures/Actively provide Information and Releases
- 6) Expand and Strengthen Functions of Market Infrastructure

(3) Issues facing the TSE group

The following are the central matters related to management which TSE group should address, based on the "(1) Basic Management Policy" and "(2) Medium-term Management Strategy."

Furthermore, TSE group is aware that expectations have further increased regarding our role as the central market of Japan following the Great East Japan Earthquake. As part of the vital social infrastructure which supports the Japanese financial market, TSE group is planning prompt measures to support recovery efforts of afflicted regions and companies, such as facilitating smooth fund-raising of capital needed for recovery.

1) Increase IPOs

* Improve environment to stably supply the market with IPO companies, in light of a capital market's role to provide growth companies with investor risk-money.

* Expand services to add intrinsic value to TSE listing, such as improving the convenience of the timely disclosure system for listed companies.

(Reference Translation)

- * Promote listing of domestic and overseas companies with investment appeal via promotion activities to related parties, such as companies preparing to list, securities companies, and auditors.

2) Expand Derivatives/ETF markets

- * Increase liquidity and expand user base by ensuring a wide variety of investment opportunities, including expanding access methods of individual investors, and engaging in active promotion activities.

- * Promote further diversification of product lineup according to market needs, such as through overseas or commodity-related ETFs and derivatives, to realize our role as a one-stop market.

3) Improve Marketing and Sales Activities

- * Promote active marketing and sales activities on a company-wide basis and establish a new marketing and promotion department to pursue user-oriented services, as well as discover new areas of customer needs, based on feedback from customers and the market.

4) Fulfill Self-Regulatory Functions Responding to Evolving Environments

- * Create an investment environment in which investors can confidently participate and increase the reliability of the TSE market via self-regulatory operations which properly conform to diversified trading styles, products, and corporations.

- * Effectively perform adjustments and operations which conform to new developments with appropriate collaboration between the market operation company and self-regulatory organization in executing self-regulatory operations.

5) Propose Policy Measures/Actively Provide Information and Releases

- * Enhance TSE's presence while promoting the reinvigoration of Japan's financial markets by offering proposals through research, seminars, reports, etc. related to various changes in circumstances and regulatory systems surrounding the securities market, thereby working toward the recovery of the Japanese economy.

- * Utilize various methods, such as SNS, to promote accurate understanding of TSE's role and initiatives and improve market user confidence, conduct pro-active information distribution regarding listed products and services, and expand the investor base.

6) Expand and Strengthen Functions of Market Infrastructure

- * Promote new business initiatives, such as further expanding the clearing business field and enhancing information services, including the indexing services, while increasing collective efforts and cooperation within TSE group, from the perspective of establishing a business foundation which can adapt to new developments in light of the challenging business environment surrounding TSE.

- * Additionally, improve efficiency and convenience of the cash market, as our core business, via further sophistication of the system infrastructure and trading rules, while also strategically utilizing the current system infrastructure.

(Reference Translation)

4. 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 bank deposits	*4 45,613	*4 61,101
Accounts receivable-trade	4,661	4,940
Lease payment receivables	18	—
Marketable securities	1,999	—
Inventories	63	253
Deferred tax assets	2,979	913
Margin funds for derivatives and when-issued transactions	*4 136,333	*4 246,910
Deposits for clearing funds	*4 87,442	*4 81,967
Deposits as collateral for facilitating settlement	*4 13,011	*4 22,510
Other current assets	2,344	2,045
Allowance for doubtful accounts	(3)	(12)
Total current assets	294,462	420,629
FIXED ASSETS:		
Property and equipment		
Buildings and structures	5,676	5,770
Accumulated depreciation	(3,584)	(3,801)
Net buildings and structures	2,091	1,969
Land	2,399	2,399
Construction in progress	17	13
Other property and equipment	19,256	17,102
Accumulated depreciation	(14,209)	(13,485)
Net other property and equipment	5,046	3,616
Net property and equipment	9,555	7,998
Intangible assets		
Software	26,776	—
Other intangible assets	411	23,373
Net intangible assets	27,188	23,373
Investments and other assets		
Investments in securities	*1 32,343	*1 35,505
Long-term loans	23	20
Deferred tax assets	417	398
Legal guarantee funds	*4 334	*4 325
Special assets for default compensation reserve funds	*4 17,367	*4 17,367
Others	9,570	8,972
Allowance for doubtful accounts	(189)	(184)
Total investments and other assets	59,868	62,404
Total fixed assets	96,612	93,776
Total	391,075	514,405

(Reference Translation)

	(millions of yen)	
	As of March 31, 2010	As of March 31, 2011
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable-trade	2,240	2,195
Short-term bank loans	17,570	17,570
Current portion of long-term lease obligations	18	—
Income taxes payable	1,944	3,132
Accrued bonuses	1,045	1,014
Accrued bonuses for directors	53	292
Margin funds received for derivatives and when-issued transactions	* ⁴ 136,333	* ⁴ 246,910
Deposits received for clearing funds	* ⁴ 87,442	* ⁴ 81,967
Deposits received as collateral for facilitating settlement	* ⁴ 13,011	* ⁴ 22,510
Deposits received as trading participants guarantee	* ⁴ 3,763	* ⁴ 3,112
Other current liabilities	1,744	1,722
Total current liabilities	265,166	380,427
NON-CURRENT LIABILITIES:		
Long-term lease obligations	24	—
Deferred tax liabilities	2,897	3,096
Liability for retirement benefits for employees	5,282	5,340
Returnable legal guarantee funds	334	325
Other	429	433
Total non-current liabilities	8,967	9,195
Total liabilities	274,134	389,623
EQUITY		
SHAREHOLDERS' EQUITY:		
Common stock	11,500	11,500
Capital surplus	25,358	25,358
Retained earnings	* ⁴ 75,424	* ⁴ 83,621
Treasury stock, at cost	(4,332)	(4,332)
Total shareholders' equity	107,950	116,147
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	5,931	5,740
Total accumulated other comprehensive income	5,931	5,740
Minority interests	3,058	2,893
Total equity	116,940	124,782
Total	391,075	514,405

(Reference Translation)

(2) Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Operations)

	(millions of yen)	
	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011
OPERATING REVENUE:		
Trading participation fees	21,727	21,516
Listing fees	13,271	9,862
Income from information services	10,727	11,071
Income from securities settlement	7,247	7,407
Other operating income	7,691	7,238
Total Operating revenue	60,665	57,097
OPERATING EXPENSES:		
Salaries and compensation	*1 11,814	*1 11,534
Real estate rental fees	6,046	5,736
System maintenance & operation costs	8,269	6,298
Depreciation	10,755	10,334
Other operating expenses	8,955	9,597
Total operating expenses	45,840	43,501
Operating profit	14,824	13,596
NON-OPERATING REVENUE		
Interest income	163	140
Dividend income	896	922
Equity in earnings of affiliated companies	915	321
Subsidy income	—	246
Other non-Operating revenue	731	144
Total	2,706	1,774
NON-OPERATING EXPENSES		
Interest expense	67	58
Rent expense	32	—
Other non-operating expenses	6	9
Total	106	68
Ordinary Profit	17,425	15,302
EXTRAORDINARY PROFITS		
Gain from prior period adjustment	—	142
Gain on reversal of allowance for loss on real estate rental contract	912	—
Other extraordinary profits	53	2
Total	966	145

(Reference Translation)

	Fiscal year ended March 31, 2010	(millions of yen) Fiscal year ended March 31, 2011
EXTRAORDINARY LOSSES		
Impairment loss	—	*2 54
Loss on disposal of property and equipment, and intangible assets	*3 33	*3 222
Loss on litigation	13,213	—
Special depreciation of property and equipment, and intangible assets	2,503	38
Other extraordinary losses	32	10
Total	15,783	326
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	2,607	15,121
Income taxes-current	2,523	3,988
Income taxes-deferred	3,925	2,414
Total income taxes	6,448	6,402
INCOME BEFORE MINORITY INTERESTS	—	8,718
MINORITY INTERESTS	(238)	(160)
NET INCOME (LOSS)	(3,602)	8,879

(Consolidated Statements of Comprehensive Income)

	Fiscal year ended March 31, 2010	(millions of yen) Fiscal year ended March 31, 2011
INCOME BEFORE MINORITY INTERESTS	—	8,718
OTHER COMPREHENSIVE INCOME		
Net unrealized gain or loss on available-for-sale securities	—	(190)
Share of other comprehensive income of affiliated companies	—	(0)
Total other comprehensive income	—	*2 (190)
COMPREHENSIVE INCOME	—	*1 8,527
Comprehensive income attribute to:		
Owners of the parent	—	8,688
Minority interests	—	(160)

(Reference Translation)

(3) Consolidated Statement of Change in Equity

	(millions of yen)	
	As of March 31, 2010	As of March 31, 2011
Shareholders' equity		
Common Stock		
Balance at beginning of year	11,500	11,500
Changes of items during the period		
Total changes of items during the period	—	—
Balance at end of year	11,500	11,500
Capital surplus		
Balance at beginning of year	25,358	25,358
Changes of items during the period		
Total changes of items during the period	—	—
Balance at end of year	25,358	25,358
Retained earnings		
Balance at beginning of year	79,709	75,424
Changes of items during the period		
Cash dividends paid	(682)	(682)
Net income (loss)	(3,602)	8,879
Change of scope of consolidation	(0)	—
Total changes of items during the period	(4,284)	8,196
Balance at end of year	75,424	83,621
Treasury stock		
Balance at beginning of year	(4,332)	(4,332)
Changes of items during the period		
Total changes of items during the period	—	—
Balance at end of year	(4,332)	(4,332)
Total shareholders' equity		
Balance at beginning of year	112,235	107,950
Changes of items during the period		
Cash dividends paid	(682)	(682)
Net income (loss)	(3,602)	8,879
Change of scope of consolidation	(0)	—
Total changes of items during the period	(4,284)	8,196
Balance at end of year	107,950	116,147

(Reference Translation)

	(Millions of yen)	
	As of March 31, 2010	As of March 31, 2011
Accumulated other comprehensive income		
Unrealized gain (loss) on available-for-sale securities		
Balance at beginning of year	(563)	5,931
Changes of items during the period		
Net changes of items other than shareholders' equity	6,494	(190)
Total changes of items during the period	6,494	(190)
Balance at end of year	5,931	5,740
Total accumulated other comprehensive income		
Balance at beginning of year	(563)	5,931
Changes of items during the period		
Net changes of items other than shareholders' equity	6,494	(190)
Total changes of items during the period	6,494	(190)
Balance at end of year	5,931	5,740
Minority interests		
Balance at beginning of year	2,416	3,058
Changes of items during the period		
Net changes of items other than shareholders' equity	642	(164)
Total changes of items during the period	642	(164)
Balance at end of year	3,058	2,893
Total Equity		
Balance at beginning of year	114,088	116,940
Changes of items during the period		
Cash dividends paid	(682)	(682)
Net income (loss)	(3,602)	8,879
Change of scope of consolidation	(0)	—
Net changes of items other than shareholders' equity	7,137	(355)
Total changes of items during the period	2,852	7,841
Balance at end of year	116,940	124,782

(Reference Translation)

(4) Consolidated Statements of Cash Flows

	(millions of yen)	
	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011
OPERATING ACTIVITIES:		
Income (loss) before income taxes and minority interests	2,607	15,121
Depreciation	13,274	10,391
Impairment loss	—	54
Increase (decrease) in allowance for doubtful accounts	(11)	4
Increase (decrease) in accrued bonuses	40	(31)
Increase (decrease) in accrued bonuses for directors	42	239
Increase (decrease) in liability for retirement benefits for employees	(60)	58
Decrease in allowance for loss on real estate rental contract	(3,467)	—
Interest and dividends income	(1,060)	(1,063)
Interest expense	67	58
Equity in earnings of affiliated companies	(915)	(321)
Loss on disposal of property and equipment and intangible assets	33	222
Loss on litigation	13,213	—
Decrease (increase) in accounts receivable	(120)	(278)
Decrease (increase) in inventories	(22)	(190)
Decrease in accounts payable-trade	(550)	(44)
Other-net	(632)	(484)
Sub-total	22,437	23,737
Interest and dividends received	1,121	1,328
Interest paid	(67)	(58)
Payment for loss on litigation	(13,213)	—
Income taxes refunded (paid)	353	(2,509)
Net cash provided by operating activities	10,631	22,497

(Reference Translation)

	(millions of yen)	
	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011
INVESTING ACTIVITIES:		
Acquisition of time deposits	(34,640)	(61,760)
Proceeds from refund of time deposits	24,940	47,680
Acquisition of marketable securities	(3,897)	(499)
Proceeds from sales of marketable securities	5,200	2,500
Acquisition of property and equipment	(1,094)	(1,151)
Proceeds from sale of property and equipment	8	3
Acquisition of intangible assets	(10,693)	(3,914)
Acquisition of investments in securities	(235)	(3,384)
Others	73	120
Net cash used in investing activities	(20,338)	(20,406)
FINANCING ACTIVITIES:		
Dividends paid	(682)	(682)
Proceeds from stock issuance to minority shareholders	882	—
Other	(1)	(4)
Net cash provided by (used in) financing activities	198	(686)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	3	3
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(9,505)	1,408
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	37,199	27,693
CASH AND CASH EQUIVALENTS, END OF YEAR	* 27,693	* 29,101

(Reference Translation)

(5) Changes in basis of presenting

	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011
1. Accounting standards	<p>(a) Application of accounting standard for retirement benefits</p> <p>The “Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)” (ASBJ Statement No. 19; July 31, 2008) is being applied from the fiscal year ended March 2010.</p> <p>This change has no impact on profit and loss for the fiscal year ended March 2010. No differences in retirement benefit obligations arose as a result of the application of this standard.</p> <p style="text-align: center;">—</p>	<p style="text-align: center;">—</p> <p>(a) Application of “Accounting Standard for Equity Method of Accounting for Investments” and “Practical Solution on Unification of Accounting Policies to Associates Accounted for Using the Equity Method”</p> <p>TSE Group and its subsidiaries adopted “Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No.16, March 10, 2008)” and “Practical Solution on Unification of Accounting Policies to Associates Accounted for Using the Equity Method (PITF No.24, March 10, 2008)” for the consolidated accounting period ended March 31, 2011. The adoption of these standards has no impact on the consolidated earnings.</p> <p>(b) Application of “Accounting Standard for Asset Retirement Obligations”</p> <p>TSE Group and its subsidiaries adopted “Accounting Standard for Asset Retirement Obligations (ASBJ Statement No.18, March 31, 2008)” and “Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No.21, March 31, 2008)” for the consolidated accounting period ended March 31, 2011. The effect of the adoption on the consolidated earnings is not material.</p>

(6)Notes to consolidated financial statements

(Consolidated balance sheets)

Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011
<p>*1 Investments in affiliated companies Investments in securities (equity securities) ¥5,531 million</p> <p>2 Liabilities for guarantees Guarantees for housing loans from banks for employees ¥3,547 million Guarantees for loans from banks for ICJ, Inc. ¥68 million</p> <hr/> <p>Total ¥3,615 million</p> <p>3 Litigation Mizuho Securities Co., Ltd. filed a lawsuit with the Tokyo District Court against TSE Group's consolidated subsidiary Tokyo Stock Exchange, Inc., seeking ¥41,578 million in compensation for damages related to Mizuho Securities Co., Ltd.'s erroneous placement of an order for shares of J-COM Co., Ltd. that occurred on December 8, 2005, and on December 4, 2009, the Court ordered Tokyo Stock Exchange, Inc. to pay compensation (¥10,712 million plus delinquency charges). On December 18, 2009, Tokyo Stock Exchange, Inc. made a payment of ¥13,213 million including delinquency charges through that date in order to avoid the compulsory execution under the Court's ruling with a declaration of provisional execution. In response to this ruling, Mizuho Securities Co., Ltd. has filed an appeal with the Tokyo High Court, and Tokyo Stock Exchange, Inc. has filed an incidental appeal, and the case is currently in litigation.</p> <p>*4 Assets and liabilities for hedging risks of securities trading TSE Group's consolidated subsidiaries Tokyo Stock Exchange, Inc. and Japan Securities Clearing Corporation (together, "Exchanges") have established various systems including receiving clearing funds, based on the Financial Instruments and Exchange Act and the Exchanges' internal regulations, to hedge the risks of securities trading in the market. Japan Securities Clearing Corporation, as a clearing organization for financial instrument transactions, underwrites the liabilities and acquires the rights from the clearing participants that arise from the conclusion of a transaction when a securities trade is concluded in the market, and bears the risk of nonperformance of obligation by the clearing participants from the time the transaction is concluded until settlement is complete, and therefore receives clearing funds (margin funds for when-issued transactions, margin funds for derivatives, deposits for clearing funds, and deposits as collateral for facilitating settlement) from the clearing participants based on the Financial Instruments and Exchange Act and other laws and regulations. In addition, Tokyo Stock Exchange, Inc. bears the risk of brokers in securities trades from the nonperformance of obligations by trading participants, and therefore receives legal guarantee funds from the trading participants based on the Financial Instruments and Exchange Act and other laws and regulations. The assets for all of these deposits are cash or substituted securities (limited to those securities approved under internal regulations), which are kept segregated from other assets, with the cash portion shown</p>	<p>*1 Investments in affiliated companies Investments in securities (equity securities) ¥7,415 million</p> <p>2 Liabilities for guarantees Guarantees for housing loans from banks for employees ¥3,308million Guarantees for loans from banks for ICJ, Inc. ¥36 million</p> <hr/> <p>Total ¥3,344 million</p> <p>3 Litigation Same as on the left.</p> <p>*4 Assets and liabilities for hedging risks of securities trading TSE Group's consolidated subsidiaries Tokyo Stock Exchange, Inc. and Japan Securities Clearing Corporation (together, "Exchanges") have established various systems including receiving clearing funds, based on the Financial Instruments and Exchange Act and the Exchanges' internal regulations, to hedge the risks of securities trading in the market. Japan Securities Clearing Corporation, as a clearing organization for financial instrument transactions, underwrites the liabilities and acquires the rights from the clearing participants that arise from the conclusion of a transaction when a securities trade is concluded in the market, and bears the risk of nonperformance of obligation by the clearing participants from the time the transaction is concluded until settlement is complete, and therefore receives clearing funds (margin funds for when-issued transactions, margin funds for derivatives, deposits for clearing funds, and deposits as collateral for facilitating settlement) from the clearing participants based on the Financial Instruments and Exchange Act and other laws and regulations. In addition, Tokyo Stock Exchange, Inc. bears the risk of brokers in securities trades from the nonperformance of obligations by trading participants, and therefore receives legal guarantee funds from the trading participants based on the Financial Instruments and Exchange Act and other laws and regulations. The assets for all of these deposits are cash or substituted securities (limited to those securities approved under internal regulations), which are kept segregated from other assets, with the cash portion shown</p>

	<p>(2) Assets which recognized impairment losses and amount of the impairment losses</p> <table border="1" data-bbox="810 248 1481 416"> <thead> <tr> <th>Use</th> <th>Category</th> <th>Impairment loss</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Business asset</td> <td>Buildings and structures</td> <td>¥6 million</td> </tr> <tr> <td>Other property and equipment</td> <td>¥10 million</td> </tr> <tr> <td>Other intangible assets</td> <td>¥37 million</td> </tr> </tbody> </table> <p>(3) Background of recognition of impairment losses The revenues initially estimated in the business plan determined at the time of establishment were unable to be realized, and thus were recorded as impairment losses.</p> <p>(4) Method of grouping the asset Because TSE group is engaged in a single business, there is no segment for business assets and each company is categorized as a single asset group. Idle assets are categorized as a minimum asset group for each asset.</p> <p>(5) Calculation methods of recoverable value Full amount of book value is recognized as impairment loss. Value in use and net selling price are expected to be zero, therefore recoverable value will be recognized as zero..</p>	Use	Category	Impairment loss	Business asset	Buildings and structures	¥6 million	Other property and equipment	¥10 million	Other intangible assets	¥37 million						
Use	Category	Impairment loss															
Business asset	Buildings and structures	¥6 million															
	Other property and equipment	¥10 million															
	Other intangible assets	¥37 million															
<p>*3 Details of loss on disposal of property and equipment and intangible assets</p> <table data-bbox="97 1077 794 1211"> <tr> <td>Buildings and structures</td> <td>¥10 million</td> </tr> <tr> <td>Other property and equipment</td> <td>¥6 million</td> </tr> <tr> <td>Software</td> <td>¥16 million</td> </tr> <tr> <td>Total</td> <td>¥33 million</td> </tr> </table>	Buildings and structures	¥10 million	Other property and equipment	¥6 million	Software	¥16 million	Total	¥33 million	<p>*3 Details of loss on disposal of property and equipment and intangible assets</p> <table data-bbox="810 1077 1481 1211"> <tr> <td>Buildings and structures</td> <td>¥10 million</td> </tr> <tr> <td>Other property and equipment</td> <td>¥191 million</td> </tr> <tr> <td>Other intangible assets</td> <td>¥20 million</td> </tr> <tr> <td>Total</td> <td>¥222 million</td> </tr> </table>	Buildings and structures	¥10 million	Other property and equipment	¥191 million	Other intangible assets	¥20 million	Total	¥222 million
Buildings and structures	¥10 million																
Other property and equipment	¥6 million																
Software	¥16 million																
Total	¥33 million																
Buildings and structures	¥10 million																
Other property and equipment	¥191 million																
Other intangible assets	¥20 million																
Total	¥222 million																

(Reference Translation)

(Consolidated statements of comprehensive income information)

Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	
*1 Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)	
Comprehensive income:	
Comprehensive income attribute to owners of the parent	¥2,891 million
Comprehensive income attribute to minority interests	(¥238 million)
Total	¥2,653 million
*2 Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)	
Other comprehensive income:	
Net unrealized gain or loss on available-for-sale securities	¥6,494 million
Share of other comprehensive income of affiliated companies	¥0 million
Total	¥6,494 million

(Consolidated statements of cash flows)

Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011
* The reconciliation between cash and cash equivalents in the consolidated statements of cash flows and cash and bank deposits in the consolidated balance sheets	* The reconciliation between cash and cash equivalents in the consolidated statements of cash flows and cash and bank deposits in the consolidated balance sheets
Cash and bank deposits	¥45,613 million
Marketable securities	¥1,999 million
Time deposits with a maturity over three months	(¥17,920 million)
Short-term government bonds	(¥899 million)
JGBs	(¥998 million)
Others	(¥101 million)
Cash and cash equivalents	¥27,693 million
	Cash and bank deposits
	¥61,101 million
	Time deposits with a maturity over three months
	(¥32,000 million)
	Cash and cash equivalents
	¥29,101 million

(Reference Translation)

(Financial instruments)

I Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)

1. Items related to financial instruments

(1) Policy for financial instruments

TSE group limits investments to secure financial instruments and finance the investments, etc. through borrowings.

(2) Details, risks, and risk management structure for financial instruments

Accounts receivable—trade is an operating claim, and exposes TSE group to the credit risk of the market participants that are its customers. TSE group continuously monitors the financial condition of those market participants based on internal regulations.

Marketable securities and investments in securities comprise government bonds held for the purpose of fund management and equities held in connection with business alliances. The market value of equities, which fluctuates based on market prices, is regularly reported to the Board of Directors.

Margin funds for derivatives and when-issued transactions, deposits for clearing funds, deposits as collateral for facilitating settlement, legal guarantee funds, deposits received as trading participants guarantee, and special assets for default compensation reserve funds constitute assets and liabilities based on various structures for hedging risks of securities trading (refer to “Section 4. Consolidated Balance Sheets: (6) Notes to consolidated financial statements— *4. Assets and liabilities for hedging risks of securities trading” for information regarding those assets and liabilities).

2. Market value of financial instruments

Amounts as of March 31, 2010, shown on the consolidated balance sheets, market values, and those differences are as follows. Instruments for which a market value is not available are not included below (see [Note 2]).

(millions of yen)

	Carrying account (*)	Market value (*)	Unrealized gains
(1) Cash and bank deposits	45,613	45,613	—
(2) Accounts receivable—trade	4,661	4,661	—
(3) Marketable securities and investments in securities			
1) Held-to-maturity securities	1,999	2,006	6
2) Available-for-sale securities	26,712	26,712	—
(4) Margin funds for derivatives and when-issued transactions	136,333	136,333	—
(5) Deposits for clearing funds	87,442	87,442	—
(6) Deposits as collateral for facilitating settlement.	13,011	13,011	—
(7) Legal guarantee funds	334	334	—
(8) Special assets for default compensation reserve funds	17,367	17,367	—
Total assets	333,476	333,482	6
(9) Margin funds received for derivatives and when-issued transactions	(136,333)	(136,333)	—
(10) Deposits received for clearing funds	(87,442)	(87,442)	—
(11) Deposits received as collateral for facilitating settlement	(13,011)	(13,011)	—
(12) Deposits received as trading participants guarantee	(3,763)	(3,763)	—
Total liabilities	(240,550)	(240,550)	—

* Amounts representing liabilities are shown in parentheses.

(Reference Translation)

(Note 1) Methods for calculating market value of financial instruments and items related to marketable securities

(1) Cash and bank deposits and (2) Accounts receivable–trade

Deposits and accounts receivable–trade are all short-term; the market value and book value are essentially equivalent, and the book value is used.

(3) Marketable securities and investments in securities

The exchange price is used for the market value for equities, and the quoted price provided by the Japan Securities Dealers Association is used for debt securities.

The amount shown on the consolidated balance sheets for held-to-maturity debt securities, the market value and those differences, and the differences between the acquisition cost and the amount shown on the consolidated balance sheets for other securities are as follows:

1) Held-to-maturity debt securities

(millions of yen)

	Type	Carrying amount	Market value	Unrealized gains
Market value over book value	Government bonds, municipal bonds, etc.	1,099	1,106	6
Market value less than book value	Government bonds, municipal bonds, etc.	899	899	(0)
Total		1,999	2,006	6

2) Other securities

(millions of yen)

	Type	Acquisition cost	Carrying amount	Unrealized gains
Book value over acquisition cost	Equities	16,712	26,712	10,000
Book value less than acquisition cost	Equities	—	—	—
Total		16,712	26,712	10,000

(4) – (12) Assets and liabilities for hedging risks of securities trading

The market value is as per the book value.

(13) Derivatives transactions

None applicable.

(Note 2)

Unlisted equity securities (amount shown on consolidated balance sheets: ¥5,631 million) do not have a market price and future cash flows cannot be estimated, making it extremely difficult to derive a market value. These securities are therefore not included in “(3) Marketable securities and investments in securities: 2) Other securities”.

For the same reason, returnable legal guarantee funds (amount shown on consolidated balance sheets: ¥334 million) are not shown under market value of financial instruments.

(Note 3)

Scheduled redemptions of monetary claims and marketable securities with maturities after March 31, 2010, are as follows:

(Reference Translation)

(millions of yen)

	Due in 1 year or less
Cash and bank deposits	45,613
Accounts receivable—trade	4,661
Marketable securities and investments in securities:	
Held-to-maturity securities (government bonds, municipal bonds).	2,000
Total	52,274

(Additional information)

The “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10; March 10, 2008) and the “Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19; March 10, 2008) are being applied from the fiscal year ended March 2010.

(Reference Translation)

II Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

1. Items related to financial instruments

(1) Policy for financial instruments

TSE group limits investments to secure financial instruments and finance the investments, etc. through borrowings.

(2) Details, risks, and risk management structure for financial instruments

Accounts receivable—trade is an operating claim, and exposes TSE group to the credit risk of the market participants that are its customers. TSE group continuously monitors the financial condition of those market participants based on internal regulations.

Marketable securities and investments in securities comprise government bonds held for the purpose of fund management and equities held in connection with business alliances. The market value of equities, which fluctuates based on market prices, is regularly reported to the Board of Directors.

Margin funds for derivatives and when-issued transactions, deposits for clearing funds, deposits as collateral for facilitating settlement, legal guarantee funds, deposits received as trading participants guarantee, and special assets for default compensation reserve funds constitute assets and liabilities based on various structures for hedging risks of securities trading (refer to “Section 4. Consolidated Balance Sheets: (6) Notes to consolidated financial statements— *4. Assets and liabilities for hedging risks of securities trading” for information regarding those assets and liabilities).

2. Market value of financial instruments

Amounts as of March 31, 2011, shown on the consolidated balance sheets, market values, and those differences are as follows. Instruments for which a market value is not available are not included below (see [Note 2]).

(millions of yen)

	Carrying account (*)	Market value (*)	Unrealized gains
(1) Cash and bank deposits	61,101	61,101	—
(2) Accounts receivable—trade	4,940	4,940	—
(3) Marketable securities and investments in securities			
1) Held-to-maturity securities	1,599	1,604	4
2) Available-for-sale securities	26,390	26,390	—
(4) Margin funds for derivatives and when-issued transactions	246,910	246,910	—
(5) Deposits for clearing funds	81,967	81,967	—
(6) Deposits as collateral for facilitating settlement.	22,510	22,510	—
(7) Legal guarantee funds	325	325	—
(8) Special assets for default compensation reserve funds	17,367	17,367	—
Total assets	463,112	463,117	4
(9) Margin funds received for derivatives and when-issued transactions	(246,910)	(246,910)	—
(10) Deposits received for clearing funds	(81,967)	(81,967)	—
(11) Deposits received as collateral for facilitating settlement	(22,510)	(22,510)	—
(12) Deposits received as trading participants guarantee	(3,112)	(3,112)	—
Total liabilities	(354,499)	(354,499)	—

* Amounts representing liabilities are shown in parentheses.

(Reference Translation)

(Note 1) Methods for calculating market value of financial instruments and items related to marketable securities

(1) Cash and bank deposits and (2) Accounts receivable–trade

Deposits and accounts receivable–trade are all short-term; the market value and book value are essentially equivalent, and the book value is used.

(3) Marketable securities and investments in securities

The exchange price is used for the market value for equities, and the quoted price provided by the Japan Securities Dealers Association is used for debt securities.

The amount shown on the consolidated balance sheets for held-to-maturity debt securities, the market value and those differences, and the differences between the acquisition cost and the amount shown on the consolidated balance sheets for other securities are as follows:

1) Held-to-maturity debt securities

(millions of yen)

	Type	Carrying amount	Market value	Unrealized gains
Market value over book value	Government bonds, municipal bonds, etc.	1,599	1,604	4
Market value less than book value	Government bonds, municipal bonds, etc.	—	—	—
Total		1,599	1,604	4

2) Other securities

(millions of yen)

	Type	Acquisition cost	Carrying amount	Unrealized gains
Book value over acquisition cost	Equities	16,712	26,390	9,678
Book value less than acquisition cost	Equities	—	—	—
Total		16,712	26,390	9,678

(4) – (12) Assets and liabilities for hedging risks of securities trading

The market value is as per the book value.

(13) Derivatives transactions

None applicable.

(Note 2)

Unlisted equity securities (amount shown on consolidated balance sheets: ¥7,514 million) do not have a market price and future cash flows cannot be estimated, making it extremely difficult to derive a market value. These securities are therefore not included in “(3) Marketable securities and investments in securities: 2) Other securities”.

For the same reason, returnable legal guarantee funds (amount shown on consolidated balance sheets: ¥325 million) are not shown under market value of financial instruments.

(Note 3)

Scheduled redemptions of monetary claims and marketable securities with maturities after March 31, 2011, are as follows:

(Reference Translation)

(millions of yen)		
	Due in 1 year or less	Due after 1 year
Cash and bank deposits	61,101	—
Accounts receivable—trade	4,940	—
Marketable securities and investments in securities:		
Held-to-maturity securities (government bonds, municipal bonds).	—	1,568
Total	66,041	1,568

(Segment information, etc)

1. Business segment information

Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
TSE group is engaged in Financial Instruments Exchange Business, which is its only business. Accordingly, the presentation of information by business segment has been omitted.

2. Geographic segment information

Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
This section has been omitted due to there being neither consolidated subsidiaries nor significant foreign offices in countries or areas outside of Japan.

3. Overseas sales

Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
This information is not required to be disclosed because overseas sales did not exceed 10% of consolidated revenue.

(Segment information)

Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)
TSE group is engaged in Financial Instruments Exchange Business, which is its only business segment. Accordingly, the presentation of information by business segment has been omitted.

(Related information)

Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

1. Products and services

This information has been omitted due to its inclusion on the Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income.

2. Geographic location

(1) Sales

This information has been omitted due to sales to customers outside of Japan surpassing 90% of sales on the Consolidated Statements of Operations.

(2) Property and equipment

This information has been omitted due to the value of property and equipment in Japan surpassing 90% of the properties and equipment on the Consolidated Balance Sheet.

(Reference Translation)

3. Major customers

This information has been omitted due to outside sales to specified customers being less than 10% of sales on the Consolidated Statements of Operations.

(Additional information)

TSE group shall apply the “Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (ASBJ Statement No.17 of March 27, 2009) and the “Guidance on the Accounting Standard for Disclosures about Segment of an Enterprise and Related information” (ASBJ Guidance No.20 of March 21, 2008) from the fiscal year ended March 2011.

(Per share information)

Fiscal year ended March 31, 2010		Fiscal year ended March 31, 2011	
Net assets per share	¥50,085.81	Net assets per share	¥53,606.95
Net loss per share	¥1,584.27	Net income per share	¥3,905.07

(Notes)

1. Diluted net income and loss per share is not shown because of the fact that no residual securities exist.
2. The basis for calculation of the net income and loss per share are as follows:

(millions of yen)

	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011
Net Income (loss)	(3,602)	8,879
Less components not pertaining to common shareholders	—	—
Net Income (loss) pertaining to common stock	(3,602)	8,879
Average outstanding shares of common stock (thousand of shares)	2,273	2,273

(Significant subsequent events)

Fiscal year ended March 31, 2010 and fiscal year ended March 31, 2011

No items.

(Omissions)

Notes related to lease transactions, related party transactions, tax-effect accounting, marketable securities, retirement benefits, and asset retirement obligations are not deemed materially important for disclosure in this report, and are therefore omitted.

There are no items related to derivatives transactions, stock options, etc., corporate mergers, or leased real estate.