

Tokyo Stock Exchange Group, Inc. and Consolidated Subsidiaries

Consolidated financial results for six months ended September 30, 2012, unaudited

Company name: **Tokyo Stock Exchange Group, Inc.**
 URL: <http://www.tse.or.jp/english/>
 Representative: Atsushi Saito, President and CEO
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 Scheduled date of filing of quarterly report: —
 Scheduled date of start of dividend payment: —
 Preparation of 2Q earnings presentation material: None
 Holding of 2Q earnings announcement: None

1. Consolidated Financial Results for six months ended September 30, 2012 (April 1, 2012 to September 30, 2012)

(Figures less than a million yen are omitted)

(1) Operating results

(Percentages represent year-on-year change)

	Operating revenue		Operating profit		Ordinary profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended September 30, 2012	26,162	(1.9)	6,120	33.1	6,913	29.9	4,559	44.3
Six months ended September 30, 2011	26,668	(6.0)	4,598	(29.5)	5,322	(27.7)	3,160	(29.8)

(Note)

Comprehensive income:

Six months ended September 30, 2012: ¥ 4,239 million / 541.4%

Six months ended September 30, 2011: ¥660 million / (87.0%)

	Net income per share	Diluted net income per share
	yen	yen
Six months ended September 30, 2012	2,005.39	—
Six months ended September 30, 2011	1,390.21	—

(2) Financial position

	Total assets	Total equity	Equity capital ratio
	million yen	million yen	%
As of September 30, 2012	824,081	148,459	15.4
As of March 31, 2012	345,247	127,122	36.1

(Reference)

Shareholders' equity:

As of September 30, 2012: ¥ 126,838 million As of March 31, 2012: ¥ 124,605 million

(Note 1) Clearing deposit money, etc. based on various rules which secure the safety of securities trading, etc. are recorded as TSE group's assets and liabilities. Clearing deposit money, etc. are large in amount and fluctuate daily and, as a result, the above amounts are significantly impacted by such fluctuations. Please refer to page 5 of the Appendix "Qualitative Information on Consolidated Financial Position" for the financial position of the TSE group which excludes clearing deposit money, etc.

(Note 2) As a result of the Company conducting a tender offer for shares of Osaka Securities Exchange Co., Ltd. and acquiring 66.67% of shares of the company, said company became a consolidated subsidiary on September 30, 2012. The assets and liabilities of said company are included in TSE group's assets and liabilities from the end of the consolidated second quarter accounting period.

(Reference Translation)

2. Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Fiscal year end	Annual
	yen	yen	yen	yen	yen
Year ended March 31, 2012	—	—	—	850.00	850.00
Year ending March 31, 2013	—	—			
Year ending March 31, 2013(Forecast)			—	—	—

(Note)

Change in dividend forecasts from the most recent announcement: —

3. Forecast for the Fiscal Year ending March 31, 2013 (April 1, 2012 to March 31, 2013)

(Percentages represent year-on-year change)

	Operating revenue		Operating profit		Ordinary profit		Net income		Net income per share	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
For Year ending March 31, 2013	—	—	—	—	—	—	—	—	—	—

(Note)

Change in performance forecasts from the most recent announcement: —

4. Notes

(1) Changes in significant subsidiaries during the period: Yes

Newly included:

2 companies (company names) Osaka Securities Exchange Co., Ltd.
New Osaka Securities Exchange Preparatory Corporation

(2) Adoption of peculiar accounting methods for quarterly consolidated financial statements: Yes

Please refer to page 6 of the Appendix "2. OTHER INFORMATION " for adoption of peculiar accounting methods for quarterly consolidated financial statements.

(3) Changes in accounting policies / changes in accounting estimates / restatements

1) Changes pursuant to revision of accounting policies: None

2) Changes other than the above: Yes

3) Changes in accounting estimates: Yes

4) Restatements: None

(4) Number of issued shares (common stock)

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

As of September 30, 2012: 2,300,000 shares

As of March 31, 2012: 2,300,000 shares

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

As of September 30, 2012: 26,260 shares

As of March 31, 2012: 26,260 shares

3) Average number of shares:

Six months ended September 30, 2012: 2,273,740 shares

Six months ended September 30, 2011: 2,273,740 shares

(Reference Translation)

*Disclosure regarding the execution of the quarterly review process

This release is outside the scope of the external auditor's quarterly review procedure which is required by "Financial Instruments and Exchange Act". Therefore, the quarterly review process has not been completed as of this disclosure in this release.

*Explanation of appropriate use of forecast and other special items

The Company is not listed. Therefore, the scheduled date for submission of the quarterly report, as well as forecasts of dividend and operating results are not included.

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(Reference Translation)

(Appendix)

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(Reference Translation)

1. QUALITATIVE INFORMATION ON OPERATING RESULTS DURING THE CURRENT QUARTER

(1) Qualitative Information on Consolidated Operating Results

With respect to the consolidated operating results of the TSE group (the Company, consolidated subsidiaries and affiliated companies accounted for using the equity method) during the consolidated cumulative second quarter (meaning the six months from April 1, 2012 to September 30, 2012; hereinafter the same), operating income decreased mainly due to a decline in equities trading value, and operating expense declined mainly due to disposal of the previous systems in tandem with the migration of futures trading to the Tdex+ System being recorded in the same period of last year. Under these circumstances, operating revenue fell to ¥26,162 million (1.9% decrease from the same period of last year (i.e. year-on-year)) and operating expenses fell to ¥20,042 million (9.2% decrease), resulting in operating profit of ¥6,120 million (33.1% increase).

The TSE group saw ordinary profit of ¥6,913 million (29.9% increase), income before income taxes and minority interest of ¥6,600 million (24.0% increase), and net income of ¥4,559 million (44.3% increase).

In addition, Osaka Securities Exchange Co., Ltd. became a consolidated subsidiary as a result of the acquisition of 66.67% of shares of the company through a tender offer. However, due to the acquisition date for consolidated accounting being taken as September 30, 2012, the consolidated financial results for the consolidated cumulative second quarter do not include said company's profit or loss.

<Reference>

	Six months ended September 30, 2011		Six months ended September 30, 2012	
		As of September 30, 2011		As of September 30, 2012
TOPIX	728.85 points ~ 874.34 points	761.17 points	695.51 points ~ 856.05 points	737.42 points
Market capitalization	¥ 255,192.9 billion ~ ¥ 303,530.4 billion	¥ 266,137.9 billion	¥ 244,661.9 billion ~ ¥ 298,841.8 billion	¥ 260,029.5 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 for the consolidated cumulative second quarter decreased 4.6% to ¥9,642 million due to a decline in equities trading value even as a trading volume of JGB futures and TOPIX futures increased year-on-year.

Breakdown of trading participation fees

(millions of yen)

	Six months ended		Change (%)
	September 30, 2011	September 30, 2012	
Trading participation fees	10,107	9,642	(4.6)
Basic fees	425	392	(7.8)
Transaction fees	7,602	7,032	(7.5)
Access fees	1,292	1,429	10.7
Trading system facilities usage fees	775	775	0.0
Others	11	12	11.2

(Reference Translation)

<Reference>

Equities trading value and derivatives trading volume

	Daily average			Total		
	Six months ended September 30, 2011	Six months ended September 30, 2012	Change (%)	Six months ended September 30, 2011	Six months ended September 30, 2012	Change (%)
Equities trading value (¥ millions)	1,368,724	1,137,316	(16.9)	169,721,767	142,164,487	(16.2)
TOPIX futures trading volume (contracts)	59,578	61,899	3.9	7,387,683	7,737,323	4.7
JGB futures trading volume (contracts)	27,518	36,529	32.7	3,412,187	4,566,067	33.8

(Note) Equities trading value of The First and Second Sections and Mothers of Tokyo Stock Exchange

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.

Listing fees for the consolidated cumulative second quarter increased 5.5% to ¥3,811 million due to new listings and an increase in the amount of funds raised by listed companies.

Breakdown of listing fees

(millions of yen)

	Six months ended September 30, 2011	Six months ended September 30, 2012	Change (%)
Listing fees	3,611	3,811	5.5
Initial/Additional listing fees	909	1,184	30.2
Annual listing fees	2,701	2,626	(2.8)

<Reference>

Number of listed companies, ETFs, ETNs and REITs

(company)

	New listed companies			Total listed companies		
	Six months ended September 30, 2011	Six months ended September 30, 2012	Change	As of September 30, 2011	As of September 30, 2012	Change
TSE First and Second Sections	11	13	2	2,102	2,101	(1)
	*3	*2	*(1)			
Mothers	4	9	5	176	179	3
	*0	*0	*0			
Total	15	22	7	2,278	2,280	2
	*3	*2	*(1)			

(issue)

	New listed issues			Total listed issues		
	Six months ended September 30, 2011	Six months ended September 30, 2012	Change	As of September 30, 2011	As of September 30, 2012	Change
ETFs	2	3	1	103	111	8
ETNs	10	0	(10)	10	10	0
REITs	0	2	2	35	35	0
	*0	*0	*0			

(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 raising by listed companies

(millions of yen)

	Six months ended September 30, 2011	Six months ended September 30, 2012	Change (%)
Fund raising by listed companies	481,865	1,452,094	201.3

(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 consolidated cumulative second quarter, income from market information decreased 4.5% to ¥5,344 million mainly due to a decline in market information fees from a decrease in the number of terminals that accessed market information.

4) Income from securities settlement

Income from securities settlement is derived from settlement commissions related to the assumption of financial instrument obligations carried out by Japan Securities Clearing Corporation.

During the consolidated cumulative second quarter, income from securities settlement decreased 0.6% to ¥3,432 million due to a decline in equities trading value even as trading volume of JGB futures and TOPIX futures increased year-on-year.

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 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.

During the consolidated cumulative second quarter, other operating income increased 0.8% to ¥3,931 million.

(Operating expenses)

During the consolidated cumulative second quarter, salaries and compensation decreased 4.1% to ¥5,488 million.

Real estate rental fees are primarily rental fees for the Tokyo Stock Exchange building and for system development and operational facilities. These fees decreased 0.5%, to ¥2,657 million.

System maintenance and operation costs consist of maintenance and operation costs for arrowhead and other systems, and these costs increased 2.6%, to ¥2,961 million.

Depreciation for the consolidated cumulative second quarter decreased significantly by 27.6% to ¥4,162 million due to factors such as the disposal of the previous systems in tandem with the migration of futures trading to the Tdex+ System being recorded in the same period of last year.

Other operating expenses during the consolidated cumulative second quarter decreased 5.3% to ¥4,772 million mainly due to a decrease in system development costs at TOSHO SYSTEM SERVICE CO., LTD.

(Reference Translation)

(2) Qualitative Information on Consolidated 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), legal guarantee funds, deposits received as trading participants security money, and default compensation reserve funds, 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, etc. (refer to "Section 3. CONSOLIDATED FINANCIAL STATEMENTS: (5) Notes - Consolidated Balance Sheet - *3. Assets and liabilities for hedging risks of securities trading" for more information regarding these assets and liabilities).

Assets as of the end of the consolidated second quarter accounting period increased ¥478,833 million from the end of the previous consolidated fiscal year to ¥824,081 million mainly due to Osaka Securities Exchange Co., Ltd. becoming a new consolidated subsidiary.

Excluding clearing deposit money, etc., legal guarantee funds, and default compensation reserve funds, assets increased ¥102,521 million to ¥248,303 million from the end of the previous consolidated fiscal year.

Total liabilities as of the end of the consolidated second quarter accounting period (September 30, 2012) increased ¥457,495 million to ¥675,621 million from the end of the previous consolidated fiscal year. Excluding clearing deposit money, etc., legal guarantee funds, and deposits received as trading participants security money, liabilities increased ¥92,070 million to ¥124,572 million from the end of the previous consolidated fiscal year.

Net assets as of the end of the consolidated second quarter accounting period (September 30, 2012) increased ¥21,337 million from the previous consolidated fiscal year to ¥148,459 million. In addition, after excluding default compensation reserve funds, total equity was ¥120,511 million.

	Total assets	Total equity	Equity capital ratio
	million yen	million yen	%
As of September 30, 2012	824,081	148,459	15.4
	*1) 248,303	*2) 120,511	*3) 39.8
As of March 31, 2012	345,247	127,122	36.1
	*1) 145,782	*2) 109,754	*3) 73.6

(Notes)

- 1) Figures marked "*1)" under "Total assets" exclude "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".
- 2) Figures marked "*2)" under "Total equity" exclude "Default compensation reserve funds".
- 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.

(Reference Translation)

(Cash flow)

During the consolidated cumulative second quarter, cash and cash equivalents increased ¥12,220 million from the end of the previous consolidated fiscal year to ¥39,999 million mainly due to Osaka Securities Exchange Co., Ltd. becoming a new consolidated subsidiary.

1) Cash flow in operating activities

There was cash inflow of ¥7,958 million from operating activities mainly as a result of adding ¥4,246 million in depreciation to and subtracting ¥2,602 million in income taxes paid from ¥6,600 million in income before income taxes and minority interests.

2) Cash flow in investing activities

There was cash outflow of ¥82,290 million from investing activities mainly due to ¥81,621 million in expenditure for acquisition of subsidiary shares.

3) Cash flow in financing activities

There was cash inflow of ¥86,556 million from financing activities mainly due to revenue from long-term loans payable of ¥86,399 million.

2. OTHER INFORMATION

(1) Adoption of peculiar accounting methods for quarterly consolidated financial statements

(Calculation of income tax expense)

The Company's consolidated subsidiary, Osaka Securities Exchange Co., Ltd., adopts a method whereby it obtains a reasonable estimate of the effective tax rate after applying tax effect accounting to income before income taxes for the fiscal year ending March 31, 2013, and calculates the amount of income taxes by multiplying the income before income taxes for the six months ended September 30, 2012 by such effective tax rate.

(2) Changes in accounting policies / Changes in accounting estimates / Restatements

i. Changes in accounting policies

In connection with the forthcoming business combination with Osaka Securities Exchange Co., Ltd., TSE group reviewed the following accounting policies and changed them accordingly from the consolidated first quarter accounting period.

(Change in depreciation method for property and equipment)

The TSE group's depreciation method for property and equipment was previously based on the application of the declining-balance method (the straight-line method was applied to buildings (excluding facilities accompanying buildings) acquired on or after April 1, 1998). From the consolidated first quarter accounting period, the TSE group changed the depreciation method to the straight-line method.

This change was determined based on the following two main reasons.

- (i) Software makes up a large part of the hardware and software of the systems which are integrally managed and operated. Changing the depreciation method for hardware, which is property and equipment, to the straight-line method that is used for software is in line with the actual situation of use.
- (ii) The cost pertaining to maintenance and repair of property and equipment is generally incurred equally in each period of use. Adopting the straight-line method for leveling in periods allocated for depreciation costs leads to calculation that better reflects the financial situation for the period.

Due to this, in comparison with the previous method, operating profit for the consolidated cumulative second quarter increased ¥298 million, and ordinary profit and income before income taxes and minority interests increased ¥302 million respectively.

(Reference Translation)

(Change in method for valuation of securities)

The TSE group's method for valuation of securities (available-for-sale securities without fair value) was previously based on the weighted-average method. From the consolidated first quarter accounting period, the TSE group changed the valuation method to the moving-average method which allows timely calculation of the cost of securities sold. The change in this accounting policy is applied retroactively, and with respect to the previous consolidated cumulative second quarter and the previous consolidated fiscal year, the retroactive application is reflected in the quarterly consolidated financial statements and consolidated financial statements.

There is no effect due to this change.

ii. Changes in accounting estimates

In the consolidated first quarter accounting period, Japan Securities Depository Center, Inc., an affiliated company, conducted a review of the useful life of the fixed assets whose period of use became shorter due to the decision to activate the new system.

Due to this, in comparison with the previous method, ordinary profit and income before income taxes and minority interests decreased ¥42 million respectively during the consolidated cumulative second quarter.

In addition, Osaka Securities Exchange Co., Ltd. and New Osaka Securities Exchange Preparatory Corporation are not included in changes in accounting policies / changes in accounting estimates / restatements for the consolidated cumulative second quarter.

(Reference Translation)

3. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheet

	As of March 31, 2012	(millions of yen) As of September 30,2012
ASSETS		
CURRENT ASSETS:		
Cash and bank deposits	* ³ 67,679	* ³ 103,799
Accounts receivable-trade	4,656	5,121
Short-term investment securities	—	1,011
Inventories	1,313	2,267
Margin funds for derivatives and when-issued transactions	* ³ 111,296	* ³ 437,701
Deposits for clearing funds	* ³ 59,376	* ³ 95,386
Deposits as collateral for facilitating settlement	* ³ 11,110	* ³ 14,100
Other current assets	2,423	2,214
Allowance for doubtful accounts	(0)	(7)
Total current assets	257,854	661,594
FIXED ASSETS:		
Property and equipment	6,738	10,804
Intangible assets		
Goodwill	—	49,083
Others	20,102	26,056
Total intangible assets	20,102	75,140
Investments and other assets		
Investments in securities	33,745	34,237
Legal guarantee funds	* ³ 314	* ³ 641
Special assets for default compensation reserve funds	* ³ 17,367	* ³ 27,948
Others	9,323	13,928
Allowance for doubtful accounts	(199)	(214)
Total investments and other assets	60,552	76,541
Total fixed assets	87,393	162,487
Total	345,247	824,081

(Reference Translation)

	(millions of yen)	
	As of March 31, 2012	As of September 30,2012
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable-trade	1,865	3,339
Short-term loans payable	17,570	17,570
Current portion of long-term loans payable	—	86,399
Income taxes payable	2,667	3,259
Accrued bonuses	951	1,002
Accrued bonuses for directors	179	32
Margin funds received for derivatives and when-issued transactions	* ³ 111,296	* ³ 437,701
Deposits received for clearing funds	* ³ 59,376	* ³ 95,386
Deposits received as collateral for facilitating settlement	* ³ 11,110	* ³ 14,100
Deposits received as trading participants security money	* ³ 3,525	* ³ 3,220
Other current liabilities	1,447	2,875
Total current liabilities	209,990	664,888
NON-CURRENT LIABILITIES:		
Long-term loans payable	—	0
Liability for retirement benefits for employees	5,372	7,390
Returnable legal guarantee funds	* ³ 314	* ³ 641
Other non-current liabilities	2,447	2,700
Total non-current liabilities	8,135	10,732
Total liabilities	218,125	675,621
EQUITY		
SHAREHOLDERS' EQUITY:		
Common stock	11,500	11,500
Capital surplus	25,358	25,358
Retained earnings	* ³ 87,205	* ³ 89,832
Treasury stock, at cost	(4,332)	(4,332)
Total shareholders' equity	119,731	122,358
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	4,873	4,480
Total accumulated other comprehensive income	4,873	4,480
Minority interests	2,516	21,620
Total equity	127,122	148,459
Total	345,247	824,081

(Reference Translation)

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Consolidated Statement of Income)

	Six months ended September 30, 2011	(millions of yen) Six months ended September 30, 2012
OPERATING REVENUES:		
Trading participation fees	10,107	9,642
Listing fees	3,611	3,811
Income from information services	5,596	5,344
Income from securities settlement	3,454	3,432
Other operating income	3,898	3,931
Total Operating revenues	26,668	26,162
OPERATING EXPENSES:		
Salaries and compensation	*5,722	*5,488
Real estate rental fees	2,670	2,657
System maintenance & operation costs	2,887	2,961
Depreciation	5,749	4,162
Other operating expenses	5,039	4,772
Total operating expenses	22,069	20,042
Operating profit	4,598	6,120
NON-OPERATING REVENUES:		
Interest income	56	56
Dividend income	145	134
Equity in earnings of affiliated companies	530	539
Other non-Operating revenues	35	127
Total	767	858
NON-OPERATING EXPENSES:		
Interest expense	26	37
Stock issuance cost	15	17
Other non-operating expenses	1	10
Total	43	66
Ordinary Profit	5,322	6,913
EXTRAORDINARY LOSSES:		
Loss on disposal of property and equipment, and intangible assets	0	—
Business integration costs	—	312
Total	0	312
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	5,322	6,600
INCOME TAXES	2,219	1,967
NET INCOME BEFORE MINORITY INTERESTS	3,102	4,632
MINORITY INTERESTS IN NET INCOME	58	(73)
NET INCOME	3,160	4,559

(Reference Translation)

(Consolidated Statement of Comprehensive Income)

	Six months ended September 30, 2011	(millions of yen) Six months ended September 30, 2012
NET INCOME BEFORE MINORITY INTERESTS	3,102	4,632
OTHER COMPREHENSIVE INCOME (LOSS)		
Net unrealized gain (loss) on available-for-sale securities	(2,441)	(393)
Share of other comprehensive income of affiliated companies	(0)	(0)
Total other comprehensive income (loss)	(2,441)	(393)
COMPREHENSIVE INCOME	660	4,239
COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	719	4,166
Minority interests	(58)	73

(Reference Translation)

(3) Consolidated Statement of Cash Flows

	(millions of yen)	
	Six months ended September 30, 2011	Six months ended September 30, 2012
OPERATING ACTIVITIES:		
Income before income taxes and minority interests	5,322	6,600
Depreciation	5,791	4,246
Increase (decrease) in allowance for doubtful accounts	(0)	10
Increase (decrease) in accrued bonuses	(168)	(132)
Increase (decrease) in accrued bonuses for directors	(273)	(165)
Increase (decrease) in liability for retirement benefits for employees	7	20
Interest and dividends income	(202)	(191)
Interest expense	26	37
Equity in earnings of affiliated companies	(530)	(539)
Loss on disposal of property and equipment, and intangible assets	0	—
Decrease (increase) in accounts receivable	1,090	840
Decrease (increase) in inventories	(430)	(953)
Decrease in accounts payable-trade	(56)	144
Other-net	91	376
Sub-total	10,667	10,293
Interest and dividends received	288	302
Interest paid	(26)	(34)
Income taxes paid	(2,704)	(2,602)
Net cash provided by operating activities	8,225	7,958
INVESTING ACTIVITIES:		
Acquisition of time deposits	(35,700)	(35,500)
Proceeds from withdrawal of time deposits	32,800	37,800
Acquisition of property and equipment	(244)	(614)
Acquisition of intangible assets	(3,043)	(2,216)
Acquisition of investments in securities	—	(99)
Acquisition of investments in subsidiaries resulting in change in scope of consolidation	—	(81,621)
Others	(50)	(38)
Net cash used in investing activities	(6,238)	(82,290)
FINANCING ACTIVITIES:		
Proceeds from long-term loans payable	—	86,399
Dividends paid	(2,728)	(1,932)
Proceeds from stock issuance to minority shareholders	—	2,090
Other	(10)	—
Net cash provided by (used in) financing activities	(2,738)	86,556
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS		
	8	(4)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(743)	12,220
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	29,101	27,779
CASH AND CASH EQUIVALENTS, END OF YEAR	* 28,358	* 39,999

(Reference Translation)

(4) Note on Going-Concern Assumption
Not applicable

(5) Notes

(Consolidated Balance Sheet)

1. Liabilities for guarantees

	Fiscal year ended March 31, 2012	Six months ended September 30, 2012
Guarantees for housing loans from banks for employees	¥ 2,998 million	¥ 2,880 million

2. 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.

*3. Assets and liabilities for hedging risks of securities trading

TSE Group's consolidated subsidiaries, Tokyo Stock Exchange, Inc., Japan Securities Clearing Corporation and Osaka Securities Exchange Co., Ltd. (collectively, "Exchange") have established various systems including receiving clearing funds, based on the Financial Instruments and Exchange Act as well as Exchange rules and regulations, to ensure confidence in securities trading in the market. Since clearing participants assume obligations and obtain rights arising from securities transactions, etc., Japan Securities Clearing Corporation and Osaka Securities Exchange Co., Ltd., as a clearing organization for financial instrument transactions, bears the risk of non-performance of obligations by clearing participants until settlement completes, and therefore receives clearing funds from clearing participants based on the Financial Instruments and Exchange Act and other laws and regulations. In addition, Tokyo Stock Exchange, Inc. and Osaka Securities Exchange Co., Ltd. hedge the risk borne by entrustors in securities transactions due to the non-performance of obligations by trading participants, and therefore receives the Guarantee Funds from 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 securities in lieu of money (limited to those securities approved under Exchange rules and regulations), which are kept segregated from other assets, with the cash portion shown separately under assets or liabilities for its respective deposit purpose.

The fair value of securities deposited in place of cash was as follows:

	Fiscal year ended March 31, 2012	Six months ended September 30, 2012
1) Margin funds for derivatives	¥ 673,708 million	¥ 947,688 million
2) Deposits for clearing funds	¥ 125,810 million	¥ 182,510 million
3) Deposits as collateral for facilitating settlement	¥ 70,648 million	¥ 58,304 million
4) Legal guarantee funds	¥ 1,212 million	¥ 1,077 million

(Reference Translation)

In addition, Tokyo Stock Exchange, Inc. bears the risk of nonperformance of obligations by trading participants, and therefore receives deposits as trading participants security money from trading participants based on its internal regulations. The assets for these deposits are cash or substituted securities (limited to those securities approved under internal regulations), with the cash portion recorded as cash and bank deposits under assets, and as deposits received as trading participants guarantee under liabilities.

The fair value of securities deposited in place of cash was as follows:

	Fiscal year ended March 31, 2012	Six months ended September 30, 2012
Deposits as trading participants security money	¥ 1,583 million	¥ 1,447 million

Tokyo Stock Exchange, Inc. and Osaka Securities Exchange Co., Ltd. also have reserve funds related to clearing operations to compensate for losses incurred by Japan Securities Clearing Corporation or Osaka Securities Exchange Co., Ltd., and these are recorded under assets as special assets for default compensation reserve funds.

(Consolidated Statement of Income)

Major elements and amounts included under operating expenses are as follows:

	Six months ended September 30, 2011	Six months ended September 30, 2012
Salaries	¥ 3,022 million	¥ 2,879 million
Bonus allowance	¥ 794 million	¥ 758 million
Directors' bonus allowance	¥ 19 million	¥ 15 million
Net periodic retirement benefit costs	¥ 736 million	¥ 694 million

(Consolidated Statement of Cash Flows)

The reconciliation between cash and cash equivalents in the consolidated statements of cash flows and cash and bank deposits in the consolidated balance sheets is as follows:

	Six months ended September 30, 2011	Six months ended September 30, 2012
Cash and bank deposits	¥ 63,258 million	¥ 103,799 million
Short-term investment securities	—	¥ 1,011 million
Time deposits with a maturity over three months	(¥ 34,900 million)	(¥ 63,800 million)
Government bonds	—	(¥ 1,001 million)
Others	—	(¥ 10 million)
Cash and cash equivalents	¥ 28,358 million	¥ 39,999 million

(Material changes in shareholders' equity)

Not applicable

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