

Japan Exchange Group, Inc. and Consolidated Subsidiaries
Consolidated financial results for the fiscal year ended March 31, 2016
(Based on IFRS), unaudited

Company name:	Japan Exchange Group, Inc.	Stock Exchange Listings:	Tokyo
Code number:	8697	URL:	http://www.jpx.co.jp/english/
Representative:	Akira Kiyota, Director & Representative Executive Officer, Group CEO		
Contact:	Miwa Mitsuo, Director, Corporate Communications		
Scheduled date of annual general shareholders meeting:	June 21, 2016		
Scheduled date of start of dividend payment:	May 31, 2016		
Scheduled date of filing of annual securities report:	June 14, 2016		
Preparation of earnings presentation material:	Yes		
Holding of earnings announcement:	Yes (For institutional investors and analysts)		

1. Consolidated Financial Results for the Fiscal Year ended March 31, 2016
(April 1, 2015 to March 31, 2016)

(Figures less than a million yen are omitted)

(1) Operating results

(Percentages represent year-on-year change)

	Operating revenue		Operating income		Income before income tax		Net income		Net income attributable to owners of the parent company		Comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2016	114,776	8.1	66,271	23.8	67,774	23.5	45,175	30.1	44,877	30.4	42,199	2.5
Year ended March 31, 2015	106,167	(6.7)	53,529	0.3	54,887	0.2	34,716	3.5	34,427	3.4	41,152	20.4

	Earnings per share (Basic)	Earnings per share (Diluted)	Return on equity attributable to owners of the parent company	Ratio of income before income tax to total assets	Ratio of operating income to operating revenue
	yen	yen	%	%	%
Year ended March 31, 2016	81.74	—	18.2	0.2	57.7
Year ended March 31, 2015	62.70	—	15.6	0.2	50.4

(Reference)

Share of income of investments accounted for using the equity method:

Year ended March 31, 2016: ¥749 million

Year ended March 31, 2015: ¥516 million

* Due to a 2-for-1 stock split which was conducted with an effective date of October 1, 2015, the basic earnings per share is calculated as if such stock split was implemented at the beginning of the previous fiscal year.

(2) Financial position

	Total assets	Total equity	Total equity attributable to owners of the parent company	Ratio of total equity attributable to owners of the parent company to total assets	Total equity attributable to owners of the parent company per share
	Millions of yen	Millions of yen	Millions of yen	%	yen
As of March 31, 2016	29,546,776	262,912	257,194	0.9	468.43
As of March 31, 2015	27,746,771	241,565	235,611	0.8	429.11

* Sizable amounts of "Clearing business financial assets and liabilities" and "Deposits from clearing participants" pertaining to clearing business conducted by consolidated subsidiary Japan Securities Clearing Corporation are included in assets and liabilities of the Group. For the Group's financial position excluding "Clearing business financial assets and liabilities," "Deposits from clearing participants," etc., see "1. QUALITATIVE INFORMATION ON OPERATING RESULTS AND FINANCIAL POSITION - (2) Explanation on Financial Position" on Page 5 of the Appendix.

* Due to a 2-for-1 stock split which was conducted with an effective date of October 1, 2015, the total equity attributable to owners of the parent company per share is calculated as if such stock split was implemented at the beginning of the previous fiscal year.

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2016	61,069	(33,591)	(21,030)	66,547
Year ended March 31, 2015	37,346	(5,563)	(22,364)	60,114

2. Dividends

	Dividends per share					Total cash dividends	Dividend payout ratio	Ratio of dividends to total equity attributable to owners of the parent company
	First quarter	Second quarter	Third quarter	Fiscal year end	Annual			
	yen	yen	yen	yen	yen	Millions of yen	%	%
Year ended March 31, 2015	—	18.00	—	32.00	50.00	13,726	39.9	6.2
Year ended March 31, 2016	—	42.00	—	29.00	—	27,453	61.2	11.1
Year ending March 31, 2017 (Forecast)	—	21.00	—	21.00	42.00		59.9	

* The year-end dividend for the year ended March 31, 2016 is revised to ¥29 from ¥28 stated in the "Notice of Revision to Earnings Forecast and Dividend Forecast" released on March 18, 2016. For details, please refer to "1. QUALITATIVE INFORMATION ON OPERATING RESULTS AND FINANCIAL POSITION (3) Year-end Dividend for Fiscal Year Ended March 31, 2016" on page 7 of the Appendix.

* Due to a 2-for-1 stock split which was conducted with an effective date of October 1, 2015, the year-end dividend for the fiscal year ended March 31, 2016 is calculated based on the number of shares after the stock split. If the stock split is not considered, the year-end dividend for the fiscal year ended March 31, 2016 would be ¥58.00.

3. Consolidated Earnings Forecast for the Fiscal Year ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(Percentages represent year-on-year change)

	Operating revenue		Operating income		Income before income tax		Net income		Net income attributable to owners of the parent company		Earnings per share (Basic)
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Year ending March 31, 2017	108,000	(5.9)	54,000	(18.5)	55,500	(18.1)	38,600	(14.6)	38,500	(14.2)	70.12

* Notes

(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 policies / changes in accounting estimates

1) Changes in accounting policies due to revisions in accounting standards under IFRS: None

2) Changes in accounting policies other than the above: None

3) Changes in accounting estimates: Yes

(Note) For details, please refer to "4. CONSOLIDATED FINANCIAL STATEMENTS, (6) Notes on Consolidated Financial Statements –(Changes in accounting estimates) on page 15.

(3) Number of issued shares (common share)

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

As of March 31, 2016: 549,069,100 shares

As of March 31, 2015: 549,069,100 shares

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

As of March 31, 2016: 7,252 shares

As of March 31, 2015: 5,310 shares

3) Average number of shares:

Year ended March 31, 2016: 549,062,888 shares

Year ended March 31, 2015: 549,063,790 shares

* Due to a 2-for-1 stock split which was conducted with an effective date of October 1, 2015, the number of shares is calculated as if such stock split was implemented at the beginning of the previous fiscal year.

(Reference) Overview of non-consolidated financial results

1. Non-Consolidated Financial Results for the Fiscal Year ended March 31, 2016
(April 1, 2015 to March 31, 2016)

(1) Operating results

(Percentages indicate year-on-year change)

	Operating revenue		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2016	35,072	6.0	29,724	8.9	31,309	8.9	30,275	9.2
Year ended March 31, 2015	33,102	170.3	27,287	286.0	28,747	240.4	27,728	275.7

	Earnings per share (Basic)		Earnings per share (Diluted)	
	yen	yen	yen	yen
Year ended March 31, 2016	55.14	—	—	—
Year ended March 31, 2015	50.50	—	—	—

* Due to a 2-for-1 stock split which was conducted with an effective date of October 1, 2015, the basic earnings per share is calculated as if such stock split was implemented at the beginning of the previous fiscal year.

(2) Financial position

	Total assets	Total net assets	Ratio of shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	yen
As of March 31, 2016	230,071	110,107	47.9	200.54
As of March 31, 2015	215,218	102,104	47.4	185.96

(Reference)

Shareholders' equity:

As of March 31, 2016: ¥110,107 million

As of March 31, 2015: ¥102,104 million

* Due to a 2-for-1 stock split which was conducted with an effective date of October 1, 2015, the net assets per share is calculated as if such stock split was implemented at the beginning of the previous fiscal year.

*Disclosure regarding the execution of the audit procedures

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

*Explanation on appropriate use of forecast and other special items

This material contains earnings forecast and other forward-looking statements which are based on available information and certain assumptions that are considered reasonable at the time of preparation. Various factors may cause actual results, etc. to be materially different from those expressed in these forward-looking statements.

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(Appendix)

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1. QUALITATIVE INFORMATION ON OPERATING RESULTS AND FINANCIAL POSITION

(1) Explanation on Operating Results

In the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016), the Group recorded operating revenue of ¥114,776 million (8.1% increase from the same period of the previous fiscal year (i.e. year-on-year)) due to factors such as increases in cash equity trading value and derivatives trading volume compared with the previous year, while, operating expenses were ¥50,925 million (3.7% year-on-year decrease). As a result, the Group recorded operating income of ¥66,271 million (23.8% year-on-year increase) and income before income tax of ¥67,774 million (23.5% year-on-year increase).

In addition, net income attributable to owners of the parent company after tax was ¥44,877 million (30.4% year-on-year increase).

<Reference>

	Year ended March 31, 2015		Year ended March 31, 2016	
		As of March 31, 2015		As of March 31, 2016
TOPIX	1,132.76 points ~1,592.25 points	1,543.11 points	1,196.28 points ~1,691.29 points	1,347.20 points
Nikkei 225	¥13,910.16 ~¥19,754.36	¥19,206.99	¥14,952.61 ~¥20,868.03	¥16,758.67
JPX Nikkei 400	10,314.83 points ~14,475.35 points	14,022.96 points	10,780.40 points ~15,251.93 points	12,161.79 points

(Operating revenue)

1) Trading services revenue

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

During the fiscal year ended March 31, 2016, trading services revenue increased 7.7% year-on-year to ¥52,471 million due to increases in trading of cash equities and derivatives.

Breakdown of trading participant fees

(Millions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016	
			Change (%)
Trading services revenue	48,698	52,471	7.7
Transaction fees	40,221	43,294	7.6
Cash equities	28,705	30,783	7.2
Derivatives	11,515	12,510	8.6
TOPIX futures	1,816	1,934	6.5
Nikkei 225 futures*1	4,382	5,136	17.2
Nikkei 225 options*2	3,374	3,543	5.0
10-year JGB futures	1,679	1,597	(4.9)
Others	261	298	14.0
Basic fees	1,067	1,061	(0.6)
Access fees	4,730	5,165	9.2
Trading system facilities Usage fees	2,600	2,854	9.8
Others	79	95	20.3

*1 Figures include Nikkei 225 mini futures.

*2 Figures exclude Nikkei 225 Weekly Options transactions.

<Reference>

Equities trading value and derivatives trading volume or value (including auction and off-auction trading)

	Daily average			Total		
	Year ended March 31, 2015	Year ended March 31, 2016	Change (%)	Year ended March 31, 2015	Year ended March 31, 2016	Change (%)
【Cash equities】 TSE 1 st and 2 nd Sections Trading value (Millions of yen)	2,440,775	2,914,804	19.4	600,430,531	714,126,887	18.9
Mothers Trading value (Millions of yen)	132,852	97,914	(26.3)	32,681,486	23,988,944	(26.6)
JASDAQ Trading value (Millions of yen)	90,500	70,338	(22.3)	22,263,088	17,232,911	(22.6)
ETFs, ETNs, etc. Trading value (Millions of yen)	154,587	286,770	85.5	38,028,473	70,258,699	84.8
REITs, etc. Trading value (Millions of yen)	37,697	42,805	13.6	9,273,536	10,487,342	13.1
【Derivatives】 TOPIX futures transactions Trading volume (contracts)	84,785	93,824	10.7	20,857,097	22,986,847	10.2
Nikkei 225 futures transactions Trading volume (contracts)	104,037	120,358	15.7	25,593,103	29,487,683	15.2
Nikkei 225 mini futures transactions Trading volume (contracts)	825,281	1,100,776	33.4	203,019,042	269,690,101	32.8
Nikkei 225 options transactions Value (Millions of yen) *	27,848	30,690	10.2	6,850,730	7,519,072	9.8
10-year JGB futures transactions Trading volume (contracts)	36,745	34,658	(5.7)	9,039,247	8,491,325	(6.1)

* Figures exclude Nikkei 225 Weekly Options transactions.

2) Clearing services revenue

Clearing services revenue comprises clearing fees related to the assumption of obligations of financial instrument transactions carried out by Japan Securities Clearing Corporation.

During the fiscal year ended March 31, 2016, clearing services revenue increased 15.2% year-on-year to ¥23,140 million due to increases in trading of cash equity and derivatives, which are the main clearing product segments.

3) Listing services revenue

Listing services revenue comprises "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.

During the fiscal year ended March 31, 2016, listing services revenue increased 8.2% year-on-year to ¥13,250 million due to increases in initial/additional listing fees and annual listing fees.

Breakdown of listing services revenue

(millions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016	
			Change (%)
Listing services revenue	12,249	13,250	8.2
Initial/Additional listing fees	4,762	5,330	11.9
Annual listing fees	7,486	7,919	5.8

<Reference>

Number of listed companies, ETFs, ETNs, and REITs

(Company/Issue)

	New listed companies (issues)			Total listed companies (issues)		
	Year ended March 31, 2015	Year ended March 31, 2016	Change	As of March 31, 2015	As of March 31, 2016	Change
TSE 1 st and 2 nd Sections	23	23	0	2,421	2,492	71
Mothers	57	58	1	213	225	12
JASDAQ	11	14	3	834	786	(48)
Tokyo Pro Market	5	4	(1)	11	14	3
Total	96	99	3	3,479	3,517	38
ETFs · ETNs	31	21	(10)	209	225	16
REITs	7	4	(3)	51	53	2

* The number of new listed companies (issues) excludes those that were listed in relation to technical listings (new listings of companies (issues) that were established due to mergers and stock transfers, etc.).

Fund raising by listed companies

(millions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016	
			Change (%)
Financing by listed companies	1,345,833	994,291	(26.1)

* Total amount of funds- raised via public offerings (including initial public offerings), third-party allotments and shareholder allotments.

4) Information services revenue

Information services revenue comprises revenue related to the provision of market information to information vendors, etc. (market information fees), revenue related to the index business, and revenue related to the provision of corporate action information and other information.

During the fiscal year ended March 31, 2016, information services revenue increased 8.6% year-on-year to ¥17,706 million due mainly to an increase in market information fees and an increase in index business revenue.

5) Other operating revenue

Other operating revenue includes the following main items:

- Usage fees for arrownet, which connects trading, market information and other systems to trading participants and other users;
- Usage fees related to co-location services that allow trading participants, information vendors, and other users to install devices in the system center for the purpose of improving trade execution efficiency by shortening order transmission time, etc.; and
- Revenue from system development and operations conducted by consolidated subsidiary TOSHO SYSTEM SERVICE CO., LTD.

During the fiscal year ended March 31, 2016, other operating revenue decreased 6.9% year-on-year to ¥8,208 million due mainly to a decrease in revenue from system development and operations.

Breakdown of other operating revenue

(millions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016	
			Change (%)
Other operating revenue	8,815	8,208	(6.9)
Arrownet usage fees	2,550	2,316	(9.2)
Co-location services usage fees	2,613	2,886	10.4
Other	3,651	3,005	(17.7)

* Arrownet usage fees for the previous fiscal year include revenue related to GATENET, provided by consolidated subsidiary Osaka Exchange, Inc., before network lines were integrated.

(Operating expenses)

During the fiscal year ended March 31, 2016, personnel expenses increased 7.7% year-on-year to ¥16,437 million.

System maintenance and operation expenses include expenses related to maintenance and management/operations of various systems including the cash equities and derivatives trading systems. During the fiscal year ended March 31, 2016, system maintenance and operation expenses decreased 4.7% year-on-year to ¥9,480 million due mainly to the integration of clearing systems and networks integration.

Depreciation and amortization decreased 7.7% year-on-year to ¥9,973 million due mainly to the end of the 5-year period for depreciation and amortization of the initial investment in the arrowhead cash equities trading system in the previous fiscal year.

During the fiscal year ended March 31, 2016, other operating expenses decreased 10.8% year-on-year to ¥15,034 million due mainly to lower rent for the Tokyo Stock Exchange building.

(2) Explanation on Financial Position (Assets, liabilities and equity)

For assets and liabilities of the Group, "clearing business financial assets and liabilities" assumed by Japan Securities Clearing Corporation as a clearing organization and "deposits from clearing participants" deposited by clearing participants as collateral are included under both assets and liabilities. "Clearing business financial assets and liabilities" and "deposits from clearing participants" have a large impact on the amount of assets and liabilities of the Group due to their sizable amounts and daily fluctuations subject to changes in clearing participants' positions. In addition, "legal guarantee funds," "trading participant security money," and "default compensation reserve funds" based on the rules for securing safety of financial instruments transactions are included under assets and liabilities or equity.

Total assets as of March 31, 2016 increased ¥1,800,004 million from the end of the previous fiscal year to ¥29,546,776 million as a result of increases in clearing business financial assets. Excluding clearing business financial assets, deposits from clearing participants, legal guarantee funds, and default compensation reserve funds, assets increased ¥25,202 million from the end of the previous fiscal year to ¥313,351 million.

Total liabilities as of March 31, 2016 increased ¥1,778,657 million from the end of the previous fiscal year to ¥29,283,864 million as a result of increases in clearing business financial liabilities. Excluding clearing business financial liabilities, deposits from clearing participants, legal guarantee funds, and trading participant security money, liabilities increased ¥3,864 million from the end of the previous fiscal year to ¥70,958 million.

Total equity as of March 31, 2016 increased ¥21,346 million from the end of the previous fiscal year to ¥262,912 million due mainly to an increase in retained earnings in connection with recording of net income attributable to owners of the parent company. In addition, after excluding default compensation reserve funds, equity was ¥234,964 million.

<Reference>

	Total assets	Total equity	Total equity attributable to owners of the parent company	Ratio of total equity attributable to owners of the parent company to total assets
	Millions of yen	Millions of yen	Millions of yen	%
As of March 31, 2016	29,546,776	262,912	257,194	0.9
	*313,351	*234,964	*229,246	*73.2
As of March 31, 2015	27,746,771	241,565	235,611	0.8
	*288,149	*213,617	*207,663	*72.1

	Return on equity attributable to owners of the parent company	Ratio of income before income tax to total assets	Total equity attributable to owners of the parent company per share
	%	%	%
As of March 31, 2016	18.2	0.2	468.43
	*20.5	*22.5	*417.52
As of March 31, 2015	15.6	0.2	429.11
	*17.8	*19.6	*378.21

(Notes)

Figures marked “*” under “Total assets” exclude “clearing business financial assets”, “deposits from clearing participants”, “legal guarantee funds”, and “default compensation reserve funds”, “Total equity” and “Total equity attributable to owners of the parent company” exclude “default compensation reserve funds”.

(Cash flows)

During the fiscal year ended March 31, 2016, cash and cash equivalents as of March 31, 2016 increased ¥6,433 million from the end of the previous fiscal year to ¥66,547 million.

1) Cash flows from operating activities

There was cash inflow of ¥61,069 million from operating activities mainly as a result of adding ¥10,727 million in depreciation and amortization and deducting ¥17,243 million in income taxes paid to or from ¥67,774 million in income before income tax.

2) Cash flows from investing activities

There was cash outflow of ¥33,591 million from investment activities mainly due to the acquisition of intangible assets with derivatives trading systems and clearing systems development.

3) Cash flows from financing activities

There was cash outflow of ¥21,030 million from financing activities mainly due to repayments of dividends paid.

<Reference> Cash flow-related indicators

	Year ended March 31, 2015	Year ended March 31, 2016
Ratio of total equity attributable to owners of the parent company to total assets	0.8%	0.9%
	*72.1%	*73.2%
Ratio of interest-bearing debt to cash flow	87.0%	53.2%
Interest coverage ratio	882.3	1,578.0

Ratio of total equity attributable to owners of the parent company to total assets: Total equity attributable to owners of the parent company / Total assets

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

Interest coverage ratio: cash flows from operating activities / interest payment

* “Ratio of total equity attributable to owners of the parent company to total assets” are calculated excluding “clearing business financial assets”, “deposits from clearing participants”, “legal guarantee funds”, “default compensation reserve funds” from total assets, and excluding “default compensation reserve funds” from “total equity attributable to owners of the parent company”.

(3) Year-end Dividend for Fiscal Year Ended March 31, 2016

The net income attributable to owners of the parent company for the fiscal year ended March 31, 2016 is higher than that stated in the earnings forecast in the "Notice of Revision to Earnings Forecast and Dividend Forecast" released on March 18, 2016. Therefore, the dividend for said year has been revised to ¥29.

	Dividend for Year ended March 31, 2016	Last Dividend Forecast (announced on March 18, 2016)	Actual dividend for Year ended March 31, 2015
Year-end Dividend per Share	¥29	¥28	¥32
Total amount of Year-end Dividends	¥15,922 million	—	¥8,785 million
Basis date	March 31, 2016	March 31, 2016	March 31, 2015
Effective Date	May 31, 2016	—	May 26, 2015

* Dividends are paid out from retained earnings.

* Due to a 2-for-1 stock split which was conducted with an effective date of October 1, 2015, the year-end dividend for the fiscal year ended March 31, 2016 is calculated based on the number of shares after the stock split. If the stock split is not considered, the year-end dividend for the fiscal year ended March 31, 2016 would be ¥58.00.

(4) Explanation on Forecast Information such as Consolidated Earnings Forecast, etc.

(i) Consolidated Earnings Forecast

The consolidated earnings forecast for the fiscal year ending March 31, 2017 is based on the assumptions that the average daily trading values and volumes are ¥3.1 trillion for stocks*, 38,000 contracts for 10-year JGB futures, 102,000 contracts for TOPIX futures, 229,000 contracts for Nikkei 225 futures (including mini contract trading volume converted to large-sized contracts), and ¥28.5 billion for Nikkei 225 options (excluding weekly options). Based on the assumptions, ¥108.0 billion in operating revenue, ¥54.0 billion in operating income, ¥55.5 billion in net income before income tax, ¥38.6 billion in net income and ¥38.5 billion in net income attributable to owners of the parent are expected.

(* The trading value of stocks listed on the TSE 1st and 2nd Sections, Mothers, JASDAQ, TOKYO PRO Market, ETFs, ETNs, and REITs (including auction and off-auction trading).

(ii) Dividends Forecast

The Company adopts a dividend policy with a target payout ratio of about 60% tied to business performance while giving due consideration to the importance of internal reserves for the following purposes:

- Maintaining sound financial health as a financial instruments exchange group,
- Preparing for risks as a clearing organization, and
- Enabling the group to pursue investment opportunities to raise the competitiveness of its markets as they arise.

In line with the abovementioned policy, the dividends for the fiscal year ending March 31, 2017 is planned to be ¥42 per share (¥21 per share as of the end of the second quarter).

2. MANAGEMENT POLICIES

Please refer to the "Medium-Term Management Plan for FY2016 to FY2018" published on March 22, 2016.

3. BASIC RATIONALE TO THE SELECTION OF ACCOUNTING STANDARDS

From the perspective of facilitating comparability of financial results of the company with other exchanges located overseas and increasing investor convenience, the Company has voluntarily adopted IFRS to its disclosure material.

4. CONSOLIDATED FINANCIAL STATEMENTS
(1) Consolidated Statement of Financial Position

	As of March 31, 2015	As of March 31, 2016
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	60,114	66,547
Trade and other receivables	10,300	10,096
Clearing business financial assets	25,635,085	26,395,558
Specified assets for deposits from clearing participants	1,795,095	2,809,433
Specified assets for legal guarantee funds	492	483
Income tax receivables	4,693	5,055
Other financial assets	42,869	65,600
Other current assets	1,844	1,163
Total current assets	<u>27,550,495</u>	<u>29,353,939</u>
Non-current assets		
Property and equipment	8,573	6,025
Goodwill	67,374	67,374
Intangible assets	27,631	31,033
Retirement benefit assets	5,424	3,626
Investments accounted for using the equity method	6,806	7,592
Specified assets for default compensation reserve funds	27,948	27,948
Other financial assets	39,682	38,639
Other non-current assets	5,605	5,854
Deferred tax assets	7,230	4,741
Total non-current assets	<u>196,276</u>	<u>192,836</u>
Total assets	<u><u>27,746,771</u></u>	<u><u>29,546,776</u></u>

	As of March 31, 2015	As of March 31, 2016
	<u>Millions of yen</u>	<u>Millions of yen</u>
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	4,712	4,413
Loans payable	32,500	22,500
Clearing business financial liabilities	25,635,085	26,395,558
Deposits from clearing participants	1,795,095	2,809,433
Legal guarantee funds	492	483
Trading participant security money	7,437	7,429
Income tax payables	7,852	10,714
Other current liabilities	5,626	6,403
Total current liabilities	<u>27,488,802</u>	<u>29,256,937</u>
Non-current liabilities		
Loans payable	–	10,000
Retirement benefit liabilities	7,039	7,352
Other non-current liabilities	2,488	3,924
Deferred tax liabilities	6,875	5,650
Total non-current liabilities	<u>16,403</u>	<u>26,926</u>
Total liabilities	<u>27,505,206</u>	<u>29,283,864</u>
Equity		
Share capital	11,500	11,500
Capital surplus	59,726	59,726
Treasury shares	(5)	(9)
Other components of equity	14,828	13,321
Retained earnings	149,562	172,656
Total equity attributable to owners of the parent company	<u>235,611</u>	<u>257,194</u>
Non-controlling interests	5,954	5,717
Total equity	<u>241,565</u>	<u>262,912</u>
Total liabilities and equity	<u><u>27,746,771</u></u>	<u><u>29,546,776</u></u>

(2) Consolidated Statement of Income

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
	Millions of yen	Millions of yen
Revenue		
Operating revenue	106,167	114,776
Other revenue	318	2,137
Total revenue	106,486	116,914
Expenses		
Operating expenses	52,863	50,925
Other expenses	610	466
Total expenses	53,473	51,392
Share of income of investments accounted for using the equity method	516	749
Operating income	53,529	66,271
Financial income	1,400	1,540
Financial expenses	41	36
Income before income tax	54,887	67,774
Income tax expense	20,171	22,599
Net income	34,716	45,175
Net income attributable to		
Owners of the parent company	34,427	44,877
Non-controlling interests	288	297
Net income	34,716	45,175
Earnings per share		
Basic (Yen)	62.70	81.74
Diluted (Yen)	—	—

(3) Consolidated Statement of Comprehensive Income

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
	Millions of yen	Millions of yen
Net income	34,716	45,175
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	5,631	(1,491)
Remeasurements of defined benefit plan	803	(1,484)
Share of other comprehensive income of investments accounted for using the equity method	(0)	0
Other comprehensive income, net of tax	6,435	(2,975)
Comprehensive income	<u>41,152</u>	<u>42,199</u>
Comprehensive income attributable to		
Owners of the parent company	40,863	41,902
Non-controlling interests	288	297
Comprehensive income	<u>41,152</u>	<u>42,199</u>

(4) Consolidated Statement of Changes in Equity

Equity attributable to owners of the parent company

	Share capital	Capital surplus	Treasury shares	Other components of equity	
				Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plan
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2014	11,500	59,726	(5)	9,225	—
Net income	—	—	—	—	—
Other comprehensive income, net of tax	—	—	—	5,631	803
Total comprehensive income	—	—	—	5,631	803
Dividends paid	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	(29)	(803)
Total transactions with the owners	—	—	—	(29)	(803)
Balance as of March 31, 2015	11,500	59,726	(5)	14,828	—
Net income	—	—	—	—	—
Other comprehensive income, net of tax	—	—	—	(1,491)	(1,484)
Total comprehensive income	—	—	—	(1,491)	(1,484)
Acquisitions of treasury shares	—	—	(3)	—	—
Dividends paid	—	—	—	—	—
Changes of interests in subsidiaries without losing control	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	(15)	1,484
Total transactions with the owners	—	—	(3)	(15)	1,484
Balance as of March 31, 2016	11,500	59,726	(9)	13,321	—

	Equity attributable to owners of the parent company			Non- controlling interests	Total equity
	Other components of equity	Retained earnings	Total		
	Total				
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2014	9,225	126,655	207,101	5,675	212,777
Net income	—	34,427	34,427	288	34,716
Other comprehensive income, net of tax	6,435	—	6,435	—	6,435
Total comprehensive income	6,435	34,427	40,863	288	41,152
Dividends paid	—	(12,353)	(12,353)	(10)	(12,364)
Transfer from other components of equity to retained earnings	(832)	832	—	—	—
Total transactions with the owners	(832)	(11,521)	(12,353)	(10)	(12,364)
Balance as of March 31, 2015	14,828	149,562	235,611	5,954	241,565
Net income	—	44,877	44,877	297	45,175
Other comprehensive income, net of tax	(2,975)	—	(2,975)	—	(2,975)
Total comprehensive income	(2,975)	44,877	41,902	297	42,199
Acquisitions of treasury shares	—	—	(3)	—	(3)
Dividends paid	—	(20,315)	(20,315)	(8)	(20,324)
Changes of interests in subsidiaries without losing control	—	—	—	(525)	(525)
Transfer from other components of equity to retained earnings	1,468	(1,468)	—	—	—
Total transactions with the owners	1,468	(21,784)	(20,319)	(534)	(20,853)
Balance as of March 31, 2016	13,321	172,656	257,194	5,717	262,912

(5) Consolidated Statement of Cash Flows

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
	Millions of yen	Millions of yen
Cash flows from operating activities		
Income before income tax	54,887	67,774
Depreciation and amortization	11,365	10,727
Impairment losses (or reversal of impairment losses)	301	—
Financial income	(1,400)	(1,540)
Financial expenses	41	36
Share of income of investments accounted for using the equity method	(516)	(749)
Gains on sale of property and equipment	—	(1,853)
(Increase) decrease in trade and other receivables	(1,219)	203
Increase (decrease) in trade and other payables	(327)	210
(Increase) decrease in retirement benefit assets	(1,694)	1,797
Increase (decrease) in retirement benefit liabilities	321	313
Other	5,080	(247)
Subtotal	<u>66,840</u>	<u>76,673</u>
Interest and dividends received	1,563	1,678
Interest paid	(42)	(38)
Income taxes paid	<u>(31,015)</u>	<u>(17,243)</u>
Cash flows generated from operating activities	<u>37,346</u>	<u>61,069</u>
Cash flows from investing activities		
Payments into time deposits	(65,100)	(70,600)
Proceeds from withdrawal of time deposits	76,100	47,100
Purchase of property and equipment	(3,623)	(1,624)
Proceeds from sale of property and equipment	2	3,660
Purchase of intangible assets	(13,232)	(11,934)
Purchase of Investment securities	—	(1,000)
Other	290	807
Cash flows generated from (used in) investing activities	<u>(5,563)</u>	<u>(33,591)</u>
Cash flows from financing activities		
Proceeds from loans payable	—	10,000
Repayments of loans payable	(10,000)	(10,000)
Dividends paid	(12,353)	(20,315)
Other	(10)	(715)
Cash flows used in financing activities	<u>(22,364)</u>	<u>(21,030)</u>
Net increase (decrease) in cash and cash equivalents	9,418	6,447
Cash and cash equivalents at the beginning of the year	<u>50,713</u>	<u>60,114</u>
Effect of changes in exchange rate on cash and cash equivalents	(17)	(13)
Cash and cash equivalents at the end of the year	<u><u>60,114</u></u>	<u><u>66,547</u></u>

(6) Notes on Consolidated Financial Statements

(Note on Going-concern Assumption)

Not applicable

(Changes in accounting estimates)

Tokyo Stock Exchange, Inc. and Osaka Exchange, Inc. have reviewed the useful lives of property and equipment, and intangible assets that are shortened from the initial estimates for launch of new IT systems.

The effect of this change in estimates for the fiscal year ended March 31, 2016 was to decrease operating income and income before income tax each by ¥1,199 million.

(Operating Revenue)

The breakdown of "Operating revenue" is as follows:

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
	Millions of yen	Millions of yen
Trading services revenue	48,698	52,471
Clearing services revenue	20,092	23,140
Listing services revenue	12,249	13,250
Information services revenue	16,311	17,706
Other	8,815	8,208
Total	106,167	114,776

(Operating Expenses)

The breakdown of "Operating expenses" is as follows:

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
	Millions of yen	Millions of yen
Personnel expenses	15,265	16,437
System maintenance and operation expenses	9,947	9,480
Depreciation and amortization	10,803	9,973
Other	16,848	15,034
Total	52,863	50,925

(Segment Information, etc.)

This information is omitted since the Group has a single segment of the financial instruments exchange business.

(Earnings per Share)

Basic earnings per share for the fiscal year ended March 31, 2016 was calculated based on the net income attributable to owners of the parent company of ¥44,877 million (fiscal year ended March 31, 2015: ¥34,427 million) and the weighted-average number of ordinary shares outstanding of 549,062 thousand shares (fiscal year ended March 31, 2015: 549,063 thousand shares). Diluted earnings per share are not presented because there were no potential shares.

Since a 2-for-1 stock split was conducted with an effective date of October 1, 2015, basic earnings per share was calculated based on the number of shares that were adjusted retrospectively on the basis of the number of shares after the stock split.

(Significant Subsequent Events)

Not applicable

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