

Japan Exchange Group, Inc. and Consolidated Subsidiaries

Consolidated financial results for three months ended June 30, 2013, unaudited

Company name: Japan Exchange Group, Inc.
 Code number: 8697 URL: <http://www.jpx.co.jp/en/index.html>
 Stock Exchange Listings: Tokyo
 Representative: Atsushi Saito, Director & Representative Executive Officer, Group CEO
 Contact: Akira Tagaya, Director, Corporate Communications
 Scheduled date of filing of quarterly report: August 13, 2013
 Scheduled date of start of dividend payment: —
 Preparation of 1Q earnings presentation material: Yes
 Holding of 1Q earnings announcement: None

1. Consolidated Financial Results for three months ended June 30, 2013 (April 1, 2013 to June 30, 2013)

(Figures less than a million yen are omitted)

(1) Operating results

(Percentages represent year-on-year change)

	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended June 30, 2013	36,099	—	17,943	—	18,655	—	11,209	—
Three months ended June 30, 2012	—	—	—	—	—	—	—	—

(Note)

Comprehensive income:

Three months ended June 30, 2013: ¥10,440 million /—%

Three months ended June 30, 2012: ¥ — million /—%

	Net income per share	Diluted net income per share
	yen	yen
Three months ended June 30, 2013	204.15	—
Three months ended June 30, 2012	—	—

(2) Financial position

	Total assets	Total net assets	Equity capital ratio
	million yen	million yen	%
As of June 30, 2013	1,875,185	185,119	9.7
As of March 31, 2013	1,276,386	179,077	13.8

(Reference)

Shareholders' equity:

As of June 30, 2013: ¥ 182,473 million As of March 31, 2013: ¥176,529 million

2. Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Fiscal year end	Annual
	yen	yen	yen	yen	yen
Year ended March 31, 2013	—	—	—	80.00	80.00
Year ending March 31, 2014	—				
Year ending March 31, 2014 (Forecast)		80.00	—	16.00	—

(Note) Change in dividend forecasts from the most recent announcement: None

(Note) The year-end dividend forecast for the fiscal year ending March 31, 2014 considers the 5-for-1 stock split to be conducted with an effective date of October 1, 2013. If the stock split is not considered, it will be ¥80.00.

3. Forecast for the Fiscal Year ending March 31, 2014 (April 1, 2013 to March 31, 2014)

(Percentages represent year-on-year change)

	Operating revenue		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
For Six months ending September 30, 2013	58,000	—	24,000	—	25,000	—	15,000	—	54.64
For Year ending March 31, 2014	101,500	41.5	36,500	86.6	38,000	75.7	22,000	101.1	80.14

(Note)

Change in performance forecasts from the most recent announcement: None

(Note) The net income per share of the consolidated earnings forecast for the six months ending September 30, 2013 and the fiscal year ending March 31, 2014 considers the 5-for-1 stock split to be conducted with an effective date of October 1, 2013. If the stock split is not considered, the net income per share for the six months ending September 30, 2013 will be ¥273.19.

* Notes

- (1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries that caused changes in the scope of consolidation): None
- (2) Adoption of peculiar accounting methods for quarterly consolidated financial statements: None
- (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: None
 - 3) Changes in accounting estimates: None
 - 4) Restatements: None
- (4) Number of issued shares (common stock)
 - 1) Number of issued shares at the end of the period (including treasury shares):

As of June 30, 2013:	54,906,910 shares
As of March 31, 2013:	54,906,910 shares
 - 2) Number of treasury shares at the end of period:

As of June 30, 2013:	90 shares
As of March 31, 2013:	— shares
 - 3) Average number of shares:

Three months ended June 30, 2013:	54,906,843 shares
Three months ended June 30, 2012:	— shares

*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

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.

*Note to Financial position

Clearing deposit money, etc. based on various rules which secure the safety of securities trading, etc. are recorded as JPX 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. For the consolidated financial position of the JPX group excluding clearing deposit money, etc., please refer to page 5 "1. QUALITATIVE INFORMATION ON OPERATING RESULTS DURING THE CURRENT QUARTER, (2) Explanation on Financial Position" of the Appendix.

DISCLAIMER: This translation may be used for reference purposes only. This English version is not an official translation of the original Japanese document. In cases where any differences occur between the English version and the original Japanese version, the Japanese version shall prevail. This translation is subject to change without notice. Japan Exchange Group, Inc., and/or its affiliates shall individually or jointly accept no responsibility or liability for damage or loss caused by any error, inaccuracy, misunderstanding, or changes with regard to this translation.

(Appendix)

Contents of Appendix

1. QUALITATIVE INFORMATION ON OPERATING RESULTS DURING THE CURRENT QUARTER ...	2
(1) Explanation on Operating Results ...	2
(2) Explanation on Financial Position ...	5
(3) Explanation on Forecast Information such as Consolidated Earnings Forecast, etc....	6
2. CONSOLIDATED FINANCIAL STATEMENTS ...	7
(1) Consolidated Balance Sheets ...	7
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income ...	9
(3) Note on Consolidated Financial Statements	
(Notes on Going-Concern Assumption) ...	11
(Material changes in shareholders' equity) ...	11

1. QUALITATIVE INFORMATION ON OPERATING RESULTS DURING THE CURRENT QUARTER

(1) Explanation on Operating Results

Japan Exchange Group, Inc.(hereinafter "JPX") was established on January 1, 2013 through a business combination between Tokyo Stock Exchange Group, Inc. and Osaka Securities Exchange Co., Ltd.(hereinafter "OSE"). Consolidated quarterly financial statements for the previous consolidated cumulative first quarter were not prepared as JPX. As such, comparisons of financial results with those of the previous fiscal year are not available.

The consolidated results of the JPX during the consolidated cumulative first quarter were operating revenue of ¥36,099 million, operating expenses of ¥18,156 million, operating income of ¥17,943 million, and ordinary income and income before income taxes and minority interest was ¥18,655 million, and net income was ¥11,209 million.

<Reference>

	Three months ended June 30, 2012		Three months ended June 30, 2013	
		As of June 30, 2012		As of June 30, 2013
TOPIX	695.51 points ~856.05 points	770.08 points	991.34 points ~1,276.03 points	1,133.84 points
Nikkei 225	¥8,295.63 ~¥10,109.87	¥9,006.78	¥12,003.43 ~¥15,627.26	¥13,677.32
Market capitalization*	244,661.9 billion ~298,841.8 billion	270,079.1 billion	350,135.2 billion ~449,173.4 billion	399,929.2 billion

* Market capitalization of the TSE 1st Section, 2nd Section and Mothers.

(Operating revenue)

1) Trading participant fees

Trading participant 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.

During the consolidated cumulative first quarter, trading participant fees were ¥17,317 million.

Breakdown of trading participant fees

(millions of yen)

	Three months ended June 30, 2013
Trading participant fees	17,317
Transaction fees	14,869
Cash equities	10,154
Derivatives	4,714
TOPIX futures	588
Nikkei 225 futures	1,605
Nikkei 225 options	1,932
10-year JGB futures	502
Others	85
Basic fees	353
Access fees	1,430
Trading system facilities Usage fees	628
Others	35

<Reference>

Equities trading value and derivatives trading volume or value

	Daily average			Total		
	Three months ended June 30, 2012	Three months ended June 30, 2013	Change(%)	Three months ended June 30, 2012	Three months ended June 30, 2013	Change(%)
[Cash equities] *						
TSE 1 st Section, (¥millions)	1,204,908	3,382,815	180.8	74,704,273	209,734,538	180.8
TSE 2 nd Section (¥millions)	3,889	10,997	182.8	241,118	681,790	182.8
OSE 1 st Section, 2 nd Section (¥millions)	26,167	58,782	124.6	1,622,350	3,644,493	124.6
TSE Mothers (¥millions)	10,643	120,214	1,029.5	659,877	7,453,258	1,029.5
OSE JASDAQ (¥millions)	20,359	148,530	629.6	1,262,229	9,208,868	629.6
[Derivatives]						
TOPIX futures (contracts)	64,649	116,257	79.8	4,008,210	7,207,955	79.8
Nikkei 225 futures (contracts)	83,982	167,311	99.2	5,206,854	10,373,289	99.2
Nikkei 225 mini futures (contracts)	546,073	1,353,464	147.9	33,856,526	83,914,741	147.9
Nikkei 225 options (¥millions)	19,567	64,001	227.1	1,213,137	3,968,040	227.1
10-year JGB futures (contracts)	39,538	42,720	8.0	2,451,382	2,648,616	8.0

* Includes auction and off-auction (ToSTNeT market) trading.

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.

During the consolidated cumulative first quarter, listing fees were ¥2,517 million.

Breakdown of listing fees

(millions of yen)

	Three months ended June 30, 2013
Listing fees	2,517
Initial/Additional listing fees	786
Annual listing fees	1,730

<Reference>

Number of listed companies, ETFs, ETNs and REITs

(Company)

	New listed companies			Total listed companies		
	Three months ended June 30, 2012	Three months ended June 30, 2013		As of June 30, 2012	As of June 30, 2013	
			Change			Change
【TSE market】						
TSE 1 st and 2 nd Sections	7	10	3	2,109	2,130	21
Technical listings	2	2	0			
Mothers	3	3	0	177	185	8
Technical listings	0	1	1			
Total	10	13	3	2,286	2,315	29
Technical listings	2	3	1			
【OSE market】*						
OSE 1 st and 2 nd Sections	0	0	0	201	199	(2)
Technical listings	0	0	0			
JASDAQ	7	5	(2)	939	902	(37)
Technical listings	0	1	1			
Total	7	5	(2)	1,140	1,101	(39)
Technical listings	0	1	1			

*Companies that are also listed on the TSE Market are excluded.

(Issue)

	New listed issues			Total listed issues		
	Three months ended June 30, 2012	Three months ended June 30, 2013		As of June 30, 2012	As of June 30, 2013	
			Change			Change
【TSE market】						
ETFs	2	2	0	110	119	9
ETNs	0	5	5	10	19	9
REITs	2	1	(1)	35	40	5
Technical listings	0	0	0			
【OSE market】						
ETFs	2	0	(2)	19	19	0

(Note)

Technical listings indicate the number of newly listed companies and issues which were established or newly listed as a result of mergers, stock transfers, etc.

Fund raising by listed companies

(millions of yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013	
			Change (%)
【TSE market】			
Financing by listed companies	141,501	154,438	9.1

(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 first quarter, income from information services was ¥4,086 million.

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 and OSE.

During the consolidated cumulative first quarter, income from securities settlement was ¥6,430 million.

5) Other operating revenue

Other operating revenue consists of "network line usage fees", "Co-location Usage Fees", "Proximity Usage Fees", and fees for system development and operations provided by TOSHO SYSTEM SERVICE CO., LTD. "Network line usage fees" related to use of the networks which connect trading systems, 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 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 foreign markets, and can be used by trading participants and market-related parties, such as information vendors.

During the consolidated cumulative first quarter, other operating revenue was ¥5,747 million.

Breakdown of other operating revenue

(millions of yen)

	Three months ended June 30, 2013
Other operating revenue	5,747
Network line usage fees	939
Co-location Usage Fees, Proximity Usage Fees	609
Other	4,197

(Operating expenses)

During the consolidated cumulative first quarter, personal expenses were ¥3,601 million.

System maintenance & operation costs consist of maintenance and operation costs for trading system and other systems. During the consolidated cumulative first quarter, system maintenance & operation costs were ¥2,847 million.

During the consolidated cumulative first quarter, depreciation was ¥3,537 million.

Cost of system development consists of cost related to system development and operations provided by TOSHO SYSTEM SERVICE CO., LTD. During the consolidated cumulative first quarter, cost of system development was ¥3,830 million.

During the consolidated cumulative first quarter, other operating expenses were ¥4,338 million.

(2) Explanation on 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 participant 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 JPX group's assets and liabilities are significantly impacted by fluctuations in these clearing funds, etc.

Total assets as of June 30, 2013 increased ¥598,799 million from the end of the previous fiscal year to ¥1,875,185 million as the result of increasing in clearing deposit money, etc. due to increase in trading, etc. Excluding clearing deposit money, etc., legal guarantee funds, and default compensation reserve funds, assets increased ¥7,713 million from the end of the previous fiscal year to ¥295,262 million.

Total liabilities as of June 30, 2013 increased ¥592,757 million from the end of the previous fiscal year to ¥1,690,066 million as the result of increasing in clearing deposit money, etc. Excluding clearing deposit money, etc., legal guarantee funds, and deposits received as trading participants security money, liabilities increased ¥1,171 million from the end of the previous fiscal year to ¥134,421 million.

Total net assets as of June 30, 2013 increased ¥6,042 million from the end of the previous fiscal year to ¥185,119 million as the result of including net income under retained earnings. In addition, after excluding default compensation reserve funds, total net assets were ¥157,171 million.

<Reference>

	Total assets	Total net assets	Equity capital ratio
	million yen	million yen	%
As of March 31, 2013	1,276,386	179,077	13.8
	*1) 287,548	*2) 151,129	*3) 51.7
As of June 30, 2013	1,875,185	185,119	9.7
	*1) 295,262	*2) 157,171	*3) 52.3

(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 net assets” 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 net assets.

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

(i) Consolidated Earnings Forecast

There are no revisions to the consolidated earnings forecast from the forecast figures announced in the "Notice of Revision to Earnings Forecast and Dividend Forecast" dated July 19, 2013.

Also, this consolidated earnings forecast is based on the assumption that the daily average trading values/volumes are ¥2.30 trillion for stocks (*1), 40,000 contracts for 10-year JGB futures, 91,000 contracts for TOPIX futures, 212,000 contracts for Nikkei 225 futures(*2), and ¥41.0 billion for Nikkei 225 options.

- *1) The trading value of stocks listed on the First Section, the Second Section, Mothers, JASDAQ, and the TOKYO PRO Market of TSE (including auction and off-auction trading, as well as those of the former First and Second Sections of OSE).
- *2) Includes trading volume of Nikkei 225 futures mini contracts converted to Nikkei 225 futures large-sized contracts.

(ii) Dividend Forecast

There are no revisions to the dividend forecast from the forecast figures announced in the "Notice of Revision to Earnings Forecast and Dividend Forecast" dated July 19, 2013.

Also, the dividend payout ratio of JPX is targeted at approximately 40% based on our policy of stable and continuous dividend payment, giving due consideration to the importance of internal reserves for system development aimed at enhancing competitiveness and self-regulatory functions as an exchange, and for provision against risks as a clearing organization.

2. CONSOLIDATED FINANCIAL STATEMENTS
(1) Consolidated Balance Sheets

(millions of yen)

	As of March 31,2013	As of June 30,2013
Assets		
Current assets		
Cash and deposits	120,808	130,321
Operating accounts receivable	8,716	11,714
Work in process	2,467	111
Margin funds for derivatives and when-issued transactions	789,201	1,301,234
Deposits for clearing funds	161,086	239,075
Deposits as collateral for facilitating settlement	10,000	11,000
Other	3,195	3,637
Allowance for doubtful accounts	(9)	(12)
Total current assets	1,095,466	1,697,082
Noncurrent assets		
Property, plant and equipment	8,673	8,338
Intangible assets		
Goodwill	67,374	66,513
Other	23,370	22,249
Total intangible assets	90,744	88,763
Investments and other assets		
Investment securities	41,304	40,665
Legal guarantee funds	600	665
Special assets for default compensation reserve funds	27,948	27,948
Other	11,825	11,861
Allowance for doubtful accounts	(177)	(138)
Total investments and other assets	81,501	81,001
Total noncurrent assets	180,919	178,103
Total assets	1,276,386	1,875,185

(millions of yen)

As of March 31,2013 As of June 30,2013

Liabilities		
Current liabilities		
Operating accounts payable	3,221	2,996
Short-term loans payable	18,670	17,570
Current portion of long-term loans payable	86,399	86,399
Income taxes payable	6,312	7,193
Provision for bonuses	1,223	324
Provision for directors' bonuses	252	6
Margin funds received for derivatives and when-issued transactions	789,201	1,301,234
Deposits received for clearing funds	161,086	239,075
Deposits received as collateral for facilitating settlement	10,000	11,000
Deposits received as trading participant security money	3,169	3,669
Other	3,620	6,893
Total current liabilities	1,083,157	1,676,362
Noncurrent liabilities		
Provision for retirement benefits	7,580	7,514
Returnable legal guarantee funds	600	665
Other	5,970	5,524
Total noncurrent liabilities	14,151	13,703
Total liabilities	1,097,308	1,690,066
Net assets		
Shareholders' equity		
Capital stock	11,500	11,500
Capital surplus	59,726	59,726
Retained earnings	96,213	103,030
Treasury stock	—	(0)
Total shareholders' equity	167,440	174,255
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,088	8,217
Total accumulated other comprehensive income	9,088	8,217
Minority interests	2,548	2,645
Total net assets	179,077	185,119
Total liabilities and net assets	1,276,386	1,875,185

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

(millions of yen)

Three months ended
June 30, 2013

Operating revenue	
Trading participant fees	17,317
Listing fees	2,517
Income from information services	4,086
Income from securities settlement	6,430
Other	5,747
Total operating revenue	<u>36,099</u>
Operating expenses	
Personal expenses	3,601
System maintenance & operation costs	2,847
Depreciation	3,537
Cost of system development	3,830
Other	4,338
Total operating expenses	<u>18,156</u>
Operating income	<u>17,943</u>
Non-operating income	
Interest income	114
Dividends income	228
Equity in earnings of affiliates	372
Other	35
Total non-operating income	<u>751</u>
Non-operating expenses	
Interest expenses	32
Other	7
Total non-operating expenses	<u>39</u>
Ordinary income	<u>18,655</u>
Income before income taxes and minority interests	<u>18,655</u>
Income taxes	7,343
Income before minority interests	<u>11,311</u>
Minority interests in income	102
Net income	<u>11,209</u>

(Consolidated Statements of Comprehensive Income)

(millions of yen)

Three months ended
June 30, 2013

Income before minority interests	11,311
Other comprehensive income	
Valuation difference on available-for-sale securities	(871)
Share of other comprehensive income of associates accounted for using equity method	0
Total other comprehensive income	(871)
Comprehensive income	10,440
(Breakdown)	
Comprehensive income attributable to owners of the parent	10,338
Comprehensive income attributable to minority interests	102

(3) Note on Consolidated Financial Statements

(Note on Going-concern Assumption)
Not applicable

(Material changes in shareholders' equity)
Not applicable

DISCLAIMER: This translation may be used for reference purposes only. This English version is not an official translation of the original Japanese document. In cases where any differences occur between the English version and the original Japanese version, the Japanese version shall prevail. This translation is subject to change without notice. Japan Exchange Group, Inc., and/or its affiliates shall individually or jointly accept no responsibility or liability for damage or loss caused by any error, inaccuracy, misunderstanding, or changes with regard to this translation.