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Brief Summary of Financial Statements of Fiscal Year 2008 (Apr. 1, 2008 - Mar. 31, 2009)



April 28, 2009

Company Name **Osaka Securities Exchange Co., Ltd.**
 Code No. 8697
 Representative Michio YONEDA (Mr.), President & CEO
 Contact Masahiro YADA (Mr.), General Manager, Public Relations
 Ordinary General Meeting of Shareholders to be held on: Jun. 19, 2009
 Annual Securities Report to be submitted on: Jun. 19, 2009

Listed on OSE - Hercules
 URL <http://www.ose.or.jp/e/>
 TEL +81-(0)6-4706-0800
 Dividend to be paid from: Jun. 22, 2009

(Figures less than a million yen are rounded down)

1. Business Performance of Fiscal Year 2008 (Apr 1, 2008 - Mar 31, 2009)

(1) Consolidated Operating Results

(Percentage shown indicate change from previous fiscal year)

	Operating Revenue		Operating Income		Ordinary Income		Net Income	
	mil yen	%	mil yen	%	mil yen	%	mil yen	%
FY '08	20,051	(-)	7,734	(-)	9,444	(-)	6,372	(-)
FY '07	-	(-)	-	(-)	-	(-)	-	(-)

	Net Income per Share	Net Income per Share (Adjusted)	Ratio of Net Income to Shareholders' Equity	Ratio of Ordinary Income to Total Assets	Ratio of Operating Income to Operating Revenue
	yen	yen	%	%	%
FY '08	23,603.30	-	14.4	1.9	38.6
FY '07	-	-	-	-	-

(Ref.) Investment profit/loss on equity method FY '08 - mil yen FY '07 - mil yen

* Change from the previous fiscal year and values of the previous consolidated fiscal year (FY '07) are not shown, because OSE acquired the subsidiary company during the current consolidated fiscal year and it has prepared Consolidated Financial Statements from the current consolidated fiscal year.

* Shareholders' equity and total assets used to calculate ratio of net income to shareholders' equity and ratio of ordinary income to total assets are those at the end of the period.

(2) Consolidated Financial Standing

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	mil yen	mil yen	%	yen
FY '08	507,508	46,396	8.7	163,971.39
FY '07	-	-	-	-

(Ref.) Shareholders' Equity FY '08 44,272 mil yen FY '07 - mil yen

* Values of the previous consolidated fiscal year (FY '07) are not shown, because OSE acquired the subsidiary company during the current consolidated fiscal year and it has prepared Consolidated Financial Statements from the current consolidated fiscal year.

(3) Consolidated Cash Flow

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Cash & Cash Equivalents at Term-End
	mil yen	mil yen	mil yen	mil yen
FY '08	11,469	-12,033	-2,429	12,513
FY '07	-	-	-	-

* Values of the previous consolidated fiscal year (FY '07) are not shown, because OSE acquired the subsidiary company during the current consolidated fiscal year and it has prepared Consolidated Financial Statements from the current consolidated fiscal year.

2. Dividend

(Record Date)	Dividend per Share					Total Dividend Paid (Full Year)	Dividend Payout Ratio (Consolidated)	Ratio of Dividends to Net Assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-End	Annual			
	yen	yen	yen	yen	yen	mil yen	%	%
FY '07	-	3,000.00	-	5,000.00	8,000.00	2,160	-	-
FY '08	-	4,000.00	-	4,500.00	8,500.00	2,295	36.0	5.2
FY '09 (Forecast)	-	3,500.00	-	4,000.00	7,500.00		40.5	

* Values of the FY '07 are the values of individual financial statement, because OSE acquired the subsidiary company during the current consolidated fiscal year and it has prepared Consolidated Financial Statements from the current consolidated fiscal year.

* Dividend payout ratio and ratio of dividends to net assets of FY '07 are not shown, because OSE has prepared Consolidated Financial Statements from the current consolidated fiscal year.

3. Consolidated Earnings Forecast for Fiscal Year 2009 (Apr 1, 2009 - Mar 31, 2010)

(Percentage shown indicate change from previous fiscal year for "Full Year" and from previous 2nd quarter for "2nd Quarter Total Term")

	Operating Revenue		Operating Income		Ordinary Income		Net Income		Net Income per Share
	mil yen	%	mil yen	%	mil yen	%	mil yen	%	yen
2nd Quarter Total Term	10,600	(-)	2,500	(-)	3,300	(-)	2,100	(-)	7,777.78
Full Year	21,000	(-)	5,500	(-)	7,700	(-)	5,000	(-)	18,518.52

* Consolidated earnings forecast shown in this material is just an outlook judged or assumed based on the information available at the moment, and includes risks and uncertainties. Actual performance is subject to substantial changes due to various factors.

* "Full Year" and "2nd Quarter Total Term" are not shown, because OSE acquired the subsidiary company during the current 3rd quarter of the consolidated fiscal period and it has prepared Consolidated Financial Statements from the current 3rd quarter of the consolidated fiscal period.

4. Others

- (1) Important Changes of Subsidiary Company during Period : Yes
 New two companies (Jasdaq Securities Exchange, Inc. and Jasdaq System Solution Inc.)
- (2) Change in Accounting Principles/Procedures for Preparation of Consolidated Financial Statements and Presentation, etc.
 1) Changes in accordance with Revision of Accounting Standards, etc. : Yes
 2) Changes other than 1) : No
- (3) Number of Shares Outstanding (Ordinary Shares)
 1) Number of Shares Outstanding at Term-End (Including Treasury Stock) FY '08 270,000 shares FY '07 - shares
 2) Number of Treasury Stock at Term-End FY '08 - shares FY '07 - shares
 (note) 1) Number of Shares Outstanding at the end of FY '07 (Including Treasury Stock) and 2) Number of Treasury Stock at the end of FY '07 are not shown, because OSE has prepared Consolidated Financial Statements from the current consolidated fiscal year.

(Reference) Summary of Individual Results

1. Individual Business Performance of Fiscal Year 2008 (Apr 1, 2008 - Mar 31, 2009)

(1) Individual Operating Results

(Percentage shown indicate change from previous fiscal year)

	Operating Revenue		Operating Income		Ordinary Income		s	
	mil yen	%	mil yen	%	mil yen	%	mil yen	%
FY '08	18,902	(1.1)	7,725	(-12.1)	9,331	(-6.8)	6,318	(4.4)
FY '07	18,689	(16.1)	8,793	(35.2)	10,008	(41.8)	6,054	(26.0)

	Net Income per Share	Net Income per Share (Adjusted)
	yen	yen
FY '08	23,400.77	-
FY '07	22,422.92	-

(2) Individual Financial Standing

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	mil yen	mil yen	%	yen
FY '08	500,947	44,223	8.8	163,790.59
FY '07	361,085	40,406	11.2	149,654.65

(Ref.) Shareholders' Equity FY '08 44,223 mil yen FY '07 40,406 mil yen

2. Earning Forecast for Fiscal Year 2009 (Apr 1, 2009 - Mar 31, 2010)

(Percentage shown indicate change from previous fiscal year for "Full Year" and from previous 2nd quarter for "2nd Quarter Total Term")

	Operating Revenue		Operating Income		Ordinary Income		Net Income		Net Income per Share
	mil yen	%	mil yen	%	mil yen	%	mil yen	%	yen
2nd Quarter Total Term	8,500	(95.5)	2,500	(66.7)	3,100	(69.2)	1,900	(56.8)	7,037.04
Full Year	17,500	(92.6)	5,500	(71.2)	6,800	(72.9)	4,100	(64.9)	15,185.19

* Consolidated earnings forecast shown in this material is just an outlook judged or assumed based on the information available at the moment, and includes risks and uncertainties. Actual performance is subject to substantial changes due to various factors.

1. Operating Results

(1) Analysis

During the current consolidated fiscal year, due to the global financial crisis triggered by U.S. subprime loan problems, the Japanese economy has slowed down drastically due to slumping personal consumption by a rapid decline in corporate profits and employment conditions etc. and has shown no sign of recovery. In response to the current unfavorable economic environment for this consolidated fiscal year, the Nikkei Stock Average fell broadly in a range between 7,000 yen and 14,400 yen, showing a downtrend compared with the previous fiscal year, when it fluctuated in a range between 11,700 yen and 18,200 yen.

In the face of this unfavorable environment described above, the overview of the OSE group's operating revenues of each section in the current consolidated fiscal year is as follows:

(Note) The change from the previous fiscal year is not shown, because OSE has prepared Consolidated Financial Statements from the current consolidated fiscal year (the end of December 2008).

a. Participant Fees

Derivative products were actively traded on the Financial Instruments Market of the OSE group due to rapid fluctuations in the market facing a global financial crisis. In addition, owing to the extension of the evening session trading hours (closing time has been extended from 19:00 to 20:00) for stock index futures/options, trading volume in the OSE's main products, Nikkei 225 Futures, Nikkei 225 mini and Nikkei 225 Options achieved a record high on a fiscal-year basis. The total trading volume of derivative products on the OSE Market during this consolidated fiscal year reached 163.18 mil units, an increase of 32.2 % from the previous fiscal year. This year again, it exceeded 100 million units.

Meanwhile, in the equity market, total trading value resulted in 26.1 trillion yen, a fall short of the previous fiscal year, due to a continuous trading slump of all markets including emerging markets, though trading volume and trading value of ETF grew over the previous fiscal year.

This resulted in 12,662 million yen in participant fees, consisting mainly of 676 million yen in basic fees, 6,908 million yen in trading fees, 3,672 million yen in clearing fees and 1,305 million yen in access fees.

b. Listing Fees

Initial listing fees & fees for issuing new shares and annual listing fees were 348 million yen

and 1,204 million yen, respectively. As a result, listing fees were 1,552 million yen.

c. Income from Equipment & Market Information Services

Due to the income from newly introduced co-location service and information related income from the consolidated subsidiary, JASDAQ, income from equipment & market information services resulted in 5,545 million yen.

d. Others

Other operating revenues resulted in 291 million yen.

As described above, due to active trading in derivatives products on the OSE group Market and other factors, operating revenues for the current consolidated fiscal year increased to 20,051 million yen. Meanwhile, as a result of 4,268 million yen in depreciation expenses due to the expense of newly introduced service and products, and infrastructure development for a stable exchange system, the sum of selling and administration expenses increased to 12,317 million yen. As a result, operating income increased to 7,734 million yen and the net earnings for the current fiscal year increased to 6,372 million yen.

(a) Earnings results

(million yen, %)

Category	Previous Consolidated Fiscal Year (Apr 1, '08 - Mar 31, '09)	
	Amount	Ratio
Participant fees	12,662	63.1
Basic fees	676	3.4
Trading fees	6,908	34.4
Clearing fees	3,672	18.3
Access fees	1,305	6.5
Others	99	0.5
Listing fees	1,552	7.7
Initial listing fees & fees for issuing new shares	348	1.7
Annual listing fees	1,204	6.0
Equipment & market information services	5,545	27.7
Others	291	1.5
Total	20,051	100.0

(b) Trading volume (%)

Category	Previous Fiscal Year (Apr 1, '07 - Mar 31, '08)	Current Consolidated Fiscal Year (Apr 1, '08 - Mar 31, '09)	
	Trading volume	Trading volume	y/y
Stocks	22,688 mil shrs	18,143 mil shrs	80.0
(1st & 2nd Sec.)	8,866 mil shrs	8,657 mil shrs	97.6
(Hercules)	1,632 mil shrs	657 mil shrs	40.2
(JASDAQ)	12,189 mil shrs	8,828 mil shrs (1,262 mil shrs)	72.4
Investment Trust Beneficiary Certificates	165 mil units	308 mil units	186.9
Nikkei 225 Futures	31,896,387 units	33,577,140 units	105.3
Nikkei 225 mini	61,517,532 units	97,765,089 units	158.9
Nikkei 225 Options	29,406,861 units	31,327,585 units	106.5

(Note 1) Trading volume of JASDAQ also shows total value through each fiscal year.

(Note 2) Figure in parenthesis shows the trading volume from January 2009 to March 2009.

(c) Trading value (100 million yen, %)

Category	Previous Fiscal Year (Apr 1, '07 - Mar 31, '08)	Current Consolidated Fiscal Year (Apr 1, '08 - Mar 31, '09)	
	Trading value	Trading value	y/y
Stocks	415,746	236,399	56.9
(1st & 2nd Sec.)	275,057	184,066	66.9
(Hercules)	52,032	15,625	30.0
(JASDAQ)	88,656	36,707 (6,023)	41.4
Investment Trust Beneficiary Certificates	23,655	25,301	107.0
Nikkei 225 Futures	5,014,254	3,588,447	71.6
Nikkei 225 mini	955,937	1,039,942	108.8
Nikkei 225 Options	38,365	51,538	134.3

(Note 1) Trading value of JASDAQ also shows total value through each fiscal year.

(Note 2) Figure in parenthesis shows the trading volume from January 2009 to March 2009.

(d) Number of Listed issues (%)

Category	End of Previous Fiscal Year (as of Mar 31, '08)	End of Current Consolidated Fiscal Year (as of Mar 31, '09)	
	Listed issues	Listed issues	y/y
Stocks (Note)	2,018 companies	1,920 companies	95.1
(1st & 2nd Sec.)	881 companies	850 companies	96.5
(Hercules)	174 companies	163 companies	93.7
(JASDAQ)	964 companies	908 companies	94.2
Bonds	295 issues	296 issues	100.3
Investment Trust Beneficiary Certificates	6 issues	12 issues	200.0
Covered Warrants	-	106 issues	-
Others (companies, or issues)	8	8	100.0

(Note) Issue cross-listing on the Hercules and JASDAQ is included in each market.

(e) Number of Transaction participants

(Companies, %)

Category		End of Previous Fiscal Year (as of Mar 31, '08)	End of Current Consolidated Fiscal Year (as of Mar 31, '09)	
		No. of participants	No. of participants	y/y
OSE	Cash & Futures etc. Transaction Participants	79	77	97.5
	Cash Transaction Participants	4	3	75.0
	Futures etc. Transaction Participants	14	14	100.0
	IPO Transaction Participants	2	2	100.0
	Total	99	96	97.0
JASDAQ		112	108	96.4

(Note) Transaction participants who participate in both OSE and JASDAQ are included in each market.

(f) Trading & Clearing Fees

(million yen, %)

Category	Previous Consolidated Fiscal Year (Apr 1, '08 - Mar 31, '09)
	Amount
Stocks (Note 1)	1,187
(OSE)	947
(JASDAQ)	239
Nikkei 225 Futures (Note 2)	4,731
Nikkei 225 Options	4,656
Others	5
Total	10,580

(Note 1) This includes Investment Trust Beneficiary Certificates

(Note 2) This includes Nikkei 225 mini

(g) Listing fees

(million yen, %)

Category	Previous Consolidated Fiscal Year (Apr 1, '08 - Mar 31, '09)
	Amount
Initial listing fees & fees for issuing new shares	348
(1st & 2nd Sec.)	275
(Hercules)	54
(JASDAQ)	18
Annual listing fees	1,204
(1st & 2nd Sec.)	782
(Hercules)	203
(JASDAQ)	218
Total	1,552

(h) Selling and administration expenses (million yen, %)

Category	Previous Consolidated Fiscal Year (Apr 1, '08 - Mar 31, '09)
	Amount
Personnel administration expenses	2,587
Occupancy expenses	1,854
Administration expenses	3,607
Depreciation expenses	4,268
Total	12,317

(Fiscal year 2008 forecast)

OSE expects operating revenue of 21 billion yen, operating income of 5.5 billion yen, ordinary income of 7.7 billion yen and net income of 5 billion yen. Precondition for the above earnings forecast is as follows:

Average daily trading value in OSE's markets: 1.4 trillion yen for Stock Index Futures; 25 billion yen for Stock Index Options and 80 billion yen for Cash equities ^(Note).

(Note) This includes the Jasdaq market.

2. Financial Standing

(1) Analysis of assets, liabilities, net assets and cash flow status

a. Assets, liabilities and net assets status

OSE has prepared Consolidated Financial Statements from the current consolidated fiscal year, because it acquired the subsidiary company during the current consolidated fiscal year. For this reason, "Financial Standing" was described by comparing the balance sheet of the end of the previous fiscal year and the end of the current consolidated fiscal year.

At the end of the current consolidated fiscal year, current assets resulted in 483,520 million yen, an increase of 141,732 million yen from the end of the last fiscal year, due to an increase in special assets for the clearing margin and special assets for clearing deposit by 128,944 million yen and 5,014 million yen respectively. Fixed assets increased by 4,690 million yen to 23,987 million yen, due to a 3,447 million yen increase of investment in securities etc. As a result, total assets increased by 146,422 million yen compared to the end of the last fiscal year to 507,508 million yen.

Liabilities at the end of the current consolidated fiscal year also increased by 138,679 million yen compared to the end of the last fiscal year to 456,607 million yen, due to an increase in clearing margin by 128,944 million yen. As a result, total liabilities increased by 140,432

million yen compared to the end of the last fiscal year to 461,111 million yen.

Net assets at the end of the current consolidated fiscal year resulted in 46,396 million yen, an increase of 5,990 million yen, due to an increase of 6,372 million yen in net income and 2,124 million yen in minority interests, in spite of a decrease by 2,430 million yen in dividend payments of the previous fiscal year and interim dividends.

Assets (liabilities) on the balance sheet as of the end of the current consolidated fiscal year include special assets for a clearing margin (clearing margin) of 426,985 million yen, special assets for clearing deposit (deposit for clearing) of 20,058 million yen, special assets for guarantee deposits (guarantee deposits) of 548 million yen, which are deposited from each clearing participant and held as collateral for protection against risk incurred from a clearing participant's default. These assets are managed separately from other assets in accordance with rules defined by the OSE group and are therefore indicated separately according to the purpose shown on the balance sheet.

b. Cash Flow Status

(a) Cash flows from operating activities

Cash flows from operating activities resulted in 11,469 million yen. This is due to 8,844 million yen of net income before taxes for the current term, 4,268 million yen in depreciation expense, a 3,811 million yen increase of deposits received, 4,728 million yen in payment of corporate taxes, and so on.

(b) Cash flows from investing activities

Cash flows from investing activities resulted in 12,033 million yen. This is due to 11,599 million yen of proceeds from withdrawal of time deposits, 8,500 million yen of proceeds from redemption of securities, 21,000 million yen of payments into time deposits, 4,098 million yen of purchase of securities and investment securities, 3,553 million yen of purchase of property, plant and equipment, and 3,477 million yen for purchase of investments in subsidiaries with change of scope of consolidation. All the funds used in investment were OSE funds.

(c) Cash flows from financial activities

Cash flows from financial activities resulted in a decrease of 2,429 million yen due to 2,429 million yen in dividend payments.

As a result, cash and cash equivalents resulted in 12,513 million yen, a decrease of 2,993

million yen from the end of the last fiscal year.

The relationship between cash and bank deposits on the balance sheet, and cash and cash equivalents on the cash flows statement are shown below:

Cash and bank deposits account	27,543 mil yen
<u>Fixed-term deposits exceeding 3 months</u>	<u>-15,030 mil yen</u>
Cash and cash equivalents	12,513 mil yen

(2) Change in cash flow related indicators

	Mar. 2005 (Consolidated)	Mar. 2006 (Unconsolidated)	Mar. 2007 (Unconsolidated)	Mar. 2008 (Unconsolidated)	Mar. 2009 (Consolidated)
Equity ratio (%)	20.2	12.6	14.8	11.2	8.7
Market value based equity ratio (%)	23.8	49.3	74.2	33.9	16.8
Ratio of interest-bearing debt to cash flow (%)	0.3	0.1	0.1	0.0	0.0
Interest coverage ratio (times)	2,649.0	2,845.2	2,469.4	875.3	945.6

(Note) Equity ratio: Equity / Total assets

Market value based equity ratio: Market capitalization of shares / Total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt / Cash flow

Interest coverage ratio: Cash flow/ Interest payments

*1 Market capitalization is calculated by multiplying the closing share price at the term-end by the number of outstanding shares at the term-end.

2 “Cash flow” refers to cash flow from operating activities.

3 “Interest-bearing debt” covers all the interest-bearing debts in the liabilities recorded on the balance sheet.

(3) Concerning basic policy on profit distribution and dividend payments for the current term and next term

OSE recognizes that returning profits to our shareholders is an important task of management.

Since our business is growing steadily in the current consolidated fiscal year following last fiscal year, OSE revised the year-end dividend forecast to 4,500 yen per share based on an additional increase in returning profits to our shareholders (published by OSE on March 17, 2009). As a result, the annual dividend is expected to be 8,500 yen (previous fiscal year: 8,000 yen).

Considering the importance of retaining earnings internally for the purpose of investing in IT

development to improve self-regulatory functions as an exchange and competitiveness, and prepare for risks as a clearing organization in mind, and also the basic objective of maintaining stable and continuous dividend payouts, OSE will actively pursue returning profits to our shareholders according to our business results in consideration of the dividend payout ratio, etc.

But OSE takes into account our benefit and profit levels, and considers it needs to focus more on stable and continuous dividend payouts. In particular, OSE considers a consolidated dividend payout ratio of 40% an appropriate target and also takes into consideration that it pays a consolidated dividend based on an equity ratio (DOE) ^(Note) of 4% as a floor ratio.

Taking these factors into consideration, OSE plans to distribute 7,500 yen per share for year-end dividends based on the preceding forecast.

(Note) The numeric number excludes default compensation reserve, default compensation reserve for futures & options trading against net assets, and default compensation reserve of JASDAQ.

(4) Risks in Business, etc.

The OSE's income consists of participant fee earnings acquired in proportion to trading value of derivatives and securities, etc. of transaction & clearing participants (securities companies), listing fee earnings from listed companies, etc., and equipment & market information service fees acquired by providing stock price information, etc. to information vendors, etc. The main risks that can affect the above mentioned are as follows:

- Participant fee earnings are determined by trading value, which is calculated by multiplying Nikkei Stock Average, etc. by trading volume and number of orders placed. Trading value and/or number of orders may fluctuate significantly due to various factors, which may have significant impacts on the operating results of OSE.
- Listing fee earnings are determined by the number of listed companies, capital increases by listed companies, and so on. The primary securities market may fluctuate due to various factors, which may have significant impacts on the operating results of OSE.
- The number of users using the OSE's information, such as securities companies and information vendors, and so on, determines information-related earnings. In case the number of users decreases due to rationalization among users, etc., it may have significant impact on the operating results of OSE.

2. Status of Corporate Group

Jasdaq Securities Exchange, Inc. and Jasdaq System Solution Inc. (Note) became related companies (consolidated subsidiaries) of OSE during the current consolidated fiscal year.

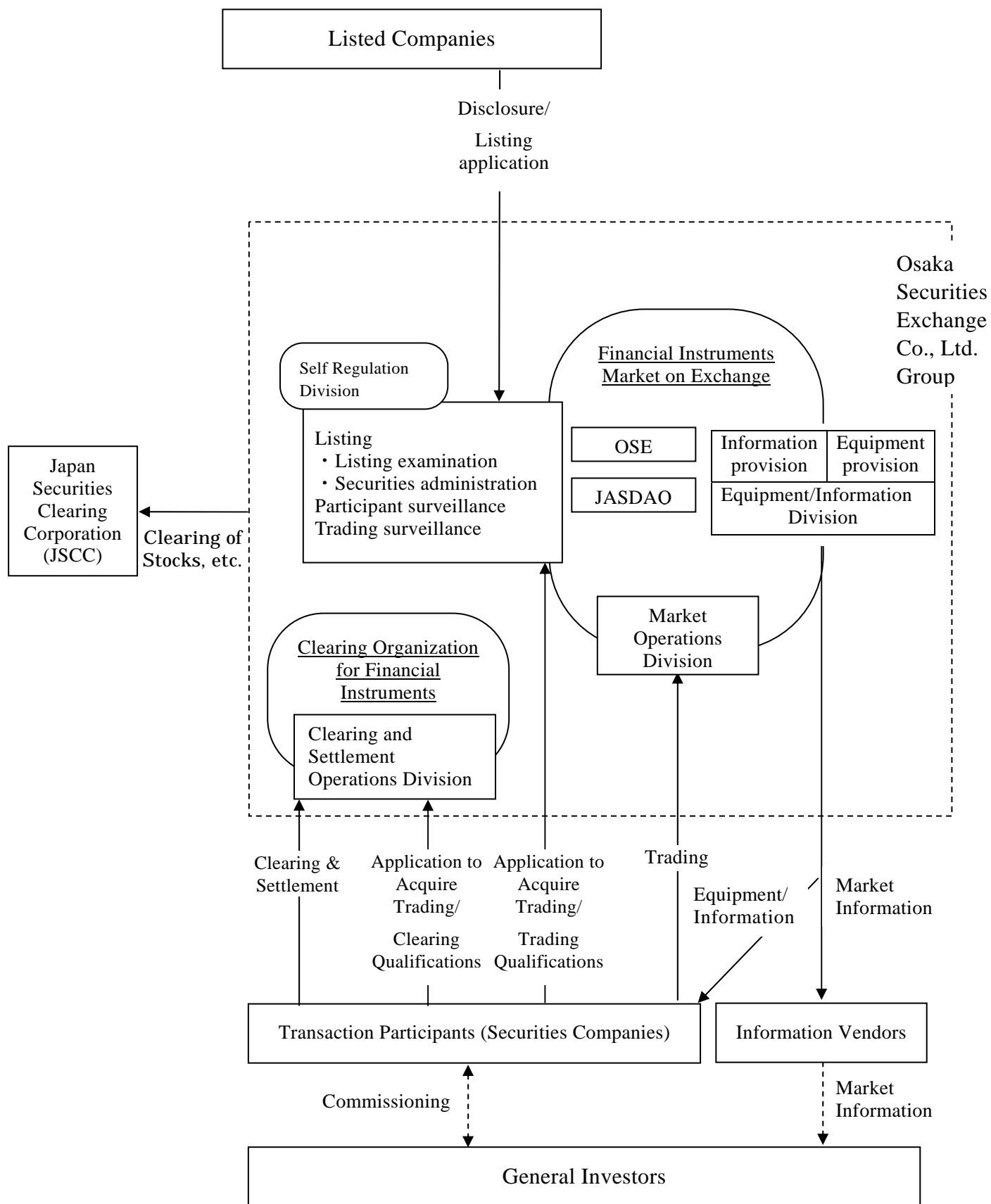
OSE group is a financial instruments exchange and a clearing organization for financial instruments under the Financial Instruments & Exchange Law and its core business includes creation and operation of a financial instrument market of exchange and assumption of obligations relating to transactions of financial instruments.

The role of a financial instruments exchange is to create a financial instruments market of exchange necessary for buying and selling securities, increase liquidity by concentrating demand and supply of a large volume of securities to the market, form fair prices that reflect demand and supply in the market, and publish related prices.

With this role in mind, OSE group creates and operates the financial instruments market of the exchange with objectives that ensure securities are traded in a fair and efficient manner and the public interest and investors are protected.

The business flow diagram for the operation of the OSE group is as follows:

(Note) The liquidation of Jasdaq System Solution Inc. will be completed this June, since dissolution of the company was resolved at the extraordinary general meeting of shareholders held on March 31, 2009.



(Note) This business flow diagram is as of filing date.

3. Management Policy

(1) Basic Management Policy of the Company

Corporate policies of the OSE group are to (1) maintain the tradition of the free market economy which flourished in the city of Sakai in the Middle Ages; (2) operate the markets with creative services fairly, efficiently and openly; and (3) maintain a valued market presence recognized by investors globally.

Based on the above corporate philosophies, the OSE group is making efforts to provide an efficient and convenient market for investors, listed companies and transaction/clearing participants (financial products traders) through development and improvement of the products, rules, etc. and infrastructure as well as enhancement of self-regulatory functions and reduction in costs. The OSE group believes that it can fulfill its public role as an exchange through a combination of such efforts, which will lead to a utilization of the markets by a much wider range of participants and the expansion of profits.

(2) Indicators for management objectives

In the Midterm Business Plan exercised until March 2012, which OSE developed this March, profit target values etc. are not shown because of difficulty in setting a target value due to instability in the stock market. For the present we aim to exceed over 10% ROE (Note) on the basis of the above-referenced next period forecast. In addition, we will revise our target depending on the market trend, progress of an integration with JASDAQ, and so on.

(Note) The numeric number excludes default compensation reserve, default compensation reserve for futures & options trading against net assets, and default compensation reserve of JASDAQ.

(3) Medium- to long-term management strategies

OSE group mentioned a vision of developing “a globally solid position particularly in the derivatives field” in the Midterm Business Plan and aims to become one of the world's leading exchanges. OSE will keep its commitment to realizing this vision by implementing various measures such as follows:

a. Business Development

- Introduction of exchange FX margin trading (OSE-FX), Introduction of new products based on investors' needs such as ETF

- Improvement of access from overseas to the OSE market, introduction of a world standard trading rule, and acquisition of foreign investors by extending trading hours
 - Enhancement of competitiveness in equity markets by placing interest on restoring confidence in emerging markets etc.
- b. Self-regulation
- Enhancement of activities toward establishment of listed companies' behavior focusing on market function, shareholders' rights and reliability by investors
 - Enhancement of administration of transaction participants/examination of trading corresponding to new institutions and new products, such as OSE-FX and a remote transaction participant system etc.
 - Strengthening of functions by sharing self-regulation know-how in the group etc.
- c. Platform
- Promote optimization and elaboration of a whole investment plan
 - Promote study for the next-generation platform
 - Improvement of convenience and cost cutting by JASDAQ's use of the OSE platform
- d. Organization Operation
- Coordinating relevant human resources to environmental changes and establishment of a personnel system supporting realization of a business objective
 - Realization of proper placement of management resources and efficient organizational operation with a business model

1. [Consolidated Financial Statement etc.]
(1) [Consolidated Financial Statements]
a. [Consolidated Balance Sheet]

(mil yen)

	Current Consolidated Fiscal Year (Mar. 31, '09)
Assets	
Current Assets	
Cash and Deposits	27,543
Operating Accounts Receivable	1,843
Short-term Investment Securities	6,018
Prepaid Expenses	144
Special Assets for Clearing Margin	426,985
Special Assets for Clearing Deposit	20,058
Deferred Tax Assets	263
Other	673
Allowance for Doubtful Accounts	-10
Total Current Assets	483,520
Noncurrent Assets	
Property, Plant and Equipment	
Buildings, net	1,547
Structures, net	3
Information Equipment, net	1,381
Tools, Furniture and Fixtures, net	227
Land	100
Construction in Progress	232
Total Property, Plant and Equipment	3,493
Intangible Assets	
Software	7,093
Software in Progress	1,046
Other	41
Total Intangible Assets	8,180
Investments and Other Assets	
Investment Securities	8,840
Long-Term Loans Receivable from Employees	29
Long-Term Prepaid Expenses	80
Guarantee Deposits	412
Special Assets for Guarantee Deposit	548
Deferred Tax Assets	1,826
Other	649
Allowance for Doubtful Accounts	-74
Investments and Other Assets	12,313
Total Noncurrent Assets	23,987
Total Assets	507,508

(mil yen)

Current Consolidated
Fiscal Year
(Mar. 31, '09)

Liabilities	
Current Liabilities	
Accounts Payable-Other	442
Accrued Expenses	855
Income Taxes Payable	1,593
Accrued Consumption Taxes	124
Deposits Received	3,935
Clearing Margin	426,985
Clearing Deposit	20,058
Provision for Bonuses	196
Provision for Directors' Bonuses	38
Provision for Loss on System Change	1,432
Accumulated Impairment Loss on Leased Assets	874
Deferred Tax Liabilities	4
Other	64
Total Current Liabilities	<u>456,607</u>
Noncurrent Liabilities	
Long-Term Loans Payable	1
Long-Term Deposits Received	507
Guarantee Deposits Received	548
Provision for Retirement Benefits	2,353
Deferred Tax Liabilities	22
Negative Goodwill	855
Other	213
Total Noncurrent Liabilities	<u>4,503</u>
Total Liabilities	<u>461,111</u>
Net Assets	
Shareholders' Equity	
Capital Stock	4,723
Capital Surplus	4,825
Retained Earnings	34,729
Total Shareholders' Equity	<u>44,278</u>
Valuation and Translation Adjustments	
Valuation Difference on Available-for-Sale Securities	-5
Total Valuation and Translation Adjustments	<u>-5</u>
Minority Interests	<u>2,124</u>
Total Net Assets	<u>46,396</u>
Total Liabilities and Net Assets	<u>507,508</u>

b. [Consolidated Profit and Loss Statement]

(mil yen)

	Current Consolidated Fiscal Year (Apr 1, '08 - Mar 31, '09)
Operating Revenue	
Transaction Participants' Fees	12,662
Listing Fees	1,552
Income from Equipment and Market Information Service	5,545
Other	291
Total Operating Revenue	<u>20,051</u>
Selling, General and Administrative Expenses	<u>12,317</u>
Operating Income	<u>7,734</u>
Non-Operating Income	
Interest Income	1,587
Dividends Income	49
Amortization of Negative Goodwill	77
Other	25
Total Non-Operating Income	<u>1,740</u>
Non-Operating Expenses	
Interest Expenses	12
Other	17
Total Non-Operating Expenses	<u>29</u>
Ordinary Income	<u>9,444</u>
Extraordinary Income	
Reversal of Allowance for Doubtful Accounts	61
Penalty Money of Transaction Participants	5
Total Extraordinary Income	<u>66</u>
Extraordinary Loss	
Non-recurring Depreciation on Noncurrent Assets	352
Loss on Valuation of Investment Securities	173
Other	140
Total Extraordinary Loss	<u>666</u>
Income before Income Taxes	<u>8,844</u>
Income Taxes-Current	3,621
Income Taxes-Deferred	-1,143
Loss of Minority Shareholders	-7
Net Income	<u>6,372</u>

c. [Consolidated Statements of Changes in Net Assets]

(mil yen)

	Current Consolidated Fiscal Year (Apr 1, '08 - Mar 31, '09)
Shareholders' equity	
Capital Stock	
Balance at the End of Previous Period	4,723
Changes of Items during the Period	
Total Changes of Items during the Period	-
Balance at the End of Current Period	<u>4,723</u>
Capital Surplus	
Balance at the End of Previous Period	4,825
Changes of Items during the Period	
Total Changes of Items during the Period	-
Balance at the End of Current Period	<u>4,825</u>
Retained Earnings	
Balance at the End of Previous Period	30,786
Changes of Items during the Period	
Dividends from Surplus	-2,430
Net Income	6,372
Total Changes of Items during the Period	<u>3,942</u>
Balance at the End of Current Period	<u>34,729</u>
Total Shareholders' Equity	
Balance at the End of Previous Period	40,335
Changes of Items during the Period	
Dividends from Surplus	
Net Income	-2,430
Total Changes of Items during the Period	<u>6,372</u>
Balance at the End of Current Period	<u>3,942</u>
Valuation and Translation Adjustments	
	<u>44,278</u>
Valuation Difference on Available-for-Sale Securities	
Balance at the End of Previous Period	71
Changes of Items during the Period	
Net Changes of Items Other than Shareholders' Equity	<u>-77</u>
Total Changes of Items during the Period	<u>-77</u>
Balance at the End of Current Period	<u>-5</u>
Total valuation and translation adjustments	
Balance at the End of Previous Period	71
Changes of Items during the Period	
Net Changes of Items Other than Shareholders' Equity	<u>-77</u>
Total Changes of Items during the Period	<u>-77</u>
Balance at the End of Current Period	<u>-5</u>
Minority interests	
Balance at the End of Previous Period	-
Changes of Items during the Period	
Net Changes of Items Other than Shareholders' Equity	<u>2,124</u>
Total Changes of Items during the Period	<u>2,124</u>
Balance at the End of Current Period	<u>2,124</u>

	(mil yen)
	Current Consolidated Fiscal Year (Apr 1, '08 - Mar 31, '09)
<hr/>	
Total Net Assets	
Balance at the End of Previous Period	40,406
Changes of Items during the Period	
Dividends from Surplus	-2,430
Net Income	6,372
Net Changes of Items Other than Shareholders' Equity	2,047
Total Changes of Items during the Period	<u>5,990</u>
Balance at the End of Current Period	<u>46,396</u>

d. [Consolidated Statement of Cash Flows]

(mil yen)

	Current Consolidated Fiscal Year (Apr 1, '08 - Mar 31, '09)
Net Cash Provided by Operating Activities	
Income before Income Taxes	8,844
Depreciation and Amortization	4,268
Non-Recurring Depreciation on Noncurrent Assets	352
Amortization of Negative Goodwill	-77
Loss (Gain) on Valuation of Investment Securities	173
Increase (Decrease) in Allowance for Doubtful Accounts	-661
Increase (Decrease) in Provision for Retirement Benefits	-167
Increase (Decrease) in Provision for Bonuses	-5
Increase (Decrease) in Provision for Directors' Bonuses	-3
Increase (Decrease) in Provision for Loss on System Change	-18
Increase (Decrease) in Provision for Directors' Retirement Benefits	-146
Interest and Dividends Income	-1,636
Interest Expenses	12
Decrease (Increase) in Operating Receivables	163
Increase (Decrease) in Accrued Expenses	-23
Increase (Decrease) in Accumulated Impairment Loss on Leased Assets	-390
Increase (Decrease) in Accrued Consumption Taxes	-89
Increase (Decrease) in Deposits Received	3,811
Other, net	361
Subtotal	<u>14,767</u>
Interest and Dividends Income Received	1,443
Interest Expenses Paid	-12
Income Taxes (Paid) Refund	-4,728
Net Cash Provided by Operating Activities	<u>11,469</u>
Net Cash Provided by Investment Activities	
Payments into Time Deposits	-21,000
Proceeds from Withdrawal of Time Deposits	11,599
Purchase of Short-Term Investment Securities	-3,998
Proceeds from Redemption of Securities	8,500
Purchase of Property, Plant and Equipment	-785
Purchase of Intangible Assets	-2,768
Purchase of Investment Securities	-100
Purchase of Investments in Subsidiaries Resulting in Change in Scope of Consolidation	-3,477
Collection of Loans Receivable	18
Other, net	-21
Net Cash Provided by Investment Activities	<u>-12,033</u>
Net Cash Provided by Financing Activities	
Cash Dividends Paid	-2,429
Repayment of Long-Term Loans Payable	-0
Net Cash Provided by Financing Activities	<u>-2,429</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>-2,993</u>
Cash and Cash Equivalents at Beginning of Current Term	<u>15,506</u>
Cash and Cash Equivalents at End of Current Term	<u>12,513</u>

2. [Unconsolidated Financial Statement etc.]
(1) [Unconsolidated Financial Statements]
a. [Unconsolidated Balance Sheet]

(mil yen)

	Previous Fiscal Year (Mar. 31, '08)	Current Fiscal Year (Mar. 31, '09)
Assets		
Current Assets		
Cash and Deposits	21,105	26,128
Operating Accounts Receivable	1,806	1,623
Short-Term Investment Securities	5,013	3,011
Prepaid Expenses	108	108
Special Assets for Clearing Margin	298,040	426,985
Special Assets for Clearing Deposit	15,043	20,058
Deferred Tax Assets	308	263
Other	361	455
Allowance for Doubtful Accounts	-1	-7
Total Current Assets	341,787	478,626
Noncurrent Assets		
Property, Plant and Equipment		
Buildings, net	1,171	1,338
Structures, net	11	3
Information Equipment, net	1,971	1,351
Tools, Furniture and Fixtures, net	141	110
Land	96	96
Construction in Progress	12	221
Total Property, Plant and Equipment	3,403	3,122
Intangible Assets		
Software	8,563	6,695
Software in Progress	185	1,046
Other	11	10
Total Intangible Assets	8,761	7,752
Investments and Other Assets		
Investment Securities	5,392	2,699
Stocks of Subsidiaries and Affiliates	-	5,860
Long-Term Loans Receivable from Employees	44	29
Long-Term Loans Receivable from Subsidiaries and Affiliates	574	-
Long-Term Prepaid Expenses	62	59
Guarantee Deposits	187	184
Special Assets for Guarantee Deposit	305	286
Deferred Tax Assets	589	1,826
Other	695	551
Allowance for Doubtful Accounts	-720	-51
Investments and Other Assets	7,132	11,445
Total Noncurrent Assets	19,297	22,320
Total Assets	361,085	500,947

(mil yen)

	Previous Fiscal Year (Mar. 31, '08)	Current Fiscal Year (Mar. 31, '09)
Liabilities		
Current Liabilities		
Accounts Payable-Other	729	442
Accrued Expenses	616	661
Income Taxes Payable	3,013	1,584
Accrued Consumption Taxes	208	70
Deposits Received	85	3,908
Clearing Margin	298,040	426,985
Clearing Deposit	15,043	20,058
Provision for Bonuses	139	139
Provision for Directors' Bonuses	42	38
Other	9	84
Total Current Liabilities	317,928	453,973
Noncurrent Liabilities		
Long-Term Loans Payable	2	1
Long-Term Deposits Received	535	507
Guarantee Deposits Received	305	286
Provision for Retirement Benefits	1,826	1,652
Other	80	301
Total Noncurrent Liabilities	2,750	2,750
Total Liabilities	320,678	456,723
Net Assets		
Shareholders' Equity		
Capital Stock	4,723	4,723
Capital Surplus		
Legal Capital Surplus	4,825	4,825
Total Capital Surplus	4,825	4,825
Retained Earnings		
Legal Retained Earnings	322	322
Other Retained Earnings		
Default Compensation Reserve for Cash Transactions	2,569	2,569
Default Compensation Reserve for Futures Trading	7,011	7,011
General Reserve	5,302	5,302
Retained Earnings Brought Forward	15,580	19,468
Total Retained Earnings	30,786	34,674
Total Shareholders' Equity	40,335	44,223
Valuation and Translation Adjustments		
Valuation Difference on Available-for-Sale Securities	71	-
Total Valuation and Translation Adjustments	71	-
Total Net Assets	40,406	44,223
Total Liabilities and Net Assets	361,085	500,947

b. [Unconsolidated Profit and Loss Statement]

(mil yen)

	Previous Fiscal Year (Apr 1, '07 - Mar 31, '08)	Current Fiscal Year (Apr 1, '08 - Mar 31, '09)
Operating Revenue		
Transaction Participants' Fees	12,081	12,165
Listing Fees	1,527	1,315
Income from Equipment and Market Information Service	4,772	5,185
Other	307	235
Total Operating Revenue	18,689	18,902
Selling, General and Administrative Expenses	9,895	11,177
Operating Income	8,793	7,725
Non-Operating Income		
Interest Income	1,145	1,566
Dividends Income	58	49
Other	34	21
Total Non-Operating Income	1,238	1,636
Non-Operating Expenses		
Interest Expenses	9	12
Other	13	17
Total Non-Operating Expenses	23	29
Ordinary Income	10,008	9,331
Extraordinary Income		
Fine Paid by Transaction Participants	13	5
Reversal of Allowance for Doubtful Accounts	-	61
Total Extraordinary Income	13	66
Extraordinary Loss		
Non-Recurring Depreciation on Noncurrent Assets	-	352
Loss on Valuation of Investment Securities	-	173
Extra Retirement Payments of Early Retirement Plan	55	-
Loss on Retirement of Noncurrent Assets	41	-
Other	-	75
Total Extraordinary Loss	96	601
Income before Income Taxes	9,924	8,796
Income Taxes-Current	4,029	3,621
Income Taxes-Deferred	-159	-1,143
Total Income Taxes	3,870	2,478
Net Income	6,054	6,318

c. [Unconsolidated Statements of Changes in Net Assets]

(mil yen)

	Previous Fiscal Year (Apr 1, '07 - Mar 31, '08)	Current Fiscal Year (Apr 1, '08 - Mar 31, '09)
Shareholders' equity		
Capital Stock		
Balance at the End of Previous Period	4,723	4,723
Changes of Items during the Period		
Total Changes of Items during the Period	-	-
Balance at the End of Current Period	4,723	4,723
Capital Surplus		
Legal Capital Surplus		
Balance at the End of Previous Period	4,825	4,825
Changes of Items during the Period		
Total Changes of Items during the Period	-	-
Balance at the End of Current Period	4,825	4,825
Total Capital Surplus		
Balance at the End of Previous Period	4,825	4,825
Changes of Items during the Period		
Total Changes of Items during the Period	-	-
Balance at the End of Current Period	4,825	4,825
Retained Earnings		
Legal Retained Earnings		
Balance at the End of Previous Period	322	322
Changes of Items during the Period		
Total Changes of Items during the Period	-	-
Balance at the End of Current Period	322	322
Other Retained Earnings		
Reserve for Penalty Loss		
Default Compensation Reserve for Cash Transactions	2,569	2,569
Changes of Items during the Period		
Total Changes of Items during the Period	-	-
Balance at the End of Current Period	2,569	2,569
Default Compensation Reserve for Futures Trading		
Balance at the End of Previous Period	7,011	7,011
Changes of Items during the Period		
Total Changes of Items during the Period	-	-
Balance at the End of Current Period	7,011	7,011
General Reserve		
Balance at the End of Previous Period	5,302	5,302
Changes of Items during the Period		
Total Changes of Items during the Period	-	-
Balance at the End of Current Period	5,302	5,302
Retained Earnings Brought Forward		
Balance at the End of Previous Period	11,551	15,580
Changes of Items during the Period		
Dividends from Surplus	-2,025	-2,430
Net Income	6,054	6,318
Total Changes of Items during the Period	4,029	3,888

(mil yen)

	Previous Fiscal Year (Apr 1, '07 - Mar 31, '08)	Current Fiscal Year (Apr 1, '08 - Mar 31, '09)
Balance at the End of Current Period	15,580	19,468
Total Retained Earnings		
Balance at the End of Previous Period	26,757	30,786
Changes of Items during the Period		
Dividends from Surplus	-2,025	-2,430
Net Income	6,054	6,318
Total Changes of Items during the Period	4,029	3,888
Balance at the End of Current Period	30,786	34,674
Total Shareholders' Equity		
Balance at the End of Previous Period	36,306	40,335
Changes of Items during the Period		
Dividends from Surplus	-2,025	-2,430
Net Income	6,054	6,318
Total Changes of Items during the Period	4,029	3,888
Balance at the End of Current Period	40,335	44,223
Valuation and Translation Adjustments		
Valuation Difference on Available-for-Sale Securities		
Balance at the End of Previous Period	385	71
Changes of Items during the Period		
Net Changes of Items Other than Shareholders' Equity	-313	-71
Total Changes of Items during the Period	-313	-71
Balance at the End of Current Period	71	-
Total Valuation and Translation Adjustments		
Balance at the End of Previous Period	385	71
Changes of Items during the Period		
Net Changes of Items Other than Shareholders' Equity	-313	-71
Total Changes of Items during the Period	-313	-71
Balance at the End of Current Period	71	-
Total Net Assets		
Balance at the End of Previous Period	36,691	40,406
Changes of Items during the Period		
Dividends from Surplus	-2,025	-2,430
Net Income	6,054	6,318
Net Changes of Items Other than Shareholders' Equity	-313	-71
Total Changes of Items during the Period	3,715	3,816
Balance at the End of Current Period	40,406	44,223

d. [Unconsolidated Statement of Cash Flows]

(mil yen)

	Previous Fiscal Year (Apr 1, '07 - Mar 31, '08)
Net Cash Provided by Operating Activities	
Income before Income Taxes	9,924
Depreciation and Amortization	3,142
Increase (Decrease) in Allowance for Doubtful Accounts	2
Increase (Decrease) in Provision for Retirement Benefits	-228
Increase (Decrease) in Provision for Bonuses	13
Increase (Decrease) in Provision for Directors' Bonuses	3
Loss on Retirement of Noncurrent Assets	41
Interest and Dividends Income	-1,204
Interest Expenses	9
Decrease (Increase) in Operating Receivables	4
Increase (Decrease) in Accrued Expenses	109
Increase (Decrease) in Accrued Consumption Taxes	-33
Extra Retirement Payments of Early Retirement Plan	55
Other, net	-312
Subtotal	<u>11,527</u>
Interest and Dividends Income Received	1,160
Interest Expenses Paid	-12
Income Taxes (Paid) Refund	-1,984
Payments for Extra Retirement Payments of Early Retirement Plan	-55
Net Cash Provided by Operating Activities	<u>10,636</u>
Net Cash Provided by Investment Activities	
Payments into Time Deposits	-6,129
Proceeds from Withdrawal of Time Deposits	6,000
Purchase of Short-Term Investment Securities	-1,997
Proceeds from Redemption of Securities	5,000
Purchase of Property, Plant and Equipment	-669
Purchase of Intangible Assets	-2,337
Purchase of Investment Securities	-2,041
Collection of Loans Receivable	19
Net Cash Provided by Investment Activities	<u>-2,155</u>
Net Cash Provided by Financing Activities	
Cash Dividends Paid	-2,023
Repayment of Long-Term Loans Payable	-0
Net Cash Provided by Financing Activities	<u>-2,024</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>6,456</u>
Cash and Cash Equivalents at Beginning of Current Term	<u>9,050</u>
Cash and Cash Equivalents at End of Current Term	<u>15,506</u>