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Financial Results for the Fiscal Year Ended March 31, 2012



April 24, 2012

Company Name **Osaka Securities Exchange Co., Ltd.**

Listed on: OSE-JASDAQ

Code No. 8697

Representative Michio Yoneda, President & CEO

URL: <http://www.ose.or.jp/e/>

Contact Ryo Horinouchi, General Manager, Corporate Planning and Communications

TEL: +81-(0)6-4706-0800

Scheduled date of the ordinary general meeting of shareholders: June 21, 2012

Scheduled date of filing the annual securities report: June 13, 2012

Scheduled date of commencement of dividend payment: June 22, 2012

Supplementary data for financial results: Yes

Financial results conference: Yes

(Amounts less than one million yen are rounded down)

1. Business Performance of the Fiscal Year Ended March 31, 2012 (April 1, 2011 - March 31, 2012)

(1) Operating Results

(Percentages shown indicate changes from the previous fiscal year)

	Operating Revenue		Operating Income		Ordinary Income		Net Income	
	mil yen	%	mil yen	%	mil yen	%	mil yen	%
Fiscal Year ended March 31, 2012	22,494	(2.1)	8,370	10.4	9,157	8.3	5,466	(40.3)
Fiscal Year ended March 31, 2011	22,984	27.1	7,582	23.9	8,453	10.0	9,156	111.2

	Net Income per Share	Net Income per Share (adjusted)	Ratio of Net Earnings to Shareholders' Equity	Ratio of Current Earnings to Total Assets	Ratio of Operating Income to Operating Revenues
	yen	yen	%	%	%
Fiscal Year ended March 31, 2012	20,244.60	-	10.1	1.6	37.2
Fiscal Year ended March 31, 2011	33,911.49	-	18.4	1.7	33.0

(Ref.) Investment profit/loss on equity method: Fiscal Year ended March 31, 2012: - mill yen Fiscal Year ended March 31, 2011: - mill yen

* Net Income for the Fiscal Year ended March 31, 2011 includes 2,013 million yen of Extraordinary Income due to a merger of Jasdac Securities Exchange, Inc.

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	mil yen	mil yen	%	yen
Fiscal Year ended March 31, 2012	453,203	55,485	12.2	205,502.46
Fiscal Year ended March 31, 2011	670,811	52,858	7.9	195,773.01

(Ref.) Shareholders' Equity: Fiscal Year ended March 31, 2012: 55,485 mil yen Fiscal Year ended March 31, 2011: 52,858 mil yen

(3) Cash Flow Position

	Net Cash Provided by Operating Activities	Net Cash Provided by Investment Activities	Net Cash Provided by Financing Activities	Cash and Cash Equivalents at End of Current Term
	mil yen	mil yen	mil yen	mil yen
Fiscal Year ended March 31, 2012	14,135	(281)	(2,834)	19,472
Fiscal Year ended March 31, 2011	3,690	(7,652)	(2,700)	8,453

2. Dividends

	Dividend per Share					Total Dividends Paid (Full Year)	Dividend Payout Ratio	Ratio of Dividends to Net Assets
	End of First Quarter	End of Second Quarter	End of Third Quarter	Year-End	Annual			
Fiscal Year ended March 31, 2011	-	4,500.00	-	6,000.00	10,500.00	2,835	39.7	5.7
Fiscal Year ended March 31, 2012	-	4,500.00	-	7,500.00	12,000.00	3,240	59.3	6.0

* Breakdown of Year-End Dividend for the Fiscal Year ended March 31, 2012: 4,500.00 yen of Ordinary Dividend and 3,000.00 yen of Commemorative Dividend

* As OSE schedules the business combination with Tokyo Stock Exchange Group, Inc., a dividend for the Fiscal Year ending March 31, 2013, will be announced after the decision on a dividend policy of the new combined company.

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

(Percentages shown on "Full Year" indicate changes from the previous fiscal year and "Second Quarter (Cumulative)" from the same period previous year)

	Operating Revenue		Operating Income		Ordinary Income		Net Income		Net Income per Share
	mil yen	%	mil yen	%	mil yen	%	mil yen	%	yen
Second Quarter (Cumulative)	12,500	9.8	5,000	12.1	5,200	4.6	3,100	0.9	11,481.48
Full Year	25,000	11.1	10,000	19.5	10,400	13.6	6,200	13.4	22,962.96

This above forecast is OSE's individual forecast. OSE schedules the business combination with Tokyo Stock Exchange Group, Inc., and earnings forecast of the new combined company will be announced later.

* NOTE

(1) Changes in accounting principles, procedures, preparation methods

- 1) Changes in accordance with Revision of Accounting Standards, etc. : No
- 2) Changes other than 1) : No
- 3) Changes in accounting estimate : No
- 4) Restatement : No

(2) Number of shares outstanding (Ordinary Shares)

1) Number of shares outstanding at term-end (including treasury stock)

Fiscal Year ended March 31, 2012: 270,000 shares Fiscal Year ended March 31, 2011: 270,000 shares

2) Number of treasury stock at term-end

Fiscal Year ended March 31, 2012: - shares Fiscal Year ended March 31, 2011: - shares

3) Average number of shares outstanding

Fiscal Year ended March 31, 2012: 270,000 shares Fiscal Year ended March 31, 2011: 270,000 shares

* Status of Auditing Processes

This financial results are exempt from auditing processes based on the Financial Instruments and Exchange Law, and auditing processes of financial statements based on the Financial Instruments and Exchange Law has not been completed at the time of disclosure of this financial results.

* Explanation for the Proper Use of Earnings Forecast and Other Special Instructions

- 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.
- OSE schedules a financial results conference for institutional investors etc. on April 25, 2012. Its presentation material will be uploaded on our website promptly after the conference.

1. Operating Results

(1) Analysis on Operating Results

OSE entered into a Business Combination Agreement to achieve a business combination with Tokyo Stock Exchange Group, Inc. (TSEG) in November last year. Significant synergies should be created by combining the business of the companies, which have different areas of specialty, i.e., in the derivatives market and the cash equities market, and complement each other, and by moving forward with system integration and any other matters. Further, based on this combination, we believe that the improvement of their presence as an international financial center should generate substantial benefits to market participants and other markets users, such as improved convenience, and should also contribute to the enhanced competitiveness of all the financial and capital markets of Japan, which would be a step towards the revitalization of the Japanese economy. Currently, in order to realize the business combination smoothly and promptly, we set up a Combination Preparatory Committee that is co-chaired by Presidents of the two companies and strive for preparation works.

Suffering from the Great East Japan Earthquake and the further rise of the yen, Japan's economy remained in the difficult condition. But with the restoration of supply chains and the stop of the rise of the yen, signs of a gradual economic recovery became visible. Under this situation, in stock markets during the current fiscal year, although Nikkei 225 fell from the 9,700-yen level of beginning of the term and touched a bottom of the 8,100-yen level, it rose up to the 10,000-yen level at the term end.

Under these circumstances, overview of Operating Revenue by each sector during the current fiscal year became as follows.

A. Participant Fees

During the current fiscal year, as for a derivatives market, one of the financial instruments markets operated by OSE (OSE's markets), due to an extension of trading hours of night session from July of last year and the fluctuation of the price of Nikkei 225, the trading volume of Nikkei 225 mini and Nikkei 225 Options became the largest following the previous fiscal year when they marked the record high. Also, the trading volume of Exchange FX Margin Trading (OSE-FX) renewed the record high of the previous fiscal year. As a result, the total trading volume of derivatives products became 184.90 million units, which is 13.8% down from the previous fiscal year but the second highest in the past. Regarding the trading value, as a price of Nikkei 225 remained in a lower level than the previous fiscal year, etc, trading value of Nikkei 225 Futures, Nikkei 225 mini and Nikkei 225 Options fell short of the previous fiscal year, and the total trading value of derivative products was 283,822.5 billion yen, decreased by 23.7% from the previous fiscal year.

As for the equity markets, trading value both in 1st/2nd Section and JASDAQ fell below the previous fiscal year, and the total trading volume became 15,885.7 billion yen, which is decreased by 16.5% from the previous fiscal year. However, as the trading volume of 1st/2nd Section and JASDAQ exceeded the previous fiscal year, and the total trading volume increased by 37.6% from the previous fiscal year.

Accordingly, Participant Fees was 13,035 million yen (decreased by 5.3% on the same period previous year). Its breakdown is: trading fees, 7,987 million yen; clearing fees, 2,775 million yen; access fees, 1,464 million yen; basic fees, 733 million yen; and so on.

B. Equipment and Information Services Fees

Equipment and Information Services Fees, which is mainly from real-time orders and settlements information service, closed price information service, and co-location service, was 7,628 million yen (increased by 7.6% on the same period previous year.) Its breakdown is as follows: market information fees, 3,999 million yen; network line fees, 1,252 million yen; co-location service fees, 770 million yen; and so on.

C. Listing Fees

During the current fiscal year, the Listing Fees, which is from listed companies on OSE's markets, etc. resulted in 1,737 million yen (decreased by 8.8% on the same period previous year). Its breakdown is as follows: annual listing fees, 1,476 million yen; initial listing fees & fees for issuing new shares, 261 million yen.

D. Others

Other operating revenue in the current fiscal year was 92 million yen (decreased by 58.3% on the same period previous year.)

Based on the results described above, Operating Revenue for the current fiscal year resulted in 22,494 million yen, decreased by 2.1% on the same period previous year.

Also, Selling, General and Administrative Expenses resulted in 14,123 million yen, decreased by 8.3% on the same period previous year. It is because occupancy expenses was 4,261 million yen, operating expenses was 4,012 million yen, personnel expenses was 3,297 million yen, and depreciation expenses was 2,552 million yen, due to improvements of infrastructures to provide stable exchange systems.

As a result, Operating Income was 8,370 million yen, increased by 10.4% from the same period previous year, and Ordinary Income was 9,157 million yen, increased by 8.3% from the same period previous year. And Net Income resulted in 5,466 million yen, decreased by 40.3% from the same period previous year. It is because there were Extraordinary Income from a merger with Jasdac Securities Exchange, Inc. and reductions of corporate tax, etc in the previous fiscal year.

a. Earning Results

(yen in millions)

Category	Previous Fiscal Year From April 1, 2010 to March 31, 2011		Current Fiscal Year From April 1, 2011 to March 31, 2012		
	Amount	Ratio (%)	Amount	Ratio (%)	y / y (%)
Participant Fees	13,769	59.9	13,035	58.0	(5.3)
Trading fees	8,548	37.2	7,987	35.5	(6.6)
Clearing fees	2,586	11.3	2,775	12.4	7.3
Access fees	1,870	8.1	1,464	6.5	(21.7)
Basic fees	734	3.2	733	3.3	(0.1)
Others	28	0.1	73	0.3	160.9
Equipment and Information Services Fees	7,086	30.8	7,628	33.9	7.6
Market information fees	3,961	17.2	3,999	17.8	0.9
Network line fees	1,282	5.6	1,252	5.6	(2.4)
Co-location service fees	557	2.4	770	3.4	38.4
Others	1,285	5.6	1,606	7.1	25.0
Listing Fees	1,905	8.3	1,737	7.7	(8.8)
Annual listing fees	1,427	6.2	1,476	6.5	3.4
Initial listing fees & fees for issuing new shares	478	2.1	261	1.2	(45.3)
Others	222	1.0	92	0.4	(58.3)
Total	22,984	100.0	22,494	100.0	(2.1)

b. Trading and Clearing Fees

(yen in millions)

Category	Previous Fiscal Year From April 1, 2010 to March 31, 2011		Current Fiscal Year From April 1, 2011 to March 31, 2012		
	Amount	Ratio (%)	Amount	Ratio (%)	y / y (%)
Nikkei 225 Futures (Note 1)	4,296	38.6	4,180	38.8	(2.7)
Nikkei 225 Options	4,175	37.5	3,968	36.9	(5.0)
Other derivatives (Note 2)	263	2.4	477	4.4	81.0
Stocks etc. (Note 3)	2,399	21.5	2,136	19.9	(10.9)
Total	11,135	100.0	10,762	100.0	(3.3)

(Note 1) Includes Nikkei 225 mini

(Note 2) Total of Nikkei 300 Futures, Russell/Nomura Prime Index Futures, Nikkei 225 VI Futures, Nikkei 300 Options, Security Options, and OSE-FX. Trading of Nikkei 300 Options is suspended from May 28, 2010. Trading of Nikkei 225 VI Futures was launched on February 27, 2012.

(Note 3) Includes ETFs, domestic investment securities, foreign investment securities, covered warrants, investment securities, etc.

c. Trading Value

(yen in 100 millions)

Category	Previous Fiscal Year From April 1, 2010 to March 31, 2011	Current Fiscal Year From April 1, 2011 to March 31, 2012			
		Trading Value	Trading Value		y / y (%)
				Daily Average	
Derivatives	3,717,387	2,838,225	11,516	(23.7)	
Total of Nikkei 225 Futures/mini	3,600,656	2,693,059	10,947	(25.2)	
Nikkei 225 Futures	2,282,418	1,649,632	6,705	(27.7)	
Nikkei 225mini	1,318,238	1,043,427	4,241	(20.8)	
Nikkei 225 Options	51,840	46,300	188	(10.7)	
OSE-FX (Note 1)	64,834	98,801	380	52.4	
Other derivatives (Note 2)	55	63	0	13.3	
Stocks etc.	190,220	158,857	645	(16.5)	
1st/2nd Section	115,634	89,198	362	(22.9)	
JASDAQ (Note 3)	53,612	50,770	206	(5.3)	
ETFs	20,910	18,861	76	(9.8)	
Others (Note 4)	62	27	0	(57.0)	

(Note 1) Trading value of non-yen currency pairs is converted to yen at their settlement value on their trading day.

(Note 2) Total of Nikkei 300 Futures, Russell/Nomura Prime Index Futures, Nikkei 225 VI Futures, Nikkei 300 Options, and Security Options. Trading of Nikkei 300 Options is suspended from May 28, 2010. Trading of Nikkei 225 VI Futures was launched on February 27, 2012.

(Note 3) The previous fiscal year includes former Hercules and former NEO.

(Note 4) Total of domestic investment securities, foreign investment securities, covered warrants, investment securities, etc.

d. Trading Volume

Category	Previous Fiscal Year From April 1, 2010 to March 31, 2011	Current Fiscal Year From April 1, 2011 to March 31, 2012		
		Trading Volume (10,000 units)	Trading Volume (10,000 units)	
Daily Average (1,000 units)				
Derivatives	21,440	18,490	749	(13.8)
Total of Nikkei 225 Futures/mini	15,692	13,190	536	(15.9)
Nikkei 225 Futures	2,313	1,797	73	(22.3)
Nikkei 225mini	13,379	11,392	463	(14.8)
Nikkei 225 Options	4,961	4,190	170	(15.5)
OSE-FX	687	1,043	40	51.8
Other derivatives (Note 1)	99	66	2	(33.1)

(shares in millions)

Category	Previous Fiscal Year From April 1, 2010 to March 31, 2011	Current Fiscal Year From April 1, 2011 to March 31, 2012		
		Trading Volume	Trading Volume	
Daily Average				
Stocks etc.	17,683	24,339	98	37.6
1st/2nd Section	8,820	11,850	48	34.3
JASDAQ (Note 2)	8,611	12,260	49	42.4
ETFs	250	223	0	(10.7)
Others (Note 3)	0	4	0	469.5

(Note 1) Total of Nikkei 300 Futures, Russell/Nomura Prime Index Futures, Nikkei 225 VI Futures, Nikkei 300 Options, and Security Options. Trading of Nikkei 300 Options is suspended from May 28, 2010. Trading of Nikkei 225 VI Futures was launched on February 27, 2012.

(Note 2) The previous fiscal year includes former Hercules and former NEO.

(Note 3) Total of domestic investment securities, foreign investment securities, covered warrants, investment securities, etc.

e. Transaction Participants

(companies)

Category	End of Previous Fiscal Year	End of Current Fiscal Year	
	as of Mar. 31, 2011	as of March 31, 2012	
	Participants	Participants	y/y (%)
Transaction Participants of Cash/Futures Trading etc./FX and JASDAQ	10	11	10.0
Transaction Participants of Cash/Futures Trading etc. and JASDAQ	63	59	(6.3)
Transaction Participants of Cash/Futures Trading etc.	5	4	(20.0)
Transaction Participants of Cash Trading and JASDAQ	2	3	50.0
Transaction Participants of Futures Trading etc. and FX	1	0	(100.0)
Transaction Participants of Futures Trading etc. and JASDAQ	9	8	(11.1)
Transaction Participants of Futures Trading etc.	2	2	-
Transaction Participants of IPO	2	1	(50.0)
Transaction Participants of FX	6	6	-
Transaction Participants of JASDAQ	14	12	(14.3)
Total	114	106	(7.0)

f. Market Information Fee Related

Category		End of Previous Fiscal Year	End of Current Fiscal Year	
		as of March 31, 2011	as of March 31, 2012	
				y / y (%)
Number of Subscribers		142 companies	139 companies	(2.1)
Number of Terminals (Note)	Corporate-Use	111,119 units	109,370 units	(1.6)
	Personal-Use	3,089,850 units	2,600,520 units	(15.8)

(Note) For the current fiscal year, shows figures as of December 31, 2011. For the previous fiscal year, doesn't include terminals of users who terminated subscription on March 31, 2011, and for the current fiscal year, doesn't include terminals of users who terminated subscription on December 31, 2011.

g. Listed Issues

Category	End of Previous Fiscal Year	End of Current Fiscal Year	
	as of March 31, 2011	as of March 31, 2012	
	Listed issues	Listed issues	y / y (%)
Stocks	1,732 companies	1,663 companies	(4.0)
1st/2nd Section	743 companies	711 companies	(4.3)
JASDAQ	989 companies	952 companies	(3.7)
ETFs	16 issues	17 issues	6.3

(Note) Other than those above, we have covered warrants, domestic investment securities, foreign investment securities, investment securities, etc.

h. IPOs and POs

Category		Previous Fiscal Year From April 1, 2010 to March 31, 2011	Current Fiscal Year From April 1, 2011 to March 31, 2012	
				y / y (%)
IPO (Note 1)	Stocks	11 companies	17 companies	54.5
	1st/2nd Section	0 companies	1 companies	-
	JASDAQ	11 companies	16 companies	45.5
	ETFs	4 issues	1 issues	(75.0)
Capital Increase (Note 2)		82 cases	66cases	(19.5)
1st/2nd Section		34 cases	11 cases	(67.6)
JASDAQ (Note 3)		48 cases	55 cases	14.6

(Note 1) Not include IPOs due to switching to holding companies system etc.

(Note 2) Cases of POs, allocations of new shares to a third party, or allocations of new shares to shareholders. Not include IPOs.

(Note 3) The previous fiscal year includes former Hercules and former NEO.

i. Selling, General and Administrative Expenses

(yen in millions)

Category	Previous Fiscal Year From April 1, 2010 to March 31, 2011		Current Fiscal Year From April 1, 2011 to March 31, 2012		
	Amount	Ratio (%)	Amount	Ratio (%)	y / y (%)
Occupancy expenses	3,183	20.7	4,261	30.2	33.8
Operating expenses	5,402	35.1	4,012	28.4	(25.7)
Personnel expenses	3,524	22.9	3,297	23.3	(6.5)
Depreciation expenses	3,290	21.3	2,552	18.1	(22.4)
Total	15,401	100.0	14,123	100.0	(8.3)

j. Amount of payment relating to investments on equipments etc.

(yen in millions)

Category	Current Fiscal Year From April 1, 2011 to March 31, 2012	
	Amount	Ratio (%)
Clearing system's hardware renewal related	870	39.2
Cash trading system's hardware related	255	11.5
J-GATE function improvements related	229	10.3
Trading-hour extension related	172	7.8
Others	693	31.2
Total	2,221	100.0

(Note) There is no comparison with the previous fiscal consolidated year, because each fiscal year has each categorization.

(Outlook for the next fiscal year)

Regarding earnings forecast for the next fiscal year, Operating Revenue of 25.0 billion yen, Operating Income of 10.0 billion yen, Ordinary Income of 10.4 billion yen, Net Income of 6.2 billion yen are forecasted based on OSE's precondition of average daily trading volume/value at OSE's markets; 150,000 units for futures (trading volume of Nikkei 225 mini is converted into that of Nikkei 225 Futures), 25.5 billion yen for options, and 66.0 billion yen for equities.

This above forecast is OSE's individual forecast. OSE schedules the business combination with TSEG will be announced later.

(2) Analysis on Financial Position

A. Analysis on Assets, Liabilities, Net Assets and Cash Flow Status

a. Status of Asset, Liabilities and Net Assets

Total Assets at the end of the current fiscal year amounted to 453,203 million yen, a decrease of 217,607 million yen from the end of the previous fiscal year. It is mainly because Special Assets for Clearing Margin decreased by 210,125 million yen, and Special Assets for Clearing Deposit decreased by 13,484 million yen, despite an increase of 15,799 million yen in Cash and Deposits. Total Liabilities amounted to 397,717 million yen, a decrease of 220,234 million yen from the end of the previous fiscal year. It is mainly because Clearing Margin decreased by 210,125 million yen, and Clearing Deposit decreased by 13,484 million yen. In addition, Net Asset was 55,485 million yen, increased by 2,626 million yen at the end of previous fiscal year. It is mainly because 2,835 million yen of Dividends from Surplus and 5,466 million yen of Net Income are posted.

Accordingly, Equity Ratio resulted in 12.2%, increased by 4.3 points from the end of the previous fiscal year.

Special Assets for Clearing Margin (Clearing Margin), 342,743 million yen; Special Assets for Clearing Deposit (Clearing Deposit) 45,692 million yen; and Special Assets for Guarantee Deposit (Guarantee Deposit), 375 million yen, which are included in Assets (Liabilities) on the Balance Sheets as of the end of the current fiscal year, are deposit from each clearing participant etc as collaterals for risks incurred by clearing participants' defaults. These assets are managed separately from other assets in accordance with rules defined by OSE, and are indicated separately according to the purpose shown on the Balance Sheets.

b. Cash Flows Status

(a) Net Cash Provided by Operating Activities

In the current fiscal year, although Income before Income Taxes was 9,207 million yen, Depreciation and Amortization was 2,552 million yen, and Income Taxes Refund was 1,770 million yen, as Decrease in Accrued Expenses was 373 million yen, etc., Net Cash Provided by Operating Activities resulted in income of 14,135 million yen (an income of 3,690 million yen in the previous consolidated fiscal year.)

(b) Net Cash Provided by Investment Activities

In the current fiscal year, Proceeds from Withdrawal of Time Deposits were 26,470 million yen, Proceeds from Redemption of Securities (JGB) were 2,000 million yen, and Gain on Sale of Investment Securities was 216 million yen. On the other hand, Payment into Time Deposits was 26,250 million yen, Payment for Purchase of Noncurrent Assets such as systems and Intangible Assets was 2,221 million yen, and Payment for Purchase of Short-Term Investment Securities (JGB) was 499 million yen. As a result, Net Cash Provided by Investment Activities resulted in a payment of 281 million yen, (a payment of 7,652 million yen in the previous consolidated fiscal year.) Money for investments is all self-financed.

(c) Net Cash Provided by Financing Activities

Due to 2,834 million yen of Payment of Dividends, Net Cash Provided by Financing Activities resulted in a payment of 2,834 million yen (a payment of 2,700 million yen in the previous fiscal year). As a result, balance at the end of the fiscal year of Cash and Cash Equivalents increased by 11,019 million yen from 8,453 million yen of balance at the end of the previous fiscal year, and ended at 19,472 million yen.

The relation between Cash and Cash Equivalents on the Cash Flows Statement and Cash and Deposits on the Balance Sheet are shown below:

Cash and Bank Deposits Account	43,222 million yen
Fixed-Term Deposits Exceeding 3 months	(23,750 million yen)
Cash and Cash Equivalents	19,472 million yen

B. Indicators Related Cash Flows

	Fiscal Year ended March 31, 2008 (Individual)	Fiscal Year ended March 31, 2009 (Consolidated)	Fiscal Year ended March 31, 2010 (Consolidated)	Fiscal Year ended March 31, 2011 (Individual)	Fiscal Year ended March 31, 2012 (Individual)
Equity ratio (%)	11.2	8.7	15.1	7.9	12.2
Market-value based equity ratio (%)	33.9	16.8	41.2	16.8	27.4
Ratio of interest-bearing debt to cash flow (%)	0.0	0.0	0.0	0.6	0.1
Interest coverage ratio (times)	875.3	945.6	703.3	303.5	1,444.5

(*) Equity ratio: $\text{Equity} / \text{Total assets}$

Market-value based equity ratio: $\text{Market capitalization of shares} / \text{Total assets}$

Ratio of interest-bearing debt to cash flow: $\text{Interest-bearing debt} / \text{Cash flows}$

Interest coverage ratio: $\text{Cash flow} / \text{Invest payments}$

*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.

*4. For the fiscal year ended March 31, 2008, 2011 and 2012, OSE created individual statements of cash flows. For the fiscal year ended March 31, 2009 and 2010, OSE created consolidated statements of cash flows due to an acquisition of a subsidiary.

(REFERENCE)

	Fiscal Year ended March 31, 2008 (Individual)	Fiscal Year ended March 31, 2009 (Consolidated)	Fiscal Year ended March 31, 2010 (Consolidated)	Fiscal Year ended March 31, 2011 (Individual)	Fiscal Year ended March 31, 2012 (Individual)
Equity ratio (%)	84.7	77.4	82.1	90.6	86.2
Market-value based equity ratio (%)	256.4	141.9	223.9	193.1	192.7

In a case of deducting Special Assets for Clearing Margin, Special Assets for Clearing Deposit, and Special Assets for Guarantee Deposit from Net Asset for calculations of indicators, Equity ratio and Market-value based equity ratio would be described above.

(3) Basic Policy on Profit Distribution and Dividend Payments for the Current and Next Term

OSE recognizes that returning profits to our shareholders is an important task of management. As OSE commemorated the 10 year anniversary of our demutualization in the fiscal year ended March 31, 2012, OSE schedules 3,000 yen per share of Commemorative Dividend. As a result, Year-End Dividend is expected to be 7,500 yen, which is the total of 4,500 yen of Ordinary Dividend and 3,000 yen of Commemorative Dividend (announced on April 24, 2012). Annual Dividend is expected to be 12,000 yen (the previous annual dividend was 10,500 yen).

As OSE schedules the business combination with TSEG, a dividend for the next fiscal year will be announced after the decision on a dividend policy of the new combined company.

(4) Risks in Business etc.

OSE's income mainly consists of Participant Fees in earnings acquired in proportion to trading value of derivatives or securities from transaction and clearing participants, Listing Fees from listed companies etc., and Equipment and Information Service Fees from providing stock price information, etc. to information vendors, etc. The main risks that may affect the above mentioned are as follows:

- Participant Fees are determined by trading volume and/or trading value of derivatives, and trading value of equities, which is calculated by multiplying stock prices by trading volume. The value may fluctuate significantly due to various factors, which may cause significant impacts on the operating results of OSE.
- Equipment and Information Services Fees are determined by the number of subscribers using OSE's information, such as financial instruments of trading companies, information vendors, and so on. In the event of the number of subscribers decreases due to rationalization among subscribers, etc., the outcome may have a significant impact on the operating results of OSE.
- Listing Fees are determined by the number of listed companies, capital increases, and so on. The primary securities market may fluctuate due to various factors, which may have a significant impact on the operating results of OSE.

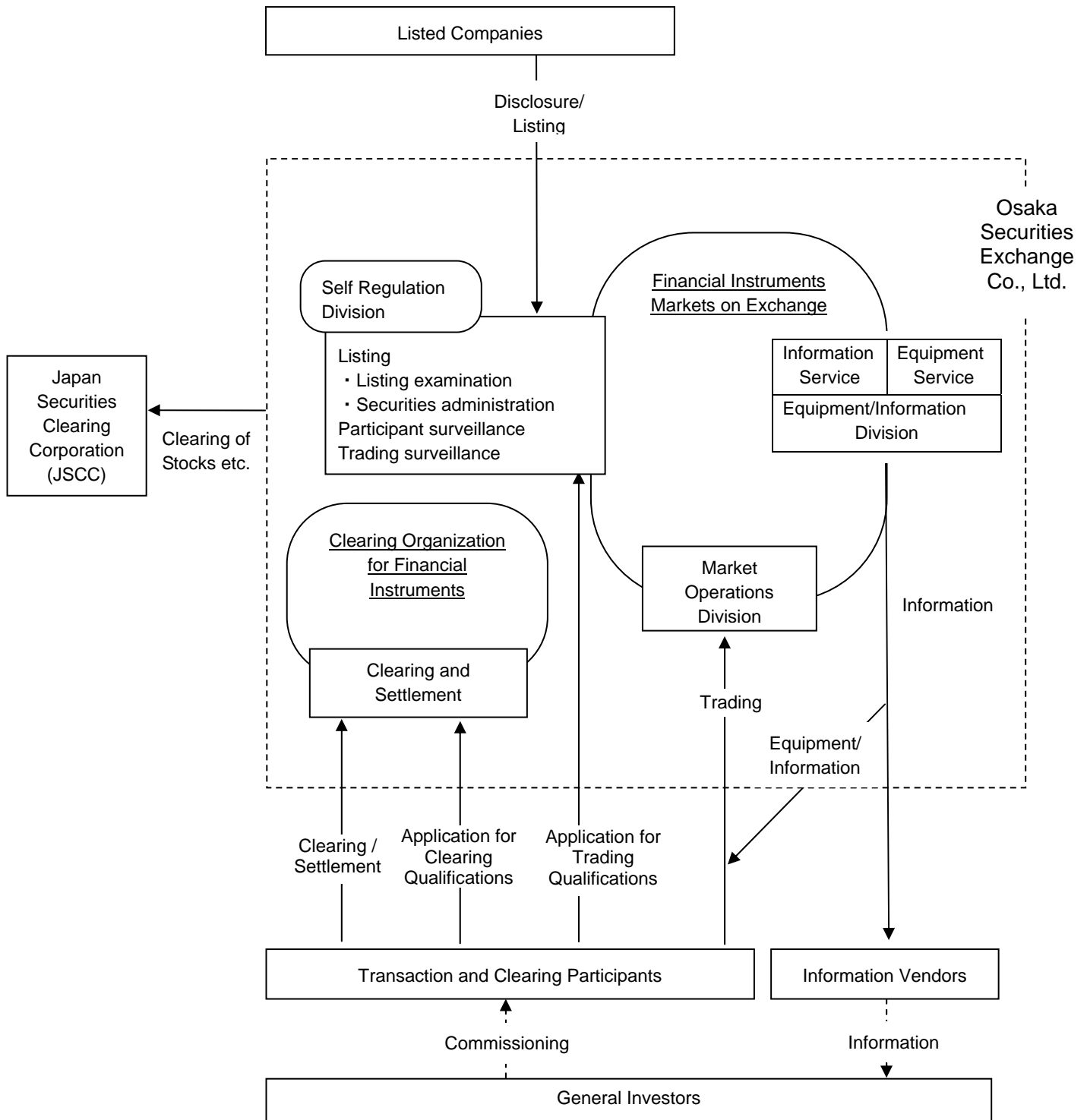
2. Status of Corporate Group

OSE 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 the 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 the 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 creates and operates the financial instruments market of the exchange with objectives to ensure that securities are traded in a fair and efficient manner and the public interest and investors are protected.

Business flow related our operation is as follows.



3. Management Policy

(1) Basic Management Policy of the Company

The corporate policies of OSE are to (1) maintain the tradition of a 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, OSE is making efforts to provide an efficient and convenient market for investors, listed companies and transaction and clearing participants through development and improvement of the products, rules, etc. and infrastructure as well as enhancement of self-regulatory functions and reduction in costs. OSE believes it can fulfill its public role as an exchange through a combination of such efforts, and that will lead to a utilization of the markets by a much wider range of participants and the expansion of profits.

(2) Target Management Indices

OSE schedules the business combination with TSEG and not set numeric target indices at this moment.

(3) Medium- to Long-Term Management Strategies

Medium-to Long- Term Management Strategies will be announced after the decision on the policies of the new combined company.

(4) Company Issues

A. Issues on Market Operations

a. Derivatives Market

OSE's stock index futures/options trading prides itself as having the largest share in Japan, especially, Nikkei 225 Futures, Nikkei 225 mini and Nikkei 225 Options represent the Japan's derivatives products. As derivatives markets have high growth potential, domestic and foreign exchanges focus on enhancement of the competitiveness. Accordingly, we assume that intensive competition with SGX, on which Nikkei 225 Futures are traded, and other domestic financial product exchanges.

As for enhancement of competitiveness of the Japan's capital market, the environment surrounding the derivative market is about to change with a comprehensive exchange vision, designed to synthesize financial and commodities exchanges. In respond to these environmental changes, OSE recognizes that it is our challenge to implement measures to enforce increased competitiveness of OSE's markets.

Accordingly, in July last year, OSE extended trading hours of night session from until 23:30 to until 3:00 next day for stock index futures/options trading. Also, OSE strives to enhance further competitiveness, for example, we launched a futures trading which is based on the Nikkei Stock Average Volatility Index indicating the degree of future fluctuations of a price of Nikkei Stock Average, in February of this year. Moreover, OSE-FX, which was launched as a new business area, is also growing steadily.

b. Equity Markets

Among our equity market businesses, Section 1/2 and JASDAQ remain the core. Especially, JASDAQ encourages companies with growth potential to implement an IPO at their early stage, and also plays a role as a stable market, which lists companies with a steady business and healthy profitability. OSE contributes to Japan's economic growth through providing financing opportunities with SMEs and venture businesses. On the other hand, our critical challenges are: recovering of the number of IPO companies, which remains in a low level in these years, and producing venture businesses which bring innovation to markets as companies listed on NASDAQ in U.S.

For these challenges, OSE put our effort into improvement of our listing system, enforcement of our IPO support department and supports (corporate services) for SMEs and venture listed companies with short-term experience as a listed companies. For example, we enforce information distribution of listed companies and improve liquidity of markets by such as "Analyst Report Platform", which is the first trial among Japan's exchanges to encourage report developments by analysts. Based on these JASDAQ's unique corporate services, OSE not only expands the IPO base but also realizes environments where companies which succeeded IPO can continue to develop and grow.

In addition, there are characteristic products such as ETFs and Venture Funds, which invest in non-listed companies or companies listing for rather short term, on OSE's markets. OSE continues to develop attractive products to meet investor-needs.

c. Clearing Business

Along of destabilization of the financial/capital market, the roles of clearing functions are receiving attentions, and requirements for its security are becoming higher. Therefore, OSE also works on continuous implementation of adequate clearing risk management and strengthening of the financial basis to answer the requirements. OSE has a system to

monitor total positions of our derivatives trading at regular time intervals for management of clearing participants' positions, and besides, OSE retains sufficient financial resources against defaults of clearing participants through acceptance of trading margin and clearing deposit depending on the quantity of risks. Therefore, even when the market volatility increased drastically and trading concentrated intensively because of the Great East Japan Earthquake or the concern about the direction of world economy, trading at OSE were settled smoothly. In addition, in November last year, in accordance with the recent market environments and the trend of discussions on international standards for clearing organizations, OSE made amendments on the calculation methods of clearing margins of futures and options trading to reflect current market situations etc, more effectively, with the objective to improve our clearing functions / risk management functions.

B. Issues on Self-Regulation Business

Enhancement of self-regulatory operations is one of the critical issues required to realize investor protections through fair securities and derivatives trading.

Aiming at enhancement of confidence for markets, OSE develops better listing system by such as improvements in listing criteria or delisting criteria, and also tries to further moderation of listing managements, such as strict listing examinations, thoroughness against listed companies for a timely-manner and adequate disclosures and delisting of companies which lost eligibility while a listed company.

Also, regarding market surveillance, working with the Securities and Exchanges Surveillance Commission (SESC), OSE tries to prevent unfair trading by enhancement of surveillance functions against insider trading or market manipulation.

OSE continues to strengthen its self-regulatory operations by enhancing information distribution functions.

C. Issues on IT Systems

Rapidly progressing upgrades of exchange platforms based on recent IT developments, such as stability and processing performances of the platforms greatly affect ensuring advantages in market competition.

Under the above circumstances, OSE realizes stable operations of derivatives trading system "J-GATE", which is introduced in February of last year. Also, we are working hard on developments for scheduled function improvements of a clearing system in summer of this year.

OSE aims to implement more convenient and stable market operations through contentious enhancement of capacities and functions of platforms.

D. Issues on the Corporate Structure and HR

It is very important to educate/retain/revitalize human resources to enhance exchange functions in each area such as new product/system planning and developments, self-regulatory functions including market surveillance, participants' administration and listing examinations, and system developments.

OSE continues to establish an HR system to support the fostering of human resources to adopt changes in business environments, employee education, and achievement of business goals.

4. Financial Statements

(1) Balance Sheets

(yen in millions)

	Previous Fiscal Year (March 31, 2011)	Current Fiscal Year (March 31, 2012)
Assets		
Current Assets		
Cash and Deposits	27,423	43,222
Operating Accounts Receivable	3,055	2,012
Short-Term Investment Securities	1,514	1,015
Prepaid Expenses	116	103
Special Assets for Clearing Margin	552,869	342,743
Special Assets for Clearing Deposit	59,176	45,692
Deferred Tax Assets	325	319
Income Taxes Receivable	1,754	-
Other	490	417
Allowance for Doubtful Accounts	(29)	(0)
Total Current Assets	646,697	435,527
Noncurrent Assets		
Property, Plant and Equipment		
Buildings, net	1,188	1,086
Structures, net	0	0
Information Equipment, net	2,219	1,917
Tools, Furniture and Fixtures, net	159	121
Land	98	98
Lease Assets	21	15
Construction in Progress	-	467
Total Property, Plant and Equipment	3,689	3,708
Intangible Assets		
Software	6,747	5,616
Software in Progress	9	1,515
Other	17	17
Total Intangible Assets	6,774	7,149
Investments and Other Assets		
Investment Securities	2,148	950
Long-Term Loans Receivable from Employees	20	17
Long-Term Prepaid Expenses	475	380
Long-Term Deposits	8,000	3,000
Guarantee Deposits	312	297
Special Assets for Guarantee Deposit	398	375
Deferred Tax Assets	2,269	1,771
Other	83	71
Allowance for Doubtful Accounts	(58)	(46)
Investments and Other Assets	13,650	6,818
Total Noncurrent Assets	24,114	17,675
Total Assets	670,811	453,203

(yen in millions)

	Previous Fiscal Year (March 31, 2011)	Current Fiscal Year (March 31, 2012)
Liabilities		
Current Liabilities		
Accounts Payable-Other	319	865
Accrued Expenses	1,480	1,107
Income Taxes Payable	-	3,236
Accrued Consumption Taxes	-	258
Deposits Received	115	100
Clearing Margin	552,869	342,743
Clearing Deposit	59,176	45,692
Lease Obligations	5	5
Provision for Bonuses	188	182
Provision for Directors' Bonuses	54	45
Other	444	445
Total Current Liabilities	614,655	394,683
Noncurrent Liabilities		
Long-Term Loans Payable	1	0
Long-Term Deposits Received	452	424
Guarantee Deposits Received	398	375
Lease Obligations	15	9
Provision for Retirement Benefits	2,143	2,170
Negative Goodwill	233	-
Other	52	52
Total Noncurrent Liabilities	3,296	3,034
Total Liabilities	617,952	397,717
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	3,569	3,569
Default Compensation Reserve for Futures Trading	7,011	7,011
General Reserve	5,302	5,302
Retained Earnings Brought Forward	27,099	29,730
Total Retained Earnings	43,305	45,936
Total Shareholders' Equity	52,854	55,485
Valuation and Translation Adjustments		
Valuation Difference on Available-for-Sale Securities	4	0
Total Valuation and Translation Adjustments	4	0
Total Net Assets	52,858	55,485
Total Liabilities and Net Assets	670,811	453,203

(2) Profit and Loss Statements

	(yen in millions)	
	Previous Fiscal Year (Cumulative) (From April 1, 2010 To March 31, 2011)	Current Fiscal Year (Cumulative) (From April 1, 2011 To March 31, 2012)
Operating Revenue		
Transaction Participants' Fees	13,769	13,035
Listing Fees	1,905	1,737
Income from Equipment and Market Information Service	7,086	7,628
Other	222	92
Total Operating Revenue	<u>22,984</u>	<u>22,494</u>
Selling, General and Administrative Expenses	<u>15,401</u>	<u>14,123</u>
Operating Income	<u>7,582</u>	<u>8,370</u>
Non-Operating Income		
Interest Income	495	462
Dividends Income	56	53
Amortization of Negative Goodwill	311	233
Other	28	64
Total Non-Operating Income	<u>891</u>	<u>812</u>
Non-Operating Expenses		
Interest Expenses	12	20
Other	7	6
Total Non-Operating Expenses	<u>19</u>	<u>26</u>
Ordinary Income	<u>8,453</u>	<u>9,157</u>
Extraordinary Income		
Gain on Sale of Investment Securities	37	30
Fine Paid by Transaction Participants	7	20
Gain on Extinguishment of Tie-In Shares	2,013	-
Reversal of Allowance for Doubtful Accounts	0	-
Total Extraordinary Income	<u>2,058</u>	<u>50</u>
Extraordinary Loss		
Impairment Loss	1,309	-
Office Transfer Expenses	96	-
Total Extraordinary Loss	<u>1,405</u>	<u>-</u>
Income Before Income Taxes	<u>9,106</u>	<u>9,207</u>
Income Taxes-Current	8	3,234
Income Taxes-Deferred	(58)	507
Total Income Taxes	<u>(49)</u>	<u>3,741</u>
Net Income	<u>9,156</u>	<u>5,466</u>

(3) Statements of Changes in Net Assets

(yen in millions)

	Previous Fiscal Year (From April 1, 2010 to March 31, 2011)	Current Fiscal Year (From April 1, 2011 to March 31, 2012)
Shareholders' equity		
Capital Stock		
Balance at the Beginning of Current Period	4,723	4,723
Changes of Items during Current 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 Beginning of Current Period	4,825	4,825
Changes of Items during Current 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 Beginning of Current Period	4,825	4,825
Changes of Items during Current 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 Beginning of Current Period	322	322
Changes of Items during Current Period		
Total Changes of Items during the Period	-	-
Balance at the End of Current Period	322	322
Other retained earnings		
Default compensation reserve for cash transactions		
Balance at the Beginning of Current Period	2,569	3,569
Changes of Items during Current Period		
Transfer due to a merger with a subsidiary	1,000	-
Total Changes of Items during Current Period	1,000	-
Balance at the End of Current Period	3,569	3,569
Default compensation reserve for futures trading		
Balance at the Beginning of Current Period	7,011	7,011
Changes of Items during Current Period		
Total Changes of Items during Current Period	-	-
Balance at the End of Current Period	7,011	7,011
General reserve		
Balance at the Beginning of Current Period	5,302	5,302
Changes of Items during Current Period		
Total Changes of Items during Current Period	-	-
Balance at the End of Current Period	5,302	5,302

(yen in millions)

	Previous Fiscal Year (From April 1, 2010 to March 31, 2011)	Current Fiscal Year (From April 1, 2011 to March 31, 2012)
Retained earnings brought forward		
Balance at the Beginning of Current Period	21,643	27,099
Changes of Items during Current Period		
Dividends from Surplus	(2,700)	(2,835)
Transfer due to a merger with a subsidiary	(1,000)	-
Net Income	9,156	5,466
Total Changes of Items during Current Period	5,456	2,631
Balance at the End of Current Period	27,099	29,730
Total retained earnings		
Balance at the Beginning of Current Period	36,849	43,305
Changes of Items during Current Period		
Dividends from Surplus	(2,700)	(2,835)
Transfer due to a merger with a subsidiary	-	-
Net Income	9,156	5,466
Total Changes of Items during the Period	6,456	2,631
Balance at the End of Current Period	43,305	45,936
Total Shareholders' Equity		
Balance at the Beginning of Current Period	46,397	52,854
Changes of Items during Current Period		
Dividends from Surplus	(2,700)	(2,835)
Net Income	9,156	5,466
Total Changes of Items during the Period	6,456	2,631
Balance at the End of Current Period	52,854	55,485
Valuation and Translation Adjustments		
Valuation Difference on Available-for-Sale Securities		
Balance at the Beginning of Current Period	41	4
Changes of Items during Current Period		
Net Changes of Items Other than Shareholders' Equity	(36)	(4)
Total Changes of Items during the Period	(36)	(4)
Balance at the End of Current Period	4	0
Total valuation and translation adjustments		
Balance at the Beginning of Current Period	41	4
Changes of Items during Current Period		
Net Changes of Items Other than Shareholders' Equity	(36)	(4)
Total Changes of Items during the Period	(36)	(4)
Balance at the End of Current Period	4	0
Total Net Assets		
Balance at the Beginning of Current Period	46,439	52,858
Changes of Items during Current Period		
Dividends from Surplus	(2,700)	(2,835)
Net Income	9,156	5,466
Net Changes of Items Other than Shareholders' Equity	(36)	(4)
Total Changes of Items during the Period	6,419	2,626
Balance at the End of Current Period	52,858	55,485

(4) Statement of Cash Flows

	(yen in millions)	
	Previous Fiscal Year (Cumulative) (From April 1, 2010 To March 31, 2011)	Current Fiscal Year (Cumulative) (From April 1, 2011 To March 31, 2012)
Net Cash Provided by Operating Activities		
Income before Income Taxes	9,106	9,207
Depreciation and Amortization	3,290	2,552
Amortization of Negative Goodwill	(311)	(233)
Loss (Gain) on Extinguishment of Tie-In Shares	(2,013)	-
Loss (Gain) on Sale of Investment Securities	(37)	(30)
Impairment Loss	1,309	-
Interest and Dividends Income	(551)	(515)
Interest Expenses	12	20
Increase (Decrease) in Allowance for Doubtful Accounts	16	(40)
Increase (Decrease) in Provision for Retirement Benefits	(114)	27
Increase (Decrease) in Provision for Bonuses	(28)	(6)
Increase (Decrease) in Provision for Directors' Bonuses	25	(9)
Decrease (Increase) in Operating Receivables	(1,267)	1,043
Increase (Decrease) in Accrued Expenses	657	(373)
Increase (Decrease) in Accrued Consumption Taxes	(150)	258
Increase (Decrease) in Deposits Received	(3,861)	(43)
Other, net	48	7
Subtotal	<u>6,129</u>	<u>11,865</u>
Interest and Dividends Income Received	722	509
Interest Expenses Paid	(12)	(9)
Income Taxes (Paid) Refund	(3,150)	1,770
Net Cash Provided by Operating Activities	<u>3,690</u>	<u>14,135</u>
Net Cash Provided by Investment Activities		
Payments into Time Deposits	(31,070)	(26,250)
Proceeds from Withdrawal of Time Deposits	22,100	26,470
Purchase of Short-Term Investment Securities	(1,503)	(499)
Proceeds from Redemption of Securities	9,000	2,000
Proceeds from Sale of Investment Securities	-	216
Purchase of Property, Plant and Equipment	(2,141)	(517)
Purchase of Intangible Assets	(4,045)	(1,703)
Collection of Loans Receivable	7	3
Net Cash Provided by Investment Activities	<u>(7,652)</u>	<u>(281)</u>
Net Cash Provided by Financing Activities		
Cash Dividends Paid	(2,699)	(2,834)
Repayment of Long-Term Loans Payable	(0)	(0)
Net Cash Provided by Financing Activities	<u>(2,700)</u>	<u>(2,834)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(6,662)</u>	<u>11,019</u>
Cash and Cash Equivalents at Beginning of Current Term	<u>12,877</u>	<u>8,453</u>
Increase in Cash and Cash Equivalents in Scope of Integration	2,238	-
Cash and Cash Equivalents at End of Current Quarter	<u>8,453</u>	<u>19,472</u>

<Supplementary Data>

1. Changes in Latest Business Performance

The Fiscal Year Ended March 31, 2012 (Individual)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	Apr. 2011 - June 2011	July 2011 - Sep. 2011	Oct. 2011 - Dec. 2011	Jan. 2012 - Mar. 2012
	mil. yen	mil. yen	mil. yen	mil. yen
Operating Revenue	5,414	5,966	5,253	5,860
Selling, General & Administrative Expenses	3,458	3,463	3,628	3,572
Operating Income	1,955	2,502	1,625	2,287
Ordinary Income	2,213	2,756	1,827	2,359
Income before Income Taxes	2,213	2,757	1,847	2,388
Net Income	1,351	1,720	954	1,439
Net Income per Share	5,005.67 yen	6,370.39 yen	3,536.87 yen	5,331.66 yen
	mil. yen	mil. yen	mil. yen	mil. yen
Total Assets	511,043	449,914	414,498	453,203
Net Assets	52,580	54,296	54,042	55,485
Net Assets per Share	194,740.84 yen	201,096.66 yen	200,158.54 yen	205,502.46 yen

The Fiscal Year Ended March 31, 2011 (Individual)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	Apr. 2010 - June 2010	July 2010 - Sep. 2010	Oct. 2010 - Dec. 2010	Jan. 2011 - Mar. 2011
	mil. yen	mil. yen	mil. yen	mil. yen
Operating Revenue	5,872	5,238	5,226	6,646
Selling, General & Administrative Expenses	3,402	3,589	3,440	4,969
Operating Income	2,470	1,648	1,786	1,677
Ordinary Income	2,793	1,896	2,015	1,748
Income before Income Taxes	4,811	1,815	2,009	470
Net Income	4,416	1,666	1,845	1,228
Net Income per Share	16,356.63 yen	6,170.95 yen	6,834.78 yen	4,549.14 yen
	mil. yen	mil. yen	mil. yen	mil. yen
Total Assets	354,944	366,135	310,244	670,811
Net Assets	49,354	51,009	51,638	52,858
Net Assets per Share	182,796.17 yen	188,924.32 yen	191,253.80 yen	195,773.01 yen