



Fiscal Year 2007 Annual Report



Tokyo Financial Exchange Inc.

TABLE OF CONTENTS

To Our Shareholders	1
Major Initiatives in Fiscal Year 2007	2
Market Data	5
Mid-Term Business Plan	6
Challenges in Fiscal Year 2008	9
Financial Outlook	10
Financial Statements	11
Corporate Profile	12

We would first like to express our sincere gratitude for your continued support of our operations and business.

Trading in Fiscal Year 2007

In Japan, business recovery continued until the middle of 2007 due to steady production and strong exports. However, in the second half of the year, a risk of economic slowdown was perceived as a result of the U.S. sub-prime mortgage crisis, which worsened business confidence.

Under these circumstances, trading volumes for Three-month Euroyen Futures were solid in the first half of the year thanks to TFX's aggressive marketing efforts and investor relations activities targeted at foreign investors. However, trading volumes have grown at a sluggish pace since the Autumn due to a lack of movement in short-term interest rates.

On the other hand, trading volumes for CLICK 365 (Exchange FX Margin Contracts) increased 2.2 times compared with the previous fiscal year. This was due to the growth of the forex margin contract market and the improvement of CLICK 365's public recognition following promotional efforts.

As a result, overall trading volume on TFX in fiscal year 2007 was 74 million contracts.

Two Successive Years of Record Breaking Profits

Based upon the business conditions described above, TFX's operating and ordinary profits in fiscal year 2007 were 7.6 billion and 7.7 billion Japanese yen respectively. This means that TFX has achieved its highest profits since its establishment for two successive years.



Mid-Term Business Plan

In light of world affairs, the outlook for the Japanese's domestic economy, changes in the operational environment due to the enforcement of the Financial Instruments and Exchange Act, and in order to enhance TFX's presence, we have drawn up a Mid-Term Business Plan effective from fiscal year 2008.

Under the plan, we will aim to be a "comprehensive exchange for financial derivatives," and will strive to make great strides forward, taking into consideration the planned listing of TFX on a stock exchange after completion of the plan.

We are looking forward to your continued support and cooperation.

June, 2008

Jiro Saito, President & CEO

MAJOR INITIATIVES IN FISCAL YEAR 2007

1 Change of Corporate Name

Previously, TFX was an exchange where only financial futures were traded. However, financial instruments which can be listed on TFX were expanded from financial futures to any and all kinds of financial instruments as a result of the enforcement of the Financial Instruments and Exchange Act. In accordance with this expansion, our corporate name was changed from "Tokyo Financial Futures Exchange" to **"Tokyo Financial Exchange"** in September 2007.

The Financial Futures Trading Law, on the basis of which TFX was established, was incorporated into the Securities and Exchange Law, and the latter law was renamed "Financial Instruments and Exchange Act." Consequently, financial instruments which can be listed on TFX have been expanded to securities and derivatives, and are no longer limited to financial futures.

Going forward, both cash securities and derivatives can be listed on TFX.



2 Listing of Over-Night Interest Rate Futures

In December 2007, TFX listed Over-Night Call Rate Futures and Spot-Next Repo Rate Futures, both of which are over-night interest rate futures.

These products are effective tools for avoiding risks which may arise from the fluctuation of short-term interest rates by anticipating financial policies which will be adopted by the Bank of Japan in the future.

Over-night index swaps (OIS) were the only over-night financial instruments available until this listing. Over-night interest rate futures are expected to be traded by Japanese investors as financial instruments which have similar functions to OIS but involve no counterparty risks. Similar instruments have already been listed on the Chicago Mercantile Exchange.

- Advantage of Over-Night Call Rate Futures:
This product reflects the Bank of Japan's financial policies and is accordingly straightforward.
- Advantage of Spot-Next Repo Rate Futures:
Underlying assets are large-scaled and demand for this product is expected from a variety of investors.



When any change in the Bank of Japan's financial policies is anticipated, domestic and foreign investors are likely to actively sell and/or purchase these products making allowance for future fluctuation in interest rates.

Unlike Three-month Euroyen Futures, these products cover average interest rates for one month. For this reason, the trading unit for each of these products is 300 million Japanese yen so that tick values for both products are the same.

Major Specifications For These Products

	Over-Night Call Rate Futures (Call Rate Futures)	Spot-Next Repo Rate Futures (Repo Rate Futures)
Underlying asset	The monthly average of Uncollateralized Over-Night Call Rate (final results) released by the Bank of Japan (BoJ)	The monthly average of GC Spot-Next Repo Rate (Tokyo Repo Rate) released by the Bank of Japan (BoJ)
Trading unit	¥ 300,000,000 (Notional principal amount)	
Tick size & Value	0.005 (0.005%) ¥ 1,250 (¥300,000,000 × 0.005% × 30 / 360 = ¥ 1,250)	
Contract month	First 12 calendar months	
Last trading day	The last business day of the contract month	Two business days prior to the last business day of the contract month
Final settlement day	The second business day following the last trading day	The first business day following the last trading day
Final settlement price	100 minus the monthly average of Uncollateralized Over-Night Call Rate (final results) in the contract month released by BoJ, rounded to the nearest 3rd decimal place	100 minus the monthly average of GC Spot-Next Repo Rate in the contract month released by BoJ, rounded to the nearest 3rd decimal place
Close-time for the contraction on its last trading day (JST)	15:30	11:00

3 Upgrading of TFX's Financial Futures Trading System

(1) Expansion of Trading Platform Capacity

TFX's financial futures trading system has been upgraded to the most cutting edge version available.

After developing and testing in fiscal year 2007, TFX's operation of the new system started smoothly in April 2008.

In anticipation of increased participation from both domestic and foreign investors, increased trading volumes from algorithmic traders, and the planned listing of additional products on TFX, capacity of the new trading platform has been significantly increased as follows:

- **maximum number of orders per day: 6 million (30,000 orders via the previous system); and**
- **maximum number of contracts per day: 1 million (10,000 contracts via the previous system)**

(2) Highest Processing Speed Worldwide

Through significant reduction of the main server's processing time and expansion of the network's bandwidth the execution processing time has been reduced to a few milliseconds.

Highest Processing Speed World Wide: (highest speed measured at 3.8 milliseconds)

(3) Adoption of Pro-Rata Algorithm

TFX has changed its order matching algorithm from a price and time priority algorithm to a pro-rata one.

The pro-rata algorithm is the prevalent one used in the global short-term interest rate futures market and has been adopted in exchanges such as NYSE-Euronext and CME.

(4) Establishment of Disaster Recovery Center as a Part of TFX's BCP Efforts

As part of TFX's BCP (Business Continuity Plan) efforts, TFX has established a disaster recovery center in a location which will not be affected by any disaster which might damage TFX's main center. Operation of the disaster recovery center started in April 2008.



4 Remote Membership Program

(1) Adoption of Remote Membership Program

The Remote Membership Program is designed to enable overseas investors who do not have any business facilities in Japan to directly access TFX's Interest Rate Futures markets, as remote trading members, for the purpose of trading Three-month Euroyen Futures, Options on Three-month Euroyen Futures and over-night interest rate futures.

TFX is the first exchange in Japan to adopt such a program.

(2) Purpose of Establishment

Establishment of the Remote Membership Program will facilitate overseas investors' access to TFX's trading system and is expected to increase the vitality of the market.

As such, the Remote Membership Program will contribute to both the vitalization and internationalization of

the financial market in Tokyo.

(3) Qualification Requirements for Remote Trading Members

In line with other exchanges around the world, TFX is endeavoring to make the qualification requirements as open as possible.

More specifically, financial requirements (such as the required amount of capital) for TFX's remote trading members are limited to requirements for the second financial instrument firms as set forth in the Financial Instruments and Exchange Act.

(4) Fee for Registration as a Remote Trading Member Free of charge (in line with foreign exchanges)

5 Organization of Overseas Seminars and Seminar-Related Activities

(1) Organization of Investor Relations Seminar in London

In September 2007, TFX held an investor relations seminar and a reception in London. Mr. Saito, President & CEO of TFX, and other management attended the seminar and the reception.

Participants in the seminar and the reception included institutional investors and other local customers, exchanges, and members of embassies. TFX spoke of business activities and strategies going forward.

(2) Obtainment of No-Action Letter



TFX obtained a no-action letter from the U.S. Commodity Futures Trading Commission (CFTC).

This has given TFX's trading members located in the U.S.A. direct access to TFX's trading



system for purchasing or selling TFX's products.

(3) Active Participation in Overseas Expositions and Seminars

- Participation in futures industry expositions held in London and Chicago;
- Participation in the 2007 FIA Asia Derivatives Conference in Taipei and the FIA Annual General Meeting in Boca Raton; and
- Active commitment to the FIA Japan Chapter.

6 Other Measures

(1) Improvement of Availability of Financial Futures Contracts

(i) Trading Member Registration Fee Reduction

The fee for registration as a TFX Euroyen Futures Trading Member has been reduced from 50 million Japanese yen to 20 million Japanese yen (or from 50 million Japanese yen to 30 million Japanese yen if such trading member is also admitted as a TFX Interest Rate Futures clearing member), enabling a wider range of investors to participate as trading members at low cost.

(ii) Seminars for Local Banks

In response to increased interest from local financial institutions in Three-month Euroyen Futures contracts, TFX held seminars in order to meet their trading needs.



(iii) Expansion of ISVs

In March, 2008, TFX and Trading Technologies International, Inc. (TT), the largest independent software vendor (ISV) in the world, mutually agreed that TT would make connections with TFX and would supply TT's trading software to TFX's trading members.

Currently 8 ISVs including GL Trade and Patsystems connect with TFX thus increasing the availability of opportunities for financial futures trading on TFX.

(2) Usability Improvement for CLICK 365

(i) Improvement of usability

- Increase of the volume limit of each order.
- Enabling of log-in after 8:00 p.m. on Sunday.

(ii) Launching of Mobile Web Site for CLICK 365

On the mobile web site, TFX provides current price information, TFX's trading members, financial news, seminar information etc.

(iii) Enhancement of Chart Functions for CLICK 365's web site

- Addition of 4 technical charts including a moving average chart.
- Uploading of historical data (including open interest movement on both buyer's and seller's side) in the form of diagrams.

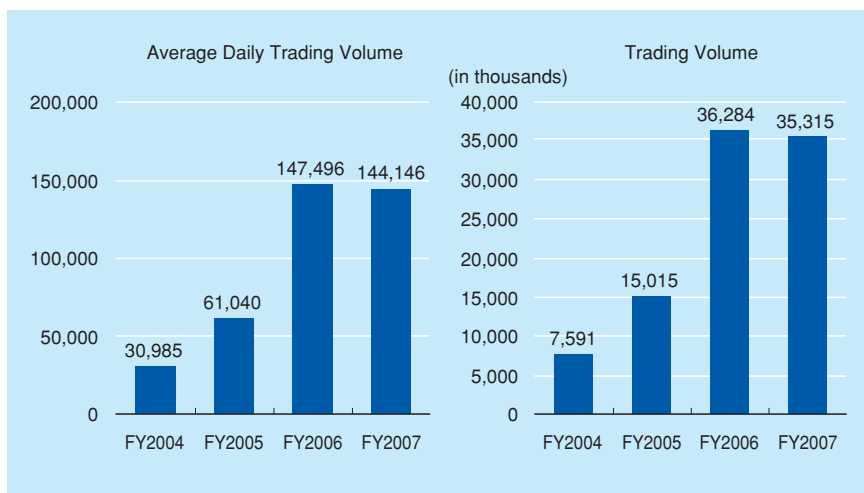
(3) Establishment of Self-Regulatory Committee

In order to comply with the Financial Instruments and Exchange Act, which came into force in September 2007, TFX established a Self-Regulatory Committee consisting of 3 directors (2 of whom are external directors) to ensure due performance of TFX's self-regulatory operations.

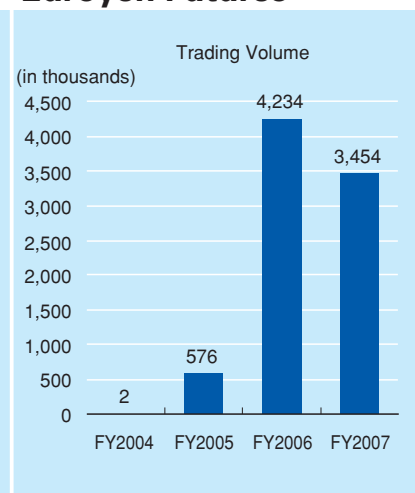
At the same time, TFX has established a Self-Regulation Bureau, which is responsible for implementing self-regulatory operations and providing secretarial support to the Self-Regulatory Committee.

MARKET DATA

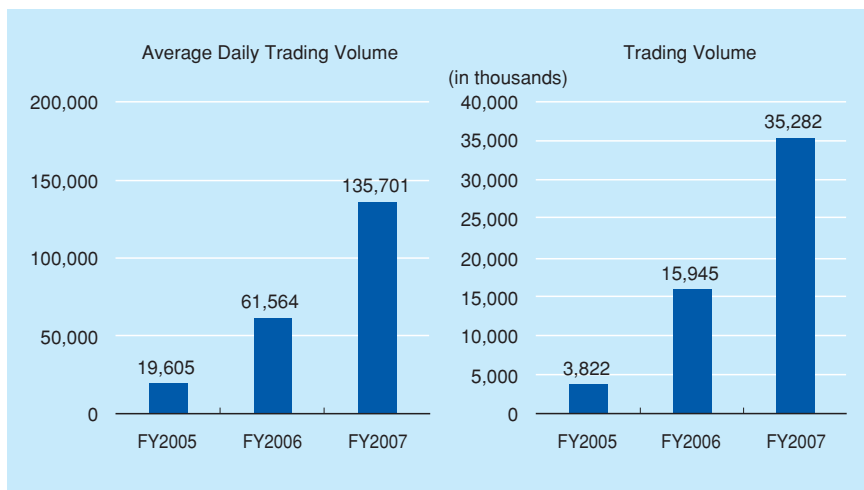
Three-month Euroyen Futures



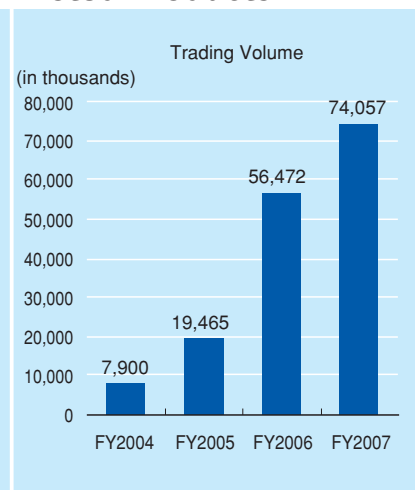
Options on Three-month Euroyen Futures



CLICK 365 (Exchange FX Margin contracts)* Listed from July, 2005



Total Trading Volume of Listed Products



Trading in Fiscal Year 2007

(1) Three-month Euroyen Futures

Volume of trading of Three-month Euroyen Futures on TFX increased until the summer of 2007 due to speculation that the Bank of Japan would raise interest rates. However volumes went slack in the latter half of the fiscal year due to the U.S. sub-prime mortgage crisis, which came to the fore in mid-August. This prompted investors' concern about a possible business recession in the U.S.A. and Japan and the prospects that the Bank of Japan would raise interest rates became unlikely.

As a result, the annual total trading volume was 35,315 thousand contracts, a 2.7% decrease from the previous fiscal year.

(2) CLICK 365

The U.S. dollar-yen exchange rate was in favor of U.S. dollar against Japanese yen until July 2007, but the yen suddenly gained strength in August due to effect of the U.S. sub-prime mortgage crisis. Thereafter, the rate continued to fluctuate. On March 13, 2008, the U.S. dollar fell below 100 yen for the first time since 1995 triggered by the Bear Stearns crisis, and further fell reaching the 95-yen level on March 17.

In response to such exchange rate movements, CLICK 365 was very active: trading volume in fiscal year 2007 was 35,282 thousand contracts, a 121.2% increase from the previous fiscal year.

MID-TERM BUSINESS PLAN

By a resolution of the Board of Directors passed on May 23 2008, TFX adopted a Mid-Term Business Plan for the first time.

Based upon changes in the economic environment which are quite likely to occur in the future, the plan clarifies TFX's future prospects and management targets, from the viewpoint of how TFX is to establish its position in Japan and the world. The plan is set forth below.

Introduction

It has been four years since Tokyo Financial Exchange (TFX) was demutualized, during which time we have steadily grown under two main operations: Interest Rate Futures contracts and Exchange FX Margin contracts. In fiscal year 2007, we achieved a record Ordinary Profit of JPY7.7 billion.

We have also enjoyed a reputation as an advanced and global exchange both domestically and internationally.

In order to establish complete and total management foundations, and further enhance our presence in the future, we have drawn up a Mid-Term Business Plan for the next three years commencing in fiscal year 2008, which will help us achieve further growth.

The economic environment which is to be the premise of this Mid-Term Business Plan for the next three years is recognized to be as follows.

1 The outlook of Japan's domestic economy

Although two years have passed since the removal of the quantitative monetary easing policy, the economy has entered a sluggish phase due to the U.S. sub-prime mortgage crisis exposed last summer in the midst of normalization of interest rates, along with the increasing risk of further slowdown for fiscal year 2008.

With a view to the aging society, there is a trend of policies advocating investments rather than savings and these investments are expected to be actively made in various financial assets.

Additionally, on the background of an increasing balance of Japan's government's bonds, potential needs for hedging against the rise of interest rates are growing, which has brought high expectations in the medium term for products dealt with at TFX.

2 Changes in the operational environment due to the enforcement of the Financial Instruments and Exchange Act

In the financial sector, restrictions on products listed on the exchanges have been removed, and the era of exchanges competing with each other has begun, which will enhance user-friendliness and enforce investor protection.

Moreover, the government's plan for enhancing competitiveness in the financial and capital markets has included the concept of a comprehensive exchange and the proposal to make the Tokyo financial market into the center of the world's finance.

3 World Affairs

Looking at developments overseas, needs for derivatives transactions are growing larger compared to spot transactions against a backdrop of uncertainty about the future.

With this background, competition, restructuring and reorganization focusing on derivatives transactions are dynamically progressing among major exchanges in Europe and the United States.

This trend is thought likely to spread to Asia and Japan in the future.

Based on such conditions, this Mid-Term Business Plan clarifies:

“How Tokyo Financial Exchange is to establish its position in Japan and the world.”

Future Prospects

In light of our experiences and past results as a financial futures exchange, we aim to be a **“comprehensive exchange for financial derivatives.”**

Management Targets

1 The operating foundation that covers **all three major sectors in financial derivatives, which are interest rates, foreign exchange, and stocks**, is to be established by 2010 in order to establish TFX as “the comprehensive exchange for financial derivatives.”

2 As a result, in 2010, the final fiscal year of the Mid-Term Business Plan, the following is to be achieved :

- **Amount of annual transactions** **150 million contracts or more; and**
- **ROE** **Approximately 25%**

3 **The stock exchange listing** is to be achieved as swiftly as possible after the completion of the Mid-Term Business Plan (2011).

Basic Strategies

1. Establish highly convenient and reliable markets

2. Realize a global market attractive to overseas investors

3. Build a state-of-the-art trading system

4. Maintain fairness and credibility of the markets

5. Achieve transparency and efficiency in organizational operations

Business Strategies

1. Establish highly convenient and reliable markets

- (1) Enhancement of the convenience of existing products by reflecting needs of market participants and investors
 - 1 Interest rate futures contracts
 - a. Change of the matching method to the pro-rata (proportional distribution) method, and the introduction of block trade in strategy trades (2008)
 - b. Extension of trading hours based on market needs
 - c. Listing of mid-curve options (2009)
 - 2 CLICK 365 (Exchange FX Margin contracts)
 - a. Addition of ten or more currencies and the introduction of cross-currency trading (2008)
 - b. Introduction of the function to simultaneously hold both selling and buying positions, and the function to choose which position to settle (2008)
- (2) Introduction of Stock Index Futures (2008)
- (3) Development of new products and new business

2. Realize a global market attractive to overseas investors

- (1) Introduction of the remote membership program (2008) and an increase in number of the remote members
 - 1 Free acquisition of remote membership
 - 2 English versions of applications and notifications related to remote membership
 - 3 Building of the global network
- (2) Introduction of the liquidity provider scheme (2008)
- (3) Addition of leading ISVs (Independent software vendor)

3. Build a state-of-the-art trading system

- (1) Improvement of platform capacity (2008)
 - 1 The highest speed of order processing in the national exchanges
Achieve ten milliseconds or less (New Interest Rate Futures platform)
 - 2 Significant expansion of order processing capacity
Twelve times or more of the current capacity (New Exchange FX Margin platform)
- (2) Introduction of collocation services (2008)
- (3) Completion of BCP (Business Continuity Plan) efforts
 - Establishment of the backup centers
New Interest Rate Futures platform (2008)
New Exchange FX Margin platform (2009)

4. Maintain fairness and credibility of the markets

- (1) Reinforcement of self-regulatory function
 - 1 Enhancement of monitoring systems for transactions of various new products
 - 2 Reinforcement of inspection contents for diversified trading members
- (2) Further improvement of clearing and settlement functions
 - 1 Establishment of clearing members' pre-trade risk management system on remote trading members
 - 2 Improvement of efficiency in give-up operations such as the development of a calculation tool for give-up commission charges (2009)

5. Achieve transparency and efficiency in organizational operations

- (1) Further rationalization of management based on a streamlined and efficient organization (100 staff members)
- (2) Enhancement of internal management through more thorough compliance
- (3) Enhancement of investor relations and public relations capacity at home and abroad
- (4) Establishment of Japanese-SOX (the Financial Instruments and Exchange Act) handlings (2010)

This document contains certain projections or forward-looking statements with respect to goals and expectations relating to future events or future performances that involve a number of risks and uncertainties and are based upon certain beliefs and premises derived from the extrapolation of currently available information.

Such projections or forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results or performance by us to differ materially from those contained in the projections or forward-looking statements for any reason.

None of the information contained in this document constitutes a solicitation or offer to provide any investment or asset management advice or service.

CHALLENGES IN FISCAL YEAR 2008

1

Listing of Stock Index Futures

As a result of the Financial Instruments and Exchange Act coming into force, securities derivatives are now permitted to be listed on TFX. As a "comprehensive exchange for financial derivatives", TFX is striving to list stock index futures in 2008.

2

Promotion of Remote Membership and Adoption of Liquidity Provider Scheme

In addition to the remote membership program, a liquidity provider scheme will also be adopted.

The liquidity provider scheme is intended to further improve liquidity of the market by offering incentives to market participants who actively participate in trading.

Such programs are prevailing in overseas exchanges.

3

Measures Relating to Interest Rate Futures Trading

- (1)Promotion of over-night interest rate futures trading
- (2)Adoption of collocation services

4

Reduction of TFX's Fee and Addition of Market Makers for CLICK 365

- (1)Reduction of TFX's per contract exchange fee for CLICK 365

TFX's per contract exchange fee for each CLICK 365 contract was reduced by 30 yen to 70 yen effective from May. (The fee will be further reduced to 35 yen effective from the end of October.)

This reduction aims to expand trading volumes for the fair and transparent CLICK 365 market.

- (2)Addition of Market Makers

After upgrading Exchange FX Margin trading system at the end of October (see Section 6), market makers for CLICK 365 will double (from 3 to 6). This addition will enable rates to be presented in a stable manner at relevant events such as the announcement of economic indicators.

5

Assigning a Poster Person for CLICK 365

In order to improve public recognition of CLICK 365, which has been listed on TFX since July 2005, TFX has assigned Ms. Ayako Hatta, a television personality who is rapidly gaining popularity, to appear on television commercials and other advertisements for CLICK 365.



6

Upgrading of Exchange FX Margin Trading System

- (1)In order to improve the usability of CLICK 365, TFX's existing trading system will be upgraded to the next-generation version which will be the most advanced in Japan.

- (2)Improvement of Usability

- (i)In order to allow for the expected increase in trading volumes, order processing speed will be increased.

Maximum order processing capacity: approximately 1,250 or more contracts per second (approximately 12 times as fast as the current level)

- (ii)Addition of new functions

a. Increase of currency-related products (to 25 or more products)

Increase of currencies with which Japanese yen is exchanged (from 7 to 18 currencies), and listing of 7 new pairs of currencies to be covered in cross-currency contracts

b. Introduction of a function of choosing positions for settlement (i.e., positions for closing transactions)

- (3)As is the case with TFX's Interest Rate Futures trading system, TFX will establish a disaster recovery center for the Exchange FX Margin trading system, as a part of TFX's BCP efforts.

7

Other Measures

- (1)Strengthening of overseas investors relations
- (2)Implementation and expansion/improvement of seminars

FINANCIAL OUTLOOK

Financial Results for the Current Year

	FY 2004	FY 2005	FY 2006	FY 2007	Change from FY 2006
Operating Revenues (in millions yen)	2,000	4,106	10,774	12,123	12.5%
Operating Profit (in millions yen)	△152	1,034	7,021	7,565	7.7%
Ordinary Profit (in millions yen)	△103	1,093	7,166	7,731	7.9%
Current Term Net Profit (in millions yen)	△107	772	7,188	5,228	△27.3%
Cur. Term Net Pft. per Share (in yen)	△159.77	859.62	8,296.63	6,060.24	△27.0%
Total Assets (in millions yen)	24,604	57,391	108,110	174,955	61.8%
Net Assets (in millions yen)	11,947	12,719	19,717	19,554	△0.8%
Net Assets per Share (in yen)	10,263.64	11,158.76	19,269.90	22,665.33	17.6%

The yen amounts shown in this financial statement have been rounded down.

Financial Highlights

(1) Profit

■ Realization of the Largest Profit in TFX's History

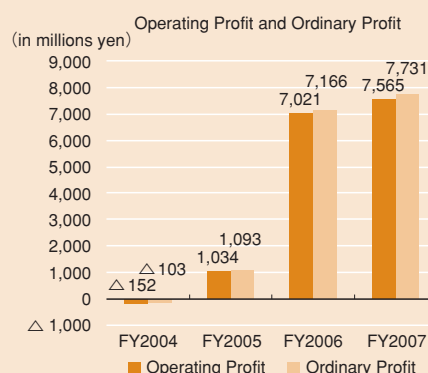
By virtue of the expansion of trading volumes on TFX (31.1% increase over the previous fiscal year), TFX's Per Contract Exchange Fees income for fiscal year 2007 increased by 12.2% and as a result, TFX's Operating Revenues increased by 1,348 million Japanese yen to 12,123 million Japanese yen. For fiscal year 2007, TFX's Operating Profit and Ordinary Profit were 7,565 million and 7,731 million Japanese yen respectively, the largest figures in TFX's history.

■ Incurrence of Income Tax Liabilities

In fiscal year 2007, TFX's accumulated loss for tax purposes was offset by the current term profit for tax purposes. As a result, TFX incurred income tax liabilities and TFX's Current Term Net Profit was 5,228 million Japanese yen, a decrease from the previous fiscal year.

■ Dividend Increase

In light of TFX's realization of the largest profit in its history, TFX will pay a dividend for fiscal year 2007 in the amount of 1,000 Japanese yen per share, twice the amount paid by TFX for the previous fiscal year (500 Japanese yen).



(2) Assets

■ Inclusion of Deferred Tax Assets

Commencing with fiscal year 2007, TFX has applied tax effect accounting as a result of the offset of TFX's accumulated loss, as mentioned above. For fiscal year 2007, TFX included Deferred Tax Assets in the amount of 505 million Japanese yen in its financial statements.

■ Inclusion of New Trading System Development Cost

In connection with the development of TFX's Interest Rate Futures and Exchange FX Margin trading systems, cost of purchase of related equipment and development of related software in a total amount of 4,096 million Japanese yen was included in the "Construction in progress" and "Software development in progress" accounts.

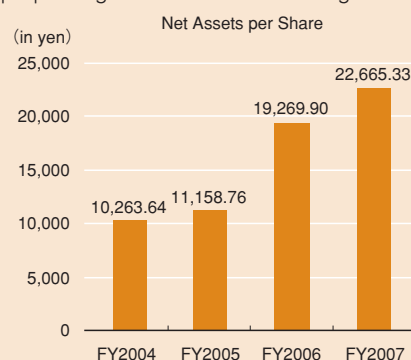
■ Increase of Assets on Deposit

TFX's Total Assets were 174,955 million Japanese yen, a significant increase of 61.8% over the previous fiscal year. Most of this increase arose

from an increase of assets (such as margins) received as deposit from trading members, due to growth of trading volume of CLICK 365.

■ Retirement of Preferred Stock

For the purpose of qualitative improvement of TFX's capital structure, in the first half of fiscal year 2007, TFX purchased all of 306,180 shares of its preferred stock which were issued when TFX was demutualized in April 2004, and fully retired those shares by appropriating TFX's Retained Earnings.



FINANCIAL STATEMENTS

Balance Sheet

(in millions yen)			(in millions yen)		
Account Titles	FY2007 As of March 31, 2008	FY2006 As of March 31, 2007	Account Titles	FY2007 As of March 31, 2008	FY2006 As of March 31, 2007
(ASSETS)			(LIABILITIES)		
Current Assets	9,666	8,521	Current Liabilities	3,703	980
Cash and bank deposits	81	5,349	Accounts payable - trade	93	94
Accounts receivable - trade	994	1,123	Accounts payable - other	330	539
Securities	8,203	1,999	Income taxes payable	2,948	52
Accounts receivable - other	34	42	Consumption taxes payable	-	122
Advance payments	2	0	Advances received	-	9
Prepaid expenses	15	7	Deposits received	9	8
Deferred tax assets	337	-	Allowance for directors' bonuses	60	45
Others	1	2	Allowance for bonuses	137	107
Allowance for doubtful accounts	△ 2	△ 3	Allowance for losses arising from change to trading systems	122	-
Fixed Assets	165,288	99,589	Fixed Liabilities	151,697	87,413
Property and Equipment	1,454	298	Long-term accounts payable	9	212
Buildings and fixed equipment	119	95	Allowance for retirement benefits for directors	206	177
Furniture and fixtures	169	170	Allowance for retirement benefits for employees	141	114
Construction in progress	1,165	32	Allowance for losses arising from change to trading systems	-	30
Intangible Fixed Assets	3,285	1,844	Deposits received from trading members	151,339	86,878
Software	346	1,461	Exchange margins	146,829	83,254
Software development in progress	2,930	377	Market entry deposits	400	404
Others	9	5	Clearing deposits	4,110	3,220
Investments and Other Assets	9,209	10,568	Total Liabilities	155,401	88,393
Investment in securities	8,435	10,431	(NET ASSETS)		
Guarantee money deposits	310	134	Shareholders' Equity	19,554	19,717
Long-term loan receivable	3	2	Common stock	5,844	5,844
Long-term prepaid expenses	1	-	Capital surplus	6,045	6,045
Deferred tax assets	168	-	Capital surplus reserve	6,045	6,045
Others	293	-	Retained earnings	7,663	7,826
Allowance for doubtful accounts	△ 4	△ 0	Other retained earnings	7,663	7,826
Assets received for guarantee from trading members	151,339	86,878	Reserve for compensation for losses from default	164	164
Exchange margins received	146,829	83,254	Retained earnings brought forward	7,499	7,662
Market entry deposits received	400	404	Total Net Assets	19,554	19,717
Clearing deposits received	4,110	3,220	Total Liabilities and Net Assets	174,955	108,110
Total Assets	174,955	108,110			

Profit and Loss Statement

(in millions yen)		
Account Titles	FY2007 From 4/1/2007 to 3/31/2008	FY2006 From 4/1/2006 to 3/31/2007
Operating Revenues	12,123	10,774
Monthly exchange fees	41	40
Per-contract exchange fees	11,637	10,374
Income relating to system equipment	110	81
Trading registration fees	64	22
Income from information services	270	256
Operating Expenses	4,558	3,752
Personnel expenses	1,246	957
Marketing expenses	4	94
Facility-related expenses	2,834	2,189
Administrative expenses	473	510
Operating Profit	7,565	7,021
Non-Operating Revenues	178	144
Interest Income	168	112
Contract cancellation charges received	-	29
Miscellaneous income	9	2
Non-Operating Expenses	11	0
Miscellaneous loss	11	0
Ordinary Profit	7,731	7,166
Extraordinary Profits	9	56
Compensation for damages received	-	56
Reversal of allowance for directors' bonuses	9	-
Extraordinary Losses	92	30
Provision for allowance for losses arising from change to trading systems	92	30
Current Term Net Profit before Tax	7,648	7,192
Income taxes - current	2,925	3
Income taxes - deferred	△ 505	-
Current Term Net Profit	5,228	7,188

Statement of Changes in Shareholders' Equity

Fiscal Year 2007(from 4/1/2007 to 3/31/2008)

(in millions yen)

Account Titles	Shareholders' Equity					Total Net Assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	
Balance as of Mar 31, '07	5,844	6,045	7,826	-	19,717	19,717
Changes during the term						
Dividend from surplus paid	-	-	△461	-	△461	△461
Current Term Net Profit	-	-	5,228	-	5,228	5,228
Acquisition of treasury stock	-	-	-	△4,929	△4,929	△4,929
Retirement of treasury stock	-	△4,929	-	4,929	-	-
Appropriation of retained earnings to retirement of treasury stock	-	4,929	△4,929	-	-	-
Total amount changed during the term	-	-	△163	-	△163	△163
Balance as of Mar 31, '08	5,844	6,045	7,663	-	19,554	19,554

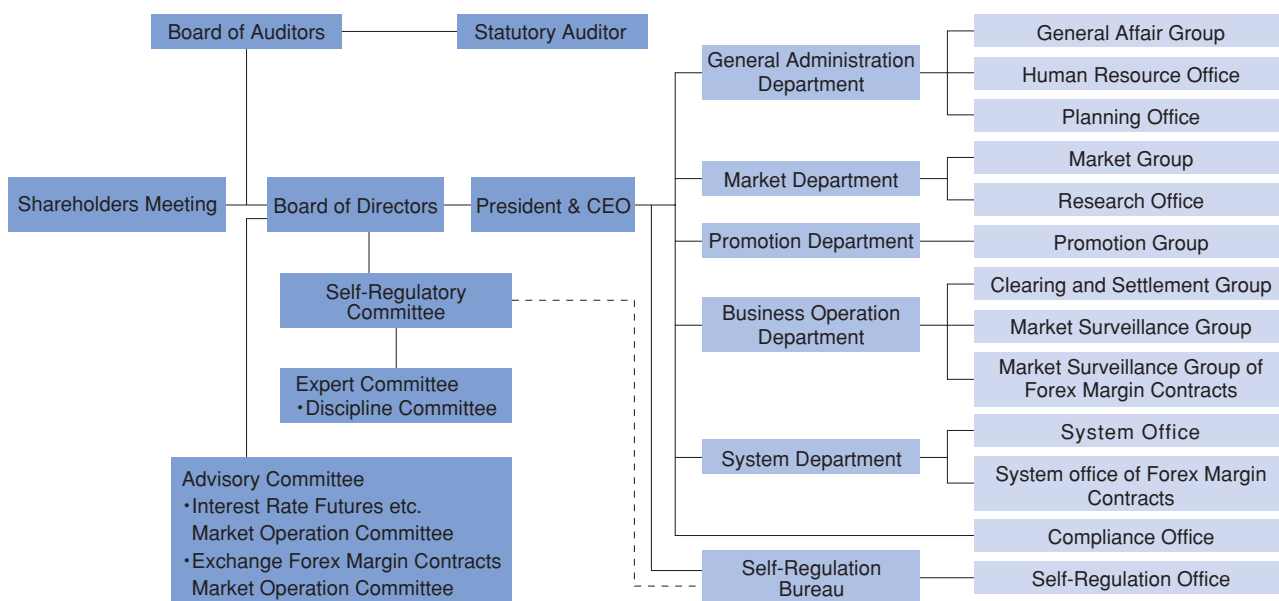
The Japanese yen amounts shown in these financial statements have been rounded down to the nearest million yen.

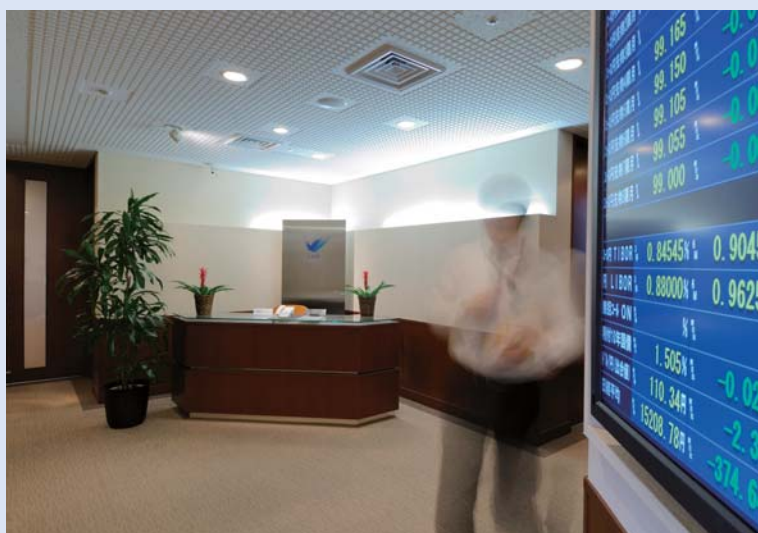
This English translation is solely for reference purpose only and not a legally definitive translation of the original Japanese text. In the event a difference arises regarding the meaning herein, the original Japanese version will prevail as the official authoritative version.

1. Corporate Profile

Company Name	:	Tokyo Financial Exchange Inc.	
Founded	:	April 1989	
Address	:	21 Ichiban-cho, Chiyoda-ku, Tokyo 102-0082	
Capital	:	¥5,844,650,000	
No. of Employees	:	94 (as of April 1, 2008)	
Fiscal Term	:	March 31	
Management (as of March 31, 2008)	:	President & CEO	Jiro Saito
		Senior Managing Director & COO	Shozo Ohta
		Managing Director	Takashi Murakami
		Member of the Board	Keimei Kaizuka
		Member of the Board	Tetsuo Seki
		Member of the Board	Takeshi Kunibe
		Member of the Board	Toshihiko Nakane
		Standing Statutory Auditor	Yoshio Hayakawa
		Statutory Auditor	Kazuo Tezuka
		Statutory Auditor	Mitsunori Kanesaka
No. of TFX Members (as of May 31, 2008)	:	48(Interest Rate Futures Trading and Clearing Members)	
		7(Interest Rate Futures Trading Members)	
		17(FX Margin Trading and Clearing Members)	
		* One of the above companies is also Interest Rate Futures Trading members	
U R L	:	http://www.tfx.co.jp/en	

2. Organizational Chart (as of April 1, 2008)





The copyright of this document is held by the Tokyo Financial Exchange Inc.(TFX).

The original text of this document has been prepared in the Japanese language and only the Japanese version will apply to and govern the rights and obligations for all purposes whatsoever hereunder. Accordingly, the Japanese version of this document shall apply in the event of any disagreement over the meaning or construction of any provisions in this document.

Although we undertook with reasonable care to ensure the accuracy of the translation of this document, no liability for such translation is assumed by TFX under any circumstances whatsoever.



Tokyo Financial Exchange Inc.

Ichiban-cho Tokyu Building, 21 Ichiban-cho, Chiyoda-ku, Tokyo 102-0082
Tel : +81 3 3514 2400 Fax : +81 3 3514 2425 URL : <http://www.tfx.co.jp/en/>