

CONSOLIDATED BALANCE SHEETS

Japan Securities Depository Center, Inc.

As of March 31, 2005 and 2006

	¥ (thousands)		\$ (thousands) (Note 4)
	2005	2006	2006
ASSETS			
Current Assets:			
Cash and cash equivalents	¥ 1,203,318	¥ 1,839,815	\$ 15,636
Accounts receivable—trade	4,056,477	3,625,987	30,817
Deferred income taxes (Note 8)	50,470	202,807	1,723
Designated assets for clearing funds (Note 3)	54,570,594	49,970,274	424,700
Other current assets	266,278	183,106	1,556
Total Current Assets	60,147,137	55,821,992	474,434
Property and Equipment:			
Buildings	756,824	776,667	6,600
Tools and furniture	4,190,155	4,138,412	35,172
	4,946,979	4,915,079	41,773
Less: Accumulated depreciation	(2,830,335)	(3,163,263)	(26,884)
Total Property and Equipment	2,116,644	1,751,816	14,888
Intangible Assets, Net:			
Software	9,694,192	9,679,743	82,268
Construction in progress (software)	920,785	611,745	5,199
Other intangible assets	10,462	10,766	91
Total Intangible Assets	10,625,439	10,302,254	87,559
Investment and Other Assets:			
Long-term refundable lease deposits	509,657	464,904	3,951
Long-term prepaid expenses	31,999	35,456	301
Deferred income taxes (Note 8)	154,948	140,958	1,198
Total Investment and Other Assets	696,604	641,320	5,450
Total Assets	¥73,585,824	¥68,517,382	\$582,333
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Accounts payable—trade	¥ 2,281,906	¥ 1,826,047	\$ 15,519
Short-term debt (Note 6)	4,500,000	—	—
Income taxes payable	26,223	1,555,985	13,224
Accrued employees' bonuses	115,199	129,554	1,101
Consumption tax payable	160,541	240,382	2,043
Deposits received for clearing funds (Note 3)	54,570,594	49,970,274	424,700
Other current liabilities	363,243	302,698	2,572
Total Current Liabilities	62,017,706	54,024,942	459,161
Long-term Liabilities:			
Accrued employees' retirement benefits (Note 7)	52,249	79,508	675
Accrued executives' retirement benefits	55,260	60,840	517
Total Long-term Liabilities	107,509	140,348	1,192
Total Liabilities	62,125,215	54,165,290	460,354
Minority Interest in Subsidiaries	—	—	—
Shareholders' Equity:			
Common stock			
Authorized: 10,000 shares			
Issued: 8,500 shares	4,250,000	4,250,000	36,121
Capital surplus	4,250,000	4,250,000	36,121
Retained earnings	2,960,609	5,852,092	49,737
Total Shareholders' Equity	11,460,609	14,352,092	121,979
Total Liabilities and Shareholders' Equity	¥73,585,824	¥68,517,382	\$582,333

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF INCOME

Japan Securities Depository Center, Inc.
For the years ended March 31, 2005 and 2006

	¥ (thousands)		\$ (thousands) (Note 4)
	2005	2006	2006
Operating Income	¥19,003,966	¥21,745,176	\$184,813
Operating Expenses:			
Executives' compensation	135,545	142,293	1,209
Salaries and bonuses	1,240,492	1,433,418	12,182
Severance costs for employees	26,643	39,860	338
Executives' retirement benefits	21,410	20,370	173
Maintenance for systems	4,871,921	4,734,433	40,238
Outside services	2,688,531	2,539,628	21,584
Registration fees	2,302,067	2,202,171	18,716
Depreciation and amortization	3,923,948	3,732,944	31,726
Rent	290,398	416,600	3,540
Advertisement	463,429	420,613	3,574
Others	1,127,454	1,206,912	10,257
Total Operating Expenses	17,091,838	16,889,247	143,542
Income from Operations	1,912,128	4,855,929	41,270
Other Income (Expenses):			
Interest income	34	0	0
Operational revenue on the designated assets for clearing funds	478	508	4
Adjustments for prior year consumption taxes	77,617	—	—
Interest expenses	(65,616)	(31,457)	(267)
Commitment fees	(33,294)	(38,095)	(323)
Fees for fund operation of designated assets for clearing funds	(8,984)	(9,609)	(81)
Loss on disposal of property and equipment	(55,038)	(35,548)	(302)
Loss on disposal of intangible assets	(192,285)	(6,445)	(54)
Cancellation fee for system operations	(27,923)	—	—
Others, net	588	226	1
Total	(304,423)	(120,420)	(1,023)
Income before Income Taxes	1,607,705	4,735,509	40,247
Income Taxes (Note 8)			
Current	602,519	1,752,475	14,894
Deferred	(45,058)	(138,348)	(1,175)
Net Income	¥ 1,050,244	¥ 3,121,382	\$ 26,528
		Yen	U.S. dollars (Note 4)
Per Share (Note 11):			
Net income—primary	¥121,511.06	¥365,197.98	\$3,103.84
Dividends	25,000	35,000	297.46
Weighted-average number of common stock shares outstanding (in shares)	8,500	8,500	—

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Japan Securities Depository Center, Inc.
For the years ended March 31, 2005 and 2006

	¥ (thousands)				
	Number of common stock shares	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance as of March 31, 2004	8,500	¥4,250,000	¥4,250,000	¥2,136,565	¥10,636,565
Net income for the year	—	—	—	1,050,244	1,050,244
Cash dividends	—	—	—	(212,500)	(212,500)
Bonuses to executives	—	—	—	(13,700)	(13,700)
Balance as of March 31, 2005	8,500	4,250,000	4,250,000	2,960,609	11,460,609
Net income for the year	—	—	—	3,121,382	3,121,382
Cash dividends	—	—	—	(212,500)	(212,500)
Bonuses to executives	—	—	—	(17,400)	(17,400)
Balance as of March 31, 2006	8,500	¥4,250,000	¥4,250,000	¥5,852,092	¥14,352,092

	\$ (thousands) (Note 4)				
	Number of common stock shares	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance as of March 31, 2005	8,500	\$36,121	\$36,121	\$25,162	\$ 97,404
Net income for the year	—	—	—	26,528	26,528
Cash dividends	—	—	—	(1,806)	(1,806)
Bonuses to executives	—	—	—	(147)	(147)
Balance as of March 31, 2006	8,500	\$36,121	\$36,121	\$49,737	\$121,979

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Japan Securities Depository Center, Inc.
For the years ended March 31, 2005 and 2006

	¥ (thousands)		\$ (thousands) (Note 4)
	2005	2006	2006
Cash Flows from Operating Activities:			
Income before income taxes	¥ 1,607,705	¥ 4,735,509	\$ 40,247
Depreciation and amortization	3,923,948	3,732,944	31,726
Increase in accrued employees' bonuses	14,524	14,355	122
Increase in accrued employees' retirement benefits	19,386	27,259	231
Increase in accrued executives' retirement benefits	12,090	5,580	47
Interest income	(34)	(0)	(0)
Interest expense	65,616	31,457	267
Loss on disposal of property and equipment	55,038	35,548	302
Loss on disposal of intangible assets	192,285	6,445	54
(Increase) decrease in accounts receivable—trade	(253,428)	430,490	3,658
Increase (decrease) in accounts payable—trade	435,044	(455,858)	(3,874)
Decrease (increase) in other assets	3,308	(15,916)	(135)
Increase in other liabilities	122,028	136,111	1,156
Others, net	(13,697)	(17,400)	(147)
Sub-total	6,183,813	8,666,527	73,657
Interest and dividends received	34	0	0
Interest paid	(64,009)	(18,151)	(154)
Income taxes paid	(1,327,274)	(257,216)	(2,186)
Income taxes refund	—	76,412	649
Net Cash Provided by Operating Activities	4,792,564	8,467,571	71,966
Cash Flows from Investing Activities:			
Payments for purchases of property and equipment	(1,130,647)	(255,017)	(2,167)
Payments for purchases of intangible assets	(3,394,399)	(2,908,309)	(24,717)
Payment of guarantee money deposits received	(85,037)	(19,399)	(164)
Proceeds from refund of guarantee money deposits	—	64,151	545
Net Cash Flows Used in Investing Activities	(4,610,083)	(3,118,574)	(26,504)
Cash Flows from Financing Activities:			
Proceeds from short-term debt	1,000,000	—	—
Repayment of short-term debt	(1,500,000)	(4,500,000)	(38,245)
Cash dividends paid	(212,500)	(212,500)	(1,806)
Net Cash Flows Used in Financing Activities	(712,500)	(4,712,500)	(40,051)
Net (Decrease) Increase in Cash and Cash Equivalents	(530,019)	636,497	5,409
Cash and Cash Equivalents at Beginning of Year	1,733,337	1,203,318	10,227
Cash and Cash Equivalents at End of Year	¥ 1,203,318	¥ 1,839,815	\$ 15,636

The accompanying notes are an integral part of these statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Japan Securities Depository Center, Inc.

1.

BASIS OF PRESENTING THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared from the accounts maintained by Japan Securities Depository Center, Inc. (“the Company”) and its subsidiary in accordance with the provisions set forth in the Securities and Exchange Law and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Finance Reporting Standards. Certain items presented in the consolidated financial statements filed with the Director of the Kanto Local Finance Bureau in Japan have been reclassified for the convenience of readers outside Japan.

2.

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

(1) Consolidation

The consolidated financial statements include the accounts of Japan Securities Depository Center, Inc. and its wholly-owned subsidiary, JASDEC DVP Clearing Corporation (hereafter, “JDCC”) which is the only subsidiary of the Company. JDCC uses a fiscal year ended on March 31, which is the same as that of the Company.

(2) Cash and cash equivalents

Cash and cash equivalents include all highly liquid investments, with original maturities of three months or less, which are readily convertible to known amounts of cash and are so near maturity that they present only an insignificant risk of changes in value because of changes in interest rates. Cash and cash equivalents in consolidated balance sheets and consolidated statement of cash flows are identical in the financial statements.

(3) Property and equipment

Depreciation for buildings, excluding improvements, is computed on the straight-line method using the estimated useful lives prescribed by Japanese Corporate Tax Laws. Depreciation for other capital assets is computed on the declining-balance method at the rates based on the estimated useful lives prescribed by such laws.

(4) Software cost

Costs of software for internal use are capitalized and amortized on the straight-line method over the estimated useful life of five years.

(5) Accrued bonuses

Accrued employees’ bonuses represent liabilities estimated as of the balance sheet date. Bonuses to directors, which are subject to approval at the shareholders’ meeting, are accounted for as an appropriation of retained earnings.

(6) Severance indemnity benefits

The Company has a severance indemnity plan covering all employees who meet the eligibility requirements of the Company’s retirement regulations. The Company records accrued employees’ retirement benefit costs based on the amount that would be payable if all eligible employees voluntarily terminated their employment with the Company at the balance sheet date.

Retirement benefits payable to directors and statutory auditors are accrued as accrued executives’ retirement benefits at the amount computed based on the Company’s internal rules and regulations on these benefits.

(7) Finance leases

In the normal course of business, the Company enters into lease agreements. Finance lease agreements, except for those agreements where the ownership of the leased assets is transferred to the Company, are accounted for as operating leases.

(8) Accounting standard for impairment of non-current assets

On August 9, 2002, the Business Accounting Council in Japan issued “Accounting Standard for Impairment of Non-current Assets”. The standard requires that non-current assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. An impairment loss is recognized in the income statement by reducing the carrying amount of impaired assets or a group of assets to the

recoverable amount to be measured as the higher of net selling price and value in use. However, earlier adoption was permitted for fiscal years beginning April 1, 2004 and for fiscal years ending between March 31, 2004 and March 30, 2005. The Company has applied this new standard as well as “Guidance for Accounting Standards for Impairment of Non-current Assets” (the Accounting Standards Board of Japan issued Financial Accounting Standards Implementation Guidance No. 6, October 31, 2003) for the fiscal year ended March 31, 2006. The Company’s profit and loss are not influenced by this standard.

(9) Consumption taxes

The consumption taxes withheld by the Company and its subsidiary on sales and the consumption taxes paid by the Company and its subsidiary on its purchases of goods and services are not included in the amounts of the relevant accounts in the accompanying statements of income. The consumption taxes withheld and paid are recorded as an asset or a liability, as the case may be, and the net balance is shown in the balance sheets.

(10) Appropriation of retained earnings

Under the Japanese Commercial Code and the Articles of Incorporation of the Company, the appropriation of retained earnings (including year-end cash dividend payments proposed by the Board of Directors) must be approved at the shareholders’ meeting, which must be held within three months of the end of each financial year. The appropriation of retained earnings reflected in the accompanying consolidated financial statements represents the results of appropriations which were applicable to the immediately preceding financial year, approved at the shareholders’ meeting and disposed of during that year. Year-end cash dividends are paid to shareholders on the shareholders’ register at the end of each financial year.

The payment of bonuses to directors and statutory auditors is made out of retained earnings instead of being charged to income for the year, and constitutes a part of the appropriations cited above.

3.

ASSETS AND LIABILITIES HELD FOR SOUND SETTLEMENT SYSTEM OPERATION AND MANAGEMENT

In order to secure the Delivery Versus Payment (“DVP”) for Non-Exchange Transaction Deliveries (“NETDs”) settlement system, JDCC, a consolidated subsidiary of the Company, receives cash or securities as collateral from the DVP participants whom JDCC officially acknowledge as a party who undertakes securities obligations in accordance with the provisions set in JDCC’s general provisions in accordance with Article 156, Paragraph 7-1, of the Securities Exchange Law (Law No. 25, 1948).

JDCC manages cash and securities entrusted by the DVP participants as clearing funds defined in Article 156-11 of the Securities Exchange Law separately from other assets in accordance with Article 7 of the cabinet ordinance related to securities clearing agencies (Cabinet Ordinance No. 76, 2002).

(1) Participant fund specified assets and participant funds under management

Under the DVP for the NETDs settlement system, when JDCC accepts obligations from DVP participants, the DVP participants involved in the transactions make JDCC responsible for payment obligations and the content thereof.

JDCC requires each DVP participant to establish a participant fund in excess of the necessary amount set forth in JDCC’s general provisions to ensure that the respective obligations of DVP participants are covered. The aggregate amount of participant funds entrusted to JDCC as of March 31, 2005 and 2006 was ¥15,000 million (\$127 million). In the event a DVP participant defaults on the required payment obligations of the DVP for the NETDs settlement system, JDCC shall take deposits from the participant fund of this DVP participant to fulfill its obligations to other DVP participants.

The participant funds entrusted to JDCC will be managed as money trusts, in line with the stated general provisions of JDCC.

The evaluation technique applied to money trusts will be the cost basis for investments with no market value, a process corresponding to that used for other marketable securities.

Assets and liabilities pertaining to participant funds are expressed as line items for this purpose, with assets indicated as designated assets for clearing assets, and liabilities indicated as deposits received for clearing funds.

(2) Collateral securities

Under the DVP for the NETDs settlement system, DVP participants are able to entrust marketable securities listed in JDCC's general provisions (hereafter, "collateral securities") to ensure that obligations to JDCC are met.

When a DVP participant fails to meet its obligations to JDCC, JDCC is authorized to dispose of the entrusted collateral securities by selling them in securities markets or through other methods deemed appropriate by JDCC.

As of March 31, 2005 and 2006, the market value of collateral securities entrusted to JDCC was ¥128,125,806 thousand and ¥140,341,857 thousand (\$1,192,774 thousand), respectively.

4.**US DOLLAR AMOUNTS**

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥117.66=U.S.\$1, the rate of exchange as of March 31, 2006, has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at this or any other rate.

5.**LEASE TRANSACTIONS**

Finance lease transactions, other than those in which the ownership of the leased asset is transferred to the lessee, are accounted for as operating leases. Certain key information (in equivalent data) on such lease contracts of the Company for the periods ended March 31, 2005 and 2006 is as follows:

	¥ (thousands)		\$ (thousands)
	2005	2006	2006
Tools and furniture:			
Acquisition cost	¥265,068	¥ 267,272	\$ 2,271
Accumulated depreciation	(97,836)	(148,786)	(1,264)
Net book value	¥167,232	¥ 118,486	\$ 1,007

The scheduled maturities of future lease payments, including the portion of interest thereon, on such lease contracts as of March 31, 2005 and 2006 are as follows:

	¥ (thousands)		\$ (thousands)
	2005	2006	2006
Due within one year	¥ 52,469	¥ 54,803	\$ 465
Due over one year	117,128	66,247	563
Total	¥169,597	¥121,050	\$1,028

Finance lease charges as well as depreciation and interest amounts (in equivalent data) for the years ended March 31, 2005 and 2006 are as follows:

	¥ (thousands)		\$ (thousands)
	2005	2006	2006
Finance lease charges	¥55,801	¥56,132	\$477
Depreciation (in equivalent data)	53,593	53,909	458
Interest (in equivalent data)	3,140	2,421	20

(Note) Methods applied in computation of the equivalent data are as follows:

Depreciation: Straight-line method with zero residual value over the lease contract period.

Interest: Computed as the difference between the lease obligations and the acquisition cost, allocated for the lease contract period based on the interest rate method.

6.**DEBTS AND OTHER BORROWINGS**

Short-term debts at March 31, 2005 comprised loans from banks with a weighted-average interest rate of 1.675% per annum. The Company does not have any debts or borrowings for the year ended March 31, 2006.

7.**ACCRUED SEVERANCE INDEMNITIES FOR EMPLOYEES**

Accrued employees' retirement benefits at March 31, 2005 and 2006 represented the amount that would be payable for the Company if all eligible employees voluntarily terminated their employment at the balance sheet date. Severance costs for employees charged to income for the year ended March 31, 2006 amounted to 39,860 thousand yen (338 thousand U.S. dollars). Severance costs for employees charged to income for the year ended March 31, 2005 amounted to 26,643 thousand yen. In addition to the existing lump-sum retirement allowance plan, the Company has adopted a defined contribution pension plan for the year ended March 31, 2006.

8.**INCOME TAXES**

The Company and its subsidiary are subject to a number of different income taxes which, in the aggregate, indicate a nominal statutory tax rate in Japan of approximately 40.6% for the period ended March 31, 2005 and 2006. Reconciliation between the nominal statutory income tax rate and the effective income tax rate in the consolidated statements of income for the years ended March 31, 2005 and 2006 is as follows:

	2005	2006
Nominal statutory income tax rate	40.6%	40.6%
Adjustments:		
Permanent non-deductible difference	0.3	0.2
Equal proportion of inhabitant taxes	0.3	0.1
Income tax credit on investment in IT	(6.9)	(7.0)
Other, net	0.4	0.1
Effective income tax rate	34.7%	34.1%

	¥ (thousands)		\$ (thousands)
	2005	2006	2006
Deferred tax assets:			
Accrued bonuses	¥ 46,936	¥ 52,599	\$ 447
Enterprise tax payable	(5,421)	140,503	1,194
Unpaid social insurance premiums	6,275	6,569	55
Business facility tax	2,681	3,135	26
Accrued retirement benefits to employees	21,213	32,280	274
Accrued retirement benefits to executives	22,435	24,701	209
Excess depreciation of fixed assets	88,624	66,195	562
Excess deferred asset depreciation for tax purposes	22,572	17,781	151
Other	103	—	—
Deferred tax assets	¥205,418	¥343,765	\$2,921

9.**SEGMENT INFORMATION****(1) Business segment**

The Company operates a single business unit, the central securities custody and book-entry transfer system.

(2) Geographic information

The Company has no overseas consolidated subsidiaries and no overseas branches for the years ended March 31, 2005 and 2006.

(3) Overseas sales

The Company does not have any overseas sales for the years ended March 31, 2005 and 2006.

10. RELATED PARTY TRANSACTIONS

The material transactions of the Company with related companies or individuals, excluding transactions with the consolidated subsidiary that are excluded from the consolidated financial statements, and other than those disclosed elsewhere in these financial statements, for the years ended March 31, 2005 and 2006 are as follows:

(1) Directors

<i>As of March 31, 2005</i>						¥ (thousands)
Titles	Name	Business	Transactions	Amount	Account	Ending balance
Director	Toshitsugu Shimizu (Note 1)	Director of the Company, President and CEO of Japan Securities Settlement & Custody, Inc.	Outsourcing (Note 1)	¥2,499,104	Account payable—trade	¥337,704
			Use of equipment (Note 1)	¥71	—	—
Director	Fumiyuki Akikusa	Director of the Company, Managing Director of The Bank of Tokyo—Mitsubishi, Ltd.	Repayment of borrowings	¥645,000	—	—
			Interest on borrowings (Note 2)	¥2,693	—	—
			Short-term borrowing	¥430,000	Short-term debt	¥1,925,000
			Interest (Note 2)	¥315	Prepaid interest	¥5,918

- Notes: 1. The transaction amounts above exclude consumption tax. However, ending balance includes consumption tax.
 2. Terms and conditions
 (1) These amounts include transactions with Japan Securities Settlement & Custody, Inc. (JSSC) for the period from April 1, 2004 to March 31, 2005.
 (2) The terms and conditions of the above transactions are on an arm's-length basis.
 (3) Interest on borrowing is determined based on the market interest rate from banks.

<i>As of March 31, 2006</i>						¥ (thousands)
Titles	Name	Business	Transactions	Amount	Account	Ending balance
Director	Toshitsugu Shimizu (Note 1)	Director of the Company, President and CEO of Japan Securities Settlement & Custody, Inc.	Outsourcing (Note 1)	¥2,357,861 (\$20,039 thousand)	Account payable—trade	¥88,369 (\$751 thousand)
			Use of equipment (Note 1)	¥63 (\$0.5 thousand)	—	—
Director	Fumiyuki Akikusa	Director of the Company, Managing Director of The Bank of Tokyo—Mitsubishi, Ltd.	Interest on borrowings (Note 2)	¥7,243 (\$61 thousand)	Short-term debt	¥1,925,000 (\$16,360 thousand)
			Interest (Note 2)	¥3,744 (\$31 thousand)	—	—

- Notes: 1. The transaction amounts above exclude consumption tax. However, ending balance includes consumption tax.
 2. Terms and conditions
 (1) These amounts include transactions with Japan Securities Settlement & Custody, Inc. (JSSC) for the period from April 1, 2005 to March 31, 2006.
 (2) These amounts include transactions for the period from April 1, 2005 to June 21, 2005 because Fumiyuki Akikusa resigned from the Board of Directors of the Company, and ending balance is the amount as of June 21, 2005.
 (3) The terms and conditions of the above transactions are on an arm's-length basis.
 (4) Interest on borrowing is determined based on the market interest rate from banks.

(2) Principal shareholder and its subsidiaries

As of March 31, 2005

¥ (thousands)

Name of company	Address	Capital	Principal business	Percentage of ownership with voting right	Relationship		Transactions	Amount of transactions (Note 1)	Descriptions (Note 2)	Ending balance
					Directors holding concurrent positions	Business relationship				
Tosho System Service Co. (Subsidiary of other affiliates)	Koto-ku, Tokyo	100,000	Design & development of software	—	—	Purchase of software	Outsourcing	¥1,325,628	Trade account payable	¥123,467
							Purchase of software	¥942,028	Other account payable	¥151,438
Japan Securities Clearing Corporation (Subsidiary of other affiliates)	Chuo-ku, Tokyo	1,700,000	Clearing securities	—	Three	Commission income	Commission income	¥3,536,034	Trade account receivable	¥647,525
Japan Securities Settlement & Custody, Inc. (Subsidiary of other affiliates)	Chuo-ku, Tokyo	300,000	Custody & settlement of securities	—	One	Outsourcing	Outsourcing	¥2,499,104	Trade account payable	¥337,704
							Use of equipment	¥71	—	—

Notes: 1. These transaction amounts above exclude consumption tax. However, ending balance includes consumption tax.
2. The terms and conditions of the above transactions are on an arm's-length basis.

As of March 31, 2006

¥ (thousands)

Name of company	Address	Capital	Principal business	Percentage of ownership with voting right	Relationship		Descriptions	Amount of transactions (Note 1)	Descriptions (Note 2)	Ending balance
					Directors holding concurrent positions	Business relationship				
Japan Securities Clearing Corporation (Subsidiary of other affiliates)	Chuo-ku, Tokyo	1,700,000	Clearing securities	—	Three	Commission income	Commission income	¥4,656,889	Trade account receivable	¥564,292
								(\$39,579 thousand)		(\$4,795 thousand)
Japan Securities Settlement & Custody, Inc. (Subsidiary of other affiliates)	Chuo-ku, Tokyo	300,000	Custody & settlement of securities	—	One	Outsourcing	Outsourcing	¥2,357,861	Trade account payable	¥88,369
							Use of equipment	¥63	—	—
							(\$0.5 thousand)			

Notes: 1. These transaction amounts above exclude consumption tax. However, ending balance includes consumption tax.
2. The terms and conditions of the above transactions are on an arm's-length basis.

11.

NET INCOME PER SHARE

The basis for calculating earnings per share for the years ended March 31, 2005 and 2006 is as follows:

	¥ (thousands)		\$ (thousands)
	2005	2006	2006
Net income as reported in the consolidated statements of income	¥1,050,244	¥3,121,382	\$26,528
Directors' bonuses through the appropriation of retained earnings	17,400	17,200	146
Net income pertaining to common stock shareholders	¥1,032,844	¥3,104,182	\$26,382
Weighted-average number of common stock shares outstanding (in shares)	8,500	8,500	—

12.

SUBSEQUENT EVENTS

Appropriations of retained earnings:

Appropriations of retained earnings are recorded in the accounts only after shareholders' approval has been obtained. The following appropriation of retained earnings of the Company for the year ended March 31, 2006 was approved at the Ordinary General Shareholders Meeting held on June 20, 2006:

	¥ (thousands)	\$ (thousands)
Cash dividends	¥297,500	\$2,528
Bonuses to executives	17,200	146

(Including bonuses to statutory auditors amounting to 2,900 thousand yen (24 thousand U.S. dollars))