Consolidated Balance Sheets (As of March 31, 2007 and 2008)

	¥ (thousands)		$(thousands) (Note 4)
	2007	**2008**	**2008**
ASSETS			
Current Assets:			
Cash and cash equivalents	¥ 2,824,047	**¥ 1,816,676**	**$ 18,132**
Accounts receivable — trade	3,455,111	**3,072,097**	**30,663**
Deferred income taxes (Note 11)	154,648	**156,655**	**1,564**
Designated assets for clearing funds (Note 3)	34,715,413	**29,884,895**	**298,282**
Other current assets	286,809	**356,531**	**3,558**
Total Current Assets	41,436,030	**35,286,855**	**352,199**
Property and Equipment:			
Buildings	823,700	**1,125,677**	**11,235**
Tools and furniture	5,481,521	**9,018,616**	**90,015**
Construction in progress	790,457	**—**	**—**
	7,095,680	**10,144,293**	**101,250**
Less: Accumulated depreciation	(3,957,153)	**(6,262,276)**	**(62,504)**
Total Property and Equipment	3,138,527	**3,882,017**	**38,746**
Intangible Assets, Net:			
Software	8,816,461	**7,171,014**	**71,574**
Construction in progress (Software)	1,915,654	**6,586,807**	**65,743**
Other intangible assets	11,676	**14,882**	**149**
Total Intangible Assets	10,743,792	**13,772,704**	**137,466**
Investment and Other Assets:			
Investment securities	—	**336,647**	**3,360**
Long—term refundable lease deposits	435,502	**514,775**	**5,138**
Long—term prepaid expenses	59,829	**109,154**	**1,089**
Deferred income taxes (Note 11)	223,650	**937,233**	**9,355**
Total Investment and Other Assets	718,982	**1,897,811**	**18,942**
Total Assets	¥ 56,037,333	**¥ 54, 839,389**	**$ 547,353**

The accompanying notes are an integral part of these statements.

	¥ (thousands)		$ (thousands) (Note 4)
	2007	**2008**	**2008**
LIABILITIES			
Current Liabilities:			
Accounts payable – trade	¥ 1,923,856	**¥ 1,556,483**	**$ 15,535**
Short—term borrowings (Note 5 and 8)	—	**2,400,000**	**23,954**
Income taxes payable	938,458	**931,071**	**9,293**
Allowance for employees' bonuses	180,870	**178,909**	**1,786**
Allowance for executives' bonuses	20,300	**20,300**	**203**
Consumption tax payable	6,842	**4,030**	**40**
Deposits received for clearing funds (Note 3)	34,715,413	**29,884,895**	**298,282**
Other current liabilities	1,399,711	**629,274**	**6,281**
Total Current Liabilities	39,185,453	**35,604,964**	**355,374**
Long—term Liabilities:			
Allowance for employees' retirement benefits (Note 9)	114,409	**148,155**	**1,479**
Allowance for executives' retirement benefits	48,120	**41,160**	**411**
Allowance for loss on cancellation of agreement for entrusted operations	—	**827,700**	**8,261**
Allowance for loss on movement of computer Facilities	—	**320,356**	**3,197**
Total Long—term Liabilities	162,529	**1,337,372**	**13,348**
Total Liabilities	39,347,982	**36,942,336**	**368,722**
NET ASSETS			
Shareholders' Equity:			
Common stock			
Authorized: 10,000 shares			
Issued: 8,500 shares	4,250,000	**4,250,000**	**42,419**
Capital surplus	4,250,000	**4,250,000**	**42,419**
Retained earnings	8,189,350	**9,397,052**	**93,793**
Total Shareholders' Equity	16,689,350	**17,897,052**	**178,631**
Total Net Assets	16,689,350	**17,897,052**	**178,631**
Total Liabilities and Net Assets	¥ 56,037,333	**¥ 54,839,389**	**$ 547,353**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Income (For the years ended March 31, 2007 and 2008)

	¥ (thousands)		$(thousands) (Note 4)
	2007	**2008**	**2008**
Operating Income	¥ 22,559,853	**¥ 26,022,586**	**$ 259,732**
Operating Expenses:			
Executives' compensation and bonuses	198,609	**206,673**	**2,063**
Salaries and bonuses	1,772,775	**1,822,149**	**18,187**
Severance costs for employees (Note 9)	62,397	**81,945**	**818**
Executives' retirement benefits	4,850	**—**	**—**
Maintenance for systems	5,087,273	**6,974,215**	**69,610**
Outside services	2,623,715	**2,597,821**	**25,929**
Registration fees	1,645,092	**1,286,788**	**12,843**
Depreciation and amortization	3,871,462	**5,604,745**	**55,941**
Rent	459,776	**509,500**	**5,085**
Advertisement	601,997	**720,881**	**7,195**
Others	1,559,951	**1,925,132**	**19,215**
Total Operating Expenses	17,887,901	**21,729,855**	**216,886**
Income from Operations	4,671,951	**4,292,730**	**42,846**
Other Income (Expenses):			
Interest income	125	**272**	**2**
Operational revenue on the designated assets for clearing funds	38,936	**111,385**	**1,111**
Equity in earnings of the affiliate	—	**21,375**	**213**
Interest expenses (Note 8)	—	**(3,637)**	**(36)**
Commitment fees	(38,377)	**(49,391)**	**(493)**
Commission fees	(28,500)	**—**	**—**
Fees for fund operation of designated assets for clearing funds	(8,876)	**(7,576)**	**(75)**
Loss on disposal of fixed assets	(45,763)	**(16,041)**	**(160)**
Non—recurring depreciation of property and equipment (Note 10)	(185,093)	**(590,625)**	**(5,895)**
Provision for loss on cancellation of agreement for entrusted operations	—	**(827,700)**	**(8,261)**
Provision for loss on movement of computer Facilities	—	**(320,356)**	**(3,197)**
Others, net	113	**3,304**	**33**
Total	(267,435)	**(1,678,991)**	**(16,758)**
Income before Income Taxes	4,404,515	**2,613,739**	**26,088**
Income Taxes (Note 11)			
Current	1,787,090	**1,781,626**	**17,782**
Deferred	(34,532)	**(715,589)**	**(7,142)**
Net Income	¥ 2,651,958	**¥ 1,547,702**	**$ 15,448**

	Yen		U.S.Dollars (Note 4)
Per Share (Note 16)			
Net income – primary	¥ 311,995.13	**¥ 182,082.62**	**$ 1,817**
Dividends	40,000	**40,000**	**399**
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 Changes in Net Assets (For the years ended March 31, 2007 and 2008)

		¥ (thousands)				
	Number of common stock shares	Common stock	Capital surplus	Retained earnings	Total shareholders' equity	Total net assets
Balance as of March 31, **2006**	8,500	¥ 4,250,000	¥ 4,250,000	¥ 5,852,092	¥ 14,352,092	¥ 14,352,092
Cash dividends	—	—	—	(297,500)	(297,500)	(297,500)
Bonuses to executives	—	—	—	(17,200)	(17,200)	(17,200)
Net income for the year	—	—	—	2,651,958	2,651,958	2,651,958
Balance as of March 31, **2007**	8,500	¥ 4,250,000	¥ 4,250,000	¥ 8,189,350	¥ 16,689,350	¥ 16,689,350
Cash dividends	—	—	—	(340,000)	(340,000)	(340,000)
Net income for the year	—	—	—	1,547,702	1,547,702	1,547,702
Balance as of March 31, **2008**	8,500	¥ 4,250,000	¥ 4,250,000	¥ 9,397,052	¥ 17,897,052	¥ 17,897,052

		$ (thousands) (Note 4)				
	Number of common stock shares	Common stock	Capital surplus	Retained earnings	Total shareholders' equity	Total net assets
Balance as of March 31, **2007**	8,500	$ 42,419	$ 42,419	$ 81,738	$ 166,576	$ 166,576
Cash dividends	—	—	—	(3,393)	(3,393)	(3,393)
Net income for the year	—	—	—	15,448	15,448	15,448
Balance as of March 31, **2008**	8,500	$ 42,419	$ 42,419	$ 93,793	$ 178,631	$ 178,631

The accompanying notes are an integral part of these statements.

Notes to the Consolidated Financial Statements

1. Basis of Presenting the Consolidated Financial Statements

The accompanying consolidated financial statements have been compiled from the accounts maintained by Japan Securities Depository Center, Inc. (“the Company”) and its subsidiary in accordance with the provisions set forth in the Financial Instruments and Exchange Act in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to the 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 operates under a fiscal year ending 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 the consolidated balance sheets and consolidated statements of cash flows are identical.

(3) Application of equity method

By acquiring 20% of outstanding shares of Tosho System Services Co., Ltd. (hereafter, “TSS”) on May 18, 2007, the equity method is applied to TSS.

(4) Property and equipment

Depreciation for buildings, excluding improvements, is computed on the straight-line method. Depreciation for other capital assets is computed on the declining-balance method.

The main estimated useful lives are as follows:

Buildings	3-49 years
Tools and furniture	2-15 years

(Change in accounting principle)

The Company and its subsidiary have changed the depreciation method for property and equipment acquired on or after April 1, 2007 to the method based on the amended Corporate Tax Law.

As a result of this change, income from operations and income before income taxes decreased by ¥325 million each, and net income decreased by ¥193 million, from the amounts which would have been recorded under the previous method.

(Additional information)

Regarding property and equipment acquired on or before March 31, 2007, the differences between their residual values and memorandum values (¥1) are depreciated in accordance with the amended Corporate Tax Law. Specifically, when the net book value of an asset reaches 5% of its acquisition cost, which was considered to be residual value before this change, in a certain fiscal year, the difference between such residual value (5% of the acquisition cost) and the memorandum value of such asset is depreciated in an equal amount over 5 years from the next fiscal year. This change will have only minor impact on income form operations and income before taxes.

(5) Intangible assets

Costs of software for internal use are capitalized and amortized on the straight-line method over the estimated useful life of 5 years. Other intangible assets are amortized using straight-line method over the period registered by the Corporate Tax Law. Software regarding physical stock certificates, which will become redundant after dematerialization of stock certificates, is estimated to be useful until January 2009, the date which all interested parties have set as the target for the commencement of dematerialization.

(6) Allowance for bonuses

Allowance for employees’ bonuses and allowance for executives’ bonuses are provided for bonuses to employees and executives attributable to each fiscal year based on an amount expected to pay, respectively.

(7) 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 allowance for employees' retirement benefits 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 estimated as allowance for executives' retirement benefits at the amount computed based on the Company's internal rules and regulations on these benefits. The executives' retirement benefits plan was abolished on June 20, 2006. Allowance for executives' retirement benefits was accrued until the plan abolishment as an amount to be paid to those executives who had been in service since the plan was introduced.

(8) Allowance for loss on cancellation of agreement for entrusted operations

Estimated expenses are provided based on loss on cancellation of entrusted operations due to dematerialization of stock certificates.

(9) Allowance for loss on movement of computer facilities

Estimated expenses are provided based on the estimated restoration costs and other related relocation costs to be paid upon the movement of computer facilities.

(10) 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.

(11) Accounting standard for presentation of Net Assets in the Balance Sheet

Effective from the year ended March 31, 2007, the Company has applied "Accounting standards for presentation of Net Assets in the Balance Sheet (Accounting Standards Board of Japan Statement No.5)", and "Implementation guidance for Accounting standards for presentation of Net Assets in the Balance Sheet (Accounting Standards of Japan Guidance No.8)" both issued by the Accounting Standard Board of Japan on December 9, 2005.

The amounts corresponding to the conventional "Shareholders' equity" in the balance sheet is ¥16,689,350 thousand ($166,577 thousand).

"Net assets" in the balance sheets for this year is presented according to the revision of "Regulations Concerning the Terminology, Form and Presentation Methods of Consolidated Financial Statements" dated on April 25, 2006. Furthermore, the Company presented its net assets in the balance sheets using the new presentation as of March 31, 2005 and 2006.

(12) Consumption taxes

The consumption taxes withheld by the Company and its subsidiary on sales and the consumption taxes paid by the Company and 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.

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 forth in JDCC's general provisions in accordance with Article 156, Paragraph 7-1, of the Financial Instruments and Exchange Act (Law No. 25, 1948).

JDCC manages cash and securities entrusted by the DVP participants as clearing funds defined in Article 156-11 of the Financial Instruments and Exchange Act separately from other assets in accordance with JDSS's general provisions and 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 DVP participants' obligations to counterparties, the DVP participants involved in the transactions shall assume the same obligations to JDCC.

JDCC requires each DVP participant to establish a participant fund in excess of the minimum amount set forth in JDCC's general provisions to ensure that the respective obligations of DVP participants are covered. The aggregate amount of minimum participant funds required by JDCC's general provisions as of March 31, 2007 and 2008 was ¥15,000,000 thousand ($149,715 thousand). 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.

These money trusts are evaluated at cost, just as available-for-sale securities with no market value.

Assets and liabilities pertaining to participant funds are presented as designated assets for clearing assets and deposits received for clearing funds, respectively.

(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, 2007 and 2008, the market value of collateral securities entrusted to JDCC was ¥141,106,397 thousand and ¥235,795,655 thousand ($ 2,353,484 thousand), respectively.

4. US Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥100.19=U.S. $1, the rate of exchange as of March 31, 2008, 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. Commitment Line and Overdraft Contracts

To ensure agile and stable fund-raising, the Company concludes commitment line agreements (¥12,000,000 thousand ($119,772thousand) in total) and overdraft contracts (¥5,000,000 thousand ($49,905 thousand) in total) with three banks. To prepare for a possible deficiency of funds due to a default by DVP participants, JDCC has concluded commitment line agreements (¥45,000,000 thousand ($449,146 thousand) in total) with three banks, as part of a liquid fund for completing fund settlement on the required day. ¥ nil and ¥2,400,000 thousand ($23,954 thousand) of the commitment line were utilized by the Company as of March 31, 2007 and 2008, respectively.

6. Net Assets

The Corporate Law of Japan provides that an amount equal to 10% of the amount to be distributed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the common stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met, but neither the capital reserve nor the legal reserve is available for distributions.

7. 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. The following table shows the amounts which would have been recorded as financial leases as of March 31, 2007 and 2008 and for the years then ended:

	¥ (thousands)		$ (thousands)
	2007	**2008**	**2008**
Tools and furniture:			
Acquisition cost	¥267,272	**¥2,497,402**	**$ 24,926**
Accumulated depreciation	(202,929)	**(697,698)**	**(6,964)**
Net book value	¥ 64,343	**¥1,799,703**	**$ 17,962**
Software:			
Acquisition cost	¥ —	**¥ 608,081**	**$ 6,069**
Accumulated depreciation	—	**(297,240)**	**(2,967)**
Net book value	¥ —	**¥ 310,841**	**$ 3,102**

Lease obligations including interest thereon :			
Due within one year	¥ 50,985	**¥ 565,538**	**$ 5,644**
Due over one year	15,261	**1,564,035**	**15,611**
Total	¥ 66,247	**¥2,129,573**	**$ 21,255**

Finance lease charges	¥ 56,377	**¥ 474,604**	**$ 4,737**
Depreciation expense	54,142	**468,042**	**4,671**
Interest portion	1,574	**16,477**	**164**

(Note) Methods applied in computation of the above 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 over the lease contract period based on the interest rate method

8. Borrowings

Short-term borrowings comprised loans from banks with a weighted average interest rate of 1.3% per annum. The Company had short-term borrowings of ¥2,400,000 thousand ($23,954 thousand) as of March 31, 2008.

9. Allowance for Severance Indemnities for Employees

Allowance for employees' retirement benefits on March 31, 2007 and 2008 represented the amount that would be payable for the Company if all eligible employees voluntarily terminated their employment at the balance sheet dates. Severance costs for employees charged to income for the years ended March 31, 2007 and 2008 amounted to ¥62,397 thousand and ¥81,945 thousand ($ 817 thousand), respectively.

10. Non-recurring Depreciation of Fixed Assets

Non-recurring depreciation of fixed assets was caused by depreciation, as a result of the decision to move computer sites.

	¥ (thousands)		$ (thousands)
	2007	**2008**	**2008**
Buildings	¥185,093	**¥ 37,956**	**$ 379**
Tools and furniture	—	**308,800**	**3,082**
Software	—	**243,360**	**2,429**
Long-term prepaid expenses	—	**507**	**5**
	¥ 185,093	**¥ 590,625**	**$ 5,895**

11. Income Taxes

(1) Deferred tax assets

The following table shows the breakdown of deferred tax assets:

	¥ (thousands)		$ (thousands)
	2007	**2008**	**2008**
Deferred tax assets:			
Allowance for employees' bonuses	73,433	**72,637**	**725**
Enterprise tax payable	68,527	**71,293**	**712**
Accrued social insurance premiums	9,171	**8,557**	**85**
Business facility tax	3,515	**4,166**	**42**
Allowance for employees' retirement benefits	46,450	**60,151**	**600**
Allowance for executives' retirement benefits	19,536	**16,710**	**167**
Excess depreciation of fixed assets	137,528	**377,206**	**3,765**
Allowance for loss on cancellation of agreement for entrusted operations	—	**336,046**	**3,354**
Allowance for loss on movement of computer facilities	—	**130,064**	**1,298**
Excess amortization of deferred charges for tax purposes	20,135	**17,053**	**170**
Deferred tax assets	¥378,299	**¥1,093,888**	**$10,918**

(2) Reconciliation between the nominal statutory income tax rate and the effective income tax rate

The difference between the statutory tax rate and the effective tax rate for the years ended March 31, 2007 and 2008 is less than 5% of the statutory tax rate, thus the note is omitted.

12. Note to the Consolidated Statements of Changes in Net Assets

(1) Outstanding stock

Type of stocks	March 31, 2006	Increase	Decrease	March 31, 2007
Ordinary share	8,500	—	—	8,500
Type of stocks	**March 31, 2007**	**Increase**	**Decrease**	**March 31, 2008**
Ordinary share	8,500	—	—	8,500

(2) Treasury Stock

Not applicable.

(3) Stock Subscription Rights and Other Securities

Not applicable.

(4) Dividends

1 Payment of the dividends

Resolution	Type of Stocks	Revenue of Dividends	Total of Dividends ¥ (thousands)	Dividend per Share ¥	Record Date	Effective Date
Ordinary General Shareholders Meeting (June 21, 2007)	Ordinary Share	Retained Earnings	¥ 340,000	¥ 40,000	March 31, 2007	June 22, 2007

2 Dividends for which record date belongs to the year ended March 31, 2008 and for which effective date will belong to the year ending March 31, 2009

Resolution	Type of Stocks	Revenue of Dividends	Total of Dividends ¥ (thousands)	Dividend per Share ¥	Record Date	Effective Date
Ordinary General Shareholders Meeting (June 23, 2008)	Ordinary Share	Retained Earnings	¥ 340,000 ($ 3,393 thousand)	¥ 40,000 ($ 399)	March 31, 2008	June 24, 2008

13. Stock Option

Not applicable.

14. Segment Information

(1) Business segment

Disclosure is omitted because the Company operates a single business unit, the central securities custody and book-entry transfer system.

(2) Geographic Information

Disclosure is omitted because the Company has neither overseas consolidated subsidiaries nor overseas branches for the years ended March 31, 2007 and 2008.

(3) Overseas sales

Disclosure is omitted because the Company does not have any overseas sales for the years ended March 31, 2007 and 2008.

15. Related Party Transactions

The material transactions of the Company with related companies or individuals, excluding transactions with the consolidated subsidiary that are eliminated in the consolidation, and those disclosed elsewhere in these financial statements, for the years ended March 31, 2007 and 2008 are as follows:

(1) Directors

As of March 31, 2007

Title	Name	Business	Transactions	Amount ¥ (thousands)	Account	Ending Balance ¥ (thousands)
Director	Toshitsugu Shimizu (Note 2 (1))	Director of the Company President and CEO of Japan Securities Settlement & Custody, Inc.	Outsourcing	¥622,184	Accounts payable-trade	¥217,764
Director	Kouichiro Miyahara (Note 2 (2))	Director of the Company President and CEO of Japan Securities Settlement & Custody, Inc.	Outsourcing	¥1,776,408	Accounts payable-trade	¥123,113

(Note) 1 The transaction amounts above exclude consumption tax. However, the ending balances include consumption tax.
2 Terms and conditions
(1) These amounts represent transactions for the period from April 1, 2006 to June 30, 2006 because Toshitsugu Shimizu resigned from the Board of Directors of the Company on June 20, 2006, and ending balance is the amount as of June 30, 2006.
(2) These amounts represent transactions for the period from July 1, 2006 to March 31, 2007 because Koichiro Miyahara was assigned to the Board of Directors of the Company on June 23, 2006.
(3) The terms and conditions of the above transactions are on an arm's-length basis.

As of March 31, 2008

Title	Name	Business	Transactions	Amount ¥ (thousands)	Account	Ending Balance ¥ (thousands)
Director	Koichiro Miyahara (Note 2 (1))	Director of the Company President and CEO of Japan Securities Settlement & Custody, Inc.	Outsourcing	¥639,952 ($6,387 thousands)	—	—
Director	Hironaga Miyama (Note 2 (2))	Director of the Company President and CEO of Japan Securities Settlement & Custody, Inc.	Outsourcing	¥1,730,028 ($17,267 thousands)	Accounts payable-trade	¥33,063 ($330 thousands)

(Note) 1 The transaction amounts above exclude consumption tax. However, the ending balances include consumption tax.
2 Terms and conditions
(1) These amounts represent transactions for the period from April 1, 2007 to June 30, 2007 because Koichiro Miyahara resigned from the Board of Directors of the Company on June 21, 2007, and ending balance is the amount as of June 30, 2007.
(2) These amounts represent transactions for the period from July 1, 2007 to March 31, 2008 because Hironaga Miyama was assigned to the Board of Directors of the Company on June 25, 2007.
(3) The terms and conditions of the above transactions are on an arm's-length basis.

(2) Principal shareholder and its subsidiaries

As of March 31, 2007

Names of companies	Address	Capital ¥ (thousands)	Principal business	Percentage of ownership with voting rights	Relationship: Directors holding concurrent positions	Relationship: Business relationship	Transactions	Amount (Note 1) ¥ (thousands)	Descriptions (Note 2)	Ending balance ¥(thousands)
Tosho System Service Co. Ltd. (Subsidiary of other affiliates)	Koto-ku, Tokyo	¥100,000	Design, development and Maintenance of software	—	—	Purchase of software, maintenance of systems, etc.	Purchase of software	¥1,456,738	Accounts payable-trade	¥19,316
									Accounts payable-other	¥8,221
Japan Securities Clearing Corporation (Subsidiary of other affiliates)	Chuo-ku, Tokyo	¥1,700,000	Clearing securities	—	One	Commission income	Commission income	¥3,877,255	Accounts receivable-trade	¥462,939
Japan Securities Settlement & Custody, Inc (Subsidiary of other affiliates)	Chuo-ku, Tokyo	¥300,000	Custody & settlement of securities	—	One	Outsourcing	Outsourcing	¥2,398,593	Accounts payable-trade	¥123,113

(Note) 1. These transaction amounts above exclude consumption tax. However, the 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, 2008

Names of companies	Address	Capital ¥ (thousands)	Principal business	Percentage of ownership with voting rights	Relationship: Directors holding concurrent positions	Relationship: Business relationship	Transactions	Amount (Note 1) ¥ (thousands)	Descriptions (Note 2)	Ending balance ¥(thousands)
Tokyo Stock Exchange, Inc. (Subsidiary of other affiliates)	Chuo-ku, Tokyo	¥11,500,000 ($114,781 thousands)	Exchange of financial instruments	— (Note 3)	One	Secondment of staffs, lease of computer sites, etc.	Purchase of investment securities	¥315,272 ($3,146 thousands)	—	—
Japan Securities Clearing Corporation (Subsidiary of other affiliates)	Chuo-ku, Tokyo	¥1,700,000 ($16,967 thousands)	Clearing securities	—	One	Commission income	Commission income	¥4,154,800 ($41,469 thousands)	Accounts receivable-trade	¥384,800 ($3,840 thousands)

(Note) 1. These transaction amounts above exclude consumption tax. However, the ending balances include consumption tax.
2. The terms and conditions of the above transactions are on an arm's-length basis except for the transaction of the investment security. Acquisition cost of the investment security was based on book value of net assets.
3. Tokyo Stock Exchange Group, Inc. succeeded the holding of the Company's stocks from Tokyo Stock Exchange, Inc. due to reorganization effective October 1, 2007, and replaced Tokyo Stock Exchange, Inc. as a principal shareholder of the Company. As such, these amounts represent transactions for the period from April 1, 2007 to September 30, 2007. Tokyo Stock Exchange, Inc. held 21.82% of the Company's outstanding shares on September 30, 2007.

(3) Subsidiaries and affiliates

As of March 31, 2008

Names of companies	Address	Capital ¥ (thousands)	Principal business	Percentage of ownership with voting right	Relationship: Directors holding concurrent positions	Relationship: Business relationship	Transactions	Amount (Note 1) ¥ (thousands)	Descriptions (Note 2)	Ending balance ¥ (thousands)
Tosho System Service Co. Ltd. (An affiliate)	Koto-ku, Tokyo	¥100,000 ($ 998 thousands)	Design & development of software	Directly holds 20%	Two	Purchasing software and system maintenance	Purchase of software	¥1,491,226 ($14,883 thousands)	Accounts payable-other	¥240,008 ($2,395 thousands)

(Note) 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.

16. Earnings Per Share

The basis for calculating earnings per share for the years ended March 31, 2007 and 2008 is as follows:

	¥ (thousands) 2007	¥ (thousands) **2008**	$ (thousands) **2008**
Net income as reported in the consolidated statements of income	¥2,651,958	¥1,547,702	$15,448
Net income pertaining to common stock shareholders	¥2,651,958	¥1,547,702	$15,448
Weighted-average number of common stock shares outstanding (in shares)	8,500	8,500	—

Consolidated Statements of Cash Flows (For the years ended March 31, 2007 and 2008)

	¥(thousands)		$ (thousands) (Note 4)
	2007	**2008**	**2008**
Cash Flows from Operating Activities:			
Income before income taxes	¥4,404,515	**¥ 2,613,739**	**$ 26,088**
Depreciation and amortization	3,871,462	**5,604,745**	**55,941**
Non-recurring depreciation of property and equipment	185,093	**590,625**	**5,895**
Increase (decrease) in allowance for employees' bonuses	51,316	**(1,961)**	**(19)**
Increase in allowance for executives' bonuses	20,300	**—**	**—**
Increase in allowance for employees' retirement benefits	34,900	**33,746**	**336**
Decrease in allowance for executives' retirement benefits	(12,720)	**(6,960)**	**(69)**
Increase in allowance for loss on cancellation of agreement for entrustment of operations	—	**827,700**	**8,261**
Increase in allowance for loss on movement of computer facilities	—	**320,356**	**3,197**
Interest income	(125)	**(272)**	**(2)**
Interest expenses	—	**3,637**	**36**
Foreign exchange loss	91	**556**	**5**
Equity in earnings of the affiliate	—	**(21,375)**	**(213)**
Loss on disposal of property and equipment	19,273	**9,297**	**93**
Loss on disposal of intangible assets	26,489	**6,744**	**67**
Decrease in accounts receivable-trade	170,875	**383,014**	**3,823**
Increase (decrease) in accounts payable-trade	52,306	**(367,373)**	**(3,666)**
Increase in other assets	(134,823)	**(137,867)**	**(1,376)**
Decrease in other liabilities	(253,334)	**(5,311)**	**(53)**
Executives' bonuses	(17,200)	**—**	**—**
Sub-total	8,418,423	**9,853,041**	**98,344**
Interest and dividends received	125	**272**	**2**
Interest paid	—	**(3,101)**	**(31)**
Income taxes paid	(2,377,489)	**(1,789,007)**	**(17,856)**
Net Cash Provided by Operating Activities	6,041,058	**8,061,204**	**80,459**
Cash Flows from Investing Activities:			
Payments for purchase of investment securities	—	**(315,272)**	**(3,147)**
Payments for purchase of property and equipment	(1,564,250)	**(3,975,197)**	**(39,676)**
Proceeds from sales of property and equipment	75	**—**	**—**
Payments for purchase of intangible assets	(3,224,463)	**(6,758,275)**	**(67,455)**
Payments of guarantee money deposits received	(33,578)	**(79,273)**	**(791)**
Proceeds from refund of guarantee money deposits	62,980	**—**	**—**
Net Cash Flows Used in Investing Activities	(4,759,235)	**(11,128,018)**	**(111,069)**
Cash Flows from Financing Activities:			
Short-term borrowings	—	**3,360,000**	**33,536**
Repayment of short-term borrowings	—	**(960,000)**	**(9,582)**
Cash dividends paid	(297,500)	**(340,000)**	**(3,393)**
Net Cash Flows (Used in) Provided by Financing Activities	(297,500)	**2,060,000**	**20,561**
Effect of exchange rate changes on cash and cash equivalents	(91)	**(556)**	**(5)**
Net Increase (Decrease) in Cash and Cash Equivalents	984,231	**(1,007,370)**	**(10,054)**
Cash and Cash Equivalents at Beginning of Year	1,839,815	**2,824,047**	**28,186**
Cash and Cash Equivalents at End of Year	¥2,824,047	**¥ 1,816,676**	**$ 18,132**

The accompanying notes are an integral part of these statements.

ERNST & YOUNG SHINNIHON

Report of Independent Auditors

The Board of Directors and Shareholders of
Japan Securities Depository Center, Inc.

We have audited the accompanying consolidated balance sheets of Japan Securities Depository Center, Inc. and its subsidiary as of March 31, 2007 and 2008, and the related consolidated statement of income, changes in net assets, and cash flows for the year in the period ended March 31, 2008, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated financial statements of Japan Securities Depository Center, Inc. and its subsidiary for the year ended March 31, 2007 were audited by other auditor whose report dated June 21, 2007, expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Japan Securities Depository Center, Inc. and its subsidiary at March 31, 2008, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

As described in Note 2. (4), effective for the year ended March 31, 2008, Japan Securities Depository Center, Inc. and its subsidiary changed the method of depreciation.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2008 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 4.

Ernst & Young ShinNihon

June 18, 2008