

Analysis of Business Performance and Financial Results

Business Overview

■Fiscal 2008 Review

During the reporting period ended March 31, 2009, the Japanese economy faced severe headwinds. The first half brought a fall in exports as the global economy decelerated under the weight of the subprime crisis and soaring oil and raw material prices. The situation became worse in the second half, when the economy slowed down significantly after the bankruptcy of major financial institutions in the United States and the dramatic rise in the yen.

In securities markets, the Nikkei Average dipped below the ¥7,000 mark in the second half, as the financial crisis that began in the United States deepened and became protracted.

Yet with an average daily trading volume of 2 billion shares on the Tokyo Stock Exchange, transaction activity remained lively, and the number of shares handled by JASDEC's depository and book-entry transfer system maintained momentum.

Furthermore, in January 2009, the dematerialization of the listed stock certificates was implemented, and the new Book-entry Transfer System for Stocks, etc. came on stream.

Financial Results

■Operating Income

Against this backdrop, JASDEC booked a combined total of ¥19,585 million in (1) income from custody and book-entry transfer of stocks, comprising ¥10,282 million in commissions on book-entry transfer, and ¥4,534 million in income from custody operations, and (2) the new book-entry transfer services (launched January 5, 2009), comprising ¥3,005 million in commissions on book-entry transfer, ¥724 million in account management fees, and ¥1,039 million in transfer system usage fees.

This compares with previous-term income from custody and book-entry transfer of stocks of ¥19,384 million (¥13,603 million in commissions on book-entry transfer, and ¥5,781 million in income from custody operations), for an increase of ¥200 million (up 1.0% year-over-year).

Operating income prior to commission rebates amounted to ¥28,625 million (up 2.1% year-over-year) and commission rebates to ¥1,461 million (up 27.1%). As a result, operating income totaled ¥27,163 million (up 4.4%).

■Operating Expenses

Operating expenses for fiscal 2008 amounted to ¥24,454 million (up 12.5% year-over-year), due to an increase in costs on upgrading computer systems for the dematerialization of stock certificates.

■Net Income

Net income for fiscal 2008 amounted to ¥1,333 million (down 13.8% year-over-year).

Earnings per share was ¥156,934.33.

Financial Condition

Total assets as of March 31, 2009 were up by ¥6,775 million from the previous year-end to ¥61,615 million.

This was mainly due to increased value of software following investments required for dematerialization of stock certificates, and system upgrades.

Net assets at the fiscal year-end increased ¥994 million year-over-year to ¥18,890 million, due primarily to an increase in retained earnings.

Net cash provided by operating activities during this financial year came to ¥6,411 million, which includes income before income taxes of ¥2,331 million, depreciation and amortization of ¥6,362 million, and income tax payments of ¥1,788 million.

Net cash used in investing activities amounted to ¥11,523 million, mainly as a result of capital investment in a system for dematerialization for stock certificates.

Net cash provided by financing activities amounted to ¥5,652 million, as cash outflow on dividend payments was more than offset by short-term bank borrowings.

As a result of the foregoing, cash and cash equivalents as of the fiscal year-end stood at ¥2,355 million, up by ¥539 million from the previous year-end.

As Japan's central securities depository, JASDEC is committed to stable financial management with a sound financial position and adequate operating cash flow as it goes about its public mission of providing reliable and error-free infrastructure for securities clearing and settlement.

Financial results (on a consolidated basis)

