

Consolidated Financial Statements

Consolidated Balance Sheets (As of March 31, 2009 and 2010)

	¥ (thousands)		\$ (thousands) (Note 4)
	2009	2010	2010
ASSETS			
Current Assets:			
Cash and deposits	¥ 2,355,978	¥ 3,468,876	\$ 37,284
Accounts receivable – trade	3,161,085	3,318,125	35,663
Deferred income taxes (Note 12)	561,386	87,514	940
Designated assets for clearing funds (Note 3)	31,531,872	33,121,473	355,992
Other current assets	519,023	355,804	3,824
Allowance for doubtful accounts	(6,895)	(6,480)	(69)
Total Current Assets	38,122,450	40,345,313	433,634
Property and Equipment:			
Buildings and structures	1,062,907	842,948	9,060
Tools and furniture	5,560,074	5,386,775	57,897
Lease assets	56,023	81,823	879
	6,679,004	6,311,546	67,836
Less: Accumulated depreciation	(4,170,881)	(4,502,678)	(48,395)
Total Property and Equipment	2,508,121	1,808,867	19,441
Intangible Assets, Net:			
Software	19,759,147	15,988,208	171,842
Construction in progress (Software)	67,821	43,055	463
Lease assets	9,517	9,165	98
Other intangible assets	18,154	18,038	194
Total Intangible Assets	19,854,639	16,058,467	172,597
Investment and Other Assets:			
Investment securities	308,418	356,179	3,828
Long-term prepaid expenses	86,770	46,642	501
Deferred income taxes (Note 12)	194,434	774,595	8,325
Long-term refundable lease deposits	514,775	506,282	5,441
Claims provable in bankruptcy, rehabilitation and other	41,394	44,356	477
Others	—	1,000	11
Allowance for doubtful accounts	(15,878)	(16,621)	(178)
Total Investment and Other Assets	1,129,914	1,712,434	18,405
Total Assets	¥61,615,125	¥59,925,084	\$644,078

The accompanying notes are an integral part of these statements.



	¥ (thousands)		\$ (thousands) (Note 4)
	2009	2010	2010
LIABILITIES			
Current Liabilities:			
Accounts payable – trade	¥ 868,426	¥ 823,303	\$ 8,849
Short-term borrowings (Note 5 and 9)	8,400,000	4,800,000	51,591
Lease obligations (Note 9)	13,842	20,003	215
Income taxes payable	—	101,677	1,093
Allowance for employees' bonuses	185,102	182,234	1,958
Allowance for executives' bonuses	20,300	20,700	222
Consumption taxes payable	—	391,978	4,213
Deposits received for clearing funds (Note 3)	31,531,872	33,121,473	355,992
Allowance for loss on business trust agreement cancellation	940,103	—	—
Allowance for loss on computer center transfer	242,379	—	—
Other current liabilities	235,736	182,401	1,960
Total Current Liabilities	42,437,763	39,643,774	426,093
Long-term Liabilities:			
Lease obligations (Note 9)	45,785	52,668	566
Allowance for employees' retirement benefits (Note 10)	199,422	256,723	2,759
Allowance for executives' retirement benefits	41,160	41,160	442
Allowance for loss on business trust agreement cancellation	—	62,694	674
Total Long-term Liabilities	286,367	413,246	4,441
Total Liabilities	42,724,131	40,057,021	430,535
NET ASSETS			
Shareholders' Equity:			
Common stock			
Authorized: 10,000 shares			
Issued: 8,500 shares	4,250,000	4,250,000	45,679
Capital surplus	4,250,000	4,250,000	45,679
Retained earnings	10,390,994	11,368,062	122,185
Total Shareholders' Equity	18,890,994	19,868,062	213,543
Total Net Assets	18,890,994	19,868,062	213,543
Total Liabilities and Net Assets	¥61,615,125	¥59,925,084	\$644,078

The accompanying notes are an integral part of these statements.



Consolidated Financial Statements

Consolidated Statements of Income (For the years ended March 31, 2009 and 2010)

	¥ (thousands)		\$ (thousands) (Note 4)
	2009	2010	2010
Operating Revenues	¥27,163,871	¥20,973,007	\$225,419
Operating Expenses:			
Executives' compensation and bonuses	206,738	209,497	2,251
Salaries and bonuses	1,972,209	1,918,927	20,625
Severance costs for employees (Note 10)	97,320	102,970	1,107
Maintenance of systems	8,424,000	6,868,608	73,824
Outside services	2,463,436	358,300	3,852
Registration fees	1,523,801	—	—
Depreciation and amortization	6,362,311	6,386,058	68,638
Rent	525,941	670,626	7,208
Advertisements	668,434	109,835	1,180
Others	2,210,250	1,713,850	18,420
Total Operating Expenses	24,454,444	18,338,677	197,105
Operating Income	2,709,427	2,634,330	28,314
Other Income (Expenses):			
Interest income	212	254	2
Operational revenue on designated assets for clearing funds	75,684	19,767	212
Equity in earnings (losses) of affiliates	(28,229)	59,261	637
Interest expenses (Note 9)	(93,932)	(66,265)	(712)
Commitment fees	(43,011)	(43,900)	(471)
Fees for fund operation of designated assets for clearing funds	(7,558)	(7,794)	(83)
Loss on disposal of fixed assets (Note 11)	(43,350)	(178,610)	(1,919)
Non-recurring depreciation of property and equipment	(78,430)	—	—
(Provision) reversal of allowance for loss on business trust agreement cancellation	(112,402)	1,010	11
(Provision) reversal of allowance for loss on computer center transfer	(35,835)	33,200	356
Loss on business trust agreement cancellation	—	(52,878)	(568)
Provision of allowance for doubtful accounts	(15,878)	—	—
Others, net	4,978	9,091	97
Total	(377,755)	(226,865)	(2,438)
Income before Income Taxes	2,331,672	2,407,464	25,875
Income Taxes (Note 12)			
Current	659,662	224,403	2,412
Prior years	—	972,282	10,450
Deferred	338,068	(106,289)	(1,142)
Net Income	¥ 1,333,941	¥ 1,317,068	\$ 14,155
	Yen		U.S.Dollars (Note 4)
Per Share (Note 17)			
Net income – primary	¥156,934.33	¥154,949.18	\$1,665
Dividends	40,000	40,000	429
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, 2009 and 2010)

	¥ (thousands)					
	Number of common stock shares	Common stock	Capital surplus	Retained earnings	Total shareholders' equity	Total net assets
Balance as of March 31, 2008	8,500	¥4,250,000	¥4,250,000	¥ 9,397,052	¥17,897,052	¥17,897,052
Cash dividends	—	—	—	(340,000)	(340,000)	(340,000)
Net income for the year	—	—	—	1,333,941	1,333,941	1,333,941
Balance as of March 31, 2009	8,500	¥4,250,000	¥4,250,000	¥10,390,994	¥18,890,994	¥18,890,994
Cash dividends	—	—	—	(340,000)	(340,000)	(340,000)
Net income for the year	—	—	—	1,317,068	1,317,068	1,317,068
Balance as of March 31, 2010	8,500	¥4,250,000	¥4,250,000	¥11,368,062	¥19,868,062	¥19,868,062

	\$ (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, 2009	8,500	\$45,679	\$45,679	\$111,683	\$203,041	\$203,041
Cash dividends	—	—	—	(3,654)	(3,654)	(3,654)
Net income for the year	—	—	—	14,156	14,156	14,156
Balance as of March 31, 2010	8,500	\$45,679	\$45,679	\$122,185	\$213,543	\$213,543

The accompanying notes are an integral part of these statements.



Consolidated Statements of Cash Flows (For the years ended March 31, 2009 and 2010)

	¥ (thousands)		\$ (thousands) (Note 4)
	2009	2010	2010
Cash Flows from Operating Activities:			
Income before income taxes	¥ 2,331,672	¥ 2,407,464	\$ 25,875
Depreciation and amortization	6,362,311	6,386,058	68,637
Non-recurring depreciation of property and equipment	78,430	—	—
Increase in allowance for doubtful accounts	22,774	327	3
Increase (decrease) in allowance for employees' bonuses	6,193	(2,867)	(30)
Increase in allowance for employees' retirement benefits	51,267	57,300	616
Increase in allowance for executives' retirement benefits	—	400	4
Increase (decrease) in allowance for loss on business trust agreement cancellation	112,402	(940,103)	(10,104)
Increase (decrease) in allowance for loss on computer center transfer	(77,977)	(242,379)	(2,605)
Interest income	(212)	(254)	(2)
Interest expenses	93,932	66,265	712
Equity in losses (earnings) of affiliates	(28,229)	(59,261)	(636)
Foreign exchange loss	666	294	3
Loss on sale of property and equipment	—	730	7
Loss on disposal of property and equipment	9,998	47,232	507
Loss on disposal of intangible assets	33,352	131,378	1,412
Decrease (increase) in accounts receivable – trade	(130,383)	(157,039)	(1,687)
Decrease in accounts payable – trade	(688,057)	(45,122)	(484)
Decrease (increase) in other assets	52,137	98,970	1,063
Decrease (increase) in other liabilities	(20,677)	828,786	8,907
Sub-total	8,266,061	8,578,181	92,198
Interest and dividends received	212	11,754	127
Interest paid	(66,543)	(92,300)	(992)
Income taxes paid	(1,788,073)	(685,984)	(7,373)
Income taxes paid for prior years	—	(903,351)	(9,709)
Income taxes refunded	—	200,702	2,157
Net Cash Provided by Operating Activities	6,411,657	7,109,001	76,408
Cash Flows from Investing Activities:			
Payments for purchase of property and equipment	(370,597)	(314,290)	(3,378)
Payments for purchase of intangible assets	(11,153,312)	(1,734,155)	(18,638)
Proceeds from repayment of lease deposits	—	266,575	2,865
Payment of lease deposits	—	(258,082)	(2,775)
Other payments	—	(1,000)	(10)
Net Cash Used in Investing Activities	(11,523,909)	(2,040,953)	(21,936)
Cash Flows from Financing Activities:			
Short-term borrowings	20,400,000	22,800,000	245,055
Repayment of short-term borrowings	(14,400,000)	(26,400,000)	(283,748)
Repayment of lease obligations	(7,779)	(14,855)	(159)
Cash dividends paid	(340,000)	(340,000)	(3,654)
Net Cash Provided by (Used in) Financing Activities	5,652,220	(3,954,855)	(42,507)
Effect of exchange rate changes on cash and cash equivalents	(666)	(294)	(4)
Net Increase (Decrease) in Cash and Cash Equivalents	539,301	1,112,897	11,961
Cash and Cash Equivalents at Beginning of Year	1,816,676	2,355,978	25,322
Cash and Cash Equivalents at End of Year	¥ 2,355,978	¥ 3,468,876	\$ 37,283

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.

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 March 31, which is the same as that of the Company.

(2) Application of equity method

The equity method is applied to shares of Tosho System Services Co., Ltd. (hereafter, “TSS”).

(3) Property and equipment (except lease assets)

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

The main estimated useful lives are as follows:

Buildings and structures	3-50 years
Tools and furniture	2-15 years

(4) Intangible assets (except lease assets)

Costs of software for internal use are capitalized and amortized on a straight-line basis over an estimated useful life of 5 years. Other intangible assets are amortized using the straight-line method over the period registered by the Corporate Taxes Law.

(5) Lease assets

The straight-line method is applied to leased assets of finance leases without ownership transfer and the residual value is zero. The Company accounts for finance lease without ownership transfer as operating leases if the transaction commenced prior to the previous financial year ended March 31, 2009.

(6) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount determined based on the Company’s historical average charge-off ratio for ordinary receivables, and estimates of uncollectible amounts determined by reference to specific doubtful receivables from customers which are experiencing financial difficulties.

(7) Allowance for bonuses

Allowance for employees’ bonuses and allowance for executives’ bonuses are provided for bonuses attributable to each fiscal year based on the estimated amount of the respective payments.

(8) Allowance for loss on business trust agreement cancellation

Allowance is provided for an adjustment fee on cancellation of entrusted operations due to dematerialization of stock certificates.

(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 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 parties who undertake 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 JDCC’s general provisions and Article 7 of the Cabinet Office Ordinance on Financial Instruments Clearing Organization. (Cabinet Office Ordinance No. 76, 2002).

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

Under the DVP for 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, 2009 and 2010 was ¥15,000,000 thousand (\$161,220 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 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, 2009 and 2010, the market value of collateral securities entrusted to JDCC was ¥99,489,867 thousand and ¥109,579,182 thousand (\$1,177,764 thousand), respectively.

4. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥93.04=US \$1, the rate of exchange as of March 31, 2010, 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 has overdraft contracts (¥7,000,000 thousand (\$75,236 thousand) in total) with four 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 (\$483,662 thousand) in total) with three banks, as part of a liquid fund for completing fund settlement on the required day. As of March 31, 2009 and 2010, the Company was utilizing ¥8,400,000 thousand (\$90,283 thousand) and ¥4,800,000 thousand (\$51,591 thousand) of the respective commitment lines. In addition, ¥3,600,000 thousand (\$38,693 thousand) of the ¥4,800,000 thousand (\$51,591 thousand) utilized as of March 31, 2010 will be repaid after the maturity date of the commitment line.

6. Net Assets

The Companies Act 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 that commenced before the first fiscal year in which the new accounting standard is applied continue to be accounted for as operating lease transactions. The following table shows the amounts which would have been recorded as finance leases as of March 31, 2009 and 2010 and for the years then ended:

	¥ (thousands)		\$ (thousands)
	2009	2010	2010
Tools and furniture:			
Acquisition cost	¥1,882,666	¥1,882,666	\$20,235
Accumulated depreciation	(558,663)	(935,196)	(10,052)
Net book value	¥1,324,003	¥ 947,469	\$10,183
Software:			
Acquisition cost	¥ 216,774	¥ 216,774	\$ 2,329
Accumulated depreciation	(65,029)	(108,384)	(1,164)
Net book value	¥ 151,744	¥ (108,389)	\$ (1,165)
Lease obligations including interest thereon:			
Due within one year	¥ 422,218	¥ 421,227	\$ 4,527
Due over one year	1,067,833	642,797	6,909
Total	¥1,490,052	¥1,064,075	\$11,436
Finance lease charges			
	¥ 557,408	¥ 418,839	\$ 4,501
Depreciation expense			
	550,187	412,437	4,432
Interest portion			
	11,876	7,557	81

(Note) 1. Methods applied in calculating 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 term based on the interest rate method.

2. Finance lease transactions
 ① Lease assets: Property and equipment: Backup system hardware
 Intangible assets: Back up system software
 ② Depreciation: Based on zero residual value over the lease term



8. Fair value measurements for financial instruments

(Additional Information)

From the current fiscal year, the Company has applied the “Accounting Standards for Financial Instruments” (Accounting Standards Board of Japan Statement No.10, revised March 10, 2008) and the associated “Guidance on Disclosures about Fair Value of Financial Instruments” (Accounting Standards Board of Japan Guidance No.19, March, 2008).

1. Basic policies for financial instruments

The Company limits financial investment to short-term deposits, and fund raising to borrowings from banks and others. Because accounts receivable are subject to counterparty risk from participants in the book-entry transfer system, the Company continuously monitors the financial conditions of the participants.

2. Estimated fair value of financial instruments

The following table presents carrying amount on the balance sheet, fair value and difference between carrying amount and fair value as of March 31, 2010.

	Carrying amount on the balance sheet		Fair value (*2)		Difference
	¥ (thousand)	\$ (thousand)	¥ (thousand)	\$ (thousand)	
(1) Cash and deposits	¥ 3,468,876	\$ 37,283	¥ 3,468,876	\$ 37,283	—
(2) Accounts receivable-trade	3,318,125	35,663			—
Allowance for doubtful accounts (*1)	(6,480)	(69)			
	3,311,644	35,594	3,311,644	35,594	—
(3) Designated assets for clearing funds	33,121,473	355,992	33,121,473	355,992	—
(4) Accounts payable-trade	(823,303)	(8,849)	(823,303)	(8,849)	—
(5) Short-term borrowings	(4,800,000)	(51,591)	(4,800,000)	(51,591)	—
(6) Deposits received for clearing funds	(33,121,473)	(355,992)	(33,121,473)	(355,992)	—

*1: Allowance for doubtful accounts is deducted from Accounts receivable-trade.

*2: Figures in brackets indicate liabilities.

(Note) 1: Calculation methods for fair value of financial instruments

(1) Cash and deposits, and (2) Accounts receivable-trade

The book value was deemed to be fair value for these items since the book value approximates fair value because of the short settlement period.

(4) Accounts payable-trade, and (5) Short-term borrowings

The book value was deemed to be fair value for these items since the book value approximates fair value because of the short settlement period.

(3) Designated assets for clearing funds, and (6) Deposits received for clearing funds

The book value was deemed to be fair value since these items represent assets and liabilities reflecting their roles in maintaining a stable securities trading environment.

2: Investment securities totaling ¥356,179 thousand (\$3,828 thousand) as of March 31, 2010 are affiliated companies' stocks for which market quotes are not available and future cash flow is extremely difficult to estimate. Accordingly, such Investment securities are not included in the

above table.

3: Estimated redemptions for monetary claims and securities with maturities after the end of the consolidated financial period:

All deposits and accounts receivable-trade in the above table have settlement dates within one year.

4: Estimated repayments for bonds, long-term loans payable, lease obligations and other interest-bearing liabilities after the end of the consolidated financial period:

There were no material long-term liabilities. Short-term borrowings are due within one year.

9. Borrowings

Short-term borrowings comprised loans from banks with a weighted average interest rate of 0.9% per annum. The Company had short-term borrowings of ¥4,800,000 thousand (\$51,590 thousand) as of March 31, 2010. The current portion of lease obligations was ¥20,003 thousand (\$215 thousand) and of long-term lease obligations was ¥52,668 thousand (\$566 thousand). The weighted average interest rate of lease obligations was 2.8% per annum. Total borrowings were ¥4,872,672 thousand (\$52,371 thousand) as of March 31, 2010.



10. Allowance for severance indemnities for employees

Allowance for employees' retirement benefits on March 31, 2009 and 2010 represented the amount that would be payable by 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, 2009 and 2010 amounted to ¥97,320 thousand and ¥102,970 thousand (\$1,106 thousand), respectively.

11. Non-recurring depreciation of property and equipment

Non-recurring depreciation of fixed assets arose due to a decision to move computer sites and the dematerialization of stock certificates.

	¥ (thousands)		\$ (thousands)	
	2009	2010	2010	2010
Buildings	¥19,322	¥ —	\$ —	—
Tools and furniture	58,685	—	—	—
Software	421	—	—	—
Long-term prepaid expenses	—	—	—	—
Total	¥78,430	¥ —	\$ —	—

12. Loss on disposal of fixed assets

The following table shows disposal of fixed assets:

	¥ (thousands)		\$ (thousands)	
	2009	2010	2010	2010
Buildings and equipments	¥ 1,236	¥ 32,723	\$ 351	—
Tools and furniture	8,761	14,508	156	—
Software	33,352	125,594	1,350	—
Long-term prepaid expenses	—	5,783	62	—
Total	¥43,350	¥178,610	\$1,919	—

13. Income Taxes

(1) Deferred tax assets

The following table shows the breakdown of deferred tax assets:

	¥ (thousands)		\$ (thousands)	
	2009	2010	2010	2010
Deferred tax assets:				
Allowance for employees' bonuses	¥ 75,151	¥ 73,987	\$ 795	—
Business facility taxes	4,212	4,364	46	—
Accrued social insurance premiums	10,489	9,502	102	—
Allowance for loss on business trust agreement cancellation	381,681	—	—	—
Allowance for loss on computer center transfer	98,405	—	—	—
Allowance for doubtful accounts	2,799	3,035	32	—
Allowance for employees' retirement benefits	80,965	104,229	1,120	—
Excess amortization of deferred charges for tax purposes	—	4,005	43	—
Allowance for executives' retirement benefits	—	16,710	179	—
Excess depreciation of fixed assets	113,468	666,360	7,162	—
Total deferred tax assets	¥767,175	¥882,195	\$9,481	—
Valuation allowance	—	(16,710)	(179)	—
Deferred tax liabilities:				
Enterprise taxes payable	11,354	3,375	36	—
Net deferred tax assets	¥755,820	¥862,109	\$9,266	—



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

No disclosure is required under this item, as the difference between the statutory tax rate and the effective tax rate for the years ended March 31, 2009 and 2010 is less than 5% of the statutory tax rate.

14. Notes to the consolidated statements of changes in net assets

(1) Outstanding shares

Class of share	March 31, 2008	Increase	Decrease	March 31, 2009
Ordinary shares	8,500	—	—	8,500
Class of share	March 31, 2009	Increase	Decrease	March 31, 2010
Ordinary shares	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	Class of Share	Payment Source	Total of Dividends ¥ (thousands)	Dividend per Share ¥	Record Date	Effective Date
Ordinary General Shareholders Meeting (June 22, 2009)	Ordinary Shares	Retained Earnings	¥340,000	¥40,000	March 31, 2009	June 23, 2009

2 Dividends for which the record date is in the year ended March 31, 2010 and for which the effective date is in the year ended March 31, 2011

Resolution	Class of Share	Payment Source	Total of Dividends ¥ (thousands)	Dividend Per Share ¥	Record Date	Effective Date
Ordinary General Shareholders Meeting (June 21, 2010)	Ordinary Shares	Retained Earnings	¥340,000 (\$3,654 thousand)	¥ 40,000 (\$429)	March 31, 2010	June 22, 2010

15. Stock Options

Not applicable.

16. Segment Information

(1) Business segment

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

(2) Geographic information

Disclosure is omitted because the Company had neither overseas consolidated subsidiaries nor overseas branches for the years ended March 31, 2009 and 2010.

(3) Overseas sales

Disclosure is omitted because the Company did not have any overseas sales for the years ended March 31, 2009 and 2010.



17. 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, 2009 and 2010 are as follows:

For the year ended March 31, 2009

(Additional Information)

Commencing with the current fiscal year, the consolidated financial statements confirm to “Accounting Standard for Related Party Disclosures” (Accounting Standards Board of Japan Statement No.11) and “Guidance on Accounting Standard for Related Party Disclosures” (Accounting Standards Board of Japan Guidance No.13). There are no additional matters to disclose.

Related party transactions

(1) Subsidiaries and affiliates

Names of companies	Address	Capital ¥ (thousands)	Principal business	Percentage of ownership with voting right	Relationship		Transactions	Amount (Note 1) ¥ (thousands)	Descriptions (Note 2)	Ending Balance ¥ (thousands)
					Directors holding concurrent positions	Business relationship				
Tosho System Service Co. Ltd. (An affiliate)	Koto-ku, Tokyo	¥100,000	Design & development of software	20% directly held	Two	Purchasing software and system maintenance	Purchase of software	¥6,188,427	—	—

(Note) 1. The transaction amounts above exclude consumption taxes. However, the ending balance includes consumption taxes.

2. The terms and conditions of the above transactions are on an arm's-length basis.

(2) Others

Names of companies	Address	Capital ¥ (thousands)	Principal business	Percentage of ownership with voting rights	Relationship		Transaction	Amount (Note 1) ¥ (thousands)	Descriptions (Note 2)	Ending Balance ¥ (thousands)
					Directors holding concurrent positions	Business relationship				
Japan Securities Clearing Corporation	Chuo-ku, Tokyo	¥1,700,000	Clearing securities	—	Two	Commission income	Commission income	¥3,645,891	Accounts receivable-trade	¥297,755

(Note) 1. The transaction amounts above exclude consumption taxes. However, the ending balance includes consumption taxes.

2. The terms and conditions of the above transactions are on an arm's-length basis.



For the year ended March 31, 2010

(1) Subsidiaries and affiliates

Names of companies	Address	Capital ¥ (thousands)	Principal business	Percentage of ownership with voting right	Relationship		Transactions	Amount (Note 1) ¥ (thousands)	Descriptions (Note 2)	Ending Balance ¥ (thousands)
					Directors holding concurrent positions	Business relationship				
Tosho System Service Co. Ltd.	Koto-ku, Tokyo	¥100,000 (\$1,074 thousands)	Design & development of software	20% directly held	Two	Purchasing software and system maintenance	Payment of computer maintenance fee	¥1,830,588 (\$19,675 thousands)	Accounts payable-trade	¥246,133 (\$2,645 thousands)
							Purchase of software	¥431,170 (\$4,634 thousands)	—	—

(Note) 1. The transaction amounts above exclude consumption taxes. However, the ending balances include consumption taxes.

2. The terms and conditions of the above transactions are on an arm's-length basis.

(2) Subsidiaries of Other Consolidated Financial Statements companies and Related Parties

Names of companies	Address	Capital ¥ (thousands)	Principal business	Percentage of ownership with voting right	Relationship		Transaction	Amount (Note 1) ¥ (thousands)	Descriptions (Note 2)	Ending Balance ¥ (thousands)
					Directors holding concurrent positions	Business relationship				
Japan Securities Clearing Corporation (Subsidiary of other affiliates)	Chuo-ku, Tokyo	¥1,700,000 (\$18,271 thousands)	Clearing securities	—	Three	Commission income	Commission income	¥2,459,261 (\$26,432 thousands)	Accounts receivable-trade	¥293,347 (\$3,152 thousands)

(Note) 1. The transaction amounts above exclude consumption taxes. However, ending balance includes consumption taxes.

2. The terms and conditions of the above transactions are on an arm's-length basis.

18. Earnings Per Share

The basis for calculating earnings per share for the years ended March 31, 2009 and 2010 is as follows:

	¥ (thousands)		\$ (thousands)
	2009	2010	2010
Net income as reported in the consolidated statements of income	¥1,333,941	¥1,317,068	\$14,155
Net income pertaining to common stock shareholders	¥1,333,941	¥1,317,068	\$14,155
Weighted-average number of common stock shares outstanding (in shares)	8,500	8,500	—



Report of Independent Auditors

The Board of Directors and Shareholders of
Japan Securities Depository Center, Incorporated

We have audited the accompanying consolidated balance sheets of Japan Securities Depository Center, Incorporated and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, 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 audits.

We conducted our audits 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 audits provide 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, Incorporated and consolidated subsidiaries at March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 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.



June 18, 2010