

Japan Securities Finance Co.,Ltd.

Consolidated Financial Results for the First half ended September 30, 2005

Name : Japan Securities Finance Co.,Ltd.

Listing : First Section, Tokyo Stock Exchange

Stock code number : 8511

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1. Financial Results for the first half of Fiscal 2005 (April 1, 2005-September 30, 2005)

(1) Results of operations

(Millions of yen, except per-share figures, rounded down to nearest million)

	Operating revenues (% change from previous year)		Operating income (% change)		Ordinary income (% change)	
First half of Fiscal 2005	17,751	△3.3	3,826	△32.6	3,042	△46.2
First half of Fiscal 2004	18,362	24.5	5,674	151.7	5,658	185.7
F i s c a l 2 0 0 4	36,145		10,149		9,579	

	Net income (% change)		Net income per share (Yen)	Net income per share (Yen) (fully diluted)
First half of Fiscal 2005	1,493	△54.5	15.11	—
First half of Fiscal 2004	3,282	212.1	33.19	—
F i s c a l 2 0 0 4	5,519		54.08	—

Notes: 1. Gain/loss on investments based on equity method: ¥△904million

(First half of fiscal 2004: ¥△138million, fiscal 2004: ¥△777million)

2. Average number of shares outstanding (consolidated): 98,801,190

(First half of fiscal 2004: 98,884,473, fiscal 2004: 98,867,139)

3. Changes in accounting method: Not applicable

4: Percentage figures shown in the operating revenues, operating income, ordinary income and net income columns indicate year-on-year changes for those items.

(2) Financial position

(Millions of yen, rounded down to nearest million)

	Total assets	Stockholders' equity	Equity ratio	Equity per share (Yen)
As of Sep. 30, 2005	8,156,390	124,833	1.9	1,265.65
As of Sep. 30, 2004	9,030,078	119,579	1.6	1,209.49
F i s c a l 2 0 0 4	9,229,973	126,337	1.7	1,276.04

Notes: Number of shares outstanding as of Sep. 30, 2005 (consolidated): 98,631,986

(As of Sep. 30, 2004: 98,867,244, Fiscal 2004: 98,871,887)

(3) Cash flows

(Millions of yen, rounded down to nearest million)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the first half end of year
First half of Fiscal 2005	△87,709	△345	△1,582	6,317
First half of Fiscal 2004	4,606	△926	△715	38,331
F i s c a l 2 0 0 4	63,084	△1,752	△743	95,955

(4) Included in scope of consolidation or applicable under equity method

Consolidated subsidiaries : 3

Non-consolidated subsidiaries : 0

Affiliates : 3

(5) Changes in scope of consolidation or equity method

Consolidated subsidiaries

Newly included : 0

Newly exempted : 0

Affiliates (based on equity method)

Newly included : 0

Newly exempted : 0

2. Forecast for fiscal 2005 (April 1, 2005—March 31, 2006)

(Millions of yen, rounded down to nearest million)

	Operating Revenues	Ordinary income	Net income
F u l l - y e a r	35,000	6,600	4,000

Note : Forecast net income per share : ¥39.37

Consolidated Balance Sheets

【Assets】	<i>First half Sep.30,2005</i>		<i>First half Sep.30,2004</i>		<i>Fiscal 2004 Mar.31,2005</i>	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
I Current Assets	7,487,217	91.8	7,604,196	84.2	7,810,626	84.6
Cash	6,317		38,333		95,955	
Call Loans	137,000		212,000		136,000	
Short-term Investments	1,527,196		1,057,152		1,085,894	
Short-term Loans Receivable	2,521,817		2,317,937		2,528,075	
Securities Lent	764,164		520,716		604,539	
Securities in Custody	151,141		221,664		255,467	
Securities in Deposit	760,322		822,778		955,998	
Deferred Tax Assets	937		836		1,014	
Collateral Money for Securities Borrowed	1,612,968		2,290,634		2,031,907	
Other Current Assets	6,737		123,181		117,092	
Allowance for Doubtful Receivables	△ 1,385		△ 1,039		△ 1,318	
II Non-current Assets	669,172	8.2	1,425,881	15.8	1,419,347	15.4
Tangible Non-current Assets	6,859		6,779		6,973	
Intangible Non-current Assets	3,996		4,535		4,454	
Investments, etc.	658,363		1,414,652		1,407,918	
Allowance for Doubtful Receivables	△ 46		△ 85		△ 50	
Total Assets	8,156,390	100.0	9,030,078	100.0	9,229,973	100.0

【Liabilities and Stockholders' Equity】	<i>First half Sep.30,2005</i>		<i>First half Sep.30,2004</i>		<i>Fiscal 2004 Mar.31,2005</i>	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
I Current Liabilities	8,015,522	98.3	8,896,430	98.5	9,087,032	98.5
Call Money	1,567,900		1,512,800		1,410,200	
Bills Sold	1,179,900		2,558,600		2,135,100	
Short-term Borrowings	964,820		934,320		959,820	
Commercial Paper	139,000		224,000		172,000	
Payables under Repurchase Agreements	124,436		21,579		26,697	
Collateral Money for Securities Lent	2,165,330		1,657,190		2,328,595	
Collateral Securities Deposited	1,241,196		1,219,740		1,386,619	
Securities Borrowed	425,594		343,799		423,565	
Securities Lent Opposite Account	8,836		1,618		5,820	
Other Current Liabilities	198,507		422,780		238,614	
II Non-current Liabilities	16,034	0.2	14,068	0.2	16,603	0.1
Long-term Borrowings	2,500		—		2,500	
Liabilities for Retirement and Severance Benefits	3,808		4,095		4,152	
Other Non-Current Liabilities	9,725		9,973		9,951	
Total Liabilities	8,031,556	98.5	8,910,499	98.7	9,103,636	98.6
Total Stockholders' Equity	124,833	1.5	119,579	1.3	126,337	1.4
Total Liabilities and Stockholders' Equity	8,156,390	100.0	9,030,078	100.0	9,229,973	100.0

Consolidated Statement of Income

	<i>First half Apr. 1, 2005– Sep. 30, 2005</i>		<i>First half Apr. 1, 2004– Sep. 30, 2004</i>		<i>Fiscal 2004 Apr. 1, 2004– Mar. 31, 2005</i>	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
Operating Revenues	17,751	100.0	18,362	100.0	36,145	100.0
Interest on Loans	4,701		4,706		8,758	
Interest on Collateral Money for Securities Borrowed	716		498		1,177	
Fees on Lending Securities	7,107		5,255		11,044	
Other Operating Revenues	5,226		7,902		15,164	
Operating Expenses	9,230	52.0	8,086	44.0	16,429	45.5
Interest on Borrowing	694		795		1,512	
Interest on Commercial Paper	13		16		27	
Fees on Borrowing Securities	5,266		3,533		7,615	
Other Operating Expenses	3,255		3,740		7,274	
Operating Profit	8,521	48.0	10,276	56.0	19,715	54.5
General and Administrative Expenses	4,695		4,601		9,566	
Operating Income	3,826	21.6	5,674	30.9	10,149	28.1
Non-operating Income	125	0.7	125	0.7	215	0.6
Non-operating Expenses	909	5.2	141	0.8	784	2.2
Ordinary Income	3,042	17.1	5,658	30.8	9,579	26.5
Extraordinary Profit	—	0.0	221	1.2	279	0.8
Extraordinary Loss	120	0.6	327	1.8	354	1.0
Net Income before Income Taxes	2,922	16.5	5,551	30.2	9,505	26.3
Current Income Taxes	1,223	6.9	2,147	11.7	4,022	11.1
Deffered Income Taxes	206	1.2	122	0.6	△ 37	△ 0.1
Net Income	1,493	8.4	3,282	17.9	5,519	15.3

Consolidated Average Outstanding Balance of Loans

	<i>First half Apr. 1, 2005– Sep. 30, 2005</i>		<i>First half Apr. 1, 2004– Sep. 30, 2004</i>		<i>Fiscal 2004 Apr. 1, 2004– Mar. 31, 2005</i>	
	(billions of yen)	(% ratio)	(billions of yen)	(% ratio)	(billions of yen)	(% ratio)
Loans for Margin Transactions	1,188.6	47.8	1,188.0	47.4	1,098.6	47.5
Bond Financing	1.7	0.1	1.4	0.1	3.5	0.2
General Loans	40.0	1.6	43.0	1.7	41.8	1.8
Trust Bank Loans	1,211.9	48.8	1,262.2	50.3	1,158.0	50.0
Sales under Repurchase Agreements	37.1	1.5	6.8	0.3	6.7	0.3
Other Loans	5.5	0.2	5.6	0.2	5.5	0.2
Total	2,485.1	100.0	2,507.3	100.0	2,314.3	100.0
Securities Lent for Margin Transaction	593.8	—	495.1	—	538.2	—

Segment Information for Consolidated Operating Revenues

	<i>First half Apr. 1, 2005– Sep. 30, 2005</i>		<i>First half Apr. 1, 2004– Sep. 30, 2004</i>		<i>Fiscal 2004 Apr. 1, 2004– Mar. 31, 2005</i>	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
Securities Financing Business	16,289	91.8	16,906	92.1	33,178	91.8
Loans for Margin Transactions	10,593	59.7	8,445	46.0	17,309	47.9
(Interest on Loans)	3,688	20.8	3,675	20.0	6,794	18.8
Bond Financing and General Loans	418	2.4	449	2.4	887	2.5
Securities Lending	1,172	6.6	1,007	5.5	1,926	5.3
(Stocks)	623	3.5	534	2.9	1,015	2.8
(Bonds)	549	3.1	472	2.6	910	2.5
Trust Banking	2,285	12.9	4,895	26.7	8,205	22.7
(Interest on Loans)	588	3.3	576	3.1	1,067	3.0
(Trust Charges)	61	0.3	124	0.7	227	0.6
Real Estate Leasing	453	2.5	472	2.6	938	2.6
Other Business	1,365	7.7	1,635	8.9	3,910	10.8
Information Processing Business	1,462	8.2	1,456	7.9	2,966	8.2
Total	17,751	100.0	18,362	100.0	36,145	100.0