

Japan Securities Finance Co.,Ltd.

Consolidated Financial Results for the First Quarter ended June 30, 2005

Name : Japan Securities Finance Co.,Ltd.

Listing : First Section, Tokyo Stock Exchange

Stock code number : 8511

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1. Informaion relating to the preparation of quarterly financial statements

(1)Adoption of simplified methods in accounting practices(yes/no):Yes

(Details) Basis for the calculation of corporation tax, etc.:

Calculated by multiplying quarterly income before tax, etc., by the estimated effective consolidated tax rate at the end of the fiscal years.

(2)Any differences between the accounting practices used here and those used in preparing consolidated accounts for the previous business year(yes/no):No

(3)Changes in the scope of consolidation and interests accounted for by the equity method (yes/no):No

2. Financial Results for the first Quarter of Fiscal 2005(April 1, 2005-June 30, 2005)

(1)Results of operations

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

	Operating revenues		Operating income		Ordinary profit	
		(% change from previous year)		(% change)		(% change)
First Quarter of Fiscal 2005	8,520	△0.7	1,863	△20.5	1,534	△24.2
First Quarter of Fiscal 2004	8,576	—	2,344	—	2,023	—
Fiscal 2004	36,145	17.0	10,149	69.3	9,579	46.3

	Net income		Net income per share	Net income per share
		(% change)	(Yen)	(Yen) (fully diluted)
First Quarter of Fiscal 2005	883	△2.5	8.93	—
First Quarter of Fiscal 2004	906	—	9.15	—
Fiscal 2004	5,519	37.9	54.08	—

Notes:1. Average number of shares outstanding (consolidated): 98,868,541

(First Quarter of fiscal 2004: 99,050,447, fiscal 2004: 98,867,139)

2. Percentage figures shown in the operating revenues, operating income, ordinary profit 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 Jun. 30, 2005	7,406,022	125,645	2.1	1,270.87
As of Jun. 30, 2004	9,682,288	110,893	1.4	1,119.60
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 Jun. 30, 2005 (consolidated): 98,865,742
(As of Jun. 30, 2004: 99,048,009, 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 end of year
First Quarter of Fiscal 2005	49,473	△147	△1,399	143,881
First Quarter of Fiscal 2004	△13,378	△1,153	△701	20,132
F i s c a l 2 0 0 4	63,084	△1,752	△743	95,955

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

(Millions of yen, rounded down to nearest million)

	Operating Revenues	Ordinary Profit	Net income
I n t e r i m	14,000	2,100	1,100
F u l l - y e a r	29,000	5,200	3,100

Note: Forecast net income per share: ¥30.18

Projected results have not been revised.

Consolidated Balance Sheets

【Assets】	<i>First Quarter Jun.30,2005</i>		<i>First Quarter Jun.30,2004</i>		<i>Fiscal 2004 Mar.31,2005</i>	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
Current Assets	7,111,551	96.0	6,729,549	69.5	7,810,626	84.6
Cash	143,881		20,278		95,955	
Call Loans	34,000		76,500		136,000	
Short-term Investments	1,226,003		1,031,728		1,085,894	
Short-term Loans Receivable	2,637,474		2,591,276		2,528,075	
Securities Lent	577,157		544,941		604,539	
Securities in Custody	148,244		232,732		255,467	
Securities in Deposit	788,305		864,942		955,998	
Deferred Tax Assets	709		630		1,014	
Collateral Money for Securities Borrowed	1,529,940		1,342,060		2,031,907	
Other Current Assets	26,897		25,428		117,092	
Allowance for Doubtful Receivables	△1,063		△971		△1,318	
Non-current Assets	294,471	4.0	2,952,739	30.5	1,419,347	15.4
Tangible Non-current Assets	6,901		6,914		6,973	
Intangible Non-current Assets	4,268		4,830		4,454	
Investments, etc.	283,348		2,941,079		1,407,969	
Allowance for Doubtful Receivables	△47		△85		△50	
Total Assets	7,406,022	100.0	9,682,288	100.0	9,229,973	100.0

【Liabilities and Stockholders' Equity】	<i>First Quarter Jun.30,2005</i>		<i>First Quarter Jun.30,2004</i>		<i>Fiscal 2004 Mar.31,2005</i>	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
Current Liabilities	7,263,595	98.1	9,566,638	98.8	9,087,032	98.5
Call Money	1,764,500		1,655,600		1,410,200	
Bills Sold	1,571,400		3,309,200		2,135,100	
Short-term Borrowings	429,820		389,820		959,820	
Commercial Paper	181,000		220,000		172,000	
Payables under Repurchase Agreements	34,895		160,408		26,697	
Collateral Money for Securities Lent	1,607,669		2,087,978		2,328,595	
Collateral Securities Deposited	1,190,671		1,231,379		1,386,619	
Securities Borrowed	315,387		410,049		423,565	
Securities Lent Opposite Account	7,646		1,186		5,820	
Other Current Liabilities	160,604		101,015		238,614	
Non-current Liabilities	16,781	0.2	4,756	0.1	16,603	0.1
Long-term Borrowings	2,500		—		2,500	
Liabilities for Retirement and Severance Benefits	3,872		4,093		4,152	
Other Non-Current Liabilities	10,408		662		9,951	
Total Liabilities	7,280,377	98.3	9,571,395	98.9	9,103,636	98.6
Total Stockholders' Equity	125,645	1.7	110,893	1.1	126,337	1.4
Total Liabilities and Stockholders' Equity	7,406,022	100.0	9,682,288	100.0	9,229,973	100.0

Consolidated Statement of Income

	<i>First Quarter Apr. 1, 2005– Jun. 30, 2005</i>		<i>First Quarter Apr. 1, 2004– Jun. 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	8,520	100.0	8,576	100.0	36,145	100.0
Interest on Loans	2,437		2,381		8,758	
Interest on Collateral Money for Securities Borrowed	294		243		1,177	
Fees on Lending Securities	2,589		2,694		11,044	
Other Operating Revenues	3,198		3,256		15,164	
Operating Expenses	4,326	50.8	3,949	46.0	16,429	45.5
Interest on Borrowing	361		406		1,512	
Interest on Commercial Paper	8		8		27	
Fees on Borrowing Securities	1,784		1,897		7,615	
Other Operating Expenses	2,171		1,636		7,274	
Operating Profit	4,193	49.2	4,627	54.0	19,715	54.5
General and Administrative Expenses	2,329		2,283		9,566	
Operating Income	1,863	21.9	2,344	27.3	10,149	28.1
Non-operating Income	92	1.1	146	1.7	215	0.6
Non-operating Expenses	421	5.0	467	5.4	784	2.2
Ordinary Profit	1,534	18.0	2,023	23.6	9,579	26.5
Extraordinary Profit	258	3.1	45	0.5	279	0.8
Extraordinary Loss	6	0.1	283	3.3	354	1.0
Net Income before Income Taxes	1,786	21.0	1,785	20.8	9,505	26.3
Current Income Taxes	534	6.3	697	8.1	4,022	11.1
Deffered Income Taxes	368	4.3	182	2.1	△ 37	△0.1
Net Income	883	10.4	906	10.6	5,519	15.3

Consolidated Average Outstanding Balance of Loans

	<i>First Quarter Apr. 1, 2005– Jun. 30, 2005</i>		<i>First Quarter Apr. 1, 2004– Jun. 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	1,267.8	47.7	1,200.7	46.7	1,098.6	47.5
Bond Financing	2.9	0.1	0.6	0.0	3.5	0.2
General Loans	40.9	1.5	42.2	1.7	41.8	1.8
Trust Bank Loans	1,310.1	49.3	1,309.1	51.0	1,158.0	50.0
Sales under Repurchase Agreements	30.3	1.2	11.2	0.4	6.7	0.3
Other Loans	5.5	0.2	5.6	0.2	5.5	0.2
Total	2,657.7	100.0	2,569.7	100.0	2,314.3	100.0
Securities Lent for Margin Transaction	518.1	—	491.3	—	538.2	—

Segment Information for Consolidated Operating Revenues

	<i>First Quarter Apr. 1, 2005– Jun. 30, 2005</i>		<i>First Quarter Apr. 1, 2005– Jun. 30, 2005</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	7,847	92.1	7,862	91.7	33,178	91.8
Loans for Margin Transactions	4,264	50.1	4,290	50.0	17,309	47.9
(Interest on Loans)	1,944	22.8	1,855	21.6	6,794	18.8
Bond Financing and General Loans	215	2.5	223	2.6	887	2.5
Securities Lending	569	6.7	460	5.4	1,926	5.3
(Stocks)	286	3.4	230	2.7	1,015	2.8
(Bonds)	282	3.3	229	2.7	910	2.5
Trust Banking	1,759	20.6	1,872	21.8	8,205	22.7
(Interest on Loans)	275	3.2	300	3.5	1,067	3.0
(Trust Charges)	33	0.4	60	0.7	227	0.6
Real Estate Leasing	223	2.6	231	2.7	938	2.6
Other Business	815	9.6	784	9.2	3,910	10.8
Information Processing Business	672	7.9	714	8.3	2,966	8.2
Total	8,520	100.0	8,576	100.0	36,145	100.0