

Japan Securities Finance Co.,Ltd.

Consolidated Financial Results for the Third Quarter ended December 31, 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 third Quarter of Fiscal 2005(April 1, 2005-December 31, 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)	
Third Quarter of Fiscal 2005	27,555	2.2	5,635	△28.3	4,943	△32.6
Third Quarter of Fiscal 2004	26,967	—	7,860	—	7,333	—
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)
Third Quarter of Fiscal 2005	2,773	△34.5	28.09	—
Third Quarter of Fiscal 2004	4,235	—	42.83	—
Fiscal 2004	5,519	37.9	54.08	—

Notes:1. Average number of shares outstanding (consolidated): 98,740,643

(Third Quarter of fiscal 2004: 98,874,599, 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 Dec. 31, 2005	9,162,894	122,416	2.0	1,241.44
As of Dec. 31, 2004	7,168,280	123,549	2.1	1,249.94
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 Dec. 31, 2005 (consolidated): 98,609,044

(As of Dec. 31, 2005: 98,844,010, 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 3Q
Third Quarter of Fiscal 2005	△63,787	△987	△2,606	28,574
Third Quarter of Fiscal 2004	28,259	△1,121	△730	61,773
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
F u l l - y e a r	37,000	8,000	4,700

Note: Forecast net income per share: ¥46.50

Consolidated Balance Sheets

【Assets】	Third Quarter Dec. 31, 2005		Third Quarter Dec. 31, 2004		Fiscal 2004 Mar. 31, 2005	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
Current Assets	8,425,423	92.0	5,498,424	76.7	7,810,626	84.6
Cash	28,574		61,775		95,955	
Call Loans	42,000		100,500		136,000	
Short-term Investments	952,172		885,701		1,085,894	
Short-term Loans Receivable	3,224,602		2,086,456		2,528,075	
Securities Lent	740,879		577,707		604,539	
Securities in Custody	556,247		136,032		255,467	
Securities in Deposit	1,727,290		487,416		955,998	
Deferred Tax Assets	801		658		1,014	
Collateral Money for Securities Borrowed	1,134,761		1,090,448		2,031,907	
Other Current Assets	19,792		72,468		117,092	
Allowance for Doubtful Receivables	△ 1,699		△ 739		△ 1,318	
Non-current Assets	737,471	8.0	1,669,855	23.3	1,419,347	15.4
Tangible Non-current Assets	7,329		6,855		6,973	
Intangible Non-current Assets	3,853		4,333		4,454	
Investments, etc.	726,333		1,658,750		1,407,918	
Allowance for Doubtful Receivables	△ 45		△ 83		△ 50	
Total Assets	9,162,894	100.0	7,168,280	100.0	9,229,973	100.0

【Liabilities and Stockholders' Equity】	<i>Third Quarter Dec.31,2005</i>		<i>Third Quarter Dec.31,2004</i>		<i>Fiscal 2004 Mar.31,2005</i>	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
Current Liabilities	9,024,458	98.5	7,027,980	98.1	9,087,032	98.5
Call Money	2,123,700		1,700,400		1,410,200	
Bills Sold	959,200		1,883,800		2,135,100	
Short-term Borrowings	366,820		424,820		959,820	
Commercial Paper	351,000		116,000		172,000	
Payables under Repurchase Agreements	130,627		43,070		26,697	
Collateral Money for Securities Lent	1,911,084		1,404,842		2,328,595	
Collateral Securities Deposited	2,347,562		868,954		1,386,619	
Securities Borrowed	668,118		328,779		423,565	
Securities Lent Opposite Account	8,737		3,421		5,820	
Other Current Liabilities	157,607		253,892		238,614	
Non-current Liabilities	16,019	0.2	16,750	0.2	16,603	0.1
Long-term Borrowings	2,500		2,500		2,500	
Liabilities for Retirement and Severance Benefits	3,894		4,136		4,152	
Other Non-Current Liabilities	9,624		10,114		9,951	
Total Liabilities	9,040,477	98.7	7,044,731	98.3	9,103,636	98.6
Total Stockholders' Equity	122,416	1.3	123,549	1.7	126,337	1.4
Total Liabilities and Stockholders' Equity	9,162,894	100.0	7,168,280	100.0	9,229,973	100.0

Consolidated Statement of Income

	<i>Third Quarter Apr. 1, 2005– Dec. 31, 2005</i>		<i>Third Quarter Apr. 1, 2004– Dec. 31, 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	27,555	100.0	26,967	100.0	36,145	100.0
Interest on Loans	7,942		6,653		8,758	
Interest on Collateral Money for Securities Borrowed	1,035		807		1,177	
Fees on Lending Securities	11,298		8,360		11,044	
Other Operating Revenues	7,277		11,147		15,164	
Operating Expenses	14,769	53.6	12,353	45.8	16,429	45.5
Interest on Borrowing	1,072		1,155		1,512	
Interest on Commercial Paper	20		22		27	
Fees on Borrowing Securities	8,219		5,823		7,615	
Other Operating Expenses	5,457		5,351		7,274	
Operating Profit	12,785	46.4	14,614	54.2	19,715	54.5
General and Administrative Expenses	7,149		6,753		9,566	
Operating Income	5,635	20.5	7,860	29.1	10,149	28.1
Non-operating Income	165	0.5	174	0.7	215	0.6
Non-operating Expenses	856	3.1	702	2.6	784	2.2
Ordinary Profit	4,943	17.9	7,333	27.2	9,579	26.5
Extraordinary Profit	16	0.1	450	1.7	279	0.8
Extraordinary Loss	123	0.4	343	1.3	354	1.0
Net Income before Income Taxes	4,836	17.6	7,440	27.6	9,505	26.3
Current Income Taxes	1,828	6.6	2,890	10.7	4,022	11.1
Deffered Income Taxes	234	0.9	314	1.2	△ 37	△0.1
Net Income	2,773	10.1	4,235	15.7	5,519	15.3

Consolidated Average Outstanding Balance of Loans

	<i>Third Quarter Apr. 1, 2005– Dec. 31, 2005</i>		<i>Third Quarter Apr. 1, 2004– Dec. 31, 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	1,358.3	53.1	1,104.9	47.5	1,098.6	47.5
Bond Financing	1.5	0.1	2.9	0.1	3.5	0.2
General Loans	40.4	1.6	42.4	1.8	41.8	1.8
Sales under Repurchase Agreements	64.4	2.5	6.7	0.3	6.7	0.3
Trust Bank Loans	1,088.5	42.5	1,162.3	50.0	1,158.0	50.0
Other Loans	5.5	0.2	5.6	0.3	5.5	0.2
Total	2,558.8	100.0	2,325.1	100.0	2,314.3	100.0
Securities Lent for Margin Transaction	631.4	—	510.9	—	538.2	—

Segment Information for Consolidated Operating Revenues

	<i>Third Quarter Apr. 1, 2005– Dec. 31, 2005</i>		<i>Third Quarter Apr. 1, 2004– Dec. 31, 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	25,391	92.1	24,859	92.2	33,178	91.8
Loans for Margin Transactions	16,949	61.5	12,849	47.6	17,309	47.9
(Interest on Loans)	6,356	23.1	5,144	19.1	6,794	18.8
(Fees on Lending Securities)	9,454	34.3	6,802	25.2	9,040	25.0
Bond Financing and General Loans	622	2.2	674	2.5	887	2.5
Securities Lending	1,974	7.2	1,461	5.4	1,926	5.3
(Stocks)	1,071	3.9	769	2.8	1,015	2.8
(Bonds)	903	3.3	692	2.6	910	2.5
Trust Banking	3,330	12.1	6,599	24.5	8,205	22.7
(Interest on Loans)	956	3.5	827	3.1	1,067	3.0
(Trust Charges)	117	0.4	180	0.7	227	0.6
Real Estate Leasing	662	2.4	704	2.6	938	2.6
Other Business	1,851	6.7	2,570	9.5	3,910	10.8
Information Processing Business	2,163	7.9	2,108	7.8	2,966	8.2
Total	27,555	100.0	26,967	100.0	36,145	100.0