

# Japan Securities Finance Co.,Ltd.

## Consolidated Financial Results for Fiscal 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 Fiscal 2005 (April 1, 2005—March 31, 2006)

#### (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)		Recurring income (% change)	
Fiscal 2005	37,226	3.0	8,926	△12.0	8,293	△13.4
Fiscal 2004	36,145	17.0	10,149	69.3	9,579	46.3

	Net income (% change)		Net income per share (yen)	Net income Per share (yen) (fully diluted)	Return on equity	Recurring income/ Total assets	Recurring income/ Operating revenues
Fiscal 2005	4,952	△10.3	48.93	-	4.0	0.1	22.3
Fiscal 2004	5,519	37.9	54.08	-	4.6	0.1	26.5

Notes: 1. Gain/loss on investments based on equity method: ¥△815million (Fiscal 2004: ¥△777million)

2. Average number of shares outstanding (consolidated): 98,706,637 (Fiscal 2004: 98,867,139)

3. Changes in accounting method: Not applicable

4. Percentage figures shown in the operating revenues, operating income, Recurring 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	Book-value per share (Yen)
Fiscal 2005	9,722,382	118,961	1.7	1,205.27
Fiscal 2004	9,229,973	126,337	1.7	1,276.04

Notes: Number of shares outstanding at year-end (consolidated): 98,599,095 (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
<b>F i s c a l 2 0 0 5</b>	<b>△87,764</b>	<b>△1,746</b>	<b>△2,620</b>	<b>3,823</b>
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 2006(April 1, 2006—March 31, 2007)**

(Millions of yen, rounded down to nearest million)

	Operating Revenues	Ordinary income	Net income
I n t e r i m	19,000	6,600	3,900
F u l l - y e a r	39,000	12,700	7,400

Note : Forecast net income per share : ¥75.05

【Assets】	<i>Fiscal 2005</i>		<i>Fiscal 2004</i>	
	<i>Mar. 31, 2006</i>		<i>Mar. 31, 2005</i>	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
<b>I Current Assets</b>	<b>9,026,381</b>	<b>92.8</b>	<b>7,810,626</b>	<b>84.6</b>
Cash	3,823		95,955	
Call Loans	118,000		136,000	
Short-term Investments	1,365,935		1,085,894	
Short-term Loans Receivable	3,194,928		2,528,075	
Securities Lent	705,150		604,539	
Securities in Custody	193,722		255,467	
Securities in Deposit	1,740,415		955,998	
Deferred Tax Assets	855		1,014	
Collateral Money for Securities Borrowed	1,662,232		2,031,907	
Other Current Assets	42,624		117,092	
Allowance for Doubtful Receivables	△ 1,307		△ 1,318	
<b>II Non-current Assets</b>	<b>696,001</b>	<b>7.2</b>	<b>1,419,347</b>	<b>15.4</b>
Tangible Non-current Assets	7,530		6,973	
Intangible Non-current Assets	3,838		4,454	
Investments, etc.	684,673		1,407,969	
Allowance for Doubtful Receivables	△ 41		△ 50	
<b>Total Assets</b>	<b>9,722,382</b>	<b>100.0</b>	<b>9,229,973</b>	<b>100.0</b>

【Liabilities and Stockholders' Equity】	<i>Fiscal 2005</i>		<i>Fiscal 2004</i>	
	<i>Mar. 31, 2006</i>		<i>Mar. 31, 2005</i>	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
<b>I Current Liabilities</b>	<b>9,586,858</b>	<b>98.6</b>	<b>9,087,032</b>	<b>98.5</b>
Call Money	1,964,400		1,410,200	
Bills Sold	672,400		2,135,100	
Short-term Borrowings	1,577,820		959,820	
Commercial Paper	-		172,000	
Payables under Repurchase Agreements	114,420		26,697	
Collateral Money for Securities Lent	2,462,856		2,328,595	
Collateral Securities Deposited	2,328,082		1,386,619	
Securities Borrowed	302,380		423,565	
Securities Lent Opposite Account	8,825		5,820	
Other Current Liabilities	155,673		238,614	
<b>II Non-current Liabilities</b>	<b>16,562</b>	<b>0.2</b>	<b>16,603</b>	<b>0.1</b>
Long-term Borrowings	4,500		2,500	
Liabilities for Retirement and Severance Benefits	3,924		4,152	
Other Non-Current Liabilities	8,138		9,951	
<b>Total Liabilities</b>	<b>9,603,421</b>	<b>98.8</b>	<b>9,103,636</b>	<b>98.6</b>
<b>Total Stockholders' Equity</b>	<b>118,961</b>	<b>1.2</b>	<b>126,337</b>	<b>1.4</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>9,722,382</b>	<b>100.0</b>	<b>9,229,973</b>	<b>100.0</b>

**Consolidated Statement of Income**

	<i>Fiscal 2005</i> <i>Apr. 1, 2005–</i> <i>Mar. 31, 2006</i>		<i>Fiscal 2004</i> <i>Apr. 1, 2004–</i> <i>Mar. 31, 2005</i>	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
<b>Operating Revenues</b>	<b>37,226</b>	<b>100.0</b>	<b>36,145</b>	<b>100.0</b>
Interest on Loans	12,413		8,758	
Interest on Collateral Money for Securities Borrowed	1,226		1,177	
Fees on Lending Securities	13,777		11,044	
Other Operating Revenues	9,808		15,164	
<b>Operating Expenses</b>	<b>19,142</b>	<b>51.4</b>	<b>16,429</b>	<b>45.5</b>
Interest on Borrowing	1,489		1,512	
Interest on Commercial Paper	35		27	
Fees on Borrowing Securities	9,540		7,615	
Other Operating Expenses	8,076		7,274	
<b>Operating Profit</b>	<b>18,083</b>	<b>48.6</b>	<b>19,715</b>	<b>54.5</b>
General and Administrative Expenses	9,157	24.6	9,566	26.4
<b>Operating Income</b>	<b>8,926</b>	<b>24.0</b>	<b>10,149</b>	<b>28.1</b>
Non-operating Revenues	196	0.5	215	0.6
Non-operating Expenses	830	2.2	784	2.2
<b>Recurring Income</b>	<b>8,293</b>	<b>22.3</b>	<b>9,579</b>	<b>26.5</b>
Extraordinary Profit	33	0.1	279	0.8
Extraordinary Loss	140	0.4	354	1.0
<b>Net Income before Income Taxes</b>	<b>8,186</b>	<b>22.0</b>	<b>9,505</b>	<b>26.3</b>
Current Income Taxes	2,996	8.1	4,022	11.1
Deffered Income Taxes	237	0.6	△ 37	△0.1
<b>Net Income</b>	<b>4,952</b>	<b>13.3</b>	<b>5,519</b>	<b>15.3</b>

**Consolidated Average Outstanding Balance of Loans**

	<i>Fiscal 2005</i> <i>Apr. 1, 2005–</i> <i>Mar. 31, 2006</i>		<i>Fiscal 2004</i> <i>Apr. 1, 2004–</i> <i>Mar. 31, 2005</i>		<i>Increase(Decrease)</i>	
	(billions of yen)	(% ratio)	(billions of yen)	(% ratio)	(billions of yen)	(% ratio)
Loans for Margin Transactions	1,637.6	59.3	1,098.6	47.5	539.0	49.1
Bond Financing	1.8	0.1	3.5	0.2	△ 1.6	△ 48.1
General Loans	44.6	1.6	41.8	1.8	2.7	6.7
(Including Loans for Negotiable Margin Transaction)	(2.5)	(0.1)	(–)	(–)	(2.5)	(–)
Sales under Repurchase Agreements	53.8	2.0	6.7	0.3	47.1	703.1
Trust Bank Loans	1,016.4	36.8	1,158.0	50.0	△ 141.5	△ 12.2
Other Loans	5.5	0.2	5.5	0.2	△ 0.0	△ 0.4
<b>Total</b>	<b>2,760.0</b>	<b>100.0</b>	<b>2,314.3</b>	<b>100.0</b>	<b>445.6</b>	<b>19.3</b>
<b>Securities Lent for Margin Transaction</b>	<b>651.0</b>	<b>–</b>	<b>538.2</b>	<b>–</b>	<b>112.8</b>	<b>21.0</b>

**Segment Information for Consolidated Operating Revenues**

	<i>First half</i> <i>Apr. 1, 2005–</i> <i>Sep. 30, 2005</i>		<i>Fiscal 2004</i> <i>Apr. 1, 2004–</i> <i>Mar. 31, 2005</i>		<i>Increase(Decrease)</i>	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
<b>Securities Financing Business</b>	<b>34,233</b>	<b>92.0</b>	<b>33,178</b>	<b>91.8</b>	<b>1,055</b>	<b>3.2</b>
Loans for Margin Transactions	22,993	61.8	17,309	47.9	5,684	32.8
(Interest on Loans)	10,158	27.3	6,794	18.8	3,363	49.5
(Fees on Lending Securities)	11,226	30.2	9,040	25.0	2,185	24.2
Bond Financing and General Loans	864	2.3	887	2.5	△ 22	△ 2.6
Securities Lending	2,699	7.3	1,926	5.3	773	40.1
(Stocks)	1,465	4.0	1,015	2.8	449	44.2
(Bonds)	1,234	3.3	910	2.5	323	35.6
Trust Banking	4,286	11.5	8,205	22.7	△ 3,919	△ 47.8
(Interest on Loans)	1,382	3.7	1,067	3.0	314	29.5
(Trust Charges)	161	0.4	227	0.6	△ 65	△ 29.0
Real Estate Leasing	871	2.3	938	2.6	△ 67	△ 7.1
Other Business	2,517	6.8	3,910	10.8	△ 1,393	△ 35.6
<b>Information Processing Business</b>	<b>2,992</b>	<b>8.0</b>	<b>2,966</b>	<b>8.2</b>	<b>25</b>	<b>0.9</b>
<b>Total</b>	<b>37,226</b>	<b>100.0</b>	<b>36,145</b>	<b>100.0</b>	<b>1,080</b>	<b>3.0</b>