

# ◎ JAPAN SECURITIES FINANCE CO.,LTD.

## Consolidated Financial Results for the First Quarter ended June 30, 2006

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 2006(April 1, 2006—June 30, 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)	
First Quarter of Fiscal 2006	9,263	8.7	3,280	76.0	3,303	115.3
First Quarter of Fiscal 2005	8,520	△0.7	1,863	△20.5	1,534	△24.2
Fiscal 2005	37,226	3.0	8,926	△12.0	8,293	△13.4

	Net income (% change)		Net income per share (Yen)	Net income per share (Yen) (fully diluted)
First Quarter of Fiscal 2006	2,268	156.8	23.01	—
First Quarter of Fiscal 2005	883	△2.5	8.93	—
Fiscal 2005	4,952	△10.3	48.93	—

Notes:1. Average number of shares outstanding (consolidated): 98,597,763

(First Quarter of fiscal 2005: 98,868,541, fiscal 2005: 98,706,637)

2. 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	Net assets	Equity ratio(%)	Net assets per share(Yen)
<b>As of Jun. 30, 2006</b>	<b>7,894,004</b>	<b>119,766</b>	<b>2.0</b>	<b>1,214.71</b>
As of Jun. 30, 2005	7,406,022	125,645	2.1	1,270.87
<b>F i s c a l 2 0 0 5</b>	<b>9,722,382</b>	<b>118,961</b>	<b>1.7</b>	<b>1,205.27</b>

Notes: Number of shares outstanding as of Jun. 30, 2006 (consolidated): 98,597,234  
(As of Jun. 30, 2005: 98,865,742, Fiscal 2005: 98,599,095)

(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
<b>First Quarter of Fiscal 2006</b>	<b>17,402</b>	<b>△291</b>	<b>△1,393</b>	<b>19,540</b>
First Quarter of Fiscal 2005	49,473	△147	△1,399	143,881
<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>

3. Forecast for fiscal 2006(April 1, 2006—March 31, 2007)

(Millions of yen, rounded down to nearest million)

	Operating revenues	Recurring income	Net income
<b>I n t e r i m</b>	<b>19,000</b>	<b>4,700</b>	<b>2,000</b>
<b>F u l l - y e a r</b>	<b>41,000</b>	<b>10,200</b>	<b>4,700</b>

Note : Forecast net income per share : ¥47.60

**Consolidated Balance Sheets**

【Assets】	First Quarter Jun.30,2006		First Quarter Jun.30,2005		Fiscal 2005 Mar.31,2006	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
<b>I Current Assets</b>	<b>7,273,296</b>	<b>92.1</b>	<b>7,111,551</b>	<b>96.0</b>	<b>9,026,381</b>	<b>92.8</b>
Cash	19,540		143,881		3,823	
Call Loans	27,000		34,000		118,000	
Short-term Investments	1,267,540		1,226,003		1,365,935	
Short-term Loans Receivable	2,494,695		2,637,474		3,194,928	
Securities Lent	689,227		577,157		705,150	
Securities in Custody	156,621		148,244		193,722	
Securities in Deposit	1,100,905		788,305		1,740,415	
Deferred Tax Assets	608		709		855	
Collateral Money for Securities Borrowed	1,491,019		1,529,940		1,662,232	
Other Current Assets	26,710		26,897		42,624	
Allowance for Doubtful Receivables	△ 572		△ 1,063		△ 1,307	
<b>II Non-current Assets</b>	<b>620,708</b>	<b>7.9</b>	<b>294,471</b>	<b>4.0</b>	<b>696,001</b>	<b>7.2</b>
Tangible Non-current Assets	7,593		6,901		7,530	
Intangible Non-current Assets	3,632		4,268		3,838	
Investments, etc.	609,520		283,348		684,673	
Allowance for Doubtful Receivables	△ 38		△ 47		△ 41	
<b>Total Assets</b>	<b>7,894,004</b>	<b>100.0</b>	<b>7,406,022</b>	<b>100.0</b>	<b>9,722,382</b>	<b>100.0</b>

<b>【Liabilities and Stockholders' Equity】</b>	<i>First Quarter Jun.30,2006</i>		<i>First Quarter Jun.30,2005</i>		<i>Fiscal 2005 Mar.31,2006</i>	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
<b>I Current Liabilities</b>	<b>7,760,857</b>	<b>98.3</b>	<b>7,263,595</b>	<b>98.1</b>	<b>9,586,858</b>	<b>98.6</b>
Call Money	2,043,600		1,764,500		1,964,400	
Bills Sold	320,600		1,571,400		672,400	
Short-term Borrowings	746,820		429,820		1,577,820	
Commercial Paper	95,000		181,000		-	
Payables under Repurchase Agreements	227,243		34,895		114,420	
Collateral Money for Securities Lent	2,221,246		1,607,669		2,462,856	
Collateral Securities Deposited	1,676,619		1,190,671		2,328,082	
Securities Borrowed	253,663		315,387		302,380	
Securities Lent Opposite Account	16,472		7,646		8,825	
Other Current Liabilities	159,593		160,604		155,673	
<b>II Non-current Liabilities</b>	<b>13,380</b>	<b>0.2</b>	<b>16,781</b>	<b>0.2</b>	<b>16,562</b>	<b>0.2</b>
Long-term Borrowings	8,500		2,500		4,500	
Liabilities for Retirement and Severance Benefits	3,688		3,872		3,924	
Other Non-Current Liabilities	1,192		10,408		8,138	
<b>Total Liabilities</b>	<b>7,774,237</b>	<b>98.5</b>	<b>7,280,377</b>	<b>98.3</b>	<b>9,603,421</b>	<b>98.8</b>
<b>Total Stockholders' Equity</b>	<b>-</b>	<b>-</b>	<b>125,645</b>	<b>1.7</b>	<b>118,961</b>	<b>1.2</b>
<b>Total Net Assets</b>	<b>119,766</b>	<b>1.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>7,894,004</b>	<b>100.0</b>	<b>7,406,022</b>	<b>100.0</b>	<b>9,722,382</b>	<b>100.0</b>

**Consolidated Statement of Income**

	<i>First Quarter Apr. 1, 2006– Jun. 30, 2006</i>		<i>First Quarter Apr. 1, 2005– Jun. 30, 2005</i>		<i>Fiscal 2005 Apr. 1, 2005– Mar. 31, 2006</i>	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
<b>Operating Revenues</b>	<b>9,263</b>	<b>100.0</b>	<b>8,520</b>	<b>100.0</b>	<b>37,226</b>	<b>100.0</b>
Interest on Loans	4,100		2,437		12,413	
Interest on Collateral Money for Securities Borrowed	291		294		1,226	
Fees on Lending Securities	2,387		2,589		13,777	
Other Operating Revenues	2,482		3,198		9,808	
<b>Operating Expenses</b>	<b>3,758</b>	<b>40.6</b>	<b>4,326</b>	<b>50.8</b>	<b>19,142</b>	<b>51.4</b>
Interest on Borrowing	730		361		1,489	
Interest on Commercial Paper	19		8		35	
Fees on Borrowing Securities	1,164		1,784		9,540	
Other Operating Expenses	1,844		2,171		8,076	
<b>Operating Profit</b>	<b>5,505</b>	<b>59.4</b>	<b>4,193</b>	<b>49.2</b>	<b>18,083</b>	<b>48.6</b>
General and Administrative Expenses	2,225	24.0	2,329	26.4	9,157	24.6
<b>Operating Income</b>	<b>3,280</b>	<b>35.4</b>	<b>1,863</b>	<b>21.9</b>	<b>8,926</b>	<b>24.0</b>
Non-operating Revenues	123	1.3	92	1.1	196	0.5
Non-operating Expenses	100	1.1	421	5.0	830	2.2
<b>Recurring Income</b>	<b>3,303</b>	<b>35.7</b>	<b>1,534</b>	<b>18.0</b>	<b>8,293</b>	<b>22.3</b>
Extraordinary Profit	737	8.0	258	3.1	33	0.1
Extraordinary Loss	97	1.0	6	0.1	140	0.4
<b>Net Income before Income Taxes</b>	<b>3,944</b>	<b>42.6</b>	<b>1,786</b>	<b>21.0</b>	<b>8,186</b>	<b>22.0</b>
Current Income Taxes	1,205	8.1	534	6.3	2,996	8.1
Deferred Income Taxes	469	5.1	368	4.3	237	0.6
<b>Net Income</b>	<b>2,268</b>	<b>24.5</b>	<b>883</b>	<b>10.4</b>	<b>4,952</b>	<b>13.3</b>

**Consolidated Average Outstanding Balance of Loans**

	<i>First Quarter Apr. 1, 2006– Jun. 30, 2006</i>		<i>First Quarter Apr. 1, 2005– Jun. 30, 2005</i>		<i>Fiscal 2005 Apr. 1, 2005– Mar. 31, 2006</i>	
	(billions of yen)	(% ratio)	(billions of yen)	(% ratio)	(billions of yen)	(% ratio)
Loans for Margin Transactions	2,092.6	68.4	1,267.8	47.7	1,637.6	59.3
Bond Financing	2.3	0.1	2.9	0.1	1.8	0.1
General Loans	74.4	2.4	40.9	1.5	44.6	1.6
Loans for Negotiable Margin Transaction	25.0	0.8	–	–	2.5	0.1
Sales under Repurchase Agreements	4.7	0.2	30.3	1.2	53.8	2.0
Trust Bank Loans	878.7	28.7	1,310.1	49.3	1,016.4	36.8
Other Loans	6.7	0.2	5.5	0.2	5.5	0.2
<b>Total</b>	<b>3,059.5</b>	<b>100.0</b>	<b>2,657.7</b>	<b>100.0</b>	<b>2,760.0</b>	<b>100.0</b>
Securities Lent for Margin Transaction	701.5	–	518.1	–	651.0	–

**Segment Information for Consolidated Operating Revenues**

	<i>First Quarter Apr. 1, 2006– Jun. 30, 2006</i>		<i>First Quarter Apr. 1, 2005– Jun. 30, 2005</i>		<i>Fiscal 2005 Apr. 1, 2005– Mar. 31, 2006</i>	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
<b>Securities Financing Business</b>	<b>8,654</b>	<b>93.4</b>	<b>7,847</b>	<b>92.1</b>	<b>34,233</b>	<b>92.0</b>
Loans for Margin Transactions	4,897	52.9	4,264	50.1	22,993	61.8
(Interest on Loans)	3,221	34.8	1,944	22.8	10,158	27.3
(Fees on Lending Securities)	1,513	16.3	2,079	24.4	11,226	30.2
Bond Financing and General Loans	272	2.9	215	2.5	864	2.3
Securities Lending	1,003	10.8	569	6.7	2,699	7.3
(Stocks)	487	5.3	286	3.4	1,465	4.0
(Bonds)	515	5.5	282	3.3	1,234	3.3
Trust Banking	1,238	13.4	1,759	20.6	4,286	11.5
(Interest on Loans)	601	6.5	275	3.2	1,382	3.7
(Trust Charges)	47	0.5	33	0.4	161	0.4
Real Estate Leasing	202	2.2	223	2.6	871	2.3
Other Business	1,039	11.2	815	9.6	2,517	6.8
<b>Information Processing Business</b>	<b>608</b>	<b>6.6</b>	<b>672</b>	<b>7.9</b>	<b>2,992</b>	<b>8.0</b>
<b>Total</b>	<b>9,263</b>	<b>100.0</b>	<b>8,520</b>	<b>100.0</b>	<b>37,226</b>	<b>100.0</b>