

# JAPAN SECURITIES FINANCE CO.,LTD.

## Consolidated Financial Results for the Third Quarter ended December 31, 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):Yes

Changes in scope of consolidation or equity method

Consolidated subsidiaries

Newly included : 0

Newly exempted : 1

Affiliates (based on equity method)

Newly included : 1

Newly exempted : 0

### 2. Financial Results for the Third Quarter of Fiscal 2006(April 1,2006—December 31,2006)

(1)Results of operations

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

	Operating revenues		Operating income		Recurring income	
	(% change from previous year)		(% change)		(% change)	
<b>Third Quarter of Fiscal 2006</b>	<b>31,277</b>	<b>13.5</b>	<b>7,445</b>	<b>32.1</b>	<b>7,243</b>	<b>46.5</b>
Third Quarter of Fiscal 2005	27,555	2.2	5,635	△28.3	4,943	△32.6
Fiscal 2005	37,226	3.0	8,926	△12.0	8,293	△13.4

	Net income		Net income per share	Net income per share
	(% change)		(Yen)	(Yen) (fully diluted)
<b>Third Quarter of Fiscal 2006</b>	<b>3,070</b>	<b>10.7</b>	<b>31.10</b>	—
Third Quarter of Fiscal 2005	2,773	△34.5	28.09	—
Fiscal 2005	4,952	△10.3	48.93	—

Notes:1.Average number of shares outstanding (consolidated): 98,730,688

(Third Quarter of fiscal 2005: 98,740,643, 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 (%)	Equity per share(Yen)
<b>As of Dec.31, 2006</b>	<b>6,086,429</b>	<b>121,155</b>	<b>2.6</b>	<b>1,227.16</b>
As of Dec.31, 2005	9,162,894	122,416	2.0	1,241.44
F i s c a l 2 0 0 5	9,722,382	118,961	1.7	1,205.27

Note: Number of shares outstanding as of Dec.31,2006 (consolidated): 98,727,971  
(As of Dec.31,2005: 98,609,044、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 3Q
<b>Third Quarter of Fiscal 2006</b>	<b>7,615</b>	<b>△743</b>	<b>△2,591</b>	<b>7,992</b>
Third Quarter of Fiscal 2005	△63,787	△987	△2,606	28,574
F i s c a l 2 0 0 5	△87,764	△1,746	△2,620	3,823

## 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
F u l l - y e a r	43,000	9,400	4,700

Note : Forecast net income per share : ¥47.61

## Consolidated Balance Sheets

【Assets】	Third Quarter Dec.31,2006		Third Quarter Dec.31,2005		Fiscal 2005 Mar.31,2006	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
<b>I Current Assets</b>	<b>5,646,116</b>	<b>92.8</b>	<b>8,425,423</b>	<b>92.0</b>	<b>9,026,381</b>	<b>92.8</b>
Cash	7,992		28,574		3,823	
Call Loans	18,000		42,000		118,000	
Short-term Investments	1,350,277		952,172		1,365,935	
Short-term Loans Receivable	1,805,591		3,224,602		3,194,928	
Securities Lent	722,791		740,879		705,150	
Securities in Custody	130,610		556,247		193,722	
Securities in Deposit	580,266		1,727,290		1,740,415	
Deferred Tax Assets	486		801		855	
Collateral Money for Securities Borrowed	1,027,573		1,134,761		1,662,232	
Other Current Assets	3,009		19,792		42,624	
Allowance for Doubtful Receivables	△ 482		△ 1,699		△ 1,307	
<b>II Non-current Assets</b>	<b>440,312</b>	<b>7.2</b>	<b>737,471</b>	<b>8.0</b>	<b>696,001</b>	<b>7.2</b>
Tangible Non-current Assets	7,276		7,329		7,530	
Intangible Non-current Assets	3,060		3,853		3,838	
Investments, etc.	430,011		726,333		684,673	
Allowance for Doubtful Receivables	△ 36		△ 45		△ 41	
<b>Total Assets</b>	<b>6,086,429</b>	<b>100.0</b>	<b>9,162,894</b>	<b>100.0</b>	<b>9,722,382</b>	<b>100.0</b>

<b>【Liabilities and Stockholders' Equity】</b>	<b>Third Quarter Dec.31,2006</b>		<b>Third Quarter Dec.31,2005</b>		<b>Fiscal 2005 Mar.31,2006</b>	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
<b>I Current Liabilities</b>	<b>5,944,358</b>	<b>97.7</b>	<b>9,024,458</b>	<b>98.5</b>	<b>9,586,858</b>	<b>98.6</b>
Call Money	1,988,300		2,123,700		1,964,400	
Bills Sold	-		959,200		672,400	
Short-term Borrowings	852,280		366,820		1,577,820	
Commercial Paper	5,000		351,000		-	
Payables under Repurchase	155,154		130,627		114,420	
Collateral Money for Securities Lent	1,442,048		1,911,084		2,462,856	
Collateral Securities Deposited	1,081,960		2,347,562		2,328,082	
Securities Borrowed	348,015		668,118		302,380	
Securities Lent Opposite Account	3,692		8,737		8,825	
Other Current Liabilities	67,907		157,607		155,673	
<b>II Non-current Liabilities</b>	<b>20,915</b>	<b>0.3</b>	<b>16,019</b>	<b>0.2</b>	<b>16,562</b>	<b>0.2</b>
Long-term Borrowings	16,500		2,500		4,500	
Liabilities for Retirement and Severance Benefits	2,982		3,894		3,924	
Other Non-Current Liabilities	1,432		9,624		8,138	
<b>Total Liabilities</b>	<b>5,965,273</b>	<b>98.0</b>	<b>9,040,477</b>	<b>98.7</b>	<b>9,603,421</b>	<b>98.8</b>
<b>Total Stockholders' Equity</b>	<b>-</b>	<b>-</b>	<b>122,416</b>	<b>1.3</b>	<b>118,961</b>	<b>1.2</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>-</b>	<b>-</b>	<b>9,162,894</b>	<b>100.0</b>	<b>9,722,382</b>	<b>100.0</b>
<b>Total Net Assets</b>	<b>121,155</b>	<b>2.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Net Assets</b>	<b>6,086,429</b>	<b>100.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Consolidated Statement of Income

	Third Quarter Apr.1,2006- Dec.31,2006		Third Quarter Apr.1,2005- Dec.31,2005		Fiscal 2005 Apr.1,2005- Mar.31,2006	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
<b>Operating Revenues</b>	<b>31,277</b>	<b>100.0</b>	<b>27,555</b>	<b>100.0</b>	<b>37,226</b>	<b>100.0</b>
Interest on Loans	11,430		7,942		12,413	
Interest on Collateral Money for Securities Borrowed	2,510		1,035		1,226	
Fees on Lending Securities	9,055		11,298		13,777	
Other Operating Revenues	8,280		7,277		9,808	
<b>Operating Expenses</b>	<b>17,204</b>	<b>55.0</b>	<b>14,769</b>	<b>53.6</b>	<b>19,142</b>	<b>51.4</b>
Interest on Borrowing	7,174		1,072		1,489	
Interest on Commercial Paper	131		20		35	
Fees on Borrowing Securities	5,523		8,219		9,540	
Other Operating Expenses	4,374		5,457		8,076	
<b>Operating Profit</b>	<b>14,073</b>	<b>45.0</b>	<b>12,785</b>	<b>46.4</b>	<b>18,083</b>	<b>48.6</b>
General and Administrative Expenses	6,628	21.2	7,149	25.9	9,157	24.6
<b>Operating Income</b>	<b>7,445</b>	<b>23.8</b>	<b>5,635</b>	<b>20.5</b>	<b>8,926</b>	<b>24.0</b>
Non-operating Income	220	0.7	165	0.5	196	0.5
Non-operating Expenses	421	1.3	856	3.1	830	2.2
<b>Recurring Income</b>	<b>7,243</b>	<b>23.2</b>	<b>4,943</b>	<b>17.9</b>	<b>8,293</b>	<b>22.3</b>
Extraordinary Profit	836	2.6	16	0.1	33	0.1
Extraordinary Loss	1,379	4.4	123	0.4	140	0.4
<b>Net Income before Income Taxes</b>	<b>6,700</b>	<b>21.4</b>	<b>4,836</b>	<b>17.6</b>	<b>8,186</b>	<b>22.0</b>
Current Income Taxes	3,111	9.9	1,828	6.6	2,996	8.1
Deffered Income Taxes	518	1.7	234	0.9	237	0.6
<b>Net Income</b>	<b>3,070</b>	<b>9.8</b>	<b>2,773</b>	<b>10.1</b>	<b>4,952</b>	<b>13.3</b>

### Consolidated Average Outstanding Balance of Loans

	Third Quarter Apr.1,2006- Dec.31,2006		Third Quarter Apr.1,2005- Dec.31,2005		Fiscal 2005 Apr.1,2005- Mar.31,2006	
	(billions of yen)	(% ratio)	(billions of yen)	(% ratio)	(billions of yen)	(% ratio)
Loans for Margin Transactions	1,501.4	63.3	1,358.3	53.1	1,637.6	59.3
Bond Financing	1.0	0.0	1.5	0.1	1.8	0.1
General Loans (Including Loans for Negotiable Margin Transaction)	77.5 (31.8)	3.3 (1.3)	40.4 (1.0)	1.6 (0.0)	44.6 (2.5)	1.6 (0.1)
Trust Bank Loans	777.2	32.8	1,088.5	42.5	1,016.4	36.8
Sales under Repurchase Agreements	6.1	0.3	64.4	2.5	53.8	2.0
Other Loans	7.2	0.3	5.5	0.2	5.5	0.2
<b>Total</b>	<b>2,370.7</b>	<b>100.0</b>	<b>2,558.8</b>	<b>100.0</b>	<b>2,760.0</b>	<b>100.0</b>
Securities Lent for Margin Transaction	706.8	—	631.4	—	651.0	—

### Segment Information for Consolidated Operating Revenues

	Third Quarter Apr.1,2006- Dec.31,2006		Third Quarter Apr.1,2005- Dec.31,2005		Fiscal 2005 Apr.1,2005- Mar.31,2006	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
Loans for Margin Transactions	16,212	51.8	16,949	61.5	22,933	61.8
(Interest on Loans)	8,072	25.8	6,356	23.1	10,158	27.3
(Fees on Lending Securities)	6,923	22.1	9,454	34.3	11,226	30.2
Bond Financing and General Loans	916	2.9	622	2.2	864	2.3
Securities Lending	3,654	11.7	1,974	7.2	2,699	7.3
(Stocks)	1,213	3.9	1,071	3.9	1,465	4.0
(Bonds)	2,441	7.8	903	3.3	1,234	3.3
Trust Banking	5,069	16.2	3,330	12.1	4,286	11.5
(Interest on Loans)	2,402	7.7	956	3.5	1,382	3.7
(Trust Charges)	133	0.4	117	0.4	161	0.4
Real Estate Leasing	732	2.4	662	2.4	871	2.3
Other Business	4,691	15.0	4,014	14.6	5,510	14.8
(Including Information Processing Business)	(610)	(2.0)	(2,163)	(7.9)	(2,992)	(8.0)
<b>Total</b>	<b>31,277</b>	<b>100.0</b>	<b>27,555</b>	<b>100.0</b>	<b>37,226</b>	<b>100.0</b>