

JAPAN SECURITIES FINANCE CO.,LTD.

Consolidated Financial Results for the First Quarter ended June 30, 2007

Name : Japan Securities Finance Co.,Ltd.

Listing : First Section, Tokyo Stock Exchange

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(Millions of yen, rounded down to nearest million)

1.Consolidated Financial Results for the First Quarter of Fiscal 2007(April 1,2007-December 31,2007)

(1)Consolidated Results of Operations

(% change from year-on-year for those items)

	Operating revenues		Operating income		Recurring income		Net income	
	(millions of Yen)	(% change)	(millions of Yen)	(% change)	(millions of Yen)	(% change)	(millions of Yen)	(% change)
First Quarter of Fiscal 2007	12,958	39.9	2,743	△16.3	4,330	31.1	3,260	43.7
First Quarter of Fiscal 2006	9,263	8.7	3,280	76.0	3,303	115.3	2,268	156.8
Fiscal 2006	43,523	—	9,642	—	9,447	—	4,155	—

	Net income per share (Yen)	Net income per share (Yen) (fully diluted)
First Quarter of Fiscal 2007	33.03	—
First Quarter of Fiscal 2006	23.01	—
Fiscal 2006	42.09	—

(2)Consolidated Financial Position

	Total assets (Millions of Yen)	Net assets (Millions of Yen)	Equity ratio (%)	Equity per share (Yen)
As of Jun.30, 2007	6,434,632	123,488	2.5	1,250.84
As of Jun.30, 2006	7,894,004	119,766	2.0	1,214.71
Fiscal 2006	7,423,179	122,876	2.3	1,244.62

Note: Equity Ratio = Equity capital / Liabilities(*) & Net assets × 100
(* Excluding Collateral money for securities lent, Securities borrowed, etc.)

(3)Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of 1Q
First Quarter of Fiscal 2007	23,114	△4,932	△1,393	21,646
First Quarter of Fiscal 2006	17,402	△291	△1,393	19,540
Fiscal 2006	4,503	△762	△2,594	4,857

2.Dividends

	Dividends per Share		
	Interim (Yen)	Year-End (Yen)	Annual (Yen)
Fiscal 2006	12.00	14.00	26.00
Fiscal 2007 (Forecast)	13.00	13.00	26.00

3. Consolidated Forecast for fiscal 2007(April 1,2007—March 31,2008)

(% change from year-on-year for those items)

	Operating Revenues		Operating Income		Recurring Income		Net Income		Net Income per Share (Yen)
	(Millions of yen)	(% change)	(Millions of yen)	(% change)	(Millions of yen)	(% change)	(Millions of yen)	(% change)	
Interim	28,000	37.5	5,500	6.6	6,900	34.4	4,700	64.6	47.61
Full-year	57,000	31.0	11,600	20.3	13,000	37.6	7,100	70.8	71.81

4. Others

(1)Changes in the scope of important consolidation for by the equity method (yes/no):No

(2)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.

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

Consolidated Balance Sheets

[Assets]	First Quarter Jun.30,2006		First Quarter Jun.30,2007		Fiscal 2006 Mar.31,2007	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
I Current Assets	7,273,296	92.1	5,986,338	93.0	7,001,258	94.3
Cash	19,540		21,646		4,857	
Call Loans	27,000		62,000		130,200	
Short-term Investments	1,267,540		1,549,842		898,761	
Short-term Loans Receivable	2,494,695		1,836,563		2,028,633	
Securities Lent	689,227		786,888		713,295	
Securities in Custody	156,621		80,755		161,317	
Securities in Deposit	1,100,905		646,051		1,114,258	
Deferred Tax Assets	608		472		696	
Collateral Money for Securities Borrowed	1,491,019		997,306		1,919,194	
Other Current Assets	26,710		5,371		30,777	
Allowance for Doubtful Receivables	△ 572		△ 561		△ 734	
II Non-current Assets	620,708	7.9	448,293	7.0	421,921	5.7
Tangible Non-current Assets	7,593		7,131		7,215	
Intangible Non-current Assets	3,632		2,685		2,796	
Investments, etc.	609,520		438,509		411,944	
Allowance for Doubtful Receivables	△ 38		△ 32		△ 34	
Total Assets	7,894,004	100.0	6,434,632	100.0	7,423,179	100.0

【Liabilities and Stockholders' Equity】	First Quarter Jun.30,2006		First Quarter Jun.30,2007		Fiscal 2006 Mar.31,2007	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
I Current Liabilities	7,760,857	98.3	6,276,326	97.5	7,236,278	97.5
Call Money	2,043,600		1,989,000		2,191,400	
Bills Sold	320,600		—		—	
Short-term Borrowings	746,820		721,610		802,530	
Commercial Paper	95,000		84,000		110,000	
Payables under Repurchase Agreements	227,243		18,559		96,738	
Collateral Money for Securities Lent	2,221,246		1,754,140		1,949,168	
Collateral Securities Deposited	1,676,619		1,263,131		1,634,700	
Securities Borrowed	253,663		242,864		349,644	
Securities Lent Opposite Account	16,472		7,699		4,525	
Other Current Liabilities	159,593		195,320		97,570	
II Non-current Liabilities	13,380	0.2	34,816	0.6	64,024	0.8
Long-term Borrowings	8,500		31,000		60,000	
Deferred Tax Liabilities	—		192		187	
Deferred Tax Liabilities for Land Revaluation	98		98		98	
Liabilities for Retirement and Severance Benefits	3,688		2,773		2,990	
Other Non-Current Liabilities	1,093		752		747	
Total Liabilities	7,774,237	98.5	6,311,143	98.1	7,300,303	98.3
I Stockholders' Equity	125,321	1.6	127,844	2.0	125,976	1.7
Common Stock	10,000		10,000		10,000	
Capital Surplus	5,181		5,181		5,181	
Retained Earnings	110,626		113,121		111,251	
Treasury Stock	△ 486		△ 458		△ 456	
II Valuation and Translation Adjustments	△ 5,554	△ 0.1	△ 4,355	△ 0.1	△ 3,100	0.0
Net Unrealized Loss on Securities	△ 5,697		△ 4,499		△ 3,244	
Gain on Revaluation of Land	143		143		143	
Total Net Assets	119,766	1.5	123,488	1.9	122,876	1.7
Total Liabilities and Stockholders' Equity	7,894,004	100.0	6,434,632	100.0	7,423,179	100.0

Consolidated Statement of Income

	First Quarter Apr.1,2006- Jun.30,2006		First Quarter Apr.1,2007- Jun.30,2007		Fiscal 2006 Apr.1,2006- Mar.31,2007	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
Operating Revenues	9,263	100.0	12,958	100.0	43,523	100.0
Interest on Loans	4,100		4,668		15,229	
Interest on Collateral Money for Securities Borrowed	291		2,459		4,409	
Fees on Lending Securities	2,387		2,748		12,718	
Other Operating Revenues	2,482		3,082		11,166	
Operating Expenses	3,758	40.6	8,087	62.4	24,922	57.3
Interest on Borrowing & Commercial Paper	749		5,329		11,160	
Fees on Borrowing Securities	1,164		1,773		8,182	
Other Operating Expenses	1,844		984		5,579	
Operating Profit	5,505	59.4	4,870	37.6	18,601	42.7
General and Administrative Expenses	2,225	24.0	2,126	16.4	8,959	20.5
Operating Income	3,280	35.4	2,743	21.2	9,642	22.2
Non-operating Revenues	123	1.3	1,586	12.2	251	0.6
Equity in Gain of affiliates	—		1,412		—	
Others	123		174		251	
Non-operating Expenses	100	1.1	0	0.0	446	1.1
Equity in Loss of affiliates	99		—		431	
Others	0		0		14	
Recurring Income	3,303	35.7	4,330	33.4	9,447	21.7
Extraordinary Profit	737	8.0	193	1.5	585	1.3
Extraordinary Loss	97	1.0	8	0.1	1,399	3.2
Net Income before Income Taxes	3,944	42.6	4,515	34.8	8,633	19.8
Current Income Taxes	1,205	8.1	898	6.9	4,316	9.9
Deferred Income Taxes	469	5.1	357	2.8	160	0.4
Net Income	2,268	24.5	3,260	25.2	4,155	9.5

Consolidated Cash Flows

	First Quarter Apr. 1, 2006 - Jun. 30, 2006	First Quarter Apr. 1, 2007 - Jun. 30, 2007	Fiscal 2006 Apr. 1, 2006 - Mar. 31, 2007
	(millions of yen)	(millions of yen)	(millions of yen)
Cash flows from operating activities	17,402	23,114	4,503
Income before income taxes	3,944	4,515	8,633
Depreciation and amortization	417	393	1,649
Losses relating to short-term investments and investments in securities	1,071	260	3,235
Allowance for doubtful receivables	(737)	(174)	(577)
Decrease in liabilities for retirement and severance benefits	(235)	(217)	(274)
Interest and dividend income	(5,857)	(9,757)	(27,527)
interest expenses	749	5,435	11,198
Equity in losses (gains) of affiliates	99	(1,412)	431
Loss on change in equity	—	—	1,276
Decrease in short-term loans	700,233	192,069	1,165,795
(Increase) decrease in call loans	91,000	68,200	(12,200)
(Increase) decrease in collateral money for securities borrowed	171,212	921,887	(256,962)
Increase (decrease) in call money	79,200	(202,400)	227,000
Decrease in bills sold	(351,800)	—	(672,400)
Decrease in borrowings	(831,000)	(80,920)	(775,280)
Increase (decrease) in payables under repurchase agreements	112,823	(78,178)	(17,681)
Increase (decrease) in commercial paper	95,000	(26,000)	110,000
Decrease in collateral money received for securities lent	(241,610)	(195,028)	(513,687)
Increase (decrease) in collateral money received for loan transactions	3,915	(2,573)	(33,859)
Purchase of short-term investments	4,000	(29,000)	55,500
Proceeds from sales/redemption of short-term investments	163	—	163
Other, net	181,924	(545,342)	715,642
Sub total	14,513	21,757	(9,924)
Interest and dividend received	5,512	9,583	27,008
Interest paid	(692)	(5,337)	(10,226)
Income taxes paid	(1,930)	(2,888)	(3,247)
Income taxes refunded	—	—	893
Cash flows from investing activities	(291)	(4,932)	(762)
Purchase of investments in securities	—	(4,982)	(374)
Proceeds from sales/redemption of investments in securities	—	241	0
Capital expenditures	—	—	242
Purchase of tangible assets	(188)	(3)	(309)
Purchase of intangible assets	(102)	(188)	(195)
Other, net	(0)	0	(125)
Cash flows from financing activities	(1,393)	(1,393)	(2,594)
Dividends paid to stockholders	(1,391)	(1,390)	(2,583)
Other, net	(2)	(2)	(11)
Net increase (decrease) in cash and cash equivalents	15,716	16,789	1,145
Cash and cash equivalents at beginning of year	3,823	4,857	3,823
Cash and cash equivalents of subsidiaries excluded from consolidation	—	—	(111)
Cash and cash equivalents at end of 1Q (year)	19,540	21,646	4,857

Consolidated Average Outstanding Balance of Loans

	First Quarter Apr. 1, 2006 - Jun. 30, 2006		First Quarter Apr. 1, 2007 - Jun. 30, 2007		Fiscal 2006 Apr. 1, 2006 - Mar. 31, 2007	
	(billions of yen)	(% ratio)	(billions of yen)	(% ratio)	(billions of yen)	(% ratio)
Loans for Margin Transactions	2,092.6	68.4	1,238.8	72.0	1,444.3	64.2
Bond Financing & General Loans	76.7	2.5	81.3	4.7	79.4	3.5
Loans for Negotiable Margin Transactions	25.0	0.8	39.6	2.3	33.7	1.5
Sales under Repurchase Agreements	4.7	0.2	74.4	4.3	8.9	0.4
Trust Bank Loans	878.7	28.7	317.8	18.5	711.9	31.6
Other Loans	6.7	0.2	7.5	0.5	7.3	0.3
Total	3,059.5	100.0	1,720.1	100.0	2,251.9	100.0
Securities Lent for Loans for Margin Transactions	701.5	—	727.0	—	723.8	—

Business Information for Consolidated Operating Revenues

	First Quarter Apr. 1, 2006 - Jun. 30, 2006		First Quarter Apr. 1, 2007 - Jun. 30, 2007		Fiscal 2006 Apr. 1, 2006 - Mar. 31, 2007	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
Loans for Margin Transactions	4,897	52.9	6,336	48.9	23,186	53.3
(Interest on Loans)	3,221	34.8	3,523	27.2	10,954	25.2
(Fees on Lending Securities)	1,513	16.3	2,322	17.9	10,224	23.5
Bond Financing and General Loans	272	2.9	355	2.7	1,254	2.9
Securities Lending	1,003	10.8	2,100	16.2	5,093	11.7
(Stocks)	487	5.3	246	1.9	1,441	3.3
(Bonds)	515	5.5	1,854	14.3	3,651	8.4
Trust Banking	1,238	13.4	2,313	17.9	6,981	16.0
(Interest on Loans)	601	6.5	671	5.2	2,964	6.8
(Trust Charges)	47	0.5	51	0.4	177	0.4
Real Estate Leasing	202	2.2	275	2.1	1,014	2.3
Other Business	1,648	17.8	1,576	12.2	5,993	13.8
(Including Information Processing Business)	(608)	(6.6)	(—)	(—)	(610)	(1.4)
Total	9,263	100.0	12,958	100.0	43,523	100.0