

JAPAN SECURITIES FINANCE CO., LTD.

Consolidated Financial Results for the First half ended September 30, 2006

Name : Japan Securities Finance Co., Ltd.

Listing : First Section, Tokyo Stock Exchange

Stock code number : 8511

Address : 1-2-10, Nihonbashi Kayaba-cho, Chuo-ku, Tokyo Japan, 103-0025

Phone : +81-3-3666-3184

1. Financial Results for the first half of Fiscal 2006 (April 1, 2006—September 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 half of Fiscal 2006	20,357	14.7	5,157	34.8	5,134	68.7
First half of Fiscal 2005	17,751	△3.3	3,826	△32.6	3,042	△46.2
F i s c a l 2 0 0 5	37,226		8,926		8,293	

	Net income (% change)		Net income per share (Yen)	Net income per share (Yen) (fully diluted)
First half of Fiscal 2006	2,854	91.2	28.95	—
First half of Fiscal 2005	1,493	△54.5	15.11	—
F i s c a l 2 0 0 5	4,952		48.93	—

Notes: 1. Gain/loss on investments based on equity method: ¥△197million

(First half of fiscal 2005: ¥△904million、fiscal 2005: ¥△815million)

2. Average number of shares outstanding (consolidated): 98,610,513

(First half of fiscal 2004: 98,801,190、fiscal 2005: 98,706,637)

3. Changes in accounting method: Not applicable

4. Percentage figures shown in the operating revenues, operating income, ordinary 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)
As of Sep.30, 2006	7,250,316	123,580	2.2	1,253.24
As of Sep.30, 2005	8,156,390	124,833	1.9	1,265.65
F i s c a l 2 0 0 5	9,722,382	118,961	1.7	1,205.27

Notes: Number of shares outstanding as of Sep.30, 2006 (consolidated): 98,608,897

(As of Sep.30, 2005: 98,631,986、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 end of year
First half of Fiscal 2006	2,495	△248	△1,396	4,562
First half of Fiscal 2005	△87,709	△345	△1,582	6,317
F i s c a l 2 0 0 5	△87,764	△1,746	△2,620	3,823

(4) Included in scope of consolidation or applicable under equity method

Consolidated subsidiaries : 2

Non-consolidated subsidiaries : 0

Affiliates : 3

(5) Changes in scope of consolidation or equity method

Consolidated subsidiaries

Newly included : 0

Newly exempted : 1

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	Recurring income	Net income
F u l l - y e a r	43,000	9,400	4,700

Note : Forecast net income per share : ¥47.66

Consolidated Balance Sheets

【Assets】	First half Sep.30,2006		First half Sep.30,2005		Fiscal 2005 Mar.31,2006	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
I Current Assets	6,773,301	93.4	7,487,217	91.8	9,026,381	92.8
Cash	4,562		6,317		3,823	
Call Loans	56,000		137,000		118,000	
Short-term Investments	1,333,057		1,527,196		1,365,935	
Short-term Loans Receivable	2,349,992		2,521,817		3,194,928	
Securities Lent	679,843		764,164		705,150	
Securities in Custody	137,311		151,141		193,722	
Securities in Deposit	854,112		760,322		1,740,415	
Deferred Tax Assets	704		937		855	
Collateral Money for Securities Borrowed	1,255,480		1,612,968		1,662,232	
Other Current Assets	102,733		6,737		42,624	
Allowance for Doubtful Receivables	△ 496		△ 1,385		△ 1,307	
II Non-current Assets	477,015	6.6	669,172	8.2	696,001	7.2
Tangible Non-current Assets	7,367		6,859		7,530	
Intangible Non-current Assets	3,317		3,996		3,838	
Investments, etc.	466,367		658,363		684,673	
Allowance for Doubtful Receivables	△ 37		△ 46		△ 41	
Total Assets	7,250,316	100.0	8,156,390	100.0	9,722,382	100.0

【Liabilities and Stockholders' Equity】	First half Sep.30,2006		First half Sep.30,2005		Fiscal 2005 Mar.31,2006	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
I Current Liabilities	7,111,308	98.1	8,015,522	98.3	9,586,858	98.6
Call Money	1,913,500		1,567,900		1,964,400	
Bills Sold	—		1,179,900		672,400	
Short-term Borrowings	1,184,910		964,820		1,577,820	
Commercial Paper	61,000		139,000		—	
Payables under Repurchase	323,335		124,436		114,420	
Collateral Money for Securities Lent	1,778,589		2,165,330		2,462,856	
Collateral Securities Deposited	1,360,073		1,241,196		2,328,082	
Securities Borrowed	294,831		425,594		302,380	
Securities Lent Opposite Account	16,362		8,836		8,825	
Other Current Liabilities	178,705		198,507		155,673	
II Non-current Liabilities	15,427	0.2	16,034	0.2	16,562	0.2
Long-term Borrowings	11,000		2,500		4,500	
Liabilities for Retirement and	3,004		3,808		3,924	
Other Non-Current Liabilities	1,423		9,725		8,138	
Total Liabilities	7,126,736	98.3	8,031,556	98.5	9,603,421	98.8
Total Stockholders' Equity	—	—	124,833	1.5	118,961	1.2
Total Liabilities and Stockholders' Equity	—	—	8,156,390	100.0	9,722,382	100.0
Total Net Assets	123,580	1.7	—	—	—	—
Total Liabilities and Net Assets	7,250,316	100.0	—	—	—	—

Consolidated Statement of Income

	First half Apr.1,2006- Sep.30,2006		First half Apr.1,2005- Sep.30,2005		Fiscal 2005 Apr.1,2005- Mar.31,2006	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
Operating Revenues	20,357	100.0	17,751	100.0	37,226	100.0
Interest on Loans	7,675		4,701		12,413	
Interest on Collateral Money for Securities Borrowed	1,251		716		1,226	
Fees on Lending Securities	5,942		7,107		13,777	
Other Operating Revenues	5,488		5,226		9,808	
Operating Expenses	10,706	52.6	9,230	52.0	19,142	51.4
Interest on Borrowing	3,881		694		1,489	
Interest on Commercial Paper	91		13		35	
Fees on Borrowing Securities	3,498		5,266		9,540	
Other Operating Expenses	3,234		3,255		8,076	
Operating Profit	9,651	47.4	8,521	48.0	18,083	48.6
General and Administrative Expenses	4,493	22.1	4,695	26.4	9,157	24.6
Operating Income	5,157	25.3	3,826	21.6	8,926	24.0
Non-operating Income	181	0.9	125	0.7	196	0.5
Non-operating Expenses	204	1.0	909	5.2	830	2.2
Ordinary Income	5,134	25.2	3,042	17.1	8,293	22.3
Extraordinary Profit	821	4.0	—	0.0	33	0.1
Extraordinary Loss	436	2.1	120	0.6	140	0.4
Net Income before Income Taxes	5,519	27.1	2,922	16.5	8,186	22.0
Current Income Taxes	2,410	11.8	1,223	6.9	2,996	8.1
Deffered Income Taxes	254	1.3	206	1.2	237	0.6
Net Income	2,854	14.0	1,493	8.4	4,952	13.3

Consolidated Average Outstanding Balance of Loans

	First half Apr.1,2006- Sep.30,2006		First half Apr.1,2005- Sep.30,2005		Fiscal 2005 Apr.1,2005- Mar.31,2006	
	(billions of yen)	(% ratio)	(billions of yen)	(% ratio)	(billions of yen)	(% ratio)
Loans for Margin Transactions	1,714.3	65.5	1,188.6	47.8	1,637.6	59.3
Bond Financing	1.5	0.0	1.7	0.1	1.8	0.1
General Loans (Including Loans for Negotiable Margin Transaction)	76.2 (28.9)	2.9 (1.1)	40.0 (-)	1.6 (-)	44.6 (2.5)	1.6 (0.1)
Trust Bank Loans	813.5	31.1	1,211.9	48.8	1,016.4	36.8
Sales under Repurchase Agreements	4.3	0.2	37.1	1.5	53.8	2.0
Other Loans	7.1	0.3	5.5	0.2	5.5	0.2
Total	2,617.1	100.0	2,485.1	100.0	2,760.0	100.0
Securities Lent for Margin Transaction	688.1	—	593.8	—	651.0	—

Segment Information for Consolidated Operating Revenues

	First half Apr.1,2006- Sep.30,2006		First half Apr.1,2005- Sep.30,2005		Fiscal 2005 Apr.1,2005- Mar.31,2006	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
Loans for Margin Transactions	10,625	52.2	10,593	59.7	22,933	61.8
(Interest on Loans)	5,644	27.7	3,688	20.8	10,158	27.3
(Fees on Lending Securities)	4,301	21.1	6,052	34.1	11,226	30.2
Bond Financing and General Loans	586	2.9	418	2.4	864	2.3
Securities Lending	2,441	12.0	1,172	6.6	2,699	7.3
(Stocks)	922	4.5	623	3.5	1,465	4.0
(Bonds)	1,518	7.5	549	3.1	1,234	3.3
Trust Banking	3,089	15.2	2,285	12.9	4,286	11.5
(Interest on Loans)	1,428	7.0	588	3.3	1,382	3.7
(Trust Charges)	90	0.4	61	0.3	161	0.4
Real Estate Leasing	456	2.2	453	2.5	871	2.3
Other Business	3,158	15.5	2,828	15.9	5,510	14.8
(Including Information Processing Business)	610	3.0	1,462	8.2	2,992	8.0
Total	20,357	100.0	17,751	100.0	37,226	100.0