

# Consolidated Statements of Cash Flows

SBI Holdings, Inc. and Consolidated Subsidiaries  
Years Ended 31st March, 2006 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	Year Ended 31st March		Year Ended 31st March,
	2006	2007	2007
<b>OPERATING ACTIVITIES:</b>			
Income before income taxes and minority interests	¥ 76,912	¥ 62,042	\$ 525,378
Adjustments for:			
Income taxes paid	(12,654)	(43,132)	(365,244)
Amortisation and depreciation	5,794	(58,122)	(492,184)
Provision for valuation allowance for operational investment securities	171	3,043	25,769
Provision for allowance for doubtful accounts	499	977	8,274
Impairment loss	273	53	445
Dilution gain from changes in equity interest	(25,367)	(650)	(5,498)
Write-down of operational investment securities	638	8,813	74,625
Equity loss (earnings) in funds	1,783	(3,518)	(29,787)
(Gain) loss on sales of investment securities—net	(4,027)	23,575	199,635
Changes in assets and liabilities:			
Increase in operational investment securities and operational investments in funds	(49,110)	(10,539)	(89,250)
Increase in operational loans receivable	(8,859)	(8,417)	(71,274)
Increase in real estate inventory	(16,446)	(26,531)	(224,671)
Increase in segregated assets for customers	(142,543)	(5,797)	(49,091)
Increase in trading assets	(336)	(1,080)	(9,143)
Increase in leased assets	(6,879)	(4,264)	(36,106)
Net changes in margin transaction assets and liabilities	(172,818)	7,518	63,665
Increase (decrease) in customers' deposits for securities transactions	523	(4,697)	(39,776)
Increase (decrease) in consignment guarantee money received for margin transactions	153,297	(5,937)	(50,272)
Net changes in loans receivable and payable secured by securities	60,666	234	1,977
Increase in unearned income	411	2,648	22,421
Other—net	5,332	(3,628)	(30,722)
Net cash used in operating activities	¥ (132,740)	¥ (67,409)	\$ (570,829)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	Year Ended 31st March		Year Ended 31st March,
	2006	2007	2007
Net cash used in operating activities	¥ (132,740)	¥ (67,409)	\$ (570,829)
<b>INVESTING ACTIVITIES:</b>			
Purchases of intangible assets	(2,461)	(3,096)	(26,220)
Purchases of investment securities	(47,110)	(28,659)	(242,686)
Proceeds from sales of investment securities	11,567	3,804	32,213
Proceeds from sales of subsidiaries' stock	981	129,831	1,099,421
Cash received (paid) in business acquisitions, net of cash acquired	14,724	(8,208)	(69,510)
Cash received in sales of subsidiaries, net of cash relinquished		5,831	49,379
Investments in subsidiaries	(4,286)	(7,125)	(60,334)
Investments in loans receivable	(10,703)	(54,217)	(459,118)
Collections of loans receivable	5,913	48,823	413,437
Payments for security deposits	(2,393)	(2,258)	(19,118)
Collection of security deposits	1,777	1,952	16,532
Other—net	(1,146)	(664)	(5,618)
Net cash provided by (used in) investing activities	(33,137)	86,014	728,378
<b>FINANCING ACTIVITIES:</b>			
Increase in short-term borrowings—net	1,879	34,180	289,442
Proceeds from long-term debt	151,655	39,521	334,665
Repayment of long-term debt	(31,800)	(4,265)	(36,118)
Dividends paid	(2,966)	(13,985)	(118,429)
Dividends paid to minority shareholders	(2,218)	(2,584)	(21,877)
Distribution to minority investors in investment funds		(75,280)	(637,480)
Proceeds from issuance of common stock	24,377	1,329	11,259
Proceeds from issuance of common stock to minority shareholders	63,028	9,570	81,040
Proceeds from minority investors in investment funds		522	4,421
Reissuance of treasury stock	160	5	42
Purchase of treasury stock	(2,908)	(47,165)	(399,399)
Other—net	(461)	(24)	(207)
Net cash provided by (used in) financing activities	200,746	(58,176)	(492,641)
<b>FOREIGN CURRENCY TRANSLATION ADJUSTMENTS</b>			
<b>ON CASH AND CASH EQUIVALENTS</b>	729	(57)	(484)
<b>INCREASE (DECREASE) IN CASH AND CASH</b>			
<b>EQUIVALENTS—(Forward)</b>	¥ 35,598	¥ (39,628)	\$ (335,576)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	Year Ended 31st March		Year Ended 31st March,
	2006	2007	2007
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS—(Forward)</b>	¥ 35,598	¥ (39,628)	\$ (335,576)
<b>CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES</b>	1,967	22,175	187,787
<b>CASH AND CASH EQUIVALENTS DECREASED DUE TO EXCLUSION FROM CONSOLIDATION</b>	(11,480)		
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	106,460	132,545	1,122,404
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	¥ 132,545	¥ 115,092	\$ 974,615
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION (Note 2.a):</b>			
Fair value of assets acquired	¥ (39,997)	¥ (30,515)	\$ (258,405)
Liabilities assumed	10,550	24,287	205,666
Goodwill	(6,083)	(6,911)	(58,526)
Minority interest	16,580	909	7,696
Acquisition costs	(18,950)	(12,230)	(103,569)
Cash acquired	17,999	4,022	34,059
Transfer from stock of affiliated company	15,675		
Cash received (paid) in business acquisitions, net of cash acquired	¥ 14,724	¥ (8,208)	\$ (69,510)
Fair value of assets sold		¥ 18,356	\$ 155,445
Liabilities relinquished		(12,000)	(101,620)
Sale value		3	22
Cash relinquished		(528)	(4,468)
Cash received in sales of subsidiaries, net of cash relinquished		¥ 5,831	\$ 49,379

See notes to consolidated financial statements.