

Financial Section

SBI Holdings, Inc. and Consolidated Subsidiaries

Management's Discussion & Analysis	43
Consolidated Financial Statements	49
Consolidated Balance Sheets	
Consolidated Statements of Income	
Consolidated Statements of Changes in Equity	
Consolidated Statements of Cash Flows	
Notes to Consolidated Financial Statements	58
Independent Auditor's Report	114

Consolidated Financial Indices

	Millions of Yen Years ended 31st March			Thousands of U.S. Dollars Year ended 31st March *1
	2006	2007	2008	2008
Operating Revenues	¥ 137,247	¥ 144,581	¥ 222,568	\$ 2,221,233
Operating Income	49,595	23,095	42,607	425,219
Net Income	45,884	46,441	4,229	42,205
Total Equity *2	268,123	346,641	387,766	3,869,925
Total Assets	1,331,644	1,367,222	1,219,247	12,168,136
Equity Ratio (%)	20.1	18.1	19.8	
Net Cash used in Operating Activities	(132,740)	(67,409)	50,074	499,738
Net Cash provided by (used in) Investing Activities	(33,137)	86,014	(20,610)	(205,690)
Net Cash provided by (used in) Financing Activities	200,746	(58,176)	(9,957)	(99,374)
Cash and Cash Equivalents, end of Year	132,545	115,092	159,007	1,586,901
BPS (Yen, US\$)	22,016.22	22,018.24	21,438.08	213.95
EPS (Yen, US\$)	4,957.08	4,040.51	376.63	3.76
Cash Dividends Applicable to the Year (Yen, US\$)	600	1,200	1,200	11.98

*1. U.S. Dollar figures are for reference only, and calculated at ¥100.20 to U.S. \$1.00, the exchange rate on 31st March 2008.

*2. Due to the new accounting standard for presentation of equity, the Total Equity at 31st March 2007 and 31st March 2008 includes stock acquisition rights, minority interests, and any deferred gain or loss on derivatives accounted for under hedge accounting standard. These items are not included in the Total Equity numbers for 31st March 2006.

Analysis of Business Results for the Fiscal Year

Asset Management Business

In the Asset Management Business, the SBIH Group endeavors to be an "industry creator." Operations are based on the management philosophy of serving as a leading company in creating and fostering the development of core industries of the 21st century, primarily in the information technology sector. The Group provides risk capital to portfolio companies, mainly through investment funds managed by group companies. The Group also supports portfolio companies by extending assistance for tax accounting and finance, consulting services for IPOs and other activities, the provision of executives and employees, and in other ways. In addition, the Group assists portfolio companies form business and equity alliances with each other, and conduct other forms of collaboration. The SBIH Group also provides portfolio companies with access to its business network and expertise in IPO support. All these activities contribute to improving returns at funds by helping portfolio companies to achieve further growth in their corporate value.

In Japan, the Group is using the Broadband Fund, the Media Fund, the Mobile Fund, the Biotechnology Fund, the Environment and Energy Fund, and other funds to make investments in emerging companies that are active in business fields with superior growth prospects. Targeted business fields include broadband networks, media and mobile communications, biotechnology, and environment and energy.

Overseas, the Group is placing priority on working more diligently on capitalizing on investment opportunities in Asian countries with rapidly growing economies. In accordance with this policy, the Group is using Singapore as the base for establishing funds that are managed jointly with prominent local partners, and for preparing to establish these funds. The goal is to establish, as quickly as possible, a fully integrated framework extending from the solicitation of fund contributions from overseas investors to the management of such fund assets.

During this fiscal year, the SBIH Group and funds operated by the SBIH Group made investments totaling ¥96.5 billion, with 12 portfolio companies that became publicly owned through an IPO or a merger or acquisition.

Brokerage and Investment Banking Business

The Brokerage and Investment Banking Business primarily represents the operations of SBI E*TRADE SECURITIES Co., Ltd.* and E*TRADE Korea Co., Ltd. During this fiscal year, economic growth in Japan, although moderate, caused stock prices to climb in June and July 2007, raising the Nikkei Average to more than ¥18,000. After this peak, stock prices dropped sharply owing to the increase in crude oil prices and concerns about global financial instability caused by the subprime loan crisis. In the foreign exchange market, the yen-U.S. dollar exchange rate dropped below ¥100 to the dollar for the first time in about 12 years, briefly reaching ¥95 in March 2008. In response to these events, the Nikkei Average fell below ¥12,000 in March 2008. This was the lowest level of the Nikkei for the fiscal year, and the first time the

average was less than ¥12,000 in about two and a half years. At the end of March 2008, the Nikkei Average closed at ¥12,525, about 27% below its March 2007 close.

In this difficult operating environment, the SBIH Group continued to introduce highly appealing products, services and fee structures, based on its customer-centric principle. At the end of March 2008, there were 1,855,192 customer accounts, with assets in customer accounts totaling ¥3,936.3 billion.

SBI E*TRADE SECURITIES Co., Ltd. merged with SBI Securities Co., Ltd. on October 1, 2007. This merger produced Japan's first "Internet-based real securities company" (truly integrated online and offline securities company) business model. The model is based on the advantages of online securities operations, such as low expenses, the ability to attract many customers, and a very large volume of transactions. At the same time, this model includes strengths of face-to-face operations, notably activities deeply rooted in local markets and the ability to conduct consulting-based sales activities. The result is an unprecedented business model that can offer highly sophisticated services. By making full use of this model, the objective is to go beyond face-to-face and online securities operations by entering new business domains as a comprehensive securities company.

*SBI E*TRADE SECURITIES Co., Ltd. was renamed SBI SECURITIES Co., Ltd. on July 1, 2008.

Financial Services Business

In the marketplace business, actions were undertaken to expand and upgrade the service lineup, primarily by forming alliances with prominent companies to increase the volume of content and to strengthen functions. There were declines in unit fees received from some companies participating in service websites of this business. However, the marketplace business continued to grow because of the benefits of newly launched services and promotions. There was a 9.7% year-on-year increase to more than 888,000 in the number of active users (users who receive an estimate, request information, apply for an account, or take other actions) at the service websites, primarily at the InsWeb insurance site and at the E-LOAN website.

In the financial products business, SBI Lease Co., Ltd. had leases outstanding of ¥63.5 billion at the end of March 2008, including subleasing and the arrangement of lease syndications. This represents leases of broadband communication infrastructure equipment and broadband content business equipment. The company also offers leases for mobile communication infrastructure equipment. SBI Equal Credit Co., Ltd., which extends loans to consumers and business owners, recorded growth in the number of transactions for Equal Credit NEO, a new personal loan that uses a new range of interest rates.

In the financial solutions business, SBI VeriTrans Co., Ltd., which offers online payment processing solutions for e-commerce businesses, continued to grow along with the expansion of the Internet and e-commerce markets in Japan. By starting to handle transactions using Mobile Suica, Mobile Edy and other types of e-money, this company recorded a 34.4% increase in the number of transactions to 37 million. SBI Holdings provides MoneyLook® technology to six companies. At the end of March 2008, there

Operating Revenues by Segment

	Year ended 31st March, 2007		Year ended 31st March, 2008	
	Millions of Yen	%	Millions of Yen	%
Asset Management Business	¥ 37,364	25.9	¥ 58,008	26.1
Investment in Securities	35,030		54,670	
Revenue from Operational Investment Securities	28,783		53,447	
Fees from Funds	6,247		1,223	
Investment Advisory Services Fees and Others	2,334		3,338	
Brokerage & Investment Banking Business	66,419	45.9	68,531	30.8
Revenue from Securities Transactions	65,421		67,626	
Revenue from Commodity Futures Transactions	998		905	
Financial Services	18,834	13.0	22,495	10.1
Marketplace Business	3,663		4,255	
Financial Products Business	9,937		9,749	
Financial Solutions Business	3,251		4,095	
Other Businesses	1,983		4,080	
New Businesses	—		316	
Housing and Real Estate Business	24,010	16.6	75,071	33.7
Real Estate Business	13,866		55,126	
Financial Real Estate Business	3,292		6,727	
Lifestyle Networks Business	6,852		13,218	
System Solution Business	—	—	323	0.1
Intersegment Revenue	(2,046)	-1.4	(1,860)	-0.8
Total Operating Revenue	144,581	100.0	222,568	100.0

Note: In previous fiscal years, business activities were divided into three business segments: Asset Management Business, Brokerage & Investment Banking Business and Financial Services Business. Beginning with the fiscal year that ended in March 2008, there are five business segments: Asset Management Business, Brokerage & Investment Banking Business, Financial Services Business, Housing and Real Estate Business, and System Solutions Business. Operating revenues for the previous fiscal year are presented using the new reporting system based on five business segments.

were more than 620,000 users of this software, which facilitates centralized management of transactions using accounts at two or more financial institutions.

Morningstar Japan K.K. provides evaluations and other information regarding financial products, particularly investment trusts. Along with the growing awareness of its "Fund of the Year" awards, the company's revenues are increasing from the licensing of its reports, as well as from the growth of its advertisement revenues. At Morningstar Asset Management Co., Ltd., a subsidiary of Morningstar Japan, assets for its fund of funds, where the company provides investment advisory, increased to ¥222.1 billion at the end of March 2008 from ¥106.4 billion a year earlier. Furthermore, the newspaper and other operations of Kabushiki Shimbun Inc., which became a subsidiary of Morningstar Japan in this fiscal year, made a significant contribution to growth in revenue. Gomez Consulting Co., Ltd. has a website rating and ranking service and a business support service for e-commerce websites. The company posted strong growth in revenue from website planning and design services for banks, and website analysis services for securities companies. Performance at Gomez Consulting further benefited from a significant increase in search engine optimization services.

In new businesses, SBI Card Co., Ltd., which issues a variety of MasterCard-branded SBI credit cards, used its skill in offering cards with some of the industry's best features to increase the number of cards issued to more than 32,000 (at the end of March 2008) after only about 18 months since starting operations. SBI Insurance

Co., Ltd., received its property and casualty insurance business license from the Financial Services Agency on December 26, 2007, and started operations on January 16, 2008. SBI AXA Life Insurance Co., Ltd. began operations on April 7, 2008, following receipt from this agency of a life insurance business license on April 2.

Housing and Real Estate Business

The real estate business continued to make progress in building a stable base of operations by using alliances and other measures to increase the scale of operations, and to diversify its profit structure.

In the financial real estate business, SBI Mortgage Co., Ltd. has already established a distinctive identity as a provider of housing loans with fixed interest rates over the entire repayment period. Housing loans continue to increase steadily, with the balance of loans amounting to ¥365.1 billion at the end of March 2008.

The lifestyle networks business supplies services designed to assist consumers at every stage and major event of their lives. The primary activity is the operation of comparison and search websites. In this fiscal year, the number of transactions using the six service sites of this business continued to grow, rising 39.2% to more than 285,000.

Operating Revenues

1) Asset Management Business

Investment in Securities

There are two components of operating revenues in this business. The first is revenue from operational investment securities, which is gains from the sales of securities that were purchased for the purpose of earning capital gains. The SBIH Group makes venture capital investments in industries such as information technology, biotechnology, broadband networks, media and mobile communications, and invests in companies in need of restructuring. The second is revenue from funds. This is the sum of fund establishment fees, which are a fixed percentage of a fund's initial contributions, fund management fees, which are normally a fixed percentage of initial investments or net assets, and success fees that are based on a fund's performance. When SBI Holdings or its consolidated subsidiaries invest in a fund operated by the SBIH Group, revenue from funds that are consolidated is the entire amount of revenue from operational investment securities, including the portion corresponding to fund contributions from investors outside the SBIH Group.

For this fiscal year, revenue from operational investment securities increased by 85.7% to ¥53,447 million. This was mainly attributable to a gain on the sale of the stock of Kyobo Life Insurance Co., Ltd. of South Korea, and to revenue from consolidated funds. Revenue from funds was down 80.4% to ¥1,223 million. This primarily represents management fees from the SBI Broadband Capital Fund and the SBI BB Media Fund.

Investment Advisory Services

Revenue from investment advisory services and other activities increased 43.0% to ¥3,338 million primarily owing to the growth in interest income from loans receivable.

2) Brokerage and Investment Banking Business

Revenue in this business comes from the securities business and the commodity futures business.

Securities Business

Revenue in this business is derived mainly from brokerage commissions from securities transactions, underwriting and sales fees for initial public offerings, and commissions for the placement and sale of stock.

Revenue increased by 3.4% to ¥67,626 million. This revenue represents the operations of SBI E*TRADE SECURITIES Co., Ltd.*, SBI Securities Co., Ltd. and E*TRADE Korea Co., Ltd. SBI Securities and SBI E*TRADE SECURITIES merged in October 2007 with SBI E*TRADE SECURITIES the surviving company.

*Renamed SBI SECURITIES Co., Ltd. on July 1, 2008.

Commodity Futures Business

Revenue in this business consists of fees received from commodity futures transactions. Revenue decreased by 9.3% to ¥905 million, all of which represents the operations of SBI Futures Co., Ltd.

3) Financial Services Business

There are five components of revenue in this business. The financial marketplace business operates Japan's largest comparison and estimate portal websites for insurance and loans. The financial products business includes a leasing business and a consumer and small company loan business. The financial solutions business provides online payment settlement solutions for e-commerce companies and develops systems for the financial services industry. Other businesses include financial information evaluations and consulting, primarily involving investment trusts and website evaluations and rankings. New businesses include the credit card business and the non-life insurance business that started operating on January 16, 2008. The life insurance business was added to new businesses when operations began on April 7, 2008.

Financial marketplace business revenue increased 16.2% to ¥4,255 million, financial products business revenue decreased 1.9% to ¥9,749 million, financial solutions business revenue increased 25.9% to ¥4,095 million, other businesses revenue increased 105.7% to ¥4,080 million, and new business revenue was ¥316 million (no revenue in prior fiscal year).

4) Housing and Real Estate Business

There are three components of operating revenues in this business. The first is the real estate business, which basically includes real estate investments and real estate development projects. The second is the financial real estate business, which mainly represents the provision of long-term, fixed-rate housing loans and loans secured by real estate. The third is the lifestyle networks business. The main activities are the operation of websites for comparisons, searches and estimates of various products and services, and the sales and services for beauty care and health food products, women's accessories and other products. This is the first year in which the lifestyle networks business was included in the Housing and Real Estate Business. In prior fiscal years, this business was part of the Financial Services Business.

Real estate business revenue increased 297.5% to ¥55,126 million, financial real estate business revenue increased 104.3% to ¥6,727 million, and lifestyle networks business revenue increased 92.9% to ¥13,218 million.

5) System Solution Business

The System Solution Business represents the operations of SBI Robo Corp., which develops search engines, plans, develops and operates services mainly for Web 2.0 platforms, conducts an OEM business, and offers social marketing services. Revenue was ¥323 million (no revenue in prior fiscal year).

Note: Operating revenues in each segment and figures used for comparisons with the previous fiscal year are not adjusted for intersegment revenue.

Operating Costs

1) Asset Management Business

Operating costs increased by 5.5% to ¥38,341 million. This is the sum of ¥33,630 million for the cost of operational investment securities, a provision of ¥1,125 million for the valuation allowance for operational investment securities, and personnel and other operating costs of ¥3,585 million.

2) Brokerage & Investment Banking Business

Operating costs increased by 54.0% to ¥6,615 million. These costs consisted mainly of financial costs resulting from interest expenses associated with margin transactions.

3) Financial Services Business

Operating costs increased by 12.0% to ¥13,159 million. These costs mainly represent the cost of leases.

4) Housing and Real Estate Business

Operating costs increased 232.4% to ¥57,833 million, which is mostly the cost of real estate for sale.

5) System Solution Business

Operating costs were ¥249 million (no operating costs in prior fiscal year), which is entirely the cost of sales at SBI Robo.

Note: Operating costs in each segment and figures used for comparisons with the previous fiscal year are not adjusted for intersegment operating costs.

Selling, General and Administrative Expenses

These expenses increased by 22.5% to ¥64,617 million, consisting mainly of personnel expenses and expenses for outsourcing the operation of IT systems for securities operations.

Other Income (Expenses)

Net other loss was ¥13,788 million (net other income of ¥38,947 million in prior fiscal year) mainly due to Equity in losses of subsidiaries and associated companies of ¥4,615 million and Goodwill amortisation for the equity method affiliates with significant losses of ¥6,794 million.

Cash Flows

Cash and cash equivalents totaled ¥159,007 million at the end of March 2008, a net increase of ¥43,915 million compared with the balance of ¥115,092 million at the end of March 2007. The equity ratio increased by 1.7 point to 19.8% compared with 18.1% in the previous fiscal year.

The following is a summary of cash flows.

Operating Activities

Net cash provided by operating activities was ¥50,074 million compared with a negative cash flow of ¥67,409 million in the previous fiscal year. Income taxes paid totaled ¥30,542 million, but cash was provided by income before income taxes and minority interests of ¥28,819 million, net changes in margin transaction assets and liabilities of ¥55,173 million, and other sources.

Investing Activities

Net cash used in investing activities was ¥20,610 million compared with a positive cash flow of ¥86,014 million in the previous fiscal year. Purchases of investment securities were ¥8,310 million. This includes an investment of ¥5,499 million in SBI Sumishin Net Bank, Ltd., which began operations on September 24, 2007.

There were proceeds of ¥7,190 million from sales of subsidiaries' stock and ¥191,927 million from collections of loans receivable. These proceeds were offset by payments of ¥3,861 million for purchases of subsidiaries' stock and ¥200,953 million for investments in loans receivable.

Financing Activities

Net cash used in financing activities was ¥9,957 million compared with ¥58,176 million in the previous fiscal year. ¥13,451 million was paid as dividends, and ¥25,265 million was disbursed as distributions to minority interests in investment funds, which was offset by proceeds of ¥29,859 million from minority interests in investment funds.

There was an increase of ¥25,365 million in cash and cash equivalents from newly consolidated companies. This amount includes cash and cash equivalents of ¥17,341 million from newly consolidated investment funds.

Risk Information

The following principal categories of business risks and other risks affecting the SBIH Group's businesses may have a material impact on investment decisions. Although the risks below are those currently recognized by the SBIH Group, this is not necessarily a complete list of risks. In recognizing these latent risks, the Group will work to avoid any such risks and take appropriate measures in the event that any such risk arises.

(1) Impact of Changes and Other Events in the Operating Environment

The SBIH Group is engaged in a diverse range of businesses that include investments, housing and real estate, financial products trading, proprietary trading system, banking, insurance, housing loan, and leasing businesses. Accordingly, there is a possibility that trends in such related markets as the stock markets, money markets and real estate markets as well as political, economic and industry trends may have a significant impact on the Group. Therefore, such external factors over which the Group has no control could cause changes in business results and have a major impact on the SBIH Group's overall business results. Furthermore, the Company's business results may experience substantial fluctuations in the event that investment gains/losses are concentrated in certain time periods.

Additionally, governments, government ministries and agencies, as well as various financial markets are proceeding with system reforms and amendments to laws concerning stock markets and other markets related to the Group's businesses. Although appropriate measures are taken upon sufficiently ascertaining these developments, additional major changes to system reforms and legal amendments in the future may have an impact on the Group's business results.

(2) Competition

The SBIH Group is engaged in businesses in fields characterized by innovation and high growth. Since these businesses are considered to have promising growth potential, competition is intense and new participants continue to enter these fields. Consequently, there is no assurance that the SBIH Group can remain competitive in the event of excessive competition that exceeds market growth. The Group will continue to endeavor in its efforts to maintain and increase its current competitive business advantages. However, the emergence of strong competitors could cause the SBIH Group to lose its dominant position, and therefore have an impact on its business results.

(3) System Risk

The SBIH Group extensively utilizes the Internet in carrying out its businesses. Since a large portion of business activities depend on computer systems, the SBIH Group has devised various countermeasures that include the build-up of backup computer systems. Nevertheless, the SBIH Group's business results may be significantly affected if its computer systems become inoperable due to reasons unforeseen at present, including hardware and software malfunctions, human error, interruption or cessation of service due to a breakdown in communication lines, or problems with the communications provider, computer viruses, cyber terrorism, or a system malfunction caused by a natural disaster.

Particularly in the Brokerage & Investment Banking Business, which utilizes the Internet as the principal sales channel, the Group recognizes that ensuring the stability of its system for online transactions is the most crucial management issue. The Group has thus implemented a number of countermeasures, which include building redundant mission critical systems and monitoring functions, as well as establishing backup sites at multiple locations and undertaking continual initiatives to maintain and enhance the level of service. Nevertheless, should a system malfunction occur despite the implementation of these countermeasures, there is a possibility that a delay or failure to appropriately respond may result in claims for damage resulting from such a malfunction, and this may also erode trust in the SBIH Group's systems and support structure. This, in turn, may result in the loss of a large number of customers.

(4) Investment Risk

In the Asset Management Business, the portfolio companies of the investment associations managed by the SBIH Group include numerous emerging companies and companies undergoing restructuring. These companies face numerous challenges regarding their future performance, resulting in the possibility of a change in the business results of these portfolio companies due to various factors in the future. These factors include, but are not limited to, changes in the competitive environment owing to sudden technological innovations or changes in industry standards, the inability to secure and maintain talented managers and employees, a weak financial position, or the failure of portfolio companies to disclose crucial information.

In the Real Estate Business, the Group conducts sufficient prior due diligence when acquiring real estate. However, the discovery of problems after acquisitions in areas beyond the scope of the due diligence, including problems related to rights that are unique to the real estate industry, soil and geological issues involving the site or the environment, may have a significant impact on the value or profitability of a property. Also, the occurrence of any unforeseen accidents, incidents, or natural disasters such as fires, civil unrest, terrorism, earthquakes, volcanic eruptions, or tidal waves may impact the value or profitability of the property.

In addition, investment activities outside Japan may be affected by changes in local economies, politics and legal systems, terrorism, or unforeseen social unrest. The SBIH Group is thoroughly studying and analyzing conditions in other countries in order to reduce exposure to country risk. However, since it is difficult to completely avoid the effects of these risks, the occurrence of any of these problems may have an impact on the Group's business results.

(5) Protection of Personal Information

By extensively utilizing the Internet, the SBIH Group carries out wide-ranging business activities that include Financial Services, Real Estate and Lifestyle Networks businesses. In the course of these activities, the Group obtains and uses information on numerous customers. The Group is engaged in financial service businesses, including the recently started banking and insurance operations. Since financial service businesses demand confidence, stability and safety, the SBIH Group believes that preventing damage from leaks of customer information and unauthorized access is extremely crucial. The Group thus recognizes that

information security is its most crucial issue for ensuring that customers may use its services with confidence.

The Group has established an internal management structure, and is constantly working on making improvements for the purpose of complying with Japan's Personal Information Protection Act and associated regulations. In the event of a violation of a law or regulation at the Group, or an information leak, the resulting loss of trust among customers and other consequences may have an impact on the Group's business results.

(6) Business Reorganization

As a Strategic Business Innovator, one of the SBIH Group's basic policies is to perpetuate "Self Evolution."

In line with this policy, during the fiscal year that ended in March 2008, SBI E*TRADE SECURITIES Co., Ltd. and SBI Securities Co., Ltd. merged in October 2007. Additionally, based on a resolution approved at the annual shareholders meeting in June 2008, SBI E*TRADE SECURITIES became a wholly owned subsidiary of SBI Holdings through an exchange of stock in August 2008. Going forward, the SBIH Group will actively expand its business portfolio by taking actions that include M&A activities in fields that can produce synergies with the Group's core businesses. Nevertheless, despite sufficient prior investment analysis and detailed diligence, there is a possibility that this business reorganization and expansion in the range of business activities may have unanticipated results that impact the SBIH Group's business results.

In the fiscal year that ended in March 2007, the SBIH Group adopted "Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations" (Accounting Standards Board of Japan Practical Solution Report No. 20, September 8, 2006). As a result, the Group began treating as consolidated subsidiaries several funds that the Group manages. Therefore, all assets, liabilities and other items at these funds are now included in the consolidated balance sheet of SBI Holdings. In addition, management and other fees from these funds that were previously recognized as operating revenues in the Asset Management Business are now eliminated through this consolidation. These fees are now included in the income statement as minority interests in net income. Moreover, all revenues and expenses of the newly consolidated funds are included in the consolidated income statement irrespective of the SBIH Group's ownership. An adjustment is made through minority interests in net income for the portion of revenues and expenses corresponding to external investors.

Consequently, the above changes caused by the application of "Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations" must be taken into consideration when comparing the SBIH Group's consolidated financial condition, and results of operations in past fiscal years.

(7) Entering New Businesses

Based on the management principle of "Aiming to be a New Industry Creator," the SBIH Group is aggressively creating and cultivating core industries of the 21st century. The Group is entering a broad spectrum of new businesses. SBI Sumishin Net Bank, Ltd. began operations in September 2007, SBI Insurance Co., Ltd. began operations in January 2008 and SBI AXA Life Insurance Co., Ltd. began operations in April 2008. The Group

must manage a variety of risks associated with these new businesses. For this purpose, the Group is continuously improving its risk management systems. However, an inadequate risk management system may prevent a business from operating as planned. Furthermore, the inability of new businesses to attain initially forecasted targets, or the failure to achieve sufficient future profits commensurate with initial investments may have an adverse impact on the SBIH Group's business results. In addition, these new businesses could become subject to new laws or placed under the guidance of regulatory authorities. Subsequent violations of such laws with any resulting administrative actions, or other punishment could impede the performance of these businesses.

(8) Status as a Financial Conglomerate

Beginning in the fiscal year that ended in March 2008, the SBIH Group was classified as a financial conglomerate as defined by regulations of the Financial Services Agency. As a result, the Group is further strengthening its risk management and compliance systems in order to maintain financial soundness, and to conduct business activities properly. However, if the Group is subject to an administrative action or other punishment by the Financial Services Agency, for whatever reason, the Group may have difficulty conducting its business operations.

(9) Funding Liquidity Risk

The SBIH Group secures the funds required for its business operations by procuring equity capital from capital markets, taking out loans from financial institutions, issuing bonds, and taking other actions. The Group's ability to procure funds at the required time and desired terms may be restricted, and the cost of fund procurement may rise in the event of turmoil in financial markets, the reluctance of financial institutions to extend credit, a reduction in SBI Holdings' credit rating, or other events. Such events may have an impact on the SBIH Group's business results.

(10) Reliance on Key Personnel

The SBIH Group relies on a management team with strong leadership capabilities, beginning with Representative Director and CEO Yoshitaka Kitao. In the event that the current management team is no longer able to continue managing the Group's business activities, there could be an adverse impact on the SBIH Group's business results.

Consolidated Balance Sheets

SBI Holdings, Inc.

SBI Holdings, Inc. and Consolidated Subsidiaries
31st March, 2007 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	31st March		31st March
	2007	2008	2008
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents (Note 15)	¥ 115,092	¥ 159,007	\$ 1,586,901
Time deposits	616	1,518	15,152
Cash required to be segregated under regulations (Note 4)	340,090	313,817	3,131,909
Notes and accounts receivable—trade (Note 15)	7,537	10,985	109,627
Operational investment securities (Note 6)	100,603	115,717	1,154,861
Valuation allowance for operational investment securities	(18,603)	(4,967)	(49,568)
Operational loans receivable (Note 15)	46,828	66,261	661,284
Real estate inventory (Notes 5 and 15)	35,872	32,895	328,289
Trading assets (Note 7)	4,329	1,728	17,249
Margin transaction assets:			
Receivables from customers	489,269	274,887	2,743,385
Cash deposits as collateral for securities borrowed	11,303	17,995	179,593
Loans secured by securities on non-resale agreement transactions	102		
Short-term guarantee deposits	24,354	13,414	133,868
Deferred tax assets—current (Note 25)	2,271	1,053	10,513
Prepaid expenses and other current assets (Note 9)	40,324	66,723	665,897
Allowance for doubtful accounts	(1,070)	(1,762)	(17,589)
Total current assets	1,198,917	1,069,271	10,671,371
PROPERTY AND EQUIPMENT—Net (Notes 10 and 11)	4,602	5,728	57,161
LEASED ASSETS—Net (Note 12)	10,036	7,877	78,610
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 6)	25,399	15,972	159,404
Investments in unconsolidated subsidiaries and affiliated companies (Note 13)	54,411	25,923	258,716
Software, net of accumulated amortisation of ¥4,824 million and ¥7,649 million (\$76,333 thousand) at 31st March, 2007 and 2008, respectively	6,559	8,816	87,980
Rental deposits	4,726	6,801	67,875
Goodwill	53,513	60,874	607,528
Long-term trade receivables	1,536	50	496
Deferred tax assets—non-current (Note 25)	1,915	10,595	105,737
Other assets	7,763	12,109	120,853
Allowance for doubtful accounts	(2,155)	(4,769)	(47,595)
Total investments and other assets	153,667	136,371	1,360,994
TOTAL	¥ 1,367,222	¥ 1,219,247	\$ 12,168,136

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	31st March		31st March
	2007	2008	2008
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term borrowings (Notes 14 and 15)	¥ 56,142	¥ 53,832	\$ 537,245
Current portion of long-term debt (Notes 14 and 15)	25,172	112,743	1,125,179
Income taxes payable	15,755	9,352	93,330
Margin transaction liabilities:			
Payables to financial institutions (Notes 14 and 15)	231,211	81,583	814,206
Proceeds of securities sold for customers' accounts	62,961	62,531	624,060
Loans secured by securities on repurchase agreement transactions (Note 14)	55,825	35,441	353,700
Consignment guarantee money received for margin transactions	297,448	272,006	2,714,631
Customers' deposits as collateral for commodity futures (Note 9)	45,356	39,574	394,949
Customers' deposits for securities transactions	16,234	20,147	201,072
Unearned income (Note 16)	3,030	1,893	18,893
Accrued expenses	3,189	3,280	32,732
Contingent reserve		22	221
Deferred tax liabilities—current (Note 25)	7,201	8,867	88,495
Other current liabilities (Notes 7, 14 and 28)	30,549	39,363	392,842
Total current liabilities	850,073	740,634	7,391,555
LONG-TERM LIABILITIES:			
Long-term debt, less current portion (Notes 14 and 15)	159,603	77,149	769,950
Deferred tax liabilities—non-current (Note 25)	748	300	2,990
Other long-term liabilities (Notes 17 and 18)	3,633	5,431	54,202
Total long-term liabilities	163,984	82,880	827,142
STATUTORY RESERVES (Note 19):			
Reserve for liability for securities transactions	6,314	7,925	79,096
Reserve for liability for commodity transactions	210	42	418
Total statutory reserves	6,524	7,967	79,514
FORWARD	¥ 1,020,581	¥ 831,481	\$ 8,298,211

Consolidated Statements of Income

SBI Holdings, Inc.

SBI Holdings, Inc. and Consolidated Subsidiaries
Years Ended 31st March, 2007 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	31st March		31st March
	2007	2008	2008
LIABILITIES AND EQUITY			
FORWARD	¥ 1,020,581	¥ 831,481	\$ 8,298,211
EQUITY (Notes 20 and 21):			
Common stock—authorised, 34,169,000 shares; issued, 12,399,171 shares in 2007 and 12,435,284 shares in 2008	54,914	55,158	550,477
Capital surplus	116,519	116,762	1,165,287
Stock acquisition rights	42	4	42
Retained earnings	122,167	112,339	1,121,148
Unrealised gain on available-for-sale securities	5,436	10,134	101,137
Deferred gain on derivatives under hedge accounting	2	9	86
Foreign currency translation adjustments	974	(122)	(1,217)
Treasury stock—at cost, 1,183,488 shares in 2007 and 1,183,541 shares in 2008	(53,062)	(53,064)	(529,575)
Total	246,992	241,220	2,407,385
Minority interests	99,649	146,546	1,462,540
Total equity	346,641	387,766	3,869,925
TOTAL	¥ 1,367,222	¥ 1,219,247	\$ 12,168,136

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	Year Ended 31st March		Year Ended 31st March
	2007	2008	2008
OPERATING REVENUES (Notes 22 and 31)	¥ 144,581	¥ 222,568	\$ 2,221,233
OPERATING COSTS (Note 23)	68,745	115,344	1,151,137
Gross profit	75,836	107,224	1,070,096
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 24)	52,741	64,617	644,877
Operating income	23,095	42,607	425,219
OTHER INCOME (EXPENSES):			
Interest and dividends income	644	648	6,466
Interest expense	(1,278)	(1,785)	(17,813)
Foreign exchange gain (loss)—net	14	(726)	(7,241)
(Loss) gain on sale of investment securities—net	(23,575)	6,780	67,667
Amortisation of negative goodwill	69,094		
Provision for statutory reserves (Note 19)	(1,599)	(1,611)	(16,080)
Impairment loss (Note 11)	(53)		
Equity in losses of subsidiaries and associated companies	(710)	(4,615)	(46,055)
Goodwill amortisation for the equity method affiliates with significant losses	(1,977)	(6,794)	(67,806)
Other—net	(1,613)	(5,685)	(56,738)
Other income (expenses)—net	38,947	(13,788)	(137,600)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	62,042	28,819	287,619
INCOME TAXES (Note 25):			
Current	38,855	19,311	192,728
Reversal of the prior year's income taxes	(583)		
Deferred	(23,447)	(2,038)	(20,342)
Total income taxes	14,825	17,273	172,386
MINORITY INTERESTS IN NET INCOME	(776)	(7,317)	(73,028)
NET INCOME	¥ 46,441	¥ 4,229	\$ 42,205
PER SHARE OF COMMON STOCK (Notes 2.aa and 30):	Yen		U.S. Dollars
Basic net income	¥ 4,040.51	¥ 376.63	\$ 3.76
Diluted net income	3,845.82	344.65	3.44
Cash dividends applicable to the year	1,200	1,200	11.98

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

SBI Holdings, Inc.

SBI Holdings, Inc. and Consolidated Subsidiaries
Years Ended 31st March, 2007 and 2008

	Millions of Yen					
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Unrealised Gain on Available-for-sale Securities
BALANCE, 1ST APRIL, 2006	12,155,028	¥ 54,229	¥ 115,692		¥ 90,345	¥ 12,830
Reclassified balance as at 31st March, 2006 (Note 2.s)				¥ 6		
Exercise of warrants (Note 20)	108,479	685	687			
Cash dividends, ¥1,200 per share (Note 20)					(14,078)	
Bonuses to directors					(541)	
Net income					46,441	
Purchase of treasury stock	(1,051,604)					
Reissuance of treasury stock	3,614		140			
Treasury stocks held by affiliated company accounted for by the equity method	166					
Net change in the year				36		(7,394)
BALANCE, 31ST MARCH, 2007	11,215,683	54,914	116,519	42	122,167	5,436
Exercise of warrants (Note 20)	36,113	244	244			
Cash dividends, ¥1,200 per share (Note 20)					(13,558)	
Net income					4,229	
Adjustment of retained earnings for newly consolidated subsidiaries					(790)	
Adjustment of retained earnings for subsidiaries excluded from consolidation					(16)	
Adjustment of retained earnings for affiliated companies excluded from the equity method accounting					307	
Purchase of treasury stock	(83)					
Reissuance of treasury stock	26		(1)			
Treasury stocks held by affiliated company accounted for by the equity method	4					
Net change in the year				(38)		4,698
BALANCE, 31ST MARCH, 2008	11,251,743	¥ 55,158	¥ 116,762	¥ 4	¥ 112,339	¥ 10,134

	Millions of Yen					
	Deferred Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, 1ST APRIL, 2006		¥ 935	¥ (5,908)	¥ 268,123		¥ 268,123
Reclassified balance as at 31st March, 2006 (Note 2.s)				6	¥ 55,094	55,100
Exercise of warrants (Note 20)				1,372		1,372
Cash dividends, ¥1,200 per share (Note 20)				(14,078)		(14,078)
Bonuses to directors				(541)		(541)
Net income				46,441		46,441
Purchase of treasury stock			(47,246)	(47,246)		(47,246)
Reissuance of treasury stock			86	226		226
Treasury stocks held by affiliated company accounted for by the equity method			6	6		6
Net change in the year	¥ 2	39		(7,317)	44,555	37,238
BALANCE, 31ST MARCH, 2007	2	974	(53,062)	246,992	99,649	346,641
Exercise of warrants (Note 20)				488		488
Cash dividends, ¥1,200 per share (Note 20)				(13,558)		(13,558)
Net income				4,229		4,229
Adjustment of retained earnings for newly consolidated subsidiaries				(790)		(790)
Adjustment of retained earnings for subsidiaries excluded from consolidation				(16)		(16)
Adjustment of retained earnings for affiliated companies excluded from the equity method accounting				307		307
Purchase of treasury stock			(3)	(3)		(3)
Reissuance of treasury stock			1			
Treasury stocks held by affiliated company accounted for by the equity method						
Net change in the year	7	(1,096)		3,571	46,897	50,468
BALANCE, 31ST MARCH, 2008	¥ 9	¥ (122)	¥ (53,064)	¥ 241,220	¥ 146,546	¥ 387,766

	Thousands of U.S. Dollars (Note 1)				
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Unrealised Gain on Available-for-sale Securities
BALANCE, 31ST MARCH, 2007	\$ 548,046	\$ 1,162,857	\$ 419	\$ 1,219,232	\$ 54,253
Exercise of warrants (Note 20)	2,431	2,435			
Cash dividends, \$11.98 per share (Note 20)				(135,307)	
Net income				42,205	
Adjustment of retained earnings for newly consolidated subsidiaries				(7,887)	
Adjustment of retained earnings for subsidiaries excluded from consolidation				(160)	
Adjustment of retained earnings for affiliated companies excluded from the equity method accounting				3,065	
Purchase of treasury stock					
Reissuance of treasury stock		(5)			
Treasury stocks held by affiliated company accounted for by the equity method					
Net change in the year			(377)		46,884
BALANCE, 31ST MARCH, 2008	\$ 550,477	\$ 1,165,287	\$ 42	\$ 1,121,148	\$ 101,137

	Thousands of U.S. Dollars (Note 1)					
	Deferred Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, 31ST MARCH, 2007	\$ 24	\$ 9,715	\$ (529,559)	\$ 2,464,987	\$ 994,499	\$ 3,459,486
Exercise of warrants (Note 20)				4,866		4,866
Cash dividends, \$11.98 per share (Note 20)				(135,307)		(135,307)
Net income				42,205		42,205
Adjustment of retained earnings for newly consolidated subsidiaries				(7,887)		(7,887)
Adjustment of retained earnings for subsidiaries excluded from consolidation				(160)		(160)
Adjustment of retained earnings for affiliated companies excluded from the equity method accounting				3,065		3,065
Purchase of treasury stock			(29)	(29)		(29)
Reissuance of treasury stock			12	7		7
Treasury stocks held by affiliated company accounted for by the equity method			1	1		1
Net change in the year	62	(10,932)		35,637	468,041	503,678
BALANCE, 31ST MARCH, 2008	\$ 86	\$ (1,217)	\$ (529,575)	\$ 2,407,385	\$ 1,462,540	\$ 3,869,925

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

SBI Holdings, Inc.

SBI Holdings, Inc. and Consolidated Subsidiaries
Years Ended 31st March, 2007 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	Year Ended 31st March		Year Ended 31st March
	2007	2008	2008
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 62,042	¥ 28,819	\$ 287,619
Adjustments for:			
Income taxes paid	(43,132)	(30,542)	(304,814)
Amortisation and depreciation	(58,122)	11,477	114,542
Provision for valuation allowance for operational investment securities	3,043	1,365	13,623
Provision for allowance for doubtful accounts	977	2,811	28,051
Impairment loss	53		
Write-down of operational investment securities	8,813	1,962	19,579
Equity earnings in funds	(3,518)	(3,101)	(30,949)
(Gain) loss on sales of investment securities—net	23,575	(6,780)	(67,667)
Changes in assets and liabilities:			
Increase in operational investment securities and operational investments in funds	(10,539)	(5,597)	(55,857)
Increase in operational loans receivable	(8,417)	(16,109)	(160,768)
(Increase) decrease in real estate inventory	(26,531)	9,191	91,726
(Increase) decrease in segregated assets for customers	(5,797)	18,901	188,636
(Increase) decrease in trading assets	(1,080)	387	3,861
Increase in leased assets	(4,264)	(1,042)	(10,397)
Net changes in margin transaction assets and liabilities	7,518	55,173	550,623
Increase (decrease) in customers' deposits for securities transactions	(4,697)	3,822	38,142
Decrease in consignment guarantee money received for margin transactions	(5,937)	(25,442)	(253,916)
Net changes in loans receivable and payable secured by securities	234	(20,291)	(202,500)
Increase in unearned income	2,648	1,292	12,899
Other—net	(4,278)	23,778	237,305
Net cash (used in) provided by operating activities—(Forward)	¥ (67,409)	¥ 50,074	\$ 499,738

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	Year Ended 31st March		Year Ended 31st March
	2007	2008	2008
Net cash (used in) provided by operating activities—(Forward)	¥ (67,409)	¥ 50,074	\$ 499,738
INVESTING ACTIVITIES:			
Purchases of intangible assets	(3,096)	(3,457)	(34,506)
Purchases of investment securities	(28,659)	(8,310)	(82,932)
Proceeds from sales of investment securities	3,804	3,579	35,723
Proceeds from sales of subsidiaries' stock	129,831	7,190	71,758
Cash paid in business acquisitions, net of cash acquired	(8,208)	(3,861)	(38,539)
Cash received in sales of subsidiaries, net of cash relinquished	5,831		
Investments in subsidiaries	(7,125)	(4,443)	(44,338)
Investments in loans receivable	(54,217)	(200,953)	(2,005,518)
Collections of loans receivable	48,823	191,927	1,915,440
Payments for security deposits	(2,258)	(2,855)	(28,494)
Collection of security deposits	1,952	1,378	13,748
Other—net	(664)	(805)	(8,032)
Net cash provided by (used in) investing activities	86,014	(20,610)	(205,690)
FINANCING ACTIVITIES:			
Increase (decrease) in short-term borrowings—net	34,180	(8,330)	(83,138)
Proceeds from long-term debt	39,521	46,513	464,207
Repayment of long-term debt	(4,265)	(39,972)	(398,919)
Dividends paid	(13,985)	(13,451)	(134,243)
Dividends paid to minority shareholders	(2,584)	(2,554)	(25,489)
Distribution to minority investors in investment funds	(75,280)	(25,265)	(252,148)
Proceeds from issuance of common stock	1,329	414	4,127
Proceeds from issuance of common stock to minority shareholders	9,570	2,851	28,452
Proceeds from minority investors in investment funds	522	29,859	297,992
Reissuance of treasury stock	5	1	9
Purchase of treasury stock	(47,165)	(3)	(29)
Other—net	(24)	(20)	(195)
Net cash used in financing activities	(58,176)	(9,957)	(99,374)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(57)	(933)	(9,301)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS—(Forward)	¥ (39,628)	¥ 18,574	\$ 185,373

SBI Holdings, Inc. and Consolidated Subsidiaries
Years Ended 31st March, 2007 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	Year Ended 31st March		Year Ended 31st March
	2007	2008	2008
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS—(Forward)			
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES	¥ (39,628)	¥ 18,574	\$ 185,373
CASH AND CASH EQUIVALENTS DECREASED DUE TO EXCLUSION FROM CONSOLIDATION			
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	22,175	25,365	253,141
CASH AND CASH EQUIVALENTS, END OF YEAR		(24)	(239)
	132,545	115,092	1,148,626
	¥ 115,092	¥ 159,007	\$ 1,586,901
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION (Note 2.a):			
Fair value of assets acquired	¥ (30,515)	¥ (14,115)	\$ (140,870)
Liabilities assumed	24,287	9,707	96,880
Goodwill	(6,911)	(5,094)	(50,836)
Minority interest	909	1,175	11,724
Acquisition costs	(12,230)	(8,327)	(83,102)
Cash acquired	4,022	4,124	41,155
Transfer from stock of affiliated company		353	3,525
Other		(11)	(117)
Cash paid in business acquisitions, net of cash acquired	¥ (8,208)	¥ (3,861)	\$ (38,539)
Fair value of assets sold	¥ 18,356		
Liabilities relinquished	(12,000)		
Sale value	3		
Cash relinquished	(528)		
Cash received in sales of subsidiaries, net of cash relinquished	¥ 5,831		

See notes to consolidated financial statements.

1. NATURE OF OPERATIONS AND BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

SBI Holdings, Inc. (the "Company") was incorporated in Tokyo, Japan in 1999 as a venture capital business principally for Internet-related companies, and has since expanded its line of business through mergers and acquisitions as well as expanding its asset management business to investments in certain non-Internet-related companies.

The Company and its consolidated subsidiaries (together, "SBI") are currently engaged in the provision of a wide range of financial services and are primarily active in five core businesses of asset management, brokerage and investment banking, financial services, housing and real estate business, and system solution business.

SBI's asset management business is principally carried out by the Company, SBI Investment Co., Ltd. and SBI CAPITAL Co., Ltd., and involves the management of venture capital investment funds, corporate restructuring funds and broadband media funds. SBI is one of the largest managers of venture capital funds in Japan in terms of net assets under management.

SBI's brokerage and investment banking businesses are principally carried out by the Company's subsidiary, SBI E*TRADE SECURITIES Co., Ltd. ("ETS"), one of the largest online securities companies in Japan by number of accounts, deposits in customer accounts and daily average revenue from trades. Brokerage and investment banking businesses involve the provision of brokerage services as well as investment banking services such as underwriting, securitisations, corporate finance advisory services and private equity advisory services.

SBI's financial services business is principally executed by the Company, Morningstar Japan K.K. and SBI VeriTrans Co., Ltd. Financial services include activities services such as a leasing and loans for individual and business owners, and credit cards; payment settlement services; development of financial software; investment trust evaluations; operation of insurance and loan products comparison websites and many others.

SBI's housing and real estate business is principally executed by the Company, SBI Planners Co., Ltd., SBI Mortgage Co., Ltd. and HOMEOSTYLE Inc. Housing real estate business is consisted of housing loan brokerage; real estate investments and property development; establishment and operation of fund, mainly to invest in real estate; venture capital investments in companies associated with real estate, and network operation to meet lifestyle needs of individuals.

System solution business is principally executed by the Company, SBI Robo Corp. ("Robo") and C4 Technology, Inc. ("C4T" a subsidiary newly acquired in February, 2008). System solution business involves widely system related business such as system planning, system operation and system development in the area of encryption.

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law (formerly, the Japanese Securities and Exchange Law) and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

Certain disclosures contained herein are not required as part of the basic financial statements in Japan but are presented herein as additional information.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2007 financial statements to conform to the classifications used in 2008.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at the rate of ¥100.20 to \$1, the approximate rate of exchange at 31st March, 2008. Such translation should not be construed as representation that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation — The consolidated financial statements as at 31st March, 2008 include the accounts of the Company and its 74 significant (48 in 2007) subsidiaries. Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which SBI has the ability to exercise significant influence are accounted for by the equity method.

Investments in 1 (5 in 2007) unconsolidated subsidiary and 7 (8 in 2007) affiliated companies are accounted for by the equity method. Investments in the remaining unconsolidated subsidiaries and affiliated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not have been material.

Goodwill, representing the excess of the Company's investments in subsidiaries over the fair value of the net assets of the acquired subsidiaries at the date of acquisition, is being amortised by the straight-line method over the estimated useful life of goodwill, while goodwill is amortised over 20 years when the useful life of goodwill is not reasonably estimable. Negative goodwill, representing the excess of the fair value of the

net assets of the acquired subsidiaries at the date of acquisition over the Company's investments in subsidiaries, is being amortised by the straight-line method over the appropriate period which fit reality of acquisition. Immaterial goodwill or negative goodwill is charged to income when incurred.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealised profit included in assets resulting from transactions within SBI is eliminated.

On 8th September, 2006, the Accounting Standards Board of Japan (the "ASBJ") issued Practical Issues Task Force ("PITF") No. 20, "Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations" which is effective for fiscal years ending on or after 8th September, 2006. The practical solution clarifies how the control and influence concept should be practically applied to the consolidation scope of collective investment vehicles, such as limited partnerships, dormant partnerships and other entities with similar characteristics. The Company applied this task force in the year ended 31st March, 2007.

Investments in 47 (33 in 2007) companies and 1 (1 in 2007) corporate type investment trust with over 20 percent ownership are included in operational investment securities as the investments in these companies were made as part of the Company's operating activities.

The operating investments in funds that are classified as subsidiaries under PITF No. 20, but are not consolidated are included in investments in unconsolidated subsidiaries and affiliated companies on the consolidated balance sheet. Those that are not classified as subsidiaries under PITF No. 20 are included in operating investment securities. In either case, they are accounted for by using the equity method based on SBI's percentage share in the contributed capital, while SBI consolidates the revenue and expenses of these funds in the consolidated statement of income. Revenue and expenses stated on the profit and loss statement of the funds are recorded in SBI's consolidated statement of income based on SBI's percentage share in each partnership's contributed capital.

Non-operational investments in funds included in investment securities on the consolidated balance sheet are accounted for using the equity method based on SBI's percentage share in the contributed capital as these funds are investment partnerships. Upon the adoption of PITF No. 20, some of the non-operational investments in funds are classified as subsidiaries and decided to be consolidated.

Upon resolution and approval of the Board of Directors on 12th May, 2006, the Company accepted new shares of NEXUS CO., LTD. ("NEXUS") and acquired 30,500 shares of common stock in the aggregate amount of ¥3,498 million. As a result, NEXUS became an affiliated company accounted for by the equity method from June 2006. Then, upon resolution and approval of the Board of Directors on 12th November, 2007, NEXUS resolved to allot 55,865 new shares to a third party on 27th November, 2007. As a result, the Company's equity interests in NEXUS were down to 16.1 percent. Accordingly, NEXUS was no longer an affiliated company of the Company subject to equity method accounting and was eliminated from its consolidated accounts from December 2007.

Upon resolution and approval of the Board of Directors on 30th January, 2007, the Company acquired 505 shares of common stock of CEM Corporation ("CEM") in the aggregate amount of ¥2,967 million on 16th February, 2007. In addition, the Company's consolidated subsidiary, SBI Value Up Fund No. 1 Limited partnership acquired 1,276 shares of common stock of CEM in the aggregate amount of ¥7,498 million on the same day. As a result, CEM became a consolidated subsidiary of the Company from February 2007.

The Company acquired common stock of LIVING Corporation, Inc. ("LIVING") through a Take Over Bid ("TOB"). The TOB was officially approved by the Company's Board of Directors on 31st July, 2007 and was executed from 1st August, 2007 through 3rd September, 2007. The number of shares acquired through TOB was 8,700, and the aggregate investment amount was ¥2,784 million (\$27,784 thousand). As a result, the equity interest of LIVING held by the Company became 54.4 percent and LIVING was consolidated from September 2007.

Upon resolution and approval of the Board of Directors on 15th February, 2008, the Company accepted new shares of C4T and acquired 105,200 shares of common stock for the aggregate amount of ¥1,368 million (\$13,649 thousand), while ETS accepted new shares of C4T and acquired 26,300 shares of common stock for the aggregate amount of ¥342 million (\$3,412 thousand). As a result, C4T became a consolidated subsidiary of the Company from March 2008.

b. Business Combination — In October 2003, the Business Accounting Council (the "BAC") issued a Statement of Opinion, "Accounting for Business Combinations," and on 27th December, 2005, the ASBJ issued ASBJ Statement No. 7, "Accounting Standard for Business Separations" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Separations." These new accounting pronouncements were effective for fiscal years beginning on or after 1st April, 2006.

The accounting standard for business combinations allows companies to apply the pooling of interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests.

For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

c. Cash Equivalents — Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits, separate deposits and call deposits, all of which mature or become due within three months of the date of acquisition.

d. Valuation of Securities — Securities are classified and accounted for, depending on management's intent, as follows: (1) trading securities, which are held for the purpose of earning capital gains in the near term are reported at fair value, with the related unrealised gains and losses are included in earnings and (2) available-for-sale securities, which are not classified as trading securities are reported at fair value, with unrealised gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is determined based on the moving-average cost method.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average cost method. For other than temporary declines in fair value, non-marketable available-for-sale securities are reduced to net realisable value by a charge to income.

In accordance with PITF No. 20, investments in funds which are determined to be subsidiaries under PITF No. 20 but are not consolidated are accounted for as investments in unconsolidated subsidiaries and affiliated companies on the consolidated balance sheet. Those not classified as subsidiaries under PITF No. 20 are accounted for as either operational investment securities or investment securities on the consolidated balance sheet according to SBI's percentage shares in the contributed capital.

In accordance with the Commodities Exchange Law, securities in custody for commodity futures related businesses are reported at a price determined by the commodity exchange. Determined prices of principal securities are as follows:

Interest-bearing government bonds:	85 percent of face value
Corporate bonds listed:	65 percent of face value
Equity securities listed on the first section market:	70 percent of fair value
Warehouse certificate:	70 percent of fair value

e. Valuation Allowance for Operational Investment Securities — Valuation allowance for operational investment securities is provided at an estimated amount for possible investment losses from operational investment securities based on the financial condition of investees.

f. Real Estate Inventory — Real estate inventory is stated at cost, determined by the specific identification method.

g. Allowance for Doubtful Accounts — The allowance for doubtful accounts is stated in amounts considered to be appropriate based on SBI's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

h. Property and Equipment — Property and equipment are stated at cost less accumulated depreciation. Depreciation of property and equipment by the Company and its consolidated domestic subsidiaries is computed by using the declining-balance method over the estimated useful lives of assets while the straight-line method is applied to buildings acquired after 1st April, 1998 and the property and equipment of consolidated foreign subsidiaries. The range of useful lives is principally from 3 to 50 years for buildings and leasehold improvements and from 2 to 20 years for furniture and equipment.

i. Long-lived Assets — The Company and its domestic subsidiaries (together, the "Group") review their long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognised if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

j. Lease Accounting — All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalised, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalised" information is disclosed in the notes to the lessee's financial statements.

Tangible leased assets are stated at cost less accumulated depreciation as lessor accounting treatment. Depreciation is computed by using the straight-line method over the lease term with salvage value of the estimated disposal prices of tangible leased assets at the expiration of the lease term.

Intangible leased assets are stated at cost less accumulated amortisation as lessor accounting treatment. Amortisation is computed by using the straight-line method over the lease term.

k. Software — Software is recorded at cost, less accumulated amortisation. Amortisation of software used for internal purposes is computed by using the straight-line method over 5 years, the estimated useful life of the software. On the other hand, amortisation of software for sale to the market is computed by using the straight-line method over 3 years or less, the estimated salable period of the software.

l. Other Assets — Stock issuance costs are amortised by the straight-line method over 3 years. Bond issuance costs which were incurred prior to 1st May, 2006 are amortised by the straight-line method over 3 years. Bond issuance costs which were incurred on or after 1st May, 2006 are amortised by the straight-line method over the bond term in accordance with ASBJ PITF No. 19, "Tentative Solution on Accounting for Deferred Assets," which was issued by the ASBJ on 11th August, 2006 and is effective for fiscal years ending on or after 1st May, 2006. Intangible assets are amortised by using straight-line method. Amortisation of deferred assets under Section 113 of the Insurance Business Law is calculated in accordance with the article of a certain subsidiary which manages insurance business.

m. Contingent Reserve — Contingent reserve is provided at an estimated amount of possible losses arising from contentious cases.

n. Statutory Reserve for Liability for Securities Transaction — Pursuant to Article 51 of the former Securities and Exchange Law, statutory reserve is provided against possible losses resulting from execution errors. The amount is calculated in accordance with Article 35 of the "Cabinet Office Ordinance concerning Securities Companies."

o. Statutory Reserve for Liability for Commodity Transaction — Statutory reserve is provided against the possible losses resulting from commodity future transaction accidents in accordance with Article 221 of the Commodity Exchange Law.

p. Employees' Retirement Benefits — The liability for employees' retirement benefits is accounted for based on projected benefit obligations and plan assets at the balance sheet date.

q. Retirement Allowance for Directors — Retirement allowance for directors of a consolidated subsidiary is recorded to state the liability at the amount that would be required if all directors retired at each balance sheet date.

r. Stock Options — On 27th December, 2005, the ASBJ issued ASBJ Statement No. 8, "Accounting Standard for Stock Options" and related guidance. The new standard and guidance were applicable to stock options newly granted on and after 1st May, 2006. This standard requires companies to recognise compensation expense for employee stock options based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock option or the goods or services received. In the balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions. In addition, the standard allows unlisted companies to measure options at their intrinsic value if they cannot reliably estimate fair value. The Company applied this accounting standard for stock options to those granted on and after 1st May, 2006.

s. Presentation of Equity — On 9th December, 2005, the ASBJ published a new accounting standard for presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities or assets, as the case may be, are now presented as components of equity. Such items include stock acquisition rights, minority interests, and any deferred gain or loss on derivatives accounted for under hedge accounting. This standard was effective for fiscal years ending on or after 1st May, 2006. The balances of such items as at 31st March, 2006 were reclassified as separate components of equity as at 1st April, 2006 in the consolidated statement of changes in equity.

t. Revenue and Cost Recognition — SBI's revenues principally consist of revenue from operational investment securities, fees from funds and revenues from real estate related transactions, securities transactions and commodity futures transactions, while its costs principally consist of the cost of operational investment securities or real estate sold and a provision for valuation allowance for operational investment securities.

Revenue from operational investment securities — Revenue from operational investment securities consists of proceeds from the sales of operational investment securities and securities held by funds and interest and dividend income from these securities. Interest and dividend income are recognised on an accrual basis.

Cost of operational investment securities — Cost of operational investment securities consists of the cost of operational investment securities and securities held by funds, write-downs of operational investment securities and securities held by funds, and fees related to securities transactions. Write-downs of operational investment securities and securities held by funds are recognised at the balance sheet date for quoted and unquoted securities if impairment of value has occurred and been deemed other than temporary, and operational investment securities are reduced to their net realisable value by a charge to income. Fees related to securities transactions are recorded when incurred.

Fees from fund — Fees from funds consist of establishment fees for fund organisation, management fees and success fees from funds under management. Establishment fees for fund organisation are recognised when a fund organised by SBI is established and funded by investors. Management fees are recognised over the periods of fund management agreements primarily based on the net asset value of the funds under management. Success fees are computed based upon a formula which takes into account realised gains and losses on and write-downs of the investments under management in funds measured at the end of each accounting period, as well as certain other expenses.

Revenue from construction projects — Revenue from long-term construction projects whose contract amounts are not less than ¥300 million (\$2,994 thousand) and whose contract periods are beyond 1 year are recorded on the percentage-of-completion method while all other construction projects other than aforementioned are recorded on the completed-contract method.

Revenue from securities transactions — Revenue from securities transactions primarily consists of brokerage commissions from securities transactions, fees from underwriting and offering of securities for initial public offering and overriding fees for placements and sales of securities. Commissions charged for executing brokerage transactions are accrued on a trade date basis and are included in current period earnings. Underwriting fees are recorded when services for underwriting are completed. All other fees are recognised when related services are rendered.

Revenue from commodity futures transactions — Revenue from commodity futures transactions is recognised on the trading date.

Financial charges and cost of funding — Financial charges mainly related to brokerage and investment banking businesses such as interest expense from margin transactions and costs from repurchase agreement transactions are accounted for as operating costs. Interest expense other than financial charges is categorised into either interests related to operating assets such as operational investment securities or leased assets or interests related to non-operating assets. Cost of funding related to operating assets is accounted for as operating costs while interest expense related to non-operating assets is recorded as non-operating expenses. During the development project, interest expense related to long-term and large-scale real estate developments are included in the acquisition cost of the real estate inventory.

u. Bonuses to Directors and Corporate Auditors — Bonuses to directors and corporate auditors at the year end to which such bonuses are attributable.

v. Income Taxes — The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognise deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

A valuation allowance is provided for deferred tax assets if it is more likely than not these items will either expire before SBI is able to realise their benefits, or that future deductibility is uncertain.

w. Accounting for Consumption Tax — The consumption tax imposed on revenue from customers for SBI's services is withheld by SBI at the time of receipt and paid to the national government subsequently. The consumption tax withheld upon recognition of revenue and the consumption tax paid by SBI on the purchase of products, merchandise and services from vendors are not included in the related accounts in the accompanying consolidated statements of income. The consumption tax paid is generally offset against the balance of consumption tax withheld, and net overpayment is included in current assets or net over withholding is included in current liabilities.

x. Foreign Currency Transactions — All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognised in the consolidated statements of income to the extent that they are not hedged by forward exchange contracts.

y. Foreign Currency Financial Statements — The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as at the balance sheet date except

for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" in a separate component of equity, except for the portion pertaining to minority shareholders, which is included in "Minority interests." Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

z. Derivatives and Hedging Activities — SBI primarily uses foreign currency forward contracts and interest rate swaps as a means of hedging exposures to foreign currency and interest rate risks. SBI also enters into derivatives such as stock-index futures, commodity futures and bond futures.

Derivatives are classified and accounted for as follows: (a) all derivatives are recognised as either assets or liabilities and measured at fair value, with gains or losses recognised in the consolidated statements of income; and (b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses are deferred until maturity of the hedged transactions.

Foreign currency forward contracts are utilised to hedge foreign currency exposures in SBI's operating activities. Receivables, payables and investment securities denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting.

Interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognised and included in interest expense or income.

aa. Per Share Information — Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year, retroactively adjusted for stock splits.

ab. New Accounting Pronouncements

Measurement of Inventories — Under Japanese GAAP, inventories are currently measured either by the cost method, or at the lower of cost or market. On 5th July, 2006, the ASBJ issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories," which is effective for fiscal years beginning on or after 1st April, 2008 with early adoption permitted. This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. The standard also requires that inventories held for trading purposes be measured at the market price.

Lease Accounting — On 30th March, 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the existing accounting standard for lease transactions issued on 17th June, 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after 1st April, 2008 with early adoption permitted for fiscal years beginning on or after 1st April, 2007.

Lessee

Under the existing accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalised, however, other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalised" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions shall be capitalised recognising lease assets and lease obligations in the balance sheet.

Lessor

Under the existing accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalised, however, other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalised" information is disclosed in the note to the lessor's financial statements. The revised accounting standard requires that all finance leases that deem to transfer ownership of the leased property to the lessee shall be recognised as lease receivables, and all finance leases that deem not to transfer ownership of the leased property to the lessee shall be recognised as investments in lease.

Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements — Under Japanese GAAP, a company currently can use the financial statements of its foreign

subsidiaries which have been prepared in accordance with generally accepted accounting principles in their respective jurisdictions for its consolidation process unless they are clearly unreasonable. On 17th May, 2006, the ASBJ issued ASBJ PITF No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." The new standard prescribes: (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material;

(1) Amortisation of goodwill

(2) Actuarial gains and losses of defined benefit plans recognised outside profit or loss

(3) Capitalisation of intangible assets arising from development phases

(4) Fair value measurement of investment properties, and the revaluation model for property, plant and equipment, and intangible assets

(5) Retrospective application when accounting policies are changed

(6) Accounting for net income attributable to a minority interest

The new task force is effective for fiscal years beginning on or after 1st April, 2008 with early adoption permitted.

Construction Contracts—Under the current Japanese GAAP, either the completed-contract method or the percentage-of-completion method is permitted to account for construction contracts. On 27th December, 2007, the ASBJ published a new accounting standard for construction contracts. Under this accounting standard, the construction revenue and construction costs should be recognised by the percentage-of-completion method, if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs and the stage of completion of the contract at the balance sheet date can be reliably measured, the outcome of a construction contract can be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method shall be applied. When it is probable that total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognised by providing for loss on construction contracts. This standard is applicable to construction contracts and software development contracts and effective for fiscal years beginning on or after 1st April, 2009 with early adoption permitted for fiscal years beginning on or before 31st March, 2009 but after 27th December, 2007.

(1) Application of Purchase Method LIVING Corporation, Inc.

On 10th September, 2007, the Company acquired 54.4 percent shares of LIVING through a TOB. LIVING provides design and construction services to real estate and commercial sectors and offers planning and design services regarding the investment in real estate properties. This acquisition was made to advance the strategy of real estate business by sharing technology and information of investment in real estate properties. The operating results of LIVING are included in the Company's consolidated financial statement of income for the period from 1st October, 2007 to 31st March, 2008.

The Company accounted for this business combination by the purchase method of accounting.

The total acquisition cost was ¥2,849 million (\$28,441 thousand) which consists of ¥2,784 million (\$27,784 thousand) for the common stock of LIVING and ¥65 million (\$656 thousand) of related expenses such as brokerage commissions. The difference between the acquisition cost and fair value of net assets of LIVING at the acquisition date was recognised as goodwill. Goodwill recorded in connection with the acquisition totalled ¥2,140 million (\$21,366 thousand) and is amortised by the straight-line method over 20 years.

3. BUSINESS COMBINATION

The amounts of the assets acquired and the liabilities assumed at the acquisition date are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥ 7,055	\$ 70,409
Non-current assets	90	900
Total assets acquired	¥ 7,145	\$ 71,309
Current liabilities	¥ 5,795	\$ 57,836
Non-current liabilities	24	245
Total liabilities assumed	¥ 5,819	\$ 58,081

C4 Technology, Inc.

On 3rd March, 2008, the Company acquired 69.2 percent of equity interest in C4T through the new common share allotment. C4T is in the business of the development and license supply of proprietary C4 cipher, secret sharing scheme and digital watermarking, sale of information security products, and the distribution of information security solution services. This acquisition was made to strengthen the software system infrastructure in order to support the financial services that SBI provides through Internet.

The Company accounted for this business combination by the purchase method of accounting. SBI consolidated only the balance sheet of C4T as the acquisition was in March 2008.

The total acquisition cost was ¥1,714 million (\$17,106 thousand) which consists of ¥1,709 million (\$17,061 thousand) of consideration for the common stock of C4T and ¥5 million (\$45 thousand) of related expenses such as research expenses. The difference between the acquisition cost and fair value of net assets of C4T at the acquisition date is recognised as goodwill. Goodwill recorded in connection with the acquisition totalled ¥1,619 million (\$16,164 thousand) and is amortised by the straight-line method over 20 years.

The amount of the assets acquired and the liabilities assumed at the acquisition date are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥ 2,683	\$ 26,779
Non-current assets	1,217	12,153
Total assets acquired	¥ 3,900	\$ 38,932
Current liabilities	¥ 669	\$ 6,684
Non-current liabilities	3,088	30,820
Total liabilities assumed	¥ 3,757	\$ 37,504

(2) Transaction under Common Control

On 1st October, 2007, SBI Securities Co., Ltd. ("SBI-SEC"), the Company's consolidated subsidiary in traditional security brokerage business, merged into ETS, another financial service subsidiary specialised in online security brokerage business, with ETS being the surviving corporation. This merger was made to achieve its further growth as a comprehensive online securities company.

This merger is treated as a transaction with minority shareholders in accordance with "Accounting for Business Combinations" issued by the BAC on 31st October, 2003, and "Guidance for Accounting Standard for Business Combinations and Business Separations" (ASBJ Guidance No. 10 updated on 22nd December, 2006).

4. SEGREGATED ASSETS

At 31st March, 2007 and 2008, assets required to be segregated in certain financial institutions according to the Commodities Exchange Law were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	31st March		31st March, 2008
	2007	2008	
Cash required to be segregated under regulations	¥ 200	¥ 200	\$ 1,996

At 31st March, 2007 and 2008, assets which belonged to assignors of customers' deposits as collateral for commodity futures and were segregated in conformity with the Commodities Exchange Law in 2007 and the Financial Instruments and Exchange Law in 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	31st March		31st March, 2008
	2007	2008	
Cash required to be segregated under regulations	¥ 7,518	¥ 27	\$ 270

5. REAL ESTATE INVENTORY

Real estate inventory at 31st March, 2007 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	31st March		31st March, 2008
	2007	2008	
Real estate for sale	¥ 7,151	¥ 7,372	\$ 73,567
Real estate for sale in progress	4,532	15,940	159,082
Real estate for development	17,572	8,071	80,547
Beneficial interest in real estate investment trust	6,617	1,512	15,093
Total	¥ 35,872	¥ 32,895	\$ 328,289

6. OPERATIONAL INVESTMENT SECURITIES AND INVESTMENT SECURITIES

Operational investment securities and investment securities at 31st March, 2007 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	31st March		31st March, 2008
	2007	2008	
Current (operational investment securities):			
Marketable equity securities	¥ 8,460	¥ 6,225	\$ 62,125
Non-marketable equity securities	77,647	69,321	691,826
Corporate bonds		2,471	24,667
Investment in funds	13,807	37,139	370,648
Others	689	561	5,595
Total	¥ 100,603	¥ 115,717	\$ 1,154,861
Non-current (investment securities):			
Marketable equity securities	¥ 14,832	¥ 6,982	\$ 69,687
Non-marketable equity securities	1,785	1,786	17,823
Investment in funds	6,009	6,059	60,467
Government bonds	15	4	38
Corporate bonds	2,000	510	5,090
Trust fund investment	622	571	5,700
Others	136	60	599
Total	¥ 25,399	¥ 15,972	\$ 159,404

The carrying amounts and aggregate fair values of operational investment securities and investment securities at 31st March, 2007 and 2008 were as follows:

	Millions of Yen			
	Cost	Unrealised Gains	Unrealised Losses	Fair Value
31st March, 2007				
Securities classified as available-for-sale:				
Equity securities	¥ 16,678	¥ 7,246	¥ 632	¥ 23,292
Government bonds	10			10
Trust funds investments	606	22	6	622
Others	1,317	28	555	790
31st March, 2008				
Securities classified as available-for-sale:				
Equity securities	¥ 19,608	¥ 183	¥ 6,584	¥ 13,207
Trust funds investments	607		36	571
Others	435		13	422
	Thousands of U.S. Dollars			
	Cost	Unrealised Gains	Unrealised Losses	Fair Value
31st March, 2008				
Securities classified as available-for-sale:				
Equity securities	\$ 195,687	\$ 1,834	\$ 65,709	\$ 131,812
Government bonds	6,059		359	5,700
Others	4,344		132	4,212

Available-for-sale securities whose fair value is not readily determinable as at 31st March, 2007 and 2008 were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	31st March 2007	31st March 2008	31st March, 2008
Available-for-sale:			
Equity securities	¥ 79,432	¥ 71,107	\$ 709,649
Investment in funds	19,816	43,198	431,115
Debt securities and other	2,040	3,184	31,777
Total	¥ 101,288	¥ 117,489	\$ 1,172,541

Proceeds from sales of available-for-sale securities for the years ended 31st March, 2007 and 2008 were ¥24,747 million and ¥51,063 million (\$509,606 thousand), respectively. Gross realised gains and losses on these sales, computed on the moving average cost basis, were ¥8,024 million and ¥6,358 million, respectively, for the year ended 31st March, 2007 and ¥19,002 million (\$189,639 thousand) and ¥1,451 million (\$14,479 thousand), respectively, for the year ended 31st March, 2008.

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale at 31st March, 2008 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due in one year or less	¥ 701	\$ 6,993
Due after one year through five years	2,005	20,008
Due after five years through ten years	30	303

Securities whose fair value declines below 50 percent of the acquisition cost are deemed to be other than temporary declines and are reduced to net realisable value by a charge to income. In the case where the fair value of securities declines by 30 to 50 percent, impairment losses will be recognised, if necessary, considering the possibility of market value recovery or other factors. For the years ended 31st March, 2007 and 2008, impairment losses were recorded in the aggregate amount of ¥8,812 million and ¥2,626 million (\$26,203 thousand), respectively. The impairment losses for operating investments are included in operating costs. Please refer to Note 23, "Operating Costs" of these consolidated financial statements.

At 31st March, 2007 and 2008, investments in funds consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	31st March		31st March, 2008
	2007	2008	
SOFTBANK INTERNET TECHNOLOGY FUND No. 3	¥ 747		
SBI BB Media Fund	1,855	¥ 1,719	\$ 17,149
NEW HORIZON FUND, L.P.	8,771	31,306	312,434
Other funds	8,443	10,173	101,532
Total	¥ 19,816	¥ 43,198	\$ 431,115

7. TRADING ASSETS AND LIABILITIES

At 31st March, 2007 and 2008, trading assets and liabilities consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	31st March		31st March, 2008
	2007	2008	
Trading assets:			
Equity securities	¥ 30	¥ 15	\$ 148
Debt securities	4,167	1,598	15,953
Derivatives	27	6	62
Others	105	109	1,086
Total	¥ 4,329	¥ 1,728	\$ 17,249
Trading liabilities—Derivatives	¥ 3	¥ 2	\$ 20

8. SECURITIES DEPOSITED AND RECEIVED

Fair values of the securities deposited by SBI in securities-related businesses at 31st March, 2007 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	31st March		31st March, 2008
	2007	2008	
Securities loaned on margin transactions	¥ 65,389	¥ 62,849	\$ 627,238
Securities pledged for loans payable for margin transactions	229,877	79,920	797,603
Substitute securities for guarantee money paid	101,018	72,810	726,649
Securities loaned under agreement	54,747	33,019	329,530
Others	1,681	1,516	15,129

Fair values of the securities received by SBI in securities-related businesses at 31st March, 2007 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	31st March		31st March, 2008
	2007	2008	
Securities pledged for loans receivable for margin transactions	¥ 458,785	¥ 221,469	\$ 2,210,270
Securities borrowed on margin transactions	11,250	17,919	178,831
Securities purchased on repurchase agreement transactions	15,976		
Substitute securities for guarantee money received, which were agreed on using as collateral for other transactions	278,205	221,047	2,206,062
Substitute securities for guarantee money received on futures	360	3,244	32,378
Others	39		

9. DEPOSITARY ASSETS

In substitution for transactional margin deposits, SBI sets aside to Japan Commodity Clearing House Co., Ltd. in custody securities in the aggregate amount of ¥448 million and ¥259 million (\$2,586 thousand) as at 31st March, 2007 and 2008, respectively, and to fiduciary agents securities in custody in the aggregate amount of ¥4 million and nil as at 31st March, 2007 and 2008, respectively, which were recorded as securities in custody included in other current assets or as customers' deposits as collateral for commodity futures on the consolidated balance sheets.

10. PROPERTY AND EQUIPMENT

Property and equipment at 31st March, 2007 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	31st March		31st March, 2008
	2007	2008	
Land	¥ 887	¥ 887	\$ 8,850
Buildings and leasehold improvements	3,871	4,421	44,120
Furniture and equipment	4,716	6,404	63,919
Others	46	66	654
Total	9,520	11,778	117,543
Less accumulated depreciation	(4,918)	(6,050)	(60,382)
Property and equipment—net	¥ 4,602	¥ 5,728	\$ 57,161

11. LONG-LIVED ASSETS

SBI recognised an impairment loss of ¥53 million for the year ended 31st March, 2007 on certain assets held by ETS and its consolidated subsidiaries and those held by SBI-SEC.

ETS and its subsidiaries have identified five groups of assets for their periodic review purposes, which are (1) fixed assets owned for securities business run by the head office and Kumagaya branch, (2) lease properties in Hanyu city, (3) fixed assets held by ETS's consolidated subsidiaries for their operation of asset management service for corporate defined contribution pension plan for corporations, (4) fixed assets held by ETS's consolidated subsidiaries for their operation of asset management service for individual defined contribution pension plan, and (5) fixed assets owned for securities business run by ETS's subsidiaries in Korea.

The value of the aforementioned lease properties in Hanyu city was found to be significantly impaired reflecting the continuously falling land prices. Accordingly, the carrying amounts of these leased properties were reduced to recoverable amounts, which were determined based on the assessment value for property tax. As a result, ¥43 million was recorded as an impairment loss for the relevant land for the year ended 31st March, 2007.

SBI-SEC has grouped its long-lived assets depending on sales branches which are the minimum unit for management accounting with its head office, corporate dormitory and welfare facilities being classified as common use assets.

The carrying amounts of the sales branch assets in Itami city were reduced to recoverable amounts as a decision had been reached to be relocate the branch. The recoverable amounts were determined based on net realisable values, which were nil as the relevant assets were to be scrapped. As a result, the reduced amount of ¥7 million was recorded as an impairment loss for the year ended 31st March, 2007. The abovementioned impairment loss consisted of the following:

	Millions of Yen
Buildings	¥ 7

Similarly, the carrying amounts of sales branch in Tama city was reduced to recoverable amounts which were nil as the branch was to be relocated and the relevant assets were to be scrapped. As a result, ¥3 million was recorded as an impairment loss for the year ended 31st March, 2007. The abovementioned impairment loss consisted of the following:

	Millions of Yen
Buildings	¥ 2
Furniture and equipment	1
Total	¥ 3

No impairment loss was recognised in 2008.

12. LEASED ASSETS

Assets leased to others as at 31st March, 2007 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	31st March		31st March, 2008
	2007	2008	
Furniture and equipment	¥ 22,494	¥ 21,738	\$ 216,948
Software	1,867	1,810	18,065
Total	24,361	23,548	235,013
Less accumulated depreciation	(14,325)	(15,671)	(156,403)
Leased assets—net	¥ 10,036	¥ 7,877	\$ 78,610

Rental income and depreciation expense were ¥4,698 million and ¥4,103 million, respectively, for the year ended 31st March, 2007 and ¥2,847 million (\$28,414 thousand) and ¥2,496 million (\$24,907 thousand), respectively, for the year ended 31st March, 2008.

The minimum future rentals on noncancellable operating lease contracts at 31st March, 2007 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	31st March		31st March, 2008
	2007	2008	
Due within one year	¥ 82	¥ 27	\$ 270
Due after one year	79	52	518
Total	¥ 161	¥ 79	\$ 788

Pro forma information of leased assets such as future minimum lease payments to be received and interest income under finance leases that do not transfer ownership of the leased assets to the lessee on an "as if capitalised" basis for the years ended 31st March, 2007 and 2008 was as follows:

Future minimum lease payments to be received under finance leases, including those of subleases:

	Millions of Yen		Thousands of U.S. Dollars
	31st March		31st March, 2008
	2007	2008	
Due within one year	¥ 3,313	¥ 2,925	\$ 29,190
Due after one year	15,198	12,617	125,915
Total	¥ 18,511	¥ 15,542	\$ 155,105

Interest income under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	31st March		31st March, 2008
	2007	2008	
Interest income	¥ 517	¥ 391	\$ 3,904

Interest income, which was not reflected in the accompanying consolidated statements of income, was computed by the interest method.

13. INVESTMENTS IN UNCONSOLIDATED SUBSIDIARIES AND AFFILIATED COMPANIES

Investments in unconsolidated subsidiaries and affiliated companies consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	31st March		31st March, 2008
	2007	2008	
Common stock of unconsolidated subsidiaries	¥ 10,230	¥ 7,471	\$ 74,562
Common stock of affiliated companies	23,919	18,387	183,501
Unconsolidated investments in fund	20,262	65	653
Total	¥ 54,411	¥ 25,923	\$ 258,716

14. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at 31st March, 2007 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	31st March		31st March, 2008
	2007	2008	
Short-term borrowings:			
From banks, 1.38 to 2.21 percent in 2007 and 1.38 to 2.88 percent in 2008	¥ 51,580	¥ 41,534	\$ 414,514
From other, 0.80 to 5.70 percent in 2007 and 1.98 to 6.26 percent in 2008	4,562	12,298	122,731
Total	¥ 56,142	¥ 53,832	\$ 537,245

Weighted average interest rates of loan payable for margin transactions for the years ended 31st March, 2007 and 2008 were 1.03 percent and 1.10 percent, respectively.

Long-term debt at 31st March, 2007 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	31st March		31st March, 2008
	2007	2008	
Zero coupon unsecured Japanese yen convertible bonds with warrants due November 2008	¥ 5,940	¥ 5,940	\$ 59,281
Zero coupon unsecured Japanese yen convertible bonds with warrants due April 2009	12,770	12,770	127,445
Unsecured Japanese yen bonds with a fixed interest rate of 0.29 percent		20	200
Unsecured Japanese yen bonds with a fixed interest rate of 0.72 percent		200	1,996
Secured Japanese yen bonds with a fixed interest rate of 0.91 percent	300	300	2,994
Unsecured Japanese yen bonds with a fixed interest rate of 1.23 percent	50,000	50,000	499,002
Unsecured Japanese yen bonds with a fixed interest rate of 1.24 percent	50,000	50,000	499,002
Unsecured Japanese yen bonds with a fixed interest rate of 1.70 percent		300	2,994
Unsecured Japanese yen bonds with a fixed interest rate of 2 percent	1,400		
Unsecured Japanese yen bonds with a fixed interest rate of 2.08 percent	30,000	30,000	299,401
Unsecured Japanese yen convertible bonds with warrants due September 2009		500	4,990
Unsecured loans from financial institutions, due serially through March 2012 with a weighted average floating interest rate of 1.28 percent in 2007 and 1.43 percent in 2008 and a weighted average fixed interest rate of 2.15 percent in 2007 and 2.19 percent in 2008	34,365	39,862	397,824
Total	184,775	189,892	1,895,129
Less current portion	(25,172)	(112,743)	(1,125,179)
Long-term debt, less current portion	¥ 159,603	¥ 77,149	\$ 769,950

Annual maturities of long-term debt as at 31st March, 2008 for the next five years were as follows:

Year Ending 31st March	Millions of Yen	Thousands of U.S. Dollars
2009	¥ 112,743	\$ 1,125,179
2010	64,333	642,043
2011	12,246	122,218
2012	570	5,689
Total	¥ 189,892	\$ 1,895,129

On 25th November, 2003, the Company issued ¥13,000 million of zero coupon unsecured Japanese yen convertible bonds with warrants mainly in the Euro market. The bonds are due 25th November, 2008, and the warrants are exercisable at ¥38,486.10 (\$384.09) per share as at 31st March, 2008. Upon exercise of the warrants, the bonds are convertible into the Company's common stock. The issue price of the bonds was 100 percent of the face value of the bonds, and the remaining number of the warrants and number of shares to be issued upon exercise of the warrants are 594 warrants and 154,350 shares, respectively, as at 31st March, 2008.

On 8th April, 2004, the Company issued ¥20,000 million of zero coupon unsecured Japanese yen convertible bonds with warrants mainly in the Euro market. The bonds are due 8th April, 2009, and the warrants are exercisable at ¥39,438.50 (\$393.60) per share as at 31st March, 2008. Upon exercise of the warrants, the bonds are convertible into the Company's common stock. The issue price of the bonds was 100 percent of the face value of the bonds, and the remaining number of the warrants and number of shares to be issued upon exercise of the warrants are 1,277 warrants and 323,803 shares, respectively, as at 31st March, 2008.

On 13th September, 2005, the Company issued ¥42,000 million of unsecured Japanese yen straight bonds with a fixed rate of 1.23 percent. The bonds are due 29th September, 2008.

On 11th October, 2005, the Company issued ¥8,000 million of unsecured Japanese yen straight bonds with a fixed rate of 1.23 percent. The bonds are due 29th September, 2008.

On 10th March, 2006, ETS, the Company's subsidiary, issued ¥50,000 million of unsecured Japanese yen straight bonds with a fixed rate of 1.24 percent. The bonds are due 10th March, 2009.

On 25th September, 2006, the Company issued ¥30,000 million of unsecured Japanese yen straight bonds with a fixed rate of 2.08 percent. The bonds are due 25th September, 2009.

The Company repurchased all of the warrants attached to bonds previously issued and already redeemed and distributed these repurchased warrants to officers and employees of the Company as a means of stock-based incentive compensation. At 31st March, 2008, these warrants were included in other current liabilities.

Exercise prices and exercise periods of warrants outstanding at 31st March, 2008 were as follows:

Exercise Period		Per Share Exercise Price		Number of Common Stock to Purchase
From	To	Yen	U.S. Dollars	
1st October, 2003	30th September, 2008	¥ 25,464.90	\$ 254.14	581.10

The Company took over the warrants issued by FINANCE ALL CORPORATION due to the merger on 1st March, 2006. Exercise prices and exercise periods of these warrants outstanding at 31st March, 2008 were as follows:

Exercise Period		Per Share Exercise Price		Number of Common Stock to Purchase
From	To	Yen	U.S. Dollars	
1st April, 2002	28th March, 2009	¥ 4,464.00	\$ 44.55	5,783

The exercise prices of the warrants are subject to adjustments to reflect stock splits and certain other events.

SBI has bank lines of credit of ¥137,476 million (\$1,372,015 thousand) available for working capital use, ¥106,491 million (\$1,062,785 thousand) of which was unused at 31st March, 2008.

15. PLEDGED ASSETS

The carrying amounts of assets pledged as collateral for short-term borrowings of ¥10,827 million and ¥22,495 million (\$224,506 thousand) at 31st March, 2007 and 2008, current portion of long-term debt of nil and ¥4,132 million (\$41,239 thousand) at 31st March, 2007 and 2008 and for long-term debt, including bonds of ¥9,385 million and ¥3,366 million (\$33,592 thousand) at 31st March, 2007 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	31st March		31st March, 2008
	2007	2008	
Cash and cash equivalents	¥ 94	¥ 111	\$ 1,110
Real estate inventory	8,504	12,463	124,381
Operational loans receivable	15,326	21,214	211,713
Notes and accounts receivable—trade	1,581	439	4,386
Total	¥ 25,505	¥ 34,227	\$ 341,590

Securities received as collateral for financing from broker's own capital of ¥792 million and nil were pledged as collateral for short-term bank loans at 31st March, 2007 and 2008, respectively.

Securities received as collateral for financing from broker's own capital of ¥19,709 million and ¥8,474 million (\$84,571 thousand) were pledged as collateral for loans payable for margin transactions at 31st March, 2007 and 2008, respectively. Substitute securities for guarantee money received from customers of ¥12,019 million and nil were also pledged as collateral for loans payable for margin transactions at 31st March, 2007 and 2008, respectively.

Substitute securities for guarantee money received from customers of ¥360 million and nil and securities received as collateral for financing from broker's own capital of ¥21 million and nil were pledged as collateral for substitute securities for trade margin on futures at 31st March, 2007 and 2008, respectively.

16. UNEARNED INCOME

Unearned income at 31st March, 2007 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	31st March		31st March, 2008
	2007	2008	
SOFTBANK INTERNET TECHNOLOGY FUND No. 3	¥ 14		
SBI BB Media Fund	473	¥ 472	\$ 4,716
SBI Broadband Fund No. 1	258		
BIOVISION Life Science Fund I	88		
SBI BB Mobile Fund	759		
SBI Bio Life Science Investment LPS.	133		
SBI BROADBAND CAPITAL K.K.	247	240	2,394
Others	1,058	1,181	11,783
Total	¥ 3,030	¥ 1,893	\$ 18,893

17. LIABILITY FOR EMPLOYEES' RETIREMENT BENEFITS

The Company and certain domestic consolidated subsidiaries have a contributory funded defined benefit pension plan and a defined contribution pension plan. The Company's certain domestic consolidated subsidiaries have a non-contributory funded defined benefit pension plan and either of a contributory funded defined benefit pension plan, a defined contribution pension plan or an advance payment system for the employees' retirement plan, or more, while certain foreign consolidated subsidiaries have a termination allowance plan according to their own retirement benefit policies.

Under the contributory or non-contributory funded defined benefit pension plan, employees terminating their employment are, in most circumstances, entitled to pension payments based on their rate of pay at the time of termination, years of service and certain other factors. Under the defined contribution pension plans, the Company and certain domestic consolidated subsidiaries contribute an amount equal to 3 percent of the employee's annual salary up to ¥216,000 per year.

As at 31st March, 2007, fair value of plan assets under the contributory funded defined benefit pension plan managed by Kanto IT Software Health Insurance Society was ¥1,038 million, which was calculated, based on a ratio of the number of plan beneficiaries from the Company and its subsidiaries to the total number of plan beneficiaries.

As at 31st March, 2007, fair value of plan assets under the contributory funded defined benefit pension plan managed by Association of Welfare Pension Fund in the Commodity Futures Industry was ¥381 million, which was calculated, based on a ratio of the contribution amount made by the Company's subsidiary to the total contribution amount.

As at 31st March, 2008, fair value of plan assets and plan's actuarial pension liabilities under the contributory funded defined benefit pension plan managed by Kanto IT Software Health Insurance Society were ¥146,083 million (\$1,457,915 thousand) and ¥112,700 million (\$1,124,754 thousand), respectively.

As at 31st March, 2008, fair value of plan assets and plan's actuarial pension liabilities under the contributory funded defined benefit pension plan managed by Association of Welfare Pension Fund in the Commodity Futures Industry were ¥81,621 million (\$814,583 thousand) and ¥61,610 million (\$614,871 thousand), respectively.

As at 31st March, 2008, fair value of plan assets and plan's actuarial pension liabilities under the contributory funded defined benefit pension plan managed by Tokyo Media Industry Pension Fund were ¥92,772 million (\$925,866 thousand) and ¥93,592 million (\$934,055 thousand), respectively.

The liability for employees' retirement benefits included in other long-term liabilities at 31st March, 2007 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	31st March		31st March, 2008
	2007	2008	
Projected benefit obligation	¥ 150	¥ 285	\$ 2,843
Fair value of plan assets	(135)	(183)	(1,824)
Net liability	¥ 15	¥ 102	\$1,019

The components of net periodic benefit costs for the years ended 31st March, 2007 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Year Ended 31st March		Year Ended 31st March, 2008
	2007	2008	
Service cost	¥ 155	¥ 193	\$ 1,922
Net periodic benefit costs	155	193	1,922
Contributions to the defined contribution pension plan and advance retirement payments	208	228	2,280
Total	¥ 363	¥ 421	\$ 4,202

The service cost mentioned above included contributions to the contributory funded defined benefit pension plan managed by Kanto IT Software Health Insurance Society in the aggregate amount of ¥90 million for the year ended 31st March, 2007, and to the contributory funded defined benefit pension plan managed by Association of Welfare Pension Fund in the Commodity Futures Industry in the aggregate amount of ¥8 million for the year ended 31st March, 2007.

Certain domestic consolidated subsidiaries have applied the simplified method for computation of projected benefit obligation. Under the simplified method, the liability for employees' retirement benefits is recorded to state the liability at the amount that would be required if all employees voluntarily terminate at each balance sheet date. Net periodic benefit costs of consolidated domestic subsidiaries which applied the simplified method for computation of projected benefit obligation were included in service cost.

18. RETIREMENT ALLOWANCE FOR DIRECTORS

Retirement allowance for directors is paid subject to approval of the shareholders in accordance with the corporate law of Japan (the "Corporate Law").

A certain subsidiary recorded liabilities of ¥0 million and ¥3 million (\$30 thousand) for its unfunded retirement allowance plan covering all of their directors at 31st March, 2007 and 2008, respectively, which was included in other long-term liabilities.

19. STATUTORY RESERVES

According to the Financial Instruments and Exchange Law and the Commodities Exchange Law of Japan, a securities company and a commodities company are required to set aside reserves in proportion to its securities or commodities transactions and other related trading to cover possible customer losses incurred by default of the securities company on securities transactions or the commodities company on commodities transactions.

20. EQUITY

Since 1st May, 2006, Japanese companies have been subject to the Corporate Law, which reformed and replaced the Commercial Code of Japan. The significant provisions in the Corporate Law that affect financial and accounting matters are summarised below:

a. Dividends

Under the Corporate Law, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as: (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

The Corporate Law permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semi-annual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Corporate Law provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Corporate Law requires that an amount equal to 10 percent of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25 percent of the common stock. Under the Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Corporate Law also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Corporate Law also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. Under the Corporate Law, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity.

The Corporate Law also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

During the year ended 31st March, 2007, the Company issued 108,479 shares of its common stock pursuant to the exercise of warrants attached to various unsecured corporate bonds already redeemed and options granted based on the stock option plans. As a result, the Company's common stock and capital surplus increased by ¥685 million and ¥687 million, respectively.

During the year ended 31st March, 2008, the Company issued 36,113 shares of its common stock pursuant to the exercise of warrants attached to various unsecured corporate bonds already redeemed and options granted based on the stock option plans. As a result, the Company's common stock and capital surplus increased by ¥244 million (\$2,431 thousand) and ¥244 million (\$2,435 thousand), respectively.

Stock options outstanding as of 31st March, 2007 are as follows:

21. STOCK OPTION PLAN**The Company**

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2001 Warrant	118 employees	24,120 shares	2002.2.1	¥ 20,796 (\$207.54)	From 20th December, 2003 to 19th December, 2011
2002 Stock Option (1)	9 directors 109 employees	200,025 shares	2002.12.20	¥ 5,984 (\$59.72)	From 20th December, 2004 to 19th December, 2012
2003 Stock Option (1)	2 directors 4 employees 3 directors of subsidiary	69,975 shares	2003.9.25	¥ 17,879 (\$178.43)	From 20th December, 2004 to 19th December, 2012
2003 Stock Option (2)	2 directors 110 employees 6 directors of subsidiary 86 employees of subsidiary	312,750 shares	2003.9.25	¥ 17,879 (\$178.43)	From 24th June, 2005 to 23rd June, 2013
2003 Stock Option (3)	17 directors of subsidiary	61,650 shares	2003.10.23	¥ 27,655 (\$276.00)	From 24th June, 2005 to 23rd June, 2013
2005 Stock Option (1)	7 directors 89 employees 14 directors of subsidiary 36 employees of subsidiary	40,000 shares	2005.7.28	¥ 35,078 (\$350.08)	From 28th July, 2005 to 29th June, 2013

The Stock Option Which Was Taken Over by the Company Due to the M&A

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
E*TRADE Japan K.K. Stock Option	3 directors 20 employees 11 directors of its subsidiary 64 employees of its subsidiary	172,481.40 shares	2002.7.1	¥ 12,079 (\$120.55)	From 21st June, 2004 to 20th June, 2012
Digit Brain, Inc. Stock Option	5 directors 55 employees	8,968 shares	2003.7.8	¥ 13,000 (\$129.74)	From 1st January, 2004 to 31st December, 2006
SBI HOME Planner Co., LTD. 2003 Stock Option	76 employees 1 employee of its subsidiary	1,130 shares	2004.4.15	¥ 23,200 (\$231.54)	From 28th June, 2005 to 27th June, 2013
SBI HOME Planner Co., LTD. 2004 Stock Option	7 directors 2 employees	1,000 shares	2004.9.27	¥ 25,600 (\$255.49)	From 1st April, 2005 to 30th March, 2007
SBI HOME Planner Co., LTD. 2004 Stock Option	61 employees 2 employees of its subsidiary	950 shares	2004.9.29	¥ 25,600 (\$255.49)	From 2nd October, 2006 to 30th September, 2010
SBI HOME Planner Co., LTD. 2004 Stock Option	2 employees	60 shares	2004.10.29	¥ 25,600 (\$255.49)	From 2nd October, 2006 to 30th September, 2010
SBI Partners Co., Inc. 2005 Stock Option	5 directors 23 employees	2,320 shares	2005.11.29	¥ 37,060 (\$369.86)	From 1st December, 2005 to 31st October, 2013
FINANCE ALL CORPORATION 2002 Stock Option	4 directors 6 employees 5 directors of its subsidiary 31 employees of its subsidiary	44,880 shares	2002.9.25	¥ 4,465 (\$44.56)	From 25th September, 2004 to 24th September, 2012
FINANCE ALL CORPORATION 2003 Stock Option	4 directors 24 employees 4 directors of its subsidiary 18 employees of its subsidiary	55,040 shares	2003.8.2	¥ 4,465 (\$44.56)	From 2nd August, 2005 to 1st August, 2013
SOFTBANK FRONTIER SECURITIES CO., LTD. 2002 Stock Option	4 directors 10 employees	8,216.00 shares	2003.1.29	¥ 7,740 (\$77.25)	From 19th June, 2004 to 18th June, 2008
WORLD NICHIEI Securities Co., LTD. 2003 Stock Option	5 directors 6 employees	4,933.50 shares	2003.7.15	¥ 17,392 (\$173.57)	From 1st July, 2005 to 26th June, 2013
WORLD NICHIEI FRONTIER Securities Co., LTD. 2004 Stock Option	7 directors 350 employees	34,105.55 shares	2004.6.29	¥ 50,174 (\$500.74)	From 30th June, 2006 to 29th June, 2014
WORLD NICHIEI FRONTIER Securities Co., LTD. 2004 Stock Option	25 employees	143.75 shares	2004.12.22	¥ 31,914 (\$318.50)	From 30th June, 2006 to 29th June, 2014

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
SBI Securities Co., Ltd. 2005 Stock Option	6 directors 340 employees	39,817.60 shares	2005.7.4	¥ 46,957 (\$468.63)	From 30th June, 2007 to 29th June, 2015
SOFTBANK INVESTMENT CORPORATION Warrant (3)	8 directors 3 employees 7 directors of its subsidiary 2 employees of its subsidiary	56,808.90 shares	2000.3.7	¥ 2,083.30 (\$20.79)	From 1st April, 2002 to 31st March, 2007
SOFTBANK INVESTMENT CORPORATION Warrant (4)	8 directors 19 employees 8 directors of its subsidiary 6 employees of its subsidiary	62,857.00 shares	2000.3.7	¥ 2,083.30 (\$20.79)	From 1st April, 2003 to 31st March, 2008
SOFTBANK INVESTMENT CORPORATION Warrant (7)	2 directors 30 employees 1 director of its subsidiary	6,916.18 shares	2000.9.4	¥ 25,464.90 (\$254.14)	From 1st April, 2002 to 31st March, 2007
SOFTBANK INVESTMENT CORPORATION Warrant (8)	2 directors 42 employees 1 director of its subsidiary	7,206.78 shares	2000.9.4	¥ 25,464.90 (\$254.14)	From 1st April, 2003 to 31st March, 2008
SOFTBANK INVESTMENT CORPORATION Warrant (9)	21 employees	1,220.50 shares	2000.9.4	¥ 25,464.90 (\$254.14)	From 1st October, 2003 to 30th September, 2008
E*TRADE Japan K.K. Warrant (7)~(9)	5 directors 19 employees 6 directors of its subsidiary 103 employees of its subsidiary	51,640.75 shares	2000.3.30	¥ 1,910.70 (\$19.07)	From 1st April, 2002 to 28th March, 2007
E*TRADE Japan K.K. Warrant (10)~(12)	5 directors 20 employees 6 directors of its subsidiary 109 employees of its subsidiary	53,511.79 shares	2000.3.30	¥ 1,910.70 (\$19.07)	From 1st April, 2003 to 28th March, 2008
E*TRADE Japan K.K. Warrant (15)	1 director 6 employees 1 director of its subsidiary 16 employees of its subsidiary	4,014.36 shares	2000.6.8	¥ 2,116.40 (\$21.12)	From 12th June, 2002 to 28th March, 2007
E*TRADE Japan K.K. Warrant (16)	1 director 7 employees 1 director of its subsidiary 16 employees of its subsidiary	4,014.36 shares	2000.6.8	¥ 2,116.40 (\$21.12)	From 12th June, 2003 to 28th March, 2008
FINANCE ALL CORPORATION Warrant (1)~(6)	5 directors 4 employees 9 directors of its subsidiary 20 employees of its subsidiary	114,012 shares	2002.3.28	¥ 4,464 (\$44.55)	From 1st April, 2002 to 28th March, 2009

Consolidated Subsidiaries

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
SBI CAPITAL Co., Ltd. 2006 Stock Option (3)	3 employees	188 shares	2006.9.26	¥ 67,000 (\$668.66)	From 1st October, 2008 to 25th September, 2016
SBI Planners Co., Ltd. Stock Option (5)	7 directors 81 employees 1 director of its subsidiary 1 employee of its subsidiary	4,000,000 shares	2007.3.30	¥ 65 (\$0.65)	From 2nd April, 2007 to 31st March, 2013
SBI Mortgage Co., Ltd. Stock Option (1)	23 employees	65 shares	2005.5.25	¥ 750,000 (\$7,485.03)	From 26th May, 2007 to 25th May, 2015
SBI E*TRADE SECURITIES Co., Ltd. Stock Option (1)	7 directors 88 employees 6 employees of the Company	116,190 shares	2004.7.8	¥ 44,290 (\$442.02)	From 22nd December, 2004 to 21st June, 2010
Stock Option (2)	1 director	4,500 shares	2004.7.21	¥ 44,290 (\$442.02)	From 22nd December, 2004 to 21st June, 2010
Stock Option (3)	2 employees	90 shares	2004.8.3	¥ 44,290 (\$442.02)	From 22nd December, 2004 to 21st June, 2010
Stock Option (4)	40 employees	5,610 shares	2005.11.29	¥ 171,417 (\$1,710.75)	From 1st January, 2006 to 23rd June, 2013
Stock Option (5)	12 employees	750 shares	2005.12.30	¥ 200,638 (\$2,002.38)	From 1st January, 2006 to 23rd June, 2013
E*TRADE Korea Co., Ltd. Stock Option (1)	3 directors 63 employees	121,500 shares	2000.9.15	KRW 5,000 (\$5.04)	From 16th September, 2003 to 15th September, 2010
Stock Option (2)	9 employees	10,500 shares	2001.5.11	KRW 5,000 (\$5.04)	From 12th May, 2004 to 11th May, 2011
Stock Option (3)	5 directors 55 employees	236,500 shares	2004.10.5	KRW 5,000 (\$5.04)	From 6th October, 2007 to 5th October, 2014
Stock Option (4)	5 directors 10 employees	228,000 shares	2006.3.3	KRW 7,000 (\$7.06)	From 4th March, 2008 to 3rd March, 2015
SBI Futures Co., Ltd. Warrant (1)	3 directors 21 employees	466 shares	2001.8.15	¥ 64,516 (\$643.87)	From 1st September, 2001 to 15th August, 2007

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
Warrant (2)	3 directors 11 employees	346 shares	2001.8.15	¥ 64,516 (\$643.87)	From 1st September, 2001 to 15th August, 2008
Warrant (3)	3 directors 21 employees	471 shares	2001.8.15	¥ 64,516 (\$643.87)	From 1st September, 2001 to 15th August, 2009
Warrant (4)	3 directors 11 employees	347 shares	2001.8.15	¥ 64,516 (\$643.87)	From 1st September, 2001 to 15th August, 2010
Stock Option (1)	8 directors 14 employees 1 corporate auditor	702 shares	2002.8.9	¥ 67,952 (\$678.16)	From 24th July, 2004 to 23rd July, 2008
Stock Option (2)	9 employees	145 shares	2003.3.31	¥ 69,641 (\$695.02)	From 1st April, 2005 to 23rd July, 2008
Stock Option (3)	3 directors 49 employees	1,158 shares	2005.7.6	¥ 98,598 (\$984.01)	From 17th June, 2007 to 17th June, 2011
SBI VeriTrans Co., Ltd.					
2001 Warrant	18 directors and employees	7,608 shares	2001.10.10	¥ 5,580.10 (\$55.69)	From 5th October, 2004 to 10th October, 2008
2004 Stock Option	20 directors and employees	9,462 shares	2004.2.13	¥ 5,741 (\$57.30)	From 13th February, 2006 to 12th February, 2014
Morningstar Japan K.K.					
2001 Warrant	1 director 1 corporate auditor	256 shares	2001.5.18	¥ 320,375 (\$3,197.36)	From 16th March, 2003 to 15th March, 2011
2003 Stock Option (1)	6 directors 6 employees 3 directors of its subsidiary 1 corporate auditor of its subsidiary 6 employees of its subsidiary 2 others	2,908 shares	2003.11.5	¥ 57,500 (\$573.85)	From 20th March, 2005 to 19th March, 2013
2006 Stock Option (2)	1 director 7 employees	510 shares	2006.4.21	¥ 133,500 (\$1,332.34)	From 24th March, 2008 to 23rd March, 2016
2000 Warrant (4)	3 others	336 shares	2000.3.7	¥ 6,250 (\$62.38)	From 1st April, 2002 to 31st March, 2007
2000 Warrant (5)	4 others	512 shares	2000.3.7	¥ 6,250 (\$62.38)	From 1st April, 2003 to 31st March, 2008
Gomez Consulting Co., Ltd.					
2003 Stock Option	5 directors 5 employees	400 shares	2003.3.15	¥ 88,500 (\$883.23)	From 15th March, 2005 to 14th March, 2013

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2005 Stock Option	3 directors 5 employees	220 shares	2005.6.15	¥ 200,000 (\$1,996.01)	From 3rd June, 2007 to 2nd June, 2015
E*GOLF CORPORATION					
Warrant (2)	2 directors 8 employees	45 shares	2001.10.4	¥ 100,000 (\$998.00)	From 4th October, 2001 to 3rd October, 2007
HOMEOSTYLE, Inc.					
Warrant (1)	6 directors 17 employees	7,091 shares	2002.4.5	¥ 9,636 (\$96.17)	From 1st June, 2002 to 30th March, 2007
Warrant (2)	7 directors 397 employees	5,477 shares	2002.4.5 2004.8.24	¥ 9,636 (\$96.17)	From 1st June, 2002 to 30th March, 2008
Stock Option (3)	25 employees	490 shares	2005.2.28	¥ 16,000 (\$159.68)	From 1st March, 2007 to 24th February, 2015
Stock Option (4)	8 directors 235 employees	9,057 shares	2006.3.31	¥ 19,000 (\$189.62)	From 1st April, 2008 to 25th March, 2016

The Stock Option Which Was Taken Over by HOMEOSTYLE, Inc. Due to the M&A

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
TK International Co., Ltd.	2 directors	4,081 shares	2004.7.1	¥ 11,903 (\$ 118.79)	From 6th July, 2006 to 30th June, 2014
Stock Option	1 employee				

Stock options outstanding as at 31st March, 2008, are as follows:

The Company

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2001 Warrant	118 employees	24,120 shares	2002.2.1	¥ 20,796 (\$207.54)	From 20th December, 2003 to 19th December, 2011
2002 Stock Option (1)	9 directors 109 employees	200,025 shares	2002.12.20	¥ 5,984 (\$59.72)	From 20th December, 2004 to 19th December, 2012
2003 Stock Option (1)	2 directors 4 employees 3 directors of subsidiary	69,975 shares	2003.9.25	¥ 17,879 (\$178.43)	From 20th December, 2004 to 19th December, 2012
2003 Stock Option (2)	2 directors 110 employees 6 directors of subsidiary 86 employees of subsidiary	312,750 shares	2003.9.25	¥ 17,879 (\$178.43)	From 24th June, 2005 to 23rd June, 2013
2003 Stock Option (3)	17 directors of subsidiary	61,650 shares	2003.10.23	¥ 27,655 (\$276.00)	From 24th June, 2005 to 23rd June, 2013
2005 Stock Option (1)	7 directors 89 employees 14 directors of subsidiary 36 employees of subsidiary	40,000 shares	2005.7.28	¥ 35,078 (\$350.08)	From 28th July, 2005 to 29th June, 2013

The Stock Option Which Was Taken Over by the Company Due to the M&A

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
E*TRADE Japan K.K. Stock Option	3 directors 20 employees 11 directors of its subsidiary 64 employees of its subsidiary	172,481.40 shares	2002.7.1	¥ 12,079 (\$120.55)	From 21st June, 2004 to 20th June, 2012
SBI HOME Planner Co., LTD. 2003 Stock Option	76 employees 1 employee of its subsidiary	1,130 shares	2004.4.15	¥ 23,200 (\$231.54)	From 28th June, 2005 to 27th June, 2013
SBI HOME Planner Co., LTD. 2004 Stock Option	61 employees 2 employees of its subsidiary	950 shares	2004.9.29	¥ 25,600 (\$255.49)	From 2nd October, 2006 to 30th September, 2010
SBI HOME Planner Co., LTD. 2004 Stock Option	2 employees	60 shares	2004.10.29	¥ 25,600 (\$255.49)	From 2nd October, 2006 to 30th September, 2010
SBI Partners Co., Inc. 2005 Stock Option	5 directors 23 employees	2,320 shares	2005.11.29	¥ 37,060 (\$369.86)	From 1st December, 2005 to 31st October, 2013
FINANCE ALL CORPORATION 2002 Stock Option	4 directors 6 employees 5 directors of its subsidiary 31 employees of its subsidiary	44,880 shares	2002.9.25	¥ 4,465 (\$44.56)	From 25th September, 2004 to 24th September, 2012
FINANCE ALL CORPORATION 2003 Stock Option	4 directors 24 employees 4 directors of its subsidiary 18 employees of its subsidiary	55,040 shares	2003.8.2	¥ 4,465 (\$44.56)	From 2nd August, 2005 to 1st August, 2013
SOFTBANK FRONTIER SECURITIES CO., LTD. 2002 Stock Option	4 directors 10 employees	8,216.00 shares	2003.1.29	¥ 7,740 (\$77.25)	From 19th June, 2004 to 18th June, 2008
WORLD NICHIEI Securities Co., LTD. 2003 Stock Option	5 directors 6 employees	4,933.50 shares	2003.7.15	¥ 17,392 (\$173.57)	From 1st July, 2005 to 26th June, 2013
WORLD NICHIEI FRONTIER Securities Co., LTD. 2004 Stock Option	7 directors 350 employees	34,105.55 shares	2004.6.29	¥ 50,174 (\$500.74)	From 30th June, 2006 to 29th June, 2014
WORLD NICHIEI FRONTIER Securities Co., LTD. 2004 Stock Option	25 employees	143.75 shares	2004.12.22	¥ 31,914 (\$318.50)	From 30th June, 2006 to 29th June, 2014
SBI Securities Co., Ltd. 2005 Stock Option	6 directors 340 employees	39,817.60 shares	2005.7.4	¥ 46,957 (\$468.63)	From 30th June, 2007 to 29th June, 2015

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
SOFTBANK INVESTMENT CORPORATION Warrant (4)	8 directors 19 employees 8 directors of its subsidiary 6 employees of its subsidiary	62,857.00 shares	2000.3.7	¥ 2,083.30 (\$20.79)	From 1st April, 2003 to 31st March, 2008
SOFTBANK INVESTMENT CORPORATION Warrant (8)	2 directors 42 employees 1 director of its subsidiary	7,206.78 shares	2000.9.4	¥ 25,464.90 (\$254.14)	From 1st April, 2003 to 31st March, 2008
SOFTBANK INVESTMENT CORPORATION Warrant (9)	21 employees	1,220.50 shares	2000.9.4	¥ 25,464.90 (\$254.14)	From 1st October, 2003 to 30th September, 2008
E*TRADE Japan K.K. Warrant (10)~(12)	5 directors 20 employees 6 directors of its subsidiary 109 employees of its subsidiary	53,511.79 shares	2000.3.30	¥ 1,910.70 (\$19.07)	From 1st April, 2003 to 28th March, 2008
E*TRADE Japan K.K. Warrant (16)	1 director 7 employees 1 director of its subsidiary 16 employees of its subsidiary	4,014.36 shares	2000.6.8	¥ 2,116.40 (\$21.12)	From 12th June, 2003 to 28th March, 2008
FINANCE ALL CORPORATION Warrant (1)~(6)	5 directors 4 employees 9 directors of its subsidiary 20 employees of its subsidiary	114,012 shares	2002.3.28	¥ 4,464 (\$44.55)	From 1st April, 2002 to 28th March, 2009

Consolidated Subsidiaries

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
SBI CAPITAL Co., Ltd. 2006 Stock Option (3)	3 employees	188 shares	2006.9.26	¥ 67,000 (\$668.66)	From 18th May, 2007 to 25th September, 2016
SBI Planners Co., Ltd. Stock Option (5)	7 directors 81 employees 1 director of its subsidiary 1 employee of its subsidiary	4,000,000 shares	2007.3.30	¥ 65 (\$0.65)	From 2nd April, 2007 to 31st March, 2013
SBI Mortgage Co., Ltd. Stock Option (1)	23 employees	65 shares	2005.5.25	¥ 750,000 (\$7,485.03)	From 26th May, 2007 to 25th May, 2015
SBI E*TRADE SECURITIES Co., Ltd. Stock Option (1)	7 directors 88 employees 6 employees of the Company	116,190 shares	2004.7.8	¥ 44,290 (\$442.02)	From 22nd December, 2004 to 21st June, 2010

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
Stock Option (2)	1 director	4,500 shares	2004.7.21	¥ 44,290 (\$442.02)	From 22nd December, 2004 to 21st June, 2010
Stock Option (4)	40 employees	5,610 shares	2005.11.29	¥ 171,417 (\$1,710.75)	From 1st January, 2006 to 23rd June, 2013
Stock Option (5)	12 employees	750 shares	2005.12.30	¥ 200,638 (\$2,002.38)	From 1st January, 2006 to 23rd June, 2013
E*TRADE Korea Co., Ltd.					
Stock Option (1)	3 directors 63 employees	121,500 shares	2000.9.15	KRW 5,000 (\$6.27)	From 16th September, 2003 to 15th September, 2010
Stock Option (2)	9 employees	10,500 shares	2001.5.11	KRW 5,000 (\$6.27)	From 12th May, 2004 to 11th May, 2011
Stock Option (3)	5 directors 55 employees	236,500 shares	2004.10.5	KRW 5,000 (\$6.27)	From 6th October, 2007 to 5th October, 2014
Stock Option (4)	5 directors 10 employees	228,000 shares	2006.3.3	KRW 7,000 (\$8.77)	From 4th March, 2008 to 3rd March, 2015
TradeWin Co., Ltd.					
Stock Option (2)	1 director 3 employees 1 adviser	1,000 shares	2000.10.25	¥ 50,000 (\$499.00)	From 1st January, 2001 to 16th April, 2012
Stock Option (3)	3 directors 5 employees	320 shares	2002.4.18	¥ 460,000 (\$4,590.82)	From 18th April, 2002 to 16th April, 2012
LIVING Corporation, Inc.					
Stock Option (2)	1 director 18 employees	700 shares	2005.8.29	¥ 100,000 (\$998.00)	From 30th August, 2007 to 29th August, 2015
SBI Biotech Co., Ltd.					
Stock Option (1)	7 other than employee	630 shares	2002.10.15	¥ 5,000 (\$49.90)	30 months after 6 months passed from the IPO
Stock Option (2)	2 directors 5 employees	780 shares	2002.10.15	¥ 5,000 (\$49.90)	From 15th October, 2004 to 31st August, 2012
Stock Option (4)	1 director	120 shares	2005.4.27	¥ 175,000 (\$1,746.51)	From 31st March, 2007 to 30th March, 2015
Stock Option (5)	1 other than employee	90 shares	2005.9.28	¥ 175,000 (\$1,746.51)	From 29th September, 2005 to 30th August, 2015
SBI Futures Co., Ltd.					
Warrant (1)	3 directors 21 employees	466 shares	2001.8.15	¥ 64,516 (\$643.87)	From 1st September, 2001 to 15th August, 2007

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
Warrant (2)	3 directors 11 employees	346 shares	2001.8.15	¥ 64,516 (\$643.87)	From 1st September, 2001 to 15th August, 2008
Warrant (3)	3 directors 21 employees	471 shares	2001.8.15	¥ 64,516 (\$643.87)	From 1st September, 2001 to 15th August, 2009
Warrant (4)	3 directors 11 employees	347 shares	2001.8.15	¥ 64,516 (\$643.87)	From 1st September, 2001 to 15th August, 2010
Stock Option (1)	7 directors 14 employees 2 corporate auditors	702 shares	2002.8.9	¥ 67,952 (\$678.16)	From 24th July, 2004 to 23rd July, 2008
Stock Option (2)	9 employees	145 shares	2003.3.31	¥ 69,641 (\$695.02)	From 1st April, 2005 to 23rd July, 2008
Stock Option (3)	3 directors 49 employees	1,158 shares	2005.7.6	¥ 98,598 (\$984.01)	From 17th June, 2007 to 17th June, 2011
SBI VeriTrans Co., Ltd.					
2001 Warrant	18 directors and employees	7,608 shares	2001.10.10	¥ 5,580.10 (\$55.69)	From 5th October, 2004 to 10th October, 2008
2004 Stock Option	20 directors and employees	9,462 shares	2004.2.13	¥ 5,741 (\$57.30)	From 13th February, 2006 to 12th February, 2014
Morningstar Japan K.K.					
2001 Warrant	1 director 1 corporate auditor (as at 31st March, 2008)	256 shares (as at 31st March, 2008)	2001.5.18	¥ 320,375 (\$3,197.36)	From 16th March, 2003 to 15th March, 2011
2003 Stock Option (1)	6 directors 3 employees 3 directors of its subsidiary 1 corporate auditor of its subsidiary 3 employees of its subsidiary 2 others (as at 31st March, 2008)	2,588 shares (as at 31st March, 2008)	2003.11.5	¥ 57,500 (\$573.85)	From 20th March, 2005 to 19th March, 2013
2006 Stock Option (2)	1 director 2 employees (as at 31st March, 2008)	250 shares (as at 31st March, 2008)	2006.4.21	¥ 133,500 (\$1,332.34)	From 24th March, 2008 to 23rd March, 2016
2000 Warrant (5)	— (as at 31st March, 2008)	— (as at 31st March, 2008)	2000.3.7	¥ 6,250 (\$62.38)	From 1st April, 2003 to 31st March, 2008

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
Gomez Consulting Co., Ltd.					
(Number of options has been adjusted for the share split on 1st May, 2007.)					
2003 Stock Option	5 directors 5 employees	800 shares	2003.3.15	¥ 44,250 (\$441.62)	From 15th March, 2005 to 14th March, 2013
2005 Stock Option	3 directors 5 employees	440 shares	2005.6.15	¥ 100,000 (\$998.00)	From 3rd June, 2007 to 2nd June, 2015
E*GOLF CORPORATION					
Warrant (2)	2 directors 8 employees	45 shares	2001.10.4	¥ 100,000 (\$998.00)	From 4th October, 2001 to 3rd October, 2007
HOMEOSTYLE, Inc.					
Warrant (1)	8 directors 341 employees	5,672 shares	2002.4.5	¥ 9,636 (\$96.17)	From 1st June, 2002 to 12th March, 2012
Warrant (2)	4 directors 105 employees	1,004 shares	2004.8.24	¥ 9,636 (\$96.17)	From 1st June, 2002 to 12th March, 2012
Stock Option (3)	25 employees	490 shares	2005.2.28	¥ 16,000 (\$159.68)	From 1st March, 2007 to 24th February, 2015
Stock Option (4)	6 directors 246 employees	9,057 shares	2006.3.31	¥ 19,000 (\$189.62)	From 1st April, 2008 to 25th March, 2016

The Stock Option Which Was Taken Over by HOMEOSTYLE, Inc. Due to the M&A

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
TK International Co., Ltd.	2 directors	4,081 shares	2004.7.2	¥ 11,903	From 6th July, 2006
Stock Option	1 employee			(\$118.79)	to 30th June, 2014

Consolidated Subsidiaries

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
Auto-bytel Japan Co., Ltd.					
2006 Stock Option (1)	4 directors 2 directors of its subsidiary 16 employees 22 other than employee	15,365 shares	2002.12.27	¥ 10,000 (\$99.80)	From 1st November, 2004 to 30th September, 2012
Stock Option (2)	1 director 7 employees	875 shares	2003.10.20	¥ 10,000 (\$99.80)	From 1st November, 2005 to 30th September, 2012
Stock Option (3)	5 directors 6 employees 6 other than employee	2,050 shares	2004.10.29	¥ 50,000 (\$499.00)	From 1st August, 2006 to 31st May, 2014

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
Stock Option (4)	2 other than employee	200 shares	2005.2.25	¥ 50,000 (\$499.00)	From 1st August, 2006 to 31st May, 2014
Stock Option (5)	1 other than employee	100 shares	2005.4.20	¥ 50,000 (\$499.00)	From 1st August, 2006 to 31st May, 2014
Stock Option (6)	9 employees	250 shares	2005.4.20	¥ 50,000 (\$499.00)	From 1st August, 2006 to 31st May, 2014
Stock Option (7)	4 directors 2 directors of its subsidiary 17 employees 3 other than employee	2,000 shares	2006.4.20	¥ 50,000 (\$499.00)	From 28th June, 2007 to 27th June, 2015
Stock Option (8)	11 employees	240 shares	2008.3.28	¥ 60,000 (\$598.80)	From 29th June, 2009 to 28th June, 2017
C4 Technology, Inc.					
2002 Stock Option	7 directors 1 corporate auditor 14 employees	1,195 shares	2002.6.27	¥ 60,000 (\$598.80)	From 28th June, 2004 to 27th June, 2012

The stock option activity for the year ended 31st March, 2007 and 2008 is as follows:

The Company

	2001 Warrant	2002 Stock Option (1)	2003 Stock Option (1)	2003 Stock Option (2)	2003 Stock Option (3)	2005 Stock Option (1)
	(Shares)					
For the Year Ended 31st March, 2007						
Non-vested:						
31st March, 2006—outstanding						
Granted						
Cancelled						
Vested						
31st March, 2007—outstanding						
Vested:						
31st March, 2006—outstanding	12,382	53,748	22,428	191,646	25,227	35,057
Vested						
Exercised	600	7,569	1,152	37,863	4,203	2,490
Cancelled		29,151	1,800	76,869		3,749
31st March, 2007—outstanding	11,782	17,028	19,476	76,914	21,024	28,818

	2001 Warrant	2002 Stock Option (1)	2003 Stock Option (1)	2003 Stock Option (2)	2003 Stock Option (3)	2005 Stock Option (1)
	(Shares)					
For the Year Ended 31st March, 2008						
Non-vested:						
31st March, 2007—outstanding						
Granted						
Cancelled						
Vested						
31st March, 2008—outstanding						
Vested:						
31st March, 2007—outstanding						
	11,782	17,028	19,476	76,914	21,024	28,818
Vested						
Exercised						
	388	1,998	108	14,292	1,350	552
Cancelled						
				1,242	2,340	2,067
31st March, 2008—outstanding						
	11,394	15,030	19,368	61,380	17,334	26,199
Exercise price						
	¥ 20,796	¥ 5,984	¥ 17,879	¥ 17,879	¥ 27,655	¥ 35,078
	(\$ 207.54)	(\$ 59.72)	(\$ 178.43)	(\$ 178.43)	(\$ 276.00)	(\$ 350.08)
Average stock price at exercise						
	¥ 30,550	¥ 29,640	¥ 25,610	¥ 31,142	¥ 37,116	¥ 38,667
	(\$ 304.89)	(\$ 295.81)	(\$ 255.59)	(\$ 310.80)	(\$ 370.42)	(\$ 385.90)
Fair value price at grant date						

The Stock Option Which Was Taken Over by the Company Due to the M&A

	E*TRADE Japan K.K. Stock Option	Digit Brain, Inc Stock Option	SBI HOME Planner Co., LTD. 2003 Stock Option	SBI HOME Planner Co., LTD. 2004 Stock Option	SBI HOME Planner Co., LTD. 2004 Stock Option	SBI HOME Planner Co., LTD. 2004 Stock Option
	(Shares)					
For the Year Ended 31st March, 2007						
Non-vested:						
31st March, 2006—outstanding						
					934	60
Granted						
Cancelled						
					60	
Vested						
					874	60
31st March, 2007—outstanding						
Vested:						
31st March, 2006—outstanding						
	122,324.58	8,655	786	930		
Vested						
					874	60
Exercised						
	10,920.42		178	920	74	
Cancelled						
	42,876.54	8,655	96	10	76	
31st March, 2007—outstanding						
	68,527.62		512	724	60	

	E*TRADE Japan K.K. Stock Option	Digit Brain, Inc Stock Option	SBI HOME Planner Co., LTD. 2003 Stock Option	SBI HOME Planner Co., LTD. 2004 Stock Option	SBI HOME Planner Co., LTD. 2004 Stock Option	SBI HOME Planner Co., LTD. 2004 Stock Option
	(Shares)					
For the Year Ended 31st March, 2008						
Non-vested:						
31st March, 2007—outstanding						
Granted						
Cancelled						
Vested						
31st March, 2008—outstanding						
Vested:						
31st March, 2007—outstanding						
	68,527.62		512		724	60
Vested						
Exercised						
	4,558.68		36		16	
Cancelled						
			2		12	
31st March, 2008—outstanding						
	63,968.94		474		696	60
Exercise price						
	¥ 12,079		¥ 23,200		¥ 25,600	¥ 25,600
	(\$ 120.55)		(\$ 231.54)		(\$ 255.49)	(\$ 255.49)
Average stock price at exercise						
	¥ 33,039		¥ 38,856		¥ 37,166	
	(\$ 329.73)		(\$ 387.78)		(\$ 370.92)	
Fair value price at grant date						

	SBI Partners Co., Inc. 2005 Stock Option	FINANCE ALL CORPORATION 2002 Stock Option	FINANCE ALL CORPORATION 2003 Stock Option	SOFTBANK FRONTIER SECURITIES CO., LTD. 2002 Stock Option	WORLD NICHEI Securities Co., LTD. 2003 Stock Option	WORLD NICHEI FRONTIER Securities Co., LTD. 2004 Stock Option
	(Shares)					
For the Year Ended 31st March, 2007						
Non-vested:						
31st March, 2006—outstanding						
						32,058.55
Granted						
Cancelled						
Vested						
						32,058.55
31st March, 2007—outstanding						
Vested:						
31st March, 2006—outstanding						
	800	6,840	38,240	985.92	2,564.50	
Vested						
						32,058.55
Exercised						
	250	1,800	13,440	581.44	1,150.00	
Cancelled						
			3,480			3,305.10
31st March, 2007—outstanding						
	550	5,040	21,320	404.48	1,414.50	28,753.45

	SBI Partners Co., Inc. 2005 Stock Option	FINANCE ALL CORPORATION 2002 Stock Option	FINANCE ALL CORPORATION 2003 Stock Option	SOFTBANK FRONTIER SECURITIES CO., LTD. 2002 Stock Option	WORLD NICHIEI Securities Co., LTD. 2003 Stock Option	WORLD NICHIEI FRONTIER SECURITIES CO., LTD. 2004 Stock Option
	(Shares)					
For the Year Ended 31st March, 2008						
Non-vested:						
31st March, 2007—outstanding						
Granted						
Cancelled						
Vested						
31st March, 2008—outstanding						
Vested:						
31st March, 2007—outstanding	550	5,040	21,320	404.48	1,414.50	28,753.45
Vested						
Exercised		400	9,240	404.48	1,069.50	
Cancelled						7,356.55
31st March, 2008—outstanding	550	4,640	12,080		345	21,396.90
Exercise price						
	¥ 37,060 (\$ 369.86)	¥ 4,465 (\$ 44.56)	¥ 4,465 (\$ 44.56)	¥ 7,740 (\$ 77.25)	¥ 17,392 (\$ 173.57)	¥ 50,174 (\$ 500.74)
Average stock price at exercise						
		¥ 23,230 (\$ 231.84)	¥ 29,216 (\$ 291.58)	¥ 33,215 (\$ 331.49)	¥ 34,250 (\$ 341.82)	
Fair value price at grant date						

	WORLD NICHIEI FRONTIER SECURITIES CO., LTD. 2004 Stock Option	SBI Securities Co., Ltd. 2005 Stock Option	SOFTBANK INVESTMENT CORPORATION Warrant (3)	SOFTBANK INVESTMENT CORPORATION Warrant (4)	SOFTBANK INVESTMENT CORPORATION Warrant (7)	SOFTBANK INVESTMENT CORPORATION Warrant (8)
	(Shares)					
For the Year Ended 31st March, 2007						
Non-vested:						
31st March, 2006—outstanding	97.75	39,017.20				
Granted						
Cancelled		6,411.25				
Vested	97.75					
31st March, 2007—outstanding		32,605.95				
Vested:						
31st March, 2006—outstanding			2,592.02	18,792.25	3,952.04	4,010.13
Vested	97.75					
Exercised	34.50				1,336.73	58.11
Cancelled	17.25		2,592.02		2,615.31	
31st March, 2007—outstanding	46.00			18,792.25		3,952.02

	WORLD NICHIEI FRONTIER SECURITIES CO., LTD. 2004 Stock Option	SBI Securities Co., Ltd. 2005 Stock Option	SOFTBANK INVESTMENT CORPORATION Warrant (3)	SOFTBANK INVESTMENT CORPORATION Warrant (4)	SOFTBANK INVESTMENT CORPORATION Warrant (7)	SOFTBANK INVESTMENT CORPORATION Warrant (8)
	(Shares)					
For the Year Ended 31st March, 2008						
Non-vested:						
31st March, 2007—outstanding		32,605.95				
Granted						
Cancelled		112.70				
Vested		32,483.25				
31st March, 2008—outstanding						
Vested:						
31st March, 2007—outstanding				18,792.25		3,952.02
Vested	46.00	32,493.25				
Exercised						1,162.38
Cancelled	5.75	9,229.90		18,792.25		2,789.64
31st March, 2008—outstanding	40.25	23,263.35				
Exercise price						
	¥ 31,914 (\$ 318.50)	¥ 46,957 (\$ 468.63)		¥ 2,083.30 (\$ 20.79)		¥ 25,464.90 (\$ 254.14)
Average stock price at exercise						
						¥ 24,440 (\$ 243.91)
Fair value price at grant date						

	SOFTBANK INVESTMENT CORPORATION Warrant (9)	E*TRADE Japan K.K. Warrant (7)-(9)	E*TRADE Japan K.K. Warrant (10)-(12)	E*TRADE Japan K.K. Warrant (15)	E*TRADE Japan K.K. Warrant (16)	FINANCE ALL CORPORATION Warrant (1)-(6)
	(Shares)					
For the Year Ended 31st March, 2007						
Non-vested:						
31st March, 2006—outstanding						
Granted						
Cancelled						
Vested						
31st March, 2007—outstanding						
Vested:						
31st March, 2006—outstanding	581.10	7,960.19	10,953.82	1,496.88	2,959.74	30,216
Vested						
Exercised						23,885
Cancelled		7,960.19		1,496.88		
31st March, 2007—outstanding	581.10		10,953.82		2,959.74	6,331

	SOFBANK INVESTMENT CORPORATION Warrant (9)	E*TRADE Japan K.K. Warrant (7)-(9)	E*TRADE Japan K.K. Warrant (10)-(12)	E*TRADE Japan K.K. Warrant (15)	E*TRADE Japan K.K. Warrant (16)	FINANCE ALL CORPORATION Warrant (1)-(6)	2006 Stock Option (3) (Shares)
For the Year Ended 31st March, 2008							
Non-vested:							
31st March, 2007—outstanding							
Granted							
Cancelled							
Vested							
31st March, 2008—outstanding							
Vested:							
31st March, 2007—outstanding	581.10		10,953.82		2,959.74	6,331	
Vested							
Exercised						548	
Cancelled			10,953.82		2,959.74		
31st March, 2008—outstanding	581.10					5,783	
Exercise price	¥ 25,464.90 (\$ 254.14)		¥ 1,910.70 (\$ 19.07)		¥ 2,116.40 (\$ 21.12)	¥ 4,464 (\$ 44.55)	
Average stock price at exercise						¥ 23,230 (\$ 231.84)	
Fair value price at grant date							

Consolidated Subsidiaries**SBI CAPITAL Co., Ltd.**

	2006 Stock Option (3) (Shares)
For the Year Ended 31st March, 2007	
Non-vested:	
31st March, 2006—outstanding	
Granted	188
Cancelled	
Vested	
31st March, 2007—outstanding	188
Vested:	
31st March, 2006—outstanding	
Vested	
Exercised	
Cancelled	
31st March, 2007—outstanding	

For the Year Ended 31st March, 2008

Non-vested:	
31st March, 2007—outstanding	188
Granted	
Cancelled	
Vested	
31st March, 2008—outstanding	188
Vested:	
31st March, 2007—outstanding	188
Vested	
Exercised	188
Cancelled	
31st March, 2008—outstanding	
Exercise price	¥ 67,000 (\$ 668.66)
Average stock price at exercise	¥ 20,360 (\$ 203.19)
Fair value price at grant date	

SBI Planners Co., Ltd.

	Stock Option (5) (Shares)
For the Year Ended 31st March, 2007	
Non-vested:	
31st March, 2006—outstanding	
Granted	4,000,000
Cancelled	
Vested	
31st March, 2007—outstanding	4,000,000
Vested:	
31st March, 2006—outstanding	
Vested	
Exercised	
Cancelled	
31st March, 2007—outstanding	

	<u>Stock Option (5) (Shares)</u>
For the Year Ended 31st March, 2008	
Non-vested:	
31st March, 2007—outstanding	4,000,000
Granted	
Cancelled	
Vested	
31st March, 2008—outstanding	4,000,000
Vested:	
31st March, 2007—outstanding	
Vested	
Exercised	
Cancelled	
31st March, 2008—outstanding	
Exercise price	¥ 65 (\$ 0.65)
Average stock price at exercise	
Fair value price at grant date	

SBI Mortgage Co., Ltd.

	<u>Stock Option (1) (Shares)</u>
For the Year Ended 31st March, 2007	
Non-vested:	
31st March, 2006—outstanding	60
Granted	
Cancelled	11
Vested	
31st March, 2007—outstanding	49
Vested:	
31st March, 2006—outstanding	
Vested	
Exercised	
Cancelled	
31st March, 2007—outstanding	

For the Year Ended 31st March, 2008

	<u>Stock Option (1) (Shares)</u>
Non-vested:	
31st March, 2007—outstanding	49
Granted	
Cancelled	2
Vested	
31st March, 2008—outstanding	47
Vested:	
31st March, 2007—outstanding	
Vested	
Exercised	
Cancelled	
31st March, 2008—outstanding	
Exercise price	¥ 750,000 (\$ 7,485.03)
Average stock price at exercise	
Fair value price at grant date	

SBI E*TRADE SECURITIES Co., Ltd.

	<u>Stock Option (1)</u>	<u>Stock Option (2)</u>	<u>Stock Option (3) (Shares)</u>	<u>Stock Option (4)</u>	<u>Stock Option (5)</u>
For the Year Ended 31st March, 2007					
Non-vested:					
31st March, 2006—outstanding					
Granted					
Cancelled					
Vested					
31st March, 2007—outstanding					
Vested:					
31st March, 2006—outstanding	63,351	2,250	63	5,007	699
Vested					
Exercised	44,613		63		
Cancelled	747			960	
31st March, 2007—outstanding	17,991	2,250		4,047	699

	Stock Option (1)	Stock Option (2)	Stock Option (3) (Shares)	Stock Option (4)	Stock Option (5)
For the Year Ended 31st March, 2008					
Non-vested:					
31st March, 2007—outstanding					
Granted					
Cancelled					
Vested					
31st March, 2008—outstanding					
Vested:					
31st March, 2007—outstanding	17,991	2,250		4,047	699
Vested					
Exercised	2,565				
Cancelled				150	45
31st March, 2008—outstanding	15,426	2,250		3,897	654
Exercise price					
	¥ 44,290	¥ 44,290		¥ 171,417	¥ 200,638
	(\$ 442.02)	(\$ 442.02)		(\$ 1,710.75)	(\$ 2,002.38)
Average stock price at exercise					
	¥ 128,814				
	(\$ 1,285.57)				
Fair value price at grant date					

E*TRADE Korea Co., Ltd.

	Stock Option (1)	Stock Option (2)	Stock Option (3) (Shares)	Stock Option (4)
For the Year Ended 31st March, 2007				
Non-vested:				
31st March, 2006—outstanding			224,500	228,000
Granted				
Cancelled			67,500	3,000
Vested				
31st March, 2007—outstanding			157,000	225,000
Vested:				
31st March, 2006—outstanding		89,000	4,000	
Vested				
Exercised		39,000		
Cancelled		7,500	2,000	
31st March, 2007—outstanding		42,500	2,000	

	Stock Option (1)	Stock Option (2)	Stock Option (3) (Shares)	Stock Option (4)
For the Year Ended 31st March, 2008				
Non-vested:				
31st March, 2007—outstanding			157,000	225,000
Granted				
Cancelled			7,500	
Vested			149,500	225,000
31st March, 2008—outstanding				
Vested:				
31st March, 2007—outstanding	42,500	2,000		
Vested			149,500	225,000
Exercised	42,500	2,000	147,500	225,000
Cancelled			2,000	
31st March, 2008—outstanding				
Exercise price				
	KRW 5,000	KRW 5,000	KRW 5,000	KRW 7,000
	(\$ 6.27)	(\$ 6.27)	(\$ 6.27)	(\$ 8.77)
Average stock price at exercise				
	KRW 15,531	KRW 16,100	KRW 11,847	KRW 18,950
	(\$ 15.66)	(\$ 16.23)	(\$ 11.94)	(\$ 19.10)
Fair value price at grant date				

Trade Win Co., Ltd.

	Warrant (2)	Warrant (3) (Shares)
For the Year Ended 31st March, 2008		
Non-vested:		
31st March, 2007—outstanding	1,000	320
Granted		
Cancelled		
Vested		
31st March, 2008—outstanding	1,000	320
Vested:		
31st March, 2007—outstanding		
Vested		
Exercised		
Cancelled		
31st March, 2008—outstanding		
Exercise price		
	¥ 50,000	¥ 460,000
	(\$ 499.00)	(\$ 4,590.82)
Average stock price at exercise		
Fair value price at grant date		

LIVING Corporation, Inc.

	Stock Option (2) (Shares)
For the Year Ended 31st March, 2008	
Non-vested:	
31st March, 2007—outstanding	696
Granted	
Cancelled	5
Vested	691
31st March, 2008—outstanding	
Vested:	
31st March, 2007—outstanding	
Vested	691
Exercised	632
Cancelled	25
31st March, 2008—outstanding	34
Exercise price	
	¥ 100,000
Average stock price at exercise	(\$ 998.00)
	¥ 158,233
Fair value price at grant date	(\$ 1,579.17)

SBI Biotech Co., Ltd.

	Stock Option (1)	Stock Option (2)	Stock Option (3)	Stock Option (4)
	(Shares)			
For the Year Ended 31st March, 2008				
Non-vested:				
31st March, 2007—outstanding	630	626	120	90
Granted				
Cancelled		90		
Vested				
31st March, 2008—outstanding	630	536	120	90
Vested:				
31st March, 2007—outstanding				
Vested				
Exercised				
Cancelled				
31st March, 2008—outstanding				
Exercise price	¥ 5,000	¥ 5,000	¥ 175,000	¥ 175,000
	(\$ 49.90)	(\$ 49.90)	(\$ 1,746.51)	(\$ 1,746.51)
Average stock price at exercise				
Fair value price at grant date				

SBI Futures Co., Ltd.

	Warrant (1)	Warrant (2)	Warrant (3)	Warrant (4)	Stock Option (1)	Stock Option (2)	Stock Option (3)
	(Shares)						
For the Year Ended 31st March, 2007							
Non-vested:							
31st March, 2006—outstanding	397	149	401	150	92	40	1,093
Granted							
Cancelled						7	107
Vested	397	149	401	150	92	19	
31st March, 2007—outstanding						14	986
Vested:							
31st March, 2006—outstanding					296	40	
Vested	397	149	401	150	92	19	
Exercised	239	70	59	35	127	33	
Cancelled		1	6				
31st March, 2007—outstanding	158	78	336	115	261	26	

	Warrant (1)	Warrant (2)	Warrant (3)	Warrant (4)	Stock Option (1)	Stock Option (2)	Stock Option (3)
	(Shares)						
For the Year Ended 31st March, 2008							
Non-vested:							
31st March, 2007—outstanding						14	986
Granted							
Cancelled							13
Vested						14	500
31st March, 2008—outstanding							473
Vested:							
31st March, 2007—outstanding	158	78	336	115	261	26	
Vested						14	500
Exercised	149		10				
Cancelled	9		10				9
31st March, 2008—outstanding		78	316	115	261	40	491
Exercise price	¥ 64,516	¥ 64,516	¥ 64,516	¥ 64,516	¥ 67,952	¥ 69,641	¥ 98,598
	(\$ 643.87)	(\$ 643.87)	(\$ 643.87)	(\$ 643.87)	(\$ 678.16)	(\$ 695.02)	(\$ 984.01)
Average stock price at exercise	¥ 71,816		¥ 84,000				
	(\$ 716.73)		(\$ 838.32)				
Fair value price at grant date							

SBI VeriTrans Co., Ltd.

	2001 Warrant	2004 Stock Option
	(Shares)	
For the Year Ended 31st March, 2007		
Non-vested:		
31st March, 2006—outstanding	2,868	6,780
Granted		
Cancelled	118	612
Vested	1,404	2,160
31st March, 2007—outstanding	1,346	4,008
Vested:		
31st March, 2006—outstanding	345	864
Vested	1,404	2,160
Exercised	702	1,092
Cancelled		
31st March, 2007—outstanding	1,047	1,932

	2001 Warrant	2004 Stock Option
	(Shares)	
For the Year Ended 31st March, 2008		
Non-vested:		
31st March, 2007—outstanding	1,346	4,008
Granted		
Cancelled		
Vested	1,346	1,944
31st March, 2008—outstanding		2,064
Vested:		
31st March, 2007—outstanding	1,047	1,932
Vested	1,346	1,944
Exercised	750	1,788
Cancelled		
31st March, 2008—outstanding	1,643	2,088
Exercise price	¥ 5,580.10 (\$ 55.69)	¥ 5,741 (\$ 57.30)
Average stock price at exercise	¥ 50,901 (\$ 507.99)	¥ 53,360 (\$ 532.53)
Fair value price at grant date		

Morningstar Japan K.K.

	2001 Warrant	2003 Stock Option (1)	2006 Stock Option (2)	2000 Warrant (4)	2000 Warrant (5)
	(Shares)				
For the Year Ended 31st March, 2007					
Non-vested:					
31st March, 2006—outstanding			510		
Granted					
Cancelled					
Vested					
31st March, 2007—outstanding			510		
Vested:					
31st March, 2006—outstanding	256	3,792		336	512
Vested					
Exercised		696			
Cancelled		188		336	
31st March, 2007—outstanding	256	2,908			512

	2001 Warrant	2003 Stock Option (1)	2006 Stock Option (2)	2000 Warrant (4)	2000 Warrant (5)
	(Shares)				
For the Year Ended 31st March, 2008					
Non-vested:					
31st March, 2007—outstanding			510		
Granted					
Cancelled			260		
Vested			250		
31st March, 2008—outstanding					
outstanding					
Vested:					
31st March, 2007—outstanding	256	2,908			512
Vested			250		
Exercised		68			
Cancelled		252			512
31st March, 2008—outstanding	256	2,588	250		
Exercise price	¥ 320,375 (\$ 3,197.36)	¥ 57,500 (\$ 573.85)	¥ 133,500 (\$ 1,332.34)		¥ 6,250 (\$ 62.38)
Average stock price at exercise		¥ 96,457 (\$ 962.64)			
Fair value price at grant date					

Gomez Consulting Co., Ltd.

	2003 Stock Option	2005 Stock Option
	(Shares)	
For the Year Ended 31st March, 2007		
Non-vested:		
31st March, 2006—outstanding	760	440
Granted		
Cancelled		60
Vested	760	
31st March, 2007—outstanding		380
Vested:		
31st March, 2006—outstanding		
Vested	760	
Exercised	100	
Cancelled		
31st March, 2007—outstanding	660	

	2003 Stock Option	2005 Stock Option
	(Shares)	
For the Year Ended 31st March, 2008		
Non-vested:		
31st March, 2007—outstanding		380
Granted		
Cancelled		
Vested		380
31st March, 2008—outstanding		
Vested:		
31st March, 2007—outstanding	660	
Vested		380
Exercised	120	6
Cancelled	40	
31st March, 2008—outstanding	500	374
Exercise price	¥ 44,250	¥ 100,000
Average stock price at exercise	(\$ 441.62)	(\$998.00)
	¥ 222,917	¥ 218,000
Fair value price at grant date	(\$ 2,224.72)	(\$ 2,175.65)

* On 1st May, 2007, the Company made a stock split by way of a free share distribution at the rate of two shares for each outstanding share. The movement has been adjusted retroactively.

E*GOLF CORPORATION

	Warrant (2)
	(Shares)
For the Year Ended 31st March, 2007	
Non-vested:	
31st March, 2006—outstanding	
Granted	
Cancelled	
Vested	
31st March, 2007—outstanding	
Vested:	
31st March, 2006—outstanding	12
Vested	
Exercised	
Cancelled	
31st March, 2007—outstanding	12

	Warrant (2)
	(Shares)
For the Year Ended 31st March, 2008	
Non-vested:	
31st March, 2007—outstanding	12
Granted	
Cancelled	12
Vested	
31st March, 2008—outstanding	
Vested:	
31st March, 2007—outstanding	
Vested	
Exercised	
Cancelled	
31st March, 2008—outstanding	
Exercise price	¥ 100,000
	(\$ 998.00)
Average stock price at exercise	
Fair value price at grant date	

HOMEOSTYLE, Inc.

	Warrant (1)	Warrant (2)	Stock Option (3)	Stock Option (4)
	(Shares)			
For the Year Ended 31st March, 2007				
Non-vested:				
31st March, 2006—outstanding	2,929	3,355	477	9,052
Granted				
Cancelled	2,929	76	43	184
Vested				
31st March, 2007—outstanding		3,279	434	8,868
Vested:				
31st March, 2006—outstanding				
Vested				
Exercised				
Cancelled				
31st March, 2007—outstanding				

	Warrant (1)	Warrant (2)	Stock Option (3)	Stock Option (4)
	(Shares)			
For the Year Ended 31st March, 2008				
Non-vested:				
31st March, 2007—outstanding	5,154	1,029	434	8,868
Granted				
Cancelled	140	33		218
Vested				
31st March, 2008—outstanding	5,014	996	434	8,650
Vested:				
31st March, 2007—outstanding				
Vested				
Exercised				
Cancelled				
31st March, 2008—outstanding				
Exercise price	¥ 9,636 (\$ 96.17)	¥ 9,636 (\$ 96.17)	¥ 16,000 (\$ 159.68)	¥ 19,000 (\$ 189.62)
Average stock price at exercise				
Fair value price at grant date				

The Stock Option Which Was Taken Over by HOMEOSTYLE, Inc. Due to the M&A

	TK International Co., Ltd Stock Option (Shares)
For the Year Ended 31st March, 2007	
Non-vested:	
31st March, 2006—outstanding	4,081
Granted	
Cancelled	
Vested	
31st March, 2007—outstanding	4,081
Vested:	
31st March, 2006—outstanding	
Vested	
Exercised	
Cancelled	
31st March, 2007—outstanding	

	TK International Co., Ltd Stock Option (Shares)
For the Year Ended 31st March, 2008	
Non-vested:	
31st March, 2007—outstanding	4,081
Granted	
Cancelled	
Vested	
31st March, 2008—outstanding	4,081
Vested:	
31st March, 2007—outstanding	
Vested	
Exercised	
Cancelled	
31st March, 2008—outstanding	
Exercise price	¥ 11,903 (\$ 118.79)
Average stock price at exercise	
Fair value price at grant date	

Auto-bytel Japan Co., Ltd.

	Stock Option (1)	Stock Option (2)	Stock Option (3)	Stock Option (4)	Stock Option (5)	Stock Option (6)	Stock Option (7)	Stock Option (8)
	(Shares)							
For the Year Ended 31st March, 2008								
Non-vested:								
31st March, 2007—outstanding	6,400	450	1,850	200	100	180	1,970	
Granted								240
Cancelled	100		50			20	310	
Vested								
31st March, 2008—outstanding	6,300	450	1,800	200	100	160	1,660	240
Vested:								
31st March, 2007—outstanding								
Vested								
Exercised								
Cancelled								
31st March, 2008—outstanding								
Exercise price	¥ 10,000 (\$ 99.80)	¥ 10,000 (\$ 99.80)	¥ 50,000 (\$ 499.00)	¥ 50,000 (\$ 499.00)	¥ 50,000 (\$ 499.00)	¥ 50,000 (\$ 499.00)	¥ 50,000 (\$ 499.00)	¥ 60,000 (\$ 598.80)
Average stock price at exercise								
Fair value price at grant date								

C4 Technology, Inc.

	2002 Stock Option (Shares)
For the Year Ended 31st March, 2008	
Non-vested:	
31st March, 2007—outstanding	
Granted	
Cancelled	
Vested	
31st March, 2008—outstanding	
Vested:	
31st March, 2007—outstanding	645
Vested	
Exercised	
Cancelled	125
31st March, 2008—outstanding	520
Exercise price	¥ 60,000 (\$ 598.80)
Average stock price at exercise	
Fair value price at grant date	

Instead of using the fair value, Auto-bytel Japan Co., Ltd. applies the intrinsic value method. Auto-bytel Japan Co., Ltd. also uses the discounted cash flow method for the valuation of stocks. The intrinsic value as at 31st March, 2008 was nil.

22. REVENUE FROM TRADING

Gain (loss) on trading included in operating revenues for the years ended 31st March, 2007 and 2008 consisted of the following:

	Millions of Yen						Thousands of U.S. Dollars		
	2007			2008			2008		
	Realised Gain	Unrealised Gain (Loss)	Total	Realised Gain	Unrealised Gain (Loss)	Total	Realised Gain	Unrealised Gain (Loss)	Total
Equity securities	¥ 428	¥ (2)	¥ 426	¥ 360	¥ (5)	¥ 355	\$ 3,594	\$ (45)	\$ 3,549
Debt securities	1,462	1	1,463	1,512	5	1,517	15,084	48	15,132
Others	1,248	34	1,282	1,475	(17)	1,458	14,720	(168)	14,552
Total	¥ 3,138	¥ 33	¥ 3,171	¥ 3,347	¥ (17)	¥ 3,330	\$ 33,398	\$ (165)	\$ 33,233

Gains on certain businesses other than securities-related business of ¥50 million and ¥43 million (\$430 thousand) were included in the gain on trading for the years ended 31st March, 2007 and 2008, respectively.

23. OPERATING COSTS

Operating costs for the years ended 31st March, 2007 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	Year Ended 31st March		Year Ended 31st March, 2008
	2007	2008	
Cost of operational investment securities	¥ 33,807	¥ 34,310	\$ 342,419
Provision for valuation allowance for operational investment securities		3,142	1,125
Financial charges	4,254	5,882	58,704
Rental and lease costs	6,230	5,069	50,592
Cost of sales arising from real-estate business		41,163	410,804
Others, including administrative expenses	21,312	27,795	277,390
Total	¥ 68,745	¥ 115,344	\$ 1,151,137

The above cost of operational investment securities for the years ended 31st March, 2007 and 2008 included a write-down of operational investment securities and securities held by funds of ¥8,943 million and ¥2,041 million (\$20,365 thousand), respectively.

**24. SELLING, GENERAL
AND ADMINISTRATIVE
EXPENSES**

Selling, general and administrative expenses for the years ended 31st March, 2006 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	Year Ended 31st March		Year Ended 31st March, 2008
	2007	2008	
Compensation for directors	¥ 1,285	¥ 1,796	\$ 17,922
Provision for allowance for doubtful accounts	881	2,768	27,627
Payroll and bonuses	7,089	8,812	87,943
Provision for retirement allowances for directors	30	24	235
Retirement benefit costs	56	61	610
Provision for accrued bonuses	233	495	4,939
Subcontracting fees	8,072	9,265	92,460
Research and development costs		1,106	11,038
Others	35,095	40,290	402,103
Total	¥ 52,741	¥ 64,617	\$ 644,877

The future minimum lease payments under noncancellable operating leases at 31st March, 2007 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	31st March		31st March, 2008
	2007	2008	
Due within one year	¥ 15	¥ 14	\$ 133
Due after one year	23	14	142
Total	¥ 38	¥ 28	\$ 275

27. RELATED PARTY TRANSACTIONS

Transactions of SBI with Representative Director and CEO for the years ended 31st March, 2007 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Year Ended 31st March		Year Ended 31st March, 2008
	2007	2008	
Sales of common stock	¥ 104	¥ 350	\$ 3,494

28. DERIVATIVES

SBI enters into foreign currency forward contracts and interest swap transactions primarily to hedge foreign exchange risk associated with receivables, payables and securities denominated in foreign currencies and to manage its interest rate exposures on borrowings and does not hold or issue them for speculative purpose. Stock-index futures, bond futures and a portion of foreign currency forward contracts are used for increasing underlying assets, and commodity futures are used for supplementing revenue. SBI enters into stock-index futures and commodity futures for the purpose of day trading or capping of the size of their transactions. In addition, SBI uses bond futures and a portion of foreign currency forward contracts for trading purpose. In the trading operation, these derivatives are used in response to clients' needs and facilitation of trading in the normal course of business.

Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential fluctuations in market conditions, including interest or foreign exchange rates, stock price, foreign commodity markets for products, economic trends or weather conditions. Credit risk is the possibility that a loss may result from counterparty's failure to perform according to the terms and conditions of the contract. Because the counterparties to foreign currency forward contracts and interest rate swap agreements are limited to major domestic financial institutions, and stock-index futures, commodity futures and bonds futures are traded in the public market, SBI does not anticipate any losses arising from credit risk. Potential risks inherent in the trading operation are also subject to market risk and credit risk.

Derivatives used for the hedging purpose are planned and executed by the administrative headquarters department upon approval of a director in-charge. Each derivative transaction is periodically reported to the management, where evaluation and analysis of derivatives are made. Derivatives used for trading purpose have been made in accordance with internal policies which regulate the nature of derivatives, credit limit amounts and administrative structure, which is monitored by the administrative headquarters department on a daily basis.

Fair Value of Derivatives

The fair values of SBI's derivatives at 31st March, 2007 and 2008 were as follows:

	Millions of Yen			
	2007			
	Assets		Liabilities	
	Contract Amount	Fair Value	Contract Amount	Fair Value
Foreign currency forward contracts	¥ 1,369	¥ 27	¥ 281	¥ 3
Bond futures			134	
Total	¥ 1,369	¥ 27	¥ 415	¥ 3

	Millions of Yen			
	2008			
	Assets		Liabilities	
	Contract Amount	Fair Value	Contract Amount	Fair Value
Foreign currency forward contracts	¥ 5		¥ 233	¥ 2
Nikkei average futures transactions	81	¥ 6	11	
Interest swap transactions			200	4
Total	¥ 86	¥ 6	¥ 444	¥ 6

	Thousands of U.S. Dollars			
	2008			
	Assets		Liabilities	
	Contract Amount	Fair Value	Contract Amount	Fair Value
Foreign currency forward contracts	\$ 43		\$ 2,322	\$ 20
Nikkei average futures transactions	811	\$ 63	113	
Interest swap transactions			1,996	36
Total	\$ 854	\$ 63	\$ 4,431	\$ 56

Gains or losses on deemed settlements are recorded in the "Fair value" above. In addition, the fair value of foreign currency forward contracts, interest swap transactions, Nikkei average futures transactions and bond futures were stated at the market values using forward exchange rates, interest swap rates, Nikkei average future rates and bond future rates, respectively, on the balance sheet date.

Derivative liabilities for trading purposes are included in other current liabilities while derivatives used for the hedging purpose are excluded from the above table.

29. CONTINGENT LIABILITIES

Contingent liabilities as at 31st March, 2008 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Guarantee of bank loans of:		
SBI Systems Co., Ltd.	¥ 200	\$ 1,996
Maruiso Corporation	320	3,192
Total	¥ 520	\$ 5,188

30. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended 31st March, 2007 and 2008 was as follows:

	Millions of Yen	Shares	Yen
	Net Income	Weighted-average Shares	EPS
Year Ended 31st March, 2007			
Basic EPS—Net income available to common shareholders	¥ 46,441	11,493,950	¥ 4,040.51
Effect of dilutive securities—Warrants	(642)	414,868	
Diluted EPS—Net income for computation	¥ 45,799	11,908,818	¥ 3,845.82

	Millions of Yen	Shares	Yen	U.S. Dollars
	Net Income	Weighted-average Shares	EPS	
Year Ended 31st March, 2008				
Basic EPS—Net income available to common shareholders	¥ 4,229	11,228,402	¥ 376.63	\$ 3.76
Effect of dilutive securities—Warrants	(303)	162,495		
Diluted EPS—Net income for computation	¥ 3,926	11,390,897	¥ 344.65	\$ 3.44

31. SEGMENT INFORMATION

SBI operates in the following business segments:

"Asset Management Business" primarily consists of fund management and investment in Internet technology, broadband, bio and restructuring companies.

"Brokerage and Investment Banking Businesses" primarily consists of the provision of a wide range of high value-added financial services, such as access to financial assets including equity securities, debt securities, foreign exchanges, insurances or commodity futures, financing from the capital market, securitisations, mergers and acquisitions and structured financing.

"Financial Services Business" primarily consists of the financial-related business and the provision of information regarding financial products, and leasing business.

"Housing and Real Estate Business" primarily consists of investment, development, financing and information providing service regarding housing and real estate.

"System Solution Business" primarily consists of maintenance and development for system-related business.

Information about business segments, geographical segments and revenue from foreign customers of SBI for the years ended 31st March, 2007 and 2008 was as follows:

Effective 1st April, 2007, SBI changed its business segmentation from asset management, brokerage and investment banking and financial services to asset management, brokerage and investment banking, financial services, housing and real estate and system solution.

Due to increasing importance of revenue and operating profit, housing and real estate business was separated from asset management business and financial services business.

Due to adding ROBO to the consolidation scope, system solution business became newly independent.

If the segment information for the year ended 31st March, 2007 were prepared using the new segmentation, such information would be as follows:

(1) Business Segments

		Millions of Yen							
		2007							
	Asset Management Business	Brokerage and Investment Banking Businesses	Financial Services Business	Housing and Real Estate Business	System Solution Business	Total	Eliminations/Corporate	Consolidated	
a. Revenue and Operating Income (Loss)									
Revenue from customers	¥ 37,162	¥ 65,426	¥ 18,168	¥ 23,825		¥ 144,581		¥ 144,581	
Intersegment revenue	202	993	666	185		2,046	¥ (2,046)		
Total revenue	37,364	66,419	18,834	24,010		146,627	(2,046)	144,581	
Operating expenses	40,550	42,045	15,550	22,826		120,971	515	121,486	
Operating income	¥ (3,186)	¥ 24,374	¥ 3,284	¥ 1,184		¥ 25,656	¥ (2,561)	¥ 23,095	
b. Total Assets, Depreciation and Capital Expenditures									
Total assets	¥ 149,350	¥ 999,375	¥ 67,891	¥ 136,553		¥ 1,353,169	¥ 14,053	¥ 1,367,222	
Depreciation	266	1,712	4,584	335		6,897	(79)	6,818	
Capital expenditures	439	2,623	3,836	1,010		7,908	(1)	7,907	

		Millions of Yen							
		2008							
	Asset Management Business	Brokerage and Investment Banking Businesses	Financial Services Business	Housing and Real Estate Business	System Solution Business	Total	Eliminations/Corporate	Consolidated	
a. Revenue and Operating Income (Loss)									
Revenue from customers	¥ 58,008	¥ 67,677	¥ 21,601	¥ 74,960	¥ 322	¥ 222,568		¥ 222,568	
Intersegment revenue		855	895	111		1,861	¥ (1,861)		
Total revenue	58,008	68,532	22,496	75,071	322	224,429	(1,861)	222,568	
Operating expenses	41,526	48,020	21,646	66,977	796	178,965	996	179,961	
Operating income	¥ 16,482	¥ 20,512	¥ 850	¥ 8,094	¥ (474)	¥ 45,464	¥ (2,857)	¥ 42,607	
b. Total Assets, Depreciation and Capital Expenditures									
Total assets	¥ 187,335	¥ 807,666	¥ 82,623	¥ 152,156	¥ 6,130	¥ 1,235,910	¥ (16,663)	¥ 1,219,247	
Depreciation	358	2,128	3,309	478	150	6,423	(61)	6,362	
Capital expenditures	860	2,033	2,109	535	63	5,600		5,600	

		Thousands of U.S. Dollars							
		2008							
	Asset Management Business	Brokerage and Investment Banking Businesses	Financial Services Business	Housing and Real Estate Business	System Solution Business	Total	Eliminations/Corporate	Consolidated	
a. Revenue and Operating Income (Loss)									
Revenue from customers	\$ 578,923	\$ 675,409	\$ 215,574	\$ 748,106	\$ 3,221	\$ 2,221,233		\$ 2,221,233	
Intersegment revenue		8,536	8,932	1,101		18,569	\$ (18,569)		
Total revenue	578,923	683,945	224,506	749,207	3,221	2,238,802	(18,569)	2,221,233	
Operating expenses	414,434	479,239	216,024	668,430	7,949	1,786,076	9,938	1,796,014	
Operating income	\$ 164,489	\$ 204,706	\$ 8,482	\$ 80,777	\$ (4,728)	\$ 453,726	\$ (28,507)	\$ 425,219	
b. Total Assets, Depreciation and Capital Expenditures									
Total assets	\$ 1,869,608	\$ 8,060,544	\$ 824,581	\$ 1,518,525	\$ 61,177	\$ 12,334,435	\$ (166,299)	\$ 12,168,136	
Depreciation	3,577	21,233	33,020	4,772	1,498	64,100	(610)	63,490	
Capital expenditures	8,584	20,291	21,048	5,335	633	55,891	(2)	55,889	

Notes: 1. Operating expenses mainly incurred in the Company's administrative headquarters could not be allocated based upon the business segments above and, therefore, were included in "Eliminations/corporate" of operating expenses with the aggregate amount of ¥2,435 million and ¥3,730 million (\$37,226 thousand) for the years ended 31st March, 2007 and 2008, respectively.

2. Total corporate assets of ¥37,263 million and ¥12,108 million (\$120,835 thousand) included in "Eliminations/corporate" of total assets as at 31st March, 2007 and 2008, respectively, mainly consisted of surplus funds (cash, bank deposits and cash in trust).

(2) Geographical Segments

Operating revenue and identifiable assets of consolidated foreign subsidiaries are not significant; therefore, geographical segment information is not presented herein.

(3) Revenue from Foreign Customers

		Millions of Yen		
		2008		
		North America	Others	Total
Sales to foreign customers (A)		¥ 22,944	¥ 16,978	¥ 39,922
Consolidated sales (B)				222,568
(A)/(B)		10.3%	7.7%	18.0%

		Thousands of U.S. Dollars		
		2008		
		North America	Others	Total
Sales to foreign customers (A)		\$ 228,980	\$ 169,445	\$ 398,425
Consolidated sales (B)				2,221,233
(A)/(B)		10.3%	7.7%	18.0%

Note: North America and others primarily consisted of the United States of America, and Europe, the People's Republic of China, Hong Kong, Macao and Korea, respectively.

Operating revenue from foreign customers for the year ended 31st March, 2007 is not significant; therefore, foreign revenue information is not presented herein.

32. SUBSEQUENT EVENTS

a. Appropriations of Retained Earnings

At the Board of Directors meeting held on 26th May, 2008, the following appropriation of retained earnings was approved:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends, ¥600 (\$5.99) per share	¥ 6,796	\$ 67,821

b. Exercise of Stock Options

Due to the exercise of stock options (see Note 21), 3,363 shares of the Company's common stock were issued during the period from 1st April to 31st May, 2008. The Company's common stock and capital surplus increased by ¥20 million (\$199 thousand) and ¥20 million (\$200 thousand), respectively.

c. Sales of Subsidiary Shares (E*TRADE Korea Co., Ltd.)

On 10th April, 2008, the board of directors of ETS—a consolidated subsidiary of the Company—resolved to sell shares of E*TRADE Korea Co., Ltd. (E*TRADE Korea)—a consolidated subsidiary of ETS in Korea, and entered into a legally binding letter of understanding ("LoU") with LS Networks Corporation Limited ("LS Networks"). All shares of E*TRADE Korea are to be sold to LS Networks and other entities designated by LS Networks.

This sale is subject to approval by the FINANCIAL SUPERVISORY SERVICE of KOREA ("FSS"). Therefore, the exact schedule of the transaction can only be determined after approval by FSS.

Pursuant to the LoU and the corporate resolution, 9,744,000 shares (100 percent of outstanding shares) will be sold to LS Networks and its designated entities for KRW 214,368 million (¥22,166 million). As a result, SBI will record a gain of approximately ¥13.9 billion (\$139 million) from the sales in fiscal 2009.

d. Sales of Affiliated Company Shares (ZEPHYR CO., LTD.)

On 18th July, 2008, SBI's affiliated company ZEPHYR CO., LTD. ("ZEPHYR") applied to the Tokyo District court for bankruptcy rehabilitation.

Subsequently, The Company sold all its equity shares of ZEPHYR on 24th July, 2008 and recorded a loss on the sale of such investments of ¥9,470 million (\$94,508 thousand).

Accordingly, ZEPHYR was no longer an affiliated company of the Company subject to the equity method accounting and was eliminated from its consolidated accounts from July 2008.

If the above mentioned event was adjusted, the pro-forma for the year ended 31st March, 2008 would be as follows:

	Millions of Yen	
	2008	2008 Pro-forma
Operating revenues	¥ 222,568	¥ 222,568
Gross profit	107,224	107,224
Operating income	42,607	42,607
Net income (loss)	4,229	(1,387)
Yen		
Per share of common stock:		
Basic net income (loss)	¥ 376.63	¥ (123.58)
Diluted net income	344.65	
Thousands of U.S. Dollars		
	2008	2008 Pro-forma
Operating revenues	\$ 2,221,233	\$ 2,221,233
Gross profit	1,070,096	1,070,096
Operating income	425,219	425,219
Net income (loss)	42,205	(13,848)
U.S. Dollars		
Per share of common stock:		
Basic net income (loss)	\$ 3.76	\$ (1.23)
Diluted net income	3.44	

e. Liquidation of Subsidiaries

On 8th August, 2008, SBI completed the liquidation procedures of SOFTBANK INTERNET TECHNOLOGY FUND No. 1 ("SITF1") and SOFTBANK INTERNET TECHNOLOGY FUND No. 2 ("SITF2"), both are consolidated subsidiaries of the Company in accordance with the PITF No. 20. The share percentages of SITF1 and SITF2 held by SBI at the liquidation date were 43.3% and 43.9%, respectively.

As a result, both SITF1 and SITF2 will be eliminated from the consolidation scope of the Company from August 2008. The effect of their liquidation to SBI's operation is immaterial.

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
 SBI Holdings, Inc.:

We have audited the accompanying consolidated balance sheets of SBI Holdings, Inc. and consolidated subsidiaries as at 31st March, 2007 and 2008, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of SBI Holdings, Inc. and consolidated subsidiaries as at 31st March, 2007 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

27th June, 2008 (11th August, 2008 as to Note 32.d)

The accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than Japan.

The standards to audit such financial statements are those which are generally accepted in Japan.

Member of
 Deloitte Touche Tohmatsu