

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