

Review of Operations by Business Segment

Asset Management Business

Based on the trust and brand reputation that the Asset Management Business has cultivated through its high performance, we are expanding our alliances with prominent partners in Japan and overseas. As a new industry creator, we will continue to accelerate investments in IT, biotechnology, environment and energy, and financial sectors, which are expected to grow substantially in the future in Japan and emerging countries.

Financial Results of FY2009

The Asset Management Business is comprised of two businesses, a securities investment business and an investment advisory/other services business. The securities investment business involves the establishment, management and operation of funds that invest mainly in securities of IT, biotechnology, environment and energy, and finance sectors, as well as proprietary investments in venture companies inside and outside of Japan. The investment advisory and other services business is primarily involved in managing and advising on investments in mutual funds.

The Asset Management Business recorded operating revenue of ¥20.2 billion for FY2009, a 26.4% year-on-year increase, with a 28.2% year-on-year decrease in operating income to ¥1.9 billion. Regardless of the sharp reduction in the number of IPOs in Japan continuing from the previous fiscal year, we were able to report an operating profit because the New Horizon Fund, which has been continuously contributing to earnings since FY2007, contributed ¥2.2 billion to the Group's operating income, and aggressive investments in China, which have been expanded since 2005, along with other emerging countries in Asia, have been bearing fruit.

Recovery in the Global IPO Market

FY2009 experienced an accelerated decline in the domestic stock markets from the previous fiscal year, as only 19 IPOs were conducted in total, a decrease of 15 year-on-year and dropping to only 10% of the 187 IPOs in FY2006, the latest peak period.

Contrastingly, the global IPO market is on a recovery path supported by China and Hong Kong after hitting bottom during FY2008, with the number of listed companies increasing by approximately 1.4 times to 789 companies and the amount of fund procurement rising approximately 3.0 times to \$164.0 billion.

Even under these difficult conditions, the SBI Group had 5 domestic and 6* overseas companies involved in IPOs and M&A transactions, for a total of 11* companies, marking a significant increase from zero companies recorded in the previous fiscal year.

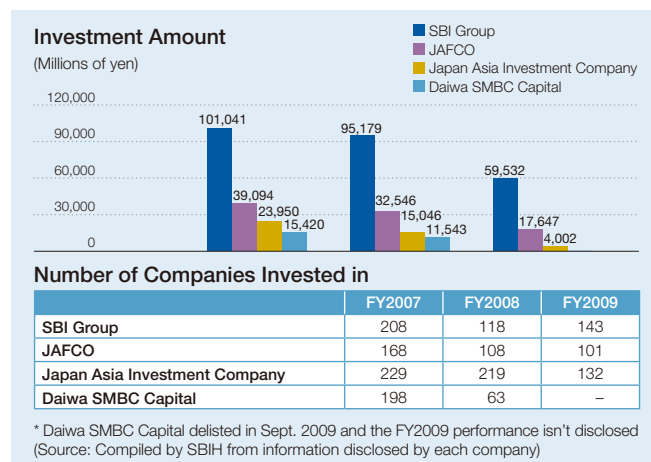
* Including three exited companies from the portfolio of New Horizon Capital (Fund II) in which the SBI Group has invested as a limited partner

A Consistently Large Investment Amount and High Operational Performance

The SBI Group's investment funds are not restricted to investments in venture companies planning IPOs. For instance, SBI CAPITAL manages buyout funds that invest primarily in promising publicly listed medium-size companies in the emerging markets, as well as in high growth potential companies. It also makes mezzanine investments through funds managed by SBI Capital Solutions, targeting companies looking to revitalize their operations.

Believing that the harsh conditions under which the market malaise continues provide an excellent market opportunity to make investments, we invested aggressively during the low investment cost period following the "Lehman Shock." The outcome was an investment amount for FY2009 by the SBI Group managed funds totaling ¥54.4 billion, with direct investments of ¥5.2 billion, for a total investment amount of ¥59.5 billion in a total of 143 companies. We continue to remain one of the most active venture capital companies in Japan.

Change in Investment Amount/Number of Companies Invested in



Track Records of Major Japanese Venture Capital Firms (Funds redeemed in 2000 and after)

Company	Number of Redeemed Funds	Average IRR (%)
SBI Group	7	17.7
JAFCO	13	6.1
Daiwa SMBC Capital	8	2.8

Source: Based on companies' materials

* Average IRR is the simple average IRR for each fund. However, three of the JAFCO funds for which a positive IRR is not indicated are not included in the average IRR

Principal Companies in the Asset Management Business

Company name	Business
SBI Investment Co., Ltd.	Venture capital fund management
SBI CAPITAL Co., Ltd.	Buyout and value up fund management
SBI Capital Solutions Co., Ltd.	Mezzanine fund management
SBI Asset Management Co., Ltd.	Investment trust management, investment advisory services
SBI VEN CAPITAL PTE. LTD.	Overseas investment activities

Assets under Management of the SBI Group Funds

For FY2009, 6 new funds were established in Japan and overseas with a total committed capital of ¥27.5 billion. SBI Group total assets under management were ¥542.1 billion, a ¥48.6 billion year-on-year increase, of which ¥271.3 billion was invested in private equity.

Overview of the New Horizon Fund

The New Horizon Fund (Fund I), with 7 of its 10 portfolio companies having completed listing and 1 exit, since its start of operations in May 2005 through the end of FY2009, has continued to sell its held shares as the Chinese stock market rebounds significantly. In FY2009, SBIH sold 50% of its equity interest in the Fund for ¥4.1 billion, resulting in capital gains of ¥3.2 billion from which a ¥2.2 billion contribution to consolidated operating income was realized. We expect to receive a total of approximately ¥7.9 billion* in distributions after FY2010. Also, there is ¥2.8 billion* in unrealized gains from the equity held by SBIH, and we will continue to wait for the ideal market conditions to sell our equity in the hope of maximizing profits.

Moreover, New Horizon Capital (Fund II), in which the SBI Group invests as a limited partner, has already invested in 17 companies. 5 of these companies have completed IPOs or M&As. There is ¥2.8 billion* in unrealized gains from the equity held by SBIH, attesting to the steady results accumulating from this fund. Also, 11 companies are planning IPOs or M&As by 2013.

* as of the end of June 2010

Assets Under Management of the SBI Group

5,421 billion yen as of the end of March 2010
(Including real estate)

(Billions of yen)

Private equity Total: 271.3

(IT/Biotechnology)	Total: 129.1
Internet	3.8
Broadband/Media	54.8
Mobile services	27.6
Biotech/Others	43.0

(Buyout/Mezzanine)	Total: 37.9
Value Up	19.2
Mezzanine	18.7

(Environment/Energy) 8.4

(Overseas)	Total: 68.7
China/Hong Kong	38.0
Vietnam ^{*1}	7.8
India ^{*2}	8.9
Hungary	13.9

(Direct investment) 27.2

(Investment trusts, others)	Total: 216.1
Investment trusts	39.8
Investment advisory	174.7
Investment companies	1.6

(Real estate, others)	Total: 54.7
Development	26.7
Completed properties	28.0

The figures for real estate investments reflect the total amount of investments, and figures for investment trusts and investment advisory services reflect net assets at market value as of the end of March 2010. Figures for other funds reflect net assets at market value based on the most recent financial report for each fund as of March 2010. Figures are rounded to the nearest ¥100 million. Funds that do not close before the fiscal year end are calculated based on contribution commitments.

Performance of New Horizon Fund No.1

(Millions of U.S. dollars)

Portfolio companies	Investment Balance	Category	Timeline of IPO/M&A	Capital Gain (unrealized)				
				End Mar. 08	End Mar. 09	End Mar. 10	End Mar. 11	
Sichuan Meifeng Chemical Industry	5.5	A-Class share		63.7	26.4	16.3	6.8	IPO/EXIT Completed (market value)
Changsha Zoomlion Heavy Industry Science & Technology Development	2.6	A-Class share		144.6	66.6	60.6	44.4	
China Printing & Dyeing Holding	-	Common share		0.2	-	-	-	
Yingli Green Energy Holding	-	Common share		4.5	-	-	-	
Kingsoft	-	Common share		2.3	4.4	-	-	
Goldwind Science and Technology	0.1	A-Class share		124.9	29.9	11.9	3.2	
China Cord Blood Services Corporation	4.1	Common share		17.6	17.6	11.8	8.9	Pre-IPO/M&A (estimated value)
Jiangsu Ealong Biotech	-	-	-	5.6	5.6	-	-	
Shineway Group	12.7	Pre-IPO	2010	15.0	15.0	15.0	9.4	
Cathay Industrial Biotech	12.0	Pre-IPO	2011	79.1	79.1	79.1	79.1	
Total	37.0			457.5	244.6	194.7	151.8	

[Received Dividends]* (Billions of yen)

[Estimated Dividends after FY2010] (As of June 2010)

Foundation~FY2008	FY2009	FY2010	FY2011	FY2012	Total Estimated Dividends, after (FY2010)
7.0	4.7	3.1	1.9	2.9	7.9

Note: The estimated dividends are not confirmed as they are based on estimated stock values of pre-IPO or M&A companies

* Sales amount after deduction of expenses associated with sales

Brokerage & Investment Banking Business

SBI SECURITIES, with its firm commitment to the customer-centric principle, has continued to provide the “industry’s lowest level of commission rates and the industry’s highest level of quality service.” With the backdrop of an outstanding market share in the brokerage business, the number of customer accounts has continued to increase. At the same time, it is working to establish a new business model to become Japan’s first “Bricks-and-mortar, based-on-the-Internet securities company.”

Financial Results of FY2009

The Brokerage & Investment Banking Business is engaged in the brokerage of securities transactions, the underwriting and selling of IPOs and the placement and distribution of securities. As of the end of July 2009, we have abolished our commodities futures transactions business at SBI Futures Co., Ltd.

Operating revenues in the Brokerage & Investment Banking Business for FY2009 saw a 1.9% year-on-year increase to ¥50.1 billion, with a 64.1% year-on-year increase to ¥9.4 billion in operating income. This was mostly recorded by SBI SECURITIES and SBI Liquidity Market.

SBI SECURITIES’ Continuing Market Share Expansion Supported by a Dominant Customer Base

Under a difficult economic environment whereby the individual stock brokerage trading value continued to fall, SBI SECURITIES witnessed a 29.0% year-on-year increase of operating income to ¥12.5 billion thanks to favorable FX trading, notwithstanding the 3.0% year-on-year decrease in consolidated operating revenues to ¥46.1 billion. It was mainly caused by the exclusion of E*TRADE

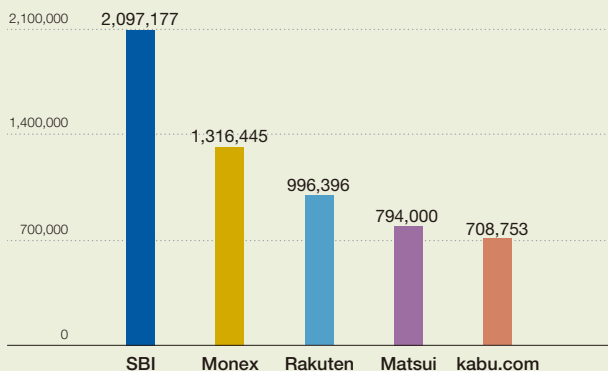
KOREA’s results, which were included up to the second quarter of FY2008 before the company was sold. The number of customer accounts at SBI SECURITIES exceeded 2 million for the first time in December 2009 for all online securities companies, totaling 2,053,986 accounts as of the end of March 2010 (2,097,177 as of the end of June 2010). Performance continues to be robust as 187,478 new customer accounts were added in FY2009.

Regarding the overall individual stock brokerage trading value held by the five major online securities companies in FY2009, the total share for all five companies stood at 69.4%, of which SBI SECURITIES held 35.4%. Also, the total market share of the retail margin trading value for the five major online securities companies stood at 78.0%, of which SBI SECURITIES held 39.8%. From the above, we believe that the bulk of stock trading by individuals is moving online and that SBI SECURITIES is continuing to acquire a substantial share of this business compared with its competitors. Please note that SBI SECURITIES’ assets in customer accounts are rising drastically, amounting to ¥4,093.2 billion as of the end of March 2010, a 37.4% year-on-year increase.

Customer Accounts of Five Major Online Securities Companies

(As of the end of June 2010)

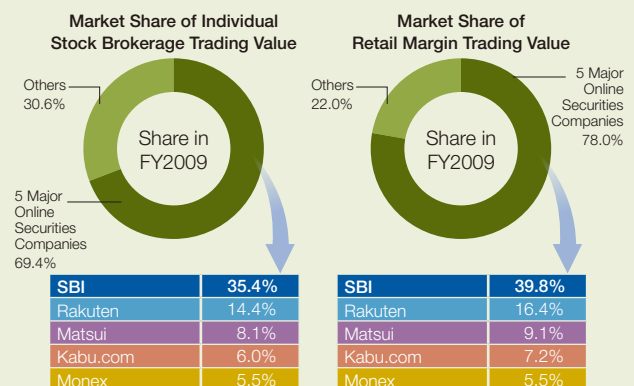
(Accounts)



Source: Compiled by SBIH based on websites and other public information for each company

* Monex, Inc. merged with the former ORIX Securities Corporation in May 2010

Comparison of Market Share of the Individual Stock Brokerage Trading Value and Retail Margin Trading Value for the Major Online Securities Companies (FY2009)



Source: Based on TSE, JASDAQ and company materials

* Individual brokerage trading value and retail margin trading value are the sum of trades on the three major exchanges and JASDAQ

* Figures for SBI SECURITIES only include trades done via the Internet

Principal Companies in the Asset Management Business

Company name	Business
SBI SECURITIES Co., Ltd.	Comprehensive online securities company
SBI Liquidity Market Co., Ltd.	Provides market infrastructure for FX margin trading
SBI Japannext Co., Ltd.	Operation of PTS (proprietary trading system)
SBI Fund Bank Co., Ltd.	Consulting on investment trusts sales and operation of an information web-site on investment trusts

SBI Liquidity Market Has Contributed Substantially to Earnings in the Short Period of Time Since Its Inception

SBI Liquidity Market provides liquidity and market infrastructure for foreign exchange margin (FX) trading. As of the end of March 2010, 18 major foreign and domestic financial institutions are counterparties. SBI Liquidity Market provides SBI SECURITIES and SBI Sumishin Net Bank customers with a very competitive FX trading operation.

SBI Liquidity Market is bringing about varied synergies within the business including an enhanced level of convenience for individual investors and a great expansion in the FX trading value of SBI SECURITIES. The monthly FX trading value of SBI SECURITIES for March 2010 of ¥4,194.3 billion (¥5,215.5 billion recorded in June) is impressive, even among major online securities companies. The establishment of SBI Liquidity Market allowed us to secure revenue opportunities that were being passed on externally in the past, and even compared to financial results of listed pure-play FX brokerage companies, it has grown to become the industry number one in terms of both operating revenues and operating income in only a short period of time.

SBI Japannext Promotes Best Execution Trading as Japan's Largest PTS Market

Japannext PTS, operated by SBI Japannext, through its highly

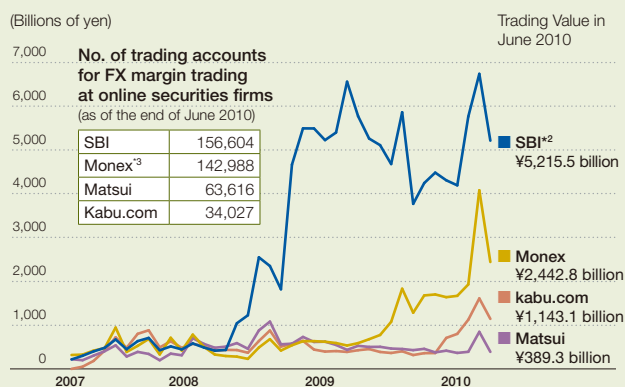
accessible proprietary trading system (PTS), provides nighttime and daytime trading platforms. As of the end of March 2010, the cumulative number of PTS accounts of SBI SECURITIES reached 220,674 (225,518 as of the end of June), with the number of PTS users steadily rising. Japannext PTS is popular among users because its segmented quotes facilitate trades at advantageous prices, even among prices that vary according to the market. As it is conceivable that the trend toward best execution will accelerate, Japannext PTS's highly functional trading system, smaller tick size (segmented quotes) and other special features are expected to attract even more securities companies to connect and, through increased liquidity, the trading volume should increase as well.

Further Diversification of the Revenue Base

In order to realize continuous growth, the Brokerage & Investment Banking Business will enhance its current products and services, and diversify its revenue base.

Particularly, SBI SECURITIES will fully leverage synergistic effects with SBI Liquidity Market, SBI Japannext Securities, Morningstar Japan (which provides rating information, etc. on financial products) and other companies within and outside of the SBI Group, to strengthen its earnings power.

Foreign Exchange Margin Trading Value of the Four Major Online Securities Companies*1



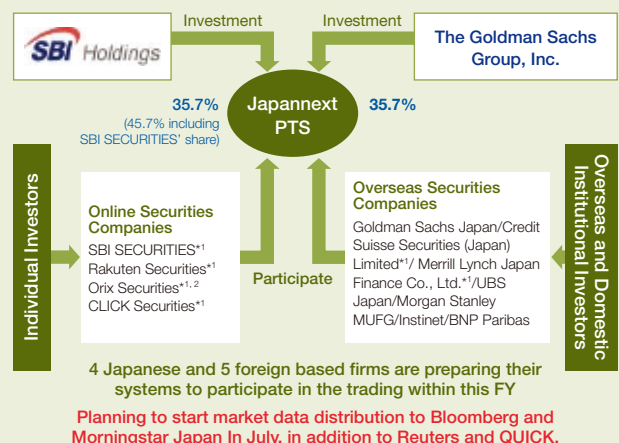
*1 Four online securities firms that disclosed the information (SBI SECURITIES, Monex, Matsui and Kabu.com)

*2 Trading value total of "SBI FX" and "SBI FXα" from Nov. 2008 to Feb. 2009

*3 Accounts at the end of June 2010 includes overlapping accounts

Source: Compiled by SBIH from disclosed information

Increase in Trading Volume at Japannext PTS is Expected Owing to the Newly Connected Securities Firms



*1 Equity participation

*2 Suspended trading due to the merger with Monex Securities

Financial Services Business

In the Financial Services Business, the lineup of Internet financial services is being broadly expanded to build a revenue base that is not dependent on the stock market. By developing our Internet banking and Internet nonlife insurance businesses and fully leveraging the synergistic effects among the SBI Group companies, a stable revenue source will be developed that will contribute significantly to earnings growth.

Financial Results of FY2009

The Financial Services Business is comprised of the marketplace business, other existing businesses and new businesses.

For FY2009, the Financial Services Business recorded operating revenue of ¥25.6 billion, a 13.2% year-on-year increase, continuing to achieve higher revenues as a result of favorable results from companies engaged in existing businesses. Operating income was affected by the ¥1.5 billion provision for allowance for doubtful accounts recorded in the consumer loan businesses, and operating deficits posted by new businesses. Even though there was an 86.2% year-on-year decrease from the previous year, we secured an operating profit of ¥0.2 billion as a result of recovery in existing businesses as well as cost cutting measures.

1. Existing Businesses

Improved business performances of three listed subsidiaries led to resumption or increase in dividend payments.

Performance of Publicly Owned Subsidiaries (Consolidated)

(Millions of yen. Figures in parentheses are year-on-year change (%))

	Operating Revenues	Operating Income	Ordinary Income	Net Income	FY2009 Dividend per share
Morningstar Japan (FY2009)	2,364 (-15.3)	415 (+28.5)	524 (+29.2)	297 (+20.0)	600 yen (+50 yen)
Gomez Consulting (FY2009)	393 (-2.6)	11 (—) ²	33 (—) ²	26 (—) ²	400 yen (resumed dividend)
SBI VeriTrans (FY2009)	5,024 (+14.1)	1,016 (+10.3)	1,051 (+11.6)	613 (+9.3)	700 yen (+100 yen)

¹ Morningstar Japan and SBI VeriTrans figures are consolidated, whereas Gomez Consulting figures are non-consolidated

² In FY2008, recorded operating loss of 45 million yen, ordinary loss of 35 million yen, and net loss of 21 million yen

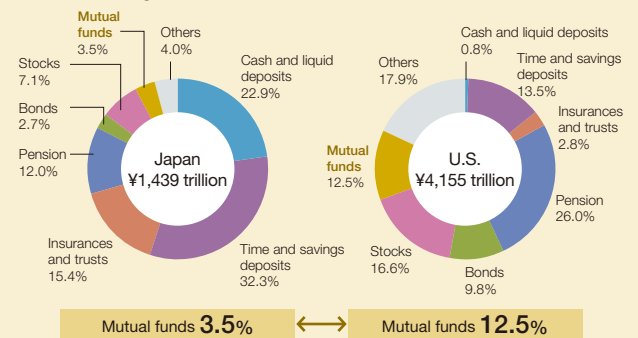
■ Morningstar Japan: Providing Research and Data Information on Over 350,000 Investment Products Worldwide and Boasting a Network of 23 Countries and Regions

Morningstar Japan, which provides rating information, etc., on investment trusts, saw a year-on-year decrease in consolidated revenues due to factors such as low sales promotion activities and low demand for advertising on the part of financial institutions. However, cost reductions and other efforts started in FY2008 succeeded in helping it attain an increase of over 20% for all income items.

A comparison of household financial assets between the U.S.

and Japan reveals that the former invests 12.5% in mutual funds, whereas the latter only invests 3.5%. However, signs of a recovery in the investment environment are leading to expectations of further growth for Morningstar as the need for asset management advisory services expands.

Comparison of Household Financial Assets Between Japan and the U.S.

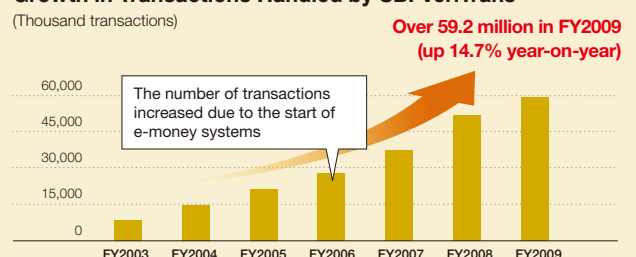


Source: Fund Management New Year Edition 2010
Japan (as of the end of September 2009) U.S. (as of the end of December 2009)

■ SBI VeriTrans: Growth Accelerated by the Development of the Ever Expanding E-Commerce Market and Aggressive Moves Toward Asian Markets

SBI VeriTrans is a provider of electronic settlement solutions. It has continued to grow steadily along with the expansion of the domestic Internet and e-commerce (EC) markets. For FY2009, the number of transactions was a 14.7% year-on-year increase to 59.21 million, a strong performance that led to a record in revenues and all income items.

Growth in Transactions Handled by SBI VeriTrans



Principal Companies in the Asset Management Business

Company name	Business
SBI Holdings, Inc. (Financial Services Business Division)	Operating financial comparison websites for insurance, loans and other financial products
Morningstar Japan K.K. Hercules Market of OSE (Code: 4765)	Providing financial information, primarily rating information on investment trusts
Gomez Consulting Co., Ltd. Hercules Market of OSE (Code: 3813)	Business support, and evaluation and ranking of websites
SBI VeriTrans Co., Ltd. Hercules Market of OSE (Code: 3749)	Electronic settlement services for e-commerce businesses
SBI Sumishin Net Bank, Ltd.	Internet bank; jointly owned with The Sumitomo Trust & Banking Co., Ltd.
SBI Insurance Co., Ltd.	Internet nonlife insurer jointly owned with Aioi Insurance Co., Ltd., etc.
SBI Card Co., Ltd.	Issuing "GEO Ponta Visa Card," a collaborative card with the GEO Group, and other credit card-related businesses

Currently, SBI VeriTrans' overseas business development has been accelerated with a primary focus on China. Targeting mainland Chinese consumers, the China UnionPay Card settlement for Internet mail-order sales has been implemented for the first time in Japan. SBI VeriTrans has also completed procedures for application of the UnionPay Card issued by China's 4 major banks. Also, our "Buy-J.com" (<http://www.buy-j.com>) EC mall that enables UnionPay Internet settlement has seen its number of retail outlets increasing steadily since it began operations in earnest from April 2009.

■ Steady Growth of the Marketplace Business (SBIH)

In the marketplace business, as the move towards low-cost online services accelerates with an increase in consumer propensity to save, SBIH operates the insurance portal "InsWeb" and "E-LOAN" websites, which are Japan's largest financial comparison and estimate websites. The number of transactions of auto insurance estimates and requests for materials at finance-related service websites have steadily increased 4.1% year-on-year to 967,000, a new

record. As a result, FY2009 operating revenues for the marketplace business were 21.0%, a year-on-year increase to ¥5.7 billion.

2. New Businesses

SBI Sumishin Net Bank, an equity-method company, began operations in September 2007, and by the end of FY2009 recorded a deposit balance of ¥1,193.8 billion (¥1,234.6 billion as of the end of June 2010), with a total of 753,000 customer accounts (820,000 as of the end of June 2010). This figure approximately doubled over a one-year period, thereby largely exceeding all initial targets. The Bank achieved a surplus of ¥2.3 billion for the non-consolidated net income for the third fiscal year since starting operations (net loss of ¥3.7 billion recorded for FY2008), greatly contributing to the improvement of the equity in gains/losses of subsidiaries and associated companies (non-operating gains/losses).

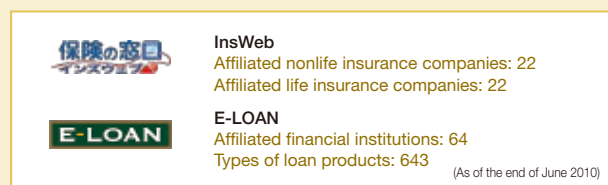
SBI Insurance, which started operations in January 2008, succeeded in setting the lowest premiums in the industry, expanding sales channels and strengthening campaigns and other sales promotion activities. It recorded 133,000 cumulative contracts as of the end of FY2009 (170,000 as of the end of June 2010) with annual insurance premium income of ¥5.1 billion, 3.4 times year-on-year (actual basis), exceeding the ¥5.0 billion target for FY2009 attesting to that company's continuing steady growth.

SBI Card, which boasts the highest cash back return rate in the industry, exceeded 71,000 cards issued as of the end of FY2009 (approximately 78,000 as of the end of June 2010). Aiming to further expand its cardholder base and acquire new customers for each SBI Group company, SBI Card started issuing credit cards targeting GEO Group customers in June 2010, and is set to issue VISA brand SBI credit cards in the fall of 2010.

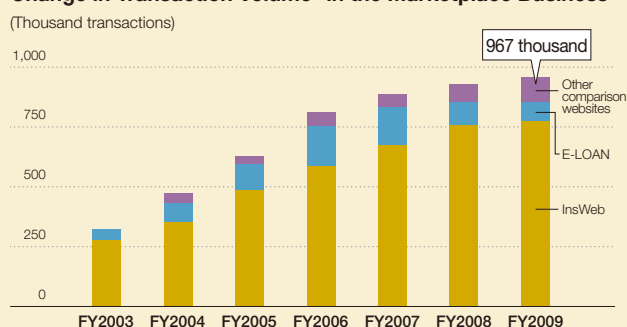
As a result, operating revenues in the new businesses during FY2009 were a 134.4% year-on-year increase to ¥2.4 billion.

Regarding SBI AXA Life Insurance (currently NEXTIA Life Insurance), shares owned by SBIH were all transferred to AXA Japan Holdings in February 2010, and we temporarily withdrew from the life insurance business. Upon our reentry into the business, which we are at present deliberating, we will rethink product and marketing strategies and establish a new Internet life insurance company wholly-owned by SBIH.

Operating Japan's Largest Financial Product Comparison Websites From a Neutral Perspective



Change in Transaction Volume* in the Marketplace Business



* Number of actual estimates, requests for estimates, provisional applications and other transactions conducted on the websites

Housing and Real Estate Business

Financial Results of FY2009

The Housing and Real Estate Business consists of three businesses: the real estate business, the financial real estate business and the lifestyle networks business.

Regarding the operating revenue for FY2009, despite a 28.1% year-on-year decrease to ¥29.4 billion, the worst period of the domestic real estate market ended and the TSE REIT Index recovered after hitting bottom in November 2009.

Real Estate Business (SBIH, SBI Life Living and others)

Operating revenues from the real estate business which involves development and sale of real estate, etc., for FY2009 were ¥6.5 billion, a 64.5% year-on-year decrease caused partly due to low property sales from the impact of the real estate market. However, in the domestic real estate market there is a trend towards increase in mainly in transactions for small to mid-size properties, by investors including high-net-worth individuals, providing positive signs, albeit not a full-fledged recovery trend.

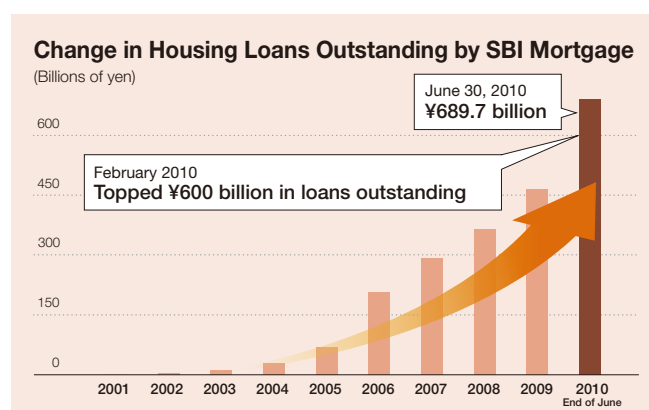
Financial Real Estate Business (SBI Mortgage, CEM Corporation)

SBI Mortgage was established as Japan's first mortgage bank in 2001, and in conjunction with the Japan Housing Finance Agency, continues to offer its "Flat 35" long-term, fixed-rate housing loan at the lowest level of interest rates in the industry (2.32% loan execution rate in July 2010), and its loans outstanding continues to grow steadily. As of the end of March 2010, its loans outstanding amounted to a total of ¥632.9 billion (¥689.7 billion as of the end of June 2010), and the market share for the "Flat 35" product for FY2009 among 338 participating institutions ranked No. 1 for the second consecutive year with a 19.5%* market share.

As a result, operating revenues in the financial real estate business for FY2009 were ¥9.1 billion, a 15.4% year-on-year increase.

Moreover, SBI Mortgage is continuing to expand its face-to-face shop of "SBI Housing Loan/SBI Money Plaza," as Group-wide face-to-face channels, mainly under a franchise format.

* Loan execution base (including guaranteed loans); Source: SBIH



Lifestyle Networks Business (SBIH, SBI Life Living and others)

The lifestyle networks business is engaged in online comparison, searches and estimates of various lifestyle-related products and services.

SBI Life Living attained an operating profit of ¥169 million in FY2009, a great improvement from the deficit of ¥483 million recorded in FY2008, thanks to favorable performance by the Internet media business that runs brokerage websites and lifestyle comparison websites transferred from SBIH in July 2009. We will continue to provide services helpful to the various life events and life stages of consumers mainly through the operation of intermediate websites.

Principal Companies in the Asset Management Business

Company name	Business
SBI Holdings, Inc. (Real Estate Business Division)	Mainly real estate investments and development projects in Japan and overseas markets
SBI Mortgage Co., Ltd.	Provision of long-term fixed-interest (to be securitized) housing loans
SBI Life Living, Inc. Mothers Market of TSE (Code: 8998) (formerly LIVING Corporation, Inc. until July 2009)	Development, planning, design and sales of income-producing properties for investors/ Operations of lifestyle comparison websites
SBI Planners Co., Ltd.	Architectural construction, property design and consulting for real estate purchases
CEM Corporation	Provision of real estate secured loans for individuals and companies

System Solution Business

Financial Results of FY2009

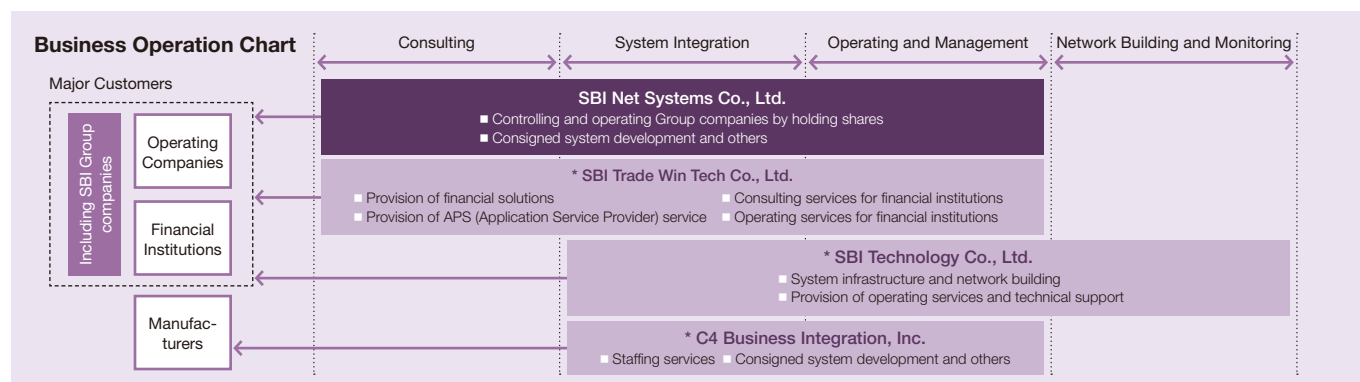
Operating revenues in the System Solution Business for FY2009 were ¥4.6 billion, a 27.1% year-on-year decrease, mainly recorded by SBI Net Systems. This was caused by the postponement of the sales recording plan, changes in delivery inspection periods for orders received, and an unwillingness of financial institutions to make capital investments.

For the coming fiscal year, we expect to benefit from general and administrative expense reduction through cost constrictions and as a result of the promotion of its offshore development, in expectation of new orders for system development in conjunction with the SBI Group's business expansion. Utilizing know-how and skills obtained from that development, we project a return to profitability in FY2010.

Strengthening the System Solution Business That Supports Internet Financial Services

The SBI Group leverages the Internet as its major distribution channel for its diverse lineup of financial products and services, making its systems and software vital components of its operations. Therefore, we are developing our system solution business, which plays a central role in building, monitoring and maintaining the IT systems used by the Group companies.

SBI Net Systems, the core of our system solution business, is expanding its business scope from the conventional information security business to include financial system development, through its subsidiaries SBI Technology and SBI Trade Win Tech. The company, as a "total solution provider" for financial systems, is also providing its technology and know-how fostered through synergies with the SBI Group, not only within the SBI Group, but also externally on a far-reaching basis.



(Note) *** indicates consolidated subsidiaries of SBI Net Systems Co., Ltd.

← Provision of products and services

The Principal Companies in the System Solution Business

Company name	Business
SBI Net Systems Co., Ltd. Mothers Market of TSE (Code: 2355)	R&D (Research and Development) of C4 encryption technology, confidential data dispersion technology and electronic watermarks, and provision of information security products

Other SBI Group Social Communication Services

■ A Community Website Specialized in Finance: "SBI Money World"

<https://www.sbi-com.jp/>

"SBI Money World," a community website that began operations in April 2007, has significantly increased the volume of its content, and as of the end of June 2010, over 100,000 members were registered. With such a scale, SBI Money World is developing into Japan's largest SNS site for sharing and exchange of financial knowledge.



■ Real-Time Transmission of SBI Group Information Through "Twitter"

<http://www.twitter.com/sbigroup>

From 2009, we have been transmitting SBI Group information in real-time not only through the SBI Group's twitter account, which distributes public relations and IR information for the entire Group, but also through the accounts of SBI SECURITIES and SBI Insurance.

