

**Consolidated Balance Sheets**

	31st March,2004	31st March,2005	1Q	2006		
				2Q	3Q	4Q
<b>CURRENT ASSETS:</b>						
Cash and cash equivalents	¥34,361	¥106,460	¥68,038			
Time deposits	61	2,904	2,969			
Cash required to be segregated under regulations	95,608	188,150	201,269			
Account receivables—trade	584	1,013	1,062			
Operational investment securities	17,676	39,829	104,355			
Valuation allowance for operational investment securities	(579)	(463)	(233)			
Operational loans receivable	155	8,059	9,512			
Real estate inventory	787					
Trading assets	1,310	2,859	4,193			
Margin transaction assets:						
Receivables from customers	168,485	317,801	323,339			
Cash deposits as collateral for securities borrowed	12,558	15,680	11,179			
Loans secured by securities:						
Resale agreement transactions	13,545	13,545	8,102			
Others		14	98			
Short-term guarantee deposits	6,539	7,052	8,152			
Deferred tax assets—current	2,014	986	741			
Prepaid expenses and other current assets	3,900	11,960	17,760			
Allowance for doubtful accounts	(205)	(401)	(497)			
Total current assets	<b>356,799</b>	<b>715,448</b>	<b>760,039</b>			
<b>PROPERTY AND EQUIPMENT—Net:</b>	<b>3,393</b>	<b>4,715</b>	<b>4,769</b>			
<b>LEASED ASSETS—Net:</b>	<b>8,964</b>	<b>8,231</b>	<b>7,704</b>			
<b>INVESTMENTS AND OTHER ASSETS:</b>						
Investment securities	17,749	11,686	18,285			
Investments in unconsolidated subsidiaries and affiliated comp:	112	807	1,927			
Software, net of accumulated amortisation	2,877	4,017	3,970			
Rental deposits	2,150	4,323	4,305			
Goodwill	15	1,581	2,392			
Long-term trade receivables	4,415	2,824	1,839			
Deferred tax assets—non-current	510	880	1,002			
Other assets	2,016	3,362	4,067			
Allowance for doubtful accounts	(2,355)	(2,870)	(2,156)			
Total investments and other assets	<b>27,489</b>	<b>26,610</b>	<b>35,631</b>			
<b>TOTAL</b>	<b>¥396,645</b>	<b>¥755,004</b>	<b>¥808,143</b>			
<b>CURRENT LIABILITIES:</b>						
Short-term borrowings	¥9,630	¥8,732	¥20,805			
Current portion of long-term debt	2,625	11,759	11,759			
Income taxes payable	5,977	7,506	4,331			
Margin transaction liabilities:						
Payables to financial institutions	126,722	238,766	223,303			
Proceeds of securities sold for customers' accounts	33,661	45,824	43,584			
Loans secured by securities—repurchase agreement transaction:	3,714	1,165	3,377			
Consignment guarantee money received for margin transaction:	84,111	151,652	186,264			
Customers' deposits as collateral for commodity futures	7,254	19,309	20,675			
Customers' deposits for securities transactions	7,631	15,427	15,948			
Unearned income	1,307	2,615	1,363			
Accrued expenses	1,708	2,654	2,301			
Contingent reserve		5,219	4,949			
Deferred tax liabilities—current	6	3,367	2,914			
Other current liabilities	6,053	16,619	16,488			
Total current liabilities	<b>290,399</b>	<b>530,614</b>	<b>558,061</b>			
<b>LONG-TERM LIABILITIES:</b>						
Long-term debt, less current portion	23,400	36,000	55,750			
Negative goodwill	5,477					
Deferred tax liabilities—non-current	3,308	2,051	1,963			
Other long-term liabilities	286	302	316			
Total long-term liabilities	<b>32,471</b>	<b>38,353</b>	<b>58,029</b>			
<b>STATUTORY RESERVES:</b>						
Reserve for liability for securities transactions	1,267	2,523	2,904			
Reserve for liability for commodity transactions	104	152	164			
Total statutory reserves	<b>1,371</b>	<b>2,675</b>	<b>3,068</b>			
<b>MINORITY INTERESTS:</b>	<b>24,939</b>	<b>53,943</b>	<b>56,732</b>			
<b>SHAREHOLDERS' EQUITY</b>						
Common stock	8,393	34,765	35,080			
Capital surplus	27,092	53,467	53,781			
Retained earnings	9,772	33,377	36,042			
Unrealised gain on available-for-sale securities	2,399	7,633	7,127			
Foreign currency translation adjustments	25	416	462			
Treasury stock—at cost	(216)	(239)	(239)			
Total shareholders' equity	<b>47,465</b>	<b>129,419</b>	<b>132,253</b>			
<b>TOTAL</b>	<b>¥396,645</b>	<b>¥755,004</b>	<b>¥808,143</b>			

Note) The above financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates.



SBI Holdings, Inc. and Consolidated Subsidiaries

(Millions of Yen)

Consolidated Statements of Operations

	Year Ended 31st March, 2004	Year Ended 31st March, 2005	1Q	Year Ended 31st March, 2006			Total
				2Q	3Q	4Q	
OPERATING REVENUES	<b>¥35,364</b>	<b>¥81,512</b>	<b>¥34,390</b>				<b>¥34,390</b>
OPERATING COSTS	12,018	21,323	12,134				12,134
Gross profit	<b>23,346</b>	<b>60,189</b>	<b>22,256</b>				<b>22,256</b>
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	15,259	35,319	11,552				11,552
Operating income	<b>8,087</b>	<b>24,870</b>	<b>10,704</b>				<b>10,704</b>
OTHER INCOME (EXPENSES):							
Interest and dividends income	21	194	136				136
Interest expense	(100)	(63)	(30)				(30)
Foreign exchange gain (loss)-net	(30)	107	55				55
Gain on sale of investment securities	10,100	3,973	493				493
Dilution gain from change in equity interest		10,569	1,983				1,983
Reversal of allowance for doubtful accounts	1,948	101					0
Loss on transfer of stock within the group	(7,025)						0
Amortisation of goodwill -net	656	1,974	468				468
Provision for statutory reserves	(657)	(1,177)	(398)				(398)
Other-net	(992)	(522)	(536)				(536)
Other (expenses) income—net	3,921	15,156	2,171				2,171
INCOME BEFORE INCOME TAXES AND MINORITY IN	<b>12,008</b>	<b>40,026</b>	<b>12,875</b>				<b>12,875</b>
INCOME TAXES							
Current	6,134	10,360	4,158				4,158
Reversal of the prior year's income taxes	(167)	(33)	(220)				(220)
Deferred	180	(904)	(137)				(137)
Total income taxes	6,147	9,423	3,801				3,801
MINORITY INTERESTS IN NET INCOME	(1,604)	(4,972)	(2,682)				(2,682)
NET INCOME	<b>¥4,257</b>	<b>¥25,631</b>	<b>¥6,392</b>				<b>6,392</b>
PER SHARE OF COMMON STOCK (Yen)							
Basic net income	¥1,951.46	¥3,579.29	748.35				
Diluted net income	¥1,784.68	¥3,280.47	686.16				

Note) The above financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates.

Consolidated Cash Flow Statements

OPERATING ACTIVITIES	(¥1,479)	(¥25,530)	(¥62,447)
INVESTING ACTIVITIES	12,170	3,352	(6,999)
FINANCING ACTIVITIES	16,453	94,304	30,986
Newly consolidated subsidiaries and others	3,333	(27)	38
CASH AND CASH EQUIVALENT - End of Period	<b>¥34,361</b>	<b>¥106,460</b>	<b>¥68,038</b>