



SBI Holdings, Inc. and Consolidated Subsidiaries

Consolidated Balance Sheets

(Millions of Yen)
2006

	2004	2005				
	31st March	31st March	1Q	2Q	3Q	4Q
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents	¥34,361	¥106,460	¥68,038	¥119,470		
Time deposits	61	2,904	2,969	5,861		
Cash required to be segregated under regulations	95,608	188,150	201,269	249,631		
Account receivables—trade	584	1,013	1,062	1,766		
Operational investment securities	17,676	39,829	104,355	93,628		
Valuation allowance for operational investment securities	(579)	(463)	(233)	(359)		
Operational loans receivable	155	8,059	9,512	10,008		
Real estate inventory	787			7,656		
Trading assets	1,310	2,859	4,193	5,091		
Margin transaction assets:						
Receivables from customers	168,485	317,801	323,339	338,392		
Cash deposits as collateral for securities borrowed	12,558	15,680	11,179	32,930		
Loans secured by securities:						
Resale agreement transactions	13,545	13,545	8,102			
Others		14	98	144		
Short-term guarantee deposits	6,539	7,052	8,152	8,824		
Deferred tax assets—current	2,014	986	741	2,441		
Prepaid expenses and other current assets	3,900	11,960	17,760	26,306		
Allowance for doubtful accounts	(205)	(401)	(497)	(562)		
TOTAL CURRENT ASSETS	356,799	715,448	760,039	901,227		
PROPERTY AND EQUIPMENT—Net:	3,393	4,715	4,769	3,928		
LEASED ASSETS—Net:	8,964	8,231	7,704	9,133		
INVESTMENTS AND OTHER ASSETS:						
Investment securities	17,749	11,686	18,285	19,150		
Investments in unconsolidated subsidiaries and affiliated companies	112	807	1,927	18,813		
Software, net of accumulated amortisation	2,877	4,017	3,970	4,344		
Rental deposits	2,150	4,323	4,305	3,691		
Goodwill	15	1,581	2,392	16,383		
Long-term trade receivables	4,415	2,824	1,839	1,702		
Deferred tax assets—non-current	510	880	1,002	1,102		
Other assets	2,016	3,362	4,067	4,405		
Allowance for doubtful accounts	(2,355)	(2,870)	(2,156)	(1,942)		
TOTAL INVESTMENTS AND OTHER ASSETS	27,489	26,610	35,631	67,648		
TOTAL	¥396,645	¥755,004	¥808,143	¥981,936		
LIABILITIES AND SHAREHOLDERS' EQUITY						
CURRENT LIABILITIES:						
Short-term borrowings	¥9,630	¥8,732	¥20,805	¥6,536		
Current portion of long-term debt	2,625	11,759	11,759	30,300		
Income taxes payable	5,977	7,506	4,331	8,829		
Margin transaction liabilities:						
Payables to financial institutions	126,722	238,766	223,303	217,476		
Proceeds of securities sold for customers' accounts	33,661	45,824	43,584	80,689		
Loans secured by securities—repurchase agreement transactions	3,714	1,165	3,377	5,300		
Consignment guarantee money received for margin transactions	84,111	151,652	186,264	237,164		
Customers' deposits as collateral for commodity futures	7,254	19,309	20,675	24,538		
Customers' deposits for securities transactions	7,631	15,427	15,948	18,601		
Unearned income	1,307	2,615	1,363	6,588		
Accrued expenses	1,708	2,654	2,301	2,277		
Contingent reserve		5,219	4,949	5		
Warranty Reserve				17		
Deferred tax liabilities—current	6	3,367	2,914	5,038		
Other current liabilities	6,053	16,619	16,488	27,455		
TOTAL CURRENT LIABILITIES	290,399	530,614	558,061	670,813		
LONG-TERM LIABILITIES:						
Long-term debt, less current portion	23,400	36,000	55,750	77,550		
Negative goodwill	5,477					
Deferred tax liabilities—non-current	3,308	2,051	1,963	3,763		
Other long-term liabilities	286	302	316	507		
TOTAL LONG-TERM LIABILITIES	32,471	38,353	58,029	81,820		
STATUTORY RESERVES:						
Reserve for liability for securities transactions	1,267	2,523	2,904	3,458		
Reserve for liability for commodity transactions	104	152	164	191		
TOTAL STATUTORY RESERVES	1,371	2,675	3,068	3,649		
MINORITY INTERESTS:	24,939	53,943	56,732	70,481		
SHAREHOLDERS' EQUITY:						
Common stock	8,393	34,765	35,080	42,158		
Capital surplus	27,092	53,467	53,781	60,858		
Retained earnings	9,772	33,377	36,042	40,250		
Unrealised gain on available-for-sale securities	2,399	7,633	7,127	14,383		
Foreign currency translation adjustments	25	416	462	524		
Treasury stock—at cost	(216)	(239)	(239)	(3,000)		
TOTAL SHAREHOLDERS' EQUITY	47,465	129,419	132,253	155,173		
TOTAL	¥396,645	¥755,004	¥808,143	¥981,936		

Note) The above financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates.
Quarterly financial statements are not reviewed or audited by Deloitte Touche Tohmatsu.

Consolidated Statements of Operations with Segment Information

(Millions of Yen)

	Year Ended 31st March,2004	Year Ended 31st March,2005	1Q	2Q	3Q	4Q	Total
OPERATING REVENUES							
Asset Management	¥16,945	¥24,463	¥16,090	¥4,650			¥20,740
A. Investment in Securities	14,270	15,900	15,852	3,002			18,854
1) Revenue from Operational Investment Securities	10,508	11,243	13,827	1,635			15,462
2) Fees from Funds	3,762	4,657	2,025	1,367			3,392
<i>Fees from Funds consists of:</i>							
- Management Fee	3,753	3,817	1,632	1,170			2,802
- Establishment Fee	9	840	393	66			459
- Success Fee	0	0	0	131			131
B. Real Estate transactions	2,123	7,992	17	1,260			1,277
1) Revenue from Operational Investment Securities	0	6,600	0	11			11
2) Fees from Funds	0	0	0	21			21
3) Other Real Estate Related Revenue	2,123	1,392	17	1,228			1,245
C. Investment Advisory Service Fee and Others	552	571	221	388			609
Brokerage and Investment Banking	¥21,357	¥46,224	¥14,678	¥18,523			¥33,201
A. Revenue from Securities Transactions	20,281	44,923	14,342	18,209			32,551
B. Revenue from Commodity Futures Transactions	1,076	1,301	336	314			650
Financial Services	¥1,784	¥12,408	¥3,890	¥4,693			¥8,583
Eliminations/Corporate	(4,722)	(1,583)	(268)	(326)			(594)
OPERATING REVENUE	35,364	81,512	34,390	27,540			61,930
OPERATING COSTS							
Asset Management	11,001	12,754	9,588	3,031			12,619
Brokerage and Investment Banking	995	2,329	760	1,472			2,232
Financial Services	1,095	6,673	1,880	2,254			4,134
Eliminations/Corporate	(1,073)	(433)	(94)	(132)			(226)
OPERATING COSTS	12,018	21,323	12,134	6,625			18,759
GROSS PROFIT	23,346	60,189	22,256	20,915			43,171
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES							
Asset Management	536	1,089	255	1,030			1,285
Brokerage and Investment Banking	13,056	29,081	9,238	9,091			18,329
Financial Services	472	4,693	1,778	1,863			3,641
Eliminations/Corporate	1,195	456	281	(29)			252
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	15,259	35,319	11,552	11,955			23,507
OPERATING INCOME							
Asset Management	5,408	10,620	6,247	589			6,836
Brokerage and Investment Banking	7,306	14,814	4,680	7,960			12,640
Financial Services	217	1,042	232	576			808
Eliminations/Corporate	(4,844)	(1,606)	(455)	(165)			(620)
OPERATING INCOME	¥8,087	¥24,870	¥10,704	¥8,960			¥19,664
OTHER INCOME (EXPENSES):							
Interest and dividends income	21	194	136	21			157
Interest expense	(100)	(63)	(30)	(182)			(212)
Foreign exchange gain (loss)-net	(30)	107	55	467			522
Gain (loss) on sale of investment securities-net	10,100	3,973	493	(182)			311
Dilution gain from change in equity interest		10,569	1,983	185			2,168
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	358			826
Provision for statutory reserves	(657)	(1,177)	(398)	(709)			(1,107)
Other-net	(992)	(522)	(536)	(350)			(886)
OTHER INCOME (EXPENSES) - NET	3,921	15,156	2,171	(392)			1,779
INCOME BEFORE INCOME TAXES/MINORITY INTERESTS	12,008	40,026	12,875	8,568			21,443
INCOME TAXES							
Current	6,134	10,360	4,158	4,467			8,625
Reversal of the prior year's income taxes	(167)	(33)	(220)				(220)
Deferred	180	(904)	(137)	(2,813)			(2,950)
TOTAL INCOME TAXES	6,147	9,423	3,801	1,654			5,455
MINORITY INTERESTS IN NET INCOME	(1,604)	(4,972)	(2,682)	(2,573)			(5,255)
NET INCOME	¥4,257	¥25,631	¥6,392	¥4,341			¥10,733
PER SHARE OF COMMON STOCK							
Basic net income	¥1,951.46	¥3,579.29	¥748.35	¥502.74		(Yen)	¥1,251.09
Diluted net income	¥1,784.68	¥3,280.47	¥686.16	¥473.38			¥1,159.54

Consolidated Statements of Cash Flows

(Millions of Yen)

OPERATING ACTIVITIES	(¥1,479)	(¥25,530)	(¥62,447)	¥18,831			(¥43,616)
INVESTING ACTIVITIES	12,170	3,352	(6,999)	(6,746)			(¥13,745)
FINANCING ACTIVITIES	16,453	94,304	30,986	50,025			¥81,011
Newly consolidated subsidiaries and others	3,333	(27)	38	(10,678)			(¥10,640)
CASH AND CASH EQUIVALENT - End of Period	¥34,361	¥106,460	¥68,038	¥119,470			¥119,470

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