



SBI Holdings, Inc. and Consolidated Subsidiaries

Consolidated Balance Sheets

(Millions of Yen)

	2004	2005	2006			
	31st March	31st March	1Q	2Q	3Q	4Q
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents	¥34,361	¥106,460	¥68,038	¥119,470	¥137,886	
Time deposits	61	2,904	2,969	5,861	6,975	
Cash required to be segregated under regulations	95,608	188,150	201,269	249,631	305,988	
Account receivables—trade	584	1,013	1,062	1,766	1,942	
Operational investment securities	17,676	39,829	104,355	93,628	141,142	
Valuation allowance for operational investment securities	(579)	(463)	(233)	(359)	(339)	
Operational loans receivable	155	8,059	9,512	10,008	15,308	
Real estate inventory	787			7,656	12,052	
Trading assets	1,310	2,859	4,193	5,091	2,771	
Margin transaction assets:						
Receivables from customers	168,485	317,801	323,339	338,392	583,236	
Cash deposits as collateral for securities borrowed	12,558	15,680	11,179	32,930	5,278	
Loans secured by securities:						
Resale agreement transactions	13,545	13,545	8,102			
Others		14	98	144	85	
Short-term guarantee deposits	6,539	7,052	8,152	8,824	14,276	
Deferred tax assets—current	2,014	986	741	2,441	1,869	
Prepaid expenses and other current assets	3,900	11,960	17,760	26,306	40,792	
Allowance for doubtful accounts	(205)	(401)	(497)	(562)	(736)	
TOTAL CURRENT ASSETS	356,799	715,448	780,039	901,227	1,288,525	
PROPERTY AND EQUIPMENT—Net:	3,393	4,715	4,769	3,928	4,125	
LEASED ASSETS—Net:	8,964	8,231	7,704	9,133	8,860	
INVESTMENTS AND OTHER ASSETS:						
Investment securities	17,749	11,686	18,285	19,150	21,447	
Investments in unconsolidated subsidiaries and affiliated companies	112	807	1,927	18,813	20,861	
Software, net of accumulated amortisation	2,877	4,017	3,970	4,344	4,680	
Rental deposits	2,150	4,323	4,305	3,691	3,814	
Goodwill	15	1,581	2,392	16,383	18,833	
Long-term trade receivables	4,415	2,824	1,839	1,702	1,700	
Deferred tax assets—non-current	510	880	1,002	1,102	1,332	
Other assets	2,016	3,362	4,067	4,405	4,390	
Allowance for doubtful accounts	(2,355)	(2,870)	(2,156)	(1,942)	(1,795)	
TOTAL INVESTMENTS AND OTHER ASSETS	27,489	26,610	35,631	67,648	75,262	
TOTAL	¥396,645	¥755,004	¥808,143	¥981,936	¥1,356,772	
LIABILITIES AND SHAREHOLDERS' EQUITY						
CURRENT LIABILITIES:						
Short-term borrowings	¥9,630	¥8,732	¥20,805	¥6,536	¥7,437	
Current portion of long-term debt	2,625	11,759	11,759	30,300	11,300	
Income taxes payable	5,977	7,506	4,331	8,829	12,692	
Margin transaction liabilities:						
Payables to financial institutions	126,722	238,766	223,303	217,476	419,497	
Proceeds of securities sold for customers' accounts	33,661	45,824	43,584	80,689	51,856	
Loans secured by securities—repurchase agreement transactions	3,714	1,165	3,377	5,300	24,529	
Consignment guarantee money received for margin transactions	84,111	151,652	186,264	237,164	290,121	
Customers' deposits as collateral for commodity futures	7,254	19,309	20,675	24,538	28,911	
Customers' deposits for securities transactions	7,631	15,427	15,948	18,601	21,722	
Unearned income	1,307	2,615	1,363	6,588	5,782	
Accrued expenses	1,708	2,654	2,301	2,277	3,040	
Contingent reserve		5,219	4,949	5	0	
Warranty Reserve				17	16	
Deferred tax liabilities—current	6	3,367	2,914	5,038	24,228	
Other current liabilities	6,053	16,619	16,488	27,455	37,939	
TOTAL CURRENT LIABILITIES	290,399	530,614	558,061	670,813	939,070	
LONG-TERM LIABILITIES:						
Long-term debt, less current portion	23,400	36,000	55,750	77,550	73,990	
Negative goodwill	5,477					
Deferred tax liabilities—non-current	3,308	2,051	1,963	3,763	3,712	
Other long-term liabilities	286	302	316	507	633	
TOTAL LONG-TERM LIABILITIES	32,471	38,353	58,029	81,820	78,335	
STATUTORY RESERVES:						
Reserve for liability for securities transactions	1,267	2,523	2,904	3,458	4,187	
Reserve for liability for commodity transactions	104	152	164	191	216	
TOTAL STATUTORY RESERVES	1,371	2,675	3,068	3,649	4,403	
MINORITY INTERESTS:	24,939	53,943	56,732	70,481	98,907	
SHAREHOLDERS' EQUITY:						
Common stock	8,393	34,765	35,080	42,158	51,923	
Capital surplus	27,092	53,467	53,781	60,858	72,999	
Retained earnings	9,772	33,377	36,042	40,250	68,628	
Unrealised gain on available-for-sale securities	2,399	7,633	7,127	14,383	44,724	
Foreign currency translation adjustments	25	416	462	524	784	
Treasury stock—at cost	(216)	(239)	(239)	(3,000)	(3,001)	
TOTAL SHAREHOLDERS' EQUITY	47,465	129,419	132,253	155,173	236,057	
TOTAL	¥396,645	¥755,004	¥808,143	¥981,936	¥1,356,772	

(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	¥12,408		¥33,148
A. Investment in Securities	14,270	15,900	15,852	3,002	7,087		25,941
1) Revenue from Operational Investment Securities	10,508	11,243	13,827	1,635	5,561		21,023
2) Fees from Funds	3,762	4,657	2,025	1,367	1,526		4,918
<i>Fees from Funds consists of:</i>							
- Management Fee	3,753	3,817	1,632	1,170	1,111		3,913
- Establishment Fee	9	840	393	66			459
- Success Fee				131	415		546
B. Real Estate transactions	2,123	7,992	17	1,260	4,828		6,105
1) Revenue from Operational Investment Securities		6,600		21	85		106
2) Fees from Funds				11	33		44
3) Other Real Estate Related Revenue	2,123	1,392	17	1,228	4,710		5,955
C. Investment Advisory Service Fee and Others	552	571	221	388	493		1,102
Brokerage and Investment Banking	¥21,357	¥46,224	¥14,678	¥18,523	¥23,304		¥56,505
A. Revenue from Securities Transactions	20,281	44,923	14,342	18,209	22,982		55,533
B. Revenue from Commodity Futures Transactions	1,076	1,301	336	314	322		972
Financial Services	¥1,784	¥12,408	¥3,890	¥4,693	¥5,572		¥14,155
Eliminations/Corporate	(4,722)	(1,583)	(268)	(326)	(2,846)		(3,440)
OPERATING REVENUE	35,364	81,512	34,390	27,540	38,438		100,368
OPERATING COSTS							
Asset Management	11,001	12,754	9,588	3,031	5,647		18,266
Brokerage and Investment Banking	995	2,329	760	1,472	830		3,062
Financial Services	1,095	6,673	1,880	2,254	2,796		6,930
Eliminations/Corporate	(1,073)	(433)	(94)	(132)	(132)		(2,385)
OPERATING COSTS	12,018	21,323	12,134	6,625	7,114		25,873
GROSS PROFIT	23,346	60,189	22,256	20,915	31,324		74,495
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES							
Asset Management	536	1,089	255	1,030	1,234		2,519
Brokerage and Investment Banking	13,056	29,081	9,238	9,091	9,478		27,807
Financial Services	472	4,693	1,778	1,863	2,308		5,949
Eliminations/Corporate	1,195	456	281	(29)	(167)		85
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	15,259	35,319	11,552	11,955	12,853		36,360
OPERATING INCOME							
Asset Management	5,408	10,620	6,247	589	5,527		12,363
Brokerage and Investment Banking	7,306	14,814	4,680	7,960	12,996		25,636
Financial Services	217	1,042	232	576	468		1,276
Eliminations/Corporate	(4,844)	(1,606)	(455)	(165)	(520)		(1,140)
OPERATING INCOME	¥8,087	¥24,870	¥10,704	¥8,960	¥18,471		¥38,135
OTHER INCOME (EXPENSES):							
Interest and dividends income	21	194	136	21	59		216
Interest expense	(100)	(63)	(30)	(182)	(180)		(392)
Foreign exchange gain (loss)-net	(30)	107	55	467	311		833
Gain (loss) on sale of investment securities-net	10,100	3,973	493	(182)	735		1,046
Dilution gain from change in equity interest		10,569	1,983	185	21,273		23,441
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	218		1,044
Provision for statutory reserves	(657)	(1,177)	(398)	(709)	(756)		(1,863)
Other-net	(992)	(522)	(536)	(350)	(405)		(1,291)
OTHER INCOME (EXPENSES) - NET	3,921	15,156	2,171	(392)	21,255		23,034
INCOME BEFORE INCOME TAXES/MINORITY INTERESTS	12,008	40,026	12,875	8,568	39,726		61,169
INCOME TAXES							
Current	6,134	10,360	4,158	4,467	8,674		17,299
Reversal of the prior year's income taxes	(167)	(33)	(220)				(220)
Deferred	180	(904)	(137)	(2,813)	(1,526)		(4,476)
TOTAL INCOME TAXES	6,147	9,423	3,801	1,654	7,148		12,603
MINORITY INTERESTS IN NET INCOME	(1,604)	(4,972)	(2,682)	(2,573)	(4,126)		(9,381)
NET INCOME	¥4,257	¥25,631	¥6,392	¥4,341	¥28,452		¥39,185
PER SHARE OF COMMON STOCK							
Basic net income	¥1,951.46	¥3,579.29	¥748.35	¥502.74	¥3,233.17		¥4,484.26
Diluted net income	¥1,784.68	¥3,280.47	¥686.16	¥473.38	¥3,007.28		¥4,166.82

Consolidated Statements of Cash Flows

(Millions of Yen)

OPERATING ACTIVITIES	(¥1,479)	(¥25,530)	(¥62,447)	¥18,831	(¥20,125)		(¥63,741)
INVESTING ACTIVITIES	12,170	3,352	(6,999)	(6,746)	(5,844)		(¥19,589)
FINANCING ACTIVITIES	16,453	94,304	30,986	50,025	43,384		¥124,395
Newly consolidated subsidiaries and others	3,333	(27)	38	(10,678)	1,001		(¥9,639)
CASH AND CASH EQUIVALENT - End of Period	¥34,361	¥106,460	¥68,038	¥119,470	¥137,886		¥137,886

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.