

Operating Revenues

1) Asset Management Business

Revenues in the Asset Management Business consist of fees from funds, revenue from operational investment securities, and investment advisory fees and others.

Fees from funds

Fees from funds consist of fund establishment fees that are calculated by multiplying the amount of solicited funds at the time of fund establishment by a fixed percentage; fund management fees that are calculated by multiplying initial contributed capital or net asset value by a fixed percentage; and success fees, which are revenues received based on the performance of the management of the fund.

During the fiscal year under review, fund management fees amounted to ¥3,737 million. These revenues were derived mainly from the SOFTBANK INTERNET TECHNOLOGY FUND (¥150,500 million) established between March-July 2000.

Revenue from operational investment securities

When securities (operational investment securities) are sold with the aim of realizing capital gains, the amount sold is recorded as revenue from operational investment securities. When the Company or one of its consolidated subsidiaries invests (operational investments) in a fund managed by the Group, an amount correspond-

ing to contributed capital as a proportion of revenues from the fund in accordance with the fund settlement are calculated as revenue from operational investment securities. During the fiscal year under review, revenue from operational investment securities amounted to ¥6,458 million.

Investment advisory service fees and others

During the fiscal year under review, revenue from investment advisory service fees and others amounted to ¥2,400 million. Of this amount, real estate-related revenues amounted to ¥2,154 million.

2) Brokerage and Investment Banking Business

Revenues in the Brokerage and Investment Banking Business consist mainly of revenue from securities transactions and revenue from commodity futures transactions.

Figures do not include revenues for the former E*TRADE Japan (consolidated subsidiary) for April and May 2003, revenues from WORLD NICHIEI Securities for April-September 2003, and revenues from Fides Securities for April-December 2003.

Securities transactions

Revenues from securities transactions consist of brokerage fees derived from buying and selling of securities; underwriting and sales fees for IPOs; and fees for placement and sales of

stock. During the fiscal year under review, revenue from securities transactions amounted to ¥20,060 million. This revenue was derived mainly from E*TRADE SECURITIES and WORLD NICHIEI FRONTIER Securities.

Commodity futures transactions

Revenues from commodity futures transactions are fees received from commodity futures transactions calculated upon settlement at the time of resale, repurchase or transfer by the broker. During the fiscal year under review, revenue from commodity futures transactions amounted to ¥1,076 million. This was derived from e-Commodity.

3) Financial Services Business

Revenues in the Financial Services Business consist of revenues from the financial marketplace business, financial products business, financial solutions business and others. During the fiscal year under review, revenues in the Financial Services Business amounted to ¥1,633 million. This was derived mainly from WEB-Lease Co., Ltd. and GOODLOAN. Figures do not include revenues provided by Finance All (consolidated subsidiary) from April 2003-January 2004.

Operating Costs

1) Asset Management Business

Cost of operational investment securities

When securities (operational investment securities) are sold with the aim of realizing capital gains, the cost of the securities sold is recorded as cost of operational investment securities (any write-down of these securities are also included in cost). When the Company or one of its consolidated subsidiaries invests (operational investments) in a fund managed by the group, an amount corresponding to the proportion of fund operating costs (any write-downs of securities also included) in accordance with the fund settlement will be calculated as the cost of operational investment securities. During the fiscal year under review, the cost of operational investment securities amounted to ¥5,674 million.

Provision for valuation allowance for operational investment securities

To prepare for any future losses on operational investment securities held by SBI at the end of the fiscal year, SBI calculates provision for valuation allowance for operational investment securities taking into consideration the situations at investee companies. During the fiscal year under review, provision for valuation allowance for operational investment securities amounted to ¥574 million. This amount is based on a conservative valuation in accordance with prescribed rules for valuing securities with no market value.

Other operating costs

Other operating costs, which are those related to the Asset Management Business, amounted to ¥3,904 million. During the fiscal year under review, these costs consisted mainly of personnel costs, cost of real estate, and remuneration expenses.

2) Brokerage and Investment Banking Business

Operating costs in the Brokerage and Investment Banking Business were mainly financial costs related to interest on lending and borrowing for margin transactions. During the fiscal year under review, operating costs amounted to ¥963 million. These figures do not include operating costs for the former E*TRADE Japan (consolidated subsidiary) for April and May 2003, revenues from WORLD NICHIEI Securities for April-September 2003, and revenues from Fides Securities for April-December 2003.

3) Financial Services Business

Operating costs in the Financial Services Business, which were mainly cost of leases incurred by WEB-Lease, amounted to ¥903 million during the fiscal year under review. Figures do not include operating costs of Finance All (consolidated subsidiary) for April 2003-January 2004.

Selling, General and Administrative Expenses

Selling, general and administrative expenses amounted to ¥15,259 million and consisted mainly of personnel expenses, expenses for commissioning the operation of securities systems and the payment of fees.

Other Income (Expenses)

Other income amounted to ¥3,921 million. This included a ¥10,100 million gain on the sale of investment securities, a ¥1,948 million reversal on allowance for doubtful accounts for WORLD NICHIEI FRONTIER Securities, and ¥1,197 million amortisation of negative goodwill accompanying the acquisition of WORLD NICHIEI Securities. On the other hand, a ¥7,025 million loss on transfer of stock within the group was recorded.