

Consolidated Statements of Cash Flows

SBI Holdings, Inc. (Formerly SOFTBANK INVESTMENT CORPORATION) and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	Year Ended 31st March		Year Ended 31st March, 2006
	2005	2006	
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 40,026	¥ 76,912	\$ 654,740
Adjustments for:			
Income taxes paid	(9,266)	(12,654)	(107,721)
Amortisation and depreciation	3,617	5,794	49,319
Provision for valuation allowance for operational investment securities		171	1,458
Provision for allowance for doubtful accounts	178	499	4,250
Impairment loss		273	2,323
Dilution gain from changes in equity interest	(10,569)	(25,367)	(215,945)
Write-down of operational investment securities	268	638	5,435
Equity loss (earnings) in funds	(2,944)	1,783	15,177
Gain on sales of investment securities—net	(3,868)	(4,027)	(34,282)
Changes in assets and liabilities:			
Increase in operational investment securities and operational investments in funds	(7,865)	(49,110)	(418,061)
Increase in operational loans receivable	(7,315)	(8,859)	(75,415)
(Increase) decrease in real estate inventory	788	(16,446)	(140,001)
Increase in segregated assets for customers	(81,640)	(142,543)	(1,213,439)
Increase in trading assets	(145)	(336)	(2,864)
Increase in leased assets	(3,047)	(6,879)	(58,564)
Net changes in margin transaction assets and liabilities	(21,025)	(172,818)	(1,471,170)
Increase in customers' deposits for securities transactions	11,862	523	4,451
Increase in consignment guarantee money received for margin transactions	63,580	153,297	1,304,985
Net changes in loans receivable and payable secured by securities	(2,562)	60,666	516,442
Increase in unearned income	1,305	411	3,498
Other—net	3,091	5,332	45,391
Net cash used in operating activities	¥(25,531)	¥(132,740)	\$(1,129,993)
INVESTING ACTIVITIES:			
Purchases of intangible assets	(2,040)	(2,461)	(20,953)
Purchases of investment securities	(1,978)	(47,110)	(401,038)
Proceeds from sales of investment securities	10,731	11,567	98,472
Proceeds from sales of subsidiaries' stock	5,303	981	8,347
Cash paid in business acquisition, net of cash acquired	(2,515)	14,724	125,346
Investments in subsidiaries	(1,901)	(4,286)	(36,489)
Investments in loans receivable	(8,437)	(10,703)	(91,115)
Collections of loans receivable	6,811	5,913	50,337
Payments for security deposits	(2,284)	(2,393)	(20,367)
Collection of security deposits	1,164	1,777	15,129
Other—net	(1,502)	(1,146)	(9,754)
Net cash provided by (used in) investing activities	¥ 3,352	¥ (33,137)	\$ (282,085)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	Year Ended 31st March		Year Ended 31st March, 2006
	2005	2006	
FINANCING ACTIVITIES:			
Increase (decrease) in short-term borrowings—net	¥ (5,087)	¥ 1,879	\$ 15,999
Proceeds from long-term debt	24,262	151,655	1,291,009
Repayment of long-term debt	(3,025)	(31,800)	(270,708)
Dividends paid	(1,776)	(2,966)	(25,253)
Dividends paid to minority shareholders	(879)	(2,218)	(18,879)
Proceeds from issuance of common stock	52,481	24,377	207,519
Proceeds from issuance of common stock to minority shareholders	28,351	63,028	536,547
Reissuance of treasury stock	2	160	1,361
Purchase of treasury stock	(24)	(2,908)	(24,761)
Other—net		(461)	(3,923)
Net cash provided by financing activities	94,305	200,746	1,708,911
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS			
	75	729	6,210
INCREASE IN CASH AND CASH EQUIVALENTS	72,201	35,598	303,043
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES	25	1,967	16,739
CASH AND CASH EQUIVALENTS DECREASED DUE TO EXCLUSION FROM CONSOLIDATION	(133)	(11,480)	(97,730)
CASH AND CASH EQUIVALENTS OF NEWLY MERGED COMPANIES	6		
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	34,361	106,460	906,277
CASH AND CASH EQUIVALENTS, END OF YEAR	¥106,460	¥132,545	\$1,128,329
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION (Note 2.a):			
Fair value of assets acquired	¥ (63,890)	¥ (39,997)	\$ (340,490)
Liabilities assumed	46,894	10,550	89,812
Goodwill	(4,447)	(6,083)	(51,786)
Statutory reserves	128		
Minority interest	6,867	16,580	141,145
Foreign currency translation adjustments	(11)		
Acquisition costs	(14,459)	(18,950)	(161,319)
Cash acquired	11,944	17,999	153,227
Transfer from stock of affiliated company		15,675	133,438
Cash paid in business acquisitions, net of cash acquired	¥ (2,515)	¥ 14,724	\$ 125,346
Fair value of assets sold	¥ 7		
Liabilities relinquished	(1)		
Sale value	6		
Cash received in sale of subsidiaries, net of cash relinquished	¥ 6		

See notes to consolidated financial statements.