



Strategic Business Innovator

# **SBI HOLDINGS, INC.**

## First Quarterly Report 2011/12

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2011.4.1~2011.6.30

Stock code:6488

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## Corporate Information

### Board of Directors

#### Executive Directors

Mr. Yoshitaka Kitao (Chairman and Representative Director and Chief Executive Officer)

Mr. Yasutaro Sawada (Director and Chief Financial Officer)

Mr. Takashi Nakagawa (Director and Executive Officer)

Mr. Kenji Hirai (Director and Executive Officer)

Mr. Tomoya Asakura (Director and Executive Officer)

Mr. Takashi Okita (Director and Executive Officer)

Mr. Noriaki Maruyama (Director and Executive Officer)

Mr. Shumpei Morita (Director and Executive Officer)

Mr. Shinji Yamauchi (Director and Executive Officer)

Mr. Makoto Miyazaki (Director and Executive Officer)

Mr. Yoshimi Takahashi (Director and Executive Officer)

Mr. Masaki Takayanagi (Director and Executive Officer)

#### Non-Executive Directors

Mr. Taro Izuchi (Director)

Mr. Hiroyoshi Kido (Director)

Mr. Noriyoshi Kimura (Director)

Mr. Hiroshi Tasaka (Director)

#### Independent non-executive directors

Mr. Masaki Yoshida (Director)

Mr. Kiyoshi Nagano (Outside Director)

Mr. Keiji Watanabe (Outside Director)

Mr. Takeshi Natsuno (Outside Director)

Mr. Akihiro Tamaki (Outside Director)

#### Statutory Auditors

Mr. Atsushi Fujii (Kansayaku) (Statutory Auditor)

Mr. Ryujiro Shimamoto (Shagai Kansayaku)

(Independent Statutory Auditor)

Mr. Minoru Tada (Kansayaku) (Statutory Auditor)

Mr. Hisashi Hayakawa (Shagai Kansayaku)

(Statutory Auditor)

#### Joint Company Secretary

Japan: Mr. Toshiharu Fujita

Hong Kong: Ms. Corinna Wai Han Leung

### Compliance Advisor

Daiwa Capital Markets Hong Kong Limited

Level 26, One Pacific Place

88 Queensway

Hong Kong

### Auditor

Deloitte Touche Tohmatsu LLC

### Principal Bank

Mizuho Corporate Bank Ltd.

### Registered Office

Izumi Garden Tower 19th Floor

1-6-1, Roppongi, Minato-ku

Tokyo

Japan

### Principal Place of Business in Hong Kong

Suite 806, 8/F

Tower 2, Lippo Centre

89 Queensway

Hong Kong

### HDR Registrar and HDR Transfer Office

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17/F, Hopewell Centre,

183 Queen's Road East

Wan Chai

Hong Kong

### Stock Code

6488 ( Hong Kong)

8473 (Japan)

### Website Address

[www.sbigroup.co.jp](http://www.sbigroup.co.jp)

## Financial Highlights

### Consolidated Financial Summary

Term	1 <sup>st</sup> Quarter of the 13 <sup>th</sup> Term (From 1 April 2010 to 30 June 2010)	1 <sup>st</sup> Quarter of the 14 <sup>th</sup> Term (From 1 April 2011 to 30 June 2011)	The 13 <sup>th</sup> Term (From 1 April 2010 to 31 March 2011)
Net sales (Millions of yen)	32,743	<b>33,512</b>	141,081
Ordinary income (Millions of yen)	1,038	<b>2,467</b>	3,525
Net income (Millions of yen)	1,264	<b>1,515</b>	4,534
Comprehensive income (loss)(Millions of yen)	(5,451)	<b>772</b>	(6,471)
Net assets (Millions of yen)	459,839	<b>471,647</b>	456,982
Total assets (Millions of yen)	1,294,606	<b>1,320,168</b>	1,293,606
Total liabilities (Millions of yen)	834,766	<b>848,521</b>	836,623
Net income per share (Yen)	74.12	<b>70.12</b>	236.09
Diluted net income per share (Yen)	62.69	<b>62.79</b>	225.74
Equity ratio (%)	30.1	<b>30.8</b>	30.2
Net cash from (used in) operating activities (Millions of yen)	(10,281)	<b>33,589</b>	(742)
Net cash used in investment activities (Millions of yen)	(4,229)	<b>(3,307)</b>	(16,642)
Net cash from (used in) financing activities (Millions of yen)	38,979	<b>(12,003)</b>	25,154
Cash and cash equivalents at the end of the period (Millions of yen)	165,623	<b>166,951</b>	148,786
(Note) Net sales do not include consumption taxes.			

## Management Discussion and Analysis

### Our Business

In the first quarter, the Group's (SBI Holdings, Inc. (the "Company")), together with its subsidiaries referred as the "Group") core business and major group companies in each business segment which were disclosed in the last annual report remained unchanged.

### Risks

Newly emerging risks affecting our Group's business were not found during the first quarter, and the risks which were disclosed in the last annual report remained unchanged.

### Business and Financial Review

Forward-looking descriptions provided herein are based on judgments of the Company as at the end of the first quarter.

#### (1) Analysis of Business Results for the First Quarter

The consolidated performance for the first quarter ended 30 June 2011 resulted in net sales of ¥33,512 million (a 2.4% year-on-year increase), operating income of ¥3,063 million (a 14.1% year-on-year increase), ordinary income of ¥2,467 million (a 137.7% year-on-year increase), and net income of ¥1,515 million (a 19.9% year-on-year increase).

Net sales by business segment are as indicated below.

Segment	1 <sup>st</sup> Q of Fiscal Year Ended 31 March 2011 (From 1 April 2010 to 30 June 2010)		1 <sup>st</sup> Q of Fiscal Year Ending 31 March 2012 (From 1 April 2011 to 30 June 2011)	
	Millions of Yen	%	Millions of Yen	%
Asset Management Business	6,058	18.5	7,487	22.4
Investment in Securities	5,566		6,985	
Revenue from Operational Investment Securities	5,230		6,636	
Fees from Funds	335		349	
Investment Advisory Services and Others	492		501	
Brokerage & Investment Banking Business	13,135	40.1	11,037	32.9
Financial Services Business	7,170	21.9	9,598	28.6
Marketplace Business	1,594		1,220	
Financial Products Business	2,035		2,282	
Financial Solutions Business	1,918		2,293	
Other Businesses	1,622		3,802	
Housing and Real Estate Business	4,178	12.8	4,004	12.0
Real Estate Business	1,528		1,394	
Financial Real Estate Business	2,275		2,336	
Lifestyle Networks Business	373		273	
Subtotal	30,542	93.3	32,128	95.9
Others	3,596	11.0	3,095	9.2
Inter-segment revenues	(1,395)	(4.3)	(1,710)	(5.1)
Net sales	32,743	100.0	33,512	100.0

(Note) "Others" column includes revenues in businesses not determined as reportable segments.

## <Net Sales>

### 1) Asset Management Business

In the Asset Management Business net sales come from two major business categories, the Investment in Securities Business and the Investment Advisory Services/ Other Businesses.

#### (Investment in Securities Business)

The Group invests in venture capital companies in various industries both inside and outside of Japan, such as IT, biotechnology, environment and energy, and financial sectors. Revenues come from two main sources in the investment in securities business: (1) “revenue from operational investment securities”, which is derived from the sale of operational investment securities held for the purpose of securing capital gains, and (2) “fees from funds”, which are revenues comprised of fund establishment fees, fund management fees and incentive fees that are based on a fund’s performance. When the Company or its consolidated subsidiaries invest in a fund operated by the Group, all net sales from the funds under the scope of consolidation, including the revenues corresponding to the stakes of other investors, are booked as revenue from operational investment securities.

In the first quarter, revenue from operational investment securities increased 26.9% year-on-year to ¥6,636 million. This primarily reflected revenues from overseas investments. Revenue from fees from funds amounted to ¥349 million (up 4.2% year-on-year), which primarily reflected management fees from SBI BROADBAND CAPITAL Silent Partnership and the SBI BB Media Investment Limited Partnership.

#### (Investment Advisory Services and Other Businesses)

Net sales from investment advisory services and other businesses rose 1.8% year-on-year to ¥501 million for the first quarter. Revenues mainly came from investment trust management fees and interest income from operational loans receivable.

### 2) Brokerage & Investment Banking Business

Net sales in the Brokerage & Investment Banking Business are derived mainly from brokerage commission from securities transactions, underwriting and sales fees for initial public offerings, commissions from placement and sales of stock, and net trading income and financial revenue from spread on foreign exchange margin transactions and the like.

In the first quarter, net sales in this business decreased 16.0% year-on year to ¥11,037 million, which was primarily generated by SBI SECURITIES Co., Ltd. and SBI Liquidity Market Co., Ltd.

### 3) Financial Services Business

Net sales in the Financial Services Business are comprised of revenues generated in four business components: the Marketplace Business, the Financial Products Business and the Financial Solutions Business and Other Businesses.

#### (Marketplace Business)

In this business, the Group operates various finance-related comparison websites such as “InsWeb”, an insurance portal site, and “E-LOAN”, to offer a marketplace of services that enables consumers to search and compare information on financial products and services online.

In the first quarter, net sales in the Marketplace Business declined 23.5% year-on-year to ¥1,220 million, which were primarily posted by the Company.

#### (Financial Products Business)

In the Financial Products Business, we provide a wide range of financial products and services including credit cards, comprehensive leasing services, auto loans and guarantee services, management and collection of specified monetary claims, and receipt financing that involves medical care payment receivable factoring and providing funds.

In the first quarter, net sales in the Financial Products Business rose 12.1% year-on-year to ¥2,282 million. These revenues were posted by SBI Card Co., Ltd., SBI Lease Co., Ltd., SBI Credit Co., Ltd., SBI Servicer Co., Ltd. and SBI Receipt Co., Ltd.

#### (Financial Solutions Business)

In the Financial Solution Business, we mainly provide online settlement services for EC business operators and call center services for financial institutions.

In the first quarter, net sales in this business rose 19.5% year-on-year to ¥2,293 million. This revenue was primarily generated by SBI VeriTrans Co., Ltd. and SBI Business Support Corp.

#### (Other Businesses)

In the category of Other Businesses, the Group is primarily engaged in the non-life insurance business with the Internet being the key service channel and the business of providing information on evaluations of financial products, particularly investment trusts, online.

Net sales in this category increased 134.4% year-on-year to ¥3,802 million in the first quarter. Revenues were mainly generated by SBI Insurance Co., Ltd. and Morningstar Japan K.K.

## 4) Housing and Real Estate Business

In the Housing and Real Estate Business, net sales come from the Real Estate Business, the Financial Real Estate Business and the Lifestyle Networks Business.

### (Real Estate Business)

In the Real Estate Business, we are primarily engaged in the development and sale of properties for investment purposes, planning and design services associated with investment properties, and advisory services for constructions and real estate.

In the first quarter, net sales declined 8.8% year-on-year to ¥1,394 million. This was primarily generated by the Company and SBI Life Living Co., Ltd.

### (Financial Real Estate Business)

The Financial Real Estate Business involves provision of housing loans and real estate secured loans.

In the first quarter, net sales in this business increased 2.7% year-on-year to ¥2,336 million. The revenues primarily come from SBI Mortgage Co., Ltd. and CEM Corporation.

### (Lifestyle Networks Business)

In the Lifestyle Networks Business, we are mainly engaged in the operation of websites for online intermediary services and comparison and estimate service.

Net sales for the first quarter, which was mainly contributed by SBI Life Living Co., Ltd., declined 26.8% year-on-year to ¥273 million.

## 5) Others

In the first quarter, net sales in businesses not determined as reportable segments, which consisted of system-related business, drug-discovery business and garment business, decreased 13.9% year-on-year to ¥3,095 million.

(Note) Net sales by business segment indicated are before eliminations of intersegment revenues.



## <Cost of Sales>

### 1) Asset Management Business

In the first quarter, cost of sales for the Asset Management Business decreased 56.3% year-on-year to ¥1,819 million, the primary component of which was cost of operational investment securities.

### 2) Brokerage & Investment Banking Business

In the first quarter, cost of sales for this business decreased 10.3% year-on-year to ¥1,118 million, which were comprised primarily of financing costs such as interest expenses and financial expenses associated with margin or lending transactions.

### 3) Financial Services Business

In the first quarter, cost of sales for this business increased 56.8% year-on-year to ¥8,050 million, related primarily to lease operating costs.

### 4) Housing and Real Estate Business

Operating costs for this business decreased 7.2% year-on-year to ¥1,563 million during the first quarter. The costs were primarily sales cost of real estate for sale.

### 5) Other

In the first quarter, costs of sales for businesses not determined as reportable segments were mainly consisted of the costs for the system-related business and decreased 13.6% year-on-year to ¥2,552 million.

(Note) Operating costs by business segment are results before eliminations of intersegment costs.

## <Selling, General and Administrative Expenses>

During the first quarter, selling, general and administrative expenses amounted to ¥15,833 million, up 4.9% year-on-year, and consisted primarily of personnel expenses and securities system outsourcing costs.

## <Non-operating Income>

Non-operating income for the first quarter amounted to ¥1,045 million, up 70.5% year-on-year. This was primarily share of results of affiliates.

## <Non-operating Expense>

Non-operating expenses for the first quarter declined 27.4% year-on-year to ¥1,642 million, consisting primarily of interest expenses.

## <Extraordinary Income>

During the first quarter, extraordinary income declined 35.9% year-on-year to ¥1,524 million. This was mainly gain on sales of investment securities.

## <Extraordinary Expense>

Extraordinary loss for the first quarter decreased 89.7% year-on-year to ¥264 million. This consisted primarily of losses on sales of investment securities.

## (2) Analysis of Financial Conditions

As of 30 June 2011, total assets stood at ¥1,320,168 million, up ¥26,562 million from ¥1,293,606 million at the end of the previous consolidated fiscal year. Owing primarily to the issuance of new shares under the listing on the main board of the Hong Kong Stock Exchange and offering of Hong Kong depositary receipts representing the Company's common shares, net assets amounted to ¥471,647 million, up ¥14,664 million from the end of the previous consolidated fiscal year.

Cash and cash equivalents as at the end of the first quarter totaled ¥166,951 million, up ¥18,164 million compared with the balance of ¥148,786 million at the end of the previous consolidated fiscal year. The following is a summary of cash flows and underlying factors.

### (Net Cash from Operating Activities)

Net cash from operating activities totaled ¥33,589 million, compared with net cash used in of ¥10,281 million in the first quarter of the previous consolidated fiscal year. This mainly reflected cash inflows of ¥45,115 million for increase in loans payable secured by securities and of ¥24,000 million for decrease in cash segregated as deposits against the cash outflow of ¥47,140 million for increase in margin transaction assets, net.

### (Net Cash Used in Investing Activities)

Net cash used in investing activities totaled ¥3,307 million, compared with net cash used in the first quarter of the previous consolidated fiscal year of ¥4,229 million. This was mainly attributable to cash outflows of ¥8,549 million for purchases of investment securities and of ¥3,757 million for payments of loans receivable despite the cash inflow of ¥7,417 million in collection of loans receivable.

### (Net Cash Used in Financing Activities)

Net cash used in financing activities totaled ¥12,003 million, compared with net cash from financing activities in the first quarter of the previous consolidated fiscal year of ¥38,979 million. This mainly reflected cash outflows of ¥46,127 million for decrease in short-term loans payable, ¥9,030 million for redemption of bonds payable, and of ¥2,238 million for cash dividend paid despite cash inflows of ¥29,824 million for proceeds from issuance of bonds payable and a proceeds from stock issuance of ¥16,714 million.

## Business Plan

In the first quarter, the Group did not make any changes in its business plan which was stated in the last annual report.

## Research and Development

The research and development expenses of the Group amounted ¥95 million on a consolidated basis for the first quarter, which were primarily related to the research and development activities in the drug-discovery business.

## STOCK INFORMATION

### (1) Number of Shares

#### 1) Total Number of Shares

Type	Total Number of Shares Available for Issuance
Common stock	34,169,000
Total	34,169,000

(Note) There are no provisions for pre-emptive rights under the Companies Act of Japan, which would oblige the Company to offer new shares on pro-rata basis to existing shareholders.

#### 2) Number of Shares Issued

Type	Number of Shares Issued as at the end of the first quarter (30 June 2011)	Number of Shares Issued as at the Date of Release (12 August 2011)	Name of Listed Financial Instruments Exchange or Name of Registered Authorized Financial Instruments Exchange Association	Content
Common stock	21,944,018	22,376,234	Tokyo Stock Exchange Osaka Stock Exchange (First section of each exchange above) Hong Kong Stock Exchange (Main board (Note 2))	(Note 3)
Total	21,944,018	22,376,234	—	—

- (Notes)
1. "Number of shares as at the date of release" does not include the number of shares issued through the exercise of stock acquisition rights during the period from 1 August 2011 to the date of release of the Interim Report.
  2. Hong Kong depositary receipts are listed on the main board of Hong Kong Stock Exchange.
  3. This is the Company's standard stock on which no limitation is applied with regard to the content of rights. The Company does not adopt the unit share system.

### (2) Voting Rights

The information below is based on the record of shareholders as at 31 March 2011, under condition that the latest record of shareholders as at 30 June 2011 is not available.

#### 1) Issued Shares

(As at 30 June 2011)			
Type	Number of Shares	Number of Voting Rights	Description
Stock without voting right	—	—	—
Stock with restricted voting right (treasury stock, etc.)	—	—	—
Stock with restricted voting right (other)	—	—	—
Stock with full voting right (treasury stock, etc.)	(Treasury stock owned) Common stock: 14,621	—	Standard stock of the Company without any limitation to the right
Stock with full voting right (other)	Common stock: 19,929,397	19,929,397	Same as above
Stock below one unit	—	—	—
Total number of issued shares	19,944,018	—	—
Total number of voting rights	—	19,929,397	—

- (Note) "Stock with full voting right (other) includes 468 shares under the name of Japan Securities Depository Center, Inc. and "Number of voting rights" includes 468 voting rights associated with such shares.

## 2) Treasury Stock

(As at June 30 2011)

Name of Holder	Address of Holder	Number of Shares Held Under the Name	Number of Shares Held Under the Name of Another Party	Total Number of Shares	Shareholding Ratio Against Total Number of Issued Shares (%)
(Treasury stock owned) SBI Holdings, Inc.	1-6-1, Roppongi, Minato-ku, Tokyo	14,621	—	14,621	0.07
Total	—	14,621	—	14,621	0.07

## Interim Consolidated Financial Statements

(Amounts in millions of Japanese Yen, rounded down to the nearest million except for per share information, unless otherwise stated)

### (1) Interim Consolidated Balance Sheets

	Notes	As at 31 March 2011	As at 30 June 2011
<b>Assets</b>			
Current assets			
Cash and deposits . . . . .		150,268	<b>168,297</b>
Notes and accounts receivable-trade . . . . .		10,658	<b>11,108</b>
Short-term investment securities . . . . .		292	<b>130</b>
Cash segregated as deposits . . . . .		347,865	<b>326,965</b>
Operational investment securities . . . . .	IV.2	132,773	<b>139,734</b>
Operational loans receivable . . . . .		27,905	<b>26,358</b>
Real estate inventories . . . . .	IV.3	16,812	<b>17,099</b>
Trading instruments . . . . .		2,701	<b>6,752</b>
Margin transaction		250,399	<b>275,140</b>
Others . . . . .	IV.4	93,118	<b>82,251</b>
Allowance for doubtful accounts . . . . .		(4,017)	<b>(3,707)</b>
Total current assets . . . . .		<u>1,028,779</u>	<u><b>1,050,133</b></u>
Non-current assets			
Property and equipment . . . . .		28,431	<b>28,133</b>
Intangible assets			
Goodwill . . . . .		126,297	<b>125,500</b>
Others . . . . .		13,946	<b>13,922</b>
Total intangible assets . . . . .		<u>140,244</u>	<u><b>139,422</b></u>
Investments and other assets . . . . .	IV.2&5	90,250	<b>95,698</b>
Total non-current assets . . . . .		<u>258,926</u>	<u><b>263,255</b></u>
Deferred charges . . . . .		5,900	<b>6,779</b>
Total assets . . . . .		<u><u>1,293,606</u></u>	<u><u><b>1,320,168</b></u></u>

	As at 31 March 2011	As at 30 June 2011
<b>Liabilities</b>		
<b>Current liabilities</b>		
Short-term loans payable . . . . .	97,164	<b>49,523</b>
Current portion of long-term loans payable . . . . .	12,147	<b>11,741</b>
Current portion of bonds payable . . . . .	70,060	<b>91,060</b>
Accrued income taxes . . . . .	4,574	<b>2,616</b>
Margin transaction liabilities . . . . .	143,757	<b>121,357</b>
Guarantee deposits received . . . . .	309,134	<b>301,625</b>
Provisions . . . . .	527	<b>790</b>
Others . . . . .	143,231	<b>213,948</b>
<b>Total current liabilities</b> . . . . .	<b>780,597</b>	<b>792,663</b>
<b>Non-current Liabilities</b>		
Bonds payable . . . . .	540	<b>510</b>
Long-term loans payable . . . . .	31,366	<b>30,583</b>
Provisions . . . . .	930	<b>575</b>
Others . . . . .	17,991	<b>19,759</b>
<b>Total non-current liabilities</b> . . . . .	<b>50,828</b>	<b>51,428</b>
<b>Statutory reserves</b>		
Reserve for financial products transaction liabilities . . . . .	5,196	<b>4,429</b>
Reserve for price fluctuation . . . . .	0	<b>0</b>
<b>Total statutory reserves</b> . . . . .	<b>5,197</b>	<b>4,429</b>
<b>Total liabilities</b> . . . . .	<b>836,623</b>	<b>848,521</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock . . . . .	73,236	<b>81,663</b>
Capital surplus . . . . .	236,920	<b>245,348</b>
Retained earnings . . . . .	88,073	<b>87,275</b>
Treasury stock . . . . .	(246)	<b>(246)</b>
<b>Total shareholders' equity</b> . . . . .	<b>397,983</b>	<b>414,040</b>
<b>Accumulated other comprehensive income (loss)</b>		
Unrealized losses on available-for-sale securities . . . . .	(3,902)	<b>(2,125)</b>
Deferred losses on derivatives under hedge accounting . . . . .	(239)	<b>(1,473)</b>
Foreign currency translation adjustments . . . . .	(3,012)	<b>(4,274)</b>
<b>Total accumulated other comprehensive income (loss)</b> . . . . .	<b>(7,155)</b>	<b>(7,872)</b>
Stock acquisition rights . . . . .	11	<b>11</b>
Minority interests . . . . .	66,142	<b>65,467</b>
<b>Total net assets</b> . . . . .	<b>456,982</b>	<b>471,647</b>
<b>Total liabilities and net assets</b> . . . . .	<b>1,293,606</b>	<b>1,320,168</b>

## (2) Interim Consolidated Statements of Operations

	Notes	1 <sup>st</sup> Quarter	
		Fiscal Year ended 31 March 2011	Fiscal Year ending 31 March 2012
Net sales . . . . .		32,743	33,512
Cost of sales . . . . .		14,956	14,615
Gross profit . . . . .		17,786	18,897
Selling, general and administrative expenses . . . . .	V	15,100	15,833
Operating income . . . . .		2,685	3,063
Non-operating income			
Interest income . . . . .		60	104
Dividend income . . . . .		137	125
Share of results of affiliates . . . . .		217	623
Others . . . . .		197	192
Total non-operating income . . . . .		613	1,045
Non-operating expense			
Interest expense . . . . .		679	581
Foreign exchange losses . . . . .		1,037	298
Others . . . . .		543	762
Total non-operating expense . . . . .		2,261	1,642
Ordinary income . . . . .		1,038	2,467
Extraordinary income			
Gains on sales of investment securities . . . . .		45	611
Reversal of statutory reserves . . . . .		2,022	767
Others . . . . .		311	145
Total extraordinary income . . . . .		2,378	1,524
Extraordinary expense			
Impairment loss . . . . .		677	—
Provision of statutory reserves . . . . .		—	0
Losses on sales of investment securities . . . . .		3	68
Losses on the changes in equity interest in consolidated subsidiaries and equity method investees . . . . .		1	55
Losses on disposal of subsidiaries and affiliates . . . . .		635	—
Impact from applying the Accounting Standard of Asset Retirement Obligation . . . . .		501	—
Others . . . . .		756	140
Total extraordinary expense . . . . .		2,575	264
Income before income taxes . . . . .		841	3,727
Income taxes-current . . . . .		(2,291)	(1,855)
Income taxes-deferred . . . . .		1,832	(496)
Total income taxes . . . . .		(459)	(2,351)
Net income before minority interests . . . . .		381	1,375
Minority interests in loss . . . . .		(882)	(140)
Net income . . . . .		1,264	1,515

### (3) Interim Consolidated Statements of Comprehensive Income

	1 <sup>st</sup> Quarter	
	Fiscal Year ended 31 March 2011	Fiscal Year ending 31 March 2012
Net income before minority interests .....	381	<b>1,375</b>
Other comprehensive income (loss)		
Unrealized gains (losses) on available-for-sale securities .....	(3,947)	<b>1,686</b>
Deferred gains on derivatives under hedge accounting .....	—	<b>0</b>
Foreign currency translation adjustments .....	(994)	<b>(1,330)</b>
Share of other comprehensive income (loss) of equity method affiliates .....	(891)	<b>(960)</b>
Total other comprehensive income (loss) for the period .....	(5,833)	<b>(603)</b>
Total comprehensive income (loss) for the period .....	<u>(5,451)</u>	<u><b>772</b></u>
Total comprehensive income (loss) for the period attributable to:		
Owners of the parent .....	(4,200)	<b>798</b>
Minority interests .....	(1,250)	<b>(26)</b>



#### (4) Interim Consolidated Statements of Cash Flows

	1 <sup>st</sup> Quarter	
	Fiscal Year ended 31 March 2011	Fiscal Year ending 31 March 2012
Net cash from (used in) operating activities		
Income before income taxes . . . . .	841	3,727
Adjustments for:		
Depreciation and amortization . . . . .	1,412	1,878
Amortization of goodwill . . . . .	2,343	1,933
Increase in provision . . . . .	1,653	425
Share of results of affiliates . . . . .	(217)	(623)
Write-down of operational investment securities . . . . .	266	771
Equity in earnings of funds . . . . .	(1,145)	99
Gains on sales of investment securities . . . . .	(42)	(542)
Foreign exchange losses . . . . .	1,814	837
Interest and dividend income . . . . .	(4,995)	(4,413)
Interest expense . . . . .	1,735	1,417
Changes in assets and liabilities:		
Increase in operational investment securities . . . . .	(6,860)	(6,387)
Decrease (increase) in operational loans receivable . . . . .	(1,426)	1,283
Decrease (increase) in real estate inventories . . . . .	289	(350)
Decrease (increase) in notes and accounts receivable-trade . . . . .	(900)	176
Increase in notes and accounts payable-trade . . . . .	(1,196)	(1,071)
Decrease in cash segregated as deposits . . . . .	14,000	24,000
Increase in trading instruments . . . . .	(7,331)	(3,434)
Increase in margin transaction assets, net . . . . .	(74,534)	(47,140)
Increase in loans payable secured by securities . . . . .	46,892	45,115
Others, net . . . . .	17,946	16,761
Subtotal . . . . .	(9,455)	34,463
Interest and dividend income received . . . . .	5,216	4,099
Interest expense paid . . . . .	(1,589)	(1,230)
Income taxes paid . . . . .	(4,452)	(3,742)
Net cash from (used in) operating activities . . . . .	(10,281)	33,589
Net cash used in investing activities		
Purchases of intangible assets . . . . .	(771)	(925)
Purchases of investment securities . . . . .	(6,237)	(8,549)
Proceeds from sales of investment securities . . . . .	3,001	620
Proceeds from sales of investments in subsidiaries . . . . .	249	124
Purchases of investments in subsidiaries resulting in change in scope of consolidation . . . . .	(248)	—
Purchases of investments in subsidiaries . . . . .	—	(866)
Payments of loans receivable . . . . .	(3,307)	(3,757)
Collection of loans receivable . . . . .	2,539	7,417
Payments for lease and guarantee deposits . . . . .	(68)	(142)
Proceeds from collection of lease and guarantee deposits . . . . .	82	88
Others, net . . . . .	531	2,682
Net cash used in investing activities . . . . .	(4,229)	(3,307)

	Notes	1 <sup>st</sup> Quarter	
		Fiscal Year ended 31 March 2011	Fiscal Year ending 31 March 2012
Net cash from (used in) financing activities			
Increase (decrease) in short-term loans payable . . . .		15,031	(46,127)
Repayment of long-term loans payable . . . . .		(1,331)	(1,188)
Proceeds from issuance of bonds payable . . . . .		10,490	29,824
Redemption of bonds payable . . . . .		(21,300)	(9,030)
Proceeds from stock issuance . . . . .		35,755	16,714
Proceeds from stock issuance to minority interests . . .		1,681	41
Contributions from minority shareholders in consolidated investment funds . . . . .		1,349	733
Cash dividend paid . . . . .		(1,523)	(2,238)
Cash dividend paid to minority shareholders . . . . .		(147)	(180)
Distributions to minority shareholders in consolidated investment funds . . . . .		(762)	(277)
Others, net . . . . .		(264)	(275)
Net cash from (used in) financing activities . . . . .		38,979	(12,003)
Effect of changes in exchange rate on cash and cash equivalents . . . . .		(1,426)	(790)
Net increase in cash and cash equivalents . . . . .		23,041	17,488
Increase in cash and cash equivalents from newly consolidated subsidiaries . . . . .		—	695
Decrease in cash and cash equivalents resulting from deconsolidation of subsidiaries . . . . .		—	(19)
Cash and cash equivalents at the beginning of the period . . . . .		142,581	148,786
Cash and cash equivalents at the end of the period . . . . .	VI	165,623	166,951

## Notes to Interim Consolidated Financial Statements

### I. Basis of Presentation

The Interim Consolidated Financial Statements of SBI Holdings, Inc. (the “Company”) and its consolidated subsidiaries (hereinafter referred to as the “Group”) were prepared in accordance with accounting principles for interim consolidated financial statements generally accepted in Japan and were presented by reference to the “Rules Governing Term, Form and Preparation of Consolidated Quarterly Financial Statements” (2007 Cabinet Office Ordinance No 64, which is hereinafter referred to as the “Consolidated Quarterly Financial Statements Rule”). The Interim Consolidated Financial Statements of the Group has been prepared on the historical cost basis except for certain investments which are stated at fair value.

The Consolidated Financial Statements are presented in Japanese Yen (“Yen” or “¥”).

### II. Changes of the Scope of Consolidation and the Scope of Equity Method Application during the First Quarter

#### (1) Changes of the Scope of Consolidation during the First Quarter

The entities newly added to the scope of consolidation were as follows:

(Established and Acquired)  
SBI-R&D Investment LPS

(Due to the increase in the Group’s ability to exercise control)  
SBI Phnom Penh Securities Co., Ltd.

#### (2) Changes of the Scope of Equity Method Application during the First Quarter

The entities newly accounted for using equity method were as follows:

(Established and Acquired)  
FPT Securities Joint Stock Company  
SBI-CSJ Financial Media Co., Ltd.  
Commercial Bank “Ob’edinennyi Investitsionnyi Bank” (limited liability company)

### III. Changes in Significant Accounting Policies during the First Quarter

The Company has applied “Accounting Standard for Accounting Changes and Error Corrections”(ASBJ Statement No. 24 issued on 4 December 2009) and “Guidance on Accounting Standard for Accounting Changes and Error Corrections”(ASBJ Guidance No.24 issued on 4 December 2009) to the accounting changes and error corrections which have been made after the beginning of the first quarter.

## IV. Notes to Interim Consolidated Balance Sheets

### 1. Credit guarantees

Guarantees for the debts owed to other financial institutions in the Group's credit guarantee business are as follows:

	As at 31 March 2011	As at 30 June 2011
	(millions of Yen)	(millions of Yen)
Guarantee of bank loans . . . . .	18,234	23,819

### 2. Amount of allowance for investment losses which are directly deducted from investment securities

	As at 31 March 2011	As at 30 June 2011
	(millions of Yen)	(millions of Yen)
Operational investment securities . . . . .	9,108	8,749
Investments and other assets . . . . .	300	300

### 3. Real estate inventories

Real estate inventories consisted of the following:

	As at 31 March 2011	As at 30 June 2011
	(millions of Yen)	(millions of Yen)
Real estate for sale . . . . .	7,505	7,723
Real estate for sale in progress . . . . .	7,083	7,152
Real estate for development . . . . .	1,403	1,403
Beneficial interest in real estate investment trust . . . . .	821	821
Total . . . . .	16,812	17,099

### 4. Other major accounts and amounts under current assets consisted of the following:

	As at 31 March 2011	As at 30 June 2011
	(millions of Yen)	(millions of Yen)
Merchandise and finished goods . . . . .	858	590
Work in process . . . . .	164	284
Raw materials and supplies . . . . .	434	535

**5. Allowance for doubtful accounts deducted directly from assets consisted of the following:**

	As at 31 March 2011	As at 30 June 2011
	(millions of Yen)	(millions of Yen)
Investments and other assets . . . . .	12,066	11,890

**V. Note to Interim Consolidated Statements of Operations**

**Selling, general and administrative expenses includes the following:**

	1 <sup>st</sup> Quarter	
	Fiscal Year ended 31 March 2011	Fiscal Year ending 31 March 2012
	(millions of Yen)	(millions of Yen)
Payroll and bonuses . . . . .	2,537	2,835
Provision of allowance for doubtful accounts . . . . .	412	426
Outsourcing fees . . . . .	2,558	2,817

**VI. Note to Interim Consolidated Statements of Cash Flows**

**Cash and cash equivalents reconciliation**

	1 <sup>st</sup> Quarter	
	Fiscal Year ended 31 March 2011	Fiscal Year ending 31 March 2012
	(millions of Yen)	(millions of Yen)
Cash and deposits . . . . .	166,536	168,297
Time deposits with original maturity of more than three months . . . . .	(1,044)	(1,485)
Money Market Fund (MMF) included in trading instruments . . . . .	130	130
Deposit included in others (current assets) . . . . .	0	8
Cash and cash equivalents. . . . .	165,623	166,951

## VII. Notes to Changes in Net Assets

### 1. Dividends

#### Dividend Paid

##### 1<sup>st</sup> Quarter of Fiscal Year ended 31 March 2011

Resolution	Type of share	Dividend amount (millions of Yen)	Amount per share (Yen)	Declared date	Effective date	Dividends source
Board of Directors' Meeting on 26 May 2010	Common shares	1,676	100	31 March 2010	14 June 2010	Retained earnings

##### 1<sup>st</sup> Quarter of Fiscal Year ending 31 March 2012

Resolution	Type of share	Dividend amount (millions of Yen)	Amount per share (Yen)	Declared date	Effective date	Dividends source
Board of Directors' Meeting on 27 April 2011	Common shares	2,391	120	31 March 2011	9 June 2011	Retained earnings

### 2. Significant Changes in Shareholder' Equity

In the first quarter of the previous fiscal year, the Company issued new shares through public offering of which payment date was on 23 June 2010. This led to an increase in outstanding number of capital shares of 3,112,000 and an increase in the amount of capital stock and capital surplus of ¥17,654 million and ¥17,654 million, respectively. The amount of capital stock and capital surplus as at 30 June 2010 were ¥73,226 million and ¥236,910 million, respectively.

In the first quarter, the Company issued new shares of which payment dates were on 12 April and 9 May 2011, relating to the listing on the main board of the Hong Kong Stock Exchange and offering of Hong Kong depository receipts representing the Company's common shares. This led to an increase in outstanding number of capital shares of 2,000,000 and an increase in the amount of capital stock and capital surplus of ¥8,427 million and ¥8,427 million, respectively. The amount of capital stock and capital surplus as at 30 June 2011 were ¥81,663 million and ¥245,348 million, respectively.

## VIII. Segment Information

### 1. Information about reportable segments

1 <sup>st</sup> Quarter of Fiscal Year ended 31 March 2011	Reportable segment					Sub-total	Others (Note)	Total
	Asset Management Business	Brokerage & Investment Banking Business	Financial Services Business	Housing and Real Estate Business				
Net Sales	(millions of Yen)	(millions of Yen)	(millions of Yen)	(millions of Yen)	(millions of Yen)	(millions of Yen)	(millions of Yen)	(millions of Yen)
Revenue from customers . . . . .	6,058	12,571	6,740	4,177	29,547	3,195	32,743	
Inter-segment revenue . . . . .	0	563	430	0	994	400	1,395	
Total . . . . .	6,058	13,135	7,170	4,178	30,542	3,596	34,138	
Segment operating income (loss)	1,109	2,806	476	525	4,917	(749)	4,168	

(Note) Business segments classified into "Others" are segment not determined as reportable segments which consisted of system-related business, drug-discovery business and garment business.

1 <sup>st</sup> Quarter of 31 March 2012	Reportable segment				Sub-total	Others (Note)	Total
	Asset Management Business	Brokerage & Investment Banking Business	Financial Services Business	Housing and Real Estate Business			
Net Sales	(millions of Yen)	(millions of Yen)	(millions of Yen)	(millions of Yen)	(millions of Yen)	(millions of Yen)	(millions of Yen)
Revenue from customers	7,487	10,563	8,952	4,004	31,008	2,504	33,512
Inter-segment revenue	—	474	645	0	1,120	590	1,710
Total	7,487	11,037	9,598	4,004	32,128	3,095	35,223
Segment operating income (loss)	4,788	927	(705)	331	5,341	(674)	4,667

(Note) Business segments classified into "Others" are segment not determined as reportable segments which consisted of system-related business, drug-discovery business and garment business.

## 2. Reconciliation of the differences between the total amount of reportable segments and the total amount recorded in the consolidated financial statements

Operating income	1st Quarter	
	Fiscal Year ended 31 March 2011	Fiscal Year ending 31 March 2012
	millions of Yen	millions of Yen
Total of reportable segments	4,917	5,341
Losses of "Others"	(749)	(674)
Elimination among segments	(419)	(344)
Headquarters expenses (Note)	(1,063)	(1,259)
Operating income of consolidated financial statements	2,685	3,063

(Note) Headquarters expenses are general administrative expenses which are not attributable to reportable segments.

## 3. Impairment losses in each reportable segment

Impairment losses	1st Quarter	
	Fiscal Year ended 31 March 2011	Fiscal Year ending 31 March 2012
	millions of Yen	millions of Yen
Asset Management Business	—	—
Brokerage & Investment Banking Business (Note1)	350	—
Financial Services Business	—	—
Housing and Real Estate Business	—	—
Others (Note2)	326	—
Headquarters expenses and elimination among segment	—	—
Total	677	—

(Notes)

- Implementation of a new online securities operation system necessitated the disposal of the assets used for the prior operation system.
- "Others" consist of health care related business.

## IX. Derivative Contracts

As at 31 March 2011

Transaction	Contractual amounts (millions of Yen)	Fair value (millions of Yen)	Valuation gains(losses) (millions of Yen)
Foreign currency forward contracts			
Short	85	(0)	(0)
Long	91	(0)	(0)
Foreign currency spot contracts			
Short	187,335	73	73
Long	184,683	2,294	2,294
Total	—	2,367	2,367

As at 30 June 2011

Transaction	Contractual amounts (millions of Yen)	Fair value (millions of Yen)	Valuation gains(losses) (millions of Yen)
Foreign currency forward contracts			
Short	19	(0)	(0)
Long	114	(1)	(1)
Foreign currency spot contracts			
Short	275,775	5,509	5,509
Long	269,529	825	825
Total	—	6,333	6,333

(Notes)

- The information for foreign currency forward contracts and foreign currency spot contracts are presented herein since they are thought to be important from the perspective of the Group's operation and their aggregate contractual amounts significantly increased from the end of previous fiscal year.
- Fair value of foreign currency forward contract was stated based on future exchange rate at balance sheet date, whereas fair value of foreign currency spot contracts was based on spot rate at the balance sheet date
- Derivative transactions which apply hedging accounting are not included in the above tables.



## X. Notes to Per Share Information

	1st Quarter	
	Fiscal Year ended 31 March 2011	Fiscal Year ending 31 March 2012
	Yen	Yen
Net income per share	74.12	<b>70.12</b>
Diluted net income per share	62.69	<b>62.79</b>

### Basis of calculation for the net income (loss) and diluted net income per share

	1st Quarter	
	Fiscal Year ended 31 March 2011 (millions of Yen)	Fiscal Year ending 31 March 2012 (millions of Yen)
Net income per share		
Net income for the period	1,264	<b>1,515</b>
Net income not attributable to common shareholders	—	—
Net income attributable to common shareholders	<u>1,264</u>	<u><b>1,515</b></u>
Average number of common shares outstanding during the period	<u>17,058,863</u>	<u><b>21,613,462</b></u>
Diluted net income per share		
Adjustment on net income for the period	(192)	<b>(158)</b>
— Effect of dilutive shares issued by consolidated subsidiaries	(192)	<b>(158)</b>
Increased number of common shares	<u>43,386</u>	<u><b>6,976</b></u>

## **XI. Event after the Reporting Period**

### **Execution of Share Exchange Agreement**

The Company and its consolidated subsidiary, SBI VeriTrans Co., Ltd. (“SBI VeriTrans”), announced at board meetings held on 24 February 2011, that their respective boards of directors approved making SBI VeriTrans a wholly-owned subsidiary of the Company through a share exchange (the “Share Exchange”) subject to approval at SBI VeriTrans’ annual meeting of shareholders, and the two companies executed a share exchange agreement.

The Share Exchange was implemented following the agreement, and SBI VeriTrans became a wholly-owned subsidiary of the Company on 1 August 2011. Final trading date and delisting date of SBI VeriTrans’ shares were on 26 and on 27 July 2011, respectively.

#### **1. Summary of the Business Combination**

(1) Combined company’s name

SBI VeriTrans Co., Ltd.

(2) Combined company’s business

Online settlement services for EC business operators

(3) Purpose of the Share Exchange

The Company believes that making SBI VeriTrans a wholly-owned subsidiary and integrating its management can rapidly and effectively incorporate its EC settlement systems and know-how into the Group and create substantial synergy effects. The management integration also enables SBI VeriTrans to raise its competitiveness by collaborating with the Company and other group companies and effectively using their managerial resources. These will raise the corporate value of both companies and create systems that can respond promptly and precisely to changes in the business environment.

(4) Legal structure of the business combination

Share exchanges between the Company and minority interests of SBI VeriTrans.

The Company implemented the Share Exchange through the simplified share exchange arrangement pursuant to Article 796, Paragraph 3 of the Companies Act, and consequently, approval from its shareholders is not required.

(5) Summary of accounting treatment

“Accounting for business combinations” (ASBJ Statement No.21 issued on 26 December 2008) and “Guidance for Accounting Standard for Business Combinations and Business Divestitures” (ASBJ Guidance No.10 issued on 26 December 2008), it is proceeded as trades with minority interests of those with common control.

## 2. Type of Share and Share Exchange Ratio

### (1) Type of share

Common shares

### (2) Share exchange ratio and computation basis

The Company appointed KPMG FAS Co., Ltd. and SBI VeriTrans appointed Ernst & Young Shinnihon Tax, and each requested that the respective valuation organizations determine an appropriate share exchange ratio and received reports on the results. KPMG FAS Co., Ltd. used the market price analysis method with respect to the common share of both companies. KPMG FAS Co., Ltd. also performed calculations using the discounted cash flow method (hereinafter referred to as “DCF Method”) to reflect the status of future business activities of SBI VeriTrans. Ernst & Young Shinnihon Tax calculated the share exchange ratio using the market price analysis method. In addition, Ernst & Young Shinnihon Tax also performed the calculations by combining the market price analysis method with the comparable company comparison method and DCF Method to supplement and correct the market prices. The two companies then conducted consultations and negotiations in a careful manner based on the results of those determinations and agreed on the share exchange ratio set forth in the table below.

Company Name	The Company (Wholly-Owning Parent Company After the Share Exchange)	SBI VeriTrans (Wholly-Owned Subsidiary After the Share Exchange)
Share exchange ratio	1	4.7

### (3) Number of exchanged shares

432,216 shares

(TRANSLATION)

## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

10 August 2011

To the Board of Directors of  
SBI Holdings, Inc.:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Yoshitaka Asaeda

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Yasuyuki Onaka

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Kunikazu Awashima

Pursuant to the first clause of Article 193-2 of the Financial Instruments and Exchange Act, we have reviewed the interim consolidated financial statements included in the Financial Section, which comprise the interim consolidated balance sheet of SBI Holdings, Inc. and its consolidated subsidiaries as of 30 June 2011, and the related interim consolidated statement of operations, interim consolidated statement of comprehensive income, and interim consolidated statement of cash flows for the three-month period then ended, and the related notes.

### Management's Responsibility for the Interim Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with accounting principles for interim consolidated financial statements generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Accountants' Responsibility

Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review. We conducted our review in accordance with quarterly review standards generally accepted in Japan. A review consists principally of making inquiries, primarily of management and persons responsible for financial and accounting matters, and applying analytical procedures and other quarterly review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.

We believe that we have obtained the evidence to provide a basis for our conclusion.

## Accountants' Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements referred to above do not present fairly, in all material respects, the consolidated financial position of SBI Holdings, Inc. and its consolidated subsidiaries as of 30 June 2011, and the consolidated results of their operations and their cash flows for the three-month period then ended in conformity with accounting principles for interim consolidated financial statements generally accepted in Japan.

## Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

## Summary of Material Differences between International Financial Reporting Standards (“IFRS”) and Accounting Principle Generally Accepted in Japan (“JGAAP”)

The Consolidated Financial Statements of the Group are prepared in accordance with JGAAP which differs from IFRS in respect of recognition and measurement, and classification, presentation and disclosure requirements. For the purpose of this summary, JGAAP refer to the accounting policies applied by the Group in preparing the underlying consolidated financial statements in accordance with the prevailing JGAAP for the first quarter of the year ending 31 March 2012. IFRS refers to IFRSs, IASs, IFRICs and SICs that are effective for annual financial period beginning on or after 1 April 2011.

This summary provides information about the GAAP differences that, in the opinion of the directors of the Company, would have a material effect on total assets, total liabilities, total equity and total comprehensive income (loss).

Please refer to Part (1) and Part (2) in “Section of A3. Summary of Material Differences between International Financial Reporting Standards (“IFRS”) and Accounting Principle Generally Accepted in Japan (“JGAAP”)” in the last Annual Report, for detailed descriptions of recognition and measurement differences and for detailed descriptions of classification, presentation and disclosure differences, respectively.

This summary is not intended to provide the effect on the Consolidated Financial Statements of the Group under IFRS 1 First-time Adoption of International Financial Reporting Standards.

### Material quantifiable GAAP differences are summarized as follows: (Amounts in millions of Japanese Yen, rounded down to the nearest million unless otherwise stated)

	<u>As at 30 June 2011</u>
Total assets under JGAAP . . . . .	1,320,168
Material quantifiable effects for different accounting treatments:	
(i) Consolidation — small size entities . . . . .	159
(ii) Consolidation — venture capital investments . . . . .	10,150
(iii), (v), (vii) Business combination . . . . .	16,820
(iv) Changes in parent’s ownership interest in subsidiaries . . . . .	(87,922)
(vi) Loss of significant influence . . . . .	—
(viii) Non-fair valued available-for-sale investments . . . . .	3,354
(ix) Investments in associates/affiliates . . . . .	(1,239)
(x) Statutory reserve . . . . .	—
(xi) Deferred charges . . . . .	(6,318)
(xii) Securitization . . . . .	62,062
(xiii) Deferred tax . . . . .	(4,332)
Total assets as adjusted for the above material quantifiable effects . . . . .	<u>1,312,902</u>

		<b>As at 30 June 2011</b>
Total liabilities under JGAAP . . . . .		848,521
Material quantifiable effects for different accounting treatments:		
(i)	Consolidation — small size entities . . . . .	1,891
(ii)	Consolidation — venture capital investments . . . . .	11,155
(iii), (v), (vii)	Business combination . . . . .	190
(iv)	Changes in parent's ownership interest in subsidiaries . . . . .	—
(vi)	Loss of significant influence . . . . .	—
(viii)	Non-fair valued available-for-sale investments . . . . .	—
(ix)	Investments in associates/affiliates . . . . .	—
(x)	Statutory reserve . . . . .	(4,429)
(xi)	Deferred charges . . . . .	—
(xii)	Securitization . . . . .	62,107
(xiii)	Deferred tax . . . . .	—
Total liabilities as adjusted for the above material quantifiable effects . . . . .		919,436

		<b>As at 30 June 2011</b>
Total equity (total net assets) under JGAAP . . . . .		471,647
Material quantifiable effects for different accounting treatments:		
(i)	Consolidation — small size entities . . . . .	(1,731)
(ii)	Consolidation — venture capital investments . . . . .	(1,005)
(iii), (v), (vii)	Business combination . . . . .	16,630
(iv)	Changes in parent's ownership interest in subsidiaries . . . . .	(87,922)
(vi)	Loss of significant influence . . . . .	—
(viii)	Non-fair valued available-for-sale investments . . . . .	3,354
(ix)	Investments in associates/affiliates . . . . .	(1,239)
(x)	Statutory reserve . . . . .	4,429
(xi)	Deferred charges . . . . .	(6,318)
(xii)	Securitization . . . . .	(44)
(xiii)	Deferred tax . . . . .	(4,332)
Total equity as adjusted for the above material quantifiable effects . . . . .		393,466

**1<sup>st</sup>Q of Fiscal Year  
Ending 31 March 2012  
(From 1 April 2011  
to 30 June 2011)**

Total comprehensive income (loss) for the year under JGAAP . . . . .	772
Material quantifiable effects for different accounting treatments:	
(i) Consolidation — small size entities . . . . .	(89)
(ii) Consolidation — venture capital investments . . . . .	(565)
(iii), (v), (vii) Business combination . . . . .	1,979
(iv) Changes in parent's ownership interest in subsidiaries . . . . .	(85)
(vi) Loss of significant influence . . . . .	—
(viii) Non-fair valued available-for-sale investments . . . . .	(789)
(ix) Investments in associates/affiliates . . . . .	(859)
(x) Statutory reserve . . . . .	(767)
(xi) Deferred charges . . . . .	(603)
(xii) Securitization . . . . .	(11)
(xiii) Deferred tax . . . . .	659
Total comprehensive income (loss) for the year as adjusted for the above material quantifiable effects . . . . .	(361)

(Notes)

- (i) As at 30 June 2011, there were 51 small size entities controlled by the Group.
- (ii) As at 30 June 2011, there were 13 investee companies which the Group owned more than 50% equity interests that had been excluded from consolidation under JGAAP.
- (Viii) As at 30 June 2011, the Group has investments in 285 non-fair valued entities with less than 20% interests including those held by subsidiaries with carrying amounts of ¥ 24,586 million that would need to be measured at fair value under IFRS.
- (ix) As at 30 June 2011, the Group invested in approximately 82 entities over which it was able to exercise significant influence.