



SBI HOLDINGS, INC.

Third Quarterly Report 2012 / 13

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CONTENTS

Corporate Profile	2
Financial Highlights	3
Management Discussion and Analysis	4
Information about the Reporting Entity	9
Financial Section	10
Interim Condensed Consolidated Financial Statements	11
Interim Condensed Consolidated Statement of Financial Position	11
Interim Condensed Consolidated Statements of Income and Comprehensive Income	12
Interim Condensed Consolidated Statement of Changes in Equity	15
Interim Condensed Consolidated Statement of Cash Flows	16
Notes to Interim Condensed Consolidated Financial Statements	18
Independent Accountants' Review Report	43

Corporate Profile

Board of Directors

Executive Directors

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

Mr. Taro Izuchi (Director, Senior Executive Vice President and Chief Operating Officer)

Mr. Takashi Nakagawa (Director and Senior Managing Executive Officer)

Mr. Tomoya Asakura (Director and Managing Executive Officer)

Mr. Shumpei Morita (Director, Managing Executive Officer and Chief Financial Officer)

Mr. Noriaki Maruyama (Director and Executive Officer)

Mr. Peilung Li (Director and Executive Officer)

Non-Executive Directors

Mr. Yasutaro Sawada (Director)

Mr. Hiroyoshi Kido (Director)

Mr. Noriyoshi Kimura (Director)

Mr. Hiroshi Tasaka (Director)

Mr. Takashi Okita (Director)

Independent non-executive directors

Mr. Masaki Yoshida (Director)

Mr. Kiyoshi Nagano (Outside Director)

Mr. Keiji Watanabe (Outside Director)

Mr. Akihiro Tamaki (Outside Director)

Mr. Masanao Marumono (Outside Director)

Statutory Auditors

Mr. Atsushi Fujii (Kansayaku) (Standing Statutory Auditor)

Mr. Ryujiro Shimamoto (Shagai Kansayaku) (Outside Statutory Auditor)

Mr. Minoru Tada (Kansayaku) (Statutory Auditor)

Mr. Hisashi Hayakawa (Shagai Kansayaku) (Outside Statutory Auditor)

Joint Company Secretary

Japan: Mr. Toshiharu Fujita

Hong Kong: Ms. Corinna Wai Han Leung

Compliance Advisor

Daiwa Capital Markets Hong Kong Limited

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88 Queensway

Hong Kong

Auditor

Deloitte Touche Tohmatsu LLC

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Stock Code

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Japan: 8473

Website Address

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Financial Highlights

Financial Summary

Term	The 14 th Term	The 15 th Term	The 14 th Term
Accounting Period	Nine months ended 31 December 2011	Nine months ended 31 December 2012	Fiscal year ended 31 March 2012
Operating revenue (Millions of Yen)	124,457	110,663	177,409
Operating income (Millions of Yen)	12,242	10,630	17,530
Profit attributable to owners of SBI Holdings, Inc. (the "Company") (Millions of Yen)	1,723	1,124	303
Comprehensive income/(loss) attributable to owners of the Company (Millions of Yen)	(4,402)	4,000	(1,564)
Equity attributable to owners of the Company (Millions of Yen)	292,160	294,963	296,523
Total assets (Millions of Yen)	1,534,974	1,686,595	1,655,568
Total liabilities (Millions of Yen)	1,184,654	1,327,148	1,303,663
Basic earnings per share attributable to owners of the Company (Yen)	7.84	5.17	1.38
Diluted earnings per share attributable to owners of the Company (Yen)	7.84	5.17	1.38
Ratio of equity attributable to owners of the Company (%)	19.0	17.5	17.9
Net cash from operating activities (Millions of Yen)	139	39,988	9,818
Net cash from (used in) investing activities (Millions of Yen)	(12,392)	1,578	(16,021)
Net cash from (used in) financing activities (Millions of Yen)	(5,386)	(19,722)	7,387
Cash and cash equivalents at the end of the period (Millions of Yen)	139,252	182,381	159,833

Term	The 14 th Term	The 15 th Term
Accounting Period	Three months ended 31 December 2011	Three months ended 31 December 2012
Operating revenue (Millions of Yen)	43,580	43,080
Profit attributable to owners of the Company (Millions of Yen)	1,389	2,488
Basic earnings per share attributable to owners of the Company (Yen)	6.26	11.49

- (Notes)1. The Company prepared the consolidated financial statements in accordance with International Financial Reporting Standards ("IFRSs").
- Operating revenue does not include consumption taxes.
 - The Company conducted a 10 for 1 stock split, effective on 1 October 2012. The calculations of basic and diluted earnings per share for all periods presented are based on the new number of shares and adjusted retrospectively, assuming that the stock split was conducted at the beginning of the fiscal year ended 31 March 2012.

Management Discussion and Analysis

Business Description

In the nine months ended 31 December 2012, there were no significant changes in the nature of the business in SBI Holdings, Inc. (“the Company”) and its subsidiaries (the “Group”), and group associates and joint ventures.

However, we changed the reportable segments from the four segments of “Asset Management Business”, “Brokerage and Investment Banking Business”, “Financial Service Business” and “Housing and Real Estate Business” to the three segments of “Financial Service Business”, “Asset Management Business” and “Biotechnology-related Business” from the beginning of this fiscal year.

As for “Financial Service Business” we integrated operating infrastructure of “Brokerage and Investment Banking Business” and “Financial Service Business” and realigned our organizational structure to thoroughly pursue strong synergy. We integrated both business and included “Real Estate Financial Service Business” of the former “Housing and Real Estate Business” into this reportable segment.

“Asset Management Business” remained unchanged because there is a possibility that changes in periodic profit or loss will be larger than before, as the performance of operational investment securities (meaning unrealized profits or losses) are directly reflected in the statements of income after applying IFRSs. Hence, this business is considered to be clearly distinguished from other businesses.

We defined “Biotechnology-related Business” to be a new reportable segment as this segment which handles development and sales of pharmaceuticals using 5-aminolevulinic acid (ALA), one of the amino acid existing in living body, is expected to be the largest growth area of the Group.

The Group underwent certain reorganization within the Group during the nine months ended 31 December 2012, and major items are as follows:

(Financial Service Business)

In the first quarter, we established SBI FINANCIAL SERVICES Co., Ltd. as an intermediate holding company for this business segment by stock transfers executed jointly by SBI SECURITIES Co., Ltd., SBI Liquidity Market Co., Ltd. and SBI Financial Agency Co., Ltd. In addition, SBI FINANCIAL SHOP Co., Ltd. and SBI Financial Agency Co., Ltd., were merged and named SBI MONEY PLAZA Co., Ltd. which succeeded face-to-face sales division of SBI SECURITIES (the division conducts face-to-face transactions related to the financial instruments business, housing-loan sales agent operations and life-insurance subscription operations), not including client assets.

In the second quarter, the Group made SBI Japannext Co., Ltd., previously accounted for using the equity method, its subsidiary through a business combination achieved in stages.

(Asset Management Business)

In the first quarter, we established SBI Capital Management Co., Ltd. as an intermediate holding company for this business segment by stock transfers executed jointly by SBI Investment Co., Ltd. and SBI CAPITAL Co., Ltd.

Set out below is a table providing the information about principal group entities after the change of reportable segment and the Group reorganization.

Financial Services Business	Asset Management Business	Biotechnology-related Business
SBI FINANCIAL SERVICES Co., Ltd.	SBI Capital Management Co., Ltd.	SBI Pharmaceuticals Co., Ltd.
SBI SECURITIES Co., Ltd.	SBI Investment Co., Ltd.	SBI ALApromo Co., Ltd.
SBI Liquidity Market Co., Ltd.	SBI CAPITAL Co., Ltd.	SBI Biotech Co., Ltd.
SBI MONEY PLAZA Co., Ltd.	SBI BB Mobile Investment LPS	
SBI Japannext Co., Ltd.	SBI Value Up Fund No.1 Limited Partnership	
SBI Sumishin Net Bank, Ltd. (Note)	SBI VEN HOLDINGS PTE. LTD.	Other Business
SBI Insurance Co., Ltd.	SBI KOREA HOLDINGS CO., LTD.	SBI Life Living Co., Ltd.
Morningstar Japan K. K.		The Company (Real estate business department)
SBI Mortgage Co., Ltd.		
SBI Credit Co., Ltd.		
SBI Card Co., Ltd.		
The Company (Insweb business department and E-loan business department)		
(Note) Equity method associates		

Business Review

1. Business and Operational Risks

For the nine months ended 31 December 2012, there were no new business and operational risks generated in the Group. Also, for the nine months ended 31 December 2012, there were no changes of business and operational risks that were identified and presented in the Group's annual report for the year ended 31 March 2012.

2. Significant Contracts in Business Operations

There were no significant contracts in business operations during the last three months ended 31 December 2012.

3. Financial Analysis

Forward-looking descriptions provided herein are based on judgments of the Group as at 31 December 2012. All financial figures presented herein were prepared in accordance with IFRSs.

(1) Results of Operations

The Group's consolidated results of operations for the nine months ended 31 December 2012 were as follows. Operating revenue declined 11.1% year-on-year to ¥110,663 million, operating income decreased 13.2% to ¥10,630 million, and profit attributable to owners of the Company declined 34.8% to ¥1,124 million.

The result of operation for each reporting segment of the Group for the nine months ended 31 December 2012 was as follows. The Group changed the categories of reporting segments from the beginning of this fiscal year. "Financial Services Business", "Asset Management Business", and "Biotechnology-related Business" are determined as reportable segments by the Group.

	Operating revenue			Profit (loss) before income tax expense		
	Nine months ended 31 December 2011	Nine months ended 31 December 2012		Nine months ended 31 December 2011	Nine months ended 31 December 2012	
	Millions of Yen	Millions of Yen	%	Millions of Yen	Millions of Yen	%
Financial Services Business	73,295	76,934	5.0	2,349	7,542	221.0
Asset Management Business	45,792	28,784	(37.1)	16,654	8,561	(48.6)
Biotechnology-related Business	346	690	99.2	(1,510)	(2,116)	—
Others	7,732	6,287	(18.7)	(255)	1,173	—
Total	127,165	112,695	(11.4)	17,238	15,160	(12.1)
Elimination	(2,708)	(2,032)	—	(6,431)	(6,228)	—
Consolidation	124,457	110,663	(11.1)	10,807	8,932	(17.3)

(% represents year-on-year changes)

(Financial Services Business)

Financial Services Business consists of a wide range of financial related business and the provision of information regarding financial products, including securities brokerage business, banking services business, property and casualty insurance business, financing business offering mortgage loans and auto loans, credit card business, and leasing business.

The results of operation of Financial Services Business for the nine months ended 31 December 2012 were as follows. Operating revenue increased 5.0% year-on-year to ¥76,934 million, and profit before income tax expense increased 221.0% to ¥7,542 million.

(Asset Management Business)

Asset Management Business primarily consists of fund management and investment in internet technology, biotechnology, environment energy and financial-related venture companies.

The results of operation of Asset Management Business for the nine months ended 31 December 2012 were as follows. Operating revenue declined 37.1% year-on-year to ¥28,784 million, and profit before income tax expense declined 48.6% to ¥8,561 million. Operating revenue in this reporting segment represents operating revenues arising from operational investment securities and includes the changes of fair values of those investment securities. The results of operations of the Group's investees which is deemed to be controlled (*1) by the Group is consolidated into the results of operations of this reporting segment.

(*1) "Control" represents the power to govern the financial and operating policies of the entity in order to obtain economic benefits from the entity's business activities.

(Biotechnology-related Business)

Biotechnology-related Business represents development and distribution of pharmaceutical products with 5-aminolevulinic acid (ALA) (*2), a kind of amino acid which exists in vivo, and cancer- and immune-related pharmaceutical products.

The result of operation of Biotechnology-related Business for the nine months ended 31 December 2012 was as follows. Operating revenue increased 99.2% year-on-year to ¥690 million, and loss before income tax expense amounted to ¥2,116 million (loss before income tax expense of ¥1,510 million for the nine months ended 31 December 2011).

(*2) 5-aminolevulinic acid (ALA) is an amino acid generated by mitochondria in human body and an important substance used to produce heme or cytochrome, proteins to generate energy. The production of ALA in the human body decreases with aging. ALA is included in food products including slops of distilled spirits, red wine, and radish shoots. ALA is also known as chloroplastic substance of plant.

(Others)

Business segments classified into "Others" primarily consist of development and trading of investment property and operation of online intermediate service.

The result of operation of Others for the nine months ended 31 December 2012 was as follows. Operating revenue declined 18.7% year-on-year to ¥6,287 million, and profit before income tax expense amounted to ¥1,173 million (loss before income tax expense of ¥255 million for the nine months ended 31 December 2011).

(2) Financial Positions and Cash Flows

As at 31 December 2012, total assets amounted ¥1,686,595 million and increased by ¥31,027 million from total assets of ¥1,655,568 million as at 31 March 2012. The Group's equity increased ¥7,542 million to ¥359,447 million from the balance as at 31 March 2012. As at 31 December 2012, the Group's cash and cash equivalents amounted ¥182,381 million and increased ¥22,548 million from that of ¥159,833 million as at 31 March 2012. The changes of cash flows for each activity and the reasons for changes are as follows:

(Operating Cash Flows)

Cash flows from operating activities amounted ¥39,988 million of net cash inflows (¥139 million of net cash inflows for the nine months ended 31 December 2011). The net cash inflows were primarily due to ¥34,551 million cash inflows for decrease in assets/liabilities related to securities business and ¥11,250 million cash inflows for increase in operational liabilities and other liabilities despite ¥9,395 million cash outflows for increase in operational investment securities.

(Investing Cash Flows)

Cash flows from investing activities amounted to ¥1,578 million of net cash inflows (¥12,392 million of net cash outflows for the nine months ended 31 December 2011). The net cash inflows were primarily due to ¥12,677 million cash inflows for proceeds from sales of subsidiaries despite ¥9,305 million cash outflows for purchases of investment securities.

(Financing Cash Flows)

Cash flows used in financing activities amounted ¥19,722 million of net cash outflows (¥5,386 million of net cash outflows for the nine months ended 31 December 2011). The net cash outflows were primarily due to ¥31,460 million cash outflows for decrease in short term loans payable and ¥19,731 million cash outflows for repayment of long-term loans payable despite ¥22,944 million cash inflows for proceeds from long-term loans payable.

4. Operational and Financial Assignment

For the nine months ended 31 December 2012, there were no significant changes in the assignments for the Group's operational and financial activities.

5. Research & Development

The research and development expenses of the Group amounted to ¥1,470 million on a consolidated basis for the nine months ended 31 December 2012. There were no significant changes of the Group's research and development activities during the nine months ended 31 December 2012.

6. Employees

The headcount of the Group's employees increased by 1,607 employees for the nine months ended 31 December 2012 and the Group had 4,756 employees as at 31 December 2012. The increase of headcount was primarily due to the inclusion of several venture investee companies into the consolidated SBI Group in Asset Management Business in accordance with the adoption of IFRSs.

7. Dividend Policy

The Company resolved to amend dividend policy at the board of directors meeting held on 9 August 2012.

Original Policy : Payout ratio of 20% to 50% of the Group's consolidated net income on a once annual year-end dividend payment.

Amended Policy : Payout a minimum of ¥10 (*) per share on a once annual year-end dividend payment. Depending on the adequacy of retained earnings and business forecasts, the Group will aim to increase the payout amount in the future.

(*)The payout amount of ¥10 is calculated based on the number of shares after the 10 for 1 stock split, effective on 1 October 2012, and the payout amount is equivalent to ¥100 before the stock split.

Information about the Reporting Entity

1. Stock Information

(1) Number of Shares

(a) Total number of shares

Type	Number of authorized shares (Shares)
Ordinary shares	341,690,000
Total	341,690,000

(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 a pro-rata basis to existing shareholders.

(b) Issued shares

Type	Number of shares issued as at 31 December 2012	Number of shares issued as at the filing date 14 February 2013	Name of listed financial instruments exchange or name of registered authorized financial instruments exchange association	Content
Ordinary shares	224,522,981	224,522,981	Tokyo Stock Exchange Osaka Securities Exchange (First section of each exchange above) Main Board of the Hong Kong Stock Exchange (Note 2)	100 shares as one unit
Total	224,522,981	224,522,981	—	—

(Notes) 1. Numbers of shares issued as at the filing date does not include the number of shares issued through the exercise of stock acquisition rights during the period from 1 February 2013 to the filing date.

2. The Company listed Hong Kong Depository Receipts representing its ordinary shares on the Main Board of the Hong Kong Stock Exchange.

(2) Voting Rights and Principal Shareholders

Since the details of the shareholders' register as at 31 December 2012 are unavailable, the information about voting rights and principal shareholders as at 31 December 2012 is not presented herein.

Please refer to the last interim report for the latest available information about voting rights and principal shareholders as at 30 September 2012.

2. Board of Directors

There have been no nominations and terminations of directors from the release of the last annual report to the release of this quarterly report.

Financial Section

Preparation of Interim Condensed Consolidated Financial Statements

Since the Company meets the criteria of “Specific company” defined in item 1 under first clause of Article 1-2 of the Rules Governing Term, Form and Preparation of Consolidated Financial Statements (Financial Ministerial Order the 28th, 1976), the interim condensed consolidated financial statements of the Company and its subsidiaries (hereinafter referred to as the “Group”) were prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (hereinafter referred to as “IAS 34”) pursuant to Article 93 of the Rules Governing Term, Form and Preparation of Quarterly Consolidated Financial Statements (Cabinet Office Order the 64th, 2007).

Review Certification

Pursuant to the first clause of Article 193-2 of the Financial Instruments and Exchange Act, the interim condensed consolidated financial statements of the Group for the three months and nine months ended 31 December 2012 are reviewed by Deloitte Touche Tohmatsu LLC.

Interim Condensed Consolidated Financial Statements
Interim Condensed Consolidated Statement of Financial Position

	Notes	As at 1 April 2011	As at 31 March 2012	As at 31 December 2012
		Millions of Yen	Millions of Yen	Millions of Yen
Assets				
Cash and cash equivalents		160,398	159,833	182,381
Trade and other accounts receivable	5	166,090	180,385	160,602
Assets related to securities business				
Cash segregated as deposits		347,866	663,066	683,320
Margin transaction assets		139,960	166,652	115,523
Other assets related to securities business		228,664	160,490	199,024
Total assets related to securities business	5	716,490	990,208	997,867
Other financial assets		16,885	13,086	13,987
Operational investment securities	5	108,138	121,951	127,588
Other investment securities	5	13,036	10,548	14,344
Investments in associates		23,367	29,097	32,740
Investment properties		19,291	18,529	17,591
Property and equipment		10,879	9,462	9,065
Intangible assets		67,976	64,502	74,608
Other assets		47,065	37,101	38,662
Deferred tax assets		22,114	20,866	17,160
Total assets		1,371,729	1,655,568	1,686,595
Liabilities				
Bonds and loans payable	5	276,978	285,188	259,161
Trade and other accounts payable		42,525	39,073	48,932
Liabilities related to securities business				
Margin transaction liabilities		79,189	113,002	73,917
Loans payable secured by securities		61,798	76,593	112,615
Deposits from customers		36,717	331,489	285,022
Guarantee deposits received		309,135	289,405	320,782
Other liabilities related to securities business		176,482	123,342	183,462
Total liabilities related to securities business	5	663,321	933,831	975,798
Income tax payable		5,099	4,847	1,566
Other financial liabilities	5	24,947	29,916	32,561
Other liabilities		5,609	4,937	3,893
Deferred tax liabilities		5,362	5,871	5,237
Total liabilities		1,023,841	1,303,663	1,327,148
Equity				
Capital stock	9	73,236	81,665	81,667
Capital surplus		155,525	160,471	159,065
Treasury stock	9	(247)	(3,180)	(5,128)
Other component of equity		571	(1,363)	1,683
Retained earnings		60,951	58,930	57,676
Equity attributable to owners of the Company		290,036	296,523	294,963
Non-controlling interests		57,852	55,382	64,484
Total equity		347,888	351,905	359,447
Total liabilities and equity		1,371,729	1,655,568	1,686,595

Interim Condensed Consolidated Statements of Income and Comprehensive Income
Interim Condensed Consolidated Statement of Income

	Notes	Nine months ended 31 December 2011 Millions of Yen	Nine months ended 31 December 2012 Millions of Yen
Operating revenue	6,7	124,457	110,663
Operating expense			
Operating cost		(50,512)	(40,281)
Financial cost	8	(3,748)	(3,425)
Selling, general and administrative expenses		(55,360)	(54,231)
Other expenses		(2,139)	(933)
Total Operating expense		(111,759)	(98,870)
Share of loss of associates using the equity method		(456)	(1,163)
Operating income		12,242	10,630
Other financial income and cost			
Other financial income	7	376	462
Other financial cost	8	(1,811)	(2,160)
Total Other financial income and cost		(1,435)	(1,698)
Profit before income tax expense	6	10,807	8,932
Income tax expense		(5,635)	(4,914)
Profit for the period		5,172	4,018
Profit for the period attributable to			
Owners of the Company		1,723	1,124
Non-controlling interests		3,449	2,894
Profit for the period		5,172	4,018
Earnings per share attributable to owners of the Company			
Basic (Yen)	11	7.84	5.17
Diluted (Yen)	11	7.84	5.17

	Notes	Three months ended 31 December 2011 Millions of Yen	Three months ended 31 December 2012 Millions of Yen
Operating revenue	6,7	43,580	43,080
Operating expense			
Operating cost		(16,550)	(13,088)
Financial cost	8	(1,113)	(1,149)
Selling, general and administrative expenses		(18,493)	(18,784)
Other expenses		(29)	166
Total Operating expense		(36,185)	(32,855)
Share of loss of associates using the equity method		(794)	(401)
Operating income		6,601	9,824
Other financial income and cost			
Other financial income	7	149	169
Other financial cost	8	(578)	(765)
Total Other financial income and cost		(429)	(596)
Profit before income tax expense	6	6,172	9,228
Income tax expense		(2,129)	(4,391)
Profit for the period		4,043	4,837
Profit for the period attributable to			
Owners of the Company		1,389	2,488
Non-controlling interests		2,654	2,349
Profit for the period		4,043	4,837
Earnings per share attributable to owners of the Company			
Basic (Yen)	11	6.26	11.49
Diluted (Yen)	11	6.26	11.49

Interim Condensed Consolidated Statement of Comprehensive Income

Notes	Nine months ended 31 December 2011 Millions of Yen	Nine months ended 31 December 2012 Millions of Yen
Profit for the period	5,172	4,018
Other comprehensive income/(loss)		
Currency translation differences	(4,266)	2,998
FVTOCI financial assets	(1,179)	(686)
Hedging instruments for cash flow hedges	8	49
Proportionate share of other comprehensive income/(loss) of associates	(856)	683
Other comprehensive income/(loss), net of tax	(6,293)	3,044
Total Comprehensive income/(loss)	<u>(1,121)</u>	<u>7,062</u>
Total comprehensive income/(loss) attributable to		
Owners of the Company	(4,402)	4,000
Non-Controlling interests	3,281	3,062
Total Comprehensive income/(loss)	<u>(1,121)</u>	<u>7,062</u>

Notes	Three months ended 31 December 2011 Millions of Yen	Three months ended 31 December 2012 Millions of Yen
Profit for the period	4,043	4,837
Other comprehensive income/(loss)		
Currency translation differences	740	6,167
FVTOCI financial assets	(72)	272
Hedging instruments for cash flow hedges	4	—
Proportionate share of other comprehensive income/(loss) of associates	142	1,237
Other comprehensive income/(loss), net of tax	814	7,676
Total Comprehensive income/(loss)	<u>4,857</u>	<u>12,513</u>
Total comprehensive income/(loss) attributable to		
Owners of the Company	2,270	9,879
Non-Controlling interests	2,587	2,634
Total Comprehensive income/(loss)	<u>4,857</u>	<u>12,513</u>

Interim Condensed Consolidated Statement of Changes in Equity

Nine months ended 31 December 2011

		Attributable to owners of the Company						Non-	Total
Notes	Capital	Capital	Treasury	Other	Retained	Total	controlling	Total	
	Stock	Surplus	Stock	Component	earnings		interests		equity
	Millions	Millions	Millions	Millions	Millions	Millions	Millions	Millions	
	of Yen	of Yen	of Yen	of Yen	of Yen	of Yen	of Yen	of Yen	
As at 1 April 2011	73,236	155,525	(247)	571	60,951	290,036	57,852	347,888	
Profit for the period	—	—	—	—	1,723	1,723	3,449	5,172	
Other comprehensive income/(loss)	—	—	—	(6,125)	—	(6,125)	(168)	(6,293)	
Total comprehensive income/(loss)	—	—	—	(6,125)	1,723	(4,402)	3,281	(1,121)	
Issuance of new stock	9	8,428	8,297	—	—	16,725	—	16,725	
Change in scope of consolidation		—	(470)	—	—	(470)	(1,557)	(2,027)	
Dividends paid	10	—	—	—	(2,391)	(2,391)	(1,370)	(3,761)	
Treasury shares purchased	9	—	—	(2,939)	—	(2,939)	—	(2,939)	
Treasury shares sold	9	—	—	18	—	18	—	18	
Changes of interests in subsidiaries without losing control		—	(4,417)	—	—	(4,417)	(46)	(4,463)	
As at 31 December 2011		81,664	158,935	(3,168)	(5,554)	60,283	58,160	350,320	

Nine months ended 31 December 2012

		Attributable to owners of the Company						Non-	Total
Notes	Capital	Capital	Treasury	Other	Retained	Total	controlling	Total	
	Stock	Surplus	Stock	Component	earnings		interests		equity
	Millions	Millions	Millions	Millions	Millions	Millions	Millions	Millions	
	of Yen	of Yen	of Yen	of Yen	of Yen	of Yen	of Yen	of Yen	
As at 1 April 2012	81,665	160,471	(3,180)	(1,363)	58,930	296,523	55,382	351,905	
Profit for the period	—	—	—	—	1,124	1,124	2,894	4,018	
Other comprehensive income/(loss)	—	—	—	2,876	—	2,876	168	3,044	
Total comprehensive income/(loss)	—	—	—	2,876	1,124	4,000	3,062	7,062	
Issuance of new stock	9	2	2	—	—	4	—	4	
Change in scope of consolidation		—	—	—	—	—	(1,022)	(1,022)	
Dividends paid	10	—	—	—	(2,208)	(2,208)	(2,514)	(4,722)	
Treasury shares purchased	9	—	—	(2,013)	—	(2,013)	—	(2,013)	
Treasury shares sold	9	—	—	65	—	65	—	65	
Changes of interests in subsidiaries without losing control		—	(1,408)	—	—	(1,408)	9,576	8,168	
Transfer		—	—	—	170	(170)	—	—	
As at 31 December 2012		81,667	159,065	(5,128)	1,683	57,676	64,484	359,447	

Interim Condensed Consolidated Statement of Cash Flows

Notes	Nine months ended	Nine months ended
	31 December 2011	31 December 2012
	Millions of Yen	Millions of Yen
Net cash from operating activities		
Profit before income tax expense	10,807	8,932
Depreciation and amortization	5,656	5,566
Share of loss of associates using the equity method	456	1,163
Interest and dividend income	(14,309)	(13,473)
Interest expense	5,544	5,569
Increase in operational investment securities	(13,009)	(9,395)
Decrease (increase) in accounts receivables and other receivables	85	(2,790)
Increase in operational liabilities and other liabilities	12,022	11,250
Decrease (increase) in assets/liabilities related to securities business	(2,038)	34,551
Others	(5,272)	(2,100)
Subtotal	(58)	39,273
Interest and dividend income received	13,252	12,895
Interest expense paid	(5,397)	(4,846)
Income taxes paid	(7,658)	(7,334)
Net cash from operating activities	139	39,988
Net cash from (used in) investing activities		
Purchases of intangible assets	(3,328)	(2,932)
Purchases of investment securities	(10,812)	(9,305)
Proceeds from sales of investment securities	1,273	1,272
Acquisition of subsidiaries, net of cash and cash equivalents acquired	788	780
Proceeds from sales of subsidiaries, net of cash and cash equivalents disposed of	(3,541)	12,677
Payments of loans receivable	(9,261)	(7,440)
Collection of loans receivable	11,363	5,178
Others	1,126	1,348
Net cash from (used in) investing activities	(12,392)	1,578

Notes	Nine months ended 31 December 2011	Nine months ended 31 December 2012
	Millions of Yen	Millions of Yen
Net cash used in financing activities		
Increase (decrease) in short term loans payable	1,619	(31,460)
Proceeds from long-term loans payable	1,430	22,944
Repayment of long-term loans payable	(14,335)	(19,731)
Proceeds from issuance of bonds payable	59,889	63,945
Redemption of bonds payable	(59,860)	(60,540)
Proceeds from stock issuance	16,715	5
Proceeds from stock issuance to non-controlling interests	836	3,533
Contributions from non-controlling interests in consolidated investment funds	746	1,850
Cash dividend paid	(2,657)	(2,210)
Cash dividend paid to non-controlling interests	(186)	(467)
Distributions to non-controlling interests in consolidated investment funds	(1,628)	(1,941)
Purchase of treasury stock	(2,940)	(2,013)
Proceeds from sale of interests in subsidiaries to non-controlling interests	611	7,603
Payments for purchase of interests in subsidiaries from non-controlling interests	(4,636)	(145)
Others	(990)	(1,095)
Net cash used in financing activities	<u>(5,386)</u>	<u>(19,722)</u>
Net increase (decrease) in cash and cash equivalents	(17,639)	21,844
Cash and cash equivalents at the beginning of the period	160,398	159,833
Effect of changes in exchange rate on cash and cash equivalents	(3,507)	704
Cash and cash equivalents at the end of the period	<u>139,252</u>	<u>182,381</u>

Notes to Interim Condensed Consolidated Financial Statements

1. Reporting Entity

SBI Holdings, Inc. (the "Company") was incorporated in Japan. The consolidated financial statements of the Company consist of the Company, its subsidiaries (hereinafter referred to as the "Group") and interests in the Group's associates and joint ventures. The Group is engaged in various businesses which primarily consist of three key businesses, "Financial Services Business", "Asset Management Business" and "Biotechnology-related Business". See Note 6 "Segment Information" for detailed information of each business.

2. Basis of Preparation

Since the Company meets the criteria of "Specific company" defined in item 1 under first clause of Article 1-2 of the Rules Governing Term, Form and Preparation of Consolidated Financial Statements (Financial Ministerial Order the 28th, 1976), the interim condensed consolidated financial statements of the Group were prepared in accordance with IAS 34 pursuant to Article 93 of the Rules Governing Term, Form and Preparation of Quarterly Consolidated Financial Statements (Cabinet Office Order the 64th, 2007).

The Group determined to first adopt International Financial Reporting Standards ("IFRSs") for this fiscal year ending 31 March 2013 and the consolidated financial statements for this fiscal year ending 31 March 2013 is the first consolidated financial statements prepared under IFRSs.

The date of transition to IFRSs is 1 April 2011 (hereinafter referred to as the "transition date") and IFRS 1 "First-time Adoption of International Financial Reporting Standards" (hereinafter referred to as "IFRS 1") has been applied.

An explanation of first application of IFRSs and effect of transition to IFRSs to the Group's financial positions, financial results and cash flows is provided in Note 13 "Explanation of Transition to IFRSs".

The interim condensed consolidated financial statements were approved and authorised for issue by the Company's Board of Directors on 13 February 2013.

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for below.

- Financial instruments measured at fair value through profit or loss ("FVTPL")
- Financial instruments measured at fair value through other comprehensive income ("FVTOCI")

The measurement basis of fair value of the financial instruments provided in the first quarterly report is applied consistently in the preparation of these interim condensed consolidated financial statements.

The interim condensed consolidated financial statements are presented in Japanese Yen, which is the functional currency of the Company and rounded off to the nearest million yen, unless otherwise stated.

3. Significant Accounting Policies

The accounting policies presented in the first quarterly report are applied consistently in the preparation of these interim condensed consolidated financial statements (including the consolidated financial position as at the transition date).

4. Use of estimates and judgments

In the preparation of the Group's interim condensed consolidated financial statements in accordance with IFRSs, the managements of the Company are required to make estimates, judgments and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the key assumption concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in current period and following periods.

(1) Measurement of financial instruments

Unlisted equity securities held by the Group are primarily included in operational investment securities and designated as fair value through profit or loss ("FVTPL"). Fair values of those unlisted equity securities are measured using valuation techniques in which some significant input may not be based on observable market data.

(2) Deferred tax assets

Temporary differences which arising from the differences between the assets and liabilities on the financial statements and under tax accounting and tax losses are recorded as deferred tax assets up to the ceiling of the recoverable amount based on the future taxable income using the effective tax rate of when the temporary differences and tax losses are estimated to be utilized.

5. Fair Value of Financial Instruments

(1) Financial instruments measured at amortized cost

The table below presents the carrying amounts and the fair values of financial assets and liabilities measured at amortized cost.

	As at 1 April 2011		As at 31 March 2012		As at 31 December 2012	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Financial assets measured at amortized cost						
Trade and other accounts receivable	163,742	164,350	179,276	180,147	160,602	161,270
Financial liabilities measured at amortized cost						
Bonds and loans payable	<u>276,978</u>	<u>276,896</u>	<u>285,188</u>	<u>285,493</u>	<u>259,161</u>	<u>259,811</u>

(2) Financial instruments measured at fair values

The fair value hierarchy that reflects the significance of the inputs used in making fair value measurements has the following levels:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below presents the fair value hierarchy of financial assets and liabilities measured at the fair values in the consolidated statement of financial position of the Group.

	As at 1 April 2011			
	Level 1 Millions of Yen	Level 2 Millions of Yen	Level 3 Millions of Yen	Total Millions of Yen
Financial assets				
Trade and other accounts receivable	—	—	2,348	2,348
Assets related to securities business	531	—	—	531
Operational investment securities and other investment securities				
Financial assets at FVTPL	22,627	53	92,611	115,291
Financial assets at FVTOCI	3,934	—	1,949	5,883
Total financial assets	<u>27,092</u>	<u>53</u>	<u>96,908</u>	<u>124,053</u>
Financial liabilities				
Liabilities related to securities business	2	—	—	2
Other financial liabilities	74	—	—	74
Total financial liabilities	<u>76</u>	<u>—</u>	<u>—</u>	<u>76</u>

	As at 31 March 2012			
	Level 1	Level 2	Level 3	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Financial assets				
Trade and other accounts receivable	—	—	1,109	1,109
Assets related to securities business	1,537	—	—	1,537
Operational investment securities and other investment securities				
Financial assets at FVTPL	13,751	51	111,298	125,100
Financial assets at FVTOCI	5,534	—	1,865	7,399
Total financial assets	20,822	51	114,272	135,145
Financial liabilities				
Liabilities related to securities business	36	—	—	36
Other financial liabilities	76	—	—	76
Total financial liabilities	112	—	—	112

	As at 31 December 2012			
	Level 1	Level 2	Level 3	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Financial assets				
Assets related to securities business	3,185	—	—	3,185
Operational investment securities and other investment securities				
Financial assets at FVTPL	13,723	—	121,795	135,518
Financial assets at FVTOCI	4,410	—	2,004	6,414
Total financial assets	21,318	—	123,799	145,117
Financial liabilities				
Liabilities related to securities business	239	—	—	239
Total financial liabilities	239	—	—	239

Operational investment securities and other investment securities as at 1 April 2011, 31 March 2012, and 31 December 2012 consisted of the following:

	As at 1 April 2011	As at 31 March 2012	As at 31 December 2012
	Millions of Yen	Millions of Yen	Millions of Yen
Operational investment securities			
Listed equity securities	20,769	12,558	9,250
Unlisted equity securities	54,453	80,837	88,760
Debts securities	519	180	628
Investments in funds	31,658	27,774	28,376
Other	739	602	574
Total	108,138	121,951	127,588
Other investments securities			
Listed equity securities	4,534	5,740	7,946
Unlisted equity securities	5,517	2,145	2,198
Debts securities	261	252	2,155
Investments in funds	2,170	1,922	1,449
Other	554	489	596
Total	13,036	10,548	14,344

6. Segment Information

The Group engages in a wide range of business activities, primarily online financial service businesses and investments activities in Japan and overseas. Based on the similarities or economic characteristics of business or nature of services, “Financial Services Business”, “Asset Management Business”, and “Biotechnology-related Business”, which is the most growing business in the Group, are determined as reportable segments.

The reporting segments of the Group represent businesses activities that separate financial information of the Group’s components is available and reviewed regularly by the board of directors for the purposes of allocation of financial resources and performance evaluation.

The following is description of business for reporting segments.

“Financial Services Business”

Financial Services Business consists of a wide range of financial related business including securities brokerage business, banking services business, casualty insurance business, mortgage loans business, credit card loans business, leasing business, auto loans business, and the provision of information about financial products.

“Asset Management Business”

Asset Management Business primarily consists of fund management and investment in internet technology, biotechnology, environment, energy and financial-related venture companies. The Group includes venture companies acquired in Asset Management Business to the Group’s consolidation, thus, the businesses operated by the venture companies are included in this segment.

“Biotechnology-related Business”

Biotechnology-related Business represents development and distribution of pharmaceutical products with 5-aminolaevulinic acid (ALA), a kind of amino acid which exists in vivo, and cancer and immune related medicines.

Business segments classified into “Others” mainly consists of development and trading of investment property and operation of online intermediate service that are not classified as reporting segment based on the quantitative criteria for the nine months ended 31 December 2012.

“Elimination” includes those profit or loss that is not allocated to certain business segments and the eliminations of the inter-company transactions within the Group, with the price of which based on the actual market price.

The following represents segment information of the Group:

For nine months ended 31 December 2011

	Financial Services Business	Asset Management Business	Biotechnology -related Business	Others	Total	Elimination	Consolidated Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Operating revenue	73,295	45,792	346	7,732	127,165	(2,708)	124,457
Profit (loss) before income tax expense	2,349	16,654	(1,510)	(255)	17,238	(6,431)	10,807

For nine months ended 31 December 2012

	Financial Services Business	Asset Management Business	Biotechnology -related Business	Others	Total	Elimination	Consolidated Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Operating revenue	76,934	28,784	690	6,287	112,695	(2,032)	110,663
Profit (loss) before income tax expense	7,542	8,561	(2,116)	1,173	15,160	(6,228)	8,932

For three months ended 31 December 2011

	Financial Services Business	Asset Management Business	Biotechnology -related Business	Others	Total	Elimination	Consolidated Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Operating revenue	24,511	17,776	178	2,179	44,644	(1,064)	43,580
Profit (loss) before income tax expense	12	8,605	(661)	541	8,497	(2,325)	6,172

For three months ended 31 December 2012

	Financial Services Business	Asset Management Business	Biotechnology -related Business	Others	Total	Elimination	Consolidated Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Operating revenue	26,307	15,119	190	2,097	43,713	(633)	43,080
Profit (loss) before income tax expense	3,664	8,082	(956)	527	11,317	(2,089)	9,228

7. Revenue

	Nine months ended 31 December 2011	Nine months ended 31 December 2012
	Millions of yen	Millions of yen
Operating revenue		
Financial income		
Interest income		
Financial assets at FVTPL	125	144
Financial assets measured at amortized cost	13,576	13,153
Total interest income	13,701	13,297
Dividends received		
Financial assets at FVTPL	1,734	912
Financial assets at FVTOCI	185	176
Total dividends received	1,919	1,088
Gain on sales of investment securities		
Financial assets at FVTPL	8,358	240
Others (Note1)	6,091	—
Total gain on sales of investment securities	14,449	240
Valuation gain based on fair value		
Financial assets at FVTPL	2,249	12,204
Others (Note2)	—	2,762
Total valuation gain based on fair value	2,249	14,966
Gain from trading	8,296	7,068
Total financial income	40,614	36,659
Revenue from rendering of services	61,135	53,001
Other income	22,708	21,003
Total operating revenue	124,457	110,663
Other financial income		
Interest income		
Financial assets measured at amortized cost	376	462
Total other financial income	376	462

(Notes)

1. Gain on the sales of investments in subsidiaries which was mainly attributable to the sale of VSN, Inc.
2. Valuation gain was recognized when the Group remeasured its previously held investment in SBI Japannext Co., Ltd. at its additional acquisition-date fair value in a business combination achieved in stages.

	Three months ended 31 December 2011	Three months ended 31 December 2012
	Millions of yen	Millions of yen
Operating revenue		
Financial income		
Interest income		
Financial assets at FVTPL	14	58
Financial assets measured at amortized cost	4,544	4,686
Total interest income	4,558	4,744
Dividends received		
Financial assets at FVTPL	464	218
Financial assets at FVTOCI	63	56
Total dividends received	527	274
Gain/(loss) on sales of investment securities		
Financial assets at FVTPL	7,086	(44)
Others (Note)	6,091	—
Total gain/(loss) on sales of investment securities	13,177	(44)
Valuation gain/(loss) based on fair value		
Financial assets at FVTPL	(4,368)	9,655
Total valuation gain/(loss) based on fair value	(4,368)	9,655
Gain from trading	2,603	2,591
Total financial income	16,497	17,220
Revenue from rendering of services	19,814	18,758
Other income	7,269	7,102
Total operating revenue	43,580	43,080
Other financial income		
Interest income		
Financial assets measured at amortized cost	149	169
Total other financial income	149	169

(Note) Gain on the sales of investments in subsidiaries which was mainly attributable to the sale of VSN, Inc.

8. Financial cost

	Nine months ended 31 December 2011	Nine months ended 31 December 2012
	Millions of yen	Millions of yen
Financial cost		
Interest expense		
Financial liabilities measured at amortized cost	(3,748)	(3,425)
Total financial cost	<u>(3,748)</u>	<u>(3,425)</u>
Other financial cost		
Interest expense		
Financial assets measured at amortized cost	(1,811)	(2,160)
Total other financial cost	<u>(1,811)</u>	<u>(2,160)</u>
	Three months ended 31 December 2011	Three months ended 31 December 2012
	Millions of yen	Millions of yen
Financial cost		
Interest expense		
Financial liabilities measured at amortized cost	(1,113)	(1,149)
Total financial cost	<u>(1,113)</u>	<u>(1,149)</u>
Other financial cost		
Interest expense		
Financial assets measured at amortized cost	(578)	(765)
Total other financial cost	<u>(578)</u>	<u>(765)</u>

9. Capital stock and treasury stock

The Company's issued shares are as follows:

	Nine months ended 31 December 2011	Nine months ended 31 December 2012
	Shares	Shares
Number of issued shares		
As at the beginning of the period	19,944,018	22,451,303
Increase during the period	2,432,216 (Note1)	202,071,678 (Note2)
As at the end of the period	<u>22,376,234</u>	<u>224,522,981</u>

(Notes)

1. Issuance of new 2,000,000 shares through offering of Hong Kong Depositary Receipts, and issuance of new 432,216 shares related to the share exchange to make SBI VeriTrans Co., Ltd. a wholly owned subsidiary.
2. Increase of 202,067,487 shares related to 10 for 1 stock split effective on 1 October 2012, and increase of 4,191 shares due to exercise of stock acquisition rights.

The Company's treasury stock included in the above issued shares is as follows:

	Nine months ended 31 December 2011	Nine months ended 31 December 2012
	Shares	Shares
Number of treasury stock		
As at the beginning of the period	14,621	442,093
Increase during the period	458,009 (Note1)	7,719,066 (Note3)
Decrease during the period	(2,809) (Note2)	(44,450) (Note4)
As at the end of the period	<u>469,821</u>	<u>8,116,709</u>

(Notes)

1. Acquisition of 321,373 shares subject to Article 156 of the Companies Act (replacement of the third paragraph of Article 165), acquisition of 60,000 shares in response to the share purchase demand related to the share exchange to make SBI VeriTrans Co., Ltd. a wholly owned subsidiary in accordance with the first paragraph of Article 797 of the Companies Act, and 76,636 shares acquired for the Employee Stockholding Association.
2. Sales to the Employee Stockholding Association.
3. Increase of 7,319,610 shares related to 10 for 1 stock split effective on 1 October 2012, acquisition of 377,857 shares subject to Article 156 of the Companies Act (replacement of the third paragraph of Article 165), and 21,599 shares purchased from shareholders with less than one unit of shares.
4. Sales of 43,660 shares to the Employee Stockholding Association and 790 shares sold to shareholders with less than one unit of shares.

10. Dividends

During the nine months ended 31 December 2011, the Company paid dividends aggregated to ¥2,391 million (¥120 per share including ¥20 per share commemorating the listing on the Main Board of the Hong Kong Stock Exchange).

During the nine months ended 31 December 2012, the Company paid dividends aggregated to ¥2,208 million (¥100 per share).

11. Earnings per Share

The basic and diluted earnings per share attributable to owners of the Company are calculated based on the following information.

The Company conducted a 10 for 1 stock split, effective on 1 October 2012. The basic and diluted earnings per share for all periods presented are calculated based on the new number of shares and adjusted retrospectively, assuming that the stock split was conducted at the beginning of the fiscal year ended 31 March 2012.

	Nine months ended 31 December 2011	Nine months ended 31 December 2012
	Millions of yen	Millions of yen
Profit for the period attributable to owners of the Company	1,723	1,124
Weighted average number of ordinary shares	219,903,261 shares	217,285,812 shares
Dilution effect : Stock acquisition rights	53,407 shares	18,381 shares
Weighted average number of ordinary shares after the effect of dilution	<u>219,956,668 shares</u>	<u>217,304,193 shares</u>
Earnings per share (attributable to owners of the Company)		
Basic	7.84 Yen	5.17 Yen
Diluted	7.84 Yen	5.17 Yen
	Three months ended 31 December 2011	Three months ended 31 December 2012
	Millions of yen	Millions of yen
Profit for the period attributable to owners of the Company	1,389	2,488
Weighted average number of ordinary shares	221,700,528 shares	216,403,920 shares
Dilution effect : Stock acquisition rights	33,932 shares	23,438 shares
Weighted average number of ordinary shares after the effect of dilution	<u>221,734,460 shares</u>	<u>216,427,358 shares</u>
Earnings per share (attributable to owners of the Company)		
Basic	6.26 Yen	11.49 Yen
Diluted	6.26 Yen	11.49 Yen

(Note) The calculation of diluted earnings per share does not assume exercise of stock acquisition rights that would have an antidilutive effect on earnings per share.

12. Events after the Reporting Period

The Company resolved the acquisition of shares of Hyundai Swiss Savings Bank Co., Ltd. (hereinafter “Hyundai Swiss Savings Bank”), headquartered in Seoul, South Korea, at its board meeting held on 7 February 2013. Hyundai Swiss Savings Bank will become a subsidiary of the Group subject to the approval of Financial Service Commission of South Korea.

Please refer to *Notifiable Transaction* and *Overseas Regulatory Announcement* dated 14 February 2013 for more details.

13. Explanation of Transition to IFRSs

The Group determined to first adopt IFRSs for this fiscal year ending 31 March 2013 and the interim condensed consolidated financial statements of the Group were prepared in accordance with IAS 34. The latest consolidated financial statement under JGAAP is prepared for the year ended 31 March 2012 and the transition date is 1 April 2011.

The reconciliation required to be disclosed for IFRSs' first time adoption is as follows;

The “Reclassifications” in below table represents the reclassification made to map accounts presented under JGAAP to those of IFRSs. The “Adjustments” represents adjustments post as according to the requirements under IFRSs.

Reconciliation of consolidated Statement of Financial Position as at 1 April 2011 and 31 March 2012

Presentation under JGAAP	Notes	As at 1 April 2011				Presentation under IFRSs
		JGAAP Millions of Yen	Reclassifications Millions of Yen	Adjustments Millions of Yen	IFRSs Millions of Yen	
Assets						Assets
Cash and deposits		150,268	(1,482)	11,612	160,398	Cash and cash equivalents
	(6)		98,310	67,780	166,090	Trade and other accounts receivable
Notes and accounts receivable-trade		10,658	(10,658)			
Operational loans receivable		27,906	(27,906)			
Leases receivable and lease investment assets		16,167	(16,167)			
Allowance for doubtful accounts		(4,017)	4,017			
						Assets related to securities business
Cash segregated as deposits		347,866	—	—	347,866	Cash segregated as deposits
Margin transaction assets	(10)	250,400	—	(110,440)	139,960	Margin transaction assets
Short-term guarantee deposits		5,236	(5,236)			
	(10)		10,632	218,032	228,664	Other assets related to securities business
					716,490	Total assets related to securities business
	(6)		9,672	7,213	16,885	Other financial assets
Operational investment securities-net	(6)	132,773	—	(24,635)	108,138	Operational investment securities
Short-term investment securities	(6)	292	(292)			
Real estate inventories		16,813	(16,813)			
Trading instruments		2,702	(2,702)			
Deferred tax assets		14,243	(14,243)			
Others		57,474	(57,474)			
	(6)		18,932	(5,896)	13,036	Other investment securities
			34,597	(11,230)	23,367	Investments in associates
	(5)		21,024	(1,733)	19,291	Investment properties
Property and equipment	(4)	28,431	(21,024)	3,472	10,879	Property and equipment
Intangible assets	(1)	140,244	—	(72,268)	67,976	Intangible assets
			39,990	7,075	47,065	Other assets
Investment securities	(6)	53,379	(53,379)			
Deferred tax assets	(9)	12,830	14,243	(4,959)	22,114	Deferred tax assets
Others		36,108	(36,108)			
Allowance for doubtful accounts		(12,067)	12,067			
Stock issuance costs		153	—	(153)		
Bonds issuance costs		32	—	(32)		
Deferred operating costs under Article 113 of the Insurance Business Act	(8)	5,715	—	(5,715)		
Total assets		1,293,606	—	78,123	1,371,729	Total assets

		As at 1 April 2011				
Presentation under JGAAP	Notes	JGAAP	Reclassifications	Adjustments	IFRSs	Presentation under IFRSs
		Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	
Liabilities						Liabilities
			211,278	65,700	276,978	Bonds and loans payable
Short-term loans payable		97,164	(97,164)			
Current portion of long-term loans payable		12,148	(12,148)			
Current portion of bonds payable		70,060	(70,060)			
			37,598	4,927	42,525	Trade and other accounts payable
Advances received		1,954	(1,954)			
Accrued expenses		3,202	(3,202)			
Provision for bonuses		79	(79)			
Other provisions		448	(448)			
						Liabilities related to securities business
Margin transaction liabilities	(10)	143,758	—	(64,569)	79,189	Margin transaction liabilities
Loans payable secured by securities		61,798	—	—	61,798	Loans payable secured by securities
Deposits from customers	(10)	37,820	—	(1,103)	36,717	Deposits from customers
Guarantee deposits received		309,135	—	—	309,135	Guarantee deposits received
	(10)		1,067	175,415	176,482	Other liabilities related to securities business
					663,321	Total liabilities related to securities business
Accrued income taxes		4,575	(279)	803	5,099	Income tax payable
			16,025	8,922	24,947	Other financial liabilities
Deferred tax liabilities		3,220	(3,220)			
Others		35,237	(30,230)	602	5,609	Other liabilities
Bonds payable		540	(540)			
Long-term loans payable		31,366	(31,366)			
Deferred tax liabilities	(9)	424	3,220	1,718	5,362	Deferred tax liabilities
Provision for retirement benefits		70	(70)			
Other provisions		861	(861)			
Others		17,567	(17,567)			
Statutory reserve	(7)	5,197	—	(5,197)		
Total liabilities		836,623	—	187,218	1,023,841	Total liabilities

Presentation under JGAAP	Notes	As at 1 April 2011				Presentation under IFRSs
		JGAAP Millions of Yen	Reclassifications Millions of Yen	Adjustments Millions of Yen	IFRSs Millions of Yen	
Net assets						Equity
Capital stock		73,236	—	—	73,236	Capital stock
Capital surplus	(1)	236,921	—	(81,396)	155,525	Capital surplus
Treasury stock		(247)	—	—	(247)	Treasury stock
Retained earnings	(6)	88,074	(7,156)	7,727	571	Other component of equity
Total shareholders' equity		397,984	(7,156)	(100,792)	290,036	Retained earnings
Unrealized losses on available-for-sale securities		(3,903)	3,903			Equity attributable to owners of the Company
Deferred gains (losses) on derivatives under hedge accounting		(240)	240			
Foreign currency translation adjustment	(3)	(3,013)	3,013			
Total accumulated other comprehensive income/(loss)		(7,156)	7,156			
Stock acquisition rights		12	(12)			
Minority interests		66,143	12	(8,303)	57,852	Non-controlling interests
Total net assets		456,983	—	(109,095)	347,888	Total equity
Total liabilities and net assets		1,293,606	—	78,123	1,371,729	Total liabilities and equity

As at 31 March 2012						
Presentation under JGAAP	Notes	JGAAP	Reclassifications	Adjustments	IFRSs	Presentation under IFRSs
		Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	
Assets						Assets
Cash and deposits		146,056	(461)	14,238	159,833	Cash and cash equivalents
	(6)		128,565	51,820	180,385	Trade and other accounts receivable
Notes and accounts receivable-trade		11,106	(11,106)			
Operational loans receivable		42,281	(42,281)			
Leases receivable and lease investment assets		13,830	(13,830)			
Allowance for doubtful accounts		(3,683)	3,683			
						Assets related to securities business
Cash segregated as deposits		663,066	—	—	663,066	Cash segregated as deposits
Margin transaction assets	(10)	260,048	—	(93,396)	166,652	Margin transaction assets
Short-term guarantee deposits		16,801	(16,801)			
	(10)		20,790	139,700	160,490	Other assets related to securities business
					990,208	Total assets related to securities business
	(6)		10,022	3,064	13,086	Other financial assets
Operational investment securities-net	(6)	141,943	—	(19,992)	121,951	Operational investment securities
Short-term investment securities	(6)	219	(219)			
Real estate inventories		11,700	(11,700)			
Trading instruments		1,763	(1,763)			
Deferred tax assets		11,426	(11,426)			
Others		75,831	(75,831)			
	(6)		18,132	(7,584)	10,548	Other investment securities
			43,322	(14,225)	29,097	Investments in associates
	(5)		22,428	(3,899)	18,529	Investment properties
Property and equipment	(4)	28,835	(22,428)	3,055	9,462	Property and equipment
Intangible assets	(1)	137,176	—	(72,674)	64,502	Intangible assets
			30,358	6,743	37,101	Other assets
Investment securities	(6)	61,403	(61,403)			
Deferred tax assets	(9)	15,458	11,426	(6,018)	20,866	Deferred tax assets
Others		26,013	(26,013)			
Allowance for doubtful accounts		(6,536)	6,536			
Stock issuance costs		182	—	(182)		
Bonds issuance costs		143	—	(143)		
Deferred operating costs under Article 113 of the Insurance Business Act	(8)	8,753	—	(8,753)		
Total assets		1,663,814	—	(8,246)	1,655,568	Total assets

		As at 31 March 2012				
Presentation under JGAAP	Notes	JGAAP	Reclassifications	Adjustments	IFRSs	Presentation under IFRSs
		Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	
Liabilities						Liabilities
			234,249	50,939	285,188	Bonds and loans payable
Short-term loans payable		103,915	(103,915)			
Current portion of long-term loans payable		19,889	(19,889)			
Current portion of bonds payable		60,060	(60,060)			
			32,843	6,230	39,073	Trade and other accounts payable
Advances received		1,941	(1,941)			
Accrued expenses		3,263	(3,263)			
Provision for bonuses		96	(96)			
Other provisions		291	(291)			
						Liabilities related to securities business
Margin transaction liabilities	(10)	170,800	—	(57,798)	113,002	Margin transaction liabilities
Loans payable secured by securities		76,593	—	—	76,593	Loans payable secured by securities
Deposits from customers	(10)	347,953	—	(16,464)	331,489	Deposits from customers
Guarantee deposits received		289,405	—	—	289,405	Guarantee deposits received
	(10)		2,676	120,666	123,342	Other liabilities related to securities business
					933,831	Total liabilities related to securities business
Accrued income taxes		4,875	(303)	275	4,847	Income tax payable
			22,480	7,436	29,916	Other financial liabilities
Deferred tax liabilities		4,048	(4,048)			
Others		36,930	(32,107)	114	4,937	Other liabilities
Bonds payable		30,480	(30,480)			
Long-term loans payable		16,766	(16,766)			
Deferred tax liabilities	(9)	357	4,048	1,466	5,871	Deferred tax liabilities
Provision for retirement benefits		17	(17)			
Other provisions		1,445	(1,445)			
Others		21,675	(21,675)			
Statutory reserve	(7)	4,436	—	(4,436)		
Total liabilities		1,195,235	—	108,428	1,303,663	Total liabilities

As at 31 March 2012

Presentation under JGAAP	Notes	As at 31 March 2012			IFRSs	Presentation under IFRSs
		JGAAP	Reclassifications	Adjustments		
		Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	
Net assets						Equity
Capital stock		81,665	—	—	81,665	Capital stock
Capital surplus	(1)	249,353	—	(88,882)	160,471	Capital surplus
Treasury stock		(3,180)	—	—	(3,180)	Treasury stock
	(6)		(9,323)	7,960	(1,363)	Other component of equity
Retained earnings		88,418	—	(29,488)	58,930	Retained earnings
Total shareholders' equity		416,256	(9,323)	(110,410)	296,523	Equity attributable to owners of the Company
Unrealized losses on available-for-sale securities		(2,722)	2,722			
Deferred gains (losses) on derivatives under hedge accounting		(1,890)	1,890			
Foreign currency translation adjustments	(3)	(4,711)	4,711			
Total accumulated other comprehensive income/(loss)		(9,323)	9,323			
Stock acquisition rights		10	(10)			
Minority interests		61,636	10	(6,264)	55,382	Non-controlling interests
Total net assets		468,579	—	(116,674)	351,905	Total equity
Total liabilities and net assets		1,663,814	—	(8,246)	1,655,568	Total liabilities and equity

Reconciliation of equity as at 1 April 2011, 31 December 2011, and 31 March 2012

	Notes	As at 1 April 2011	As at 31 December 2011	As at 31 March 2012
		Millions of Yen	Millions of Yen	Millions of Yen
Equity of the Group under JGAAP		456,983	459,748	468,579
Business combination	(1)	(77,493)	(76,355)	(77,393)
Scope of consolidation	(2)	(5,697)	(8,049)	(6,263)
Property and equipment	(4)	714	717	708
Investment properties	(5)	(1,291)	(1,311)	(2,785)
Financial instruments	(6)	(14,488)	(11,461)	(13,209)
Statutory reserve	(7)	3,082	2,852	4,097
Insurance contract	(8)	(6,978)	(8,867)	(8,989)
Income tax expense	(9)	(6,004)	(6,223)	(12,152)
Others		(940)	(731)	(688)
Equity of the Group under IFRSs		<u>347,888</u>	<u>350,320</u>	<u>351,905</u>

Reconciliation of comprehensive income of three months ended 31 December 2011, nine months ended 31 December 2011 and the fiscal year ended 31 March 2012

	Notes	Three months ended 31 December 2011	Nine months ended 31 December 2011	Fiscal year ended 31 March 2012
		Millions of Yen	Millions of Yen	Millions of Yen
Comprehensive income/(loss) of the Group under JGAAP		1,280	(7,292)	3,764
Business combination	(1)	3,046	6,812	3,912
Scope of consolidation	(2)	313	(943)	826
Property and equipment	(4)	(33)	3	(6)
Investment properties	(5)	(7)	(20)	(1,494)
Financial instruments	(6)	999	2,448	816
Statutory reserve	(7)	225	(230)	1,015
Insurance contract	(8)	(782)	(1,889)	(2,011)
Income tax expense	(9)	(228)	(219)	(6,148)
Others		44	209	252
Comprehensive income/(loss) of the Group under IFRSs		<u>4,857</u>	<u>(1,121)</u>	<u>926</u>

Significant reconciliation of cash flows

There is no significant difference between cash flow statement under IFRSs and JGAAP.

Notes to Reconciliation

(1) Business combination

The Group decided to apply IFRS 3 “Business Combinations” for all the business combinations retrospectively on or after 31 March 2008.

(a) Measurement of assets and liabilities at the date of business combination

The items which are recognized as assets and liabilities under JGAAP but do not meet the criteria for recognition of assets and liabilities under IFRSs are excluded from Statement of financial position as at 1 April 2011. On the contrary, the items which meet the criteria for recognition of assets and liabilities under IFRSs but were not recognized under JGAAP were recognized at measurement value at the initial recognition date.

As a result, the Group recognized intangible assets of ¥1,426 million and goodwill arising from business combination of ¥1,379 million was reduced at the initial recognition date.

(b) Goodwill arising from increasing investment in equity after obtaining control

The Group applies IFRS 3 “Business Combination” retrospectively for all the business combination occurred on or after 31 March 2008 and treats goodwill arising from increase in interest after obtaining control under JGAAP as decrease of capital surplus. As a result, capital surplus decreased by ¥87,156 million and ¥98,443 million as at 1 April 2011 and 31 March 2012, respectively. The decrease as at the transition date included the amount of ¥83,852 million which aroused from SBI SECURITIES Co., Ltd. becoming a wholly owned subsidiary in August 2008.

(c) Changes in ownership interests in subsidiaries without loss of control

Under IAS 27 “Consolidated and Separate Financial Statements”, the entity shall recognize investments in subsidiaries arising from changes in interest of parent company without losing control as equity transaction and thus profit or loss or goodwill decreased under JGAAP are treated as decrease or increase of capital surplus.

As a result, capital surplus increased by ¥5,942 million and ¥10,564 million as at 1 April 2011 and 31 March 2012, respectively.

(d) Impairment and amortization of goodwill and negative goodwill

Under JGAAP, goodwill is generally amortized over estimated useful life up to 20 years and shall be tested for impairment if there is an indication that the asset may be impaired and consequently not required to be tested for impairment every fiscal year. Impairment test consists of judgment for recognition and measurement of impairment. For the judgment for recognition, pre-discounted future cash flow is used for comparison with book value. The Group shall recognize the amount of the book value of non-current assets less the higher amount of fair value or value in use as measurement of impairment of non-current assets.

Under IFRSs, goodwill is required to be tested for impairment regardless of an indication of impairment instead of no periodical amortization. For impairment test, the Group shall compare cash-generating units including goodwill with recoverable amount. Recoverable amount is the higher of its fair value less costs of disposal and value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or a cash-generating unit which goodwill is allocated to. The Group shall base cash flow projections on the most recent financial budgets/forecasts approved by management, and maximum period of these budgets/forecasts shall be five years or less unless a longer period can be justified. Discount rate used for measuring value in use was 8.62% and 7.25% per annum as at 1 April 2011 and 31 March 2012, respectively.

As discussed, there are differences between JGAAP and IFRSs on assumption and estimation used in impairment test of goodwill, scope or approach of impairment test. And an impairment test is required at the transition date under IFRS 1.

By these differences, we recognized impairment loss of ¥1,906 million in Financial Service Business and ¥1,182 million in Biotechnology-related Business and ¥2,547 million in Other Business, in the aggregate of ¥5,635 million as a result of revaluation of recoverability amount of goodwill and other assets as at the transition date, 1 April 2011.

As at 31 March 2012 we recognized impairment loss of goodwill by ¥1,276 million in Asset Management Business and of ¥858 million in Financial Service Business, in the aggregate of ¥2,134 million.

Negative goodwill recognized as liabilities and amortized periodically under JGAAP is recognized as profit or loss under IFRSs.

(e) Impact from business combination

As a result of above from (1)(a) to (1)(d), as at 1 April 2011, there was a decrease in equity of ¥77,493 million which consist of decrease in capital surplus of ¥81,214 million, increase in retained earnings of ¥4,101 million, and decrease in non-controlling interests of ¥138 million.

Also, as a result of above from (1)(a) to (1)(d), as at 31 March 2012, there was a decrease in equity of ¥77,393 million which consist of decrease in capital surplus of ¥87,879 million, increase in retained earnings of ¥9,340 million, and increase in non-controlling interests of ¥1,389 million.

In addition, total comprehensive income increased by ¥3,046 million for the three months ended 31 December 2011, increased by ¥6,812 million for the nine months ended 31 December 2011 and increased by ¥3,912 million for the fiscal year ended 31 March 2012.

(2) Scope of consolidation

Under JGAAP, when investment companies such as venture capital invest operationally to stock or equity of other company for gaining capital gains through corporate revitalization and business development even if controlling the organization for decision making of the other company, the company may not be recognized as subsidiary. On the other hand, under the same condition, IFRSs requires investment companies include the other company within the scope of consolidation when controlling the other company.

Since scope of consolidation has been expanded under IFRSs, there was a decrease in equity of ¥5,697 million as at 1 April 2011 including decrease in retained earnings of ¥4,698 million. Also, as at 31 March 2012, there was a decrease in equity of ¥6,263 million including decrease in retained earnings of ¥5,174 million.

In addition, total comprehensive income increased by ¥313 million for the three months ended 31 December 2011, decreased by ¥943 million for the nine months ended 31 December 2011 and increased by ¥826 million for the fiscal year ended 31 March 2012.

(3) Translation adjustment for foreign operations

The Group determined to apply the exemption in IFRS 1 and recognized accumulated translation adjustment for all foreign operations as zero as at the transition date.

(4) Property and equipment

The Company and its subsidiaries in Japan principally apply the declining-balance method as depreciation method of property and equipment (other than leased asset) under JGAAP, however, under IFRSs, straight line method is applied. Retained earnings increased by ¥672 million and ¥665 million as at the transition date and 31 March 2012 principally due to the above difference of depreciation method.

(5) Investment properties

The Group determined to apply the exemption in IFRS 1 and treat fair value for some of the investment properties as deemed cost at the transition date under IFRSs. The book value of investment properties which the Group applied deemed cost is ¥17,420 million and fair value is ¥15,687 million. As a result, retained earnings decreased by ¥1,257 million as at the transition date. Retained earnings decreased by ¥1,470 million because the Group recognized impairment loss as at 31 March 2012.

(6) Financial instruments

(a) Classification of financial assets

Financial assets are classified as either “Financial assets measured at amortized cost” or “Financial assets measured at fair value” under IFRS 9 “Financial Instruments” (hereinafter referred to as the “IFRS 9”). Investment in equity instrument which is not held for trading can be initially designated as the financial assets measured at fair value through other comprehensive income.

On the other hand, under JGAAP, securities are classified into four categories, “Securities held for trading”, “held to maturity investment”, “stocks of subsidiaries or affiliates” and “available-for-sale securities”. “Held to maturity investment” is measured at amortized cost and “securities held for trading” and “available-for-sale securities” are measured at fair value through profit or loss and other comprehensive income, respectively.

Items included in “available-for-sale securities” excluding those measured at fair value through other comprehensive income, are measured at fair value through profit or loss with adoption of IFRS 9. The investment held by venture capitals and other similar entities in the Group are measured at fair value through profit or loss, when the Group does not intend to exercise control even though holding 20% to 50% voting interests, in conformity with IFRS 9.

(b) Deferral of up-front fee

The Company recognizes up-front fee which is charged by each housing loan at a fixed rate as revenue immediately upon receipt under JGAAP, however, under IFRSs, revenue recognition of up-front fee is deferred by using effective interest method where it meets the definition of “An inseparable part of effective interests”.

(c) Derecognition of financial assets and financial liabilities with securitization

According to IFRS 1, requirements of derecognition under IFRS 9 can be applied before the transition date when necessary information is available. The Group decided to derecognize the financial instruments related to the housing loans securitized on and after 1 January 2004 as they meet the criteria for derecognition defined in IFRS 9. Under IFRSs, all the risks and rewards of financial assets are regarded as substantially transferred when the Group no longer holds the contractual rights to collect cash flows from the financial assets or the Group officially acknowledges the pass-through arrangements. A financial asset shall be derecognized if all the risks and rewards are transferred or the Group hardly retain any risks and rewards of the financial assets nor exercise control towards it. Otherwise, the Group continues to recognize the financial assets. If the Group does not transfer all the risks and rewards of a transferred asset, and retains control of it, the Group continues to recognize the financial assets to the extent of its continuing involvement.

Under JGAAP financial assets are derecognized upon the transfer of control to the third party (financial component approach). Risks and rewards are not considered in the assessment of derecognition.

Under JGAAP specific agreement of securitization is regarded as sales of loan to third party and thus the loan is derecognized. Under IFRSs, the Group retain significant credit risks in relation to part of the loan, which do not meet criteria for derecognition under IFRS 9 and thus the loan is not derecognized. Furthermore, with the derecognition not being acknowledged under IFRSs, commission fee in relation to the loan which is recognized as income under JGAAP is recognized as adjustment to effective interest and amortized together with the loan.

(d) Impact on financial instruments

As a result of the above stated (6)(a) to (6)(c), equity decreased by ¥14,488 million consisting of the ¥14,919 million decrease in retained earnings, ¥5,351 million increase in other component of equity and ¥4,736 million decrease in non-controlling interests as at the transition date. As at 31 March 2012, equity decreased by ¥13,209 million, which consists of ¥13,952 million decrease in retained earnings, ¥5,085 million increase in other component of equity and ¥4,063 million decrease in non-controlling interests.

Other comprehensive income increased by ¥999 million for the three months ended 31 December 2011, increased by ¥2,448 million for the nine months ended 31 December 2011 and increased by ¥816 million for the fiscal year ended 31 March 2012.

Assets increased by ¥65,978 million and liabilities increased by ¥66,305 million as at the transition date, and assets increased by ¥51,421 million and liabilities increased by ¥51,358 million as at 31 March 2012 as impacted by the above (6)(c).

(7) Statutory reserve

Reserve for financial products transaction liabilities recognized under JGAAP is provided for future possible loss which does not exist at the reporting date. Reserve for financial products transaction liabilities do not meet the criteria for recognition of liabilities under IFRSs, therefore it is reversed, which leads to the result of a ¥3,082 million increase in retained earnings at the transition date and ¥4,097 million increase as at 31 March 2012.

(8) Insurance contract

(a) Deferred assets

An insurance company newly established may defer the business expenditure incurred within 5 years after establishment and recorded as deferred assets which can be amortized within 10 years through profit or loss in conformity with Article 113 of Insurance Business Act. Since the deferred assets which the Group recognizes under JGAAP do not meet the criteria of recognition of assets under IFRSs, the deferred assets are written off.

(b) Reserve for catastrophes

Reserve for catastrophes recognized under JGAAP is for future possible insurance payment and does not meet the criteria of liability under IFRSs. Therefore reserve for catastrophes recognized under JGAAP is written off under IFRSs.

(c) Impact from insurance contract

Retained earnings and non-controlling interest as at the transition date decreased by ¥4,573 million and ¥2,405 million, respectively, and retained earnings and non-controlling interest as at 31 March 2012 decreased by ¥6,291 million and ¥2,698 million, respectively as a result of impact from (8)(a) to (8)(b).

Total comprehensive income decreased by ¥782 million for the three months ended 31 December 2011, decreased by ¥1,889 million for the nine months ended 31 December 2011 and decreased ¥2,011 million for the fiscal year ended 31 March 2012.

(9) Income tax expense

The elimination of unrealized gain or loss arising from transaction within the Group leads to a temporary difference between the book value and tax base.

Under JGAAP, tax effects in relation to elimination of intragroup unrealized gain are recognized as deferred tax assets for the tax amount which incurred at seller side and the tax effects in relation to elimination of intragroup unrealized loss are recognized as deferred tax liabilities at the seller side since it is regarded as deductible in calculation of taxable income.

On the other hand, under IFRSs, tax effect in relation to elimination of intragroup unrealized gain are recognized as deferred tax assets at the buyer side considering the recoverability and calculated using tax rate of the buyer's. Tax effects in relation to intragroup unrealized loss shall be recognized as deferred tax liabilities with some exceptions.

Due to these GAAP differences, retained earnings decreased by ¥6,004 million and ¥12,152 million as at the transition date and 31 March 2012, respectively.

(10) Assets and liabilities related securities business

Under JGAAP, trade date accrual is recorded as net amount as contra account of trading assets and liabilities recognized when trading on exercise basis. Only transaction fee is recognized on exercise date and Trade date accrual is not recognized during a transaction as broker. On the other hand, under IFRSs, receivable and payable to different counter party can be offset when, and only when there is legal enforcement and intention for offsetting or simultaneous settlement of assets and liabilities. Therefore, trade date accrual occurred during trading is recorded at gross amount. On brokerage for customer, receivable and payable is recognized to both seller and buyer and trade date accrual is recorded as gross amount, at the same time, trade date accrual is partially offset with deposit from customers in spot transactions and is also offset partially with margin transaction assets or margin transaction liabilities in margin transactions.

Due to the impact of the GAAP difference stated above, assets and liabilities related to securities business increased by ¥109,758 million and ¥46,630 million as at the transition date and 31 March 2012, respectively.

(TRANSLATION)

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

13 February 2013

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 condensed consolidated financial statements included in the Financial Section, which comprise the interim condensed consolidated statement of financial position of SBI Holdings, Inc. (the "Company") and its subsidiaries as of 31 December 2012, and the related interim condensed consolidated statement of income, and comprehensive income for the three months and nine months then ended, and the interim condensed consolidated statement of changes in equity, and cash flows for the nine months then ended, and the related notes.

Management's Responsibility for the Interim Condensed Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") pursuant to Article 93 of "Rules Governing Term, Form and Preparation of Quarterly Consolidated Financial Statements", and for such internal control as management determines is necessary to enable the preparation of interim condensed 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 condensed 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 condensed consolidated financial statements referred to above do not present fairly, in all material respects, the consolidated financial position of SBI Holdings, Inc. and its subsidiaries as of 31 December 2012, and the consolidated results of their operations for the three months and nine months then ended, and their cash flows for the nine months then ended in conformity with IAS 34.

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.