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SBI HOLDINGS, INC.

(Incorporated in Japan with limited liability)

(Stock Code: 6488)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2014 AND RESUMPTION OF TRADING

The board of directors (the “Directors”) of SBI HOLDINGS, INC. (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2014 together with the comparative figures for the year ended 31 March 2013.

At the request of the Company, trading in its Hong Kong depository receipts was halted with effect from 1:00 p.m. on Thursday, 8 May 2014, pending the release of this announcement. An application will be made by the Company to the Stock Exchange for resumption of trading in the Hong Kong depository receipts with effect from 9:00 a.m. on Friday, 9 May 2014.

(Amounts are rounded off to the nearest million Japanese yen)

1. Consolidated Financial Results

(1) Consolidated Operating Results

(Percentages represent year-on-year changes)

	Operating revenue		Operating income		Profit before income tax expense		Profit for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year ended 31 March 2014	232,822	51.7	42,224	154.7	38,899	173.7	19,799	184.4
Fiscal Year ended 31 March 2013	153,476	(13.5)	16,577	(5.4)	14,213	(8.9)	6,962	152.1

	Profit attributable to owners of the Company		Total comprehensive income		Basic earnings per share attributable to owners of the Company	Diluted earnings per share attributable to owners of the Company
	Millions of yen	%	Millions of yen	%	Yen	Yen
Fiscal Year ended 31 March 2014	21,439	569.6	30,378	98.0	99.04	96.85
Fiscal Year ended 31 March 2013	3,202	955.9	15,340	—	14.75	14.75

	Ratio of profit to equity attributable to owners of the Company	Ratio of profit before income tax expense to total assets	Ratio of operating income to operating revenue
	%	%	%
Fiscal Year ended 31 March 2014	6.8	1.4	18.1
Fiscal Year ended 31 March 2013	1.1	0.7	10.8

(Notes) 1. Share of results of associates Fiscal year ended 31 March 2014: 1,331 million yen
Fiscal year ended 31 March 2013: 558 million yen

2. Year-on-year changes over 1,000% are not presented herein.

3. The Company conducted a 10 for 1 stock split, effective on 1 October 2012. The calculations of basic and diluted earnings per share 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 2013.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the Company	Ratio of equity attributable to owners of the Company to total assets	Equity per share attributable to owners of the Company
	Millions of yen	Millions of yen	Millions of yen	%	Yen
31 March 2014	2,875,304	388,463	325,631	11.3	1,504.19
31 March 2013	2,494,387	360,535	303,299	12.2	1,401.39

(3) Consolidated Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal Year ended 31 March 2014	29,401	16,811	92,538	276,221
Fiscal Year ended 31 March 2013	(36,984)	(19,060)	25,699	133,362

2. Dividends

(Declared date)	Dividend per share					Total dividend (annual)	Payout ratio (cons.)	Ratio of dividend to equity attributable to owners of the Company (cons.)
	End of 1 st Q	End of 2 nd Q	End of 3 rd Q	Year-end	Full year			
Fiscal Year ended 31 March 2013	Yen —	Yen 0.00	Yen —	Yen 10.00	Yen 10.00	Millions of yen 2,170	% 67.8	% 0.7
Fiscal Year ended 31 March 2014	—	0.00	—	20.00	20.00	4,340	20.2	1.4
Fiscal Year ending 31 March 2015 (forecast) (Note)	—	—	—	—	—		—	

(Note) Fiscal year ending 31 March 2015 forecast is to be determined. Please refer to 1. BUSINESS RESULTS (3) Basic Policy on Profit Distribution and Dividends, for detailed information.

3. Total number of shares outstanding (Common stock)

(1) Number of shares outstanding (including treasury stock)	: 31 March 2014	: 224,561,761 shares
	: 31 March 2013	: 224,525,781 shares
(2) Number of treasury stock	: 31 March 2014	: 8,078,743 shares
	: 31 March 2013	: 8,098,446 shares
(3) Average number of shares outstanding	: Year ended 31 March 2014	: 216,464,301 shares
	: Year ended 31 March 2013	: 217,072,796 shares

(Note) The number of shares presented above is retrospectively adjusted, assuming that the 10 for 1 stock split was conducted at the beginning of the fiscal year ended 31 March 2013.

The Group prepared the consolidated financial statements in accordance with IFRSs from this fiscal year.

As of the date of this announcement, the results for the year ended 31 March 2014 are under audit by the independent accountants of the Company.

(Reference Information)
Non-consolidated Financial Results

The non-consolidated financial results were prepared in accordance with JGAAP.

(1) Non-consolidated Operating Results

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended 31 March 2014	32,519	(14.5)	14,021	(27.2)	11,718	(34.0)	2,040	98.0
Fiscal year ended 31 March 2013	38,050	19.5	19,270	138.9	17,766	249.6	1,030	(93.5)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended 31 March 2014	9.42	9.15
Fiscal year ended 31 March 2013	4.75	4.75

(Note) The Company conducted a 10 for 1 stock split, effective on 1 October 2012. The calculations of net income per share and diluted net income per share 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 2013.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Ratio of shareholder's equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
31 March 2014	614,936	360,872	58.7	1,666.98
31 March 2013	564,961	358,827	63.5	1,657.95

(Note) Shareholders' equity Fiscal year ended 31 March 2014: 360,872million yen
Fiscal year ended 31 March 2013: 358,827million yen

1. BUSINESS RESULTS

(1) Analysis of Business Results for the Fiscal Year

During the consolidated fiscal year ended 31 March 2014, the Japanese economy moved on a gradual recovery path with improvements in corporate earnings and consumer spending on the back of further weakening of the yen in the foreign exchange market, monetary and financial measures implemented by the government and the Bank of Japan and other factors. However, future economic prospects remain uncertain due mainly to the concerns about a decline in consumption following the consumption tax increase in April 2014.

Stock markets in Japan and overseas significantly impact businesses related to investment and securities. In the domestic markets, the central bank's large-scale monetary easing plan led to growing expectations and hopes that deflation could be overcome. Plus the deregulation of margin trading from January 2013 also spurred a rapid rise in trading volumes. As a result, the individual stock brokerage trading values on three major markets, Tokyo, Osaka, and Nagoya, in the fiscal year ended 31 March 2014 achieved a high level of 2.4 times that of the year earlier. There were 53 new listings (excluding the number of listings on the TOKYO PRO Market), 1 more than those in the last year, which reflected a continuing recovery of market conditions in Japan. Overseas, stock market conditions in major countries were also favorable despite effects of the slowdown of quantitative easing in the U.S. and uncertainties over the future outlook of some emerging economies, and the number of new listings also rebounded.

In the operating environment surrounding the Internet financial services business, consumers continued to be increasingly aware of the merit of utilizing Internet financial services as they sought the most advantageous conditions available in pursuing financial transactions to protect their livelihood. Consequently, the business remained strong with face-to-face transactions shifting to online transactions. We recognize that the market will demonstrate vigorous growth also going forward despite the expected intensifying competition.

The Group's consolidated results of operations for the fiscal year ended 31 March 2014 were as follows. Operating revenue increased 51.7% year-on-year to ¥232,822 million, operating income rose 154.7% to ¥42,224 million, profit before income tax expense increased 173.7% to ¥38,899 million, and profit attributable to owners of the Company rose 569.6% to ¥21,439 million.

The results of operations for each reporting segment of the Group for the fiscal year ended 31 March 2014 were as follows.

	Operating revenue			Profit (loss) before income tax expense		
	Fiscal Year ended 31 March 2013	Fiscal Year ended 31 March 2014		Fiscal Year ended 31 March 2013	Fiscal Year ended 31 March 2014	
	Millions of Yen	Millions of Yen	%	Millions of Yen	Millions of Yen	%
Financial Services Business	113,340	147,835	30.4	18,741	37,298	99.0
Asset Management Business	32,202	72,725	125.8	5,450	8,990	65.0
Biotechnology-related Business	970	2,195	126.3	(3,900)	(2,432)	—
Total	146,512	222,755	52.0	20,291	43,856	116.1
Others	9,240	11,626	25.8	1,659	2,438	46.9
Elimination	(2,276)	(1,559)	—	(7,737)	(7,395)	—
Consolidation	153,476	232,822	51.7	14,213	38,899	173.7

(% 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, credit card business, and leasing business.

The result of operation of Financial Services Business for the fiscal year ended 31 March 2014 was as follows. Operating revenue increased 30.4% year-on-year to ¥147,835 million, and profit before income tax expense increased 99.0% to ¥37,298 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 in Japan and overseas.

The result of operation of Asset Management Business for the fiscal year ended 31 March 2014 was as follows. Operating revenue increased 125.8% year-on-year to ¥72,725 million, and profit before income tax expense rose 65.0% to ¥8,990 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 are deemed to be controlled by the Group are consolidated into the results of operations of this reporting segment.

(Biotechnology-related Business)

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

The result of operation of Biotechnology-related Business for the fiscal year ended 31 March 2014 was as follows. Operating revenue increased 126.3% year-on-year to ¥2,195 million, and loss before income tax expense amounted to ¥2,432 million (loss before income tax expense of ¥3,900 million for the fiscal year ended 31 March 2013).

(*) 5-aminolevulinic acid (ALA) is an amino acid generated by mitochondria in the 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.

(2) Analysis of Financial Conditions for the Fiscal Year

As at 31 March 2014, total assets resulted in ¥2,875,304 million and increased by ¥380,917 million from total assets of ¥2,494,387 million as at 31 March 2013. The Group's equity rose by ¥27,928 million to ¥388,463 million from the fiscal year ended 31 March 2013. As at 31 March 2014, the Group's cash and cash equivalents amounted to ¥276,221 million and increased by ¥142,859 million from that of ¥133,362 million as at 31 March 2013. The changes of cash flows for each activity and the reasons for changes are as follows:

(Operating Cash Flows)

Cash flows from operating activities resulted in ¥29,401 million in net cash inflows (¥36,984 million in net cash outflows for the fiscal year ended 31 March 2013). The net cash inflows were primarily due to a ¥38,899 million cash inflow from an increase in profit before income tax expense, a ¥95,728 million cash inflow from a decrease in accounts receivables and other receivables, and a ¥7,370 million cash inflow from an increase in assets/liabilities related to securities business, despite a ¥121,649 million cash outflow from a decrease in customer deposits in the banking business.

(Investing Cash Flows)

Cash flows from investing activities resulted in ¥16,811 million in net cash inflows (¥19,060 million in net cash outflows for the fiscal year ended 31 March 2013). The net cash inflows were primarily due to a ¥21,582 million cash inflow from proceeds from sales of investment securities.

(Financing Cash Flows)

Cash flows from financing activities amounted to ¥92,538 million in net cash inflows (¥25,699 million in net cash outflows for the fiscal year ended 31 March 2013). The net cash inflows were primarily due to a ¥47,918 million cash inflow from an increase in short-term loans payable, a ¥101,012 million cash inflow from proceeds from issuance of bonds payable, and a ¥40,895 million cash inflow from proceeds from long-term loans payable, despite a ¥27,091 million cash outflow for repayment of long-term loans payable and a ¥65,470 million cash outflow from redemption of bonds payable.

(3) Basic Policy on Profit Distribution and Dividends for Fiscal Year Ended 31 March 2014 and Fiscal Year Ending 31 March 2015

The basic profit distribution policy of the Company is to target a payout a minimum of ¥10 per share on a once annual year-end dividend payment. Depending on the adequacy of retained earnings for sustainable growth and business forecasts, the Company will aim to increase the payout amount in the future. In principle, the Company distributes the total full-year dividend at the end of the year.

Based on the aforementioned basic policy and the consolidated business results, the Company determined to pay an ordinary dividend of ¥20 per share as a year-end dividend for the fiscal year ended 31 March 2014.

2. MANAGEMENT POLICY

(1) Basic Management Policy of the Company

The Group's core businesses are the Financial Services Business, mainly consisting of the securities brokerage business, banking business and insurance business, which offers a wide range of financial services; the Asset Management Business which primarily involves fund management and investment in IT, biotechnology, environmental energy and financial-related venture companies inside and outside of Japan; and the Biotechnology-related Business which represents development and distribution of pharmaceutical products, cosmetics and health foods. The Group will be committed to creating more innovative services and businesses for our customers and investors, and maximize corporate value, which represents the aggregate of customers' value, shareholder value and human capital value.

The Group consistently continues to base its organizational development on three fundamental concepts: (1) adherence to the "customer-centric principle," (2) development of "structural differentiation," and (3) formation of "business ecosystem." Adherence to the "customer-centric principle" signifies being committed to offering services that truly accommodate the needs of customers, which include services at the lowest commission rates and the most attractive interest rates, at-a-glance comparison of financial products, attractive investment opportunities, services offering high safety and reliability, and provision of abundant and high-quality financial content. In the Internet Age, where the concept has drastically changed, customer needs have become so diverse that they cannot be satisfied simply through differentiation of price or quality of products and services. Development of "structural differentiation" refers to creating a unique "structure" that enables the Group to respond to such changes and satisfy the varying needs of customers as well as offer value based on the full utilization of the structural network. Creation of a "business ecosystem" aims at promoting positive synergistic effects among constituent companies, and this creates a mutual evolution process with each of the respective markets where companies operate to support rapid growth. The Group will manage its businesses by emphasizing the formation of a business ecosystem that enhances the network value through promoting interactions among the Group companies as well as with other corporate groups inside and outside of Japan.

(2) Management Issues and Future Policies

The Group has completed creating a business structure in Japan as a comprehensive financial conglomerate centered on Internet-based financial services. Overseas, the Group has, for the most part, completed establishing an investment framework primarily in Asian countries with remarkable growth.

Going forward, we will aggressively promote further expansion of our overseas investment business and provide local foreign financial institutions we invest in with innovative know-how on Internet financial services fostered through our businesses in Japan. By so doing, we expect to become a comprehensive financial group that can make contributions globally with a focus in Asia.

In Japan, we will accelerate growth as a provider of diverse low-cost, high-quality financial products and services by effectively taking into account the growing sentiment among consumers to cut back on their spending and the increased use of the Internet for executing various financial transactions, and by further creating synergistic effects among the businesses we have developed in the Group.

In the Financial Services Business, we will aim to achieve greater growth even under unstable conditions in the Japanese stock markets. SBI SECURITIES Co., Ltd. will continue to expand its overseas product lineups and strengthen foreign exchange transactions in order to achieve diversification of revenue sources and further enhance its call center operations that receive high recognition from evaluating agencies in heightening its service level even more. SBI Liquidity Market Co., Ltd., which began its operation in November 2008, provides not only liquidity but also a convenient and competitive market infrastructure for FX transactions to SBI SECURITIES Co., Ltd., SBI Sumishin Net Bank, Ltd., and SBI FXTRADE Co., Ltd. which started its operations in May 2012. The firm will make improvements to the transaction environment, enhance liquidity, and focus on building a further cost-effective, secure and safe FX transaction environment with a view to providing its services to overseas private investors. We also established SBI Sumishin Net Bank, Ltd. and SBI Insurance Co., Ltd. during 2007 to 2008 for undertaking new businesses in our aim to build an earning structure that does not depend solely on stock markets. It is our key objective to further developing these businesses by provoking stronger synergistic effects among Group companies.

For certain financial products for individuals, online sales alone are not sufficient, and there is a need for face-to-face consultations to explain the products to the customers directly. For this purpose, SBI MONEY PLAZA Co., Ltd., which provides a one-stop response to all customers' needs for asset management, insurance and housing loans, will take the lead in developing the operation of the SBI Group's face-to-face channels.

In the Asset Management Business, we recognize that a high priority lies in expanding our investments in emerging countries, primarily in Asia, and establishing an effective investment system. We will strive to set up funds jointly with our leading local partners while monitoring the economic conditions of such countries as we continue to push forward with the establishment and penetration of our global network. We pursue private equity investment by identifying targets and concentrating our investments in growth areas in the aim to contribute in developing industries while benefiting from high investment performance. The Group will continue to invest in four key areas of IT, biotechnology, the environment and energy, and finance going ahead. In the financial sectors, we will transfer the know-how of the Group and pursue direct investment in overseas financial institutions by which we can expect to enhance the value of corporations we invest in. The Group will also invest in promising small and medium-sized corporations in Japan through operating buy-out funds. In undertaking these business activities, the Group will strive for further growth by continuing to aggressively utilize the resources both inside and outside of the Group and heightening the performance of the funds we operate as we promptly improve the corporate value of the companies we invest in.

In the Biotechnology-related Business which is expected to be the largest growth area of the Group and was determined as a new reportable segment from the beginning of the fiscal year ended 31 March 2013, the Group sells health foods and cosmetics that contain 5-aminolevulinic acid (ALA), and SBI Pharmaceuticals Co., Ltd. carries out research and development of pharmaceutical products using ALA. In September 2013, we launched a diagnostic agent for use in the surgical resection of malignant glioma. We have also been reinforcing promotional activities to expand sales of health foods that contain ALA both in Japan and overseas. Research activities continue to be extended in domestic and foreign universities and research institutes to discover new applications of ALA, and we strive to develop products that help customers to live healthy and enjoyable lives, focusing on ALA with possible applications in a wider range of fields. SBI Biotech Co., Ltd. dedicates its efforts to developing new pharmaceutical products using the most advanced biotechnology in collaboration with leading research institutes around the world.

In April 2012, we reorganized the Group's domestic organizational structure, identifying the "Asset Management Business," the "Financial Services Business" and the "Biotechnology-related Business" as the three core business segments. We have been quickly moving forward with the organizational reforms in other business areas basically by sale, public offering and intra-Group integration regardless of whether such areas are profitable or not. Namely in the Financial Services Business, where we have identified securities brokerage, banking and insurance as the three core businesses, we will continue to review business activities and assess the magnitude of synergistic effects identified in relation to the three core businesses in order to thoroughly implement the "selection and concentration" process.

The Group recognizes that continuous enhancement of human resources is an essential group-wide initiative. It has become increasingly important to secure highly competent individuals that support the rapid expansion of our businesses and to continue developing the skills of our employees. For this purpose, we have been exerting greater efforts to hire excellent individuals who are willing to share the management philosophy of the Group while recruiting university graduates to secure human capital so that the Group's unique corporate culture is passed on from one generation of employees to the next. The Group started recruiting university graduates in April 2006, and they already play an active role in various business fields and are expected to be future leaders of the Group. We will continue to secure highly competent and global-oriented human resources and promote career development of our staff in pursuing perpetual growth and development of the Group.

3. CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the major code provisions of the Corporate Governance Code throughout the accounting period for the fiscal year ended 31 March 2014, save for certain deviations from code provisions in respect of code provisions A.2.1, A.4.2, A.5, B.1, C.3, E.1.2, E.1.3, and E.2.1. Details of which are explained below.

Chairman and Chief Executive Officer

According to the Code Provision A.2.1, the roles of chairman and chief executive officer (“CEO”) should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing.

The Company does not have a separate Chairman and CEO, and Mr. Yoshitaka Kitao currently holds both positions. The Board believes that vesting the roles of both Chairman and CEO in the same person ensures consistent leadership within the Group and enables more effective and efficient planning of long-term strategies and implementation of business plans. The Board believes that the balance of power and authority will not be impaired and is adequately ensured by the effective Board which comprises experienced and high caliber individuals with a sufficient number thereof being independent non-executive directors.

Appointment and Re-election of Directors

The procedures of election of directors are laid down in the Company’s Articles of Incorporation and the Companies Act of Japan. The Board is responsible for reviewing Board composition, developing and formulating procedures for nomination and appointment of directors, monitoring the appointment of directors and assessing the independence of independent non-executive directors.

The Code Provision A.4.2 requires that all directors should be subject to retirement by rotation at least once every three years.

Directors of the Company would not be subject to retirement by rotation, since there is no such rule under the Companies Act of Japan.

Instead, each of the directors (including executive and non-executive directors) of the Company is engaged under a service contract for a term of one year in accordance with the Company’s Articles of Incorporation. The office may be terminated by the directors’ written notice so long as the minimum number of directors required by the Companies Act of Japan could be maintained. Otherwise, a director must continue his/her duty until being replaced by his/her successor.

Apart from foregoing, no Directors re-elected at the preceding annual general meeting held on 27 June 2013 has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

Nomination Committee

The Company has not established a Nomination Committee as required by the Code Provision A.5. Shareholders elect the directors at the annual general Shareholders’ meeting based on an elective list of directors recommended by the Board, instead of via a nomination committee. The term of office of a director shall expire on the date of the general Shareholders’ meeting held relating to last business year, closing within 1 year after his or her appointment under the Company’s Articles of Incorporation. There is no limit on the number of consecutive term that a director may serve. A Representative Director is elected by the Board.

Remuneration Committee

The Stock Exchange has confirmed that the Company does not need to strictly comply with Rule 3.25 to 3.27 of the Listing Rule in respect of the establishment of a Remuneration Committee. The Board performs the role of remuneration committee to determine the remuneration of directors and senior management in accordance with the Companies Act of Japan and the Company will not put in place a separate committee.

The Board has established a set of rules for the compensation of its officers which set out the remuneration standards and policies of the Company for its executives. The compensation rules are not materially different from the terms of reference for a remuneration committee provided in Code Provision

B.1.3 and they provide a formal and transparent process for the determination of remuneration. Further, even though the Board of Directors will voluntarily perform the role of the remuneration committee, the decisions on maximum amount of remuneration, the method for calculation of remuneration, and the type and amount of remuneration to be paid to Directors and Statutory Auditors must be determined by the Shareholders of the Company.

Audit Committee

The Company obtained a waiver from the Stock Exchange with respect to strict compliance with the requirements under Rules 3.21 and 3.22 of the Listing Rules and have not established an Audit Committee as required by Code Provision C.3. Our annual results have not been reviewed by the Audit Committee. The role of the Audit Committee pursuant to the Listing Rules is carried out by a Board of Statutory Auditors of the Company in Japan. The specific roles and responsibilities of the Statutory Auditors and the Board of Statutory Auditors correspond closely to those required to be provided by an Audit Committee under the Listing Rules.

As the Company does not establish Audit Committee, Remuneration Committee and Nomination Committee, the terms of reference of the committees required to be disclosed by Code Provisions A.5.3, B.1.3. and C.3.4 respectively, are not disclosed on the website of the Stock Exchange nor our homepage.

Effective communication

As the Company does not establish the Audit Committee, Remuneration Committee and Nomination Committee as stated above, there are no chairmen of such committees attending the annual general meeting held on 27 June 2013 as required by Code Provision E.1.2.

The Company has not arranged for the notice to shareholders to be sent for annual general meetings at least 20 clear business days before the meeting as required by Code Provision E.1.3. The Company sent convocation notice of annual general meeting to shareholders at least 14 days before the annual general meeting under the Companies Act of Japan.

Voting by Poll

The voting procedures under the Companies Act of Japan are different from Hong Kong. Instead of complying with Code Provision E.2.1 that the chairman of a meeting should explain the poll procedures, the Company has conducted voting pursuant to the Companies Act of Japan.

The Company has applied and the Stock Exchange has granted waivers on the following Listing Rules:

Board Composition

The requirement of Rules 3.10A and 3.11 of the Listing Rules in respect of the appointment of independent non-executive directors representing at least one-third of the Board.

The Company has been granted a waiver on strict compliance with the requirement of Rules 3.10A and 3.11 from the Stock Exchange with the condition that it will: (i) ensure that at least a majority of the Company's statutory auditors are able to meet the independence criteria contained in Rule 3.13 of the Listing Rule in accordance with the waiver from strict compliance with Rules 3.21 to 3.22 obtained by the Company at the listing and (ii) have at least three independent non-executive directors on the Board going forward (for so long as its securities remain listed on the Stock Exchange).

Cancellation on Share upon Repurchase

The Company obtained a waiver from the Stock Exchange with respect to strict compliance with the requirements under Rules 10.06(5) and 19B.21 of the Listing Rules for us to (i) cancel the listing of any such Treasury Shares; (ii) apply for relisting of any such Treasury Shares held by the Company on their disposal; and (iii) cancel and destroy as soon as reasonably practicable all documents of title of repurchased Shares (including both HDRs and their underlying Shares) and the Company hereby confirms its compliance with the following conditions of granting this waiver during the accounting period for the fiscal year ended 31 March 2014;

- Complying with the Companies Act of Japan in relation to Treasury Shares that the Company holds and informs the Stock Exchange as soon as practicable in the event of any failure to comply or any waiver to be granted;

- Informing the Stock Exchange as soon as reasonably practicable in the event of any substantial change being made to the Japanese Treasury Shares regime;
- Confirming our compliance with the waiver conditions in our subsequent annual reports and, if applicable under the Companies Act of Japan, any convocation notice for Shareholders' meeting seeking Shareholder's approval of any repurchases of our Shares; and
- Complying with any relevant provisions in the event of changes to the Hong Kong regulatory regime and the rules in relation to the Treasury Shares to the extent that the Companies Act of Japan permits (subject to any waiver which may be sought by the Company and granted by the Stock Exchange or any other regulatory authority).

Appointment of an Auditor

The Company does not obtain approval from the Shareholders at each annual general meeting to appoint an auditor to hold office from the conclusion of that meeting until the next annual general meeting. The requirement of Rule 13.88 of the Listing Rules is inconsistent with the requirement under the Companies Act of Japan. The Companies Act of Japan is consistent with the position that an auditor may not be removed prior to the end of its term without the approval of Shareholders at a Shareholders' meeting. Waiver has been obtained from the Stock Exchange from the strict compliance with the requirement set out in Rule 13.88 of the Listing Rules.

Model Code for securities transactions

The Company has adopted its own code of conduct regarding directors' dealing in the Company's securities ("the Code for Securities Transactions By Directors") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the "Code for Securities Transactions by Directors" and the Model Code throughout the accounting period for the fiscal year ended 31 March 2014.

The Company has also established written guidelines of almost the same terms as the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to possess inside information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

Change in Information of Director

The change in the information of Director since the publication of the fiscal year ended 31 March 2013 Annual report are set out below pursuant to Rules 13.51B(1) of the Listing Rules;

Biographical Detail of Director

Mr. Noriaki Maruyama

- Resigned as the Executive Director of the Company on 31 March 2014.

Mr. Taro Izuchi

- Ceased to be the Executive Director of the Company on 16 April 2014.

Other than those disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

4. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Statement of Financial Position

	As at 31 March 2013	As at 31 March 2014
	Millions of Yen	Millions of Yen
Assets		
Cash and cash equivalents	133,362	276,221
Trade and other accounts receivable	412,477	336,206
Assets related to securities business		
Cash segregated as deposits	846,445	935,497
Margin transaction assets	164,935	352,675
Other assets related to securities business	422,265	451,321
Total assets related to securities business	1,433,645	1,739,493
Other financial assets	26,694	30,593
Operational investment securities	119,268	127,365
Other investment securities	57,209	49,234
Investments in associates and joint ventures	35,689	39,820
Investment properties	36,355	33,195
Property and equipment	10,517	11,826
Intangible assets	185,581	196,438
Other assets	29,928	26,513
Deferred tax assets	13,662	8,400
Total assets	2,494,387	2,875,304
Liabilities		
Bonds and loans payable	344,360	440,112
Trade and other accounts payable	48,894	53,503
Liabilities related to securities business		
Margin transaction liabilities	153,612	186,806
Loans payable secured by securities	135,609	211,671
Deposits from customers	387,310	492,159
Guarantee deposits received	372,440	439,927
Other liabilities related to securities business	255,634	287,350
Total liabilities related to securities business	1,304,605	1,617,913
Customer deposits for banking business	376,177	302,314
Income tax payable	2,192	10,362
Other financial liabilities	35,371	38,015
Other liabilities	15,430	15,767
Deferred tax liabilities	6,823	8,855
Total liabilities	2,133,852	2,486,841
Equity		
Capital stock	81,668	81,681
Capital surplus	160,550	152,725
Treasury stock	(5,117)	(5,140)
Other component of equity	6,196	16,225
Retained earnings	60,002	80,140
Equity attributable to owners of the Company	303,299	325,631
Non-controlling interests	57,236	62,832
Total equity	360,535	388,463
Total liabilities and equity	2,494,387	2,875,304

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statement of Income

	Fiscal year ended 31 March 2013	Fiscal Year ended 31 March 2014
	Millions of Yen	Millions of Yen
Operating revenue	153,476	232,822
Operating expense		
Operating cost	(55,275)	(68,472)
Financial cost	(4,612)	(18,526)
Selling, general and administrative expenses	(75,231)	(95,997)
Other expenses	(2,339)	(8,934)
Total Operating expense	(137,457)	(191,929)
Share of profits of associates and joint ventures using the equity method	558	1,331
Operating income	16,577	42,224
Other financial income and cost		
Other financial income	604	514
Other financial cost	(2,968)	(3,839)
Total Other financial income and cost	(2,364)	(3,325)
Profit before income tax expense	14,213	38,899
Income tax expense		
Current	(4,181)	(13,681)
Deferred	(3,070)	(5,419)
Total Income tax expense	(7,251)	(19,100)
Profit for the period	6,962	19,799
Profit for the period attributable to		
Owners of the Company	3,202	21,439
Non-controlling interests	3,760	(1,640)
Profit for the period	6,962	19,799
Earnings per share attributable to owners of the Company		
Basic (Yen)	14.75	99.04
Diluted (Yen)	14.75	96.85

Consolidated Statement of Comprehensive Income

	Fiscal Year ended 31 March 2013 Millions of Yen	Fiscal Year ended 31 March 2014 Millions of Yen
Profit for the period	6,962	19,799
Other comprehensive (loss) income which will not be reclassified subsequently to profit or loss		
FVTOCI financial assets	(250)	979
Other comprehensive income which will be reclassified subsequently to profit or loss		
Currency translation differences	8,579	9,600
Hedging instruments for cash flow hedges	49	—
Other comprehensive income, net of tax	8,378	10,579
Total comprehensive income	15,340	30,378
Total comprehensive income attributable to		
Owners of the Company	10,839	32,337
Non-controlling interests	4,501	(1,959)
Total comprehensive income	15,340	30,378

(3) Consolidated Statement of Changes in Equity

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Capital Stock	Capital Surplus	Treasury Stock	Other Component of equity	Retained earnings	Total			
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions 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	—	—	—	—	3,202	3,202	3,760	6,962	
Other comprehensive income	—	—	—	7,637	—	7,637	741	8,378	
Total comprehensive income	—	—	—	7,637	3,202	10,839	4,501	15,340	
Issuance of new stock	3	3	—	—	—	6	—	6	
Change in scope of consolidation	—	1	—	—	—	1	(7,909)	(7,908)	
Dividends paid	—	—	—	—	(2,208)	(2,208)	(3,004)	(5,212)	
Treasury shares purchased	—	—	(2,021)	—	—	(2,021)	—	(2,021)	
Treasury shares sold	—	0	84	—	—	84	—	84	
Changes of interests in subsidiaries without losing control	—	75	—	—	—	75	8,266	8,341	
Transfer	—	—	—	(78)	78	—	—	—	
As at 31 March 2013	81,668	160,550	(5,117)	6,196	60,002	303,299	57,236	360,535	
Profit for the period	—	—	—	—	21,439	21,439	(1,640)	19,799	
Other comprehensive income/(loss)	—	—	—	10,898	—	10,898	(319)	10,579	
Total comprehensive income	—	—	—	10,898	21,439	32,337	(1,959)	30,378	
Issuance of new stock	13	13	—	—	—	26	—	26	
Issuance of convertible bonds	—	1,632	—	—	—	1,632	—	1,632	
Change in scope of consolidation	—	(211)	—	—	—	(211)	747	536	
Dividends paid	—	—	—	—	(2,170)	(2,170)	(2,103)	(4,273)	
Treasury shares purchased	—	—	(64)	—	—	(64)	—	(64)	
Treasury shares sold	—	3	41	—	—	44	—	44	
Changes of interests in subsidiaries without losing control	—	(9,262)	—	—	—	(9,262)	8,911	(351)	
Transfer	—	—	—	(869)	869	—	—	—	
As at 31 March 2014	81,681	152,725	(5,140)	16,225	80,140	325,631	62,832	388,463	

(4) Consolidated Statement of Cash flows

	Fiscal year ended 31 March 2013	Fiscal Year ended 31 March 2014
	Millions of Yen	Millions of Yen
Net cash (used in) from operating activities		
Profit before income tax expense	14,213	38,899
Depreciation and amortization	7,624	11,434
Share of profits of associates and joint ventures using the equity method	(558)	(1,331)
Interest and dividend income	(18,454)	(65,518)
Interest expense	7,565	22,365
Decrease (increase) in operational investment securities	557	(2,524)
Decrease in accounts receivables and other receivables	10,614	95,728
Increase in operational liabilities and other liabilities	14,167	3,388
(Increase) decrease in assets/liabilities related to securities business	(72,300)	7,370
Decrease in customer deposits in the banking business	—	(121,649)
Others	(3,898)	4,593
Subtotal	(40,470)	(7,245)
Interest and dividend income received	17,854	64,215
Interest expense paid	(6,884)	(25,054)
Income taxes paid	(7,484)	(2,515)
Net cash (used in) from operating activities	(36,984)	29,401
Net cash (used in) from investing activities		
Purchases of intangible assets	(4,279)	(5,409)
Purchases of investment securities	(9,876)	(9,791)
Proceeds from sales of investment securities	4,580	21,582
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(18,451)	(2,057)
Proceeds from sales of subsidiaries, net of cash and cash equivalents disposed of	10,062	2,887
Payments of loans receivable	(8,215)	(3,787)
Collection of loans receivable	5,987	5,545
Others	1,132	7,841
Net cash (used in) from investing activities	(19,060)	16,811

	Fiscal year ended 31 March 2013	Fiscal year ended 31 March 2014
	Millions of Yen	Millions of Yen
Net cash from financing activities		
Increase in short-term loans payable	32,305	47,918
Proceeds from long-term loans payable	28,437	40,895
Repayment of long-term loans payable	(42,968)	(27,091)
Proceeds from issuance of bonds payable	63,945	101,012
Redemption of bonds payable	(60,540)	(65,470)
Proceeds from stock issuance	6	26
Proceeds from stock issuance to non-controlling interests	3,679	55
Contributions from non-controlling interests in consolidated investment funds	2,052	1,312
Cash dividend paid	(2,213)	(2,162)
Cash dividend paid to non-controlling interests	(467)	(530)
Distributions to non-controlling interests in consolidated investment funds	(2,431)	(2,084)
Purchase of treasury stock	(2,021)	(64)
Proceeds from sale of interests in subsidiaries to non-controlling interests	7,603	119
Payments for purchase of interests in subsidiaries from non-controlling interests	(295)	(145)
Others	(1,393)	(1,253)
Net cash from financing activities	<u>25,699</u>	<u>92,538</u>
Net (decrease) increase in cash and cash equivalents	(30,345)	138,750
Cash and cash equivalents at the beginning of the period	159,833	133,362
Effect of changes in exchange rate on cash and cash equivalents	3,874	4,109
Cash and cash equivalents at the end of the period	<u><u>133,362</u></u>	<u><u>276,221</u></u>

Notes to Consolidated Financial Statements

1. Changes in Accounting Policy

Except for the following standards that have been newly applied, the accounting policies presented in the consolidated financial statements for the year ended 31 March 2013, are applied consistently in the preparation of these consolidated financial statements.

The Group adopted the following new and revised standards and interpretations from the preparation of the interim condensed consolidated financial statements for the three months ended 30 June 2013. There is no significant impact to these consolidated financial statements through adoption.

	Statement of standards	Summary of new standards and amendments
IFRS 10	Consolidated Financial Statements	Clarifications on definition of control as the basis for consolidation, which shall be adopted by all companies
IFRS 11	Joint Arrangements	Classification and accounting treatment relevant to arrangement under joint control based on contractual agreement rather than legal form
IFRS 12	Disclosure of Interests in Other Entities	Broaden the disclosure with regard to interests in other entities, including unconsolidated entities
IFRS 13	Fair Value Measurement	Provide guidance for measurement of fair value applied in all the standards
IAS 1	Presentation of Financial Statements	Amendment to presentation of items of other comprehensive income
IAS 19	Employee Benefits	Recognition of actuarial differences and past service cost Presentation and disclosure of postemployment benefits
IAS 28	Investments in Associates and Joint Ventures	Amendments based on the publishing of IFRS 10, IFRS 11 and IFRS 12

2. Segment Information

The Group engages in a wide range of business activities, primarily online financial service businesses and investment 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 for which separate financial information of the Group’s components is available and reviewed regularly by the board of directors for the purpose of allocation of financial resources and performance evaluation.

The following is a description of business activities for the reporting segments.

“Financial Services Business”

The Financial Services Business consists of a wide range of finance 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, credit card business, and leasing business.

“Asset Management Business”

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

“Biotechnology-related Business”

The 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 pharmaceutical products.

Business segments classified into “Others” mainly consists of development and trading of investment property and operation of online intermediate service, which were included in the former Housing and Real Estate Business segment. They are not classified as a reporting segment based on the quantitative criteria for the year ended 31 March 2014.

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

The following represents segment information of the Group:

For the year ended 31 March 2013

	Financial Services Business	Asset Management Business	Biotechnology-related Business	Total	Others	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	113,340	32,202	970	146,512	9,240	(2,276)	153,476
Profit (loss) before income tax expense	18,741	5,450	(3,900)	20,291	1,659	(7,737)	14,213

For the year ended 31 March 2014

	Financial Services Business	Asset Management Business	Biotechnology-related Business	Total	Others	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	147,835	72,725	2,195	222,755	11,626	(1,559)	232,822
Profit (loss) before income tax expense	37,298	8,990	(2,432)	43,856	2,438	(7,395)	38,899

3. Revenue

	Fiscal year ended 31 March 2013	Fiscal year ended 31 March 2014
	Millions of yen	Millions of yen
Operating revenue		
Financial income		
Interest income (Note1)	18,553	62,945
Dividends received	1,178	385
Income arising from financial assets at FVTPL	9,520	11,595
Gain from trading	10,449	14,047
Total financial income	39,700	88,972
Revenue from rendering of services	77,231	105,987
Valuation gain on business combination achieved in stages (Note2)	2,762	-
Other income	33,783	37,863
Total operating revenue	<u>153,476</u>	<u>232,822</u>
Other financial income		
Interest income		
Financial assets measured at amortized cost	604	514
Total other financial income	<u>604</u>	<u>514</u>

(Note1) Interest income in financial income is arising from financial assets measured at amortized cost.

(Note2) Valuation gain on business combination achieved in stages was arising from the remeasurement of the Group's previously held investment in SBI Japannext Co., Ltd. at the additional acquisition-date fair value in a business combination achieved in stages.

4. 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 2013.

	Fiscal year ended 31 March 2013	Fiscal year ended 31 March 2014
	Millions of Yen	Millions of Yen
Earnings		
Profit attributable to owners of the Company	3,202	21,439
Dilutive effect : Convertible bonds	—	158
Profit attributable to owners of the Company after dilutive effect	3,202	21,597
Shares		
Basic weighted average number of ordinary shares (shares)	217,072,796	216,464,301
Dilutive effect : Stock option (shares)	19,097	6,506
Dilutive effect : Convertible bonds (shares)	—	6,536,765
Weighted average number of ordinary shares after the dilutive effect (shares)	217,091,893	223,007,572
Earnings per share attributable to owners of the Company		
Basic (in Yen)	14.75	99.04
Diluted (in Yen)	14.75	96.85

(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.

5. Events after the Reporting Period

There were no significant subsequent events noted.

5. RESUMPTION OF TRADING

At the request of the Company, trading in its Hong Kong depositary receipts was halted with effect from 1:00 p.m. on Thursday, 8 May 2014, pending the release of this announcement. An application will be made by the Company to the Stock Exchange for resumption of trading in the Hong Kong depositary receipts with effect from 9:00 a.m. on Friday, 9 May 2014.

On behalf of the Board

SBI Holdings, Inc.

Yoshitaka Kitao

Chief Executive Officer

As of the date of this announcement, the executive Directors are Mr. Yoshitaka Kitao, Mr. Takashi Nakagawa, Mr. Tomoya Asakura, Mr. Shumpei Morita and Mr. Peilung Li, the non-executive Directors are Mr. Masato Takamura, Mr. Hiroshi Tasaka, Mr. Teruhide Sato and the independent non-executive Directors are Mr. Masaki Yoshida, Mr. Kiyoshi Nagano, Mr. Keiji Watanabe, Mr. Akihiro Tamaki and Mr. Masanao Marumono.