



*Strategic
Business
Innovator*

SBI Holdings, Inc.

First Quarter Financial Results

(Fiscal Year Ending March 31, 2013)

August 9, 2012

The items in this document are provided as information related to the business strategy of the SBI Group companies and not as an invitation to invest in the stock or securities issued by each company.

None of the Group companies guarantees the completeness of this document in terms of information and future business strategy.

The content of this document is subject to revision or cancellation without warning.

Note: Fiscal Year ("FY") ends March 31 of the following year

- 1. 1Q FY2012 Consolidated Performance and Summary of Major Business**
- 2. Business Developments to Increase Earnings in the Continuing Difficult Business Environment**

1. 1Q FY2012 Consolidated Performance and Summary of Major Business

- (1) From this first quarter, the International Financial Reporting Standards (IFRS) will be applied, along with the consolidated disclosure of the three segments of the Financial Services Business, Asset Management Business and Biotechnology-related Business**
- (2) Organizational restructuring to implement thorough "selection and concentration"**
- (3) Current financial base regarding to IFRS adoption and changes in the basic dividend policy**

(1) From This First Quarter, the International Financial Reporting Standards (IFRS) will be Applied, along with the Consolidated Disclosure of the Three Segments of the Financial Services Business, Asset Management Business and Biotechnology-related Business

1Q FY2012 Consolidated Performance (IFRS)

(Unit: JPY million)

	1Q FY2011 (Apr. 2011 – Jun. 2011)	1Q FY2012 (Apr. 2012 – Jun. 2012)	YoY change (%)
Operating Revenue	41,728 ^{*1}	36,599	-12.3
Operating Income	3,836	3,906	+1.8
Profit Before Income Tax Expense	3,347	3,432	+2.5
Profit for the Period	952	2,279	+139.3
Profit attributable to owners of the Company	322	1,403	+335.4

*** In regard to detailed differences from J-GAAP for 1Q FY2011, refer to the attached "Adjustments Upon the Adoption of IFRS" in the Appendix.**

*1 Operating revenue for 1Q FY2011 includes that of HOMEOSTYLE, VSN and SBI VeriTrans (currently VeriTrans), which the Company sold off in the previous fiscal year.

1Q FY2012 Profit Before Income Tax Expense by Segment (IFRS)

(Unit: JPY million)

	1Q FY2011 (Apr. 2011 – Jun. 2011)	1Q FY2012 (Apr. 2012 – Jun. 2012)	YoY change (%)
Financial Services Business	506	659	+30.4
Asset Management Business	5,480	5,087	-7.2
Biotechnology-related Business	-305	-687	-
Others	-456	134	-

Subsidiaries Contributing to the YoY Business Performance Fluctuations

① SBI SECURITIES

- i) Average daily individual brokerage trading value decreased by 13.6% year-on-year in 1Q FY2012
- ii) Despite the slumping stock market, decrease in operating revenue was limited to 8.3% year-on-year
- iii) Solid customer base and contributions from diversified earnings source

② SBI Liquidity Market

- i) Trading value remains high even after the enforcement of leverage regulations in the FX trading market, owing to reduced trading spreads, but operating revenue decreased year-on-year.
- ii) The contribution from FX trading to the business results remains high, when taking into account the FX related simple sum of the pre-tax profits of JPY 1.5bn, from the various Group companies.

③ SBI Sumishin Net Bank (Incorporation of equity in earnings of affiliates)

- i) Without the benefit of the cumulative losses, the Bank began paying income taxes from 4Q FY2011, and as a result, net income for 1Q FY2012 fell 39.0% YoY to JPY 780m.
- ii) Ordinary income rose 3.8% YoY to JPY 1,333m, reflecting the continued low interest environment and the consequent interest income, as well as the lower volatility of the forex market and the consequent sluggish growth in the foreign currency-related commission income.

Subsidiaries Contributing to the YoY Business Performance Fluctuations

④ SBI Insurance

- i) The number of contracts and the corresponding premiums received continue to increase steadily.
- ii) Owing to the termination of the reinsurance contract and the increase in policy reserves as the result of a corresponding increase in the number of contracts, there was a net loss, but the operating cash flow was a positive JPY 0.1bn.
- iii) With the termination of the reinsurance contract and the outsourcing agreement in Mar. 2011, there was an improvement in the net expense ratio and a steady progress in the conversion of the business structure.

⑤ SBI Card

- i) The Credit Card Business succeeded primarily in lowering operational costs and personnel costs.

⑥ Morningstar Japan

- i) Achieved an increase in sales and profits despite the severe business environment

⑦ Others

- i) SBI Japannext (PTS): Achieved profitability due to the smooth expansion of trading value
- ii) SBI Mortgage: Increase in both revenue and profits owing to the healthy growth in balance of housing loans
- iii) SBI Credit: Targeting profitability in this FY, and started with profits in 1Q

Comparison of Average Daily Individual Brokerage Trading Value (3 market total*)

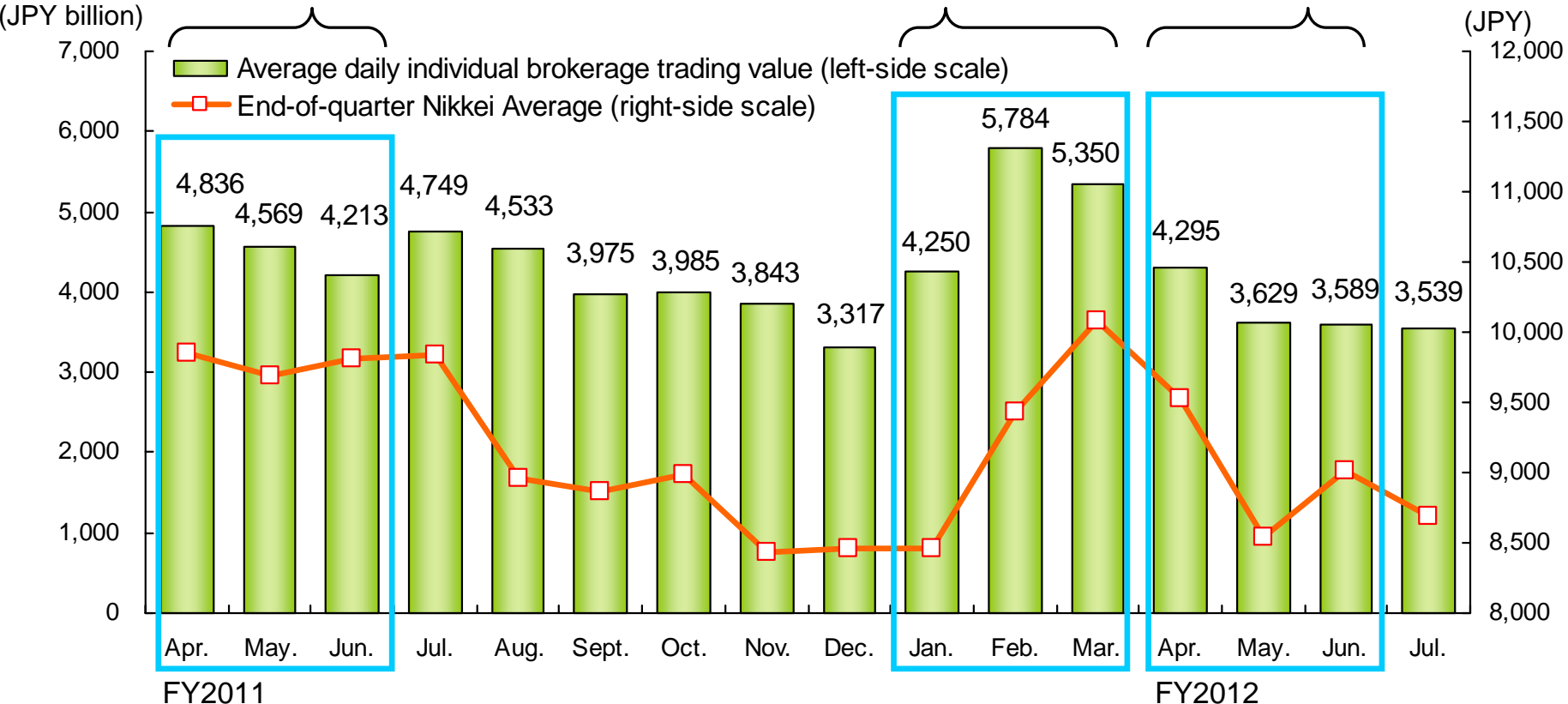


➤ Cumulative individual brokerage trading value for 1Q FY2012 was JPY 23,752.4 billion, down 13.6% YoY, and down 26.7% QoQ, reflecting the European Debt Crisis, primarily of Spain and Greece.

1Q FY2011:
JPY 27,488.2bn

4Q FY2011:
JPY 32,386.1bn

FY2012:
JPY 23,752.4bn
YoY -13.6% QoQ -26.7%



*Japanese Stocks listed on Tokyo Stock Exchange, Osaka Stock Exchange and Nagoya Stock Exchange (Including TSE Mothers, OSE JASDAQ and NSE Centrex)

SBI SECURITIES 1Q FY2012 Consolidated Results (J-GAAP)

(Unit: JPY million, %)

	1Q FY2011 (Apr. 2011 - Jun. 2011)	1Q FY2012 (Apr. 2012 - Jun. 2012)	YoY % change
Operating Revenues	10,008	9,178	-8.3
Net Operating Revenues	9,278	8,536	-8.0
Operating Income	1,847	1,426	-22.8
Ordinary Income	1,913	1,455	-23.9
Earnings Before Tax*	3,303	2,262	-31.5
Net Income	1,956	1,370	-30.0

*Recorded extraordinary gain of JPY 767m in 1Q FY2011 and JPY 891m in 1Q FY2012 for the reversal of reserves for financial product transaction liabilities

Performance Comparison of Major Online Securities Companies (J-GAAP)

(Unit: JPY million, %)

	Operating Revenues	YoY % change	Net Income	YoY % change
SBI	9,178	-8.3	1,370	-30.0
Monex^(*1)	8,829	+45.8	206	-60.9
Rakuten^(*2)	4,839	-3.5	920	+21.2
Matsui (non-cons.)^(*3)	3,999	-8.4	974	-9.8
kabu.com (non-cons.)	2,872	-12.8	402	-22.3

*1 TradeStation (US) is consolidated from 2Q FY2011.

*2 Began disclosing consolidated results after the consolidation of Dot Commodity from 2Q FY2011. Accordingly, YoY % change is calculated from the non-consolidated results of Rakuten Securities from the year-earlier period.

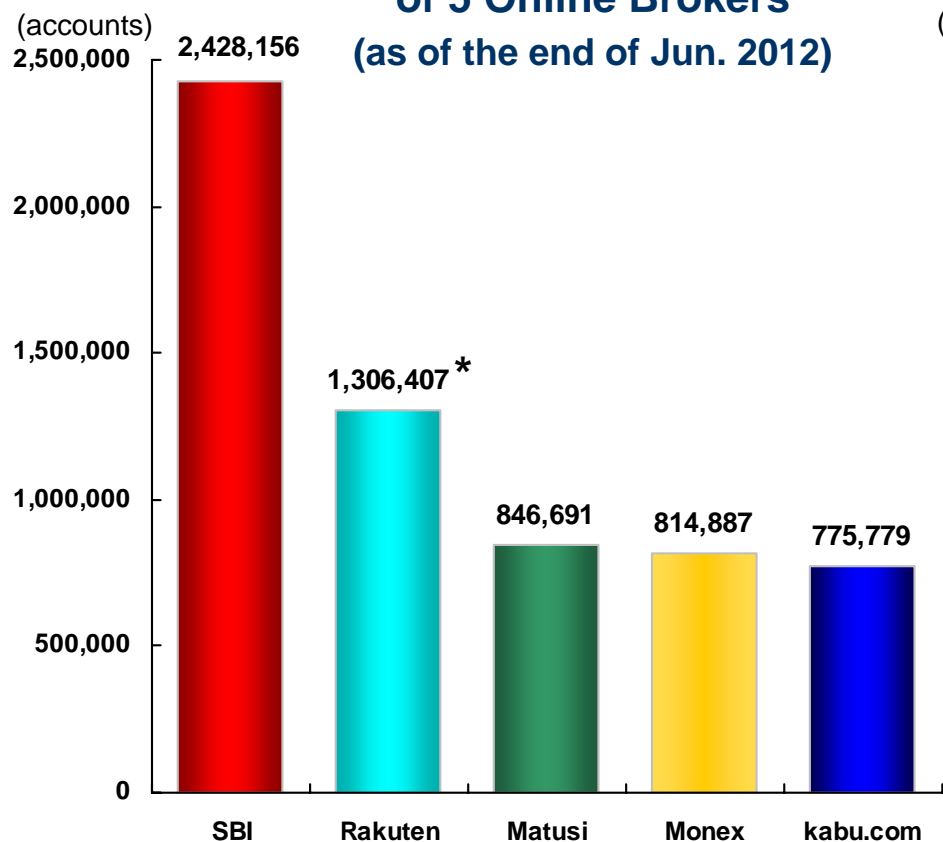
*3 Non-consolidated results are shown, because Matsui absorbed its only consolidated subsidiary during 1Q FY2011. YoY % change is calculated from the consolidated results of the year-earlier period

Solid Customer Base of SBI SECURITIES①

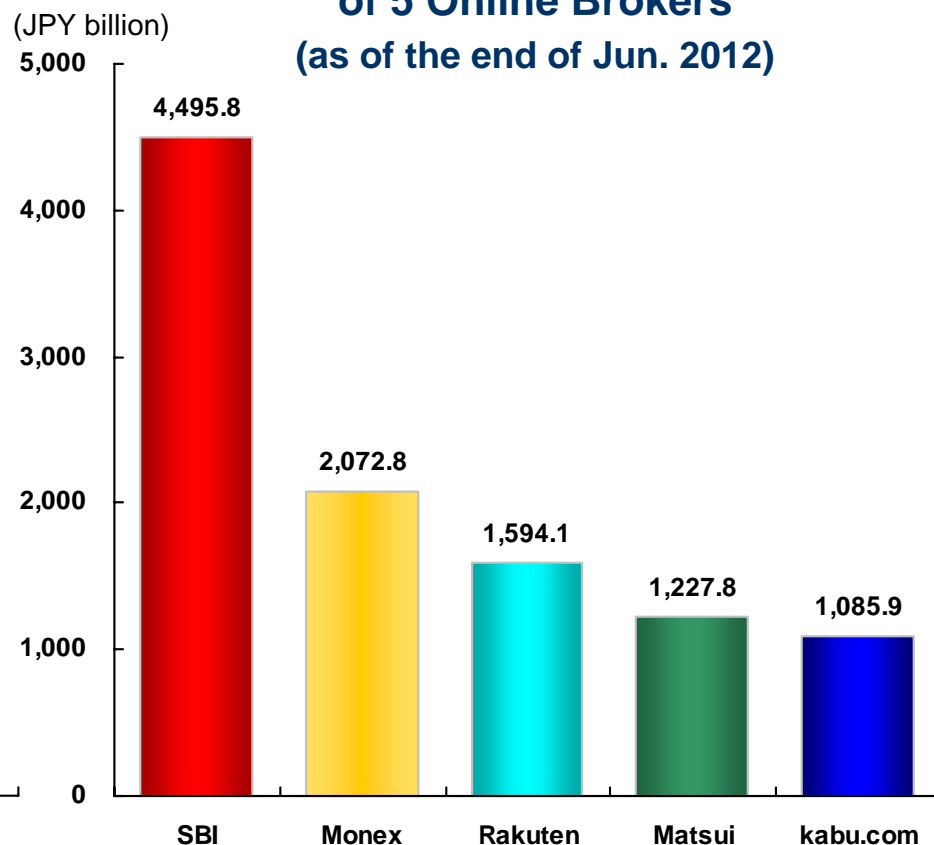
<Number of Accounts and Amount of Customer Asset>

SBI SECURITIES far exceeds its competitors in terms of the number of accounts and deposit assets

**Customer Accounts
of 5 Online Brokers
(as of the end of Jun. 2012)**



**Customers' Deposit Assets
of 5 Online Brokers
(as of the end of Jun. 2012)**



* The figure of Rakuten is the number of customer accounts as of the end of May 2012

Sources: Compiled by SBIH from information on websites of each company

Solid Customer Base of SBI SECURITIES②

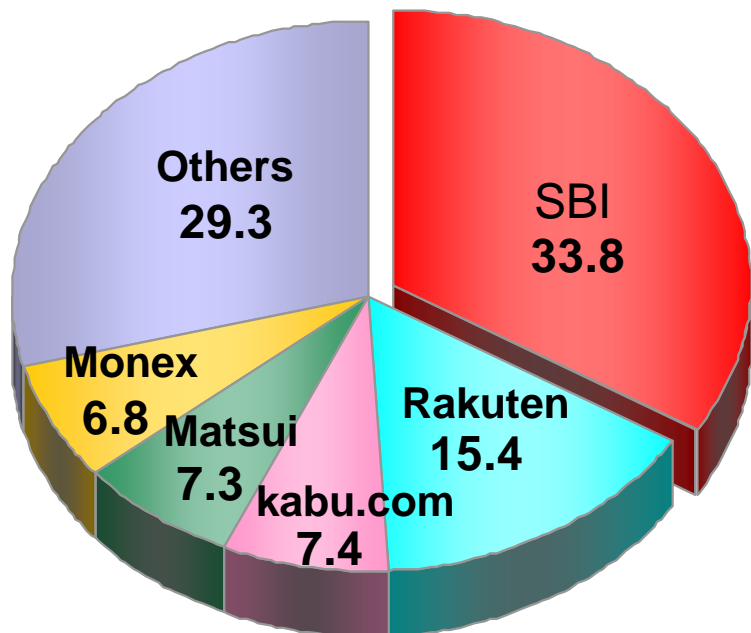
<Individual Brokerage Trading Value>

SBI SECURITIES' overwhelming share of individual trading value and individual margin trading value

Share of Individual Stock Trading Value (%)

1Q FY2012

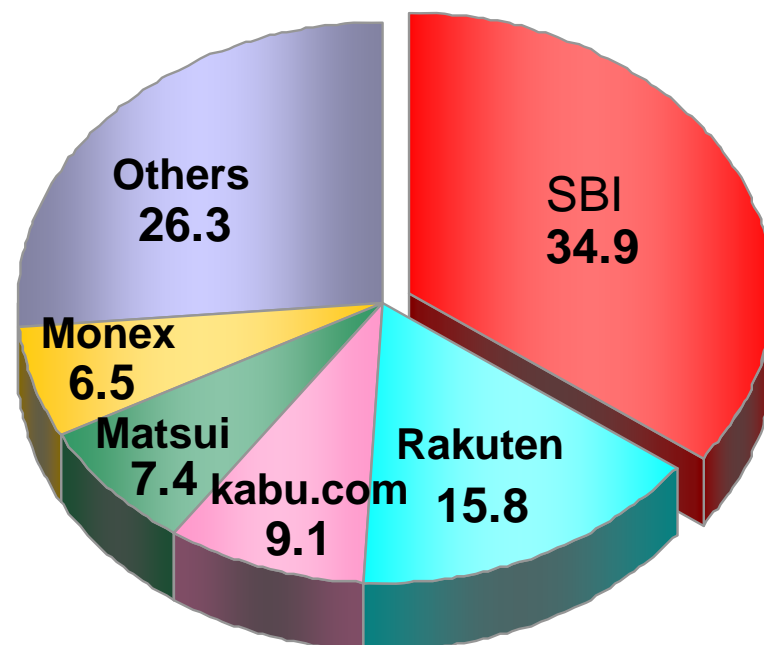
(Apr. 2012 – Jun. 2012)



Share of Individual Margin Trading Value (%) (breakdown)

1Q FY2012

(Apr. 2012 – Jun. 2012)



Source: Compiled by SBI SECURITIES based on Tokyo Stock Exchange and JASDAQ materials and websites of each company

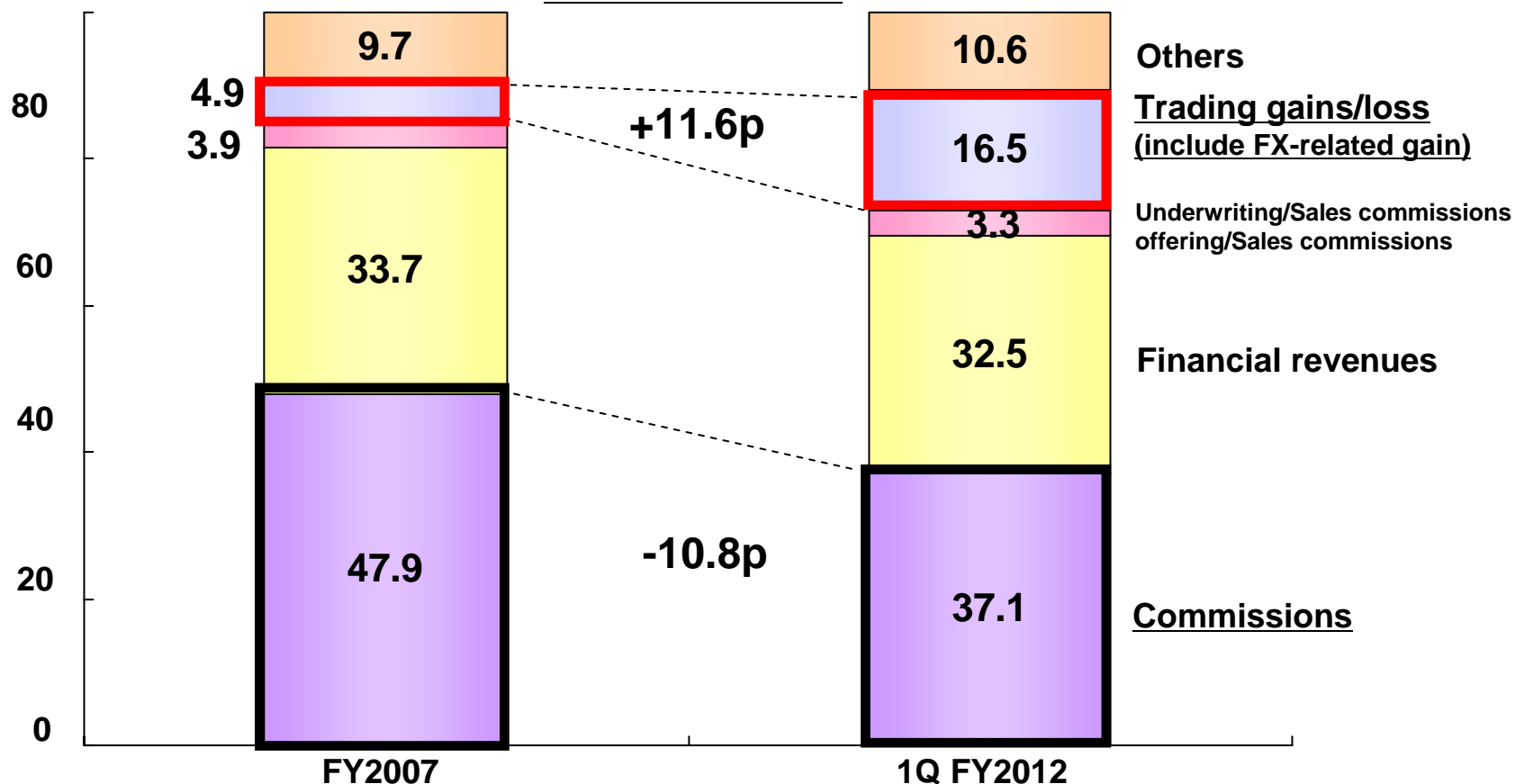
* Individual stock trading value and individual margin trading value are the sum of 1st and 2nd section of the Tokyo, Nagoya and Osaka Stock Exchange, respectively.

Despite the Slumping Stock Market, Decrease in Operating Revenue was Limited to 8.3% Year-on-year Due to the Diversification of Earnings Sources

Through the diversification of earnings sources, FX trading and futures and options trading continues to show strong growth, and the expanding provision of foreign stock offerings have also contributed to supporting the bottom line.

(%)
100

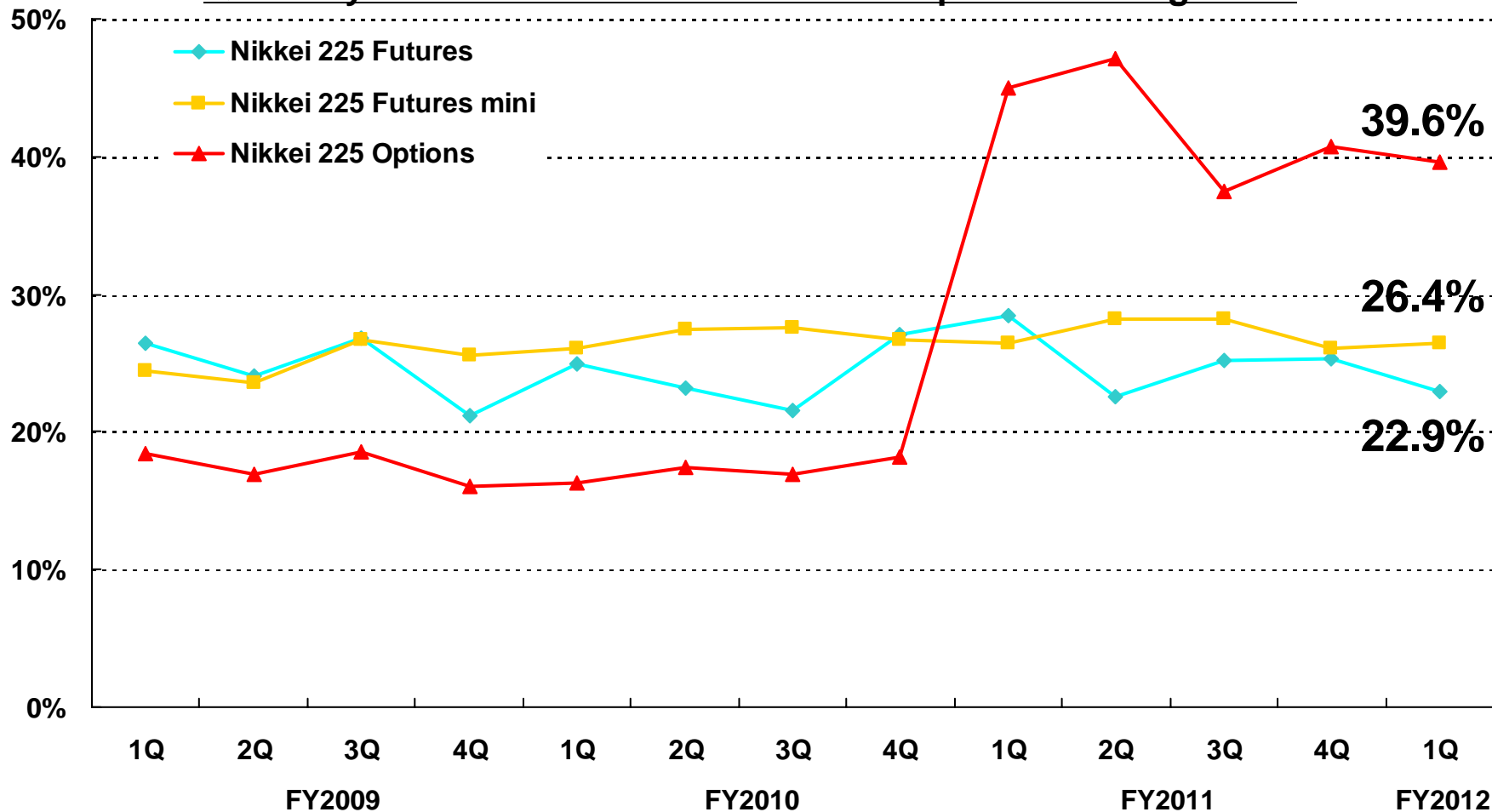
Change in SBI SECURITIES' Operating Revenue Structure



For Further Earnings Sources Diversification①

Expanding share of future and options trading

Quarterly Share of Individual Future and Options Trading Value



* Calculated based on the share of SBI SECURITIES to the total individual brokerage trading volume disclosed by the Osaka Securities Exchange

For Further Earnings Sources Diversification②

Expand the Offering of Foreign Equities for Investment Opportunities in the Emerging Market Countries with Expected High Economic Growth Potential
 ~ Newly started the offering of Indonesian stocks from Apr. 2012 ~

Equities Brokered (as of July 9, 2012)



U.S. stocks: 1,046 stocks

(Aug. 2003~) NYSE, NYSE Arca, NASDAQ-listed U.S. stocks, U.S. ETF, ADR (American Depositary Receipts)



Chinese stocks: 1,361 stocks

(Mar. 2005~) Hong Kong Stock Exchange Main Board and GEM-listed Chinese stocks, China ETF, HDR (HK Depositary Receipts)



Korean stocks: 57 stocks

(May 2005~) Stocks listed on the Korea Stock Exchange and over-the-counter market



Russian stocks: 38 stocks

(Nov. 2009~) MICEX-listed stocks



Vietnamese stocks: 626 stocks

(Jan. 2011~) In principle, all stocks listed on Hochiminh Stock Exchange and Hanoi Stock Exchange

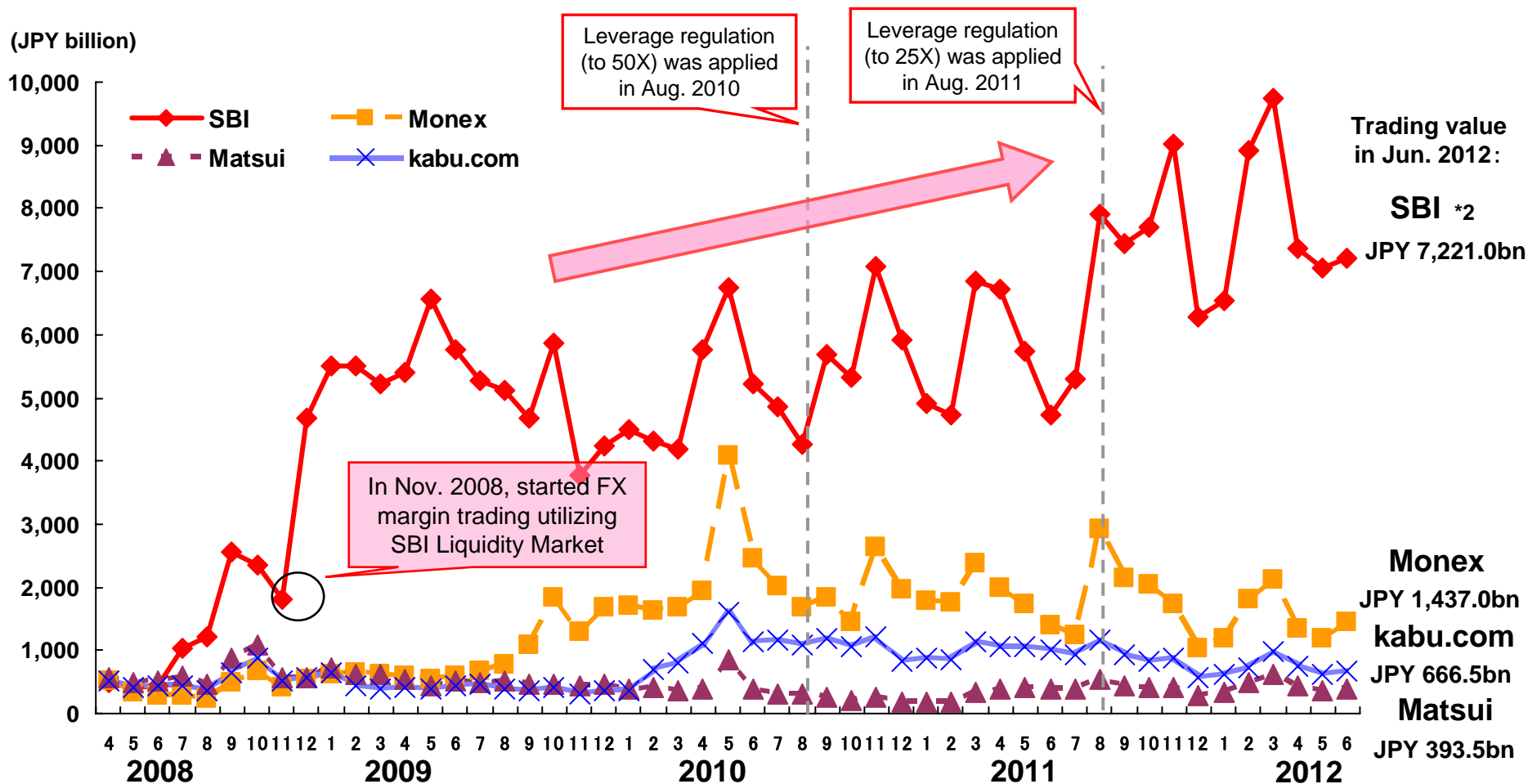


Indonesian stocks: 30 stocks

(Apr. 2012~) Stocks listed on the Indonesia Stock Exchange

SBI SECURITIES' Trading Value Remains High Even after Enforcement of Leverage Regulations, Owing to a Reduction in the Trading Spreads

FX Margin Trading Value of the Four Major Online Securities Companies *1



*1 Four online securities companies that disclosed the information (SBI SECURITIES, Monex, Matsui and kabu.com)

*2 Trading value from Nov. 2008 to Feb. 2009 is the total of "SBI FX" and "SBI FX α"

SBI Liquidity Market 1Q FY2012 Financial Results (J-GAAP)

(JPY million, %)

	1Q FY2011 (Apr.-Jun. 2011)	1Q FY2012 (Apr.-Jun. 2012)	YoY
Operating Revenue	2,331	1,906	-18.2
Operating Income Before Earnings Distribution to Other Group Companies *	1,970	1,539	- 21.9
Operating Income	537	414	- 22.9
Net Income	288	258	- 10.4

* Corresponding to FX-related operating income of the whole SBI Group.
(Operating income of SBI Liquidity Market + kickback to SBI SECURITIES and SBI Sumishin Net Bank etc.)

**Narrowing spreads increased trading value,
but decreased profits**

With the Incurrence of Income Tax Liabilities, Contributions from Equity in the Earnings (or Losses) of Affiliate Companies to Consolidated Results Fell YoY

- Ordinary income rose 3.8% YoY to JPY 1,333m, reflecting the continued low interest environment and the consequent interest income, as well as the lower volatility of the forex market and the consequent sluggish growth in the foreign currency-related commission income.
- Without the benefit of the cumulative losses, the Bank began paying income taxes from 4Q Fy2011, and as a result, net income for 1Q FY2012 fell 39.0% YoY to JPY 780m, marking a lower contribution from equity in the earnings (or losses) of affiliate companies to the Company's consolidated results compared with the same period of the previous fiscal year.

SBI Sumishin Net Bank 1Q FY2012 Consolidated Results (J-GAPP)

(JPY million,%)

	FY2011 1Q (Apr.-Jun. 2011)	FY2012 1Q (Apr.-Jun. 2012)	YoY Change
Ordinary Revenue	7,959	9,180	+15.3
Ordinary Income	1,284	1,333	+3.8
Net Income	1,281	780	-39.0

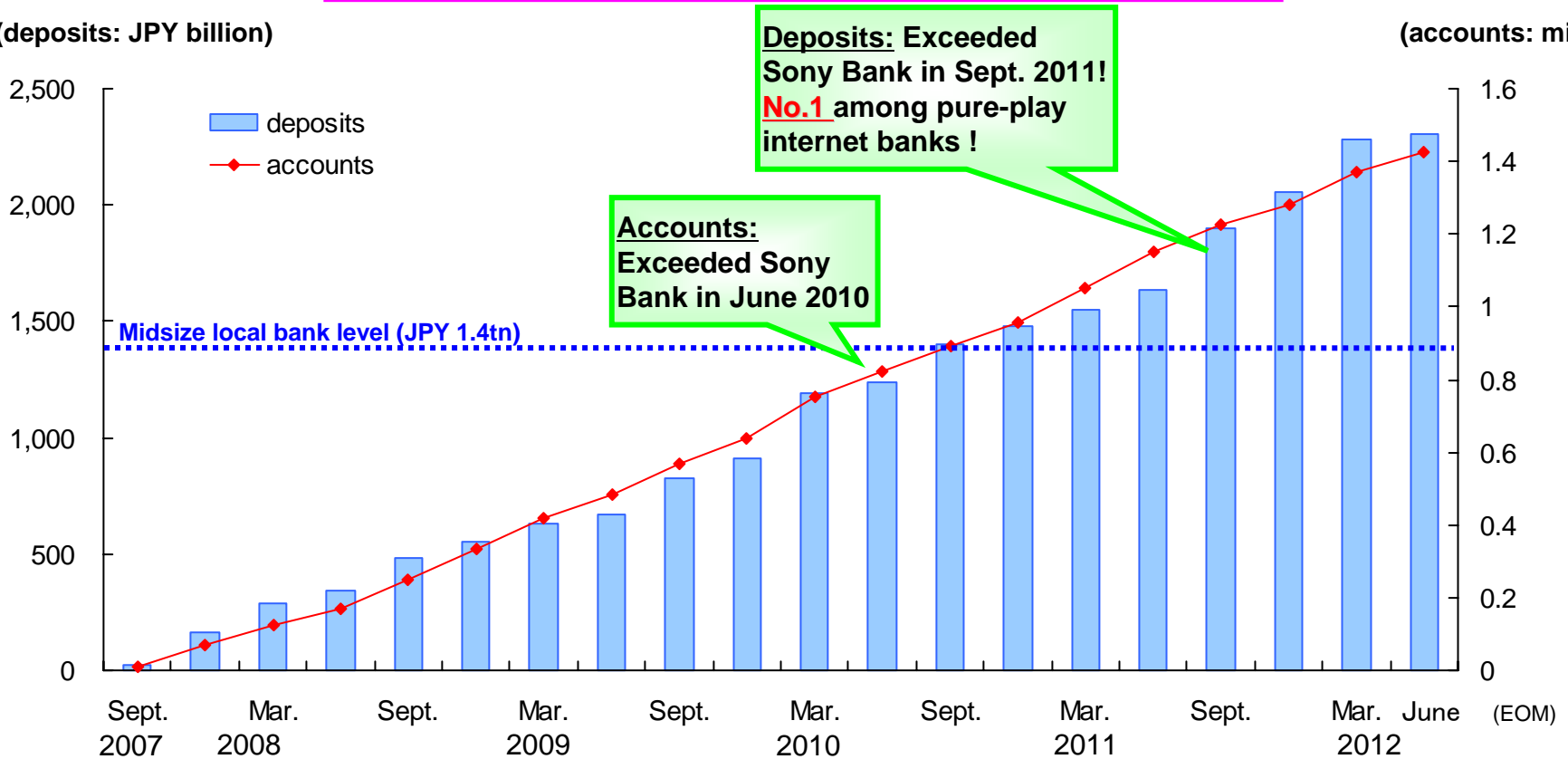
Business Base Expanding Steadily

Change in the Number of Accounts and Deposits

Number of accounts: 1,425,696 / Deposits: JPY 2,302.2bn
(as of the end of July 2012)

(deposits: JPY billion)

(accounts: million)



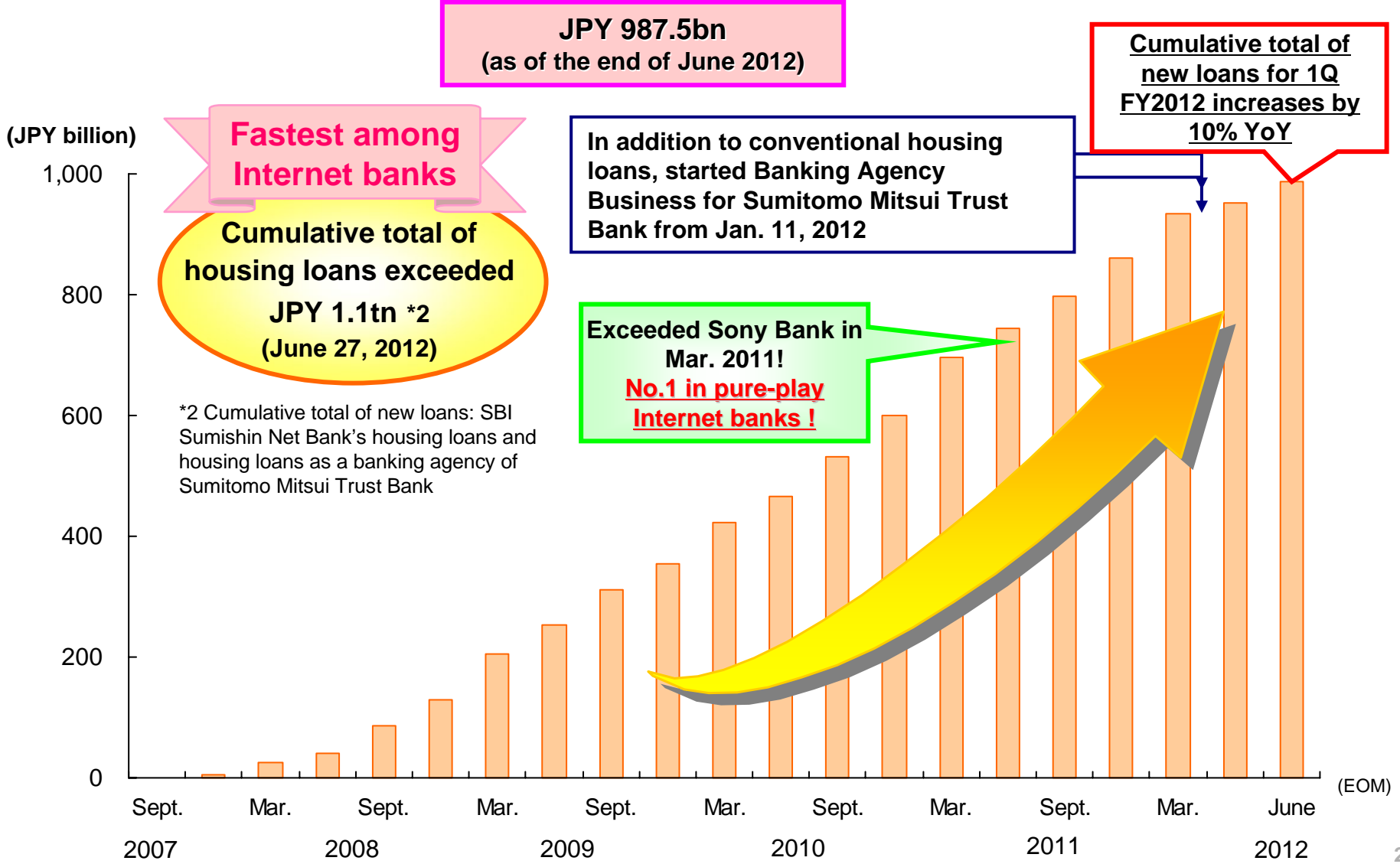
SBI SECURITIES expands the Bank Agency Services from August 1, 2012

➔ In addition to the agency opening of an account at SBI Sumishin Net Bank and the availability of the SBI Hybrid deposit, yen time deposits, yen structured deposits, foreign currency structured deposits and "Internet Loans" (consumer loan), will be offered.

Diversification of Loans ① Housing Loans

Change in Balance of Housing Loans *1

*1 Include housing loans as a banking agency of Sumitomo Mitsui Trust Bank



Effects from Starting Banking Agency Business to Sumitomo Mitsui Trust Bank (from Jan. 11, 2012)

-SBI Sumishin Net Bank's Housing Loan Business-

① Directly processed housing loans in a conventional way:

On a conventional basis, SBI Sumishin Net Bank is the lender and directly processes housing loans.

(via cooperating real estate companies)

② Housing Loans as a banking agency of Sumitomo Mitsui Trust Bank

SBI Sumishin Net Bank offers new housing loans that incorporates the inherent conventional housing loan characteristics, but its lender is Sumitomo Mitsui Trust Bank.

(via the website of SBI Sumishin Net Bank)



The total number of housing loans(①+②) increased by 10.0% YoY, and the commission revenue for the housing loans business also increased YoY

Through the bank agency business, resolved to eliminate the excessive concentration of assets in housing loans of the total loans, but positioned to further increase the housing loan business.

Diversification of Loans ② Personal Loans

"Internet Loan" Balance

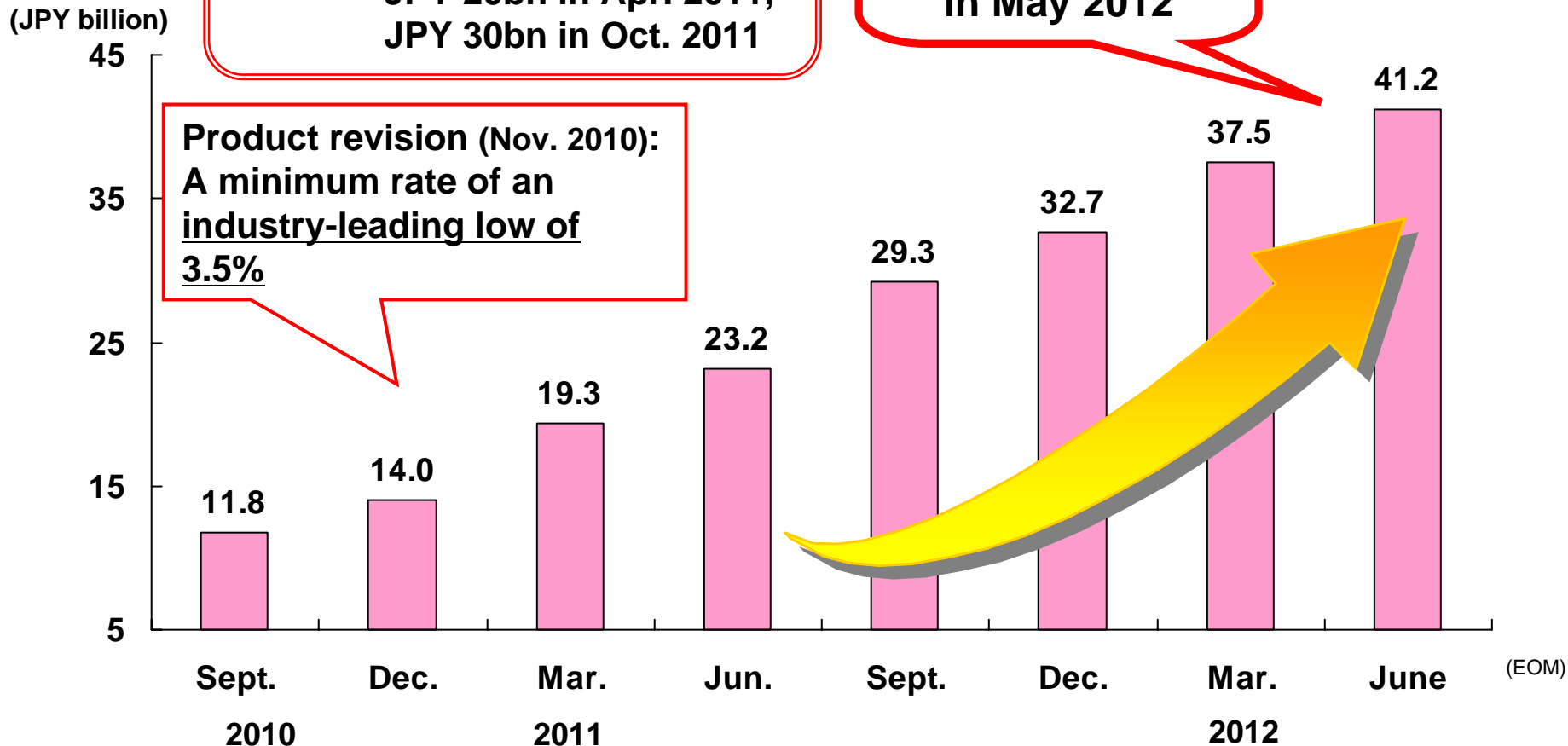
(Sept. 2010 - June 2012)

SBI Sumishin:
topped JPY 10bn in May 2010,
JPY 20bn in Apr. 2011,
JPY 30bn in Oct. 2011

SBI Sumishin
topped JPY 40bn
in May 2012

Expanded by
1.8X in a year

Product revision (Nov. 2010):
A minimum rate of an
industry-leading low of
3.5%



Diversification of Loans ③ Auto Loans

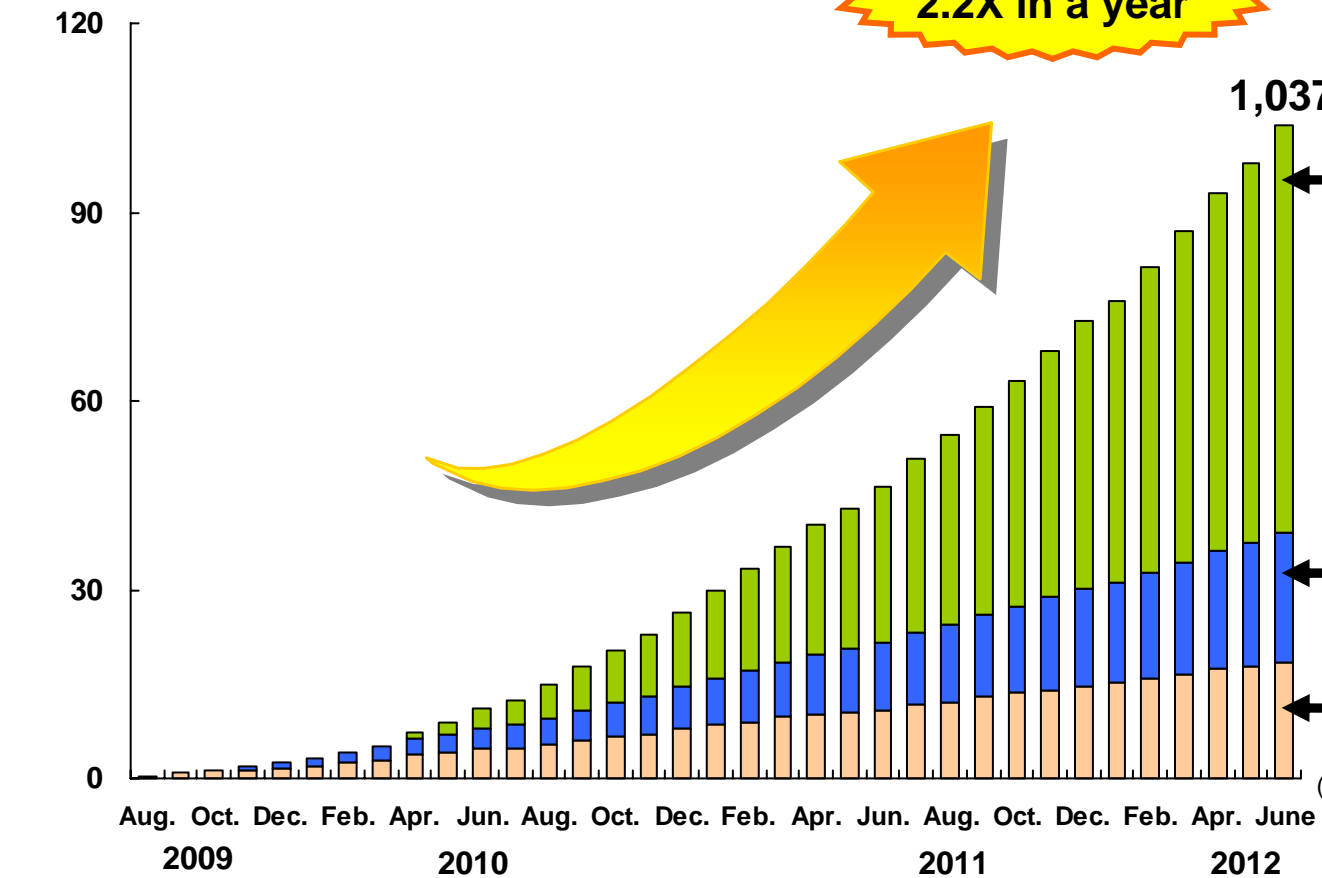
Cumulative Total of Auto Loans

(Aug. 2009 - June 2012)

(JPY billion)

Expanded by 2.2X in a year

Via: * Figures in parentheses are ratios



SBI Credit
(62.2%)

Providing auto loans through network of approx. 4,500 participating stores including used car dealers

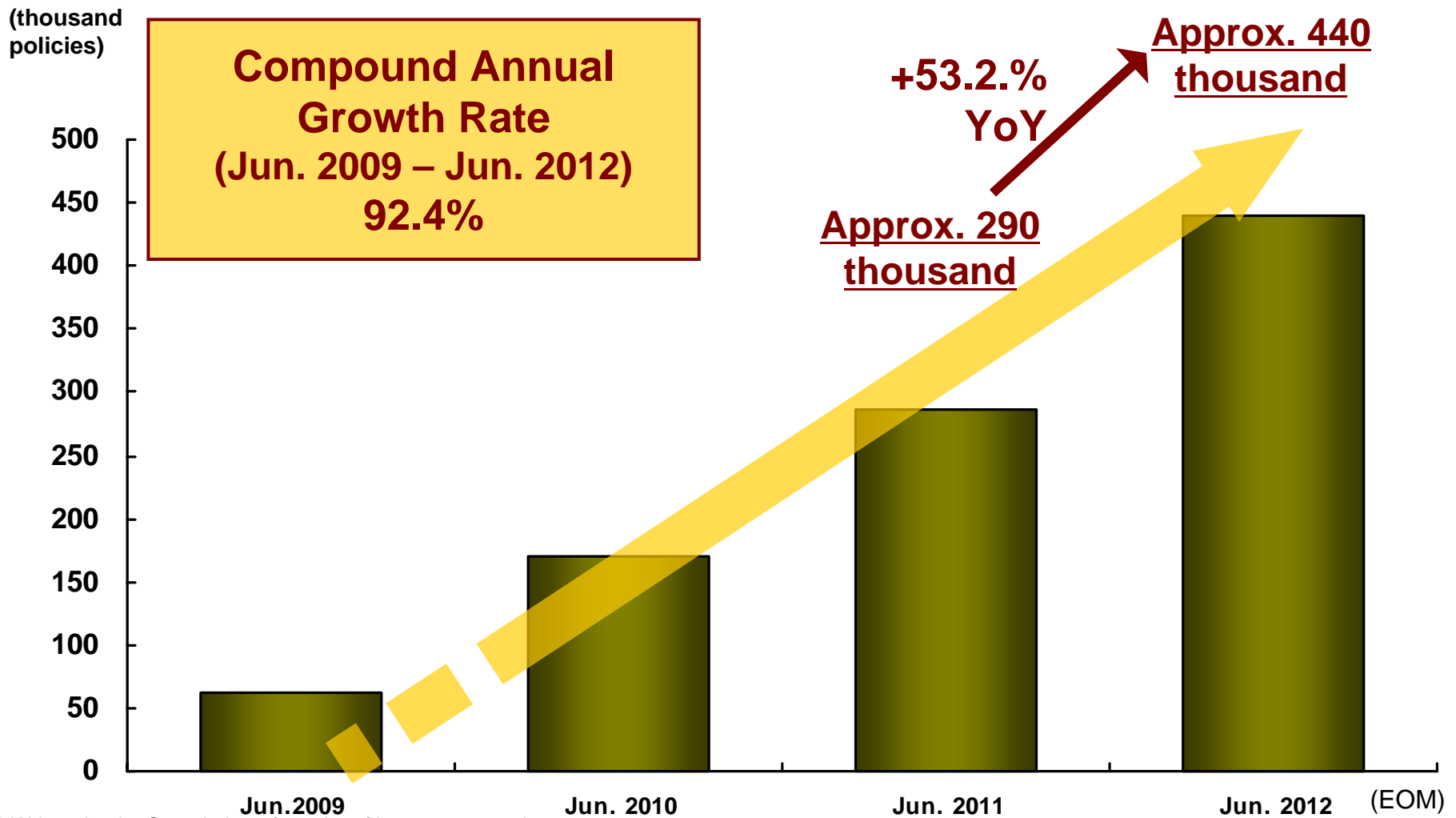
SBI AutoSupport
(20.0%)

Others
(Credit companies etc.)
(17.8%)

SBI Insurance's Auto Insurance Contracts Posted a High Growth Rate, Growing by 53.2% Year-on-year

Topped 400,000 contracts in April 2012

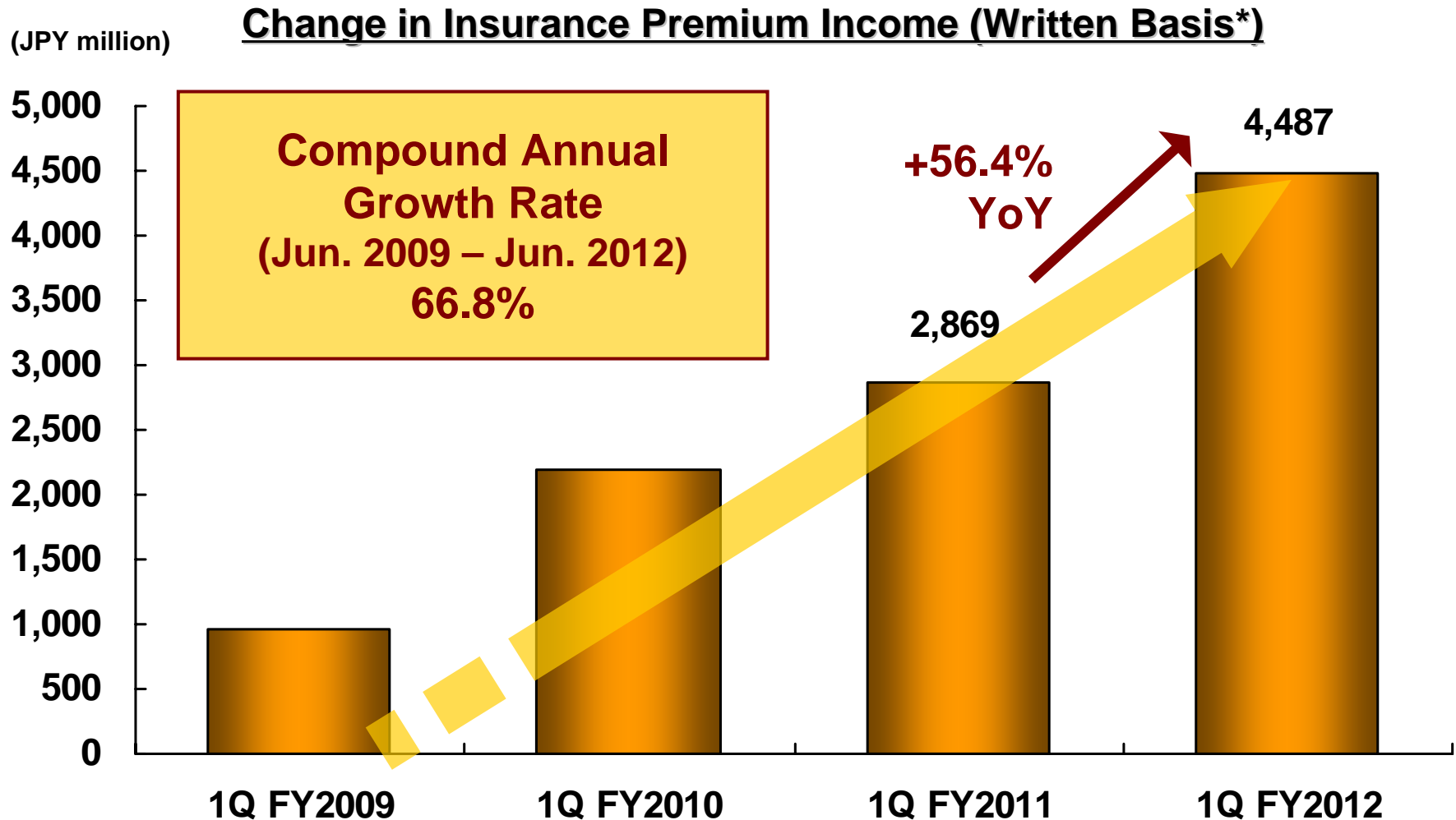
Number of Auto Insurance Contracts (Written Basis*) / Cumulative



* Written basis: Completion of receipt of insurance premium

Insurance Premium Income at SBI Insurance Continues to Increase

The premium income for 3 months FY2012 was approx. JPY 4.5bn,
up 56.4% YoY



④ SBI Insurance – ii) iii) **Converting the Business Structure through Promoting Rationalization of the Business Management**

- ✓ The number of contracts and the corresponding premiums received continue to increase steadily.
- ✓ With the termination of the reinsurance contract and the outsourcing agreement, there was a reduction in the net expense ratio, as well as progress in the rationalization of the business.
- ✓ Operating cash flow was a positive JPY 0.1bn.

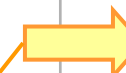
	FY2010	FY2011	1Q FY2011	1Q FY2012
Policy Reserve	1.8bn	8.8bn	3.7bn	9.5bn
Net Loss*	-1.1bn	-5.4bn	-0.7bn	-1.3bn
Operating Cash Flow	-2.0bn	1.4bn	-0.5bn	0.1bn
Net Expense Ratio	82.3%	44.0%	35.6%	31.4%

Turn profitable!



Turn profitable!





Net expense ratio
 = $\frac{\text{Expenses for underwriting}}{\text{Net premiums}} \times 100$

With the termination of the reinsurance contract and outsourcing agreement with Aioi Nissay Dowa Insurance, the net expense ratio was reduced.

* SBI Insurance (Non-consolidated), based on J-GAAP

SBI Card Significantly Improved Operating Loss by Lowering Expenses

[Major factors]

- The Credit Card Business succeeded primarily in lowering operational costs and personnel costs.
- The Consumer Credit Business the loan balance (after deduction of bad debt provisions) was JPY 3.3bn as of the end of June 2012, for a **decrease of 36.7%** from JPY 5.3bn as of the end of June 2011

Change in Operating Income/Loss by Business Segment (J-GAAP) (JPY million)

	FY2011 1Q (Apr.- Jun.)	FY2012 1Q (Apr.- Jun.)	YoY change Operating income improved
Credit Card Business	-543	-436	+ 107
Consumer Credit Business	-276	-73	+ 203
Common expenses	-107	-78	+ 29
Operating income/loss (total)	-927	-587	+ 340



Through a company split on July 1, SBI Card was divided into the Credit Card Business and the Consumer Credit Business

Morningstar Japan Consolidated Results for 1Q FY2012 (J-GAAP)

**Achieved an increase in sales and profits
despite the severe business environment**

- Sales for asset management seminars, fund data and online advertisements increased, as Morningstar Japan effectively utilized smartphones, smart tablets and social networking services
- Gomez Consulting business improved significantly, owing to integration and synergy effects

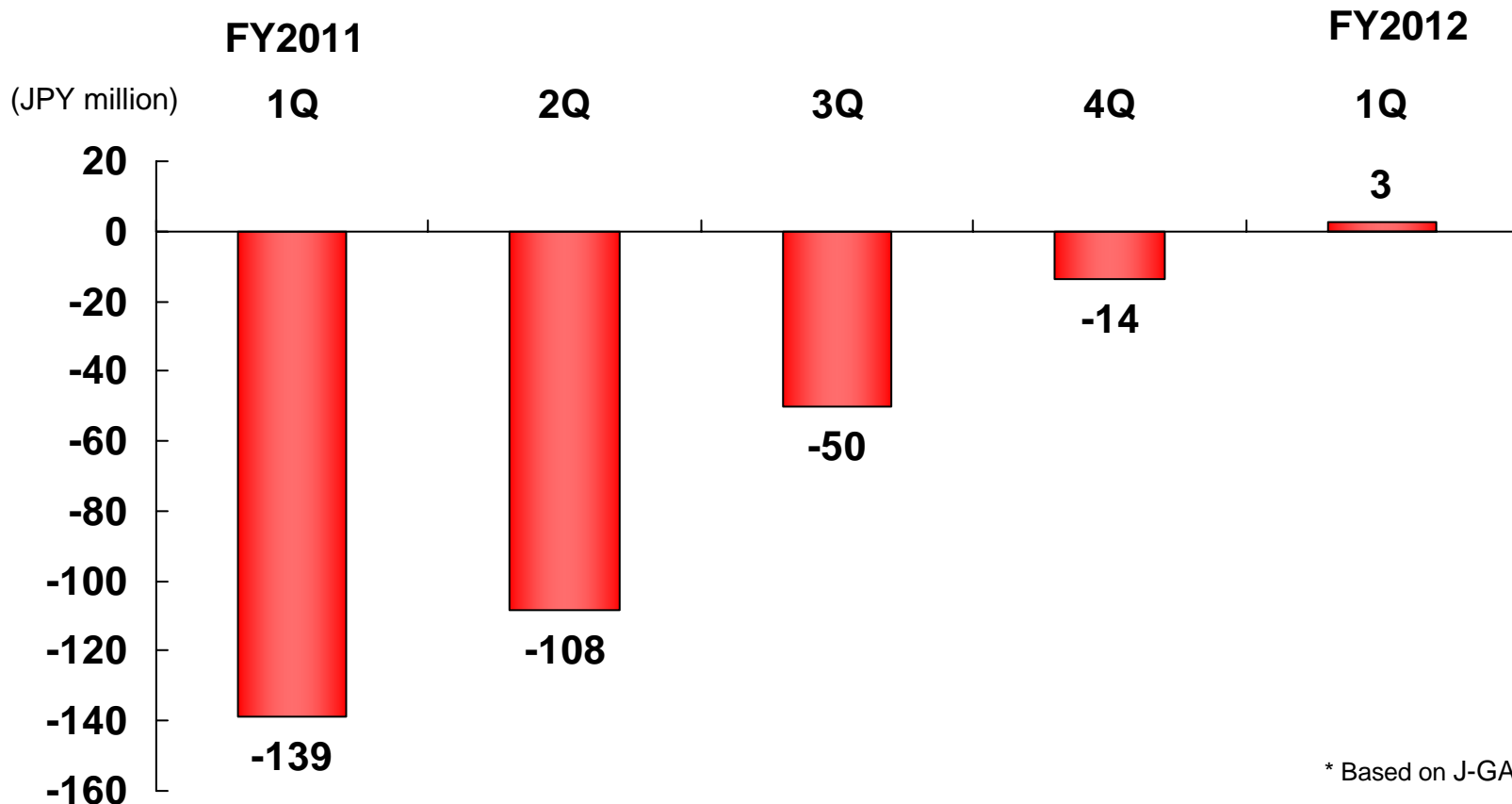
(JPY million, %)

	1Q FY2011 (Apr. 2011 – June 2011)	1Q FY2012 (Apr. 2012 – June 2012)	YoY % change
Operating Revenues	560	576	+2.9
Operating Income	154	161	+4.3
Ordinary Income	180	184	+2.0
Net Income	103	113	+9.8

Change in SBI Japannext's Financial Result

Trading value steadily increased and a quarterly profitability was achieved in 1Q FY2012

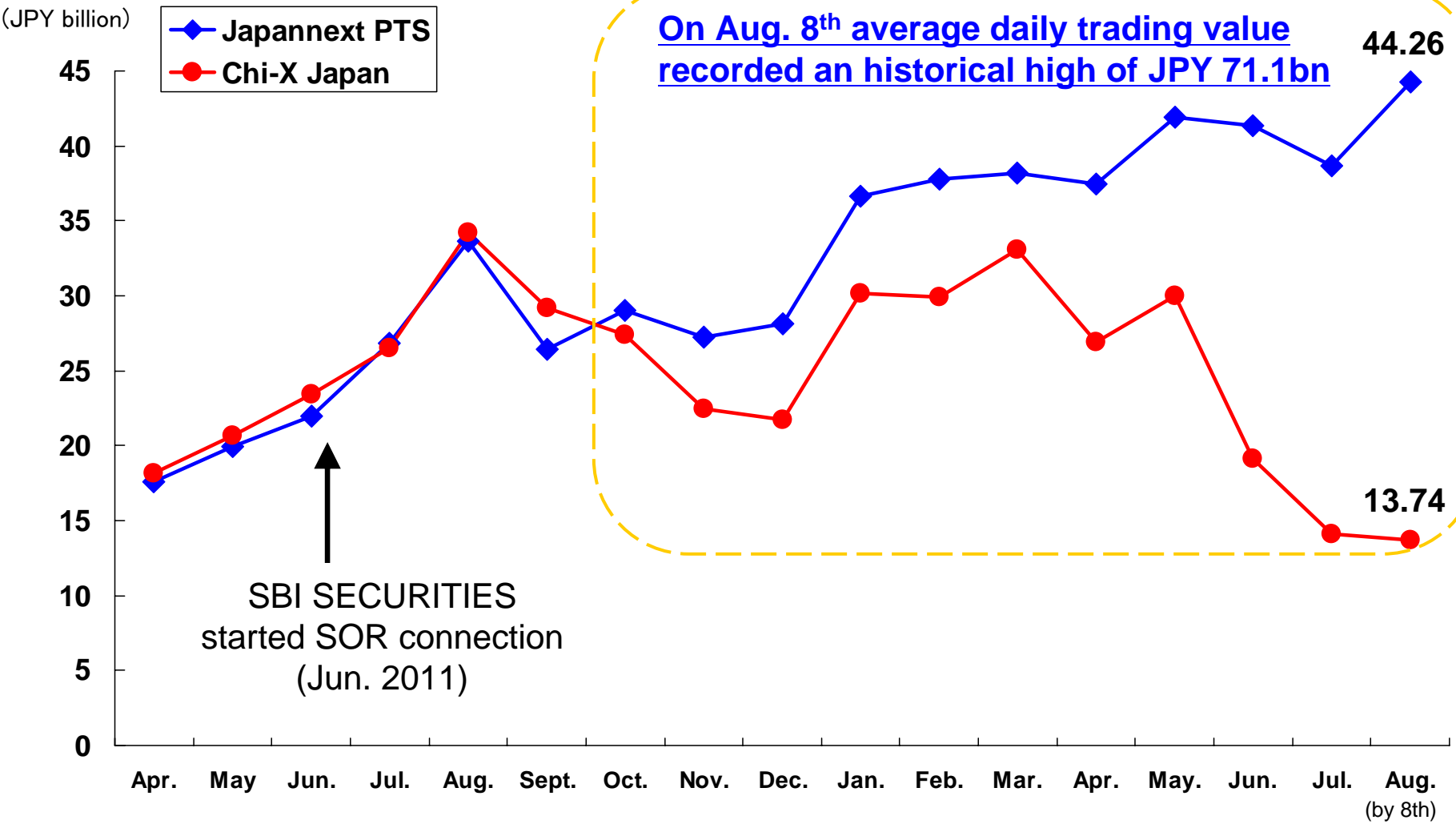
Quarterly Change in Operating Profit/Loss





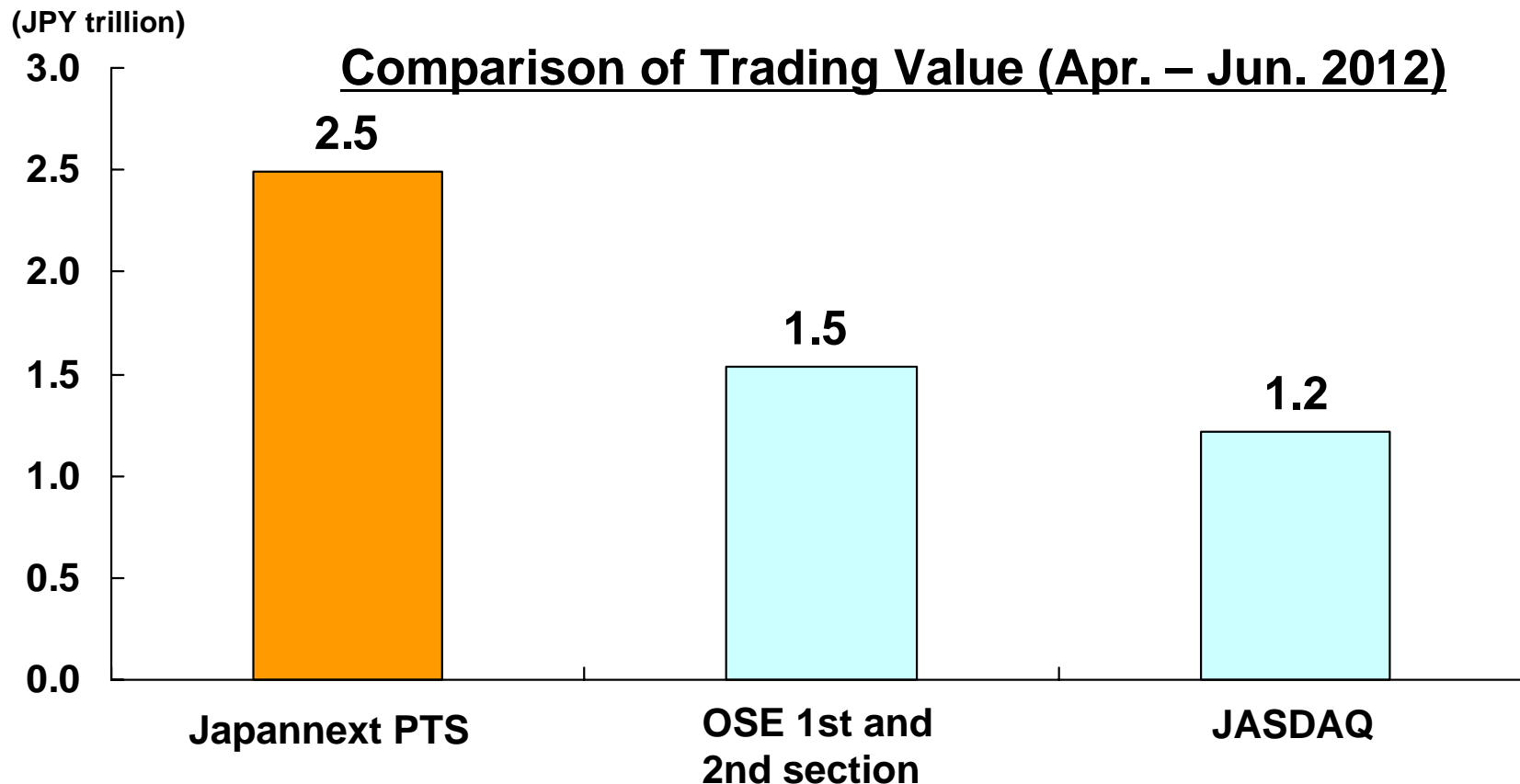
Change in Average Daily Trading Value

Significantly Exceeded Chi-X Japan's trading value every month since October 2011, to provide higher liquidity



* Trading value is based on "single count".

Japannext PTS Exceeded the Combined Trading Value of the OSE 1st and 2nd Sections, to Become the Second Largest Market in Japan, Next to the TSE



Also, the average daily trading value versus the TSE 1st section on a monthly basis reached 4.0% in June 2012, and recorded an historical single day high two days in a row, of 5.78% on Aug. 7th and 5.82% on Aug. 8th.

SBI Mortgage 1Q FY2012 Financial Results (IFRS) ^{*1}

(JPY million, %)

	1Q FY2012 (Apr. -June 2012)	YoY	1H FY2012 Prospect (Apr. -Sept. 2012)	YoY
Net Operating Revenue	2,368	+28.8	5,000	+24.5
Profit Before Income Tax Expense	626 ^{*2}	+38.7	1,500	+48.0
Profit for the Period	387	+29.7	900	+52.1

*1 The figures above are before auditing. It would be changed through audit by external auditors.

*2 JPY 81m was recorded as an exchange loss of Korea-Won-denominated deposit.

- **SBI Mortgage launched new products that satisfied customers' needs, leading to a steady increase in the amount of new loans**
- **Expecting significantly higher YoY profit growth in the 1H**

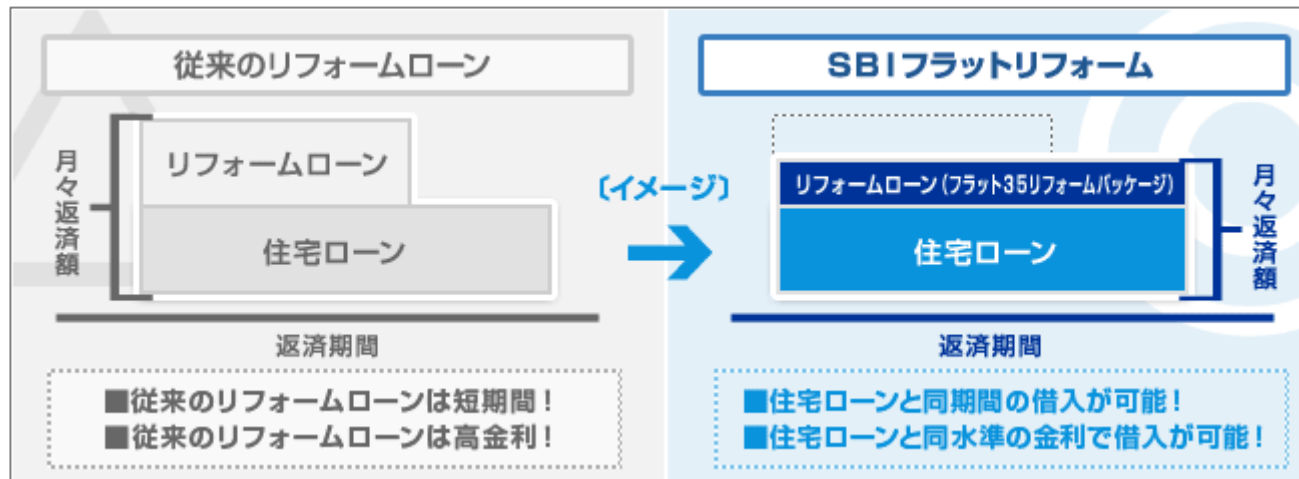
Launched a New Product Targeting Purchasers of Previously Owned Homes

Launched "SBI Flat Reform"

(from July 9, 2012)

Launched the sale of Japan's first "combined housing and home improvement loans," a loan comprising "Flat 35," accommodating existing home purchase, and home improvement funds, with the help of housing loan insurance offered by the Japan Housing Finance Agency.

<Image of the product>

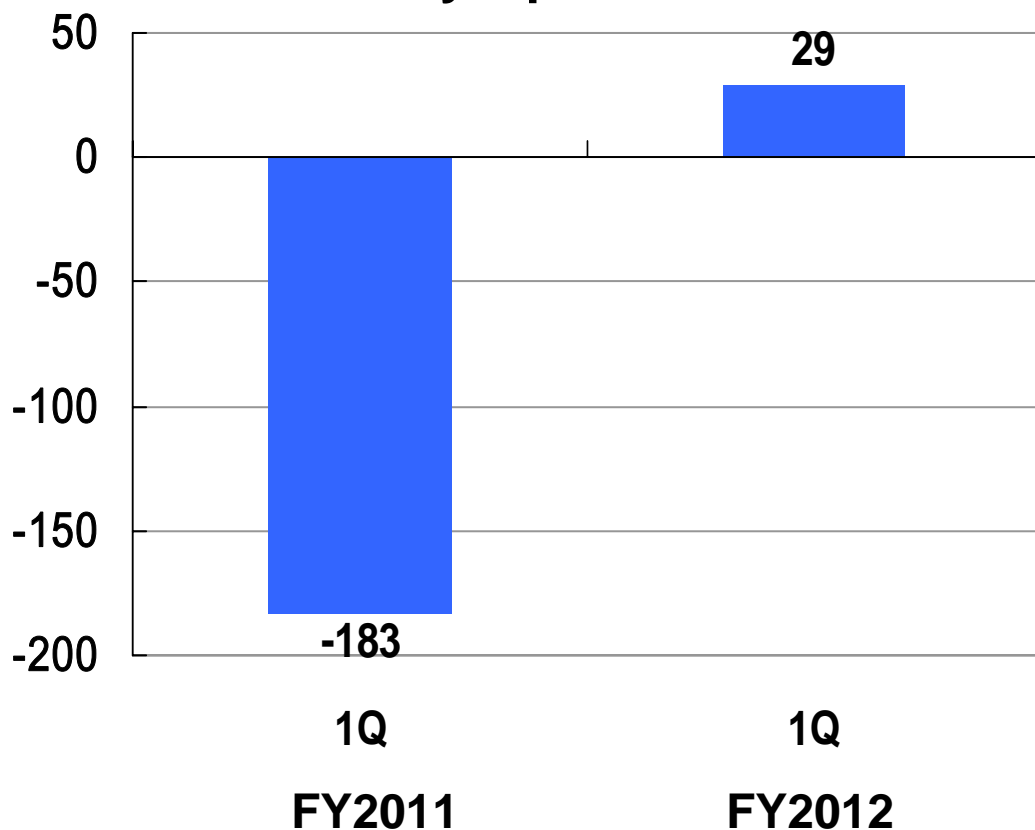


➡ Capturing robust home improvement demand supported by the government's measures to vitalize the existing home market.

Business Results of SBI Credit

Following the successful strategy to expand business infrastructure, including an increase in business bases and an acceleration of business alliances, SBI Credit got off to a good start in FY2012, with income for 1Q FY2012 ending in a surplus. SBI Credit works to achieve profitability in full FY2012.

(JPY million) **Quarterly Operational Profit**



Balance of auto loans continued to increase steadily.

On July 2012, started new service, warranty for used cars called "Car Sensor After Hosho", cooperated with "Car Sensor", a used car information magazine / web site of Recruit Co., Ltd., and Automobile Inspection System Inc.



Performance Analysis by Business Segments (2)

-Asset Management Business-

In a continuing difficult business environment, along with the slowdown in the global IPO and stock markets, the Asset Management Business steadily recorded profits

(IFRS, JPY million)

	1Q FY2011	1Q FY2012	YoY change (ratio/amount)
Operating revenue (A) (*1, 2)	15,185	11,638	-23.4%
Operating expenses (B) (*2, 3)	9,601	6,508	-32.2%
Equity in earning of affiliates (C)	-68	-48	+20
Operating income (D)=(A)-(B)+(C)	5,517	5,083	-7.9%
Other finance income and cost (E)	-37	4	+40
Profit before income tax expense (D)+(E)	5,480	5,086	-7.2

*1 On an IFRS basis, profit/loss of operational investment securities sales is recorded as the amount of 'sales' minus the 'book value'. All securities (including unlisted ones) are evaluated at fair value, and all valuation gain or loss are reflected in operating revenues.

*2 For revenues other than investment gain/loss from operational investment securities in the Asset Management Business, sales are to be included in operating revenues and cost of sales in operating expenses, respectively.

*3 Sales and general administrative expenses related to the Asset Management Business is included in operating expenses.

Profits were Steadily Recorded Under IFRS at the Asset Management Business

[Generally] Owing to the application of the IFRS, there were concerns regarding the business results of the Asset Management Business

- ① Valuation gain is recorded as well as valuation loss on private equities.
- ② Business result volatility becomes more exaggerated, owing to the fair value measurement, where unrealized gains and losses will be recorded as net income on the income statement.

[SBI] Of the JPY 125.8bn operational investment securities that the fair value evaluation will be applied to, the listed securities that will be directly affected by the market value in the stock market is JPY 12.6bn.

<Investment components>

Primarily private equities instead of derivatives, commodities and other high risk and complicated financial products bearing many conditions

<Investment strategy>

Concentrated investment in growth sectors (bio-technology, IT, environment and energy and finance)

Investment through joint funds with prominent local partners familiar with the local conditions

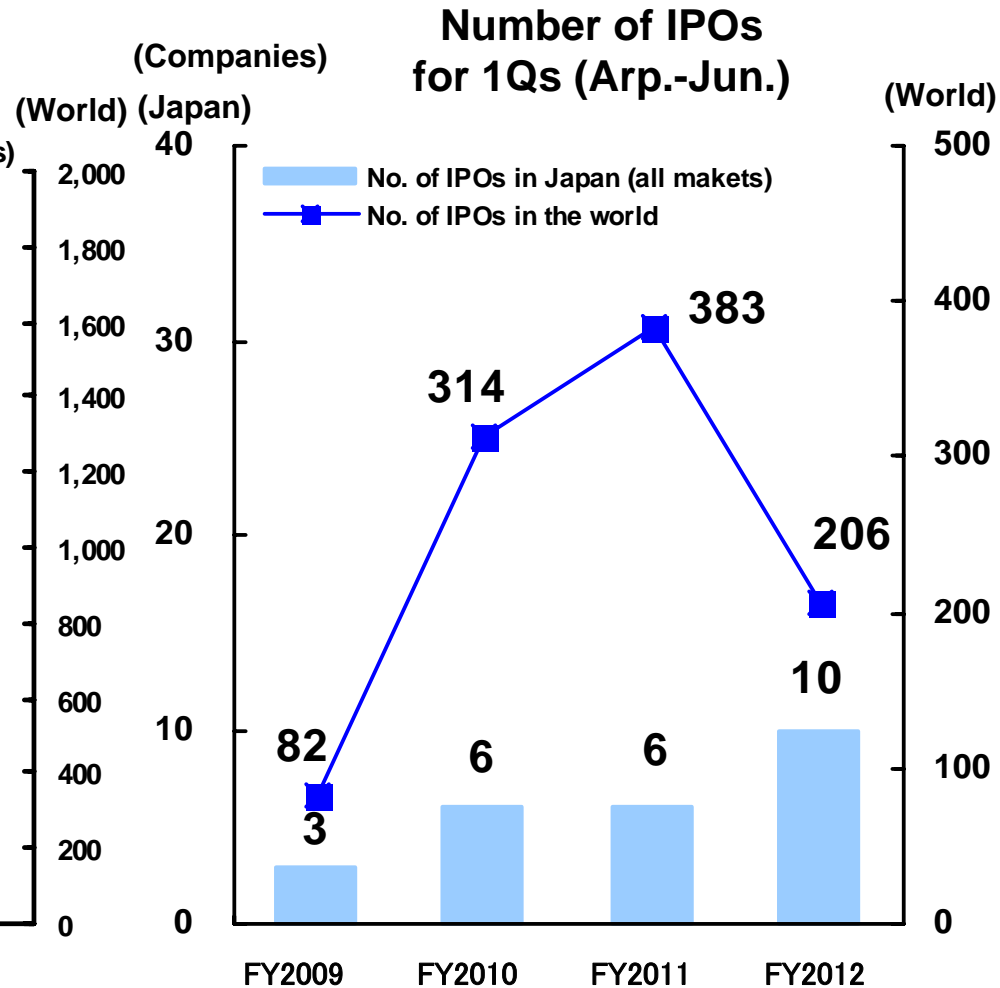
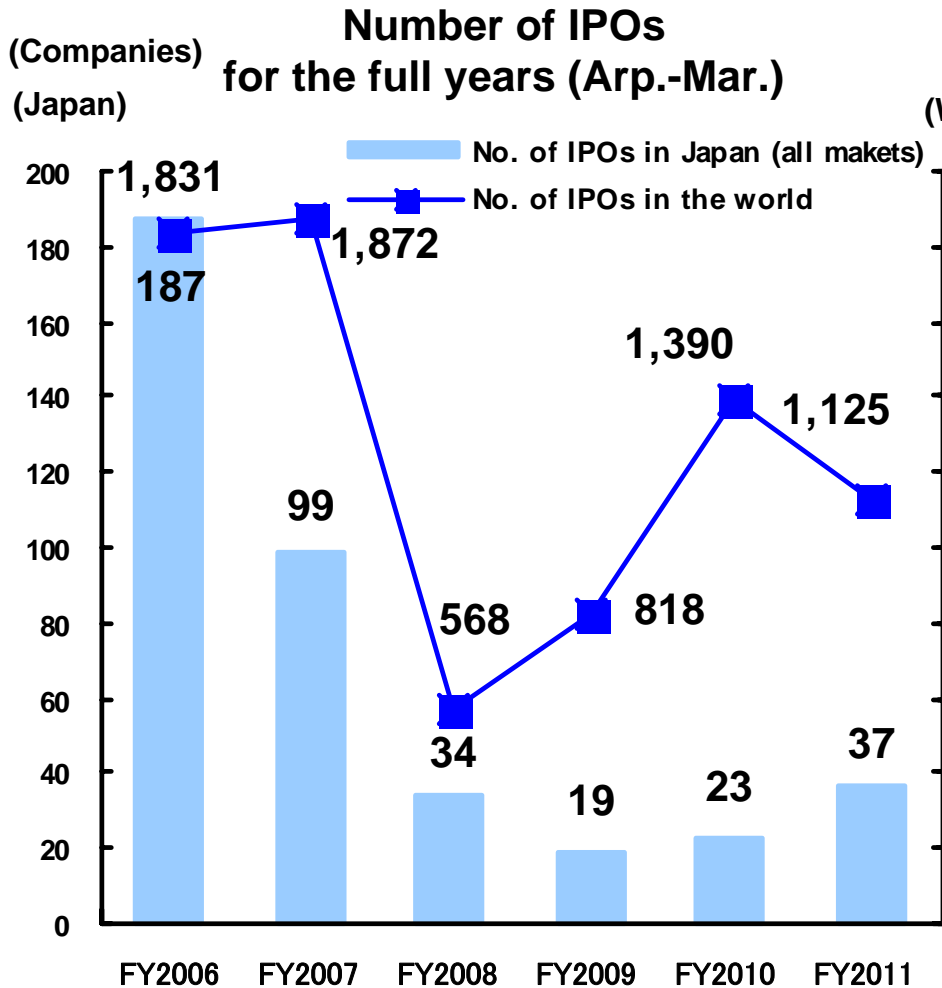
Properly measured fair value based on the valuation criteria

[Result] Private equity volatility is relatively lower than the general stock market volatility

Japan's and the World's IPO Market

~While the number of IPOs in Japan is increasing steadily, the world's IPO market is in a slump~

The number of IPOs in Japan and the world



IPO and M&A Deals in the Asset Management Businesses

~Continue to support investee IPOs and actively engage in exits through M&A~

	* Up to FY2010				* FY2011 Full year				FY2012 Full year prospect			
IPO and M&A deals	141				14				9			
Breakdown	IPO		M&A		IPO		M&A		IPO		M&A	
	Japan	Overseas	Japan	Overseas	Japan	Overseas	Japan	Overseas	Japan	Overseas	Japan	Overseas
	69	38	11	20	5	6	2	1	8	1	0	0

* Includes portfolio companies (FY2009: 3 companies, FY2010: 6 companies) of New Horizon Capital, the second fund, in which SBIH invested as a limited partner.

In FY2012, one company conducted an IPO, and another company already approved for an IPO

Exit Date	Company	Market (Country)
Apr. 30	SBI Mortgage Co., Ltd.	KOSPI (Korea)
By 2012 year end	SBI AXES Co., Ltd.	KOSDAQ (Korea) (Approved on Jun. 27, 2012)

Assets Under Management of the SBI Group

Private equity, etc. JPY 305.5bn (Including JPY 121.2bn of both cash and commitment amount to be paid in)^(*3)

Breakdown by Industry	Outstanding
IT/Internet	35.9
Biotechnology/Health/Medical	26.4
Services	25.8
Materials/Chemicals	2.7
Environment/Energy	7.8
Retail/Food	10.5
Construction/Real estate	1.4
Machine/Auto mobile	5.2
Finance	53.5
Others	15.0
Total	184.3

Breakdown by Region	Outstanding
Japan	99.8
China	21.0
Korea	25.2
Taiwan	0.7
Southeast Asia	5.8
U.S.	20.0
Europe	6.8
Others	4.9
Total	184.3

Investment trusts etc. JPY 181.1bn

Investment trusts	57.0
Investment advisory	122.9
Investment companies	1.2

*1 Calculated by the conversion rate as of June 30

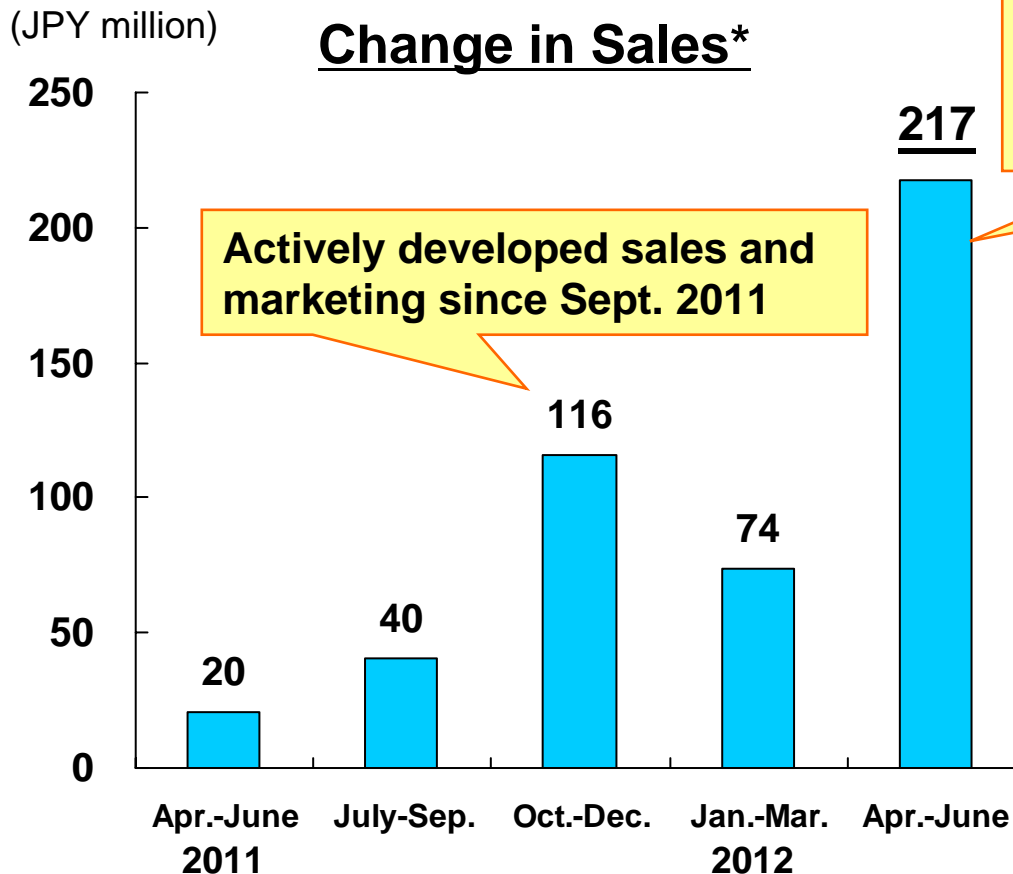
*2 Amounts are rounded to nearest 100 million yen

*3 Composed of cash in funds and unpaid capital which is to be paid on a capital call.

Sales of 5-ALA Related Products Doing Well

<Food Supplements> NatuALA-Bio (Released in Feb. 2010), NatuALA-Black Garlic (Released in Nov. 2010), NatuALA-BCAA (Released in Mar. 2011)

<Beauty Goods> ALAplus Essential Lotion and ALAplus Moisturizing Cream (Released in Sept. 2011) and so on



In April 2012, organizational change and establishment of the new SBI ALApromo, to focus on expanding the sales of health foods and cosmetics.

Actively developed sales and marketing since Sept. 2011

Direct sales through distributing agents and E-commerce site is increasing, owing to its advertisement and promotion success

Sales achieved JPY 217m for 1Q FY2012, which is ten times higher than the same period of the previous year

*The figure from April 2011 to March 2012 is sales of the former SBI ALApromo (currently SBI Pharmaceuticals). The figure from April 2012 is sales of the New SBI ALApromo (J-GAPP)

(2) Organizational Restructuring to Implement thorough "Selection and Concentration"

Brilliant Cut Initiative in the Financial Services Business Moves to the Third Phase

(The First Phase Started in July 2010)

Third Phase (from Mar. 2012):

Examine each company's synergy with the three core businesses, in addition to the earnings capacity, and concentrate resources solely on those businesses with strong synergies.

[Fundamental Thinking of the Third Phase]

To examine each business in terms of the following:

- ① Does the business have strong synergies with the three core businesses in the Financial Services Business, and does it have sufficiently high profitability and growth potential?
- ② Is the service not replaceable with services which can be purchased from other companies at reasonable prices?
- ③ Is it possible to expand the business overseas as the SBI Group's business?

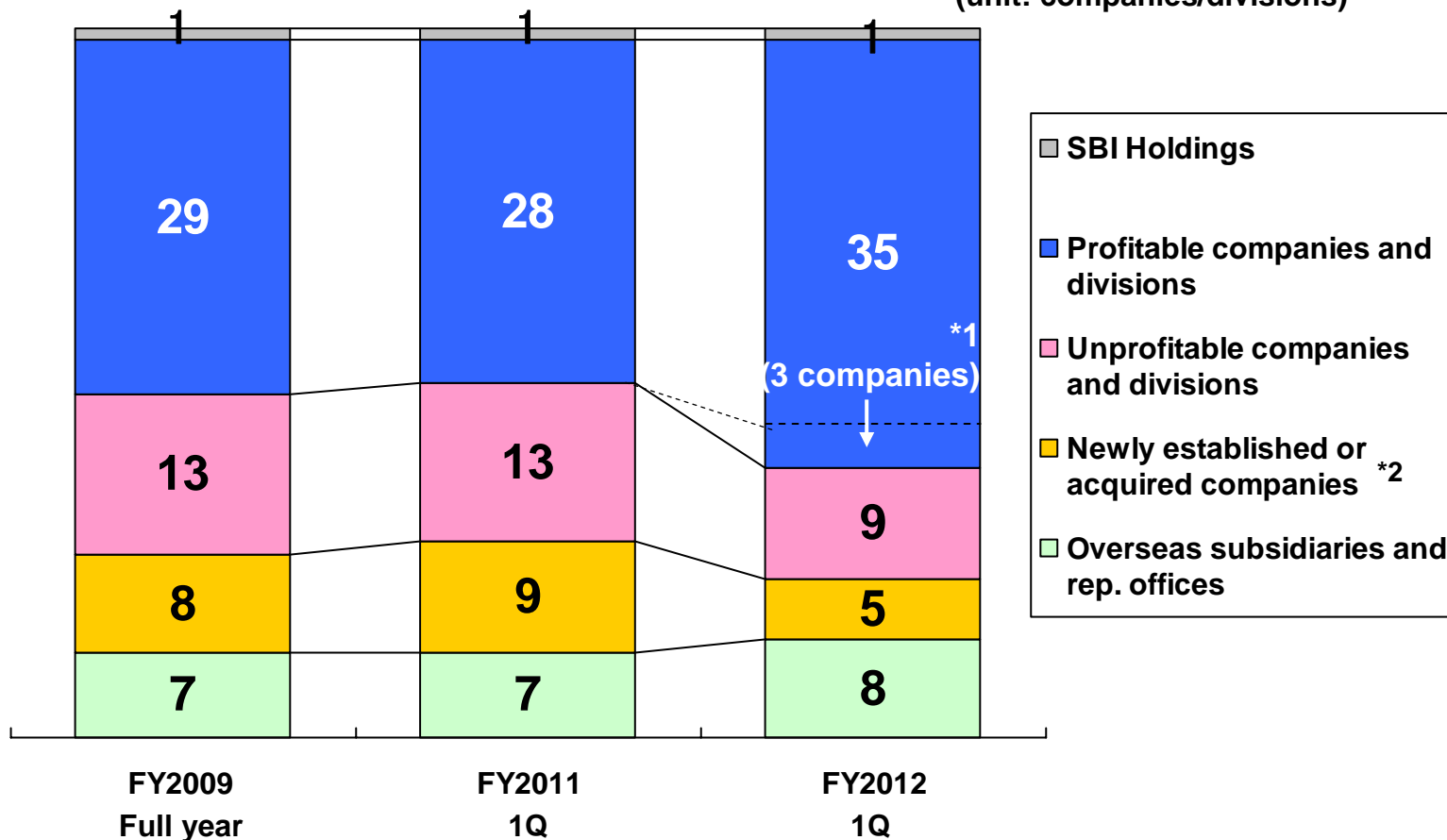
 **Thorough "selection and concentration"**

Progress of the Brilliant Cut Initiative

In comparison with 1Q FY2011, the number of profitable companies (divisions) increased by 4, while unprofitable companies decreased by 4

No. of Profitable/Unprofitable Companies (Divisions)

(unit: companies/divisions)



*1 Refers to profitable companies for the previous financial year that no longer were an the Group consolidated company, due to transfers and other reasons, such as SBI VeriTrans (currently VeriTrans).

*2 Consistently profitable companies in "Newly established or acquired companies" were moved to "Profitable companies and divisions" 44

Organizational Restructuring Implemented in this FY to Thoroughly Advance the "Brilliant Cut Initiative"

- **Sold all shares of Wall Street Journal Japan to Dow Jones & Company** (Announced on July 13, 2012)

Reasons for the share transfer

- In the three years since its foundation in June 2009 the Wall Street Journal Japan had not demonstrated sufficient profitability, and the company was not expected to generate strong synergies with the securities, banking and insurance businesses
- It remained difficult for the SBI Group to exercise its initiatives so long as the Wall Street Journal Japan continues to operate as a joint venture

- **Conducted a corporate divestiture of SBI Card to separate the credit card business and the consumer credit business** (On July 1, 2012)

Credit card business: The new SBI Card is dedicated to the credit card business, and it will endeavor to achieve profitability at an early stage by improving the convenience of its services, as well as by continuing its cost-cutting efforts and a further review of its business.

Consumer credit business: As SBI Equal Credit, this operation will specialize in debt collections

(3) Current Financial Base Regarding to IFRS Adoption and Changes in the Basic Dividend Policy

SBIH's Stable Financial Base

Consolidated Financial Indicators of SBI Holdings (%)

	Apr. 2011 (BOY)	Mar. 2012	Jun. 2012
Interest-bearing Debt Ratio *1	95.5	96.2	81.3
Ration of Equity Attributable to Owners of the Company *2	21.1	17.9	18.3
<Reference: J-GAAP> Equity Ratio	30.2	24.5	—

Substantive figures after adjusting for asset and liability accounts associated specifically with the securities company *3



	Apr. 2011 (BOY)	Mar. 2012	Jun. 2012
Interest-bearing Debt Ratio *1	95.5	96.2	81.3
Ration of Equity Attributable to Owners of the Company *2	37.7	37.1	36.3
<Reference: J-GAAP> Equity Ratio	48.7	47.6	—

*1 Interest-bearing debt / Equity attributable to owners of the Company. Interest-bearing debt does not include Margin transaction liabilities.

*2 Equity attributable to owners of the Company/Total assets

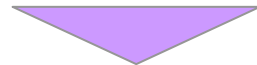
*3 Assets related to securities business = cash segregated as deposits + margin transaction assets + other assets related to securities business

Liabilities related to securities business = margin transaction liabilities + guarantee deposits received + deposits from customers + other liabilities related to securities business

Changes in the Basic Dividend Policy and the Projected Dividend for FY2012

[Prior Basic Dividend Policy]

Basic dividend payout ratio of 20-50% of consolidated net income



[New Basic Dividend Policy]

Minimum annual dividend payout of 10 yen per share, and endeavor to increase dividends when it is determined that a further return of profits is possible.

*1 This amount takes into account the 10-for-1 stock split implemented on October 1, 2012 as the effective date. The dividend before the split would be 100.

The projected (conducted) dividend

	End of 2Q	Year-end	Full year
FY2012 (projected) *₂	—	<u>JPY 10</u>	<u>JPY 10</u>
FY2011 (conducted) *₃	—	JPY 100	JPY 100

*2 Projected dividend per share for the current period takes into account the 10-for-1 stock split implemented with October 1, 2012 as the effective date. The projected dividend before the split would be 100 yen.

*3 Dividend per share for the previous period is the actual figure.

2. Business Strategy to Increase Earnings in the Continuing Difficult Business Environment

- (1) Measures to realize further growth of the domestic Financial Services Business**
- (2) The Asset Management Business continues to focus on investment in growth industries**
- (3) Studies for drug development steadily progressing at the Biotechnology-related Business**
- (4) The overseas business development accurately reflects the World trend to pursue further earnings opportunities**

(1) Measures to Realize Further Growth of the Domestic Financial Services Business

- ① Increasing profit opportunities by developing new business fields**
- ② Measures to strengthen earning force of Insurance Business**
- ③ Nationwide operation of "SBI MONEY PLAZA" to accelerate the domestic Financial Services Business**
- ④ Utilizing "Big Data" to reinforce sales expertise**

- ① **Increasing Profit Opportunities by
Developing New Business Fields**
 - i) **SBI Japannext (PTS)**
 - ii) **SBI FXTRADE**

Japannext PTS's Trading Value is Expected to Increase Dramatically Owing to "TOB Deregulation" Scheduled for October 2012

TOB (take-over bid) regulation

The regulation obliges investors who acquire more than 5 percent of a company through off-exchange transactions, or for investors who already own more than 5% that decide to increase their holdings, to make a takeover bid.

This has been hindering large institutional investors from utilizing PTS.

Newspaper articles

(June 26, 2012 "The Nikkei" morning edition, p.g.1)

(June 27, 2012 Yomiuri Newspaper morning edition, p.g.9)

Newspaper articles

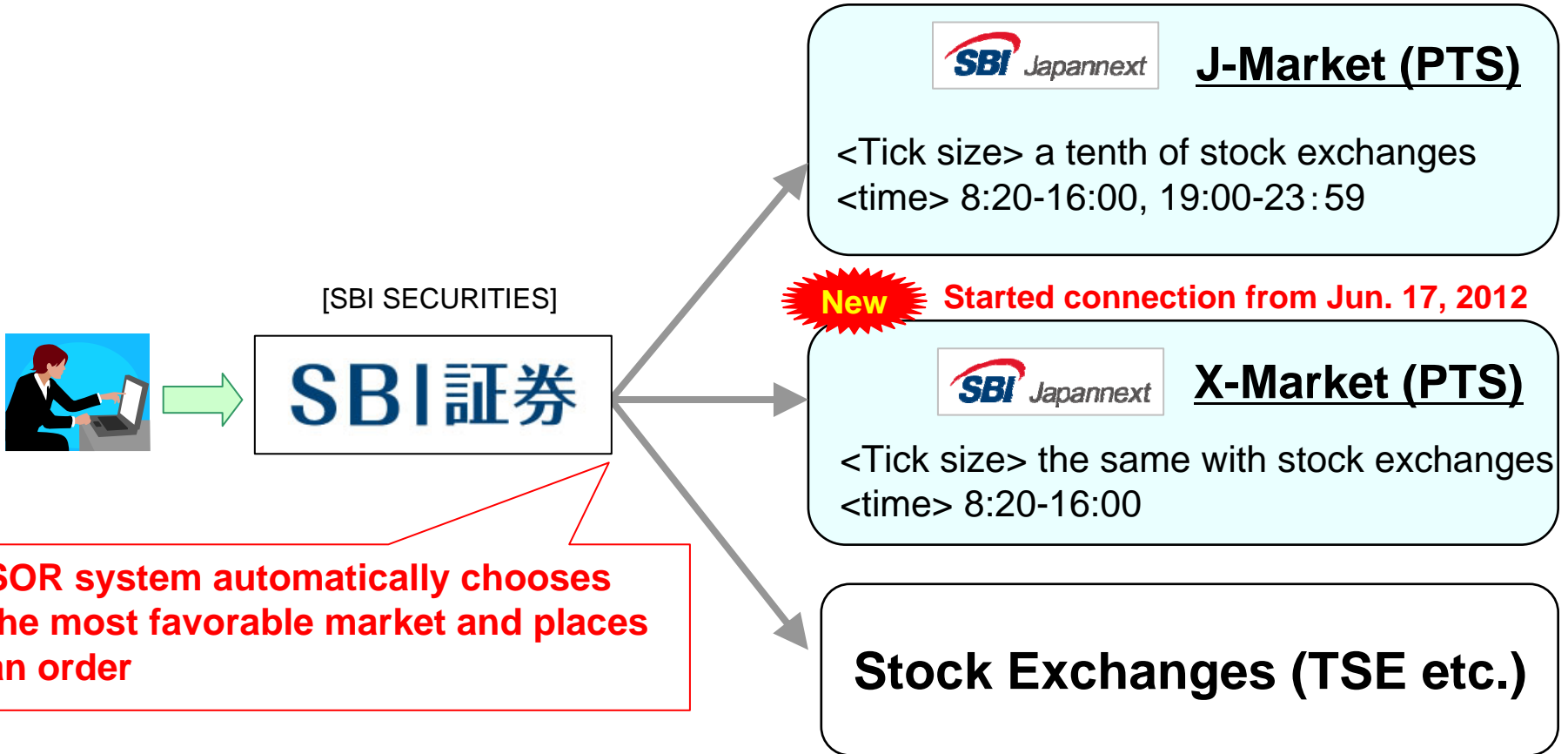
(June 27, 2012 Sankei Newspaper morning edition, p.g.9)

Newspaper articles

(June 27, 2012 Mainichi Newspaper morning edition, p.g.6)

①- i) SBI Japannext (PTS):

Promote Best Execution to Improve Customer Convenience by Establishing a New Trading Market, "X-Market"



- When PTSs offer more favorable prices than the exchanges, there will be an improvement in the transaction price
- When deals are executed on PTSs, the commission is 5% cheaper than on the exchanges
- SBI SECURITIES' customers' investment performance will be enhanced through these benefits (price improvement and cost reduction)

Steadily Increasing Participant Companies

[Participating companies] (total 19)

- SBI SECURITIES
- Goldman Sachs Japan
- Morgan Stanley MUFG Securities
- Merrill Lynch Japan Finance
- Instinet
- Deutsche Securities
- Societe Generale Securities
- JP Morgan Securities
- Credit Suisse Securities (Japan)
- UBS Japan
- BNP Paribas Securities (Japan)
- Citigroup Global Markets Japan
- Mizuho Securities
- Barclays Capital Japan (May 2011)
- Nomura Securities (Dec. 2011)
- Newedge Japan Securities (Sept. 2011)
- Macquarie Capital Securities (Mar. 2012)
- **SMBC Nikko Securities (May 2012)**
- **Mitsubishi UFJ MS Securities (May 2012)**

Two newly participating companies since FY2012

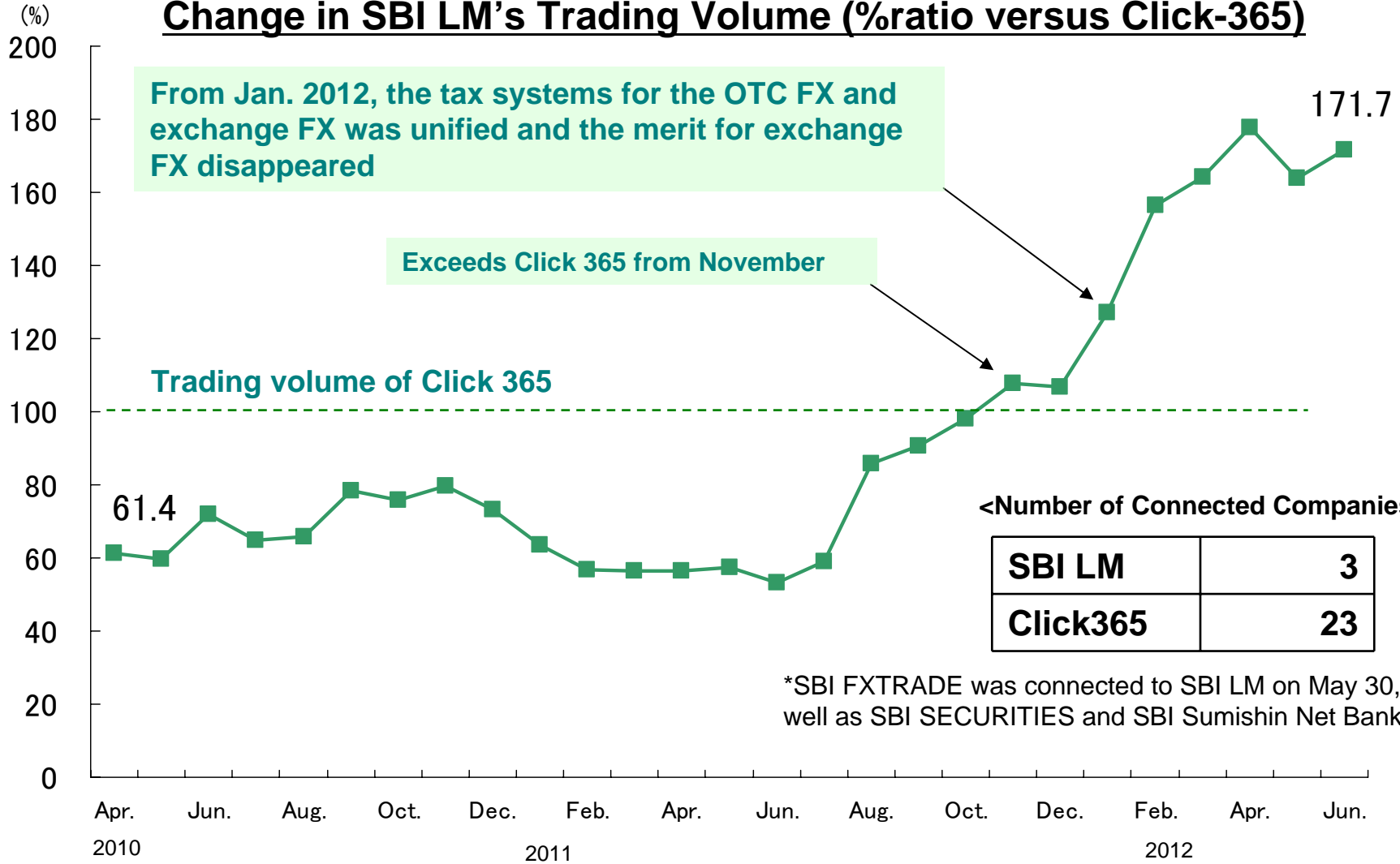
[Companies Expected to Participate] (total 4)

A foreign company (in Aug.) and Daiwa (in Oct.) are planning to connect
Other two Japanese companies are expected to participate

Japannext PTS is planning to switch to a new system in the autumn of 2012, with the world's fastest matching engine

SBI Liquidity Market's Trading Volume Significantly Exceeds that of Exchange FX's Click-365

Change in SBI LM's Trading Volume (%ratio versus Click-365)



<Number of Connected Companies>

SBI LM	3
Click365	23

*SBI FXTRADE was connected to SBI LM on May 30, as well as SBI SECURITIES and SBI Sumishin Net Bank

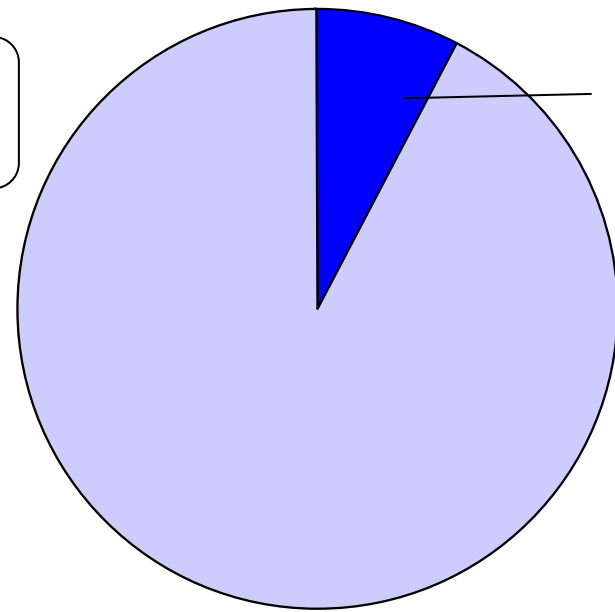
SBI Liquidity Market's Positioning in the FX Trading Industry

There is still plenty of room for expansion in the OTC FX market, while SBI LM's trading value significantly exceeds that of the other online securities companies, as well as the listed pure-play companies

Trading Value of FX Trading

(Apr. - June 2012)

Trading Value of OTC FX
(industry): JPY 409.5tn



Trading Value
of SBI LM: JPY 24.9tn
(Market share: 6.1%)

Source: The Financial Futures Association of Japan, SBI Liquidity Market

SBI FXTRADE, which Started its Operations on May 30, Provides the Industry's Narrowest Spreads on All of Its Currency Pairs

[Spread Table of SBI FXTRADE (Orders smaller than 10,000 currency unit)]

	Currency pair unit: sen (=0.01JPY)							
	USD/JPY	EUR/JPY	GBP/JPY	AUD/JPY	NZD/JPY	CAD/JPY	CHF/JPY	ZAR/JPY
SBI FXTRADE (under 10k currency unit)	<u>0.19</u>	0.79 ↓ <u>0.69</u>	1.29 ↓ <u>0.99</u>	1.19 ↓ <u>0.99</u>	2.59 ↓ <u>1.49</u>	2.59 ↓ <u>1.79</u>	2.99 ↓ <u>1.99</u>	1.8 ↓ <u>0.99</u>
(Reference) GMO Click	0.4	0.8	1.3	1.2	1.8	2.4	2.4	1.9

	Currency pair (unit:pips)		
	EUR/USD	GBP/USD	AUD/USD
SBI FXTRADE (under 10k currency unit)	<u>0.59</u>	1.49 ↓ <u>1.39</u>	1.49 ↓ <u>1.39</u>
(Reference) GMO Click	0.6	1.5	1.5

Spreads were narrowed six times since its launch

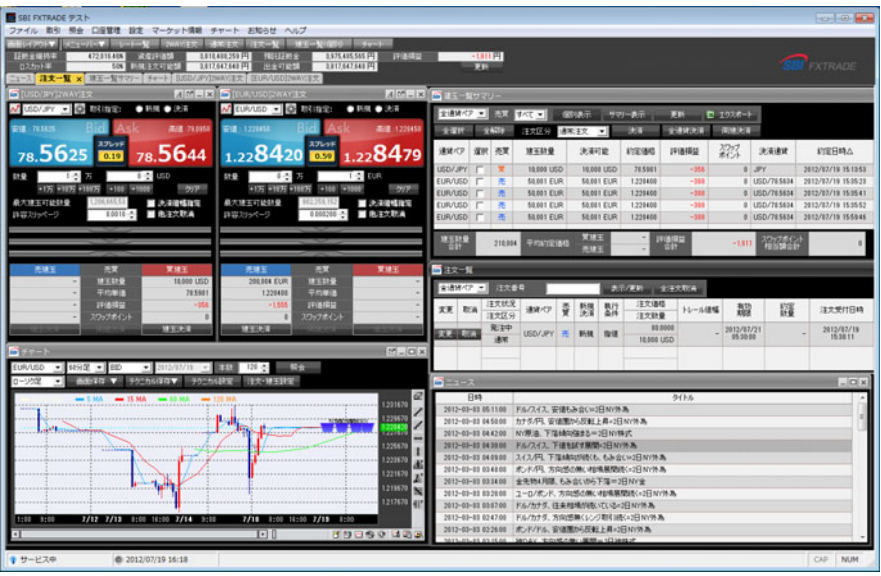
* As of Aug. 6, 2012

*Spread of SBI FX TRADE differs depending on order lot.
(When loss-cut is executed, the narrowing spread will be applied)

* Spreads are basically fixed, but there are some cases that actual spread differs from indicated ones due to market's sudden change and other external factors.

Endeavor to increase the customer base to manage potential future revenue opportunities in a high volatility for FX market

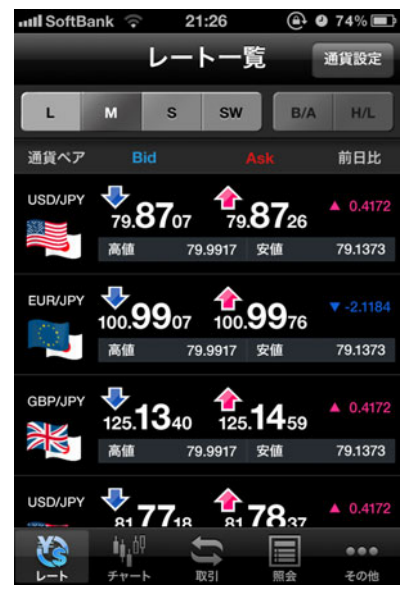
To Further Improve Customer Usability, Trading Tools are Scheduled to be Renewed in August



[PC application]



[WEB]



[Smart phone application]

Improved Rate Indication

→ Enhance the appeal to customers of the industry's narrowest spreads

Added Order Function on Chart Screen of Smartphone Application

→ Orders can be executed by just tapping on the chart

Design improvements and new functions were added, as well as other changes

Upon completion of the renewal, a full-scale marketing promotion is planned to acquire more customers

② Measures to Strengthen Earning Force of Insurance Business

SBI Insurance Launched New Products to Enhance Its Earnings Structure



- Started to provide fire insurance as an agency
- Started selling cancer insurance as well as auto insurance, its mainstay

New line up - Aug. 2012 on sale

Customized Fire Insurance "Jibunde-Eraberu Kasai Hoken"

Mainly targeting existing SBI's auto insurance policy holders



Underwriter: SAISON AUTOMOBILE&FIRE INSURANCE CO.,LTD

New product - Aug. 2012 on sale

SBI損保のがん保険 自由診療タイプ

Provides cancer insurance products compatible with constantly evolving "today's cancer treatment"

Distinctive features

- Internet-based discount insurance premiums:** Men aged 30, 970 yen (monthly premium / 5-year duration of cover)
- Compensation for the amount of actual medical expenses** *1
Hospitalization and surgical expenses are covered
- Not only treatments using advanced medical technology, but uncovered personal expense treatments are also covered as well***1
The actual expenses for both treatments using advanced medical technology and uncovered own expense treatments are compensated
- Outpatient treatment expenses are covered up to 10 million yen***1
With no limit on the number of days!

Sales strategy: In addition to the web channels, using telemarketing and real shops.



(shares by the SBI Group*2: 29.1%)
etc.



*1 The amounts covered by the public medical insurance system (i.e. Amounts equivalent to the medical treatment at one's own expense that should be compensated for by the public medical insurance system and high cost medical care expenses) are not covered by this insurance policy. If the policy holder enters into other insurance agreements that cover the actual amount of treatment expenses, we consider the maximum amount of actual treatment expenses, in consideration of the amount covered by such an agreement; no amount exceeding the revised treatment expenses will be compensated.

*2 SBI Group's stake in the company represents the total stake of the Group's subsidiaries and funds that fall into the Group's subsidiaries under the IFRS.

[Reference]: Outline of the New Cancer Insurance "SBI-Sonpo no Gan-Hoken"



		SBI損保のがん保険 <small>自由診療タイプ</small> SBI Insurance's Cancer Insurance Products		A product of Company A	
Duration of cover		5 years (automatically renewed until the holder reaches 90 years of age)		5 years (automatically renewed until the holder reaches 90 years of age)	
Schedule of coverage	Confirmation of cancer diagnosis	1 million yen lump sum		1 million yen lump sum	
	Terms of subsequent payments	After two years from the confirmed diagnosis date, on which the previous compensation was paid		After three years from the confirmed diagnosis date, on which the previous compensation was paid	
	Hospitalization	Actual expenses are covered (including non-covered own expense treatment costs)		Actual expenses are covered (including non-covered own expense treatment costs)	
	Outpatient	Hospitalization: unlimited Inpatient: up to 10 million yen		Hospitalization: unlimited Inpatient: up to 10 million yen	
Monthly premium (yen)		Male	Female	Male	Female
	20 years old	800	910	1,340	1,510
	30 years old	970	1,450	1,430	1,920
	40 years old	1,600	2,730	1,930	3,350
	50 years old	3,330	4,680	4,460	5,460
	60 years old	7,200	5,980	8,310	6,080
	70 years old	12,570	7,690	15,550	8,190

*The above table does not present complete information about the company's insurance products; it indicates the major differences in cover and does not constitute an offer to sell any of SBI Insurance's insurance products.

*The information contained in the above table may not be available under certain circumstances and names or terminology may vary according to different insurance companies.

Future Financial Policy for Insurance Business

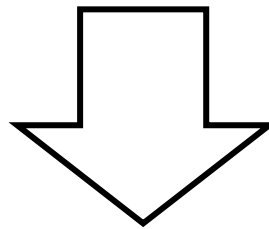


(Shareholding: 86.5%)

Life Insurer
(in preparation)

As the business expands

- The policy reserve causes an accounting deterioration in the business performance
- Requires repeated large additional capital



Considering the flexibility of reducing SBI's shareholding ratio to as low as 40-50%, through the formation of a capital and business tie-up with strategic partners.

**③ Nationwide Operation of "SBI MONEY PLAZA"
to Accelerate the Domestic Financial Services
Business**

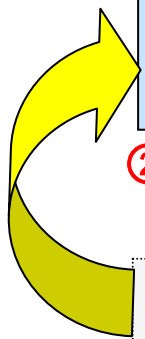
Implemented Reorganization of Face-to-face Sales Business, with SBI MONEY PLAZACo., Ltd., as the Managing Entity (June 2012)



① Merged two subsidiaries, both of which are engaged in selling financial products, and changed the corporate name to, "SBI MONEY PLAZACo., Ltd"



② Transferred the face-to-face division of SBI SECURITIES to SBI MONEYPLAZA, strengthening its sales capacity



[SBI SECURITIES]

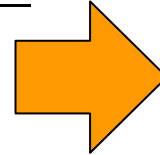
SBI SECURITIES' operating income improves by JPY 70m a month

Increasing the Number of Shops

As of the end of Mar. 2012

As of the end of July 2012

Nationwide: **255 Shops**



287 Shops

Furthermore, increased shares of the two companies below to enhances business alliances with SBI MONEYPLAZA

(Shop operator)

VL FINANCIAL PARTNERS

(<the Group Shareholding>)
Mar. 2012 → July 2012
25.2% → **33.6%**

(Shop operator)

IRRC Corporation

(<the Group Shareholding>)
Mar. 2012 → July 2012
3.6% → **22.4%**

Targeting acquisition of one third by the end of September

"Mitsubachi Insurance Firm"
137 Shops

* As of the end of July 2012

- 11 shops have already been converted into SBI MONEY PLAZAshop

"Insurance Clinic"
158 Shops

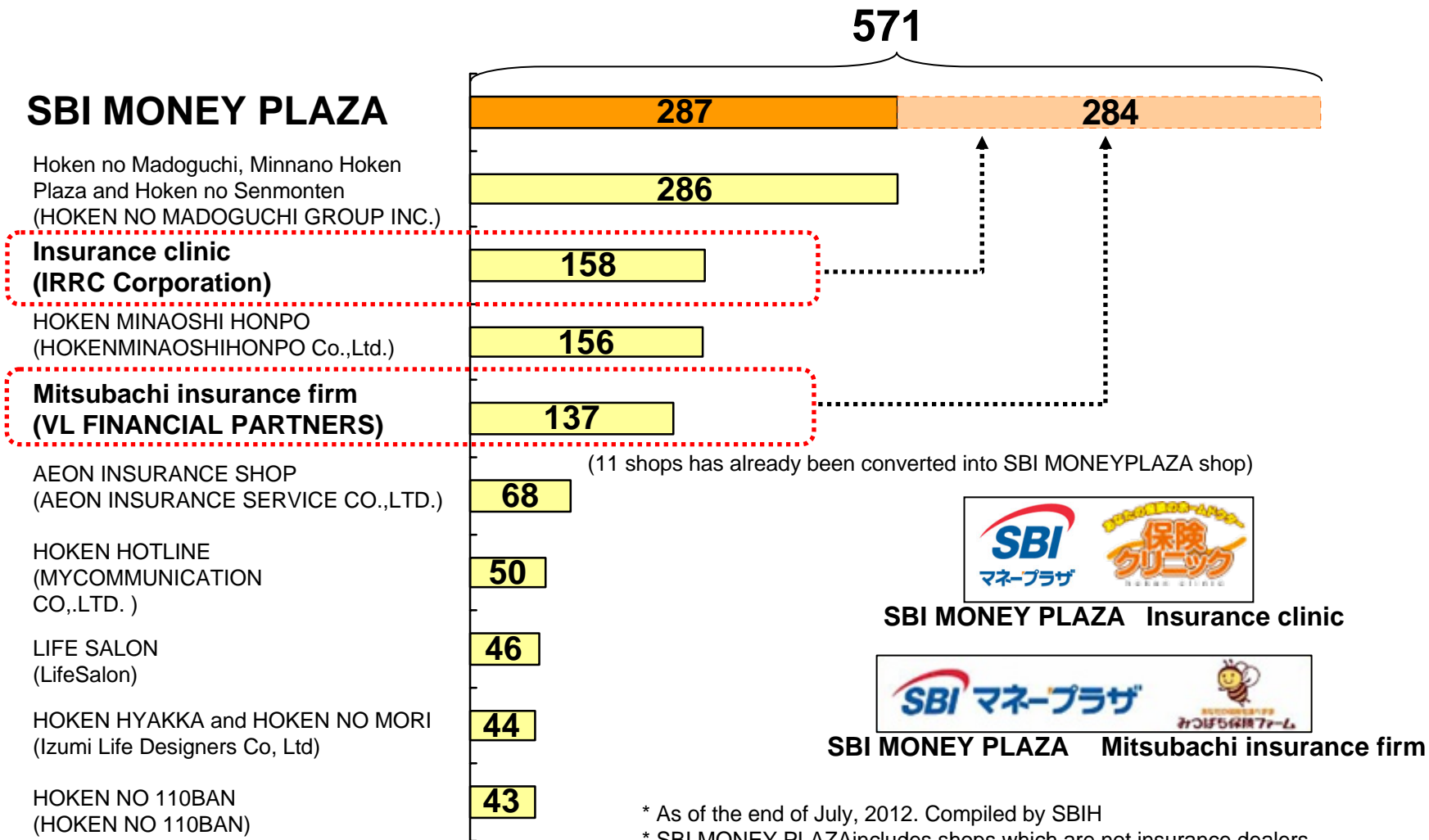
* As of the end of July 2012

- Provides its sales tools to SBI MONEY PLAZA
- Offers training to sales staff of SBI MONEY PLAZA

Store expansion to 500 shops targeted

SBI MONEY PLAZA's Number of Shops Attains an Overwhelming No. 1 Position in Japan

The total number of SBI MONEY PLAZAshops, currently at 287, includes Insurance Clinic and Mitsubachi Insurance, both of which will soon carry the SBI MONEY PLAZAbrand, far outpaces the competition for the number one position.



* As of the end of July, 2012. Compiled by SBIH
 * SBI MONEY PLAZAincludes shops which are not insurance dealers.

Further Enhancement of Sales Structure

Expansion of Product Line-up

Life Insurance(15 companies)

Newly started to deal with products of Medicare, Tokyo Marine& Nichido Financial, MassMutual and Manulife (since July 26)

Non-life Insurance(19companies)

SBI損保のがん保険 自由診療タイプ
[SBI Insurance's cancer insurance] (since Aug. 2)

Newly started to deal with products of SAISON AUTOMOBILE&FIRE, American home and Anicom (from Aug. 2)

Small Amount and Short Term Insurance (3 companies)

Mainly deal with SBI SSI's products



Housing Loan (SBI Mortgage)

【フラット35】

etc.

Building the Cross-selling System

Current qualified staff

(at SBI Money Plaza-directly managed branches)

Life insurance solicitor: 193

Non-life insurance solicitor: 194

Small amount and short term insurance solicitor: 135

Securities sales representatives class 1: 182

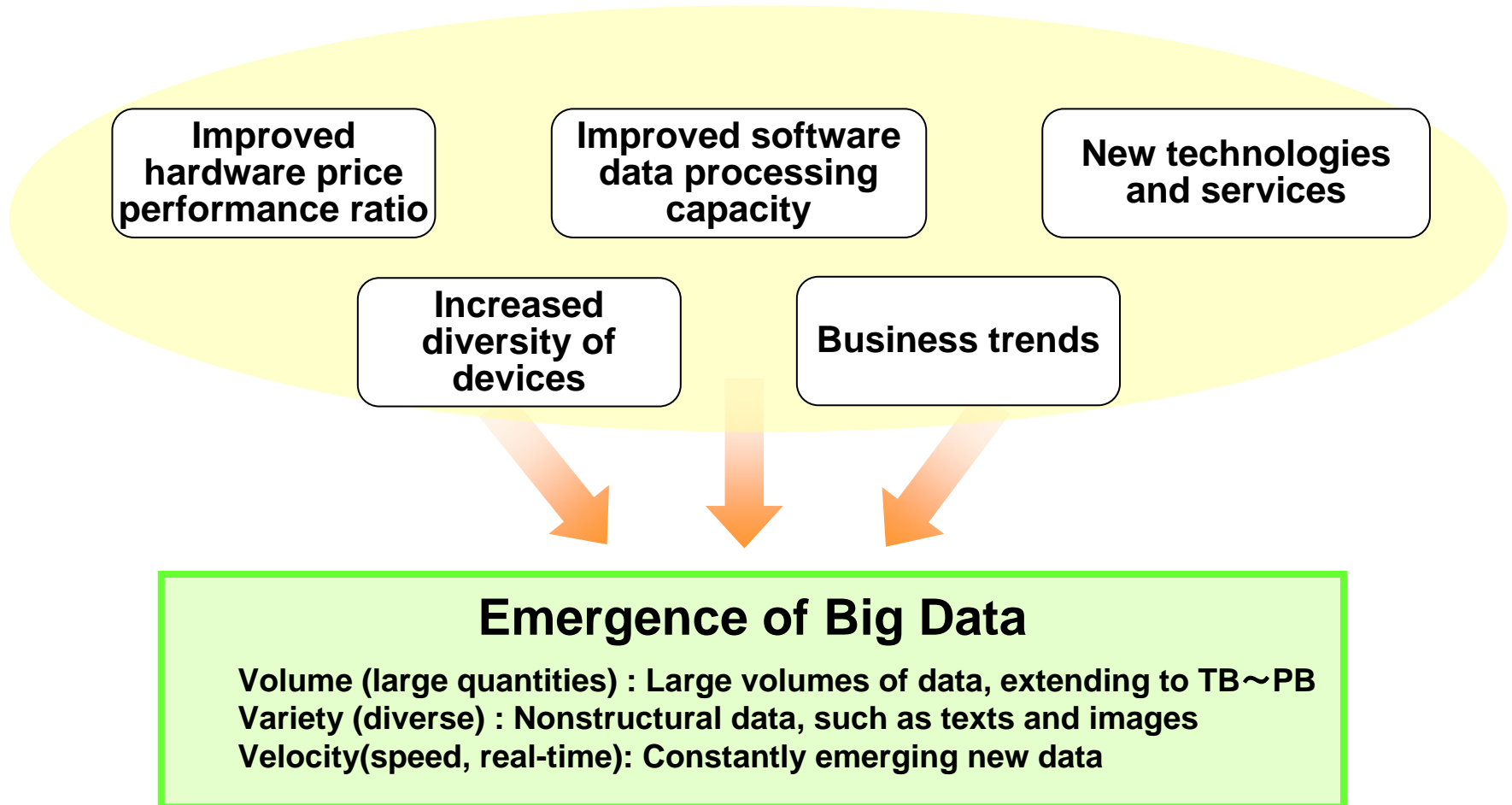
Financial planners: 63



* As of Aug. 8, 2012

④ Utilizing "Big Data" to Reinforce Sales Expertise

What is Big Data?



 ***How do we utilize it for our business?***

The entire Group needs to address the utilization of Big Data, by setting up the "Big Data Department", appointing a department manager at SBI Holdings and each of the Group company and holding regular monthly meetings.

Purpose for the Use of Big Data

A Group effort to collect and analyze a large volume of diverse data, for the purpose of enhancing Group operating activities.

Examples

(i) Utilization for the retail customer business

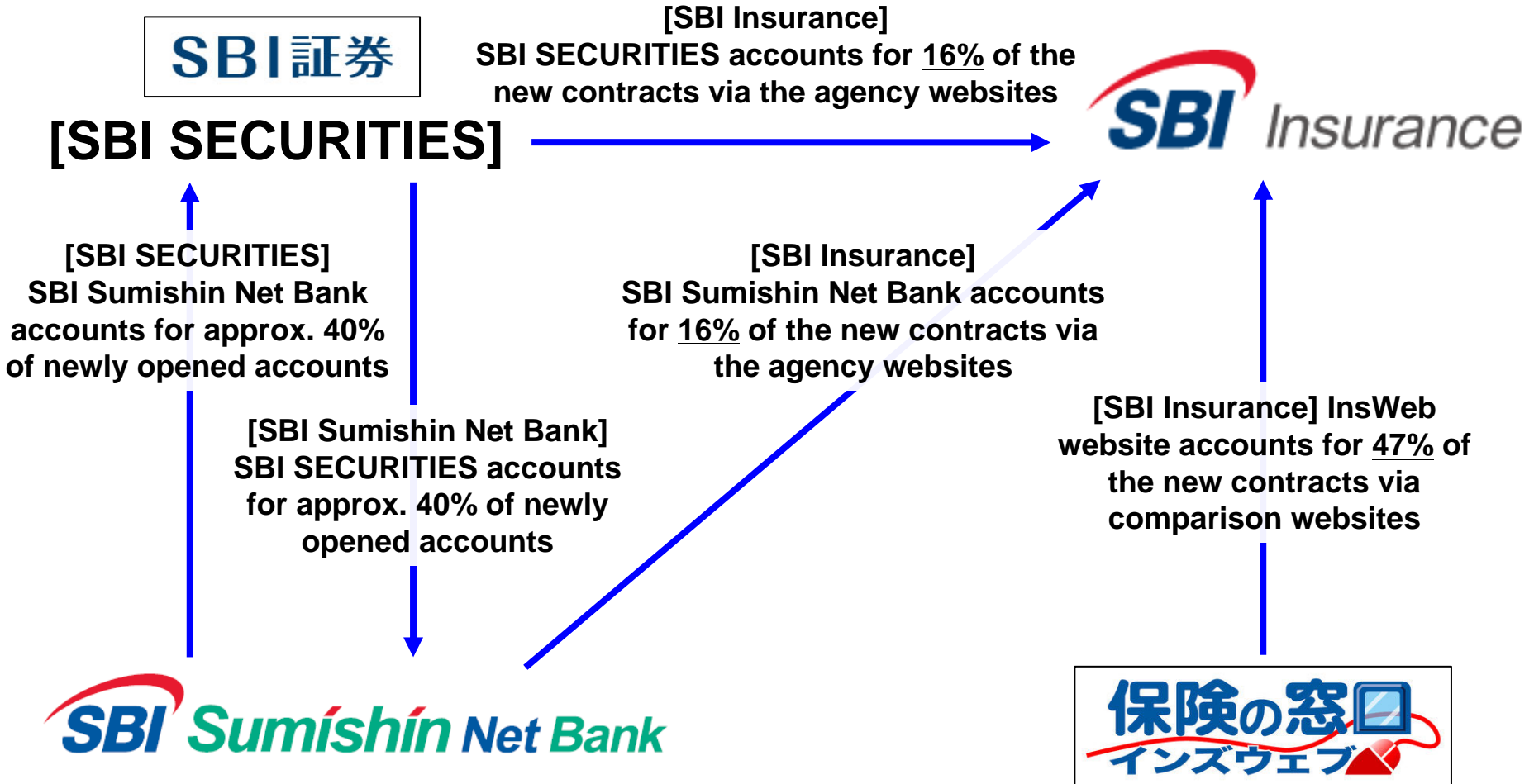
Continuously monitor and analyze customer transitions, behavior, logs, transactions, history, and customer interplay between the various sites.

(ii) Utilization for the corporate customer business

Collect information concerning corporate customers of the Group companies to construct a database. Particularly, utilize Big Data to promote the sale of Group products through SBI MONEY PLAZA across Japan.

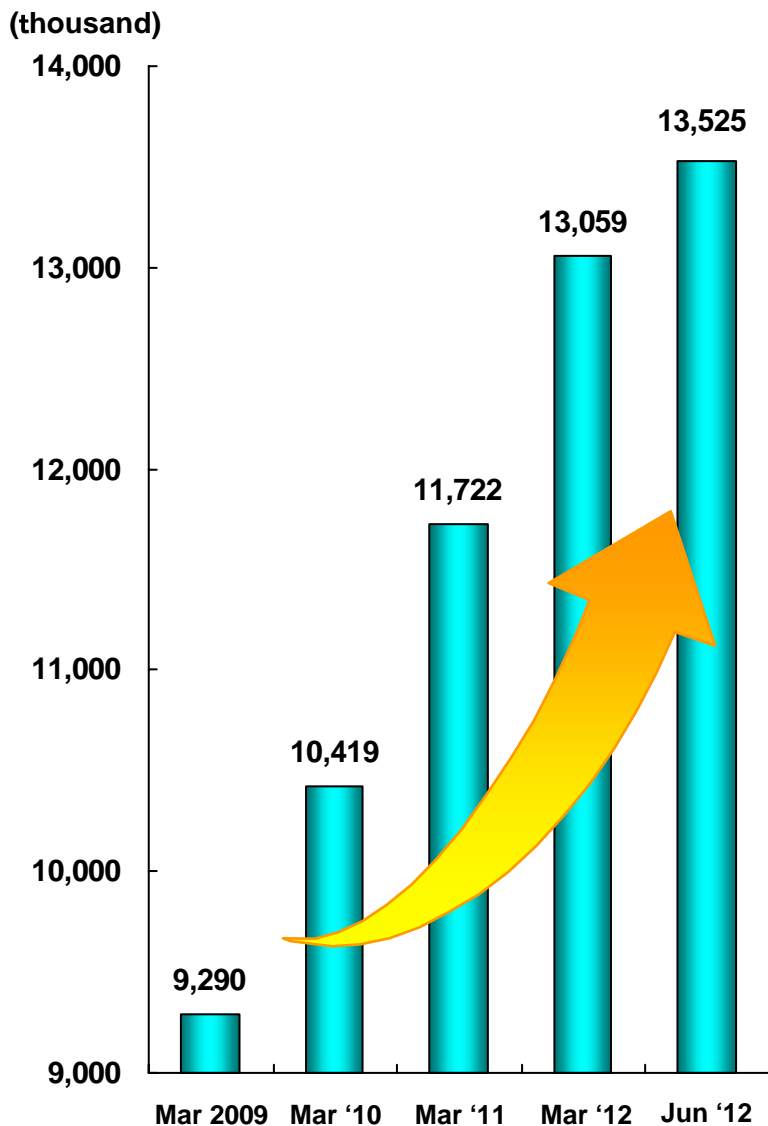
(i) Examples of Utilization for the Promotion of Individual Customer Business

Current status of reciprocal customer transfer between SBI Group companies (examples)



Analyze the data collected regarding the timeline of customer interplay

The SBI Group's Customer Base



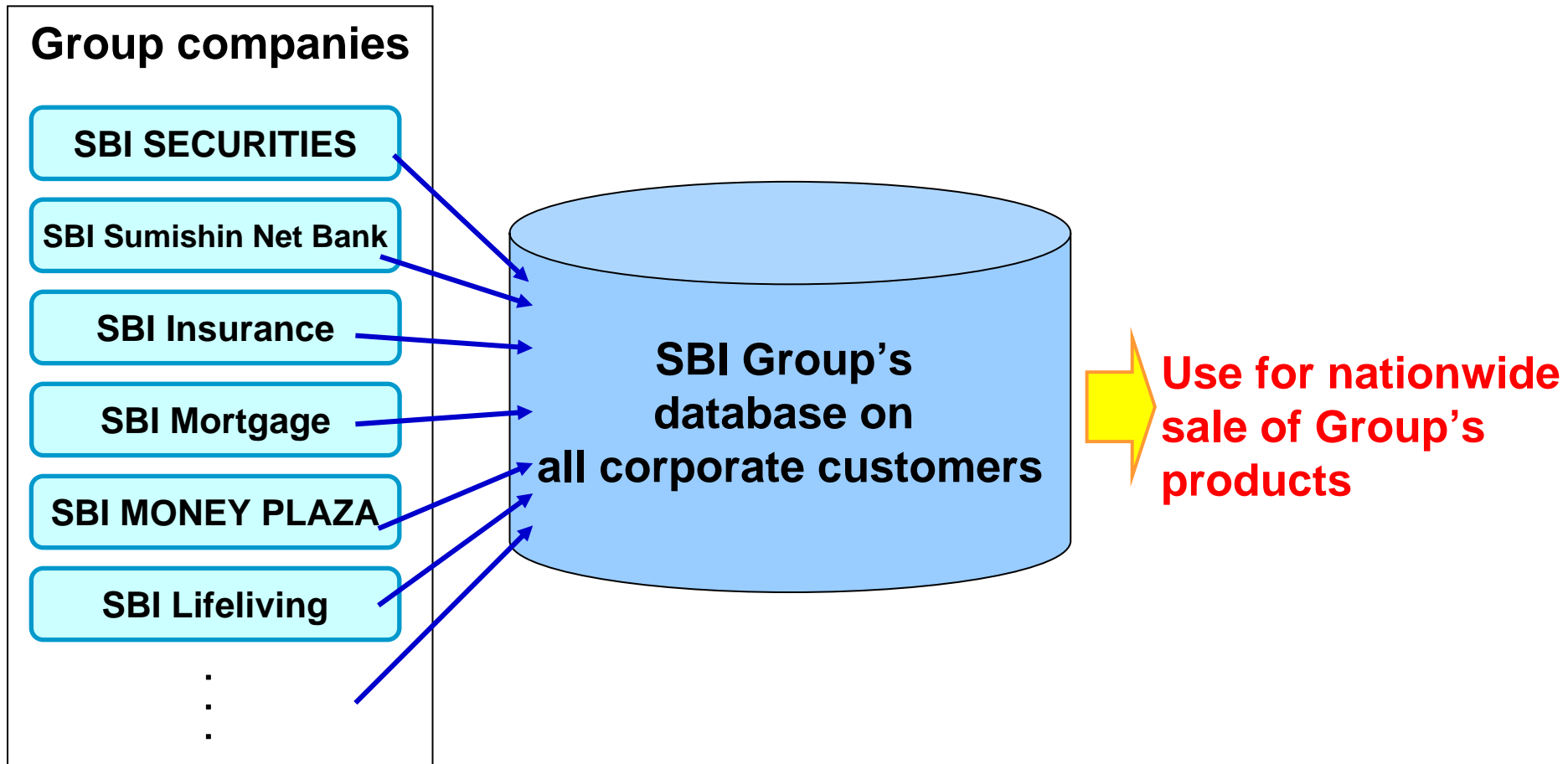
Breakdown of the customer base (as of the end of Jun. 2012)

	(Thousand)	
SBI SECURITIES	(Accounts)	2,428
SBIH InsWeb	(No. of customers)	4,695
E-LOAN	(No. of customers)	1,184
Other financial websites	(No. of customers)	23
MoneyLook	(Total no. of customer registrations)	788
Morningstar Japan	(New portfolio customer registrations)	88
SBI Card	(Valid cards issued)	132
SBI Sumishin Net Bank	(Accounts)	1,426
SBI Insurance	(Total no. of contracts)	440
Autoc one	(Total no. of service users in 2010)	800
Lifestyle-related websites	(Total no. of customer registrations)	961
SBI Credit	(No. of customers)	133
Others (SBI Mortgage, SBI Point Union, etc.)		428
Total		13,525

* Repetition customers between group companies are counted double while it is omitting repetition in each service site when it can be recognized as a unique user.

* The total number of contract of SBI Insurance excludes continuing contracts, expiring contracts and early-withdrawal

(ii) Application Examples for Sale Toward Corporate Customers



Aggregate corporate customer data held by the individual SBI Group companies, with the object of utilization for the promotion of corporate customer business, principally by SBI MONEY PLAZA as well as the entire Group companies

The Role of "Big Data Department" ①

1) Collecting useable data at each company



2) Analysis of collected data



3) Decision making



4) Actions



SBI Group's individual and corporate customer data

Browsing history on PCs and smart phones
Weblogs, voice data

Social media logs
Position information

Reinforcement of sales expertise

Product development

Operational Improvement

Customer Services

Marketing

The Role of "Big Data Department" ②

Make "Big Data" into "Bigger Data" through partnerships with companies outside of the Group companies

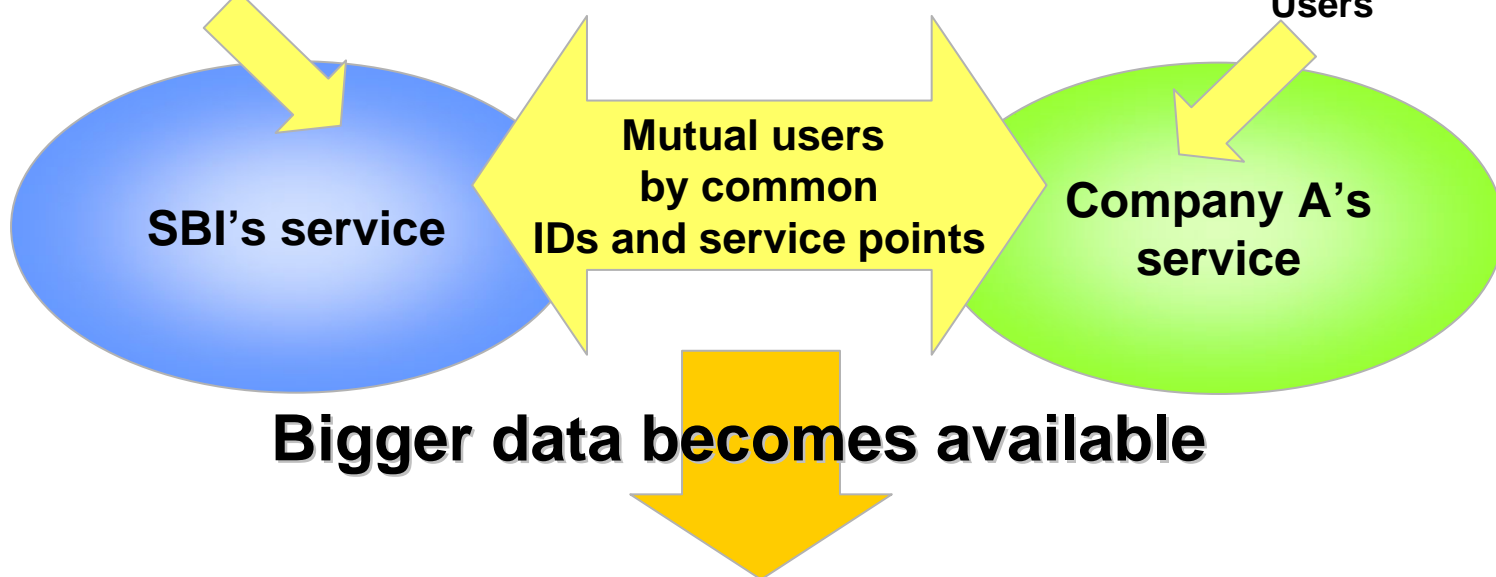
(Example)



SBI Users



Company A
Users



New customer strategies



Press ahead with strategic alliances with leading companies in other business sectors, with the aim of reinforcing operational capabilities on a reciprocal basis.

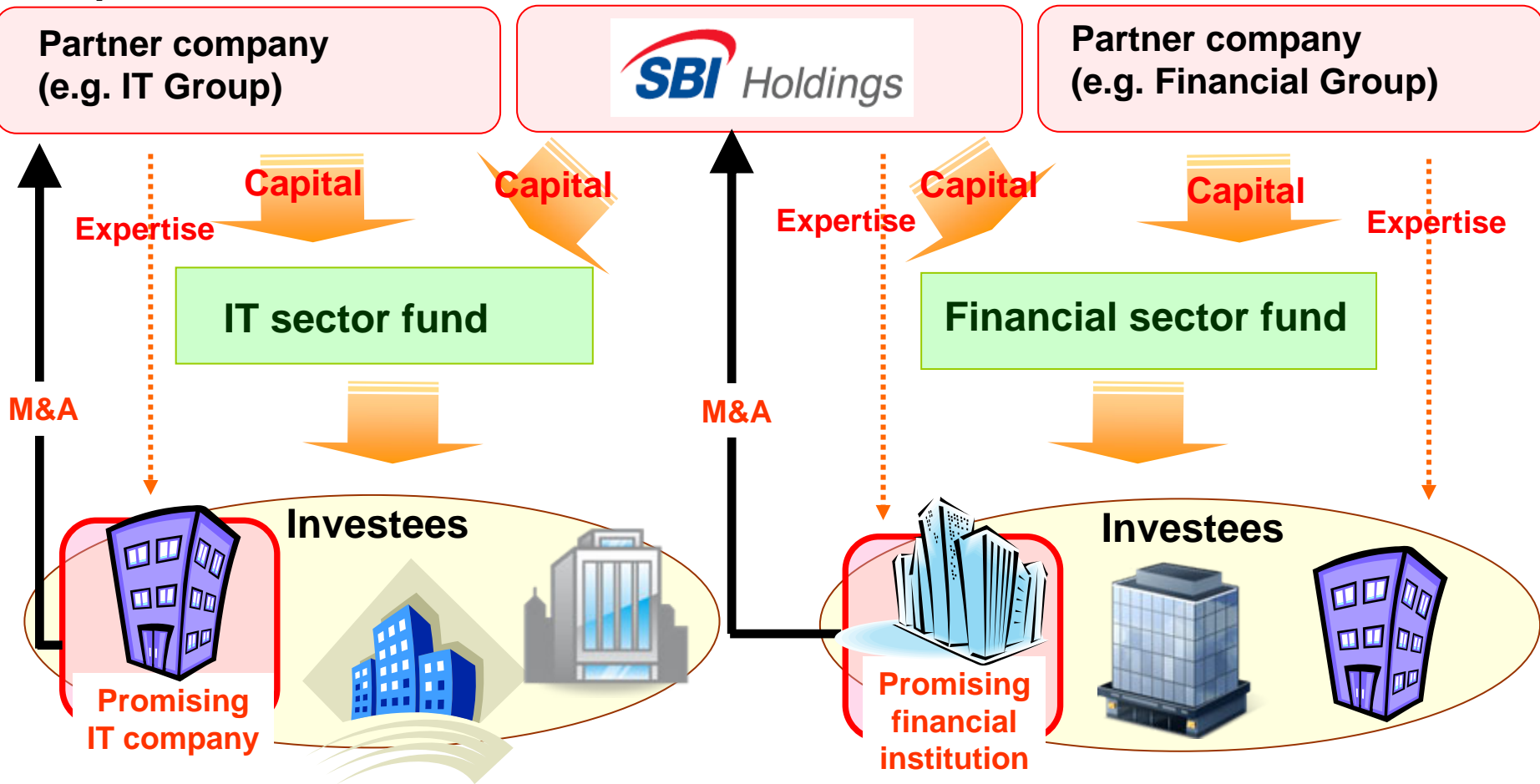
(2)The Asset Management Business Continues to Focus on Investment in Growth Industries

- ① Establishing sector funds focused on the pursuit of "value creation" with domestic and overseas partners involved in the financial and IT Sectors**
- ② Promoting cross-border M&A by fully utilizing the established global network**

- ① **Establishing Sector Funds Focused on the Pursuit of "Value Creation" with Domestic and Overseas Partners Involved in the Financial and IT Sectors**

Realize Value Creation through Establishing Sector Funds by Fully Utilizing Partner Companies' Expertise

Example:



Prompt exits may be realized regardless of the IPO lock-up period, since partner companies of JV funds can acquire investee companies.

Also, SBI may acquire investee companies that would generate synergies

The Progress of Previously Agreed Upon Sector Funds ①

Partner: Shanghai Yidian Holding



(A large state-owned IT company directly managed by the Shanghai Municipal Government)

⊙ **Investment target:**

Chinese IT companies engaged in the information service business related to intelligent technology and Internet of things

Preparing to sign a definitive agreement in August

Partner:



Mahindra Satyam



⊙ **Investment target :**

Promising IT companies in the world

(A major comprehensive IT services provider of the Mahindra Group, one of the top ten businesses based in India)

Expected to launch in August or early September

Partner:

FMO



(Dutch Development Bank)

⊙ **Investment target :**

Financial institutions in emerging Asian countries

Expected to launch sometime between October and December

The Progress of Previously Agreed Upon Sector Funds ②



To establish a fund and its fund management company with local partners such as founder family of Patni Computer Systems

◎Investment target:

Indian promising unlisted companies in the Internet , mobile and electronic payments markets

Preparing to sign a definitive agreement



A JV company with KLab, established to operate venture capital business focusing in the Internet field (Established in Dec. 2012)

◎Investment target:

Start-up and early-stage companies in the Internet field

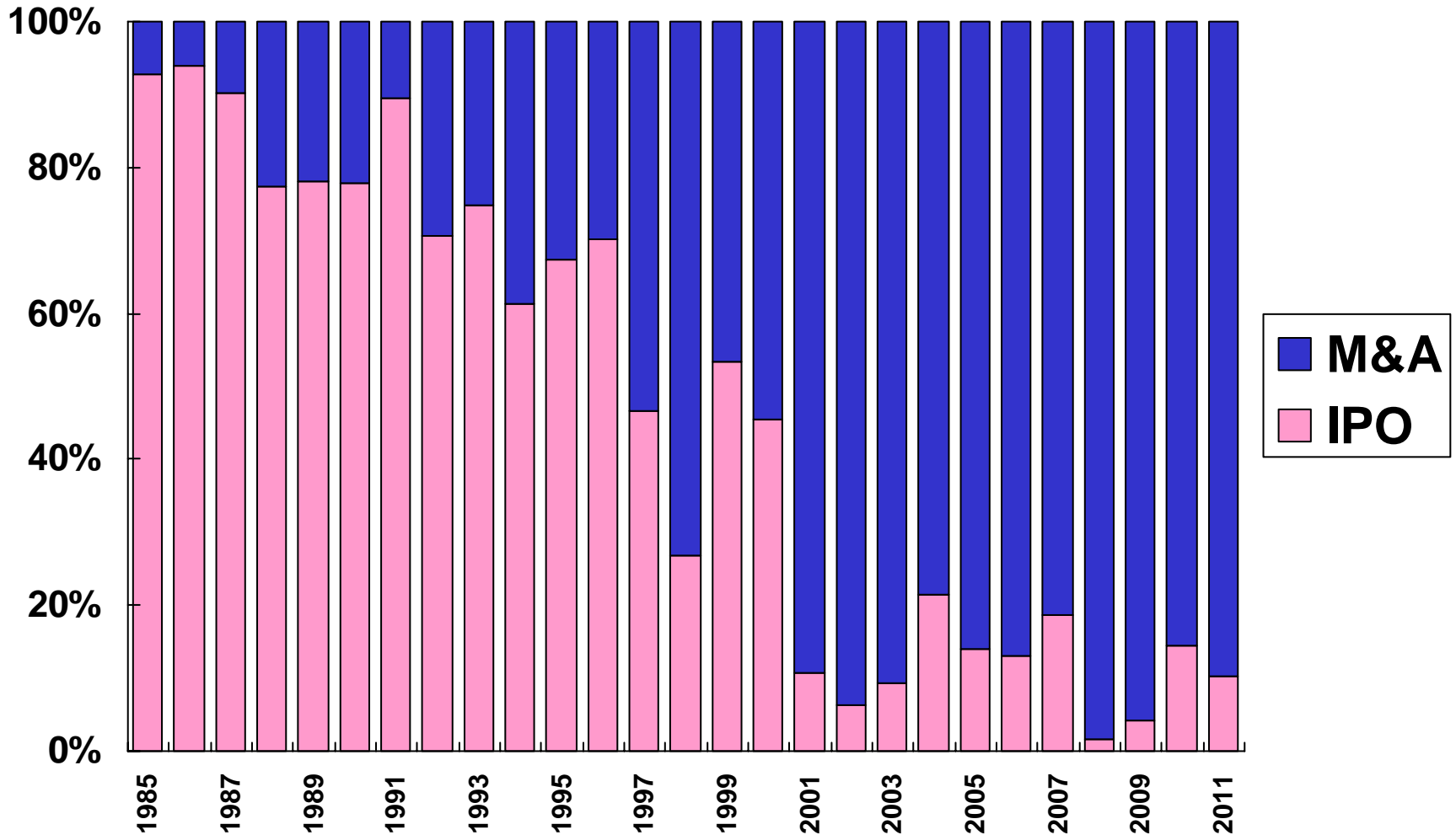
Already invested in two companies

*Non-consolidated

② Promoting Cross-border M&A by Fully Utilizing the Established Global Network

M&A is Gaining Importance as an Alternative Exit for Venture Investments

Change in Numbers of Exits of Venture-backed Companies in US

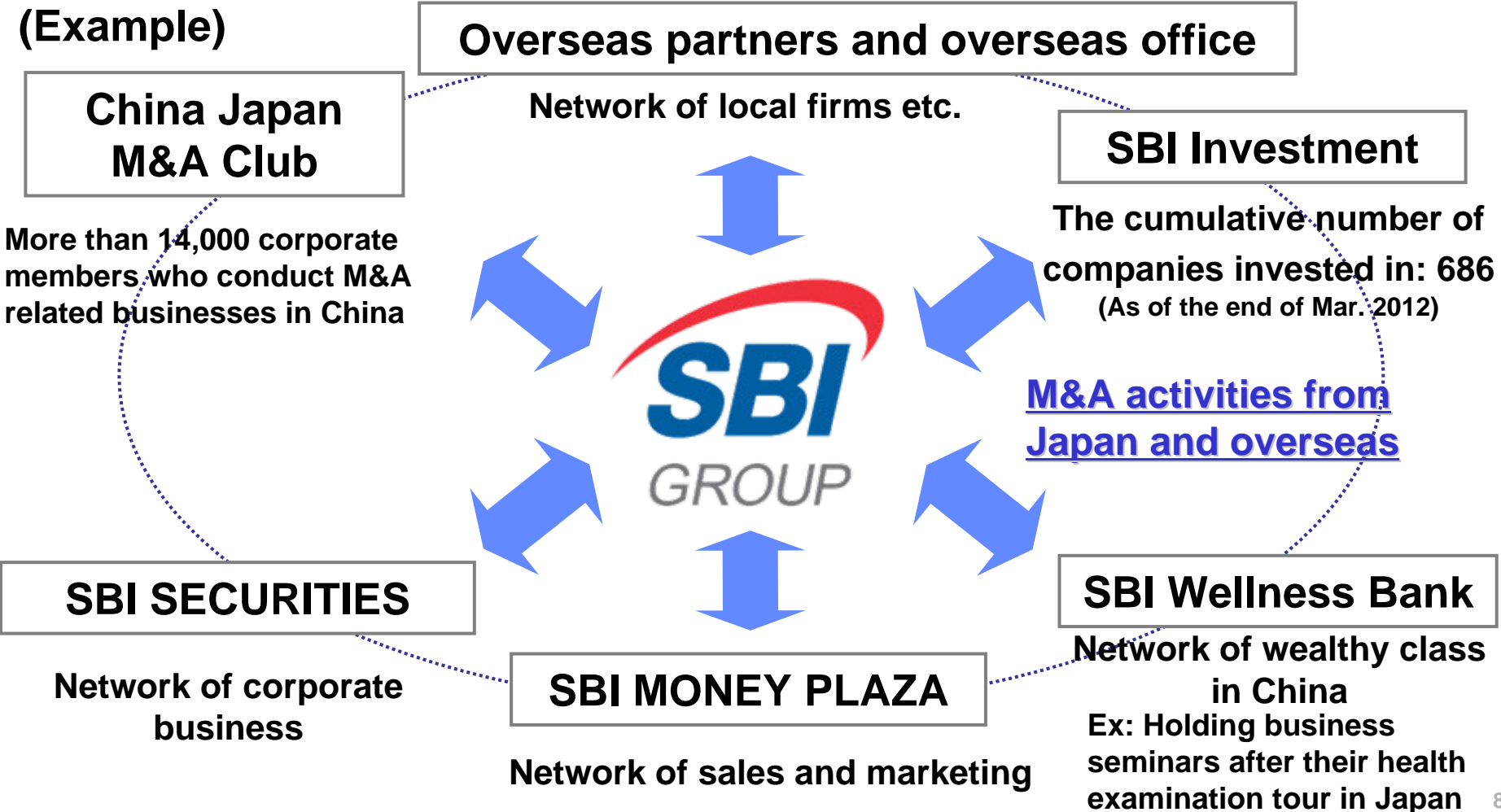


Promotion of M&A Activities, Including Cross Border Deals, by the Entire SBI Group



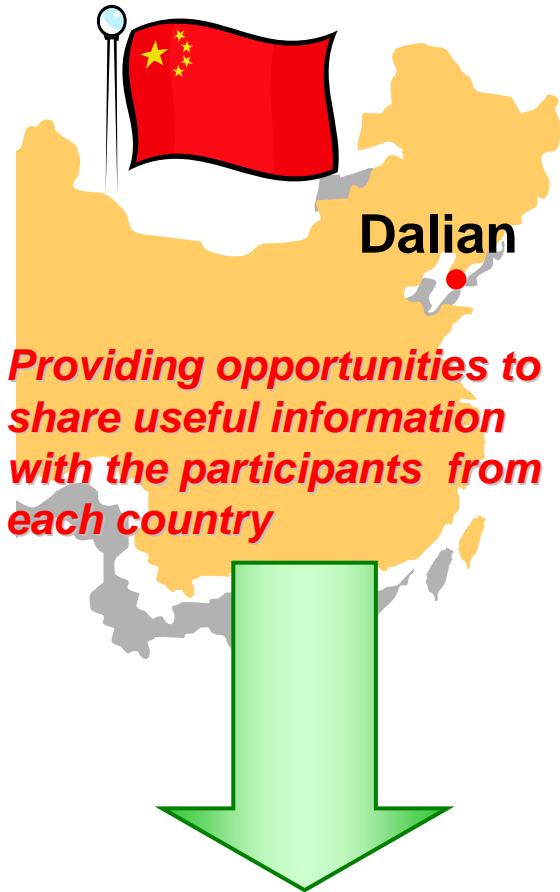
Promoting new value creation through various M&A activities, and the organic linkage of the SBI Group network

(Example)



Hosting a Japan-China Business Matching and IT Innovation Technology Seminar in Dalian

About 200 people from Japanese and Chinese IT companies are expected to participate in the seminar



Host	SBI Holdings, Inc.
Conducted by	SBI (China) Co., Ltd. (SBIH's China Business Management Company established in Dalian High-Tech Industrial Zone)
Cooperative firm	10 Japanese IT Companies
Date	September 6, 2012
Speaker (examples)	<ul style="list-style-type: none"> ●Gavin Ni, the Chairman & CEO of Zero2IPO Group (a leading integrated service provider in the China venture capital and private equity industry, providing professional information, holding conferences and conducting investment banking business) ●Hiroshi Fujiwara, the Chairman of BroadBand Tower ●Steve Chang, the Chairman of Trend Micro ●Wang Wei, the Chairman of China Mergers & Acquisition Association <p style="text-align: right;">...and many other speakers</p>

Developing value creation opportunities for the SBI Group investee companies, by providing a business matching event between Japanese and Chinese companies

**(3) Studies for Drug Development
Steadily Progressing at
the Biotechnology-related Business**

Investee Target Exit Year and Their Drug Development Progress

	Drug or project code (partners)	Adaptation disease	Current status
USA Acucela (Shares: 15.3%) Target Exit Year: in 2013	ACU-4429 (Otsuka Pharmaceutical)	Dry Advanced Macular Degeneration (AMD)	P2a Clinical Trial
	Rebamipide (Otsuka Pharmaceutical)	Dry Eye Syndrome	P3 Clinical Trial
	OPA-6566 (Otsuka Pharmaceutical)	Glaucoma	P1/2 Clinical Trial
USA Quark Pharmaceuticals (Shares: 42.6%)	PF-655 (Pfizer)	Diabetic Macular Edema	P2b Clinical Trial
	QPI-1002 (Novartis Pharmaceuticals)	Kidney Transplantation	P2a Clinical Trial
	QPI-1007 (DE BioSpring GmbH)	Non-arteritic Anterior Ischemic Optic Neuropathy / Glaucoma	P1/2 Clinical Trial/ Awaiting IND approval
USA Kadmon (Shares: 16.5%) Target Exit Year: in 2013	KD025 Rho-associated coiled-coiled kinase 2	Liver Ailment	P1 Clinical Trial
	KD032 Ras antagonist	Cancers	P2 Clinical Trial
	The company holds several pipelines including three 'P2' s other than the above		
SBI Biotech (Shares: 72.3%) Target Exit Year: in 2013	GNKG168 (CN Huapu)	B cell chronic lymphocytic leukemia	P1 Clinical Trial
	GNKS356 (CN Huapu)	B cell chronic lymphocytic leukemia	Pre-Clinical Trial
	Immuno-cell therapy (US Baylor Research Institute)	Cancers	US: P2 Clinical Trial JPN: Pre-Clinical Trial
	Anti-BST2 antibody	Cancers, autoimmune diseases	In negotiations with pharmaceutical companies
	Cell Cycle Control - Cdc7/ASK	Cancers	The lead compound discovered in a collaboration with a Japanese bio-venture company is in a pre-clinical testing stage
SBI Pharmaceuticals (Shares: 73.3%)	Perioperative diagnostic agent (Nobelpharma)	Malignant glioma	Applying for a manufacturing and marketing approval

* SBI's shareholding percentage corresponds to a total percentage based on the IFRS criteria for subsidiary companies and subsidiary funds of the Group.

R&D Progress in Diagnostic agent for Cancer Treatment

Indications	Progress
Brain tumor	<p>Submission of a new drug application (NDA) to the Ministry of Health, Labor and Welfare in Japan (July 5, 2012)</p> <p>➔ If all goes as planned, it will be approved as a treatment within FY2012</p> <p>*Orphan drug designation (Sept. 2010)</p> <p>*Germany's medac, our business alliance partner, is already using the diagnostic agent containing 5-ALA in over 20 countries in Europe after obtaining approval from the European Medicines Evaluation Agency.</p>
Carcinoma vesicae	<p><u>Doctor sponsored investigation by 5 universities, headed by Kochi University was started (Phase 2-3 clinical testing is ongoing from Jan. 2012)</u></p> <p>➔ Clinical testing will be completed by the end of 2012</p> <p>➔ Will endeavor to be approved by early 2014</p>

In other treatment of cancer, clinical tests and studies have been conducted at a number of universities, such as Saitama Medical University, Osaka Medical Center for Cancer and Cardiovascular Diseases, Kyoto Prefectural University, and Aichi Medical University. In addition to Brain tumor diagnostic agent, several studies on the potential applications for various cancers, such as the kidney, the digestive system and the skin, are progressing.

Network with Alliance Partners in Several Topics of Researches

Topics of Research	Alliance Partner (examples)	Research Progress
Malaria	<ul style="list-style-type: none"> ➤ University of Tokyo ➤ Tokyo Institute of Technology ➤ National Institute for Medical Research 	<p>Antiproliferative effect for the falciparum malaria parasite presented at The 71st Annual Meeting of Eastern Branch of Japanese Society of Parasitology. (Oct. 2011)</p> <p>➔ Research, including basic research, is underway on the relationship between the metabolism of hemes, for which 5-ALA serve as the raw material for biosynthesis, and the growth of the malaria parasite.</p>
Metabolic syndrome	<ul style="list-style-type: none"> ➤ Kyoto Prefectural University ➤ Hiroshima University ➤ Kochi University ➤ University of Hawaii 	<p>Based on the oral study in rats, suppression of accumulation of body fat discovered and presented at The 65th Annual Meeting of the Japanese Society of Nutrition and Food Science. (May 2011)</p> <p>➔ Tests are conducted continually on the improvement of fat metabolism.</p> <p>Favorable results have been obtained regarding the improvement of sugar metabolism and fat metabolism.</p>

Joint researches are underway with Japanese and overseas universities on other several themes

Publication of the Results of Clinical Studies on the Relationship between 5-ALA and Glucose Levels (University of Hawaii)

The University of Hawaii, Manoa Group, has recently published the results of clinical studies on the relationship between 5-ALA and glucose levels of subjects with prediabetes (people who are not diabetic now but are at a risk of developing diabetes in the future) in the electronic edition of the U.S. science journal, *Clinical and Translational Science*.

<Summary of the report>

- A clear decrease in glucose levels was observed among those who took 5-ALA after they underwent the oral glucose tolerance test (OGTT).
- A significant decrease in glucose levels was observed among those who took high level of 5-ALA.

Researchers of the University of Hawaii concluded their paper with the words, "Further investigation of 5-ALA as a dietary supplement in relation to wellness, diabetes and its complications is heartily encouraged."

University of Hawaii and also SBI Pharmaceuticals will present their research results at 7th World Congress on Prevention of Diabetes and Its Complications (November 11-14, 2012)

Bahrain's Interest in 5-ALA Heightens



Bahrain



Background①

Bahrain government is promoting new industrial development and attraction of foreign firms because the prime industry of Bahrain is oil industry

Background②

High diabetes prevalence in the MENA such as Bahrain

In the MENA:

(%)

Nation	Bahrain	Qatar	Kuwait	Saudi Arabia
Diabetes prevalence	15.4	15.4	14.6	16.8

In major advanced country:

Nation	U.S.	U.K.	German	Japan
Diabetes prevalence	10.3	3.6	8.9	5.0

(Source: Database published by International Diabetes Federation)

SBI Pharmaceuticals identified Bahrain as its drug research and development base in the Middle East and North Africa (MENA), and plans to built a 5-ALA a manufacturing base and will also expect to expand its business operations into the neighboring countries.

Promotion of the 5-ALA Related Business in Bahrain^①



Bahrain
Government

Reaching a basic agreement and concluded a memorandum of understanding with the Bahrain Government, for the promotion of research and development of 5-ALA, and its penetration into Bahrain and the GCC*, through a close cooperation between both parties. (April 2012)



Health food, 'NatuALA ONE', composed mostly of 5-ALA was nationally licensed by the Ministry of Health Bahrain (April 2012)

Plan:

- SBI Pharmaceuticals will start with a joint clinical trial with Bahrain Defence Force Royal Medical Services Military Hospital, a Bahraini public hospital.
- For the introduction of PDS (Photodynamic Surgery) for Cancer diagnosis with 5-ALA in Bahrain, SBI Pharmaceuticals plans to prepare for the necessary clinical instruments, and train the relevant government officials on how to use the clinical instruments.

Develop cooperative relations with Bahrain for the dissemination of 5-ALA

Promotion of the 5-ALA Related Business in Bahrain②

SBI Pharmaceuticals sends a delegation to Bahrain during June and July 2012, to meet with the Industry and Commerce Minister, Minister of Health and the Energy Minister, among others.

➤ **Abstract from the website of the Ministry of Industry and Commerce**

Dr. Fakhro received SBI delegation

(Summary) During the meeting, the Minister welcomes the delegation, stressing the importance of such visits and meetings to foster closer relations and economic exchange between the two countries, praising the efforts made by the leadership and governments of both countries in enhancing the economic cooperation mechanisms between them.

➤ **Abstract from the website of Ministry of Health**

(Summary) Minister of Health, Sadiq Alshehabi, expressed his wish that SBI Pharmaceuticals would contribute to the medical field in the country.

These articles were also reported in several Bahraini newspapers, such as *Akhbar Alkhleej*, *Alayam* and *Al Wasat*.

Enhancing the Human Resources in the 5-ALA Related Business

New director appointed on Aug 1, 2012:

Mr. Riyadh Rehani

After the acquisition of his doctoral degree in environmental toxicology at the University of Wisconsin, Dr. Rehani had been engaged in academic research at the university.

As his contribution toward many study programs about the fate of toxic chemicals in the environment was highly regarded, he was appointed as the Honorary Fellow of the University of Wisconsin in 1989.

In the same year, he joined to Covance Inc.(*) and was involved in numerous projects as a professional of toxicology. He managed the entire drug development process as a Program Manager from 2005.

From September 2012:

A medical doctor, with work experience at a Japanese pharmaceutical company promoting clinical research, is scheduled to join the management group of SBI Pharmaceuticals.

Dr. Rehani is proficient in Arabic, with a high level of expertise and experience in numerous international drug development projects

*Covance Inc.

Covance Inc. is a Contract Research Organization (CRO) headquartered in US. It is the world's No.1 Company in terms of the number of clinical study application of new drugs, and supports drug development in many countries, such as Japan, the U.S. and Europe.

Investment in Chinese Bioventure Yian Biotech and Establishment of a New Joint Venture Company

Expecting the completion of an investment in Yian Biotech, a manufacturing company, as well as the dispatch of board members, in Sept. 2012

After the fulfillment of investing in manufacturing company Yian Biotech, promptly to establish a JV engaged in selling products in China in the current fiscal year and dispatch executives

SBI Group's shareholding ratio: 40%

SBI Group's shareholding ratio: 60%



<Business>

- Manufacture of an active ingredient of 5-ALA
- Production of medicines, health foods and cosmetics that contain 5-ALA

Expanding the sales in China and overseas

*The scheme above assumes that approval and licenses from the related Chinese authorities will be obtained.

Accelerating Overseas Expansion of 5-ALA Related Businesses

Expanding business alliances overseas



German

JV company with German drug company **ALPharma** (Pharmaceutical R&D in Europe, etc)

April 2012



Bahrain

Agreement for the Promotion of the 5-ALA Business with Bahrain government

Health food, 'NatuALA ONE' was nationally licensed by Ministry of Health Bahrain



China

Establishment of JV to expand 5-ALA Businesses



Korea

Beginning the discussions with a local large pharmaceutical company to expand 5-ALA businesses shortly

December 2012



Philippine

- Health food, 'NatuALA ONE' was nationally licensed by Food and Drug Administration (FDA) Philippines.
- Scheduling on the launch in the Philippines, collaborating with local firms having a network of doctors

Preparing for the start of clinical trials in two fields in Japan, United States and Europe within this fiscal year, in collaboration with one of the largest Contract Research Organization (CRO) in the world

Targeting sales expansion of supplements overseas

(4) The overseas Business Development Accurately Reflects the World Trend to Pursue Further Earnings Opportunities

- ① Overseas business development through various methods**
- ② Reinforcing overseas business management system to accelerate the transition to become the "World's SBI"**

① Overseas Business Development through Various Methods

- i) Overseas market listing of the related companies and investee companies to develop their businesses**
- ii) Capturing growing motorization in China, we pursue broad, enhanced automobile-related services in the country**
- iii) Exporting a business model established in Japan to the emerging countries**
- iv) Overseas expansion through alliances with other Japanese companies**
- v) New business targeting the affluent**

i) Overseas Market Listing of Subsidiaries and Investee Companies to Develop Their Businesses ①

1)



(the SBI Group's share: 66.5%)

- Listed on KOSPI Market of the Korea Exchange on April 30, 2012
- Plans to establish a local company in Korea on August 14, 2012

As the first mortgage loan bank established in Japan in 2001, SBI mortgage will capitalize on its successful mortgage market pioneering experience, to proactively develop the first mortgage bank business in South Korea

2)



(the SBI Group's share: 100%)

*Became a Group subsidiary since FY2012 due to IFRS adoption of SBIH

- Acquired approval for listing on the KODAQ Market of the Korea Exchange on June 27, 2012
- To be listed within 6 months, depending on the market conditions

- Holding company that retains settlement service providers, ZERO and ZEUS
- Established subsidiaries in the US, the UK, the Netherlands and Singapore, operating globally

i) Overseas Market Listing of the Related Companies and Investee Companies to Develop Their Businesses ②

3) **AUTO SERVER** (Shareholding: : 43.8%)

- In November 2011, Auto Server held a joint press conference in Taiwan with Yuanta Securities, the lead manager, and Taiwan's GTSM, an operator of the Emerging Stock Market
- Expected to acquire approval for listing on GTSM Market in 2012

Auto Server's listing on GTSM, if approved, will be the first primary listing on the market by a Japanese company

- Has established a platform connected to more than 80% of all actual used car auction locations in Japan
- Has acquired over 37,000 members including car dealers, auto dentists and car exporters.

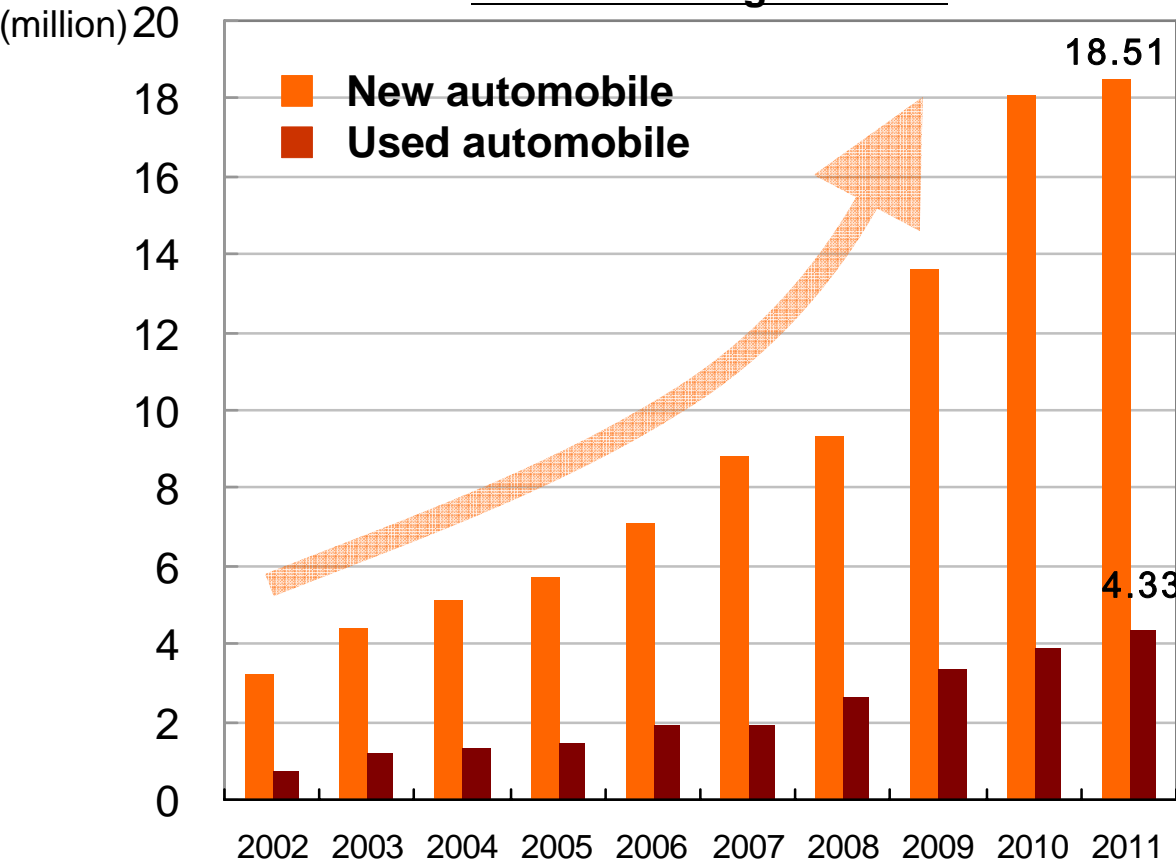
By listing on Taiwan's GTSM, Auto Server endeavors to gain recognition in the Chinese world and make inroads into the Chinese market.

ii) Capturing Growing Motorization in China, We Pursue Broad, Enhanced Automobile-related Services in the Country

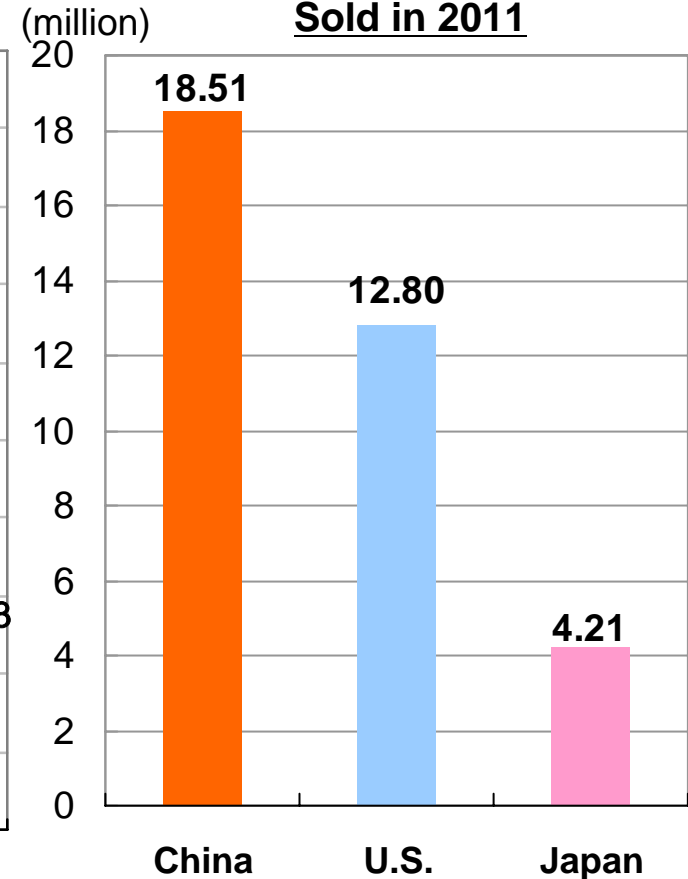
Looking ahead, with the rapid expansion of new car registrations, demand for various types of automobile-related services is expected to grow in the Chinese automobile market, including potential growth prospects in the used car market and auto financing.



**Change in the Numbers of New Cars/
Used Cars Registrations**



**The Number of New Cars
Sold in 2011**



Online Used Car Auction Business in China



Auto Server, a investee, will establish a joint venture to hold online used car auctions in China, a new overseas business



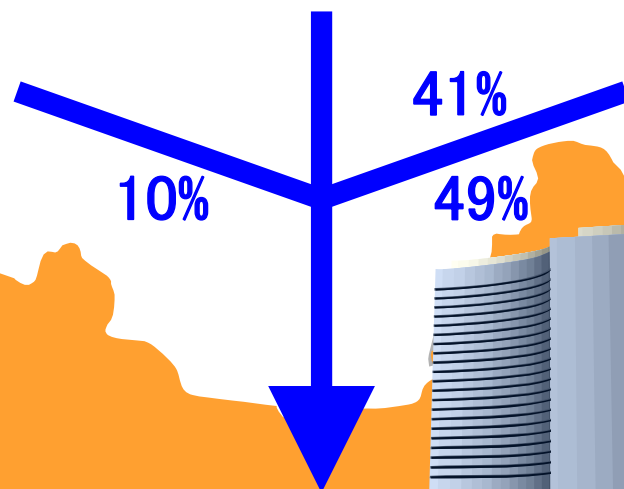
Shares of a fund managed by the SBI Group: 43.8%

Leading company in domestic used car distribution business, which established a platform connected to more than 80% of all actual used car auction locations in Japan.



A member of the Tsinghua group, one of China's most prominent universities.

Has strengths in the Introduction of foreign technologies and services into China.



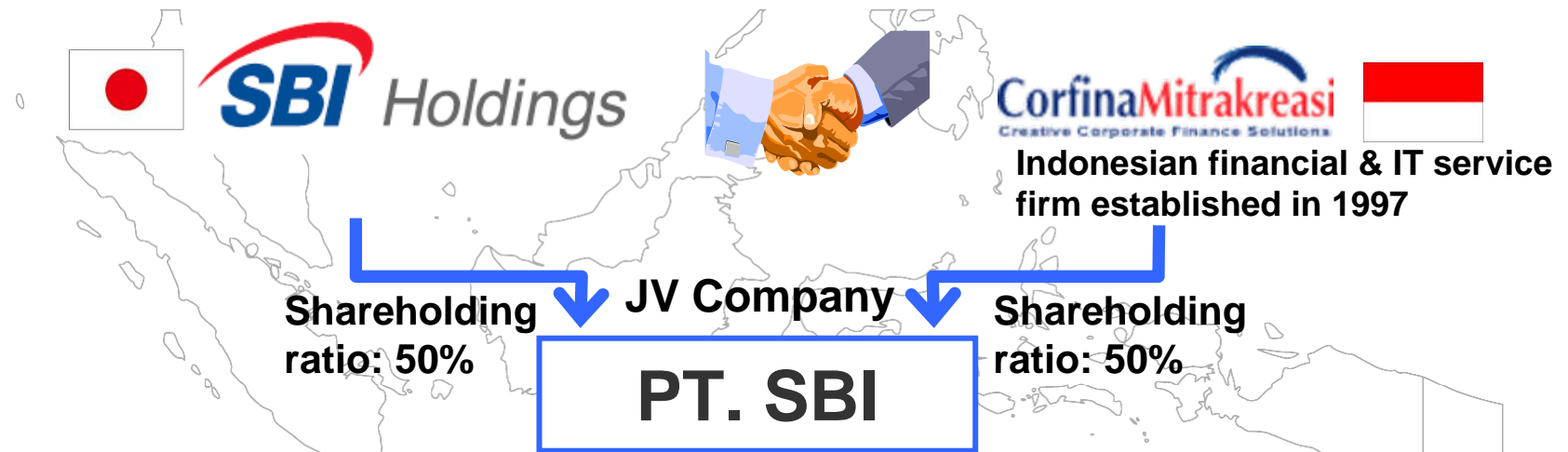
Joint Venture

Will operate the online used car auction business that provides a market place that connects used car trade-in firms and dealers of used cars via the Internet in the Chinese automobile market.

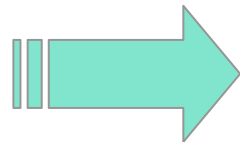
* SBI's shareholding percentage corresponds to a total percentage based on the IFRS criteria for subsidiary companies and subsidiary funds of the Group.

iii) Exporting a Business Model Established in Japan to the Emerging Countries

Exporting the "E-LOAN" business, an online loan comparison service we launched in 1999, to Indonesia



Provide online comparison service of financial products including auto & motorcycle loans, housing loans and credit cards



Endeavor to develop the market of online comparison service in Indonesia

iv) Overseas Expansion through Alliances with Other Japanese Companies

SBI Credit will provide support to Marubeni Corporation's affiliated company that engages in an auto lease and loan business in China, in its auto financing business, such as product development, credit screening and administration and asset collection operations.



v) New Business Targets the Affluent

SBI Wellness Bank has established a joint venture with one of the high-tech Chinese Insigma Group companies, with its roots in Zhejiang University. The joint venture will provide medical and health services to wealthy individuals in China.



Provides opportunities for the affluent in China to undergo medical examinations and tests in Japan that utilizes Japan's highly sophisticated and advanced technologies.

In the future, expected to develop the medical and healthcare services as the medical examination business in China.

② Reinforcing Overseas Business Management System to Accelerate Transformation to Become the "World's SBI"

Phase 1

Placing Hong Kong Subsidiary as the Group's Strategic Base

Overseeing the transition to become the "World's SBI" by preparing and pursuing overseas strategies, as the company that manages the SBI Group's overseas businesses

Welcoming SBIH's Directors responsible for overseas businesses and SBI Group's overseas partners' representatives as Directors of the Hong Kong subsidiary



USA
Jefferies & Company



Abu Dhabi
Invest AD



China
Tsinghua University
Education Foundation



Russia
IFC Metropol



SBI Hong Kong



The first SBI Global Strategic Conference was held in Hong Kong on May 10, 2012



Indonesia
PT Bank Negara
Indonesia (Persero)



Vietnam
FPT Corporation



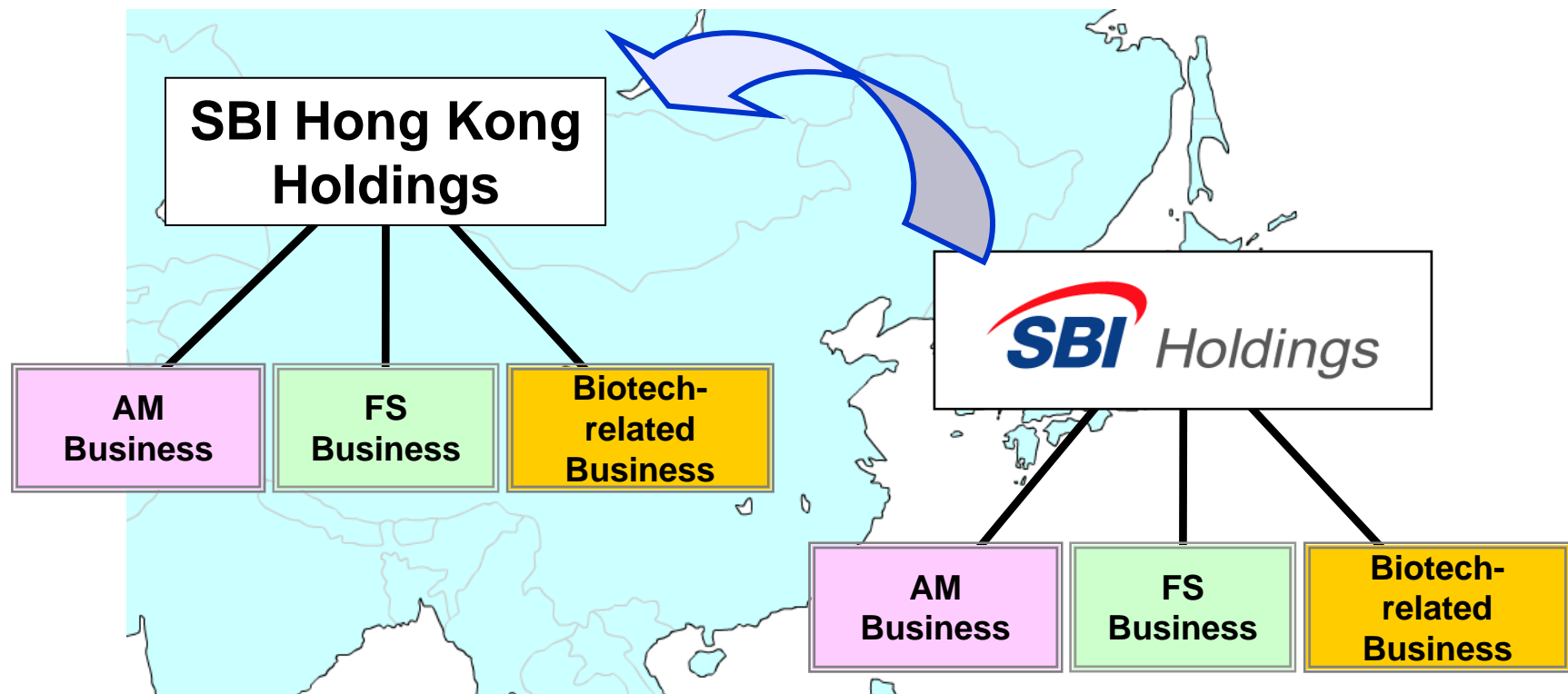
Cambodia
Royal Group of
Companies



India
Edelweiss
Financial Services

Phase 2

Planning to Form a Business Structure which Manages the Group's Overseas Businesses of Three Major Businesses



- Transfer overseas related subsidiaries and assets to Hong Kong subsidiary and establish similar business structure to that in Japan
- The project for functional transference from the Tokyo office to the Hong Kong office is in progress, as well as the determination of the role of the Hong Kong headquarter, and the individual members to be dispatched.
- IPO on overseas market is in sight

[Appendix]

Adoption of International Financial Reporting Standards (IFRS) from FY2012

- Summary of the impacts of IFRS adoption

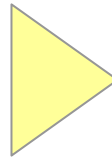
1. Impact on the scope of consolidation

Unlike J-GAAP, IFRS do not lay down rules on the exclusion of subsidiaries from consolidation, so the scope of consolidation under IFRS is wider than that under J-GAAP. As a result, the subsidiaries that were excluded from the scope of consolidation due to their insignificance and other factors until the end of FY2011 have been recognized as our consolidated subsidiaries.

(as of the end of Mar. 2012)

Number of consolidated subsidiaries

108 companies
(including partnership)



(as of the end of Jun. 2012)

Number of consolidated subsidiaries

171 companies
(including partnership)

2. Changes in accounting

- Operating revenue: It is recognized as a revenue, based on its **fair market value evaluation** and reported on a **"net"** base.
- Partial sale of a subsidiary: If the amount of sale is not significantly large enough to exclude the subsidiary from the scope of consolidation, the sale should be recognized as a **capital transaction**.
- Goodwill: **Goodwill is not amortized** but "written down to its fair value." A "goodwill" asset is not recognized at the additional acquisition of shares in consolidated subsidiaries.

Major Differences in PL for 1Q FY2011(Apr.- Jun. 2011)

(JPY million)

	J-GAAP	Reclassifi- cation	Difference in recognition and measurement	IFRS	
Net sales	33,513	343	7,872	41,728	Operating revenue
Operating income	3,064	1,140	-368	3,836	Operating income
Non-operating income/expense	-597	120	-12	-489	Other financial income and cost
Extraordinary income/loss	1,260	-1,260			
Income before income taxes	3,727	-	-380	3,347	Profit before income tax expense
Income taxes	- 2,351	-	-43	-2,395	Income tax expense
Income before minority interests	1,376	-	-423	952	Profit for the period
Minority interests	140	-	-770	-630	(Non-controlling interests)
Net income	1,516	-	-1,193	322	(Profit attributable to owners of the Company)
				630	(Non-controlling interests)

<Impact on profits>

- Goodwill is not amortized.
- Since securities business-related reserves for financial products transaction liabilities and deferred assets under Article 113 of the Insurance Business Act do not meet the criteria under IFRS, the effects are written off.

<Category modification>

- All revenues other than "other financial revenue," a financial item, are collectively recognized as an "operating revenue."
- Equity in income of affiliates is recognized as operating income.
- Non-operating expenses and extraordinary expenses other than "other financial expenses," which is financial item, are reclassified as operating expenses and subtract the amount from an operating income.

Adjustments upon the Adoption of IFRS:

Major Differences in the Opening B/S①

(as of Apr. 1, 2011)

(JPY million)

<Major items>

Asset

Trade and other accounts receivable, net

98,310

67,780

166,090

Recognition of securitized loans in the balance sheet

Margin transaction assets

250,400

-110,440

139,960

Offset against grossed-up trade date accrual

Other assets related to securities business

10,632

218,032

228,664

Gross up the trade date accrual on security business consignment trading

Operational investment securities

132,773

-24,635

108,138

Reductions deriving from investee companies that became subsidiaries following the adoption of the IFRS and fair market value based evaluations

Other investment securities

18,932

-5,896

13,036

Reduction due to the consolidation of subsidiaries that were nonconsolidated subsidiaries under the J-GAAP

Intangible assets

140,244

-72,268

67,976

Reversal of goodwill recognized on additional acquisitions as a result of the retrospective application of the IFRS 3 "business combinations"

Others

642,315

5,550

647,865

Total asset

1,293,606

78,123

1,371,729

Liability

Bonds and loans payable

211,278

65,700

276,978

Record the fund inflows as borrowings on account of recognition of securitized loans in the balance sheet

Margin transaction liabilities

143,758

-64,569

79,189

Offset against grossed-up trade date accrual

Deposits from customers

37,820

-1,103

36,717

Offset against grossed-up trade date accrual

Other liabilities related to securities business

1,067

175,415

176,482

Gross up the trade date accrual on security business consignment trading

Others

442,700

11,775

454,475

Total liability

836,623

187,218

1,023,841

*Note: For comparison, J-GAAP figures are indicated in forms of IFRS. Hence, among these figures, there are some that do not correspond to those already disclosed in the B/S as of Mar. 31, 2012.

Major Differences in the Opening B/S②

(JPY million)

<Major items>	J-GAAP	Adjustment	IFRS	Contents of the Adjustment
Equity				
Capital stock	73,236	0	73,236	
Capital surplus	236,921	-81,396	155,525	Reversal of goodwill recognized on additional acquisitions as a result of the retrospective application of the IFRS 3 "business combinations" and a reduction in capital surplus
Treasury stock	-247	0	-247	
Other components of equity	-7,156	7,727	571	Following our implementation of exemptions of the IFRS 1, we deem cumulative transaction differences pertaining to overseas business operations to be zero
Retained earnings	88,074	-27,123	60,951	
Equity attributable to owners of the Company	390,828	-100,792	290,036	
Non-controlling interests	66,155	-8,303	57,852	
Total equity	456,983	-109,095	347,888	
Total liabilities and equity	1,293,606	78,123	1,371,729	

*Note: For comparison, J-GAAP figures are indicated in forms of IFRS. Hence, among these figures, there are some that do not correspond to those already disclosed in the B/S as of Mar. 31, 2012.

Major Differences in the B/S of Year-end FY2011^①

(as of Mar. 31, 2011)

(JPY million)

<Major items>	J-GAAP	Adjustment	IFRS	Contents of the Adjustment
Asset				
Trade and other accounts receivable, net	128,565	51,820	180,385	Recognition of securitized loans in the balance sheet
Margin transaction assets	260,048	-93,396	166,652	Offset against grossed-up trade date accrual
Other assets related to securities business	20,790	139,700	160,490	Gross up the trade date accrual on security business consignment trading
Operational investment securities	141,943	-19,992	121,951	Reductions deriving from investee companies that became subsidiaries following the adoption of the IFRS and fair market value based evaluations
Other investment securities	18,132	-7,584	10,548	Reduction due to the consolidation of subsidiaries that were nonconsolidated subsidiaries under the J-GAAP
Intangible assets	137,176	-72,674	64,502	Reversal of goodwill recognized on additional acquisitions as a result of the retrospective application of the IFRS 3 "business combinations"
Others	957,160	-6,120	951,040	
Total asset	1,663,814	-8,246	1,655,568	
Liability				
Bonds and loans payable	234,249	50,939	285,188	Record the fund inflows as borrowings on account of recognition of securitized loans in the balance sheet
Margin transaction liabilities	170,800	-57,798	113,002	Offset against grossed-up trade date accrual
Deposits from customers	347,953	-16,464	331,489	Offset against grossed-up trade date accrual
Other liabilities related to securities business	2,676	120,666	123,342	Gross up the trade date accrual on security business consignment trading
Others	439,557	11,085	450,642	
Total liability	1,195,235	108,428	1,303,663	

*Note: For comparison, J-GAAP figures are indicated in forms of IFRS. Hence, among these figures, there are some that do not correspond to those already disclosed in the B/S as of Mar. 31, 2012.

Major Differences in the B/S of Year-end FY2011 ②

(JPY million)

<Major items>	J-GAAP	Adjustment	IFRS	Contents of the Adjustment
Equity				
Capital stock	81,665	0	81,665	
Capital surplus	249,353	-88,882	160,471	Reversal of goodwill recognized on additional acquisitions as a result of the retrospective application of the IFRS 3 "business combinations" and a reduction in capital surplus
Treasury stock	-3,180	0	-3,180	
Other components of equity	-9,323	7,960	-1,363	Following our implementation of exemptions of the IFRS 1, we deem cumulative transaction differences pertaining to overseas business operations to be zero
Retained earnings	88,418	-29,488	58,930	
Equity attributable to owners of the Company	406,933	-110,410	296,523	
Non-controlling interests	61,646	-6,264	55,382	
Total equity	468,579	-116,674	351,905	
Total liabilities and equity	1,663,814	-8,246	1,655,568	

*Note: For comparison, J-GAAP figures are indicated in forms of IFRS. Hence, among these figures, there are some that do not correspond to those already disclosed in the B/S as of Mar. 31, 2012.

Adjustments for Net Assets

(JPY million)	Beginning of the Previous Fiscal Year	End of the Previous 1Q Period	End of the Previous Fiscal Year
	Apr. 1, 2011	Jun. 30, 2011	Mar. 31, 2012
Group's net assets based on J-GAAP	456,983	471,648	468,579
(1) Business combination (goodwill)	-77,493	-76,696	-77,393
(2) Financial instruments	-14,488	-15,500	-13,209
(3) Insurance contract	-6,978	-7,495	-8,989
(4) Others	-10,136	-10,889	-17,083
Group's net assets based on IFRS	347,888	361,068	351,905

<Major factors>

- (1) **Business combination:** Reversal of goodwill recognized on additional acquisitions as a result of the retrospective application of the IFRS 3 "business combinations"
- (2) **Financial instruments:** Under IFRSs, revenue recognition of up-front fee, which is not recognized immediately upon receipt, is deferred, and will be recognized corresponding to the term of loans by the Effective Interests Method.
- (3) **Insurance contract:** Since the deferred assets under Article 113 of the Insurance Business Act which the Group recognizes under JGAAP, do not meet the criteria of recognition of assets under IFRS, the deferred assets are written off.

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