Financial & Corporate Information

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The Company will utilize cash generated through business selection and concentration to further strengthen the financial base.

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Director, Managing Executive Officer & CFO

Q After the strong business performance in FY2013, what is the outlook for FY2014?

Partially owing to the buoyant stock market conditions from the first quarter of FY2013, the Company recorded substantial increases in revenue and income. So far in FY2014, the stock markets have been weak as compared to the same period of a year ago, and in the Financial Services Business, SBI SECURITIES, which is particularly sensitive to market conditions, may experience a year-on-year decrease in brokerage commissions and other revenues. However, owing to the increasing margin trading balance and investment trust balance at SBI SECURITIES, we expect a relatively strong profit performance.

Additionally, SBI Japannext, SBI MONEY PLAZA and SBI FXTRADE substantially strengthened their profit bases in FY2013, and are developing into businesses that may fully contribute to earnings in FY2014. Meanwhile, SBI Insurance, which is currently an unprofitable operation, is steadily increasing its insurance premium income, and having attained a combined ratio of below 100%, is continuing to improve its profitability, and is progressing toward achieving a full-year profitability on an IFRSs basis in FY2015, which would be ahead of schedule. Accordingly, with the improvement in the business capabilities of the Financial Services Business, along with the increase in its essential earnings power, a continuous steady earnings contribution will be expected.

In the Asset Management Business, there are several promising companies in Japan and abroad that are expected to launch IPOs in FY2014, and so expectations are for a positive contribution. In addition, SBI Savings Bank of South Korea, which already contributes to earnings on an IFRSs basis, plans an additional expansion of its operations to further bolster profitability, as the South Korean real estate market conditions continue to improve.

The Biotechnology-related Business is a high potential business, and along with SBI Biotech's IPO preparations, SBI Pharmaceuticals' 5-ALA related business has also been progressing steadily, and whereas there will be a shift toward business activities that are geared toward cash generation, it is expected to gradually contribute to earnings.

To review, for FY2014, we expect to earn stable profits based on the results from the accumulated measures that were steadily implemented to date, rather than from temporary factors caused by an upsurge in the external environment, such as that which was experienced in FY2013.

Q From your perspective as CFO, what short-term finance-related tasks lie ahead?

In the Financial Services Business, the task is to achieve profitability at SBI Insurance, SBI Card and other unprofitable companies, and to develop a more highly profitable business portfolio in the segment overall. In the Asset Management Business, it is important for SBI Savings Bank to transition to a stage in which it can earn stable profits even under Korean accounting standards. In the Biotechnology-related Business, the key point is for SBI Pharmaceuticals to achieve early profitability, and become able to earn its own R&D funds by means such as through a full-scale overseas expansion of the 5-ALA related business.

The Group is now shifting from the stage of investing capital in our businesses, to the stage of recovering capital from them. We will utilize cash that is steadily generated by the businesses, as well as cash created through business selection and concentration, to advance the reduction of interest-bearing debt, in order to further strengthen the financial base.

Q What is the policy on shareholder returns?

The Company's basic dividend policy is to pay a minimum annual dividend of ¥10 per share, and endeavor to increase the dividend when we have determined that a further return of profits is possible, after a comprehensive consideration of the appropriate level of internal reserves required for sustained growth, along with a consideration of the ongoing business performance. For FY2013, a dividend of ¥20 per share, or twice the dividend of FY2012 was paid, based on our strong business performance.

Owing to a characteristic of our Company of having long-term shareholders, we will first realize stable dividends, and when business results are favorable, an additional profit distribution in line with the results will be made.

Consolidated Financial Highlights 5-Year Summary

(Millions of yen)

Years ended March 31	2010 (JGAAP)	2011 (JGAAP)	2012 (JGAAP)	2013 (IFRSs)	2014 (IFRSs)
Net sales / Operating revenue	¥124,541	¥141,081	¥142,443	¥154,285	¥232,822
Operating income	3,431	8,932	4,941	17,386	42,224
Ordinary income	1,112	3,525	2,225	–	–
Income before income taxes / Profit before income tax expense	920	5,430	14,913	15,022	38,899
Net income / Profit for the year attributable to owners of the Company	2,350	4,534	2,511	3,817	21,439
Total assets	1,229,939	1,293,606	1,663,005	2,494,387	2,875,304
Total net assets / Total equity	428,615	456,982	467,964	360,535	388,463
Net cash from (used in) operating activities	(53,134)	(742)	(6,947)	(36,984)	29,401
Net cash from (used in) investing activities	(15,563)	(16,642)	(22,741)	(19,060)	16,811
Net cash from financing activities	84,599	25,154	29,380	25,699	92,538
Cash and cash equivalents, end of year	142,581	148,786	145,594	133,362	276,221

(Yen)

Net income per share / Basic earnings per share attributable to owners of the Company	140.30	236.09	11.43	17.58	99.04
Book-value per share / Equity per share attributable to owners of the Company	21,424.02	19,610.64	1,846.13	1,401.39	1,504.19

* The Company conducted a 10 for 1 stock split, effective on October 1, 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 March 31, 2012.

(%)

Equity ratio / Ratio of equity attributable to owners of the Company to total assets	29.2	30.2	24.4	12.2	11.3
Substantive equity ratio / Substantive ratio of equity attributable to owners of the Company to total assets*	46.9	48.7	47.5	22.9	22.2
Return on equity / Ratio of profit to equity attributable to owners of the Company	0.7	1.2	0.6	1.3	6.8

* The substantive equity ratio, calculated by subtracting customer asset accounts (that is, asset accounts for margin transaction assets, cash segregated as deposits, etc.) and liability accounts (margin transaction liabilities, guarantee deposits received, and deposits from customers, etc.) held by the Company's subsidiary SBI SECURITIES.

(Times)

PER (Price-earnings ratio)	131.50	44.35	68.36	47.27	12.56
PBR (Price-book-value ratio)	0.9	0.5	0.4	0.6	0.8

PER=FY end TSE closing price/(Earnings per share/Basic earnings per share attributable to owners of the Company)
PBR=FY end TSE closing price/(Book-value per share/Equity per share attributable to owners of the Company)
Note: The closing price for the fiscal year ended March 31, 2014 was ¥1,244.

(Persons)

Employees	3,048	3,397	3,149	5,007	5,352

* Adopted IFRSs from the year ended March 31, 2013

Analysis of Business Results for the Fiscal Year

In the business environment surrounding the Group, the Bank of Japan'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 major markets, Tokyo and Nagoya, in the fiscal year ended March 31, 2014 achieved a high level of 2.4 times that of the year earlier. 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.

The Group's consolidated results of operations for the fiscal year ended March 31, 2014 were as follows. Operating revenue increased 50.9% year-on-year to ¥232,822 million, operating income rose 142.9% to ¥42,224 million, profit before income tax expense increased 159.0% to ¥38,899 million, and profit attributable to owners of the Company rose 461.8% to ¥21,439 million.

Financial Services Business

Operating revenue in the Financial Services Business rose 30.4% year-on-year to ¥147,835 million, and profit before income tax expense rose 99.0% year-on-year to ¥37,298 million. SBI SECURITIES Co., Ltd. maintained a stable expansion in its customer base with 335 thousand new accounts opened during fiscal year ended March 31, 2014 and the total account number reaching 2,944 thousand at year-end. The consolidated financial performance of SBI SECURITIES Co., Ltd. for the fiscal year ended March 31, 2014 (under "JGAAP") resulted in operating revenue of ¥74,298 million (a 71.2% year-on-year increase) and operating income of ¥32,799 million (a 185.7% year-on-year increase), which primarily resulted from the growth in commission income due to an increasing trend since December 2012 in individual brokerage trading value. SBI Insurance Co., Ltd. continued to achieve a growth in number of contracts for car insurance, which resulted in ordinary revenue of ¥22,906 million (a 19.5% year-on-year increase) and ordinary loss of ¥5,783 million (ordinary loss of ¥7,543 million for the fiscal year ended March 31, 2013).

SBI Sumishin Net Bank, Ltd., accounted for using the equity method, achieved a total deposit balance of ¥3,076.7 billion with number of accounts reaching 1,974 thousand as at March 31, 2014. The consolidated financial performance of SBI Sumishin Net Bank, Ltd. under JGAAP resulted in ordinary revenue of ¥47,296 million (a 17.6% year-on-year increase), ordinary income of ¥11,731 million (a 48.4% year-on-year increase) and net income of ¥7,116 million (a 48.8% year-on-year increase). SBI Sumishin Net Bank, Ltd., achieved the number of accounts reaching 2,000 thousand as at May 6, 2014.

Asset Management Business

Operating revenue in the Asset Management Business increased 120.3% year-on-year to ¥72,725 million, and profit before income tax expense rose 43.6% year-on-year to ¥8,990 million. In the fiscal year ended March 31, 2014, the number of newly listed companies recovered globally and the number of newly listed companies in Japan (excluding the number of companies listed on the TOKYO PRO Market) is also deemed to remain on a track to recovery as they amounted to fifty-three companies, which exceeds the number recorded in the fiscal year ended March 31, 2013. We completed transactions of IPO and M&A with respect to the Asset Management Business for twelve companies in total (seven companies in Japan and five companies overseas) in the fiscal year ended March 31, 2014. The profit or loss resulting from a change in fair value measurement and profit or loss on sale of shares increased on a limited scale in the fiscal year ended March 31, 2014 compared to those in the fiscal year ended March 31, 2013 due to a significant decline in the stock prices of biotechnology-related shares held by our Group in the fourth quarter of the fiscal year ended March 31, 2014. However, the Asset Management Business achieved significant increases both in revenue and income compared to the fiscal year ended March 31, 2013 with the contribution from the results of SBI Savings Bank in South Korea which became our consolidated subsidiary in March 2013.

Biotechnology-related Business

Operating revenue in the Biotechnology-related Business rose 126.3% year-on-year to ¥2,195 million, and profit before income tax expense was a loss of ¥2,432 million (loss of ¥3,900 million for the fiscal year ended March 31, 2013). SBI Pharmaceuticals Co., Ltd. has started selling orally-administered in vivo diagnostic agent "ALAGLIO®" for malignant glioma by using 5-aminolevulinic acid ("5-ALA") in September 2013, and also proceeding clinical trial on intraoperative diagnosis drug for bladder cancer and on a formulation for treating anemia caused by cancer chemotherapy. At the same time, SBI Pharmaceuticals Co., Ltd. worked closely with the government of Bahrain, as its base in Middle Eastern countries to develop business framework concerning 5-ALA related clinical research, drug development, manufacturing and exports. SBI Biotech Co., Ltd. acquired a U.S. company, Quark Pharmaceuticals, Inc. as a wholly owned subsidiary in December 2012. The acquisition will strengthen R&D capabilities and improve operating efficiency by producing synergies and integrating management resources, as well as accelerate R&D on promising drug pipelines held by both parties.

Cash Flows

As at March 31, 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 March 31, 2013. The Group's equity rose by ¥27,928 million to ¥388,463 million from the fiscal year ended March 31, 2013. As at March 31, 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 March 31, 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 March 31, 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 March 31, 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 inflows for the fiscal year ended March 31, 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.

Forward-looking descriptions provided herein are based on judgments of the Company as of June 30, 2014.

Risk

The following principal categories of business risks and other risks affecting our Group's business may have a material impact on your investment decisions. From the point of disclosing information, we have also listed risk factors below, which may not completely match these investment decisions. In recognizing these latent risks, we will work to avoid any such risks and take appropriate measures in the event that any such risk arises.

The risks stated below are risks relating to our general operations only. This section includes forward-looking statements, which reflect our views as of June 30, 2014.

1) Our corporate structure, which consists of a large number of public and private companies in multiple business lines, exposes us to challenges not found in companies with a single business line

Our Group consists of companies operating in multiple industries, including Financial Services Business, Asset Management Business, Biotechnology-related Business and other businesses. Our Group also comprises of some publicly traded subsidiaries. Due to the diverse characteristics of our portfolio companies, we face challenges not found in companies with a single business line. In particular, there are three aspects:

- we are exposed to business, market and regulatory risks relating to different industries. We need to devote substantial resources to monitor changes in different operating environments, so that we can react with appropriate strategies that fit the needs of the Group companies affected;
- due to our large number of Group companies involved, successful operation of our Group requires an effective management system that emphasizes accountability, imposes financial discipline on Group companies, and incentivizes management to create value. As we continue to grow through acquisitions of businesses in an increasing number of different industries, our operations will become more complex, which increases the difficulty of implementing our management system; and
- our Group companies in different operating segments may determine that it is in their respective shareholders' interests to pursue business ventures together. We cannot assure you that such business ventures will be successful or generate the synergies expected.

2) Our voting interests in our Group companies may be diluted

Our Group companies may become publicly traded, which will dilute our voting interests in these entities. In addition, our portfolio companies may from time to time need additional capital to achieve their expansion plans or other business objectives and may issue additional shares or other equity securities to meet their capital needs. We may choose not to, or be unable to, subscribe for the securities offered in any such additional issuances by our Group companies. If we fail to subscribe for additional securities of a Group company on a pro-rata basis to our existing shareholding in such company, our equity interest in the Group company will be diluted.

A dilution in our equity interest in a Group company would reduce our share of the profits earned by such Group company, which may have an adverse effect on our financial condition and results of operations. Further, if our ownership were reduced significantly, it may cause our representation on such company's annual general meeting to be reduced, or otherwise reduce our ability to direct or influence the operations of that Group company.

3) The growth we expect in the market for our online products and services may not materialise

The market in Japan for online financial products and services continues to evolve. Our success depends substantially on continued growth in the use of online products and services, such as online brokerage services, Internet banking, Internet-based insurance products and services by individuals. If this growth does not materialize, our financial condition and results of operations will suffer. Factors that could discourage Japanese individuals from using online products and services include security or privacy concerns, inconsistent quality of service and frustration with actual or perceived difficulties in using the Internet to conduct brokerage and other financial transactions.

4) Changes in the legal or financial stability of, or cultural or business strategic differences with, any counterparties with whom we enter into joint ventures or alliances

We operate joint ventures and enter into alliances with foreign and domestic counterparties and the success of these operations is often dependent upon the financial and legal stability of our counterparties. If one of the counterparties with whom we operate a joint venture or continue a business alliance suffers a decline in its financial condition for any reason, or is subject to instability owing to a change to the laws governing its operations after we have invested in the joint venture or the business alliance, we may be unable to successfully operate the joint venture or alliance, or we may be required to invest additional capital or cease operations altogether. Likewise, significant differences in corporate culture and business strategy between ourselves and such partners may come to light and may result in significant changes to the assumptions that we made when we decided to enter into the joint venture or alliance. If our joint venture or counterparties are unable to perform as expected, or if any unexpected events relating to the alliances occur, then we may be unable to continue those businesses successfully. Our inability to successfully operate joint ventures or alliances may adversely affect our reputation and our financial condition and results of operations.

5) Risks relating to business reputation

We are vulnerable to poor market perception and reputational risk since we operate in industries where integrity and the trust and confidence of our clients are of utmost importance. Negative publicity (whether or not justified) associated with us or any of our funds, products, services, officers or employees, partners or alliances, or the occurrence of any of the risks set out in this section could result in a loss of clients and/or mandates. Our business operations are highly dependent on our officers, employees, partners and/or alliances. The actions, misconduct, omissions, failures or breaches of any of our officers or employees, partners and/or alliances may, by association, create negative publicity in relation to our Group. Accordingly, any mismanagement, fraud or failure to discharge legal, contractual, regulatory or fiduciary duties, responsibilities, liabilities or obligations, or the negative perception resulting from such activities or any allegation of such activities, could have an adverse effect on our Group’s business, growth prospects, results of operations and/or financial condition. Such cases could adversely affect our financial condition and results of operations.

In addition, there are some frauds or fraudulent acts, which use trade names of our Group companies, with our business expansion and increasing our publicity. Therefore, we may be hit hard by rumors even if we have no fault. Such cases could adversely affect our financial condition and results of operations.

6) Risks relating to business restructuring and expansion

As a “Strategic Business Innovator,” one of our Group's basic policies is to perpetuate “Self Evolution.”

In addition to business restructurings including acquisitions of one-hundred percent ownership through the share exchange, we intend to aggressively pursue business expansion, including mergers and acquisitions of businesses that we believe offer favorable synergies with our core businesses. We face the risk that our restructurings and business expansion activities may not produce the results that we expect. Failure to achieve expected results could have an adverse effect on our financial condition and results of operations.

We may not be able to identify suitable investment opportunities, partners or acquisitions candidates. Even if we do identify suitable investment opportunities, partners or acquisitions candidates, we may be unable to negotiate terms that are commercially acceptable to us or complete those transactions at all. With respect to our acquisitions, we could have difficulty in integrating these companies or businesses, including internal operations, distribution networks, product lines and personnel, with our existing business, and there is no assurance that the expected strategic benefits of any acquisitions or alliances will be realized. The acquired companies may have low margins and require significant restructuring to increase efficiency. In addition, the key personnel of an acquired company may decide not to work for us. The acquired company could involve a number of specific risks, including diversion of management’s attention, higher costs, unanticipated events or circumstances, legal liabilities, failure of the business of the acquired company, fall in value of investments and impairment of goodwill and other acquired intangible assets, some or all of which could have an adverse effect on our business, financial condition and results of operations. In the event that we plan to acquire or invest in other company, we may be required to obtain the prior approval of the relevant regulators and/or the government and there can be no assurance that such approvals will be obtained in a timely manner or at all. In addition, any acquisition of an overseas company will expose us to foreign exchange risks, foreign regulations applicable to its business and different environments that we are not familiar with. In the event that any such risk arises, it could adversely affect our financial condition and results of operations.

These acts of business restructuring and business expansion may require a large amount of funds by their nature. We may raise these funds through equity financing including share exchanges in the capital market as well as through borrowings from financial institutions and issuance of bonds, etc. In the event that we raise such large amount of funds through liabilities, financing costs may increase due to a downgrade of credit ratings of our Group or other similar factors. Such events could have an adverse effect on our financial condition and results of operations.

At the meeting of the Board of Directors held on July 16, 2013, the Board of Directors of our Group made a resolution on the execution of an agreement to acquire all of the issued shares of PCA LIFE Insurance Co., Ltd. (“PCA LIFE Insurance”), an indirect subsidiary in Japan of Prudential plc of the United Kingdom and decided to make PCA LIFE Insurance our subsidiary based on the assumption that we obtain approval, etc. from relevant authorities. Based on such resolution, we executed a share transfer agreement on the same date. As we have previously considered re-entering the life insurance industry as a part of our Group’s strategies, we intend to re-enter the life insurance industry in Japan by acquiring the shares of PCA LIFE Insurance.

However, if we cannot obtain approval, etc. from the relevant authorities, we may not make PCA LIFE Insurance our subsidiary. If we incur any obligation, cost, or liability not expected in advance in the progress of future business, our financial condition and results of operations may be adversely affected.

7) Risks relating to entering new businesses

Based on the corporate mission of becoming a "New Industry Creator," we are aggressively creating and nurturing new businesses. If our new businesses are unable to achieve their business plans as originally formulated, and if they are unable to record earnings commensurate with their initial investments, such failure could have an adverse effect on our financial condition and results of operations. In addition, our new businesses could become subject to new laws and regulations or be placed under the guidance of particular regulatory authorities. Any violations by our new businesses of the laws, regulations or guidance that is applicable to them, and any administrative or legal actions directed at them, could impede the conduct of their operations and have an adverse effect on our financial condition and results of operations.

8) Risks relating to being a financial conglomerate

We are classified as a financial conglomerate as defined by the regulations of Financial Services Agency (FSA). As a result, we are further strengthening our risk management and compliance systems in order to maintain financial soundness, and to conduct business activities properly. However, if we are subject to an administrative action by FSA, for whatever reason, we may have difficulty conducting our business operations, or it could adversely affect our financial condition and results of operations.

9) Risks relating to investment securities

We hold a large amount of investment securities, including investments in affiliated companies. We could experience impairment losses on our investment securities as a result of declines in their value, which could adversely affect our financial condition and results of operations.

10) Litigation risk

We are exposed to litigation risk relating to the operations of our business segments on an on-going basis. While we cannot predict the outcome of any pending or future litigation, given the inherent unpredictability of litigation, it is possible that an adverse outcome in any one or more matters could have an adverse effect on our financial condition and results of operations.

11) Risk relating to risk management and internal control

We have established risk management and internal control systems and procedures. Certain areas within our risk management and internal control systems may require constant monitoring, maintenance and continual improvements by our senior management and staff. If our efforts to maintain these systems are provided to be ineffective or inadequate, we may be subject to sanctions or penalties and our financial condition, results of operations, business prospects and reputation may be adversely affected.

Our internal control system, no matter how sophisticated in design, still contains inherent limitations caused by misjudgment or fault. As such, there is no assurance that our risk management and internal control systems are adequate or effective notwithstanding our efforts and any failure to address any internal control matters could result in investigations and/or disciplinary actions or even prosecution being taken against our Group and/or our employees, disruption to our risk management system, and have an adverse effect on our financial condition and results of operations.

12) Risks relating to funding liquidity

We raise working capital through various means, including equity finance in the capital markets, loans from financial institutions, and issuances of corporate bonds. Due to the global economic crisis and the resulting deterioration in the global credit markets, including reduced lending by financial institutions, we may face difficulty raising funds under favorable conditions or at all. In addition, potential downgrades to our credit ratings could interfere with our ability to raise funds from external sources. In such circumstances our access to funds could be restricted, and our financing costs could increase. Any such events could adversely affect our financial condition and results of operations.

13) Derivatives risk

We utilize derivative instruments to reduce investment portfolio price fluctuations and to manage interest rate and foreign exchange rate risk. However, we may not be able to successfully manage our risks through the use of derivatives. Counterparties may fail to honor the terms of their derivatives contracts with us. Alternatively, our ability to enter into derivative transactions may be adversely affected if our credit ratings are downgraded.

We may also suffer losses from trading activities, a part of which includes the use of derivative instruments. As a result, our financial condition and results of operations could be adversely affected.

14) We depend in part on payments from our subsidiaries and other entities

We depend in part on dividends, distributions and others from our subsidiaries and other entities, such as partnerships and other investment vehicles, to fund payments on our obligations, including our debt obligations. Regulatory and other legal restrictions, including contractual restrictions, may limit our ability to transfer funds to or from our subsidiaries and other entities. Some of our subsidiaries and other entities which we depend on, in part, for payments are subject to laws and regulations that authorize regulatory bodies, such as board of directors, to block or reduce the flow of funds to us, or that prohibit such transfers altogether in certain circumstances. These laws and regulations may hinder our ability to access funds that we may need to make payments on our obligations. Such cases could adversely affect our financial condition and results of operations.

15) Reliance on key personnel

Our business operations depend on the leadership of our Representative Director, President and Chief Executive Officer, Mr. Yoshitaka Kitao, and other key members of our management team. If one or more of our current management teams becomes unable to continue to operate our businesses, such event could adversely affect our financial condition and results of operations. Any remedial action adopted by management to deal with a loss of key personnel may not take effect immediately or at all.

16) Risks relating to employees

We employ who we consider highly skilled and qualified personnel to work under our management team. If we are unable to continue to engage highly skilled and qualified personnel of the requisite caliber and skills, this could adversely affect our financial condition and results of operations.

17) Risks relating to trademarks and other intellectual property rights

Our businesses involve various types of intellectual property, including patents, copyrights and other forms of intellectual property, particularly those related to our "SBI" brand. We rely on our ability to protect the intellectual property we own and use in our business. If we fail to sufficiently protect our intellectual property, or if we are unable to acquire the necessary licenses for the use of third-party intellectual property, we may experience difficulty in developing technologies or providing services. Also, we may be the subject of legal actions brought by third parties alleging infringement of their intellectual property. In addition, we may experience increased costs in connection with intellectual property, especially those related to copyright. Such additional costs could have an adverse effect on our financial condition and results of operations.

18) Risks relating to enactment of, or changes in, laws, regulations and accounting standards

Enactment of, or changes in, laws and regulations may affect the way that we conduct our business, the products or services that we may offer in Japan or overseas, as well as our customers, borrowers, Group companies and funding sources. Such enactment or changes are unpredictable and may cause our costs to increase. As a result of such enactment or changes, our business activities, financial condition and results of operations could be adversely affected.

Withdrawal or amendment of any regulatory approval or of any exemption from registration in respect of any part of our Group's activities or any of our funds in any jurisdiction might oblige us to cease conducting a particular business or change the way in which it is conducted. Similarly, the withdrawal of either a license or an approval of one or more individuals would hinder their ability to perform their current role. The carrying on of regulated activities by unauthorized persons could have a number of consequences including the possibility of agreements made in the course of carrying on such activities being unenforceable.

Enactment of, or changes in, accounting standards may have a significant effect on how we record and report our financial condition and results of operations, even if our underlying business fundamentals remain the same. As a result of such enactment or changes, our business activities, our financial condition and results of operations could be adversely affected.

19) Risks relating to deferred tax assets

Temporary differences occurring between the financial statements and the tax bases of assets and liabilities are posted to deferred tax assets using the statutory effective tax rate applied when the difference is dissolved.

If there is a tax reform and change in the statutory effective tax rate, we may reduce or increase the deferred tax assets. Such events could have an adverse effect on our financial condition and results of operations.

A valuation allowance is provided for deferred tax assets if it is more likely than not these items will either expire before the Company is able to realize their benefits, or that future deductibility is uncertain. Loss carried forward can be posted as deferred tax assets to the extent of the amount recoverable, and our Group posts deferred tax assets based on the assumption of recoverability.

Each Group company calculates the estimated future recoverable tax amount based on the expected amount of future taxable income. While we presume that it is quite possible to realize the deferred tax assets after valuation allowance, the amount of valuation allowance may fluctuate depending on any changes in the expected amount of future taxable income. Such changes could have an adverse effect on our financial condition and results of operations.

20) Risks relating to insurance coverage

To manage operating risks, we maintain in our Group companies insurance coverage of various kinds. However, we cannot assure you that all claims under their insurance policies will be honored fully or on time. Furthermore, we are generally unable to insure against certain types of losses, including losses caused by earthquakes, typhoons, floods, wars and riots. To the extent that any of our Group companies suffer loss or damage that is not covered by insurance or that exceeds the limit of its insurance coverage, our financial condition and results of operations may be adversely affected.

21) Past results may not be indicative of future performance

Our historical financial information may not necessarily reflect our financial condition or results of operations in the future. We may experience slower growth in some of our businesses and we may not be successful in launching new businesses. New businesses may not achieve as quick or as large growth as anticipated, and our multiple business strategy may not be successful and we may not be able to successfully integrate future businesses or assets into our existing operations.

22) We may suffer substantial losses in the event of a natural disaster, such as an earthquake, terrorist attack or other casualty event in Japan or other markets in which we operate

A substantial portion of our assets, as well as our head office, are located in Japan and a substantial portion of our net sales are derived from our operations in Japan. Our overseas operations are subject to similar or other disaster risks. Additionally, large disasters, outbreaks, terrorist attacks or other casualty events affecting our operational network, either in Japan or overseas, could disrupt our operations even in the absence of direct physical damage to our properties or cause a material economic downturn in the affected area or country, which in turn could result in significant interruptions to or an adverse effect on our businesses, financial condition and results of operations.

23) Risks relating to our investments, development of our business, funding and legal regulations in overseas operation

We are actively investing and promoting business development in overseas countries. In these cases, we do have risks relating to increasing cost or losses unique to overseas business due to different factors from those in Japan, such as systems including laws and regulations, business practice, economic status, corporate culture, consumer attitude and others in overseas countries. We implement investments and business development of our operations in overseas countries after careful investigations, examinations and taking countermeasures for these risks. Nevertheless, if some events, which we could not estimate at the beginning, occur, such events could have an adverse effect on our financial condition and results of operations.

In addition, there is an increasing tendency of ratios of foreign shareholders in our shareholders. Therefore, it may be expected that we perform as the result the financing in foreign countries regardless of our intention. As a result, we may be affected by foreign laws and regulations, particularly those for investors' protection, which may cause our expenses to increase and business to be restricted. Furthermore, we may increase foreign currency debt finances for the purpose of hedging foreign currency risks by borrowing from financial institutions in overseas countries or by issuing corporate bonds in overseas countries. Even if we implement these after careful investigation and examination for these risks, some events, which we could not estimate at the beginning, may occur. Such events could have an adverse effect on our financial condition and results of operations.

In addition to above, application of laws and regulations in overseas countries, such as the Bribery Act 2010 in UK and the Foreign Corrupt Practices Act in U.S., might extend into our Group in other countries including Japan. We have responded to a variety of these laws and regulations after careful investigations and examinations for these risks, but some unexpected events may occur. Such cases could adversely affect our financial condition and results of operations.

24) We cannot guarantee the accuracy of facts and statistics with respect to certain information obtained from official governmental sources and other data

Facts and statistics relating to Japan, the Japanese economy and the financial sector (including the financial services industry) and other sectors in which we operate derived from official government or other industry sources are generally believed to be reliable. However, we cannot guarantee the quality or reliability of such information. We have not prepared or verified the accuracy of the information received from such sources. We make no representation as to the accuracy or completeness of such facts and statistics from these sources. Furthermore, there can be no assurance that these sources have stated or compiled such facts and figures on the same basis or with the same degree of accuracy or completeness as may be the case elsewhere. In all cases, you should not unduly rely on these facts and statistics.

25) Risks with respect to transactions with anti-social forces

In order to exclude any transaction with a party which is suspected to have a relationship with an anti-social force, we have taken the necessary measures to exclude all transactions with anti-social forces by, prior to entering into a new transaction, confirming whether there is information with respect to a relationship with an anti-social force and executing representation and a letter of pledge that the counterparty to the transaction is not an anti-social force. However, in spite of our strict investigation, there may be cases where we do not exclude a transaction with an anti-social force. If such transaction is found, our business may be restricted or suspended by regulatory authorities, etc. or we may be subject to a disposition or order such as an administrative monetary penalty payment order, and our social reputation may also be impaired.

Consolidated Financial Statements of the Group

Consolidated Statement of Financial Position

	Notes	Millions of Yen As at March 31, 2013	As at March 31, 2014
Assets			
Cash and cash equivalents	6, 18	133,362	276,221
Trade and other accounts receivable	6, 8, 9, 18	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	10	422,265	451,321
Total assets related to securities business	6, 7	1,433,645	1,739,493
Other financial assets	6, 18	26,694	30,593
Operational investment securities	6, 8, 11	119,268	127,365
Other investment securities	6, 8, 11	57,209	49,234
Investments accounted for using the equity method	12	35,689	39,820
Investment properties	14, 18	36,355	33,195
Property and equipment	15	10,517	11,826
Intangible assets	16	185,581	196,438
Other assets	18	29,928	26,513
Deferred tax assets	17	13,662	8,400
Total assets		2,494,387	2,875,304
Liabilities			
Bonds and loans payable	6, 8, 18	344,360	440,112
Trade and other accounts payable	6, 8, 19	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	20	255,634	287,350
Total liabilities related to securities business	6, 7, 8	1,304,605	1,617,913
Customer deposits for banking business	6, 8	376,177	302,314
Income tax payable		2,192	10,362
Other financial liabilities	6, 8	35,371	38,015
Other liabilities		15,430	15,767
Deferred tax liabilities	17	6,823	8,855
Total liabilities		2,133,852	2,486,841
Equity			
Capital stock	22	81,668	81,681
Capital surplus	22	160,550	152,725
Treasury stock	22	(5,117)	(5,140)
Other component of equity	22	6,196	16,225
Retained earnings	22	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

Consolidated Statement of Income

	Notes	Millions of Yen Fiscal Year ended March 31, 2013	Millions of Yen Fiscal Year ended March 31, 2014
Operating revenue	5, 25	154,285	232,822
Operating expense			
Operating cost	26	(55,275)	(68,472)
Financial cost	26	(4,612)	(18,526)
Selling, general and administrative expenses	26	(75,231)	(95,997)
Other expenses	26	(2,339)	(8,934)
Total operating expense		(137,457)	(191,929)
Share of the profit or loss of associates and joint ventures accounted for using the equity method	5, 12	558	1,331
Operating income		17,386	42,224
Other financial income and cost			
Other financial income	27	604	514
Other financial cost	27	(2,968)	(3,839)
Total Other financial income and cost		(2,364)	(3,325)
Profit before income tax expense	5	15,022	38,899
Income tax expense	28	(7,445)	(19,100)
Profit for the year		7,577	19,799
Profit for the year attributable to owners of the Company		3,817	21,439
Non-controlling interests		3,760	(1,640)
Profit for the year		7,577	19,799
Earnings per share attributable to owners of the Company			
Basic (Yen)	30	17.58	99.04
Diluted (Yen)	30	17.58	96.85

Consolidated Statement of Comprehensive Income

	Note	Millions of Yen Fiscal Year ended March 31, 2013	Fiscal Year ended March 31, 2014
Profit for the year		7,577	19,799
Items that will not be reclassified subsequently to profit or loss			
FVTOCI financial assets	29	(250)	979
Items that may be reclassified subsequently to profit or loss			
Currency translation differences	29	8,579	9,600
Hedging instruments for cash flow hedges	29	49	–
Other comprehensive income, net of tax		8,378	10,579
Total comprehensive income		15,955	30,378
Total comprehensive income attributable to owners of the Company		11,454	32,337
Non-controlling interests		4,501	(1,959)
Total comprehensive income		15,955	30,378

Consolidated Statement of Changes in Equity

Millions of Yen

	Note	Attributable to owners of the Company							
		Capital stock	Capital surplus	Treasury stock	Other component of equity	Retained earnings	Total	Non-controlling interests	Total equity
As at April 1, 2012		81,665	160,471	(3,180)	(1,363)	58,315	295,908	55,382	351,290
Profit for the year		–	–	–	–	3,817	3,817	3,760	7,577
Other comprehensive income		–	–	–	7,637	–	7,637	741	8,378
Total comprehensive income		–	–	–	7,637	3,817	11,454	4,501	15,955
Issuance of new stock	22	3	3	–	–	–	6	–	6
Change in scope of consolidation		–	1	–	–	–	1	(7,909)	(7,908)
Dividends paid	23	–	–	–	–	(2,208)	(2,208)	(3,004)	(5,212)
Treasury shares purchased	22	–	–	(2,021)	–	–	(2,021)	–	(2,021)
Treasury shares sold	22	–	0	84	–	–	84	–	84
Changes of interests in subsidiaries without losing control		–	75	–	–	–	75	8,266	8,341
Transfer	22	–	–	–	(78)	78	–	–	–
As at March 31, 2013		81,668	160,550	(5,117)	6,196	60,002	303,299	57,236	360,535
Profit for the year		–	–	–	–	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	22	13	13	–	–	–	26	–	26
Issuance of convertible bonds	18	–	1,632	–	–	–	1,632	–	1,632
Change in scope of consolidation		–	(211)	–	–	–	(211)	747	536
Dividends paid	23	–	–	–	–	(2,170)	(2,170)	(2,103)	(4,273)
Treasury shares purchased	22	–	–	(64)	–	–	(64)	–	(64)
Treasury shares sold	22	–	3	41	–	–	44	–	44
Changes of interests in subsidiaries without losing control		–	(9,262)	–	–	–	(9,262)	8,911	(351)
Transfer	22	–	–	–	(869)	869	–	–	–
As at March 31, 2014		81,681	152,725	(5,140)	16,225	80,140	325,631	62,832	388,463

Consolidated Statement of Cash Flows

	Note	Millions of Yen	
		Fiscal Year ended March 31, 2013	Fiscal Year ended March 31, 2014
Net cash (used in) generated from operating activities			
Profit before income tax expense		15,022	38,899
Depreciation and amortization		7,624	11,434
Share of the profits or loss of associates and joint ventures accounted for 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		(252)	(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 paid		(6,884)	(25,054)
Income taxes paid		(7,484)	(2,515)
Net cash (used in) generated from operating activities		(36,984)	29,401
Net cash (used in) generated 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	31	(18,451)	(2,057)
Proceeds from sales of subsidiaries, net of cash and cash equivalents disposed of	31	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) generated from investing activities		(19,060)	16,811
Net cash generated 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 dividends paid		(2,213)	(2,162)
Cash dividends 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 generated from financing activities		25,699	92,538
Net (decrease) increase in cash and cash equivalents		(30,345)	138,750
Cash and cash equivalents at the beginning of the year		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 year		133,362	276,221

Notes to Consolidated Financial Statements

1. Reporting Entity

SBI Holdings, Inc. (the "Company") was incorporated in Japan. The consolidated financial statements of the Company consist of the Company, its subsidiaries (hereinafter referred to as the "Group") and interests in the Group's associates and joint ventures. The Group is engaged in various businesses, which primarily consist of three key businesses: "Financial Services Business," "Asset Management Business" and "Biotechnology-related Business." See Note 5 "Segment Information" for detailed information on each business.

The consolidated financial statements were approved and authorized for issue by the Company's Representative Director, President and CEO, Yoshitaka Kitao and Director, Managing Executive Officer and CFO, Shumpei Morita on October 2, 2014.

2. Basis of Preparation

(1) Compliance with IFRS

Since the Company meets the criteria of "Specific company" defined in Article 1-2 of the Rules Governing Term, Form and Preparation of Consolidated Financial Statements (Financial Ministerial Order the 28th, 1976), the consolidated financial statements of the Group were prepared in accordance with International Financial Reporting Standards ("IFRSs") pursuant to Article 93 of the Rules Governing Term, Form and Preparation of Consolidated Financial Statements.

(2) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the below:

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

The measurement basis of fair value of the financial instruments is provided in Note 6 "Fair value of financial instruments."

(3) Reporting currency

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

(4) Use of estimates and judgments

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

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

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

(a) Measurement of financial instruments

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

(b) Deferred tax assets

Temporary differences which arise from differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and tax loss carryforwards are recorded as deferred tax assets up to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and tax loss carryforwards can be utilized, using the tax rates that are expected to apply to the period when they are realized.

(c) Evaluation of goodwill

The Group estimates the recoverable amount of its goodwill regardless of an indication of impairment. The recoverable amount is calculated based on the future cash flows.

(d) Impairment on financial assets at amortized cost

Impairment on financial assets at amortized cost is measured using carrying amount less present value of the future cash flows discounted based on the financial assets' initial effective interest rate.

(5) Application of new and revised IFRSs

The Group's consolidated financial statements for the fiscal year ended March 31, 2014 are prepared under IFRSs mandatorily effective as at March 31, 2014, except for IFRS 9 "Financial Instruments" (issued in November 2009, revised in October 2010 and December 2011) ("IFRS 9"), which the Group early adopted.

The Group adopted the following standards beginning with this fiscal year.

Statement of standards		Summary of new standards and amendments
IFRS 10	Consolidated Financial Statements	Clarification of 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 arrangements under joint control based on contractual agreement rather than legal form
IFRS 12	Disclosure of Interests in Other Entities	Disclosure requirements with regard to interests in other entities, including unconsolidated entities
IFRS 13	Fair Value Measurement	Sets out in a single IFRS a framework for measuring fair value
IAS 1	Presentation of Financial Statements	Amendment to presentation of items of other comprehensive income
IAS 19	Employee Benefits	Recognition of actuarial gains and losses and past service costs
		Presentation and disclosure of post-employment benefits
IAS 28	Investments in Associates and Joint Ventures	Amendments based on the publishing of IFRS 10, IFRS 11 and IFRS 12

There is no significant impact to these consolidated financial statements through adoption.

(6) Revision to Previously Issued Consolidated Financial Statements

The Company revised the consolidated financial statements for the year ended March 31, 2013 from the previously issued consolidated financial statements after applying more precise methodologies for measuring the fair value of certain securities and determining the scope of consolidation.

Effects of the revisions are summarized as follows:

	Millions of Yen		
	For the year ended March 31, 2013		
Items	Before Revision	After Revision	Affected Amount
Operating revenue	153,476	154,285	809
Operating income	16,577	17,386	809
Profit before income tax expense	14,213	15,022	809
Profit attributable to owners of the Company	3,202	3,817	615
Total assets	2,494,387	2,494,387	–
Equity attributable to owners of the Company	303,299	303,299	–

Note: The revisions have no effect on the consolidated financial results for the fiscal year ended March 31, 2014.

3. Significant Accounting Policies

The significant accounting policies applied in the preparation of these consolidated financial statements are listed below.

(1) Basis of consolidation

(a) Subsidiaries

Subsidiaries refer to the entities under control of the Group and also include the entities that have designed in a way that voting or similar rights are not the dominant factor in deciding who controls those entities ("structured entities"). Control is defined as the Group having (i) power over the investee, (ii) exposure, or rights, to variable returns from its involvement with the investee, and (iii) the ability to use its power over the investee to affect the amount of the investor's returns. Subsidiaries are fully consolidated from the date on which control is obtained by the Group and deconsolidated on the date that the Group loses control. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Inter-company transactions, balances and unrealized gains on transactions among Group companies are eliminated in the consolidated financial statements. Unrealized losses are also eliminated and the related impairment is assessed.

Comprehensive losses arising from subsidiaries are allocated to the owners of the Company and non-controlling interests even if the balances of non-controlling interests are a negative figure.

(b) Associates and joint ventures

Associates are entities over which the Group has significant influence, and that is neither a subsidiary nor an interest in joint venture.

When the Group holds between 20% and 50% of voting rights of the other entity, the Group is presumed to have significant influence over the other entity.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement and decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in associates and joint ventures are initially recognized at cost and accounted for using the equity method of accounting. However, investments held by venture capital organizations and other similar entities in the Group are accounted for at fair value through profit or loss in accordance with IFRS 9.

Under the equity method, investor's share of the profit or loss and other comprehensive income (after adjustments for the purpose of conforming with the group accounting policies), from the date of having significant influence or entering into joint control to the date of losing significant influence or ceasing joint control, of the associates and joint ventures (hereinafter referred to as "equity method associates") were recognized and recorded as adjustments to the carrying amounts of investments.

When the Group's share of losses in an equity method associate exceeds its interest in the associate, losses are not recognized to exceed the carrying amount of the investments. The Group does not recognize further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

Unrealized gain on inter-company transactions with equity method associates are deducted from the balance of carrying amount of investments only to the extent of investor's interests in the associates.

(c) Business combination

Acquisition method is applied for acquisitions of businesses. The consideration transferred for the acquisition of a subsidiary is the total of acquisition date fair value of the assets transferred, the liabilities incurred to the former owner of the acquiree and the equity interests issued by the Group.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their acquisition date fair value except for the below.

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits."
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 "Share-based Payments" at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred and the amount of any non-controlling interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the difference is negative, the excess is recognized immediately in profit or loss.

The Group recognized non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation on an acquisition-by-acquisition basis, either at fair value or at the proportionate share of the recognized amount of acquiree's identifiable net assets.

Acquisition-related cost is expensed as incurred, except for the costs related to the issuance of debt securities and equity securities.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured at fair value at the acquisition date and resulting gain or loss is recognized in profit or loss.

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

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions in accordance with IFRS 10 "Consolidated Financial Statements." The carrying amount of the Group's share and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The difference between "fair value of consideration paid or received" and "adjustments of the carrying value of non-controlling interests" is recognized in equity and attributed to owners of the Company.

(e) Loss of control

When the Group loses control, the difference between the "total fair value of consideration received and the retained interest" and "the previous carrying amount of subsidiary's assets (including goodwill), liabilities and non-controlling interests" are recognized in profit or loss.

In addition, any amount previously recognized in other accumulated comprehensive income in relation to the subsidiary is accounted for as if the Group had directly disposed of each related assets or liabilities.

The fair value of the retained interest in the former subsidiary is measured in accordance with IFRS 9.

(2) Foreign currency

(a) Foreign currency translation

In preparing the financial statements of each individual Group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are translated in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at the year-end date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency shall be retranslated using the exchange rate at the date when the fair value was measured. The exchange differences arising from the retranslation were recognized in profit or loss, except for retranslation differences in financial instruments that are measured at fair value and changes in fair value are recognized in other comprehensive income, and exchange differences arising from transactions for the purpose of hedging certain foreign exchange risk.

(b) Foreign operations

The assets and liabilities, including goodwill and fair value adjustments arising from business combinations, of all the Group entities that have a functional currency that is different from the presentation currency (mainly foreign operations) are translated into the presentation currency using the rates of exchange prevailing at the end of each reporting period. Income and expenses of foreign operations are translated into the presentation currency at the average exchange rates.

Exchange differences arising are recognized as other comprehensive income. The differences are recorded and accumulated as translation reserve in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation.

(3) Financial instruments

The Group early adopted IFRS 9. IFRS 9 requires all financial assets which are within the scope of IAS 39 "Financial instruments: Recognition and Measurement" to be subsequently measured either at amortized cost or at fair value. Debt instruments are measured at amortized cost if both of the following conditions are met: (i) the debt instruments are held in order to collect contractual cash flows as according to the Group's business model for managing the financial assets and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments and equity instruments other than those above are subsequently measured at fair value.

(a) Initial recognition and measurement

The Group recognizes a financial asset or financial liability in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss. Equity instruments held for purposes other than trading are designated as financial assets at FVTOCI.

(b) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right of offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

(c) Non-derivative financial assets

Non-derivative financial assets are initially designated as "Financial assets measured at amortized cost," "Financial assets at FVTPL" or "Financial assets at FVTOCI" on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

Financial assets are subsequently measured using the effective interest method at amortized cost less accumulated impairment loss if both of the following conditions are met: (i) the financial assets are held in order to collect contractual cash flows according to the Group's business model for managing the financial assets and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

Financial assets, other than those subsequently measured at amortized cost, are subsequently measured at fair value, and all changes in fair value are recognized in profit or loss.

Financial assets at FVTOCI

Within financial instruments other than financial instruments held for trading, equity instruments are designated as financial instruments at FVTOCI at initial recognition. This is an irrevocable election and the accumulative changes of fair value recorded in other comprehensive income cannot be reclassified to profit or loss. Dividends from the above-mentioned equity instruments are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. At derecognition of equity instruments at FVTOCI or when the decline in fair value is other than temporary when compared to initial cost, the recognized amount of changes in fair value accumulated in other comprehensive income is reclassified directly to retained earnings and cannot be reclassified in profit or loss.

(d) Cash and cash equivalents

Cash and cash equivalents are cash and highly liquid financial assets with original maturities of three months or less.

(e) Non-derivative financial liabilities

Non-derivative financial liabilities include corporate bonds and loans, trade and other accounts payable, which are subsequently measured at amortized cost using the effective interest method.

(f) Trading assets and liabilities

Financial assets and liabilities are classified as trading assets and trading liabilities in the below situation:

- Financial assets acquired for the purpose of sale or repurchase mostly in the short term.
- At initial recognition, the financial assets are managed together by the Group as part of a certain financial instrument portfolio, from which an actual short term gain has been realized.
- Derivative (either not classified as hedging instruments or proved to be not effective as hedging instruments).

Trading assets and trading liabilities are classified as financial assets and liabilities at FVTPL, changes in amounts of which are recognized in profit or loss. Trading assets and trading liabilities are presented in "Other assets (or liabilities) related to securities business" in the statement of financial position.

(g) Derecognition

The Group derecognizes a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expire or the Group no longer retains the contractual rights to receive the cash flows and transfers all the risks and rewards related to the financial asset.

If, as a result of a transfer, which satisfies the criteria for derecognition, a financial asset is derecognized but the transfer results in the Group obtaining or retaining certain rights and responsibilities, the Group recognizes them as new financial assets or liabilities.

(h) Fair value measurement

The Group measures the fair value of a financial asset or liability using a quoted market price from an active market, if available.

The Group uses valuation techniques to determine fair value if the financial assets are not traded in an active market. Valuation techniques include utilization of a recent arm's length transaction between knowledgeable, willing parties, current fair value of an identical or similar financial instrument, discounted cash flow analysis and an option pricing model. When there is evidence that market participants use valuation techniques to determine the price of a financial asset and liability and provide a reliable estimated market price, fair value should be determined based on that valuation technique. To ensure the validity and the effectiveness of the valuation techniques used in determining fair value, the Group reassesses the valuation techniques based on observable market data on a regular basis.

(i) Impairment of financial assets measured at amortized cost

The Group recognizes impairment losses for financial assets measured at amortized costs after the initial recognition when there is objective evidence that a loss event has occurred and it is reasonably predictable that a negative impact will be exerted on the estimated future cash flows arising from the financial assets. The Group assesses whether there is objective evidence indicating that financial assets measured at amortized cost are impaired on a quarterly basis.

The Group assesses financial assets measured at amortized cost for evidence of impairment both individually and collectively. Significant financial assets are assessed for impairment individually. Significant financial assets which are not impaired individually are assessed for impairment collectively. Financial assets which are not significant are assessed as a group based on risk characteristics.

For financial assets measured at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. An impairment loss is recognized in profit or loss in the period and the carrying amount of the financial asset is reduced by the impairment loss directly.

Interest on the impaired asset is recognized as the adjustments to discounts realized through the passage of time. When the amount of impairment decreases and the decrease can be related objectively to an event occurring after the impairment, reversal of previously recognized impairment loss is recognized in profit or loss.

(j) Hedge accounting

The Group uses interest rate swap contracts to hedge interest rate risk.

At the inception of the hedge, the Group formally documents the hedging relationship between the hedged item or transaction and the hedging instrument, which is the interest rate swap contract, in compliance with our risk management objective and strategy. In addition, the Group has formal documentation on the effectiveness of the interest rate swap contracts to hedge the risks of changes in fair value and cash flow at the inception and on an ongoing basis.

The changes in fair value of interest rate swap contracts, which are designated as hedging instruments for fair value hedges, are recognized in profit or loss. Gain or loss on the hedged item attributable to the risk of changes in interest rates shall adjust the carrying amount of the hedged item and be recognized in profit or loss.

Among the changes in fair value of interest rate swap contracts, which are designated as hedging instruments for cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income, while the ineffective portion shall be recognized in profit or loss.

The amount that has been recognized in other comprehensive income shall be presented as a deduction of other comprehensive income in the consolidated statement of comprehensive income and reclassified to profit or loss in the same period during which the hedged item of cash flows affects profit or loss.

The Group shall prospectively discontinue hedge accounting when the criteria for hedge accounting are no longer satisfied. In such situation, amounts accumulated in other comprehensive income remain unadjusted until the anticipated transaction finally affects profit or loss, or the anticipated transaction is not expected to occur, when the underlying amount shall be immediately recognized in profit or loss.

(k) Capital stock

Common stock

Common stocks issued by the Group are classified as equity and stock issuance costs, after tax effects, are recognized as deduction to equity.

Treasury stock

The Group's own equity instruments which are reacquired are recognized at cost including acquisition related costs, after tax effects, as a deduction from equity. When the Group sells treasury stocks, the consideration received is recognized as an addition to equity.

(4) Inventories

Inventories held by the Group are mainly real estate inventories. Real estate inventories are stated at the lower of cost or net realizable value. Cost is determined by the specific identification method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

(5) Lease

(a) Accounting by lessor as financial lease

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Receivables recognized at an amount equal to the net investment in the lease and presented as operating receivables or other receivables in the consolidated statement of financial position.

(b) Accounting by lessee as financial lease

A lease is classified as a financial lease when the Group assumes substantially all the risks and rewards according to the lease contract. Lease assets are initially recognized at the lower of fair value of the leased property and the present value of the minimum lease payments. In subsequent measurement, lease assets are accounted for under the standards applied to the assets.

(6) Property and equipment

(a) Initial recognition and measurement

Property and equipment are measured using the cost method and stated at cost less accumulated depreciation and accumulated impairment loss. Acquisition cost includes the costs incurred directly related to the acquisition of the assets. Any gain or loss arising on the disposal of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(b) Depreciation

Depreciation is calculated based on the depreciable amount, which is calculated as the initial cost of items of property and equipment less their residual values. Depreciation is recognized using the straight-line method to allocate their depreciable amounts over the estimated useful life of each component, and charged to profit or loss. Land is not depreciated.

The estimated useful lives of major classes of property and equipment are as follows:

• Buildings	3 – 50 years
• Furniture and equipment	2 – 20 years

The depreciation method, estimated useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

(7) Intangible assets

(a) Intangible assets arising on business combination (goodwill and other intangible assets)

Goodwill arising on acquisition of subsidiaries is recognized as an intangible asset. Initial recognition and measurement of goodwill are stated in "(1) Basis of consolidation, (c) Business combination." Intangible assets arising from a business combination, other than goodwill, are recognized at fair value at the acquisition date.

After initial recognition, goodwill is measured at cost less accumulated impairment loss. For investees to which the equity method is applied, goodwill is included in the carrying amount of the investment.

Intangible assets other than goodwill with a finite useful life that arise on a business combination are measured at initial cost less accumulated amortization and accumulated impairment loss.

(b) Research and development

Expenditure during the research phase for the purpose of learning the most updated science and technology is recognized as an expense when incurred. Development costs capitalized as a result of meeting certain criteria are measured at initial cost less accumulated amortization and accumulated impairment loss.

(c) Other intangible assets (separately acquired)

Other intangible assets acquired by the Group are measured at initial cost less accumulated amortization and accumulated impairment loss.

(d) Amortization

Amortization of intangible assets other than goodwill with finite useful lives is recognized in profit or loss using the straight-line method over the expected useful life, which begins when the assets are available for use.

The estimated useful lives of major classes of intangible assets are as follows:

• Software	3 – 5 years
• Customer Relationship	4 – 16 years

The amortization method, estimated useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

(8) Investment properties

Investment properties are defined as property held to earn rentals or for capital appreciation or both, rather than for (a) sale in the ordinary course of business, or (b) use in the production of supply of goods or services or for administrative purposes. Investment properties are measured using the cost method and stated at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is calculated based on the depreciable amount, which is calculated as the initial cost of assets less their residual values. Depreciation is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful life of each component, and charged to profit or loss.

The estimated useful lives of a major component of investment properties are as follows:

• Buildings	8 – 50 years

An investment property shall be derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gain or loss arising from the derecognition of investment properties is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss at the time of derecognition.

(9) Impairment of non-financial assets

Other than inventories and deferred tax assets, the Group's non-financial assets are subject to impairment tests at year end. When an indication of impairment exists, the recoverable amounts of the assets are estimated in order to determine the extent of the impairment losses, if any. For a cash-generating unit ("CGU") including allocated goodwill and intangible assets for which the useful life cannot be determined or which is not available for use, the recoverable amount shall be estimated at the same time every year, regardless of the indication of impairment. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

The recoverable amount of an asset or a CGU is the higher of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the CGU to which the asset belongs.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss. The impairment loss recognized in relation to the CGU shall be allocated to reduce the carrying amount of the assets of the unit in such order that (a) first, to reduce the carrying amount of any goodwill allocated to the CGU and (b) then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

An impairment loss recognized for goodwill shall not be reversed in a subsequent period. An entity shall assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Because goodwill that forms part of the carrying amount of an investment in an associate or a joint venture is not separately recognized, it is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment as a single asset, whenever there is an indication that the investment may be impaired.

(10) Employee benefits

(a) Defined contribution plans and defined benefit plans of multi-employer

The Company and certain of its subsidiaries have defined contribution plans for employee benefits. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Contributions related to defined contribution plans are expensed over the period during which employees render service to the entity. Also, the Company and certain of its subsidiaries participate in defined benefit multi-employer plans, under which contributions paid during the period are recognized in profit or loss as pension expense and contributions payable are recorded as liabilities.

(b) Short-term employee benefits and share-based payment

The Group recognizes the undiscounted amount of short-term employee benefits as an expense of the period during which the related service is rendered.

Also, the Company operates equity-settled share-based compensation plan as an incentive for board members and employees. The fair value of share options which were granted after November 7, 2002 and the vesting conditions had not been satisfied as at March 31, 2011 is measured at the grant date, and the amount of fair value calculated by estimating the number of share options that will ultimately be vested are recognized as expenses with a corresponding increase in equity over the vesting period.

(11) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation. Provisions are measured at the present value of the expected future cash flow using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

(12) Revenue recognition

(a) Financial income related to investment portfolio (excluding trading assets)

Financial assets at FVTPL are initially recognized at their fair value and related transaction costs are charged to profit or loss as incurred. Gain and loss related to the sale of financial assets at FVTPL are determined as the differences between fair value of the consideration received and the carrying amount.

Changes in the fair value of financial assets at FVTOCI are presented in other comprehensive income. When such financial assets are derecognized (sold) or the decline in fair value of such financial assets is other than temporary when compared with the initial cost, the cumulative gains or losses previously recognized in other comprehensive income are directly transferred to retained earnings.

However, dividends from financial assets at FVTOCI are recognized as financial income in profit or loss.

(b) Net trading income

Securities included in trading assets are classified as financial assets at FVTPL and measured at fair value. Changes in fair value are recognized in profit or loss.

(c) Commission income

Commission income arises from transactions in which the Group is involved as an agent instead of a principal who gains the main part of the profit from the transaction. Revenue from commission income is recognized by reference to the stage of completion of the transaction at the end of the reporting period if the result of the transaction can be reliably estimated.

If the below criteria are met, the transaction is regarded as the Group acting as an agent.

- The Group neither retains ownership of the goods nor assumes any responsibility for after service.
- Though the Group ultimately collect consideration from customers, all the credit risk is assumed by the supplier of the goods.

(d) Sale of goods

Revenue is measured at the fair value of the consideration received or receivable, taking into account the amount of any sales return, trade discount and volume rebates. Normally, revenue is recognized when there is persuasive evidence showing that a sales contract has been implemented, that is (i) significant risks and rewards of ownership of the goods have been transferred to the buyer; (ii) it is probable that the economic benefits associated with the transaction will flow to the Group; (iii) the cost incurred and possibility of sales returns can be reliably estimated; (iv) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; and (v) the amount of revenue can be measured reliably. When there is a probability that a sales discount is allowed by the Group, the amount shall be deducted from the original amount of revenue if it can be reasonably estimated.

(13) Income tax expense

Income tax expense consists of current and deferred tax expense, which are recognized in profit or loss, except for those arising from business combinations or recognized directly in equity and other comprehensive income. Current income tax expense is measured at the amount expected to be paid to or recovered from the taxation authorities using the tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amount. However, deferred tax assets are not accounted for if they arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, or from deductible temporary differences related to the investment in subsidiaries and joint ventures, under which it is probable that the difference cannot be recovered in the foreseeable future. Deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred tax assets and liabilities are determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax assets are realized or the deferred tax liabilities are settled. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis, or the deferred tax assets and liabilities are expected to be realized simultaneously.

A deferred tax asset is recognized for the unused carryforward tax losses, unused tax credits and expected deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused carryforward tax losses, unused tax credits and expected deductible temporary differences can be utilized. The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period. The Group reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilized.

The Group recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint venture, except to the extent that both of the following conditions are satisfied: (i) the Group is able to control the timing of the reversal of the temporary difference; and (ii) it is probable that the temporary difference will not reverse in the foreseeable future.

The Group shall recognize a deferred tax asset for all deductible temporary differences arising from investments mentioned above, to the extent that, and only to the extent that, it is probable that (i) taxable profit will be available against which the temporary difference can be utilized; and (ii) the temporary difference will reverse in the foreseeable future.

(14) Earnings per share

The Group discloses both the basic earnings per share and diluted earnings per share. Basic earnings per share is calculated by dividing profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding (issued shares adjusted by the treasury shares) during the period. For the purpose of calculating diluted earnings per share, the Group adjusts profit for the year attributable to ordinary equity holders and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares.

(15) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Discrete financial information of all the segments is available so that the operating results are regularly reviewed by the board of directors to make decisions about resources to be allocated to the segment and assess its performance. Operating results reported to the board of directors include items that directly belong to the segment and items allocated to the segment on a reasonable basis. Items not allocated to any reporting segment mainly consist of corporate assets such as expenses of the headquarters.

(16) Non-current assets held for sale

The Group classifies a non-current asset or asset group as held for sale if (i) its carrying amount will be recovered principally through a sale transaction rather than through continuing use; (ii) the assets are available for immediate sale and their sale within one year is highly probable; and (iii) management of the Group is committed to a plan to sell the asset.

When the Group is committed to a plan to sell a subsidiary with a loss of control and all the above criteria are satisfied, it classifies the subsidiary's entire assets and liabilities as held for sale regardless of retaining any non-controlling interest of the subsidiary.

Non-current assets (or asset groups) held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

(17) New standards, amendments to existing standards and interpretations that are published but have not yet been adopted by the Group

The new standards, amendments to existing standards and interpretations have been published before the approval date of the consolidated financial statements, but the Group has not early adopted are as follows. The impact to the consolidated financial statements through adoption is still under investigation and it is difficult to estimate at this moment.

IFRS		Mandatory for fiscal year beginning on or after	Adopted by the group from fiscal year ended	Summary of new standards and amendments
IFRS 9	Financial Instruments	To be determined	To be determined	Amendment with regard to hedge accounting
IFRS 10	Consolidated Financial Statements			
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2014	March 2015	Clarification of the definition of 'investment entities' and measurement of investment to investee
IAS 27	Separate financial statements			
IFRS 15	Revenue from Contracts with Customers	January 1, 2017	March 2018	Amendment with regard to the accounting of revenue recognition
IAS 32	Financial Instruments: Presentation	January 1, 2014	March 2015	Clarification of offsetting criteria and supplement to interpretations
IAS 36	Impairment of Assets	January 1, 2014	March 2015	Recoverable amount disclosures for non-financial assets
IFRIC 21	Levies	January 1, 2014	March 2015	Clarification on the recognition of a liability for levies

4. Business Combination

(1) For the year ended March 31, 2013

The Group has undertaken a third-party allocation of new shares and accepted all the forfeited shares related to the issuance of acquired shares in Hyundai Swiss Savings Bank(*), which operates services of a savings bank in South Korea (hereinafter referred to as "Hyundai Swiss 1 Savings Bank") and Hyundai Swiss 2 Savings Bank on March 26, 2013 and March 25, 2013, respectively. The ratios of voting rights of the two banks held by the Group are 89.4% and 94.0%, respectively.

By obtaining control over Hyundai Swiss 1 Savings Bank, two banks under the control of Hyundai Swiss 1 Savings Bank, namely Hyundai Swiss 3 Savings Bank and Hyundai Swiss 4 Savings Bank, have also become subsidiaries of the Group.

Through the acquisition, the Group will provide support to Hyundai Swiss Savings Bank Group, consisting of the four banks mentioned above, to continue sustainable business operations.

The Group aimed to improve the profitability as well as the corporate value through utilizing its know-how in transformation of business strategy and enhancing the Bank Group's network.

(*) Hyundai Swiss Savings Bank changed its company name into SBI Savings Bank as at September 1, 2013.

Consideration paid at acquisition date, previously held equity interests, fair value of acquired assets and liabilities, and non-controlling interests in relation to the business combination mentioned above are as follows. Consideration was paid in cash.

	Millions of Yen
Fair value of consideration paid	20,449
Fair value of previously held equity interests	530
Total	20,979
Cash and cash equivalents	1,237
Trade and other accounts receivable	270,745
Other investment securities	44,920
Other assets	42,762
Total Assets	359,664
Bonds and loans payable	43,555
Customer deposits for banking business	376,177
Other liabilities	18,098
Total liabilities	437,830
Equity	(78,166)
Non-controlling interests	8,802
Goodwill	90,343
Total	20,979

Goodwill is recognized mainly for excess earning power and the synergy effects with existing business, and is recorded under the asset management segment. Costs in relation to the business combination, amounting to ¥58 million were included in "Selling, general and administrative expenses." Non-controlling interests are measured at the interest share of the acquiree's identifiable net assets.

Loans receivable included in "Trade and other accounts receivable" with a fair value of ¥203,959 million were mainly real estate loan provided to individual and corporate customers and unsecured loans to individual customers. The contracted financing amount was ¥375,585 million with ¥171,626 million recorded as an accumulated impairment loss.

Consideration transferred for business combinations other than the above mentioned amounted to ¥1,756 million, which were settled in cash. Fair value of acquired assets and liabilities and non-controlling interests were ¥15,692 million, ¥8,001 million and ¥2,588 million, respectively.

(2) For the year ended March 31, 2014

Consideration transferred for business combinations amounted to ¥2,145 million, which were settled in cash. Fair value of acquired assets and liabilities were ¥4,080 million and ¥1,916 million, respectively.

5. 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 fiscal year ended March 31, 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 fiscal year ended March 31, 2013	Financial Services Business	Asset Management Business	Biotechnology-related Business	Total	Others	Elimination	Consolidated Total
	Millions of Yen						
Net Sales							
Revenue from customers	110,898	32,992	950	144,840	9,222	223	154,285
Inter-segment revenue	2,442	19	20	2,481	18	(2,499)	–
Total	113,340	33,011	970	147,321	9,240	(2,276)	154,285
Segment operating income (loss)							
Profit (loss) before income tax expense	18,741	6,259	(3,900)	21,100	1,659	(7,737)	15,022
Other Items							
Interest income	19,845	752	43	20,640	1	(1,484)	19,157
Interest expense	(5,298)	(556)	(56)	(5,910)	(546)	(1,124)	(7,580)
Depreciation and amortization	(6,010)	(912)	(7)	(6,929)	(366)	(242)	(7,537)
Gain or loss from investments applying the equity-method	1,680	(1,087)	(23)	570	(12)	–	558

For the fiscal year ended March 31, 2014	Financial Services Business	Asset Management Business	Biotechnology-related Business	Total	Others	Elimination	Consolidated Total
	Millions of Yen						
Net Sales							
Revenue from customers	145,853	72,694	2,106	220,653	11,609	560	232,822
Inter-segment revenue	1,982	31	89	2,102	17	(2,119)	–
Total	147,835	72,725	2,195	222,755	11,626	(1,559)	232,822
Segment operating income (loss)							
Profit (loss) before income tax expense	37,298	8,990	(2,432)	43,856	2,438	(7,395)	38,899
Other Items							
Interest income	30,415	34,287	1	64,703	4	(1,248)	63,459
Interest expense	(6,230)	(14,063)	(27)	(20,320)	(321)	(1,724)	(22,365)
Depreciation and Amortization	(5,918)	(4,874)	(6)	(10,798)	(337)	(243)	(11,378)
Gain or loss from Investments applying the equity-method	1,273	225	136	1,634	(303)	–	1,331

Geographical information regarding non-current assets and revenues from customers are presented as below.

Non-current assets	As at March 31, 2013	As at March 31, 2014
	Millions of Yen	
Japan	92,620	85,368
Korea	125,320	140,356
Others	14,513	15,735
Consolidated total	232,453	241,459

Note: Non-current assets excluding financial assets and deferred tax assets are allocated depending on the location of the assets.

Revenue from customers	Millions of Yen For the year ended March 31, 2013	For the year ended March 31, 2014
Japan	146,789	187,935
Overseas	7,496	44,887
Consolidated total	154,285	232,822

Note: Revenue is recognized at the destination of sales.

6. Fair Value of Financial Instruments

(1) Fair value measurement

Fair values of financial assets and financial liabilities are determined based on quoted market prices. If quoted market prices are not available, fair values are calculated using valuation models such as a discounted cash flow analysis. The Group determined fair values of financial assets and financial liabilities as follows:

Cash and cash equivalents, Other financial assets, Trade and other accounts payable, and Other financial liabilities

The fair values are determined at the carrying values as they approximate the carrying values due to their short maturities.

Trade and other accounts receivable

The fair values are determined based on the future cash inflows discounted at interest rates derived from appropriate indices such as government bond risk free rates considering credit risk.

Assets and liabilities related to securities business

With respect to loans on margin transactions included in margin transaction assets, the fair values are determined at the carrying value as the interest rates of the loans are floating rates and reflect the market interest rate within a short period. The fair values of assets and liabilities related to securities business, except for loans on margin transactions, are considered to approximate the carrying values as those assets and liabilities are settled within a short period.

With respect to trading assets and trading liabilities, the fair values are determined as described in "Operational investment securities and other investment securities" and "Derivatives."

Operational investment securities and other investment securities

The fair values of listed equity securities are determined based on quoted market prices in the stock exchange. The fair values of unlisted equity securities, bonds with share options and stock warrants are determined using valuation models including the discounted cash flow analysis, the analysis based on revenues, profits and net assets, and pricing analysis with reference to comparable industry prices. The fair values of investments in funds are determined at the fair values of partnership net assets based on the Group's percentage share in the contributed capital, if such fair values are available.

Bonds and loans payable

With respect to bonds and loans payable with floating interest rates, the fair values are determined at the carrying values as the interest rates of the bonds and loans reflect the market interest rate within a short period and as the credit condition of companies that obtained the bonds and loans are not expected to change significantly. With respect to bonds payable with fixed interest rates, the fair values are determined based on the future cash outflows considering remaining periods and discount rates adjusted with credit risks. With respect to loans payable with fixed interest rates, the fair values are determined at the present value of the future cash outflows, where the sum of principal and interest of loans are grouped according to their maturities and discounted using interest rates with reference to similar types of loans. The fair value of bonds payable and loans payable with short maturities are determined at the carrying values since they approximate the carrying values.

Customer deposits for banking business

The fair values of demand deposits are determined at the carrying values which are the amounts paid on demand at the reporting date. The fair values of time deposits are determined based on the future cash inflows discounted at the adequate rates, such as government bond yield considering credit risk. The fair values of time deposits with short time maturities are determined at the carrying values since they approximate the carrying values.

Derivatives

The fair values of foreign currency forward contracts are determined based on the future exchange rate at the reporting date, whereas the fair values of foreign currency spot contracts are determined using the spot rate at the reporting date. With respect to index futures and options, the fair values are determined based on market closing price at the reporting date in principal stock exchanges. With respect to interest swaps, the fair values are determined by reference to offered prices by financial institutions.

(2) Classification and fair value of financial instruments

Classification and fair value of financial assets were as follows:

As at March 31, 2013	Millions of Yen				
	Carrying Amount				
	Financial assets at FVTPL	Financial assets at FVTOCI	Financial assets measured at amortized cost	Total	Fair value
Trade and other accounts receivable	–	–	412,477	412,477	413,240
Assets related to securities business	3,407	–	1,430,238	1,433,645	1,433,645
Operational investment securities	119,268	–	–	119,268	119,268
Other investment securities	49,928	7,281	–	57,209	57,209
Total	172,603	7,281	1,842,715	2,022,599	2,023,362

As at March 31, 2014	Millions of Yen				
	Carrying Amount				
	Financial assets at FVTPL	Financial assets at FVTOCI	Financial assets measured at amortized cost	Total	Fair value
Trade and other accounts receivable	–	–	336,206	336,206	340,124
Assets related to securities business	5,803	–	1,733,690	1,739,493	1,739,493
Operational investment securities	127,365	–	–	127,365	127,365
Other investment securities	47,875	1,359	–	49,234	49,234
Total	181,043	1,359	2,069,896	2,252,298	2,256,216

Classification and fair value of financial liabilities were as follows:

As at March 31, 2013	Millions of Yen			
	Carrying Amount			
	Financial liabilities at FVTPL	Financial liabilities measured at amortized cost	Total	Fair value
Bonds and loans payable	–	344,360	344,360	344,885
Trade and other accounts payable	–	48,894	48,894	48,894
Liabilities related to securities business	225	1,304,380	1,304,605	1,304,605
Customer deposits for banking business	–	376,177	376,177	376,177
Total	225	2,073,811	2,074,036	2,074,561

As at March 31, 2014	Millions of Yen			
	Carrying Amount			
	Financial liabilities at FVTPL	Financial liabilities measured at amortized cost	Total	Fair value
Bonds and loans payable	–	440,112	440,112	440,688
Trade and other accounts payable	–	53,503	53,503	53,503
Liabilities related to securities business	776	1,617,137	1,617,913	1,617,913
Customer deposits for banking business	–	302,314	302,314	302,490
Total	776	2,413,066	2,413,842	2,414,594

(3) Financial instruments categorized by fair value hierarchy

"IFRS 13 Fair Value Measurement" requires measurement of fair value to be categorized into three levels with reference to the fair value hierarchy that reflects the significance of the inputs used in making fair value measurements.

The fair value hierarchy is defined as below:

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

The level of hierarchy used in fair value measurement is determined at the lowest level with relevant significant inputs to the measurement.

A transfer of financial instruments between levels of the hierarchy is recognized at the date when the cause of the transfer or change in circumstances occurs.

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

	Millions of Yen			
	As at March 31, 2013			
	Level 1	Level 2	Level 3	Total
Financial assets				
Assets related to securities business	3,407	–	–	3,407
Operational investment securities and other investment securities				
Financial assets at FVTPL	19,797	–	149,399	169,196
Financial assets at FVTOCI	4,663	–	2,618	7,281
Total financial assets	27,867	–	152,017	179,884
Financial liabilities				
Liabilities related to securities business	225	–	–	225
Total financial liabilities	225	–	–	225

	Millions of Yen			
	As at March 31, 2014			
	Level 1	Level 2	Level 3	Total
Financial assets				
Assets related to securities business	5,803	–	–	5,803
Operational investment securities and other investment securities				
Financial assets at FVTPL	31,732	426	143,082	175,240
Financial assets at FVTOCI	495	–	864	1,359
Total financial assets	38,030	426	143,946	182,402
Financial liabilities				
Liabilities related to securities business	776	–	–	776
Total financial liabilities	776	–	–	776

The table below presents the financial assets and liabilities not measured at the fair values in the consolidated statement of financial position of the Group.

	Millions of Yen			
	As at March 31, 2013			
	Level 1	Level 2	Level 3	Total
Financial assets				
Trade and other accounts receivable	–	413,240	–	413,240
Assets related to securities business	–	1,430,238	–	1,430,238
Total financial assets	–	1,843,478	–	1,843,478
Financial liabilities				
Bonds and loans payable	–	344,885	–	344,885
Trade and other accounts payable	–	48,894	–	48,894
Liabilities related to securities business	–	1,304,380	–	1,304,380
Customer deposits for banking business	–	376,177	–	376,177
Total financial liabilities	–	2,074,336	–	2,074,336

	Millions of Yen			
	As at March 31, 2014			
	Level 1	Level 2	Level 3	Total
Financial assets				
Trade and other accounts receivable	–	340,124	–	340,124
Assets related to securities business	–	1,733,690	–	1,733,690
Total financial assets	–	2,073,814	–	2,073,814
Financial liabilities				
Bonds and loans payable	–	440,688	–	440,688
Trade and other accounts payable	–	53,503	–	53,503
Liabilities related to securities business	–	1,617,137	–	1,617,137
Customer deposits for banking business	–	302,490	–	302,490
Total financial liabilities	–	2,413,818	–	2,413,818

(4) Financial instruments categorized as Level 3

Based on the valuation methods and policies as reported to the board of directors, external evaluating agencies and appropriate individuals of the Group measure and analyze the valuation of financial instruments categorized as Level 3 of the fair value hierarchy.

The valuation techniques and unobservable inputs used for recurring fair value measurements categorized as Level 3 are as follows:

	Millions of Yen			
	As at March 31, 2014			
	Fair Value	Valuation Technique	Unobservable Input	Range
Operational investment securities and other investment securities	143,946	Income approach and market approach	Discount rate P/E ratio EBITDA ratio	10% 10.3–21.8 4.2–8.3

Within the fair value of financial instruments categorized as Level 3 by recurring fair value measurements, the fair value of "Operational investment securities" and "Other investment securities," which is measured through the income approach or market approach, increases (decreases) when the discount rate decreases (increases), when the P/E ratio increases (decreases), or when EBITDA ratio increases (decreases).

With respect to the financial instruments categorized as Level 3, no significant impact on the fair values is assumed even if one or more of the unobservable inputs were changed to reasonably possible alternative assumptions.

The movement of financial instruments categorized as Level 3 is presented as follows:

For the year ended March 31, 2013	Millions of Yen Operational investment securities and other investment securities Financial assets at FVTPL	 Financial assets at FVTOCI	 Total
Balance as at April 1, 2012	110,489	1,865	112,354
Acquisitions through business combinations	34,298	474	34,772
Purchase	12,439	–	12,439
Comprehensive income			
Net profit (Note 1)	8,610	–	8,610
Other comprehensive income	–	–	–
Dividends	(4,599)	–	(4,599)
Sale or redemption	(4,401)	–	(4,401)
Liquidation	(43)	0	(43)
Currency translation differences	3,167	279	3,446
Others (Note 3)	(5,422)	–	(5,422)
Transferred from Level 3 (Note 4)	(5,139)	–	(5,139)
Transferred to Level 3	–	–	–
Balance as at March 31, 2013	149,399	2,618	152,017

For the year ended March 31, 2014	Millions of Yen Operational investment securities and other investment securities Financial assets at FVTPL	 Financial assets at FVTOCI	 Total
Balance as at April 1, 2013	149,399	2,618	152,017
Acquisitions through business combinations	–	–	–
Purchase	18,482	–	18,482
Comprehensive income			
Net profit (Note 1)	305	–	305
Other comprehensive income (loss) (Note 2)	–	(119)	(119)
Dividends	(3,891)	–	(3,891)
Sale or redemption	(8,801)	(1,790)	(10,591)
Liquidation	(54)	–	(54)
Currency translation differences	7,450	155	7,605
Others (Note 3)	(2)	–	(2)
Transferred from Level 3 (Note 4)	(19,806)	–	(19,806)
Transferred to Level 3	–	–	–
Balance as at March 31, 2014	143,082	864	143,946

Notes: 1. Gains and losses recognized as profit (loss) for the period in relation to financial instruments are included in “Operating revenue” in the consolidated statement of income. Gains and losses recognized arising from financial assets at FVTPL held as at March 31, 2013 and 2014 were ¥20,910 million of gains and ¥282 million of losses, respectively.
2. Gains and losses recognized as other comprehensive income (loss) in relation to financial instruments are included in “FVTOCI financial assets” in the consolidated statement of comprehensive income.
3. Transfer due to obtaining of control.
4. Transfer due to significant input used to measure fair value becoming observable.

7. Offsetting Financial Assets and Financial Liabilities

Quantitative information for recognized financial assets and recognized financial liabilities set off in the consolidated statement of financial position of the Group and the amounts of potential effect of recognized financial assets and recognized financial liabilities subject to an enforceable master netting arrangement or similar agreement that are not set off in the consolidated financial position of the Group are presented as follows:

	Millions of Yen					
	Financial assets					
As at March 31, 2013				Related amounts not set off in the consolidated statement of financial position		
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Financial instruments	Cash collateral received	Net amount
Assets related to securities business (Securities borrowing agreements and other similar transactions)	845,325	(375,428)	469,897	(127,913)	(74,850)	267,134
Assets related to securities business (Receivables related to securities transactions)	102,746	(29,206)	73,540	(24,608)	–	48,932
Assets related to securities business (Financial assets related to foreign exchange transactions)	622	–	622	(60)	(562)	–

	Millions of Yen					
	Financial liabilities					
As at March 31, 2013				Related amounts not set off in the consolidated statement of financial position		
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Financial instruments	Cash collateral pledged	Net amount
Liabilities related to securities business (Securities loan agreements and other similar transactions)	896,239	(375,428)	520,811	(202,763)	–	318,048
Liabilities related to securities business (Payables related to securities transactions)	150,259	(29,206)	121,053	(24,608)	–	96,445
Liabilities related to securities business (Financial liabilities related to foreign exchange transactions)	8,905	–	8,905	(622)	–	8,283

	Millions of Yen					
	Financial assets					
As at March 31, 2014				Related amounts not set off in the consolidated statement of financial position		
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Financial instruments	Cash collateral received	Net amount
Assets related to securities business (Securities borrowing agreements and other similar transactions)	1,018,722	(368,277)	650,445	(126,840)	(108,480)	415,125
Assets related to securities business (Receivable related to securities transactions)	58,628	(14,701)	43,927	(14,729)	–	29,198
Assets related to securities business (Financial assets related to foreign exchange transactions)	1,549	–	1,549	(187)	(1,362)	–

As at March 31, 2014	Millions of Yen					
	Financial liabilities					
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral pledged	
Liabilities related to securities business (Securities loan agreements and other similar transactions)	1,043,339	(368,277)	675,062	(235,320)	–	439,742
Liabilities related to securities business (Payables related to securities transactions)	127,781	(14,701)	113,080	(14,729)	–	98,351
Liabilities related to securities business (Financial liabilities related to foreign exchange transactions)	16,697	–	16,697	(1,549)	–	15,148

The rights of set-off for recognized financial assets and liabilities that are subject to an enforceable master netting arrangement or similar agreement are enforced when debt default or other specific events that are unexpected in the ordinary course of business occurs, and have an effect on realization or settlement of individual financial assets and liabilities.

8. Financial Risk Management

(1) Risk management policy over capital management and financing

In order to maintain financial strength, the Group has basic capital management policies to maintain an appropriate level of capital and debt equity structure.

The balances of interest-bearing debt (Bonds and borrowings), cash and cash equivalents and equity attributable to owners of the Company which the Group manages were as follows:

	Millions of Yen	
	As at March 31, 2013	As at March 31, 2014
Interest-bearing debt (Bonds and borrowings)	344,360	440,112
Cash and cash equivalents	(133,362)	(276,221)
Net	210,998	163,891
Equity attributable to owners of the Company	303,299	325,631

Pursuant to the Financial Instruments and Exchange Act ("FIEA") and Insurance Business Act of Japan, domestic subsidiaries of the Group are obligated to maintain a certain level of capital adequacy ratio.

Significant capital adequacy regulations under which domestic subsidiaries of the Group are obligated are as follows:

1. SBI SECURITIES Co., Ltd. is required to maintain a certain level of capital-to-risk ratio set forth under the FIEA. If the ratio falls below 120%, the Financial Services Agency ("FSA") may order changes to operational methods and other changes.
2. SBI Insurance Co., Ltd. is required to maintain a certain level of Solvency Margin Ratio in conformity with the Insurance Business Act of Japan. If the Solvency Margin Ratio falls below 200%, the FSA may order submission and implementation of a reasonable improvement plan for sound management.

SBI Savings Bank whose headquarter is in the Republic of Korea is obligated to maintain certain level of capital adequacy ratio in conformity with the Main Shareholder eligibility standard or standard of KIPCO Asset Management Company KSC (KAMCO) or other standards. If the capital adequacy ratio falls below certain level, Korean Financial Supervisory Service may give warning or order business suspension.

The Group engages in a wide range of finance related businesses, such as investment business, fund management business, securities business, banking business, leasing business, loan business, credit card business and insurance businesses, to avoid excessive concentration of risk on specific entities or businesses. To operate these businesses, the Group raises funds through indirect financing such as bank borrowing, direct financing such as bond issuance and equity financing, transactions with securities financing companies, and receiving customer deposits for banking business. The Group also considers the market environment and maintains an appropriate strategy for short and long term financing.

The Group conducts trading of derivative instruments including foreign currency forward contracts and interest rate swaps, index futures, and foreign currency spot contracts. The Group enters into foreign currency forward contracts and interest rate swap transactions primarily to hedge foreign exchange risk and to manage its interest rate exposures on borrowings, respectively. The Group does not hold or issue them for speculative purposes. Index futures are entered into for the purpose of day trading with a cap placed on their trading volume. Index futures were mainly daily trading under a limited trading scale. Foreign currency spot contracts are conducted with individual customers and involve cover transactions based on the Group's "Position Management Rule."

In order to maintain financial strength and appropriate operational procedures, it is the Group's basic policy of risk management to identify and analyze various risks relevant to the Group entities and strive to carry out integral risk management using appropriate methods.

The Group is exposed to the following risks over financial instruments:
• Credit risk
• Market risk
• Liquidity risk

(2) Risks arising from financial instruments

Financial assets held by the Group primarily consist of investment-related assets, securities-related assets and financing-related assets.

Investment-related assets include operational investment securities, other investment securities, and investments in associates which primarily represent investments in stocks and funds. These assets are held for the purpose of fostering the development of venture capital portfolio companies or earning capital gains. These assets are exposed to the issuer's credit risk and the stock price fluctuation risk. Furthermore, unlisted equity securities are exposed to liquidity risk and investment assets denominated in foreign currency are exposed to the risk of foreign exchange fluctuations.

Securities-related assets consist of cash segregated as deposits, margin transaction assets, trading instruments, trade date accrual, and short-term guarantee deposits. These assets are exposed to the credit risk and the interest rate risk of the brokerage customers of the Group, securities financing companies, and financial institutions. Trading instruments are exposed to the credit risk of issuers and the risk of market price fluctuation. Trading instruments, trade date accrual, and short-term guarantee deposits are presented as other assets related to the securities business in the consolidated statement of financial position.

Financing-related assets consist of operational loans receivable, finance leases receivable and installment receivable. These assets mainly include real estate loans for companies and individuals, unsecured personal loans, finance leases receivable for domestic operational companies and the receivable of the credit card business. These assets are exposed to credit risk of accounts, such as default due to worsening economic conditions with higher credit risk exposure, and interest rate risk. Financing-related assets are presented as trade and other accounts receivable in the consolidated statement of financial position.

Financial liabilities of the Group primarily consist of loans payable, bonds payable, customer deposits for the banking business and securities-related liabilities. The loans payable of the Group are exposed to liquidity risk from changes in the pricing policy of the financial institutions to the Group. Also, the bonds payable are monitored due to liquidity risk from market conditions or reducing the credit rating of the Group. Customer deposits for the banking business are important financing arrangements and are managed considering adequate safety. However, customer deposits for the banking business are exposed to liquidity risk which makes it difficult to arrange requisite finance due to withdrawals or other reasons.

Securities-related liabilities consist of margin transaction liabilities, loans payable secured by securities on repurchase agreement transactions, deposits from customers, guarantee deposits received from margin transactions, and trade date accrual. The financing environment of the security business operated by the Group is affected by the business policy of security financing companies and its investment strategy. The Group exercises control by matching the financing with the related security assets. Trade date accrual is presented as other liabilities related to the securities business in the consolidated statement of financial position.

The Group enters into foreign currency forward contracts and interest rate swap transactions primarily to hedge foreign exchange risk associated with receivables, payables and securities denominated in foreign currencies and to manage its interest rate exposures on borrowings, respectively.

The Group manages index futures as a part of its investment business, which is exposed to market risk. Because the counterparties of foreign currency forward contracts and interest rate swap agreements are limited to creditworthy major Japanese financial institutions and index futures are traded in the public market, the credit risk arising from default is considered to be minimal.

The Group also enters into foreign currency spot contracts in the course of ordinary operations, and for hedging risks arising from the business. The transactions are subject to interest rate risks and foreign currency risks as well as exposed to credit risks with customers and credit and settlement risks with counterparties.

(3) Risk management system over financial instruments

The Company assigns a risk management officer who is in charge of risk management and sets up a risk management department in line with the risk management rules and the group risk control rules in order to properly analyze and control these risks. The risk management department analyzes and monitors the Group's risk on a timely basis.

(4) Credit risk management

Credit risk is the risk that the Group may suffer losses from decrease or losses of assets due to deteriorated financial conditions of investees/debtors. Credit risk includes country risk that the Group may suffer losses from changing the currency, political or economic circumstances of a country where investees/debtors operate.

Credit risk management policies of the Group are as follows:

(a) Accurately analyze financial conditions of investees/debtors and quantify relevant credit risk.
(b) Appropriately manage the Group's own capital and the related risks by periodic monitoring.
(c) Under foreign investments or lending transactions, the Group identifies intrinsic risk of investees/debtors with domestic/foreign offices as well as overseas partners followed by periodic monitoring.
(d) Recognize investment risk as significant risk to be controlled among various credit risks and perform detailed analysis of fluctuation in risk associated with operational investment securities.

The Group operates in line with the above risk management policies. Subsidiaries which allow credits to corporate or individual customers as a part of business are monitored in accordance with respective basic rules as needed.

The maximum exposure to credit risk for financial assets excluding the evaluation value of collateral is the carrying amount after impairment loss presented in the consolidated statement of financial position. The maximum exposure to a financial guarantee contract, which the Group grants, and the loan commitment is the amount of the financial guarantee contract and fixed transaction amount of the loan commitment presented in Note 34 "Contingent liability."

The Group evaluates recoverability of operating receivables and other receivables by considering the credit condition of customers and recognizes impairment losses. The Group is not extremely exposed to credit risk from a specific customer.

Impairment losses and analysis of the age regarding trade and other accounts receivable presented on the consolidated statement of financial position are as follows:
There are no financial assets that are past due related to the securities business.

Impairment losses regarding trade and other accounts receivable as at March 31, 2013 and 2014 were as follows:

	Millions of Yen	
	March 31, 2013	March 31, 2014
Trade and other accounts receivable (gross)	420,856	347,206
Impairment losses	(8,379)	(11,000)
Trade and other accounts receivable (net)	412,477	336,206

The analysis of the age of financial assets that are past due but not impaired as at March 31, 2013 and 2014 were as follows:

	Millions of Yen	
	March 31, 2013	March 31, 2014
No later than 6 months	3,214	178
Later than 6 months and not later than 1 year	25	4,401
Later than 1 year	12	60
Total	3,251	4,639

Trade and other accounts receivable include the amount recoverable by insurance or collateral. Collateral received mainly consists of real estate assets received on loan to small-middle real estate companies or individual or other assets. Evaluation on receiving collateral is made by an independent third party appraiser and the amount of the loan is determined to be filled with evaluation value. However, the value of the collateral may be inadequate due to a declining real estate market. If the Group obtains collateral assets by exercise of security interests, the Group immediately collects the loan by conducting sales or auction of the assets.

(5) Market risk management

Market risk is the risk that the Group may suffer losses from fluctuation of interest rate, stock price, foreign exchange rate or other factors.

Market risk management policies of the Group are as follows:
(a) Understand underlying currency and term of assets and quantify market risk.
(b) Appropriately manage the balance between the Group's own capital and its related risk by periodic monitoring.
(c) Never enter into derivative transactions for speculative purposes in the absence of established operating rules.

① Stock Market Risk

The Group is exposed to stock market risk arising from its investment portfolio. If the market price of operational investment securities and other investment securities held by the Group as at March 31, 2013 and 2014 increased by 10%, profit before income tax expense in consolidated statement of income would have increased by ¥1,980 million and ¥3,173 million, respectively.

The investment portfolios as at March 31, 2013 and 2014 were as follows:

	Millions of Yen	
	March 31, 2013	March 31, 2014
Operational investment securities		
Listed equity securities	7,617	26,184
Unlisted equity securities	78,690	60,019
Bonds	650	1,097
Investments in funds	31,448	39,431
Others	863	634
Total	119,268	127,365
Other investment securities		
Listed equity securities	8,456	1,817
Unlisted equity securities	2,974	2,852
Bonds	43,137	38,669
Investments in funds	2,102	4,674
Others	540	1,222
Total	57,209	49,234

② Foreign Exchange Risk

The Group is exposed to foreign exchange risk with regard to assets and liabilities dominated in currencies used by various entities other than the Group's functional currency, mainly including USD and HKD. The Group's main exposures to foreign exchange risk are as follows:

	Millions of Yen		
As at March 31, 2013	USD	HKD	Others
Monetary financial instruments dominated in foreign currency			
Assets	20,001	5,045	6,557
Liabilities	233	1	122

As at March 31, 2014	Millions of Yen USD	HKD	Others
Monetary financial instruments dominated in foreign currency			
Assets	33,368	6,840	14,633
Liabilities	25,908	6,690	8,668

If the foreign currencies strengthened by 1% against the functional currency with all other variables (such as interest rate) held constant, consolidated post-tax profit for the year ended March 31, 2013 and 2014 would have increased by ¥312 million and ¥136 million, respectively, mainly as a result of monetary financial instruments dominated in foreign currency held by the Group.

③ Interest Rate Risk

The Group is exposed to various interest rate fluctuation risks in its business operations. Interest rate fluctuation affects financial income arising from financial assets, which primarily consist of bank balances, money in trust held by subsidiaries in the financial service business, call loans, and loans receivable from individual and corporate customers, and also affects financial costs arising from financial liabilities, which primarily consist of borrowings from financial institutions, bonds payable, and customer deposits for the banking business.

In management's sensitivity analysis, if interest rates had been 100 basis points higher and all other variables were held constant, the Group's profit before taxation for the year ended March 31, 2013 and 2014 would have increased by ¥74 million and ¥1,316 million, respectively.

The analysis is prepared assuming the financial instruments subject to interest rate risk and all other variables were held constant throughout the years ended March 31, 2013 and 2014.

(6) Liquidity risk management

Liquidity risk is defined as the Group's exposure to the below situations:

– Necessary financing cannot be secured due to deterioration of the Group's financial condition
– Risk of loss from financing at higher interest rate than usual with no option
– Risk of loss from transaction at significantly unreasonable price with no option or unable to conduct transactions due to severe situation such as market turmoil.

The Group manages its liquidity risk through the following policies.

(a) Secure various financing arrangements such as bank overdraft facility, bond issuance registration or stock issuance.
(b) Collect information on the Group's working capital requirement and understand the cash flow positions.
(c) Obtain reports from the department responsible for cash management based upon the liquidity risk management policies stated in (a) and (b) above to monitor cash flow risks.

Liquidity risk arises from financial liabilities settled by transfer of cash and other financial assets. Balances of financial liabilities held by the Group by maturity are as follows;

As at March 31, 2013	Millions of Yen Carrying amount	Contractual cash flow	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Bonds and loans payable	344,360	350,393	223,363	75,022	6,547	1,162	9,063	35,236
Trade and other accounts payable	48,894	48,894	45,922	1,567	1,004	298	98	5
Liabilities related to securities business	1,304,605	1,304,605	1,304,605	–	–	–	–	–
Customer deposits for banking business	376,177	384,230	343,295	37,387	3,510	17	15	6
Other financial liabilities	35,371	35,371	35,371	–	–	–	–	–

As at March 31, 2014	Millions of Yen							
	Carrying amount	Contractual cash flow	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Bonds and loans payable	440,112	447,230	310,741	37,816	34,368	36,661	1,189	26,455
Trade and other accounts payable	53,503	53,503	50,887	1,452	510	335	228	91
Liabilities related to securities business	1,617,913	1,617,913	1,617,913	–	–	–	–	–
Customer deposits for banking business	302,314	308,165	277,094	26,576	4,471	10	5	9
Other financial liabilities	38,015	38,015	38,015	–	–	–	–	–

The Group entered into line of credit agreements (e.g., overdraft facilities) with leading domestic financial institutions to ensure an efficient operating funds procurement and to mitigate liquidity risk.

Contractual amounts and used amounts of overdraft facilities as at each reporting date are as follows:

	Millions of Yen	
	March 31, 2013	March 31, 2014
Lines of credit	215,920	265,550
Used balance	115,159	128,909
Unused portion	100,761	136,641

9. Trade and Other Accounts Receivable

Trade and other accounts receivable as at March 31, 2013 and 2014 consisted of the following:

	Millions of Yen	
	As at March 31, 2013	As at March 31, 2014
Trade accounts receivable and installment receivables	9,473	8,958
Loans receivable	303,211	266,638
Operational receivables	16,172	26,166
Finance lease receivables	13,898	16,241
Deposits in relation to banking business	66,404	16,010
Others	3,319	2,193
Total	412,477	336,206

Maturity analysis to the collection or the settlement of the trade and other accounts receivable as at March 31, 2013 and 2014 consisted of the following:

	Millions of Yen	
	As at March 31, 2013	As at March 31, 2014
No later than 1 year	271,088	230,799
Later than 1 year	141,389	105,407
Total	412,477	336,206

10. Other Assets Related to Securities Business

Other assets related to securities business as at March 31, 2013 and 2014 consisted of the following:

	Millions of Yen	
	As at March 31, 2013	As at March 31, 2014
Trade date accrual	414,030	431,588
Short-term guarantee deposits	4,723	13,890
Others	3,512	5,843
Total	422,265	451,321

11. Operational Investment Securities and other Investment Securities

"Operational investment securities" and "Other investment securities" in the consolidated statement of financial position as at March 31, 2013 and 2014 consisted of the following:

	Millions of Yen	
	As at March 31, 2013	As at March 31, 2014
Operational investment securities		
Financial assets at FVTPL	119,268	127,365
Total	119,268	127,365
Other investment securities		
Financial assets at FVTPL	49,928	47,875
Financial assets at FVTOCI	7,281	1,359
Total	57,209	49,234

Investments in equity instrument for the purpose of maintaining and improving business relations with the investees are designated as financial assets at FVTOCI by the Group.

Fair values of financial assets at FVTOCI presented as “Other investment securities” in the consolidated statement of financial position and related dividends income presented as “Operating revenue” in the consolidated statement of income consisted of the following, respectively:

	Millions of Yen	
	As at March 31, 2013	As at March 31, 2014
Fair value		
Listed	4,663	495
Unlisted	2,618	864
Total	7,281	1,359

	Millions of Yen	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Dividends income		
Listed	103	10
Unlisted	98	39
Total	201	49

Name of investee and related fair values of financial assets at FVTOCI presented as “Other investment securities” in the consolidated statement of financial position mainly consisted of the following:

	Millions of Yen	
	As at March 31, 2013	As at March 31, 2014
Other investment securities		
Sunwah Kingsway Capital Holdings Limited	224	232
ULS Group, Inc.	316	231
Asahi Fire & Marine Insurance Co., Ltd.	213	213
Kingston Financial Group Limited	2,166	–
Golden Sun Profits Limited	1,678	–
PION CO., LTD.	475	–

Fair value at disposal, cumulative gain (pre-tax) and dividend income of financial assets at FVTOCI disposed during the years ended March 31, 2013 and 2014 are as follows:

Millions of Yen					
For the year ended March 31, 2013			For the year ended March 31, 2014		
Fair value at disposal	Cumulative gain	Dividends income	Fair value at disposal	Cumulative gain	Dividends income
1,214	314	32	4,954	759	39

Financial assets at FVTOCI are sold (derecognized) to enhance the effective operation and efficiency of assets.

Cumulative gains (net of tax) transferred from other components of equity to retained earnings for the years ended March 31, 2013 and 2014, were ¥78 million and ¥988 million, respectively.

For financial assets at FVTOCI whose significant decline in fair value compared to their acquisition costs is other than temporary, cumulative losses (net of tax) transferred from other components of equity to retained earnings for the year ended March 31, 2014, were ¥119 million.

12. Investments Accounted for Using the Equity Method

(1) Investments in associates

The combined financial information of associates accounted for using the equity method is as follows:

	Millions of Yen	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Profit for the year attributable to the Group	(1,136)	491
Other comprehensive income attributable to the Group	1,224	1,069
Total comprehensive income attributable to the Group	88	1,560

	Millions of Yen	
	As at March 31, 2013	As at March 31, 2014
Book value	16,742	18,260

Since the recoverable amounts of certain investments in associates were estimated to be less than the carrying amounts, impairment losses of ¥1,212 million were recognized for the year ended March 31, 2014. The amount was included in "Share of the profit or loss of associates and joint ventures accounted for using the equity method" in the consolidated statement of income.

(2) Investments in joint ventures

The combined financial information of joint ventures accounted for using the equity method is as follows:

	Millions of Yen	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Profit for the year attributable to the Group	1,694	2,052
Other comprehensive income attributable to the Group	174	463
Total comprehensive income attributable to the Group	1,868	2,515

	Millions of Yen	
	As at March 31, 2013	As at March 31, 2014
Book value	18,947	21,560

13. Structured Entities

The Group conducts investment activities through investment partnerships for investment activities in Japan and overseas mainly through the asset management segment. These investment partnerships raise funds from investors/partners, and provide funding mainly in the form of capital contribution to investees. These investment partnerships are structured in a way that voting rights are not the dominant factor in deciding who controls the partnerships.

The purpose of using the assets and liabilities of the structured entities is restricted by contractual arrangements between the Group and the structured entities.

(1) Consolidated structured entities

Total assets of the consolidated investment partnerships were ¥120,859 million and ¥117,437 million as at March 31, 2013 and 2014, respectively. Total liabilities were ¥6,901 million and ¥8,056 million as at March 31, 2013 and 2014, respectively.

(2) Unconsolidated structured entities

The Group invests in investment partnerships and investment trusts, etc. that the Group has no control on their management policies such as their selection of investment targets.

The Group has not entered into any arrangement to provide financial support for the assets and liabilities of these structured entities. Accordingly, the maximum exposure of loss resulting from our involvement with unconsolidated structured entities is limited to the book value, the details of which are as described below:

	Millions of Yen	
	As at March 31, 2013	As at March 31, 2014
Operational investment securities	32,299	40,779
Other investment securities	2,596	5,742
Total	34,895	46,521

The maximum exposure indicates the maximum amount of possible loss, but not the possibility of such loss being incurred.

14. Investment Property

The movement of cost and accumulated depreciation and impairment losses of investment property consisted of the following:

	Millions of Yen	
Cost	For the year ended March 31, 2013	For the year ended March 31, 2014
Balance, beginning of year	21,144	39,095
Acquisitions	328	4,823
Business combinations	18,522	–
Sales or disposals	(899)	(8,784)
Foreign currency translation adjustment on foreign operations	–	2,913
Balance, end of year	39,095	38,047

Accumulated depreciation and impairment losses	Millions of Yen For the year ended March 31, 2013	For the year ended March 31, 2014
Balance, beginning of year	(2,615)	(2,740)
Depreciation	(287)	(505)
Impairment	(14)	(2,936)
Sales or disposals	176	1,559
Foreign currency translation adjustment on foreign operations	–	(230)
Balance, end of year	(2,740)	(4,852)

Impairment losses recognized for the years ended March 31, 2013 and 2014 were ¥14 million and ¥2,936 million, respectively, due to a significant decline in fair value of certain investment properties, and were recorded in "Other expenses" in the consolidated statement of income.

The impaired assets recognized for the year ended March 31, 2013 belong to the Real Estate business, which is classified into "Others" in segment information. Impairment losses recognized by segment for the year ended March 31, 2014 were ¥2,891 million in the Asset Management business and ¥45 million in the Real Estate business, which is classified into "Others" in segment information. The recoverable amount of the investment properties is measured at fair value less cost of disposal through real estate valuation.

"Business combinations" for the year ended March 31, 2013 refers to the acquisition of the Company's subsidiary, SBI Savings Bank and its subsidiaries.

Millions of Yen Carrying amount and fair value			
As at March 31, 2013		As at March 31, 2014	
Carrying amount	Fair value	Carrying amount	Fair value
36,355	37,169	33,195	34,268

The fair value as at the end of each reporting period is based on a valuation conducted by independent valuation appraisers with appropriate qualifications, who have had recent experience in local practice for relative categories of assets.

The inputs used for the fair value measurement of investment properties are categorized as Level 3 (unobservable inputs).

Rental income from investment property for the years ended March 31, 2013 and 2014 was ¥1,218 million and ¥1,262 million, respectively, which was included in "Operating revenue" in the consolidated statement of income. Expenses incurred in direct relation to the rental income (including repairs and maintenance) for the years ended March 31, 2013 and 2014, were ¥823 million and ¥1,076 million, respectively, which were included in "Operating cost" and "Selling, general and administrative expenses."

15. Property and Equipment

The movements of cost, accumulated depreciation and impairment loss of property and equipment were as follows:

Cost	Buildings	Furniture and fixtures	Land	Others	Total
	Millions of Yen				
Balance as at April 1, 2012	6,591	10,013	2,579	380	19,563
Acquisition	723	632	–	134	1,489
Acquisitions through business combinations	832	747	667	47	2,293
Sales or disposals	(1,361)	(570)	–	(31)	(1,962)
Foreign currency translation adjustment on foreign operations	0	(36)	39	67	70
Others	225	(643)	68	16	(334)
Balance as at March 31, 2013	7,010	10,143	3,353	613	21,119
Acquisition	866	1,486	–	850	3,202
Acquisitions through business combinations	–	0	–	–	0
Sales or disposals	(1,284)	(822)	(67)	(6)	(2,179)
Foreign currency translation adjustment on foreign operations	94	429	132	130	785
Others	697	16	218	(379)	552
Balance as at March 31, 2014	7,383	11,252	3,636	1,208	23,479

Accumulated depreciation and impairment losses	Millions of Yen				
	Buildings	Furniture and fixtures	Land	Others	Total
Balance as at April 1, 2012	(3,865)	(5,732)	(456)	(48)	(10,101)
Sales or disposals	1,022	465	–	15	1,502
Depreciation	(847)	(1,484)	–	(13)	(2,344)
Impairment losses	(10)	–	–	–	(10)
Foreign currency translation adjustment on foreign operations	(7)	28	–	(65)	(44)
Others	156	323	(68)	(16)	395
Balance as at March 31, 2013	(3,551)	(6,400)	(524)	(127)	(10,602)
Sales or disposals	1,131	741	68	4	1,944
Depreciation	(526)	(1,658)	–	(126)	(2,310)
Impairment losses	(10)	(2)	–	(249)	(261)
Foreign currency translation adjustment on foreign operations	(10)	(345)	–	(60)	(415)
Others	(11)	1	–	1	(9)
Balance as at March 31, 2014	(2,977)	(7,663)	(456)	(557)	(11,653)

Carrying amount	Millions of Yen				
	Buildings	Furniture and fixtures	Land (Note)	Others	Total
Balance as at March 31, 2013	3,459	3,743	2,829	486	10,517
Balance as at March 31, 2014	4,406	3,589	3,180	651	11,826

The carrying amount of property and equipment in the above table includes the carrying amount of the following leased assets:

Carrying amount	Millions of Yen		
	Buildings	Furniture and fixtures	Total
Balance as at March 31, 2013	336	1,604	1,940
Balance as at March 31, 2014	555	1,438	1,993

Impairment losses recognized for the years ended March 31, 2013 and 2014 were ¥10 million and ¥261 million, respectively, due to no expectation of initially expected profits and were included in “Other expenses” in the consolidated statement of income. Impairment losses recognized for the year ended March 31, 2013 were in the Asset Management Business. Impairment losses recognized for the year ended March 31, 2014 were ¥186 million in the Financial Services Business, ¥12 million in the Asset Management Business and ¥63 million in common expense, which is not allocated to specific business segments, respectively.

16. Intangible Assets

(1) The movement of cost and accumulated impairment losses of intangible assets including goodwill

The movements in cost, accumulated amortization and impairment losses of intangible assets including goodwill for the years ended March 31, 2013 and 2014 were as follows:

	Millions of Yen				
Cost	Goodwill	Software	Customer relationship	Others	Total
Balance as at April 1, 2012	55,970	26,176	2,309	747	85,202
Acquisitions	–	4,642	–	5	4,647
Business combinations	95,423	3,830	22,906	7	122,166
Sales or disposals	(341)	(1,087)	–	(5)	(1,433)
Foreign currency translation adjustment on foreign operations	124	8	1,495	35	1,662
Others	–	(8)	–	–	(8)
Balance as at March 31, 2013	151,176	33,561	26,710	789	212,236
Acquisitions	–	5,522	–	20	5,542
Business combinations	16	7	–	–	23
Sales or disposals	(764)	(4,826)	–	(24)	(5,614)
Foreign currency translation adjustment on foreign operations	12,931	621	3,763	37	17,352
Others	–	(378)	–	378	–
Balance as at March 31, 2014	163,359	34,507	30,473	1,200	229,539

	Millions of Yen				
Accumulated amortization and impairment losses	Goodwill	Software	Customer relationship	Others	Total
Balance as at April 1, 2012	(7,769)	(12,050)	(540)	(341)	(20,700)
Sales or disposals	–	349	–	–	349
Amortization	–	(4,467)	(527)	(160)	(5,154)
Impairment losses	(842)	(314)	–	–	(1,156)
Foreign currency translation adjustment on foreign operations	–	0	–	6	6
Balance as at March 31, 2013	(8,611)	(16,482)	(1,067)	(495)	(26,655)
Sales or disposals	744	4,657	–	24	5,425
Amortization	–	(5,482)	(2,963)	(147)	(8,592)
Impairment losses	(1,478)	(679)	–	–	(2,157)
Foreign currency translation adjustment on foreign operations	192	(127)	(1,171)	(16)	(1,122)
Others	–	378	–	(378)	–
Balance as at March 31, 2014	(9,153)	(17,735)	(5,201)	(1,012)	(33,101)

	Millions of Yen				
Carrying amount	Goodwill	Software	Customer relationship	Others	Total
Balance as at March 31, 2013	142,565	17,079	25,643	294	185,581
Balance as at March 31, 2014	154,206	16,772	25,272	188	196,438

The carrying amount of software in the above table as at March 31, 2013 and 2014 includes the carrying amount of leased assets of ¥624 million and ¥270 million, respectively. Amortization expenses were recorded in “Operating cost” and “Selling, general and administrative expenses” in the consolidated statement of income.

(2) Impairment losses for each business segment

The Group recognized impairment losses totaling ¥1,156 million and ¥2,157 million for the years ended March 31, 2013 and 2014, respectively, due to no expectation of initially expected profits, and recorded them in “Other expenses” in the consolidated statement of income. Impairment losses recognized for the year ended March 31, 2013 were ¥1,146 million in the Financial Services Business and ¥10 million in the Biotechnology-related Business, respectively. Impairment losses recognized for the year ended March 31, 2014 were ¥1,601 million in the Financial Services Business, ¥305 million in the Asset Management Business and ¥251 million in common expense, which is not allocated to certain business segments, respectively.

(3) Carrying amount of goodwill

Goodwill arising from business combinations is allocated to cash-generating units that are expected to benefit from the synergies of the business combination at the date of acquisition of the business.

Significant goodwill arising from business combinations were ¥90,343 million and ¥103,280 as at March 31, 2013 and 2014, respectively, related to SBI Savings Bank and SBI 2 Savings Bank in the Asset Management Business and ¥24,910 million and ¥24,910 as at March 31, 2013 and 2014, respectively, related to SBI SECURITIES Co., Ltd. in the Financial Services Business.

The recoverable amounts used for impairment test of goodwill and intangible assets are calculated based on the value in use. Value in use is the present value calculated by discounting the estimated cash flows based on the projection approved by management and a growth rate. The business plans are not longer than five years in principle, and reflect the management assessments of future industry trends and historical data based on the external and internal information. The growth rate is determined by considering the long term average growth rate of the market or the country which the CGU belongs to. The growth rate used for measuring value in use was 0% and 5% at the maximum per annum as at March 31, 2013 and 2014, respectively. The discount rate used for measuring value in use was 7.57% and 10.0% to 26.3% per annum as at March 31, 2013 and 2014, respectively.

Any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

17. Deferred Taxation

The following are the major deferred tax assets (liabilities) recognized and movements thereon during the years ended March 31, 2013 and 2014:

	Millions of Yen					
For the year ended March 31, 2013	As at April 1, 2012	Recognized through profit or loss	Recognized through other comprehensive income	Change in scope of consolidation	Recognized directly in equity	As at March 31, 2013
Deferred Tax Assets						
Financial assets at FVTPL	5,467	(3,101)	–	139	–	2,505
Impairment on financial assets measured at amortized cost	1,282	567	–	1,501	–	3,350
Fixed assets (Note)	1,593	(436)	–	92	–	1,249
Tax loss carryforwards	4,706	(692)	–	–	–	4,014
Other	2,706	195	(22)	(74)	–	2,805
Total	15,754	(3,467)	(22)	1,658	–	13,923
Deferred Tax Liabilities						
Financial Assets at FVTOCI	68	–	357	–	–	425
Intangible assets	377	(83)	–	4,695	–	4,989
Other	120	(120)	–	1,670	–	1,670
Total	565	(203)	357	6,365	–	7,084

For the year ended March 31, 2014	Millions of Yen					
	As at April 1, 2013	Recognized through profit or loss	Recognized through other comprehensive income	Change in scope of consolidation	Recognized directly in equity	As at March 31, 2014
Deferred Tax Assets						
Financial assets at FVTPL	2,505	(2,505)	–	–	–	–
Impairment on financial assets measured at amortized cost	3,350	(1,765)	–	–	–	1,585
Fixed assets (Note)	1,249	(663)	–	–	–	586
Tax loss carryforwards	4,014	214	–	(38)	–	4,190
Other	2,805	(875)	–	3	(123)	1,810
Total	13,923	(5,594)	–	(35)	(123)	8,171
Deferred Tax Liabilities						
Financial Assets at FVTPL	–	2,015	–	–	–	2,015
Financial Assets at FVTOCI	425	–	0	–	–	425
Intangible assets	4,989	(520)	901	–	–	5,370
Other	1,670	(1,670)	–	–	816	816
Total	7,084	(175)	901	–	816	8,626

Note: Fixed assets represent property and equipment, and investment property.

In assessing the recoverability of the deferred tax assets, the Group considers the future taxable temporary differences, projected future taxable income, and tax planning strategies. The tax losses for which deferred tax assets were not recognized as at March 31, 2013 and 2014, were ¥98,770 million (including ¥82,685 million with the carryforward period over 5 years), ¥157,545 million (including ¥127,147 million with the carryforward period over 5 years), respectively.

The Group recognized deferred tax assets of ¥2,150 million and ¥3,198 million as at March 31, 2013 and 2014, respectively, associated with certain subsidiaries that had net losses during the years ended March 31, 2013 and 2014. The Group's management assessed that it is probable that tax credit carryforwards and deductible temporary differences will be utilized as the tax losses are not expected to arise on an ongoing basis.

As at March 31, 2013 and 2014, in principle, the Group did not recognize a deferred tax liability on the taxable temporary differences associated with investments in subsidiaries because the Group was in a position to control the timing of the reversal of the temporary differences and it was probable that such differences would not reverse in the foreseeable future. The amount of taxable temporary differences associated with investments in subsidiaries on which deferred tax liabilities were not recognized were ¥39,026 million and ¥110,207 million as at March 31, 2013 and 2014, respectively.

18. Bonds and Borrowings

(1) Details of bonds and borrowings

Details of the borrowings were as follows:

	Millions of Yen		%	
	As at March 31, 2013	As at March 31, 2014	Average interest rate (Note 1)	Due (Note 2)
Short-term loans payable	136,026	185,095	0.79	–
Current portion of long-term loans payable	6,492	9,993	1.64	–
Current portion of bonds payable	65,462	76,136	–	–
Long-term loans payable	17,913	43,965	0.85	2015–2023
Bonds payable	38,524	62,430	–	–
Borrowings related to securitization (Note 3)	79,943	62,493	–	–
Total	344,360	440,112		

Notes: 1. The average interest rate is calculated using the weighted average coupon rate of the outstanding balance as at March 31, 2014.
2. The due represents the repayment term of the outstanding balance as at March 31, 2014.
3. Borrowings related to securitization were funded through securitization of receivables and the liability amounts were recognized against the transferred loan receivables which do not qualify for derecognition and continued to be recognized as the Group's assets.

Details of the bonds were as follows:

Issuer and the name of bond	Date of issuance	Millions of Yen As at March 31, 2013	Millions of Yen As at March 31, 2014	% Interest rate (Note 1)	Due
The Company Japanese yen straight bond (Note 2)	July 2012– December 2013	63,972	39,981	1.52–1.55	July 2013– December 2014
The Company No. 4 Unsecured straight bond	January 2012	29,920	29,964	2.16	January 2015
The Company No. 5 Unsecured straight bond	August 2013	–	29,902	2.15	August 2016
The Company Euroyen Convertible Bonds (Note 3)	November 2013	–	27,695	–	November 2017
SBI Mortgage Co., Ltd. No. 1 Unsecured straight bond	March 2014	–	1,000	2.20	March 2017
SBI Trade Win Tech Co., Ltd. No. 1 Unsecured straight bond	March 2014	–	200	1.99	March 2019
Hyundai Swiss Savings Bank Co., Subordinated bond in Korean Won	June 2008– April 2010	10,094	9,824	7.9–8.5	October 2013– July 2015
Total		103,986	138,566		

Notes: 1. Interest rate is the coupon rate of the balance as at March 31, 2014.
2. Total amounts of straight bonds in Japanese Yen issued based on Euro medium term note program are stated above.
3. The stock acquisition rights of Euroyen convertible bonds are recognized as embedded derivatives.
The amount of the stock acquisition rights are separated from the host, measured at fair value, and recorded as capital surplus after tax effects.

(2) Assets pledged as security

Assets pledged for liabilities and contingent liabilities were as follows:

	Millions of Yen As at March 31, 2013	Millions of Yen As at March 31, 2014
Cash and cash equivalents	122	88
Trade and other accounts receivable	4,587	9,739
Other financial assets	1,358	2,645
Investment properties	13,903	9,851
Other assets	380	284
Total	20,350	22,607

The corresponding liabilities were as follows:

	Millions of Yen As at March 31, 2013	Millions of Yen As at March 31, 2014
Bonds and borrowings	14,000	15,359

Besides the above, securities received as collateral for financing from broker’s own capital of ¥22,954 million and ¥71,946 million were pledged as collateral for borrowings on margin transactions as at March 31, 2013 and 2014, respectively.

19. Trade and Other Payables

The components of trade and other payables were as follows:

	Millions of Yen As at March 31, 2013	Millions of Yen As at March 31, 2014
Accounts payable and notes payable	2,574	2,748
Accounts payable-other	9,657	8,784
Advances received	30,720	36,280
Finance lease liability	4,624	4,205
Others	1,319	1,486
Total	48,894	53,503

20. Other Liabilities Related to Securities Business

The components of other liabilities related to securities business were as follows:

	Millions of Yen As at March 31, 2013	Millions of Yen As at March 31, 2014
Trade date accrual	253,819	285,621
Deposits for subscription	1,590	954
Others	225	775
Total	255,634	287,350

21. Leases

(1) As lessee

The Group leases servers for online transaction systems and certain other assets under finance leases. Future minimum lease payments and their present value under finance lease contracts of each payment period as at March 31, 2013 and 2014 were as follows:

	Millions of Yen	
	As at March 31, 2013	As at March 31, 2014
No later than 1 year		
Future minimum lease payments	1,914	1,779
Less: future financial cost	(96)	(73)
Present value	1,818	1,706
Later than 1 year and not later than five years		
Future minimum lease payments	2,908	2,546
Less: future financial cost	(105)	(110)
Present value	2,803	2,436
Later than 5 years		
Future minimum lease payments	3	65
Less: future financial cost	(0)	(2)
Present value	3	63
Total		
Future minimum lease payments	4,825	4,390
Less: future financial cost	(201)	(185)
Present value	4,624	4,205

The total future minimum sublease payments under non-cancellable sublease contracts as at March 31, 2013 and 2014 were ¥2,058 million and ¥1,283 million, respectively.

The Group leases office buildings and certain other assets under operating leases. The total future minimum lease payments recorded as expenses under cancellable or non-cancellable operating lease contracts as at March 31, 2013 and 2014 were ¥5,297 million and ¥5,327 million, respectively.

(2) As lessor

The Group leases equipment for telecommunication business and certain other assets under finance leases. Future minimum lease payments receivable and their present value under finance lease contracts of each payment period as at March 31, 2013 and 2014 were as follows:

	Millions of Yen	
	As at March 31, 2013	As at March 31, 2014
No later than 1 year		
Future minimum lease payments receivable	4,514	5,377
Less: Future finance income	(211)	(223)
Unguaranteed residual value	–	–
Present Value	4,303	5,154
Later than 1 year and not later than five years		
Future minimum lease payments receivable	9,849	11,375
Less: Future finance income	(254)	(288)
Unguaranteed residual value	–	–
Present Value	9,595	11,087
Later than 5 years		
Future minimum lease payments receivable	–	–
Less: Future finance income	–	–
Unguaranteed residual value	–	–
Present Value	–	–
Total		
Future minimum lease payments receivable	14,363	16,752
Less: Future finance income	(465)	(511)
Unguaranteed residual value	–	–
Present Value	13,898	16,241

22. Capital Stock and Other Equity Items

(1) Capital stock and treasury stock

The number of authorized shares as at March 31, 2013 and 2014 was 341,690,000 shares.

The Company's issued shares were as follows:

	Shares	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Number of issued shares (common shares with no par value)		
As at the beginning of the period	22,451,303	224,525,781
Increase during the period (Notes 1, 2)	202,074,478	35,980
As at the end of the period	224,525,781	224,561,761

Notes: 1. The increase of 202,067,487 shares related to the increase of 6,991 shares due to the exercise of stock acquisition rights and 202,067,487 due to the 10 for 1 stock split effective on October 1, 2012.
2. The increase of 35,980 shares related to the increase due to the exercise of stock acquisition rights.

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

	Shares	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Number of treasury stock		
As at the beginning of the period	442,093	8,098,446
Increase during the period (Notes 1, 3)	7,730,653	45,497
Decrease during the period (Notes 2, 4)	(74,300)	(65,200)
As at the end of the period	8,098,446	8,078,743

Notes: 1. The increase of 7,730,653 shares related to the acquisition of 377,857 shares subject to Article 156 of the Companies Act (replacement of the third paragraph of Article 165), 33,186 shares purchased from shareholders with less than one unit of shares, and 7,319,610 shares due to a 10 for 1 stock split effective on October 1, 2012.
2. The decrease of 74,300 shares related to 1,940 shares sold to shareholders with less than one unit of shares, and sales of 72,360 shares to the Employee Stockholding Association.
3. The increase of 45,497 shares was due to the purchases from shareholders with less than one unit of shares.
4. The decrease of 65,200 shares related to 3,400 shares sold to shareholders with less than one unit of shares, and sales of 61,800 shares to the Employee Stockholding Association.

(2) Reserves

a. Capital surplus

Under the Companies Act of Japan ("the Companies Act"), at least 50% of the proceeds of certain issues of common shares shall be credited to common stock. The remainder of the proceeds shall be credited to capital surplus. The Companies Act permits, upon approval of the shareholders meeting, the transfer of amounts from capital surplus to common stock.

b. Retained earnings

The Companies Act provides that a 10% dividend of retained earnings shall be appropriated as capital surplus or as a statutory reserve until the aggregate amount of capital surplus and statutory reserve reaches 25% of common stock. The statutory reserve may be used to eliminate or reduce a deficit or be transferred to retained earnings upon approval of the shareholders meeting.

(3) Other component of equity

The movements of other component of equity were as follows:

	Millions of Yen			
	Other component of equity			
	Currency translation differences	Financial assets at FVTOCI	Hedging instruments for cash flow hedges	Total
Balance as at April 1, 2012	(1,352)	35	(46)	(1,363)
Change for the year	7,838	(247)	46	7,637
Transfer to retained earnings	–	(78)	–	(78)
Balance as at March 31, 2013	6,486	(290)	–	6,196
Change for the year	9,900	998	–	10,898
Transfer to retained earnings	–	(869)	–	(869)
Balance as at March 31, 2014	16,386	(161)	–	16,225

23. Dividends

Dividends paid were as follows:

Year ended March 31, 2013	Type of share	Dividend amount (Millions of Yen)	Amount per share (Yen)	Record date	Effective date
Board of Directors' Meeting on April 26, 2012	Common shares	2,208	100	March 31, 2012	June 7, 2012

The Company conducted a 10 for 1 stock split, effective on October 1, 2012. The amount of dividend per share presented above refers to the amount before the stock split was conducted.

Year ended March 31, 2014	Type of share	Dividend amount (Millions of Yen)	Amount per share (Yen)	Record date	Effective date
Board of Directors' Meeting on May 9, 2013	Common shares	2,170	10	March 31, 2013	June 6, 2013

Dividends for which the declared date fell in the year ended March 31, 2014, and for which the effective date will be in the year ended March 31, 2015

	Type of share	Dividend amount (Millions of Yen)	Amount per share (Yen)	Record date	Effective date
Board of Directors' Meeting on May 8, 2014	Common shares	4,340	20	March 31, 2014	June 6, 2014

24. Share-based Payment

The Company and certain of its subsidiaries have stock option plans for their directors or employees. These stock options are granted to persons resolved by the board of directors based on the approval of the shareholders meeting of the Company or certain of its subsidiaries. Vesting conditions include accomplishment of the IPO, the directors or employees holding their positions as directors or employees until the accomplishment of the IPO. Also, certain of the stock options were allocated to the directors or employees at the fair value.

None of the expenses arising from granted stock options are recorded during the years ended March 31, 2013 and 2014.

The outline of the stock option plans of the Group is as follows:

(1) The Company

The Company's stock options were all vested before the date of transition to IFRSs (April 1, 2011, hereinafter referred to as the "transition date"); thus, the Company does not apply IFRS 2 "Share-based payment."

The outline of the Company's stock option plan is as follows:

	Shares	Yen	Shares	Yen
	For the year ended March 31, 2013		For the year ended March 31, 2014	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Beginning balance	2,420,376.81	2,271	1,513,238.36	2,901
Forfeited	(894,387.45)	1,231	(1,123,298.88)	2,477
Exercised	(12,751.00)	463	(35,980.98)	752
Unexercised balance	1,513,238.36	2,901	353,958.50	4,466

Notes: 1. Weighted average stock prices upon exercise of stock options for the years ended March 31, 2013 and 2014 were ¥597 and ¥1,305, respectively.
2. Number of shares and weighted average exercise prices in the above table are adjusted retrospectively reflecting the 10 for 1 stock split effective on October 1, 2012.

The unexercised balance as at March 31, 2014 is as follows:

Yen	Shares	Yen	Years
As at March 31, 2014			
Exercise price range	Number of shares	Weighted average exercise price	Average remaining exercise period
2,501–3,500	345.00	2,934	0.2
3,501–4,500	174,409.00	4,317	1.2
4,501–5,000	179,204.50	4,613	0.2
Total	353,958.50	4,466	0.7

(2) Subsidiaries

The outline of the Company's subsidiaries' stock option plans is as follows:

(a) Stock option plans which were unvested at the transition date

	Shares	Yen	Shares	Yen
	For the year ended March 31, 2013		For the year ended March 31, 2014	
a-1 SBI Biotech Co., Ltd.	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Beginning balance	1,246	17,279	710	26,549
Forfeited	(536)	5,000	–	–
Unvested balance	710	26,549	710	26,549

Notes: 1. There were no vested balances as at March 31, 2014.
2. The average remaining exercise period as at March 31, 2014 was 1.4 years. (Stock options with exercise period defined as 3 years passed from the IPO date are excluded.)

	Shares	Yen	Shares	Yen
	For the year ended March 31, 2013		For the year ended March 31, 2014	
a-2 SBI Japannext Co., Ltd.	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Beginning balance	–	–	10,460	77,854
Change in scope of consolidation	10,460	77,854	–	–
Unvested balance	10,460	77,854	10,460	77,854

Notes: 1. There were no vested balances as at March 31, 2014.
2. The average remaining exercise period as at March 31, 2014 was 4.3 years. (Stock options with exercise period defined as 3 years passed from the IPO date are excluded.)
3. SBI Japannext Co., Ltd. became a subsidiary of the Group through acquisition during the year ended March 31, 2013.

	Shares	Yen	Shares	Yen
	For the year ended March 31, 2013		For the year ended March 31, 2014	
a-3 Autoc one K.K.	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Beginning balance	8,400	22,155	2,550	50,039
Forfeited	(5,850)	10,000	(60)	50,000
Unvested balance	2,550	50,039	2,490	50,040

Notes: 1. There were no vested balances as at March 31, 2014.
2. The average remaining exercise period as at March 31, 2014 was 0.6 years.

	Shares	Yen
	For the year ended March 31, 2013	
a-4 SBI Trade Win Tech Co., Ltd.	Number of shares	Weighted average exercise price
Beginning balance	1,320	149,394
Forfeited	(1,320)	149,394
Unvested balance	–	–

a-5 SBI SSI Co., Ltd.	Shares	Yen
	For the year ended March 31, 2013	
	Number of shares	Weighted average exercise price
Beginning balance	784	50,000
Forfeited	(784)	50,000
Unvested balance	–	–

a-6 NARUMIYA INTERNATIONAL CO., LTD.	Shares	Yen	Shares	Yen
	For the year ended March 31, 2013		For the year ended March 31, 2014	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Beginning balance	2,800	78,557	4,000	78,557
Granted	1,200	78,557	–	–
Forfeited	–	–	(350)	78,557
Unvested balance	4,000	78,557	3,650	78,557

Notes: 1. Average remaining exercise period as at March 31, 2014 was 6.3 years.
2. Fair value of the stock option granted during the year ended March 31, 2013 was ¥6,800. Fair value was determined based on Monte Carlo simulation and was evaluated by an external specialist. The following assumptions were used in the Monte Carlo simulation regarding the stock options granted during the year ended March 31, 2013:

Stock price at the grant date	:	¥54,000	Estimated remaining exercise period	:	5 years
Exercise price	:	¥78,557	Dividend yield	:	0%
Estimated volatility	:	34.16%	Risk free rate	:	0.21%

3. The stock options vest upon receipt of cash for the price equivalent to their fair value.

a-7 SBI AXES Co., Ltd.	Shares	Yen	Shares	Yen
	For the year ended March 31, 2013		For the year ended March 31, 2014	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Beginning balance	165,100	424	165,100	424
Movement	–	–	–	–
Unvested balance	165,100	424	165,100	424

Notes: 1. Average remaining exercise period as at March 31, 2014 was 0.7 years.
2. The stock options vest upon receipt of cash for the price equivalent to their fair value.

(b) Stock option plans which were vested before the transition date

The following stock options were vested before the transition date, thus the Group does not apply IFRS 2 “Share-based Payment.”

b-1 SBI Life Living Co., Ltd.	Shares	Yen	Shares	Yen
	For the year ended March 31, 2013		For the year ended March 31, 2014	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Beginning balance	489,500	535	489,500	535
Forfeited	–	–	(200)	542
Exercised	–	–	(114,760)	542
Unexercised balance	489,500	535	374,540	533

Notes: 1. Weighted average stock price of stock options upon exercise for the year ended March 31, 2014 was ¥594.
2. Average remaining exercise period as at March 31, 2014 was 2.0 years.
3. Number of shares and weighted average exercise prices in the above table are adjusted retrospectively reflecting the 500 for 1 stock split effective on June 1, 2013.

b-2 SBI Mortgage Co., Ltd.	Shares	Yen	Shares	Yen
	For the year ended March 31, 2013		For the year ended March 31, 2014	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Beginning balance	47,000	750	47,000	750
Forfeited	–	–	(47,000)	750
Unexercised balance	47,000	750	–	–

b-3 Morningstar Japan K.K.	Shares	Yen	Shares	Yen
	For the year ended March 31, 2013		For the year ended March 31, 2014	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Beginning balance	785,400	216	75,000	445
Forfeited	(475,200)	192	–	–
Exercised	(235,200)	192	–	–
Unexercised balance	75,000	445	75,000	445

Notes: 1. Weighted average stock price of stock options upon exercise for the year ended March 31, 2013 was ¥207.
2. Average remaining exercise period as at March 31, 2014 was 2.0 years.
3. Number of shares and weighted average exercise prices in the above table are adjusted retrospectively reflecting the 300 for 1 stock split effective on July 1, 2013.

25. Operating Revenue

Operating revenue for the years ended March 31, 2013 and 2014 consisted of the following:

	Millions of Yen	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Financial income		
Interest income (Note 1)	18,553	62,945
Dividends received	1,178	385
Income arising from financial assets at FVTPL	10,329	11,595
Gain from trading	10,449	14,047
Total financial income	40,509	88,972
Revenue from rendering of services	77,231	105,987
Valuation gain on business combination achieved in stages (Note 2)	2,762	–
Other income	33,783	37,863
Total operating revenue	154,285	232,822

Notes: 1. Interest income in financial income arises from financial assets measured at amortized cost.
2. Valuation gain on business combination achieved in stages arose 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.

26. Operating Expense

Operating expense for the years ended March 31, 2013 and 2014 consisted of the following:

(1) Operating cost

	Millions of Yen	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Payroll	(5,899)	(6,235)
Outsourcing fees	(8,036)	(8,257)
Depreciation and amortization	(1,433)	(1,360)
Insurance payout and provision for statutory reserves related to insurance business	(16,810)	(19,458)
Others	(23,097)	(33,162)
Total operating cost	(55,275)	(68,472)

(2) Financial cost

	Millions of Yen	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Financial cost		
Interest expense		
Financial liabilities measured at amortized cost	(4,612)	(18,526)
Total financial cost	(4,612)	(18,526)

(3) Selling, general and administrative expenses

	Millions of Yen	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Payroll	(21,657)	(24,529)
Outsourcing fees	(12,509)	(16,166)
Depreciation and amortization	(6,104)	(10,018)
Research and development	(2,621)	(2,943)
Others	(32,340)	(42,341)
Total selling, general and administrative expenses	(75,231)	(95,997)

(4) Other expenses

	Millions of Yen	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Impairment loss on non-financial assets	(1,180)	(5,354)
Foreign exchange loss	–	(809)
Others	(1,159)	(2,771)
Total other expenses	(2,339)	(8,934)

27. Other Financial Income and Cost

Other financial income and cost for the years ended March 31, 2013 and 2014 consisted of the followings:

	Millions of Yen	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Other financial income		
Interest income		
Financial assets measured at amortized cost	604	514
Total other financial income	604	514
Other financial expense		
Interest expense		
Financial liabilities measured at amortized cost	(2,968)	(3,839)
Total other financial expense	(2,968)	(3,839)

28. Income Tax Expense

The amount of income tax expenses for the years ended March 31, 2013 and 2014 were as follows:

	Millions of Yen	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Income tax expense		
Current	(4,181)	(13,681)
Deferred	(3,264)	(5,419)
Total income tax expense	(7,445)	(19,100)

The Company and its domestic subsidiaries are subject to mainly a national corporate tax, an inhabitants tax, and an enterprise tax, which, in aggregate, resulted in a normal effective statutory tax rate of 38.01%. Foreign subsidiaries are subject to the income taxes of the countries in which they operate.

A reconciliation between the normal effective statutory tax rates and the Group's average effective tax rate reflected in the accompanying consolidated statement of income for the years ended March 31, 2013 and 2014 is as follows:

	%	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Normal effective statutory tax rate	38.01	38.01
Expenses not deductible for income tax purposes	5.35	1.73
Tax effect on minority interests of investments in fund	(12.07)	3.35
Temporary differences arising from consolidation of investments	9.05	(0.35)
Change in valuation allowance	16.14	3.44
Other	(6.92)	2.92
Average effective tax rate	49.56	49.10

29. Other Comprehensive Income

Amounts recorded during the year, reclassification adjustments and income tax effects on each item of other comprehensive income for the years ended March 31, 2013 and 2014 were as follows:

	Millions of Yen				
For the year ended March 31, 2013	Amount recorded during the year	Reclassification adjustment	Amount before income tax	Income tax effect	Amount after income tax
Items that will not be reclassified subsequently to profit or loss					
FVTOCI financial assets	107	–	107	(357)	(250)
Items that may be reclassified subsequently to profit or loss					
Currency translation differences	8,579	–	8,579	–	8,579
Hedging instruments for cash flow hedges	80	(9)	71	(22)	49
Total	8,766	(9)	8,757	(379)	8,378

For the year ended March 31, 2014	Millions of Yen Amount recorded during the year	Reclassification adjustment	Amount before income tax	Income tax effect	Amount after income tax
Items that will not be reclassified subsequently to profit or loss					
FVTOCI financial assets	979	–	979	0	979
Items that may be reclassified subsequently to profit or loss					
Currency translation differences	10,745	(244)	10,501	(901)	9,600
Hedging instruments for cash flow hedges	–	–	–	–	–
Total	11,724	(244)	11,480	(901)	10,579

30. Earnings per Share

Basic earnings per share and diluted earnings per share attributable to owners of the Company were calculated based on the following information:

Since the Company conducted a 10 for 1 stock split, effective on October 1, 2012, basic earnings per share and diluted earnings per share attributable to owners of the Company were calculated based on the new number of shares after the stock split and adjusted retrospectively.

	Millions of Yen Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Earnings		
Profit attributable to owners of the Company	3,817	21,439
Dilutive effect: Convertible bonds	–	158
Profit attributable to owners of the Company after dilutive effect	3,817	21,597
Shares		
Basic weighted average number of ordinary shares (shares)	217,072,796	216,464,301
Dilutive effect: Stock options (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)	17.58	99.04
Diluted (in Yen)	17.58	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.

31. Cash Flow Information

Supplemental disclosure of cash flow information for the years ended March 31, 2013 and 2014 was as follows:

(1) Expenditures on acquisition of subsidiaries

The amounts of payments for acquisition of subsidiaries were ¥22,206 million and ¥2,145 million for the years ended March 31, 2013 and 2014, respectively. Cash and cash equivalents held by the subsidiaries at the acquisition date were ¥3,755 million and ¥88 million, respectively.

(2) Proceeds from sales of subsidiaries

Total consideration received in respect of sales of subsidiaries was ¥17,520 million and ¥3,798 million for the years ended March 31, 2013 and 2014, respectively. Amounts of major classes of assets and liabilities of subsidiaries at the date of sale were as follows:

	Millions of Yen For the year ended March 31, 2013	For the year ended March 31, 2014
Cash and cash equivalents	7,458	911
Trade and other receivables	14,108	1,040
Other assets	1,150	109
Total assets	22,716	2,060
Bonds and loans payable	6,869	1,656
Trade and other payables	3,027	80
Other liabilities	6,955	29
Total liabilities	16,851	1,765

32. Subsidiaries

Major subsidiaries of the Group as at March 31, 2014 were as follows:

Business segment	Name	Location	Voting Rights Holding Ratio or Investment Ratio (%)
Financial Services Business	SBI FINANCIAL SERVICES Co., Ltd.	Japan	100.0
	SBI SECURITIES Co., Ltd.	Japan	100.0 (100.0)
	SBI Liquidity Market Co., Ltd.	Japan	100.0 (100.0)
	SBI FXTRADE Co., Ltd.	Japan	100.0 (100.0)
	SBI MONEY PLAZA Co., Ltd.	Japan	100.0 (100.0)
	SBI Japannext Co., Ltd.	Japan	52.8 (9.9)
	SBI Insurance Co., Ltd	Japan	86.5
	Morningstar Japan K.K.	Japan	49.2
	SBI Mortgage Co., Ltd.	Japan	66.5 (15.2)
	SBI Card Co., Ltd.	Japan	100.0
	SBI Lease Co., Ltd.	Japan	100.0 (100.0)
	CEM Corporation	Japan	79.7 (57.1)
	SBI Net Systems Co., Ltd.	Japan	100.0 (5.0)
Asset Management Business	SBI Capital Management Co., Ltd.	Japan	100.0
	SBI Investment Co., Ltd.	Japan	100.0 (100.0)
	SBI CAPITAL Co., Ltd.	Japan	100.0 (100.0)
	SBI Value Up Fund No.1 Limited Partnership	Japan	49.8 (6.5)
	SBI VEN HOLDINGS PTE. LTD.	Singapore	100.0
	SBI KOREA HOLDINGS CO., LTD.	Korea	100.0 (100.0)
	SBI Savings Bank	Korea	96.9 (96.9)
	SBI Asset Management Co., Ltd.	Japan	100.0 (100.0)
Biotechnology-related Business	SBI Pharmaceuticals Co., Ltd.	Japan	73.2 (73.2)
	SBI ALApromo Co., Ltd.	Japan	100.0 (100.0)
	SBI Biotech Co., Ltd.	Japan	77.2 (70.8)
Other Businesses	SBI Life Living Co., Ltd.	Japan	73.3

Note: In the "voting rights holding ratio or investment ratio" column, when the associate is an investment partnership or the like, the investment percentage is provided.
The figure in the parentheses represents the indirect holding ratio of voting rights or indirect investment ratio included in the total.

33. Related Party Transactions

(1) Related party transactions

The Group entered into the following related party transactions during the year ended March 31, 2013.

				Millions of Yen	
Type	Name	Position	Nature of related party transaction	Transaction amount	Unsettled amount
Director	Yoshitaka Kitao	Representative Director, President and CEO of the Company	Subscription to the Company's subsidiary's third party allotment (Note)	30	–

Note: The price of the subscription was same as that of a transaction with an independent third party subscribed through third party allotment.
The payment term was cash disbursement at one time.

There were no related party transactions during the year ended March 31, 2014.

(2) Emoluments to the directors of the Company for the years ended March 31, 2013 and 2014

	Millions of Yen	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Directors' Fees	434	448
Post-employment benefits	3	2
Total	437	450

34. Contingent Liabilities

(1) Loan commitments

The Group is involved in the credit card business and provides loan commitments in relation to the business.

The total amount of loan commitments amounted to ¥2,239 million and ¥2,308 million, with an unused portion of ¥1,674 million and ¥1,798 million, as at March 31, 2013 and 2014, respectively.

However, contracts are revised regularly upon changes to customer's credit condition and other matters considered necessary to ensure secure credit facilities. Thus, the unused portion of the commitment will not affect the Group's future cash flow.

(2) Guarantee of third party's payables

In its Financial Service Business segment, the Group provides a guarantee to its equity method investee for debts that third party customers of that entity owe to such entity. The undiscounted amounts of guaranteed debts were as follows:

	Millions of Yen	
	As at March 31, 2013	As at March 31, 2014
Guarantee of third party's payables	277	153

35. Other Significant Events

Upon resolution and approval by the Company's Board of Directors at its meeting held on July 16, 2013, the Company entered into an agreement to acquire 100% of the equity interest in PCA Life Insurance Co., Ltd., the Japanese arm of Prudential plc, subject to the approval by the relevant authorities, and the Company entered into a share transfer agreement at the same date.

The due date of the transfer of shares is to be determined since the transfer will be conducted after the authorization or permission by the relevant authorities.

(1) Background and rationale of share acquisition

As part of the SBI Group's overall strategy, the Group has been considering to reenter into the life insurance business and believes that the acquisition will provide a valuable opportunity in starting its life insurance business in Japan.

(2) Name of the vendor

Prudential Corporation Holdings Limited

(3) Summary of acquired company

(a) Name
PCA Life Insurance Co., Ltd.
(b) Main Business Activities
Insurance business
(c) Capital Stock
¥47.5 billion (as at March 31, 2014)

(4) Number of shares to be acquired, acquisition amount and the number of shares held after the acquisition

(a) Number of shares to be acquired
1,480,000 (Number of voting right: 1,480,000)
(b) Acquisition amount
Common share of PCA Life Insurance:
USD 85 million
(c) Number of shares held after acquisition
1,480,000 (Number of voting right: 1,480,000)
(Shareholding ratio: 100%)

36. Share Transfer of SBI Mortgage Co., Ltd.

The common shares of SBI Mortgage Co., Ltd., a consolidated subsidiary of the Company, were transferred to CSM Holdings Co., Ltd. on August 21, 2014 through the tender offer made by CSM Holdings Co., Ltd. As a result, for the year ending March 31, 2015, SBI Mortgage Co., Ltd. will be excluded from the scope of consolidation, and the Company will record a gain on sale of shares of approximately JPY 17.0 billion in the consolidated financial statements.

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated statement of financial position of SBI Holdings, Inc. (the "Company") and its subsidiaries as at March 31, 2014, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of SBI Holdings, Inc. and its subsidiaries as at March 31, 2014, and the consolidated results of their operations and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matters

As discussed in Note 2(6) to the consolidated financial statements, the accompanying consolidated financial statements have been revised.

As discussed in Note 35 to the consolidated financial statements, upon resolution and approval by the Company's Board of Directors at its meeting held on July 16, 2013, the Company entered into an agreement to acquire 100% of the equity interest in PCA Life Insurance Co., Ltd., the Japanese arm of Prudential plc, subject to the approval by the relevant authorities, and the Company entered into a share transfer agreement at the same date.

As discussed in Note 36 to the consolidated financial statements, the common shares of SBI Mortgage Co., Ltd., a consolidated subsidiary of the Company, were transferred to CSM Holdings Co., Ltd. on August 21, 2014 through the tender offer made by CSM Holdings Co., Ltd. As a result, for the year ending March 31, 2015, SBI Mortgage Co., Ltd. will be excluded from the scope of consolidation, and the Company will record a gain on sale of shares of approximately JPY 17.0 billion in the consolidated financial statements.

Our opinion is not qualified in respect of these matters.

Deloitte Touche Tohmatsu LLC

October 2, 2014

Member of
Deloitte Touche Tohmatsu Limited

The SBI Group (Principal Group Companies)

SBI Holdings, Inc.

TSE First Section

Financial Services Business

A diversified line of financial services

❶ SBI FINANCIAL SERVICES Co., Ltd.
Control and management of the Financial Services Business 100.0%

- ❶ SBI SECURITIES Co., Ltd.
  Comprehensive online securities company 100.0%
- ❶ SBI MONEY PLAZA Co., Ltd.
  "Face-to-face" shops that provide financial products 100.0%
- ❶ SBI Liquidity Market Co., Ltd.
  Provision of market infrastructure to supply liquidity to FX margin trading 100.0%
  - ❶ SBI FXTRADE Co., Ltd.
    Pure-play FX broker 100.0%
- ❶ SBI Benefit Systems Co., Ltd.
  Operational management of defined-contribution pension, etc. 87.0%
- ❶ SBI Business Support Co., Ltd.
  Call center planning and operation, staffing 100.0%

❶ SBI Japannext Co., Ltd.
Operation of PTS (Proprietary Trading System) 52.8%

❶ SBI Social Lending Co., Ltd.
Loan and social lending operations 100.0%

❶ SBI Remit Co., Ltd.
International remittance business 100.0%

❶ SBI AutoSupport Co., Ltd.
Provision of financial services through used car dealers, etc. 70.0%

❶ Autoc one K.K.
Internet support service for purchasing automobiles 65.8%

Financial Services Business (Business Divisions of SBI Holdings, Inc.)
Operation of financial product comparison, search and estimate websites

❶ SBI Trade Win Tech Co., Ltd.
Development of financial systems 100.0%

❷ SBI-LG Systems Co., Ltd.
System-related business 49.0%

JASDAQ
❷ SOLXYZ Co., Ltd.
Software development 26.3%

❶ SBI Business Solutions Co., Ltd.
Back office support services 80.7%

❶ SBI Insurance Co., Ltd.
Internet-based nonlife insurance company 86.5%

❶ SBI SSI Holdings Co., Ltd.
Holding company of small-amount short-term insurance policy businesses 100.0%

- ❶ SBI IKIIKI SSI Inc.
  Small-amount short-term insurance policy businesses 100.0%

❶ SBI SSI Co., Ltd.
Small-amount short-term insurance policy businesses 98.3%

❷ SBI Sumishin Net Bank, Ltd.
Internet-based full service bank 50.0%

❶ CEM Corporation
Real estate secured loans 79.7%

JASDAQ
❶ Morningstar Japan K.K.
Rating information for investment trust, others 49.2%

- ❶ Morningstar Asset Management Co., Ltd.
  Investment advisory services, others 100.0%

❶ SBI Card Co., Ltd.
Credit card business 100.0%

As of June 30, 2014 / Note: Percentages are the total Group ownership, which is the sum total of the voting rights in possession by the Company and the companies and funds defined as its subsidiaries by IFRSs.
❶ Consolidated subsidiary ❷ Equity method associate

Asset Management Business

Fund management, investment advisory services, etc.

- ❶ SBI Capital Management Co., Ltd. — Control and management of the Asset Management Business — 100.0%
  - ❶ SBI Investment Co., Ltd. — Venture capital fund management — 100.0%
  - ❶ SBI CAPITAL Co., Ltd. — Buyout and value up fund management — 100.0%
- ❶ SBI Asset Management Co., Ltd. — Investment advisory services, investment trust management — 100.0%
- ❶ SBI Arsnova Research, Co., Ltd. — Arrangement and management of alternative investments — 99.0%
- ❶ SBI VEN CAPITAL PTE. LTD. — Overseas private equity fund management — 100.0%
- KOSDAQ ❷ SBI Investment KOREA Co., Ltd. — Venture capital in Korea — 43.9%
- KOSDAQ ❶ SBI AXES Co., Ltd. — Holding company of payment providers — 75.0%
- ❶ SBI Savings Bank — Savings bank in Korea — 97.4%
- ❶ SBI Royal Securities Plc. — Comprehensive securities company in Cambodia — 65.3%
- ❷ Phnom Penh Commercial Bank — Commercial banking services in Cambodia — 47.6%
- ❷ CSJ-SBI Financial Media Co., Ltd. — Economic and financial information business between Japan and China — 43.0%

Biotechnology-related Business

Development, manufacturing and sales of pharmaceuticals, health foods and cosmetics

- ❶ SBI ALA Hong Kong Co., Limited — Management of the 5-ALA related business — 100.0%
  - ❶ SBI Pharmaceuticals Co., Ltd. — Development, manufacturing and sales of pharmaceuticals, health foods, and cosmetics using 5-ALA — 73.2%
  - ❶ SBI ALApromo Co., Ltd. — Manufacturing and sales of cosmetics and health foods using 5-ALA — 100.0%
- ❶ SBI Biotech Co., Ltd. — R&D of pharmaceuticals — 77.3%
  - ❶ Quark Pharmaceuticals, Inc. — R&D of siNRA pharmaceuticals — 100.0%

Others

- Real Estate Business Division (SBI Holdings, Inc.) — Real estate investments, real estate development and operation of real estate investment funds
- TSE Mothers ❶ SBI Life Living Co., Ltd. — Development and sale of properties, and operation of lifestyle-related websites — 73.3%
- ❶ SBI Guarantee Co., Ltd. — Rent guarantees for rental housing — 100.0%
- ❶ SBI Wellness Bank Co., Ltd. — Healthcare services for membership — 92.3%

For details of each Group company's business, please refer to our website (**http://www.sbigroup.co.jp/english/company/group/**)

The SBI Group Overseas Offices

1 Beijing Representative Office

Address	Unit 2101 on Level 21, No.2 Office Buildings China Centre Place, No.79 Jianguo Road, Chaoyang District Beijing, China		
Tel	+86-10-8588-8786	Fax	+86-10-8588-8789

2 Shanghai Representative Office

Address	Suite 1420, Shanghai World Financial Center No.100 Century Avenue, Pudong District, Shanghai, China		
Tel	+86-21-6877-6855	Fax	+86-21-6877-6856

3 SBI (China) Co., Ltd.

Address	Dalian Hi-tech Industrial Zone, Dalian, China		
Tel	+86-411-3977-6700	Fax	+86-411-3977-6700

4 SBI Hong Kong Holdings Co., Limited

Address	Room 806, 8/F, Tower Two, Lippo Centre, No.89 Queensway, Hong Kong		
Tel	+852-2248-7855	Fax	+852-2537-4088

5 SBI Investment KOREA Co., Ltd.

Address	3F SBI Tower, 427 Taeheran-ro, Gangnam-gu, Seoul, Korea		
Tel	+82-2-2139-9200	Fax	+82-2-2139-9210

6 Kuala Lumpur Representative Office

Address	USuite 811, level 16, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia
Tel	+60-3-9236-7246

7 SBI VEN CAPITAL PTE. LTD.

Address	1 Raffles Place, #18-03 One Raffles Place, Singapore		
Tel	+65-6536-6123	Fax	+65-6536-6983

8 SBI Pharmaceuticals MENA S.P.C

Address	14th Floor, Platinum Tower Building no 190, Road no 2803, Block 428 Seef District, Kingdom of Bahrain

Corporate History

1999	Mar.	SoftBank Corp.'s Administrative Division spun off as an independent company, Softbank Finance Corporation, as part of business reorganization accompanying the conversion of SoftBank Corp. into a pure holding company; Softbank Finance Corporation becomes an operating holding company to oversee financial-related business activities
	July	SOFTBANK INVESTMENT CORPORATION (the Company) established under Softbank Finance Corporation to undertake venture capital and incubation business
	Nov.	Softbank Ventures, Inc. (currently SBI Investment Co., Ltd.) became a wholly owned consolidated subsidiary
2000	June	Morningstar Japan K.K. listed on NASDAQ Japan (currently JASDAQ)
	Sept.	E*TRADE Japan K.K. (currently SBI Holdings Inc.) listed on NASDAQ Japan (currently JASDAQ)
	Dec.	Listed on NASDAQ Japan (currently JASDAQ)
2001	Apr.	SOFTBANK ASSET MANAGEMENT Co., Ltd. (currently SBI Asset Management Co., Ltd.) became a subsidiary SBI CAPITAL Co., Ltd. established
2002	Feb.	Listed on First Section of Tokyo Stock Exchange
2003	June	Merged with E*TRADE Japan K.K. and converted E*TRADE SECURITIES Co., Ltd. into a subsidiary; reorganization of business accelerates thereafter, with the Company positioned as the core company
	Sept.	Finance All Co., Ltd. listed on Hercules market of the Osaka Securities Exchange (currently JASDAQ)
	Oct.	Acquired WORLD NICHIEI Securities Co., Ltd. (formerly SBI Securities Co., Ltd.) and converted this company into a subsidiary
2004	Nov.	E*TRADE SECURITIES Co., Ltd. (formerly SBI Securities Co., Ltd.) listed on NASDAQ Japan (currently JASDAQ)
2005	Mar.	Percentage of equity shares held by SoftBank Corp. decreases due to a capital increase through a public offering; changed from a consolidated subsidiary to an equity-method affiliate
	July	Changed name to SBI Holdings, Inc. Transferred venture fund management business to SBI VENTURES K.K. (currently SBI Investment Co., Ltd.) and changed to a holding company structure
	Oct.	Established a representative office in Beijing, China
2006	Mar.	Merged with Finance All Co., Ltd.
	July	E*TRADE SECURITIES Co., Ltd. (currently SBI SECURITIES Co., Ltd.) changed its name to SBI E*TRADE SECURITIES Co., Ltd.
	Aug.	A wholly owned subsidiary of SoftBank Corp. (majority shareholder) sold its shares in the Company, thereby the Company is no longer an equity-method affiliate of SoftBank Corp.
2007	Feb.	Established a Singapore subsidiary, SBI VEN CAPITAL PTE. LTD.
	Aug.	SBI Japannext Co., Ltd. began operations of Proprietary Trading System (PTS)
	Sept.	LIVING Corporation (currently SBI Life Living Co., Ltd.) became a subsidiary SBI Sumishin Net Bank, Ltd. commenced business
	Oct.	SBI E*TRADE SECURITIES Co., Ltd. (currently SBI SECURITIES Co., Ltd.) and former SBI Securities Co., Ltd. merged, with SBI E*TRADE SECURITIES Co., Ltd. as the surviving company
2008	Jan.	SBI Insurance Co., Ltd. commenced business
	July	SBI E*TRADE SECURITIES Co., Ltd. changed its name to SBI SECURITIES Co., Ltd.
	Aug.	Made SBI SECURITIES Co., Ltd. a wholly-owned subsidiary through a share exchange
	Nov.	SBI Liquidity Market Co., Ltd. commenced business
	Dec.	Hong Kong subsidiary SBI Hong Kong Co., Limited (currently SBI Hong Kong Holdings Co., Limited) commenced business
2010	Apr.	Established a representative office in Shanghai, China
	July	Korea Technology Investment Corporation (currently SBI Investment KOREA Co., Ltd.), a South Korean company, became an equity-method affiliated company
2011	May	Established a representative office in Kuala Lumpur, Malaysia
2012	Mar.	China business management company SBI (China) Co., Ltd., commenced business
	May	SBI FXTRADE Co., Ltd., a foreign exchange trading company commenced business
	June	Implemented reorganization of face-to-face sales businesses centering on SBI MONEY PLAZA Co., Ltd., and transferred the face-to-face division of SBI SECURITIES Co., Ltd. to SBI MONEY PLAZA Co., Ltd.
2013	Mar.	Acquired shares of Hyundai Swiss Savings Bank (currently SBI Savings Bank) and converted it into a consolidated subsidiary Acquired all shares of IKIIKI SEDAI Inc. (currently SBI IKIIKI SSI Inc.) and converted it into a consolidated subsidiary

Corporate Data

Company Outline (As of March 31, 2014)

Company Name	SBI Holdings, Inc.
Date of Establishment	July 8, 1999
Head Office	Izumi Garden Tower 19F, 1-6-1 Roppongi, Minato-ku, Tokyo 106-6019 Japan TEL: +81 (3) 6229 0100 FAX: +81 (3) 3224 1970
Number of Employees	5,352 (consolidated)
Paid-in Capital	¥81,681 million
Fiscal Year	April 1 to March 31

Stock Information (As of March 31, 2014)

Listing	First Section of the Tokyo Stock Exchange
Code	8473
Shares Authorized	341,690,000 shares
Shares Outstanding	224,561,761 shares (including treasury stock)
Shareholder Register	Mizuho Trust & Banking Co., Ltd.

Principal Shareholders

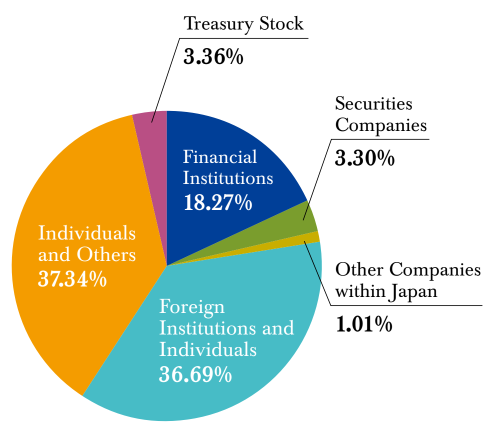
Name	Number of shares held (shares)	Percentage of outstanding shares (%)
Japan Trustee Services Bank, Ltd. (Trust account)	9,008,530	4.01
NORTHERN TRUST CO. (AVFC) RE 15PCT TREATY ACCOUNT	7,868,920	3.50
The Master Trust Bank of Japan, Ltd. (Trust account)	7,343,500	3.27
STATE STREET BANK CLIENT OMNIBUS OM04	7,318,827	3.26
SAJAP	5,476,640	2.44
NORTHERN TRUST GLOBAL SERVICES LIMITED RE 15PCT TREATY ACCOUNT (NON LENDING)	5,024,140	2.24
JAPAN SECURITIES FINANCE CO., LTD.	5,005,600	2.23
Yoshitaka Kitao	3,807,960	1.70
STATE STREET BANK WEST CLIENT – TREATY	2,594,212	1.16
Japan Trustee Services Bank, Ltd. (Trust Account 6)	2,471,300	1.10

* Apart from the holdings of the principal shareholders above, the Company holds 7,566,803 shares (3.36%) as treasury stock.

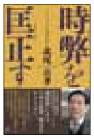
Information on Bonds and Credit Rating (As of September 9, 2013)

Rating agency	Long-term	Short-term
Rating and Investment Information	BBB (Stable)	a–2

Distribution of Ownership among Shareholders



Books by Yoshitaka Kitao, Representative Director, President & CEO



Correcting the Abuses of the Times
Keizai Co., Ltd.
November 2013

Be a True Japanese –Reflections on Sazo Idemitsu
ASA Publishing Co., Ltd.
October 2013

Learn from the Ancient Sages
Keizaikai Co., Ltd
November 2012

When Confounded in Business, Analects Point the Way
Asahi Shimbun Publication Inc.
August 2012

The Tailwind Behind Japan's Economy
Sankei Shinbun Syuppan Co., Ltd.
June 2012

Applying the "Analects of Confucius" in Business
Chichi Publication Co., Ltd.
May 2012

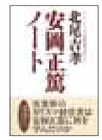
Yoshitaka Kitao's Management Dialogue
Kosaido Publishing Co., Ltd.
March 2012

Understanding the Times
Keizaikai Co., Ltd.
November 2011

The Lessons of Shinzo Mori for Nurturing Human Fortitude
Chichi Publication
February 2011

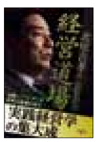
Penetrating Insight
Keizai Co., Ltd.
November 2010

The Meaning of Life
Kodansha Ltd.
August 2010
Co-authored with Takeshi Natsuno



Notes on Masahiro Yasuoka
Chichi Publication
December 2009

Change Will Be, When Things Are at Their Worst
Keizaikai Co., Ltd.
October 2009



Yoshitaka Kitao's Business Management Lecture
KIGYOKA NETWORK
June 2009

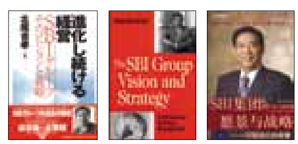
Think Big, Don't Be the Little Guy
Chichi Publication
January 2009

Reading the Times
Keizaikai Co., Ltd.
August 2008

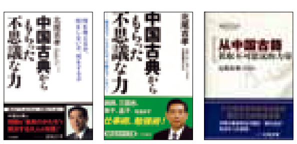
Japanese Wisdom and Power
PHP Research Institute
(CN) Fudan University Press
April 2011

Proverbs of Sages and Renowned Executives Who Overcame Adversity
Asahi Shimbun Publication Inc.
(CN) Tsinghua University Press
December 2009

Why Do We Work?
Chichi Publication
(KR) Joongang Books
March 2007

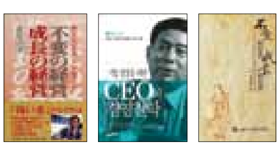


The SBI Group Vision and Strategy: Continuously Evolving Management
Toyo Keizai Inc.
(EN) John Wiley & Sons, Inc.
(CN) Tsinghua University Press
October 2005



"Mysterious Powers" Gained from Chinese Classics
Mikasa Shobo Co. Ltd.
(CN) Peking University Press
July 2005

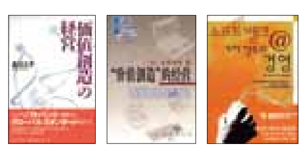
Developing Character
PHP Research Institute
(CN) World Affairs Press
April 2003



Universal Management, Growth Management
PHP Research Institute
(KR) Dongbang Media Co. Ltd.
(CN) World Affairs Press
October 2000

Challenges of E-Finance II
Toyo Keizai Inc.
(KR) Dongbang Media Co. Ltd.
April 2000

Challenges of E-Finance I
Toyo Keizai Inc.
(CN) The Commercial Press
(KR) Dongbang Media Co. Ltd.
December 1999



"Value-Creation" Management
Toyo Keizai Inc.
(CN) The Commercial Press
(KR) Dongbang Media Co. Ltd.
December 1997

(EN): In English translation (CN): In Chinese translation (KR): In Korean translation