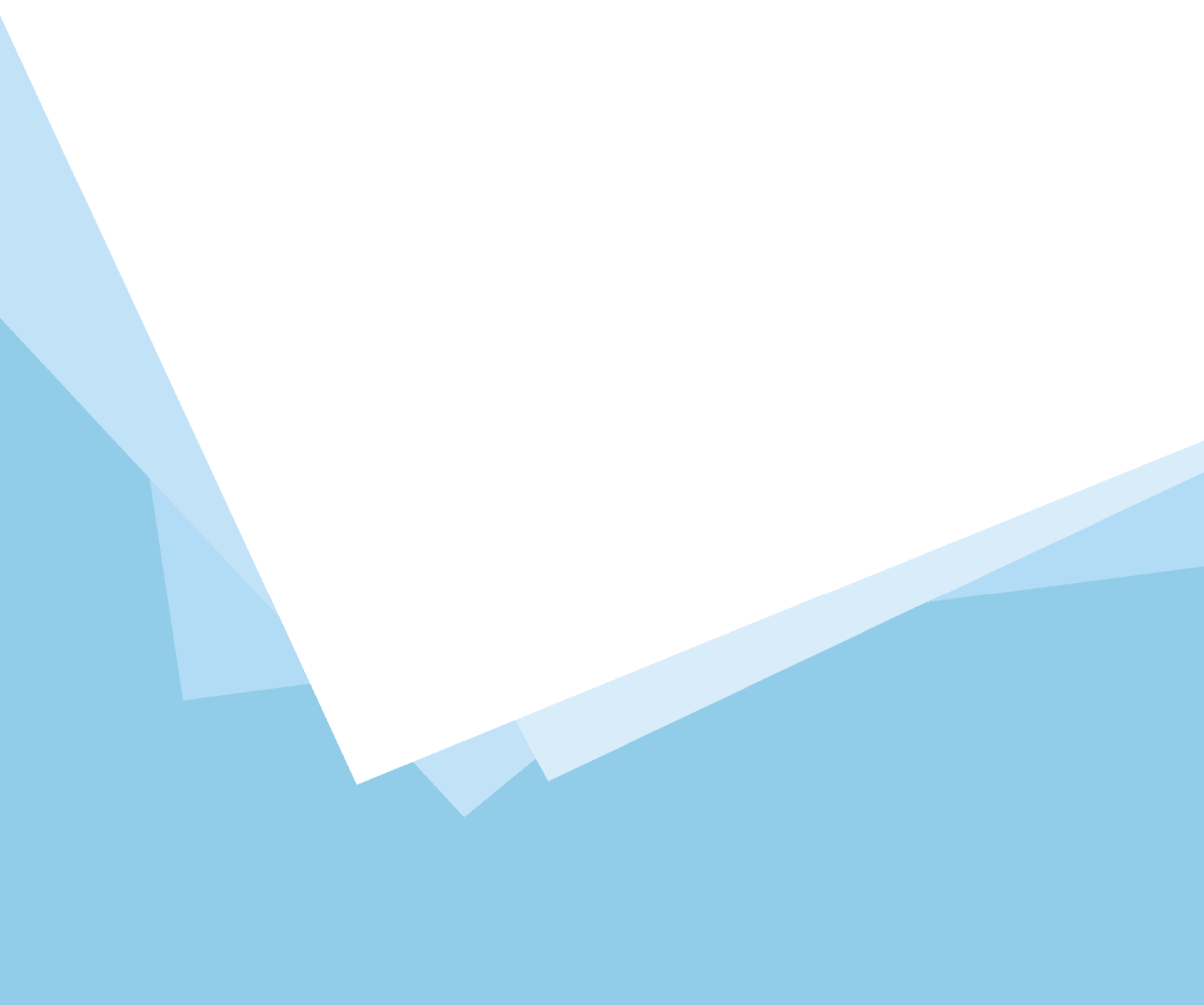


SBI HOLDINGS, INC.

Interim Consolidated Financial Statements
2014.4.1-2014.9.30



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

	Notes	As at March 31, 2014	As at September 30, 2014
		Millions of Yen	Millions of Yen
Assets			
Cash and cash equivalents		276,221	238,178
Trade and other accounts receivable	5	336,206	298,079
Assets related to securities business			
Cash segregated as deposits		935,497	1,108,692
Margin transaction assets		352,675	311,180
Other assets related to securities business		451,321	469,758
Total assets related to securities business	5	1,739,493	1,889,630
Other financial assets		30,593	25,989
Operational investment securities	5	127,365	117,560
Other investment securities	5	49,234	58,295
Investments accounted for using the equity method		39,820	41,953
Investment properties		33,195	29,984
Property and equipment		11,826	11,000
Intangible assets		196,438	200,771
Other assets		26,513	28,352
Deferred tax assets		8,400	8,217
Total assets		2,875,304	2,948,008
Liabilities			
Bonds and loans payable	5	440,112	340,029
Trade and other accounts payable	5	53,503	73,580
Liabilities related to securities business			
Margin transaction liabilities		186,806	104,778
Loans payable secured by securities		211,671	247,206
Deposits from customers		492,159	574,537
Guarantee deposits received		439,927	497,951
Other liabilities related to securities business		287,350	310,666
Total liabilities related to securities business	5	1,617,913	1,735,138
Customer deposits for banking business	5	302,314	319,930
Income tax payable		10,362	9,508
Other financial liabilities		38,015	39,985
Other liabilities		15,767	11,562
Deferred tax liabilities		8,855	10,757
Total liabilities		2,486,841	2,540,489
Equity			
Capital stock	9	81,681	81,681
Capital surplus		152,725	152,315
Treasury stock	9	(5,140)	(5,132)
Other component of equity		16,225	26,661
Retained earnings		80,140	101,515
Equity attributable to owners of the Company		325,631	357,040
Non-controlling interests		62,832	50,479
Total equity		388,463	407,519
Total liabilities and equity		2,875,304	2,948,008

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

	Notes	Six months ended September 30, 2013 Millions of Yen	Six months ended September 30, 2014 Millions of Yen
Operating revenue	6,7	128,114	113,303
Operating expense			
Operating cost		(33,253)	(24,863)
Finance cost	8	(9,623)	(8,280)
Selling, general and administrative expenses		(46,745)	(44,401)
Other expenses		(3,819)	(2,429)
Total operating expense		(93,440)	(79,973)
Share of the profit or loss of associates and joint ventures accounted for using the equity method		(207)	1,585
Operating income		34,467	34,915
Other financial income and cost			
Other financial income	7	388	164
Other financial cost	8	(1,858)	(2,581)
Total other financial income and cost		(1,470)	(2,417)
Profit before income tax expense	6	32,997	32,498
Income tax expense		(14,414)	(11,889)
Profit for the period		18,583	20,609
Profit for the period attributable to			
Owners of the Company		17,570	25,787
Non-controlling interests		1,013	(5,178)
Profit for the period		18,583	20,609
Earnings per share attributable to owners of the Company			
Basic (Yen)	11	81.17	119.11
Diluted (Yen)	11	81.17	110.02

	Notes	Three months ended September 30, 2013 Millions of Yen	Three months ended September 30, 2014 Millions of Yen
Operating revenue	6,7	48,009	68,890
Operating expense			
Operating cost		(15,759)	(14,204)
Financial cost	8	(4,465)	(4,331)
Selling, general and administrative expenses		(22,286)	(21,257)
Other expenses		(2,904)	(926)
Total operating expense		(45,414)	(40,718)
Share of the profit or loss of associates and joint ventures accounted for using the equity method		594	1,548
Operating income		3,189	29,720
Other financial income and cost			
Other financial income	7	324	79
Other financial cost	8	(973)	(1,467)
Total other financial income and cost		(649)	(1,388)
Profit before income tax expense	6	2,540	28,332
Income tax expense		(1,786)	(10,035)
Profit for the period		754	18,297
Profit for the period attributable to			
Owners of the Company		1,301	18,879
Non-controlling interests		(547)	(582)
Profit for the period		754	18,297
Earnings per share attributable to owners of the Company			
Basic (Yen)	11	6.01	87.20
Diluted (Yen)	11	6.01	80.35

Interim Condensed Consolidated Statement of Comprehensive Income

Notes	Six months ended September 30, 2013 Millions of Yen	Six months ended September 30, 2014 Millions of Yen
Profit for the period	18,583	20,609
Items that will not be reclassified subsequently to profit or loss		
Fair value through other comprehensive income ("FVTOCI") financial assets	1,190	7
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	4,558	10,750
Other comprehensive income, net of tax	5,748	10,757
 Total comprehensive income	 <u>24,331</u>	 <u>31,366</u>
 Total comprehensive income attributable to		
Owners of the Company	23,560	36,151
Non-controlling interests	771	(4,785)
Total comprehensive income	<u>24,331</u>	<u>31,366</u>

Notes	Three months ended September 30, 2013 Millions of Yen	Three months ended September 30, 2014 Millions of Yen
Profit for the period	754	18,297
Items that will not be reclassified subsequently to profit or loss		
FVTOCI financial assets	65	51
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	1,372	8,179
Other comprehensive income, net of tax	1,437	8,230
 Total comprehensive income	 <u>2,191</u>	 <u>26,527</u>
 Total comprehensive income attributable to		
Owners of the Company	3,086	26,683
Non-controlling interests	(895)	(156)
Total comprehensive income	<u>2,191</u>	<u>26,527</u>

Interim Condensed Consolidated Statement of Changes in Equity

Six months ended September 30, 2013

Notes	Attributable to owners of the Company						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Treasury stock	Other component of equity	Retained earnings	Total		
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen		
As at April 1, 2013	81,668	160,550	(5,117)	6,196	60,002	303,299	57,236	360,535
Profit for the period	—	—	—	—	17,570	17,570	1,013	18,583
Other comprehensive income (loss)	—	—	—	5,990	—	5,990	(242)	5,748
Total comprehensive income	—	—	—	5,990	17,570	23,560	771	24,331
Issuance of new stock	9	13	13	—	—	26	—	26
Change in scope of consolidation		—	—	—	—	—	125	125
Dividends paid	10	—	—	—	(2,170)	(2,170)	(365)	(2,535)
Treasury shares purchased	9	—	—	(39)	—	(39)	—	(39)
Treasury shares sold	9	—	1	24	—	25	—	25
Changes of interests in subsidiaries without losing control		—	(4,057)	—	—	(4,057)	3,556	(501)
Transfer		—	—	(1,134)	1,134	—	—	—
As at September 30, 2013		81,681	156,507	(5,132)	11,052	76,536	61,323	381,967

Six months ended September 30, 2014

Notes	Attributable to owners of the Company						Non-controlling interests	Total Equity
	Capital stock	Capital surplus	Treasury stock	Other component of Equity	Retained Earnings	Total		
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen		
As at April 1, 2014	81,681	152,725	(5,140)	16,225	80,140	325,631	62,832	388,463
Profit for the period	—	—	—	—	25,787	25,787	(5,178)	20,609
Other comprehensive income	—	—	—	10,364	—	10,364	393	10,757
Total comprehensive income	—	—	—	10,364	25,787	36,151	(4,785)	31,366
Change in scope of consolidation		—	301	—	—	301	(7,037)	(6,736)
Dividends paid	10	—	—	—	(4,340)	(4,340)	(1,219)	(5,559)
Treasury shares purchased	9	—	—	(12)	—	(12)	—	(12)
Treasury shares sold	9	—	1	20	—	21	—	21
Changes of interests in subsidiaries without losing control		—	(712)	—	—	(712)	688	(24)
Transfer		—	—	72	(72)	—	—	—
As at September 30, 2014		81,681	152,315	(5,132)	26,661	101,515	50,479	407,519

Interim Condensed Consolidated Statement of Cash Flows

	Six months ended September 30, 2013	Six months ended September 30, 2014
	Millions of Yen	Millions of Yen
Net cash generated from (used in) operating activities		
Profit before income tax expense	32,997	32,498
Depreciation and amortization	5,547	5,846
Share of the profit or loss of associates and joint ventures accounted for using the equity method	207	(1,585)
Interest and dividend income	(34,148)	(30,556)
Interest expense	11,481	10,861
(Increase) decrease in operational investment securities	(8,376)	10,977
Decrease (increase) in accounts receivables and other receivables	52,518	(25,918)
Increase in operational liabilities and other liabilities	41,853	28,588
Increase in assets/liabilities related to securities business	(2,144)	(32,816)
Decrease in customer deposits in the banking business	(76,170)	(4,557)
Others	1,080	(23,101)
Subtotal	24,845	(29,763)
Interest and dividend income received	33,271	30,412
Interest paid	(12,847)	(10,651)
Income taxes paid	138	(10,551)
Net cash generated from (used in) operating activities	45,407	(20,553)
Net cash generated from investing activities		
Purchases of intangible assets	(2,747)	(2,070)
Purchases of investment securities	(4,450)	(11,014)
Proceeds from sales of investment securities	11,107	7,011
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(2,057)	(99)
Proceeds from sales of subsidiaries, net of cash and cash equivalents disposed of	2,862	24,087
Payments of loans receivable	(2,821)	(265)
Collection of loans receivable	4,638	302
Others	(67)	2,459
Net cash generated from investing activities	6,465	20,411

	Six months ended September 30, 2013	Six months ended September 30, 2014
	Millions of Yen	Millions of Yen
Net cash generated from (used in) financing activities		
Increase (decrease) in short term loans payable	18,717	(24,732)
Proceeds from long-term loans payable	4,489	20,238
Repayment of long-term loans payable	(10,974)	(10,962)
Proceeds from issuance of bonds payable	49,707	—
Redemption of bonds payable	(39,000)	(23,131)
Proceeds from stock issuance	26	—
Proceeds from stock issuance to non-controlling interests	39	179
Contributions from non-controlling interests in consolidated investment funds	205	480
Cash dividends paid	(2,157)	(4,315)
Cash dividends paid to non-controlling interests	(365)	(430)
Distributions to non-controlling interests in consolidated investment funds	(521)	(803)
Purchase of treasury stock	(39)	(12)
Proceeds from sale of interests in subsidiaries to non-controlling interests	19	114
Payments for purchase of interests in subsidiaries from non-controlling interests	(135)	(32)
Others	(587)	(1,301)
Net cash generated from (used in) financing activities	<u>19,424</u>	<u>(44,707)</u>
Net increase (decrease) in cash and cash equivalents	71,296	(44,849)
Cash and cash equivalents at the beginning of the period	133,362	276,221
Effect of changes in exchange rate on cash and cash equivalents	2,287	6,806
Cash and cash equivalents at the end of the period	<u><u>206,945</u></u>	<u><u>238,178</u></u>

Notes to Interim Condensed Consolidated Financial Statements

1. Reporting Entity

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

2. Basis of Preparation

Since the Company meets the criteria of a "Specific Company" as defined in Article 1-2 of the Rules Governing Term, Form and Preparation of Quarterly Consolidated Financial Statements, the interim condensed 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 Quarterly Consolidated Financial Statements.

Since the interim condensed consolidated financial statements do not include all the information required for consolidated financial statements since they were prepared in accordance with International Accounting Standard (IAS) 34, they should be read in conjunction with the annual consolidated financial statements for the year ended March 31, 2014.

The interim condensed consolidated financial statements were approved and authorized for issuance by Yoshitaka Kitao, the Company's Representative Director, President and CEO, and Shumpei Morita, Director, Managing Executive Officer and CFO, on November 11, 2014.

3. Significant Accounting Policies

Except for the following standards that have been newly applied, the accounting policies presented in the consolidated financial statements for the year ended March 31, 2014, are applied consistently in the preparation of these interim condensed consolidated financial statements.

The Group adopted the following new and revised standards and interpretations beginning with the preparation of the interim condensed consolidated financial statements for the three months ended June 30, 2014. There is no significant impact on these interim condensed consolidated financial statements through adoption.

	Statement of standards	Summary of new standards and amendments
IFRS 10	Consolidated Financial Statements	
IFRS 12	Disclosure of Interests in Other Entities	Clarification of the definition of 'investment entities' and measurement of investment to investee
IAS 27	Separate financial statements	
IAS 32	Financial Instruments: Presentation	Clarification of offsetting criteria and supplement to application guidance
IAS 36	Impairment of Assets	Recoverable amount disclosures for non-financial assets
IFRIC 21	Levies	Clarification on the recognition of a liability for levies

4. Use of Estimates and Judgments

In the preparation of the Group's interim condensed consolidated financial statements, management of the Company is required to make estimates, judgments and assumptions about the reporting amounts of assets, liabilities, income and expenses. 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 and future periods if the revision affects both current and future periods.

The estimates and underlying assumptions which have significant impact on these interim condensed consolidated financial statements are the same as those of the consolidated financial statements for the year ended March 31, 2014.

5. Fair Value of Financial Instruments

(1) Fair value measurements

The methods for measuring fair value of financial assets and financial liabilities in the consolidated financial statements for the year ended March 31, 2014, are applied consistently in the preparation of these interim condensed consolidated financial statements.

(2) Classification and fair value of financial instruments

Classification and fair value of financial assets were as follows:

As at March 31, 2014

	Carrying Amount				Fair value
	Financial assets at fair value through profit or loss ("FVTPL")	Financial assets at FVTOCI	Financial assets measured at amortized cost	Total	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
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

As at September 30, 2014

	Carrying Amount				Fair value
	Financial assets at FVTPL	Financial assets at FVTOCI	Financial assets measured at amortized cost	Total	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Trade and other accounts receivable	—	—	298,079	298,079	300,334
Assets related to securities business	5,634	—	1,883,996	1,889,630	1,889,630
Operational investment securities	117,560	—	—	117,560	117,560
Other investment securities	56,908	1,387	—	58,295	58,295
Total	180,102	1,387	2,182,075	2,363,564	2,365,819

Classification and fair value of financial liabilities were as follows:

As at March 31, 2014

	Carrying Amount			Fair value
	Financial liabilities at FVTPL	Financial liabilities measured at amortized cost	Total	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
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

As at September 30, 2014

	Carrying Amount			Fair value
	Financial liabilities at FVTPL	Financial liabilities measured at amortized cost	Total	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Bonds and loans payable	—	340,029	340,029	340,289
Trade and other accounts payable	—	73,580	73,580	73,580
Liabilities related to securities business	1,941	1,733,197	1,735,138	1,735,138
Customer deposits for banking business	—	319,930	319,930	320,027
Total	1,941	2,466,736	2,468,677	2,469,034

(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 follows:

- 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.

	As at March 31, 2014			
	Level 1	Level 2	Level 3	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Financial assets				
Assets related to securities business	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
	As at September 30, 2014			
	Level 1	Level 2	Level 3	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Financial assets				
Assets related to securities business	5,634	—	—	5,634
Operational investment securities and other investment securities				
Financial assets at FVTPL	34,384	412	139,672	174,468
Financial assets at FVTOCI	492	—	895	1,387
Total financial assets	40,510	412	140,567	181,489
Financial liabilities				
Liabilities related to securities business	1,941	—	—	1,941
Total financial liabilities	1,941	—	—	1,941

(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:

As at March 31, 2014				
	Fair Value	Valuation Technique	Unobservable Inputs	Range
	Millions of Yen			
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

As at September 30, 2014				
	Fair Value	Valuation Technique	Unobservable Inputs	Range
	Millions of Yen			
Operational investment securities and other investment securities	140,567	Income approach and market approach	Discount rate P/E ratio	10% 11.9–22.7

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 the 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 six months ended September 30, 2013

	Operational investment securities and other investment securities		Total
	Financial assets at FVTPL	Financial assets at FVTOCI	
	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at April 1, 2013	149,399	2,618	152,017
Purchase	7,880	—	7,880
Comprehensive income			
Net profit (loss) (Note 1)	(2,045)	—	(2,045)
Other comprehensive income (loss) (Note 2)	—	0	0
Dividends	(1,562)	—	(1,562)
Sale or redemption	(2,125)	(17)	(2,142)
Currency translation differences	3,493	112	3,605
Others (Note 3)	(2)	—	(2)
Transferred from Level 3 (Note 4)	(1,394)	—	(1,394)
Balance as at September 30, 2013	153,644	2,713	156,357

For the year ended September 30, 2014

	Operational investment securities and other investment securities		Total
	Financial assets at FVTPL	Financial assets at FVTOCI	
	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at April 1, 2014	143,082	864	143,946
Purchase	15,706	—	15,706
Comprehensive income			
Net profit (Note 1)	1,575	—	1,575
Other comprehensive income (loss) (Note 2)	—	(10)	(10)
Dividends	(1,031)	—	(1,031)
Sale or redemption	(7,874)	(3)	(7,877)
Currency translation differences	4,939	44	4,983
Others	—	—	—
Transferred from Level 3 (Note 4)	(16,725)	—	(16,725)
Balance as at September 30, 2014	139,672	895	140,567

Notes:

- Gains and losses recognized as profit (loss) for the period in relation to financial instruments are included in "Operating revenue" in the interim condensed consolidated statement of income. Gains and losses recognized arising from financial assets at FVTPL held as at September 30, 2013 and 2014 were ¥1,948 million of losses and ¥1,821 million of gains, respectively.
- Gains and losses recognized as other comprehensive income (loss) in relation to financial instruments are included in "FVTOCI financial assets" in the interim condensed consolidated statement of comprehensive income.
- Transfer due to obtaining of control.
- Transfer due to significant input used to measure fair value becoming observable.

(5) Investment portfolio

Operational investment securities and other investment securities as at March 31, 2014, and September 30, 2014, consisted of the following:

	As at March 31, 2014	As at September 30, 2014
	Millions of Yen	Millions of Yen
Operational investment securities		
Listed equity securities	26,184	28,982
Unlisted equity securities	60,019	52,883
Debt securities	1,097	2,641
Investments in funds	39,431	32,834
Other	634	220
Total	127,365	117,560
Other investments securities		
Listed equity securities	1,817	2,447
Unlisted equity securities	2,852	5,148
Debt securities	38,669	41,257
Investments in funds	4,674	7,050
Other	1,222	2,393
Total	49,234	58,295

6. 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 the business or nature of services, “Financial Services Business,” “Asset Management Business” and “Biotechnology-related Business,” which is the fastest growing business in the Group, are determined to be 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 and property and casualty insurance 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 in Japan and overseas. 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, health foods, and cosmetics with 5-aminolevulinic acid (ALA), a kind of amino acid which exists in vivo, and research and development of antibody drugs and nucleic acid medicine in the field of cancer and immunology.

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 Housing and Real Estate Business segment. They are not classified as a reporting segment based on the quantitative criteria for the six months ended September 30, 2014.

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

The following represents segment information of the Group:

For six months ended September 30, 2013

	Financial Services Business	Asset Management Business	Biotechnology-related Business	Total	Others	Elimination	Consolidated Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Operating revenue	72,582	49,933	1,486	124,001	4,933	(820)	128,114
Profit (loss) before income tax expense	18,556	18,205	(748)	36,013	771	(3,787)	32,997

For six months ended September 30, 2014

	Financial Services Business	Asset Management Business	Biotechnology-related Business	Total	Others	Elimination	Consolidated Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Operating revenue	84,276	25,180	827	110,283	3,786	(766)	113,303
Profit (loss) before income tax expense	38,266	(557)	(1,751)	35,958	646	(4,106)	32,498

For three months ended September 30, 2013

	Financial Services Business	Asset Management Business	Biotechnology-related Business	Total	Others	Elimination	Consolidated Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Operating revenue	34,102	10,943	214	45,259	3,195	(445)	48,009
Profit (loss) before income tax expense	8,635	(3,720)	(819)	4,096	570	(2,126)	2,540

For three months ended September 30, 2014

	Financial Services Business	Asset Management Business	Biotechnology-related Business	Total	Others	Elimination	Consolidated Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Operating revenue	51,034	15,240	650	66,924	2,202	(236)	68,890
Profit (loss) before income tax expense	28,732	1,747	(503)	29,976	335	(1,979)	28,332

7. Revenue

	Six Months Ended September 30, 2013	Six Months Ended September 30, 2014
	Millions of Yen	Millions of Yen
Operating revenue		
Financial income		
Interest income (Note 1)	32,741	30,110
Dividends received	246	237
Income (loss) arising from financial assets at FVTPL	18,105	(5,146)
Gain from trading	6,565	6,913
Total financial income	57,657	32,114
Revenue from rendering of services	53,747	48,130
Revenue from sale of interests in subsidiaries (Note 2)	43	17,072
Other income	16,667	15,987
Total operating revenue	<u>128,114</u>	<u>113,303</u>
Other financial income		
Interest income		
Financial assets measured at amortized cost	388	164
Total other financial income	<u>388</u>	<u>164</u>

(Note 1) Interest income in financial income arises from financial assets measured at amortized cost.

(Note 2) Revenue from sale of interests in subsidiaries for six months ended September 30, 2014 arose mainly from the sale of SBI Mortgage Co., Ltd.

	Three Months Ended September 30, 2013	Three Months Ended September 30, 2014
	Millions of Yen	Millions of Yen
Operating revenue		
Financial income		
Interest income (Note 1)	15,639	15,494
Dividends received	91	160
Income arising from financial assets at FVTPL	(4,312)	205
Gain from trading	3,130	3,748
Total financial income	14,548	19,607
Revenue from rendering of services	24,089	24,049
Revenue from sale of interests in subsidiaries (Note 2)	-	17,066
Other income	9,372	8,168
Total operating revenue	<u>48,009</u>	<u>68,890</u>
Other financial income		
Interest income		
Financial assets measured at amortized cost	324	79
Total other financial income	<u>324</u>	<u>79</u>

(Note 1) Interest income in financial income arises from financial assets measured at amortized cost.

(Note 2) Revenue from sale of interests in subsidiaries for three months ended September 30, 2014 arose mainly from the sale of SBI Mortgage Co., Ltd.

8. Financial cost

	Six Months Ended September 30, 2013	Six Months Ended September 30, 2014
	Millions of Yen	Millions of Yen
Financial cost		
Interest expense		
Financial liabilities measured at amortized cost	(9,623)	(8,280)
Total financial cost	<u>(9,623)</u>	<u>(8,280)</u>
Other financial cost		
Interest expense (Note)		
Financial liabilities measured at amortized cost	(1,858)	(2,581)
Total other financial cost	<u>(1,858)</u>	<u>(2,581)</u>

(Note) The amount represents financial costs incurred in connection with procurement of funds by the Group as a whole.

	Three Months Ended September 30, 2013	Three Months Ended September 30, 2014
	Millions of Yen	Millions of Yen
Financial cost		
Interest expense		
Financial liabilities measured at amortized cost	(4,465)	(4,331)
Total financial cost	<u>(4,465)</u>	<u>(4,331)</u>
Other financial cost		
Interest expense (Note)		
Financial liabilities measured at amortized cost	(973)	(1,467)
Total other financial cost	<u>(973)</u>	<u>(1,467)</u>

(Note) The amount represents financial costs incurred in connection with procurement of funds by the Group as a whole.

9. Capital stock and treasury stock

The Company's issued shares were as follows:

	Six Months Ended September 30, 2013	Six Months Ended September 30, 2014
	Shares	Shares
Number of issued shares		
As at the beginning of the period	224,525,781	224,561,761
Increase during the period (Note)	35,980	—
As at the end of the period	<u>224,561,761</u>	<u>224,561,761</u>

(Note) The increase during the six months ended September 30, 2013 was due to the exercise of stock acquisition rights.

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

	Six Months Ended September 30, 2013	Six Months Ended September 30, 2014
	Shares	Shares
Number of treasury stock		
As at the beginning of the period	8,098,446	8,078,743
Increase during the period (Notes 1)	27,395	9,760
Decrease during the period (Notes 2 and 3)	(37,270)	(31,980)
As at the end of the period	<u>8,088,571</u>	<u>8,056,523</u>

(Notes) 1. The increases of 27,395 and 9,760 shares were due to the purchases from shareholders with less than one unit of shares.

2. The decrease of 37,270 shares was related to 1,870 shares sold to shareholders with less than one unit of shares, and sales of 35,400 shares to the Employee Stockholding Association.

3. The decrease of 31,980 shares was related to 1,280 shares sold to shareholders with less than one unit of shares, and sales of 30,700 shares to the Employee Stockholding Association.

10. Dividends

During the six months ended September 30, 2013, the Company paid dividends totaling ¥2,170 million (¥10 per share).

During the six months ended September 30, 2014, the Company paid dividends totaling ¥4,340 million (¥20 per share).

11. 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:

	Six Months Ended September 30, 2013	Six Months Ended September 30, 2014
	Millions of Yen	Millions of Yen
Earnings		
Profit attributable to owners of the Company	17,570	25,787
Dilutive effect: Convertible bonds	—	198
Profit attributable to owners of the Company after dilutive effect	17,570	25,985
Shares		
Basic weighted average number of ordinary shares (shares)	216,448,300	216,497,898
Dilutive effect: Stock options (shares)	12,976	—
Dilutive effect: Convertible bonds (shares)	—	19,692,792
Weighted average number of ordinary shares after the dilutive effect (shares)	216,461,276	236,190,690
Earnings per share attributable to owners of the Company		
Basic (in Yen)	81.17	119.11
Diluted (in Yen)	81.17	110.02
Three Months Ended		
	September 30, 2013	September 30, 2014
	Millions of Yen	Millions of Yen
Earnings		
Profit attributable to owners of the Company	1,301	18,879
Dilutive effect: Convertible bonds	—	100
Profit attributable to owners of the Company after dilutive effect	1,301	18,979
Shares		
Basic weighted average number of ordinary shares (shares)	216,462,560	216,503,831
Dilutive effect: Stock options (shares)	6,474	—
Dilutive effect: Convertible bonds (shares)	—	19,692,792
Weighted average number of ordinary shares after the dilutive effect (shares)	216,469,034	236,196,623
Earnings per share attributable to owners of the Company		
Basic (in Yen)	6.01	87.20
Diluted (in Yen)	6.01	80.35

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

12. Other significant event

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., a Japanese arm of Prudential plc, subject to the approval by the relevant authorities, and the Company entered into a share transfer agreement on 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 reentering 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 yen (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%)

13. Events after the Reporting Date

Issuance of Stock Acquisition Rights (Stock Options with Charge)

The Company resolved at its Board of Directors meeting held on October 30, 2014 to issue stock acquisition rights with charge (hereinafter "Stock Acquisition Rights") to directors and employees of the Group pursuant to the provisions of Article 236, 238, and 240 of the Companies Act as stated below. The Company will deliver the treasury stock it owns upon the exercise of the Stock Acquisition Rights.

1. Conditions of Allotment

- | | |
|---|---|
| (1) Number of the Stock Acquisition Rights | 75,000 units
(The number above is the number of Stock Acquisition Rights planned for allotment. If the number of the Stock Acquisition Rights to be allotted decreases, including the case where an application for subscription is not made, the total number of the Stock Acquisition Rights to be allotted shall be the total number of the Stock Acquisition Rights to be issued.) |
| (2) Payment of money in exchange for one Stock Acquisition Rights | JPY 1,518 |
| (3) Date of allotment of the Stock Acquisition Rights | November 21, 2014 |

2. Summary of Stock Acquisition Rights

- | | |
|---|---|
| (1) Type and number of shares granted through stock acquisition right | 7,500,000 shares of common stock of the Company
(100 shares per right) |
| (2) Amount contributed through the exercise of Stock Acquisition Rights | The asset value contributed through the exercise of Stock Acquisition Rights shall be the amount calculated by multiplying the amount paid per share that is issuable through the exercise of the Stock Acquisition Rights (hereinafter "exercise price") and the number of shares granted together.
The exercise price is JPY 1,247. |
| (3) Matters concerning the issuance price of the share and capital and capital reserve to be increased by exercising the Stock Acquisition Rights | (a) Matters concerning the issuance price of the share by exercising the Stock Acquisition Rights
The issuance price per common share of the Company through the exercise of Stock Acquisition Rights is obtained by dividing the total amount of the asset value contributed by the exercise of Stock Acquisition Rights regarding the exercise request and the amount paid in exchange for Stock Acquisition Rights regarding the exercise request by the number of shares to be granted.

(b) Matters concerning capital and capital reserve to be increased by exercising the Stock Acquisition Rights
(i) The amount of capital to be increased in the case of issuing shares by exercising the stock acquisition rights shall be a half of the maximum amount of capital increase, etc. which is calculated in accordance with Article 17, Paragraph 1 of the Corporation Accounting Regulations. Any fraction less than one (1) yen resulting from the calculation shall be rounded up to the nearest whole yen,
(ii) The amount of capital reserve to be increased in the case of issuing shares by exercising the stock acquisition rights shall be the amount obtained by deducting the amount of capital to be increased set forth in (i) above from the maximum amount of capital increase, etc. set forth in (i) above. |

- (4) Exercise period of the Stock Acquisition Rights From July 1, 2015 to June 30, 2018.
- (5) Conditions for exercising stock acquisition rights
- (a) A person to whom the stock acquisition rights have been allotted (hereinafter a “the stock acquisition rights holder”) may exercise the stock acquisition rights only in the case where the segment profit (profit before income tax expense) for the financial services business stated in the notes of the Company’s consolidated financial statements in the Securities Report for the year ending March 31, 2015, which the Company submits in accordance with the Financial Instruments and Exchange Act, is ¥50 billion.
- (b) (i) Where the condition for exercise in (a) above is met and in the event that a closing price of normal trading for common stock of the Company on the Tokyo Stock Exchange is ever greater than the exercise price multiplied by 200% (rounded down to the nearest yen) after the start date of the exercise period, the stock acquisition rights holder shall not be able to exercise the stock acquisition rights after the day when one year has passed since the closing price of normal trading first exceeds such a price.
(ii) In the event that an average of the closing prices of normal trading for common stock of the Company over any five consecutive trading days during a period from the date of allotment to the maturity date of the exercise period of the stock acquisition rights is ever less than the exercise price multiplied by 50% (rounded down to the nearest yen), the stock acquisition rights shall not be exercisable even if either the condition in (a) above or the condition in (i) above is met.
- (c) The stock acquisition rights holder does not need to be a director, auditor or employee of the Group at the time of the exercise of the stock acquisition rights. However, should such a holder be suspended from the position of a director or auditor of the Group or subject to punitive dismissal by the Group, he or she shall not be able to exercise the stock acquisition rights on or after the date of such suspension or dismissal.
- (d) Other terms shall be specified in the “Agreement of Allotment of the Stock Acquisition rights” to be entered into by the Company and the stock acquisition rights holders.

(TRANSLATION)

INDEPENDENT ACCOUNTANT’S REVIEW REPORT

November 11, 2014

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

Deloitte Touche Tohmatsu LLC

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

Akemi Mochizuki

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

Nozomu Kunimoto

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

Kunikazu Awashima

Pursuant to the first clause of Article 193-2 of the Financial Instruments and Exchange Act, we have reviewed the interim condensed consolidated financial statements included in the Financial Section, which comprise the interim condensed consolidated statement of financial position of SBI Holdings, Inc. (the “Company”) and its subsidiaries as at September 30, 2014, and the related interim condensed consolidated statements of income, and comprehensive income for the three months and six months then ended, and the interim condensed consolidated statements of changes in equity, and cash flows for the six months then ended, and the related notes.

Management’s Responsibility for the Interim Condensed Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) pursuant to Article 93 of “Rules Governing Term, Form and Preparation of Quarterly Consolidated Financial Statements,” and for such internal control as management determines is necessary to enable the preparation of interim condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Accountant’s Responsibility

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

Accountant's Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements referred to above do not present fairly, in all material respects, the consolidated financial position of SBI Holdings, Inc. and its subsidiaries as at September 30, 2014, and the consolidated results of their operations for the three months and six months then ended, and their cash flows for the six months then ended in conformity with IAS 34.

Emphasis of Matter

As discussed in Note 12 to the interim condensed consolidated financial statements, at the meeting held on July 16, 2013, the Board of Directors of the Company approved the acquisition of all the issued shares of PCA Life Insurance Co., Ltd., which is a Japanese arm of Prudential plc subject to the permission by the relevant authorities and the Company entered into a share transfer agreement on the same date.

Our conclusion is not qualified in respect of this matter.

Interest

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

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