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SBI HOLDINGS, INC.
(Incorporated in Japan with limited liability)
(Stock code: 6488)

**CONVOCATION NOTICE
FOR THE 15TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

The following set out the Convocation Notice for the 15th Ordinary General Meeting of Shareholders of SBI Holdings, Inc. to be held on 27 June 2013.

As the HDR holders of SBI Holdings, Inc. are entitled to instruct the Depositary or its nominee to attend and vote at the 15th Ordinary General Meeting of Shareholders, extracted version of this Convocation Notice together with the proxy form for the 15th Ordinary General Meeting of Shareholders will be sent to them by post.

On behalf of the Board
SBI Holdings, Inc.
Yoshitaka Kitao
*Representative Director,
President & Chief Executive Officer*

Japan, 5 June 2013

As of the date of this announcement, the executive Directors are Mr Yoshitaka Kitao, Mr Taro Izuchi, Mr Takashi Nakagawa, Mr Tomoya Asakura, Mr Shumpei Morita, Mr Noriaki Maruyama and Mr Peilung Li, the non-executive Directors are Mr Hiroyoshi Kido, Mr Noriyoshi Kimura, Mr Hiroshi Tasaka and Mr Takashi Okita and the independent non-executive Directors are Mr Masaki Yoshida, Mr Kiyoshi Nagano, Mr Keiji Watanabe, Mr Akihiro Tamaki and Mr Masanao Marumono.

Notes:

- (1) This Notice is made for the holders of shares in SBI Holdings, Inc. on 31 March 2013 and is translated from the Japanese Convocation Notice.
- (2) The record date for determining the list of eligible Shareholders entitled to vote at our ordinary general meeting of shareholders is 31 March each year under our Articles of Incorporation. Therefore our shareholders who have acquired our shares after the record date of 31 March 2013 are not entitled to attend and vote at “THE 15TH ORDINARY GENERAL MEETING OF SHAREHOLDERS”. HDR holders who have acquired our HDRs after the record date of 31 March 2013, are not entitled to instruct the Depository or its nominee to attend and vote at “THE 15TH ORDINARY GENERAL MEETING OF SHAREHOLDERS” under the terms of the Depository Agreement.

Securities Code: 8473

June 5, 2013

Yoshitaka Kitao

Representative Director, President & CEO

SBI Holdings, Inc.

1-6-1, Roppongi, Minato-ku, Tokyo, Japan

**CONVOCATION NOTICE
FOR THE 15TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

Notice is hereby given that the 15th Ordinary General Meeting of Shareholders of SBI Holdings, Inc. (the “Company”) will be held as detailed hereinafter, and your attendance is cordially requested.

In the event that you are unable to attend the meeting, you may exercise your voting rights using one of the methods below. To do so, we kindly ask that you first examine “THE REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS” set out later in this document, and then exercise your voting rights in accordance with the manner set out in “How to Exercise Voting Rights” (pp. 76-78) by the close of the Company’s business (5:45 p.m., Japan time) on Wednesday, June 26, 2013.

Exercise of Voting Rights in Writing

Please indicate on the Voting Rights Exercise Form enclosed herewith your approval or disapproval of the proposals and return the form. The form must reach the Company by the above-mentioned deadline.

Exercise of Voting Rights via the Internet, Etc.

Please refer to “How to Exercise Voting Rights” (pp. 76-78) and exercise your voting rights by the above-mentioned deadline.

Particulars

1. **Date and time:** Thursday, June 27, 2013, at 10 a.m., Japan time
2. **Location:** Heian Room, 1st Floor, Main Building, Hotel Okura Tokyo, 2-10-4 Toranomom, Minato-ku, Tokyo, Japan (Please see “**Access to the Meeting Room**” set out at the end of this document.)
3. **Matters to be dealt with at the Meeting:**

Matters for Reporting

1. Report on the Business Report and the Consolidated Financial Statements, and report on results of the audit by the Accounting Auditor and the Board of Statutory Auditors on the Consolidated Financial Statements for the 15th fiscal year (from April 1, 2012 to March 31, 2013)
2. Report on the Non-Consolidated Financial Statements for the 15th fiscal year

Matters for Resolution

First Item of Business Election of Fifteen (15) Directors

Second Item of Business Election of One (1) Substitute Statutory Auditor

— End of convocation notice —

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- * Attendees are kindly requested to submit the enclosed Voting Rights Exercise Form at the reception desk at the entrance of the meeting room.
 - * In the event of any changes being made to “THE REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS” or to the “Business Report”, “Consolidated Financial Statements”, or the “Non-Consolidated Financial Statements”, matters as changed will be posted on the Company’s website on the Internet (<http://www.sbigroup.co.jp/investors/index.html>).
 - * For the purpose of reducing resource consumption, we will not send notices of resolutions and other notices after the Ordinary General Meeting of Shareholders and will post such notices on the Company’s website (<http://www.sbigroup.co.jp/investors/index.html>) for this meeting and future meetings. Thank you for your understanding.

Information Regarding Debriefing Session on Recent Management News

We hereby inform you that, after the close of the Ordinary General Meeting of Shareholders, we will hold a debriefing session on recent developments in management at the same location.

In this session, held separately from the Ordinary General Meeting of Shareholders, we would like to provide our shareholders with details of the Group's business activities and explain our future prospects. We also hope to address questions or inquiries from our shareholders.

We would be very grateful if you could use some of your valuable time to attend the session, after the Ordinary General Meeting of Shareholders, to further your understanding of the Group.

Attachment

Business Report
(April 1, 2012 to March 31, 2013)

I. GROUP

1. BUSINESS IN THE CONSOLIDATED FISCAL YEAR ENDED MARCH 31, 2013

(1) Progress of Business and Results

During the consolidated fiscal year ended March 31, 2013, while Japan's economic environment showed a gradual upswing with special procurement boom arising from the post-earthquake recovery, it still continued to be uncertain with prolonged yen appreciation resulting from the European Sovereign Debt Crisis and growth recession in emerging countries. However, drastic monetary relaxation and economic recovery plans, which were implemented by the new Japanese government formed at the end of 2012, contributed to creating yen depreciation and high prices on the stock market, and raised expectations for overcoming deflation and economic recovery.

Stock market conditions that significantly impact investment and securities-related businesses continued to be weak in the domestic market, but stock prices started to increase from November 2012. In combination with deregulation of margin transactions starting from January 2013, individual stock brokerage trading value on three major markets, Tokyo, Osaka, and Nagoya, in the fourth quarter (from January to March 2013) achieved a high level of 2.4 times that of the third quarter (from October to December 2012) and annual trading value increased 38.0% since last year. There were 54 new listings 17 more than those in the last year, showed a continuing recovery of market condition in Japan. In overseas markets, while growth recession in some emerging countries and continuing decrease of new listings were observed, ongoing U.S. economy's gradual recovery shows signs of hopeful future.

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

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

The consolidated performance for the fiscal year ended March 31, 2013 resulted in operating

revenue of ¥153,476 million (a 13.5% year-on-year decrease), operating income of ¥16,577 million (a 5.4% year-on-year decrease), profit before income tax expense of ¥14,213 million (a 8.9% year-on-year decrease), and profit attributable to owners of the Company of ¥3,202 million (a 955.9% year-on-year increase).

- Application of International Financial Reporting Standards (IFRS)

The Group has applied International Financial Reporting Standards (“IFRS”) from the consolidated fiscal year ended March 31, 2013 in place of the former Japanese Accounting Standard. The consolidated performance stated above and “year-on-year” stated in Outline of Each Business Segment are a comparison with performance results for the consolidated fiscal year ended March 31, 2012 stated in the consolidated financial statement prepared in compliance with IFRS.

- Change of reportable segments

We changed the reportable segments from the four segments of “Asset Management Business”, “Brokerage and Investment Banking Business”, “Financial Service Business” and “Housing and Real Estate Business” to the three segments of “Financial Service Business”, “Asset Management Business” and “Biotechnology-related Business” from the beginning of the consolidated fiscal year ended March 31, 2013.

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

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

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

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

Outline of Each Business Segment

(millions of yen)

	Financial Services Business	Asset Management Business	Biotechnology-related Business	Others	Total	Elimination	Consolidated
Operating revenue	113,340	32,202	970	9,240	155,752	(2,276)	153,476
Profit before income tax expense (loss)	18,741	5,450	(3,900)	1,659	21,950	(7,737)	14,213

(i) Financial Services Business

Financial Services Business consists of a wide range of financial related business and the provision of information regarding financial products, including securities brokerage business, banking services business, property and casualty insurance business, financing business offering mortgage loans, credit card business, and leasing business, and these activities are mainly carried out by SBI SECURITIES Co., Ltd., SBI Liquidity Market Co., Ltd., SBI MONEY PLAZA Co., Ltd., SBI Japannext Co., Ltd., SBI Sumishin Net Bank, Ltd.(*), SBI Insurance Co., Ltd., SBI Mortgage Co., Ltd. and Morningstar Japan K. K.

The result of operation of Financial Services Business for the consolidated fiscal year ended March 31, 2013 resulted in operating revenue of ¥113,340 million (a 3.8% year-on-year increase) and profit before income tax expense of ¥18,741 million (a 78.5% year-on-year increase).

(*) SBI Sumishin Net Bank, Ltd. is an equity method associate.

(ii) Asset Management Business

Asset Management Business primarily consists of fund management and investment in Internet technology, biotechnology, environment and energy, and financial-related venture companies inside and outside Japan, and these activities are mainly carried out by the Company, SBI Investment Co., Ltd. and SBI CAPITAL Co., Ltd.

The result of operation of Asset Management Business for the consolidated fiscal year ended March 31, 2013 resulted in operating revenue of ¥32,202 million (a 43.2% year-on-year decrease) and profit before income tax expense of ¥5,450 million (a 69.6% year-on-year decrease). Operating revenue in this reporting segment represents operating revenues mainly arising from operational investment securities and includes the changes of fair values of those investment securities. The result of operation of the Group's investees which are deemed to be controlled (*) by the Group among companies acquired in Asset Management Business is consolidated into the result of operation of this reporting segment.

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

(iii) Biotechnology-related Business

Biotechnology-related Business represents development and distribution of pharmaceutical products with 5-aminolevulinic acid (ALA), a kind of amino acid which exists in vivo, and cancer- and immune-related pharmaceutical products, and these activities are mainly carried out by SBI Pharmaceuticals Co., Ltd., SBI ALApromo Co., Ltd. (*) and SBI Biotech Co., Ltd.

The result of operation of Biotechnology-related Business for the consolidated fiscal year ended March 31, 2013 resulted in operating revenue of ¥970 million (a 104.3% year-on-year increase) and loss before income tax expense amounted to ¥3,900 million (loss before income tax expense of ¥1,984 million for the fiscal year ended March 31, 2012).

(*) SBI ALApromo Co., Ltd. is a company whose business is the sale of cosmetics and health foods and changed its trade name to its current trade name in April 2012.

(iv) Others

Business segments classified into “Others” primarily consist of, among other businesses, Housing and Real Estate Business that conducts activities such as development and trading of investment property and operation of web sites related to the provision of intermediate services, and these activities are mainly carried out by the Company and SBI Life Living Co., Ltd.

The result of operation of Others for the consolidated fiscal year ended March 31, 2013 resulted in operating revenue of ¥9,240 million (a 36.4% year-on-year decrease) and profit before income tax expense amounted to ¥1,659 million (loss before income tax expense of ¥2,220 million for the fiscal year ended March 31, 2012).

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

(2) Capital Expenditure

The amount of capital expenditure for the consolidated fiscal year ended March 31, 2013 was ¥6,142 million.

This amount mainly resulted from a capital expenditure made in the amount of ¥5,044 million focusing on enhancement of existing trading systems and software development to provide new services in order to smoothly respond to the increase in the number of orders caused by the increase in the number of customers as well as to provide the customers with expanded services in Financial Services Business.

(3) Financing

In the consolidated fiscal year ended March 31, 2013, the Company newly issued ¥65,000 million in unsecured short-term bonds under the MTN Program established on March 19, 2009. The Company redeemed ¥60,000 million in unsecured short-term bonds under the MTN Program during the consolidated fiscal year ended March 31, 2013, and the amount outstanding as of March 31, 2013 was ¥65,000 million.

(4) Status of Acquisition or Disposal of Other Companies' Equity including Shares or Share Options

- (i) The Company acquired a portion of shares of SBI Japannext Co., Ltd. from existing shareholders in September 2012.
- (ii) In September 2012, the Company executed a share transfer agreement that provides for the transfer of all of its shareholdings in SBI Capital Solutions Co., Ltd., and the transfer was completed in October 2012.
- (iii) The Group acquired shares of Hyundai Swiss Savings Bank in March 2013.
- (iv) In March 2013, the Company executed a share transfer agreement that provides for the transfer of all of the Group's shareholdings in SBI Credit Co., Ltd.

2. TRENDS IN GROUP PROPERTY AND GAINS (LOSSES)

Classification	Japanese Accounting Standard		
	12th consolidated fiscal year	13th consolidated fiscal year	14th consolidated fiscal year
	April 1, 2009 to March 31, 2010	April 1, 2010 to March 31, 2011	April 1, 2011 to March 31, 2012
Net sales	(millions of yen) 124,541	141,081	145,074
Ordinary income	(millions of yen) 1,112	3,525	4,860
Net income	(millions of yen) 2,350	4,534	3,200
Net income per share	(yen) 140.30	236.09	145.58
Total assets	(millions of yen) 1,229,939	1,293,606	1,663,814
Net assets	(millions of yen) 428,615	456,982	468,579
Net assets per share	(yen) 21,424.02	19,610.64	18,489.18

Classification	IFRS	
	14th consolidated fiscal year	15th consolidated fiscal year (consolidated fiscal year ended March 31, 2013)
	April 1, 2011 to March 31, 2012	April 1, 2012 to March 31, 2013
Operating revenue	(millions of yen) 177,409	153,476
Operating income	(millions of yen) 17,530	16,577
Profit attributable to owners of the Company	(millions of yen) 303	3,202
Basic earnings per share attributable to owners of the Company	(yen) 1.38	14.75
Total assets	(millions of yen) 1,655,568	2,494,387
Total equity	(millions of yen) 351,905	360,535
Equity per share attributable to owners of the Company	(yen) 1,347.27	1,401.39

(Note)

- From the 15th consolidated fiscal year (the consolidated fiscal year ended March 31, 2013), the Company has prepared consolidated financial statements in compliance with IFRS under Article 120, Paragraph 1 of Company Accounting Regulations. We have provided several numerical values for the 14th consolidated fiscal year that comply with IFRS as comparative information for the 15th consolidated fiscal year.
- “Basic earnings per share attributable to owners of the Company” and “Equity per share attributable to owners of the Company” for the 14th and the 15th consolidated fiscal year provided in compliance with IFRS are calculated in accordance with the new number of shares retrospectively adjusted, based on the number of shares after the Company conducted a 10 for 1 stock split, effective on October 1, 2012.

3. IMPORTANT PARENT COMPANY AND SUBSIDIARIES

(1) Status of Parent Company

Not Applicable

(2) Important Subsidiaries

Business Segment	Name	Ownership Ratio of Voting Rights or Investment Ratio (%) (Note 1)
Financial Services Business	SBI FINANCIAL SERVICES Co., Ltd. (Note 2)	100.0
	SBI SECURITIES Co., Ltd.	100.0 (100.0)
	SBI Liquidity Market Co., Ltd.	100.0 (100.0)
	SBI MONEY PLAZA Co., Ltd. (Note 3)	100.0 (100.0)
	SBI Japannext Co., Ltd. (Note 4)	52.8 (9.9)
	SBI Insurance Co., Ltd.	76.6
	Morningstar Japan K.K.	49.2 (0.7)
	SBI Mortgage Co., Ltd.	66.5 (15.2)
	SBI Card Co., Ltd.	100.0
	SBI Lease Co., Ltd.	100.0
	CEM Corporation Co., Ltd.	79.7 (57.1)
	SBI Net Systems Co., Ltd.	100.0 (5.0)
Asset Management Business	SBI Capital Management Co., Ltd. (Note 5)	100.0
	SBI Investment Co., Ltd.	100.0 (100.0)
	SBI CAPITAL Co., Ltd.	100.0 (100.0)
	SBI BB Mobile Investment LPS	36.9 (0.9)
	SBI Value Up Fund No.1 Limited Partnership	49.8 (6.5)
	SBI VEN HOLDINGS PTE. LTD.	100.0
	SBI KOREA HOLDINGS CO., LTD.	100.0 (100.0)
	Hyundai Swiss Savings Bank (Note 6)	89.4 (89.4)
	SBI Asset Management Co., Ltd.	100.0 (100.0)

Business Segment	Name	Ownership Ratio of Voting Rights or Investment Ratio (%) (Note 1)
Biotechnology-related Business	SBI Pharmaceuticals Co., Ltd.	73.2 (73.2)
	SBI ALApromo Co., Ltd. (Note 7)	100.0 (100.0)
	SBI Biotech Co., Ltd. (Note 7)	72.6 (64.1)
Other	SBI Life Living Co., Ltd.	74.2

(Note)

- In the "Ownership Ratio of Voting Rights or Investment Ratio" column, the investment ratio is presented for investment partnerships, etc. and the ownership ratio of voting rights for other subsidiaries. The numbers in brackets represent the indirect ownership ratio included.
- The Company established SBI FINANCIAL SERVICES Co., Ltd. in June 2012 as an intermediate holding company for Financial Services Business by share transfers executed jointly by SBI SECURITIES Co., Ltd., SBI Liquidity Market Co., Ltd. and SBI Financial Agency Co., Ltd.
- SBI MONEY PLAZA Co., Ltd. succeeded to the face-to-face sales division of SBI SECURITIES Co., Ltd. in June 2012 (the division conducts face-to-face transactions related to the financial instruments business, housing-loan sales agent operations and life-insurance subscription operations), not including client assets.
- The Company made SBI Japannext Co., Ltd., previously accounted for using the equity method, its subsidiary in September 2012 by acquiring a portion of shares of SBI Japannext Co., Ltd. from existing shareholders.
- The Company established SBI Capital Management Co., Ltd. in June 2012 as an intermediate holding company for Asset Management Business by share transfers executed jointly by SBI Investment Co., Ltd. and SBI CAPITAL Co., Ltd.
- The Group made Hyundai Swiss Savings Bank its subsidiary in March 2013 through acquiring shares of Hyundai Swiss Savings Bank.
- From the consolidated fiscal year ended March 31, 2013, the Company includes SBI ALApromo Co., Ltd. and SBI Biotech Co., Ltd. among its important subsidiaries because these companies are major subsidiaries that constitute "Biotechnology-related Business," which is a new reportable segment.
- SBI Capital Solutions Co., Ltd. is no longer the subsidiary of the Company because in September 2012 the Company executed a share transfer agreement that provides for the transfer of all of its shareholdings in SBI Capital Solutions Co., Ltd., and the transfer was completed in October 2012.

4. MANAGEMENT ISSUES

The Group has completed the creation of a business structure in Japan as a comprehensive financial conglomerate centered on Internet-based financial services. Currently, the Group has been rapidly expanding its investment business and establishing an investment framework primarily in Asian countries with remarkable growth. Going forward, we will aggressively promote further expansion of our overseas investment business and provide local foreign financial institutions we invest in with innovative know-how about Internet financial services fostered through our businesses in Japan. By doing so, we expect to become a comprehensive financial group that can make contributions globally with a focus in Asia.

The Company became the first listed company in Japan to be listed on the Main Board of The Stock Exchange of Hong Kong Limited on April 14, 2011. We will maximize this opportunity to enhance our credibility and recognition in Asia to further develop the Group's businesses.

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

In the Financial Services Business, we will aim to achieve greater growth even under unstable conditions in the Japanese stock markets. SBI SECURITIES Co., Ltd. will continue to expand its overseas product lineups and strengthen FX transactions in order to achieve diversification of revenue sources and further enhance its call center operations that receive high recognition from evaluating agencies in heightening its service level even more. SBI Liquidity Market Co., Ltd., which began its operation in November 2008, provides not only liquidity but convenient and competitive market infrastructure for FX transactions to SBI SECURITIES Co., Ltd., SBI Sumishin Net Bank, Ltd., and SBI FXTRADE Co., Ltd. which started its operation in May 2012. SBI Liquidity Market Co., Ltd. will make improvements to the transaction environment, enhance liquidity, and focus on building further cost-effective, secure and safe FX transaction environment with a view to providing its services to overseas private investors. We also established SBI Sumishin Net Bank, Ltd. and SBI Insurance Co., Ltd. during 2007 to 2008 for undertaking new businesses in our aim to build an earning structure that does not depend solely on stock markets. It is our key objective to further developing these businesses by provoking stronger synergistic effects among Group companies. For certain financial products, online sales alone are not sufficient, and there is a need for face-to-face consultations to explain the products to the customer directly. SBI MONEY PLAZA Co., Ltd., which operates a face-to-face selling business that provides a one-stop response to all customers needs for asset management, insurance and housing loans, will take the lead in developing the operation of the SBI Group's face-to-face channels.

In the Asset Management Business, we recognize as a high priority the expansion of our investments in emerging countries, primarily in Asia, and the establishment of an effective investment system. The Company will pursue setting up funds jointly with our leading local partners while monitoring the economic conditions of such countries as we continue to push establishment and penetration of our global network. We pursue private equity investment by identifying target and concentrating our investments in growth areas with the aim of

contributing to developing industries while benefiting from high investment performance. In the future, the Group will continue to invest in four key areas of IT, biotechnology, environment and energy, and finance. In the financial sectors, we will transfer the know-how of the Group and pursue direct investment in overseas financial institutions by which we can expect to enhance the value of corporations we invest in. The Group will also invest in promising domestic medium-sized companies and small and medium-sized companies through operating buy-out funds. In undertaking these business activities, the Group will strive for further growth by continuing to aggressively utilize the resources both inside and outside of the Group and heightening the performance of the funds we operate as we swiftly improve the corporate value of companies we invest in.

In the Biotechnology-related Business which is expected to be the largest growth area of the Group and was determined as a new reportable segment from the beginning of the consolidated fiscal year ended March 31, 2013, the Group conducts sales of health foods and cosmetics that contain 5-aminolevulinic acid (ALA), and SBI Pharmaceuticals Co., Ltd. carries out research and development of pharmaceutical products using ALA. Research activities have recently been extended in domestic and foreign universities and research institutes to discover new applications of ALA, and we strive to develop the products that serve customer's healthy and enjoyable life focusing on ALA with possible applications in a wider range of fields. SBI Biotech Co., Ltd. dedicates efforts to developing new pharmaceutical products using the most advanced biotechnology in collaboration with leading research institutes around the world.

In addition, in July 2010, the Group launched a concept called the "Brilliant Cut Initiative". In this initiative, the Group companies and businesses are modeled on the facets of a diamond, namely a "58 brilliant-cut diamond", known to be the brightest and the most beautiful with each of the facets giving the best shine when cut this way. The 58 major companies and business entities of the Group's business ecosystem reflect the 58 facets of a brilliant-cut diamond, which together shine most beautifully as one. With the aim of reflecting the most brilliant shine as a Group, we will pursue the "brilliant-cut" initiative in shifting our management emphasis from the traditional group-wide expansion to profitability by advancing with selection and concentration of businesses.

The Group recognizes that continuous enhancement of human resources is an essential Group-wide initiative. It has become increasingly important to secure highly competent individuals that support the rapid expansion of our businesses and to continue developing the skills of our employees. For this purpose, we have been exerting greater efforts in hiring excellent individuals who are willing to share the management philosophy of the Group as well as recruiting university graduates to secure human capital for passing on the Group's unique corporate culture from one generation of employees to the next. The initiative of recruiting university graduates that began in April 2006 has resulted in individuals with the potential to advance to senior executive positions already contributing strongly in key positions of the organization. We will continue to secure highly competent and global-oriented human resources and promote career development of our staff in pursuing perpetual growth and development of the Group.

5. PRINCIPAL BUSINESS DESCRIPTION OF THE GROUP
(as of March 31, 2013)

The Group, as a comprehensive financial conglomerate, engages in a wide range of business activities, primarily online financial service businesses and investments activities in Japan and overseas, and these businesses, together with Biotechnology-related Business, are the three businesses that constitute the Group's principal business description.

6. PRINCIPAL PLACE OF BUSINESS OF THE GROUP
(as of March 31, 2013)

Tokyo: The Company and headquarters of the important subsidiaries in Japan

Hong Kong: SBI Hong Kong Holdings Co., Limited

Singapore: SBI VEN CAPITAL PTE. LTD.

China: SBI (China) Co., Ltd.

7. EMPLOYEES OF THE GROUP (as of March 31, 2013)

Business Segment	Number of Employees
Financial Services Business	2,791
Asset Management Business	1,815
Biotechnology-related Business	156
Other	120
Company-wide (Common)	125
Total	5,007

(Note)

1. The number of employees represents the number of employed workers and is stated in relation to business segment.
2. The number of employees increased by 1,858 over the previous year mainly because, in Asset Management Business, the Company, through the application of IFRS, consolidated the Company's investees deemed to be controlled by the Company among the companies acquired in Asset Management Business and included the number of employees of such investees and the Company made Hyundai Swiss Savings Bank a consolidated subsidiary in March 2013.
3. The company-wide (common) employees belong to the administrative or other divisions of the Company.

8. PRINCIPAL LENDER (as of March 31, 2013)

(millions of yen)

Lender	Loan Balance
Mizuho Corporate Bank, Ltd.	57,775

9. POLICY ON DETERMINATION OF DIVIDENDS FROM SURPLUS

The Company will make decisions regarding distributions to the shareholders based on a comprehensive view of consolidated business performance and other factors including the Group companies.

With respect to dividends from surplus, the basic profit distribution policy of the Company is to target a payout a minimum of ¥10 per share on a once annual year-end dividend payment. Depending on the adequacy of retained earnings for sustainable growth and business forecasts, the Company will aim to increase the payout amount in the future. In common with the past periods, the Company will only pay a year-end dividend and will not pay an interim dividend.

Based on the aforementioned basic policy, the Company determined to pay an ordinary dividend of ¥10 per share as a year-end dividend for the consolidated fiscal year ended 31 March, 2013.

II. COMPANY

1. SHARES (as of March 31, 2013)

- (1) Total Number of Shares Authorized for Issue 341,690,000 shares
- (2) Total Number of Outstanding Shares 224,525,781 shares
(including 7,524,706 shares of treasury stock)
- (3) Number of Shareholders 183,706 shareholders
- (4) Share Unit Number 100 shares
- (5) Major Shareholders

Major Shareholder	Number of Shares Held shares	Percentage of Shares Held %
CBNY-ORBIS SICAV	10,262,144	4.7
Japan Trustee Services Bank, Ltd. (Trust account)	9,918,830	4.5
The Master Trust Bank of Japan, Ltd. (Trust account)	7,241,300	3.3
SAJAP	5,476,640	2.5
DEUTSCHE MORGAN GRENFELL (C.I.) LIMITED – GENERAL CLIENT A/C	4,320,450	1.9
CBNY-ORBIS FUNDS	4,002,651	1.8
STATE STREET BANK AND TRUST COMPANY 505225	3,798,096	1.7
Yoshitaka Kitao	3,787,960	1.7
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	3,601,278	1.6
JAPAN SECURITIES FINANCE CO., LTD.	2,481,500	1.1

(Note)

1. The percentage of shares held is calculated upon deducting the treasury stock.
2. Apart from the holdings of the major shareholders above, the Company holds 7,524,706 shares as treasury stock. The number of treasury stock does not include 573,740 shares of the Company's stock owned by Trust & Custody Services Bank, Ltd. (Trust E Account) as trust assets of the "Stock Benefit Trust (employee stock ownership plan disposal type)".

(6) Other Important Matters Concerning Shares

- (i) On October 1, 2012, the Company increased the total number of shares authorized for issue, conducted a 10 for 1 stock split and adopted a share unit system in which 1 unit is 100 shares pursuant to a resolution of the meeting of the Board of Directors held on

April 26, 2012 and a resolution of the 14th Ordinary General Meeting of Shareholders held on June 28, 2012.

- (ii) The treasury stock has been increased by 7,153,217 shares through an acquisition of treasury stock pursuant to a resolution of the meeting of the Board of Directors held on May 22, 2012 and through a stock split conducted on October 1, 2012.

2. SHARE OPTIONS

- (1) Delivery of share options as consideration for the execution of duties and held by the Company officers (as of March 31, 2013)

Not Applicable

- (2) Delivery of share options to employees as consideration for the execution of duties during the fiscal year ended March 31, 2013

Not Applicable

3. COMPANY OFFICERS

- (1) Directors and Statutory Auditors (as of March 31, 2013)

Position	Name	Responsibilities and Other Significant Concurrent Offices Held
Representative Director, President & CEO	Yoshitaka Kitao	Representative Director and CEO of SBI Investment Co., Ltd. Representative Director and Chairman of SBI SECURITIES Co., Ltd. Director and Chairman of SBI Mortgage Co., Ltd. Director of Morningstar Japan K.K. Director of SBI Japannext Co., Ltd. Director of SBI FINANCIAL SERVICES Co., Ltd. Director of SBI Capital Management Co., Ltd. Representative Director of SBI Hong Kong Holdings Co., Limited Director of SBI VEN HOLDINGS PTE. LTD. Director and Chairman of KAWADEN CORPORATION
Director, Senior Executive Vice President & COO	Taro Izuchi	Director and CFO of SBI Investment Co., Ltd. Director of SBI SECURITIES Co., Ltd. Representative Director and President of SBI MONEY PLAZA Co., Ltd. Representative Director and President of SBI FINANCIAL SERVICES Co., Ltd.
Director & Senior Managing Executive Officer	Takashi Nakagawa	Representative Director and COO of SBI Investment Co., Ltd. Representative Director and President of SBI Capital Management Co., Ltd. Director of SBI AXES Co., Ltd.
Director & Managing Executive Officer	Tomoya Asakura	Representative Director & President of Morningstar Japan K.K. Director of SBI Insurance Co., Ltd. Director of SBI FINANCIAL SERVICES Co., Ltd.

Position	Name	Responsibilities and Other Significant Concurrent Offices Held
Director, Managing Executive Officer & CFO	Shumpei Morita	Representative Director and President of SBI Business Solutions Co., Ltd. Outside Statutory Auditor of Morningstar Japan K.K. Director of SBI FINANCIAL SERVICES Co., Ltd. Director of SBI Capital Management Co., Ltd.
Director and Executive Officer	Noriaki Maruyama	Representative Director, President, CEO and COO of SBI Mortgage Co., Ltd.
Director and Executive Officer	Peilung Li	The Chief Representative of the Company's Representative Office in Shanghai of the Company Representative Director of SBI (China) Co., Ltd. Representative Director of Shanghai SBI-INESA Equity Investment Management Co., Ltd. Outside Director of SBI Searchina Co., Ltd. Director and CEO of CSJ-SBI Financial Media Co., Ltd. Director of Tianan Property Insurance Company Limited of China
Director	Hiroyoshi Kido	Representative Director and President of SBI Insurance Co., Ltd.
Director	Noriyoshi Kimura	Executive Officer and CTO of SBI Sumishin Net Bank, Ltd.
Director	Hiroshi Tasaka	Representative Director of SophiaBank, Limited Professor of Tama University Graduate School
Director	Takashi Okita	Representative Director, Executive Officer, and CEO of VeriTrans Inc. Representative Director and Co-CEO of iResearch Japan Co., Ltd. Representative Director and CEO of econtext ASIA Ltd.
Director	Masaki Yoshida	Representative Director of YOSHIDAMASAKI INC. Representative Director and Chairman of Watanabe Entertainment Co., Ltd. Outside Director of KLab Inc.
Director	Kiyoshi Nagano	External Statutory Auditor of Shin-Etsu Chemical Co., Ltd. Outside Auditor of LEC, INC.
Director	Keiji Watanabe	Independent Outside Director of ASAHI KOGYOSHA CO., LTD. Outside Director of Aoyama Zaisan Networks Company, Limited
Director	Akihiro Tamaki	Representative Director of SiFA Co., Ltd. External Corporate Auditor of Avex Group Holdings Inc.
Director	Masanao Marumono	Outside Statutory Auditor of GINSEN CO., LTD. Vice-President of Japan Association of Employers of Persons with Severe Disabilities Counsel of SMBC Green Service Co., Ltd.

Position	Name	Responsibilities and Other Significant Concurrent Offices Held
Standing Statutory Auditor	Atsushi Fujii	Statutory Auditor of SBI Investment Co., Ltd. Outside Statutory Auditor of SBI SECURITIES Co., Ltd. Statutory Auditor of SBI FINANCIAL SERVICES Co., Ltd. Statutory Auditor of SBI Capital Management Co., Ltd.
Statutory Auditor	Ryujiro Shimamoto	Statutory Auditor of SBI Lease Co., Ltd. Statutory Auditor of SBI MONEY PLAZA Co., Ltd.
Statutory Auditor	Minoru Tada	Outside Standing Statutory Auditor of SBI SECURITIES Co., Ltd. Statutory Auditor of SBI FINANCIAL SERVICES Co., Ltd.
Statutory Auditor	Hisashi Hayakawa	Outside Standing Statutory Auditor of SBI Insurance Co., Ltd. Statutory Auditor of SBI Capital Management Co., Ltd.

(Note)

1. Directors Kiyoshi Nagano, Keiji Watanabe, Akihiro Tamaki and Masanao Marumono are Outside Directors.
2. Statutory Auditors Ryujiro Shimamoto and Hisashi Hayakawa are Outside Statutory Auditors.
3. Standing Statutory Auditor Atsushi Fujii is qualified as a certified public accountant, and Statutory Auditors Ryujiro Shimamoto, Minoru Tada, and Hisashi Hayakawa have many years of experience in financial institutions. All of these Statutory Auditors have a considerable degree of knowledge regarding finance and accounting.
4. The position of the following directors has changed as follows as of June 28, 2012.

Name	New position	Former position
Yoshitaka Kitao	Representative Director, President & CEO	Representative Director and CEO
Taro Izuchi	Director, Senior Executive Vice President & COO	Director and COO
Takashi Nakagawa	Director & Senior Managing Executive Officer	Director and Executive Officer
Tomoya Asakura	Director & Managing Executive Officer	Director and Executive Officer
Shumpei Morita	Director, Managing Executive Officer & CFO	Director and CFO
Takashi Okita	Director	Director and Executive Officer

5. Directors who retired from their office upon expiry of their terms of office at the 14th Ordinary General Meeting of Shareholders held on June 28, 2012 are Kenji Hirai, Shinji Yamauchi, Makoto Miyazaki, Yoshimi Takahashi, Masaki Takayanagi, and Takeshi Natsuno. Directors who are newly elected and assumed office are Peilung Li and Masanao Marumono.
6. The Company designated Directors Kiyoshi Nagano and Masanao Marumono as an independent director under the provisions of the Tokyo Stock Exchange and the Osaka Securities Exchange and has notified both exchanges.

(2) Directors and Statutory Auditors who Retired from Their Office During the Fiscal Year ended March 31, 2013 on or After the Day Following the Day on Which the 14th Ordinary General Meeting of Shareholders Held on June 28, 2012 Ended

Name	Position at Time of Retirement, Responsibilities and Other Significant Concurrent Offices Held	Retirement Date
Yasutaro Sawada	Director of the Company Representative Director and President of SBI SECURITIES Co., Ltd.	Resigned on March 11, 2013

(3) Remuneration of Directors and Statutory Auditors

(i) Total Amount of Remuneration for the Fiscal Year ended March 31, 2013

Classification	Number of Officers	Amount of Paid Remuneration
Directors (Outside Directors included)	22 officers (5 officers)	¥249 million (¥56 million)
Statutory Auditors (Outside Statutory Auditors included)	1 officer (0 officer)	¥12 million (¥0 million)
Total (Outside Directors and Outside Statutory Auditors included)	23 officers (5 officers)	¥261 million (¥56 million)

(Note)

1. The amount of remuneration of Directors does not include employee remuneration for any director who concurrently serves as an employee.
2. One Director and three Statutory Auditors (two outside Statutory Auditors included) do not receive remuneration.
3. Remuneration of officers who retired from their office during the fiscal year ended March 31, 2013 is included in the amount provided in the list above.

(ii) Total Amount of Executive Remuneration Received by Outside Directors and Outside Statutory Auditors from Subsidiaries

The total amount of remuneration received as an officer by the Outside Statutory Auditors from subsidiaries for which they concurrently serve as an officer in the fiscal year ended March 31, 2013 amounts to ¥16 million.

(4) Matters Regarding Outside Officers

- (i) Relationship between the companies for which the Outside Officers hold significant concurrent offices and the Company

Position	Name	Significant Concurrent Office
Director	Kiyoshi Nagano	External Statutory Auditor of Shin-Etsu Chemical Co., Ltd. Outside Auditor of LEC, INC.
Director	Keiji Watanabe	Independent Outside Director of ASAHI KOGYOSHA CO., LTD. Outside Director of Aoyama Zaisan Networks Company, Limited
Director	Akihiro Tamaki	Representative Director of SiFA Co., Ltd. External Corporate Auditor of Avex Group Holdings Inc.
Director	Masanao Marumono	Outside Statutory Auditor of GINSEN CO., LTD. Vice-President of Japan Association of Employers of Persons with Severe Disabilities Counsel of SMBC Green Service Co., Ltd.
Statutory Auditor	Ryujiro Shimamoto	Statutory Auditor of SBI Lease Co., Ltd. Statutory Auditor of SBI MONEY PLAZA Co., Ltd.
Statutory Auditor	Hisashi Hayakawa	Outside Standing Statutory Auditor of SBI Insurance Co., Ltd. Statutory Auditor of SBI Capital Management Co., Ltd.

(Note)

1. SBI Lease Co., Ltd., SBI MONEY PLAZA Co., Ltd., SBI Insurance Co., Ltd. and SBI Capital Management Co., Ltd. are subsidiaries of the Company.
2. There is no transaction or other relationship to be noted between other companies in which concurrent offices are held and the Company.

(ii) Principal Activities in the Fiscal Year Ended March 31, 2013

- Attendance at the meetings of the Board of Directors and the Board of Statutory Auditors

		Meeting of Board of Directors (held 16 times)		Meeting of Board of Statutory Auditors (held 16 times)	
		Number of Times Attended	Attendance Rate	Number of Times Attended	Attendance Rate
Director	Kiyoshi Nagano	14 times	87%	—	—
Director	Keiji Watanabe	14 times	87%	—	—
Director	Akihiro Tamaki	15 times	93%	—	—
Director	Masanao Marumono	13 times	100%	—	—
Statutory Auditor	Ryujiro Shimamoto	16 times	100%	16 times	100%
Statutory Auditor	Hisashi Hayakawa	15 times	93%	16 times	100%

(Note) Director Masanao Marumono was appointed as a Director on June 28, 2012. Meetings of the Board of Directors were held 13 times on and after June 28, 2012 and the attendance ratio for the above director represents the percentage against the number of times the meetings were held on and after that date.

- Statements at meetings of the Board of Directors and the Board of Statutory Auditors

Directors Kiyoshi Nagano, Keiji Watanabe, Akihiro Tamaki and Masanao Marumono have, as Outside Directors, asked questions from time to time regarding matters to be reported or resolved and offered opinions as necessary from an external point of view at the meetings of the Board of Directors they attended.

Statutory Auditors Ryujiro Shimamoto and Hisashi Hayakawa have sufficiently fulfilled their auditing function by expressing their opinions from the perspective of whether the Directors' performance of their duties and the decision-making process for resolutions of the Board of Directors are appropriate and based on reasonable and accurate understanding of facts during proceedings at the meetings of the Board of Directors. Also, they have made reports and actively offered opinions for every proceeding at the meetings of the Board of Statutory Auditors.

(iii) Outline of Contracts for Limitation of Liability

The Company has executed contracts for limitation of liability with Outside Directors Kiyoshi Nagano, Keiji Watanabe, Akihiro Tamaki and Masanao Marumono to limit

liability under Article 423, Paragraph 1 of the Companies Act to the extent of the higher amount of either ¥1,000,000 or the minimum liability amount stipulated by laws and regulations under Article 427, Paragraph 1 of the Companies Act and Article 25, Paragraph 2 of the Company's Articles of Incorporation.

4. ACCOUNTING AUDITOR

(1) Name Deloitte Touche Tohmatsu LLC

(2) Amount of remuneration of Accounting Auditor for the Company's fiscal year ended March 31, 2013

¥355 million

(3) Total amount of money and other property benefits to be paid by the Company and subsidiaries to Accounting Auditor

¥638 million

(Note)

1. Since the audit agreement between the Company and the Accounting Auditor does not clearly distinguish between the amount of remuneration for auditing under the Companies Act and the amount of remuneration for auditing under the Financial Instruments and Exchange Act and it is also not possible to substantially distinguish between them, the amount in (2) above represents the total amount.
2. The Company has paid the Accounting Auditor consideration for the preparation of a comfort letter and other services other than those set out in Article 2, Paragraph 1 of the Certified Public Accountant Act.
3. Six important subsidiaries of the Company are audited by auditors other than the Accounting Auditor of the Company.

(4) Policy on Determination of Removal or Disapproval of Reappointment

Upon obtaining the consent of, or based on a request from, the Board of Statutory Auditors, the Board of Directors shall make the removal or disapproval of reappointment of the Accounting Auditor a purpose of the general meeting of shareholders if the execution of duties of the Accounting Auditor is interfered with or in any other case where it is deemed necessary.

If the Accounting Auditor is deemed to fall under any item of Article 340, Paragraph 1 of the Companies Act, the Board of Statutory Auditors will remove the Accounting Auditor by consent of all Statutory Auditors. In that case, the Statutory Auditors elected by the Board of Statutory Auditors shall report the removal of the Accounting Auditor and the reason therefore at the first general meeting of shareholders convened after the removal.

5. FRAMEWORKS FOR ENSURING PROPER EXECUTION OF BUSINESS OPERATIONS

Details of resolutions by the Board of Directors concerning frameworks in place at the end of the business year ended March 31, 2013 for ensuring that the Directors execute their duties in compliance with laws, regulations, and the Articles of Incorporation and for ensuring that other business operations of the Company are properly executed are set out below.

(1) Framework for Ensuring Execution of Duties by Directors and Employees are in Compliance with Laws and Regulations and Articles of Incorporation

- (i) The Representative Director of the Company is responsible for making all managers and employees aware of the importance of compliance with laws and regulations, as well as ethical standards. Compliance and ethics are both vital aspects of operating within the Company's Management Philosophy and Corporate Vision.
- (ii) The Company facilitates close communication among the Directors, supervises the performance of the Representative Director, and prevents violations of laws, regulations, and the Articles of Incorporation by holding regular monthly meetings of the Board of Directors in accordance with the Board of Directors Regulations and by holding other extraordinary meetings of the Board of Directors as necessary.
- (iii) Following a resolution by the Board of Directors, the Company appoints a Director to be responsible for compliance matters, establishes a Compliance Department that is directly managed by that Director, and causes that Director and department to identify compliance-related issues and problems relating to the Company. In addition, following a resolution by the Board of Directors the Company establishes an Internal Audit Department. The Internal Audit Department is an organizational unit independent from all business administration divisions and administrative divisions that comprehensively and objectively evaluates the appropriateness of the Company's internal management structure, which involves compliance with laws and regulations, the appropriateness of operations and the proper management of internal controls, among other responsibilities. Also, recommendations are provided and follow-up measures are taken for the purpose of seeking improvement with respect to issues uncovered as a result of internal audits. Audits are conducted with the help of employees and, if necessary, external specialists.

The results of individual internal audits are reported promptly after completion of audits, and reports are provided to the Board of Directors through the Representative Director more than once every six months, in addition to regular reports to Statutory Auditors.

- (iv) The Company has established a Whistleblower System for submitting reports directly to the Internal Audit Department and the Statutory Auditors, allowing Directors and employees to provide information concerning violations at the Company of laws, regulations, and the Articles of Incorporation as well as important facts discovered involving compliance.
- ### **(2) Framework for Data Storage and Management Relating to Execution of Duties by Directors**

- (i) The Company has, following a resolution by the Board of Directors, established document management regulations and stores and manages data relating to the execution of duties by the Directors by entering or recording that data on written documents or electromagnetic recordings (“Documents”).
 - (ii) Directors and Statutory Auditors may access Documents at any time.
- (3) Regulations for Managing Risk of Loss and Other Similar Frameworks
- (i) The Company appoints a Director to be in charge of risk management in accordance with risk management and group risk management regulations established by the Board of Directors and has established the Risk Management Department to identify and properly evaluate and manage risks that may impede the execution of business operations or the attainment of our Management Philosophy and Corporate Vision.
 - (ii) If any management crisis comes to light, then the Company deals with that crisis in accordance with the Company’s crisis management regulations by (a) establishing a task force led by the Director responsible for risk management and (b) facilitating a structure that enables timely and appropriate sharing of information relating to the management crisis among the Director responsible for risk management, the managers in charge of the Risk Management Department, the General Affairs and Human Resources Departments, the Corporate Communications Departments, and the Legal and Compliance Departments, and other Directors and employees who require that information.
- (4) Framework for Ensuring the Efficient Execution of Duties by Director
- (i) The Company determines allocation of duties following a resolution by the Board of Directors and clarifies the division of roles among the Directors.
 - (ii) The Company facilitates a data system that enables appropriate and prompt decision-making.
 - (iii) In principle, the Company holds regular monthly meetings of the Board of Directors and other extraordinary meetings of the Board of Directors as necessary, and in addition to solving problems that arise in each division in a timely and appropriate manner, makes the Directors aware of know-how gained from the problems solved. By doing so, the Company seeks to streamline execution of duties that Directors are responsible for while also streamlining operations throughout the Company as a whole.
- (5) Framework for Ensuring Proper Execution of Business Operations in Corporate Group Consisting of the Company and Subsidiaries
- (i) Compliance conferences are held to provide an opportunity to exchange information about compliance for the entire corporate group. These gatherings identify compliance issues and problems, and confirm that business operations are conducted properly. The Director in charge of compliance and the Compliance Department hold these conferences along with compliance officers from companies belonging to the corporate group. These compliance conferences are promptly convened when a request for

convocation is made from a company belonging to the corporate group.

- (ii) If the Directors discover any material violation of laws, regulations, or the Articles of Incorporation or any other important facts relating to compliance with regard to a company belonging to the corporate group, they report this information to the Company's Statutory Auditors, and the Statutory Auditor who takes receipt of that report notifies the statutory auditor of the company in relation to which those important facts were discovered.
- (6) Framework Relating to Employees Assisting Duties of Statutory Auditors When Appointment of Those Employees is Requested by Statutory Auditors, and Matters Relating to Independence from Directors of Those Employees

When requested by a Statutory Auditor, the Company appoints, for a period determined in consultation with that Statutory Auditor, an employee who is nominated by the Internal Auditing Department as having knowledge that enables that employee to assist with the Statutory Auditor's duties independent of the Directors' chain of command. In this case, the opinions of the Statutory Auditor are respected with regard to personnel changes and evaluation in relation to that employee.

- (7) Framework for Reporting by Directors and Employees to Statutory Auditors and Framework for Other Types of Reporting to Statutory Auditors

- (i) The Directors report to the Statutory Auditors in a timely and accurate manner when the Directors come to know of any of the following:
 - (a) any matter likely to cause significant damage to the Company;
 - (b) any important matter relating to management;
 - (c) any important matter relating to internal auditing;
 - (d) any material violation of laws, regulations, or the Articles of Incorporation; or
 - (e) any other matter judged an important matter by the Directors.
 - (ii) The Directors will provide the Statutory Auditors with prompt and detailed explanations of the matters (a) through (d) above when requested by the Statutory Auditors and must not refuse such a request unless the Directors have reasonable grounds for doing so.
 - (iii) The Company has established a Whistleblower System for submitting reports directly to the Statutory Auditors, enabling Directors and employees to provide information concerning violations of laws, regulations, and the Articles of Incorporation as well as important facts discovered involving compliance.
- (8) Other Frameworks for Ensuring that Statutory Auditors Effectively Execute Audits
- (i) The Company will cause the Company's Representative Director to hold regular meetings with the Statutory Auditors for the purpose of sharing information regarding management-based issues and problems and, as necessary, facilitates sharing of information between Statutory Auditors and the Internal Auditing Department with the Accounting Auditor.

- (ii) The meetings described in (8)(i) above are promptly convened by the Company when a request for convocation is made by a Statutory Auditor.

Details concerning the Group's basic philosophy regarding exclusion of anti-social organizations and the implementation status of this philosophy are set out below.

With regard to measures for the exclusion of anti-social organizations, the Group declares in its code of conduct its intent to resolutely defy anti-social organizations and promotes awareness of this initiative by distributing, and by posting on the Company's intranet, manuals for dealing with anti-social organizations in accordance with the "Guidelines for Enterprises to Prevent Damage Caused by Antisocial Forces".

In addition the Company has facilitated an internal framework for strengthening collaborative efforts by establishing a department for carrying out anti-social organization exclusion initiatives and by sharing knowledge with the police, centers for eliminating anti-social organizations, lawyers, and other external professional institutions.

Efforts are also made to increase awareness of the requirement to cut off relationships with anti-social organizations, by carrying out training for managers and employees in the Group.

CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Statement of Financial Position

	As at 31 March 2013
	Millions of Yen
Assets	
Cash and cash equivalents	133,362
Trade and other accounts receivable	412,477
Assets related to securities business	
Cash segregated as deposits	846,445
Margin transaction assets	164,935
Other assets related to securities business	422,265
Total assets related to securities business	1,433,645
Other financial assets	26,694
Operational investment securities	119,268
Other investment securities	57,209
Investments in associates	35,689
Investment properties	36,355
Property and equipment	10,517
Intangible assets	185,581
Other assets	29,928
Deferred tax assets	13,662
Total assets	2,494,387
Liabilities	
Bonds and loans payable	344,360
Trade and other accounts payable	48,894
Liabilities related to securities business	
Margin transaction liabilities	153,612
Loans payable secured by securities	135,609
Deposits from customers	387,310
Guarantee deposits received	372,440
Other liabilities related to securities business	255,634
Total liabilities related to securities business	1,304,605
Customer deposits for banking business	376,177
Income tax payable	2,192
Other financial liabilities	35,371
Other liabilities	15,430
Deferred tax liabilities	6,823
Total liabilities	2,133,852
Equity	
Capital stock	81,668
Capital surplus	160,550
Treasury stock	(5,117)
Other component of equity	6,196
Retained earnings	60,002
Equity attributable to owners of the Company	303,299
Non-controlling interests	57,236
Total equity	360,535
Total liabilities and equity	2,494,387

(2) Consolidated Statements of Income

	Fiscal Year ended 31 March 2013
	Millions of Yen
Operating revenue	153,476
Operating expense	
Operating cost	(55,275)
Financial cost	(4,612)
Selling, general and administrative expenses	(75,231)
Other expenses	(2,339)
Total operating expense	(137,457)
Share of results of associates using the equity method	558
Operating income	16,577
Other financial income and cost	
Other financial income	604
Other financial cost	(2,968)
Total other financial income and cost-net	(2,364)
Profit before income tax expense	14,213
Income tax expense	(7,251)
Profit for the year	6,962
Profit for the year attributable to	
Owners of the Company	3,202
Non-controlling interests	3,760

(3) Consolidated Statement of Changes in Equity

	Attributable to owners of the Company							Total equity Millions of Yen
	Capital Stock	Capital Surplus	Treasury Stock	Other Component of equity	Retained earnings	Total	Non- controlling interests	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	
As at 1 April 2012	81,665	160,471	(3,180)	(1,363)	58,930	296,523	55,382	351,905
Profit for the year	—	—	—	—	3,202	3,202	3,760	6,962
Other comprehensive income	—	—	—	7,637	—	7,637	741	8,378
Total comprehensive income	—	—	—	7,637	3,202	10,839	4,501	15,340
Issuance of new stock	3	3	—	—	—	6	—	6
Change in scope of consolidation	—	1	—	—	—	1	(7,909)	(7,908)
Dividends paid	—	—	—	—	(2,208)	(2,208)	(3,004)	(5,212)
Treasury shares purchased	—	—	(2,021)	—	—	(2,021)	—	(2,021)
Treasury shares sold	—	0	84	—	—	84	—	84
Changes of interests in subsidiaries without losing control	—	75	—	—	—	75	8,266	8,341
Transfer	—	—	—	(78)	78	—	—	—
As at 31 March 2013	81,668	160,550	(5,117)	6,196	60,002	303,299	57,236	360,535

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation

The consolidated financial statements of SBI Holdings, Inc. (the "Company") and consolidated subsidiaries (collectively the "Group") were prepared in accordance with International Financial Reporting Standards ("IFRSs") pursuant to first paragraph of Article 120 of the Ordinance on Company Accounting. Some disclosure items required under IFRSs were omitted pursuant to the latter part of the same paragraph.

The Group determined to first adopt IFRSs for the fiscal year ended 31 March 2013. The date of transition to IFRSs ("transition date") is 1 April 2011.

2. Scope of consolidation

Number of consolidated subsidiaries: 178

Major consolidated subsidiaries are listed in "3.IMPORTANT PARENT COMPANY AND SUBSIDIARIES" in the section "I. GROUP" of "Business Report"

3. Application of equity method

Number of investment in associates and joint ventures accounted for using equity method:38

Major investment accounted for using equity method:SBI Sumishin Net Bank.,Ltd

4. Summary of accounting policies

(1) Valuation of significant assets

① Valuation of financial assets

The Group early adopted IFRS 9 "Financial instruments" (issued in November 2009, revised in October 2010 and December 2011) from the transition date.

IFRS 9 "Financial instruments" ("IFRS9") apply all financial assets which are currently addressed in IAS 39 "Financial instruments: Recognition and Measurement" to be subsequently measured either at amortized cost or at fair value.

• Non-derivative financial assets

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs directly attributable to acquisition of financial assets at FVTPL are recognized immediately in profit or loss.

The Group applied exemptions of IFRS 1 "First-time Adoption of International Financial Reporting Standards" ("IFRS 1") stated below in respect of adopting IFRS 9.

- Based on the facts and circumstances at the transition date, financial instruments held for the purpose of gaining appreciation through changes of fair value are designated as financial assets at FVTPL in accordance with IFRS 9.
- Based on the facts and circumstances at the transition date, equity instruments held for the purposes other than trading are designated as financial assets at FVTOCI in accordance with IFRS 9.

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 accumulative impairment loss 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.

(Financial assets at FVTPL)

A financial asset is subsequently measured at fair value unless it is measured at amortized cost.

(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 accumulated changes of fair value recorded in other comprehensive income cannot be reclassified to profit or loss. Dividends from above mentioned equity instruments are recognized in profit or loss when there is no apparent evidence showing that the dividends are repayments of the original investment. At derecognition of equity instruments at FVTOCI or when the declining of fair value is not temporary comparing with 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.

• Derecognition

The Group shall derecognize a financial asset when, and only when, the contractual rights to the cash flow 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.

• Fair value

The Group measures the fair value of a financial asset using the market price from the active market if available. Fair value of financial assets held by the Group are determined at bid price as the appropriate market price and fair value of financial assets to be obtained are determined at ask price.

The Group use valuation techniques to determine fair value if the financial assets are not traded in an active market. Valuation techniques include utilization of quoted price of a recent actual transaction in an active market, current fair value of an identical or similar financial instruments, discounted cash flow analysis and option pricing model. When there is evidence that market participants use valuation techniques to determine the price of a financial asset and provide 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 the fair value, the Group shall reassess the valuation techniques based on the observable market data on a regular basis.

The Group adopted exemptions for fair value on the initial recognition of financial assets in IFRS 1, electing to apply valuation techniques prospectively for the transactions without an active market occurring on or after the transition date.

• Impairment on financial assets measured at amortized costs

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 the negative impact will be exerted on the estimated future cash flows arising from financial assets. The Group assesses whether there is objective evidence indicating that financial assets measured at amortized cost is impaired on a quarterly basis.

Financial assets measured at amortized costs are assessed for impairment individually or collectively depending on the significance of financial assets. 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 group based on risk characteristic.

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. 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 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.

- Accounting policies for derivatives including hedge accounting

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

At the inception of the hedge, the Group has a formal documentation of the hedging relationship between hedged item or transaction and hedge instrument, which is the interest rates swap contracts, in compliance with our risk management objective and strategy. In addition, the Group has a formal documentation on the effectiveness of the interest rates 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 swap contracts, which is designated as hedging instruments for fair value hedge 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 swap contracts, which is designated as hedging instruments for cash flow hedge, 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 ineffective portion shall be recognized in profit or loss.

The amount that has been recognized in accumulated other comprehensive income shall be presented as 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 affect profit or loss.

The Group shall discontinue prospectively the hedge accounting when the criteria of 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 that the anticipated transaction is not expected to occur, when the underlying amount shall be immediately recognized in profit or loss.

② Valuation of non-financial assets

- Inventories

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

- Property and equipment other than lease asset

Property and equipment are presented as acquisition cost deducted by accumulated depreciation and accumulated impairment loss. Acquired cost included 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.

- Investment properties other than lease asset

Investment properties are carried at initial cost less accumulative depreciation and accumulative impairment loss.

However, the Group applied the exemptions in IFRS 1, electing to measure part of investment properties at the transition date at its fair value as its deemed cost at that date.

- Intangible Assets other than goodwill and lease asset
Intangible Assets are carried at initial cost less accumulative amortization and accumulative impairment loss.
- Lease assets
(Accounting by lessor as finance lease)
A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Receivable is 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 positions.
(Accounting by lessee as finance lease)
A lease is classified as a finance lease when the Group assumes the risk and reward according to the lease contract. Lease assets are initially recognized as the lower of fair value of the leased property and the present value of the minimum lease payments. In subsequent measurement, leased assets are accounted for under the accounting standards applied to the assets.
- Impairment of non-financial assets
Other than inventories and deferred tax assets, the Group's non-financial assets are subject to annual impairment tests. When an indication for 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 of which useful life cannot be determined or still in the status not available for use, the recoverable amount shall be estimated at a certain time, regardless of the indication for impairment. A CGU is defined as the smallest identifiable group of assets that generates cash flows that are largely independent of the cash inflows from other assets or group of assets.

(2) Depreciation method for significant non-current assets

- Property and equipment
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 class of property and equipment are as follows:

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

 The amortization method, estimated useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.
- intangible assets other than goodwill
Amortization of intangible assets with a finite useful life 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 class 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.

- Investment properties

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 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 are recognized in profit or loss at the time of derecognition.

(3) Recognition and measurement of significant provisions and allowances

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 for which the estimates of future cash flows have not been adjusted.

(4) Recognition of revenue and expenses

- 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 consideration proceeded 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 that the declining in fair value of which is not temporary comparing with the initial cost, the cumulative gains or losses previously recognized into other comprehensive income are directly transferred into retained earnings. However, dividends from financial assets at FVTOCI are recognized as financial income in profit or loss.

- Net trading income

Securities included in trading assets are classified as financial assets at FVTPL and the changes in fair value of which are recognized in profit or loss.

- Commission income

Commission income is the income arising from the transactions that the Group involved as agent instead of principal of the transaction. Revenue of 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.

- 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 sales contract has been implemented, that is (i) significant risks and rewards of ownership of the goods has 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 return 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.

- 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 combination 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.

(5) Translations of significant assets and liabilities denominated in foreign currencies

• 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 into 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 that 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 as profit or loss, except for retranslation differences on financial instruments, change in the fair value of which is recognized in other comprehensive income and exchange differences arising from transactions for the purpose of hedging certain foreign exchange risk.

• Foreign operation

The assets and liabilities, including goodwill and fair value adjustments arising on business combinations, of all the Group entities (mainly foreign operation) that have a functional currency different from the presentation currency are translated into the presentation currency using the rate of exchanges 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 Group applied the exemption for cumulative translation differences in IFRS 1, resetting cumulative translation gains and losses to zero at the transition date.

NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1. Pledged assets and related liabilities

(1) Pledged assets consisted of the following:

Cash and cash equivalents	122 Millions of Yen
Trade and other accounts receivable	4,587 Millions of Yen
Other financial assets	1,358 Millions of Yen
Investment properties	13,903 Millions of Yen
Other assets	380 Millions of Yen
<hr/>	
Total	20,350 Millions of Yen

(2) The assets above were pledged as collateral for:

Bonds and loans payable	14,000 Millions of Yen
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2. Accumulated depreciation and accumulated impairment loss of property and equipment: 16,684 Millions of Yen

3. Contingent liabilities

Credit guarantees

Guarantees for the debts owed to other financial institutions in the Group's credit guarantee business are as follows:

Guarantee of bank loans	277 Millions of Yen
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NOTES TO CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1. Number and class of issued shares as of 31 March 2013

Common shares 224,525,781 shares

2. Dividends

(1) Dividend paid

Dividend approved by Board of Director's Meeting on 26 April 2012

- Dividend amount 2,208 Millions of Yen
- Amount per share 100 Yen
- Declared date 31 March 2012
- Effective date 7 June 2012

(2) Dividend whose declared date fell in the year ended 31 March 2013, and whose effective date will be in the year ended 31 March 2014

Dividend approved by Board of Director's Meeting on 9 May 2013

- Dividend amount 2,170 Millions of Yen
- Amount per share 10 Yen (The Company conducted a 10 for 1 stock split, effective on 1 October 2012. The amount per share is equivalent to 100 yen before the stock split.)
- Declared date 31 March 2013
- Effective date 6 June 2013

3. Number and class of shares for stock acquisition rights as of 31 March 2013

Common shares 1,513,238.36 shares

NOTES TO FINANCIAL INSTRUMENTS

1. Group policy and risk management system for financial instruments

The Group engages in a wide range of financial related businesses, such as securities business, banking services business, leasing business, loan business, credit card business, insurance business, investment business and fund management business, to avoid excessive concentration of risk on specific entities or businesses. To operate their businesses, the Group raises funds by indirect financing such as bank borrowing, direct financing such as bond issuance and equity financing, and transactions with securities financing companies. 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, interest rate swaps, index futures, and foreign currency spot contracts. The Group enters into foreign currency forward contracts and interest 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 purpose. Index futures are entered for the purpose of day trading or capping of the size of their transactions. Foreign currency spot contracts are conducted with individual customer and involve cover transactions with counterparties based on the Group's "Position Management Rule".

In order to maintain financial strength and appropriate operational procedures, the Group has risk management policies to identify, analyze and manage the relevant risks integrally.

2. Fair value determination of financial instruments

Fair values of financial assets and financial liabilities are determined based on quoted market price. If quoted market price is not available, fair values are calculated with valuation models such as 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 the adequate rates such as government 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 rate 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 the quoted market price of 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, 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 type of loan. 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

Fair values of demand deposits are determined at the carrying values which are the amount 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. However, the fair value 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 future exchange rate at the reporting date, whereas the fair values of foreign currency spot contracts are determined using 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 major stock markets. With regards to interest swaps, the fair values are determined by reference to offered prices by financial institutions.

3. Fair value of financial instruments

(Millions of Yen)

	Carrying Amount	F a i r V a l u e
Financial assets		
Cash and cash equivalents	133,362	133,362
Trade and other accounts receivable	412,477	413,240
Assets related to securities business	1,433,645	1,433,645
Other financial assets	26,694	26,694
Operational investment securities	119,268	119,268
Other investment securities	57,209	57,209
Financial liabilities		
Bonds and loans payable	344,360	344,885
Trade and other accounts payable	48,894	48,894
Liabilities related to securities business	1,304,605	1,304,605
Customer deposits for banking business	376,177	376,177
Other financial liabilities	35,371	35,371

NOTES TO PER SHARE INFORMATION

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

Equity per share attributable to owners of the Company	1,401.39 Yen
Basic earnings per share attributable to owners of the Company	14.75 Yen

(Note) The amounts on consolidated financial statements are rounded off to the nearest million Japanese yen, unless otherwise stated.

FINANCIAL STATEMENTS
(1) Balance Sheet

	As at 31 March 2013
	<u>Millions of Yen</u>
Assets	
Current assets	
Cash and deposit	13,834
Accounts receivable-trade	989
Real estate for sale	148
Real estate for sale in progress	5,571
Operational investment securities	14,903
Allowance for investment losses	(629)
Short-term investment securities	29
Prepaid expenses	451
Operational loans receivable	1,006
Short-term loans receivable	51,583
Deferred tax assets	2,972
Others	8,734
Allowance for doubtful accounts	(997)
Total current assets	<u>98,594</u>
Non-current assets	
Property and equipment	
Building	6,184
Structures	4
Machinery and equipment	10
Vehicles	15
Tools, furniture and fixtures	133
Land	3,183
Lease assets	4
Construction in progress	292
Total property and equipment	<u>9,825</u>
Intangible assets	
Patents	5
Trade mark	24
Software	905
Telephone rights	5
Others	13
Total intangible assets	<u>952</u>

	As at 31 March 2013
	<u>Millions of Yen</u>
Investments and other assets	
Stocks of subsidiaries and affiliates	404,755
Investments in other securities of subsidiaries and affiliates	39,829
Investment securities	5,775
Investments in subsidiaries and affiliates other than equity securities	41
Long-term loans receivable from subsidiaries and affiliates	1,070
Long-term prepaid expenses	209
Lease and guarantee deposits	1,484
Deferred tax assets	2,048
Others	10
Total investments and other assets	<u>455,221</u>
Total non-current assets	<u>465,998</u>
Deferred charges	
Stock issuance costs	65
Bonds issuance costs	304
Total deferred charges	<u>369</u>
Total assets	<u><u>564,961</u></u>
Liabilities	
Current liabilities	
Short-term loans payable	102,751
Current portion of bonds payable	65,000
Lease obligations	1
Accounts payable	1,064
Accrued expenses	722
Deposits received	114
Others	29
Total current liabilities	<u>169,681</u>
Non-current liabilities	
Bonds payable	30,000
Long-term loans payable	1,941
Lease obligations	3
Asset retirement obligation	119
Long-term deposits received	4,390
Total non-current liabilities	<u>36,453</u>
Total liabilities	<u><u>206,134</u></u>

	As at 31 March 2013
	<u>Millions of Yen</u>
Net assets	
Shareholders' equity	
Capital stock	81,668
Capital surplus	
Legal capital surplus	126,779
Other capital surplus	101,180
Total capital surplus	<u>227,959</u>
Retained earnings	
Other retained earnings	
Retained earnings brought forward	53,251
Total retained earnings	<u>53,251</u>
Treasury stock	<u>(5,117)</u>
Total shareholders' equity	<u>357,761</u>
Valuation and translation adjustments	
Unrealized gains on available-for-sale securities	1,066
Total valuation and translation adjustments	<u>1,066</u>
Total net assets	<u>358,827</u>
Total liabilities and net assets	<u><u>564,961</u></u>

(2) Statement of Income

	Fiscal Year ended 31 March 2013
	Millions of Yen
Net sales	38,050
Cost of sales	11,470
Gross profit	26,580
Selling, general and administrative expenses	7,310
Operating income	19,270
Non-operating income	
Interest income	1,626
Dividend income	83
Reversal of allowance for doubtful accounts	712
Foreign exchange gains	465
Others	86
Total non-operating income	2,972
Non-operating expense	
Interest expense	3,487
Amortization of bond issuance costs	379
Commission fee	488
Others	122
Total non-operating expense	4,476
Ordinary income	17,766
Extraordinary income	
Gains on sales of investment in subsidiaries and affiliates	2,495
Gains on sales of investment securities	1,034
Others	6
Total extraordinary income	3,535
Extraordinary expense	
Losses on valuation of investment in subsidiaries and affiliates	25,714
Others	299
Total extraordinary expense	26,013
Loss before income taxes	4,712
Income taxes-current	(3,346)
Income taxes-deferred	(2,396)
Total income taxes	(5,742)
Net income	1,030

(3) Statement of Changes in Net Assets

	Fiscal Year ended 31 March 2013
	Millions of Yen
Shareholders' equity	
Capital stock	
Balance at the beginning of current year	81,665
Changes during the year	
Issuance of new stock	3
Total changes during the year	3
Balance at the end of current year	81,668
Capital surplus	
Legal capital surplus	
Balance at the beginning of current year	126,776
Changes during the year	
Issuance of new stock	3
Total changes during the year	3
Balance at the end of current year	126,779
Other capital surplus	
Balance at the beginning of current year	101,180
Changes during the year	
Disposal of treasury stock	0
Total changes during the year	0
Balance at the end of current year	101,180
Total capital surplus	
Balance at the beginning of current year	227,956
Changes during the year	
Issuance of new stock	3
Disposal of treasury stock	0
Total changes during the year	3
Balance at the end of current year	227,959
Retained earnings	
Other retained earnings	
Retained earnings brought forward	
Balance at the beginning of current year	54,429
Changes during the year	
Dividends	(2,208)
Net income	1,030
Total changes during the year	(1,178)
Balance at the end of current year	53,251

Fiscal Year ended
31 March 2013

	Millions of Yen
Total retained earnings	
Balance at the beginning of current year	54,429
Changes during the year	
Dividends	(2,208)
Net income	1,030
Total changes during the year	(1,178)
Balance at the end of current year	53,251
Treasury stock	
Balance at the beginning of current year	(3,180)
Changes during the year	
Purchases of treasury stock	(2,021)
Disposal of treasury stock	84
Total changes during the year	(1,937)
Balance at the end of current year	(5,117)
Total shareholders' equity	
Balance at the beginning of current year	360,870
Changes during the year	
Issuance of new stock	6
Dividends	(2,208)
Net income	1,030
Purchases of treasury stock	(2,021)
Disposal of treasury stock	84
Total changes during the year	(3,109)
Balance at the end of current year	357,761
Valuation and translation adjustments	
Unrealized gains (losses) on available-for-sale securities	
Balance at the beginning of current year	214
Changes during the year	
Net changes other than shareholders' equity	852
Total changes during the year	852
Balance at the end of current year	1,066
Total valuation and translation adjustments	
Balance at the beginning of current year	214
Changes during the year	
Net changes other than shareholders' equity	852
Total changes during the year	852
Balance at the end of current year	1,066

Fiscal Year ended
31 March 2013

	Millions of Yen
Total net assets	
Balance at the beginning of current year	361,084
Changes during the year	
Issuance of new stock	6
Dividends	(2,208)
Net income	1,030
Purchases of treasury stock	(2,021)
Disposal of treasury stock	84
Net changes other than shareholders' equity	852
Total changes during the year	(2,257)
Balance at the end of current year	358,827

NOTES TO THE FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES

1. Valuation of significant assets

(1) Stocks of subsidiaries and affiliates

Cost determined by the moving-average cost method

(2) Available-for-sale securities (including operational investment securities)

· Listed securities

At fair value, with unrealized gains and losses, net of applicable taxes, reported as a separate component of net assets. The cost of securities sold is determined based on the moving-average cost method.

· Unlisted securities

At cost determined by the moving-average cost method

(3) Investment in funds

For the investments in funds which are categorized as subsidiaries, the Company's proportionate share in the net assets of those funds are calculated based on the provisional financial statements of the funds as at the Company's year end and are presented as "investments in other securities of subsidiaries and affiliates" (non-current assets). For the investments in funds which are not categorized as subsidiaries, the Company's proportionate share in the net assets of those funds are calculated based on the funds' annual financial statements or interim financial statements and are presented in "operational investment securities" (current assets).

Shares of the Company's subsidiaries and affiliates that are held by funds are included in "Stocks of subsidiaries and affiliates" (non-current assets) based on the Company's percentage of shares owned.

(4) Derivative contracts

At fair value.

(5) Real estate for sale

At the lower of cost or net realizable value. Cost is determined by the specific identification method.

2. Depreciation method of depreciable assets

(1) Property and equipment other than lease asset

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the declining balance method, while the straight-line method is applied to buildings. The range of useful lives is principally from 3 to 50 years for buildings, from 15 to 20 years for structures, 8 years for machinery and equipment, from 2 to 20 years for tools, furniture and fixtures, and from 5 to 6 years for vehicles.

(2) Intangible assets other than lease asset

Intangible assets are amortized using the straight-line method. Software used for internal purposes is amortized using the straight-line method over its estimated useful life (principally 5 years).

(3) Lease assets

Lease assets treated as finance lease without ownership transfer are depreciated using straight-line method over the lease term with residual value of zero.

3. Recognition and measurement of significant provisions and allowances

(1) Allowance for investment losses

Allowance for investment losses for operational investment securities and investment securities are provided based on the estimated losses of the investment and the financial condition of the investees.

(2) Allowance for doubtful accounts

Allowance for doubtful accounts is provided based on the Company's past credit loss experience. Allowance for doubtful accounts for outstanding receivables which deems to be uncollectable is provided based on the estimated loss by individual basis.

4. Recognition of revenue and expenses

(1) Net sales and cost of sales

Net sales principally consist of revenue from operational investment securities, revenue from real estate business, and revenue from dividend income. Cost of sales principally consists of the cost of operational investment securities, provision of allowance for investment losses and the cost of real estate business.

(2) Revenue and cost of operational investment securities

Revenue from operational investment securities consists of proceeds from the sales of operational investment securities and securities held by funds and interest and dividend income from these securities. Cost of operational investment securities consists of the carrying value on the sale of operational investment securities and securities held by funds, fees related to securities transactions, and write down of operational investment securities and securities held by funds.

(3) Dividend income

Dividends from subsidiaries and affiliates are recorded as dividend income which is included in net sales in the statement of operations.

5. Other significant accounting policies for financial statements

(1) Deferred charges

(a) Stock issuance costs

Stock issuance costs are amortized over 3 years by using the straight-line method.

(b) Bond issuance costs

Bond issuance costs are amortized over the bond term by using the straight-line method.

(2) Translations of significant assets and liabilities denominated in foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen using the exchange rates at the balance sheet date. The resulting translation gain or loss is recognized in income statement.

(3) Accounting for significant hedging transactions

(a) Accounting for hedges

Foreign currency forward contracts are used to hedge foreign currency exposures and receivables, payables and investment securities denominated in foreign currencies are translated at the contracted rates if the forward contracts are qualified for deferred hedge accounting.

(b) Hedging instruments and hedged items

(i) Hedging instruments

Foreign exchange forward contracts

(ii) Hedged items

Foreign-currency-denominated receivables and payables.

There were no foreign currency forward contracts outstanding at the end of the year.

(c) Hedging policy

For foreign-currency-denominated transactions, the foreign currency forward contracts are used to hedge foreign currency exposures.

(d) Assessment of effectiveness between the hedging instruments and the hedged items

The Company does not assess hedge effectiveness of foreign exchange forward contracts which meet specific matching criteria and qualify for deferred hedge accounting.

(4) Accounting for investments in funds

As for the investments in funds categorized as subsidiaries, the Company's proportionate share in the net assets and revenue/expenses of those funds are calculated based on the provisional financial statements of the funds as at the Company's year end and are presented as "Investment in other securities of subsidiaries and affiliates" (Non-current assets) and revenue/expenses. For the investments in funds, which are not categorized as subsidiaries, the Company's proportionate share in the net assets and revenue/expenses of those funds are calculated based on the funds' annual financial statements or interim financial statements and are presented in "Operational investment securities" (Current assets) and revenue/expenses. The Company's proportionate share of investments in subsidiaries or affiliates held by funds and related gains/losses from the sale by funds are presented as "Stocks of subsidiaries and affiliates" (Non-current assets) and "Gains/losses on disposal of investment in subsidiaries and affiliates" (Extraordinary income/expense).

(5) Accounting for consumption tax

The amounts in the financial statements are presented without consumption or local consumption taxes. Nondeductible consumption taxes are recorded as selling, general and administrative expenses.

(6) Adoption of tax consolidation

The Company adopted tax consolidation from the fiscal year ended 31 March 2013.

CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

(Change of depreciation method)

With revision of the Corporate Tax Act, the Company changed the depreciation method to new method applicable to revised Act for the property and equipment acquired on or after 1 April 2012 from the current fiscal year in accordance with the revised Corporate Tax Act. However, the impact to the statement of operation of the current fiscal year was immaterial.

ADDITIONAL INFORMATION

(Stock Benefit Trust)

At the board meeting held on 29 September 2011, the directors of the Company resolved to introduce "Stock Benefit Trust (Employee Stockholding Association Purchase-type)" (hereinafter the "Plan" and the "Trust").

The purpose of the Plan is to improve employees' welfare and to increase their motivations for work and awareness of the Company's stock performance through its steady provision of the stock to the employee stockholding association and distribution of the profit created by trust property management in order to increase the Company's corporate value. Accounting for the Trust is based upon the assumption that the Company and the Trust are inseparable. The Company's stock held by the Trust is accounted for as treasury stock while the Trust's assets and liabilities as well as its income and expenses are included in the Company's financial statements. The number of the stocks held by the Trust is included in the number of treasury stock and not included in the number of shares outstanding for the calculation of per share information. The number of treasury stock held by the Trust as at 31 March 2013 was 573,740 shares.

NOTES TO BALANCE SHEET

1. Pledged assets and related liabilities

Pledged assets consisted of the following:

	As at 31 March 2013
	Millions of Yen
Cash and deposits	58
Buildings	2,060
Land	650
Total	2,768

The assets above were pledged as collateral for:

	As at 31 March 2013
	Millions of Yen
Short-term loans payable	30
Long-term loans payable	1,570
Total	1,600

2. Accumulated depreciation:

	As at 31 March 2013
	Millions of Yen
Property and equipment	1,767

3. Contingent Liabilities:

(1) Guarantees for trade liability of subsidiaries 1,860 Millions of Yen

(2) Others

SBI Liquidity Market Co., Ltd. enters into banking cover deals to ensure liquidity in the foreign exchange margin trading. The Company guarantees the current and future obligation relating to this business which SBI Liquidity Market Co., Ltd. owes to counterparties. As at the end of the period, outstanding obligations balance was 2,421 millions of yen.

With respect to the currency margin transaction between SBI Liquidity Market Co., Ltd. and SBI SECURITIES Co., Ltd., a consolidated subsidiary of the Company linked to the foreign exchange margin trading between SBI SECURITIES Co., Ltd., and its customers, the Company guarantees all obligations which SBI SECURITIES Co., Ltd. owes to SBI Liquidity Market Co., Ltd. As at the end of the period, outstanding obligations balance was 674 millions of yen.

4. Assets and liabilities of subsidiaries and affiliates:

	As at 31 March 2013
	Millions of Yen
(1) Short-term receivables	54,177
(2) Long-term receivables	1,074
(3) Short-term payables	62,471
(4) Long-term payables	3,687

NOTES TO STATEMENT OF INCOME

Transactions with subsidiaries and affiliates

	As at 31 March 2013
	Millions of Yen
Net sales	29,065
Purchases	3,189
Other transactions	4,820

NOTES TO STATEMENT OF CHANGES IN NET ASSETS

Class and number of treasury stock

	As at 31 March 2013
	Shares
Common shares	8,098,446

(Note) As described in “ADDITIONAL INFORMATION, Stock Benefit Trust,” the number of treasury stock includes the shares held by the Stock Benefit Trust.

NOTES TO DEFERRED TAX ACCOUNTING

Major factors creating deferred tax assets and liabilities

Deferred tax assets are mainly due to losses on valuation of investment securities and tax loss carried forward.

NOTES TO LEASED NONCURRENT ASSETS

Other than recorded as noncurrent-assets on the balance sheet, the Company uses office machineries furniture and fixtures under finance lease agreements where the ownership is not transferred.

RELATED PARTY TRANSACTIONS

Transactions with subsidiaries and affiliates

Type	Company name	Voting rights holding ratio (%) ^{*1}	Relationship with related party	Transaction description	Amounts (Millions of yen)	Account name	Balance (Millions of Yen)
Subsidiary	SBI IF Co., Ltd.	100	—	Capital contribution	5,754	—	—
Subsidiary	e-Research Inc.	100 (100)	—	Finance (*2)	16,230	Short-term loans receivable	8,130
Subsidiary	SBI Equal Credit Co., Ltd.	100 (100)	Interlocking directors	Finance (*2)	5,726	Short-term loans receivable	2,263
Subsidiary	SBI Incubation Co., Ltd.	100 (79.8)	Interlocking directors	Finance (*2)	26,346	Short-term loans receivable	13,488
Subsidiary	SBI Investment Co., Ltd.	100 (100)	Interlocking directors	Finance (*2)	12,300	Short-term loans receivable	4,800
Subsidiary	SBI Card Co., Ltd.	100	Interlocking directors	Finance (*2)	9,334	Short-term loans receivable	4,142
Subsidiary	SBI Guarantee Co., Ltd.	100 (100)	—	Finance (*2)	8,168	Short-term loans receivable	345
Subsidiary	SBI CF Co., Ltd.	100	—	Capital contribution	5,754	—	—
Subsidiary	SBI SECURITIES Co., Ltd.	100 (100)	Interlocking directors	Borrowing(*2)	325,500	Short-term loans payable	52,900
				Payment of interests(*2)	1,284	—	—
Subsidiary	CEM Corporation Co., Ltd.	79.7 (57.1)	—	Finance (*2)	17,300	Short-term loans receivable	7,800
Subsidiary	SBI Insurance Co., Ltd.	76.6	Interlocking directors	Capital contribution	6,800	—	—
Subsidiary	SBI BF Co., Ltd.	100	—	Capital contribution	5,754	—	—
Subsidiary	SBI FINANCIAL SERVICES Co., Ltd.	100	Interlocking directors	Borrowing(*2)	71,341	Short-term loans payable	7,141
				Guaranteed(*3)	128,561	—	—
Subsidiary	SBI VEN HOLDINGS PTE. LTD.	100	Interlocking directors	Repayment due to capital reduction	13,476	—	—
Subsidiary	SBI Hong Kong Holdings Co., Limited	100	Interlocking directors	Capital contribution	8,789	—	—
				Capital contribution in kind (*4)	10,031	—	—
Subsidiary	SBI Marketing Co., Ltd.	99.0	—	Payment of advertising expense	2,380	—	—

Note:

(*1)The figure in the parentheses represents the indirect holding ratio of voting rights.

(*2)The interest rate for finance and borrowing was determined based on the market interest rate.

(*3)A borrowing from subsidiary was pledged for by SBI FINANCIAL SERVICES Co., Ltd. The amount represents the outstanding balance.

(*4)Operational investment securities and Investments in other securities of subsidiaries and affiliates were delivered as contribution in kind for acquiring stock of SBI Hong Kong Holdings Co., Limited.

NOTES TO PER SHARE INFORMATION

The Company conducted a 10-for-1 stock split, effective on 1 October 2012. The net asset per share and net income per share are calculated based on the new number of shares and adjusted retrospectively, assuming that the stock split was conducted at the beginning of the fiscal year ended 31 March 2012.

	Year ended 31 March 2013
	Yen
Net assets per share	1,657.95
Net income per share	4.75

(Note) The amounts on financial statements are rounded off to the nearest million Japanese yen, unless otherwise stated.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

17 May 2013

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

Deloitte Touche Tohmatsu LLC

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

Yoshitaka Asaeda

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

Yasuyuki Onaka

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

Kunikazu Awashima

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated statement of financial position as of 31 March 2013 of SBI Holdings, Inc. (the "Company") and its consolidated subsidiaries, and the related consolidated statements of income and changes in net assets for the fiscal year from 1 April 2012 to 31 March 2013, and the related notes.

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 with some omissions of disclosure items pursuant to the latter part of first paragraph of Article 120 of the Ordinance of Companies Accounting, 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.

Audit Opinion

In our opinion, the consolidated financial statements referred to above, that were prepared in accordance with International Financial Reporting Standards with some omissions of disclosure items pursuant to the latter part of first paragraph of Article 120 of the Ordinance of Companies Accounting, present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of 31 March 2013, and the results of their operations for the year then ended.

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.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

17 May 2013

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

Deloitte Touche Tohmatsu LLC

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

Yoshitaka Asaeda

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

Yasuyuki Onaka

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

Kunikazu Awashima

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the financial statements, namely, the balance sheet as of 31 March 2013 of SBI Holdings, Inc. (the "Company"), and the related statements of income and changes in net assets, and the related notes for the for the fiscal year from 1 April 2012 to 31 March 2013, and the accompanying supplemental schedules.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements and the accompanying supplemental schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of 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 financial statements and the accompanying supplemental schedules 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 financial statements and the accompanying supplemental schedules are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements and the accompanying supplemental schedules 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 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 financial statements and the accompanying supplemental schedules.

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

Audit Opinion

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of the Company as of 31 March 2013, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in Japan.

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 and "the accompanying supplemental schedules" referred to in this report are not included in the attached financial documents.

Report by the Board of Statutory Auditors

AUDIT REPORT

With respect to the directors' performance of their duties during the 15th fiscal year (from April 1, 2012 to March 31, 2013), the Board of Statutory Auditors has prepared this audit report after deliberations based on the audit reports prepared by each Statutory Auditor, and hereby reports as follows.

1. Method and Contents of Audit by Each Statutory Auditor and Board of Statutory Auditors

The Board of Statutory Auditors has established the audit policies, assignment of duties, etc. and received a report from each Statutory Auditor regarding the status of implementation of their audits and results thereof. In addition, the Board of Statutory Auditors has received reports from the Directors and the Accounting Auditor regarding the status of performance of their duties, and requested explanations as necessary.

In conformity with the Statutory Auditors' auditing standards established by the Board of Statutory Auditors, and in accordance with the audit policies and assignment of duties, etc., each of the Statutory Auditors endeavored to facilitate a mutual understanding with the directors, the internal audit division, and other employees, etc., endeavored to collect information and maintain and improve the audit environment, has attended the meetings of the Board of Directors and other important meetings, received reports on the status of performance of duties from the directors and other employees and requested explanations as necessary, examined important approval/decision documents, and inspected the status of the corporate affairs and assets at the Company's head office.

Also, in relation to (i) the contents of the Board of Directors' resolutions regarding the development and maintenance of the system to ensure that the Directors' performance of their duties described in the Business Report complied with all laws, regulations, and the Articles of Incorporation and other systems set out in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as being necessary for ensuring the appropriateness of the corporate affairs of a joint stock company (kabushiki kaisha), and (ii) the systems (internal control systems) based on those resolutions, each Statutory Auditor has regularly received reports on the structure of that system and status of operation from Directors and other employees, requested explanations as necessary, and expressed its opinion. With respect to internal controls over financial reporting, the Board of Statutory Auditors has received reports regarding assessments and the status of auditing of such internal controls from the Directors, etc. and Deloitte Touche Tohmatsu LLC and requested explanations as necessary. With respect to subsidiaries, each Statutory Auditor endeavored to facilitate a mutual understanding and exchanged information with the directors and statutory auditors, etc. of each subsidiary and received from subsidiaries reports on their respective business as necessary. Based on the above-described methods, each Statutory Auditor examined the Business Report and the supplementary statements for the relevant fiscal year under consideration.

In addition, each Statutory Auditor monitored and verified whether the Accounting Auditor maintained its independence and properly conducted its audit, received a report from the

Accounting Auditor on the status of their performance of duties, and requested explanations as necessary. Each Statutory Auditor was notified by the Accounting Auditor that it had established a “system to ensure that the performance of the duties of the Accounting Auditor was properly conducted” (the matters listed in the items of Article 131 of the Ordinance of Companies Accounting) in accordance with the “Quality Control Standards for Audits” (Business Accounting Council on October 28, 2005), and requested explanations as necessary. Based on the above-described methods, each Statutory Auditor examined the Non-Consolidated Financial Statements (the balance sheets, the statements of operations, the statements of changes in net assets, and the related notes) and the supplementary statements, and the Consolidated Financial Statements (the consolidated statement of financial position, the related consolidated statements of income and changes in net assets, and the related notes that were prepared in accordance with International Financial Reporting Standards with some omissions of disclosure items pursuant to the latter part of first paragraph of Article 120 of the Ordinance of Companies Accounting) for the fiscal year under consideration.

2. Results of Audit

(1) Results of Audit of Business Report, etc.

- (i) We acknowledge that the Business Report and the supplementary statements fairly present the status of the Company in conformity with the applicable laws, regulations, and the Articles of Incorporation.
- (ii) We acknowledge that no misconduct or material fact constituting a violation of laws, regulations, or the Articles of Incorporation was found with respect to the Directors' performance of their duties.
- (iii) We acknowledge that the Board of Director's resolutions with respect to the internal control systems are appropriate. We did not find any matter in the Business Report or the Directors' performance of their duties concerning the internal control systems that requiring mentioning.

(2) Results of Audit of the Non-Consolidated Financial Statements and the Supplementary Statements

We acknowledge that the methods and results of audit performed by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

(3) Results of Audit of the Consolidated Financial Statements

We acknowledge that the methods and results of audit performed by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

May 24, 2013

The Board of Statutory Auditors of SBI Holdings, Inc.

Standing Statutory Auditor

Atsushi Fujii (seal)

Outside Statutory Auditor:

Ryujiro Shimamoto (seal)

Statutory Auditor:

Minoru Tada (seal)

Outside Statutory Auditor:

Hisashi Hayakawa (seal)

-End-

**THE REFERENCE MATERIALS FOR
THE GENERAL MEETING OF SHAREHOLDERS**

First Item of Business: Election of Fifteen (15) Directors

The term of office of all sixteen (16) current Directors expires as of the end of this Ordinary General Meeting of Shareholders, so the Company proposes that fifteen (15) Directors be elected, including two (2) candidates for new Directors.

1. The candidates for Directors to be reelected upon expiry of the term of office are as follows:

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held	Number of Company's Shares Owned
1	Yoshitaka Kitao (January 21, 1951)	<p>April 1974 Entered Nomura Securities Co., Ltd.</p> <p>June 1995 Executive Vice President and CFO of SOFTBANK CORP.</p> <p>March 1999 Representative Director of Softbank Finance Corp. (Currently, SOFTBANK TELECOM Corp.)</p> <p>July 1999 Representative Director and President of the Company</p> <p>June 2003 Representative Director and CEO of the Company</p> <p>July 2004 Director and Chairman of E*TRADE SECURITIES Co., Ltd. (Currently, SBI SECURITIES Co., Ltd.)</p> <p>June 2005 Representative Director and CEO of SBI VENTURES K.K. (Currently, SBI Investment Co., Ltd.)</p> <p>Aug. 2005 Director and Chairman of SBI Mortgage Co., Ltd. (present)</p> <p>Sep. 2005 Director and Chairman of Gomez Consulting Co., Ltd. (Currently, Morningstar Japan K.K.)</p> <p>March 2006 Director and CEO of Morningstar Japan K.K.</p> <p>June 2006 Director and CEO of SBI VeriTrans Co., Ltd. (Currently, VeriTrans Inc.)</p> <p>June 2006 Director and Chairman of KAWADEN CORPORATION (present)</p> <p>Nov. 2006 Director of SBI Japannext Co., Ltd. (present)</p> <p>June 2007 Director of SBI VEN HOLDINGS PTE. LTD. (present)</p> <p>Sep. 2008 Director of SBI Hong Kong Co., Limited (Currently, SBI Hong Kong Holdings Co., Limited)</p> <p>Oct. 2010 Representative Director and Chairman of SBI SECURITIES Co., Ltd. (present)</p> <p>June 2012 Director of SBI FINANCIAL SERVICES Co., Ltd. (present)</p> <p>June 2012 Director of SBI Capital Management Co., Ltd. (present)</p>	3,787,960 shares

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held	Number of Company's Shares Owned
		<p>June 2012 Representative Director, President & CEO of the Company (present)</p> <p>July 2012 Director of Morningstar Japan K.K.(present)</p> <p>July 2012 Representative Director of SBI Hong Kong Holdings Co., Limited (present)</p> <p>May 2013 Representative Director and Chairman of SBI Investment Co., Ltd.(present)</p>	
2	Taro Izuchi (March 22, 1957)	<p>April 1979 Entered Nomura Securities Co., Ltd.</p> <p>July 1998 Director of SoftVenture Capital Co., Ltd. (Currently, the Company)</p> <p>Oct. 1998 Representative Director and President of Osawa Securities Co., Ltd. (Currently, SBI SECURITIES Co., Ltd.)</p> <p>May 2000 Representative Director and President of E*TRADE Japan K.K. (Currently, the Company)</p> <p>June 2005 Representative Director, Executive Officer, and President of E*TRADE SECURITIES Co., Ltd. (Currently, SBI SECURITIES Co., Ltd.)</p> <p>June 2005 Director of SOFTBANK INVESTMENT CORPORATION (Currently, the Company)</p> <p>June 2009 Director of the Company</p> <p>Oct. 2010 Representative Director and President of SBI SECURITIES Co., Ltd.</p> <p>Sep. 2011 Director and CFO of SBI Investment Co., Ltd.</p> <p>Oct. 2011 Director of SBI SECURITIES Co., Ltd. (present)</p> <p>Oct. 2011 Director and COO of the Company</p> <p>June 2012 Representative Director and President of SBI FINANCIAL SERVICES Co., Ltd. (present)</p> <p>June 2012 Representative Director and President of SBI MONEY PLAZA Co., Ltd. (present)</p> <p>June 2012 Director, Senior Executive Vice President & COO of the Company (present)</p>	320,170 shares

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held	Number of Company's Shares Owned
3	Takashi Nakagawa (September 6, 1963)	<p>April 1987 Entered The Fuji Bank, Limited (Currently, Mizuho Financial Group, Inc.)</p> <p>April 1999 Entered Softbank Finance Corp. (Currently, SOFTBANK TELECOM Corp.)</p> <p>June 2000 Entered the Company</p> <p>Aug. 2002 Executive Officer of the Company</p> <p>Dec. 2002 Director of the Company</p> <p>June 2003 Director and Executive Officer of the Company</p> <p>June 2005 Director and Managing Executive Officer of SBI VENTURES K.K. (Currently, SBI Investment Co., Ltd.)</p> <p>June 2006 Director of the Company</p> <p>July 2006 Representative Director and COO of SOFTBANK INVESTMENT CORPORATION (Currently, SBI Investment Co., Ltd.)</p> <p>June 2007 Director and Managing Executive Officer of the Company</p> <p>June 2008 Director and Senior Managing Executive Officer of the Company</p> <p>June 2009 Director and Executive Officer of the Company</p> <p>Sep. 2010 Director, Executive Officer, and Head of Fund Investments, Overseas Business Div. of the Company</p> <p>June 2012 Representative Director and President of SBI Capital Management Co., Ltd.(present)</p> <p>June 2012 Director & Senior Managing Executive Officer, and Head of Fund Investments, Overseas Business Div. of the Company</p> <p>June 2012 Director of SBI AXES Co., Ltd. (present)</p> <p>Feb. 2013 Director & Senior Managing Executive Officer of the Company (present)</p> <p>May 2013 Representative Director and President of SBI Investment Co., Ltd.(present)</p>	42,000 shares

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held	Number of Company's Shares Owned
4	Tomoya Asakura (March 16, 1966)	<p>April 1989 Entered The Hokkaido Takushoku Bank, Ltd.</p> <p>Jan. 1990 Entered Merrill Lynch Japan Incorporated (Currently, Merrill Lynch Japan Securities Co., Ltd.)</p> <p>June 1995 Entered SOFTBANK CORP.</p> <p>Nov. 1998 Entered Morningstar Japan K.K.</p> <p>March 2000 Director and General Manager of Internet Business Division of Morningstar Japan K.K.</p> <p>March 2001 Managing Director of Morningstar Japan K.K.</p> <p>May 2001 Representative Director of Morningstar Asset Management Co., Ltd. (present)</p> <p>March 2004 Representative and Senior Managing Director of Morningstar Japan K.K.</p> <p>July 2004 Representative Director and President of Morningstar Japan K.K.</p> <p>March 2005 Representative Director and CEO of Morningstar Japan K.K.</p> <p>Dec. 2005 Representative Director and COO of Morningstar Japan K.K.</p> <p>June 2007 Director and Executive Officer of the Company</p> <p>June 2012 Director of SBI FINANCIAL SERVICES Co., Ltd.(present)</p> <p>June 2012 Director of SBI Insurance Co., Ltd. (present)</p> <p>June 2012 Director & Managing Executive Officer of the Company (present)</p> <p>July 2012 Representative Director & President of Morningstar Japan K.K.(present)</p>	—

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held	Number of Company's Shares Owned
5	Shumpei Morita (December 31, 1974)	<p>April 1998 Entered SOFTBANK CORP.</p> <p>April 1999 Entered Softbank Accounting Corp. (Currently, SOFTBANK TELECOM Corp.)</p> <p>July 2000 Representative Director and President of Office Work Corporation (Currently, SBI Business Solutions Co., Ltd.)</p> <p>Oct. 2002 Representative Director and President of Office Work Systems Corporation. (Currently, SBI Business Solutions Co., Ltd.)</p> <p>Nov. 2005 Representative Director and President of JCN Land Co., Ltd (Currently, SBI Business Solutions Co., Ltd.) (present)</p> <p>March 2007 Outside Statutory Auditor of Gomez Consulting Co., Ltd. (Currently, Morningstar Japan K.K.)</p> <p>June 2009 Director and Executive Officer of the Company</p> <p>June 2011 Outside Statutory Auditor of Morningstar Japan K.K.</p> <p>Oct. 2011 Director and CFO of the Company</p> <p>June 2012 Director of SBI FINANCIAL SERVICES Co., Ltd. (present)</p> <p>June 2012 Director of SBI Capital Management Co., Ltd. (present)</p> <p>June 2012 Director, Managing Executive Officer & CFO of the Company (present)</p>	20,000 shares
6	Noriaki Maruyama (May 12, 1965)	<p>April 1989 Entered THE TOKAI BANK, LIMITED (Currently, The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>Feb. 2000 Entered E-LOAN, Inc. (Currently, the Company)</p> <p>April 2001 Director of GOODLOAN Co., Ltd. (Currently SBI Mortgage Co., Ltd.)</p> <p>Feb. 2003 Director of FINANCE ALL CORPORATION (Currently, the Company)</p> <p>April 2004 Representative Director, COO, and CFO of Equal Credit Co., Ltd. (Currently, SBI Card Co., Ltd.)</p> <p>March 2005 Representative Director and COO of Good Mortgage Corporation (Currently, SBI Mortgage Co., Ltd.)</p> <p>June 2006 Director of the Company</p> <p>June 2007 Director and Executive Officer of the Company (retired in Jan. 2008)</p> <p>June 2009 Director and Executive Officer of the Company (present)</p> <p>April 2012 Representative Director, President, CEO and COO of SBI Mortgage Co., Ltd. (present)</p>	69,330 shares

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held	Number of Company's Shares Owned
7	Peilung Li (October 31, 1974)	<p>April 2000 Entered Deloitte Tohmatsu Consulting Co., Ltd.</p> <p>Oct. 2003 Entered Daiwa Securities SMBC Co., Ltd. (Currently, Daiwa Securities Co., Ltd.)</p> <p>Aug. 2006 Entered Taiyo Pacific Partners LP</p> <p>April 2008 Entered the Company</p> <p>Nov. 2008 The Company's Representative Office in Beijing</p> <p>Dec. 2009 The Chief Representative of the Company's Representative Office in Shanghai</p> <p>March 2010 Outside Director of Searchina, Inc. (Currently, SBI Searchina Co., Ltd.) (present)</p> <p>Sep. 2010 General Manager of Overseas Business Div. of the Company</p> <p>June 2011 Director and CEO of CSJ-SBI Financial Media Co., Ltd.(present)</p> <p>Nov. 2011 Director of Tianan Insurance Co., Ltd. (Currently, Tianan Property Insurance Company Limited of China) (present)</p> <p>June 2012 Director and Executive Officer and The Chief Representative of the Company's Representative Office in Shanghai of the Company(present)</p> <p>Nov. 2012 Representative Director of SBI (China) Co.,Ltd.(present)</p> <p>Nov. 2012 Representative Director of Shanghai SBI-INESA Equity Investment Management Co., Ltd.(present)</p>	—

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held	Number of Company's Shares Owned
8	Hiroshi Tasaka (April 17, 1951)	<p>April 1981 Entered Mitsubishi Metal Corporation (Currently, Mitsubishi Materials Corporation)</p> <p>March 1990 Entered The Japan Research Institute, Limited</p> <p>June 1996 Director of The Japan Research Institute, Limited</p> <p>March 2000 Director of the Company</p> <p>April 2000 Fellow of The Japan Research Institute, Limited (present)</p> <p>April 2000 Professor of Tama University Graduate School (present)</p> <p>May 2000 Outside Director of LAWSON, INC</p> <p>June 2000 Representative Director of SophiaBank, Limited (present)</p> <p>June 2000 Director of Softbank Finance Corp. (Currently SOFTBANK TELECOM Corp.)</p> <p>June 2005 Director of the Company (present)</p> <p>Dec. 2005 Outside Director of OKWeb (Currently, OKWave)</p> <p>June 2007 Outside Director of CCC Casting Co., Ltd. (Currently, Culture Convenience Club Co., Ltd.)</p> <p>March 2011 Special Advisor to the Cabinet</p>	80,220 shares
9	Masaki Yoshida (August 13, 1959)	<p>April 1983 Entered Fuji Television Network, Inc. (Currently, Fuji Media Holdings, Inc.)</p> <p>June 2003 Director of Music and Variety Center of Programming and Production Department of Fuji Television Network, Inc.</p> <p>June 2006 Senior Director of Music and Variety Center of Programming and Production Department of Fuji Television Network, Inc.</p> <p>Senior Director of Digital Content Development of Digital Content Department of Fuji Television Network, Inc.</p> <p>April 2007 Outside Statutory Auditor of KLab Inc.</p> <p>Jan. 2009 Representative Director of YOSHIDAMASAKI INC. (present) Representative Director and Chairman of Watanabe Entertainment Co., Ltd. (present)</p> <p>March 2009 Outside Director of KLab Inc.</p> <p>May 2009 Outside Director of Giga Media Inc.</p> <p>June 2010 Director of the Company (present)</p> <p>Nov. 2012 Outside Director of KLab Inc. (present)</p>	10,000 shares

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held	Number of Company's Shares Owned
10	Kiyoshi Nagano (November 29, 1940)	<p>April 1963 Entered The Nikko Securities Co., Ltd. (Currently, SMBC Nikko Securities Inc.)</p> <p>June. 1994 Executive Director of The Nikko Securities Co., Ltd.</p> <p>Feb. 1996 Executive Managing Director of The Nikko Securities Co., Ltd.</p> <p>June 1997 Representative Director and President of Yamaka Shoken K.K. (Currently, KAZAKA Securities, Co., Ltd.)</p> <p>June 1999 President of Jasdaq Market Services, Inc. (Currently, Japan Exchange Group, Inc.)</p> <p>June 2004 Chairman & President of Jasdaq Market Inc. (Currently, Japan Exchange Group, Inc.)</p> <p>Dec. 2004 Chairman & President of Jasdaq Securities Exchange, Inc. (Currently, Japan Exchange Group, Inc.)</p> <p>June 2005 Senior Corporate Advisor of Jasdaq Securities Exchange, Inc. (Currently, Japan Exchange Group, Inc.)</p> <p>June 2007 External Statutory Auditor of Shin-Etsu Chemical Co., Ltd. (present)</p> <p>June 2010 Outside Director of the Company (present)</p> <p>June 2012 Outside Auditor of LEC, INC. (present)</p>	—
11	Keiji Watanabe (January 21, 1943)	<p>Oct. 1975 Entered Price Waterhouse (Currently, PricewaterhouseCoopers Aarata)</p> <p>July 1987 Partner of Aoyama Audit Corporation (Currently, PricewaterhouseCoopers Aarata) (concurrent position as Partner of Price Waterhouse (Currently, PricewaterhouseCoopers Aarata))</p> <p>Aug. 1995 Entered Deloitte Touche Tohmatsu (Currently, Deloitte Touche Tohmatsu LLC)</p> <p>April 1996 Partner of Deloitte Touche Tohmatsu (retired in June 2008)</p> <p>June 2000 Outside Director of Ichiyoshi Securities Co., Ltd.</p> <p>July 2003 Deloitte Touche Tohmatsu Global Middle Market Leader (retired in June 2009)</p> <p>June 2008 Independent Outside Director of ASAHI KOGYOSHA CO., LTD. (present)</p> <p>June 2010 Outside Director of the Company (present)</p> <p>March 2011 Outside Director of Funai Zaisan Consultants Co., Ltd. (Currently, Aoyama Zaisan Networks Company, Limited) (present)</p>	—

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held	Number of Company's Shares Owned
12	Akihiro Tamaki (October 25, 1966)	<p>Sep. 1994 Entered Price Waterhouse LLP, New York (Currently, PricewaterhouseCoopers LLP)</p> <p>Sep. 1996 Entered Deloitte Touche Tohmatsu (Currently, Deloitte Touche Tohmatsu LLC) (retired in Dec. 1999)</p> <p>March 1998 Registered as a US certified public accountant</p> <p>June 2006 Representative Director of SiFA Co., Ltd. (present)</p> <p>June 2008 External Corporate Auditor of Avex Group Holdings Inc. (present)</p> <p>June 2010 Outside Director of the Company (present)</p>	—

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held	Number of Company's Shares Owned
13	Masanao Marumono (May 13, 1950)	<p>April 1974 Entered Sumitomo Bank (Currently, Sumitomo Mitsui Banking Corporation)</p> <p>Jan. 1990 Deputy Manager of 1st Tokyo Sales Dept. of Sumitomo Bank</p> <p>April 1991 Deputy Manager of 3rd Tokyo Sales Dept. of Sumitomo Bank</p> <p>April 1992 Branch Manager of Shintomicho Branch of Sumitomo Bank</p> <p>Oct. 1994 Branch Manager of Higashi-Shinjuku Branch of Sumitomo Bank</p> <p>Oct. 1996 Branch Manager of Sakaemachi Branch of Sumitomo Bank</p> <p>Oct. 1998 General Manager of Branch Operations Dept. of Head Office of Sumitomo Bank</p> <p>Oct. 1999 General Manager of Planning Dept., Consumer Banking Unit of Head Office of Sumitomo Bank</p> <p>April 2003 General Manager of Human Resources Development Dept. of Head Office of Sumitomo Mitsui Banking Corporation</p> <p>May 2004 Chief of Human Resources Development Dept. of Head Office of Sumitomo Mitsui Banking Corporation</p> <p>June 2005 Senior Managing Director of SMBC Center Service Co., Ltd.</p> <p>June 2007 Representative Director and President of SMBC Green Service Co., Ltd.</p> <p>June 2010 Outside Statutory Auditor of GINSEN CO., LTD (present)</p> <p>May 2011 Managing Director of Japan Association of Employers of Persons with Severe Disabilities</p> <p>May 2012 Vice-President of Japan Association of Employers of Persons with Severe Disabilities (present)</p> <p>June 2012 Counsel for SMBC Green Service Co., Ltd. (present)</p> <p>June 2012 Outside Director of the Company (present)</p>	—

2. The candidates for new Directors are as follows:

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held	Number of Company's Shares Owned
14	Masato Takamura (Feb. 26, 1969)	<p>April 1992 Entered The Sanwa Bank, Limited (Currently, The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>March 2005 Entered E*TRADE SECURITIES Co., Ltd. (Currently, SBI SECURITIES Co., Ltd.)</p> <p>Oct. 2005 General Manager of Corporate Dept. of E*TRADE SECURITIES Co., Ltd. (Currently, SBI SECURITIES Co., Ltd.)</p> <p>March 2006 Executive Officer and General Manager of Corporate Dept. of E*TRADE SECURITIES Co., Ltd. (Currently, SBI SECURITIES Co., Ltd.)</p> <p>June 2007 Director and Executive Officer, management of Corporate Dept. of SBI E*TRADE SECURITIES Co., Ltd. (Currently, SBI SECURITIES Co., Ltd.)</p> <p>April 2012 Managing Director, management of Corporate Dept. of SBI SECURITIES Co., Ltd.</p> <p>March 2013 Representative Director and President of SBI SECURITIES Co., Ltd. (present)</p>	—
15	Teruhide Sato (Feb. 24, 1975)	<p>Sept. 1997 Entered SOFTBANK CORP. Assigned to CyberCash K.K. (Currently, VeriTrans Inc.)</p> <p>April 1999 Moved to Softbank Finance Corp. (Currently SOFTBANK TELECOM Corp.) from SOFTBANK CORP.</p> <p>March 2000 Retired Softbank Finance Corp. (Currently SOFTBANK TELECOM Corp.) (Terminated the Secondment to CyberCash K.K. (Currently, VeriTrans Inc.))</p> <p>April 2000 Representative Director, President and CEO of netprice, Ltd. (Currently, netprice.com, Ltd.)</p> <p>Feb. 2007 President and Group CEO of netprice.com, Ltd. (present)</p> <p>April 2007 Director of Shop Airlines, Ltd. (present)</p> <p>Sept. 2011 Director of Open Network Lab, Inc. (present)</p> <p>May 2012 CEO and Managing Director of Netprice Partners Co., Ltd. (present)</p>	2,820 shares

(Note)

1. The candidates have no special interest in the Company.
2. Mr. Kiyoshi Nagano, Mr. Keiji Watanabe, Mr. Akihiro Tamaki, Mr. Masanao Marumono and Mr. Teruhide Sato are candidates for Outside Directors.

3. The Company selected Mr. Nagano and Mr. Marumono as candidates for Outside Directors in order to utilize their ample experience and knowledge developed through their past careers in the Company's management. If Mr. Nagano and Mr. Marumono are elected in accordance with the original proposal, then for the reasons set out below the Company will continue to appoint these two persons as Independent Directors under the provisions stipulated by Tokyo Stock Exchange and Osaka Securities Exchange.
 - (i) The Company has judged that Mr. Nagano is qualified as an Independent Director and that a conflict of interest is unlikely to arise between him and the general shareholders because Mr. Nagano has not worked for either a major shareholder or a major customer of the Company before. Mr. Nagano is from Jasadq Market Inc. (currently Japan Exchange Group, Inc., which is a customer of the Company), and although the Company has carried out some money transactions with Japan Exchange Group, Inc. for annual listing fees associated with the listing of the Company on Tokyo Stock Exchange and Osaka Securities Exchange, the transaction amount is insignificant and does not affect the independence of Mr. Nagano.
 - (ii) Although Mr. Marumono has worked as a person who executes the business of the Company's financing bank, namely Sumitomo Mitsui Banking Corporation and its forerunner, Sumitomo Bank, it has been eight years since his retirement in 2005, and since that retirement he has not been in the position of being a person who executes the business of Sumitomo Mitsui Banking Corporation or any similar position. Although Mr. Marumono has been involved in company management at SMBC Center Service Co., Ltd. and SMBC Green Service Co., Ltd., which are group companies of Sumitomo Mitsui Banking Corporation, after his retirement from Sumitomo Mitsui Banking Corporation, no transactions have been carried out between the Company and these companies. The Company is conducting transactions with several financial institutions other than Sumitomo Mitsui Banking Corporation and the proportion of the amount borrowed from Sumitomo Mitsui Banking Corporation is not extraordinarily high compared with the proportion of the amount borrowed from other financial institutions. Therefore, the Company has judged that Mr. Marumono is qualified as an Independent Director because the transactional relationship between the Company and Sumitomo Mitsui Banking Corporation does not affect the decision-making of Mr. Marumono and a conflict of interest is unlikely to arise between him and the general shareholders.
4. The Company selected Mr. Watanabe and Mr. Tamaki as candidates for Outside Director because of their experience and specialized knowledge as accountants, which can be applied to appropriately supervise the management of the Company from the objective perspective of an accountant. Although Mr. Watanabe has not been directly involved in the company management in a way other than being Outside Director or Outside Statutory Auditor, the Company has judged that he can properly perform his duties as Outside Director in accordance with the reasons above.
5. The Company selected Mr. Teruhide Sato as candidates for Outside Director in order to utilize his ample experience and knowledge developed through his past careers in the Company's management.
6. Mr. Nagano, Mr. Watanabe, and Mr. Tamaki are currently Outside Directors of the Company, and they will have served for three (3) years as Outside Director as of the end of this Ordinary General Meeting of Shareholders. Mr. Marumono is currently Outside Director of the Company, and he will have served for one (1) year as Outside Director as of the end of this Ordinary General Meeting of Shareholders.
7. The Company maintains individual agreements with each of Mr. Nagano, Mr. Watanabe, Mr. Tamaki and Mr. Marumono to limit each of their liability for compensation under Article 423, Paragraph 1 of the Companies Act. The limit of that liability is the higher amount of either 1,000,000 yen or the minimum liability amount under laws and regulations in accordance with Article 427, Paragraph 1 of the Companies Act and the provision of Article 25, Paragraph 2 of the Company's Articles of Incorporation. The Company will continue those individual agreements with each of Mr. Nagano, Mr. Watanabe, Mr. Tamaki and Mr. Marumono if their respective reelections are approved.

8. The Company will enter into an agreement similar to the contracts for limitation of liability described in 7. above if the election of Mr. Sato is approved.
9. The Company has notified The Stock Exchange of Hong Kong Limited that Mr. Masaki Yoshida, Mr. Kiyoshi Nagano, Mr. Keiji Watanabe, Mr. Akihiro Tamaki and Mr. Masanao Marumono are Independent non-executive directors (INED) under the provisions stipulated by The Stock Exchange of Hong Kong Limited. If their re-election is approved, the Company will continue to appoint these persons as Independent non-executive directors.

Second Item of Business: Election of One (1) Substitute Statutory Auditor

In order to maintain the continuity of auditing even when the number of Statutory Auditors required under laws and regulations is lacking, the Company proposes that Mr. Hideaki Asayama be elected as a substitute Outside Statutory Auditor.

The effect of election of Mr. Asayama as a substitute Outside Statutory Auditor may be revoked, only before his assumption of office, by a resolution of the Board of Directors with the consent of the Board of Statutory Auditors.

The Board of Statutory Auditors agrees to this Second Item of Business.

Name (Date of Birth)	Career Summary, Position, Significant Concurrent Positions Held	Number of Company's Shares Owned
Hideaki Asayama (December 5, 1949)	April 1974 Entered TOKYO SHIBAURA ELECTRIC CO., LTD. (Currently, TOSHIBA CORPORATION)	—
	Oct. 1986 Assigned to TOSHIBA MEDICAL DO BRASIL LTDA., Director of Administration & Finance	
	July 1992 Manager of Finance Div. of TOSHIBA CORPORATION	
	June 1995 Assigned to Toshiba Pension Fund, Investment Manager	
	June 1997 Assigned to TOSHIBA INTERNATIONAL CORPORATION, Vice President and Treasurer	
	Dec. 1999 Chief Specialist, Finance & Accounting Div. of Toshiba Information & Social Infrastructure Systems Company, TOSHIBA CORPORATION	
	Oct. 2000 Chief Specialist, Corporate Audit Div. of Toshiba Information & Social Infrastructure Systems Company, TOSHIBA CORPORATION	
	May 2004 Retired from TOSHIBA CORPORATION	
	May 2004 Entered Toshiba Matsushita Display Technology Co., Ltd. (Currently, Japan Display Inc.), General Manager of Corporate Audit Dept.	
	June 2006 Standing Statutory Auditor of Toshiba Matsushita Display Technology Co., Ltd.	
	June 2009 Retired from position of Standing Statutory Auditor of Toshiba Matsushita Display Technology Co., Ltd.	
June 2009 Entered TOSHIBA DESIGN & MANUFACTURING SERVICE CORPORATION, Group Manager of Internal Audit Group		
June 2010 Statutory Auditor of SBI Liquidity Market Co., Ltd. (present)		

(Note)

1. The candidate has no special interest in the Company.
2. Mr. Hideaki Asayama is a candidate for substitute Outside Statutory Auditor.

3. The Company selected Mr. Asayama as a candidate for substitute Outside Statutory Auditor because of his ample experience and broad knowledge developed through years of experience in financial affairs and accounting, which the Company deems can be applied to adequately perform the role of supervision and other services regarding the management of the Company.

— End —

How to Exercise Voting Rights

Our shareholders may exercise their voting rights in writing (by using the Voting Rights Exercise Form) or via the Internet, etc. Please find details below for these methods of exercising voting rights.

If a shareholder intends to attend the Ordinary General Meeting of Shareholders, it is not necessary for the shareholder to carry out the procedures for exercising voting rights in writing or via the Internet, etc. that are set out below.

Exercising Voting Rights in Writing (using the Voting Rights Exercise Form)

Please indicate on the Voting Rights Exercise Form enclosed herewith your approval or disapproval of the proposals and return the form. The form must reach the Company by the end of the Company's business hours at 5:45 p.m. (Japan time) on Wednesday, June 26, 2013.

Exercising Voting Rights via the Internet, Etc.

1. Points to note when exercising voting rights via the Internet, etc.

If you choose to exercise your voting rights via the Internet, etc., please note the following matters and exercise your voting rights by the end of the Company's business hours at 5:45 p.m. (Japan time) on Wednesday, June 26, 2013.

- (1) You may exercise voting rights via the Internet only through the website for exercising voting rights designated by the Company (see the URL below). If you choose to exercise your voting rights via the Internet, you will need to enter the code and the password for exercising voting rights that are set out in the Voting Rights Exercise Form enclosed herewith.
- (2) The code and password for exercising voting rights are only effective for this Ordinary General Meeting of Shareholders. A new code and password for exercising voting rights will be issued to each shareholder for the next general meeting of shareholders.
- (3) If you have exercised your voting rights both in writing and via the Internet, etc., we will use your vote via the Internet, etc. as the effective vote.
- (4) If you have exercised your voting rights multiple times via the Internet, etc., we will use your last vote as the effective vote.

- (5) You will bear all costs in connection with your use of the Internet (including, but not limited to, provider fees for your Internet connection and line usage charges).

2. Specific procedures for exercising voting rights via the Internet

- (1) Please access <http://www.it-soukai.com/> or <https://daiko.mizuho-tb.co.jp/>.

Please be aware that you cannot access this URL from 3:00 a.m. to 5:00 a.m. during the period for exercising voting rights.

- (2) Please enter your code and password for exercising voting rights and click “Login”.

The code and password are printed on the lower right-hand side of the Voting Rights Exercise Form enclosed herewith.

- (3) Please follow the instructions that appear onscreen to exercise your voting rights.

3. System requirements

Personal computers:

Windows® models

(compatibility with some high-spec cell phones (smartphones, etc.) is not guaranteed, so you might not be able to use your cell phone for this purpose)

Browser:

Microsoft® Internet Explorer 5.5 or higher

Internet access:

Internet access required (through subscription with ISP, etc.)

Screen resolution:

1024 x 768 or higher recommended

* Microsoft and Windows are trademarks or registered trademarks of Microsoft Corporation, a U.S. corporation, in the U.S. and other countries.

4. Security issues

The website uses encryption technology (128-bit SSL) to ensure the prevention of any tampering with or eavesdropping of any information you submit when exercising voting rights so that you may use it with peace of mind.

The code and password for exercising voting rights set out in the Voting Rights Exercise Form are important pieces of information for identifying individual shareholders. Please do not disclose this information to anyone. Please note that the Company will not contact you to request information about your password.

5. Inquiries

(1) Contact details for inquiries about operating instructions or the like regarding use of personal computers or similar devices in connection with electronically exercising voting rights

Internet Help Dial, Stock Transfer Agent Department, Mizuho Trust & Banking Co., Ltd.:

Telephone: 0120-768-524 (toll free)

(Weekdays from 9:00 a.m. to 9:00 p.m. (excluding public holidays))

(2) Contact details for any inquiries other than those set out in (1) above

Stock Transfer Agent Department, Mizuho Trust & Banking Co., Ltd.:

Telephone: 0120-288-324 (toll free)

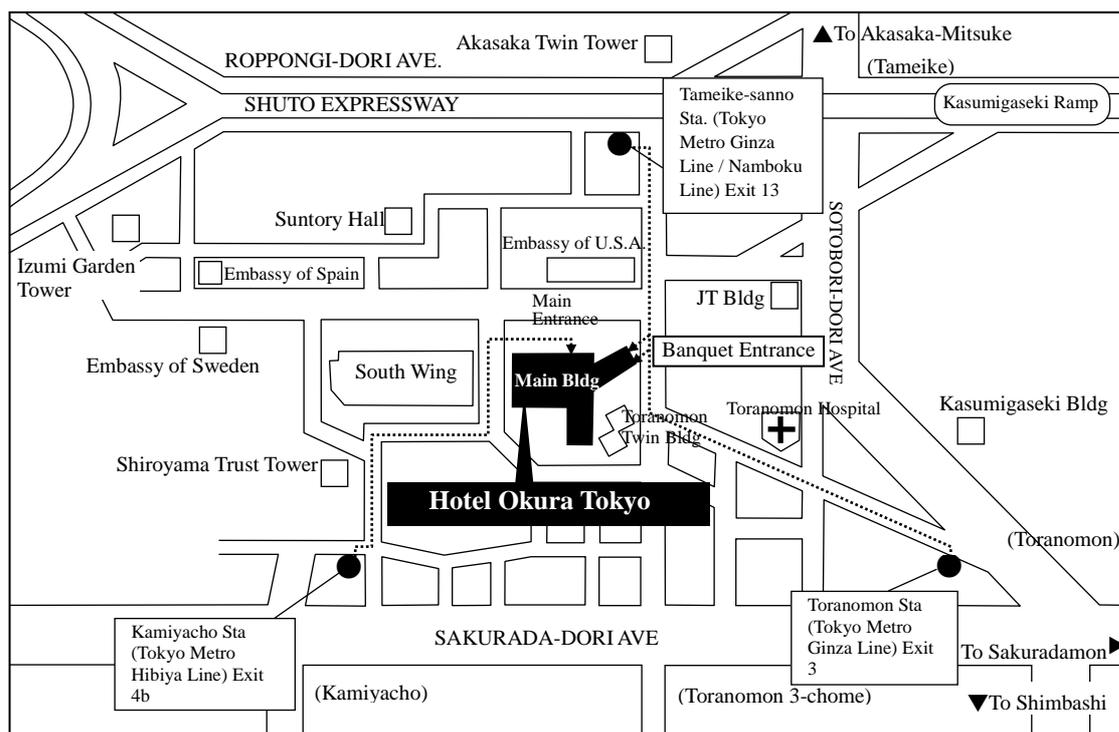
(Weekdays from 9:00 a.m. to 5:00 p.m. (excluding public holidays))

Information on Electronic Voting Platform

If you are a nominee shareholder such as a trust bank (including a standing proxy) and if you apply in advance to use the Electronic Voting Platform operated by ICJ, Inc., you may use the Platform as a method for electronically exercising your voting rights for the Ordinary General Meeting of Shareholders in addition to the aforementioned method of exercising your voting rights via the Internet.

Access to the Meeting Room of the 15th Ordinary General Meeting of Shareholders

Location: Hotel Okura Tokyo
Heian Room, 1st Floor, Main Building
2-10-4 Toranomon, Minato-ku, Tokyo
Telephone: +81-3-3582-0111



Access:

- Tokyo Metro Ginza Line: Seven minutes walk from Toranomon Station, Exit 3 to Banquet Entrance
- Hibiya Line: Nine minutes walk from Kamiyacho Station, Exit 4b to Main Entrance
- Ginza Line and
Namboku Line: Nine minutes walk from Tameike-Sanno Station, Exit 13 to Banquet Entrance

Please note that no parking lots are reserved for attendees. We recommend that you use public transportation when travelling to the venue.

End of the translation

Pursuant to the Listing Rules of The Stock Exchange of Hong Kong Limited, any candidates for election or re-election as Directors should provide the biographical details as required under the Listing Rule 13.51(2) to enable the shareholders to make an informed decision on their election. In addition to the details provided in the Convocation Notice, the following additional information is provided pursuant to the Listing Rules in respect of the above candidates for Directors:-

- (1) The above candidates for Directors do not have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.
- (2) The above candidates for Directors will hold office until the 16th Ordinary General Meeting of Shareholders. The emoluments of the above candidates for Directors will be determined after the 15th Ordinary General Meeting of Shareholders. Announcement of such details will be made by the Company when the decision is made.
- (3) There is no other information regarding the above candidates for Directors to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, nor are there other matters that need to be brought to the attention of the Company's shareholders.
- (4) The length of service with the Company for the above candidates for Directors is one year.
- (5) Executive Directors, Non-Executive Directors and Independent Non-Executive Directors are to be appointed at a meeting of the Board of the Company after they are being re-elected or elected respectively at the 15th Ordinary General Meeting of Shareholders. The proposed Executive Directors for re-elections are Mr. Yoshitaka Kitao, Mr. Taro Izuchi, Mr. Takashi Nakagawa, Mr. Tomoya Asakura, Mr. Shumpei Morita, Mr. Noriaki Maruyama and Mr. Peilung Li. The proposed Non-Executive Director for re-election is Mr. Hiroshi Tasaka. The proposed Non-Executive Directors for new election are Mr. Masato Takamura and Mr. Teruhide Sato. The proposed Independent Non-Executive Directors for re-elections are Mr. Masaki Yoshida, Mr. Kiyoshi Nagano, Mr. Keiji Watanabe, Mr. Akihiro Tamaki and Mr. Masanao Marumono.
- (6) The directors' interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance is as the tables below;

No.	Name of Director	Name of corporation	Nature of Interest	Class of Shares / underlying Shares	Number of Shares/ Underlying shares(As of 31 March 2013)
1	Yoshitaka Kitao	SBI Holdings, Inc.	Registered owner	Ordinary Shares	3,787,960
			Registered owner	(Underlying Shares)FINANCE ALL CORPORATION-Series 2	22,000
			Registered owner	(Underlying Shares) 2005 Series 1	20,100
		Morningstar Japan K.K.	Registered owner	Ordinary Shares	2,144
		SBI Mortgage Co., Ltd.	Registered owner	Ordinary Shares	122,950
		SBI Point Union Co., Ltd.	Registered owner	Ordinary Shares	100
		SBI Pharmaceuticals Co., Ltd.	Registered owner	Ordinary Shares	972
		SBI Life Living Co., Ltd.	Registered owner	(Underlying Shares) Series 3	168
		SBI Wellness Bank Co., Ltd.	Registered owner	Ordinary Shares	600
2	Taro Izuchi	SBI Holdings, Inc.	Registered owner	Ordinary Shares	320,170

No.	Name of Director	Name of corporation	Nature of Interest	Class of Shares / underlying Shares	Number of Shares/ Underlying shares(As of 31 March 2013)
			Registered owner	(Underlying Shares) 2005 Series 1	4,000
3	Takashi Nakagawa	SBI Holdings, Inc.	Registered owner	Ordinary Shares	42,000
			Registered owner	(Underlying Shares) 2005 Series 1	10,000
			Registered owner	(Underlying Shares) 2003 Series 2	49,030
4	Tomoya Asakura	Morningstar Japan K.K.	Registered owner	Ordinary Shares	428
5	Shumpei Morita	SBI Business Solutions Co., Ltd.	Registered owner	Ordinary Shares	636
		SBI Holdings, Inc.	Registered owner	Ordinary Shares	20,000
			Registered owner	(Underlying Shares) 2005 Series 1	2,200

No.	Name of Director	Name of corporation	Nature of Interest	Class of Shares / underlying Shares	Number of Shares/ Underlying shares(As of 31 March 2013)
			Registered owner	(Underlying Shares) 2003 Series 3	15,235
6	Noriaki Maruyama	SBI Holdings, Inc.	Registered owner	Ordinary Shares	69,330
		SBI Mortgage Co., Ltd.	Registered owner	Ordinary Shares	332,070
7	Peilung Li	-	-	-	0
8	Hiroshi Tasaka	SBI Holdings, Inc.	Registered owner	Ordinary Shares	80,220
			Registered owner	(Underlying Shares) 2005 Series 1	4,000
		Morningstar Japan K.K.	Registered owner	Ordinary Shares	88
9	Masaki Yoshida	SBI Holdings, Inc.	Registered owner	Ordinary Shares	10,000

No.	Name of Director	Name of corporation	Nature of Interest	Class of Shares / underlying Shares	Number of Shares/ Underlying shares(As of 31 March 2013)
		SBI BB Mobile Investment LPS	Interest of controlled corporation (WATANABE ENTERTAINMENT CO, LTD. And Miki Yoshida (his spouse's name))	Shares(Units)	2
10	Kiyoshi Nagano	-	-	-	0
11	Keiji Watanabe	-	-	-	0
12	Akihiro Tamaki	-	-	-	0
13	Masanao Marumono	-	-	-	0
14	Masato Takamura	SBI Holdings, Inc.	Registered owner	(Underlying Shares) SBIH (3) Stock Option	11,570
15	Teruhide Sato	SBI Holdings, Inc.	Registered owner	Ordinary Shares	2,820
		MC plus, Inc.	Registered owner	Ordinary Shares	5,861