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## SBI HOLDINGS, INC.

(Incorporated in Japan with limited liability)

(Stock Code: 6488)

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013 AND RESUMPTION OF TRADING

The board of directors (the “Directors”) of SBI HOLDINGS, INC. (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2013.

At the request of the Company, trading in its Hong Kong depositary receipts was halted with effect from 1:00 p.m. on Wednesday, 6 November 2013, pending the release of this announcement. An application will be made by the Company to the Stock Exchange for resumption of trading in the Hong Kong depositary receipts with effect from 9:00 a.m. on Thursday, 7 November 2013.

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

#### 1. Consolidated Financial Results

##### (1) Consolidated Operating Results

(Percentages represent year-on-year changes)

	Operating revenue		Operating income		Profit (loss) before income tax expense		Profit (loss) for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended 30 September 2013	128,114	89.6	34,467	—	32,997	—	18,583	—
Six months ended 30 September 2012	67,583	(16.4)	806	(85.7)	(296)	—	(819)	—

	Profit (loss) attributable to owners of the Company		Total comprehensive income/(loss)		Basic earnings per share attributable to owners of the Company	Diluted earnings per share attributable to owners of the Company
	Millions of yen	%	Millions of yen	%	Yen	Yen
Six months ended 30 September 2013	17,570	—	24,331	—	81.17	81.17
Six months ended 30 September 2012	(1,364)	—	(5,451)	—	(6.26)	(6.26)

(Notes) 1. Year-on-year changes over 1,000% are not presented herein.

2. The Company conducted a 10 for 1 stock split, effective on 1 October 2012. The calculations of basic and diluted earnings per share are based on the new number of shares and adjusted retrospectively, assuming that the stock split was conducted at the beginning of the fiscal year ended 31 March 2013.

## (2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the Company	Ratio of equity attributable to owners of the Company to total assets
	Millions of yen	Millions of yen	Millions of yen	%
30 September 2013	2,851,677	381,967	320,644	11.2
31 March 2013	2,494,387	360,535	303,299	12.2

## 2. Dividends

(Declared date)	Dividend per share				
	End of 1 <sup>st</sup> Q	End of 2 <sup>nd</sup> Q	End of 3 <sup>rd</sup> Q	Year-end	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended 31 March 2013	—	0.00	—	10.00	10.00
Fiscal Year ending 31 March 2014	—	0.00			
Fiscal Year ending 31 March 2014 (forecast) (Note)			—	—	—

(Note) Fiscal year ending 31 March 2014 forecast is to be determined.

## 3. Total number of shares outstanding (Common stock)

(1) Number of shares outstanding (including treasury stock)	: 30 September 2013	: 224,561,761 shares
	: 31 March 2013	: 224,525,781 shares
(2) Number of treasury stock	: 30 September 2013	: 8,088,571 shares
	: 31 March 2013	: 8,098,446 shares
(3) Average number of shares outstanding	: Six months ended 30 September 2013	: 216,448,300 shares
	: Six months ended 30 September 2012	: 217,729,167 shares

(Note) The Company conducted a 10 for 1 stock split, effective on 1 October 2012. The average number of shares outstanding presented above is retrospectively adjusted, assuming that the 10 for 1 stock split was conducted at the beginning of the fiscal year ended 31 March 2013.

The Group prepared the consolidated financial statements in accordance with International Financial Reporting Standards (“IFRSs”).

*As of the date of this announcement, the results for the six months ended 30 September 2013 are under review by the independent accountants of the Company.*

## 1. BUSINESS RESULTS

### (1) Results of Operations

The Group's consolidated results of operations for the six months ended 30 September 2013 were as follows. Operating revenue increased 89.6% year-on-year to ¥128,114 million, operating income rose 4,175.4% to ¥34,467 million, profit before income tax expense amounted ¥32,997 million (¥296 million of loss before income tax expense for the six months ended 30 September 2012), and profit attributable to owners of the Company amounted ¥17,570 million (¥1,364 million of loss attributable to owners of the Company for the six months ended 30 September 2012).

The results of operations for each reporting segment of the Group for the six months ended 30 September 2013 were as follows.

	Operating revenue			Profit (loss) before income tax expense		
	Six months ended 30 September 2012	Six months ended 30 September 2013		Six months ended 30 September 2012	Six months ended 30 September 2013	
	Millions of Yen	Millions of Yen	%	Millions of Yen	Millions of Yen	%
Financial Services Business	50,627	72,582	43.4	3,878	18,556	378.5
Asset Management Business	13,665	49,933	265.4	479	18,205	3,703.6
Biotechnology-related Business	500	1,486	197.0	(1,160)	(748)	—
Total	64,792	124,001	91.4	3,197	36,013	1,026.6
Others	4,190	4,933	17.7	646	771	19.3
Elimination	(1,399)	(820)	—	(4,139)	(3,787)	—
Consolidation	67,583	128,114	89.6	(296)	32,997	—

(% represents year-on-year changes)

#### (Financial Services Business)

Financial Services Business consists of a wide range of financial related business and the provision of information regarding financial products, including securities brokerage business, banking services business, property and casualty insurance business, financing business offering mortgage loans, credit card business, and leasing business.

The results of operation of Financial Services Business for the six months ended 30 September 2013 were as follows. Operating revenue increased 43.4% year-on-year to ¥72,582 million, and profit before income tax expense increased 378.5% to ¥18,556 million.

#### (Asset Management Business)

Asset Management Business primarily consists of fund management and investment in internet technology, biotechnology, environment energy and financial-related venture companies in Japan and overseas.

The results of operation of Asset Management Business for the six months ended 30 September 2013 were as follows. Operating revenue increased 265.4% year-on-year to ¥49,933 million, and profit before income tax expense rose 3,703.6% to ¥18,205 million. Operating revenue in this reporting segment represents operating revenues arising from operational investment securities and includes the changes of fair values of those investment securities. The results of operations of the Group's investees which are deemed to be controlled by the Group are consolidated into the results of operations of this reporting segment.

### **(Biotechnology-related Business)**

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

The results of operation of Biotechnology-related Business for the six months ended 30 September 2013 were as follows. Operating revenue increased 197.0% year-on-year to ¥1,486 million, and loss before income tax expense amounted to ¥748 million (¥1,160 million of loss before income tax expense for the six months ended 30 September 2012).

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

## **(2) Financial Positions and Cash Flows**

As at 30 September 2013, total assets resulted in ¥2,851,677 million and increased by ¥357,290 million from total assets of ¥2,494,387 million as at 31 March 2013. The Group's equity rose by ¥21,432 million to ¥381,967 million from the fiscal year ended 31 March 2013. As at 30 September 2013, the Group's cash and cash equivalents amounted ¥206,945 million and increased by ¥73,583 million from that of ¥133,362 million as at 31 March 2013. The changes of cash flows for each activity and the reasons for changes are as follows:

### **(Operating Cash Flows)**

Cash flows from operating activities resulted in ¥45,407 million of net cash inflows (¥2,809 million of net cash inflows for the six months ended 30 September 2012). The net cash inflows was primarily due to ¥32,997 million cash inflows for increase in profit before income tax expense, ¥52,518 million cash inflows for decrease in accounts receivables and other receivables, and ¥41,853 million cash inflows for increase in operational liabilities and other liabilities, despite ¥76,170 million cash outflows for decrease in customer deposits for banking business.

### **(Investing Cash Flows)**

Cash flows from investing activities resulted in ¥6,465 million of net cash inflows (¥5,336 million of net cash inflows for the six months ended 30 September 2012). The net cash inflows was primarily due to ¥11,107 million cash inflows for proceeds from sales of investment securities, despite ¥4,450 million cash outflows for purchases of investment securities.

### **(Financing Cash Flows)**

Cash flows from financing activities amounted ¥19,424 million of net cash inflows (¥13,524 million of net cash outflows for the six months ended 30 September 2012). The net cash inflows was primarily due to ¥18,717 million cash inflows for increase in short term loans payable, ¥49,707 million cash inflows for proceeds from issuance of bonds payable and ¥4,489 million cash inflows for proceeds from long term loans payable, despite ¥10,974 million cash outflows for repayment of long term loans payable and ¥39,000 million cash outflows for redemption of bonds payable.

## **2. CORPORATE GOVERNANCE PRACTICES**

The Company has complied with all the major code provisions as set out in the Corporate Governance (“CG”) Code throughout the period for the six months ended 30 September 2013 save for certain deviations from the code provisions in respect of code provision A.2.1, A.4.2, A.5, B.1, C.3, E.1.2, E.1.3 and E.2.1. There has been no change with considered reasons for the deviation reported in the preceding annual report and details of the deviation are explained in the preceding annual report. In addition, the Company has applied and the Stock Exchange has granted waivers on the following Listing Rules:

### **Model Code for Securities Transactions**

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

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the “Code for Securities Transactions By Directors” and the Model Code throughout the six months ended 30 September 2013.

The Company has also established written guidelines of almost the same terms as the Model Code (the “Employees Written Guidelines”) for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

### **Independent Non-executive Directors**

Five independent non-executive directors were re-elected at the Annual General Meeting held in June 2013. The Board at all times met and exceeded the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Stock Exchange has confirmed that we do not need to strictly comply with Rules 3.10A and 3.11 of the Listing Rules, in respect of the appointment of independent non-executive directors representing at least one-third of the Board. The Company has adopted a Statutory Auditors system under the Companies Act of Japan in order to establish good corporate governance. Under this regime, the primary decision making body of the Company is our Board of Directors, which is monitored by the Company’s Board of Statutory Auditors, whose role is stated to include monitoring the proper execution by the Directors of their duties. Furthermore, our Accounting Auditor assists the Statutory Auditors in reviewing the financial and accounting arrangements conducted by the Board of Directors.

### **Appointment of an Auditor**

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

## **Audit Committee**

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

## **Remuneration Committee**

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

The Board has established a set of rules for the compensation of its officers which set out the remuneration standards and policies of the Company for its executives. The compensation rules are not materially different from the terms of reference for a remuneration committee provided in paragraph B.1.3 of Code Provision and they provide a formal and transparent process for the determination of remuneration. Further, even though the Board of Directors will voluntarily perform the role of the remuneration committee, the decisions on maximum amount of remuneration, the method for calculation of remuneration, and the type and amount of remuneration to be paid to directors and Statutory Auditors must be determined by the shareholders of the Company.

## **Cancellation on Share upon Repurchase**

The Company obtained a waiver from the Stock Exchange with respect to strict compliance with the requirements under Rules 10.06(5) and 19B.21 of the Listing Rules for us to (i) cancel the listing of any such Treasury Shares; (ii) apply for relisting of any such Treasury Shares held by the Company on their disposal; and (iii) cancel and destroy as soon as reasonably practicable all documents of title of repurchased Shares (including both HDRs and their underlying Shares) and the Company hereby confirms its compliance with the following conditions of granting this waiver during the accounting period for the six months ended 30 September 2013;

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

### 3. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### (1) Interim Condensed Consolidated Statement of Financial Position

	As at 31 March 2013	As at 30 September 2013
	Millions of Yen	Millions of Yen
<b>Assets</b>		
Cash and cash equivalents	133,362	<b>206,945</b>
Trade and other accounts receivable	412,477	<b>360,572</b>
Assets related to securities business		
Cash segregated as deposits	846,445	<b>1,028,329</b>
Margin transaction assets	164,935	<b>219,805</b>
Other assets related to securities business	422,265	<b>501,361</b>
Total assets related to securities business	1,433,645	<b>1,749,495</b>
Other financial assets	26,694	<b>32,355</b>
Operational investment securities	119,268	<b>132,192</b>
Other investment securities	57,209	<b>56,311</b>
Investments in associates and joint ventures	35,689	<b>36,666</b>
Investment properties	36,355	<b>34,531</b>
Property and equipment	10,517	<b>11,477</b>
Intangible assets	185,581	<b>191,850</b>
Other assets	29,928	<b>30,858</b>
Deferred tax assets	13,662	<b>8,425</b>
<b>Total assets</b>	<b>2,494,387</b>	<b>2,851,677</b>
<b>Liabilities</b>		
Bonds and loans payable	344,360	<b>363,936</b>
Trade and other accounts payable	48,894	<b>81,152</b>
Liabilities related to securities business		
Margin transaction liabilities	153,612	<b>127,684</b>
Loans payable secured by securities	135,609	<b>196,228</b>
Deposits from customers	387,310	<b>510,803</b>
Guarantee deposits received	372,440	<b>483,893</b>
Other liabilities related to securities business	255,634	<b>299,854</b>
Total liabilities related to securities business	1,304,605	<b>1,618,462</b>
Customer deposits for banking business	376,177	<b>326,841</b>
Income tax payable	2,192	<b>5,686</b>
Other financial liabilities	35,371	<b>35,076</b>
Other liabilities	15,430	<b>28,416</b>
Deferred tax liabilities	6,823	<b>10,141</b>
<b>Total liabilities</b>	<b>2,133,852</b>	<b>2,469,710</b>
<b>Equity</b>		
Capital stock	81,668	<b>81,681</b>
Capital surplus	160,550	<b>156,507</b>
Treasury stock	(5,117)	<b>(5,132)</b>
Other component of equity	6,196	<b>11,052</b>
Retained earnings	60,002	<b>76,536</b>
Equity attributable to owners of the Company	303,299	<b>320,644</b>
Non-controlling interests	57,236	<b>61,323</b>
<b>Total equity</b>	<b>360,535</b>	<b>381,967</b>
<b>Total liabilities and equity</b>	<b>2,494,387</b>	<b>2,851,677</b>

**(2) Interim Condensed Consolidated Statements of Income and Comprehensive Income**  
**Interim Condensed Consolidated Statement of Income**

	Six months ended 30 September 2012	Six months ended 30 September 2013
	Millions of Yen	Millions of Yen
Operating revenue	67,583	128,114
Operating expense		
Operating cost	(27,193)	(33,253)
Financial cost	(2,276)	(9,623)
Selling, general and administrative expenses	(35,447)	(46,745)
Other expenses	(1,099)	(3,819)
Total Operating expense	(66,015)	(93,440)
Share of losses of associates and joint ventures using the equity method	(762)	(207)
Operating income	806	34,467
Other financial income and cost		
Other financial income	293	388
Other financial cost	(1,395)	(1,858)
Total Other financial income and cost	(1,102)	(1,470)
Profit (loss) before income tax expense	(296)	32,997
Income tax expense		
Current	(1,664)	(6,446)
Deferred	1,141	(7,968)
Total Income tax expense	(523)	(14,414)
Profit (loss) for the period	(819)	18,583
Profit (loss) for the period attributable to		
Owners of the Company	(1,364)	17,570
Non-controlling interests	545	1,013
Profit (loss) for the period	(819)	18,583
Earnings per share attributable to owners of the Company		
Basic (Yen)	(6.26)	81.17
Diluted (Yen)	(6.26)	81.17



## Interim Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 September 2012 Millions of Yen	Six months ended 30 September 2013 Millions of Yen
Profit (loss) for the period	(819)	<b>18,583</b>
Other comprehensive income/(loss) which will not be reclassified subsequently to profit or loss		
FVTOCI financial assets	(958)	<b>1,190</b>
Other comprehensive income/(loss) which will be reclassified subsequently to profit or loss		
Currency translation differences	(3,723)	<b>4,558</b>
Hedging instruments for cash flow hedges	49	—
Other comprehensive income/(loss), net of tax	(4,632)	<b>5,748</b>
Total Comprehensive income/(loss)	(5,451)	<b>24,331</b>
Total comprehensive income/(loss) attributable to		
Owners of the Company	(5,879)	<b>23,560</b>
Non-Controlling interests	428	<b>771</b>
Total Comprehensive income/(loss)	(5,451)	<b>24,331</b>

### (3) Interim Condensed Consolidated Statement of Changes in Equity

Six months ended 30 September 2012

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Capital Stock	Capital Surplus	Treasury Stock	Other Component of equity	Retained earnings	Total			
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen			
As at 1 April 2012	81,665	160,471	(3,180)	(1,363)	58,930	296,523	55,382	351,905	
Profit (loss) for the period	—	—	—	—	(1,364)	(1,364)	545	(819)	
Other comprehensive income/(loss)	—	—	—	(4,515)	—	(4,515)	(117)	(4,632)	
<b>Total comprehensive income/(loss)</b>	—	—	—	(4,515)	(1,364)	(5,879)	428	(5,451)	
Issuance of new stock	1	1	—	—	—	2	—	2	
Change in scope of consolidation	—	—	—	—	—	—	(174)	(174)	
Dividends paid	—	—	—	—	(2,208)	(2,208)	(1,690)	(3,898)	
Treasury shares purchased	—	—	(2,000)	—	—	(2,000)	—	(2,000)	
Treasury shares sold	—	—	42	—	—	42	—	42	
Changes of interests in subsidiaries without losing control	—	(1,277)	—	—	—	(1,277)	5,137	3,860	
Transfer	—	—	—	(40)	40	—	—	—	
As at 30 September 2012	81,666	159,195	(5,138)	(5,918)	55,398	285,203	59,083	344,286	

Six months ended 30 September 2013

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Capital Stock	Capital Surplus	Treasury Stock	Other Component of equity	Retained earnings	Total			
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen			
As at 1 April 2013	81,668	160,550	(5,117)	6,196	60,002	303,299	57,236	360,535	
Profit for the period	—	—	—	—	17,570	17,570	1,013	18,583	
Other comprehensive income/(loss)	—	—	—	5,990	—	5,990	(242)	5,748	
<b>Total comprehensive income/(loss)</b>	—	—	—	5,990	17,570	23,560	771	24,331	
Issuance of new stock	13	13	—	—	—	26	—	26	
Change in scope of consolidation	—	—	—	—	—	—	125	125	
Dividends paid	—	—	—	—	(2,170)	(2,170)	(365)	(2,535)	
Treasury shares purchased	—	—	(39)	—	—	(39)	—	(39)	
Treasury shares sold	—	1	24	—	—	25	—	25	
Changes of interests in subsidiaries without losing control	—	(4,057)	—	—	—	(4,057)	3,556	(501)	
Transfer	—	—	—	(1,134)	1,134	—	—	—	
As at 30 September 2013	81,681	156,507	(5,132)	11,052	76,536	320,644	61,323	381,967	

#### (4) Interim Condensed Consolidated Statement of Cash flows

	Six months ended 30 September 2012	Six months ended 30 September 2013
	Millions of Yen	Millions of Yen
Net cash from operating activities		
Profit (loss) before income tax expense	(296)	32,997
Depreciation and amortization	3,724	5,547
Share of losses of associates and joint ventures using the equity method	762	207
Interest and dividend income	(8,871)	(34,148)
Interest expense	3,667	11,481
Increase in operational investment securities	(2,056)	(8,376)
Decrease in accounts receivables and other receivables	12,480	52,518
Increase in operational liabilities and other liabilities	648	41,853
Decrease in assets/liabilities related to securities business	(10,589)	(2,144)
Decrease in customer deposits for banking business	—	(76,170)
Others	1,501	1,080
Subtotal	970	24,845
Interest and dividend income received	8,281	33,271
Interest expense paid	(3,474)	(12,847)
Income taxes paid	(2,968)	138
Net cash from operating activities	2,809	45,407
Net cash from investing activities		
Purchases of intangible assets	(1,923)	(2,747)
Purchases of investment securities	(3,373)	(4,450)
Proceeds from sales of investment securities	568	11,107
Acquisition of subsidiaries, net of cash and cash equivalents acquired	388	(2,057)
Proceeds from sales of subsidiaries, net of cash and cash equivalents disposed of	8,157	2,862
Payments of loans receivable	(4,291)	(2,821)
Collection of loans receivable	2,477	4,638
Others	3,333	(67)
Net cash from investing activities	5,336	6,465

	Six months ended 30 September 2012	Six months ended 30 September 2013
	Millions of Yen	Millions of Yen
Net cash from (used in) financing activities		
Increase in short term loans payable	2,201	18,717
Proceeds from long-term loans payable	4,800	4,489
Repayment of long-term loans payable	(10,938)	(10,974)
Proceeds from issuance of bonds payable	38,967	49,707
Redemption of bonds payable	(50,540)	(39,000)
Proceeds from stock issuance	3	26
Proceeds from stock issuance to non-controlling interests	2,037	39
Contributions from non-controlling interests in consolidated investment funds	644	205
Cash dividend paid	(2,208)	(2,157)
Cash dividend paid to non-controlling interests	(363)	(365)
Distributions to non-controlling interests in consolidated investment funds	(1,267)	(521)
Purchase of treasury stock	(2,000)	(39)
Proceeds from sale of interests in subsidiaries to non-controlling interests	5,983	19
Payments for purchase of interests in subsidiaries from non-controlling interests	(132)	(135)
Others	(711)	(587)
Net cash from (used in) financing activities	<u>(13,524)</u>	<u>19,424</u>
Net increase (decrease) in cash and cash equivalents	(5,379)	71,296
Cash and cash equivalents at the beginning of the period	159,833	133,362
Effect of changes in exchange rate on cash and cash equivalents	(2,393)	2,287
Cash and cash equivalents at the end of the period	<u><u>152,061</u></u>	<u><u>206,945</u></u>

## Notes to Interim Condensed Consolidated Financial Statements

### 1. Significant Accounting Policies

The accounting policies presented in the consolidated financial statements for the year ended 31 March 2013 are applied consistently in the preparation of these interim condensed consolidated financial statements.

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

	IFRS	Summary of new standards and amendments
IFRS 10	Consolidated Financial Statements	Clarifications on definition of control as the basis for consolidation, which shall be adopted by all companies
IFRS 11	Joint Arrangements	Classification and accounting treatment relevant to arrangement under joint control based on contractual agreement rather than legal form
IFRS 12	Disclosure of Interests in Other Entities	Broaden the disclosure with regard to interests in other entities including unconsolidated entities
IFRS 13	Fair Value Measurement	Provide guidance for measurement of fair valued applied in all the standards
IAS 1	Presentation of Financial Statements	Amendment to presentation of items of other comprehensive income
IAS 19	Employee Benefits	Recognition of actuarial differences and past service cost Presentation and disclosure of post-employment benefits
IAS 28	Investments in Associates and Joint Ventures	Amendments based on the publishing of IFRS 10, IFRS 11 and IFRS 12
IAS 34	Interim Financial Reporting	Disclosure requirements for interim financial report regarding note to fair value

## 2. Segment information

The Group engages in a wide range of business activities, primarily online financial service businesses and investment activities in Japan and overseas. Based on the similarities or economic characteristics of business or nature of services, “Financial Services Business”, “Asset Management Business”, and “Biotechnology-related Business”, which is the most growing business in the Group, are determined as reportable segments.

The reporting segments of the Group represent businesses activities for which separate financial information of the Group’s components is available and reviewed regularly by the board of directors for the purpose of allocation of financial resources and performance evaluation.

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

### “Financial Services Business”

The Financial Services Business consists of a wide range of finance related business and the provision of information regarding financial products, including securities brokerage business, banking services business, property and casualty insurance business, financing business offering mortgage loans, credit card business, and leasing business.

### “Asset Management Business”

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

### “Biotechnology-related Business”

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

Business segments classified into “Others” mainly consists of development and trading of investment property and operation of online intermediate service, which were included in the former Housing and Real Estate Business segment. They are not classified as a reporting segment based on the quantitative criteria for the six months ended 30 September 2013.

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

The following represents segment information of the Group:

For six months ended 30 September 2012

	Financial Services Business	Asset Management Business	Biotechnology-related Business	Total	Others	Elimination	Consolidated Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Operating revenue	50,627	13,665	500	64,792	4,190	(1,399)	67,583
Profit (loss) before income tax expense	3,878	479	(1,160)	3,197	646	(4,139)	(296)

For six months ended 30 September 2013

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

### 3. Revenue

	Six months ended 30 September 2012	Six months ended 30 September 2013
	Millions of yen	Millions of yen
Operating revenue		
Financial income		
Interest income (Note1)	8,467	32,741
Dividends received	814	246
Income arising from financial assets at FVTPL	2,919	18,105
Gain from trading	4,477	6,565
Total financial income	16,677	57,657
Revenue from rendering of services	34,243	53,747
Valuation gain on business combination achieved in stages (Note2)	2,762	-
Other income	13,901	16,710
Total operating revenue	67,583	128,114
Other financial income		
Interest income		
Financial assets measured at amortized cost	293	388
Total other financial income	293	388

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

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

### 4. Earnings per Share

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

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

	Six months ended 30 September 2012	Six months ended 30 September 2013
	Millions of Yen	Millions of Yen
Profit (loss) attributable to owners of the Company	(1,364)	17,570
Weighted average number of shares		
Basic weighted average number of ordinary shares (shares)	217,729,167	216,448,300
Dilutive effect : Stock option (shares)	-	12,976
Weighted average number of ordinary shares after the dilutive effect (shares)	217,729,167	216,461,276
Earnings per share attributable to owners of the Company		
Basic (in Yen)	(6.26)	81.17
Diluted (in Yen)	(6.26)	81.17

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

## 5. Events after the Reporting Period

### Issuance of convertible bonds

On 17 October 2013, Board of Directors of the Company resolved the issuance of Euro Yen Convertible Bonds due 2017 (bonds with stock acquisition rights, *tenkanshasaigata shinkabu yoyakuken-tsuki shasai*, hereinafter the “Bonds with Stock Acquisition Rights,” among which the bonds only shall be referred to as the “Bonds” and the stock acquisition rights only shall be referred to as the “Stock Acquisition Rights”, respectively), and the payments for the Bonds were completed on 5 November 2013. The details of the Bonds with Stock Acquisition Rights are as follows.

(1) Name of the Bonds	SBI Holdings, Inc. Euro Yen Convertible Bonds due 2017 (bonds with stock acquisition rights, <i>tenkanshasaigata shinkabu yoyakukentsuki shasai</i> )
(2) Paid-in amount	100.0% of the principal amount of each Bond (principal amount of each Bond: 10,000,000 yen)
(3) Issue price (offer price)	102.5% of the principal amount of each Bond
(4) Aggregate principle amount	JPY 30,000,000,000
(5) Interest rate	No interest accrued
(6) Security or guarantee	Issued with no security or guarantee
(7) Payment date and issuance date	5 November 2013 (London time; hereinafter the same unless otherwise specified)
(8) Redemption	The bonds are redeemed at 100% of the principal amount of each Bond on 2 November 2017. In addition, there are clauses regarding the prepayment and redemption by purchase in the offering circular.
(9) Matters regarding the Stock Acquisition Rights	
(a) Number of Stock Acquisition Rights to be issued	3,000 rights
(b) Class, description and number of shares subject to the Stock Acquisition Rights	The class of shares subject to the Stock Acquisition Rights is shares of common stock of the Company (100 shares as one unit) (the “Shares”). Upon the exercise of the Stock Acquisition Rights, the number of the Shares to be issued by the Company or the number of Shares held by the Company to be transferred by it in lieu of such issuance shall be the number to be obtained by dividing the aggregate of the principal amount of the Bonds related to the exercised Stock Acquisition Rights by the conversion price set out in item (f) below. However, any fraction of a share shall be rounded down and no cash adjustment shall be made.
(c) Date of allotment of the Stock Acquisition Rights	5 November 2013
(d) Exercise Period of Stock Acquisition Rights	From 19 November 2013, to the close of the business of banks on 19 October 2017 (local time at the place where the Stock Acquisition Right is to be exercised)
(e) The amount to be paid upon the exercise of the stock acquisition rights	Upon the exercise of each Stock Acquisition Right, the Bond related to such Stock Acquisition Right shall be contributed and the value of asset to be contributed upon the exercise of the Stock Acquisition Rights shall be the price equal to the principal amount of each Bond.
(f) Conversion price	JPY 1,534 (initial conversion price)



- (g) Matters regarding amount of stated capital and additional paid-in capital to be increased by the issuance of Shares upon the exercise of the Stock Acquisition Rights
- The amount of stated capital to be increased when shares are issued upon the exercise of the Stock Acquisition Rights shall be one-half of the “maximum capital and other increased amount”, as calculated pursuant to Article 17 of the Rules of Account Settlement of Corporations in respect of the exercise of the relevant Stock Acquisition Rights, with any fraction of less than one yen being rounded up. The amount of additional paid-in capital to be increased shall be the amount obtained by deducting from the maximum capital and other increased amount the amount of stated capital so increased.
- (h) Grant of the Stock Acquisition Rights by the New Obligors in the case of the Company’s Corporate Event
- There are clauses regarding such allotment in the offering circular.
- (10) Use of proceeds
- The net proceeds are expected to be used as follows;
- (i) approximately JPY 15.0 billion in Financial Services Business as business fund;
  - (ii) approximately JPY 5.0 billion in Asset Management Business as business fund;
  - (iii) approximately JPY 2.0 billion in Biotechnology-related Business as business fund; and
  - (iv) approximately JPY 8.0 billion for redemption of interest bearing debt.
- (11) Listing
- The Bonds with Stock Acquisition Rights were listed on the Singapore Exchange Securities Trading Limited.

#### **4. RESUMPTION OF TRADING**

At the request of the Company, trading in its Hong Kong depository receipts was halted with effect from 1:00 p.m. on Wednesday, 6 November 2013, pending the release of this announcement. An application will be made by the Company to the Stock Exchange for resumption of trading in the Hong Kong depository receipts with effect from 9:00 a.m. on Thursday, 7 November 2013.

On behalf of the Board

**SBI Holdings, Inc.**

**Yoshitaka Kitao**

*Chief Executive Officer*

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