

SBI HOLDINGS, INC.

(Incorporated in Japan with limited liability)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED JUNE 30, 2015

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 three months ended June 30, 2015.

(Amounts are rounded to the nearest million Japanese yen)

1. Consolidated Financial Results

(1) Consolidated Operating Results

(Percentages represent year-on-year changes)

	Revenue		Profit before income tax expense		Profit for the period		Profit attributable to owners of the Company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2015	66,735	50.0	14,861	256.7	11,619	402.5	11,555	67.3
Three months ended June 30, 2014	44,498	(44.5)	4,166	(86.3)	2,312	(87.0)	6,908	(57.5)

	Total comprehensive income		Basic earnings per share attributable to owners of the Company		Diluted earnings per share attributable to owners of the Company	
	Millions of yen	%	Yen		Yen	
Three months ended June 30, 2015	13,211	173.0	53.81		49.05	
Three months ended June 30, 2014	4,839	(78.1)	31.91		29.67	

(Note) The Company changed the presentation method of the consolidated statement of income to present “Revenue” and classification breakdown of “Expense” instead of presenting “Operating income (loss)” from the three months ended June 30, 2015. Accordingly, the revised presentation method is adopted retrospectively in order to conform to the current year presentation. Please refer to Interim Condensed Consolidated Statements of Income (P. 06) for detail.

(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	%
June 30, 2015	3,593,591	423,908	378,934	10.5
March 31, 2015	3,400,763	430,615	383,491	11.3

2. Dividends

(Declared date)	Dividend per share				
	End of 1 st Q	End of 2 nd Q	End of 3 rd Q	Year-end	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended March 31, 2015	-	0.00	-	35.00	35.00
Fiscal Year ending March 31, 2016	-				
Fiscal Year ending March 31, 2016 (forecast) (Note)		10.00	-	-	-

(Note) Please refer to “Interim Dividend Forecast for the Fiscal Year Ending March 31, 2016“, released on July 30, 2015, for the detail of 2nd quarter dividend forecast. Year-end dividend forecast for the fiscal year ending March 31, 2016 is to be determined.

3. Total number of shares outstanding (Common stock)

(1) Number of shares outstanding (including treasury stock)	: June 30, 2015	: 224,561,761shares
	: March 31, 2015	: 224,561,761shares
(2) Number of treasury stock	: June 30, 2015	: 13,694,910shares
	: March 31, 2015	: 8,046,610shares
(3) Average number of shares outstanding	: Three months ended June 30, 2015	: 214,735,005shares
	: Three months ended June 30, 2014	: 216,491,899shares

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 three months ended June 30, 2015 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 three months ended June 30, 2015 were as follow. Revenue increased 50.0% year-on-year to ¥66,735 million, profit before income tax expense increased 256.7% to ¥14,861 million, and profit attributable to owners of the Company increased 67.3% to ¥11,555 million.

The results of operations for each reporting segment of the Group for the three months ended June 30, 2015 were as follow.

The results of certain subsidiaries, including Morningstar Japan K. K. and CEM Corporation, which were included in the results of operations for Financial Services Business until the previous reporting period are included in those for Asset Management Business from the three months ended June 30, 2015. Accordingly, the results of operations for each reporting segment of the Group for the three months ended June 30, 2014 are revised in order to conform to the current year presentation.

	Revenue			Profit before income tax expense		
	Three months ended June 30, 2014	Three months ended June 30, 2015		Three months ended June 30, 2014	Three months ended June 30, 2015	
	Millions of Yen	Millions of Yen	%	Millions of Yen	Millions of Yen	%
Financial Services Business	32,151	40,715	26.6	9,120	13,444	47.4
Asset Management Business	11,253	24,454	117.3	(1,890)	4,420	-
Biotechnology-related Business	177	482	173.1	(1,248)	(1,070)	-
Total	43,581	65,651	50.6	5,982	16,794	180.7
Others	1,584	1,509	(4.7)	311	(21)	-
Elimination	(667)	(425)	-	(2,127)	(1,912)	-
Consolidation	44,498	66,735	50.0	4,166	14,861	256.7

(% represents year-on-year changes)

(Financial Services Business)

The Financial Services Business consists of a wide range of finance-related business and the provision of information regarding financial products, including securities brokerage business, banking services business, and life, property and casualty insurance business.

The results of operations of the Financial Services Business for the three months ended June 30, 2015 were as follows. Revenue increased 26.6% year-on-year to ¥40,715 million, and profit before income tax expense increased 47.4% to ¥13,444 million.

(Asset Management Business)

The Asset Management Business primarily consists of fund management and investment in Internet technology, biotechnology, environmental energy and finance-related venture companies in Japan and overseas. The 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.

The results of operations of the Asset Management Business for the three months ended June 30, 2015 were as follows. Revenue increased 117.3% year-on-year to ¥24,454 million, and profit before income tax expense amounted to ¥4,420 million (¥1,890 million of loss before income tax expense for the three months ended June 30, 2014).

(Biotechnology-related Business)

The Biotechnology-related Business represents development and distribution of pharmaceutical products, health foods, and cosmetics with 5-aminolevulinic acid (ALA), a kind of amino acid which exists in vivo, and research and development of antibody drugs and nucleic acid medicine in the field of cancer and immunology.

The results of operations of the Biotechnology-related Business for the three months ended June 30, 2015 were as follows. Revenue increased 173.1% year-on-year to ¥482 million, and loss before income tax expense amounted to ¥1,070 million for the three months ended June 30, 2015 (¥1,248 million of loss before income tax expense for the three months ended June 30, 2014).

- * Five-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 age. ALA is included in food products, including slops of distilled spirits, red wine, and radish shoots. ALA is also known as a chloroplastic substance in plants.

(2) Financial Positions and Cash Flows

As at June 30, 2015, total assets amounted to ¥3,593,591 million and increased by ¥192,828 million from total assets of ¥3,400,763 million as at March 31, 2015. The Group's equity decreased by ¥6,707 million to ¥423,908 million from the fiscal year ended March 31, 2015. As at June 30, 2015, the Group's cash and cash equivalents amounted to ¥304,673 million and increased by ¥13,847 million from that of ¥290,826 million as at March 31, 2015. The changes of cash flows for each activity and the reasons for changes are as follows:

(Operating Cash Flows)

Cash flows from operating activities amounted to ¥35,069 million in net cash inflows (¥2,574 million in net cash inflows for the three months ended June 30, 2014). The net cash inflows were primarily due to a ¥33,803 million cash inflow from an increase in operational liabilities and other liabilities and a ¥14,861 million cash inflow from profit before income tax expense, despite a ¥14,142 million cash outflow from income taxes paid.

(Investing Cash Flows)

Cash flows from investing activities amounted to ¥2,657 million in net cash inflows (¥1,606 million in net cash inflows for the three months ended June 30, 2014). The net cash inflows were primarily due to a ¥11,246 million cash inflow from proceeds from sales of investment securities, despite a ¥7,783 million cash outflow from purchases of investment securities.

(Financing Cash Flows)

Cash flows from financing activities amounted to ¥22,957 million in net cash outflows (¥36,368 million in net cash outflows for the three months ended June 30, 2014). The net cash outflows were primarily due to a ¥22,067 million cash outflows from a decrease in short term loans payable, a ¥10,017 million cash outflow from purchase of treasury stock and a ¥7,350 million cash outflow from cash dividend paid, despite a ¥19,984 million cash inflow from proceeds from bond issuance.

2. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) Interim Condensed Consolidated Statement of Financial Position

	As at March 31, 2015	As at June 30, 2015
	Millions of Yen	Millions of Yen
Assets		
Cash and cash equivalents	290,826	304,673
Trade and other accounts receivable	342,459	334,786
Assets related to securities business		
Cash segregated as deposits	1,250,678	1,343,112
Margin transaction assets	276,387	333,274
Other assets related to securities business	601,695	634,147
Total assets related to securities business	2,128,760	2,310,533
Other financial assets	31,096	30,197
Operational investment securities	114,946	112,018
Other investment securities	193,064	189,519
Investments accounted for using the equity method	45,455	46,725
Investment properties	18,478	17,387
Property and equipment	10,590	11,389
Intangible assets	199,810	197,839
Other assets	22,785	36,124
Deferred tax assets	2,494	2,401
Total assets	3,400,763	3,593,591
Liabilities		
Bonds and loans payable	374,771	369,651
Trade and other accounts payable	55,005	88,227
Liabilities related to securities business		
Margin transaction liabilities	97,757	55,736
Loans payable secured by securities	290,480	314,448
Deposits from customers	638,879	711,030
Guarantee deposits received	545,116	619,912
Other liabilities related to securities business	388,161	433,475
Total liabilities related to securities business	1,960,393	2,134,601
Customer deposits for banking business	361,102	368,161
Insurance contract liability	170,042	167,747
Income tax payable	13,792	3,785
Other financial liabilities	13,757	13,771
Other liabilities	12,034	15,508
Deferred tax liabilities	9,252	8,232
Total liabilities	2,970,148	3,169,683
Equity		
Capital stock	81,681	81,681
Capital surplus	148,676	148,616
Treasury stock	(5,137)	(15,148)
Other component of equity	36,934	37,954
Retained earnings	121,337	125,831
Equity attributable to owners of the Company	383,491	378,934
Non-controlling interests	47,124	44,974
Total equity	430,615	423,908
Total liabilities and equity	3,400,763	3,593,591

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

	Three months ended June 30, 2014	Three months ended June 30, 2015
	Millions of Yen	Millions of Yen
Revenue	44,498	66,735
Expense		
Financial cost associated with financial income	(3,949)	(4,626)
Operating cost	(10,659)	(20,944)
Selling, general and administrative expenses	(23,144)	(24,233)
Other financial cost	(1,114)	(1,422)
Other expenses	(1,503)	(1,561)
Total expense	(40,369)	(52,786)
Share of the profit of associates and joint ventures accounted for using the equity method	37	912
Profit before income tax expense	4,166	14,861
Income tax expense	(1,854)	(3,242)
Profit for the period	2,312	11,619
Profit for the period attributable to		
Owners of the Company	6,908	11,555
Non-controlling interests	(4,596)	64
Profit for the period	2,312	11,619
Earnings per share attributable to owners of the Company		
Basic (Yen)	31.91	53.81
Diluted (Yen)	29.67	49.05

(Changes in presentation of interim condensed consolidated statement of income)

In the interim condensed consolidated statement of income, the Company had presented the "Operating income (loss)" and classified the components of revenue and expense from operating activities and those from other activities until the previous reporting period. However, since it became difficult to continuously adopt the previous method of presentation due to the varying earning activities of the Group, the Company changed its method to present "Revenue" and classification breakdown of "Expense" instead of presenting "Operating income (loss)". Accordingly, the interim condensed consolidated statement of income for the three months ended June 30, 2014 is revised in order to conform to the current year presentation.

Interim Condensed Consolidated Statement of Comprehensive Income

	Three months ended June 30, 2014	Three months ended June 30, 2015
	Millions of Yen	Millions of Yen
Profit for the period	2,312	11,619
Items that will not be reclassified subsequently to profit or loss		
Fair value through other comprehensive income ("FVTOCI") financial assets	(44)	267
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	2,571	1,325
Other comprehensive income, net of tax	2,527	1,592
Total comprehensive income	4,839	13,211
Total comprehensive income attributable to		
Owners of the Company	9,468	13,108
Non-controlling interests	(4,629)	103
Total comprehensive income	4,839	13,211

(3) Interim Condensed Consolidated Statement of Changes in Equity

Three months ended June 30, 2014

	Attributable to owners of the Company							Total equity
	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 April 1, 2014	81,681	152,725	(5,140)	16,225	80,140	325,631	62,832	388,463
Profit for the period	-	-	-	-	6,908	6,908	(4,596)	2,312
Other comprehensive income	-	-	-	2,560	-	2,560	(33)	2,527
Total comprehensive income	-	-	-	2,560	6,908	9,468	(4,629)	4,839
Change in scope of consolidation	-	111	-	-	-	111	(21)	90
Dividends paid	-	-	-	-	(4,340)	(4,340)	(1,142)	(5,482)
Treasury shares purchased	-	-	(5)	-	-	(5)	-	(5)
Treasury shares sold	-	0	10	-	-	10	-	10
Changes of interests in subsidiaries without losing control	-	(414)	-	-	-	(414)	499	85
Transfer	-	-	-	5	(5)	-	-	-
As at June 30, 2014	81,681	152,422	(5,135)	18,790	82,703	330,461	57,539	388,000

Three months ended June 30, 2015

	Attributable to owners of the Company							Total equity
	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 April 1, 2015	81,681	148,676	(5,137)	36,934	121,337	383,491	47,124	430,615
Profit for the period	-	-	-	-	11,555	11,555	64	11,619
Other comprehensive income	-	-	-	1,553	-	1,553	39	1,592
Total comprehensive income	-	-	-	1,553	11,555	13,108	103	13,211
Change in scope of consolidation	-	-	-	-	-	-	1,223	1,223
Dividends paid	-	-	-	-	(7,594)	(7,594)	(3,554)	(11,148)
Treasury shares purchased	-	-	(10,017)	-	-	(10,017)	-	(10,017)
Treasury shares sold	-	0	6	-	-	6	-	6
Changes of interests in subsidiaries without losing control	-	(60)	-	-	-	(60)	78	18
Transfer	-	-	-	(533)	533	-	-	-
As at June 30, 2015	81,681	148,616	(15,148)	37,954	125,831	378,934	44,974	423,908

(4) Interim Condensed Consolidated Statement of Cash flows

	Three months ended June 30, 2014	Three months ended June 30, 2015
	Millions of Yen	Millions of Yen
Net cash generated from operating activities		
Profit before income tax expense	4,166	14,861
Depreciation and amortization	2,912	2,814
Share of profits of associates and joint ventures accounted for using the equity method	(37)	(912)
Interest and dividend income	(14,812)	(18,764)
Interest expense	5,063	6,048
Decrease in operational investment securities	7,540	3,001
(Increase) decrease in accounts receivables and other receivables	(4,510)	1,461
Increase in operational liabilities and other liabilities	7,585	33,803
Decrease (increase) in assets/liabilities related to securities business	6,247	(7,540)
(Decrease) increase in customer deposits in the banking business	(10,159)	4,814
Others	(438)	(3,148)
Subtotal	3,557	36,438
Interest and dividend income received	14,796	18,392
Interest expense paid	(5,181)	(5,619)
Income taxes paid	(10,598)	(14,142)
Net cash generated from operating activities	2,574	35,069
Net cash generated from investing activities		
Purchases of intangible assets	(956)	(1,161)
Purchases of investment securities	(2,939)	(7,783)
Proceeds from sales of investment securities	3,735	11,246
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(99)	(144)
Proceeds from sales of subsidiaries, net of cash and cash equivalents disposed of	156	286
Payments of loans receivable	(200)	(61)
Collection of loans receivable	38	188
Others	1,871	86
Net cash generated from investing activities	1,606	2,657

	Three months ended June 30, 2014	Three months ended June 30, 2015
	Millions of Yen	Millions of Yen
Net cash used in financing activities		
Decrease in short term loans payable	(26,981)	(22,067)
Proceeds from long-term loans payable	2,407	1,378
Repayment of long-term loans payable	(6,294)	(1,810)
Proceeds from bond issuance	-	19,984
Proceeds from stock issuance to non-controlling interests	179	91
Contributions from non-controlling interests in consolidated investment funds	-	718
Cash dividend paid	(4,130)	(7,350)
Cash dividend paid to non-controlling interests	(404)	(377)
Distributions to non-controlling interests in consolidated investment funds	(749)	(3,183)
Purchase of treasury stock	(5)	(10,017)
Proceeds from sale of interests in subsidiaries to non-controlling interests	114	-
Payments for purchase of interests in subsidiaries from non-controlling interests	-	(93)
Others	(505)	(231)
Net cash used in financing activities	<u>(36,368)</u>	<u>(22,957)</u>
Net (decrease) increase in cash and cash equivalents	(32,188)	14,769
Cash and cash equivalents at the beginning of the period	276,221	290,826
Effect of changes in exchange rate on cash and cash equivalents	1,127	1,014
Transfer to assets held for sale	(5,047)	(1,936)
Cash and cash equivalents at the end of the period	<u><u>240,113</u></u>	<u><u>304,673</u></u>

Notes to Interim Condensed Consolidated Financial Statements

1. Revenue

	Three months ended June 30, 2014	Three months ended June 30, 2015
	Millions of yen	Millions of yen
Revenue		
Financial income		
Interest income	14,701	18,008
Dividends received	77	742
Income arising from financial assets at FVTPL	(5,351)	5,109
Gain from trading	3,165	4,687
Total financial income	12,592	28,546
Revenue arising on insurance contracts (Note)	7,619	10,525
Revenue from rendering of services	16,462	19,716
Others	7,825	7,948
Total revenue	<u>44,498</u>	<u>66,735</u>

(Note) Revenue arising on insurance contracts which was included in “Revenue from rendering of services” until the previous reporting period is presented independently as a component of “Revenue” due to increase in materiality.

2. Events after the Reporting Period

There were no significant subsequent events noted.