

SBI HOLDINGS, INC.

(Incorporated in Japan with limited liability)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED MARCH 31, 2016

The board of 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 year ended March 31, 2016.

(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 year		Profit attributable to owners of the Company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year ended March 31, 2016	261,744	5.8	52,227	(17.2)	36,666	(6.7)	34,115	(25.4)
Fiscal Year ended March 31, 2015	247,423	6.0	63,067	62.1	39,314	98.6	45,721	113.3

	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
Fiscal Year ended March 31, 2016	17,063	(71.9)	160.83	147.94
Fiscal Year ended March 31, 2015	60,797	100.1	211.18	195.06

	Ratio of profit to equity attributable to owners of the Company	Ratio of profit before income tax expense to total assets	Ratio of operating income to operating revenue
	%	%	%
Fiscal Year ended March 31, 2016	9.0	1.6	20.0
Fiscal Year ended March 31, 2015	12.9	2.0	25.5

(Note) Share of results of associates Fiscal year ended March 31, 2016: 1,583 million yen
Fiscal year ended March 31, 2015: 5,071 million yen

(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 year ended March 31, 2016. Accordingly, the revised presentation method is adopted retrospectively in order to conform to the current year presentation. Please refer to Consolidated Statements of Income (P. 11) 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	Equity per share attributable to owners of the Company
	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2016	3,126,784	419,063	371,590	11.9	1,792.08
March 31, 2015	3,400,763	430,615	383,491	11.3	1,771.19

(3) Consolidated Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal Year ended March 31, 2016	32,478	11,179	(76,230)	248,050
Fiscal Year ended March 31, 2015	(36,197)	52,305	(15,524)	290,826

2. Dividends

(Declared date)	Dividend per share					Total dividend (annual)	Payout ratio (cons.)	Ratio of dividend to equity attributable to owners of the Company (cons.)
	End of 1 st Q	End of 2 nd Q	End of 3 rd Q	Year-end	Full year			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal Year ended March 31, 2015	—	0.00	—	35.00	35.00	7,594	16.6	2.1
Fiscal Year ended March 31, 2016	—	10.00	—	35.00	45.00	9,393	28.0	2.5
Fiscal Year ending March 31, 2017 (forecast)	—	—	—	—	—		—	

(Note) The year-end dividend for the fiscal year ended March 31, 2015 of 35 yen consists of common dividend of 30 yen and commemorative dividend of 5 yen for the 15th anniversary of the foundation of the Company. Please refer to 1. BUSINESS RESULTS (3) Basic Policy on Profit Distribution and Dividends, for detailed information of the dividend for the fiscal year ended March 31, 2016. Fiscal year ending March 31, 2017 forecast is to be determined.

3. Total number of shares outstanding (Common stock)

(1) Number of shares outstanding (including treasury stock)	: March 31, 2016	: 224,561,761 shares
	March 31, 2015	: 224,561,761 shares
(2) Number of treasury stock	: March 31, 2016	: 17,211,580 shares
	March 31, 2015	: 8,046,610 shares
(3) Average number of shares outstanding	: Year ended March 31, 2016	: 212,117,299 shares
	Year ended March 31, 2015	: 216,505,691 shares

The Group prepared the consolidated financial statements in accordance with IFRSs.

(Reference Information)
Non-consolidated Financial Results

(1) Non-consolidated Operating Results

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2016	26,086	(17.6)	5,497	37.2	1,349	(41.2)	3,452	(84.1)
Fiscal year ended March 31, 2015	31,659	(2.6)	4,006	(71.4)	2,293	(80.4)	21,681	962.7

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2016	16.27	14.81
Fiscal year ended March 31, 2015	100.14	91.70

(2) Non-consolidated Financial Position

	Total assets	Net assets	Ratio of shareholder's equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2016	630,092	358,593	56.9	1,728.93
March 31, 2015	616,665	378,353	61.3	1,746.94

(Note) Shareholders' equity Fiscal year ended March 31, 2016: 358,494million yen
Fiscal year ended March 31, 2015: 378,240million yen

The non-consolidated financial results were prepared in accordance with JGAAP.

As of the date of this announcement, the results for the year ended March 31, 2016 are under audit by the independent accountants of the Company.

1. BUSINESS RESULTS

(1) Analysis of Business Results for the Fiscal Year

During the consolidated fiscal year ended March 31, 2016, the Japanese economy continued to recover at a moderate pace as consumer spending generally remained constant while corporate performance and employment conditions improved, although it was impacted by concerns worldwide over economic slowdowns caused by downside risks to economies in Asian emerging countries among others.

Looking at the domestic and overseas stock markets that significantly influence the investment and securities-related businesses, the Japanese stock market remained favorable from the beginning of the period. This was against the backdrop of the strong performance mainly of export-related stocks driven by anticipation for an improved corporate performance and shareholder return along with the increasingly firmer tone of the U.S. dollar against the yen in the foreign exchange market. From the end of August 2015, however, players' moves to evade risks became active due to stock declines worldwide caused by concerns about the Chinese economic slowdown, uncertainties over the U.S. monetary policy sharp appreciation of yen and falling stock prices, and the market tone turned bearish. As a result, the Nikkei Stock Average dropped to ¥16,758 at the end of March 2016, down 12.7% from a year earlier. Despite such circumstances, the number of new listings on the Japanese stock exchanges (excluding the number of listings on the TOKYO PRO Market) steadily increased to 94 firms, up 8 from the previous fiscal year. Meanwhile, the number of new listings on overseas stock markets turned downward due primarily to the impact of steps toward normalizing the monetary policy in the U.S. and the economic slowdowns in some emerging countries, mainly in China. However, markets are also beginning to show positive signs, such as the gradual recovery trend demonstrated by the U.S. economy.

In the operating environment surrounding the Internet financial services business, consumers continued to be increasingly aware of the merit of 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 expected intensifying competition.

The Group's consolidated results of operations for the fiscal year ended March 31, 2016 were as follow. Revenue increased 5.8% year-on-year to ¥261,744 million, profit before income tax expense decreased 17.2% to ¥52,227 million, and profit attributable to owners of the Company decreased 25.4% to ¥34,115 million.

The results of operations for each reporting segment of the Group for the fiscal year ended March 31, 2016 were as follow.

The results of certain subsidiaries, including Morningstar Japan K. K. and SBI Estate Finance Co., Ltd. (*), 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 nine months ended December 31, 2014 are revised in order to conform to the current year presentation.

* CEM Corporation Co., Ltd. changed its company name into SBI Estate Finance Co., Ltd. as at January 4, 2016.

	Revenue			Profit before income tax expense		
	Fiscal Year ended March 31, 2015	Fiscal Year ended March 31, 2016		Fiscal Year ended March 31, 2015	Fiscal Year ended March 31, 2016	
	Millions of Yen	Millions of Yen	%	Millions of Yen	Millions of Yen	%
Financial Services Business	160,093	159,012	(0.7)	66,524	50,458	(24.2)
Asset Management Business	71,316	98,725	38.4	8,917	17,996	101.8
Biotechnology-related Business	2,183	4,021	84.3	(7,310)	(6,572)	—
Total	233,592	261,758	12.1	68,131	61,882	(9.2)
Others	15,731	2,259	(85.6)	2,779	(835)	—
Elimination	(1,900)	(2,273)	—	(7,843)	(8,820)	—
Consolidation	247,423	261,744	5.8	63,067	52,227	(17.2)

(% represents year-on-year changes)

(Financial Services Business)

The Financial Services Business consists of a wide range of finance-related business, 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 fiscal year ended March 31, 2016 were as follows. Revenue decreased 0.7% year-on-year to ¥159,012 million, and profit before income tax expense decreased 24.2% to ¥50,458 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, investment in overseas financial institutions by forming partnerships with prominent local institutions, and asset management services business which provides information regarding financial products. 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.

The results of operations of the Asset Management Business for the fiscal year ended March 31, 2016 were as follows. Revenue increased 38.4% year-on-year to ¥98,725 million, and profit before income tax expense increased 101.8% year-on-year to ¥17,996 million.

(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 drug and nucleic acid medicine in the field of cancer and immunology.

The results of operations of the Biotechnology-related Business for the fiscal year ended March 31, 2016 were as follows. Revenue increased 84.3% year-on-year to ¥4,021 million, and loss before income tax expense amounted to ¥6,572 million for the fiscal year ended March 31, 2016 (¥7,310 million of loss before income tax expense for the fiscal year ended March 31, 2015).

* 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 Asian ginseng. ALA is also known as a chloroplastic substance in plants.

(2) Analysis of Financial Conditions for the Fiscal Year

As at March 31, 2016, total assets amounted to ¥3,126,784 million and decreased by ¥273,979 million from total assets of ¥3,400,763 million as at March 31, 2015. The Group's equity decreased by ¥11,552 million to ¥419,063 million from the fiscal year ended March 31, 2015. As at March 31, 2016, the Group's cash and cash equivalents amounted to ¥248,050 million and decreased by ¥42,776 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 ¥32,478 million in net cash inflows (¥36,197 million in net cash outflows for the fiscal year ended March 31, 2015). The net cash inflows were primarily due to a ¥52,227 million cash inflow from profit before income tax expense and a ¥59,883 million cash inflow from an increase in customer deposits in the banking business, despite a ¥58,514 million cash outflow from an increase in accounts receivables and other receivables and a ¥19,336 million cash outflow from income taxes paid.

(Investing Cash Flows)

Cash flows from investing activities amounted to ¥11,179 million in net cash inflows (¥52,305 million in net cash outflows for the fiscal year ended March 31, 2015). The net cash inflows were primarily due to a ¥70,533 million cash inflow from proceeds from sales or redemption of investment securities, despite a ¥57,693 million cash outflow from purchases of investment securities.

(Financing Cash Flows)

Cash flows from financing activities amounted to ¥76,230 million in net cash outflows (¥15,524 million in net cash outflows for the fiscal year ended March 31, 2015). The net cash outflows were primarily due to a ¥108,085 million cash outflow from decrease in short term loans payable, a ¥30,146 million cash outflow from repayment of long-term loans payable, a ¥24,088 million cash outflow from redemption of bonds payable and a ¥15,030 million cash outflow from purchase of treasury stock, despite a ¥59,690 million cash inflow from proceeds from long-term loans payable and a ¥ 56,103 million cash inflow from proceeds from bond issuance.

(3) Basic Policy on Profit Distribution and Dividends for Fiscal Year Ended March 31, 2016

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. With respect to the level of total shareholder returns, including dividends plus share repurchases, the Company will aim to distribute to shareholders 40% of profit attributable to owners of the Company for the time being.

In view of the above basic policy and the consolidated business results for the year under review, the Company distributed an interim dividend of ¥10 per share for the first time since the fiscal year ended March 31, 2008 and set the year-end dividend per share for the year at ¥35, bringing the full-year dividend total for the fiscal year ended March 31, 2016 to ¥45 per share.

2. MANAGEMENT POLICY

(1) Basic Management Policy of the Company

The Group's core businesses are the Financial Services Business, mainly consisting of the 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 Internet technology, biotechnology, environmental energy and finance-related venture companies in Japan and overseas, and asset management services business; and the Biotechnology-related Business which represents development and distribution of pharmaceutical products, cosmetics and health foods. The Group will be committed to creating more innovative services and businesses for our customers and investors, and maximize corporate value, which represents the aggregate of customers' value, shareholder value and human capital value.

The Group consistently continues to base its organizational development on three fundamental concepts: (1) adherence to the "customer-centric principle," (2) development of "structural differentiation," and (3) formation of "business ecosystem." Adherence to the "customer-centric principle" signifies being committed to offering services that truly accommodate the needs of customers, which include services at the lowest commission rates and the most attractive interest rates, at-a-glance comparison of financial products, attractive investment opportunities, services offering high safety and reliability, and provision of abundant and high-quality financial content. In the Internet Age, where the concept has drastically changed, customer needs have become so diverse that they cannot be satisfied simply through differentiation of price or quality of products and services. Development of "structural differentiation" refers to creating a unique "structure" that enables the Group to respond to such changes and satisfy the varying needs of customers as well as offer value based on the full utilization of the structural network. Creation of a "business ecosystem" aims at promoting positive synergistic effects among constituent companies, and this creates a mutual evolution process with each of the respective markets where companies operate to support rapid growth. The Group will manage its businesses by emphasizing the formation of a business ecosystem that enhances the network value through promoting interactions among the Group companies as well as with other corporate groups inside and outside of Japan.

(2) Management Issues and Future Policies

The Group has completed creating a business structure in Japan as a comprehensive financial conglomerate centered on Internet-based financial services. Overseas, the Group has, for the most part, completed establishing an investment framework primarily in Asian countries with remarkable growth.

As corporations accelerate their efforts to develop new technologies in fields such as FinTech, IoT, AI and big data, we will aggressively pursue opportunities for investing in and forming alliances with promising companies that have competence in these new technologies going forward. At the same time, we will strengthen our initiatives toward developing new services and enhancing operating efficiency with the use of these technologies in various financial services of the Group, thereby heightening our competitiveness and actively distinguishing ourselves from other firms.

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 on Internet financial services fostered through our businesses in Japan. By so doing, we expect to become a comprehensive financial group that can make contributions globally with a focus in Asia.

In the Financial Services Business, SBI SECURITIES Co., Ltd. will continue to expand its investment trusts and overseas product lineups, and strengthen foreign exchange transactions in order to achieve diversification of revenue sources and further enhance its wholesale businesses including underwriting businesses for initial public offering (IPO) and primary and secondary offerings. SBI Liquidity Market Co., Ltd., which began its operation in November 2008, provides not only liquidity but also a 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 operations in May 2012. The firm will make improvements to the transaction environment, enhance liquidity, and focus on building a further cost-effective, secure and safe FX transaction environment with a view to providing its services to overseas private investors. Furthermore, SBI Sumishin Net Bank, Ltd. and SBI Insurance Co., Ltd. began their operations in 2007 to 2008 and now continue to grow as pillars of new businesses, with the aims of sustainable growth of business and earnings structure that is not grounded solely on stock market conditions. In addition, SBI Life Insurance Co., Ltd. was made the Company's subsidiary after the Company purchased shares in February 2015, and it began operation in February 2016. Consequently, the Group completed building an Internet-based financial services structure in Japan.

It is our key objective to build an earning structure that does not depend solely on stock markets by further developing these businesses by provoking stronger synergistic effects among Group companies. For certain financial products for individuals, online sales alone are not sufficient, and there is a need for face-to-face consultations to explain the products to the customers directly. For this purpose, SBI MONEY PLAZA Co., Ltd., which 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 Group's face-to-face channels and will further build the synergistic effect among the Group.

In the Asset Management Business, we recognize that a high priority lies in expanding our investments in emerging countries, primarily in Asia, and establishing an effective investment system. We will strive to set up funds jointly with our leading local partners while monitoring the economic conditions of such countries as we continue to push forward with the establishment and penetration of our global network. We pursue private equity investment by concentrating our investments in growth areas, especially in four key areas of IT, biotechnology, the environment and energy, and finance, in the aim to contribute in developing industries while benefiting from high investment performance. 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. 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 promptly improve the corporate value of the 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 fiscal year ended 31 March 2013, the Group sells 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. In September 2013, we began selling an in vivo diagnostic agent used during the surgical resection of malignant glioma in Japan. Subsequently, in December 2015, we began distributing ALA Plus Tou Down, a food labeled with health benefits, containing 5-ALA — the first of its kind. In order to help consumers live healthier, enriched lives, the Group will continue to pursue research and development activities relating to 5-ALA which is expected to be applied in a broad range of areas also going forward. SBI Biotech Co., Ltd. dedicates its efforts to developing new pharmaceutical products using the most advanced biotechnology in collaboration with leading research institutes around the world.

In April 2012, we reorganized the Group's domestic organizational structure, identifying the "Asset Management Business," the "Financial Services Business" and the "Biotechnology-related Business" as the three core business segments. We have been quickly moving forward with the organizational reforms in other business areas basically by sale, public offering and intra-Group integration regardless of whether such areas are profitable or not. Namely in the Financial Services Business, where we have identified securities brokerage, banking and insurance as the three core businesses, we will continue to review business activities and assess the magnitude of synergistic effects identified in relation to the three core businesses in order to thoroughly implement the "selection and concentration" process.

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 to hire excellent individuals who are willing to share the management philosophy of the Group while recruiting university graduates to secure human capital so that the Group's unique corporate culture is passed on from one generation of employees to the next. The Group started recruiting university graduates in April 2006, and they already play an active role in various business fields and are expected to be future leaders of the Group. 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.

3. THE BASIC CONCEPT REGARDING SELECTION OF ACCOUNTING STANDARDS

The Group applied IFRS from the fiscal year ended March 31, 2013 in order to improve the international comparability of financial information in the capital markets.

4. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Statement of Financial Position

	As at March 31, 2015	As at March 31, 2016
	Millions of Yen	Millions of Yen
Assets		
Cash and cash equivalents	290,826	248,050
Trade and other accounts receivable	342,459	369,006
Assets related to securities business		
Cash segregated as deposits	1,250,678	1,139,908
Margin transaction assets	276,387	516,843
Other assets related to securities business	601,695	251,924
Total assets related to securities business	2,128,760	1,908,675
Other financial assets	31,096	29,215
Operational investment securities	114,946	118,886
Other investment securities	193,064	173,907
Investments accounted for using the equity method	45,455	43,853
Investment properties	18,478	12,027
Property and equipment	10,590	11,778
Intangible assets	199,810	188,454
Other assets	22,785	22,607
Deferred tax assets	2,494	326
Total assets	3,400,763	3,126,784
Liabilities		
Bonds and loans payable	374,771	324,585
Trade and other accounts payable	55,005	38,759
Liabilities related to securities business		
Margin transaction liabilities	97,757	85,677
Loans payable secured by securities	290,480	344,423
Deposits from customers	638,879	573,957
Guarantee deposits received	545,116	533,862
Other liabilities related to securities business	388,161	222,424
Total liabilities related to securities business	1,960,393	1,760,343
Customer deposits for banking business	361,102	386,027
Insurance contract liability	170,042	154,133
Income tax payable	13,792	7,066
Other financial liabilities	13,757	12,899
Other liabilities	12,034	13,396
Deferred tax liabilities	9,252	10,513
Total liabilities	2,970,148	2,707,721
Equity		
Capital stock	81,681	81,681
Capital surplus	148,676	145,735
Treasury stock	(5,137)	(19,132)
Other component of equity	36,934	17,107
Retained earnings	121,337	146,199
Equity attributable to owners of the Company	383,491	371,590
Non-controlling interests	47,124	47,473
Total equity	430,615	419,063
Total liabilities and equity	3,400,763	3,126,784

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

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
	Millions of Yen	Millions of Yen
Revenue	247,423	261,744
Expense		
Financial cost associated with financial income	(16,610)	(15,836)
Operating cost	(64,019)	(83,692)
Selling, general and administrative expenses	(92,039)	(96,646)
Other financial cost	(5,512)	(4,442)
Other expenses	(11,247)	(10,484)
Total expense	(189,427)	(211,100)
Share of the profit of associates and joint ventures accounted for using the equity method	5,071	1,583
Profit before income tax expense	63,067	52,227
Income tax expense	(23,753)	(15,561)
Profit for the year	39,314	36,666
Profit for the year attributable to		
Owners of the Company	45,721	34,115
Non-controlling interests	(6,407)	2,551
Profit for the year	39,314	36,666
Earnings per share attributable to owners of the Company		
Basic (Yen)	211.18	160.83
Diluted (Yen)	195.06	147.94

(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)" which classified the revenue and expense as those from operating activities and those from other activities until the previous fiscal year. 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" without presenting "Operating income (loss)". Accordingly, the consolidated statement of income for the year ended March 31, 2015 is revised in order to conform to the current year presentation.

Consolidated Statement of Comprehensive Income

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
	Millions of Yen	Millions of Yen
Profit for the year	39,314	36,666
Items that will not be reclassified subsequently to profit or loss		
Fair value through other comprehensive income ("FVTOCI") financial assets	52	301
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	21,431	(19,904)
Other comprehensive income, net of tax	21,483	(19,603)
Total Comprehensive income	60,797	17,063
Total comprehensive income attributable to		
Owners of the Company	66,246	14,750
Non-Controlling interests	(5,449)	2,313
Total Comprehensive income	60,797	17,063

(3) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2015

	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	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 year	—	—	—	—	45,721	45,721	(6,407)	39,314	
Other comprehensive income	—	—	—	20,525	—	20,525	958	21,483	
Total comprehensive income	—	—	—	20,525	45,721	66,246	(5,449)	60,797	
Issuance of Stock Acquisition Rights	—	113	—	—	—	113	—	113	
Change in scope of consolidation	—	419	—	—	—	419	(7,154)	(6,735)	
Dividends paid	—	—	—	—	(4,340)	(4,340)	(5,482)	(9,822)	
Treasury shares purchased	—	—	(34)	—	—	(34)	—	(34)	
Treasury shares sold	—	1	37	—	—	38	—	38	
Changes of interests in subsidiaries without losing control	—	(4,582)	—	—	—	(4,582)	2,377	(2,205)	
Transfer	—	—	—	184	(184)	—	—	—	
As at March 31, 2015	81,681	148,676	(5,137)	36,934	121,337	383,491	47,124	430,615	
Profit for the year	—	—	—	—	34,115	34,115	2,551	36,666	
Other comprehensive income	—	—	—	(19,365)	—	(19,365)	(238)	(19,603)	
Total comprehensive income	—	—	—	(19,365)	34,115	14,750	2,313	17,063	
Change in scope of consolidation	—	—	—	—	—	—	4,663	4,663	
Dividends paid	—	—	—	—	(9,715)	(9,715)	(9,406)	(19,121)	
Treasury shares purchased	—	—	(15,030)	—	—	(15,030)	—	(15,030)	
Treasury shares sold	—	111	1,035	—	—	1,146	—	1,146	
Changes of interests in subsidiaries without losing control	—	(3,052)	—	—	—	(3,052)	2,779	(273)	
Transfer	—	—	—	(462)	462	—	—	—	
As at March 31, 2016	81,681	145,735	(19,132)	17,107	146,199	371,590	47,473	419,063	

(4) Consolidated Statement of Cash flows

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
	Millions of Yen	Millions of Yen
Net cash (used in) generated from operating activities		
Profit before income tax expense	63,067	52,227
Depreciation and amortization	11,515	11,103
Share of profits of associates and joint ventures accounted for using the equity method	(5,071)	(1,583)
Interest and dividend income	(63,795)	(72,238)
Interest expense	22,122	20,278
Decrease (Increase) in operational investment securities	16,984	(6,449)
Increase in accounts receivables and other receivables	(59,017)	(58,514)
Decrease (Increase) in operational liabilities and other liabilities	4,828	(13,890)
(Increase) decrease in assets/liabilities related to securities business	(46,629)	19,882
Increase in customer deposits in the banking business	21,696	59,883
Others	(28,573)	(10,562)
Subtotal	(62,873)	137
Interest and dividend income received	66,304	71,537
Interest paid	(22,086)	(19,860)
Income taxes paid	(17,542)	(19,336)
Net cash (used in) generated from operating activities	(36,197)	32,478
Net cash generated from investing activities		
Purchases of intangible assets	(5,772)	(7,223)
Purchases of investment securities	(24,166)	(57,693)
Proceeds from sales or redemption of investment securities	50,480	70,533
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(6,649)	(3,222)
Proceeds from sales of subsidiaries, net of cash and cash equivalents disposed of	30,137	550
Payments of loans receivable	(2,579)	(1,806)
Collection of loans receivable	2,539	1,942
Others	8,315	8,098
Net cash generated from investing activities	52,305	11,179

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
	Millions of Yen	Millions of Yen
Net cash used in financing activities		
Increase (decrease) in short term loans payable	30,360	(108,085)
Proceeds from long-term loans payable	43,842	59,690
Repayment of long-term loans payable	(52,461)	(30,146)
Proceeds from issuance of bonds payable	49,866	56,103
Redemption of bonds payable	(76,400)	(24,088)
Proceeds from stock issuance to non-controlling interests	181	91
Contributions from non-controlling interests in consolidated investment funds	1,755	8,244
Cash dividends paid	(4,322)	(9,684)
Cash dividends paid to non-controlling interests	(453)	(381)
Distributions to non-controlling interests in consolidated investment funds	(5,043)	(8,827)
Purchase of treasury stock	(34)	(15,030)
Proceeds from sale of interests in subsidiaries to non-controlling interests	114	47
Payments for purchase of interests in subsidiaries from non-controlling interests	(1,321)	(4,486)
Others	(1,608)	322
Net cash used in financing activities	<u>(15,524)</u>	<u>(76,230)</u>
Net increase (decrease) in cash and cash equivalents	584	(32,573)
Cash and cash equivalents at the beginning of the year	276,221	290,826
Effect of changes in exchange rate on cash and cash equivalents	14,021	(10,203)
Cash and cash equivalents at the end of the year	<u>290,826</u>	<u>248,050</u>

Notes to Consolidated Financial Statements

1. Segment Information

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

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

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

Financial Services Business

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

Asset Management Business

The Asset Management Business primarily consists of fund management and investment in Internet technology, biotechnology, environmental energy and finance-related venture companies in Japan and overseas, investment in overseas financial institutions by forming partnerships with prominent local institutions, and asset management services business which provides information regarding financial products. The Group includes venture companies acquired in the Asset Management Business in the Group’s consolidation; thus, the businesses operated by the venture companies are included in this segment.

Biotechnology-related Business

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

Business segments classified into “Others” mainly consist of development and trading of investment property. They are not classified as a reporting segment based on the quantitative criteria for the fiscal year ended March 31, 2016.

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

The following represents segment information of the Group:

The results of certain subsidiaries, including Morningstar Japan K. K. and SBI Estate Finance Co., Ltd. (*), 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 nine months ended December 31, 2014 are revised in order to conform to the current year presentation.

For the fiscal year ended March, 2015

	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
Revenue	160,093	71,316	2,183	233,592	15,731	(1,900)	247,423
Profit (loss) before income tax expense	66,524	8,917	(7,310)	68,131	2,779	(7,843)	63,067

For the fiscal year ended March, 2016

	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
Revenue	159,012	98,725	4,021	261,758	2,259	(2,273)	261,744
Profit (loss) before income tax expense	50,458	17,996	(6,572)	61,882	(835)	(8,820)	52,227

2. Revenue

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
	Millions of yen	Millions of yen
Revenue		
Financial income		
Interest income (Note 1)	63,345	70,054
Dividends received	431	2,118
Income arising from financial assets at FVTPL	1,546	14,057
Gain from trading	16,437	18,892
Others	—	854
Total financial income	81,759	105,975
Revenue arising on insurance contracts	32,564	48,922
Revenue from rendering of services	70,571	75,296
Revenue from sale of interests in subsidiaries (Note 2)	18,541	147
Gain on bargain purchase (Note 3)	2,008	—
Others	41,980	31,404
Total revenue	247,423	261,744

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

(Note 2) Revenue from sale of interests in subsidiaries for the year ended March 31, 2015 arose mainly from the sales of SBI Mortgage Co., Ltd. (current ARUHI Corporation) and SBI Life Living Co., Ltd. (current Wavedash Co., Ltd.).

(Note 3) Gain on bargain purchase for the year ended March 31, 2015 arose from the purchase of SBI Life Insurance Co., Ltd.

3. Earnings per Share

The basic and diluted earnings per share attributable to owners of the Company are calculated based on the following information.

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
	Millions of Yen	Millions of Yen
Earnings		
Profit attributable to owners of the Company	45,721	34,115
Dilutive effect: Convertible bonds	399	373
Profit attributable to owners of the Company after dilutive effect	46,120	34,488
Shares		
Basic weighted average number of ordinary shares (shares)	216,505,691	212,117,299
Dilutive effect: Stock options (shares)	249,593	980,540
Dilutive effect: Convertible bonds (shares)	19,692,792	20,030,714
Weighted average number of ordinary shares after the dilutive effect (shares)	236,448,076	233,128,553
Earnings per share attributable to owners of the Company		
Basic (in Yen)	211.18	160.83
Diluted (in Yen)	195.06	147.94

(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.

4. Events after the Reporting Period

There was no significant event after the reporting period.