SBI HOLDINGS, INC.

Consolidated Financial Statements
2015.4.1-2016.3.31

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at March 31, 2015	**As at March 31, 2016**
		Millions of Yen	**Millions of Yen**
Assets			
Cash and cash equivalents	6,18	290,826	**248,050**
Trade and other accounts receivable	6,8,9,18	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	10	601,695	**251,924**
Total assets related to securities business	6,7	2,128,760	**1,908,675**
Other financial assets	6,18	31,096	**29,215**
Operational investment securities	6,8,11	114,946	**118,886**
Other investment securities	6,8,11	193,064	**173,907**
Investments accounted for using the equity method	12	45,455	**43,853**
Investment properties	14	18,478	**12,027**
Property and equipment	15,18	10,590	**11,778**
Intangible assets	16	199,810	**188,454**
Other assets		22,785	**22,607**
Deferred tax assets	17	2,494	**326**
Total assets		3,400,763	**3,126,784**
Liabilities			
Bonds and loans payable	6,8,18	374,771	**324,585**
Trade and other accounts payable	6,8,19	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	20	388,161	**222,424**
Total liabilities related to securities business	6,7,8	1,960,393	**1,760,343**
Customer deposits for banking business	6,8	361,102	**386,027**
Insurance contract liability	21	170,042	**154,133**
Income tax payable		13,792	**7,066**
Other financial liabilities	6	13,757	**12,899**
Other liabilities		12,034	**13,396**
Deferred tax liabilities	17	9,252	**10,513**
Total liabilities		2,970,148	**2,707,721**
Equity			
Capital stock	23	81,681	**81,681**
Capital surplus	23	148,676	**145,735**
Treasury stock	23	(5,137)	**(19,132)**
Other component of equity	23	36,934	**17,107**
Retained earnings	23	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**

CONSOLIDATED STATEMENT OF INCOME

	Notes	Fiscal year ended March 31, 2015	**Fiscal year ended March 31, 2016**
		Millions of Yen	**Millions of Yen**
Revenue	5,26	247,423	**261,744**
Expense			
Financial cost associated with financial income	27	(16,610)	**(15,836)**
Operating cost	27	(64,019)	**(83,692)**
Selling, general and administrative expenses	27	(92,039)	**(96,646)**
Other financial cost	27	(5,512)	**(4,442)**
Other expenses	27	(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	5,12	5,071	**1,583**
Profit before income tax expense	5	63,067	**52,227**
Income tax expense	28	(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)	30	211.18	**160.83**
Diluted (Yen)	30	195.06	**147.94**

(Changes in presentation of consolidated statement of income)

The Company presented revenue and expense from operating activities separately from those from other activities by presenting “Operating income (loss)” in the consolidated statement of income. However, since it became difficult to make such distinct classification due to varying revenue earning activities of the Group, the Company changed its presentation and now presents “Revenue” and each “Expense” category without presenting “Operating income (loss)”.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Fiscal year ended March 31, 2015 Millions of Yen	**Fiscal year ended March 31, 2016 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	29	52	**301**
Items that may be reclassified subsequently to profit or loss			
Currency translation differences	29	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**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Attributable to owners of the Company						Non-controlling interests	Total equity
		Capital stock	Capital surplus	Treasury stock	Other component of equity	Retained earnings	Total		
		Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	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	25	–	113	–	–	–	113	–	113
Change in scope of consolidation		–	419	–	–	–	419	(7,154)	(6,735)
Dividends paid	24	–	–	–	–	(4,340)	(4,340)	(5,482)	(9,822)
Treasury shares purchased	23	–	–	(34)	–	–	(34)	–	(34)
Treasury shares sold	23	–	1	37	–	–	38	–	38
Changes of interests in subsidiaries without losing control		–	(4,582)	–	–	–	(4,582)	2,377	(2,205)
Transfer	23	–	–	–	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	**24**	–	–	–	–	**(9,715)**	**(9,715)**	**(9,406)**	**(19,121)**
Treasury shares purchased	**23**	–	–	**(15,030)**	–	–	**(15,030)**	–	**(15,030)**
Treasury shares sold	**23**	–	**111**	**1,035**	–	–	**1,146**	–	**1,146**
Changes of interests in subsidiaries without losing control		–	**(3,052)**	–	–	–	**(3,052)**	**2,779**	**(273)**
Transfer	**23**	–	–	–	**(462)**	**462**	–	–	–
As at March 31, 2016		**81,681**	**145,735**	**(19,132)**	**17,107**	**146,199**	**371,590**	**47,473**	**419,063**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	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)**
Increase (decrease) 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	31	(6,649)	**(3,222)**
Proceeds from sales of subsidiaries, net of cash and cash equivalents disposed of	31	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**

	Notes	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		(15,524)	**(76,230)**
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		290,826	**248,050**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting Entity

SBI Holdings, Inc. (the “Company”) was incorporated in Japan. The consolidated financial statements of the Company consist of the Company, its subsidiaries (hereinafter referred to as the “Group”) and interests in the Group’s associates and joint ventures. The Group is engaged in various businesses, which primarily consist of three key businesses: “Financial Services Business”, “Asset Management Business” and “Biotechnology-related Business”. See Note 5 "Segment Information" for detailed information on each business.

The consolidated financial statements were approved and authorized for issue by the Company's Representative Director, President and CEO, Yoshitaka Kitao and Director, Managing Executive Officer and CFO, Shumpei Morita on June 27, 2016.

2. Basis of Preparation

(1) Compliance with IFRS

Since the Company meets the criteria of “Specified Company under Designated International Financial Reporting Standards” defined in Article 1-2 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976), the consolidated financial statements of the Group were prepared in accordance with International Financial Reporting Standards (“IFRSs”) pursuant to Article 93 of the Rules Governing Term, Form and Preparation of Consolidated Financial Statements.

(2) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the below:

- Financial instruments measured at fair value through profit or loss (“FVTPL”)
- Financial instruments measured at fair value through other comprehensive income (“FVTOCI”)

The measurement basis of fair value of the financial instruments is provided in Note 6 “Fair value of financial instruments”.

(3) Reporting currency

The consolidated financial statements are presented in Japanese Yen, which is the functional currency of the Company and rounded to the nearest million yen, unless otherwise stated.

(4) Use of estimates and judgments

In the preparation of the Group's consolidated financial statements in accordance with IFRSs, management of the Company are required to make estimates, judgments and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the current period and future periods.

(a) Measurement of financial instruments

Unlisted equity securities held by the Group are primarily included in operational investment securities and classified as fair value through profit or loss (“FVTPL”). Fair values of those unlisted equity securities are measured using valuation techniques in which some significant input may not be based on observable market data.

(b) Deferred tax assets

Temporary differences which arise from differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and tax loss carryforwards are recorded as deferred tax assets up to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and tax loss carryforwards can be utilized, using the tax rates that are expected to apply to the period when they are realized.

(c) Evaluation of goodwill

The Group estimates the recoverable amount of its goodwill regardless of an indication of impairment. The recoverable amount is calculated based on the future cash flows.

(d) Impairment on financial assets at amortized cost

Impairment on financial assets at amortized cost is measured using carrying amount less present value of the future cash flows discounted at the financial assets’ original effective interest rate.

(e) Liability adequacy test for insurance contracts

A liability adequacy test for insurance contracts is performed in consideration of current estimates of all contractual cash flows and related cash flows such as claims handling costs at the end of each reporting period.

(5) Application of new and revised IFRSs

The Group adopted standards and interpretations that became mandatorily effective beginning with this fiscal year. There is no significant impact to these consolidated financial statements resulting from their adoption.

(6) Early adoption of IFRSs

The Group early adopted IFRS 9 “Financial Instruments” (issued in November 2009, revised in October 2010 and December 2011) (“IFRS 9”).

3. Significant Accounting Policies

The significant accounting policies applied in the preparation of these consolidated financial statements are listed below.

(1) Basis of consolidation

(a) Subsidiaries

Subsidiaries refer to the entities under control of the Group and also include the entities that have been designed in a way that voting or similar rights are not the dominant factor in deciding who controls those entities ("structured entities"). Control is defined as the Group having (a) power over the investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Subsidiaries are fully consolidated from the date on which control is obtained by the Group and deconsolidated on the date that the Group loses control. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Inter-company transactions, balances and unrealized gains on transactions among Group companies are eliminated in the consolidated financial statements. Unrealized losses are also eliminated and the related impairment is assessed.

Comprehensive losses arising from subsidiaries are allocated to the owners of the Company and non-controlling interests even if the balances of non-controlling interests are a negative figure.

(b) Associates and joint ventures

Associates are entities over which the Group has significant influence, and that is neither a subsidiary nor an interest in joint venture.

When the Group holds between 20% and 50% of voting rights of the other entity, the Group is presumed to have significant influence over the other entity.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement and decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in associates and joint ventures are initially recognized at cost and accounted for using the equity method of accounting. However, investments held by venture capital organizations and other similar entities in the Group are accounted for at fair value through profit or loss in accordance with IFRS 9.

Under the equity method, investor's share of the profit or loss and other comprehensive income (after adjustments for the purpose of conforming with the group accounting policies), from the date of having significant influence or entering into joint control to the date of losing significant influence or ceasing joint control, of the associates and joint ventures (hereinafter referred to as "equity method associates") were recognized and recorded as adjustments to the carrying amounts of investments.

When the Group's share of losses in an equity method associate exceeds its interest in the associate, losses are not recognized to exceed the carrying amount of the investments. The Group does not recognize further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

Unrealized gain on inter-company transactions with equity method associates are deducted from the balance of carrying amount of investments only to the extent of investor's interests in the associates.

(c) Business combination

Acquisition method is applied for acquisitions of businesses. The consideration transferred for the acquisition of a subsidiary is the total of acquisition date fair value of the assets transferred, the liabilities incurred to the former owner of the acquiree and the equity interests issued by the Group.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their acquisition date fair value except for the below.

・Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 “Income Taxes” and IAS 19 “Employee Benefits”.

・Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 “Share-based Payment” at the acquisition date.

・Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred and the amount of any non-controlling interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the difference is negative, the excess is recognised immediately in profit or loss.

The Group recognizes non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation on an acquisition-by-acquisition basis, either at fair value or at the proportionate share of the recognized amount of acquiree’s identifiable net assets.

Acquisition-related cost is expensed as incurred, except for the costs related to the issuance of debt securities and equity securities.

If the business combination is achieved in stages, the acquirer’s previously held equity interest in the acquiree is remeasured at fair value at the acquisition date and resulting gain or loss is recognized in profit or loss.

(d) Changes in ownership interests in subsidiaries without loss of control

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions in accordance with IFRS 10 “Consolidated Financial Statements”. The carrying amount of the Group’s share and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The difference between “fair value of consideration paid or received” and “adjustments of the carrying value of non-controlling interests” is recognized in equity and attributed to owners of the Company.

(e) Loss of control

When the Group loses control, the difference between the “total fair value of consideration received and the retained interest” and “the previous carrying amount of subsidiary’s assets (including goodwill), liabilities and non-controlling interests” are recognized in profit or loss.

In addition, any amount previously recognized in other accumulated comprehensive income in relation to the subsidiary is accounted for as if the Group had directly disposed of each related assets or liabilities.

The fair value of the retained interest in the former subsidiary is measured in accordance with IFRS 9.

(2) Foreign currency

(a) Foreign currency translation

In preparing the financial statements of each individual Group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are translated in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at the year-end date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency shall be retranslated using the exchange rate at the date when the fair value was measured. The exchange differences arising from the retranslation were recognized in profit or loss, except for retranslation differences in financial instruments that are measured at fair value and changes in fair value are recognized in other comprehensive income, and exchange differences arising from transactions for the purpose of hedging certain foreign exchange risk.

(b) Foreign operations

The assets and liabilities, including goodwill and fair value adjustments arising from business combinations, of all the Group entities that have a functional currency that is different from the presentation currency (mainly foreign operations) are translated into the presentation currency using the rates of exchange prevailing at the end of each reporting period. Income and expenses of foreign operations are translated into the presentation currency at the average exchange rates.

Exchange differences arising are recognized as other comprehensive income. The differences are recorded and accumulated as translation reserve in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation.

(3) Financial instruments

The Group early adopted IFRS 9. IFRS 9 requires all financial assets which are within the scope of IAS 39 “Financial instruments: Recognition and Measurement” to be subsequently measured either at amortized cost or at fair value. Debt instruments are measured at amortized cost if both of the following conditions are met: (i) the debt instruments are held in order to collect contractual cash flows as according to the Group’s business model for managing the financial assets and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments and equity instruments other than those above are subsequently measured at fair value.

(a) Initial recognition and measurement

The Group recognizes a financial asset or financial liability in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss. Equity instruments held for purposes other than trading are designated as financial assets at FVTOCI.

(b) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Group currently has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(c) Non-derivative financial assets

Non-derivative financial assets are initially designated as “Financial assets measured at amortized cost”, “Financial assets at FVTPL” or “Financial assets at FVTOCI” on the basis of the Group’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

Financial assets are subsequently measured using the effective interest method at amortized cost less accumulated impairment loss if both of the following conditions are met: (i) the financial assets are held in order to collect contractual cash flows according to the Group’s business model for managing the financial assets and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

Financial assets, other than those subsequently measured at amortized cost, are subsequently measured at fair value, and all changes in fair value are recognized in profit or loss.

Financial assets at FVTOCI

At initial recognition, the Group designates as a financial asset at FVTOCI an investment in an equity instrument that is not held for trading and is measured at fair value through other comprehensive income. This is an irrevocable election and the accumulative changes of fair value recorded in other comprehensive income cannot be reclassified to profit or loss. Dividends from the above-mentioned equity instrument are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. At derecognition of equity instruments at FVTOCI or when the decline in fair value is other than temporary when compared to initial cost, the recognized amount of changes in fair value accumulated in other comprehensive income is reclassified directly to retained earnings and cannot be reclassified in profit or loss.

(d) Cash and cash equivalents

Cash and cash equivalents are cash and highly liquid financial assets that are readily convertible to known amounts of cash with original maturities of three months or less.

(e) Non-derivative financial liabilities

Non-derivative financial liabilities include corporate bonds and loans, trade and other accounts payable, which are subsequently measured at amortized cost using the effective interest method.

(f) Trading assets and liabilities

Financial assets and liabilities are classified as trading assets and trading liabilities in the below situation:

・Financial assets acquired for the purpose of sale or repurchase mostly in the short term
・At initial recognition, the financial assets are managed together by the Group as part of a certain financial instrument portfolio, from which an actual short term gain has been realized.
・Derivative (either not classified as hedging instruments or proved to be not effective as hedging instruments)

Trading assets and trading liabilities are classified as financial assets and liabilities at FVTPL, changes in amounts of which are recognized in profit or loss. Trading assets and trading liabilities are presented in “Other assets (or liabilities) related to securities business” in the statement of financial position.

(g) Derecognition

The Group derecognizes a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expire or the Group no longer retains the contractual rights to receive the cash flows and transfers all the risks and rewards related to the financial asset.

If, as a result of a transfer, which satisfies the criteria for derecognition, a financial asset is derecognized but the transfer results in the Group obtaining or retaining certain rights and responsibilities, the Group recognizes them as new financial assets or liabilities.

(h) Fair value measurement

The Group measures the fair value of a financial asset or liability using a quoted market price from an active market, if available.

The Group uses valuation techniques to determine fair value if the financial assets are not traded in an active market. Valuation techniques include utilization of a recent arm’s length transaction between knowledgeable, willing parties, current fair value of an identical or similar financial instrument, discounted cash flow analysis and an option pricing model. When there is evidence that market participants use valuation techniques to determine the price of a financial asset and liability and provide a reliable estimated market price, fair value should be determined based on that valuation technique. To ensure the validity and the effectiveness of the valuation techniques used in determining fair value, the Group reassesses the valuation techniques based on observable market data on a regular basis.

(i) Impairment of financial assets measured at amortized cost

The Group recognizes impairment losses for financial assets measured at amortized cost after the initial recognition when there is objective evidence that a loss event has occurred and it is reasonably predictable that a negative impact will be exerted on the estimated future cash flows arising from the financial assets. The Group assesses whether there is objective evidence indicating that financial assets measured at amortized cost are impaired on a quarterly basis.

The Group assesses financial assets measured at amortized cost for evidence of impairment both individually and collectively. Significant financial assets are assessed for impairment individually. Significant financial assets which are not impaired individually are assessed for impairment collectively. Financial assets which are not significant are assessed as a group based on risk characteristics.

For financial assets measured at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. An impairment loss is recognized in profit or loss in the period and the carrying amount of the financial asset is reduced by the impairment loss directly.

Interest on the impaired asset is recognized as the adjustments to discounts realized through the passage of time. When the amount of impairment decreases and the decrease can be related objectively to an event occurring after the impairment, reversal of previously recognized impairment loss is recognized in profit or loss.

(j) Derivatives

The Group uses derivative instruments (interest rate swap contracts and forward exchange contracts) in order to hedge mainly interest rate risk and exchange fluctuation risk.

Derivatives to which hedge accounting is applied

At the inception of the hedge, the Group formally documents the hedging relationship between the hedged item or transaction and the hedge instrument, which is the derivative, in compliance with our risk management objective and strategy. In addition, at the inception and on an ongoing basis, the Group documents whether the derivative is highly effective in offsetting changes in the fair value or the cash flows of the hedged item attributable to the risk of changes in interest rates, etc.
The changes in fair value of derivatives, which are designated as hedging instruments for fair value hedges, are recognized in profit or loss. Gain or loss on the hedged item attributable to the risk of changes in interest rates, etc. shall adjust the carrying amount of the hedged item and be recognized in profit or loss.

Among the changes in fair value of derivatives which are designated as hedging instruments for cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income, while the ineffective portion shall be recognized in profit or loss.
The amount that has been recognized in other comprehensive income shall be presented as a deduction of other comprehensive income in the consolidated statement of comprehensive income and reclassified to profit or loss in the same period during which the hedged item of cash flows affects profit or loss.
The Group shall prospectively discontinue hedge accounting when the criteria of hedge accounting are no longer satisfied. In such situation, amounts accumulated in other comprehensive income remain unadjusted until the anticipated transaction finally affects profit or loss, or the anticipated transaction is not expected to occur, at which point the underlying amount shall be immediately recognized in profit or loss.

Derivatives to which hedge accounting is not applied
Among derivatives held for hedging purposes, the Group holds some derivatives to which hedge accounting is not applied. The Group also holds derivatives for trading purposes other than hedging purposes. The changes in fair value of such derivatives shall be recognized in profit or loss.

(k) Capital stock
Common stock
Common stocks issued by the Group are classified as equity and stock issuance costs, after tax effects, are recognized as deduction to equity.

Treasury stock
The Group’s own equity instruments which are reacquired are recognized at cost including acquisition related costs, after tax effects, as a deduction from equity. When the Group sells treasury stocks, the consideration received is recognized as an addition to equity.

(4) Lease as lessee

A lease is classified as a finance lease when the Group assumes substantially all the risks and rewards according to the lease contract. Lease assets are initially recognized as the lower of fair value of the leased property and the present value of the minimum lease payments. In subsequent measurement, leased assets are accounted for under the accounting standards applied to the assets.

(5) Property and equipment

(a) Initial recognition and measurement

Property and equipment are measured using the cost method and stated at cost less accumulated depreciation and accumulated impairment loss. Acquisition cost includes the costs incurred directly related to the acquisition of the assets. Any gain or loss arising on the disposal of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(b) Depreciation

Depreciation is calculated based on the depreciable amount, which is calculated as the initial cost of items of property and equipment less their residual values. Depreciation is recognized using the straight-line method to allocate their depreciable amounts over the estimated useful life of each component, and charged to profit or loss. Land is not depreciated.

The estimated useful lives of major classes of property and equipment are as follows:

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

The depreciation method, estimated useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

(6) Intangible assets

(a) Intangible assets arising on business combination (goodwill and other intangible assets)

Goodwill arising on acquisition of subsidiaries is recognized as an intangible asset. Initial recognition and measurement of goodwill are stated in “(1) Basis of consolidation, (c) Business combination”. Intangible assets arising from a business combination, other than goodwill, are recognized at fair value at the acquisition date.

After initial recognition, goodwill is measured at cost less accumulated impairment loss. For investees to which the equity method is applied, goodwill is included in the carrying amount of the investment.

Intangible assets other than goodwill with a finite useful life that arise on a business combination are measured at initial cost less accumulated amortization and accumulated impairment loss.

(b) Research and development

Expenditure on research undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognized as an expense when incurred. Development costs capitalized as a result of meeting certain criteria are measured at initial cost less accumulated amortization and accumulated impairment loss.

(c) Other intangible assets (separately acquired)

Other intangible assets acquired by the Group are measured at initial cost less accumulated amortization and accumulated impairment loss.

(d) Amortization

Amortization of intangible assets other than goodwill with finite useful lives is recognized in profit or loss using the straight-line method over the expected useful life, which begins when the assets are available for use.

The estimated useful lives of major classes of intangible assets are as follows:

・Software	5 years
・Customer Relationship	5 - 16 years

The amortization method, estimated useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

(7) Investment properties

Investment properties are defined as property held to earn rentals or for capital appreciation or both, rather than for (a) sale in the ordinary course of business, or (b) use in the production or supply of goods or services or for administrative purposes. Investment properties are measured using the cost method and stated at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is calculated based on the depreciable amount, which is calculated as the initial cost of assets less their residual values. Depreciation is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful life of each component, and charged to profit or loss.

The estimated useful lives of a major component of investment properties are as follows:

・Buildings 8 - 50 years

An investment property shall be derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gain or loss arising from the derecognition of investment properties is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss at the time of derecognition.

(8) Impairment of non-financial assets

Other than deferred tax assets, the Group's non-financial assets are subject to impairment tests at year end. When an indication of impairment exists, the recoverable amounts of the assets are estimated in order to determine the extent of the impairment losses, if any. For a cash-generating unit ("CGU") including allocated goodwill and intangible assets for which the useful life cannot be determined or which is not available for use, the recoverable amount shall be estimated at the same time every year, regardless of the indication of impairment. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

The recoverable amount of an asset or a CGU is the higher of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the CGU to which the asset belongs.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss. The impairment loss recognized in relation to the CGU shall be allocated to reduce the carrying amount of the assets of the unit in such order that (a) first, to reduce the carrying amount of any goodwill allocated to the CGU and (b) then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

An impairment loss recognized for goodwill shall not be reversed in a subsequent period. An entity shall assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Because goodwill that forms part of the carrying amount of an investment in an associate or a joint venture is not separately recognized, it is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment as a single asset, whenever there is an indication that the investment may be impaired.

(9) Accounting for insurance contracts

For insurance contracts and reinsurance contracts, the Group applies its accounting policy determined based on the Insurance Business Act, the Ordinance for Enforcement of the Insurance Business Act, and other Japanese accounting practices, while considering the requirements under IFRS 4 "Insurance Contracts".

A liability adequacy test is performed in consideration of current estimates of all contractual cash flows and related cash flows such as claims handling costs at the end of each reporting period. If the test shows that the liability is inadequate, the entire deficiency is recognized in profit or loss.

(10) Employee benefits

(a) Defined contribution plans

The Company and certain of its subsidiaries have defined contribution plans for employee benefits. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Contributions related to defined contribution plans are expensed over the period during which employees render service to the entity.

(b) Short term employee benefits and share-based payment

The Group recognizes the undiscounted amount of short-term employee benefits as an expense of the period during which the related service is rendered.

Also, the Group operates share-based compensation plan as an incentive for board members and employees. The fair value of equity-settled share-based compensation plan ("stock option") which were granted after November 7, 2002 and the vesting conditions had not been satisfied as at March 31, 2011 is measured at the grant date, and the amount of fair value calculated by estimating the number of stock options that will ultimately be vested are recognized as expenses with a corresponding increase in equity over the vesting period. For cash-settled share-based compensation plan, a liability is recognized for the goods or services acquired, measured initially at fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss for the year.

(11) Provisions

Provisions are recognized when the Group has a present (legal or constructive) obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation. Provisions are measured at the present value of the expected future cash flow using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

(12) Revenue recognition

(a) Financial income related to investment portfolio (excluding trading assets)

Financial assets at FVTPL are initially recognized at their fair value and related transaction costs are charged to profit or loss as incurred. Gain and loss related to the sale of financial assets at FVTPL are determined as the differences between fair value of the consideration received and the carrying amount.

Changes in the fair value of financial assets at FVTOCI are presented in other comprehensive income. When such financial assets are derecognized (sold) or the decline in fair value of such financial assets is other than temporary when compared with the initial cost, the cumulative gains or losses previously recognized in other comprehensive income are directly transferred to retained earnings.

However, dividends from financial assets at FVTOCI are recognized as financial income in profit or loss.

(b) Net trading income

Securities included in trading assets are classified as financial assets at FVTPL and measured at fair value. Changes in fair value are recognized in profit or loss.

(c) Commission income

Commission income arises from transactions in which the Group is involved as an agent instead of a principal who gains the main part of the profit from the transaction. Revenue from commission income is recognized by reference to the stage of completion of the transaction at the end of the reporting period if the result of the transaction can be reliably estimated.

If the below criteria are met, the transaction is regarded as the Group acting as an agent.

・The Group neither retains ownership of the goods nor assumes any responsibility for after service.

・Though the Group ultimately collect consideration from customers, all the credit risk is assumed by the supplier of the goods.

(d) Sale of goods

Revenue is measured at the fair value of the consideration received or receivable, taking into account the amount of any sales return, trade discount and volume rebates. Normally, revenue is recognized when there is persuasive evidence showing that a sales contract has been implemented; that is, (i) significant risks and rewards of ownership of the goods have been transferred to the buyer; (ii) it is probable that the economic benefits associated with the transaction will flow to the Group; (iii) the cost incurred and possibility of sales returns can be reliably estimated; (iv) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; and (v) the amount of revenue can be measured reliably. When there is a probability that a sales discount is allowed by the Group, the amount shall be deducted from the original amount of revenue if it can be reasonably estimated.

(13)Income tax expense

Income tax expense consists of current and deferred tax expense, which are recognized in profit or loss, except for those arising from business combinations or recognized directly in equity and other comprehensive income. Current income tax expense is measured at the amount expected to be paid to or recovered from the taxation authorities using the tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amount. However, deferred tax assets are not accounted for if they arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, or from deductible temporary differences related to investments in subsidiaries and investments accounted for using the equity method, under which it is probable that the difference will not be recovered in the foreseeable future. Deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred tax assets and liabilities are determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax assets are realized or the deferred tax liabilities are settled. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis, or the deferred tax assets and liabilities are expected to be realized simultaneously.

A deferred tax asset is recognized for the unused carryforward tax losses, unused tax credits and expected deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused carryforward tax losses, unused tax credits and expected deductible temporary differences can be utilized. The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period. The Group reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilized.

The Group recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and investments accounted for using the equity method, except to the extent that both of the following conditions are satisfied: (i) the Group is able to control the timing of the reversal of the temporary difference; and (ii) it is probable that the temporary difference will not reverse in the foreseeable future.

The Group shall recognize a deferred tax asset for all deductible temporary differences arising from investments mentioned above, to the extent that, and only to the extent that, it is probable that (i) taxable profit will be available against which the temporary difference can be utilized; and (ii) the temporary difference will reverse in the foreseeable future.

(14)Earnings per share

The Group discloses both the basic earnings per share and diluted earnings per share. Basic earnings per share is calculated by dividing profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding (issued shares adjusted by the treasury shares) during the period. For the purpose of calculating diluted earnings per share, the Group adjusts profit for the year attributable to ordinary equity holders and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares.

(15)Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Discrete financial information of all the segments is available so that the operating results are regularly reviewed by the board of directors to make decisions about resources to be allocated to the segment and assess its performance. Operating results reported to the board of directors include items that directly belong to the segment and items allocated to the segment on a reasonable basis. Items not allocated to any reportable segment mainly consist of corporate assets such as expenses of the headquarters.

(16)Non-current assets held for sale

The Group classifies a non-current asset or asset group as held for sale if (i) its carrying amount will be recovered principally through a sale transaction rather than through continuing use; (ii) the assets are available for immediate sale and their sale within one year is highly probable; and (iii) management of the Group is committed to a plan to sell the asset.

When the Group is committed to a plan to sell a subsidiary with a loss of control and all the above criteria are satisfied, it classifies the subsidiary's entire assets and liabilities as held for sale regardless of retaining any non-controlling interest of the subsidiary.

Non-current assets (or asset groups) held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

(17)New standards, amendments to existing standards, and interpretations that are published but have not yet been adopted by the Group

Of the new standards, amendments to existing standards, and interpretations that have been published before the approval date of the consolidated financial statements, the main ones that the Group has not early adopted are as follows. The impact to the consolidated financial statements resulting from their adoption is still under investigation and it is difficult to estimate at this moment.

IFRS		Mandatory for fiscal year beginning on or after	Adopted by the group from fiscal year ended	Summary of new standards and amendments
IFRS 9	Financial Instruments	January 1, 2018	March 2019	Amendment with regard to hedge accounting, impairment accounting, and classification and measurement of financial instruments
IFRS 10 IAS 28	Consolidated Financial Statements Investments in Associates and Joint Ventures	To be determined	To be determined	Clarification of the accounting treatment for sale or contribution of assets between an investor and its associate and joint venture
IFRS 15	Revenue from Contracts with Customers	January 1, 2018	March 2019	Amendment with regard to the accounting of revenue recognition
IFRS 16	Lease	January 1, 2019	March 2020	Amendment with regard to the definition and the accounting treatment of lease
IAS 7	Statement of Cash Flows	January 1, 2017	March 2018	Additional disclosure requirement relating to changes in liabilities arising from financial activities

4. Business Combination

For the year ended March 31, 2015

In order to reenter into the life insurance business, the Group acquired 100% of the equity interest in PCA Life Insurance Co., Ltd. (hereinafter "PCA Life Insurance"), the Japanese arm of Prudential plc. on February 5, 2015, and PCA Life Insurance became a subsidiary of the Group.

(*) PCA Life Insurance changed its company name into SBI Life Insurance Co., Ltd. as at May 1, 2015.

Consideration paid at acquisition date, contingent consideration, fair value of acquired assets and liabilities, and gain on bargain purchase in relation to the business combination mentioned above are as follows. Consideration was paid in cash.

	Acquisition date February 5, 2015 (Millions of Yen)
Fair value of consideration paid	7,976
Fair value of contingent consideration	1,987
Total	9,963
Cash and cash equivalents	3,529
Trade and other accounts receivable	1,917
Other investment securities	157,261
Other assets	589
Total Assets	163,296
Insurance contract liabilities	147,942
Deferred tax liabilities	2,827
Other liabilities	556
Total Liabilities	151,325
Net assets	11,971
Gain on bargain purchase	(2,008)
Total	9,963

Gain on bargain purchase mainly derived from the recognition of the financial assets measured at amortized cost, such as bonds, at fair value at acquisition date. Costs in relation to the business combination, amounting to ¥27 million, were included in "Selling, general and administrative expenses".

The amount of the contingent consideration is determined based on reversal of additional policy reserve under Japanese accounting standards during a certain period in the future within the maximum limit of ¥1,987 million, equivalent to USD 17 million converted at the exchange rate previously agreed with the seller.

Revenue and profit for the period generated by PCA Life Insurance since the acquisition date included in the consolidated statement of income for the year ended March 31, 2015 were ¥3,579 million and ¥752 million, respectively.

Had the acquisition of PCA Life Insurance been effected at the beginning of the current reporting period, Revenue and profit of PCA Life Insurance would have been ¥25,306 million and ¥2,117 million, respectively. These estimates are unaudited.

Consideration transferred for business combinations other than the above mentioned amounted to ¥6,228 million, which were settled in cash. Fair value of acquired assets and liabilities were ¥6,519 million and ¥1,133 million, respectively.

For the year ended March 31, 2016

Consideration transferred for business combinations amounted to ¥4,594 million, which were settled in cash. Fair value of acquired assets and liabilities and non-controlling interests were ¥4,315 million, ¥2,260 million and ¥87 million, respectively.

5. 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 positioned as the strongest growth area in the Group, are determined as reportable segments.

The reportable 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 reportable segments.

“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.

“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 financial products information. 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.

“Others” includes the real estate business and other businesses, but they did not meet the quantitative criteria to be defined as reportable segments for the fiscal year ended March 31, 2016.

“Elimination or Corporate” 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:

As described in the note to the consolidated statement of income, the Company changed its presentation of the consolidated statement of income beginning with this fiscal year, and revenue for the year ended March 31, 2015, is restated in order to conform to the current year presentation.

Certain subsidiaries, including Morningstar Japan K. K. and SBI Estate Finance Co., Ltd., which were included in the Financial Services Business until the previous reporting period, are now included in the Asset Management Business beginning with this fiscal year. Consequently, segment information for the year ended March 31, 2015, is restated in accordance with the new basis of segmentation.

For the year ended March 31, 2015

	Financial Services Business	Asset Management Business	Biotechnology -related Business	Total	Others	Elimination or Corporate	Consolidated Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Revenue							
Revenue from customers	158,128	70,081	2,059	230,268	15,701	1,454	247,423
Inter-segment revenue	1,965	1,235	124	3,324	30	(3,354)	－
Total	160,093	71,316	2,183	233,592	15,731	(1,900)	247,423
Segment operating income (loss)							
Profit before income tax expense	66,524	8,917	(7,310)	68,131	2,779	(7,843)	63,067
Other Items							
Interest income	29,731	34,912	0	64,643	21	(1,319)	63,345
Interest expense	(5,950)	(13,695)	(71)	(19,716)	(241)	(2,165)	(22,122)
Depreciation and amortization	(5,597)	(5,503)	(15)	(11,115)	(219)	(171)	(11,505)
Gain or loss from investments applying the equity-method	5,285	(183)	(31)	5,071	0	－	5,071

For the year ended March 31, 2016

	Financial Services Business	Asset Management Business	Biotechnology -related Business	Total	Others	Elimination or Corporate	Consolidated Total
Revenue	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Revenue from customers	157,186	98,110	3,873	259,169	2,259	316	261,744
Inter-segment revenue	1,826	615	148	2,589	―	(2,589)	―
Total	159,012	98,725	4,021	261,758	2,259	(2,273)	261,744
Segment operating income (loss)							
Profit before income tax expense	50,458	17,996	(6,572)	61,882	(835)	(8,820)	52,227
Other Items							
Interest income	32,877	38,256	0	71,133	0	(1,079)	70,054
Interest expense	(6,219)	(11,107)	(121)	(17,447)	(40)	(2,791)	(20,278)
Depreciation and amortization	(5,208)	(5,310)	(225)	(10,743)	(115)	(180)	(11,038)
Gain or loss from investments applying the equity-method	3,556	(279)	(1,683)	1,594	(11)	―	1,583

Geographical information regarding non-current assets and revenues from external customers are presented as below.

Non-current assets

	As at March 31, 2015	As at March 31, 2016
	Millions of Yen	Millions of Yen
Japan	67,790	68,791
Korea	146,637	124,421
Others	14,451	19,047
Consolidated total	228,878	212,259

Note: Non-current assets excluding financial assets and deferred tax assets are allocated depending on the location of the assets.

Revenue from external customers

	For the year ended March 31, 2015	For the year ended March 31, 2016
	Millions of Yen	Millions of Yen
Japan	200,541	215,709
Overseas	46,882	46,035
Consolidated total	247,423	261,744

Note: Revenue is recognized at the location of the companies.

6. Fair Value of Financial Instruments

(1) Fair value measurement

Fair values of financial assets and financial liabilities are determined based on quoted market prices. If quoted market prices are not available, fair values are calculated using valuation models such as a discounted cash flow analysis. The Group determined fair values of financial assets and financial liabilities as follows:

Cash and cash equivalents, Other financial assets, Trade and other accounts payable, and Other financial liabilities
The fair values are determined at the carrying values as they approximate the carrying values due to their short maturities.

Trade and other accounts receivable
The fair values are determined based on the future cash inflows discounted at interest rates derived from appropriate indices such as government bond risk free rates considering credit risk.

Assets and liabilities related to securities business
With respect to loans on margin transactions included in margin transaction assets, the fair values are determined at the carrying values as the interest rates of the loans are floating rates and reflect the market interest rate within a short period. The fair values of assets and liabilities related to securities business, except for loans on margin transactions, are considered to approximate the carrying values as those assets and liabilities are settled within a short period. With respect to trading assets and trading liabilities, the fair values are determined based on market closing price at the reporting date in principal stock exchanges.

Operational investment securities and other investment securities
The fair values of listed equity securities are determined based on the quoted market prices in the stock exchange. The fair values of unlisted equity securities, bonds with share options and stock warrants are determined using valuation models appropriate in the circumstances including discounted cash flow analysis, pricing analysis with reference to comparable industry prices, and analysis based on revenues, profits and net assets. The fair values of bonds are determined using reasonable valuation based on available information such as Reference Statistical Prices and quoted price provided by the financing banks. The fair values of investments in funds are determined at the fair values of partnership net assets based on the Group’s percentage share in the contributed capital, if such fair values are available.

Bonds and loans payable
With respect to bonds and loans payable with floating interest rates, the fair values are determined at the carrying values as the interest rates of the bonds and loans reflect the market interest rate within a short period and as the credit condition of companies that obtained the bonds and loans are not expected to change significantly. With respect to bonds payable with fixed interest rates, the fair values are determined based on the future cash outflows considering remaining periods and discount rates adjusted with credit risks. With respect to loans payable with fixed interest rates, the fair values are determined at the present value of the future cash outflows, where the sum of principal and interest of loans are grouped according to their maturities and discounted using interest rates with reference to similar types of loans. The fair value of bonds payable and loans payable with short maturities are determined at the carrying values since they approximate the carrying values.

Customer deposits for banking business

The fair values of demand deposits are determined at the carrying values which are the amounts paid on demand at the reporting date. The fair values of time deposits are determined based on the future cash inflows discounted at the adequate rates, such as government bond yield considering credit risk. The fair values of time deposits with short time maturities are determined at the carrying values since they approximate the carrying values.

(2) Classification and fair value of financial instruments

Classification and fair value of financial assets were as follows:

As at March 31, 2015

	Carrying Amount				
	Financial assets at FVTPL	Financial assets at FVTOCI	Financial assets measured at amortized cost	Total	Fair value
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Trade and other accounts receivable	－	－	342,459	342,459	349,800
Assets related to securities business	7,579	－	2,121,181	2,128,760	2,128,760
Operational investment securities	114,946	－	－	114,946	114,946
Other investment securities	131,878	1,539	59,647	193,064	192,653
Total	254,403	1,539	2,523,287	2,779,229	2,786,159

As at March 31, 2016

	Carrying Amount				
	Financial assets at FVTPL	Financial assets at FVTOCI	Financial assets measured at amortized cost	Total	Fair value
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Trade and other accounts receivable	－	－	369,006	369,006	373,990
Assets related to securities business	11,948	－	1,896,727	1,908,675	1,908,675
Operational investment securities	118,886	－	－	118,886	118,886
Other investment securities	109,109	1,158	63,640	173,907	175,997
Total	239,943	1,158	2,329,373	2,570,474	2,577,548

Classification and fair value of financial liabilities were as follows:

As at March 31, 2015

	Carrying Amount			Fair value
	Financial liabilities at FVTPL	Financial liabilities measured at amortized cost	Total	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Bonds and loans payable	―	374,771	374,771	375,888
Trade and other accounts payable	1,987	53,018	55,005	55,005
Liabilities related to securities business	2,551	1,957,842	1,960,393	1,960,393
Customer deposits for banking business	―	361,102	361,102	363,496
Total	4,538	2,746,733	2,751,271	2,754,782

As at March 31, 2016

	Carrying Amount			Fair value
	Financial liabilities at FVTPL	Financial liabilities measured at amortized cost	Total	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Bonds and loans payable	―	324,585	324,585	325,804
Trade and other accounts payable	1,987	36,772	38,759	38,878
Liabilities related to securities business	2,092	1,758,251	1,760,343	1,760,343
Customer deposits for banking business	―	386,027	386,027	386,132
Total	4,079	2,505,635	2,509,714	2,511,157

(3) Financial instruments categorized by fair value hierarchy

"IFRS 13 Fair Value Measurement" requires measurement of fair value to be categorized into three levels with reference to the fair value hierarchy that reflects the significance of the inputs used in making fair value measurements.

The fair value hierarchy is defined as follows:

・Level 1: quoted prices in active markets for identical assets or liabilities.

・Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

・Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level of hierarchy used in fair value measurement is determined at the lowest level with relevant significant inputs to the measurement.

A transfer of financial instruments between levels of the hierarchy is recognized at the date when the cause of the transfer or change in circumstances occurs.

The table below presents the financial assets and liabilities measured at the fair values in the consolidated statement of financial position of the Group.

	As at March 31, 2015			
	Level 1	Level 2	Level 3	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Financial assets				
Assets related to securities business	7,579	—	—	7,579
Operational investment securities and other investment securities				
Financial assets at FVTPL	122,551	615	123,658	246,824
Financial assets at FVTOCI	698	—	841	1,539
Total financial assets	130,828	615	124,499	255,942
Financial liabilities				
Trade and other accounts payable	—	—	1,987	1,987
Liabilities related to securities business	2,551	—	—	2,551
Total financial liabilities	2,551	—	1,987	4,538

	As at March 31, 2016			
	Level 1	Level 2	Level 3	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Financial assets				
Assets related to securities business	11,948	—	—	11,948
Operational investment securities and other investment securities				
Financial assets at FVTPL	117,673	614	109,708	227,995
Financial assets at FVTOCI	36	—	1,122	1,158
Total financial assets	129,657	614	110,830	241,101
Financial liabilities				
Trade and other accounts payable	—	—	1,987	1,987
Liabilities related to securities business	2,092	—	—	2,092
Total financial liabilities	2,092	—	1,987	4,079

The table below presents the financial assets and liabilities not measured at the fair values in the consolidated statement of financial position of the Group.

	As at March 31, 2015			
	Level 1	Level 2	Level 3	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Financial assets				
Trade and other accounts receivable	－	349,800	－	349,800
Assets related to securities business	－	2,121,181	－	2,121,181
Operational investment securities and other investment securities	59,236	－	－	59,236
Total financial assets	59,236	2,470,981	－	2,530,217
Financial liabilities				
Bonds and loans payable	－	375,888	－	375,888
Trade and other accounts payable	－	53,018	－	53,018
Liabilities related to securities business	－	1,957,842	－	1,957,842
Customer deposits for banking business	－	363,496	－	363,496
Total financial liabilities	－	2,750,244	－	2,750,244

	As at March 31, 2016			
	Level 1	Level 2	Level 3	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Financial assets				
Trade and other accounts receivable	－	373,990	－	373,990
Assets related to securities business	－	1,896,727	－	1,896,727
Operational investment securities and other investment securities	65,730	－	－	65,730
Total financial assets	65,730	2,270,717	－	2,336,447
Financial liabilities				
Bonds and loans payable	－	325,804	－	325,804
Trade and other accounts payable	－	36,891	－	36,891
Liabilities related to securities business	－	1,758,251	－	1,758,251
Customer deposits for banking business	－	386,132	－	386,132
Total financial liabilities	－	2,507,078	－	2,507,078

(4) Financial instruments categorized as Level 3

Based on the valuation methods and policies as reported to the board of directors, external evaluating agencies and appropriate individuals of the Group measure and analyze the valuation of financial instruments categorized as Level 3 of the fair value hierarchy. The valuation results are reviewed and approved by CFO and General Manager of the Financial and Accounting Division.

The valuation techniques and unobservable inputs used for recurring fair value measurements categorized as Level 3 are as follows:

As at March 31, 2015

	Fair Value	Valuation Technique	Unobservable Input	Range
	Millions of Yen			
Operational investment securities and other investment securities	124,499	Income approach and market approach	Discount rate	9%–16%
			P/E ratio	8.8–20.4
			Illiquidity discount	5%–30%

As at March 31, 2016

	Fair Value	Valuation Technique	Unobservable Input	Range
	Millions of Yen			
Operational investment securities and other investment securities	110,830	Income approach and market approach	Discount rate	9%–16%
			P/E ratio	8.6–20.1
			EBITDA ratio	8.8
			Illiquidity discount	10%–30%

Within the fair value of financial instruments categorized as Level 3 by recurring fair value measurements, the fair value of “Operational investment securities” and “Other investment securities,” which is measured through the income approach or market approach, increases (decreases) when the discount rate decreases (increases), when the P/E ratio increases (decreases), when the EBITDA ratio increases (decreases), or when the illiquidity discount decreases (increases).

With respect to the financial instruments categorized as Level 3, no significant impact on the fair values is assumed even if one or more of the unobservable inputs were changed to reasonably possible alternative assumptions.

The movement of financial assets and liabilities categorized as Level 3 is presented as follows:

For the year ended March 31, 2015

	Financial assets			Financial liabilities
	Operational investment securities and other investment securities		Total	Trade and other accounts payable
	Financial assets at FVTPL	Financial assets at FVTOCI		
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at April 1, 2014	143,082	864	143,946	－
Acquisitions through business combinations	5,365	－	5,365	1,987
Purchase	26,263	－	26,263	－
Comprehensive income				
Net profit (Note 1)	5,016	－	5,016	－
Other comprehensive income (Note 2)	－	(106)	(106)	－
Dividends	(3,851)	－	(3,851)	－
Sale or redemption	(46,074)	(3)	(46,077)	－
Currency translation differences	10,152	86	10,238	－
Others	－	－	－	－
Transferred from Level 3 (Note 4)	(16,295)	－	(16,295)	－
Transferred to Level 3	－	－	－	－
Balance as at March 31, 2015	123,658	841	124,499	1,987

For the year ended March 31, 2016

	Financial assets			Financial liabilities
	Operational investment securities and other investment securities		Total	Trade and other accounts payable
	Financial assets at FVTPL	Financial assets at FVTOCI		
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at April 1, 2015	123,658	841	124,499	1,987
Acquisitions through business combinations	―	―	―	―
Purchase	30,819	579	31,398	―
Comprehensive income				
Net profit (Note 1)	(318)	―	(318)	―
Other comprehensive income (Note 2)	―	33	33	―
Dividends	(7,782)	―	(7,782)	―
Sale or redemption	(22,013)	(286)	(22,299)	―
Currency translation differences	(4,247)	(45)	(4,292)	―
Others (Note 3)	(111)	―	(111)	―
Transferred from Level 3 (Note 4)	(10,298)	―	(10,298)	―
Transferred to Level 3	―	―	―	―
Balance as at March 31, 2016	109,708	1,122	110,830	1,987

Notes:

1. Gains and losses recognized as profit (loss) for the period in relation to financial instruments are included in "Revenue" in the consolidated statement of income. Gains and losses recognized arising from financial assets at FVTPL held as at March 31, 2015 and 2016 were ¥2,940 million and ¥135 million of gains, respectively.
2. Gains and losses recognized as other comprehensive income (loss) in relation to financial instruments are included in "FVTOCI financial assets" in the consolidated statement of comprehensive income.
3. Transfer due to obtaining of control.
4. Transfer due to significant input used to measure fair value becoming observable.

7. Offsetting Financial Assets and Financial Liabilities

Quantitative information for recognized financial assets and recognized financial liabilities set off in the consolidated statement of financial position of the Group and the amounts of potential effect of recognized financial assets and recognized financial liabilities subject to an enforceable master netting arrangement or similar agreement that are not set off in the consolidated financial position of the Group are presented as follows:

As at March 31, 2015

Financial assets

	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Assets related to securities business (Securities borrowing agreements and other similar transactions)	1,261,893	(564,472)	697,421	(576,957)	(120,464)	－
Assets related to securities business (Receivables related to securities transactions)	127,762	(36,018)	91,744	(30,794)	－	60,950
Assets related to securities business (Financial assets related to foreign exchange transactions)	3,573	－	3,573	(482)	(3,091)	－

Financial liabilities

	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral pledged	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Liabilities related to securities business (Securities loan agreements and other similar transactions)	1,550,362	(564,472)	985,890	(752,466)	－	233,424
Liabilities related to securities business (Payables related to securities transactions)	281,292	(36,018)	245,274	(30,794)	－	214,480
Liabilities related to securities business (Financial liabilities related to foreign exchange transactions)	27,471	－	27,471	(3,573)	－	23,898

As at March 31, 2016

Financial assets

	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Assets related to securities business （Securities borrowing agreements and other similar transactions）	1,089,319	(441,248)	648,071	(541,464)	(106,607)	―
Assets related to securities business （Receivables related to securities transactions）	259,111	(192,308)	66,803	(19,177)	―	47,626
Assets related to securities business （Financial assets related to foreign exchange transactions）	10,037	―	10,037	(354)	(7,979)	1,704

Financial liabilities

	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral pledged	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Liabilities related to securities business （Securities loan agreements and other similar transactions）	1,347,586	(441,248)	906,338	(689,139)	―	217,199
Liabilities related to securities business （Payables related to securities transactions）	901,588	(192,308)	709,280	(19,177)	―	690,103
Liabilities related to securities business （Financial liabilities related to foreign exchange transactions）	143,506	―	143,506	(8,333)	―	135,173

The rights of set-off for recognized financial assets and liabilities that are subject to an enforceable master netting arrangement or similar agreement are enforced when debt default or other specific events that are unexpected in the ordinary course of business occurs, and have an effect on realization or settlement of individual financial assets and liabilities.

8. Financial Risk Management

(1) Risk management policy over capital management and financing

In order to maintain financial strength, the Group has basic capital management policies to maintain an appropriate level of capital and debt equity structure.

The balances of interest-bearing debt (Bonds and borrowings), cash and cash equivalents and equity attributable to owners of the Company which the Group manages were as follows:

	As at March 31, 2015	As at March 31, 2016
	Millions of Yen	Millions of Yen
Interest-bearing debt （Bonds and borrowings）	374,771	324,585
Cash and cash equivalents	(290,826)	(248,050)
Net	83,945	76,535
Equity attributable to owners of the Company	383,491	371,590

Pursuant to the Financial Instruments and Exchange Act (“FIEA”) and Insurance Business Act of Japan, domestic subsidiaries of the Group are obligated to maintain a certain level of capital adequacy ratio.

Significant capital adequacy regulations under which domestic subsidiaries of the Group are obligated are as follows:

1. SBI SECURITIES CO., Ltd. is required to maintain a certain level of capital-to-risk ratio set forth under the FIEA. If the ratio falls below 120%, the Financial Services Agency (“FSA”) may order changes to operational methods and other changes.
2. SBI Life Insurance Co., Ltd. and SBI Insurance Co., Ltd. are required to maintain a certain level of Solvency Margin Ratio in conformity with the Insurance Business Act of Japan. If the Solvency Margin Ratio falls below 200%, the FSA may order submission and implementation of a reasonable improvement plan for sound management.

SBI Savings Bank whose headquarter is in the Republic of Korea is obligated to maintain certain level of capital adequacy ratio in conformity with the Main Shareholder eligibility standard or standard of KIPCO Asset Management Company KSC (KAMCO) or other standards. If the capital adequacy ratio falls below certain level, Korean Financial Supervisory Service may give warning or order business suspension.

The Group engages in a wide range of finance related businesses, such as investment business, fund management business, securities business, banking business, loan business and insurance businesses, to avoid excessive concentration of risk on specific entities or businesses. To operate these businesses, the Group raises funds through indirect financing such as bank borrowing, direct financing such as bond issuance and equity financing, transactions with securities financing companies, and receiving customer deposits for banking business. The Group also considers the market environment and maintains an appropriate strategy for short and long term financing.

The Group conducts trading of derivative instruments including foreign currency forward contracts, interest rate swaps and index futures. The Group enters into foreign currency forward contracts and interest rate swap transactions primarily to hedge foreign exchange risk and to manage its interest rate exposures on borrowings, respectively. The Group does not hold or issue these instruments for speculative purposes. Index futures are entered into for the purpose of day trading with a cap placed on their trading volume. Index futures were mainly daily trading under a limited trading scale.

In order to maintain financial strength and appropriate operational procedures, it is the Group’s basic policy of risk management to identify and analyze various risks relevant to the Group entities and strive to carry out integral risk management using appropriate methods.

The Group is exposed to the following risks over financial instruments:

・Credit risk
・Market risk
・Liquidity risk

(2) Risks arising from financial instruments

Financial assets held by the Group primarily consist of investment-related assets, securities-related assets and financing-related assets.

Investment-related assets include operational investment securities, other investment securities, and investments in associates which primarily represent investments in stocks and funds. These assets are held for the purpose of fostering the development of venture capital portfolio companies or earning capital gains. These assets are exposed to the issuer’s credit risk and the stock price fluctuation risk. Furthermore, unlisted equity securities are exposed to liquidity risk and investment assets denominated in foreign currency are exposed to the risk of foreign exchange fluctuations.

Securities-related assets consist of cash segregated as deposits, margin transaction assets, trading instruments, trade date accrual, and short-term guarantee deposits. These assets are exposed to the credit risk and the interest rate risk of the brokerage customers of the Group, securities financing companies, and financial institutions. Trading instruments are exposed to the credit risk of issuers and the risk of market price fluctuation. Trading instruments, trade date accrual, and short-term guarantee deposits are presented as “other assets related to securities business” in the consolidated statement of financial position.

Financing-related assets consist of operational loans receivable. These assets mainly include real estate loans for companies and individuals, and unsecured personal loans. These assets are exposed to credit risk of accounts, such as default due to worsening economic conditions with higher credit risk exposure, and interest rate risk. Financing-related assets are presented as “trade and other accounts receivable” in the consolidated statement of financial position.

Financial liabilities of the Group primarily consist of loans payable, bonds payable, customer deposits for the banking business and securities-related liabilities. The loans payable of the Group are exposed to liquidity risk from changes in the pricing policy of the financial institutions to the Group. Also, the bonds payable are exposed to liquidity risk that restricts the Group’s ability to raise funds due to changes in market conditions or the lowering of the credit rating of the Group. Customer deposits for the banking business are important financing arrangements and are managed considering adequate safety but are exposed to liquidity risk which makes it difficult to arrange requisite finance due to withdrawals or other reasons.

Securities-related liabilities consist of margin transaction liabilities, loans payable secured by securities on repurchase agreement transactions, deposits from customers, guarantee deposits received from margin transactions, and trade date accrual. The financing environment of the security business operated by the Group is affected by changes in the business policy of securities financing companies and the investment strategy. The Group exercises control by matching the financing with the related security assets. Trade date accrual is presented as other liabilities related to securities business in the consolidated statement of financial position.

The Group enters into foreign currency forward contracts and interest rate swap transactions primarily to hedge the risk of short-term foreign exchange fluctuations relating to the settlement of foreign currency denominated receivables and payables and purchase and sale transactions of securities denominated in foreign currencies and to manage its interest rate exposures on borrowings, respectively.

The Group manages index futures as a part of its investment business, which is exposed to market risk. Because the counterparties of foreign currency forward contracts and interest rate swap agreements are limited to creditworthy major Japanese financial institutions and index futures are traded in the public market, the credit risk arising from default is considered to be minimal.

(3) Risk management system over financial instruments

The Company assigns a risk management officer who is in charge of risk management and sets up a risk management department in line with the risk management rules and the group management rules in order to properly analyze and control these risks. The risk management department analyzes and monitors the Group's risk on a timely basis.

(4) Credit risk management

Credit risk is the risk that the Group may suffer losses from decrease or losses of assets due to deteriorated financial conditions of investees/debtors. Credit risk includes country risk that the Group may suffer losses from changes in the currency, political or economic circumstances of a country where investees/debtors operate.

Credit risk management policies of the Group are as follows:

(a) Accurately analyze financial conditions of investees/debtors and quantify relevant credit risk.
(b) Appropriately manage the Group's own capital and the related risks by periodic monitoring.
(c) Under foreign investments or lending transactions, the Group identifies intrinsic risk of investees/debtors with domestic/foreign offices as well as overseas partners followed by periodic monitoring.
(d) Recognize investment risk as significant risk to be controlled among various credit risks and perform detailed analysis of fluctuation in risk associated with operational investment securities.

The Group operates in line with the above risk management policies. Subsidiaries which allow credits to corporate or individual customers as a part of business are monitored in accordance with respective basic rules as needed.

The maximum exposure to credit risk for financial assets excluding the evaluation value of collateral is the carrying amount of financial assets after impairment loss presented in the consolidated statement of financial position. The maximum exposure to credit risk for loan commitment, which the Group grants, is as described in Note 34 “Contractual Liabilities”.

The Group evaluates recoverability of operating receivables and other receivables by considering the credit condition of customers and recognizes impairment losses. The Group is not exposed to excessively concentrated credit risk from a specific customer.
Impairment losses and analysis of the age regarding “trade and other accounts receivable” presented in the consolidated statement of financial position are as follows:
There are no financial assets that are past due related to the securities business.

Impairment losses regarding trade and other accounts receivable as at March 31, 2015 and 2016 were as follows:

	March 31, 2015	March 31, 2016
	Millions of Yen	Millions of Yen
Trade and other accounts receivable (gross)	368,305	396,281
Impairment losses	(25,846)	(27,275)
Trade and other accounts receivable (net)	342,459	369,006

The analysis of the age of trade and other accounts receivable that are past due but not impaired as at March 31, 2015 and 2016 were as follows:

	March 31, 2015	March 31, 2016
	Millions of Yen	Millions of Yen
No later than 6 months	388	218
Later than 6 months and not later than 1 year	265	5
Later than 1 year	4,934	3,867
Total	5,587	4,090

Trade and other accounts receivable include the amount recoverable by insurance or collateral. Collateral received mainly consists of real estate assets received on loan to small-middle real estate companies or individual or other assets. Evaluation on receiving collateral is made by an independent third party appraiser and the amount of the loan is determined to be filled with evaluation value. However, the value of the collateral may be inadequate due to a declining real estate market. If the Group obtains collateral assets by exercise of security interests, the Group immediately collects the loan by conducting sales or auction of the assets.

(5) Market risk management

Market risk is the risk that the Group may suffer losses from fluctuation of interest rate, stock price, foreign exchange rate or other factors.

Market risk management policies of the Group are as follows:

(a) Understand underlying currency and term of assets and quantify market risk.
(b) Appropriately manage the balance between the Group's own capital and its related risk by periodic monitoring.
(c) Never enter into derivative transactions for speculative purposes in the absence of established operating rules.

① Stock Market Risk

The Group is exposed to stock market risk arising from its investment portfolio. If the market price of operational investment securities and other investment securities held by the Group as at March 31, 2015 and 2016 increased by 10%, profit before income tax expense in the consolidated statement of income would have increased by ¥12,255 million and ¥11,767 million, respectively.

The investment portfolios as at March 31, 2015 and 2016 were as follows.

	March 31, 2015	March 31, 2016
	Millions of Yen	Millions of Yen
Operational investment securities		
Listed equity securities	26,190	37,327
Unlisted equity securities	54,361	53,821
Bonds	1,108	3,759
Investments in funds	33,287	23,979
Total	114,946	118,886
Other investment securities		
Listed equity securities	1,384	113
Unlisted equity securities	8,363	6,322
Bonds	92,929	91,734
Investments in funds	90,388	75,738
Total	193,064	173,907

② Foreign Exchange Risk

The Group is exposed to foreign exchange risk with regard to assets and liabilities dominated in currencies used by various entities other than the Group's functional currency, mainly including USD and HKD. The Group's main exposures to foreign exchange risk are as follows:

As at March 31, 2015

	USD	HKD	Others
	Millions of Yen	Millions of Yen	Millions of Yen
Monetary financial instruments dominated in foreign currency			
Assets	38,519	7,471	11,151
Liabilities	29,496	7,260	8,960

As at March 31, 2016

	USD	HKD	Others
	Millions of Yen	Millions of Yen	Millions of Yen
Monetary financial instruments dominated in foreign currency			
Assets	37,192	5,810	22,334
Liabilities	31,475	5,603	13,271

If the foreign currencies strengthened by 1% against the functional currency with all other variables (such as interest rate) held constant, profit before income tax expense in the consolidated statement of income for the years ended March 31, 2015 and 2016 would have increased by ¥114 million and ¥150 million, respectively, mainly as a result of monetary financial instruments dominated in foreign currency held by the Group.

③ Interest Rate Risk

The Group is exposed to various interest rate fluctuation risks in its business operations. Interest rate fluctuation affects financial income arising from financial assets, which primarily consist of bank balances, money in trust held by subsidiaries in the financial service business, call loans, and loans receivable from individual and corporate customers, and also affects financial costs arising from financial liabilities, which primarily consist of borrowings from financial institutions, bonds payable, and customer deposits for the banking business.

In management's sensitivity analysis, if interest rates had been 100 basis points higher and all other variables were held constant, profit before income tax expense in the consolidated statement of income for the years ended March 31, 2015 and 2016 would have increased by ¥1,350 million and ¥1,997 million, respectively.

The analysis is prepared assuming the financial instruments subject to interest rate risk and all other variables were held constant throughout the years ended March 31, 2015 and 2016.

(6) Liquidity risk management

Liquidity risk is defined as the Group's exposure to the below situations:
- Necessary financing cannot be secured due to deterioration of the Group's financial condition
- Risk of loss from financing at higher interest rate than usual with no option
- Risk of loss from transaction at significantly unreasonable price with no option or unable to conduct transactions due to severe situation such as market turmoil.

The Group manages its liquidity risk through the following policies.

(a) Secure various financing arrangements such as bank overdraft facility, bond issuance registration or stock issuance.
(b) Collect information on the Group's working capital requirement and understand the cash flow positions.
(c) Obtain reports from the department responsible for cash management based upon the liquidity risk management policies stated in (a) and (b) above to monitor cash flow risks.

Liquidity risk arises from financial liabilities settled by transfer of cash and other financial assets. Balances of financial liabilities held by the Group by maturity are as follows;

As at March 31, 2015

	Carrying amount	Contractual cash flow	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Bonds and loans payable	374,771	381,549	265,333	52,765	61,218	227	783	1,223
Trade and other accounts payable	55,005	55,088	53,706	515	361	285	179	42
Liabilities related to securities business	1,960,393	1,960,393	1,960,393	—	—	—	—	—
Customer deposits for banking business	361,102	367,129	337,262	25,670	4,162	35	—	—

As at March 31, 2016

	Carrying amount	Contractual cash flow	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Bonds and loans payable	324,585	329,535	195,078	87,627	46,596	119	101	14
Trade and other accounts payable	38,759	38,915	36,709	751	662	549	244	—
Liabilities related to securities business	1,760,343	1,760,343	1,760,343	—	—	—	—	—
Customer deposits for banking business	386,027	391,323	356,047	32,623	2,634	10	1	8

The Group entered into line of credit agreements (e.g., overdraft facilities) with leading domestic financial institutions to ensure an efficient operating funds procurement and to mitigate liquidity risk.

Contractual amounts and used amounts of overdraft facilities as at each reporting date are as follows:

	March 31, 2015	March 31, 2016
	Millions of Yen	Millions of Yen
Lines of credit	327,850	333,650
Used balance	124,933	51,500
Unused portion	202,917	282,150

9. Trade and Other Accounts Receivable

Trade and other accounts receivable as at March 31, 2015 and 2016, consisted of the following:

	As at March 31, 2015	As at March 31, 2016
	Millions of Yen	Millions of Yen
Trade accounts receivable and installment receivables	8,777	5,003
Loans receivable	297,121	332,862
Operational receivables	14,497	10,819
Deposits in relation to banking business	20,933	19,904
Others	1,131	418
Total	342,459	369,006

Maturity analysis to the collection or the settlement of trade and other accounts receivable as at March 31, 2015 and 2016, consisted of the following:

	As at March 31, 2015	As at March 31, 2016
	Millions of Yen	Millions of Yen
No later than 1 year	171,654	189,930
Later than 1 year	170,805	179,076
Total	342,459	369,006

10. Other Assets Related to Securities Business

Other assets related to securities business as at March 31, 2015 and 2016, consisted of the following:

	As at March 31, 2015	As at March 31, 2016
	Millions of Yen	Millions of Yen
Trade date accrual	564,378	195,905
Short-term guarantee deposits	29,582	43,824
Others	7,735	12,195
Total	601,695	251,924

11. Operational Investment Securities and Other Investment Securities

"Operational investment securities" and "Other investment securities" in the consolidated statement of financial position as at March 31, 2015 and 2016 consisted of the following:

	As at March 31, 2015	As at March 31, 2016
	Millions of Yen	Millions of Yen
Operational investment securities		
Financial assets at FVTPL	114,946	118,886
Total	114,946	118,886
Other investment securities		
Financial assets at FVTPL	131,878	109,109
Financial assets at FVTOCI	1,539	1,158
Financial assets measured at amortized cost	59,647	63,640
Total	193,064	173,907

Investments in equity instrument for the purpose of maintaining and improving business relations with the investees are designated as financial assets at FVTOCI by the Group.

Fair values of financial assets at FVTOCI presented as "Other investment securities" in the consolidated statement of financial position and related dividends income presented as "Revenue" in the consolidated statement of income consisted of the following, respectively:

	As at March 31, 2015	As at March 31, 2016
	Millions of Yen	Millions of Yen
Fair value		
Listed	698	36
Unlisted	841	1,122
Total	1,539	1,158

	For the year ended March 31, 2015	For the year ended March 31, 2016
	Millions of Yen	Millions of Yen
Dividends income		
Listed	7	0
Unlisted	1	1
Total	8	1

Name of investee and related fair values of financial assets at FVTOCI presented as “Other investment securities” in the consolidated statement of financial position mainly consisted of the following:

	As at March 31, 2015	As at March 31, 2016
	Millions of Yen	Millions of Yen
Other investment securities		
Money Forward, Inc.	—	579
Asahi Fire & Marine Insurance Co., Ltd.	213	213
ULS Group, Inc.	385	—
Sunwah Kingsway Capital Holdings Limited	274	—

Fair value at disposal, cumulative gain (net of tax) transferred from other components of equity to retained earnings and dividend income of financial assets at FVTOCI disposed during the years ended March 31, 2015 and 2016 are as follows:

For the year ended March 31, 2015			For the year ended March 31, 2016		
Fair value at disposal	Cumulative gain	Dividend income	Fair value at disposal	Cumulative gain	Dividend income
Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
3	(174)	—	1,019	462	7

Financial assets at FVTOCI are sold (derecognized) to enhance the effective operation and efficiency of assets.

For financial assets at FVTOCI whose significant decline in fair value compared to their acquisition costs is other than temporary, cumulative losses (net of tax) transferred from other components of equity to retained earnings for the year ended March 31, 2015 were ¥10 million.

12. Investments Accounted For Using the Equity Method

(1) Investments in associates

The combined financial information of associates accounted for using the equity method is as follows:

	For the year ended March 31, 2015	For the year ended March 31, 2016
	Millions of Yen	Millions of Yen
Profit for the year attributable to the Group	(147)	(1,435)
Other comprehensive income attributable to the Group	439	(1,513)
Total comprehensive income attributable to the Group	292	(2,948)

	As at March 31, 2015	As at March 31, 2016
	Millions of Yen	Millions of Yen
Book value	17,756	12,938

(2) Investments in joint ventures

The combined financial information of joint ventures accounted for using the equity method is as follows:

	For the year ended March 31, 2015	For the year ended March 31, 2016
	Millions of Yen	Millions of Yen
Profit for the year attributable to the Group	5,218	3,018
Other comprehensive income attributable to the Group	111	(77)
Total comprehensive income attributable to the Group	5,329	2,941

	As at March 31, 2015	As at March 31, 2016
	Millions of Yen	Millions of Yen
Book value	27,699	30,915

13. Structured Entities

The Group conducts investment partnerships and investment trusts for investment activities in Japan and overseas. These investment partnerships and investment trusts raise funds from investors/partners, and provide funding mainly in the form of capital contribution to investees. These investment partnerships are structured in a way that voting rights are not the dominant factor in deciding who controls the partnerships.
The purpose of using the assets and liabilities of the structured entities is restricted by contractual arrangements between the Group and the structured entities.

(1) Consolidated structured entities

Total assets of the consolidated investment partnerships and investment trusts were ¥108,048 million and ¥99,063 million as at March 31, 2015 and 2016, respectively. Total liabilities were ¥1,019 million and ¥2,769 million as at March 31, 2015 and 2016, respectively.

(2) Unconsolidated structured entities

The Group invests in investment partnerships and investment trusts, etc. that third parties have control on their operations.
The Group has not entered into any arrangement to provide financial support for the assets and liabilities of these structured entities. Accordingly, the maximum exposure of loss resulting from our involvement with unconsolidated structured entities is limited to the book value, the details of which are as described below:

	As at March 31, 2015	As at March 31, 2016
	Millions of Yen	Millions of Yen
Operational investment securities	33,705	24,784
Other investment securities	90,772	79,187
Total	124,477	103,971

The maximum exposure indicates the maximum amount of possible loss, but not the possibility of such loss being incurred.

14. Investment Property

The movement of cost and accumulated depreciation and impairment losses of investment property consisted of the following:

Cost	For the year ended March 31, 2015	For the year ended March 31, 2016
	Millions of Yen	Millions of Yen
Balance, beginning of year	38,047	23,272
Acquisitions	2	100
Sales or disposals	(17,515)	(5,194)
Foreign currency translation adjustment on foreign operations	2,738	(1,983)
Balance, end of year	23,272	16,195

Accumulated depreciation and impairment losses	For the year ended March 31, 2015	For the year ended March 31, 2016
	Millions of Yen	Millions of Yen
Balance, beginning of year	(4,852)	(4,794)
Depreciation	(361)	(134)
Impairment losses	(1,518)	(1,317)
Sales or disposals	2,378	1,518
Foreign currency translation adjustment on foreign operations	(441)	559
Balance, end of year	(4,794)	(4,168)

Impairment losses recognized for the years ended March 31, 2015 and 2016 were ¥1,518 million and ¥1,317 million, respectively, due to a significant decline in fair value of certain investment properties, and were recorded in “Other expenses” in the consolidated statement of income. Impairment losses for the year ended March 31, 2015 were recognized in the Asset Management Business.

Impairment losses recognized by segment for the year ended March 31, 2016 were ¥1,205 million in the Asset Management Business and ¥112 million in the Real Estate Business, which is included in “Others.” The recoverable amount of the investment properties is measured at fair value less cost of disposal through real estate valuation.

Carrying amount and fair value

As at March 31, 2015		As at March 31, 2016	
Carrying amount	Fair value	Carrying amount	Fair value
Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
18,478	22,327	12,027	11,953

The fair value as at the end of each reporting period is based on a valuation conducted by independent valuation appraisers with appropriate qualifications, who have had recent experience in local practice for relative categories of assets.
The inputs used for the fair value measurement of investment properties are categorized as Level 3 (unobservable inputs).

Rental income from investment property for the years ended March 31, 2015 and 2016 was ¥784 million and ¥264 million, respectively, which was included in “Revenue” in the consolidated statement of income. Expenses incurred in direct relation to the rental income (including repairs and maintenance) for the years ended March 31, 2015 and 2016, were ¥870 million and ¥585 million, respectively, which were included in “Operating cost” and “Selling, general and administrative expenses”.

15. Property and Equipment

The movements of cost, accumulated depreciation and impairment loss of property and equipment were as follows:

Cost	Buildings	Furniture and fixtures	Land	Others	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at April 1, 2014	7,383	11,252	3,636	1,208	23,479
Acquisition	688	1,383	—	90	2,161
Acquisitions through business combinations	28	43	—	—	71
Sales or disposals	(1,089)	(4,376)	(238)	(13)	(5,716)
Foreign currency translation adjustment on foreign operations	85	427	157	181	850
Others	135	44	—	(52)	127
Balance as at March 31, 2015	7,230	8,773	3,555	1,414	20,972
Acquisition	1,495	2,505	—	57	4,057
Acquisitions through business combinations	9	315	—	—	324
Sales or disposals	(870)	(862)	(1,467)	(176)	(3,375)
Foreign currency translation adjustment on foreign operations	(62)	(372)	(80)	(110)	(624)
Others	200	133	—	(137)	196
Balance as at March 31, 2016	8,002	10,492	2,008	1,048	21,550

Accumulated depreciation and impairment losses	Buildings	Furniture and fixtures	Land	Others	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at April 1, 2014	(2,977)	(7,663)	(456)	(557)	(11,653)
Sales or disposals	484	4,148	—	8	4,640
Depreciation	(552)	(1,346)	—	(157)	(2,055)
Impairment losses	(80)	(15)	(718)	—	(813)
Foreign currency translation adjustment on foreign operations	(18)	(366)	—	(117)	(501)
Balance as at March 31, 2015	(3,143)	(5,242)	(1,174)	(823)	(10,382)
Sales or disposals	527	735	1,132	176	2,570
Depreciation	(689)	(1,224)	—	(170)	(2,083)
Impairment losses	(136)	(110)	—	—	(246)
Foreign currency translation adjustment on foreign operations	9	211	—	149	369
Balance as at March 31, 2016	(3,432)	(5,630)	(42)	(668)	(9,772)

Carrying amount	Buildings	Furniture and fixtures	Land	Others	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at March 31, 2015	4,087	3,531	2,381	591	10,590
Balance as at March 31, 2016	4,570	4,862	1,966	380	11,778

The carrying amount of property and equipment in the above table includes the carrying amount of the following leased assets:

Carrying amount	Buildings	Furniture and fixtures	Total
	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at March 31, 2015	461	1,023	1,484
Balance as at March 31, 2016	689	1,846	2,535

Impairment losses recognized for the years ended March 31, 2015 and 2016 were ¥813 million and ¥246 million, respectively, due to no expectation of initially expected profits and were included in “Other expenses” in the consolidated statement of income. Impairment losses recognized by segment for the year ended March 31, 2015 were ¥34 million in the Financial Services Business, ¥16 million in the Asset Management Business and ¥763 million in the Real Estate Business, which is included in “Others”, respectively. Impairment losses recognized for the year ended March 31, 2016 were ¥204 million in the Financial Services Business and ¥42 million in the Asset Management Business, respectively.

16. Intangible Assets

(1) The movement of cost, accumulated amortization and accumulated impairment losses of intangible assets including goodwill

The movements in cost, accumulated amortization and impairment losses of intangible assets including goodwill for the years ended March 31, 2015 and 2016 were as follows:

Cost	Goodwill	Software	Customer relationship	Others	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at April 1, 2014	163,359	34,507	30,473	1,200	229,539
Acquisitions	—	4,742	—	1,035	5,777
Acquisitions through business combinations	1,767	74	—	—	1,841
Sales or disposals	(8,047)	(4,605)	(29)	(9)	(12,690)
Foreign currency translation adjustment on foreign operations	13,363	661	3,741	79	17,844
Balance as at March 31, 2015	170,442	35,379	34,185	2,305	242,311
Acquisitions	—	6,796	—	239	7,035
Acquisitions through business combinations	5,215	195	1,650	177	7,237
Sales or disposals	(2,729)	(5,556)	—	(1)	(8,286)
Foreign currency translation adjustment on foreign operations	(11,355)	(571)	(2,330)	(52)	(14,308)
Balance as at March 31, 2016	161,573	36,243	33,505	2,668	233,989

Accumulated amortization and impairment losses	Goodwill	Software	Customer relationship	Others	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at April 1, 2014	(9,153)	(17,735)	(5,201)	(1,012)	(33,101)
Sales or disposals	1,901	3,218	30	4	5,153
Amortization	—	(5,735)	(3,206)	(158)	(9,099)
Impairment losses	(862)	(55)	(3,793)	—	(4,710)
Foreign currency translation adjustment on foreign operations	—	(266)	(407)	(71)	(744)
Balance as at March 31, 2015	(8,114)	(20,573)	(12,577)	(1,237)	(42,501)
Sales or disposals	1,105	5,434	—	0	6,539
Amortization	—	(5,584)	(3,127)	(175)	(8,886)
Impairment losses	(1,541)	(416)	—	—	(1,957)
Foreign currency translation adjustment on foreign operations	—	344	887	39	1,270
Balance as at March 31, 2016	(8,550)	(20,795)	(14,817)	(1,373)	(45,535)

Carrying amount	Goodwill	Software	Customer relationship	Others	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at March 31, 2015	162,328	14,806	21,608	1,068	199,810
Balance as at March 31, 2016	153,023	15,448	18,688	1,295	188,454

The carrying amount of software in the above table as at March 31, 2015 and 2016 includes the carrying amount of leased assets of ¥223 million and ¥106 million, respectively. Amortization expenses were recorded in “Operating cost” and “Selling, general and administrative expenses” in the consolidated statement of income.

(2) Impairment losses for each business segment

The Group recognized impairment losses totaling ¥4,710 million and ¥1,957 million for the years ended March 31, 2015 and 2016, respectively, due to no expectation of initially expected profits, and recorded them in “Other expenses” in the consolidated statement of income. Impairment losses recognized by segment for the year ended March 31, 2015 were ¥910 million in the Financial Services Business, ¥7 million in the Asset Management Business and ¥3,793 million in the Biotechnology-related Business, respectively. Impairment losses recognized by segment for the year ended March 31, 2016 were ¥400 million in the Financial Services Business and ¥1,557 million in the Asset Management Business, respectively. The prior-year impairment losses recognized in the Biotechnology-related Business were recognized for certain drug development pipelines (recoverable amount: ¥9,237 million).

(3) Carrying amount of goodwill

Goodwill arising from business combinations is allocated to cash-generating units that are expected to benefit from the synergies of the business combination at the date of acquisition of the business.

Significant goodwill arising from business combinations were ¥116,277 million and ¥105,204 million as at March 31, 2015 and 2016, respectively, related to SBI Savings Bank in the Asset Management Business and ¥24,910 million as at March 31, 2015 and 2016, related to SBI SECURITIES Co., Ltd. in the Financial Services Business.

The recoverable amounts used for impairment test of goodwill and intangible assets are calculated based on the value in use. Value in use is the present value calculated by discounting the estimated cash flows based on the projection approved by management and a growth rate. The business plans are not longer than five years in principle, and reflect the management assessments of future industry trends and historical data based on the external and internal information. The growth rate is determined by considering the long-term average growth rate of the market or the country which the CGU belongs to. The growth rate used for measuring value in use was 5% at the maximum per annum as at March 31, 2015 and 2016. The discount rate used for measuring value in use was 8.2% to 24.0% and 6.4% to 23.7% per annum as at March 31, 2015 and 2016, respectively.

Any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

17. Deferred Taxation

The following are the major deferred tax assets (liabilities) recognized and movements thereon during the years ended March 31, 2015 and 2016:

For the year ended March 31, 2015

	As at April 1, 2013	Recognized through profit or loss	Recognized through other comprehensive income	Change in scope of consolidation	Recognized directly in equity	As at March 31, 2015
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Deferred Tax Assets						
Impairment on financial assets measured at amortized cost	1,585	(269)	—	(348)	—	968
Fixed assets (Note)	586	605	—	(7)	—	1,184
Tax loss carryforwards	4,190	(2,193)	—	(278)	—	1,719
Other	1,810	(967)	—	(312)	411	942
Total	8,171	(2,824)	—	(945)	411	4,813
Deferred Tax Liabilities						
Financial Assets at FVTPL	2,015	2,085	—	959	—	5,059
Financial Assets at FVTOCI	425	—	44	(343)	—	126
Financial Assets measured at amortized cost	—	(150)	—	1,868	—	1,718
Intangible assets	5,370	(2,057)	761	—	—	4,074
Other	816	(222)	—	—	—	594
Total	8,626	(344)	805	2,484	—	11,571

For the year ended March 31, 2016

	As at April 1, 2015	Recognized through profit or loss	Recognized through other comprehensive income	Change in scope of consolidation	Recognized directly in equity	As at March 31, 2016
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Deferred Tax Assets						
Impairment on financial assets measured at amortized cost	968	120	—	(164)	—	924
Fixed assets (Note)	1,184	(370)	—	(1)	—	813
Tax loss carryforwards	1,719	487	—	(230)	—	1,976
Other	942	630	—	—	0	1,572
Total	4,813	867	—	(395)	0	5,285
Deferred Tax Liabilities						
Financial Assets at FVTPL	5,059	2,206	—	—	—	7,265
Financial Assets at FVTOCI	126	—	(122)	—	—	4
Financial Assets measured at amortized cost	1,718	(427)	—	—	—	1,291
Intangible assets	4,074	2,033	(267)	532	—	6,372
Other	594	138	2	(194)	—	540
Total	11,571	3,950	(387)	338	—	15,472

(Note) Fixed assets represent property and equipment, and investment property.

In assessing the recoverability of the deferred tax assets, the Group considers the future taxable temporary differences, projected future taxable income, and tax planning strategies. The tax losses for which deferred tax assets were not recognized as at March 31, 2015 and 2016, were ¥255,133 million (including ¥223,886 million with the carryforward period over 5 years), and ¥276,663 million（including ¥238,036 million with the carryforward period over 5 years), respectively.

The Group recognized deferred tax assets of ¥31 million and ¥1,855 million as at March 31, 2015 and 2016, respectively, associated with certain subsidiaries that had net losses during the years ended March 31, 2015 and 2016. The Group's management assessed that it is probable that tax credit carryforwards and deductible temporary differences will be utilized as the tax losses are not expected to arise on an ongoing basis.

As at March 31, 2015 and 2016, in principle, the Group did not recognize a deferred tax liability on the taxable temporary differences associated with investments in subsidiaries because the Group was in a position to control the timing of the reversal of the temporary differences and it was probable that such differences would not reverse in the foreseeable future. The amount of taxable temporary differences associated with investments in subsidiaries on which deferred tax liabilities were not recognized were ¥113,610 million and ¥117,831 million as at March 31, 2015 and 2016, respectively.

18. Bonds and Borrowings

(1) Details of bonds and borrowings

Bonds and borrowings as at March 31, 2015 and 2016, consisted of the following:

	As at March 31, 2015	As at March 31, 2016	Average interest rate (Note 1)	Due (Note 2)
	Millions of Yen	Millions of Yen	%	
Short-term loans payable	197,268	101,099	0.61	―
Current portion of long-term loans payable	41,323	22,014	0.55	―
Current portion of bonds payable	24,398	70,141	―	―
Long-term loans payable	23,504	56,351	0.59	2017～2022
Bonds payable	88,278	74,980	―	―
Total	374,771	324,585		

Notes:

1. The average interest rate is calculated using the weighted average coupon rate of the outstanding balance as at March 31, 2016.
2. The due represents the repayment term of the outstanding balance as at March 31, 2016.

Details of the bonds were as follows:

Issuer and the name of bond	Date of issuance	As at March 31, 2015	As at March 31, 2016	Interest rate (Note 1)	Due
		Millions of Yen	Millions of Yen	%	
The Company Japanese yen straight bond (Note 2)	February 2015～ January 2016	19,986	39,988	1.42-1.43	February 2016～ January 2017
The Company No.5 Unsecured straight bond	August 2013	29,943	29,983	2.15	August 2016
The Company No.6 Unsecured straight bond	December 2014	29,895	29,932	2.00	January 2018
The Company No.7 Unsecured straight bond	March 2016	—	14,943	1.10	March 2019
The Company Euroyen Convertible Bonds (Note 3)	November 2013	28,321	28,960	—	November 2017
SBI SECURITIES Co., Ltd. Japanese yen straight bond (Note 2)	January 2016～ March 2016	—	1,195	0.34-0.51	September 2016 ～January 2019
SBI Trade Win Tech Co., Ltd. No.1 Unsecured straight bond	March 2014	160	120	1.99	March 2019
SBI Savings Bank Subordinated bond in Korean Won	April 2010	4,371	—	—	July 2015
Total		112,676	145,121		

Notes:

1. Interest rate is the coupon rate of the balance as at March 31, 2016. The interest rate of the bonds hedged with interest rate swap is the interest rate after the swap execution.
2. Total amounts of straight bonds in Japanese yen issued based on euro medium term note program are stated above.
3. The stock acquisition rights of Euroyen convertible bonds are recognized as embedded derivatives. The amount of the stock acquisition rights are separated from the host, measured at fair value, and recorded as capital surplus after tax effects.

(2) Assets pledged as security

Assets pledged for liabilities and contingent liabilities were as follows:

	As at March 31, 2015	As at March 31, 2016
	Millions of Yen	Millions of Yen
Cash and cash equivalents	75	75
Trade and other accounts receivable	9,527	6,695
Other financial assets	6	6
Property and equipment	—	311
Total	9,608	7,087

The corresponding liabilities were as follows:

	As at March 31, 2015	As at March 31, 2016
	Millions of Yen	Millions of Yen
Bonds and borrowings	5,892	5,126

Besides the above, securities received as collateral for financing from broker's own capital of ¥47,810 million and ¥16,321 million were pledged as collateral for borrowings on margin transactions as at March 31, 2015 and 2016, respectively.

19. Trade and Other Payables

The components of trade and other payables were as follows:

	As at March 31, 2015	As at March 31, 2016
	Millions of Yen	Millions of Yen
Accounts payable and notes payable	2,033	2,932
Accounts payable-other	8,348	10,290
Advances received and guarantee deposit received	42,682	22,636
Finance lease liability	1,942	2,901
Total	55,005	38,759

20. Other Liabilities Related to Securities Business

The components of other liabilities related to securities business were as follows:

	As at March 31, 2015	As at March 31, 2016
	Millions of Yen	Millions of Yen
Trade date accrual	384,553	219,114
Deposits for subscription	1,057	1,219
Others	2,551	2,091
Total	388,161	222,424

21. Insurance Contract Liabilities

(1) Risk management system over insurance contracts

The Group engages in the insurance business such as life and casualty insurance and strives to accurately identify, analyze and assess as well as appropriately manage and administer risk relating to insurance contracts in order to secure management stability. The subsidiaries engaged in the insurance business have established a Risk Management Committee which strives to identify a wide range of risks associated with insurance contracts, and regularly and continuously reports to their respective board of directors, etc. about the risks to ensure the effectiveness of risk management. The Group's primary approach to risks relating to insurance contracts is as follows:

(a) Market risk management

Interest rate risk management

Considering the long-term nature of insurance liabilities, the Group invests principally in bonds. For investments in bonds, interest rate fluctuation risk is mitigated by matching the duration of bonds (to the extent of bond price fluctuations due to interest rate fluctuations) with the duration of policy reserves within certain parameters.

Price fluctuation risk management

Regarding market risk management, the Group conducts risk management focusing on indices such as VaR (Value at Risk), which denotes the maximum loss amount expected due to market changes based on the confidence interval, and Basis Point Value (BPV), which denotes price fluctuations in the bond portfolio due to changes in the market interest rate, in addition to identifying risks based on the Solvency Margin Ratio.

(b) Conducting of stress testing

The Group regularly conducts stress testing assuming scenarios such as significant deterioration in the investment environment or the worsening of the incidence rate of insured accidents, in order to analyze the impact on financial soundness, and reports the results of stress testing to the Risk Management Committee, etc.

(c) Insurance underwriting risk

Regarding insurance underwriting risk, the department-in-charge of each company engaged in the insurance business determines its underwriting policies, and conducts risk control by managing the risk portfolio, reforming or abolishing products, establishing the underwriting standards, changing sales policies, designing and arranging reinsurance, etc. Also, SBI Life Insurance Co., Ltd. which became a consolidated subsidiary during the year ended March 31, 2015 has re-started underwriting new contracts beginning February 1, 2016.

(2) Insurance contract liabilities

(a) Details and movements of insurance contract liabilities

Insurance contract liabilities as at March 31, 2015 and 2016, consisted of the following:

	As at March 31, 2015	As at March 31, 2016
	Millions of Yen	Millions of Yen
Claims reserves	15,250	14,484
Policy reserves	154,792	139,649
Total	170,042	154,133

The movements in insurance contract liabilities for the years ended March 31, 2015 and 2016 were as follows:

	For the year ended March 31, 2015	For the year ended March 31, 2016
	Millions of Yen	Millions of Yen
Balance, beginning of year	22,370	170,042
Life insurance business		
Acquisitions through business combinations	147,942	―
Expected cash flows from policy reserves	(2,570)	(18,351)
Interest incurred	29	163
Adjustments	1,091	20
Non-life insurance business		
Insurance premiums	26,269	29,571
Unearned premium	(24,647)	(27,580)
Others	(442)	268
Balance, end of year	170,042	154,133

Net cash outflows by due period resulting from recognized insurance liabilities are as follows:

	Total	No later than 1 year	1 to 3 years	3 to 5 years	Over 5 years
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Insurance contract liabilities	154,133	46,331	32,318	14,216	61,268

(b) Sensitivity to insurance risk

In the life insurance business, the Group records insurance contract liabilities by estimating the present value of all cash flows generated from insurance contracts using the prerequisite conditions at initial recognition.

The prerequisite conditions include discount rates (interest rates), death rates, morbidity rates, renewal rates, business expenses and commission, etc. In the case where increases in death rates, morbidity rates, business expenses and commission are expected, future net income and equity are expected to decrease from the increase in future cash outflows. In the case where the liability adequacy test reveals that insurance contract liabilities are insufficient for the amount of reserves based on the prerequisite conditions at initial recognition, it may be necessary to recognize the effects for the period of increasing insurance contract liabilities at the end of each reporting period.

(3) Concentration of insurance risk

The Group is not exposed to excessively concentrated insurance risk since the insurance contract portfolios are dispersed geographically throughout Japan.

(4) Claims development (difference between actual claim and previous estimates) of non-life insurance business is as follows:

	Accident year				
	2011	2012	2013	2014	2015
Cumulative payments and claim reserves	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
At end of accident year	10,816	14,442	16,518	16,377	18,471
1 year later	10,629	14,418	16,442	16,810	—
2 year later	10,824	14,697	16,513	—	—
3 year later	10,850	14,980	—	—	—
4 year later	11,000	—	—	—	—
Estimate of cumulative claims	11,000	14,980	16,513	16,810	18,471
Less: Cumulative payments to date	10,779	14,633	15,702	15,108	12,915
Claim reserves (gross)	221	347	811	1,702	5,556

22. Leases as Lessee

The Group leases servers for online transaction systems and certain other assets under finance leases. Future minimum lease payments and their present value under finance lease contracts of each payment period as at March 31, 2015 and 2016 were as follows:

	As at March 31, 2015	As at March 31, 2016
	Millions of Yen	Millions of Yen
No later than 1 year		
Future minimum lease payments	648	888
Less: future financial cost	(20)	(63)
Present value	628	825
Later than 1 year and not later than five years		
Future minimum lease payments	1,324	2,193
Less: future financial cost	(47)	(117)
Present value	1,277	2,076
Later than 5 years		
Future minimum lease payments	38	–
Less: future financial cost	(1)	–
Present value	37	–
Total		
Future minimum lease payments	2,010	3,081
Less: future financial cost	(68)	(180)
Present value	1,942	2,901

The Group leases office buildings and certain other assets under operating leases. The total future minimum lease payments recorded as expenses under cancellable or non-cancellable operating lease contracts for the years ended March 31, 2015 and 2016 were ¥5,135 million and ¥5,261 million, respectively.

23. Capital Stock and Other Equity Items

(1) Capital stock and treasury stock

The number of authorized shares as at March 31, 2015 and 2016 was 341,690,000 shares.

The Company's issued shares were as follows:

	For the year ended March 31, 2015	For the year ended March 31, 2016
	shares	shares
Number of issued shares (common shares with no par value)		
As at the beginning of the year	224,561,761	224,561,761
Increase during the year	―	―
As at the end of the year	224,561,761	224,561,761

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

	For the year ended March 31, 2015	For the year ended March 31, 2016
	shares	shares
Number of treasury stock		
As at the beginning of the year	8,078,743	8,046,610
Increase during the year (Notes 1,3)	26,387	10,114,550
Decrease during the year (Notes 2,4)	(58,520)	(949,580)
As at the end of the year	8,046,610	17,211,580

Notes:

1. The increase of 26,387 shares was due to the purchases from shareholders with less than one unit of shares.
2. The decrease of 58,520 shares related to 2,120 shares sold to shareholders with less than one unit of shares, and sales of 56,400 shares to the Employee Stockholding Association.
3. The increase of 10,114,550 shares related to the acquisition of 10,095,200 shares subject to Article 156 of the Companies Act (replacement of the third paragraph of Article 165) and 19,350 shares purchased from shareholders with less than one unit of shares.
4. The decrease of 949,580 shares related to 1,680 shares sold to shareholders with less than one unit of shares, sales of 59,900 shares to the Employee Stockholding Association and appropriation of 888,000 shares for the exercise of stock acquisition rights.

(2) Reserves

a. Capital surplus

Capital surplus of the Group includes additional paid-in capital of the Company, which is legal capital surplus.

Under the Companies Act of Japan ("the Companies Act"), at least 50% of the proceeds of certain issues of common shares shall be credited to common stock. The remainder of the proceeds shall be credited to additional paid-in capital. The Companies Act permits, upon approval of the shareholders meeting, the transfer of amounts from additional paid-in capital to common stock.

b. Retained earnings

Retained earnings of the Group include the reserve of the Company legally required as legal retained earnings.

The Companies Act provides that a 10% dividend of retained earnings shall be appropriated as additional paid-in capital or as legal retained earnings until the aggregate amount of capital surplus and statutory reserve reaches 25% of common stock. The legal retained earnings may be used to eliminate or reduce a deficit or be transferred to retained earnings upon approval of the shareholders meeting.

(3) Other component of equity

The movements of other component of equity were as follows:

	Other component of equity		
	Currency translation differences	Financial assets at FVTOCI	Total
	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at April 1, 2014	16,386	(161)	16,225
Change for the year	20,476	49	20,525
Transfer to retained earnings	—	184	184
Balance as at March 31, 2015	36,862	72	36,934
Change for the year	(19,668)	303	(19,365)
Transfer to retained earnings	—	(462)	(462)
Balance as at March 31, 2016	17,194	(87)	17,107

24. Dividends

Dividends paid were as follows:

Year ended March 31, 2015

	Type of share	Dividend amount (Millions of Yen)	Amount per share (Yen)	Record date	Effective date
Board of Directors' Meeting on May 8, 2014	Common shares	4,340	20	March 31, 2014	June 6, 2014

Year ended March 31, 2016

	Type of share	Dividend amount (Millions of Yen)	Amount per share (Yen)	Record date	Effective date
Board of Directors' Meeting on May 12, 2015	Common shares	7,594	35 (Note)	March 31, 2015	June 8, 2015
Board of Directors' Meeting on October 29, 2015	Common shares	2,121	10	September 30, 2015	December 14, 2015

(Note) The amount per share 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.

Dividends for which the declared date fell in the year ended March 31, 2016, and for which the effective date will be in the year ending March 31, 2017

	Type of share	Dividend amount (Millions of Yen)	Amount per share (Yen)	Record date	Effective date
Board of Directors' Meeting on April 28, 2016	Common shares	7,271	35	March 31, 2016	June 9, 2016

25. Share-based Payment

The Company and certain of its subsidiaries have share-based compensation plans for their directors or employees. The share-based compensation plans are granted to persons resolved by the board of directors based on the approval of the shareholders meeting of the Company or certain of its subsidiaries.

(1) Equity-settled share-based compensation plan (“Stock option”)

Vesting conditions of the stock options include accomplishment of the IPO, the directors or employees holding their positions as directors or employees until the accomplishment of the IPO. Also, certain of the stock options vest upon receipt of cash from the directors or employees for the price equivalent to their fair value.

None of the expenses arising from granted stock options are recorded during the years ended March 31, 2015 and 2016.

The outline of the stock option plans of the Group is as follows:

① The Company

The outline of the Company’s stock option plan is as follows:

	For the year ended March 31, 2015		For the year ended March 31, 2016	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
	Shares	Yen	Shares	Yen
Beginning balance	353,958.50	4,466	7,604,405	1,315
Granted	7,435,700.00	1,247	—	—
Forfeited	(185,253.50)	4,601	(168,705)	4,317
Exercised	—	—	(888,000)	1,247
Unexercised balance	7,604,405.00	1,315	6,547,700	1,247

Notes:

1. The fair value of the stock option granted during the year ended March 31, 2015 was ¥1,518 (The number of shares to be issued per stock acquisition right: 100 shares). The fair value was determined based on the Black-Scholes Model and was evaluated by an external specialist. The following assumptions were used in the Black-Scholes Model regarding the stock options:

Stock price at the grant date	:	¥1,247	Estimated remaining exercise period	:	3.6 years
Exercise price	:	¥1,247	Dividend yield	:	2.0%
Estimated volatility	:	47.1%	Risk free rate	:	0.1%

2. The stock options granted during the year ended March 31, 2015 vest upon receipt of cash for the price equivalent to their fair value.
3. Weighted average stock prices upon exercise of stock options for the year ended March 31, 2016 was ¥1,616.

The unexercised stock options as at March 31, 2016 are as follows:

Name	Exercise price	Number of shares	Expiration date
	Yen	Shares	
SBI Holdings, Inc. 2014 Stock Acquisition Rights	1,247	6,547,700	June 30, 2018

② Subsidiaries

The outline of the Company's subsidiaries' stock option plans is as follows:

(a) Stock option plans which were unvested at the transition date

a-1 SBI Biotech Co., Ltd.

	For the year ended March 31, 2015		For the year ended March 31, 2016	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
	Shares	Yen	Shares	Yen
Beginning balance	710	26,549	280	59,643
Forfeited	(430)	5,000	(180)	90,000
Unvested balance	280	59,643	100	5,000

Notes:

1. There were no vested balances as at March 31, 2016.
2. The exercise period as at March 31, 2016 was defined as 30 months after 6 months passed from the IPO date.

a-2 SBI Japannext Co., Ltd.

	For the year ended March 31, 2015		For the year ended March 31, 2016	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
	Shares	Yen	Shares	Yen
Beginning balance	10,460	77,854	12,251	81,092
Granted	1,791	100,000	―	―
Unvested balance	12,251	81,092	12,251	81,092

Notes:

1. The fair value of the stock option granted during the year ended March 31, 2015 was ¥14,432 (The number of shares to be issued per stock acquisition right: 1 share). The fair value was determined based on Black-Scholes Model. The following assumptions were used in the Black-Scholes Model regarding the stock options:

Stock price at the grant date	:	¥68,496	Estimated remaining exercise period	:	5 years
Exercise price	:	¥100,000	Dividend yield	:	2.0%
Estimated volatility	:	43.3%	Risk free rate	:	0.1%

2. There were no vested balances as at March 31, 2016.
3. The average remaining exercise period as at March 31, 2016 was 2.3 years.（Stock options with exercise period defined as 3 years passed from the IPO date are excluded.）

a-3 Autoc one K.K.

	For the year ended March 31, 2015		For the year ended March 31, 2016	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
	Shares	Yen	Shares	Yen
Beginning balance	2,490	50,040	940	50,106
Forfeited	(1,550)	50,000	(930)	50,000
Change in scope of consolidation	―	―	(10)	60,000
Unvested balance	940	50,106	―	―

a-4 NARUMIYA INTERNATIONAL CO., LTD.

	For the year ended March 31, 2015		For the year ended March 31, 2016	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
	Shares	Yen	Shares	Yen
Beginning balance	3,650	78,557	3,650	78,557
Movement	—	—	—	—
Unvested balance	3,650	78,557	3,650	78,557

Notes:

1. The average remaining exercise period as at March 31, 2016 was 4.3 years.
2. The stock options vest upon receipt of cash for the price equivalent to their fair value.

a-5 SBI AXES Co., Ltd.

	For the year ended March 31, 2015	
	Number of shares	Weighted average exercise price
	Shares	Yen
Beginning balance	165,100	424
Forfeited	(165,100)	424
Unvested balance	—	—

a-6 Morningstar Japan K.K.

	For the year ended March 31, 2015		For the year ended March 31, 2016	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
	Shares	Yen	Shares	Yen
Beginning balance	—	—	1,676,700	267
Granted	1,676,700	267	—	—
Exercised	—	—	(177,000)	267
Unexercised balance	1,676,700	267	1,499,700	267

Notes:

1. The fair value of the stock option granted during the year ended March 31, 2015 was ¥536 (The number of shares to be issued per stock acquisition right: 100 shares). The fair value was determined based on the Black-Scholes Model and was evaluated by an external specialist. The following assumptions were used in the Black-Scholes Model regarding the stock options:

Stock price at the grant date	:	¥267	Estimated remaining exercise period	:	3.5 years
Exercise price	:	¥267	Dividend yield	:	1.6%
Estimated volatility	:	37.3%	Risk free rate	:	0.01%

2. The stock options vest upon receipt of cash for the price equivalent to their fair value.
3. Weighted average stock price of stock options upon exercise for the year ended March 31, 2016 was ¥318.
4. The average remaining exercise period as at March 31, 2016 was 2.2 years.

a-7 SBI MONEYPLAZA Co., Ltd.

For the year ended March 31, 2016

	Number of shares	Weighted average exercise price
	Shares	Yen
Beginning balance	—	—
Granted	885,200	971
Unvested balance	885,200	971

Notes:

1. The fair value of the stock option granted during the year ended March 31, 2016 was ¥5,975 (The number of shares to be issued per stock acquisition right: 100 shares). The fair value was determined based on a binominal Model and was evaluated by an external specialist. The following assumptions were used in a binominal Model regarding the stock options:

Stock price at the grant date	:	¥760	Estimated remaining exercise period	:	2 years
Exercise price	:	¥971	Dividend yield	:	0.00%
Estimated volatility	:	30.4%	Risk free rate	:	0.04%

2. The average remaining exercise period as at March 31, 2016 was 1.1 years.

a-8 BroadBand Security, Inc.

For the year ended March 31, 2016

	Number of shares	Weighted average exercise price
	Shares	Yen
Beginning balance	—	—
Change in scope of consolidation	21,740,000	4
Unvested balance	21,740,000	4

Notes:

1. The average remaining exercise period as at March 31, 2016 was 1.5 years.

(b) Stock option plans which were vested before the transition date

The following stock options were vested before the transition date, thus the Group does not apply IFRS 2 "Share-based Payment".

b-1 SBI Life Living Co., Ltd.

	For the year ended March 31, 2015	
	Number of shares	Weighted average exercise price
	Shares	Yen
Beginning balance	374,540	533
Change in scope of consolidation	(374,540)	533
Unexercised balance	—	—

b-2 Morningstar Japan K.K.

	For the year ended March 31, 2015		For the year ended March 31, 2016	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
	Shares	Yen	Shares	Yen
Beginning balance	75,000	445	75,000	445
Forfeited	—	—	(75,000)	445
Unexercised balance	75,000	445	—	—

(2) Cash-settled share-based compensation plan

Certain of subsidiaries of the Company have cash-settled share-based compensation plans for their directors or employees. The compensation is made in the form of cash-settled payments based on the difference between the exercise price and the stock price as at the exercise date.

The expenses arising from granted cash-settled share-based compensation plan for the year ended March 31, 2016 were ¥11 million, which was recorded in "Selling, general and administrative expenses". The corresponding liability as at March 31, 2016 was ¥14 million, which was recorded in "Other financial liabilities".

The outline of the cash-settled share-based compensation plan of the Group is as follows:

SBI AXES Co., Ltd.

	For the year ended March 31, 2015		For the year ended March 31, 2016	
	Number of rights	Weighted average exercise price	Number of rights	Weighted average exercise price
	Shares	Yen	Shares	Yen
Beginning balance	—	—	153,113	259
Granted	154,440	259	—	—
Forfeited	(1,327)	259	(20,074)	259
Unexercised balance	153,113	259	133,039	259

Notes:

1. The exercise price of the compensation plan granted during the year ended March 31, 2015 was the weighted average closing price for the most recent three months as of the grant date.
2. The average remaining exercise period as at March 31, 2016 was 3.3 years.

26. Revenue

Revenue for the years ended March 31, 2015 and 2016 consisted of the following:

	For the year ended March 31, 2015	For the 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

Notes:

1. Interest income in financial income arises from financial assets measured at amortized cost.
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. (currently, ARUHI Corporation) and SBI Life Living Co., Ltd. (currently, Wavedash Co., Ltd.).
3. Gain on bargain purchase for the year ended March 31, 2015 arose from the purchase of SBI Life Insurance Co., Ltd.

27. Expense

Expense for the years ended March 31, 2015 and 2016 consisted of the following:

(1) Financial cost associated with financial income

	For the year ended March 31, 2015	For the year ended March 31, 2016
	Millions of Yen	Millions of Yen
Financial cost associated with financial income		
Interest expense		
Financial liabilities measured at amortized cost	(16,610)	(15,836)
Total financial cost associated with financial income	(16,610)	(15,836)

(2) Operating cost

	For the year ended March 31, 2015	For the year ended March 31, 2016
	Millions of Yen	Millions of Yen
Payroll	(6,658)	(7,413)
Outsourcing fees	(3,118)	(3,025)
Depreciation and amortization	(1,153)	(1,264)
Cost arising on insurance contracts	(23,037)	(32,626)
Others	(30,053)	(39,364)
Total operating cost	(64,019)	(83,692)

(3) Selling, general and administrative expenses

	For the year ended March 31, 2015	For the year ended March 31, 2016
	Millions of Yen	Millions of Yen
Payroll	(25,499)	(27,343)
Outsourcing fees	(16,960)	(16,640)
Depreciation and amortization	(10,352)	(9,774)
Research and development	(2,685)	(4,613)
Others	(36,543)	(38,276)
Total selling, general and administrative expenses	(92,039)	(96,646)

(4) Other financial cost

	For the year ended March 31, 2015	For the year ended March 31, 2016
	Millions of Yen	Millions of Yen
Other financial cost		
Interest expense		
Financial liabilities measured at amortized cost	(5,512)	(4,442)
Total other financial cost	(5,512)	(4,442)

(5) Other expenses

	For the year ended March 31, 2015	For the year ended March 31, 2016
	Millions of Yen	Millions of Yen
Impairment loss on non-financial assets	(7,041)	(3,520)
Foreign exchange loss	(1,728)	(2,947)
Others (Note)	(2,478)	(4,017)
Total other expenses	(11,247)	(10,484)

(Note) Others for the year ended March 31, 2016 includes the loss on sales of investment in subsidiaries amounting to ¥709 million, which arose mainly from the sale of SBI Card Co., Ltd.

28. Income Tax Expense

The amount of income tax expenses for the years ended March 31, 2015 and 2016 were as follows:

	For the year ended March 31, 2015	For the year ended March 31, 2016
Income tax expense	Millions of Yen	Millions of Yen
Current	(21,273)	(12,478)
Deferred	(2,480)	(3,083)
Total income tax expense	(23,753)	(15,561)

The Company and its domestic subsidiaries are subject to mainly a national corporate tax, an inhabitants tax, and an enterprise tax, which, in aggregate, resulted in a normal effective statutory tax rate of 33.1%. Foreign subsidiaries are subject to the income taxes of the countries in which they operate.

A reconciliation between the normal effective statutory tax rates and the Group's average effective tax rate reflected in the accompanying consolidated statement of income for the years ended March 31, 2015 and 2016 is as follows:

	For the year ended March 31, 2015	For the year ended March 31, 2016
	%	%
Normal effective statutory tax rate	35.6	33.1
Expenses not deductible for income tax purposes	1.4	0.5
Tax effect on minority interests of investments in fund	2.6	(2.1)
Temporary differences arising from consolidation of investments	5.2	(1.5)
Change in valuation allowance	(9.1)	(3.9)
Other	2.0	3.7
Average effective tax rate	37.7	29.8

29. Other Comprehensive Income

Amounts recorded during the year, reclassification adjustments and income tax effects on each item of other comprehensive income for the years ended March 31, 2015 and 2016 were as follows:

For the year ended March 31, 2015

	Amount recorded during the year	Reclassification adjustment	Amount before income tax	Income tax effect	Amount after income tax
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Items that will not be reclassified subsequently to profit or loss					
FVTOCI financial assets	96	—	96	(44)	52
Items that may be reclassified subsequently to profit or loss					
Currency translation differences	22,783	(591)	22,192	(761)	21,431
Total	22,879	(591)	22,288	(805)	21,483

For the year ended March 31, 2016

	Amount recorded during the year	Reclassification adjustment	Amount before income tax	Income tax effect	Amount after income tax
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Items that will not be reclassified subsequently to profit or loss					
FVTOCI financial assets	179	—	179	122	301
Items that may be reclassified subsequently to profit or loss					
Currency translation differences	(19,958)	54	(19,904)	—	(19,904)
Total	(19,779)	54	(19,725)	122	(19,603)

30. 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:

	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	20,030,713
Weighted average number of ordinary shares after the dilutive effect (shares)	236,448,076	233,128,552
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.

31. Cash Flow Information

Supplemental disclosure of cash flow information for the years ended March 31, 2015 and 2016 was as follows:

(1) Expenditures on acquisition of subsidiaries

The amounts of payments for acquisition of subsidiaries were ¥14,204 million and ¥4,594 million for the years ended March 31, 2015 and 2016, respectively. Cash and cash equivalents held by the subsidiaries at the acquisition date were ¥7,555 million and ¥1,372 million, respectively.

(2) Proceeds from sales of subsidiaries

Total consideration received in respect of sales of subsidiaries was ¥39,411 million and ¥4,005 million for the years ended March 31, 2015 and 2016, respectively. Amounts of major classes of assets and liabilities of subsidiaries at the date of sale were as follows:

	For the year ended March 31, 2015	For the year ended March 31, 2016
	Millions of Yen	Millions of Yen
Cash and cash equivalents	9,274	3,455
Trade and other receivables	77,798	4,177
Other assets	16,239	1,229
Total assets	103,311	8,861
Bonds and loans payable	67,735	2,000
Trade and other payables	4,736	1,702
Other liabilities	6,774	2,095
Total liabilities	79,245	5,797

32. Subsidiaries

Major subsidiaries of the Group as at March 31, 2016 were as follows:

Business segment	Name	Location	Voting Rights Holding Ratio (%)
			%
Financial Services Business	SBI FINANCIAL SERVICES Co., Ltd.	Japan	100.0
	SBI SECURITIES Co., Ltd.	Japan	100.0 (100.0)
	SBI Liquidity Market Co., Ltd.	Japan	100.0 (100.0)
	SBI FXTRADE Co., Ltd.	Japan	100.0 (100.0)
	SBI MONEYPLAZA Co., Ltd.	Japan	100.0 (100.0)
	SBI Japannext Co., Ltd.	Japan	52.8 (9.9)
	SBI Insurance Co., Ltd	Japan	98.1
	SBI Life Insurance Co., Ltd.	Japan	100.0 (5.0)
Asset Management Business	SBI Capital Management Co., Ltd.	Japan	100.0
	SBI Investment Co., Ltd.	Japan	100.0 (100.0)
	SBI CAPITAL Co., Ltd.	Japan	100.0 (100.0)
	SBI Value Up Fund No.1 Limited Partnership	Japan	49.8 (6.5)
	SBI VEN HOLDINGS PTE. LTD.	Singapore	100.0
	SBI KOREA HOLDINGS CO., LTD.	Korea	100.0 (100.0)
	SBI Global Asset Management Co., Ltd.	Japan	100.0
	Morningstar Japan K. K.	Japan	49.5 (49.5)
	SBI Asset Management Co., Ltd.	Japan	100.0 (100.0)
	SBI Estate Finance Co., Ltd. (formerly CEM Corporation Co., Ltd.)	Japan	100.0 (57.1)
	SBI Savings Bank	Korea	98.9 (98.9)
Biotechnology-related Business	SBI ALA Hong Kong Co., Ltd.	Hong Kong	100.0 (100.0)
	SBI Pharmaceuticals Co., Ltd.	Japan	76.9 (76.9)
	SBI ALApromo Co., Ltd.	Japan	100.0 (100.0)
	SBI Biotech Co., Ltd.	Japan	78.6 (71.8)

Notes:

1. In the "voting rights holding ratio" column, when the subsidiary is an investment partnership or the like, the investment percentage is provided. The figure in the parentheses represents the indirect holding ratio of voting rights or indirect investment ratio included in the total.
2. Major changes in the scope of consolidation are as follows.
   ・Deconsolidated company due to share sales: SBI Card Co., Ltd.

33. Related Party Transactions

The remuneration of key management personnel of the Company for the years ended March 31, 2015 and 2016

	For the year ended March 31, 2015	For the year ended March 31, 2016
	Millions of Yen	Millions of Yen
Remuneration and bonuses	873	469
Post-employment benefits	2	4
Total	875	473

34. Contract Liabilities

The Group has entered into loan agreements with the customers in accordance with the condition of the contracts. The total amount of loan commitments amounted to ¥32,242 million and ¥18,315 million, with an unused portion of ¥19,311 million and ¥9,545 million, as at March 31, 2015 and 2016, respectively.

However, contracts are revised regularly upon changes to customer's credit condition and other matters considered necessary to ensure secure credit facilities. Thus, the unused portion of the commitment will not affect the Group's future cash flow.

35. Events after the Reporting Period

There were no significant events after the reporting period.