Analysis of Business Results for the Fiscal Year

In the business environment surrounding the SBI Group during the current period, domestic stock market conditions were on a moderately rising trend initially due to the postponement of the consumption tax hike, but it fell sharply in response to the U.K. decision to withdraw from the EU in June 2016. Meanwhile, after the U.S. presidential election in November, there were sharp fluctuations in market prices, such as the depreciating yen and the appreciating stock prices, which greatly advanced from the expectations of the new administration's economic stimulus measures. Since then, despite the fact that lessened expectation for the new administration's stimulus measures, and European political uncertainties affecting a moderate yen appreciation effectively put a lid on upper limits, with the backdrop of a solid corporate performance, the stock market conditions remained relatively steady. Overseas, the major country stock markets also remained sluggish, owing to uncertainties in the policy trends and monetary policy of the new U.S. administration, along with the decline in China's economic growth rate and geopolitical factors, such as political tensions in the Middle East.

Under these circumstances, the Group's consolidated results of operations for the fiscal year ended March 31, 2017 were as follows: Operating revenue increased 0.1% year-on-year to ¥261,939 million, profit before income tax expense decreased 17.4% year-on-year to ¥43,139 million, and profit attributable to owners of the Company decreased 4.9% year-on-year to ¥32,455 million.

Financial Service Business

Operating revenue of the Financial Services Business increased 6.5% year-on-year to ¥176,989 million, and profit before income tax expense declined 3.8% year-on-year to ¥48,853 million.

SBI SECURITIES Co., Ltd. maintained a stable expansion of its customer base, as the total number of accounts reached approximately 3,840 thousand as of the end of the fiscal year under review, for an increase of approximately 276 thousand accounts from the end of the previous fiscal year. Performance-wise, trading gains for the company increased by 37.1% from the previous fiscal year due to the expansion of foreign exchange (FX) transactions, while the total individual stock brokerage trading value for Japan's two major stock markets (TSE and NSE) decreased 16.4% year-on-year. As a result, brokerage commissions for the company decreased by 9.1% from the previous fiscal year, and profit before income tax expense (based on IFRSs) for the current term decreased by 12.7% from the previous year to ¥33,043 million.

SBI Insurance Co., Ltd. continued to see significant growth in the number of contracts for auto insurance, and a thorough cost reduction effort led to an increase in profit before income tax expense (based on IFRSs) of 46.7% year-on-year to ¥132 million.

SBI Sumishin Net Bank, Ltd., accounted for by the equity method, achieved a total deposit balance of ¥4,006.1 billion, with the number of accounts steadily increasing by 2,827 thousand as of the end of March 31, 2017. However, the bank recorded a loss on valuation of securities to fluctuations in the market price of government bonds held. As a result, investment income under the equity method declined 5.9% year-on-year to ¥3,185 million.

Asset Management Business

Operating revenue of the Asset Management Business decreased 12.2% year-on-year to ¥80,392 million, and profit before income tax expense declined 21.0% year-on-year to ¥13,940 million. In the fiscal year ended March 31, 2017, there were 87 new listings (excluding the number of listings on the TOKYO PRO Market) in Japan, while overseas, the number of new listings continued on a downward trend. A total of 14 investee companies of the SBI Group transacted IPO and M&A deals (4 companies in Japan and 10 companies overseas), with respect to the Asset Management Business.

Meanwhile, a valuation loss was recorded as a result of fluctuations in fair value measurement of stock prices, primarily of investee companies. However, at SBI SAVINGS BANK of South Korea, which became a consolidated subsidiary in March 2013, and has completed a business revitalization, its performance supported the entire Asset Management Business' results, owing to a significantly increasing balance of performing loans that established a stable earnings base.

Biotechnology-related Business

Operating revenue of the Biotechnology-related Business rose 37.5% year-on-year to ¥5,530 million, and profit before income tax expense was a loss of ¥9,574 million (loss of ¥6,572 million for the fiscal year ended March 31, 2016). The losses widened, owing to an increase in cost due to the steady progress in multiple clinical trials at Quark Pharmaceuticals, Inc., including two Phase III pipeline drugs. On the other hand, owing to revenues from out-licensing with Kyowa Hakko Kirin Co., Ltd, SBI Biotech Co., Ltd. achieved its first full-year profitability since its establishment.

SBI Pharmaceuticals Co., Ltd., which is the core entity of the 5-Aminolevulinic Acid ("5-ALA")-related business, also achieved its first full-year profit since its founding, owing to the out-licensing of diabetes and malaria therapeutic drugs and the receipt of a contract lump sum due to the provision of exclusive marketing rights for intravenous diagnostic agent "ALAGLIO® Granule 1.5g" for bladder cancer. In addition, SBI ALApromo Co., Ltd. released its first food with function claims containing 5-ALA "ALA Plus Tou (Sugar) Down," in December 2015, as a result of which the number of stores handling 5-ALA-related products sharply increased, and sales rapidly increased by approximately 2.3 times compared to the previous fiscal year, owing to an increase in sales to directly-sold subscription customers and of products jointly developed with RIZAP Co., Ltd.

Cash Flows

As at March 31, 2017, total assets amounted to ¥3,850,001 million, an increase of ¥723,217 million, from total assets of ¥3,126,784 million as at March 31, 2016. The Group's equity decreased by ¥3,539 million to ¥415,524 million from the fiscal year ended March 31, 2016. As at March 31, 2017, the Group's cash and cash equivalents amounted to ¥391,572 million, for an increase of ¥143,522 million from that of ¥248,050 million as at March 31, 2016. The changes of cash flows for each activity and the reasons for changes are as follows:

Operating Cash Flows

Cash flows from operating activities amounted to ¥17,952 million in net cash outflows (¥32,478 million in net cash inflows for the fiscal year ended March 31, 2016). The net cash outflows were primarily due to a ¥105,238 million cash outflow from an increase in accounts receivables and other receivables and a ¥29,362 million cash outflow from an increase in operational investment securities, despite a ¥87,149 million cash inflow from an increase in customer deposits in the banking business, and a ¥43,139 million cash inflow from profit before income tax expense.

Investing Cash Flows

Cash flows from investing activities amounted to ¥2,437 million in net cash inflows (¥11,179 million in net cash inflows for the fiscal year ended March 31, 2016). The net cash inflows were primarily due to a ¥62,854 million cash inflow from proceeds from sales or redemption of investment securities, and a ¥7,091 million cash inflow from payments of loans receivable, despite a ¥66,523 million cash outflow from purchases of investment securities.

Financing Cash Flows

Cash flows from financing activities amounted to ¥159,467 million in net cash inflows (¥76,230 million in net cash outflows for the fiscal year ended March 31, 2016). The net cash inflows were primarily due to a ¥161,178 million cash inflow from an increase in short-term loans payable, a ¥102,325 million cash inflow from proceeds from issuance of bonds payable and a ¥30,462 million cash inflow from proceeds from long-term loans payable, despite a ¥74,930 million cash outflow from redemption of bonds payable, with a ¥25,574 million cash outflow from repayment of long-term loans payable.

Forward-looking descriptions provided herein are based on judgments of the Company as of June 29, 2017.

Risk Factors

Business risks related to business conditions, financial status and other risk factors that may potentially have significant influence on investment decisions are included below. From the point of information disclosure, the Group has also listed risk factors below, which may not completely match such investment decisions. In recognizing these latent risks, the Group will work to avoid any such risks and take appropriate measures in the event that any such risk arises.

1) The Group's corporate structure, which consists of a large number of public and private companies in multiple business lines, exposes the Group to challenges not found in companies with a single business line

The Group consists of portfolio companies operating in multiple industries, including Financial Services, Asset Management, Biotechnology-related Businesses, and other businesses. The Group also comprises of some publicly listed subsidiaries. Owing to the diverse characteristics of the portfolio companies, the Group faces challenges not found in companies with a single business line. In particular, there are three aspects:

- the Group is exposed to business, market and regulatory risks relating to different industries. The Group needs to devote substantial resources to monitor changes in different operating environments, in order to react with appropriate strategies that fit the needs of the portfolio companies affected;
- due to the large number of portfolio companies involved, successful operation of the Group requires an effective management system that emphasizes accountability, imposes financial discipline on portfolio companies and creates value-focused incentives for management. As the Group continues to grow through acquisitions of businesses in an increasing number of diverse industries, its operations will become more complex, which increases the difficulty of implementing its management system; and
- its portfolio companies in different operating segments may determine that it is in their respective shareholders' interests to pursue business ventures together. However there is no assurance that such business ventures will be successful or generate the synergies expected.

2) The Group's voting interests in its portfolio companies may be diluted

The Group's portfolio companies may become publicly traded, which will dilute the Group's voting interests in these entities. In addition, the Group's portfolio companies may from time to time need additional capital to achieve their growth strategy or other business objectives, and may issue additional shares or other equity securities to meet their capital needs. The Group may choose not to, or be unable to, subscribe for the securities offered in any such additional issuances by its portfolio companies. If the Group fails to subscribe for additional securities of a portfolio company on a pro-rata basis to its existing shareholding in such company, the equity interest in the portfolio company will be diluted.

A dilution in the Group's equity interest in a portfolio company would reduce its share of the profits earned by such a portfolio company, which may have an adverse effect on its financial condition and results of operations. Further, if the Group's ownership is reduced significantly, it may cause its representation on such company's annual general meeting to be reduced, or otherwise reduce its ability to direct or influence the operations of that portfolio company.

3) The growth expected in the market for the Group's online products and services may not materialize

The market in Japan for online financial products and services continues to evolve. The Group's success depends substantially on continued growth in the use of online products and services, such as online brokerage services, Internet banking, Internet-based insurance products, and services for individuals. If this growth does not materialize, the Group's financial condition and results of operations may be adversely affected. Factors that could discourage Japanese individuals from using online products and services include security or privacy concerns, inconsistent quality of service and frustration with actual or perceived difficulties in using the Internet to conduct brokerage and other financial transactions.

4) Changes in the legal or financial stability of, or cultural or business strategic differences with, any counterparties with whom the Group enters into joint ventures or alliances

The Group operates joint ventures and enters into alliances with foreign and domestic counterparties. The success of these operations is often dependent upon the financial and legal stability of its counterparties. If one of the counterparties with whom the Group operates a joint venture, or continues a business alliance with suffers a decline in its financial condition for any reason, or is subject to instability owing to a change to the laws governing its operations after an investment has been made in the joint venture or the business alliance, the Group may be unable to successfully operate the joint venture or alliance, or may be required to invest additional capital or cease operations altogether. Likewise, significant differences in corporate culture and business strategy between the Group and such partners may come to light, and may result in significant changes to the assumptions that the Group had made when deciding to enter into the joint venture or alliance. If the joint ventures or counterparties are unable to perform as expected, or if any unexpected events relating to the alliances occur, then the Group may be unable to continue those businesses successfully. The Group's inability to successfully operate joint ventures or alliances may adversely affect its reputation and its financial condition and results of operations.

5) Risks relating to business reputation

The Group is vulnerable to poor market perception and reputational risk, since it operates in industries where integrity and the trust and confidence of its clients are of utmost importance. Negative publicity (whether or not justified) associated with the Group or any of the funds, products and services offered by it, and its officers or employees, partners or alliances, or the occurrence of any of the risks set out in this section may result in a loss of clients and/or mandates. The Group's business operations are highly dependent on its officers, employees, partners, and/or alliances. The actions, misconduct, omissions, failures, or breaches of any of its officers or employees, partners and/or alliances may, by association, create negative publicity in relation to the Group. Accordingly, any mismanagement, fraud or failure to discharge legal, contractual, regulatory or fiduciary duties, responsibilities, liabilities or obligations, or the negative perception resulting from such activities, or any allegation of such activities, may have an adverse effect on the Group's business, growth prospects, results of operations, and/or financial condition. This may adversely affect the Group's financial condition and results of operations.

In addition, with the Group's business expansion and increasing publicity, if there are fraudulent persons or acts, which use trade names of the Group companies, the Group may be negatively affected by rumors regardless of lack of fault. This may adversely affect the Group's financial condition and results of operations.

6) Risks relating to business restructuring and expansion

As a "Strategic Business Innovator", one of the Group's basic policies involves working to perpetuate "Self Evolution."

In addition to business restructurings, the Group intends to aggressively pursue business expansion, including mergers and acquisitions ("M&A") of businesses that it believes offer favorable synergies with its core businesses. The Group faces the risk that its restructurings and business expansion activities may not produce the results that it expects. Failure to achieve expected results may have an adverse effect on the Group's financial condition and results of operations.

The Group may not be able to identify suitable investment opportunities, partners or acquisitions candidates. Even if the Group identifies suitable investment opportunities, partners or acquisitions candidates, it may be unable to negotiate terms that are commercially acceptable, or complete those transactions at all. With respect to its acquisitions, the Group may have difficulty in integrating these companies or businesses, including internal operations, distribution networks, product lines, and personnel, with its existing business, and there is no assurance that the expected strategic benefits of any acquisitions or alliances will be realized. The acquired companies may have low margins and require significant restructuring to increase their efficiency. In addition, the key personnel of an acquired company may decide not to work for the Group. The acquired company may involve a number of specific risks, including diversion of management's attention, higher costs, unanticipated events or circumstances, legal liabilities, failure of the business of the acquired company, fall in value of investments, and impairment of goodwill and other acquired intangible assets, some or all of which may have an adverse effect on the Group's business, financial condition and results of operations. In the event that the Group plans to acquire or invest in other companies, it may be required to obtain the prior approval of the relevant regulators and/or the government, and there can be no assurance that such approvals will be obtained in a timely manner, or at all. In addition, any acquisition of an overseas company will expose the Group to foreign exchange risks, foreign regulations applicable to its business and different environments that it may not be familiar with. In the event that such risk arises, it may adversely affect the Group's financial condition and results of operations.

In addition, the Group raises working capital through various means, including equity finance in the capital markets, share exchange, loans from financial institutions, and issuances of corporate bonds, etc. If a significant amount of such funding is raised by way of debt, the Group's funding cost may increase due to factors such as a downgrade of the Group's credit ratings. Any of these factors may adversely affect the Group's financial condition and results of operations.

7) Risks relating to entering new businesses

Based on the management principle of "Endeavoring to Become a New Industry Creator", the Group is aggressively creating and nurturing new businesses. If the new businesses are unable to achieve their business plans as originally formulated, and if they are unable to record earnings commensurate with their initial investments, such failure may have an adverse effect on the financial condition and results of operations of the Group. In addition, the new businesses may become subject to new laws and regulations, or be placed under the guidance of particular regulatory authorities. Any violations by the new businesses of the laws, regulations, or guidance that is applicable to them, and any administrative or legal actions directed at them, may impede the conduct of their operations, and have an adverse effect on the Group's financial condition and results of operations.

8) Risks relating to a financial conglomerate

The Group is classified as a financial conglomerate as defined by the regulations of Japanese Financial Services Agency (the "FSA"). As a result, it is further strengthening its risk management and compliance systems in order to maintain financial soundness, and to conduct business activities properly. However, if subjected to an administrative action or other punishment by the FSA, for whatever reason, the Group may have difficulty conducting its business operations, or its financial condition and results of operations may be adversely affected.

9) Risks relating to investment securities

The Group holds a significant amount of investment securities, including investments in associates. It may experience impairment losses on its investment securities as a result of declines in their value subject to the stock and bond market conditions, which may adversely affect the Group's financial condition and results of operations.

10) Litigation risk

The Group is exposed to litigation risk relating to the operations of its business segments on an ongoing basis. While the outcome of any pending or future litigation cannot be foreseen, given the inherent unpredictability of litigation, it is possible that an adverse outcome in any one or more matters may have an adverse effect on the Group's financial condition and results of operations.

11) Risk relating to risk management and internal control

The Group has established risk management and internal control systems and implementation procedures. Certain areas within the risk management and internal control systems may require constant monitoring, maintenance and continual improvements by the Group's senior management and staff. If the efforts to maintain these systems are found to be ineffective or inadequate, the Group may be subject to sanctions or penalties, and its business prospects and reputation may be adversely affected.

The internal control system, no matter how sophisticated in design, still contains inherent limitations caused by misjudgment or fault. As such, there is no assurance that the risk management and internal control systems are adequate or effective notwithstanding the Group's efforts, and any failure to address any internal control matters and other deficiencies may result in investigations and/or disciplinary actions, or even prosecution being taken against the Group and/or its employees, disruption to the risk management system, and an adverse effect on the Group's financial condition and results of operations.

12) Risks relating to funding and liquidity

The Group raises working capital through various means, including equity finance in the capital markets, loans from financial institutions, and issuances of corporate bonds. Owing to the global economic crisis and the resulting deterioration in the global credit markets, including reduced lending by financial institutions, the Group may face difficulty raising funds under favorable conditions, or at all. In addition, potential downgrades to the Group's credit ratings could interfere with its ability to raise funds from external sources. In such circumstances, the Group's access to funds may be restricted, and the financing costs may increase. Any such events may adversely affect the Group's financial condition and results of operations.

13) Derivatives risk

The Group utilizes derivative instruments to reduce investment portfolio price fluctuations, and to manage interest rate and foreign exchange rate risk. However, it may not be able to successfully manage its risks through the use of such derivatives. Counterparties may fail to honor the terms of their derivatives contracts with the Group. Alternatively, the Group's ability to enter into derivative transactions may be adversely affected if its credit ratings are downgraded.

The Group may also suffer losses from trading activities, a part of which includes the use of derivative instruments, and as a result, its financial condition and results of operations may be adversely affected.

14) Partial dependence on payments from the subsidiaries and other entities

The Group depends in part on dividends, distributions and others from its subsidiaries and other entities, such as partnerships and other investment vehicles, to fund payments, including its debt obligations. Regulatory and other legal restrictions, including contractual restrictions, may limit the Group's ability to transfer funds to or from the subsidiaries and other entities. Some of the subsidiaries and other entities which the Group depends on, in part, for payments are subject to laws and regulations that authorize regulatory bodies to block or reduce the flow of funds within the Group, or that prohibit such transfers altogether in certain circumstances. These laws and regulations may hinder the ability to access funds that the Group may need to make payments on its obligations, which may adversely affect the Group's financial condition and results of operations.

15) Reliance on key personnel

The Group's business operations depend on the leadership of the Company's Representative Director, President and Chief Executive Officer, Yoshitaka Kitao, and other key members of the Group's management team. If one or more of the key personnel of the current management team becomes unable to continue operating the Group's businesses, such an event may adversely affect the Group's financial condition and results of operations. Any remedial action adopted by management to deal with a loss of key personnel may not take effect immediately, or at all.

16) Risks relating to employees

The Group employs personnel who are highly skilled and qualified, in its opinion, to work under the management team. If the Group is unable to continue to employ highly skilled and qualified personnel of the requisite caliber and skills, this may adversely affect its financial condition and results of operations.

17) Risks relating to trademarks and other intellectual property rights

The Group's businesses involve various types of intellectual property, including trademark rights, patents, copyrights, and other forms of intellectual property, particularly those related to "the SBI" brand. The Group relies on its ability to protect the intellectual property it owns and uses in its business. If it fails to sufficiently protect its intellectual property, or if it is unable to acquire the necessary licenses for the use of third-party intellectual property, the Group may experience difficulty in developing technologies or providing services. The Group may also become the subject of legal actions brought by third parties alleging infringement of their intellectual property. In addition, the Group may experience increased costs in connection with intellectual property, especially those related to patent. Such additional costs may have an adverse effect on its financial condition and results of operations.

18) Risks relating to enactment of, or changes in, laws, regulations and accounting standards

Enactment of, or changes in, laws and regulations may affect the way that the Group conducts its business, the products or services that it may offer in Japan or abroad, as well as the customers, borrowers, portfolio companies and funding sources. Such enactment or changes are unpredictable, and as a result of such enactment or changes, the Group's business activities, financial condition and results of operations may be adversely affected.

Withdrawal or amendment of any regulatory approval, or of any exemption from registration in respect of any part of the Group's activities, or any of its funds in any jurisdiction might compel termination of a particular business, or change the way in which it is conducted. Similarly, the withdrawal of either a license or an approval of one or more individuals would hinder their ability to perform their current role. The carrying on of regulated activities by unauthorized persons may have a number of consequences to the Group's business operations, including the possibility of agreements made in the course of carrying on such activities being unenforceable.

Enactment of, or changes in, accounting standards may have a significant effect on how the Group records and reports its financial condition and results of operations, even if the underlying business fundamentals remain the same. As a result of such enactment or changes, its business activities, financial condition and results of operations may be adversely affected.

19) Risks relating to deferred tax assets

Temporary differences arising between the financial statements and the tax basis of assets and liabilities are posted to deferred tax assets, using the statutory effective tax rate applied when the difference is resolved.

If there is a tax reform and change in the statutory effective tax rate, the Group may reduce or increase the deferred tax assets. Such events may adversely affect the Group's financial condition and results of operations.

A valuation allowance is provided for deferred tax assets, if it is more likely than not that these items will either expire before the Group can realize their benefits, or that future deductibility is uncertain. Losses carried forward can be posted as deferred tax assets to the extent of the amount recoverable, and the Group posts deferred tax assets based on the assumption of recoverability.

Each Group company calculates the estimated future recoverable tax amount based on the expected amount of future taxable income. While the Group presumes that it is possible to realize the deferred tax assets after the valuation allowance, the amount of valuation allowance may fluctuate depending on changes in the expected amount of future taxable income. Such changes may adversely affect the Group's financial condition and results of operations.

20) Risks relating to insurance coverage

To manage operating risks, the Group companies may be covered by various insurance policies. However, there can be no assurance that all claims under such insurance policies will be honored fully, or on time. Furthermore, the Group is generally unable to insure against certain types of losses, including losses caused by earthquakes, typhoons, floods, wars and riots, and does not have business interruption insurance. To the extent that any of its portfolio companies suffer a loss or damage that is not covered by insurance, or that exceeds the limit of its insurance coverage, the Group's financial condition and results of operations and cash flows may be adversely affected.

21) Past results may not be indicative of future performance

The Group's historical financial information may not necessarily reflect its financial condition, or results of operations in the future. Slower growth may be expected in some of its businesses and it may not be successful in launching new businesses. New businesses may not achieve as quick, or as significant a growth as anticipated, and the Group's multiple business strategy may not be successful, and it may not be able to successfully integrate future businesses, or assets into the existing operations. Such cases may result in significant interruptions to, or an adverse effect on the Group's financial condition and results of operations.

22) Risk associated with natural disasters, such as an earthquake, terrorist attack or other casualty event, in Japan or other markets in which the Group operates

A substantial portion of the Group's assets, as well as its head office, are located in Japan and a substantial portion of the net assets are derived from its operations in Japan. The Group's overseas operations are subject to similar or other disaster risks.

Additionally, large disasters, outbreaks, terrorist attacks, or other casualty events affecting the Group's operational network, either in Japan or abroad, may disrupt the operations even in the absence of direct physical damage to the Group's properties. Due to a material economic downturn in the affected area or country caused by such disasters, the Group's financial condition and results of operations may be adversely affected.

23) Risks relating to the Group's investments, development of the Group's business, funding and legal regulations in overseas operations

The Group is actively investing and promoting business development in overseas countries, as such, the Group is exposed to risks relating to increasing cost or loss unique to overseas business, owing to factors that differ from those in Japan, such as systems including but not limited to laws and regulations, business practice, economic status, corporate culture, consumer attitude, and other related matters in the overseas countries. The Group conducts its investment and business development operations in the overseas countries upon careful investigation and examination, followed by appropriate measures to mitigate any related risks. Nevertheless, if events occur that the Group could not initially foresee, then those events may adversely affect the Group's financial condition and results of operations.

Additionally, since the foreign shareholder ownership ratio of the Company remains high, it may be deemed that the Group is conducting financing activities in foreign countries, regardless of the Group's intention. As a result, the Group may be affected by foreign laws and regulations, particularly those concerning investor protection, and this may cause the Group's expenses to increase and restrict its business. Furthermore, the Group may increase foreign currency debt financing to hedge against foreign currency risks by borrowing from overseas financial institutions, or by issuing corporate bonds in overseas countries. Although the Group will conduct such financing upon careful investigation and examination of associated risk, events may nevertheless occur that the Group could not initially foresee, which may adversely affect the Group's financial condition and results of operations.

Recently, in addition to the above, the application of laws and regulations in overseas countries, such as the Bribery Act in the U.K. and the Foreign Corrupt Practices Act in the U.S., might extend to the Group in other countries including Japan. The Group has responded to a variety of these laws and regulations after carefully investigating and examining them, but unexpected events may occur, since there are few precedents. Such cases may adversely affect the Group's financial condition and results of operations.

24) There is no guarantee of the accuracy of facts and statistics with respect to certain information obtained from official governmental sources and other data

Facts and statistics relating to Japan, the Japanese economy and the financial sector (including the financial services industry), and other sectors in which the Group operates are derived from official government or other industry sources, and are generally believed to be reliable. However, the Group cannot guarantee the quality or reliability of any such information, as it has not prepared, or verified the accuracy of the information received from such sources. The Group makes no representation as to the accuracy, or completeness of such facts and statistics from these sources. Furthermore, there can be no assurance that these sources have stated, or compiled such facts and figures on the same basis, or with the same degree of accuracy, or completeness, as may be the case elsewhere. In all cases, stakeholders should not unduly rely on these facts and statistics.

25) Risks with respect to transactions with anti-social forces

In order to preclude any transaction with a party that is suspected to have a relationship with an anti-social force, the Group has taken necessary measures with the objective of precluding all transactions with anti-social forces by, prior to entering into a new transaction, confirming whether any information with respect to a relationship with an anti-social force exists, and obtaining a representation and a letter in relation to the counterparty, of a pledge to the effect that the counterparty to the transaction is not an anti-social force. However, despite the Group's strict investigations, there may be cases where the Group has not been able to preclude a transaction with an anti-social force. If such transaction is found, the Group's business may be restricted, or suspended by regulatory or other authorities, etc., or the Group may be subject to a disposition, or order such as an administrative monetary penalty payment order, and its social reputation may also be impaired.