Summary

(Translation)

FIELDS CORPORATION
Summary of Financial Information and Business Results (Consolidated) for the Year Ended March 31, 2017 (Japan GAAP)

May 9, 2017
Listed on: TSE 1st

Company Name:	FIELDS CORPORATION (URL: http://www.fields.biz/)
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Planned Date for Ordinary General Meeting of Shareholders:	June 21, 2017
Planned Date for Start of Dividend Payment:	June 22, 2017
Planned Date for Submittal of the Financial Statements Report:	June 21, 2017
Full year earnings supplementary explanatory materials:	Yes
Full year earnings presentation:	Yes (For institutional investors and security analysts)

(Rounded down to the nearest million)

1. Consolidated business results for the year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(1) Consolidated operating results (Percentage figures denote year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2017	76,668	(18.8)	(5,374)	—	(9,068)	—	(12,483)	—
Year ended March 31, 2016	94,476	(5.1)	1,411	(70.4)	1,380	(74.9)	118	(96.1)

(Note) Comprehensive income Year ended March 31, 2017: ¥(13,159) million (—%)
Year ended March 31, 2016: ¥159 million (94.7%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating margin
	Yen	Yen	%	%	%
Year ended March 31, 2017	(376.19)	—	(25.1)	(10.5)	(7.0)
Year ended March 31, 2016	3.58	—	0.2	1.4	1.5

(Reference) Equity in net income of affiliates Year ended March 31, 2017: ¥(3,866) million
Year ended March 31, 2016: ¥(962) million

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2017	80,397	43,227	52.5	1,272.48
Year ended March 31, 2016	92,478	58,291	62.0	1,726.88

(Reference) Shareholders' equity Year ended March 31, 2017: ¥42,225 million
Year ended March 31, 2016: ¥57,304 million

(3) Cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2017	(7,319)	(3,927)	2,136	23,090
Year ended March 31, 2016	13,353	(2,191)	5,214	32,200

2. Dividends

	Annual dividends					Total dividend (annually)	Payout ratio (consolidated)	Dividend on equity ratio (consolidated)
	Q1-end	Q2-end	Q3-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2016	—	25.00	—	25.00	50.00	1,659	1,398.1	2.8
Year ended March 31, 2017	—	25.00	—	25.00	50.00	1,659	—	3.3
Year ending March 31, 2018 (Forecast)	—	25.00	—	25.00	50.00		—	

3. Forecast of consolidated earnings for the fiscal year ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(Percentage figures denote year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full-year	82,000–85,000	7.0–10.9	1,000–2,000	—	0–2,000	—	0–1,000	—	0–30.14

(Note) FIELDS CORPORATION discloses a full-year business forecast, as it manages its business performance on an annual basis.

***Notes**

(1) Transfer of important subsidiaries during the year under review (Transfer of specific subsidiaries that results in a change in the scope of consolidation): No

(2) Changes in accounting principles, accounting procedures, presentation method and other factors

1) Changes due to the revision to the accounting standards, etc.: Yes
2) Changes due to any reason other than those in 1) above: No
3) Changes in accounting estimates: No
4) Revisions/restatements: No

(3) Number of shares issued (common stock)

1) Number of shares issued at end of year (including treasury stock)

Year ended March 31, 2017	34,700,000 shares
Year ended March 31, 2016	34,700,000 shares

2) Number of shares of treasury stock at end of year

Year ended March 31, 2017	1,516,300 shares
Year ended March 31, 2016	1,516,200 shares

3) Average number of shares outstanding (quarterly consolidated cumulative period)

Year ended March 31, 2017	33,183,718 shares
Year ended March 31, 2016	33,183,800 shares

(Reference) Overview of non-consolidated business results

Non-consolidated business results for the year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(1) Non-consolidated operating results

(Percentage figures denote year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2017	64,155	(23.5)	(5,685)	—	(5,213)	—	(13,559)	—
Year ended March 31, 2016	83,829	(3.9)	353	(90.9)	1,401	(68.4)	(137)	—

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended March 31, 2017	(408.63)	—
Year ended March 31, 2016	(4.13)	—

(Note) Certain differences have arisen between individual operating results and the results for the previous fiscal year. The reasons for these are given in “1. Overview of operating results (1) Overview of operating results for the year ended March 31, 2017.”

* Summaries of Financial Information and Business Results are not subject to audit.

* Explanation of the appropriate usage of forecast earnings and other specific matters

The above forecast relies on judgments and assumptions based on information available as of the date of announcement of this material, and is subject to changes in risks, uncertainties, and economy, and other factors that could cause actual results to be materially different from expectations. Please refer to “1. Overview of operating results (4) Future outlook ” on page 5 of the attached documents for the assumptions on which the forecast relies.

The Company is planning to hold a results briefing for institutional investors and analysts on Wednesday, May 10, 2017. Materials distributed at that briefing will be posted on the Company’s website after the briefing as soon as possible.

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1. Overview of operating results

(1) Overview of operating results for the year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

The Fields Group has set out a corporate philosophy, "The Greatest Leisure for All People." To achieve this goal, the Group makes an effort to plan, develop, and provide products and services that will enrich the hearts of people, aimed at realizing sustainable growth.

Under its medium- to long-term growth strategy, the Group carries out a cyclical business in which it develops intellectual property (IP), such as characters and stories that are the bases of entertainment, across multimedia formats, including comics, visuals, games and pachinko/pachislot machines.

In the fiscal year under review, in order to enhance IP value and improve profitability, the Group concentrated investments in a series of IP that are expected to become major products or that can be serialized, and focused on the expansion of IP on a domestic and global scale through cooperation with its business partners both in Japan and overseas. Please refer to "Full-Year Earnings Supplementary Explanatory Materials for the Year Ended March 31, 2017" for the initiatives for individual IPs in each field.

The Group's operating environment and operating results during the fiscal year under review are as follows.

The Company posted net sales of ¥76,668 million (down 18.8% year-over-year).

In the pachinko/pachislot field, which is the Group's core field of business, the market for pachinko/pachislot machines is continuously shrinking, due to a series of regulations triggered by changes in the model certification test method for pachislot machines in 2014.

In the pachinko/pachislot machines market during the first half of the fiscal year under review, in addition to the impact of regulations, there was also an impact from the moratorium on replacement of machines for the duration of the G7 Ise-Shima Summit in May 2016, and as a consequence, the number of pachinko and pachislot machines sold both fell when compared to the same period of the previous year. During the second half of the period, in the pachinko field, as the December 2016 deadline approached for removing "pachinko machines with possible performance variance from test machines," demand for replacing machines picked up during the October–December period, and despite the subsequent downturn in demand during the January–March period, the number of machines sold in the pachinko market was steady when compared to the same period of the previous year. As for pachislot machines, although there was a certain demand for proven machine series, it seems there is some way to go before the machines on offer fully meet customer needs. Consequently, a downward trend continued in the number of machines sold in the pachislot market during the second half of the fiscal year under review. As a result, the total number of machines sold in the pachinko/pachislot sales market during the fiscal year under review amounted to approximately 2.48 million (source: FIELDS CORPORATION), or a 15% decrease from the same period of the previous year.

Under such circumstances, the Group released 15 pachinko/pachislot titles, with a focus on major titles targeting the New Year holiday shopping season during which demand was expected to increase. 2 of the major titles released in December demonstrated steady sales. Another 1 title released in January was coupled with multimedia expansion, including not only the creation of pachinko/pachislot machines but also film adaptation, resulting in additional orders being received immediately after their installation. Moreover, the number of machines sold per title continued to exceed the market average, owing mainly to the Group's strength in marketing.

However, orders were sluggish for some of the pachislot titles released in the January–March period due to the effects of a slump in demand. In addition, as stated in the "Notification of Revisions to Performance Forecast," announced on January 20, 2017, the release of 6 titles, which had been scheduled for this period, was postponed to at least the next period. As a result of the above, the numbers of pachinko and pachislot machines sold during the fiscal year under review were 155,000 (down 6,000 year-over-year) and 87,000 (down 38,000 year-over-year) respectively, totaling 243,000 (down 45,000 year-over-year), and net sales decreased year-over-year.

The Company posted operating loss of ¥5,374 million (versus operating income of ¥1,411 million for the same period of the previous year).

In the pachinko/pachislot field, as a consequence of the aforementioned decrease in the number of pachinko/pachislot machines sold, profit decreased significantly. Furthermore, at a subsidiary engaged in the development of pachinko/pachislot machines, revenues also decreased year-over-year due to the effects of decreased market demand and the postponed release of titles.

In the games field, there has been a conspicuous slowdown in growth and increase in competition in the social games market, and development and operating costs have continued upward due to an increase in titles utilizing IP and the increased functionality of smartphones.

Amid such circumstances, titles leveraging leading IP in social games continued to contribute to the Group's earnings. However, due to the impact of delays in the release of new titles and the suspension of development of some consumer games, earnings fell below the same period of the previous year.

In the visual field, with the rise of new platforms including SVOD (Subscription Video On Demand), it is anticipated that the market will expand remarkably both in Japan and overseas.

Under such circumstances, with the cooperation of major companies in the entertainment industry and with SVOD operators mainly in the United States and China, the Group released visual projects of seven IP during the current fiscal year. As a result, there was an increase in the visual-related amortization expense, plus an increase in production expenses for certain large projects undertaken by affiliates, leading to a loss being temporarily recorded.

In the license field, there has been a flurry of movement across the market to open up new opportunities both in Japan and overseas, such as the new usage of popular characters and licensing such characters in apparel for adults.

Under such circumstances, the Group has strengthened cooperation with major companies in various business areas in order to expand areas for the IP business and to establish a new licensing business. In addition, the Group promoted activities to establish partnership mainly in Asia, aiming to find market opportunities overseas. These efforts led to an increase in royalty revenue from the licensing of "Ultraman Series" and other IP compared to the same period of the previous year.

Furthermore, selling, general and administrative expenses decreased from the same period of the previous year due to the progress made in selection and concentration of businesses, and management optimization.

As a result of these factors, the Company posted operating loss mentioned above.

The Company posted ordinary loss of ¥9,068 million (versus ordinary income of ¥1,380 million for the same period of the previous year).

In addition to factors for the operating loss mentioned above, two equity-method affiliates engaged in the development and manufacturing of pachinko/pachislot machines experienced the effects of decreased market demand and a delay in realizing profits due to the postponed release of titles, leading to decreased revenue. Moreover, allowances for doubtful accounts and so on were also recorded for some companies for which the equity method has been applied. This resulted in an equity method investment loss of ¥3,866 million as a non-operating expense.

The Company posted a loss before income taxes and minority interests of ¥10,517 million (versus income before income taxes and minority interests of ¥901 million for the same period of the previous year).

In addition to factors for the ordinary loss mentioned above, as a result of progress made in management optimization and in selection and concentration of businesses with a view to the future, the Company incurred an impairment loss of ¥620 million and a loss on disposal of fixed assets of ¥239 million, and subsidiaries incurred litigation charges of ¥352 million. As a result, the Company recorded extraordinary losses of ¥1,517 million.

Furthermore, as a result of reversing deferred tax assets and recording deferred income taxes of ¥1,269 million, the Company posted a net loss attributable to owners of parent of ¥12,483 million (versus net income attributable to owners of parent of ¥118 million for the same period of the previous year).

(Note) The product names included in this report are the trademarks or registered trademarks of the respective companies.

(2) Overview of financial position for the year ended March 31, 2017

(Unit: Millions of yen)

	Current fiscal year-end (as of March 31, 2017)	Previous fiscal year-end (as of March 31, 2016)	Year-over-year change
Total assets	80,397	92,478	(12,080)
Total liabilities	37,170	34,186	2,983
Total net assets	43,227	58,291	(15,064)

(Assets)

Current assets amounted to ¥45,856 million, down ¥7,077 million year-over-year. The principal factor behind this was a decrease in cash and cash equivalents.

Tangible fixed assets amounted to ¥10,366 million, down ¥1,081 million year-over-year. The principal factors behind this were decreases in buildings and structures and in land.

Intangible fixed assets amounted to ¥2,469 million, down ¥1,277 million year-over-year. The principal factors behind this were decreases in software and in software under development.

Investments and other assets amounted to ¥21,705 million, down ¥2,643 million year-over-year. This was mainly due to decreases in security investments and long-term loans.

As a result of the above, total assets amounted to ¥80,397 million, down ¥12,080 million year-over-year.

(Liabilities)

Current liabilities amounted to ¥20,475 million, down ¥9,334 million year-over-year. The principal factor behind this was a decrease in short-term borrowings.

Fixed liabilities amounted to ¥16,694 million, up ¥12,318 million year-over-year. This was mainly due to an increase in long-term borrowings.

As a result of the above, total liabilities amounted to ¥37,170 million, up ¥2,983 million year-over-year.

(Net assets)

Net assets amounted to ¥43,227 million, down ¥15,064 million year-over-year. This primarily reflected a decrease in retained earnings.

(3) Cash flows

During the fiscal year under review, cash and cash equivalents (hereinafter referred to as “cash”) decreased by ¥9,109 million year-over-year, amounting to ¥23,090 million at the end of the year ended March 31, 2017.

Cash flow for the year ended March 31, 2017 and contributing factors are as follows:

(Unit: Millions of yen)

	Current fiscal year (Year ended March 31, 2017)	Previous fiscal year (Year ended March 31, 2016)	Year-over-year change
Cash flows from operating activities	(7,319)	13,353	(20,673)
Cash flows from investing activities	(3,927)	(2,191)	(1,735)
Cash flows from financing activities	2,136	5,214	(3,077)

(Cash flows from operating activities)

Net cash used in operating activities amounted to ¥7,319 million (¥13,353 million of revenue for the same period of the previous fiscal year). This was mainly due to a loss before income taxes and minority interests of ¥10,517 million, an increase in notes and accounts receivable—trade of ¥5,249 million, and an equity method investment loss of ¥3,866 million.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥3,927 million (¥2,191 million of expenditure for the same period of the previous fiscal year). This was mainly due to expenditure for loans totaling ¥4,640 million, proceeds from repayments of loans totaling ¥2,037 million, and expenditure for equity investment totaling ¥969 million.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to ¥2,136 million (¥5,214 million of revenue for the same period of the previous fiscal year). This was mainly attributable to proceeds from long-term borrowings totaling ¥15,500 million, a decrease in short-term borrowings of ¥11,133 million, and dividends paid totaling ¥1,659 million.

(Reference) Trends of cash flow indicators

	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2017
Shareholders’ equity ratio (%)	51.2	55.6	53.9	62.0	52.5
Shareholders’ equity ratio at market value (%)	48.2	47.4	55.0	67.4	47.7
Interest-bearing debt/cash flow ratio (years)	0.1	0.0	—	0.9	—
Interest coverage ratio (times)	742.2	1,490.4	—	439.0	—

Shareholders’ equity ratio: Shareholders’ equity/Total assets

Shareholders’ equity ratio at market value: Aggregate market value (based on the closing stock price at the end of the year)/Total assets

Interest-bearing debt/cash flow ratio: Interest-bearing debt/Operating cash flow

Interest coverage ratio: Operating cash flow/Interest expense

(Notes)
1. All of the above indicators are calculated for their respective values on a consolidated basis.
2. Aggregate market value is calculated based on the number of shares issued excluding treasury stock.
3. Interest-bearing debt indicates all the liabilities for which interest is paid posted in the consolidated balance sheets.
4. Interest-bearing debt/cash flow ratio and interest coverage ratio are not stated in the case of negative operating cash flows.

(4) Future outlook

[1] Forecasts for next fiscal year

(Unit: Millions of yen)

	Forecast for the year ending March 31, 2018	Results for the year ended March 31, 2017	YoY
Net sales	82,000–85,000	76,668	7.0%–10.9% increase
Operating income	1,000–2,000	(5,374)	-
Ordinary income	0–2,000	(9,068)	-
Net income attributable to owners of parent	0–1,000	(12,483)	-

The next fiscal year is the first year of the 3-year mid-term management plan. First, various measures will be implemented to achieve recovery of short-term performance.

However, in the pachinko/pachislot field, which is the Group's core field of business, as there are some uncertain elements in the plan for machine sales and in the market environment, figures have been presented above in a range of values.

While we will make every effort for the recovery of short-term performance, the Group will also continue to implement selection and concentration while increasing business efficiency with a mid-term view. In this process, we have created an income plan that takes into account the risks.

In financial terms, the Group will sufficiently ensure health and reliability, and is progressing toward achievement of the mid-term management plan across the entire Group.

The Company plans to outline these measures at a briefing for analysts and institutional investors on May 10, 2017, and to promptly post them on its website following this briefing.

These figures will be posted on: http://www.fields.biz/ir/e/

[2] Fundamental corporate policy for distributing profits and dividends for the current and next fiscal years

The Company regards the enhancement of corporate value as a principal management task, and its fundamental policy is to pay dividends at an appropriate level that corresponds with profits. Specifically, dividends are determined on the basis of such factors as cash flow conditions and we will aim to achieve a consolidated payout ratio of 20% or more. The Company makes every effort to effectively use retained earnings for investments to enhance its financial condition, strengthen the management foundation, expand businesses continually and secure a competitive edge.

Moreover, while the full year forecast for this period indicates negative results, we plan to continue to offer the dividends shown below, taking into account the mid-term management plan and the above basic policy.

1) Fiscal year ended March 31, 2017: Interim dividend of ¥25 (implemented)/year-end dividend of ¥25 (planned)/annual dividend per share of ¥50 (planned)

2) Fiscal year ending March 31, 2018: Interim dividend of ¥25 (planned)/year-end dividend of ¥25 (planned)/annual dividend per share of ¥50 (planned)

2. Basic Approach to Selecting Accounting Standards

The Group has determined that financial statements prepared according to Japanese standards are appropriate in light of current business conditions. We plan to appropriately address the adoption of IFRS after considering conditions in Japan and overseas.

3. Consolidated financial statements and important notes

(1) Consolidated balance sheets

(Unit: Millions of yen)

	Fiscal year ended March 31, 2016 (as of March 31, 2016)	Fiscal year ended March 31, 2017 (as of March 31, 2017)
Assets		
Current assets		
Cash and cash equivalents	32,200	23,190
Notes and accounts receivable—trade	8,562	12,727
Electronically recorded monetary claims—operating	1,142	2,108
Merchandise and products	346	650
Work in process	2,596	686
Raw materials and supplies	78	87
Merchandising rights advances	2,121	2,398
Deferred tax assets	724	136
Other current assets	5,181	3,943
Allowance for doubtful accounts	(20)	(73)
Total current assets	52,934	45,856
Fixed assets		
Tangible fixed assets		
Buildings and structures	6,325	5,282
Accumulated depreciation	(3,514)	(2,929)
Net amount of buildings and structures	2,811	2,352
Machinery, equipment and vehicles	86	85
Accumulated depreciation	(20)	(41)
Net amount of machinery, equipment and vehicles	66	43
Tools, furniture and fixtures	4,520	4,094
Accumulated depreciation	(3,570)	(3,458)
Net amount of tools, furniture and fixtures	949	636
Land	7,550	7,206
Construction in progress	70	127
Total tangible fixed assets	11,447	10,366
Intangible fixed assets		
Goodwill	1,298	1,007
Other intangible fixed assets	2,448	1,461
Total intangible fixed assets	3,746	2,469
Investments and other assets		
Investment securities	9,716	8,223
Long-term loans	9,729	8,156
Deferred tax assets	1,618	496
Other assets	4,477	4,972
Allowance for doubtful accounts	(1,193)	(144)
Total investments and other assets	24,348	21,705
Total fixed assets	39,543	34,540
Total assets	92,478	80,397

(Unit: Millions of yen)

	Fiscal year ended March 31, 2016 (as of March 31, 2016)	Fiscal year ended March 31, 2017 (as of March 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	12,749	12,792
Short-term borrowings	11,414	281
Current portion of long-term borrowings	8	2,600
Accrued income taxes	690	126
Accrued bonuses	375	357
Accrued bonuses to directors and auditors	214	—
Reserve for returned goods unsold	22	22
Provision for losses on contracts	77	—
Other current liabilities	4,256	4,295
Total current liabilities	29,809	20,475
Fixed liabilities		
Long-term borrowings	—	12,607
Net defined benefit liability	643	615
Other fixed liabilities	3,732	3,471
Total fixed liabilities	4,376	16,694
Total liabilities	34,186	37,170
Net assets		
Shareholders' equity		
Common stock	7,948	7,948
Capital surplus	7,994	7,994
Retained earnings	44,177	30,035
Treasury stock	(1,821)	(1,821)
Total shareholders' equity	58,298	44,156
Accumulated other comprehensive income		
Unrealized holding gain on available-for-sale securities	(862)	(1,836)
Foreign currency translation adjustment	(2)	0
Remeasurements of defined benefit plans	(130)	(94)
Total accumulated other comprehensive income	(994)	(1,930)
Non-controlling interest	987	1,002
Total net assets	58,291	43,227
Total liabilities and net assets	92,478	80,397

(2) Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income

(Unit: Millions of yen)

	Fiscal year ended March 31, 2016 (April 1, 2015–March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016–March 31, 2017)
Net sales	94,476	76,668
Cost of sales	68,995	59,027
Gross profit	25,480	17,641
Selling, general and administrative expenses		
Advertising expenditures	4,118	3,904
Salaries	6,248	6,033
Provision for accrued bonuses	231	222
Retirement benefit expenses	125	149
Outsourcing expenses	2,370	2,232
Travel and transport expenses	573	542
Depreciation and amortization	1,547	1,221
Rents	2,072	1,981
Provision to allowance for doubtful accounts	1	42
Amortization of goodwill	326	322
Provision for accrued bonuses to directors and auditors	191	—
Others	6,262	6,362
Total selling, general and administrative expenses	24,069	23,015
Operating income (loss)	1,411	(5,374)
Non-operating income		
Interest income	67	88
Dividend income	178	182
Discounts on purchases	485	159
Lease income	91	65
Gain on management of investment securities	183	0
Distributions from investments	101	67
Others	131	208
Total non-operating income	1,238	774
Non-operating expenses		
Interest expenses	30	41
Equity method investment loss	962	3,866
Amortization of equity investment	138	158
Financing expenses	8	252
Others	128	149
Total non-operating expenses	1,269	4,468
Ordinary income (loss)	1,380	(9,068)

(Unit: Millions of yen)

	Fiscal year ended March 31, 2016 (April 1, 2015–March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016–March 31, 2017)
Extraordinary income		
Gain on sale of shares in affiliates	—	20
Gain on sale of fixed assets	40	27
Gain on sales of investment securities	198	—
Gain on liquidation of affiliates	—	19
Others	—	0
Total extraordinary income	238	68
Extraordinary losses		
Loss on litigation charges	89	352
Loss on disposal of fixed assets	55	239
Impairment loss	79	620
Loss on valuation of equity investment	—	78
Loss on waiver of receivables from affiliates	161	16
Loss on valuation of shares in affiliates	144	8
Provision to allowance for doubtful accounts of affiliates	175	54
Others	13	148
Total extraordinary losses	717	1,517
Income (loss) before income taxes and minority interests	901	(10,517)
Corporate, inhabitant and enterprise taxes	1,243	437
Deferred income taxes	(816)	1,269
Total income taxes	427	1,707
Net income (loss)	474	(12,225)
Net income attributable to non-controlling interests	356	257
Net income (loss) attributable to owners of parent	118	(12,483)

Consolidated statements of comprehensive income

(Unit: Millions of yen)

	Fiscal year ended March 31, 2016 (April 1, 2015–March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016–March 31, 2017)
Net income	474	(12,225)
Other comprehensive income		
Unrealized holding gain on available-for-sale securities	(293)	(972)
Foreign currency translation adjustment	(0)	2
Remeasurements of defined benefit plans, before tax	(20)	35
Total other comprehensive income	(314)	(933)
Comprehensive income	159	(13,159)
(Breakdown)		
Comprehensive income attributable to owners of parent	(196)	(13,419)
Comprehensive income attributable to non-controlling interests	356	260

(3) Consolidated statement of change in net assets

Fiscal year ended March 31, 2016 (April 1, 2015–March 31, 2016)

(Unit: Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	7,948	7,994	46,049	(1,821)	60,171
Amount of changes during the year					
Dividends from surplus			(1,991)		(1,991)
Net income attributable to owners of parent			118		118
Repurchase of company stock					—
Change in equity by purchase of investments in consolidated subsidiaries		(0)			(0)
Net amount of changes in items not included in shareholders' equity during the year					
Total amount of changes during the year	—	(0)	(1,872)	—	(1,873)
Balance at end of the year	7,948	7,994	44,177	(1,821)	58,298

	Accumulated other comprehensive income				Non-controlling interest	Total net assets
	Unrealized holding gain on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the year	(567)	(1)	(109)	(679)	753	60,246
Amount of changes during the year						
Dividends from surplus						(1,991)
Net income attributable to owners of parent						118
Repurchase of company stock						—
Change in equity by purchase of investments in consolidated subsidiaries						(0)
Net amount of changes in items not included in shareholders' equity during the year	(294)	(0)	(20)	(315)	233	(81)
Total amount of changes during the year	(294)	(0)	(20)	(315)	233	(1,954)
Balance at end of the year	(862)	(2)	(130)	(994)	987	58,291

Fiscal year ended March 31, 2017 (April 1, 2016–March 31, 2017)

(Unit: Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	7,948	7,994	44,177	(1,821)	58,298
Amount of changes during the year					
Dividends from surplus			(1,659)		(1,659)
Net income (loss) attributable to owners of parent			(12,483)		(12,483)
Repurchase of company stock				(0)	(0)
Change in equity by purchase of investments in consolidated subsidiaries					—
Net amount of changes in items not included in shareholders' equity during the year					
Total amount of changes during the year	—	—	(14,142)	(0)	(14,142)
Balance at end of the year	7,948	7,994	30,035	(1,821)	44,156

	Accumulated other comprehensive income				Non-controlling interest	Total net assets
	Unrealized holding gain on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the year	(862)	(2)	(130)	(994)	987	58,291
Amount of changes during the year						
Dividends from surplus						(1,659)
Net income (loss) attributable to owners of parent						(12,483)
Repurchase of company stock						(0)
Change in equity by purchase of investments in consolidated subsidiaries						—
Net amount of changes in items not included in shareholders' equity during the year	(974)	2	35	(936)	14	(921)
Total amount of changes during the year	(974)	2	35	(936)	14	(15,064)
Balance at end of the year	(1,836)	0	(94)	(1,930)	1,002	43,227

(4) Consolidated statements of cash flows

(Unit: Millions of yen)

	Fiscal year ended March 31, 2016 (April 1, 2015–March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016–March 31, 2017)
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	901	(10,517)
Depreciation and amortization	2,273	1,760
Impairment loss	79	620
Amortization of goodwill	326	322
Increase (decrease) in allowance for doubtful accounts	159	72
Increase (decrease) in accrued bonuses	(3)	(17)
Increase (decrease) in accrued bonuses to directors and auditors	(68)	(214)
Increase (decrease) in net defined benefit liability	(96)	64
Interest and dividend income	(245)	(271)
Discounts on purchases	(485)	(159)
Equity method investment loss (gain)	962	3,866
Interest expense	30	41
Amortization of equity investment	264	616
Loss (gain) on sales of investment securities	(198)	—
Decrease (increase) in notes and accounts receivable—trade	36,663	(5,249)
Decrease (increase) in inventories	86	1,533
Decrease (increase) in merchandising right advances	939	(276)
Decrease (increase) in prepaid expenses	271	426
Decrease (increase) in advance payments	9	(565)
Increase (decrease) in notes and accounts payable—trade	(22,828)	(93)
Increase (decrease) in other accounts payable	(250)	(53)
Increase (decrease) in accrued consumption taxes	(560)	(235)
Increase (decrease) in deposits received	(67)	(57)
Others	(1,652)	1,556
Subtotal	16,509	(6,831)
Interest and dividends received	257	260
Interest paid	(30)	(41)
Income taxes (paid) refund	(3,382)	(706)
Net cash provided by (used in) operating activities	13,353	(7,319)
Cash flows from investing activities		
Purchases of tangible fixed assets	(946)	(559)
Proceeds from sale of tangible fixed assets	638	643
Purchases of intangible fixed assets	(848)	(370)
Proceeds from sales of investment securities	216	—
Proceeds from redemption of investment securities	100	—
Expenditure for acquiring shares in affiliates	(100)	(7)
Expenditure for equity investment	(138)	(969)
Expenditure for loans	(7,121)	(4,640)
Collection on loans	2,502	2,037
Payments for deposits and guarantees	(48)	(41)
Proceeds from cancellation of deposits and guarantees	104	355
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	652	—
Proceeds from redemption of investments in other securities of subsidiaries and affiliates	3,110	—
Others	(312)	(375)
Cash flows from investing activities	(2,191)	(3,927)

(Unit: Millions of yen)

	Fiscal year ended March 31, 2016 (April 1, 2015–March 31, 2016	Fiscal year ended March 31, 2017 (April 1, 2016–March 31, 2017)
Cash flows from financing activities		
Payments from changes in ownership interests in subsidiaries that do not result in changes in scope of consolidation	(24)	—
Net increase (decrease) in short-term borrowings	7,400	(11,133)
Proceeds from long-term borrowings	—	15,500
Repayment of long-term borrowings	(42)	(300)
Dividends paid	(1,990)	(1,659)
Others	(127)	(269)
Net cash provided by (used in) financing activities	5,214	2,136
Effect of exchange rate changes on cash and cash equivalents	0	0
Increase (decrease) in cash and cash equivalents	16,377	(9,109)
Cash and cash equivalents at beginning of the year	15,823	32,200
Cash and cash equivalents at end of the year	32,200	23,090

(5) Note regarding the Consolidated Financial Statements

(Note regarding the operation of the company as a going concern)

No relevant items

(Changes in accounting policies)

Pursuant to an amendment to the Corporation Tax Act, the Company has applied the "Practical Solution on a Change in Depreciation Method due to Tax Reform 2016" (Practical Issue Task Force No. 32, June 17, 2016), effective from the consolidated fiscal year under review. As a result, the depreciation method for building fixtures and structures acquired on or after April 1, 2016 has been changed from the declining-balance method to the straight-line method.

The application of this standard has no material impact on operating loss, ordinary loss, or loss before income taxes and minority interests in the consolidated fiscal year under review.

(Segment information, etc.)

[Segment information]

This statement is omitted as the Group engages in a single segment.

[Related information]

Fiscal year ended March 31, 2016 (April 1, 2015–March 31, 2016)

1 Information on each product and service

Information on each product and service has been omitted because net sales to external customers in a single product or service category accounted for more than 90% of net sales in the consolidated statement of income.

2 Information on each region

(1) Net sales

Information on net sales in each region has been omitted because net sales to external customers in Japan accounted for more than 90% of net sales in the consolidated statement of income.

(2) Tangible fixed assets

Information on the amount of tangible fixed assets has been omitted because the amount of tangible fixed assets in Japan accounted for more than 90% of the amount of tangible fixed assets in the consolidated balance sheet.

3 Information on each major customer

Information on major customers has been omitted because there is no external customer for which net sales represents 10% of net sales of the consolidated statements of income.

Fiscal year ended March 31, 2017 (April 1, 2016–March 31, 2017)

1 Information on each product and service

Information on each product and service has been omitted because net sales to external customers in a single product or service category accounted for more than 90% of net sales in the consolidated statement of income.

2 Information on each region

(1) Net sales

Information on net sales in each region has been omitted because net sales to external customers in Japan accounted for more than 90% of net sales in the consolidated statement of income.

(2) Tangible fixed assets

Information on the amount of tangible fixed assets has been omitted because the amount of tangible fixed assets in Japan accounted for more than 90% of the amount of tangible fixed assets in the consolidated balance sheet.

3 Information on each major customer

Information on major customers has been omitted because there is no external customer for which net sales represents 10% of net sales of the consolidated statements of income.

[Information relating to impairment loss of fixed assets by reportable segment]
This information has been omitted because the Group has only one segment.

[Information relating to goodwill amortization and unamortized balance by reportable segment]
This information has been omitted because the Group has only one segment.

[Information relating to gain on bargain purchase by reportable segment]
No relevant items

(Per-share data) (Unit: Yen)

Item	Fiscal year ended March 31, 2016 (April 1, 2015–March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016–March 31, 2017)
Net assets per share	1,726.88	1,272.48
Net income (loss) per share	3.58	(376.19)

(Notes) 1. The amount of diluted net income per share for the previous consolidated fiscal year is not stated because no latent shares existed. The amount of diluted net income per share for the consolidated fiscal year under review is not stated because there is a net loss per share and no latent shares exist.
2. The basis for calculation of the amount of net income per share is as follows:

Item	Fiscal year ended March 31, 2016 (April 1, 2015–March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016–March 31, 2017)
Net income (loss) attributable to owners of parent (millions of yen)	118	(12,483)
Amount not allocable to common stockholders (millions of yen)	—	—
Net income (loss) attributable to owners of parent related to common shares income (millions of yen)	118	(12,483)
Average number of shares of common stock outstanding (shares)	33,183,800	33,183,718
Outline of latent shares not reflected in the calculation of diluted net income per share since they have no dilutive effect	―――	―――

(Significant subsequent events)

No relevant items