

## Summary of the 35th Annual Shareholders' Meeting held on June 24, 2015



We held the 35th Annual Shareholders' Meeting as follows.

\* This document is prepared to provide a summary report of the 35th Annual Shareholders' Meeting on our website, which differs from the statutory minutes of the shareholders' meeting.

**Date and Time:** June 24, 2015 (Wednesday), 10:00 a.m. to 10:59 a.m.

**Place:** Century Room, Hyatt Regency Tokyo

2-7-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo

**Number of Shareholders present:** 557

**Meeting Agenda:**

<Reports>

1. Business Report, Consolidated Financial Statements and Audit Reports on the Consolidated Financial Statements by Accounting Auditors and by the Audit & Supervisory Board for the 35th term (April 1, 2014 through March 31, 2015)
2. Non-Consolidated Financial Statements for the 35th term (April 1, 2014 through March 31, 2015)

### <Items for Resolution>

First Item: Election of Six (6) Directors

Second Item: Election of Two (2) Audit & Supervisory Board Members

The resolutions were approved as originally proposed.

### Summary of Questions and Answers:

Q1.

Please explain the cause of the operating loss incurred in the fiscal year ended March 31, 2013.

A1.

At that time, the console game industry was in midst of a transition period, and the completion was very fierce. Under such a circumstance, we determined that our revenue goal for the segment would not be achieved, and therefore posted a considerable amount of loss on valuation of work-in-progress, which led to the operating loss.

Q2.

What is the "Dividends distribution from silent partnership" on the consolidated income statements (Page 18 of the Notice of Convocation)?

A2.

As a result of dissolution and liquidation of the Silent Partnership, which was established to produce and distribute the movie "FINAL FANTASY," the Company received liquidation dividends of residual assets.

Q3.

What sort of incomes are included in "Net sales" on the non-consolidated income statements (Page 21 of the Notice of Convocation)? What is the "Loss on sale of property and equipment"?

A3.

The Company, a pure holding company, books dividends and management fees paid by its major subsidiaries as Net sales. Disposal by sale of the Company's old headquarters building called Hatsudai Building resulted in the Loss on sale of property and equipment.

Q4.

According to the Consolidated Statements of Changes in Net Assets (Page 19 of the Notice of Convocation), the Capital stock increased by approximately 8.3 billion yen through issuance new shares. Did the Company issue new shares due to exercise of stock options?

A4.

The convertible bonds of 35 billion yen reached maturity in February this year, and a part of the

bonds of approximately 16.5 billion yen was converted into new shares. A half of the amount of newly issued shares was incorporated into the Capital stock, which was the main cause of the increase.

Q5.

What is your idea how to deal with the new devices such as wearable devices?

A5.

At the E3 game show held in Los Angeles last week, VR (virtual reality) devices attracted much interest. Our group is working on some experimental VR projects. We would be happy if we could make an announcement in this matter in the near future.

Q6.

I find a few Directors who do not own the Company's shares. Are they going to hold some from now?

A6.

Due to some institutional issues, it might be difficult to acquire the Company's shares soon, but I think it is significant to share the same interest with shareholders in managing the Company. For this purpose, we utilize a stock-based compensation program for Directors.

Q7.

Do you have any plan to enhance the Amusement business overseas? I understand there are some countries where online battle games through arcade machines are very popular.

A7.

I see some business opportunities in offering unprecedented new game experiences with live entertainment elements to overseas markets.

Q8.

Please explain the basic strategy of Shinra Technologies, Inc.? Are there any possibilities of alliance with advanced IT companies?

A8.

Shinra is aiming at establishment of a platform on which various unconventional game experiences unique to the cloud environment are offered. Involving developers' communities, the firm is actively engaged in technology and business development activities. As illustrated by the beta test conducted in Kansas City, USA, in cooperation with Google, alliance with influential IT companies is a key issue.

Q9.

Please explain the circumstances of the “HI SCORE GIRL” case to date, and an impact on the management of the Company.

A9.

It is regrettable that our head offices were investigated by authorities last August, and related parties were sent to prosecutors. I have to apologize that we made our shareholders concerned in this matter. As a preventive measure against this kind of incidents, we shall enhance employee training. I cannot be specific about the circumstances of the ongoing case, but can confirm that it has a very limited influence on our businesses.