

**Consolidated Financial Results
for the Fiscal Year Ended March 31, 2016 (Japan GAAP)**

May 12, 2016

Company name: SQUARE ENIX HOLDINGS CO., LTD.
Shares traded: Tokyo Stock Exchange, First Section
Company code: 9684
Company URL: <http://www.square-enix.com/eng>
Representative: Yosuke Matsuda, President and Representative Director
Contact: Kazuharu Watanabe, Chief Financial Officer, tel (03) 5292-8000
Annual general meeting of shareholders: June 24, 2016 (planned)
Financial report submission: June 27, 2016 (planned)
Cash dividend payment commencement: June 3, 2016 (planned)
Supplementary annual materials prepared: Yes
Annual results presentation held: Yes (for institutional investors and analysts)

(Amounts under one million yen are rounded down)

1. Consolidated Financial Results (April 1, 2015 to March 31, 2016)

(1) Consolidated Financial Results *(Millions of yen and year-on-year changes in percents)*

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Fiscal year ended	%		%		%		%	
March 31, 2016	214,101	27.5	26,018	58.4	25,322	49.1	19,884	102.3
March 31, 2015	167,891	8.3	16,426	55.8	16,984	35.5	9,831	49.0

Note: FY ended March 31, 2016 Comprehensive income: 16,951 million yen (26.2%)

FY ended March 31, 2015 Comprehensive income: 13,427 million yen (48.4%)

	Earnings per share, basic	Earnings per share, diluted	Return on equity	Ordinary income to total assets	Operating margin
Fiscal year ended	yen		%	%	yen
March 31, 2016	163.04	162.72	12.3	11.4	12.2
March 31, 2015	84.34	84.20	7.0	7.9	9.8

Note: FY ended March 31, 2016 Equity in gain (loss) of affiliated companies: - million yen

FY ended March 31, 2015 Equity in gain (loss) of affiliated companies: - million yen

(2) Consolidated Financial Position *(Millions of yen, ratios in percents and per share data)*

	Total assets	Net assets	Equity ratio	Net assets per share
As of			%	yen
March 31, 2016	232,731	168,783	72.2	1,376.93
March 31, 2015	211,938	155,314	72.9	1,267.24

Note: Total equity As of March 31, 2016: 167,965 million yen

As of March 31, 2015: 154,505 million yen

(3) Consolidated Statements of Cash Flows *(Millions of yen)*

	From operating activities	From investing activities	From financing activities	Closing cash and cash equivalents
Fiscal year ended	%			yen
March 31, 2016	20,184	(4,773)	(141)	115,375
March 31, 2015	8,132	(1,876)	(22,105)	103,147

2. Dividends

	Dividends per share					Total annual dividend payments	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q	2Q	3Q	4Q	Total			
	yen	yen	yen	yen	Yen	million yen	%	%
Fiscal year ended March 31, 2015	-	10.00	-	20.00	30.00	3,591	36.0	2.5
Fiscal year ended March 31, 2016	-	10.00	-	38.00	48.00	5,855	29.4	3.9
Fiscal year ended March 31, 2017 (projection)	-	10.00	-	31.00 ~41.00	41.00 ~51.00		29.4	

3. Consolidated Forecasts (April 1, 2016 to March 31, 2017)

(Millions of yen, year-on-year changes in percents and per share data)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	%		%		%		%		yen
Fiscal year ending March 31, 2017	250,000	16.8	27,000	3.8	27,000	6.6	17,000	(14.5)	139.39
	~270,000	~26.1	~33,000	~26.8	~33,000	~30.3	~21,000	~5.6	~172.19

(Note) Consolidated forecasts for the fiscal year ending March 31, 2017 are indicated in a form of range of figures.

For details, please refer to (Consolidated forecasts) in (1) Analysis of consolidated business results on page 2 of the Supplemental Information attached herewith.

Others

- (1) Significant changes among major subsidiaries during the period: No
- (2) Changes in accounting policies, procedures, and methods of presentation for consolidated financial statements
 1. Changes associated with revision in accounting standards: Yes
 2. Other changes in accounting standards: No
 3. Change in accounting estimate: Yes
 4. Retrospective restatement: No
- (3) Outstanding shares (common stock)
 1. Number of shares issued and outstanding (including treasury stock):

As of March 31, 2016	122,299,496
As of March 31, 2015	122,232,896
 2. Number of treasury stock:

As of March 31, 2016	313,749
As of March 31, 2015	309,664
 3. Average number of shares during the period (cumulative):

Fiscal year ended March 31, 2016	121,961,632
Fiscal year ended March 31, 2015	116,569,209

Disclaimer: (1) This document is an abridged translation of the Japanese language "Kessan Tanshin" prepared in accordance with the guidelines of the Tokyo Stock Exchange. The Japanese language document shall prevail in the event that any differences or discrepancies exist between this English translation and the original. (2) At the time of disclosure of this document, audit procedures for financial statements pursuant to the Financial Instruments and Exchange Law have not been completed. (3) The forward-looking statements in this document are based upon the information currently available and necessarily include elements that are not entirely predictable. The achievement is not promised. Actual results may differ from the forward-looking statements in this document. (4) For additional information about forecasts, please refer to "Consolidated Forecasts" section on page 2 of the Supplemental Information.

Supplemental Information – Index

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1. Consolidated Results and Consolidated Financial Position for the Fiscal Year Ended March 31, 2016

(1) Analysis of consolidated business results

The Square Enix Group (the "Group") is continuing determined efforts to strengthen the competitiveness and profitability of its business segments of Digital Entertainment, Amusement, Publication and Merchandising.

Net sales for the fiscal year ended March 31, 2016 totaled ¥214,101 million (an increase of 27.5% from the prior fiscal year), operating income amounted to ¥26,018 million (an increase of 58.4% from the prior fiscal year), and ordinary income amounted to ¥25,322 million (an increase of 49.1% from the prior fiscal year).

Impairment loss primarily with regard to intangible assets (¥1,961 million) and loss on valuation of share of subsidiaries and associates (¥1,702 million) were booked as extraordinary losses.

These factors resulted in "Profit attributable to owners of parent" of ¥19,884 million (an increase of 102.3 % from the prior fiscal year).

A discussion of results by segment for the fiscal year ended March 31, 2016 follows.

- Digital Entertainment

The Digital Entertainment segment consists of planning, development, distribution, and operation of digital entertainment content primarily in the form of games. Digital entertainment content is offered to meet customer lifestyles across a variety of usage environments such as consumer game consoles (including handheld game machines), personal computers and smart devices.

In the consolidated fiscal year under review, in the area of content for platforms such as smart devices and PC browser, existing games are continuing to show strong performances, coupled with successful launches of new game titles for smartphones such as *"MOBIUS FINAL FANTASY," "HOSHI NO DRAGON QUEST," "FINAL FANTASY BRAVE EXVIUS"* and *"Grimms Notes."*

Among the console game titles, *"JUST CAUSE 3"* and *"RISE OF THE TOMB RAIDER"* made a solid start. Revenues from operation and expansion disc sales of massively multiplayer online role playing games such as *"FINAL FANTASY XIV"* and *"DRAGON QUEST X"* are sustaining their strong performances.

Net sales and operating income in the Digital Entertainment segment totaled ¥158,964 million (an increase of 42.0% from the prior fiscal year) and ¥27,456 million (an increase of 58.9% from the prior fiscal year), respectively.

- Amusement

The Amusement segment consists of the operation of amusement facilities and the planning, development and distribution of arcade game machines and related products for amusement facilities.

During the fiscal year ended March 31, 2016, sales of amusement machines such as *"DISSIDIA FINAL FANTASY"* have gained favorable results, and operation of the amusement facilities has been showing steady performance through efficient store management efforts.

Net sales and operating income in the Amusement segment totaled ¥41,135 million (an increase of 1.0% from the prior fiscal year) and ¥3,988 million (an increase of 10.3% from the prior fiscal year), respectively.

- **Publication**

The Publication segment includes the planning and publication of comic books, game strategy books and comic magazines.

During the fiscal year ended March 31, 2016, sales of comic books were sluggish compared to the prior fiscal year. Net sales and operating income in the Publication segment totaled ¥9,970 million (a decrease of 13.7% from the prior fiscal year) and ¥2,267 million (a decrease of 30.0% from the prior fiscal year), respectively.

- **Merchandising**

The Merchandising segment includes the planning, production, distribution and licensing of derivative products of titles owned by the Group.

During the fiscal year ended March 31, 2016, sales of character goods derived from the Group's own IPs increased, primarily thanks to the release of the first expansion disc of "FINAL FANTASY XIV." The Group continued to distribute and license items such as character goods and soundtracks based on the IPs while also strengthening its character goods lineup with additional products from third party IPs as well as diversifying revenue opportunities through overseas expansions.

Net sales and operating income in the Merchandising segment totaled ¥4,547 million (an increase of 13.8 % from the prior fiscal year) and ¥1,517 million (an increase of 30.7% from the prior fiscal year), respectively.

(Consolidated forecasts)

The business environment surrounding the Group is in the midst of major changes, where smart devices such as smartphones and tablet PCs are spreading rapidly, while the console game markets in North America and Europe are increasingly competitive and oligopolistic. In light of such environmental changes, the Group is focusing all efforts on a substantial earnings improvement through driving reforms of business structure in order to establish new revenue base.

Given the environmental changes described above, it is expected that the consolidated forecasts for financial results will fluctuate ever-larger. The Group, therefore, has made consolidated forecasts in a range of forecasted figures in lieu of specific figures. The Group does not disclose the first half consolidated forecasts in consideration of the fact that fluctuations in sales and income during a fiscal year have increasingly become larger.

(2) Analysis of consolidated financial position

(i) Assets, liabilities and net assets

- **Assets**

As of March 31, 2016, total current assets were ¥194,679 million, an increase by 14.0% compared to the prior fiscal year. This was mainly due to increases in cash and deposits of ¥13,674 million and content production account of ¥6,306 million.

Fixed assets were ¥38,052 million, a decrease by 7.5% compared to the prior fiscal year.

As a result, total assets were ¥232,731 million, an increase by 9.8%.

- Liabilities

As of March 31, 2016, total current liabilities were ¥55,737 million, an increase by 11.6% compared to the prior fiscal year. This was mainly due to increases in notes and accounts payable-trade of ¥2,851 million and short-term loans payable of ¥2,599 million.

Non-current liabilities were ¥8,210 million, an increase by 22.7% compared to the prior fiscal year.

As a result, total liabilities were ¥63,948 million, an increase by 12.9%.

- Net assets

As of March 31, 2016, net assets were ¥168,783 million, an increase by 8.7% compared to the prior fiscal year. This was mainly due to the profit attributable to owners of parent of ¥19,884 million and dividend payments of ¥3,658 million.

(ii) Consolidated Cash Flow

As of March 31, 2016, cash and cash equivalents totaled ¥115,375 million, an increase of ¥12,228 million compared to the prior fiscal year. Cash flows during the fiscal year ended March 31, 2016 as well as the principal factors behind these cash flows are described below.

- Cash flows from operating activities

Net cash provided by operating activities during the fiscal year ended March 31, 2016 totaled ¥20,184 million (an increase of 148.2% compared to the prior fiscal year).

Profit before income taxes of ¥21,436 million, an increase in inventories of ¥7,630 million, depreciation and amortization of ¥6,317 million, and income taxes paid of ¥6,213 million led to the overall provision of cash from operating activities.

- Cash flows from investing activities

Net cash used in investing activities totaled ¥4,773 million (an increase of 154.3% compared to the prior fiscal year). Main factors are purchase of property, plant and equipment of ¥4,053 million, proceeds from collection of guarantee deposits of ¥992 million.

- Cash flows from financing activities

Net cash used in financing activities totaled ¥141 million (a decrease of 99.4% compared to the prior fiscal year).

Main factors are cash dividends paid of ¥3,654 million and an increase in short-term loans payable of 3,428 million.

(3) Basic policy for profit distribution and dividends

The Group recognizes the return of profits to shareholders as one of its most important management tasks. The Group maintains internal reserves to place priority on investments that will enhance the value of the Group. Such investments will be made in order to increase the Group's value through expansion of existing businesses, new business development, and reform of the business structure. With retaining an appropriate amount of internal reserves, the Group attaches continued importance to the shareholder returns, primarily by means of cash dividend, in an optimal balance between the performance-based payout and the stable returns. The amount of dividends is determined upon the comprehensive consideration of the balance of the investments and the return of profits to shareholders, using consolidated payout ratio of approximately 30% as a guide.

The Company's Board of Directors' Meeting to be held on May 18, 2016 will pass a resolution to pay the year-end dividends for fiscal year ended March 31, 2016 of 38 yen per share (together with the interim dividends of 10 yen per share paid in last December, the amount of annual dividends will be 48 yen per share).

2. Other Information in Summary

(1) Changes in accounting principles, changes in accounting estimates and retrospective restatements

(Changes in accounting policy)

(Application of accounting standard for business)

Effective beginning the fiscal year ended March 31, 2016, the Company has adopted the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21 of September 13, 2013; the "Business Combinations Accounting Standard"), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22 of September 13, 2013; the "Consolidation Accounting Standard") and the "Accounting Standard for Business Divestitures" (ASBJ Statement No.7, September 13, 2013; the "Business Divestitures Accounting Standard") and other standards.

Therefore, the Group has started to post, as capital surplus, the difference arising from changes of the Company's equity interest in subsidiaries under its control on a continuous basis, and to book acquisition-related costs as expenses for the fiscal year in which they occurred. For business combinations implemented on or after April 1, 2015, the Company has started to reflect the adjustments to the allocated amount of acquisition cost as a result of the finalization of provisional accounting treatment in the consolidated financial statements of the fiscal year in which the business combination took place. In addition, the Company has changed the presentation method of net income and the presentation from "minority interests" to "non-controlling interests." To reflect the changes in the presentation of the consolidated financial statements, the Company has reclassified the consolidated financial statements for the fiscal year ended March 31, 2015.

In accordance with the traditional accounting treatments as stated in Article 58-2 (4) of the Business Combination Accounting Standard, Article 44-5 (4) of the Consolidation Accounting Standard and Article 57-4 (4) of the Business Divestitures Accounting Standard, the Company has applied the Business Combinations Accounting Standard and other standards from the beginning of the fiscal year ended March 31, 2016.

As a result, there is no impact to the consolidated financial statements for the fiscal year ended March 31, 2016.

(Changes in accounting estimates)

(Changes in Estimates of Asset Retirement Obligations)

With respect to asset retirement obligations recorded as restoration costs based on real estate contracts, the Company and the consolidated Subsidiary changed estimates, relating to restoration costs required at the time of moving the head office and the closing of game arcades, through obtaining new information such as recent actual restorations costs. As a result, operating income, ordinary income and profit before income taxes decreased by ¥312 million from our previous estimate respectively for the fiscal year ended March 31, 2016.

3. The Group's Outline of Operations

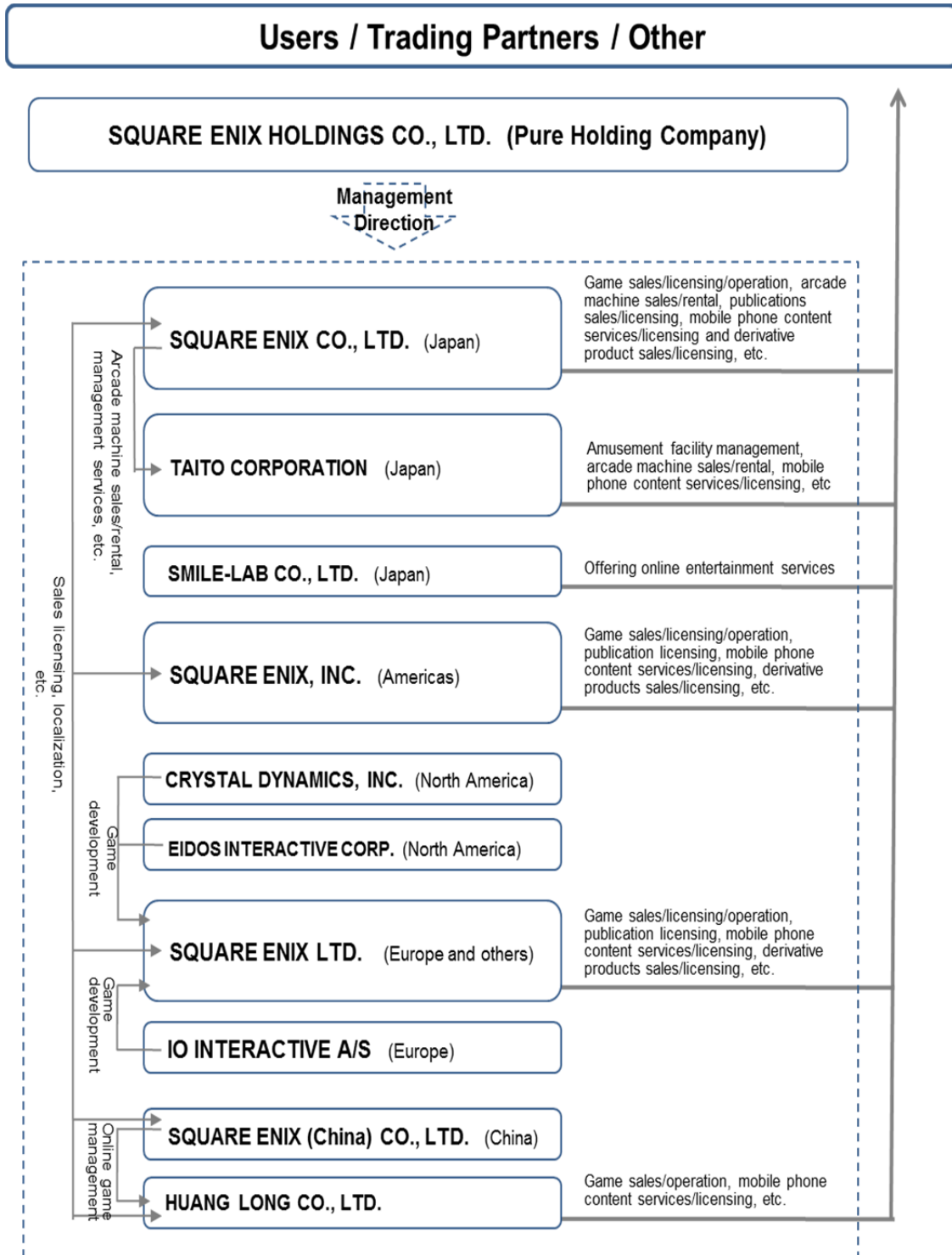
The following outline of operations lists the Group's primary business segments and major subsidiaries.

(Consolidated subsidiaries)

Segment	Primary Business Description	Region	Company Name
Digital Entertainment	Plans, develops, distributes, and operates games digital entertainment primarily in the form of computer games	Japan	SQUARE ENIX CO., LTD. TAITO CORPORATION SMILE-LAB CO., LTD.
		Americas	SQUARE ENIX, INC. CRYSTAL DYNAMICS, INC. EIDOS INTERACTIVE CORP.
		Europe and others	SQUARE ENIX LTD. IO INTERACTIVE A/S
		Asia	SQUARE ENIX (China) CO., LTD. HUANG LONG CO., LTD.
Amusement	Operation of amusement facilities and planning, development and distribution of arcade game machines for amusement facilities and related products	Japan	TAITO CORPORATION SQUARE ENIX CO., LTD.
Publication	Comic books, game strategy books, comic magazines, etc.	Japan	SQUARE ENIX CO., LTD.
		Americas	SQUARE ENIX, INC.
		Europe and others	SQUARE ENIX LTD.
Merchandising	Planning, production, distribution and licensing of derivative products of titles owned by the Group	Japan	SQUARE ENIX CO., LTD. TAITO CORPORATION
		Americas	SQUARE ENIX, INC.
		Europe and others	SQUARE ENIX LTD.

(Note) The above table lists major consolidated subsidiaries only.

The Group's Business Diagram:



Note: Above business diagram only includes key consolidated subsidiaries.

4. Management Policy

(1) Management philosophy

With the corporate philosophy "*To spread happiness across the globe by providing unforgettable experiences,*" the Group offers advanced, high-quality content and services. The Group strives to reward shareholders by maximizing profit based on efficient use of resources in generation of sustained business development and growth.

(2) Management targets

The Group recognizes the utmost importance of achieving growth underpinned by profitability. The Group pursues near-term targets of achieving (i) net sales of ¥300-400 billion, and (ii) operating profit of ¥50 billion, respectively, in the medium run.

(3) Medium- and long-term management strategy

Management's key task is to create advanced, high-quality content and services that allow the Group to grow in the medium- and long-term while maintaining profitability. As the development and popularization of information technology (IT) and network environments rapidly advance, the Group anticipates a major transformation in the structure of the digital entertainment industry. The Group believes that this will be driven by factors such as increased consumer needs in the area of network-compliant entertainment and growing access to a diverse range of content by users of multi-function devices. The Group strives to respond to these changes, and has adopted a medium- to long-term management strategy that focuses on pioneering a new era in digital entertainment.

(4) Issues facing management

In order to achieve the Group's medium- to long-term strategy, it is imperative to expand its global business and meet customers' diverse needs for entertainment content/services. It is critically important that the Group acquires and develops ideally suited human resources to that end.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	103,631	117,306
Notes and accounts receivable-trade	20,973	21,487
Merchandise and finished goods	1,881	2,428
Work in progress	4	109
Raw materials and supplies	314	233
Content production account	35,113	41,419
Deferred tax assets	4,818	6,561
Other	4,201	5,275
Allowance for doubtful accounts	(122)	(143)
Total current assets	170,815	194,679
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,212	13,779
Accumulated depreciation	(8,611)	(8,654)
Buildings and structures (net)	4,601	5,124
Tools, furniture and fixtures	13,074	13,312
Accumulated depreciation	(9,699)	(10,047)
Tools, furniture and fixtures (net)	3,375	3,265
Amusement equipment	16,559	15,457
Accumulated depreciation	(15,105)	(14,012)
Amusement equipment (net)	1,454	1,445
Other	127	101
Accumulated depreciation	(83)	(47)
Other (net)	43	54
Land	4,008	3,798
Construction in progress	136	61
Total property, plant and equipment	13,620	13,748
Intangible assets		
Other	10,192	6,447
Total intangible assets	10,192	6,447
Investments and other assets		
Investment securities	1,172	749
Guarantee deposits	10,167	9,173
Deferred tax assets	1,198	4,972
Other	5,192	3,185
Allowance for doubtful accounts	(420)	(224)
Total investments and other assets	17,309	17,856
Total non-current assets	41,122	38,052
Total assets	211,938	232,731

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	11,820	14,671
Short-term loans payable	7,122	9,722
Income taxes payable	3,974	5,726
Provision for bonuses	1,696	2,672
Provision for sales returns	4,865	3,334
Provision for game arcade closings	379	75
Asset retirement obligations	9	5
Other	20,062	19,529
Total current liabilities	49,931	55,737
Non-current liabilities		
Provision for directors' retirement benefits	151	162
Provision for loss on game arcade closings	423	127
Net defined benefit liability	2,200	2,747
Deferred tax liabilities	2,371	2,153
Asset retirement obligations	953	2,355
Other	591	665
Total non-current liabilities	6,692	8,210
Total liabilities	56,623	63,948
Net assets		
Shareholders' equity		
Capital stock	23,680	23,753
Capital surplus	52,920	52,993
Retained earnings	79,355	95,581
Treasury stock	(876)	(888)
Total shareholders' equity	155,079	171,439
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	618	341
Foreign currency translation adjustment	(1,292)	(3,207)
Remeasurements of defined benefit plans	99	(607)
Total accumulated other comprehensive income	(574)	(3,474)
Subscription rights to shares	327	374
Non-controlling interests	482	443
Total net assets	155,314	168,783
Total liabilities and net assets	211,938	232,731

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

(Millions of yen)

	Fiscal year ended	Fiscal year ended
	March 31, 2015	March 31, 2016
Net sales	167,891	214,101
Cost of sales	94,794	115,316
Gross profit	<u>73,096</u>	<u>98,784</u>
Reversal of provision for sales returns	4,877	4,867
Provision for sales returns	4,579	3,534
Gross profit-net	<u>73,394</u>	<u>100,116</u>
Selling, general and administrative expenses		
Packing and transportation expenses	2,014	1,751
Advertising expenses	10,386	20,270
Promotion expenses	66	66
Provision of allowance for doubtful accounts	69	54
Directors' compensations	435	565
Salaries and allowances	14,207	14,465
Provision for bonuses	1,936	2,916
Retirement benefit expenses	323	539
Provision for directors' retirement benefits	11	10
Welfare expenses	1,838	2,092
Rent expenses	1,739	2,118
Commission fee	13,734	18,996
Depreciation	2,460	2,476
Other	7,742	7,772
Total selling, general and administrative expenses	<u>56,967</u>	<u>74,097</u>
Operating income	<u>16,426</u>	<u>26,018</u>
Non-operating income		
Interest income	139	85
Dividend income	9	9
Rent income	20	16
Reversal of allowance for doubtful accounts	—	213
Subsidy income	17	495
Foreign exchange gains	484	—
Miscellaneous income	219	158
Total non-operating income	<u>890</u>	<u>980</u>
Non-operating expenses		
Interest expenses	68	67
Commission fee	74	14
Office transfer related expenses	173	44
Foreign exchange losses	—	1,545
Miscellaneous loss	15	4
Total non-operating expenses	<u>332</u>	<u>1,676</u>
Ordinary income	<u>16,984</u>	<u>25,322</u>

Consolidated Income Statement

(Millions of yen)

	Fiscal year ended	Fiscal year ended
	March 31, 2015	March 31, 2016
Extraordinary income		
Gain on sales of non-current assets	1,394	18
Gain on sales of investment securities	82	1
Gain on reversal of subscription rights to shares	44	19
Total extraordinary income	1,520	40
Extraordinary losses		
Loss on sales of non-current assets	741	36
Loss on retirement of non-current assets	258	194
Impairment loss	640	1,961
Provision for loss on game arcade closings	402	15
Loss on liquidation of subsidiaries and associates	313	—
Loss on valuation of shares of subsidiaries and associates	41	1,702
Other	664	14
Total extraordinary losses	3,062	3,925
Income before dividends distribution from silent partnership, income taxes (tokumei-kumiai)	15,442	21,436
Dividends distribution from silent partnership (tokumei-kumiai)	132	—
Profit before income taxes	15,310	21,436
Income taxes-current	5,136	6,690
Income taxes-deferred	353	(5,146)
Total income taxes	5,489	1,544
Profit	9,820	19,892
Profit attributable to non-controlling interests	(11)	8
Profit attributable to owners of parent	9,831	19,884

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended	Fiscal year ended
	March 31, 2015	March 31, 2016
Profit	9,820	19,892
Other comprehensive income		
Valuation difference on available-for-sale securities	364	(277)
Foreign currency translation adjustment	3,575	(1,956)
Remeasurements of defined benefit plans	(332)	(707)
Total other comprehensive income	3,607	(2,941)
Comprehensive income	13,427	16,951
(Breakdown)		
Comprehensive income attributable to owners of parent	13,351	16,984
Comprehensive income attributable to non-controlling interests	75	(33)

(3) Consolidated Statements of Changes in Net Assets
Fiscal year ended March 31, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	15,368	44,607	71,298	(870)	130,404
Cumulative effects of changes in accounting policies			1,683		1,683
Restated balance	15,368	44,607	72,982	(870)	132,087
Changes during the period					
Issuance of new shares	8,312	8,312			16,625
Dividends from retained earnings			(3,458)		(3,458)
Profit attributable to owners of parent			9,831		9,831
Purchase of treasury stock				(6)	(6)
Disposal of treasury stock		(0)		0	0
Net changes of items other than shareholders' equity					
Total changes during the period	8,312	8,312	6,372	(6)	22,991
Balance at the end of current period	23,680	52,920	79,355	(876)	155,079

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	253	(4,780)	432	(4,094)	348	1,018	127,676
Cumulative effects of changes in accounting policies							1,683
Restated balance	253	(4,780)	432	(4,094)	348	1,018	129,359
Changes during the period							
Issuance of new shares							16,625
Dividends from retained earnings							(3,458)
Profit attributable to owners of parent							9,831
Purchase of treasury stock							(6)
Disposal of treasury stock							0
Net changes of items other than shareholders' equity	364	3,488	(332)	3,520	(21)	(536)	2,962
Total changes during the period	364	3,488	(332)	3,520	(21)	(536)	25,954
Balance at the end of current period	618	(1,292)	99	(574)	327	482	155,314

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	23,680	52,920	79,355	(876)	155,079
Cumulative effects of changes in accounting policies					
Restated balance	23,680	52,920	79,355	(876)	155,079
Changes during the period					
Issuance of new shares	72	72			145
Dividends from retained earnings			(3,658)		(3,658)
Profit attributable to owners of parent			19,884		19,884
Purchase of treasury stock				(11)	(11)
Disposal of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total changes during the period	72	72	16,226	(11)	16,359
Balance at the end of current period	23,753	52,993	95,581	(888)	171,439

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	618	(1,292)	99	(574)	327	482	155,314
Cumulative effects of changes in accounting policies							
Restated balance	618	(1,292)	99	(574)	327	482	155,314
Changes during the period							
Issuance of new shares							145
Dividends from retained earnings							(3,658)
Profit attributable to owners of parent							19,884
Purchase of treasury stock							(11)
Disposal of treasury stock							0
Net changes of items other than shareholders' equity	(277)	(1,915)	(707)	(2,899)	47	(38)	(2,890)
Total changes during the period	(277)	(1,915)	(707)	(2,899)	47	(38)	13,468
Balance at the end of current period	341	(3,207)	(607)	(3,474)	374	443	168,783

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from operating activities		
Profit before income taxes	15,310	21,436
Depreciation	6,934	6,317
Impairment loss	640	1,961
Increase (decrease) in allowance for doubtful accounts	(297)	(169)
Increase (decrease) in provision for bonuses	(92)	1,138
Increase (decrease) in provision for sales returns	(298)	(1,332)
Increase (decrease) in provision for directors' retirement benefits	(27)	10
Increase (decrease) in provision for loss on game arcade closings	208	(328)
Increase (decrease) in net defined benefit liability	(715)	(476)
Interest and dividend income	(148)	(95)
Interest expenses	68	67
Foreign exchange losses (gains)	(2,127)	1,749
Loss (gain) on sales of investment securities	(82)	(1)
Loss on retirement of non-current assets	258	194
Gain on sales of non-current assets	(1,394)	(18)
Loss on sales of non-current assets	741	36
Loss on valuation of shares of subsidiaries and associates	41	1,702
Decrease (increase) in notes and accounts receivable-trade	1,973	(910)
Decrease (increase) in inventories	(12,799)	(7,630)
Increase (decrease) in notes and accounts payable-trade	(2)	2,735
Decrease (increase) in other current assets	3,360	(552)
Decrease (increase) in other non-current assets	(607)	(527)
Increase (decrease) in other current liabilities	1,634	320
Other, net	(335)	210
Subtotal	12,241	25,838
Interest and dividend income received	161	95
Interest expenses paid	(78)	(65)
Income taxes paid	(4,530)	(6,213)
Income taxes refund	340	530
Net cash provided by (used in) operating activities	8,132	20,184

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from investing activities		
Payments into time deposits	(2,765)	(1,671)
Proceeds from withdrawal of time deposits	3,252	1,153
Proceeds from sales of investment securities	112	1
Purchase of property, plant and equipment	(4,767)	(4,053)
Proceeds from sales of property, plant and equipment	5,884	200
Purchase of intangible assets	(875)	(461)
Purchase of shares of subsidiaries	(1,872)	(330)
Payments for guarantee deposits	(1,007)	(398)
Proceeds from collection of guarantee deposits	312	992
Other, net	(150)	(206)
Net cash provided by (used in) investing activities	(1,876)	(4,773)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	—	3,428
Proceeds from issuance of common shares	74	121
Redemption of bonds	(18,462)	—
Purchase of treasury shares	(6)	(11)
Cash dividends paid	(3,450)	(3,654)
Other, net	(261)	(24)
Net cash provided by (used in) financing activities	(22,105)	(141)
Effect of exchange rate change on cash and cash equivalents	5,572	(3,041)
Net increase (decrease) in cash and cash equivalents	(10,277)	12,228
Cash and cash equivalents at beginning of period	113,507	103,147
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(82)	—
Cash and cash equivalents at end of period	103,147	115,375

6. Segment Information

1. Outline of reporting segments

"The Group's reporting segments are business units for which discrete financial data is available and periodically reviewed by the Board of Directors in the determination of resource allocation as well as the evaluation of business performance.

To this end, the Group offers entertainment content and services in a variety of forms including: (1) interactive digital content for game consoles (including handheld game machines), personal computers and smartphones in the "Digital Entertainment" segment; (2) amusement facility operation as well as the sales and rental of arcade game machines in the "Amusement" segment; (3) publication of comic books, game strategy books and comic magazines in the "Publication" segment; and (4) planning, production, distribution and licensing of derivative products in the "Merchandising" segment. These four classifications serve as the Group's reporting segments.

2. Information on sales and income by reporting segment

Fiscal Year Ended March 31, 2015

	Reporting Segments					Adjustment (Note 1)	Consolidated total (Note 2)
	Digital Entertainment	Amusement	Publication	Merchandising	Total		
Sales and operating income							
Net sales							
(1)Sales to outside customers	111,896	40,715	11,509	3,769	167,891	-	167,891
(2)Intersegment sales	30	0	37	227	295	(295)	-
Total	111,926	40,715	11,547	3,997	168,187	(295)	167,891
Segment operating income	17,276	3,615	3,241	1,161	25,294	(8,867)	16,426
Segment assets	71,221	15,367	4,026	982	91,598	120,340	211,938
Other items							
Depreciation and amortization	3,579	2,722	87	28	6,418	516	6,934
Increases in property, plant and equipment and intangible	2,392	2,510	17	9	4,929	1,118	6,048

Notes: 1. (1) Segment adjustments (¥8,867 million) include unallocated corporate general and administrative expenses (¥8,907 million).

(2) Segment assets adjustment of ¥120,340 million includes unallocated assets of ¥120,594 million. These assets mainly consist of surplus funds (including cash and deposits).

(3) Depreciation and amortization adjustment of ¥516 million relates to unallocated corporate assets.

(4) The adjustment increase of ¥1,118 million in property, plant and equipment and intangible assets relates to unallocated corporate assets.

2. Segment operating income is adjusted in operating income on the consolidated income statement.

Fiscal Year Ended March 31, 2016

	Reporting Segments					Adjustment (Note 1)	Consolidated total (Note 2)
	Digital Entertainment	Amusement	Publication	Merchandising	Total		
Sales and operating income							
Net sales							
(1)Sales to outside customers	158,964	41,135	9,919	4,081	214,101	-	214,101
(2)Intersegment sales	0	0	50	466	517	(517)	-
Total	158,964	41,135	9,970	4,547	214,618	(517)	214,101
Segment operating income	27,456	3,988	2,267	1,517	35,230	(9,212)	26,018
Segment assets	74,221	15,821	4,128	681	94,852	137,879	232,731
Other items							
Depreciation and amortization	3,514	2,203	89	15	5,823	494	6,317
Increases in property, plant and equipment and intangible	1,221	2,810	9	18	4,060	1,812	5,872

Notes: 1. (1) Segment adjustments (¥9,212 million) include unallocated corporate general and administrative expenses (¥9,253 million).

(2) Segment assets adjustment of ¥137,879 million includes unallocated assets of ¥138,131 million. These assets mainly consist of surplus funds (including cash and deposits).

(3) Depreciation and amortization adjustment of ¥494 million relates to unallocated corporate assets.

(4) The adjustment increase of ¥1,812 million in property, plant and equipment and intangible assets relates to unallocated corporate assets.

2. Segment operating income is adjusted in operating income on the consolidated income statement.

3. Information on sales by region

Fiscal Year Ended March 31, 2015

	Japan	North America	Europe	Asia	(Millions of yen) Total
Consolidated sales	129,072	18,124	17,316	3,378	167,891

Note: The classification of geographic segments is based on location of customer.

Fiscal Year Ended March 31, 2016

	Japan	North America	Europe	Asia and others	(Millions of yen) Total
Consolidated sales	151,160	28,977	26,572	7,390	214,101

Note: The classification of geographic segments is based on location of customer.