May 13, 2016

Summary of Financial Results for the Fiscal Year Ended March 31, 2016 (FY2015) [Japanese GAAP]

Company name: Sanrio Company, Ltd. Listed Stock Exchange: TSE 1st Section
Stock code: 8136 URL: http://www.sanrio.co.jp/english/corporate/ir/
Representative: Shintaro Tsuji, President and Chief Executive Officer
Inquiries: Susumu Emori, Managing Director TEL: +81-3-3779-8058
Scheduled date of Annual General Meeting of Shareholders: June 23, 2016
Scheduled date of filing of Annual Securities Report: June 24, 2016
Starting date of dividend payment: June 7, 2016
Preparation of supplementary materials for financial results: Yes
Holding of financial results meeting: Yes (for institutional investors and analysts)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for FY2015 (April 1, 2015 – March 31, 2016)

(1) Consolidated results of operations (Percentages for sales and profits represent year-on-year changes)

	Sales		Operating Profit		Ordinary Profit		Net Profit Attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2015	72,476	(2.8)	12,675	(27.4)	13,178	(28.9)	9,609	(25.0)
FY2014	74,562	(3.2)	17,468	(16.9)	18,525	(8.2)	12,804	0.0

Note: Comprehensive income (millions of yen) FY2015: 2,203 (down 86.4%) FY2014: 16,163 (down 21.2%)

	Net Profit per Share	Fully-Diluted Net Profit per Share	Return on Equity (ROE)	Return on Assets (ROA)	Operating Profit to Sales
	Yen	Yen	%	%	%
FY2015	112.08	-	16.0	11.6	17.5
FY2014	146.53	-	20.1	15.5	23.4

Reference: Equity in earnings of unconsolidated subsidiaries (millions of yen) FY2015: - FY2014: -

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2016	105,826	54,733	51.4	641.24
As of Mar. 31, 2015	122,124	66,269	54.0	757.07

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2016: 54,407 As of Mar. 31, 2015: 65,981

(3) Consolidated cash flow

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2015	10,011	(6,398)	(19,582)	21,170
FY2014	14,438	(7,818)	(11,921)	37,670

2. Dividends

	Dividend per Share					Total Dividends	Dividend Payout Ratio (Consolidated)	Dividend on Equity (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2014	-	40.00	-	40.00	80.00	6,972	54.6	11.0
FY2015	-	40.00	-	40.00	80.00	6,787	71.4	11.4
FY2016 (forecast)	-	40.00	-	40.00	80.00		67.9	

3. Consolidated Forecasts for FY2016 (April 1, 2016 – March 31, 2017)

(Percentages represent year-on-year changes)

	Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent		Net Profit per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	33,800	(4.7)	5,100	(28.9)	5,200	(28.4)	4,700	(13.0)	55.39
Full year	71,900	(0.8)	12,400	(2.2)	12,700	(3.6)	10,000	4.1	117.86

*** Notes**

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

Newly added: - Excluded: -

(2) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of outstanding shares (common stock)

1) Number of outstanding shares at the end of period (including treasury stock)

As of Mar. 31, 2016: 89,065,301 shares As of Mar. 31, 2015: 89,065,301 shares

2) Number of shares of treasury stock at the end of period

As of Mar. 31, 2016: 4,218,056 shares As of Mar. 31, 2015: 1,911,534 shares

3) Average number of shares outstanding during the period

FY2015: 85,734,357 shares FY2014: 87,384,730 shares

Reference: Unconsolidated Financial Results

1. Unconsolidated Financial Results for FY2015 (April 1, 2015– March 31, 2016)

(1) Unconsolidated results of operations (Percentages represent year-on-year changes)

	Sales		Operating Profit		Ordinary Profit		Net Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2015	50,643	(0.7)	7,858	(23.2)	7,557	(31.0)	5,675	(26.7)
FY2014	50,976	(2.1)	10,232	(17.4)	10,955	(40.3)	7,739	(45.0)

	Net Profit per Share	Fully-Diluted Net Profit per Share
	Yen	Yen
FY2015	66.20	-
FY2014	88.57	-

(2) Unconsolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2016	54,128	21,423	39.3	250.59
As of Mar. 31, 2015	71,741	31,137	43.2	355.37

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2016: 21,261 As of Mar. 31, 2015: 30,971

2. Unconsolidated Forecasts for FY2016 (April 1, 2016– March 31, 2017)

(Percentages represent year-on-year changes)

	Sales		Ordinary Profit		Net Profit		Net Profit per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	24,000	(2.6)	3,400	(18.3)	3,500	9.0	41.25
Full year	51,800	2.3	8,500	12.5	7,100	25.1	83.68

Note 1: Information regarding the implementation of audit procedures

The current financial statements in this summary are exempted from audit procedures based on the Financial Instruments and Exchange Act. It is under the audit procedure process at the time of disclosure of this report.

Note 2: Cautionary statement with respect to forward-looking statements and other special items

Forecasts regarding future performance in these materials are based on assumptions judged to be valid and information currently available to the Company. These materials are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of factors. Please refer to "Analysis of Business Results and Financial Position, Analysis of Results of Operations" of the attachments for forecast assumptions and notes of caution for usage.

Analysis of Business Results and Financial Position

Analysis of Results of Operations

1) Review of Operations for FY2015 (100 millions of yen)

	FY2015 Results	Vs. Plan			Y-O-Y		
		*Final plan	Increase/ decrease	Change %	FY2014 Results	Increase/ decrease	Change %
Sales	724	734	(9)	(1.3)%	745	(20)	(2.8)%
Gross profit	473	490	(16)	(3.5)%	505	(32)	(6.4)%
Selling, general & administrative expenses	346	350	(3)	(1.1)%	330	15	4.6%
Operating profit	126	140	(13)	(9.5)%	174	(47)	(27.4)%
Non-operating profit or expenses	5	3	2	67.8%	10	(5)	(52.4)%
Ordinary profit	131	143	(11)	(7.8)%	185	(53)	(28.9)%
Extraordinary gains or losses	6	6	0	9.6%	8	(2)	(24.9)%
Net profit before income taxes and other adjustments	138	149	(10)	(7.1)%	194	(55)	(28.7)%
Income taxes-current and income taxes-deferred	41	49	(7)	(14.6)%	65	(23)	(36.2)%
Net profit attributable to owners of parent	96	100	(3)	(3.9)%	128	(31)	(25.0)%
Gross margin	65.3%	66.8%	(1.5)%	-	67.8%	(2.5)%	-
Operating margin	17.5%	19.1%	(1.6)%	-	23.4%	(5.9)%	-
Ordinary margin	18.2%	19.5%	(1.3)%	-	24.8%	(6.6)%	-

*Since FY2015 has seen forecast revisions, the table above shows comparisons with the final plan.

During the fiscal year under review (consolidated subsidiaries overseas: January 1 to December 31, 2015; consolidated subsidiaries in Japan: April 1, 2015 to March 31, 2016), Sanrio Group sales fell slightly by 2.8% year-on-year to 72.4 billion yen as increased sales in the buoyant Chinese and Japanese markets partially compensated for a fall in product licensing income from the United States and Europe persisting from the previous fiscal year. Meanwhile, operating profit saw a double-digit fall of 27.4% to 12.6 billion yen due to the impact of lower product license sales in the highly profitable U.S. and European markets, which the higher profits from promotional licenses and product sales in Japan and Asia were unable to erase.

A slight appreciation in the fiscal year under review led to a loss of 0.1 billion yen. As a result of this and other factors, ordinary profit decreased 28.9% to 13.1 billion yen. Meanwhile, net profit before income taxes and other adjustments fell 28.7% year-on-year to 13.8 billion yen after factoring in a 0.7 billion yen gain (loss) on sales of investment securities. As a result, and taking into account the regional differences in income tax rates (high in the U.S. and Europe, low in Asia), income taxes payable fell slightly by 2.3 billion yen and net profit attributable to owners of parent fell 25.0% year-on-year to 9.6 billion yen.

Furthermore, since the fiscal year-end for all overseas consolidated subsidiaries is December, the fiscal year under review for these subsidiaries covers the period from January to December 2015.

Reportable Segment (100 millions of yen)

		Sales				Segment profit (operating profit)			
		FY2014	FY2015	Increase/ decrease	Change %	FY2014	FY2015	Increase/ decrease	Change %
Japan	Product sales/others	370	392	22	6.0%	104	86	(17)	(16.8)%
	Royalties	98	107	8	9.0%				
	Total	468	499	30	6.6%				
Europe	Product sales/others	1	0	(1)	(64.4)%	26	11	(14)	(57.3)%
	Royalties	84	55	(28)	(34.0)%				
	Total	85	56	(29)	(34.6)%				
North America	Product sales/others	16	15	(1)	(7.6)%	18	0	(17)	(94.7)%
	Royalties	73	44	(29)	(39.9)%				
	Total	89	59	(30)	(34.0)%				
Latin America	Product sales/others	0	0	0	141.3%	5	2	(2)	(44.2)%
	Royalties	18	12	(6)	(33.2)%				
	Total	18	12	(6)	(32.6)%				
Asia	Product sales/others	22	20	(1)	(8.6)%	28	33	5	18.0%
	Royalties	59	76	16	27.9%				
	Total	82	96	14	17.7%				
Adjustment		-	-	-	-	(7)	(8)	(0)	-
Consolidated	Product sales/others	411	429	17	4.4%	174	126	(47)	(27.4)%
	Royalties	334	295	(38)	(11.6)%				
	Total	745	724	(20)	(2.8)%				

Note: Regional subsidiaries overseas pay the amount of royalties commensurate as the cost of sales while the Japanese parent company (the copyright holder) calculates this income as sales. Because consolidated transactions are eliminated, however, these are not included in Japan's sales figures as stated above (although included in operating profit).
Further, the above sales figures are "sales to customers," and the inter-segment sales, which are not limited to the above-mentioned royalties, are eliminated as internal transaction sales.

Reference: Overseas Sales and Profits for the Past Three Years by Area (Millions of yen)

		Sales to customers					Operating profit				
Areas		FY2013	FY2014	Change (%)	FY2015	Change (%)	FY2013	FY2014	Change (%)	FY2015	Change (%)
North America	U.S.A.	11,883	8,994	(24.3)	5,933	(34.0)	3,988	1,827	(54.2)	96	(94.7)
Latin America	Brazil/Chile	1,731	1,884	8.8	1,270	(32.6)	525	518	(1.5)	289	(44.2)
Asia	Hong Kong	3,927	4,139	5.4	3,876	(6.4)	33	999	2,846.5	1,181	18.2
	Taiwan	1,236	1,473	19.2	1,709	16.0	348	494	41.7	557	12.8
	South Korea	985	1,064	8.0	1,208	13.5	390	380	(2.6)	311	(18.2)
	China	1,304	1,560	19.6	2,902	86.0	548	937	70.9	1,268	35.3
Subtotal		7,453	8,237	10.5	9,696	17.7	1,321	2,812	112.8	3,319	18.0
Europe	Germany	9,213	7,795	(15.4)	4,860	(37.6)	3,041	2,307	(24.1)	955	(58.6)
	Britain	640	787	23.0	755	(4.1)	150	308	105.1	162	(47.5)
Subtotal		9,853	8,583	(12.9)	5,616	(34.6)	3,191	2,616	(18.0)	1,117	(57.3)
Total		30,922	27,699	(10.4)	22,517	(18.7)	9,027	7,773	(13.9)	4,822	(38.0)

2) Outlook for FY2016

(100 millions of yen)

	FY2015 Results	FY2016 Forecasts	Increase/ decrease	Change %
Sales	724	719	(5)	(0.8)%
Gross profit	473	470	(3)	(0.6)%
Selling, general & administrative expenses	346	346	(0)	(0.1)%
Operating profit	126	124	(2)	(2.2)%
Ordinary profit	131	127	(4)	(3.6)%
Extraordinary gains or losses	6	-	(6)	-
Net profit before income taxes and other adjustments	138	127	(11)	(8.2)%
Income taxes-current and -deferred	41	27	(14)	(35.5)%
Net profit attributable to owners of parent	96	100	3	4.1%
Gross margin	65.3%	65.4%	0.1%	-

* Key assumptions for the next year's outlook
Exchange rates: 109.66 yen/USD 124.30 yen/EUR

Regarding the global economy in the coming fiscal year, uncertainty is expected to persist from the year under review, especially in Europe and China. In this situation, our domestic business has experienced a slowdown in spending from tourists arriving from overseas, and the economic outlook is a cause for concern. In response, we expect to proactively develop new markets and contribute to profits by such means as adding Aggressive Retsuko and Rilu Rilu Fairilu to currently popular characters such as Gudetama and Pom Pom Purin, and offering a second round of animated broadcasts of Show By Rock!!. Due to the above conditions, sales are expected to fall 0.8% year-on-year to 71.9 billion yen. Moreover, operating profit is expected to fall 2.2% year-on-year to 12.4 billion yen. Finally, net profits are expected to be limited to a rise of 4.1% year-on-year to 10.0 billion yen as we do not anticipate foreign exchange gains or extraordinary gains in FY2016.

Analysis of Financial Position

1) FY2015 Financial Position

(100 millions of yen)

	As of Mar. 31, 2015	As of Mar. 31, 2016	Increase/decrease	As of Sep. 30, 2015
Assets	1,221	1,058	(162)	1,106
Liabilities	558	510	(47)	507
(Interest-bearing debt)	250	198	(52)	221
Net assets	662	547	(115)	599
Equity ratio	54.0%	51.4%	(2.6)pt	53.9%

* Interest-bearing debt excludes lease obligations.

2) FY2015 Cash Flow Position

(100 millions of yen)

	FY2014	FY2015	Increase/decrease
Cash flows from operating activities	144	100	(44)
Cash flows from investing activities	(78)	(63)	14
Cash flows from financing activities	(119)	(195)	(76)
Effect of exchange rate changes on cash and cash equivalents	13	(7)	(20)
Increase (decrease) in cash and cash equivalents	(40)	(167)	(127)
Cash and cash equivalents at beginning of year	416	376	(40)
Increase in cash and cash equivalents from new consolidation	-	2	2
Cash and cash equivalents at end of year	376	211	(164)

Target Performance Indicators and Medium to Long-Term Management Strategy

1) Target Performance Indicators

The Company has set a dividend payout ratio of at least 30% and a management index for return on equity (ROE) of at least 20%, but it will be setting a new management index for dividend on equity (DOE) of 10% or more in order to prioritize return to shareholders.

2) Medium-term Business Plan

The previous fiscal year ended March 31, 2015 marked the final year for the medium-term business plan titled “New Project 2015,” which was announced in May 2010 and revised in May 2011 with an operating profit target of 21 billion yen. The announcement of a new medium-term business plan is planned considering the current bottoming out of the revenue fall from the European and North American regions.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2014 (As of Mar. 31, 2015)	FY2015 (As of Mar. 31, 2016)
Assets		
Current assets		
Cash and deposit	54,816	41,080
Trade notes and accounts receivable	11,567	9,433
Merchandise and finished goods	3,734	4,158
Work in process	24	14
Raw materials and supplies	158	128
Other accounts receivable	1,947	1,326
Deferred tax assets	1,369	1,047
Other	827	754
Allowance for doubtful accounts	(133)	(186)
Total current assets	74,311	57,757
Fixed assets		
Tangible fixed assets		
Buildings and structures	53,832	53,940
Accumulated depreciation and impairment loss	(46,695)	(47,031)
Buildings and structures, net	7,137	6,909
Machinery and vehicles	12,736	12,770
Accumulated depreciation and impairment loss	(12,541)	(12,578)
Machinery and vehicles, net	194	192
Land	10,009	9,878
Lease assets	1,565	1,831
Accumulated depreciation and impairment loss	(684)	(718)
Lease assets, net	880	1,112
Construction in process	12	2
Other	5,327	5,371
Accumulated depreciation and impairment loss	(4,670)	(4,721)
Other, net	657	649
Total tangible fixed assets	18,891	18,744
Intangible fixed assets	5,254	5,200
Investments and other assets		
Investment securities	11,153	11,980
Long-term loans	59	6
long-term loans to employees	263	243
Guarantees	2,181	2,030
Deferred tax assets	3,018	4,530
Other	9,055	7,296
Allowance for doubtful accounts	(2,162)	(2,026)
Total investments and other assets	23,569	24,060
Total fixed assets	47,714	48,006
Deferred assets		
Corporate bond issuance costs	97	62
Total deferred assets	97	62
Total assets	122,124	105,826

(Millions of yen)

	FY2014 (As of Mar. 31, 2015)	FY2015 (As of Mar. 31, 2016)
Liabilities		
Current liabilities		
Trade notes and accounts payable	4,821	5,019
Short-term borrowings	8,380	5,600
Current portion of corporate bonds to be redeemed	2,448	1,469
Lease obligations	265	316
Accrued income taxes	2,715	998
Allowance for bonuses	483	510
Reserve for adjustment of returned goods	41	55
Provision for shareholder benefit program	-	54
Provision for point card certificates	-	100
Other	10,218	8,898
Total current liabilities	29,373	23,022
Long-term liabilities		
Corporate bonds	5,694	5,225
Long-term borrowings	8,567	7,516
Lease obligations	681	890
Reserve for retirement benefits for directors	414	-
Provision for loss on guarantees	14	-
Long-term deposits received	531	565
Long-term accounts payable	418	800
Net defined benefit liability	9,435	12,161
Other	724	911
Total long-term liabilities	26,481	28,070
Total liabilities	55,855	51,092
Net assets		
Shareholders' equity		
Capital	10,000	10,000
Capital surplus	3,423	3,423
Retained earnings	53,087	55,950
Treasury stock	(4,800)	(11,789)
Total shareholder's equity	61,710	57,585
Accumulated other comprehensive income		
Net unrealized gain (loss) on other securities	1,145	(369)
Deferred hedge gain (loss)	13	(39)
Foreign currency translation adjustments	5,643	2,458
Remeasurements of defined benefit plans	(2,531)	(5,227)
Total accumulated other comprehensive income	4,270	(3,177)
Stock acquisition rights	165	162
Non-controlling interests	121	164
Total net assets	66,269	54,733
Total liabilities and net assets	122,124	105,826

(2) Consolidated Income Statements and Consolidated Comprehensive Income Statements

Consolidated Income Statements

(Millions of yen)

	FY2014 (Apr. 1, 2014 – Mar. 31, 2015)	FY2015 (Apr. 1, 2015 – Mar. 31, 2016)
Sales	74,562	72,476
Cost of sales	24,003	25,156
Gross profit	50,558	47,320
Provision of reserve for adjustment of returned goods	-	14
Reversal from reserve for adjustment of returned goods	4	-
Net gross profit on sales	50,562	47,306
Selling, general and administrative expenses		
Sales and promotion expenses	3,594	3,152
Provision of allowance for doubtful accounts	150	91
Directors bonuses and salaries	7,592	8,105
Miscellaneous wages	3,067	3,206
Bonus	920	1,009
Provision of reserves for bonuses	472	505
Provision of allowance for retirement benefits for directors	20	16
Provision for shareholder benefit program	-	54
Provision for point card certificates	-	100
Retirement benefit expenses	1,389	1,413
Freight charges	841	935
Rent	2,682	2,883
Depreciation	932	984
Other	11,429	12,171
Total selling, general and administrative expenses	33,094	34,631
Operating profit	17,468	12,675
Non-operating profit		
Interest income	425	446
Dividend income	193	236
Foreign exchange gains	675	-
Gain on investments in partnership	57	270
Other income	236	287
Total non-operating profit	1,587	1,242
Non-operating expenses		
Interest expense	316	247
Foreign exchange loss	-	168
Listing expenses	78	77
Commission for syndicate loan	7	116
Other	127	129
Total non-operating expenses	530	738
Ordinary profit	18,525	13,178
Extraordinary gains		
Gain on sales of fixed assets	-	0
Gain on sales of investment securities	1,233	852
Gain on reversal of stock acquisition rights	2	3
Total extraordinary gains	1,235	856

(Millions of yen)

	FY2014 (Apr. 1, 2014 – Mar. 31, 2015)	FY2015 (Apr. 1, 2015 – Mar. 31, 2016)
Extraordinary losses		
Loss on disposal of fixed assets	32	60
Impairment loss	326	78
Loss on sale of investment securities	-	60
Total extraordinary losses	359	199
Net profit before income taxes and other adjustments	19,401	13,836
Income taxes – current	5,660	3,546
Income taxes – deferred	897	638
Total income taxes	6,558	4,185
Net profit	12,843	9,650
Net profit attributable to non-controlling interests	38	41
Net profit attributable to owners of parent	12,804	9,609

Consolidated Comprehensive Income Statements

(Millions of yen)

	FY2014 (Apr. 1, 2014 – Mar. 31, 2015)	FY2015 (Apr. 1, 2015 – Mar. 31, 2016)
Net profit	12,843	9,650
Other comprehensive income		
Net unrealized gain (loss) on other securities	357	(1,514)
Deferred hedge gain (loss)	7	(53)
Foreign currency translation adjustments	2,736	(3,183)
Remeasurements of defined benefit plans, net of tax	219	(2,696)
Total other comprehensive income	3,320	(7,447)
Comprehensive income	16,163	2,203
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,109	2,160
Comprehensive income attributable to non-controlling interests	54	42

(3) Consolidated Statements of Changes in Shareholders' Equity

FY 2014 (Apr. 1, 2014 – Mar. 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	10,000	3,423	49,140	(1,882)	60,681
Cumulative effects of changes in accounting policies			(964)		(964)
Restated balance	10,000	3,423	48,176	(1,882)	59,717
Changes of items during period					
Dividends of surplus			(7,893)		(7,893)
Change of scope of consolidation					-
Net profit attributable to owners of parent			12,804		12,804
Purchase of treasury stock				(2,917)	(2,917)
Disposal of treasury stock					
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	-	4,910	(2,917)	1,993
Balance at end of current period	10,000	3,423	53,087	(4,800)	61,710

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gain (loss) on other securities	Deferred hedge gain (loss)	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	787	6	2,922	(2,750)	966	167	67	61,883
Cumulative effects of changes in accounting policies								(964)
Restated balance	787	6	2,922	(2,750)	966	167	67	60,919
Changes of items during period								
Dividends of surplus								(7,893)
Change of scope of consolidation								-
Net profit attributable to owners of parent								12,804
Purchase of treasury stock								(2,917)
Disposal of treasury stock								-
Net changes of items other than shareholders' equity	357	7	2,720	219	3,304	(2)	54	3,356
Total changes of items during period	357	7	2,720	219	3,304	(2)	54	5,349
Balance at end of current period	1,145	13	5,643	(2,531)	4,270	165	121	66,269

FY 2015 (Apr. 1, 2015 – Mar. 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	10,000	3,423	53,087	(4,800)	61,710
Cumulative effects of changes in accounting policies					
Restated balance	10,000	3,423	53,087	(4,800)	61,710
Changes of items during period					
Dividends of surplus			(6,880)		(6,880)
Change of scope of consolidation			134		134
Net profit attributable to owners of parent			9,609		9,609
Purchase of treasury stock				(6,988)	(6,988)
Disposal of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	-	0	2,863	(6,988)	(4,125)
Balance at end of current period	10,000	3,423	55,950	(11,789)	57,585

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gain (loss) on other securities	Deferred hedge gain (loss)	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	1,145	13	5,643	(2,531)	4,270	165	121	66,269
Cumulative effects of changes in accounting policies								
Restated balance	1,145	13	5,643	(2,531)	4,270	165	121	66,269
Changes of items during period								
Dividends of surplus								(6,880)
Change of scope of consolidation								134
Net profit attributable to owners of parent								9,609
Purchase of treasury stock								(6,988)
Disposal of treasury stock								0
Net changes of items other than shareholders' equity	(1,514)	(53)	(3,184)	(2,696)	(7,448)	(3)	42	(7,409
Total changes of items during period	(1,514)	(53)	(3,184)	(2,696)	(7,448)	(3)	42	(11,535)
Balance at end of current period	(369)	(39)	2,458	(5,227)	(3,177)	162	164	54,733

(4) Consolidated Cash Flow Statements

(Millions of yen)

	FY2014 (Apr. 1, 2014 – Mar. 31, 2015)	FY2015 (Apr. 1, 2015 – Mar. 31, 2016)
Cash flows from operating activities		
Net profit before income taxes and other adjustments	19,401	13,836
Depreciation	1,562	1,716
Amortization of long-term prepaid expenses	69	62
Increase (decrease) in allowance for doubtful accounts	26	(25)
Increase (decrease) in reserve for bonuses	22	28
Increase (decrease) in net defined benefit liability	(1,045)	(1,042)
Increase (decrease) in reserve for adjustment of returned goods	(4)	14
Increase (decrease) in provision for shareholder benefit program	-	54
Increase (decrease) in provision for point card certificates	-	100
Increase (decrease) in reserve for retirement benefits for directors	(93)	3
Interest and dividend income	(618)	(683)
Interest expense	316	247
Loss (gain) on disposal of fixed assets	32	59
Impairment loss	326	78
Loss (gain) on sale of investment securities	(1,233)	(792)
Decrease (increase) in accounts receivable	2,062	2,115
Decrease (increase) in inventories	(337)	(402)
Decrease (increase) in other assets	(187)	118
Increase (decrease) in accounts payable	20	233
Increase (decrease) in consumption tax payable	409	(213)
Increase (decrease) in other liabilities	(2,491)	(656)
Other	(222)	10
Subtotal	18,016	14,865
Interests and dividends received	599	678
Interests paid	(311)	(246)
Income taxes paid	(3,866)	(5,285)
Cash flows from operating activities	14,438	10,011
Cash flows from investing activities		
Payments for time deposits	(26,202)	(33,173)
Withdrawal of time deposits	20,589	29,199
Payments for purchase of tangible fixed assets	(645)	(1,229)
Purchase of intangible fixed assets	(473)	(774)
Payments for purchase of investment securities	(7,245)	(5,663)
Proceeds from sale of investment securities	7,548	3,944
Collection of loans receivable	191	89
Payments for guarantees	(135)	(76)
Collection of guarantees	156	255
Other payments	(2,289)	(652)
Other proceeds	688	1,681
Cash flows from investing activities	(7,818)	(6,398)

(Millions of yen)

	FY2014 (Apr. 1, 2014 – Mar. 31, 2015)	FY2015 (Apr. 1, 2015 – Mar. 31, 2016)
Cash flows from financing activities		
Increase in short-term borrowings	-	1,884
Decrease in short-term borrowings	(39)	(3,423)
Increase in long-term borrowings	3,900	2,200
Decrease in long-term borrowings	(5,790)	(4,491)
Proceeds from issuance of corporate bonds	3,950	989
Payment for redemption of corporate bonds	(2,818)	(2,448)
Payment for purchase of treasury stock	(2,917)	(6,988)
Dividends paid	(7,883)	(6,875)
Other payments	(322)	(429)
Cash flows from financing activities	(11,921)	(19,582)
Effect of exchange rate changes on cash and cash equivalents	1,301	(733)
Increase (decrease) in cash and cash equivalents	(4,000)	(16,703)
Cash and cash equivalents at beginning of period	41,671	37,670
Increase in cash and cash equivalents from newly consolidated subsidiaries	-	203
Cash and cash equivalents at end of period	37,670	21,170

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.