May 14, 2019

Summary of Financial Results for the Fiscal Year Ended March 31, 2019 (FY2018) [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, Senior Managing Director TEL: +81-3-3779-8058
Scheduled date of Annual General Meeting of Shareholders: June 27, 2019
Scheduled date of filing of Annual Securities Report: June 28, 2019
Starting date of dividend payment: June 11, 2019
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 FY2018 (April 1, 2018 – March 31, 2019)

(1) Consolidated results of operations (Percentages 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	%
FY2018	59,120	(1.8)	4,786	(16.5)	5,836	(3.1)	3,880	(21.3)
FY2017	60,220	(3.9)	5,734	(17.0)	6,020	(17.0)	4,928	(23.9)

Note: Comprehensive income (millions of yen) FY2018: 2,193 (down 66.1%) FY2017: 6,464 (up 22.5%)

	Net Profit per Share	Fully-Diluted Net Profit per Share	Return on Equity (ROE)	Return on Assets (ROA)	Operating Profit to Sales
	Yen	Yen	%	%	%
FY2018	45.73	-	7.4	6.0	8.1
FY2017	58.09	-	9.4	6.0	9.5

Reference: Equity in earnings of unconsolidated subsidiaries (millions of yen) FY2018: - FY2017: -

(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, 2019	95,185	52,396	54.7	614.09
As of Mar. 31, 2018	98,274	52,734	53.4	618.66

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2019: 52,109 As of Mar. 31, 2018: 52,491

(3) Consolidated cash flows

	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
FY2018	4,868	(2,576)	(3,053)	29,258
FY2017	3,936	4,376	(7,958)	30,817

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	%	%
FY2017	-	40.00	-	15.00	55.00	4,666	94.7	8.9
FY2018	-	15.00	-	15.00	30.00	2,545	65.6	4.9
FY2019 (forecast)	-	15.00	-	20.00	35.00		60.6	

Note: Breakdown of the year-end dividend for FY2019 (forecast):
Ordinary dividend: 15.00 yen; 60th anniversary commemorative dividend: 5.00 yen

3. Consolidated Forecasts for FY2019 (April 1, 2019 – March 31, 2020)

(Percentages represent year-on-year changes)

	Sales		Operating Profit		Ordinary Profit		Net 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	27,800	(1.7)	1,700	(21.3)	2,200	(19.4)	1,400	(7.7)	16.50
Full year	60,000	1.5	6,100	27.4	7,100	21.6	4,900	26.3	57.74

*** 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: None

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 the period (including treasury stock)

As of Mar. 31, 2019: 89,065,301 shares As of Mar. 31, 2018: 89,065,301 shares

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

As of Mar. 31, 2019: 4,208,583 shares As of Mar. 31, 2018: 4,218,473 shares

3) Average number of shares outstanding during the period

FY2018: 84,851,377 shares FY2017: 84,846,996 shares

Reference: Unconsolidated Financial Results

1. Unconsolidated Financial Results for FY2018 (April 1, 2018 – March 31, 2019)

(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	%
FY2018	40,808	(3.3)	2,342	(24.6)	4,784	(18.1)	3,587	(14.1)
FY2017	42,199	(5.6)	3,108	(32.6)	5,844	(53.8)	4,175	(67.2)

	Net Profit per Share	Fully-Diluted Net Profit per Share
	Yen	Yen
FY2018	42.28	-
FY2017	49.21	-

(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, 2019	54,921	25,786	47.0	303.88
As of Mar. 31, 2018	54,531	24,743	45.4	291.63

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2019: 25,786 As of Mar. 31, 2018: 24,743

Note 1: The current financial report is not subject to audit by certified public accountants or auditing firms.

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 "Overview of Results of Operations, etc., (1) Results of Operations" of the attachments for forecast assumptions and notes of caution for usage.

Overview of Results of Operations, etc.

(1) Results of Operations

(100 millions of yen)

	FY2018 Results	Vs. Plan			Y-O-Y		
		*Final plan	Increase/ decrease	Change (%)	FY2017 Results	Increase/ decrease	Change (%)
Sales	591	606	(14)	(2.4)	602	(10)	(1.8)
Gross profit	378	400	(21)	(5.3)	387	(8)	(2.2)
Selling, general & administrative expenses	330	348	(17)	(4.9)	329	1	0.3
Operating profit	47	52	(4)	(8.0)	57	(9)	(16.5)
Non-operating profit or expenses	10	8	2	31.3	2	7	266.7
Ordinary profit	58	60	(1)	(2.7)	60	(1)	(3.1)
Extraordinary gains or losses	2	(3)	5	-	46	(44)	(95.0)
Net profit before income taxes	60	57	3	6.5	107	(46)	(43.3)
Total income taxes	21	20	1	7.1	57	(35)	(62.6)
Net profit attributable to owners of parent	38	37	1	4.9	49	(10)	(21.3)
Gross margin	64.1%	66.0%	(1.9)%	-	64.3%	(0.2)%	-
Operating margin	8.1%	8.6%	(0.5)%	-	9.5%	(1.4)%	-
Ordinary margin	9.9%	9.9%	(0.0)%	-	10.0%	(0.1)%	-

*Since the initial forecast has been revised, the table above shows comparisons with the final plan.

During the fiscal year under review (consolidated subsidiaries overseas: January 1 to December 31, 2018; consolidated subsidiaries in Japan: April 1, 2018 to March 31, 2019), the Sanrio Group launched its medium-term management plan, Marketing Innovation Project 2021. It established the Marketing and Communications Division and promoted measures to nurture and revitalize Hello Kitty and secondary characters. Concerning activities for animation and digital business, in April 2018 Netflix launched the Aggretsuko animation series to an enthusiastic response, especially within the United States. In addition, in October 2018 the Company absorbed Sanrio Wave Co., Ltd., a non-consolidated subsidiary of the Company engaged in the game business, and we are taking advantage of head office transactions to promote business expansion. Regarding activities for the product sales business, we opened a directly managed prototype store named Yokohama Gift Gate, and we also opened the directly managed Asakusa Gift Gate store in April 2019. In overseas operations, U.S. restructuring has been completed and Chinese business has generally progressed well. In the European and U.S. markets, although business recovery has been delayed at each subsidiary, we continue to work on the issues of the medium-term management plan to achieve the targets.

As for business results in the current fiscal year, in Japan the theme parks performed well. However, typhoons and torrential rains in summer along with earthquakes in Kansai and Hokkaido had an impact on spending from overseas tourists. In addition, there was a downturn in apparel-related products due to unseasonable weather. The adjustment of publishing distribution stock also had a negative effect. Overseas, the delayed recovery in the U.S. and European licensing businesses had a negative effect despite generally strong sales in Asia.

As a result, sales fell 1.8% year-on-year to 59.1 billion yen and operating profit fell 16.5% to 4.7 billion yen. Ordinary profit fell 3.1% year-on-year to 5.8 billion yen, mainly due to accounting 0.3 billion yen for gain on investments in partnership as non-operating profit. Net profit attributable to owners of parent fell 21.3% to 3.8 billion yen after accounting for the following extraordinary gains/losses: a gain on sales of fixed assets of 0.6 billion yen on realization of deferred income accompanying early withdrawal of the sales and lease back transaction for the fixed assets of the U.S. subsidiary; a gain on sales of investment securities of 0.5 billion yen; a loss on valuation of investment securities of 0.5 billion yen; expenses of 0.3 billion yen as business structure improvement expenses for restructuring the U.S. subsidiary; and a total of 2.1 billion yen in income taxes.

Net profit attributable to owners of parent changed significantly year-on-year. The main factors include a 4.5 billion yen gain on sales of fixed assets at the U.S. subsidiary in the previous fiscal year; income taxes–deferred recorded at 1.3 billion yen; and the recording of 1.1 billion yen in income taxes for prior periods due to tax

assessment order by from the Tokyo Regional Taxation Bureau.

Since the accounting period for all overseas consolidated subsidiaries runs from January to December, the fiscal year under review for these subsidiaries covers the period from January to December 2018.

Reportable Segment (100 millions of yen)

		Sales				Segment profit (operating profit)			
		FY2017	FY2018	Increase/ decrease	Change (%)	FY2017	FY2018	Increase/ decrease	Change (%)
Japan	Product sales/others	356	351	(4)	(1.2)	43	36	(7)	(16.7)
	Royalties	97	99	2	2.7				
	Total	453	451	(1)	(0.4)				
Europe	Product sales/others	0	0	0	5.2	(0)	(3)	(3)	-
	Royalties	21	17	(3)	(18.3)				
	Total	21	17	(3)	(18.1)				
North America	Product sales/others	11	9	(2)	(17.1)	(9)	(10)	(1)	-
	Royalties	18	16	(1)	(9.5)				
	Total	30	26	(3)	(12.5)				
Latin America	Product sales/others	0	0	(0)	(5.8)	0	0	(0)	(82.0)
	Royalties	7	5	(2)	(31.1)				
	Total	8	5	(2)	(30.6)				
Asia	Product sales/others	12	11	(0)	(3.6)	32	35	2	9.2
	Royalties	76	77	1	1.7				
	Total	88	89	0	1.0				
Adjustment		-	-	-	-	(9)	(9)	(0)	-
Consolidated	Product sales/others	380	374	(6)	(1.8)	57	47	(9)	(16.5)
	Royalties	221	217	(4)	(1.9)				
	Total	602	591	(10)	(1.8)				

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 stated above (although included in segment profit (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)

Areas		Sales to customers					Operating profit				
		FY2016	FY2017	Change (%)	FY2018	Change (%)	FY2016	FY2017	Change (%)	FY2018	Change (%)
Europe	Germany	2,390	1,586	(33.6)	1,366	(13.9)	(302)	(105)	-	(192)	-
	Britain	526	568	7.9	397	(30.0)	(59)	11	-	(206)	-
	Subtotal	2,917	2,155	(26.1)	1,764	(18.1)	(362)	(93)	-	(398)	-
North America	U.S.A.	4,025	3,042	(24.4)	2,661	(12.5)	(579)	(950)	-	(1,082)	-
Latin America	Brazil/Chile	912	808	(11.4)	561	(30.6)	196	93	(52.6)	16	(82.0)
Asia	Hong Kong	3,258	3,247	(0.3)	2,952	(9.1)	1,078	1,159	7.5	1,173	1.2
	Taiwan	1,487	1,398	(6.0)	1,356	(3.0)	480	483	0.5	444	(7.9)
	South Korea	991	910	(8.2)	824	(9.4)	201	159	(20.7)	167	4.7
	China	2,999	3,297	10.0	3,809	15.5	1,276	1,450	13.7	1,765	21.7
	Subtotal	8,736	8,854	1.4	8,943	1.0	3,036	3,253	7.1	3,551	9.2
Total		16,591	14,860	(10.4)	13,930	(6.3)	2,291	2,301	0.4	2,087	(9.3)

(2) Financial Position

(100 millions of yen)

	As of Mar. 31, 2018	As of Mar. 31, 2019	Increase/decrease	As of Sep. 30, 2018
Assets	982	951	(30)	957
Liabilities	455	427	(27)	434
(Interest-bearing debt)	200	200	(0)	197
Net assets	527	523	(3)	522
Equity ratio	53.4%	54.7%	1.3pt	54.3%

* Interest-bearing debt excludes lease obligations.

(3) Cash Flows

(100 millions of yen)

	FY2017	FY2018	Increase/decrease
Cash flows from operating activities	39	48	9
Cash flows from investing activities	43	(25)	(69)
Cash flows from financing activities	(79)	(30)	49
Effect of exchange rate changes on cash and cash equivalents	3	(8)	(12)
Increase (decrease) in cash and cash equivalents	7	(16)	(23)
Cash and cash equivalents at beginning of year	300	308	7
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	0	0
Cash and cash equivalents at end of year	308	292	(15)

(4) Outlook

(100 millions of yen)

	FY2018 Results	FY2019 Forecasts	Increase/ decrease	Change (%)
Sales	591	600	8	1.5
Gross profit	378	402	23	6.1
Selling, general & administrative expenses	330	341	10	3.1
Operating profit	47	61	13	27.4
Ordinary profit	58	71	12	21.6
Extraordinary gains or losses	2	1	(1)	(57.3)
Net profit before income taxes	60	72	11	18.6
Total income taxes	21	23	1	7.4
Net profit attributable to owners of parent	38	49	10	26.3
Gross margin	64.1%	67.0%	2.9%	-

* Key assumptions for the next year's outlook
Exchange rates: 110.00 yen/USD 125.00 yen/EUR

In the global economy over the coming fiscal year, while we anticipate continued growth in the United States and China, the economic outlook remains uncertain due to such factors as trade friction and Brexit. Additionally, there are concerns about consumption trends following a planned hike in the domestic consumption tax rate. Under these circumstances, the Group will proceed with measures building on the basic strategy of the three-year medium-term management plan, which was launched in the previous fiscal year.

Basic strategies of the medium-term management plan

i. Strengthen and reshape marketing functions

ii. Establish an Sanrio-made animation and digital business

iii. Reinvent sales as a point of interaction with customers

iv. Focus on China as a growth market; restructure in the Americas and enact growth measures in Europe

The Group will strive to open new stores, such as Asakusa Gift Gate and Yokohama Gift Gate, while acquiring space on the sales floor at major distribution wholesale stores where overseas tourists are likely to visit in large numbers. We will also work to reduce the cost-of-sales ratio by improving the system while strengthening collaboration between online and physical stores. Concerning character-related measures, we will focus on Hello Kitty's 45th anniversary and collaborations with Hello Kitty while developing My Melody and Little Twin Stars, which reach their 45th anniversary next year, and currently popular characters including Pom Pom Purin, Cinnamoroll, and Gudetama. In addition, we will focus on a second Netflix season planned this summer for Aggretsuko, which first streamed in April 2018, and we plan to contribute revenue from games through new collaboration with major games manufacturers. Overseas, we expect operating profit to improve due to such factors as steady growth in China and other Asian regions and cost reductions from the completion of restructuring at a U.S. subsidiary. As a result of the above, we expect sales to rise 1.5% year-on-year to 60 billion yen, operating profit to rise 27.4% to 6.1 billion yen, and net profit attributable to owners of parent to rise 26.3% to 4.9 billion yen. Accordingly, we expect return on equity (ROE) of 9.2% in the second year of the medium-term management plan.

Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2017 (As of Mar. 31, 2018)	FY2018 (As of Mar. 31, 2019)
Assets		
Current assets		
Cash and deposit	44,290	43,814
Trade notes and accounts receivable	7,824	6,866
Merchandise and finished goods	4,069	4,276
Work in process	26	32
Raw materials and supplies	116	115
Other accounts receivable	880	614
Other	737	797
Allowance for doubtful accounts	(74)	(130)
Total current assets	57,871	56,387
Fixed assets		
Tangible fixed assets		
Buildings and structures	51,586	51,106
Accumulated depreciation and impairment loss	(45,709)	(45,700)
Buildings and structures, net	5,876	5,405
Machinery and vehicles	12,878	12,951
Accumulated depreciation and impairment loss	(12,641)	(12,634)
Machinery and vehicles, net	236	317
Land	8,487	8,473
Lease assets	2,169	2,167
Accumulated depreciation and impairment loss	(926)	(1,020)
Lease assets, net	1,243	1,147
Construction in process	4	31
Other	5,727	5,534
Accumulated depreciation and impairment loss	(5,145)	(4,997)
Other, net	581	536
Total tangible fixed assets	16,430	15,912
Intangible fixed assets	3,905	3,397
Investments and other assets		
Investment securities	11,513	11,524
Long-term loans to employees	222	193
Guarantees	1,905	1,748
Deferred tax assets	2,890	2,683
Other	4,806	4,379
Allowance for doubtful accounts	(1,305)	(1,071)
Total investments and other assets	20,033	19,458
Total fixed assets	40,368	38,768
Deferred assets		
Corporate bond issuance costs	33	29
Total deferred assets	33	29
Total assets	98,274	95,185

(Millions of yen)

	FY2017 (As of Mar. 31, 2018)	FY2018 (As of Mar. 31, 2019)
Liabilities		
Current liabilities		
Trade notes and accounts payable	4,563	4,433
Short-term borrowings	6,737	6,869
Current portion of corporate bonds to be redeemed	2,534	1,744
Lease obligations	305	308
Accrued income taxes	1,564	678
Allowance for bonuses	491	495
Reserve for adjustment of returned goods	94	3
Provision for shareholder benefit program	50	29
Provision for point card certificates	90	87
Provision for business structure improvement	-	247
Other	8,074	7,994
Total current liabilities	24,506	22,891
Long-term liabilities		
Corporate bonds	3,263	2,384
Long-term borrowings	7,523	9,027
Lease obligations	1,026	928
Long-term deposits received	549	559
Long-term accounts payable	1,068	1,135
Net defined benefit liability	6,149	5,157
Other	1,452	704
Total long-term liabilities	21,033	19,896
Total liabilities	45,539	42,788
Net assets		
Shareholders' equity		
Capital	10,000	10,000
Capital surplus	3,423	3,409
Retained earnings	53,779	55,114
Treasury stock	(11,789)	(11,762)
Total shareholder's equity	55,413	56,762
Accumulated other comprehensive income		
Net unrealized gain (loss) on other securities	(219)	(231)
Deferred hedge gain (loss)	(2)	(0)
Foreign currency translation adjustments	247	(1,786)
Remeasurements of defined benefit plans	(2,947)	(2,634)
Total accumulated other comprehensive income	(2,921)	(4,652)
Non-controlling interests	243	287
Total net assets	52,734	52,396
Total liabilities and net assets	98,274	95,185

(2) Consolidated Income Statements and Consolidated Comprehensive Income Statements

Consolidated Income Statements

(Millions of yen)

	FY2017 (Apr. 1, 2017 – Mar. 31, 2018)	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)
Sales	60,220	59,120
Cost of sales	21,475	21,340
Gross profit	38,744	37,780
Provision for sales returns	26	-
Reversal of provision for sales returns	-	91
Net gross profit on sales	38,718	37,871
Selling, general and administrative expenses		
Sales and promotion expenses	2,463	2,375
Provision of allowance for doubtful accounts	76	(28)
Directors bonuses and salaries	7,838	7,814
Miscellaneous wages	3,213	3,275
Bonus	965	1,011
Provision of reserves for bonuses	480	487
Provision for shareholder benefit program	(7)	(20)
Provision for point card certificates	(7)	(3)
Retirement benefit expenses	1,889	1,883
Freight charges	875	997
Rent	2,811	2,955
Depreciation	1,148	1,052
Other	11,236	11,285
Total selling, general and administrative expenses	32,984	33,084
Operating profit	5,734	4,786
Non-operating profit		
Interest income	506	501
Dividend income	219	223
Foreign exchange gains	-	59
Gain on investments in partnership	-	336
Other	226	247
Total non-operating profit	951	1,368
Non-operating expenses		
Interest expense	166	101
Loss on investments in partnership	142	-
Foreign exchange loss	101	-
Commission fee	114	189
Compensation expenses	94	-
Other	46	26
Total non-operating expenses	665	317
Ordinary profit	6,020	5,836
Extraordinary gains		
Gain on sales of fixed assets	4,586	686
Gain on sales of investment securities	698	542
Other	-	13
Total extraordinary gains	5,284	1,241

(Millions of yen)

	FY2017 (Apr. 1, 2017 – Mar. 31, 2018)	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)
Extraordinary losses		
Loss on disposal of fixed assets	23	28
Impairment loss	573	115
Loss on sale of investment securities	-	35
Loss on valuation of investment securities	-	515
Business structure improvement expenses	-	311
Total extraordinary losses	597	1,007
Net profit before income taxes	10,708	6,070
Income taxes – current	3,179	2,138
Income taxes for prior periods	1,175	-
Income taxes – deferred	1,378	3
Total income taxes	5,733	2,141
Net profit	4,974	3,929
Net profit attributable to non-controlling interests	45	48
Net profit attributable to owners of parent	4,928	3,880

Consolidated Comprehensive Income Statements

(Millions of yen)

	FY2017 (Apr. 1, 2017 – Mar. 31, 2018)	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)
Net profit	4,974	3,929
Other comprehensive income		
Net unrealized gain (loss) on other securities	(112)	(12)
Deferred hedge gain (loss)	3	1
Foreign currency translation adjustments	789	(2,038)
Remeasurements of defined benefit plans, net of tax	808	313
Total other comprehensive income	1,489	(1,736)
Comprehensive income	6,464	2,193
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,425	2,149
Comprehensive income attributable to non-controlling interests	39	43

(3) Consolidated Statements of Changes in Shareholders' Equity

FY2017 (Apr. 1, 2017 – Mar. 31, 2018)

(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	55,638	(11,789)	57,272
Changes of items during period					
Dividends of surplus			(6,787)		(6,787)
Net profit attributable to owners of parent			4,928		4,928
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	(1,858)	(0)	(1,859)
Balance at end of current period	10,000	3,423	53,779	(11,789)	55,413

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gain (loss) on other securities	Deferred hedge gain (loss)	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	(106)	(5)	(549)	(3,756)	(4,418)	-	204	53,058
Changes of items during period								
Dividends of surplus								(6,787)
Net profit attributable to owners of parent								4,928
Purchase of treasury stock								(0)
Net changes of items other than shareholders' equity	(112)	3	796	808	1,496	-	39	1,535
Total changes of items during period	(112)	3	796	808	1,496	-	39	(323)
Balance at end of current period	(219)	(2)	247	(2,947)	(2,921)	-	243	52,734

FY2018 (Apr. 1, 2018 – Mar. 31, 2019)

(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	53,779	(11,789)	55,413
Changes of items during period					
Dividends of surplus			(2,545)		(2,545)
Net profit attributable to owners of parent			3,880		3,880
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		(13)		27	14
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(13)	1,334	27	1,348
Balance at end of current period	10,000	3,409	55,114	(11,762)	56,762

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gain (loss) on other securities	Deferred hedge gain (loss)	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	(219)	(2)	247	(2,947)	(2,921)	-	243	52,734
Changes of items during period								
Dividends of surplus								(2,545)
Net profit attributable to owners of parent								3,880
Purchase of treasury stock								(0)
Disposal of treasury stock								14
Net changes of items other than shareholders' equity	(12)	1	(2,033)	313	(1,730)	-	43	(1,687)
Total changes of items during period	(12)	1	(2,033)	313	(1,730)	-	43	(338)
Balance at end of current period	(231)	(0)	(1,786)	(2,634)	(4,652)	-	287	52,396

(4) Consolidated Cash Flow Statements

(Millions of yen)

	FY2017 (Apr. 1, 2017 – Mar. 31, 2018)	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)
Cash flows from operating activities		
Net profit before income taxes	10,708	6,070
Depreciation	1,956	1,863
Amortization of long-term prepaid expenses	133	64
Increase (decrease) in allowance for doubtful accounts	(292)	(136)
Increase (decrease) in provision for business restructuring	-	246
Increase (decrease) in reserve for bonuses	(13)	3
Increase (decrease) in net defined benefit liability	(2,885)	(535)
Increase (decrease) in reserve for adjustment of returned goods	26	(91)
Increase (decrease) in provision for shareholder benefit program	(7)	(20)
Increase (decrease) in provision for point card certificates	(7)	(3)
Interest and dividend income	(725)	(725)
Interest expense	166	101
Loss (gain) on disposal of fixed assets	(4,562)	(657)
Impairment loss	573	115
Loss (gain) on sale of investment securities	(698)	(506)
Valuation loss (gain) on investment securities	-	515
Decrease (increase) in accounts receivable	104	1,103
Decrease (increase) in inventories	97	(221)
Decrease (increase) in other assets	198	(216)
Increase (decrease) in accounts payable	658	(136)
Increase (decrease) in consumption tax payable	114	66
Increase (decrease) in other liabilities	46	148
Other	344	(191)
Subtotal	5,934	6,857
Interests and dividends received	690	715
Interests paid	(168)	(105)
Income taxes paid	(2,519)	(2,599)
Income taxes refund	0	-
Cash flows from operating activities	3,936	4,868
Cash flows from investing activities		
Payments for time deposits	(13,220)	(24,477)
Withdrawal of time deposits	11,522	22,675
Payments for purchase of tangible fixed assets	(632)	(633)
Proceeds from sale of tangible fixed assets	6,416	16
Purchase of intangible fixed assets	(450)	(295)
Payments for purchase of investment securities	(2,848)	(2,619)
Proceeds from sale of investment securities	3,756	2,486
Proceeds from distributions from investment partnerships	129	396
Collection of loans receivable	15	29
Payments for guarantees	(32)	(50)
Collection of guarantees	125	68
Other	(404)	(173)
Cash flows from investing activities	4,376	(2,576)

(Millions of yen)

	FY2017 (Apr. 1, 2017 – Mar. 31, 2018)	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)
Cash flows from financing activities		
Decrease in short-term borrowings	(40)	(40)
Increase in long-term borrowings	8,300	7,550
Decrease in long-term borrowings	(8,646)	(5,873)
Proceeds from issuance of corporate bonds	993	934
Payment for redemption of corporate bonds	(1,403)	(2,619)
Payment for purchase of treasury stock	(0)	(0)
Dividends paid	(6,787)	(2,561)
Other	(374)	(444)
Cash flows from financing activities	(7,958)	(3,053)
Effect of exchange rate changes on cash and cash equivalents	373	(880)
Increase (decrease) in cash and cash equivalents	727	(1,640)
Cash and cash equivalents at beginning of period	30,090	30,817
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	81
Cash and cash equivalents at end of period	30,817	29,258

Other Information

Changes in Directors

New substitute outside auditor candidate

Takehisa Inoyama

(Profile of Mr. Takehisa Inoyama)

December 2007	Admitted to Daini Tokyo Bar Association, joined Shimoyama Law Office (currently Legal Professional Corporation Shimoyama Law Office)
February 2012	Member, Legal Professional Corporation Shimoyama Law Office
June 2016	Outside Director, TOKYO THEATRES COMPANY, INCORPORATED (to present)
November 2016	Representative Member, Legal Professional Corporation Shimoyama Law Office (to present)

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.