May 12, 2017

Summary of Financial Results for the Fiscal Year Ended March 31, 2017 (FY2016) [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 22, 2017
Scheduled date of filing of Annual Securities Report: June 23, 2017
Starting date of dividend payment: June 6, 2017
Preparation of supplementary materials for financial results: Yes
Holding of financial results meeting: Yes (for institutional investors and analysts)

Note: The original disclosure in Japanese was released on May 12, 2017 at 16:00 (GMT +9).

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

1. Consolidated Financial Results for FY2016 (April 1, 2016 – March 31, 2017)

(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	%
FY2016	62,695	(13.5)	6,904	(45.5)	7,255	(44.9)	6,475	(32.6)
FY2015	72,476	(2.8)	12,675	(27.4)	13,178	(28.9)	9,609	(25.0)

Note: Comprehensive income (millions of yen) FY2016: 5,275 (up 139.5%) FY2015: 2,203 (down 86.4%)

	Net Profit per Share	Fully-Diluted Net Profit per Share	Return on Equity (ROE)	Return on Assets (ROA)	Operating Profit to Sales
	Yen	Yen	%	%	%
FY2016	76.32	-	12.1	7.0	11.0
FY2015	112.08	-	16.0	11.6	17.5

Reference: Equity in earnings of unconsolidated subsidiaries (millions of yen) FY2016: - FY2015: -

(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, 2017	101,312	53,058	52.2	622.94
As of Mar. 31, 2016	105,826	54,733	51.4	641.24

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2017: 52,854 As of Mar. 31, 2016: 54,407

(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
FY2016	7,037	8,736	(6,111)	30,090
FY2015	10,011	(6,398)	(19,582)	21,170

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	%	%
FY2015	-	40.00	-	40.00	80.00	6,787	71.4	11.4
FY2016	-	40.00	-	40.00	80.00	6,787	104.8	12.7
FY2017 (forecast)	-	40.00	-	40.00	80.00		87.0	

3. Consolidated Forecasts for FY2017 (April 1, 2017 – March 31, 2018)

(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	30,600	(2.7)	4,100	5.5	4,300	15.3	2,900	(23.8)	34.18
Full year	65,700	4.8	10,800	56.4	11,200	54.4	7,800	20.4	91.93

*** 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 the period (including treasury stock)

As of Mar. 31, 2017: 89,065,301 shares As of Mar. 31, 2016: 89,065,301 shares

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

As of Mar. 31, 2017: 4,218,168 shares As of Mar. 31, 2016: 4,218,056 shares

3) Average number of shares outstanding during the period

FY2016: 84,847,214 shares FY2015: 85,734,357 shares

Reference: Unconsolidated Financial Results

1. Unconsolidated Financial Results for FY2016 (April 1, 2016 – March 31, 2017)

(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	%
FY2016	44,722	(11.7)	4,609	(41.4)	12,658	67.5	12,732	124.3
FY2015	50,643	(0.7)	7,858	(23.2)	7,557	(31.0)	5,675	(26.7)

	Net Profit per Share	Fully-Diluted Net Profit per Share
	Yen	Yen
FY2016	150.07	-
FY2015	66.20	-

(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, 2017	60,094	27,470	45.7	323.76
As of Mar. 31, 2016	54,128	21,423	39.3	250.59

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2017: 27,470 As of Mar. 31, 2016: 21,261

2. Unconsolidated Forecasts for FY2017 (April 1, 2017 – March 31, 2018)

(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	22,000	1.4	2,800	60.3	1,900	(17.4)	22.39
Full year	46,800	4.6	7,000	(44.7)	4,800	(62.3)	56.57

Note 1: The current financial report is not subject to audit procedures.

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 "1. Overview of Results of Operations, etc., (1) Results of Operations" on page 2 of the attachments for forecast assumptions and notes of caution for usage.

Contents of Attachments

1. Overview of Results of Operations, etc.

(1) Results of Operations

(100 millions of yen)

	FY2016 Results	Vs. Plan			Y-O-Y		
		*Final plan	Increase/ decrease	Change (%)	FY2015 Results	Increase/ decrease	Change (%)
Sales	626	664	(37)	(5.6)	724	(97)	(13.5)
Gross profit	404	432	(27)	(6.3)	473	(68)	(14.5)
Selling, general & administrative expenses	335	338	(2)	(0.7)	346	(10)	(3.1)
Operating profit	69	94	(24)	(26.5)	126	(57)	(45.5)
Non-operating profit or expenses	3	-	3	-	5	(1)	(30.3)
Ordinary profit	72	94	(21)	(22.8)	131	(59)	(44.9)
Extraordinary gains or losses	6	2	4	227.3	6	(0)	(0.5)
Net profit before income taxes	79	96	(16)	(17.6)	138	(59)	(42.8)
Total income taxes	13	16	(2)	(13.0)	41	(27)	(66.7)
Net profit attributable to owners of parent	64	80	(15)	(19.1)	96	(31)	(32.6)
Gross margin	64.6%	65.1%	(0.5)%	-	65.3%	(0.7)%	-
Operating margin	11.0%	14.2%	(3.2)%	-	17.5%	(6.5)%	-
Ordinary margin	11.6%	14.2%	(2.6)%	-	18.2%	(6.6)%	-

*Since the initial forecast has been revised in FY2016, the table above shows comparisons with the final plan.

During the fiscal year under review (consolidated subsidiaries overseas: January 1 to December 31, 2016; consolidated subsidiaries in Japan: April 1, 2016 to March 31, 2017), overseas business underperformed the previous year as royalty income increase in the Southeast Asia, East Asia and Chinese markets proved unable to compensate for the continuous downturn in product licensing income in the United States, Europe and Latin America. The domestic business sales continued to decrease due to unseasonal weather and a reactionary decline following a buoyant retail market for inbound tourists in the previous fiscal year, affected by a hike in customs duties implemented by the Chinese government in April. Additionally, consumption trends moving from products to events and attractions are making the prospects for consumption more uncertain than ever.

Under these conditions, in Japan, the events and attractions business at the Tama City theme park performed well, and character development advanced into new areas including social networks, comics, animation and mobile game apps such as Sanrio Danshi (boys), Gudetama, Aggretsuko (Aggressive Retsuko) and Show By Rock!!. In addition, Pom Pom Purin won the Sanrio character popularity vote (the 31st Sanrio Character Awards) for the second consecutive year and Cinnamoroll celebrated 15 years since its debut in the fiscal year under review. Both characters proved popular and contributed to sales and profits. Nevertheless, sales and profits both fell because of a decline in highly profitable product license income. Sales fell 13.5% year-on-year to 62.6 billion yen and operating profit 45.5% to 6.9 billion yen, ordinary profit 44.9% to 7.2 billion yen. Net profit before income taxes fell 42.8% year-on-year to 7.9 billion yen, mainly attributable to a nearly 0.6 billion yen gain on sales of investment securities and a 0.1 billion yen gain on reversal of stock acquisition rights. Following the decision to make corrections in income for prior periods, refund of income taxes amounted to 1.1 billion yen. Accordingly, net profit attributable to owners of parent fell 32.6% year-on-year to 6.4 billion yen.

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 2016.

Reportable Segment (100 millions of yen)

		Sales				Segment profit (operating profit)			
		FY2015	FY2016	Increase/ decrease	Change (%)	FY2015	FY2016	Increase/ decrease	Change (%)
Japan	Product sales/others	392	362	(29)	(7.6)	86	54	(32)	(37.5)
	Royalties	107	98	(8)	(8.3)				
	Total	499	461	(38)	(7.7)				
Europe	Product sales/others	0	0	(0)	(46.9)	11	(3)	(14)	-
	Royalties	55	28	(26)	(48.1)				
	Total	56	29	(26)	(48.1)				
North America	Product sales/others	15	12	(2)	(18.6)	0	(5)	(6)	-
	Royalties	44	27	(16)	(36.8)				
	Total	59	40	(19)	(32.2)				
Latin America	Product sales/others	0	0	(0)	(82.6)	2	1	(0)	(32.1)
	Royalties	12	9	(3)	(27.4)				
	Total	12	9	(3)	(28.2)				
Asia	Product sales/others	20	13	(7)	(37.0)	33	30	(2)	(8.5)
	Royalties	76	74	(1)	(2.4)				
	Total	96	87	(9)	(9.9)				
Adjustment		-	-	-	-	(8)	(7)	0	-
Consolidated	Product sales/others	429	388	(40)	(9.5)	126	69	(57)	(45.5)
	Royalties	295	238	(57)	(19.3)				
	Total	724	626	(97)	(13.5)				

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.

i. Japan: Sales fell 7.7% year-on-year to 46.1 billion yen and operating profit fell 37.5% to 5.4 billion yen

Product sales in Japan performed well last year due to "binge buying" by foreign tourists in stores in city centers and the Tokyo metropolitan area. However, import duties levied by the Chinese government from April 8, 2016 have caused the average spending per customer to fall despite a rise in the number of foreign tourists centered on the Kansai area. This has led to a slowdown in the retail industry, especially in department stores. While consumption from overseas visitors has been returning since the start of 2017, consumption among Japanese continues to follow a falling trend due to a cost-cutting mindset caused by a persistent sense of recession and a prominent change in consumer trends from products towards events and attractions. In this situation, despite brisk activity at theme parks, the decline in master license fees from subsidiaries in Europe and U.S.A and weak performance of domestic licensing business led to a fall in both sales and profits in Japan as a whole.

In the domestic product sales business, amid a downturn in consumer confidence caused by a chronic tendency to economize, the number of people making purchases and the amounts spent have continued to fall, and store sales have struggled. While commemorative products for Cinnamoroll, which celebrated its 15th anniversary this year, brand collaboration products with Godiva, Lupicia, and others, and character collaboration products with Osomatsu-san became hits and many proved popular among the youth segment, same-store sales (based on directly owned stores and directly operated shops within department stores) decreased 5.5% year-on-year. At stores, we promoted attentive customer services including explanation of product characteristics to customers making purchases.

In the domestic licensing business, sales and profits fell following a slump in apparel due to unseasonable weather; a slowdown in licensee shipping due to weak sales at stores and volume retailers as well as of souvenirs at sightseeing spots following a change in consumer behavior from inbound tourists; and a sense of hiatus in digital content. We offered new characters including I'm Doraemon, Littleforestfellow, and Rilu Rilu Fairilu as well as revival characters such as Pochacco and Tuxedosam and 15th anniversary designs for Cinnamoroll. For products, BABY-G, a collaborative product with Casio Computer Co., Ltd., Easter planning with Ezaki Glico Co., Ltd. and other major confectionery manufacturers proved popular. In addition, collaborative products, character cafés, and events with Osomatsu-san contributed to earnings. For licensed products, insect repellents from Fumakilla Limited, supplements and cosmetics from DHC Corporation, and cosmetic and medical products including sanitary products from Kao Corporation performed well. Moreover, in the new fields of character licensing we have built up a track record including Mitsui Fudosan Realty Co., Ltd.'s “Mitsui Repark” parking lots; containers for private rented warehouses from Arealink Co., Ltd.; facility spaces and transport links including Kawasaki City buses and Hato Bus Co., Ltd. We will strive to improve earnings further by expanding the market from the next fiscal year and beyond.

In the theme parks business, the number of visitors to Harmony Land in Oita prefecture fell, centered on those from outside the prefecture, due to the impact of an earthquake that struck the Kumamoto region on April 14, 2016 and continuous aftershocks. While the effects of a “restoration discount” and the Kyushu Round-Trip Drive Pass as well as the popularity of the pool in the summer season improved results over the previous year, first half figures showed a fall in visitor numbers by 51,000 (19.7% year-on-year) to 208,000. In the second half of the fiscal year, events including Halloween and the Sanrio Thanks Party as well as corporate benefits package plan products proved successful and enabled visitor numbers to increase by 6,000 year-on-year in a steady recovery trend. As a result, visitor numbers fell by 44,000, or 9.5%, year-on-year to total 421,000 for the fiscal year. Operating profit fell due to a decline in sales accompanying falling visitor numbers despite a decrease in sales promotions and advertising expenses.

At Sanrio Puroland in Tokyo's Tama City, the all-male musical Little Hero and the Miracle Gift Parade, both of which were started in the previous fiscal year, are continuously gaining good reviews and the number of repeat visitors is increasing. As a result, sales of the annual passport rose 20.8% year-on-year. Furthermore, the number of visitors using the student on-line discount rose 30.9% due in part to Halloween and other events targeting youth. As a result, visitor numbers rose by 151,000, or 14.4%, year-on-year to total 1,204,000. Despite an increase in expenses incurred by an extension of opening hours, depreciation costs including new parade works in the previous fiscal year, and repair-related expenses including roof maintenance, the increase in visitor numbers led to double-digit revenue growth in each of the ticketing, product, and food and drink categories, returning the Puroland theme park to an operating profit for the first time in ten years.

In the domestic theme parks business overall, sales rose 5.1% year-on-year to 7.6 billion yen and operating loss improved by 90 million yen to a total of 200 million yen.

ii. Europe: Sales fell 48.1% year-on-year to 2.9 billion yen and operating loss stood at 0.3 billion yen compared with operating profit of 1.1 billion yen a year earlier.

In Europe the severe consumer environment led to a fall in sales and profits. Licensing income in the core apparel and toys sectors were weak but strong in the corporate promotion sector. Sales rose in some regions including Russia and Central Asia, but fell in the core countries of the U.K., France, Benelux (three countries comprising Belgium, the Netherlands, and Luxembourg), and Spain. Consumption in European markets continued to slump as the threat of terrorism and political confusion remains. In this environment, we aim to follow the successful Asian model of accelerating characters exposure through promotional licenses for character cafés and corporate sales promotion (corporate promotion licenses) while holding strategy conferences in European locations with agents who negotiate with licensees on behalf of Sanrio. We also share strategies for diversifying characters including Gudetama and Mr. Men and Little Miss and strengthening brand development. Moreover, we have built character recognition by participating in comic conventions hosted in each European region. We have also taken the decision to appoint a successor COO for a local licensing business that has been vacant since last year and are aiming for a business recovery after bottoming out within this year.

iii. North America: Sales fell 32.2% year-on-year to 4.0 billion yen and operating loss stood at 0.5 billion yen compared with operating profit of 96 million yen a year earlier.

In the United States, sales and profits fell as major volume retailers continued to reduce shelf space for the Hello Kitty licensed products amid a situation where e-commerce is expanding while brick-and-mortar stores, faced with declining numbers of customers, are closing one after another.
Branded cosmetics targeting young adults proved popular but children's apparel, toys and accessories performed poorly at major volume retailers where the sales unit prices are high. Regarding characters, Gudetama followed Hello Kitty to gain popularity at specialty stores and some of these stores newly started handling Gudetama products, but the full-scale introduction of products has taken place from 2017. For this and other reasons, Gudetama was unable to compensate for the fall in Hello Kitty sales. We are getting a good reputation for licence products at P&G, OPI, and other companies as well as promotional licences for ventures including the Hello Kitty Cafe Trucks and sushi chain. Moreover, Aggretsuko (a red panda named Aggressive Retsuko) has been taken up by the media in the U.S. and Europe, and is contributing to raising interest in the Sanrio characters. In the future, we aim to increase exposure for core characters including Hello Kitty, My Melody, and Bad Batz Maru through promoting the hello sanrio mixed character brand while improving profits through expanding contents for Aggretsuko (Aggressive Retsuko) and Gudetama.

iv. Latin America: Sales fell 28.2% year-on-year to 0.9 billion yen and operating profit fell 32.1% to 0.1 billion yen

The categories of apparel, accessories, and bags performed poorly in the key regions of Mexico and Brazil, despite a sales increase in household supplies. As a result, sales and profits declined. By country, in Argentina, the default on the national debt (non-performing loans) in July 2014 halted transactions with local agencies alongside procedures to halt remittances overseas but growth occurred, together with expansion in Peru, as transactions with some agencies resumed. Meanwhile, in Venezuela, local business was suspended as economic and political conditions deteriorated. By category, sales grew for household goods and home appliances. Sales rose 195% year-on-year following the provision of "happy meal" toys at McDonald's began in 15 countries across Latin America from June 2016. In Brazil, the four characters Hello Kitty, Kero Kero Keroppi, Chococat, and Bad Badtz-Maru were adopted in the promotional campaigns of major correspondence education companies and contributed to raising brand awareness. For the issue of raising awareness of characters other than "Hello Kitty," we aim to increase character recognition through participating in events such as the comic convention held in Sao Paulo, Brazil in December and exploiting YouTube and Instagram social networks for the Hello Kitty Channel in Brazil and Mexico, Gudetama Brasil, and others. In so doing, we aim to acquire prominent licensees and increase revenue.

v. Asia: Sales fell 9.9% year-on-year to 8.7 billion yen and operating profit fell 8.5% to 3.0 billion yen

In Hong Kong and Southeast Asia, in addition to sales of Japan-planned products being transferred for handling in the head office from the previous second quarter, exports to the U.S.A and Middle East decreased and the Hong Kong economy has slumped due to visa restrictions imposed on visitors from the Chinese mainland. As a result, product sales decreased. Concerning license sales, foodstuffs, cosmetics, household supplies, and other categories expanded in Thailand, Singapore, and Malaysia while sales and profits fell over the region as a whole. However, in Hong Kong and Thailand, promotional licenses to use Gudetama for campaigns at major convenience stores contributed to revenue. In November 2016, we opened the Gudetama café in Singapore, and hosted marathon races featuring our main character in Singapore, Hong Kong, and Indonesia. Those events contributed to enhancing brand recognition. Moreover, a limited-time Hello Kitty supermarket as a world first opened at YATA supermarket and proved to be a hit.

In South Korea, sales fell year-on-year as the consumption environment deteriorated due to an economic slump and contracts with a product sales agency came to a close at the year-end. By category, a licensing contract for Gudetama with a major cosmetics company contributed to sales as cosmetic sales rose threefold. Following this strong performance, the licensing contracts for Gudetama have expanded to North America and other regions. Games and software also did well but accessories, stationery, and apparel performed poorly. Operating profit fell as selling, general, and administrative expenses (personnel and use of assets) rose due to an increase in the number of personnel required for the licensing organizational structure, an expansion in office floor space, and costs related to license conferences. Promotional licenses for the kid's meal promotion in a leading food service industry as a measure to enhance Gudetama's brand recognition contributed to sales. Amid conditions of record visitor numbers since the opening of a Hello Kitty Island amusement park in Cheju Island, we opened a second store in a popular tourist facility N Seoul Tower in Seoul, which is proving popular.

In Taiwan, Gudetama license income increased 50% year-on-year and contributed to sales and profits. In addition to product licenses, promotional licenses for use within Taiwan's trains, at exhibitions in Kaohsiung, and elsewhere performed well. By category, stationery, accessories, and shoes did badly while apparel, corporate promotion, and cosmetics performed well. The number of visitors from the Chinese mainland fell following a change of government for the first time in eight years, contributing to a sense of economic slowdown. However, we aim to grow sales and profits by constantly providing topics and maintaining interest through distribution campaigns centered on Gudetama in convenience stores and elsewhere; events such as Pom Pom Purin exhibitions following on from Gudetama exhibitions in the previous fiscal year and a Gudetama paddy field art exhibition in Tainan City; strengthening collaboration with other companies' characters; and distributing the unique new character Aggretsuko (Aggressive Retsuko).

In China, product license income from KTL fell in the accessories category due to a declining trend in the jewelry and gold industries as government policies led to rising prices of gold. License income also fell for apparel, foodstuff, and special corporate sales but rose by double digits for household supplies, shoes, cosmetics, stationery, and home appliances. In March 2016, the sale of licensed products at major global white goods manufacturers began. We are working to expand categories in such ways as increasing licensing income for the home appliance category by 50%. As a result, a rise in sales and profits was ensured on local currency basis. In addition, as a pending matter, the master license contract with KTL was renewed for five years. Moreover, since we have successfully acquired the trademark registration certificate in mainland China for Gudetama, which has proved popular in Taiwan and Hong Kong, we will commence product licensing for the Chinese mainland through KTL from this spring. Stable market expansion in mainland China will be advanced through local subsidiaries and agency-operated shops.

Reference:
Sales and operating profit by overseas subsidiaries (local currency basis: unconsolidated figures before consolidation eliminations)

(Unit: thousand)	Sales			Operating profit
	Royalties	Product sales	Total	
Germany (EUR)	19,627	203	19,830	(2,491)
Year-on-year change (%)	(45.2)	(50.5)	(45.3)	-
Britain (GBP)	7,150	604	7,754	988
Year-on-year change (%)	(6.3)	297.9	(0.4)	(46.9)
North America (USD)	25,368	11,176	36,545	(5,251)
Year-on-year change (%)	(30.8)	(10.7)	(25.7)	-
Brazil (BRL)	28,584	212	28,797	6,262
Year-on-year change (%)	(17.7)	(13.9)	(17.7)	(18.9)
Chile (Peso)	34,288	-	34,288	(10,715)
Year-on-year change (%)	(41.1)	-	(41.1)	-
Hong Kong (HKD)	131,560	80,164	211,725	62,483
Year-on-year change (%)	13.5	(37.3)	(13.1)	1.2
Taiwan (NTD)	419,705	43,267	462,973	140,968
Year-on-year change (%)	(1.6)	(20.1)	(3.7)	(3.7)
South Korea (KRW)	9,648,118	833,173	10,481,291	2,119,721
Year-on-year change (%)	12.3	(70.2)	(8.0)	(27.0)
Shanghai (CNY)	161,752	93,890	255,642	77,063
Year-on-year change (%)	15.7	(13.0)	3.2	16.7

Note: The table shows figures before category adjustment for the handling of other regions included in each subsidiary. There is no connection with the figures and currency conversions for previously mentioned regional segments and exchanges.

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

Areas		Sales to customers					Operating profit				
		FY2014	FY2015	Change (%)	FY2016	Change (%)	FY2014	FY2015	Change (%)	FY2016	Change (%)
North America	U.S.A.	8,994	5,933	(34.0)	4,025	(32.2)	1,827	96	(94.7)	(579)	-
Latin America	Brazil/Chile	1,884	1,270	(32.6)	912	(28.2)	518	289	(44.2)	196	(32.1)
Asia	Hong Kong	4,139	3,876	(6.4)	3,258	(15.9)	999	1,181	18.2	1,078	(8.7)
	Taiwan	1,473	1,709	16.0	1,487	(13.0)	494	557	12.8	480	(13.8)
	South Korea	1,064	1,208	13.5	991	(17.9)	380	311	(18.2)	201	(35.3)
	China	1,560	2,902	86.0	2,999	3.3	937	1,268	35.3	1,276	0.6
	Subtotal	8,237	9,696	17.7	8,736	(9.9)	2,812	3,319	18.0	3,036	(8.5)
Europe	Germany	7,795	4,860	(37.6)	2,390	(50.8)	2,307	955	(58.6)	(302)	-
	Britain	787	755	(4.1)	526	(30.3)	308	162	(47.5)	(59)	-
	Subtotal	8,583	5,616	(34.6)	2,917	(48.1)	2,616	1,117	(57.3)	(362)	-
	Total	27,699	22,517	(18.7)	16,591	(26.3)	7,773	4,822	(38.0)	2,291	(52.5)

(2) Financial Position

(100 millions of yen)

	As of Mar. 31, 2016	As of Mar. 31, 2017	Increase/decrease	As of Sep. 30, 2016
Assets	1,058	1,013	(45)	1,001
Liabilities	510	482	(28)	514
(Interest-bearing debt)	198	208	10	219
Net assets	547	530	(16)	486
Equity ratio	51.4%	52.2%	0.8pt	48.3%

* Interest-bearing debt excludes lease obligations.

At the end of the current fiscal year, total assets stood at 101.3 billion yen, a decrease of 4.5 billion yen from the end of the previous fiscal year. The main decreases were 1.7 billion yen in trade notes and accounts receivable, 1.5 billion yen in other under investments and other assets, and 0.9 billion yen in deferred tax assets (fixed assets). Liabilities decreased 2.8 billion yen from the end of the previous fiscal year to 48.2 billion yen. The main increase was 1.0 billion yen in interest-bearing debt. The main decreases were 1.1 billion yen in trade notes and accounts payable and 2.3 billion yen in net defined benefit liability. Net assets decreased 1.6 billion yen from the end of the previous fiscal year to 53.0 billion yen. The main increase was 1.4 billion yen in remeasurements of defined benefit plans, and the main decrease was 3.0 billion yen in foreign currency translation adjustments. There was a net decrease of 0.3 billion yen in retained earnings as a result of an increase from net profit attributable to owners of parent of 6.4 billion yen and a decrease of 6.7 billion yen for dividends paid. The equity ratio was 52.2%, up 0.8 percentage points from the end of the previous fiscal year.

(3) Cash Flows

(100 millions of yen)

	FY2015	FY2016	Increase/decrease
Cash flows from operating activities	100	70	(29)
Cash flows from investing activities	(63)	87	151
Cash flows from financing activities	(195)	(61)	134
Effect of exchange rate changes on cash and cash equivalents	(7)	(7)	(0)
Increase (decrease) in cash and cash equivalents	(167)	89	256
Cash and cash equivalents at beginning of year	376	211	(164)
Increase in cash and cash equivalents from new consolidation	2	-	(2)
Cash and cash equivalents at end of year	211	300	89

Cash and cash equivalents at the end of the current fiscal year increased 8.9 billion yen from the end of the previous fiscal year to 30.0 billion yen.

Cash flows from operating activities amounted to a provision of 7.0 billion yen (a year-on-year decrease of 2.9 billion yen). This was mainly attributable to a net profit before income taxes of 7.9 billion yen (a year-on-year decrease of 5.9 billion yen), depreciation of 1.6 billion yen, a 1.3 billion yen decrease in accounts receivable (a year-on-year decrease of 0.7 billion yen), and income taxes refund of 1.1 billion yen. On the other hand, there were a 1.0 billion yen decrease in accounts payable (0.2 billion yen increase a year earlier) and income taxes paid of 2.7 billion yen (a year-on-year decrease of 2.5 billion yen).

Cash flows from investing activities resulted in a provision of 8.7 billion yen (a use of 6.3 billion yen a year earlier). This was mainly attributable to net proceeds of 7.5 billion yen for increased time deposits (net payments of 3.9 billion yen a year earlier), net proceeds of 1.6 billion yen from other investing activities (a year-on-year increase of 0.6 billion yen), while there were payments for purchase of fixed assets of 1.1 billion yen (a year-on-year decrease of 0.8 billion yen).

Cash flows from financing activities resulted in a use of 6.1 billion yen (a year-on-year decrease of 13.4 billion yen). This was mainly attributable to dividends paid of 6.7 billion yen (a slight decrease from a year earlier) and net payments of 0.5 billion yen for issuance and redemption of corporate bonds (a year-on-year decrease of 0.9 billion yen) while there were net proceeds of 1.5 billion yen from short-term and long-term borrowings (repayments of 3.8 billion yen a year earlier).

Reference: The trend of cash flow-related indicators

	FY2012	FY2013	FY2014	FY2015	FY2016
Equity ratio (%)	50.1	52.4	54.0	51.4	52.2
Equity ratio, at market value (%)	379.6	260.9	229.4	176.5	171.3
Interest-bearing debt to cash flow ratio (%)	152.9	148.1	173.8	197.9	296.2
Interest coverage ratio (times)	43.3	50.6	47.3	41.6	34.5

Notes: Equity ratio: Shareholders' equity / Total assets

Equity ratio, at market value: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flows

Interest coverage ratio: Operating cash flows (excluding interest payment) / Interest payment

* All indicators are calculated from consolidated financial data.
* Market capitalization is calculated by multiplying the term-end listed stock price with the term-end number of shares outstanding (excluding treasury stock).
* Cash flows use cash flows from operating activities stated on the consolidated cash flow statements.
* Interest-bearing debt is a sum of all interest-bearing debt stated on the consolidated balance sheets (excluding lease obligations).
* Interest payment uses the amount of interest paid stated on the consolidated cash flow statements.

(4) Outlook

(100 millions of yen)

	FY2016 Results	FY2017 Forecasts	Increase/ decrease	Change (%)
Sales	626	657	30	4.8
Gross profit	404	443	38	9.5
Selling, general & administrative expenses	335	335	(0)	(0.2)
Operating profit	69	108	38	56.4
Ordinary profit	72	112	39	54.4
Extraordinary gains or losses	6	(1)	(7)	-
Net profit before income taxes	79	111	31	40.3
Total income taxes	13	33	19	137.1
Net profit attributable to owners of parent	64	78	13	20.4
Gross margin	64.6%	67.4%	2.8%	-

* Key assumptions for the next year's outlook
Exchange rates: 110.00 yen/USD 120.00 yen/EUR

Regarding the global economy in the coming fiscal year, uncertainty is expected to persist, especially in Europe and Latin America. In this situation, our domestic business will proactively develop new markets by such means as adding Aggretsuko (Aggressive Retsuko), Rilu Rilu Fairilu, Sanrio Danshi (boys), whose first animated broadcast has been decided, Show By Rock!!, which has been developed from a game to a musical, and others to currently popular characters such as Hello Kitty, Gudetama and Pom Pom Purin. We also expect that collaboration with other companies' popular characters such as Osomatsu-san, Doraemon, and Peko-chan will contribute to increase sales and profits. Due to the above conditions, sales are expected to increase 4.8% year-on-year to 65.7 billion yen. Moreover, operating profit is expected to increase 56.4% year-on-year to 10.8 billion yen. Finally, net profit attributable to owners of parent is expected to be limited to a rise of 20.4% year-on-year to 7.8 billion yen as we do not anticipate extraordinary gains in FY2017.

A breakdown of the management policies for each business is as follows.

i. Overseas business

In Europe, we will appoint a regional COO for the licensing business to a vacant position and we aim to strengthen business toward core licensees on a basis of cooperative relationships with agents and licensees through agency strategy conferences (license conferences) that we have continued to hold in major cities since the previous fiscal year. In addition, we will strongly promote animation and SNS media strategies for character recognition and cultivation in Europe, where we do not have directly operated stores or franchise stores.

In the Americas, we anticipate the closure of major volume retailers to continue due to booming online activity, and expect that the impact will accelerate the decline of store space for Hello Kitty. To address this issue, we are actively promoting Gudetama and the Sanrio all-star characters of hello sanrio as Hello Kitty's successors at specialty stores while also promoting re-branding of Hello Kitty through collaboration with seasonal brands. Also, as in Europe, we will increase the exposure of characters through licensing for the cafe and corporate promotion activities that are strong in Asia. In addition, we will strongly promote animation and SNS media strategies.

In Asia, following on from Taiwan and Hong Kong, we have commenced full-scale development of Gudetama among the ASEAN countries and on the Chinese mainland. Moreover, we aim to press forward with market development in Sanrio's strong areas including the expansion of character cafes and collaboration with other characters, and so increase sales and profits.

ii. Domestic licensing business

In addition to the effect of new characters including Gudetama, Show By Rock!!, Rilu Rilu Fairilu, and Aggretsuko (Aggressive Retsuko), as well as Cinnamoroll, which celebrated its 15th anniversary, I’m Doraemon, and Pom Pom Purin, which celebrated its 20th anniversary, we are promoting development towards primary industries (agricultural products) and the corporate welfare field (employee cafeterias and offices) as new markets for the character business, and aim to develop new markets outside the traditional customer segments to increase sales and profits.

iii. Domestic product sales business

At the stores, we have started distributing the enjoyable Sanrio Passport application for smartphones, including the chance to receive digital content gifts that will encourage customers to visit the stores. Moreover, in October 2016 we reopened Hello Kitty Japan DiverCity Tokyo Plaza with expanded floor space. We promoted the remodeling and opening of this store type restaurant and gift shop complex. We have also developed an eating and drinking business model with character-using menus incorporated in mobile stand cars such as character truck cafes and opened stores targeting the silver segment. In such ways, we are focusing on consumer trends, undertaking store-opening policies in line with the consumers’ diverse wishes, and working to develop innovative products. We are also endeavoring to increase sales and profits by reviewing the number of products and their costs to further reduce costs.

iv. Theme parks

Puroland has hosted “Fuwamoko Town” from February as a Cinnamoroll 15th anniversary event this year, which has been visited mainly by young women. In addition, we will take advantage of the indoor facility and create a production environment in line with each season and its events including Easter, summer, Halloween, and Christmas. Looking overseas, we will work to improve the website for smartphones to encourage its viewers to visit the site. Following on from the previous fiscal year, we will promote character-centered menu and product development so that we can provide still more enjoyment and excitement.

In Harmony Land, we will focus on restoring the transportation network and dispelling the image of the disaster area from the earthquake, thereby recovering visitors from outside the prefecture and attracting the group business that was canceled once more. In addition, by exploiting the prestige of Beppu and Yufuin to attract overseas tourists, we intend to strengthen promotion at major airports and station throughout Kyushu. Moreover, for locals and repeat visitors, we will strive to attract more customers by enhancing the special parade productions and show renewals each season as well as promotion for the popular pool during the summer season.

v. Other business

Regarding the robot business, we will promote sales of animatronics to exhibition facilities such as museums and theme parks both in Japan and overseas. This year, we are planning to start mass production of guide robots which are currently under demonstration in the market and to increase revenue from the first year. We will also promote orders for corporate laboratory projects.

(5) Basic Policy Regarding Profit Distribution and Dividends for FY2016 and FY2017

We consider distributing earnings to shareholders to be one of the Sanrio Group’s highest priorities, and we pay dividends that reflect the consolidated performance.

Regarding dividends, business results in the fiscal year under review significantly underperformed those of the initial plan but there was a carry-over surplus accumulated at the time of good performance in the European business. Accordingly, we are distributing a year-end dividend of 40 yen per share in line with our initial plan. Together with the 40 yen dividend paid out at the end of the second quarter, this amounts to an annual dividend of 80 yen, equal to the figure for the previous fiscal year. For the next fiscal year, we are incorporating measures to counter the performance of the fiscal year under review and are drafting the same plan as for the fiscal year ended March 31, 2016 to offer the same annual dividend of 80 yen per share including interim and year-end dividends of 40 yen per share each.

2. Corporate Structure

The Sanrio Group (Sanrio Company, Ltd. and its affiliates) comprises the parent company, 26 subsidiaries, and 4 affiliates. It runs social communication gift, theme parks, and other businesses. The main content of the social communication gift business involves the planning and sale of social communication gifts, greeting cards, and publications as well as the production and sale of video software and authorization and management of copyrights. The theme parks business mainly comprises operation of the theme parks themselves and the planning and play of musicals and other events. The main content of the other business category includes restaurant management, robot rentals, the leasing of motor vehicles, eating and drinking establishments, and non-life insurance agency business.

Reportable segments	Major group companies	Main businesses
Japan	Sanrio Company, Ltd. Sanrio Far East Co., Ltd.*	Planning & sales of social communication gifts and authorization & management of copyrights
	Sanrio Entertainment Co., Ltd.*	Operation of theme parks
	Kokoro Company Ltd.*	Rental of robots
	Sanrio Wave Co., Ltd.** Sanrio Enterprise Co., Ltd.** Sanrio Car Lease Co., Ltd.** Sanrio Music Publishing Co., Ltd.** Pantry Co., Ltd.**	Restaurant operation, motor vehicle leasing, and food and drink business
Europe	Sanrio GmbH* Sanrio Global Ltd.* Mister Men Ltd.* THOIP* Mister Films Ltd.*	Planning & sales of social communication gifts and authorization & management of copyrights
	Sanrio UK Finance Ltd.*	Loans
North America	Sanrio, Inc.*	Planning & sales of social communication gifts and authorization & management of copyrights
Latin America	Sanrio Do Brasil Comercio e Representacoes Ltda.* Sanrio Chile SpA. *	Planning & sales of social communication gifts and authorization & management of copyrights
Asia	Sanrio Taiwan Co., Ltd.* Sanrio (Hong Kong) Co., Ltd.* Sanrio Korea Co., Ltd.* Sanrio Wave Hong Kong Co., Ltd.* Sanrio (Shanghai) International Trading Co., Ltd.* Sanrio Global Asia Ltd.*	Planning & sales of social communication gifts and authorization & management of copyrights

Note: * Consolidated subsidiaries ** Unconsolidated subsidiaries

3. Management Policy

(1) Basic Management Policy

We believe that having a companion that you can talk with from the heart is one of the greatest forms of happiness for human beings. Our companions range from those closest to home — mother, father, children, brother, sister, friend and lover — to our schoolmates and work mates, and then to all of humankind. In order to get along with one another, we need to trust, respect, and love others, and we need to express those feelings. This is Sanrio's basic management philosophy of "Social Communication."

Based on the belief that we should expand the circle of good relations to children and people around the world, we have pursued the Social Communication business by adopting the watchwords "small gift, big smile." This involves creating characters that convey caring feelings, planning and developing gift products that activate these feelings, and theme parks as venues for creating communication. Theme parks, especially, are venues that embody our key corporate philosophies. We are establishing these parks as venues to create a world view of characters, and establishing a management base as a source of development capability for the products and characters.

We will continue to place importance on products that feel like a dream, environments that foster friendship, and staff that are full of affection and continue to create a world full of communication that allows everyone to feel secure and have fun.

In order to connect people and make friends, we will plan products and services that enrich minds, and that children and adults alike can enjoy. We will endeavor to provide our customers with safe, high-quality, and environmentally friendly products and services at reasonable prices, and prepare a comprehensive management structure. By sustaining these measures, we believe that Sanrio can contribute to society.

We are endeavoring to commit the capabilities of our executives and employees so that we can unite with all stakeholders (especially customers) to respect the human rights of people around the world, and not yield to antisocial power but build a peace-loving society where everyone lives in happiness. We believe this will lead Sanrio on the road to becoming a unique presence as a company that is appreciated the world over.

(2) Target Performance Indicators and Medium to Long-Term Management Strategy

1) Target Performance Indicators

The Company has set a management index for dividend on equity (DOE) of 10% or more.

2) Medium-term Business Plan

In the two years since the final fiscal year of the previous medium-term business plan, titled "New Project 2015," no public announcement of a new plan has been made. However, since a five-year Master License Agreement (February 1, 2017 to December 31, 2021) has now been concluded with KTL in China, and considering that the revenue fall from Europe or North America is bottoming out, we are planning to announce a new medium-term business plan.

(3) Management Issues and Measures to be Tackled

Management issues from the viewpoint of long-term growth are as follows.

1) Establishing Business with Long-Term Growth Potential

The pillar of our business is the planning, manufacture, and sale of gift products with the slogan of small gift, big smile and raising profits. In addition, we have expanded our business by nurturing characters such as Hello Kitty as a brand and licensing them to other companies. The main contributing factors were the merchandizing rights (product license) business with the Hello Kitty character in the European and U.S. regions. However, sales have fallen since the European economic crisis in that region, and in North America sales have declined due to reaction to the rapid expansion of Hello Kitty. Meanwhile, the Asian region has continuously returned moderate growth. Asian profits have been secured by the parallel establishment of businesses outside the merchandizing rights (product licenses) business, namely advertising rights (corporate promotion licenses; cafés, karaoke, aircraft and other space design licenses), franchise rights (store licenses), and promotional or production rights (amusement parks, aquariums, theaters, theme parks, and other entertainment licenses). In addition to 10 key characters, especially Hello Kitty, Gudetama has penetrated the adult and male markets from the previous fiscal year to create a competitive and complementary dynamic. Furthermore, excellent local managements, which have a thorough knowledge of their markets, have carried out operations that respond to market change. Accordingly, regarding the future development of markets in Africa, Russia, India, ASEAN, Latin America, and other regions and regeneration of growth in the European and North American markets, we are convinced that we can ensure long-term growth by understanding Sanrio's character license business and adopting local management that can take on the challenges of market change.

2) Using Diversity Management

The Sanrio Group is developing its character business in 130 countries and regions, and plans to expand to still more regions in the future. Moreover, it is expanding market area for the character business for people of all ages, from children to the elderly. In this situation, it is essential to develop products rooted in the idea of diversity and collaborate closely with companies but creating separate strategies for each region, culture, and idea makes it difficult to respond quickly to trends and the flow of global products and personnel. We recognize it is essential to establish a global marketing system and consolidated group management through the provision of a globally integrated information management system and utilization of diversity management.

3) Building Character Portfolios

We recognize that character development and cultivation lie at the heart of the Sanrio Group. While we understand it is important for long-term growth to develop long-lived characters that everyone will support, continuing from major characters including Hello Kitty, My Melody, and Little Twin Stars, we also believe it is essential to build correct character mixes, continuing on from Gudetama, Kirimi-chan, and Show By Rock!!, develop Aggretsuko (Aggressive Retsuko) and Sanrio Danshi (boys) through social networking, media, and games as challenges for acquiring new customers, develop characters for men, and carry out mergers and acquisitions such as for Mr. Men and Little Miss.

4. Basic Approach for the Selection of Accounting Standards

The Sanrio Group will continue to prepare consolidated financial statements based on generally accepted accounting principles in Japan. We are examining systems and schedule with regard to the application of International Financial Reporting Standards (IFRS) in the future.

5. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2015 (As of Mar. 31, 2016)	FY2016 (As of Mar. 31, 2017)
Assets		
Current assets		
Cash and deposit	41,080	41,172
Trade notes and accounts receivable	9,433	7,698
Merchandise and finished goods	4,158	4,176
Work in process	14	16
Raw materials and supplies	128	114
Other accounts receivable	1,326	1,442
Deferred tax assets	1,047	1,038
Other	754	829
Allowance for doubtful accounts	(186)	(192)
Total current assets	57,757	56,295
Fixed assets		
Tangible fixed assets		
Buildings and structures	53,940	54,144
Accumulated depreciation and impairment loss	(47,031)	(47,452)
Buildings and structures, net	6,909	6,692
Machinery and vehicles	12,770	12,783
Accumulated depreciation and impairment loss	(12,578)	(12,605)
Machinery and vehicles, net	192	178
Land	9,878	9,819
Lease assets	1,831	2,081
Accumulated depreciation and impairment loss	(718)	(933)
Lease assets, net	1,112	1,148
Construction in process	2	30
Other	5,371	5,637
Accumulated depreciation and impairment loss	(4,721)	(4,966)
Other, net	649	670
Total tangible fixed assets	18,744	18,539
Intangible fixed assets	5,200	4,715
Investments and other assets		
Investment securities	11,980	12,135
Long-term loans	6	-
Long-term loans to employees	243	231
Guarantees	2,030	1,968
Deferred tax assets	4,530	3,619
Other	7,296	5,748
Allowance for doubtful accounts	(2,026)	(1,991)
Total investments and other assets	24,060	21,711
Total fixed assets	48,006	44,967
Deferred assets		
Corporate bond issuance costs	62	49
Total deferred assets	62	49
Total assets	105,826	101,312

(Millions of yen)

	FY2015 (As of Mar. 31, 2016)	FY2016 (As of Mar. 31, 2017)
Liabilities		
Current liabilities		
Trade notes and accounts payable	5,019	3,911
Short-term borrowings	5,600	9,561
Current portion of corporate bonds to be redeemed	1,469	1,030
Lease obligations	316	309
Accrued income taxes	998	919
Allowance for bonuses	510	501
Reserve for adjustment of returned goods	55	68
Provision for shareholder benefit program	54	58
Provision for point card certificates	100	97
Other	8,898	8,366
Total current liabilities	23,022	24,824
Long-term liabilities		
Corporate bonds	5,225	5,170
Long-term borrowings	7,516	5,085
Lease obligations	890	922
Long-term deposits received	565	598
Long-term accounts payable	800	1,030
Net defined benefit liability	12,161	9,844
Other	911	777
Total long-term liabilities	28,070	23,429
Total liabilities	51,092	48,253
Net assets		
Shareholders’ equity		
Capital	10,000	10,000
Capital surplus	3,423	3,423
Retained earnings	55,950	55,638
Treasury stock	(11,789)	(11,789)
Total shareholder’s equity	57,585	57,272
Accumulated other comprehensive income		
Net unrealized gain (loss) on other securities	(369)	(106)
Deferred hedge gain (loss)	(39)	(5)
Foreign currency translation adjustments	2,458	(549)
Remeasurements of defined benefit plans	(5,227)	(3,756)
Total accumulated other comprehensive income	(3,177)	(4,418)
Stock acquisition rights	162	-
Non-controlling interests	164	204
Total net assets	54,733	53,058
Total liabilities and net assets	105,826	101,312

(2) Consolidated Income Statements and Consolidated Comprehensive Income Statements

Consolidated Income Statements

(Millions of yen)

	FY2015 (Apr. 1, 2015 – Mar. 31, 2016)	FY2016 (Apr. 1, 2016 – Mar. 31, 2017)
Sales	72,476	62,695
Cost of sales	25,156	22,211
Gross profit	47,320	40,483
Provision of reserve for adjustment of returned goods	14	13
Net gross profit on sales	47,306	40,470
Selling, general and administrative expenses		
Sales and promotion expenses	3,152	2,702
Provision of allowance for doubtful accounts	91	219
Directors bonuses and salaries	8,105	7,990
Miscellaneous wages	3,206	3,201
Bonus	1,009	1,002
Provision of reserves for bonuses	505	492
Provision of allowance for retirement benefits for directors	16	-
Provision for shareholder benefit program	54	113
Provision for point card certificates	100	(2)
Retirement benefit expenses	1,413	2,137
Freight charges	935	779
Rent	2,883	2,852
Depreciation	984	897
Other	12,171	11,180
Total selling, general and administrative expenses	34,631	33,566
Operating profit	12,675	6,904
Non-operating profit		
Interest income	446	457
Dividend income	236	206
Gain on investments in partnership	270	-
Other	287	263
Total non-operating profit	1,242	927
Non-operating expenses		
Interest expense	247	207
Loss on investments in partnership	-	63
Foreign exchange loss	168	125
Commission fee	193	110
Other	129	69
Total non-operating expenses	738	577
Ordinary profit	13,178	7,255
Extraordinary gains		
Gain on sales of fixed assets	0	0
Gain on sales of investment securities	852	593
Gain on reversal of stock acquisition rights	3	162
Total extraordinary gains	856	756

(Millions of yen)

	FY2015 (Apr. 1, 2015 – Mar. 31, 2016)	FY2016 (Apr. 1, 2016 – Mar. 31, 2017)
Extraordinary losses		
Loss on disposal of fixed assets	60	36
Impairment loss	78	51
Loss on sale of investment securities	60	3
Loss on disaster	-	10
Total extraordinary losses	199	101
Net profit before income taxes	13,836	7,910
Income taxes – current	3,546	2,406
Income taxes – deferred	638	111
Refund of income taxes	-	(1,125)
Total income taxes	4,185	1,391
Net profit	9,650	6,518
Net profit attributable to non-controlling interests	41	42
Net profit attributable to owners of parent	9,609	6,475

Consolidated Comprehensive Income Statements

(Millions of yen)

	FY2015 (Apr. 1, 2015 – Mar. 31, 2016)	FY2016 (Apr. 1, 2016 – Mar. 31, 2017)
Net profit	9,650	6,518
Other comprehensive income		
Net unrealized gain (loss) on other securities	(1,514)	262
Deferred hedge gain (loss)	(53)	33
Foreign currency translation adjustments	(3,183)	(3,010)
Remeasurements of defined benefit plans, net of tax	(2,696)	1,471
Total other comprehensive income	(7,447)	(1,243)
Comprehensive income	2,203	5,275
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,160	5,235
Comprehensive income attributable to non-controlling interests	42	39

(3) Consolidated Statements of Changes in Shareholders' Equity

FY2015 (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
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 adjustments	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
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

FY2016 (Apr. 1, 2016 – Mar. 31, 2017)

(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	55,950	(11,789)	57,585
Changes of items during period					
Dividends of surplus			(6,787)		(6,787)
Change of scope of consolidation					-
Net profit attributable to owners of parent			6,475		6,475
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	(312)	(0)	(312)
Balance at end of current period	10,000	3,423	55,638	(11,789)	57,272

	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 adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	(369)	(39)	2,458	(5,227)	(3,177)	162	164	54,733
Changes of items during period								
Dividends of surplus								(6,787)
Change of scope of consolidation								-
Net profit attributable to owners of parent								6,475
Purchase of treasury stock								(0)
Disposal of treasury stock								-
Net changes of items other than shareholders' equity	262	33	(3,007)	1,471	(1,240)	(162)	39	(1,362)
Total changes of items during period	262	33	(3,007)	1,471	(1,240)	(162)	39	(1,675)
Balance at end of current period	(106)	(5)	(549)	(3,756)	(4,418)	-	204	53,058

(4) Consolidated Cash Flow Statements

(Millions of yen)

	FY2015 (Apr. 1, 2015 – Mar. 31, 2016)	FY2016 (Apr. 1, 2016 – Mar. 31, 2017)
Cash flows from operating activities		
Net profit before income taxes	13,836	7,910
Depreciation	1,716	1,696
Amortization of long-term prepaid expenses	62	54
Increase (decrease) in allowance for doubtful accounts	(25)	51
Increase (decrease) in reserve for bonuses	28	(7)
Increase (decrease) in net defined benefit liability	(1,042)	(214)
Increase (decrease) in reserve for adjustment of returned goods	14	13
Increase (decrease) in provision for shareholder benefit program	54	3
Increase (decrease) in provision for point card certificates	100	(2)
Increase (decrease) in reserve for retirement benefits for directors	3	-
Interest and dividend income	(683)	(664)
Interest expense	247	207
Loss (gain) on disposal of fixed assets	59	36
Impairment loss	78	51
Loss (gain) on sale of investment securities	(792)	(590)
Decrease (increase) in accounts receivable	2,115	1,379
Decrease (increase) in inventories	(402)	(18)
Decrease (increase) in other assets	118	(257)
Increase (decrease) in accounts payable	233	(1,080)
Increase (decrease) in consumption tax payable	(213)	(51)
Increase (decrease) in other liabilities	(656)	(468)
Other	10	175
Subtotal	14,865	8,221
Interests and dividends received	678	660
Interests paid	(246)	(209)
Income taxes paid	(5,285)	(2,760)
Income taxes refund	-	1,125
Cash flows from operating activities	10,011	7,037
Cash flows from investing activities		
Payments for time deposits	(33,173)	(16,632)
Withdrawal of time deposits	29,199	24,163
Payments for purchase of tangible fixed assets	(1,229)	(741)
Purchase of intangible fixed assets	(774)	(413)
Payments for purchase of investment securities	(5,663)	(2,247)
Proceeds from sale of investment securities	3,944	2,847
Collection of loans receivable	89	17
Payments for guarantees	(76)	(139)
Collection of guarantees	255	187
Other payments	(652)	(352)
Other proceeds	1,681	2,048
Cash flows from investing activities	(6,398)	8,736

(Millions of yen)

	FY2015 (Apr. 1, 2015 – Mar. 31, 2016)	FY2016 (Apr. 1, 2016 – Mar. 31, 2017)
Cash flows from financing activities		
Increase in short-term borrowings	1,884	-
Decrease in short-term borrowings	(3,423)	(740)
Increase in long-term borrowings	2,200	6,000
Decrease in long-term borrowings	(4,491)	(3,729)
Proceeds from issuance of corporate bonds	989	1,084
Payment for redemption of corporate bonds	(2,448)	(1,594)
Payment for purchase of treasury stock	(6,988)	(0)
Dividends paid	(6,875)	(6,785)
Other payments	(429)	(346)
Cash flows from financing activities	(19,582)	(6,111)
Effect of exchange rate changes on cash and cash equivalents	(733)	(742)
Increase (decrease) in cash and cash equivalents	(16,703)	8,919
Cash and cash equivalents at beginning of period	37,670	21,170
Increase in cash and cash equivalents from newly consolidated subsidiaries	203	-
Cash and cash equivalents at end of period	21,170	30,090

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Changes in Accounting Policies

Application of Practical Solution on a Change in Depreciation Method due to Tax Reform 2016

Following the revised Corporation Tax Act, the Company has adopted the "Practical Solution on a Change in Depreciation Method due to Tax Reform 2016" (Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force (PITF) No. 32, June 17, 2016) from the current fiscal year, and changed the method for the depreciation of facilities attached to buildings and structures acquired on or after April 1, 2016, from the declining-balance method to the straight-line method.

The effect of this change on earnings for the current fiscal year is insignificant.

Additional Information

Application of Guidance on Recoverability of Deferred Tax Assets

The Company has applied the "Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016) from the current fiscal year.

Notes to Consolidated Balance Sheets

1. Guaranteed liabilities

(Millions of yen)

FY2015 (As of Mar. 31, 2016)		FY2016 (As of Mar. 31, 2017)	
Guarantees on employees' bank loans		Guarantees on employees' bank loans	
34 employees	79	27 employees	64

Notes to Consolidated Income Statements

*1. Loss on disposal of fixed assets

(Millions of yen)

	FY2015 (Apr. 1, 2015 – Mar. 31, 2016)	FY2016 (Apr. 1, 2016 – Mar. 31, 2017)
Buildings and structures	8	21
Machinery and vehicles	0	0
Land	42	-
Intangible fixed assets	3	12
Other	5	2
Total	60	36

Note: In the case of a gain/loss arises on individual items in the sales contract of a property, profit or loss is accounted for the property under profit/loss on disposal of fixed assets.

*2. Impairment loss

FY2015 (Apr. 1, 2015 – Mar. 31, 2016)

The Group's following assets are accounted for loss on impairment (78 million yen) in FY2015.

(Millions of yen)

Application	Location, number of cases	Item	Impairment loss
Store assets	Chiba City, Chiba and 12 other locations	Buildings and structures	50
		Tools, furniture and fixtures	6
		Other tangible fixed assets	4
Idle assets	The Company: 1	Telephone rights	16

Inactive lines of telephone rights were all accounted for impairment loss based on their book value. For stores, impairment losses are accounted as the whole sum of the book value at the time impairment is recognized because weak operating performance leads us to expect that value of the future cash flows from these businesses could decline below their book values, and as a result of estimating this utility value, they may not be viewed as recoverable.

The minimum unit used for assets of the theme parks business is a facility, and the minimum unit used for asset grouping in the other business assets is a store.

FY2016 (Apr. 1, 2016 – Mar. 31, 2017)

The Group's following assets are accounted for loss on impairment (51 million yen) in FY2016.

(Millions of yen)

Application	Location, number of cases	Item	Impairment loss
Store assets	Osaka City, Osaka and 14 other locations	Buildings and structures	41
		Tools, furniture and fixtures	7
		Other tangible fixed assets	1
Idle assets	The Company: 1	Telephone rights	1

Inactive lines of telephone rights were all accounted for impairment loss based on their book value. For stores, impairment losses are accounted as the whole sum of the book value at the time impairment is recognized because weak operating performance leads us to expect that value of the future cash flows from these businesses could decline below their book values, and as a result of estimating this utility value, they may not be viewed as recoverable.

The minimum unit used for assets of the theme parks business is a facility, and the minimum unit used for asset grouping in the other business assets is a store.

*3. Gain on sales of fixed assets

(Millions of yen)

	FY2015 (Apr. 1, 2015 – Mar. 31, 2016)	FY2016 (Apr. 1, 2016 – Mar. 31, 2017)
Other (tangible fixed assets)	0	0
Intangible fixed assets	0	-
Total	0	0

Notes to Consolidated Statements of Changes in Shareholders' Equity

FY2015 (Apr. 1, 2015 – Mar. 31, 2016)

1. Class and number of outstanding shares (Shares)

Class of stock	Number of shares as of Apr. 1, 2015	Increase	Decrease	Number of shares as of Mar. 31, 2016
Common stock	89,065,301	-	-	89,065,301
Total	89,065,301	-	-	89,065,301

2. Class and number of treasury stock (Shares)

Class of stock	Number of shares as of Apr. 1, 2015	Increase	Decrease	Number of shares as of Mar. 31, 2016
Common stock	1,911,534	2,306,558	36	4,218,056

Outline of changes:

Increase in the number of treasury stock

Increase in common stock due to purchase of fractional shares: 158 shares

Increase in common stock due to purchase: 2,306,400 shares

Decrease in the number of treasury stock

Decrease in common stock due to sale of fractional shares: 36 shares

3. Stock acquisition rights

Company name	Breakdown of stock acquisition rights	Class of stock for stock acquisition rights	Number of shares for the purchase of stock acquisition rights (Shares)				Balance as of Mar. 31, 2016 (Millions of yen)
			Number of shares as of Apr. 1, 2015	Increase	Decrease	Number of shares as of Mar. 31, 2016	
The Company	Stock acquisition rights by way of stock options (2011)	-	-	-	-	-	162
Total			-	-	-	-	162

4. Dividends

(1) Dividend payment

Resolution	Class of stock	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors resolution on May 29, 2015	Common stock	3,486	40.00	Mar. 31, 2015	Jun. 9, 2015
Board of Directors resolution on Oct. 30, 2015	Common stock	3,393	40.00	Sep. 30, 2015	Nov. 19, 2015

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Class of stock	Source of funds	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors resolution on May 31, 2016	Common stock	Retained earnings	3,393	40.00	Mar. 31, 2016	Jun. 7, 2016

FY2016 (Apr. 1, 2016 – Mar. 31, 2017)

1. Class and number of outstanding shares (Shares)

Class of stock	Number of shares as of Apr. 1, 2016	Increase	Decrease	Number of shares as of Mar. 31, 2017
Common stock	89,065,301	-	-	89,065,301
Total	89,065,301	-	-	89,065,301

2. Class and number of treasury stock (Shares)

Class of stock	Number of shares as of Apr. 1, 2016	Increase	Decrease	Number of shares as of Mar. 31, 2017
Common stock	4,218,056	112	-	4,218,168

Outline of changes:
Increase in the number of treasury stock
Increase in common stock due to purchase of fractional shares: 112 shares

3. Dividends

(1) Dividend payment

Resolution	Class of stock	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors resolution on May 31, 2016	Common stock	3,393	40.00	Mar. 31, 2016	Jun. 7, 2016
Board of Directors resolution on Nov. 1, 2016	Common stock	3,393	40.00	Sep. 30, 2016	Nov. 21, 2016

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Class of stock	Source of funds	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors resolution on May 31, 2017	Common stock	Retained earnings	3,393	40.00	Mar. 31, 2017	Jun. 6, 2017

Notes to Consolidated Cash Flow Statements

(Millions of yen)

FY2015 (Apr. 1, 2015 – Mar. 31, 2016)		FY2016 (Apr. 1, 2016 – Mar. 31, 2017)	
*1. Adjustments to reconcile balance of cash and cash equivalents at end of period with balance sheet amounts	(As of Mar. 31, 2016)	*1. Adjustments to reconcile balance of cash and cash equivalents at end of period with balance sheet amounts	(As of Mar. 31, 2017)
Cash and bank deposits	41,080	Cash and bank deposits	41,172
Time deposits with over three-month deposit period	(19,909)	Time deposits with over three-month deposit period	(11,082)
Cash and cash equivalents	21,170	Cash and cash equivalents	30,090

Segment and Other Information

Segment Information

1. Overview of reportable segment

Segments used for financial reporting are the Sanrio Group's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Group is engaged primarily in the social communication gifts business, which involves the planning and sale of social communication gift products and character merchandise licensing operations, and the theme parks business. The Company and its domestic consolidated subsidiaries conduct business operations in Japan and overseas consolidated subsidiaries in each region conduct business operations in Europe (mainly Italy, France, Spain, Germany and the U.K.), North America (mainly the United States), Latin America (mainly Brazil, Chile, Peru and Mexico) and Asia (mainly Hong Kong, Taiwan, South Korea and China). The Company and each consolidated subsidiary are independent operating units that establish comprehensive strategies concerning their products and other aspects of operations and conduct business operations based on those strategies.

As a result, there are five reportable segments based on the structure of sales activities by geographical segments: Japan, Europe, North America, Latin America and Asia.

2. Calculation method for sales, profit or loss, assets, liabilities and other items for each reportable segment

The accounting methods used for reportable business segments generally accords with those used for the preparation of consolidated financial statements." Profits for reportable segments are operating profit. Profits and transfer sums for inter-segment transactions within the Group are based on market prices.

3. Information related to sales, profit or loss, assets, liabilities and other items for each reportable segment

FY2015 (Apr. 1, 2015 – Mar. 31, 2016) (Millions of yen)

	Reportable segment						Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Japan	Europe	North America	Latin America	Asia	Total		
Sales								
Customers	49,959	5,616	5,933	1,270	9,696	72,476	-	72,476
(Royalty income)	(10,728)	(5,558)	(4,426)	(1,252)	(7,602)	(29,569)	(-)	(29,569)
Inter-segment	8,308	60	14	9	2,461	10,855	(10,855)	-
(Royalty income)	(7,941)	(60)	(8)	(7)	(35)	(8,053)	((8,053))	(-)
Total	58,268	5,677	5,948	1,280	12,158	83,332	(10,855)	72,476
Segment profit	8,656	1,117	96	289	3,319	13,478	(803)	12,675
Segment assets	53,126	24,843	11,587	2,382	15,503	107,443	(1,616)	105,826
Other items								
Depreciation	1,272	311	119	25	46	1,776	1	1,778
Increase in tangible and intangible fixed assets	1,260	59	440	3	36	1,800	-	1,800

Notes: 1. Adjustments are as follows.

(1) The minus 803 million yen adjustment to segment profit is the sum of eliminations for inter-segment transactions and unallocated operating expenses that are mostly general and administrative expenses that cannot be assigned to any particular segment.

(2) The minus 1,616 million yen adjustment to segment assets is the sum of eliminations for inter-segment transactions and corporate assets which belong to administration department of the Company.

(3) The 1 million yen adjustment to depreciation is the depreciation related to corporate assets.

2. Segment profit is adjusted to be consistent with operating profit shown on the consolidated income statements.

3. Depreciation includes amortization of long-term prepaid expenses.

FY2016 (Apr. 1, 2016 – Mar. 31, 2017) (Millions of yen)

	Reportable segment						Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Japan	Europe	North America	Latin America	Asia	Total		
Sales								
Customers	46,104	2,917	4,025	912	8,736	62,695	-	62,695
(Royalty income)	(9,842)	(2,886)	(2,798)	(909)	(7,417)	(23,854)	(-)	(23,854)
Inter-segment	6,993	44	5	3	1,585	8,633	(8,633)	-
(Royalty income)	(6,798)	(44)	(-)	(-)	(1)	(6,844)	((6,844))	(-)
Total	53,098	2,961	4,030	916	10,321	71,328	(8,633)	62,695
Segment profit (loss)	5,408	(362)	(579)	196	3,036	7,700	(795)	6,904
Segment assets	58,784	13,035	10,648	2,927	17,230	102,625	(1,313)	101,312
Other items								
Depreciation	1,285	258	141	21	41	1,749	1	1,750
Increase in tangible and intangible fixed assets	1,401	57	89	4	41	1,594	-	1,594

Notes: 1. Adjustments are as follows.

(1) The minus 795 million yen adjustment to segment profit (loss) is the sum of eliminations for inter-segment transactions and unallocated operating expenses that are mostly general and administrative expenses that cannot be assigned to any particular segment.

(2) The minus 1,313 million yen adjustment to segment assets is the sum of eliminations for inter-segment transactions and corporate assets which belong to administration department of the Company.

(3) The 1 million yen adjustment to depreciation is the depreciation related to corporate assets.

2. Segment profit (loss) is adjusted to be consistent with operating profit shown on the consolidated income statements.

3. Depreciation includes amortization of to long-term prepaid expenses.

Related Information

FY2015 (Apr. 1, 2015 – Mar. 31, 2016)

1. Information by product or service (Millions of yen)

	Social communication gifts	Theme parks	Other	Total
Sales to customers	62,740	7,742	1,993	72,476

2. Information by region

(1) Sales (Millions of yen)

Japan	Europe	North America	Asia	Other	Total
48,217	5,689	5,953	11,258	1,357	72,476

Note: Sales are based on the location of the client and categorized by country or region.

(2) Tangible fixed assets (Millions of yen)

Japan	Europe	North America	Latin America	Asia	Other	Total
14,939	1,005	2,515	197	73	12	18,744

3. Information about specific customers

Omitted because no single external customer accounts for 10% or more of sales as shown on the consolidated income statements.

FY2016 (Apr. 1, 2016 – Mar. 31, 2017)

1. Information by product or service

(Millions of yen)

	Social communication gifts	Theme parks	Other	Total
Sales to customers	52,785	7,990	1,919	62,695

2. Information by region

(1) Sales

(Millions of yen)

Japan	Europe	North America	Asia	Other	Total
44,680	2,951	4,057	10,016	989	62,695

Note: Sales are based on the location of the client and categorized by country or region.

(2) Tangible fixed assets

(Millions of yen)

Japan	Europe	North America	Latin America	Asia	Other	Total
15,000	884	2,358	216	67	11	18,539

3. Information about specific customers

Omitted because no single external customer accounts for 10% or more of sales as shown on the consolidated income statements.

Information related to impairment loss of fixed assets for each reportable segment

FY2015 (Apr. 1, 2015 – Mar. 31, 2016)

Impairment loss of 78 million yen on store assets and idle assets was recorded in the “Japan” segment

FY2016 (Apr. 1, 2016 – Mar. 31, 2017)

Impairment loss of 51 million yen on store assets and idle assets was recorded in the “Japan” segment

Information related to goodwill amortization and the unamortized balance for each reportable segment

FY2015 (Apr. 1, 2015 – Mar. 31, 2016)

Amortization of goodwill of 41 million yen was recorded in the “Europe” segment. Unamortized balance of goodwill was 239 million yen.

FY2016 (Apr. 1, 2016 – Mar. 31, 2017)

Amortization of goodwill of 33 million yen was recorded in the “Europe” segment. Unamortized balance of goodwill was 159 million yen.

Per Share Information

(Yen)

FY2015 (Apr. 1, 2015 – Mar. 31, 2016)		FY2016 (Apr. 1, 2016 – Mar. 31, 2017)	
Net assets per share	641.24	Net assets per share	622.94
Net profit per share	112.08	Net profit per share	76.32

Notes: 1. Fully-diluted net profit per share is not stated because dilutive shares do not exist.

2. Basis for calculating net assets per share is as shown below.

	FY2015 (As of Mar. 31, 2016)	FY2016 (As of Mar. 31, 2017)
Total net assets on the consolidated balance sheets (million yen)	54,733	53,058
Net assets associated with common stock shares (million yen)	54,407	52,854
Breakdown of differences (million yen)		
Stock acquisition rights	162	-
Non-controlling interests	164	204
Number of common stock shares outstanding (thousand shares)	89,065	89,065
Number of shares of treasury common stock (thousand shares)	4,218	4,218
Number of common stock shares used in calculation of net assets per share (thousand shares)	84,847	84,847

3. Basis for calculating net profit per share and fully-diluted net profit per share is as shown below.

	FY2015 (Apr. 1, 2015 – Mar. 31, 2016)	FY2016 (Apr. 1, 2016 – Mar. 31, 2017)
Net profit per share		
Net profit attributable to owners of parent (million yen)	9,609	6,475
Amount not returned to common stock shareholders (million yen)	-	-
Net profit attributable to owners of parent applicable to common stock (million yen)	9,609	6,475
Average number of common stock shares outstanding (thousand shares)	85,734	84,847

Note: Fully-diluted net profit per share is not stated because potential shares with a dilutive effect did not exist in FY2015 and dilutive shares did not exist in FY2016.

Subsequent Events

FY2015 (Apr. 1, 2015 – Mar. 31, 2016)
Not applicable.

FY2016 (Apr. 1, 2016 – Mar. 31, 2017)
Not applicable.

6. Other Information

Changes in Directors and Auditors (effective on June 22, 2017)

1. Director candidate for promotion

Senior Managing Director: Tomokuni Tsuji (current Director)

2. New director candidate

Director: Kazuaki Tanimura (current Executive Officer)

(Profile of Mr. Kazuaki Tanimura)

March 1982	Joined the Company
April 2013	General Manager, Product and Planning & Sales Division
June 2014	Executive Officer (to present)

3. New auditor candidate

Outside Auditor: Kazuo Ohashi

(Profile of Mr. Kazuo Ohashi)

April 1980	Joined Chuo Audit Corporation (Later ChuoAoyama Audit Corporation and Misuzu Audit Corporation)
March 1983	Registered as a Certified Public Accountant in Japan
August 1993	Partner, Chuo Audit Corporation
August 1998	Representative Senior Partner, Chuo Audit Corporation
July 2006	Joined Ernst & Young ShinNihon LLC Representative Senior Partner, Ernst & Young ShinNihon LLC
July 2016	Established Kazuo Ohashi Accounting Office

4. Retiring auditor

Outside Auditor: Yasuo Takenouchi

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.