

English translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release shall prevail.

Consolidated financial results (Japanese Accounting Standards) for the fiscal year ending March 31, 2018

Filing date: May 8, 2018

Company name: Imagica Robot Holdings Inc. Stock exchange listings: Tokyo 1st section
Securities code: 6879 URL: <https://www.imagicarobot.jp/en/>
Representative: Makoto Tsukada, President Tel: +81-3-6741-5742
Inquiries: Masakazu Morita, Director and Executive Officer
Shareholders meeting date(as planned): June 26, 2018
Dividend payment date(as planned): June 12, 2018
Supplemental material of results: Yes
Convening briefing of results: Yes

(In millions of yen)

1. Consolidated Financial Results for the fiscal year ending March, 2018 (April 1, 2017 - March 31, 2018)

(1) Consolidated Operating Results

(Percentage represents change from the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year 2017	91,351	4.3	2,424	35.6	2,424	20.3	2,937	72.1
Fiscal year 2016	87,586	25.1	1,787	173.4	2,014	165.0	1,707	-

(Note) Comprehensive income: Fiscal year 2017 : 3,349 millions of yen /625.7%
Fiscal year 2016 : 461 millions of yen /110.2%

	Earnings per share of common stock	Diluted earnings per share of common stock
	yen	yen
Fiscal year 2017	65.98	-
Fiscal year 2016	38.35	-

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio to total assets
	Millions of yen	Millions of yen	%
Year ended March 31, 2018	70,546	32,978	41.7
Year ended March 31, 2017	68,207	29,941	38.6

(Reference) Shareholders' equity: Year ended March 31, 2017: 29,425 millions of yen
Year ended March 31, 2018: 26,313 millions of yen

(3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year 2017	4,161	(1,251)	(489)	11,131
Fiscal year 2016	3,980	(5,965)	(1,687)	8,715

English translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release shall prevail.

2. Dividends

	Dividend per share				
	1st quarter- end	2nd quarter- end	3rd quarter- end	Year-end	Annual
	yen	yen	yen	yen	yen
Fiscal year 2017	–	0.00	–	10.00	10.00
Fiscal year 2016	–	0.00		10.00	10.00
Fiscal year 2018 (Forecast)	–	0.00	–	10.00	10.00

(Note) Changes in dividends forecast from the latest disclosed information: No

3. Consolidated forecast for the fiscal year ending March 31, 2019 (April 1, 2018 - March 31, 2019)

(Percentage represents change from the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Earnings per share of common stock
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Fiscal year 2018	95,000	4.0	2,600	7.3	2,450	1.1	1,600	(45.5)	35.93

(Note) Changes in earnings forecast from the latest disclosed information : No

* Notes

(1) Material changes in subsidiaries during this period (Changes in scope of consolidations resulting from change in subsidiaries): Yes
Name of subsidiaries newly consolidated: IMAGICA TV Corporation

(2) Applying of specific accounting of the consolidated quarterly financial statements: None

(3) Changes in accounting policies, accounting estimates and retrospective

1) Changes in accounting policies based on revisions of accounting standards: None

2) Changes in accounting policies other than ones based on revisions of accounting standard: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Number of issued and outstanding shares (common stock)

1) Number of issued and outstanding shares at the end of fiscal year (including treasury stock)

As of March 31, 2018	44,531,567 shares	As of March 31, 2017	44,531,567 shares
----------------------	-------------------	----------------------	-------------------

2) Number of treasury stock at the end of fiscal year

As of March 31, 2018	108 shares	As of March 31, 2017	108 shares
----------------------	------------	----------------------	------------

3) Average number of shares

As of March 31, 2018	44,531,459 shares	As of March 31, 2017	44,531,459 shares
----------------------	-------------------	----------------------	-------------------

(Explanation about the appropriate usage of business prospects and other special notes)

· The above-mentioned business forecasts were based on the information available as of the date of the release of this report.

· Future events may cause the actual results to be significantly different from the forecasts.

(Disclaimer)

This document is a translation of the Japanese original. The Japanese original has been disclosed in Japan in accordance with Japanese accounting standards and the Financial Instruments and Exchange Act. This document does not contain or constitute any guarantee and the Company will not compensate any losses and/or damage stemming from actions taken based on this document. In the case that there is any discrepancy between the Japanese original and this document, the Japanese original is assumed to be correct.

English translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release shall prevail.

1. Overview of operating results

(1) Overview of operating results for the fiscal year ended March 31, 2018

(i) Overview of the consolidated fiscal year ended March 31, 2018

During the consolidated fiscal year ended March 31, 2018 under review, the Japanese economy saw consumer spending continue recovering gradually against the backdrop of strong employment and income situation, while the revival of exports and production activities reached a plateau. Under such environment, the Imagica Robot Holdings Group (the "Group") developed its business extensively in the Context Creation segment and endeavored to improve its profitability and strengthen its balance sheet by exerting its collective ability.

Consequently, the Group reported net sales of 91,351 million yen (up 4.3% year-on-year), operating income of 2,424 million yen (up 35.6% year-on-year), ordinary income of 2,424 million yen (up 20.3% year-on-year), and net income attributable to owners of the parent of 2,937 million yen (up 72.1% year-on-year).

Meanwhile, the Group recorded an extraordinary income of 2,177 million yen as gain on sales of shares of subsidiaries and associates, since it transferred all interest in Imagica TV Corp. to WOWOW INC. on April 3, 2017.

(ii) Performance by Business Segment

From the consolidated fiscal year ended March 31, 2018, the Group has reorganized its reportable segments from six segments to the following four segments: Content Creation (former Video Software), Production Services (former Video Technology Services and Human Resources Consulting), Media Localization, and Imaging Systems & Solutions. In the year-on-year comparison of performance by business segment, the Group reclassified the figures for the year-earlier period to reflect the above segment reorganization.

(The Group discontinued the Broadcasting segment, since it sold Imagica TV Corp., a core company of the segment, on April 3, 2017.

1) Content Creation

Net sales grew from the previous year in the consolidated fiscal year under review, since the production of movies and animations increased compared to the previous year and the Group received orders for the production of commercial films in the fourth quarter of the consolidated fiscal year under review.

Operating income decreased by 109 million yen from the year-earlier period due to a year-on-year fall in distributions from the movie production committee, although the Group saw operating income grow in the production of movies and commercial films.

Consequently, the segment posted operating income of 799 million yen (down 12.0% year-on-year) on net sales of 25,289 million yen (up 17.3% year-on-year).

2) Production Services

Revenues from post production in television and commercial film fields decreased from the previous year due to a fall in orders caused by the TV programming reshuffle, etc. However, revenues from encoding and localizing services for over-the-top (OTT) platforms and digital cinema services grew sharply from the previous year.

The Human Resource Consulting business saw revenue decline from the previous year due to the shortage of human resources. However, in the Digital Content business, revenues from the CG production and debugging businesses, works done by contract, expanded.

English translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release shall prevail.

Consequently, the segment posted operating income of 1,209 million yen (up 21.5% year-on-year) on net sales of 27,725 million yen (up 4.9% year-on-year).

3) Media Localization

In the consolidated fiscal year under review, the OTT platform-related business performed steadily, contributing to a sharp rise in net sales. Meanwhile, the segment's operating loss decreased due to the impact of sales growth and improvement of direct margin in Europe.

Consequently, the segment posted operating loss of 674 million yen (operating loss of 1,161 million yen in the previous year) on net sales of 24,814 million yen (up 14.6% year-on-year).

Since the fiscal year of SDI Media Group, Inc. and its subsidiary ends on December 31, the Group reflected their performance of 12 months from January 1, 2017 to December 31, 2017 to the segment's results for the consolidated fiscal year ended March 31, 2018 under review.

4) Imaging Systems & Solutions

The professional video equipment business performed robustly. This was attributable to an increase in sales of imported systems due to a rise in demand supported by the shift from the HD format to the 4K format in the live broadcasting sector and a growth in orders for the Group's internally-developed text-superimposition system and maintenance service.

Moreover, in the LSI Development sector, shipments of video and image processing LSI for China increased, leading to a rise in net sales and operating income.

Consequently, the segment posted operating income of 1,449 million yen (up 17.3% year-on-year) on net sales of 14,997 million yen (up 7.3% year-on-year).

(2) Overview of financial position for the consolidated fiscal year ended March 31, 2018

1) Assets Statement

Total assets at the end of the consolidated fiscal year ended March 31, 2018 grew by 2,339 million yen (or 3.4%) from the end of the previous consolidated fiscal year to 70,546 million yen.

Current assets increased by 1,830 million yen (or 4.7%) from the end of the previous consolidated fiscal year to 40,537 million yen. This was mainly because inventories declined, while cash and deposits increased.

Non-current assets rose by 508 million yen (or 1.7%) from the end of the previous consolidated fiscal year to 30,009 million yen. This was mainly because deferred tax assets fell while investment securities grew.

2) Liabilities Statement

Total liabilities at the end of the consolidated fiscal year ended March 31, 2018 decreased by 697 million yen (or 1.8%) from the end of the previous consolidated fiscal year to 37,568 million yen.

Current liabilities declined by 378 million yen (or 1.6%) from the end of the previous consolidated fiscal year to 23,895 million yen. This was mainly because accounts payable-other increased, while notes and accounts payable-trade fell.

Non-current liabilities decreased by 318 million yen (or 2.3%) from the end of the previous consolidated fiscal year to 13,673 million yen. This was mainly because long-term accounts payable-other grew while net defined benefit liability declined.

English translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release shall prevail.

3) Net Assets

Total net assets at the end of the consolidated fiscal year ended March 31, 2018 increased by 3,036 million yen (or 10.1%) from the end of the previous consolidated fiscal year to 32,978 million yen. Meanwhile, the shareholders' equity ratio stood at 41.7%.

(3) Overview of cash flows for fiscal year ended March 31, 2018

Cash and cash equivalents ("fund") at the end of the consolidated fiscal year ended March 31, 2018 totaled 11,131 million yen, an increase of 2,415 million yen (or 27.7%) from the end of the previous consolidated fiscal year.

The status of each cash flow and factor for fiscal year ended March 31, 2018 are as follows:

1) Cash flows from operating activities

Net cash provided by operating activities totaled 4,161 million yen, up 181 million yen (or 4.6%) from the end of the previous consolidated fiscal year. This was mainly because fund increased due to a fall in inventories, while income taxes paid grew.

2) Cash flows from investing activities

Net cash used in investing activities totaled to 1,251 million yen, down 4,714 million yen (or 79.0%) from the end of the previous consolidated fiscal year.

This was mainly because fund increased due to the sale of shares in Imagica TV Corp., a consolidated subsidiary, while fund decreased due to acquisitions (mainly PPC Creative Limited) and the purchase of property, plant and equipment.

3) Cash flows from financing activities

Net cash used in financing activities totaled 489 million yen, down 1,197 million yen (or 71.0%) from the end of the previous consolidated fiscal year.

This was mainly because fund increased due to proceeds from long-term loans payable related to the acquisition of PPC Creative Limited in U.K., while fund decreased due to repayments of loans payable and cash dividends paid.

(Reference) Trend of Cash Flow Indicators

	FY ended March 31, 2014	FY ended March 31, 2015	FY ended March 31, 2016	FY ended March 31, 2017	FY ended March 31, 2018
Shareholders' equity ratio (%)	61.5	44.8	40.2	38.6	41.7
Shareholders' equity ratio on a market price basis (%)	48.4	51.8	28.4	48.5	76.0
Ratio of net cash to interest-bearing liabilities (year)	92.9	405.0	3,430.8	371.7	358.2
Interest coverage ratio (times)	221.1	349.8	5.9	26.3	26.0

*Shareholders' equity ratio: Shareholders' equity/Total assets

Shareholders' equity ratio on a market price basis: Total market value of shares/Total assets
Ratio of net cash to interest-bearing liabilities: Interest-bearing liabilities/Operating cash flow

Interest coverage ratio: Operating cash flow/Interest payments

English translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release shall prevail.

(Notes)

1. These indicators are calculated based on consolidated financial results.
2. Total market value of stock is calculated by the following formula: closing price at period-end x outstanding shares at period-end (excluding treasury stock).
3. Operating cash flow is based on net cash provided by operating activities reported on the consolidated statement of cash flow. Interest-bearing liabilities include all liabilities reported on the consolidated balance sheet for which interest is paid. The amount of interest payments is the amount of interest expenses paid reported on the consolidated statement of cash flow.

(4) Forecast of financial results for FY 2018

In the video-related market, where the Group develops its business, the introduction of a digital network has been spreading and is expected to accelerate further in the future. The Group has faced trends that may change existing business models, including the sophistication of visual expression in technical aspects, such as 4k, 8k, and HDR, and in production aspects, such as VR, AR, and digital signage, the diversification of video devices, such as smartphones and tablets, and the advancement of video transferring system, such as the evolution of compressing technology and cloud.

To cope with such situation, the Group will sufficiently analyze market trends and customer information to pin down growth areas, make up-front investment from a long-term perspective and strengthen its business foundation at the same time.

Under such circumstances, the Group has sufficiently analyzed market trends and customer information to pin down growth areas, has made up-front investment from a long-term perspective and has strengthened its business foundation at the same time.

In FY 2018, we will tackle the following prioritized issues.

1. Establishment of foundations for growth: invest in growing businesses and foster new businesses
2. Construction of foundation for profits: improve profitability of low-margin businesses and enhance business efficiency
3. A change into a new group company: raise brand power under a new group name; promote the working style reform; and foster managers

The Group will make a concerted effort to tackle these prioritized issues to achieve its earnings target for the fiscal year ending March 31, 2019. The Group's earnings forecast is as follows: net sales of 95,000 million yen, operating income of 2,600 million yen, ordinary income of 2,450 million yen, and net income attributable to owners of the parent of 1,600 million yen.

In the fiscal year ended March 31, 2018, net income attributable to owners of the parent amounted to 2,937 million yen, since the Group recorded 2,177 million yen, gain on sales of shares in Imagica TV Corp., as an extraordinary income. However, since such impact will disappear in the fiscal year ending March 31, 2019, net income attributable to owners of the parent is forecast to be 1,600 million yen.

2. Basic policy for the selection of accounting standards

Considering comparability of consolidated financial statements over time, the Group will continue to use the Japanese accounting standards in the immediate future.

Meanwhile, the Group plans to appropriately decide the adoption of the International Financial Reporting Standards (IFRS) after considering developments regarding accounting standards in Japan and abroad.

English translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release shall prevail.

3. Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Thousands of yen)	Year ended March 31, 2017	Year ended March 31, 2018
Assets		
Current assets		
Cash and deposits	8,716,936	11,131,784
Notes and accounts receivable- trade	17,648,525	18,415,035
Inventories	9,909,273	8,031,571
Deferred tax asset	929,336	876,146
Other	1,561,625	2,142,656
Allowance for doubtful accounts	(59,198)	(60,010)
Total current assets	38,706,498	40,537,184
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,872,655	3,823,616
Machinery and equipment	233,414	175,420
Land	2,943,085	2,943,085
Lease Assets	1,152,116	914,502
Construction in progress	79,696	99,593
Other	1,402,881	1,632,753
Total Property, plant and equipment	9,683,850	9,588,971
Intangible assets		
Software	1,380,473	1,213,321
Goodwill	7,203,768	7,255,938
Other	4,422,632	5,163,572
Total Intangible assets	13,006,874	13,632,833
Investments and other assets		
Investment securities	3,718,646	4,436,692
Stocks of subsidiaries and affiliates	475,571	614,858
Lease and guarantee deposits	1,186,175	1,167,132
Deferred tax asset	1,137,903	196,028
Other	482,494	488,717
Allowance for doubtful accounts	(190,640)	(115,614)
Total Investments and other assets	6,810,152	6,787,814
Total Non-current assets	29,500,876	30,009,619
Total assets	68,207,375	70,546,803

English translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release shall prevail.

(Thousands of yen)	Year ended March 31, 2017	Year ended March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable- trade	6,722,108	5,788,972
Short-term loans payable	4,793,499	4,982,314
Accounts payable	3,234,345	3,626,139
Income taxes payable	1,235,608	711,802
Provision for bonuses	1,394,256	1,514,231
Provision for directors compensations based on profit	113,707	95,778
Provision for loss on order received	92,734	63,449
Other	6,687,338	7,112,583
Total current liabilities	24,273,600	23,895,272
Non-current liabilities		
Long-term loans payable	8,735,073	8,891,288
Long-term accounts payable-other	216,815	601,062
Deferred tax liabilities	1,036,147	1,028,567
Net defined benefit liabilities	2,070,931	1,259,724
Other	1,933,232	1,892,742
Total non-current liabilities	13,992,200	13,673,385
Total Liabilities	38,265,800	37,568,657
Net assets		
Shareholders' equity		
Capital stock	3,244,915	3,244,915
Capital surplus	15,189,280	15,190,725
Retained earnings	7,256,468	9,749,118
Treasury stock	(42)	(42)
Total shareholders' equity	25,690,622	28,184,716
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,080,094	1,689,371
Deferred gains or losses on hedges	-	(388)
Revaluation reserve for land	(17,933)	(17,933)
Foreign currency translation adjustment	(443,718)	(433,870)
Re-measurements of defined benefit plans	4,308	3,942
Total accumulated other comprehensive income	622,752	1,241,121
Non-controlling Interests	3,628,199	3,522,306
Total Net assets	29,941,574	32,978,145
Total liabilities and Net assets	68,207,375	70,546,803

English translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release shall prevail.

(2) Consolidated statements of income and statements of comprehensive income

Consolidated statements of income

(Thousands of yen)	Fiscal year 2016	Fiscal year 2017
Net sales	87,586,352	91,351,958
Cost of sales	62,380,933	67,229,463
Gross profit	25,205,419	24,122,494
Selling, general and administrative expenses	23,417,807	21,698,422
Operating income	1,787,612	2,424,071
Non-operating income		
Interest income	7,439	6,399
Dividend income	64,154	56,802
Rent income	48,161	48,053
Temporary Transfer Charges Income	31,166	34,144
Equity in earnings of affiliates	63,105	58,211
Foreign exchange gains	60,210	–
Other	145,757	107,791
Total non-operating income	419,995	311,402
Non-operating expenses		
Interest expenses	145,647	176,822
Foreign exchange losses	–	98,333
Other	47,474	36,051
Total non-operating expenses	193,122	311,207
Ordinary income	2,014,485	2,424,266
Extraordinary income		
Gain on sales of non-current assets	288,558	5,340
Gain on step acquisitions	190,403	–
Gain on sales of subsidiaries and affiliates' stocks	–	2,177,929
Other	29,055	102,244
Total extraordinary income	508,017	2,285,514
Extraordinary losses		
Loss on sales of non-current assets	2,975	294
Loss on retirement of non-current assets	59,947	17,782
Impairment loss	204,678	102,050
Loss on valuation of stocks of subsidiaries and affiliates	187,324	–
Provision of Allowance for Doubtful Accounts for Subsidiaries and Affiliates	35,094	–
Loss on Liquidation of Subsidiaries and Affiliates General	–	115,716
Loss On Workers Compensation	–	85,549
Other	39,076	31,224
Total extraordinary losses	529,097	352,617
Income before income taxes	1,993,405	4,357,163
Income Taxes Current	1,860,205	1,417,210
Income Taxes Deferred	(1,004,984)	188,665
Income taxes	855,220	1,605,875
Profit (loss)	1,138,184	2,751,288
Profit (loss) attributable to non-controlling interests	(569,392)	(186,675)
Profit (Loss) attributable to owners of parent	1,707,577	2,937,964

English translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release shall prevail.

Consolidated statements of income

(Thousands of yen)	Fiscal year 2016	Fiscal year 2017
Profit (Loss)	1,138,184	2,751,288
Other comprehensive income		
Valuation difference on available-for-sale securities	83,260	612,415
Deferred gains or losses on hedges	1,004	(388)
Foreign currency translation adjustment	(780,917)	(13,873)
Re-measurements of defined benefit plans	19,979	(366)
Total other comprehensive income	(676,673)	597,786
Comprehensive income	461,511	3,349,074
Comprehensive income attributable to owners of parent	1,401,900	3,556,333
Comprehensive income attributable to non-controlling interests	(940,389)	(207,259)

English translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release shall prevail.

(3) Consolidated statements of cash flow statement

(Thousands of yen)	Fiscal year 2016	Fiscal year 2017
Cash flows from operating activities		
Income before income taxes	1,993,405	4,357,163
Depreciation and Amortization	2,709,078	2,719,479
Amortization of goodwill	849,023	883,950
Impairment loss	204,678	102,050
Increase (decrease) in net defined benefit liabilities	90,188	(754,405)
Increase (decrease) in allowance for doubtful accounts	75,445	(61,720)
Increase (decrease) in provision for bonuses	301,967	173,167
Interest and dividend income	(71,594)	(63,201)
Interest expenses	145,647	176,822
Equity in (earnings) losses of affiliates	(63,105)	(58,211)
Loss (gain) on sales of socks of subsidiaries and affiliates	–	(2,177,929)
Loss (gain) on sales of non-current assets	(225,635)	12,736
Decrease (increase) in notes and accounts receivable-trade	(741,650)	(786,440)
Decrease (increase) in inventories	(2,127,632)	1,647,792
Increase (decrease) in notes and accounts payable-trade	374,740	(595,239)
Other, net	1,187,351	709,452
Subtotal	4,701,909	6,285,467
Interest and dividend income received	90,002	68,490
Interest expenses paid	(151,195)	(159,909)
Income taxes (paid) and refund	(660,675)	(2,032,746)
Net cash provided by (used in) operating activities	3,980,040	4,161,301
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,764,505)	(1,359,398)
Proceeds from sales of property, plant and equipment	339,141	6,923
Purchase of intangible assets	(365,481)	(447,220)
Proceeds from Sales of Investment Securities	1,460	235,150
Proceeds from Withdrawal of Time Deposits	260,998	–
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(4,294,199)	(2,497,660)
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	–	2,941,715
Purchase of stocks of subsidiaries and affiliates	(86,088)	(91,653)
Other, net	(57,149)	(39,525)
Net cash provided by (used in) investing activities	(5,965,824)	(1,251,668)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(911,600)	(365,898)
Repayments of long-term loans payable	(2,738,253)	(2,230,993)
Cash dividends paid	(667,971)	(445,314)
Proceeds from long-term loans payable	3,000,000	2,748,664
Others, net	(369,382)	(196,277)
Net cash provided by (used in) financing activities	(1,687,207)	(489,819)
Effect of exchange rate change on cash and cash equivalents	(113,506)	(3,956)
Net increase (decrease) in cash and cash equivalents	(3,786,498)	2,415,857
Cash and cash equivalents at beginning of period	12,048,741	8,715,927
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	453,683	–
Cash and cash equivalents at end of period	8,715,927	11,131,784

English translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release shall prevail.

2. Segment information

I. Fiscal year 2016 (from April 1,2016 to March 31,2017)

(Thousands of yen)	Content Creation	Production Services	Media Localization	Imaging Systems & Solutions	Sub total
Net sales					
Sales to external customers	21,411,118	25,611,178	21,465,631	13,396,660	81,884,589
Inter-segment sales or transfers	149,695	813,004	193,123	579,715	1,735,539
Total	21,560,814	26,424,182	21,658,755	13,976,376	83,620,128
Segment profit (loss)	908,642	995,485	(1,161,309)	1,235,270	1,978,088

	Other (Note 1)	Adjustments (Note 2)	Amount in the quarterly consolidated statement of income(Note 3)
Net sales			
Sales to external customers	5,586,883	114,880	87,586,352
Inter-segment sales or transfers	1,920	(1,737,459)	–
Total	5,588,803	(1,622,579)	87,586,352
Segment profit (loss)	195,775	(386,251)	1,787,612

Notes:

1. The "Other" category is for operating segments that are not included among the reportable segments, and it shows data pertaining to divested subsidiaries.
2. The Segment profit (loss) adjustment of (386,251) thousand yen consists of 1,014,167 thousand yen in profits of holding companies (consolidated financial statement-submitting companies) and intersegment transaction eliminations of (1,400,419) thousand yen.
3. The segment profit (loss) adjustment is based on the operating income item in the quarterly consolidated statements of income.

English translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release shall prevail.

II. Fiscal year 2017 (from April 1,2017 to March 31,2018)

(Thousands of yen)	Content Creation	Production Services	Media Localization	Imaging Systems & Solutions	Sub total
Net sales					
Sales to external customers	25,114,451	26,982,069	24,472,361	14,637,521	91,206,403
Inter-segment sales or transfers	175,236	743,212	342,430	360,191	1,621,071
Total	25,289,687	27,725,282	24,814,792	14,997,713	92,827,475
Segment profit (loss)	799,212	1,209,810	(674,142)	1,449,462	2,784,343

	Adjustments (Note 2)	Amount in the quarterly consolidated statement of income(Note 3)
Net sales		
Sales to external customers	145,554	91,351,958
Inter-segment sales or transfers	(1,621,071)	-
Total	(1,475,517)	91,351,958
Segment profit (loss)	(360,272)	2,424,071

Notes:

1. The Segment profit (loss) adjustment of (360,272) thousand yen consists of 916,746 thousand yen in profits of holding companies (consolidated financial statement-submitting companies) and intersegment transaction eliminations of (1,277,018) thousand yen.
2. The segment profit (loss) adjustment is based on the operating income item in the quarterly consolidated statements of income.