

FY2015, the year ended March 31, 2016

**Flash Report on the Consolidated Results for the Year Ended March 31, 2016
[JGAAP]**

May 16, 2016

Company Name: **DAIICHIKOSHO CO., LTD.**
 Stock Exchange Listing: Tokyo Stock Exchange
 Code Number: 7458
 URL: <http://www.dkkaraoke.co.jp>
 Representative: Saburo Hayashi, President
 Contact: Shigeki Kobayashi,
 Corporate Officer; and General Manager, Accounting Department
 Phone: +81-3-3280-2151
 Date of the Ordinary General Meeting of Shareholders: June 24, 2016
 Start Date for Dividend Payment: June 27, 2016
 Scheduled Date to Submit the Securities Report: June 28, 2016
 Availability of Supplementary Briefing Material on Financial Results: Available
 Schedule of Financial Results Briefing Session: None

(Amounts below one million yen are truncated.)

1. Consolidated Performance for the Year Ended March 31, 2016 (From April 1, 2015, to March 31, 2016)**(1) Consolidated operating results** (Percentage figures indicate increase/decrease from a year earlier.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2016	141,310	6.2	19,886	4.5	21,127	0.2
Year ended March 31, 2015	133,111	1.9	19,034	(0.5)	21,082	(0.7)

	Net income attributable to owners of parent		Basic earnings per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Year ended March 31, 2016	12,599	(7.7)	218.25	218.19
Year ended March 31, 2015	13,650	4.3	235.13	—

(Note) Comprehensive income:

Year ended March 31, 2016: 10,134 million yen (22.6) %

Year ended March 31, 2015: 13,097 million yen 20.6 %

	Return on equity	Ordinary income to total assets	Operating income to net sales
	%	%	%
Year ended March 31, 2016	11.4	11.7	14.1
Year ended March 31, 2015	13.0	12.3	14.3

(Reference) Equity in net income of unconsolidated subsidiaries and affiliates:

Year ended March 31, 2016: — million yen

Year ended March 31, 2015: — million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2016	179,641	112,754	62.0	1,933.03
Year ended March 31, 2015	180,312	110,264	60.5	1,879.44

(Reference) Shareholders' equity:

Year ended March 31, 2016: 111,402 million yen

Year ended March 31, 2015: 109,049 million yen

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2016	27,100	(27,434)	(7,299)	52,247
Year ended March 31, 2015	30,264	(18,459)	3,672	60,007

2. Dividend

	Annual dividend				
	First Quarter	Second Quarter	Third Quarter	Year-end	Total
		Yen		Yen	Yen
Year ended March 31, 2015	—	50.00	—	50.00	100.00
Year ended March 31, 2016	—	54.00	—	54.00	108.00
Year ending March 31, 2017 (forecast)	—	54.00	—	54.00	108.00

	Aggregate amount of dividend (total)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	Millions of yen	%	%
Year ended March 31, 2015	5,802	42.5	5.5
Year ended March 31, 2016	6,224	49.5	5.7
Year ending March 31, 2017 (forecast)		50.2	

3. Forecast Consolidated Performance for FY2016, the Year Ending March 31, 2017 (From April 1, 2016, to March 31, 2017)

(Percentage figures indicate increase/decrease from a year earlier.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ending September 30, 2016	69,700	(0.9)	8,300	(16.3)	9,000	(16.1)
Year ending March 31, 2017 (full year)	142,200	0.6	19,000	(4.5)	20,400	(3.4)

	Net income attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Six months ending September 30, 2016	5,400	(16.5)	93.70
Year ending March 31, 2017 (full year)	12,400	(1.6)	215.16

*Notes

(1) Significant changes in subsidiaries during the period under review (changes to specific subsidiaries resulting from changes in scope of consolidation): None

Newly consolidated: — (Company name: —)

Eliminated from the scope of consolidation: — (Company name: —)

(2) Changes in accounting standard, accounting estimation change and error correction

1) Changes due to changes in accounting standard: Yes

2) Changes due to changes in accounting standard except (2) 1): None

3) Changes due to accounting estimation change: None

4) Error correction: None

(3) Number of common shares issued

1) Number of shares issued
(including treasury shares)

2) Number of treasury shares

3) Average number of shares
during the period

As of March 31, 2016	57,634,200 shares	As of March 31, 2015	58,025,000 shares
As of March 31, 2016	3,070 shares	As of March 31, 2015	2,879 Shares
Year ended March 31, 2016	57,728,772 shares	Year ended March 31, 2015	58,058,109 shares

(Reference) Outline of Nonconsolidated Financial Results

1. Nonconsolidated Performance for the Year Ended March 31, 2016 (From April 1, 2015, to March 31, 2016)

(1) Nonconsolidated operating results

(Percentage figures indicate increase/decrease from a year earlier.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2016	103,167	10.3	14,323	2.8	16,817	2.2
Year ended March 31, 2015	93,522	1.0	13,931	3.9	16,450	4.8

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Year ended March 31, 2016	10,518	(8.2)	182.20	182.15
Year ended March 31, 2015	11,455	8.8	197.31	—

(2) Nonconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2016	130,942	70,641	53.9	1,224.33
Year ended March 31, 2015	133,587	70,144	52.5	1,208.93

(Reference) Shareholders' equity:

Year ended March 31, 2016: 70,559 million yen

Year ended March 31, 2015: 70,144 million yen

* Presentation regarding the implementation status of the audit procedure:

This flash report on the consolidated results is not covered by the audit procedure stipulated in the Financial Instruments and Exchange Act. At the time of the publication of this report, the audit procedure for consolidated financial statements is being implemented.

* Explanation for the appropriate use of performance forecasts and other special notes:

The statements regarding forecast of financial results in this report are based on the information that is available, as well as estimates, assumptions and projections that are believed to be reasonable at the time of publication.

Therefore, there might be cases in which actual results greatly differ from forecast values.

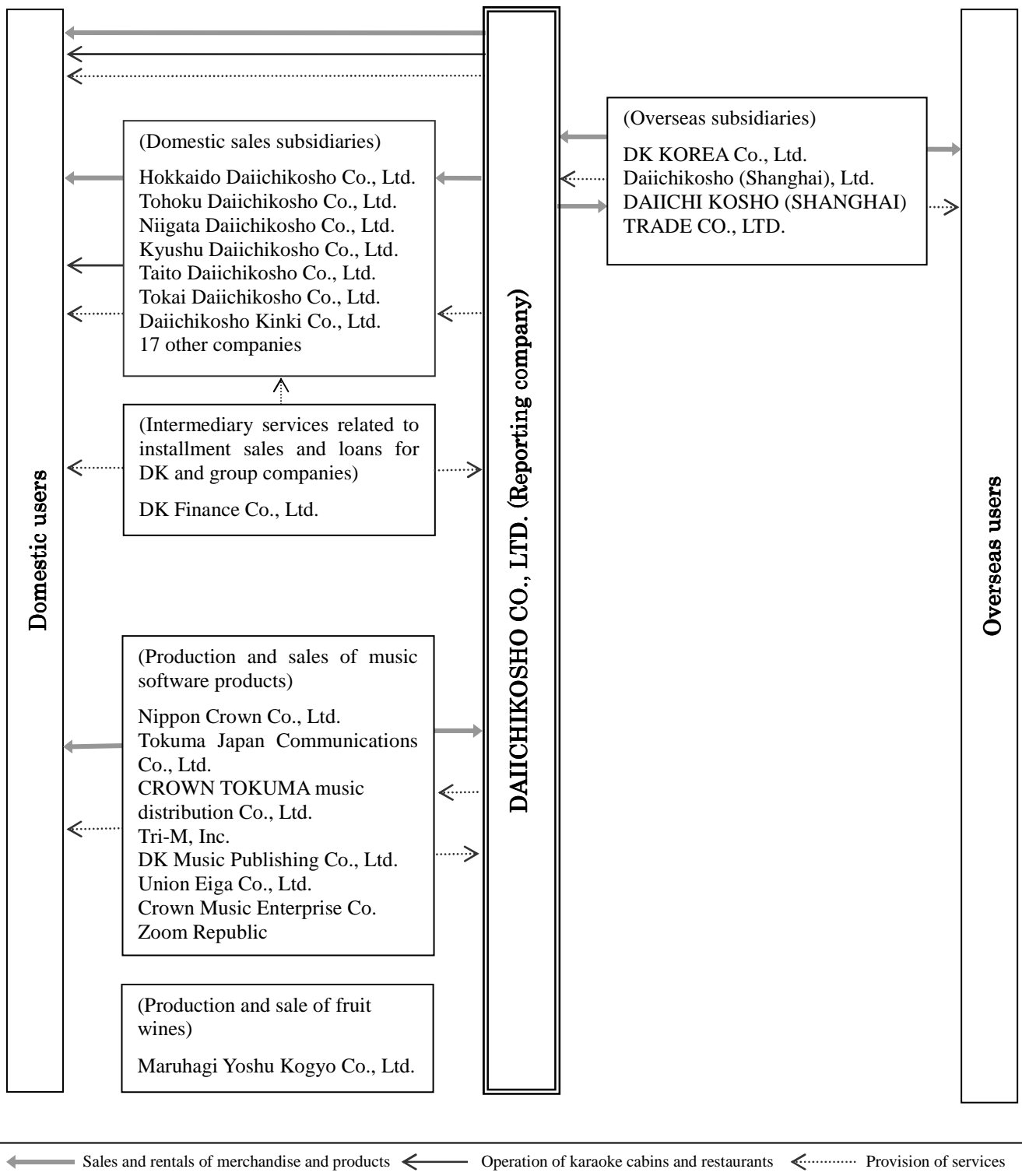
(Attachment)

Corporate Group

The Daiichikoshō Group (“DKG”) consists of Daiichikoshō Co., Ltd. (“DK” or “the company”) and 37 consolidated subsidiaries. The major group companies engage in sales and rental of commercial-use karaoke equipment, supply of sound source and video content for communication karaoke, operation of karaoke cabins and restaurants, and production and sales of music and video software products.

Business segment	Business line	Domestic	Overseas
Commercial karaoke	Sales and rental of commercial-use karaoke equipment and supply of sound source and video content for communication karaoke	Daiichikoshō Co., Ltd., Hokkaido Daiichikoshō Co., Ltd., Tohoku Daiichikoshō Co., Ltd., Taito Daiichikoshō Co., Ltd., Niigata Daiichikoshō Co., Ltd., Tokai Daiichikoshō Co., Ltd., Daiichikoshō Kinki Co., Ltd., Kyushu Daiichikoshō Co., Ltd., and 17 other subsidiaries	DK KOREA Co., Ltd., Daiichikoshō (Shanghai), Ltd., and 1 other subsidiary
Karaoke cabin and restaurant	Operation of karaoke cabins and restaurants		
Music software	Production and sales of music and video software products	Daiichikoshō Co., Ltd., Nippon Crown Co., Ltd., Tokuma Japan Communications Co., Ltd., CROWN TOKUMA music distribution Co., Ltd., Union Eiga Co., Ltd., and 4 other subsidiaries	
Other	Background music (BGM) broadcasting, supply of content services via mobile phone and real estate lease and rental, etc.	Daiichikoshō Co., Ltd., DK Finance Co., Ltd., and Maruhagi Yoshu Kogyo Co., Ltd.	

The following diagram schematically shows the relationships of the respective group companies and businesses.



(Note) ADVAN CO., LTD. and GOLD CO., LTD. have been dissolved through an absorption-type merger conducted in May 2015 whereby the Company is the surviving entity.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	FY2014	FY2015
	(As of March 31, 2015)	(As of March 31, 2016)
Assets		
Current assets		
Cash and deposits	59,747	51,478
Notes and accounts receivable - trade	7,016	7,113
Securities	443	1,007
Inventories	6,933	6,243
Deferred tax assets	1,222	1,110
Other	4,697	5,153
Allowance for doubtful accounts	(139)	(149)
Total current assets	79,920	71,956
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,086	13,941
Accumulated depreciation	(8,544)	(8,802)
Buildings and structures, net	4,542	5,138
Karaoke equipment for rental	36,887	41,774
Accumulated depreciation	(27,624)	(30,830)
Karaoke equipment for rental, net	9,262	10,943
Karaoke cabin and restaurant facilities	41,705	45,087
Accumulated depreciation	(24,469)	(25,975)
Karaoke cabin and restaurant facilities, net	17,236	19,112
Land	26,339	31,595
Other	5,436	5,244
Accumulated depreciation	(4,424)	(4,387)
Other, net	1,011	856
Total property, plant and equipment	58,393	67,646
Intangible assets		
Goodwill	1,235	1,882
Other	6,350	5,971
Total intangible assets	7,585	7,853
Investments and other assets		
Investment securities	13,263	9,997
Long-term loans receivable	468	502
Deferred tax assets	4,468	5,547
Lease and guarantee deposits	14,392	14,250
Other	1,907	1,922
Allowance for doubtful accounts	(87)	(36)
Total investments and other assets	34,413	32,184
Total non-current assets	100,392	107,684
Total assets	180,312	179,641

(Millions of yen)

	FY2014 (As of March 31, 2015)	FY2015 (As of March 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,723	4,048
Short-term loans payable	3,949	4,201
Accounts payable - other	8,998	7,375
Income taxes payable	5,007	3,237
Provision for bonuses	1,063	1,086
Other	3,703	3,770
Total current liabilities	27,446	23,718
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	23,161	23,362
Deferred tax liabilities	83	74
Provision for directors' retirement benefits	2,426	1,263
Net defined benefit liability	4,780	5,398
Other	2,149	3,069
Total non-current liabilities	42,602	43,168
Total liabilities	70,048	66,886
Net assets		
Shareholders' equity		
Capital stock	12,350	12,350
Capital surplus	4,001	4,001
Retained earnings	93,439	98,329
Treasury shares	(8)	(13)
Total shareholders' equity	109,782	114,668
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	318	(2,074)
Revaluation reserve for land	(733)	(733)
Foreign currency translation adjustment	210	108
Remeasurements of defined benefit plans	(528)	(566)
Total accumulated other comprehensive income	(733)	(3,265)
Subscription rights to shares	—	81
Non-controlling interests	1,215	1,270
Total net assets	110,264	112,754
Total liabilities and net assets	180,312	179,641

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

(Millions of yen)

	FY2014 (From April 1, 2014, to March 31, 2015)	FY2015 (From April 1, 2015, to March 31, 2016)
Net sales	133,111	141,310
Cost of sales	79,943	86,918
Gross profit	53,168	54,392
Selling, general and administrative expenses		
Advertising expenses	1,892	2,285
Promotion expenses	2,099	1,850
Packing and freight expenses	923	982
Directors' compensations	1,656	1,587
Provision for directors' retirement benefits	260	201
Salaries and bonuses	13,580	13,712
Provision for bonuses	872	863
Retirement benefit expenses	614	579
Rent expenses	1,297	1,273
Depreciation	746	648
Other	10,190	10,520
Total selling, general and administrative expenses	34,134	34,505
Operating income	19,034	19,886
Non-operating income		
Interest income	993	746
Cooperative monetary aid received	527	335
Other	981	937
Total non-operating income	2,502	2,018
Non-operating expenses		
Interest expenses	309	339
Foreign exchange losses	0	228
Other	144	209
Total non-operating expenses	454	777
Ordinary income	21,082	21,127
Extraordinary income		
Gain on sales of non-current assets	40	25
Gain on sales of investment securities	173	—
Receipt cancellation fee	2,319	—
Total extraordinary income	2,533	25
Extraordinary losses		
Loss on disposal of non-current assets	387	306
Impairment loss	259	603
Total extraordinary losses	647	910
Income before income taxes	22,968	20,242
Income taxes - current	9,304	7,515
Income taxes - deferred	(54)	61
Total income taxes	9,250	7,576
Net income	13,718	12,666
Net income attributable to non-controlling interests	67	66
Net income attributable to owners of parent	13,650	12,599

(Consolidated Statements of Comprehensive Income)

	(Millions of yen)	
	FY2014	FY2015
	(From April 1, 2014, to March 31, 2015)	(From April 1, 2015, to March 31, 2016)
Net income	13,718	12,666
Other comprehensive income		
Valuation difference on available-for-sale securities	(853)	(2,392)
Foreign currency translation adjustment	158	(101)
Remeasurements of defined benefit plans, net of tax	73	(37)
Total other comprehensive income	(621)	(2,531)
Comprehensive income	13,097	10,134
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,029	10,067
Comprehensive income attributable to non-controlling interests	67	66

(3) Consolidated Statements of Changes in Net Assets
FY2014 (from April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	12,350	4,001	84,926	(7)	101,270
Cumulative effects of changes in accounting policies			447		447
Restated balance	12,350	4,001	85,373	(7)	101,717
Changes of items during period					
Dividends of surplus			(4,938)		(4,938)
Net income attributable to owners of parent			13,650		13,650
Purchase of treasury shares				(603)	(603)
Retirement of treasury shares			(602)	602	—
Reversal of revaluation reserve for land			(43)		(43)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	8,065	(0)	8,064
Balance at end of current period	12,350	4,001	93,439	(8)	109,782

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	1,172	(777)	51	(602)	(156)	—	1,153	102,268
Cumulative effects of changes in accounting policies								447
Restated balance	1,172	(777)	51	(602)	(156)	—	1,153	102,715
Changes of items during period								
Dividends of surplus								(4,938)
Net income attributable to owners of parent								13,650
Purchase of treasury shares								(603)
Retirement of treasury shares								—
Reversal of revaluation reserve for land								(43)
Net changes of items other than shareholders' equity	(853)	43	158	73	(577)	—	61	(516)
Total changes of items during period	(853)	43	158	73	(577)	—	61	7,548
Balance at end of current period	318	(733)	210	(528)	(733)	—	1,215	110,264

FY2015 (from April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	12,350	4,001	93,439	(8)	109,782
Changes of items during period					
Dividends of surplus			(6,013)		(6,013)
Net income attributable to owners of parent			12,599		12,599
Purchase of treasury shares				(1,700)	(1,700)
Retirement of treasury shares			(1,696)	1,696	—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	4,890	(4)	4,885
Balance at end of current period	12,350	4,001	98,329	(13)	114,668

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	318	(733)	210	(528)	(733)	—	1,215	110,264
Changes of items during period								
Dividends of surplus								(6,013)
Net income attributable to owners of parent								12,599
Purchase of treasury shares								(1,700)
Retirement of treasury shares								—
Net changes of items other than shareholders' equity	(2,392)		(101)	(37)	(2,531)	81	54	(2,394)
Total changes of items during period	(2,392)	—	(101)	(37)	(2,531)	81	54	2,490
Balance at end of current period	(2,074)	(733)	108	(566)	(3,265)	81	1,270	112,754

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2014 (From April 1, 2014, to March 31, 2015)	FY2015 (From April 1, 2015, to March 31, 2016)
Cash flows from operating activities		
Income before income taxes	22,968	20,242
Depreciation	13,901	15,901
Impairment loss	259	603
Increase (decrease) in provision for directors' retirement benefits	130	(1,163)
Interest and dividend income	(1,131)	(869)
Interest expenses	309	339
Loss (gain) on sales of investment securities	(173)	—
Loss (gain) on disposal of non-current assets	347	280
Decrease (increase) in notes and accounts receivable - trade	(602)	(113)
Decrease (increase) in inventories	116	655
Transfer of cost of sales on karaoke equipment for rental	144	141
Increase (decrease) in notes and accounts payable - trade	191	(651)
Increase (decrease) in accounts payable - other	2,030	(928)
Other, net	607	1,437
Subtotal	39,099	35,877
Interest and dividend income received	1,155	901
Interest expenses paid	(306)	(340)
Income taxes paid	(9,683)	(9,337)
Net cash provided by (used in) operating activities	30,264	27,100
Cash flows from investing activities		
Increase in term deposits	(179)	(149)
Proceeds from decrease in term deposits	264	93
Purchase of property, plant and equipment	(12,479)	(19,674)
Proceeds from sales of property, plant and equipment	146	113
Purchase of intangible assets	(3,964)	(3,519)
Payments for acquisition of video licenses	(1,746)	(2,264)
Purchase of investment securities	(5,044)	(159)
Proceeds from sales of investment securities	5,224	0
Payments for transfer of business	—	(1,577)
Payments of loans receivable	(422)	(604)
Collection of loans receivable	785	632
Payments for lease and guarantee deposits	(1,370)	(740)
Proceeds from collection of lease and guarantee deposits	398	632
Other, net	(73)	(216)
Net cash provided by (used in) investing activities	(18,459)	(27,434)

(Millions of yen)

	FY2014 (From April 1, 2014, to March 31, 2015)	FY2015 (From April 1, 2015, to March 31, 2016)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	81	355
Proceeds from long-term loans payable	12,360	2,670
Repayment of long-term loans payable	(3,198)	(2,573)
Cash dividends paid	(4,936)	(6,014)
Purchase of treasury shares	(603)	(1,700)
Other, net	(30)	(35)
Net cash provided by (used in) financing activities	3,672	(7,299)
Effect of exchange rate change on cash and cash equivalents	148	(127)
Net increase (decrease) in cash and cash equivalents	15,626	(7,760)
Cash and cash equivalents at beginning of period	44,381	60,007
Cash and cash equivalents at end of period	60,007	52,247

Notes to the Consolidated Financial Statements

(Segment Information)

FY2014 (From April 1, 2014, to March 31, 2015)

(Millions of yen)

	Reportable segments				Other	Total	Adjusted amount (Note)	Amount on consolidated statements of income
	Commercial karaoke	Karaoke cabin and restaurant	Music software	Subtotal				
Sales								
Sales to third parties	63,902	52,723	9,863	126,489	6,622	133,111	—	133,111
Intersegment sales and transfers	—	—	—	—	—	—	—	—
Total	63,902	52,723	9,863	126,489	6,622	133,111	—	133,111
Segment income (Operating income)	12,978	7,219	400	20,598	1,243	21,842	(2,808)	19,034
Other items								
Depreciation and amortization	8,656	3,044	51	11,752	331	12,084	19	12,104
Amortization of goodwill	2	437	—	440	—	440	—	440

Note: The (2,808) million yen adjustment posted to segment income is primarily composed of general and administrative expenses incurred by the administrative department at the head office that are not attributable to any particular reportable segment.

FY2015 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Reportable segments				Other	Total	Adjusted amount (Note)	Amount on consolidated statements of income
	Commercial karaoke	Karaoke cabin and restaurant	Music software	Subtotal				
Sales								
Sales to third parties	68,557	56,759	9,027	134,344	6,966	141,310	—	141,310
Intersegment sales and transfers	—	—	—	—	—	—	—	—
Total	68,557	56,759	9,027	134,344	6,966	141,310	—	141,310
Segment income (Operating income)	14,145	7,158	189	21,492	1,517	23,010	(3,123)	19,886
Other items								
Depreciation and amortization	9,797	3,498	49	13,345	412	13,758	16	13,774
Amortization of goodwill	2	491	—	494	—	494	—	494

Note: The (3,123) million yen adjustment posted to segment income is primarily composed of general and administrative expenses incurred by the administrative department at the head office that are not attributable to any particular reportable segment.

(Changes in Accounting Policies)

(Application of the “Revised Accounting Standard for Business Combinations,” etc.)

Starting from the fiscal year ended March 31, 2016, the Company applied the “Revised Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013; hereinafter the “Business Combinations Standard”), the “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013; hereinafter the “Consolidated Financial Statements Standard”) and the “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013; hereinafter the “Business Divestitures Standard”) and others. Accordingly, the Company’s accounting policies have been changed; the difference arising from a change in the Company’s ownership interest in a subsidiary over which the Company continues to have control is recorded as capital surplus and acquisition-related costs are expensed in the consolidated fiscal year in which they are incurred. Also, for business combinations to be performed at and after the beginning of the fiscal year, the accounting method was changed to reflect adjustments to the allocation of acquisition cost under provisional accounting treatment on the consolidated financial statements of which the days of the relevant business combinations are included. In addition, the Company has changed the presentation of net income and other related items, and the presentation of “minority interests” to “non-controlling interests.” To reflect this change in presentation, reclassifications of accounts have been made to the consolidated financial statements for the fiscal year ended March 31, 2015.

The Business Combinations Standard and others were applied in accordance with transitional treatments stipulated in Paragraph 58-2 (4) of the Business Combinations Standard, Paragraph 44-5 (4) of the Consolidated Financial Statements Standard and Paragraph 57-4 (4) of the Business Divestitures Standard, and they have been prospectively applied from the beginning of the fiscal year.

The impact of these changes on income or loss for the current fiscal year was minimal.

In the Consolidated Statements of Cash Flows, the presentation method was changed to a method in which cash flows associated with the purchase or sales of shares of subsidiaries without change in scope of consolidation are presented under the heading of “Cash flows from financing activities,” while cash flows associated with the expenses related to the purchase of shares of subsidiaries resulting in change in scope of consolidation, or expenses related to the purchase or sales of shares of subsidiaries without change in scope of consolidation are presented under the heading of “Cash flows from operating activities.”

(Additional Information)

(Provision for directors’ retirement benefits)

At the Board of Directors meeting held on May 18, 2015, the Company resolved to abolish the directors’ retirement benefits system. Also, at the Ordinary General Meeting of Shareholders held on June 19, 2015, for the directors in office after the conclusion of such General Meeting, it was approved to pay retirement benefits corresponding to their term of office upon their retirement.

As a result, the Company’s provision for directors’ retirement benefits of 801 million yen has been fully reversed and presented as “other” under non-current liabilities.