1. Major policies in preparing the consolidated financial statements:

The accompanying consolidated financial statements of CAPCOM CO., LTD. (the "Company") and its subsidiaries have been prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Financial Instruments and Exchange Act.

Each amount in the consolidated financial statements and notes is rounded down to the nearest 1 million yen (in the case of translation into U.S. dollars, it is rounded down to the nearest 1 thousand U.S. dollars).

The rate of ¥112 to U.S.$1.00, the approximate current rate of exchange prevailing on March 31, 2016, has been used for the purpose of presentation of the U.S. dollar amounts in the accompanying consolidated financial statements. These U.S. dollar amounts are included solely for convenience and should not be construed as representations that the Japanese yen amounts actually represent, have been or could be converted into U.S. dollars at this or any other rate.

2. Summary of significant accounting policies:

(1) Principles of consolidation

The consolidated financial statements consist of the accounts of the Company and its 15 majority owned subsidiaries (the "Companies") at the relevant balance sheet date. All significant intercompany transactions and accounts have been eliminated.

The investments in 20% to 50% owned companies ("Affiliated companies") are, with minor exceptions, accounted for under the equity method.

The 15 subsidiaries are as follows:

CAPCOM U.S.A., INC. (U.S.A.)

CAPCOM GAME STUDIO VANCOUVER, INC. (Canada)

BEELINE INTERACTIVE, INC. (U.S.A.)

BEELINE INTERACTIVE CANADA, INC. (Canada)

BEELINE INTERACTIVE JAPAN, INC. (Japan)

BEELINE INTERACTIVE EUROPE LTD. (U.K.)

CE EUROPE LTD. (U.K.)

CAPCOM ENTERTAINMENT GERMANY GmbH (Germany)

CAPCOM ENTERTAINMENT FRANCE SAS (France)

CAPCOM ASIA CO., LTD. (Hong Kong)

CAPCOM TAIWAN CO., LTD. (Taiwan)

CAPCOM ENTERTAINMENT KOREA CO., LTD. (South Korea)

CAPTRON CO., LTD. (Japan)

K2 CO., LTD. (Japan)

ENTERRISE CO., LTD. (Japan)

BEELINE INTERACTIVE THAILAND LTD. has been excluded from the scope of consolidation due to its liquidation during the current fiscal year.

An affiliated company accounted for under the equity method is as follows:

STREET FIGHTER FILM, LLC (U.S.A.)

(2) Investments in securities

Available-for-sale securities whose fair values are readily determinable are stated at fair value at the fiscal year end. Net unrealized gains or losses on these securities are recorded as a separate component of "Net assets," at the net of tax amount. The cost of securities sold is determined based on the average cost of all such securities held at the time of sale. Other securities whose fair values are not readily determinable are stated at cost, cost being determined by the average cost method.

(3) Inventories ("Merchandise and finished goods," "Work in progress," "Raw materials and supplies") and "Work in progress for game software"

Inventories are stated at the acquisition cost, determined principally by the moving average cost method. Inventories are stated at cost with the book value reduction method based on a decline in profitability for balance sheet carrying amounts.

Work in progress for game software, including development costs incurred by subcontractors for game machines, is stated at accumulated cost on a specific project basis. Work in progress for game software is stated at cost with the book value reduction method based on a decline in profitability for balance sheet carrying amounts.

(4) Tangible fixed assets, except for leased assets

Tangible fixed assets are stated at cost. The Company and its domestic subsidiaries compute depreciation of tangible fixed assets using the declining balance method at rates based on the estimated useful life of the respective asset, except for buildings (excluding leasehold improvements and auxiliary facilities attached to buildings), for which depreciation is computed using the straight-line method. Foreign subsidiaries, except for some subsidiaries, compute depreciation on a straight-line basis.

The primary useful lives are as follows:

Buildings and structures	3-50 years
Equipment for amusement facilities	3-20 years

(5) Intangible assets, except for leased assets

Amortization of intangible assets is computed by the straight-line method. The amortization period, except for computer software and online game contents, is based upon the individual estimated useful life of the asset.
The amortization period for computer software and online game contents is based upon the estimated period of internal use (5 years) and the estimated period of online game services (2 to 3 years), respectively.

(6) Leased assets

Leases that do not transfer ownership of the leased assets to the lessee

Depreciation of such leased assets is computed by the straight-line method with the lease term regarded as useful life and the residual value at zero. If there is a contract on guaranteed residual value for the lease, such guaranteed residual value is used as the accounting residual one.

Leases that transfer ownership of the leased assets to the lessee

Depreciation methods for such leased assets are the same with those applied to the tangible fixed assets owned by the Companies.

(7) Allowance for doubtful accounts

The allowance for doubtful accounts is calculated based on the prior loss experience and the estimated amount of probable individual bad debts at the fiscal year end. This amount is considered sufficient to cover possible losses on collection.

(8) Accrued bonuses

Accrued bonuses are stated at the estimated amount of the bonus to be paid to employees based on their services provided during the fiscal year.

(9) Attributing retirement benefits to service periods and amortizing liabilities unrealized in profit or loss

In calculating projected benefit obligations, attributing retirement benefits to service periods is based on benefit formula method. Prior service liabilities are amortized over 8 years, the average remaining service period, commencing from the date on which they are incurred. Actuarial net gains or losses are amortized over 8 to 14 years, commencing from the following year in which they arise.

(10) Cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents include all highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and are so near maturity that they present an insignificant risk of change in value.

(11) Other

Accounting for consumption taxes

Consumption taxes on goods and services are not included in the revenue and expense amounts in the accompanying consolidated statements of income.

3. Changes in accounting policies

Effective from the fiscal year ended March 31 2016, the Company and its domestic subsidiaries have adopted “Revised Accounting Standard for Business Combinations” (ASBJ Statement No.21, September 13 2013 (“Statement No.21”)), “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No.22, September 13, 2013 (“Statement No.22”)) and “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No.7, September 13, 2013 (“Statement No.7”)) (together, the “Business Combination Accounting Standards”). As a result, the Company has changed its accounting policies to recognize in capital surplus the differences arising from the changes in the Company’s ownership interest of subsidiaries over which the Company continues to maintain control and to record acquisition related costs as expenses in the fiscal year in which the costs are incurred. In addition, the Company has changed its accounting policy for the reallocation of acquisition costs due to the completion following provisional accounting to reflect such reallocation in the consolidated financial statements for the fiscal year in which the business combination took place. The Company has also changed the the presentation of net income and the term “non-controlling interests” is used instead of “minority interests.” Certain amounts in the prior year comparative information were reclassified to conform to such changes in the current year presentation.
With regard to the application of the Business Combination Accounting Standards, the Company has followed the provisional treatments in article 58-2 (4) of Statement No.21, article 44-5 (4) of Statement No.22 and article 57-4 (4) of Statement No.7 with application from the beginning of the current fiscal year prospectively.
These changes in accounting policies have no impact on the consolidated financial statements and per share information.

4. Unapplied accounting standards, etc.

"Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016 ("Guidance No.26")

(1) Overview

Following the framework in Auditing Committee Report No. 66 "Audit Treatment regarding the Judgment of Recoverability of Deferred Tax Assets," which prescribes estimation of deferred tax assets according to the classification of the entity by one of five types, the following treatments were changed as necessary:

①Treatment for an entity that does not meet any of the criteria in types 1 to 5

②Criteria for types 2 and 3

③Treatment for deductible temporary differences which an entity classified as type 2 is unable to schedule.

④Treatment for the period which an entity classified as type 3 is able to reasonably estimate with respect to future taxable income before consideration of taxable or deductible temporary differences that exist at the end of the current fiscal year and

⑤Treatment when an entity classified as type 4 also meets the criteria for types 2 or 3.

(2) Effective date

Effective from the beginning of the fiscal year ending March 31, 2017

(3) Effects of application of the Guidance

The impact is now under examination.

5. Change in presentation

(Consolidated statements of income)

Effective from the fiscal year ended March 31 2016, the Companies have reclassified "Loss on closing amusement facilities" on the "Non-operating expenses," which was individually presented in the previous fiscal year into "Other" due to materiality in terms of value. As a result, 142 million yen of "Loss on closing amusement facilities" and 84 million yen of "Other" on the "Non-operating expenses" of the consolidated statement of income for the previous fiscal year have been reclassified into 226 million yen of "Other."

6. Notes to consolidated balance sheets

(1) Accumulated depreciation of tangible fixed assets

	Previous fiscal year (As of March 31, 2015) (Unit: Millions of yen)	Current fiscal year (As of March 31, 2016) (Unit: Millions of yen)	Current fiscal year (As of March 31, 2016) (Unit: Thousands of U.S. dollars)
Accumulated depreciation of tangible fixed assets	18,112	18,001	160,730

(Note) The above balances include the accumulated impairment loss on tangible fixed assets.

(2) Overdraft agreements and credit line agreements

The Company has entered into overdraft agreements and credit line agreements with some banks by syndicate financing for the purpose of efficient and sustainable financing and improving the efficiency of funds operations and the Company's financial flexibility.

The balance of unexercised loans, etc., based on these agreements at the end of the fiscal year were as follows:

	Previous fiscal year (As of March 31, 2015) (Unit: Millions of yen)	Current fiscal year (As of March 31, 2016) (Unit: Millions of yen)	Current fiscal year (As of March 31, 2016) (Unit: Thousands of U.S. dollars)
Total amount of overdraft limit and credit line agreements	26,700	26,700	238,392
Borrowings	−	−	−
Unexercised balance	26,700	26,700	238,392

7. Notes to consolidated statements of income

(1) Major items and the amounts under "Selling, general and administrative expenses"

	Previous fiscal year (From April 1, 2014 to March 31, 2015) (Unit: Millions of yen)	Current fiscal year (From April 1, 2015 to March 31, 2016) (Unit: Millions of yen)	Current fiscal year (From April 1, 2015 to March 31, 2016) (Unit: Thousands of U.S. dollars)
Advertising expenses	1,978	2,552	22,794
Promotion expenses	856	1,318	11,767
Salaries for directors and employees	4,813	4,986	44,521
Provision for accrued bonuses	952	1,131	10,102

(2) The breakdown of "Loss on sales and/or disposal of fixed assets"

	Previous fiscal year (From April 1, 2014 to March 31, 2015) (Unit: Millions of yen)	Current fiscal year (From April 1, 2015 to March 31, 2016) (Unit: Millions of yen)	Current fiscal year (From April 1, 2015 to March 31, 2016) (Unit: Thousands of U.S. dollars)
Buildings and structures	1	47	423
Tools, fixtures and furniture	5	33	300
Equipment for amusement facilities	51	11	104
Land	42	–	0
Other	0	0	1
Total	100	92	826

(3) Research and development expenses included in general and administrative expenses

	Previous fiscal year (From April 1, 2014 to March 31, 2015) (Unit: Millions of yen)	Current fiscal year (From April 1, 2015 to March 31, 2016) (Unit: Millions of yen)	Current fiscal year (From April 1, 2015 to March 31, 2016) (Unit: Thousands of U.S. dollars)
Research and development expenses	823	1,073	9,588

(4) Impairment loss

The assets for which the impairment losses were recognized were as follows:

Usage	Account	Previous fiscal year (From April 1, 2014 to March 31, 2015) (Unit: Millions of yen)	Current fiscal year (From April 1, 2015 to March 31, 2016) (Unit: Millions of yen)	Current fiscal year (From April 1, 2015 to March 31, 2016) (Unit: Thousands of U.S. dollars)
Assets to be disposed of	Equipment for amusement facilities	49	–	–
Assets to be disposed of	"Other" of intangible assets	–	105	938

To measure an impairment, assets are principally grouped based on business segments such as "Digital contents," "Arcade operations," etc. Whereas, rental assets, idle assets, assets to be disposed of and online game content are evaluated as separate groups. The Companies made a decision to dispose of some assets. As a result of the decision, the Companies did not make sure of the recoverability of the book value of the assets to be disposed of and recognized the impairment loss as shown above.

8. Notes to consolidated statements of comprehensive income

(1) Amount of recycling and income tax effect associated with other comprehensive income

	Previous fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2015 to March 31, 2016)
	Unit: Millions of yen	Unit: Millions of yen	Unit: Thousands of U.S. dollars
Net unrealized gain or loss on securities			
Amount arising during the fiscal year	71	(168)	(1,503)
Amount of recycling	–	–	–
Net gain before the effect of income taxes	71	(168)	(1,503)
Effect of income taxes	–	–	–
Net unrealized gain or loss on securities, net of tax	71	(168)	(1,503)
Cumulative translation adjustment			
Amount arising during the fiscal year	2,863	(1,494)	(13,339)
Adjustments for retirement benefits			
Amount arising during the fiscal year	(189)	(2)	(23)
Amount of recycling	33	39	356
Net gain before the effect of income taxes	(156)	37	333
Effect of income taxes	41	(28)	(252)
Adjustments for retirement benefits, net of tax	(114)	9	80
Total other comprehensive income	2,820	(1,653)	(14,762)

9. Notes to consolidated statements of changes in net assets

(1) Previous fiscal year (From April 1, 2014 to March 31, 2015)

① Number of outstanding shares

Type of shares	Number of shares as of April 1, 2014	Increase in the number of shares	Decrease in the number of shares	Number of shares as of March 31, 2015
Common stock (thousand shares)	67,723	–	–	67,723

(Note) There was no change in the number of shares during the current fiscal year.

② Number of treasury stocks

Type of shares	Number of shares as of April 1, 2014	Increase in the number of shares	Decrease in the number of shares	Number of shares as of March 31, 2015
Common stock (thousand shares)	11,490	3	0	11,493

(Note) The increase was due to purchase of less-than-one-unit shares. 3 thousand shares
The decrease was due to requests for purchase of less-than-one-unit shares by shareholders. 0 thousand shares

③ Dividend

(ⅰ) Amount of dividends paid

Resolution	Type of shares	Amount of dividends	Dividend per share (yen)	Record date	Effective date
General shareholders' meeting held on June 16, 2014	Common stock	¥1,405 million	25	March 31, 2014	June 17, 2014
Board of Directors' meeting held on October 29, 2014	Common stock	¥843 million	15	September 30, 2014	November 17, 2014

(ⅱ) Dividends whose effective date was to be after the end of current fiscal year and record date was included in the current fiscal year.

Resolution	Type of shares	Amount of dividends	Source of dividends	Dividend per share (yen)	Record date	Effective date
General shareholders' meeting held on June 12, 2015	Common stock	¥1,405 million	Retained earnings	25	March 31, 2015	June 15, 2015

(2) Current fiscal year (From April 1, 2015 to March 31, 2016)

① Number of outstanding shares

Type of shares	Number of shares as of April 1, 2015	Increase in the number of shares	Decrease in the number of shares	Number of shares as of March 31, 2016
Common stock (thousand shares)	67,723	–	–	67,723

(Note) There was no change in the number of shares during the current fiscal year.

② Number of treasury stocks

Type of shares	Number of shares as of April 1, 2015	Increase in the number of shares	Decrease in the number of shares	Number of shares as of March 31, 2016
Common stock (thousand shares)	11,493	1	–	11,495

(Note) The increase was due to purchase of less-than-one-unit shares. 1 thousand shares

③ Dividend

(ⅰ) Amount of dividends paid

Resolution	Type of shares	Amount of dividends	Dividend per share (yen)	Record date	Effective date
General shareholders' meeting held on June 12, 2015	Common stock	¥1,405 million	25	March 31, 2015	June 15, 2015
Board of Directors' meeting held on October 29, 2015	Common stock	¥843 million	15	September 30, 2015	November 16, 2015

Resolution	Type of shares	Amount of dividends	Dividend per share (U.S. dollars)	Record date	Effective date
General shareholders' meeting held on June 12, 2015	Common stock	$12,551 thousand	0.22	March 31, 2015	June 15, 2015
Board of Directors' meeting held on October 29, 2015	Common stock	$7,530 thousand	0.13	September 30, 2015	November 16, 2015

(ⅱ) Dividends whose effective date was to be after the end of current fiscal year and record date was included in the current fiscal year.

Resolution	Type of shares	Amount of dividends	Source of dividends	Dividend per share (yen)	Record date	Effective date
General shareholders' meeting held on June 17, 2016	Common stock	¥1,405 million	Retained earnings	25	March 31, 2016	June 20, 2016

Resolution	Type of shares	Amount of dividends	Source of dividends	Dividend per share (U.S. dollars)	Record date	Effective date
General shareholders' meeting held on June 17, 2016	Common stock	$12,551 thousand	Retained earnings	0.22	March 31, 2016	June 20, 2016

10. Notes to consolidated statements of cash flows

(1) Cash and cash equivalents at end of year

	Previous fiscal year (As of March 31, 2015) (Unit: Millions of yen)	Current fiscal year (As of March 31, 2016) (Unit: Millions of yen)	Current fiscal year (As of March 31, 2016) (Unit: Thousands of U.S. dollars)
Cash on hand and in banks	32,204	28,429	253,836
Time deposits with maturities over three months	(4,205)	–	–
Cash and cash equivalents	27,998	28,429	253,836

11. Accounting for leases

(1) Capital leases

① Capital leases which transfer ownership of the leased assets to the lessee

・ Leased assets:
Intangible assets
Major assets are software for "Amusement equipment" segment.

・ Depreciation method:
See Note 2(6), "Summary of significant accounting policies – Leased assets."

② Capital leases which do not transfer ownership of the leased assets to the lessee

・ Leased assets:
Tangible fixed assets
Major assets are equipment for amusement facilities for the "Arcade operations" segment.

・ Depreciation method:
See Note 2(6), "Summary of significant accounting policies – Leased assets."

(2) Operating leases

① Future lease payments

	Previous fiscal year (From April 1, 2014 to March 31, 2015) (Unit: Millions of yen)	Current fiscal year (From April 1, 2015 to March 31, 2016) (Unit: Millions of yen)	Current fiscal year (From April 1, 2015 to March 31, 2016) (Unit: Thousands of U.S. dollars)
Due within one year	408	377	3,370
Due over one year	1,454	2,024	18,077
Total	1,862	2,402	21,447

12. Financial instruments

(1) Conditions of financial instruments

① Management policy

The Companies' fund management policy is to invest in financial instruments that have high levels of safety concerning the repayment of the principal and the receipt of interest, taking safety, liquidity (negotiability, marketability) and profitability into consideration. The Companies raise funds through borrowings from financial institutions, such as banks, etc. The Companies also utilize derivative financial instruments in order to hedge foreign currency exchange risk and interest fluctuation rate risk and do not enter into derivative financial instruments for speculative purposes.

② Financial instruments, risks, and risk management

Notes and accounts receivable, trade are exposed to credit risk of customers. To minimize such risk, the Companies regularly monitor the credit status of major customers as well as perform due date control and balance control for each customer according to the importance of the business in accordance with credit exposure management rules.

The investments in securities the Company holds consist mainly of listed equity securities of its business partners. These securities are exposed to stock price volatility risk. To minimize such risk, the Company states the fair value of these securities on a quarterly basis to report it to the Board of Directors' meeting.

As for notes and accounts payable, trade, due date of payment is within one year. Short-term borrowings are mainly for normal operating activities, and long-term borrowings are mainly for capital investments. Notes and accounts payable, trade and borrowings are exposed to liquidity risk. The Companies minimize such risk by forecasting cash flows on a monthly basis.

③ Supplemental information on the fair value of financial instruments

Not applicable

(2) Fair value of financial instruments

The carrying value on the consolidated balance sheets, fair value and any differences between the two were as follows:

① Previous fiscal year (As of March 31, 2015) (Unit: Millions of yen)

		Carrying value	Fair value	Difference
(1)	Cash on hand and in banks	32,204	32,204	–
(2)	Notes and accounts receivable, trade	8,005	8,005	–
(3)	Lease deposits	4,036	4,021	(14)
	Total	44,245	44,231	(14)
(1)	Notes and accounts payable, trade	3,089	3,089	–
(2)	Electronically recorded monetary obligations	988	988	–
(3)	Short-term borrowings	3,452	3,452	–
(4)	Long-term borrowings	7,540	7,514	(25)
	Total	15,071	15,046	(25)

② Current fiscal year (As of March 31, 2016)

(Unit: Millions of yen)

		Carrying value	Fair value	Difference
(1)	Cash on hand and in banks	28,429	28,429	-
(2)	Notes and accounts receivable, trade	9,879	9,879	-
(3)	Lease deposits	3,867	3,867	-
	Total	42,177	42,177	-
(1)	Notes and accounts payable, trade	4,053	4,053	-
(2)	Electronically recorded monetary obligations	888	888	-
(3)	Short-term borrowings	1,497	1,497	-
(4)	Long-term borrowings	11,111	11,156	45
	Total	17,550	17,595	45

(Unit: Thousands of U.S. dollars)

		Carrying value	Fair value	Difference
(1)	Cash on hand and in banks	253,836	253,836	-
(2)	Notes and accounts receivable, trade	88,213	88,213	-
(3)	Lease deposits	34,535	34,535	-
	Total	376,585	376,585	-
(1)	Notes and accounts payable, trade	36,189	36,189	-
(2)	Electronically recorded monetary obligations	7,932	7,932	-
(3)	Short-term borrowings	13,367	13,367	-
(4)	Long-term borrowings	99,209	99,612	403
	Total	156,697	157,101	403

(Note 1) Fair value measurement of financial instruments

Assets

(1) Cash on hand and in banks and (2) Notes and accounts receivable, trade
The fair value is assumed to be the same as the carrying value as it approximates fair value because of the short maturity of these instruments.

(3) Lease deposits
The fair value is measured at the present value of future cash flows discounted using the yield of national government bonds according to periods until repayment.

Liabilities

(1) Notes and accounts payable, trade, (2) Electronically recorded obligations and (3) Short-term borrowings
The fair value is assumed to be the same as the carrying value as it approximates fair value because of the short maturity of these instruments.

(4) Long-term borrowings
The fair value of long-term borrowings with variable interest rates is measured at the carrying value as it approximates fair value.
(The market interest rate fluctuation is reflected in the variable interest rates in the short term and the credit status of the Company does not change remarkably after raising funds through long-term borrowings with variable interest rates.)
The fair value of long-term borrowings with fixed rates is measured at the present value of future cash flow (principal plus interest) discounted using the assumed interest rate of similar new borrowings.

(Note 2) Redemption schedule for monetary assets with maturity dates subsequent to the consolidated balance sheets date

(1) Previous fiscal year (As of March 31, 2015) (Unit: Millions of yen)

	April 1, 2015 to March 31, 2016	April 1, 2016 to March 31, 2020	April 1, 2020 to March 31, 2025	April 1, 2025 and thereafter
(1) Cash on hand and in banks	32,204	−	−	−
(2) Notes and accounts receivable, trade	8,005	−	−	−
(3) Lease deposits	1,298	2,189	545	2
Total	41,508	2,189	545	2

(2) Current fiscal year (As of March 31, 2016) (Unit: Millions of yen)

	April 1, 2016 to March 31, 2017	April 1, 2017 to March 31, 2021	April 1, 2021 to March 31, 2026	April 1, 2026 and thereafter
(1) Cash on hand and in banks	28,429	−	−	−
(2) Notes and accounts receivable, trade	9,879	−	−	−
(3) Lease deposits	1,207	1,922	736	2
Total	39,516	1,922	736	2

(Unit: Thousands of U.S. dollars)

	April 1, 2016 to March 31, 2017	April 1, 2017 to March 31, 2021	April 1, 2021 to March 31, 2026	April 1, 2026 and thereafter
(1) Cash on hand and in banks	253,836	−	−	−
(2) Notes and accounts receivable, trade	88,213	−	−	−
(3) Lease deposits	10,776	17,161	6,573	23
Total	352,827	17,161	6,573	23

(Note 3) Repayment schedule for long-term borrowings and lease obligations with maturity dates subsequent to the consolidated balance sheets date

(1) Previous fiscal year (As of March 31, 2015) (Unit: Millions of yen)

	April 1, 2015 to March 31, 2016	April 1, 2016 to March 31, 2017	April 1, 2017 to March 31, 2018	April 1, 2018 to March 31, 2019	April 1, 2019 to March 31, 2020	April 1, 2020 and thereafter
(1) Short-term borrowings	3,452	−	−	−	−	−
(2) Long-term borrowings	−	634	3,610	610	566	2,120
Total	3,452	634	3,610	610	566	2,120

(2) Current fiscal year (As of March 31, 2016) (Unit: Millions of yen)

	April 1, 2016 to March 31, 2017	April 1, 2017 to March 31, 2018	April 1, 2018 to March 31, 2019	April 1, 2019 to March 31, 2020	April 1, 2020 to March 31, 2021	April 1, 2021 and thereafter
(1) Short-term borrowings	1,497	−	−	−	−	−
(2) Long-term borrowings	−	4,323	1,473	1,579	1,129	2,606
Total	1,497	4,323	1,473	1,579	1,129	2,606

(Unit: Thousands of U.S. dollars)

	April 1, 2016 to March 31, 2017	April 1, 2017 to March 31, 2018	April 1, 2018 to March 31, 2019	April 1, 2019 to March 31, 2020	April 1, 2020 to March 31, 2021	April 1, 2021 and thereafter
(1) Short-term borrowings	13,367	−	−	−	−	−
(2) Long-term borrowings	−	38,599	13,153	14,099	10,081	23,273
Total	13,367	38,599	13,153	14,099	10,081	23,273

13. Investments in securities

(1) Available-for-sale securities with a readily determinable fair value

① Previous fiscal year (As of March 31, 2015) (Unit: Millions of yen)

Classification	Carrying value	Acquisition cost	Difference
Securities with book value exceeding acquisition cost			
(1) Equity securities	582	412	170
(2) Bonds	―	―	―
(3) Others	―	―	―
Subtotal	582	412	170
Securities with book value not exceeding acquisition cost			
(1) Equity securities	―	―	―
(2) Bonds	―	―	―
(3) Others	―	―	―
Subtotal	―	―	―
Total	582	412	170

② Current fiscal year (As of March 31, 2016) (Unit: Millions of yen)

Classification	Carrying value	Acquisition cost	Difference
Securities with book value exceeding acquisition cost			
(1) Equity securities	68	39	29
(2) Bonds	-	-	-
(3) Others	-	-	-
Subtotal	68	39	29
Securities with book value not exceeding acquisition cost			
(1) Equity securities	358	385	(26)
(2) Bonds	-	-	-
(3) Others	-	-	-
Subtotal	358	385	(26)
Total	427	425	2

(Unit: Thousands of U.S. dollars)

Classification	Carrying value	Acquisition cost	Difference
Securities with book value exceeding acquisition cost			
(1) Equity securities	613	353	260
(2) Bonds	-	-	-
(3) Others	-	-	-
Subtotal	613	353	260
Securities with book value not exceeding acquisition cost			
(1) Equity securities	3,204	3,444	(239)
(2) Bonds	-	-	-
(3) Others	-	-	-
Subtotal	3,204	3,444	(239)
Total	3,818	3,797	20

(2) Investments in securities sold during the fiscal year

① Previous fiscal year (From April 1, 2014 to March 31, 2015)
Not applicable

② Current fiscal year (From April 1, 2015 to March 31, 2016)
Not applicable

14. Retirement benefits for employees

(1) Summary of retirement benefit plans

The Company and its domestic subsidiaries have unfunded lump-sum benefit plans and defined contribution pension plans. Some foreign subsidiaries have defined contribution pension plans.

(2) Defined benefit plans (excluding simplified method)

① Change in projected benefit obligations

	Previous fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2015 to March 31, 2016)
	(Unit: Millions of yen)	(Unit: Millions of yen)	(Unit: Thousands of U.S. dollars)
Projected benefit obligations at beginning of year	2,123	2,053	18,333
Cumulative effect due to changes in accounting policies	(423)	–	–
Renewed projected benefit obligations at beginning of year	1,699	2,053	18,333
Service costs	181	219	1,962
Interest costs	20	9	86
Actuarial gain or loss incurred	189	2	23
Payment of retirement benefits	(37)	(44)	(395)
Projected benefit obligations at end of year	2,053	2,241	20,009

② Reconciliation of projected benefit obligations to liabilities for retirement benefits for employees

	(As of March 31, 2015)	(As of March 31, 2016)	(As of March 31, 2016)
	(Unit: Millions of yen)	(Unit: Millions of yen)	(Unit: Thousands of U.S. dollars)
Projected benefit obligations for unfunded plan	2,053	2,241	20,009
Net balance presented in the consolidated balance sheet	2,053	2,241	20,009
Liabilities for retirement benefits for employees	2,053	2,241	20,009
Net balance presented in the consolidated balance sheet	2,053	2,241	20,009

③ Breakdown of retirement and pension cost

	Previous fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2015 to March 31, 2016)
	(Unit: Millions of yen)	(Unit: Millions of yen)	(Unit: Thousands of U.S. dollars)
Service costs	181	219	1,962
Interest costs	20	9	86
Amortization of actuarial differences	29	52	465
Amortization of prior service costs	(12)	(12)	(108)
Amortization of transition obligations	15	–	–
Net periodic benefit costs	235	269	2,405

④ Adjustments for retirement benefits

The breakdown of adjustments for retirement benefits before the effect of income taxes was as follows.

	Previous fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2015 to March 31, 2016)
	(Unit: Millions of yen)	(Unit: Millions of yen)	(Unit: Thousands of U.S. dollars)
Prior service liabilities	(12)	(12)	(108)
Actuarial differences	(159)	49	441
Transition obligations	15	–	–
Total	(156)	37	333

⑤ Accumulated adjustments for retirement benefits

The breakdown of accumulated adjustments for retirement benefits before the effect of income taxes was as follows.

	Previous fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2015 to March 31, 2016)
	(Unit: Millions of yen)	(Unit: Millions of yen)	(Unit: Thousands of U.S. dollars)
Unrecognized prior service liabilities	(45)	(33)	(297)
Unrecognized actuarial differences	464	414	3,702
Total	418	381	3,404

⑥ Actuarial assumption

Major actuarial assumption (on weighted average)

	Previous fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Discount rate	0.6%	0.6%

(3) Defined benefit plans for simplified method

① Change in projected benefit obligations

	Previous fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2015 to March 31, 2016)
	(Unit: Millions of yen)	(Unit: Millions of yen)	(Unit: Thousands of U.S. dollars)
Projected benefit obligations at beginning of year	34	48	429
Service costs	31	67	598
Payment of retirement benefits	(22)	(27)	(246)
Other	3	(5)	(49)
Projected benefit obligations at end of year	48	82	732

② Reconciliation of projected benefit obligations to liabilities for retirement benefits for employees

	(As of March 31, 2015)	(As of March 31, 2016)	(As of March 31, 2016)
	(Unit: Millions of yen)	(Unit: Millions of yen)	(Unit: Thousands of U.S. dollars)
Projected benefit obligations for unfunded plan	48	82	732
Net balance presented in the consolidated balance sheet	48	82	732
Liabilities for retirement benefits for employees	48	82	732
Net balance presented in the consolidated balance sheet	48	82	732

③ Retirement and pension cost

Retirement and pension costs for the simplified method were ¥31 million for the previous fiscal year and ¥67 million ($598 thousand) for the current fiscal year.

(4) Defined contribution plans

The Companies contributed ¥280 million and ¥289 million ($2,586 thousand) to their defined contribution plans for the previous fiscal year and the current fiscal year, respectively.

15. Accounting for income taxes

(1) Significant components of deferred tax assets and liabilities

	Previous fiscal year (As of March 31, 2015) (Unit: Millions of yen)	Current fiscal year (As of March 31, 2016) (Unit: Millions of yen)	Current fiscal year (As of March 31, 2016) (Unit: Thousands of U.S. dollars)
(Deferred tax assets)			
Accrued bonuses	531	623	5,563
Liabilities for retirement benefits for employees	672	686	6,131
Accrued retirement benefits for directors	121	110	989
Inventories	815	1,893	16,903
Unearned revenue	333	550	4,914
Investments in subsidiaries and affiliated companies	160	150	1,342
Tax loss carryforwards in the Company	170	-	-
Tax loss carryforwards in the subsidiaries	916	3,571	31,889
Tax credits carryforwards in the subsidiaries	1,191	918	8,203
Intangible assets	790	244	2,181
Depreciation and amortization	283	224	2,004
Impairment loss	16	25	228
Other	1,143	1,473	13,158
Subtotal	7,147	10,473	93,512
Valuation allowance	(2,457)	(1,865)	(16,656)
Total deferred tax assets	4,689	8,607	76,855
(Deferred tax liabilities)			
Tax deductible inventories for a foreign subsidiary	(823)	(2,021)	(18,051)
Other	(424)	(311)	(2,778)
Total deferred tax liabilities	(1,248)	(2,332)	(20,829)
Net deferred tax assets	3,441	6,274	56,026
Net deferred tax assets are reflected in the consolidated balance sheets as follows:			
Current assets —deferred tax assets	2,042	3,382	30,200
Fixed assets —deferred tax assets	1,595	2,952	26,359
Current liabilities —deferred tax liabilities	(147)	(40)	(364)
Long-term liabilities —deferred tax liabilities	(48)	(18)	(168)

(2) Reconciliation of the difference between the statutory tax rate and the effective income tax rate

	Previous fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
	(Unit: %)	(Unit: %)
Statutory income tax rate	35.5	33.0
(Reconciliation)		
Change in valuation allowance	0.6	(1.8)
Tax credit	(1.3)	(4.2)
Amortization of goodwill	0.2	-
Different tax rates applied to foreign subsidiaries	(1.3)	(1.5)
Permanent difference (meals and entertainment, etc.)	(0.1)	1.3
Unappropriated retained earnings of foreign subsidiaries	0.7	(0.5)
Tax adjustments resulting from consolidation elimination entries, etc.	1.7	1.3
Decrease in deferred tax assets due to change in statutory income tax rate	2.2	1.4
Others	0.1	1.5
Effective income tax rate	38.2	30.5

(3) Change in deferred tax assets and liabilities due to change of corporate tax rate

The "Act for Partial Amendment of the Income Tax Act, etc.," and the "Act for Partial Amendment of the Council Tax Act, etc.," were enacted on March 29, 2016 In response, the Company and its domestic subsidiaries changed their statutory income tax rate to compute the deferred tax assets and the deferred tax liabilities as of March 31, 2016 from 32.2% for the previous fiscal year to 30.8% for items which were expected to be realized or settled in the fiscal year starting on April 1, 2016 and to 30.4% for items which were expected to be realized or settled in the fiscal year starting on April 1, 2017 and to 30.2% for items which were expected to be realized or settled in the fiscal year starting on April 1, 2018 and thereafter.

As a result, the balance of deferred tax assets (net of deferred tax liabilities) decreased by ¥169 million ($1,510 thousand) and the amount of income taxes - deferred and the amount of accumulated adjustments for retirement benefits for the current fiscal year increased by ¥161 million ($1,442 thousand) and ¥7 million ($68 thousand), respectively.

16. Asset retirement obligations

Asset retirement obligations on the balance sheet.

① Outline of asset retirement obligations

Obligations to restore business offices and amusement stores in the "Arcade operations" segment to their original state, as specified in the real estate lease agreements.

② Calculation of asset retirement obligations

Asset retirement obligations are calculated with the future cash flows discounted. For the business offices, their depreciation periods (mainly 15 years) are regarded as their estimated periods of use and the yields of the national government bonds, which correspond to the respective depreciation periods, are used as their discount rates (mainly 1.042 to 1.885%).

For the amusement facilities, their lease periods (mainly 6 to 15 years) are regarded as their estimated periods of use and the yields of the national government bonds, which corresponds to the respective lease periods, are used as their discount rates (mainly 0.564 to 1.885%).

③ Increase or decrease in asset retirement obligations

	Previous fiscal year (From April 1, 2014 to March 31, 2015) (Unit: Millions of yen)	Current fiscal year (From April 1, 2015 to March 31, 2016) (Unit: Millions of yen)	Current fiscal year (From April 1, 2015 to March 31, 2016) (Unit: Thousands of U.S. dollars)
Beginning balance	412	495	4,427
Increase due to purchase of tangible fixed assets	100	16	143
Adjustment due to passage of time	4	4	38
Decrease due to settlement of asset retirement obligations	(22)	(13)	(122)
Ending balance	495	502	4,487

17. Investment and rental property

The note is omitted due to the insignificance of the total amount.

18. Segment information

(1) Outline of reportable segments

① Classification of reportable segments

The reportable segments the Company reports are the business units for which the Company is able to obtain separate financial information in order for the Board of Directors to conduct periodic investigations to determine the distribution of operational resources and to evaluate business performance. The Company has several operational headquarters which plan comprehensive business strategies in the domestic and overseas markets for their products and services, and develop its business activities. Therefore the Company's reportable segments are based on the products and services its operational headquarters deal in and are composed of the following 3 segments: "Digital content," "Arcade operations" and "Amusement equipment."

② Product and service line

The "Digital content" segment develops and distributes video and mobile games for consumers.
The "Arcade operations" segment operates amusement stores which install amusement equipments.
The "Amusement equipment" segment manufactures arcade game machines and pachinko gambling machines, etc. to be distributed to arcade operators and pachinko parlors.

(2) Method of calculating sales and income (loss), identifiable assets and liabilities and other items by reportable segment

The accounting procedures for the reportable segment are based on those in "Summary of significant accounting policies."
Income by reportable segment is calculated based on operating income on the consolidated statements of income.

(3) Information on net sales and operating income (loss), identifiable assets and liabilities and other items by reportable segment

① Previous fiscal year (From April 1, 2014 to March 31, 2015)

(Unit: Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Consolidated total (Note 3)
	Digital content	Arcade operations	Amusement equipment	Total				
Net sales								
(1) Customers	45,351	9,241	7,540	62,133	2,144	64,277	－	64,277
(2) Intersegment	－	－	－	－	－	－	－	－
Total	45,351	9,241	7,540	62,133	2,144	64,277	－	64,277
Segment income	10,208	940	2,736	13,884	661	14,545	(3,963)	10,582
Segment assets	50,053	6,315	8,760	65,128	6,534	71,662	29,110	100,773
Other items								
Depreciation	1,772	1,006	169	2,949	250	3,199	335	3,535
Increase in tangible and intangible fixed assets	5,103	504	526	6,134	2,368	8,502	1,674	10,177

(Note) 1. "Other" incorporates operations not included in reportable segments, including the character content business, etc.
2. Adjustments were as follows:
(1) Adjustments of segment income of (¥3,963) million include unallocated corporate operating expenses of (¥3,963) million. The corporate operating expenses, which do not belong to any reportable segments, mainly consist of administrative expenses.
(2) Adjustments of segment assets of ¥29,110 million include unallocated corporate identifiable assets of ¥29,110 million.
(3) Adjustments of increase in tangible and intangible fixed assets of ¥1,674 million are capital investments by headquarters.
3. Segment income is adjusted on operating income of the consolidated statements of income.

② Current fiscal year (From April 1, 2015 to March 31, 2016)

(Unit: Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Consolidated total (Note 3)
	Digital content	Arcade operations	Amusement equipment	Total				
Net sales								
(1) Customers	52,577	9,056	13,343	74,978	2,043	77,021	–	77,021
(2) Intersegment	–	–	–	–	–	–	–	–
Total	52,577	9,056	13,343	74,978	2,043	77,021	–	77,021
Segment income	12,167	699	2,812	15,679	511	16,190	(4,160)	12,029
Segment assets	57,275	6,574	12,314	76,164	4,926	81,090	31,966	113,057
Other items								
Depreciation	3,410	972	514	4,898	364	5,262	449	5,712
Increase in tangible and intangible fixed assets	2,616	931	199	3,748	584	4,332	3,941	8,274

(Unit: Thousands of U.S. dollars)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Consolidated total (Note 3)
	Digital content	Arcade operations	Amusement equipment	Total				
Net sales								
(1) Customers	469,445	80,866	119,136	669,448	18,246	687,695	–	687,695
(2) Intersegment	–	–	–	–	–	–	–	–
Total	469,445	80,866	119,136	669,448	18,246	687,695	–	687,695
Segment income	108,638	6,245	25,109	139,993	4,563	144,556	(37,148)	107,408
Segment assets	511,392	58,702	109,948	680,043	43,982	724,026	285,415	1,009,441
Other items								
Depreciation	30,450	8,686	4,595	43,732	3,255	46,988	4,015	51,003
Increase in tangible and intangible fixed assets	23,363	8,319	1,781	33,464	5,219	38,683	35,196	73,879

(Note) 1. "Other" incorporates operations not included in reportable segments, including the character content business, etc.

2. Adjustments were as follows:

(1) Adjustments of segment income of (¥4,160) million (($37,148) thousand) include unallocated corporate operating expenses of (¥4,160) million (($37,148) thousand).
The corporate operating expenses, which do not belong to any reportable segments, mainly consist of administrative expenses.

(2) Adjustments of segment assets of ¥31,966 million ($285,415 thousand) include unallocated corporate identifiable assets of ¥31,966 million ($285,415 thousand).

(3) Adjustments of increase in tangible and intangible fixed assets of ¥3,941 million ($35,196 thousand) are capital investments by headquarters.

3. Segment income is adjusted on operating income of the consolidated statements of income.

[Related information]

1. Information by product and service line

The information is omitted as the same kind of information is disclosed in Note 18, "Segment infor

2. Information by country or region

(1) Net sales

① Previous fiscal year (From April 1, 2014 to March 31, 2015) (Unit: Millions of yen)

Japan	North America	Europe	Other regions	Total
45,954	13,014	3,324	1,984	64,277

② Current fiscal year (From April 1, 2015 to March 31, 2016) (Unit: Millions of yen)

Japan	North America	Europe	Other regions	Total
54,384	14,265	4,977	3,393	77,021

(Unit: Thousands of U.S. dollars)

Japan	North America	Europe	Other regions	Total
485,580	127,372	44,441	30,301	687,695

(Note) 1. The sales amounts are classified by country or region where customers are locatec

2. Countries or regions that are not in Japan

(1) North America········· United States of America

(2) Europe·················· European countries

(3) Other regions······ Asia and others

(2) Tangible fixed assets

The information is omitted as the balance of tangible fixed assets in Japan exceeded 90% or m
the total balance of tangible fixed assets of the consolidated balance sheet.

3. Information by major customer

① Previous fiscal year (From April 1, 2014 to March 31, 2015)

The information is omitted as the Companies do not have any major customers the amount of
accounted for 10% or more of the total sales amount of the consolidated statement of income.

② Current fiscal year (From April 1, 2015 to March 31, 2016) (Unit: Millions of yen)

Customer	Amount of net sales	Reportable segment
Fields Corporation	11,103	Amusement equipment

(Unit: Thousands of U.S. dollars)

Customer	Amount of net sales	Reportable segment
Fields Corporation	99,138	Amusement equipment

[Impairment loss by reportable segment]

(1) Previous fiscal year (From April 1, 2014 to March 31, 2015) (Unit: Millions of yen)

	Reportable segment		Other	Corporate or elimination	Total
	Arcade operations	Subtotal			
Impairment loss	49	49	―	―	49

(2) Current fiscal year (From April 1, 2015 to March 31, 2016) (Unit: Millions of yen)

	Reportable segment		Other	Corporate or elimination	Total
	Digital content	Subtotal			
Impairment loss	105	105	―	―	105

(Unit: Thousands of U.S. dollars)

	Reportable segment		Other	Corporate or elimination	Total
	Digital content	Subtotal			
Impairment loss	938	938	―	―	938

[Amortization and balance of goodwill by reportable segment]

(1) Previous fiscal year (From April 1, 2014 to March 31, 2015)

(Unit: Millions of yen)

	Reportable segment		Other	Corporate or elimination	Total
	Digital content	Subtotal			
Amortization	63	63	−	−	63
Balance	−	−	−	−	−

(2) Current fiscal year (From April 1, 2015 to March 31, 2016)
Not applicable

[Negative goodwill by reportable segment]

(1) Previous fiscal year (From April 1, 2014 to March 31, 2015)
Not applicable

(2) Current fiscal year (From April 1, 2015 to March 31, 2016)
Not applicable

19. Per share information

Previous fiscal year (From April 1, 2014 to March 31, 2015)		Current fiscal year (From April 1, 2015 to March 31, 2016)		Current fiscal year (From April 1, 2015 to March 31, 2016)	
Net assets per share	1,268.56 yen	Net assets per share	1,336.86 yen	Net assets per share	11.94 U.S. dollars
Net income per share	117.67 yen	Net income per share	137.75 yen	Net income per share	1.23 U.S. dollars

(Note) 1. The diluted net income per share for the current fiscal year is omitted as the Companies had no residual securities.
2. The basis for computation of net assets per share was as follows:

	Previous fiscal year (As of March 31, 2015) (Unit: Millions of yen)	Current fiscal year (As of March 31, 2016) (Unit: Millions of yen)	Current fiscal year (As of March 31, 2016) (Unit: Thousands of U.S. dollars)
Total amount of net assets	71,331	75,168	671,150
Amounts to be deducted from total amount of net assets	–	–	–
Ending balance of net assets attributable to common stock	71,331	75,168	671,150
Number of shares of common stocks used for computation of net assets per share (thousands of shares)	56,229	56,228	56,228

3. The basis for the computation of net income per share was as follows:

	Previous fiscal year (From April 1, 2014 to March 31, 2015) (Unit: Millions of yen)	Current fiscal year (From April 1, 2015 to March 31, 2016) (Unit: Millions of yen)	Current fiscal year (From April 1, 2015 to March 31, 2016) (Unit: Thousands of U.S. dollars)
Net income attributable to owners of the parent	6,616	7,745	69,156
Amount not allocated to common stock	–	–	–
Net income attributable to owners of the parent allocated to common stock	6,616	7,745	69,156
Average number of shares of common stock outstanding during the fiscal year (thousands of shares)	56,231	56,228	56,228

20. Supplemental schedules of bonds
Not applicable

21. Supplemental schedules of borrowings

Category	Balance as of March 31, 2015 (¥ million)	Balance as of March 31, 2016 (¥ million)	Average interest rate (%)	Date of maturity
Short-term borrowings	–	–	–	–
Current portion of long-term borrowings due within one year	3,452	1,497	0.9	–
Current portion of lease obligations	483	525	1.2	–
Long-term borrowings (Excluding current portion)	7,540	11,111	0.8	From 2018 to 2025
Lease obligations (Excluding current portion)	589	601	1.2	From 2017 to 2021
Other interest bearing debt	–	–	–	–
Total	12,065	13,735	–	–

Category	Balance as of March 31, 2015 ($ thousand)	Balance as of March 31, 2016 ($ thousand)	Average interest rate (%)	Date of maturity
Short-term borrowings	–	–	–	–
Current portion of long-term borrowings due within one year	30,825	13,367	0.9	–
Current portion of lease obligations	4,312	4,690	1.2	–
Long-term borrowings (Excluding current portion)	67,323	99,209	0.8	From 2018 to 2025
Lease obligations (Excluding current portion)	5,265	5,366	1.2	From 2017 to 2021
Other interest bearing debt	–	–	–	–
Total	107,726	122,634	–	–

(Note) 1. The average interest rate represents the weighted average rate applicable to the ending balance.
2. The following table shows the aggregate annual maturities of long-term borrowings and lease obligations for four years subsequent to March 31, 2017 (excluding the current portion).

	Due after 1 year but within 2 years (¥ million)	Due after 2 years but within 3 years (¥ million)	Due after 3 years but within 4 years (¥ million)	Due after 4 years but within 5 years (¥ million)
Long-term borrowings	4,323	1,473	1,579	1,129
Lease obligations	394	155	33	18

	Due after 1 year but within 2 years ($ thousand)	Due after 2 years but within 3 years ($ thousand)	Due after 3 years but within 4 years ($ thousand)	Due after 4 years but within 5 years ($ thousand)
Long-term borrowings	38,599	13,153	14,099	10,081
Lease obligations	3,519	1,384	296	166

22. Supplemental schedules of asset retirement obligations

The note is omitted because the balance of the asset retirement obligations as of the beginning and the end of the current fiscal year was 1 % or less than the total balance of the liabilities and the net assets as of the beginning and the end of the current fiscal year, respectively.