

(4) Notes to consolidated financial statements

(Going concern assumptions) Not applicable

(Material changes in shareholders' equity) Not applicable

(Application of special accounting treatment for preparation of quarterly financial statements)

(Calculation of income taxes)

Income taxes for subsidiaries are calculated by multiplying the net income before income taxes by the forecasted effective tax rate, which is computed by matching the forecasted yearly income taxes with the forecasted yearly income before taxes.

(Segment information)

I Previous 6 months (From April 1, 2016 to September 30, 2016)

Information on net sales and operating income (loss)

(Unit: Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Consolidated total (Note 3)
	Digital Contents	Arcade Operations	Amusement Equipments	Total				
Net sales								
(1) Customers	16,373	4,810	6,530	27,713	962	28,676	—	28,676
(2) Inter-segment	—	—	—	—	—	—	—	—
Total	16,373	4,810	6,530	27,713	962	28,676	—	28,676
Segment income (loss)	1,099	478	1,651	3,229	395	3,624	(1,909)	1,715

(Note) 1. "Other" incorporates operations not included in reportable segments, including Character Contents business etc.

2. Adjustments of segments (-1,909 million yen) include unallocated corporate operating expenses (-1,909 million yen).

The corporate operating expenses, which do not belong to any reportable segments, mainly consist of administrative expenses.

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

II Current 6 months (From April 1, 2017 to September 30, 2017)

Information on net sales and operating income (loss)

(Unit: Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Consolidated total (Note 3)
	Digital Contents	Arcade Operations	Amusement Equipments	Total				
Net sales								
(1) Customers	20,138	5,179	7,330	32,648	1,080	33,729	—	33,729
(2) Inter-segment	—	—	—	—	—	—	—	—
Total	20,138	5,179	7,330	32,648	1,080	33,729	—	33,729
Segment income (loss)	3,830	634	1,925	6,390	571	6,961	(1,960)	5,001

(Note) 1. "Other" incorporates operations not included in reportable segments, including Character Contents business etc.

2. Adjustments of segments (-1,960 million yen) include unallocated corporate operating expenses (-1,960 million yen).

The corporate operating expenses, which do not belong to any reportable segments, mainly consist of administrative expenses.

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