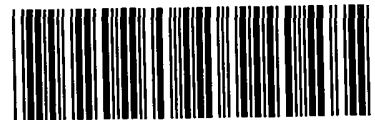

SEGA EUROPE OVERSEAS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

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SEGA EUROPE OVERSEAS LIMITED

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SEGA EUROPE OVERSEAS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016

The directors present their report and the audited financial statements of SEGA Europe Overseas Limited ("the company") for the year ended 31 March 2016.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The principal activity of the company is to act as a holding company.

The company does not have any routine transactions. During the prior year, the company's subsidiary undertaking, SEGA France SA ("SFSA"), underwent a voluntary winding-up procedure under which the net assets of SFSA automatically transferred to the company. The company realised a gain in the prior year of £9,550,983 from this procedure (see Note 4 for further details).

DIRECTORS

The directors who served during the year and subsequently were as follows:

T Miyazaki
D Ward

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITOR

Under section 487(2) of the Companies Act 2006, KPMG LLP will be deemed to have been reappointed as auditor and will therefore continue in office.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



D Ward
Director

Date: 21 December 2016

27 Great West Road
Brentford
Middlesex
TW8 9BW

SEGA EUROPE OVERSEAS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEGA EUROPE OVERSEAS LIMITED

We have audited the financial statements of SEGA Europe Overseas Limited ("the company") for the year ended 31 March 2016, set out on pages 4 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

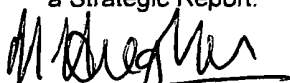
OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.



Neil Hughes (Senior Statutory Auditor)

for and on behalf of

KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Water

Canary Wharf

London

E14 5GL

Date: 21 December 2016

SEGA EUROPE OVERSEAS LIMITED

**PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 £	2015 £
Administrative expenses		(144,610)	(849,080)
OPERATING LOSS		(144,610)	(849,080)
Other non-operating income		-	9,550,983
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(144,610)	8,701,903
Taxation on (loss)/profit on ordinary activities	7	-	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(144,610)	8,701,903
OTHER COMPREHENSIVE INCOME			
Other comprehensive income for the year, net of tax		-	-
COMPREHENSIVE INCOME FOR THE YEAR		(144,610)	8,701,903

The notes on pages 7 to 14 form part of these financial statements.

SEGA EUROPE OVERSEAS LIMITED
REGISTERED NUMBER: 02235261

BALANCE SHEET
AS AT 31 MARCH 2016

	Note	2016 £	2016 £	2015 £	2015 £
FIXED ASSETS					
Investments	8		-		-
CURRENT ASSETS					
Cash at bank and in hand		-		13,781	
		<u>-</u>		<u>13,781</u>	
Creditors: amounts falling due within one year	9	(9,528,966)		(9,398,137)	
NET CURRENT LIABILITIES			(9,528,966)		(9,384,356)
NET LIABILITIES			<u>(9,528,966)</u>		<u>(9,384,356)</u>
CAPITAL AND RESERVES					
Called up share capital	11		2		2
Profit and loss account	12		(9,528,968)		(9,384,358)
TOTAL EQUITY SHAREHOLDERS' DEFICIT			<u>(9,528,966)</u>		<u>(9,384,356)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



D Ward

Director

Date: 21 December 2016

The notes on pages 7 to 14 form part of these financial statements.

SEGA EUROPE OVERSEAS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2015	2	(9,384,358)	(9,384,356)
COMPREHENSIVE INCOME FOR THE YEAR			
Loss for the year	-	(144,610)	(144,610)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	(144,610)	(144,610)
AT 31 MARCH 2016	2	(9,528,968)	(9,528,966)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2014	2	(18,086,261)	(18,086,259)
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	8,701,903	8,701,903
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	8,701,903	8,701,903
AT 31 MARCH 2015	2	(9,384,358)	(9,384,356)

The notes on pages 7 to 14 form part of these financial statements.

SEGA EUROPE OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. GENERAL INFORMATION

SEGA Europe Overseas Limited ("the company") is a private company and is incorporated and domiciled in the United Kingdom. The address of its registered office is 27 Great West Road, Brentford, Middlesex, TW8 9BW.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in Note 14.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see Note 3).

By virtue of section 401 of the Companies Act 2006, the company is exempt from preparing consolidated financial statements as the results of this company are included in the financial statements of its ultimate parent company, SEGA Sammy Holdings Inc., which are publicly available.

The following principal accounting policies have been applied:

2.2 Going concern

The company acts as a holding company and has no routine transactions. The company has net current liabilities and a deficit in shareholders' funds arising from impairments made to fixed asset investments in previous years. The company has access to facilities, should they be required, through the immediate parent company, SEGA Europe Limited. SEGA Europe Limited has confirmed that it will ensure that Sega Europe Overseas Limited and its subsidiary companies are able to continue to meet their existing financial obligations as soon as they become due and will continue to support the operational cash requirements of Sega Europe Overseas Limited and its subsidiary companies for the foreseeable future and at least until 31 December 2017. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Accordingly, the directors believe that the company is well placed to manage its business risks successfully and are satisfied that the company has sufficient financial resources to enable it to continue operating in the foreseeable future and at least until 31 December 2017. The directors therefore continue to adopt the going concern basis in preparing the Directors' Report and financial statements.

SEGA EUROPE OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Exemption for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The company is a qualifying entity as its results are consolidated into the financial statements of SEGA Sammy Holdings Inc., which are publicly available.

As a qualifying entity, the company has taken advantage of the following exemptions:

- from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- from the requirement to disclose details of material transactions between the company and the ultimate parent undertaking or its other wholly owned subsidiaries as required by section 33 of FRS 102;
- from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
- from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

2.4 Fixed asset investments

Investments are included at cost less amounts written off or provisions made in respect of any impairment in carrying value.

2.5 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.6 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans to related parties and investments in non-puttable ordinary shares.

Investments in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Profit and Loss Account if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

SEGA EUROPE OVERSEAS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

2. ACCOUNTING POLICIES (CONTINUED)

2.7 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.8 Foreign currency translation

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling on the date of the transaction. All foreign currency exchange gains and losses are recognised in the Profit and Loss Account.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing the financial statements, management has to make judgements on how to apply the company's accounting policies and make estimates about the future. There are no critical judgements that have been made in arriving at the amounts recognised in the financial statements. The key area of estimation uncertainty that has a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the next financial year, is discussed below:

Provision for impairment of fixed asset investments

The company makes an estimate of the recoverable value of fixed asset investments. When assessing impairment of investments, management considers factors including the expected future performance of the investment, expected future cash flows from the investment and the prevailing economic environment, in particular as relates to the market sector and geographical location of the investment's principal operations.

SEGA EUROPE OVERSEAS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

4. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The (loss)/profit on ordinary activities before taxation is stated after charging/(crediting):

	2016 £	2015 £
Exchange differences	144,360	849,080
Gain on winding-up of subsidiary undertaking	-	(9,550,983)
	<u> </u>	<u> </u>

During the prior year, the company's subsidiary undertaking, SEGA France SA ("SFSA"), underwent a voluntary winding-up procedure (referred to as a TUP in France) under which the net assets of SFSA automatically transferred to the company, as the sole shareholder. Hence, the company became the owner of SFSA's assets and responsible for SFSA's liabilities. The company realised a gain of £9,550,983 from this procedure, principally due to an intercompany loan due to SFSA, previously considered irrecoverable, being offset against an intercompany loan due from the company to the same counterparty.

5. AUDITOR'S REMUNERATION

	2016 £	2015 £
Audit of these financial statements	5,000	5,000
	<u> </u>	<u> </u>

All of the above costs have been borne by a fellow subsidiary undertaking with no recharge made to the company.

6. EMPLOYEES

The company has no employees other than the directors, who are also directors of other SEGA companies and the company considers their services to the company insignificant compared with their services performed for other SEGA companies and therefore no directors' emoluments are reported for the company for the year (2015 - £Nil).

SEGA EUROPE OVERSEAS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

7. TAX ON ORDINARY ACTIVITIES

	2016 £	2015 £
UK corporation tax charge on result for the year	-	-

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 21%). The differences are explained below:

	2016 £	2015 £
(Loss)/profit on ordinary activities before tax	(144,610)	8,701,903
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	(28,922)	1,827,400
EFFECTS OF:		
Losses surrendered for group relief	28,922	-
Utilisation of brought forward capital losses	-	(1,827,400)
TOTAL TAX CHARGE FOR THE YEAR	-	-

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Capital tax losses are available to carry forward of £5.3 million (2015 - £5.3 million). The directors consider that it is unlikely that there will be suitable taxable profits in the future to realise the deferred tax asset on these available losses, and therefore the asset has not been recognised in these financial statements (2015 - £Nil).

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. Where applicable, this will reduce the company's future current tax charge accordingly. An additional rate reduction to 17% (effective 1 April 2020) was announced in the Budget on 16 March 2016.

SEGA EUROPE OVERSEAS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

8. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
COST	
At 1 April 2015	21,056,724
At 31 March 2016	<u>21,056,724</u>
IMPAIRMENT	
At 1 April 2015	21,056,724
At 31 March 2016	<u>21,056,724</u>
NET BOOK VALUE	
At 31 March 2016	<u>-</u>
At 31 March 2015	<u>-</u>

INVESTMENT IN SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
SEGA Germany GmbH	Germany	Ordinary	100 %	Non-trading
SEGA Consumer Products SA	Spain	Ordinary	100 %	Non-trading

9. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Amounts owed to fellow group undertakings	9,520,900	9,389,325
Other creditors	8,066	8,812
	<u>9,528,966</u>	<u>9,398,137</u>

SEGA EUROPE OVERSEAS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

10. FINANCIAL INSTRUMENTS

	2016	2015
	£	£
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	-	13,781
	<u>-</u>	<u>13,781</u>
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	(9,528,966)	(9,398,137)
	<u>(9,528,966)</u>	<u>(9,398,137)</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial liabilities measured at amortised cost comprise amounts owed to fellow group undertakings and other creditors.

11. SHARE CAPITAL

	2016	2015
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

12. RESERVES

Profit & loss account

The profit and loss account represents accumulated comprehensive income for the year and prior periods less dividends.

SEGA EUROPE OVERSEAS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

13. CONTROLLING PARTY

The immediate parent company is SEGA Europe Limited, a company incorporated in England and Wales and the ultimate parent company and controlling party is SEGA Sammy Holdings Inc., a company incorporated in Japan.

SEGA Sammy Holdings Inc. is the parent undertaking of the largest group of undertakings in which these financial statements are consolidated. Copies of the consolidated financial statements of SEGA Sammy Holdings Inc. may be obtained from the head office Shiodome Sumitomo Building 1-9-2, Higashi Shimbashi, Minato-Ku, Tokyo 105-0021, Japan or from the company's website on www.segasammy.co.jp.

14. FIRST TIME ADOPTION OF FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.