

Summary of 1st Quarter Results for FY Ending March 2012

August 1, 2011

SEGA SAMMY HOLDINGS INC.

□ Highlights

For the first quarter, sales and profits decreased year-on-year.

In the Pachislot Pachinko Business, pachislot unit sales fell short of results of the previous fiscal year, but pachinko unit sales exceeded results of the previous fiscal year.

In the Amusement Machine Sales Business, distribution of earnings due to utilization of revenue sharing model was solid.

In the Amusement Center Operations Business, SEGA domestic same-store sales exceeded year-before level.

In the Consumer Business, game software sales performed at a lower level year-on-year.

□ Major Business Measures

As we publicized in May 2011, we have decided to convert TAIYO ELEC Co., Ltd. into a Wholly Owned Subsidiary of Sammy Corporation effective, August 1, 2011.

As for the amount of goodwill or negative goodwill that will arise due to case of concern, these will be announced with the 2nd Quarter results. We believe that the effect on the results of the company will be minimal.

Also, as disclosed in July 29, 2011, the construction of a new factory and new logistics center at Sammy Corporation has been decided. We position the further growth of the pachinko business as an important business challenge, and we believe that through this, we will be able to establish a production and logistics system that can handle a further increase of pachinko unit sales in the medium- to long-term.

Also, as was disclosed in August 1, 2011, we have reached a resolution to acquire treasury stocks with the upper limit at **5 million shares** and **10 billion yen** in costs. The aim is to improve capital efficiency and prepare for strategic capital policies.

□ Consolidated Income Statements

Net Sales: **65.3 billion yen** (decreased by **28.5%** year-on-year)

Operating Income: **2.9 billion yen** (decreased by **80.5%** year-on-year)

Ordinary Income: **3.2 billion yen** (decreased by **78.1%** year-on-year)

Quarterly Net Loss: **2.2 billion yen** (Quarterly Net Income of **7.0 billion yen** in the previous 1Q)

As for extraordinary gain and loss, we posted extraordinary loss of **3.6 billion yen** due to the settlement payment for patent royalty.

Although compared to the same period last year in which major titles were launched, the 1st Quarter results posted a decrease in sales and profits, but compared to the projections for the 1st half previously announced, the results are favorable.

Projection for consolidated results for the first half would be released promptly if it is appropriate to modify the previous projection after evaluate the trend of the sales of major titles in the second quarter.

□ Consolidated Balance Sheet

Current assets decreased **45.6 billion yen** due primarily to a decrease in cash and deposits by payment of tax, etc.

Meanwhile, noncurrent assets increased by **7.2 billion yen** due primarily to the increase of the value of the investment securities etc.

As a result, total assets decreased **38.5 billion yen** from the previous period end to **420.1 billion yen**.

Net assets decreased **2.4 billion yen** from the end of the previous fiscal year, to **283.0 billion yen**.

Equity ratio was **64.8%**, continuing to maintain a healthy level.

□ Pachislot and Pachinko Machines

Net Sales: **29.9 billion yen** (decreased by **38.9%** year-on-year)

Operating Income: **7.1 billion yen** (decreased by **53.0%** year-on-year)

For pachislot machines, since sales projections of major and mainstay titles are centered on the 2nd half overall unit sales decreased year-on-year by **around 102,000 units to 7,000 units**.

In the pachinko sector, as a result of the sale of all titles being strong, as whole unit sales was **82,000**, an increase of **33,000 units** from the same period last year.

The pachinko board sales ratio was **29%**. The board+frame sales ratio, in other words the company's product installation share is trending upwards more than was expected at the beginning of the period.

The projections for this period had incorporated the risk of increase of material procurement costs from the effects of the earthquake, but looking at the results of up to the 1st Quarter, these costs are nearly the same as the same period last year.

The forecast for the 1st half, presently, the pachislot orders for **“Kaze no Yojimbo 2,”** for which installment started from August 1, 2011 and for **“GINTOKIN”** scheduled for installments in August are in a robust condition.

For pachinko, orders received for mainstay title for the 1st half, **“Pachinko CR ALADDIN NEO,”** **“Pachinko CR Hokuto No Ken Yuria,”** and **“Pachinko CR Hokuto No Ken Falco”** are in a robust condition.

Looking at the pachislot and pachinko machines business as a whole, results are favorable compared to the announced projections for the 1st half.

□Amusement Machine Sales

Net Sales: **7.6 billion yen (decreased by 21.6% year-on-year)**

Operating Income: **0.1 billion yen (decreased by 92.3% year-on-year)**

Posting of some of the content production expenses has been deferred to the 2nd half onwards.

In the 1st Quarter, sales of mainstay titles were not planned, and sales were centered on prize products. Concerning domestic sales of amusement machines, prizes, etc., the ratio of distribution of earnings from operation of revenue sharing titles is approximately **23%**.

In addition, we have conducted a partial restructuring of our business in Europe and the U.S. to improve efficiency

The forecast for the 1st half, we are scheduled to launch mainstay titles such as **“SEGA NETWORK MAHJONG MJ5”** in August.

The amusement machine business is also strong compared to the projections for the 1st half

□Amusement Center Operations

Net Sales: **10.9 billion yen (decreased by 1.8% year-on-year)**

Operating Income: **0.6 billion yen (increased by 500.0% year-on-year)**

Net sales decreased year-on-year but operating income increased from previous year due to reduction of operating expenses.

Sales of the prize category, such as “UFO catchers,” remained strong. As a result, sales of SEGA domestic same-stores were **102.5%**.

3 new domestic stores were opened and **3** closed. As a result, the number of facilities as of the end of the first quarter was **248**.

Also, we have completed sales of all **7** amusement center in the U.S.

Concerning forecasts for the 1st half, we believe that this is a favorable start.

In addition, as of August 1, 2011, the number of facilities that have temporarily closed business due to the impact of the Great East Japan Earthquake is **three**.

□Consumer Business

Net Sales: **16.0 billion yen (decreased by 22.7% year-on-year)**

Operating Loss: **3.8 billion yen** (Operating Loss of **0.6 billion yen** in the previous 1Q)

Compared to the same period last year, operating expenses have increased such as amortization of goodwill.

In the home video game software business, domestic sales was robust with “**Ryu ga Gotoku OF THE END**” and such, while sales of new titles overseas such as “**THOR: God of Thunder**” were weak. As a result, home video game software sales was **2,330,000 units**, a decrease of **960,000 units** compared to the same period last year.

With regards to contents for social games and smartphones, “**Kingdom Conquest**” for iOS which we began to supply last period, achieved **1.3 million downloads**.

Furthermore, besides this, we have begun supplying several new titles such as “**SAMURAI BLOODSHOW**” for iOS, and others.

Additionally, pay-per-use service for “**777 Town**” was strong.

In the toys business and animation business, sales of mainstay titles such as “**Anpanman**” and distribution of earnings was strong.

The forecast for the 1st half, in the home video game software business, in July, we launched “**Puyo Puyo!!**” for Japan and will sell “**RISE OF NIGHTMARES**” and others for overseas.

Major and mainstay titles for this period are scheduled to concentrate on the 2nd half.

With regards to the contents of social games, etc., we will continue to supply several mainstay titles such as new series for “**SAMURAI BLOODSHOW**”, etc.

Furthermore, we will continue to strengthen earnings from the “**777 Town**” series.

In the toys business, we will focus on expanding the sales of domestic mainstay products such as “**Anpanman**” and “**Bakugan**.”

In the animation business, distribution of earnings from the “**Detective Conan**” movie for theaters is strong.

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