November 2, 2015

F L A S H　R E P O R T
CONSOLIDATED FINANCIAL STATEMENTS［Japanese GAAP］
6 Months Ended September 30, 2015

Name of the Company : SEGA SAMMY HOLDINGS INC.
Code number : 6460
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Representative: Hajime Satomi
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Filing of Quarterly Report: November 11, 2015 (plan)
Start of cash dividend payments: December 1, 2015 (plan)

(Amounts below one million yen are rounded down)

1. Consolidated Operating Results for the 6 Months Ended September 30, 2015

(1) RESULTS OF CONSOLIDATED OPERATIONS

(Percentage represents changes from the prior period)

	Net sales		Operating income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
For 6 months ended September 30, 2015	154,302	(2.5)	5,744	110.3	964	—
For 6 months ended September 30, 2014	158,180	—	2,731	—	(2,805)	—

(Note) Comprehensive income
For 6 months ended September 30, 2015 : ¥173 million (—%)
For 6 months ended September 30, 2014 : ¥(1,994) million (—%)

	Net income per share	Net income per share (Diluted)
	Yen	Yen
For 6 months ended September 30, 2015	4.11	4.11
For 6 months ended September 30, 2014	(11.50)	—

(Note) Due to retroactive application associated with a change in accounting policy, year-on-year changes for the first half of the fiscal year ended March 31, 2015 are omitted.

(2) CONSOLIDATED FINANCIAL POSITION

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
September 30, 2015	518,394	312,380	59.2
March 31, 2015	528,659	322,452	60.0

(Reference) Shareholders' equity
September 30, 2015　: ¥307,144 million
March 31, 2015　: ¥317,330 million

2. Cash Dividends

	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	For the year
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2015	−	20.00	−	20.00	40.00
Year ending March 31, 2016	−	20.00			
Year ending March 31, 2016 (plan)			−	20.00	40.00

(Note) Revision of the forecast from latest announcement: No

3. Forecast of Consolidated Operating Results for the Year ending March 31, 2016

(Percentage represents changes from the prior period/year)

	Net sales		Operating income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Entire – year	420,000	14.5	25,000	42.9	19,000	−	80.02

(Note) Revision of the forecast from latest announcement: No

Due to retroactive application associated with a change in accounting policy, year-on-year changes are comparisons with figures after retroactive application.

4. Other

(1) Significant changes in subsidiaries (scope of consolidation) during period: No

(2) Adoption of the simplified method of accounting as well as specific accounting for preparing the quarterly consolidated financial statements: Yes

(3) Changes in accounting principles, procedures, disclosure methods, etc., for preparing the quarterly consolidated financial statements:
1. Changes associated with revision in accounting standards: Yes
2. Other changes: Yes

(4) Number of shares outstanding (common stock)
1. Number of shares outstanding at the end of the period (including treasury stock)
   September 30, 2015 : 266,229,476
   March 31, 2015 : 266,229,476

2. Number of treasury stock at the end of the period
   September 30, 2015 : 31,831,923
   March 31, 2015 : 28,801,789

3. Average number of shares during the period (cumulative from the beginning of the fiscal year)
   For 6 months ended September 30, 2015: 234,550,372
   For 6 months ended September 30, 2014: 243,938,019

(Note)
- At the time of this report’s release, the quarterly review procedures under the Financial Instruments and Exchange Law have not been completed.
- The forward-looking statements, such as results forecasts, included in this document are based on information available to the SEGA SAMMY HOLDINGS INC. (the “Company”) at the time of the announcement and assumptions considered reasonable. Actual results could differ materially, depending on a range of factors. For the assumptions prerequisite to the results forecasts and the points to be noted in the use of the forecasts, please see “Forecast of Consolidated Operating Results” on page 5.

Operating Results and Financial Position

Effective from the first quarter of the fiscal year ending March 31, 2016, accounting policies were changed and comparison with the same period of the previous year is based on figures in which the changes are retrospectively reflected. For details of the changes in accounting policies, please refer to “(3) Other, Changes in accounting policies” on page 6.

(1) Overview

During the first half of the fiscal year ending March 31, 2016, the gradual recovery of the overall Japanese economy continued despite a lackluster performance in certain respects, as evidenced by such developments as improvement of both corporate earnings and the labor market due to the effects monetary and fiscal policies. With regard to individual consumption, in general, consumption levels have not fallen owing to steady improvements in both the employment environment and personal incomes. However, attention should be paid to the risk of downward pressure on the Japanese economy, caused by factors such as a downswing in China’s economy and other overseas economies, and fluctuations in financial and capital markets. Thus, a full recovery of the economy will require more time.

In this climate, with regard to the pachislot and pachinko industry, pachinko parlor operators have been cautious about replacing pachislot machines with new machines corresponding to the change in application of the model test procedure of pachislot machines by the Security Communications Association, which conducts model tests for pachislot and pachinko machines, and purchasing by parlors has tended to concentrate on titles with successful track records. Thus, replacement demand for new pachislot machines was relatively weak. On the other hand, replacement demand for new pachinko machines remained strong, centering on major titles. In order to revitalize the market going ahead, it is essential to develop and supply machines that are compliant with various voluntary regulations and capable of appealing to a wide range of players.

Regarding the environment of the Entertainment Contents Business, while the market for digital games for smart devices continues to grow at a moderate pace in Japan in line with the spread of smartphones, competition is intensifying. With regard to the packaged game software market, despite the persisting harsh market environment, expectations of expansion are rising in Japan in line with the penetration of new-generation hardware. As for the market for amusement centers and amusement machines, which is shrinking, initiatives to expand the player base are required.

In the resort industry, thanks to an increase in the number of foreign visitors to Japan spurred by the weak yen, an upward trend in the hotel occupancy rate is still evident and revenues of amusement parks and theme parks continue to exceed the previous year’s level. With a view to establishing Japan as a popular tourist destination, a bill concerning the promotion of the establishment of specified integrated resort areas (Integrated Resort Promotion Bill) was submitted to the Diet.

In this business environment, net sales for the first half of the fiscal year ending March 31, 2016 amounted to ¥154,302 million, a decrease of 2.5% for the same period in the previous fiscal year. The Group posted an operating income of ¥5,744 million (an increase of 110.3% for the same period in the previous fiscal year) and profit attributable to owners of parent of ¥964 million (loss attributable to owners of parent of ¥2,805 million for the same period in the previous fiscal year).

In addition, the Group recorded early extra retirement payments in line with the restructuring of its subsidiary TAIYO ELEC Co., Ltd. Reduction of the labor cost and promotion of more efficient production and development systems are expected to lead to reduction of fixed costs by approximately ¥2,000 million per year from the next fiscal year onward.

In order to review the Group’s earnings structure from a medium- to long-term perspective, as well as to address the issues of each business, the Company implemented an organizational restructuring within the Group (*) on April 1, 2015. Effective from the first quarter of the fiscal year ending March 31, 2016, the Group’s businesses were reorganized into three businesses: (i) the Pachislot and Pachinko Machines Business, (ii) the Entertainment Contents Business, and (iii) the Resort Business. In line with this reorganization, the former Amusement Machine Sales Business, Amusement Center Operations Business and Consumer Business have been integrated into the Entertainment Contents Business. Operations of theme parks, previously included in the Amusement Center Operations Business, and operations of resort facilities, previously included in Other Businesses, have been integrated into the Resort Business.

(*) As of April 1, 2015, SEGA CORPORATION was divided and SEGA Holdings Co., Ltd., SEGA Interactive Co., Ltd., and SEGA LIVE CREATION Inc. were established through an incorporation-type demerger. In addition, SEGA CORPORATION merged with SEGA Networks Co., Ltd. and changed its trade name to SEGA Games Co., Ltd.

Result of each segment is as follows

In line with the reorganization within the Group as of April 1, 2015, effective from the first quarter of the fiscal year ending March 31, 2016, the classification of the reporting segments has been changed. Comparison and analysis of results for the first half of the fiscal year ending March 31, 2016 are based on the segment classification after the change. For details of segment information, please refer to “SEGMENT INFORMATION, (2) Change of reporting segments, etc.” on page 12.

《Pachislot and Pachinko Machines》

In the pachislot machine business, the Group launched titles such as “Pachislot Hokuto No Ken Tomo,” the latest addition to the “Hokuto No Ken” series of record-breaking hit titles, and “Pachislot BAYONETTA” in the second quarter. As a result, overall sales of pachislot machines were 70 thousand units. (Overall sales of pachislot machines were 93 thousand units for the same period of the previous fiscal year.)

In the pachinko machine business, the Group launched titles such as “Pachinko CR TOMORROW'S JOE” and “Pachinko CR Shin-Juoh 2,” the latest additions to the “Juoh” series—the Group’s original IP. Overall sales of pachinko machines were 79 thousand units. (Overall sales of pachinko machines were 82 thousand units for the same period of the previous fiscal year.)

As a result, net sales in this segment were ¥56,960 million (a decrease of 7.3% for the same period in the previous fiscal year). Although sales volumes were lower compared with the same period of the previous fiscal year, operating income was ¥8,570 million (an increase of 22.1% for the same period in the previous fiscal year) because of sales of major titles with high profit margins.

《Entertainment Contents》

With regard to the Entertainment Contents Business, in the field of digital game software, which the Group positions as the growth driver, sales of the existing titles for smart devices, such as “CHAIN CHRONICLE – Kizuna no Shintairiku,” “Puyopuyo!! Quest” and “PHANTASY STAR ONLINE 2,” launched over three years ago, were robust. In addition, new titles, such as “Hortensia SAGA,” “MONSTER GEAR” and “Sen-no-kaizoku” got off to a flying start, and the lineup of titles was expanded steadily. However, performance in the digital game software field in the first half of the year ending March 31, 2016 were below the initial plan because the Group made a strategic revision to the timing of the launch of titles in response to intensifying competition and also because certain titles were less well-received than expected. The number of titles distributed domestically in the field of digital game software (free-to-play types) was 48 as of the end of September 2015.

In the packaged game software field, sales amounted to 3,280 thousand copies, which was lower than the level in the same period of the previous fiscal year due to the lack of sales of major titles. However, repeat sales of titles that were launched in the previous fiscal year or earlier have been strong, mainly in overseas markets.

In the amusement machine field, sales of CVT KITs for “StarHorse3 Season Ⅲ CHASE THE WIND” and demand for “CHUNITHM,” a new music game, were strong. Meanwhile, the timing of the launch of “Kancolle Arcade,” which was initially scheduled for the first half of the year, was changed to the second half or later.

In the amusement center operations field, like-for-like sales were robust at 102.2% compared with the same period of the previous fiscal year owing to reinforced management of prizes etc. at the existing game center operations.

In the animated film and toy fields, distribution revenue from theater film “Detective Conan: Sunflowers of inferno,” which recorded the highest-ever box-office revenue for the series, and “Yowamushi Pedal The Movie” were favorable. In addition, the Group implemented the sale of mainstay toy products such as “Anpanman Series” and “Jewelpod Series.”

As a result, net sales in this segment were ¥90,615 million (a decrease of 0.2% for the same period in the previous fiscal year) while operating income was ¥1,575 million (an increase of 138.6% for the same period in the previous fiscal year), mainly because of a decrease in research and development expenses.

《**Resort**》

In the Resort Business, the Group is investing in order to prepare for entry to the integrated resort business field. The Group collaborated with popular comic “attack on titan” at the indoor theme park Tokyo Joypolis, and facilities utilization remained robust. In addition, the Group opened QINGDAO JOYPOLIS in Qingdao, China. At the supercharged nature experience Orbi Yokohama, facilities utilization was low despite the implementation of “Roxy’s Island Adventure,” a new program, and summer holiday events.

Regarding Phoenix Seagaia Resort, one of the leading resorts in Japan whose amenities include hotels, golf courses and international conference venues, Sheraton Grande Ocean Resort, which is the main facility of this resort complex, was designated a “Sheraton Grand” hotel. The “Sheraton Grand” is the premier brand for exceptional Sheraton hotels and resorts selected from among Sheraton hotels worldwide. Furthermore, Japan’s national rugby team participated in the Rugby World Cup, and held their extended training camp at Phoenix Seagaia Resort, making it a memorable season in many ways.

Overseas, the Group operates existing casino facilities in Incheon, South Korea, through PARADISE SEGASAMMY Co., Ltd. (associate accounted for using the equity method), a joint venture between Paradise Co., Ltd., a major tourism enterprise in South Korea, and the Company.

As a result, net sales in this segment were ¥7,441 million (an increase of 10.9% for the same period in the previous fiscal year) and operating loss was ¥1,218 million (operating loss of ¥1,410 million for the same period in the previous fiscal year).

(2) Forecast of Consolidated Operating Results

Regarding the Pachislot and Pachinko Machines Business in the second half of the year, replacement demand for new pachislot machines is expected to remain generally weak, because machine utilization of titles compliant with the standards before last year’s change in the application of the model test procedure by the Security Communications Association remains firm. In the pachinko machine market, the environment is likely to be challenging in the short term. For example, replacement demand for new pachinko machines is expected to become weak in line with the application of the voluntary agreement on measures to prevent players from becoming too immersed in playing, which were decided by Nikkoso, an association of pachinko machine manufacturers. The Group plans to launch several pachislot machines that include major titles such as “Pachislot Onimusha3 Jikuu Tenshou,” which is scheduled for introduction in mid-November. In view of the market environment, sales of these titles are likely to be somewhat weak.

Regarding the digital game software field of the Entertainment Contents Business, competition in the Japanese market is intensifying. Therefore, higher-quality content is expected, thus resulting in a trend of longer development lead times. The Group also has titles whose launches were postponed from the initial schedule and titles that did not fulfill our expectations in terms of market reception. From the third quarter onward, the Group will continue efforts to strengthen earning capacity through further expansion of the product line-up by offering new titles and implementation of measures for existing titles, including execution of various events and extensive updates to enhance gaming performance.

As announced on September 30, 2015, no change has been made to the forecast of consolidated operating results for the full year of the fiscal year ending March 31, 2016. Sales of products and services and facility utilization from the third quarter onward will be carefully monitored, and a modified forecast of the consolidated operating results will be released promptly if any adjustment is necessary.

The dividend forecast is unchanged: ¥20 for the year-end dividend and ¥40 for the full-year dividend.

(3) Other

(Changes in accounting policies)

a. Adoption of accounting standard for business combinations, etc.

Effective from the first quarter of the fiscal year ending March 31, 2016, the Company adopted “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21 issued on September 13, 2013), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22 issued on September 13, 2013), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7 issued on September 13, 2013), and other related accounting standards and changed the presentation of net income and changed the presentation of minority interests to non-controlling interests. To reflect these changes in the presentations, quarterly consolidated financial statements for the first half of the previous fiscal year and consolidated financial statements for the previous fiscal year have been reclassified.

b. Change in revenue recognition for sales of merchandise and finished goods

Some of the Company’s subsidiaries previously recognized revenue primarily on a shipping basis. Effective from the first quarter of the fiscal year ending March 31, 2016, the revenue recognition method was changed to on a delivery basis. From the first quarter of the fiscal year ending March 31, 2016, the Company’s systems for identifying delivery dates were improved in line with the reinforcement of product delivery management mainly in the Pachislot and Pachinko Machines Business. Taking this improvement as an opportunity, the Company reconsidered the revenue recognition standard and judged that recognition of revenues upon delivery more accurately reflects actual transactions.

This change in the accounting policy is retroactively applied and quarterly consolidated financial statements for the first half of the previous fiscal year and the consolidated financial statements for the previous fiscal year are presented after retroactive application of the change.

As a result, compared with the figures prior to retroactive application of the revised revenue recognition method, the following changes are made. On the consolidated statement of income and comprehensive income for the first half of the previous fiscal year, net sales decreased by ¥1,950 million, gross profit decreased by ¥752 million, and operating income and income before income taxes decreased by ¥721 million, respectively. The beginning balance of retained earnings for the previous year decreased by ¥103 million, as cumulative effects of the change in the accounting policy are to be reflected in net assets at the beginning of the previous fiscal year.

The impact on segment information is described in the related section.

c. Change in revenue presentation in the field of digital game software

Regarding sales in the field of digital game software and platform fees and other associated expenses, some of the Company’s subsidiaries previously recorded a net amount by offsetting net sales, the cost of sales and selling, general and administrative expenses. Effective from the first quarter of the fiscal year ending March 31, 2016, those subsidiaries changed the method to the recording of a gross amount of net sales, the cost of sales and selling, general and administrative expenses. Owing to the Company’s decision to promote business development in the field of digital game software, which is positioned as a growth field in the Entertainment Contents Business, through reallocation of resources and new investment including overseas, quantitative materiality of the field of digital game software will increase from now on. Thus, the Company considered accounting treatment that more clearly presents the situation of the Company’s business activities and concluded that presenting a gross amount of net sales and recording platform fees and other associated expenses as part of the cost of sales and selling, general and administrative expenses will more clearly represent the results of operations.

The change in the accounting policy is retroactively applied and the quarterly consolidated financial statements for the first half of the previous fiscal year are presented after retroactive application of the change.

As a result of this change, compared with the figures prior to retroactive application of the revised accounting treatment, net sales and gross profit for the first half of the previous fiscal year increased by ¥5,885 million and ¥318 million, respectively, but there is no impact on operating income and income before income taxes.

The impact on segment information is described in the related section.

CONSOLIDATED FINANCIAL STATEMENTS

SEGA SAMMY HOLDINGS INC.

CONSOLIDATED BALANCE SHEETS

AS OF SEPTEMBER 30, 2015 AND MARCH 31, 2015

(Unit : Millions of yen)

	Prior year (As of March 31, 2015)	Current period (As of September 30, 2015)
	Amount	Amount
(A s s e t s)		
Current assets		
Cash and deposits	102,260	85,821
Notes and accounts receivable – trade	38,526	60,886
Allowance for doubtful accounts	(389)	(458)
Short-term investment securities	97,210	72,152
Merchandise and finished goods	6,988	8,844
Work in process	12,281	17,541
Raw materials and supplies	9,967	10,980
Other	31,177	21,193
Total current assets	298,021	276,961
Noncurrent assets		
Property, plant and equipment		
Land	39,822	38,757
Other, net	60,450	60,572
Total property, plant and equipment	100,272	99,329
Intangible assets		
Goodwill	14,668	13,419
Other	14,402	16,337
Total intangible assets	29,071	29,757
Investments and other assets		
Investment securities	70,051	81,079
Other	32,032	31,799
Allowance for doubtful accounts	(790)	(532)
Total investments and other assets	101,293	112,346
Total noncurrent assets	230,637	241,432
Total assets	528,659	518,394

SEGA SAMMY HOLDINGS INC.

CONSOLIDATED BALANCE SHEETS

AS OF SEPTEMBER 30, 2015 AND MARCH 31, 2015

(Unit : Millions of yen)

	Prior year (As of March 31, 2015)	Current period (As of September 30, 2015)
	Amount	Amount
(Liabilities)		
Current liabilities		
Notes and accounts payable - trade	26,964	29,948
Short - term loans payable	13,842	13,560
Income taxes payable	3,240	2,478
Provision	5,082	4,638
Asset retirement obligations	133	4
Other	37,442	43,407
Total current liabilities	86,707	94,038
Noncurrent liabilities		
Bonds payable	56,200	55,400
Long - term loans payable	32,918	26,862
Net defined benefit liability	3,716	3,001
Provision for directors’ retirement benefits	121	—
Asset retirement obligations	2,435	3,933
Provision for dismantling of fixed assets	3,395	3,395
Other	20,710	19,382
Total noncurrent liabilities	119,498	111,976
Total liabilities	206,206	206,014
(Net assets)		
Shareholders’ equity		
Capital stock	29,953	29,953
Capital surplus	119,282	119,297
Retained earnings	198,704	194,789
Treasury stock	(49,335)	(54,755)
Total shareholders’ equity	298,604	289,284
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17,794	17,586
Deferred gains or losses on hedges	10	(3)
Revaluation reserve for land	(4,699)	(4,634)
Foreign currency translation adjustment	3,414	2,778
Remeasurements of defined benefit plans	2,206	2,133
Total accumulated other comprehensive income	18,726	17,859
Subscription rights to shares	832	807
Non-controlling interests	4,289	4,428
Total net assets	322,452	312,380
Total liabilities and net assets	528,659	518,394

SEGA SAMMY HOLDINGS INC.

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

FOR 6 MONTHS ENDED SEPTEMBER 30, 2014 AND 2015

（Unit：Millions of yen）

	Prior period From April 1, 2014 To September 30, 2014	Current period From April 1, 2015 To September 30, 2015
	Amount	Amount
Net sales	158,180	154,302
Cost of sales	97,523	93,416
Gross profit	60,657	60,885
Selling, general and administrative expenses	57,926	55,141
Operating income	2,731	5,744
Other income (expenses) :		
Interest income	134	250
Dividends income	570	480
Share of profit of entities accounted for using equity method	123	－
Gain on investments in partnership	147	178
Interest expenses	(427)	(465)
Share of loss of entities accounted for using equity method	－	(15)
Bond issuance cost	(155)	(41)
Foreign exchange losses	(259)	(153)
Commission fee	(130)	(52)
Gain on sales of noncurrent assets	2	25
Gain on sales of investment securities	186	31
Gain on liquidation of subsidiaries and associates	－	291
Gain on reversal of subscription rights to shares	105	8
Loss on sales of noncurrent assets	(68)	(65)
Impairment loss	(294)	(328)
Loss on sales of shares of subsidiaries and associates	(255)	－
Provision for dismantling of fixed assets	(2,778)	－
Early extra retirement payments	－	(1,625)
Other income	487	1,007
Other expenses	(745)	(1,205)
Subtotal	(3,356)	(1,677)
Income (loss) before income taxes	(625)	4,067
Income taxes-current	2,343	2,985
Total income taxes	2,343	2,985
Profit (loss)	(2,968)	1,081
(Breakdown)		
Profit (loss) attributable to owners of parent	(2,805)	964
Profit (loss) attributable to non-controlling interests	(163)	117
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,527)	(213)
Deferred gains or losses on hedges	17	(14)
Revaluation reserve for land	－	64
Foreign currency translation adjustment	2,217	(649)
Remeasurements of defined benefit plans, net of tax	243	(72)
Share of other comprehensive income of associates accounted for using equity method	22	(22)
Total other comprehensive income	973	(907)
Comprehensive income	(1,994)	173
(Breakdown)		
Comprehensive income attributable to owners of parent	(1,770)	98
Comprehensive income attributable to non-controlling interests	(224)	75

SIGNIFICANT CHANGES IN THE AMOUNT OF SHAREHOLDERS' EQUITY

(Unit: Millions of Yen)

	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balances as of April 1, 2015 (Note 1)	29,953	119,282	198,704	(49,335)	298,604
Changes of items for the 6 months ended September 30, 2015					
Dividends from retained earnings			(4,748)		(4,748)
Profit attributable to owners of parent			964		964
Effect of changes in accounting period of subsidiaries			(129)		(129)
Purchase of treasury stock (Note 2)				(5,545)	(5,545)
Disposal of treasury stock		14		125	140
Change of scope of consolidation			(1)		(1)
Total changes of items for the 6 months ended September 30, 2015	—	14	(3,915)	(5,419)	(9,320)
Balances as of September 30, 2015	29,953	119,297	194,789	(54,755)	289,284

(Notes) 1. Balances as of April 1, 2015 are presented after retroactive application of the changes in the accounting policy.

2. This refers primarily to the purchase of treasury stocks worth ¥5,536 million (3,098,400 shares) according to the resolution at the meeting of Board of Directors held on February 12, 2015.

Outline of the resolution

(1) Type of shares to be acquired: Common shares
(2) Total number of shares to be acquired: 10,000,000 shares (upper limit)
(3) Total acquisition costs: ¥20,000 million (upper limit)
(4) Acquisition period: From February 18, 2015 through May 29, 2015

SEGMENT INFORMATION

1. Prior period (From April 1, 2014 to September 30, 2014)

(1) Information on the amounts of net sales, income (loss) by each reporting segment

(Unit: Millions of yen)

	Reporting segment			Subtotal	Adjustment (Note)	Amount in consolidated financial statements
	Pachislot Pachinko	Entertainment Contents	Resort			
Net sales						
(1) Sales to third parties	61,142	90,356	6,681	158,180	–	158,180
(2) Inter-segment sales and transfers	311	445	27	784	(784)	–
Total	61,453	90,801	6,709	158,965	(784)	158,180
Segment income (loss)	7,018	660	(1,410)	6,268	(3,536)	2,731

(Notes) 1. Elimination of inter-segment transactions of ¥7 million and general corporate expenses of ¥(3,544) million which are not allocated to the reporting segment are included in the adjustment to segment income (loss) of ¥(3,536) million. General corporate expenses are mainly consisted of the expenses of the Group management incurred by the Company.

2. Adjustment has been made to segment income (loss) and operating income in the consolidated financial statements.

2. Current period (From April 1, 2015 to September 30, 2015)

(1) Information on the amounts of net sales, income (loss) by each reporting segment

(Unit: Millions of yen)

	Reporting segment			Subtotal	Adjustment (Note)	Amount in consolidated financial statements
	Pachislot Pachinko	Entertainment Contents	Resort			
Net sales						
(1) Sales to third parties	56,605	90,274	7,422	154,302	–	154,302
(2) Inter-segment sales and transfers	355	341	18	715	(715)	–
Total	56,960	90,615	7,441	155,017	(715)	154,302
Segment income (loss)	8,570	1,575	(1,218)	8,927	(3,183)	5,744

(Notes) 1. Elimination of inter-segment transactions of ¥65 million and general corporate expenses of ¥(3,248) million which are not allocated to the reporting segment are included in the adjustment to segment income (loss) of ¥(3,183) million. General corporate expenses are mainly consisted of the expenses of the Group management incurred by the Company.

2. Adjustment has been made to segment income (loss) and operating income in the consolidated financial statements.

(2) Change of reporting segments, etc.

(Change in classification of reporting segments)

Effective from the first quarter of the fiscal year ending March 31, 2016, in line with the reorganization, the classification of the reporting segments has been revised. The reporting segments, which previously consisted of the “Pachislot and Pachinko Machines Business,” the “Amusement Machines Sales Business,” the “Amusement Center Operations Business,” and the “Consumer Business,” now consist of the “Pachislot and Pachinko Machines Business,” the “Entertainment Contents Business,” and the “Resort Business,” in line with the reorganization within the Group as of April 1, 2015.

Segment information for the first half of the previous fiscal year is based on the segment classification after the change.

(Change in revenue recognition for sales of merchandise and finished goods)

As described in “Changes in accounting policies,” some of the Company’s subsidiaries changed revenue recognition for sales of merchandise and finished goods. The change in the accounting policy is retroactively applied and the segment information for the first half of the previous fiscal year is presented after retroactive application of the change.

As a result of this change, compared with figures prior to retroactive application, net sales and segment income (loss) for the first half of the previous fiscal year changed as follows: in the “Pachislot and Pachinko Machines Business,” net sales decreased by ¥1,212 million and segment income decreased by ¥422 million; in the “Entertainment Contents Business,” net sales decreased by ¥738 million and segment income decreased by ¥298 million.

(Change in revenue presentation in the field of digital game software)

As described in “Changes in accounting policies,” some of the Company’s subsidiaries changed revenue presentation in the field of digital game software. The change in the accounting policy is retroactively applied and the segment information for the first half of the previous fiscal year is presented after retroactive application of the change.

As a result of this change, compared with figures prior to retroactive application, net sales for the first half of the previous fiscal year increased by ¥5,885 million in the “Entertainment Contents Business” but there is no impact on segment income (loss).