

To the Shareholders

**Items Posted on Internet Concerning  
Notice of the 11th Ordinary General Meeting of  
Shareholders**

May 26, 2015

**SEGA SAMMY HOLDINGS INC.**

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Pursuant to the provisions of laws and regulations and the Article 16 of the Articles of Incorporation, the above information shall be deemed to be provided to all shareholders by posting it on the website of the Company: (<http://www.segasammy.co.jp/japanese/ir/event/meeting.html>).

Information in English will be posted on our English website (<http://www.segasammy.co.jp/english/ir/event/meeting.html>).

## 1. “VI Outline of Resolutions Regarding Preparation of Internal Control System and so forth to Ensure Appropriate Business Execution” from the Business Report

Based on the Companies Act, the Company made the following resolutions regarding the “Basic Policy on Preparation of Internal Controls System” and has worked to prepare this system.

【Basic Policy existed in the fiscal year】

- (1) System to Ensure the Efficient Implementation of Directors’ Duties and Compliance with Laws and the Articles of Incorporation  
Establish a Group CSR Charter and Group Code of Conduct, and Representative Directors will repeatedly communicate the spirit of such charter and code to employees in administrative post, in order to thoroughly establish compliance with laws as a condition for all corporate activities. These efforts will reflect the Company’s fundamental policy of fulfilling its social responsibility as a member of society and provide a basis for establishing a compliance system that comprises such policy. In addition, in the interest of further strengthening corporate governance, the Board of Directors will make efforts to build an effective internal controls system and to secure a system for compliance with laws and the Articles of Incorporation for the Company as a whole, so that the Company’s business execution is appropriate and sound. Also, the Audit & Supervisory Board will audit the effectiveness and functionality of this internal controls system, and make efforts to identify and correct issues early through regular inspection.
- (2) System Related to the Retention and Management of Information Related to the Implementation of Directors’ Duties  
Representative Directors will appoint the Director in charge of the Administrative Division as the person in charge of the entire Company with respect to preservation and management of information related to execution of Directors’ duties. Information related to execution of Directors’ duties will be recorded in writing or electronic media based on the Company regulations etc., and preserved and managed so that the Directors and Audit & Supervisory Board Members are able to appropriately and accurately view such information and also so that such information is easy to search.
- (3) Regulations and Other Systems Regarding Risk Management for Losses  
With respect to risks related to the Company’s business, each relevant division and department will analyze and identify anticipated risks and clarify the risk management system. The Internal Audit Department and Internal Control Department will audit each division’s and department’s risk management and report the results regularly to the management decision-making body and executive and supervisory management organization. In the event of a situation likely to have a severe impact on the Group, crisis management teams of the Company and the Group companies shall cooperate to discuss about countermeasures for prompt and effective actions.
- (4) System to Ensure that Directors’ Duties are Implemented Efficiently  
Adopt an Audit & Supervisory Board Member system for efficient implementation of Directors’ duties, as well as for Company Directors and Audit & Supervisory Board Members to be well-informed about the Group’s businesses and promptly and appropriately make decisions for the Group. The system should also enable appropriate and efficient implementation of duties under rules related to authorities and decision-making based on the Regulations of the Board of Directors, and so forth.
- (5) System to Ensure Appropriate Compliance with Law, and the Articles of Incorporation Concerning the Performance of Employees’ Duties
  - ① Grant the Corporate Governance Committee, which governs the Company’s and Group’s compliance related governing functions. Employees in administrative posts can act in compliance with law, the Articles of Incorporation, Company regulations, and social norms. Make the foregoing known thoroughly inside the Company and promote compliance.
  - ② Establish a “Hot Line” system that enables an employee to report in the interest of public good any violation of law, the Articles of Incorporation, Company regulations, or conduct in violation of social norms. Also establish a system that enables the person in charge promptly to report any material matters to the Board of Directors and Audit & Supervisory Board. Also, protect such an informant, and authorize the Company Compliance Department and so forth,

and outside counsel as recipients of an informant's report outside the ordinary reporting line, as part of a system that maintains transparency and accurately addresses relevant issues.

- (6) System to Ensure that the Businesses of the Group, Comprised of the Company, its Parent, and its Subsidiaries, are Executed Properly  
Hold meetings for the Group's Directors and Group's Audit & Supervisory Board Members, where various problems in the Group or governance matters with material risks are addressed. The Company's department in charge of internal audit will conduct audits for the benefit of the Group as a whole, and efforts will be made to ensure to the extent possible that information is shared among members of the Group and businesses are properly executed.
- (7) Matters Regarding Employees whom Audit & Supervisory Board Members Request to Assist them in the Performance of their Duties  
Establish an Audit & Supervisory Board Member's Office as an organization that reports directly to the Audit & Supervisory Board and employees in such office will assist the Audit & Supervisory Board Members' duties under their direction and order.
- (8) Matters Related to the Independence of Audit & Supervisory Board Members' Staff from Directors Described in the Previous Clause
  - ① An employee who assists an Audit & Supervisory Board Member's duties is a dedicated employee who is not directed or supervised by Directors.
  - ② Appointment, termination, personnel transfer, evaluation, disciplinary action, revision of wages, and so forth, of or involving employees described in the previous section will require prior agreement of the Audit & Supervisory Board.
- (9) System to Enable Directors or Employees to Report to Audit & Supervisory Board Members, and other Systems Related to Reporting to Audit & Supervisory Board Members
  - ① Directors and employees must report promptly to the Audit & Supervisory Board material violations of law or the Articles of Incorporation or illegal conduct related to performance of duties or risks of conspicuous harm to the Company that they learn.
  - ② Directors and employees must report promptly to the Audit & Supervisory Board decisions that materially affect the Company's business or organization, results of internal audits, or results of evaluation of the internal control system associated with financial reports.
- (10) Systems Established to Ensure the Efficacious Performance of Auditing Responsibilities by Audit & Supervisory Board Members
  - ① Representative Directors regularly will meet with Audit & Supervisory Board Members, exchange opinions related to Company management, in addition to business reports, and otherwise communicate effectively with them.
  - ② The Board of Directors will ensure Audit & Supervisory Board Members' participation in important work-related meetings to ensure that the Company's business is executed properly.
  - ③ The Audit & Supervisory Board will use attorneys, certified public accountants, and other outside advisors, as necessary for itself, and its opportunities to receive advice related to audit work will be guaranteed.

**【Basic Policy after the revision on May 1, 2015】**

- (1) System to Ensure the Efficient Implementation of the Duties of the Company's Directors and Compliance with Laws and the Articles of Incorporation  
Establish a Group CSR Charter, Group Code of Conduct, Group Management Policies, and Guidelines (hereinafter, collectively referred to as "Group Philosophy and Code") and Representative Directors will repeatedly communicate the spirit of Group Philosophy and Code to employees in administrative post, in order to thoroughly establish compliance with laws, etc., as a condition for all corporate activities. These efforts will reflect the Company's fundamental policy of fulfilling its social responsibility as a member of society and provide a basis for establishing a compliance system that comprises such policy. In addition, in the interest of further strengthening corporate governance, the Board of Directors will make efforts to build an effective internal controls system and to secure a system for compliance with laws for the Company as a whole, based on the Group Management Policies stipulated for a unified management of the entire Group and the

Guidelines that show the standard for operation and management of the entire Group so that the Company's business execution is appropriate and sound.

Also, the Audit & Supervisory Board will audit the effectiveness and functionality of this internal controls system, and make efforts to identify and correct issues early through regular inspection.

In order to prevent participation in management by anti-social forces, it will be specified that all relations with anti-social forces are removed in the Group Code of Conduct. Moreover, the Group will contain so-called "Bo-hi jyoko" (terms and clauses concerning exclusion of organized crime groups) in contracts, establish a system to check whether or not our business partners correspond to anti-social forces, and establish a system to address systematically in cooperation with outside organizations including the police and lawyers appropriately when anti-social forces approach the Group.

(2) System Related to the Retention and Management of Information Related to the Implementation of the Duties of the Company's Directors

Representative Directors will appoint the Director in charge of the Administrative Division as the person in charge of the entire Company with respect to preservation and management of information related to execution of Directors' duties. Information related to execution of Directors' duties will be recorded in writing or electronic media based on the Company regulations etc., and preserved and managed so that the Directors and Audit & Supervisory Board Members are able to appropriately view such information and also so that such information is easy to search.

In order to manage trade secrets and other information, etc., properly, policies concerning information management and IT security, as well as guidelines for IT security will be established, and it is planned that they will be fully informed of and complied with.

(3) Regulations and Other Systems Regarding Risk Management for Losses of the Company

With respect to risks related to the Company's business, each relevant division and department will analyze and identify anticipated risks and clarify the risk management system. The Internal Audit Department will audit each division's and department's risk management and report the results regularly to the management decision-making body and executive and supervisory management organization.

In order to capture and manage properly important risks underlying inside and outside the management including emergency responses, policies concerning risk management and crisis management guidelines will be established as one of the Group Management Policies and Guidelines, and in the event of a situation likely to have a severe impact on the Group, crisis management teams of the Company and the Group companies shall cooperate to discuss about countermeasures for prompt and effective actions.

(4) System to Ensure that the Duties of the Company's Directors are Implemented Efficiently

Adopt an Audit & Supervisory Board Member system for efficient execution of Directors' duties, as well as for Company Directors and Audit & Supervisory Board Members to be well-informed about the Group's businesses and promptly and appropriately make decisions for the Group. The system should also enable appropriate and efficient execution of duties under rules related to authorities and decision-making based on the Regulations of the Board of Directors, etc.

(5) System to Ensure Appropriate Compliance with Laws and the Articles of Incorporation Concerning the Implementation of the Duties of the Company's Employees

The Company will promote the group compliance measures for employees to act appropriately in compliance with laws, the Articles of Incorporation, Company regulations, and social norms. These measures must be based on the Group Philosophy and Code as code of conduct.

Establish a "Hot Line" system that enables an employee to report as a whistle-blowing any violation of laws, the Articles of Incorporation, Company regulations, or conduct in violation of social norms that they learn. Also establish a system that enables the person in charge promptly to report any material matters to the Board of Directors and the Audit & Supervisory Board.

Such a whistle-blower will be kept in secret, and will not receive any disadvantageous treatments due to the report. Establish an internal reporting contact offices comprised of outside counsel, etc. as recipients of an informant's report other than the ordinary reporting line, as part of a system that maintains transparency and accurately addresses relevant issues.

(6) System Shown Below and Other Systems to Ensure that the Businesses of the Group, Comprised of the Company, its Parent, and its Subsidiaries, are Implemented Properly

- ① System to report to the Company matters related to the execution of the duties by the directors, the Statutory Executive Officers, officers executing the duties, and people who should execute the duties of Article 598, Section 1 of the Companies Act of the Company's subsidiaries (referred to as "the directors, etc." in ③ and ④ below)

By having the Company's employees in administrative post concurrently serve as the directors or the Audit & Supervisory Board members of its Group companies, a system will be established to report and share information of the Group companies to and with the Company through such officers.

At the same time, a system will be established to communicate important matters, report, share information on matters of whistle-blowing, report and share information on matters of accounting wrongdoings and errors based on the vertical chain of the Regulations of Management of Related Companies between the Company and its Group companies. However, the whistle-blower will be kept in secret, and will not receive any disadvantageous treatments due to the report.

Hold meetings, etc. for the Group's Compliance and the Group's Audit & Supervisory Board Members, where various problems in the Group or governance matters with material risks are addressed. The Company's department in charge of internal audit will conduct audits for the benefit of the Group as a whole, and efforts will be made to ensure to the extent possible that information is shared among members of the Group and businesses are properly executed.

- ② System regarding risk management for losses of the Company's subsidiaries

Regarding common priority items and measures of the Group that the Company has stipulated, while they will be addressed by each of its Group companies, specific risks of each subsidiary will be managed in consideration of scale, nature, business category, etc. of each of its Group companies.

- ③ System to ensure that the duties of the directors, etc. of the Company's subsidiaries are executed efficiently

As with the Company, in its Group companies, adopt an Audit & Supervisory Board member system for efficient execution of directors' duties, as well as for Company Directors and Audit & Supervisory Board members to be well-informed about the Group's businesses and promptly and appropriately make decisions for the Group. The system should also enable appropriate and efficient execution of duties under rules related to authorities and decision-making based on the Regulations of the Board of Directors, etc. However, the system will be established in consideration of scale, nature, business category, etc. of each of its Group companies.

- ④ System to ensure appropriate compliance with laws and the Articles of Incorporation concerning execution of the duties of the directors, etc. and employees of the Company's subsidiaries

As with the Company, the Board of Directors of its Group companies will establish a compliance system in order to fulfill Group Philosophy and Code based on importance of compliance with laws, etc. and of fundamental policy of fulfilling social responsibilities as a member of a society.

(7) Matters Regarding Employees whom Audit & Supervisory Board Members of the Company with Audit & Supervisory Board Members Request to Assist Them in Their Duties, Matters Related to the Independence of the Employees from the Directors of the Company with Audit & Supervisory Board Members, and Matters Related to Ensuring Effectiveness of Instructions to the Employees by Audit & Supervisory Board Members of the Company with Audit & Supervisory Board Members  
Establish an Audit & Supervisory Board Member's Office as an organization that reports directly to the Audit & Supervisory Board and employees in such office will assist the Audit & Supervisory Board Members' duties under their direction and order.

Employees who assist the Audit & Supervisory Board Members in their duties will be dedicated employees in principle and will not be directed or supervised by the Directors. However, under unavoidable circumstances, employees who serve concurrently in a position of the executive side will be assigned. Concerning such concurrent employees, independence will be especially considered. Appointment, dismissal, personnel transfer, evaluation, disciplinary action, revision of wages, etc. of the employees will require a prior agreement of the Audit & Supervisory Board.

(8) System Shown Below and Other Systems Related to Reporting to Audit & Supervisory Board Members of the Company with Audit & Supervisory Board Members

① System to enable Directors, Accounting Advisors, and employees of the Company with Audit & Supervisory Board Members to report to Audit & Supervisory Board Members of the Company with Audit & Supervisory Board Members

The Directors and employees of the Company must report promptly to the Audit & Supervisory Board on material violations of laws and the Articles of Incorporation or a fact of illegal conduct related to execution of the duties or a fact that might cause conspicuous harm to the Company that they learn. Decisions that materially affect the Company's business or organization and results of internal audits will be treated in the same way.

② System to enable directors, Accounting Advisors, Audit & Supervisory Board members, Statutory Executive Officers, officers executing the duties, people who should execute the duties of Article 598, Section 1 of the Companies Act of subsidiaries of the Company with Audit & Supervisory Board members and other people equivalent to these people and employees or people who received reports from these people to report to the Audit & Supervisory Board Members of the Company with Audit & Supervisory Board Members

The directors, the Audit & Supervisory Board members, the Executive Officers, employees, etc. of the Group companies or people who received reports from these people must report promptly to the Audit & Supervisory Board of the Company on material violations of laws and the Articles of Incorporation or a fact of illegal conduct related to execution of the duties or a fact that might cause conspicuous harm to the Company that they learn. Decisions that materially affect the Company's business or organization and results of internal audits will be treated in the same way.

The Audit & Supervisory Board Members of the Company will make efforts to maintain systems from the perspective of focusing on so-called group management so that the Audit & Supervisory Board Members of the Group companies are able to become receivers of report from the business execution side and to become mediators.

(9) System to Ensure that People Who Made the Report Described in the Previous Clause Will Not Receive Disadvantageous Treatments Because of Making Such Report

The reporter described in the previous clause will not receive disadvantageous treatments because of making such report. Such disadvantageous treatments will be subject to punitive action.

(10) Matters Concerning Policies Related to Procedures of Prepayment or Reimbursement of Expenses Arising from Implementation of the Duties of the Audit & Supervisory Board Members of the Company with Audit & Supervisory Board Members and Other Treatments of Expenses or Liabilities Arising from Implementation of Such Duties

The Company will bear expenses arising from the execution of the duties of the Audit & Supervisory Board Members in accordance with the Company regulations, responding to requests from the Audit & Supervisory Board or Standing Audit & Supervisory Board Members. This includes expenses incurred in using outside advisors, etc., as prescribed in the clause (11).

(11) Systems Established to Ensure the Efficacious Performance of Auditing Responsibilities by Audit & Supervisory Board Members of the Company with Audit & Supervisory Board Members

Representative Directors regularly will meet with Audit & Supervisory Board Members, exchange opinions related to Company management, in addition to business reports, and otherwise communicate effectively with them.

The Board of Directors will ensure Audit & Supervisory Board Members' participation in important work-related meetings to ensure that the Company's business is executed properly.

The Audit & Supervisory Board will use attorneys, certified public accountants, and other outside advisors, as necessary for itself, and its opportunities to receive advice related to audit work will be guaranteed.

## 2. Notes to Consolidated Financial Statements

### I Significant Accounting Policies Used in Preparation of Consolidated Financial Statements

#### (1) Scope of Consolidation

Number of consolidated subsidiaries 78

For a complete list of major consolidated subsidiaries, refer to the section “I Outline of the Group’s Business” under “7 Material Parent Company and Subsidiaries” of “(2) Relationships with subsidiaries”.

Effective as of the fiscal year ended March 31, 2015, the following were included in the Company’s consolidated subsidiaries; JMS Communications Co., Ltd. and two other companies, because of the newly establishment; Demiurge Studios, Inc. and three other companies, because of the Company’s acquisition; Index Corporation, establishment through an incorporation-type split; SEGA PUBLISHING KOREA LTD. and five other companies, because of the increase of importance.

Effective as of the fiscal year ended March 31, 2015, the following have been excluded from the scope of consolidation; Sammy Design Co, Ltd., sale of the share of stocks; Sega Australia Pty Ltd. and one other company, because of its liquidation.

Number of non-consolidated subsidiaries 12

Major non-consolidated subsidiaries: Sega (Shanghai) Software Co., Ltd. etc.

All non-consolidated subsidiaries are excluded from the scope of consolidation because the combined amounts in assets, net sales, net income, and retained earnings applicable to the equity interest of the Company are immaterial.

#### (2) Application of the Equity Method

Number of non-consolidated subsidiaries accounted for under the equity-method -

SEGA PUBLISHING KOREA LTD. has excluded from scope of application of equity-method because the company has been included in the scope of consolidation because of increase of importance.

Number of equity-method affiliates 11

Major equity-method affiliates: PARADISE SEGASAMMY Co., Ltd., INTERLIFE HOLDINGS CO., LTD, etc.

The following have included in the scope of application of equity-method; GALAXY GRAPHICS Inc., because of the newly establishment; PLAY HEART, because of the Company’s acquisition; Subcul-rise Record and two other companies, because of increase of importance.

CRI Middleware Co., Ltd. has excluded from the scope of application of equity-method because of sale of the share of stocks.

Number of non-consolidated subsidiaries and affiliates not accounted for under the equity method 16

Major non-consolidated subsidiaries and affiliates not accounted for under the equity method: CHARA-WEB.CO., LTD. etc.

The equity method was not applied to some of the non-consolidated subsidiaries and affiliates because the combined amounts of these companies in net income and retained earnings applicable to the equity interest of the Company are immaterial.

#### (3) Fiscal Year for Consolidated Subsidiaries

Consolidated subsidiaries whose fiscal year-ends differ from the consolidated balance sheet date are listed below. Necessary adjustments are made on consolidation for material transactions that occurred between the end of the fiscal years of these subsidiaries and the end of the consolidated balance sheet date.



Consolidated subsidiary	Fiscal year-end
Sega Amusements Taiwan Ltd.	December 31
Shanghai New World Sega Recreation Co., Ltd.	December 31
Beijing SEGA Mobile Entertainment Technology Co., Ltd.	December 31
Sega Jinwin (Shanghai) Amusements Co., Ltd.	December 31
SEGA (QINGDAO) ENTERTAINMENT PARK CO., LTD.	December 31
Demiurge Studios, Inc.	December 31
Demiurge Studios, LLC	December 31
Demiurge Game Development LLC	December 31
Dartslive China Ltd.	December 31

(4) Accounting Policies

① Valuation standards and accounting treatment for important assets

a. Held-to-maturity debt securities are stated at amortized cost (the straight - line method).

b. Available-for-sale securities

Securities with fair market value are stated at fair market value. The difference between acquisition cost and market value is accounted for as net unrealized holding gains or losses on securities in net assets, with cost of sales determined by the moving-average method.

c. Available-for-sale securities without quoted market prices are carried at cost, which is determined by the moving-average method.

The net amount of equity included in the Company's financial statements from limited liability investment partnerships and similar investments, regarded as marketable securities under Article 2-2 of the Financial Investment and Exchange Law of Japan, is calculated based on the relevant financial statements for the partnership available as of the reporting date stipulated in the partnership agreement.

d. Derivatives

Derivatives are stated at fair market value.

e. Inventories

Inventories are stated at cost, cost being determined mainly by the gross-average method (or at the net realizable value (NRV) calculated by writing down the book value to reflect a decrease in the NRV).

Also, work in process is stated at cost, cost being determined mainly by the specific identification method (or at the NRV calculated by writing down the book value to reflect a decrease in the NRV).

② Depreciation and amortization for important assets

a. Property, plant and equipment (excluding lease assets):

Depreciation is calculated primarily using the straight-line method.

Range of useful life for the assets is as follows:

Buildings and Structures: 2-50 years

Machinery, equipment and vehicles: 2-16 years

Amusement machines and facilities: 2-5 years

b. Intangible assets (excluding lease assets):

Amortization is calculated using the straight-line method. The software used in the Company is amortized by the straight-line method based on the useful lives within the Company (less than 5 years).

c. Lease assets

Lease assets involving finance lease transactions of which the ownership is transferred to lessees:

Depreciation method for such assets is the same as that which applies to property, plant and equipment owned by the Company.

Lease assets involving finance lease transactions of which the ownership is not transferred to lessees:

Depreciated, using the straight-line method over a useful life equal to the lease period with a residual value of zero.

- ③ Accounting for deferred assets  
 Organization expense: All expenses are expensed when incurred.  
 Stock issue cost: All expenses are expensed when incurred.  
 Bond issue cost: All expenses are expensed when incurred.
- ④ Accounting for allowances and provisions
- a. Allowance for doubtful accounts  
 Allowance for doubtful accounts is provided in the amount sufficient to cover possible losses based on a historical write-off of general receivables. Receivables with default possibility and bankrupt receivables are calculated based on an individual assessment of the possibility of collection.
  - b. Provision for bonuses  
 Accrued employees' bonuses are provided based on the estimated amount to be paid.
  - c. Provision for directors' bonuses  
 The estimated amount of bonuses was recorded to meet the bonus payments to Directors and Audit & Supervisory Board Members.
  - d. Provision for business restructuring  
 Of the expenses expected to incur in connection with business restructuring, those recognized to have incurred in the fiscal year are recorded.
  - e. Provision for directors' retirement benefits  
 Certain domestic consolidated subsidiaries provide provision for directors' retirement benefits to adequately cover payment of such benefits at the end of the applicable period in accordance with internal regulations.
  - f. Provision for point card certificates  
 In order to provide for the usage of points granted to customers under the point system, the estimated future usage amount for the end of the fiscal year ended March 31, 2015 has been recorded.
  - g. Provision for dismantling of fixed assets  
 To provide for expenses for dismantling unused aging buildings, estimated future expenses are recorded.
- ⑤ Accounting method for retirement benefits
- a. Attribution method for projected retirement benefits  
 In calculating retirement benefits obligations, benefit formula attribution is adopted for the purpose of attributing projected retirement benefits to the period up to the end of the fiscal year ended March 31, 2015.
  - b. Treatment of actuarial gains and losses and prior service costs  
 Prior service costs are amortized equally over a certain number of years (10 years in principle) within the average remaining years of service for the employees at the time of accrual, or are charged to income collectively at the time of accrual. Actuarial gains and losses are amortized by the straight-line method over a certain number of years (10 years in principle) within average remaining years of service for the employees at the time of accrual in each fiscal year, commencing from the following fiscal year after the accrual for each employee, or are charged to income collectively in the following fiscal year after the accrual.

(Changes in accounting policies)

The "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan "ASBJ" Statement No. 26, issued on May 17, 2012; the "Standard") and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, issued on March 26, 2015; the "Guidance") were adopted from the fiscal year ending March 31, 2015 for provisions set in the main clauses of Paragraph 35 of the Standard and Paragraph 67 of the Guidance. Accordingly, the calculation methods of retirement benefit obligations and service costs were reviewed, the method of attributing expected benefit to periods was changed from the straight-line basis to the benefit formula basis, and for the method of determining the discount rate, regarding the period of bonds used for the basis of determining the discount rate, it was changed from the method where the number of years approximate the expected average remaining working years of employees, to the method where a single weighted average discount rate reflecting the estimated period and amount of benefit payment is adopted.

The application of the Standard, etc. follow the transitional rules set in Paragraph 37 of the Standard, and thus the adjustments associated with the change in calculation methods of retirement benefit obligations and service costs are recorded in retained earnings at the beginning of the fiscal year ended March 31, 2015.

As a result, net defined benefit liability and deferred tax assets decreased by ¥812 million and ¥101 million, respectively, and retained earnings increased by ¥711 million at the beginning of the fiscal year ended March 31, 2015, while effects on operating income, ordinary income and income before income taxes and minority interests for the fiscal year ended March 31, 2015 are insignificant.

⑥ Accounting for significant hedge

a. Hedge accounting

The Company adopts deferred hedge accounting. However, special treatment is used for qualifying interest rate swap transactions. Moreover, allocation hedge accounting is applied to qualifying currency swap transactions and forward exchange contracts.

b. Hedging instruments and hedged items

Hedging instrument: Currency swaps, Interest rate swaps, forward exchange contracts

Hedged item: Interest on loans payable, receivables and payables denominated in foreign currencies

c. Hedge policy

Derivative instruments are used to mitigate risks associated with foreign exchange and interest rate fluctuations.

As a rule, hedging is only used for items in which actual demand exists, and not for speculative purposes.

d. Evaluation of hedge effectiveness

Hedge effectiveness is evaluated through comparative analysis of the cumulative fluctuations in the market between the hedged item and the hedging instrument. Evaluation of hedge effectiveness at fiscal year-end is omitted for currency swap transactions, as material conditions for the notional principal of hedging instruments and those for hedged items are the same and these transactions are deemed to offset the market fluctuations. Evaluation of hedge effectiveness at fiscal year-end is omitted also for interest rate swap transactions applied to special treatment.

⑦ Amortization method and period of goodwill

If the duration of the effect of goodwill can be rationally estimated, amortization is made over the estimated number of years by the straight-line method. In other cases, amortization is made over a five-year-period by the straight-line method.

⑧ Accounting method for consumption taxes

Consumption taxes and local consumption taxes are accounted using the net-of-tax method, and non-deductible consumption taxes and local consumption taxes on assets are posted mainly as expenses when incurred.

⑨ Application of the Consolidated Taxation System

The Company applied the Consolidated Taxation System.

(5) Changes in Presentation

Consolidated Statement of Income

“Settlement package” that was included in “other” under non-operating expenses for the previous fiscal year (¥2 million for the previous fiscal year) has now exceeded 10% of the amount of total non-operating expenses, and is therefore separately itemized beginning from the fiscal year ended March 31, 2015.

“Gain on reversal of subscription rights to shares” that was included in “other” under extraordinary income for the previous fiscal year (¥0 million for the previous fiscal year) has now exceeded 10% of the amount of total extraordinary income, and is therefore separately itemized beginning from the fiscal year ended March 31, 2015.



③ Breakdown of impairment loss.

(Unit: millions of yen)

Use	Location	Type	Impairment loss
Production facilities of pachislot and pachinko machines, etc.	Seto-city, Aich and 4 other locations	Buildings and structures	228
		Other property, plant and equipment	1,328
		Other intangible assets	32
		Land	33
Amusement facilities	Yokohama-city, Kanagawa and 6 other locations	Buildings and structures	2,859
		Amusement machines and facilities	691
		Other property, plant and equipment	92
		Other intangible assets	68
Assets for business	Shibuya-ward, Tokyo and 10 other locations	Buildings and structures	338
		Amusement machines and facilities	563
		Other property, plant and equipment	417
		Other intangible assets	74
Other	Minato-ward, Tokyo	Goodwill	1,151
Total			7,881

For each business segment, the Group classifies assets or asset groups based on whether their cash flows can be estimated independently. The book values of assets or asset groups whose market values declined significantly or that are projected to consistently generate negative cash flows are reduced to their recoverable value. The amount of this reduction is deemed an impairment loss and is recorded under extraordinary loss.

#### IV Notes to Consolidated Statement of changes in Net Assets

##### (1) Issued Stock

(Unit: shares)

Type of stock	As of April 1, 2014	Increase	Decrease	As of March 31, 2015
Common stock	266,229,476	–	–	266,229,476

##### (2) Treasury Stock

(Unit: shares)

Type of stock	As of April 1, 2014	Increase	Decrease	As of March 31, 2015
Common stock	22,627,725	6,911,505	737,441	28,801,789

(Outline of Causes of Change)

The causes of the increase are as follows:

Increase due to purchase in the market by the resolution at the Board of Directors' meeting	6,901,600 shares
Increase due to repurchase of fractional shares	9,905 shares

The causes of the decrease are as follows:

Decrease due to exercise of stock options	736,300 shares
Decrease due to request to purchase fractional shares	1,141 shares

##### (3) Dividends

###### ① Dividend Amount

Resolution	Type of Stock	Total dividend (¥ million)	Dividend per share (¥)	Record date	Effective date
Board of Directors' Meeting held on May 9, 2014	Common stock	4,872	20	March 31, 2014	May 28, 2014
Board of Directors' Meeting held on October 31, 2014	Common stock	4,886	20	September 30, 2014	December 1, 2014

###### ② Of the dividends of which the record date is in the fiscal year ended March 31, 2015, but the effective date is in the following fiscal year.

Resolution	Type of Stock	Resource of dividend	Total dividend (¥ million)	Dividend per share (¥)	Record date	Effective date
Board of Directors' Meeting held on May 11, 2015	Common Stock	Retained Earnings	4,748	20	March 31, 2015	May 27, 2015

##### (4) Number and type of shares to be issued upon exercise of subscription rights to shares (except for the ones before the first day of the exercisable period) as of the end of the fiscal year ended March 31, 2015.

Common stock: 3,604,800 shares

## V Notes on the Financial Instruments

### (1) Matters regarding the current status of financial instruments

The Group's signed an agreement concerning commitment lines with financial institutions, such as securing medium- to long-term fund liquidity with the Company as a holding company, as a safety net for the entire Group. In addition, capital for each business is financed based on the financial plan as needed, through bank borrowing or bond issue applying Cash Management System for the purpose of the efficient utilization of the Group funds. Funds are invested in low-risk financial assets. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described later.

Credit risks of the clients in terms of notes and accounts receivable - trade are mitigated under the credit management rules, etc. at each Group company.

The Group's credit risk exposure in held-to-maturity debt securities is minimal, as its investment in this area is restricted to highly rated debt securities only according to the capital management rules, etc. at each Group company.

Available-for-sale securities are mainly stocks and the relevant information such as market prices of those stocks and financial conditions of the issuing companies (business partners) is reviewed and reported to the Board of Directors of each Group company, etc. on a regular basis. For securities other than held-to-maturity debt securities, holding status is continually reviewed in consideration of the relationship with business partners that issue those stocks.

Borrowings as well as bonds is intended to secure funds necessary for the purpose of working capital and capital expenditures etc. and diversify means for procuring funds. Each Group company reviews its own actual and projected cash position on a monthly basis, which is eventually verified collectively by the Company as part of the Group's liquidity risk management.

The Group's derivative transactions are restricted to forward exchange contracts and currency swap transactions as hedges against currency fluctuation risks on its foreign currency-denominated operating receivables and debt as well as foreign currency-denominated loans payable, and interest rate swap transactions to mitigate interest rate risks on some of the Group's variable interest rate loans payable. These transactions are executed and managed mainly by the financial department or the accounting department upon obtaining internal approvals in compliance with the derivative transactions management rules, etc. of each Group company. Furthermore, reports on the status of the derivative transactions are made to the Board of Directors at each company as appropriate.

(2) Matters regarding the market value etc. of financial instruments

Consolidated balance sheet amounts and market values of the Group's financial instruments and the difference between the two as of the end of the fiscal year ended March 31, 2015 are as follows. Market values of financial instruments named in Note 2 below are extremely difficult to grasp, thus are not included in the following list.

(Unit: millions of yen)

	Consolidated balance sheet amount	Market value	Difference
(1) Cash and deposits	102,260	102,260	—
(2) Notes and accounts receivable - trade	39,239	39,239	(0)
(3) Short-term investment securities and investment securities			
1) Held-to-maturity debt securities	2,373	2,376	2
2) Available-for-sale securities (*1)	138,879	138,879	—
3) Stocks of affiliates	886	1,016	130
(4) Notes and accounts payable - trade	26,964	26,964	—
(5) Short-term loans payable	13,842	13,842	—
(6) Long-term loans payable	32,918	32,837	81
(7) Current portion of bonds	1,600	1,600	—
(8) Bonds payable	56,200	55,854	345
(9) Derivative transactions (*2)			
1) Transactions outside the scope of hedge accounting	(1)	(1)	—
2) Transactions subject to hedge accounting	17	17	—

(\*1) Since market values of embedded derivatives cannot be reasonably categorized and measured, those of the entire composite financial instruments are evaluated, and included in investment securities.

(\*2) Receivables and payables incurred by derivative transactions are presented in net amount.

Notes: 1 Matters regarding the methods to calculate the market values of financial instruments and securities and derivative transactions

(1) Cash and deposits; and (2) Notes and accounts receivable - trade

Of these, items that are settled in the short term (within a year) are recorded using book values, as their market values approximate book values. In addition, of notes and accounts receivable - trade, those which more than a year to the payment date from the end of the fiscal year ended March 31, 2015 are stated at the present values by discounting the amount of claim for each receivable with the interest rate calculated by the payment period and credit risk.

(3) Short-term investment securities and investment securities

The market values of stocks are determined using the quoted price at the stock exchange, and those of debt securities are determined using the quoted price at the stock exchange or the quoted price obtained from the financial institutions. In addition, negotiable certificates of deposit included in available-for-sale securities are recorded using book values, as they are settled in the short term (within a year) and their market values approximate book values.

(4) Notes and accounts payable – trade; (5) Short-term loans payable; and (7) Current portion of bonds

Of these, items that are settled in the short term (within a year) are recorded using book values, as their market values approximate book values. Of the short-term loans payable, market values of the loans hedged by interest rate swap contracts meeting certain conditions are calculated applying the special treatment by combining them with the relevant interest rate swap.



(6) Long-term loans payable; and (8) Bonds payable

These are stated with the present values calculated by discounting the aggregated values of the principal and interest using an assumed interest rate if loans are newly made. Of the long-term loans payable, fair values of the loans hedged by interest rate swap contracts with special treatment applied and by interest rate and currency swap contracts with combined treatment applied (subject to special treatment and allocation hedge accounting) are calculated by combining them with the relevant interest rate swap or interest rate and currency swap.

(9) Derivative transactions

Market values of these are the prices quoted by the counterparty financial institutions. Meanwhile, certain derivative transactions such as forward exchange contracts subject to allocation hedge accounting are treatment on a combined basis with the receivables and payables that are hedged; therefore, their fair values are presented as part of the fair values of such receivables and payables.

2 Financial instruments whose market values are not readily determined

Category	Consolidated balance sheet amount (Millions of yen)
Investment in unlisted stocks, etc.	3,542
Investment in investment limited partnerships, etc.	4,382
Stocks of non-consolidated subsidiaries	436
Stocks of affiliates	16,472
Investment in affiliates	288

Items above are not included in “(3) Short-term investment securities and investment securities,” because there is no market price, future cash flows cannot be estimated and it is very difficult to identify market values.

## VI Note Regarding Investment and Rental Property

Status and market value of investment and rental property

This disclosure is omitted due to the immateriality of the total amount of the investment and rental property.

## VII Note Regarding Per Share Information

Net assets per share ¥1,337.46

Net loss per share ¥46.22

## VIII Note Regarding Material Subsequent Events

### Corporate Divestiture and Merger in Consolidated Subsidiaries, and the Change of Trade Names of Some Subsidiaries

The Company established the “Group Structure Reform Division,” and has held discussions to review the earnings structure of the entire Group from a medium- to long-term perspective, and implemented the organizational restructuring within the Group as well as the change of trade names of some subsidiaries on April 1, 2015 based on the resolutions of the Board of Directors meetings held on January 30, 2015 and February 12, 2015.

(1) Purpose of the corporate divestiture and merger

As part of the measures for restructuring into three business groups, the Company implemented the organizational restructuring within the Group on April 1, 2015 as a policy to clarify the responsible business field of each Group company and thereby continuously review businesses owned by the Group to promote further business reorganization.

(2) Overview of the corporate divestiture

(i) Legal form of the business combination

An incorporation-type demerger, designating SEGA CORPORATION as a transferor company and establishing new companies (SEGA Holdings Co., Ltd., SEGA Interactive Co., Ltd., and SEGA LIVE CREATION Inc.)

(ii) Overview of newly established companies

Name	SEGA Holdings Co., Ltd.	SEGA Interactive Co., Ltd.	SEGA LIVE CREATION Inc.
Business description	Management of its Group as the Holding Company of SEGA Group and all businesses appertaining	Development, Manufacture and Sales of Amusement Machine	Planning, Development and Operation of Entertainment Theme Park in Resort Business
Head office	1-39-9, Higashi-Shinagawa, Shinagawa-ward, Tokyo	1-2-12, Haneda, Ota-ward, Tokyo	1-39-9, Higashi-Shinagawa, Shinagawa-ward, Tokyo
Capital stock	¥ 100 million	¥ 100 million	¥ 100 million
Principal Share Holder and Shareholding Ratios	SEGA SAMMY HOLDINGS INC. :100%	SEGA Holdings Co., Ltd.:100%	SEGA SAMMY HOLDINGS INC. :100%

(3) Overview of the merger

(i) Legal form of the business combination

An absorption-type merger, designating SEGA CORPORATION as the surviving company and dissolving SEGA Networks Co., Ltd. as the absorbed company

(ii) Overview of merging companies (As of March 31, 2015)

Name	SEGA CORPORATION (Surviving Company)	SEGA Networks Co., Ltd. (Absorbed Company)
Business description	Development, Production and Sales of Amusement Machines, Development Sales of Game Software	Business involved in the Planning, Development, Design, Sales, Delivery and Management and Operation of Products and Services that Utilize the Internet and Other Means of Communication
Head office	1-2-12, Haneda, Ota-ward, Tokyo	1-6-1, Roppongi, Minato-ward, Tokyo
Capital stock	¥ 100 million	¥ 10 million

\* SEGA CORPORATION changed its trade name to SEGA Games Co., Ltd. on April 1, 2015

(4) Overview of the accounting procedures applied

Based on the “Accounting Standard for Business Combinations” (Accounting Standard Board of Japan “ASBJ” Statement No. 21, issued on September 13, 2013) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, issued on September 13, 2013), the Company applied an accounting procedure as a transaction under common control.

### 3. Individual Notes

#### I Notes Regarding Material Matters Related to Accounting Policies

##### 1. Valuation standards and accounting treatment for assets

(1) Valuation standards and methods for securities

① Stocks of subsidiaries and affiliates are stated at moving-average cost.

② Available-for-sale securities

Securities with fair market value are stated at fair market value. The difference between acquisition cost and market value is accounted for as net unrealized holding gains or losses on securities in net assets, with cost of sales determined by the moving average method.

Securities without fair market value are stated at moving-average cost.

The net amount of equity included in the Company's financial statements from limited liability investment partnerships and similar investments, regarded as marketable securities under Article 2-2 of the Financial Investment and Exchange Law of Japan, is calculated based on the relevant financial statements for the partnership available as of the reporting date stipulated in the partnership agreement.

(2) Derivatives

Derivatives are stated at fair market value.

##### 2. Depreciation and amortization of noncurrent assets

(1) Property, plant and equipment

Depreciation is calculated by the straight-line method.

Range of useful life for the assets is as follows:

Buildings : 2 - 50 years

Structures : 2 - 47 years

Aircraft : 8 years

Tools, furniture and fixtures : 2 - 13 years

(2) Intangible assets

Amortization is calculated using the straight-line method. The software used in the Company is amortized by the straight-line method based on the useful lives within the Company (less than 5 years).

##### 3. Accounting for deferred assets

Bond issue cost: All expenses are expensed when incurred.

##### 4. Accounting for provisions

(1) Allowance for doubtful accounts

The reserve for doubtful accounts is provided in amount sufficient to cover possible losses. Allowance for doubtful accounts is calculated on an individual assessment of the possibility of collection.

(2) Provision for bonuses

Accrued employees' bonuses are provided based on the estimated amount to be paid.

(3) Provision for directors' bonuses

The estimated amount of bonuses was recorded to meet the bonus payments to Directors and Audit & Supervisory Board Members.

(4) Provision for retirement benefits

The liability for retirement benefits is based on the estimated amount of benefit obligations at the end of the fiscal year. Simplified method is used to calculate provision for retirement benefits.

## 5. Accounting for hedge

- (1) Accounting for hedge  
Allocation hedge accounting is used for qualifying currency swap transactions, while special treatment is applied to qualifying interest rate swap transactions.
- (2) Hedging instruments and hedged items  
Hedging instrument: Currency swaps, Interest rate swaps  
Hedged item: Foreign currency-denominated loans payable and associated interest
- (3) Hedge policy  
The Company engages in currency swap transactions with the purpose to avoid risks associated with foreign exchange fluctuations of loans payable, along with interest rate swap transactions with the purpose to avoid risks associated with interest rate fluctuations of loans payable. The Company has a policy not to engage in speculative derivative transactions.
- (4) Evaluation of hedge effectiveness  
Evaluation of hedge effectiveness at fiscal year-end is omitted for currency swap transactions, as material conditions for the notional principal of hedging instruments and those for hedged items are the same and these transactions are deemed to offset the market fluctuations. Evaluation of hedge effectiveness at fiscal year-end is omitted also for interest rate swap transactions as they adopt special treatment.

## 6. Other material matters that form the basis of accounting documents

- (1) Accounting method for consumption taxes  
Consumption taxes and local consumption taxes are accounted using the net-of-tax method, and non-deductible consumption taxes and local consumption taxes on assets are posted mainly as expenses when incurred.
- (2) Application of the Consolidated Taxation System  
The Company applied the Consolidated Taxation System.

## II Notes to Balance Sheet

- (1) Accumulated depreciation of property, plant and equipment ¥2,252 million
- (2) Guaranteed obligation

Guarantee	Amount	Description
SEGA CORPORATION	¥1,198 million (US \$10 million)	Accounts payable - other
- (3) Receivables from and payables to affiliates

Short-term receivables from affiliates	¥6,031 million
Short-term payables to affiliates	¥18,888 million

## III Notes to Statement of Income

- (1) Transactions with affiliates

Consulting fee income	¥5,609 million
Dividends income (Operating revenue)	¥19,162 million
SG&A expenses	¥59 million
Non-operating transactions	¥376 million
- (2) Extraordinary loss  
¥3,011 million of loss on support to subsidiaries and associates is recorded due to debt forgiveness of loans receivable from two of the Company's subsidiaries and affiliates.

## IV Notes to Statement of Changes in Net Assets

- Number and type of Treasury stock as of the end of the fiscal year ended March 31, 2015
- |              |                   |
|--------------|-------------------|
| Common stock | 28,801,789 shares |
|--------------|-------------------|

## V Notes Regarding Tax Effect Accounting

### (1) Significant components of deferred tax assets and deferred tax liabilities

	(Unit: millions of yen)
Deferred tax assets	
Loss carried forward	1,556
Exclusion from the deductible expenses of provision for bonuses	35
Exclusion from the deductible expenses of Provision of allowance for doubtful accounts	167
Exclusion from the deductible expenses of loss on valuation of investment securities	4,794
Exclusion from the deductible expenses of loss on valuation of shares of subsidiaries and associates	2,693
Disallowed portion of loss on investments in partnership	193
Valuation difference on available-for-sale securities	60
Other	71
Subtotal deferred tax assets	<u>9,571</u>
Valuation allowance	(9,533)
Offset against deferred tax liabilities	<u>(33)</u>
Total deferred tax assets	<u>5</u>
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(7,390)
Business tax receivable	<u>(32)</u>
Subtotal deferred tax liabilities	<u>(7,422)</u>
Offset against deferred tax assets	33
Total deferred tax liabilities	<u>(7,389)</u>
Deferred tax liabilities, net	<u>(7,384)</u>

### (2) Breakdown by major causes of the significant difference between the statutory tax rate and the effective tax rate for financial statement purposes, if any, by item.

Normal effective statutory tax rate	35.6%
(Adjustment)	
Permanently non-deductible expenses including entertainment expenses	7.6%
Exclusion from the deductible expenses of donation	22.8%
Amount excluded from gross revenue such as dividend income	(101.7%)
Changes in valuation allowance	33.8%
Other	(0.1%)
Effective tax rate after tax effect accounting	<u>(1.9%)</u>

### (3) Amendments to deferred tax assets and deferred tax liabilities due to changes in income tax rate

With the "Partial Revision on the Income Tax Act" (Act No. 9 of 2015) promulgated on March 31, 2015, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities for the fiscal year ended March 31, 2015 (those which will be reversed in the fiscal years beginning April 1, 2015) has been changed from the previous fiscal year's 35.64% to 33.10% for those to be collected or paid between April 1, 2015 and March 31, 2016 and 32.34% for those to be collected or paid on or after April 1, 2016, respectively.

As a result, deferred tax liabilities at the end of the fiscal year ended March 31, 2015 decreased by ¥735 million, while Valuation difference on available-for-sale securities increased by ¥735 million.

## VI Notes Regarding Transactions with Related Parties

### (1) Subsidiaries and Affiliates

(Unit: millions of yen)

Type	Name of the company	Voting rights (%)	Relationship	Description of the transactions	Transaction amount (Note 1)	Accounts	Balance at end of fiscal year
Subsidiary	Sammy Corporation	100.0	Management guidance to the company, interlocking directorate	Consulting fee income(Note 2)	3,758	Accounts receivable-trade	338
				Consolidated taxation system	—	Accounts receivable-other	3,823
				Reception of deposits(Note 3)	—	Deposits received	9,915
Subsidiary	SEGA CORPORATION	100.0	Management guidance to the company, interlocking directorate	Consulting fee income(Note 2)	1,851	Accounts receivable-trade	166
				Collection of loans receivable	2,140	Short-term loans receivable from subsidiaries and affiliates	2,140
						Long-term loans receivable from subsidiaries and affiliates	10,720
				Reception of interests(Note 5)	217	Accrued interest	85
				Consolidated taxation system	—	Accounts payable-other	2,765
Subsidiary	MARZA ANIMATION PLANET INC.	100.0	Interlocking directorate	Debt forgiveness (Note 6)	2,000 (Note 6)	—	—
Subsidiary	SEGA TOYS CO., LTD.	100.0	Interlocking directorate	Debt forgiveness (Note 7)	2,677 (Note 7)	—	—

Notes: 1. Consumption taxes are not included in transaction amounts.

2. The amount of the Consulting fee income is decided based on the Company's necessary expenses.

3. Cash management system transactions are used for the purpose of uniformly and efficiently procuring and managing funds within the Group.

4. SEGA CORPORATION changed its trade name to SEGA Games Co., Ltd. on April 1, 2015

5. Interest is determined with consideration to market interest rates.

6. For ¥2,000 million of long-term loans receivable from MARZA ANIMATION PLANET INC., the Company implemented debt forgiveness. Debt forgiveness of ¥2,000 million of long-term loans receivable was recorded as loss on support to subsidiaries and associates for the fiscal year ended March 31, 2015.

7. For ¥2,677 million of long-term loans receivable from SEGA TOYS CO., LTD., the Company implemented debt forgiveness. Among the amounts of debt forgiveness of long-term loans receivable, allowance for doubtful accounts was provided to cover ¥1,666 million until the previous fiscal year, while the rest of the amounts, ¥1,011 million, was recorded as loss on support to subsidiaries and associates for the fiscal year ended March 31, 2015.

## (2) Directors, Key Individual Shareholders, etc.

(Unit: millions of yen)

Type	Name of related individual and company	Voting rights (%)	Relationship	Description of the transactions	Transaction amount (Note 1)	Accounts	Balance at end of fiscal year
Company in which Directors or their relatives own majority voting rights	FSC Co., Ltd. (Note 2)	5.50	Insurance representative	Payment of insurance premium (Note 3)	8	Prepaid expenses	2
			Subcontractor	Payment of subcontracting fees (Note 3)	9	—	—
			Lending of real-estate and equipment	Rental income from real-estate and equipment (Note 3)	3	Current liabilities-other	0

Notes: 1. Consumption taxes are not included in transaction amounts.

2. Hajime Satomi, Chairman of the Board and Chief Executive Officer, directly holds 53% shares in FSC Co., Ltd.

3. Transaction prices are determined in the same way as for general transactions and with reference to market prices.

**VII Note Regarding Per Share Information**

Net assets per share	¥1,391.67
Net income per share	¥30.55

**VIII Notes Regarding Material Subsequent Events**

The Company conducted contribution in kind of all of the shares of the Company's subsidiaries, Sammy Networks Co., Ltd., SEGA TOYS CO., LTD., TMS ENTERTAINMENT CO., LTD. and MARZA ANIMATION PLANET INC. to a subsidiary of the Company, SEGA Holdings Co., Ltd. (established on April 1, 2015) as of April 1, 2015.

## (1) Purpose

As part of the measures for restructuring into three business groups, it is to clarify the responsible business field of each Group company and thereby continuously review businesses owned by the Group to promote further business reorganization.

## (2) Overview of the subsidiaries

Name	Sammy Networks Co., Ltd.	SEGA TOYS CO., LTD.	TMS ENTERTAINMENT CO., LTD.	MARZA ANIMATION PLANET INC.
Business description	Planning, production, sales of game and music contents through mobile phones and Internet, etc.	Development, manufacture, sales of toys	Planning, production, sales and other activities involving animated movies	Production of computer graphics animations, planning, production of animated movies, licensing business
Head office	1-6-1, Roppongi, Minato-ward, Tokyo	1-1-39 Hiroo, Shibuya-ward, Tokyo	3-31-1, Nakano, Nakano-ward, Tokyo	2-2-20, Higashi-Shinagawa, Shinagawa-ward, Tokyo
Capital stock	¥300 million	¥100 million	¥8,816 million	¥100 million
Book value of the stock	¥12,065 million	¥21 million	¥12,011 million	¥842 million

(3) Ownership ratio after the contribution in kind

Indirect ownership: 100%

(4) Overview of the accounting procedures applied

Based on the “Accounting Standard for Business Combinations” (Accounting Standard Board of Japan “ASBJ” Statement No. 21, issued on September 13, 2013) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, issued on September 13, 2013), the Company applied an accounting procedure as a transaction under common control.