



# Fiscal Year Ended March 2007 Full Year Results

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May 14<sup>th</sup>, 2007  
SEGA SAMMY HOLDINGS INC

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These judgments and projections involve risk and uncertainty and the actual results may differ materially from these contents/comments.



# Full Year Results

# Highlights

Net sales: ¥528.2 Billion, Operating Profit: ¥76.5 Billion,  
 Ordinary Income ¥81.2 Billion, Net Income: ¥43.4 Billion

Decline in sales and profits versus the prior year

Pachinko Pachislot:	Pachislot: Sales of both old and new regulation machines were strong Pachinko: Did not meet sales expectations or the prior year's level
Amusement Machines:	Generally strong results, sales and profits at the same level as the prior year
Amusement Facilities:	As a result of same store sales and the kids card game business not achieving plans, results fell well short of the prior year's results
Consumer Business:	Strong entertainment software sales lead to increased revenue, but revenue growth offset by increases in R&D as profits maintain the same level as the prior period

## Corporate Actions:

Purchase of overseas entertainment software studios

=>Europe: Sports Interactive Ltd.

US: Secret Level Inc.

Business and Capital tie-up with Taiyo Elec Co., Ltd

Comprehensive strategic alliance with Sanrio

# Condensed Consolidated Income Statement

(¥ Billions)	FY 2006	FY 2007		
	Results	Forecast	Results	YOY Change
<b>Net Sales</b>	553.2	580.0	<b>528.2</b>	<b>-4.5%</b>
<b>Operating Income</b>	119.1	97.5	<b>76.5</b>	<b>-35.8%</b>
Operating Margin	21.5 %	16.8%	<b>14.5%</b>	<b>-7.0 Points</b>
<b>Ordinary Income</b>	119.5	100.0	<b>81.2</b>	<b>-32.0%</b>
Ordinary Income Margin	21.6%	17.2 %	<b>15.4%</b>	<b>-6.2 Points</b>
<b>Net Income</b>	66.2	60.0	<b>43.4</b>	<b>-34.4%</b>
Net Income Margin	12.0%	10.3 %	<b>8.2%</b>	<b>-3.8 Points</b>

\*FY 2007 EPS: ¥172.47

# Segment Results

( ¥ Billions )		FY 2006	FY 2007		
		Results	Forecast	Results	YOY Change
<b>Net Sales</b>		553.2	580.0	<b>528.2</b>	<b>-4.5%</b>
<b>Breakout</b>	<b>Pachinko Pachislot</b>	265.6	226.0	<b>211.5</b>	<b>-20.4%</b>
	<b>Amusement Machines</b>	71.5	84.0	<b>75.4</b>	<b>+5.5%</b>
	<b>Amusement Facilities</b>	106.2	125.0	<b>103.8</b>	<b>-2.3%</b>
	<b>Consumer</b>	90.3	123.0	<b>119.5</b>	<b>+32.3%</b>
	<b>Other</b>	19.4	22.0	<b>17.8</b>	<b>-8.2%</b>
<b>Operating Profit</b>		119.1	97.5	<b>76.5</b>	<b>-35.8%</b>
<b>Breakout</b>	<b>Pachinko Pachislot</b>	99.8	78.5	<b>71.1</b>	<b>-28.8%</b>
	<b>Amusement Machines</b>	12.1	12.5	<b>11.6</b>	<b>-4.1%</b>
	<b>Amusement Facilities</b>	9.2	12.0	<b>0.1</b>	<b>-98.9%</b>
	<b>Consumer</b>	1.9	2.5	<b>1.7</b>	<b>-10.5%</b>
	<b>Other</b>	-1.7	0.0	<b>-1.3</b>	<b>-</b>
	<b>Eliminations</b>	-2.3	-8.0	<b>-6.7</b>	<b>-</b>

# Balance Sheet

¥ Millions

Assets				Liabilities and Net Assets			
Account	Prior <sup>1</sup>	Current <sup>2</sup>	Change	Account	Prior <sup>1</sup>	Current <sup>2</sup>	Change
Cash and Equivalents	144,521	146,645	2,124	Payables	62,133	71,414	9,280
Receivables	96,727	83,492	(13,234)	Short Term Loans	8,395	29,244	20,849
Marketable Securities	19,497	996	(18,501)	Other	66,824	52,362	(14,462)
Inventories	32,200	40,117	7,917	Current Liabilities %	26.2%	27.9%	1.8%
Other	38,384	40,922	2,538	<b>Total Current Liabilities</b>	<b>137,353</b>	<b>153,021</b>	<b>15,668</b>
Current Assets %	63.4%	56.8%	-6.6%	Corporate Bonds	23,620	15,695	(7,925)
<b>Total Current Assets</b>	<b>331,331</b>	<b>312,175</b>	<b>(19,156)</b>	Long Term Debt	5,596	1,111	(4,485)
Tangible Fixed Assets	82,654	111,897	29,243	Other	20,353	21,254	901
Intangible Fixed Assets	16,712	25,267	8,554	Long Term Liabilities %	9.5%	6.9%	-2.6%
Investment Securities	59,918	63,471	3,553	<b>Long Term Liabilities</b>	<b>49,569</b>	<b>38,060</b>	<b>(11,509)</b>
				<b>Total Liabilities</b>	<b>186,923</b>	<b>191,082</b>	<b>4,158</b>
				Shareholder's Equity	321,196	348,565	27,369
				Valuation and Translation Adjustments	(4,516)	(10,496)	(5,979)
Other	32,297	37,128	4,830	Warrants	-	454	454
Fixed Assets %	36.6%	43.2%	6.6%	Minority Interest	19,311	20,334	1,022
<b>Total Fixed Assets</b>	<b>191,583</b>	<b>237,765</b>	<b>46,181</b>	Shareholder's Equity %	64.3%	65.2%	0.9%
<b>Total Assets</b>	<b>522,914</b>	<b>549,940</b>	<b>27,025</b>	<b>Net Assets</b>	<b>335,991</b>	<b>358,858</b>	<b>22,867</b>
				<b>Total Net Assets and Liabilities</b>	<b>522,914</b>	<b>549,940</b>	<b>27,025</b>

## Topics

Purchased 12.32 million shares of Sanrio(13.98% of outstanding shares)

Increase in tangible fixed assets due to purchase of land in Minato Mirai (Yokohama)

¥7.2 Billion increase in goodwill partially due to purchase of overseas subsidiaries

Book value per share: ¥1,341.80

<sup>1</sup> As of March 31<sup>st</sup>, 2006

<sup>2</sup> As of March 31<sup>st</sup>, 2007

# Consolidated Cash Flows

(¥ Billions)	FY 2006	FY 2007
Cash Flows from Operations	83.2	60.6
Cash Flows from Investing	-54.7	-75.3
Cash Flows from Financing	-21.1	-1.7
Effect of Exchange Rate on Cash and Cash Equivalents	0.6	0.7
Change in Cash and Cash Equivalents	8.0	-15.7
Cash and Equivalents at beginning of year	151.2	160.0
Change in Cash and Equivalents due to consolidation scope change	0.4	0.5
Change in Cash and Equivalents due to merger	0.3	-
Cash and Cash Equivalents at the end of the period	160.0	144.8

## Topics

### 【Major Factors】

Cash Flow from Operations: Pretax income of ¥77.4 Billion

Cash Flow from Investments: Payment for purchase of tangible assets totaled ¥49.3 Billion, and investment purchases \$33.1 Billion

Cash Flow from Financing: Payment of dividends ¥15 Billion

# Segment Results: Pachinko Pachislot

( ¥ Billions )	FY 2006	FY 2007		
	Full Year Results	Forecast	Results	YOY Change
<b>Net Sales</b>	265.6	226.0	<b>211.5</b>	-20.4%
Pachislot ( Rental )	189.4	157.5 ( 9.8 )	<b>173.7</b> <b>( 5.9 )</b>	-8.3%
Pachinko	67.0	59.0	<b>28.3</b>	-57.7%
Peripherals, Other	9.2	9.5	<b>9.5</b>	+3.2%
<b>Operating Income</b>	99.8	78.5	<b>71.1</b>	-28.8%
<b>Operating Margin</b>	37.5%	34.7%	<b>33.6%</b>	-3.9 Points

New rental system introduced from March 2007

\*Further details on pachinko pachislot sales available on the following page.

## Points

**While the rental mix was lower than expected leading to a rise in selling price it was not enough to offset poor sales in pachinko and operating income therefore fell below plan and the results achieved in the prior fiscal year**

### Pachislot:

Hokuto-no-Ken SE achieved sales of 340k units

Reg 5 Machines Kamen Rider DX8 and Ring ni Kakero sell well after strong start by Spiderman 2

Established a large advantage going into peak demand

### Pachinko:

Results well below target of 301k units

With review of pachinko development process and introduction of external reviews, expect to increase product quality from this period forward



# Pachinko Pachislot

## Pachislot Sales

Brand	FY 2006	FY 2007		
	Results	Forecast	Results	YOY Change
Sammy	6 Titles	5 Titles	5 Titles	-1 Title
	312,865 Units	415,000 Units	426,159 Units	+113,294 Units
RODEO	4 Titles	5 Titles	3 Titles	-1 Title
	159,123 Units	69,000 Units	43,905 Units	-115,218 Units
GINZA	-	1 Title	2 Titles	+2 Titles
	-	10,000 Units	19,922 Units	+19,922 Units
Unit Supply	4 Titles	9 Titles	7 Titles	+3 Titles
	135,118 Units	30,000 Units	33,436 Units	-101,682 Units
Total (Rental)	14 Titles	20 Titles	17 Titles	+3 Titles
	607,106 Units	524,000 Units	523,422 Units (26,487 Units)	-83,684 Units

\*Rental developed in Sammy Brand

## Main Pachislot Titles

Brand	Title	Units Sold (FY 2007)	Sales Period
Sammy	Hokuto no Ken SE	340,760 Units	July
	Spiderman 2	39,000 Units	October
	Kamen Rider DX	29,173 Units	February
RODEO	Ore no Sora	25,118 Units	Prior FY
	Sakigake!! Otokojuku	12,020 Units	March
GINZA	Ring ni Kakero 1	18,837 Units	March
Unit Supply	Kaido Ou	33,436 Units	November
	Taiho Shichauzo		November
	Sangokushi		March
	Other		

## Pachinko Sales

Sammy	8 Titles	12 Titles	11 Titles	+3 Titles
	288,895 Units	234,000 Units	108,568 Units	-180,327 Units
GINZA	-	5 Titles	4 Titles	+4 Titles
	-	67,000 Units	24,413 Units	+24,413 Units
Total	8 Titles	17 Titles	15 Titles	+7 Titles
	288,895 Units	301,000 Units	132,981 Units	-155,914 Units

## Main Pachinko Sales

Brand	Title	Units Sold (FY 2007)	Sales Period
Sammy	CR Salaryman Kintaro	28,133 Units	November
	CR Hokuto no Ken STV	23,242 Units	July
	CR Freddy vs Jason	19,897 Units	May
	CR Gachaman	10,453 Units	September
GINZA	CR Mangetsu no Yoru ni Shoten Shitai	12,439 Units	June
	CR 1・2 no Sanshiro	4,739 Units	August

# Segment Results: Amusement Machines

(¥ Billions)	FY 2006	FY 2007		
	Results	Forecast	Results	YOY Change
<b>Net Sales</b>	71.5	<b>84.0</b>	<b>75.4</b>	<b>+5.5%</b>
Domestic	63.3	<b>69.5</b>	65.7	+3.8%
Overseas	8.1	<b>14.5</b>	9.7	+19.8%
<b>Operating Profit</b>	12.1	<b>12.5</b>	<b>11.6</b>	<b>-4.1%</b>
<b>Operating Margin</b>	17.0%	<b>14.8%</b>	<b>15.4%</b>	<b>-1.6 Points</b>

\*Further breakdown on the Amusement Machines segment provided on the following page

## Points

Results generally firm, sales and operating profit similar to prior year  
 Strong shipments of “Amigyo”, “Sangokushi Taisen 2” card sales, “Initial D ARCADE STAGE 4”  
 All. Net P-ras (Billing model based on machine use)  
 Analyze results thus far to determine strategy going forward  
 In overseas markets results were short of plan due to a lack titles

# Amusement Machines

## Main Titles

( FY 2007 )

Product	Sales Results
Sangokushi Taisen 2	Cards: 69,821 Cartons
Initial D ARCADE STAGE 4	Satellite: 3,056 Units
Amigyo	Body: 640 Units
Star Horse 2 2006	Body: 100 Units Satellite: 2,055 Units
Virtua Fighter 5	DX Set: 696 Units

# Segment Results: Amusement Facilities

( ¥ Billions )	FY 2006	FY 2007		
	Full Year Results	Forecast	Full Year Results	YOY Change
<b>Net Sales</b>	106.2	125.0	<b>103.8</b>	<b>-2.3%</b>
( Overseas )	6.1	8.7	9.8	+60.7%
<b>Operating Profit</b>	9.2	12.0	<b>0.1</b>	<b>-98.9%</b>
<b>Operating Margin</b>	8.7%	9.6%	<b>0.1%</b>	<b>-8.6 Points</b>
<b>Depreciation</b>	17.1	18.1	<b>18.0</b>	<b>+0.9</b>
<b>Cap-ex</b>	24.5	20.4	<b>18.1</b>	<b>-6.4</b>

\*Further details on facilities, business environment and kids cards available on the following page.

\*TMS Entertainment fully consolidated from 2H FY 2006

## Points

Full year profitability well below prior year

Negative same store comps from 2<sup>nd</sup> quarter forward

Kids card sales below plan and prior year results

Impact of a highly competitive and saturated market

# Amusement Facilities

## Facilities Data

		FY 2006*	FY 2007	
		Results	Forecast	Results
Stores		462	471	<b>449</b>
	Opened	14	23	<b>18</b>
	Closed	52	14	<b>31</b>
Same store comps		+3.3%	+3.4%	<b>-4.2%</b>

\*TMS fully consolidated from 2H FY 2006

## Kids Card Data

		FY 2006	FY 2007	
		Results	Forecast	Results
Totals	Increase in Units	16,200 Units	9,000 Units	<b>2,400 Units</b>
	Installed Units Period End	27,000 Units	36,000 Units	<b>29,400 Units</b>
	Card Sales in Period	347,500,000	357,000,000	<b>216,000,000</b>
	Accumulated Card Sales	515,000,000	872,000,000	<b>731,000,000</b>

# Segment Results: Consumer

( ¥ Billions )	FY 2006	FY 2007			
	Full Year Results	Forecast	Full Year Results	YOY Change	
<b>Net Sales</b>	90.3	123.0	<b>119.5</b>	<b>+32.3%</b>	
Breakout	Ent Software	56.2	77.9	76.1	+35.4%
	Network/Other	34.1	45.1	43.4	+27.3%
<b>Operating Profit</b>	1.9	2.5	<b>1.7</b>	<b>-10.5%</b>	
<b>Operating Margin</b>	2.1%	2.0%	<b>1.4%</b>	<b>-0.7 Points</b>	
<b>R&amp;D Expense</b>	17.8	26.4	<b>26.6</b>	<b>+8.8</b>	

\*Further details on software titles and units available on the following page.

## Points

With strong results in the US and contribution from recently acquired companies, entertainment software as a whole was profitable and in-line with plans

Japan: LOVE AND BERRY sells 1.12 Million units

Ryu ga Gotoku series (1&2) exceeds the million mark

US: Sonic the Hedgehog for XBOX360 and PS3, Sonic Mega Collection/Plus and catalogue titles sell strongly

Europe: Football manager 2007 and Medieval II: Total War achieve strong sales. Certain titles moved to the March '08 fiscal year.

Services in the network businesses delayed until the March 2008 period, results well below plan

# Consumer

## Entertainment Software Sales

Region		FY 2006		FY 2007	
		# Titles	Sales k's	# Titles	Sales k's
Breakout	Japan	55	4,200	57	5,860
	US	30	6,140	39	8,230
	Europe	37	6,060	44	7,180
Total		122	16,400	140	21,270

Platform		FY 2006		FY 2007	
		# Titles	Sales k's	# Titles	Sales k's
Breakout	PS2	42	4,340	35	3,160
	GC	12	1,200	2	150
	Xbox	17	1,520	0	10
	PS3	-	-	14	1,640
	Wii	-	-	7	1,420
	Xbox360	Includes Xbox		18	1,820
	NDS	18	1,340	13	2,380
	PSP	12	1,420	28	2,100
	GBA	7	890	3	380
	PC	14	1,350	20	2,010
	Catalogue	-	4,340	-	6,190
Total		122	16,400	140	21,270

## Sales Results for Main Titles

Region	Platform	FY 2007 Major Titles	Sales k's
Japan	NDS	LOVE AND BERRY	1,120
	PS2	Ryu ga Gotoku 2	600
	PS2	< PlayStation 2 the Best > Ryu ga Gotoku	510
	PS2/PSP/NDS	Jissen Pachislot Hisshoho Hokuto no Ken SE	380
	NDS/PSP/PS2	Puyo Puyo	250
US	PS2/XB/GC	Sonic Mega Collection/Plus	570
	PS2/XB/GC/PC	Sonic Riders	560
	X360/PS3	Sonic The Hedgehog	530
	PS2/XB/GC	Shadow The Hedgehog	470
Europe	PS2/XB/GC	Sonic Heroes	420
	PC/X360/PSP	Football Manager 2007(*1)	840
	PS3/X360/PSP/PC	Virtua Tennis 3	610
	PC	Medieval II : Total War(*2)	500
	NDS	Sonic Rush	360
X360/PS3	Sonic The Hedgehog	340	

Titles from acquired studios:

(\*1) Sports Interactive Ltd. (\*2)Creative Assembly Ltd.

# Listed Subsidiaries





# Listed Subsidiaries Results(1)

## Sammy NetWorks



(¥ Billions)	FY 2006	FY 2007		
	Results	Forecast	Results	YOY Change
<b>Net Sales</b>	8.27	10.10	<b>10.62</b>	+28.5%
<b>Operating Income</b>	2.16	2.55	<b>2.52</b>	+16.8%
<b>Operating Margin</b>	26.1%	25.2%	<b>23.7%</b>	-2.4 Points

(¥ Billions)	FY 2006	FY 2007		
	Results	Forecast	Results	YOY Change
<b>Net Sales</b>	14.40	14.60	<b>15.20</b>	+5.5%
<b>Operating Income</b>	1.05	0.34	<b>0.33</b>	-68.5%
<b>Operating Margin</b>	7.2%	8.4%	<b>2.1%</b>	-5.1 Points

### Sammy Networks

Increase in sales and profits

Services for PCs

In addition to Pachislot games also introduced 7 pachinko titles. 16 contributing companies, 38 different contents

Overseas net sales falls

Negative impact from strengthening of regulations in China

M&A

By making Realus and Media-Trust subsidiaries increased revenue in the point media and solutions business

### Sega Toys

Increased sales reduced operating income

Underperformance in NEW content business

Falling sales of domestic boys and girls toys

Reduction in inventory valuation (¥ 280 Million)

Strong overseas sales (Overseas contribution 20.1% 32.6%)

Successful introduction of Grand Pianist

Homestar becomes a sales staple

Anpanman continues to sell well

# Listed Subsidiaries Results (2)



(¥ Billions)	FY 2006	FY 2007		
	Results	Forecast	Results	YOY Change
Net Sales	16.15	15.79	<b>15.59</b>	-3.5%
Operating Income	1.68	1.76	<b>1.60</b>	-4.8%
Operating Margin	10.4%	11.2%	<b>10.3%</b>	-0.1 Point



(¥ Billions)	FY 2006	FY 2007		
	Results	Forecast	Results	YOY Change
Net Sales	16.22	14.90	<b>14.89</b>	-8.2%
Operating Income	-0.43	-0.43	<b>-0.46</b>	-
Operating Margin	-	-	<b>-</b>	-

## TMS Entertainment

Animation Business: Increased sales and profits

While new productions fell, licensed business experienced strong growth leading to a large increase in profits

Created group related content “Pururun! Shizukuchan” and “Bakugan”

Amusement Business: Decreased sales and profits

While new stores have generated greater revenue overall growth has not been achieved

Increased cost of large scale games as well as the increased scale and cost of opening new facilities

## Nisshou Interlife

Specialized Construction

Construction of shopping centers and department stores on the rise led to increased demand. Sales and operating profit were firm.

Comprehensive Construction

Strong competition, avoidance of unprofitable ventures led to decreased sales and a gross margin below target. Negative operating income.



# FY 2008 Forecast

# FY 2008 Forecast

¥ Billions	FY 2006		FY 2007		FY 2008		
	Interim Results	Full Year Results	Interim Results	Full Year Results	Interim Results Plan	Full Year Results Plan	YOY Change
<b>Net Sales</b>	248.5	553.2	283.5	528.2	<b>310.0</b>	<b>670.0</b>	<b>+26.8%</b>
<b>Operating Income</b>	49.8	119.1	62.9	76.5	<b>14.0</b>	<b>70.0</b>	<b>-8.5%</b>
<b>Ordinary Income</b>	49.4	119.5	66.0	81.2	<b>13.0</b>	<b>67.0</b>	<b>-17.6%</b>
<b>Net Income</b>	24.9	66.2	37.9	43.4	<b>-5.0</b>	<b>35.0</b>	<b>-19.4%</b>

\*March 2008 Forecast EPS: ¥138.92

\*March 2008 Anticipated Dividend: ¥60 (mid term ¥30, year end ¥30)

# Segment Forecast




¥ Billions		FY 2006		FY 2007		FY 2008		
		Interim Results	Full Year Results	Interim Results	Full Year Results	Interim Results Plan	Full Year Results Plan	YOY Change
<b>Net Sales</b>		248.5	553.2	283.5	528.2	<b>310.0</b>	<b>670.0</b>	<b>+26.8%</b>
<b>Breakout</b>	<b>Pachinko Pachislot</b>	129.8	265.6	145.0	211.5	<b>168.0</b>	<b>303.0</b>	<b>+43.3%</b>
	<b>Amusement Machines</b>	30.8	71.5	34.6	75.4	<b>34.5</b>	<b>82.5</b>	<b>+9.4%</b>
	<b>Amusement Facilities</b>	48.5	106.2	53.5	103.8	<b>52.0</b>	<b>110.5</b>	<b>+6.4%</b>
	<b>Consumer</b>	28.5	90.3	40.7	119.5	<b>46.5</b>	<b>156.0</b>	<b>+30.5%</b>
	<b>Other</b>	10.7	19.4	9.6	17.8	<b>9.0</b>	<b>18.0</b>	<b>+1.1%</b>
<b>Operating Income</b>		49.8	119.1	62.9	76.5	<b>14.0</b>	<b>70.0</b>	<b>-8.5%</b>
<b>Breakout</b>	<b>Pachinko Pachislot</b>	46.4	99.8	63.7	71.1	<b>36.9</b>	<b>66.3</b>	<b>-6.8%</b>
	<b>Amusement Machines</b>	4.5	12.1	6.6	11.6	<b>0.2</b>	<b>9.2</b>	<b>-20.7%</b>
	<b>Amusement Facilities</b>	4.3	9.2	2.9	0.1	<b>-2.4</b>	<b>-1.0</b>	<b>-</b>
	<b>Consumer</b>	-4.3	1.9	-6.7	1.7	<b>-15.6</b>	<b>4.4</b>	<b>+158.8%</b>
	<b>Other</b>	-0.4	-1.7	-0.4	-1.3	<b>-0.4</b>	<b>-0.4</b>	<b>-</b>
	<b>Eliminations</b>	-0.5	-2.3	-3.2	-6.7	<b>-4.7</b>	<b>-8.5</b>	<b>-</b>

# Segment Forecast: Pachinko Pachislot



## Plan

¥ Billions		FY 2006		FY 2007		FY 2008		
		Interim Results	Full Year Results	Interim Results	Full Year Results	Interim Plan	Full Year Results	YOY Change
Net Sales		129.8	265.6	145.0	211.5	<b>168.0</b>	<b>303.0</b>	+43.3%
	Pachislot	73.0	189.4	123.4	173.7	<b>132.0</b>	<b>186.6</b>	+7.4%
	( Rental )	-	-	( 1.5 )	( 5.9 )	<b>( 10.5 )</b>	<b>( 22.4 )</b>	( +279.6% )
	Pachinko	52.6	67.0	16.1	28.3	<b>29.1</b>	<b>100.1</b>	+253.7%
	Peripherals/Other	4.2	9.2	5.5	9.5	<b>6.9</b>	<b>16.3</b>	+71.6%
Operating Income		46.4	99.8	63.7	71.1	<b>36.9</b>	<b>66.3</b>	-6.8%
Operating Margin		35.7%	37.5%	43.9%	33.6%	<b>21.9%</b>	<b>21.8%</b>	-11.8 Points

## Pachislot

Maker	FY 2006	FY 2007	FY 2008	
	Results	Results	Interim Plan	Full Year Plan
 Sammy	6 Titles	5 Titles	<b>4 Titles</b>	<b>8 Titles</b>
	312,865 Units	426,159 Units	<b>255,000 Units</b>	<b>335,000 Units</b>
 RODEO	4 Titles	3 Titles	<b>4 Titles</b>	<b>7 Titles</b>
	159,123 Units	43,905 Units	<b>93,000 Units</b>	<b>128,000 Units</b>
 GINZA	-	2 Titles	<b>3 Titles</b>	<b>6 Titles</b>
	-	19,922 Units	<b>63,000 Units</b>	<b>103,000 Units</b>
Unit Supply	4 Titles	7 Titles	<b>10 Titles</b>	<b>12 Titles</b>
	135,118 Units	33,436 Units	<b>75,000 Units</b>	<b>95,000 Units</b>
Total ( Rental )	14 Titles	17 Titles	<b>21 Titles</b>	<b>33 Titles</b>
	607,106 Units	523,422 Units (26,487 Units)	<b>486,000 Units</b> (51,000 Units)	<b>661,000 Units</b> (88,000 Units)

## Pachinko

Maker	FY 2006	FY 2007	FY 2008	
	Results	Results	Interim Plan	Full Year Plan
 Sammy	8 Titles	11 Titles	<b>3 Titles</b>	<b>8 Titles</b>
	288,895 Units	108,568 Units	<b>102,000 Units</b>	<b>322,000 Units</b>
 GINZA	-	4 Titles	<b>2 Titles</b>	<b>4 Titles</b>
	-	24,413 Units	<b>25,000 Units</b>	<b>65,000 Units</b>
Total	8 Titles	15 Titles	<b>5 Titles</b>	<b>12 Titles</b>
	288,895 Units	132,981 Units	<b>127,000 Units</b>	<b>387,000 Units</b>

\*Rental program includes Sammy and Ginza Brands.

# Segment Forecast : Pachinko Pachislot

## Causes of drop in profitability

As the pachislot market leader we aim for a stable marketplace through a policy of industry cooperation

Focusing on the short term movement to new regulation machines we are introducing limited term rental and discount plans

With a very short and concentrated period of shipments re-use will be limited

## March 2009 Fiscal Year

Reviwe pricing according to market conditions

From March 2009 expect full impact from re-use allowing for a reduction in input costs

### 《 Pachislot 》

Addressing the major replacement demand

- Introduce the large number of the Group's approved machines in accordance with market needs
- Employ the industry's leading production and distribution capacity to expand share
- Even after the major replacement cycle appropriately deliver major titles to keep the market fresh

### 《 Pachinko 》

Move to a system that better emphasizes quality

- Stress quality rather than number of titles
- Install checkpoints in the manufacturing process, strengthen collaboration between development and sales divisions, incorporate outside feedback develop truly marketable products
- Established and overarching R&D control division, pachinko and pachislot developed under a comprehensive process strengthen the overall R&D process

# Segment Forecast : Amusement Machines

## Plan

¥ Billions		FY 2006		FY 2007		FY 2008		
		Interim Results	Full Year Results	Interim Results	Full Year Results	Interim Plan	Full Year Plan	YOY Change
Net Sales		30.8	71.5	34.6	75.4	<b>34.5</b>	<b>82.5</b>	+9.4%
Breakout	Domestic	27.1	63.3	31.4	65.7	<b>27.5</b>	<b>67.5</b>	+2.7%
	Overseas	3.7	8.1	3.1	9.7	<b>7.0</b>	<b>15.0</b>	+54.6%
Operating Income		4.5	12.1	6.6	11.6	<b>0.2</b>	<b>9.2</b>	-20.7%
Operating Margin		14.6%	17.0%	19.0%	15.4%	<b>0.5%</b>	<b>11.1%</b>	-4.3 Points

### Strengthen the development system :

- Increase development staff in order to expand product lineup
- Aim to provide major titles on a stable basis both domestically and abroad

### ALL.Net P-ras :

- Gather data from the 07/3 period to develop this business going forward  
Analyze and adjust to grow this business in 08/3 and onwards

### Overseas Business :

- Prioritize each region as well as each product by region



# Segment Forecast : Amusement Facilities

Plan

¥ Billions	FY 2006		FY 2007		FY 2008		YOY Change
	Interim Results	Full Year Results	Interim Results	Full Year Results	Interim Plan	Full Year Plan	
Net Sales	48.5	106.2	53.5	103.8	<b>52.0</b>	<b>110.5</b>	+6.4%
(Overseas)	2.6	6.1	4.3	9.8	<b>6.1</b>	<b>13.1</b>	+33.7%
Operating Profit	4.3	9.2	2.9	0.1	<b>-2.4</b>	<b>-1.0</b>	-
Operating Margin	8.9%	8.7%	5.4%	0.1%	-	-	-
Same Store Comps	+/-0%	+3.3%	+0.2%	-4.2%	<b>-3.5%</b>	<b>2.1%</b>	+6.3 Points
Domestic Storefronts	451	462	463	449	431	435	-14
Stores Opened	6	14	10	18	13	26	-
Stores Closed	32	52	9	31	31	40	-
Depreciation	6.6	17.1	8.2	18.0	<b>5.8</b>	<b>14.3</b>	-20.6%
Cap-ex	10.8	24.5	11.8	18.1	<b>8.0</b>	<b>18.2</b>	+0.6%

\*TMS fully consolidated from 2H FY 2006

## Rebuild existing facility profitability :

- To attract the maximum amount of customers dissect each facility and assign the right products and services to match the user needs
- With a rigorous examination of each storefront's profitability, develop our scrap and build strategy

## Kids Card Business :

- Keep share in an area that has become saturated

Introduce new titles and support current titles through supplying synergies with animated series, toys and video games

# Segment Forecast: Consumer

## Plan

¥ Billions	FY 2006		FY 2007		FY 2008		
	Interim Results	Full Year Results	Interim Results	Full Year Results	Interim Plan	Full Year Plan	YOY Change
Net Sales	28.5	90.3	40.7	119.5	<b>46.5</b>	<b>156.0</b>	+30.5%
Ent Software	14.9	56.2	20.8	76.1	<b>23.1</b>	<b>102.1</b>	+34.2%
Network Other	13.6	34.1	19.9	43.4	<b>23.4</b>	<b>53.9</b>	+24.2%
Operating Income	-4.3	1.9	-6.7	1.7	<b>-15.6</b>	<b>4.4</b>	+158.8%
Operating Margin	-	2.1%	-	1.4%	-	<b>2.8%</b>	+1.4 Points
Consumer Related R&D	7.6	17.8	11.7	26.6	<b>21.6</b>	<b>38.4</b>	+44.4%
Software Unit Sales k's	4,480	16,400	5,750	21,270	<b>6,340</b>	<b>28,000</b>	+6,730

## March 2008 Strategy

### Entertainment Software :

- Build out development ability through increased staff in overseas development studios
- While recognizing an increase in the number of units sold reduce R&D as a % of sales
- Continue with a multi-platform development strategy across regions to realize stable profitability

### Network and Other :

- Build out profitability of subsidiaries

# Segment Forecast: Consumer

## Entertainment Software Plan (FY 2008)

	Region	# Titles	Sales Units k's
Breakout	Japan	39	5,240
	US	43	10,940
	Europe	47	11,790
	Other	0	30
Total		129	28,000

	Platform	Titles	Sales Units k's
Breakout	PS2	9	1,650
	GC	0	0
	XB	0	0
	PS3	19	3,910
	Wii	23	4,580
	Xbox360	20	3,800
	NDS	26	5,360
	PSP	14	1,740
	GBA	0	0
	PC	18	2,460
	Catalogue	-	4,520
Total		129	28,000

# Listed Subsidiaries Forecast



# Listed Subsidiaries Forecast (1)



¥ Billions	FY2006	FY 2007	FY 2008		
	Results	Results	Interim Plan	Full Year Plan	YOY Change
<b>Net Sales</b>	8.27	10.62	<b>5.67</b>	<b>12.5</b>	+17.6%
<b>Operating Income</b>	2.16	2.52	<b>0.87</b>	<b>2.0</b>	-20.7%
<b>Operating Margin</b>	26.1%	23.7%	<b>15.3%</b>	<b>16.0%</b>	-7.7 Points

## Sammy Networks

Focus on expanding 3 primary businesses

Online Pachislot games for PCs

Expand game application delivery and pachinko application service

mu pass:

Expand printing content service with Epson

Point media business

Renew important services, increase mobile collaboration, and introduce a point exchange service

Increase investment burden, temporarily decrease income

M&A goodwill amortization ¥0.78 Billion

Increase personnel for new services ¥0.2 Billion

¥ Billions	FY2006	FY 2007	FY 2008		
	Results	Results	Interim Plan	Full Year Plan	YOY Change
<b>Net Sales</b>	14.40	15.20	<b>7.50</b>	<b>17.50</b>	+15.1%
<b>Operating Income</b>	1.05	0.33	<b>-0.18</b>	<b>0.67</b>	+103.0%
<b>Operating Margin</b>	7.2%	2.1%	<b>-2.4%</b>	<b>3.8%</b>	+1.7 Points

## Sega Toys

Development of adult oriented entertainment domestically

Grand Pianist and Tokyo Tower-2007

Continue to develop toys using group content

Bakugan (in conjunction with TMS) worldwide development has begun

More active in hobby toy products

New company Taiyo established, adult oriented radio control toy development started

Internal content - Started a new series "Ocha Ken"

# Listed Subsidiaries Forecast (2)



¥ Billions	FY2006	FY 2007	FY 2008		
	Results	Results	Interim Plan	Full Year Plan	YOY Change
<b>Net Sales</b>	16.15	15.59	<b>7.68</b>	<b>17.43</b>	+11.8%
<b>Operating Income</b>	1.68	1.60	<b>0.56</b>	<b>1.91</b>	+19.2%
<b>Operating Margin</b>	10.4%	10.3%	<b>7.3%</b>	<b>11.0%</b>	+0.7 Points



¥ Billions	FY2006	FY 2007	FY 2008		
	Results	Results	Interim Plan	Full Year Plan	YOY Change
<b>Net Sales</b>	16.22	14.89	<b>7.52</b>	<b>15.30</b>	2.8%
<b>Operating Income</b>	-0.43	-0.46	<b>0.01</b>	<b>0.06</b>	-
<b>Operating Margin</b>	-	-	<b>0.1%</b>	<b>0.4%</b>	-

## TMS Entertainment

- Raise sales and profitability in the animation business
- Plan to increase sales and profitability in both new production and license business areas
- Try to produce a major hit to challenge past sales records
- Raise sales and profitability in the animation business
- Restore profitability with review and renewal of existing storefronts
- Focus on the storefronts with best risk profile and best ability to draw customers in order to up the level of investment success

## Nisshou Interlife

- Expand profitability in specialized construction
- Strengthen sales base by securing and training quality personnel
- Profitability in comprehensive construction
- Increase network with the SEGA SAMMY Group
- Increase promotional activity
- Better relations with commercial developers



# Appendix



# Costs and Expenses

¥ Billions	FY 2006	FY 2007	FY 2008	
	Results	Results	Interim Plan	Full Year Plan
<b>R&amp;D</b>	<b>36.3</b>	<b>52.1</b>	<b>36.4</b>	<b>67.3</b>
<b>Cap-ex</b>	<b>38.5</b>	<b>36.6</b>	<b>12.1</b>	<b>30.7</b>
<b>Depreciation</b>	<b>21.8</b>	<b>28.0</b>	<b>8.8</b>	<b>20.8</b>
<b>Marketing</b>	<b>18.9</b>	<b>22.2</b>	<b>8.4</b>	<b>22.4</b>



# Company Profile

Company Name	<b>Sega Sammy Holdings, Inc.</b>
Head Office	<b>Shiodome Sumitomo Building, 1-9-2 Higashi Shimbashi, Minato-ku, Tokyo 105-0021, Japan</b>
Established	<b>October 1, 2004</b>
Capital	<b>29.9billion</b>
Number of Shares Outstanding	<b>283,229,476 shares</b>





Major Shareholders		Equity Shares	% Voting
1	Hajime Satomi	43,569,338	17.29%
2	Sega Sammy Holdings	31,276,992	-
3	The Chase Manhattan Bank, N.A. London	19,591,357	7.77%
4	FSC Co., Ltd.	14,172,840	5.62%
5	State Street Bank and Trust Company	13,996,821	5.55%
6	Hero and Company	13,063,509	5.18%
7	Morgan Stanley and Company Inc.	6,916,718	2.74%
8	The Master Trust Bank of Japan, Ltd. (As Trustee)	6,408,400	2.54%
9	Japan Trustee Services Bank, Ltd. (As Trustee)	4,867,800	1.93%
10	Goldman Sachs and Company Regular Account	3,310,455	1.31%

Shareholder Data		
Type	% of Shares	% by Number of Shareholders
Financial Institutions	10.33%	0.12%
Securities Companies	2.02%	0.12%
Other Companies	7.33%	0.84%
Foreign Institutions and Individuals	36.70%	0.63%
Japanese Individuals and Other	32.57%	98.29%
Treasury stock	11.04%	0.00%

Shareholders
101,258

Data on this page as of end of March 2007

# Company Profile (Subsidiaries)

Subsidiary	Listed on:	Main operations	Shares held by the Company ( Percentage of voting rights )
Sammy NetWorks Co., Ltd. 	TSE Mothers Securities code: 3745	<u>&lt; Consumer &gt;</u> Distribution of music related content and game related content through mobile phones and the Internet.	24,804 shares ( 56.3% )
SEGA TOYS, LTD. 	JASDAQ Securities code: 7842	<u>&lt; Consumer &gt;</u> Design, development and sales of toys	11,250,000 shares ( 52.6% )
TMS Entertainment Ltd. 	NSE 2 <sup>nd</sup> Section Securities code: 3585	<u>&lt; Consumer • Amusement Facilities &gt;</u> Planning, production, sales and export of animation films, and amusement businesses	23,549,000 shares ( 55.5% )
NISSHO INTER LIFE CO., LTD. 	JASDAQ Securities code: 1986	<u>&lt; Other &gt;</u> Planning, design, management and construction of displays and commercial facilities	7,714,400 shares ( 51.3% )

Data as of March 31<sup>st</sup>, 2007

# Pachinko/Pachislot Market Data

## Number of pachinko halls

(Number of pachinko halls with pachinko machines installed includes facilities that combine installations of pachinko machines and pachislot machines.)

	2001	2002	2003	2004	2005	2006
Number of pachinko halls with pachinko machines installed	15,691	15,255	14,695	13,844	12,913	12,588
Number of pachinko halls with pachislot machines installed	1,110	1,249	1,381	1,773	2,252	2,086
Total	16,801	16,504	16,076	15,617	15,165	14,674

## Numbers of pachinko/pachislot machines sold and installed/Market size

		2001	2002	2003	2004	2005	2006
Pachinko	Units sold	3,230,489	3,174,079	3,686,677	4,012,901	4,047,427	N/A
	Units installed	3,326,583	3,252,241	3,227,239	3,077,537	2,960,939	2,932,952
	Market size (millions of yen )	569,129	561,506	672,055	786,413	867,209	N/A
Pachislot	Units sold	1,290,719	1,501,894	1,842,392	1,675,049	1,804,292	N/A
	Units installed	1,459,233	1,606,123	1,660,839	1,887,239	1,936,476	2,003,482
	Market size (millions of yen )	351,344	396,566	526,354	524,882	543,049	N/A

Source: National Police Agency (numbers of halls and machines installed) and Yano Research Institute Ltd. (machine sales and market size)

# Pachinko/Pachislot Sales Share

Share of Annual Pachislot Machine Sales												
Rank	2002			2003			2004			2005		
	Manufacturer	Share	Units sold	Manufacturer	Share	Units sold	Manufacturer	Share	Units sold	Manufacturer	Share	Units sold
1	<b>Sammy</b>	<b>31.1</b>	<b>466,501</b>	<b>Sammy</b>	<b>32.1</b>	<b>591,754</b>	<b>Sammy</b>	<b>40.4</b>	<b>676,933</b>	<b>Sammy</b>	<b>33.6</b>	<b>607,106</b>
2	Yamasa	20.0	300,000	Olympia	18.5	340,000	Olympia	16.4	275,000	Daito Giken	13.1	236,000
3	Aruze	19.7	296,481	Aruze	13.6	250,559	Yamasa	9.0	150,000	Olympia	10.4	187,000
4	Olympia	11.7	175,000	Yamasa	11.9	220,000	Daito Giken	7.9	132,000	Yamasa	8.3	150,000
5	Pioneer	3.7	55,000	Daito Giken	4.9	90,000	Aruze	4.6	77,881	SANKYO	6.2	111,659

Share of Annual Pachinko Machine Sales												
Rank	2002			2003			2004			2005		
	Manufacturer	Share	Units sold	Manufacturer	Share	Units sold	Manufacturer	Share	Units sold	Manufacturer	Share	Units sold
1	Sanyo Bussan	16.4	520,000	Sanyo Bussan	25.2	930,000	Sanyo Bussan	22.9	920,000	Sanyo Bussan	24.7	1,000,000
2	SANKYO	14.8	469,178	SANKYO	16.4	605,589	SANKYO	21.2	849,911	SANKYO	18.3	740,320
3	Heiwa	10.0	318,808	Daiichi	9.5	350,546	Heiwa	8.7	350,184	Kyoraku	9.6	390,000
4	Kyoraku	8.1	257,000	Heiwa	7.1	260,894	Daiichi	7.7	308,173	Newgin	7.9	320,000
5	Daiichi	7.9	250,834	<b>Sammy</b>	<b>6.7</b>	<b>248,533</b>	Newgin	6.9	278,000	<b>Sammy</b>	<b>7.1</b>	<b>288,895</b>
	<b>Sammy</b>	<b>2.6</b>	<b>82,025</b>				<b>Sammy</b>	<b>5.8</b>	<b>233,049</b>			

Source: Yano Research Institute Ltd.

# Amusement & Game Machines Market Data

AM machines net sales, operations net sales and home videogame related market (hardware & software)

(Millions of yen)

	2002	2003	2004	2005	2006	
AM machines net sales	154,528	177,889	180,550	199,227	N/A	
AM facilities operations net sales	605,521	637,744	649,223	682,458	N/A	
Number of amusement centers	11,499 centers	10,759 centers	10,109 centers	9,515 centers	9,091 centers	
Number of game machine units installed	439,937 units	428,358 units	438,986 units	445,025 units	460,031 units	
Number of game machine units installed per center	38.3 units	39.8 units	43.4 units	46.8 units	50.6 units	
Home videogame	Hardware net sales	790,767	631,481	425,143	862,163	N/A
	Software net sales	475,875	437,975	494,840	502,579	N/A

Source: JAMMA, AOU and NSA (net sales figures), and National Police Agency  
(Figures other than net sales are on a calendar year basis)