

FLASH REPORT
CONSOLIDATED FINANCIAL STATEMENTS [Japanese GAAP]
Year Ended March 31, 2015

Name of the Company : SEGA SAMMY HOLDINGS INC.
Code number : 6460
(URL <http://www.segasammy.co.jp/>)
Representative: Hajime Satomi
Chairman of the Board and Chief Executive Officer
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Annual Meeting of Shareholders: June 17, 2015 (plan)
Filing of Financial Report : June 18, 2015 (plan)
Start of cash dividend payments : May 27, 2015 (plan)

(Amounts below one million yen are rounded down)

1. Consolidated Operating Results for the Year Ended March 31, 2015

(1) RESULTS OF CONSOLIDATED OPERATIONS

(Percentage represents changes from the prior year)

	Net sales		Operating income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For Year ended March 31, 2015	354,921	(6.1)	17,609	(54.3)	(11,258)	—
For Year ended March 31, 2014	378,011	17.6	38,533	102.0	30,721	(8.2)

(Note) Comprehensive income:

For Year ended March 31, 2015: ¥(3,929) million (— %)
For Year ended March 31, 2014: ¥33,308 million ((29.8) %)

	Net income per share	Net income per share (Diluted)	Return on equity	Operating income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
For Year ended March 31, 2015	(46.22)	—	—	3.3	5.0
For Year ended March 31, 2014	126.42	125.39	9.3	7.2	10.2

(Reference) Equity in earnings of affiliates:

For Year ended March 31, 2015: ¥ 26 million
For Year ended March 31, 2014: ¥ (257) million

(2) CONSOLIDATED FINANCIAL POSITION

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
March 31, 2015	528,898	322,673	60.0	1,337.46
March 31, 2014	542,936	348,270	63.2	1,409.27

(Reference) Shareholders' equity

March 31, 2015: ¥317,551 million
March 31, 2014: ¥343,300 million

(3) CONSOLIDATED CASH FLOWS

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the year-end
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
For Year ended March 31, 2015	37,010	(37,734)	(15,058)	190,837
For Year ended March 31, 2014	75,201	(38,547)	(11,512)	202,741

2. Cash Dividends

	Cash dividends per share					Total dividends paid (annual)	Payout ratio (Consolidated)	Dividends paid to net assets (Consolidated)
	First quarter	Second quarter	Third quarter	Year-end	For the year			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
Year ended March 31, 2014	—	20.00	—	20.00	40.00	9,732	31.6	2.9
Year ended March 31, 2015	—	20.00	—	20.00	40.00	9,634	—	2.9
Year ending March 31, 2016 (plan)	—	20.00	—	20.00	40.00		50.0	

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

(Percentage represents changes from the prior year)

	Net sales		Operating income		Profit attributable to owners of parent		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
First half ending September, 2015	200,000	29.7	14,000	305.5	11,000	—	46.33
Entire - year	420,000	18.3	25,000	42.0	19,000	—	80.02

4. Other

- (1) Significant changes in subsidiaries (scope of consolidation) during the year ended March 31, 2015: No
- (2) Changes in accounting principles, procedures, disclosure methods, etc., for preparing the consolidated financial statements:
 1. Changes associated with revision in accounting standards: Yes
 2. Other changes: No
- (3) Number of shares outstanding (common stock)
 1. Number of shares outstanding at the end of the period (including treasury stock)
 - March 31, 2015: 266,229,476
 - March 31, 2014: 266,229,476
 2. Number of treasury stock at the end of the period
 - March 31, 2015: 28,801,789
 - March 31, 2014: 22,627,725
 3. Average number of shares during the period
 - For Year ended March 31, 2015: 243,611,466
 - For Year ended March 31, 2014: 243,017,280

[Caution With Regard to Operating Results Outlook]

- This report is outside the scope of audit in accordance with the Financial Instruments and Exchange Law, and the audit of financial statements in accordance with the Law has not been completed as of the disclosure of this report.

- The forward-looking statements, such as results forecasts, included in this document are based on information available to SEGA SAMMY HOLDINGS INC. (the Company) at the time of the announcement and assumptions considered reasonable. Actual results could differ materially, depending on a range of factors. For the assumptions prerequisite to the results forecasts and the points to be noted in the use of the forecasts, please see "Overview" on page 4.

1. Operating Results and Financial Position

(1) Overview

During the fiscal year ended March 31, 2015, the Japanese economy continued a gradual recovery as a whole backed by such developments as improving corporate performances and employment through the effects of monetary and fiscal policies. With regard to individual consumption, although consumer confidence weakened due to the impact of the increase in the consumption tax rate and other factors, individual consumption as a whole is holding firm on the back of steady improvements including the employment environment. However, the economy still remained in the condition requiring further time for full recovery due to uncertainty towards a downswing in overseas economies arising from factors such as the slowdown of growth in the economies of emerging countries.

In this climate, with regard to the pachislot and pachinko industry, a change in application of the model test procedure of pachislot machines in Security Communications Association conducting model test for the pachislot and pachinko machines led to a decrease in the number of launched new titles across the market, resulting in a year-on-year decrease in replacement for new pachislot machines. On the other hand, replacement for new pachinko machines remained relatively strong backed by a slight expansion in demand mainly for mainstay products. In order to revitalize the market in the future, it is essential to develop and supply machines that will be supported by end users.

In the amusement machine and amusement center industry, the market was sluggish due to the absence of major market-driving titles, along with the diversification of ways to play on smartphones and other devices. In the future, however, development and supply of innovative new game machines in line with diversifying customer needs is expected to revitalize the market.

In the home video game software industry, demand expanded in the market for digital games geared toward social networking services (SNS) and smartphones, while the market for packaged games softened.

In this business environment, net sales for the fiscal year ended March 31, 2015 amounted to ¥354,921 million (a decrease of 6.1% from the previous fiscal year). The Group posted an operating income of ¥17,609 million (a decrease of 54.3% from the previous fiscal year). The Group recorded a net loss of ¥11,258 million (net income of ¥30,721 million for the previous fiscal year) because the Group realized partial deferred tax assets and recorded them in income taxes-deferred by taking into account effect of tax revisions, performance of the current fiscal year and future earnings forecast along with carefully considering the probability of recovering deferred tax assets, in addition to recording expenses such as impairment loss, provision for dismantling of fixed assets, loss on the discontinuance of independent film production and early extra retirement payments.

In order to improve earning capacity in each businesses in the fiscal year ended March 31, 2015, the Company carried out structural reforms and decided rationalization such as restructuring inside the Group, reduction and withdrawal of unprofitable businesses and reduction of personnel.

This resulted in reporting of approximately ¥7,000 million during the fiscal year ended March 31, 2015 as expenses incurred in these activities. However, due to the reform, approximately ¥6,000 million is expected to reduce in fixed expenses in the fiscal year ending March 31, 2016 when compared to the fiscal year ended March 31, 2015. In the future, the Group will plan and implement policies with the aim of continuously improving earning capacity such as taking initiatives in issues which exist in each existing businesses and injecting management resources into growth fields including new areas.

Result of each segment is as follows

《Pachislot and Pachinko Machines》

In the pachislot machine business, although the Group launched “Pachislot SOUTEN-NO-KEN 2” and “Pachislot ALADDINA II” under the Sammy brand, overall sales of pachislot machines were 207 thousand units and fell short of the previous fiscal year, due to a year-on-year decrease in the number of launched new titles.

In the pachinko machine business, thanks to solid performance by the major title “CR Hokuto No Ken 6 series” along with “Pachinko CR Bakemonogatari” under the Sammy brand, overall sales of pachinko machines were 242 thousand units and exceeded results for the previous fiscal year.

As a result, net sales in this segment were ¥149,224 million (a decrease of 18.0% from the previous fiscal year) and operating income was ¥25,796 million (a decrease of 43.0% from the previous fiscal year).

Main Pachislot Machines and Units Sold

Model name	Brand	Units sold (Thousands)
Pachislot SOUTEN-NO-KEN 2	(Sammy)	76
Pachislot ALADDINA II	(Sammy)	72
Salaryman Kintaro	(Rodeo)	42
Pachislot Virtua Fighter	(Taiyo Elec)	7
Pachislot Lost Island	(Sammy)	4

Main Pachinko Machines and Units Sold

Model name	Brand	Units sold (Thousands)
CR Hokuto No Ken 6 series	(Sammy)	133
Pachinko CR Bakemonogatari	(Sammy)	32
CR BLACK LAGOON 2 series	(Taiyo Elec)	15
Dejihane CR Hokuto No Ken 5 Jibo	(Sammy)	14
CR HAKUSHON DAIMAO series	(Sammy)	10

《Amusement Machine Sales》

In the amusement machine sales business, there were sales of CVT KITS for “StarHorse3 Season III CHASE THE WIND,” sales of CVT KITS and expendables such as cards for “WORLD CLUB Champion Football” and “SENGOKU-TAISEN” as well as distribution revenue from revenue sharing titles such as “BORDER BREAK Series” and “Wonderland Wars.” Although net sales in this segment were ¥45,480 million (an increase of 3.7% from the previous fiscal year), operating loss was ¥2,536 million (operating loss of ¥1,264 million for the previous fiscal year) due to factors including inventory write-down of some of the inventories.

《Amusement Center Operations》

In the amusement center operations business, efforts to reinforce management capabilities of existing amusement centers continued from the previous fiscal year and sales at existing amusement centers in Japan were 100.1% of the level compared to the same period of the previous fiscal year. However, the Group was affected by a decrease in sales due to the increase in the consumption tax rate.

The Group opened 6 amusement centers and closed 6 amusement centers in the domestic market in the fiscal year. Consequently, the Group operated a total of 198 amusement centers in Japan at the end of the period.

As a result, net sales in this segment were ¥41,432 million (a decrease of 4.2% from the previous fiscal year) and operating loss was ¥946 million (operating income of ¥60 million for the previous fiscal year).

《Consumer Business》

In the consumer business, the Group launched titles such as “Alien: Isolation” and “Ryu ga Gotoku 0: Chikai no Basho” in the packaged game software field. Although a year-on-year increase in total volume of packaged software sales of 12,300 thousand copies, which includes 4,950 thousand copies in the U.S., 5,200 thousand

copies in Europe, and 2,140 thousand copies in Japan, performance in the field was weak due to the harsh market environment.

On the other hand, in the field of digital game software for mobile phones, smartphones, and PC downloading, the entire field of digital game software remained strong, backed by favorable results in the existing titles including “Ange Vierge” and “SAKATSUKU Shoot ! ,” in addition to the online RPG “PHANTASY STAR ONLINE 2,” and the major titles including “Puyopuyo!! Quest” and “CHAIN CHRONICLE – Kizuna no Shintairiku.” Meanwhile, on the pachinko and pachislot game website for mobile phones and PCs, the smartphone version of “777TOWN” and service for DeNA Co., Ltd.’s “Moba7” were enhanced.

Also, the number of titles distributed domestically in the field of digital game software as of March 31, 2015 was 117 (including 65 Pay-to-play types and 52 Free-to-play types).

In the toy sales division, the Group implemented the sale of such as “Anpanman Series” and “Jewelpod Series,” however the toy sales division as a whole performed weakly.

In the animated films division, distribution revenue from theater film “Detective Conan: Dimensional Sniper” and license revenue and revenue from merchandise sales from the TV series “Yowamushi Pedal” were favorable.

As a result, net sales in this segment were ¥111,757 million (an increase of 11.2% from the previous fiscal year) and operating income was ¥4,033 million (an increase of 93.1% from the previous fiscal year).

Outlook for the Fiscal Year ending March 31, 2016

With regard to the Japanese economy during the fiscal year ending March 31, 2016, the decline in ultimate demand after the increase in consumption tax is expected to bottom out and although gradual, recovery is expected due to the impact of decreasing crude oil prices and various other policies. In the world economy, in spite of uncertainty towards a slowdown in overseas economies arising from factors such as the slowdown of growth in the economies of emerging countries, economic expansion is expected to be sustained led by the U.S. economy.

Under such circumstances, as announced in the “Notice of Organizational Restructuring within the Group and Change of Names of Some Subsidiaries due to the Restructuring” released on February 12, 2015, the Group has determined to restructure its business groups into three businesses of (i) the Pachislot and Pachinko Machines which develops, manufactures and distributes pachislot and pachinko machines, (ii) the Entertainment Contents Business which focuses on digital games for smartphones and online PC games and (iii) the Resort Business which carries out initiatives such as developing and operating resort facilities and theme parks along with developing and operating integrated resorts overseas. Restructuring of the Group companies accompanying these changes was implemented on April 1, 2015. Since rationalization such as the reduction and withdrawal of unprofitable businesses is progressing as measures for structural reform, improvements in profitability mainly in the Entertainment Contents Business are expected.

<Pachislot and Pachinko Machines>

With regard to pachislot and pachinko machines which will continue to be a pillar of income among the business groups, temporary unstable conditions in the market are expected to continue due to factors such as operation of model test procedures of pachislot machines (hereinafter the “new system”) changing from September 2014 and determination of new agreements (“agreements”) related to “addiction” measures in the Nikkoso. In the future, it is expected that there would be demands for adaptations to the new system and agreements which are compatible with development and provision of machines which are popular with a wide variety of users. The Group possesses leading developmental abilities in the industry as well as a great number of powerful IP (Intellectual Property) with outstanding performance, and will continue to display high competitiveness and improve market share for machines which adapt to the new system and agreements.

In the fiscal year ending March 31, 2016, the Group expects sales of 265 thousand units of pachislot machines, up 57 thousand from the current fiscal year and 220 thousand units of pachinko machines, down 22 thousand from the current fiscal year.

On the other hand, in the fiscal year ending March 31, 2016, a temporary decrease in profitability is expected due to factors such as the impact of material procurement costs from a weak yen and the launch of new devices. The Group will improve profitability over mid-term through further strengthening of efforts toward cost improvements including standardization and common purchasing of materials between multiple brands and reusing materials.

<Entertainment Contents Business>

With regard to the Entertainment Contents Business which is a short to medium-term growth area, the Group positions the field of digital game software for smartphones and online PC games as the center of growth and will promptly shift management resources from fields such as packaged game software and amusement machine. In the field of digital game software in which market growth is expected to continue, the Group will launch multiple new titles such as “Hortensia SAGA,” “MONSTER GEAR” and “CHAOS DRAGON” in addition to existing mainstay titles such as “PHANTASY STAR ONLINE 2,” “CHAIN CHRONICLE – Kizuna no Shintairiku” and “Puyopuyo!! Quest” and plans for further profit growth as the Group did in the previous fiscal year.

In the fiscal year ending March 31, 2016, the number of newly launched titles distributed domestically in the field of digital game software is planned to be 47 (including 1 Pay-to-play type and 46 Free-to-play types).

In the packaged game software field, the Group is working on rationalization mainly in overseas and will build a structure in which revenue can be created with stability. In the fiscal year ending March 31, 2016, the Group will launch new titles mainly for the Group’s mainstay IP including “Persona5” which will be the latest title from the Persona series boasting over 6 million total copies sold along with implementing transitions of IP for packaged games such as “Total War” series into digital games mainly in overseas.

In the amusement machine field, the Group will launch new titles for a wide variety of users and markets including new titles for core game users such as “Kancolle Arcade,” “NEW MUSHIKING: The King of Beetles” which is the next-generation machine of “MUSHIKING: The King of Beetles,” a pioneer in the kids’ card game genre and “Nailpuri,” the world’s first nail sticker printer where you can make your own original nail stickers.

With regard to the amusement center operations field, the Group will endeavor to strengthen operation of existing game arcades and develop new businesses categories besides game arcades, of which the forerunner is the buffet dining “KidsBee Kohoku-Minamo” (Yokohama, Kanagawa) which opened in April 2015, where three generations of families can enjoy. In addition, the Group will carry out rationalization in the animation film and toy fields along with development focusing on standard and mainstay products and services to improve profitability.

<Resort Business>

In the Resort Business which is positioned as the medium to long-term growth area, the Group will endeavor to accumulate expertise through methods such as developing and operating theme parks and resort facilities as well as operating casino facilities overseas and make progress in prior investment for realizing integrated resorts business. In Japan, the Group will endeavor to improve contents of theme parks such as the indoor theme park “Tokyo Joypolis” and the nature simulation museum “Orbi Yokohama” along with strengthening of the management capability and customer attraction capability of the “Phoenix Seagaia Resort,” one of the leading resort facilities in Japan holding facilities such as hotels, golf courses and international meeting rooms. Overseas, the Group endeavors to operate existing casino facilities in Incheon, South Korea, through PARADISE SEGASAMMY Co., Ltd. (associate accounted for using equity method) which is a joint venture of Paradise Co., Ltd., a major tourism company in South Korea, and the Company. In addition to these efforts, the Group will proceed with the development of South Korea’s first full-fledged integrated resort “PARADISE CITY” for its opening which is targeted in the first half of 2017. On the other hand, concerning Resort Business, as these activities are in the prior investment phase, operating losses are expected in the fiscal year ending March 31, 2016.

In addition to the above efforts in each business group, as the displayed amount of consolidated net sales will be changed from net amount to total amount due to the changes in accounting policies of digital game software field, the Group is forecasting consolidated net sales of ¥420,000 million (an increase of 18.3% from the previous fiscal year before adjustment of changes to accounting policies), operating income of ¥25,000 million (an increase of 42.0% from the previous fiscal year) and profit attributable to owners of parent of ¥19,000 million for the fiscal year ending March 31, 2016 (net loss of ¥11,258 million for the previous fiscal year).

[Caution With Regard to Operating Results Outlook]

Statements in this report pertaining to market projections and the outlook for operating results reflect the assumptions and judgment of the Company’s management based on the most accurate information available at the time of release. Such statements carry inherent risks and uncertainties. Factors that may affect operating results include, but are not limited to, those discussed in the projections and outlook. Readers are cautioned that changes in a variety of factors could cause actual results to differ substantially from the aforementioned projections and outlook.

(2) Consolidated Financial Position

1) Assets, liabilities and net assets

(Assets and liabilities)

During the current fiscal year, current assets decreased ¥20,215 million due to a decrease in notes and accounts receivable-trade and short-term investment securities. Meanwhile, noncurrent assets increased ¥6,176 million due to acquisition of investment securities etc. and noncurrent liabilities increased ¥15,902 million due to issuance of bonds etc.

As a result, total assets as of the end of the current fiscal year decreased ¥14,038 million from the end of the previous fiscal year, to ¥528,898 million.

(Net assets)

During the current fiscal year, shareholder's equity decreased due to the posting of net loss, acquisition of treasury stocks and dividend payments. Meanwhile, foreign currency translation adjustment and valuation difference on available-for-sale securities increased.

As a result, net assets as of the end of the current fiscal year decreased ¥25,597 million from the end of the previous fiscal year, to ¥322,673 million.

(Financial ratio)

The current ratio at the end of the current fiscal year still remained at high level of 343.9%, 5.8 points decrease from the end of the previous fiscal year.

The equity ratio at the end of the current fiscal year decreased 3.2 points from the end of the previous fiscal year, to 60.0%.

2) Cash flows

Cash and cash equivalents at the end of the current fiscal year decreased ¥11,903 million from the end of the previous fiscal year, to ¥190,837 million.

Cash flows in respect of each area of activities in the current fiscal year are as follows

(Cash flows from operating activities)

Factors including ¥2,082 million income before income taxes and minority interests, ¥21,747 million of depreciation and amortization, ¥9,175 million decrease of notes and accounts receivable-trade and ¥6,679 million decrease of inventories, resulted in ¥37,010 million (¥75,201 million in the previous fiscal year) net cash provided by operating activities in the current fiscal year.

(Cash flows from investing activities)

Expenditures of ¥12,068 million for the acquisition of short-term investment securities and investment securities, ¥16,115 million for the acquisition of property, plant and equipment, and ¥8,494 million for the acquisition of intangible assets resulted in ¥37,734 million (¥38,547 million in the previous fiscal year) net cash used in investing activities in the current fiscal year.

(Cash flows from financing activities)

Meanwhile, financing of ¥19,844 million through issuance of bonds payables, expenditures of ¥12,423 million for repayment of long-term debt, ¥9,690 million for cash dividends paid and ¥12,601 million for purchase of treasury stock resulted in ¥15,058 million (¥11,512 million in the previous fiscal year) net cash used in financing activities in the current fiscal year.

<Cash Flow Indices>

	March 2011	March 2012	March 2013	March 2014	March 2015
Equity ratio	60.0%	58.9%	59.7%	63.2%	60.0%
Equity ratio (fair market value)	79.4%	87.5%	87.5%	103.7%	78.7%
Redemption of debt	58.9%	192.4%	524.9%	127.7%	301.9%
Interest coverage ratio	134.1 times	58.1 times	22.9 times	90.0 times	45.2 times

Notes: Equity ratio: (Net assets — Subscription rights to shares — Minority interests) / total assets

Equity ratio (fair market value): Market capitalization / total assets

Redemption of debt: Interest-bearing debt / operating cash flow

Interest coverage ratio: Operating cash flow / interest payments

1. All indicators are calculated using the consolidated financial results.
2. Market capitalization is calculated by multiplying the year-end share price with the number of shares issued and outstanding at year-end (excluding treasury stock).
3. Operating cash flow refers to Cash Flows from Operating Activities in the Consolidated Statements of Cash Flows.
4. Interest-bearing debt is the portion of debt recorded in the Consolidated Balance Sheets on which interest is being paid.
5. Interest payments refer to interest paid as shown in the Consolidated Statements of Cash Flows.

(3) Basic Policy Concerning Distribution of Earnings for the Fiscal Year ended March 31, 2015 and the Fiscal Year ending March 31, 2016

SEGA SAMMY HOLDINGS gives priority to returning profits to shareholders. The Company's basic policy is to pay an appropriate dividend that is commensurate with earnings.

For the distribution of surplus, the Company paid second quarter and plans to pay year-end dividends of ¥20 per share, respectively. This reflects the Group's policy of paying dividends to shareholders stably.

For the fiscal year ending March 31, 2016, the Company plans to pay second quarter and year-end dividends of ¥20 per share, respectively.

Furthermore, the Company's policy is to use retained earnings effectively to bolster its financial position and operating base as well as for investments in line with business expansion.

2. Overview of the SEGA SAMMY Group

This information is omitted since nothing significant has changed from the one set forth in the Annual Securities Report filed on June 19, 2014.

3. Management Policies

(1) Basic Management Policies

On October 1, 2004, SEGA CORPORATION* and SAMMY CORPORATION integrated their management resources. By combining the resources of the two companies, a holding company SEGA SAMMY HOLDINGS Inc. was established with the aim of maximizing corporate value. Since then, the Group has been taking various measures to build a business framework that responds quickly and flexibly to changes in the operating environment and to accelerate growth. As part of such measures, the Group restructured affiliated companies into the following three business groups on April 1, 2015.

- (i) Pachislot and Pachinko Machines centered on SAMMY CORPORATION
- (ii) Entertainment Contents Business with Network Games Business of SEGA CORPORATION* as core business
- (iii) Resort Business making developments such as hotels, golf courses and resort facilities

In each business group, the Group will promote improvement in efficiency on overlapping functions while speeding up decision-making, and develop a system in which management resources can be properly injected in order to increase the management efficiency while responding to changes in the business environment.

The Group will maximize the effective and mutual use of management resources within the Group with the entire world as the targeted market and carry out businesses targeting all generations. The Group believes it can respond to the expectations of those who have placed trust in us by “establishing a presence in all business fields and becoming the No. 1 comprehensive global entertainment company.”

(2) Medium- to Long-term Strategies and Other Issues

In addition to Pachislot and Pachinko Machines which consist of pachislot and pachinko machines, the Group is engaged in a diverse array of entertainment businesses such as the Entertainment Contents Business which consists of the field of digital game software for smartphones and online PC games, the packaged game software field including home video game software, amusement machines, amusement center operations as well as the toy and animation fields. Our goal is to have strong competitiveness in these fields as our core businesses. Additionally, we are aiming to make a full-fledged entry into the integrated resort facility business and will make active efforts to make the Resort Business, which involves development and management of theme parks and resort facilities, a new core business.

(3) Issues to be Addressed

With regard to Pachislot and Pachinko Machines, pachinko parlor operators continue to face increasingly harsh business conditions due to the widespread practice of lowering ball rental fees and a decline in the number of players amidst the significant reforms in the market environment and regulation environment such as changes to the model test procedures of pachislot machines. Under these circumstances, the Group will develop and supply products with innovative gameplay that meet market needs as it always has to maintain and expand market share.

With regard to Entertainment Contents Business which is positioned as a short to medium-term growth field, the Group is required to work on rationalization to improve profitability in the packaged game software field, amusement machine field, amusement center operations field and animation film and toy fields, in which profitability were on a downward trend, in order to realize further profit growth. At the same time, it is an important management issue for the Group to respond to changes in the market environment through promoting faster decision making in each field while concentrating management resources in the field of digital game software mainly for smartphones and online PC games which are the growth fields.

With regard to Resort Business which is positioned as a medium to long-term growth field, it is an important management issue of the Group to accumulate expertise through the development and operation of resort facilities and theme parks in Japan as well as integrated resorts overseas while preparing for a full-fledged resort business in the future by distributing management resources at an optimal level and conducting prior investments.

(4) Other Important Items for the Company's Business Management

As part of the measures for restructuring into three business groups, the Company implemented the following 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.

- Established SEGA Holdings Co., Ltd. and integrated the Entertainment Contents Business under the said company
- Established SEGA Interactive Co., Ltd. which operates in the area of the amusement machine field
- Merged SEGA CORPORATION* and SEGA Networks Co., Ltd. and changed the trade name to SEGA Games Co., Ltd. which operates in the area of the packaged game software field and field of digital game software
- Divided part of the Entertainment Park Business (such as Tokyo Joypolis, Orbi Yokohama) in order to utilize SEGA CORPORATION's* management expertise of large facilities in the Resort Business and established SEGA LIVE CREATION Inc. (direct subsidiary of the Company)

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

4. Basic Approach Concerning Selection of Accounting Standards

To prepare for the future adoption of IFRS, the Group is working towards the establishment of internal manuals, guidelines among others. However, for the time being, Japanese GAAP is adopted.

CONSOLIDATED FINANCIAL STATEMENTS

SEGA SAMMY HOLDINGS INC.
CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2014 AND 2015

(Unit : Millions of Yen)

	Prior year (As of March 31, 2014)	Current year (As of March 31, 2015)
	Amount	Amount
(A s s e t s)		
Current assets		
Cash and deposits	101,220	102,260
Notes and accounts receivable-trade	48,108	39,239
Allowance for doubtful accounts	(323)	(389)
Short-term investment securities	107,713	97,210
Merchandise and finished goods	6,130	6,518
Work in process	13,610	12,277
Raw materials and supplies	16,189	9,967
Income taxes receivable	1,993	6,235
Deferred tax assets	12,627	6,053
Other	11,203	18,887
Total current assets	318,475	298,260
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	103,561	104,191
Accumulated depreciation	(69,458)	(71,111)
Buildings and structures, net	34,103	33,079
Machinery, equipment and vehicles	20,468	20,229
Accumulated depreciation	(11,427)	(13,033)
Machinery, equipment and vehicles, net	9,041	7,196
Amusement machines and facilities	52,971	54,154
Accumulated depreciation	(43,534)	(44,287)
Amusement machines and facilities, net	9,436	9,866
Land	39,029	39,822
Construction in progress	2,239	1,782
Other	51,762	52,624
Accumulated depreciation	(43,450)	(44,099)
Other, net	8,311	8,525
Total property, plant and equipment	102,162	100,272
Intangible assets		
Goodwill	18,915	14,668
Other	12,879	14,402
Total intangible assets	31,795	29,071
Investments and other assets		
Investment securities	60,825	70,051
Long-term loans receivable	710	865
Lease and guarantee deposits	13,342	14,081
Deferred tax assets	875	656
Other	15,554	16,429
Allowance for doubtful accounts	(805)	(790)
Total investments and other assets	90,503	101,293
Total noncurrent assets	224,461	230,637
Total assets	542,936	528,898

SEGA SAMMY HOLDINGS INC.
CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2014 AND 2015

(Unit : Millions of Yen)

	Prior year (As of March 31, 2014)	Current year (As of March 31, 2015)
	Amount	Amount
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	37,292	26,964
Short-term loans payable	12,918	13,842
Current portion of bonds	1,700	1,600
Income taxes payable	6,288	3,240
Accrued expenses	12,255	13,358
Provision for bonuses	3,868	4,339
Provision for directors' bonuses	614	488
Provision for business restructuring	243	217
Provision for point card certificates	56	36
Asset retirement obligations	325	133
Deferred tax liabilities	5	11
Other	15,499	22,491
Total current liabilities	91,069	86,726
Noncurrent liabilities		
Bonds payable	37,800	56,200
Long-term loans payable	35,198	32,918
Net defined benefit liability	6,053	3,716
Provision for directors' retirement benefits	146	121
Deferred tax liabilities	4,294	4,274
Deferred tax liabilities for land revaluation	745	739
Asset retirement obligations	2,165	2,435
Provision for dismantling of fixed assets	—	3,395
Other	17,192	15,696
Total noncurrent liabilities	103,596	119,498
Total liabilities	194,666	206,224
(Net Assets)		
Shareholders' equity		
Capital stock	29,953	29,953
Capital surplus	119,312	119,282
Retained earnings	219,684	198,924
Treasury stock	(37,971)	(49,335)
Total shareholders' equity	330,977	298,824
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,804	17,794
Deferred gains or losses on hedges	0	10
Revaluation reserve for land	(4,705)	(4,699)
Foreign currency translation adjustment	(2,281)	3,414
Remeasurements of defined benefit plans	2,504	2,206
Total accumulated other comprehensive income	12,322	18,726
Subscription rights to shares	1,078	832
Minority interests	3,892	4,289
Total net assets	348,270	322,673
Total liabilities and net assets	542,936	528,898

SEGA SAMMY HOLDINGS INC.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2014 AND 2015

(Unit : Millions of Yen)

	Prior year From April 1, 2013 To March 31, 2014	Current year From April 1, 2014 To March 31, 2015
	Amount	Amount
Net sales	378,011	354,921
Cost of sales	230,040	220,044
Gross profit	147,970	134,876
Selling, general and administrative expenses	109,437	117,267
Operating income	38,533	17,609
Other income (expenses) :		
Interest income	341	307
Dividends income	917	982
Equity in earnings of affiliates	—	26
Gain on investments in partnership	1,623	311
Foreign exchange gains	966	—
Gain on bad debts recovered	—	300
Interest expenses	(849)	(910)
Equity in losses of affiliates	(257)	—
Sales discounts	(125)	(58)
Commission fee	(91)	(159)
Loss on investments in partnership	(357)	(66)
Penalty payment for cancellation of game center lease agreement	(18)	(2)
Bond issuance cost	(64)	(155)
Loss on retirement of noncurrent assets	(400)	(585)
Settlement package	(2)	(418)
Foreign exchange losses	—	(390)
Gain on sales of noncurrent assets	3,585	113
Gain on sales of shares of subsidiaries and associates	21	175
Gain on sales of investment securities	11,970	187
Gain on reversal of subscription rights to shares	0	196
Compensation income for expropriation	—	277
Loss on sales of noncurrent assets	(9)	(80)
Impairment loss	(1,799)	(7,881)
Loss on valuation of investment securities	(196)	(100)
Loss on liquidation of subsidiaries and affiliates	(6,601)	—
Provision for dismantling of fixed assets	—	(2,778)
Loss on the discontinuance of independent film production	—	(1,826)
Early extra retirement payments	—	(1,868)
Other	358	(1,123)
Subtotal	9,012	(15,527)

SEGA SAMMY HOLDINGS INC.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2014 AND 2015

(Unit : Millions of Yen)

	Prior year From April 1, 2013 To March 31, 2014	Current year From April 1, 2014 To March 31, 2015
	Amount	Amount
Income before income taxes and minority interests	47,545	2,082
Income taxes-current	8,131	5,483
Income taxes-deferred	8,098	6,901
Total income taxes	16,230	12,384
Income (loss) before minority interests	31,315	(10,302)
Minority interests in income	593	955
Net income (loss)	30,721	(11,258)
Minority interests in income	593	955
Income (loss) before minority interests	31,315	(10,302)
Other comprehensive income		
Valuation difference on available-for-sale securities	(10,580)	983
Deferred gains or losses on hedges	2	9
Revaluation reserve for land	-	5
Foreign currency translation adjustment	10,692	4,337
Remeasurements of defined benefit plans	-	(238)
Share of other comprehensive income of associates accounted for using equity method	1,878	1,275
Total other comprehensive income	1,993	6,373
Comprehensive income	33,308	(3,929)
(Breakdown)		
Comprehensive income attributable to owners of the parent	32,460	(4,855)
Comprehensive income attributable to minority interests	847	925

SEGA SAMMY HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2014 AND 2015

Prior year (From April 1, 2013 to March 31, 2014)

(Unit : Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balances as of April 1, 2013	29,953	119,335	198,924	(40,540)	307,673
Cumulative effects of changes in accounting policies					—
Balances as of April 1, 2013 which reflect changes in accounting policies	29,953	119,335	198,924	(40,540)	307,673
Changes of items during the period					
Dividends from surplus			(9,701)		(9,701)
Net income			30,721		30,721
Purchase of treasury stock				(55)	(55)
Disposal of treasury stock		(14)		2,623	2,608
Change of scope of consolidation		(8)	(260)		(269)
Change of scope of equity method					—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(23)	20,759	2,568	23,304
Balances as of March 31, 2014	29,953	119,312	219,684	(37,971)	330,977

(Unit: Millions of Yen)

	Accumulated other comprehensive income					
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balances as of April 1, 2013	27,385	—	(4,705)	(14,601)	—	8,078
Cumulative effects of changes in accounting policies						
Balances as of April 1, 2013 which reflect changes in accounting policies	27,385	—	(4,705)	(14,601)	—	8,078
Changes of items during the period						
Dividends from surplus						
Net income						
Purchase of treasury stock						
Disposal of treasury stock						
Change of scope of consolidation						
Change of scope of equity method						
Net changes of items other than shareholders' equity	(10,581)	0	—	12,319	2,504	4,243
Total changes of items during the period	(10,581)	0	—	12,319	2,504	4,243
Balances as of March 31, 2014	16,804	0	(4,705)	(2,281)	2,504	12,322

(Unit : Millions of Yen)

	Subscription rights to shares	Minority interests	Total net assets
Balances as of April 1, 2013	1,146	3,136	320,034
Cumulative effects of changes in accounting policies			—
Balances as of April 1, 2013 which reflect changes in accounting policies	1,146	3,136	320,034
Changes of items during the period			
Dividends from surplus			(9,701)
Net income			30,721
Purchase of treasury stock			(55)
Disposal of treasury stock			2,608
Change of scope of consolidation			(269)
Change of scope of equity method			—
Net changes of items other than shareholders' equity	(68)	756	4,931
Total changes of items during the period	(68)	756	28,235
Balances as of March 31, 2014	1,078	3,892	348,270

Current year (From April 1, 2014 to March 31, 2015)

(Unit : Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balances as of April 1, 2014	29,953	119,312	219,684	(37,971)	330,977
Cumulative effects of changes in accounting policies			711		711
Balances as of April 1, 2014 which reflect changes in accounting policies	29,953	119,312	220,395	(37,971)	331,689
Changes of items during the period					
Dividends from surplus			(9,758)		(9,758)
Net income (loss)			(11,258)		(11,258)
Purchase of treasury stock				(12,601)	(12,601)
Disposal of treasury stock		(30)		1,237	1,207
Change of scope of consolidation			(231)		(231)
Change of scope of equity method			(222)		(222)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(30)	(21,470)	(11,363)	(32,864)
Balances as of March 31, 2015	29,953	119,282	198,924	(49,335)	298,824

(Unit : Millions of Yen)

	Accumulated other comprehensive income					
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balances as of April 1, 2014	16,804	0	(4,705)	(2,281)	2,504	12,322
Cumulative effects of changes in accounting policies						
Balances as of April 1, 2014 which reflect changes in accounting policies	16,804	0	(4,705)	(2,281)	2,504	12,322
Changes of items during the period						
Dividends from surplus						
Net income (loss)						
Purchase of treasury stock						
Disposal of treasury stock						
Change of scope of consolidation						
Change of scope of equity method						
Net changes of items other than shareholders' equity	990	9	5	5,695	(297)	6,403
Total changes of items during the period	990	9	5	5,695	(297)	6,403
Balances as of March 31, 2015	17,794	10	(4,699)	3,414	2,206	18,726

(Unit : Millions of Yen)

	Subscription rights to shares	Minority interests	Total net assets
Balances as of April 1, 2014	1,078	3,892	348,270
Cumulative effects of changes in accounting policies			711
Balances as of April 1, 2014 which reflect changes in accounting policies	1,078	3,892	348,982
Changes of items during the period			
Dividends from surplus			(9,758)
Net income (loss)			(11,258)
Purchase of treasury stock			(12,601)
Disposal of treasury stock			1,207
Change of scope of consolidation			(231)
Change of scope of equity method			(222)
Net changes of items other than shareholders' equity	(245)	397	6,555
Total changes of items during the period	(245)	397	(26,308)
Balances as of March 31, 2015	832	4,289	322,673

SEGA SAMMY HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2014 AND 2015

(Unit: Millions of Yen)

	Prior year From April 1, 2013 To March 31, 2014	Current year From April 1, 2014 To March 31, 2015
	Amount	Amount
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	47,545	2,082
Depreciation and amortization	19,743	21,747
Impairment loss	1,799	7,881
Amount of transfer of equipment by amusement center operation business	(3,287)	(4,270)
Loss (gain) on sales of noncurrent assets	(3,576)	(33)
Loss on retirement of noncurrent assets	400	585
Loss (gain) on sales of stocks of subsidiaries and associates	(21)	79
Loss (gain) on liquidation of subsidiaries and affiliates	6,601	—
Loss (gain) on sales of investment securities	(11,941)	(187)
Loss (gain) on valuation of investment securities	196	100
Loss (gain) on investments in partnership	(1,266)	(245)
Amortization of goodwill	2,997	3,625
Increase (decrease) in allowance for doubtful accounts	(294)	(24)
Increase (decrease) in provision for directors' bonuses	(48)	(126)
Increase (decrease) in net defined benefit liability	(398)	(1,179)
Increase (decrease) in provision for directors' retirement benefits	8	(25)
Increase (decrease) in provision for bonuses	(78)	277
Increase (decrease) in provision for dismantling of fixed assets	—	3,395
Interest and dividends income	(1,258)	(1,289)
Interest expenses	849	910
Foreign exchange losses (gains)	(1,318)	791
Equity in (earnings) losses of affiliates	257	(26)
Decrease (increase) in notes and accounts receivable-trade	16,517	9,175
Decrease (increase) in inventories	8,616	6,679
Increase (decrease) in notes and accounts payable-trade	(13,384)	(10,077)
Increase (decrease) in guarantee deposits received	186	(131)
Other, net	3,260	8,690
Subtotal	72,104	48,404
Interest and dividends income received	1,273	1,343
Interest expenses paid	(835)	(818)
Income taxes paid	(5,818)	(13,946)
Income taxes refund	8,477	2,026
Net cash provided by (used in) operating activities	75,201	37,010

SEGA SAMMY HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2014 AND 2015

(Unit : Millions of Yen)

	Prior year From April 1, 2013 To March 31, 2014	Current year From April 1, 2014 To March 31, 2015
	Amount	Amount
Net cash provided by (used in) investing activities		
Payments into time deposits	(5,860)	(2,704)
Proceeds from withdrawal of time deposits	1,939	2,558
Purchase of short-term investment securities	—	(5,000)
Purchase of trust beneficiary right	(4,941)	(3,924)
Proceeds from sales of trust beneficiary right	6,195	4,888
Purchase of property, plant and equipment	(27,123)	(16,115)
Proceeds from sales of property, plant and equipment	3,461	489
Purchase of intangible assets	(6,870)	(8,494)
Proceeds from sales of intangible assets	1,895	—
Purchase of investment securities	(4,768)	(7,068)
Proceeds from sales of investment securities	16,199	289
Proceeds from redemption of investment securities	4,755	400
Payments for investment in partnerships	(383)	(1,518)
Proceeds from distribution of investment in partnerships	978	128
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(398)	(637)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	—	(96)
Purchase of stocks of subsidiaries and affiliates	(7,846)	(1,039)
Payments of loans receivable	(694)	(459)
Collection of loans receivable	124	284
Payments for lease deposits	(1,421)	(1,245)
Collection of lease deposits	674	920
Payments for transfer of business	(14,359)	—
Other, net	(104)	609
Net cash provided by (used in) investing activities	(38,547)	(37,734)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	2,488	10,900
Repayment of long-term loans payable	(12,369)	(12,423)
Proceeds from issuance of bonds	9,935	19,844
Redemption of bonds	(5,843)	(1,700)
Proceeds from exercise of stock option	2,031	1,078
Cash dividends paid	(9,706)	(9,690)
Cash dividends paid to minority shareholders	(17)	—
Purchase of treasury stock	(56)	(12,601)
Other, net	2,024	(10,465)
Net cash provided by (used in) financing activities	(11,512)	(15,058)
Effect of exchange rate change on cash and cash equivalents	3,357	2,100
Net increase (decrease) in cash and cash equivalents	28,499	(13,681)
Cash and cash equivalents at beginning of period	174,210	202,741
Increase in cash and cash equivalents from newly consolidated subsidiary	31	1,778
Cash and cash equivalents at end of period	202,741	190,837

Changes in Important Matters that Form the Basis for Preparing Consolidated Financial Statements

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 ending 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 ending March 31, 2015, while effects on operating income and income before income taxes and minority interests for the fiscal year ending March 31, 2015 are insignificant.

(Additional information)

The “Partial Revision on the Income Tax Act” (Act No. 9 of 2015) was officially announced on March 31, 2015 and the corporate tax rate will be decreased from consolidated fiscal years beginning on or after April 1, 2015.

As a result of the changes, net deferred tax assets at the end of the fiscal year ended March 31, 2015, income taxes-deferred, valuation difference on available-for-sale securities, revaluation reserve for land, and remeasurements of defined benefit plans have increased by ¥165 million, ¥648 million, ¥788 million, ¥5 million, and ¥18 million respectively.

SEGMENT INFORMATION

1. Outline of reporting segments

Reporting segments of the Group are the organizational units for which separated financial information is available, and on the basis of which the Board of Directors makes decision on the allocation of management resources and examines financial performance on a regular basis.

Planning of business development and strategies as well as execution of business activities in respect of each product and service, is carried out by each Group company that provides such product and service.

As such, the Group is comprised of segments classified by product and service provided through the business run by each company, in which “Pachislot and Pachinko Machines”, “Amusement Machine Sales”, “Amusement Center Operations” and “Consumer Business” are the reporting segments.

Line of business at each reporting segment is as follows:

- (1) Pachislot and Pachinko Machines ... Development, manufacture and sales of pachislot and pachinko machines and design for parlors
- (2) Amusement Machine Sales ... Development, manufacture and sales of game machines used in amusement arcades
- (3) Amusement Center Operations ... Development, operation, rent and maintenance of amusement centers
- (4) Consumer Business ... Development and sales of home video game software;
development, manufacture and sales of toys;
planning and production of entertainment contents through mobile phone etc.;
Planning, production and sales of animated movies

2. Basis of measurement for net sales, income (loss), assets and other items by each reporting segment

As stated in “Changes in Important Matters that Form the Basis for Preparing Consolidated Financial Statements,” the calculation methods of retirement benefit obligations and service costs were changed from the fiscal year ended March 31, 2015. Accordingly, the calculation methods of these in the business segment were changed in the same manner. Effects of the change on segment income for the fiscal year ended March 31, 2015 is insignificant.

3. Information on the amounts of net sales, income or loss, assets and other items by each reporting segment

Prior year (From April 1, 2013 to March 31, 2014)

(Unit: Millions of Yen)

	Pachislot Pachinko	Amusement Machine Sales	Amusement Center Operations	Consumer Business	Subtotal	Other (note)	Total
Net sales -							
Sales to third parties	181,834	38,604	43,216	99,841	363,498	14,513	378,011
Inter-segment sales and transfers	149	5,251	10	699	6,110	712	6,823
Total	181,984	43,855	43,227	100,541	369,609	15,225	384,835
Segment income (loss)	45,292	(1,264)	60	2,089	46,178	(1,200)	44,978
Segment assets	105,018	34,814	40,483	111,634	291,951	23,417	315,369
Other items							
Depreciation	5,887	1,970	4,725	6,248	18,832	529	19,362
Increases in property, plant and equipment and intangible assets	7,905	2,037	7,729	8,389	26,061	12,052	38,114

(Note) "Other" is the business segment not included in the reporting segments, but includes Resort complex business and Information provider services, etc.

Current year (From April 1, 2014 to March 31, 2015)

(Unit: Millions of Yen)

	Pachislot Pachinko	Amusement Machine Sales	Amusement Center Operations	Consumer Business	Subtotal	Other (note)	Total
Net sales -							
Sales to third parties	149,160	39,641	41,416	111,025	341,243	13,677	354,921
Inter-segment sales and transfers	64	5,838	16	732	6,652	770	7,423
Total	149,224	45,480	41,432	111,757	347,896	14,447	362,344
Segment income (loss)	25,796	(2,536)	(946)	4,033	26,347	(2,098)	24,249
Segment assets	89,342	29,156	38,787	123,197	280,483	28,705	309,189
Other items							
Depreciation	6,363	1,953	5,232	7,097	20,646	592	21,239
Increases in property, plant and equipment and intangible assets	6,709	3,528	6,534	10,107	26,879	1,814	28,694

(Note) "Other" is the business segment not included in the reporting segments, but includes Resort complex business and Information provider services, etc.

4. Major differences between the total amount of all reporting segments and the amounts on the consolidated financial statements (Difference adjustment)

(Unit: Millions of Yen)

Net sales	Previous year	Current year
Total net sales in the reporting segments	369,609	347,896
Segment net sales in Other	15,225	14,447
Elimination of inter segment transactions	(6,823)	(7,423)
Net sales in the consolidated financial statements	378,011	354,921

(Unit: Millions of Yen)

Income (loss)	Previous year	Current year
Total income in the reporting segments	46,178	26,347
Segment income (loss) in Other	(1,200)	(2,098)
Elimination of inter segment transactions	120	5
General corporate expenses (note)	(6,565)	(6,644)
Operating income in the consolidated financial statements	38,533	17,609

(Note) General corporate expenses are mainly consisted of the expenses of the group management incurred by the Company.

(Unit: Millions of Yen)

Assets	Previous year	Current year
Total assets in the reporting segments	291,951	280,483
Segment assets in Other	23,417	28,705
General corporate assets (note)	246,878	239,474
Other adjustments	(19,311)	(19,765)
Total assets in the consolidated financial statements	542,936	528,898

(Note) General corporate assets are mainly assets of the Company.

(Unit: Millions of Yen)

Other items	Total assets in the reporting segments		Other		Adjustments		Amount in the consolidated financial statement	
	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year
Depreciation	18,832	20,646	529	592	381	508	19,743	21,747
Increases in property, plant and equipment and intangible assets	26,061	26,879	12,052	1,814	67	86	38,182	28,780

(Note) Adjustments are corporate and elimination of inter segment transactions.