

FLASH REPORT
CONSOLIDATED FINANCIAL STATEMENTS [Japanese GAAP]
9 Months Ended December 31, 2010

Name of the Company : SEGA SAMMY HOLDINGS INC.
Code number : 6460
 (URL <http://www.segasammy.co.jp/>)
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Filing of Quarterly Report: February 14, 2011 (plan)

Start of cash dividend payments: —

(Amounts below one million yen are rounded down)

1. Consolidated Operating Results for the 9 Months Ended December 31, 2010

(1) RESULTS OF CONSOLIDATED OPERATIONS

(Percentage for net sales, operating income and net income represent change from the prior period)

	Net sales		Operating income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For 9 months ended December 31,2010	310,103	8.7	62,970	118.2	36,821	117.3
For 9 months ended December 31,2009	285,336	(7.7)	28,863	—	16,945	—

	Net income per share	Net income per share (Diluted)
	Yen	Yen
For 9 months ended December 31,2010	145.28	—
For 9 months ended December 31,2009	67.27	—

(2) CONSOLIDATED FINANCIAL POSITION

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
December 31, 2010	482,273	297,889	59.8	1,089.87
March 31, 2010	423,161	256,770	55.8	937.80

(Reference) Shareholders' equity

December 31, 2010 : ¥288,299 million

March 31, 2010 : ¥236,245 million

2. Cash Dividends

	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	For the year
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2010	—	15.00	—	15.00	30.00
Year ending March 31, 2011	—	20.00	—		
Year ending March 31, 2011 (plan)				20.00	40.00

(Note) Revision of the forecast in the third quarter of the year ending March 31, 2011: No

3. Projection for Consolidated Results for the Year ending March 31, 2011

(Percentage for net sales, operating income and net income represent change from the prior year)

	Net sales		Operating income		Net income		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Entire – year	410,000	6.6	65,000	77.0	37,500	85.0	147.44

(Note) Revision of the projection in the third quarter of the year ending March 31, 2011: No

4. Other

- (1) Significant changes in subsidiaries (scope of consolidation) during the period: No
- (2) Adoption of the simplified method of accounting as well as specific accounting for preparing the quarterly consolidated financial statements: Yes
- (3) Changes in accounting principles, procedures, disclosure methods, etc., for preparing the quarterly consolidated financial statements:
 1. Changes associated with revision in accounting standards: Yes
 2. Other changes: No
- (4) Number of shares outstanding (common stock)
 1. Number of shares outstanding at the end of the period (including treasury stock)
 - December 31, 2010 : 266,229,476
 - March 31, 2010 : 283,229,476
 2. Number of treasury stock at the end of the period
 - December 31, 2010 : 1,701,697
 - March 31, 2010 : 31,315,801
 3. Average number of shares during the period (cumulative from the beginning of the fiscal year)
 - For 9 months ended December 31, 2010: 253,452,364
 - For 9 months ended December 31, 2009: 251,919,673

[Caution With Regard to Operating Results Outlook]

- At the time of this report's release, the quarterly review procedures under the Financial Instruments and Exchange Law have not been completed.

- The forward-looking statements, such as results forecasts, included in this document are based on information available to the Company at the time of the announcement and assumptions considered reasonable. Actual results could differ materially, depending on a range of factors.

Operating Results and Financial Position

(1) Overview

During the first three quarters of the fiscal year ending March 31, 2011, the Japanese economy still remained unpredictable, amid the growing concern for the economic recovery losing its momentum, given the rapidly rising yen and decelerating economies in the U.S. and Europe along with still stagnant personal consumption, although there are signs of turnaround in some areas of the economy, including recovery trends in corporate earnings.

In this climate, although the pachislot and pachinko industry has been witnessing the replacement of older pachinko machines at a rather weak pace, the pachislot market is on a recovery trend thanks to the positive factors including the launch of a few newly launched machines that enjoyed high market reputation, the recovery of pachislot's popularity in pachinko parlors, and an increase in the number of pachislot machines installed in some of the major pachinko parlors.

In the amusement machine and amusement center industry, conditions remained difficult. While awaiting the development and launch of new innovative machines that could boost the market, the industry itself is undergoing a changeover to new business models which simultaneously enhance investment efficiency for amusement center operators and secure sources of stable earnings for amusement machine manufacturers.

In the home video game software industry, the demand was generally weak in the U.S. and European markets due to the headwind like sluggish personal consumption. The Group needs to adapt to changing business environment in which the market demand for new content geared to social networking service (SNS), smartphone is expanding.

In this business environment, net sales for the first three quarters of the fiscal year ending March 31, 2011 amounted to ¥310,103 million, an increase of 8.7% for the same period in the previous fiscal year. The Group posted an operating income of ¥62,970 million, an increase of 118.2% for the same period in the previous fiscal year. Due to the factors including gain on reversal of subscription rights to shares, distribution of patent royalty income for prior periods, loss on valuation of investment securities, loss on adjustment for changes of accounting standard for asset retirement obligations and impairment loss, the Group recorded a net income of ¥36,821 million, an increase of 117.3% for the same period in the previous fiscal year.

The Company conducted an exchange of shares effective December 1, 2010, in order to convert Sammy NetWorks Co., Ltd., SEGA TOYS CO., LTD., and TMS ENTERTAINMENT, LTD. into wholly owned subsidiaries of SEGA SAMMY HOLDINGS INC., which will become the wholly owning parent of each such company.

Furthermore, the Company passed resolutions on retirement of treasury stock and purchase of treasury stock. Regarding retirement of treasury stock, the Company retired 17,000,000 shares of its treasury stock (6.0% of the total outstanding shares before the retirement) effective December 10, 2010. Regarding purchase of treasury stock, the purchase period is from December 2, 2010 to June 30, 2011, and the Company restricts the number of shares to be purchased within 14,000,000 shares and the amount of shares to be purchased within ¥25,000 million. The number of shares purchased by the Company by the end of December 31, 2010 is 1,352,300 shares, and the amount purchased is ¥2,104 million.

Results by business segments were as follows.

《Pachislot and Pachinko Machines》

In the pachinko machine business, apart from the solid sales of “Pachinko CR Juoh” newly launched in the current third quarter under the Sammy brand, “Dejiten CR Nogaremono Orin”, “Dejiten CR Hakushon Daimaou 3” were launched in a new approach as part of the “Dejiten Series” which features innovative game elements to come up to the customer needs in pachinko machines, resulting in the sales of 241 thousand units.

In the pachislot machine business, the sales of “Oreno Sora～Spirit of Young Justice～” newly launched in the current third quarter under the RODEO brand maintained strong sales. Meanwhile, sales of “Pachislot Shin Onimusha” launched in the previous fiscal year under the RODEO brand remained solid. Overall pachislot machine sales amounted to 268 thousand units, exceeding the results of the same period in the previous fiscal year. Meanwhile thanks to an initiative to promote reuse of components, especially those related to liquid crystal display, there was an improvement in profit ratio as well.

In the current third quarter, as pachinko parlors restrained themselves from replacing old pachinko machines with new ones from the middle of October to the middle of November 2010, in connection with the APEC Economic Leaders’ Meeting, some of major titles will be launched in the fourth quarter.

As a result, net sales in this segment were ¥168,105 million (an increase of 33.6% for the same period in the previous fiscal year) and operating income was ¥54,666 million (an increase of 102.8% for the same period in the previous fiscal year).

《Amusement Machine Sales》

In the amusement machine sales business, distribution revenue remained solid thanks to the operation of the revenue sharing models such as “BORDER BREAK” launched in the previous fiscal year, and “HATSUNE MIKU Project DIVA Arcade” launched in the first quarter of the current fiscal year, for the purpose of improving investment efficiency of the operators of amusement centers and of securing long-term stable earnings for the Group. Meanwhile, the Company committed to selling the major title “SENGOKU TAISEN”, CVT KITS including “WORLD CLUB Champion Football Intercontinental Clubs 2009-2010” and consumables including prize products and cards.

As a result, net sales in this segment were ¥40,918 million (an increase of 16.4% for the same period in the previous fiscal year) and operating income was ¥8,458 million (an increase of 79.7% for the same period in the previous fiscal year).

《Amusement Center Operations》

In the amusement center operations business, sales at existing SEGA amusement centers in Japan remained solid in the first three quarters, resulting in 100.5 % for the same period in the previous fiscal year. The Group closed 12 amusement centers and opened 4 new amusement centers in the domestic market. Consequently, the Group operated a total of 252 amusement centers at the end of the period.

As a result, net sales in this segment were ¥34,594 million (a decrease of 16.6% for the same period in the previous fiscal year) and operating income was ¥817 million (compared with an operating loss of ¥644 million for the same period in the previous fiscal year).

《Consumer Business》

In the consumer business, in the area of home video game software, some major titles for the overseas markets including “Sonic Colors”, “VANQUISH” and “Football Manager 2011”, along with the major titles for the Japanese market including “Shining Hearts” were newly launched in the current third quarter. In the overseas markets, sales of the new titles remained slow as affected by the adverse market condition, although sales remained solid in the Japanese market. As a result, the Group sold 5,770 thousand video game copies in the U.S., 5,950 thousand copies in Europe and 1,900 thousand copies in Japan and other regions, for a total of 13,630 thousand copies.

In the toy sales division, along with the solid sales of “Bakugan” by Bakugan Limited Liability Partnership (Bakugan LLP) which was formed mainly by the five Group companies, full-scale sales of “Zoobles” was started as a new development for the overseas markets. Meanwhile, the mobile phone and PC content business also remained robust, thanks primarily to the pay-per-use service of “Sammy 777 Town” (for mobile phone). In the animated films business, distribution revenue remained favorable thanks to the sound box office sales of the 14th theater film “Detective Conan” while domestic and overseas royalty revenue from “Bakugan” stayed robust. As a result, net sales in this segment were ¥67,413 million (a decrease of 18.9% for the same period in the previous fiscal year), and an operating income was ¥2,811 million (an increase of 98.4% for the same period in the previous fiscal year).

(2) Consolidated Financial Position

Current assets increased ¥44,340 million due primarily to an increase in cash and deposits along with the contribution of trust assets with the purpose to purchase treasury stock, which more than offset the redemption of bonds. Meanwhile, noncurrent assets increased by ¥14,771 million due primarily to an increase in goodwill, resulting from the exchange of shares to convert Sammy NetWorks Co., Ltd., SEGA TOYS CO., LTD., and TMS ENTERTAINMENT, LTD. into wholly owned subsidiaries of the Company, and an increase of investment securities due primarily to the increase of the value of the investment securities. As a result, total assets as of the end of the current third quarter increased ¥59,111 million from the end of the previous fiscal year, to ¥482,273 million.

Net assets at the end of the current third quarter increased ¥41,118 million from the end of the previous fiscal year, to ¥297,889 million, as a result of the combined effect of dividends payment thanks to the net income reported for the nine months ended December 31, 2010, and the decrease in capital surplus, treasury stock and minority interests due to the exchange of shares as well as retirement of treasury stock.

The current ratio at the end of the current third quarter still remained at high level of 305.7%, despite 16.1 points decrease from the end of the previous fiscal year due to an increase in current assets as well as in current liabilities. The equity ratio at the end of the current third quarter increased 4.0 points from the end of the previous fiscal year, to 59.8%.

(3) Projection for Consolidated Results

No amendments have been made to the full-year consolidated forecasts announced on September 30, 2010. Full-year forecast of the net income per share was revised to ¥147.44 (announced at ¥148.86 on September 30, 2010), as a result of the recalculation reflecting the increase in the number of shares due to the exchange of shares as well as the purchase of treasury stock during the period.

In the pachislot and pachinko machine sales business, a few strategic pachinko machine titles are scheduled to be launched, including “Pachinko CR Hokuto No Ken Kenshiro” under the Sammy brand. We will commit selling multiple titles in the pachislot machine business as well.

In the amusement machine sales business, CVT KITS for popular titles including “INITIAL D ARCADE STAGE 6 AA” are scheduled to be marketed. In the meantime, constant income contribution is expected from the operation of the titles sold under the revenue sharing models.

In the amusement center operations business, the Group is expecting recovery in the sales at existing SEGA amusement centers, and committed to ongoing reinforcement of management capabilities at existing SEGA amusement centers and of their local competitiveness with an aim to achieve sales of over 100% for the same period in the previous fiscal year.

In the consumer business, a few major titles are scheduled to be launched, including “SHOGUN 2: Total War” for the overseas markets, as well as “Phantasy Star Portable 2 Infinity” and “Ryu ga Gotoku OF THE END” for the Japanese market. The Group will also launch a full-scale development program focusing on SNS and smartphone.

Some customers have reported that the payout of “Pachislot Sakura Wars 3” that the installation started on January 11, 2011, is fluctuating at a relatively high rate. The Company confirmed the facts and following deliberations on countermeasures has come to the decision as described below.

Customers who wish to continue use of the product may continue to use the product. (Moreover, for customers who do not wish to continue installation of the product, a replacement machine will be prepared at no cost on the condition that the product is retrieved. Furthermore, 3,000 yen per day shall be paid for each of the products until the date when a replacement machine is installed (planned for the middle of February 2011), as a compensation for operations.)

The Company is currently reviewing the impact of this incident on its operating results. However, in view of the progression of operating results up to the third quarter of the fiscal year ending March 31, 2011, and the status of orders of the major titles planned to be launched in the fourth quarter and other factors, it is judged that there will be no need to revise the full-year consolidated forecasts.

(4) Other

Changes in accounting principles, procedures, method of presentation associated with the preparation of the quarterly consolidated financial statements.

1. Application of Accounting Standard for Asset Retirement Obligations

Effective from the first quarter of the fiscal year ending March 31, 2011, “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No.18, issued March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, issued March 31, 2008) have been applied. Accordingly, operating income decrease ¥117 million, while income before income taxes and minority interests decrease ¥1,297 million. In addition, the amount of asset retirement obligation change is ¥2,146 million following the application of the subject accounting standard and guidance.

2. Application of Accounting Standard for Equity Method of Accounting for Investments and Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method

Effective from the first quarter of the fiscal year ending March 31, 2011, “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No.16, issued March 10, 2008) and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method “ (ASBJ PITF No.24, issued March 10, 2008) have been applied. This change has no impact on the consolidated statement of operations.

CONSOLIDATED FINANCIAL STATEMENTS

SEGA SAMMY HOLDINGS INC.
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2010 AND MARCH 31, 2010

(Unit : Millions of Yen)

	Current period (As of December 31,2010)	Prior year (As of March 31,2010)
	Amount	Amount
(A s s e t s)		
Current assets		
Cash and deposits	111,857	101,324
Notes and accounts receivable – trade	73,827	67,027
Allowance for doubtful accounts	(723)	(712)
Short-term investment securities	77,712	73,400
Merchandise and finished goods	8,704	6,500
Work in process	14,129	7,914
Raw materials and supplies	17,065	22,358
Other	40,498	20,917
Total current assets	343,070	298,730
Noncurrent assets		
Property, plant and equipment		
Land	22,563	22,632
Other, net	35,085	36,398
Total property, plant and equipment	57,648	59,030
Intangible assets		
Goodwill	16,321	6,767
Other	7,297	6,592
Total intangible assets	23,618	13,360
Investments and other assets		
Investment securities	36,619	28,605
Other	24,208	26,597
Allowance for doubtful accounts	(2,893)	(3,162)
Total investments and other assets	57,935	52,040
Total noncurrent assets	139,202	124,431
Total assets	482,273	423,161

SEGA SAMMY HOLDINGS INC.
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2010 AND MARCH 31, 2010

(Unit : Millions of Yen)

	Current period (As of December 31,2010)	Prior year (As of March 31,2010)
	Amount	Amount
(Liabilities)		
Current liabilities		
Notes and accounts payable - trade	52,104	37,387
Short - term loans payable	2,269	3,489
Income taxes payable	20,202	2,449
Provision	2,136	3,357
Asset retirement obligations	144	—
Other	35,370	46,133
Total current liabilities	112,228	92,817
Noncurrent liabilities		
Bonds payable	33,905	41,501
Long - term loans payable	5,452	6,173
Provision for retirement benefits	12,663	12,218
Provision for directors' retirement benefits	1,174	1,096
Asset retirement obligations	1,988	—
Other	16,971	12,583
Total noncurrent liabilities	72,155	73,573
Total liabilities	184,384	166,390
(Net Assets)		
Shareholders' equity		
Capital stock	29,953	29,953
Capital surplus	119,784	171,080
Retained earnings	159,982	132,128
Treasury stock	(2,922)	(73,694)
Total shareholders' equity	306,797	259,468
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	7,577	346
Deferred gains or losses on hedges	69	24
Revaluation reserve for land	(5,969)	(5,966)
Foreign currency translation adjustment	(20,174)	(17,626)
Total valuation and translation adjustments	(18,497)	(23,222)
Subscription rights to shares	261	1,188
Minority interests	9,328	19,335
Total net assets	297,889	256,770
Total liabilities and net assets	482,273	423,161

SEGA SAMMY HOLDINGS INC.
CONSOLIDATED STATEMENT OF OPERATIONS
FOR 9 MONTHS ENDED DECEMBER, 2010 AND 2009

(Unit : Millions of Yen)

	Prior period From April 1,2009 To December 31,2009	Current period From April 1,2010 To December 31,2010
	Amount	Amount
Net sales	285,336	310,103
Cost of sales	181,664	174,300
Gross profit	103,672	135,803
Selling, general and administrative expenses	74,809	72,832
Operating income	28,863	62,970
Other income (expenses) :		
Interest income	390	359
Dividends income	98	311
Equity in earnings of affiliates	—	3
Gain on valuation of derivatives	—	91
Interest expenses	(592)	(486)
Equity in losses of affiliates	(5)	—
Loss on valuation of derivatives	(121)	—
Bond issuance cost	(205)	—
Foreign exchange losses	(32)	(431)
Penalty payment for cancellation of game center lease agreement	(662)	—
Commission fee	—	(369)
Gain on sales of noncurrent assets	485	33
Reversal of allowance for doubtful accounts	104	135
Gain on sales of subsidiaries and affiliates' stocks	29	—
Reversal of recovery costs of video game arcades	669	147
Gain on compensation payment	430	—
Gain on outlawed debt	340	109
Gain on reversal of subscription rights to shares	—	1,174
Distribution of patent royalty income for prior periods	—	1,139
Loss on sales of noncurrent assets	(99)	(39)
Impairment loss	(2,863)	(846)
Loss on valuation of investment securities	(768)	(1,289)
Loss on sales of stocks of subsidiaries and affiliates	(653)	—
Loss on litigation	(371)	—
Loss on liquidation of subsidiaries	(1,157)	—
Premium allowance of retirement	(195)	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	(1,177)
Other income	921	795
Other expenses	(2,083)	(2,139)
Sub total	(6,343)	(2,479)
Income before income taxes and minority interests	22,520	60,491
Income taxes-current	5,455	21,570
Income taxes	5,455	21,570
Income before minority interests	—	38,921
Minority interests in income	119	2,099
Net income	16,945	36,821

SEGMENT INFORMATION

Operations by product

Prior period (From April 1, 2009 to December 31, 2009)

(Unit: Millions of Yen)

	Pachinko Pachislot	Amusement machine sales	Amusement center operations	Consumer business	Others	Total	Corporate and eliminations	Consolidated
Net sales -								
(1) Outside customers	125,647	33,119	41,429	82,927	2,212	285,336	—	285,336
(2) Inter segment	216	2,023	28	186	677	3,132	(3,132)	—
Total	125,864	35,142	41,458	83,114	2,890	288,469	(3,132)	285,336
Operating income (loss)	26,950	4,707	(644)	1,416	347	32,777	(3,913)	28,863

(Note)

1. The Company has 5 operating segments based on its management control structure, and nature of products and market.
2. Main products and line of business by segment
 - (1) Pachinko and pachislot … Development, manufacture and sale of Pachinko and pachislot machines and design for parlors
 - (2) Amusement machine sales … Development, manufacture and sale of game machines used in amusement arcades
 - (3) Amusement center operations … Development, operation, rent and maintenance of Amusement center
 - (4) Consumer business … Development and sale of home video game software,
Development, manufacture, and sale of toys
Project and production of entertainment contents through cellular phone etc.
Planning, production and sale of animated movies.
 - (5) Others … Information provider services, etc.
3. Content production expenses related to game software and amusement machines conducted primarily by the consolidated subsidiary SEGA CORPORATION have previously been accounted for as cost of sales at the time that such expenses are incurred (when production work is outsourced, these expenses are first posted as advance payments, and later treated as cost of sales at the time that production work is inspected). However, from the first quarter of the fiscal year ending March 31, 2010, goods recognized as products for commercialization will be posted under inventories as work in process, with opting to treat the amount of such expenses equivalent to the actual sales volume recorded among projected sales volume as cost of sales. The rationale for this change is to redeploy a framework capable of properly evaluating the certainty of realizing earnings by clarifying decision-making processes at the development stages of each project in line with efforts to review and enhance the development structure. This change will enable the appropriate disclosure of income for a given fiscal period by directly matching content production expenses, which have tended to grow sharply in recent years, with commensurate earnings. As a consequence of this change, cost and expenses decreased by ¥900 million in Amusement machine sales, ¥96 million in Amusement center operations, ¥3,720 million in Consumer business, also each operating income increased in Amusement machine sales, and Consumer business by the same amount respectively, and operating loss decreased in Amusement center operations by the same amount.

(Additional Information)

Effective from the first quarter of this fiscal year, "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No.17, issued March 27, 2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No.20, issued March 21, 2008) have been applied.

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 "Pachinko and pachislot", "Amusement machine sales", "Amusement center operations" and "Consumer business" are the reporting segments.

Line of business at each reporting segment is as follows:

- (1) Pachinko and pachislot ... Development, manufacture and sale of Pachinko and pachislot machines and design for parlors
- (2) Amusement machine sales ... Development, manufacture and sale of game machines used in amusement arcades
- (3) Amusement center operations ... Development, operation, rent and maintenance of Amusement center
- (4) Consumer business ... Development and sale of home video game software,
Development, manufacture, and sale of toys
Project and production of entertainment contents through cellular phone etc.
Planning, production and sale of animated movies.

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

Current period (From April 1, 2010 to December 31, 2010)

(Unit: Millions of Yen)

	Pachinko Pachislot	Amusement machine sales	Amusement center operations	Consumer business	Sub-Total	Other (note)	Total
Net sales -							
(1) Outside customers	167,903	38,454	34,589	66,938	307,886	2,216	310,103
(2) Inter segment	201	2,464	5	474	3,145	707	3,852
Total	168,105	40,918	34,594	67,413	311,031	2,923	313,955
Segment income	54,666	8,458	817	2,811	66,753	132	66,885

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

3. Major differences between the total amount of income (loss) in the reporting segments and the operating income in the consolidated statement of operations for the 9 months ended December 31, 2010 (Difference adjustment)

(Unit: Millions of Yen)

Income	Amount
Total income in the reporting segments	66,753
Segment income in Other	132
Elimination of inter segment transactions	(134)
General corporate expenses (note)	(3,780)
Operating income in the consolidated statement of operations for the 9 months ended December 31, 2010	62,970

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

NOTES ON SIGNIFICANT CHANGES IN THE AMOUNT OF SHAREHOLDERS' EQUITY

Current period (From April 1, 2010 to December 31, 2010)

(Unit: Millions of Yen)

	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balances as of March 31, 2010	29,953	171,080	132,128	(73,694)	259,468
Changes of items during the period					
Dividends from retained earnings			(8,816)		(8,816)
Net income			36,821		36,821
Increase by share exchanges (Note) 1		(11,294)		32,890	21,595
Retirement of treasury stock (Note) 2		(40,000)		40,000	—
Purchase of treasury stock (Note) 3				(2,121)	(2,121)
Disposal of treasury stock		(0)		2	1
Change of scope of consolidation			(155)		(155)
Reversal of revaluation reserve for land			5		5
Total changes of items during the period	—	(51,296)	27,853	70,771	47,328
Balances as of December 31, 2010	29,953	119,784	159,982	(2,922)	306,797

(Note)

1. According to the resolution at the meeting of Board of Directors held on August 27, 2010, the Company carried out an exchange of shares on December 1, 2010, converting Sammy NetWorks Co., Ltd., SEGA TOYS CO., LTD., and TMS ENTERTAINMENT, LTD. to its wholly owned subsidiaries, as a result of which the number of its treasury stocks decreased by 13,977,737.
2. According to the resolution at the meeting of Board of Directors held on December 1, 2010, the Company retired some of its treasury stocks on December 10, 2010, as a result of which the number of its treasury stocks decreased by 17,000,000.
3. This refers primarily to the purchase of treasury stocks worth ¥2,104 million (1,352,300 shares) according to the resolution at the meeting of Board of Directors held on December 1, 2010.