

Summary of 2nd Quarter Results for FY Ending March 2016

Consolidated Income Statements (Summary)

(JPY Billion)	FY Ended March 2015		FY Ending March 2016				
	Results Through 2Q	Full Year Results	Initial Forecasts Through 2Q (announced on May 11)	Results Through 2Q	YoY Change	Full Year Forecasts	YoY Change
Sales	158.1	366.8	200.0	154.3	-2%	420.0	+15%
Operating Income	2.7	17.4	14.0	5.7	+111%	25.0	+44%
Ordinary Income	2.6	16.8	14.0	5.8	+123%	25.0	+49%
Income before income taxes	-0.6	1.9	14.0	4.0	-	24.0	+1,163%
Profit attributable to owners of parent	-2.8	-11.3	11.0	0.9	-	19.0	-
Dividends per share (JPY)	20.00	40.00	20.00	20.00	-	40.00	-
Earnings per share (JPY)	-11.50	-46.70	46.33	4.11	-	80.02	-
Net Assets per share (JPY)	1,384.25	1,336.54	-	1,310.36	-	-	-

<Interim Results >

■ Sales decreased and profits increased year-on-year.

⇒ Revised forecasts through 2Q downward on September 30, 2015

Costs and Expenses

(JPY Billion)	FY Ended March 2015		FY Ending March 2016				
	Results Through 2Q	Full Year Results	Initial Forecasts Through 2Q (announced on May 11)	Results Through 2Q	YoY Change	Full Year Forecasts	YoY Change
R&D Expense / Content Production Expense	28.4	67.6	30.0	24.7	-13%	69.4	+3%
Cap-ex	14.7	28.7	15.0	12.5	-15%	34.4	+20%
Depreciation	8.1	17.6	7.9	8.2	+1%	16.8	-5%
Advertising	10.0	19.1	12.6	9.3	-7%	24.5	+28%

Consolidated Balance Sheet (Summary)

(JPY billion) 【 Assets 】				【 Liabilities and Net Assets 】			
Account	As of end of March 2015	As of end of September 2015	Change	Account	As of end of March 2015	As of end of September 2015	Change
Total Current Assets	298.0	276.9	-21.1	Total Current Liabilities	86.7	94.0	+7.3
Total Noncurrent Assets	230.6	241.4	+10.8	Total Noncurrent Liabilities	119.4	111.9	-7.5
				Total Liabilities	206.2	206.0	-0.2
				Total Net Assets	322.4	312.3	-10.1
Total Assets	528.6	518.3	-10.3	Total Liabilities and Net Assets	528.6	518.3	-10.3
				Account	As of end of March 2015	As of end of September 2015	Change
				Equity ratio	60.0%	59.2%	-0.8pt
				Current ratio	343.7%	294.5%	-49.2pt

■ Current Assets: Down 21.1 billion yen as cash and deposits, and securities (short-term fund management) decreased though accounts receivable increased

■ Noncurrent Assets: Up 10.8 billion yen primarily due to the increase in investment securities

⇒ Total Assets : 518.3 billion yen (decreased by 10.3 billion yen)

■ Equity ratio : 59.2% (-0.8pt) ■ Current ratio : 294.5% (-49.2pt)

Pachislot and Pachinko Machines

(JPY Billion)	FY Ended March 2015		FY Ending March 2016				
	Results Through 2Q	Full Year Results	Initial Forecasts Through 2Q (announced on May 11)	Results Through 2Q	YoY Change	Full Year Forecasts	YoY Change
Sales	61.1	152.1	94.5	56.6	-7%	167.0	+10%
Pachislot	34.5	73.8	61.3	31.0	-10%	97.0	+31%
Pachinko	23.8	73.2	31.0	23.1	-3%	65.7	-10%
Other / Elimination	2.8	5.1	2.2	2.5	-	4.3	-
Operating Income	7.0	25.7	22.0	8.5	+21%	23.0	-11%
Operating Income Margin	11.5%	16.9%	23.3%	15.0%	+3.5pt	13.8%	-3.1pt
Unit Sales (Pachislot)	93,045	207,830	165,000	70,260	-24%	265,000	+28%
Unit Sales (Pachinko)	82,955	241,425	110,000	79,604	-4%	220,000	-9%

<Summary of Results Through 2Q>

[Overall]

- Sales decreased and profits increased year-on-year.
- Unit sales decreased year-on-year, but profits increased due to sale of profitable mainstay titles.

[Pachislot]

- Unit sales decreased year-on-year although mainstay titles such as “Pachislot Hokuto No Ken Tomo” and “Pachislot BAYONETTA” were released.
- Main titles launched in 2Q
 - ⇒ Sammy “Pachislot Hokuto No Ken Tomo”
 - ⇒ Sammy “Pachislot BAYONETTA ”

[Pachinko]

- Unit sales decreased year-on-year although several titles such as “Pachinko CR TOMORROW'S JOE” and “Pachinko CR Shin-Juoh 2” were released.
- Main titles launched in 2Q
 - ⇒ Sammy “Pachinko CR TOMORROW'S JOE”
 - “Pachinko CR Shin-Juoh 2,” etc.

<Full Year Forecasts>

[Overall]

- Plan to releases several titles including mainstay titles.
- Unit sales of new machine is forecast to be sluggish in the short term in pachislot and pachinko market.

[Pachislot]

- Plan to release several titles including mainstay titles such as “Pachislot Onimusha3 Jikuu Tenshou”
- Main titles to be launched in 3Q
 - ⇒ Sammy “Pachislot METAL ARMOR DRAGONAR”
 - “Pachislot Onimusha3 Jikuu Tenshou,” etc.
 - ⇒ TAIYO ELEC “Pachislot Ryu ga Gotoku OF THE END,” etc.

[Pachinko]

- Plan to release several titles including “CR Hokuto No Ken 6 Tenshou Hyakuretsu”.
- Main titles to be launched in 3Q
 - ⇒ Sammy “Pachinko CR Hokuto No Ken 6 Tenshou Hyakuretsu”
 - ⇒ Sammy “Pachinko CR HARLOCK:SPACE PIRATE”

Entertainment Contents Business

(JPY Billion)	FY Ended March 2015		FY Ending March 2016				
	Results Through 2Q	Full Year Results	Initial Forecasts Through 2Q (announced on May 11)	Results Through 2Q	YoY Change	Full Year Forecasts	YoY Change
Sales	90.3	199.6	98.5	90.2	-	235.0	+18%
Digital Games	27.3	55.1	34.0	25.8	-5%	87.0	+58%
Packaged Games	16.4	47.4	13.5	14.6	-11%	44.5	-6%
Amusement Machine Sales	18.6	39.3	23.0	20.6	+11%	45.0	+15%
Amusement Center Operations	17.9	36.0	18.5	18.9	+6%	36.5	+1%
Animation / Toy	9.1	19.9	8.5	9.5	+4%	20.0	+1%
Other / Elimination	1.0	1.9	1.0	0.8	-	2.0	-
Operating Income	0.6	0.0	-2.5	1.5	+150%	11.5	-
Digital Games	3.8	8.0	2.0	0.7	-82%	11.5	+44%
Packaged Games	-3.0	-2.7	-3.1	-0.9	-	1.3	-
Amusement Machine Sales	-0.0	-3.9	-0.4	0.2	-	0.0	-
Amusement Center Operations	0.6	0.9	0.5	1.3	+117%	0.3	-67%
Animation / Toy	-0.5	-1.7	-0.7	0.0	-	0.2	-
Other / Elimination	-0.3	-0.6	-0.8	0.2	-	-1.8	-
Operating Income Margin	0.7%	-	-	1.7%	+1.0pt	4.9%	-
Sales in Units (Thousands)	4,100	12,280	2,120	3,280	-20%	7,140	-42%
Same Store Sales Comparisons	98.7%	100.1%	99.3%	102.2%	-	97.3%	-
Domestic Facilities	198	198	198	198	-	199	-

<Summary of Results Through 2Q>
【Overall】

■ Profits increased due to strong performance in the amusement center operations area, achieving reduction of fixed expenses, etc. and reduced R&D costs by no such mainstay titles as released in the same period of FY2015 in the packaged games and the amusement machine sales area.

【Digital Games】

■ Sales and profits decreased year-on-year due to the strategic review of timing for title release and the sluggish performance of some titles, such as “**Football Manager Online**”, operated in South Korea and some games for smartphone.

⇒ Number of titles under service in Japan (Free-to-play only):

48 at the end of 2Q

⇒ Major new titles: “**Hortensia SAGA**,” “**MONSTER GEAR**,” “**Sen-no-kaizoku**,” etc.

【Packaged Games】

■ Sales decreased as sales of packaged games centered on repeat titles

■ Loss decreased as R&D costs and advertising costs was reduced by no such mainstay titles as released in the same period of FY2015.

【Amusement Machine Sales】

■ Sales increased as sales of CVT kits and new music game “**CHUNITHM**” remained strong.

■ Turned to profit as fixed expenses were reduced and recording of operating expenses such as R&D costs and advertising costs were delayed until the second half of the fiscal year or later due to the change of sales timing of the mainstay title such as “**Kancolle Arcade**” to the second half of the fiscal year or later.

【Amusement Center Operations】

■ Sales and profits increased year-on-year due to favorable same-store sales which stood at 102.2%.

【Animation / Toy】

■ Recorded distribution earnings from the movie “**Detective Conan: Sunflowers of Inferno**”, license revenue from TV series “**Yowamushi Pedal**” and its product sales revenue in the animation business.

■ Conducted sales focusing on services for regular/mainstay products in the toy business.

Entertainment Contents Business**<Full Year Forecasts>****【Overall】**

- Hold various events and implement updates in the digital games area.
- Forecast operating expenses brought-forward from the first half in the packaged games and amusement machine sales area.

【Digital Games】

- Further development of lineup by offering new titles.
 - Spurring of demand for existing titles, holding events and major updating to enhance game element.
- ⇒Major new titles: “YUMEIRO CAST,” “The World End Eclipse,” etc.

【Packaged Games】

- Expect the release of new titles including mainstay title “Football Manager 2016” though the sales timing of some mainstay titles is revised.
- ⇒Major new titles: “Football Manager 2016,” “Ryu ga Gotoku KIWAMI,” etc.

【Amusement Machine Sales】

- Conduct the release of new products targeting a broad user base/market such as “Nailpuri,” etc.
- Forecast operating expenses brought-forward from the first half for new titles.

【Amusement Center Operations】

- Continue to enforce streamlining existing-store operations.
- Make investment for the development of new concept stores

【Animation / Toy】

- Develop business focusing on services for regular/mainstay products.

Resort Business

(JPY Billion)		FY Ended March 2015		FY Ending March 2016				
		Results Through 2Q	Full Year Results	Initial Forecasts Through 2Q (announced on May 11)	Results Through 2Q	YoY Change	Full Year Forecasts	YoY Change
Sales		6.6	14.9	7.0	7.4	+12%	18.0	+21%
Operating Income		-1.4	-2.3	-2.0	-1.2	-	-3.5	-
Operating Income Margin		-	-	-	-	-	-	-
Phoenix Seagaia Resort	Number of visitors (Thousands)	322	643	298	287	-11%	580	-10%
	Average sale per customer (JPY)	12,982	14,481	14,626	14,912	+15%	16,383	+13%
Tokyo Joypolis	Number of visitors (Thousands)	333	614	334	395	+19%	622	+1%
	Average sale per customer (JPY)	3,342	3,426	3,394	3,466	+4%	3,413	-
Orbi Yokohama	Number of visitors (Thousands)	240	400	233	194	-19%	384	-4%
	Average sale per customer (JPY)	2,264	2,283	2,253	2,421	+7%	2,236	-2%
Paradise Casino Incheon *	Casino sales (Billion KRW)	55	109	-	51	-7%	-	-
	Number of visitors (Thousands)	29	58	-	24	-17%	-	-

* Paradise Casino Incheon is operated by PARADISE SEGASAMMY Co., Ltd., an equity method affiliate of our company.

* Figures for Paradise Casino Incheon are recorded with three months delay.

<Summary of Results Through 2Q>

【Domestic】

■ Visitors to “Phoenix Seagaia Resort” decreased 11% year-on-year.

⇒ The number of visitors increased 7% when the data of closed facilities is excluded such as “Phoenix bowl” and “Sun Hotel Phoenix”.

⇒ Average sale per customer increased 15% mainly due to the increase of visitors to “Sheraton Grande Ocean Resort”.

■ Visitors to “Tokyo Joypolis” increased 19% year-on-year.

⇒ Average sale per customer increased 4%.

■ Visitors to “Orbi Yokohama” decreased 19% year-on-year.

⇒ Average sale per customer increased 7%.

【Overseas】

■ Net sales of “Paradise Casino Incheon”, a casino facility in Incheon, South Korea, decreased 7% year-on-year due to influence of MERS, etc.

■ Opened “QINGDAO JOYPOLIS” in Qingdao, China in July 2015.

<Full Year Forecasts>

【Domestic】

■ For “Phoenix Seagaia Resort”, implement sales promotion measures such as a golf event.

⇒ Visitors is expected to decrease due to the closure of “Sun Hotel Phoenix”.

■ For “Tokyo Joypolis”, work to strengthen operating capability by collaborating with well-recognized contents, etc.

■ For “Orbi Yokohama”, work to improve the number of visitors by introducing new video contents, etc.

■ Implement licensing out and open “Orbi Osaka” in Osaka (Plan: February 2016).

【Overseas】

■ Work on the construction of the integrated resort “PARADISE CITY”, scheduled to open in the first half of 2017.

■ Implement licensing out and open “Shanghai Joypolis” in Shanghai (Plan: Spring 2016).

※The contents in this material and comments made during the questions and answers etc. of this briefing session are the judgment and forecasts of the Company’s management based on the currently available information.

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