



Business Results for the Fiscal Year Ended March 31, 2016

April 15, 2016

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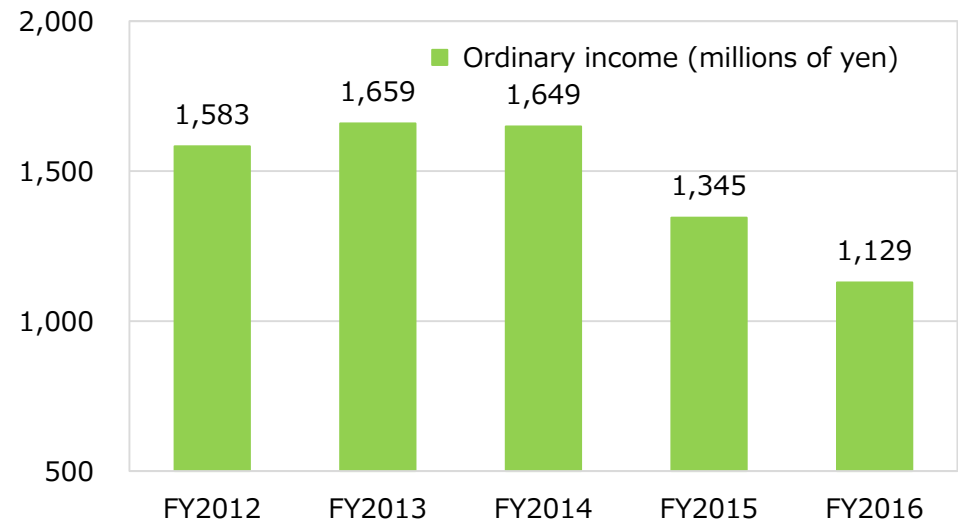
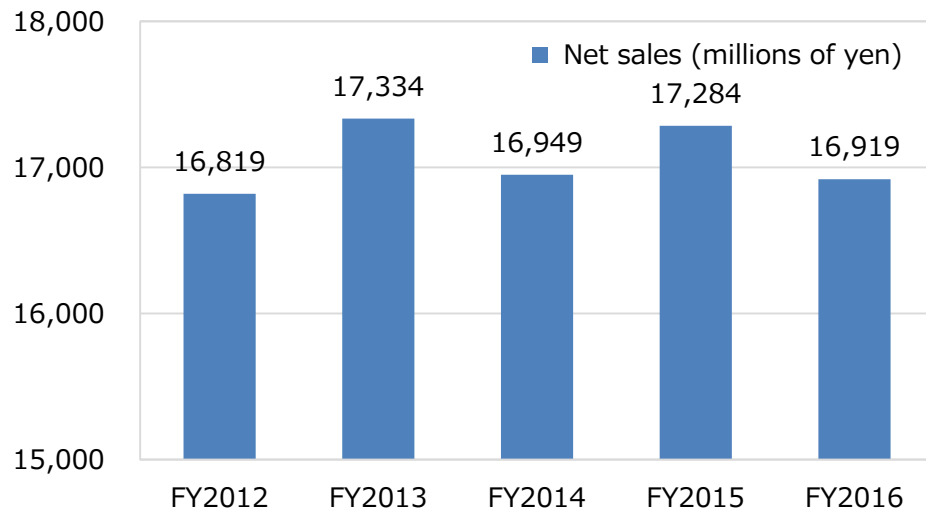
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Financial Highlights (Consolidated)

✓ In the mainstay pachinko parlor advertising business, sales declined by 365 million yen year-on-year due to the prolonged cutbacks in advertising expenses by customers, and income declined at all levels

(millions of yen)

	FY2012	FY2013	FY2014	FY2015	FY2016
Net sales	16,819	17,334	16,949	17,284	16,919
Operating income	1,573	1,647	1,631	1,300	1,142
Ordinary income	1,583	1,659	1,649	1,345	1,129
Net income	1,175	1,041	1,031	805	490



FY2016 Income Statement (Consolidated)

(millions of yen)

	FY2016	% of total	FY2015	% of total	YoY comparison
Net sales	16,919	100.0%	17,284	100.0%	97.9%
Operating income	1,142	6.7%	1,300	7.5%	87.8%
Ordinary income	1,129	6.7%	1,345	7.8%	84.0%
Net income	490	2.9%	805	4.7%	60.9%

✓ The pachinko parlor industry continues to be in a severe situation in terms of earnings. As for new parlor openings, the number of projects, which refurbish and re-launch parlors that were acquired through purchase of existing hall operators or transfer of furnished halls has increased.

✓ In its mainstay advertising business, the Group, along with carrying out sales activities for steadily capturing orders based on special demand cases, worked proactively to expand sales of Internet media and outdoor advertising to transform its earnings structure. Simultaneously, it started contract-based printing and design services targeting other industries in an effort to raise the level of profits by leveraging the economy of scale of the existing business.

✓ As a result, net sales for FY2016 totaled ¥16,919 million (down 2.1% year on year), operating income amounted to ¥1,142 million (down 12.2% year on year), ordinary income amounted to ¥1,129 million (down 16.0% year on year) and net income amounted to ¥490 million (down 39.1% year on year) after a ¥125 million impairment loss on goodwill of a consolidated subsidiary and valuation loss of investment securities of ¥157 million.

Breakdown by Business Segment

□FY2016

(millions of yen)

	Advertising	Real Estate	Other	Adjustment	Consolidated
Net sales	16,684	150	84	(0)	16,919
Segment income	1,475	63	(19)	(378)	1,142

□Change versus FY2015

(millions of yen)

	Advertising	Real Estate	Other	Adjustment	Consolidated
Net sales	(454)	+ 2	+ 84	+ 2	(365)
Segment income	(202)	+ 3	(19)	+ 59	(158)

✓ Consolidated net sales declined by ¥365 million as the advertising business of pachinko parlors and mail order services underperformed the same period a year earlier. Segment income declined by ¥158 million despite reduction in company-wide adjustment.

FY2016 Income Statement (Advertising)

(millions of yen)

Advertising	FY2016	FY2015	YoY comparison
Net sales	16,684	17,138	97.4%
Operating expense	15,209	15,460	98.4%
Segment income	1,475	1,678	87.9%

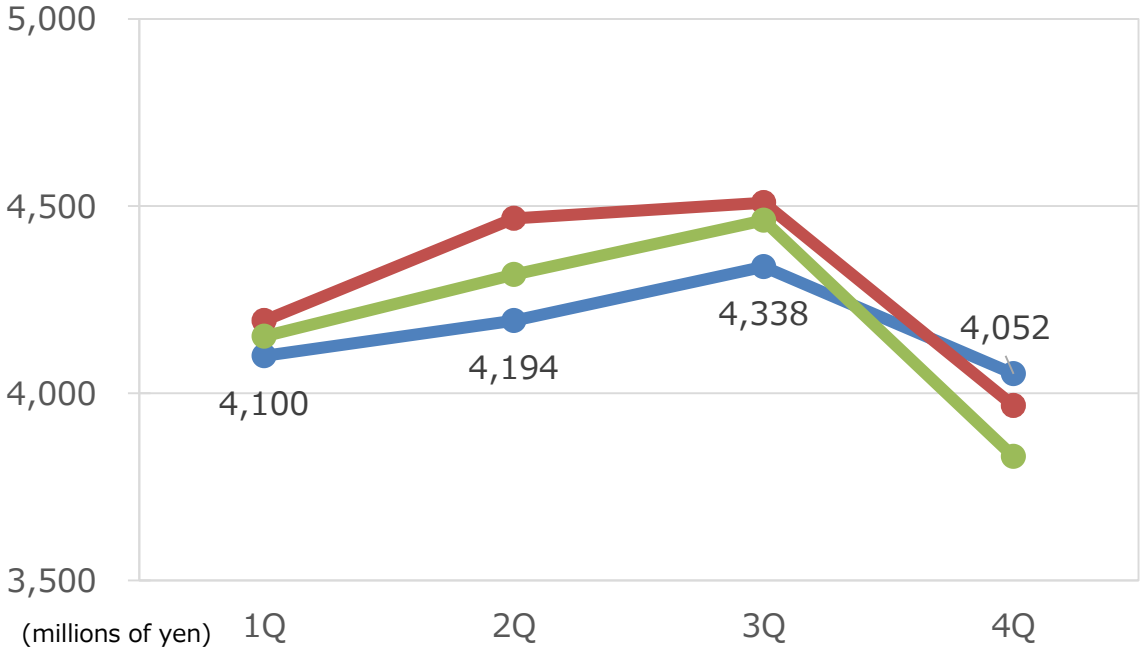
- ✓ In addition to the continued slump in demand in the pachinko parlor advertising market due to the impact of the advertising restrictions, advertising demand declined given the prolonged cutbacks in advertising expenses stemming from worsening profitability at pachinko parlor operators. The special demand for grand opening notifications also slowed due to the fall in size of advertising promotions leading to decline in the total value of orders.
- ✓ Under such circumstances, the Group worked on the following initiatives in the advertising business:
 - the Group pursued proposals to increase the ratio of Internet media and outdoor advertising, while at the same time carrying out sales activities for steadily capturing orders based on special demand cases;
 - the Group started to work on cost reduction through streamlining of design work and reduction of DM-related costs by reviewing partner companies; and
 - the Group started in earnest printing and design on contract basis for corporate customers in other industries.
- ✓ As a result of these efforts, net sales of the Advertising Business came to ¥16,684 million (down 2.6% year on year) and segment income declined 12.1% to ¥1,475 million.

Quarterly Sales Trends (Advertising)

(millions of yen)

	1Q	2Q	3Q	4Q	Full year
FY2016	4,100	4,194	4,338	4,052	16,684
FY2015	4,194	4,467	4,509	3,967	17,138
FY2014	4,152	4,317	4,462	3,831	16,762

● FY2016 ● FY2015 ● FY2014

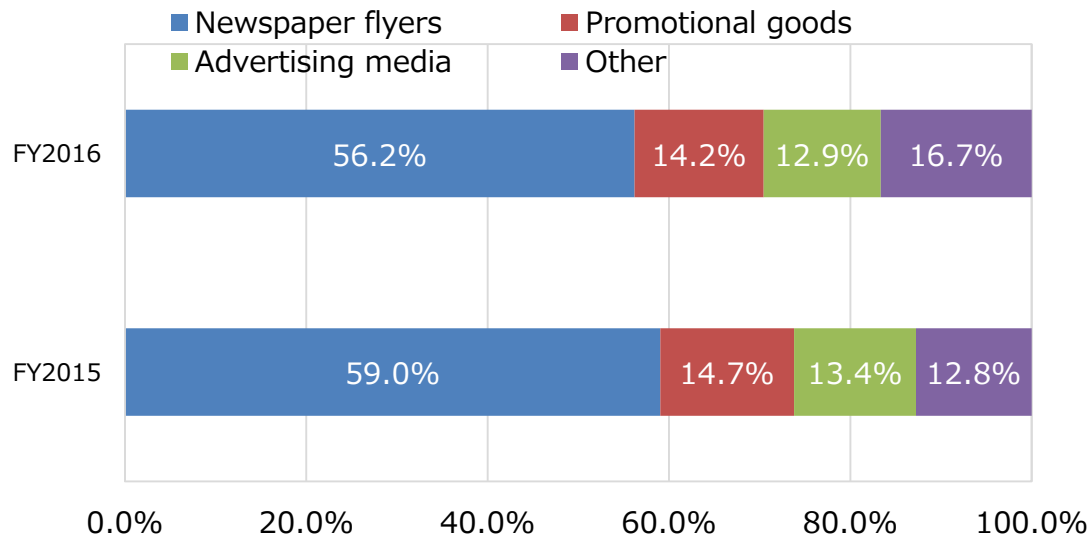


✓ Net sales of the Advertising Business in 4Q increased ¥84 million compared with the same period a year earlier thanks to capturing of orders of special demand projects in the printing business and the impact of a consolidated subsidiary whose business showed recovery throughout the year.

Sales Breakdown (Advertising)

(millions of yen)

	FY2016	% of total	FY2015	% of total	YoY comparison
Newspaper flyers	9,376	56.2%	10,118	59.0%	92.7%
Promotional goods	2,375	14.2%	2,527	14.7%	94.0%
Advertising media	2,154	12.9%	2,305	13.4%	93.4%
Other	2,778	16.7%	2,187	12.8%	127.0%
	16,684	100.0%	17,138	100.0%	97.3%



✓ Net sales of newspaper flyers, which are the mainstay medium of the pachinko advertising business, declined ¥742 million year on year and its share in the business also fell 2.8 p.p.

✓ Sales and percentage of total of consolidated subsidiaries which fall under the other category rose year on year as web-related advertising materials increased.

Clients (Advertising)

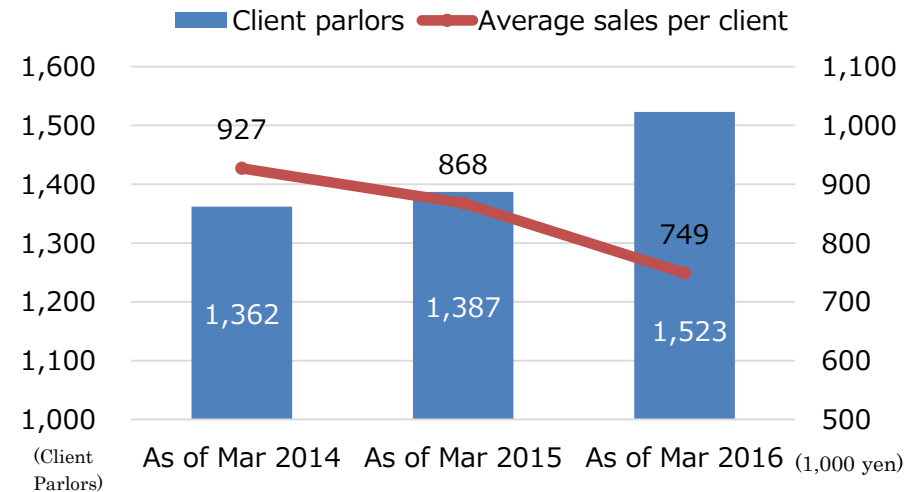
Average sales per client and number of client parlors

✓ While the number of client parlors increased as we strengthened our advertisement proposal activities targeting major clients, average sales per client are on a downward trend

Active clients	As of Mar 2014	As of Mar 2015	As of Mar 2016
Client parlors *1	1,362	1,387	1,523
Average sales per client (1,000 yen) *2	927	868	749

*1 Client parlors refer to customers with more than ¥50,000 in monthly transactions

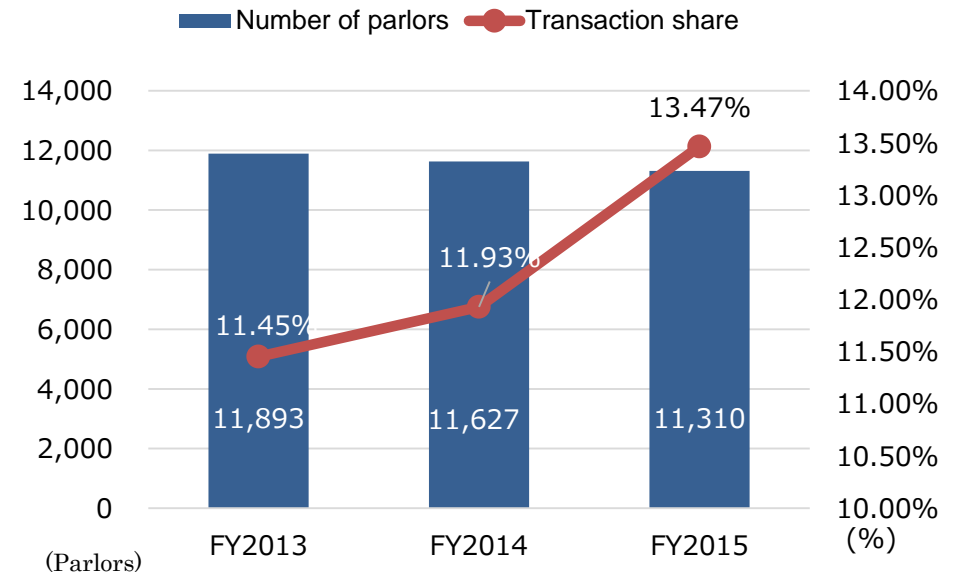
*2 Sales figures are monthly



Share in the pachinko parlor advertising market

✓ The Group's transaction share has increased even as the total number of pachinko parlors shows a downward trend.

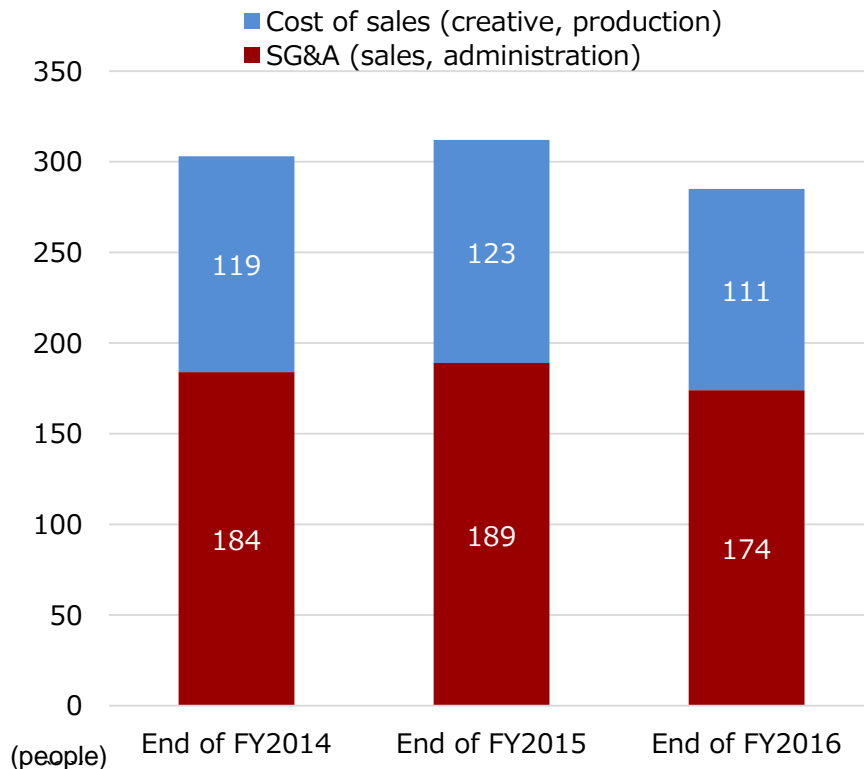
	FY2013	FY2014	FY2015
Number of pachinko parlors (National Police Agency study)	11,893	11,627	11,310
Number of client parlors (as of March 2016)	1,362	1,387	1,523
Transaction share	11.45%	11.93%	13.47%



Employees (Advertising)

(people)

	End of FY2014	End of FY2015	End of FY2016
Cost of sales (creative)	119	123	111
SG&A (sales, administration)	184	189	174
Subtotal for advertising	303	312	285



✓ Following the decline in advertising demand, the Group strived to reduce fixed costs and limited new hire in both creative and sales

FY2016 Income Statement (Real Estate)

(millions of yen)

Real Estate	FY2016	FY2015	YoY comparison
Net sales	150	145	103.0%
Operating expense	87	85	102.4%
Segment income	63	60	106.2%

✓ In FY2016, an office sales and leasing brokerage agreement was added to the two existing, ongoing leasing agreements. As a result, net sales totaled ¥150 million, up 3.0% from the previous fiscal year, and segment income came to ¥63 million, up 6.2% year on year.

FY2016 Balance Sheet (Consolidated)

(millions of yen)

	End of FY2015 (A)	End of FY2016 (B)	Change (B) – (A)	
Cash and cash equivalents	3,494	3,507	13	
Notes and accounts receivables	2,105	2,289	184	(1) Increase in accounts receivable
Other current assets	306	333	26	
Tangible fixed assets	939	946	7	
Intangible fixed assets	321	123	(198)	(2) Decline due to amortization of goodwill and impairment
Investment and other assets	961	827	(134)	(3) Decline due to evaluation loss of investment securities
Total assets	8,129	8,026	(102)	
Notes and accounts payables	1,220	1,408	188	
Short-term borrowings (incl. long-term borrowings due within a year)	460	290	(170)	(4) Decline due to repayment of loans
Accrued income taxes	234	213	(21)	
Other current liabilities	334	248	(86)	
Long-term borrowings	490	500	10	
Other fixed liabilities	18	18	0	
Total liabilities	2,758	2,678	(79)	
Shareholders' equity	5,353	5,317	(36)	
Other	17	31	13	
Total net assets	5,370	5,348	(22)	(5) +¥490 million in net income - ¥471 million in dividend payment
Total liabilities and net assets	8,129	8,026	(102)	

FY2016 Cash Flow Statement (Consolidated)

(millions of yen)

	FY2015	FY2016
Net income before income taxes	1,307	861
Cash flow from operations	1,027	848
Cash flow from investing activities	(266)	(260)
Cash flow from financing activities	(1,095)	(631)
Cash and cash equivalents at end of period	3,536	3,513

+ Net income before income taxes	861	
+ Depreciation and amortization	103	
+ Loss on valuation of investment securities	157	
+ Impairment loss	125	
+ Other (net amount)	48	
		– Payment of corporate tax, etc. 448
Cash flow from operations	+ 848	
		– Payment for purchase of investment securities 287
		– Other payments 167
+ Proceeds from sales and redemption of investment securities	180	
+ Other earnings	14	
		Cash flow from investing activities – 260
		– Repayment of long-term loans payable 360
		– Dividends paid 471
+ Proceeds from long-term loans payable	200	
		Cash flow from financing activities – 631

✓ Cash and cash equivalents at the end of the period declined ¥23 million to ¥3,513 million.

FY2017 Consolidated Earnings Forecast

	FY2017 1H forecast		FY2017 forecast	
	Millions of yen	YoY comparison (%)	Millions of yen	YoY comparison (%)
Net sales	7,000	-15.6%	14,600	-13.7%
Operating income	400	-22.9%	1,040	-8.9%
Ordinary income	400	-23.8%	1,040	-7.9%
Net income attributable to parent company shareholders	260	-21.9%	700	+42.9%

- ✓ With regard to the business environment in FY2017, we expect the demand for the mainstay pachinko hall advertising business to continue to decline gradually, as the clients' advertising budget is likely to be slashed due to the anticipated deterioration in the number of pachinko users and pachinko halls as in this fiscal year.

Further, with the G7 summit scheduled to be held in May in Ise-Shima, demand for advertisements for new machine replacements during the first quarter of FY2017 is expected to decline drastically compared to normal years due to the impact of voluntary restrictions on new machine purchasing.

Medium- to Long-term Management Strategies

Smart & Stable, Challenge & Change, Aggressive & Ambitious

Ambitiously pursue growth by constantly taking on challenges and transforming ourselves upon establishing a strong customer base.

1) In the advertising business, develop customers, deepen business and promote low-cost operation

- ✓ Acquire new major customers in metropolitan areas and develop new demand by focusing on deepening of business with existing major parlor operators.
- ✓ Promote improvement of productivity through review of the entire process and reduction of design cost by utilizing subsidiary Julia Japan.co, Ltd.

2) Penetration of Internet media in the advertising business market

- ✓ Enhance internally developed media and strengthen Internet advertisement proposals
- ✓ Develop and offer services to pachinko parlors in alliance with external partners who offer various Internet advertisements tools



3) Expand business domain

- ✓ Strengthen research regarding advertisements of other industries and amusement-related marketing methods and expand business domain to achieve sustainable growth for the Group
- ✓ Expand service line through business tie-ups with prominent businesses in other industries

Challenges Ahead

The Group will implement the following measures in order to realize its management strategies:

(1) Transform the earnings structure of the pachinko hall advertising business

- ✓ Boost profits by enhancing  (pachiseven.jp) and allocate resources to expand sales of , DSP advertising tool for pachinko parlors
- ✓ Expand outdoor advertising orders
- ✓ Focus on job advertising sales
- ✓ Start EC business of poster production, etc.



▲Under-development curation site for job advertisement for pachinko parlors

(2) Expand the advertising business by targeting clients in other industries

- ✓ Expand contract-based printing and design business for other industries
- ✓ Grow the advertising business for mail order companies
- ✓ Consider collaborations or acquisitions of other advertising companies



▲EC site for poster creation

(3) Continuously implement cost-reduction measures and sort out items on sale after taking profitability into account

- ✓ Consolidation of design departments of sales offices
- ✓ Promote cost reduction by utilizing the resources of subsidiaries even more
- ✓ Revisit the items sold, reorganize and pursue profitability



▲Website for contract-based design service

Profit Distribution Basic Policy and Dividends for FY2016 and FY2017

	FY2015	FY2016	FY2017 forecast
Operating margin	7.5%	6.8%	7.1%
EPS	51.08 yen	31.22 yen	44.59 yen
Total annual dividend (Of which, interim dividend)	30.00 yen (15.00 yen)	30.00 yen (15.00 yen)	25.00 yen (12.00 yen)

- ✓ The Group intends to maintain a dividend payout ratio of 50%, for the time being, taking into account the cash flow position. Furthermore, it plans to purchase treasury stock at appropriate junctures with an emphasis on improving capital efficiency.
- ✓ Based on the above policy, for FY2016, the Group intends to pay a year-end dividend of 15.00 yen per share. Together with the interim dividend of 15.00 yen per share, total annual dividend amounts to 30.00 yen per share (consolidated dividend payout ratio of 96.1%).
- ✓ The Group plans to determine the dividend forecast for FY2017 also based on the above basic policy and it currently expects to pay an annual dividend of 25.00 yen per share (expected consolidated dividend payout ratio of 56.0%).

These materials, which contain earnings forecasts and other forward-looking statements, are based on information available to the Company at the time of preparation and on certain other information the Company believes to be reasonable. Actual business results may differ materially from those expressed or implied herein due to a range of factors.

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