

Results for the Fiscal Year Ended March 31, 2016

**May 13, 2016
Heiwa Corporation**

Securities Code : 6412

■ Overview	• • • 3
■ Results for the FY ended March 31, 2016	• • • 4
■ Full-year Plan for FY ending March 31, 2017	• • • 13

Supplementary Information

【Market Environment】

- Pachinko and Pachislot Machine Business
- Golf Business

【Pachinko and Pachislot Machine Business】

- Regulations on Pachinko Machine
- Regulations on Pachislot Machine
- Number of Machines Sold / Titles Released in FY
Ended March, 2016

【Golf Business】

- Trends of Golf Course Users and Revenue per Customer
- Golf Course Portfolio

【Consolidation Results】

- Trends of Business Results
- Key Financial Indicators

Results

- Net sales : 214.9billion yen, +8.2% year on year
- Operating income : 38.9billion yen, -9.1% year on year
 - Year-on-year increase in income for both the pachinko and pachislot machine business and the golf business
 - Gross profit ratio worsened for the pachinko and pachislot machine business and operating income fell below the previous fiscal year
 - Compared to our plan, net sales leveled off, and performance was better than expected in each area of profit

Pachinko and pachislot machine business

- Net sales : 135.3billion yen, +11.5% year on year
- Operating income : 30.0billion yen, -12.3% year on year
- ✓ The number of Pachinko machines sold in FY3/2016: 234k units (-17k units yoy)
- ✓ The number of Pachislot machines sold in FY3/2016: 113k units (+21k units yoy)
 - Net sales exceeded the previous fiscal year due to factors such as the increase in the number of pachislot machines sold

Golf business

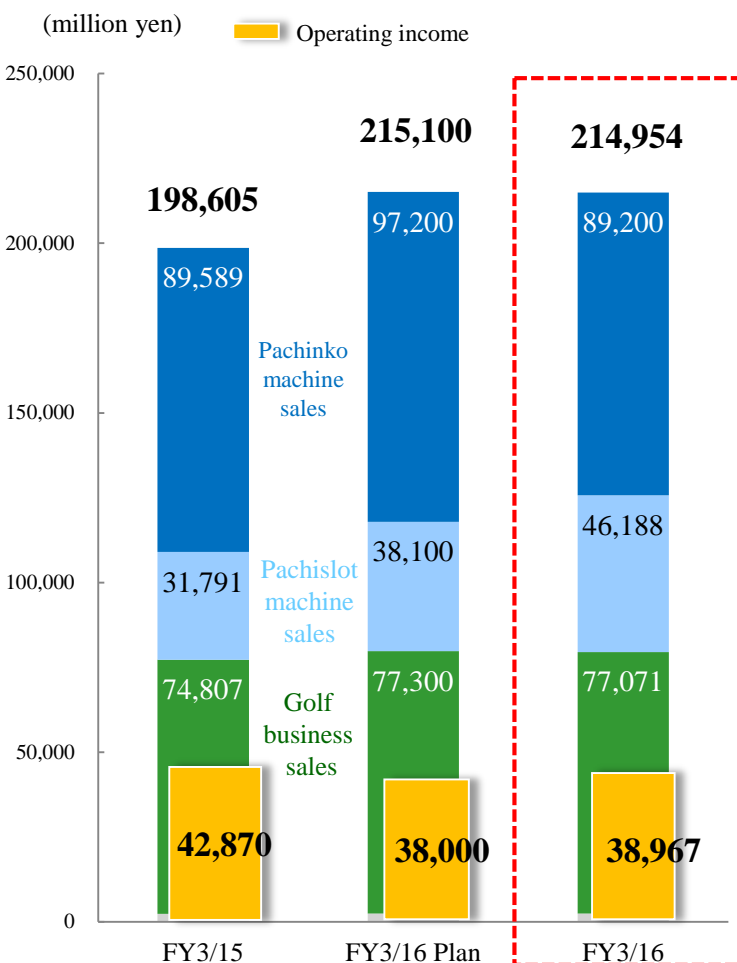
- ◆ Net sales : 77.0billion yen, +3.0% year on year
- ◆ Operating income : 12.4billion yen, +2.5% year on year
 - Increase in visitors due to favorable weather and a warm winter
 - Membership promotion was successful and contributed to results

Results for the FY ended March 31, 2016

Consolidated Statements of Income (Results)

FY3/16 Results

- Year-on-year increase in income but decrease in profit (net sales +8.2% YoY and operating income -9.1% YoY)
 - Although net sales exceeded the previous fiscal year due to an increase in units sold and a rise in unit prices, an increase in the manufacturing cost of goods sold led to reduced profits
 - Compared to our plan, net sales mostly leveled off, and performance was better than expected in each area of profit



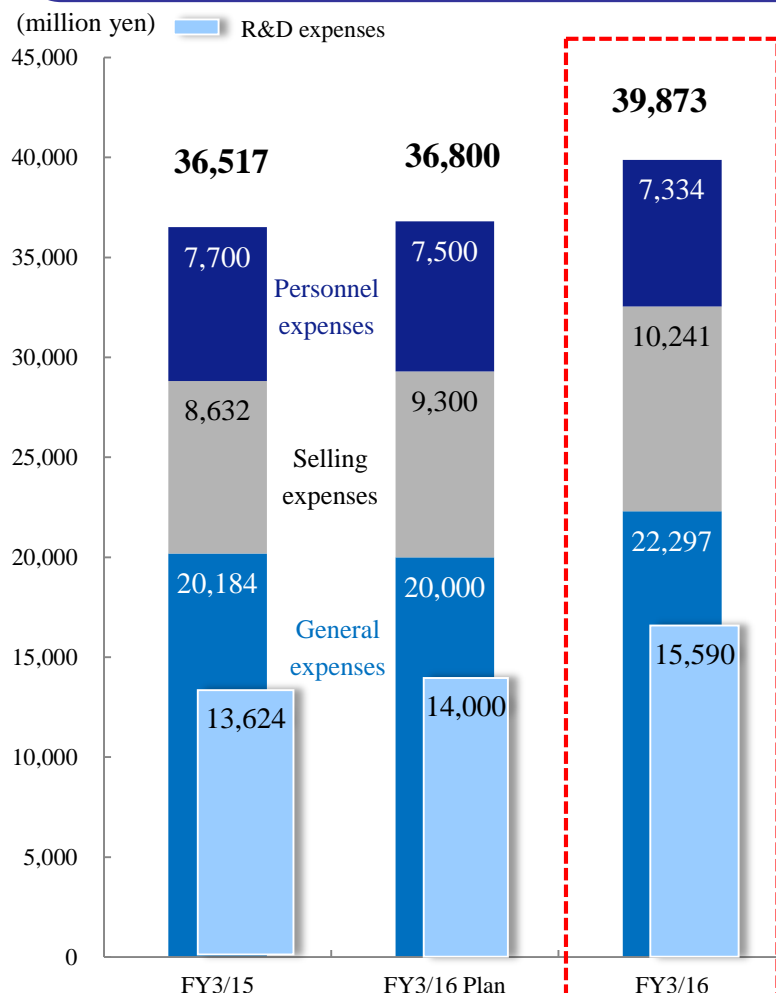
(million yen)	FY 3/2015 Results	FY 3/2016 Plan	FY 3/2016 Results	YoY	Cf. Plan
Net sales	198,605	215,100	214,954	8.2%	-0.1%
Pachinko and Pachislot machine business	121,380	135,300	135,388	11.5%	0.1%
Pachinko machines	89,589	97,200	89,200	-0.4%	-8.2%
Pachislot machines	31,791	38,100	46,188	45.3%	21.2%
Golf business	74,807	77,300	77,071	3.0%	-0.3%
Other	2,417	2,500	2,494	3.2%	-0.2%
Operating income	42,870	38,000	38,967	-9.1%	2.5%
Pachinko and Pachislot machine business	34,310	29,100	30,088	-12.3%	3.4%
Pachinko machines	21,582	19,500	16,467	-23.7%	-15.6%
Pachislot machines	12,728	9,600	13,620	7.0%	41.9%
Golf business	12,127	11,900	12,427	2.5%	4.4%
Other	140	200	151	7.3%	-24.4%
Eliminations & corporate expenses	-3,708	-3,200	-3,699	-	-
Operating income ratio	21.6%	17.7%	18.1%	-3.5pt	+0.4pt
Ordinary income	42,059	36,800	37,444	-11.0%	1.8%
Profit attributable to owners of parent	26,235	22,400	28,143	7.3%	25.6%
EBITDA*	52,219	48,600	49,999	-4.3%	2.9%

SGA Expenses / Depreciation & Amortization / Capital Investment (Results)

FY3/16 Results

■ Year-on-year increase in SGA expenses (+9.2% YoY)

- R&D expenses greatly increased due to increases in quality of commodities and revisions in accordance with changes to the standards for pachinko and pachislot machines, etc.
- Expenses relating to shareholder benefit program increased (3 allocations for 2016/3 (1 for PGM and 2 for the Company) and 2 allocations for next fiscal year)



(million yen)	FY 3/2015 Results	FY 3/2016 Plan	FY 3/2016 Results	YoY	Cf. Plan
SGA expenses	36,517	36,800	39,873	9.2%	8.4%
Personnel expenses	7,700	7,500	7,334	-4.8%	-2.2%
Selling expenses	8,632	9,300	10,241	18.6%	10.1%
Advertising expenses	3,560	3,800	3,155	-11.4%	-17.0%
Sales commissions	3,675	3,400	3,701	0.7%	8.9%
General expenses	20,184	20,000	22,297	10.5%	11.5%
R&D expenses	13,624	14,000	15,590	14.4%	11.4%

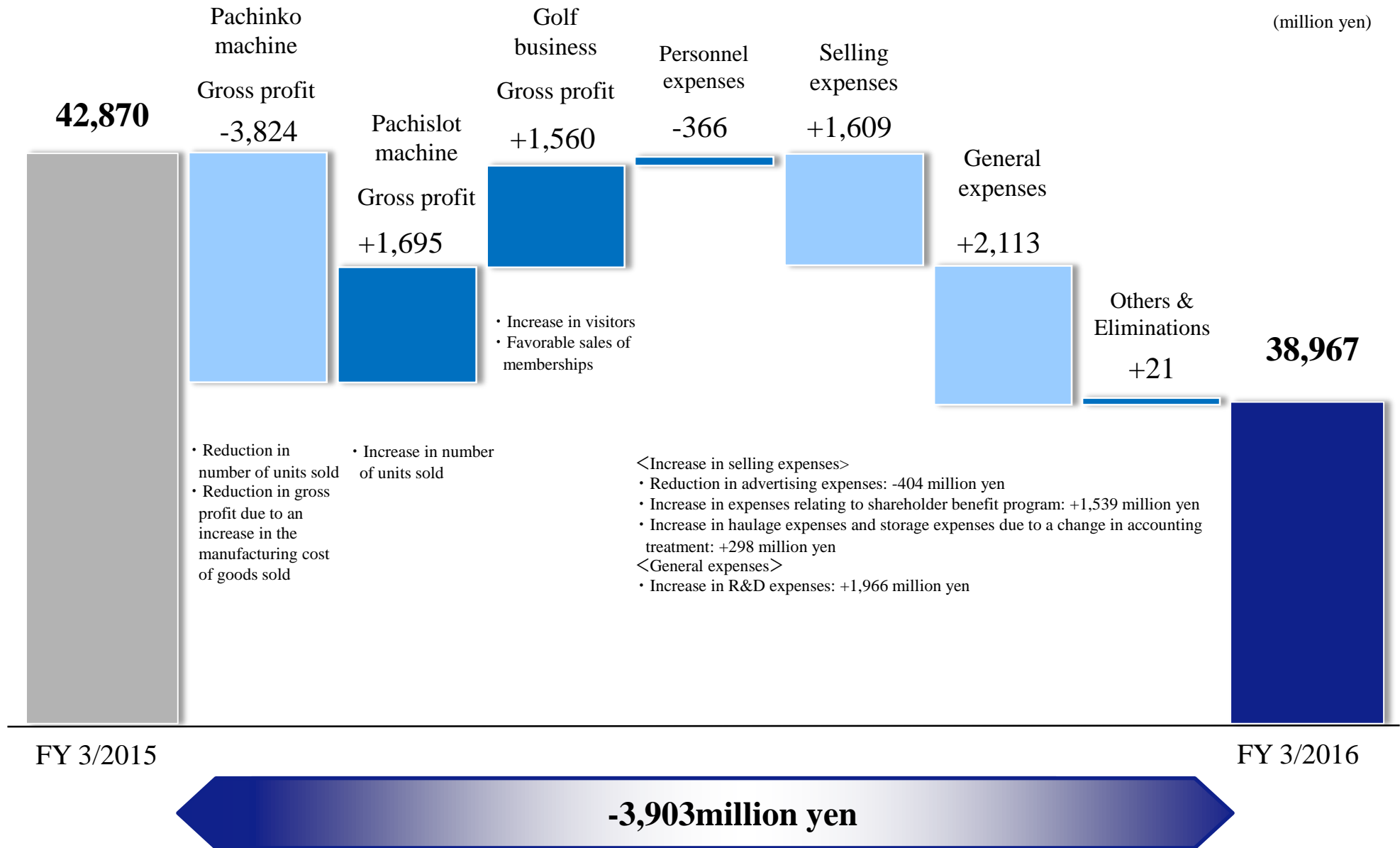
Depreciation & Amortization / Capital Investment

(million yen)	FY 3/2015 Results	FY 3/2016 Plan	FY 3/2016 Results	YoY	Cf. Plan
Depreciation & amortization	9,478	10,700	11,027	16.3%	3.1%
Capital investment	11,877	13,800	13,354	12.4%	-3.2%

Factors contributing to change in operating income (consolidated basis)

FY3/16 Results

(million yen)



Pachinko and Pachislot Machine Business (Machine Sales Results)

FY3/16 Results

(Units)	FY 3/2015 Results	FY 3/2016 Plan	FY 3/2016 Results	YoY	Difference from Plan
Number of machines sold	344,866	360,000	348,613	+3k units	-11k units
Pachinko machines	252,103	260,000	234,616	-17k units	-25k units
Number of titles released	10	8	7	-3	-1
Pachislot machines	92,763	100,000	113,997	+21k units	+13k units
Number of titles released	6	5	5	-1	-

Major pachinko titles

Titles	Sales (units)	Release
<i>Lupin The Third: I'm a super hero</i>	128,335	Jul. 2015
<i>Cat's Eye</i>	23,320	Jun. 2015
<i>Mahjong Monogatari 2: Mezase! "Jong-Dol" Ketteisen!</i>	21,513	Apr. 2015

Major pachislot titles

Titles	Sales (units)	Release
<i>Lupin The Third: Royal Road Kinkai ni Somaru Ougonshinden</i>	38,944	Oct. 2015
<i>Devil Survivor 2: Saigo no Nanokakan</i>	24,829	Jun. 2015
<i>Sengoku Otome 2: Shinen ni Kagayaku Kedakaki Shousei</i>	19,993	Jan. 2016



Pachinko machine
*Lupin The Third
: I'm a super hero*



©モンキー・パンチ/TMS・NTV



Pchislot Machine
*Sengoku Otome 2
: Shinen ni Kagayaku
Kedakaki Shousei*



©HEIWA/OLYMPIA/Character design by SHIROGUMI INC.

Pachinko and Pachislot Machine Business (Results)



FY3/16 Results

Pachinko

- The number of units sold fell short of the previous fiscal year, resulting in decreased income and profit
 - Gross profit decreased because we invested in the special unit (“*Lupin The Third: I’m a super hero*”) in the 2nd quarter

Pachislot

- The number of units sold and the unit sales price exceeded the previous fiscal year, resulting in increased income and profit
 - Gross profit ratio decreased due to investment in new chassis in the 3rd quarter

Total

- Year-on-year increase in income but decrease in profit (net sales +11.5% YoY and operating income -12.3% YoY)
 - Sales of pachislot machines were favorable, and net sales increased year on year
 - Gross profit ratio and operating income ratio both decreased due to an increase in the manufacturing cost of goods sold for both pachinko and pachislot machines

(million yen)	FY 3/2015 Results	FY 3/2016 Results	YoY
Net sales	121,380	135,388	11.5%
Pachinko machines	89,589	89,200	-0.4%
Pachislot machines	31,791	46,188	45.3%
Gross profit	60,120	57,991	-3.5%
Pachinko machines	38,689	34,864	-9.9%
Pachislot machines	21,431	23,126	7.9%
Gross profit ratio	49.5%	42.8%	-6.7pt
Operating income	34,310	30,088	-12.3%
Pachinko machines	21,582	16,467	-23.7%
Pachislot machines	12,728	13,620	7.0%
Operating income ratio	28.3%	22.2%	-6.1pt

Breakdown of machine sales

(Units)	FY 3/2015 Results	FY 3/2016 Results	YoY
Total	344,866	348,613	3,747
Pachinko machines	252,103	234,616	-17,487
Body	200,813	179,197	-21,616
Gauge board	51,290	55,419	4,129
Pachislot machines	92,763	113,997	21,234
Chassis	36,146	89,453	53,307
Combined unit	56,617	24,544	-32,073

Golf Business (Strategy progress and Revenue per Customer)

FY3/16 Results

■ Strengthen M&A (Acquired 8 courses and conducted outsourced management 1.5 courses when converted to 18H equivalent)

2015/5/1 Management Outsourcing: Hiroshima Kouyou Country Club (Hiroshima-ken, 27H)

2015/5/15 Acquisition: Uchihara Country Club (Ibaraki-ken, 18H)

2015/9/1 Acquisition: Chiba Kokusai Country Club (Chiba-ken, 45H)

2015/10/1 Acquisition: Isehara Country Club (Kanagawa-ken, 27H)

2015/10/1 Acquisition: Ohatano Country Club (Kanagawa-ken, 18H)

2015/12/1 Acquisition: Fukuoka Kokusai Country Club (Fukuoka-ken, 36H)

■ Revision of Golf Course Portfolio (Sold 1 course converted to 18H equivalent)

2015/9/8 Sale: Forest Ichikawa Golf Club (Hyogo-ken, 18H)

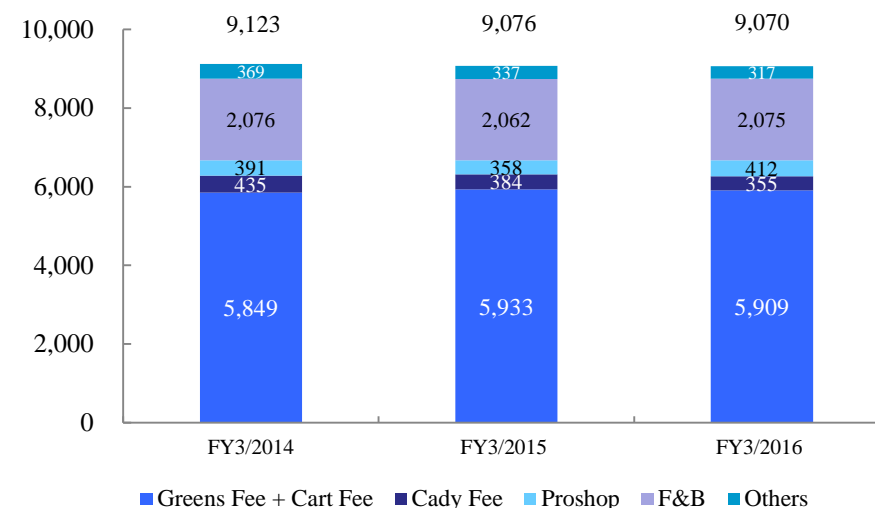


Miho Golf Club

Number of golf course users/Revenue per customer

【Full-year (12 months)】	FY 3/2015 Results	FY 3/2016 Results	YoY
Number of golf course users (thousand people)	7,390	7,529	1.9%
Revenue per customer (yen)	9,076	9,070	-0.1%
【4Q (3 months)】	FY 3/2015 Results	FY 3/2016 Results	YoY
Number of golf course users (thousand people)	1,403	1,492	6.3%
Revenue per customer (yen)	8,527	8,482	-0.5%

Breakdown of Revenue per Customer



※ Data shown above is computed from the consolidated financial results of PGM Holdings K.K.

Golf Business (Results)

FY3/16 Results

- Year-on-year increase in income and profit (net sales +3.0% YoY and operating income +2.5% YoY)
 - Visitor numbers exceeded the previous fiscal year due to favorable weather and a warm winter
 - ✓ In particular, courses acquired from 2014 onwards showed positive results
 - Membership promotion was successful and led to increased membership-related sales
 - Expenses relating to shareholder benefit program increased (3 allocations for 2016/3 (1 for PGM and 2 for the Company) and 2 allocations for next fiscal year)

(million yen)	FY 3/2015 Results	FY 3/2016 Results	YoY
Net sales	74,807	77,071	3.0%
Net Sales before eliminations	74,872	77,095	3.0%
Eliminations	65	23	—
Gross profit	19,134	20,695	8.2%
Gross profit ratio	25.6%	26.8%	+1.2pt
Operating income	12,127	12,427	2.5%
Operating income ratio	16.2%	16.1%	-0.1pt

Breakdown of Sales			
(million yen)	FY 3/2015 Results	FY 3/2016 Results	YoY
Revenue from golf course operation	67,077	68,296	1.8%
Membership-related sales	7,052	8,040	14.0%

Breakdown of Costs			
(million yen)	FY 3/2015 Results	FY 3/2016 Results	YoY
Cost of Sales	55,737	56,399	1.2%
SGA expenses	7,007	8,267	18.0%

SGA Expenses increased due to rise in expenses relating to shareholder benefit program.

Consolidated Balance Sheets (Summary)

(million yen)	3/2015	3/2016	Change	Remarks
Current assets	162,023	151,013	-11,009	■ Decrease in cash and deposits
Noncurrent assets	285,810	299,701	+13,890	■ Increase in fixed asset by acquisition of golf courses
Total assets	447,833	450,715	+2,881	
Current liabilities	68,299	103,202	+34,903	
Noncurrent liabilities	201,264	148,639	-52,625	■ Advance repayment of loans payable
Total liabilities	269,564	251,842	-17,721	
Net assets	178,269	198,873	+20,603	
Liabilities and total net assets	447,833	450,715	+2,881	

(million yen)	3/2015	3/2016
Cash and deposits, and investment securities	122,259	106,503
Interest-bearing debt	156,213	141,935
Shareholders' equity	163,116	198,841
Shareholders' equity ratio	36.4%	44.1%

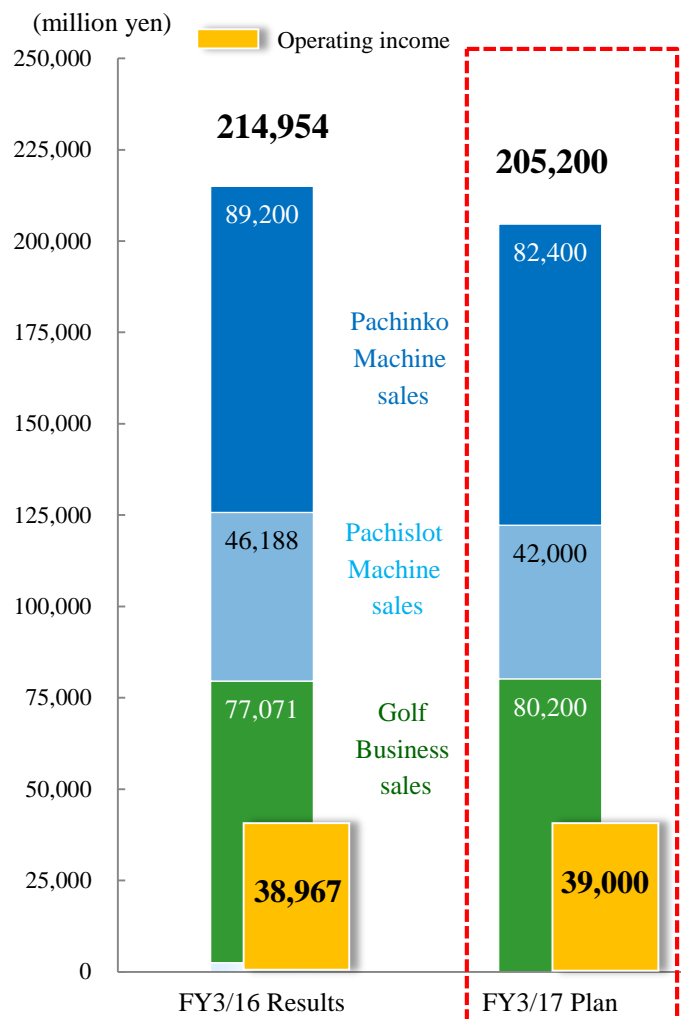
- D/E ratio (interest-bearing debt/shareholders' equity)
96%→71%
- Net D/E ratio (net interest-bearing debt/shareholders' equity)
21%→18%
- Shareholders' equity ratio increased 7.7 percentage points

Full-year Plan for FY ending March, 2017

Consolidated Statements of Income (Plan)

FY3/17 Plan

- Net sales are expected to decrease for the pachinko and pachislot machine business and income is expected to decrease overall
- Operating income is expected to remain at the same level as the previous fiscal year due to a reduction in costs, etc. for the pachinko and pachislot machine business



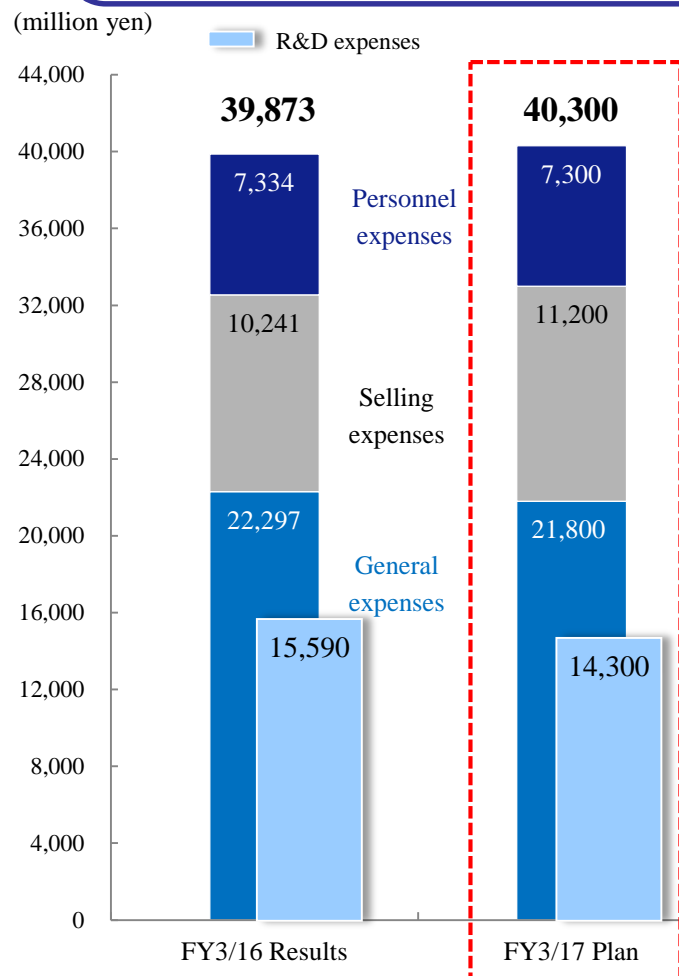
(million yen)	FY 3/2016 Full year Results	FY 3/2017		YoY
		2Q Cumulative	Full year Plan	
Net sales	214,954	102,500	205,200	-4.5%
Pachinko and Pachislot machine business	135,388	59,400	125,000	-7.7%
Pachinko machines	89,200	27,900	82,400	-7.6%
Pachislot machines	46,188	31,200	42,000	-9.1%
Golf business	77,071	43,100	80,200	4.1%
Other	2,494	-	-	-
Operating income	38,967	23,400	39,000	0.1%
Pachinko and Pachislot machine business	30,088	16,700	30,500	1.4%
Pachinko machines	16,467	3,800	15,400	-6.5%
Pachislot machines	13,620	13,000	15,200	11.6%
Golf business	12,427	8,500	12,400	-0.2%
Other	151	-	-	-
Eliminations & corporate expenses	-3,699	-1,800	-3,900	-
Operating income ratio	18.1%	22.8%	19.0%	+0.9pt
Ordinary income	37,444	22,900	37,700	0.7%
Profit attributable to owners of parent	28,143	15,700	30,000	6.6%
EBITDA*	49,999	28,700	50,800	1.6%

SGA Expenses / Depreciation & Amortization / Capital Investment (Plan)

FY3/17 Plan

■ SGA expenses to remain at the same level as fiscal year ended March 2016

- Selling expenses to increase along with the commencement of operation of the new distribution system
- General expenses to decrease due to revision of R&D expenses



(million yen)	FY 3/2016 Full year Results	FY 3/2017		YoY
		2Q Cumulative	Full year Plan	
SGA expenses	39,873	19,200	40,300	1.1%
Personnel expenses	7,334	3,200	7,300	-0.5%
Selling expenses	10,241	5,400	11,200	9.4%
Advertising expenses	3,155	1,400	3,500	10.9%
Sales commissions	3,701	2,000	3,600	-2.7%
General expenses	22,297	10,600	21,800	-2.2%
R&D expenses	15,590	6,800	14,300	-8.3%

Depreciation & amortization / Capital investment

(million yen)	FY 3/2016 Full year Results	FY 3/2017		YoY
		2Q Cumulative	Full year Plan	
Depreciation & amortization	11,027	5,200	11,600	5.2%
Capital investment	13,354	6,200	16,000	19.8%

Pachinko and Pachislot machine Business (Machine Sales Plan)

FY3/17 Plan

(Units)	FY 3/2016 Full year Results	FY 3/2017		Change the previous year
		2Q Cumulative	Full year Plan	
Number of machines sold	348,613	162,000	340,000	-8k units
Pachinko machines	234,616	81,000	230,000	-4k units
Number of titles released	7	4	8	+1
Pachislot machines	113,997	81,000	110,000	-3k units
Number of titles released	5	4	7	+2

* The number of machines sold in the plan for 2017/3 includes *Nangoku Monogatari*, which was released at the end of 2016/3, but it is excluded from number of titles released.

Titles to Release in 1Q/ Pachinko Machine

Title	Release Date
<i>GIRLS und PANZER</i>	Apr. 2016
<i>Flame of Recca 2</i>	Jun. 2016

Titles to Release in 1Q / Pachislot Machine

Title	Release Date
<i>Nangoku Monogatari</i>	Previous Year (Mar. 2016)
<i>Maison Ikkoku: Sakura no Sitade</i>	May 2016
<i>Nangoku Monogatari SPECIAL</i>	Jun. 2016



Pachinko Machine
GIRLS und PANZER



©GIRLS und PANZER Projekt



Pachislot Machine
Nangoku Monogatari SPECIAL



1

Producing machines that aim for novelty and differentiation

- Pursue accuracy in trend forecasts
- Construct a development structure that can adapt to the market environment
- Ensure development from the player's perspective

2

Enhancing earning potential

- Establish and implement a strategic sales plan
- Review development costs and raw materials costs
- Maximize the 3Rs (reduce, re-use, recycle)

1

Enhancing management structure

- Establish high-end course operation
 - ✓ Increase the level of service
 - ✓ Revise restaurant menus
 - ✓ Restructure Pro shops, etc.

2

Promoting membership

- Continue promotions from last fiscal year to bring in young members and retain current customers

3

Promoting M&A, and management outsourcing

- Ties with information providers
- Investigation and review of acquisition target golf courses
- Promotion of management outsourcing by leveraging our management knowhow

Dividend policy

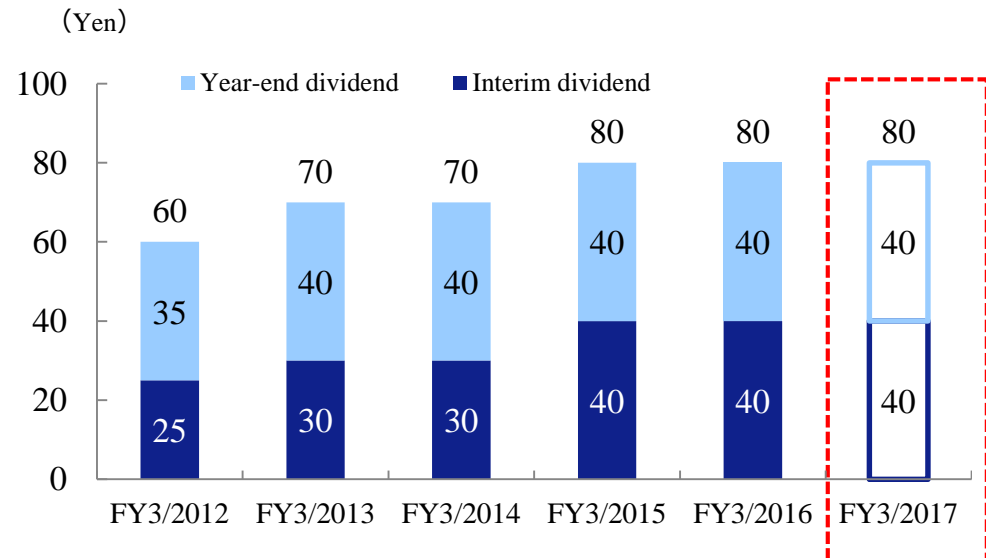
- Stable dividends are paid, giving consideration to the totality of the business plan, financial conditions, and operating results, etc.
- Internal reserves are allocated to investment in enhancement of research and development capabilities, plant and equipment, and M&A of golf courses, etc.

FY 2017

Interim dividend	40 yen
Year-end dividend	40 yen *
Total	80 yen

* Date for commencement of dividend: June 30, 2016

Trend of dividend per share



**Distributing profits to shareholders is a key management issue.
We will do our utmost to maintain a high level of dividend payment.**

Supplementary Information

【Market Environment】

- Pachinko and Pachislot Machine Business
- Golf Business

【Pachinko and Pachislot Machine Business】

- Regulations on Pachinko Machine
- Regulations on Pachislot Machine
- Number of Machines Sold / Titles Released in FY Ending March, 2016

【Golf Business】

- Trends of Golf Course Users and Revenue per Customer
- Golf Course Portfolio

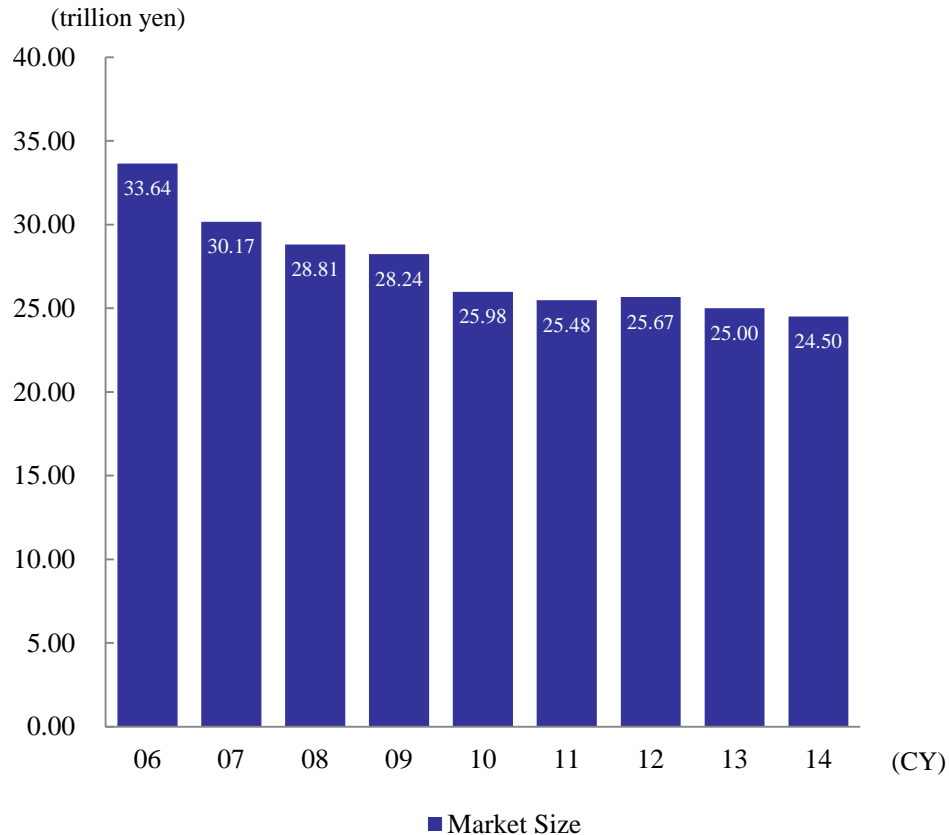
【Consolidated Results】

- Trends of Business Results
- Key Financial Indicators

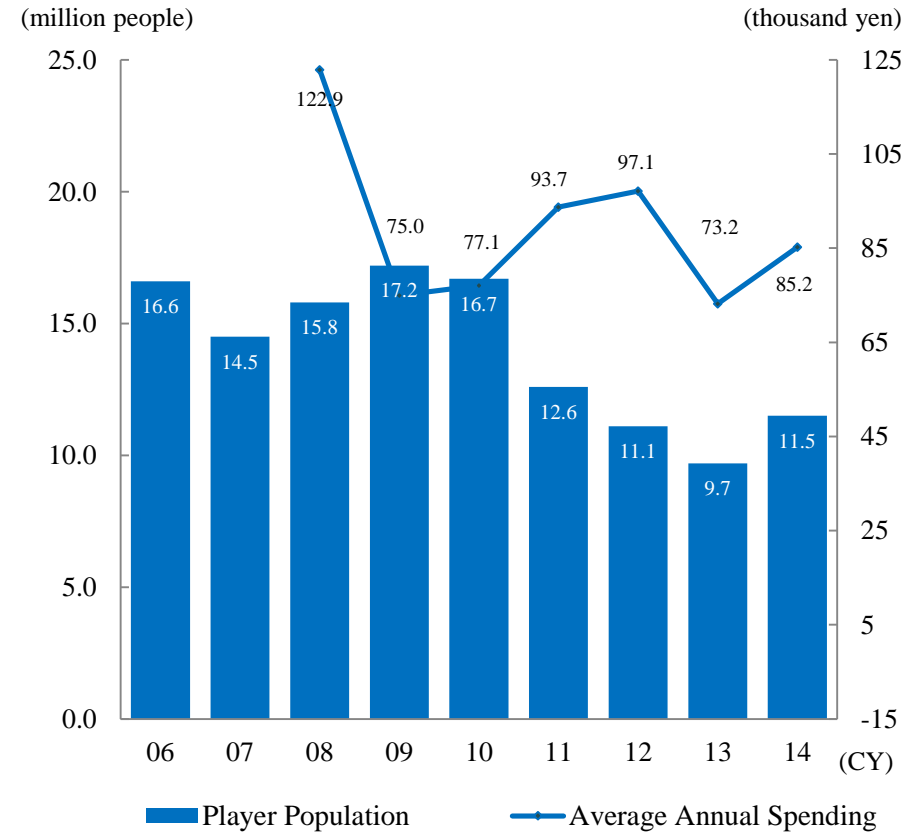
Market Environment (Pachinko and Pachislot Machine Business) 1

Pachinko and Pachislot Machine Business

Market size



Player population and Average annual spending



	2006	2007	2008	2009	2010	2011	2012	2013	2014
Market size (trillion yen)	33.64	30.17	28.81	28.24	25.98	25.48	25.67	25.00	24.50
Player population (million)	16.6	14.5	15.8	17.2	16.7	12.6	11.1	9.7	11.5
Average annual spending (thousand yen)	-	-	122.9	75.0	77.1	93.7	97.1	73.2	85.2

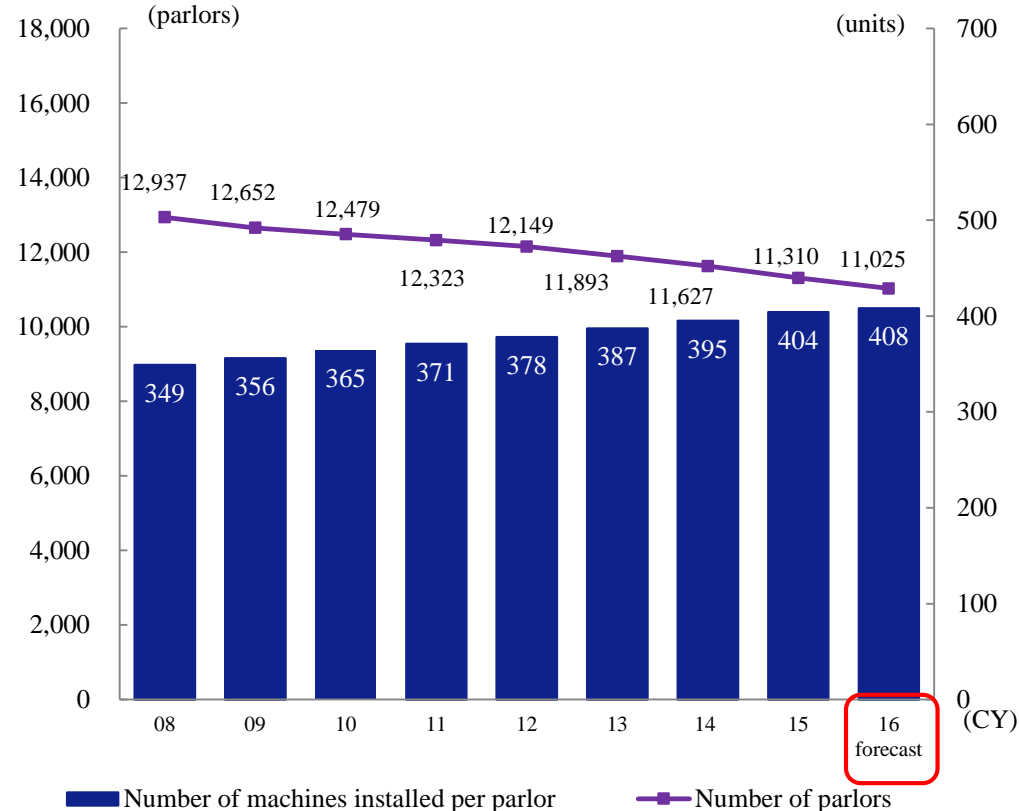
*Data shown in above table are statistics from *White Paper on Leisure 2015* issued by Japan Productivity Center, and based on calendar year. The organization modified estimation method and revised statistics retroactively. “-” indicates statistics not available in the source document.

Market Environment

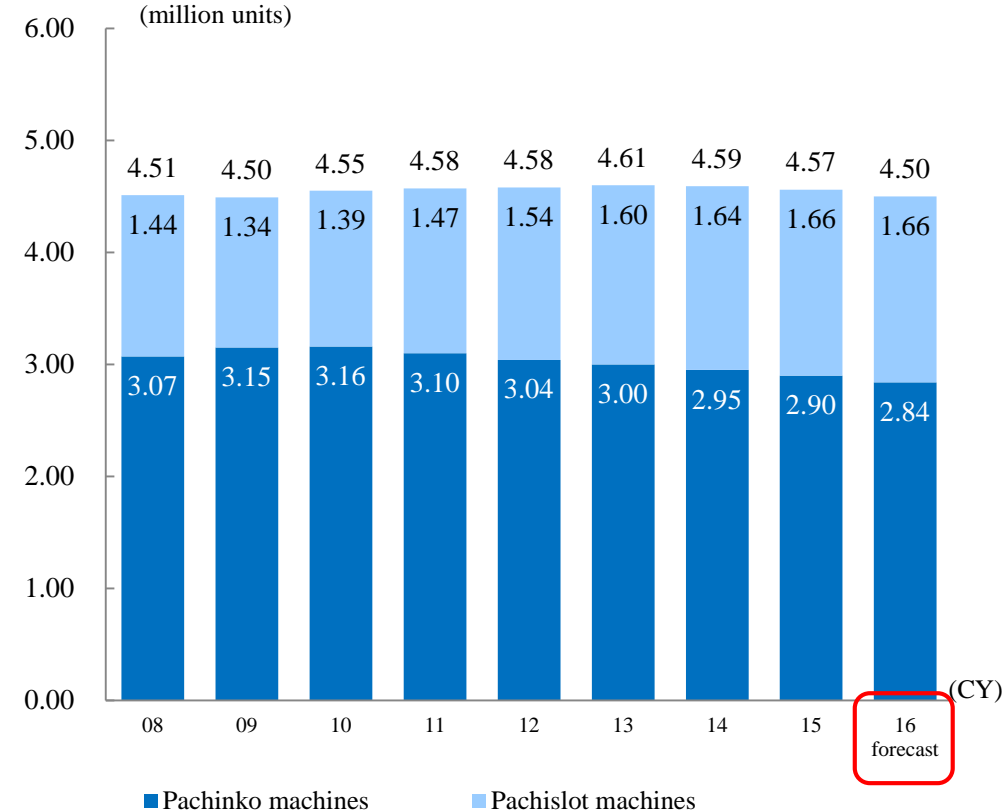
(Pachinko and Pachislot Machine Business) 2

Pachinko and Pachislot Machine Business

Number of pachinko parlors /
Number of machines installed per parlor



Pachinko machine installations /
Pachislot machine installations



	2008	2009	2010	2011	2012	2013	2014	2015	2016 Forecast
Number of parlors	12,937	12,652	12,479	12,323	12,149	11,893	11,627	11,310	11,025
Number of machines installed per parlor (units)	349	356	365	371	378	387	395	404	408
Pachinko machine installations (million units)	3.07	3.15	3.16	3.10	3.04	3.00	2.95	2.90	2.84
Pachislot machine installations (million units)	1.44	1.34	1.39	1.47	1.54	1.60	1.64	1.66	1.66

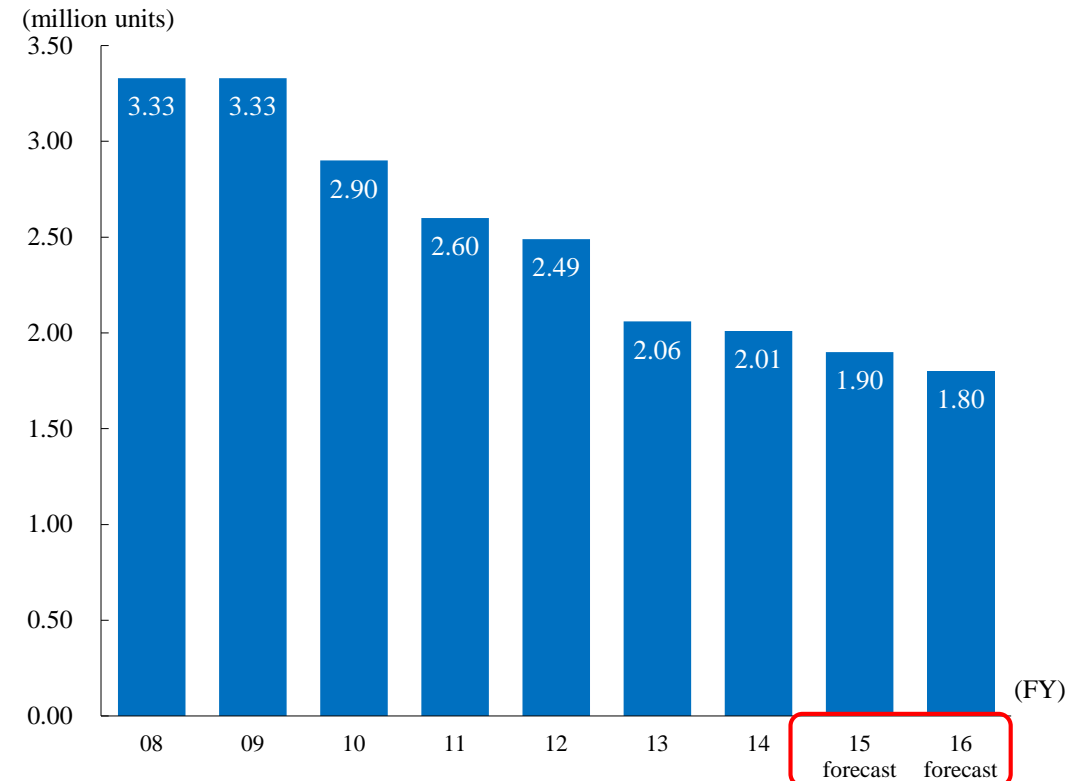
Note: Data source: National Police Agency. Data on a calendar year basis (from Jan to Dec) Figures for 2016 are the Company's estimates.

Market Environment

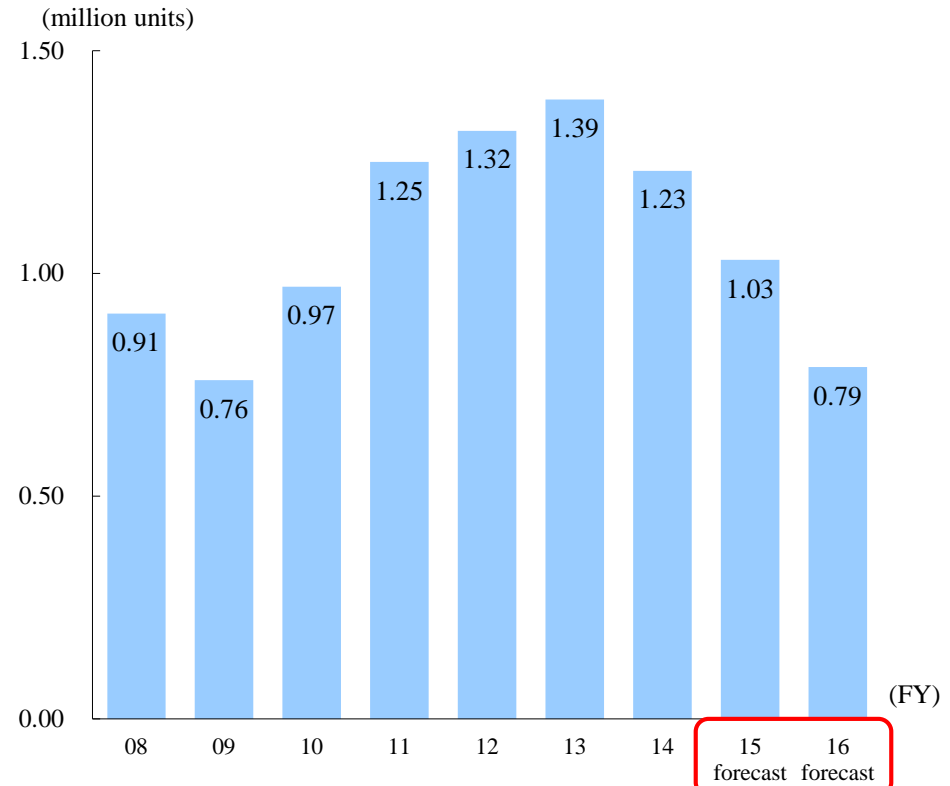
(Pachinko and Pachislot Machine Business) 3

Pachinko and Pachislot Machine Business

Pachinko machine sales



Pachislot machine sales



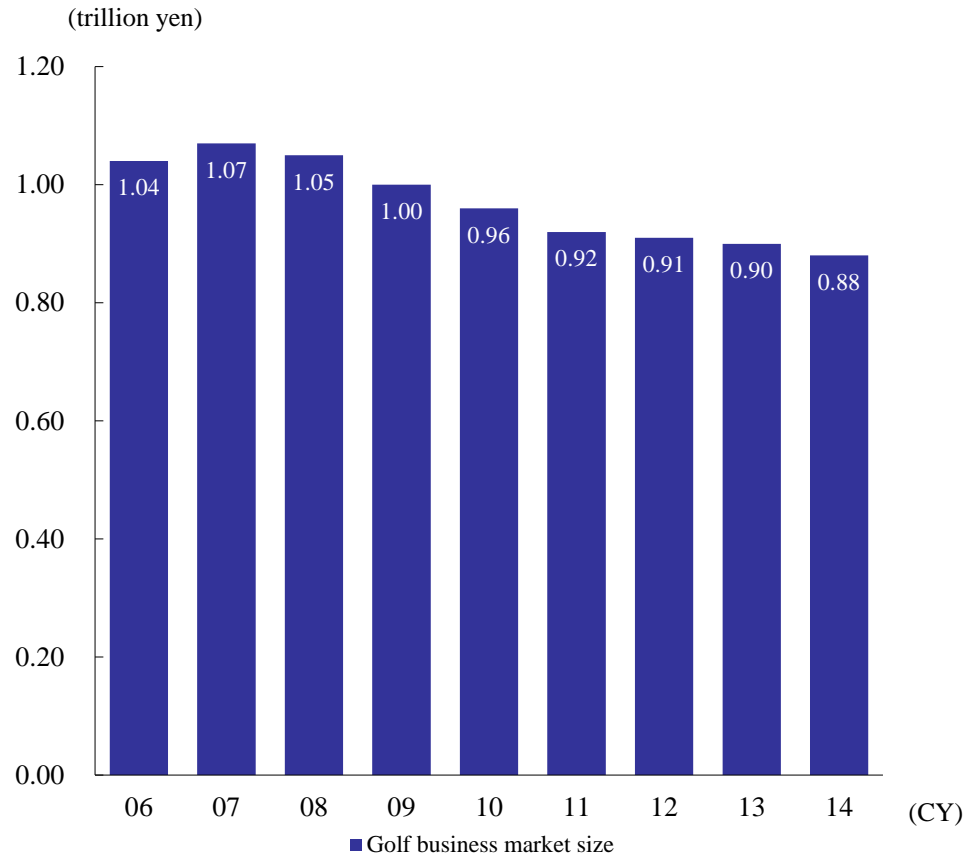
Number of machines sold (million units)	2008	2009	2010	2011	2012	2013	2014	2015 forecast	2016 forecast
Pachinko machines	3.33	3.33	2.90	2.60	2.49	2.06	2.01	1.90	1.80
Pachislot machines	0.91	0.76	0.97	1.25	1.32	1.39	1.23	1.03	0.79

Note: Data source: Yano Research Institute. Data on a fiscal year basis (from April to March of the next year). Data for 2015 and 2016 are the Company's forecast.

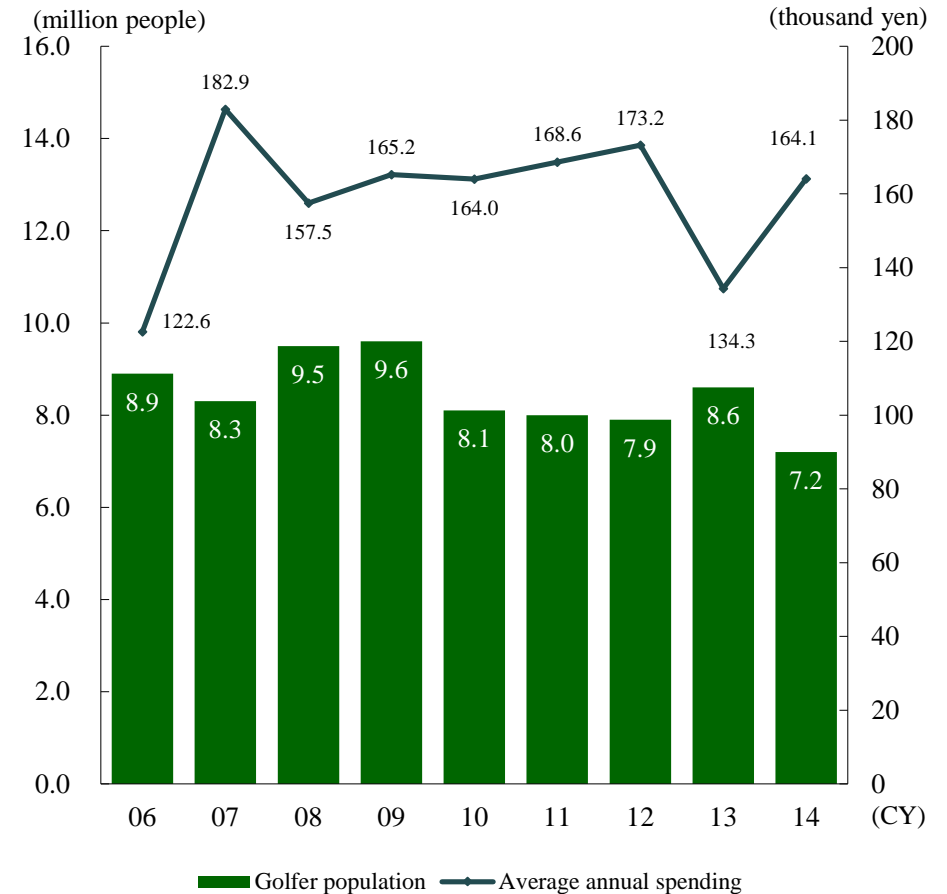
Market Environment (Golf Business)

Golf Business

Market size



Golfer population / Average annual spending



	2006	2007	2008	2009	2010	2011	2012	2013	2014
Market size (trillion yen)	1.04	1.07	1.05	1.00	0.96	0.92	0.91	0.90	0.88
Golfer population (million)	8.9	8.3	9.5	9.6	8.1	8.0	7.9	8.6	7.2
Average annual spending (thousand yen)	122.6	182.9	157.5	165.2	164.0	168.6	173.2	134.3	164.1

Note: Data source: Japan Productivity Center. Data on a calendar year basis (from January to December)

Regulations on Pachinko Machine

10/31/2015

1/31/2016

4/30/2016

Category

Machines with old standards

- Lower limit of jackpot probability 1/400

Sales and Installation

Machines with new standards ①

- Lower limit of jackpot probability 1/320

Sales and Installation

Application deadline
for
proto-type testing

Machines with new standards ②

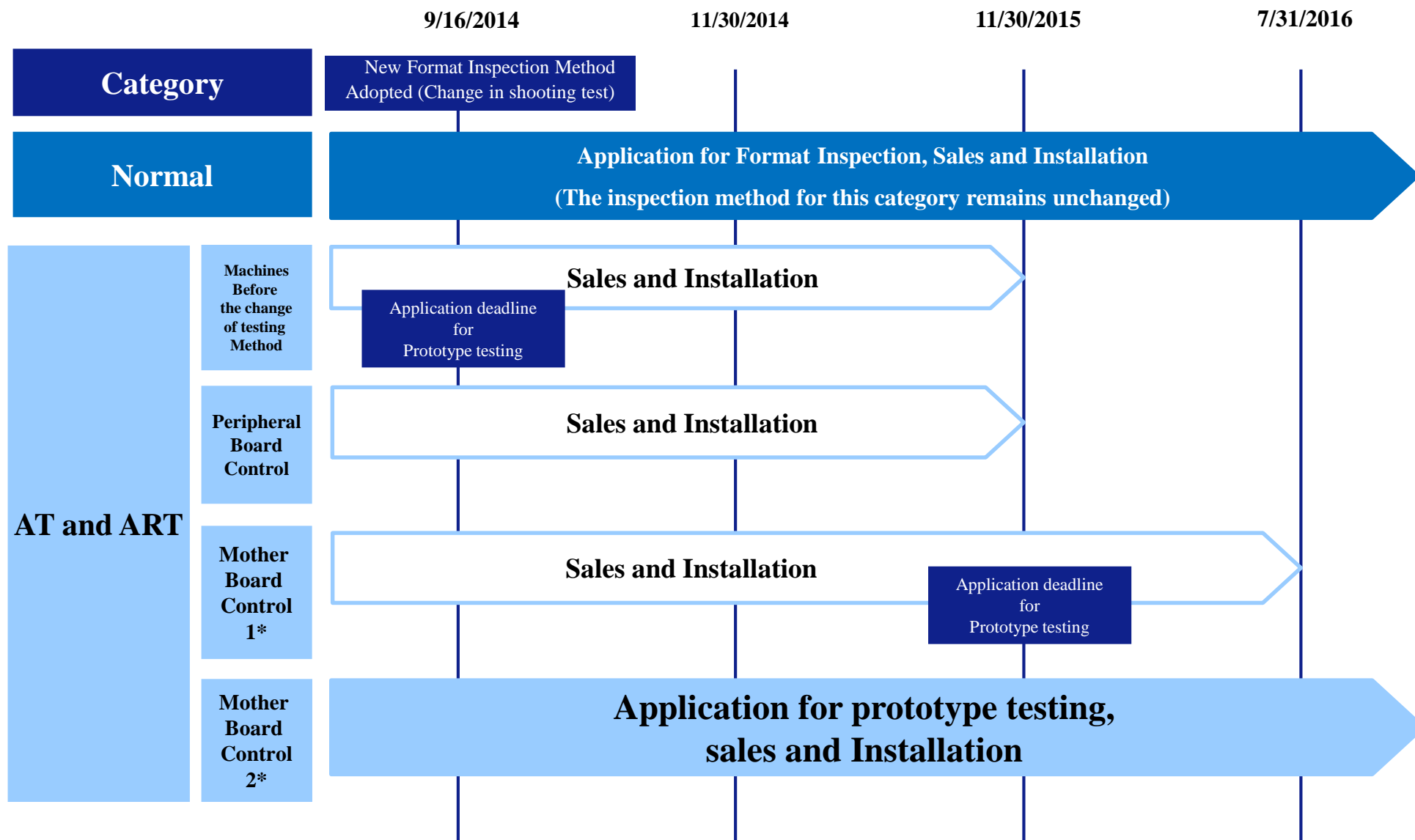
- Lower limit of jackpot probability 1/320
- Start chucker gives at least 4 bonus prize balls
- Upper limit of continuation rate 65%

Application for proto-type testing, Sales and Installation

Machines with new standards①

Expected retrievable number of balls from series of jackpots are changed depends on each category (loop/ST) of Pachinko machine. (the change is from “expected retrievable number of balls from jackpots including initial jackpot” to “expected retrievable number of balls from Jackpots excluding initial jackpot.”)

Schedule of Transitional Period to the New Format Inspection Method (Pachislot Machine)



*Mother Board Control 1: Payout ratio for small prize of simulation testing ≥ 1

*Mother Board Control 2: Payout ratio for small prize of simulation testing < 1 and a net increase of medals per game of less than 2.0 medals

Number of Machines Sold

Titles Released in FY ending March, 2016

Pachinko and Pachislot Machine Business

Number of machines sold

(units)	FY3/2011	FY3/2012	FY3/2013		FY3/2014		FY3/2015			FY3/2016					Full year
	Full year	2Q cumulative	Full year	2Q cumulative	Full year	2Q cumulative	Full year	1Q	2Q cumulative	3Q cumulative	Full year	1Q	2Q cumulative	3Q cumulative	
Total	279,310	145,772	266,027	161,545	320,011	140,165	317,948	118,785	195,044	249,535	344,866	70,736	204,078	281,261	348,613
Pachinko machines	168,219	93,358	187,308	138,219	252,411	78,012	197,146	92,234	161,872	200,584	252,103	42,532	173,596	195,069	234,616
Body	107,611	38,652	99,030	126,159	179,430	22,251	128,059	92,194	142,895	158,472	200,813	30,265	152,835	162,969	179,197
Gauge board	60,608	54,706	88,278	12,060	72,981	55,761	69,087	40	18,977	42,112	51,290	12,267	20,761	32,100	55,419
Pachislot machines	111,091	52,414	78,719	23,326	67,600	62,153	120,802	26,551	33,172	48,951	92,763	28,204	30,482	86,192	113,997
Chassis	61,512	26,445	30,676	1,445	29,472	48,647	77,716	15,239	17,663	21,461	36,146	8,960	10,604	66,313	89,453
Combined unit	49,579	25,969	48,043	21,881	38,128	13,506	43,086	11,312	15,509	27,490	56,617	19,244	19,878	19,879	24,544

Titles released in FY ending March, 2016

Pachinko			Pachislot		
Release	Title	Units sold	Release	Title	Units sold
1Q	<i>Mahjong Monogatari 2: Mezase! "Jong-Dol" Ketteisen!</i>	21,513	1Q	<i>Devil Survivor 2: Saigo no Nanokakan</i>	24,829
	<i>Cat's Eye</i>	23,320	3Q	<i>Lupin The Third: Royal Road Kinkai ni Somaru Ougonshinden</i>	38,944
2Q	<i>Lupin The Third: I'm a super hero</i>	128,335		<i>GIRLS und PANZER</i>	17,500
	<i>JAWS: it's a SHARK PANIC</i>	16,587	4Q	<i>Sengoku Otome 2: Shinen ni Kagayaku Kedakaki Shousei</i>	19,993
3Q	<i>TOKIO PREMIUM</i>	7,020		<i>Nangoku Monogatari</i>	7,812
	<i>Nekkyou! Otome Festival: Fan daikanshasai LIVE</i>	17,989		Total*	113,997
4Q	<i>Ace Attorney</i>	12,513			
	Total*	234,616			

*Total includes units of titles released in FY 3/2015
(Pachinko:7,339units Pachislot:4,919units)

Trends of Golf Course Users and Revenue per Customer 1

Number of golf course users

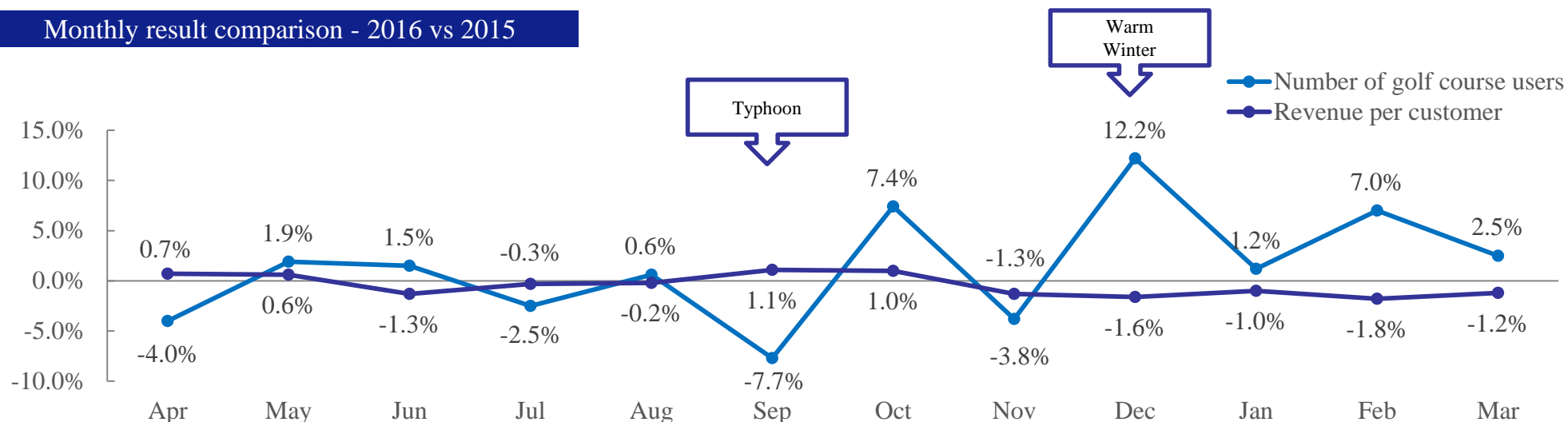
(persons)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
FY2011	577,676	707,672	621,424	647,456	644,965	624,328	670,049	659,787	564,698	410,224	367,659	392,263	6,888,201
FY2012	500,025	601,959	574,666	625,432	606,561	571,119	631,035	599,343	527,390	413,787	332,607	502,389	6,486,313
FY2013	576,784	685,793	652,022	707,241	673,282	669,609	678,211	628,037	545,915	419,932	382,310	578,359	7,197,495
FY2014	581,377	695,817	652,238	673,318	660,019	654,753	641,042	669,488	568,476	465,157	294,507	541,624	7,097,816
FY2015	651,067	757,367	659,662	670,460	652,429	695,852	671,206	681,167	548,032	430,098	403,316	569,843	7,390,499
FY2016	619,519	765,614	672,004	655,011	657,753	641,672	732,172	668,507	624,894	447,276	441,305	603,777	7,529,504

Revenue per customer

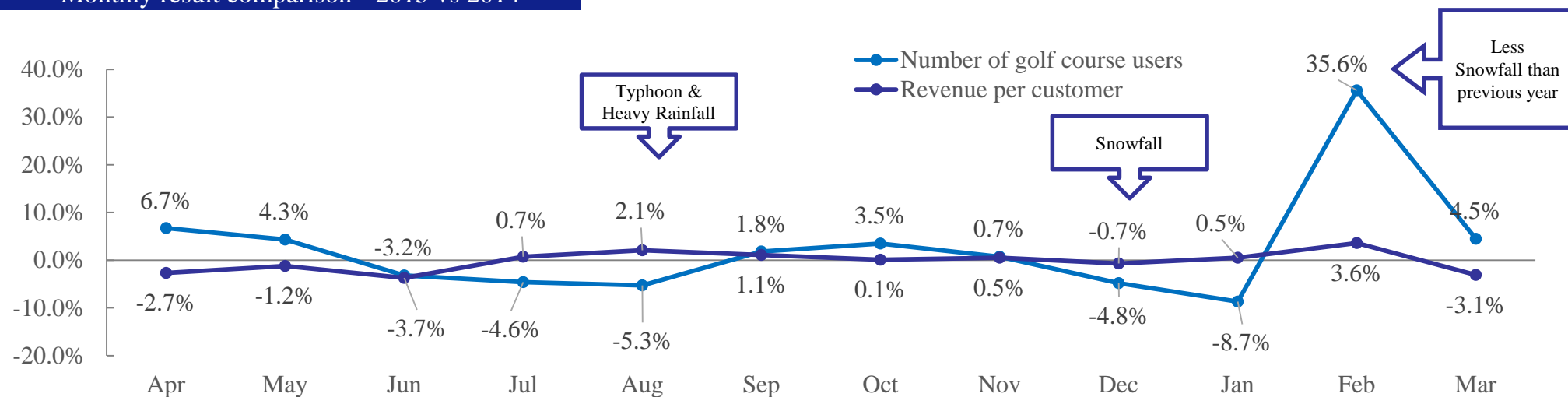
(yen)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average
FY2011	10,128	10,198	9,804	9,468	8,778	9,399	10,027	10,228	9,875	9,092	8,504	8,773	9,605
FY2012	9,188	9,666	9,483	9,269	8,543	9,356	10,114	10,266	9,899	9,002	8,509	9,288	9,429
FY2013	9,686	9,522	9,342	8,734	8,171	9,184	9,640	9,922	9,727	9,000	8,436	9,347	9,243
FY2014	9,468	9,527	9,531	8,664	8,143	8,853	9,456	10,033	9,516	8,552	7,813	9,100	9,123
FY2015	9,215	9,422	9,180	8,703	8,300	8,964	9,477	10,122	9,440	8,591	8,077	8,797	9,076
FY2016	9,278	9,485	9,071	8,668	8,279	9,073	9,609	10,038	9,343	8,556	8,002	8,780	9,070

Trends of Golf Course Users and Revenue per Customer 2

Monthly result comparison - 2016 vs 2015



Monthly result comparison - 2015 vs 2014



※Based on operating golf courses since previous year.

Golf Course Portfolio

Golf Business

	3/2015		3/2016	
	Courses	18H equivalent	Courses	18H equivalent
Owned Golf Courses	126	152.5	130	159.5
Leased Golf Courses	1	2.0	1	2.0
Contracted Golf Courses	1	1.0	2	2.5
Total	128	155.5	133	164.0
Hokkaido	6	9.5	6	9.5
Tohoku	9	11.5	9	11.5
Kanto	50	58.0	54	64.0
Chubu	14	18.0	14	18.0
Kansai	17	20.0	16	19.0
Chugoku	10	11.5	11	13.0
Shikoku	7	7.5	7	7.5
Kyusyu	15	19.5	16	21.5
Total	128	155.5	133	164.0

【Commencement of acquired golf courses operation】

May 15, 2015	Uchihara Country Club (Ibaraki-ken, 18H)
September 1, 2015	Chiba Kokusai Country Club (Chiba-ken, 45H)
October 1, 2015	Isehara Country Club (Kanagawa-ken, 27H)
October 1, 2015	Ohatano Country Club (Kanagawa-ken, 18H)
December 1, 2015	Fukuoka Kokusai Country Club (Fukuoka-ken, 36H)

【Commencement of management outsourcing】

May 1, 2015	Hirosima Kouyou Country Club (Hiroshima-ken, 27H)
-------------	--

【Sale】

September 8, 2015	Forest Ichikawa Golf Club (Hyogo-ken, 18H)
-------------------	---

Financial Performance Trend

Consolidated

(million yen)	FY3/2011	FY3/2012	FY3/2013		FY3/2014		FY3/2015			FY3/2016					Full year
	Full year	2Q cumulative	Full year	2Q cumulative	Full year	2Q cumulative	Full year	1Q	2Q cumulative	3Q cumulative	Full year	1Q	2Q cumulative	3Q cumulative	
Net sales	85,880	44,779	95,120	93,703	177,111	85,057	181,570	63,868	110,970	150,871	198,605	47,538	119,620	173,390	214,954
Pachinko and Pachislot machine Business	84,717	44,504	80,843	52,264	99,930	44,108	105,869	42,118	69,132	87,957	121,380	25,366	77,683	109,026	135,388
Pachinko machines	52,106	29,119	58,252	44,745	78,998	24,363	66,105	33,236	57,940	71,418	89,589	15,539	66,955	74,434	89,200
Pachislot machines	32,610	15,385	22,591	7,519	20,932	19,745	39,763	8,881	11,191	16,539	31,791	9,826	10,728	34,592	46,188
Golf Business	—	—	13,228	40,002	74,479	39,605	73,145	21,161	40,539	61,047	74,807	21,584	40,669	62,491	77,071
Other	1,162	274	1,048	1,436	2,700	1,343	2,555	588	1,299	1,867	2,417	588	1,267	1,873	2,494
Operating income	15,276	15,198	20,741	21,346	34,434	21,752	36,909	19,290	28,655	36,085	42,870	11,453	26,446	39,078	38,967
Pachinko and Pachislot machine Business	17,688	16,449	24,636	15,571	25,494	15,591	30,119	15,067	22,009	25,925	34,310	7,153	20,164	28,359	30,088
Pachinko machines	8,726	10,169	17,023	12,370	19,177	7,911	14,836	10,269	17,455	19,690	21,582	3,128	17,047	17,505	16,467
Pachislot machines	8,962	6,279	7,613	3,201	6,316	7,680	15,282	4,798	4,554	6,235	12,728	4,024	3,117	10,854	13,620
Golf Business	—	—	-910	7,542	12,200	7,425	9,911	5,010	8,250	12,705	12,127	5,216	7,955	13,344	12,427
Other	556	134	229	105	239	95	159	25	68	92	140	32	82	92	151
Eliminations & corporate expenses	-2,968	-1,384	-3,214	-1,873	-3,500	-1,359	-3,281	-813	-1,672	-2,638	-3,708	-949	-1,755	-2,718	-3,699
Operating income ratio	17.8%	33.9%	21.8%	22.8%	19.4%	25.6%	20.3%	30.2%	25.8%	23.9%	21.6%	24.1%	22.1%	22.5%	18.1%
Ordinary income	24,687	20,079	28,282	24,585	35,577	21,317	35,405	19,085	28,244	35,367	42,059	11,268	25,896	38,280	37,444
Profit attributable to owners of parent	20,451	13,525	20,516	16,835	20,123	12,578	20,361	11,360	18,069	21,257	26,235	6,003	19,248	28,321	28,143
SGA expenses	23,875	10,579	24,180	14,367	30,864	15,323	36,095	8,391	16,572	25,251	36,517	8,426	17,573	26,728	39,873
Personnel expenses	4,407	1,976	5,851	3,479	7,554	3,413	7,621	1,656	3,254	4,799	7,700	1,602	3,234	4,836	7,334
Selling expenses	6,488	3,534	6,448	3,497	7,884	4,082	8,994	2,274	4,294	6,650	8,632	2,232	5,133	7,917	10,241
Advertising expenses	2,612	1,588	2,841	1,443	3,197	1,633	3,856	758	1,496	3,104	3,560	627	1,383	2,668	3,155
Sales comissions	2,931	1,502	2,513	1,261	2,690	1,641	3,572	1,224	1,894	2,458	3,675	813	1,819	2,955	3,701
General expenses	12,978	5,067	11,880	7,390	15,425	7,827	19,478	4,460	9,023	13,801	20,184	4,590	9,204	13,974	22,297
R&D expenses	9,774	3,444	7,889	3,787	8,963	4,748	12,864	2,812	5,832	8,933	13,624	2,888	5,913	8,907	15,590
Depreciation & amortization	3,362	1,152	3,963	3,525	7,575	3,621	8,339	2,112	4,323	6,777	9,478	2,174	4,619	7,182	11,027
Capital investment	2,202	760	3,301	4,711	9,414	7,136	12,987	3,558	6,999	9,192	11,877	3,013	5,920	9,390	13,354

Key Financial Indicators

Consolidated

(million yen)	FY3/2011	FY3/2012	FY3/2013	FY3/2014	FY3/2015	FY3/2016	Formula
Net Sales	85,880	95,120	177,111	181,570	198,605	214,954	
Operating Income	15,276	20,741	34,434	36,909	42,870	38,967	
Ordinary Income	24,687	28,282	35,577	35,405	42,059	37,444	
Profit attributable to owners of parent	20,451	20,516	20,123	20,361	26,235	28,143	
Total Asset	148,783	406,875	417,057	438,506	447,833	450,715	
Cash, Deposits and Short-term Investment	63,977	83,492	95,552	105,051	122,259	106,503	
Interest Bearing Debt	7,641	174,220	172,232	168,506	156,213	141,935	
Net Asset	96,717	124,826	141,182	156,502	178,269	198,873	
Capital Equity	96,614	112,792	128,467	142,772	163,116	198,841	
ROE	21.2%	19.6%	16.7%	15.0%	17.2%	15.6%	
Operating Income Ratio	17.8%	21.8%	19.4%	20.3%	21.6%	18.1%	Operating income/Net sales
Net Income Ratio	23.8%	21.6%	11.4%	11.2%	13.2%	13.1%	Net income/Net sales
Asset Turnover	0.56	0.34	0.43	0.42	0.45	0.48	Net sales/Total asset※1
Financial Leverage	1.58	2.65	3.42	3.15	2.90	2.48	Total asset/Capital equity※1,2
Net Debt Equity Ratio	-58.3%	80.4%	65.7%	40.9%	20.8%	17.8%	Net interest-bearing debt/Capital equity
Equity Ratio	64.9%	27.7%	30.8%	32.6%	36.4%	44.1%	Capital equity/total asset

Heiwa Corporation acquired PGM Holdings K.K. on December 31, 2011 as deemed acquisition date.

※1 Total Asset = (Total Asset, beginning of period+ Total Asset, end of period) /2

※2 Equity Capital = (Equity Capital, beginning of period+ Equity Capital, end of period) /2

Contact

Management Planning Group, Heiwa Corporation

TEL: +81-3-3839-0701

Website: <http://www.heiwanet.co.jp>

Disclaimer

This document contains forward-looking statements concerning future plans, forecasts, targets, and estimates of Heiwa Corporation and its affiliated companies. These forward-looking statements represent assumptions and beliefs based on information currently available and involve potential risks and uncertainties. Therefore, we wish to caution you that actual results may differ materially from the forward-looking statements contained in this document due to various factors, including but not limited to, future business environment, economic conditions, and financial market conditions.