Good luck. Good life.

SANKYO

Annual Report 2009

Year ended March 31, 2009

SANKYO CO., LTD.

Profile

Since its establishment in 1966, SANKYO Co., Ltd. has been a source of pleasure for the Japanese people. As a leading manufacturer of pachinko machines, we have fostered pachinko as an immensely popular leisure activity unique to Japan and enjoyed by millions of people.

From the very beginning, ingenuity has been the hallmark of the SANKYO spirit. To cite just one example: our creation in 1980 of the highly entertaining Fever-type machine equipped with a slot-machine movement revolutionized the concept of pachinko machines. SANKYO's track record as a developer and manufacturer of pachinko machines that set the pace in the pachinko industry is based on a tradition of out-of-the-box thinking and technological prowess.

The scope of SANKYO's business extends beyond manufacturing and sales of pachinko machines to encompass production of pachislo machines as well as wide-ranging equipment for pachinko parlors such as parlor management computer systems, ball bearing supply systems and prepaid card systems.

These strengths underpin SANKYO's powerful presence as a provider of cutting-edge items for pachinko parlors and pachinko players nationwide.

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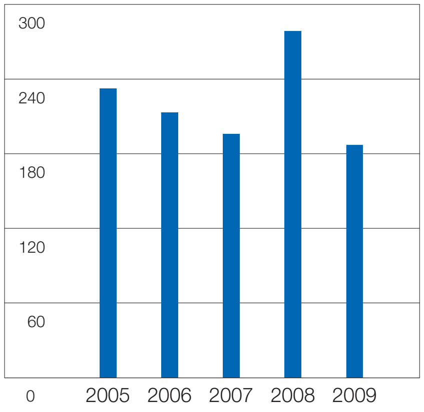
SANKYO CO., LTD. and Its Consolidated Subsidiaries
Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
For the year:			
Net sales	**¥187,877**	¥280,511	**$1,912,623**
Operating income	**40,626**	72,295	**413,580**
Net income	**27,883**	45,672	**283,854**
At year-end:			
Total assets	**494,866**	516,821	**5,037,830**
Total net assets	**386,187**	383,756	**3,931,457**
	Yen		U.S. dollars
Per share data:			
Net income (basic)	**¥288.92**	¥468.78	**$2.94**
Cash dividends	**150.00**	150.00	**1.53**

Note: The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥98.23=U.S.$1. See Note 2 to the consolidated financial statements.

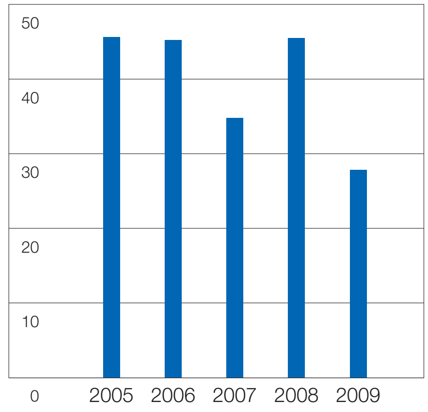
Net Sales

(Billions of yen)



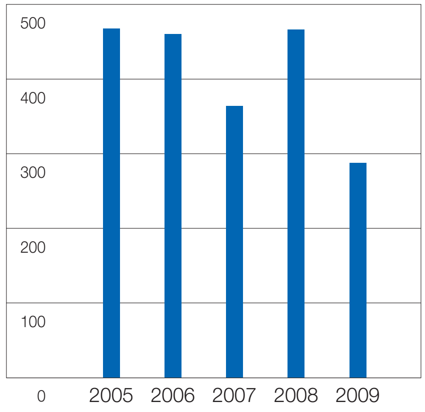
Net Income

(Billions of yen)



Net Income per Share

(Yen)



To Our Shareholders and Other Stakeholders

Hideyuki Busujima
Chairman of the Board & CEO

Akihiko Sawai
President & COO

Business environment and management policies

Since its establishment in 1966, SANKYO has maintained an upward trend of earnings, continually securing a top-tier market share for pachinko machines. We are working to strengthen systems for ensuring compliance so as to maintain good relationships with shareholders and other stakeholders and enhance corporate value.

In the pachinko and pachislo industry, the need to respond effectively to the increasing diversification and sophistication of players' preferences is emerging as an important issue. In these circumstances, game machine manufacturers need to look beyond conventional wisdom and the industry's common practice by embracing new ideas while emphasizing swift decision-making. In a bid to expand the player base, they are seeking new possibilities for collaboration with other leisure and entertainment industries.

SANKYO Group is accelerating decision-making and strengthening corporate governance based on the new management structure anchored by the CEO and COO positions and the executive officer system introduced in April 2008. Integrating our accumulated technological expertise and know-how with characters and content obtained through strategic tie-ups with outstanding partners drawn from the wider entertainment industry, we intend to offer products that deliver exceptional entertainment experiences and to enhance corporate value.

Shareholder return

SANKYO regards the return of profits to shareholders as one of the most important management priorities. Our dividend policy is to maintain a payout ratio of 25% of consolidated net income. While maintaining stable dividend payments, we aim to continuously increase dividends in line with improvement of financial performance.

SANKYO recorded decreases in sales and profits for the year ended March 2009 after revising the forecast twice. As this result was largely attributable to an exceptional factor, namely, rescheduling of the introduction of a major title, for the purpose of maintaining stable dividend payments we decided to pay a dividend of ¥150 per share for the full year, unchanged from the initial plan. As a result, consolidated payout ratio was 51.9%.

During the year ended March 2009 SANKYO bought back 1,000,000 shares of its stock at a cost of ¥7.3 billion. As a result, the total return ratio combining dividends and share buyback was 78.2%.

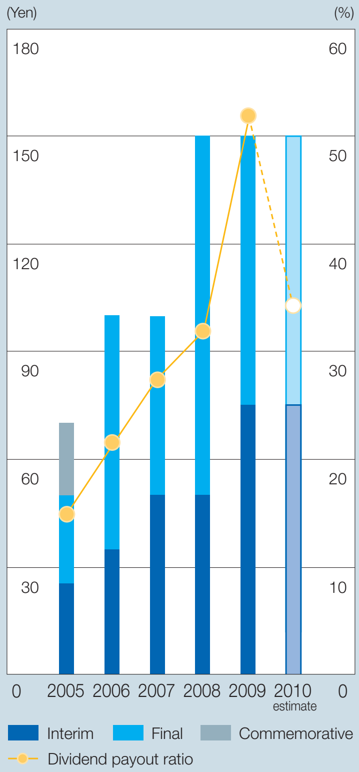
Positioning the payout ratio of 25% as the minimum requirement, we aim to improve financial performance and continuously increase dividends over the medium- to long-term. We will consider implementation of flexible measures to return profits to shareholders, taking into account not only the payout ratio but also the total return ratio including share buyback.

To cultivate relationships with shareholders and investors, SANKYO provides briefings on the quarterly financial closing. The COO and IR staff meet institutional investors more than 200 times a year. Moreover, we participated in the Tokyo Stock Exchange IR Festa 2009 held in March 2009. We sought to engage in fruitful communication with the numerous individual investors who visited our booth. When we meet investors, in addition to disclosure of our business and management strategies, we strive to exchange opinions on issues concerning enhancement of corporate value. We will continue to emphasize IR activities as part of our efforts to enhance the reliability and transparency of management.

We are resolved to make a concerted effort to be an enterprise that continually earns the trust of our stakeholders, including shareholders, investors, pachinko parlors, pachinko and pachislo players, suppliers, and employees. In these endeavors, I request your continued support.

June 2009

Trends of Dividend and Payout Ratio



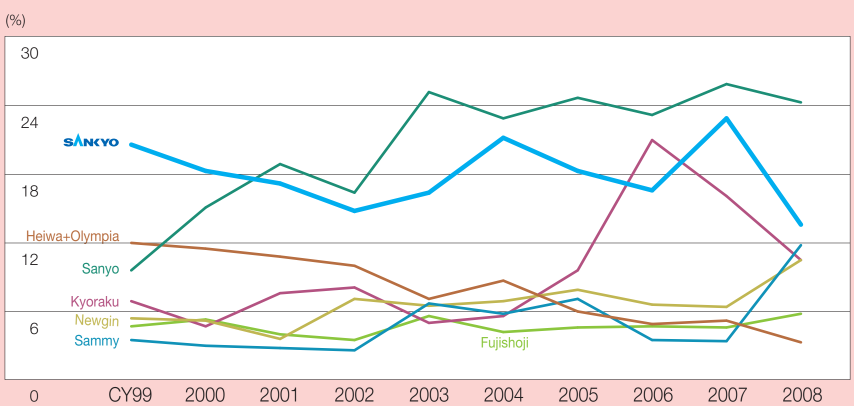
Hideyuki Busujima
Chairman of the Board & CEO

Interview with Mr. Akihiko Sawai, the President and COO

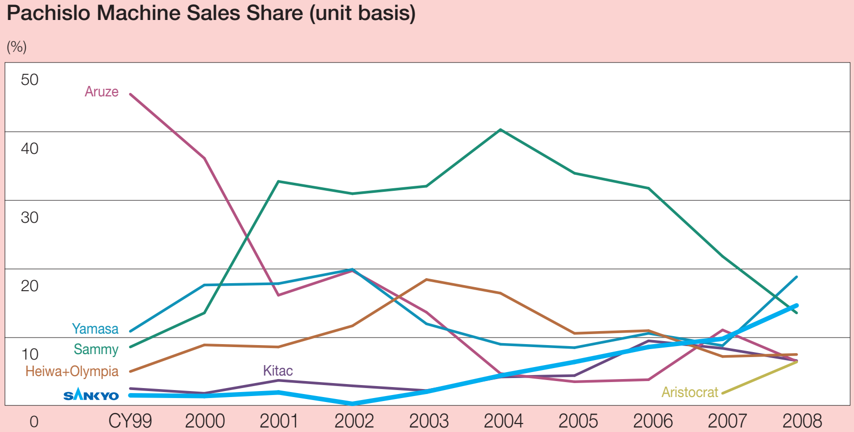
How do you view SANKYO Group's business results for fiscal 2009? What were the principal issues?

SANKYO recorded declines in sales and profits for fiscal 2009 after revising the earnings forecast twice. This unsatisfactory result was largely attributable to our inability to adhere to our original sales schedule, mainly because demand in the market rapidly headed in a direction the Group had not anticipated.

Pachinko Machine Sales Share (unit basis)



Pachislo Machine Sales Share (unit basis)



Source: Yano Research Institute

In order to broaden the base of the pachinko player population, SANKYO Group is emphasizing development of richly entertaining game machines appealing to a wide range of players. Pachinko machine manufacturers have been introducing a stream of products offering diverse gaming experiences and featuring various specifications, ranging from models emphasizing high risk, high return, to those that can be enjoyed without spending much money. From autumn 2008, the market rapidly gravitated toward high-risk, high-return pachinko machines called the "MAX type."

Although we recognized there was a certain demand for MAX-type machines mainly from hardcore pachinko players, we thought they would not appeal to a wide range of players and were concerned about the amount of money players would spend. Accordingly, we promoted planning and development of major titles focusing on mid-spec machines offering medium risk and medium return. Another concern was that the spread of MAX-type machines, on which players tend to spend substantial sums of money, might eventually lead to a decline in the pachinko player population.

Meanwhile, in *Nikkoso*, an association of pachinko machine manufacturers, SANKYO's views were shared by many in the industry. Indeed, *Nikkoso* decided to terminate sales of MAX-type machines by the end of March 2009 in accordance with a self-imposed restriction. Since there would be no further supply, we anticipated a temporary increase in demand for MAX-type machines in March, leading to instability in the market. Accordingly, we decided to postpone the introduction of *Neon Genesis Evangelion—The Beginning and the End*, a Bisty-brand pachinko machine initially scheduled to debut in March, until April 2009.

What specific measures and management policies is SANKYO Group implementing in a bid to achieve a V-shaped recovery in fiscal 2010?

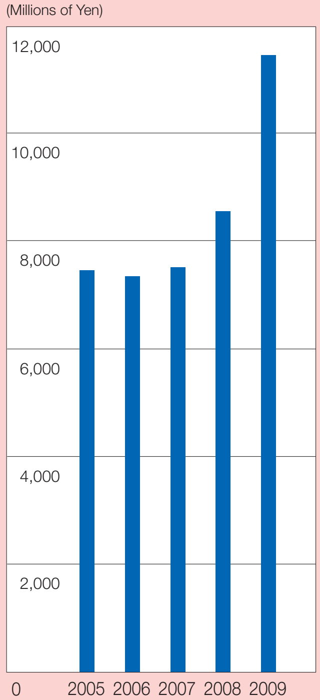
We got off to a flying start in fiscal 2010. The sales volume of *Neon Genesis Evangelion—The Beginning and the End*, the fifth model of a Bisty-brand blockbuster series introduced in April 2009, exceeded 230,000 units, setting a new record for the series. This success proves that postponing the introduction was the right decision.

Under the SANKYO brand, *KODA KUMI FEVER LIVE IN HALL II*, the second model through a tie-up with popular singer Koda Kumi, which was introduced in July, is creating a buzz in the market.

In addition to unexpected changes of demand in the market, we are refining product development in light of our experience. Whereas the strategy of raising awareness of products through a barrage of TV commercials resulted in great success in fiscal 2008, TV commercials had far less impact in fiscal 2009, possibly because our product development did not fully exploit the attractiveness of characters and content, and specifications were perhaps insufficiently ingenuity.

Research and Development Expenditure

(Millions of Yen)



In selecting game machines, the Group's customers, that is, pachinko parlor operators, tend to focus on models tied in with well-known content as it is relatively easy to calculate their likely appeal to players and contribution to profits. Above all, demand tends to be increasingly concentrated on the latest additions to established hit series. Consequently, the importance of characters, content and sales promotion is increasing. However, they are effective only if a pachinko machine is inherently an attractive product, including its specifications. Fiscal 2009 brought this home to us.

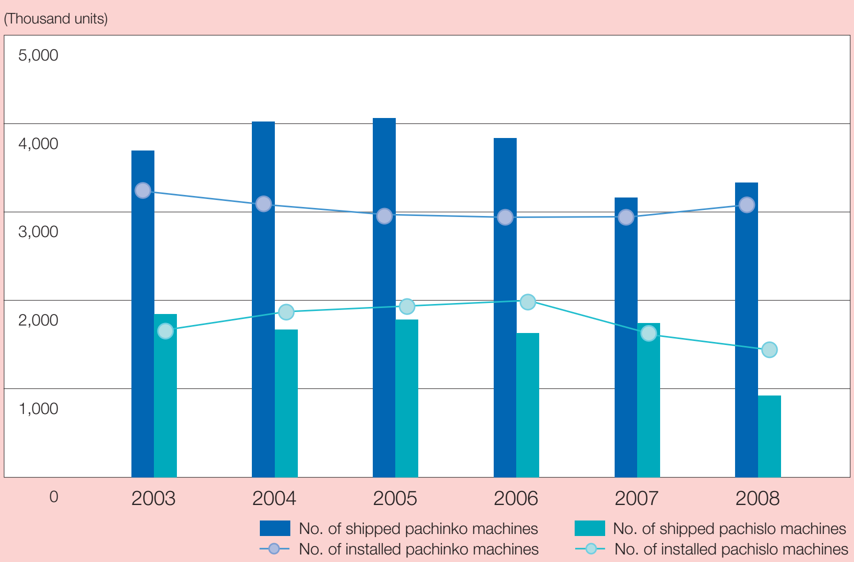
At SANKYO Group, the Bisty-brand *Neon Genesis Evangelion series* recorded cumulative sales exceeding a million units for the nine products in the series, including pachinko and pachislo machines. With the aim of establishing a new popular series of the same caliber as the *Neon Genesis Evangelion* series, we have been stepping up acquisition of well-known excellent content since the summer of 2006, which will enter the commercialization phase in fiscal 2010. In product development, in addition to displaying ingenuity in terms of game machine specifications—the design of the jackpot probability, the number of balls to be paid out when a player hits the jackpot, etc., with an eye to establishing popular series, we are striving to develop captivating products with which players become emotionally involved.

Moreover, construction of a new research & development facility in Shibuya, Tokyo, was completed in June 2009. Development operations, previously dispersed among several locations, are now integrated at the new R&D facility to enhance operational efficiency.

How do you view recent developments in the market, notably the increase in the number of pachinko parlors offering rental balls at low prices? How is SANKYO responding?

The pachinko player population has been on a downward trend for many years. Among various factors, it must be noted that there are fewer types of pachinko machines that allow typical office workers to kill time or relax by playing at a modest cost.

Trends in Shipments and Installation of Pachinko & Pachislo Machines



Source: National Police Agency Yano Research Institute

Increasingly, rental balls are available for as little as one yen each. Initially, this development met with considerable skepticism because lowering the unit price means lower sales for pachinko parlor operators. However, almost 50% of parlors already offer rental balls at low prices, whether for the entire parlor or part of it, and this trend seems sure to continue. Until now, the size of the pachinko market has been maintained by increasing the average spend per player. It is good news that the industry's attempt to reduce the average spend is putting a break on the decline in the player population.

Although pachinko parlor operators offering rental balls at low prices have tended to curb investment in new machines and become more reliant on pre-owned ones, this strategy is coming under pressure from competition. Since catering to players who wish to play on the latest machines is a key to achieving differentiation, a tendency for parlor chains offering low-priced rental balls to introduce new machines periodically has recently become evident. Since it takes longer to recoup replacement costs compared with the regular operations offering rental balls at four yen each, it is only natural that parlor operators become increasingly discerning as they endeavor to select machines with enduring popularity. In addition to game machines that pursue high added value through tie-ups with well-known content, SANKYO Group has prioritized development of low-cost game machines based on distinctive concepts. We think there is an opening in the market for a new genre of game machines suitable for low-cost parlor operations.

What business strategies is SANKYO Group pursuing over the medium to long term?

It is SANKYO Group's earnest desire and objective to develop pachinko as a wholesome leisure activity. Securing and retaining a leading position in the industry will allow SANKYO Group to take the initiative in this endeavor. Our immediate goal is to recapture the top market share for sales of pachinko machines. Fortunately, there is a plenty of room for us to increase our current market share. By focusing on our core pachinko and pachislo business, we aim to achieve solid growth.

Our share of the market for pachinko machines in fiscal 2009 was about 14%, which was unsatisfactory. Provided we accomplish our plan calling for sales of 705,000 pachinko machines in fiscal 2010, our share will exceed 20%, giving us a realistic opportunity to recapture market leadership. Moreover, with a view to achieving our long-standing ambition of a 30% market share, we will actively consider alliances and M&A with companies in other industries whose expertise can contribute to our success in the game machine industry as we move forward. For instance, we intend to strengthen collaboration with companies whose technologies enable highly entertaining, colorful LCD presentation and those with strengths in animation and other types of content.

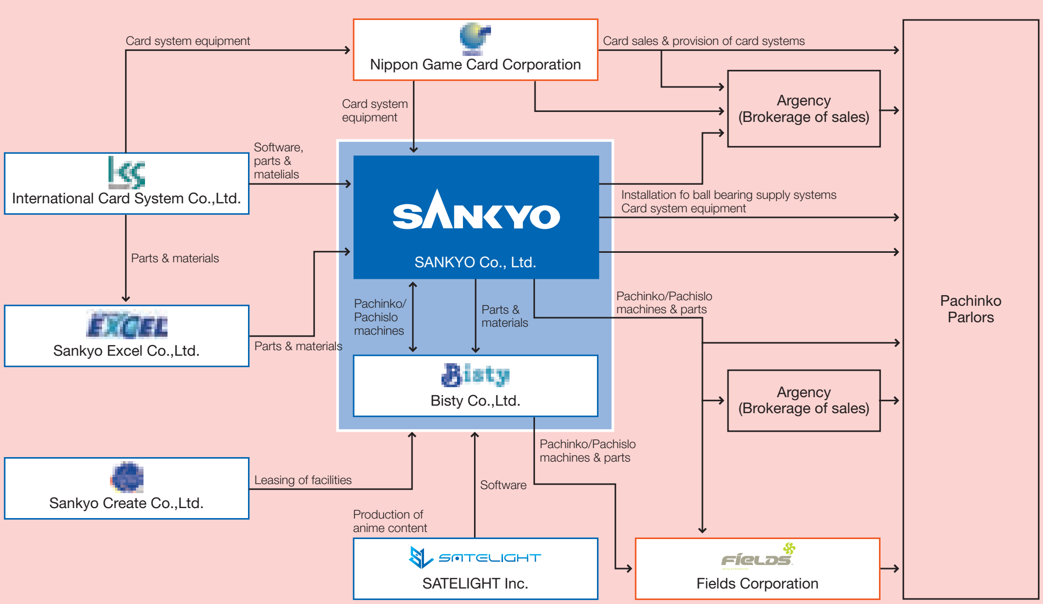
SANKYO Group has a track record of business expansion through well-targeted M&A. Companies acquired through M&A include Bisty Co., Ltd., now coming to the fore as a brand comparable to the SANKYO brand; Sankyo Excel Co., Ltd., a manufacturer of pachinko machine parts; anime production company SATELIGHT Inc.; and Nippon Game Card Corporation, a leading supplier of prepaid card systems for pachinko parlors. Also, we have a fruitful business and capital relationship with Fields Corporation, the sales channel for Bisty-brand products. We intend to effectively utilize M&A and alliances in order to strengthen our pachinko- and pachislo-related business.

We will continue to make a concerted, group-wide effort to enhance corporate value. I will be grateful to our shareholders for their continued support.

June 2009

Akihiko Sawai
President & COO

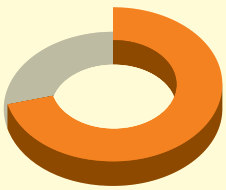
The Main SANKYO Group Companies



Pachinko Machines Business

Net Sales (Billions of yen)

133.2 (70.9%)



This segment, which includes manufacturing and sales of pachinko machines and gauge boards, sales of related parts and pachinko machine-related royalty income, is SANKYO's mainstay business and accounted for 70.9% of net sales.

With regard to pachinko machines, the Group launched seven titles for SANKYO-brand series and five for Bisty-brand series. The Group implemented particularly vigorous sales promotion campaigns for major products of three series: *Fever Dai-Natsumatsuri* (introduced in August 2008 under the SANKYO brand), *Fever Star Wars—Advent of Darth Vader* (introduced in November 2008 under the SANKYO brand), and *Seven Samurai* (introduced in August 2008 under the Bisty brand). However, the sales volume of each of these three products fell short of the plan. In view of this situation, the Group decided to prioritize re-establishment of product and sales strategies and forgo the introduction of a major product under the SANKYO brand in fiscal 2009, which was initially scheduled for introduction in the fourth quarter.

Under the Bisty brand, the initial plan called for introduction of the fifth title, *The Beginning and the End, in the Neon Genesis Evangelion* series, which is the Group's star series. However, following discussion with Fields Corporation, the Group's partner for sales of Bisty-brand products, management concluded that the product impact would be maximized by introduction during a period when pachinko parlors' purchase motivation is high and decided to forego the introduction in fiscal 2009 and to introduce it in April 2009.

Consequently, the number of pachinko machines sold was 452,000, a decrease of 274,000. Segment sales plunged 38.9% year on year to ¥133.2 billion, and operating income plummeted 41.5% to ¥39.5 billion.

Principal models introduced and numbers of machines sold during fiscal 2009 (Only models with sales of 20,000 units or more are listed):

Principal models	Released	No. of machines sold (thousand machines)
Patrush 2	May 2008	52
*Neon Genesis Evangelion premium model**	May 2008	51
Fever Dai-Natsumatsuri	August 2008	52
*Seven Samurai**	August 2008	82
*King Kong**	November 2008	21
Fever Star Wars—Advent of Darth Vader	November 2008	83
Fever Warrior of Love Rainbowman	December 2008	20
Fafner in the Azure: Dead Aggressor	March 2009	32

*Bisty brand

Fever Star Wars—Advent of Darth Vader

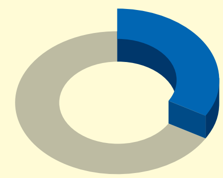
Seven Samurai

Pachislo Machines Business

This segment, which includes manufacturing and sales of pachislo and palot machines, sales of related parts and pachislo machine-related royalty income, accounted for 17.9% of net sales.

Net Sales (Billions of yen)

33.6 (17.9%)



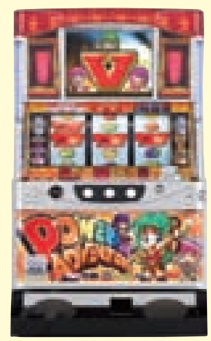
The number of pachislo machines sold decreased, reflecting the Group's strategy of promoting a smaller number of new releases as the market for pachislo machines is expected to shrink greatly. In these circumstances, *Powerful Adventure* (introduced in May 2008 under the SANKYO brand) became a hit model with sales of 38,000 units. Moreover, the third model in the *Neon Genesis Evangelion series, "That Time Has Come, Now They're Waiting for Us."* (introduced in September 2008 under the Bisty brand) with sales amounting to 90,000 units became the No. 1 hit pachislo model in the industry in fiscal 2009. Since the decrease in sales volumes of the Group's products was relatively small compared with the drop of the overall market, the Group's share of the pachislo machine market is thought to have increased.

The number of pachislo machines sold was 134,000, a decrease of 36,000. Segment sales decreased 17.1% year on year to ¥33.6 billion, and operating income fell 27.6% to ¥6.8 billion.

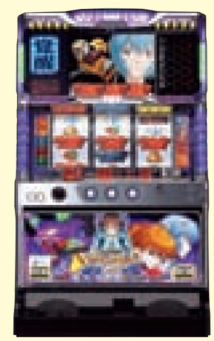
Principal models introduced and numbers of machines sold during fiscal 2009 (Only models with sales of 5,000 units or more are listed):

Principal models	Released	No. of machines sold (thousand machines)
Powerful Adventure	May 2008	38
*Neon Genesis Evangelion "That Time Has Come, Now They're Waiting for Us."**	Sep 2008	90

*Bisty brand



Powerful Adventure



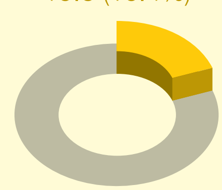
Neon Genesis Evangelion "That Time Has Come, Now They're Waiting for Us."

Ball Bearing Supply Systems Business

Ball bearing supply systems, card systems, related equipment for parlors and ball bearing supply system-related royalty income account for most of the sales of this segment, which contributed 10.4% of net sales.

Net Sales (Billions of yen)

19.6 (10.4%)



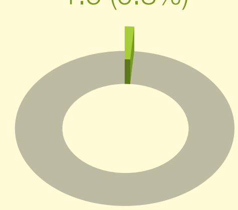
Although the upgrading of facilities associated with the conversion of pachislo zones to pachinko zones in parlors and the shift to offering of rental balls at low prices were sources of demand, orders received for installation of facilities in parlors decreased, reflecting few openings of large parlors and large-scale refurbishments amid the economic slowdown. As a result, segment sales were ¥19.6 billion, a decrease of 5.3% year on year, and operating income was ¥0.5 billion, an increase of 3.2%.

Other Businesses

Sales from this segment, consisting primarily of rental revenues of consolidated subsidiary SANKYO Create Co., Ltd., amounted to ¥1.5 billion, an increase of 9.2% year on year, and operating income was ¥0.6 billion, an increase of 28.3%.

Net Sales (Billions of yen)

1.5 (0.8%)



Ground-Breaking Products

KODA KUMI FEVER LIVE IN HALL II

In July 2009, SANKYO introduced *KODA KUMI FEVER LIVE IN HALL II*, the second model in the blockbuster series. This model's theme is "The Legend Again." The debut model introduced in 2007—the very first pachinko machine using the Crystella casing that emphasizes superb audio performance—shot to prominence as a big hit backed by a vigorous sales promotion campaign.

The singer Koda Kumi is famous for her powerful personality yet is sweetly feminine and laid-back. Her attractiveness and voice captivate people way beyond her loyal fan base. SANKYO's development capabilities and Koda Kumi's charisma make for an awesome team. *KODA KUMI FEVER LIVE IN HALL* rapidly became a magnet attracting young women to pachinko parlors who had not previously shown an interest in playing pachinko.

Expressing SANKYO's full potential, *KODA KUMI FEVER LIVE IN HALL II* presents Koda Kumi's dynamic performance, incorporating mechanical and electronic design features to communicate her irresistible allure. The video content consists of clips exclusively prepared for pachinko and also footage from live performances.

SANKYO will continue to embrace new challenges and push back the frontiers of entertainment.

Five-Year Summary

SANKYO CO., LTD. and Its Consolidated Subsidiaries
Years ended March 31, 2009, 2008, 2007, 2006 and 2005

	Millions of yen					Thousands of U.S. dollars
	2009	2008	2007	2006	2005	2009
For the year:						
Net sales	¥187,877	¥280,511	¥197,723	¥214,500	¥233,903	$1,912,623
Gross profit	87,208	123,729	92,982	108,545	106,570	887,794
Selling, general and administrative expenses	46,582	51,434	38,072	36,407	34,226	474,214
Operating income	40,626	72,295	54,910	72,138	72,344	413,580
Net income	27,883	45,672	35,578	45,443	45,887	283,854
Research and development expenditure	11,411	8,492	7,485	7,324	7,441	116,166
At year-end:						
Total assets	494,866	516,821	420,504	406,611	418,886	5,037,830
Total net assets	386,187	383,756	351,104	328,676	288,523	3,931,457
	Yen					U.S. dollars
Per share data:						
Net income	¥ 288.92	¥ 468.78	¥ 365.26	¥ 463.77	¥ 469.24	$ 2.94
Cash dividends	150.00	150.00	100.00	100.00	70.00	1.53
Net assets	4,011.37	3,944.84	3,603.59	3,371.93	2,959.27	40.84
	%					
Ratios:						
Return on equity	7.2	12.4	10.5	14.7	17.2	
Equity ratio	78.0	74.3	83.5	80.8	68.9	

Note: 1. The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥98.23=U.S.$1. See Note 2 to the consolidated financial statements.

2. Due to the change of the Accounting Standards, the conventional "shareholders' equity" is presented as "net assets". For details, please refer to Note 1(s)(2) to the Consolidated Financial Statements. According to the new standards, total net assets are defined as follows:
Total net assets = total shareholders' equity + valuation and translation adjustments + minority interests.

Financial Review

The Company's financial position and operating results for the fiscal year ended March 31, 2009 (fiscal 2009), are analyzed below.

Forward-looking statements in this annual report are based on SANKYO Group's judgment as of the date of issue of this annual report.

Business Environment in Fiscal 2009

During the year ended March 31, 2009, the increasingly grave global financial crisis triggered a rapid deterioration of corporate earnings amid mounting anxiety about the outlook for employment and personal incomes. There is concern about an increasing downside risk to the Japanese economy.

In the pachinko and pachislo industry, whereas the downward trend of the number of pachislo machines installed continued, the number of pachinko machines installed trended upward in line with the introduction of pachinko machines with various gaming characteristics reflecting diversified user preferences. New approaches were pursued in a bid to increase the pachinko and pachislo player population, which has been a major issue for the industry. For example, increasing numbers of pachinko parlors sought to cater to light players by offering rental balls at low prices to minimize the cost of playing pachinko.

However, pachinko parlor operators, which are SANKYO Group's customers, are operating in an increasingly competitive environment as they strive to attract customers and to open new parlors in prime locations. Meanwhile, the number of parlors continued to decline due to closures and termination of operations. This environment compounded with the recession prompted many pachinko parlor operators to adopt a cautious approach. In purchasing game machines, which are the key to attract customers, pachinko parlor operators became increasingly discerning and sharpened their focus on the selection of products capable of gaining popularity and contributing to profits. Accordingly, competition among manufacturers also intensified.

Net Sales

In this environment, SANKYO Group introduced richly entertaining major products appealing to a wide range of players as well as distinctive products for specific segments of the player population while executing vigorous sales promotion. Nevertheless, sales volumes of both categories of products fell short of the targets, reflecting cautious purchasing by pachinko parlor operators despite their favorable evaluation of the new machines. Also, postponement of the sales schedule for the new Bisty-brand pachinko machine in the *Neon Genesis Evangelion* series in light of the recent market trend resulted in lower sales volumes of both pachinko and pachislo machines.

As a result, consolidated net sales amounted to ¥187.9 billion, a decrease of 33.0% year on year, operating income decreased 43.8 % to ¥40.6 billion, recurring income decreased 40.7% to ¥44.9 billion, and net income decreased 38.9% to ¥27.9 billion.

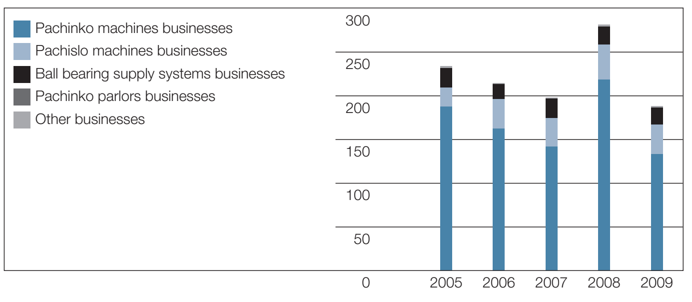
Cost of Sales, Selling, General & Administrative Expenses and Income

Cost of sales for fiscal 2009 amounted to ¥100.7 billion, having decreased 35.8% from the previous fiscal year, reflecting lower sales volumes of the mainstay pachinko and pachislo machines. Gross profit decreased 29.5% to ¥87.2 billion but the gross profit margin increased 2.3 percentage points from the previous fiscal year to 46.4%.

Selling, general and administrative expenses decreased 9.4% from the previous fiscal year, mainly owing to decreases in sales commissions and advertising costs. However, the ratio of selling, general and administrative expenses to net sales increased 6.5 percentage points from the previous fiscal year to 24.8%. As a result,

Net Sales

(Billions of yen)



operating income decreased 43.8% to ¥40.6 billion and the ratio of operating income to net sales decreased 4.2 percentage points from the previous fiscal year to 21.6%.

Net income decreased 38.9% to ¥27.9 billion. Net income per share was ¥288.92 compared with ¥468.78 for the previous fiscal year.

Segment Information by Business

(Millions of yen)

Sales:	2009	Year-on-year change	2008
Pachinko machines business	**133,195**	(38.9)%	217,955
Pachislo machines business	**33,598**	(17.1)%	40,512
Ball bearing supply systems business	**19,566**	(5.3)%	20,653
Other businesses	**1,516**	9.0%	1,391
Total	**187,877**	(33.0)%	280,511

(Millions of yen)

Operating income:	2009	Year-on-year change	2008
Pachinko machines business	**39,521**	(41.5)%	67,533
Pachislo machines business	**6,810**	(27.6)%	9,414
Ball bearing supply systems business	**508**	3.2%	493
Other businesses	**581**	28.3%	452
Elimination/Corporate	**(6,796)**	—	(5,597)
Total	**40,626**	(43.8)%	72,295

Fiscal 2010 Forecast

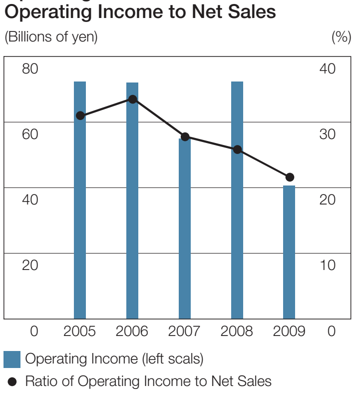
The operating environment for the pachinko and pachislo industry is likely to remain tough in the fiscal year ending March 31, 2010, in view of the impact of the deterioration of the Japanese economy. However, strong replacement demand for products that offer excellent capabilities and are newsworthy is expected to continue.

SANKYO Group got off to a flying start by shipping more than 200,000 units of *Neon Genesis Evangelion—The Beginning and the End*, a Bisty-brand pachinko machine introduced in April 2009. The number of shipments of this model is the highest ever in the series. The Group has been strengthening acquisition of well-known excellent content since summer 2006, which will enter the commercialization phase in fiscal 2010. Not only utilizing visual, audio and *yakumono* figurine technologies to maximize the impact of characters and content, but also exercising ingenuity in terms of specifications, such as the design of the jackpot probability and the number of balls to be paid out upon hitting the jackpot, in order to bring out the attractiveness of content, we intend to create and propose new categories of products. The objective is to stimulate demand by addressing the diversification of player preferences.

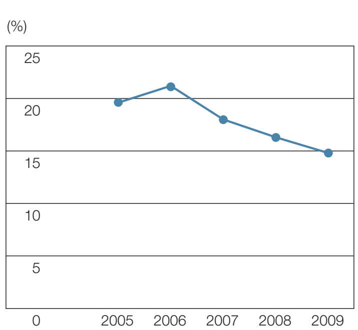
The forecast for consolidated business results in the fiscal year ending March 31, 2010, is as follows.

	2010 forecasts	Year-on-year change	2009 results
Net sales	270.0 billion yen	43.7%	187.9 billion yen
Operating income	67.0 billion yen	64.9%	40.6 billion yen
Net income	42.0 billion yen	50.6%	27.9 billion yen

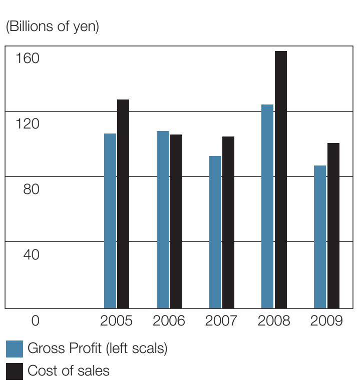
Operating Income and Ratio of Operating Income to Net Sales



Return on Sales (ROS)



Gross Profit and Cost of sales



Assets, Liabilities, and Net Assets

Total assets at the end of fiscal 2009 were ¥22.0 billion lower than the figure at the previous fiscal year-end as current assets, principally notes and accounts receivable-trade, decreased ¥20.4 billion. Total liabilities, principally accounts payable, were ¥24.4 billion lower. As a result, net assets increased ¥2.4 billion. The shareholders' equity ratio increased 3.7 percentage points to 78.0%, reflecting decreases in assets and liabilities.

Cash Flows

Cash and cash equivalents at the fiscal year-end were ¥218.5 billion, having decreased ¥7.8 billion from the previous fiscal year-end.

Cash flows from operating activities

Net cash provided by operating activities decreased ¥45.3 billion from the previous fiscal year to ¥20.3 billion. The principal factors increasing cash flows included income before income taxes amounting to ¥44.9 billion and a decrease of ¥49.9 billion in notes and accounts receivable-trade. Cash outflows included an increase of ¥22.6 billion in inventories, a decrease of ¥18.7 billion in notes and accounts payable-trade, and income taxes paid amounting to ¥29.1 billion.

Cash flows from investing activities

Net cash used in investing activities decreased ¥21.0 billion from the previous year to ¥3.7 billion. The decrease was mainly attributable to payments of ¥4.1 billion for the purchase of fixed assets and a ¥0.9 billion increase in cash due to a decrease in the balance of financial instruments held by the Group.

Cash flows from financing activities

Net cash used in financing activities increased ¥14.7 billion from the previous year to ¥24.4 billion. The principal items were cash dividends paid amounting to ¥17.0 billion and payment for purchase of treasury stock at a cost of ¥7.4 billion.

Forecast of the Financial Position in Fiscal 2010

For fiscal 2010, the Company forecasts net cash provided by operating activities of ¥65.0 billion, net cash used in investing activities of ¥13.0 billion attributable to capital investment, and net cash used in financing activities of ¥14.0 billion mainly attributable to payment of cash dividends.

As a result, the Company forecasts an increase of ¥38.0 billion in the cash balance at the end of fiscal 2010 compared to the figure at the end of the previous fiscal year.

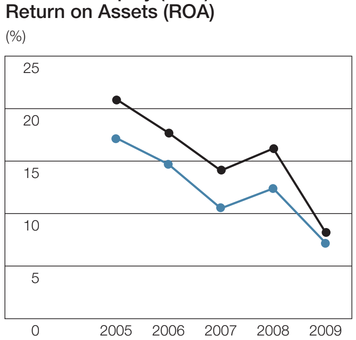
Risk Factors

Risks that may have an impact on the Group's business results, stock price and financial position for fiscal 2010 and beyond include the items described below. Forward-looking statements in this document represent the Group's assumptions and judgment as of the end of fiscal 2008, but do not cover all the potential risks.

Change in the market environment

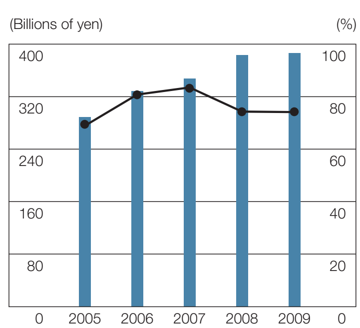
The principal customers of the Group's core business, sales of game machines and ball bearing supply systems, are pachinko parlor operators nationwide. Therefore, deterioration of the business environment for pachinko parlors, accompanying reduction in demand or change in the market structure, determines the Group's sales results.

Return on Equity (ROE)
Return on Assets (ROA)



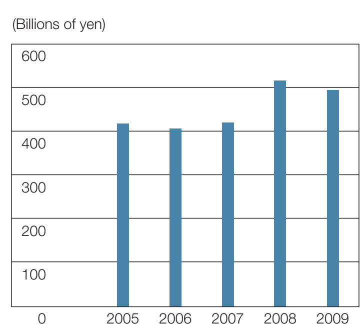
● Return on Equity (ROE)
● Return on Assets (ROA)
ROA=(Operating income + Interest and dividend income + Interest on marketable securities) / Total assets (yearly average)

Total Net Assets and Equity Ratio



■ Total Net Assets (left scale)
● Equity Ratio

Total Assets



As pachinko parlor operators are becoming more discriminating in their evaluation of game machines, there is a marked tendency for them to endeavor to captivate players through the introduction of large numbers of units of particular models offering excellent entertainment features and characterized by newsworthiness. However, because most products fail to attract sufficient attention, the gulf between popular products and the rest has been widening in terms of the numbers of units sold. The Group aims to increase sales through tie-ups with celebrities, animation and popular characters and by engaging in vigorous sales promotion in addition to strengthening the development process. However, because product development takes approximately 12 months, if the Group fails to respond flexibly to changes in market demand after commencement of development, or if the timing of the introduction of one of the Group's new products coincides with the introduction of a competitor's very popular product, the Group's sales plans and business results may be affected.

The Group will strive to manufacture and sell game machines meeting the diverse preferences of not only players but also the needs of parlors by fully utilizing original ideas, cutting-edge technology and other know-how.

Regulations

The main business of the Group, namely, the development, manufacture and sales of game machines, is governed by the Act to Control Businesses That May Affect Public Morals and other regulations and is required to strictly comply with the relevant laws and regulations. Thus, material revisions to relevant laws and regulations may affect the Group's sales plans and business results.

Intellectual property rights

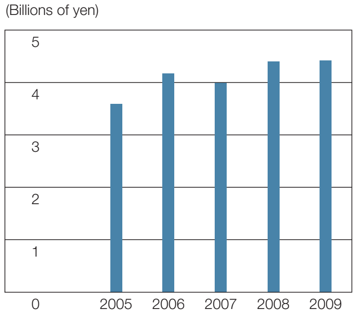
A growing number of game machines introduced in recent years involve tie-ups with celebrities, animation characters and other popular characters. In accordance with this trend, as intellectual property rights, such as portrait rights and copyrights of characters used for game machines, become increasingly important to the business, the incidence of conflicts concerning intellectual property is rising.

In regard to the handling of characters, centering on the Intellectual Property Division, the Group conducts thorough investigations and takes the greatest possible care to preclude such conflicts. However, in the event that new intellectual property rights are approved without the Company's knowledge, the Group may be subject to risk associated with claims for damage by the owners of the rights. In such case, if the Group is deemed to be liable, the Group's business results may be affected.

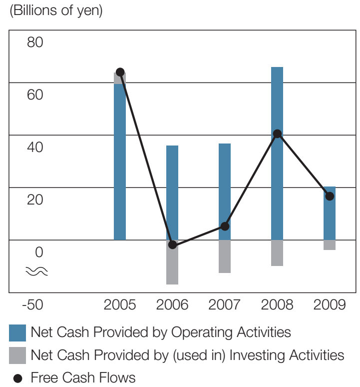
Development of new models

To manufacture and sell a pachinko, pachislo or other game machine, it is a prerequisite that the machine passes an official format inspection executed by a testing agency, such as *Hotsukyo* (Security Electronics and Communication Technology Association), designated by the National Public Safety Commission, in accordance with the Enforcement Regulation of the Act to Control Businesses That May Affect Public Morals and other regulations. While it is necessary to satisfy the increasingly sophisticated expectations of players and keep abreast of the progress of game machine technology, in the event that it takes longer than expected for a format inspection or a machine of the Group is rejected by a format inspection, the Group's business results may suffer. The Group will strive to smoothly introduce new models in accordance with the initial plan by capitalizing on its long-cultivated product development capabilities and know-how.

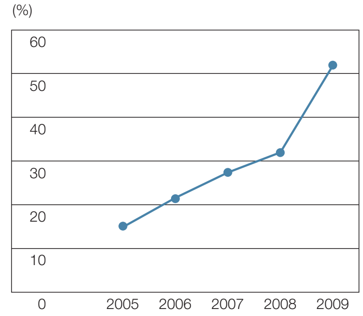
Depreciation



Free Cash Flows



Payout Ratio



Consolidated Balance Sheets

SANKYO CO., LTD. and Its Consolidated Subsidiaries
As of March 31, 2009 and 2008

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 2)
	2009	2008	2009
Current assets:			
Cash and deposits (Note 3)	¥162,510	¥160,556	$1,654,383
Marketable securities (Notes 3 and 4)	89,999	98,775	916,207
Notes and accounts receivable-trade	40,027	89,952	407,482
Inventories (Note 6)	26,159	3,585	266,304
Deferred tax assets (Note 13)	7,391	2,794	75,242
Arising from outsourced production contracts	27,004	21,814	274,906
Other current assets	8,996	5,431	91,581
Allowance for doubtful accounts	(425)	(890)	(4,327)
Total current assets	361,665	382,017	3,681,818
Fixed assets:			
Property, plant and equipment:			
Land	29,702	29,647	302,372
Buildings and structures	20,031	20,031	203,919
Machinery and equipment	7,869	7,546	80,108
Tools, furniture and fixtures	15,295	13,326	155,706
Leased assets	226	—	2,301
Construction in progress	1,760	924	17,917
	74,885	71,474	762,343
Accumulated depreciation	(24,993)	(21,941)	(254,433)
Total property, plant and equipment	49,892	49,533	507,910
Intangible fixed assets	249	196	2,535
Investments and other assets:			
Investments in securities (Notes 4 and 5)	79,157	82,147	805,833
Long-term loans	400	314	4,072
Deferred tax assets (Note 13)	2,761	1,693	28,108
Other assets	1,578	1,799	16,064
Allowance for doubtful accounts	(459)	(499)	(4,673)
Allowance for losses on investments in securities	(379)	(379)	(3,858)
Total investments and other assets	83,059	85,075	845,556
Total fixed assets	133,201	134,804	1,356,011
Total assets	¥494,866	¥516,821	$5,037,830

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 2)
	2009	2008	2009
Current liabilities:			
Notes and accounts payable-trade	¥ 72,077	¥ 90,730	$ 733,758
Accrued income taxes	13,179	20,857	134,165
Accrued employees' bonuses	752	710	7,656
Lease obligations	69	—	702
Other current liabilities	17,446	15,268	177,604
Total current liabilities	103,525	127,565	1,053,904
Long-term liabilities:			
Lease obligations	80	—	814
Accrued retirement allowances for directors and corporate auditors	584	1,210	5,945
Accrued retirement allowances for employees (Note 7)	2,683	2,449	27,313
Other long-term liabilities	1,805	1,841	18,375
Total long-term liabilities	5,154	5,500	52,469
Commitments and contingent liabilities (Notes 8 and 10)			
Net assets:			
Shareholders' equity (Note 9)			
Common stock,			
Authorized: 144,000,000 shares			
Issued : 97,597,500 shares	14,840	14,840	151,074
Capital surplus	23,882	23,883	243,123
Retained earnings	355,800	344,898	3,622,111
Treasury stock	(8,940)	(1,570)	(91,011)
Total shareholders' equity	385,582	382,051	3,925,298
Revaluation and translation adjustments			
Net unrealized gains on other securities (Note 4)	604	1,705	6,149
Total revaluation and translation adjustments	604	1,705	6,149
Total net assets	386,187	383,756	3,931,457
Total liabilities and net assets	¥494,866	¥516,821	$5,037,830

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Income

SANKYO CO., LTD. and Its Consolidated Subsidiaries
For the years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2009	2008	2009
Net sales	¥187,877	¥280,511	$1,912,623
Cost of sales	100,668	156,782	1,024,819
Gross profit	87,208	123,729	887,794
Selling, general and administrative expenses (Note 11)	46,582	51,434	474,214
Operating income	40,626	72,295	413,580
Other income (expenses):			
Interest and dividend income	2,301	2,041	23,425
Equity in earnings of affiliates	1,457	1,020	14,833
Loss on sales or disposal of property, plant and equipment, net (Note 12)	(174)	(167)	(1,771)
Loss on devaluation of investment securities	(119)	(198)	(1,211)
Reversal of allowance for doubtful accounts	469	—	4,775
Other, net	387	414	3,940
Income before income taxes	44,949	75,405	457,589
Income taxes (Note 13)**:**			
Current	21,987	30,891	223,832
Deferred	(4,922)	(1,158)	(50,107)
Total income taxes	17,065	29,733	173,725
Net income	¥ 27,883	¥ 45,672	$ 283,854

	Yen		U.S. dollars (Note 2)
Net income per share (Note 15):			
Basic	¥288.92	¥468.78	$2.94
Cash dividends per share	150.00	150.00	1.53

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Changes in Net Assets

SANKYO CO., LTD. and Its Consolidated Subsidiaries
For the years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Common stock:			
Beginning of year	¥ 14,840	¥ 14,840	$ 151,074
End of year	14,840	14,840	151,074
Capital surplus:			
Beginning of year	23,883	23,883	243,133
Disposal of treasury stock	(1)	0	(10)
End of year	23,882	23,883	243,123
Retained earnings:			
Beginning of year	344,898	308,972	3,511,127
Dividends from surplus	(16,981)	(9,746)	(172,870)
Net income	27,883	45,672	283,854
Total changes during the year	10,902	35,925	110,984
End of year	355,800	344,898	3,622,111
Treasury stock:			
Beginning of year	(1,570)	(670)	(15,983)
Acquisition of treasury stock	(7,353)	(21)	(74,855)
Disposal of treasury stock	9	0	92
Increase in treasury stock resulting from a change in equity in an affiliate accounted for by the equity method	(25)	—	(255)
Increase in treasury stock resulting from newly applying equity method to affiliates	—	(879)	—
Total changes during the year	(7,369)	(900)	(75,018)
End of year	(8,940)	(1,570)	(91,011)
Shareholders' equity:			
Beginning of year	382,051	347,025	3,889,352
Dividends from surplus	(16,981)	(9,746)	(172,870)
Net income	27,883	45,672	283,854
Acquisition of treasury stock	(7,353)	(21)	(74,855)
Disposal of treasury stock	8	0	81
Increase in treasury stock resulting from a change in equity in an affiliate accounted for by the equity method	(25)	—	(255)
Increase in treasury stock resulting from newly applying equity method to affiliates	—	(879)	—
Total changes during the year	3,531	35,025	35,946
End of year	385,582	382,051	3,925,298
Revaluation and translation adjustments:			
Net unrealized gains on other securities:			
Beginning of year	1,705	4,079	17,357
Net change in the year	(1,100)	(2,374)	(11,198)
End of year	604	1,705	6,149
Total net assets:			
Beginning of year	383,756	351,104	3,906,709
Dividends from surplus	(16,981)	(9,746)	(172,870)
Net income	27,883	45,672	283,854
Acquisition of treasury stock	(7,353)	(21)	(74,855)
Disposal of treasury stock	8	0	81
Increase in treasury stock resulting from a change in equity in an affiliate accounted for by the equity method	(25)	—	(255)
Increase in treasury stock resulting from newly applying equity method to affiliates	—	(879)	—
Other changes during the year	(1,100)	(2,374)	(11,198)
Total changes during the year	2,430	32,652	24,738
End of year	¥386,187	¥383,756	$3,931,457

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Cash Flows

SANKYO CO., LTD. and Its Consolidated Subsidiaries
For the years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2009	2008	2009
Cash flows from operating activities:			
Income before income taxes	¥ 44,949	¥ 75,405	$ 457,589
Depreciation and amortization	4,426	4,438	45,058
Decrease in allowance for doubtful accounts	(505)	(208)	(5,141)
Increase (decrease) in accrued directors' and corporate auditors' bonuses	—	(238)	—
Increase in accrued employees' bonuses	42	47	428
Increase in accrued retirement allowances for employees	234	199	2,382
Increase (decrease) in accrued retirement allowances for directors and corporate auditors	(625)	53	(6,363)
Interest and dividend income	(2,301)	(2,041)	(23,425)
Interest expense	2	0	20
Equity in earnings of affiliates	(1,457)	(1,020)	(14,833)
Loss on sales or disposal of property, plant and equipment, net	174	167	1,771
Gain on sales of golf membership	(23)	—	(234)
Loss on settlement of lawsuit	150	—	1,527
Loss on devaluation of investment securities	119	197	1,211
Decrease (increase) in notes and accounts receivable-trade	49,924	(32,659)	508,236
Decrease (increase) in inventories	(22,570)	2,341	(229,767)
Increase (decrease) in notes and accounts payable-trade	(18,653)	51,496	(189,891)
Decrease (increase) in accounts receivable arising from outsourced production contracts	(5,189)	(16,785)	(52,825)
Increase (decrease) in accrued consumption taxes	(1,430)	929	(14,558)
Increase (decrease) in accounts payable-other	(5,730)	(898)	(58,332)
Decrease (increase) in other current assets	(3,185)	460	(32,424)
Increase (decrease) in other current liabilities	8,656	(197)	88,120
Other	(29)	49	(295)
Sub total	46,976	81,735	478,225
Interest and dividend income received	2,533	2,037	25,786
Interest paid	(2)	(0)	(20)
Income taxes paid	(29,073)	(18,147)	(295,969)
Payment of settlement	(150)	—	(1,527)
Net cash provided by operating activities	20,283	65,625	206,485
Cash flows from investing activities:			
Payment for purchase of marketable securities	—	(997)	—
Proceeds from sale of marketable securities	1,000	1,700	10,180
Payment for purchase of property, plant and equipment and intangible fixed assets	(4,221)	(12,199)	(42,971)
Proceeds from sale of property, plant and equipment and intangible fixed assets	24	15	244
Payment for purchase of investment securities	(32,016)	(44,591)	(325,929)
Proceeds from sale of investment securities	32,000	32,020	325,766
Investments in loans receivable	(537)	(660)	(5,467)
Collection of loans receivable	110	38	1,120
Other	(40)	(11)	(407)
Net cash used in investing activities	(3,680)	(24,685)	(37,463)
Cash flows from financing activities:			
Payment for finance lease obligations	(95)	—	(967)
Payment for purchase of treasury stock	(7,353)	(21)	(74,855)
Proceeds from sales of treasury stock	8	0	81
Cash dividends paid	(16,981)	(9,747)	(172,870)
Net cash used in financing activities	(24,422)	(9,768)	(248,621)
Net increase (decrease) in cash and cash equivalents	(7,820)	31,172	(79,609)
Cash and cash equivalents at beginning of year	226,329	195,157	2,304,072
Cash and cash equivalents at end of year (Note 3)	¥218,509	¥226,329	$2,224,463

The accompanying notes are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

1 Summary of Significant Accounting Policies

(a) Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared based on the accounts maintained by SANKYO CO., LTD. (the "Company") and its consolidated subsidiaries (the "Companies") in accordance with the provisions set forth in the Corporate Law of Japan and the Financial Instruments and Exchange Law of Japan and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law.

Certain items presented in the consolidated financial statements submitted to the Director of the Kanto Finance Bureau in Japan have been reclassified in the accompanying consolidated financial statements for the convenience of readers outside Japan. In addition, certain reclassifications and rearrangements have been made in the 2008 financial statements to conform to the classifications used in 2009. In conformity with the Corporate Law of Japan and the other relevant regulations, all Japanese yen figures in the consolidated financial statements have been rounded down to the nearest million yen, except for per share data. Accordingly, the total of each account may not be equal to the combined total of individual items.

(b) Consolidation Principles

The consolidated financial statements include the accounts of the Company and its four significant wholly owned subsidiaries. The remaining unconsolidated subsidiaries have assets, net sales and net income which are not significant in relation to those of the Companies, and, accordingly, the accounts of such subsidiaries have been excluded from consolidation.

Investments in two affiliates are accounted for under the equity method. Other immaterial unconsolidated subsidiaries and affiliates are stated at cost. All significant intercompany transactions, account balances and unrealized profits among the Companies have been eliminated on consolidation.

(c) Goodwill

Any difference between the acquisition cost of investment in a consolidated subsidiary and the fair value of the net assets of the subsidiary is charged to income when acquired.

(d) Foreign Currency Translation

All monetary assets and liabilities denominated in foreign currencies, whether long-term or short-term, are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. The resulting gains and losses are included in net income or loss for the period.

(e) Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits available for withdrawal on demand and short-term investments with an original maturity of three months or less and which represent a minor risk of fluctuations in value.

(f) Marketable Securities and Investments in Securities

Held-to-maturity debt securities that the Company and its consolidated subsidiaries intend to hold to maturity are stated at cost after accounting for any premium or discount on acquisition, which is amortized over the period to maturity. Other securities for which market quotations are available are stated at fair value. Net unrealized gains or losses on these securities are reported as a separate item in net assets, net of taxes. Other securities for which market quotations are unavailable are stated at cost, except as stated in the paragraph below.

In cases where the fair value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliates not accounted for under the equity method, or other securities has declined significantly and such impairment of value is not deemed temporary, those securities are written down to fair value and the resulting losses are included in net income or loss for the period.

(g) Allowance for Doubtful Accounts

The allowance for doubtful accounts is calculated on the basis of the actual bad debt ratio for general accounts receivable and the assessed recoverability of individual doubtful accounts receivable.

(h) Allowance for Losses on Investments in Securities

Allowance for losses of investment is provided at an estimated amount of possible investment losses for investment in affiliates etc., based on the financial condition of the investees.

(i) Inventories

Inventories are stated at cost, determined as follows:

Finished goods, merchandise and raw materials	Primarily, gross average method
Work in process	Specific identification method
Supplies	Last purchase price method

Effective the year ended March 31, 2009, the Company and its consolidated subsidiaries adopted the new accounting standard, “Accounting Standard for Measurement of Inventories” issued by the Accounting Standards Board of Japan (“ASBJ”) on July 5, 2006. The effect of this change on the consolidated statements of income is not material.

(j) Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation except for leased assets is computed principally by the declining-balance method at rates based on the estimated useful lives of the respective assets, except for buildings, for which the straight-line method is applied.

Property, plant and equipment whose acquisition costs are more than ¥100,000 and less than ¥200,000 are depreciated using the straight-line method over three years.

The residual values (5% of the acquisition cost) of the property, plant and equipment acquired on or before March 31, 2007, which were fully depreciated based on the Corporate Tax Law before the amendment, are depreciated equally over five years starting from the year ended March 31, 2008.

Pursuant to an amendment to the Corporate Tax Law in 2008, the Company and its consolidated subsidiaries reviewed and changed the useful lives of certain machinery and equipment from 6-15 years to 6-12 years. The effect of this change on the consolidated statements of income is not material.

Leased assets are depreciated over respective lease periods by the straight-line method without residual values.

(k) Accrued Employees’ Bonuses

Accrued employees’ bonuses are recorded based on the estimated amounts payable at the end of the fiscal year.

(l) Accrued Retirement Allowances for Directors and Corporate Auditors

The accrued retirement allowances for directors and statutory auditors are stated at the estimated amount which would be required to be paid based on the internal rule if all eligible directors and statutory auditors were to leave the Company at the balance sheet date.

(m) Accrued Retirement Allowances for Employees

The accrued retirement allowances for employees represent the estimated present value of projected benefit obligations, less/plus unrecognized actuarial differences and unrecognized prior service costs, which are amortized on a straight-line basis over a period of five years from the year in which they arise.

(n) Leases

On March 30, 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions" which revised the previous accounting standard for lease transactions issued in June 1993. Under the previous accounting standard, finance leases that transfer substantially all the risks and rewards of ownership of the assets to the lessee were to be capitalized. However, other finance leases which do not transfer ownership of the assets at the end of the lease term were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize leased assets and lease obligations in the balance sheet. Effective the year ended March 31, 2009, the Company and its consolidated subsidiaries account for all finance leases as if the leased assets were purchased in ordinary buy or sell transactions.

(o) Research and Development and Computer Software

Research and development expenses are charged to income as incurred.

Expenditures relating to computer software developed for internal use are charged to income as incurred, except where the software contributes to the generation of income or to future cost savings, in which case such expenditures are capitalized and amortized using the straight-line method over the estimated useful life of the software (five years).

(p) Income Taxes

Income taxes of the Company and its consolidated subsidiaries consist of corporate income taxes, local inhabitants' taxes and enterprise taxes.

The Company and its consolidated subsidiaries have adopted the deferred tax accounting method. Income taxes are determined using the asset-and-liability approach, whereby deferred tax assets and liabilities are recognized in respect of temporary differences between the tax basis of assets and liabilities and those as reported in the financial statements.

(q) Appropriation of Retained Earnings

The Corporate Law of Japan stipulates that appropriations of retained earnings require approval by the shareholders at an ordinary general meeting. The appropriations of retained earnings are, therefore, not reflected in the consolidated financial statements for the period to which they relate but are recorded in the consolidated financial statements in the subsequent accounting period after shareholders' approval has been obtained.

(r) Net Income and Dividends per Share

Net income per share of common stock shown in the accompanying consolidated statements of income is computed based on the weighted average number of shares outstanding during each year.

Cash dividends per share shown in the accompanying consolidated statements of income represent dividends declared and paid as applicable to the respective fiscal year.

(s) Consumption tax

Transactions subject to consumption tax are recorded at amounts exclusive of consumption tax.

(t) Reclassification

Certain reclassifications of previously reported amounts have been made to conform with current classifications.

2 U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥98.23= U.S.$1, the rate of exchange on March 31, 2009, has been used for the translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at this or any other rate.

3 Cash and Cash Equivalents

A reconciliation of cash and cash equivalents to the accounts disclosed on the balance sheet at March 31, 2009 and 2008 were as follows

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Cash and deposits	¥162,510	¥160,556	$1,654,383
Marketable securities	89,999	98,775	916,207
Total	252,510	259,331	2,570,600
Bonds and debentures, investment funds and others	(34,001)	(33,002)	(346,137)
Cash and cash equivalents	¥218,509	¥226,329	$2,224,463

4 Marketable Securities and Investments in Securities

Marketable securities and investments in securities at March 31, 2009 and 2008 were as follows:

(a) Held-to-Maturity Debt Securities

	Millions of yen							
	2009				2008			
	Carrying amounts	Gross unrealized gains	Gross unrealized losses	Market value	Carrying amounts	Gross unrealized gains	Gross unrealized losses	Market value
Market value available:								
Japanese government bonds	¥ 80,015	¥406	¥—	¥80,422	¥ 80,010	¥359	¥6	¥80,363
Corporate bonds	998	0		998	16,771	6		16,777
Total	¥ 81,013	¥407	¥—	¥81,421	¥ 96,781	¥365	¥6	¥97,140
Market value not available:								
Certificates of deposits	55,000				50,000			
Domestic private bonds	—				—			
Total	55,000				50,000			
Total	¥136,013				¥146,781			

	Thousands of U.S. dollars			
	2009			
	Carrying amounts	Gross unrealized gains	Gross unrealized losses	Market value
Market value available:				
Japanese government bonds	$ 814,568	$4,133	$—	$818,711
Corporate bonds	10,160	0		10,160
Total	$ 824,728	$4,143	$—	$828,881
Market value not available:				
Certificates of deposits	559,910			
Domestic private bonds	—			
Total	559,910			
	$1,384,638			

(b) Other Securities

	Millions of yen							
	2009				2008			
	Cost	Gross unrealized gains	Gross unrealized losses	Carrying amounts	Cost	Gross unrealized gains	Gross unrealized losses	Carrying amounts
Market value available:								
Equity securities	¥1,641	¥1,016	¥—	¥2,657	¥1,760	¥2,866	¥—	¥4,626
	¥1,641	¥1,016	¥—	¥2,657	¥1,760	¥2,866	¥—	¥4,626
Market value not available:								
Equity securities				102				102
				¥2,759				¥4,728

	Thousands of U.S. dollars			
	2009			
	Cost	Gross unrealized gains	Gross unrealized losses	Carrying amounts
Market value available:				
Equity securities	$16,706	$10,343	$—	$27,049
	$16,706	$10,343	$—	$27,049
Market value not available:				
Equity securities				1,038
				$28,087

(c) The carrying values of debt securities by contractual maturities for securities classified as other securities and held-to-maturity debt securities

	Millions of yen							
	2009				2008			
	Within one year	Over one year within five years	Over five years within ten years	Over ten years	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Bonds								
Japanese government bonds	¥34,000	¥46,000	¥—	¥—	¥32,000	¥48,000	¥—	¥—
Corporate bonds	1,000	—	—	—	16,800	—	—	—
Certificates of deposits	55,000	—	—	—	50,000	—	—	—
Total	¥90,000	¥46,000	¥—	¥—	¥98,800	¥48,000	¥—	¥—

	Thousands of U.S. dollars			
	2009			
	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Bonds				
Japanese government bonds	$346,126	$468,289	$—	$—
Corporate bonds	10,180	—	—	—
Certificates of deposits	559,910	—	—	—
Total	$916,217	$468,289	$—	$—

5 Investments in Unconsolidated Subsidiaries and Affiliates

Investments in unconsolidated subsidiaries and affiliates at March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Investments in securities	¥30,384	¥29,412	$309,315

6 Inventories

Inventories at March 31, 2009 and 2008 comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Finished goods and merchandise	¥22,319	¥ 383	$227,212
Work in process	145	88	1,476
Raw materials and supplies	3,694	3,114	37,606
Total	¥26,159	¥3,585	$266,304

7 Retirement Benefit Plan

Employees whose service with the Company and consolidated subsidiaries is terminated are usually entitled to receive lump-sum severance indemnities based on a defined benefit formula, which takes into account current rates of payments and length of service.

The accrued retirement allowance for employees as of March 31, 2009 and 2008 were determined as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Projected benefit obligations	¥2,869	¥2,529	$29,207
Unrecognized actuarial differences	(185)	(80)	(1,883)
Accrued retirement allowance for employees	¥2,683	¥2,449	$27,313

The net pension expense relating to retirement benefits for the years ended March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Service costs	¥186	¥179	$1,894
Interest costs	36	35	366
Amortization of prior service costs	—	42	—
Amortization of actuarial differences	73	60	743
Total	¥295	¥316	$3,003

Assumptions used in the calculation of the preceding information are as follows:

	2009	2008
Discount rate	1.50%	1.50%
Method of attributing the projected benefits to service periods	Straight-line basis	Straight-line basis
Amortization of prior service cost	N/A	Over five years
Amortization of actuarial differences	Over five years	Over five years

8 Contingent Liabilities

Contingent liabilities at March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
As an endorser of notes endorsed	¥68	¥95	$692

9 Shareholders' Equity

The Japanese companies are subject to the Corporate Law of Japan. The Corporate Law provides that at least 50% of the issue price of new shares shall be designated as stated capital. The portion which is to be designated as stated capital is determined by resolution of the Board of Directors. Proceeds in excess of the amounts designated as stated capital are credited to additional paid-in capital (a component of capital surplus). Under the Corporate Law, an amount equal to at least 10% of cash dividends and other appropriations of retained earnings paid out with respect to each financial period is set aside in a legal reserve (a component of retained earnings) until the total amount of additional paid-in capital and legal reserve equals 25% of the stated capital. Under the Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Corporate Law also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders. The Corporate Law also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

a) Type and number of shares outstanding and treasury stock

	Type of shares outstanding	Type of treasury stock
	Common stock	Common stock
Number of shares as of March 31, 2008	97,597,500	316,941
Increase in the number of shares during the accounting period ended March 31, 2009	—	1,009,517*1
Decrease in the number of shares during the accounting period ended March 31, 2009	—	2,132*2
Number of shares as of March 31, 2009	97,597,500	1,324,326

Notes: *1. Increase due to the purchase of odd shares (4,911 shares), purchase of treasury stock based on the resolution of the Board of Directors (1,000,000 shares) and inclusion of the shares owned by an affiliate newly accounted for under the equity method (4,606 shares)
*2. Decrease due to sales upon the request from odd shareholders (1,412 shares) and exclusion of the shares owned by an affiliate accounted for under the equity method (720 shares)

b) Matters related to dividends

i) Dividend payment

Approvals by the ordinary general meeting of shareholders held on June 27, 2008 were as follows:

Dividends on common stock	
Total amount of dividends	¥9,746 million ($99,216 thousand)
Dividends per share	¥100.00
Record date	March 31, 2008
Effective date	June 30, 2008

Approvals by the Board of Directors' meeting held on November 6, 2008 were as follows:

Dividends on common stock	
Total amount of dividends	¥7,234 million ($73,643 thousand)
Dividends per share	¥75.00
Record date	September 30, 2008
Effective date	December 5, 2008

ii) Dividends whose record date is attributed to the accounting period ended March 31, 2009 but become effective after the said accounting period.

The Company obtained the following approval at the general meeting of shareholders held on June 26, 2009:

Dividends on common stock	
Total amount of dividends	¥7,234 million ($73,643 thousand)
Dividends per share	¥75.00
Record date	March 31, 2009
Effective date	June 29, 2009

10 Leases

(1) Finance Lease Contracts without Ownership Transfer

As discussed in Note 1 (n), the Companies adopted the revised accounting standard for lease transactions and capitalized all finance leases in accordance with the revised standard effective the year ended March 31, 2009.

The Companies have various finance leases on tools, furniture and fixtures for research and development activities principally in the pachinko machines business and pachislo machines business and production software principally in the pachinko machines business.

Pro forma information relating to the acquisition cost, accumulated depreciation and the net balance of property held under finance leases which do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the year ended March 31, 2008 were as follows:

	Millions of yen		
	2008		
	Acquisition cost	Accumulated depreciation	Net balance
Machinery and equipment	¥476	¥315	¥161
Tools, furniture and fixtures	167	88	79
Total	¥643	¥403	¥240

Future minimum lease payments under finance leases as of March 31, 2008 were as follows:

	Millions of yen
	2008
Due within one year	¥105
Due after one year	138
Total	¥243

The lease expense, depreciation and interest expense with respect to leased assets for the year ended March 31, 2008 were as follows:

	Millions of yen
	2008
Lease expense	¥195
Depreciation	191
Interest expense	3

Depreciation is calculated using the straight-line method. The useful lives are equal to the lease terms and the residual value is zero.

(2) Operating Leases

Future lease payments for non-cancellable operating leases as a lessee at March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Due within one year	¥ 7	¥1	$ 71
Due after one year	20	3	204
Total	¥27	¥5	$275

11 Selling, General and Administrative Expenses

The main components of "Selling, general and administrative expenses" for the fiscal years ended March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Sales commission	¥10,658	¥15,455	$108,500
Advertisement expenses	11,807	15,326	120,197
Salaries and wages	3,886	4,348	39,560
Reserve for bonuses	415	395	4,225
Accrued retirement allowances for directors and corporate auditors	67	81	682
Retirement benefit costs	192	200	1,955
Allowance for doubtful accounts	—	591	—
Research and development expenses	11,411	8,492	116,166

In addition, research and development costs of ¥11,411 million ($116,166 thousand) and ¥8,492 million for the fiscal years ended March 31, 2009 and 2008, respectively were included in cost of sales and selling, general and administrative expenses.

12 Gain or Loss on Sales and Loss on Disposal of Property, Plant and Equipment

Gain or loss on sales and loss on disposal of property, plant and equipment for the years ended March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Gain on sales of property, plant and equipment:			
Machinery and equipment	¥ —	¥ 2	$ —
Loss on sales of property, plant and equipment:			
Buildings and structures	¥ —	¥ 0	$ —
Machinery and equipment	—	1	—
Tools, furniture and fixtures	—	0	—
Total	¥ —	¥ 1	$ —
Loss on disposal of property, plant and equipment, etc.:			
Buildings and structures	¥111	¥ 53	$1,130
Machinery and equipment	32	31	326
Tools, furniture and fixtures	20	80	204
Others	11	4	112
Total	¥174	¥168	$1,771

13 Income Taxes

The Company and its consolidated subsidiaries are subject to a number of different taxes based on income which, in aggregate, indicate a statutory effective tax rate of approximately 40.5% for the years ended March 31, 2009 and 2008.

Tax losses can be carried forward for a seven-year period and be offset against future taxable income.

Significant components of deferred tax assets and liabilities at March 31, 2009 and 2008, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Deferred tax assets:			
Accrued enterprise taxes	¥ 1,009	¥ 1,553	$ 10,272
Unrealized profits on inventories	5,176	7	52,693
Accrued employees' bonuses	304	287	3,095
Allowance for doubtful accounts	—	184	—
Accrued retirement allowances for employees	1,084	988	11,035
Accrued retirement allowances for directors and corporate auditors	236	490	2,403
Accumulated depreciation	1,100	665	11,198
Unrealized profit on property, plant and equipment	259	225	2,637
Allowance for losses on investments in securities	153	153	1,558
Research and development expenses	831	535	8,460
Other	446	549	4,540
Deferred tax assets	¥10,604	¥ 5,643	$107,951
Deferred tax liabilities:			
Net unrealized gains on securities	¥ (411)	¥(1,160)	$ (4,184)
Allowance for doubtful accounts	(39)	—	(397)
Deferred tax liabilities	(450)	(1,160)	(4,581)
Deferred tax assets, net	¥10,153	¥ 4,482	$103,359

A reconciliation between the statutory tax rate and the effective income tax rate at March 31, 2009 is as follows:

	2009
Normal effective statutory tax rate	40.5%
Expenses not deductible for income tax purposes	0.2
Non-taxable income	(0.2)
Tax credit for research and development costs	(1.4)
Equity in earnings of affiliates accounted for by the equity method	(1.3)
Other – net	0.2
Actual effective tax rate	38.0%

Since the difference between the statutory tax rate and the effective income tax rate was 5% or less of the statutory tax rate, the breakdown of the difference at March 31, 2008 is not required.

14 Segment Information

The Companies operate within four business segments in Japan: pachinko machines business, pachislo machines business, ball bearing supply systems business and other business.

Pachinko machines business	Pachinko machines, machine gauges, related parts and royalty income relating to pachinko machines
Pachislo machines business	Pachislo machines, related parts and royalty income relating to pachislo machines
Ball bearing supply systems business	Pachinko ball feeders, parlor equipment and peripherals and royalty income relating to ball feeders
Other business	Real estate rental, general parts

Corporate items include general and administrative expenses and other expenses not identified with business segments.

The Company had no overseas consolidated subsidiaries for the years ended March 31, 2009 and 2008.

Sales of the Company and its consolidated subsidiaries from sources outside Japan for the years ended 31 March 2009, and 2008 were not significant (less than 10 percent of consolidated sales for each of the respective years).

Information by industry segment for the years ended March 31, 2009 and 2008 were as follows:

	Millions of yen					
	2009					
	Pachinko machines business	Pachislo machines business	Ball bearing supply systems business	Other business	Elimination or corporate items	Consolidated
Sales:						
Customers	¥133,195	¥33,598	¥19,566	¥ 1,516	¥ —	¥187,877
Intersegment	16	—	—	3	(19)	—
Total	133,211	33,598	19,566	1,519	(19)	187,877
Operating expenses	93,689	26,787	19,058	938	6,776 *1	147,251
Operating income	39,521	6,810	508	581	(6,796)	40,626
Identifiable assets	105,623	8,605	20,711	11,951	347,975 *2	494,866
Depreciation and amortization	3,589	471	52	114	198	4,426
Capital expenditures	4,394	525	99	23	47	5,091

*1. Non-allocable operating expenses: ¥6,796 million
*2. Corporate assets: ¥347,975 million

	Millions of yen					
	2008					
	Pachinko machines business	Pachislo machines business	Ball bearing supply systems business	Other business	Elimination or corporate items	Consolidated
Sales:						
Customers	¥217,955	¥40,512	¥20,653	¥ 1,391	¥ —	¥280,511
Intersegment	18	—	—	—	(18)	—
Total	217,973	40,512	20,653	1,391	(18)	280,511
Operating expenses	150,440	31,098	20,160	939	5,579 *1	208,216
Operating income	67,533	9,414	493	452	(5,597)	72,295
Identifiable assets	125,329	3,392	20,698	12,160	355,242 *2	516,821
Depreciation and amortization	3,615	439	53	123	208	4,438
Capital expenditures	4,274	658	13	48	7,257	12,250

*1. Non-allocable operating expenses: ¥5,597 million
*2. Corporate assets: ¥355,242 million

	Thousands of U.S. dollars					
	2009					
	Pachinko machines business	Pachislo machines business	Ball bearing supply systems business	Other business	Elimination or corporate items	Consolidated
Sales:						
Customers	$1,355,950	$342,034	$199,186	$ 15,433	—	$1,912,623
Intersegment	163	—	—	31	(193)	—
Total	1,356,113	342,034	199,186	15,464	(193)	1,912,623
Operating expenses	953,772	272,697	194,014	9,549	68,981 *1	1,499,043
Operating income	402,331	69,327	5,172	5,915	(69,185)	413,580
Identifiable assets	1,075,262	87,601	210,842	121,663	3,542,451 *2	5,037,830
Depreciation and amortization	36,537	4,795	529	1,161	2,016	45,058
Capital expenditures	44,732	5,345	1,008	234	478	51,827

*1. Non-allocable operating expenses: $69,185 thousand
*2. Corporate assets: $3,542,451 thousand

15 Per Share Information

	yen		U.S. dollars
	2009	2008	2009
Net asset per share	¥4,011.37	¥3,944.84	$40.84
Basic net income per share	288.92	468.78	2.94

Diluted net income per share is not disclosed since there is no potential share.

Above information was computed based on the following data:

	Year ended March 31,	
	2009	2008
Net asset per share:		
Total net assets	¥386,187 million	¥383,756 million
Net assets attributable to common stock	386,187 million	383,756 million
Number of outstanding shares of common stock	97,597,500 shares	97,597,500 shares
Number of treasury stock	1,324,326 shares	316,941 shares
Number of common stock used in computing net asset per share	96,273,174 shares	97,280,559 shares
Net income per share:		
Net income per consolidated statements of income	¥27,883 million	¥45,672 million
Net income attributable to common stock	¥27,883 million	¥45,672 million
Net income not attributable to common stock shareholders	—	—
Weighted average number of common stock	96,510,188 shares	97,429,263 shares

16 Related Party Transaction

The transactions for the years ended March 31, 2009 and 2008 and related account balances outstanding at each year end were as follows:

For the year ended March 31, 2009 (Millions of yen, Thousands of U.S. dollars)

Description	Name	Address	Capital	Business line/ occupation	Voting rights owned by the Company	Relationship	Transaction	Transaction amount	Account	Year-end balance
Affiliate corporation	Fields Corporation	Shibuya-ku, Tokyo	¥7,948 ($80,912)	Development, purchase and sales of game machines	Direct 15.47% (The company owns 1.02% of the Company's shares)	Sales and consignment sales of game machines	Sales of the game machines	¥21,016 ($213,947)	Accounts receivable-trade	¥171 ($1,741)
							Consignment sales of game machines	¥8,061 ($82,062)	Accounts payable-other	¥89 ($906)
							Royalties	¥1,349 ($13,733)	Accounts payable-other	¥0 ($0)

The Company adopted ASBJ Statement No. 11, "Accounting Standard for Related Party Disclosures" and its Implementation Guidance issued on October 17, 2006. As a result, FIELDS CORPORATION was added to the above disclosure.

For the year ended March 31, 2008 (Millions of yen)

Description	Name	Address	Capital (including investments in capital)	Business line/ Occupation	Voting rights	Relationship: Personal	Relationship: Business	Transaction	Transaction amount	Account	Year-end balance
A company whose majority shares are held by a major shareholder of the Company or his/her close relatives	SANKYO KANKO KAIHATSU CO., LTD.	Kiryu-shi, Gunma	¥50	Management of the golf course	–	1 person	Management of the golf course	Use of the golf course	¥0	Accounts payable-other	¥0
	SANRITSU KIGYO CO., LTD.	Kiryu-shi, Gunma	¥60	Management of the game center	–	–	Sale of the amusement machine	Sale of the amusement machine	¥77	Accounts receivable-trade	¥0
Affiliate corporation	SANKYO PLANNING CO., LTD.	Minato-ku, Tokyo	¥10	Advertising agency	Direct 85%	2 persons	–	Advertisement advertising duties trust	¥13,289	Other current liabilities	¥2,192

17 Significant Subsidiaries and Affiliates

The domestic consolidated subsidiaries and affiliates accounted for under the equity method at March 31, 2009 and 2008 were as follows:

At March 31	Ownership 2009	Ownership 2008	Consolidation method
SANKYO EXCEL CO., LTD.	100%	100%	Full consolidation
BISTY CO., LTD.	100%	100%	Full consolidation
SANKYO CREATE CO., LTD.	100%	100%	Full consolidation
INTERNATIONAL CARD SYSTEM CO., LTD.	100%	100%	Full consolidation
NIPPON GAME CARD CORPORATION	39.41%	40.13%	Equity method
FIELDS CORPORATION	15.47%	15.00%	Equity method

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Report of Independent Auditors

The Board of Directors
SANKYO CO., LTD.

We have audited the accompanying consolidated balance sheets of SANKYO CO., LTD. and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of SANKYO CO., LTD. and consolidated subsidiaries at March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.

Ernst & Young ShinNihon LLC

June 26, 2009

Board of Directors

(As of June 26, 2009)

Honorary Chairman
Kunio Busujima

Representative Director, Chairman of the Board & CEO
Hideyuki Busujima*

Representative Director, President & COO
Akihiko Sawai*

Director & Senior Executive Operating Officer
Kimihisa Tsutsui
Junzo Hamaguchi

Standing Statutory Auditor
Shohachi Ugawa

Statutory Auditor
Toshiaki Ishiyama

Outside Auditors
Yoshiro Sanada
Fumiyoshi Noda

Executive Operating Officer
Yasuji Suzuki

Operating Officer
Junko Takimoto
Akiyoshi Suzuki
Akihiko Ishihara
Satoshi Kouketsu
Ichiro Tomiyama
Minoru Yoshikawa
Ritoku Kotabe

*Representative Directors

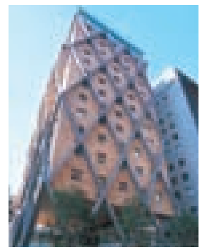
For Further Information Contact:
Corporate Planning Division, SANKYO CO., LTD.
3-29-14 Shibuya, Shibuya-ku, Tokyo 150-8327, Japan
Telephone: 81(3)5778-7773 Facsimile: 81(3)5778-6731
http://www.sankyo-fever.co.jp

Corporate Data

(As of March 31, 2009)

Company Name
SANKYO CO., LTD.

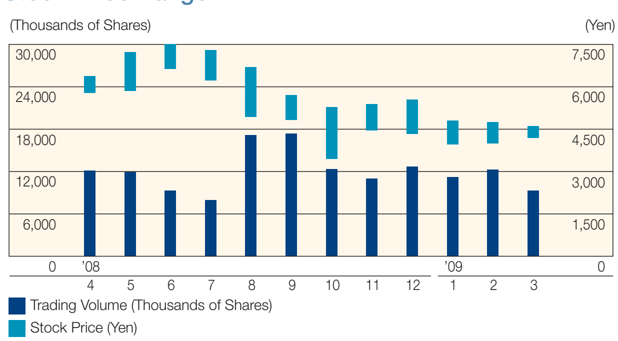
Head Office
3-29-14 Shibuya, Shibuya-ku, Tokyo 150-8327, Japan
Telephone: 81(3)5778-7777 Facsimile:81(3)5778-6731



Sanwa Plant
2732-1 Sanwa-cho, Isesaki-shi, Gunma 372-0011, Japan
Telephone: 81(270)40-7777 Facsimile: 81(270)22-3007

Established	April 12, 1966
Paid-in Capital	¥14,840 million
Number of Shares Authorized	144,000,000
Number of Shares Issued	97,597,500
Number of Employees	906
Number of Shareholders	12,737

Stock Price Range



Stock Exchange Listing
The Tokyo Stock Exchange, First Section,
Code Number 6417

Transfer Agent
The Chuo Mitsui Trust and Banking Company, Limited

Auditor
Ernst & Young ShinNihon

Good luck. Good life.

SANKYO

http://www.sankyo-fever.co.jp/

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