Good luck. Good life. SANKYO

Consolidated Financial Statements
Results for the fiscal year ended March 31, 2009
April 1, 2008, to March 31, 2009

May 13, 2009

SANKYO CO., LTD.

http://www.sankyo-fever.co.jp
Shares listed: Tokyo (1st Section)
Code number: 6417

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Planned Date for Annual Meeting of Shareholders: June 26, 2009
Planned Date for Start of Dividend Payment: June 29, 2009
Planned Date for Submittal of the Financial Statements Report: June 29, 2009

(Figures less than 1 million yen have been omitted.)

1. Results for the fiscal year (From April 1, 2008, to March 31, 2009)

(1) Consolidated operating results

(Percentage figures denote year-over-year changes.)

	Net sales		Operating income		Recurring income		Net income	
	Millions of yen		Millions of yen		Millions of yen		Millions of yen	
Year ended March 31, 2009	187,877	(33.0%)	40,626	(43.8%)	44,900	(40.7%)	27,883	(38.9%)
Year ended March 31, 2008	280,511	41.9%	72,294	31.7%	75,770	29.6%	45,672	28.4%

	Net income per share	Fully diluted net income per share	Return on equity (net income)	Return on assets (recurring income)	Return on sales (operating income)
	Yen	Yen	%	%	%
Year ended March 31, 2009	288.92	-	7.2	8.9	21.6
Year ended March 31, 2008	468.78	-	12.4	16.2	25.8

(reference) Equity in earnings of affiliates Year ended March 31, 2009 ¥1,457 million Year ended March 31, 2008 ¥1,020 million

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2009	494,866	386,187	78.0	4,011.37
As of March 31, 2008	516,821	383,756	74.3	3,944.84

(reference) Shareholders' Equity As of March 31, 2009 ¥386,187 million As of March 31, 2008 ¥383,756 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2009	20,283	(3,680)	(24,422)	218,509
Year ended March 31, 2008	65,624	(24,685)	(9,768)	226,329

2. Dividends

	Cash dividend per share					Amount of dividends	Dividend payout ratio	Dividend rate of net assets
(Base date)	1st quarter	2nd quarter	3rd quarter	Year-end	Full Year			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2008	-	50.00	-	100.00	150.00	14,620	32.0	4.0
Year ended March 31, 2009	-	75.00	-	75.00	150.00	14,469	51.9	3.8
Year ended March 31, 2010 (forecast)	-	75.00	-	75.00	150.00	-	34.4	-

3. Forecast for FY2010 (From April 1, 2009, to March 31, 2010)

(Percentage figures denote year-over-year changes.)

	Net sales		Operating income		Recurring income		Net income		Net income per share
	Millions of yen		Millions of yen		Millions of yen		Millions of yen		Yen
Six months ending September 30, 2009	135,000	19.3%	33,000	32.2%	34,500	24.7%	20,500	18.9%	212.94
Year ending March 31, 2010	270,000	43.7%	67,000	64.9%	70,000	55.9%	42,000	50.6%	436.26

4. Other

(1) Changes for important subsidiaries during the fiscal year ended March 31, 2009: Not applicable

(2) Changes on the basis of consolidated financial statements preparation
a. Related to accounting standard revisions etc.: Applicable
b. Other changes: Not applicable

(3) Outstanding shares (common shares)
a. Number of shares outstanding (including treasury stock)
As of March 31, 2009: 97,597,500 shares
As of March 31, 2008: 97,597,500 shares
b. Number of treasury stock
As of March 31, 2009: 1,324,326 shares
As of March 31, 2008: 316,941 shares

(Reference) Non-consolidated results

1. Non-consolidated results for the fiscal year (From April 1, 2008, to March 31, 2009)

(1) Non-consolidated operating results

(Percentage figures denote year-over-year changes.)

	Net sales		Operating income		Recurring income		Net income	
	Millions of yen		Millions of yen		Millions of yen		Millions of yen	
Year ended March 31, 2009	196,470	(22.2%)	48,747	(26.8%)	53,177	(24.0%)	33,132	(21.8%)
Year ended March 31, 2008	252,478	50.3%	66,564	32.3%	69,965	28.7%	42,344	26.1%

	Net income per share	Fully diluted net income per share
	Yen	Yen
Year ended March 31, 2009	342.65	-
Year ended March 31, 2008	434.43	-

(2) Non-consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2009	464,568	366,249	78.8	3,796.74
Year ended March 31, 2008	489,777	358,544	73.2	3,678.60

(reference) Shareholders' Equity As of March 31, 2009 ¥366,249 million As of March 31, 2008 ¥358,544 million

* Disclaimer regarding Forward-looking Statements
The forecasts and other forward-looking statements contained in this report are based on information currently available to management. Actual results may be materially different from those expressed or implied by such forward-looking statements due to various factors.

1. Business Results

(1) Analysis of business results

a. Results for 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.

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 ¥187.8 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 ¥27.8 billion.

Results of segments are presented below:

Pachinko Machines Business

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 451,000, a decrease of 273,000. Segment sales amounted to ¥133.2 billion, a decrease of 38.9% year on year, and operating income was ¥39.5 billion, a decrease of 41.5%.

Pachislo Machines Business

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 133,000, a decrease of 35,000. Segment sales amounted to ¥33.5 billion, a decrease of 17.1% year on year, and operating income was ¥6.8 billion, a decrease of 27.6%.

Ball Bearing Supply Systems Business

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 ¥19.5 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 ¥0.5 billion, an increase of 28.3%.

b. Forecast for fiscal 2009

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.

	Forecast	**Year-on-year change**	**FY 2009 results**
Net sales	¥270.0 billion	43.7% increase	¥187.8 billion
Operating income	¥67.0 billion	64.9% increase	¥40.6 billion
Recurring income	¥70.0 billion	55.9% increase	¥44.9 billion
Net income	¥42.0 billion	50.6% increase	¥27.8 billion

(2) Analysis of financial position

a. Analysis of assets, liabilities, net assets, and cash flows

Total assets at the end of fiscal 2009 were ¥21.9 billion lower than the figure at the previous fiscal year-end as current assets, principally notes and accounts receivable-trade, decreased ¥22.3 billion. Total liabilities, principally accounts payable, were ¥24.3 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 and cash equivalents at the fiscal year-end were ¥218.5 billion, having decreased ¥7.8 billion from the previous fiscal year-end.

Net cash provided by operating activities decreased ¥45.3 billion from the previous fiscal year to ¥20.2 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 ¥22.5 billion in inventories, a decrease of ¥18.6 billion in notes and accounts payable-trade, and income taxes paid amounting to ¥29.0 billion.

Net cash used in investing activities decreased ¥21.0 billion from the previous year to ¥3.6 billion. The decrease was mainly attributable to payments of ¥4.1 billion for the purchase of fixed assets and cash outlays of ¥0.9 billion due to an increase in the balance of financial instruments held by the Group.

Net cash used in financing activities increased ¥14.6 billion from the previous year to ¥24.4 billion. The principal items were cash dividends paid amounting to ¥16.9 billion and payment for purchase of treasury stock at a cost of ¥7.3 billion.

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.

b. Change in cash flow indicators

	March 31, 2006	**March 31, 2007**	**March 31, 2008**	**March 31, 2009**
Capital adequacy ratio (%)	80.8	83.5	74.3	78.0
Market value capital adequacy ratio (%)	194.0	120.0	111.4	83.1
Ratio of cash flow to interest-bearing debt (%)	-	-	-	-
Interest coverage ratio (times)	-	4,655.4	85,166.7	8,349.1

Notes: Capital adequacy ratio: Equity capital / total assets
Market value capital adequacy ratio: Market value / total assets
Ratio of cash flow to interest-bearing debt: Interest-bearing debt / cash flow
Interest coverage ratio: Operating cash flow / interest payments
* All indices are calculated using consolidated financial figures
* Total market value is calculated using the number of shares issued and outstanding excluding treasury stock
* Cash flows are operating cash flows
* All liabilities recorded on the consolidated balance sheets for which interest is paid are included in interest-bearing debt
* Figures are rounded up or down to the nearest single decimal place.

(3) Basic policy on profit sharing and cash dividends for fiscal 2009 and fiscal 2010

The Company regards the return of profits to shareholders as one of the most important management priorities. The Company's dividend policy is to maintain a payout ratio of 25% of consolidated net income and the aim is to continuously increase dividends.

In line with the above-mentioned basic policy, the Company plans to pay a dividend of ¥150 per share (including a ¥75 interim dividend) for fiscal 2009. This will result in a consolidated payout ratio of 51.9%. The Company plans to pay a dividend of ¥150 per share (including a ¥75 interim dividend) for fiscal 2010.

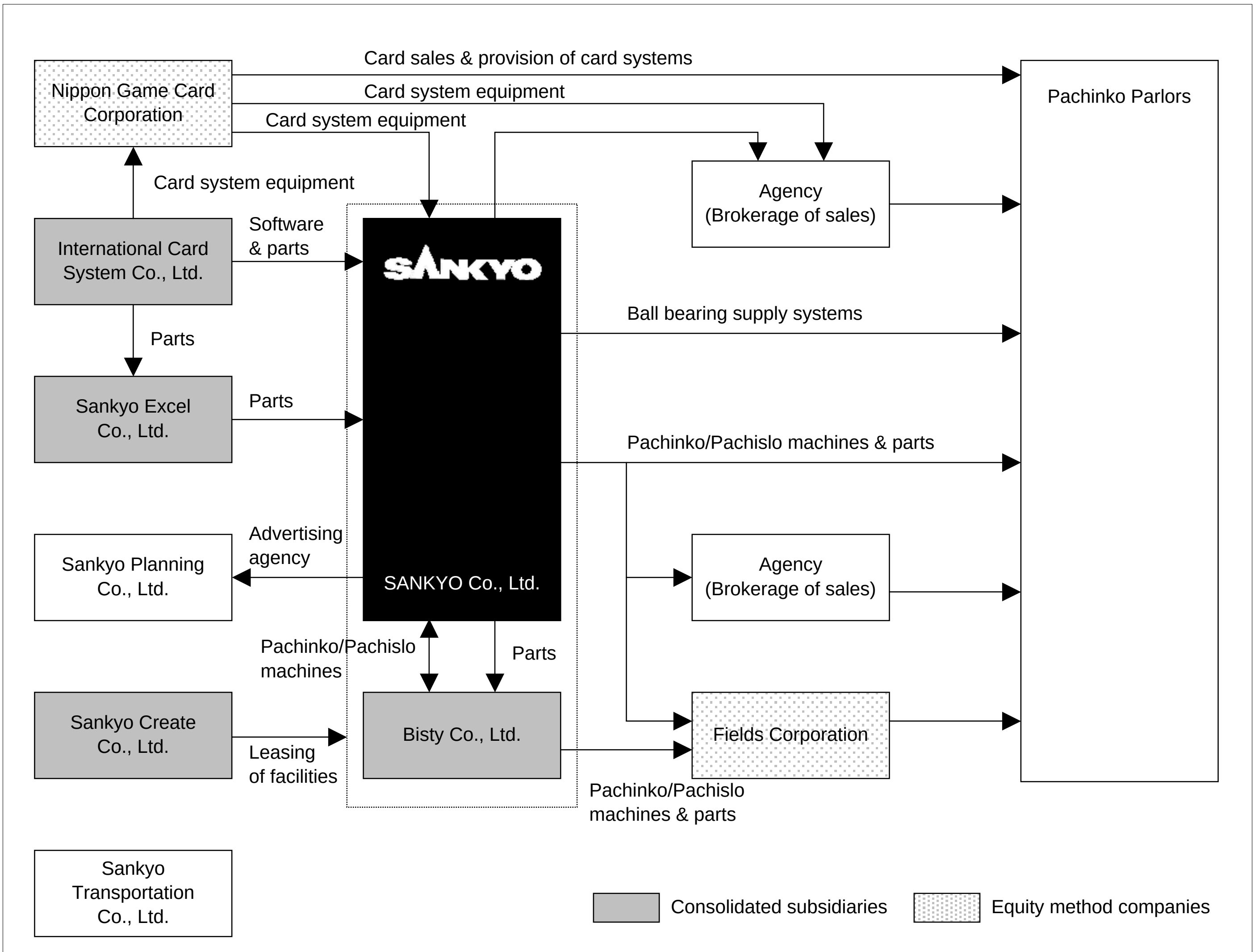
The Company bought back 1,000,000 shares of the Company's stock at a cost of ¥7,324 million during the period from June 16, 2008, to March 31, 2009. The Company will strive to effectively utilize retained earnings for strengthening product development, capital investment, and sales & marketing in order to improve business performance.

2. Overview of the Consolidated Group

(1) SANKYO Group consists of SANKYO Co., Ltd. (the Company) and its nine subsidiaries (as of March 31, 2009) and three affiliates.
Details of the Group’s business and the positioning of major affiliated companies concerning the business are shown below.
The classification of businesses is the same as that in the segment information.

Business segment (Details of the Business)	Company name
Pachinko machines business Manufacturing and sales of pachinko machines and pachinko machine gauge boards, sales of related parts and pachinko machine-related royalty income Pachislo machines business Manufacturing and sales of pachislo and palot machines, sales of related parts and pachislo machine-related royalty income	SANKYO Co., Ltd. Sankyo Excel Co., Ltd. Bisty Co., Ltd. International Card System Co., Ltd. Fields Corporation Sankyo Create Co., Ltd. Sankyo Transportation Co., Ltd. Sankyo Planning Co., Ltd.
Ball bearing supply systems business Ball bearing supply systems, card systems, related equipment for parlors and ball bearing supply system-related royalty income	SANKYO Co., Ltd. Nippon Game Card Corporation International Card System Co., Ltd. Sankyo Create Co., Ltd.
Other business Real estate rental revenues, sales of general molded parts	Sankyo Excel Co., Ltd. Nippon Game Card Corporation International Card System Co., Ltd. Sankyo Create Co., Ltd. Sankyo Transportation Co., Ltd.

(2) The business structure is shown below.



3. Management Policies

(1) Fundamental management policy

The basic philosophy of SANKYO Co., Ltd. (the Company) and its consolidated subsidiaries and affiliates (SANKYO Group) is to fulfill its mission, namely, to contribute to the sound development of pachinko and pachislo, which are popular leisure activities in Japan, and to the quality of life in society at large as a leading company in the pachinko and pachislo industry.

SANKYO Group's stakeholders include shareholders, pachinko parlors, which are the Group's customers, pachinko players, suppliers, local communities, and employees. One of the most important management tasks is to maintain good relations with each of these stakeholders, and accordingly, the Group has set the following fundamental management policies:

a. Maximize stakeholder value and achieve the optimum distribution of that value
b. Ensure compliance with laws and regulations, social norms, and corporate ethics
c. Enhance efficiency and transparency of management
d. Inspire employees and develop their capabilities
e. Enhance society's trust in the pachinko and pachislo industry

(2) Performance indicators

SANKYO Group aims to achieve stable, permanent growth by establishing a solid position in the industry through increasing its share of the pachinko and pachislo markets. The Company believes that the results of this effort are reflected in the ratio of operating income to net sales and formulates and implements various measures to increase competitive advantage in product planning, development, production, and marketing with the objective of increasing this ratio. The Group will continuously engage in cost reduction measures, including the sharing of parts and materials and the streamlining of logistics. The table below depicts change in the ratio of operating income to net sales for the most recent three-year period.

	FY2007	**FY2008**	**FY2009**
Ratio of operating income to net sales (%)	27.8	25.8	21.6

(3) Medium-to-long-term management strategy

To sustain growth potential and increase profitability, SANKYO Group will move forward with measures to increase its market share in the pachinko and pachislo industry in which it operates and strengthen the fundamentals of the business. In the mainstay pachinko machine business, the Group aims to further expand market share by augmenting expertise in product planning, development, production, and marketing cultivated by sustaining a position among the market share leaders for a quarter of a century. In the pachislo machine business, which SANKYO entered relatively recently, the Group is steadily raising awareness of the SANKYO and Bisty brands and gradually expanding market share. The Group plans to secure a solid position in the industry by increasing its competitive advantage in product planning, development, production, and marketing, a strategy similar to that pursued in the pachinko machine business.

(4) Management issues

Amid downward trends of the player population and the number of pachinko parlors, the business environment of the pachinko and pachislo industry is undergoing dramatic change. The main factors reshaping the competitive landscape include a growing reliance on the application of increasingly sophisticated audiovisual and *yakumono* figurine technologies to game machines, utilization of excellent content, and a sharper focus on media-mix strategies. In addition, players' preferences are changing more quickly than ever. 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. Pachinko parlor operators, which are the Group's customers, are becoming increasingly discriminating when they select game machines. As a result, while newsworthy machines are sought after, leading to major hits, sales of most machines tend to be in small lots. In this operating environment, SANKYO Group will seek stable growth by striving to enhance awareness of the SANKYO and Bisty brands while boosting the competitiveness of the Group's products.

Specific measures to address the principal management issues facing SANKYO Group and progress in their implementation are described below.

a. Reinforcement of management

The Group launched a new management system in April 2008 to strengthen top management and clarify the functions of the board of directors, and introduced the Operating Officer System. Regarding the top management, two posts were newly established: the chief executive officer (CEO) and the chief operating officer (COO). The representative director and the chairman, serving as the CEO and the chairman of the board of directors, is responsible for strategic decision-making concerning the Group's overall management, while the representative director and the president, serving as the COO, supervises the Group's overall execution of operations.

Meanwhile, in line with the introduction of the Operating Officer System, the role of the board of directors has been clarified as that of an organ making management decisions and overseeing execution of operations. Operating officers, with authority delegated by the board of directors, are responsible for execution of operations of the specific business fields with which they are entrusted. Taking the opportunity of the start of the new management system, the Company relocated its head office from Kiryu in Gunma prefecture, to Shibuya in Tokyo as of August 1, 2008. The Group continues to strive to strengthen corporate governance and to secure speed and accuracy of decision-making.

b. Reinforcement of development

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 appeal to players and contribution to profits. Above all, demand tends to be increasingly concentrated on successors of previous hit models.

Regarding SANKYO Group, the Bisty-brand *Neon Genesis Evangelion* series has achieved unsurpassed popularity among parlor operators and players, with total sales volume of the eight pachinko and pachislo machines introduced so far exceeding 900,000 units. Sales of the fifth pachinko title in the *Neon Genesis Evangelion* series, The Beginning and the End, introduced in April 2009 have been robust with shipments exceeding 200,000 units. With the aim of establishing a popular series following the *Neon Genesis Evangelion* series, the Group has been strengthening 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 exercising 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 series, the Group intends to place greater emphasis on maximization of the impact of characters and content so as to achieve captivating products with which players get emotionally involved.

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

c. Reinforcement of production

In response to the need for production and delivery of large quantities of products in a short period of time corresponding to the trends toward nationwide roll-out of new products and more frequent new product announcements, the Group's Sanwa Plant in Isezaki, Gunma prefecture, has honed the efficiency of its production and logistics systems, including common use of parts and materials among multiple models. At SANKYO EXCEL Co., Ltd., a subsidiary engaged in manufacturing of game machine parts, upgrading of the facilities, which began in April 2007, was completed in April 2009. By enhancing quality control and boosting production capacity and efficiency in the manufacture of game machine parts, a game machine manufacturing preprocess, we intend to strengthen production capacities throughout the Group.

d. Reinforcement of marketing

Since spring 2007 the Company has been implementing a media-mix strategy centering on TV commercials to publicize its products and to enhance awareness of the SANKYO brand. In addition to contributing to sales of products, these sales promotions provided useful support for pachinko parlors' marketing by reaching out to pachinko players and potential players. We intend to draw up and implement a more effective sales promotion strategy from the viewpoint of cost-effectiveness that leads to not only expansion of sales of products but also enhancement of the corporate image and prosperity of the industry.

e. Reinforcement of the intellectual property strategy

SANKYO Group has long been actively engaged in the creation, protection, and utilization of industrial and intellectual property based on the recognition that the intellectual property strategy has an important bearing on growth and prosperity. The Intellectual Property Division efficiently and systematically implements measures concerning intellectual property rights, including patent rights and industrial rights and use of characters in development of game machines, in order to maximize added value.

f. Reinforcement of administration systems

Amid a spate of corporate scandals, the time is ripe for enhancement of management transparency. We recognize implementation of compliance systems and strengthening of risk management are core issues for management. SANKYO Group has already started full-scale operation of group-wide internal control systems under the leadership of the Administration Division. Also, the Company reorganized the Internal Auditing Section in the Corporate Planning Division and established the Internal Auditing Office as an independent organization on April 1, 2008, which directly reports to the COO. The Internal Auditing Office is working to ensure compliance with laws and regulations and internal rules through periodic internal audits. Staff of the IR Office in the Corporate Planning Division meet institutional investors more than 200 times a year. Moreover, the Company 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 appropriate 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 reliability and transparency of management.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Figures less than 1 million yen have been omitted.)

	As of March 31, 2008 Millions of yen	As of March 31, 2009 Millions of yen
Assets:		
Current assets:		
Cash and deposits	160,556	162,510
Notes and accounts receivable-trade	89,952	40,027
Marketable securities	98,775	89,999
Inventories	3,585	-
Finished goods and merchandise	-	22,319
Work in process	-	145
Raw materials and supplies	-	3,694
Deferred tax assets	-	27,004
Accounts receivable for provision of parts and materials for value	2,794	7,391
Other	27,242	8,996
Allowance for doubtful accounts	(890)	(425)
Total current assets	382,017	361,665
Fixed assets, at cost:		
Tangible fixed assets:		
Buildings and structures	20,030	20,031
Less accumulated depreciation	(6,343)	(6,808)
Subtotal	13,687	13,222
Machinery and equipment	7,546	7,869
Less accumulated depreciation	(4,908)	(5,471)
Subtotal	2,637	2,398
Furniture and fixtures	13,326	15,295
Less accumulated depreciation	(10,689)	(12,632)
Subtotal	2,636	2,663
Land	29,647	29,702
Lease assets	-	226
Less accumulated depreciation	-	(80)
Subtotal	-	146
Construction in progress	923	1,760
Total tangible fixed assets	49,533	49,892
Intangible fixed assets	195	249
Investments and other assets:		
Investment securities	82,147	79,157
Long-term advances	314	400
Deferred tax assets	1,693	2,761
Other	1,799	1,578
Allowance for doubtful accounts	(499)	(459)
Allowance for investment loss	(379)	(379)
Total investments and other assets	85,075	83,059
Total fixed assets	134,804	133,201
Total assets	516,821	494,866

Consolidated Balance Sheets

(Figures less than 1 million yen have been omitted.)

	As of March 31, 2008 Millions of yen	As of March 31, 2009 Millions of yen
Liabilities:		
Current liabilities:		
Notes and accounts payable-trade	90,730	72,077
Lease liabilities	-	69
Accrued income taxes	20,857	13,179
Allowance for bonuses	710	752
Other	15,266	17,446
Total current liabilities	127,565	103,525
Long-term liabilities:		
Lease liabilities	-	80
Provision for special retirement bonuses for directors	1,210	584
Accrued retirement allowance for employees	2,449	2,683
Other	1,840	1,805
Total long-term liabilities	5,499	5,154
Total liabilities	133,065	108,679
Minority interests:		
Minority interests in consolidated subsidiaries	-	-
Total minority interests in consolidated subsidiaries	-	-
Net Assets:		
Shareholders' equity:		
Common stock	14,840	14,840
Capital surplus	23,883	23,882
Retained earnings	344,898	355,800
Less: treasury stock, at cost	(1,570)	(8,940)
Total shareholders' equity	382,051	385,582
Valuation and translation adjustment:		
Net unrealized gain on other securities	1,705	604
Total valuation and translation adjustment:	1,705	604
Total net assets	383,756	386,187
Total liabilities and total net assets	516,821	494,866

(2) Consolidated Statements of Income

(Figures less than 1 million yen have been omitted.)

	Year ended March 31, 2008	Year ended March 31, 2009
	Millions of yen	Millions of yen
Net sales	280,511	187,877
Cost of sales	156,782	100,668
Gross profit	123,729	87,208
Selling, general and administrative expenses	51,434	46,582
Operating income	72,294	40,626
Non-operating income:		
Interest income	1,980	2,131
Dividend income	60	170
Equity in earnings of affiliates	1,020	1,457
Other	546	570
Total non-operating income	3,608	4,330
Non-operating expenses:		
Interest expenses	0	2
Loss on management of investment partnership	74	0
Other	57	53
Total non-operating expenses	132	56
Recurring income	75,770	44,900
Extraordinary gains:		
Gain on sales of fixed assets	2	-
Gain on sales of golf course membership	-	23
Gain on sales of shares held in associated companies	-	469
Total extraordinary gains	2	492
Extraordinary losses:		
Loss on sales of fixed assets	1	-
Loss on disposal of fixed assets	168	174
Loss from repotting due to land readjustment	197	119
Valuation loss on golf course membership	0	-
Provision for allowance for investment loss	-	150
Total extraordinary losses	368	443
Income before income taxes	75,405	44,949
Income taxes:		
Current income taxes	30,890	21,987
Deferred income taxes	(1,158)	(4,922)
Total income taxes	29,732	17,065
Net income	45,672	27,883

(3) Statement of Changes in Shareholders' Equity

(Figures less than 1 million yen have been omitted.)

	Year ended March 31, 2008	Year ended March 31, 2009
	Millions of yen	Millions of yen
Shareholders' equity:		
Common stock:		
Balance at beginning of the period	14,840	14,840
Balance at end of the period	14,840	14,840
Capital surplus:		
Balance at beginning of the period	23,883	23,883
Change during the fiscal year:		
Sales of treasury stocks	0	(1)
Total changes during the fiscal year	0	(1)
Balance at end of the period	23,883	23,882
Retained earnings:		
Balance at beginning of the period	308,972	344,898
Change during the fiscal year:		
Dividends of surplus	(9,747)	(16,981)
Net income	45,672	27,883
Total changes during the fiscal year	35,925	10,902
Balance at end of the period	344,898	355,800
Treasury stock:		
Balance at beginning of the period	(670)	(1,570)
Change during the fiscal year:		
Acquisition of treasury stocks	(21)	(7,353)
Sales of treasury stocks	0	9
Decrease in the parent company stock held by an affiliate due to the change in the equity holding	-	(25)
Increase in treasury stocks resulting from applying new equity method to affiliates	(879)	-
Total changes during the fiscal year	(900)	(7,369)
Balance at end of the period	(1,570)	(8,940)
Total shareholders' equity:		
Balance at beginning of the period	347,025	382,051
Change during the fiscal year:		
Dividends of surplus	(9,747)	(16,981)
Net income	45,672	27,883
Acquisition of treasury stocks	(21)	(7,353)
Sales of treasury stocks	0	8
Decrease in the parent company stock held by an affiliate due to the change in the equity holding	-	(25)
Increase in treasury stocks resulting from applying new equity method to affiliates	(879)	-
Total changes during the fiscal year	35,025	3,531
Balance at end of the period	382,051	385,582
Valuation and translation adjustments:		
Net unrealized gain on other securities		
Balance at beginning of the period	4,078	1,705
Change during the fiscal year:		
Net increase (decrease) during the term, expect for items under shareholders' equity	(2,373)	(1,100)
Total changes during the fiscal year	(2,373)	(1,100)
Balance at end of the period	1,705	604
Total net assets:		
Balance at beginning of the period	351,104	383,756
Change during the fiscal year:		
Dividends of surplus	(9,747)	(16,981)
Net income	45,672	27,883
Acquisition of treasury stocks	(21)	(7,353)
Sales of treasury stocks	0	8
Decrease in the parent company stock held by an affiliate due to the change in the equity holding	-	(25)
Increase in treasury stocks resulting from applying new equity method to affiliates	(879)	-
Net increase (decrease) during the term, expect for items under shareholders' equity	(2,373)	(1,100)
Total changes during the fiscal year	32,652	2,430
Balance at end of the period	383,756	386,187

(4) Consolidated Statements of Cash Flows

(Figures less than 1 million yen have been omitted.)

	Year ended March 31, 2008	Year ended March 31, 2009
	Millions of yen	Millions of yen
Cash flows from operating activities:		
Income before income taxes	75,405	44,949
Depreciation and amortization	4,438	4,426
Increase (decrease) in allowance for doubtful accounts	(208)	(505)
Increase (decrease) in allowance for bonuses for directors	(238)	-
Increase (decrease) in allowance for bonuses	47	42
Increase (decrease) in provision for special retirement bonuses for directors	53	(625)
Increase (decrease) in accrued retirement allowance for employees	199	234
Interest and dividend income	(2,041)	(2,301)
Interest expenses	0	2
Equity in earnings of affiliates	(1,020)	(1,457)
(Gain) loss on sales of fixed assets	(1)	-
(Gain) loss on disposal of fixed assets	168	174
(Gain) loss on sales of investment securities	197	119
(Gain) loss on sale of golf course membership	-	(23)
Settlement money	-	150
(Increase) decrease in notes and accounts receivable-trade	(32,659)	49,924
(Increase) decrease in inventories	2,341	(22,570)
Increase (decrease) in notes and accounts payable-trade	51,496	(18,653)
(Increase) decrease in accounts receivable for provision of parts and materials for value	(16,785)	(5,189)
Increase (decrease) in accounts payable	(898)	(5,730)
Increase (decrease) in accrued consumption tax	929	(1,430)
Decrease (increase) in other trade assets	460	(3,185)
Increase (decrease) in other trade liabilities	(197)	8,656
Other	48	(29)
Subtotal	81,735	46,976
Interest and dividend income received	2,037	2,533
Interest paid	(0)	(2)
Income taxes paid	(18,147)	(29,073)
Settlement money paid	-	(150)
Net cash (used in) provided by operating activities	65,624	20,283
Cash flows from investing activities:		
Payment for purchase of marketable securities	(997)	-
Proceeds from redemption of marketable securities	1,700	1,000
Payment for purchase of property, plant and equipment and intangible fixed assets	(12,199)	(4,221)
Proceeds from sale of property, plant and equipment and intangible fixed assets	15	24
Payment for purchase of investment securities	(44,591)	(32,016)
Proceeds from redemption of investment securities	32,020	32,000
Payment for increase in long-term loans	(660)	(537)
Proceeds from collection of long-term loans	38	110
Other	(9)	(40)
Net cash (used in) provided by investing activities	(24,685)	(3,680)
Cash flows from financing activities:		
Repayment of finance lease obligations	-	(95)
Payment for purchase of treasury stock, net	(21)	(7,353)
Proceeds from sale of treasury stock	0	8
Cash dividends paid	(9,747)	(16,981)
Net cash (used in) provided financing activities	(9,768)	(24,422)
Difference on conversion of cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	31,171	(7,820)
Cash and cash equivalents at beginning of the period	195,157	226,329
Cash and cash equivalents at end of the period	226,329	218,509

(5) Segment Information
(Segment information by business category)

Year ended March 31, 2008 (From April 1, 2007, to March 31, 2008)

(Figures less than 1 million yen have been omitted.)

	Year ended March 31, 2008						
	Millions of yen						
	Pachinko machines business	Pachislo machines business	Ball bearing supply systems business	Other business	Total	Elimination or corporate items	Consolidated
I. Sales and operating income							
(1) Customers	217,955	40,511	20,652	1,391	280,511	-	280,511
(2) Intersegment	17	-	-	-	17	(17)	-
Total	217,973	40,511	20,652	1,391	280,529	(17)	280,511
Operating expenses	150,440	31,097	20,159	938	202,636	5,580	208,216
Operating income	67,532	9,413	493	453	77,892	(5,597)	72,294
II. Assets, depreciation and amortization and capital expenditures							
Assets	125,328	3,391	20,698	12,161	161,579	355,242	516,821
Depreciation and amortization	3,615	438	53	123	4,230	208	4,438
Capital expenditure	4,273	658	13	48	4,993	7,257	12,250

Year ended March 31, 2009 (From April 1, 2008, to March 31, 2009)

(Figures less than 1 million yen have been omitted.)

	Year ended March 31, 2009						
	Millions of yen						
	Pachinko machines business	Pachislo machines business	Ball bearing supply systems business	Other business	Total	Elimination or corporate items	Consolidated
I. Sales and operating income							
(1) Customers	133,195	33,598	19,566	1,516	187,877	-	187,877
(2) Intersegment	16	-	-	3	19	(19)	-
Total	133,211	33,598	19,566	1,519	187,896	(19)	187,877
Operating expenses	93,689	26,787	19,058	938	140,474	6,776	147,251
Operating income	39,521	6,810	508	581	47,422	(6,796)	40,626
II. Assets, depreciation and amortization and capital expenditures							
Assets	105,623	8,605	20,711	11,951	146,891	347,975	494,866
Depreciation and amortization	3,589	471	52	114	4,227	198	4,426
Capital expenditure	4,117	486	99	23	4,727	47	4,775