Consolidated Financial Statements
Results for the fiscal year ended March 31, 2010
April 1, 2009, to March 31, 2010

May 12, 2010

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 29, 2010
Planned Date for Start of Dividend Payment: June 30, 2010
Planned Date for Submittal of the Financial Statements Report: June 30, 2010

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

1. Results for the fiscal year (From April 1, 2009, to March 31, 2010)

(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, 2010	222,673	18.5%	55,776	37.3%	59,366	32.2%	36,198	29.8%
Year ended March 31, 2009	187,877	(33.0%)	40,626	(43.8%)	44,900	(40.7%)	27,883	(38.9%)

	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, 2010	376.00	-	9.1	12.4	25.0
Year ended March 31, 2009	288.92	-	7.2	8.9	21.6

(reference) Equity in earnings of affiliates Year ended March 31, 2010 ¥1,424 million Year ended March 31, 2009 ¥1,457 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, 2010	461,358	408,024	88.4	4,238.45
As of March 31, 2009	494,866	386,187	78.0	4,011.37

(reference) Shareholders' Equity As of March 31, 2010 ¥408,024 million As of March 31, 2009 ¥386,187 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, 2010	27,518	(13,053)	(14,557)	218,416
Year ended March 31, 2009	20,283	(3,680)	(24,422)	218,509

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, 2009	-	75.00	-	75.00	150.00	14,469	51.9	3.8
Year ended March 31, 2010	-	75.00	-	75.00	150.00	14,469	39.9	3.6
Year ended March 31, 2011 (forecast)	-	75.00	-	75.00	150.00	-	49.8	-

3. Forecast for FY2011 (From April 1, 2010, to March 31, 2011)

(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, 2010	88,000	(38.2%)	18,000	(53.9%)	20,000	(51.3%)	13,000	(47.4%)	135.04
Year ending March 31, 2011	183,000	(17.8%)	43,000	(22.9%)	46,000	(22.5%)	29,000	(19.9%)	301.24

4. Other

(1) Changes for important subsidiaries during the fiscal year ended March 31, 2010: 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, 2010: 97,597,500 shares
As of March 31, 2009: 97,597,500 shares
b. Number of treasury stock
As of March 31, 2010: 1,330,130 shares
As of March 31, 2009: 1,324,326 shares

(Reference) Non-consolidated results

1. Non-consolidated results for the fiscal year (From April 1, 2009, to March 31, 2010)

(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, 2010	152,179	(22.5%)	34,948	(28.3%)	38,689	(27.2%)	24,285	(26.7%)
Year ended March 31, 2009	196,470	(22.2%)	48,747	(26.8%)	53,177	(24.0%)	33,132	(21.8%)

	Net income per share	**Fully diluted net income per share**
	Yen	Yen
Year ended March 31, 2010	251.76	-
Year ended March 31, 2009	342.65	-

(2) Non-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, 2010	425,334	376,186	88.4	3,899.90
As of March 31, 2009	464,568	366,249	78.8	3,796.74

(reference) Shareholders' Equity As of March 31, 2010 ¥376,186 million As of March 31, 2009 ¥366,249 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.

Qualitative Information and Financial Statements

1. Business Results

(1) Analysis of business results

a. Results for fiscal 2010

During the fiscal year ended March 31, 2010, the Japanese economy picked up somewhat, as signaled by exports, production, personal consumption, and certain other economic indicators. However, in view of continuing pressure on employment and personal incomes, it is uncertain whether the Japanese economy has bottomed out.

In the pachinko and pachislo industry, with pachinko parlors endeavoring to attract players during the economic downturn by offering rental balls at prices as low as ¥1, the long-standing downward trend of the pachinko player population halted. However, pachinko parlors in general continued to struggle with low revenues. Consequently, pachinko parlor operators adopted an increasingly cautious approach to the purchase of pachinko and pachislo machines, fueling intense competition among manufacturers.

During the year SANKYO Group launched new titles for both pachinko and pachislo machines in the popular Bisty-brand *Neon Genesis Evangelion* series, which were well received by pachinko parlor operators and players. Sales of other titles, however, were sluggish in general, partly because the product concepts were not fully communicated.

As a result, consolidated net sales amounted to ¥222.6 billion, an increase of 18.5% year on year, operating income soared 37.3% to ¥55.7 billion, recurring income rose 32.2% to ¥59.3 billion, and net income advanced 29.8% to ¥36.1 billion.

Results of segments are presented below:

Pachinko Machines Business

With regard to pachinko machines, the Group launched nine titles for SANKYO-brand series and five for Bisty-brand series.

Major titles introduced during the year included *Neon Genesis Evangelion*—The Beginning and the End (Bisty brand, introduced in April 2009), which recorded the series' highest ever sales of 237,000 units, and *KODA KUMI FEVER LIVE IN HALL II* (SANKYO brand, introduced in July 2009), which performed creditably with sales of 119,000 units. Meanwhile, the sales and popularity of *Fever The Super Dimension Fortress Macross* (SANKYO brand, introduced in November 2009) fell short of initial expectations. Although the Group implemented vigorous sales promotion activities for this new product through a tie-up with the well-known anime series, neither its readily graspable gaming characteristics nor the attractiveness of the new casing equipped with new functions were fully communicated to pachinko players.

The Group postponed introduction of certain products in line with the product strategy, which was revised in the fourth quarter based on the conviction that supply of products capable of maintaining their popularity is the key to gaining a strong market presence rooted in trust.

The number of pachinko machines sold was 572,000, an increase of 120,000 from the previous year. Segment sales amounted to ¥180.5 billion, having risen 35.5% year on year, and operating income was ¥55.1 billion, an increase of 39.6%.

Pachislo Machines Business

Although the market for pachislo machines remained weak, it seemed to be bottoming out as the downward trend of the number of pachislo machines installed became less marked. In addition, there were some bright signs. For example, certain titles captivated players and became long-running hits.

In view of this market environment, the Group shortlisted titles for market introduction and focused on sales and marketing of three Sankyo-brand titles and two Bisty-brand titles. Sales of the latest addition to the Bisty-brand blockbuster *Neon Genesis Evangelion* series, *Neon Genesis Evangelion—Die spur der Seele* (introduced in February 2010), were robust with a sales volume of 75,000 units. Although the number of pachislo machines sold decreased 29,000 units from the previous year to 104,000 units, the Group's market share is expected to be virtually unchanged in the shrinking market.

Segment sales amounted to ¥23.6 billion, a decrease of 29.5% year on year, and operating income was ¥4.2 billion, a decrease of 37.8%.

Ball Bearing Supply Systems Business

Sources of demand were 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. However, orders received for installation of facilities in parlors decreased, reflecting intensifying price competition and few openings of new parlors.

As a result, segment sales were ¥17.1 billion, a decrease of 12.5% year on year, and operating income was ¥0.3 billion, a decrease of 30.3%.

Other Businesses

Sales from this segment, consisting primarily of rental revenues of consolidated subsidiary SANKYO Create Co., Ltd., amounted to ¥1.4 billion, a decrease of 7.9% year on year, and operating income was ¥0.5 billion, a decrease of 3.5%.

b. Forecast for fiscal 2011

As the unclear outlook for employment and personal incomes is expected to continue to depress leisure-related consumer spending in the fiscal year ending March 31, 2011, pachinko parlors are likely to become more cautious about the purchase of game machines.

In these circumstances, the Group accords the highest priority to development of products capable of captivating not only pachinko parlor operators, which are the Group's direct customers, but also pachinko and pachislo players, who are the parlors' customers. We intend to revise our product strategy and re-establish a framework for supplying products capable of maintaining stable popularity. The Product Strategy Office established in April 2010 will spearhead the Group's efforts to create captivating products with a consistent product concept based on meticulous marketing. In this way, we will strive to restore the power of our brands with a view to recapturing market share.

The forecast for consolidated business results in the fiscal year ending March 31, 2011, is as follows:

	Forecast	**Year-on-year change**	**FY 2010 results**
Net sales	¥183.0 billion	17.8% decrease	¥222.6 billion
Operating income	¥43.0 billion	22.9% decrease	¥55.7 billion
Recurring income	¥46.0 billion	22.5% decrease	¥59.3 billion
Net income	¥29.0 billion	19.9% decrease	¥36.1 billion

(2) Analysis of financial position

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

Total assets at the end of fiscal 2010 were ¥33.5 billion lower than the figure at the previous fiscal year-end as current assets, principally finished goods and merchandise, decreased ¥35.0 billion. Total liabilities, principally accounts payable, were ¥55.3 billion lower. As a result, net assets increased ¥21.8 billion. The shareholders' equity ratio increased 10.4 percentage points to 88.4%, reflecting decreases in assets and liabilities.

Cash and cash equivalents at the fiscal year-end were ¥218.4 billion, having decreased ¥92 million from the previous fiscal year-end.

Net cash provided by operating activities increased ¥7.2 billion from the previous fiscal year to ¥27.5 billion. The principal factors increasing cash flows included income before income taxes amounting to ¥59.2 billion and a decrease of ¥22.8 billion in inventories. Cash outflows included a decrease of ¥41.8 billion in notes and accounts payable-trade and income taxes paid amounting to ¥23.5 billion.

Net cash used in investing activities increased ¥9.3 billion from the previous year to ¥13.0 billion. The increase was mainly attributable to payments of ¥8.2 billion for the purchase of fixed assets and cash outlays of ¥3.0 billion due to an increase in the balance of financial instruments held by the Group.

Net cash used in financing activities decreased ¥9.8 billion from the previous year to ¥14.5 billion. The principal items were cash dividends paid amounting to ¥14.4 billion.

For fiscal 2011, the Company forecasts net cash provided by operating activities of ¥50.0 billion, net cash used in investing activities of ¥4.0 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 ¥32.0 billion in the cash balance at the end of fiscal 2011 compared to the figure at the end of the previous fiscal year.

b. Change in cash flow indicators

	March 31, 2007	**March 31, 2008**	**March 31, 2009**	**March 31, 2009**
Shareholders' equity ratio (%)	83.5	74.3	78.0	88.4
Shareholders' equity ratio at market value (%)	120.0	111.4	83.1	96.5
Ratio of interest-bearing debt to cash flows (%)	-	-	-	-
Interest coverage ratio (times)	4,655.4	85,166.7	8,349.1	206,350.8

Notes: Shareholders' equity ratio: Shareholders' equity / Total assets
Shareholders' equity ratio at market value: Market capitalization / Total assets
Ratio of interest-bearing debt to cash flows: Interest-bearing debt / Cash flows
Interest coverage ratio: Cash flows / Interest expenses

Notes:

1. All indices are calculated using consolidated financial figures.
2. Market capitalization is calculated using the number of shares issued and outstanding excluding treasury stock.
3. Cash flows are operating cash flows.
4. Figures are rounded up or down to the nearest single decimal place.

(3) Basic policy on profit sharing and cash dividends for fiscal 2010 and fiscal 2011

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 2010. This will result in a consolidated payout ratio of 39.9%.

The Company plans to pay a dividend of ¥150 per share (including a ¥75 interim dividend) for fiscal 2011.

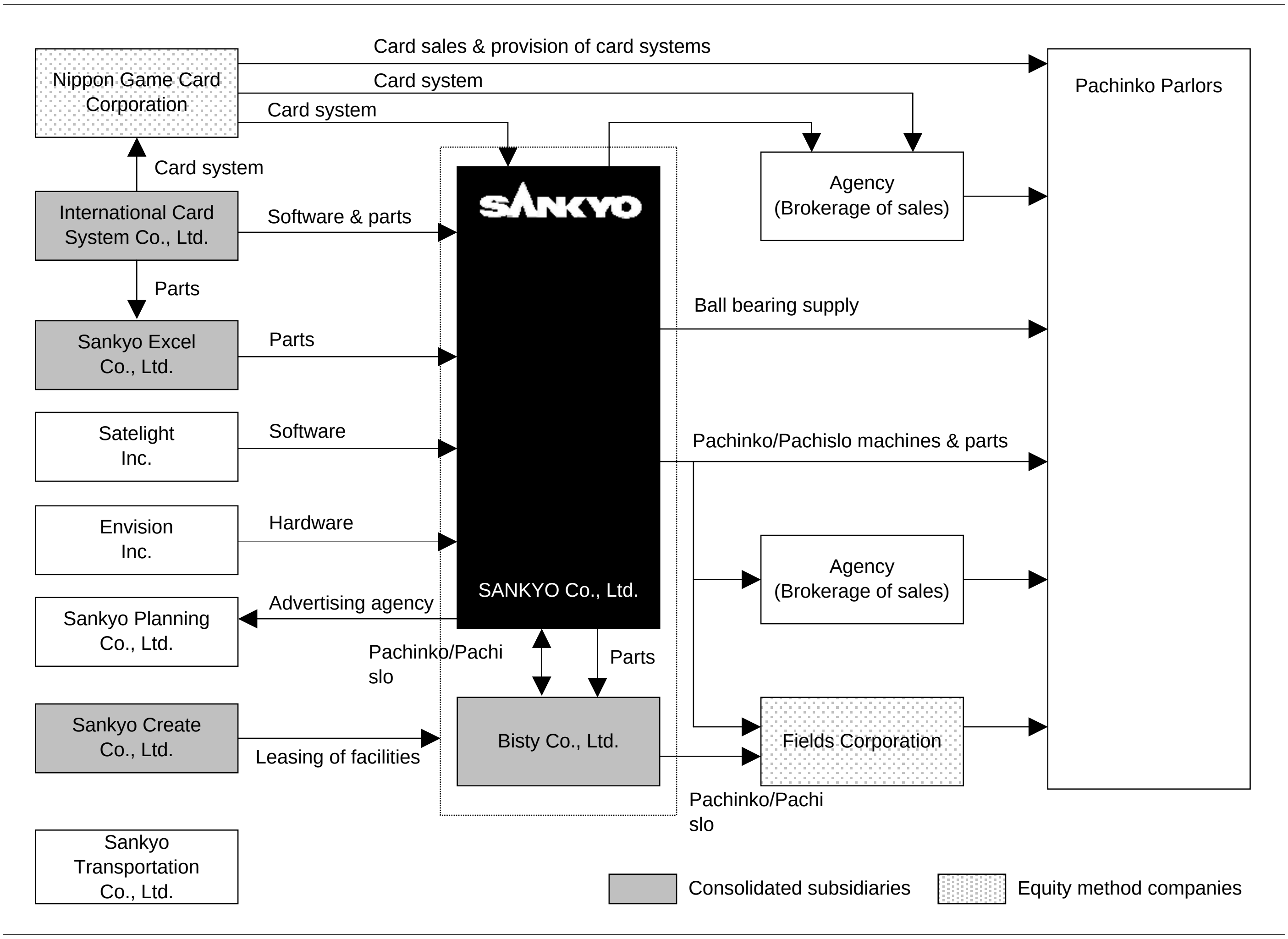
The Company will strive to effectively utilize retained earnings for strengthening product development, capital investment, and sales & marketing in order to improve business performance.

2. Overview of the Consolidated Group

(1) SANKYO Group consists of SANKYO Co., Ltd. (the Company) and its 10 subsidiaries (as of March 31, 2010) 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. Satelight Inc. Envision Inc.
Ball bearing supply systems business Sales of ball bearing supply systems, card systems, and 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. Satelight Inc. Envision Inc.

(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.

	FY2008	FY2009	FY2010
Ratio of operating income to net sales (%)	25.8	21.6	25.0

(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

Although the Group's financial performance may greatly fluctuate in the short term owing to the timing of introduction of hit products or for other reasons, the Group has been increasing sales and profits over the medium to long term by swiftly correcting the divergence between the product concept and the market trend that often arises in a hit-driven business. However, as a consequence of the rise of the Internet and the growing sophistication of mobile phones and other mobile terminals in recent years, the pachinko and pachislo industry is challenged by new competition from an ever-wider choice of leisure pursuits. On the other hand, these new competing leisure pursuits may hold lessons for our industry or collaboration may lead to the creation of new forms of entertainment. In this operating environment where change is the norm, the Group will implement the measures described below to further strengthen the profit structure and create new corporate value.

a) Deploy SANKYO's products capable of captivating players

The Group offers SANKYO-brand products and services through its sales network of 25 offices nationwide. Bisty-brand products and services, including the Neon Genesis Evangelion series, are supplied through the nationwide sales network of Fields Corporation, with which the Group has a partnership and whose planning proposals we share. These powerful sales networks constitute the Group's strength because the needs of pachinko parlors are fed back via the sales networks to the development organization for utilization in product development.

Meanwhile, co-prosperity of pachinko/pachislo manufacturers, parlors, and players is indispensable for sound development of the pachinko and pachislo industry. Although the Company has enjoyed a competitive advantage in terms of the feedback of parlor needs, the reflection of diverse needs has, at times, undermined clarity of product concepts, resulting in products that fall short of what is required in terms of both market presence and ability to captivate players.

Prompted by this recognition, we will strive to identify and reflect the needs of players in addition to the needs of parlors. A key task for us is to ensure the consistency of product concepts based on meticulous marketing.

The Product Strategy Office was established in April 2010 to address this issue. This new organization will provide cross-functional support for establishment of a consistent product concept throughout all phases from planning and development through to sales, analysis of market evaluation, and feedback of the market evaluation to product development in pursuit of products capable of captivating players.

b) Promote a new marketing strategy

In the market for game machines whose sales periods are short, concentrated placement of TV commercials in a short time-frame to powerfully impress the product name in the minds of players and general consumers has become the established business model in recent years. However, since sales promotion through a blizzard of TV commercials by game machine manufacturers has lost its novelty, the Group needs to formulate and implement more cost-effective marketing and sales promotion strategies. In parallel with the above-mentioned focus on creating products capable of captivating players, we will strengthen interactive marketing, centering on enrichment of the Group’s websites and mobile sites, targeting players who are aware of the Group’s products through TV commercials etc., to broaden the fan-base of the Group’s products while reaching out to all pachinko players. At the same time, we intend to communicate our Group vision and product concepts clearly to pachinko parlors.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

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

	As of March 31, 2009	As of March 31, 2010
	Millions of yen	Millions of yen
Assets:		
Current assets:		
Cash and deposits	162,510	143,416
Notes and accounts receivable-trade	40,027	49,868
Marketable securities	89,999	115,004
Finished goods and merchandise	22,319	36
Work in process	145	244
Raw materials and supplies	3,694	3,020
Accounts receivable for provision of parts and materials for value	27,004	6,124
Deferred tax assets	7,391	2,081
Other	8,996	6,886
Allowance for doubtful accounts	(425)	(75)
Total current assets	361,665	326,608
Fixed assets, at cost:		
Tangible fixed assets:		
Buildings and structures	20,031	23,070
Less accumulated depreciation	(6,808)	(7,155)
Subtotal	13,222	15,915
Machinery and equipment	7,869	7,735
Less accumulated depreciation	(5,471)	(5,124)
Subtotal	2,398	2,610
Furniture and fixtures	15,295	16,183
Less accumulated depreciation	(12,632)	(13,607)
Subtotal	2,663	2,575
Land	29,702	29,875
Lease assets	226	221
Less accumulated depreciation	(80)	(143)
Subtotal	146	78
Construction in progress	1,760	-
Total tangible fixed assets	49,892	51,055
Intangible fixed assets	249	310
Investments and other assets:		
Investment securities	79,157	77,373
Long-term advances	400	2,197
Deferred tax assets	2,761	2,937
Other	1,578	1,605
Allowance for doubtful accounts	(459)	(349)
Allowance for investment loss	(379)	(379)
Total investments and other assets	83,059	83,384
Total fixed assets	133,201	134,750
Total assets	494,866	461,358

Consolidated Balance Sheets

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

	As of March 31, 2009 Millions of yen	As of March 31, 2010 Millions of yen
Liabilities:		
Current liabilities:		
Notes and accounts payable-trade	72,077	30,182
Lease liabilities	69	46
Accrued income taxes	13,179	7,259
Allowance for bonuses	752	817
Other	17,446	9,719
Total current liabilities	103,525	48,025
Long-term liabilities:		
Lease liabilities	80	32
Provision for special retirement bonuses for directors	584	623
Accrued retirement allowance for employees	2,683	2,933
Other	1,805	1,720
Total long-term liabilities	5,154	5,309
Total liabilities	108,679	53,334
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	23,882	23,880
Retained earnings	355,800	377,529
Less: treasury stock, at cost	(8,940)	(8,969)
Total shareholders' equity	385,582	407,280
Valuation and translation adjustment:		
Net unrealized gain on other securities	604	744
Total valuation and translation adjustment:	604	744
Total net assets	386,187	408,024
Total liabilities and total net assets	494,866	461,358

(2) Consolidated Statements of Income

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

	Year ended March 31, 2009	Year ended March 31, 2010
	Millions of yen	Millions of yen
Net sales	187,877	222,673
Cost of sales	100,668	116,958
Gross profit	87,208	105,715
Selling, general and administrative expenses	46,582	49,938
Operating income	40,626	55,776
Non-operating income:		
Interest income	2,131	1,688
Dividend income	170	51
Equity in earnings of affiliates	1,457	1,424
Other	570	444
Total non-operating income	4,330	3,609
Non-operating expenses:		
Interest expenses	2	0
Loss on management of investment partnership	0	1
Other	53	17
Total non-operating expenses	56	18
Recurring income	44,900	59,366
Extraordinary gains:		
Gain on sales of fixed assets	-	48
Gain on sales of golf course membership	23	-
Reversal of allowance for doubtful accounts	469	440
Total extraordinary gains	492	489
Extraordinary losses:		
Loss on sales of fixed assets	-	85
Loss on disposal of fixed assets	174	494
Loss on valuation of investment securities	119	-
Settlement money	150	-
Total extraordinary losses	443	580
Income before income taxes	44,949	59,276
Income taxes:		
Current income taxes	21,987	18,038
Deferred income taxes	(4,922)	5,040
Total income taxes	17,065	23,078
Net income	27,883	36,198

(3) Statement of Changes in Shareholders' Equity

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

	Year ended March 31, 2009	Year ended March 31, 2010
	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	23,882
Change during the fiscal year:		
Sales of treasury stocks	(1)	(1)
Total changes during the fiscal year	(1)	(1)
Balance at end of the period	23,882	23,880
Retained earnings:		
Balance at beginning of the period	344,898	355,800
Change during the fiscal year:		
Dividends of surplus	(16,981)	(14,469)
Net income	27,883	36,198
Total changes during the fiscal year	10,902	21,728
Balance at end of the period	355,800	377,529
Treasury stock:		
Balance at beginning of the period	(1,570)	(8,940)
Change during the fiscal year:		
Acquisition of treasury stocks	(7,353)	(22)
Sales of treasury stocks	9	4
Change in equity in affiliates accounted for by equity method-treasury stock	(25)	(11)
Total changes during the fiscal year	(7,369)	(29)
Balance at end of the period	(8,940)	(8,969)
Total shareholders' equity:		
Balance at beginning of the period	382,051	385,582
Change during the fiscal year:		
Dividends of surplus	(16,981)	(14,469)
Net income	27,883	36,198
Acquisition of treasury stocks	(7,353)	(22)
Sales of treasury stocks	8	3
Change in equity in affiliates accounted for by equity method-treasury stock	(25)	(11)
Total changes during the fiscal year	3,531	21,697
Balance at end of the period	385,582	407,280
Valuation and translation adjustments:		
Net unrealized gain on other securities		
Balance at beginning of the period	1,705	604
Change during the fiscal year:		
Net changes of items other than shareholder's equity	(1,100)	139
Total changes during the fiscal year	(1,100)	(139)
Balance at end of the period	604	744
Total net assets:		
Balance at beginning of the period	383,756	386,187
Change during the fiscal year:		
Dividends of surplus	(16,981)	(14,469)
Net income	27,883	36,198
Acquisition of treasury stocks	(7,353)	(22)
Sales of treasury stocks	8	3
Change in equity in affiliates accounted for by equity method-treasury stock	(25)	(11)
Net changes of items other than shareholder's equity	(1,100)	139
Total changes during the fiscal year	2,430	21,837
Balance at end of the period	386,187	408,024

(4) Consolidated Statements of Cash Flows

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

	Year ended March 31, 2009	Year ended March 31, 2010
	Millions of yen	Millions of yen
Cash flows from operating activities:		
Income before income taxes	44,949	59,276
Depreciation and amortization	4,426	5,516
Increase (decrease) in allowance for doubtful accounts	(505)	(459)
Increase (decrease) in allowance for bonuses	42	64
Increase (decrease) in provision for special retirement bonuses for directors	(625)	38
Increase (decrease) in accrued retirement allowance for employees	234	249
Interest and dividend income	(2,301)	(1,739)
Interest expenses	2	0
Equity in earnings of affiliates	(1,457)	(1,424)
(Gain) loss on sales of fixed assets	-	36
(Gain) loss on disposal of fixed assets	174	494
(Gain) loss on valuation of investment securities	119	-
(Gain) loss on sale of golf course membership	(23)	-
Settlement money	150	-
(Increase) decrease in notes and accounts receivable-trade	49,924	(9,841)
(Increase) decrease in inventories	(22,570)	22,850
Increase (decrease) in notes and accounts payable-trade	(18,653)	(41,894)
(Increase) decrease in accounts receivable for provision of parts and materials for value	(5,189)	20,879
Increase (decrease) in accounts payable	(5,730)	408
Increase (decrease) in accrued consumption tax	(1,430)	1,938
Decrease (increase) in other trade assets	(3,185)	1,716
Increase (decrease) in other trade liabilities	8,656	(8,952)
Other	(29)	(144)
Subtotal	46,976	49,014
Interest and dividend income received	2,533	2,069
Interest paid	(2)	(0)
Income taxes paid	(29,073)	(23,565)
Settlement money paid	(150)	-
Net cash (used in) provided by operating activities	20,283	27,518
Cash flows from investing activities:		
Payments into time deposits	-	(2,514)
Proceeds from withdrawal of time deposits	-	2,514
Proceeds from redemption of marketable securities	1,000	-
Payment for purchase of property, plant and equipment and intangible fixed assets	(4,221)	(8,471)
Proceeds from sale of property, plant and equipment and intangible fixed assets	24	95
Payment for purchase of investment securities	(32,016)	(37,027)
Proceeds from redemption of investment securities	32,000	34,000
Payment for increase in long-term loans	(537)	(1,906)
Proceeds from collection of long-term loans	110	205
Other	(40)	51
Net cash (used in) provided by investing activities	(3,680)	(13,053)
Cash flows from financing activities:		
Repayment of finance lease obligations	(95)	(69)
Payment for purchase of treasury stock, net	(7,353)	(22)
Proceeds from sale of treasury stock	8	3
Cash dividends paid	(16,981)	(14,469)
Net cash (used in) provided financing activities	(24,422)	(14,557)
Difference on conversion of cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	(7,820)	(92)
Cash and cash equivalents at beginning of the period	226,329	218,509
Cash and cash equivalents at end of the period	218,509	218,416

(5) Segment Information

(Segment information by business category)

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	4,394	525	99	23	5,043	47	5,091

Year ended March 31, 2010 (From April 1, 2009, to March 31, 2010)

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

	Year ended March 31, 2010						
	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	180,471	23,698	17,118	1,385	222,673	-	222,673
(2) Intersegment	33	-	-	15	48	(48)	-
Total	180,504	23,698	17,118	1,400	222,722	(48)	222,673
Operating expenses	125,322	19,463	16,763	839	162,389	4,507	166,897
Operating income	55,182	4,235	354	560	60,332	(4,556)	55,776
II. Assets, depreciation and amortization and capital expenditures							
Assets	50,909	20,332	18,935	13,141	103,319	358,039	461,358
Depreciation and amortization	4,430	658	78	121	5,289	226	5,516
Capital expenditure	5,861	924	144	251	7,181	248	7,430