

May 13, 2011

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, 2011

Planned Date for Start of Dividend Payment: June 30, 2011

Planned Date for Submittal of the Financial Statements Report: June 30, 2011

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

1. Results for the fiscal year (From April 1, 2010, to March 31, 2011)

(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, 2011	201,606	(9.5%)	51,923	(6.9%)	55,909	(5.8%)	34,733	(4.0%)
Year ended March 31, 2010	222,673	18.5%	55,776	37.3%	59,366	32.2%	36,198	29.8%
(note) Comprehensive income	Year ended March 31, 2011		¥34,398 million [(5.3%)]		Year ended March 31, 2010		¥36,337 million [-%]	

	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, 2011	364.09	-	8.4	11.8	25.8			
Year ended March 31, 2010	376.00	-	9.1	12.4	25.0			
(reference) Equity in earnings of affiliates	Year ended March 31, 2011		¥2,295 million		Year ended March 31, 2010		¥1,424 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, 2011	488,636	419,658	85.9	4,447.95				
As of March 31, 2010	461,358	408,024	88.4	4,238.45				
(reference) Shareholders' Equity	As of March 31, 2011		¥419,658 million		As of March 31, 2010		¥408,024 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, 2011	48,405	(782)	(22,810)	243,230
Year ended March 31, 2010	27,518	(13,053)	(14,557)	218,416

2. Dividends

(Base date)	Cash dividend per share					Amount of dividends	Dividend payout ratio	Dividend rate of net assets
	1st quarter	2nd quarter	3rd quarter	Year-end	Full Year			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2010	-	75.00	-	75.00	150.00	14,469	39.9	3.6
Year ended March 31, 2011	-	75.00	-	75.00	150.00	14,251	41.2	3.5
Year ended March 31, 2012 (forecast)	-	75.00	-	75.00	150.00	-	53.9	-

3. Forecast for FY2012 (From April 1, 2011, to March 31, 2012)

(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, 2011	55,000	(53.6%)	2,000	(94.1%)	4,000	(89.0%)	2,000	(91.1%)	21.40	
Year ending March 31, 2012	182,000	(9.7%)	40,000	(23.0%)	43,000	(23.1%)	26,000	(25.1%)	278.24	

4. Other

- (1) Changes for important subsidiaries during the fiscal year ended March 31, 2011: Not applicable
- (2) Changes on the basis of consolidated financial statements preparation
- | | |
|---|------------|
| a. Related to accounting standard revisions etc.: | Applicable |
| b. Other changes: | Applicable |
- (3) Outstanding shares (common shares)
- | | |
|--|-------------------|
| a. Number of shares outstanding (including treasury stock) | |
| As of March 31, 2011: | 97,597,500 shares |
| As of March 31, 2010: | 97,597,500 shares |
| b. Number of treasury stock | |
| As of March 31, 2011: | 3,248,685 shares |
| As of March 31, 2010: | 1,330,130 shares |
| c. Average number of shares issued and outstanding | |
| As of March 31, 2011: | 95,398,765 shares |
| As of March 31, 2010: | 96,271,849 shares |

*** Note on the status of audit procedures**

Audit procedures for the financial statements in accordance with the Financial Instruments and Exchange Act have not been completed at the time of disclosure of this document.

*** 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 2011

During the fiscal year ended March 31, 2011, the Japanese economy picked up somewhat owing to the salutary effect of the Japanese government's policies and the improved performance of major economies overseas. However, the Great East Japan Earthquake that occurred on March 11 pushed the Japanese economy into a crisis, a situation compounded by the strong yen and historically high unemployment.

In the pachinko and pachislot industry, the tempo of business of mainstay pachinko parlors, offering rental balls at ¥4 apiece, slowed as the Japanese economy's uncertain prospects prompted thrift among consumers. Consequently, shipments of pachinko machines trended downward. On a positive note, shipments of pachislot machines appear to have bottomed out, reflecting a resurgence in pachislot's popularity among players, following pachislot's lengthy spell in the doldrums. According to the 2010 white paper on adult entertainment businesses published by the National Police Agency of Japan in April 2011, while the number of pachinko parlors decreased 1.4% year on year to 12,479 as of December 31, 2010, the installed base of pachinko machines edged up 0.2% to 3,163,000 units and that of pachislot machines increased 3.2% to 1,390,000 units, the first rise for pachislot in four years. The survey also revealed a shift toward larger parlors. The earthquake and ensuing crisis prompted parlors to exercise caution concerning capital investment because the number of players plateaued as a result of shorter opening hours introduced to reduce power consumption and the voluntary ban on advertising and replacement of game machines in the aftermath of the natural disaster. However, parlors are still reluctant to forego replacement of game machines, a key measure to attract customers.

SANKYO Group vigorously promoted product development reflecting players' viewpoints in order to raise the Group's profile and increase market share. The Product Strategy Office established in April 2010 is spearheading efforts to enhance products by clarifying players' evaluations and opinions concerning the Company's products and those of competitors through web surveys and dialogues with players.

In terms of the sales promotion strategy, the Company has established a framework enabling swift and persuasive communication of the information players and parlors want by shifting the weight of sales promotion from traditional mass media to the Internet and mobile phone content. Additionally, SANKYO has introduced a new program for reuse of pachinko machines featuring a flexible pricing policy.

Although these measures enhanced the reputation of the Group's products among players and parlors, they did not lead to increased sales. In addition, deliveries of *MOBASLO Evangelion—for your own wish*, a new pachislot machine introduced in March 2011, have been partially rescheduled to the next fiscal year owing to the earthquake.

As a result, consolidated net sales amounted to ¥201.6 billion, a decrease of 9.5% year on year, operating income decreased 6.9% to ¥51.9 billion, recurring income decreased 5.8% to ¥55.9 billion, and net income decreased 4.0% to ¥34.7 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 three for Bisty-brand series.

Titles introduced under the SANKYO brand included *FEVER X JAPAN* (introduced in September 2010), *Fever Tiger Mask* (introduced in December 2010), and *Fever Aquarion-Tenshihen* (introduced in March 2011). The reputation of SANKYO-brand pachinko machines gained greater luster in the market. Under the Bisty brand, sales of *Evangelion—Evangelical of The Beginnings* (introduced in June 2010), the sixth model of the Group's blockbuster *Evangelion* series, amounted to 215,000 units, a sales volume exceeding that of any other model on the market in fiscal 2011.

As a result, sales of pachinko machines amounted to 424,000 units, a decrease of 147,000 units from the previous year. Segment sales amounted to ¥149.8 billion, a decrease of 17.0% year on year, and operating income was ¥47.8 billion, down 13.3%.

Pachislot Machines Business

The Group launched four titles for SANKYO-brand series and two for Bisty-brand series. Sales of SANKYO-brand pachislot titles were robust centering on *The Super Dimension Fortress Macross* (introduced in November 2010) and *Aquarion* (introduced in March 2011), both of which were well received because of their sophisticated gaming performance attuned to market needs combined with attractive content. The Bisty-brand *MOBASLO Evangelion—for your own wish* (introduced in March 2011), the latest addition to the immensely popular *Evangelion* series, is a first of its kind among the Group's products in that an integrated approach encompassing both the machine itself and mobile website content was adopted, and order-taking was brisk. However, a portion of sales of this machine, initially scheduled to have been recorded in fiscal 2011, will in fact be recorded in fiscal 2012 because of rescheduling of deliveries to certain pachinko parlors in accordance with their requests owing to the impact of the earthquake.

As a result, sales of pachislot machines increased 12,000 units to 116,000 units. Segment sales were ¥30.3 billion, an increase of 27.9% year on year, and operating income was ¥6.9 billion, an increase of 64.2%.

Ball Bearing Supply Systems Business

Segment sales were ¥19.6 billion, an increase of 14.8% year on year, and operating income was ¥1.2 billion, an increase of 259.9%.

Other Businesses

Sales from this segment, consisting primarily of rental revenues of consolidated subsidiary SANKYO Create Co., Ltd., amounted to ¥1.7 billion, a increase of 25.8% year on year, and operating income was ¥0.6 billion, a increase of 16.3%.

b. Forecast for fiscal 2012

Prospects for fiscal 2012 are uncertain in the aftermath of the Great East Japan Earthquake. With so much generating capacity put out of action, an important question is the extent of the impact of electricity shortages on pachinko parlors, which may well arise when electricity demand peaks in the summer. Moreover, the tendency to curtail leisure-related consumption is likely to persist for a considerable time. Therefore, the markets for pachinko and pachislot machines are expected to shrink temporarily.

With the aim of increasing market share over the medium to long term, the Group is reinforcing product competitiveness by focusing on products capable of captivating players and is establishing a structure to enable the Group to continually offer products with the attributes necessary for enduring popularity. Emphasizing product development from players' viewpoints, we expect the effectiveness of the new structure centering on the Product Strategy Office to become increasingly apparent, leading to increased sales. Regarding pachislot, the Company established the Pachislot Development Department in April 2011. The aim is to capture a greater share of the expanding market for pachislot machines by establishing powerful brands through accelerated product development and enhanced competitiveness. Although the business environment is likely to remain challenging, the Group is striving to increase the corporate value by establishing powerful brands and winning greater market share.

The forecast for consolidated business results in the fiscal year ending March 31, 2012, is as follows:

	Forecast		Year-on-year change		FY 2011 results	
Net sales	¥182.0	billion	9.7%	decrease	¥201.6	billion
Operating income	¥40.0	billion	23.0%	decrease	¥51.9	billion
Recurring income	¥43.0	billion	23.1%	decrease	¥55.9	billion
Net income	¥26.0	billion	25.1%	decrease	¥34.7	billion

(2) Analysis of financial position

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

Total assets at the end of fiscal 2011 were ¥27.2 billion higher than the figure at the previous fiscal year-end as current assets, principally cash and deposits, increased ¥27.6 billion. Total liabilities, principally notes and accounts payable-trade, were ¥15.6 billion higher. As a result, net assets increased ¥11.6 billion. The shareholders' equity ratio decreased 2.5 percentage points to 85.9%, reflecting an increase in assets.

Cash and cash equivalents at the fiscal year-end were ¥243.2 billion, having increased ¥24.8 billion from the previous fiscal year-end.

Net cash provided by operating activities increased ¥20.8 billion from the previous fiscal year to ¥48.4 billion. The principal factors increasing cash flows included income before income taxes amounting to ¥55.1 billion and an increase of ¥8.9 billion in notes and accounts payable-trade. Cash outflows included income taxes paid amounting to ¥15.1 billion.

Net cash used in investing activities increased ¥12.2 billion from the previous year to ¥0.7 billion. The principal factors increasing cash flows included proceeds from collection of long-term loans amounting to ¥1.9 billion. Cash outflows included payment for purchase of property, plant and equipment and intangible fixed assets amounting to ¥2.2 billion and an increase of ¥0.5 billion in the balance of investment securities held by the Group.

Net cash used in financing activities decreased ¥8.2 billion from the previous year to ¥22.8 billion. The principal items were cash dividends paid amounting to ¥14.3 billion and purchase of treasury stock amounting to ¥8.3 billion.

For fiscal 2012, the Company forecasts net cash provided by operating activities of ¥29.0 billion, net cash used in investing activities of ¥4.0 billion attributable to capital investment, and net cash used in financing activities of ¥18.0 billion mainly attributable to payment of cash dividends.

As a result, the Company forecasts a increase of ¥7.0 billion in the cash balance at the end of fiscal 2012 compared to the figure at the end of the previous fiscal year.

b. Change in cash flow indicators

	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011
Shareholders' equity ratio (%)	74.3	78.0	88.4	85.9
Shareholders' equity ratio at market value (%)	111.4	83.1	96.5	82.4
Ratio of interest-bearing debt to cash flows (%)	-	-	-	-
Interest coverage ratio (times)	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 2011 and fiscal 2012

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. Emphasizing flexibility, the Company intends to continue repurchasing own shares to enhance capital efficiency.

With a view to improving business performance, the Company will effectively utilize retained earnings for product development, capital investment, and sales & marketing.

In line with the above basic policy, the Company plans to pay a dividend of ¥150 per share (including a ¥75 interim dividend) for both fiscal 2011 and for fiscal 2012. This will result in a consolidated payout ratio of 41.2% for fiscal 2011 and 53.9% for fiscal 2012.

The Company repurchased 2,830,000 shares of the Company's stock at a cost of ¥12,080 million during the period from June 14, 2010, to April 30, 2011.

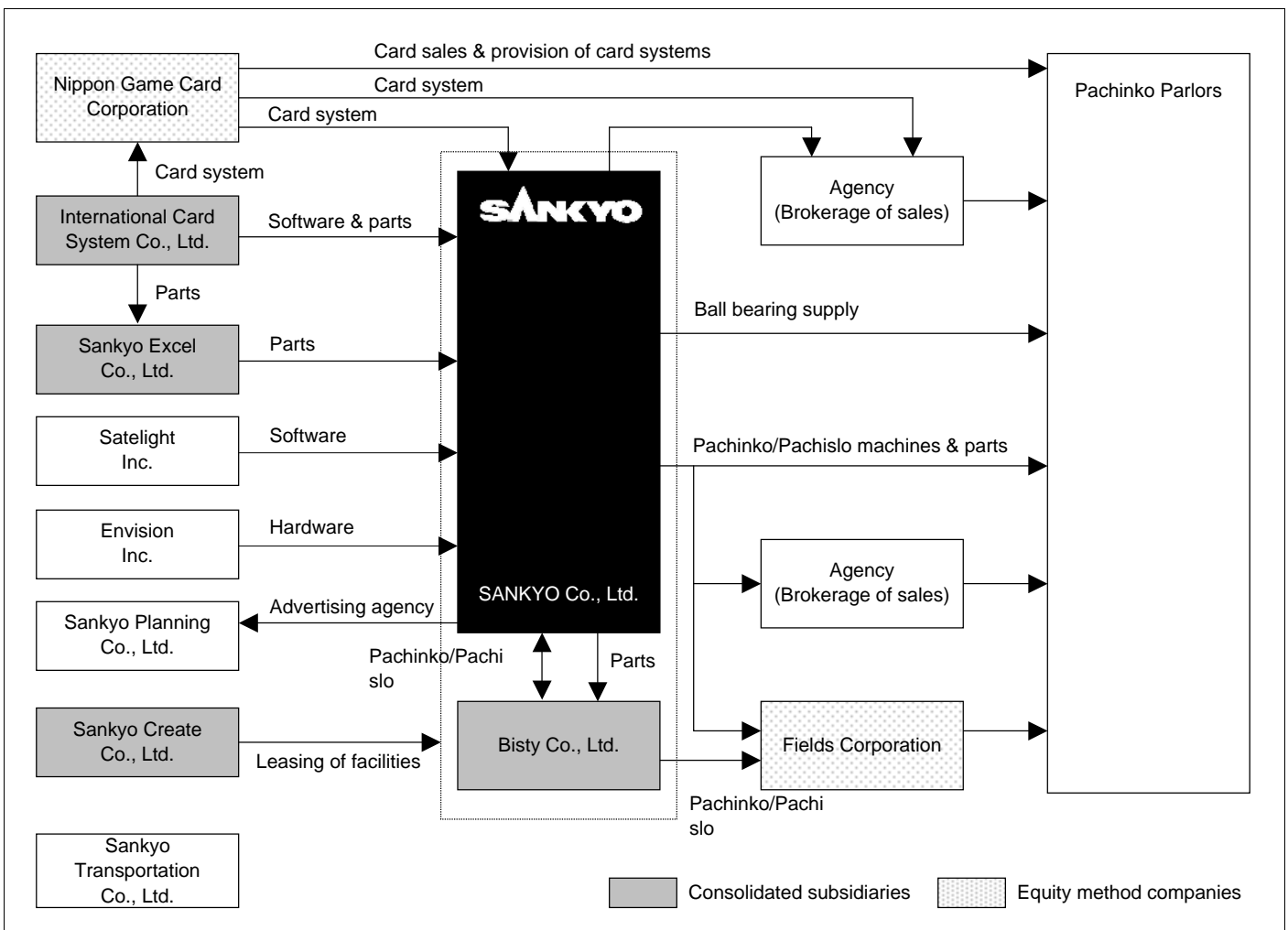
2. Overview of the Consolidated Group

(1) SANKYO Group consists of SANKYO Co., Ltd. (the Company) and its 10 subsidiaries (as of March 31, 2011) 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	SANKYO Co., Ltd. Sankyo Excel Co., Ltd. Bisty Co., Ltd. International Card System Co., Ltd.
Pachislot machines business Manufacturing and sales of pachislot machines, sales of related parts, and pachislot machine-related royalty income	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. Sankyo Excel 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 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 pachislot, which are popular leisure activities in Japan, and to the quality of life in society as a leading company in the pachinko and pachislot 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 pachislot industry

(2) Performance indicators

SANKYO Group aims to achieve sustainable growth by establishing a solid position in the industry through increasing its share of the pachinko and pachislot 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 improvement of the efficiency of advertising and sales promotion, 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.

	FY2009	FY2010	FY2011
Ratio of operating income to net sales (%)	21.6	25.0	25.8

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

To maintain growth and increase profitability, SANKYO Group will endeavor to increase its market share in the pachinko and pachislot industry while strengthening the fundamentals of the business. In the mainstay pachinko machine business, the Group aims to increase market share by maintaining 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 pachislot machine business, the Group has accumulated considerable expertise despite being a latecomer and its reputation is trending upward among players and pachinko parlors. The Group strives to capture greater market share by continuously sharpening its competitiveness in product planning, development, production, and marketing.

(4) Management issues

The Great East Japan Earthquake disrupted production and supply chains of electronic parts used for game machines. It is assumed that electricity shortages likely to occur in the summer will adversely impact the Group's business activities.

Pachinko parlors may curtail capital investment in view of weak consumer confidence and in response to electricity shortages in the summer. However, since there is a deep-seated demand for game machines capable of attracting players, manufacturers' development capabilities are of decisive importance. Replacement of game machines, a key measure for attracting players, is at the heart of pachinko parlors' business models. The Group will implement the measures described below.

a) Response to the impact of the disaster

The Group, which is promoting use of common parts for game machines and supply chain management, has an efficient supply system in place involving parts manufacturers, assembly manufacturers, and delivery companies. Minimization of parts unique to individual models allows the Group flexibility in parts procurement even when parts are in short supply, as they are in the aftermath of the earthquake, and the Group has secured a certain level of inventories of common parts and supply channels. The Group is also promoting reuse and recycling of parts through trade-in sales for new models and purchase of the game machines sold by the Group. These measures endow the Group's production with strengths that are expected to enable it to ride out the supply shortages of parts to a great extent.

The Group's Sanwa Plant (Isesaki, Gunma Prefecture) is within the service area of The Tokyo Electric Power Company. In the event that a rolling blackout plan is implemented to cope with electricity shortages during the summer, the ability of the Sanwa

Plant to concentrate production in a short period of time would be undermined and rescheduling of deliveries for pachinko parlors might become unavoidable. However, the Group intends to minimize the impact of electricity shortages by adjusting plant operation hours and inventories.

b) Refining of product development reflecting players' viewpoints

Over a year has passed since the establishment of the Product Strategy Office to spearhead development of products delivering high player satisfaction based on thorough investigation of players' viewpoints and we have accumulated a wide range of analytical results, including what players find interesting or uninteresting about the Company's products and those of competitors and the gap between the development engineers' intentions and the players' needs. As the development of a game machine usually takes from one to two years, only some of the products introduced by the Company in fiscal 2011 fully reflected players' viewpoints. Because development of products to be launched from now on will reflect players' viewpoints from the planning phase onward, we expect them to gain an excellent reputation in the market. In addition, we are strengthening measures to attract players to pachinko parlors, such as tie-ups between mobile phone websites and game machines, with the aim of becoming the manufacturer of choice for players and parlors.

c) Enhancement of the corporate brand power

It is crucially important to enhance not only the attractiveness of individual products but also the corporate brand power in order to become a manufacturer chosen by players and parlors.

For this purpose, the Group launched a completely redesigned website in October 2010. As well as more effective communication of information to players, parlors, shareholders, and all other stakeholders of the Group, we are vigorously engaged in internet marketing so that players of pachinko and pachislot and fans of tie-up content can deepen their understanding of the Group. By strongly approaching people who are potentially interested in the Company, we intend to lock in players and enhance brand loyalty.

Additionally, the Company has launched a website specifically designed for parlor operators where they can access the latest promotional video clips and TV commercials on the Company's new products, and where product features and appeal points are presented clearly and persuasively. The Company also provides Web-based services to parlors, including advertising and sales promotion materials parlors can use to attract players. Simultaneous distribution of accurate information eliminates information time lags among parlors and clear communication of product concepts helps cultivate parlors' trust in the Group while burnishing our brand power.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

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

	As of March 31, 2010	As of March 31, 2011
	Millions of yen	Millions of yen
Assets:		
Current assets:		
Cash and deposits	143,416	168,230
Notes and accounts receivable-trade	49,868	51,685
Marketable securities	115,004	112,999
Finished goods and merchandise	36	1,140
Work in process	244	313
Raw materials and supplies	3,020	1,046
Accounts receivable for provision of parts and materials for value	6,124	9,742
Deferred tax assets	2,081	3,102
Other	6,886	6,323
Allowance for doubtful accounts	(75)	(361)
Total current assets	326,608	354,220
Fixed assets, at cost:		
Tangible fixed assets:		
Buildings and structures	23,070	23,119
Less accumulated depreciation	(7,155)	(8,037)
Subtotal	15,915	15,082
Machinery and equipment	7,735	7,721
Less accumulated depreciation	(5,124)	(5,768)
Subtotal	2,610	1,952
Furniture and fixtures	16,183	16,653
Less accumulated depreciation	(13,607)	(15,114)
Subtotal	2,575	1,538
Land	29,875	29,619
Lease assets	221	197
Less accumulated depreciation	(143)	(164)
Subtotal	78	32
Total tangible fixed assets	51,055	48,225
Intangible fixed assets	310	329
Investments and other assets:		
Investment securities	77,373	81,019
Long-term advances	2,197	582
Deferred tax assets	2,937	4,046
Other	1,605	758
Allowance for doubtful accounts	(349)	(166)
Allowance for investment loss	(379)	(379)
Total investments and other assets	83,384	85,860
Total fixed assets	134,750	134,415
Total assets	461,358	488,636

Consolidated Balance Sheets

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

	As of March 31, 2010 Millions of yen	As of March 31, 2011 Millions of yen
Liabilities:		
Current liabilities:		
Notes and accounts payable-trade	30,182	39,168
Lease liabilities	46	24
Accrued income taxes	7,259	12,748
Allowance for bonuses	817	851
Other	9,719	10,570
Total current liabilities	48,025	63,364
Long-term liabilities:		
Lease liabilities	32	7
Provision for special retirement bonuses for directors	623	653
Accrued retirement allowance for employees	2,933	3,209
Asset retirement obligations	-	59
Other	1,720	1,683
Total long-term liabilities	5,309	5,612
Total liabilities	53,334	68,977
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	23,880	23,880
Retained earnings	377,529	397,867
Less: treasury stock, at cost	(8,969)	(17,337)
Total shareholders' equity	407,280	419,250
Accumulated other comprehensive income:		
Net unrealized gain on other securities	744	408
Total accumulated other comprehensive income:	744	408
Total net assets	408,024	419,658
Total liabilities and total net assets	461,358	488,636

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

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

	Year ended March 31, 2010	Year ended March 31, 2011
	Millions of yen	Millions of yen
Net sales	222,673	201,606
Cost of sales	116,958	101,406
Gross profit	105,715	100,199
Selling, general and administrative expenses	49,938	48,276
Operating income	55,776	51,923
Non-operating income:		
Interest income	1,688	1,284
Dividend income	51	192
Equity in earnings of affiliates	1,424	2,295
Other	444	516
Total non-operating income	3,609	4,289
Non-operating expenses:		
Interest expenses	0	-
Loss on management of investment partnership	1	280
Other	17	23
Total non-operating expenses	18	303
Recurring income	59,366	55,909
Extraordinary gains:		
Gain on sales of fixed assets	48	-
Reversal of allowance for doubtful accounts	440	57
Total extraordinary gains	489	57
Extraordinary losses:		
Loss on sales of fixed assets	85	-
Loss on disposal of fixed assets	494	84
Loss on valuation of investment securities	-	116
Loss on valuation of golf club membership	-	1
Impairment loss	-	262
Loss on disaster	-	346
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	48
Total extraordinary losses	580	859
Income before income taxes	59,276	55,107
Income taxes:		
Current income taxes	18,038	22,240
Deferred income taxes	5,040	(1,866)
Total income taxes	23,078	20,373
Income before minority interests	-	34,733
Net income	36,198	34,733

Consolidated Statements of Comprehensive Income

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

	Year ended March 31, 2010	Year ended March 31, 2011
	Millions of yen	Millions of yen
Income before minority interests	-	34,733
Other comprehensive income:		
Net unrealized gain (loss) on other securities	-	(386)
Share of other comprehensive income of associates accounted for using equity method	-	51
Total other comprehensive income	-	(335)
Comprehensive income	-	34,398
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	-	34,398
Comprehensive income attributable to minority interests	-	-

(3) Statement of Changes in Shareholders' Equity

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

	Year ended March 31, 2010 Millions of yen	Year ended March 31, 2011 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	23,882	23,880
Change during the fiscal year:		
Sales of treasury stocks	(1)	(0)
Total changes during the fiscal year	(1)	(0)
Balance at end of the period	23,880	23,880
Retained earnings:		
Balance at beginning of the period	355,800	377,529
Change during the fiscal year:		
Dividends of surplus	(14,469)	(14,394)
Net income	36,198	34,733
Total changes during the fiscal year	21,728	20,338
Balance at end of the period	377,529	397,867
Treasury stock:		
Balance at beginning of the period	(8,940)	(8,969)
Change during the fiscal year:		
Acquisition of treasury stocks	(22)	(8,370)
Sales of treasury stocks	4	2
Change in equity in affiliates accounted for by equity method-treasury stock	(11)	-
Total changes during the fiscal year	(29)	(8,368)
Balance at end of the period	(8,969)	(17,337)
Total shareholders' equity:		
Balance at beginning of the period	385,582	407,280
Change during the fiscal year:		
Dividends of surplus	(14,469)	(14,394)
Net income	36,198	34,733
Acquisition of treasury stocks	(22)	(8,370)
Sales of treasury stocks	3	1
Change in equity in affiliates accounted for by equity method-treasury stock	(11)	-
Total changes during the fiscal year	21,697	11,969
Balance at end of the period	407,280	419,250
Accumulated other comprehensive income:		
Net unrealized gain on other securities		
Balance at beginning of the period	604	744
Change during the fiscal year:		
Net changes of items other than shareholder's equity	139	(335)
Total changes during the fiscal year	139	(335)
Balance at end of the period	744	408
Total net assets:		
Balance at beginning of the period	386,187	408,024
Change during the fiscal year:		
Dividends of surplus	(14,469)	(14,394)
Net income	36,198	34,733
Acquisition of treasury stocks	(22)	(8,370)
Sales of treasury stocks	3	1
Change in equity in affiliates accounted for by equity method-treasury stock	(11)	-
Net changes of items other than shareholder's equity	139	(335)
Total changes during the fiscal year	21,837	11,634
Balance at end of the period	408,024	419,658

(4) Consolidated Statements of Cash Flows

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

	Year ended March 31, 2010	Year ended March 31, 2011
	Millions of yen	Millions of yen
Cash flows from operating activities:		
Income before income taxes	59,276	55,107
Depreciation and amortization	5,516	4,710
Increase (decrease) in allowance for doubtful accounts	(459)	102
Increase (decrease) in allowance for bonuses	64	34
Increase (decrease) in provision for special retirement bonuses for directors	38	30
Increase (decrease) in accrued retirement allowance for employees	249	276
Interest and dividend income	(1,739)	(1,477)
Interest expenses	0	-
(Gain) loss on equity in earnings of affiliates	(1,424)	(2,295)
(Gain) loss on sales of fixed assets	36	-
Disposal of fixed assets	494	84
(Gain) loss on valuation of investment securities	-	116
(Increase) decrease in notes and accounts receivable-trade	(9,841)	(1,816)
(Increase) decrease in inventories	22,850	816
Increase (decrease) in notes and accounts payable-trade	(41,894)	8,986
(Increase) decrease in accounts receivable for provision of parts and materials for value	20,879	(3,617)
Increase (decrease) in accounts payable	408	1,834
Increase (decrease) in accrued consumption tax	1,938	(956)
Decrease (increase) in other trade assets	1,716	-
Increase (decrease) in other trade liabilities	(8,952)	-
Other	(144)	(260)
Subtotal	49,014	61,674
Interest and dividend income received	2,069	1,917
Interest paid	(0)	-
Income taxes paid	(23,565)	(15,186)
Net cash (used in) provided by operating activities	27,518	48,405
Cash flows from investing activities:		
Payments into time deposits	(2,514)	-
Proceeds from withdrawal of time deposits	2,514	-
Payment for purchase of property, plant and equipment and intangible fixed assets	(8,471)	(2,206)
Proceeds from sale of property, plant and equipment and intangible fixed assets	95	-
Payment for purchase of investment securities	(37,027)	(40,799)
Proceeds from redemption of investment securities	34,000	40,235
Payment for increase in long-term loans	(1,906)	-
Proceeds from collection of long-term loans	205	1,998
Other	51	(10)
Net cash (used in) provided by investing activities	(13,053)	(782)
Cash flows from financing activities:		
Repayment of finance lease obligations	(69)	(46)
Payment for purchase of treasury stock, net	(22)	(8,370)
Proceeds from sale of treasury stock	3	1
Cash dividends paid	(14,469)	(14,394)
Net cash (used in) provided financing activities	(14,557)	(22,810)
Difference on conversion of cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	(92)	24,813
Cash and cash equivalents at beginning of the period	218,509	218,416
Cash and cash equivalents at end of the period	218,416	243,230

(5) Segment Information

(Segment information by business category)

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)						
	Millions of yen						
	Pachinko machines business	Pachislot 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	4,430	658	78	121	5,289	226	5,516
Capital expenditure	5,861	924	144	251	7,181	248	7,430

Year ended March 31, 2011 (From April 1, 2010, to March 31, 2011)

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

	Year ended March 31, 2011 (Millions of yen)							
	Reportable segments				Other	Total	Adjustments	Consolidated
	Pachinko machines business	Pachislot machines business	Ball bearing supply systems business	Subtotal				
Sales								
Customers	149,876	30,316	19,652	199,844	1,761	201,606	-	201,606
Intersegment	-	-	-	-	-	-	-	-
Total	149,876	30,316	19,652	199,844	1,761	201,606	-	201,606
Segment income	47,822	6,953	1,276	56,052	652	56,704	(4,781)	51,923
Segment assets	41,188	26,747	20,273	88,208	13,629	101,837	386,798	488,636
Other items								
Depreciation	3,674	587	133	4,395	121	4,516	194	4,710
Increase in tangible fixed assets and intangible fixed assets	1,995	70	38	2,104	21	2,125	143	2,269