

February 27, 2012

For Immediate Release

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Notice regarding Extraordinary Loss and Revision of the Forecast of the Financial Results for the Year Ending March 31, 2012

SANKYO Co., Ltd. today announced that at the meeting of the Company's Board of Directors held today, a resolution was passed to record an extraordinary loss for fiscal 2012 (from April 1, 2011, to March 31, 2012) as described below. The Company has also revised the forecast of financial results for fiscal 2012 announced on February 2, 2012.

1. Extraordinary losses expected to be incurred

- (1) Loss on sales of investment securities resulting from the transfer of shares of an equity-method affiliate:
Approx. ¥2,820 million

The Company has decided to transfer on February 28, 2012, a total of 1,914,200 shares of Gamecard-Joyco Holdings, Inc. (JASDAQ Standard: stock code 6249), an affiliate accounted for by the equity method, through Osaka Securities Exchange's J-NET Market (single issue trading).

As a result, Gamecard-Joyco Holdings will no longer be an equity-method affiliate of the Company and the Company expects to record an extraordinary loss of approximately ¥2,820 million in the consolidated financial statements.

- (2) Loss on sales of fixed assets resulting from the transfer of fixed assets: Approx. ¥2,740 million

A decision was taken to transfer a building for lease owned by SANKYO Create Co., Ltd., a consolidated subsidiary, in order to enhance the Group's asset efficiency and concentrate resources on the pachinko and pachislot machines businesses.

As a result, the Company expects to record an extraordinary loss of approximately ¥2,740 million in the consolidated financial statements.

2. Revision of the financial results forecast

(1) Revision of the forecast of consolidated financial results for the year ending March 31, 2012

		(Millions of yen)				
		Net sales	Operating income	Recurring income	Net income	Net income per share (yen)
Previous forecast	(A)	160,000	33,000	37,000	21,000	224.73
Revised forecast	(B)	160,000	33,000	37,000	16,000	171.22
Difference	(B-A)	-	-	-	(5,000)	-
% change		-	-	-	(23.8)	-
FY2011 results		201,606	51,923	55,909	34,733	364.09

(2) Reasons for the revision

This revision reflects the expected recording of the extraordinary losses described above.

The above forecast is based on information currently available to management. Actual results may differ from the forecast owing to various factors.

This material is an English translation of Japanese announcement made on February 27, 2012. Although the Company intended to faithfully translate the Japanese document into English, the accuracy and correctness of this translation are not guaranteed.