

May 11, 2016

For Immediate Release

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Notice of Discrepancy between the Forecast and Results for the Year Ended March 31, 2016 and Recording of an Extraordinary Loss

SANKYO Co., Ltd. (the "Company") today announced that there is a discrepancy between the forecast of financial results for fiscal 2016 (from April 1, 2015 to March 31, 2016) announced on May 12, 2015 and the actual results announced today. Additionally, the Company also announced that it recorded an extraordinary loss.

1. [Discrepancy between the forecast of consolidated financial results for fiscal 2016 and the actual results]

(Millions of yen)

	Net sales	Operating income	Recurring income	Profit attributable to owners of parent	Net income per share (yen)
Previous forecast (A)	150,000	14,000	15,000	10,000	117.00
Actual results (B)	137,130	18,826	19,965	10,485	126.78
Difference (B-A)	(12,870)	4,826	4,965	485	-
% change	(8.6)	34.5	33.1	4.9	-
FY2015 results	146,579	13,233	14,870	8,728	94.48

[Reason for the discrepancy]

Net sales were lower than the initial forecast because sales of pachinko and pachislot machines were lackluster. On the other hand, operating income and recurring income were higher than the initial forecast, because of an improvement of the cost of sales ratio resulting from a change in the sales mix and because of lower research and development expenses and advertising expenses. As a result, profit attributable to owners of parent amounted to ¥10.4 billion due to recording of an extraordinary loss.

2. Recording of an extraordinary loss

With regard to fixed assets for operating a golf course (Yoshii Country Club) owned by a consolidated subsidiary Sankyo Create Co., Ltd., the Company recorded impairment loss amounting to ¥3.2 billion in accordance with the Accounting Standard for Impairment of Fixed Assets.