

May 9, 2017

For Immediate Release

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Notice concerning Recording of Equity in Losses of Affiliates and Revision of the Forecast of the Financial Results for the Year Ended March 31, 2017

SANKYO Co., Ltd. (the "Company") today announced the recording of equity in losses of affiliates for fiscal 2017 (from April 1, 2016, to March 31, 2017) and the revision of the forecast of financial results for fiscal 2017 announced on November 8, 2016.

1. Recording of equity in losses of affiliates

FIELDS CORPORATION, an affiliate accounted for using the equity method, will record a loss of ¥13.5 billion for the fiscal year ended March 31, 2017 on a non-consolidated basis. Accordingly, the Company will record equity in losses of affiliates amounting to ¥2,210 million on a consolidated basis.

2. Revision of the forecast of consolidated financial results for the year ending March 31, 2017

(Millions of yen)

	Net sales	Operating income	Recurring income	Profit attributable to owners of parent	Net income per share (yen)
Previous forecast (A)	90,000	3,000	4,000	2,500	30.86
Revised forecast (B)	81,400	5,000	3,800	1,700	20.98
Difference (B-A)	(8,600)	2,000	(200)	(800)	-
% change	(9.6)	66.7	(5.0)	(32.0)	-
FY2016 results	137,130	18,826	19,965	10,485	126.78

[Reasons for the revision of the forecast]

Whereas net sales are expected to be lower than the previous forecast due to lackluster sales of pachinko and pachislot machines, operating income is expected to exceed the previous forecast owing to improvement of gross profit margin resulting from a higher unit price and cost reduction, and decreases in R&D and advertising expenses. As a result of the recording of equity in losses of affiliates amounting to ¥2,210 million, recurring income and profit attributable to owners of parent are expected to be as stated above.

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