

THE BANK OF NEW YORK

NEW YORK'S FIRST BANK-FOUNDED 1784 BY ALEXANDER HAMILTON



620 Avenue of the Americas, New York, NY 10011

DEPOSITARY RECEIPTS

May 3, 2002

The U.S. Securities and Exchange Commission
450 Fifth Street, N.W.
Room 3099
Office of International Corporate Finance
Mail Stop 3-7
Washington, D.C. 20549

Re: Sammy Corporation- File No. 82-5227

Dear Sirs:

At the request of Sammy Corporation, we are enclosing a copy of their:

- **Notice of the Medium-Term Management Plan**

We are forwarding these documents at the request and on behalf of Sammy Corporation, but we have not reviewed any disclosure made therein, and cannot confirm the accuracy or completeness of any such disclosure and hereby disclaim any responsibility or liability with respect thereto.

Please acknowledge receipt of this document by stamping the duplicate copy of this letter and returning it to us in the enclosed self-addressed envelope.

Very Truly Yours,

Shunsuke Sumikawa
Account Administrator

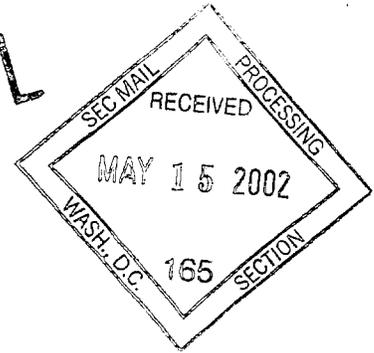
Tel: 646-885-3296

Fax: 646-885-3043

Email: ssumikawa@bankofny.com

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THE BANK OF NEW YORK

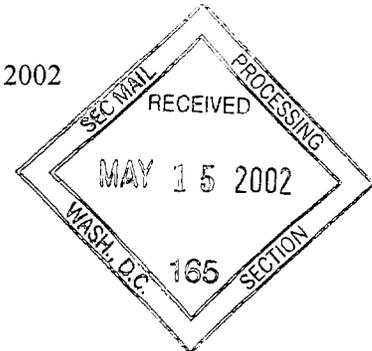
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Dear Sirs:

At the request of Sammy Corporation, we are enclosing a copy of their:

- **Notice of Restructuring of Overseas Group Companies**

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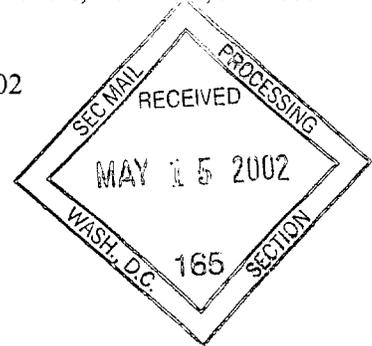
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May 3, 2002



Re: Sammy Corporation— File No. 82-5227

Dear Sirs:

At the request of Sammy Corporation, we are enclosing a copy of their:

- **Development of 3D Graphics Display System**

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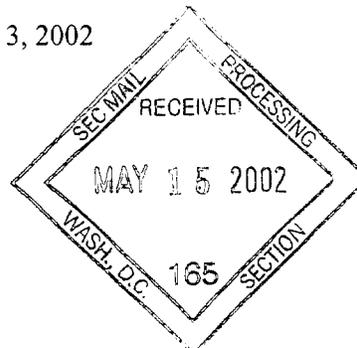
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May 3, 2002



Re: Sammy Corporation-- File No. 82-5227

Dear Sirs:

At the request of Sammy Corporation, we are enclosing a copy of their:

- **Notice Non-Consolidated Financial Statements**

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Very Truly Yours,

A handwritten signature in cursive script, appearing to read 'S. Sumikawa'.

Shunsuke Sumikawa
Account Administrator

Tel: 646-885-3296

Fax: 646-885-3043

Email: ssumikawa@bankofny.com

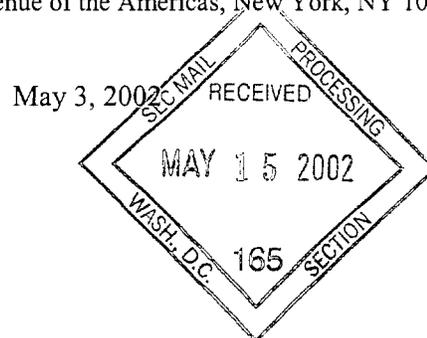
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Shunsuke Sumikawa
Account Administrator

Tel: 646-885-3296

Fax: 646-885-3043

Email: ssumikawa@bankofny.com

FILE NO. 82-5227
(Translation)

April 25, 2002

Dear Sirs:

Name of Company: Sammy Corporation
Name of Representative: Hajime Satomi
President and Chief Executive Officer
(Code No. 6426, Tokyo Stock Exchange 1st
Section)

Further Inquiry: Yasuhiro Katayama
Executive Officer and Division Manager, Administration Division
(TEL: 03-5950-3790)

Notice on the Medium-Term Management Plan

Please take notice that at the meeting of the Board of Directors of Sammy Corporation (the "Company") held on April 25, 2002, a revision to its Medium-Term Management Plan publicized on May 15, 2001 was approved, taking into consideration of its new business developments in the future, as described below:

Description

1. Management Policy

The core businesses of the Sammy Group are the pachislot and pachinko machine business and the NEWS (New Entertainment World of Sammy) business, which covers amusement new technology content merchandising. With its corporate philosophy, "We will keep pace with people and with its originality and providence, contribute to the creation and development of cultures through 'entertainment'," and its corporate slogan "Aggressiveness and High Spirit", the group intends to exert its group-wide efforts to improve performances and meet expectations of its shareholders and all other people who have given credit to the group.

2. Medium-Term Vision

In the pachislot and pachinko machine business, the group will expand a market share of its pachislot and pachinko machines and promote marketing of hall designs and peripheral equipment, whereby increasing profits.

In the NEWS business, the group intends to market new amusement arcade equipment for industrial use in the world market, including Japan and make serious inroads into the market for home video game software, especially in Europe and the U.S., whereby growing the business as a pillar of profits to follow the pachislot and pachinko machine business.

Now that the group has built up its brand power in the pachislot and pachinko machine business, the group will expand business arenas for the NEWS business to make a leap forward, whereby establishing its presence as a "global general entertainment company."

3. Management Indexes and Management Plan as Medium-Term Targets

With the aim of continuous growth and maximization of shareholder value, the group has engaged in business to increase its market value and has set the following indexes showing investment efficiency and profitability as important medium-term targets:

- (i) Return on equity (ROE): 30% or higher
- (ii) Recurring profit margin: 25% or higher

.millions of yen.

| | | Management plan for the year ending March 31, 2003 | |
|------------------|--|---|-------------------------------|
| | | Sammy (Non-consolidated) | Sammy Group (Consolidated) |
| Net sales | Pachislot and pachinko machine business | 161,000 | 171,500 |
| | NEWS business | 19,000 | 31,500 |
| | Total | 180,000 | 203,000 |
| Recurring income | | 58,000 | 61,000 |
| Net income | | 29,000 | 30,000 |

.millions of yen.

| | | Management plan for the year ending March 31, 2004 | |
|------------------|--|---|-------------------------------|
| | | Sammy (Non-consolidated) | Sammy Group (Consolidated) |
| Net sales | Pachislot and pachinko machine business | 178,000 | 190,000 |
| | NEWS business | 32,000 | 60,000 |
| | Total | 210,000 | 250,000 |
| Recurring income | | 72,000 | 80,000 |
| Net income | | 36,000 | 39,500 |

.millions of yen.

| | | Business plan for the year ending March 31, 2005 | |
|------------------|--|--|-------------------------------|
| | | Sammy (Non-consolidated) | Sammy Group (Consolidated) |
| Net sales | Pachislot and pachinko machine business | 188,000 | 202,000 |
| | NEWS business | 37,000 | 78,000 |
| | Total | 225,000 | 280,000 |
| Recurring income | | 78,000 | 90,000 |
| Net income | | 39,000 | 44,500 |

4. Key Items

Measures for speedy management and strategic subsidiary management (M&A, business tie-ups, etc.)

Continuous development of product brands in the pachislot machine business

Strengthening of product powers in the pachinko machine business and the acquisition of a market share of 10% for the number of machines sold annually

Global expansion of new businesses of amusement arcade equipment for industrial use and home game software in the NEWS business

Strengthening of development capabilities in the pachislot and pachinko machine business and the NEWS business

- END -

(Translation)

April 25, 2002

Dear Sirs:

Name of Company: Sammy Corporation
Name of Representative: Hajime Satomi
President and Chief Executive Officer
(Code No. 6426 Tokyo Stock Exchange
1st Section)

Further Inquiry: Yasuhiro Katayama
Executive Officer and Division
Manager, Administration Division
(TEL: 03-5950-3790)

Development of 3D Graphics Display System

Please take notice that Sammy Corporation (the "Company") has commenced to develop a 3D graphics display system as a core for future expansion of the new technology sector of its NEWS (New Entertainment World of Sammy) business, which the Company has promoted, as described below:

Description

With regard to the 3D graphics display system, the Company will be responsible for system developments and the Semiconductor Group of Hitachi, Ltd. (Group Leader & CEO: Mr. Toru Ito; hereinafter referred to as "Hitachi") will be responsible for production by SoCs (System-on-Chip). As graphics cores, Power VR® (Note 1), which has been licensed to Hitachi by a British company, Imagination Technologies, Ltd. (CEO: Mr. Hossein Yassaie, hereinafter referred to as "IMG"), will be used. Development environments, such as library software, middleware and development support equipment, will be developed within the Sammy Group independently and application software will also be developed, especially within the Sammy Group. Hence, high-performance and reasonably priced products are expected to be supplied.

1. Purpose of Development

A new technology business in the NEWS business is the one to develop new entertainment arenas by developing or employing technologies required currently or in the future in the entertainment sector. It's a strategic domain that not only envisions synergies with existing operations but also creates new markets through the integration and combination of various operations and technologies.

The development of the 3D graphics display system is aimed at extending its operations, with graphics display equipment as a core for the development of its new technology business, not only in the current business arenas of the Sammy Group but also in various business arenas through collaborations with other companies and other measures.

Mr. Seiichi Ueda, Director, System Solution Business Unit, Semiconductor & Integrated Circuits of Hitachi said: "The combination of system solution technologies of Hitachi and the leading-edge 3D graphics cores of IMG will materialize a next-generation graphics system for Sammy Corporation. It will also contribute to us in the next-generation game, digital, civilian technology, car electronics and communications sectors, as a core for our SoC technology strategy."

2. Uses

(1) Uses within the Sammy Group

- (i) For use in LCD displays of pachislot and pachinko machines
- (ii) For use in amusement game machines

(2) Other uses

- (i) For use in mobile devices, such as PDAs
- (ii) For use in industrial and civilian equipment requiring graphics display

3. Time to Start Mass Production

2004

4. Effect on Business Performance

The prospective effect on business performance is described in the "Forecast of the Consolidated Business Performance for the Year Ending March 31, 2003" and the "Notice on the Medium-Term Management Plan" publicized on April 25, 2002.

Outline of Hitachi, Ltd.

1. Company name: Hitachi, Ltd.
2. Location of head office: 6, Kanda-Surugadai 4-chome, Chiyoda-ku, Tokyo
3. Representative: Etsuhiko Shoyama, President and Representative Director
4. Employees (consolidated basis): 340,939 (March 2001)
5. Net sales (consolidated basis): ¥8,416.9 billion (for the year ended March 31, 2001)

Outline of IMG

1. Company name: Imagination Technologies, Ltd.
2. Location of head office: Kings Langley, the United Kingdom
3. Representative: Hossein Yassaie, CEO
4. Employees: 230
5. Business: International IP licensor that licenses high-performance 2D and 3D graphics cores and leading-edge multi-thread DSP cores, develops various DSP software for communications and supplies tools for developing DSP software

(Note 1) Power VR® is a trademark of Imagination Technologies, Ltd.

- END -

(Translation)

April 25, 2002

Dear Sirs:

Name of Company: Sammy Corporation
Name of Representative: Hajime Satomi
President and Chief Executive Officer
(Code No. 6426, Tokyo Stock Exchange 1st
Section)

Further Inquiry: Yasuhiro Katayama
Executive Officer and Division Manager, Administration Division
(TEL: 03-5950-3790)

Restructuring of Overseas Group Companies

Please take notice that at the meeting of the Board of Directors of Sammy Corporation (the "Company") held on April 25, 2002, the Company determined to restructure its overseas group companies to strongly extend its NEWS (New Entertainment World of Sammy) business, which the Company has promoted, in the overseas market, as described below:

Description

1. Purpose of Restructuring of Overseas Group Companies

The NEWS business of the Company focuses on global development targeting not only the Japanese market but also the overseas market. The business has principally marketed game machines for industrial use. To make serious inroads into the overseas market, specifically the European and U.S. market for home game software, the Company will establish a uniform management system of its overseas group companies.

2. Method of Restructuring

(1) Present state

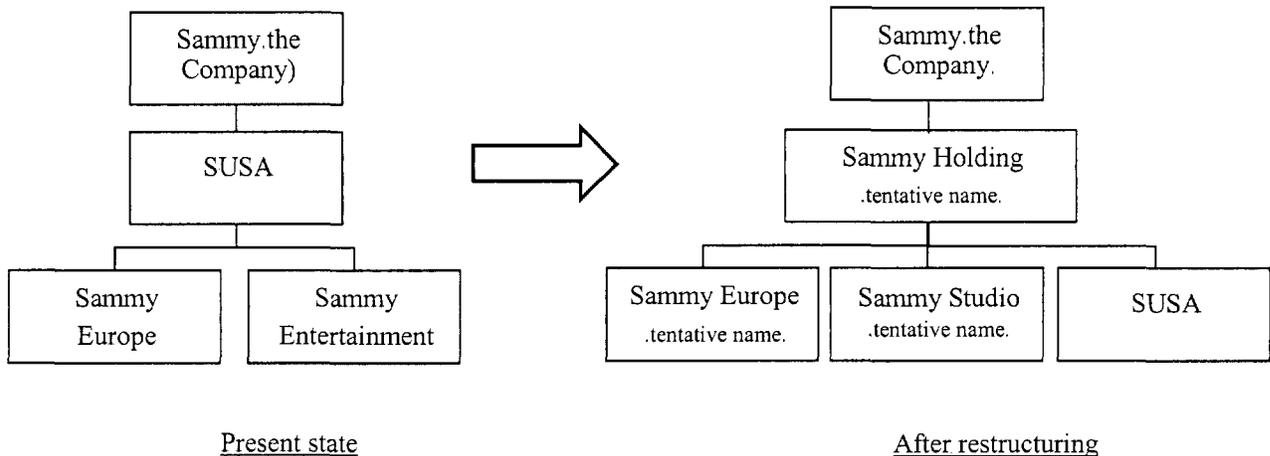
As an overseas group company, the Company controls Sammy USA Corporation ("SUSA", located in Chicago, Illinois, USA), which engages in the business of game machines for industrial use. As 100% subsidiaries, SUSA holds Sammy Europe Limited ("Sammy Europe", located in London, the United Kingdom) and Sammy Entertainment Inc. ("Sammy Entertainment", located in Los Angeles, California, USA).

(2) Outline after restructuring

The Company will establish a new holding company controlling the above-mentioned three companies and responsible for general control over its whole overseas businesses.

Outline of the holding company

- (i) Name: Sammy Holding (tentative name)
- (ii) Location: Dublin, Ireland
- (iii) Capital: US\$3.5 million (expected)
- (iv) Business: Financial, legal and personnel affairs and planning of business strategies for overseas group companies
- (v) Incorporation: May 2002 (expected)



(3) As a result of the establishment of the uniform management system of the

overseas group companies, Sammy Entertainment will be renamed "Sammy Studio" (tentative name) and relocated to San Diego and will be controlled by the holding company.

Outline of Sammy Studio

- (i) Name: Sammy Studio (tentative name)
- (ii) Location: San Diego, California, USA
- (iii) Capital: Undecided
- (iv) Business: Planning, development and marketing of home game software in the European and U.S. markets

3. Effect on Business Performance

The prospective effect on business performance is described in the "Forecast of the Consolidated Business Performance for the Year Ending March 31, 2003" and the "Notice on the Medium-Term Management Plan" publicized on April 25, 2002.

- END -

April 25, 2002

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NON-CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2002

.

Name of the Company : Sammy Corporation

Code number : 6426

(URL <http://ir.sammy.co.jp>)

Any inquiry to :

Yasuhiro Katayama

Executive officer

2-23-2 Higashi Ikebukuro

Toshima-ku, Tokyo, Japan

Tel••(03)5950• 3790

Date of the Board of Directors meeting for the year closing April 25, 2002

Date of the ordinary shareholders' meeting for the year closing June 21, 2002

Interim dividend distribution Applicable

1. RESULTS OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2002

(1) RESULTS OF OPERATIONS

| | Net sales | Operating income | Net income |
|-------------------------------|-----------------|------------------|-----------------|
| | Millions of Yen | Millions of Yen | Millions of Yen |
| For Year ended March 31, 2002 | 142,394 (110.3) | 51,955 (175.9) | 23,375 (136.8) |
| For Year ended March 31, 2001 | 67,706 47.9 | 18,830 169.7 | 9,873 190.4 |

| | Net income per share | Net income per share (Diluted) | Return on equity | Operating income to total assets | Operating income to net sales |
|-------------------------------|----------------------|--------------------------------|------------------|----------------------------------|-------------------------------|
| | Yen | Yen | | | |
| For Year ended March 31, 2002 | 442.39 | 442.24 | 54.6 | 54.8 | 36.5 |
| For Year ended March 31, 2001 | 389.45 | 388.19 | 40.7 | 33.2 | 27.8 |

(Note) • • Weighted average number of shares outstanding for the fiscal year 2002 and 2001 were 52,839,269 shares and 25,351,500 shares, respectively.

• • There was no significant change in the accounting policy between the years presented.

• • Percentages for net sales, operating income and net income represent change from the prior year.

(2) DESCRIPTION OF DIVIDENDS PAID

| | Dividend paid per share for the year | | | Total dividends paid (annual) | Dividend payout ratio | Ratio of dividend paid to equity |
|------------------|--------------------------------------|----------|-------|-------------------------------|-----------------------|----------------------------------|
| | Interim | Year-end | | | | |
| Fiscal year 2002 | Yen | Yen | Yen | Millions of Yen | • • | • • |
| Fiscal year 2001 | 50.00 | 0.00 | 50.00 | 2,670 | 11.4 | 4.7 |
| | 60.00 | 0.00 | 60.00 | 1,536 | 15.6 | 5.3 |

(Note) Per-share dividend paid at the end of fiscal year 2001 consisted of the ordinary dividend of 50 yen and one-time special dividend of 10 yen.

(3) FINANCIAL POSITION

| | Total assets | Shareholders' equity | Equity ratio | Equity per share |
|----------------|-----------------|----------------------|--------------|------------------|
| | Millions of yen | Millions of yen | • • | Yen |
| March 31, 2002 | 116,268 | 56,660 | 48.7 | 1,060.82 |
| March 31, 2001 | 73,361 | 29,037 | 39.6 | 1,134.16 |

(Note) The total numbers of shares outstanding were 53,411,572 shares and 25,602,400 shares at March 31, 2002 and 2001, respectively.

2. PROJECTION FOR NON-CONSOLIDATED RESULTS FOR FISCAL YEAR 2002 (APRIL 1, 2002 – MARCH 31, 2003)

| | Net sales | Operating income | Net income |
|---------------|-----------------|------------------|-----------------|
| | Millions of Yen | Millions of Yen | Millions of Yen |
| Interim | 82,000 | 24,000 | 12,000 |
| Entire – year | 180,000 | 58,000 | 29,000 |

(Reference) Projected net income per share for the entire-year is ¥542.95.

Note :

The management of the Company is required to disclose the information about Projection of results for fiscal year 2002 in accordance with the regulation of Tokyo Stock Exchange.

Above estimate is made based on the information available at the date of announcement of this flash report and there may be a case that above estimate would differ from actual amount due to various reasons caused.

6. NON CONSOLIDATED FINANCIAL STATEMENT

Sammy Corporation NON-CONSOLIDATED BALANCE SHEETS

AS OF MARCH 31, 2002 AND 2001

• Unit: Millions of Yen •

| | Current year • As of March 31, 2002 • | | Prior year • As of March 31, 2001 • | | Change Amount |
|---|--|--------------|--|--------------|------------------|
| | Amount | Percentage | Amount | Percentage | |
| • • A s s e t s • • | | % | | % | |
| Current Assets | | | | | |
| Cash and deposits • • • • • 1 • • • • • | 17,398 | | 11,108 | | 6,289 |
| Notes receivable • • • • • 3 • • • • • | 17,662 | | 13,179 | | 4,482 |
| Accounts receivable-trade • • • 4 | 31,383 | | 11,845 | | 19,538 |
| Allowance for doubtful accounts | (628) | | • • 367 • • | | • • 261 • • |
| Inventories | 13,503 | | 13,033 | | 471 |
| Deferred taxes-current | 2,598 | | 1,135 | | 1,463 |
| Deposit for lawsuit | 5,000 | | | | 5,000 |
| Others | 6,388 | | 5,329 | | 1,060 |
| Total current assets | 93,309 | 80.3 | 55,264 | 75.3 | 38,044 |
| Non-current assets | | | | | |
| Property and equipment | | | | | |
| Buildings | 4,101 | | 3,997 | | 104 |
| Machinery and equipments | 2,239 | | 150 | | 2,089 |
| Rental equipment for amusement arcades | 435 | | 430 | | 5 |
| Land | 2,521 | | 2,485 | | 35 |
| Others | 1,244 | | 738 | | 506 |
| Construction in progress | 220 | | 2,742 | | • 2,521 |
| Total property and equipment | 10,762 | 9.3 | 10,543 | 14.4 | 219 |
| Investments and other assets | | | | | |
| Investment securities | 2,105 | | 1,295 | | 809 |
| Investments in subsidiaries and affiliates • • 4 | 3,361 | | 1,337 | | 2,024 |
| Lease deposits | 1,333 | | 1,115 | | 218 |
| Deferred taxes non - current | 1,349 | | 1,225 | | 124 |
| Others | 5,123 | | 2,664 | | 2,462 |
| Allowance for doubtful accounts | (1,081) | | • • 85 • • | | (996) |
| Total investments and other assets | 12,195 | 10.4 | 7,552 | 10.3 | 4,642 |
| Total non-current assets | 22,959 | 19.7 | 18,096 | 24.7 | 4,862 |
| Total assets | 116,268 | 100.0 | 73,361 | 100.0 | 42,907 |
| | | | | | |
| | | | | | |

(Unit: Millions of Yen)

| | Current year • As of March 31, 2002 • | | Prior year • As of March 31, 2001 • | | Change Amount |
|---|--|------------|--|------------|------------------|
| | Amount | Percentage | Amount | Percentage | |
| • • Liabilities • • | | % | | % | |
| Current liabilities | | | | | |
| Short-term bank loans and current portion of long-term debt | 4,600 | | 5,400 | | (800) |
| Notes payable • • • • • | 14,586 | | 11,443 | | 3,143 |
| Accounts payable – trade • • • 1••• | 7,522 | | 7,861 | | (338) |
| Accounts payable – other | 7,801 | | 4,859 | | 2,941 |
| Income taxes payable | 17,942 | | 8,568 | | 9,374 |
| Accrued liabilities | 1,996 | | 850 | | 1,145 |
| Accrued employees' bonus | 895 | | 664 | | 231 |
| Others | 170 | | 584 | | (413) |
| Total current liabilities | 55,517 | 47.8 | 40,232 | 54.8 | 15,285 |
| Non-current liabilities | | | | | |
| Long-term debt, less current portion | 1,800 | | 2,400 | | (600) |
| Severance and retirement allowance | 1,179 | | 913 | | 265 |
| Others | 1,111 | | 779 | | 332 |
| Total non-current liabilities | 4,090 | 3.5 | 4,092 | 5.6 | (1) |
| Total liabilities | 59,608 | 51.3 | 44,324 | 60.4 | 15,284 |
| • Shareholders' equity • • | | | | | |
| Common stock • • • • • 2•••••••••• | 7,966 | 6.9 | 4,940 | 6.7 | 3,025 |
| Additional paid-in capital | 8,960 | 7.7 | 5,936 | 8.1 | 3,024 |
| Legal reserve | 310 | 0.2 | 131 | 0.2 | 179 |
| Retained earnings-appropriated | 15,785 | 13.6•• | 7,885 | 10.7 | 7,900 |
| -unappropriated | 23,528 | 20.2•• | 10,018 | 13.7 | 13,510 |
| Net unrealized holding gains on securities | 109 | 0.1 | 125 | 0.2 | (15) |
| | 56,660 | 48.7 | 29,037 | 39.6 | 27,622 |
| Treasury stock | (0) | (0.0) | (0) | (0.0) | (0) |
| Total shareholders' equity | 56,660 | 48.7 | 29,037 | 39.6 | 27,622 |
| Total liabilities and shareholders' equity | 116,268 | 100.0 | 73,361 | 100.0 | 42,907 |

SAMMY CORPORATION
NON-CONSOLIDATED STATEMENTS OF INCOME
 FOR THE YEARS ENDED MARCH 31, 2002 AND 2001

• Unit: Millions of Yen •

| | Current year** | | Prior year** | | Change |
|--|---|------------|---|-------------|---------|
| | From April 1, 2001 to March 31, 2002 | | From April 1, 2000 to March 31, 2001 | | |
| | Amount | Percentage | Amount | Percentage | Amount |
| Net sales | 142,394 | 100.0 | 67,706 | 100.0 | 74,688 |
| Cost of sales | 59,767 | 42.0 | 30,326 | 44.8 | 29,440 |
| Gross profit | 82,626 | 58.0 | 37,379 | 55.2 | 45,247 |
| Selling, general and administrative expenses | 30,671 | 21.5 | 18,549 | 27.4 | 12,122 |
| Operating income | 51,955 | 36.5 | 18,830 | 27.8 | 33,124 |
| Other income • expenses • | | | | | |
| Interest and dividend income | 98 | | 68 | | 30 |
| Gain on investment in silent partnership | 87 | | 1,062 | | (975) |
| Interest expenses | (148) | | • • 118 • • | | (30) |
| Expenses for initial public offering | • • | | • • | | |
| Expenses for listing on Tokyo Stock Exchange | • • | | (140) | | 140 |
| Loss on disposal of property and equipment | (301) | | • • 50 • • | | (251) |
| Loss on sale of property and equipment-net | (1) | | • • 79 • • | | 78 |
| Loss on devaluation of investment securities and investment in subsidiaries | (9) | | (668) | | 659 |
| Cost for special restoration for pachislot problem | (5,958) | | - | | (5,958) |
| Others | (1,122) | | • • 56 • • | | (1,066) |
| | (7,354) | | 16 | 0.0 | (7,373) |
| Income before income taxes | 44,599 | 31.3 | 18,846 | 27.8 | 25,752 |
| Income taxes - current | 22,800 | 16.0 | 10,140 | 14.9 | 12,660 |
| - deferred | (1,576) | (1.1) | • • 1,166 • • | • • 1.7 • • | (410) |
| Net income | 23,375 | 16.4 | 9,873 | 14.6 | 13,502 |
| Unappropriated retained earnings • • beginning of the year | 153 | | 145 | | 7 |
| Unappropriated retained earnings – end of the year | 23,528 | | 10,018 | | 13,510 |

PROPOSAL FOR APPROPRIATION OF RETAINED EARNINGS

(Unit: Millions of Yen)

| | Current year | Prior year | Change |
|--|--------------|---------------|---------|
| | Amounts | Amounts | Amounts |
| • • • Unappropriated retained earnings at the end of year | 23,528 | 10,018 | 13,510 |
| • • • Appropriation | | | |
| • • 1. • • Legal reserve | • • | • • 179 • • | (179) |
| • • 2. • • Dividends | (2,670) | • • 1,536 • • | 1,134 |
| 3. • • Bonuses to directors and corporate auditors | (300) | • • 250 • • | 50 |
| • • 4. • • Voluntary reserve | | | |
| • • • General reserve | (18,800) | • 7,900 • • | 10,900 |
| • • • Total appropriation | (21,770) | • 9,865 • • | 11,905 |
| • • • Unappropriated retained earnings to be carried forward | 1,758 | 153 | 1,604 |

Components of Per-Share Dividend

| | Current year | | | Prior year | | |
|---------------------------|--------------|---------|----------|-------------|---------|----------|
| | Entire year | Interim | Year-end | Entire year | Interim | Year-end |
| Ordinary Share | Yen | Yen | Yen | Yen | Yen | Yen |
| Ordinary dividend | 50.00 | 0.00 | 50.00 | 60.00 | 0.00 | 60.00 |
| One-time special dividend | 50.00 | 0.00 | 50.00 | 50.00 | 0.00 | 50.00 |
| | • • • • | • • • • | • • • • | 10.00 | • • • • | 10.00 |

SIGNIFICANT ACCOUNTING POLICIES

| | |
|---|---|
| <p>1. Method and basis of valuation of securities</p> | <p>(1) Investments in subsidiaries and an affiliate Investments in subsidiaries and an affiliate are carried at moving average cost.</p> <p>(2) Others</p> <ul style="list-style-type: none"> • Marketable securities with quoted market prices Marketable securities that have quoted market prices are stated at the market value. The difference between acquisition cost and market value is accounted for as net unrealized holding gains on securities in Shareholders' equity. • Other securities Other securities are carried at moving average cost. |
| <p>2. Method and basis of inventory valuation</p> | <p>Inventories are stated at cost determined by the average method.</p> |
| <p>3. Depreciation method of property and equipment</p> | <p>Depreciation is computed primarily using the declining-balance method according to the Japanese Corporate Tax Law. However, buildings acquired after April 1, 1998 are depreciated using the straight-line method according to the Corporate Tax Law.</p> |
| <p>4. Basis of recorded allowances</p> | <p>(1) Allowance for doubtful accounts The allowance for doubtful accounts is provided in an amount sufficient to cover possible losses by estimating individually uncollectible amounts and applying a historical percentage to the remaining accounts.</p> <p>(2) Severance and retirement allowance for employees The liability for the employees' severance and retirement benefits is recorded based on the estimated amounts of benefit obligation and plan assets at the end of the year.</p> <p>(3) Severance and retirement allowance for directors and corporate auditors The liability for the directors' and corporate auditors' severance and retirement benefits is recorded based on the amounts required in accordance with the Company's policy.</p> |
| <p>5. Accounting for lease transactions</p> | <p>Finance leases which do not transfer ownership to lessees are accounted for in the same manner as operating leases.</p> |
| <p>6. Accounting for significant hedge</p> | <p>The Company has employed certain interest swaps to hedge its exposure to movements in the interest rates for its borrowings. As a matter of policy, the Company does not engage in speculative transactions. These swaps have been accounted for using the simplified method permissible.</p> |
| <p>7. Others</p> | <p>Accounting method of consumption taxes</p> <p>Consumption taxes paid and received are recorded as suspense payments and suspense receipts during the year. The net payable resulting from offsetting the two accounts is recorded as consumption tax payable at year-end.</p> |

ADDITIONAL INFORMATION

(Treasury stock)

Treasury stock which was included in Current Assets in previous fiscal year is stated in the bottom of the part of Shareholders' equity due to the amendment of regulation of financial statements.

NOTES TO FINANCIAL STATEMENTS

BALANCE SHEET

| Current year (As of March 31, 2002) | | | | Prior year (As of March 31, 2001) | | |
|--|----------------|-----|--------------------|--|----------------|-------------------|
| • • 1 Significant assets and liabilities denominated in foreign currency are as follows: | | | | • • 1 Significant assets and liabilities denominated in foreign currency are as follows: | | |
| | US\$ (000) | • • | JPN (million) | | US\$ (000) | JPN (million) |
| Cash and deposits | 913 | • • | 121 | Cashand deposits | 3,940 | 488 |
| Accounts receivable | 1,030 | • • | 138 | Accounts receivable | 3,369 | 417 |
| | • • • | • | 26 | | | |
| Investment in subsidiary | 11,782 | • • | 1,464 | Investment in subsidiary | 2,250 | 239 |
| • • 2. • • Number of shares authorized and outstanding | | | | • • 2. • • Number of shares authorized and outstanding | | |
| | Authorized | | 100,000,000 shares | | Authorized | 30,000,000 shares |
| | Outstanding | | 53,411,800 shares | | Outstanding | 25,602,400 shares |
| • • 3. Notes receivable and payable that matured on the balance sheet date (March 31, 2002) were settled on the following business day (April 1, 2002), because the balance sheet date was Sunday and banks were closed. Therefore, the following balances matured on the balance sheet date were included in the balance sheet: | | | | • • 3. Notes receivable and payable that matured on the balance sheet date (March 31, 2001) were settled on the following business day (April 2, 2001), because the balance sheet date was Saturday and banks were closed. Therefore, the following balances matured on the balance sheet date were included in the balance sheet: | | |
| Notes receivable | ¥2,847 million | | | Notes receivable | ¥2,620 million | |
| Notes payable | ¥2,427 million | | | Notes payable | ¥1,861 million | |
| 4. • • Liabilities for guarantees | | | | 4. • • Liabilities for guarantees | | |
| The Company was contingently liable for guarantees of Shuko Denshi's account to Loan payable to the Banks amounting to ¥132 million | | | | The Company was contingently liable for guarantees of Shuko Denshi's account payable to Nippon Conlux in the amount of ¥150 million | | |

(Note) Increase in the number of common shares outstanding during the year due to the following:

- • On June 29, 2001, the Company made a public offering and issued 1,000,000 ordinary shares
- • On November 20, 2002, a 2-for-1 stock split was effected. As a result, the number of shares outstanding increased by 26,653,400 shares.
- 3• • As a result of warranty (Stock option), the numbers of shares outstanding increased by 156,000 shares.

STATEMENT OF INCOME

| Current year From April 1, 2001 to March 31, 2002 | | Prior year From April 1, 2000 to March 31, 2001 | |
|---|-----------------|--|-----------------|
| 1. Summary of selling, general and administrative expenses is as follows; | | 1. Summary of selling, general and administrative expenses is as follows | |
| | Millions of Yen | | Millions of Yen |
| Selling expenses | | Selling expenses | |
| Sales agent fee | 11,746 | Sales agent fee | 7,197 |
| Advertisement | 2,640 | Advertisement | 1,648 |
| Others | 505 | Others | 322 |
| Total | 14,893 | Total | 9,168 |
| Personnel expenses | | Personnel expenses | |
| Allowance for Bonus | 484 | Allowance for Bonus | 339 |
| Retirement allowance for director | 164 | Retirement allowance for director | 190 |
| Retirement allowance for employees | 80 | Retirement allowance for employees | 59 |
| Salary, allowance for employees | 1,765 | Salary, allowance for employees | 1,276 |
| Remuneration for director | 241 | Remuneration for director | 187 |
| Others | 1,167 | Others | 706 |
| Total | 3,904 | Total | 2,759 |
| General expenses | | General expenses | |
| Research & Development | 6,319 | Research & Development | 3,687 |
| Bad debt expense | 256 | Bad debt expense | 144 |
| Allowance of doubtful accounts | 13 | Allowance of doubtful accounts | 1 |
| Rent | 595 | Rent | 345 |
| Commission | 1,491 | Commission | 635 |
| Depreciation | 242 | Depreciation | 137 |
| Others | 2,954 | Others | 1,669 |
| Total | 11,873 | Total | 6,620 |
| 2. Execution of depreciation | | 2. Execution of depreciation | |
| Tangible assets | 1,545 million | Tangible assets | 806 million |
| Intangible assets | 354 million | Intangible assets | 221 million |

LEASE TRANSACTIONS

| Current year •• From •• April •• 1 •• 2001 •• ••••• March 31 •• 2002 •• | | | | Prior year •• From •• April •• 1 •• 2000 •• ••••• March 31 •• 2001 •• | | | |
|---|------------------|--------------------------|------------------------|---|------------------|--------------------------|------------------------|
| •• A summary of finance leases which do not transfer ownership to lessee: | | | | A summary of finance leases which do not transfer ownership to lessee: | | | |
| 1. Acquisition cost, accumulated depreciation, year-end book value of the leased items (Millions of Yen) | | | | 1. Acquisition cost, accumulated depreciation, year-end book value of the leased items (Millions of Yen) | | | |
| | Acquisition cost | Accumulated depreciation | Book value at year-end | | Acquisition cost | Accumulated depreciation | Book value at year-end |
| Tools and furnitures | 7 | 5 | 2 | Tools and furnitures | 7 | 2 | 4 |
| Machinery and equipments | 38 | 17 | 20 | Machinery and equipments | 21 | 9 | 12 |
| Total | 45 | 23 | 23 | Total | 29 | 12 | 16 |
| 2. Outstanding minimum lease payments at year-end (Millions of Yen) | | | | 2. Outstanding minimum lease payments at year-end (Millions of Yen) | | | |
| Within one year • 12 | | | | Within one year • 8 | | | |
| Exceeding one year <u>10</u> | | | | Exceeding one year <u>8</u> | | | |
| Total <u>23</u> | | | | Total <u>16</u> | | | |

DEFERRED TAXES

| Current year From April 1, 2001 to March 31, 2002 | Prior year From April 1, 2000 to March 31, 2001 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|-----------------------|------------------------------|---------|-------------|-----|---|-----|---------------------------|-----|---|-----|----------------------|-------|---------------------------|------|---|------------------------------|--|------------------------------|-----------------------|-------------|---------------------|---|----------------------|---------------------------|--------|---|--------------------------|-------|--------------|---------------------------|-------------|--|----------------------------------|------|-------------------------|---------|--|--------------------------------------|-----------------------|------------------------|-------|---------------|-----|-------------|-----|--------|----|----------------------|-------|--|--|----------------------|--|--|-----|-----------------------|-----|---------------------|-----|----------------------|-----|--------|----|--------------------------|-------|--------------|-------|-------------|--|----------------------------------|------|------------------------|---------|
| <p>1. Significant components of the deferred tax assets are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Deferred tax assets (Current assets)</td> <td style="width: 20%; text-align: right;">Unit: Millions of Yen</td> </tr> <tr> <td>Accrued enterprise tax</td> <td style="text-align: right;">¥ 1,429</td> </tr> <tr> <td>.....</td> <td style="text-align: right;">716</td> </tr> <tr> <td>Accrued bonus</td> <td style="text-align: right;">263</td> </tr> <tr> <td>Doubtful accounts</td> <td style="text-align: right;">113</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">75</td> </tr> <tr> <td style="text-align: right;">Current assets total</td> <td style="text-align: right; border-top: 1px solid black;">2,598</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td colspan="2">(Non current assets)</td> </tr> <tr> <td>Expensed tangible assets to be capitalized for tax purpose</td> <td style="text-align: right;">547</td> </tr> <tr> <td>Investment securities</td> <td style="text-align: right;">139</td> </tr> <tr> <td>Retirement benefits</td> <td style="text-align: right;">444</td> </tr> <tr> <td>Depreciation expense</td> <td style="text-align: right;">174</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">122</td> </tr> <tr> <td style="text-align: right;">Non-current assets total</td> <td style="text-align: right; border-top: 1px solid black;">1,429</td> </tr> <tr> <td style="text-align: right;">Total assets</td> <td style="text-align: right; border-top: 1px solid black;">4,028</td> </tr> <tr> <td colspan="2">(Liability)</td> </tr> <tr> <td>Deferred tax valuation allowance</td> <td style="text-align: right;">(79)</td> </tr> <tr> <td style="text-align: right;">Net deferred tax assets</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">¥ 3,948</td> </tr> </table> | Deferred tax assets (Current assets) | Unit: Millions of Yen | Accrued enterprise tax | ¥ 1,429 | | 716 | Accrued bonus | 263 | Doubtful accounts | 113 | Others | 75 | Current assets total | 2,598 | | | (Non current assets) | | Expensed tangible assets to be capitalized for tax purpose | 547 | Investment securities | 139 | Retirement benefits | 444 | Depreciation expense | 174 | Others | 122 | Non-current assets total | 1,429 | Total assets | 4,028 | (Liability) | | Deferred tax valuation allowance | (79) | Net deferred tax assets | ¥ 3,948 | <p>1. Significant components of the deferred tax assets are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Deferred tax assets (Current assets)</td> <td style="width: 20%; text-align: right;">Unit: Millions of Yen</td> </tr> <tr> <td>Accrued enterprise tax</td> <td style="text-align: right;">¥ 693</td> </tr> <tr> <td>Accrued bonus</td> <td style="text-align: right;">196</td> </tr> <tr> <td>Inventories</td> <td style="text-align: right;">160</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">85</td> </tr> <tr> <td style="text-align: right;">Current assets total</td> <td style="text-align: right; border-top: 1px solid black;">1,135</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td colspan="2">(Non current assets)</td> </tr> <tr> <td>Expensed tangible assets to be capitalized for tax purpose</td> <td style="text-align: right;">593</td> </tr> <tr> <td>Investment securities</td> <td style="text-align: right;">178</td> </tr> <tr> <td>Retirement benefits</td> <td style="text-align: right;">346</td> </tr> <tr> <td>Depreciation expense</td> <td style="text-align: right;">138</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">60</td> </tr> <tr> <td style="text-align: right;">Non-current assets total</td> <td style="text-align: right; border-top: 1px solid black;">1,316</td> </tr> <tr> <td style="text-align: right;">Total assets</td> <td style="text-align: right; border-top: 1px solid black;">2,452</td> </tr> <tr> <td colspan="2">(Liability)</td> </tr> <tr> <td>Deferred tax valuation allowance</td> <td style="text-align: right;">(90)</td> </tr> <tr> <td style="text-align: right;">Netdeferred tax assets</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">¥ 2,361</td> </tr> </table> | Deferred tax assets (Current assets) | Unit: Millions of Yen | Accrued enterprise tax | ¥ 693 | Accrued bonus | 196 | Inventories | 160 | Others | 85 | Current assets total | 1,135 | | | (Non current assets) | | Expensed tangible assets to be capitalized for tax purpose | 593 | Investment securities | 178 | Retirement benefits | 346 | Depreciation expense | 138 | Others | 60 | Non-current assets total | 1,316 | Total assets | 2,452 | (Liability) | | Deferred tax valuation allowance | (90) | Netdeferred tax assets | ¥ 2,361 |
| Deferred tax assets (Current assets) | Unit: Millions of Yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Accrued enterprise tax | ¥ 1,429 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 716 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Accrued bonus | 263 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Doubtful accounts | 113 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Others | 75 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current assets total | 2,598 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (Non current assets) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Expensed tangible assets to be capitalized for tax purpose | 547 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Investment securities | 139 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Retirement benefits | 444 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation expense | 174 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Others | 122 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-current assets total | 1,429 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total assets | 4,028 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (Liability) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Deferred tax valuation allowance | (79) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net deferred tax assets | ¥ 3,948 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Deferred tax assets (Current assets) | Unit: Millions of Yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Accrued enterprise tax | ¥ 693 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Accrued bonus | 196 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Inventories | 160 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Others | 85 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current assets total | 1,135 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (Non current assets) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Expensed tangible assets to be capitalized for tax purpose | 593 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Investment securities | 178 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Retirement benefits | 346 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation expense | 138 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Others | 60 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-current assets total | 1,316 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total assets | 2,452 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (Liability) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Deferred tax valuation allowance | (90) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Netdeferred tax assets | ¥ 2,361 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>2. Significant factors attributing to the differences between the effective statutory tax rate and the tax rate actually imposed</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Effective statutory tax rate</td> <td style="width: 20%; text-align: right;">Unit: %</td> </tr> <tr> <td>Effective statutory tax rate</td> <td style="text-align: right;">42.0</td> </tr> <tr> <td colspan="2">Adjustments</td> </tr> <tr> <td>Permanent differences such as entertainment expense</td> <td style="text-align: right;">0.4</td> </tr> <tr> <td>Inhabitant tax per capita</td> <td style="text-align: right;">0.1</td> </tr> <tr> <td>Tax on undistributed earnings of family corporation</td> <td style="text-align: right;">4.2</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">0.9</td> </tr> <tr> <td style="text-align: right;">Tax rate actually imposed</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">47.6</td> </tr> </table> | Effective statutory tax rate | Unit: % | Effective statutory tax rate | 42.0 | Adjustments | | Permanent differences such as entertainment expense | 0.4 | Inhabitant tax per capita | 0.1 | Tax on undistributed earnings of family corporation | 4.2 | Other | 0.9 | Tax rate actually imposed | 47.6 | <p>2. Significant factors attributing to the differences between the effective statutory tax rate and the tax rate actually imposed</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Effective statutory tax rate</td> <td style="width: 20%; text-align: right;">Unit: %</td> </tr> <tr> <td>Effective statutory tax rate</td> <td style="text-align: right;">42.0</td> </tr> <tr> <td colspan="2">Adjustments</td> </tr> <tr> <td>Permanent differences such as entertainment expense</td> <td style="text-align: right;">0.6</td> </tr> <tr> <td>Inhabitant tax per capita</td> <td style="text-align: right;">0.2</td> </tr> <tr> <td>Tax on undistributed earnings of family corporation</td> <td style="text-align: right;">3.9</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">0.9</td> </tr> <tr> <td style="text-align: right;">Tax rate actually imposed</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">47.6</td> </tr> </table> | Effective statutory tax rate | Unit: % | Effective statutory tax rate | 42.0 | Adjustments | | Permanent differences such as entertainment expense | 0.6 | Inhabitant tax per capita | 0.2 | Tax on undistributed earnings of family corporation | 3.9 | Other | 0.9 | Tax rate actually imposed | 47.6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Effective statutory tax rate | Unit: % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Effective statutory tax rate | 42.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Adjustments | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Permanent differences such as entertainment expense | 0.4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Inhabitant tax per capita | 0.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tax on undistributed earnings of family corporation | 4.2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other | 0.9 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tax rate actually imposed | 47.6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Effective statutory tax rate | Unit: % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Effective statutory tax rate | 42.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Adjustments | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Permanent differences such as entertainment expense | 0.6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Inhabitant tax per capita | 0.2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tax on undistributed earnings of family corporation | 3.9 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other | 0.9 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tax rate actually imposed | 47.6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

PRODUCTION BY PRODUCT LINE

• Unit: Millions of Yen •

| | Current year | Prior year |
|---------------------|---|---|
| | (From April 1, 2001 to March 31, 2002) | (From April 1, 2000 to March 31, 2001) |
| | Amount | Amount |
| Pachislot | 128,111 | 48,110 |
| Pachinko | 13,563 | 17,398 |
| Amusement equipment | 2,526 | 2,492 |
| Total | 144,200 | 68,001 |

(Note) Amounts indicated above are calculated based on sales price and do not include related consumption tax.

• SALES ORDER BACKLOG

• The Company produces Pachislot and Pachinko machines based upon trends of sales order backlog because of short production time. However, as these products have a shorter life cycle with significant shipments required in their initial stage, the initial production is carried out by anticipating initial orders and the quantity of such initial production accounts for majority of total sales quantity. On the other hand, amusement equipment is produced by anticipating orders due to long production time required. For these reasons, the information as to sales order backlog is not considered reflective of the Company's operations and therefore not presented.

SALES BY PRODUCT LINE

• Unit: Millions of Yen •

| | Current year | | Prior year | | Change | |
|--|---|------------|---|------------|--------|----------------------------------|
| | From April 1, 2001 to March 31, 2002 | | From April 1, 2000 to March 31, 2001 | | Amount | Rate of increase/ decrease |
| | Amount | Percentage | Amount | Percentage | | |
| Finished Goods: | | | | | | |
| Pachislot | 121,117 | 85.1 | 46,303 | 68.4 | 74,814 | 161.6 |
| Pachinko | 15,860 | 11.1 | 17,323 | 25.6 | 1,463 | 8.4 |
| Amusement equipment | 1,995 | 1.4 | 2,195 | 3.2 | 199 | 9.1 |
| Home TV game software | 1,673 | 1.2 | 742 | 1.1 | 931 | 125.3 |
| Subtotal | 140,648 | 98.8 | 66,565 | 98.3 | 74,082 | 111.3 |
| Merchandise: | | | | | | |
| Amusement equipment | 231 | 0.2 | 190 | 0.3 | 40 | 21.4 |
| Home TV game software | | | | | | |
| Subtotal | 231 | 0.2 | 190 | 0.3 | 40 | 21.4 |
| Other: | | | | | | |
| Income from amusement facilities | 953 | 0.6 | 498 | 0.7 | 454 | 91.1 |
| Rental income | 561 | 0.4 | 450 | 0.7 | 110 | 24.5 |
| Subtotal | 1,514 | 1.0 | 949 | 1.4 | 564 | 59.5 |
| Total | 142,394 | 100.0 | 67,706 | 100.0 | 74,688 | 110.3 |

• Note: Amounts indicated above do not include the related consumption tax.