

May 10, 2002

Consolidated Financial Summaries for Fiscal Year ended March 2002 (“Kessan Tanshin”)

Name of Company Listed: SK JAPAN CO., LTD.

Code Number:7608

(URL: <http://www.sk-japan.co.jp>)

Stock Exchange (Section) Listed: The Second Section of Osaka Securities Exchange

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Board of Directors Meeting to discuss consolidated financial results for the year: May 10, 2002

Based on the U.S. accounting standards: No

1. Business Performance for the Fiscal Year ended March 2002 (From April 1, 2001 to March 31, 2002)

(1) Business Performance

(Unit: rounded down if less than a Million Yen)

	Sales		Operating Income		Ordinary Income	
	Million Yen	Growth Rate (%)	Million Yen	Growth Rate (%)	Million Yen	Growth Rate (%)
Fiscal Year ended March 2002	6,393	25.6	452	34.1	425	31.1
Fiscal Year ended March 2001	5,090	1.2	337	(26.4)	324	(26.5)

	Net Income		Net Income per Share	Diluted Net Income per Share	ROE	Ordinary Income to Total Capital	Ordinary Income to Sales
	Million Yen	%	Yen	Yen	%	%	%
Fiscal Year ended March 2002	229	40.2	68.13	67.57	13.0	14.7	6.6
Fiscal Year ended March 2001	163	(32.5)	48.66	47.89	10.1	12.3	6.4

(Notes)

1. Equity Method Income

Fiscal Year ended March 2002: None

Fiscal Year ended March 2001: None

2. Average Number of Shares Outstanding during the Period

Fiscal Year ended March 2002: 3,367,133 shares

Fiscal Year ended March 2001: 3,363,448 shares

3. Changes in accounting methods during the period: None

(2) Financial Position

	Total Assets	Shareholders' Equity	Equity to Total Assets Ratio	Equity per Share
	Million Yen	Million Yen	%	Yen
Fiscal Year ended March 2002	3,168	1,859	58.7	543.46
Fiscal Year ended March 2001	2,625	1,663	63.3	494.43

(Notes)

Number of shares issued at the end of the Fiscal Year:

Fiscal Year ended March 2002: 3,421,455 shares

Fiscal Year ended March 2001: 3,363,455 shares

(3) Cash Flows Position

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash flows from Financing Activities	Cash and Cash Equivalents at the Period End
	Million Yen	Million Yen	Million Yen	Million Yen
Fiscal Year ended March 2002	221	(205)	(10)	831
Fiscal Year ended March 2001	52	51	(154)	826

(4) Scope of Consolidation and Application of Equity Method

Consolidated Subsidiaries:1

Unconsolidated Subsidiaries Subject to Equity Method: None

Affiliate Companies Subject to Equity Method: None

(5) Change in Scope of Consolidation and Application of Equity Method

New Consolidated Subsidiaries: None

Excluded Consolidated Subsidiaries: None

New Unconsolidated Subsidiaries Subject to Equity Method:None

Excluded Unconsolidated Subsidiaries Subject to Equity Method: None

2. Forecast for the Fiscal Year ending March 2003 (From April 1, 2002 to March 31, 2003)

	Sales	Ordinary Income	Net Income
	Million Yen	Million Yen	Million Yen
First Half Year	3,290	181	96
Full Year	7,000	458	249

(Reference)

Projected Net Income per Share (Full Year): 56.07 Yen

(Notes)

1. Projected net income per share on a full year basis is calculated from the number of shares

issued at the end of the fiscal year, which is obtained by dividing the shares by 1.3 per share on May 20, 2002. On a non-consolidated basis the shares would be valued at ¥72.89.

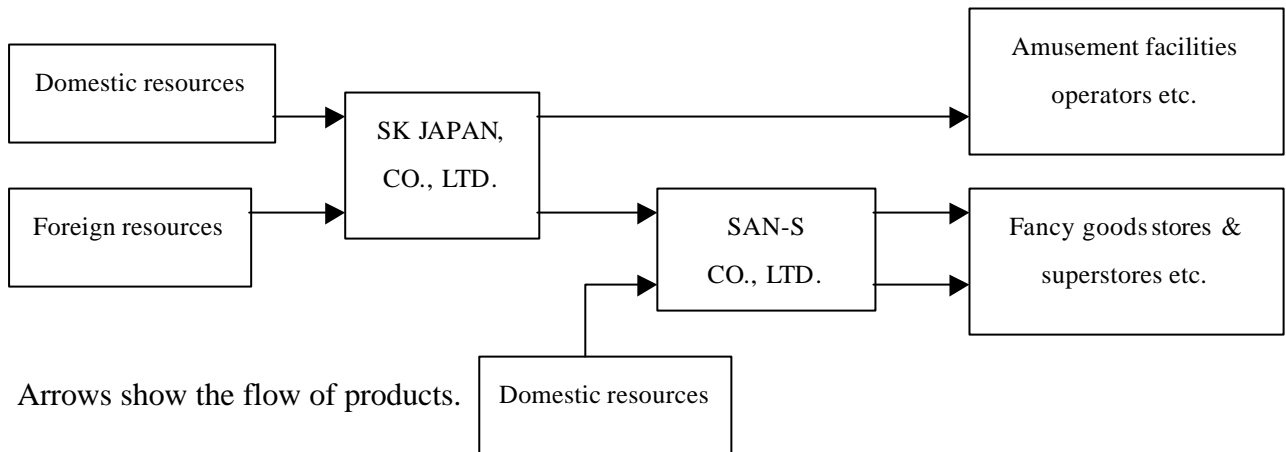
2. Performance is projected from currently available information, and it should be remembered that projected and actual performance can differ. For preconditions and other relevant details concerning the above projection, see the attachment on page 11.

1. Corporate Structure

Our company and our related companies (hereafter our group), consisting of SK JAPAN CO., LTD. and its consolidated subsidiary, SAN-S CO., LTD., plan and sell character goods such as stuffed toys, key chains, miscellaneous sundry goods for the home, and straps for mobile phones.

In the group, SK JAPAN CO., LTD. counts amusement facilities operators as their main clients, while SAN-S CO., LTD. has fancy goods stores and superstores as their main clients.

Our business system is as follows:



2. Management Principles

(1) Basic Management Principles

Our group, whose motto is “to provide character goods which spark dreams to a wide range of people from children to adults,” plans and develops products with healing, comforting and graceful properties. We also aim to contribute to shareholders, customers, employees and society by increasing profits from character goods planning and sales, and to become an excellent specialist company rather than an all-encompassing company.

(2) Basic Profit Sharing Principles

One of our group’s main tasks in management is to return profits to shareholders and improve return on equity.

In principle, profits will be distributed stably and continuously and also retained wherever possible in order to strengthen the management system and develop future business. We plan to actively return profits to shareholders by increasing dividend distribution and dividing shares, in consideration of dividend propensity, according to the degree in which performance grows.

Retained profits will be appropriated to strengthen the management system and price competitiveness and also to rationally invest in planning, development and sales for products essential to earnings growth. We will apply these principles effectively for future earnings development.

(3) Attitudes toward the Reduction of the Investment Unit

At the Directors' meeting on May 10, 2002, we determined to reduce the number of shares for one trading unit from 1,000 to 100 in order to attract more personal investors and heighten the fluidity of stocks. We hope that our relationships with personal investors will deepen as we prepare an environment that enables personal investors to easily become shareholders.

The unit change from 1,000 to 100 shares will take effect on July 1, 2002, when the change will be reflected on trading in the second section of Osaka Securities Exchange.

(4) Management Index

Our main management index is to maintain ROE at more than 10% and the equity to total assets ratio at more than 50%. The long-term maintenance of this performance will heighten the company's enterprise value.

(5) Mid to Long-Term Business Strategies

Our group aims to achieve sales of 10 billion Yen within three years. To this end, we are actively employing and educating efficient staff, and also strengthening our operating ability and product planning with the use of staff specializing in product sales and development.

We need to expand our core sectors of amusement- and business-oriented sales and the SP

business. We also need to make alliances and M&A's with end operators and retailers. In this way, we will create a new business model covering the relationship of manufacturing, wholesaling and retailing in the character industry.

(6) Measures to Improve the Management System and the Corporate Governance

Our group is endeavoring to speed up decision-making and administrative action by minimizing the number of directors. We also aim to maintain effective corporate governance by electing auditors from outside the company and creating a system that readily accepts outside advice.

(7) Key Management Issues

Although dramatic social change is projected to continue, we regard this situation as a good opportunity, and aim at taking action to become a focused company that responds rapidly and flexibly to the times. We also aim to exploit the latest trends, and provide clients with comfortable goods and services by hiring and training dynamic staff and further combining product planning and operating activities. As our group is in urgent need of staff training in the products section, we are on the lookout for young and high-quality staff.

1. Business Performance and Financial Position

(1) Business Performance

(a) Summary for Current Fiscal Year

	Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
Fiscal Year ended March 2002	6,393	452	425	229	68.13
Fiscal Year ended March 2001	5,090	337	324	163	48.66
Growth Rate	25.6	34.1	31.1	40.2	40.0

As personal consumption remains low and deflation continues amidst the long-term depression, corporate culling and M&As are increasing and competition is growing fiercer.

In the character industry in which we are involved, collaboration with other businesses has been underway, and it has become clear that character goods make a major contribution to the sales at apparel shops. More and more new companies are starting up in the character business and the industry boundaries are expanding.

Under these conditions, our group is developing sales activities in close cooperation with operators and retailers nationwide, thanks to the ability of our young staff and their prompt responses to the needs of the clients. Moreover, since Image Life Co., Ltd. conceded part of its operation rights from October 1, 2001, we have reinforced the SP section and established a new network for sales. This has resulted in sales of nearly ¥6,393 million (a 25.6% increase over the previous fiscal year), ordinary income of ¥425 million (a 31.1% increase over the previous fiscal year), and a net income of ¥229 million (a 40.2% increase over the previous fiscal year).

As for dividends, our plan is ¥7, our regular dividend of ¥6 plus ¥1 per share because commemoration of our group having appeared in the second section of the Osaka Securities Exchange.

(b) Business Conditions for Each Section

In the amusement industry sales section, selling teams, rather than selling operators as before, were formed for sales to big franchised operators. As a result, 70% of all sales were made to the top 80 clients, and sales to 70% of these companies rose compared to the previous fiscal year. "INITIAL D" products continuously sold well, with sales figures rising as high as ¥291 million. In the SP section sales rose to ¥105 million, partly as a result of Image Life Co., Ltd. conceding some of its operating rights.

These factors resulted in a rise in sales to ¥5,414 million, a 25.5% increase over the previous fiscal year.

In the sales industry sales section, our main performers—key chains and mobile phone accessories—produced sales of ¥243 million (a 14.9% increase over the previous fiscal year) and

¥376 million (a 2.4% decrease over the previous fiscal year) respectively. Meanwhile miscellaneous goods, which had been prominent since the previous fiscal year, were a major performer with sales reaching ¥347 million (a 102.7% increase over the previous fiscal year). This was achieved thanks to the effort to create sufficient product lines and strengthen the sales. By increasing inventory items for sale to existing clients, miscellaneous goods contributed to a general growth in sales.

It should be added that overall sales increased to ¥979 million (a 26.3% increase over the previous fiscal year), as transactions with chain stores grew further and concessions of receipt of business led to more sales networks.

(2) Financial Position

Summary for Current Fiscal Year

(Unit: Thousand Yen)

	Previous Fiscal Year (From April 1, 2000 to March 31, 2001)	Current Fiscal Year (From April 1, 2001 to March 31, 2002)	Growth
Cash Flows from Operating Activities	52,887	221,095	168,208
Cash Flows from Investing Activities	51,600	(205,291)	(256,891)
Cash Flows from Financing Activities	(154,678)	(10,929)	143,749
Increase in Cash and Cash Equivalents	(50,191)	4,874	55,065
Cash and Cash Equivalents at Beginning of Year	876,869	826,678	(50,191)
Cash and Cash Equivalents at End of Year	826,678	831,552	4,874

Cash and cash equivalents for the current fiscal year, though partly set off by such factors as growth in trade and notes receivable and purchase of tangible fixed assets, increased to ¥831 million at the end of the current fiscal year, a ¥4 million increase over the previous fiscal year. The increase was net income before taxes and other adjustments of ¥424 million (a 39.2% increase over the previous fiscal year) and a decrease in payments of income taxes.

Cash flow positions in the current fiscal year are given below.

Cash Flows from Operating Activities

Income reached ¥221 million (a ¥168 million or 318.1% increase over the previous fiscal year) in the current fiscal year. This was net income before taxes and other adjustment of ¥424 million (a 39.2% increase over the previous fiscal year) and a decrease in payments of income taxes.

Cash Flows from Investing Activities

Outlays reached ¥205 million (a ¥256 million increase over the previous fiscal year) in the current fiscal year. This was mainly due to a payment of ¥107 million for acquisition of tangible fixed assets, a payment of ¥48 million for acquisition of marketable securities and a payment of ¥30 million for purchase of goodwill.

Cash Flows from Financing Activities

Outlays reached ¥10 million (a ¥143 million or 92.9% decrease from the previous fiscal year) in the current fiscal year. This was mainly due to a payment of ¥39 million for dividends offset by a

net increase in loans debts of ¥17 million, and a proceeds from stock issuance of ¥11 million.

(3) Projection for the Next Fiscal Year

(Consolidated)

	Sales	Ordinary Income	Net Income	Net Income per Share
	Million Yen	Million Yen	Million Yen	Yen
Fiscal Year ended March 2003 (Projected Performance)	7,000	458	249	56.07
Fiscal Year ended March 2002 (Actual Performance)	6,393	425	229	68.13
Growth Rate	9.5	7.7	8.7	-

(Non-consolidated)

	Sales	Ordinary Income	Net Income	Net Income per Share
	Million Yen	Million Yen	Million Yen	Yen
Fiscal Year ended March 2003 (Projected Performance)	5,900	458	249	56.12
Fiscal Year ended March 2002 (Actual Performance)	5,523	438	238	70.96
Growth Rate	6.8	7.8	4.5	-

(Notes) Projected Net Income per Share on a full year basis is calculated from the number of shares issued at the end of the fiscal year, after taking account of the division of shares by 1.3 per share on May 20, 2002. Otherwise the calculations would be ¥72.89 (consolidated) and ¥72.95 (non-consolidated).

The lingering economic depression continues to create an unfavorable climate for business with unpredictable, dramatic changes, and although there are indications of a partial recovery in personal consumption, a full recovery cannot be anticipated. The business environment is most likely to remain severe.

Given this economic climate, we will establish two bases in addition to the existing four to boost sales in the amusement sector. One of these bases is a department begun in the previous fiscal year that specializes in product planning and selling for chain stores and manufacturer's accounts, and the other is an SP section, which has now entered its third year. We aim at increasing sales by founding these two bases as the second and third pillars. We also aim to respond promptly to various customer needs through our quick development and selection of products and boost profitability with a wide inventory of original goods.

For sales to the commodities, hard times are expected to continue for our main group of products, particularly mobile phone accessories. Under these adverse conditions, we will try, as before, to strengthen inventory capacity, develop original products, select product line-ups, and enrich miscellaneous goods for higher sales. With these efforts, we will create a reliable new group of products, develop a new network for sales, and enlarge the scale of sales by establishing an operating system that can respond to various future transactions. We also aim to improve operating

efficiency and boost productivity by improving the operating system.

Furthermore, our company will endeavor to raise the enterprise value of the whole group by means of alliances and M&As with relevant influential corporations possessing advanced information and technology.

Accordingly, our projected business performance is for sales of ¥7 billion, ordinary income of ¥458 million, and net income of ¥249 million, all increases.

4. Consolidated Financial Statement

(1) Balance Sheet

(Unit: Thousand Yen)

Period	Previous Fiscal Year ended on March 31,2001		Current Fiscal Year ended on March 31, 2002		Difference
	Amount	%	Amount	%	
Item					Amount
(Assets)					
Current Assets					
1. Cash and Cash Equivalents	776,508		831,552		55,044
2. Trade Notes and Accounts Receivable	764,021		1,091,424		327,402
3. Securities	50,170		-		(50,170)
4. Inventories	126,385		119,067		(7,318)
5. Deferred Tax Assets	11,625		27,135		15,509
6. Other Current Assets	25,668		30,473		4,805
7. Allowances for Doubtful Accounts	(5,287)		(14,847)		(9,560)
<i>Total Current Assets</i>	1,749,093	66.6	2,084,806	65.8	335,713
Fixed Assets					
(1) Tangible Fixed Assets					
1 Buildings and Structures	286,784		284,995		(1,789)
2 Vehicles	6,621		6,745		124
3 Other Tangible Fixed Assets	6,555		7,931		1,376
4 Land	416,835		469,612		52,776
5 Construction in process account	-		30,000		30,000
<i>Total Tangible Fixed Assets</i>	716,796	27.3	799,284	25.2	82,488
(2) Intangible Fixed Assets					
1 Goodwill	-		24,000		24,000
2 Telephone Rights	5,802		5,802		-
<i>Total Intangible Fixed Assets</i>	5,802	0.2	29,802	1.0	24,000

(3) Investments and Other Assets					
1 Investment Securities	9,695		82,650		72,954
2 Claim in Bankruptcy and Reorganization	8,571		19,825		11,253
3 Reserves for Insurance	109,044		122,085		13,040
4 Deferred Tax Assets	18,031		31,409		13,377
5 Other Investments and Assets	17,460		25,151		7,690
6 Allowances for Doubtful Accounts	(8,571)		(26,575)		(18,003)
<i>Total Investments and Other Assets</i>	154,232	5.9	254,546	8.0	100,313
<i>Total Fixed Assets</i>	876,831	33.4	1,083,633	34.2	206,802
<i>Total Assets</i>	2,625,924	100.0	3,168,440	100.0	542,515

(Unit: Thousand Yen)

Period	Previous Fiscal Year ended on March 31, 2001		Current Fiscal Year ended on March 31, 2002		Difference
	Amount	%	Amount	%	
Item	Amount	%	Amount	%	Amount
(Liabilities)					
Current Liabilities					
1. Trade Notes Payable	468,947		595,513		126,565
2. Short-Term Loans Payable	209,676		278,348		68,672
3. Other Accounts Payable	62,435		120,883		58,448
4. Income Taxes Payable	51,212		147,639		96,427
5. Accrued Expenses Payable	19,692		25,674		5,981
6. Accrued Bonuses	27,598		35,706		8,108
7. Other Current Liabilities	8,890		36,593		27,703
<i>Total Current Liabilities</i>	848,452	32.3	1,240,360	39.1	391,907
Long-Term Liabilities					
1. Long-Term Loans Payable	73,930		22,438		(51,492)
2. Liabilities for Retirement Benefits	40,539		46,212		5,672
<i>Total Long-Term Liabilities</i>	114,469	4.4	68,650	2.2	(45,819)
Total Liabilities	962,922	36.7	1,309,010	41.3	346,088
(Shareholders' Equity)					
Common Stocks					
Additional Paid-in Capitals	336,002	12.8	341,852	10.8	5,850
Consolidated Retained Earnings	367,364	14.0	373,214	11.8	5,850
Treasury Stocks	959,719	36.5	1,144,748	36.1	185,029
	(83)	(0.0)	(385)	(0.0)	(301)
Total Shareholders' Equity	1,663,002	63.3	1,859,429	58.7	196,427
Total Liabilities and Shareholders' Equity	2,625,924	100.0	3,168,440	100.0	542,515

(2)Income Statement

(Unit: Thousand Yen)

Period	Previous Fiscal Year (From April 1, 2000 to March 31, 2001)		Current Fiscal Year (From April 1, 2001 to March 31, 2002)		Difference
	Amount	%	Amount	%	
Item	Amount	%	Amount	%	Amount
Sales	5,090,207	100.0	6,393,359	100.0	1,303,152
Cost of Sales	3,604,817	70.8	4,567,043	71.4	962,225
<i>Gross Profit</i>	1,485,389	29.2	1,826,316	28.6	340,926
Selling, General and Administrative Expenses	1,148,188	22.6	1,374,272	21.5	226,084
<i>Operating Income</i>	337,201	6.6	452,043	7.1	114,842
Non-operating Income					
1. Interest Income	925		563		(362)
2. Gain on Cancellation of Insurance	6,474		3,076		(3,398)
3. Other Non-Operating Income	2,624		4,210		1,585
<i>Total Non-Operating Income</i>	10,024	0.2	7,849	0.1	(2,174)
Non-operating Expenses					
1. Interest Payments	7,257		6,188		(1,068)
2. Costs on Listing	-		10,099		10,099
3. Losses on Valuation of Investment Securities	8,293		4,244		(4,048)
4. Foreign Exchange Losses	3,219		3,889		669
5. Other Non-Operating Expenses	4,301		10,395		6,093
<i>Total Non-Operating Expenses</i>	23,071	0.4	34,817	0.6	11,745
<i>Ordinary Income</i>	324,154	6.4	425,075	6.6	100,921
Extraordinary Income					
1. Gains on Cancellation of Insurance	50,308		-		(50,308)
2. Reversal of Allowances for Doubtful Accounts	187		-		(187)

<i>Total Extraordinary Income</i>	50,496	1.0	-	-	(50,496)
Extraordinary Losses					
1. Losses on Sales of Fixed Assets	30,769		114		(30,654)
2. Liabilities for Retirement Benefits	38,523		-		(38,523)
<i>Total Extraordinary Losses</i>	69,292	1.4	114	0.0	(69,178)
<i>Net Income before Taxes and Other Adjustments</i>	305,357	6.0	424,961	6.6	119,603
Current Income Taxes	152,701	3.0	224,458	3.5	71,757
Deferred Income Taxes	(11,002)	(0.2)	(28,887)	(0.5)	(17,885)
<i>Net Income</i>	163,658	3.2	229,390	3.6	65,732

(3) Surplus Statements

(Unit: Thousand Yen)

Period	Previous Fiscal Year (From April 1, 2000 to March 31, 2001)		Current Fiscal Year (From April 1, 2001 to March 31, 2002)		Difference
Item	Amount		Amount		Amount
Consolidated Surplus at Beginning of Year		872,893		959,719	86,825
Decrease in Consolidated Surplus					
1. Dividends	70,632		40,361		
2. Director's Bonuses	6,200	76,832	4,000	44,361	(32,470)
Net Income		163,658		229,390	65,732
Consolidated Surplus at End of Year		959,719		1,144,748	185,029

(4) Cash Flows Statements

(Unit: Thousand Yen)

Period	Previous Fiscal Year (From April 1, 2000 to March 31, 2001)	Current Fiscal Year (From April 1, 2001 to March 31, 2002)	Difference
Item	Amount	Amount	Amount
Cash Flows from Operating Activities			
Net Income before Taxes and Other Adjustments	305,357	424,961	119,603
Depreciation and Amortization	23,531	30,342	6,811
Losses on Valuation of Investment Securities	8,293	4,244	(4,048)
Increase in Accrued Bonuses	2,504	8,108	5,603
Increase in Allowances for Doubtful Accounts (Decrease)	(188)	27,563	27,751
Increase in Liabilities for Retirement Benefits	40,539	5,672	(34,867)
Interest and Dividend Income	(1,005)	(586)	419
Interest Expenses	7,257	6,188	(1,068)
Gains on Cancellation of Insurance Income	(56,782)	(3,076)	53,706
Losses on Sales of Fixed Assets	30,769	114	(30,654)
Increase in Trade and Notes Receivables	(39,661)	(327,402)	(287,740)
Decrease in Inventories (Increase)	(49,464)	7,318	56,783
Increase in Payables	55,367	126,565	71,198
Payments of Director's Bonuses	(6,200)	(4,000)	2,200
Others	(40,601)	48,818	89,419
<i>Subtotal</i>	279,726	354,833	75,117
Receipt of Interest and Dividend Income	1,031	574	(457)
Payments of Interest Payments	(7,094)	(6,279)	815
Payments of Income Tax	(220,766)	(128,031)	92,735
<i>Net Cash Provided by Operating Activities</i>	52,887	221,095	168,208

Cash Flows from Investing Activities			
Purchases of Marketable Securities	(12,375)	(48,432)	(36,057)
Proceeds from Sales of Marketable Securities	2,290	2,550	260
Payments of Reserves for Insurance	(21,039)	(15,972)	5,067
Proceeds from Cancellation of Insurance	122,353	6,008	(116,345)
Purchases of Fixed Assets	(79,721)	(107,035)	(27,314)
Proceeds from Sales of Fixed Assets	49,192	90	(49,102)
Purchases of Goodwill	-	(30,000)	(30,000)
Payments of Loans Receivable	(11,000)	(12,500)	(1,500)
Proceeds from Collections on Loans Receivable	11,000	-	(11,000)
Others	(9,100)	-	9,100
<i>Net Cash Provided by (used in) Investing Activities</i>	51,600	(205,291)	(256,891)
Cash Flows from Financing Activities			
Increase in Short-Term Loans Debts	290,000	350,000	60,000
Repayments of Short-Term Loans Payable	(344,168)	(273,336)	70,832
Increase in Long-Term Loans Debts	40,000	-	(40,000)
Repayments of Long-Term Loans Payable	(70,068)	(59,484)	10,584
Proceeds from Stock Issuance	-	11,700	11,700
(Net) Purchases of Treasury Stocks	190	(192)	(382)
Payments of Dividends	(70,632)	(39,617)	31,015
<i>Net Cash Provided by (used in) Financing Activities</i>	(154,678)	(10,929)	143,749
Increase in Cash and Cash Equivalents	(50,191)	4,874	55,065
Cash and Cash Equivalents at Beginning of Year	876,869	826,678	(50,191)
Cash and Cash Equivalents at End of Year	826,678	831,552	4,874

(5) Significant Items in Preparing Financial Statements

1. Scope of Consolidation

SAN-S CO., LTD. is the only consolidated subsidiary

2. Subject to Equity Method

We founded a new affiliate company, Image Co., Ltd., during the current fiscal year, but the influence on net loss and net surplus is too slight and generally too insignificant for the company to be subject to equity method.

3. Accounting Year of Consolidated Subsidiary

The closing date of the subsidiary accords with that of the consolidated group.

4. Accounting standards

(1) Valuation Basis and Valuation Methodology of Significant Assets

A) Securities

Marketable Securities

Market value method based on market prices at the closing date. (Positive and negative differences in valuation are included in capital accounts and current term losses respectively; cost of sales is calculated on the moving average method.)

Non-Marketable Securities

Calculated on the moving average method.

B) Derivatives

Calculated on the market value method

C) Inventories

Calculated on the periodic average method (monthly).

(2) Depreciation of Significant Depreciable Assets

A) Tangible Fixed Assets

Fixed percentage on declining balance method. However, to buildings (except attached equipment) obtained from April 1, 1998, fixed installment method is applied.

Useful life for major items is as follows:

Buildings and Structures: 13 to 50 years

Vehicles: 2 to 6 years

Others: 2 to 10 years

B) Intangible Fixed Assets

Goodwill

Depreciated on straight-line basis for a maximum of five years according to the commercial law.

(3) Recognition Standards for Significant Reserves

A) Allowances for Doubtful Accounts

In order to properly reserve for loss from uncollectible accounts, reserves are set up by the following method:

- a. for regular receivables, based on actual default ratio experienced
- b. for doubtful accounts, based on estimated uncollectible amount, considering credit risk of each account

B) Accrued Bonuses

Accrued bonuses are set up on anticipated bonus payment to employees.

C) Liabilities for Retirement Benefits

In order to properly reserve for retirement benefits, reserves are set up at the value considered due at the end of current fiscal year based on projected benefits obligation and pension assets.

(4) Accounting Treatment for Significant Lease Transactions

Except leases where ownership transfers to leases, financing lease transactions are booked according to the regular accounting treatment for ordinary rent/borrow transactions.

(5) Accounting Method of Significant Hedges

A) Hedge Accounting

Based on deferred hedge accounting. Hedges with exchange risks are treated as designation accounting, where eligible.

B) Means and Objects of Hedging

Means of Hedging: Exchange reservation

Objects of Hedging: Anticipated foreign currency transactions for product imports

C) Policy on Hedging

Our purpose when hedging is to avoid future exchange fluctuation risks.

D) Valuation of efficiency

Based on comparisons of accumulated market fluctuations in means and objects of hedging.

(6) Other Significant Items in Preparing Financial Statements

Accounting Treatment for Consumption Tax

Revenue is recorded excluding collected consumption tax.

5. Asset and Liability Valuations of Consolidated Subsidiary

Asset and liability valuations of the consolidated subsidiary are based on the whole market value method.

6. Treatment of Profit Appropriation and Other Items

The surplus statement is made for profit appropriation of the consolidated company, based on the appropriation determined during the fiscal year.

7. Definition of Cash in Cash Flows Statements

Definition of cash (cash and cash equivalents) in the cash flows statement is cash on hand and liquid investments such as time deposits with maturity not exceeding a year with easy convertibility to cash and with little risk of change in valuation.

Notes

(Balance Sheet Related)

1. Accumulated Depreciation

	Previous Fiscal year	Current Fiscal year
Tangible Fixed Assets	124,564 Thousand Yen	147,677 Thousand Yen

2. Hypothecated Assets and Corresponding Liabilities

Hypothecated Assets

	Previous Fiscal year	Current Fiscal year
Buildings	228,126 Thousand Yen	217,019 Thousand Yen
Land	379,760 Thousand Yen	379,760 Thousand Yen
<i>Total</i>	<i>607,886 Thousand Yen</i>	<i>596,779 Thousand Yen</i>

Corresponding Liabilities

	Previous Fiscal year	Current Fiscal year
Short-Term Loans	136,800 Thousand Yen	170,136 Thousand Yen
Long-Term Loans		
to be repaid within 1 Year	59,484 Thousand Yen	51,492 Thousand Yen
Long-Term Loans	73,930 Thousand Yen	22,438 Thousand Yen
Discounted Notes	18,350 Thousand Yen	-
<i>Total</i>	<i>288,564 Thousand Yen</i>	<i>244,066 Thousand Yen</i>

3. Balance Sheet Item Concerning Affiliate Companies

	Previous Fiscal year	Current Fiscal year
Investment Securities	-	0 Thousand Yen

4. Accounting Treatment of Notes with Maturity at end of Fiscal Year

Notes with maturity at the end of the fiscal year are settled on the day of clearance. Please note that since the last day of the fiscal year fell on a holiday of financial institutions, the following notes with maturity at the end of the fiscal year are included in the balance at the end of the fiscal year.

	Previous Fiscal year	Current Fiscal year
Notes Receivable	14,768 Thousand Yen	46,773 Thousand Yen

5. Accounting Treatment of Consumption Taxes

Accrued consumption taxes are included in "Other Current Liabilities."

6. Discounted Notes

	Previous Fiscal year	Current Fiscal year
Discounted Notes	28,350 Thousand Yen	-

(Income Statement Related)

Significant Items of Selling, General and Administrative Expenses

	Previous Fiscal year	Current Fiscal year
Packing and Transport Expenses	173,240 Thousand Yen	216,127 Thousand Yen
Reversal Allowances for		
Doubtful Accounts	-	28,228 Thousand Yen
Salaries	339,538 Thousand Yen	421,140 Thousand Yen
Accrued Bonuses	27,598 Thousand Yen	35,706 Thousand Yen
Welfare Expenses	106,553 Thousand Yen	112,249 Thousand Yen
Depreciation Expenses	23,531 Thousand Yen	30,342 Thousand Yen

(Cash Flows Statement Related)

Breakdown of Cash Balance and Cash Equivalents

	Previous Fiscal year	Current Fiscal year
Cash and Deposit Accounts	776,508 Thousand Yen	831,552 Thousand Yen
Securities Accounts (MMF etc.)	50,170 Thousand Yen	-
Cash and Cash Equivalents	826,678 Thousand Yen	831,552 Thousand Yen

(Lease Transactions Related)

Finance Leases other than those of Ownership Transfers to Lessee

1. Acquisition Amount, Accumulated Depreciation and Fiscal Year End Balance Equivalent of the Lease Property

	Previous Fiscal year	Current Fiscal year
Tangible Fixed Assets etc.		
Acquisition Price Equivalents	143,700 Thousand Yen	142,578 Thousand Yen
Accumulated Depreciation Equivalents	85,988 Thousand Yen	108,614 Thousand Yen
Fiscal Year End Balance Equivalents	57,712 Thousand Yen	33,963 Thousand Yen

(Notes) Acquisition price equivalents are calculated by including interest, considering the relatively low rate of lease payment equivalents at the end of the fiscal year in tangible fixed assets equivalents at the end of the fiscal year.

2. Lease Payment Balance Equivalents at End of Fiscal Year

	Previous Fiscal year	Current Fiscal year
Less than a year	23,748 Thousand Yen	14,887 Thousand Yen
More than a year	33,963 Thousand Yen	19,076 Thousand Yen
<i>Total</i>	57,712 Thousand Yen	33,963 Thousand Yen

(Notes) Lease payment balance equivalents at the end of the fiscal year are calculated by including interest, considering the relatively low rate of lease payment equivalents at the end of the fiscal year in tangible fixed assets equivalents at the end of the fiscal year.

3. Lease Payments and Depreciation Expenses Equivalents

	Previous Fiscal year	Current Fiscal year
Lease Payments Equivalents		
	26,768 Thousand Yen	23,748 Thousand Yen
Depreciation Expenses Equivalent		
	26,768 Thousand Yen	23,748 Thousand Yen

4. Depreciation equivalent calculation method

We use the straight-line method with the lease period as depreciable life and a residual value of zero.

(Securities Related)

Securities

Previous Fiscal year (As of March 31, 2001)

1. Securities for Trading

Not applicable

2. Bonds with Market Price for Holding until Maturity

Not applicable

3. Other Securities with Market Price

(Unit: Thousand Yen)

Type	Current Value	Amount Listed on the Current Balance Sheet	Difference
Securities with market value exceeding amount initially listed on balance sheet			
(1) Stocks	-	-	-
(2) Bonds			
(Local) Government Bonds	-	-	-
Corporate Bonds	-	-	-
Other Bonds	-	-	-
(3) Others	-	-	-
<i>Subtotal</i>	-	-	-
Securities with market value not exceeding amount initially listed on balance sheet			
(1) Stocks	-	-	-
(2) Bonds			
(Local) Government Bonds	-	-	-
Corporate Bonds	-	-	-
Other Bonds	-	-	-
(3) Others	17,978	9,685	(8,293)
<i>Subtotal</i>	17,978	9,685	(8,293)
<i>Total</i>	17,978	9,685	(8,293)

4. Other Securities Sold during Previous Fiscal year (From April 1, 2000 to March 31, 2001)

(Unit: Thousand Yen)

<u>Sales Value</u>	<u>Total Profit on Sale</u>	<u>Total Losses on Sale</u>
2,290	224	-

5. Significant Securities without Market Price (As of March 31, 2001)

(Unit: Thousand Yen)

<u>Other Securities</u>	<u>Amount Listed on the Balance Sheet</u>
Money Management Fund	20,043 Thousand Yen
Medium-Term Government Bond Fund	30,127 Thousand Yen

6. Other Securities with Maturity and Anticipated Redemption Price of Bonds for Holding until Maturity

Not applicable

Current Fiscal year (As of March 31, 2002)

1. Securities for Trading
Not applicable
2. Bonds with Market Price for Holding until Maturity
Not applicable
3. Other Securities with Market Price

(Unit: Thousand Yen)

Type	Current Value	Amount Listed on the Current Balance Sheet	Difference
Securities with market value exceeding amount initially listed on balance sheet			
(1) Stocks	-	-	-
(2) Bonds	-	-	-
(Local) Government Bonds	-	-	-
Corporate Bonds	-	-	-
Other Bonds	-	-	-
(3) Others	-	-	-
<i>Subtotal</i>	-	-	-
Securities with market value not exceeding amount initially listed on balance sheet			
(1) Stocks	-	-	-
(2) Bonds	-	-	-
(Local) Government Bonds	-	-	-
Corporate Bonds	-	-	-
Other Bonds	-	-	-
(3) Others	9,805	8,560	(1,244)
<i>Subtotal</i>	9,805	8,560	(1,244)
<i>Total</i>	9,805	8,560	(1,244)

4. Other Securities Sold during Current Fiscal year (From April 1, 2001 to March 31, 2002)
(Unit: Thousand Yen)

Sales Value	Total Profit on Sale	Total Losses on Sale
2,550	600	-

5. Significant Securities without Market Price (As of March 31, 2002)

(Unit: Thousand Yen)

Other Securities	Amount Listed on the Balance Sheet
Unlisted Stocks	74,090 Thousand Yen

6. Other Securities with Maturity and Anticipated Redemption Price of Bonds for Holding until Maturity
Not applicable

(Derivatives related)

Previous Fiscal year (From April 1, 2000 to March 31, 2001)

Not applicable, since our group utilized no derivatives transaction.

Current Fiscal Year (From April 1, 2001 to March 31, 2002)

1. Transaction Details

(1) Contents and Purpose of Derivative Transaction

Our group understands the general risks of exchange market fluctuations. Exchange reservation transaction is made for the purpose of hedging exchange risks mainly involving accounts payable to a limited degree as predetermined.

(2) Policy on Transaction

We limit transaction of exchange reservations within the range covered by accounts payable subject to market risks. In principle transaction is not made for speculation.

(3) Risks of Transaction

Transactions of exchange reservations, though subject to risks arising from market fluctuation in exchange, set off market risks of accounts payable shown in the balance sheet, with the result that general market risks are extenuated.

All contractors with whom derivative transactions are made are highly credible domestic banks. We judge from this that there will be virtually no credit risk due to non-fulfillment of contracts.

(4) Management System for Risks of Transaction

Our management section takes care of exchange reservation transactions, accepting given decisions and observing the internal rules about authority and limit of transaction.

2. Details of Market Value in Transaction

All derivative transactions are subject to hedge accounting.

(Retirement Allowance Related)

1. General Description of Retirement Allowances Arrangement Instituted

The company adopted the approved retirement annuity system wholly for retirement plan as of October 1, 1998.

2. Projected Benefits Obligation

	Previous Fiscal year (As of March 31, 2001)	(Unit: Thousand Yen) Current Fiscal year (As of March 31, 2002)
1. Projected Benefits Obligation	(59,509)	(73,693)
2. Pension Asset	18,969	27,481
3. Liabilities for Retirement Benefits (1. + 2.)	(40,539)	(46,212)

(Notes) Our group has adopted a simplified method for calculation of projected benefits obligation

3. Retirement Allowance Expenses

	Previous Fiscal year (April 1, 2000 to March 31, 2001)	(Unit: Thousand Yen) Current Fiscal year (April 1, 2000 to March 31, 2002)
1. Employment Expenses	11,963	17,686
2. Actual Losses on Pension Assets	105	229
3. Difference Caused by Change of Accounting Standards	38,523	-
4. Retirement Allowance Expenses (1. + 2. + 3.)	50,593	17,916

4. Calculation Method of Projected Benefits Obligation

For the previous fiscal year, the difference caused by changes in accounting standards was calculated for the year as a whole.

(Deferred Tax Related)

1. Breakdown of Deferred Tax Assets

	(Unit: Thousand Yen)
	Current Fiscal year
	(As of March 31, 2002)
Deferred Tax Assets (Current)	
Allowances for Doubtful Accounts	3,514
Accrued Bonuses	8,249
Accrued Enterprise Tax	12,614
Losses on Valuation of Products	2,141
Others	616
<i>Total deferred tax assets</i>	<u>27,135</u>
Deferred Tax Assets (Fixed)	
Allowances for Doubtful Accounts	6,608
Liabilities for Retirement Benefits	19,409
Losses on Valuation of Investment Securities	5,265
Amounts of Losses Carried Forward	2,908
Others	125
<i>Subtotal of Deferred Tax Assets</i>	<u>34,317</u>
Valuation Reserves	(2,908)
<i>Total deferred tax assets</i>	<u>31,409</u>

2. Breakdown of Items Generating Difference in Effective Tax Rates after Tax Effect Accounting from Legal Effective Tax Rates

	Previous Fiscal year
	(As of March 31, 2002)
Legal Effective Tax Rate	42.0%
(Adjustments)	
Tax on Reserves	2.1%
Non-Deductible Expenses	1.0%
Others	0.9%
Effective Corporate Tax Rate after Tax Effect Accounting	46.0%

(Segmental Information)

1. Segmental Information for Each Business

For both the previous and current fiscal years, segmental information for each business is not required for disclosure, since our company group has no other business than planning and selling of such fancy goods as stuffed toys, key chains, mobile phone accessories and toys.

2. Segmental Information for Each Local Subsidiary

For both the previous and current fiscal years, segmental information for each local subsidiary is not required for disclosure, since our company group has no consolidated subsidiaries or branches abroad.

3. Foreign Sales

For both the previous and current fiscal years, we have no business record in foreign trade.

(Transaction with Related Parties)

The company purchased fixed assets of ¥12,467,000 from Satoshi Kubo, Managing Director in our company, who holds a 50.8% share in direct voting rights.

(Notes) 1. The transaction amount shown above does not include consumption tax, etc.

2. Director Satoshi Kubo is an important personal shareholder of the company.

3. The transaction amount is decided in reference to market price.

5. Production, Sales Order and Sales

(1) Production

Since our company does not have our own production base or production process, disclosure of productivity is difficult.

(2) Order Received

Not applicable

(3) Sales Performance

Sales for Each Business

(Unit: Thousand Yen, %)

			Previous Fiscal year (From April 1, 2000 to March 31, 2001)		Current Fiscal year (From April 1, 2001 to March 31, 2002)	
			Sales	%	Sales	%
Amusement Facilities	Operators	Manufacturers	507,002	10.0	588,153	9.2
		Superstores	278,800	5.5	364,794	5.7
		Shopping Centers	435,830	8.6	604,366	9.5
		Arcade Stores	2,647,398	52.0	3,149,341	49.2
		Amusement Parks	91,595	1.8	104,821	1.6
	Distributors		307,998	6.0	497,345	7.8
	SP Section		46,057	0.9	105,245	1.7
<i>Subtotal</i>			4,314,686	84.8	5,414,068	84.7
Fancy Stores	Wholesalers		89,026	1.7	129,219	2.0
	Retail Shops		686,493	13.5	850,071	13.3
<i>Subtotal</i>			775,520	15.2	979,290	15.3
<i>Total</i>			5,090,207	100.0	6,393,359	100.0

(Notes)

1. Manufacturers are enterprises that manufacture amusement apparatuses.
2. Superstores are amusement sections in major superstores such as supermarkets.
3. Shopping centers are enterprises that develop stores as tenants in superstores and shopping centers.
4. Distributors are those corporations or persons not operating amusement facilities that specialize in selling amusement apparatuses and giveaways to them.

5. The SP section, representing Sales Promotion section, treats planning and selling of premium goods.
6. Consumption taxes are excluded from the amounts described above.

Sales for Each Product

(Unit: Thousand Yen, %)

	Previous Fiscal year (From April 1, 2000 to March 31, 2001)		Current Fiscal year (From April 1, 2001 to March 31, 2002)	
	Sales	%	Sales	%
Company's Original Products	106,914	2.1	113,633	1.8
Character Goods	1,169,473	23.0	1,212,775	19.0
Purchased Goods	3,813,817	74.9	5,066,950	79.2
<i>Total</i>	5,090,207	100.0	6,393,359	100.0

(Notes) Consumption taxes are excluded from the amounts described above.

This financial report is solely a translation of summary of Japanese "Kessan Tanshin (including attachments),"
which has been prepared in accordance with accounting principles and practices generally accepted in Japan,
for the convenience of readers who prefer English Translation.