



November 12, 2002

Consolidated Interim Financial Results For the Year Ending March 2003

Company name: SK JAPAN CO., LTD.
 Stock code: 7608
 Stock Exchange listing: The Second Section of Osaka Securities Exchange
 Address: Osaka Prefecture
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 Board meeting for approval: November 12, 2002
 Accounting Principle: Japanese GAPP

1. Interim Financial Results (April 1, 2002 – September 30, 2002)

(1) Results of Operations

(Unit: rounded down to million yen)

	Sales		Operating income		Ordinary income	
	Million yen	YoY change (%)	Million yen	YoY change (%)	Million yen	YoY change (%)
Interim ended Sep. 2002	3,532	28.2	178	14.1	163	10.2
Interim ended Sep. 2001	2,756	13.7	156	(1.0)	147	(3.7)
Fiscal Year ended March 2002	6,393		452		425	

	Net income		Net income per share	Diluted net income per share
	Million yen	%	Yen	Yen
Interim ended Sep. 2002	93	17.0	21.14	20.76
Interim ended Sep. 2001	80	9.3	23.88	23.51
Year ended March 2002	229		68.13	67.57

(Notes)

1. Equity in earnings of unconsolidated subsidiaries

Interim ended September 2002:	None
Interim ended September 2001:	None
Year ended March 2002:	None
2. Average number of shares outstanding (Consolidated)

Interim ended September 2002:	4,447,206 shares
Interim ended September 2001:	3,363,455 shares
Year ended March 2002:	3,367,133 shares
3. The company split stock on a 1:1.3 ratio on May 20, 2002.
4. Changes in accounting principles applied: None
5. Each "YoY change" represents relevant change in percentage compared to the same period of the previous year.

(2) Financial Position

	Total assets	Shareholders' equity	Equity to total assets ratio	Equity per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2002	2,957	1,921	65.0	431.34
As of Sep. 30, 2001	2,873	1,719	59.8	511.09
As of March 31, 2002	3,168	1,859	58.7	543.46

(Notes)

1. Number of shares issued at the end of fiscal periods (Consolidated basis):

As of September 30, 2002:	4,453,841 shares
As of September 30, 2001:	3,363,455 shares
As of March 31, 2002:	3,421,455 shares

2. The company split on a 1:1.3 ratio on May 20, 2002.

(3) Cash Flow 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
Interim ended Sep. 2002	(43)	(56)	(101)	630
Interim ended Sep. 2001	113	(14)	(68)	857
Year ended March 2002	221	(205)	(10)	831

(4) Scope of consolidation and affiliates under equity method application

Consolidated Subsidiaries:	1
Non-consolidated subsidiaries under equity method application:	None
Affiliates under equity method application:	None

(5) Change in scope of consolidation and affiliates under equity method application

Consolidated subsidiaries:	
Newly added:	None
Excluded:	None
Affiliates under equity method application	
Newly added:	None
Excluded:	None

2. Forecast for the Fiscal Year Ending March 2003 (April 1, 2002 – March 31, 2003)

	Sales	Ordinary income	Net income
	Million yen	Million yen	Million yen
Full Year	7,000	458	249

Reference: Estimated net income per common share for the full year: ¥56.00

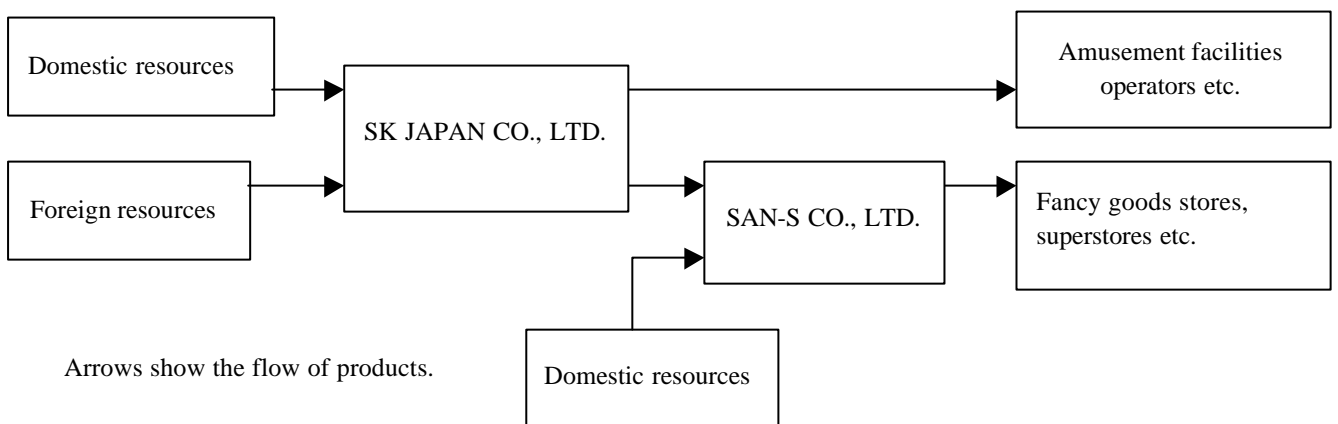
Notes: The financial forecast is the judgment of this company based on information that can be acquired at the present time. Actual performance may differ in places from these predictions. The above-mentioned forecast is based on the assumptions and other relevant factors discussed in the Outlook section on page 8.

1. Corporate Structure

Our company and our related companies (hereafter referred to as “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 mobile phone accessories, and also run specialist stores for prize giving machines.

In the group, SK JAPAN CO., LTD. counts amusement facilities operators as its main clients, while SAN-S CO., LTD. has fancy goods stores and superstores as its 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, with the aim of expanding business. We make it our basic management principle to keep pace with current fashions and provide all people with amusement through our creativity and determination. We also aim to increase profits from character goods sales, and to earn the favorable support of all stakeholders—shareholders, customers, employees, and society as a whole.

With these basic principles in mind, we will endeavor to maximize enterprise value and construct a new business model while retaining within the group all the knowledge and techniques ranging from planning through production to sales in the character business.

(2) Basic profit sharing principles

Our group’s main task in management is to return profits to shareholders. Our basic policy of profit sharing is to return profits that are obtained through successful sales while improving ROE. For this interim period as for the last, we plan to set the dividend of ¥6 per share.

Retained profits will be effectively appropriated for constructing new business models and further improving the management system.

(3) 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 and further improvement of this performance will heighten the company's enterprise value.

(4) Mid to long-term business strategies

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

We need to promote the synergy effect by expanding our core sectors of amusement sales and business-oriented sales and the SP business while maintaining interaction with other sectors. We also need to create alliances and M&As with companies relevant to the character business in the hope of maximizing enterprise value.

(5) 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. In order to maintain effective corporate governance, we elected an auditor from outside the company at our 13th period regular meeting held on June 21, 2002, thus preparing the creation of a system that readily accepts outside advice.

(6) Key management issues

We recognize that the speed at which hit characters can be brought to market is a most important factor in the character industry having a direct effect on profits. Our group's system enables orders and inventories of products to be checked at any time, but this alone will not be enough to constantly produce best-selling goods. In order to continuously expand profits, we need to keep four following tasks in mind: (1) to employ and train dynamic staff who can grasp fashion trends; (2) to further strengthen operating activities based on close contact with end operators; (3) to swiftly give feedback on customer needs to product and planning; and (4) to reduce any loss by judging early which goods are unsaleable.

3. Business Performance and Financial Position

(1) Business performance

(a) Summary for current interim period

	Sales	Operating income	Ordinary income	Net income	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Interim ended Sep. 2002	3,532	178	163	93	21.14
Interim ended Sep. 2001	2,756	156	147	80	23.88
YoY change (%)	28.2	14.1	10.2	17.0	-

It is said that the character industry today, faced with depression for lack of hit characters as well as with stagnant consumption, is trying to find its way out. But another movement is starting now to attempt to brand characters for durability instead of offering them as temporary fashion.

Under these conditions, our group endeavored to reflect customer needs in product planning and to base its appeal on originality with unique goods. But at the same time we quickly promoted the purchase and sale of popular goods developed by our competitors, which contributed to enlarging our share of market. All this has resulted in sales of nearly ¥3,532 million (a 28.2% increase from the previous interim period), ordinary income of ¥163 million (a 10.2% increase), and a net income of ¥93 million (a 17.0% increase).

(b) Business conditions for each section

Amusement industry sales section

We endeavored to actively plan such character goods as “Initial D” “Hamtaro” “SANRIO” and “Doraemon” and also improve our inventories and sales. This has boosted sales of original goods by 28.2% from the previous interim period, contributing to the general sales growth. In addition, as a consequence of encouraging original goods planning, we have seen an increase of over 20% from the previous period in sales to superstores or shopping malls, which require advance-notice propositions, and to many arcade operators. This has also contributed to the general sales growth.

In the SP section, we actively developed new clients. As a result, we acquired about a hundred new clients, and sales grew mainly to advertisement agencies but also to bag manufacturers, franchised restaurants, and confectionary makers. This greatly increased sales to ¥62 million (an 83.5% increase from the previous period).

All the above resulted in sales of ¥2,970 million (a 27.4% increase from the previous period).

Goods industry sales section

Our main performer—mobile phone accessories—remained stagnant, amounting to ¥157 million (down 12.6% from the previous period). On the other hand, miscellaneous sundry goods (including stuffed toys and home goods) and key chains saw a big growth of sales, gaining ¥232 million (a 76.5% increase from the previous period) and ¥165 million (a 53.0% increase from the previous period) respectively. This resulted from the active exploitation of as yet untouched character goods and from improvement of inventories and sales.

Efforts to develop new customers led to a rise in the number of specialist and wholesaling clients, while more and more existing franchise and superstores joined as new clients. These factors resulted in a large sales increase of ¥561 million (a 32.6% rise from the previous period).

(2) Financial position

Summary for current interim period

	Interim ended Sep. 2001	Interim ended Sep. 2002	YoY change (%)
	Thousand yen	Thousand yen	Thousand yen
Cash flows from operating activities	113,462	(43,354)	(156,817)
Cash flows from investing activities	(14,856)	(56,013)	(41,156)
Cash flows from financing activities	(68,007)	(101,737)	(33,729)
Increase in cash and cash equivalents	30,597	(201,105)	(231,703)
Cash and cash equivalents at beginning of period	826,678	831,552	4,874
Cash and cash equivalents at end of period	857,276	630,447	(226,828)

Cash and cash equivalents for the current interim period decreased to ¥630 million (a ¥201 million fall from the previous period) at the end of the period. This is because in spite of the increased income before income taxes of ¥172 million (a 16.9% increase from the previous period), there was an increase in income taxes paid, payments for purchases of securities and tangible fixed assets.

Cash flow positions in the current interim period are given below.

Cash flows from operating activities

Operating activities used in ¥43 million (an increase of ¥156 million from the previous period). To be sure, income before income taxes was favorable at ¥172 million (a 16.9% increase from the previous period), and there was a decrease in the accounts receivable by ¥193 million. However, there was an increased payment of ¥147 million for income taxes arising from the income growth of the last period, and a decrease in accounts payable of ¥46 million.

Cash flows from investing activities

Investing activities used in ¥56 million (a 277.0% increase from the previous fiscal year). This was mainly due to payments of ¥30 million and ¥23 million for purchase of securities and of tangible fixed assets respectively, the latter was accompanied by new construction of dormitories in Tokyo and a makeover of the Tokyo branch.

Cash flows from financing activities

Financing activities used in ¥101 million (a 49.6% increase from the previous period). This was mainly due to a net decrease in borrowings of ¥77 million and a payment for dividends of ¥23 million.

(3) Outlook

(Consolidated)

	Sales	Ordinary income	Net income	Net income per share
	Million yen	Million yen	Million yen	Yen
Fiscal Year ending March 2003 (Projected Performance)	7,000	458	249	56.00
Fiscal Year ended March 2002 (Actual Performance)	6,393	425	229	68.13
YoY change (%)	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 ending March 2003 (Projected Performance)	5,900	458	249	56.04
Fiscal Year ended March 2002 (Actual Performance)	5,523	438	238	70.96
YoY change (%)	6.8	4.4	4.5	-

It is thought that core-targeted minor characters or revived characters will occupy the majority of the goods sold in the character industry, and that fewer big hits will turn up.

Given this negative climate, our group will continue its efforts to take on and train staff and to carry out client-based operating activities so as to respond quickly to rapidly changing customer needs. We will also actively advance alliances and M&As in the hope of maximizing enterprise value.

Accordingly, our consolidated projected performance is for sales of ¥7,000 million (a 9.5% increase from the previous period), ordinary income of ¥458 million (a 7.7% increase), and net income of ¥249 million (an 8.7% increase).

4. Interim Consolidated Financial Statement

(1) Balance Sheets

(Unit: thousand yen)

Items	As of September 30, 2001		As of September 30, 2002		As of March 31, 2002	
	Amount	%	Amount	%	Amount	%
(Assets)						
Current assets						
1. Cash and deposits	807,053		630,447		831,552	
2. Trade notes and accounts receivable	870,215		898,139		1,091,424	
3. Securities	50,222		-		-	
4. Inventories	221,313		245,420		119,067	
5. Deferred tax assets	16,846		31,911		27,135	
6. Other current assets	32,405		69,281		30,473	
Allowances for doubtful accounts	(8,288)		(8,103)		(14,847)	
Total current assets	1,989,768	69.2	1,867,096	63.1	2,084,806	65.8
Fixed assets						
1. Tangible fixed assets						
(1) Buildings	279,011		324,111		284,995	
(2) Land	416,835		469,612		469,612	
(3) Other tangible fixed assets	14,724		14,171		44,677	
Total tangible fixed assets	710,571		807,895		799,284	
2. Intangible fixed assets						
Goodwill	-		21,000		24,000	
Telephone rights	5,802		5,802		5,802	
Total intangible fixed assets	5,802		26,802		29,802	
3. Investments and other assets						
(1) Investment securities	10,512		80,515		82,650	
(2) Claims in bankruptcy and reorganization	10,569		15,343		19,825	
(3) Reserves for insurance	116,114		127,203		122,085	
(4) Deferred tax assets	22,681		29,284		31,409	
(5) Other investments and assets	17,851		25,519		25,151	
Allowances for doubtful accounts	(10,569)		(22,093)		(26,575)	
Total investments and other assets	167,160		255,772		254,546	
Total fixed assets	883,534	30.8	1,090,470	36.9	1,083,633	34.2
Total assets	2,873,302	100.0	2,957,567	100.0	3,168,440	100.0

(Unit: thousand yen)

Items	As of September 30, 2001		As of September 30, 2002		As of March 31, 2002	
	Amount	%	Amount	%	Amount	%
(Liabilities)						
Current liabilities						
1. Trade accounts payable	665,616		549,454		595,513	
2. Short-term borrowings	190,306		208,512		278,348	
3. Other accounts payable	58,540		57,385		120,883	
4. Accrued income taxes	77,060		81,555		147,639	
5. Accrued bonuses	36,587		43,034		35,706	
6. Other current liabilities	42,152		35,897		62,267	
Total current liabilities	1,070,263	37.3	975,839	33.0	1,240,360	39.1
Long-term liabilities						
1. Long-term borrowings	44,904		14,732		22,438	
2. Liabilities for retirement benefits	39,113		45,874		46,212	
Total long-term liabilities	84,017	2.9	60,606	2.0	68,650	2.2
Total liabilities	1,154,280	40.2	1,036,445	35.0	1,309,010	41.3
(Shareholders' equity)						
Common stock	336,002	11.7	-	-	341,852	10.8
Additional paid-in capital	367,364	12.7	-	-	373,214	11.8
Consolidated retained earnings	1,015,848	35.4	-	-	1,144,748	36.1
Treasury stocks	(192)	(0.0)	-	-	(385)	(0.0)
Total shareholders' equity	1,719,021	59.8	-	-	1,859,429	58.7
Common stock	-	-	342,603	11.6	-	-
Capital surplus	-	-	373,964	12.7	-	-
Retained surplus	-	-	1,206,890	40.8	-	-
Treasury stocks	-	-	(2,337)	(0.1)	-	-
Total shareholders' equity	-	-	1,921,121	65.0	-	-
Total liabilities and shareholders' equity	2,873,302	100.0	2,957,567	100.0	3,168,440	100.0

(2) Income Statements

(Unit: thousand yen)

Period	April 1, 2001 to September 30, 2001		April 1, 2002 to September 30, 2002		April 1, 2001 to March 31, 2002	
	Amount	%	Amount	%	Amount	%
Items						
Sales	2,756,722	100.0	3,532,857	100.0	6,393,359	100.0
Cost of sales	1,969,845	71.5	2,608,768	73.8	4,567,043	71.4
Gross profit	786,877	28.5	924,089	26.2	1,826,316	28.6
Selling, general and administrative expenses						
1. Packing and carriage expenses	96,361		128,633		216,127	
2. Salaries	178,206		210,624		421,140	
3. Provision for accrued bonuses	36,587		43,034		35,706	
4. Welfare expenses	59,873		70,686		112,249	
5. Provision for liabilities for retirement benefits	4,150		6,226		17,916	
6. Other expenses	255,564	630,744	286,699	745,903	571,130	1,374,272
Operating income	156,133	5.7	178,185	5.1	452,043	7.1
Non-operating income						
1. Interest income	277		95		563	
2. Gains on cancellation of insurance	517		2,095		3,076	
3. Foreign exchange gains	783		1,527		-	
4. Other non-operating income	1,777	3,305	586	4,305	4,210	7,849
Non-operating expenses						
1. Interest payments	2,933		3,156		6,188	
2. Losses on valuation of investment securities	2,192		2,330		4,244	
3. Other non-operating expenses	6,374	11,500	13,914	19,402	24,383	34,817
Ordinary income	147,937	5.4	163,089	4.6	425,075	6.6
Extraordinary income						
1. Reversal of allowances for doubtful accounts	-	-	10,164	10,164	-	-
Extraordinary losses						
1. Losses on sales of fixed assets	45	45	345	345	114	114
Income before income taxes	147,892	5.4	172,908	4.9	424,961	6.6
Current income taxes	77,453		81,566		224,458	
Deferred income taxes	(9,870)	67,582	(2,650)	78,916	(28,887)	195,571
Net income	80,309	2.9	93,992	2.7	229,390	3.6

(3) Retained Surplus Statements

(Unit: thousand yen)

Items	April 1, 2001 to September 30, 2001		April 1, 2002 to September 30, 2002		April 1, 2001 to March 31, 2002	
	Amount		Amount		Amount	
Consolidated retained surplus at beginning of period		959,719		-		959,719
Decrease in consolidated retained surplus						
1. Dividends	20,180		-		40,361	
2. Director's bonuses	4,000	24,180	-	-	4,000	44,361
Net income		80,309		-		229,390
Consolidated surplus at end of period		1,015,848		-		1,144,748
Capital surplus						
Capital surplus at beginning of period						
1. Additional paid-in capital at beginning of period	-	-	373,214	373,214	-	-
Increase in capital surplus						
1. New stocks issued for capital increase	-	-	750	750	-	-
Capital surplus at end of period		-		373,964		-
Retained surplus						
Retained surplus at beginning of period						
1. Consolidated retained surplus at beginning of period	-	-	1,144,748	1,144,748	-	-
Increase in retained surplus						
1. Net income	-	-	93,992	93,992	-	-
Decrease in retained surplus						
1. Dividends	-	-	23,950		-	-
2. Director's bonuses	-	-	7,900	31,850	-	-
Retained surplus at end of period				1,206,890		-

(4) Cash Flows Statements

(Unit: thousand yen)

Period	April 1, 2001 to September 30, 2001	April 1, 2002 to September 30, 2002	April 1, 2001 to March 31, 2002
Items	Amount	Amount	Amount
Cash flows from operating activities			
Income before income taxes	147,892	172,908	424,961
Depreciation and amortization	11,674	15,122	30,342
Losses on valuation of investment securities	2,192	2,330	4,244
Increase in accrued bonuses	8,988	7,327	8,108
Increase (decrease) in allowances for doubtful accounts	4,998	(11,225)	27,563
Increase (decrease) in liabilities for retirement benefits	(1,426)	(338)	5,672
Interest and dividend income	(227)	(123)	(586)
Interest expenses	2,933	3,156	6,188
Gains on cancellation of insurance income	(517)	(2,095)	(3,076)
Losses on sales of tangible fixed assets	45	345	114
Decrease (increase) in accounts receivable	(106,193)	193,285	(327,402)
Decrease (increase) in inventories	(94,927)	(126,353)	7,318
Increase (decrease) in trade accounts payable	196,668	(46,059)	126,565
Payments of director's bonuses	(4,000)	(7,900)	(4,000)
Others	371	(93,124)	48,818
Subtotal	167,729	107,257	354,833
Interest and dividend received	229	36	574
Interest paid	(2,890)	(2,996)	(6,279)
Income taxes paid	(51,605)	(147,651)	(128,031)
Net cash provided by operating activities	113,462	(43,354)	221,095
Cash flows from investing activities			
Purchases of securities	(3,359)	(30,912)	(48,432)
Proceeds from sales of securities	550	-	2,550
Payments for reserves for insurance	(7,984)	(9,130)	(15,972)
Proceeds from cancellation of insurance	1,431	6,107	6,008
Purchases of tangible fixed assets	(5,515)	(23,866)	(107,035)
Proceeds from sales of tangible fixed assets	20	2,788	90
Payments for acquisition of goodwill	-	-	(30,000)
Payments for loans receivable	-	(2,500)	(12,500)
Proceeds from collections on loans receivable	-	1,500	-
Net cash provided by investing activities	(14,856)	(56,013)	(205,291)
Cash flows from financing activities			
Increase in short-term borrowings	90,000	210,000	350,000
Decrease in short-term borrowings	(108,654)	(258,516)	(273,336)
Decrease in long-term borrowings	(29,742)	(29,026)	(59,484)
Proceeds from stocks issued	-	1,501	11,700
Net purchases of treasury stocks	-	(1,952)	(192)
Payments for dividends	(19,611)	(23,744)	(39,617)
Net cash provided by financing activities	(68,007)	(101,737)	(10,929)
Increase (decrease) in cash and cash equivalents	30,597	(201,105)	4,874
Cash and cash equivalents at beginning of period	826,678	831,552	826,678
Cash and cash equivalents at end of period	857,276	630,447	831,552

(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 have an affiliate company, Image Co., Ltd., but the influence on net income and retained surplus is generally too insignificant for the company to be subject to equity method.

3. Interim closing date of consolidated subsidiary

The interim 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 interim 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

Tangible fixed assets

Depreciation of tangible fixed assets is calculated by the declining balance method. However, straight line method is applied to buildings (except attached equipment) obtained from April 1, 1998.

Useful life for major items is as follows:

Buildings and structures:	13 to 50 years
Vehicles:	3 to 6 years
Others:	2 to 10 years

(3) Recognition standards for significant reserves

A) Allowances for doubtful accounts

To prepare for credit losses on receivables, allowances equal to the estimated amount of uncollectible receivables is provided for general receivables based on the historical write-off ratio, and bad receivables based on a case-by-case determination of collectibility.

B) Accrued bonuses

To provide for employee bonus obligation, an amount accrued is designated in the reserve account.

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 interim period 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 taxes

Revenue is recorded excluding collected consumption taxes.

5. The scope of cash and cash equivalents in cash flows statements

For the purpose of cash flows statement, cash and cash equivalents consist of vault cash, deposits that can be drawn on demand, and short-term investments with original maturities of one year or less, that are readily convertible to known amounts of cash and present insignificant risk of change in value.

Additional Information

Effective the current interim period, the Company has adopted the new accounting standards for treasury stock and reduction of legal reserves (Financial Accounting Standard No. 1, Accounting Standard for Treasury Stock and Reduction of Legal Reserves, Business Accounting Deliberation Council).

The effect of this change on profit/loss is insignificant.

Notice that the reformed regulations of interim consolidated financial statements are applied to shareholders' equity in the balance sheet and to retained surplus statements.

Notes to Financial Statements

Balance Sheet Related

The prices given are rounded down if less than a thousand yen.

1. Accumulated depreciation of tangible fixed assets

	(Unit: thousand yen)		
	As of September 30, 2001	As of September 30, 2002	As of March 31, 2002
Tangible fixed assets	135,923	155,242	147,677

2. Hypothecated assets and corresponding debts

Hypothecated assets		(Unit: thousand yen)		
	As of September 30, 2001	As of September 30, 2002	As of March 31, 2002	
Buildings	220,797	213,762	217,019	
Land	379,760	379,760	379,760	
<i>Total</i>	600,557	593,522	596,779	

Corresponding liabilities		(Unit: thousand yen)		
	As of September 30, 2001	As of September 30, 2002	As of March 31, 2002	
Short-term borrowings	126,536	178,340	170,136	
Long-term borrowings (including long-term borrowings to be repaid within 1 year)	103,672	44,904	73,930	
Discounted notes	28,102	-	-	
<i>Total</i>	258,310	223,244	244,066	

3. Discounted notes receivable

	(Unit: thousand yen)		
	As of September 30, 2001	As of September 30, 2002	As of March 31, 2002
Discount notes receivable	36,614	-	-

4. Accounting treatment of notes with maturity at end of period

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

	(Unit: thousand yen)		
	As of September 30, 2001	As of September 30, 2002	As of March 31, 2002
Trade notes receivable	13,128	-	46,773

Cash Flows Statement Related

Reconciliation of “cash and cash equivalents of cash flows statements” and “cash and deposits of balance sheets” for the period is made as follows.

(Unit: thousand yen)

	As of September 30, 2001	As of September 30, 2002	As of March 31, 2002
Cash and deposits	807,053	630,447	831,552
Securities (MMF etc.)	50,222	-	-
Cash and cash equivalents	857,276	630,447	831,552

Lease Transaction Related

Finance leases transactions not involving the transfer of title to lessee

1. Acquisition cost equivalents, accumulated depreciation and period-end balance equivalents of the lease property

(Unit: thousand yen)

Other tangible fixed assets	Interim ended Sep. 2001	Interim ended Sep. 2002	Year ended March 2002
Acquisition cost equivalents	142,578	80,781	142,578
Accumulated depreciation equivalents	(99,124)	(54,435)	(108,614)
Period-end balance equivalents	43,454	26,345	33,963

(Notes) The acquisition cost equivalents are calculated based on the simple-interest method since the period-end balance of outstanding lease commitments represents only a minor portion of property, plant and equipment on the balance sheet date.

2. Outstanding lease commitments and the interim period-end balance equivalents

(Unit: thousand yen)

	Interim ended Sep. 2001	Interim ended Sep. 2002	Year ended March 2002
Less than a year	17,108	14,366	14,887
More than a year	26,345	11,979	19,076
<i>Total</i>	43,454	26,345	33,963

(Notes) The period-end balance equivalents are calculated based on the simple-interest method since the period-end balance of outstanding lease commitments represents only a minor portion of tangible fixed assets on the balance sheet date.

3. Lease payments and depreciation equivalents

(Unit: thousand yen)

	Interim ended Sep. 2001	Interim ended Sep. 2002	Year ended March 2002
Lease payments	14,257	7,618	23,748
Depreciation equivalent	14,257	7,618	23,748

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

Previous interim period (As of September 30, 2001)

1. Bonds with market price for holding until maturity

Not applicable.

2. Other securities with market price

(Unit: thousand yen)

	Acquisition cost	As of September 30, 2001	Difference
(1) Stocks	-	-	-
(2) Bonds			
(Local) Government Bonds	-	-	-
Corporate Bonds	-	-	-
Other Bonds	-	-	-
(3) Others	9,695	7,502	(2,192)
<i>Total</i>	9,695	7,502	(2,192)

3. Significant securities without market price (excluding 1. above)

(Unit: thousand yen)

	As of September 30, 2001	Remarks
(1) Other Securities		
Money Management Fund	30,117	
Medium-Term Government Bond Fund	20,105	

Current interim period (As of September 30, 2002)

1. Bonds with market price for holding until maturity

Not applicable.

2. Other securities with market price

(Unit: thousand yen)

	Acquisition cost	As of September 30, 2002	Difference
(1) Stocks	-	-	-
(2) Bonds			
(Local) Government Bonds	-	-	-
Corporate Bonds	-	-	-
Other Bonds	-	-	-
(3) Others	10,000	6,425	(3,575)
<i>Total</i>	10,000	6,425	(3,575)

3. Significant securities without market price

(Unit: thousand yen)

	As of September 30, 2002	Remarks
Other Securities		
Unlisted Stocks	74,090	

Previous 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	Acquisition cost	As of March 31, 2002	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 previous fiscal year

(Unit: thousand yen)

Sales amount	Aggregate gains	Aggregate losses
2,550	600	-

5. Significant securities without market price

(Unit: thousand yen)

	As of March 31, 2002	Remarks
Other Securities		
Unlisted Stocks	74,090	

6. Other securities with maturity and anticipated redemption price of bonds for holding until maturity
Not applicable.

Derivatives Related

Previous interim period (April 1, 2001 to September 30, 2001)

All derivative transactions are subject to hedge accounting.

Current interim period (April 1, 2002 to September 30, 2002)

All derivative transactions are subject to hedge accounting.

Previous fiscal year (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 limits of transaction.

2. Details of market value in transaction

All derivative transactions are subject to hedge accounting.

Segment Information

1. Operating segment information

Operating segment information 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. Geographical segment information

Geographical segment information is not required for disclosure, since our company group has no consolidated subsidiaries or branches abroad.

3. Overseas sales

Overseas sales is not required for disclosure, since our company group has no overseas sales.

5. Production, Order Received and Sales

(1) Production

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

(2) Order received

Not applicable

(3) Sales

1. Sales for each business

(Unit: thousand yen, %)

			April 1, 2001 to September 30, 2001		April 1, 2002 to September 30, 2002		April 1, 2001 to March 31, 2002	
			Amount	%	Amount	%	Amount	%
Amusement facilities	Operators	Manufacturers	232,308	8.4	207,764	5.9	588,153	9.2
		Superstores	143,124	5.2	197,256	5.6	364,794	5.7
		Shopping malls	261,770	9.5	317,188	9.0	604,366	9.5
		Arcade stores	1,405,243	51.0	1,943,692	55.0	3,149,341	49.2
		Amusement parks	63,010	2.3	49,673	1.4	104,821	1.6
	Distributors	193,306	7.0	192,835	5.4	497,345	7.8	
	SP section	34,079	1.2	62,542	1.8	105,245	1.7	
<i>Subtotal</i>			2,332,843	84.6	2,970,953	84.1	5,414,068	84.7
Fancy stores	Wholesalers	55,371	2.0	86,119	2.4	129,219	2.0	
	Retail shops	368,508	13.4	475,785	13.5	850,071	13.3	
	<i>Subtotal</i>	423,879	15.4	561,904	15.9	979,290	15.3	
<i>Total</i>			2,756,722	100.0	3,532,857	100.0	6,393,359	100.0

(Notes)

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

2. Sales for each product

(Unit: thousand yen, %)

	April 1, 2001 to September 30, 2001		April 1, 2002 to September 30, 2002		April 1, 2001 to March 31, 2002	
	Amount	%	Amount	%	Amount	%
Company's original products	57,811	2.1	72,509	2.0	113,633	1.8
Character goods	579,144	21.0	766,405	21.7	1,212,775	19.0
Purchased goods	2,119,767	76.9	2,693,942	76.3	5,066,950	79.2
<i>Total</i>	2,756,722	100.0	3,532,857	100.0	6,393,359	100.0

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

Reference data

Retroactive adjustments of indicators per share

Below are given indicators per share, which have been subject to retroactive adjustments taking account of dilutions arising from the stock split-ups that have so far been made. The figures as of September 30, 2002 are regarded as the standard, i.e. 100.

(Unit: yen)

	Year Ending March 2003	Year Ended March 2002	
	Interim	Interim	Full Year
Net income per share	21.14	18.37	52.40
Dividend per share	6.00	4.62	10.00
Shareholders' equity per share	431.34	393.14	418.05

(Notes) Each stock was split on a 1:1.3 ratio in the interim period ended September 2002.

The split came into effect on May 20, 2002.

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.