

FLASH REPORT
NON-CONSOLIDATED FINANCIAL STATEMENTS
Year Ended March 31, 2002

Name of the Company : Sammy Corporation
Code number : 6426
(URL <http://ir.sammy.co.jp>)
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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 50.00	Yen 0.00	Yen 50.00	Millions of Yen 2,670	% 11.4	% 4.7
Fiscal year 2001	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	Percentage	Amount	Percentage	Amount
(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 1	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		2089
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 1	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	Percentage	Amount	Percentage	Amount
(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 (From April 1 , 2001 to March 31 , 2002)		Prior year (From April 1 , 2000 to March 31 , 2001)		Change
	Amount	Percentage	Amount	Percentage	Amount
	Net sales	142,394	100.0	67,706	100.0
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 . 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.</p> <p>. Other securities Other securities are carried at moving average cost.</p>
<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	3	Investment in subsidiary	2,250	239
Investment in subsidiary	11,782	-	1,464			
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:

- 1 . On June 29, 2001, the Company made a public offering and issued 1,000,000 ordinary shares
- 2 . 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 to March 31, 2002)				Prior year (From April 1, 2000 to 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)
1 . Significant components of the deferred tax assets are as follows:	1 .Significant components of the deferred tax assets are as follows:
(Unit : Millions of Yen)	(Unit : Millions of Yen)
Deferred tax assets (Current assets)	Deferred tax assets (Current assets)
Accrued enterprise tax	Accrued enterprise tax
¥ 1,429	¥ 693
Inventories	Accrued bonus
716	196
Accrued bonus	Inventories
263	160
	Others
	85
Doubtful accounts	Current assets total
113	1,135
Others	
75	
Current assets total	
2,598	
(Non current assets)	(Non current assets)
Expensed tangible assets to be capitalized for tax purpose	Expensed tangible assets to be capitalized for tax purpose
547	593
Investment securities	Investment securities
139	178
Retirement benefits	Retirement benefits
444	346
Depreciation expense	Depreciation expense
174	138
Others	Others
122	60
Non-current assets total	Non-current assets total
1,429	1,316
Total assets	Total assets
4,028	2,452
(Liability)	(Liability)
Deferred tax valuation allowance	Deferred tax valuation allowance
(79)	(90)
Net deferred tax assets	Netdeferred tax assets
¥ 3,948	¥ 2,361
2 . Significant factors attributing to the differences between the effective statutory tax rate and the tax rate actually imposed	2 . Significant factors attributing to the differences between the effective statutory tax rate and the tax rate actually imposed
(Unit : %)	(Unit : %)
Effective statutory tax rate	Effective statutory tax rate
42.0	42.0
(Adjustments)	(Adjustments)
Permanent differences such as	Permanent differences such as
entertainment expense	entertainment expense
0.4	0.6
Inhabitant tax per capita	Inhabitant tax per capita
0.1	0.2
Tax on undistributed earnings	Tax on undistributed earnings
of family corporation	of family corporation
4.2	3.9
Other	Other
0.9	0.9
Tax rate actually imposed	Tax rate actually imposed
47.6	47.6

PRODUCTION BY PRODUCT LINE

(Unit : Millions of Yen)

	Current year (From April 1, 2001 to March 31, 2002)	Prior year (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 (From April 1, 2001 to March 31, 2002)		Prior year (From April 1, 2000 to March 31, 2001)		Change	
	Amount	Percentage	Amount	Percentage	Amount	Rate of increase/ decrease
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.