

November 20, 2002

## Consolidated Financial Report for the six months ended September 30, 2002

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### 1. Consolidated Operating Performance for six months ended September 30, 2002

This consolidated financial report has been prepared in accordance with Japanese accounting standards and Japanese law. Figures have been rounded off to eliminate amounts less than one million yen

#### (1) Results of consolidated operations

| Six-months period ended |               | (Millions of yen) |                  |                   |                 |                   |
|-------------------------|---------------|-------------------|------------------|-------------------|-----------------|-------------------|
|                         | Net sales     | Percentage change | Operating income | Percentage change | Ordinary income | Percentage change |
| <b>Sept. 30 2002</b>    | <b>73,406</b> | <b>6.3</b>        | <b>3,255</b>     | <b>63.8</b>       | <b>2,720</b>    | <b>88.7</b>       |
| Sept. 30 2001           | 69,043        | 8.5               | 1,987            | -                 | 1,441           | -                 |
| FYE                     |               |                   |                  |                   |                 |                   |
| Mar. 31 2002            | 152,136       |                   | 6,133            |                   | 4,664           |                   |

| Six-months period ended |              | (Millions of yen) |                               |                                       |
|-------------------------|--------------|-------------------|-------------------------------|---------------------------------------|
|                         | Net income   | Percentage change | Net income per share (in yen) | Diluted net income per share (in yen) |
| <b>Sept. 30 2002</b>    | <b>1,291</b> | <b>4.6</b>        | <b>23.45</b>                  | <b>22.85</b>                          |
| Sept. 30 2001           | 1,234        | -                 | 22.42                         | 21.62                                 |
| FYE                     |              |                   |                               |                                       |
| Mar. 31 2002            | 2,035        |                   | 36.95                         | 35.97                                 |

Notes:

1. Equity in earnings of affiliates

|   |              |
|---|--------------|
| Six-months period ended September 30, 2002: | ¥ 13 million |
| Six-months period ended September 30, 2001: | ¥(14)million |
| Fiscal year ended March 31, 2002:           | ¥(11)million |

2. Average number of shares outstanding (in shares)

|   |            |
|---|------------|
| Six-months period ended September 30, 2002: | 55,087,544 |
| Six-months period ended September 30, 2001: | 55,083,342 |
| Fiscal year ended March 31, 2002:           | 55,085,303 |

3. Changes in accounting policies applied: Yes

4. Percentages shown for net sales, operating income, ordinary income and net income are the rate of increase or decrease from the previous fiscal year.

**(2) Consolidated financial position**

| Six-months period ended | (Millions of yen) |                            |                  |   |
|-------------------------|-------------------|----------------------------|------------------|---|
|                         | Total assets      | Total shareholders' equity | Equity ratio (%) | Shareholders' equity per share (in yen) |
| <b>Sept. 30 2002</b>    | <b>139,773</b>    | <b>94,686</b>              | <b>67.7</b>      | <b>1,718.84</b>                         |
| Sept. 30 2001           | 135,951           | 93,258                     | 68.6             | 1,692.92                                |
| FYE Mar. 31 2002        | 144,139           | 96,133                     | 66.7             | 1,745.10                                |

Notes:

Number of shares outstanding at year-end (in shares)

|   |            |
|---|------------|
| Six-months period ended September 30, 2002: | 55,087,492 |
| Six-months period ended September 30, 2001: | 55,087,591 |
| Fiscal year ended March 31, 2002:           | 55,087,591 |

**(3) Consolidated statements of cash flows**

| Six-months period ended | (Millions of yen)    |                      |                      |                           |
|-------------------------|----------------------|----------------------|----------------------|---------------------------|
|                         | Operating activities | Investing activities | Financing activities | Cash and cash equivalents |
| <b>Sept. 30 2002</b>    | <b>5,553</b>         | <b>969</b>           | <b>(1,437)</b>       | <b>29,723</b>             |
| Sept. 30 2001           | 1,952                | (3,948)              | (543)                | 18,016                    |
| FYE Mar. 31 2002        | 15,368               | (11,009)             | (141)                | 25,239                    |

**(4) Application of consolidation and equity method**

|   |    |
|---|----|
| Number of consolidated subsidiaries:                                  | 24 |
| Number of non-consolidated subsidiaries and applied to equity method: | 1  |
| Number of affiliates applied to equity method:                        | 1  |

**(5) Changes in scope of consolidation or application of the equity method**

|               |          |   |          |   |
|---------------|----------|---|----------|---|
| Consolidation | Increase | 0 | Decrease | 2 |
| Equity method | Increase | 0 | Decrease | 0 |

**2. Forecast of Consolidated Operating Performance for the Fiscal Year ending March 31, 2003**

(Millions of yen)

|                  | Net sales | Ordinary income | Net income |
|------------------|-----------|-----------------|------------|
| FYE Mar. 31 2003 | 158,800   | 7,700           | 4,400      |

(Reference)

The forecast of "Net income per share" (in yen, from April 1, 2002 to March 31, 2003): 79.87

Note:

The forecast of results of operations made in this document involves risk and uncertainties since the forecast is based on management's assumptions and beliefs in light of the information currently available to it.

## **Business Results and Financial Position**

### 1. Review of First Half of FYE Mar. 2003 (April 1, 2002 – September 30, 2002)

#### General Business Outlook

In the first half of FYE Mar. 2003, the struggling Japanese economy remained depressed, despite expectations for renewed domestic demand that arose from the excitement and optimism surrounding the 2002 FIFA World Cup Korea/Japan. The Japanese economy was unable to right itself amid the worsening financial problems of the many companies and banks that have been severely hurt by plunges in the global stock markets. Meanwhile, the booming pace of Japanese exports during the first six months of 2002 slackened, and capital investment and consumer consumption continued to be weak.

The amusement industry, however, has seen flickering signs of recovery as ongoing consolidations and shutdowns of unprofitable amusement arcades began to pay off in improved efficiency of operations. But the amusement facilities business must brace itself for a period of slow growth, as this mature industry segment grapples with market saturation. The home video game software market, on the other hand, sustained its strong sales performance, driven by brisk summer sales of popular game software. While home video game software prices were being reduced in Japan and overseas, some encouraging developments for future market growth were announced in rapid succession: Sony plans to raise its factory shipment levels of PlayStation 2; Nintendo is accelerating its sales efforts for the GameCube series and has begun collaborative relationships with Namco and other software companies; and Microsoft has positioned Xbox as a strategic, interactive online game, fueling optimism about future online game services. These developments are stimulating the game market and are expected to

produce new business opportunities, which may lead to the introduction of innovative products that will nurture further consumer needs.

Under these conditions, consolidated sales for Namco Ltd. recorded modest growth during the first half of FYE Mar. 2003, totaling ¥73,406 million, a 6-percent increase (¥4,362 million) from the same period last year. Ordinary income on a consolidated basis jumped 89 percent to ¥2,720 million, an increase of ¥1,279 million from a year earlier, while operating income rose ¥1,267 million, or 64 percent, to ¥3,255 million. Consolidated net income climbed 5 percent to ¥1,291 million, an increase of roughly ¥57 million.

The Namco group bolstered its profitability and efficiency under its new management structure, comprising the Corporate Strategic Planning Office, Corporate Office, five independent business divisions (CT Company, WMC Company, P-7 Company, AM Company, and ET Company), and the Incubation Center. Each company has autonomously pursued the maximization of profits, while benefiting from the rigorous implementation of three major group-wide policies: effective distribution of management resources to promising future growth business areas such as home video game software, the Web and mobile content business, and *pachinko* and *pachislot* pinball machines related business; improved profitability for our flagship business of coin-operated game machines and amusement facility operations; and investment in promising new business areas, to support the group's long-term growth.

The Namco group companies were also integrated into the new management structure, reporting directly to the parent company's corresponding divisions, and their results were consolidated in the group's financial statements. Under the strong guidance of the parent company, the group companies

have adopted a number of measures to clearly define their management responsibilities and improve their contribution to consolidated results.

[Coin-Operated Game Machines]

- Sales: ¥8,460 million (▲ ¥629 million, ▲ 7%)
- Operating Income: ¥904 million (▲ ¥290 million, ▲ 24%)

«AM (Amusement) Company»

- Stronger-than-expected sales of *Taiko no Tatsujin 3*, a game in which a drum is struck in time with favorite musical tunes, and *Sweet Land 4*, a prize-grabbing game machine, contributed greatly to overall domestic sales in this market segment. Sales also grew steadily for a new version of a car-racing game, *Wangan Midnight R*, which was introduced in Japan last April.
- Overseas sales of arcade game machines, in both the European and U.S. markets, grew in accordance with original projections.

«P-7 (Pachinko) Company»

- Sales of image-processing software products for *pachinko* and *pachislot* pinball machines suffered during the six-month period under review, as *pachinko* and *pachislot* game parlors voluntarily refrained from replacing their machines with new machines during the FIFA World Cup soccer games. (By law, the replacement of old machines requires the presence of police. As World Cup security placed huge demands on the police force, game parlor operators voluntarily put off their scheduled replacement during this period.) *Pachinko* software shipments that had been scheduled for this period were postponed to the second half of FYE Mar. 2003. As a result, sales in the *pachinko* and *pachislot* segment during the period under review came primarily from royalty revenues for software used in *CR Fever Casino Girl*

*pachinko* machines. Lower-than-projected sales were attributable to the fact that the introduction of *pachislot* software for *Dig-Dug* machines, originally planned for this period, was pushed back to the second half of this fiscal year.

- Sales efforts were strengthened during this period for System P6, a newly developed two-dimensional image board for *pachinko* that is designed to interface with diversified products for lower-priced *pachinko* machines. Design proposals for *pachinko* machine boards were also aggressively presented to hardware manufacturers.

#### [Home Video Game Software]

- Sales: ¥15,901 million (+ ¥5,086 million, + 47%)
- Operating Income: ¥2,009 million (+ ¥574 million, + 40%)

#### «CT (Contents & Technology) Company»

- In May 2002, Namco entered into a collaborative agreement with Nintendo Ltd. to jointly develop and market software products for console games, including products for the Nintendo GameCube.
- Japanese sales were weak during the period under review, with the exception of *NettYu! Pro Baseball 2002*, a popular software program for PlayStation 2, which was developed jointly with Fuji Television and released in April.
- Sales in North America were brisk, thanks to additional retail orders for *Tekken Tag Tournament* for PlayStation 2, and *Tekkan 3* for PlayStation, and strong demand for their lower-priced versions, as retail prices for PlayStation 2 were reduced. A new software product for Xbox, *Dead to Rights*, which was developed by U.S.-based Namco Hometek Inc., also contributed favorably to sales.

- European sales of the new *Tekken 4* for PlayStation 2 increased steadily. The growth in sales was also assisted by additional retail orders for *Tekken Tag Tournament* for Play Station 2 and *Tekken 3* for Play Station, and high demand for their lower-priced versions, as in the United States.

«WMC (Web, Mobile & Contents) Company»

- Namco developed and began distribution of game content, catering to the NTT DoCoMo 504i series of mobile phones, as well as J-Phone and other mobile phone networks. The subscription-based mobile gaming services attracted nearly 550,000 subscribers in Japan, an increase of about 20 percent from the end of March 2002.
- Distribution of game content in the United States began in August over the Sprint PCS mobile phone network. In October our mobile gaming service also started up in Europe over the Vodafone mobile network.

[Amusement Facility Operations]

- Sales: ¥38,564 million (+ ¥1,97 million, + 0.5%)
- Operating Income: ¥3,109 million (+ ¥927 million, + 43%)
- Namco group amusement facilities in Japan and overseas totaled 2,058 locations (652 under direct Namco group management; 1,405 locations under revenue-sharing arrangements\* with other companies; and one Namco-operated *Theme Park*).

\* Namco receives an agreed-upon share of the revenues from Namco games and amusement equipment installed in game arcades and other amusement facilities.

«ET (Entertainment) Company»

- With the closing or consolidation of unprofitable game centers and arcades, the remaining centers have been on the recovery track, through the implementation of various measures to enhance operational efficiency, attract more customers, and reduce costs. Profitability was also boosted thanks to the renewed popularity of medal-collecting game machines and prize-grabbing game machines, as well as “photo-seal printing” machines (particularly those that take photos of the full figure, rather than just the face and upper body), which helped draw customers to game centers.
- The first *Shima-Shima Town* theme park in Kawasaki, which opened in October 2001, has proved highly popular, with more than 100,000 visitors as of April 2002. *PLABO Hawks Town* in Fukuoka also contributed to sales growth in this segment, as this particular amusement facility established a proprietary marketing method to boost sales. New facilities that opened during this period include *NAMCOLAND Sogawa* (June) in Takamatsu, Kagawa Prefecture, *Ice Cream Museum* (June) and *Ikebukuro Gyoza Stadium* (July) within Tokyo’s *Namco Namja Town*, and *Naniwa Kuishinbo Yokochō* (July) in *Osaka Aquarium Kaiyukan*. These are called “food theme park”, packed with games, food, gifts and other attractions, which were conceived and developed by “Team Namja,” Namco’s creative producer group.
- As of September 30, 2002, the number of amusement facilities in Japan totaled 887 locations, including 357 under the direct management of the Namco group, 529 under revenue-sharing arrangements, and the *Namco Namja Town* Theme Park.

#### «Overseas Subsidiaries»

##### North America

- North American operations were able to reduce their losses by implementing drastic measures during the period under review, including closing unprofitable game parlors and streamlining management under the guidance of Namco in Japan. Thirteen directly operated game arcades

and 51 on a revenue-sharing basis were shut down, helping to revitalize the remaining parlors and rescue them from red ink. Although XS Entertainment Inc., which runs a combined game parlor and restaurant facility, continued to show losses in a difficult business climate, its gross sales improved as projected, and it is implementing further restructuring measures that include substantial cost reductions.

- As of September 30, 2002, the number of amusement facilities in North America totaled 1,117 locations, including 269 under the direct management of the Namco group, and 848 under revenue-sharing arrangements.

### Europe

- In May 2002, Namco opened a new amusement complex in Barcelona, Spain, NAMCO DIAGONAL MAR, which includes a nightclub, game parlor, bowling alleys, billiards parlor, and restaurants.
- As of September 30, 2002, Namco had 33 amusement facilities in Europe, including 11 under the direct management of the Namco group, and 22 on a revenue-sharing basis.

### Asia

- Shanghai Namco Ltd. opened a new game arcade in the NAN CHANG TAI PING YANG GUANG CHANG in May, and sales have grown according to projections for the region.
- Namco Enterprises Asia Ltd., based in Hong Kong, has returned to profitability by trimming its unprofitable operations. Two directly operated facilities have been closed.
- As of September 30, 2002, Namco ran 21 amusement facilities in Asia, including 15 directly operated locations, and 6 on a revenue-sharing basis.

[Restaurant Operations]

- Sales: ¥ 2,048 million (▲ ¥6 million, ▲ 0.3 %)
- Operating Income: ¥ 15 million (▲ ¥21 million, ▲ 58%)

#### «Italian Tomato Group»

- Italian Tomato Ltd. had operated the Italian Tomato restaurant and café chains, serving pasta and other Italian dishes and homemade cakes, while I&K had managed the “Italian Tomato Café Jr.” self-service food chain. As of September 1, 2002, I & K Co., Inc. was merged with Italian Tomato Inc. to streamline “Italian Tomato” restaurant and café operations and strengthen the management structure. The “new” Italian Tomato group will enhance the national network of self-service cafés, offering competitively priced coffee drinks and pasta dishes. The company aims to go public in three years.
- As of the end of this half-year period, Namco operated 237 restaurants in Japan (48 directly operated locations, and 189 franchise operations).

#### [Movies and Graphics]

- Sales: ¥5,185 million (+ ¥443 million, + 9 %)
- Operating Income: ¥125 million (rebounding from a loss of ¥18 million for the first half of FYE Mar. 2002)

#### «Nikkatsu Corporation»

- Along with improved figures in the distribution of Japanese and foreign movies, video and DVD sales contributed to a growth in sales. DVD products related to World Cup soccer teams and players were developed by negotiating contracts with popular players and a Dutch soccer team, Rotterdam Feyenoord, and these timely DVDs sold well.

- Nikkatsu established an organizational reform project in August to draw a blueprint for future growth as part of Namco content business strategies, and has since been working on measures to restore sustainable profitability.

[Others]

- Sales: ¥3,245 million (▲ ¥730 million, ▲ 18 %)
- Operating Income: ¥545 million (rebounding from a loss of ¥564 million for the first half of FYE Mar. 2002)

«Incubation Center»

- In our human services, sales were bolstered for *Rehabilitainment* (rehabilitation and entertainment) game machines to nursing homes and rehabilitation facilities in Japan. We also started up a website, *Hustle Club*, to provide information to the disabled community about assistive technologies, mobility, and barrier-free entertainment.
- Shipments were brisk for the newly introduced DS-6000, a driving simulator that was developed in response to a change in Japanese law that allows the use of driving simulators to earn credits for obtaining the type 2 driving license for professional drivers (for taxis and limousines).
- Musicplayground Inc. in the United States completed system development of a new type of Internet-based music distribution with interactive game features, and has accelerated its efforts to build cooperative relationships with large U.S. record companies and marketing partners.

2. Projections for the FYE Mar. 2003 (April 1, 2002 – March 31, 2003)

[Coin-Operated Game Machines]

- AM Company plans to increase game machine sales in Japan by bolstering sales of the popular *Taiko no Tatsujin 4*, new photo-seal printing machines, and *Uchuu Daisakusen (Space Tactics) Chocovader Contactee*. The *Contactee* is a new Web-based game, based on popular “Chocovader” toy characters bundled together in chocolate candy boxes. Namco joined forces with the toy and candy makers to develop the new game, which is played on a home PC by logging onto the “Chocovader” game site by inputting a code which is provided in the candy boxes, arcade “Chocovader” machines, or magazines. The company also plans to strengthen its product offerings in the *Sweet Land* game series and prize-grabbing game machines. It also plans to introduce a new lineup of products in Europe, including *Time Crisis 3* games.
- P-7 Company continues to face challenges in the second half of this fiscal year, as *pachinko* machine sales are expected to suffer a downturn. The company plans to meet its sales goals by selling System P6 hardware as well as software. It also plans to fill software orders for other makers’ system hardware, and to market our development proposals to machine manufacturers.

[Home Video Game Software]

- CT Company started the second half of FYE Mar. 2003 by offering *Taiko no Tatsujin Tatacon de Dodon ga Don* for PlayStation 2 in October, which has enjoyed fast-growing initial sales. *Tales of Destiny 2* will be introduced on November 28 for the upcoming Christmas shopping season, while CT Company plans to launch new versions of other popular software products early in 2003, including *Soul Calibur II*, multi-platform game software. The company recently introduced *Tekken 4* in the United States, following its introduction in the European market. In addition, CT Company will unveil an exciting new lineup of game software titles for Nintendo GameCube and Game Boy Advance machines, made possible by the collaborative relationship forged with Nintendo.

- WMC Company continues to enrich mobile content distribution services, and plans to expand its subscription base for *appli-Carrot* for NTT DoCoMo mobile phone users and *Namco appli-Carrot J* for J-Phone users. It has started providing content to a car navigation system built by Mitsubishi Electric Co., Ltd., which is being sold in late October in Japan.

[Amusement Facility Operations]

- ET Company will implement further restructuring measures to strengthen its management and operational capabilities, attract customers more effectively, and reduce costs. It plans to capitalize on recent and new facility openings, including *NAMCOLAND* in Okinawa, *Shima-Shima Town 2* in Nagoya, *Namco Wonder Park* in Otaru, *PLABO Nagaoka*, and *PLABO Saku*.
- ET Company will continue to work on enhancing the profitability of its overseas facilities. Namco Cybertainment Inc. and XS Entertainment Inc., both based in the United States, will aggressively implement drastic measures such as closing unprofitable outlets and slashing costs.

[Restaurant Operations]

- Italian Tomato Ltd., recently merged with I & K Co., Ltd., will utilize its resources and expertise to expand the Italian Tomato Café Jr. chain nationwide. It will also further differentiate the brands and operations of Italian Tomato and Café Jr. through creative marketing and PR efforts, and enhance the competitiveness of both chains.

[Movies and Graphics]

- Nikkatu Corporation continues to enhance profitability through its restructuring program.

[Others]

- In October, Incubation Center launched a lower-priced version of *Talking Aid*, a portable assistive communication device for people with cerebral palsy, and *Paso-Pal-Multi Ver.4.0*, a PC with a sensor-sensitive keyboard for severely handicapped users who have limited use of their hands. Expanding into future technological frontiers, the center jointly developed *Talking AIBO*, a new software for Sony AIBO (a toy dog robot), with Sony. The software enables the AIBO dog to respond to certain words with actions and to repeat certain words. Sales of the product began in November.
- Yunokawa Kanko Hotel Co., Ltd. plans to renovate its hotel in Hakodate, Hokkaido to attract individual tourists, in an effort to replace lost business from group tourist packages, whose bookings have continued to decline since the volcanic explosion of the Usuzan mountain in March 2000. It expects to benefit from the transition and recover from declining sales.

### 3. Cash Flow and Financial Position

- Net cash provided by operating activities: ¥5,553 million (+ ¥3,600 million)
- Net cash from investment activities: ¥969 million (+¥4,918 million)
- Net cash used in financing activities: ▲¥1,437 million, ( ▲¥894 million )

[Net cash provided by operating activities]

Net cash provided by operating activities climbed to ¥5,553 million, reflecting a decrease in trade receivable from the same period last year, as well as an increase in pretax income. During this period, pretax income of ¥2,808 million was recorded. Another significant factor in the increase in net cash from operating activities was an accounting change applied to this half-year report, in which proceeds from the installation of amusement facility games and equipment and the sale of secondhand amusement facility games and equipment were included in gains on disposal of amusement machines and facilities and in other. In prior fiscal years, these proceeds had been included in cash flow from

investment activities under proceeds from sales of property, plant and equipment and under acquisition of property and equipment. This change produced an increase of ¥3,494 million.

Net cash provided by operating activities generated ¥1,952 million during the corresponding period last year.

[Net cash provided by investment activities]

Net cash from investment activities generated ¥969 million during this period, as opposed to ¥3,948 million of net cash used in investment activities last year. This was primarily due to the change in accounting classification described above.

[Net cash used in financing activities]

Namco used ¥1,437 million of net cash to finance activities, primarily for the payment of cash dividends totaling ¥936 million. Cash outflows totaled ¥543 million in the same period last year.

As a result, cash and cash equivalents at the end of this period under review increased by ¥4,484 million, or 18%, to ¥29,723 million from a year earlier.

## Consolidated Financial Statements

### Consolidated Balance Sheets

Millions of Yen

|                                       | September 30,  |                | March 31,      |
|---------------------------------------|----------------|----------------|----------------|
|                                       | 2001           | 2002           | 2002           |
| <b>ASSETS</b>                         |                |                |                |
| Current Assets:                       |                |                |                |
| Cash                                  | 17,608         | 29,773         | 25,318         |
| Trade receivables                     | 16,028         | 15,314         | 18,805         |
| Inventories                           | 12,354         | 13,044         | 12,504         |
| Deferred income taxes                 | 1,247          | 1,063          | 2,521          |
| Others                                | 3,964          | 2,811          | 3,034          |
| Less: Allowance for doubtful accounts | (676)          | (622)          | (840)          |
| Total current assets                  | 50,527         | 61,384         | 61,345         |
| Fixed Assets:                         |                |                |                |
| Tangible fixed assets:                |                |                |                |
| Buildings and structure               | 4,415          | 4,657          | 4,681          |
| Amusement machines and facilities     | 25,642         | 22,704         | 24,437         |
| Land                                  | 6,974          | 6,965          | 7,636          |
| Others                                | 2,934          | 2,734          | 2,831          |
| Net property and equipment            | 39,966         | 37,061         | 39,586         |
| Intangible fixed assets:              |                |                |                |
| Goodwill                              | 1,941          | 1,313          | 1,467          |
| Consolidation adjustments account     | 410            | 368            | 399            |
| Others                                | 2,564          | 2,269          | 2,510          |
| Total intangible fixed assets         | 4,916          | 3,952          | 4,376          |
| Investment and others:                |                |                |                |
| Investment in securities              | 1,282          | 1,059          | 1,187          |
| Long-term prepaid expenses            | 1,240          | 1,059          | 1,138          |
| Leasehold deposits                    | 27,710         | 26,853         | 28,273         |
| Deferred income taxes                 | 7,495          | 5,532          | 5,605          |
| Others                                | 3,585          | 4,414          | 3,965          |
| Allowance for doubtful accounts       | (772)          | (1,544)        | (1,338)        |
| Total investment and others           | 40,540         | 37,375         | 38,831         |
| Total fixed assets                    | 85,423         | 78,389         | 82,794         |
| <b>TOTAL ASSETS</b>                   | <b>135,951</b> | <b>139,773</b> | <b>144,139</b> |

|   | Millions of Yen |                |                |
|---|-----------------|----------------|----------------|
|   | September 30,   |                | March 31,      |
|   | 2001            | 2002           | 2002           |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                               |                 |                |                |
| <b>LIABILITIES</b>  |                 |                |                |
| Current Liabilities:  |                 |                |                |
| Notes and accounts payable-trade  | 9,901           | 11,756         | 11,451         |
| Short-term bank loans   | 5,882           | 6,452          | 7,360          |
| Debentures of redemption within one year                                  |                 | 7,178          |                |
| Accrued income taxes  | 459             | 538            | 895            |
| Others  | 7,334           | 7,800          | 9,952          |
| Total current liabilities   | <u>23,577</u>   | <u>33,725</u>  | <u>29,659</u>  |
| Long-Term Liabilities:  |                 |                |                |
| Convertible debentures  | 7,178           |                | 7,178          |
| Long-term borrowings  | 4,066           | 2,775          | 3,375          |
| Allowance for retirement benefits for employees                           | 1,206           | 1,225          | 1,217          |
| Reserve for directors' retirement benefit                                 | 1,963           | 2,172          | 1,983          |
| Others  | 3,117           | 3,510          | 2,978          |
| Total long-term liabilities   | <u>17,532</u>   | <u>9,683</u>   | <u>16,733</u>  |
| <b>TOTAL LIABILITIES</b>  | <u>41,110</u>   | <u>43,409</u>  | <u>46,392</u>  |
| <b>MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES</b>                     |                 |                |                |
| Minority interests in consolidated subsidiaries                           | 1,581           | 1,677          | 1,613          |
| <b>SHAREHOLDERS' EQUITY</b>   |                 |                |                |
| Common stock  | 27,369          | —              | 27,369         |
| Additional paid-in capital  | 26,399          | —              | 26,399         |
| Retained earnings   | 40,450          | —              | 41,250         |
| Other securities valuation difference                                     | (229)           | —              | (124)          |
| Foreign currency translation adjustments                                  | (730)           | —              | 1,237          |
|   | <u>93,258</u>   | <u>—</u>       | <u>96,133</u>  |
| Treasury stock  | <u>(0)</u>      | <u>—</u>       | <u>(0)</u>     |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>   | <u>93,258</u>   | <u>—</u>       | <u>96,133</u>  |
| Common stock  | —               | 27,369         | —              |
| Additional paid-in capital  | —               | 26,399         | —              |
| Retained earnings   | —               | 41,526         | —              |
| Other securities valuation difference                                     | —               | (46)           | —              |
| Foreign currency translation adjustments                                  | —               | (561)          | —              |
| Treasury stock  | —               | (0)            | —              |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>   | <u>—</u>        | <u>94,686</u>  | <u>—</u>       |
| <b>TOTAL LIABILITIES, MINORITY INTERESTS<br/>AND SHAREHOLDERS' EQUITY</b> | <u>135,951</u>  | <u>139,773</u> | <u>144,139</u> |

## Consolidated Statements of Income

Millions of Yen

|   | Six months ended September 30 |        | Year ended   |
|---|-------------------------------|--------|--------------|
|   | 2001                          | 2002   | Mar 31, 2002 |
| Net sales   | 69,043                        | 73,406 | 152,136      |
| Cost of sales   | 54,013                        | 56,128 | 117,283      |
| Gross profit  | 15,030                        | 17,277 | 34,853       |
| Selling, general and administrative expenses                            | 13,042                        | 14,022 | 28,719       |
| Sales promotion   | 1,483                         | 2,460  | 4,749        |
| Salaries  | 3,701                         | 3,841  | 7,621        |
| Depreciation and amortization   | 437                           | 477    | 933          |
| R&D expenses  | 3,212                         | 2,984  | 6,544        |
| Others  | 4,208                         | 4,257  | 8,872        |
| Operating income (loss)   | 1,987                         | 3,255  | 6,133        |
| Non-operating Income:   |                               |        |              |
| Interest income   | 200                           | 71     | 292          |
| Dividend income   | 7                             | 3      | 9            |
| Gain on sale of property and equipment                                  | 106                           | 7      | 124          |
| Others  | 189                           | 123    | 175          |
|   | 504                           | 205    | 601          |
| Non-operating Expenditure:  |                               |        |              |
| Interest  | 186                           | 133    | 340          |
| Amortization of goodwill  | 131                           |        | 292          |
| Amortization of patent  |                               | 90     | 196          |
| Loss on disposal of property, plant and equipment                       | 24                            | 41     | 170          |
| Doubtful debt account   | 311                           | 320    | 584          |
| Foreign exchange loss   | 34                            | 106    | 54           |
| Other expenses  | 361                           | 47     | 431          |
|   | 1,049                         | 739    | 2,070        |
| Ordinary income (loss)  | 1,441                         | 2,720  | 4,664        |
| Extraordinary Gains:  |                               |        |              |
| Gain on sale of property, plant and equipment                           |                               | 185    |              |
| Gain on sale of investment securities                                   |                               | 227    |              |
| Income from discharge of indebtedness                                   | 11                            |        | 11           |
| Transfer from reserve for possible loan losses                          | 3                             | 24     | 8            |
| Income from recovery of bad debts                                       | 28                            |        | 41           |
| Others  | 8                             |        | 13           |
|   | 51                            | 437    | 74           |
| Extraordinary Loss:   |                               |        |              |
| Loss on write-down of investment  | 419                           | 204    | 762          |
| Provision for directors' retirement benefit allowances for prior period | —                             | 142    | —            |
| Loss on restructuring of overseas business                              | 102                           | —      | —            |
| Loss on write-down of property, plant and equipment                     | —                             | —      | 88           |
| Loss on obligate valuation of goodwill                                  | —                             | —      | 578          |
| Others  | 59                            | 2      | 230          |
|   | 581                           | 349    | 1,660        |
| Income (Loss) before income taxes                                       | 911                           | 2,808  | 3,078        |
| Income taxes: Current   | 285                           | 162    | 897          |
| Income taxes: Deferred  | (710)                         | 1,304  | 20           |
| Minority interest in earnings of consolidated subsidiaries              | 101                           | 50     | 125          |
| Net income (loss)   | 1,234                         | 1,291  | 2,035        |

## Consolidated Statement of Retained Earnings

Millions of Yen

|  | Six months ended September 30 |        | Year ended   |
|--|-------------------------------|--------|--------------|
|  | 2001                          | 2002   | Mar 31, 2002 |
| Consolidated retained earnings, beginning of year          | 39,278                        | —      | 39,278       |
| Increase in retained earnings                              |                               |        |              |
| Arising from merger  | —                             | —      | —            |
| Decrease in retained earnings                              |                               |        |              |
| Directors' bonuses   | 1                             | —      | 1            |
| Statutory auditors' bonuses                                | 0                             | —      | 0            |
| Decrease from inclusion of newly consolidated subsidiaries | 61                            | —      | 61           |
| Net income (loss)  | 1,234                         | —      | 2,035        |
| Consolidated retained earnings at end of year              | 40,450                        | —      | 41,250       |
| <b>CAPITAL SURPLUS</b>                                     |                               |        |              |
| Capital surplus, beginning of year                         | —                             | 26,399 | —            |
| Capital surplus, end of year                               | —                             | 26,399 | —            |
| <b>RETAINED EARNINGS</b>                                   |                               |        |              |
| Retained earnings, beginning of year                       | —                             | 41,250 | —            |
| Increase in retained earnings                              |                               |        |              |
| Net income (loss)  | —                             | 1,291  | —            |
| Decrease in retained earnings                              |                               |        |              |
| Cash dividends   | —                             | 936    | —            |
| Directors' bonuses   | —                             | 75     | —            |
| Statutory auditors' bonuses                                | —                             | 4      | —            |
| Retained earnings, end of year                             | —                             | 41,526 | —            |

## Consolidated Statements of Cash Flows

|   | Millions of Yen               |                |                 |
|---|-------------------------------|----------------|-----------------|
|   | Six months ended September 30 |                | Year ended      |
|   | 2001                          | 2002           | Mar 31, 2002    |
| <b>Cash Flows from Operating Activities:</b>  |                               |                |                 |
| Income (Loss) before income taxes   | 911                           | 2,808          | 3,078           |
| Depreciation and amortization   | 6,339                         | 5,267          | 14,085          |
| Amortization of difference between investment costs and equity in net assets acquired | 89                            | 35             | 124             |
| Increase (Decrease) in allowance for doubtful accounts                                | 861                           | 326            | 1,604           |
| Gain (Loss) on sale of investment securities  | -                             | (227)          | (4)             |
| Loss on valuation of investment securities  | 419                           | 204            | 762             |
| Gain (Loss) on sale of property, plant and equipment                                  | (82)                          | (187)          | 100             |
| Loss on disposal of amusement machines and facilities                                 | 362                           | 564            | 1,100           |
| Proceeds from interest and dividends  | (208)                         | (74)           | (302)           |
| Payment of interest and dividends   | 186                           | 133            | 340             |
| Foreign exchange gain (loss)  | 34                            | 106            | 54              |
| Decrease (Increase) in trade receivables  | 300                           | 2,554          | (1,899)         |
| Decrease (Increase) in inventories  | (2,524)                       | (732)          | (3,108)         |
| Investment for amusement machines and facilities establishment                        | -                             | (3,754)        | -               |
| Increase (Decrease) in trade payables   | (2,100)                       | 460            | (862)           |
| Increase (Decrease) in accrued payables   | (1,787)                       | (817)          | (457)           |
| Accrued expenses  | -                             | (637)          | 501             |
| Other   | (551)                         | (131)          | 794             |
| <b>Subtotal</b>   | <b>2,251</b>                  | <b>5,898</b>   | <b>15,911</b>   |
| Interest and dividends received   | 213                           | 74             | 307             |
| Interest paid   | (177)                         | (131)          | (336)           |
| Income taxes paid   | (335)                         | (288)          | (514)           |
| <b>Net cash provided by operating activities</b>                                      | <b>1,952</b>                  | <b>5,553</b>   | <b>15,368</b>   |
| <b>Cash Flows from Investing Activities:</b>  |                               |                |                 |
| Change in time deposits   | (18)                          | -              | (30)            |
| Revenues from payment received from time deposits                                     | 27                            | 28             | 77              |
| Acquisition of property and equipment   | (4,963)                       | (776)          | (10,273)        |
| Proceeds from sale of property, plant and equipment                                   | 604                           | 885            | 639             |
| Acquisition of investments in securities  | (32)                          | (10)           | (114)           |
| Proceeds from sale of investments in securities                                       | -                             | 295            | 21              |
| Payments on loans   | (67)                          | -              | (155)           |
| Expenditure for guaranty money deposited  | (192)                         | (368)          | (1,910)         |
| Revenue from the recovery of guaranty money deposit                                   | 1,114                         | 1,065          | 2,004           |
| Other   | (420)                         | (150)          | (1,267)         |
| <b>Net cash used in investment activities</b>   | <b>(3,948)</b>                | <b>969</b>     | <b>(11,009)</b> |
| <b>Cash Flows from Financing Activities:</b>  |                               |                |                 |
| Net decrease in short-term debt   | 1,592                         | 2,209          | 2,711           |
| Repayment of short-term debt  | (1,017)                       | (2,948)        | (2,235)         |
| Proceeds from long-term debt  | 2,199                         | 190            | 3,457           |
| Repayment of long-term debt   | (287)                         | (504)          | (1,044)         |
| Payment of debentures on redemption   | (3,090)                       | -              | (3,090)         |
| Payment of cash dividends   | -                             | (936)          | -               |
| Payment of cash dividends to minority shareholders                                    | (32)                          | -              | (32)            |
| Proceeds from liquidation of claims credit  | -                             | 550            | -               |
| Other   | 91                            | 0              | 91              |
| <b>Net cash used in financing activities</b>  | <b>(543)</b>                  | <b>(1,437)</b> | <b>(141)</b>    |
| <b>Effect of exchanges on cash and cash equivalents</b>                               | <b>183</b>                    | <b>(601)</b>   | <b>649</b>      |
| <b>Net increase (decrease) in cash and cash equivalents</b>                           | <b>(2,356)</b>                | <b>4,484</b>   | <b>4,866</b>    |
| <b>Cash and cash equivalents, beginning of year</b>                                   |                               |                |                 |
| Cash and cash equivalents, beginning of year  | 20,221                        | 25,239         | 20,221          |
| Cash and cash equivalents on beginning balance arising from additions of subsidiaries | 151                           | -              | 151             |
| <b>Cash and cash equivalents at beginning of year</b>                                 | <b>20,373</b>                 | <b>25,239</b>  | <b>20,373</b>   |
| <b>Cash and cash equivalents, end of year</b>   | <b>18,016</b>                 | <b>29,723</b>  | <b>25,239</b>   |

## (1) Business Segment Information

(Millions of yen)

|                                       | Six-months Period Ended September 30, 2001 |                         |                               |                       |                     |       |        |                 |              |
|---------------------------------------|--|-------------------------|-------------------------------|-----------------------|---------------------|-------|--------|-----------------|--------------|
|                                       | Coin-Operated Game Machines                | Home Videogame Software | Amusement Facility Operations | Restaurant Operations | Movies and Graphics | Other | Total  | Corporate Items | Consolidated |
| Net sales and operating income (loss) |  |                         |                               |                       |                     |       |        |                 |              |
| Net sales                             |  |                         |                               |                       |                     |       |        |                 |              |
| (1) Net sales to customers            | 9,089                                      | 10,814                  | 38,367                        | 2,054                 | 4,741               | 3,976 | 69,043 | -               | 69,043       |
| (2) Intersegment sales                | 174  | -                       | 147                           | 47                    | 4                   | 85    | 459    | (459)           | -            |
| Total                                 | 9,264                                      | 10,814                  | 38,514                        | 2,101                 | 4,746               | 4,061 | 69,503 | (459)           | 69,043       |
| Operating expenditure                 | 8,069                                      | 9,380                   | 36,332                        | 2,064                 | 4,764               | 4,625 | 65,237 | 1,819           | 67,056       |
| Operating income (loss)               | 1,194                                      | 1,434                   | 2,182                         | 36                    | (18)                | (564) | 4,265  | (2,278)         | 1,987        |

|                                       | Six-months Period Ended September 30, 2002 |                         |                               |                       |                     |       |        |                 |              |
|---------------------------------------|--|-------------------------|-------------------------------|-----------------------|---------------------|-------|--------|-----------------|--------------|
|                                       | Coin-Operated Game Machines                | Home Videogame Software | Amusement Facility Operations | Restaurant Operations | Movies and Graphics | Other | Total  | Corporate Items | Consolidated |
| Net sales and operating income (loss) |  |                         |                               |                       |                     |       |        |                 |              |
| Net sales                             |  |                         |                               |                       |                     |       |        |                 |              |
| (1) Net sales to customers            | 8,460                                      | 15,901                  | 38,564                        | 2,048                 | 5,185               | 3,245 | 73,406 | -               | 73,406       |
| (2) Intersegment sales                | 213  | -                       | 128                           | 45                    | 97                  | 175   | 659    | (659)           | -            |
| Total                                 | 8,674                                      | 15,901                  | 38,693                        | 2,093                 | 5,282               | 3,420 | 74,065 | (659)           | 73,406       |
| Operating expenditure                 | 7,770                                      | 13,892                  | 35,584                        | 2,077                 | 5,407               | 3,965 | 68,698 | 1,452           | 70,151       |
| Operating income (loss)               | 904  | 2,009                   | 3,109                         | 15                    | (125)               | (545) | 5,367  | (2,112)         | 3,255        |

|  | Fiscal Year Ended March 31, 2002 |                         |                               |                       |                     |         |         |                 |              |
|--|----------------------------------|-------------------------|-------------------------------|-----------------------|---------------------|---------|---------|-----------------|--------------|
|  | Coin-Operated Game Machines      | Home Videogame Software | Amusement Facility Operations | Restaurant Operations | Movies and Graphics | Other   | Total   | Corporate Items | Consolidated |
| I Net sales and operating income (loss)  |                                  |                         |                               |                       |                     |         |         |                 |              |
| Net sales  |                                  |                         |                               |                       |                     |         |         |                 |              |
| (1) Net sales to customers   | 18,291                           | 35,520                  | 77,181                        | 4,228                 | 9,903               | 7,011   | 152,136 | -               | 152,136      |
| (2) Intersegment sales   | 287                              | 0                       | 255                           | 92                    | 12                  | 165     | 815     | (815)           | -            |
| Total  | 18,579                           | 35,520                  | 77,436                        | 4,321                 | 9,915               | 7,177   | 152,951 | (815)           | 152,136      |
| Operating expenditure  | 17,084                           | 27,770                  | 75,350                        | 4,386                 | 10,065              | 8,550   | 143,209 | 2,793           | 146,003      |
| Operating income (loss)  | 1,494                            | 7,750                   | 2,086                         | (65)                  | (150)               | (1,373) | 9,742   | (3,608)         | 6,133        |
| II Identifiable assets, depreciation and amortisation, and capital expenditure |                                  |                         |                               |                       |                     |         |         |                 |              |
| Identifiable assets  | 12,273                           | 21,893                  | 55,688                        | 2,901                 | 8,956               | 12,866  | 114,578 | 29,560          | 144,139      |
| Depreciation and amortisation  | 520                              | 621                     | 11,087                        | 99                    | 348                 | 1,325   | 14,003  | 82              | 14,085       |
| Capital expenditure  | 306                              | 232                     | 9,247                         | 457                   | 458                 | 946     | 11,648  | 293             | 11,942       |

## Notes:

## 1. Methods for classifying business segments

Business segments are classified by type of business and similarities, including product type, characteristics, sales market, substance of management and functional role in the Group. Accordingly, the Company has classified its businesses into Coin-Operated Game Machines, Home Videogame Software, Amusement Facility Operations, Restaurant Operations, Movies and Graphics, and Other.

## 2. Principal products and business in each business sector

- (1) Coin-Operated Game Machines: Development, production, and sales and approved production and sales of such amusement equipment and simulators as commercial videogames, electro-mechanical game machines, medal game machines, and amusement rides.
- (2) Home Videogame Software: Development, production, and sales and approved production and sales of home videogame software.
- (3) Amusement Facility Operations: Management of amusement centers.
- (4) Restaurant Operations: Operation of Italian restaurants, cafes and cake shops.
- (5) Movies and Graphics: Movies and computer graphics business.
- (6) Other: Development, production, and sales and approved production and sales of welfare-related machinery, vending machine-related business, insurance agency business, real estate management, real estate leasing business, resort hotel management, recycle, and delivery of interactive music via the Internet.

## 3. Principal unallocated expenses include expenses related to the management division. These amounted to ¥2,009 million in the six-months period ended September 30, 2001, ¥1,957 million to six-month period ended September 30, 2002 and ¥3,837 million in FYE March 31, 2002.

## 4. Accounting method of game software production cost in consolidated foreign subsidiaries has been changed from this six-month period. Accordingly operating income of Home Videogame Software business segment is ¥306 million higher than counted on the previous accounting policy.

From this six-month period, we have changed the exchange rate of profit and loss account of foreign subsidiaries from the spot rate at the balance sheet date to the average rate for the period, which has little impact on the income account.

## (2) Geographical Segment Information

(Millions of yen)

|                                       | Six-months Period Ended September 30, 2001 |               |        |      |        |                 |              |
|---------------------------------------|--|---------------|--------|------|--------|-----------------|--------------|
|                                       | Japan                                      | North America | Europe | Asia | Total  | Corporate Items | Consolidated |
| Net Sales and operating income (loss) |  |               |        |      |        |                 |              |
| Net sales                             |  |               |        |      |        |                 |              |
| (1) Net sales to customers            | 52,215                                     | 13,787        | 2,524  | 517  | 69,043 | -               | 69,043       |
| (2) Intersegment sales                | 1,253                                      | 6             | 4      | 0    | 1,264  | (1,264)         | -            |
| Total net sales                       | 53,468                                     | 13,794        | 2,528  | 517  | 70,308 | (1,264)         | 69,043       |
| Operating expenditure                 | 49,089                                     | 13,838        | 2,498  | 575  | 66,001 | 1,055           | 67,056       |
| Operating income (loss)               | 4,378                                      | (44)          | 29     | (57) | 4,306  | (2,319)         | 1,987        |

|                                       | Six-months Period Ended September 30, 2002 |               |        |      |        |                 |              |
|---------------------------------------|--|---------------|--------|------|--------|-----------------|--------------|
|                                       | Japan                                      | North America | Europe | Asia | Total  | Corporate Items | Consolidated |
| Net Sales and operating income (loss) |  |               |        |      |        |                 |              |
| Net sales                             |  |               |        |      |        |                 |              |
| (1) Net sales to customers            | 55,087                                     | 15,137        | 2,852  | 328  | 73,406 | -               | 73,406       |
| (2) Intersegment sales                | 841  | 2             | 0      | -    | 844    | (844)           | -            |
| Total net sales                       | 55,929                                     | 15,140        | 2,853  | 328  | 74,250 | (844)           | 73,406       |
| Operating expenditure                 | 50,594                                     | 15,018        | 2,908  | 354  | 68,874 | 1,276           | 70,151       |
| Operating income (loss)               | 5,334                                      | 122           | (55)   | (26) | 5,375  | (2,120)         | 3,255        |

|                                       | Fiscal Year Ended March 31, 2002 |               |        |       |         |                 |              |
|---------------------------------------|----------------------------------|---------------|--------|-------|---------|-----------------|--------------|
|                                       | Japan                            | North America | Europe | Asia  | Total   | Corporate Items | Consolidated |
| Net Sales and operating income (loss) |                                  |               |        |       |         |                 |              |
| Net sales                             |                                  |               |        |       |         |                 |              |
| (1) Net sales to customers            | 111,014                          | 35,030        | 5,025  | 1,065 | 152,136 |                 | 152,136      |
| (2) Intersegment sales                | 2,367                            | 62            | 5      | 0     | 2,436   | (2,436)         |              |
| Total net sales                       | 113,381                          | 35,093        | 5,031  | 1,065 | 154,572 | (2,436)         | 152,136      |
| Operating expenditure                 | 103,816                          | 34,682        | 5,067  | 1,243 | 144,809 | 1,193           | 146,003      |
| Operating income (loss)               | 9,565                            | 410           | (35)   | (177) | 9,762   | (3,629)         | 6,133        |
| Identifiable assets                   | 86,486                           | 21,387        | 5,861  | 401   | 114,136 | 30,002          | 144,139      |

## Notes:

## Methods for classifying geographic segments

- The Company classifies geographic segments by such factors as degree of geographic closeness, similarities in economic activities, and mutual relationship of business activities. Accordingly, the Company classifies its geographic segments as Japan, North America, Europe, and Asia.
- Principal countries and regions belonging to each geographic segment
  - Japan: Japan
  - North America: United States
  - Europe: United Kingdom, Ireland, Spain, France and others
  - Asia: Hong Kong, Taiwan and others
- Principal unallocated expenses include expenses related to the management division. These amounted to ¥2,009 million in the six-months period ended September 30, 2001, ¥1,957 million to six-month period ended September 30, 2002 and ¥3,837 million in FYE March 31, 2002.
- Accounting method of game software production cost in consolidated foreign subsidiaries has been changed from this six-month period. Accordingly operating income of Home Videogame Software business segment is ¥306 million higher than counted on the previous accounting policy. From this six-month period, we have changed the exchange rate of profit and loss account of foreign subsidiaries from the spot rate at the balance sheet date to the average rate for the period, which has little impact on the income account.

### (3) Overseas Sales Information

| Six-months Period Ended September 30, 2001 |                                |        |              |        |
|--|--------------------------------|--------|--------------|--------|
|  | North America<br>Latin America | Europe | Asia·Oceania | Total  |
| I Overseas sales(Millions of yen)          | 13,794                         | 3,812  | 1,209        | 18,816 |
| II Net sales(Millions of yen)              |                                |        |              | 69,043 |
| III Percentage of net sales(%)             | 20.0                           | 5.5    | 1.8          | 27.3   |

| Six-months Period Ended September 30, 2002 |                                |        |              |        |
|--|--------------------------------|--------|--------------|--------|
|  | North America<br>Latin America | Europe | Asia·Oceania | Total  |
| I Overseas sales(Millions of yen)          | 15,165                         | 8,777  | 550          | 24,493 |
| II Net sales(Millions of yen)              |                                |        |              | 73,406 |
| III Percentage of net sales(%)             | 20.7                           | 12.0   | 0.7          | 33.4   |

| Fiscal Year Ended March 31, 2002  |                                |        |              |         |
|-----------------------------------|--------------------------------|--------|--------------|---------|
|                                   | North America<br>Latin America | Europe | Asia·Oceania | Total   |
| I Overseas sales(Millions of yen) | 35,304                         | 11,572 | 1,976        | 48,853  |
| II Net sales(Millions of yen)     |                                |        |              | 152,136 |
| III Percentage of net sales(%)    | 23.2                           | 7.6    | 1.3          | 32.1    |

#### Notes:

- Overseas sales are sales by the Company and its consolidated subsidiaries derived in countries or regions outside Japan.
- The Company classifies geographic segments by such factors as degree of geographic closeness, similarities in economic activities, and mutual relationship of business activities. Accordingly, the Company classifies its geographic segments as North America, Central and South America, Europe, and Asia and Oceania.
- Principal countries and regions belonging to each geographic segment.
  - North America and Central and South America: United States, Canada, and the countries of Central and South America
  - Europe: European countries, Middle Eastern countries, and African countries
  - Asia and Oceania: Korea, China, Taiwan, Australia, and others
- From this six-month period, we have changed the exchange rate of profit and loss account of foreign subsidiaries from the spot rate at the balance sheet date to the average rate for the period, which has little impact on the income account.