Summary

(Translation)

Fields Corporation
Summary of Financial Statements and Business Results (Consolidated)
Year Ended March 31, 2006

May 15, 2006

Company Name:	Fields Corporation (URL: http://www.fields.biz)
Listed on:	JASDAQ (Securities code: 2767)
Head Office:	Tokyo
Representative Director:	Hidetoshi Yamamoto President, Representative Director and CEO
Inquiries:	Hiroyuki Yamanaka General Manager, Administration Division Tel: (03) 5784-2111
Date of Board of Directors meeting to approve these accounts:	May 15, 2006
U.S. GAAP applied (Yes/No):	No

1. Summary of business results for the year ended March 31, 2006 (April 1, 2005, to March 31, 2006)

(1) Operating results (Rounded down to nearest million)

	Net sales		Operating income		Ordinary income	
	Millions of yen	(% change)	Millions of yen	(% change)	Millions of yen	(% change)
Year ended March 31, 2006	96,814	(18.6)	12,348	(2.1)	13,127	(5.2)
Year ended March 31, 2005	81,658	(23.3)	12,097	(1.9)	12,480	(2.2)

	Net income		Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Ordinary income to net sales
	Millions of yen	(% change)	Yen	Yen	%	%	%
Year ended March 31, 2006	7,085	(2.3)	20,118.14	—	19.5	16.4	13.6
Year ended March 31, 2005	6,926	(4.6)	19,888.61	—	28.9	22.8	15.3

Notes: 1. Equity in earnings of affiliates
Year ended March 31, 2006: ¥429 million
Year ended March 31, 2005: ¥421 million

2. Average number of shares outstanding
Year ended March 31, 2006: 347,000
Year ended March 31, 2005: 343,000

3. Changes in accounting methods (Yes/No): No

4. Percentages for net sales, operating income, ordinary income and net income denote changes compared with the previous fiscal year.

(2) Financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
At March 31, 2006	87,556	39,411	45.0	113,275.37
At March 31, 2005	72,584	33,426	46.0	96,026.73

Note: Total number of shares issued and outstanding at end of fiscal year
Year ended March 31, 2006: 347,000
Year ended March 31, 2005: 347,000

(3) Cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2006	6,164	(2,224)	(1,540)	15,777
Year ended March 31, 2005	2,965	(5,257)	10,177	13,326

(4) Scope of consolidation or application of the equity method
Number of consolidated subsidiaries: 9
Number of unconsolidated subsidiaries accounted for by the equity method: –
Number of affiliates accounted for by the equity method: 2

(5) Changes in the scope of consolidation or application of the equity method
Newly consolidated companies: 3
Excluded companies: 3
Newly added equity method companies: –
Excluded equity method companies: 1

2. Forecast earnings for the year ending March 31, 2007 (April 1, 2006, to March 31, 2007)

	Net sales	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
First half	40,640	3,160	1,270
Full year	106,960	14,070	7,400

Reference: Projected net income per share (Full year): ¥21,325.64

1. Outline of the Fields Group

The Fields Group (parent company and associated companies) comprises Fields Corporation ("the Company"), 12 subsidiaries, and 3 affiliated companies.

The Group's principal business activities are the sale of pachinko/pachislot machines and, based on rights created by itself or acquired for secondary use, the planning and development of digital content that it applies to a variety of media. The Group's "digital content business strategy," its strategy for implementation over the medium term, is described on page 5 hereof in section 3: "Management strategies for the medium to long term."

It has been decided to rename the "Sales of pachinko/pachislot machines" category, stated as a separate business segment up to the previous fiscal year, as the "Pachinko/pachislot field" (hereinafter "PS Field"), and in view of the expansion of the scale of game business within the "Others" segment, to make game-related business an independent category divided into segments according to business type, namely as the "Game Field" and "Other Field" categories.

The business areas of each company in the Fields Group are summarized below.

Business segment	Principal business	Company name
PS Field	Planning, development and sale of pachinko/pachislot machines Pachinko/pachislot machine maintenance Purchasing of pachinko/pachislot machines	Fields Corporation Fields Jr. Corporation Rodeo Co., Ltd.
	Planning and development of pachinko/pachislot machine software	Digital Lord Corporation
Game Field	Planning, development and sale of game software for home use	D3 Publisher Inc. Entertainment Software Publishing Inc. D3Publisher of America, Inc.* D3Publisher of Europe Ltd.* D3DB S.r.l.*
Other Field	Other content business	Japan Sports Marketing, Inc. Kadokawa Haruki Corporation
		White Trash Charms Japan Co., Ltd. Database Co., Ltd. E-Active Co., Ltd. G&E Corporation APE Inc.

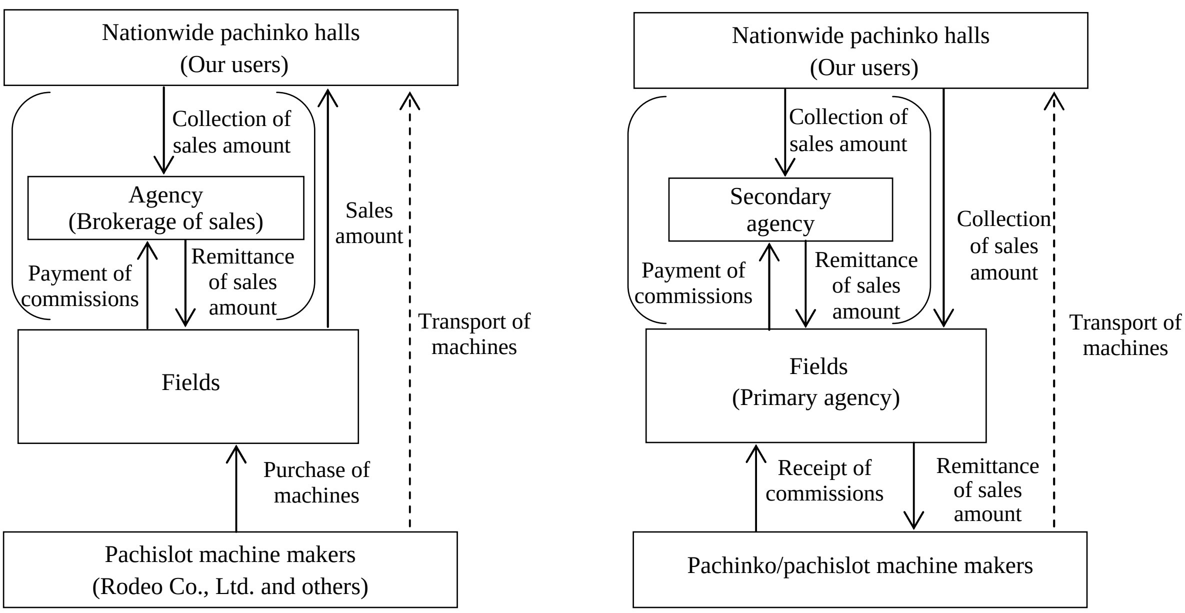
* Companies located overseas

Business organization chart

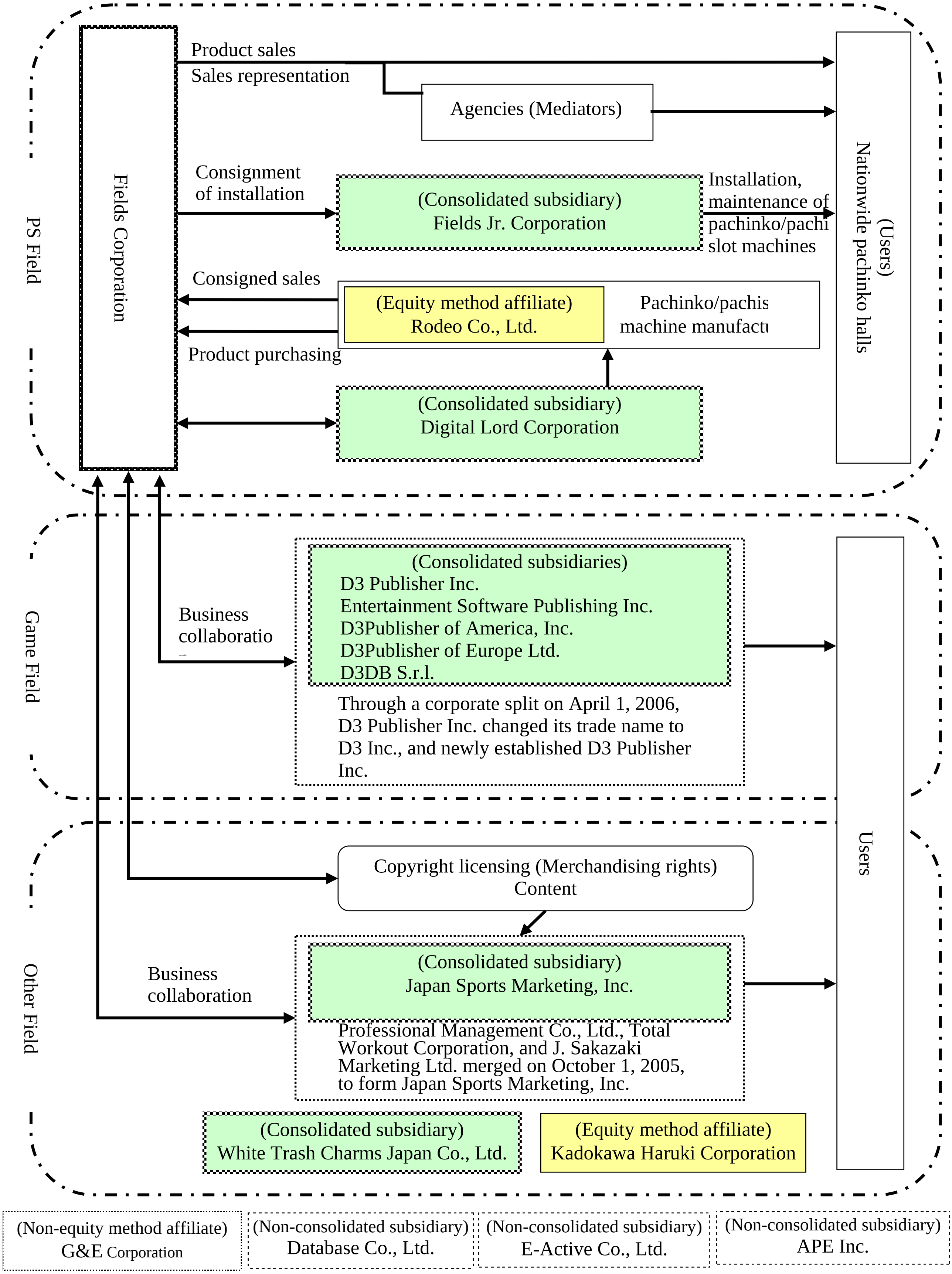
The Company sells pachinko/pachislot machines through a distribution model and an agency model. Under the distribution model it sells the machines directly to pachinko hall operators through the marketing efforts of its branch offices, while under the agency model it mediates sales of the machines as an agent.

Distribution model

Agency model



The chart below provides an overview of Group businesses.



2. Operating Policies

1. Fundamental corporate management policy

Taking the pachinko/pachislot field as its starting point the Company has been expanding its business domain in a variety of entertainment fields, with the aim of translating into reality its management philosophy of providing "the greatest leisure for all people." Content business constitutes the basic engine for shaping the core strength of this. By harnessing the collective strength of its Group companies, Fields Corporation acquires merchandising rights with the objective of creating content and for multidimensional secondary use. By means of detailed project design based on strategic marketing, the Company will pursue its business of providing content to a diversity of media, primarily pachinko/pachislot and games.

The Company’s fundamental corporate management policy is to place "shareholders first." The twin pillars of this are to enhance corporate value and to return profits to shareholders, for which we will seek to make optimal use of our management resources.

2. Fundamental corporate policy for profit distribution

The Company, which views raising shareholder value as its primary task, carries out a fundamental policy of paying dividends at an appropriate level in line with profit.

For the fiscal year ended March 2006, the Company paid an interim dividend of ¥2,000 per share, and plans to pay ¥2,000 for the year-end dividend. As a result, the dividend payout ratio is scheduled to be 20.3%.

The Company makes every effort to make effective use of retained earnings to enhance its financial condition and strengthen the foundations of its operations, at the same time giving due consideration to business development requirements.

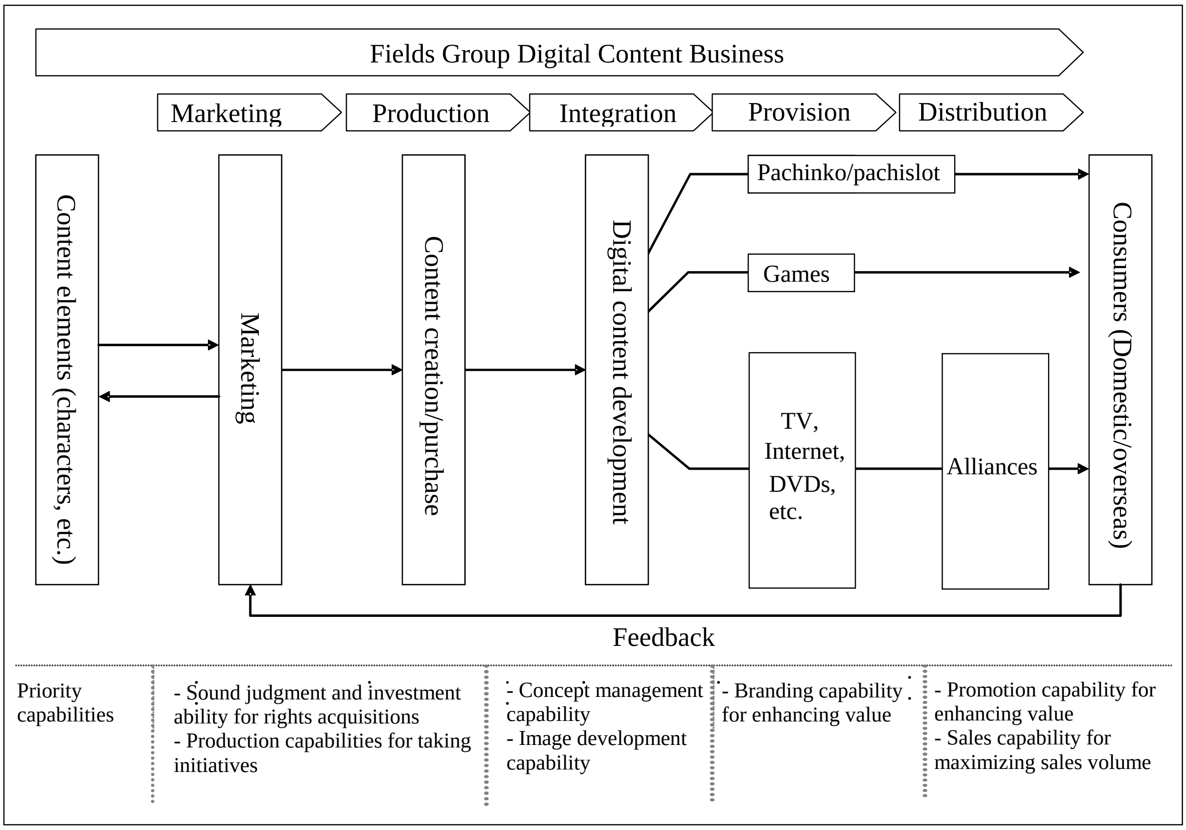
3. Management strategies for the medium to long term

In May 2004 the Ministry of Economy, Trade and Industry released its New Industry Promotion Strategy, the aim of which is to nurture industries to underpin the future of the Japanese economy. The future potential of the content industry is one of the focuses of the strategy, which holds high expectations for the growth potential of the digital content field, including animations and games.

Under its management philosophy of providing "the greatest leisure for all people," the Company has long been focusing efforts on furthering its content-provider strategy—based on the multiple use of digital content—as the foundation for enhancing its competitive advantage.

Fields believes that the essence of content business lies in creating content with high commercial value, and putting it to a diversity of uses. To that end, with the overwhelming earnings capacity of the PS Field serving as a powerful base, the Company is strengthening collaboration with its affiliates and partners for the creation of primary content and the development of content for diverse secondary use. In addition, particular emphasis is being placed on the importance of "killer content," which is now a special feature of content business, and through *Neon Genesis Evangelion*, Fields has been developing content in a wide range of media, for example pachinko/pachislot, games and merchandising goods. Fields and its Group companies will continue to work in concert on the strategic development of an array of killer content comparable with *Neon Genesis Evangelion*, including primary content created in-house, and also to develop the content in a variety of media.

Digital content business



4. Challenges for the future

(1) PS Field

[1] PS planning and development system

The Company's planning and development division for PS (pachinko/pachislot) merchandise has the status of a fabless manufacturer that provides merchandising rights and product planning to collaborating manufacturers, and also image development and the comprehensive supply of image units. In the fiscal year under review, in addition to merchandising rights and product planning, the Company undertook image development for three models. In addition, through the completion of the prototypes of image units the Company has been able to solidify its status as a fabless manufacturer conducting comprehensive planning and development. With respect to the provision of merchandising rights, these are already being provided continuously to a number of companies other than manufacturers with which we collaborate, and we intend to continue developing this business of providing merchandising rights.

Given these trends, we are taking steps to secure high-quality human resources for our planning and development operations, and at the same time are strengthening collaboration with outsourcing partners in a variety of spheres.

[2] PS sales structure

For PS sales the Company has established a sales structure with the finest array of human resources in the industry, including some 400 marketing personnel. This is backed by a nationwide network of 30 branches, boosted by the recent opening of a branch in the city of Kumamoto. In consequence, for sales of pachinko/pachislot machines that involve the launch of the largest number of machines in the industry, Fields is confident that it has the structure in place to enable it to conduct the continuous, stable input and sale of its products.

Fields is committed to continuing to increase sales in the PS Field and expand market share, and to that end it will continue its efforts to further boost sales of collaborative brands and also to develop new brands. To position ourselves for these sales of multiple brands and machine models, we will constantly investigate the desirable configuration of our sales channels, so as to ensure efficient sales activities; we will place emphasis on the education and training of our marketing personnel, so as to mold them into a professional group with a high level of advanced, specialist knowledge of pachinko and pachislot gaming, and with in-depth understanding of the know-how required for hall management; and we will increase our presence in the industry as a sales organization that gains the profound trust of client halls.

Rodeo Co., Ltd., an affiliate accounted for by the equity method, is continuing to make strong progress, having made mega-hits of *Onimusha 3*, which has been on sale continuously since the previous fiscal year, and of *Ore no Sora*, launched at the end of the fiscal year under review (cumulative sales of more than 100,000 in each case). We are also continuing to develop a structure to enable a continuous stream of products to be brought to the market from next term onwards, when machines that conform with the new regulations get on track as they achieve compliance with the requirements of the Security Electronics and Communications Technology Association.

(2) Game Field

D3 Inc. ("D3") engages in the unitary planning, development, and distribution of highly diverse game software for a variety of platforms in a global market that encompasses Japan, North America and Europe. As demonstrated by the way in which *Neon Genesis Evangelion* simulator game software became a big hit during the year under review, the sharing of content with D3 is generating synergistic effects. By proceeding still further with the bidirectional creation and sharing of content in this way, we will continue to develop operations vigorously in the digital content field.

During the fiscal year under review, particular efforts were thrown into the development of game software, targeting the North American market in particular. The vigorous development investment that was conducted will be reflected in business results from the next fiscal year onwards.

(3) Other Field

Japan Sports Marketing, Inc. ("JSM") was established on October 1, 2005, through the amalgamation of three Fields subsidiaries. JSM has realized the power of sport to inspire people everywhere—irrespective of nationality—with dreams and infuse them with emotion, and pursues a business model unparalleled anywhere in the world by the manner in which it combines three business domains: athlete business, in which it engages in the management of athletes in a way that enables them to make maximum use of their capabilities; rights business, in which it conducts an array of activities in major sports such as baseball, soccer, and golf, ranging from event management to the handling of broadcasting rights, together with the acquisition of merchandising rights for peripheral content; and solutions business, based on the former Total Workout Corporation, in which the personal values of a wide array of consumers are enhanced through the services of sports gymnasiums. In the fiscal year under review, progress was made with the securing and management of overseas sports content, including the handling of the management of the U.S. women's professional golf LPGA Tour.

Kadokawa Haruki Corporation, an equity-method affiliate, is renowned for having a pioneering media mix of publishing, movies, and music. Its movie *Otokotachi no Yamato*, for which it provided funding and the original script, has been a major success, and the book of the film, the title of which is *Otokotachi no Yamato*, has been a brisk seller. Based on the publishing business, the company will continue to be a driving force for the creation of primary content within the Fields Group.

5. Matters relating to relationships with parent company, etc.

Not applicable, since the Company does not have a parent company, etc.

6. Development of internal control system and its operational status

a. Organization of internal control, allocation of business and management divisions, status of internal regulations, and status of provision of other internal administrative structures

In accordance with its management philosophy of providing "the greatest leisure for all people," the Fields Group seeks to enhance corporate value constantly by strengthening its internal administrative structures, including by building management mechanisms and organizational structures, by laying down various regulations to cover the entire range of the company's business, by the efficient management of business, and by the clear definition of powers and responsibilities. The observance of regulations relating to the execution of business is verified by means of internal audits conducted by the Internal Audit Office.

The Internal Audit Office reports directly to the President and has three personnel: a manager and two members of staff. It conducts regular internal audits of all the business activities of the Company and its subsidiaries, based on internal audit plans for each fiscal year that are laid down and approved by the President at the beginning of each year. Based on the results of the audits, it provides advice and recommendations for improvements.

b. Status of implementation of measures to improve the internal control system over the most recent one-year period

- A business reform project was inaugurated, its objectives being to provide constant support for the future business model, and to build an IT system for improving the internal control system.

- In order to improve the sharing of in-house information, committees and similar bodies were reviewed and enhanced.
- Internal audits of 17 head-office divisions, 29 branches nationwide, and four subsidiaries were conducted by the Internal Audit Office. In addition, the Internal Audit Office, the Board of Statutory Auditors, and the independent auditors have held a meeting every quarter to exchange opinions, and through mutual liaison they have sought to enhance the internal control system.

7. Other important matters for company management

Not applicable.

3. Operating Results and Financial Position

1. Operating results

(1) Consolidated results for the fiscal year ended March 31, 2006

During the fiscal year under review, uncertainty about the outlook for the Japanese economy lingered, which was caused by factors such as sharp increases in crude-oil prices. Nevertheless, positive developments included growth in capital investment accompanying improvements in corporate earnings, an improved employment situation, and a change in monetary policy by the Bank of Japan. These served to entrench a mood of optimism about the economy throughout the nation, and it became steadily clearer that the recovery trend was on track.

In Fields' mainstay business of selling pachinko/pachislot machines, the trend towards larger-scale pachinko halls continued, and the aggregate number of pachinko/pachislot machines installed in halls nationwide remained stable at just under five million. Amid these conditions, in the market for the sale of pachinko/pachislot machines the pattern that established itself was one in which fierce competition to attract customers, particular among large-scale halls, generated even greater demand for large numbers of new models to replace existing ones. As a result, the cumulative total of sales of new models of pachinko machines over the year was in excess of 4 million. With regard to pachislot machines, there was a temporary decline in the number of new models launched following the revision of the regulations two years ago, but unit sales of each of the new models increased, with the result that the number of units sold greatly exceeded the overall number of machines installed.

With regard to sales of pachinko machines, we scored an even bigger hit with *CR Neon Genesis Evangelion: Second Impact* than with its predecessor, registering the largest number of unit sales ever in the Company's history. In addition, products such as the *CR Marilyn Monroe*, *CR Ashita Ga Arusa*, and *CR Sakigake!! Otoko Juku* sold well, as the business frame with collaborating manufacturers, involving merchandising rights, planning, and the supply of images, got on track.

In respect of pachislot machine sales, there were adverse factors such as delays in completing compliance requirements for new models as a result of changes in the regulations. Nevertheless, based on marketing analysis backed by thorough knowledge of the market nationwide, *Ore no Sora* was placed on the market at the optimum time to maximize sales volume, and with added impetus from television commercials using baseball star Kazuhiro Kiyohara to represent Fields, it became a big hit, selling more than 100,000 units. Meanwhile *Neon Genesis Evangelion*, the first machine in the industry to conform with the new regulations, recorded the highest unit sales in the industry during the year.

Given this performance, sales of pachinko/pachislot machines achieved stronger growth than in the previous fiscal year, because strong underlying demand was tapped by the introduction of highly competitive products, and commission income on machine sales was also up year-on-year, owing to the increase in unit sales. SG&A expenses were also up from the previous year. Among these, the selling of pachislot machines accounts for a large proportion of sales-promotion expenses, but these were reduced during the year, primarily by limiting the number of models being marketed, while monitoring the market environment closely. The primary factors behind the overall rise were an increase in advertising spending, mainly to support launches of overseas operations by D3 and JSM, and increases in personnel and outsourcing expenses for the purposes of improving the PS planning and development structure and of enhancing business efficiency accompanying the increase in the number of collaborating manufacturers.

As a result, net sales were 5.5% higher than in the revised projections released on August 26, 2005, and ordinary income was up by 18.0%. Net sales totaled ¥96,814,364,000, up by 18.6% year-on-year, ordinary income was ¥13,127,685,000, up by 5.2%, and net income was ¥7,085,994,000, up by 2.3%.

(2) Segment overview

In the PS Field segment, factors such as the good reception in the market for products such as *CR Neon Genesis Evangelion: Second Impact* and *Ore no Sora* enabled us to achieve net sales of ¥88,168,782,000 and operating income of ¥12,711,000,000.

The Game Field segment saw the launch of products such as the SIMPLE series of low-priced software and the full-price software K1-WORLD 2005. It generated net sales of ¥5,042,102,000, and operating income of ¥277,681,000.

In the Other Field segment the year under review was positioned as a period of forward-looking investment, highlighted by the merger of three subsidiaries on October 1, 2005, and by vigorous investment to lay further foundations for future earnings expansion. In consequence, in this segment we posted net sales of ¥3,603,479,000, and an operating loss of ¥655,529,000.

(3) Forecast for the fiscal year ending March 31, 2007

The Fields Group's principal business activities are the sale of pachinko/pachislot machines and, based on rights created by itself or acquired for secondary use, the planning and development of digital content that it applies to a variety of media.

In its PS Field segment, over the next period of approximately one year its pachislot machines, more than 1.93 million of which have now been installed, will be shifting from machines compliant with the old regulations to those that comply with the new ones. The Company's aim is to maximize sales volume by identifying market needs with great accuracy, and continuing to introduce the optimum products at the optimum times. With regard to pachinko machines we are placing emphasis on the strategic planning and development of killer content to compare with *Neon Genesis Evangelion*, and will develop our sales on the basis of such major products.

In the Game Field segment we plan to launch Flashed Away, the major full-price product that has already been under development by D3 for some time, starting in the North American market during the second half. We are also committed to the vigorous development of simulator games such as *CR Neon Genesis Evangelion: Second Impact*, and to strengthening the foundations of our management in this segment.

In the Other Field segment JSM, which will enter the second year of its existence during the year, will be devoting its efforts to nurturing the three principal pillars of its operations, namely rights business, athlete business, and solutions business, focusing on the further refinement of its unparalleled business model.

The major movie *Aoki Okami* (The Blue Wolf), for which Kadokawa Haruki Corporation provided the original script and also funding, was filmed entirely on location in Mongolia, with the full cooperation of the Mongolian government, and is due to be released in March 2007. *Aoki Okami* is planned to be used in multiple applications in the future, such as in games and pachinko/pachislot machines.

As a result of this vigorous development of our business activities we are projecting the following consolidated results for the fiscal year ending March 31, 2007: net sales of ¥106,960 million, up by 10.5% year-on-year, ordinary income of ¥14,070 million, up by 7.2%, and net income of ¥7,400 million, up by 4.4%.

2. Financial position

Cash flows

Cash and cash equivalents at the end of the fiscal year under review totaled ¥15,777,313,000, representing an increase of ¥2,451,057,000 from the previous year. Factors contributing to this included a 3.8% increase in income before income taxes and minority interest to ¥13,034,882,000, an increase in notes and accounts receivable-trade, an increase in notes and accounts payable-trade, expenditure for the relocation of branch offices, and an increase in expenses related to merchandising rights (copyrights).

Cash flows from operating activities

Net cash provided by operating activities totaled ¥6,164,786,000. The principal contributing factors included the increase in income before income taxes and minority interest to ¥13,034,882,000, an increase of ¥9,135,880,000 in notes and accounts receivable-trade, an increase of ¥7,492,695,000 in notes and accounts payable–trade, an increase of ¥1,085,496,000 in inventories, and income taxes paid of ¥6,162,055,000.

Cash flows from investing activities

Net cash used in investing activities totaled ¥2,224,610,000. This resulted principally from purchases of property and equipment totaling ¥784,621,000 (particularly expenditure for moving branches), and purchases of investment securities totaling ¥920,000,000.

Cash flows from financing activities

Net cash used in financing activities amounted to ¥1,540,544,000. This was attributable primarily to the repayment of long-term borrowings totaling ¥343,268,000, and dividend payments totaling ¥1,384,996,000.

	Year ended March 31, 2002 (Fiscal 2001)	Year ended March 31, 2003 (Fiscal 2002)	Year ended March 31, 2004 (Fiscal 2003)	Year ended March 31, 2005 (Fiscal 2004)	Year ended March 31, 2006 (Fiscal 2005)
Equity ratio	20.8%	51.2%	39.1%	46.0%	45.0%
Equity ratio at market value	—	88.8%	491.7%	250.5%	145.8%
Debt redemption years	0.9 years	—	3.5 years	0.7 years	0.3 years
Interest coverage ratio	53.6 times	68.8 times	271.0 times	210.3 times	256.6 times

1. Equity ratio: Shareholders' equity/Total assets
2. Equity ratio at market value: Market capitalization (based on closing share price at end of fiscal year)/Total assets
3. Debt redemption years: Interest bearing debt/Net cash provided by operating activities
4. Interest coverage ratio: Net cash provided by operating activities/Interest expense

Notes: 1. Consolidated financial statements have been prepared since fiscal 2002 (ended March 31, 2003). For fiscal 2001 (ended March 31, 2002), calculations are based on the figures from the non-consolidated financial statements.

2. The Company listed its shares on the JASDAQ market on March 19, 2003; the shares had no market value prior to that date.

4. Planned and Actual Application of Funds Raised through Public Share Offering at Market Price

The funds totaling ¥13,100 million raised through a public share offering at market price conducted on June 15, 2004, were, with the exception of a portion for the capital spending plan, applied generally according to plan, including for the purchase of merchandising rights (copyrights) and for investments in subsidiaries.

5. Consolidated Financial Statements

1. Consolidated Balance Sheets

(Thousands of yen, %)

Item \ Period	Fiscal year ended March 31, 2005 (As of March 31, 2005) Amount		% total	Fiscal year ended March 31, 2006 (As of March 31, 2006) Amount		% total	Year-on-year change Amount
Assets							
I. Current assets							
Cash and cash equivalents		13,326,256			15,777,313		2,451,057
Notes and accounts receivable - trade		37,667,536			46,385,995		8,718,459
Marketable securities		5,000			—		(5,000)
Inventories		480,171			1,568,986		1,088,815
Deferred tax assets		267,886			526,855		258,969
Other current assets		5,340,996			5,769,846		428,849
Allowance for doubtful accounts		(87,140)			(149,225)		(62,084)
Total current assets		57,000,705	78.5		69,879,772	79.8	12,879,066
II. Fixed assets							
1. Tangible fixed assets							
Buildings and structures	2,803,718			3,148,129			
Accumulated depreciation	(416,997)	2,386,720		(692,884)	2,455,245		68,524
Vehicles	73,791			47,356			
Accumulated depreciation	(44,284)	29,506		(26,643)	20,713		(8,793)
Tools, furniture and fixtures	1,473,323			1,671,437			
Accumulated depreciation	(630,319)	843,004		(858,088)	813,349		(29,654)
Land		1,547,993			1,372,477		(175,516)
Construction in progress		50,353			27,369		(22,983)
Total tangible fixed assets		4,857,578	6.7		4,689,155	5.4	(168,423)
2. Intangible fixed assets							
Software		353,136			266,603		(86,532)
Excess of net assets acquired over cost		666,791			1,600,689		933,898
Other intangible fixed assets		686,438			885,090		198,651
Total intangible fixed assets		1,706,367	2.4		2,752,383	3.1	1,046,016
3. Investments and other assets							
Investment securities *1		5,545,899			6,991,655		1,445,756
Long-term loan receivables		382,300			296,238		(86,061)
Deposits		2,201,142			2,298,879		97,737
Others		568,889			442,485		(126,403)
Deferred tax assets		500,672			360,424		(140,248)
Allowance for doubtful accounts		(179,008)			(154,461)		24,547
Total investments and other assets		9,019,895	12.4		10,235,222	11.7	1,215,326
Total fixed assets		15,583,841	21.5		17,676,761	20.2	2,092,920
Total assets		72,584,547	100.0		87,556,534	100.0	14,971,987

(Thousands of yen, %)

Item \ Period	Fiscal year ended March 31, 2005 (As of March 31, 2005)			Fiscal year ended March 31, 2006 (As of March 31, 2006)			Year-on-year change
	Amount		% total	Amount		% total	Amount
Liabilities							
I. Current liabilities							
Accounts payable - trade		27,479,525			34,869,095		7,389,570
Short-term borrowings		656,600			730,000		73,400
Current portion of long-term debt		341,768			214,668		(127,100)
Corporate bonds redeemable within 1 year		—			110,000		110,000
Accrued income taxes		2,685,881			3,733,977		1,048,095
Accrued bonuses		20,000			25,000		5,000
Other current liabilities		2,126,332			2,843,769		717,437
Total current liabilities		33,310,107	45.9		42,526,511	48.6	9,216,403
II. Long-term liabilities							
Corporate bonds		500,000			490,000		(10,000)
Long-term borrowings		593,165			366,997		(226,168)
Retirement benefit provisions		139,140			162,648		23,507
Reserve for retirement benefits for directors and statutory auditors		568,700			607,100		38,400
Deposits received		2,378,609			2,380,985		2,375
Other long-term liabilities		5,893			—		(5,893)
Total long-term liabilities		4,185,508	5.8		4,007,730	4.6	(177,777)
Total liabilities		37,495,616	51.7		46,534,242	53.2	9,038,625
Minority interest							
Minority interest in consolidated subsidiaries		1,662,657	2.3		1,610,739	1.8	(51,917)
Shareholders' equity							
I. Common stock *2		7,948,036	10.9		7,948,036	9.1	—
II. Capital surplus		7,994,953	11.0		7,994,953	9.1	—
III. Retained earnings		17,133,487	23.6		22,726,469	26.0	5,592,982
IV. Unrealized holding gain on available-for-sale securities		349,796	0.5		735,622	0.8	385,826
V. Foreign currency translation adjustment		—			6,470	0.0	6,470
Total shareholders' equity		33,426,273	46.0		39,411,552	45.0	5,985,279
Total liabilities, minority interest, and shareholders' equity		72,584,547	100.0		87,556,534	100.0	14,971,987

2. Consolidated Statements of Income

(Thousands of yen, %)

Item \ Period	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)			Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)			Year-on-year change
	Amount		% sales	Amount		% sales	Amount
I. Net sales		81,658,011	100.0		96,814,364	100.0	15,156,352
II. Cost of sales		56,905,614	69.7		67,077,197	69.3	10,171,582
Gross profit		24,752,397	30.3		29,737,167	30.7	4,984,770
III. Selling, general and administrative expenses							
Advertising expenses	2,873,523			3,905,772			
Salaries	3,535,458			4,588,573			
Provision for accrued bonuses	20,000			25,000			
Outsourcing expenses	745,562			1,277,679			
Travel expenses	503,664			622,025			
Depreciation and amortization	468,471			576,645			
Rents	835,296			1,087,487			
Retirement benefit expenses	26,668			47,982			
Provision to reserve for retirement benefits for directors and statutory auditors	—			57,400			
Provision to allowance for doubtful accounts	20,268			114,257			
Amortization of excess of net assets acquired over cost	—			261,807			
Others	3,626,259	12,655,173	15.5	4,824,379	17,389,011	17.9	4,733,837
Operating income		12,097,224	14.8		12,348,156	12.8	250,932
IV. Non-operating income							
Interest income	7,135			16,797			
Dividend income	10,021			25,422			
Discounts on purchases	159,760			201,904			
Amortization of excess of net assets acquired over cost	1,481			—			
Equity in earnings of affiliates	421,667			429,179			
Lease income	38,079			—			
Others	17,804	655,950	0.8	155,191	828,495	0.9	172,544
V. Non-operating expenses							
Interest expense	14,783			23,875			
Corporate bond issuance expense	10,750			2,400			
Stock issuance expense	91,906			872			
Capital increase-related expense	112,494			—			
Lease expenses	16,848			—			
Others	25,819	272,602	0.3	21,818	48,966	0.1	(223,636)
Ordinary income		12,480,571	15.3		13,127,685	13.6	647,113
VI. Extraordinary income							
Gain on sale of fixed assets *1	4,726			147,314			
Gain from liquidation of guarantees	2,600			—			
Gain on sale of investment securities	162,685			7,054			
Gain from investment in anonymous association	45,171			64,081			
Reversal of reserve for retirement benefits for directors and statutory auditors	131,100			—			
Gain from changes in equity of affiliates	610	346,893	0.4	—	218,451	0.2	(128,442)
VII. Extraordinary loss							
Loss on sale of fixed-assets *2	1,666			62			
Loss on disposal of fixed-assets *3	89,416			115,194			
Impairment loss *4	—			56,819			
Loss on sale of investment securities	—			1,251			
Valuation loss on investment securities	175,534			4,320			
Transfer to allowance for doubtful accounts	—			6,900			
Loss on sale of shares in affiliates	—			4,604			
Valuation loss on shares in affiliates	—			13,498			
Valuation loss on equity investment	—			22,609			
Valuation loss on membership rights	—			2,100			
Loss on changes in equity of affiliates	—	266,618	0.3	83,894	311,254	0.3	44,636
Income before income taxes and minority interest		12,560,847	15.4		13,034,882	13.5	474,034
Current income taxes	5,403,841			6,588,353			
Deferred income taxes	217,712	5,621,553	6.9	(383,530)	6,204,823	6.4	583,270
Minority interest		12,502	0.0		(255,935)	(0.2)	(268,438)
Net income		6,926,791	8.5		7,085,994	7.3	159,202

3. Consolidated Statements of Shareholders' Equity

(Thousands of yen)

Item \ Period	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005) Amount		Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006) Amount	
Capital surplus				
I. Capital surplus at beginning of period		1,342,429		7,994,953
II. Increase in capital surplus				
Capital increase from issue of new stock	6,652,524	6,652,524	—	—
III. Balance of capital surplus at end of period		7,994,953		7,994,953
Retained earnings				
I. Retained earnings at beginning of period		11,631,695		17,133,487
II. Increase in retained earnings				
Net income	6,926,791	6,926,791	7,085,994	7,085,994
III. Decrease in retained earnings				
Cash dividends paid	1,340,000		1,388,000	
Bonuses to directors and statutory auditors	85,000		105,000	
Decrease due to newly consolidated subsidiaries	—	1,425,000	12	1,493,012
IV. Retained earnings at end of period		17,133,487		22,726,469

4. Consolidated Statements of Cash Flows

(Thousands of yen)

Item \ Period	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)	Year-on-year change
	Amount	Amount	Amount
I. Cash flows from operating activities			
1. Income before income taxes and minority interest	12,560,847	13,034,882	474,034
2. Depreciation and amortization	568,604	1,237,274	668,669
3. Impairment loss	—	56,819	56,819
4. Amortization of excess of net assets acquired over cost	(1,481)	261,807	263,289
5. Increase (decrease) in allowance for doubtful accounts	2,729	(55,454)	(58,184)
6. Increase (decrease) in accrued bonuses	1,400	2,688	1,288
7. Increase (decrease) in retirement benefit provisions	9,110	(3,100)	(12,210)
8. Increase (decrease) in reserve for retirement benefits for directors and statutory auditors	(131,100)	38,400	169,500
9. Interest and dividend income	(17,157)	(42,219)	(25,061)
10. Discounts on purchases	(159,760)	(201,904)	(42,143)
11. Equity in earnings of affiliates	(421,667)	(429,179)	(7,512)
12. Interest expense	14,783	23,875	9,091
13. Corporate bond issuance expense	10,750	2,400	(8,350)
14. Stock issuance expense	91,906	872	(91,034)
15. Capital increase-related expense	112,494	—	(112,494)
16. Gain on sale of fixed assets	(4,726)	(147,314)	(142,588)
17. Gain on sale of investment securities	(162,685)	(7,054)	155,630
18. Gain from investment in anonymous association	(45,171)	(64,081)	(18,909)
19. Loss on changes in equity of affiliates	(610)	83,894	84,504
20. Loss on sale of fixed assets	1,666	62	(1,604)
21. Loss on disposal of fixed assets	89,416	115,194	25,777
22. Valuation loss on investment securities	175,534	4,320	(171,213)
23. Decrease (increase) in notes and accounts receivable – trade	(18,363,214)	(9,135,880)	9,227,333
24. Decrease (increase) in inventories	(54,621)	(1,085,496)	(1,030,874)
25. Decrease (increase) in merchandising rights advances	(1,592,677)	(203,728)	1,388,949
26. Decrease (increase) in prepaid expenses	34,850	147,235	112,384
27. Decrease (increase) in advance payments	(74,885)	5,838	80,724
28. Decrease (increase) in notes held	122,482	(19,670)	(142,153)
29. Decrease (increase) in non-operating notes receivable	(415,283)	377,620	792,904
30. Decrease (increase) in deposits as security for dealing	(10,000)	(30,832)	(20,832)
31. Increase (decrease) in notes and accounts payable – trade	15,920,750	7,492,695	(8,428,054)
32. Increase (decrease) in accrued consumption tax	(269,189)	177,473	446,662
33. Increase (decrease) in deposits received	3,529	(55,878)	(59,408)
34. Increase (decrease) in deposits held	1,216,687	2,375	(1,214,311)
35. Payments of bonuses to directors and statutory auditors	(85,000)	(105,000)	(20,000)
36. Others	641,685	797,611	155,925
Subtotal	9,769,999	12,276,545	2,506,545
37. Interest and dividends received	39,248	74,320	35,072
38. Interest paid	(14,103)	(24,024)	(9,921)
39. Income taxes paid	(6,829,288)	(6,162,055)	667,232
Net cash provided by (used in) operating activities	2,965,857	6,164,786	3,198,929

(Thousands of yen)

Item \ Period	Fiscal year ended March 31, 2005 (April 1, 2004– March 31, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005– March 31, 2006)	Year-on-year change
	Amount	Amount	Amount
II. Cash flows from investing activities			
1. Sale of marketable securities	—	5,000	5,000
2. Purchases of property and equipment	(2,245,700)	(784,621)	1,461,079
3. Sale of property and equipment	38,761	395,924	357,162
4. Purchases of intangible fixed assets	(629,298)	(702,484)	(73,185)
5. Purchases of investment securities	(3,182,935)	(920,000)	2,262,935
6. Sale of investment securities	238,024	551,585	313,561
7. Purchases of shares in affiliates	(10,000)	(300,000)	(290,000)
8. Proceeds (expenditure) from acquiring newly consolidated subsidiaries *2	896,150	(662,560)	(1,558,710)
9. Sale of shares of subsidiaries on change to scope of consolidation *3	—	8,914	8,914
10. Expenditure for loans	(24,000)	(215,650)	(191,650)
11. Proceeds from repayment of loans	83,158	303,461	220,303
12. Refund of deposits and guarantees	103,463	259,448	155,985
13. Payment of deposits and guarantees	(466,414)	(304,686)	161,727
14. Payment for long-term prepaid expenses	(33,727)	(48,271)	(14,543)
15. Cancellation of insurance policies	—	178,638	178,638
16. Payments to insurance reserve	(1,092)	(1,092)	—
17. Other	(23,543)	11,780	35,324
Net cash provided by (used in) investing activities	(5,257,154)	(2,224,610)	3,032,543
III. Cash flows from financing activities			
1. Increase (decrease) in short-term borrowings	(2,570,000)	79,800	2,649,800
2. Proceeds from long-term borrowings	520,000	—	(520,000)
3. Repayment of long-term borrowings	(27,000)	(343,268)	(316,268)
4. Proceeds from issuance of corporate bonds	489,250	97,600	(391,650)
5. Proceeds from issuance of new stock	13,100,659	—	(13,100,659)
6. Payments by minority shareholders	—	10,319	10,319
7. Cash dividends paid	(1,335,027)	(1,384,996)	(49,968)
Net cash provided by (used in) financing activities	10,177,881	(1,540,544)	(11,718,425)
IV. Effect of exchange rate changes on cash and cash equivalents	1,913	50,037	48,124
V. Increase (decrease) in cash and cash equivalents	7,888,497	2,449,668	(5,438,828)
VI. Cash and cash equivalents at beginning of period	5,437,758	13,326,256	7,888,497
VII. Increase (decrease) in cash and cash equivalents due to change in scope of consolidation	—	1,388	1,388
VIII. Cash and cash equivalents at end of period	13,326,256	15,777,313	2,451,057

Basis of Presentation of the Consolidated Financial Statements

Item	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
1. Scope of consolidation	(1) Number of consolidated subsidiaries: 9 Names of consolidated subsidiaries: Professional Management Co., Ltd. Fields Jr. Corporation Total Workout Corporation White Trash Charms Japan Co., Ltd. Digital Lord Corporation D3 Publisher Inc. Heart-line Inc. Entertainment Software Publishing Inc. D3Publisher of America, Inc. D3 Publisher Inc., which was an affiliate not accounted for by the equity method, has been consolidated as a result of the Company's acquiring additional shares in that company. Concurrently, Heart-line Inc., Entertainment Software Publishing Inc., and D3Publisher of America, Inc., all consolidated subsidiaries of D3 Publisher Inc., have been included within the scope of consolidation. Since D3 Publisher Inc., Heart-line Inc., Entertainment Software Publishing Inc., and D3Publisher of America, Inc. are deemed to have come under the control of the Company at the end of the current fiscal year, they are consolidated only in the balance sheet. However, given its significance, D3 Publisher Inc., which was an affiliate not accounted for by the equity method in the previous fiscal year, became an equity method affiliate this fiscal year, and the Company's equity in the earnings of D3 Publisher Inc. is reflected in the consolidated financial statements.	(1) Number of consolidated subsidiaries: 9 Names of consolidated subsidiaries: Fields Jr. Corporation White Trash Charms Japan Co., Ltd. Digital Lord Corporation Japan Sports Marketing, Inc. D3 Publisher Inc. Entertainment Software Publishing Inc. D3Publisher of America, Inc. D3Publisher of Europe Ltd. D3DB S.r.l. Given its significance, D3DB S.r.l., which was a non-consolidated subsidiary until the previous fiscal year, was included within the scope of consolidation in the current fiscal year. J. Sakazaki Marketing Ltd. has also been included within the scope of consolidation as a result of the acquisition of its shares in the current fiscal year. During the year, Total Workout Corporation and newly consolidated J. Sakazaki Marketing Ltd. were excluded from the scope of consolidation, since they merged on October 1, 2005, and Professional Management Co., Ltd. became the surviving company. After the merger, Professional Management Co., Ltd. changed its name to Japan Sports Marketing, Inc. D3Publisher of Europe Ltd. was established during the fiscal year under review, and was therefore included in the scope of consolidation. The Company sold all its shares in Heart-line Inc., which was a consolidated subsidiary in the previous fiscal year, and therefore that company ceased to be a consolidated subsidiary as of this fiscal year.
	(2) Names of non-consolidated subsidiaries: Database Co., Ltd. APE Inc. D3DB S.r.l. Reason for exclusion from the scope of consolidation: Non-consolidated subsidiaries have been left out of consolidation due to their small size, with none of their total assets, net sales, net income (proportionate to the equity stakes held) and retained earnings (proportionate to equity stakes held) having a material effect on the consolidated financial statements.	(2) Names of non-consolidated subsidiaries: Database Co., Ltd. E-Active Co., Ltd. APE Inc. Reason for exclusion from the scope of consolidation: Same as at left
2. Application of equity method	(1) Number of equity-method affiliates: 3 Rodeo Co., Ltd. Kadokawa Haruki Corporation 3D-AGES Inc. As a result of acquiring additional shares in D3 Publisher Inc. and converting it into a subsidiary in the current fiscal year, 3D-AGES Inc., an affiliate of D3 Publisher Inc., has become an equity-method affiliate. Since shares of Kadokawa Haruki Corporation have been newly acquired, that company has become an equity-method affiliate as of the current fiscal year.	(1) Number of equity-method affiliates: 2 Rodeo Co., Ltd. Kadokawa Haruki Corporation In accordance with a resolution adopted at the ordinary general meeting of shareholders held on September 30, 2005, 3D-AGES Inc. was dissolved, and upon the completion of its liquidation on December 30, 2005, it ceased to be an equity method affiliate.

Item	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
2. Application of equity method	(2) Names of non-consolidated subsidiaries and affiliated companies not accounted for by the equity method: Database Co., Ltd. APE Inc. D3DB S.r.l. Reason for non-application of the equity method: These companies have a negligible impact on net income (proportionate to equity stakes held) and retained earnings (proportionate to equity stakes held) and have no significance as a whole, so have been excluded from the application of the equity method. (3) Matters requiring clarification concerning procedures for application of the equity method: With regard to companies accounted for by the equity method whose accounting year-ends differ from the consolidation date, the financial statements relating to those companies' fiscal years are utilized. With regard to 3D-AGES Inc., financial statements based on a provisional accounts settlement effected on the consolidation date have been utilized.	(2) Names of non-consolidated subsidiaries and affiliated companies not accounted for by the equity method: Database Co., Ltd. G&E Corporation APE Inc. E-Active Co., Ltd. Reason for non-application of the equity method: Same as at left (3) Matters requiring clarification concerning procedures for application of the equity method: With regard to companies accounted for by the equity method whose accounting year-ends differ from the consolidation date, the financial statements relating to those companies' fiscal years are utilized.
3. Balance sheet dates of consolidated subsidiaries	Among the consolidated subsidiaries, D3 Publisher Inc., Heart-line Inc., Entertainment Software Publishing Inc., and D3Publisher of America, Inc., have October 31 as their year-end balance sheet date. The financial statements based on provisional accounts settlements on March 31 are used in the preparation of the consolidated financial statements.	The year-end balance sheet date of consolidated subsidiaries coincides with the consolidation date. As of the fiscal year under review, the year-end balance sheet date of D3 Publisher Inc. and of Entertainment Software Publishing Inc. was changed from October 31 to March 31.
4. Accounting standards (1) Valuation standards and methods for important assets	(1) Marketable securities Other marketable securities Securities with market prices: Stated at market value based on market price as of the consolidated balance sheet date (unrealized gains or losses are charged or credited directly to shareholders' equity, with the cost of securities sold determined by the moving-average method). Securities without market prices: Stated at cost determined by the moving-average method. (2) Inventories - Merchandise Fields Corporation: Used pachinko/pachislot machines Stated at cost determined by the specific identification method. Others Stated at cost determined by the moving-average method. Consolidated subsidiaries: Stated at cost determined by the average-cost method. - Products Consolidated subsidiaries: Stated at cost determined by the first-in first-out method.	(1) Marketable securities Other marketable securities Securities with market prices: Same as at left Securities without market prices: Same as at left (2) Inventories - Merchandise Fields Corporation: Used pachinko/pachislot machines Same as at left Others Same as at left Consolidated subsidiaries: Same as at left - Products Consolidated subsidiaries: Same as at left

Item	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
(1) Valuation standards and methods for important assets	- Work in process Consolidated subsidiaries: Stated at cost determined by the specific identification method.	- Work in process, content Consolidated subsidiaries: Stated at cost determined by the specific identification method. Game software With regard to the production costs of outsourced game software, the software and its content are closely integrated and therefore inseparable, and it is impossible to demarcate them. In view of this, hitherto they have been recognized as software and treated accordingly, but owing to developments such as the upgrading of the performance of home game machines, the decision-making process for the merchandising of game software and the nature of outsourcing have been revised, and in recent years the importance of content categorized as images, music, voice, etc., has been growing, and this trend will strengthen in the future. In view of this, with the exclusion of items whose principal characteristics are clearly those of software, as of the fiscal year under review the Company's accounting recognizes them as content (stating production expenditure as advances or inventories, and transferring it to cost of sales in accordance with projected sales volume). In consequence, inventories increased by ¥1,160,073,000 and there were declines of ¥147,250,000 in advances and of ¥718,410,000 in other intangible fixed assets. Cost of sales rose by ¥124,267,000, and there were declines of ¥418,793,000 in selling, general and administrative expenses and of ¥112,000 in non-operating income, while the operating loss fell by ¥294,525,000, and also the ordinary loss and the net loss before income taxes and minority interest each fell by ¥294,413,000.
	- Supplies Stated at cost determined by the last purchase price method.	- Supplies Same as at left
(2) Depreciation methods for important depreciable assets	(1) Tangible fixed assets Declining-balance method However, the straight-line method is applied to buildings (excluding building fixtures) acquired after April 1, 1998. The estimated useful lives of depreciable assets are as follows. Buildings: 6-50 years Structures: 10-50 years Vehicles: 4-6 years Tools, furniture and fixtures: 3-20 years (2) Intangible fixed assets Straight-line method The straight-line method is applied to software for company use, based on its useful life within the company (five years). Software for sale by consolidated subsidiaries is depreciated at the depreciation rate determined by the Company over the estimated payback period (12 months for game software; 36 months for other software). (3) Long-term prepaid expenses Straight-line method	(1) Tangible fixed assets Declining-balance method However, the straight-line method is applied to buildings (excluding building fixtures) acquired after April 1, 1998. The estimated useful lives of depreciable assets are as follows. Buildings: 4-50 years Structures: 10-50 years Vehicles: 4-6 years Tools, furniture and fixtures: 3-20 years (2) Intangible fixed assets Same as at left (3) Long-term prepaid expenses Same as at left

Item	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
(3) Treatment of important deferred charges	(1) Stock issuance expenses These expenses are charged in full at the time they are incurred. The issuance of 12,000 new shares of common stock on June 15, 2004, through a public offering was carried out by the underwriting companies purchasing and underwriting the shares at ¥1,108,755 per share, which differed from the share issue price of ¥1,161,000, the offering price paid by ordinary investors. The gross spread or differential between the two prices was in this case ¥626,940,000, the de facto underwriting commission. If, as was previously the case, the underwriting and share issue prices were the same, the underwriting commission would have been charged as stock issuance expenses. Consequently, compared to the previous method of accounting for underwriting commission, stock issuance expenses and the total of common stock and capital surplus are each reduced by ¥626,940,000, and ordinary income and income before income taxes and minority interest are each increased by the same amount. (2) Corporate bond issuance expenses These expenses are charged in full at the time they are incurred.	(1) Stock issuance expenses These expenses are charged in full at the time they are incurred. (2) Corporate bond issuance expenses Same as at left
(4) Accounting standards for important reserves	(1) Allowance for doubtful accounts To provide against losses from doubtful accounts, allowances for ordinary receivables are provided using a rate determined by past collection experience, and allowances for specific debts considered doubtful are accounted for by calculating the estimated amounts deemed uncollectible after individually reviewing collectibility of the debts. (2) Accrued bonuses To provide for employee bonuses, the Company recognizes the amounts out of the projected bonus payments to be allocated to the fiscal year. (3) Retirement benefit provisions To provide for employees' retirement benefits, the Company and some consolidated subsidiaries recognize, on the basis of projected benefit obligations as of the end of the fiscal year, benefit obligations accrued as of the end of the fiscal year. Actuarial differences are amortized proportionately by the straight-line method over a fixed number of years (five years) within the average remaining period of service of employees as of the time such differences arise. Amortization amounts are expensed beginning with the fiscal year following that in which the difference arise.	(1) Allowance for doubtful accounts Same as at left (2) Accrued bonuses Same as at left (3) Retirement benefit provisions Same as at left

Item	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
	(4) Reserve for retirement benefits for directors and statutory auditors To provide for directors' and statutory auditors' retirement benefits the Company, in accordance with the internal regulations, states the amounts to be paid at the end of the fiscal year.	(4) Reserve for retirement benefits for directors and statutory auditors Same as at left
(5) Translation of important foreign-currency-denominated assets and liabilities into yen	Foreign currency receivables and payables are translated into yen using the spot currency exchange rate on the consolidated balance sheet date, and translation differences are recorded as gains or losses.	Foreign currency receivables and payables are translated into yen using the spot currency exchange rate on the consolidated balance sheet date, and translation differences are recorded as gains or losses. The assets and liabilities of overseas subsidiaries are translated into yen using the spot currency exchange rate on the consolidated balance sheet date, and income and expenses are translated into yen using the average exchange rate during the period, translation differences being stated as part of the foreign currency translation adjustment in the minority interest or shareholders' equity sections of the balance sheet.
(6) Treatment of important lease transactions	Finance lease transactions, other than those where the ownership of the leased assets is deemed to be transferred to the lessee, are accounted for as ordinary operating lease transactions.	Same as at left
(7) Important hedge accounting methods	(1) Hedge accounting method At certain consolidated subsidiaries, special treatment is used in the case of interest rate swaps that satisfy the criteria for hedge accounting. (2) Methods and scope of hedging Hedging methods Interest rate swap transactions Scope of hedging Interest on borrowings (3) Hedging policy At certain consolidated subsidiaries, a hedging policy is implemented to avoid any impact of fluctuations in market interest rates on fund-raising costs (interest expense). (4) Method for assessing hedging effectiveness Interest rate swap transactions are deemed to qualify for special accounting treatment, and therefore it is on this basis that judgments as to effectiveness are made. (5) Other risk management The management division has responsibility for the conclusion of contracts relating to hedge accounting at certain consolidated subsidiaries. No particular stipulations relating to such transactions have been laid down, but they are administered in accordance with regulations governing the scope of authority.	(1) Hedge accounting method Same as at left (2) Methods and scope of hedging Same as at left (3) Hedging policy Same as at left (4) Method for assessing hedging effectiveness Same as at left (5) Other risk management Same as at left
(8) Other significant standards for the preparation of financial statements	Accounting for consumption tax Consumption tax is accounted for by the tax-excluded method.	Accounting for consumption tax Same as at left
5. Valuation of assets and liabilities of consolidated subsidiaries	The full fair value method is adopted to value assets and liabilities of consolidated subsidiaries.	Same as at left

Item	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
6. Amortization of excess of net assets acquired over cost	The excess of net assets acquired over cost is amortized evenly over five years.	Same as at left
7. Treatment of items for appropriation of retained earnings	The methods of appropriation of retained earnings and loss disposition are determined in accordance with the appropriation of retained earnings determined during the fiscal year.	Same as at left
8. Scope of funds in consolidated statements of cash flows	Funds include cash on hand, demand deposits, and investments maturing or redeemable within three months from acquisition that are highly liquid, easy to convert into cash, and exposed to low price fluctuation risk.	Same as at left

Changes in accounting treatment

Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
――――――	**Accounting standard for impairment of fixed assets** As of this fiscal year the Company has adopted the Accounting Standard for Impairment of Fixed Assets ("Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on August 9, 2002) and the Implementation Guidance for the Accounting Standard for Impairment of Fixed Assets (Financial Accounting Standard Implementation Guidance No. 6 issued by the Accounting Standards Board of Japan on October 31, 2003). In consequence, income before income taxes and minority interest declined by ¥56,819,000. Cumulative impairment losses are deducted directly from the amount of the relevant assets in accordance with the revised Regulations on Consolidated Financial Statements.

Changes in method of presentation

Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
――――――	**Consolidated statements of income** Until the previous fiscal year, "Lease income" was presented as a separate item under "Non-operating income." As this item has become insignificant it has been included in "Others" under "Non-operating income." During the year ended March 31, 2006, lease income amounted to ¥5,393,000.

Additional information

Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
As a result of the promulgation of the Law for Partial Amendment to the Local Tax Law, etc. (Law No. 9 of 2003) on March 31, 2003, and the consequent introduction of the pro forma standard taxation system, which applies to fiscal years commencing on or after April 1, 2004, as of the current fiscal year the Company includes charges for the value-added and capital portions of corporate enterprise tax in selling, general and administrative expenses in accordance with the Practical Procedures for Indication of Pro Forma Taxation in Income Statement concerning Corporate Enterprise Tax (Practical Solutions Report No. 12 issued by the Accounting Standards Board of Japan on February 13, 2004). As a result, SG&A expenses increased by ¥108,422,000, and operating income, ordinary income, and income before income taxes and minority interest decreased by ¥108,422,000.	――――――

Notes

Consolidated balance sheets

Fiscal year ended March 31, 2005 (As of March 31, 2005)		Fiscal year ended March 31, 2006 (As of March 31, 2006)	
*1. The following are assets held in non-consolidated subsidiaries and affiliates		*1. The following are assets held in non-consolidated subsidiaries and affiliates	
Investment securities (equities)	¥3,554,981,000	Investment securities (equities)	¥4,128,042,000
*2. Number of shares issued	347,000 shares	*2. Number of shares issued	347,000 shares
3. Contingent liabilities The Company provides payment guarantees for sales of pachinko/pachislot machines to pachinko halls on an agency basis for pachinko/pachislot machine manufacturers.		3. Contingent liabilities The Company provides payment guarantees for sales of pachinko/pachislot machines to pachinko halls on an agency basis for pachinko/pachislot machine manufacturers.	
Asahi Shoji K.K.	¥59,985,000	Sankei Shoji Co., Ltd.	¥41,728,000
Daiei Kanko K.K.	¥58,480,000	Asahi Shoji K.K.	¥39,823,000
Meiplanet K.K.	¥33,698,000	Niimi Co., Ltd.	¥33,106,000
Kouki Co., Ltd.	¥30,571,000	Y.K. Daiko	¥31,777,000
Iwamoto Development Co., Ltd.	¥28,551,000	Meiplanet K.K.	¥23,861,000
BOSS Co., Ltd.	¥24,910,000	K.K. Toei Kanko	¥19,895,000
Niimi Co., Ltd.	¥23,739,000	LiNE Company	¥15,536,000
Y.K. Daiko	¥23,293,000	Y.K. Big Shot	¥14,025,000
The City Co., Ltd.	¥19,622,000	Y.K. R&K	¥14,017,000
K.K. Toei Kanko	¥18,677,000	K.K. Bishop	¥13,198,000
Others (176)	¥475,519,000	Others (294)	¥430,297,000
Total	¥797,050,000	Total	¥677,268,000
4. Overdraft agreements and loan commitments To raise working capital efficiently, the Fields Group has concluded overdraft and loan commitment agreements with three banks. As of the end of the fiscal year, unutilized amounts under these agreements were as follows:		4. Overdraft agreements and loan commitments To raise working capital efficiently, the Fields Group has concluded overdraft and loan commitment agreements with six banks. As of the end of the fiscal year, unutilized amounts under these agreements were as follows:	
Overdraft limit plus total amount of loan commitments	¥4,310,000,000	Overdraft limit plus total amount of loan commitments	¥5,610,000,000
Borrowings outstanding	¥630,000,000	Borrowings outstanding	¥730,000,000
Difference	¥3,680,000,000	Difference	¥4,880,000,000

Consolidated statements of income

Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
*1. The gain on sale of fixed assets arose from the sale of vehicles.	*1. Breakdown of gain on sale of fixed assets Buildings and structures ¥9,323,000 Tools, furniture and fixtures ¥521,000 Land ¥115,617,000 Gain from sale of insurance reserves ¥21,852,000 Total ¥147,314,000
*2. The loss on sale of fixed assets arose from the sale of tools, furniture and fixtures.	*2. The loss on sale of fixed assets arose from the sale of telephone subscription rights.
*3. Details of loss on disposal of fixed assets Buildings and structures ¥54,837,000 Vehicles ¥29,000 Tools, furniture and fixtures ¥20,961,000 Long-term prepaid expenses ¥361,000 Software ¥13,151,000 Other intangible fixed assets ¥74,000 Total ¥89,416,000	*3. Details of loss on disposal of fixed assets Buildings and structures ¥34,242,000 Tools, furniture and fixtures ¥16,274,000 Construction in process ¥19,337,000 Long-term prepaid expenses ¥1,714,000 Software ¥5,845,000 Other intangible fixed assets ¥37,780,000 Total ¥115,194,000
*4. ______	*4. Impairment loss The Fields Group has stated an impairment loss for the asset set out below. Usage: Miscellaneous business Type: Buildings and land Location: Shibuya, Tokyo Amount: ¥56,819,000 When grouping its assets the Fields Group adopts the method of grouping primarily by business category in accordance with management accounting practice. With regard to a property in Shibuya used for miscellaneous business, since there is no prospect of a recovery in operating income from the property, a loss has been recognized, composed of ¥51,136,000 on the building and ¥5,682,000 on the land. The recoverable value of this property has been calculated on the basis of the net sale price, the market price being the real estate appraisal value.

Consolidated statements of cash flows

Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
1. Relationship between cash and cash equivalents as of the end of the fiscal year and cash amounts stated in the consolidated balance sheets (As of March 31, 2005) Cash and deposit accounts ¥13,326,256,000 Cash and cash equivalents ¥13,326,256,000	1. Relationship between cash and cash equivalents as of the end of the fiscal year and cash amounts stated in the consolidated balance sheets (As of March 31, 2006) Cash and deposit accounts ¥15,777,313,000 Cash and cash equivalents ¥15,777,313,000
*2. Details of assets and liabilities of companies that have been newly consolidated through the acquisition of shares Details of assets and liabilities at the start of consolidation when the companies were newly consolidated through the additional acquisition of shares, and the relationship between the acquisition cost of the shares and the income from acquisition (net amount) are as follows. D3 Publisher Inc. and its three subsidiaries (As of March 31, 2005) Current assets ¥3,715,900,000 Fixed assets ¥1,113,546,000 Excess of net assets acquired over cost ¥446,834,000 Current liabilities (¥784,740,000) Long-term liabilities (¥217,380,000) Minority interest in consolidated subsidiaries (¥1,632,177,000) Acquisition cost ¥2,641,982,000 Book value after application of equity method at end of fiscal year ¥854,882,000 Less: acquisition cost for current fiscal year ¥1,787,100,000 Cash and cash equivalents (¥2,683,250,000) Less: income from acquisition (net amount) (¥896,150,000)	*2. Details of assets and liabilities of companies that have been newly consolidated through the acquisition of shares Details of assets and liabilities at the start of consolidation when the companies were newly consolidated through the additional acquisition of shares, and the relationship between the acquisition cost of the shares and the income from acquisition (net amount) are as follows. J. Sakazaki Marketing Ltd. (As of September 30, 2005) Current assets ¥1,293,740,000 Fixed assets ¥249,426,000 Excess of net assets acquired over cost ¥980,395,000 Current liabilities (¥1,024,859,000) Long-term liabilities (¥26,607,000) Minority interest in consolidated subsidiaries (¥172,094,000) Acquisition cost ¥1,300,000,000 Cash and cash equivalents (¥637,439,000) Less: income from acquisition (net amount) ¥662,560,000 *3. Details of assets and liabilities of a company that has ceased to be a consolidated subsidiary through the sale of shares As a result of the sale of shares, Heart-line Inc. ("HL") ceased to be a consolidated subsidiary. Details of the assets and liabilities at the time of the sale, and the selling price of HL shares and the sales proceeds, are as follows. Current assets ¥2,810,000 Fixed assets ¥13,330,000 Current liabilities (¥15,012,000) Long-term liabilities (¥10,000,000) Gain on sale of shares ¥18,871,000 Selling price of HL shares ¥10,000,000 HL cash and cash equivalents (¥1,085,000) Less: sales proceeds ¥8,914,000

Leases

Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)

1. Finance lease transactions other than those in which the ownership of the leased assets is deemed to be transferred to the lessee

(1) Acquisition cost, accumulated depreciation, and net book value of leased assets at the end of the fiscal year

(Thousands of yen)

	Acquisition cost	Accumulated depreciation	Net book value
Tools, furniture and fixtures	216,628	158,948	57,680
Software	39,710	1,441	38,269
Total	256,339	160,389	95,949

Acquisition cost has been calculated by the interest-inclusive method, since the balance of future minimum lease payments accounts for a minimal portion of tangible fixed assets at the end of the fiscal year.

(2) Future minimum lease payments

Due within one year	¥41,005,000
Due after one year	¥54,944,000
Total	¥95,949,000

Future minimum lease payments at the end of the fiscal year have been calculated by the interest-inclusive method, since the balance of future minimum lease payments accounts for a minimal portion of tangible fixed assets at the end of the fiscal year.

(3) Lease payments and depreciation

Lease payments	¥50,540,000
Depreciation	¥50,540,000

(4) Calculation method for depreciation

Depreciation is calculated by the straight-line method over the lease term of the leased assets, with no residual value.

Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)

1. Finance lease transactions other than those in which the ownership of the leased assets is deemed to be transferred to the lessee

(1) Acquisition cost, accumulated depreciation, and net book value of leased assets at the end of the fiscal year

(Thousands of yen)

	Acquisition cost	Accumulated depreciation	Net book value
Vehicles	11,592	241	11,350
Tools, furniture and fixtures	91,863	67,278	24,584
Software	38,757	8,397	30,359
Total	142,212	75,917	66,295

Acquisition cost has been calculated by the interest-inclusive method, since the balance of future minimum lease payments accounts for a minimal portion of tangible fixed assets at the end of the fiscal year.

(2) Future minimum lease payments

Due within one year	¥27,619,000
Due after one year	¥38,676,000
Total	¥66,295,000

Future minimum lease payments at the end of the fiscal year have been calculated by the interest-inclusive method, since the balance of future minimum lease payments accounts for a minimal portion of tangible fixed assets at the end of the fiscal year.

(3) Lease payments and depreciation

Lease payments	¥41,246,000
Depreciation	¥41,246,000

(4) Calculation method for depreciation

Depreciation is calculated by the straight-line method over the lease term of the leased assets, with no residual value.

Marketable securities

1. Other securities at fair value

(Thousands of yen)

Category	Fiscal year ended March 31, 2005 (As of March 31, 2005)			Fiscal year ended March 31, 2006 (As of March 31, 2006)		
	Acquisition cost	Carrying value on consolidated balance sheets	Difference	Acquisition cost	Carrying value on consolidated balance sheets	Difference
Securities whose carrying value exceeds their acquisition cost						
(i) Shares	773,307	1,363,984	590,676	832,724	2,088,715	1,255,990
(ii) Bonds	—	—	—	500,000	503,200	3,200
(iii) Others	—	—	—	—	—	—
Sub total	773,307	1,363,984	590,676	1,332,724	2,591,915	1,259,190
Securities whose carrying value does not exceed their acquisition cost						
(i) Shares	59,417	59,417	—	—	—	—
(ii) Bonds	—	—	—	200,000	181,320	(18,680)
(iii) Others	500,000	499,199	(800)	—	—	—
Sub total	559,417	558,616	(800)	200,000	181,320	(18,680)
Total	1,332,724	1,922,600	589,875	1,532,724	2,773,235	1,240,510

2. Other securities sold during the fiscal year under review

(Thousands of yen)

Category	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
Proceeds from sales	238,024	551,585
Gains on sales	162,685	7,054
Losses on sales	—	(1,251)

3. Major securities with no available market value

(Thousands of yen)

Category	Fiscal year ended March 31, 2005 (As of March 31, 2005)	Fiscal year ended March 31, 2006 (As of March 31, 2006)
	Carrying value on consolidated balance sheets	Carrying value on consolidated balance sheets
1. Shares of subsidiaries and affiliates		
Shares of subsidiaries	100,000	155,000
Shares of affiliates	3,454,981	3,973,042
2. Other securities		
Unlisted shares (excluding shares traded over the counter)	68,317	34,618
Unlisted corporate bonds	5,000	—
Others	—	55,758

4. Redemption schedule of other securities with maturities and bonds classified as held-to-maturity

Fiscal year ended March 31, 2005 (April 1, 2004 – March 31, 2005)

(Thousands of yen)

	1 year or less	1 to 5 years	5 to 10 years	Over 10 years
1. Bonds				
Japanese government and local government bonds	—	—	—	—
Japanese corporate bonds	5,000	—	—	—
Others	—	—	—	—
2. Others	—	—	—	—
Total	5,000	—	—	—

Fiscal year ended March 31, 2006 (April 1, 2005 – March 31, 2006)

(Thousands of yen)

	1 year or less	1 to 5 years	5 to 10 years	Over 10 years
1. Bonds				
Japanese government and local government bonds	—	—	—	—
Japanese corporate bonds	—	—	—	—
Others	—	—	—	—
2. Others	—	—	—	—
Total	—	—	—	—

Derivatives

1. Matters relating to transaction status

Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
(1) Description of transactions Derivative transactions entered into by some of the consolidated subsidiaries are interest rate swaps.	(1) Description of transactions Same as at left
(2) Policy for transactions Derivative transactions entered into by some of the consolidated subsidiaries are aimed at reducing the risks from interest rate fluctuations, and it is our policy that they are not for speculative purposes.	(2) Policy for transactions Same as at left
(3) Purposes of transactions Derivative transactions entered into by some of the consolidated subsidiaries are aimed at reducing their exposure to interest rate fluctuations on borrowings. Hedge accounting is carried out using derivative transactions. Method for hedge accounting Special accounting methods are adopted for interest rate swaps that satisfy the requirements for hedge accounting. Means and scope of hedging Means of hedging: Interest rate swap transactions Scope of hedging: Interest on borrowings Hedge policy At some of the consolidated subsidiaries, a hedge policy is implemented to mitigate the interest rate risks and improve the financial account balance, and hedging is carried out within the scope of the relevant debt. Method for assessing hedging effectiveness As the interest rate swap transactions are deemed to come under the requirements for special accounting methods, that becomes the criterion for assessing the hedging as effective.	(3) Purposes of transactions Same as at left Method for hedge accounting Same as at left Means and scope of hedging Same as at left Hedge policy Same as at left Method for assessing hedging effectiveness Same as at left
(4) Details of risk relating to transactions Interest rate swap transactions entered into by some of the consolidated subsidiaries have risks from fluctuations in the market interest rates.	(4) Details of risk relating to transactions Same as at left
(5) Risk management system relating to transactions The management division bears the responsibility for concluding contracts relating to hedge accounting at some of the consolidated subsidiaries. There are no particular stipulations relating to such transactions, but these are controlled in accordance with the office regulations concerning authority.	(5) Risk management system relating to transactions Same as at left
(6) Supplementary explanation on matters relating to market value of transactions All derivative transactions entered into by some of the consolidated subsidiaries are subject to hedge accounting, thus a supplementary explanation has been omitted.	(6) Supplementary explanation on matters relating to market value of transactions Same as at left

2. Matters relating to market value of transactions

Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
All derivative transactions entered into by some of the consolidated subsidiaries are subject to hedge accounting, thus a supplementary explanation has been omitted.	Same as at left

Deferred tax accounting

Fiscal year ended March 31, 2005 (As of March 31, 2005)

1. Main components of deferred tax assets and deferred tax liabilities

Deferred tax assets	
Unrecognized reserve for retirement benefits for directors and statutory auditors	¥231,460,000
Unrecognized accrued enterprise taxes	¥161,041,000
Excess reserve for retirement benefits	¥55,593,000
Excess allowance for doubtful accounts	¥55,763,000
Excess reserve for accrued bonuses	¥8,140,000
Operating loss carryforwards for subsidiaries	¥524,700,000
Unrecognized excess depreciation of software	¥118,720,000
Excess amortization of royalty	¥268,125,000
Unrecognized valuation loss on investment securities	¥45,195,000
Unrecognized valuation loss on merchandise	¥40,608,000
Others	¥64,218,000
Sub total deferred tax assets	¥1,573,566,000
Valuation allowance	(¥564,928,000)
Total deferred tax assets	¥1,008,637,000
Deferred tax liabilities	
Unrealized holding gains (losses) on available-for-sale securities	(¥240,079,000)
Total deferred tax liabilities	(¥240,079,000)
Net deferred tax assets	¥768,558,000

2. Breakdown of main items causing differences between the statutory tax rate and the effective rate for income taxes after applying deferred tax accounting

Statutory tax rate	40.7 %
(Adjustments)	
Accumulated earnings tax	2.4 %
Per capita levy of local resident income tax	0.3 %
Entertainment expenses not deductible for tax purposes	0.8 %
Non-taxable dividend income	(0.1 %)
Tax deductions	(0.1 %)
Others	0.8 %
Effective income tax rate after application of deferred tax accounting	44.8 %

Fiscal year ended March 31, 2006 (As of March 31, 2006)

1. Main components of deferred tax assets and deferred tax liabilities

Deferred tax assets	
Unrecognized reserve for retirement benefits for directors and statutory auditors	¥247,089,000
Unrecognized accrued enterprise taxes	¥262,282,000
Excess reserve for retirement benefits	¥66,142,000
Excess allowance for doubtful accounts	¥93,755,000
Excess reserve for accrued bonuses	¥10,175,000
Operating loss carryforwards for subsidiaries	¥1,055,752,000
Unrecognized excess depreciation of software	¥183,322,000
Excess amortization of royalty	¥246,788,000
Unrecognized valuation loss on merchandising rights advances	¥90,416,000
Unrecognized excess depreciation of content	¥41,653,000
Unrecognized valuation loss on merchandise	¥29,388,000
Others	¥180,132,000
Sub total deferred tax assets	¥2,506,901,000
Valuation allowance	(¥1,114,733,000)
Total deferred tax assets	¥1,392,167,000
Deferred tax liabilities	
Unrealized holding gains (losses) on available-for-sale securities	(¥504,887,000)
Total deferred tax liabilities	(¥504,887,000)
Net deferred tax assets	¥887,279,000

2. Breakdown of main items causing differences between the statutory tax rate and the effective rate for income taxes after applying deferred tax accounting

Statutory tax rate	40.7 %
(Adjustments)	
Accumulated earnings tax	2.9 %
Per capita levy of local resident income tax	0.3 %
Entertainment expenses not deductible for tax purposes	1.1 %
Non-taxable dividend income	(0.2 %)
Tax-rate difference arising from losses at consolidated subsidiaries	3.5 %
Others	(0.7 %)
Effective income tax rate after application of deferred tax accounting	47.6 %

Retirement benefit provisions

Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
1. Outline of retirement benefit system adopted The Company has adopted a defined benefit plan consisting of a lump-sum retirement payment.	1. Outline of retirement benefit system adopted The Company and certain domestic consolidated subsidiaries have adopted a defined benefit plan consisting of a lump-sum retirement payment. Certain overseas consolidated subsidiaries have adopted defined contribution plans.
2. Details of retirement benefit obligations Projected benefit obligations (¥145,040,000) Unrecognized net actuarial loss ¥5,899,000 Retirement benefit provisions (¥139,140,000)	2. Details of retirement benefit obligations Projected benefit obligations (¥165,941,000) Unrecognized net actuarial loss ¥3,293,000 Retirement benefit provisions (¥162,648,000) Note: Certain domestic consolidated subsidiaries use the simplified method for the computation of retirement benefit obligations.
3. Details of retirement benefit expenses Retirement benefit expenses Service cost ¥23,904,000 Interest cost ¥2,470,000 Amortization of net actuarial loss ¥293,000 ¥26,668,000	3. Details of retirement benefit expenses Retirement benefit expenses Service cost ¥40,626,000 Interest cost ¥2,716,000 Amortization of net actuarial loss ¥993,000 Other ¥3,645,000 ¥47,982,000 Notes: 1. The retirement benefits expenses of consolidated subsidiaries using the simplified method are stated in "Service cost." 2. "Other" indicates the amount of premium payments to defined contribution pensions.
4. Basis for calculation of retirement benefit obligation Discount rate: 2.0 % Periodic allocation method for projected benefits: Straight-line standard Years over which actuarial gains or losses are amortized: Five years from the fiscal year after the year of occurrence	4. Basis for calculation of retirement benefit obligation Discount rate: 2.0 % Periodic allocation method for projected benefits: Straight-line standard Years over which actuarial gains or losses are amortized: Five years from the fiscal year after the year of occurrence

Segment information

1. Segment information by business category

Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)

Since pachinko/pachislot machine sales business accounts for more than 90% of total sales and operating income in all segments, the Company does not disclose segment information for each category of business activity.

Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)

(Thousands of yen)

	PS Field	Game Field	Other Field	Total	Elimination	Consolidated total
I. Sales and operating income						
Sales						
(1) Sales to outside customers	88,168,782	5,042,102	3,603,479	96,814,364	—	96,814,364
(2) Inter-segment sales and transfers	180,653	10,774	480,027	671,455	(671,455)	—
Total	88,349,435	5,052,877	4,083,507	97,485,820	**(671,455)**	96,814,364
Operating expenses	75,638,435	4,775,196	4,739,036	85,152,668	(686,460)	84,466,208
Operating profit (loss)	12,711,000	277,681	(655,529)	12,333,151	15,004	12,348,156
II. Assets, depreciation and capital expenditure						
Assets	76,791,354	5,543,721	6,091,831	88,426,907	(870,373)	87,556,534
Depreciation	497,534	403,421	252,956	1,153,912	(4,942)	1,148,970
Impairment losses	—	—	56,819	56,819	—	56,819
Capital expenditure	734,555	674,656	987,660	2,396,872	(3,555)	2,393,317

Notes:
1. The business has been segmented into the PS Field, Game Field, and Other Field segments after taking into consideration the similarities between products and services.
2. Principal products in each segment
   (1) PS Field: Purchasing and sale, planning and development of pachinko/pachislot machines, and ancillary business activities
   (2) Game Field: Planning, development and sale of game software and other software packages, etc.
   (3) Other Field: Sports management, etc.
3. All operating expenses are allocated to individual segments, and thus none remain unallocated.
4. All assets are allocated to individual segments, and thus there are no assets that are regarded as being Company-wide assets.

2. Segment information by region

Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)

Since Japan accounts for more than 90% of total sales in all segments and of the value of assets of all segments, the Company does not disclose segment information by region.

Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)

Since Japan accounts for more than 90% of total sales in all segments and of the value of assets of all segments, the Company does not disclose segment information by region.

3. Overseas sales

Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)

Since there are no overseas sales, there is no pertinent information to disclose.

Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)

Since overseas sales account for less than 10% of consolidated net sales, the Company does not disclose information on overseas sales.

Transactions with related parties

Fiscal year ended March 31, 2005 (April 1, 2004 – March 31, 2005)

1. Directors and major individual shareholders

(Thousands of yen)

Attribute	Name	Location	Capital	Business or occupation	Voting rights holding (held)	Relationship		Transaction details	Transaction amount	Account item	Balance at year-end
						Concurrent posts of directors	Business relationship				
Directors and their close relatives	Hiroyuki Yamanaka	—	—	Director, General Manager, of Administration Division Fields Corporation Director Database Co., Ltd. Statutory Auditor Professional Management Co., Ltd. Total Workout Corporation White Trash Charms Japan Co., Ltd. Fields Jr. Corporation Digital Lord Corporation	(Held) direct 0.1%	—	—	Corporate housing rent (Notes 1,2)	2,953	—	—
	Shigemi Shimada	—	—	Director, General Manager of Product Development Division Fields Corporation	(Held) direct 0.1%	—	—	Corporate housing rent (Notes 1,2)	1,430	—	—

Notes: 1. The above transaction amounts are net of consumption tax.
2. Transaction conditions and the policies for determining those conditions
(1) Corporate housing rent is the amount borne by individuals as rent for leased corporate housing. Until December 2004 they bore 50% of the total rent, but from January 2005 the system was changed so that individuals bore the full amount. Corporate housing rent was terminated on April 1, 2005.

2. Subsidiaries, etc.

(Thousands of yen)

Attribute	Name of company	Location	Capital	Business or occupation	Voting rights holding (held)	Relationship		Transaction details	Transaction amount	Account item	Balance at year-end
						Concurrent posts of directors	Business relationship				
Affiliate	D3 Publisher Inc.	Shibuya ward, Tokyo	1,727,889	Design and sale of games software and packaged software	Holding, direct 57.4%	Concurrent post, 1 person	Acquisition of shares	Subscription of new shares privately allocated (Notes 1,2,3)	1,787,100	—	—
	Rodeo Co., Ltd.	Toshima ward, Tokyo	100,000	Development and manufacture of pachinko/ pachislot machines	Holding, direct 35.0%	—	Development and manufacture of pachinko/ pachislot machines	Purchase of machines (Notes 1,2)	44,579,677	Accounts payable -trade	22,637,049

Notes: 1. The above transaction amounts are net of consumption tax, but the balance at year-end is inclusive of consumption tax.
2. Transaction conditions and the policies for determining those conditions
(1) The number of shares issued was 7,000, and the issue price was set at ¥255,300, the average of closing prices in ordinary trading for the most recent three months up to the day immediately preceding the resolution of the Board of Directors (November 15, 2004, to February 14, 2005), disclosed by Jasdaq Securities Exchange, Inc. (during the period to December 10, 2004, disclosed by the Japan Securities Dealers Association).
(2) For the purchase of machines, the transaction conditions are determined in the same manner as those generally applied.
3. D3 Publisher Inc. became a consolidated subsidiary as a result of the subscription of new shares privately allocated referred to above.

Fiscal year ended March 31, 2006 (April 1, 2005 – March 31, 2006)

1. Subsidiaries, etc.

(Thousands of yen)

Attribute	Name of company	Location	Capital	Business or occupation	Voting rights holding (held)	Relationship		Transaction details	Transaction amount	Account item	Balance at year-end
						Concurrent posts of directors	Business relationship				
Affiliate	Rodeo Co., Ltd.	Toshima ward, Tokyo	100,000	Development and manufacture of pachinko/ pachislot machines	Holding, direct 35.0%	—	Development and manufacture of pachinko/ pachislot machines	Purchase of machines (Notes 1,2)	46,825,232	Accounts payable -trade	30,590,077

Notes: 1. The above transaction amounts are net of consumption tax, but the balance at year-end is inclusive of consumption tax.
2. Transaction conditions and the policies for determining those conditions
(1) For the purchase of machines, the transaction conditions are determined in the same manner as those generally applied.

Per-share data

Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
Book value per share ¥96,026,73 Net income per share ¥19,888.61 Since no dilutive latent shares exist, diluted net income per share is not stated. The Company implemented a 2-for-1 stock split on September 3, 2004. Had this stock split been implemented at the beginning of the previous fiscal year, per-share data for the previous fiscal year would have been as follows. Book value per share ¥44,652.69 Net income per share ¥20,233.98 Since no dilutive latent shares exist, diluted net income per share is not stated.	Book value per share ¥113,275.37 Net income per share ¥20,118.14 Since no dilutive latent shares exist, diluted net income per share is not stated.

Note: The calculation basis for net income per share is as follows.

	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
Net income	¥6,926,791,000	¥7,085,994,000
Amount not allocable to common shareholders (Of which, bonuses to directors and statutory auditors by appropriation of retained earnings)	¥105,000,000 (¥105,000,000)	¥105,000,000 (¥105,000,000)
Net income allocable to common shares	¥6,821,791,000	¥6,980,994,000
Average number of shares of common stock outstanding	343,000 shares	347,000 shares
Outline of latent shares not reflected in the calculation of diluted net income per share since they have no dilutive effect	Stock acquisition rights (Number of rights: 636)	Stock acquisition rights: 2 types (Stock acquisition rights (1st series): 604) (Stock acquisition rights (2nd series): 1,610)

Going concern assumption

Fiscal year ended March 31, 2005 (April 1, 2004 – March 31, 2005)
Not applicable.

Fiscal year ended March 31, 2006 (April 1, 2005 – March 31, 2006)
Not applicable.

Significant subsequent events

Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
Resolution on stock options Pursuant to the provisions of Articles 280-20 and 280-21 of the Commercial Code, and based on resolutions of the 17th ordinary general meeting of shareholders on June 29, 2005, and of the meeting of the Board of Directors held on the same day, the Company resolved as follows with regard to the issuance of stock acquisition rights as stock options. 1. Issue date of stock acquisition rights: June 29, 2005 2. Number of stock acquisition rights to be issued: 1,610 (five shares per stock acquisition right) 3. Issue price of stock acquisition rights: Gratis 4. Class and number of shares for which stock acquisition rights are to be issued: 1,610 shares of common stock 5. Amount to be paid upon exercise of stock acquisition rights: ¥760,000 per share 6. Exercise period: From August 1, 2005, to June 30, 2008 7. Number of persons eligible for stock acquisition rights allotment: Directors and employees of the Company totaling 46 people Acquisition of shares of J. Sakazaki Marketing Ltd. (to make it a subsidiary) The Company is seeking to expand its sports and entertainment operations and establish a global standing in the field, and therefore at the meeting of its Board of Directors held on June 27, 2005, it was resolved to conclude a basic agreement to acquire shares in J. Sakazaki Marketing Ltd. (to make it a subsidiary). (1) Overview of the company (i) Trade name: J. Sakazaki Marketing Ltd. (ii) Representative: Kazunori Sakazaki, President & CEO (iii) Address: 2-19 Akasaka 2-chome, Minato-ku, Tokyo (iv) Main businesses: Planning, implementation, sale of broadcasting rights, etc., for sporting events; acquisition of copyrights, trademarks, licenses and granting of licenses. (v) Capital: ¥20 million (vi) Shares issued: 24,000 (vii) Revenues: ¥3,266,450,000 (viii) Total assets: ¥952,935,000 (ix) Fiscal year-end: December 31 (2) Method of acquiring shares Acquisition of 15,600 shares from Kazunori Sakazaki (65.0% of all issued shares) (3) No. of shares acquired and state of share ownership before and after the acquisition No. of shares owned before the transfer - shares No. of shares acquired 15,600 shares (No. of shares with voting rights 15,600; 65.0% ownership) No. of shares owned after the transfer 15,600 shares (No. of shares with voting rights 15,600; 65.0% ownership) (4) Schedule Mid-July 2005: Conclusion of final agreement, transfer of share certificates and payment (Planned)	――――

Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
Merger of subsidiaries At the meeting of the Board of Directors held on June 27, 2005, it was resolved that J. Sakazaki Marketing Ltd. would become a subsidiary of the Company, whereupon it was further resolved to approve a basic memorandum of agreement concerning the merger of its subsidiaries Professional Management Co., Ltd., Total Workout Corporation and J. Sakazaki Marketing Ltd. (1) Outline of the merger of subsidiaries Schedule Mid-August 2005: Signing of merger agreement (Planned) Late-August 2005: Approval of merger by extraordinary general meeting of shareholders at each company (Planned) October 1, 2005: Merger (Planned) (2) Outline of merging companies (i) Trade name: Professional Management Co., Ltd. (ii) Representatives: Hidetoshi Yamamoto, Ken Kudo, Representative directors (iii) Address: 10-8 Dogenzaka 1-chome, Shibuya-ku, Tokyo (iv) Main businesses: Advertising agency services, etc., acquisition of copyrights (merchandising rights) and content (v) Capital: ¥200 million (vi) Shares issued: 4,000 (vii) Total assets: ¥643,272,000 (viii) Fiscal year-end: March 31 (i) Trade name: Total Workout Corporation (ii) Representatives: Hidetoshi Yamamoto, Kevin Yamazaki, Representative directors (iii) Address: 10-8 Dogenzaka 1-chome, Shibuya-ku, Tokyo (iv) Main businesses: Management of gymnasiums (v) Capital: ¥10 million (vi) Shares issued: 200 (vii) Total assets: ¥1,373,732,000 (viii) Fiscal year-end: March 31 (i) Trade name: J. Sakazaki Marketing Ltd. Details are as set out above in "(1) Overview of the company" in "Acquisition of shares of J. Sakazaki Marketing Ltd. (to make it a subsidiary)."	

6. Production, Orders Received and Sales

As of the fiscal year under review, the businesses that were presented in the "Pachinko/pachislot machines" and "Others" segments until the previous fiscal year are presented as segments categorized by type, namely the "PS Field," "Game Field," and "Other Field" segments.

The reason for this change is that game-related business, formerly included within the "Others" category, has grown in importance relative to sales of pachinko/pachislot machines, the Company's principal business, and it was desired to ensure that segmentation matches the realities of the Fields Group.

(1) Production

Production by segment during the fiscal year under review was as follows.

(Thousands of yen)

Item	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)
Pachinko/pachislot machines	—
Others	—
Total	—

(Thousands of yen)

Segment	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
PS Field	—
Game Field	2,262,141
Other Field	—
Total	2,262,141

Note: The above amounts are net of consumption tax.

(2) Procurement

Product purchasing by segment during the fiscal year under review was as follows.

(Thousands of yen)

Item	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)
Pachinko/pachislot machines	49,064,230
Others	1,127,785
Total	50,192,015

Notes: 1. The above amounts are based on the procurement prices.
2. The above amounts are net of consumption tax.

(Thousands of yen)

Segment	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
PS Field	53,820,662
Game Field	—
Other Field	137,402
Total	53,958,064

Notes: 1. The above amounts are based on the procurement prices.
2. The above amounts are net of consumption tax.

(3) Orders received

Orders received by segment during the fiscal year under review were as follows.

(Thousands of yen)

Item	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)
Pachinko/pachislot machines	—
Others	—
Total	—

(Thousands of yen)

Segment	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
PS Field	—
Game Field	159,410
Other Field	—
Total	159,410

Note: The above amounts are net of consumption tax.

(4) Sales

Sales by segment during the fiscal year under review were as follows.

(Thousands of yen)

Item	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)
Pachinko/pachislot machines	78,336,175
Others	3,321,835 (*1)
Total	81,658,011

Notes: 1. "Others" includes pachinko/pachislot machine parts and used pachinko/pachislot machines.
2. The above amounts are net of consumption tax.

(Thousands of yen)

Segment	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
PS Field	88,168,782
Game Field	5,042,102
Other Field	3,603,479
Total	96,814,364

Note: The above amounts are net of consumption tax.

Summary

(Translation)

Fields Corporation
Summary of Financial Statements and Business Results (Non-Consolidated)
Year Ended March 31, 2006

May 15, 2006

Company Name:	Fields Corporation
	(URL: http://www.fields.biz)
Listed on:	JASDAQ (Securities code: 2767)
Head Office:	Tokyo
Representative Director:	Hidetoshi Yamamoto
	President, Representative Director and CEO
Inquiries:	Hiroyuki Yamanaka
	General Manager, Administration Division
	Tel: (03) 5784-2111
Date of Board of Directors meeting to approve these accounts:	May 15, 2006
Interim dividend system (Yes/No):	Yes
Planned date for start of dividend payment:	June 29, 2006
Date of ordinary general meeting of shareholders:	June 28, 2006
Unit share system (Yes/No):	No

1. Summary of business results for the year ended March 31, 2006 (April 1, 2005, to March 31, 2006)

(1) Operating results (Rounded down to nearest million)

	Net sales		Operating income		Ordinary income	
	Millions of yen	(% change)	Millions of yen	(% change)	Millions of yen	(% change)
Year ended March 31, 2006	88,251	(10.4)	12,497	(1.8)	12,836	(4.3)
Year ended March 31, 2005	79,970	(22.8)	12,275	(2.7)	12,312	(2.1)

	Net income		Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Ordinary income to net sales
	Millions of yen	(% change)	Yen	Yen	%	%	%
Year ended March 31, 2006	6,934	(3.2)	19,681.88	—	19.1	17.0	14.5
Year ended March 31, 2005	6,721	(3.1)	19,289.46	—	27.9	23.3	15.4

Notes: 1. Average number of shares outstanding
Year ended March 31, 2006: 347,000
Year ended March 31, 2005: 343,000
2. Changes in accounting methods (Yes/No): No
3. Percentages for net sales, operating income, ordinary income and net income denote changes compared with the previous fiscal year.

(2) Dividends

	Annual dividend per share			Total dividend (Full year)	Payout ratio	Ratio of dividend to shareholders' equity
		Interim	Final			
	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2006	4,000.00	2,000.00	2,000.00	1,388	20.3	3.5
Year ended March 31, 2005	4,000.00	2,000.00	2,000.00	1,388	20.7	4.2

(3) Financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
At March 31, 2006	82,304	39,242	47.7	112,787.63
At March 31, 2005	68,354	33,414	48.9	95,993.86

Notes: 1. Total number of shares issued and outstanding at end of fiscal year
Year ended March 31, 2006: 347,000
Year ended March 31, 2005: 347,000

2. Treasury stock at end of fiscal year
Year ended March 31, 2006: –
Year ended March 31, 2005: –

2. Forecast earnings for the year ending March 31, 2007 (April 1, 2006, to March 31, 2007)

	Net sales	Ordinary income	Net income	Annual dividend per share		
				Interim	Final	
	Millions of yen	Millions of yen	Millions of yen	Yen	Yen	Yen
First half	34,700	3,710	2,040	2,000.00	—	—
Full year	90,200	13,730	7,550	—	2,000.00	4,000.00

Reference: Projected net income per share (Full year): ¥21,757.92

7. Non-Consolidated Financial Statements

1. Non-Consolidated Balance Sheets

(Thousands of yen, %)

Item / Period		Fiscal year ended March 31, 2005 (As of March 31, 2005) Amount		% total	Fiscal year ended March 31, 2006 (As of March 31, 2006) Amount		% total	Year-on-year change Amount
Assets								
I. Current assets								
Cash and cash equivalents			9,872,987			13,566,922		3,693,935
Notes receivable - trade			3,232,572			1,746,185		(1,486,386)
Accounts receivable - trade	*1		34,061,850			43,542,586		9,480,735
Marketable securities			5,000			—		(5,000)
Merchandise			146,691			149,166		2,475
Supplies			99,779			2,023		(97,755)
Advances			32,371			4,607		(27,763)
Merchandising rights advances	*1		3,384,063			3,652,792		268,728
Prepaid expenses			214,699			300,310		85,611
Deferred tax assets			200,372			463,003		262,631
Other accounts receivable	*1		11,220			23,080		11,859
Advance payments	*1		209,866			204,611		(5,255)
Notes held			91,936			111,606		19,670
Non-operating notes receivable			878,333			500,712		(377,620)
Other current assets	*1		205,095			98,112		(106,983)
Allowance for doubtful accounts			(84,300)			(141,000)		(56,700)
Total current assets			52,562,541	76.9		64,224,724	78.0	11,662,182
II. Fixed assets								
1. Tangible fixed assets								
Buildings		2,347,171			2,320,666			
Accumulated depreciation		(315,720)	2,031,450		(392,021)	1,928,645		(102,805)
Structures		65,794			62,201			
Accumulated depreciation		(17,792)	48,002		(24,533)	37,668		(10,333)
Vehicles		27,128			29,623			
Accumulated depreciation		(16,548)	10,579		(20,147)	9,475		(1,104)
Tools, furniture and fixtures		1,106,171			1,091,590			
Accumulated depreciation		(419,139)	687,032		(526,818)	564,772		(122,259)
Land			1,547,993			1,370,827		(177,166)
Total tangible fixed assets			4,325,058	6.3		3,911,388	4.8	(413,669)
2. Intangible fixed assets								
Software			260,219			195,421		(64,797)
Software under development			442,446			739,255		296,808
Telephone subscription rights			18,539			18,539		—
Others			56,700			44,100		(12,600)
Total intangible fixed assets			777,906	1.2		997,317	1.2	219,410
3. Investments and other assets								
Investment securities			1,946,480			2,858,403		911,922
Investments in subsidiaries and affiliates			5,510,550			7,315,550		1,805,000
Equity investment			22,830			10,508		(12,321)
Long-term loans receivable			103,804			103,204		(600)
Long-term loans receivable from shareholders, directors or employees			539			—		(539)
Long-term loans receivable from affiliates			1,222,856			1,267,142		44,285
Claims in bankruptcy			102,952			143,867		40,915
Long-term prepaid expenses			34,699			27,957		(6,741)
Deferred tax assets			174,587			123,267		(51,320)
Deposits	*1		1,774,978			1,868,307		93,329
Others			86,486			85,478		(1,007)
Allowance for doubtful accounts			(97,206)			(612,476)		(515,270)
Allowance for investment losses			(195,000)			(20,000)		175,000
Total investments and other assets			10,688,559	15.6		13,171,210	16.0	2,482,651
Total fixed assets			15,791,524	23.1		18,079,916	22.0	2,288,392
Total assets			68,354,065	100.0		82,304,640	100.0	13,950,575

(Thousands of yen, %)

Item / Period	Fiscal year ended March 31, 2005 (As of March 31, 2005) Amount		% total	Fiscal year ended March 31, 2006 (As of March 31, 2006) Amount		% total	Year-on-year change Amount
Liabilities							
I. Current liabilities							
Accounts payable - trade *1		27,479,545			34,453,859		6,974,313
Other accounts payable		981,274			990,382		9,108
Accrued expenses		2,200			2,700		500
Accrued income taxes		2,609,000			3,590,000		981,000
Accrued consumption tax		132,032			311,854		179,821
Advances received		123,314			50,343		(72,971)
Deposits		477,574			498,233		20,658
Accrued bonuses		20,000			25,000		5,000
Other current liabilities		—			3,359		3,359
Total current liabilities		31,824,942	46.6		39,925,732	48.5	8,100,789
II. Long-term liabilities							
Retirement benefit provisions		129,925			144,705		14,780
Reserve for retirement benefits for directors and statutory auditors		568,700			607,100		38,400
Deposits received		2,409,736			2,384,794		(24,942)
Other long-term liabilities		5,893			—		(5,893)
Total long-term liabilities		3,114,255	4.5		3,136,600	3.8	22,344
Total liabilities		34,939,197	51.1		43,062,332	52.3	8,123,134
Shareholders' equity							
I. Common stock *2		7,948,036	11.6		7,948,036	9.7	—
II. Capital surplus							
Additional paid-in capital	7,994,953			7,994,953			
Capital surplus total		7,994,953	11.7		7,994,953	9.7	—
III. Retained earnings							
Legal reserve	9,580			9,580			
Voluntary reserve							
General reserve	10,000,000			15,000,000			
Unappropriated retained earnings	7,112,502			7,554,115			
Total retained earnings		17,122,082	25.1		22,563,695	27.4	5,441,613
IV. Unrealized holding gain on available-for-sale securities		349,796	0.5		735,622	0.9	385,826
Total shareholders' equity		33,414,868	48.9		39,242,308	47.7	5,827,440
Total liabilities and shareholders' equity		68,354,065	100.0		82,304,640	100.0	13,950,575

2. Non-Consolidated Statements of Income

(Thousands of yen, %)

Item \ Period		Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)			Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)			Year-on-year change
		Amount		% sales	Amount		% sales	Amount
I. Net sales			79,970,015	100.0		88,251,762	100.0	8,281,746
II. Cost of sales	*1		55,787,766	69.8		61,682,867	69.9	5,895,100
Gross profit			24,182,248	30.2		26,568,894	30.1	2,386,646
III. Selling, general and administrative expenses								
Advertising expenses		2,722,140			3,070,003			
Remuneration of directors and statutory auditors		269,450			286,200			
Salaries		3,365,690			3,874,502			
Bonuses		38,846			51,210			
Provision for accrued bonuses		20,000			25,000			
Legal welfare expenses		390,424			467,220			
Other welfare expenses		44,272			33,248			
Outsourcing expenses		756,856			1,293,836			
Travel expenses		436,646			447,745			
Depreciation and amortization		448,930			502,937			
Rents		790,199			959,287			
Recruitment and training expenses		332,716			394,558			
Provision to allowance for doubtful accounts		18,343			143,813			
Retirement benefit expenses		26,668			30,626			
Provision to reserve for retirement benefits for directors and statutory auditors		—			57,400			
Others		2,245,171	11,906,358	14.9	2,433,864	14,071,454	15.9	2,165,096
Operating income			12,275,890	15.3		12,497,439	14.2	221,549
IV. Non-operating income								
Interest income	*1	34,926			25,488			
Interest on securities		175			3,060			
Dividend income	*1	33,021			67,622			
Discounts on purchases	*1	159,760			201,904			
Lease income	*1	38,079			5,393			
Others	*1	23,686	289,650	0.4	47,168	350,637	0.3	60,987
V. Non-operating expenses								
Interest expense		7,351			—			
Stock issuance expense		91,906			—			
Capital increase-related expense		112,494			—			
Lease expenses		16,848			—			
Depreciation and amortization		—			2,806			
Others		24,354	252,956	0.3	9,100	11,906	0.0	(241,049)
Ordinary income			12,312,584	15.4		12,836,170	14.5	523,586

(Thousands of yen, %)

Item / Period	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005) Amount		% sales	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006) Amount		% sales	Year-on-year change Amount
VI. Extraordinary income							
Gain from sale of fixed assets *2	4,726			124,941			
Gain from investment in anonymous association	45,171			64,081			
Gain from liquidation of guarantees	2,600			—			
Gain on sale of investment securities	162,685			—			
Reversal of reserve for retirement benefits for directors and statutory auditors	131,100			—			
Reversal of allowance for investment losses	—	346,283	0.4	175,000	364,023	0.5	17,739
VII. Extraordinary loss							
Loss on sale of fixed assets *3	1,666			—			
Loss on disposal of fixed assets *4	89,039			72,866			
Impairment loss	—			56,819			
Loss on sale of investment securities	—			1,251			
Valuation loss on investment securities	175,534			4,320			
Valuation loss on equity investment	—			12,311			
Valuation loss on membership rights	—			2,100			
Transfer to allowance for doubtful accounts	—			471,900			
Transfer to allowance for investment losses	195,000	461,240	0.6	—	621,569	0.7	160,328
Income before income taxes		12,197,626	15.2		12,578,624	14.3	380,997
Current income taxes	5,354,480			6,120,130			
Deferred income taxes	121,863	5,476,343	6.8	(476,119)	5,644,010	6.4	167,667
Net income		6,721,283	8.4		6,934,613	7.9	213,330
Earnings brought forward from previous year		1,085,219			1,313,502		228,283
Interim dividends paid		694,000			694,000		—
Unappropriated retained earnings		7,112,502			7,554,115		441,613

Appropriation Statements (Tentative)

(Thousands of yen)

Item \ Period	Fiscal year ended March 31, 2005 (June 29, 2005)		Fiscal year ended March 31, 2006 (June 28, 2006)	
I. Unappropriated retained earnings at end of current fiscal year		7,112,502		7,554,115
II. Appropriation amount				
1. Dividends	694,000		694,000	
2. Bonuses to directors and statutory auditors	105,000		105,000	
(Of which, to statutory auditors)	(3,000)		(3,000)	
3. Voluntary reserve				
(1) General reserve	5,000,000	5,799,000	5,000,000	5,799,000
III. Retained earnings carried forward to next fiscal year		1,313,502		1,755,115

Note: The dates in parentheses under the period are the scheduled dates for approval at general meetings of shareholders

Items that raise significant doubts about the going concern assumption

Fiscal year ended March 31, 2005 (April 1, 2004 – March 31, 2005)
Not applicable.

Fiscal year ended March 31, 2006 (April 1, 2005 – March 31, 2006)
Not applicable.

Basis of Presentation of the Non-Consolidated Financial Statements

Significant Accounting Policies

Item	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
1. Valuation standards and methods for marketable securities	(1) Shares of subsidiaries and affiliates Stated at cost determined by the moving-average method. (2) Other marketable securities Securities with market prices: Stated at market value based on market price as of the balance sheet date (unrealized gains or losses are charged or credited directly to shareholders' equity, with the cost of securities sold determined by the moving-average method). Securities without market prices: Stated at cost determined by the moving average method.	(1) Shares of subsidiaries and affiliates Same as at left (2) Other marketable securities Securities with market prices: Same as at left Securities without market prices: Same as at left
2. Valuation standards and methods for inventories	(1) Merchandise Used pachinko/pachislot machines Stated at cost determined by the specific identification method. Others Stated at cost determined by the moving average method. (2) Supplies Stated at cost determined by the last purchase price method.	(1) Merchandise Used pachinko/pachislot machines Same as at left Others Same as at left (2) Supplies Same as at left
3. Depreciation methods for fixed assets	(1) Tangible fixed assets Declining-balance method However, the straight-line method is applied to buildings (excluding building fixtures) acquired after April 1, 1998. The estimated useful lives of depreciable assets are as follows. Buildings: 6-50 years Structures: 10-50 years Vehicles: 4-6 years Tools, furniture and fixtures: 3-20 years (2) Intangible fixed assets Straight-line method The straight-line method is applied to software for company use, based on its useful life within the Company (five years). (3) Long-term prepaid expenses Straight-line method	(1) Tangible fixed assets Declining-balance method However, the straight-line method is applied to buildings (excluding building fixtures) acquired after April 1, 1998. The estimated useful lives of depreciable assets are as follows. Buildings: 4-50 years Structures: 10-50 years Vehicles: 4-6 years Tools, furniture and fixtures: 3-20 years (2) Intangible fixed assets Same as at left (3) Long-term prepaid expenses Same as at left
4. Treatment of deferred charges	Stock issuance expenses These expenses are charged in full at the time they are incurred. The issuance of 12,000 new shares of common stock on June 15, 2004, through a public offering was carried out by the underwriting companies purchasing and underwriting the shares at ¥1,108,755 per share, which differed from the share issue price of ¥1,161,000, the offering price paid by ordinary investors. The gross spread or differential between the two prices was in this case ¥626,940,000, the de facto underwriting commission. If, as was previously the case, the underwriting and share issue prices were the same, the underwriting commission would have been charged as stock issuance expenses.	―――

Item	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
	Consequently, compared to the previous method of accounting for underwriting commission, stock issuance expenses and the total of common stock and capital surplus are each reduced by ¥626,940,000, and ordinary income and income before income taxes are each increased by the same amount.	
5. Accounting standards for reserves	(1) Allowance for doubtful accounts To provide against losses from doubtful accounts, allowances for ordinary receivables are provided using a rate determined by past collection experience, and allowances for specific debts considered doubtful are accounted for by calculating the estimated amounts deemed uncollectible after individually reviewing the collectibility of the debts. (2) Reserve for investment losses To provide for possible losses from investments in affiliates, this reserve is provided in consideration of factors such as the financial condition of the affiliates. (3) Accrued bonuses To provide for employee bonuses, the Company recognizes the amounts out of the projected bonus payments to be allocated to the fiscal year. (4) Retirement benefit provisions To provide for employees' retirement benefits the Company recognizes, on the basis of projected benefit obligations as of the end of the fiscal year, benefit obligations accrued as of the end of the fiscal year. Actuarial differences are amortized proportionately by the straight-line method over a fixed number of years (five years) within the average remaining period of service of employees as of the time such differences arise. Amortization amounts are expensed beginning with the fiscal year following that in which the differences arise. (5) Reserve for retirement benefits for directors and statutory auditors To provide for directors' and statutory auditors' retirement benefits the Company, in accordance with the internal regulations, states the amounts to be paid at the end of the fiscal year.	(1) Allowance for doubtful accounts Same as at left (2) Reserve for investment losses Same as at left (3) Accrued bonuses Same as at left (4) Retirement benefit provisions Same as at left (5) Reserve for retirement benefits for directors and statutory auditors Same as at left
6. Accounting standards for revenues and expenses	For agency sales, when the pachinko/ pachislot machines are delivered to users, and the payments for the machines are made to the machine makers, these are recognized as commission income and commission cost.	Same as at left
7. Treatment of lease transactions	Finance lease transactions, other than those where the ownership of the leased assets is deemed to be transferred to the lessee, are accounted for as ordinary operating lease transactions.	Same as at left
8. Other significant standards for the preparation of financial statements	Accounting for consumption tax Consumption tax is accounted for by the tax-excluded method.	Accounting for consumption tax Same as at left

Changes in accounting treatment

Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
―――――	**Accounting standard for impairment of fixed assets** As of this fiscal year the Company has adopted the Accounting Standard for Impairment of Fixed Assets ("Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on August 9, 2002) and the Implementation Guidance for the Accounting Standard for Impairment of Fixed Assets (Financial Accounting Standard Implementation Guidance No. 6 issued by the Accounting Standards Board of Japan on October 31, 2003). In consequence, income before income taxes declined by ¥56,819,000. Cumulative impairment losses are deducted directly from the amount of the relevant assets in accordance with the revised Regulations on Financial Statements.

Changes in method of presentation

Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
Non-consolidated statements of income Until the previous fiscal year, administrative services fees received were stated as a separate item under non-operating income. As this item has fallen below 10% of non-operating income, it is now included in "Others" under non-operating income. Administrative services fees received in the current fiscal year amounted to ¥15,452,000.	―――――

Additional information

Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
As a result of the promulgation of the Law for Partial Amendment to the Local Tax Law, etc. (Law No. 9 of 2003) on March 31, 2003, and the consequent introduction of the pro forma standard taxation system, which applies to fiscal years commencing on or after April 1, 2004, as of the current fiscal year the Company includes charges for the value-added and capital portions of corporate enterprise tax in selling, general and administrative expenses in accordance with the Practical Procedures for Indication of Pro Forma Taxation in Income Statement concerning Corporate Enterprise Tax (Practical Solutions Report No. 12 issued by the Accounting Standards Board of Japan on February 13, 2004). As a result, SG&A expenses increased by ¥107,461,000, and operating income, ordinary income, and income before income taxes decreased by ¥107,461,000.	―――――

Notes

Non-consolidated balance sheets

Fiscal year ended March 31, 2005 (As of March 31, 2005)	Fiscal year ended March 31, 2006 (As of March 31, 2006)
*1. Assets and liabilities relating to affiliates Other than items stated separately, the following are included in the relevant balance sheet items. Other assets ¥858,911,000 Accounts payable-trade ¥22,794,079,000	*1. Assets and liabilities relating to affiliates Other than items stated separately, the following are included in the relevant balance sheet items. Accounts payable-trade ¥30,760,621,000
*2. Number of authorized and outstanding shares Authorized share Common stock 586,000 shares Outstanding shares Common stock 347,000 shares	*2. Number of authorized and outstanding shares Authorized shares Common stock 1,388,000 shares Outstanding share Common stock 347,000 shares
3. Contingent liabilities The Company provides payment guarantees for sales of pachinko/pachislot machines to pachinko halls on an agency basis for pachinko/pachislot machine manufacturers. Asahi Shoji K.K. ¥59,985,000 Daiei Kanko K.K. ¥58,480,000 Meiplanet K.K. ¥33,698,000 Kouki Co., Ltd. ¥30,571,000 Iwamoto Development Co., Ltd. ¥28,551,000 BOSS Co., Ltd. ¥24,910,000 Niimi Co., Ltd. ¥23,739,000 Y.K. Daiko ¥23,293,000 The City Co., Ltd. ¥19,622,000 K.K. Toei Kanko ¥18,677,000 Others (176) ¥475,519,000 Total ¥797,050,000	3. Contingent liabilities The Company provides payment guarantees for sales of pachinko/pachislot machines to pachinko halls on an agency basis for pachinko/pachislot machine manufacturers. Sankei Shoji Co., Ltd. ¥41,728,000 Asahi Shoji K.K. ¥39,823,000 Niimi Co., Ltd. ¥33,106,000 Y.K. Daiko ¥31,777,000 Meiplanet K.K. ¥23,861,000 K.K. Toei Kanko ¥19,895,000 LiNE Company ¥15,536,000 Y.K. Big Shot ¥14,025,000 Y.K. R&K ¥14,017,000 K.K.Bishop ¥13,198,000 Others (294) ¥430,297,000 Total ¥677,268,000
4. Dividend restriction As a result of mark-to-market valuation of securities, net assets increased by ¥349,796,000. However, the Company is prohibited from utilizing the said amount for dividend payment in accordance with Article 124-3 of the Commercial Code Enforcement Regulations.	4. Dividend restriction As a result of mark-to-market valuation of securities, net assets increased by ¥735,622,000. However, the Company is prohibited from utilizing the said amount for dividend payment in accordance with Article 124-3 of the Commercial Code Enforcement Regulations.
5. Overdraft agreements To raise working capital efficiently, the Company has concluded overdraft agreements with three banks. As of the end of the fiscal year, unutilized amounts under these agreements were as follows. Overdraft limit ¥3,000,000,000 Borrowings outstanding – Difference ¥3,000,000,000	5. Overdraft agreements To raise working capital efficiently, the Company has concluded overdraft agreements with three banks. As of the end of the fiscal year, unutilized amounts under these agreements were as follows. Overdraft limit ¥3,500,000,000 Borrowings outstanding – Difference ¥3,500,000,000

Non-consolidated statements of income

<table>
<tr><th>Fiscal year ended March 31, 2005
(April 1, 2004–March 31, 2005)</th><th>Fiscal year ended March 31, 2006
(April 1, 2005–March 31, 2006)</th></tr>
<tr><td>*1. Items relating to affiliates included in the statements of income are as follows.
Purchases ¥45,095,320,000
Interest income ¥30,986,000
Discounts on purchases ¥159,668,000
Other non-operating income ¥39,052,000</td><td>*1. Items relating to affiliates included in the statements of income are as follows.
Purchases ¥47,408,061,000
Interest income ¥42,200,000
Discounts on purchases ¥201,904,000
Other non-operating income ¥47,631,000</td></tr>
<tr><td>*2. The gain on sale of fixed assets arose from the sale of vehicles.</td><td>*2. Details of gain on sale of fixed assets
Buildings and structures ¥9,323,000
Land ¥115,617,000
Total ¥124,941,000</td></tr>
<tr><td>*3. The loss on sale of fixed assets arose from the sale of tools, furniture and fixtures.</td><td>*3. ―――――</td></tr>
<tr><td>*4. Details of loss on disposal of fixed assets
Buildings ¥54,837,000
Vehicles ¥29,000
Tools, furniture and fixtures ¥20,659,000
Long-term prepaid expenses ¥361,000
Software ¥13,151,000
Total ¥89,039,000</td><td>*4. Details of loss on disposal of fixed assets
Buildings ¥22,501,000
Structures ¥105,000
Tools, furniture and fixtures ¥10,563,000
Long-term prepaid expenses ¥1,714,000
Software ¥37,981,000
Total ¥72,866,000</td></tr>
<tr><td>*5. ―――――</td><td>*5. Impairment loss
The Company has stated an impairment loss for the asset set out below.
Usage: Miscellaneous business
Type: Buildings and land
Location: Shibuya, Tokyo
Amount: ¥56,819,000
When grouping its assets, the Company adopts the method of grouping primarily by business category in accordance with management accounting practice. With regard to a property in Shibuya used for miscellaneous business, since there is no prospect of a recovery in operating income from the property, a loss has been recognized, composed of ¥51,136,000 on the building and ¥5,682,000 on the land.
The recoverable value of this property has been calculated on the basis of the net sale price, the market price being the real estate appraisal value.</td></tr>
</table>

Leases

Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
1. Finance lease transactions other than those in which the ownership of the leased assets is deemed to be transferred to the lessee	1. Finance lease transactions other than those in which the ownership of the leased assets is deemed to be transferred to the lessee
(1) Acquisition cost, accumulated depreciation, and net book value of leased assets at the end of the fiscal year	(1) Acquisition cost, accumulated depreciation, and net book value of leased assets at the end of the fiscal year

Fiscal year ended March 31, 2005

(Thousands of yen)

	Acquisition cost	Accumulated depreciation	Net book value
Tools, furniture and fixtures	104,314	81,264	23,049
Software	39,710	1,441	38,269
Total	144,025	82,705	61,319

Fiscal year ended March 31, 2006

(Thousands of yen)

	Acquisition cost	Accumulated depreciation	Net book value
Tools, furniture and fixtures	26,833	14,441	12,391
Software	38,757	8,397	30,359
Total	65,590	22,838	42,751

Fiscal year ended March 31, 2005	Fiscal year ended March 31, 2006
Acquisition cost has been calculated by the interest-inclusive method, since the balance of future minimum lease payments accounts for a minimal portion of tangible fixed assets at the end of the fiscal year.	Acquisition cost has been calculated by the interest-inclusive method, since the balance of future minimum lease payments accounts for a minimal portion of tangible fixed assets at the end of the fiscal year.
(2) Future minimum lease payments Due within one year ¥18,568,000 Due after one year ¥42,751,000 Total ¥61,319,000	(2) Future minimum lease payments Due within one year ¥12,527,000 Due after one year ¥30,223,000 Total ¥42,751,000
Future minimum lease payments at the end of the fiscal year have been calculated by the interest-inclusive method, since the balance of future minimum lease payments accounts for a minimal portion of tangible fixed assets at the end of the fiscal year.	Future minimum lease payments at the end of the fiscal year have been calculated by the interest-inclusive method, since the balance of future minimum lease payments accounts for a minimal portion of tangible fixed assets at the end of the fiscal year.
(3) Lease payments and depreciation Lease payments ¥22,462,000 Depreciation ¥22,462,000	(3) Lease payments and depreciation Lease payments ¥18,568,000 Depreciation ¥18,568,000
(4) Calculation method for depreciation Depreciation is calculated by the straight-line method over the lease term of the leased assets, with no residual value.	(4) Calculation method for depreciation Depreciation is calculated by the straight-line method over the lease term of the leased assets, with no residual value.

Marketable securities

Fiscal year ended March 31, 2005 (March 31, 2005)

Shares of subsidiaries and affiliates at fair value

(Thousands of yen)

Category	Carrying value on non-consolidated balance sheets	Market value	Difference
Shares of subsidiaries	2,670,100	3,276,000	605,900

Fiscal year ended March 31, 2006 (March 31, 2006)

Shares of subsidiaries and affiliates at fair value

(Thousands of yen)

Category	Carrying value on non-consolidated balance sheets	Market value	Difference
Shares of subsidiaries	2,670,100	4,116,000	1,445,900

Deferred tax accounting

Fiscal year ended March 31, 2005 (As of March 31, 2005)		Fiscal year ended March 31, 2006 (As of March 31, 2006)	
1. Main components of deferred tax assets and deferred tax liabilities		1. Main components of deferred tax assets and deferred tax liabilities	
Deferred tax assets		**Deferred tax assets**	
Unrecognized reserve for retirement benefits for directors and statutory auditors	¥231,460,000	Unrecognized reserve for retirement benefits for directors and statutory auditors	¥247,089,000
Unrecognized accrued enterprise taxes	¥155,664,000	Unrecognized accrued enterprise taxes	¥250,278,000
Excess reserve for retirement benefits	¥51,989,000	Excess reserve for retirement benefits	¥58,895,000
Excess allowance for doubtful accounts	¥40,502,000	Excess allowance for doubtful accounts	¥280,551,000
Excess reserve for accrued bonuses	¥8,140,000	Excess reserve for accrued bonuses	¥10,175,000
Unrecognized allowance for investment losses	¥79,365,000	Unrecognized allowance for investment losses	¥8,140,000
Others	¥47,916,000	Unrecognized valuation loss on merchandising rights advances	¥90,416,000
Total deferred tax assets	¥615,039,000	Valuation loss on equity investment	¥21,367,000
Deferred tax liabilities		Impairment loss	¥22,386,000
Unrealized holding gains (losses) on available-for-sale securities	(¥240,079,000)	Others	¥101,858,000
Total deferred tax liabilities	(¥240,079,000)	Total deferred tax assets	¥1,091,159,000
Net deferred tax assets	¥374,960,000	**Deferred tax liabilities**	
		Unrealized holding gains (losses) on available-for-sale securities	(¥504,887,000)
		Total deferred tax liabilities	(¥504,887,000)
		Net deferred tax assets	¥586,271,000
2. Breakdown of main items causing differences between the statutory tax rate and the effective rate for income taxes after applying deferred tax accounting		2. Breakdown of main items causing differences between the statutory tax rate and the effective rate for income taxes after applying deferred tax accounting	
Statutory tax rate	40.7 %	Statutory tax rate	40.7 %
(Adjustments)		(Adjustments)	
Accumulated earnings tax	2.5 %	Accumulated earnings tax	3.0 %
Per capita levy of local resident income tax	0.3 %	Per capita levy of local resident income tax	0.3 %
Entertainment expenses not deductible for tax purposes	0.8 %	Entertainment expenses not deductible for tax purposes	1.1 %
Non-taxable dividend income	(0.1 %)	Non-taxable dividend income	(0.2 %)
Tax deductions	(0.1 %)	Tax deductions	(0.0 %)
Others	0.8 %	Others	0.0 %
Effective income tax rate after application of deferred tax accounting	44.9 %	Effective income tax rate after application of deferred tax accounting	44.9 %

Increases in numbers of shares of common stock outstanding

Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)		Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
Issuance of new shares through book-building process		―――
Issuance of new shares through book-building process on June 15, 2004		
Number of shares issued	12,000 shares	
Issue price	¥1,161,000	
Issue value	¥1,108,755	
Amount transferred to paid-in-capital	¥554,378	
Stock split		
Issuance of new shares through a stock split on September 3, 2004		
Stock split ratio	2-for-1	
Number of shares issued	173,500 shares	

Per-share data

Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
Book value per share ¥95,993.86 Net income per share ¥19,289.46 Since no dilutive latent shares exist, diluted net income per share is not stated. The Company implemented a 2-for-1 stock split on September 3, 2004. Had this stock split been implemented at the beginning of the previous fiscal year, per-share data for the previous fiscal year would have been as follows. Book value per share ¥45,253.63 Net income per share ¥19,923.14 Since no dilutive latent shares exist, diluted net income per share is not stated.	Book value per share ¥112,787.63 Net income per share ¥19,681.88 Since no dilutive latent shares exist, diluted net income per share is not stated.

Note: The calculation basis for net income per share is as follows.

	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
Net income	¥6,721,283,000	¥6,934,613,000
Amount not allocable to common shareholders (Of which, bonuses to directors and statutory auditors by appropriation of retained earnings)	¥105,000,000 (¥105,000,000)	¥105,000,000 (¥105,000,000)
Net income allocable to common shares	¥6,616,283,000	¥6,829,613,000
Average number of shares of common stock outstanding	343,000 shares	347,000 shares
Outline of latent shares not reflected in the calculation of diluted net income per share since they have no dilutive effect	Stock acquisition rights (Number of rights: 636)	Stock acquisition rights: 2 types (Stock acquisition rights (1st series): 604) (Stock acquisition rights (2nd series): 1,610)

Significant subsequent events

Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
Resolution on stock options Pursuant to the provisions of Articles 280-20 and 280-21 of the Commercial Code, and based on resolutions of the 17th ordinary general meeting of shareholders on June 29, 2005, and of the meeting of the Board of Directors held on the same day, the Company resolved as follows with regard to the issuance of stock acquisition rights as stock options. 1. Issue date of stock acquisition rights: June 29, 2005 2. Number of stock acquisition rights to be issued: 1,610 (one share per stock acquisition right) 3. Issue price of stock acquisition rights: Gratis 4. Class and number of shares for which stock acquisition rights are to be issued: 1,610 shares of common stock 5. Amount to be paid upon exercise of stock acquisition rights: ¥760,000 per share 6. Exercise period: From August 1, 2005, to June 30, 2008 7. Number of persons eligible for stock acquisition rights allotment: Directors and employees of the Company totaling 46 people Acquisition of shares of J. Sakazaki Marketing Ltd. (to make it a subsidiary) The Company is seeking to expand its sports and entertainment operations and establish a global standing in the field, and therefore at the meeting of its Board of Directors held on June 27, 2005, it was resolved to conclude a basic agreement to acquire shares in J. Sakazaki Marketing Ltd. (to make it a subsidiary). (1) Overview of the company (i) Trade name: J. Sakazaki Marketing Ltd. (ii) Representative: Kazunori Sakazaki, President & CEO (iii) Address: 2-19 Akasaka 2-chome, Minato-ku, Tokyo (iv) Main businesses: Planning, implementation, sale of broadcasting rights, etc., for sporting events; acquisition of copyrights, trademarks, licenses and granting of licenses. (v) Capital: ¥20 million (vi) Shares issued: 24,000 (vii) Revenues: ¥3,266,450,000 (viii) Total assets: ¥952,935,000 (ix) Fiscal year-end: December 31 (2) Method of acquiring shares Acquisition of 15,600 shares from Kazunori Sakazaki (65.0% of all issued shares) (3) No. of shares acquired and state of share ownership before and after the acquisition No. of shares owned before the transfer: - shares No. of shares acquired: 15,600 shares (No. of shares with voting rights 15,600; 65.0% ownership) No. of shares owned after the transfer: 15,600 shares (No. of shares with voting rights 15,600; 65.0% ownership) (4) Schedule Mid-July 2005: Conclusion of final agreement, transfer of share certificates and payment (Planned)	―――

Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006)
Merger of subsidiaries At the meeting of the Board of Directors held on June 27, 2005, it was resolved that J. Sakazaki Marketing Ltd. would become a subsidiary of the Company, whereupon it was further resolved to approve a basic memorandum of agreement concerning the merger of its subsidiaries Professional Management Co., Ltd., Total Workout Corporation and J. Sakazaki Marketing Ltd. (1) Outline of the merger of subsidiaries Schedule Mid-August 2005: Signing of merger agreement (Planned) Late-August 2005: Approval of merger by extraordinary general meeting of shareholders at each company (Planned) October 1, 2005: Merger (Planned) (2) Outline of merging companies (i) Trade name: Professional Management Co., Ltd. (ii) Representatives: Hidetoshi Yamamoto, Ken Kudo, Representative directors (iii) Address: 10-8 Dogenzaka 1-chome, Shibuya-ku, Tokyo (iv) Main businesses: Advertising agency services, etc., acquisition of copyrights (merchandizing rights) and content (v) Capital: ¥200 million (vi) Shares issued: 4,000 (vii) Total assets: ¥643,272,000 (viii) Fiscal year-end: March 31 (i) Trade name: Total Workout Corporation (ii) Representatives: Hidetoshi Yamamoto, Kevin Yamazaki, Representative directors (iii) Address: 10-8 Dogenzaka 1-chome, Shibuya-ku, Tokyo (iv) Main businesses: Management of gymnasiums (v) Capital: ¥10 million (vi) Shares issued: 200 (vii) Total assets: ¥1,373,732,000 (viii) Fiscal year-end: March 31 (i) Trade name: J. Sakazaki Marketing Ltd. Details are as set out above in "(1) Overview of the company" in "Acquisition of shares of J. Sakazaki Marketing Ltd. (to make it a subsidiary)."	

8. Changes in Directors and Statutory Auditors

Changes are as yet undecided.