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, %)

Period / Item		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
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) Amount		% sales	Fiscal year ended March 31, 2006 (April 1, 2005–March 31, 2006) Amount		% sales	Year-on-year change 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

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. 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	*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
*2. The gain on sale of fixed assets arose from the sale of vehicles.	*2. Details of gain on sale of fixed assets Buildings and structures ¥9,323,000 Land ¥115,617,000 Total ¥124,941,000
*3. The loss on sale of fixed assets arose from the sale of tools, furniture and fixtures.	*3. ―――
*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	*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
*5. ―――	*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.

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	104,314	81,264	23,049
Software	39,710	1,441	38,269
Total	144,025	82,705	61,319

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

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

(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
Tools, furniture and fixtures	26,833	14,441	12,391
Software	38,757	8,397	30,359
Total	65,590	22,838	42,751

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	¥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.

(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.

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

<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>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)</td><td>―</td></tr>
</table>

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.