Gaming and Entertainment

ANNUAL REPORT 2005

April 1, 2004 – March 31, 2005

Fields Corporation

Security Code: 2767

PROFILE

Fields Corporation was established in 1988 as a distributor of pachinko/pachislot machines. The pachinko/pachislot market is a major leisure industry in Japan, accounting for at least 30% of the revenues generated in Japan's leisure market and reaching as high as ¥30 trillion. In this market, we conduct ongoing business transactions with about 12,000 pachinko hall operators throughout Japan and with nearly every maker of pachinko/pachislot machines. Drawing upon a nationwide sales network that reflects our solid position as the No. 1 trading company in the industry, we have contributed to boosting the sales growth of both operators and makers while maintaining our operational capacity to earn significant profits.

Recently, content plays an increasingly important role as a corporate asset in the entertainment business that includes pachinko/pachislot. Fields is taking concrete action to become a content provider, which acquires rights to a number of copyrighted characters that are well-known in Japan and overseas, and provides them to a broad range of channels, including pachinko/pachislot machines.
Fields is committed to realizing its corporate philosophy by expanding its scope of business from pachinko into a broad range of entertainment ventures, including the creation of primary content and the promotion of the multi-use of content.

Corporate Philosophy

"The Greatest Leisure for All People"

Forward-looking Statements

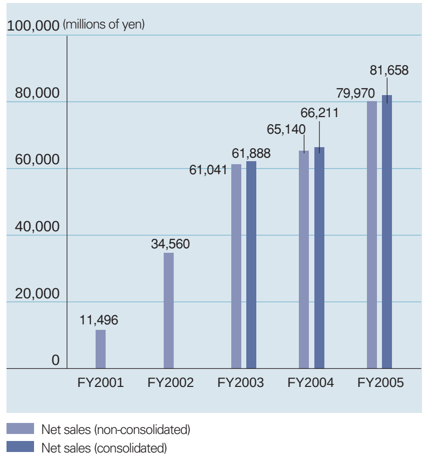
This Annual Report includes forward-looking statements about Fields Corporation and its Group companies ("Fields Group"). Forward-looking statements, including plans and forecasts of operations in this Report, are based on information currently available to the Fields Group and involve unknown risks and uncertainties. Any change in risks, uncertainties and other factors upon which such forward-looking statements are based may cause Fields Group's actual results, performance, achievements or financial position to be materially different from future results, performance, achievements or financial position expressed or implied by these forward-looking statements.

Contents

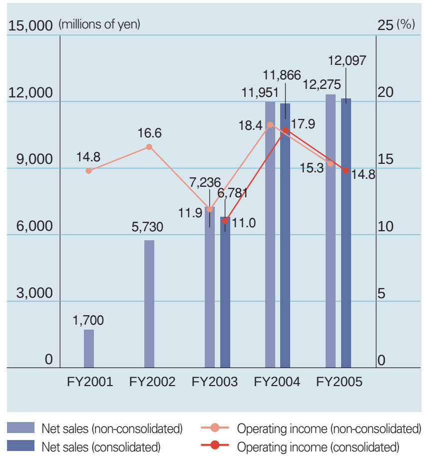
Financial Highlights

	Non-Consolidated			Consolidated			
	2003	2004	**2005**	2003	2004	**2005**	**2005**
Results of Operations (in millions):							
Net sales	¥ 61,041	¥ 65,140	**¥ 79,970**	¥ 61,888	¥ 66,211	**¥ 81,658**	**$ 760**
Cost of sales	45,405	43,975	**55,787**	45,895	44,633	**56,905**	**529**
Gross profit	15,635	21,164	**24,182**	15,992	21,578	**24,752**	**230**
Selling, general and administrative expenses	8,398	9,213	**11,906**	9,211	9,711	**12,655**	**117**
Operating income	7,236	11,951	**12,275**	6,781	11,866	**12,097**	**112**
Income before income taxes	7,415	12,040	**12,197**	7,148	12,189	**12,560**	**116**
Net income	3,786	6,520	**6,721**	3,524	6,620	**6,926**	**64**
Financial Position (in millions):							
Total current assets	¥ 11,342	¥ 27,233	**¥ 52,562**	¥ 11,976	¥ 28,152	**¥ 57,000**	**$ 530**
Total assets	17,310	37,114	**68,354**	17,090	37,115	**72,584**	**675**
Short-term borrowings (including current portion of long-term borrowings)	—	3,000	**—**	—	3,000	**656**	**6**
Long-term borrowings (excluding current portion)	—	—	**—**	—	—	**341**	**3**
Shareholders' equity	9,043	14,701	**33,414**	8,752	14,507	**33,426**	**311**
Other Data:							
Gross profit margin	25.61%	32.49%	**30.24%**	25.84%	32.59%	**30.31%**	
Operating margin	11.86%	18.35%	**15.35%**	10.96%	17.92%	**14.81%**	
Earnings per share	¥ 126,146	¥ 39,846	**¥ 19,289**	¥ 117,234	¥ 40,465	**¥ 19,888**	**$ 185**
Number of shares issued and outstanding at period end	32,300	161,500	**347,000**	32,300	161,500	**347,000**	

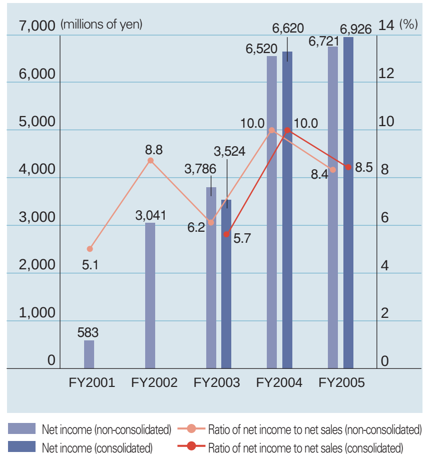
Net sales



Operating income ; Ratio of operating income to net sales



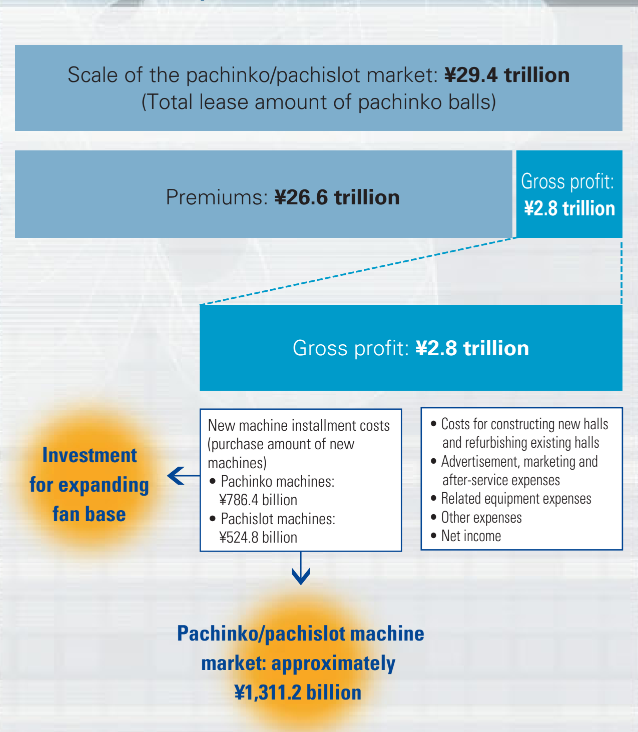
Net income ; Ratio of net income to net sales



Note: Figures for FY2002 and earlier are stated on a non-consolidated basis.

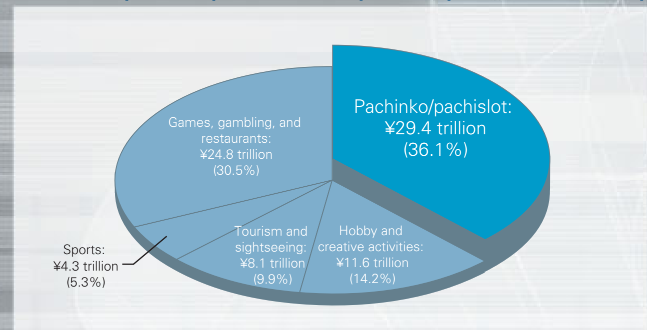
Entering a new era for the pachinko/pachislot industry —toward a more diversified fan base

Income structure of pachinko halls



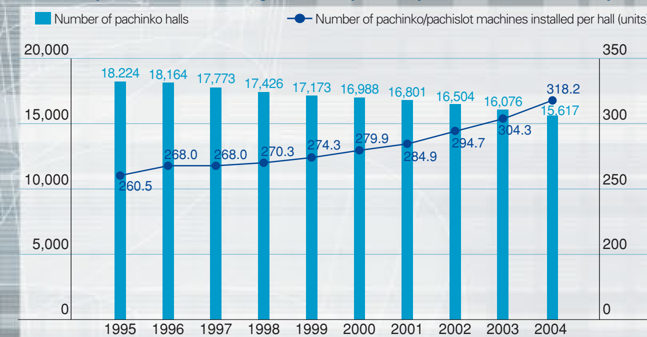
*Source: *2005 White Paper on Leisure*, published by Japan Productivity Center for Socio-Economic Development
2005 Trend of Pachinko Machine Makers and Their Market Share, published by Yano Research Institute Ltd. (including figures estimated by Fields)

Share of the pachinko/pachislot industry in the Japanese leisure industry



*Source: *2005 White Paper on Leisure*, published by Japan Productivity Center for Socio-Economic Development

Number of pachinko halls and average number of pachinko/pachislot machines installed per hall



*Source: *2005 Trend of Pachinko Machine Makers and Their Market Share*, published by Yano Research Institute Ltd.

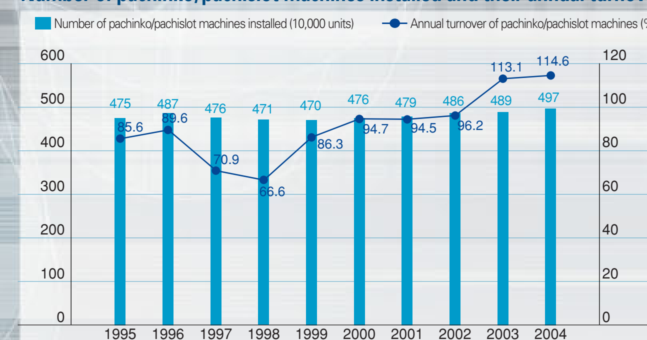
Pachinko machine market scale

*Source: *2005 Trend of Pachinko Machine Makers and Their Market Share*, published by Yano Research Institute Ltd.

Pachinko/pachislot market size and number of pachinko fans

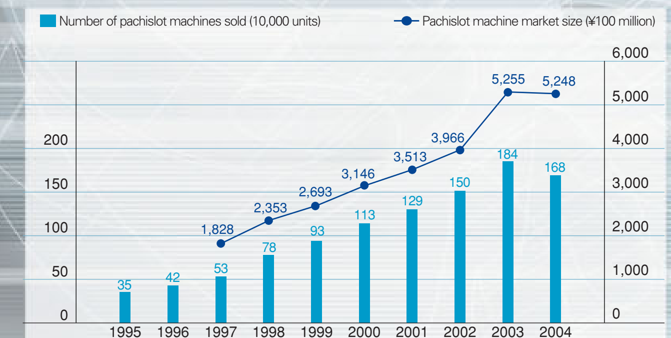
*Source: *2005 White Paper on Leisure*, published by Japan Productivity Center for Socio-Economic Development

Number of pachinko/pachislot machines installed and their annual turnover



*Source: *2005 Trend of Pachinko Machine Makers and Their Market Share*, published by Yano Research Institute Ltd.

Pachislot machine market scale



*Source: *2005 Trend of Pachinko Machine Makers and Their Market Share*, published by Yano Research Institute Ltd.

The pachinko/pachislot industry has developed as a unique leisure industry for the general public in Japan. Now, the industry is shifting into a new era, in the face of changes in society and the market, including diversified leisure needs, advances in hardware and software technologies, and the amended law on pachinko/pachislot machines. Freed from conventional thinking, the industry is expected to transform into a new type of leisure that draws a broader demographic by offering new game and entertainment features.

The growth potential of the pachinko/pachislot industry
—leading to an expanding fan base

The pachinko/pachislot business is at the forefront of the leisure industry in Japan. With a market scale exceeding 30 trillion yen, the industry accounts for over 30% of the overall leisure industry. In recent years the number of pachinko fans has been declining due to diversified leisure needs that reflect similar diversification in the entertaining environment as well as the 1995 amendment to the pachinko/pachislot machine law. However, it appears this downward trend bottomed out in 2003. The industry is expected to adopt various approaches to acquire new pachinko fans, including the creation of pachinko/pachislot machines, hall spaces and the development of services to meet the needs of diverse fans.

Current situation of the pachinko/pachislot machine market
—increasing investment to attract more fans into halls

Many pachinko halls have recently joined major pachinko chains. In addition, newly opened halls are becoming larger, while existing halls are accelerating their efforts to expand space. Consequently, the number of machines is rising despite a fall in the total number of halls. Investment for improving halls to acquire fans is growing and the annual turnover* of pachinko/pachislot machines has continued to rise after bottoming out in 1999. Following the amendment of the Law Regulating Adult Entertainment Businesses, in 2004, the industry has offered enhanced game and entertainment features, such as image displays in machines. Given this market environment, expectations are high for the development and release of new content to attract a wider range of fans.

* Annual turnover of pachinko/pachislot machines = number of existing machines/number of machines sold

Outlook for the pachinko/pachislot machines market
—significant demand for game and entertainment features

The number of pachinko machines has continued to rise since 2001. The number of machines sold is expected to grow in coming years, given that the industry is projected to draw a more varied base of fans by using popular copyrighted characters and their stories to attract new fans to new models of machines which comply with the provisions of the Law Regulating Adult Entertainment Businesses as amended in 2004.

In the pachislot industry, the number of fans, particularly young fans, is continually growing. In addition, market scale and the total number of machines sold have grown rapidly in recent years, benefiting from the introduction of new models employing advanced imaging hardware and software technology. Given the fact that the gambling nature of machines is restricted under the 2004 amendment of the law, there will be increasing need for content development with more sophisticated entertainment.

Evolving from a pachinko/pachislot machine sales company into a content provider

Major milestones

'88
- The Company was established in Nagoya to sell pachinko/pachislot machines.

'92

- Established branch offices in Tokyo and Kyushu.
- Bought out Leisure Nippon Newspaper Company toward realizing our new vision for the industry.
- Launched "Hall TV" system to support pachinko hall management.

'95
- Established branch offices nationwide in the Tohoku, Chugoku, Shikoku, and Kansai regions.
- Formed a partnership with Sammy Corporation, a pachinko/pachislot machine maker, for joint sales.
- Launched Pachinko Information Station, a communications satellite (CS) broadcasting service for the pachinko/pachislot industry in collaboration with Mitsui & Co., Ltd.

'00
- Established Rodeo Co., Ltd., a joint venture with Sammy Corporation.
- Sparked the boom in pachislot machines that feature copyrighted characters.

'01
- Established Professional Management Co., Ltd. and Total Workout Corporation.
- Renamed Fields Corporation.

'02
- Established White Trash Charms Japan Co., Ltd.
- Hosted the hall design competition, inviting architects from Japan and overseas.

'03
- Listed shares on JASDAQ.
- Released Sammy Corporation's pachinko machines exclusively for Fields.
- Formed a business alliance with Bisty Co., Ltd. of the SANKYO Group.

'04
- Formed a partnership with Sun R&P.
- Formed a business partnership with FEG Inc., a K-1 management company.
- Converted nationwide branch offices into showrooms.

'05
- Added D3 PUBLISHER Inc. to our consolidated subsidiaries.
- Acquired shares of Kadokawa Haruki Corporation.

1988 — 1992 — 1995 — 2000 — 2001 — 2002 — 2003 — 2004 — 2005

In line with our corporate philosophy, providing "The Greatest Leisure for All People," Fields has set its sights on the pachinko/pachislot market, the most visible leisure activity in Japan, and intends to revitalize this market by addressing a variety of new challenges. We have established a nationwide sales network and consolidated a unique position that connects the many pachinko/pachislot fans with halls and machine makers. We are now enhancing our ability to meet the challenge of creating new markets.

Starting in 1988

Seeking a more open and flexible distribution model for pachinko/pachislot machines

Taking advantage of our strength as an independent distributor, Fields has changed the conventional practice of the industry, in which each pachinko hall only installed the machines from a single maker. Hall operators are able to select the optimum mix of machines out of a wide range of machines from different makers from our practical proposals that are based on meticulous marketing. Our innovation and flexible distribution has contributed to increased satisfaction of fans and enhanced the sales channels of makers.

1992 —

Contributing to raising recognition and revitalizing the industry

In response to the growth of the leisure market and the increasingly diversified preferences and needs for leisure, Fields has used mass media to provide entertainment information on pachinko/pachislot and contributed to improving the recognition of the pachinko business as a leisure enterprise. In addition, Fields has contributed to the information-based operation of halls by providing them with relevant market data such as types of pachinko/pachislot machines and market trends.

2000 —

Evolving into a content provider

In order to establish new points of appeal for pachinko/pachislot machines and recognizing the high demand for the machines featuring game functions, Fields formed a business alliance with pachislot makers and was the first to release pachislot machines featuring highly animated content and exciting story lines associated with copyrighted characters while capitalizing on the rapid advances in liquid crystal displays (LCDs) and semiconductor technologies. The machines were wildly successful and triggered a boom in entertainment machines. Since then we have focused on strengthening the planning and sales not only of pachinko/pachislot machines but also on the variety of content.

Breakthrough to the Next Stage

Hidetoshi Yamamoto President and CEO

Continually increasing sales and income thanks to aggressive planning and sales of pachinko/pachislot machines

As a trading company dealing with pachinko/pachislot machines manufactured by all makers, Fields has continued to grow by proposing the optimum selection of machines for pachinko halls based on our market research and contributing to the development of pachinko/pachislot makers and pachinko halls. In recent years, we have capitalized on our unrivaled nationwide sales network to reinforce our planning and consulting capability, including becoming the first company to realize the potential value of copyrighted characters. We provide makers machines featuring copyrighted characters with high entertainment value collaborating with the pachinko/pachislot machine makers, based on our conviction that opportunities for expanding the pachinko/pachislot industry will only happen by increasing the number of fans. Fields established its unique business model as a fabless company by providing allied makers with copyrighted characters' and product planning, and marketing the pachinko/pachislot machines they manufacture.

In the term under review, in line with the July 2004 amendment to the law governing pachinko/pachislot machines, demand grew for machines that keep gambling to a socially acceptable level while offering high entertainment value. Therefore, we launched CR Neon Genesis Evangelion, the first pachinko machine created through full-fledged collaboration with Bisty Co., Ltd., a subsidiary of our new partner, SANKYO Corporation. Immediately after release, the machine attracted anime fans, a new segment of pachinko enthusiasts, and was well received in the market.

In addition, the Onimusha 3 pachislot machine developed by Rodeo Co., Ltd. and Sammy Corporation, a subsidiary of another alliance partner, achieved favorable sales.

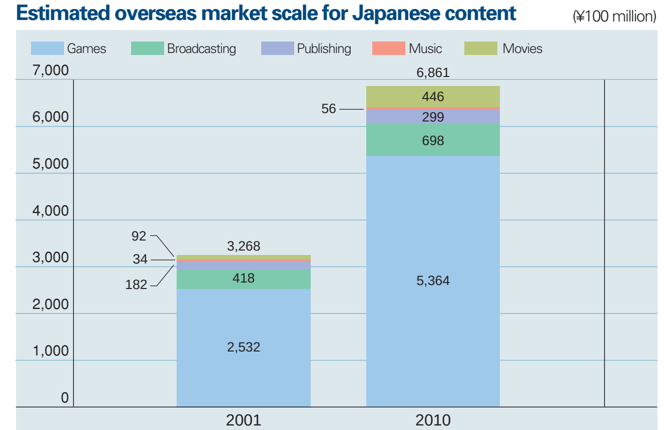
As a result of these efforts, we achieved increases in both net sales and income. Net sales for the term under review were ¥81,658 million, up 23.3% compared with the previous fiscal year. Ordinary income was ¥12,480 million, up 2.2%. Net income was ¥6,926 million, an increase of 4.6%.

Steadily implementing our Content Provider Strategy

In the term under review, we achieved favorable results in the implementation of our Content Provider Strategy. The purpose of the strategy is to accelerate the acquisition of copyrights and usage rights for well-known characters and take advantage of acquired copyrights across a wide range of markets, including the pachinko/pachislot machine market. One concrete achievement was the formation of a business alliance with FEG Inc., a planning, sponsoring and management company for K-1 (mixed martial arts competition event) and the merchandising rights to use K-1-related content in a variety of distribution channels. We applied this content to areas such as pachinko, games and gym equipment. A second achievement was adding D3 PUBLISHER Inc., a strong competitor in the game business, as a consolidated subsidiary. Capitalizing on this new addition, we will secure content distribution channels for games and promote the acquisition of copyrights, using overseas business bases from the new consolidated company. Total Workout Corporation, a Group company, notched a third major achievement by opening a gym in Osaka in July 2004 and a gym at Roppongi Hills in April 2005 as part of our efforts to strengthen the network of personal contacts toward future acquisition of usage rights. Professional Management Co., Ltd. and White Trash Charms Japan Co., Ltd. are also contributing to building an extensive network of celebrities in such areas as sports and performance.

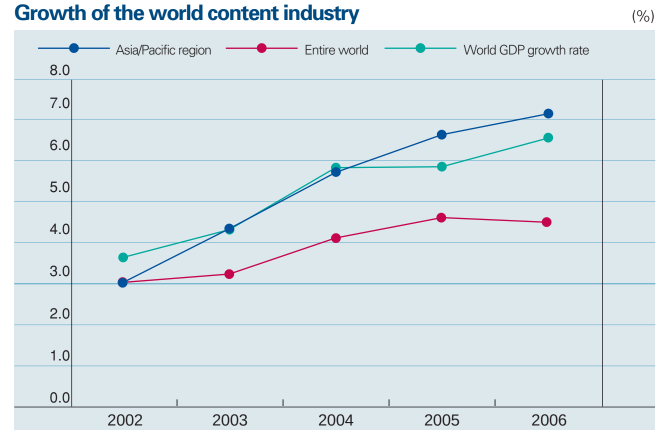
* Fields will merge Jay Sakazaki Marketing Inc., which was acquired in July 2005, with Professional Management Co., Ltd. and Total Workout Corporation in October 2005. The resulting new company, to be named Japan Sports Marketing Inc., will be a consolidated subsidiary of the Fields Group.

Estimated overseas market scale for Japanese content (¥100 million)



*Source: *Current Condition and Issues for the Content Industry*, published by the Ministry of Economy, Trade and Industry

Growth of the world content industry (%)



Relentlessly pursuing "The Greatest Leisure for All People"

Having established the Content Integrator Strategy for strengthening our capability as a content provider, we plan to create new value based on this content. Therefore, we will not only promote collaborations with outside creators but will also pursue M&A opportunities with companies that own attractive content.

According to the report, Strategy for Creating New Industries, published by the Ministry of Economy, Trade, and Industry, the market size of the content business will continue to grow, with digital content expected to achieve particularly rapid expansion. On the other hand, the fundamental framework for generating extended reproduction by circulating profit through re-investment into the development of new business has not yet been firmly established in the industry. The report also points out that further growth of the content market will depend on the presence of companies with sufficiently effective management with the capability of distributing content licenses into other business areas.

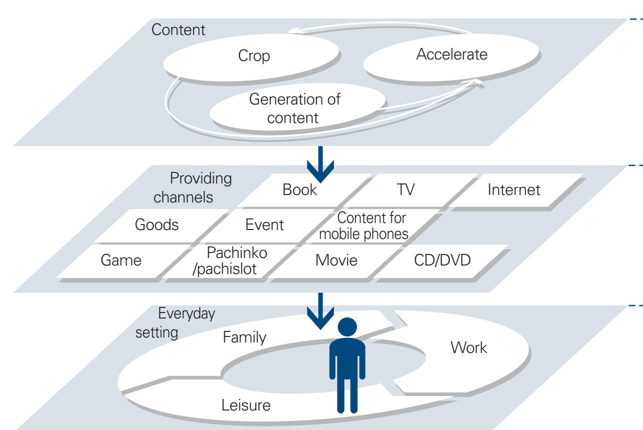
Given this background, Fields intends to increase the lifetime value of content as a future provider of primary content. For example, we will upgrade the product planning business, including the secondary use of content, using three approaches: accurately reproducing original content, adding new value by reviewing or creating new interpretations of original content, and creating new content that respects the original, yet offers its own unique appeal.

In the term under review, we steadily implemented our initiatives as a content integrator and launched a project to create products that incorporate copyrighted characters. In addition, we worked to establish a spiraling circulation system for the content business in which content value is continuously increased by enhancing the product planning function to boost the lifetime value of content, and then building on the new value created during this cycle as the beginning of a new value-adding iteration. In the term under review, we embarked on the creation of primary content by acquiring shares of Kadokawa Haruki Corporation.

In the pachinko/pachislot business, higher creativity is sought in a broad range of areas, including image expression planning as a result of the recent trend toward larger LCDs and the dissemination of machines featuring copyrighted characters. In addition, although makers are providing a wider variety of machines in response to the amended laws on pachinko/pachislot machines issued in July 2004, they experience a growing need for a total system to integrate the acquisition of copyrights, product planning, and image development. To meet these needs and contribute to the development of our industry, we will focus on image development by establishing an image development department within the company and deploying the substantial resources of Group companies such as Digital Lord Corporation and D3 PUBLISHER Inc.

Through activities based on our content integrator strategy, we will be able to enhance our system for seamlessly managing and producing content over the content's lifetime, create a large-scale cycle of content across business sectors, and establish a system for producing and reproducing outstanding content. Through these efforts, we intend to improve our competitiveness in the market and contribute to the growth of the content business as a promising industry that plays a key role in Japan's future economy and at the same time realize our corporate philosophy of pursuing "The Greatest Leisure for All People."

The Fields Content Integrator Model



Pursuing content value that increases over its lifetime

Fields believes content has three stages: a "generate" stage in which content is created, followed by an "accelerate" stage during which content value increases, and finally a "crop" stage in which investment is recovered.

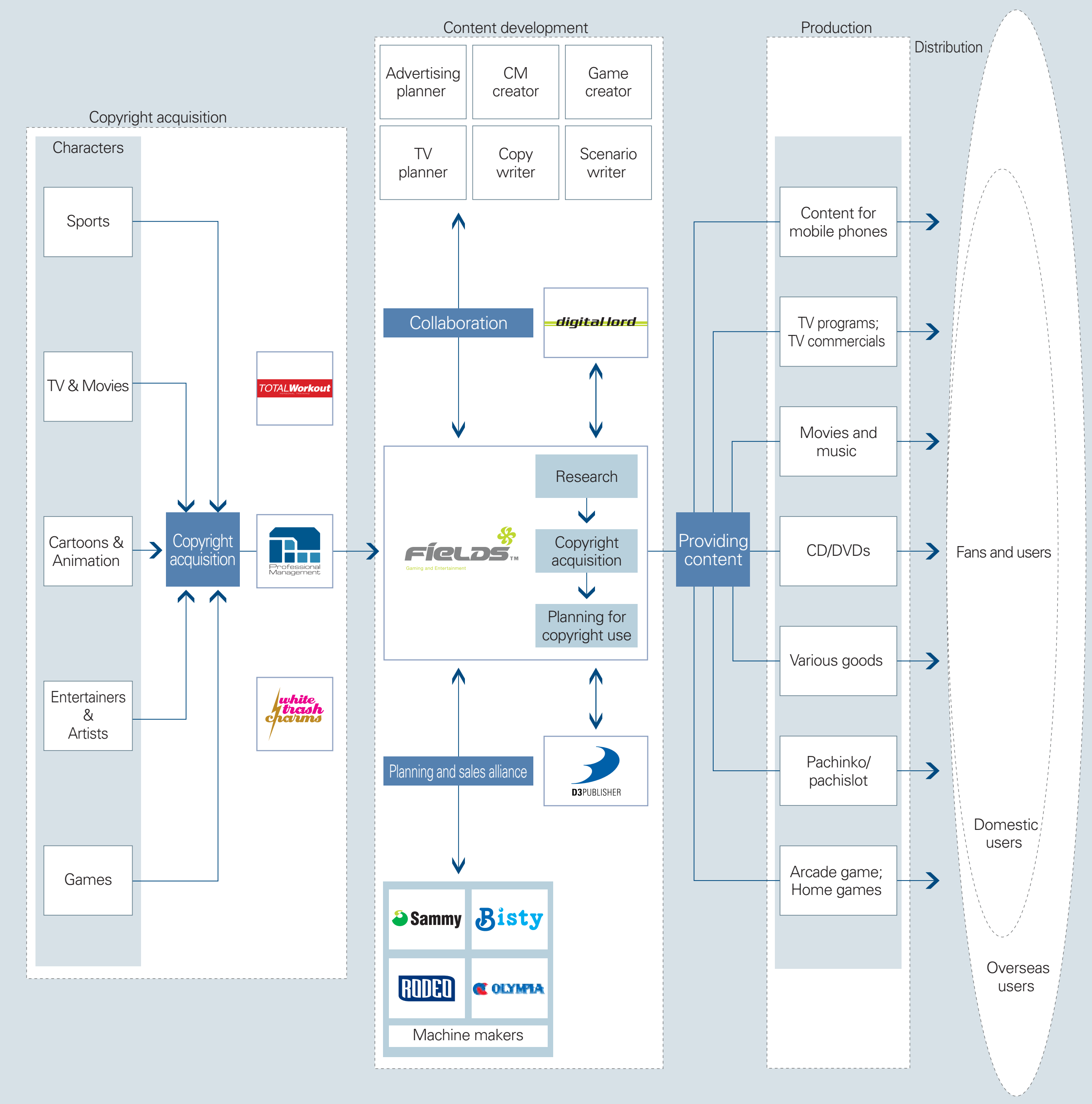
Promoting diversified applications of content

Fields seeks to apply its content across a variety of areas while ensuring that the content development stage corresponds with everyday settings.

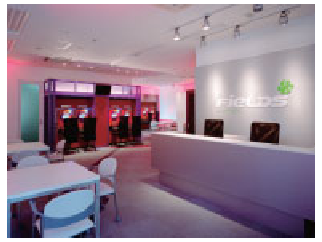
Offering ideal opportunities for people to encounter content that best fits their lifestyle

Fields continually asks such questions as, "How can we provide people with the most pleasant leisure time?" and "What is leisure?" We then develop effective marketing concepts that accurately respond to changes in people's lifestyles.

Fields Value Creation Scheme as a Content Integrator



Continuing to reinforce and develop our sales capability



To enhance our sales capability for pachinko/pachislot machines as well as our ability to offer innovative concepts, we have dramatically remodeled our showrooms across Japan, transforming them from typical product display areas into sites that deliver customer satisfaction. By achieving success in this first-in-the-industry marketing concept of displaying multiple machines from different makers, we enhance the functionality of our showrooms as places that enable hall operators to see and review various types of machines.

In the term under review, Fields opened new branch offices in Utsunomiya and Nagano. We also expanded our operations in branch offices, such as Sapporo, Sendai, Shizuoka, Mie, Kanazawa, and Fukukoka. In addition, we increased our sales staff and established a sales system in which sales staff offer professional sales proposals. By providing innovative ideas, free from the conventional wisdom of the industry, we demonstrate our commitment to supporting hall operators. Furthermore, we train our sales staff into becoming a professional team, equipped with high-level expertise and a deep knowledge of hall operation.

In July 2005, we reorganized the Company and strengthened corporate functions such as management planning, product development, and sales. We will strive to increase corporate value by flexibly responding to the rapidly evolving business environment while at the same time ramping up our business.

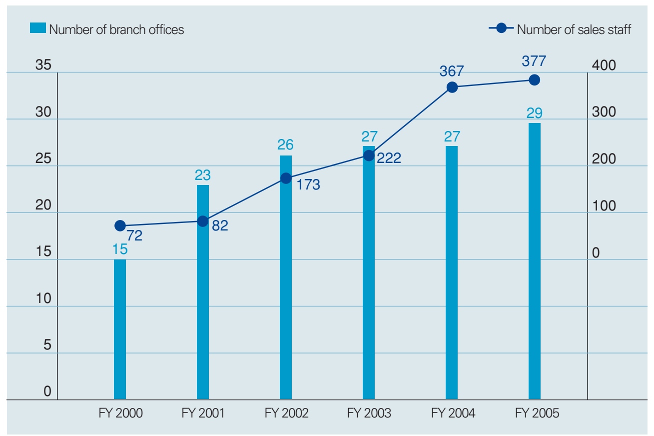
Strengthening corporate governance

Given the rapid growth of the business, Fields believes that improving its management system is a vital issue, that is, improving our organizational structure and corporate system and taking necessary actions to ensure effective functioning of our corporate governance. We introduced an executive officer system to enable the Board of Directors to quickly make decisions and to efficiently carry out business activities, under the principle that the Board of Directors represents shareholder interests. In addition, we introduced a corporate auditor system to ensure the fairness and equity required in corporate management and to enhance risk management. For the time being, we will continue to improve our corporate organization and management system under the leadership of directors and auditors. In the term under review, we also commissioned independent auditors to host an internal control seminar for executive officers and managers of related departments at the head office. Through these actions, we reinforced our internal control function and risk management system.

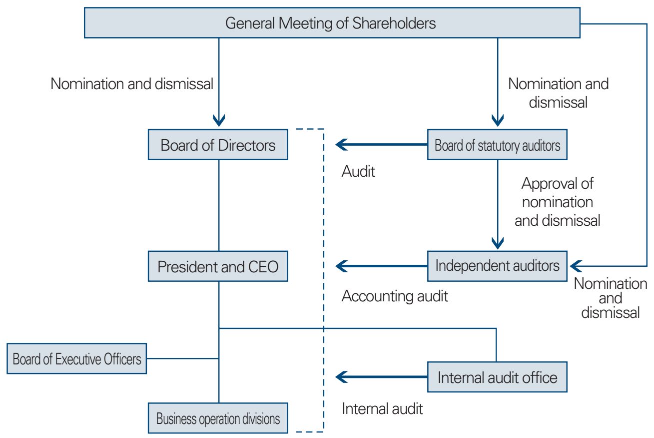
We will continue our efforts to achieve our corporate mission and increase corporate value.

Hidetoshi Yamamoto

Branch Offices and Sales Staff



Corporate Governance System



Content Integrator Strategy I

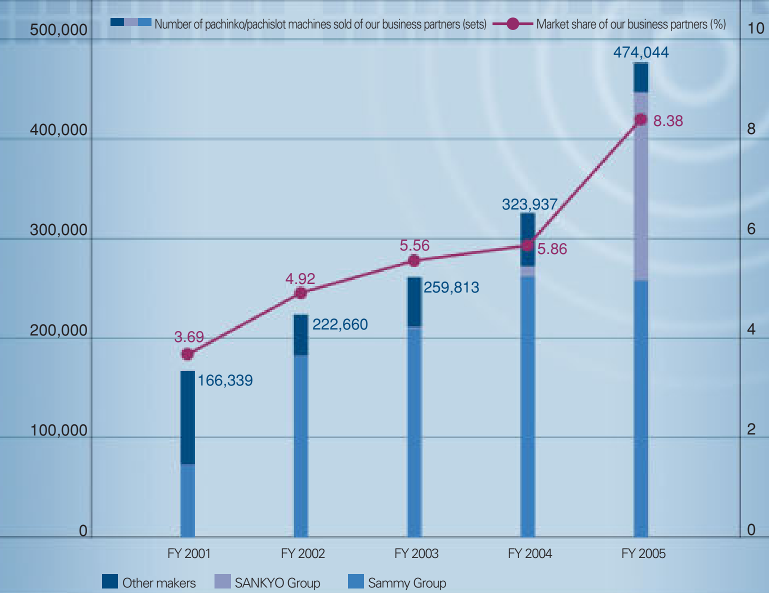
Evolving into a Fabless Company Model

In order to provide pachinko/pachislot machines with high-grade entertainment functions, we have taken advantage of the various Group networks and developed collaborative products in partnership with pachinko/pachislot machine makers as a fabless company that plans content and sells content-based products.

In the fiscal year ending March 2005, we not only continued to focus on joint ventures with new business partners but also entered the new business area of providing images, including image expressions.

Evolution of a Fabless Company Model—Fields contributes to the growth of the industry in cooperation with hall operators and machine makers.

Number of pachinko/pachislot machines sold and market share of our business partners



Providing attractive collaboration products through sales and planning tie-ups with major pachinko/pachislot machine makers

Collaboration with Sammy Corporation and Rodeo Co., Ltd.

Fields has invested in Rodeo Co., Ltd., a group member of Sammy Corporation, the leading pachislot maker and exclusive distributor for Rodeo Co., Ltd. We also reinforced sales tie-ups with Sammy Corporation to enable both companies to cooperate in the strategic planning, development, and sales of pachinko machines.

The Sammy Corporation Group is fortunate to have excellent planning and development ability, and has recently received recognition as a maker of pachinko machines as well as pachislot machines. Fields supports the Sammy Group in expanding its sales network for pachinko/pachislot machines, capitalizing on our nationwide sales network.

In the fiscal year ended March 2005, we released Rodeo Co., Ltd. Onimusha 3 pachislot machine along with other machines featuring copyrighted characters. In the fiscal year ended March 2006, we also launched various hit machines such as pachinko machines featuring collaborative products with K-1 and the hit cartoon character "Azumi," upon which a live-action movie and game were created.

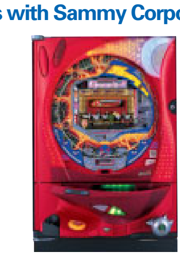
Rodeo Co., Ltd.'s Onimusha 3 pachislot machine

Onimusha 3 pachislot machine features Onimusha 3, from the latest version of the Onimusha series home game software, as its main character in full collaboration with Capcon Co., Ltd. Players can enjoy games with exciting 3-D battles and stunning images. A broad range of game fans beyond the conventional pachislot players will enjoy this game.

Rodeo Co., Ltd.'s Onimusha 3 pachislot machine

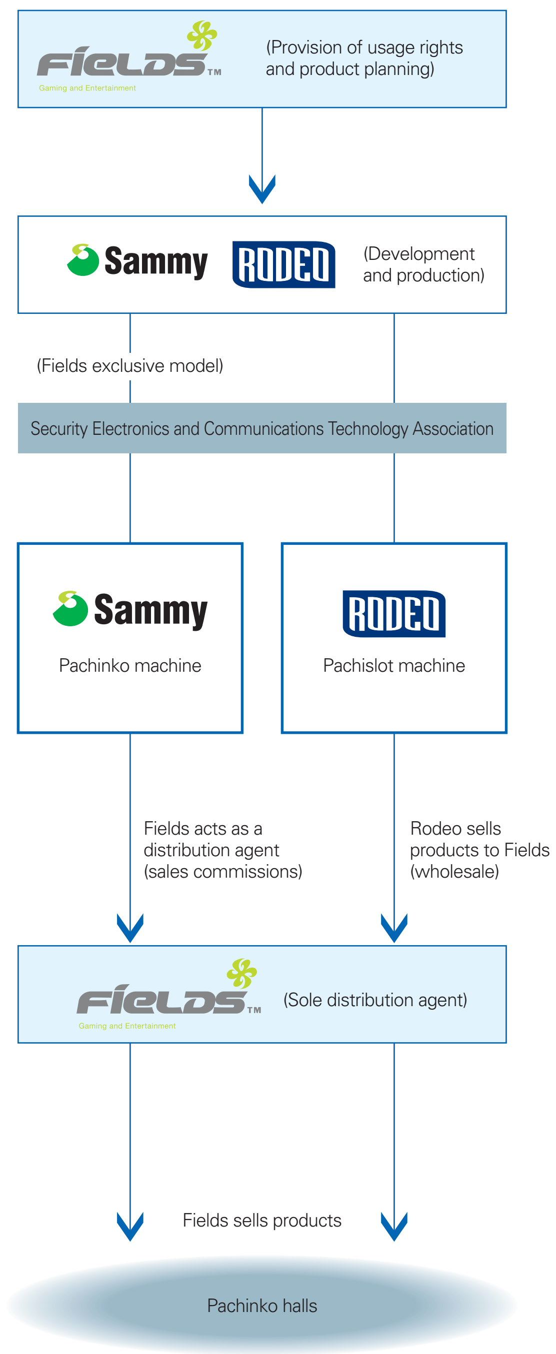
Major collaborative products with Sammy Corporation

Sammy Corporation's CR Ore no Sora pachinko machine

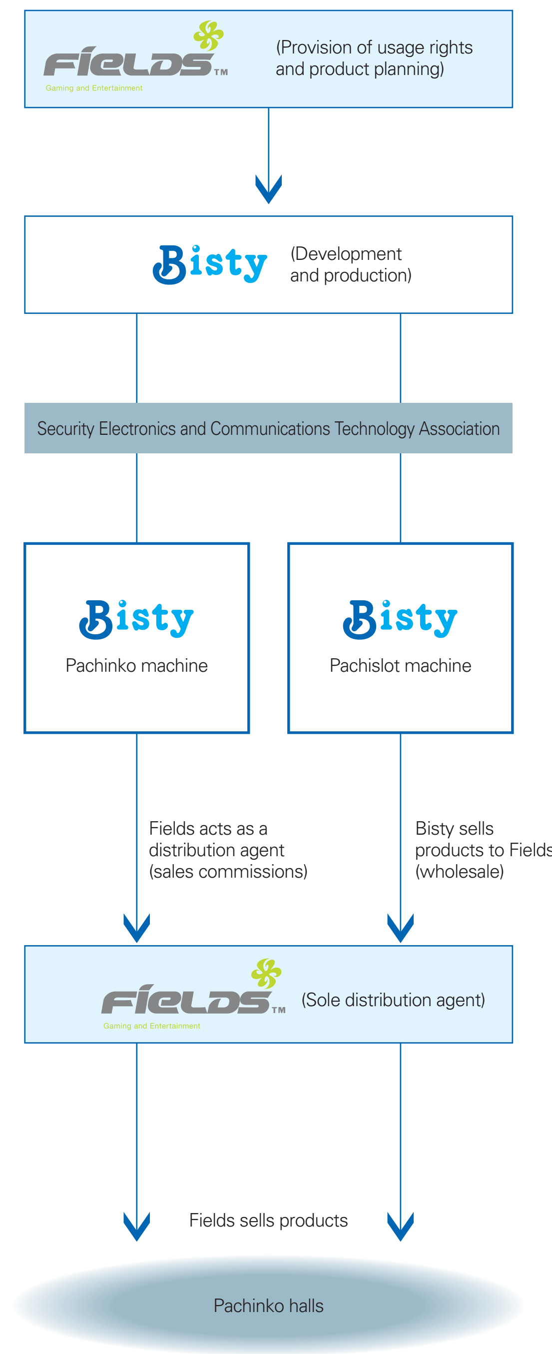


Sammy Corporation's CR K-1 PREMIUM Dynamite pachinko machine

Collaboration Scheme with Sammy Corporation and Rodeo Co., Ltd.



Collaboration Scheme with Bisty Co., Ltd, a SANKYO Group subsidiary



Collaboration with Bisty Co., Ltd. of the SANKYO Corporation

In the fiscal year ended 2004, we formed a business alliance with Bisty Co., Ltd., a subsidiary of the SANKYO Corporation and a leading pachinko machine maker. SANKYO Corporation is perhaps the industry's most solid brand equity and develops the capabilities of pachinko/pachislot machines and highly sophisticated LCD process technologies across the industry. In years to come, we will further pursue collaborations in which Fields' planning and development skills are integrated with the strengths of the SANKYO Corporation and usage rights for well-known characters.

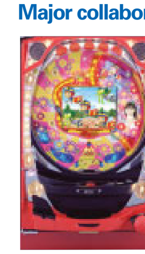
In the fiscal year ended March 2005, we released the first pachinko machine that complies with the requirements of the amended regulations, incorporating the blockbuster animation "Neon Genesis Evangelion," and achieved unprecedented success with long-time popularity. In July 2005, we released pachislot machines that comply with the new regulations. We also released pachinko/pachislot machines featuring appealing content, originality, and entertainment features, such as machines that take full advantage of celebrities or depict the world of original animation content.

Bisty Co., Ltd.'s CR Neon Genesis Evangelion pachinko machine

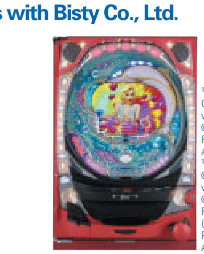
CR Neon Genesis Evangelion pachinko machine incorporates the blockbuster animation character Neon Genesis Evangelion and is a collaborative effort with Fields in charge of planning and Bisty Co., Ltd. handling product development. We completely redesigned the machines hardware to include a large LCD screen with one of the largest playing panels in the industry. The machine provides a variety of stories, using 3-D computer graphics and animation, and has been well received not only by pachinko fans but also animation fans who have maintained its popularity for a long time.

Bisty Co., Ltd.'s CR Neon Genesis Evangelion pachinko machine

Major collaboration products with Bisty Co., Ltd.



Bisty Co., Ltd.'s CR Kahara Tomomi and Minashigo Hatch pachinko machine



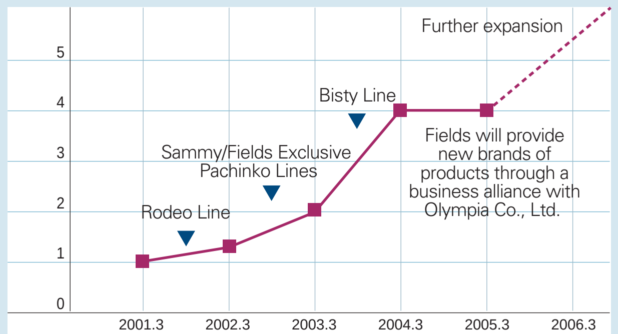
Bisty's pachinko machine "CR Marilyn Monroe"

To The Next Stage

Business tie-up with Olympia Co., Ltd., a pachinko/pachislot machine maker, to reinforce product provision lines

We steadily boosted our market share by expanding our product provision lines, including a Rodeo Co., Ltd. pachislot machine line, a Sammy Corporation pachinko machine line, and Bisty Co., Ltd.'s one pachinko line and one pachislot line. In the fiscal year ended March 2005, we formed a business tie-up with Olympia Co., Ltd., a major pachinko/pachislot machine maker, and will provide its pachinko/pachislot machines. We will continue to pursue business alliances with other major machine makers to reinforce our position as a fabless company.

Product Provision Lines (units)

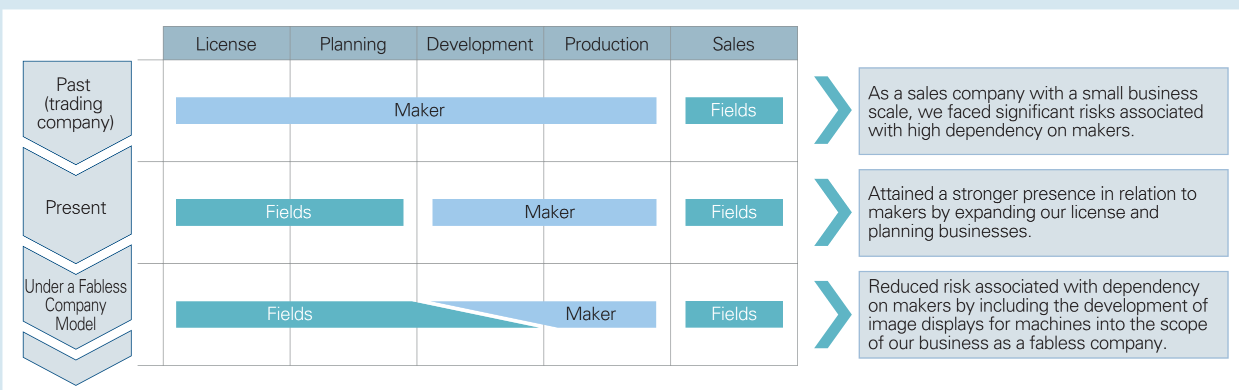


We plan to reorganize the license and software development business as profit centers

Fields has developed its business as a fabless company that licenses characters, plans products for machine makers, and sells products developed by these makers. The increasingly fierce competition in the market requires greater creativity, including planning capability in image display development. In response to these needs, we intend to extend the scope of our business into image display development, which incorporates a merchandising plan based on our product planning, and then provide makers with packaged products. Through these efforts, we plan to reduce risk stemming from a high dependence on makers. We also plan to earn income from our copyrights through line control and secondary income from image development.

In the term under review, we focused on establishing a system for this new business, including recruitment of personnel.

Evolution of Fields Business Model

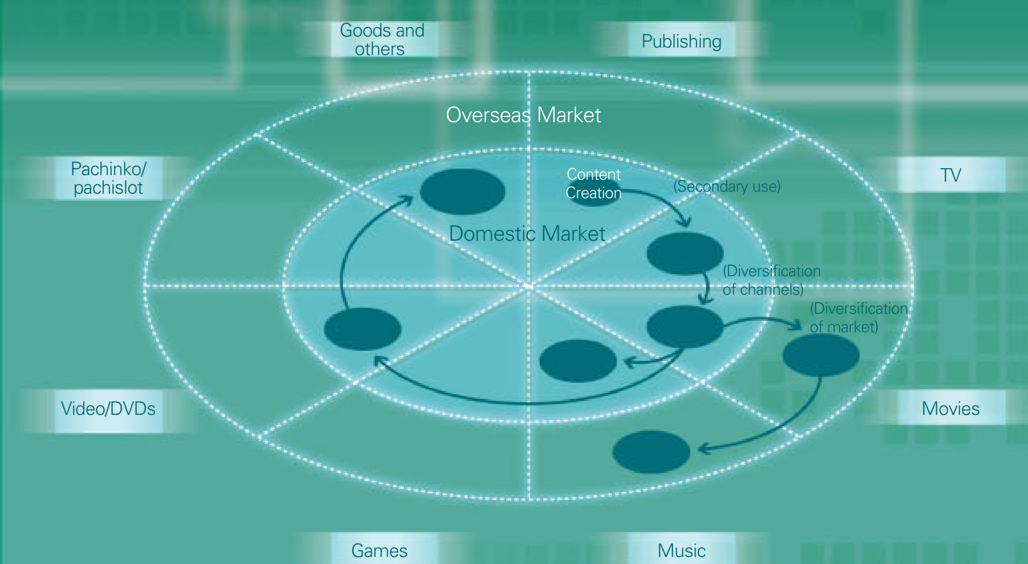


Content Integrator Strategy II

Applying Popular Content to Various Areas

To provide more people with more opportunities for experiencing content, Fields has reinforced its capabilities as a content provider by promoting the acquisition of copyrights and expanding delivery channels.
In the fiscal year ended March 2005, we started to apply our content in multiple dimensions in addition to strengthening the secondary use of content as well as our efforts to create primary content.
By entering into new businesses that generate fresh content value, Fields will continue to strengthen its presence in the content business.

Content Lifecycle



Fields applies its content to a variety of media and markets, capitalizing on the Group network

Diversifying business using a variety of new channels

Fields has expanded its provider channels in order to take advantage of the acquired usage rights for famous characters and themes, not only in pachinko/pachislot machines but with other products as well. Concretely, we are pursuing new providing channels using the network established by our subsidiaries such as D3 PUBLISHER Inc., a game maker, and Total Workout Corporation, a sports gym operator, along with the extensive network of Mr. Shigesato Itoi, our outside director, in collaboration with our alliance partners in other industries.

In the fiscal year ended March 2005, we released a broad range of new products, capitalizing on the merchandising rights of popular K-1 content. We also provided animation products based on star sports players and started to apply them to pachinko/pachislot machines and games. Through these efforts, we are diversifying our business using a variety of new channels. We released a new version of the blockbuster animation, "Neon Genesis Evangelion," for pachislot machines in September 2005, following the introduction of the pachinko version. D3 PUBLISHER Inc. is currently developing a simulation game based on this content.

Pachinko machine "CR Neon Genesis Evangelion"
©Bisty
©GAINAX/Project Eva., TV TOKYO

Game "Neon Genesis Evangelion"
©Bisty
©GAINAX/Project Eva., TV TOKYO
©D3 PUBLISHER

Pachislot machine "Neon Genesis Evangelion"
©Bisty ©GAINAX/Project Eva., TV TOKYO

Example: Obtained Merchandising Rights for K-1 Content

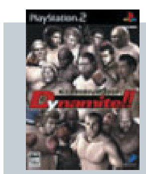
Licensor

FEG Corporation (Planning/Management Company for K-1) → A broad range of collaboration → FIELDS

Game

D3PUBLISHER

We granted usage rights for K-1 PREMIUM Dynamite!! to D3 PUBLISHER Inc. and then created and sold game products using this content.



Pachinko

Sammy

Sammy Corporation developed and commercialized the CR K-1 PREMIUM Dynamite!! pachinko machine. Fields is selling this product as a sole distribution agent.

Gym

TOTAL Workout K-1 EX

Opened FEG's new martial arts exercise gym within TOTAL Workout Club in Roppongi Hills.

In collaboration with FEG, a planning/management company for K-1, we are developing a broad range of business using various delivery channels such as pachinko, games, and fitness clubs, utilizing merchandising rights acquired from FEG related to new martial arts events across a extensive range of areas.

Diversifying business in the global market

D3 PUBLISHER Inc. is focusing on entering the mass U.S. and European markets for home game software by establishing a product development system, mainly involving local producers and creators and a distribution system that respond to local needs through its U.S. subsidiary, D3Publisher of America, Inc., and a European joint venture, D3DB S.r.l. In February 2005, we added D3 PUBLISHER Inc. as a consolidated subsidiary to reinforce its business ties with Fields. Through these efforts, we will promote the acquisition of usage rights for well-known content in the U.S. and European markets and reinforce our ability to plan, develop, and sell game software and other products at a global level. We entered into a license agreement in April 2005 through D3 PUBLISHER Inc. that grants us the right to use movies produced by Walt Disney studio in our game software in Japan. In addition, we acquired a license to use a U.S. blockbuster animation program of the Cartoon Network, "Hi Hi Puffy AmiYumi," in game software in June 2005. These activities are helping to diversify our content business in the global market.

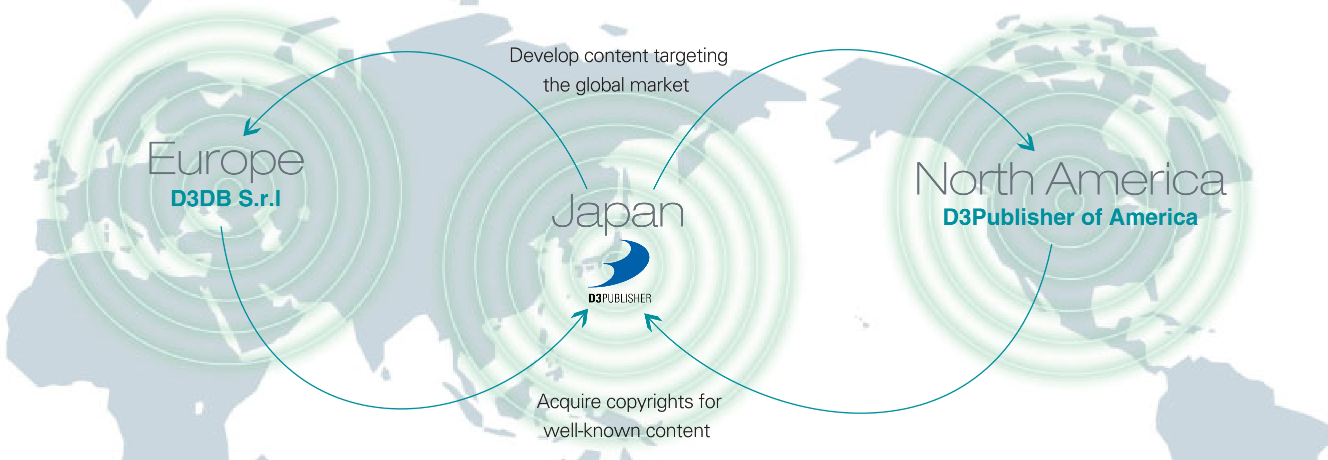
Hi Hi Puffy AmiYumi
TM & © Cartoon Network. (s05)

"Hi Hi Puffy AmiYumi" is a popular animation program broadcast in the U.S. that uses two Japanese star singers from the duet Puffy as its model.
D3PUBLISHER of America concluded a license agreement for this animation and is scheduled to launch the program in the U.S., Europe and Japan.

Kim Possible
©Disney
Published and distributed in Japan by D3 Publisher Inc.

Lilo and Stitch
©Disney
Published and distributed in Japan by D3 Publisher Inc.

Business Scheme for D3 PUBLISHER Inc.



Develop presence in the U.S. and European markets

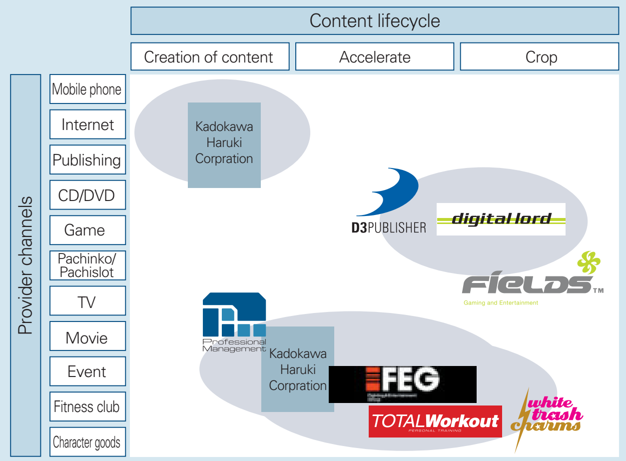
- Establish a product development system centered on local producers and creators
- Build a tailored distribution system to respond to local demand
- Implement activities to acquire copyrights of well-known content

To The Next Stage

Acquisition of Kadokawa Haruki Corporation shares to create primary content

Fields has worked hard to acquire content merchandising rights to capitalize on our various providing channels. Based on this experience, we are enhancing our efforts to create primary content traditionally associated with licensors. As part of these efforts, in March 2005 we acquired 30% of the total outstanding shares of Kadokawa Haruki Corporation, a well-known pioneer in the media mix strategy that provides content across a broad range of areas, such as publishing, movies, and music. In the fiscal year ending March 2006, we launched a multiple-business application of the company's primary content assets, along with efforts to create primary content and characters.

Positioning of Fields Group Companies and Business Partners



Strengthened the sports and entertainment business as a driver for diversification

To reinforce our business in the growing sports and entertainment markets, we acquired Jay Sakazaki Marketing Inc., a highly regarded pioneer in Japan's sport marketing business, through the purchase of shares in July 2005 and added it to our consolidated subsidiaries. In October 2005, we will merge this subsidiary with our affiliates, Professional Management Co., Ltd., a provider of support services for high-profile athletes, and Total Workout Corporation, a company with strong connections to star athletes and entertainers. We will reorganize these companies into a new company, Japan Sport Marketing Inc. The objective of this merger is to promote our Content Providing Strategy and generate synergies.

JSM
JAPAN SPORTS MARKETING INC.

Framework of Sports and Entertainment Business

Resources	Means of development		Market	Market overview
Athlete	Management	Development, creation & composite evolution of niche markets	Equipment	Equipment, goods, etc. market
			Facilities	Market based on fees for the use of facilities
Team	Consulting		Fitness management	Instruction, advice, etc. market
			Events	Market based on income from public entertainment
Organization	Marketing		Content	Media-based market for fees from television rights, etc.
				Market developing along multiple lines, e.g. sponsorship, licensing

Financial Section

Contents

Financial Highlights

	Non-Consolidated				Consolidated			
	2002	2003	2004	2005	2003	2004	2005	2005
Results of Operations (in millions):								
Net sales	¥ 34,560	¥ 61,041	¥ 65,140	**¥ 79,970**	¥ 61,888	¥ 66,211	**¥ 81,658**	**$ 760**
Cost of sales	21,856	45,405	43,975	**55,787**	45,895	44,633	**56,905**	**529**
Gross profit	12,703	15,635	21,164	**24,182**	15,992	21,578	**24,752**	**230**
Selling, general and administrative expenses	6,973	8,398	9,213	**11,906**	9,211	9,711	**12,655**	**117**
Operating income	5,730	7,236	11,951	**12,275**	6,781	11,866	**12,097**	**112**
Income before income taxes	5,782	7,415	12,040	**12,197**	7,148	12,189	**12,560**	**116**
Net income	3,041	3,786	6,520	**6,721**	3,524	6,620	**6,926**	**64**
Financial Position (in millions):								
Total current assets	¥ 14,824	¥ 11,342	¥ 27,233	**¥ 52,562**	¥ 11,976	¥ 28,152	**¥ 57,000**	**$ 530**
Total assets	18,631	17,310	37,114	**68,354**	17,090	37,115	**72,584**	**675**
Short-term borrowings (including current portion of long-term borrowings)	3,070	—	3,000	**—**	—	3,000	**656**	**6**
Long-term borrowings (excluding current portion)	194	—	—	**—**	—	—	**341**	**3**
Shareholders' equity	3,883	9,043	14,701	**33,414**	8,752	14,507	**33,426**	**311**
Other Data:								
Gross profit margin	36.76%	25.61%	32.49%	**30.24%**	25.84%	32.59%	**30.31%**	
Operating margin	16.58%	11.86%	18.35%	**15.35%**	10.96%	17.92%	**14.81%**	
Earnings per share	¥ 1,275,256	¥ 126,146	¥ 39,846	**¥ 19,289**	¥ 117,234	¥ 40,465	**¥ 19,888**	**$ 185**
Number of shares issued and outstanding at period end	2,930	32,300	161,500	**347,000**	32,300	161,500	**347,000**	

Overview

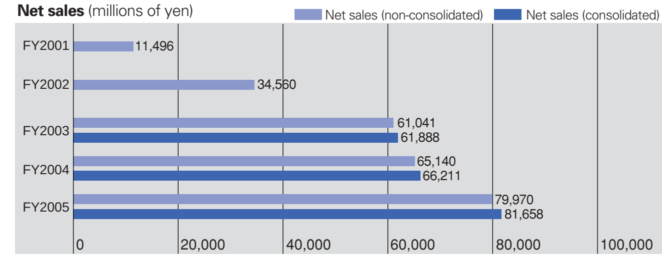
During the fiscal year under review, the Japanese economy continued to recover, benefitting from an improvement in corporate profitability and growth in consumer spending. However, the recovery was moderate due to the adverse effects of a surge in oil prices, frequent landfall of typhoons, and the great earthquake in Niigata prefecture.
Under these circumstances, the Fields Group, with the pachinko/pachislot business as its core business, expanded a variety of entertainment businesses while developing a broad range of content ventures, based on strategic marketing activities that fully integrated the expertise and capabilities of all Group companies.
In the pachinko/pachislot business, a mainstay business for the Group, the Regulation on Approval of Amusement Machines and Certification of Models was partially amended following the amendment of the Implementing Rule for the Law Regulating Adult Entertainment Businesses on July 2004. The enforcement of the amended regulation allows us to more flexibly develop new pachinko/pachislot machines and facilitates the application of advanced technologies to larger-sized, higher-resolution LCD displays on the machines and rapid progress in the variety of software displayed on the screen. Furthermore, in response to the increasingly diversifying needs of fans, pachinko/pachislot makers are focusing on developing entertainment-oriented machines featuring game functions, using copyrighted popular characters.
Anticipating growing demand for new regulation-compliant pachinko machines, Fields launched "CR Neon Genesis Evangelion," the first pachinko model complying with the new regulations, in December 2004, and achieved unprecedented success. Other new models we launched, including "CR Ore-no Sora" and "CR Kahara Tomomi to Minashigo Hatch," were also well received in the market. In our pachislot business, none of our models passed the model certification tests based on the new regulation conducted by the Security Electronics and Communications Technology Association during the fiscal year under review. However, the sales of previously regulation-compliant models, "Kaiji" and "Onimusha 3," achieved steady sales growth as entertainment-oriented machines due to the introduction of unique technologies and friendly characters.
In our sales system, in addition to increasing the number of salespersons to deal with a rising number of products, we actively implemented a full-scale renovation of showrooms in 29 locations across Japan to transform them from product display sites that had placed priority on the seller's convenience into locations where customer needs are addressed.
Under its corporate philosophy, providing "The Greatest Leisure for All People," the Fields Group has focused on developing a variety of content businesses in the entertainment market to enhance our competitiveness in the industry. Having established a content provider strategy for increasing the value of our products through multi-use of content as a principal corporate strategy, we are not only enhancing current business alliances with existing partners such as the Sammy Corporation Group and the SANKYO Group, but also promoting the securing of new content distribution channels by reorganizing D3 PUBLISHER Inc. into one of our subsidiaries in the game business and becoming an equity partner with Kadokawa Haruki Corporation in the publishing and video business in March 2005. As a result, total net sales for the Group in the fiscal year under review amounted to ¥81,658 million, up 23.3% compared with the previous fiscal year, while operating income increased 1.9% to ¥12,097 million and net income rose 4.6% to ¥6,926 million.

Comparison of fiscal 2005 and 2004 (consolidated)

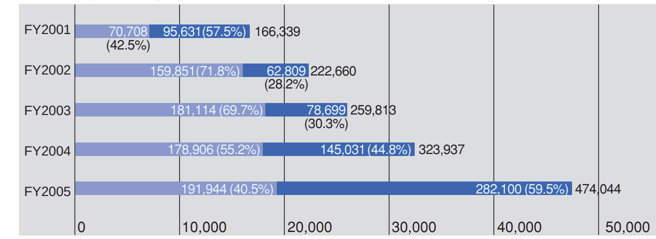
Net sales

Net sales for the fiscal year under review rose 23.3% to ¥81,658 million compared with ¥66,211 million in the previous fiscal year. In terms of the number of units sold, we sold 474,044 pachinko/pachislot machines, up 46.3% compared with the 323,937 units sold in the previous fiscal year.
Total pachinko machines sold increased 94.5% to 282,100 compared with 145,031 in the previous fiscal year due to robust sales of new machines, "CR Ore no Sora" and "CR Kahara Tomomi to Minashigo Hatch," in addition to new regulation-compliant machine, "CR Neon Genesis Evangelion."
Total pachislot machines sold rose 7.3% to 191,944 compared with the previous fiscal year due partly to the strong sales of Rodeo Co., Ltd.'s "Onimusha 3."
Net sales for the fiscal year under review achieved smaller growth of 23.3% than that of the number of machines sold of 46.3%. This is due to the fact that a larger portion of pachinko/pachislot machines were sold through sales agents, and in such case, only sales commissions were reported as net sales.
Sales commissions for sales of pachinko/pachislot machines rose 120.9% to ¥9,584 million compared with the previous fiscal year of ¥4,339 million.

Net sales (millions of yen)



Number of pachinko/pachislot machines sold (units)



Costs of sales

Costs of sales for the Group for the fiscal year under review increased 27.5% to ¥56,905 million compared with the previous fiscal year of ¥44,633 million due to favorable sales growth.
Gross profit for the Group for the fiscal year under review rose 14.7% to ¥24,752 million compared with the previous fiscal year of ¥21,578 million.

Selling, general and administrative expenses (SG&A)

SG&A for the fiscal year under review increased 30.3% to ¥12,655 million compared with the previous fiscal year of ¥9,711 million. The principal reasons for the increase were an increase in personnel expenses due partly to a rise in the number of salespersons and an increase in advertising and marketing expenses, mainly for promoting the sales of new models.
As a result, operating income for the fiscal year under review edged up 1.9% to ¥12,097 million compared with the previous fiscal year of ¥11,866 million.

Income Structure for Fields

Net Sales

Sales of pachinko/pachislot machines account for a large portion of Group sales.
The Company sells pachinko/pachislot machines through two different sales channels. One is direct sales through the activities of our branch offices ("distribution sales"), while the other is sales by broking activities ("agency sales").
In distribution sales, we purchase pachinko/pachislot machines from makers and sell them to users (pachinko hall operators). In agency sales, on the other hand, we operate as an agent of pachinko/pachislot machines and receive agent commissions from pachinko/pachislot machine makers by providing them with such services as (a) arrangement of sales/purchase agreements on behalf of pachinko/pachislot makers and pachinko halls, (b) collection of sales for machines, (c) preparation of the opening of pachinko halls on their behalf, and (d) after sales services.
Net sales of distribution sales and agency sales are reported differently. For distribution sales, the sales amount for machines sold to pachinko halls is reported, while, for agency sales, sales commissions paid by makers are reported.
Since we use these two different sales channels, our net sales are affected by the ratio of distribution sales and agency sales.

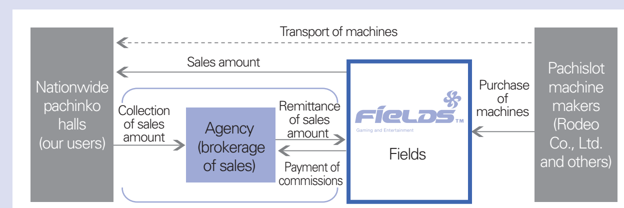
Costs of Sales

Purchase costs of pachinko/pachislot machines represent a major part of the cost of sales for the Group based on distribution sales. Sales commissions we pay to our secondary agencies for the sales of machines are also included in these costs.

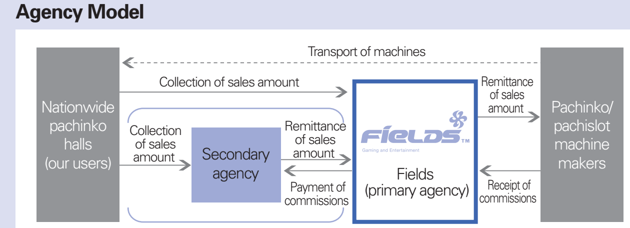
Selling, General and Administrative Expenses (SG&A)

SG&A expenses of the Group primarily consist of personnel expenses for sales staff and other employees along with ground and facility rent. Other major items under SG&A are advertisement and marketing expenses, amounting to ¥3,011 million for fiscal 2003, ¥1,422 million for fiscal 2004, and ¥2,873 million for fiscal 2005, respectively. These costs principally comprise the cost of hosting industry exhibitions, TV and newspaper marketing costs.

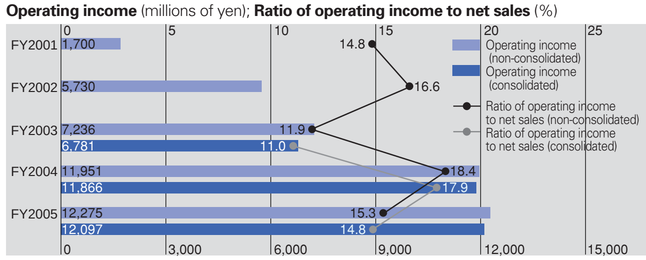
Distribution Model



Agency Model



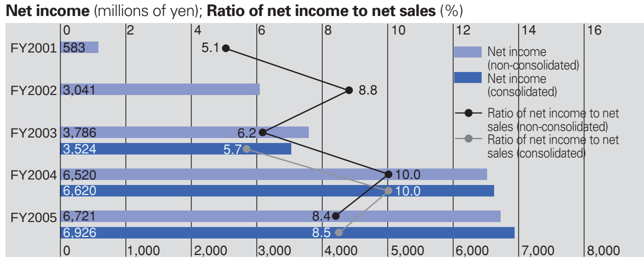
Operating income (millions of yen); **Ratio of operating income to net sales** (%)



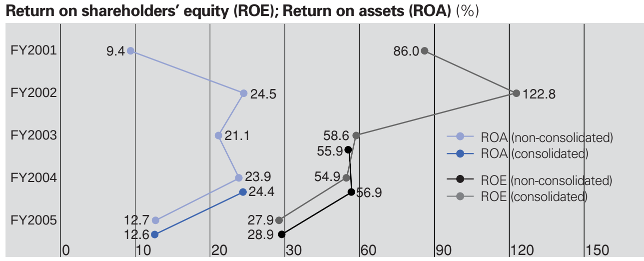
Net income

As a result, net income for the fiscal year under review increased 4.6% to ¥6,926 million compared with the previous fiscal year of ¥6,620 million.

Net income (millions of yen); **Ratio of net income to net sales** (%)



Return on shareholders' equity (ROE); Return on assets (ROA) (%)



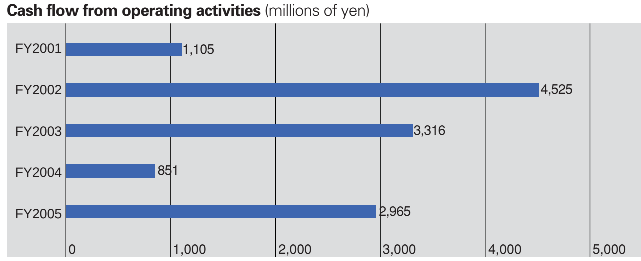
Cash flows

Cash and cash equivalents at the end of the fiscal year under review increased by ¥7,888 million to ¥13,326 million. This was due to an increase in net income before taxes by 3.0% to ¥12, 560 million compared with the previous fiscal year, an issuance of new shares in June 2004, an increase in accounts receivable-trade, and expenses associated with the opening and transfer of branch offices and copyrights or usage rights.

Cash flow from operating activities

Net cash provided by operating activities increased by ¥2,965 million. This was due primarily to an increase in net income before taxes to ¥12,560 million, an increase in accounts receivable-trade of ¥18,363 million, an increase in accounts payable-trade of ¥15,920 million, an increase in advance payment for the acquisition of copyrights and usage rights of ¥1,592 million, an increase in security deposits of ¥1,216 million, and payment of corporate income tax of ¥6,829 million.

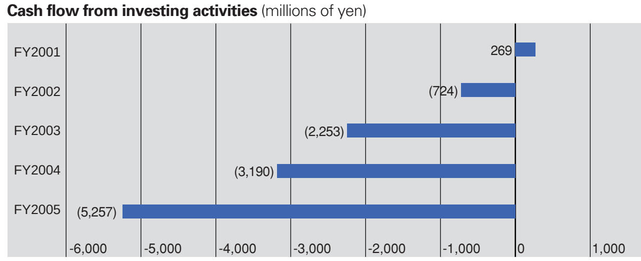
Cash flow from operating activities (millions of yen)



Cash flow from investing activities

Net cash used in investing activities dropped by ¥5,257million. This decline was due primarily to the acquisition of tangible fixed assets of ¥2,245 million, representing the purchase of land and buildings, and expenditures related to the transfer of the head and branch offices, and the acquisition of investment securities of ¥3,182 million.

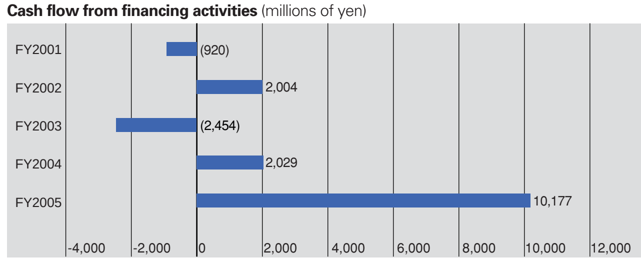
Cash flow from investing activities (millions of yen)



Cash flow from financing activities

Net cash provided by financing activities rose by ¥10,177 million. This was due mainly to revenue from the issuance of ¥13,100 million in new shares and a ¥2,570 million decrease in short-term borrowings.

Cash flow from financing activities (millions of yen)



Present situation and prospects for our sales strategy

Content integrator initiatives

While promoting the implementation of our content provider strategy, the Company is enhancing its system for planning and developing new products to achieve our objective of developing business models as a content integrator that increases the value of content by the creation and multi-use of primary content.
In the copyright business, we strive to acquire a broad range of licenses through various channels to respond to demand for copyrights, including those of our business partners, while promoting the acquisition of outstanding overseas copyrights in collaboration with D3 PUBLISHER Inc. and its business bases in the U.S. and Europe.

D3 Publisher Inc. is encouraging collaboration among Group companies, including the establishment of overseas subsidiaries focusing on the game and license markets in the U.S. and Europe. We reorganized this company into a subsidiary and reinforced business ties with it by increasing our equity share. One successful effort was the release of "K-1 PREMIUM Dynamite!!," a home game we created, using the K-1 (mixed martial arts competition event) license we acquired under a K-1 package copyright agreement with its management company, FEG. The Company also embarked on the development of simulation software for pachnko/pachislot machines that we have we launched, drawing upon our acquired copyrights and product planning capabilities. In addition, we plan to collaborate with Kadokawa Haruki Corporation in taking advantage of the rich assets of primary content and innovative mixed-media strategy developed by the company, while pursing a potential business alliance with the company in the near future.
To enhance synergy among Group companies, the Company established the Planning and Producing Department to handle content other than that for pachinko/pachislot machines within the Product Planning Division and is striving to improve profitability in new business areas such as games, publishing, movies, animation, music and character goods.

Sales system

The Company is conducting a thorough review of its entire sales system to allow us to maintain the current business ties with the Sammy Group, promote a business alliance with the SANKYO Group, and pursue future partnerships with other makers. As part of these efforts, the Company increased the number of sales staff in response to the widening variety of our products.
We will focus on pursuing new business alliances with new brands as well as reinforcing collaborations with the brands of existing partners. In addition, we will constantly review our distribution channels to ensure effective sales activities in response to business development. We will also train our staff as the leading sales experts in the industry, who are capable of responding to customer needs with a broad range of knowledge in the pachinko/pachislot business. We will also improve the quality of information content we provide in our showrooms. Consequently, we intend to secure our position as a sales company that is trusted by pachinko hall operators.

Risks Related to Business

We face various risks associated with our operating and financial conditions that may substantially affect decisions by potential investors.
Forward-looking statements are based on the judgment of Group management as of the end of the fiscal year under review.

Sales of pachinko/pachislot Machines

High level of product supplied by a specific supplier

Company sales primarily consist of product sales through an agent business that purchases machines and sells them to customers and sales commissions, in which commissions are received from the brokerage of machine sales.
Of the total net sales of the Company, product sales and sales commissions represented 91.1% and 6.6% for the fiscal year ended March 2004 and 85.4% and 11.7% for the fiscal year ended March 2005, respectively.
The major portion of products sold was supplied by our affiliate, Rodeo Co., Ltd. In the fiscal year ended March 2005, Rode Co., Ltd. products supplied to us accounted for 88.8% of the total products we purchased.
Given the significant reliance of the Company on Rodeo Co., Ltd. for product supply, should the products of this company become less popular or the launching of new products is delayed due to product development falling behind schedule or other reasons, the results of operations of the Group may be affected.
Our Basic Exclusive Distributorship Agreement with Rodeo Co., Ltd. is based on an annual term, renewable each year. Therefore, should the Agreement not be renewed, Group results may be affected.

Legal and voluntary regulations governing the pachinko/pachislot machine industry

The pachinko/pachislot machine sales business in which the Company is engaged is not directly subject to laws and regulations. However, business activities by pachinko/pachislot machine makers are regulated by rules prescribed by the National Public Safety Commission, The Rules on Approval of Amusement Machines and Certification of Models, in accordance with the Law Regulating Adult Entertainment Businesses. For example, we cannot sell or install any machines that have not obtained the approval of the Public Safety Commission of the related prefecture.
The business activities of pachinko hall operators, who represent the final users of our machines, are also regulated under the Law on Entertainment Businesses and related ordinances in each prefecture.
In addition to such regulations, the pachinko/pachislot industry may voluntarily regulate the operations of pachinko/pachislot machines makers, pachinko hall operators, and sales companies as necessary to restrain the excessive gambling nature of the games.
Any amendments to laws and regulations or the introduction of new voluntary regulations may delay the delivery of pachinko/pachislot machines due to the need to comply with such new requirements, as well as any change in demand for specific machines by pachinko hall operators may affect the results of Group operations.

Content Business

The Company will focus on obtaining copyrights or usage rights of content and developing content with high value. However, the unique nature of such content makes it difficult to accurately evaluate such value. Furthermore, due to the following possible risks related to content, the Company may not achieve the business growth it currently projects.
In addition, investment in copyrights or usage rights may not result in the development of content with high value. Moreover, the Company may not acquire attractive content at favorable terms due to fierce competition in the market.
In implementing its content strategy and related activities, the Company may unknowingly infringe the intellectual property rights of other companies or become party to other claims associated with these intellectual property rights. The Company, in turn, may not be able to effectively protect its own content-related intellectual property rights.

Risk Associated with Investment

In developing business for the Group, the Group strives to expand existing ventures, enhance functions, and enter new business areas by strengthening and creating alliances with Group companies and other partners. To that end, we conduct such investment activities as establishing new companies in partnership with other companies and investing in existing companies. The Group may continue such investment activities.
However, should the investment value of companies in which the Company has invested or the market value of shares in which the Company invested decline, we may lose all or part of the investment value or be required to provide funds to such companies. In such cases, the results of operations of the Group may be affected.

Consolidated Balance Sheets

As of March 31, 2004 and 2005

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	2004	**2005**	**2005**
Current assets:			
Cash and cash equivalents	¥ 5,437,758	**¥13,326,256**	**$124,069**
Notes and accounts receivable — trade	18,865,138	**37,667,536**	**350,689**
Debt securities with current maturities	—	**5,000**	**47**
Inventories	256,541	**480,171**	**4,470**
Merchandising right advances	1,720,076	**3,312,754**	**30,842**
Deferred tax assets	371,033	**267,886**	**2,494**
Other current assets	1,589,009	**2,028,242**	**18,883**
Allowance for doubtful accounts	(86,953)	**(87,140)**	**(811)**
Total current assets	28,152,604	**57,000,705**	**530,683**
Property and equipment:			
Land	1,547,993	**1,547,993**	**14,412**
Buildings and structures	1,227,337	**2,803,718**	**26,103**
Equipment	850,804	**1,473,323**	**13,717**
Vehicles	71,385	**73,791**	**687**
Construction in progress	335,744	**50,353**	**469**
	4,033,263	**5,949,178**	**55,388**
Less: Accumulated depreciation	(681,909)	**(1,091,600)**	**(10,163)**
Total property and equipment	3,351,355	**4,857,578**	**45,225**
Investments and other assets:			
Investment securities	2,824,195	**5,545,899**	**51,633**
Deposits	1,661,745	**2,201,142**	**20,493**
Intangible assets	384,585	**1,039,574**	**9,679**
Excess of cost over net assets acquired	—	**666,791**	**6,208**
Deferred tax assets	222,779	**500,672**	**4,661**
Other assets	518,574	**772,181**	**7,189**
Total investments and other assets	5,611,879	**10,726,262**	**99,863**
Total assets	¥37,115,839	**¥72,584,547**	**$675,771**

See accompanying notes to the consolidated financial statements.

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
LIABILITIES AND SHAREHOLDERS' EQUITY	2004	**2005**	**2005**
Current liabilities:			
Accounts payable — trade	¥ 11,645,579	**¥27,479,525**	**$255,838**
Short-term borrowings	3,000,000	**656,600**	**6,113**
Current portion of long-term debt	—	**341,768**	**3,182**
Accrued income taxes	3,960,019	**2,685,881**	**25,006**
Accrued bonuses	18,600	**20,000**	**186**
Other current liabilities	1,930,638	**2,126,332**	**19,796**
Total current liabilities	20,554,837	**33,310,107**	**310,121**
Long-term liabilities:			
Long-term debt, less current portion	—	**1,093,165**	**10,177**
Retirement benefits	820,615	**707,840**	**6,590**
Deposits received	1,161,922	**2,378,609**	**22,145**
Excess of net assets acquired over cost	1,602	**—**	**—**
Other liabilities	51,065	**5,893**	**55**
Total long-term liabilities	2,035,204	**4,185,508**	**38,968**
Minority interest in consolidated subsidiaries	17,976	**1,662,657**	**15,480**
Shareholders' equity:			
Common stock	1,295,500	**7,948,036**	**73,997**
Authorized; 586,000 shares at March 31, 2004 and 2005			
Issued; 161,500 shares at March 31, 2004			
347,000 shares at March 31, 2005			
Capital surplus			
Additional paid-in capital	1,342,429	**7,994,953**	**74,434**
Retained earnings	11,631,695	**17,133,487**	**159,515**
Unrealized holding gain on available-for-sale securities	238,194	**349,796**	**3,257**
Total shareholders' equity	14,507,820	**33,426,273**	**311,203**
Total liabilities and shareholders' equity	¥37,115,839	**¥72,584,547**	**$675,771**

Consolidated Statements of Income

For the fiscal years ended March 31, 2004 and 2005

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2005	2005
Sales	¥66,211,589	¥81,658,011	$760,246
Cost of Sales	44,633,469	56,905,614	529,798
Gross profit	21,578,120	24,752,397	230,448
Selling, general and administrative expenses	9,711,541	12,655,173	117,821
Operating income	11,866,578	12,097,224	112,627
Other income (expenses):			
Interest and dividend income	12,340	17,156	160
Interest expenses	(2,197)	(14,783)	(138)
Equity in earnings of affiliates	292,330	421,667	3,926
Bond issuance costs	—	(10,750)	(100)
Stock issuance costs	(2,290)	(204,400)	(1,903)
Loss on disposal of property and equipment, net	(17,288)	(86,356)	(804)
Loss on devaluation of investment securities and capital investments	(42,587)	(175,534)	(1,634)
Gain on sale of investment securities	—	162,685	1,515
Rebate on purchase of inventories	—	159,760	1,487
Reversal of reserve for retirement benefits for directors	—	131,100	1,221
Other, net	82,313	63,078	587
Other income, net	322,623	463,623	4,316
Income before income taxes and minority interest	12,189,200	12,560,847	116,943
Income taxes:			
Current	5,768,861	5,403,841	50,310
Deferred	(211,184)	217,712	2,027
	5,557,676	5,621,553	52,337
Minority interest	11,269	12,502	116
Net income	¥ 6,620,253	¥ 6,926,791	$ 64,489

	Yen		U.S. Dollars (Note 1)
Earnings per share:			
Basic and diluted	¥20,233.98	¥19,888.61	$185.17

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Shareholders' Equity

For the fiscal years ended March 31, 2004 and 2005

	Number of Shares of Common Stock Issued	Thousands of Yen				
		Common Stock	Additional Paid-in Capital	Retained Earnings	Unrealized Holding Gain on Securities	Total Shareholders' Equity
Balance as of March 31, 2003	32,300	¥1,295,500	¥1,342,429	¥ 6,060,735	¥ 54,133	¥ 8,752,797
Five-for-one stock split	129,200	—	—	—	—	—
Retained earnings decreased due to change of consolidation scope	—	—	—	(3,293)	—	(3,293)
Net income	—	—	—	6,620,253	—	6,620,253
Cash dividends paid	—	—	—	(969,000)	—	(969,000)
Bonuses to directors and statutory auditors	—	—	—	(77,000)	—	(77,000)
Change in net unrealized holding gain on securities	—	—	—	—	184,061	184,061
Balance as of March 31, 2004	161,500	1,295,500	1,342,429	11,631,695	238,194	14,507,820
Common stock issued under spread method	12,000	6,652,536	6,652,524	—	—	13,305,060
Two-for-one stock split	173,500	—	—	—	—	—
Net income	—	—	—	6,926,791	—	6,926,791
Cash dividends paid	—	—	—	(1,340,000)	—	(1,340,000)
Bonuses to directors and statutory auditors	—	—	—	(85,000)	—	(85,000)
Change in net unrealized holding gain on securities	—	—	—	—	111,602	111,602
Balance as of March 31, 2005	347,000	¥7,948,036	¥7,994,953	¥17,133,487	¥349,796	¥33,426,273

	Thousands of U.S. Dollars (Note 1)				
	Common Stock	Additional Paid-in Capital	Retained Earnings	Unrealized Holding Gain on Securities	Total Shareholders' Equity
Balance as of March 31, 2004	$12,061	$12,498	$108,292	$2,218	$135,070
Common stock issued under spread method	61,936	61,936	—	—	123,872
Two-for-one stock split	—	—	—	—	—
Net income	—	—	64,489	—	64,489
Cash dividends paid	—	—	(12,476)	—	(12,476)
Bonuses to directors and statutory auditors	—	—	(791)	—	(791)
Change in net unrealized holding gain on securities	—	—	—	1,039	1,039
Balance as of March 31, 2005	$73,997	$74,434	$159,515	$3,257	$311,203

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

For the fiscal years ended March 31, 2004 and 2005

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2005	2005
Operating activities:			
Income before income taxes and minority interest	¥12,189,200	**¥12,560,847**	**$116,943**
Adjustments to reconcile income before income taxes and minority interest to net cash provided by operating activities:			
Depreciation and amortization	317,565	**568,604**	**5,294**
Amortization of excess of net assets acquired over cost	(1,481)	**(1,481)**	**(14)**
Allowance for doubtful accounts	64,540	**2,729**	**25**
Retirement benefits for employees	14,816	**9,110**	**85**
Retirement benefits for directors	130,800	**(131,100)**	**(1,221)**
Accrued bonuses	600	**1,400**	**13**
Interest and dividend income	(12,340)	**(17,157)**	**(160)**
Rebate on purchase of inventories	—	**(159,760)**	**(1,487)**
Bond issuance costs	—	**10,750**	**100**
Stock issuance costs	—	**204,400**	**1,903**
Equity in earnings of affiliates	(292,330)	**(421,667)**	**(3,926)**
Gain on sale of investment securities	—	**(162,685)**	**(1,515)**
Interest expenses	2,197	**14,783**	**138**
Loss on disposal of property and equipment, net	17,288	**86,356**	**804**
Loss on devaluation of investment securities and capital investments	42,587	**175,534**	**1,634**
Notes and accounts receivable - trade	(14,546,569)	**(18,363,214)**	**(170,964)**
Inventories	7,919	**(54,621)**	**(509)**
Merchandising right advances	(1,457,951)	**(1,592,677)**	**(14,828)**
Accounts payable - trade	8,823,448	**15,920,750**	**148,224**
Deposit received	298,114	**1,216,687**	**11,328**
Payments of bonuses to directors and statutory auditors	(77,000)	**(85,000)**	**(791)**
Other	(286,080)	**(12,592)**	**(117)**
Subtotal	5,235,325	**9,769,999**	**90,960**
Interest and dividends received	33,319	**39,248**	**365**
Interest paid	(3,140)	**(14,103)**	**(131)**
Income taxes paid	(4,414,311)	**(6,829,288)**	**(63,581)**
Net cash provided by operating activities	851,192	**2,965,857**	**27,612**
Investing activities:			
Purchases of property and equipment	(1,520,955)	**(2,245,700)**	**(20,908)**
Proceeds from sales of disposed property and equipment	6,964	**38,761**	**361**
Purchases of intangible assets	(287,452)	**(629,298)**	**(5,859)**
Purchases of investment securities	(1,356,059)	**(3,182,935)**	**(29,634)**
Proceeds from sales of investment securities	—	**238,024**	**2,216**
Maturity of debt securities	200,700	**—**	**—**
Investments in affiliates	—	**(10,000)**	**(93)**
Cash received form acquisitions of interest in consolidated subsidiaries, net of transaction costs	—	**896,150**	**8,343**
Cancellation of life insurance policies	422,076	**—**	**—**
Long-term loans receivable, net	(352,770)	**59,158**	**551**
Payment for deposits, net	(204,258)	**(362,951)**	**(3,379)**
Payment for long-term expenses	(65,304)	**(33,727)**	**(314)**
Other	(33,135)	**(24,635)**	**(229)**
Net cash used in investing activities	(3,190,193)	**(5,257,154)**	**(48,945)**
Financing activities:			
Increase (decrease) in short-term borrowings, net	3,000,000	**(2,570,000)**	**(23,927)**
Proceeds from long-term borrowings	—	**520,000**	**4,841**
Repayments of long-term borrowings	—	**(27,000)**	**(251)**
Proceeds from bond issuance	—	**489,250**	**4,555**
Proceeds from issuance of common stock	—	**13,100,659**	**121,969**
Cash dividends paid	(966,210)	**(1,335,027)**	**(12,429)**
Other	(3,790)	**—**	**—**
Net cash provided by financing activities	2,029,999	**10,177,881**	**94,757**
Effect of exchange rate changes on cash and cash equivalents	(1,892)	**1,913**	**18**
(Decrease) increase in cash and cash equivalents	(310,893)	**7,888,497**	**73,443**
Cash and cash equivalents at beginning of the period	5,739,061	**5,437,758**	**50,626**
Increase in cash and cash equivalents due to change of consolidation scope	9,590	**—**	**—**
Cash and cash equivalents at end of the period	¥5,437,758	**¥13,326,256**	**$124,069**

See accompanying notes to the consolidated financial statements.

Notes To The Consolidated Financial Statements

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

FIELDS CORPORATION (the “Company”) and its consolidated subsidiaries maintain their accounts and records in accordance with the provisions set forth in the Japanese Commercial Code (the “Code”) and the Securities and Exchange Law and in conformity with accounting principles and practices generally accepted in Japan, which are different from the accounting and disclosure requirements of International Financial Reporting Standards or accounting standards generally accepted in the United States of America. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

The accompanying consolidated financial statements are the translation of the consolidated financial statements of the Company which were prepared in accordance with accounting principles generally accepted in Japan from the accounts and records maintained by the Company and its consolidated subsidiaries and were filed with the Ministry of Finance as required by the Securities and Exchange Law.

In preparing the accompanying consolidated financial statements, certain reclassifications and rearrangements have been made in the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The translations of the Japanese yen amounts presented in the financial statements as of and for the year ended March 31, 2005 into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate of ¥107.41 to U.S. $1 at March 31, 2005. Such translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be converted into U.S. dollars at that or any other rate.

The Japanese yen amounts in thousands in the consolidated financial statements are cut off at the thousand.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and those of significant subsidiaries (collectively the “Companies”) that are controlled by the Company. Under the effective control approach, all majority-owned companies and companies effectively controlled by the parent are consolidated. Companies in which the parent’s ownership share is less than or equal to 50% may be required to be consolidated in case where the parent has effective control through the interests held by a party with a close relationship with the parent.

In case that a subsidiary does not have significant impact on the consolidated financial position, amounts of consolidated sales and consolidated net income as a whole, the subsidiary is not consolidated into the Company or is not accounted for under the equity method.

All significant inter-company transactions and account balances and unrealized inter-company profits among the Companies, after adjustment for minority interests, are eliminated upon consolidation.

The difference between the total acquisition cost and underlying fair value of the net equity of the acquired company at acquisition is stated as “excess of cost over net assets acquired” or “excess of net assets acquired over cost” which is amortized on a straight-line basis over a period of five years.

An affiliate is defined as a company whose financial and operating decision-making is influenced to a material degree through investment, personnel, financing, technology or other relationships. Accordingly, all 20% to 50% owned companies, except for those that are consolidated, and unconsolidated subsidiaries are, in principle, required to be accounted for using the equity method. An investment of less than 20% of voting rights of an investee may be required to be accounted for using the equity method in cases where the investor has the ability to exercise significant influence over the company.

In case where the fiscal year of the Company and the companies accounted for under the equity method differs, the Company uses the financial statements of the companies accounted for under the equity method prepared based on their fiscal year.

In case where an affiliate or unconsolidated subsidiary does not have significant impact on the consolidated net income and consolidated retained earnings as a whole, the affiliate or unconsolidated subsidiary is not accounted for under the equity method.

Scope of Consolidation and Application of Equity Method

Number of consolidated subsidiaries and affiliates accounted for under the equity method at March 31, 2004 and 2005 are as follows:

	Number of Companies	
	2004	2005
Consolidated subsidiaries	5	**9**
Unconsolidated subsidiaries accounted for under the equity method	0	**0**
Unconsolidated subsidiaries not accounted for under the equity method	2	**3**
Affiliates accounted for under the equity method	1	**3**
Affiliates not accounted for under the equity method	1	**0**

The names of consolidated subsidiaries and affiliates accounted for under the equity method at March 31, 2005 are as follows:

Consolidated subsidiaries:
- Professional Management Co., Ltd
- Fields Jr. Corporation
- Total Workout Corporation
- White Trash Charms Japan Co., Ltd
- Digital Lord Corporation
- D3PUBLISHER INC.
- Heart-Line Inc.
- Entertainment Software Publishing Inc.
- D3 Publisher of America, Inc.

Due to additional acquisition of interest of D3PUBLISHER INC. in March 2005, which was an affiliate not accounted for under the equity method in the previous year, D3PUBLISHER INC. became a consolidated subsidiary, which owns three consolidated subsidiaries of Heart-Line Inc., Entertainment Software Publishing Inc. and D3 Publisher of America, Inc., and one affiliate of 3D—AGES INC. The additional acquisition was made in March, 2005 and, therefore, only the balance sheets of D3PUBLISHER INC. and its three subsidiaries are consolidated into the Company’s financial statements. The fiscal year of D3PUBLISHER INC. and its three subsidiaries is October 31 but their financial statements used for consolidation purposes are prepared by using the same fiscal year as the Company.

Due materiality in connection with additional acquisition of interest in March 2005, D3PUBLISHER INC. had been applied to the equity method since April 1, 2004. Equity in earnings of D3PUBLISHER INC. recorded for the year ended March 31, 2005 was reflected in the account of equity in earnings of affiliates in the consolidated statement of income.

The following is the information of assets and liabilities consolidated into the Company, acquisition cost and the amount of cash received from the acquisition transaction.

	Thousands of Yen	Thousands of U.S. Dollars (Note 1)
Current assets	¥3,715,900	$34,595
Non-current assets	1,113,546	10,367
Excess of cost over net assets acquired	446,834	4,160
Current liabilities	(784,740)	(7,306)
Non-current liabilities	(217,380)	(2,024)
Minority interest	(1,632,177)	(15,196)
Net assets	2,641,982	24,597
Net assets after deduction of equity belonging to the Company	854,882	7,959
Acquisition cost for the year	1,787,100	16,638
Cash and cash equivalents owned by D3 PUBLISHER INC. and its three consolidated subsidiaries	(2,683,250)	(24,981)
The amount of cash received	¥ (896,150)	$ (8,343)

Affiliates accounted for under the equity method: In addition to Rodeo Co., Ltd., two more affiliates accounted for under the equity method, 3D-AGES INC. and KADOKAWA HARUKI CORPORATION, increased during the year 2005.

Cash Equivalents
Cash equivalents are defined as low-risk, highly liquid, short-term investments with an initial maturity of three months or less that are readily convertible to cash.

Valuation of Inventories
Merchandise – Used Machine
The Company: At cost determined by the specific identification method
Merchandise – Others
The Company: At cost determined by the moving-average method
Consolidated subsidiaries: At cost determined by the periodic average method
Finished products
Consolidated subsidiaries: At cost determined by first-in first-out method
Work in process
Consolidated subsidiaries: At cost determined by the specific identification method
Supplies
The Companies: At cost determined by the last purchase price method

Investment Securities
Under Japanese accounting standards for financial instruments, all marketable securities held for investment purposes are classified as available-for-sale securities and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported as a separate component of shareholders' equity. Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

For other than temporary declines in fair value of investment securities, impairment losses are recognized and the acquisition cost is directly reduced to net realizable value by charging such losses to income. Impairment losses recognized for the fiscal years 2004 and 2005 are none and ¥175,534 thousand ($1,634 thousand), respectively.

The cost of securities sold is determined based on the moving-average method.

Property and Equipment
Property and equipment are stated at cost. Depreciation is calculated by the declining-balance method while the straight-line method is applied to buildings acquired after April 1, 1998. The estimated useful lives of depreciable assets at March 31, 2004 and 2005 are as follows:

	2004	2005
Buildings	6 - 50 years	**6 - 50 years**
Structures	10 - 27 years	**10 - 50 years**
Vehicles	4 - 6 years	**4 - 6 years**
Equipment	3 - 20 years	**3 - 20 years**

Intangible Assets
Intangible assets excluding "excess of cost over net assets acquired, " which is mentioned in Note 2, primarily consist computer software. For internal-use software, the software is amortized over five years by using the straight-line method. For software held by subsidiaries for sales, the software is amortized over anticipated sales periods (12 months for software used for gaming machines and 36 months for other software) by using the appropriate amortization methods decided by the subsidiaries.

Allowance for Doubtful Accounts
The allowance for doubtful accounts is reported as an amount determined by adding the individually estimated uncollectible amounts to a general reserve calculated by applying a rate based on past collection experience.

Accrued Bonuses
Accrued bonuses for employees are provided for using the estimated amount which the Company is obligated to pay to employees after the fiscal year-end, based on services provided during the current period.

Retirement Benefits
For employees:
The Company and certain consolidated subsidiaries have an unfunded defined benefit retirement plan. The reserve for retirement benefit obligations is provided based on the projected benefit obligation. The obligation is calculated in accordance with a formula which has, as its variables, the length of service and basic pay rate at the end of the fiscal year. Actuarial differences are amortized under the straight-line method using the specific number of years (five years) less than the average remaining service period.

For directors and statutory auditors:
Directors and statutory auditors of the Company are entitled to lump-sum retirement payments determined in accordance with the Company's internal rules. The retirement benefit obligation is accrued at the amount which would have been required if all directors and statutory auditors had terminated their services at the balance sheet date. These amounts are paid subject to approval of shareholders in accordance with the Code.

Foreign Currency Translation
Monetary assets and liabilities denominated in foreign currency are translated into Japanese yen by using the prevailing exchange rate at the year-end. Gains or losses from foreign currency translation are included in foreign currency exchange gain or loss in the consolidated statement of income.

Derivatives and Hedging Activities
In accordance with Japanese accounting standards for financial instruments, derivatives which are held for speculative or trading purposes are adjusted to fair value at the balance sheet date and the changes in the fair value are charged to income for the year, and if the derivative qualifies as a hedge, changes in the fair value of the derivative are deferred until the underlying hedged item is recognized in earnings.

The Companies do not enter into derivatives for trading purposes or speculative purposes. Certain subsidiaries enter into derivatives only with the aim of reducing the risks of fluctuation in future interest payments in loan transactions.

As risk management, under each of subsidiaries' rules for derivative transactions, the department controlling derivative transactions has authority of entering into contracts and monitors the derivative transactions in order to evaluate the effectiveness of the hedge.

Hedging accounting adopted by the subsidiaries
a) Hedge accounting: Certain subsidiaries adopt hedge accounting as long as derivative transactions are qualified as hedging accounting in accordance with Japanese GAAP.
b) Hedging instruments and hedge items: Hedging instruments are interest rate swap contracts and hedged items are interest.
c) Basic policies for hedging: Certain subsidiaries engage in interest rate swap with the aim of reducing the risks of fluctuations in future interest payments in loan transactions.
d) Method of evaluating the effectiveness of a hedge: The subsidiaries assume that those interest rate swap transactions are evaluated to be effective as hedge transactions as long as interest rate swap transactions are qualified as hedging accounting in accordance with Japanese GAAP.

Income Taxes
The Companies use the asset and liability method to account for income taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities from a change in tax rates is recognized in income in the period the change is enacted. A valuation allowance is established to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

With the implementation of the "Revision of the Local Tax Law" (Legislation No. 9, 2003) on March 31, 2003, the tax basis of enterprise taxes comprises "amount of income", "amount of added value" and "amount of capital" from this fiscal year commenced April 1, 2004. Enterprise taxes based on "amount of added value" and "amount of capital" are included in "Selling, general and administrative expenses" from this fiscal year pursuant to "Practical Solutions on Presentation for Size-Based Components of Corporate Enterprise Tax on Income Statement" (Accounting Standards Boards, Practical Solution Report No.12 issued on February 13, 2004). As a result of this change, the selling, general and administrative expenses increased by ¥108,422 thousand ($1,009 thousand), and the operating income and the income before income taxes and minority interest decreased by the same amount.

Revenue Recognition
The Company generates revenue from primarily two sources: merchandise sales and agency services.

For merchandise sales, the Company purchases pachislot machines from manufactures and sells them to pachislot parlors. The Company recognized revenue when products were delivered to the parlors and installation was completed. Effective April 1, 2003, the Company changed its accounting policy for revenue recognition, due to a change in the sales contracts with the parlors. According to the new recognition policy, the Company recognizes revenue when products are shipped to the parlors. As the result of this change, sales and cost of sales for the year ended March 31, 2004 increased by ¥5,956,372 thousand and ¥3,916,219 thousand, respectively, compared with the amounts which would have been recognized under the previous recognition policy.

For agency services, the Company acts as an agent between manufactures and pachinko parlors to provide various services related to the distribution of pachinko and pachislot machines, and receives commissions from the manufacturers. The services are completed when the Company collects sales proceeds from pachinko parlors, and remits the proceeds to the manufacturers. The Company recognizes revenue when services are completed.

Leases
Under Japanese accounting standards for leases, financial leases that are deemed to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements. In compliance with this standard, all lease transactions of the Company and its consolidated subsidiaries are accounted for as operating leases.

Issuance Costs for Stock and Bonds
Issuance costs for stock and bonds are expensed as incurred.

Appropriation of Retained Earnings
Under the Code and the Articles of Incorporation of the Company, the plan for appropriation of retained earnings (primarily for cash dividend payments and bonuses paid to directors and statutory auditors) proposed by the Board of Directors should be approved by the shareholders at the shareholders' meeting which must be held within three months after the end of each fiscal year. The appropriation of retained earnings reflected in the accompanying consolidated financial statements represents the results of such appropriations which relate to the immediately preceding fiscal year but were approved by the shareholders at the shareholders' meeting and disposed of during that year.

Earnings Per Share ("EPS")
Basic EPS is computed based on the average number of shares of common stock outstanding during each period and diluted EPS assumes the dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock.

The amount of earnings which is used for the computation of EPS is net income for the year, excluding income to be appropriated as bonuses to directors and statutory auditors to be approved by the shareholders at the shareholders' meeting which must be held within three months after the end of each fiscal year.

The Company and its consolidated subsidiaries had no dilutive securities outstanding at March 31, 2004 and 2005. Therefore, there are no differences between basic and diluted EPS in the fiscal years ended March 31, 2004 and 2005. Potential shares for dilution of EPS at March 31, 2004 and 2005 are none and 3,180 shares, respectively.

Net earnings per share for the fiscal year ended March 31, 2004 have been adjusted for the two-for-one stock split made on September 3, 2004.

3. INVESTMENT SECURITIES

(a) The following table summarizes acquisition costs, book values and fair values of available-for-sale securities with available fair values at March 31, 2004 and 2005:

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2005	2005
Equity securities			
Acquisition cost	¥323,371	¥ 832,724	$7,753
Book value	725,048	1,423,401	13,252
Net unrealized gain	401,677	590,676	5,499
Other			
Acquisition cost	¥ —	¥ 500,000	$4,655
Book value	—	499,199	4,648
Net unrealized loss	—	800	7

(b) The following table summarizes book value of available-for-sale securities with no available fair values at March 31, 2004 and 2005:

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2005	2005
Stocks	¥23,880	¥68,317	$636
Bonds and other	5,291	5,000	47

(c) Carrying amounts of investments in unconsolidated subsidiaries and affiliates at March 31, 2004 and 2005 are ¥2,069,975 thousand and ¥3,554,981 thousand ($33,097 thousand), respectively.

4. LEASES

The Companies lease certain equipment and software under several finance lease contracts without ownership transfer to lessees. Assumed amounts of (a) acquisition cost, accumulated depreciation and net book value and (b) lease obligations at March 31, 2004 and 2005 are as follows:

(a) Acquisition cost, accumulated depreciation and net book value

	Thousands of Yen		
At March 31, 2004	Equipment	Software	Total
Acquisition cost	¥219,370	¥18,851	¥238,222
Accumulated depreciation	121,037	15,275	136,313
Net book value	¥ 98,333	¥ 3,575	¥101,908

	Thousands of Yen		
At March 31, 2005	Equipment	Software	Total
Acquisition cost	**¥216,628**	**¥39,710**	**¥256,339**
Accumulated depreciation	**158,948**	**1,441**	**160,389**
Net book value	**¥ 57,680**	**¥38,269**	**¥ 95,949**

	Thousands of U.S. Dollars (Note 1)		
At March 31, 2005	Equipment	Software	Total
Acquisition cost	**$2,017**	**$370**	**$2,387**
Accumulated depreciation	**1,480**	**13**	**1,493**
Net book value	**$ 537**	**$356**	**$ 893**

(b) Lease obligations

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2005	2005
Payments due within one year	¥ 52,170	¥41,005	$382
Payments due after one year	49,738	54,944	512
Total	¥101,908	¥95,949	$893

Due to immateriality of the aggregated amount of lease obligations compared with the year-end balance of properties, interest expenses related to lease obligations are included in both the assumed acquisition cost and lease obligations of the lease properties.

Amounts of lease payments and depreciation expense equivalents for the years ended March 31, 2004 and 2005 are as follows:

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2005	2005
Lease payments	¥58,378	¥50,540	$471
Depreciation expense equivalent	58,378	50,540	471

Depreciation expense equivalent is computed by the straight-line method over the lease period without residual value.

A subsidiary leased a car under a non-cancelable operating lease, which was canceled in October 2004. None of the Companies have entered into new non-cancelable operation lease agreements during the year 2005. The following was a schedule by year of future lease payments at March 31, 2004:

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2005	2005
Payments due within one year	¥1,644	¥—	$—
Payments due after one year	2,466	—	—
Total	¥4,110	¥—	$—

5. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

The following table summarizes the Companies' short-term borrowings and long-term debt at March 31, 2004 and 2005:

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2005	2005
Short-term borrowings with weighted average interest rate of 0.83% and 0.95% per annum at March 31, 2004 and 2005, respectively.	¥3,000,000	¥ 656,600	$ 6,113
Long-term debt:			
Current portion of long-term borrowings with weighted average interest rate of 1.79% per annum at March 31, 2005	—	341,768	3,182
Long-term borrowings, less current portion, with weighted average interest rate of 1.81% per annum at March 31, 2005 and with maturity serially through 2009	—	593,165	5,522
0.88% unsecured bonds: Issuance is on March 31, 2005 and maturity is serially through 2011	—	500,000	4,655
	¥3,000,000	¥2,091,533	$19,472

The aggregate amounts of annual maturity of long-term debt including bonds during each of the five years ending March 31, 2010 and thereafter are as follows:

Year ending March 31,	Thousands of Yen	Thousands of U.S. Dollars (Note 1)
2006	¥ 341,768	$ 3,182
2007	314,688	2,930
2008	309,497	2,881
2009	208,000	1,937
2010	161,000	1,499
Thereafter	100,000	931
	¥1,434,933	$13,359

6. CREDIT LINES

The Company entered into line of credit and overdraft agreements with six banks in 2004 and the Companies entered into three banks in 2005 for the purpose of efficient management of the operation fund. The following is the summary of the lines of credit at March 31, 2004 and 2005:

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2005	2005
Total credit lines	¥6,000,000	¥4,310,000	$40,127
Balance of borrowing	3,000,000	630,000	5,865
Unused credit lines	¥3,000,000	¥3,680,000	$34,261

7. FAIR VALUE OF DERIVATIVE TRANSACTIONS

Due to adopting hedge accounting for all derivative transactions, there is no information disclosed regarding fair value of derivatives transactions at March 31, 2005. None of the Companies were not involved in any derivative transactions during the year ended March 31, 2004.

8. RETIREMENT BENEFITS

For employees:

The Company and certain consolidated subsidiaries have an unfunded defined benefit retirement plan covering substantially all of its employees. This plan provides employees with lump-sum retirement payments, determined by their basic pay at the time of retirement and benefit rate based on years of service. Certain subsidiaries adopt an easy method for calculating projected benefit obligation.

The liability for employees' retirement benefits at March 31, 2004 and 2005 is as follows:

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2005	2005
Projected benefit obligation	¥123,506	¥145,040	$1,350
Unrecognized actuarial differences	(2,691)	(5,899)	(55)
Accrued retirement benefits	¥120,815	¥139,140	$1,295

Net periodic costs for the employees' retirement benefits for the years ended March 31, 2004 and 2005 consisted of the following components:

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2005	2005
Service cost	¥17,166	¥23,904	$223
Interest cost	2,232	2,470	23
Amortization of actuarial differences	851	293	3
Net periodic costs	¥20,249	¥26,668	$248

The retirement benefit costs of certain consolidated subsidiaries which adopt an easy method for calculating projected benefit obligation are accounted for as service cost.

The assumptions used for the above plans for the years ended March 31, 2004 and 2005 are as follows:

Discount rate	2.0%
Allocation of total estimated retirement benefit obligation to each accounting period	Straight-line method over service periods
Amortization period of actuarial differences	5 years

For directors and statutory auditors:

The Company also has a retirement plan for its directors and statutory auditors. The amounts of accrued retirement liability for the Company's directors and statutory auditors based on its internal rules are ¥699,800 thousand and ¥568,700 thousand ($5,295 thousand) at March 31, 2004 and 2005, respectively.

9. CONTINGENCIES

For agency services, when the Company receives a sales order for pachinko and pachislot machines from a pachinko parlor (the "Customer"), the Company asks the manufacturer of the machines to deliver the machines directly to the Customer, and guarantees payment for the machines delivered on behalf of the Customer. Those guarantees at March 31, 2004 and 2005 are as follows:

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2005	2005
Amounts guaranteed	¥744,496	¥797,050	$7,421

For machine suppliers, the Company had contingent liabilities from notes delivered with endorsement for payments for purchases of pachislot machines purchased. Total amount of notes endorsed at March 31, 2004 was ¥591,657 thousand. During the year ended March 31, 2005, the payment terms were changed. All payments of pachislot machines purchased are settled by cash and there are no contingent liabilities at March 31, 2005.

10. INCOME TAXE

The significant components of deferred tax assets and liabilities at March 31, 2004 and 2005 are as follows:

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2005	2005
Deferred tax assets:			
Amounts not deductible for tax purposes:			
Accrued directors' and statutory auditors' retirement benefits	¥ 284,818	¥ 231,460	$ 2,155
Accrued local taxes	323,159	161,041	1,499
Devaluation of investment securities	—	45,195	421
Devaluation of inventories	—	40,608	378
Amounts in excess of taxable deduction:			
Accrued employees' retirement benefits	47,392	55,593	518
Allowance for doubtful accounts	23,354	55,763	519
Accrued bonuses	7,570	8,140	76
Amortization for software	—	118,720	1,105
Amortization for royalty	—	268,125	2,496
Subsidiaries' net operating loss carry-forwards	255,026	524,700	4,885
Other	88,285	64,218	598
Gross deferred tax assets	1,029,607	1,573,566	14,650
Valuation allowances	(272,311)	(564,928)	(5,260)
Total deferred tax assets	757,295	1,008,637	9,391
Deferred tax liabilities:			
Unrealized holding gain on investment securities	163,482	240,079	2,235
Total deferred tax liabilities	163,482	240,079	2,235
Net deferred tax assets	¥ 593,812	¥ 768,558	$ 7,155

Income taxes in Japan applicable to the Companies consist of corporation tax, inhabitants' taxes and enterprise taxes, which in the aggregate resulted in a statutory tax rate of 42.0% and 40.7% for the years ended March 31, 2004 and 2005, respectively. Reconciliation of the differences between the statutory tax rate and the effective income tax rate for the years ended March 31, 2004 and 2005 is as follows:

	2004	2005
Statutory tax rate	42.0%	40.7%
Addition (reduction) in taxes resulting from:		
Taxation on retained earnings imposed on a family corporation	3.0	2.4
Per capita levy	0.2	0.3
Expenses not deductible for tax purpose	0.5	0.8
Income not taxable for tax purpose	(0.1)	(0.1)
Tax exemption	(0.2)	(0.1)
Other	0.2	0.8
Effective income tax rate	45.6%	44.8%

11. SHAREHOLDERS' EQUITY

Under the Code, the entire amount of the issuance price of shares is required to be accounted for as capital, although a company may, by resolution of its Board of Directors, account for an amount not exceeding one half of the issue price of new shares as additional paid-in capital, which is included in capital surplus. The Code also provides that an amount equal to at least 10% of cash dividends and other cash appropriations shall be appropriated and set aside as a legal earnings reserve until the total amount of the legal earnings reserve and additional paid-in capital equals 25% of common stock. The total amount of the legal earnings reserve and additional paid-in capital has reached 25% of common stock, and, therefore, the Company is no longer required to provide for the legal earnings reserve.

The legal earnings reserve and additional paid-in capital may be used to eliminate or reduce a deficit by resolution of the shareholders at the shareholders' meeting or may be capitalized by resolution of the Board of Directors. On condition that the total amount of the legal earnings reserve and additional paid-in capital remains equal to or exceeds 25% of common stock, they are available for distribution by resolution of the shareholders at the shareholders' meeting. The legal earnings reserve is included in retained earnings in the accompanying consolidated financial statements. The legal earnings reserve included in retained earnings at March 31, 2004 and 2005 is ¥9,580 thousand ($89 thousand).

Year-end dividends are to be approved by the shareholders at a shareholders' meeting held subsequent to the fiscal year to which the dividends are applicable. Semi-annual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code. The maximum amount that a company can distribute as dividends is calculated based on the non-consolidated financial statements of the company in accordance with the Code.

12. RELATED PARTY TRANSACTIONS

Transactions with directors:

Directors of the Company paid ¥1,170 thousand and ¥4,383 thousand ($41 thousand) for company housing for the years ended March 31, 2004 and 2005, respectively, which was 50% of rent the Company paid to the owners of company housing. Since January 2005, the Company had not provided them with any housing allowances and abolished the company housing system effective on April 1, 2005. The Companies did not have any other transactions with their directors than transactions related to company housing.

Transactions in the normal course of business with affiliates:

In March 2005, the Company undertook 7,000 shares of common stock for ¥1,787,100 thousand ($16,638 thousand) under allotment to third party issued by D3PUBLISHER, INC., which became a consolidated subsidiary at March 31, 2005 mentioned in "Scope of Consolidation and Application of Equity Method" in Note 2. The issuance price, which was ¥255,300 ($2,377) per share, was a daily average price of stock closing price in the JASDAQ market in Japan, formerly named Japan Security Dealers' Association, for three months from November 15, 2004 through February 14, 2005, just one day before the resolution related to the stock issuance made by the Board of Directors of D3PUBLISHER, INC.

The following table summarizes the account balances and transactions in the normal course of business with Rodeo Co., Ltd. at and for the years ended March 31, 2004 and 2005.

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2005	2005
Account balances			
Accounts receivable — trade	¥ 2,479,632	¥ —	$ —
Accounts payable — trade	7,957,693	22,637,049	210,754
Deposits paid	500,000	—	—
Transactions			
Purchases of merchandise	¥33,103,396	¥44,579,677	$415,042
Sales of used pachislot machines	2,364,855	—	—

13. SEGMENT INFORMATION

- **Business Segment:**
  For the years ended March 31, 2004 and 2005, sales and operation income from the sale of amusement machines over 90% of the consolidated sales and operating income and therefore, business segment information is omitted.
- **Geographic Segment:**
  For the year ended March 31, 2004, the Companies operated their business only in Japan and, therefore, geographical information and information about income from overseas are omitted. For the year ended March 31, 2005, sales earned in Japan are over 90% of the consolidated sales and the total assets existing in Japan are over 90% of the consolidated total assets and, therefore, geographic segment information is omitted.
- **Sales to foreign countries:**
  For the years ended March 31, 2004 and 2005, the Companies marketed their products only in Japan.

14. SUBSEQUENT EVENTS

(1) The payment of the year-end cash dividends:

At the general shareholders' meeting of the Company held on June 29, 2005, the shareholders approved the payment of the year-end cash dividends totaling ¥694,000 thousand ($6,461 thousand), or ¥2000.00 ($18.62) per share, and the payment of ¥105,000 thousand ($978 thousand) in bonuses to directors and statutory auditors from retained earnings.

(2) Stock option:

Following a stock option plan in accordance with Articles 280-20 and 280-21 of the Commercial Code in Japan, which was approved by shareholders at the general shareholders' meeting held on June 29, 2005, the Board of Directors of the Company held on the same day resolved that the Company would grant 1,610 common stock purchase rights at advantageous terms to one director and selected employees totaling 45 persons with restriction of approval of the Board of Directors regarding transference of the stock purchase rights granted. Under this stock option plan, one stock purchase right enables its holder to purchase one share of common stock at an exercise price of ¥760 thousand ($7 thousand) per right, and the exercise period of the stock purchase rights starts on August 1, 2005 and ends on June 30, 2008.

(3) Acquisition of common stock of J.SaKaZaKi Marketing Ltd. (J.S. Market Ltd.):

In order to develop and establish sport entertainment business globally, the Board of Directors of the Company at its meeting held on June 27, 2005 resolved a basic agreement with J.S. Market Ltd. regarding acquisition of 15,600 shares of common stock of J.S. Market Ltd, which is 65% of voting rights, for the purpose of making J.S. Market Ltd a consolidated subsidiary. The Company expects to exchange the final agreement and acquire the stock in the middle of July in 2005. The following summarizes the company profile of J.S Market Ltd.

Main business	Planning, developing, managing and sales of the television right of sport events. Purchasing of licenses such as copy rights and trademark rights related to sports and lending the right to use the licenses to the third parties
Paid-in capital	¥20,000 thousand ($186 thousand)
Shares issued	24,000 shares
Sales	¥3,266,450 thousand ($30,411 thousand)
Total assets	¥952,935 thousand ($8,872 thousand)
Fiscal accounting period	January 1 through December 31

(4) Merger among consolidated subsidiaries:

Following the basic agreement with J.S. Market Ltd. resolved by the Board of Directors of the Company at its meeting held on June 27, 2005 mentioned above, the Board of Directors of the Company also resolved an approval of concluding a memorandum regarding merger among three consolidated subsidiaries of Professional Management Co., Ltd., Total Workout Corporation and J.S. Market Ltd.

The Company expects that an agreement regarding the merger will be made in the middle of August in the year 2005. The merger will be approved by shareholders in the special shareholders' meeting in each subsidiary at the end of August in the year 2005 and the merger will be completed on October 1, 2005. The following summarizes the company profile of Professional Management Co., Ltd and Total Workout Corporation.

Professional Management Co., Ltd

Main business	Agency business related to advertisement. Acquisition of merchandising rights of contents such as popular characters, sports and entertainment content.
Paid-in capital	¥200,000 thousand ($1,862 thousand)
Shares issued	4,000 shares
Total assets	¥643,272 thousand ($5,989 thousand)
Fiscal accounting period	April 1 through March 31

Total Workout Corporation

Main business	Management of sport gymnasia
Paid-in capital	¥10,000 thousand ($93 thousand)
Shares issued	200 shares
Total assets	¥1,373,732 thousand ($12,790 thousand)
Fiscal accounting period	April 1 through March 31

The Board of Directors of
FIELDS CORPORATION

We have audited the accompanying consolidated balance sheets of FIELDS CORPORATION and its consolidated subsidiaries as of March 31, 2004 and 2005, and the related consolidated statements of income, shareholders' equity and cash flows for the years then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of FIELDS CORPORATION and its consolidated subsidiaries as of March 31, 2004 and 2005, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan as described in Note 1 to the consolidated financial statements.

The U.S. dollar amounts in the accompanying consolidated financial statements with respects to the year ended March 31,2005 are presented solely for convenience. Such translation of amounts into U.S. dollar amounts, in our opinion, has been made on the basis set forth in Note 1 to the consolidated financial statements.

BDO Sanyu & Co.

BDO Sanyu & Co.
Tokyo, Japan

June 29, 2005

Stock Information

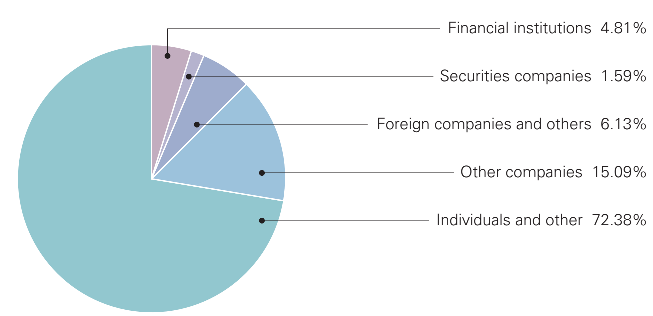
Total authorized shares	586,000
Total outstanding shares	347,000
Number of shareholders	9,867

Note:
In accordance with an amendment of our Articles of Incorporation approved at the 17th Shareholders' Meeting held June 29, 2005, the total number of authorized shares increased to 1,388,000 as of the meeting date.

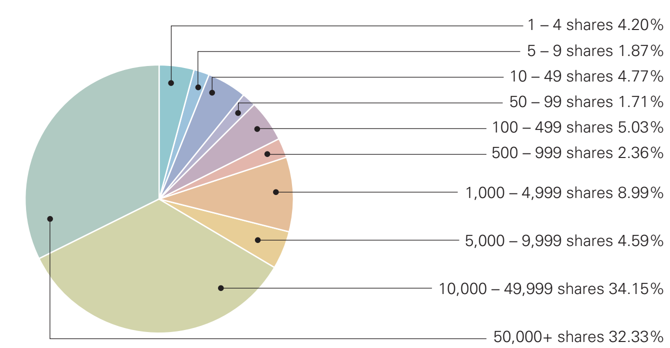
Principal Shareholders

Name of Shareholders	Number of shares held	Percentage of outstanding shares owned (%)
Hidetoshi Yamamoto	112,200	32.33
Takashi Yamamoto	40,000	11.53
Yoko Yamamoto	35,000	10.09
Sammy Corporation	27,500	7.93
Mint. Co.	16,000	4.61
Morgan Stanley & Co. International Limited	5,479	1.58
Fields Employee Shareholding Association	5,435	1.57
Yuki Yamamoto	5,000	1.44
Morgan Stanley & Company Inc.	4,761	1.37
Japan Trustee Services Bank, Ltd. (in trust)	4,547	1.31

Number of Shareholders by Category



Distribution of Ownership among Shareholder



Split of Shares and Issuance of New Shares

Fields recognizes that shares must have sufficient liquidity so that a fair price may be quoted in the stock market. To this end, shares should be distributed to a large number of investors. We issued 12,000 new shares of stock on June 15, 2004. In addition, we implemented a 1:2 split of outstanding shares on September 3, 2004 to increase the liquidity of our shares. We will review decreasing the unit number of shares with due consideration for shareholder return.

Corporate Data

Company name	Fields Corporation
Corporate philosophy	The Greatest Leisure for All People
Established	June 1988 (started business operation under the company name of Toyo Shoji Co., Ltd. in 1983)
Head office address	E Space Tower 12F, 3-6, Maruyama-cho, Shibuya-ku, Tokyo 150-0044, Japan
Main business activities	1. Planning and development of pachinko/pachislot machines 2. Purchasing and sales of pachinko/pachislot machines 3. Planning, development and sales of copyrighted characters and related content 4. Planning, development and sales of image software
Paid-in capital	¥7.948 billion (as increased in June 2004)
Number of employees	758 (consolidated)
Major consolidated subsidiaries	Professional Management Co., Ltd. Fields Jr. Corporation Digital Lord Corporation White Trash Charms Japan Co., Ltd. Total Workout Corporation D3 PUBLISHER Inc. and three other companies

* Fields will merge Jay Sakazaki Marketing Inc., which was acquired in July 2005, with Professional Management Co., Ltd. and Total Workout Corporation in October 2005. The resulting new company, to be named Japan Sports Marketing Inc., will be a consolidated subsidiary of the Fields Group.

Number of Branch Offices

Head Office
Shibuya Office

Hokkaido-Tohoku Area
Sapporo Branch
Aomori Branch
Sendai Branch
Kooriyama Branch

Kita Kanto Area
Niigata Branch
Nagano Branch
Takasaki Branch
Utsunomiya Branch

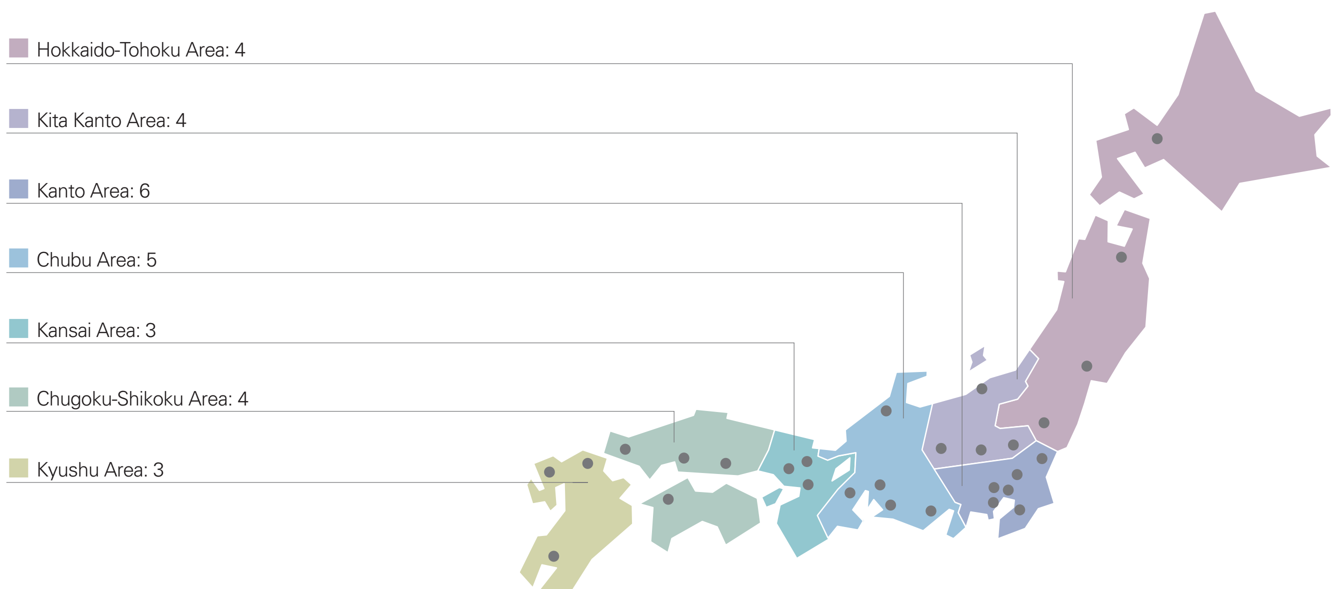
Kanto Area
Tsukuba Branch
Saitama Branch
Chiba Branch
Tokyo Branch
Nishi-Tokyo Branch
Yokohama Branch

Chubu Area
Kanazawa Branch
Shizuoka Branch
Nagoya Branch
Aichi Branch
Mie Branch

Kansai Area
Kyoto Branch
Osaka Branch
Kobe Branch

Chugoku-Shikoku Area
Hiroshima Branch
Okayama Branch
Yamaguchi Branch
Matsuyama Branch

Kyushu Area
Fukuoka Branch
Saga Branch
Kagoshima Branch



Directors, Corporate Auditors and Executive Officers

President and CEO
Hidetoshi Yamamoto

Executive Vice President
Hirobumi Inokuma
<General Manager, Corporate Planning Office>

Senior Managing Director
Masayuki Egawa
<General Manager, Product Development Division>

Managing Director
Kiyoharu Akiyama

Directors
Hiroyuki Yamanaka
<General Manager, Administration Division>
Toru Suenaga
<General Manager, Investor Relations & Public Relations Office>

Outside Director
Shigesato Itoi

Corporate Auditors
Shigeru Matsushita
<Standing Auditors>
Tadao Koike
Yoshika Furuta

Executive Officers

Akira Fujii
<General Manager, Sales Division>

Shigemi Shimada
<General Manager, Pachinko & Pachislot Planning Department, Product Development Division>

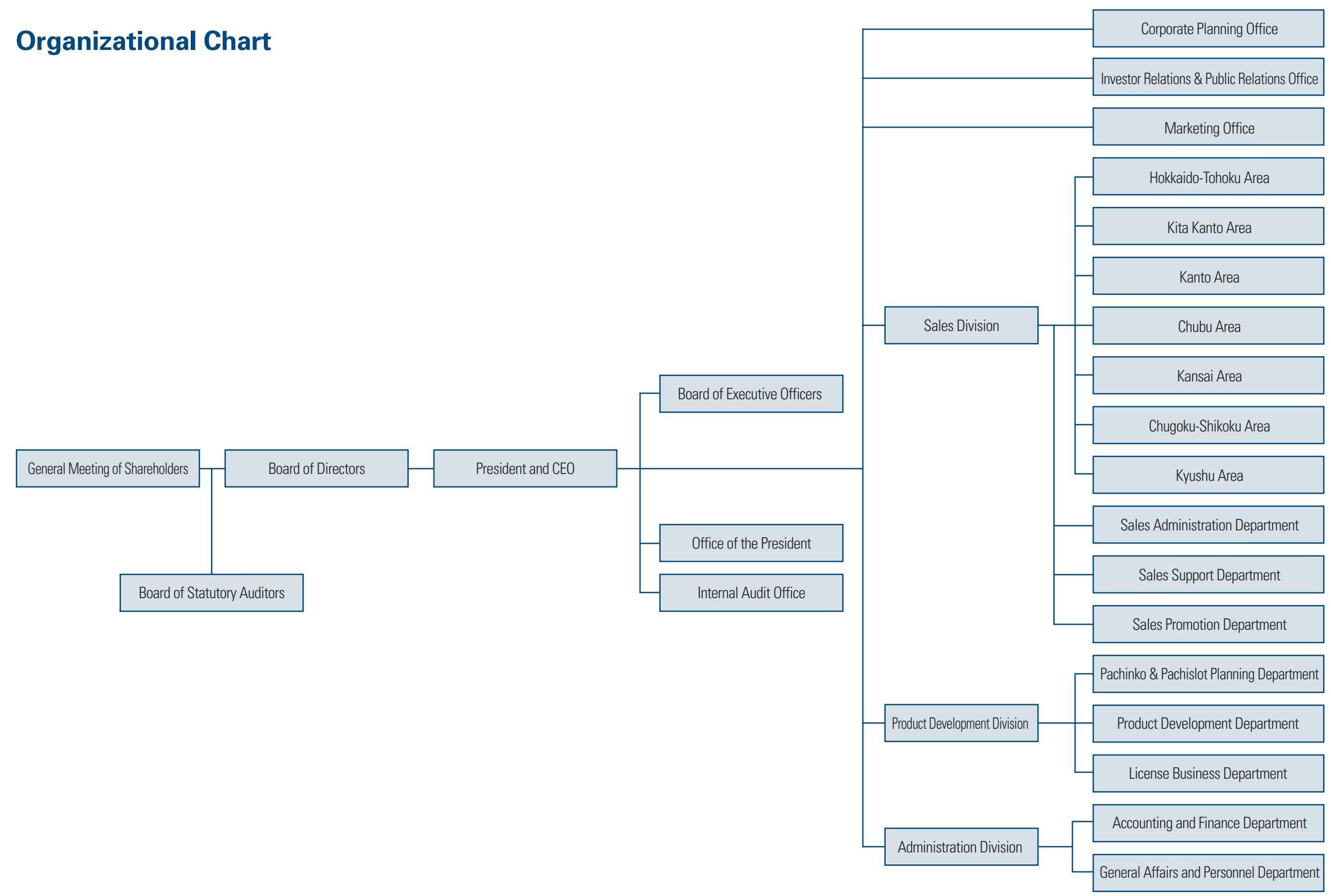
Teruo Fujishima
<Deputy General Manager, Sales Division, and General Manager, Sales Support Department>

Hideo Wakazono
<Deputy General Manager, Sales Division, and General Manager, Kanto Area>

Yosuke Ozawa
<General Manager, Product Development Department, Product Development Division>

Yukio Nshihata
<General Manager, License Business Department, Product Development Division>

Organizational Chart



Professional Management Co., Ltd.

Provides management services for top-class celebrities across a broad range of fields, including sports and entertainment and enjoys a solid track record in the management celebrities including professional baseball player Kazuhiro Kiyohara and professional soccer player Ahn Jung Hwan.
Also promotes DVD and video sales for Studio Ghibli and supports the Fields Group to acquire usage rights of copyrighted characters in connection with the planning and development of Fields pachinko/pachislot machines.

http://www.professionalmanagement.jp

Total Workout Corporation

A prestigious gym managed by Kevin Yamazaki, a famous personal trainer who coaches such top athletes as Kazuhiro Kiyohara. Since its training method is effective not only for improving the physical prowess of athletes but also for workouts and increasing physical strength, many people, including celebrities, use this gym.

http://www.totalworkout.jp

Digital Lord Corporation

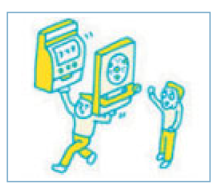
Involved in the planning and development of image software essential to the Pachinko/Pachislot business as well as planning and brand management for the merchandising business of copyrighted characters. The company applies this expertise in the pachinko, pachislot, and various merchandising businesses, to create new image software and characters.

White Trash Charms Japan Co., Ltd.

A fashion accessories brand that originated on the West Coast of the U.S. and is widely cherished by many fashion leaders, including Hollywood stars, artists, and stylists. Started import sales in April, 2002 in Japan and opened a directly managed shop in Roppongi Hills in April 2003. Plans are underway for expanding its product lineup.

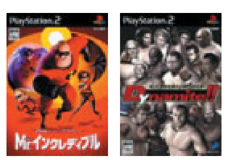
http://www.whitetrashcharmsjapan.com/

Fields Jr. Corporation



Registers and manages approximately 1,200 college students across Japan who are involved in the delivery and installation of pachinko/pachislot machines. Also conducts nationwide marketing research for 16,000 pachinko halls and collects information on the types of machines installed in halls and the status of hall customers. This information is utilized in the planning and development of new machines.

D3 PUBLISHER Inc. (Securities code 4311: JASDAQ)



©Disney/Pixar ©FEG/K-1 ©D3 PUBLISHER

A game publisher that became a consolidated subsidiary in March 2005 to enhance Fields business as a content provider through promoting the acquisition of copyrights in the U.S. and European markets and planning, developing and selling game software in a more timely manner in close collaboration with other Fields Group companies.

http://www.d3p.co.jp

Note: J Sakazaki Marketing Inc., which became a subsidiary of the Fields Group in July 2005, is scheduled to merge with Professional Management Co., Ltd. and Total Workout Corporation in October 2005 and be reorganized into the newly established Japan Sports Marketing Inc., one of the Group's consolidated companies.

New Company: JSM Japan Sports Marketing Inc. (http://www.jsm.jp)

For more information, please contact:
IR & Public Relations Department

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Phone: +81-3-5784-2111
Fax: +81-3-5784-2112

Corporate website (home page): http://www.fields.biz

IR page: http://www.fields.biz/ir/j/index_e.html

The Company posts the latest information, such as results of operations and press releases, on this website. Please visit regularly for updates.

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