Gaming and Entertainment

ANNUAL REPORT

April 1, 2005 – March 31, 2006

2006

Fields Corporation Security Code: 2767

Contents

Forward-looking Statements

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 more than 35% of the revenues generated in Japan's leisure market and reaching as high as ¥29 trillion*. We conduct ongoing business transactions in this market with about 10,000 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 industry's largest trading company, we have contributed to boosting the sales growth of both hall operators and makers while maintaining our operational capacity to earn significant profits.

Currently, to expand the fan base by enhancing the attractiveness of pachinko/pachislot machines and halls, Fields has been acquiring rights for a number of copyrighted characters that are well-known in Japan and overseas. Also, Fields has established a unique position in the industry as a fabless company that provides allied manufactures with product planning using these copyrighted characters and distributes the pachinko/pachislot machines they manufacture.

Based on this solid business infrastructure, Fields is taking concrete steps to provide content to diverse media, mainly pachinko/pachislot and games, through the creation of primary content, the acquisition of merchandising rights, and detailed project design based on strategic marketing.

*Source: *2006 White Paper on Leisure*, published by Japan Productivity Center for Socio-Economic Development

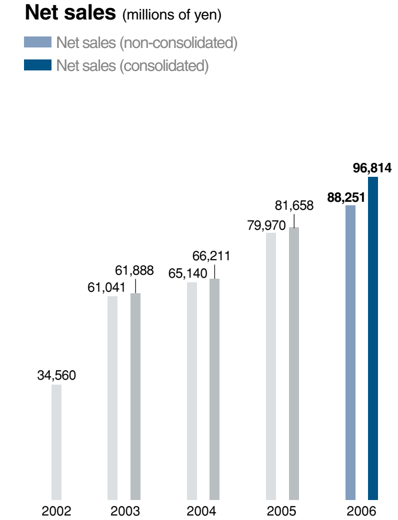
Corporate Philosophy

"The Greatest Leisure for All People"

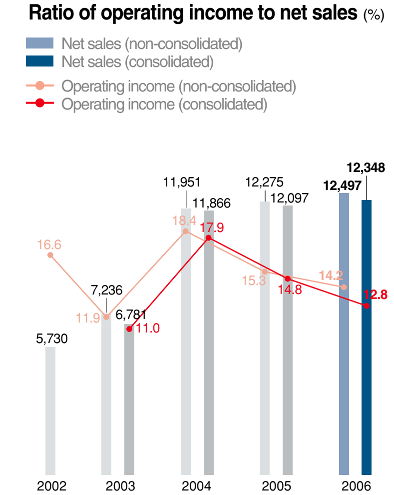
Financial Highlights

	Non-Consolidated			Consolidated			
	2004	2005	2006	2004	2005	2006	2006
Results of Operations (in millions):							
Net sales	¥ 65,140	¥ 79,970	¥ 88,251	¥ 66,211	¥ 81,658	¥ 96,814	U.S.$ 823
Cost of sales	43,975	55,787	61,682	44,633	56,905	67,077	570
Gross profit	21,164	24,182	26,568	21,578	24,752	29,737	252
Selling, general and administrative expenses	9,213	11,906	14,071	9,711	12,655	17,389	147
Operating income	11,951	12,275	12,497	11,866	12,097	12,348	105
Income before income taxes	12,040	12,197	12,578	12,189	12,560	13,034	110
Net income	6,520	6,721	6,934	6,620	6,926	7,085	60
Financial Position (in millions):							
Total current assets	¥ 27,233	¥ 52,562	¥ 64,224	¥ 28,152	¥ 57,000	¥ 69,879	U.S.$ 594
Total assets	37,114	68,354	82,304	37,115	72,584	87,556	744
Short-term borrowings (including current portion of long-term borrowings)	3,000	—	—	3,000	656	730	6
Long-term borrowings (excluding current portion)	—	—	—	—	341	324	2
Shareholders' equity	14,701	33,414	39,242	14,507	33,426	39,411	335
Other Data:							
Gross profit margin	32.49%	30.24%	30.11%	32.59%	30.31%	30.72%	
Operating margin	18.35%	15.35%	14.16%	17.92%	14.81%	12.75%	
Earnings per share	¥ 39,846	¥ 19,289	¥ 19,681	¥ 40,465	¥ 19,888	¥ 20,118	U.S.$ 171
Number of shares issued and outstanding at period end	161,500	347,000	347,000	161,500	347,000	347,000	

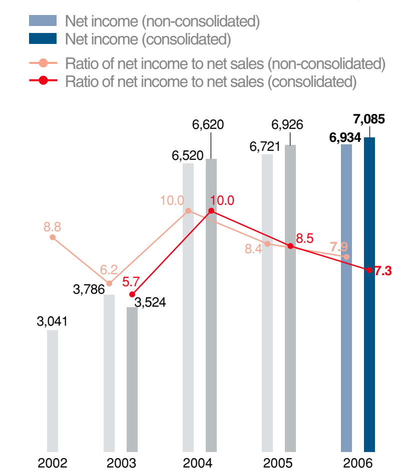
Net sales (millions of yen)



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



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



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

The pachinko/pachislot industry has developed as a unique leisure industry for the general public in Japan. Today, the industry is entering a new era, in the wake 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 evolve into a new type of leisure that draws a broader demographic by offering new game and entertainment features.

Growth potential of the pachinko/pachislot industry
—Leading to an expanding fan base

The pachinko/pachislot business is at the forefront of Japan's leisure industry. With a market scale reaching approximately ¥29 trillion, the industry accounts for over 35% 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 entertainment environment as well as the 1995 amendment to the pachinko/pachislot machine law. However, the downward trend appeared to have bottomed out in 2003. The industry is expected to adopt various approaches to acquire new pachinko fans, including the creation of pachinko/pachislot machines and hall spaces and the development of services to meet the needs of diverse fans.

Current situation in 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 their 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.

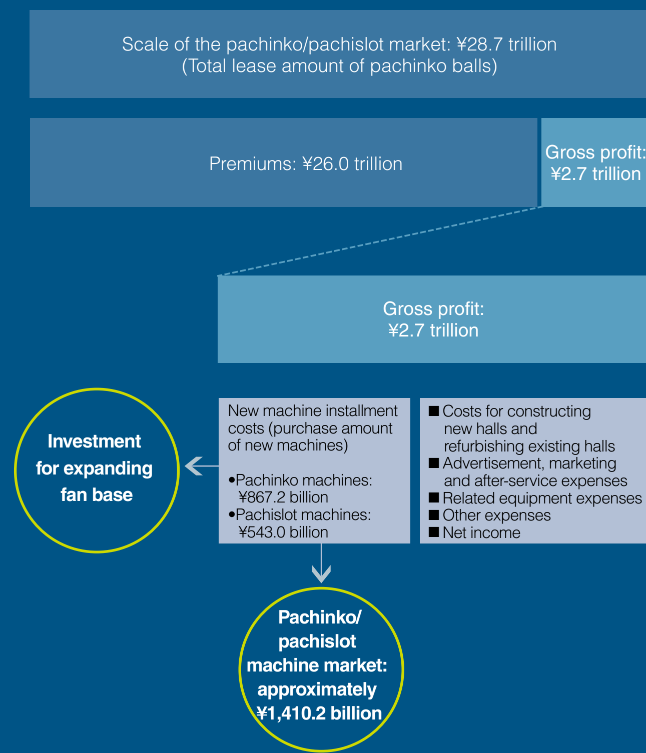
*Annual turnover of pachinko/pachislot machines = number of existing machines / number of machines sold

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

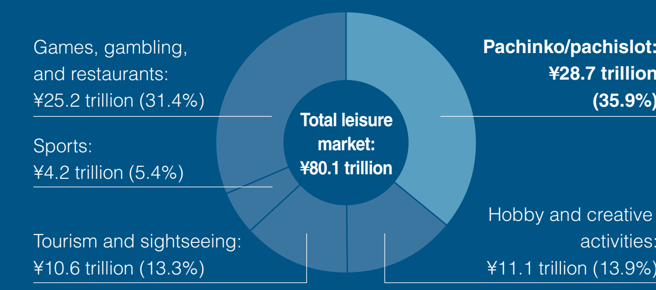
The number of pachinko machines has continued to rise since 2001. The number of machines sold is expected to grow in the coming years, given that the industry is projected to draw a more varied base of fans by using popular copyrighted characters and their stories to attract new fans to new models of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

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

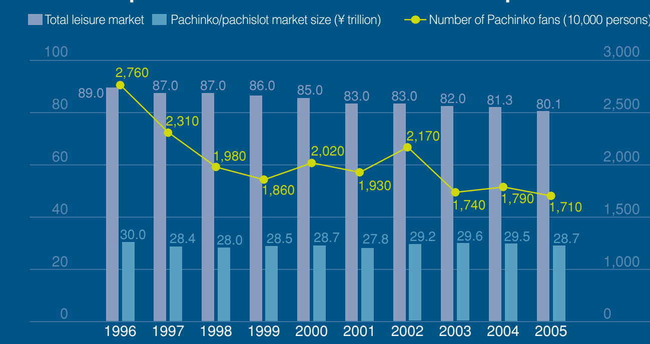
Income structure of pachinko halls



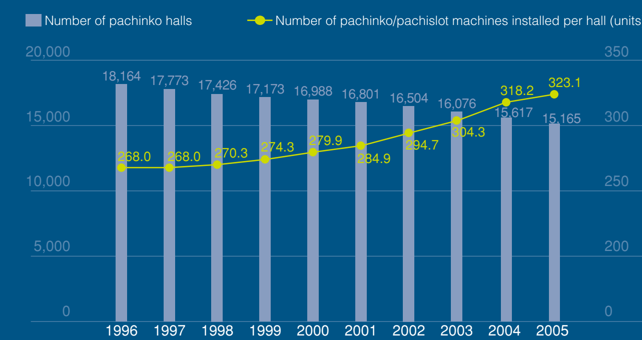
Share of the pachinko/pachislot industry in the Japanese leisure industry



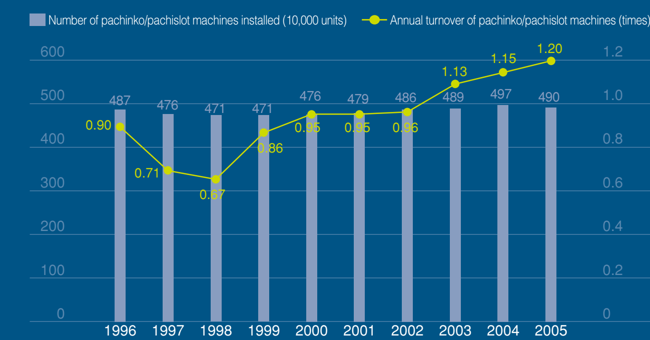
Pachinko/pachislot market size and number of pachinko fans



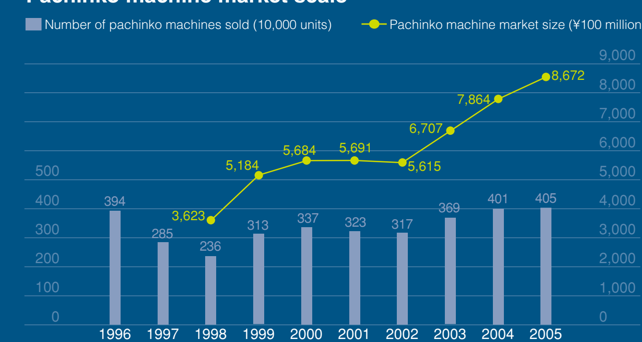
Number of pachinko halls and average number of pachinko/pachislot machines installed per hall



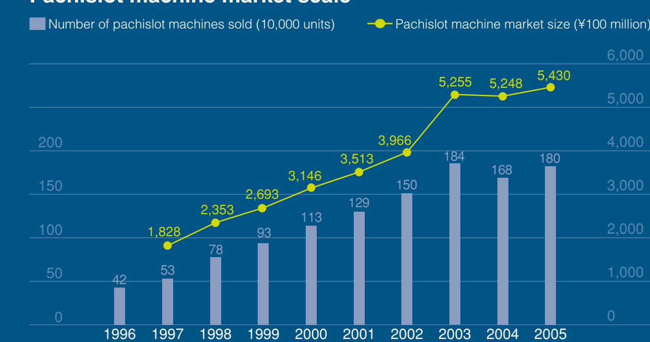
Number of pachinko/pachislot machines installed and their annual turnover



Pachinko machine market scale



Pachislot machine market scale



*Source: *2006 White Paper on Leisure*, published by Japan Productivity Center for Socio-Economic Development *2006 Trend of Pachinko Machine Makers and Their Market Share*, published by Yano Research Institute Ltd. (including figures estimated by Fields)

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

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 moving forward, faster than ever, 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 send out 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

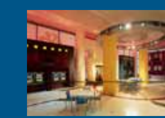
In order to establish new points of appeal for pachinko/pachislot machines and recognizing the high demand for the machines featuring game functions, Fields has formed a business alliance with pachislot makers and was the first to release pachislot machines featuring highly animated content and exciting 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.

2006

- Added D3 PUBLISHER Inc. to our consolidated subsidiaries.
- Acquired shares of Kadokawa Haruki Corporation.
- Acquired shares of J.Sakazaki Marketing Ltd., added the company to our consolidated subsidiaries.
- Merged three subsidiaries to establish Japan Sports Marketing Inc.
- Released GOLD OLYMPIA brand pachislot machines through a business tie-up with OLYMPIA Co., Ltd.

2005

- 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.




2004

- 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.

2003

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

2002

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

2001

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

2000

- 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.

1995

- 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.


1992

1988

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

Toward the next leap forward

Hidetoshi Yamamoto
President and CEO

Promoting various measures, positioning fiscal year 2006 as a term for inspection, verification and improvement

Under its corporate philosophy, "The Greatest Leisure for All People," Fields, while maintaining pachinko/pachislot machine sales as its core strength, is pursuing a digital content business involving the planning and development of digital content based on rights to original content or acquired for secondary use and applied to a variety of media, including pachinko/pachislot machines, game software, and animation. In the pachinko/pachislot industry, Fields boasts one of the largest nationwide sales networks with 400 marketing personnel and 30 branches. On the basis of meticulous marketing through this network, Fields is operating a content business that acquires merchandising rights for highly appealing characters that reflect market demand, conducts product planning and offers high-quality software covering diverse media.

The current trend in Fields' mainstay business of pachinko/pachislot machine sales toward larger-scale pachinko halls has progressed, and Fields maintains a stable number of just under five million pachinko/pachislot machines in halls nationwide. Given these conditions, a pattern has developed in the market for pachinko/pachislot machines where fierce competition to attract customers, particularly among large-scale halls, generates even greater demand for large numbers of new models to replace existing ones. Supported by this market structure, the cumulative sales of pachinko machines over the year exceeded four million units. With regard to pachislot machines, despite a temporary decline in the number of new models launched due to the effect of revised regulations in 2004, the sales volume of each model increased, with the result that the number of machines sold significantly exceeded the overall number of installed machines.

In this market environment, Fields has positioned the fiscal year ending March 31, 2006 as a term for inspection, verification and improvement from every possible angle in each of its business activities and throughout its organizational structure, and has been addressing an array of issues for further growth. In concrete terms, we aggressively increased the number of personnel, primarily in the Product Development Division, which handles the entire process from the acquisition of merchandising rights to product planning and image development, and the Marketing Office, and actively invested in information technology to enhance business efficiency in preparation for the future expansion of our sales network. We also strived to strengthen and enhance compliance and our corporate governance system.

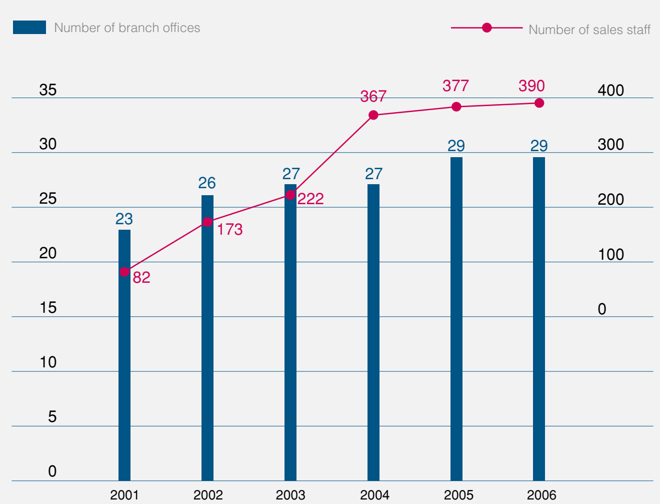
With regard to sales of pachinko machines, CR Neon Genesis Evangelion: Second Impact became an even bigger hit than its predecessor, registering the largest number of unit sales in the Company's history. In addition, our business framework with collaborating manufacturers, involving merchandising rights, planning, and the supply of images, got on track, supporting the strong sales of products such as CR Marilyn Monroe, CR Ashita Ga Arusa, and CR Sakigake!! Otoko Juku. Meanwhile, adverse factors affected pachislot machine sales as a result of changes in the regulations, such as delays in completing compliance requirements for new models. Nevertheless, based on our marketing analysis backed by thorough knowledge of the market nationwide, Ore no Sora was placed on the market at just the right time to maximize sales volume, and with added impetus from television commercials featuring baseball star Kazuhiro Kiyohara as our image personality, the project became a big hit, selling more than 100,000 units.

At the same time, Neon Genesis Evangelion, the first machine in the industry to conform to the new regulations, recorded the industry's highest unit sales during the year among products that complied with these regulations.

In line with the growth of the game business, we adopted new categories for our business segments starting with this annual report: Pachinko/Pachislot (PS), Game, and Other. This change will help investors more clearly understand the future direction for our digital content business.

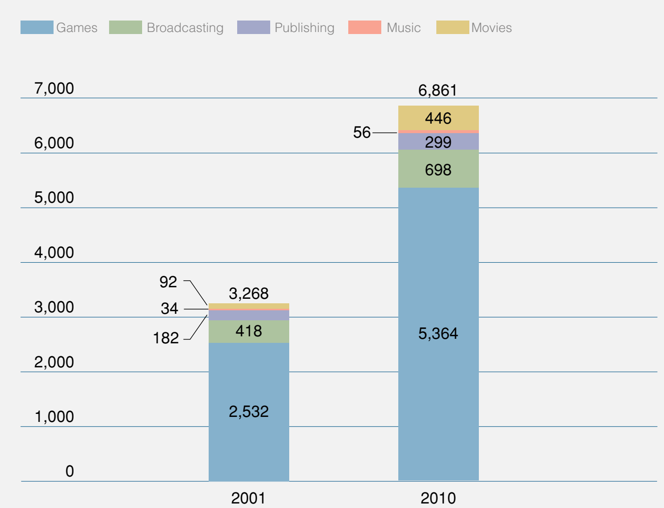
Consolidated net sales and operating income (millions of yen)

Branch offices and sales staff

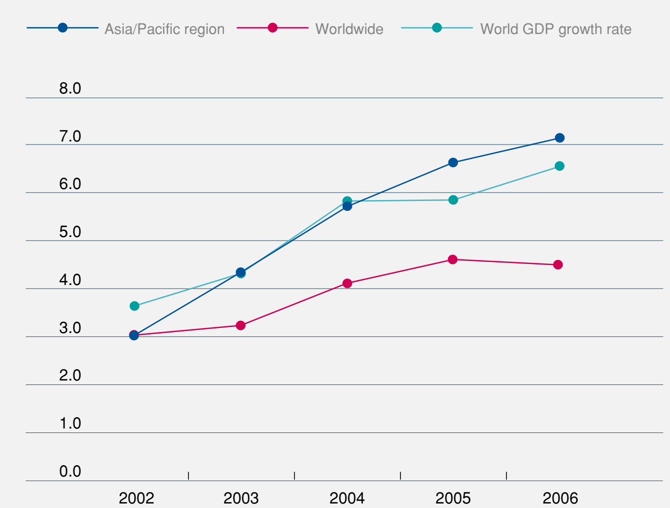


*With the establishment of a new branch in April 2006, the number rose to 30

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



Growth of the world content industry (%)



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

Toward the next leap forward

Expanding into the global market by promoting the multi-use of digital content

Under its management philosophy of providing "The Greatest Leisure for All People," Fields has long regarded the multiple use of digital content as growth strategy for establishing a competitive advantage in the market and has been focusing efforts on promoting this approach. To this end, with the vast earnings capacity of PS serving as a powerful base, we are strengthening collaboration with affiliates and partners to create primary content and develop content for diverse secondary use.

Pachinko/Pachislot (PS) Field

In the fiscal year ended March 31, 2006, Fields actively employed people in product planning and development for establishing a system to ensure the stable supply of attractive products. We also increased the number of sales staff and opened a new branch office in Kumamoto to enhance marketing capability and established a nationwide sales system with 400 sales staff and 30 branch offices. This system is facilitating an unprecedented level of stable product input and sales.

Looking ahead, we will focus on the strategic planning and development of "killer" content comparable to Neon Genesis Evangelion and augment its sales lineup with several core, large-scale products. In addition, we will strive for the multi-use of rights acquired not only for pachinko/pachislot machines but also for a wide range of other media, including games. We will further reinforce our presence in the industry by focusing on the education and training of our marketing personnel and creating a sales organization that sustains a strong bond of trust with the hall operators who constitute our customers.

Game Field

D3 Inc. ("D3") plans and develops a wide variety of game software, including its own SIMPLE series, game software using global content and simulator game software for our pachinko/pachislot machines. In the fiscal year under review, the sharing of content with D3 progressed, as demonstrated by the strong performance of our series of simulator game software led by the CR Neon Genesis Evangelion series—based on a major hit in the previous fiscal year—and powerful synergies are beginning to emerge.

In the fiscal year ending March 31, 2007, D3 will launch Flushed Away, a full-price, large-scale product, initially in the North American market, and will actively develop simulator games such as CR Neon Genesis Evangelion: Second Impact, thereby strengthening its business infrastructure by promoting the interactive creation and sharing of content with us.

Other Field

Fields is striving to establish a highly profitable business model that makes multi-use of content through the creation of primary content and the acquisition of merchandising rights for secondary use in such areas as movies, publishing, sports and animation.

In the future, we will lead the content business market in partnership with a variety of domestic and overseas alliance partners, including Kadokawa Haruki Corporation, an active player in the media mix business encompassing publishing, movies and music content, and Japan Sports Marketing Inc. (JSM), a frontrunner in the sports content business.

JSM was established through the merger of three Fields subsidiaries to develop the sports content market, recognizing the power of sports to inspire people everywhere—irrespective of nationality—with dreams and evoke powerful emotions. The company pursues a business model unparalleled anywhere in the world by combining three business domains: the rights business, in which it conducts an array of activities primarily in major sports such as baseball, soccer, and golf, ranging from event management to the handling of broadcasting rights, together with the acquisition of merchandising rights for peripheral content; the athlete business, in which it manages athletes to make maximum use of their capabilities; and the solutions business, based on the former Total Workout Corporation sports gym, in which the personal values of a variety of consumers are enhanced.

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

With pachinko/pachislot machines sales business as a foundation, Fields will strive to realize "The Greatest Leisure for All People" by aggressively promoting the multi-use of digital content—centered on animation, movies, games, sports—through business alliances with various companies and by preemptively establishing a competitive edge in the global market.

Overview of new segments

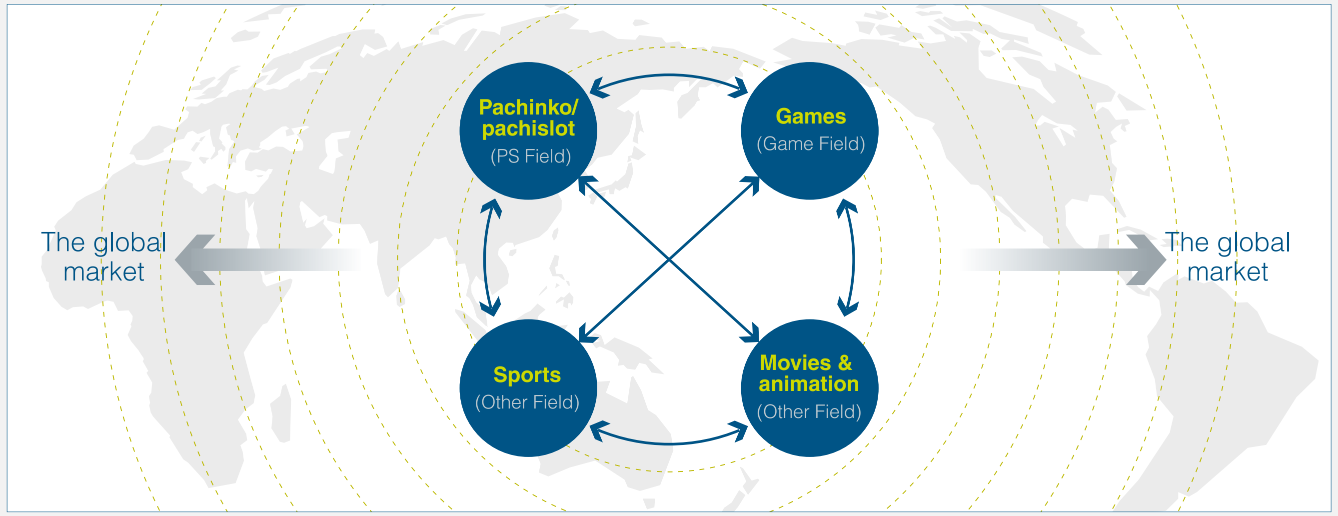
Up to the fiscal year ended March 2005

- Sales of pachinko/pachislot machines → PS Field
- Others → Game Field, Other Field

From the fiscal year ended March 2006

Business segment	Business Outline	Company name
PS Field	Planning, development and sales of pachinko/pachislot machines Pachinko/pachislot machine maintenance Purchasing of pachinko/pachislot machines	Fields Corporation Fields Jr. Corporation Rodeo Co., Ltd.
	Planning and development of pachinko/pachislot machine software	Digital load Corporation
Game Field	Planning, development and sales of game software for home use	D3 Publisher Inc. Entertainment Software Publishing Inc. D3Publisher of America, Inc. D3Publisher of Europe Ltd.
Other Field	Other content business	Japan Sports Marketing, Inc. Kadokawa Haruki Corporation
		White Trash Charms Japan Co., Ltd. Database Co., Ltd. E-Active Co., Ltd. (currently Fields Pictures corporation) G&E Corporation APE Inc.

Content applied



Toward the next leap forward

Enhancing the Group's corporate value by strengthening its internal control system

At the same time Fields is verifying and improving its corporate structure to expand business, it views the strengthening of its internal control system as a significant management issue and has implemented a variety of initiatives. Concretely, the Internal Audit Office has conducted internal audits of 17 head-office divisions, 29 branches nationwide, as well as four subsidiaries. Other activities for continually developing our internal control system include: the inauguration of a business reform project to reinforce internal controls; the review and enhancement of committees and similar entities with the objective of sharing in-house information; and meetings in which the Internal Audit Office, the Board of Statutory Auditors, and the independent auditors can exchange opinions.

With the goal of fully realizing our corporate philosophy, we will continue to improve the corporate value of the Fields Group. In this quest, we look forward to the continued cooperation and support of our stakeholders.

Hidetoshi Yamamoto

TOPICS 1

Selected Kazuhiro Kiyohara as the image personality for the Fields Group

Kazuhiro Kiyohara, one of Japanese baseball's premier power hitters, has long captured the hearts of men and women of all ages with his spirited, passionate play. Through our association with this charismatic personality, Fields will demonstrate the Group's corporate stance toward widening the base of entertainment fans.

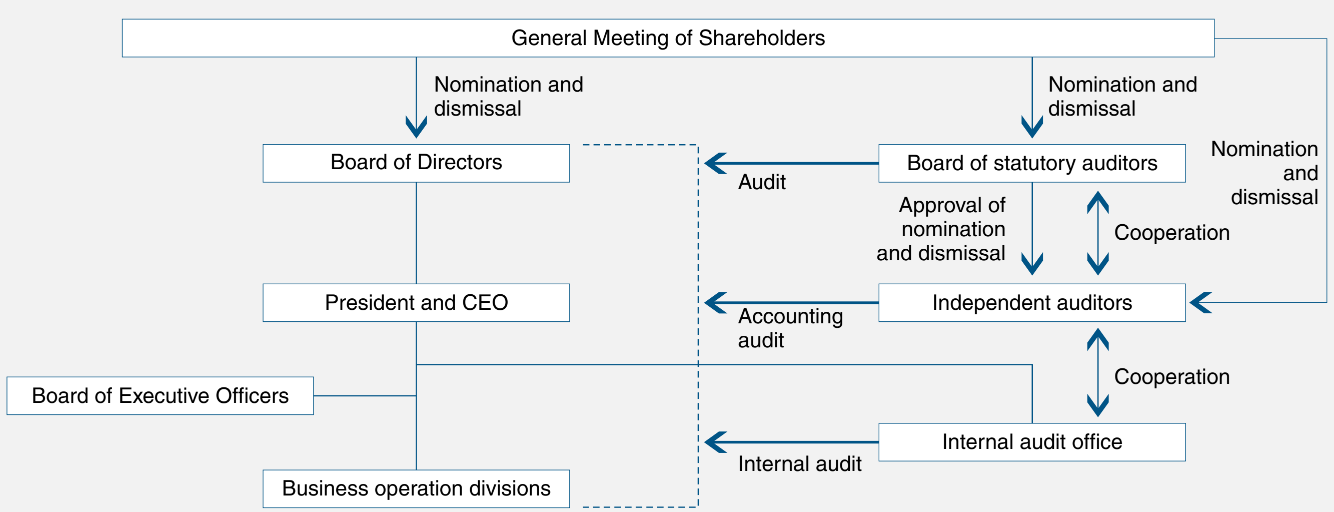
TOPICS 2

Opened the industry's first gaming and entertainment (G&E) business school

G&E BUSINESS SCHOOL

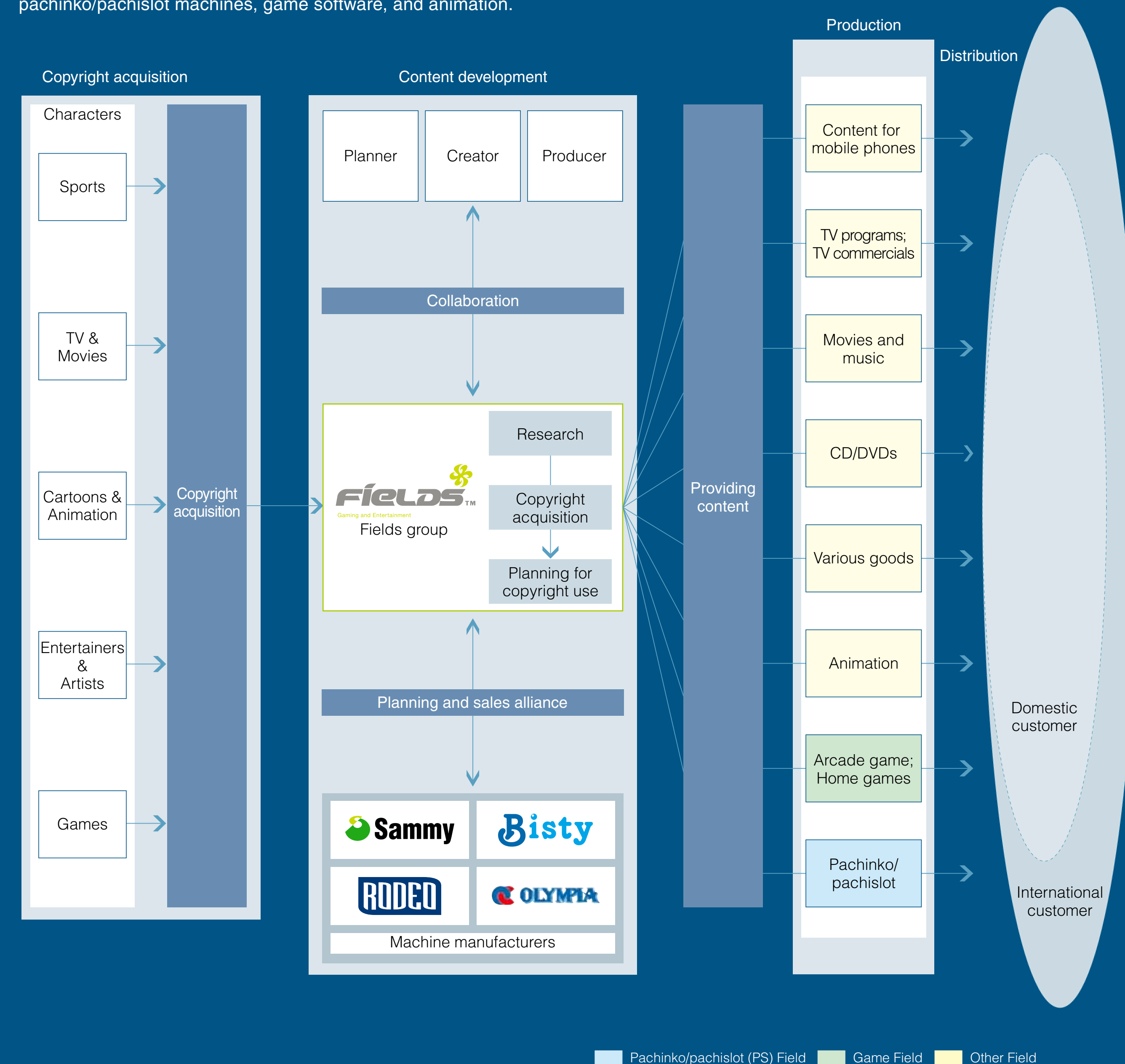
Outstanding human resources capable of absorbing the industry's accumulated experience and leading the industry into the next era with innovative ideas are indispensable for the further growth and expansion of the pachinko/pachislot market. Sharing this belief, Fields, SANKYO Corporation and Sammy Corporation, the industry's leading companies, jointly invested in the establishment of a business school. The school will cultivate human resources who can demonstrate their abilities in the comprehensive entertainment industry and thereby contribute to its development.

Corporate Governance System



Fields Value Creation Scheme as a Content Provider

Under its corporate philosophy, "The Greatest Leisure for All People," Fields maintains its core strength in pachinko/pachislot machine sales, while, at the same time, pursuing a digital content business such as the planning and development of digital content based on rights to original content or acquired for secondary use and applied to a variety of media, including pachinko/pachislot machines, game software, and animation.

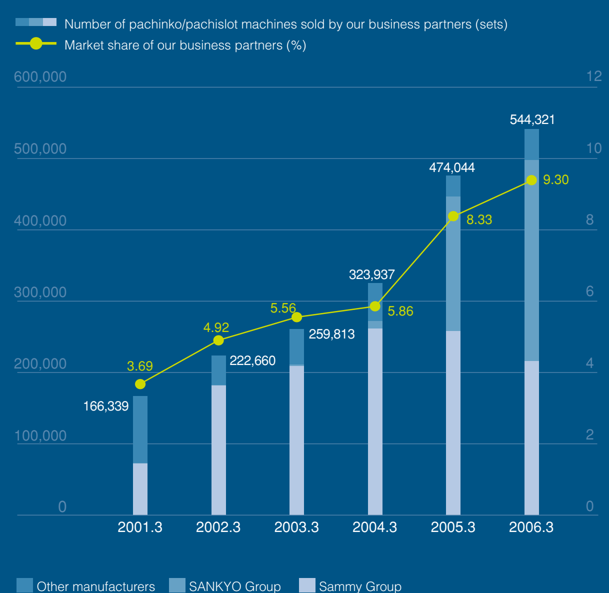


Further developing a "fabless company" business model

To offer pachinko/pachislot machines with high-grade entertainment functions, Fields, as a fabless company that plans and develops content and sells content-based products, promotes the development of collaborative products with various allied pachinko/pachislot machine manufacturers making use of a wide variety of Group networks.

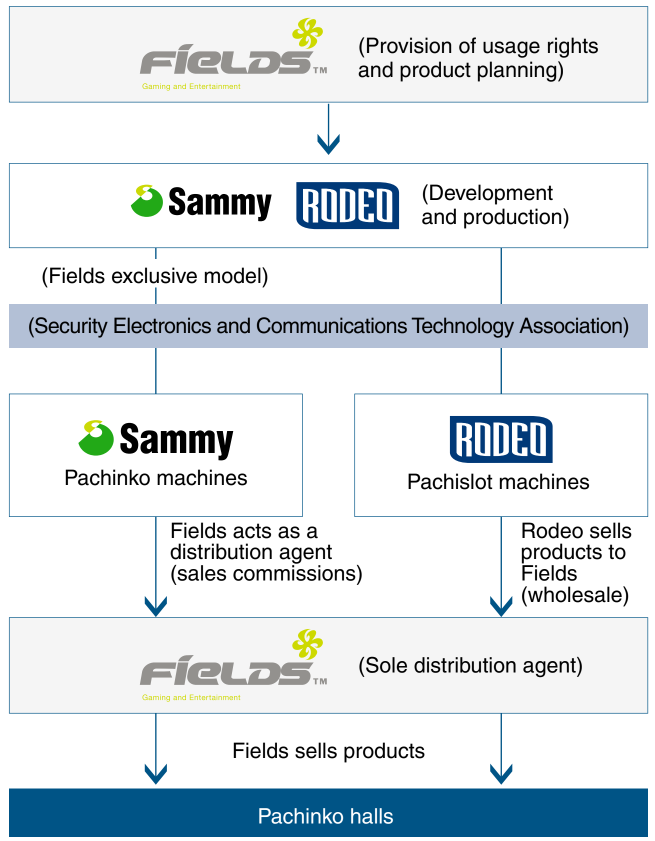
In the fiscal year ended March 2006, Fields further pursued the evolution of its fabless company business model, including the strengthening of its business alliance with Olympia Co., Ltd.

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

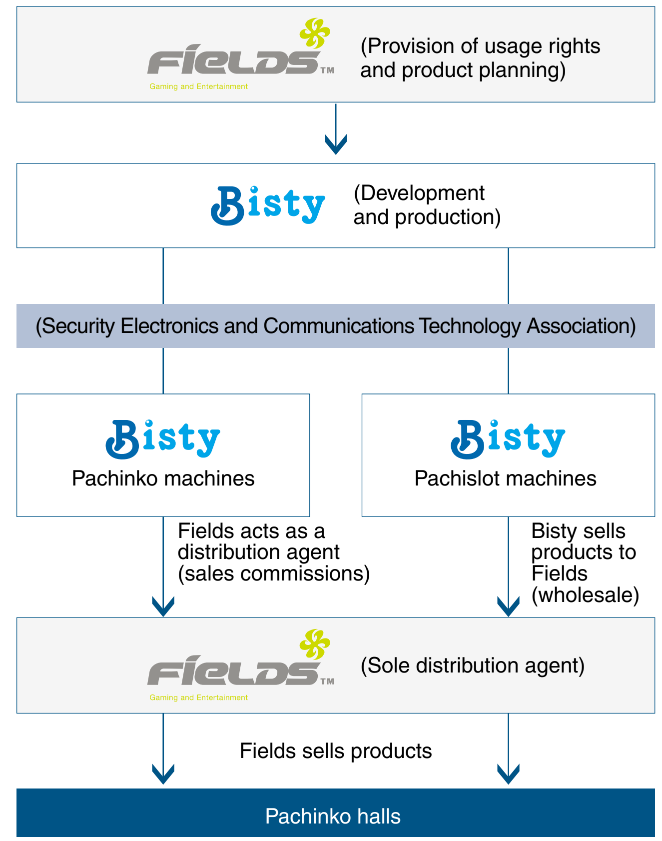


Successively launching attractive collaborative products with a 6-product line-up system with major manufacturers

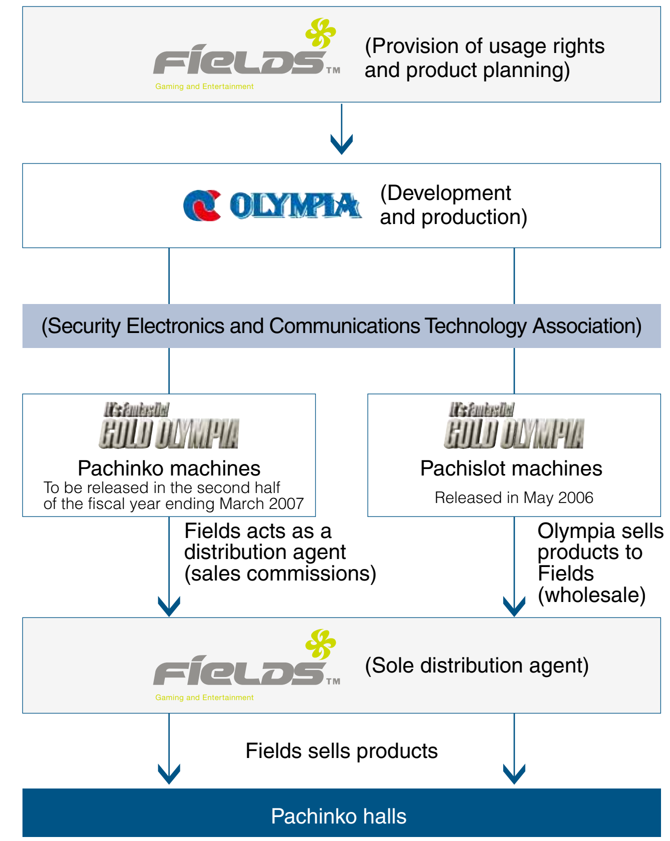
Collaboration framework with Sammy Corporation and Rodeo Co., Ltd.



Collaboration framework with Bisty Co., Ltd.



Collaboration framework with Olympia Co., Ltd.



Collaboration with Sammy Corporation and Rodeo Co., Ltd.

Fields has reinforced its sales tie-up with the Sammy Group to facilitate mutual collaboration in the strategic planning, development and sales of pachinko machines. With its excellent planning and development capability, Sammy Group has recently received strong recognition as a manufacturer of pachislot machines as well as pachinko machines. Fields also has undertaken capital participation in Rodeo Co., Ltd., a member of the Sammy Group, and acts as its sole distribution agent.

In the fiscal year ended March 2006, Fields released the Ore no Sora pachislot machine and many other machines made by Rodeo Co., Ltd. featuring copyrighted characters.

Collaboration with Bisty Co., Ltd.

We maintain a business alliance with Bisty Co., Ltd., a subsidiary of the SANKYO CO., LTD. a leading pachinko machine manufacturer. The SANKYO Group possesses one of the industry's strongest brands, along with the development capabilities of pachinko/pachislot machines and highly sophisticated LCD process technologies. It has also recently received strong recognition as a manufacturer of pachislot machines as well as pachinko machines. In years to come, we will further pursue powerful collaborations in which Fields' merchandising rights for well-known characters and planning and development skills are integrated with the strengths of the SANKYO CO., LTD.

In the fiscal year ended March 2006, the synergies achieved through our collaboration fully materialized. In particular, sales of CR Neon Genesis Evangelion: Second Impact, the second series of the hit product, CR Neon Genesis Evangelion, reached 150,000, exceeding sales of its predecessor.

Collaboration with Olympia Co., Ltd.

In the fiscal year ended March 2006, we promoted product planning and development under a business tie-up with Olympia Co., Ltd., an established pachislot machine manufacturer that has led the pachislot machine industry for more than twenty years. The collaborative products are developed and manufactured by Olympia Co., Ltd. using the merchandizing rights and product planning provided by Fields, and completed products will be sold under the "GOLD OLYMPIA" brand, with Fields as the exclusive distributor.

Collaborative products with each allied company

Major collaborative products with Sammy Corporation and Rodeo Co., Ltd.

Reviving the world of Motomiya characters, long cherished by every generation!
—Pachislot machine Ore no Sora


©Hiroshi MOTOMIYA /Shueisha/FIELDS ©Sammy

The new Ore no Sora pachislot machine is the second in a series featuring the character from Hiroshi Motomiya's popular manga of the same name, following the release of the huge hit Salaryman Kintaro pachislot machine in 2001. This manga became wildly popular during its regular appearance in *Weekly Playboy* magazine starting in 1975, followed by a feature film based on the manga in 1977. Readers of all ages identify with the Ore no Sora manga, enabling it to remain a hot-selling comic book series to this day and becoming a representative work of Motomiya.
In launching Ore no Sora, Kazuhiro Kiyohara, the Field Group's 2006 image personality and professional baseball player who strives for the ideal in baseball, cooperated in our TV commercials and other sales promotion activities and contributed to drawing even greater attention to the machine.

Other products


CR Sakigake!! Otoko Juku
©Akira Miyashita/Shueisha and Toei Animation ©Sammy


Dokonjo Gaeru
©Yasumi Yoshizawa/ Office Yasui ©Sammy ©Rodeo

Major collaborative products with Bisty Co., Ltd.

The second product of the series, re-awakening the world of original animation
—Pachinko machine CR Neon Genesis Evangelion: Second Impact


©GAINAX/ Project Eva., TV Tokyo

CR Neon Genesis Evangelion: Second Impact is the evolutionary sequel to the hit product CR Neon Genesis Evangelion (cumulative sales:120,000 units), a machine whose popularity is based on its incorporation of characters from the megahit animated film *Neon Genesis Evangelion.*
Second Impact builds on the concept of the earlier machine but offers an even more dynamic expression of the world of Neon Genesis Evangelion, delivering story elements that faithfully recall many more of the famous scenes from the original film, and thereby delivering greater entertainment value. The machine targets a wide range of players—not just pachinko fans, but anime fans and fans of the Evangelion series as well.

Other products


CR Marilyn Monroe
™Marilyn Monroe, LLC by CMGWorldwide.com; www.MarilynMonroe.com. © 2005 Twentieth Century Fox Film Corporation. All rights reserved. © Marilyn Monroe, LLC by CMGWorldwide.com; www.MarilynMonroe.com. © 2005 Twentieth Century Fox Film Corporation (©1955 Charles K. Feldman GroupProductions, renewed 1983). All rights reserved.


Neon Genesis Evangelion
©GAINAX/ Project Eva., TV Tokyo

Olympia Co., Ltd.

Full collaboration to start in fiscal year ending March 2007!

Looking ahead, Fields plans to release collaborative products under the GOLD OLYMPIA brand. We will start sales of pachislot machines in the first half of the fiscal year ending March 2007 and pachinko machines in the latter half.

It's Fantastic! GOLD OLYMPIA

Product to be released in fiscal year ending March 2007


TM & ©Warner Bros. Entertainment Inc. (s06)

This machine, which Fields launched as its first collaborative product with Olympia Co., Ltd., features Bugs Bunny, a leading character, and other cute, spirited characters appearing in the film *Looney Tunes: Back in Action.* This new pachislot machine provides each character a chance to put on performances that showcase their unique personality, giving players an opportunity to fully experience the wondrous Looney Tunes world by combining Fields' strength in content development and Olympia's technological development capability.

Developing attractive content across the globe

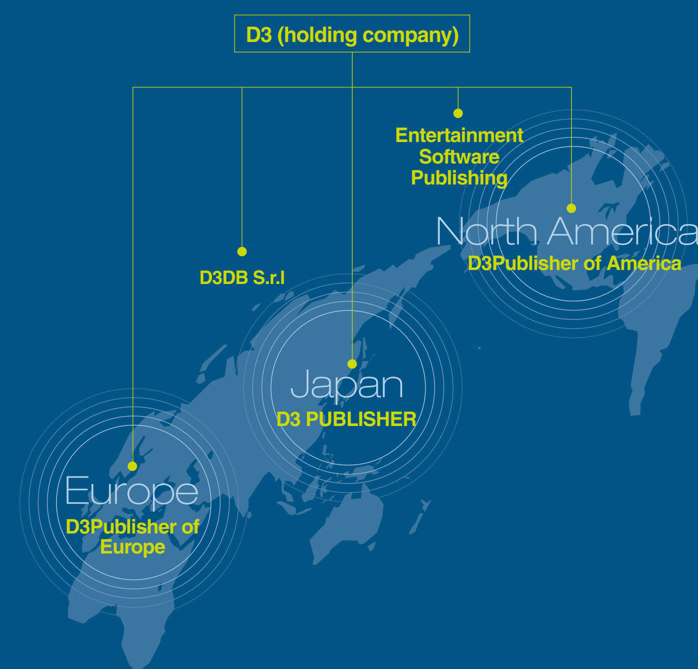
—Applying popular content from all over the world to the global market.

D3 Inc.*, a subsidiary of the Fields Group, has established a system for providing global content focusing on the worldwide tri-polar markets of Japan, the United States and Europe.

Looking ahead, D3 Inc. and Fields will collaborate in promoting the creation and sharing of popular content and establish a solid presence in the global digital content industry.

* D3 Publisher Inc. changed its trade name to D3 Inc. as of April 1, 2006, and was reorganized into a holding company. On the same date, a new D3 Publisher Inc. was established through a corporate split to take over the main businesses of the earlier company, including the consumer games and networking businesses in Japan.

Global corporate structure



Establishing a worldwide tri-polar system with the holding company structure

D3 Publisher Inc., a subsidiary of the Fields Group, was converted into a holding company through a corporate split in April 2006 to expand the global application of content for home video game consoles. Concretely, the new D3 Publisher Inc. covers the Japanese and other Asian markets while consolidated subsidiaries in the United States and Europe cover their respective markets in the game software business. For products targeted for strategic global applications, D3 Inc., the holding company, owns the content rights and provides content to the operating company in each region. This structure enables us not to only diversify the risks associated with the recovery of rising development costs but to maximize the corporate value of the D3 Group through optimal allocation of the Group's business resources.


D3 participated in E3, a worldwide game trade show

Actively promoting collaborative products

In close collaboration with D3 Inc., Fields has focused on acquiring merchandising rights in the U.S. and European markets. We have also been aggressively promoting the sharing of content and the development of collaborative products as represented by the production of the K-1 series, game software based on mixed martial arts competitions, and registering a sweeping success with the sales of over 150,000 copies of Neon Genesis Evangelion simulation game software.

Major pachinko/pachislot simulation games


CR Neon Genesis Evangelion
©Bisty ©GAINAX/Project Eva., TV Tokyo ©2005 D3 PUBLISHER


CR Marilyn Monroe
™Marilyn Monroe, LLC by CMGWorldwide.com; www.MarilynMonroe.com. © 2005 Twentieth Century Fox Film Corporation. All rights reserved. ™Marilyn Monroe, LLC by CMGWorldwide.com; www.MarilynMonroe.com. © 2005 Twentieth Century Fox Film Corporation (©1955 Charles K. Feldman GroupProductions, renewed 1983). All rights reserved. ©Bisty CD3 PUBLISHER


Neon Genesis Evangelion: Second Impact and pachislot version of Neon Genesis Evangelion
©Bisty ©GAINAX/Project Eva., TV Tokyo ©2005 D3 PUBLISHER

Other Field

Efforts toward the creation and application of popular new content

—Creating attractive primary content in diverse areas.

Fields strives to discover attractive content in a wide array of areas, from sports to movies, publishing, and animation, through its alliances with Group companies and various companies inside and outside of Japan.

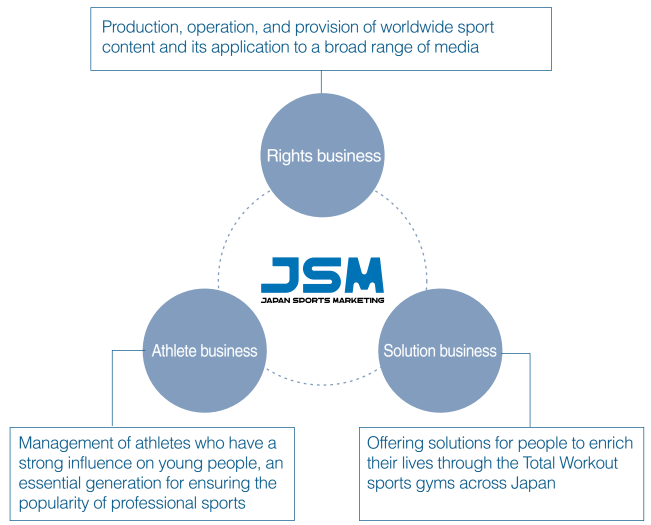
In the future, Fields will pursue synergies with other companies, including the creation of primary content, and extensively implement its content provider strategy for application to many types of media.

Business framework for the multi-use of content

Cultivating the sports entertainment market

Recognizing the power of sports to inspire and provide the substance of dreams for people around the world, Japan Sports Marketing Inc. (JSM) aims to establish a new business model that integrates a variety of businesses in the sports entertainment field. JSM will strive to generate Group synergies as a Group company that plays an important role in Fields' content provider strategy.

JSM business model



* J.Sakazaki Marketing Ltd., which became a subsidiary of the Fields Group in July 2005, merged with Professional Management Co., Ltd. and Total Workout Corporation in October 2005 and was reorganized into the newly established Japan Sports Marketing Inc., a consolidated Group company.

Establishing a framework for creating primary content

Kadokawa Haruki Corporation, an equity method affiliate, is known as a pioneer in the media mix strategy that provides content across publishing, movies and music. Ultimately aiming for a primary content creation business in the future, Fields has implemented a variety of initiatives, such as capital participation in the production committee of a blockbuster movie entitled, *GENGHIS KHAN —To the Ends of the Earth and Sea* produced by Kadokawa Haruki Corporation and scheduled for theatrical release in spring 2007.

GENGHIS KHAN —To the Ends of the Earth and Sea

FINANCIAL SECTION

Contents

Financial Highlights

	Non-Consolidated				Consolidated			
	2003	2004	2005	2006	2004	2005	2006	2006
Results of Operations (in millions):								
Net sales	¥ 61,041	¥ 65,140	¥ 79,970	**¥ 88,251**	¥ 66,211	¥ 81,658	**¥ 96,814**	**U.S.$ 823**
Cost of sales	45,405	43,975	55,787	**61,682**	44,633	56,905	**67,077**	**570**
Gross profit	15,635	21,164	24,182	**26,568**	21,578	24,752	**29,737**	**252**
Selling, general and administrative expenses	8,398	9,213	11,906	**14,071**	9,711	12,655	**17,389**	**147**
Operating income	7,236	11,951	12,275	**12,497**	11,866	12,097	**12,348**	**105**
Income before income taxes	7,415	12,040	12,197	**12,578**	12,189	12,560	**13,034**	**110**
Net income	3,786	6,520	6,721	**6,934**	6,620	6,926	**7,085**	**60**
Financial Position (in millions):								
Total current assets	¥ 11,342	¥ 27,233	¥ 52,562	**¥ 64,224**	¥ 28,152	¥ 57,000	**¥ 69,879**	**U.S.$ 594**
Total assets	17,310	37,114	68,354	**82,304**	37,115	72,584	**87,556**	**744**
Short-term borrowings (including current portion of long-term borrowings)	—	3,000	—	**—**	3,000	656	**730**	**6**
Long-term borrowings (excluding current portion)	—	—	—	**—**	—	341	**324**	**2**
Shareholders' equity	9,043	14,701	33,414	**39,242**	14,507	33,426	**39,411**	**335**
Other Data:								
Gross profit margin	25.61%	32.49%	30.24%	**30.11%**	32.59%	30.31%	**30.72%**	
Operating margin	11.86%	18.35%	15.35%	**14.16%**	17.92%	14.81%	**12.75%**	
Earnings per share	¥ 126,146	¥ 39,846	¥ 19,289	**¥ 19,681**	¥ 40,465	¥ 19,888	**¥ 20,118**	**U.S.$ 171**
Number of shares issued and outstanding at period end	32,300	161,500	347,000	**347,000**	161,500	347,000	**347,000**	

Overview

During the fiscal year under review, some uncertainty remained in the Japanese economy due to surging oil prices, although its path of recovery gradually became clear, as various segments of the population increasingly recognized an upswing in the economic outlook, based on a rise in capital investments due to improved corporate performance, a stronger employment situation and a reversal in the Bank of Japan's interest rate policy.

In the pachinko/pachislot market, the mainstay business of the Fields Group, the trend toward even larger pachinko halls has further accelerated, and the total number of pachinko/pachislot machines installed at pachinko halls nationwide has remained stable at around 5 million units. Under these circumstances, fierce competition to attract customers led by large-scale halls fueled intense demand for new machines as an established pattern of the pachinko/pachislot machine market for replacement, leading to annual sales of new pachinko machines of over 4 million units. While sales of pachislot machines suffered a temporary setback in terms of the variety of models sold due to the effects of last year's amended regulations, the number of units sold per model grew, and the overall number of units sold significantly exceeded the total number of machines installed.

Within this business environment, with regard to sales of pachinko machines, Fields enjoyed great success with CR Neon Genesis Evangelion: Second Impact, selling more units than the previous model and marking a new sales record. Our business framework of alliances with manufacturers including obtaining copyrights, planning and supply of visual content also followed a stable trajectory, resulting in strong sales of models such as CR Marilyn Monroe, CR Ashita Ga Arusa Yoshimoto World and CR Sakigake!! Otoko Juku. With regard to sales of pachislot machines, we experienced some delays in bringing our new machines into compliance with the amended regulations. Nevertheless, we sought to maximize sales by perfectly timing the market launch of Ore no Sora based on our sophisticated analysis of the national market, and together with the impact of TV commercials featuring the Group's image personality Kazuhiro Kiyohara, the model became hugely popular with sales exceeding 100,000 units. In addition, Neon Genesis Evangelion, the industry's first regulation-compliant model, also recorded the highest unit sales among regulation-compliant models during the consolidated fiscal year under review.

Based on this performance, we were able to report growth in net sales of pachinko/pachislot machines exceeding the levels of the previous consolidated fiscal year as a result of launching competitive products amid robust demand. Sales commissions for pachinko/pachislot machines increased as well, due to growth in unit sales. With respect to selling, general and administrative expenses, we reduced marketing promotion expenses that exert significant pressure on the sales of pachinko/pachislot machines, mainly through the selective sales of models corresponding to the market environment. However, the overall rise in selling, general and administrative expenses was comparable to the previous fiscal year, due to increases in advertising and marketing expenses primarily aimed at supporting the overseas launch of D3 Inc. ("D3") and Japan Sports Marketing Inc. ("JSM"), enhancements to the Pachinko/Pachislot (PS) planning and development system, and increases in personnel and outsourcing expenses for improving operational effectiveness in response to a greater number of alliance partners.

As a result, total net sales for the Group in the fiscal year under review amounted to ¥96,814 million, up 18.6% compared with the previous fiscal year, while ordinary income increased 5.2% to ¥13,127 million and net income rose 2.3% to ¥7,805 million.

Results by business segment are as follows.

In the PS Field, the favorable market reception of Neon Genesis Evangelion: Second Impact and Ore no Sora resulted in net sales of ¥88,168 million and operating income of ¥12,711 million. In the Game Field, we began selling the low-price SIMPLE software series and the full-price K1-WORLD GP 2005 software, resulting in net sales of ¥5,042 million and operating income of ¥277 million.

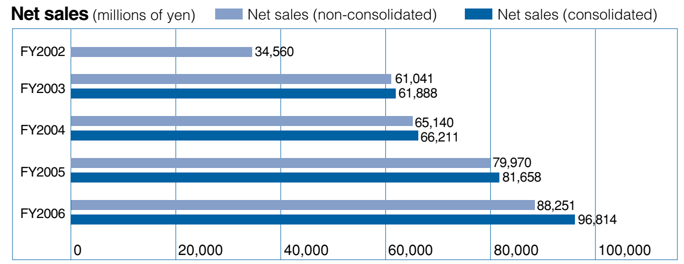
Comparison of fiscal 2006 and 2005 (consolidated)

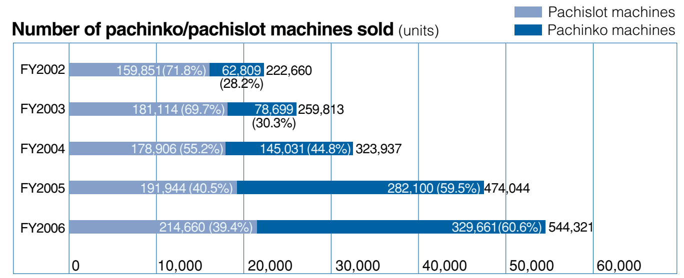
Net sales

Net sales for the fiscal year under review rose 18.6% to ¥96,814 million compared with ¥81,658 million in the previous fiscal year. In terms of the number of units sold, we sold 544,321 pachinko/pachislot machines, up 14.8% compared with the 474,044 units sold in the previous fiscal year.

Total pachinko machines sold increased 16.9% to 329,661 compared with 282,100 sold in the previous fiscal year due to robust sales of CR Neon Genesis Evangelion: Second Impact, CR Marilyn Monroe, CR Ashita Ga Arusa Yoshimoto World.

Total pachislot machines sold rose 11.8% to 214,660 compared with the previous fiscal year, partially due to the strong sales of Rodeo Co., Ltd.'s Ore no Sora.





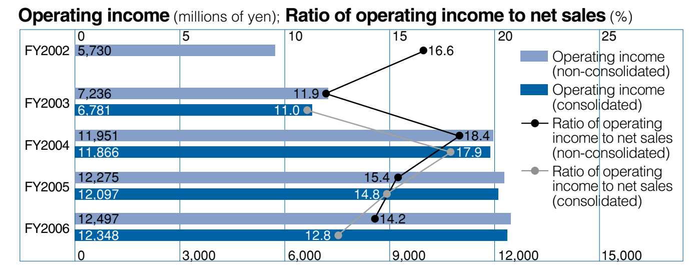
Costs of sales

Costs of sales for the Group for the fiscal year under review increased 17.9% to ¥67,077 million compared with ¥56,905 million in the previous fiscal year due to favorable sales growth. Gross profit for the Group for the fiscal year under review rose 20.1% to ¥29,737 million compared with ¥24,752 million in the previous fiscal year.

Selling, general and administrative expenses (SG&A)

SG&A for the fiscal year under review increased 37.4% to ¥17,389 million compared with ¥12,655 million in the previous fiscal year. The principal reasons for the increase were an increase in personnel expenses partly owing to a rise in the number of marketing personnel as well as the addition of D3 Inc. and J. Sakazaki Marketing Ltd. as consolidated subsidiaries, and increased advertising and marketing expenses due to the implementation of corporate advertisements.

As a result, operating income for the fiscal year under review edged up 2.1% to ¥12,348 million compared with ¥12,097 million in the previous fiscal year.



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 channels—direct sales through the activities of our branch offices (distribution sales), and indirect sales through brokering activities (agency sales).

In distribution sales, we purchase pachinko/pachislot machines from manufacturers and sell them to users (pachinko hall operators). In agency sales, on the other hand, we operate as an agent for pachinko/pachislot machines and receive commissions from pachinko/pachislot machine manufacturers for such services as: (a) arranging sales/purchase agreements on behalf of pachinko/pachislot manufacturers and pachinko halls, (b) collecting sales for machines, (c) preparing for the opening of pachinko halls on their behalf, and (d) providing after sales services.

Net sales for distribution and agency sales are reported separately.

The sales amount for machines sold to pachinko halls through distribution sales is reported in the Statement of Income as Product Sales, while sales commissions paid by manufacturers in agency sales are reported as Sales Commission. Since we use two different sales channels, our net sales are affected by the relative balance of distribution and agency sales.

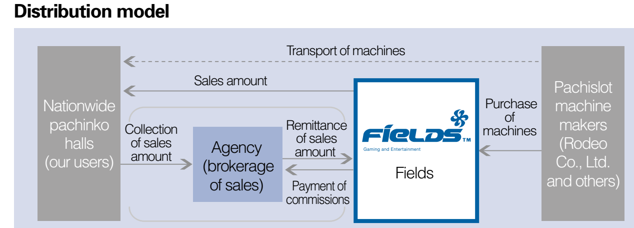
Cost of sales

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 secondary agencies for the sales of machines are also included in these costs.

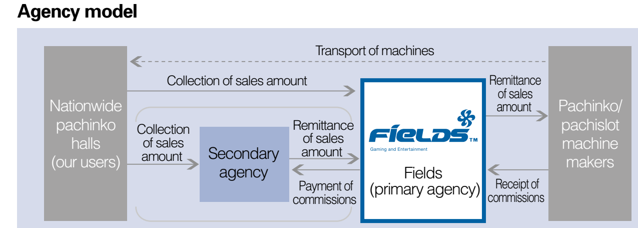
Selling, general and administrative expenses (SG&A)

SG&A expenses of the Group primarily consist of personnel expenses for sales staff and other employees along with land and facility rent. Other major items under SG&A include advertising and marketing expenses, amounting to ¥1,422 million for fiscal 2004, ¥2,873 million for fiscal 2005, and ¥3,905 million for fiscal 2006. These costs principally comprise the cost of hosting industry exhibitions as well as TV and newspaper marketing costs.

Distribution model



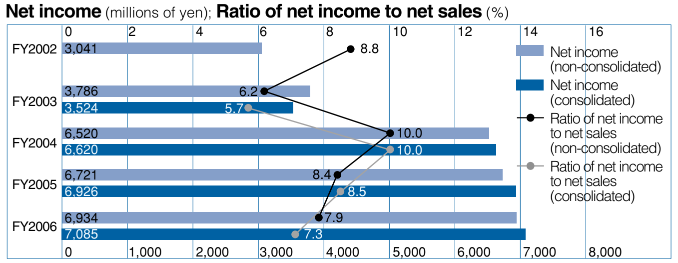
Agency model



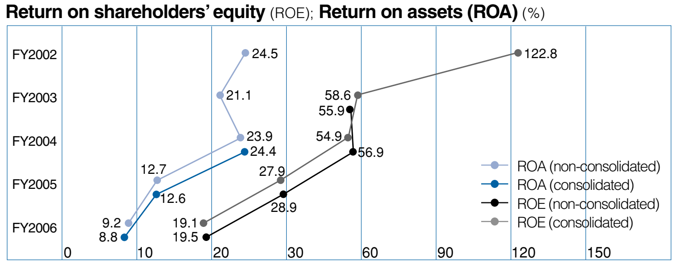
Net income

As a result, net income for the fiscal year under review increased 2.3% to ¥7,085 million compared with ¥6,926 million in the previous fiscal year.

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



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



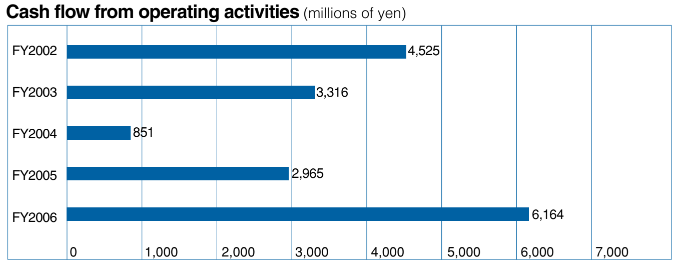
Cash flows

Cash and cash equivalents at the end of the fiscal year under review increased by 2,451 million to ¥15,777 million. This was due to an increase in accounts receivable-trade, an increase in accounts payable-trade, the transfer of branch offices and increased expenses related to copyrights or usage rights.

Cash flow from operating activities

Net cash provided by operating activities increased by ¥6,164 million. This was primarily due to an increase in income before income taxes of ¥13,034 million, an increase in accounts receivable-trade of ¥9,135 million, increase in accounts payable-trade of ¥7,492 million, increase in inventory of ¥1,085 million and payment of corporate income tax of ¥6,162 million.

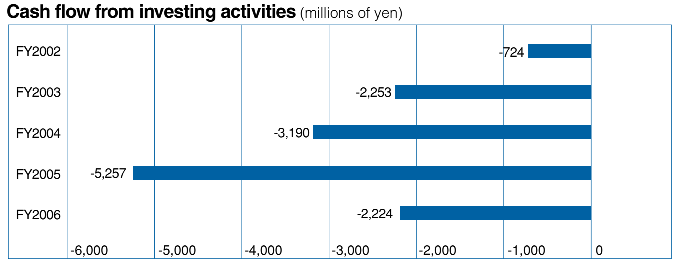
Cash flow from operating activities (millions of yen)



Cash flow from investing activities

Net cash used in investing activities dropped by ¥2,224 million. This decline was primarily due to the acquisition of tangible fixed assets totaling ¥784 million, mostly representing expenses related to the transfer of branch offices, and the acquisition of ¥920 million worth of investment securities.

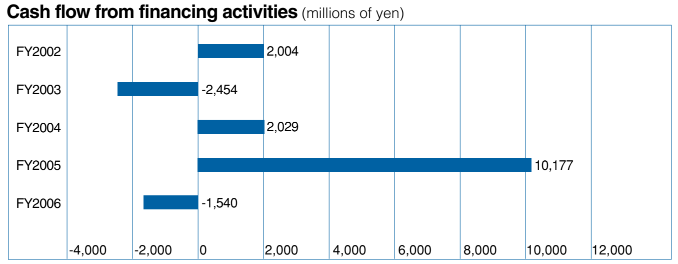
Cash flow from investing activities (millions of yen)



Cash flow from financing activities

Net cash provided by financing activities rose by ¥1,540 million. This was due mainly to repayment of ¥343 million in long-term debt and payment of ¥1,384 million in dividends.

Cash flow from financing activities (millions of yen)



Present situation and prospects for our sales strategy

Promoting the content provider strategy

In its New Industry Promotion Strategy published in May 2004, the Ministry of Economy, Trade and Industry focused attention on the future prospects for the content industry and expressed great hope for the growth potential of the digital content field, including animation and games.

Upholding "The Greatest Leisure for All People" as its corporate philosophy, the Company recognizes the content provider strategy centered on the multi-use of digital content as the basis for establishing its competitive edge and has been concentrating its resources on promoting this strategy.

The Company considers that the essence of the content business lies in creating content with high commercial value and seeking multi-use of this content. Based on the overwhelming profitability of its business in the PS Field, the Company has been strengthening its alliances with affiliated and partner companies to create primary content and promote multifaceted development for secondary use. Another noteworthy feature of the content business is the importance of "killer" content. Through Neon Genesis Evangelion, the Company has been applying its content to a broad range of media, including pachinko/pachislot machines and merchandising goods. In the future, the Company and its Group companies will make a concerted effort to seek the strategic development of a lot of killer content to rival Neon Genesis Evangelion—including through the creation of primary content—and pursue further diversification in media applications.

Planning and developing a variety of digital content

The Fields Group sells pachinko/pachislot machines and plans and develops digital content based on rights that are proprietary or acquired for secondary use, with the aim of applying this content to various media.

In the PS Field, we expect to see a shift in pachislot machines from those that do not meet the amended regulatory standards to regulation-compliant machines in a market in which more than 1.93 million machines have been installed. The Company will strive to accurately grasp market needs and maximize sales volume by launching optimal products at the best possible time. In pachinko machines, we are concentrating on planning and developing strategic killer content that will rival Neon Genesis Evangelion, and we intend to implement marketing campaigns centered on these major products.

In the Game Field, we will be launching, in the latter half of the fiscal year, Flushed Away, a large-scale, full-price product that had been under development at D3. We will also aggressively develop simulator games such as CR Neon Genesis Evangelion: Second Impact, to reinforce our management foundation.

In Other Field, JSM will concentrate in its second year on nurturing its three pillars—the rights business, the athlete business and the solution businesses—and strive to perfect a business model that has no match. In addition, *GENGHIS KHAN - To the Ends of the Earth and Sea*, a major film for which the Kadokawa Haruki Corporation provided the original script and chairs the production committee, will be filmed entirely on location in Mongolia and is planned for release in March next year. The Company plans to develop multi-use of content owned by the Kadokawa Haruki Corporation in a joint venture.

Risks Related to Business

We face various risks associated with our operating and financial conditions stated in the financial statements of the Company, which 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 85.4% and 11.7% respectively for the fiscal year ended March 2005 and 76.9% and 13.2% respectively for the fiscal year ended March 2006.

The major portion of products sold was supplied by our affiliate, Rodeo Co., Ltd. In the fiscal year ended March 2006, Rodeo Co., Ltd. products supplied to us accounted for 87.0% of the total products we purchased.

Given the heavy 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 renewable on an annual basis. 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 manufacturers are regulated by rules prescribed by the National Public Safety Commission, the Rules on Approval of Pachinko/Pachislot 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, the final users of our machines, are also regulated under the Law on Entertainment Businesses and related ordinances in each prefecture.

In addition to these regulations, the pachinko/pachislot industry may voluntarily regulate the operations of pachinko/pachislot machines manufacturers, 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 this content makes it difficult to accurately evaluate its value. Furthermore, due to the following potential 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 upon 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 ventures in partnership with other companies and investing in existing companies. The Group may continue these investment activities.

However, a decline in the investment value of companies or in the market value of shares in which the Company has invested may result in losing all or part of the investment value or require the provision of additional funding to these companies. The results of operations of the Group may be affected by either of these conditions.

Consolidated Balance Sheets FIELDS CORPORATION AND SUBSIDIARIES

As of March 31, 2005 and 2006

ASSETS	Thousands of Yen 2005	Thousands of Yen 2006	Thousands of U.S. Dollars (Note 1) 2006
Current assets:			
Cash and cash equivalents	¥13,326,256	¥15,777,313	$134,184
Notes and accounts receivable – trade	37,667,536	46,385,995	394,506
Debt securities with current maturities	5,000	—	—
Inventories	480,171	1,568,986	13,344
Merchandising right advances	3,312,754	3,516,483	29,907
Deferred tax assets	267,886	526,855	4,481
Other current assets	2,028,242	2,253,363	19,165
Allowance for doubtful accounts	(87,140)	(149,225)	(1,269)
Total current assets	57,000,705	69,879,772	594,317
Property and equipment:			
Land	1,547,993	1,372,477	11,673
Buildings and structures	2,803,718	3,148,129	26,774
Equipment	1,473,323	1,671,437	14,215
Vehicles	73,791	47,356	403
Construction in progress	50,353	27,369	233
	5,949,178	6,266,771	53,298
Less: Accumulated depreciation	(1,091,600)	(1,577,616)	(13,417)
Total property and equipment	4,857,578	4,689,155	39,881
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates	3,554,981	4,128,042	35,108
Investment securities	1,990,918	2,863,613	24,355
Deposits	2,201,142	2,298,879	19,552
Intangible assets	1,039,574	1,151,693	9,795
Excess of cost over net assets acquired	666,791	1,600,689	13,614
Deferred tax assets	500,672	360,424	3,065
Other assets	772,181	584,263	4,969
Total investments and other assets	10,726,262	12,987,606	110,458
Total assets	¥72,584,547	¥87,556,534	$744,655

LIABILITIES AND SHAREHOLDERS' EQUITY	Thousands of Yen 2005	Thousands of Yen 2006	Thousands of U.S. Dollars (Note 1) 2006
Current liabilities:			
Accounts payable – trade	¥27,479,525	¥34,869,095	$296,556
Short-term borrowings	656,600	730,000	6,209
Current portion of long-term debt	341,768	324,668	2,761
Accrued income taxes	2,685,881	3,733,977	31,757
Accrued bonuses	20,000	25,000	213
Other current liabilities	2,126,332	2,843,769	24,186
Total current liabilities	33,310,107	42,526,511	361,682
Long-term liabilities:			
Long-term debt, less current portion	1,093,165	856,997	7,289
Retirement benefits	707,840	769,748	6,547
Deposits received	2,378,609	2,380,985	20,250
Other liabilities	5,893	—	—
Total long-term liabilities	4,185,508	4,007,730	34,085
Minority interests in consolidated subsidiaries	1,662,657	1,610,739	13,699
Shareholders' equity:			
Common stock	7,948,036	7,948,036	67,597
Authorized; 586,000 shares at March 31, 2005			
1,388,000 shares at March 31, 2006			
Issued;347,000 shares at March 31, 2005 and 2006			
Capital surplus			
Additional paid-in capital	7,994,953	7,994,953	67,996
Earnings surplus			
Retained earnings	17,133,487	22,726,469	193,285
Unrealized holding gain on available-for-sale securities	349,796	735,622	6,256
Foreign currency translation adjustments	—	6,470	55
Total shareholders' equity	33,426,273	39,411,552	335,189
Total liabilities and shareholders' equity	¥72,584,547	¥87,556,534	$744,655

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Income FIELDS CORPORATION AND SUBSIDIARIES

For the fiscal years ended March 31, 2005 and 2006

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2006	2006
Sales	¥81,658,011	**¥96,814,364**	**$823,391**
Cost of Sales	56,905,614	**67,077,197**	**570,481**
Gross profit	24,752,397	**29,737,167**	**252,910**
Selling, general and administrative expenses	12,655,173	**17,389,011**	**147,891**
Operating income	12,097,224	**12,348,156**	**105,019**
Other income (expenses):			
Interest and dividend income	17,156	**42,219**	**359**
Interest expenses	(14,783)	**(23,875)**	**(203)**
Equity in earnings of affiliates	421,667	**429,179**	**3,650**
Bond issuance costs	(10,750)	**(2,400)**	**(20)**
Stock issuance costs	(204,400)	**(872)**	**(7)**
(Loss) gain on disposal of property and equipment, net	(86,356)	**32,058**	**273**
Loss on devaluation of investments in subsidiaries	—	**(13,498)**	**(115)**
Loss on devaluation of investment securities and capital investments	(175,534)	**(26,930)**	**(229)**
Impairment loss on long-lived assets	—	**(56,819)**	**(483)**
Loss on sales of investments in subsidiaries	—	**(4,604)**	**(39)**
Gain on sale of investment securities, net	162,685	**5,803**	**49**
Rebate on purchase of inventories	159,760	**201,904**	**1,717**
Reversal of reserve for retirement benefits for directors	131,100	—	—
Loss on change on interests in subsidiaries	—	**(83,894)**	**(714)**
Other, net	63,078	**188,454**	**1,603**
Other income, net	463,623	**686,726**	**5,841**
Income before income taxes and minority interests	12,560,847	**13,034,882**	**110,860**
Income taxes:			
Current	5,403,841	**6,588,353**	**56,033**
Deferred	217,712	**(383,530)**	**(3,262)**
	5,621,553	**6,204,823**	**52,771**
Minority interests	12,502	**(255,935)**	**(2,177)**
Net income	¥6,926,791	**¥7,085,994**	**$60,265**

	Yen		U.S. Dollars (Note 1)
Earnings per share:			
Basic and diluted (Note 2)	¥19,888.61	**¥20,118.14**	**$171.10**

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Shareholders' Equity FIELDS CORPORATION AND SUBSIDIARIES

For the fiscal years ended March 31, 2005 and 2006

	Thousands of Yen						
	Number of Shares of Common Stock Issued	Common Stock	Additional Paid-in Capital	Retained Earnings	Unrealized Holding Gain on Securities	Foreign currency translation adjustments	Total Shareholders' Equity
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
Net income	—	—	—	7,085,994	—	—	7,085,994
Cash dividends paid	—	—	—	(1,388,000)	—	—	(1,388,000)
Bonuses to directors and statutory auditors	—	—	—	(105,000)	—	—	(105,000)
Decrease of retained earnings due to change in consolidation scope	—	—	—	(12)	—	—	(12)
Change in net unrealized holding gain on securities	—	—	—	—	385,826	—	385,826
Foreign currency translation adjustments	—	—	—	—	—	6,470	6,470
Balance as of March 31, 2006	347,000	¥7,948,036	¥7,994,953	¥22,726,469	¥735,622	¥6,470	¥39,411,552

12,000 shares of commons stock were newly issued on June 15, 2004 under spread method. The issuance price per share to underwriters was ¥1,108,755, ¥554,378 and ¥554,377 of which were accounted for as capital and additional paid-in capital, respectively, and the offer price per stock made by the underwriters to third parties was ¥1,161,000.

	Thousands of U.S. Dollars (Note 1)					
	Common Stock	Additional Paid-in Capital	Retained Earnings	Unrealized Holding Gain on Securities	Foreign currency translation adjustments	Total Shareholders' Equity
Balance as of March 31, 2005	$67,597	$67,996	$145,718	$2,975	$—	$284,285
Net income	—	—	60,265	—	—	60,265
Cash dividends paid	—	—	(11,805)	—	—	(11,805)
Bonuses to directors and statutory auditors	—	—	(893)	—	—	(893)
Decrease of retained earnings due to change of consolidation scope	—	—	(0)	—	—	(0)
Change in net unrealized holding gain on securities	—	—	—	3,281	—	3,281
Foreign currency translation adjustments	—	—	—	—	55	55
Balance as of March 31, 2006	$67,597	$67,996	$193,285	$6,256	$55	$335,189

See accompanying notes to the consolidated financial statements.

For the fiscal years ended March 31, 2005 and 2006

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2006	2006
Operating activities:			
Income before income taxes and minority interest	¥12,560,847	¥13,034,882	$110,860
Adjustments to reconcile income before income taxes and minority interest to net cash provided by operating activities:			
Depreciation and amortization	568,604	1,237,274	10,523
Impairment loss on long-lived assets	—	56,819	483
Amortization of excess of net assets acquired over cost	(1,481)	261,807	2,227
Allowance for doubtful accounts	2,729	(55,454)	(472)
Retirement benefits for employees	9,110	(3,100)	(26)
Retirement benefits for directors	(131,100)	38,400	327
Accrued bonuses	1,400	2,688	23
Interest and dividend income	(17,157)	(42,219)	(359)
Rebate on purchase of inventories	(159,760)	(201,904)	(1,717)
Bond issuance costs	10,750	2,400	20
Stock issuance costs	204,400	872	7
Equity in earnings of affiliates	(421,667)	(429,179)	(3,650)
Gain on sale of investment securities	(162,685)	(7,054)	(60)
Loss on sales of investments in subsidiaries	—	83,894	714
Interest expenses	14,783	23,875	203
Loss (gain) on disposal of property and equipment, net	86,356	(32,058)	(273)
Loss on devaluation of investment securities and capital investments	175,534	4,320	37
Notes and accounts receivable – trade	(18,363,214)	(9,135,880)	(77,699)
Inventories	(54,621)	(1,085,496)	(9,232)
Merchandising right advances	(1,592,677)	(203,728)	(1,733)
Accounts payable – trade	15,920,750	7,492,695	63,724
Deposit received	1,216,687	2,375	20
Payments of bonuses to directors and statutory auditors	(85,000)	(105,000)	(893)
Other	(12,592)	1,335,316	11,357
Subtotal	9,769,999	12,276,545	104,410
Interest and dividends received	39,248	74,320	632
Interest paid	(14,103)	(24,024)	(204)
Income taxes paid	(6,829,288)	(6,162,055)	(52,407)
Net cash provided by operating activities	2,965,857	6,164,786	52,431
Investing activities:			
Proceeds from sales of non-investment securities	—	5,000	43
Purchases of property and equipment	(2,245,700)	(784,621)	(6,673)
Proceeds from sales of disposed property and equipment	38,761	395,924	3,367
Purchases of intangible assets	(629,298)	(702,484)	(5,975)
Purchases of investment securities	(3,182,935)	(920,000)	(7,824)
Proceeds from sales of investment securities	238,024	551,585	4,691
Investments in affiliates	(10,000)	(300,000)	(2,551)
Cash received (payment) from acquisitions of interests in newly consolidated subsidiaries, net of transaction costs	896,150	(662,560)	(5,635)
Proceeds from sales of interests of subsidiaries	—	8,914	76
Proceeds from cancellation of life insurance policies	—	178,638	1,519
Long-term loans receivable, net	59,158	87,811	747
Payment for deposits, net	(362,951)	(45,237)	(385)
Payment for long-term expenses	(33,727)	(48,271)	(411)
Other	(24,635)	10,687	91
Net cash used in investing activities	(5,257,154)	(2,224,610)	(18,920)
Financing activities:			
(Decrease) increase in short-term borrowings, net	(2,570,000)	79,800	679
Proceeds from long-term borrowings	520,000	—	—
Repayments of long-term borrowings	(27,000)	(343,268)	(2,919)
Proceeds from bond issuance	489,250	97,600	830
Proceeds from issuance of common stock	13,100,659	—	—
Proceeds from minority interests	—	10,319	88
Cash dividends paid	(1,335,027)	(1,384,996)	(11,779)
Net cash provided by (used in) financing activities	10,177,881	(1,540,544)	(13,102)
Effect of exchange rate changes on cash and cash equivalents	1,913	50,037	426
Increase in cash and cash equivalents	7,888,497	2,449,668	20,834
Cash and cash equivalents at beginning of the period	5,437,758	13,326,256	113,338
Increase in cash and cash equivalents due to change of consolidation scope	—	1,388	12
Cash and cash equivalents at end of the period	¥13,326,256	¥15,777,313	$134,184

See accompanying 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 ("Japanese GAAP"), 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.

The accompanying consolidated financial statements are translated into English from the consolidated financial statements prepared in accordance with Japanese GAAP. Certain modifications and reclassifications, including the presentation of the Consolidation Statements of Changes in Shareholders' Equity, have been made for the convenience of readers outside Japan.

The consolidated financial statements are stated in Japanese yen. The translations of the Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers, using the prevailing exchange rate at March 31, 2006, which is ¥117.58 to U.S. $1.00. The convenience 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 this or any other rate of exchange.

Since the Code was established, the Code had been partially amended in order to adopt the Code to the changing business situation surrounding corporations. During 2005, Japan's Parliament passed bills to amend the part of the Code regulating corporations significantly, which is called the Corporate Law. The Corporate Law is effective on May 1, 2006.

The U.S. dollar amounts as well as 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. The concept of effective control has been applied in order to decide the scope of consolidation. 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.

All significant inter-company balances and transactions are eliminated in consolidation. All material unrealized profit included in assets resulting from transactions with the Companies is eliminated. In the elimination of investments in subsidiaries, the assets and liabilities, including the portion attributing to minority shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiaries.

The difference between the total acquisition cost and underlying fair value of the net equity of investments in a subsidiary at acquisition is referred to "excess of cost over net assets acquired (a "positive difference")" or "excess of net assets acquired over cost" (a "negative difference"). The Company had amortized those differences over a period of five years under the straight-line method.

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.

Scope of Consolidation and Application of Equity Method

Number of consolidated subsidiaries and affiliates at March 31, 2005 and 2006 is as follows:

Number of Companies

	2005	2006
Consolidated subsidiaries	9	9
Unconsolidated subsidiaries accounted for under the equity method	0	0
Unconsolidated subsidiaries not accounted for under the equity method	3	3
Affiliates accounted for under the equity method	3	2
Major affiliates not accounted for under the equity method	0	1

As to consolidated subsidiaries:

The consolidated subsidiaries included in the accompanying consolidated financial statements and percentages of ownership owned by the Company for the years ended March 31, 2005 (the fiscal year 2005) and 2006 (the fiscal year 2006) are listed below:

Ownership percentage (indirectly owned)

Name of subsidiaries	2005	2006
Professional Management Co., Ltd. (Note A)	100.0 %	— %
Fields Jr. Corporation	100.0	100.0
Digital Lord Corporation (Note E)	100.0	100.0
D3PUBLISHER INC.	57.4	57.2
White Trash Charms Japan Co., Ltd. (Note E)	100.0 (100.0)	100.0
Heart-Line Inc. (Note B)	57.4 (57.4)	—
Entertainment Software Publishing Inc. (Note E)	57.4 (57.4)	57.2 (57.2)
D3 Publisher of America, Inc.	57.1 (57.1)	57.2 (57.2)
D3 Publisher of Europe Ltd. (Note C)	—	57.2 (57.2)
Total Workout Corporation (Note A)	55.0 (55.0)	—
D3DB S.r.l. (Note D)	—	28.6 (28.6)
Japan Sports Marketing Inc. (Notes A and E)	—	61.8

Note A:

The Company acquired a 65% interest in J.SaKaZaKi Marketing Ltd. (J.S. Market Ltd.) in the middle of July in 2005. Professional Management Co., Ltd., Total Workout Corporation and J.S. Market Ltd. merged on October 1, 2005. Professional Management Co., Ltd. was the surviving company and then changed its name to Japan Sports Marketing Co., Ltd.

Total Workout Corporation and J.S. Market Ltd. were excluded from the scope of consolidation.

The following is the information of the estimated fair values of assets and liabilities held by J.S. Market Ltd. at the date of acquisition, acquisition cost and the amount of cash received from the acquisition transaction, which date was September 30, 2005.

	Thousands of Yen	Thousands of U.S. Dollars (Note 1)
Current assets	¥1,293,740	$11,003
Non-current assets	249,426	2,121
Excess of cost over net assets acquired	980,395	8,338
Current liabilities	(1,024,859)	(8,716)
Non-current liabilities	(26,607)	(226)
Minority interest	(172,094)	(1,464)
Acquisition cost	1,300,000	11,056
Cash and cash equivalents owned by J.S. Market Ltd.	(637,439)	(5,421)
The amount of cash payment	¥ 662,560	$ 5,635

Note B:
D3PUBLISHER INC. sold all interest in Heart-Line Inc. during the fiscal 2006 and, as a result, Heart-Line Inc. was excluded from the consolidation scope.

The following is the information of the values of assets and liabilities held by Heart-Line Inc. at the sales of is stock, sales price of its stock and the amount of cash received from the sales transaction.

	Thousands of Yen	Thousands of U.S. Dollars (Note 1)
Current assets	¥ 2,810	$ 24
Non-current assets	13,330	113
Current liabilities	(15,012)	(128)
Non-current liabilities	(10,000)	(85)
Gain on sales of stock	18,871	160
Sales price of the stock	10,000	85
Cash and cash equivalents owned by Heart-Line Inc.	(1,085)	(9)
Proceeds from sales of the stock	¥ 8,914	$ 76

Note C:
D3PUBLISHER INC. established D3 Publisher of Europe Ltd. during the fiscal year 2006.

Note D:
D3DB S.r.l. was an unconsolidated subsidiary in the fiscal year 2005.

Note E:
The negative net worth at March 31, 2006 of White Trash Charms Japan Co., Ltd., Digital Lord Corporation, Japan Sports Marketing Inc. and Entertainment Software Publishing Inc. is ¥65,344 thousand ($556 thousand), ¥262,861 thousand ($2,236 thousand), ¥292,790 thousand ($2,490 thousand) and ¥96,102 thousand ($817 thousand), respectively.

As to unconsolidated subsidiary:
Three subsidiaries are not consolidated, which are not accounted for under the equity method as those unconsolidated subsidiaries do not have significant impact on the consolidated financial position as a whole such as the consolidated net income and consolidated retained earnings for the fiscal years 2005 and 2006. Investments in unconsolidated subsidiaries are accounted for the cost method.

As to affiliates:
Three affiliates were accounted for under the equity method for the fiscal year 2005, one of which, 3D–AGES INC. liquidated on December 30, 2005. As a result, two affiliates, Rodeo Corporation and KADOKAWA HARUKI CORPORATION are accounted for under the equity method at March 31, 2006. The Companies have affiliates, which are not accounted for under the equity method as they do not have impact on the consolidated financial position as a whole such as the consolidated net income and consolidated retained earnings for the fiscal years 2005 and 2006. Investments in affiliates not accounted for under equity method are accounted for the cost method.

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
Content
Consolidated subsidiaries: At cost determined by the specific identification method

Related to accounting treatment of game software, which are produced by outside parties, in prior years, consolidated subsidiaries treated content as intangible assets since software and content were highly integrated to produce game software and it is difficult to separate their costs consisting game software definitely. But, due to development in quality of machine used in home to play game software, the management reviewed the process to determine the production of game software, the management found that content such as display and audio have become significantly important recently and that this trend will continue in the future. As a result of this review, the management decided to recognize content excluding software used for creating game software as inventory. The accounting for content is as follows: Payments for content related to production of game software are record as advances for content or inventory and then transfer them to cost of sales at the proportion to expected sales of game software. As a result of adoption of this accounting treatment, ¥1,160,073 thousand ($9,866 thousand) of inventory increased, ¥147,250 thousand ($1,252 thousand) of advances for content and ¥718,410 thousand ($6,110 thousand) of intangible assets decreased. ¥124,267 thousand ($1,057 thousand) of cost of sales increased and ¥418,793 thousand ($3,562 thousand) of selling, general and administrative expenses decreased. Operating income and income before income taxes increased by ¥294,525 thousand ($2,505 thousand) and ¥294,413 thousand ($2,504 thousand), respectively.

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 securities available-for-sale 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 2005 and 2006 are ¥175,534 thousand and none, respectively.

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

Property and Equipment
For the Company and domestic consolidated subsidiaries:
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.
For overseas consolidated subsidiaries:
Property and equipment are stated at cost. Depreciation is calculated by the straight-line method.
The estimated useful lives of depreciable assets at March 31, 2005 and 2006 are as follows:

	2005	2006
Buildings	6 - 50 year	**4 - 50 year**
Structures	10 - 50 year	**10 - 50 year**
Vehicles	4 - 6 year	**2 - 6 year**
Equipment	3 - 20 year	**3 - 20 year**

The Business Accounting Deliberation Council issued the new accounting standard for impairment of fixed assets, "Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets" on August 9, 2002 and the Accounting Standards Board of Japan issued the implementation guidance for the accounting standard for impairment of fixed assets, "the Financial Accounting Standard Implementation Guidance No.6" on October 31, 2003. The new accounting standards are required to be adopted in periods beginning on or after April 1, 2005.

The new accounting standard requires an entity to review its long-lived assets for impairment whenever events or changes in circumstance indicate that the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition. The Companies adopt asset grouping method in order to decide weather long-lived assets are impaired or not. Net sales prices in market appraised by licensed outside parties are used as recoverable value of long-lived assets. As a result, income before income taxes for the fiscal year 2006 decreased by ¥56,819 thousand ($483 thousand). The impairment losses of ¥56,819 thousand ($483 thousand) consist of ¥51,136 thousand ($434 thousand) for buildings and ¥5,682 thousand ($48 thousand) for land located in Tokyo, which are used for other business in accordance with segment information. The recognized impairment losses are directly deducted from the acquisition costs of impaired long-lived assets.

Intangible Assets
Intangible assets excluding "excess of cost over net assets acquired" primarily consist of 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 domestic consolidated subsidiaries have an unfunded defined benefit retirement plan with lump-sum payments and certain overseas consolidated subsidiaries have defined contribution 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. Certain subsidiaries adopt an easy method for calculating projected benefit obligation. Actuarial differences are amortized under the straight-line method using the specific number of years (five years) less than the average remaining service period. A few subsidiaries adopt an easy method for calculating projected benefit obligation. For the consolidated subsidiaries adopting defined contribution plan, they charge amounts of contribution to income of the year as incurred.

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 the shareholders in accordance with the Corporate Law.

Translation of Foreign Currencies
Current and no-current monetary assets and liabilities denominated in foreign currencies of the Companies are translated into yen at the exchange rates in effect at the end of the fiscal year. Gains and losses arising from exchange differences are credited or charge to income in the year in which they are made or incurred.

The Company translates the revenue and expense accounts of the overseas consolidated subsidiaries at the average rates of exchange in effect during the year. The balance sheet accounts, except for the components of shareholders' equity, are translated into yen at the rates of exchange in effect at the end of the fiscal year. The components of shareholders' equity are translated at their historical exchange rates. The differences arising from translation where two exchange rates have been used are included in minority interests and foreign currency translation adjustments as a component of shareholders' equity in the accompanying consolidated financial statements.

Derivatives and Hedging Accounting
The accounting standards for financial instruments:
Derivative financial instruments are stated at fair value and changes in fair value are recognized as gains or losses unless derivatives financial instruments are used for hedging purposes. If derivative financial instruments are used as hedges and meet certain hedging criteria, a company defers recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related gains or losses on the hedged items are recognized.

Companies' policy for derivative activities:
Certain consolidated subsidiaries enter interest rate swap contracts for the purpose of reduction of the risks of fluctuations in future interest payments on loan transactions. The Companies do not enter into derivative transactions for trading or speculative purposes.

Risk management for derivative transactions:
Certain consolidated subsidiaries enter into the derivative transactions only with major international financial institutions with favorable credit ratings, thereby reducing credit risk exposure for non-performance. The Companies evaluate hedge effectiveness periodically by comparing the cumulative changes in cash flows or the changes in fair value of hedged items and the corresponding changes in the hedging derivative instruments. The finance department is engaged in derivative transactions. The derivative transactions are executed in accordance with the established job authorization.

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.

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 are shipped to the parlors.

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.

Consumption Tax

Consumption tax is imposed at the flat rate of five per cent on all domestic consumption of goods and services (with certain exemptions). The consumption tax imposed on the Companies' sales to customers is withheld by the companies at the time of sale and is subsequently paid to the national government. Consumption tax withheld upon sale is not included in "Net sales" and consumption tax payable by the Companies on the purchases of goods and services from vendors is not included in "Costs and Expenses" in the accompanying consolidated statements of income. The net balance of consumption tax withheld and payable is included in "Other" in the section of either "Current assets" or "Current liabilities" in the accompanying consolidated balance sheets.

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 purpose of EPS is net income for the fiscal 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.
All stock options granted diluting future consolidated net income upon exercise outstanding at March 31, 2005 and 2006 are 6,040 shares and 7,650 shares, respectively. As exercise price per stock of the stock options was higher than the average market price of the Company's common stock for both 2005 and 2006, the number of stock are excluded from calculation of diluted EPS for 2005 and 2006, and, therefore, there are no differences between basic and diluted EPS in the fiscal years ended March 31, 2005 and 2006.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in Japan requires management to make certain estimates and assumptions which affect the accounts reported in the financial statements and accompanying notes. The actual results could differ from those estimates.

3. INVESTMENT SECURITIES

(a) The following table summarizes acquisition cost and fair value of available-for-sale securities with available fair values at March 31, 2005 and 2006:

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2006	2006
Equity securities			
Acquisition cost	¥ 832,724	¥ 832,724	$ 7,082
Fair value	1,423,401	2,088,715	17,764
Net unrealized gain	¥ 590,676	¥1,255,990	$10,682
Other			
Acquisition cost	¥ 500,000	¥700,000	$ 5,953
Fair value	499,199	684,520	5,822
Net unrealized loss	¥ 800	¥ 15,480	$ 132

(b) The following table summarizes carrying value of available-for-sale securities with no available fair values at March 31, 2005 and 2006:

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2006	2006
Stocks	¥68,317	¥34,618	$294
Bonds and other	5,000	55,758	474

4. LEASES

The Companies lease certain vehicle, whose lease started in the fiscal 2006, 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, 2005 and 2006 are as follows:

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

	Thousands of Yen			
At March 31, 2005	Vehicles	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
At March 31, 2006				
Acquisition cost	¥11,592	¥91,863	¥38,757	¥142,212
Accumulated depreciation	241	67,278	8,397	75,917
Net book value	¥11,350	¥24,584	¥30,359	¥ 66,295

	Thousands of U.S. Dollars (Note 1)			
At March 31, 2006	Vehicles	Equipment	Software	Total
Acquisition cost	$99	$781	$330	$1,209
Accumulated depreciation	2	572	71	646
Net book value	$97	$209	$258	$ 564

(b) Lease obligations

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2006	2006
Payments due within one year	¥41,005	¥27,619	$235
Payments due after one year	54,944	38,676	329
Total	¥95,949	¥66,295	$564

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, 2005 and 2006 are as follows:

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2006	2006
Lease payments	¥50,540	¥41,246	$351
Depreciation expense equivalent	50,540	41,246	351

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

5. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

The following table summarizes the Companies' short-term borrowings and long-term debt at March 31, 2005 and 2006:

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2006	2006
Short-term borrowings: Short-term borrowings with weighted average interest rate of 0.95% and 1.02% per annum at March 31, 2005 and 2006, respectively.	¥ 656,600	¥ 730,000	$ 6,209
Long-term debt:			
Current portion of long-term borrowings with weighted average interest rate of 1.79% and 1.82% per annum at March 31, 2005 and 2006, respectively.	341,768	214,668	1,826
Current portion of 0.88% unsecured bonds: Issuance is on March 31, 2005 and maturity is serially through 2011	—	100,000	850
Current portion of 0.76% unsecured bonds: Issuance is on July 29, 2005 and maturity is serially through 2011	—	10,000	85
Long-term borrowings, less current portion, with weighted average interest rate of 1.81% per annum at March 31, 2005 and 2006 with maturity serially through 2009	593,165	366,997	3,121
0.88% unsecured bonds less current portion: Issuance is on March 31, 2005 and maturity is serially through 2011	500,000	400,000	3,402
0.76% unsecured bonds less current portion: Issuance is on July 29, 2005 and maturity is serially through 2011	—	90,000	765
Total	¥2,091,533	¥1,911,665	$16,258

The aggregate amounts of annual maturity of long-term debt including bonds during each of the five years ending March 31, 2011 and thereafter are as follows:

Year ending March 31,	Thousands of Yen	Thousands of U.S. Dollars (Note 1)
2007	¥ 324,668	$ 2,761
2008	317,997	2,705
2009	228,000	1,939
2010	181,000	1,539
2011 and thereafter	130,000	1,106
Total	¥1,181,665	$10,050

6. CREDIT LINES

The Companies entered into line of credit and over-draft agreements with three banks in the fiscal year 2005 and the Companies enter into six banks in the fiscal year 2006 for the purpose of efficient management of operation fund. The following is the summary of the lines of credit at March 31, 2005 and 2006:

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2006	2006
Total credit lines	¥4,310,000	¥5,610,000	$47,712
Balance of borrowing	630,000	730,000	6,209
Unused credit lines	¥3,680,000	¥4,880,000	$41,504

7. FAIR VALUE OF DERIVATIVE TRANSACTIONS

Due to adopting hedge accounting for all derivatives transactions, there is no information disclosed regarding fair value of derivatives transactions at March 31, 2005 and 2006.

8. RETIREMENT BENEFITS

For employees:

The liability for employees' retirement benefits at March 31, 2005and 2006 is as follows:

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2006	2006
Projected benefit obligation	¥145,040	¥165,941	$1,411
Unrecognized actuarial differences	(5,899)	(3,293)	(28)
Accrued retirement benefits	¥139,140	¥162,648	$1,383

Net periodic costs for the employees' retirement benefits for the years ended March 31, 2005 and 2006 consisted of the following components: The retirement benefit costs of certain domestic consolidated subsidiaries which adopt an easy method for calculating projected benefit obligation are accounted for as service cost.

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2006	2006
Service cost	¥23,904	¥40,626	$346
Interest cost	2,470	2,716	23
Amortization of actuarial differences	293	993	8
Contribution to defined contribution plan	—	3,645	31
Net periodic retirement costs	¥26,668	¥47,982	$408

The assumptions used for the above plans for the years ended March 31, 2005and 2006 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 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 ¥568,700 thousand and ¥607,100 thousand ($5,163 thousand) at March 31, 2005 and 2006, 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, 2005 and 2006 are as follows:

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2006	2006
Amounts guaranteed	¥797,050	¥677,268	$5,760

10. INCOME TAXES

The significant components of deferred tax assets and liabilities at March 31, 2005 and 2006 are as follows:

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2006	2006
Deferred tax assets:			
Accrued directors' and statutory auditors' retirement benefits	¥231,460	¥247,089	$2,101
Accrued local taxes	161,041	262,282	2,231
Devaluation of investment securities	45,195	—	—
Devaluation of inventories	40,608	29,388	250
Accrued employees' retirement benefits	55,593	66,142	563
Allowance for doubtful accounts	55,763	93,755	797
Accrued bonuses	8,140	10,175	87
Amortization for software	118,720	183,322	1,559
Amortization for royalty	268,125	246,788	2,099
Amortization for merchandising right advances	—	90,416	769
Amortization for content	—	41,653	354
Subsidiaries' net operating loss carry-forwards	524,700	1,055,752	8,979
Other	64,218	180,132	1,532
Gross deferred tax assets	1,573,566	2,506,901	21,321
Valuation allowances	(564,928)	(1,114,733)	(9,481)
Total deferred tax assets	1,008,637	1,392,167	11,840
Deferred tax liabilities:			
Unrealized holding gain on investment securities	240,079	504,887	4,294
Total deferred tax liabilities	240,079	504,887	4,294
Net deferred tax assets	¥768,558	¥887,279	$7,546

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 40.7% for the fiscal years 2005 and 2006. Reconciliation of the differences between the statutory tax rate and the effective income tax rate for the fiscal years 2005 and 2006 is as follows:

	2005	2006
Statutory tax rate	40.7%	40.7 %
Increase (reduction) in taxes resulting from:		
Taxation on retained earnings imposed on a family corporation	2.4	2.9
Per capita levy	0.3	0.3
Expenses not deductible for tax purpose	0.8	1.1
Income not taxable for tax purpose	(0.1)	(0.2)
Tax exemption	(0.1)	—
Tax rates applied for consolidated subsidiaries suffering net operating losses	—	3.5
Other	0.8	(0.7)
Effective income tax rate	44.8%	47.6 %

11. SHAREHOLDERS' EQUITY

Under the Corporate Law, 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 one component of capital surplus. The Corporate Law also provides that when a company makes cash appropriations such as cash dividends, bonuses paid to directors and other cash payments from capital surplus or earnings surplus, the company has to set aside at least of 10% of the total amount of the cash payments as earnings reserve or additional paid-in capital until the total amount of capital surplus and earrings surplus equals 25% of common stock. The total amount of the Company's capital surplus and earrings surplus has reached 25% of common stock and, therefore, the Company is no longer required to provide for the earnings surplus. The earnings reserve, which is one component of earnings surplus included in retained earnings in the accompanying consolidated financial statements at March 31, 2005 and 2006 is ¥9,580 thousand ($81 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. Under the Corporate Law, interim dividends may also be paid anytime upon resolution of the Board of Directors, subject to certain limitations imposed by the Corporate Law. 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 Corporate Law.

12. RELATED PARTY TRANSACTIONS

Transactions with directors:
Directors of the Company paid ¥4,383 thousand for company housing for the fiscal 2005, 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 under allotment to third party issued by D3PUBLISHER, INC., which became a consolidated subsidiary at March 31, 2005. The issuance price, which was ¥255,300 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 Corporation, a 35.0% interest of which is owned by the Company, for the fiscal years 2005and 2006.

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2006	2006
Account balances			
Accounts payable – trade	¥ 22,637,049	¥30,590,077	$260,164
Transactions			
Purchase of merchandise	¥ 44,579,677	¥46,825,232	$398,241
Rebate on purchase of merchandise	—	201,904	1,717

13. SEGMENT INFORMATION

Business Segment:
For the fiscal year 2005, both sales and operation income from the sale of amusement machines were over 90% of the consolidated sales and operating income and therefore, business segment information is omitted.
Business segment for the fiscal year 2006 is as follows:

Thousands of Yen

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

Thousands of U.S. Dollars (Note 1)

	PS Field	Game Field	Other Field	Total	Elimination and/or corporate	Consolidation
Sales to third parties	$749,862	$42,882	$ 30,647	$823,391	$ —	$823,391
Inter-segment sales and transfers	1,536	92	4,083	5,711	(5,711)	—
Total sales	751,398	42,974	34,730	829,102	(5,711)	823,391
Operating expense	643,293	40,612	40,305	724,210	(5,838)	718,372
Operating income (losses)	$108,105	$ 2,362	$ (5,575)	$104,892	$128	$105,019
Total assets	$653,099	$47,149	$ 51,810	$752,057	$ (7,402)	$744,655
Depreciation	4,231	3,431	2,151	9,814	(42)	9,772
Impairment losses	—	—	483	483	—	483
Capital expenditure	6,247	5,738	8,400	20,385	(30)	20,355

Geographic Segment:
For the fiscal year 2005 and 2006, both sales earned in Japan and the total assets existing in Japan are over 90% of the consolidated sales and the consolidated total assets and, therefore, geographic segment information is omitted.

Overseas sales Segment:
For the fiscal 2005, the Companies market their products only in Japan and, therefore, the information of overseas sales segment was not applicant while overseas sales for the fiscal year 2006 is less than 10% of the total of consolidated sales and, therefore, the information of overseas sales segment is omitted.

14. RESEARCH AND DEVELOPMENT COSTS

Research and development costs included in selling, general and administrative expenses in the fiscal years 2005 and 2006 are none and ¥231,590 thousand ($1,970 thousand), respectively.

15. SUBSEQUENT EVENTS

At the general shareholders' meeting of the Company held on June 28, 2006, the shareholders approved the payment of the year-end cash dividends totaling ¥694,000 thousand ($5,902 thousand), or ¥2,000.00 ($17.01) per share, and the payment of ¥105,000 thousand ($893 thousand) in bonuses to directors and statutory auditors from retained earnings.

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, 2005 and 2006, 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, 2005 and 2006, 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.

As discussed in Note 2 to the consolidated financial statements, effectively April 1, 2005, FIELDS CORPORATION and its domestic consolidated subsidiaries adopted the new accounting standards for Impairment of Fixed Assets.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2006 are presented solely for the convenience of readers outside Japan. Our audit also included the translation of yen amounts into the U.S. dollar amounts and, in our opinion, such translation 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 28, 2006

As of March 31, 2006

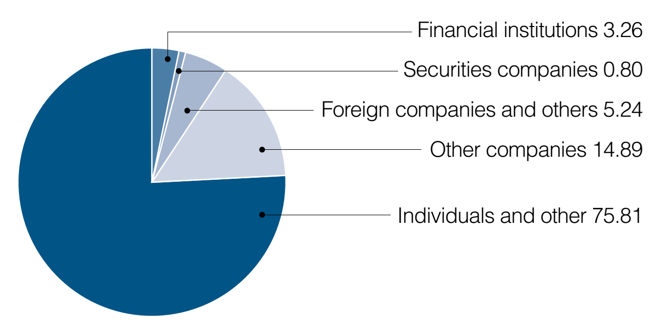
Stock Information

Total authorized shares	1,388,000
Total outstanding shares	347,000
Number of shareholders	11,849

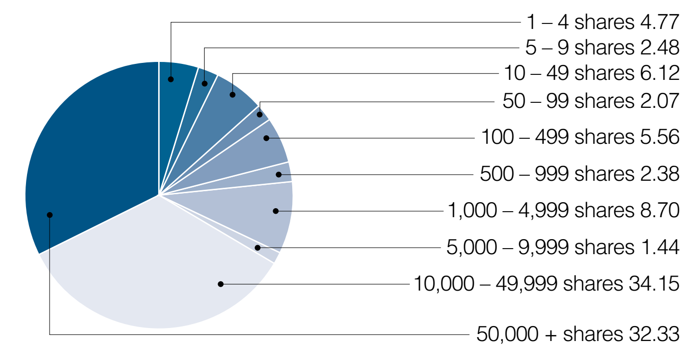
Principal Shareholders

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
Yuki Yamamoto	5,000	1.44
Japan Securities Finance Co., Ltd.	4,315	1.24
Morgan Stanley & Company Inc.	3,330	0.96
Fields Employee Shareholding Association	3,082	0.89
Ireland Special Jasdec Lending Account	2,704	0.78

Number of Shareholders by Category (%)



Distribution of Ownership among Shareholder (%)



Issuance of Stock Options

	Period during which options can be exercised	Number of options	Exercise price	Exercise rate
First issue of stock options (Based on a shareholders' resolution, June 27, 2003)	July 1, 2005 to June 30, 2006	604	760,000 yen	— %
Second issue of stock options (Based on a shareholders' resolution, June 29, 2005)	August 1, 2005 to June 30, 2006	1,610	760,000 yen	— %

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	901 (consolidated)
Major consolidated subsidiaries	Japan Sports Marketing Inc. (Notes 1) Fields Jr. Corporation White Trash Charms Japan Co., Ltd. Digital Lord Corporation D3 Inc. (Notes 2) and five other companies

(Notes)
1. J. Sakazaki Marketing Ltd., which became a subsidiary of the Fields Group in July 2005, merged with Professional Management Co., Ltd. and Total Workout Corporation in October 2005 to establish Japan Sports Marketing Inc., a consolidated subsidiary of the Group.
2. D3 Publisher Inc. was transferred to a holding company, D3 Inc., in April 2006.

Number of Branch Offices (As of April 30, 2006)

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
Kumamoto Branch
Kagoshima Branch

Directors, Corporate Auditors and Executive Officers (As of July 1, 2006)

President and CEO
Hidetoshi Yamamoto

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

Senior Managing Director
Kazuo Matsui
<General Manager, Office of the President>
Masayuki Egawa
<General Manager, Product Development Division>

Managing Director
Kiyoharu Akiyama
<General Manager>

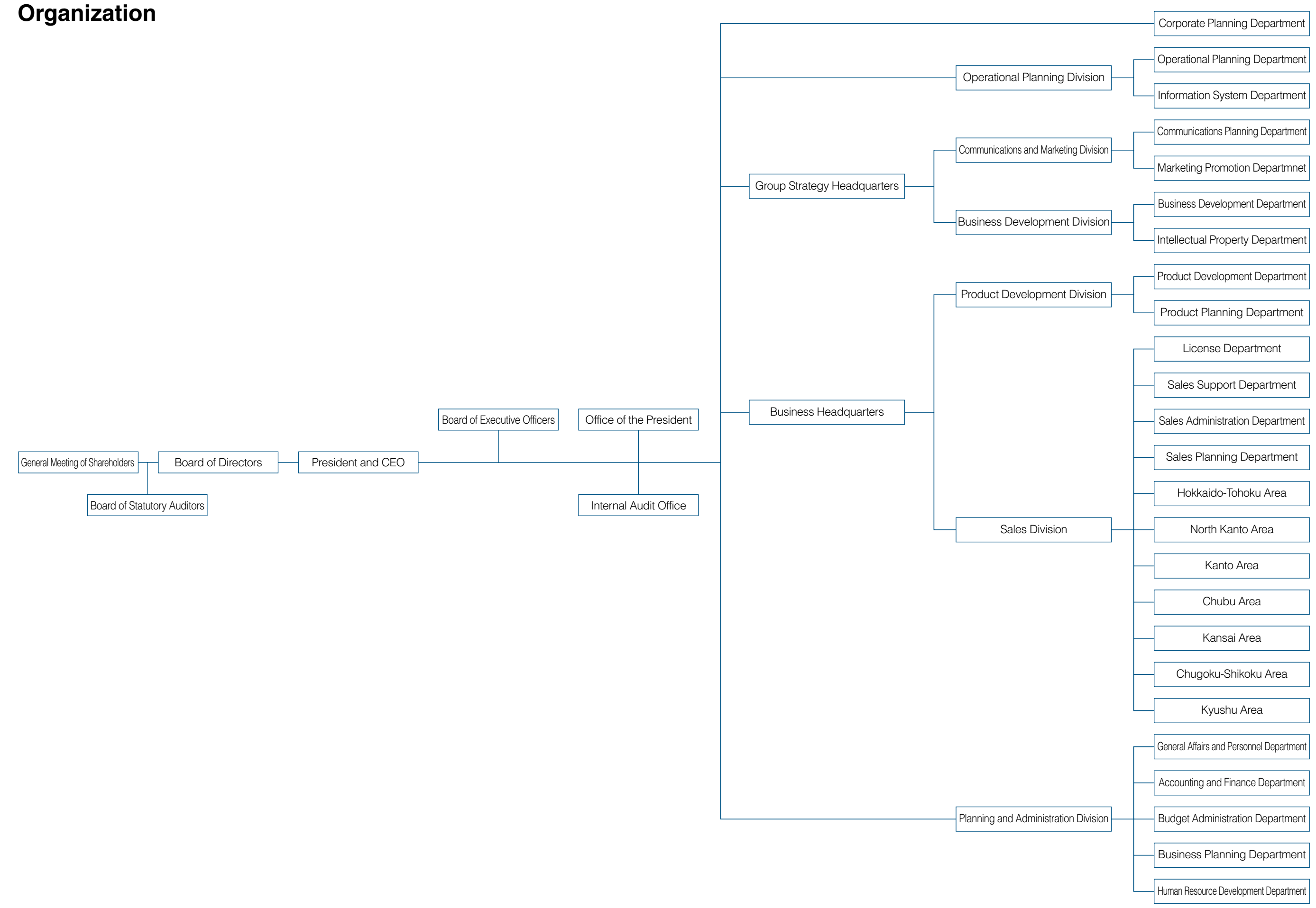
Directors
Hiroyuki Yamanaka
<General Manager, Administration Division>
Toru Suenaga
<General Manager, Investor Relations & Public Relations Office>

Outside Director
Shigesato Itoi

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

Executive Officers
Akira Fujii
<General Manager, Sales Division>
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 Nishihata
<General Manager, License Business Department, Product Development Division>
Masashi Sakuma
<Corporate Planning Office>
Hideo Ito
<CIO, Product Development Division>

Organization



Fields Group Companies

Consolidated subsidiaries

Digital Lord Corporation	Primarily involved in the planning and development of image software as well as planning and brand management for the merchandising of copyrighted characters. The company applies this expertise to create new image software and characters for the pachinko, pachislot, and other merchandising businesses.	
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 targeting 15,000 pachinko halls for feedback information that is utilized in the planning and development of new machines.	
D3 Inc. (Securities code 4311: JASDAQ) http://www.d3i.co.jp/	A worldwide game publisher, focusing on the Japanese, North American and European markets. The company enhances Fields business as a content provider and facilitates the timely planning, developing and sales of game software through activities including the acquisition of copyrights in the U.S. and European markets in close collaboration with other Fields Group companies.	
Japan Sports Marketing Inc. http://www.jsm.jp	Operates a wide variety of sports entertainment businesses in the global market ranging from sports marketing, such as the production of sporting events and the sales of television rights, to the management of sports gyms.	
White Trash Charms Japan Co., Ltd. http://www.whitetrashcharmsjapan.com	A fashion accessories brand that originated on the West Coast of the United States and is widely esteemed by 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.	

Equity-method affiliates

Rodeo Co., Ltd. http://www.rodeo.ne.jp/	A member company of the Sammy Group, a leading pachislot machine manufacturer. Fields invested capital and has been promoting collaborative products that bring together Field's major merchandising rights with Rodeo's planning and development capability and also acts as the sole distribution agent for those products.	
G&E Corporation http://www.g-e.jp/	Founded by three equity partners—Fields, SANKYO Corporation, and Sammy Corporation. The first school in Japan and the industry for cultivating human resources for comprehensive entertainment corporations.	
Kadokawa Haruki Corporation http://www.kadokawaharuki.co.jp/	A renowned pioneer in the media mix of publishing, movies, and music. Fields collaborates in business operations for the multi-use of content owned by Kadokawa Haruki Corporation and creates primary content and characters capitalizing on this company's capabilities in developing a variety of content.	

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

Fields Corporation
E Space Tower 12F, 3-6,
Maruyama-cho, Shibuya-ku, Tokyo 150-0044, Japan
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.

FIELDS™

Gaming and Entertainment