

Summary

(Translation)

Fields Corporation
Summary of First Quarter Financial Information and Business Results (Consolidated)
Year Ending March 31, 2006

August 5, 2005

Company Name: Fields Corporation (Stock code: 2767)
(URL: <http://www.fields.biz>)

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President, Representative Director and CEO

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1. Notes to quarterly financial information

- (1) Simplified methods applied for accounting (Yes/No): Yes
Simplified methods were partially applied for calculating tax expense and other items.
- (2) Changes in accounting methods since the most recent fiscal year (Yes/No): No
- (3) Changes in the scope of consolidation or application of the equity method (Yes/No): Yes
Newly consolidated companies: 1; Excluded companies: 1; Newly added equity method companies: -;
Excluded equity method companies: -

2. Summary of business results for the first quarter of the year ending March 31, 2006 (April 1 to June 30, 2005)

(1) Consolidated operating results

(Rounded down to nearest million)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	(% change)	Millions of yen	(% change)	Millions of yen	(% change)	Millions of yen	(% change)
First quarter, year ending March 31, 2006	24,418	(43.6)	2,257	(24.1)	2,667	(42.6)	1,464	(32.2)
First quarter, year ended March 31, 2005	17,004	(-25.4)	1,820	(-56.7)	1,870	(-57.4)	1,107	(-53.2)
Year ended March 31, 2005 (For reference)	81,658		12,097		12,480		6,926	

	Net income per share	Diluted net income per share
	Yen	Yen
First quarter, year ending March 31, 2006	4,220.52	-
First quarter, year ended March 31, 2005	6,694.06	-
Year ended March 31, 2005 (For reference)	19,888.61	-

Notes: 1. Average number of shares outstanding

First quarter of the year ending March 31, 2006: 347,000 shares

First quarter of the year ended March 31, 2005: 165,500 shares

Year ended March 31, 2005: 343,000 shares

2. Percentages for net sales, operating income and other items denote changes compared with the corresponding quarter of the previous fiscal year.

Qualitative data relating to consolidated operating results

During the first quarter of the fiscal year under review, the Fields Group continued to post strong sales of the *Onimusha 3* pachislot machine and the *CR Neon Genesis Evangelion* pachinko machine, which went on sale in the fiscal year ended March 31, 2005. As a result, net sales increased 43.6% year-on-year to ¥24,418 million, operating income rose 24.1% to ¥2,257 million, ordinary income surged 42.6% to ¥2,667 million, and net income climbed 32.2% to ¥1,464 million in the first quarter. The increase in operating income was smaller than the increase in net sales and ordinary income. This was attributable to the fact that despite raising the selling price because *Onimusha 3*, the Company's leading product, incorporated parts which utilized leading-edge technologies, such as high-performance image-processing chips and the 20-inch liquid crystal "doughnut-vision" screen, it was impossible to fully absorb the increased manufacturing cost.

We have made use of our marketing capabilities—our forte—in undertaking such sales activities. We analyze customer needs through the preparation of hall records in order to grasp in detail the trends of client halls. By doing so, we carry out effective and efficient sales activities and channel our energies into enhancing the quality of our sales force, which is the largest in the industry. Information on needs accumulated through such marketing activities is fed back to the Product Development Division and reflected in product planning and development after the examination and analysis of market needs. We intend to continue enhancing our marketing capabilities in the future to further improve our corporate value and shareholder value.

As for other businesses, the Company entered into a business tie-up agreement, including capital participation, with J. Sakazaki Marketing Ltd. ("JSM") in July of this year. JSM, known for creating the American Major League Baseball boom, also handles television rights of football, golf, tennis and other sports. JSM is highly reputed to be the pioneer of sports marketing in Japan. On October 1 of this year, JSM is scheduled to be merged with the Company's subsidiaries Total Workout Corporation and Professional Management Co., Ltd. This merger would enable us to develop a structure that broadly utilizes sports content created by the new company not only in pachinko/pachislot areas but also in game software and books through game software developer D3 Publisher Inc. and publisher Kadokawa Haruki Corporation, partly owned by the Company.

(2) Consolidated financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
First quarter, year ending March 31, 2006	47,967	34,094	71.1	98,255.94
First quarter, year ended March 31, 2005	43,027	28,052	65.2	161,685.62
Year ended March 31, 2005 (For reference)	72,584	33,426	46.0	96,026.73

Summary of consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of term
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
First quarter, year ending March 31, 2006	(1,977)	(1,006)	(956)	9,396
First quarter, year ended March 31, 2005	1,328	(709)	12,659	18,717
Year ended March 31, 2005 (For reference)	2,965	(5,257)	10,177	13,326

Qualitative data relating to changes in consolidated financial position

Cash and cash equivalents for the first quarter of the year ending March 31, 2006, decreased ¥3,930 million from March 31, 2005. This is primarily attributed to a cash outflow of ¥1,977 million from operating activities compared to an inflow of ¥1,328 million in the first quarter of the previous year and a cash outflow of ¥956 million from financing activities as against an inflow of ¥12,659 million in the first quarter of the previous year. As a result, the balance of cash and cash equivalents was ¥9,396 million at the end of the first quarter of the year ending March 31, 2006.

Cash flows from operating activities

Net cash used in operating activities was ¥1,977 million. Significant items included income before income taxes and minority interest of ¥2,743 million, a ¥21,149 million decrease in notes and accounts receivable – trade, a ¥23,237 million decrease in accounts payable – trade, and ¥2,595 million in income taxes paid.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥1,006 million. This is primarily attributable to purchases of property and equipment totaling ¥465 million and purchases of intangible fixed assets totaling ¥285 million.

Cash flows from financing activities

Net cash used in financing activities totaled ¥956 million. This is mainly a result of a ¥213 million decline in short-term borrowings, the repayment of ¥120 million in long-term borrowings, and the payment of ¥623 million in cash dividends.

3. Forecast earnings for the year ending March 31, 2006 (April 1, 2005 to March 31, 2006)

	Net sales	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
Interim	38,500	5,200	2,700
Full year	94,900	14,700	7,700

Reference: Projected net income per share for the year ending March 31, 2006: ¥21,887.61

Qualitative data relating to forecast earnings

Forecast earnings for the year ending March 31, 2006 have been as projected for the most part through the first quarter. As such, for the time being there are no changes to the forecast earnings announced in “Summary of Financial Statements (Consolidated) - Year Ended March 31, 2005” and “Summary of Financial Statements (Non-Consolidated) - Year Ended March 31, 2005.”

Appendix

Summary Consolidated Balance Sheets

(Thousands of yen, %)

Item	Period		First quarter of fiscal year ending March 31, 2006		Reference: Fiscal year ended March 31, 2005	
	First quarter of fiscal year ended March 31, 2005		First quarter of fiscal year ending March 31, 2006		Fiscal year ended March 31, 2005	
	(As of June 30, 2004)		(As of June 30, 2005)		(As of March 31, 2005)	
	Amount	% total	Amount	% total	Amount	% total
Assets						
I. Current assets						
1. Cash and cash equivalents	18,717,182		9,396,682		13,326,256	
2. Notes and accounts receivable – trade	10,073,327		16,397,138		37,667,536	
3. Marketable securities	-		5,000		5,000	
4. Inventories	366,057		453,716		480,171	
5. Merchandising right advances	2,126,089		3,496,795		3,312,754	
6. Other current assets	2,381,943		2,181,444		2,296,128	
7. Allowance for doubtful accounts	(86,953)		(87,111)		(87,140)	
Total current assets	33,577,647	78.0	31,843,665	66.4	57,000,705	78.5
II. Fixed assets						
1. Tangible fixed assets	3,936,890	9.2	4,927,657	10.3	4,857,578	6.7
2. Intangible fixed assets	393,095	0.9	1,838,463	3.8	1,706,367	2.4
3. Investments and other assets						
1) Investment securities	2,611,803		5,866,238		5,545,899	
2) Others	2,600,765		3,669,575		3,653,004	
3) Allowance for doubtful accounts	(92,265)		(178,328)		(179,008)	
Total investments and other assets	5,120,303	11.9	9,357,485	19.5	9,019,895	12.4
Total fixed assets	9,450,289	22.0	16,123,605	33.6	15,583,841	21.5
Total deferred assets	-	-	340	0.0	-	-
Total assets	43,027,936	100.0	47,967,611	100.0	72,584,547	100.0

(Thousands of yen, %)

Item	Period		First quarter of fiscal year		Reference:	
	First quarter of fiscal year ended March 31, 2005		First quarter of fiscal year ending March 31, 2006		Fiscal year ended March 31, 2005	
	(As of June 30, 2004)		(As of June 30, 2005)		(As of March 31, 2005)	
	Amount	% total	Amount	% total	Amount	% total
Liabilities						
I. Current liabilities						
1. Accounts payable – trade	5,614,173		4,052,219		27,479,525	
2. Short-term borrowings	3,000,000		437,000		656,600	
3. Current portion of long-term debt	-		265,268		341,768	
4. Accrued bonuses	32,100		35,300		20,000	
5. Other current liabilities	3,204,702		3,225,390		4,812,214	
Total current liabilities	11,850,975	27.6	8,015,177	16.7	33,310,107	45.9
II. Long-term liabilities						
1. Corporate bonds	-		500,000		500,000	
2. Long-term borrowings	-		537,998		593,165	
3. Retirement benefit provisions	126,924		148,045		139,140	
4. Reserve for retirement benefits for directors and statutory auditors	699,800		561,740		568,700	
5. Other long-term liabilities	2,279,804		2,446,645		2,384,503	
Total long-term liabilities	3,106,528	7.2	4,194,428	8.7	4,185,508	5.8
Total liabilities	14,957,504	34.8	12,209,606	25.4	37,495,616	51.7
Minority interest						
Minority interest in consolidated subsidiaries	17,976	0.0	1,663,193	3.5	1,662,657	2.3
Shareholders' equity						
I. Common stock						
I. Common stock	7,948,036	18.5	7,948,036	16.6	7,948,036	10.9
II. Capital surplus						
II. Capital surplus	7,994,953	18.6	7,995,458	16.7	7,994,953	11.0
III. Retained earnings						
III. Retained earnings	12,017,495	27.9	17,799,007	37.1	17,133,487	23.6
IV. Unrealized holding gain on available-for-sale securities						
IV. Unrealized holding gain on available-for-sale securities	91,969	0.2	349,796	0.7	349,796	0.5
V. Foreign currency translation adjustments						
V. Foreign currency translation adjustments	-		2,513	0.0	-	
Total shareholders' equity	28,052,455	65.2	34,094,812	71.1	33,426,273	46.0
Total liabilities, minority interest, and shareholders' equity	43,027,936	100.0	47,967,611	100.0	72,584,547	100.0

Summary Consolidated Statements of Income

(Thousands of yen, %)

Item	Period		Reference:			
	First quarter of fiscal year ended March 31, 2005		First quarter of fiscal year ending March 31, 2006		Fiscal year ended March 31, 2005	
	(April 1 - June 30, 2004)		(April 1 - June 30, 2005)		(April 1, 2004 - March 31, 2005)	
	Amount	% sales	Amount	% sales	Amount	% sales
I. Net sales	17,004,122	100.0	24,418,808	100.0	81,658,011	100.0
II. Cost of sales	12,296,390	72.3	18,493,354	75.7	56,905,614	69.7
Gross profit	4,707,732	27.7	5,925,454	24.3	24,752,397	30.3
III. Selling, general and administrative expenses	2,887,649	17.0	3,667,544	15.0	12,655,173	15.5
Operating income	1,820,083	10.7	2,257,910	9.3	12,097,224	14.8
IV. Non-operating income	236,669	1.4	421,723	1.7	655,950	0.8
V. Non-operating costs	186,332	1.1	12,182	0.1	272,602	0.3
Ordinary income	1,870,419	11.0	2,667,452	10.9	12,480,571	15.3
VI. Extraordinary income	162,685	1.0	143,813	0.6	346,893	0.4
VII. Extraordinary loss	-	-	67,314	0.3	266,618	0.3
Income before income taxes and minority interest	2,033,105	12.0	2,743,950	11.2	12,560,847	15.4
Current income taxes	925,238	5.4	1,280,105	5.2	5,621,553	6.9
Minority interest income (loss)	-	-	(674)	0.0	12,502	0.0
Net income	1,107,867		1,464,520	6.0	6,926,791	8.5

Summary Consolidated Statements of Cash Flows

(Thousands of yen)

Item	Period	First quarter of fiscal year ended March 31, 2005	First quarter of fiscal year ending March 31, 2006	Reference: Fiscal year ended March 31, 2005
		(April 1 - June 30, 2004)	(April 1 - June 30, 2005)	(April 1, 2004 - March 31, 2005)
		Amount	Amount	Amount
I. Cash flows from operating activities				
1. Income before income taxes and minority interest		2,033,105	2,743,950	12,560,847
2. Depreciation and amortization		103,865	261,055	568,604
3. Amortization of excess of net assets acquired over cost		(370)	38,774	(1,481)
4. Increase (decrease) in allowance for doubtful accounts		-	(680)	2,729
5. Increase (decrease) in accrued bonuses		13,500	15,300	1,400
6. Increase (decrease) in retirement benefit provisions		6,109	8,905	9,110
7. Increase (decrease) in reserve for retirement benefits for directors and statutory auditors		-	(6,960)	(131,100)
8. Interest and dividend income		(7,614)	(16,620)	(17,157)
9. Discounts on purchases		-	(189,495)	(159,760)
10. Equity in earnings of affiliates		(119,818)	(201,095)	(421,667)
11. Interest expense		7,351	5,577	14,783
12. Stock issuance expense		-	803	91,906
13. Gain on sale of property and equipment		-	(124,941)	(4,726)
14. Valuation loss on equity investment		-	10,495	-
15. Loss on sale of affiliate		-	(18,871)	-
16. Decrease (increase) in notes and accounts receivable - trade		8,812,497	21,149,888	(18,363,214)
17. Decrease (increase) in inventories		(92,665)	26,664	(54,621)
18. Decrease (increase) in prepaid expenses		4,823	6,277	34,850
19. Decrease (increase) in advance payments		6,102	79,429	(74,885)
20. Decrease (increase) in notes held		(67,524)	45,230	122,482
21. Decrease (increase) in non-operating notes receivable		(324,879)	481,815	(415,283)
22. Decrease (increase) in merchandising right advances		(406,013)	(184,041)	(1,592,677)
23. Increase (decrease) in notes and accounts payable		(6,031,405)	(23,237,416)	15,920,750
24. Increase (decrease) in unpaid consumption tax		(287,489)	50,777	(269,189)
25. Increase (decrease) in deposits received		621,555	(226,733)	3,529
26. Increase (decrease) in deposits held		1,065,585	62,141	1,216,687
27. Payments of bonuses to directors and statutory auditors		(85,000)	-	(85,000)
28. Others		102,528	(207,140)	813,081
Total		5,354,243	573,091	9,769,999
29. Interest and dividends received		28,614	51,512	39,248
30. Interest paid		(6,409)	(6,131)	(14,103)
31. Income taxes paid		(4,048,028)	(2,595,953)	(6,829,288)
Net cash provided by (used in) operating activities		1,328,420	(1,977,481)	2,965,857

(Thousands of yen)

Item	Period	First quarter of fiscal year ended March 31, 2005	First quarter of fiscal year ending March 31, 2006	Reference: Fiscal year ended March 31, 2005
		(April 1 - June 30, 2004)	(April 1 - June 30, 2005)	(April 1, 2004 - March 31, 2005)
		Amount	Amount	Amount
II. Cash flows from investing activities				
1. Purchases of property and equipment		(879,535)	(465,720)	(2,245,700)
2. Purchases of intangible fixed assets		(28,868)	(285,930)	(629,298)
3. Purchases of investment securities		(10,713)	(150,000)	(3,182,935)
4. Expenditure for loans		-	(11,450)	(24,000)
5. Proceeds from repayment of loans		45,717	5,966	83,158
6. Refund of deposits and guarantees		13,725	22,571	103,463
7. Payment of deposits and guarantees		(86,263)	(105,672)	(466,414)
8. Payment for long-term prepaid expenses		(2,687)	(36,802)	(33,727)
9. Other		238,655	20,879	1,138,300
Net cash provided by (used in) investing activities		(709,969)	(1,006,158)	(5,257,154)
III. Cash flows from financing activities				
1. Increase (decrease) in short-term borrowings		-	(213,200)	(2,570,000)
2. Repayment of long-term borrowings		-	(120,167)	(27,000)
3. Cash dividends paid		(646,000)	(623,839)	(1,335,027)
4. Proceeds from issuance of new stock		13,305,060	206	13,100,659
5. Other		-	-	1,009,250
Net cash provided by (used in) financing activities		12,659,060	(956,999)	10,177,881
IV. Effect of exchange rate changes on cash and cash equivalents				
		1,912	9,672	1,913
V. Increase (decrease) in cash and cash equivalents				
		13,279,423	(3,930,967)	7,888,497
VI. Cash and cash equivalents at beginning of period				
		5,437,758	13,326,256	5,437,758
VII. Increase (decrease) in cash and cash equivalents due to change in scope of consolidation				
		-	1,394	-
VIII. Cash and cash equivalents at end of period				
		18,717,182	9,396,682	13,326,256