Summary

(Translation)

Fields Corporation
Summary of Interim Financial Statements (Consolidated)
Year Ending March 31, 2006

November 11, 2005

Company Name:	Fields Corporation
	(URL: http://www.fields.biz)
Listed on:	JASDAQ (Stock code: 2767)
Head Office:	Tokyo
Representative Director:	Hidetoshi Yamamoto
	President, Representative Director and CEO
Inquiries:	Hiroyuki Yamanaka
	General Manager, Administration Division for Board of Directors
	Tel: (03) 5784-2111
Date Approved by Board of Directors:	November 11, 2005
U.S. Accounting Standards Applied (Yes/No):	No

1. Business results for the first half ended September 30, 2005 (April 1 to September 30, 2005)

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

	Net sales		Operating income		Ordinary income	
	Millions of yen	(% change)	Millions of yen	(% change)	Millions of yen	(% change)
First half ended September 30, 2005	35,746	(15.4)	1,462	(-53.9)	1,806	(-44.9)
First half ended September 30, 2004	30,975	(-15.3)	3,171	(-48.1)	3,280	(-48.8)
Year ended March 31, 2005	81,658		12,097		12,480	

	Net income		Net income per share	Diluted net income per share
	Millions of yen	(% change)	Yen	Yen
First half ended September 30, 2005	961	(-51.3)	2,769.62	—
First half ended September 30, 2004	1,972	(-44.0)	5,817.81	—
Year ended March 31, 2005	6,926		19,888.61	—

Notes: 1.Equity in earnings of affiliates

First half ended September 30, 2005: ¥121 million

First half ended September 30, 2004: ¥218 million

Year ended March 31, 2005: ¥421 million

2. Average number of shares outstanding (consolidated)

First half ended September 30, 2005: 347,000

First half ended September 30, 2004: 339,000

Year ended March 31, 2005: 343,000

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

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

(2) Financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
First half ended September 30, 2005	50,541	33,892	67.0	97,673.70
First half ended September 30, 2004	46,956	29,019	61.8	83,630.99
Year ended March 31, 2005	72,584	33,426	46.0	96,026.73

Note: Number of shares outstanding at period-end (consolidated)
First half ended September 30, 2005: 347,000
First half ended September 30, 2004: 347,000
Year ended March 31, 2005: 347,000

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at period-end
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
First half ended September 30, 2005	5,607	(1,784)	(1,017)	16,162
First half ended September 30, 2004	2,122	(3,056)	10,256	14,761
Year ended March 31, 2005	2,965	(5,257)	10,177	13,326

(4) Scope of consolidation and application of equity method
Number of consolidated subsidiaries: 10
Non-consolidated subsidiaries accounted for under equity method: —
Affiliates accounted for under equity method: 3

(5) Changes in scope of consolidation and application of equity method
Newly consolidated companies: 2
Excluded companies: 1
Newly added equity method companies: —
Excluded equity method companies: —

2. 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
Full year	91,753	11,127	5,793

Reference: Projected net income per share for the year ending March 31, 2006: ¥16,391.93

1. Outline of the Fields Group

The Fields Group (parent company and associated companies) comprises Fields Corporation ("the Company"), 12 subsidiaries, and 5 affiliated companies.

The Group's principal business activities are the sale of pachinko/pachislot machines and the development of pachinko/pachislot machine content based on marketing data gathered throughout Japan.

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

The pachinko/pachislot machine sales business accounts for more than 90% of total sales and operating income in all segments. Therefore, the Company is not required to disclose segment information for each category of business activity, as provided in Article 14, Paragraph 1, of the Regulations on Interim Consolidated Financial Statements.

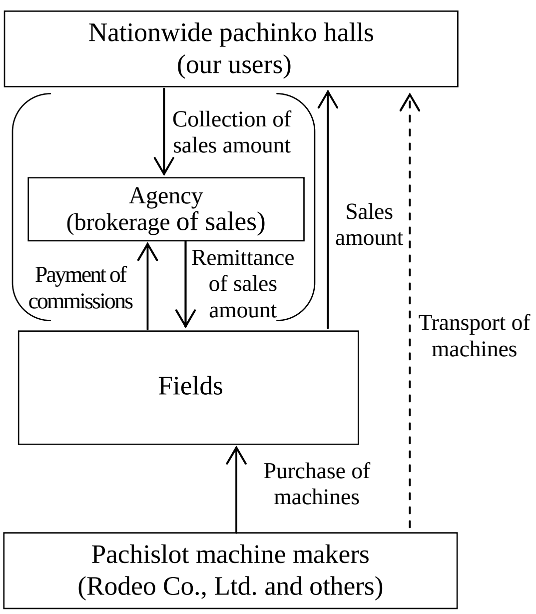
The business areas of each company in the Fields Group are summarized below.

Business category	Description of principal business	Company name
Pachinko/pachislot machine sales business	Sales and maintenance Purchasing of pachinko/pachislot machines	Fields Jr. Corporation Rodeo Co., Ltd.
Others	Planning, development of pachinko/pachislot machine software	Digital Lord Corporation
	Copyright licensing (Merchandising rights) Acquisition of content	Professional Management Co., Ltd. APE Inc.
		Total Workout Corporation White Trash Charms Japan Co., Ltd. Database Co., Ltd. J. Sakazaki Marketing Ltd. D3 Publisher Inc. Entertainment Software Publishing Inc. D3 Publisher of America, Inc.* D3DB S.r.l.* 3D-AGES Inc. Dynasty Sports Marketing Ltd. G & E Corporation Kadokawa Haruki Corporation

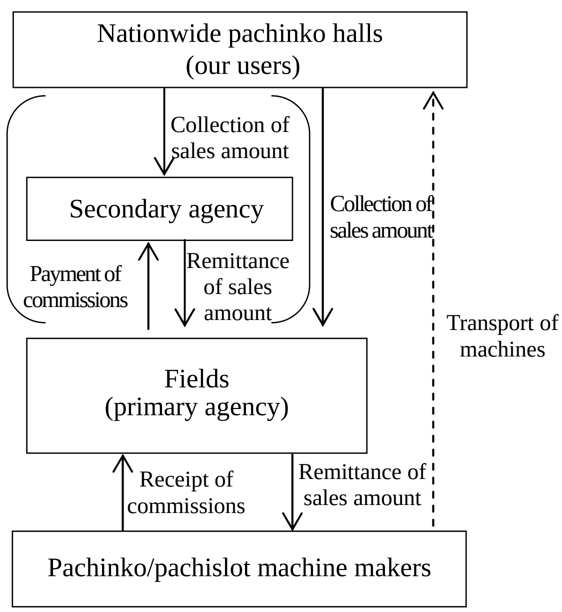
* Located overseas

Business Organization Chart

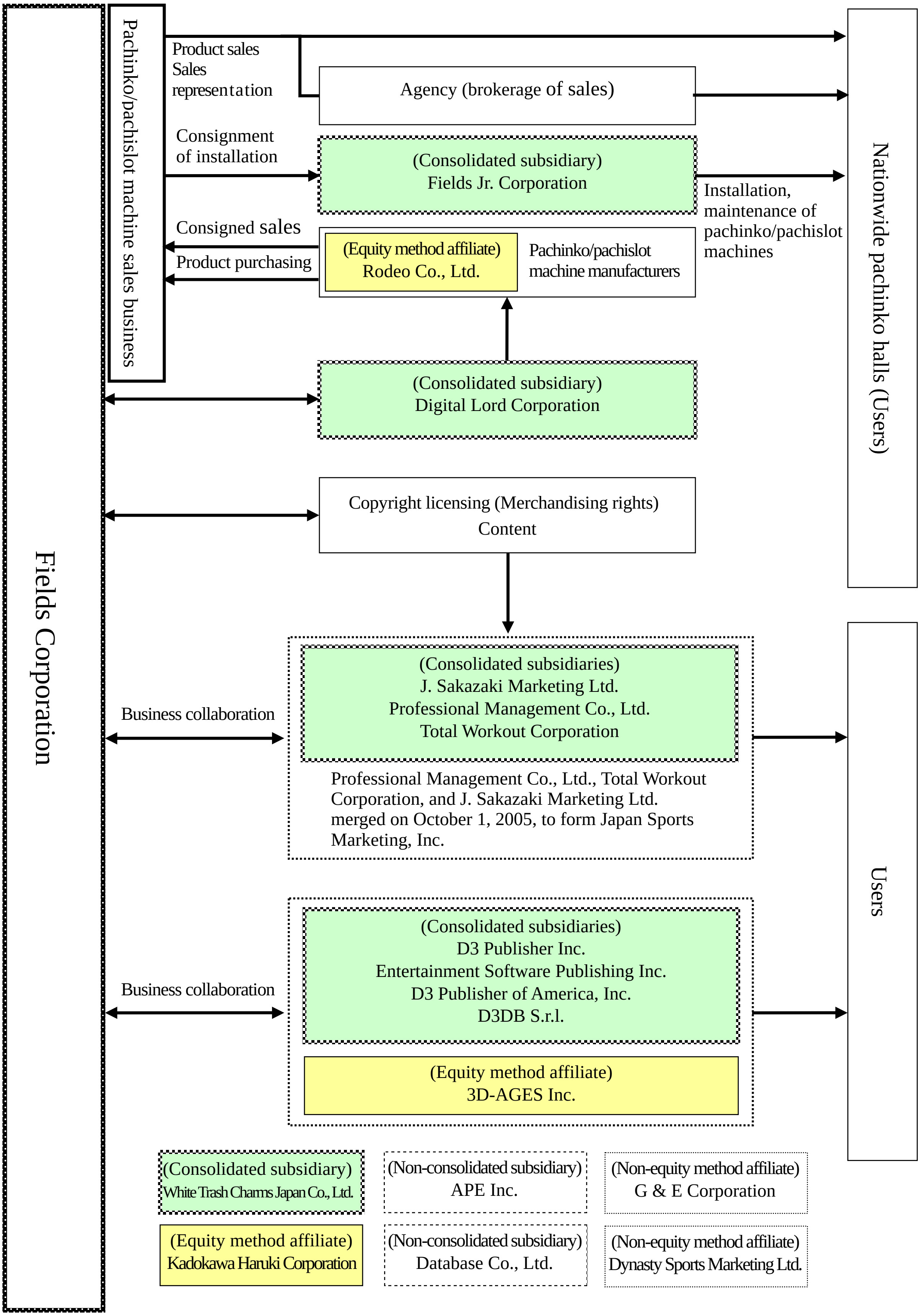
Distribution model



Agency model



Overview of Group Businesses



2. Operating Policies

1. Fundamental corporate management policy

The Company's management philosophy is to provide "the greatest leisure for all people," based on which it has been expanding its business domain in a variety of entertainment fields, taking the pachinko and pachislot field as its starting point. Through the comprehensive strengths of its group companies it creates primary content and acquires copyrights for secondary use, providing content derived from planning and development activities in line with detailed project design based on strategic marketing.

The twin pillars of the Company's "shareholders first" operating policy are the enhancement of corporate value and the return of profits to shareholders. To do this, we seek to make optimal use of our management resources.

2. Fundamental corporate policy for distributing profits

The Company regards the enhancement of shareholder value as one of its principal management tasks, and its fundamental policy is therefore to pay dividends at an appropriate level that corresponds with profits.

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

Reflecting this, Fields will pay an interim cash dividend of ¥2,000 per share to shareholders of record on September 30, 2005.

3. Challenges for the future

The Fields Group is developing its business operations backed by core competence in the form of its extensive planning and production capabilities in the entertainment field. At present our spheres of operation are growing rapidly wider in such areas as pachinko, pachislot and other game software, publishing, and sports.

In the pachinko/pachislot industry the size of the market remains at a high level, but on the downside the increasing variety of consumer values is causing demand for entertainment to diversify, with the result that the growth in the number of fans of pachinko and pachislot gaming is leveling off. However, new regulations that came into force in July 2004, namely the enforcement regulations for the Law on Control and Improvement of Amusement and Entertainment Business and the regulations on the approval and type test of pachinko/pachislot machines (collectively "the new regulations"), are directed at ensuring that the speculative aspect of machines is at an appropriate level while ensuring excellent gameability. Since companies in the pachinko/pachislot field have, through a process of trial and error, been endeavoring to make products that reflect a diversity of needs, they have finally been showing signs of winning new pachinko/pachislot fans.

In the sphere of pachinko machines the spirit of respecting the freedom to develop new machines that is enshrined in the new regulations has led to the broadening of the variety of machine types, including hybrid types with multiple functions that transcend the boundaries between conventional machine models such as *Sevenki*, *Hanemono*, and *Kenrimono*. This is producing a lineup that meets the wide-ranging needs of both current and prospective pachinko fans.

With regard to pachislot machines, after a period of more than a year since the regulations were revised, at last a structure has been put in place for placing machines that conform with the new regulations on the market. Our first machine that conforms with the new regulations, the *Neon Genesis Evangelion*, which was placed on the market ahead of our competitors, has been receiving an excellent reception for providing much more enjoyable pachislot gaming than conventional machines. With regard to our machines conforming with the new regulations, we intend to ensure that our entertainment pachislot machines use famous characters to ensure enhanced gameability, and thereby help to increase the pachislot user base by such means as winning new fans. In addition, having addressed the smooth introduction of machines that conform with the new regulations, something that has now become an urgent issue for us is the handling of machines whose certification lapsed prior to July 1, 2004, but were permitted to be installed as a transitional measure and are to be removed by June 2006 at the latest, and machines whose certification lapses after July 1, 2004, and in principle have to be removed promptly.

At present, pachislot machines occupy a very important place in hall management. It is becoming clear that in the future there will be no alternative but to switch to a management policy oriented towards customer numbers and operations, but a rapid change of direction would present huge difficulties for halls. In consequence, the new regulations permit, as a transitional measure, the installation and use of machines conforming with the old regulations within the period of validity of their certification, up to the end of June 2007. However, to prepare for the time at which the certification of a large number of machines lapses, we are implementing measures to assist hall management during the transitional period. For these we intend to set aside machines that conform with the old regulations, as we believe that those machines will make a major contribution to business performance in the future.

As described above, with regard to both pachinko machines and pachislot machines we intend to use our planning and production capabilities and our extensive content assets to provide products capable of expanding the fan base still further.

In the sections below we set out principal aspects of our business operations.

(1) Pachinko/pachislot machine sales business

As a result of the Law on Control and Improvement of Amusement and Entertainment Business and other regulations, product development in this industry is tending in a direction in which the fundamental character of products is inevitably becoming more homogeneous.

An industry-wide trend is that growth in the number of fans is faltering, principally because of factors such as this greater uniformity of machine configuration and the increase in the amounts of money they consume, and this is reflected in an increase in competition between pachinko halls to attract customers. Fields has long considered that the value of its provision of goods lies both in providing products that help its client halls to attract customers, and in planning proposals that enhance their ability to attract more customers. To that end, Fields provides thorough and repeated training to all its marketing personnel, in order to develop human resources with the practical skills to provide client halls with planning proposals to attract customers. Our core service will remain the provision of products with superior customer pulling power and of planning proposals that augment that power still further, so as to boost the prosperity of client halls.

(2) Other businesses

In the field of the development of pachinko/pachislot machines we have proceeded full-scale with the alliances with the Sammy Group and the SANKYO Group, and have taken steps to increase our product planning and development staff to position ourselves for new alliances, such as with Olympia Co., Ltd.

We will continue to pursue the realization of the new regulations' aim of ensuring that the speculative aspect of machines is at an appropriate level while ensuring excellent gameability. To that end we will step up our efforts to secure more rich content and enhance our planning and development capabilities, devoting our energies to the development of strategic products that will enable us to command a definite advantage in a market governed by the new regulations.

Neon Genesis Evangelion pachinko machine simulator software, launched in October this year after being developed by D3 Publisher Inc., which became our consolidated subsidiary in March this year, as a collaborative creation with the Fields machine of that name, defied accepted wisdom in the industry by becoming a hit product and continuing to perform well. With a view to ongoing development not only in Japan but also worldwide, D3 Publisher will produce products that generate synergies with group companies, acting as a key pillar of the diversification of Group's content business.

On October 1 this year three of our consolidated subsidiaries, namely J. Sakazaki Marketing Ltd., Professional Management Co., Ltd. and Total Workout Corporation merged to start afresh as Japan Sports Marketing, Inc. (JSM).

Guided by "partnership" as its base concept, Fields intends to develop its activities in a way that transcends the differences between sports categories and the barriers that divide entertainment fields. On this basis we will endeavor to enhance the innate features of sports in such spheres as events, management, consulting, content (sportsmen and women and copyrights), merchandising and sponsorship, and firmly establish our sports and entertainment business through alliances with leading companies in each field.

4. Corporate governance

(1) Basic position on corporate governance

With the aim of enhancing corporate value continually and achieving its mission of providing “the greatest leisure for all people," the Company gives the highest priority among management issues to the development of its organizational structure and mechanisms and the implementation of the necessary measures. With regard to enhancing management efficiency, we consider the Board of Directors as representing the interests of all our shareholders, and in line with that view we engage in exhaustive risk management and have introduced a system of executive officers to make possible appropriate and rapid decision-making by the Board of Directors and execution of business.

Ongoing study is being given to the merits and demerits of adopting the "committee system" under the revised Commercial Code. For the time being we will continue to undertake reforms to our management structure and systems within the existing framework of governance by directors and statutory auditors.

(2) Corporate governance measures adopted

The Company's Board of Directors comprises seven directors, including one outside director, so as to ensure that management decisions can be made rapidly. Board meetings are held once a month, and extraordinary board meetings are held as required, at both of which the directors address important matters tabled for their consideration, discuss progress in performance, and consider measures to adopt. In addition, the introduction of the system of executive officers makes it possible to combine decision-making by the Board of Directors and execution of business that are both appropriate and swift.

The Board of Statutory Auditors is composed of three outside auditors and therefore conducts its auditing from an independent perspective. The statutory auditors all attend meetings of the Board of Directors and also participate actively in other internal meetings, creating a structure that enables them to oversee the directors' execution of their duties. With regard to internal auditing, internal audits are conducted by corporate auditors whenever required, at which time information is exchanged between the statutory auditors and corporate auditors.

The Company has an audit agreement with BDO Sanyu & Co. which serves as its independent auditor. The firm conducts audits at various times, not only for interim and year-end accounts, and by providing it with all necessary information, the Company is subjected to fair auditing from an independent standpoint.

(3) Outline of relationships of beneficial interest between the Company and outside directors and outside statutory auditors

There are no relationships of beneficial interest between the Company and its one outside director or its three outside statutory auditors.

3. Operating Results and Financial Position

1. Operating results

During the first half the Japanese economy remained in its modest recovery phase. Factors such as the rises in prices of crude-oil and other primary products, the damage caused in the southern United States by repeated devastation by hurricanes, and global unease about terrorism gave rise to a certain degree of uncertainty about the economic outlook, but other factors, such as the overwhelming victory by the ruling party in the autumn general election, indicated the deep-rooted yearning for stability among all sectors of the population. As a result, various statistical data point in the direction of an economic recovery.

In our mainstay business of selling pachinko/pachislot machines, in the field of pachinko machines we had planned to launch six models, but in the event only three models were put on sale. Among the three that were not launched, in one case the reason was that the machine underwent some remodeling to enhance its merchantability, and in another case we were monitoring factors such as the market environment in order to wait for the optimum timing for introducing it. In the third case we had planned to launch *CR Marilyn Monroe* at the end of the first half, but as a result of delays in its development and slowness in completing compliance with the requirements of the Security Electronics and Communications Technology Association it proved difficult to enable this model to contribute to business results in the first half.

With regard to pachislot machines, strong sales of *Onimusha 3* continued from the previous year. In addition *Neon Genesis Evangelion*, the first machine in the industry to conform with the new regulations, has been winning massive support from fans and establishing a new genre of highly enjoyable machines, and is also creating a bright outlook for pachislot machines that conform with the new regulations, which had previously been shrouded in considerable uncertainty. In regard to our current stock of machines conforming with the old regulations we concluded that market conditions were not yet ripe for maximizing profit on their sale, so postponed the start of placing them on the market until the second half, with the result that we did not meet our initial results forecast.

(1) Pachinko machine sales performance

The number of pachinko machines sold during the first half totaled 74,344, equivalent to 81.55% of the number in the previous first half. The principal factor behind this was that, as stated above, only three of the six models scheduled for launch were actually brought to the market, owing to factors such as the delay in passing the Security Electronics and Communications Technology Association's type approval tests.

(2) Pachislot machine sales performance

The number of pachislot machines sold during the half was 85,043, up by 9.66% from the previous first half. The principal causes of this growth were the robust sales of *Onimusha 3* that continued from the previous year, and the substantial support in the market for *Neon Genesis Evangelion*, which is the first machine in the industry to conform with the new regulations and was initially the target of considerable pessimism as to its prospects.

(3) Copyright acquisition (Merchandising rights)

In the field of copyright licensing the Company acquired 18 copyrights in diverse areas, including movies, games, and entertainer-related goods, during the half.

As a result, net sales rose by 15.4% year-on-year to ¥35,746,482 thousand, operating income declined by 53.9% to ¥1,462,760 thousand, ordinary income was down by 44.9% to ¥1,806,314 thousand, and net income fell by 51.3% to ¥961,059 thousand.

There were a number of reasons why operating income declined in spite of sales growth. Among these, the principal reasons were that (1) a large proportion of sales was accounted for by machines sold under the distribution model where the full sales amount for the machines sold is reported (machines sold under this model exceeded the number of machines sold through the agency model where only the sales commissions paid by manufacturers is reported), (2) SG&A expenses were impacted by the fact that D3 Publisher Inc. became a consolidated subsidiary during the half, and (3) advertising and personnel expenses rose.

The Company remains committed to enhancing business performance in order to increase corporate value and optimize returns to shareholders.

2. Financial position

Cash flows

Cash and cash equivalents at the end of the first half stood at ¥16,162,238 thousand, representing an increase of ¥2,835,982 thousand from the end of the previous fiscal year, with income before income taxes and minority interests of ¥1,759,760 thousand (down 48.8% year-on-year). Factors contributing this result were a decline in notes and accounts receivable-trade, a decline in notes and accounts payable-trade and increased expenditure for such purposes as the relocation of branch offices.

Cash flows from operating activities

Net cash provided by operating activities totaled ¥5,607,705 thousand. The principal components of this were a decline of ¥27,604,072 thousand in notes and accounts receivable-trade and of ¥21,420,222 thousand in notes and accounts payable–trade, and income taxes paid of ¥2,646,945 thousand.

Cash flows from investing activities

Net cash used in investing activities totaled ¥1,784,685 thousand. The principal factors in this were purchases of property and equipment totaling ¥628,455 thousand, particularly purchases of property arising as a result of transfers of branches, and the acquisition of shares of a subsidiary totaling ¥662,560 thousand.

Cash flows from financing activities

Net cash used in financing activities amounted to ¥1,017,691 thousand. This was attributable primarily to repayments of short-term borrowings totaling ¥220,200 thousand, repayments of long-term borrowings of ¥201,934 thousand, and dividend payments totaling ¥693,363 thousand.

	First half ended September 30, 2003	Fiscal year ended March 31, 2004	First half ended September 30, 2004	Fiscal year ended March 31, 2005	First half ended September 30, 2005
Equity ratio	53.8%	39.1%	61.8%	46.0%	67.0%
Equity ratio at market value	764.4%	491.7%	292.6%	250.5%	204.6%
Debt redemption years	—	3.5 years	0.4 years	0.7 years	0.3 years
Interest coverage ratio	—	271.0 times	266.3 times	210.3 times	446.1 times

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

3. Forecast for the full year

The Company's business strategy is to use an abundance of content assets to create a diversified earnings model based on core competence in the form of extensive planning and production capabilities in the entertainment field. This business strategy has been unfolding surely and steadily during the current fiscal year, evidenced by increasingly tangible signs of synergies arising from collaboration between group companies such as D3 Publisher Inc. By such means as the full-scale launch into sports and entertainment business by Japan Sports Marketing, Inc. (JSM) and the entry into the publishing business through the alliance with Kadokawa Haruki Corporation, we will continue to develop a structure for the creation and holding of high-quality content.

In the pachinko/pachislot machine sales business we have been putting in place our goals with regard to providing a satisfactory supply of both pachinko and pachislot machines that comply with the new regulations. In the future, competition will unfold within the framework of a new market in which machines conform with the new regulations, and in which the aim is to realize the combination of an appropriate speculative level in the machines with excellent gameability.

In the field of pachinko machines, Fields brought about the spread and firm establishment of the "rolling jackpot chance" function – a new machine capability that gives players a sudden improvement in odds and that was the first of its kind in the industry – through the launch of *CR Neon Genesis Evangelion* in December last year. In the field of pachislot machines, meanwhile, we have ushered in a new era of machines that conform with the new regulations with our introduction of *Neon Genesis Evangelion*, which uses the same characters as its pachinko counterpart. This great advantage in the realms of both planning and development has been built up on the foundation of our marketing capabilities, which include thorough knowledge of the Japanese market nationwide and the ability to discern market needs without adherence to any single brand. Fields will remain committed to making use of advantages such as these to provide epoch-making products that lead the market.

The Company's business development plans and results projections for the full year for each business category are set out below.

(1) Pachinko/pachislot machine sales

In the field of pachinko machines there were robust sales of the *CR Marilyn Monroe*, which features the world-renowned star Marilyn Monroe on a large-scale LCD screen. This model has continued to enjoy an excellent reputation since its market launch. In addition, preparations are under way for the scheduled launch into the year-end sales wars of *CR Ashita Ga Arusa*, with content featuring the appearance of the Yoshimoto All Stars, who are very familiar nationwide in Japan, under a comprehensive tie-up with Yoshimoto Kogyo Co., Ltd. The Company will continue to assemble lineups that include major copyright licensing of this kind. We are also preparing other competitive products such as the models whose launches were postponed from the first half because of improvements being made to their specifications; seven models are being primed for introduction in the second half.

In the field of pachislot machines there was a degree of sluggishness in the pace at which machines compliant with the new regulations were passing the type approval tests, but *Dokonjo Gaeru* did pass following *Neon Genesis Evangelion*. Currently there are numerous applications pending for Security Electronics and Communications Technology Association type approval tests for new models featuring characters enhanced by rich content, and we project that sales of machines compliant with the new regulations will get well on track. Six new models are in preparation for sale in the second half, when we will be devoting our energies to boosting business performance.

With regard to machines compliant with the old regulations that have been set aside, Fields considers them to be the property of the industry as a whole for maintaining the increase in its vibrancy. Accordingly, we intend to monitor market trends carefully and introduce them at the best possible time.

(2) Other business activities

In October this year D3 Publisher Inc. launched its *Neon Genesis Evangelion* pachinko machine simulator software (for use with PlayStation 2). In a simulator software market in which even half the number of sales of actual machines is considered a great success, this product has defied industry conventional wisdom by having recorded more sales than the number of machine sales (approx. 120,000 units in this case). With this as a bridgehead, Fields will launch vigorously into the market for pachinko and pachislot machine simulator software on a collaborative basis in conjunction with its copyrights.

In addition, the Company's subsidiary D3Publisher of America, Inc. has concluded a license agreement for *Hi Hi Puffy AmiYumi*™, a major hit cartoon program on Cartoon Network, a major dedicated U.S. cartoon channel. Sales will start in the U.S. in November this year, and subsequently in the Japanese and European markets.

As a result of these vigorous efforts to develop business we are projecting the following consolidated results for the fiscal year ending March 31, 2006: net sales of ¥91,753 million, up by 12.4% year-on-year, ordinary income of ¥11,127 million, down by 10.8%, and net income of ¥5,793 million, down by 16.4%.

4. Interim Consolidated Financial Statements and Other Data

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen, %)

Item / Period		First half ended September 30, 2004 (As of September 30, 2004)		First half ended September 30, 2005 (As of September 30, 2005)		Fiscal year ended March 31, 2005 (summary) (As of March 31, 2005)	
		Amount	% total	Amount	% total	Amount	% total
Assets							
I Current assets							
1. Cash and cash equivalents		14,761,976		16,162,238		13,326,256	
2. Notes and accounts receivable–trade	*3	14,492,133		10,002,542		37,667,536	
3. Marketable securities		5,000		—		5,000	
4. Inventories		376,094		361,469		480,171	
5. Merchandising right advances		2,944,054		3,605,657		—	
6. Other current assets		2,899,075		2,916,381		5,608,882	
Allowance for doubtful accounts		(43,821)		(51,180)		(87,140)	
Total current assets		35,434,514	75.5	32,997,109	65.3	57,000,705	78.5
II Fixed assets							
1. Tangible fixed assets	*1	4,678,929	10.0	4,838,439	9.6	4,857,578	6.7
2. Intangible fixed assets		543,148	1.1	3,025,352	6.0	1,706,367	2.4
3. Investments and other assets							
(1) Investment securities		3,982,153		6,343,055		5,545,899	
(2) Others		2,410,288		3,661,749		3,653,004	
Allowance for doubtful accounts		(92,955)		(324,215)		(179,008)	
Total investments and other assets		6,299,486	13.4	9,680,590	19.1	9,019,895	12.4
Total fixed assets		11,521,564	24.5	17,544,382	34.7	15,583,841	21.5
Total assets		46,956,078	100.0	50,541,491	100.0	72,584,547	100.0

(Thousands of yen, %)

Item \ Period	First half ended September 30, 2004 (As of September 30, 2004)		First half ended September 30, 2005 (As of September 30, 2005)		Fiscal year ended March 31, 2005 (summary) (As of March 31, 2005)	
	Amount	% total	Amount	% total	Amount	% total
Liabilities						
I Current liabilities						
1. Accounts payable–trade	11,909,550		6,320,750		27,479,525	
2. Short-term borrowings	230,000		430,000		656,600	
3. Current portion of long-term debt	81,000		248,668		341,768	
4. Corporate bonds redeemable within 1 year	—		50,000		—	
5. Accrued bonuses	19,300		27,512		20,000	
6. Other current liabilities	2,261,857		3,556,938		4,812,214	
Total current liabilities	14,501,708	30.9	10,633,868	21.1	33,310,107	45.9
II Long-term liabilities						
1. Corporate bonds	—		550,000		500,000	
2. Long-term debt	439,000		474,331		593,165	
3. Retirement benefit provisions	120,569		182,464		139,140	
4. Reserve for retirement benefits for directors and statutory auditors	537,700		576,900		568,700	
5. Other long-term liabilities	2,321,001		2,430,631		2,384,503	
Total long-term liabilities	3,418,271	7.3	4,214,327	8.3	4,185,508	5.8
Total liabilities	17,919,980	38.2	14,848,196	29.4	37,495,616	51.7
Minority interests						
Minority interests in consolidated subsidiaries	16,144	0.0	1,800,520	3.6	1,662,657	2.3
Shareholders' equity						
I Common stock	7,948,036	16.9	7,948,036	15.7	7,948,036	10.9
II Capital surplus	7,994,953	17.0	7,994,953	15.8	7,994,953	11.0
III Retained earnings	12,872,932	27.4	17,295,534	34.2	17,133,487	23.6
IV Unrealized holding gain on available-for-sale securities	204,032	0.5	648,573	1.3	349,796	0.5
V Foreign currency translation adjustment	—		5,676	0.0	—	
Total shareholders' equity	29,019,954	61.8	33,892,774	67.0	33,426,273	46.0
Total liabilities, minority interests and shareholders' equity	46,956,078	100.0	50,541,491	100.0	72,584,547	100.0

(2) Consolidated Statements of Income

(Thousands of yen, %)

Item / Period	First half ended September 30, 2004 (April 1–September 30, 2004)			First half ended September 30, 2005 (April 1–September 30, 2005)			Fiscal year ended March 31, 2005 (summary) (April 1, 2004–March 31, 2005)		
	Amount		% sales	Amount		% sales	Amount		% sales
I Net sales		30,975,184	100.0		35,746,482	100.0		81,658,011	100.0
II Cost of sales		21,989,176	71.0		26,381,039	73.8		56,905,614	69.7
Gross profit		8,986,007	29.0		9,365,442	26.2		24,752,397	30.3
III Selling, general and administrative expenses *1		5,814,359	18.8		7,902,682	22.1		12,655,173	15.5
Operating income		3,171,648	10.2		1,462,760	4.1		12,097,224	14.8
IV Non-operating income									
1. Interest income	4,073			6,732			7,135		
2. Dividend income	6,364			13,762			10,021		
3. Discounts on purchases	83,168			194,168			159,760		
4. Equity in earnings of affiliates	218,969			121,139			421,667		
5. Others	32,932	345,508	1.1	36,357	372,159	1.1	57,365	655,950	0.8
V Non-operating expenses									
1. Interest expense	8,419			12,619			14,783		
2. Corporate bond issuance expense	—			2,400			10,750		
3. Stock issuance expense	83,219			803			91,906		
4. Capital increase-related expense	112,494			—			112,494		
5. Others	32,346	236,480	0.7	12,782	28,605	0.1	42,667	272,602	0.3
Ordinary income		3,280,677	10.6		1,806,314	5.1		12,480,571	15.3
VI Extraordinary income									
1. Gain on sale of fixed assets	—			124,941			4,726		
2. Gain on liquidation of guarantees	2,600			—			2,600		
3. Gain on sale of investment securities	162,685			—			162,685		
4. Reversal of allowance for doubtful accounts	34,721			—			—		
5. Gain on investment in anonymous association	19,879			29,728			45,171		
6. Reversal of reserve for retirement benefits for directors and statutory auditors	162,100			—			131,100		
7. Others	—	381,987	1.2	0	154,669	0.4	610	346,893	0.4
VII Extraordinary losses									
1. Loss on disposal of fixed assets *2	59,068			104,588			89,416		
2. Impairment loss *3	—			56,819			—		
3. Valuation loss on investment securities	166,477			4,320			175,534		
4. Loss on sale of shares in affiliates	—			3,704			—		
5. Valuation loss on equity investment	—			22,613			—		
6. Provision to allowance for doubtful accounts	—			6,900			—		
7. Others	—	225,545	0.7	2,278	201,224	0.6	1,666	266,618	0.3
Income before income taxes and minority interests		3,437,118	11.1		1,759,760	4.9		12,560,847	15.4
Current income taxes	1,125,441			973,385			5,403,841		
Deferred income taxes	341,273	1,466,714	4.7	(112,245)	861,140	2.4	217,712	5,621,553	6.9
Minority interests		(1,832)	(0.0)		(62,439)	(0.2)		12,502	0.0
Net income		1,972,236	6.4		961,059	2.7		6,926,791	8.5

(3) Consolidated Statements of Shareholders Equity

(Thousands of yen)

Category \ Period	First half ended September 30, 2004 (April 1–September 30, 2004)		First half ended September 30, 2005 (April 1–September 30, 2005)		Fiscal year ended March 31, 2005 (summary) (April 1, 2004–March 31, 2005)	
Capital surplus						
I Capital surplus at beginning of period		1,342,429		7,994,953		1,342,429
II Increase in capital surplus						
1. Capital increase from issue of new stock	6,652,524	6,652,524	—	—	6,652,524	6,652,524
III Capital surplus at end of period		7,994,953		7,994,953		7,994,953
Retained earnings						
I Retained earnings at beginning of period		11,631,695		17,133,487		11,631,695
II Increase in retained earnings						
Net income	1,972,236	1,972,236	961,059	961,059	6,926,791	6,926,791
III Decrease in retained earnings						
1. Cash dividends paid	646,000		694,000		1,340,000	
2. Bonuses to directors and statutory auditors	85,000		105,000		85,000	
3. Decrease due to newly consolidated subsidiaries	—	731,000	12	799,012	—	1,425,000
IV Retained earnings at end of period		12,872,932		17,295,534		17,133,487

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

Item \ Period	First half ended September 30, 2004 (April 1–September 30, 2004)	First half ended September 30, 2005 (April 1–September 30, 2005)	Fiscal year ended March 31, 2005 (summary) (April 1, 2004–March 31, 2005)
	Amount	Amount	Amount
I Cash flows from operating activities			
1. Income before income taxes and minority interests	3,437,118	1,759,760	12,560,847
2. Depreciation and amortization	244,637	563,258	568,604
3. Amortization of excess of net assets acquired over cost	(740)	71,174	(1,481)
4. Increase (decrease) in allowance for doubtful accounts	(42,442)	16,253	2,729
5. Increase (decrease) in accrued bonuses	700	5,200	1,400
6. Increase (decrease) in retirement benefit provisions	(245)	16,716	9,110
7. Increase (decrease) in reserve for retirement benefits for directors and statutory auditors	(162,100)	8,200	(131,100)
8. Interest and dividend income	(10,350)	(20,494)	(17,157)
9. Discounts on purchases	—	(194,168)	(159,760)
10. Equity in earnings of affiliates	(218,969)	(121,139)	(421,667)
11. Interest expense	8,419	12,619	14,783
12. Stock issuance expense	61,397	803	91,906
13. Corporate bond issuance expense	—	2,400	10,750
14. Capital increase-related expense	92,815	—	112,494
15. Gain on sale of fixed assets	—	(124,941)	—
16. Gain on sale of investment securities	(162,685)	—	(162,685)
17. Gain on investment in anonymous association	(19,879)	(29,728)	(45,171)
18. Loss on disposal of fixed assets	59,068	104,588	89,416
19. Impairment loss	—	56,819	—
20. Valuation loss on investment securities	166,477	4,320	175,534
21. Loss on sale of investment securities	—	3,704	—
22. Valuation loss on equity investment	—	22,613	—
23. Decrease (increase) in notes and accounts receivable—trade	4,374,587	27,604,072	(18,363,214)
24. Decrease (increase) in inventories	(124,031)	121,536	(54,621)
25. Decrease (increase) in merchandising right advances	(1,223,978)	(292,902)	(1,592,677)
26. Decrease (increase) in prepaid expenses	—	(307,666)	34,850
27. Decrease (increase) in advance payments	(14,282)	181,848	(74,885)
28. Decrease (increase) in notes held	179,648	42,899	122,482
29. Decrease (increase) in non-operating notes receivable	(212,887)	648,189	(415,283)
30. Increase (decrease) in deposits as security for dealing	—	(96,993)	(10,000)
31. Increase (decrease) in notes and accounts payable—trade	(831,965)	(21,420,222)	15,920,750
32. Increase (decrease) in accrued consumption tax	(473,593)	(127,856)	(269,189)
33. Increase (decrease) in deposits received	(309,905)	(313,392)	3,529
34. Increase (decrease) in deposits held	1,127,033	52,021	1,216,687
35. Payments of bonuses to directors and statutory auditors	(85,000)	(105,000)	(85,000)
36. Others	183,147	68,182	638,018
Total	6,041,992	8,212,675	9,769,999
37. Interest and dividends received	30,487	54,545	39,248
38. Interest paid	(7,968)	(12,569)	(14,103)
39. Income taxes paid	(3,942,241)	(2,646,945)	(6,829,288)
Net cash provided by (used in) operating activities	2,122,270	5,607,705	2,965,857

(Thousands of yen)

Item \ Period	First half ended September 30, 2004 (April 1–September 30, 2004)	First half ended September 30, 2005 (April 1–September 30, 2005)	Fiscal year ended March 31, 2005 (summary) (April 1, 2004–March 31, 2005)
	Amount	Amount	Amount
II Cash flows from investing activities			
1. Sale of marketable securities	—	5,000	—
2. Purchases of property and equipment	(1,809,628)	(628,455)	(2,245,700)
3. Sale of property and equipment	—	361,069	38,761
4. Purchases of intangible fixed assets	(202,058)	(397,586)	(629,298)
5. Purchases of investment securities	(1,259,935)	(165,000)	(3,182,935)
6. Sale of investment securities	238,024	—	238,024
7. Expenditure for acquiring shares in affiliates	—	(300,000)	(10,000)
8. Proceeds (expenditure) on acquiring newly consolidated subsidiaries *2	—	(662,560)	896,150
9. Sale of shares of subsidiaries on change to scope of consolidation	—	8,914	—
10. Expenditure for loans	(24,000)	(209,450)	(24,000)
11. Proceeds from repayment of loans	69,218	19,761	83,158
12. Refund of deposits and guarantees	—	241,931	103,463
13. Payment of deposits and guarantees	—	(14,074)	(466,414)
14. Payment for long-term prepaid expenses	(21,062)	(43,729)	(33,727)
15. Payments to insurance reserve	(546)	(546)	(1,092)
16. Other	(46,300)	40	(23,543)
Net cash provided by (used in) investing activities	(3,056,289)	(1,784,685)	(5,257,154)
III Cash flows from financing activities			
1. Increase (decrease) in short-term borrowings	(2,770,000)	(220,200)	(2,570,000)
2. Proceeds from long-term borrowings	520,000	—	520,000
3. Repayment of long-term borrowings	—	(201,934)	(27,000)
4. Proceeds from issuance of corporate bonds	—	97,600	489,250
5. Proceeds from issuance of new stock	13,150,847	—	13,100,659
6. Proceeds from payments by minority shareholders	—	206	—
7. Cash dividends paid	(644,523)	(693,363)	(1,335,027)
Net cash provided by (used in) financing activities	10,256,323	(1,017,691)	10,177,881
IV Effect of exchange rate changes on cash and cash equivalents	1,912	29,264	1,913
V Increase (decrease) in cash and cash equivalents	9,324,217	2,834,593	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	—	1,388	—
VIII Cash and cash equivalents at end of period	14,761,976	16,162,238	13,326,256

Material items affecting the operation of the Company as a going concern

First half ended September 30, 2004 (April 1, 2004, to September 30, 2004): No relevant items

First half ended September 30, 2005 (April 1, 2005, to September 30, 2005): No relevant items

Fiscal year ended March 31, 2005 (April 1, 2004, to March 31, 2005): No relevant items

Basis of Presentation of the Interim Consolidated Financial Statements

Item \ Period	First half ended September 30, 2004 (April 1–September 30, 2004)	First half ended September 30, 2005 (April 1–September 30, 2005)	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)
1. Scope of consolidation	(1) Number of consolidated subsidiaries: 5 Names of consolidated subsidiaries: Professional Management Co., Ltd. Fields Jr. Corporation Total Workout Corporation White Trash Charms Japan Co., Ltd. Digital Lord Corporation	(1) Number of consolidated subsidiaries: 10 Names of consolidated subsidiaries: Professional Management Co., Ltd. Fields Jr. Corporation Digital Lord Corporation White Trash Charms Japan Co., Ltd. Total Workout Corporation J. Sakazaki Marketing Ltd. D3 Publisher Inc. Entertainment Software Publishing Inc. D3 Publisher of America, Inc. D3DB S.r.l. Given its significance, D3DB S.r.l., which was a non-consolidated subsidiary until the previous fiscal year, was included within the scope of consolidation in the current first half. J. Sakazaki Marketing Ltd. has also been included within the scope of consolidation, given that its shares were acquired in the current first half. Since the day deemed to be that on which the shares were acquired was the day on which that company closed its books for the first half, it was consolidated only in the balance sheet. The Company sold all its shares in Heart-line Inc., which was a consolidated subsidiary in the previous fiscal year, and therefore that company ceased to be a consolidated subsidiary as of this half.	(1) Number of consolidated subsidiaries: 9 Names of consolidated subsidiaries: Professional Management Co., Ltd. Fields Jr. Corporation Digital Lord Corporation D3 Publisher Inc. White Trash Charms Japan Co., Ltd. Heart-line Inc. Entertainment Software Publishing Inc. D3 Publisher of America, Inc. Total Workout Corporation D3 Publisher Inc., which was an affiliate not accounted for by the equity method, has been consolidated as a result of the Company's acquiring additional shares in that company. Concurrently, Heart-line Inc., Entertainment Software Publishing Inc., and D3 Publisher of America, Inc., all consolidated subsidiaries of D3 Publisher Inc., have been included within the scope of consolidation. Since D3 Publisher Inc., Heart-line Inc., Entertainment Software Publishing Inc., and D3 Publisher of America, Inc. are deemed to have come under the control of the Company at the end of the current fiscal year, they are consolidated only in the balance sheet. However, given its significance, D3 Publisher Inc., which was an affiliate not accounted for by the equity method in the previous fiscal year, became an equity-method affiliate this fiscal year, and the Company's equity in the earnings of D3 Publisher is reflected in the consolidated financial statements.
	(2) Names of significant non-consolidated subsidiaries: Database Co., Ltd. APE Inc.	(2) Names of significant non-consolidated subsidiaries: Database Co., Ltd. APE Inc.	(2) Names of significant non-consolidated subsidiaries: Database Co., Ltd. APE Inc. D3DB S.r.l.

Item \ Period	First half ended September 30, 2004 (April 1–September 30, 2004)	First half ended September 30, 2005 (April 1–September 30, 2005)	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)
	Reason for exclusion from the scope of consolidation: Non-consolidated subsidiaries have been excluded from the consolidation owing to their small size and the fact that in no case do their aggregate total assets, net sales, net income (proportionate to equity stakes held) and retained earnings (proportionate to equity stakes held), etc., have a material impact on the consolidated financial statements.	Reason for exclusion from the scope of consolidation: Same as at left	Reason for exclusion from the scope of consolidation: Non-consolidated subsidiaries have been excluded from the consolidation owing to their small size and the fact that in no case do their aggregate total assets, net sales, net income (proportionate to equity stakes held) and retained earnings (proportionate to equity stakes held), etc., have a material impact on the consolidated financial statements.
2. Application of equity method	(1) Number of equity-method affiliates: 2 Rodeo Co., Ltd. D3 Publisher Inc. Given the significance of D3 Publisher Inc., as of this half the equity method of accounting has been applied to this company. (2) Names of significant non-consolidated subsidiaries and affiliated companies not accounted for by the equity method: Database Co., Ltd. APE Inc. Reason for non-application of the equity method: These companies have a negligible impact on net income (proportionate to equity stakes held) and retained earnings (proportionate to equity stakes held) and have no significance as a whole, so have been excluded from the application of the equity method.	(1) Number of equity-method affiliates: 3 Rodeo Co., Ltd. Kadokawa Haruki Corporation 3D-AGES Inc. (2) Names of significant non-consolidated subsidiaries and affiliated companies not accounted for by the equity method: Database Co., Ltd. APE Inc. Dynasty Sports Marketing Ltd. G & E Corporation Reason for non-application of the equity method: Same as at left	(1) Number of equity-method affiliates: 3 Rodeo Co., Ltd. Kadokawa Haruki Corporation 3D-AGES Inc. As a result of acquiring additional shares in D3 Publisher Inc. and converting it into a subsidiary in the current fiscal year, its affiliate 3D-AGES Inc. has become an equity-method affiliate. Since shares of Kadokawa Haruki Corporation have been newly acquired, that company has become an equity-method affiliate as of the current fiscal year. (2) Name of significant non-consolidated subsidiaries and affiliated companies not accounted for by the equity method: Database Co., Ltd. APE Inc. D3DB S.r.l. Reason for non-application of the equity method: These companies have a negligible impact on net income (proportionate to equity stakes held) and retained earnings (proportionate to equity stakes held) and have no significance as a whole, so have been excluded from the application of the equity method.

Item \ Period	First half ended September 30, 2004 (April 1–September 30, 2004)	First half ended September 30, 2005 (April 1–September 30, 2005)	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)
	(3) ———	(3) Matters requiring clarification concerning procedures for application of the equity method: With regard to companies accounted for by the equity method whose interim accounts settlement dates differ from the settlement date of the interim consolidated accounts, the interim financial statements relating to those companies' semiannual periods are utilized. With regard to 3D-AGES Inc., interim financial statements based on a provisional accounts settlement effected on the settlement date of the interim consolidated accounts have been utilized.	(3) Matters requiring clarification concerning procedures for application of the equity method: With regard to companies accounted for by the equity method whose year-end settlement dates differ from that for consolidated accounts, the financial statements relating to those companies' fiscal years are utilized. With regard to 3D-AGES Inc., financial statements based on a provisional accounts settlement effected on the year-end settlement date for consolidated accounts have been utilized.
3. Accounts settlement dates of consolidated subsidiaries	The settlement dates for the interim accounts of the consolidated subsidiaries are identical with the settlement date for the interim consolidated accounts.	Among the consolidated subsidiaries, April 30 is the interim accounts settlement date of D3 Publisher Inc. and Entertainment Software Publishing Inc. The interim financial statements based on provisional accounts settlements on September 30 are used in the preparation of the interim consolidated financial statements. June 30 is the interim accounts settlement date of J. Sakazaki Marketing Ltd. The interim financial statements at the interim accounts settlement date are used in the preparation of the interim consolidated financial statements.	Among the consolidated subsidiaries, October 31 is the accounting year-end of D3 Publisher Inc., Heart-line Inc., Entertainment Software Publishing Inc., and D3 Publisher of America, Inc. The financial statements based on provisional accounts settlements on March 31 are used in the preparation of the consolidated financial statements.
4. Accounting standards 1) Valuation standards and methods for important assets	(1) Marketable securities Other marketable securities Securities with market prices: Stated at market value based on market price as of the interim consolidated balance sheet date (unrealized gains or losses are charged or credited directly to shareholders' equity, with the cost of securities sold determined by the moving average method). Securities without market prices: Stated at cost determined by the moving average method.	(1) Marketable securities Other marketable securities Securities with market prices: Same as at left Securities without market prices: Same as at left	(1) Marketable securities Other marketable securities Securities with market prices: Stated at market value based on market price as of the consolidated balance sheet date (unrealized gains or losses are charged or credited directly to shareholders' equity, with the cost of securities sold determined by the moving average method). Securities without market prices: Same as at left

Item \ Period	First half ended September 30, 2004 (April 1–September 30, 2004)	First half ended September 30, 2005 (April 1–September 30, 2005)	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)
	(2) Inventories - Merchandise Fields Corporation: Used pachinko/pachislot machines At cost determined by the specific identification method Others At cost determined by the moving average method Consolidated subsidiaries: At cost determined by the periodic average method - Work in process Consolidated subsidiaries: At cost determined by the specific identification method - Supplies At cost determined by the last purchase price method	(2) Inventories - Merchandise Fields Corporation: Used pachinko/pachislot machines Same as at left Others Same as at left Consolidated subsidiaries: Same as at left - Products Consolidated subsidiaries: At cost determined by the first-in first-out method - Work in process Consolidated subsidiaries: Same as at left - Supplies Same as at left	(2) Inventories - Merchandise Fields Corporation: Used pachinko/pachislot machines Same as at left Others Same as at left Consolidated subsidiaries: Same as at left - Products Consolidated subsidiaries: Same as at left - Work in process Consolidated subsidiaries: Same as at left - Supplies Same as at left
2) Depreciation methods for important depreciable assets	(1) Tangible fixed assets Declining-balance method However, the straight-line method is applied to buildings (excluding building fixtures) acquired after April 1, 1998. The estimated useful lives of depreciable assets are as follows. Buildings: 6-50 years Structures: 10-45 years Vehicles: 4-6 years Tools and equipment: 3-20 years (2) Intangible fixed assets Straight-line method The straight-line method is applied to software for company use, based on its useful life within the Company (five years). (3) Long-term prepaid expenses Straight-line method	(1) Tangible fixed assets Declining-balance method However, the straight-line method is applied to buildings (excluding building fixtures) acquired after April 1, 1998. The estimated useful lives of depreciable assets are as follows. Buildings: 4-50 years Structures: 10-50 years Vehicles: 4-6 years Tools and equipment: 3-20 years (2) Intangible fixed assets Straight-line method The straight-line method is applied to software for company use, based on its useful life within the Company (five years). Software for sale by consolidated subsidiaries is depreciated at the depreciation rate determined by the Company over the estimated payback period (12 months for game software; 36 months for other software). (3) Long-term prepaid expenses Same as at left	(1) Tangible fixed assets Declining-balance method However, the straight-line method is applied to buildings (excluding building fixtures) acquired after April 1, 1998. The estimated useful lives of depreciable assets are as follows. Buildings: 6-50 years Structures: 10-50 years Vehicles: 4-6 years Tools and equipment: 3-20 years (2) Intangible fixed assets Same as at left (3) Long-term prepaid expenses Same as at left

Item / Period	First half ended September 30, 2004 (April 1–September 30, 2004)	First half ended September 30, 2005 (April 1–September 30, 2005)	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)
3) Treatment of important deferred assets	(1) Stock issuance expenses These expenses are charged in full at the time they are incurred. The issuance of 12,000 new shares of common stock on June 15, 2004, through a public offering was carried out by the underwriting companies purchasing and underwriting the shares at ¥1,108,755 per share, which differed from the share issue price of ¥1,161,000, the offering price paid by ordinary investors. The gross spread or differential between the two prices was in this case ¥626,940 thousand, the de facto underwriting commission. If, as was previously the case, the underwriting and share issue prices were the same, the underwriting commission would have been charged as stock issuance expenses. Consequently, compared to the previous method of accounting for underwriting commission, new stock issuance expenses and the total of common stock and capital surplus are each reduced by ¥626,940 thousand, and ordinary income and income before income taxes and minority interests are each increased by the same amount.	(1) Stock issuance expenses These expenses are charged in full at the time they are incurred.	(1) Stock issuance expenses These expenses are charged in full at the time they are incurred. The issuance of 12,000 new shares of common stock on June 15, 2004, through a public offering was carried out by the underwriting companies purchasing and underwriting the shares at ¥1,108,755 per share, which differed from the share issue price of ¥1,161,000, the offering price paid by ordinary investors. The gross spread or differential between the two prices was in this case ¥626,940 thousand, the de facto underwriting commission. If, as was previously the case, the underwriting and share issue prices were the same, the underwriting commission would have been charged as stock issuance expenses. Consequently, compared to the previous method of accounting for underwriting commission, new stock issuance expenses and the total of common stock and capital surplus are each reduced by ¥626,940 thousand, and ordinary income and income before income taxes and minority interests are each increased by the same amount.
	(2) Corporate bond issuance expenses ———	(2) Corporate bond issuance expenses These expenses are charged in full at the time they are incurred.	(2) Corporate bond issuance expenses Same as at left
4) Standards for important reserves	(1) Allowance for doubtful accounts To provide against losses from doubtful accounts, allowances for ordinary receivables are provided using a rate determined by past collection experience, and allowances for specific debts considered doubtful are accounted for by calculating the estimated amounts deemed uncollectible after individually reviewing collectibility of the debts.	(1) Allowance for doubtful accounts Same as at left	(1) Allowance for doubtful accounts Same as at left

Item / Period	First half ended September 30, 2004 (April 1–September 30, 2004)	First half ended September 30, 2005 (April 1–September 30, 2005)	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)
	(2) Accrued bonuses To provide for employee bonuses, the Company recognizes the amounts out of the projected bonus payments to be allocated to the half.	(2) Accrued bonuses Same as at left	(2) Accrued bonuses To provide for employee bonuses, the Company recognizes the amounts out of the projected bonus payments to be allocated to the fiscal year.
	(3) Retirement benefit provisions To provide for employees' retirement benefits the Company recognizes, on the basis of projected benefit obligations as of the end of the fiscal year, benefit obligations deemed to arise as of the end of the half. Actuarial differences are amortized proportionately by the straight-line method over a fixed number of years (five years) within the average remaining period of service of employees as of the time such differences arise. Amortization amounts are expensed beginning with the fiscal year following that in which the differences arise.	(3) Retirement benefit provisions To provide for employees' retirement benefits, the Company and some consolidated subsidiaries recognize, on the basis of projected benefit obligations as of the end of the fiscal year, benefit obligations deemed to arise as of the end of the half. Also, actuarial differences are amortized proportionately by the straight-line method over a fixed number of years (five years) within the average remaining period of service of employees as of the time such differences arise. Amortization amounts are expensed beginning with the fiscal year following that in which the difference arise.	(3) Retirement benefit provisions To provide for employees' retirement benefits, the Company and some consolidated subsidiaries recognize, on the basis of projected benefit obligations as of the end of the fiscal year, benefit obligations accrued as of the end of the fiscal year. Also, actuarial differences are amortized proportionately by the straight-line method over a fixed number of years (five years) within the average remaining period of service of employees as of the time such differences arise. Amortization amounts are expensed beginning with the fiscal year following that in which the difference arise.
	(4) Reserve for retirement benefits for directors and statutory auditors To provide for retirement benefits for directors and statutory auditors the Company, in accordance with the internal regulations, states the amounts to be paid at the end of the half.	(4) Reserve for retirement benefits for directors and statutory auditors Same as at left	(4) Reserve for retirement benefits for directors and statutory auditors To provide for retirement benefits for directors and statutory auditors the Company, in accordance with the internal regulations, states the amounts to be paid at the end of the fiscal year.
5) Translation of important foreign-currency-denominated assets and liabilities into yen	———	Foreign currency receivables and payables are translated into yen using the spot currency exchange rate on the interim consolidated balance sheet date, and translation differences are recorded as gains or losses.	Foreign currency receivables and payables are translated into yen using the spot currency exchange rate on the consolidated balance sheet date, and translation differences are recorded as gains or losses.
6) Treatment of important lease transactions	Finance lease transactions, other than those where the ownership of the leased assets is deemed to be transferred to the lessee, are accounted for as ordinary operating lease transactions.	Same as at left	Same as at left
7) Important hedge accounting methods	———	(1) Hedge accounting method At certain consolidated subsidiaries, special treatment is used in the case of interest rate swaps that satisfy the criteria for hedge accounting.	(1) Hedge accounting method Same as at left

Item \ Period	First half ended September 30, 2004 (April 1–September 30, 2004)	First half ended September 30, 2005 (April 1–September 30, 2005)	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)
		(2) Methods and scope of hedging Hedging methods Interest rate swap transactions Scope of hedging Interest on borrowings (3) Hedging policy At certain consolidated subsidiaries a hedging policy is implemented to avoid any impact of fluctuations in market interest rates on fund-raising costs (interest expense). (4) Method for assessing hedging effectiveness Interest rate swap transactions are deemed to qualify for special accounting treatment, and therefore it is on this basis that judgments as to effectiveness are made. (5) Other risk management The management division has responsibility for the conclusion of contracts relating to hedge accounting at certain consolidated subsidiaries. No particular stipulations relating to such transactions have been laid down, but they are administered in accordance with regulations governing the scope of authority.	(2) Methods and scope of hedging Same as at left (3) Hedging policy Same as at left (4) Method for assessing hedging effectiveness Same as at left (5) Other risk management Same as at left
8) Other significant standards for the preparation of financial statements	Accounting for consumption tax Consumption tax is accounted for by the tax-excluded method.	Accounting for consumption tax Same as at left	Accounting for consumption tax Same as at left
5. Scope of funds in consolidated statements of cash flows	Funds include cash on hand, demand deposits, and short-term investments maturing or redeemable within three months after acquisition that are highly liquid, easily convertible into cash, and exposed to low price fluctuation risk.	Same as at left	Same as at left

Changes in Accounting Treatment

First half ended September 30, 2004 (April 1–September 30, 2004)	First half ended September 30, 2005 (April 1–September 30, 2005)	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)
――――――	**Accounting standard for impairment of fixed assets** As of this half the Company has adopted the Accounting Standard for Impairment of Fixed Assets (“Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets” issued by the Business Accounting Deliberation Council on August 9, 2002) and the Implementation Guidance for the Accounting Standard for Impairment of Fixed Assets (Financial Accounting Standard Implementation Guidance No. 6 issued by the Accounting Standards Board of Japan on October 31, 2003). In consequence, income before income taxes and minority interests declined by ¥56,819 thousand. Cumulative impairment losses are deducted directly from the amount of the relevant assets in accordance with the revised Regulations on Interim Consolidated Financial Statements.	――――――

Changes in Method of Presentation

First half ended September 30, 2004 (April 1–September 30, 2004)	First half ended September 30, 2005 (April 1–September 30, 2005)
Consolidated balance sheets 1. Until the end of the previous first half, merchandising right advances were included within "Other current assets." As this item exceeds 5% of total assets, it is now presented as a separate item. As of September 30, 2003, "Merchandising right advances" amounted to ¥322,859 thousand. 2. Until the end of the previous first half, "Deferred tax assets" was presented as a separate item under current assets. As this item has fallen below 5% of total assets, it is now included in "Other current assets." As of September 30, 2004, deferred tax assets amounted to ¥99,006 thousand. 3. Until the end of the previous first half, "Land" was presented as a separate item under "Tangible fixed assets." As this item has fallen below 5% of total assets, it is now included in "Tangible fixed assets." As of September 30, 2004, land amounted to ¥1,547,993 thousand. 4. Until the end of the previous first half, "Deposits" and "Deferred tax assets" were presented as separate items under "Investments and other assets." As these items have fallen below 5% of total assets, they are now included in "Others" under "Investments and other assets." As of September 30, 2004, deposits totaled ¥1,692,385 thousand and deferred tax assets totaled ¥176,979 thousand. 5. Until the end of the previous first half, "Accrued income taxes" was presented as a separate item under "Current liabilities." As this item has fallen below 5% of total liabilities, minority interests and shareholders’ equity, it is now included within "Other current liabilities." As of September 30, 2004, accrued income taxes amounted to ¥1,183,219 thousand.	**Consolidated balance sheets** 1. The Practical Guidelines Concerning Accounting for Financial Instruments (JICPA Accounting Committee Report No. 14) were revised on February 15, 2005. In consequence, as of the current first half the method of stating investments in investment limited partnerships or analogous associations (that can be deemed to be securities pursuant to Article 2, Paragraph 2, of the Securities and Exchange Law) has been changed to stating them as investment securities.

First half ended September 30, 2004 (April 1–September 30, 2004)	First half ended September 30, 2005 (April 1–September 30, 2005)
6. Until the end of the previous first half, "Deposits received" and "Excess of net assets acquired over cost" were presented as separate items under "Long-term liabilities." As these items have fallen below 5% of total liabilities, minority interests and shareholders' equity, they are now included in "Other long-term liabilities" within "Long-term liabilities." As of September 30, 2004, deposits received amounted to ¥2,288,955 thousand and excess of net assets acquired over cost amounted to ¥861 thousand. **Consolidated statements of income** 1. Until the previous first half, "Lease income" was presented as a separate item under "Non-operating income." As this item has fallen below 10% of non-operating income, it is now included in "Others" under "Non-operating income." During the half ended September 30, 2004, lease income amounted to ¥19,491 thousand. 2. Until the previous first half, "Lease expenses" was presented as a separate item under "Non-operating expenses." As this item has fallen below 10% of non-operating expenses, it is now included in "Others" under "Non-operating expenses." During the half ended September 30, 2004, lease expenses amounted to ¥8,495 thousand. **Consolidated statements of cash flows** Until the previous first half, "Decrease (increase) in merchandising right advances" was included in "Increase (decrease) in accounts payable—trade" under cash flows from operating activities. Owing to an increase in the importance of this item, it is now presented as a separate item. During the half ended September 30, 2003, "Increase in merchandising right advances" totaled ¥60,734 thousand.	

Additional Information

First half ended September 30, 2004 (April 1–September 30, 2004)	First half ended September 30, 2005 (April 1–September 30, 2005)	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)
As a result of the promulgation of the Law for Partial Amendment to the Local Tax Law, etc. (Law No. 9 of 2003) on March 31, 2003, and the consequent introduction of the pro forma standard taxation system, which applies to fiscal years commencing on or after April 1, 2004, as of this half the Company includes charges for the value-added and capital portions of corporate enterprise tax in selling, general and administrative expenses in accordance with the Practical Procedures for Indication of Pro Forma Taxation in Income Statement concerning Corporate Enterprise Tax (Accounting Standards Board of Japan, Practical Solutions Report No. 12, dated February 13, 2004). As a result, SG&A expenses increased by ¥40,486 thousand, and operating income, ordinary income, and income before income taxes and minority interests decreased by ¥40,486 thousand.	——————	As a result of the promulgation of the Law for Partial Amendment to the Local Tax Law, etc. (Law No. 9 of 2003) on March 31, 2003, and the consequent introduction of the pro forma standard taxation system, which applies to fiscal years commencing on or after April 1, 2004, as of the current fiscal year the Company includes charges for the value-added and capital portions of corporate enterprise tax in selling, general and administrative expenses in accordance with the Practical Procedures for Indication of Pro Forma Taxation in Income Statement concerning Corporate Enterprise Tax (Accounting Standards Board of Japan, Practical Solutions Report No. 12, dated February 13, 2004). As a result, SG&A expenses increased by ¥108,422 thousand, and operating income, ordinary income, and income before income taxes and minority interests decreased by ¥108,422 thousand.

Notes

Consolidated Balance Sheets

<table>
<tr><th>First half ended September 30, 2004
(As of September 30, 2004)</th><th>First half ended September 30, 2005
(As of September 30, 2005)</th><th>Fiscal year ended March 31, 2005
(As of March 31, 2005)</th></tr>
<tr><td>*1. Accumulated depreciation of tangible fixed assets
¥775,056 thousand</td><td>*1. Accumulated depreciation of tangible fixed assets
¥1,321,051 thousand</td><td>*1. Accumulated depreciation of tangible fixed assets
¥1,091,600 thousand</td></tr>
<tr><td>2. Contingent liabilities
The Company provides payment guarantees for sales of pachinko/pachislot machines to pachinko halls on an agency basis for pachinko/pachislot machine manufacturers.

Daiei Kanko K.K. ¥38,529 thousand
K.K. Corona ¥31,686 thousand
Asahi Shoji K.K. ¥30,937 thousand
Niimi Co., Ltd. ¥28,897 thousand
Meiplanet K.K. ¥20,969 thousand
K.K. Sunvic ¥20,574 thousand
Otsuka Shoji K.K. ¥20,040 thousand
Y.K. Daitaku ¥15,171 thousand
Y.K. Daiko ¥14,682 thousand
K.K. Toei Kanko ¥13,468 thousand
Others (194) ¥431,030 thousand
Total ¥665,987 thousand</td><td>2. Contingent liabilities
The Company provides payment guarantees for sales of pachinko/pachislot machines to pachinko halls on an agency basis for pachinko/pachislot machine manufacturers.

Sankei Shoji Co., Ltd. ¥50,964 thousand
Meiplanet K.K. ¥50,191 thousand
Asahi Shoji K.K. ¥47,546 thousand
Niimi Co., Ltd. ¥46,864 thousand
Y.K. Daiko ¥24,579 thousand
Daishin Kanko Co., Ltd. ¥22,057 thousand
Estadio Co., Ltd. ¥20,742 thousand
Taisei Kanko Co., Ltd. ¥19,464 thousand
Takarajima Co., Ltd. ¥18,963 thousand
K.K. Toei Kanko ¥17,801 thousand
Others (194) ¥545,123 thousand
Total ¥864,298 thousand</td><td>2. Contingent liabilities
The Company provides payment guarantees for sales of pachinko/pachislot machines to pachinko halls on an agency basis for pachinko/pachislot machine manufacturers.

Asahi Shoji K.K. ¥59,985 thousand
Daiei Kanko K.K. ¥58,480 thousand
Meiplanet K.K. ¥33,698 thousand
Kouki Co., Ltd. ¥30,571 thousand
Iwamoto Development Co., Ltd. ¥28,551 thousand
BOSS Co., Ltd. ¥24,910 thousand
Niimi Co., Ltd. ¥23,739 thousand
Y.K. Daiko ¥23,293 thousand
The City Co., Ltd ¥19,622 thousand
K.K. Toei Kanko ¥18,677 thousand
Others (176) ¥475,519 thousand
Total ¥797,050 thousand</td></tr>
<tr><td>*3. Securitization of receivables
Accompanying the securitization of receivables, at the end of the current first half ¥767,000 thousand in notes receivable—trade were removed from the consolidated balance sheets.
Beneficial trust rights held by the Company as a result of the securitization of receivables totaled ¥510,498 thousand as of the end of the current first half and are included in notes receivable—trade.</td><td>*3. ——————</td><td>*3. ——————</td></tr>
<tr><td>4. Overdraft agreements
To raise working capital efficiently, the Company has concluded overdraft agreements with three banks. As of the end of the half the unutilized balances under these agreements were as follows.

Overdraft limit ¥3,230,000 thousand
Borrowings outstanding ¥230,000 thousand
Difference ¥3,000,000 thousand</td><td>4. Overdraft agreements and loan commitments
To raise working capital efficiently, the Fields Group has concluded overdraft and loan commitment agreements with four banks. As of the end of the half, unutilized balances under these agreements were as follows.

Overdraft limit plus total amount of loan commitments ¥4,660,000 thousand
Borrowings outstanding ¥430,000 thousand
Difference ¥4,230,000 thousand</td><td>4. Overdraft agreements and loan commitments
To raise working capital efficiently, the Fields Group has concluded overdraft and loan commitment agreements with three banks. As of the end of the fiscal year, unutilized balances under these agreements were as follows.

Overdraft limit plus total amount of loan commitments ¥4,310,000 thousand
Borrowings outstanding ¥630,000 thousand
Difference ¥3,680,000 thousand</td></tr>
</table>

Consolidated Statements of Income

<table>
<tr><th>First half ended September 30, 2004
(April 1–September 30, 2004)</th><th>First half ended September 30, 2005
(April 1–September 30, 2005)</th><th>Fiscal year ended March 31, 2005
(April 1, 2004–March 31, 2005)</th></tr>
<tr><td>*1. Main components of SG&A expenses
Advertising expenditures ¥1,049,368 thousand
Salaries and allowances ¥1,750,640 thousand
Provision for bonuses ¥19,300 thousand
Outsourcing expenses ¥303,907 thousand
Travel & transport expenses ¥247,386 thousand
Depreciation charges ¥200,209 thousand
Rents ¥408,649 thousand
Retirement benefit costs ¥13,346 thousand</td><td>*1. Main components of SG&A expenses
Advertising expenditures ¥1,505,032 thousand
Salaries and allowances ¥2,178,849 thousand
Provision for bonuses ¥25,200 thousand
Outsourcing expenses ¥634,965 thousand
Travel & transport expenses ¥299,273 thousand
Depreciation charges ¥285,398 thousand
Rents ¥528,220 thousand
Retirement benefit costs ¥18,674 thousand
Provision to allowance for doubtful accounts ¥14,609 thousand
Reserve for retirement benefits for directors and statutory auditors ¥29,500 thousand</td><td>*1. Main components of SG&A expenses
Advertising expenditures ¥2,873,523 thousand
Salaries and allowances ¥3,535,458 thousand
Provision for bonuses ¥20,000 thousand
Outsourcing expenses ¥745,562 thousand
Travel & transport expenses ¥503,664 thousand
Depreciation charges ¥468,471 thousand
Rents ¥835,296 thousand
Retirement benefit costs ¥26,668 thousand
Provision to allowance for doubtful accounts ¥20,268 thousand</td></tr>
<tr><td>*2. Details of loss on disposal of fixed assets
Buildings and structures ¥41,347 thousand
Tools, furniture and fixtures ¥17,646 thousand
Intangible fixed assets ¥74 thousand
Total ¥59,068 thousand</td><td>*2. Details of loss on disposal of fixed assets
Buildings and structures ¥28,326 thousand
Tools, furniture and fixtures ¥11,603 thousand
Construction in progress ¥19,337 thousand
Long-term prepaid expenses ¥1,696 thousand
Software ¥43,625 thousand
Total ¥104,588 thousand</td><td>*2. Details of loss on disposal of fixed assets
Buildings and structures ¥54,837 thousand
Vehicles ¥29 thousand
Tools, furniture and fixtures ¥20,961 thousand
Long-term prepaid expenses ¥361 thousand
Software ¥13,151 thousand
Other intangible fixed assets ¥74 thousand
Total ¥89,416 thousand</td></tr>
<tr><td>*3. ―――――</td><td>*3. Impairment loss
The Fields Group has stated an impairment loss for the asset set out below.
Usage: Miscellaneous business
Type: Buildings and land
Location: Shibuya, Tokyo
Amount: ¥56,819 thousand
When grouping its assets the Fields Group adopts the method of grouping primarily by business category in accordance with management accounting practice. With regard to a property in Shibuya used for miscellaneous business, since there is no prospect of a recovery in operating income from the property a loss has been recognized, composed of ¥51,136 thousand on the building and ¥5,682 thousand on the land.
The recoverable value of this property has been calculated on the basis of the net sale price, the market price being the real estate appraisal value.</td><td>*3. ―――――</td></tr>
</table>

Consolidated Statements of Cash Flows

<table>
<tr><th>First half ended September 30, 2004
(April 1–September 30, 2004)</th><th>First half ended September 30, 2005
(April 1–September 30, 2005)</th><th>Fiscal year ended March 31, 2005
(April 1, 2004–March 31, 2005)</th></tr>
<tr><td>1. Relationship between cash and cash equivalents as of the end of the first half and cash amounts stated on the consolidated balance sheets
(As of September 30, 2004)
Cash and deposit accounts ¥14,761,976 thousand
Cash and cash equivalents ¥14,761,976 thousand</td><td>1. Relationship between cash and cash equivalents as of the end of the first half and cash amounts stated on the consolidated balance sheets
(As of September 30, 2005)
Cash and deposit accounts ¥16,162,238 thousand
Cash and cash equivalents ¥16,162,238 thousand</td><td>1. Relationship between cash and cash equivalents as of the end of the fiscal year and cash amounts stated on the consolidated balance sheets
(As of March 31, 2005)
Cash and deposit accounts ¥13,326,256 thousand
Cash and cash equivalents ¥13,326,256 thousand</td></tr>
<tr><td>―</td><td>―</td><td>*2. Details of assets and liabilities of companies that have been newly consolidated through the acquisition of shares
Details of assets and liabilities at the start of consolidation when the companies were newly consolidated through the additional acquisition of shares, and the relationship between the acquisition cost of the shares and the income from acquisition (net amount) are as follows.

D3 Publisher Inc. and its three subsidiaries
(As of March 31, 2005)
Current assets ¥3,715,900 thousand
Fixed assets ¥1,113,546 thousand
Excess of net assets acquired over cost ¥446,834 thousand
Current liabilities (¥784,740 thousand)
Long-term liabilities (¥217,380 thousand)
Minority interests in consolidated subsidiaries (¥1,632,177 thousand)

Acquisition cost ¥2,641,982 thousand
Book value after application of equity method at end of fiscal year ¥854,882 thousand

Less: acquisition cost for current fiscal year ¥1,787,100 thousand
Cash and cash equivalents (¥2,683,250 thousand)

Less: income from acquisition (net amount) (¥896,150 thousand)</td></tr>
</table>

Leases

First half ended September 30, 2004 (April 1–September 30, 2004)

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

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

(Thousands of yen)

	Acquisition cost	Accumulated depreciation	Net book value
Tools, furniture and fixtures	214,041	138,209	75,832
Software	8,524	6,989	1,535
Total	222,566	145,198	77,367

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

(2) Future minimum lease payments

Due within one year	¥45,343 thousand
Due after one year	¥32,024 thousand
Total	¥77,367 thousand

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

(3) Lease payments and depreciation

Lease payments	¥25,302 thousand
Depreciation	¥25,302 thousand

(4) Calculation method for depreciation

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

2. Operating leases

Future minimum lease payments

Due within one year	¥1,644 thousand
Due after one year	¥1,644 thousand
Total	¥3,288 thousand

First half ended September 30, 2005 (April 1–September 30, 2005)

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

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

(Thousands of yen)

	Acquisition cost	Accumulated depreciation	Net book value
Tools, furniture and fixtures	216,628	178,936	37,692
Software	39,710	5,412	34,298
Total	256,339	184,348	71,990

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

(2) Future minimum lease payments

Due within one year	¥31,486 thousand
Due after one year	¥40,504 thousand
Total	¥71,990 thousand

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

(3) Lease payments and depreciation

Lease payments	¥23,959 thousand
Depreciation	¥23,959 thousand

(4) Calculation method for depreciation

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

2. ——————

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

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

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

(Thousands of yen)

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

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

(2) Future minimum lease payments

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

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

(3) Lease payments and depreciation

Lease payments	¥50,540 thousand
Depreciation	¥50,540 thousand

(4) Calculation method for depreciation

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

2. ——————

Marketable Securities

First half ended September 30, 2004 (As of September 30, 2004)

1. Other securities at fair value

(Thousands of yen)

Category	Acquisition cost	Carrying value on consolidated balance sheets	Difference
Other marketable securities			
(1) Shares	1,008,259	1,185,849	177,590
(2) Bonds	—	—	—
(3) Other	500,000	500,000	—
Total	1,508,259	1,685,849	177,590

Note: The book values after write-downs are taken as the acquisition costs. The amount of write-downs totaled ¥166,477 thousand.

2. Principal holdings of securities not valued at fair value

(Thousands of yen)

Content	Carrying value on consolidated balance sheets
Other marketable securities	
(1) Unlisted securities (Excluding shares traded over-the-counter)	23,880
(2) Unlisted bonds	5,000
Total	28,880

First half ended September 30, 2005 (As of September 30, 2005)

1. Other securities at fair value

(Thousands of yen)

Category	Acquisition cost	Carrying value on consolidated balance sheets	Difference
Other marketable securities			
(1) Shares	832,724	1,926,240	1,093,516
(2) Bonds	—	—	—
(3) Other	500,000	500,200	200
Total	1,332,724	2,426,441	1,093,716

Note: The book values after write-downs are taken as the acquisition costs. There were no write-downs on other marketable securities at fair value in the current first half.

2. Principal holdings of securities not valued at fair value

(Thousands of yen)

Content	Carrying value on consolidated balance sheets
Other marketable securities	
(1) Unlisted securities (Excluding shares traded over-the-counter)	79,056
(2) Unlisted bonds	—
(3) Other	28,985
Total	108,041

Note: There were write-downs totaling ¥4,320 thousand on other marketable securities not valued at fair value in the current first half.

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

1. Other securities at fair value

(Thousands of yen)

Category	Acquisition cost	Carrying value on consolidated balance sheets	Difference
Other marketable securities			
(1) Shares	832,724	1,423,401	590,676
(2) Bonds	—	—	—
(3) Other	500,000	499,199	(800)
Total	1,332,724	1,922,600	589,875

Note: The book values after write-downs are taken as the acquisition costs. The amount of write-downs totaled ¥175,534 thousand.

2. Principal holdings of securities not valued at fair value

(Thousands of yen)

Content	Carrying value on consolidated balance sheets
Other marketable securities	
(1) Unlisted securities	68,317
(2) Unlisted bonds	5,000
Total	73,317

Derivatives

First half ended September 30, 2004 (April 1–September 30, 2004)	First half ended September 30, 2005 (April 1–September 30, 2005)	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)
As the Fields Group does not conduct transactions in derivatives, no pertinent disclosures have been made.	As all derivative transactions entered into by some consolidated subsidiaries are subject to hedge accounting, mention of them here has been omitted.	Same as at left

Segment Information

1. Segment information by business category

First half ended September 30, 2004 (April 1–September 30, 2004), First half ended September 30, 2005 (April 1–September 30, 2005), and Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)

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

2. Segment information by region

First half ended September 30, 2004 (April 1–September 30, 2004)

Since no branch offices or consolidated subsidiaries exist in countries or territories outside Japan, there is no pertinent information to disclose.

First half ended September 30, 2005 (April 1–September 30, 2005)

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

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

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

3. Overseas sales

First half ended September 30, 2004 (April 1–September 30, 2004)

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

First half ended September 30, 2005 (April 1–September 30, 2005)

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

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

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

Per-share Data

<table>
<tr><th>First half ended September 30, 2004
(April 1–September 30, 2004)</th><th>First half ended September 30, 2005
(April 1–September 30, 2005)</th><th>Fiscal year ended March 31, 2005
(April 1, 2004–March 31, 2005)</th></tr>
<tr>
<td>Book value per share ¥83,630.99
Net income per share ¥5,817.81

Since no dilutive latent shares exist, diluted net income per share is not stated.

Supplementary information

The Company implemented a 2-for-1 stock split on September 3, 2004, and on November 20, 2003, the Company implemented a 5-for-1 stock split. Had these stock splits been implemented at the beginning of the previous fiscal year, per-share data for the previous first half and previous fiscal year would have been as follows.
<table>
<tr><th>First half ended September 30, 2003
(April 1–September 30, 2003)</th><th>Fiscal year ended March 31, 2004
(April 1, 2003–March 31, 2004)</th></tr>
<tr><td>Book value per share
¥36,926.73
Net income per share
¥10,908.30
Since no dilutive latent shares exist, diluted net income per share is not stated.</td><td>Book value per share
¥44,652.69
Net income per share
¥20,232.98
Since no dilutive latent shares exist, diluted net income per share is not stated.</td></tr>
</table>
</td>
<td>Book value per share ¥97,673.70
Net income per share ¥2,769.62

Since no dilutive latent shares exist, diluted net income per share is not stated.</td>
<td>Book value per share ¥96,026.73
Net income per share ¥19,888.61

Since no dilutive latent shares exist, diluted net income per share is not stated.

Supplementary information

The Company implemented a 2-for-1 stock split on September 3, 2004. Had this stock split been implemented at the beginning of the previous fiscal year, per-share data for the previous fiscal year would have been as follows.

Book value per share ¥44,652.69
Net income per share ¥20,233.98

Since no dilutive latent shares exist, diluted net income per share is not stated.</td>
</tr>
</table>

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

	First half ended September 30, 2004 (April 1–September 30, 2004)	First half ended September 30, 2005 (April 1–September 30, 2005)	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)
Net income (¥ thousands)	1,972,236	961,059	6,926,791
Amount not allocable to common shares (¥ thousands)	—	—	105,000
(Including bonuses to directors and statutory auditors by appropriation of retained earnings) (¥ thousands)	(—)	(—)	(105,000)
Net income allocable to common shares	1,972,236	961,059	6,821,791
Average number of shares of common stock outstanding	339,000	347,000	343,000
Outline of latent shares not reflected in the calculation of diluted net income per share since they have no dilutive effect	Stock acquisition rights Resolution on June 27, 2003 Number of latent shares 3,180	Stock acquisition rights Resolution on June 27, 2003 Number of latent shares 3,180 Resolution on June 29, 2005 Number of latent shares 1,610	Stock acquisition rights Resolution on June 27, 2003 Number of latent shares 3,180

Significant Subsequent Events

First half ended September 30, 2004 (April 1–September 30, 2004)	First half ended September 30, 2005 (April 1–September 30, 2005)	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)
———	Merger of subsidiaries At the meeting of the Board of Directors held on June 27, 2005, it was resolved that Professional Management Co., Ltd., Total Workout Corporation and J. Sakazaki Marketing Ltd. should merge. The said merger was effected on October 1, 2005. (1) Outline of the merger (i) Date of merger: October 1, 2005 (ii) Merger method: A merger by absorption in which Professional Management Co., Ltd. was to be the surviving company, Total Workout Corporation and J. Sakazaki Marketing Ltd. were dissolved. (iii) Merger ratio: For every share of the common stock of J. Sakazaki Marketing Ltd., 0.67 shares of Professional Management Co., Ltd.'s common stock will be allocated, and for every share of Total Workout Corporation's common stock, 80 shares of Professional Management Co., Ltd.'s common stock will be allocated. (iv) Post-merger situation Trade name: Japan Sports Marketing, Inc. Address: 10-8 Dogenzaka 1-chome, Shibuya-ku, Tokyo Representative: Kazunori Sakazaki Capital: ¥200 million Fiscal year-end: March 31 (v) Fields Corporation's holding in the new company after the merger: 61.8%	Resolution on stock options Pursuant to the provisions of Articles 280-20 and 280-21 of the Commercial Code, and based on resolutions of the 17th ordinary general meeting of shareholders on June 29, 2005, and of the meeting of the Board of Directors held on the same day, the Company resolved as follows with regard to the issuance of stock acquisition rights as stock options. (1) Issue date of stock acquisition rights: June 29, 2005 (2) Number of stock acquisition rights to be issued: 1,610 (one share per stock acquisition right) (3) Issue price of stock acquisition rights: Gratis (4) Class and number of shares for which stock acquisition rights are to be issued: 1,610 shares of common stock (5) Amount to be paid upon exercise of stock acquisition rights: ¥760,000 per share (6) Exercise period: From August 1, 2005, to June 30, 2008 (7) Number of persons eligible for stock acquisition rights allotment: Directors and employees of the Company totaling 46 people Acquisition of shares of J. Sakazaki Marketing Ltd. (to make it a subsidiary) The Company is seeking to expand its sports and entertainment operations and establish a global standing in the field, and therefore at the meeting of its Board of Directors held on June 27, 2005, it was resolved to conclude a basic agreement to acquire shares in J. Sakazaki Marketing Ltd. (to make it a subsidiary). (1) Overview of the company (i) Trade name: J. Sakazaki Marketing Ltd. (ii) Representative: Kazunori Sakazaki, President & CEO (iii) Address: 2-19 Akasaka 2-chome, Minato-ku, Tokyo (iv) Main businesses: Planning, implementation, sale of broadcasting rights, etc., for sporting events; acquisition of copyrights, trademarks, licenses and granting of licenses. (v) Capital: ¥20 million (vi) Shares issued: 24,000 (vii) Revenues: ¥3,266,450 thousand (viii) Total assets: ¥952,935 thousand (ix) Fiscal year-end: December 31

First half ended September 30, 2004 (April 1–September 30, 2004)	First half ended September 30, 2005 (April 1–September 30, 2005)	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)
――――――	――――――	(2) Method of acquiring shares Acquisition of 15,600 shares from Kazunori Sakazaki (65.0% of all issued shares) (3) No. of shares acquired and state of share ownership before and after the acquisition No. of shares owned before the transfer - shares No. of shares acquired 15,600 shares (No. of shares with voting rights 15,600; 65.0% ownership) No. of shares owned after the transfer 15,600 shares (No. of shares with voting rights 15,600; 65.0% ownership) (4) Schedule Mid-July 2005: Conclusion of final agreement; transfer of share certificates and payment (Planned) Merger of subsidiaries At the meeting of the Board of Directors held on June 27, 2005, it was resolved that J. Sakazaki Marketing Ltd. would become a subsidiary of the Company, whereupon it was further resolved to approve a memorandum of agreement concerning the merger of its subsidiaries Professional Management Co., Ltd., Total Workout Corporation and J. Sakazaki Marketing Ltd. (1) Outline of the merger of subsidiaries Schedule Mid-August 2005: Signing of merger agreement (Planned) Late-August 2005: Approval of merger by extraordinary general meeting of shareholders at each company (Planned) October 1, 2005: Merger (Planned) (2) Outline of merging companies (i) Trade name: Professional Management Co., Ltd. (ii) Representatives: Hidetoshi Yamamoto, Ken Kudo, Representative directors (iii) Address: 10-8 Dogenzaka 1-chome, Shibuya-ku, Tokyo (iv) Main businesses: Advertising agency services, etc., acquisition of copyrights (merchandizing rights) and content (v) Capital: ¥200 million (vi) Shares issued: 4,000 (vii) Total assets: ¥643,272 thousand (viii) Fiscal year-end: March 31

First half ended September 30, 2004 (April 1–September 30, 2004)	First half ended September 30, 2005 (April 1–September 30, 2005)	Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)
————	————	(i) Trade name: Total Workout Corporation (ii) Representatives: Hidetoshi Yamamoto, Kevin Yamazaki, Representative directors (iii) Address: 10-8 Dogenzaka 1-chome, Shibuya-ku, Tokyo (iv) Main businesses: Management of gymnasiums (v) Capital: ¥10 million (vi) Shares issued: 200 (vii) Total assets: ¥1,373,732 thousand (viii) Fiscal year-end: March 31 (i) Trade name: J. Sakazaki Marketing Ltd. Details are as set out above in "(1) Overview of the company" in "Acquisition of shares of J. Sakazaki Marketing Ltd. (to make it a subsidiary)."

5. Production, Orders Received and Sales

(1) Production

(Thousands of yen)

Item	First half ended September 30, 2004 (April 1–September 30, 2004)		First half ended September 30, 2005 (April 1–September 30, 2005)		Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	
	Amount	Year-on-year (%)	Amount	Year-on-year (%)	Amount	Year-on-year (%)
Pachinko/pachislot machines	—	—	—	—	—	—
Others	—	—	600,391	—	—	—
Total	—	—	600,391	—	—	—

Note 1. The above amounts are net of consumption tax.

(2) Procurement

(Thousands of yen)

Item	First half ended September 30, 2004 (April 1–September 30, 2004)		First half ended September 30, 2005 (April 1–September 30, 2005)		Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	
	Amount	Year-on-year (%)	Amount	Year-on-year (%)	Amount	Year-on-year (%)
Pachinko/pachislot machines	18,941,149	86.2	23,270,233	122.9	49,064,230	132.4
Others	552,685	184.7	653,358	118.2	1,127,785	69.8
Total	19,493,834	87.5	23,923,592	122.7	50,192,015	129.8

Notes 1. Amounts are based on the procurement prices.

2. The above amounts are net of consumption tax.

(3) Orders received

(Thousands of yen)

Item	First half ended September 30, 2004 (April 1–September 30, 2004)				First half ended September 30, 2005 (April 1–September 30, 2005)				Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)			
	Orders	Year-on-year (%)	Order balance	Year-on-year (%)	Orders	Year-on-year (%)	Order balance	Year-on-year (%)	Orders	Year-on-year (%)	Order balance	Year-on-year (%)
Pachinko/pachislot machines	—	—	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	77,320	—	29,077	—	—	—	—	—
Total	—	—	—	—	77,320	—	29,077	—	—	—	—	—

Note 1. The above amounts are net of consumption tax.

(4) Sales

(Thousands of yen)

Item	First half ended September 30, 2004 (April 1–September 30, 2004)		First half ended September 30, 2005 (April 1–September 30, 2005)		Fiscal year ended March 31, 2005 (April 1, 2004–March 31, 2005)	
	Amount	Year-on-year (%)	Amount	Year-on-year (%)	Amount	Year-on-year (%)
Pachinko/pachislot machines	29,591,975	82.7	32,018,920	108.2	78,336,175	127.2
Others	1,383,209	179.0	3,727,561	269.5	3,321,835	71.7
Total	30,975,184	84.7	35,746,482	115.4	81,658,011	123.3

Notes 1. The "Others" category includes pachinko/pachislot machine parts and used pachinko/pachislot machines.

2. The above amounts are net of consumption tax.