

(Translation)

Fields Corporation
Summary of Financial Statements (Non-Consolidated)
Year Ended March 31, 2005

May 13, 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

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Date Approved by Board of Directors: May 13, 2005

Interim Dividend System (Yes/No): Yes

Date of Commencement of Dividend Payment: June 30, 2005

Ordinary General Meeting of Shareholders: June 29, 2005

Unit Stock System (Yes/No): No

1. Business results for the year ended March 31, 2005 (April 1, 2004, to March 31, 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)
Year ended March 31, 2005	79,970	(22.8)	12,275	(2.7)	12,312	(2.1)
Year ended March 31, 2004	65,140	(6.7)	11,951	(65.1)	12,054	(65.5)

	Net income		Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Ordinary income to net sales
	Millions of yen	(% change)	Yen	Yen	%	%	%
Year ended March 31, 2005	6,721	(3.1)	19,289.46	-	27.9	23.3	15.4
Year ended March 31, 2004	6,520	(72.2)	39,846.27	-	54.9	44.3	18.5

Notes: 1. Average number of shares outstanding

Year ended March 31, 2005: 343,000

Year ended March 31, 2004: 161,500

2. 12,000 new shares were issued through book building process on June 15, 2004.

3. Shares increased by 173,500 through a 2-for-1 stock split carried out on September 3, 2004.

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

5. Percentages for net sales, operating income, ordinary income and net income denote changes compared with the previous fiscal year.

(2) Dividend information

	Annual dividend per share			Annual dividend paid	Payout ratio	Dividend as percentage of shareholders' equity
	Interim	Year-end				
	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2005	4,000.00	2,000.00	2,000.00	1,388	20.7	4.2
Year ended March 31, 2004	24,000.00	20,000.00	4,000.00	1,292	20.1	8.8

(3) Financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2005	68,354	33,414	48.9	95,993.86
Year ended March 31, 2004	37,114	14,701	39.6	90,507.27

- Notes:
1. Number of shares outstanding at year-end
Year ended March 31, 2005: 347,000
Year ended March 31, 2004: 161,500
 2. 12,000 new shares were issued through book building process on June 15, 2004.
 3. Shares increased by 173,500 through a 2-for-1 stock split carried out on September 3, 2004.
 4. Treasury stock at year-end
Year ended March 31, 2005: -
Year ended March 31, 2004: -

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

	Net sales	Ordinary income	Net income	Annual dividend per share		
				Interim	Year-end	
	Millions of yen	Millions of yen	Millions of yen	Yen	Yen	Yen
Interim	34,500	5,100	2,700	2,000.00	-	-
Full year	85,800	14,000	7,400	-	2,000.00	4,000.00

Reference: Projected net income per share for the year ending March 31, 2006: ¥21,023.05

7. Non-consolidated Financial Statements

1. Non-consolidated Balance Sheets

(Thousands of yen, %)

Item	Period	Fiscal year ended March 31, 2004 (As of March 31, 2004)		Fiscal year ended March 31, 2005 (As of March 31, 2005)		Year-on-year change Amount
		Amount	% total	Amount	% total	
Assets						
I. Current assets						
Cash and cash equivalents		4,865,913		9,872,987		5,007,073
Notes receivable - trade		1,596,052		3,232,572		1,636,519
Accounts receivable - trade	*1	17,236,355		34,061,850		16,825,495
Marketable securities		—		5,000		5,000
Merchandise		76,591		146,691		70,099
Supplies		23,524		99,779		76,255
Advances		2,105		32,371		30,266
Merchandizing right advances	*1	1,720,076		3,384,063		1,663,987
Prepaid expenses		203,116		214,699		11,582
Deferred tax assets		350,606		200,372		(150,233)
Other accounts receivable	*1	12,578		11,220		(1,357)
Advance payments	*1	135,391		209,866		74,475
Notes held		214,418		91,936		(122,482)
Non-operating notes receivable		463,050		878,333		415,283
Other current assets	*1	420,340		205,095		(215,244)
Allowance for doubtful accounts		(86,800)		(84,300)		2,500
Total current assets		27,233,322	73.4	52,562,541	76.9	25,329,219
II. Fixed assets						
1. Tangible fixed assets						
Buildings		989,024		2,347,171		
Accumulated depreciation		(256,437)	732,586	(315,720)	2,031,450	1,298,864
Structures		19,245		65,794		
Accumulated depreciation		(11,673)	7,572	(17,792)	48,002	40,430
Vehicles		41,775		27,128		
Accumulated depreciation		(25,550)	16,224	(16,548)	10,579	(5,645)
Tools, furniture and fixtures		704,018		1,106,171		
Accumulated depreciation		(255,878)	448,139	(419,139)	687,032	238,893
Land			1,547,993		1,547,993	—
Construction in progress			243,251		—	(243,251)
Total tangible fixed assets			2,995,767		4,325,058	6.3
2. Intangible fixed assets						
Software			218,228		260,219	41,991
Software under development			9,075		442,446	433,371
Telephone subscription rights			18,437		18,539	102
Others			—		56,700	56,700
Total intangible fixed assets			245,740		777,906	1.2
3. Investments and other assets						
Investment securities			754,220		1,946,480	1,192,260
Investments in subsidiaries and affiliates			1,790,450		5,510,550	3,720,100
Equity investment			24,286		22,830	(1,456)
Long-term loans receivable			104,404		103,804	(600)
Long-term loans receivable from shareholders, directors or employees			2,111		539	(1,571)
Long-term loans receivable from affiliates			2,150,000		1,222,856	(927,143)
Claims in bankruptcy			98,194		102,952	4,757
Long-term prepaid expenses			63,198		34,699	(28,499)
Deferred tax assets			222,813		174,587	(48,225)
Deposits	*1		1,463,804		1,774,978	311,174
Others			60,393		86,486	26,092
Allowance for doubtful accounts			(93,901)		(97,206)	(3,304)
Allowance for investment losses			—		(195,000)	(195,000)
Total investments and other assets			6,639,975		10,688,559	15.6
Total fixed assets			9,881,483		15,791,524	23.1
Total assets			37,114,805		68,354,065	100.0

(Thousands of yen, %)

Item	Period	Fiscal year ended March 31, 2004 (As of March 31, 2004)		Fiscal year ended March 31, 2005 (As of March 31, 2005)		Year-on-year change
		Amount	% total	Amount	% total	Amount
		Liabilities				
I. Current liabilities						
Accounts payable - trade	*1	11,551,154		27,479,545		15,928,391
Short-term borrowings		3,000,000		–		(3,000,000)
Other accounts payable		970,717		981,274		10,557
Accrued expenses		2,000		2,200		200
Accrued income taxes		3,925,000		2,609,000		(1,316,000)
Unpaid consumption tax		381,391		132,032		(249,359)
Advances received		14,188		123,314		109,125
Deposits		474,373		477,574		3,201
Accrued bonuses		18,600		20,000		1,400
Other current liabilities		10,727		–		(10,727)
Total current liabilities		20,348,153	54.8	31,824,942	46.6	11,476,788
II. Long-term liabilities						
Retirement benefit provisions		120,815		129,925		9,110
Reserve for retirement benefits to directors and statutory auditors		699,800		568,700		(131,100)
Deposits received		1,193,049		2,409,736		1,216,687
Other long-term liabilities		51,065		5,893		(45,171)
Total long-term liabilities		2,064,729	5.6	3,114,255	4.5	1,049,525
Total liabilities		22,412,882	60.4	34,939,197	51.1	12,526,314
Shareholders' equity						
I. Common stock						
	*2	1,295,500	3.5	7,948,036	11.6	6,652,536
II. Capital surplus						
Additional paid-in capital		1,342,429		7,994,953		
Capital surplus total		1,342,429	3.6	7,994,953	11.7	6,652,524
III. Retained earnings						
Legal reserve		9,580		9,580		
Voluntary reserve						
General reserve		5,000,000		10,000,000		
Unappropriated retained earnings		6,816,219		7,112,502		
Total retained earnings		11,825,799	31.9	17,122,082	25.1	5,296,283
IV. Unrealized holding gain on available-for-sale securities						
		238,194	0.6	349,796	0.5	111,601
Total shareholders' equity		14,701,923	39.6	33,414,868	48.9	18,712,944
Total liabilities and shareholders' equity		37,114,805	100.0	68,354,065	100.0	31,239,259

2. Non-consolidated Statements of Income

(Thousands of yen, %)

Item	Period	Fiscal year ended March 31, 2004 (April 1, 2003 – March 31, 2004)		Fiscal year ended March 31, 2005 (April 1, 2004 – March 31, 2005)		Year-on-year change		
		Amount		Amount		Amount		
			% sales		% sales			
I. Net sales		65,140,732	100.0	79,970,015	100.0	14,829,283		
II. Cost of sales	*1	43,975,843	67.5	55,787,766	69.8	11,811,923		
Gross profit		21,164,888	32.5	24,182,248	30.2	3,017,359		
III. Selling, general and administrative expenses								
Advertising expenses		1,428,615		2,722,140				
Remuneration of directors and statutory auditors		258,710		269,450				
Salaries		2,656,545		3,365,690				
Bonuses		36,483		38,846				
Provision for accrued bonuses		18,600		20,000				
Legal welfare expenses		305,922		390,424				
Other welfare expenses		34,867		44,272				
Outsourcing expenses		547,998		756,856				
Travel expenses		445,075		436,646				
Depreciation and amortization		232,425		448,930				
Rents		606,381		790,199				
Recruitment and training expenses		468,067		332,716				
Provision to allowance for doubtful accounts		69,977		18,343				
Retirement benefit expenses		20,249		26,668				
Provision to reserve for retirement benefits for directors and statutory auditors		148,500		–				
Others		1,934,882	9,213,303	14.1	2,245,171	11,906,358	14.9	2,693,055
Operating income			11,951,585	18.4		12,275,890	15.3	324,304
IV. Non-operating income								
Interest income	*1	33,496		34,926				
Interest on securities		1,513		175				
Dividend income	*1	27,280		33,021				
Discounts on purchases	*1	–		159,760				
Lease income	*1	34,908		38,079				
Administrative services fees received	*1	13,440		–				
Others	*1	18,234	128,873	0.2	23,686	289,650	0.4	160,777
V. Non-operating costs								
Interest expense		2,197		7,351				
Issuance of new stock		2,290		91,906				
Capital increase-related expense		–		112,494				
Lease expenses		17,137		16,848				
Others		4,272	25,897	0.1	24,354	252,956	0.3	227,058
Ordinary income			12,054,561	18.5		12,312,584	15.4	258,022

(Thousands of yen, %)

Item	Period	Fiscal year ended March 31, 2004 (April 1, 2003 – March 31, 2004)			Fiscal year ended March 31, 2005 (April 1, 2004 – March 31, 2005)			Year-on-year change
		Amount		% sales	Amount		% sales	Amount
VI. Extraordinary income								
Gain from sale of fixed assets	*2	6,447			4,726			
Gain from investment in anonymous association		22,166			45,171			
Gain from liquidation of guarantee liabilities		17,400			2,600			
Gain on sale of investment securities		–			162,685			
Reversal of reserve for retirement benefits for directors and statutory auditors		–	46,014	0.1	131,100	346,283	0.4	300,269
VII. Extraordinary loss								
Loss on sale of fixed assets	*3	–			1,666			
Loss on disposal of fixed assets	*4	17,638			89,039			
Valuation loss on investment securities		–			175,534			
Valuation loss on equity investment		42,587			–			
Provision to reserve for investment losses		–	60,225	0.1	195,000	461,240	0.6	401,015
Income before income taxes			12,040,349	18.5		12,197,626	15.2	157,276
Current income taxes		5,733,846			5,354,480			
Deferred income taxes		(213,669)	5,520,177	8.5	121,863	5,476,343	6.8	(43,833)
Net income			6,520,172	10.0		6,721,283	8.4	201,110
Earnings carried over from previous period			942,046			1,085,219		143,172
Interim dividends paid			646,000			694,000		48,000
Unappropriated retained earnings			6,816,219			7,112,502		296,283

Appropriation Statement (Tentative)

(Thousands of yen)

Item	Period	Fiscal year ended March 31, 2004		Fiscal year ended March 31, 2005	
		(June 29, 2004)		(June 29, 2005)	
I. Unappropriated retained earnings at end of current fiscal year			6,816,219		7,112,502
II. Appropriation amount					
1. Dividends		646,000		694,000	
2. Bonuses to directors and statutory auditors (Of which, to statutory auditors)		85,000 (2,000)		105,000 (3,000)	
3. Voluntary reserve (1) General reserve		5,000,000	5,731,000	5,000,000	5,799,000
III. Earnings carried over to next fiscal year			1,085,219		1,313,502

(Note) Dates within parentheses under the period are the scheduled dates for approval at the general meeting of shareholders.

(Note) Details of dividends per share

	Fiscal year ended March 31, 2004			Fiscal year ended March 31, 2005		
	Full year	Interim	Year-end	Full year	Interim	Year-end
Common stock (details)	Yen	Yen	Yen	Yen	Yen	Yen
Ordinary dividend	14,000	10,000	4,000	4,000	2,000	2,000
Commemorative dividend	10,000	10,000	—	—	—	—

Significant Accounting Policies for the Preparation of Non-consolidated Financial Statements

Significant Accounting Policies

Item	Fiscal year ended March 31, 2004 (April 1, 2003 – March 31, 2004)	Fiscal year ended March 31, 2005 (April 1, 2004 – March 31, 2005)
1. Valuation standards and methods for marketable securities	<p>(1) Shares of subsidiaries and affiliates Stated at cost determined by the moving-average method.</p> <p>(2) Other marketable securities Those with market value: Stated at market value based on market price as of the balance sheet date (unrealized gains or losses are directly charged or credited to shareholders' equity, with the cost of securities sold determined by the moving-average method). Those with no market value: Stated at cost determined by the moving-average method.</p>	<p>(1) Shares of subsidiaries and affiliates Same as left</p> <p>(2) Other marketable securities Those with market value: Same as left</p> <p>Those with no market value: Same as left</p>
2. Valuation standards and methods for inventories	<p>(1) Merchandize Used pachinko/pachislot machines Stated at cost determined by the specific identification method. Others Stated at cost determined by the moving-average method.</p> <p>(2) Supplies Stated at cost determined by the last purchase price method</p>	<p>(1) Merchandize Used pachinko/pachislot machines Same as left</p> <p>Others Same as left</p> <p>(2) Supplies Same as left</p>
3. Depreciation methods for fixed assets	<p>(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: 10-27 years Vehicles: 4-6 years Tools and equipment: 3-20 years</p> <p>(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).</p> <p>(3) Long-term prepaid expenses Straight-line method</p>	<p>(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</p> <p>(2) Intangible fixed assets Same as left</p> <p>(3) Long-term prepaid expenses Same as left</p>
4. Treatment of deferred charges	<p>New stock issuance expenses These expenses are charged in full at the time they are incurred.</p>	<p>New 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 public offering was carried out by 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 new 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, while ordinary income and income before income taxes are each increased by the same amount.</p>

Category	Fiscal year ended March 31, 2004 (April 1, 2003 – March 31, 2004)	Fiscal year ended March 31, 2005 (April 1, 2004 – March 31, 2005)
5. Accounting standards for reserves	<p>(1) Allowance for doubtful accounts To provide for 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.</p> <p>(2) _____</p> <p>(3) Accrued bonuses To provide for employee bonuses, the Company recognizes the amounts out of the projected bonus payments to be allocated to the fiscal year.</p> <p>(4) Retirement benefit provisions To provide for employees' retirement benefits, the Company, on the basis of projected benefit obligations as of the end of the fiscal year, recognizes benefit obligations accrued as of the end of the fiscal year. Also, actuarial differences are proportionately amortized 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 of origination of such differences. Amortization amounts are expensed beginning with the fiscal year following that in which the difference originated.</p> <p>(5) Reserve for retirement benefits for directors and statutory auditors To provide for directors' retirement bonuses, the Company, in accordance with the internal regulations, recognizes the amounts to be paid at the end of the fiscal year.</p>	<p>(1) Allowance for doubtful accounts Same as left</p> <p>(2) Reserve for investment losses To provide for possible losses from investments into affiliates, this reserve is provided in consideration of the financial conditions of the affiliates.</p> <p>(3) Accrued bonuses Same as left</p> <p>(4) Retirement benefit provisions Same as left</p> <p>(5) Reserve for retirement benefits for directors and statutory auditors Same as left</p>
6. Accounting standards for revenues and expenses	<p>Accounting standards for sales and cost of sales</p> <p>Distribution sales These are recognized at the time of shipment of pachinko/pachislot machines. (Changes in accounting methods) Accounting recognition previously followed delivery to users and completion of installation. Beginning this fiscal year, this method has been changed to the effect that accounting recognition follows shipment. This change became possible because the delivery of machines to users is stated as the time of shipment in the sales agreements, and because shipping data can be quickly grasped due to improvements in computer systems. Compared with the previous method, the change resulted in an increase of ¥5,956,372 thousand in net sales, an increase of ¥3,916,219 thousand in cost of sales, and an increase of ¥2,040,152 thousand each in operating income, ordinary income, and income before income taxes.</p> <p>Agency sales These are recognized when the pachinko/pachislot machines are delivered to users, and the payments for the machines are made to the machine makers.</p>	<p>For agency sales, when the pachinko/pachislot machines are delivered to users, and the payments for the machines are made to the machine makers, these are recognized as commission income and commission cost.</p>

Category	Fiscal year ended March 31, 2004 (April 1, 2003 – March 31, 2004)	Fiscal year ended March 31, 2005 (April 1, 2004 – March 31, 2005)
7. Treatment of lease transactions	Finance lease transactions, other than those where the ownership of the leased assets is deemed to be transferred to the lessee, are accounted for as ordinary operating lease transactions.	Same as left
8. Other significant standards fundamental to the preparation of financial statements	(1) Accounting for consumption tax Consumption tax is accounted for by the tax-excluded method.	(1) Accounting for consumption tax Same as left

Change in disclosure methods

Fiscal year ended March 31, 2004 (April 1, 2003 – March 31, 2004)	Fiscal year ended March 31, 2005 (April 1, 2004 – March 31, 2005)
<p>(Non-consolidated balance sheets)</p> <p>Until the previous fiscal year, merchandizing right advances was included in “advances” under current assets. Owing to an increase in the financial importance of this item, it is now presented as a separate item. For the previous fiscal year, merchandizing right advances amounted to ¥262,125 thousand.</p> <p>Until the previous fiscal year, insurance reserve was presented as a separate item (the balance at the end of the current fiscal year was ¥14,801 thousand). Owing to the item falling to below 1% of total assets, it is now included in “others” under fixed assets.</p> <p>(Non-consolidated statements of income)</p> <p>Until the previous fiscal year, outsourcing expenses and recruitment and training expenses were included in “others” under sales, general and administrative expenses. Owing to this item exceeding 5% of SG&A expenses, it is now presented as a separate item. Outsourcing expenses and recruitment and training expenses for the previous fiscal year amounted to ¥340,493 thousand and ¥206,313 thousand, respectively.</p>	<p>—————</p> <p>(Non-consolidated statements of income)</p> <p>Until the previous fiscal year, administrative services fees received was stated as a separate item under non-operating income. Owing to this item falling below 10% of non-operating income, it is now included in “others” under non-operating income. Administrative services fees received in the current fiscal year amounted to ¥15,452 thousand.</p>

Additional information

Fiscal year ended March 31, 2004 (April 1, 2003 – March 31, 2004)	Fiscal year ended March 31, 2005 (April 1, 2004 – March 31, 2005)
—————	<p>Accompanying 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, from 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, Accounting Practices Report No. 12 dated February 13, 2004) .</p> <p>As a result, SG&A expenses increased by ¥107,461 thousand, and operating income, ordinary income, and income before income taxes decreased by ¥107,461 thousand.</p>

Notes

(Non-consolidated Balance Sheets)

Fiscal year ended March 31, 2004 (As of March 31, 2004)	Fiscal year ended March 31, 2005 (As of March 31, 2005)																																																																																				
<p>*1. Assets and liabilities for affiliates Other than the items separately stated, the followings are included.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Accounts receivable - trade</td> <td style="text-align: right;">¥2,480,033 thousand</td> </tr> <tr> <td style="padding-left: 20px;">Deposits</td> <td style="text-align: right;">¥550,355 thousand</td> </tr> <tr> <td style="padding-left: 20px;">Accounts payable – trade</td> <td style="text-align: right;">¥8,057,909 thousand</td> </tr> </table> <p>*2. Number of authorized and outstanding shares</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Authorized shares</td> <td style="padding-left: 20px;">Common stock</td> <td style="text-align: right;">586,000 shares</td> </tr> <tr> <td style="padding-left: 20px;">Outstanding shares</td> <td style="padding-left: 20px;">Common stock</td> <td style="text-align: right;">161,500 shares</td> </tr> </table> <p>3. Contingent liabilities The Company provides payment guarantees for sales of pachinko/pachislot machines to pachinko halls on an agency basis for pachinko/pachislot machine makers.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Gaia Co., Ltd.</td> <td style="text-align: right;">¥28,059 thousand</td> </tr> <tr> <td style="padding-left: 20px;">K.K. 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However, the Company is prohibited from utilizing the said amount for dividend payment in accordance with Article 124-3 of the Commercial Code Enforcement Regulations.</p> <p>6. Overdraft agreements and loan commitments To efficiently raise working capital, the Company has concluded overdraft and loan commitment agreements with six banks. As of the end of the fiscal year, unutilized amounts under these agreements were as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Overdraft limit plus total amount of loan commitments</td> <td style="text-align: right;">¥6,000,000 thousand</td> </tr> <tr> <td style="padding-left: 20px;"><u>Borrowings outstanding</u></td> <td style="text-align: right;"><u>¥3,000,000 thousand</u></td> </tr> <tr> <td style="padding-left: 20px;">Difference</td> <td style="text-align: right;">¥3,000,000 thousand</td> </tr> </table>	Accounts receivable - trade	¥2,480,033 thousand	Deposits	¥550,355 thousand	Accounts payable – trade	¥8,057,909 thousand	Authorized shares	Common stock	586,000 shares	Outstanding shares	Common stock	161,500 shares	Gaia Co., Ltd.	¥28,059 thousand	K.K. Sunvic	¥26,264 thousand	Asahi Shoji K.K.	¥24,688 thousand	Y.K. Sanei	¥22,194 thousand	Gunkay Co., Ltd.	¥21,429 thousand	Sankei Shoji K.K.	¥20,848 thousand	K.K. 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Overdraft agreements To efficiently raise working capital, the Company has concluded overdraft agreements with three banks. As of the end of the fiscal year, unutilized amounts under these agreements were as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Overdraft limit</td> <td style="text-align: right;">¥3,000,000 thousand</td> </tr> <tr> <td style="padding-left: 20px;"><u>Borrowings outstanding</u></td> <td style="text-align: right;"><u>-</u></td> </tr> <tr> <td style="padding-left: 20px;">Difference</td> <td style="text-align: right;">¥3,000,000 thousand</td> </tr> </table>	Other assets	¥858,911 thousand	Accounts payable – trade	¥22,794,079 thousand	Authorized shares	Common stock	586,000 shares	Outstanding shares	Common stock	347,000 shares	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. 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(Non-consolidated Statements of Income)

Fiscal year ended March 31, 2004 (April 1, 2003 – March 31, 2004)	Fiscal year ended March 31, 2005 (April 1, 2004 – March 31, 2005)																																						
<p>*1. Items for affiliates that are included in the statements of income are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Purchases</td> <td style="text-align: right;">¥33,508,152 thousand</td> </tr> <tr> <td>Interest income</td> <td style="text-align: right;">¥29,858 thousand</td> </tr> <tr> <td>Dividend income</td> <td style="text-align: right;">¥21,000 thousand</td> </tr> <tr> <td>Administrative services fees received</td> <td style="text-align: right;">¥13,440 thousand</td> </tr> </table> <p>*2. Gain on sale of fixed assets arose from sale of land.</p> <p>*3. _____</p> <p>*4. Details of loss on disposal of fixed assets are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Buildings</td> <td style="text-align: right;">¥3,442 thousand</td> </tr> <tr> <td>Structures</td> <td style="text-align: right;">¥1,488 thousand</td> </tr> <tr> <td>Vehicles</td> <td style="text-align: right;">¥2,680 thousand</td> </tr> <tr> <td><u>Tools, furniture and fixtures</u></td> <td style="text-align: right;"><u>¥10,027 thousand</u></td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: right;">¥17,638 thousand</td> </tr> </table>	Purchases	¥33,508,152 thousand	Interest income	¥29,858 thousand	Dividend income	¥21,000 thousand	Administrative services fees received	¥13,440 thousand	Buildings	¥3,442 thousand	Structures	¥1,488 thousand	Vehicles	¥2,680 thousand	<u>Tools, furniture and fixtures</u>	<u>¥10,027 thousand</u>	Total	¥17,638 thousand	<p>*1. Items for affiliates that are included in the statements of income are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Purchases</td> <td style="text-align: right;">¥45,095,320 thousand</td> </tr> <tr> <td>Interest income</td> <td style="text-align: right;">¥30,986 thousand</td> </tr> <tr> <td>Discounts on purchases</td> <td style="text-align: right;">¥159,668 thousand</td> </tr> <tr> <td>Other non-operating income</td> <td style="text-align: right;">¥39,052 thousand</td> </tr> </table> <p>*2. Gain on sale of fixed assets arose from sale of vehicles.</p> <p>*3. Loss on sale of fixed assets arose from sale of tools, furniture and fixtures.</p> <p>*4. Details of loss on disposal of fixed assets are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Buildings</td> <td style="text-align: right;">¥54,837 thousand</td> </tr> <tr> <td>Vehicles</td> <td style="text-align: right;">¥29 thousand</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td style="text-align: right;">¥20,659 thousand</td> </tr> <tr> <td>Long-term prepaid expenses</td> <td style="text-align: right;">¥361 thousand</td> </tr> <tr> <td><u>Software</u></td> <td style="text-align: right;"><u>¥13,151 thousand</u></td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: right;">¥89,039 thousand</td> </tr> </table>	Purchases	¥45,095,320 thousand	Interest income	¥30,986 thousand	Discounts on purchases	¥159,668 thousand	Other non-operating income	¥39,052 thousand	Buildings	¥54,837 thousand	Vehicles	¥29 thousand	Tools, furniture and fixtures	¥20,659 thousand	Long-term prepaid expenses	¥361 thousand	<u>Software</u>	<u>¥13,151 thousand</u>	Total	¥89,039 thousand
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(Deferred Tax Accounting)

Fiscal year ended March 31, 2004 (As of March 31, 2004)		Fiscal year ended March 31, 2005 (As of March 31, 2005)	
1. Main components of deferred tax assets and deferred tax liabilities (Deferred tax assets)		1. Main components of deferred tax assets and deferred tax liabilities (Deferred tax assets)	
Unrecognized reserve for retirement benefits for directors and statutory auditors	¥284,818 thousand	Unrecognized reserve for retirement benefits for directors and statutory auditors	¥231,460 thousand
Unrecognized accrued enterprise taxes	¥320,659 thousand	Unrecognized accrued enterprise taxes	¥155,664 thousand
Excess reserve for retirement benefits	¥47,392 thousand	Excess reserve for retirement benefits	¥51,989 thousand
Excess allowance for doubtful accounts	¥24,187 thousand	Excess allowance for doubtful accounts	¥40,502 thousand
Excess reserve for accrued bonuses	¥7,570 thousand	Excess reserve for accrued bonuses	¥8,140 thousand
Others	¥52,275 thousand	Unrecognized allowance for investment losses	¥79,365 thousand
		Others	¥47,916 thousand
Total deferred tax assets	¥736,903 thousand	Total deferred tax assets	¥615,039 thousand
(Deferred tax liabilities)		(Deferred tax liabilities)	
Unrealized gains (losses) on other marketable securities	(¥163,482 thousand)	Unrealized gains (losses) on other marketable securities	(¥240,079 thousand)
Total deferred tax liabilities	(¥163,482 thousand)	Total deferred tax liabilities	(¥240,079 thousand)
Net deferred tax assets	¥573,420 thousand	Net deferred tax assets	¥347,960 thousand
2. Breakdown of main items causing differences between the statutory tax rate and the effective rate for income taxes after applying deferred tax accounting		2. Breakdown of main items causing differences between the statutory tax rate and the effective rate for income taxes after applying deferred tax accounting	
Statutory tax rate (Adjustments)	42.0 %	Statutory tax rate (Adjustments)	40.7 %
Accumulated earnings tax	3.0 %	Accumulated earnings tax	2.5 %
Per capita levy of local resident income tax	0.2 %	Per capita levy of local residential income tax	0.3 %
Entertainment expenses not deductible for tax purposes	0.5 %	Entertainment expenses not deductible for tax purposes	0.8 %
Non-taxable dividend income	(0.1) %	Non-taxable dividend income	(0.1) %
Others	0.2 %	Tax deductions	(0.1) %
Effective income tax rate after application of deferred tax accounting	45.8 %	Others	0.8 %
		Effective income tax rate after application of deferred tax accounting	44.9 %

(Per Share Data)

Fiscal year ended March 31, 2004 (April 1, 2003 – March 31 2004)		Fiscal year ended March 31, 2005 (April 1, 2004 – March 31, 2005)	
Book value per share	¥90,507.27	Book value per share	¥95,993.86
Net income per share	¥39,846.27	Net income per share	¥19,289.46
Since no latent shares exist, diluted net income per share is not stated.		Since no latent shares with dilution effects exist, diluted net income per share is not stated.	
The Company implemented a 5-for-1 stock split on November 20, 2003. Per share data for the previous fiscal year assuming the stock split was implemented at the beginning of the previous fiscal year are given below.		The Company implemented a 2-for-1 stock split on September 3, 2004. Per share data for the previous fiscal year assuming the stock split was implemented at the beginning of the previous fiscal year are given below.	
Book value per share	¥55,521.29	Book value per share	¥45,253.63
Net income per share	¥25,229.18	Net income per share	¥19,923.14
Since no latent shares exist, diluted net income per share is not stated.		Since no latent shares exist, diluted net income per share is not stated.	

(Note) The calculation basis for net income per share is as below.

	Fiscal year ended March 31, 2004 (April 1, 2003 – March 31, 2004)	Fiscal year ended March 31, 2005 (April 1, 2004 – March 31, 2005)
Net income	¥6,520,172 thousand	¥6,721,283 thousand
Amount not allocable to common shareholders (Of which, bonuses to directors and statutory auditors by appropriation of retained earnings)	¥85,000 thousand (¥85,000 thousand)	¥105,000 thousand (¥105,000 thousand)
Net income allocable to common shares	¥6,435,172 thousand	¥6,616,283 thousand
Average number of shares of common stock outstanding	161,500 shares	343,000 shares
Outline of latent shares not reflected in the calculation of diluted net income per share since there are no dilution effects from them	—	Stock acquisition rights Resolution on June 27, 2003 Number of latent shares 3,180 shares

Per share data adjusted retroactively

Per-share data stated in the summary of financial statements, based on data for the fiscal year ended March 31, 2005, have been adjusted for dilution from the stock splits implemented to date as follows.

	Fiscal year ended March 31, 2004		Fiscal year ended March 31, 2005	
	Interim	Year-end	Interim	Year-end
	Yen	Yen	Yen	Yen
Net income per share	10,256.18	19,923.14	5,876.37	19,289.46
Dividend per share				
Ordinary	1,000.00	2,000.00	2,000.00	2,000.00
Commemorative	1,000.00	—	—	—
Shareholders' equity per share	37,175.20	45,253.63	84,247.58	95,993.86

(Note) A 2-for-1 stock split was implemented on September 3, 2004.

(Subsequent Events)

Fiscal year ended March 31, 2004 (April 1, 2003 – March 31, 2004)	Fiscal year ended March 31, 2005 (April 1, 2004 – March 31, 2005)																													
<p>Resolution for stock options</p> <p>The Board of Directors, at the meeting on April 14, 2004, resolved the following details regarding the issuance of stock acquisition rights as stock options pursuant to the provisions of Articles 280-20 and 280-21 of the Commercial Code, and based on the resolution of the 15th ordinary general meeting of shareholders on June 27, 2003.</p> <table border="0"> <tr> <td style="vertical-align: top;">1.</td> <td style="vertical-align: top;">Issue date of stock acquisition rights</td> <td style="vertical-align: top;">April 14, 2004</td> </tr> <tr> <td style="vertical-align: top;">2.</td> <td style="vertical-align: top;">Number of stock acquisition rights to be issued</td> <td style="vertical-align: top;">681 rights (five shares per stock acquisition right)</td> </tr> <tr> <td style="vertical-align: top;">3.</td> <td style="vertical-align: top;">Issue value of stock acquisition rights</td> <td style="vertical-align: top;">Gratis</td> </tr> <tr> <td style="vertical-align: top;">4.</td> <td style="vertical-align: top;">Class and number of shares for which stock acquisition rights are to be issued</td> <td style="vertical-align: top;">3,405 shares of common stock</td> </tr> <tr> <td style="vertical-align: top;">5.</td> <td style="vertical-align: top;">Amount to be paid upon exercise of stock acquisition rights</td> <td style="vertical-align: top;">¥1,520,000 per share</td> </tr> <tr> <td style="vertical-align: top;">6.</td> <td style="vertical-align: top;">Exercise period for stock acquisition rights</td> <td style="vertical-align: top;">From July 1, 2005, to June 30, 2008</td> </tr> <tr> <td style="vertical-align: top;">7.</td> <td style="vertical-align: top;">Number of persons eligible for stock acquisition rights allotment</td> <td style="vertical-align: top;">Directors, statutory auditors and employees of the Company Total of 115 people</td> </tr> </table> <p>Resolution for stock split (gratis issue)</p> <p>On May 25, 2004, the Board of Directors passed a resolution authorizing a stock split (gratis issue).</p> <p>Stock split (gratis issue)</p> <p>1. A 2-for-1 common stock split will be implemented as follows on September 3, 2004.</p> <p>(i) Number of shares to be increased through the stock split As common stocks, the number of shares to be increased will be the same as the number of shares outstanding as of July 15, 2004.</p> <p>(ii) Split method Common stock held by shareholders recorded or registered in the shareholder register or the effective shareholder register as of July 15, 2004, will be split on a 2-for-1 ratio.</p> <p>2. Dividend reckoning date April 1, 2004 Per share data for the previous fiscal year and the current fiscal year, assuming such a stock split was implemented at the beginning of the each fiscal year, are as follows.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Previous fiscal year</th> <th style="text-align: center;">Current fiscal year</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Book value per share ¥27,760.65</td> <td style="text-align: center;">Book value per share ¥45,253.63</td> </tr> <tr> <td style="text-align: center;">Net income per share ¥12,614.59</td> <td style="text-align: center;">Net income per share ¥19,923.14</td> </tr> <tr> <td style="text-align: center;">Since no latent shares exist, diluted net income per share is not stated.</td> <td style="text-align: center;">Since no latent shares exist, diluted net income per share is not stated.</td> </tr> </tbody> </table>	1.	Issue date of stock acquisition rights	April 14, 2004	2.	Number of stock acquisition rights to be issued	681 rights (five shares per stock acquisition right)	3.	Issue value of stock acquisition rights	Gratis	4.	Class and number of shares for which stock acquisition rights are to be issued	3,405 shares of common stock	5.	Amount to be paid upon exercise of stock acquisition rights	¥1,520,000 per share	6.	Exercise period for stock acquisition rights	From July 1, 2005, to June 30, 2008	7.	Number of persons eligible for stock acquisition rights allotment	Directors, statutory auditors and employees of the Company Total of 115 people	Previous fiscal year	Current fiscal year	Book value per share ¥27,760.65	Book value per share ¥45,253.63	Net income per share ¥12,614.59	Net income per share ¥19,923.14	Since no latent shares exist, diluted net income per share is not stated.	Since no latent shares exist, diluted net income per share is not stated.	<hr style="width: 10%; margin: 0 auto;"/>
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<p>Resolution for issuance of new shares in overseas markets</p> <p>On May 25, 2004, the Board of Directors passed a resolution authorizing the issuance of new shares in overseas markets.</p> <p>(1) Number of shares to be issued 12,000 shares of common stock</p> <p>(2) Issue value ¥1,108,755</p> <p>(3) Amount transferred to paid-in capital ¥554,378</p> <p>(4) Issue date June 15, 2004</p> <p>(5) Method of issuance HSBC Bank plc will act as lead manager of an underwriting syndicate, which will purchase the shares from the Company. Shares will be sold mainly in Europe through public offering (but only to qualifying institutional investors in the United States).</p> <p>(6) Dividend reckoning date April 1, 2004</p> <p>(7) Use of funds raised Of the approximately ¥13.1 billion raised through the issue of new shares, ¥4 billion will be used to expand and upgrade the Company's sales network and internal sales management systems; ¥6 billion will be used for acquiring and investing in merchandizing rights; and the remainder will be used for investments and loans to subsidiaries, etc.</p>	

8. Changes in Directors

Changes are as yet undecided. However, any changes in directors will be decided at the meeting of the Board of Directors to be held in May 2005, and will be notified separately.