

(Translation)

**Fields Corporation**  
**Summary of First Quarter Financial Information and Business Results (Consolidated)**  
Year Ending March 31, 2005

August 6, 2004

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

Representative Director: Hidetoshi Yamamoto  
President, Representative Director, and CEO

Inquiries: Hiroyuki Yamanaka  
Manager, Administration Division for Board of Directors (Tel: (03) 5784-2111)

**1. Summary of quarterly report of business results**

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

**2. Summary of business results for the first quarter of the year ending March 31, 2005 (April 1 to June 30, 2004)**

(1) Consolidated operating results (Truncated to lower of one million)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	(% change)	Millions of yen	(% change)	Millions of yen	(% change)	Millions of yen	(% change)
First quarter, year ending March 31, 2005	17,004	(-25.4)	1,820	(-56.7)	1,870	(-57.4)	1,107	(-53.2)
First quarter, year ended March 31, 2004	22,782	(—)	4,202	(—)	4,392	(—)	2,367	(—)
Year ended March 31, 2004 (For reference)	66,211		11,866		12,209		6,620	

	Net income per share	Diluted net income per share
	Yen	Yen
First quarter, year ending March 31, 2005	6,694.06	—
First quarter, year ended March 31, 2004	73,284.45	—
Year ended March 31, 2004 (For reference)	40,465.97	—

- Notes: 1. The average number of shares outstanding was 165,500 for the first quarter of the year ending March 31, 2005, 32,300 for the first quarter of the year ended March 31, 2004, and 161,500 for the year ended March 31, 2004.
2. Percentages for net sales, operating income and other items denote changes compared with the corresponding quarter of the previous fiscal year.
3. The financial statements presented in this summary are prepared under Japanese generally accepted accounting principles.

### **Qualitative data relating to business results (Consolidated)**

In the first quarter of the year ending March 31, 2005, to maximize the benefits of its strategic alliance with Bisty Co., Ltd., of the Sankyo Corporation Group—announced in autumn 2003—Fields Corporation focused on expanding its network of sales offices, increasing its sales force and other strategies aimed at bolstering performance. We expect these efforts to contribute substantially to results in the second half of the year ending March 31, 2005, by bringing our product planning to fruition and expanding our product lineup.

As part of our core growth strategy of acquiring usage rights for well-known copyrighted material, we formed a strategic alliance with SUN R&P Co., Ltd., which is involved in the management of copyrights relating to three major Hollywood movie studios. We also formed an alliance with FEG Co., Ltd., which promotes K-1 martial arts sports events. Through the expansion of our network of partnerships in a wide range of fields, we expect these copyright usage operations to be reflected in our performance during the second half of the current fiscal year.

In the future, as well as developing top-quality amusement machines (pachinko and pachislot) with high entertainment value, we will also strive to gain significant synergies by developing businesses in such fields as video games and merchandising.

In addition, in our traditionally strong area of marketing high entertainment value amusement consoles fitted with large liquid crystal display screens we performed well by gaining a high level of customer support. During the quarter, the volume of sales for two machines launched in the previous fiscal year—Bisty's CR Fever Kung-Fu Gal pachinko machine and Rodeo Corporation's Gamera High Grade Vision pachislot machine—continued to rise. In addition, the Company commenced sales of such products as Sammy Corporation's CR Linda no Do-Ni-Mo Tomaranai pachinko machine, as well as Bisty's CR Fever Twins pachinko machine and Fever Natsu Matsuri pachislot machine.

As a result of these efforts, sales volumes in the first quarter, ended June 30, 2004, amounted to 60,966 pachinko machines and 39,175 pachislot machines. Consequently, first-quarter net sales totaled ¥17,004 million, operating income ¥1,820 million, ordinary income ¥1,870 million and net income ¥1,107 million.

## (2) Consolidated financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
First quarter, year ending March 31, 2005	43,027	28,052	65.2	161,685.62
First quarter, year ended March 31, 2004	25,698	10,748	41.8	332,782.30
Year ended March 31, 2004 (For reference)	37,115	14,507	39.1	89,305.39

## Summary of consolidated cash flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of term
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
First quarter, year ending March 31, 2005	1,328	(709)	12,659	18,717
First quarter, year ended March 31, 2004	(1,459)	(320)	(292)	3,666
Year ended March 31, 2004 (For reference)	851	(3,190)	2,029	5,437

## Qualitative data relating to changes in cash flows (Consolidated)

At June 30, 2004—the end of the first quarter—cash and cash equivalents increased ¥13,279 million compared with the end of the previous fiscal year. This was mainly due to the issuance of common stock in June 2004 and expenditures for the purchase of property and equipment.

Net cash provided by operating activities totaled ¥1,328 million. Significant items within this included income before income taxes and minority interest of ¥2,033 million; decrease in notes and accounts receivable—trade of ¥8,812 million; decrease in accounts payable—trade, which came to ¥6,031 million; and income taxes paid and other tax payments, which totaled ¥4,048 million.

Net cash used in investing activities amounted to ¥709 million. This was mainly attributable to purchases of property and equipment of ¥879 million, and ¥237 million in proceeds from sales of investment securities.

Net cash provided by financing activities came to ¥12,659 million. This was primarily due to proceeds from issuance of common stock, which totaled ¥13,305 million, and cash dividends paid of ¥646 million.

## 3. Forecast earnings for the year ending March 31, 2005

	Net sales	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
Interim	32,000	4,100	2,190
Full-year	74,000	14,000	7,490

Reference: Forecast net income per common share for the year ending March 31, 2005, is ¥21,340.06.

Note: On September 3, 2004, the Company will effect a two-for-one stock split (free issue). As a result, forecast net income per common share stated above has been calculated based on an average of 343,000 shares throughout the fiscal year.

### **Qualitative data for earnings forecasts**

Fields commenced sales of Rodeo's Umematsu Dynamite Wave pachislot machine in July 2004, which received a strongly favorable reception and is expected to be a major driver in achieving our sales volume targets for amusement machines during the interim period. Our volume of orders has also been bolstered by a general lack of new machine releases in the marketplace and we do not foresee any major changes in market conditions in the near future.

We will continue vigorously pursuing growth in the amusement machine market, our main line of business. At the same time, we will focus on tapping into new entertainment fields outside the amusement machine area. To procure the funds needed for this aggressive plan, Fields issued new shares in overseas markets following a resolution adopted at a Board of Directors' meeting held on May 25, 2004. We will effectively invest the ¥13,100 million raised from the stock issue to implement key operating strategies. At the same time, we will remain focused on improving business performance and further enhancing corporate value by building a more stable financial base.

#### **1. Strengthening our copyright business by acquiring superior content**

Demand in the entertainment market is increasing across all demographic segments in Japan. The diversification of entertainment needs also means the use of copyrighted characters is becoming an essential part of producing competitive amusement machines. Through collaborative efforts in various business sectors, Fields is actively acquiring usage rights for copyrighted material and product development rights for superior content and well-known characters, both in Japan and overseas. We see this as one of the Company's core strategies and are therefore expanding our network of business partners in a variety of fields. We intend to use this content not just for amusement machines but across a wide spectrum of entertainment-related fields. In the future, we plan to use this approach by continuing to aggressively acquire usage rights for other well-known characters to further bolster the value of the content and build linkages to other products, which will in turn lead to an increase in our corporate value.

#### **2. Strengthening the Group by bolstering our capabilities in all-round content development**

By acquiring and utilizing well-known character rights and to enhance content value and build linkages to other products, we are focusing on enhancing the role of companies related to the Fields Group. To maximize the synergies from collaboration with such companies, we will make investments and loans to them as necessary.

#### **3. Strengthening the corporate structure by reinforcing our operational base and enhancing our management systems**

Fields will continue to focus on raising customer satisfaction by developing superior products and working with each customer to provide highly tailored solutions. To this end, from the previous fiscal year we have expanded our nationwide network of sales offices and added capacity to existing offices. In the current fiscal year to date, we opened new showrooms in Shizuoka in April, Fukuoka in July, and in Sendai, Mie and Kanazawa in August. The new Utsunomiya showroom will be our 28th in Japan.

We will invest in plant and equipment to build management system capabilities linked to marketing activities—functions that will enhance our showrooms, which are the core of our sales bases. We intend to build a system that is even more attentive to customer needs and facilitates the provision of high-quality services.

## Consolidated Balance Sheets

(Thousands of yen, %)

Item	Period	First quarter previous term		First quarter current term		Previous fiscal year	
		(As of June 30, 2003)		(As of June 30, 2004)		(As of March 31, 2004)	
		Amount	% total	Amount	% total	Amount	% total
<b>Assets</b>							
Current assets							
1. Cash and cash equivalents		3,666,016		18,717,182		5,437,758	
2. Notes and accounts receivable trade		15,044,279		10,073,327		18,865,138	
3. Inventories		254,606		366,057		256,541	
4. Deferred tax assets		243,528		371,033		371,033	
5. Other current assets		1,028,577		4,137,000		3,309,085	
6. Allowance for doubtful accounts		(84,300)		(86,953)		(86,953)	
Total current assets		20,152,707	78.4	33,577,647	78.0	28,152,604	75.9
Fixed assets							
1. Tangible fixed assets		1,945,600	7.6	3,936,890	9.2	3,351,355	9.0
2. Intangible fixed assets		178,247	0.7	393,095	0.9	384,585	1.0
3. Investments and other assets							
1) Investment securities		1,459,731		2,611,803		2,824,195	
2) Long-term loans		—		106,879		107,599	
3) Deposits		1,208,375		1,734,283		1,661,745	
4) Deferred tax assets		280,931		323,139		222,779	
5) Other assets		558,572		436,462		503,240	
6) Allowance for doubtful accounts		(85,977)		(92,265)		(92,265)	
Total investment and other assets		3,421,634	13.3	5,120,303	11.9	5,227,294	14.1
Total fixed assets		5,545,483	21.6	9,450,289	22.0	8,963,234	24.1
Total assets		25,698,190	100.0	43,027,936	100.0	37,115,839	100.0

(Thousands of yen, %)

Item	Period		First quarter previous term		First quarter current term		Previous fiscal year	
	(As of June 30, 2003)		(As of June 30, 2004)		(As of March 31, 2004)			
	Amount	% total	Amount	% total	Amount	% total		
<b>Liabilities</b>								
<b>Current liabilities</b>								
1. Accounts payable—trade	9,446,560		5,614,173		11,645,579			
2. Short-term borrowings	—		3,000,000		3,000,000			
3. Accrued income taxes	2,097,112		937,589		3,960,019			
4. Accrued bonuses	31,500		32,100		18,600			
5. Other current liabilities	1,604,904		2,267,113		1,930,638			
<b>Total current liabilities</b>	<b>13,180,077</b>	<b>51.3</b>	<b>11,850,975</b>	<b>27.6</b>	<b>20,554,837</b>	<b>55.4</b>		
<b>Long-term liabilities</b>								
1. Retirement benefit provisions	110,804		126,924		120,815			
2. Reserve for directors' retirement bonuses	561,825		699,800		699,800			
3. Deposits received	1,010,785		2,227,507		1,161,922			
4. Excess of net assets acquired over cost	2,713		1,231		1,602			
5. Other liabilities	73,231		51,065		51,065			
<b>Total long-term liabilities</b>	<b>1,759,359</b>	<b>6.9</b>	<b>3,106,528</b>	<b>7.2</b>	<b>2,035,204</b>	<b>5.5</b>		
<b>Total liabilities</b>	<b>14,939,437</b>	<b>58.2</b>	<b>14,957,504</b>	<b>34.8</b>	<b>22,590,042</b>	<b>60.9</b>		
<b>Minority interest</b>								
Minority interest in consolidated subsidiaries	9,885	0.0	17,976	0.0	17,976	0.0		
<b>Shareholders' equity</b>								
Common stock	1,295,500	5.0	7,948,036	18.5	1,295,500	3.5		
Capital surplus	1,342,429	5.2	7,994,953	18.6	1,342,429	3.6		
Retained earnings	8,027,822	31.3	12,017,495	27.9	11,631,695	31.3		
Unrealized holding gain on available-for-sale securities	83,115	0.3	91,969	0.2	238,194	0.7		
<b>Total shareholders' equity</b>	<b>10,748,868</b>	<b>41.8</b>	<b>28,052,455</b>	<b>65.2</b>	<b>14,507,820</b>	<b>39.1</b>		
<b>Total liabilities, minority interest and shareholders' equity</b>	<b>25,698,190</b>	<b>100.0</b>	<b>43,027,936</b>	<b>100.0</b>	<b>37,115,839</b>	<b>100.0</b>		

## Consolidated Statements of Income

(Thousands of yen, %)

Item	Period	First quarter previous term (Three months ended June 30, 2003)		First quarter current term (Three months ended June 30, 2004)		Previous fiscal year (Year ended March 31, 2004)	
		Amount	% sales	Amount	% sales	Amount	% sales
Net Sales		22,782,691	100.0	17,004,122	100.0	66,211,589	100.0
Cost of sales		16,383,357	71.9	12,296,390	72.3	44,633,469	67.4
Gross profit		6,399,333	28.1	4,707,732	27.7	21,578,120	32.6
Selling, general and administrative expenses		2,197,014	9.6	2,887,649	17.0	9,711,541	14.7
Operating income		4,202,319	18.5	1,820,083	10.7	11,866,578	17.9
Non-operating income		195,413	0.8	236,669	1.4	369,784	0.6
Non-operating costs		5,297	0.0	186,332	1.1	26,853	0.1
Ordinary income		4,392,434	19.3	1,870,419	11.0	12,209,509	18.4
Extraordinary income		1,612	0.0	162,685	1.0	46,014	0.1
Extraordinary loss		222	0.0			66,322	0.1
Income before income taxes and minority interest		4,393,825	19.3	2,033,105	12.0	12,189,200	18.4
Income taxes		2,016,852	8.9	925,238	5.4	5,557,676	8.4
Minority interest		9,885	0.0			11,269	0.0
Net income		2,367,087		1,107,867		6,620,253	

## Consolidated Statements of Cash Flows

(Thousands of yen, %)

Item	Period	First quarter previous term	First quarter current term	Previous fiscal year
		(Three months ended June 30, 2003)	(Three months ended June 30, 2004)	(Year ended March 31, 2004)
		Amount	Amount	Amount
Cash flows from operating activities				
1.	Income before income taxes and minority interest	4,393,825	2,033,105	12,189,200
2.	Depreciation and amortization	62,499	103,865	317,565
3.	Increase (decrease) in allowance for doubtful accounts	55,598		64,540
4.	Accrued bonuses	13,500	13,500	600
5.	Increase (decrease) in retirement benefit provisions	4,806	6,109	14,816
6.	Increase (decrease) in reserve for retirement benefits for directors and statutory auditors	(7,175)		130,800
7.	Interest and dividend income	(4,340)	(7,614)	(12,340)
8.	Equity in earnings of affiliates	(170,997)	(119,818)	(292,330)
9.	Interest expense	—	7,351	2,197
10.	Decrease (increase) in notes and accounts receivable—trade	(10,556,598)	8,812,497	(14,546,569)
11.	Decrease (increase) in inventories	5,654	(92,665)	7,919
12.	Decrease (increase) in merchandising right advances	—	(406,013)	(1,457,951)
13.	Increase (decrease) in accounts payable—trade	6,699,889	(6,031,405)	8,823,448
14.	Payments of bonuses to directors and statutory auditors	(77,000)	(85,000)	(77,000)
15.	Other	655,264	1,120,331	70,428
	Subtotal	1,074,926	5,354,243	5,235,325
16.	Interest and dividends received	25,291	28,614	33,319
17.	Interest paid	—	(6,409)	(3,140)
18.	Income taxes paid	(2,560,103)	(4,048,028)	(4,414,311)
	Net cash (used in) provided by operating activities	(1,459,885)	1,328,420	851,192
II Cash flows from investing activities				
1.	Purchases of property and equipment	(102,913)	(879,535)	(1,520,955)
2.	Proceeds from sales of disposed property and equipment	—	-	6,964
3.	Purchases of intangible assets	(34,537)	(28,868)	(287,452)
4.	Purchases of investment securities	(164,214)	(10,713)	(1,356,059)
5.	Maturity of debt securities	—	237,997	200,700
6.	Expenditures for capital procurement	(50)	1,456	(1,050)
7.	Expenditures for loans	(5,636)		(461,020)
8.	Proceeds from repayment of loans	7,292	45,717	108,250
9.	Proceeds from repayments of deposits and guarantees at end of contracts	15,391	13,725	74,495
10.	Payment of deposits and guarantees	(25,749)	(86,263)	(278,753)
11.	Payment for long-term expenses	—	(2,687)	(65,304)
12.	Cancellation of life insurance policies	—		422,076
13.	Other	(10,534)	(798)	(32,086)
	Net cash used in investing activities	(320,951)	(709,969)	(3,190,193)

(Continued on next page)

(Continued from previous page)

III Cash flows from financing activities			
1. Increase (decrease) in short-term borrowings, net	—		3,000,000
2. Payment of long-term borrowings	(488)		(3,790)
3. Cash dividends paid	(291,720)	(646,000)	(966,210)
4. Proceeds from issuance of common stock		13,305,060	—
Net cash (used in) provided by financing activities	(292,208)	12,659,060	2,029,999
Effect of exchange rate changes on cash and cash equivalents	—	1,912	(1,892)
Decrease in cash and cash equivalents	(2,073,045)	13,279,423	(310,893)
Cash and cash equivalents at beginning of the period	5,739,061	5,437,758	5,739,061
Increase (decrease) in cash and cash equivalents due to change of consolidation scope	—		9,590
Cash and cash equivalents at end of the period	3,666,016	18,717,182	5,437,758