

(Translation)

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

February 10, 2005

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

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1. Notes to quarterly financial information

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

2. Summary of business results for the third quarter of the year ending March 31, 2005 (April 1 to December 31, 2004)

(1) Consolidated operating results (Rounded down to nearest million)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	(% change)	Millions of yen	(% change)	Millions of yen	(% change)	Millions of yen	(% change)
Third quarter, year ending March 31, 2005	41,027	(-11.2)	3,241	(-52.4)	3,401	(-52.3)	2,024	(-48.9)
Third quarter, year ended March 31, 2004	46,212	(—)	6,806	(—)	7,135	(—)	3,958	(—)
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
Third quarter, year ending March 31, 2005	5,925.30	—
Third quarter, year ended March 31, 2004	24,509.10	—
Year ended March 31, 2004 (For reference)	40,465.97	—

- Notes: 1. Average number of shares outstanding
Third quarter of the year ending March 31, 2005: 341,666 shares
Third quarter of the year ended March 31, 2004: 32,300 shares
Year ended March 31, 2004: 161,500 shares
2. Percentages for net sales, operating income and other items denote changes compared with the corresponding quarter of the previous fiscal year.

Qualitative data relating to consolidated operating results

As Japanese society has continued to mature in recent years, based on our corporate philosophy of “the greatest leisure for all people” Fields Corporation has strived to enhance corporate value, expand growth opportunities, and boost returns for shareholders by responding to wide-ranging leisure needs at every level of an increasingly diversified society.

As part of those efforts, Fields strengthened its product platform in the pachinko and pachislot business through a tie-up with Bisty Co., Ltd., a wholly-owned subsidiary of SANKYO Co., Ltd., in November 2003. With a view to expanding into new business areas, Fields also established a foothold in the video games sector through an operational and equity tie-up with D3 Publisher Inc. in January 2004.

Amid these ongoing activities, significant changes to development standards for amusement machines occurred as amendments to laws governing the entertainment industry came into effect on July 1, 2004. The aim of the amendments was to keep the speculative aspect of pachinko and pachislot within acceptable limits while offering high entertainment value. In cooperation with our partners, we have worked to develop new products in line with the intent of the new regulations.

During the third quarter Fields launched *CR Neon Genesis Evangelion*, its first pachinko machine to satisfy the new standards. The machine, which took almost a year to develop, was the first fruit of the collaboration with the Sankyo Group. Featuring the industry’s largest 10.4 inch LCD mounted on a screen surface which is 30% larger than those on conventional machines, it makes full use of Sankyo’s industry-leading technology to vividly portray the imaginative world of the immensely popular Japanese animation movie *Neon Genesis Evangelion*. This series of machines has proved popular in the marketplace, setting an all-time sales record for a Fields pachinko machine.

Heading into the fourth quarter, two new machines— *CR Ore no Sora* and *CR Kahara Tomomi to Minashigo Hatchi* — were launched in January 2005. Their well-known and much-loved characters and the originality of the project were highly appreciated by the market. These machines clearly show the future potential of operational tie-ups and we believe they will contribute to meeting targets for the 2005 fiscal year. The company has also received a flood of orders for *CR Neon Genesis Evangelion* for the fourth quarter onwards, and additional production of the machine will boost fourth quarter results.

In the pachislot sector, the third quarter saw the launch of *Kaiji*, a new machine featuring the industry’s first full-face LCD. This will be followed in the fourth quarter by the launch in late March of *Onimusha 3*, a machine based on CAPCOM Co., Ltd.’s smash-hit video game *Onimusha 3: Demon Siege*. This ambitious product boasts a 20-inch liquid crystal screen created with the Sammy Group’s industry-leading pachislot technology. The machine’s announcement was greeted by a feverish level of interest and it has already set a new record for pre-launch orders. As well as helping to meet financial targets for the 2005 fiscal year, *Onimusha 3* is expected to contribute to fiscal 2005 results. Before the launch of *Onimusha 3*, the *Dai Yamato* pachislot machine will hit the market in early March, featuring characters from Leiji Matsumoto’s classic anime of the same name. These highly popular characters were also used on *Fever Dai Yamato 2*, a blockbuster pachinko machine launched last November, and the new pachislot machine is expected to further boost year-end results.

As illustrated by the success of *CR Neon Genesis Evangelion* in the third quarter, Fields’ content-centered approach — in other words the company’s strategy of providing attractive content by securing merchandising rights for popular characters, developing product plans based on in-depth marketing, and promoting them through its sales networks following product development in close cooperation with its collaborative partners — is steadily showing real results. Fields will make even greater efforts not only to license character merchandising rights, but to aggressively plan new products based on those characters and make positive contributions to development in order to dramatically enhance product value. Fields will also work to expand the pachinko market, redoubling “Project 45” efforts to increase the number of pachinko fans by offering products based on diverse popular characters that will meet the wide-ranging needs of people from all corners of Japanese society. Through the dual strategies of raising product value and expanding the fan base, Fields will continue to increase its share of the market.

Acquisition of merchandising rights for popular characters, which is a driving force behind the company’s business, made great progress during the third quarter. As a result, ownership of merchandising rights for popular characters that will meet large-scale demand for Fields’ products was almost guaranteed, considering that pachinko and pachislot product development usually takes one to two years. At the same time, Fields subsidiaries such as Professional Management Co., Ltd. began to sell character merchandising rights to companies other than tie-up partners, and these efforts were already producing results during the third quarter. By selling rights to an increasing number of diverse

companies, Fields will be able to acquire merchandising rights for large numbers of popular characters spanning an even broader range of entertainment genres. Progress in these areas has enhanced the quantity and quality of character merchandising rights for the Fields product platform, while also helping to build stronger relationships with companies other than tie-up partners, and this is expected to generate new opportunities for business development in the future.

In the video games sector, Fields affiliate D3 Publisher Inc. launched sales of home-use video games based on the Walt Disney films *Shrek 2* and *The Incredibles* during the third quarter. *K1 Premium Dynamite*, a video game based on the K1 Dynamite, a mixed martial arts competition sponsored by Fields, was also launched during the quarter. With an eye to the North American market, which is the world's largest market for home-use video games, D3 Publisher established its Los Angeles subsidiary D3 Publisher of America, Inc. in November 2004. Producers and creators at the subsidiary will plan and develop video games tailored to the needs of the North American market. In addition, the subsidiary will act as the Fields Group's eyes and ears in North America, gathering and disseminating information on character merchandising rights in the region and acting as a forward base for acquisition of such rights.

As a result, net sales for the third quarter dropped 11.2% compared to the same quarter of the previous year to ¥41,027,860 thousand, operating income fell 52.4% to ¥3,241,017 thousand, ordinary income decreased 52.3% to ¥3,401,278 thousand, and net income for the quarter was down 48.9% to ¥2,024,475 thousand.

(2) Consolidated financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Third quarter, year ending March 31, 2005	40,254	28,378	70.5	81,781.54
Third quarter, year ended March 31, 2004	20,164	11,752	58.3	72,769.46
Year ended March 31, 2004 (For reference)	37,115	14,507	39.1	89,305.39

Summary of consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Third quarter, year ending March 31, 2005	(4,149)	(3,578)	9,629	7,340
Third quarter, year ended March 31, 2004	1,371	(2,025)	(970)	4,114
Year ended March 31, 2004 (For reference)	851	(3,190)	2,029	5,437

Qualitative data relating to changes in consolidated financial position

Cash and cash equivalents stood at ¥7,340,906 thousand at the end of the third quarter, up ¥1,903,147 thousand from March 31, 2004. Factors contributing to this result included proceeds from the issuance of new stock in June 2004 and purchases of property and equipment.

Cash flows from operating activities

Net cash used in operating activities was ¥4,149,346 thousand. Significant items included income before income taxes and minority interest of ¥3,557,440 thousand, a ¥5,703,879 thousand decrease in notes and accounts receivable – trade, a ¥5,956,166 thousand decrease in accounts payable – trade, ¥5,170,206 thousand in income taxes paid, and a ¥1,294,753 thousand increase in merchandising right advances.

Cash flows from investing activities

Net cash used in investing activities came to ¥3,578,570 thousand. This was primarily attributable to purchases of property and equipment totaling ¥1,999,320 thousand and purchases of investment securities of ¥1,259,935 thousand.

Cash flows from financing activities

Net cash provided by financing activities was ¥9,629,151 thousand. Key items included proceeds from issuance of common stock of ¥13,150,847 thousand, decrease in short-term borrowings, net of ¥2,770,000 thousand, and cash dividends paid of ¥1,271,695 thousand

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
Full year	73,700	14,000	7,600

Reference: Projected net income per share for the year ending March 31, 2005: ¥21,909.62

- Notes:
1. Calculations are based on a total of 343,000 shares after a capital increase on June 15, 2004, through the issue of 12,000 new shares, and a 2-for-1 stock split carried out on September 3, 2004.
 2. Consolidated forecast earnings for the year ending March 31, 2005, are unchanged from the summary of the consolidated financial statements for the first half of the year ending March 31, 2005 (November 19, 2004)

Third Quarter Consolidated Balance Sheets (Summary)

(Thousands of yen, %)

Item	Period	At end of previous third quarter As of December 31, 2003		At end of current third quarter As of December 31, 2004		For reference: At end of previous fiscal year As of March 31, 2004	
		Amount	% total	Amount	% total	Amount	% total
Assets			%		%		%
I. Current assets							
1. Cash and cash equivalents		4,114,150		7,340,906		5,437,758	
2. Notes and accounts receivable – trade		5,497,745		13,187,648		18,865,138	
3. Marketable securities		—		5,000		—	
4. Inventories		199,502		407,035		256,541	
5. Merchandising right advances		1,300,825		3,014,829		1,720,076	
6. Other current assets		2,185,657		4,327,986		1,960,042	
7. Allowance for doubtful accounts		(26,351)		(44,471)		(86,953)	
Total current assets		13,271,530	65.8	28,238,934	70.2	28,152,604	75.9
II. Fixed assets							
1. Tangible fixed assets		2,490,534	12.3	4,712,988	11.7	3,351,355	9.0
2. Intangible fixed assets		234,244	1.2	896,796	2.2	384,585	1.0
3. Investments and other assets							
1) Investment securities		1,879,834		3,975,325		2,824,195	
2) Others		2,360,697		2,524,156		2,495,364	
3) Allowance for doubtful accounts		(72,446)		(93,680)		(92,265)	
Total investments and other assets		4,168,085	20.7	6,405,801	15.9	5,227,294	14.1
Total fixed assets		6,892,864	34.2	12,015,586	29.8	8,963,234	24.1
Total assets		20,164,395	100.0	40,254,520	100.0	37,115,839	100.0

(Thousands of yen, %)

Item	Period	At end of previous third quarter As of December 31, 2003		At end of current third quarter As of December 31, 2004		For reference: At end of previous fiscal year As of March 31, 2004	
		Amount	% total	Amount	% total	Amount	% total
Liabilities			%		%		%
I. Current liabilities							
1. Accounts payable – trade		3,442,760		6,315,675		11,645,579	
2. Short-term borrowings		—		230,000		3,000,000	
3. Current portion of long-term debt		—		81,000		—	
4. Accrued bonuses		4,650		5,000		18,600	
5. Other current liabilities		2,942,254		1,792,394		5,890,658	
Total current liabilities		6,389,665	31.7	8,424,069	20.9	20,554,837	55.4
II. Long-term liabilities							
1. Long-term debt		—		439,000		—	
2. Retirement benefit provisions		119,333		124,265		120,815	
3. Reserve for directors’ retirement bonuses		685,000		549,500		699,800	
4. Other liabilities		1,195,848		2,313,912		1,214,589	
Total long-term liabilities		2,000,181	9.9	3,426,678	8.5	2,035,204	5.5
Total liabilities		8,389,847	41.6	11,850,748	29.4	22,590,042	60.9
Minority interest							
Minority interest in consolidated subsidiaries		22,280	0.1	25,579	0.1	17,976	0.0
Shareholders’ equity							
I. Common stock		1,295,500	6.4	7,948,036	19.7	1,295,500	3.5
II. Capital surplus		1,342,429	6.7	7,994,953	19.9	1,342,429	3.6
III. Retained earnings		8,972,955	44.5	12,231,171	30.4	11,631,695	31.3
IV. Unrealized holding gain on available-for-sale securities		141,382	0.7	204,032	0.5	238,194	0.7
Total shareholders’ equity		11,752,267	58.3	28,378,193	70.5	14,507,820	39.1
Total liabilities, minority interest and shareholders’ equity		20,164,395	100.0	40,254,520	100.0	37,115,839	100.0

Third Quarter Consolidated Statements of Income (Summary)

(Thousands of yen, %)

Item	Period	Previous third quarter		Current third quarter		For reference: Previous fiscal year	
		(April 1 – December 31, 2003)		(April 1 – December 31, 2004)		(April 1, 2003 – March 31, 2004)	
		Amount	% sales	Amount	% sales	Amount	% sales
I. Net sales		46,212,250	100.0	41,027,860	100.0	66,211,589	100.0
II. Cost of sales		32,625,209	70.6	28,661,968	69.9	44,633,469	67.4
Gross profit		13,587,040	29.4	12,365,891	30.1	21,578,120	32.6
III. Selling, general and administrative expenses		6,780,807	14.7	9,124,873	22.2	9,711,541	14.7
Operating income		6,806,232	14.7	3,241,017	7.9	11,866,578	17.9
IV. Non-operating income							
1. Interest received		5,073		5,557		6,060	
2. Dividends received		6,180		9,941		6,280	
3. Discounts on purchases		—		128,798		—	
4. Equity in earnings of affiliates		285,026		211,114		292,330	
5. Others		48,765	345,045	46,960	402,372	65,114	369,784
			0.7		1.0		0.6
V. Non-operating costs							
1. Interest expense		—		12,098		2,197	
2. Issuance of new stock		—		83,219		2,290	
3. Capital increase-related expense		—		112,494		—	
4. Others		15,680	15,680	34,299	242,112	22,365	26,853
			0.0		0.6		0.1
Ordinary income		7,135,597	15.4	3,401,278	8.3	12,209,509	18.4
VI. Extraordinary income							
1. Gain from liquidation of guarantees		—		2,600		17,400	
2. Gain on sales of investment securities		—		162,685		—	
3. Gain from sale of fixed assets		—		—		6,447	
4. Reversal of allowance for doubtful receivables		2,831		48,679		—	
5. Gain from investment in anonymous association		7,753		19,879		22,166	
6. Reversal of reserve for retirement benefits for directors and statutory auditors		—	10,584	150,300	384,145	—	46,014
			0.0		0.9		0.1
VII. Extraordinary losses							
1. Loss on disposal of fixed assets		12,025		61,506		23,735	
2. Valuation loss on investment securities		—		166,477		—	
3. Valuation loss on equity investment		52,041	64,066	—	227,983	42,587	66,322
			0.1		0.6		0.1
Income before income taxes and minority interest		7,082,116	15.3	3,557,440	8.6	12,189,200	18.4
Current income taxes		3,229,469		1,184,648		5,768,861	
Deferred income taxes		(127,854)	3,101,614	340,713	1,525,361	(211,184)	5,557,676
			6.7		3.7		8.4
Minority interest		22,280	0.1	7,602	0.0	11,269	0.0
Net income		3,958,220	8.5	2,024,475	4.9	6,620,253	10.0

Third Quarter Consolidated Statements of Shareholders' Equity (Summary)

(Thousands of yen)

Item	Period	Previous third quarter (April 1 – December 31, 2003)		Current third quarter (April 1 – December 31, 2004)		For reference: Previous fiscal year (April 1, 2003 – March 31, 2004)	
		Amount		Amount		Amount	
Capital surplus							
I.	Capital surplus at beginning of period		1,342,429		1,342,429		1,342,429
II.	Increase in capital surplus						
	Capital increase from issue of new stock	—	—	6,652,524	6,652,524	—	—
	Balance of capital surplus at end of period		1,342,429		7,994,953		1,342,429
Retained earnings							
I.	Retained earnings at beginning of period		6,060,735		11,631,695		6,060,735
II.	Increase in retained earnings						
	Net income	3,958,220	3,958,220	2,024,475	2,024,475	6,620,253	6,620,253
III.	Reduction in retained earnings						
	1. Cash dividends paid	969,000		1,340,000		969,000	
	2. Directors' bonuses	77,000		85,000		77,000	
	3. Decrease through newly consolidated subsidiaries	—	1,046,000	—	1,425,000	3,293	1,049,293
IV.	Retained earnings at end of period		8,972,955		12,231,171		11,631,695

Third Quarter Consolidated Statements of Cash Flow (Summary)

(Thousands of yen)

Item	Period	Previous third quarter	Current third quarter	For reference:
		(April 1 – December 31, 2003)	(April 1 – December 31, 2004)	Previous fiscal year (April 1, 2003 – March 31, 2004)
		Amount	Amount	Amount
I. Cash flows from operating activities				
1. Income before income taxes and minority interest		7,082,116	3,557,440	12,189,200
2. Depreciation and amortization		213,258	394,505	317,565
3. Amortization of excess of net assets acquired over cost		(1,111)	(1,111)	(1,481)
4. Increase (decrease) in allowance for doubtful accounts		(15,881)	(41,066)	64,540
5. Increase (decrease) in accrued bonuses		(13,350)	(13,600)	600
6. Increase (decrease) in retirement benefit provisions		13,334	3,450	14,816
7. Increase (decrease) in reserve for retirement benefits for directors and statutory auditors		116,000	(150,300)	130,800
8. Interest and dividend income		(10,627)	(15,367)	(12,340)
9. Equity in earnings of affiliates		(285,026)	(211,114)	(292,330)
10. Interest expense		—	12,098	2,197
11. Capital increase-related expense		—	92,815	—
12. Stock issuance expense		—	61,397	—
13. Loss on disposal of fixed assets		12,025	61,431	23,735
14. Gain from investment in anonymous association		—	—	(22,166)
15. Loss from investment in anonymous association		(7,753)	(19,879)	—
16. Valuation loss on equity investment		—	—	42,587
17. Gain on sale of investment securities		—	(162,685)	—
18. Valuation loss on investment securities		—	166,477	—
19. Decrease (increase) in notes and accounts receivable – trade		(1,058,848)	5,703,879	(14,546,569)
20. Decrease (increase) in inventories		60,759	(155,998)	7,919
21. Decrease (increase) in merchandising right advances		(1,038,700)	(1,294,753)	(1,457,951)
22. Decrease (increase) in prepaid expenses		58,982	182,401	(55,300)
23. Decrease (increase) in advance payments		(27,073)	(373,168)	(72,860)
24. Decrease (increase) in notes held		108,045	158,822	4,168
25. Decrease (increase) in non-operating notes receivable		(329,638)	(275,116)	(318,724)
26. Decrease (increase) in deposits as security for dealing		—	—	(265,576)
27. Increase (decrease) in accounts payable – trade		696,089	(5,956,166)	8,823,448
28. Increase (decrease) in unpaid consumption tax		40,025	(531,908)	219,056
29. Increase (decrease) in short-term borrowings		(40,274)	(191,799)	83,971
30. Increase (decrease) in deposits held		264,589	1,120,314	298,114
31. Payments of bonuses to directors and statutory auditors		(77,000)	(85,000)	(77,000)
32. Others		(4,955)	(1,038,005)	70,428
	Total	5,754,987	997,990	5,235,325
33. Interest and dividends received		30,855	34,974	33,319
34. Interest paid		—	(12,104)	(3,140)
35. Income taxes paid		(4,414,104)	(5,170,206)	(4,414,311)
Net cash provided by (used in) operating activities		1,371,738	(4,149,346)	851,192
II. Cash flows from investing activities				
1. Purchases of property and equipment		(807,156)	(1,999,320)	(1,520,955)
2. Sale of property and equipment		—	—	6,964
3. Purchases of intangible assets		(108,181)	(543,676)	(287,452)
4. Purchases of investment securities		(473,062)	(1,259,935)	(1,356,059)
5. Redemption of debt securities		—	1,456	200,700
6. Expenditures for capital procurement		(591)	—	(1,050)
7. Expenditure for loans		(309,850)	(24,000)	(461,020)
8. Proceeds from repayment of loans		(161,714)	71,983	108,250
9. Refund of deposits and guarantees		55,859	91,330	74,495
10. Payment of deposits and guarantees		(258,763)	(130,563)	(278,753)
11. Payment for long-term expenses		(18,776)	(23,048)	(65,304)
12. Cancellation of life insurance policies		(4,825)	—	422,076
13. Payments to life insurance reserve		—	(819)	(1,092)
13. Other		61,250	238,024	(30,993)
Net cash provided by (used in) investing activities		(2,025,812)	(3,578,570)	(3,190,193)

(Thousands of yen)

Item	Period	Previous third quarter	Current third quarter	For reference: Previous fiscal year
		(April 1 – December 31, 2003)	(April 1 – December 31, 2004)	(April 1, 2003 – March 31, 2004)
		Amount	Amount	Amount
III. Cash flows from financing activities				
1. Increase (decrease) in short-term borrowings		—	(2,770,000)	3,000,000
2. Increase (decrease) in long-term borrowings		—	520,000	—
3. Proceeds from issuance of common stock		—	13,150,847	—
4. Payment of long-term borrowings		(1,837)	—	(3,790)
5. Cash dividends paid		(969,000)	(1,271,695)	(966,210)
Net cash provided by (used in) financing activities		(970,837)	9,629,151	2,029,999
IV. Effect of exchange rate changes on cash and cash equivalents		—	1,912	(1,892)
V. Increase (decrease) in cash and cash equivalents		(1,624,911)	1,903,147	(310,893)
VI. Cash and cash equivalents at beginning of period		5,739,061	5,437,758	5,739,061
VII. Increase (decrease) in cash and cash equivalents due to change in scope of consolidation		—	—	9,590
VIII. Cash and cash equivalents at end of period		4,114,150	7,340,906	5,437,758