Gaming and Entertainment

ANNUAL REPORT

April 1, 2007 – March 31, 2008

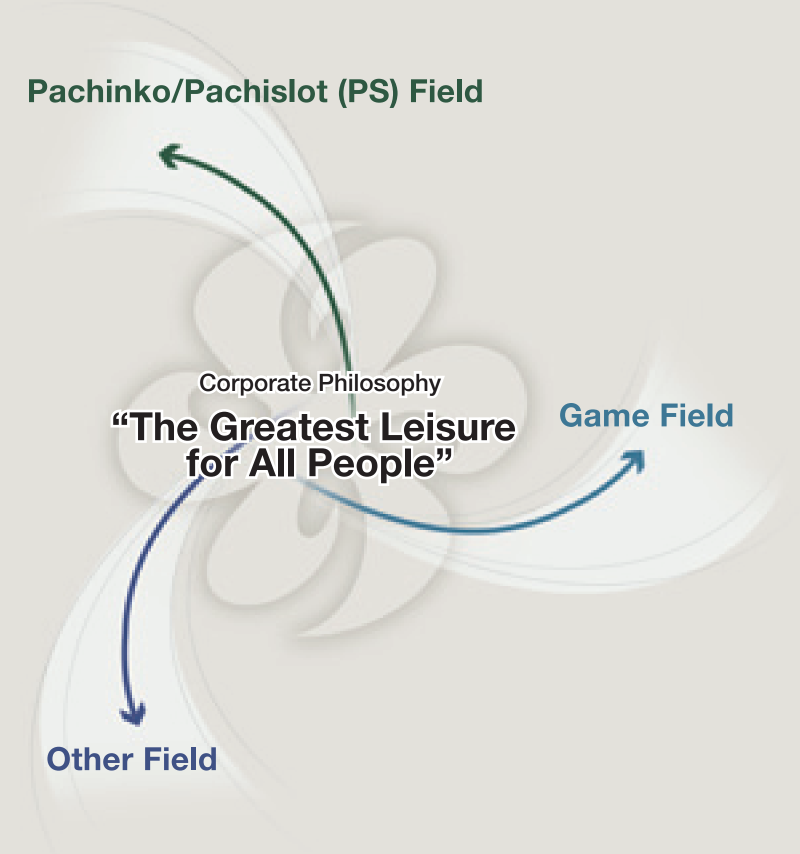
Fields Corporation Security Code: 2767

2008

Reaching beyond Pachinko/Pachislot Business towards a broader range of entertainment fields

The leisure market is now undergoing a major structural transformation amid the diversification of the entertainment industry along with increasing leisure time throughout all segments of the population.

Quickly discerning this environmental change of times, the Group has for many years strategically focused on the multiple use of digital content, starting with the pachinko/pachislot field, as the cornerstone for establishing our competitive edge to realize our corporate philosophy of "The Greatest Leisure for All People." Now the Group's business domain covers a wide range of entertainment fields, reaching beyond the pachinko/pachislot business into game software, sports and mobile content as well as movie and animation.



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Forward-looking Statements

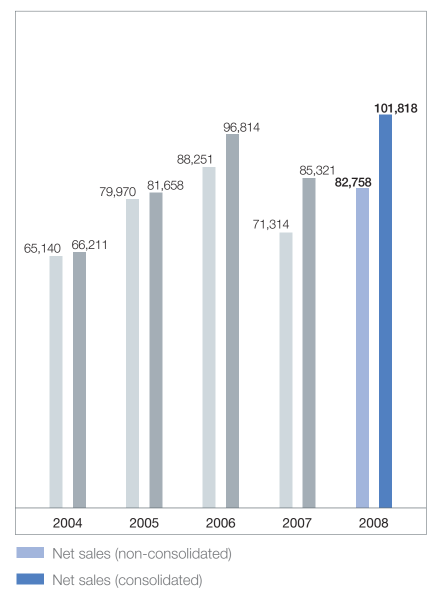
This Annual Report includes forward-looking statements about Fields Corporation and its Group companies ("Fields Group"). Forward-looking statements, including the plans and forecasts of operations in this report, are based on information currently available to the Fields Group and involve unknown risks and uncertainties. Any change in risks, uncertainties and other factors upon which such forward-looking statements are based may cause Fields Group's actual results, performance, achievements or financial position to be materially different from future results, performance, achievements or financial position expressed or implied by these forward-looking statements.

Financial Highlights

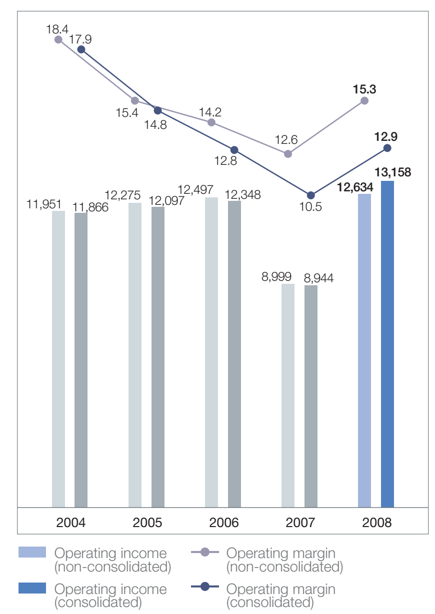
Fields Corporation and Consolidated subsidiaries Years ended March 31, 2008, 2007 and 2006

	Non-Consolidated			Consolidated		
	2006	2007	2008	2006	2007	2008
Results of Operations (in millions):						
Net sales	¥ 88,251	¥ 71,314	¥ 82,758	¥ 96,814	¥ 85,321	¥ 101,818
Cost of sales	61,682	46,164	54,270	67,077	56,072	67,274
Gross profit	26,568	25,150	28,488	29,737	29,248	34,544
Selling, general and administrative expenses	14,071	16,150	15,854	17,389	20,303	21,385
Operating income	12,497	8,999	12,634	12,348	8,944	13,158
Income before income taxes	12,578	8,734	7,306	13,034	8,226	10,509
Net income	6,934	4,773	4,153	7,085	3,710	5,296
Financial Position (in millions):						
Total current assets	¥ 64,224	¥ 36,253	¥ 26,737	¥ 69,879	¥ 46,144	¥ 39,559
Total assets	82,304	57,509	58,622	87,556	66,081	69,168
Short-term borrowings (including current portion of long-term borrowings)	—	—	—	730	2,230	3,398
Current portion of long-term borrowings	—	—	—	214	917	804
Corporate bonds redeemable within one year	—	—	—	110	120	120
Shareholders' equity	39,242	41,786	44,552	39,411	40,886	44,795
Other Data:						
Gross profit margin	30.11%	35.27%	34.42%	30.72%	34.28%	33.93%
Operating margin	14.16%	12.62%	15.27%	12.75%	10.48%	12.92%
Earnings per share	¥ 19,681	¥ 13,755	¥ 11,970	¥ 20,118	¥ 10,692	¥ 15,263
Number of shares issued and outstanding at fiscal year end	347,000	347,000	347,000	347,000	347,000	347,000

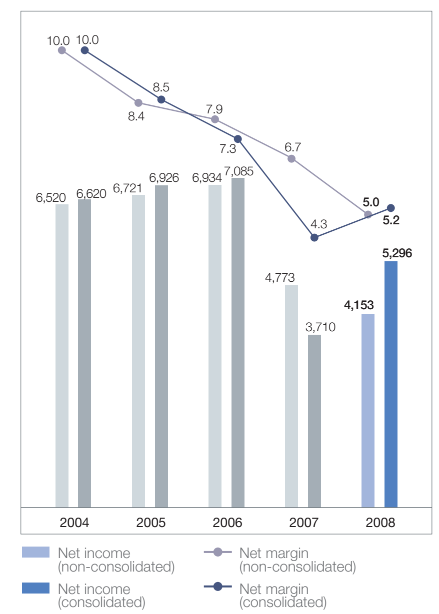
Net sales (millions of yen)



Operating income (millions of yen)
Operating margin (%)



Net income (millions of yen)
Net margin (%)



Working towards the realization of "The Greatest Leisure for All People"

Hidetoshi Yamamoto
Chairman and CEO

The Fields Group celebrated its 20th anniversary on June 10, 2008. To all our shareholders and everyone involved, we would like to express our sincere gratitude for the support and encouragement, which made this milestone possible.

In order to realize our corporate philosophy, "The Greatest Leisure for All People," the Fields Group has grown steadily by contributing to the development and soundness of the pachinko market. During the company's first decade, with the objective to establish an open distribution system for pachinko/pachislot machines, we presented pachinko halls throughout Japan with various proposals related to services, space design, and the ideal pachinko/pachislot machines for providing greater enjoyment to pachinko fans. Over the past decade, the Group has been working in partnership with major pachinko/pachislot machine manufacturers to provide units with attractive content that does not rely on gambling appeal.

In the context of the ongoing diversification of the leisure market, the Fields Group has constantly advanced ahead of the competition to foresee changes in the market environment. We have long considered a content-provider strategy, based on the multiple use of digital content starting in the Pachinko/Pachislot (PS) field, as the foundation for establishing a competitive advantage and have been pursuing this strategy.

Now the Group's business domain covers a wide range of entertainment fields, reaching beyond the pachinko/pachislot business into game software, sports and mobile content as well as movie and animation.

In order to realize our vision for the coming ten years, we drew up our first medium-term management plan for a five-year period starting April 2008. In terms of our corporate philosophy, we will seek to fulfill it by maximizing synergies among Group companies to achieve sustainable growth and by strongly promoting cross-media businesses, such as the creation, integration and multifaceted development of content.

We look forward to the continued cooperation and support of our investors and all our stakeholders.

Building on strategic business development and investment

We are pleased to present this outline of our business results for the fiscal year ended March 31, 2008.

In our core business, the Pachinko/Pachislot (PS) Field, we focused in the first half of the fiscal year under review on sales of pachislot machines in anticipation of large-scale replacement demand for machines that comply with new regulations ("new regulation pachislot machines"). In the second half of the fiscal year, our strategy was centered on pachinko machines, and we aggressively launched attractive products such as *CR Neon Genesis Evangelion—The Angels Are Back Again.* Furthermore, we also announced a business alliance with KYORAKU SANGYO and are working towards the early introduction of products into the market. As for the Game Field, we released our first original global content in the overseas market to favorable reviews. In the Other Field, in our sports business we opened the fourth branch of our Total Workout fitness gym, in Fukuoka. while in the mobile business we entered the distribution business for mobile publications. In addition, we continued to aggressively invest in movies, animation, and content funds to create primary content for the entire Group.

As a result of these efforts, our net sales for the fiscal year ended March 31, 2008 increased 19.3% year on year to ¥101,818 million, operating income increased 47.1% to ¥13,158 million and net income rose 42.8% to ¥5,296 million compared with the previous fiscal year, achieving increased profit and strong performance.

We have positioned the fiscal year ending March 31, 2009, the first year of our medium-term management plan, as an important period during which we will establish the foundation of the Group's strategy for growth, and strengthen our management base as well as our operations.

As for the year-end dividend for the fiscal year ended March 31, 2008, we paid a total of ¥2,500 per share, adding a commemorative dividend of ¥500 for the 20th anniversary to the ordinary dividend of ¥2,000.

We are grateful for the continued support and encouragement of our investors and all our stakeholders.

Takashi Oya
President and COO

Revitalizing the market by becoming (continuing to be) leaders of excellence

In order to realize our corporate philosophy, "The Greatest Leisure for All People," the Fields Group has been growing along with the pachinko market by contributing to its development and soundness. As a trading company, we promote an open distribution model for pachinko/pachislot machines, and then as a fabless company we provide pachinko/pachislot machines with appealing content in collaboration with major pachinko/pachislot manufacturers.

Based on these achievements, we recognize the vital importance of creating new leisure businesses as well as reinforcing and reviewing existing businesses for additional growth in the next decade. Therefore, in order to realize our vision for the coming ten years, the Fields Group has launched the medium-term management plan for the five-year period starting in the fiscal year ending March 31, 2009.

Establishing an open distribution system

1988-1997

Initiatives

Providing various proposals to pachinko halls nationwide regarding services, space design, and the ideal pachinko/pachislot machines for greater customer enjoyment

Accomplishments

- Acquisition of Leisure Nippon Newspaper Company (1992)
- Launched the "Hall TV" system (1992)
- Established Pachinko Information Station (1994)
- Proposal-oriented sales activities

Accelerating partnerships as a fabless company

1998-2007

Initiatives

Providing pachinko/pachislot machines that offer attractive content without relying on gambling appeal

Accomplishments

- Alliance with Rodeo Co., Ltd.
- Alliance with Bisty Co., Ltd.
- Alliance with Olympia Co., Ltd.
- Alliance with KYORAKU SANGYO
- Initiatives for the content business

Capitalizing on the company's strengths

2008-2017

As a fabless company

Creating and providing highly entertaining pachinko/pachislot machines in collaboration with existing allied manufacturers

As a content holder

Providing copyrighted content, acquired and held, in addition to product planning, to all manufacturers

As the largest independent distributor

Strive for further growth as a distributor by offering websites and showrooms that are available to all pachinko halls and manufacturers

Basic Growth Policy of the Fields Group

1 Provide products that contribute to the expansion and soundness of the market

- Reinforcing a system for content production
- Developing sales strategies tailored for specific customers and areas

2 Explore, nurture and energize high-quality content

- Cross-media business strategies
- Creation of primary content

Revitalizing the Pachinko/Pachislot market through dedication to excellence

Perfecting our existing businesses

【Outline of the Plan】

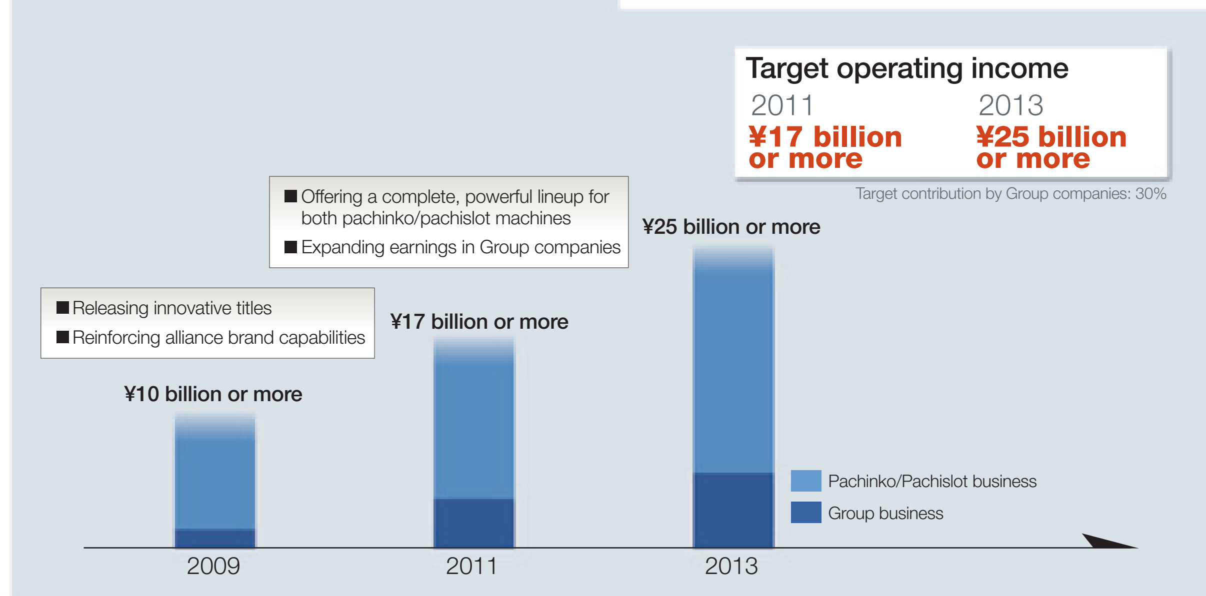
- Reinforcing existing businesses
- Launching and promoting new businesses
- Establishing Group synergies

Expanding profit through new businesses

【Outline of the Plan】

- Maintaining maximum profit in existing businesses
- Establishing new businesses and maximizing profit
- Maximizing Group synergies

First Term of Medium-Term Plan → **Second Term of Medium-Term Plan**



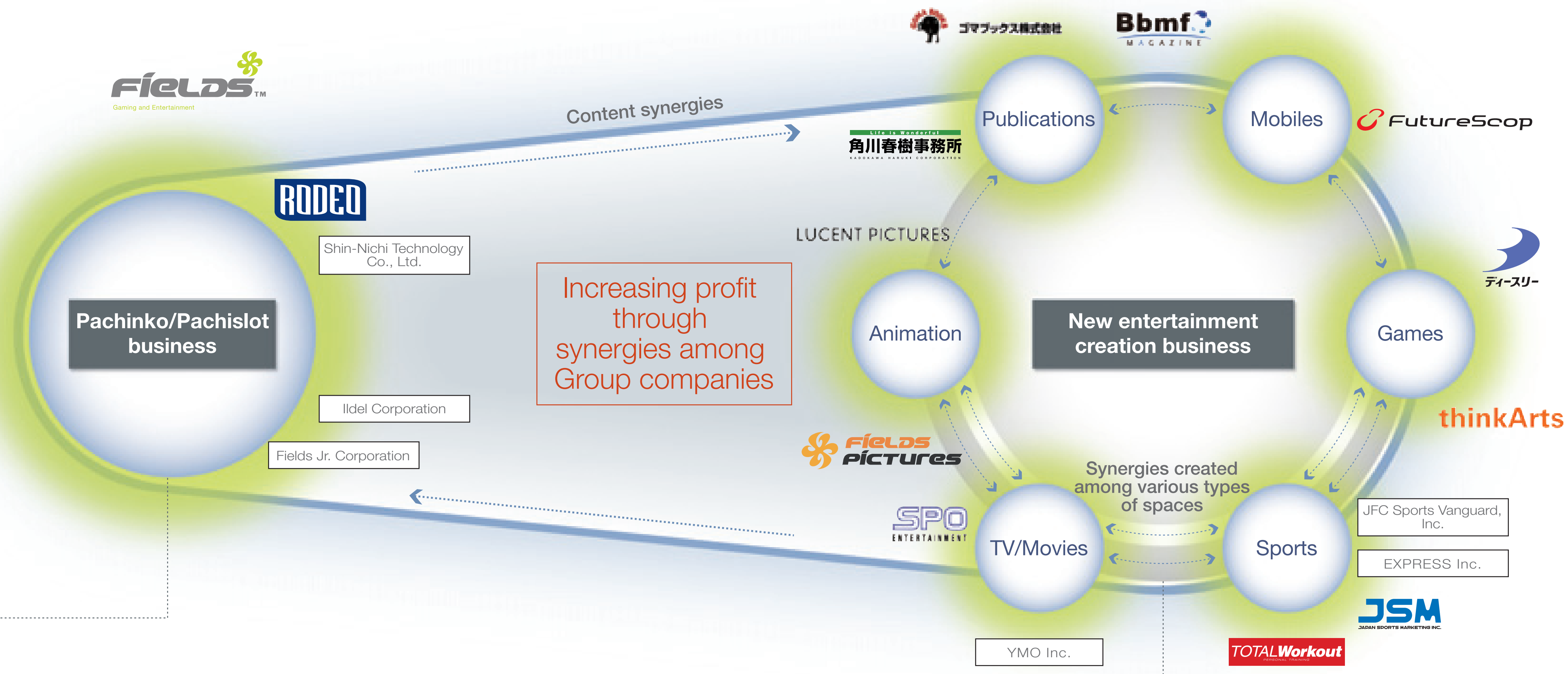
Full-scale expansion into content production

Dual wheels for business development to increase Group value

We will pursue three initiatives in our core pachinko/pachislot business to contribute to market expansion and revitalization while at the same time further expanding this field as our predominant source of revenue.

Furthermore, throughout the Group, we will also promote three initiatives for our cross-media business strategy.

Our initial aim through these strategies is to quickly realize profit from our existing Group companies and continue to invest as necessary. As Group companies independently expand their own businesses, we will strive to attain a competitive edge in each business field by applying the proprietary, high-value added content that these companies possess to pachinko/pachislot machines, game software and in other areas.



Major initiatives in the pachinko/pachislot business

① Promoting alliance strategies

We will reinforce tie-ups with existing manufacturers. In addition, we will aggressively move toward quickly releasing our first products through our alliance with KYORAKU SANGYO which was launched in February 2008.

② Reinforcing planning and development capabilities

We will strive to effectively sub-license high-quality copyrights (merchandise rights), reinforce planning capabilities to maximize the attraction of copyrighted content and bolster development capabilities to enhance quality and profitability. To this end, we are conducting a substantial review of our planning and development structure as well as the consolidation of a graphic software company.

③ Strengthening the operation bases

We will capitalize on our advantage as the largest independent distributor while reviewing the sales strategies and promotion methods of our bases nationwide.

Major initiatives for the Group

① Promote the acquisition of high-quality copyrights for pachinko/pachislot machines

② Increase earnings through the multiple use of content

③ Support the creation of primary content by aggressively investing in each type of media

Cross-media business strategy

We will continue to use content we have acquired in the fields of games, animation, publications and sports for pachinko/pachislot machines as an outlet strategy*. At the same time, however, we will promote the multiple uses of content to establish a business structure for expanding profit through synergies generated in the Group. This will include increased rights trading with entities outside the Group as well as the multiple use of content within the Group.

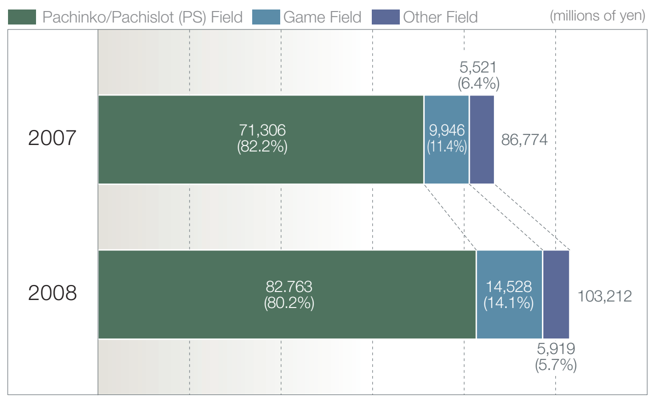
* Under this strategy, each company has functions for both creating primary content and as an outlet for content created in the Group.

Becoming a gaming and entertainment company with diverse profit models

In the fiscal year ended March 31, 2008, sales significantly expanded as we successfully implemented a sales strategy based on anticipated replacement demand for pachislot machines in the Pachinko/Pachislot (PS) Field. We also announced a business alliance with KYORAKU SANGYO as our new partner and started our efforts for quickly launching joint products into the market. In the Game Field, we enjoyed favorable sales of global content. In the Other Field, we endeavored to reinforce the Group's foundation by aggressively developing businesses and investing in sports, mobile, movie and animation.

We will continue to maximize synergies among Group companies and aggressively pursue cross-media businesses, such as the creation, integration and multifaceted development of content.

Sales by segment



Note: Sales by business includes inter-segment sales and transfers.

Pachinko/Pachislot (PS) Field

Overview of fiscal year ended March 31, 2008

Business description

As the Group's core business, this segment undertakes the planning, development and sales of pachinko/pachislot machines. Extremely entertaining products have been created utilizing major content, based on collaborative agreements with major manufacturers, such as Sammy Corporation, Rodeo Co., Ltd., SANKYO CO., LTD., Bisty Co., Ltd., Olympia Co., Ltd.

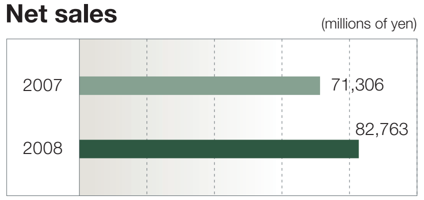
Review of the fiscal year

In the first half of the fiscal year, we focused on pachislot machine sales in anticipation of unprecedented replacement demand for new regulation pachislot machines. This sales performance, along with strong sales of pachinko machines in the second half of the fiscal year, resulted in net sales rising 16.1% year on year to ¥82,763 million and operating income increasing 40.5% to ¥12,747 million.

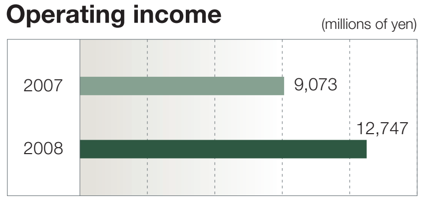
Major Group companies

- Fields Corporation
- Fields Jr. Corporation
- Shin-Nichi Technology Co., Ltd.
- Rodeo Co., Ltd.
- Ildel Corporation

Net sales (millions of yen)



Operating income (millions of yen)



Game Field

Overview of fiscal year ended March 31, 2008

Business description

Due to its powerful synergy with the Pachinko/Pachislot (PS) Field, this field is positioned as a key segment in the cross-media development of content. The sales of game software is handled domestically and internationally by D3 Inc. and other companies.

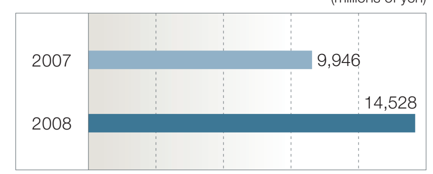
Review of the fiscal year

In regard to game software sales overseas, D3 Inc.'s first original global content enjoyed solid results, significantly contributing to business performance. As a result, net sales in this field increased 46.1% year on year to ¥14,528 million and operating income rose 332.5% to ¥952 million.

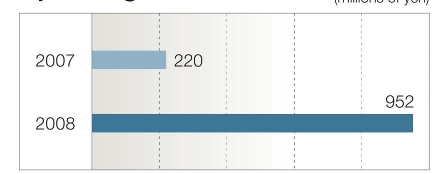
Major Group companies

- thinkArts Co., Ltd.
- D3 Inc.
- D3Publisher Inc.
- Entertainment Software Publishing Inc.
- D3Publisher of America, Inc.
- D3Publisher of Europe Ltd.
- Vicious Cycle Software, Inc.
- D3DB S.r.l.

Net sales (millions of yen)



Operating income (millions of yen)



Other Field

Overview of fiscal year ended March 31, 2008

Business description

In order to drive the cross-media development of content, we are actively investing in areas such as sports, which offers a wealth of content on a global scale; movie and animation, which are highly interactive with other fields in the cross-media business; and mobile content, which is enjoying an increasingly high profile as a new media channel.

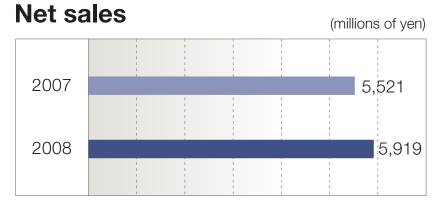
Review of the fiscal year

Full operation started for our mobile phone website, which provides comprehensive entertainment information. As a result, net sales increased 7.2% to ¥5,919 million year on year. Due to aggressive investment in generating greater group synergies for the future, an operating loss of ¥516 million was posted.

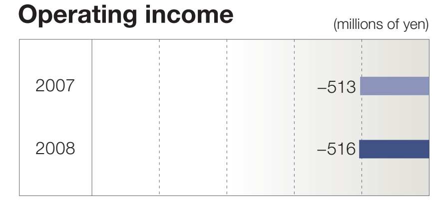
Major Group companies

- White Trash Charms Japan Co., Ltd.
- Lucent Pictures Entertainment, Inc.
- Fields Pictures Corporation
- Haruki Fields Cinema Fund
- FutureScope Corporation
- EXPRESS Inc.
- Japan Sports Marketing Inc.
- JSM HAWAII, LLC
- SPO Inc.
- Bbmf Magazine, Inc.
- Kadokawa Haruki Corporation
- G&E Corporation
- YMO Inc.

Net sales (millions of yen)



Operating income (millions of yen)



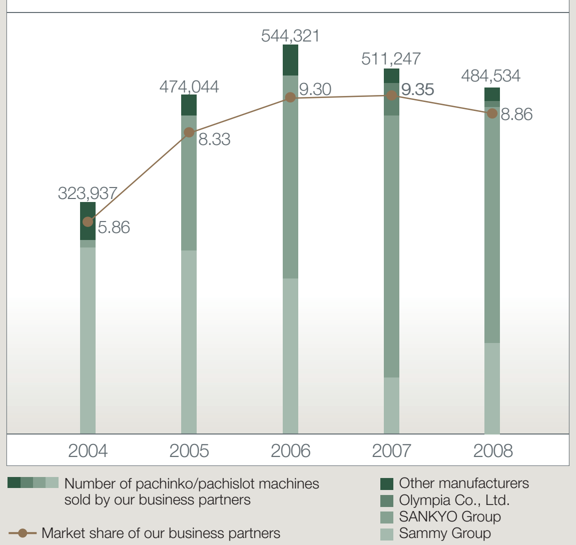
Note: For the business description of Group companies, refer to page 44.

Strategic releases of pachinko/pachislot machines yielded strong sales

As the quality of content emerges as the decisive factor in establishing a strong competitive edge, we are conducting a thorough review of all planned products and reinforcing our planning and development capabilities to ensure future growth.

In the first half of the fiscal year under review, we responded to the replacement demand for new regulation pachislot machines while strategically releasing pachinko machines in anticipation of replacement demand for these units in the second half of the fiscal year.

Number of pachinko/pachislot machines sold (units) **and the market share of our business partners** (%)



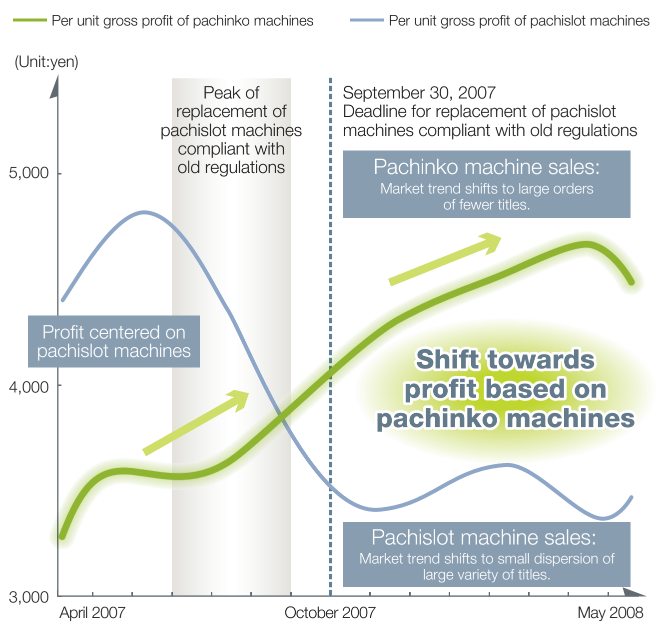
Creation of attractive content through collaboration with leading makers

In the first half of 2007, the inflow of short-term funds from pachinko halls was concentrated on the purchase of pachislot machines ahead of the September 2007 deadline for replacing older pachislot machines that complied with old regulations. Closely monitoring this market trend, we aggressively introduced pachislot machines with superior entertainment and game value during the first half of the fiscal year to cultivate the pachislot market in a new era.

Meanwhile, starting the latter half of 2007, as content grew increasingly important in the market environment due to technological innovations such as liquid crystal displays and higher functionality graphic chips, we sought to actively introduce pachinko machines with quality content based on our prediction that the management of pachinko halls would shift toward pachinko machines.

Looking ahead, we intend to contribute to expanding and revitalizing the pachinko/pachislot market and expand this field as our unrivaled profit base by reinforcing our planning and development capabilities and sales base, while concurrently pursuing strategic alliances.

Per unit gross profit of pachinko hall machines



* "Per unit gross profit" represents the average daily gross profit generated from a single machine installed at a pachinko hall.

Sammy Corporation and Rodeo Co., Ltd.

Fields has formed a business tie-up with the Sammy Corporation, a leading maker of pachinko/pachislot machines, to facilitate collaboration in the strategic planning, development and sales of pachinko/pachislot machines, and to introduce products of even greater appeal into the market.

For pachislot machines, Fields has also undertaken capital participation in Rodeo Co., Ltd., a member of the Sammy Group, and acts as its sole distribution agent.

Bisty Co., Ltd., SANKYO Group

We maintain a business alliance with Bisty Co., Ltd., a subsidiary of the SANKYO CO., LTD. one of the top pachinko machine manufacturers. The SANKYO Group possesses one of the industry's strongest brands, along with development capabilities and highly sophisticated LCD process technologies. It has also recently received strong recognition as a manufacturer of pachislot machines. In the coming years, we will further pursue powerful collaborations in which Fields' merchandising rights for well-known characters and planning and development skills are integrated with the strengths of SANKYO Group.

Olympia Co., Ltd.

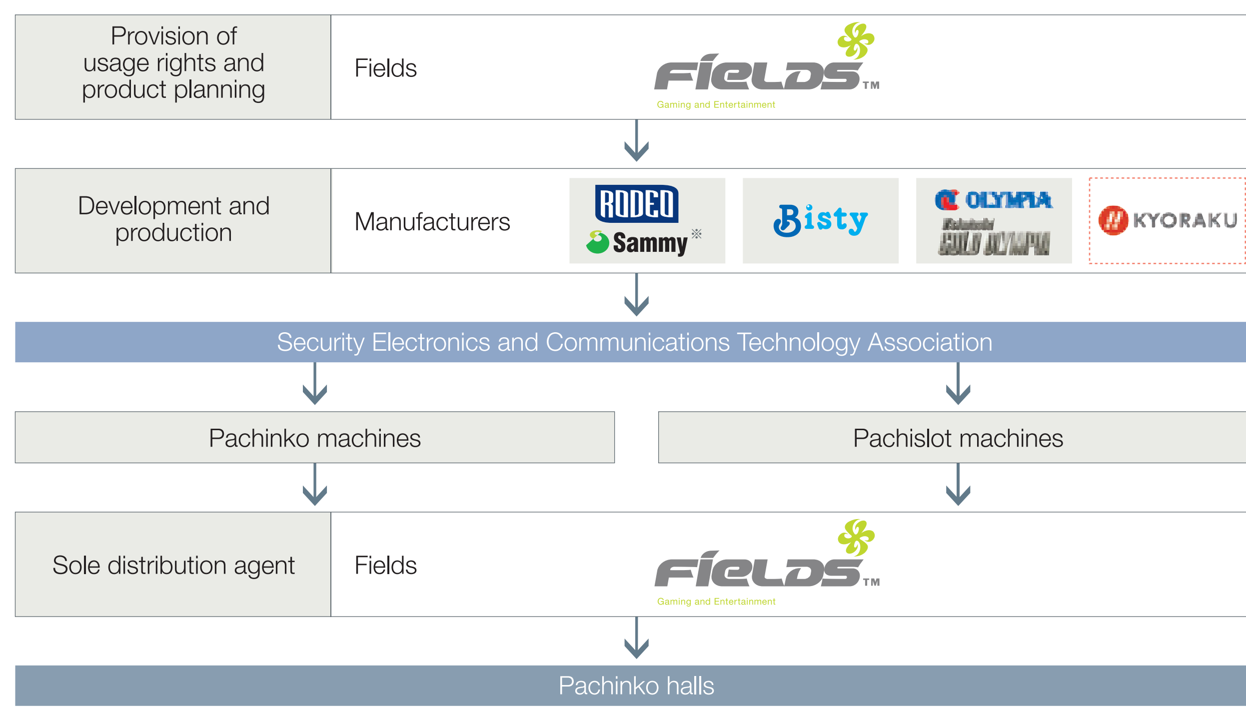
We promote product planning and development under a business tie-up with Olympia Co., Ltd., an established pachislot machine manufacturer that has led the pachislot machine industry for more than 20 years. The collaborative products are developed and manufactured by Olympia Co., Ltd. using the merchandizing rights and product planning provided by Fields, and completed products will be sold under the "GOLD OLYMPIA" brand, with Fields as the exclusive distributor.

TOPICS

Business tie-up with KYORAKU SANGYO to further reinforce development capabilities

KYORAKU SANGYO is widely recognized for excelling in the production and development of high quality products with a wide variety of themes and playability, as represented by hit titles such as *CR Pachinko Hissatsu Shigotonin III* and *CR Pachinko Winter Sonata II*.

In February 2008, we reached an agreement to collaborate with KYORAKU SANGYO to develop new products in order to plan, develop, and sell even more highly entertaining pachinko/pachislot machines. Looking ahead, we will aggressively strive to release our first product soon.



* Selling Fields exclusive model of pachinko machines

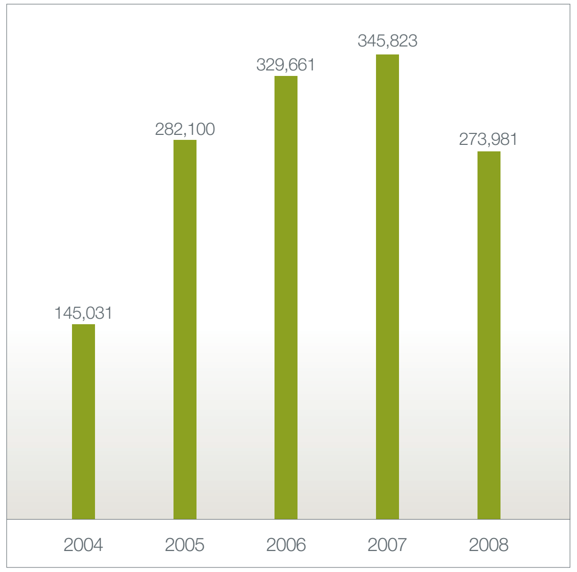
Pachinko Machine Sales

Major titles such as the *Evangelion* series launched in the second half of the year

While we introduced only two titles for pachinko machines during the first half of the fiscal year, we aggressively introduced four new titles in the second half in anticipation of a surge in replacement demand for pachinko machines. Of those we introduced, *CR Neon Genesis Evangelion—The Angels Are Back Again,* from Bisty Co., Ltd., was highly evaluated by pachinko halls and fans, with a cumulative total number of machines sold of nearly 200,000. For the full year, the total number of pachinko machines sold surpassed 270,000.

For the fiscal year ending March 31, 2009, we will offer high-quality pachinko machines that meet the needs of pachinko halls and fans in a timely manner with an emphasis on the pachinko machine sales business. *The CRA Neon Genesis Evangelion Premium Model* manufactured by Bisty Co., Ltd., which was released during the first quarter, has been widely hailed in the market. Looking ahead, we plan to continue introducing innovative titles and major titles.

Number of pachinko machines sold (units)



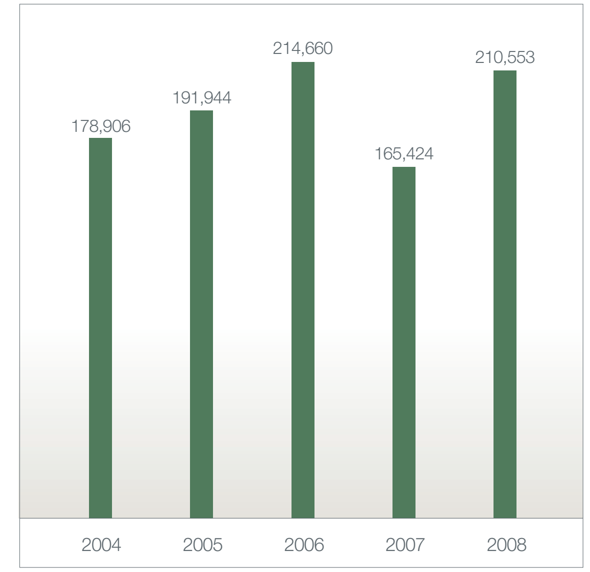
Pachislot Machine Sales

Intensively launched titles in anticipation of replacement demand in the first half of the year

Anticipating unprecedented levels of replacement demand for the first half ended September 30, 2007, in line with the deadline for removing older generation pachislot machines, we aggressively introduced six models of pachislot machines compliant with the new regulations, with the goal of cultivating the pachislot market in a new era. During the second half, we introduced four models and strove to steadily supply products with outstanding quality. As a result, the total number of machines sold surpassed 210,000.

In the fiscal year ending March 31, 2009, we will continue to provide major products, including popular titles, featuring superior entertainment and game content to attract new tiers of fans.

Number of pachislot machines sold (units)



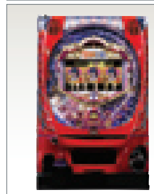
Pachinko Machines

First Half

1Q

CR LOONEY TUNES BIA

2Q

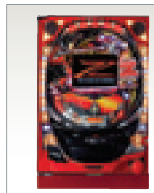


CR Sakura Taisen

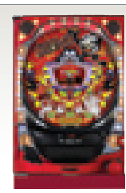
Concentrated on sales of pachislot machines, limiting releases to two titles

Second Half

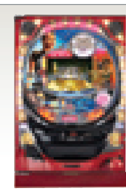
3Q



CR The Mask of Zorro

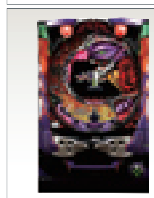


CRA Felix the Cat



CR Tomb Raider

4Q



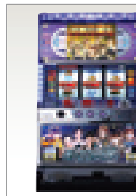
CR Neon Genesis Evangelion—The Angels Are Back Again

Evangelion series marks the highest sales at 197,000 units

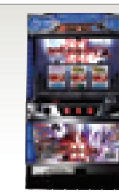
Pachislot Machines

First Half

1Q



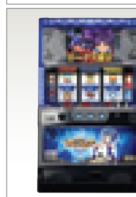
Morning Musume



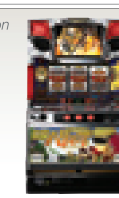
Devil May Cry 3

Launched attractive products to meet replacement demand

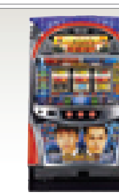
2Q



Neon Genesis Evangelion—Magokoro wo Kimini



Kaiketsu Harimau

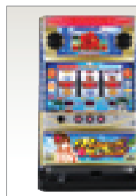


Cream Stew

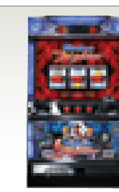
The Mask of Zorro

Second Half

3Q



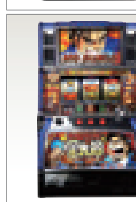
Beach Club



Virtua Fighter

Provided a stable supply of products with excellent gaming features

4Q



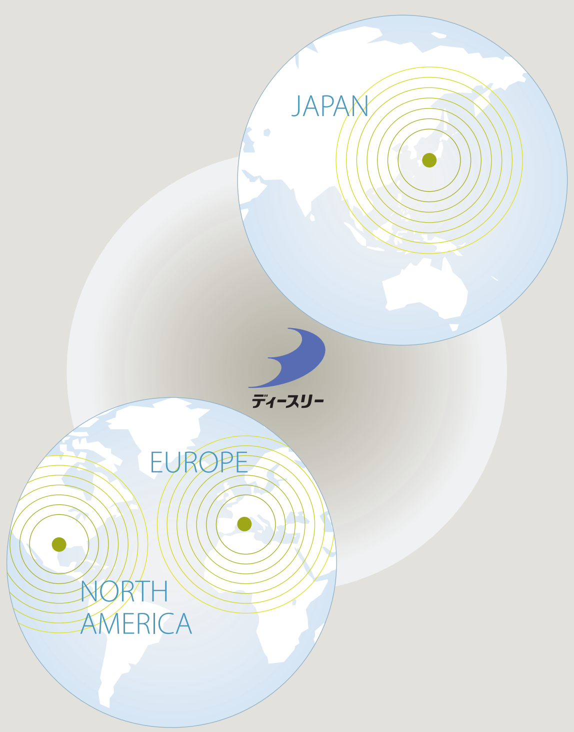
Tenka Muteki! Salaryman Kintaro

Shin Sangokumusou

Game Field

Global and multiple use strategies dramatically boost sales

We have positioned the Game Field as a key segment within our cross-media content strategy, which is promoted Groupwide, and we are accelerating the development of this business in North America, Europe and Japan. In the fiscal year under review, the aggressive introduction of global content was successful, further strengthening our profit base within the European and North American markets.



Europe and North America

Global content enjoys solid sales

In overseas markets, we aggressively introduced global content titles in North America and continued to sell titles from North America and Japan in Europe. In particular, *darkSector*, an original title introduced worldwide in March 2008 as our global content, demonstrated strong sales. In addition, with *NARUTO* series selling more than a million packages and *Ben10—Protector of Earth* achieving a steady shipping track record, our animation-related titles significantly contributed to overall performance.

In the fiscal year ending March 31, 2009, we will continue to strengthen our business development worldwide by utilizing major content, including launching sequels to titles enjoying solid sales and releasing new copyrighted titles.

NARUTO

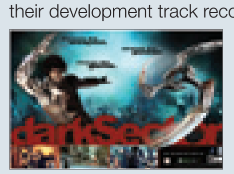
NARUTO ©2002 MASASHI KISHIMOTO.Game and Software ©2007 TOMY. CLASH OF NINJA™ and ©2002 TOMY. PATH OF NINJA™ and ©2007 SHUEISHA. All rights reserved.

Ben10

CARTOON NETWORK, BEN 10, the logos and all related characters and elements are trademarks of and ©Cartoon Network. (s07) Game and Software ©2007 D3Publisher of America, Inc. Published exclusively by D3Publisher of America, Inc. worldwide.

darkSector receives wide acclaim from the market

In March 2008, *darkSector* was released in North America and Europe as our original global content title for the PlayStation3 and Xbox360. Produced by Digital Extremes, which enjoys an established reputation for their development track record, this title is an action thriller that offers players quick action, incredible, superhuman abilities with an appealing story line and has been widely acclaimed since its release.



darkSector

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Japan

High-end software and mobile content demonstrate sales power

In the domestic market, we actively developed our game business, including the launch of the *SIMPLE Series*, as a mainstay, high-end product, mainly for Nintendo DS. In addition, the sales of simulator software for pachinko/pachislot machines, a synergistic venture with Group companies, continued to perform strongly. In the mobile business, both the number of members and the volume of content steadily advanced.

For the fiscal year ending March 31, 2009, we will work to strengthen the mobile business in addition to providing our *SIMPLE Series*, which boasts stable sales. We will continue to reinforce sales of products that are enjoyed by many.

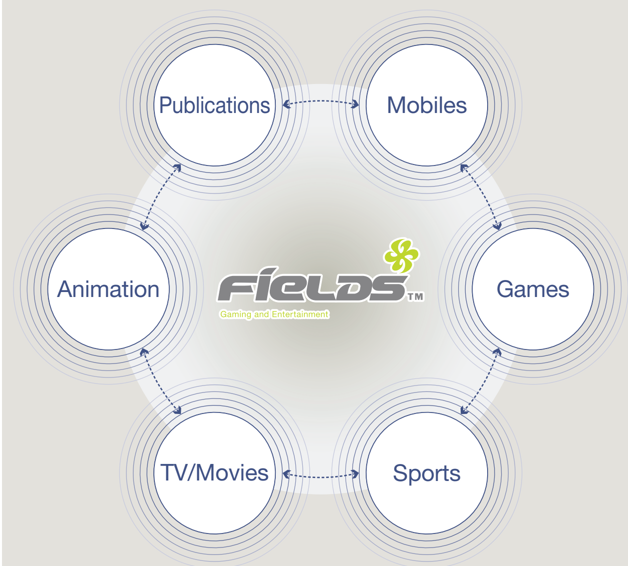
CR Neon Genesis Evangelion —Kiseki no Kachiwa

©GAINAX·khara / Project Eva. ©Bisty ©D3 PUBLISHER

Other Field

Reinforcing the creation of primary content and outlet strategy

In the fields of sports, mobile entertainment, movie and animation, we aggressively invested in the creation of primary content. We are currently promoting the establishment and consolidation of highly specialized companies and striving to quickly improve profits through the enhanced profitability of each Group company as well as through inter-group synergies.



Sports Marketing field

Cultivating sports-related markets through a wide variety of approaches

Total Workout, included in our solutions business, optimally revised its service fees and at the same time pursued initiatives, including sports marketing, for expanding into provincial cities. The fourth branch under this brand was opened in Fukuoka.

In the athlete management business, we currently manage star athletes such as Kimiko Date Krumm (tennis), Kazuhiro Kiyohara (professional baseball), Norifumi "KID"Yamamoto (mixed martial arts), and Kyoko Iwasaki (swimming), and are working to win additional contracts with other promising athletes.

Mobile field

Our mobile website is showing steady growth as we also enter the mobile publication market

Fields Mobile, a website that offers comprehensive entertainment information, is growing steadily, with the number of paying members exceeding 300,000 (as of March 31, 2008), just one year after starting up. The company has also started to plan and develop mobile content, which will be gradually released. We have also acquired shares in a company operating Web magazines and entered into the distribution business for mobile comics.

Movie and animation field

Proactive investments into various fields such as the establishment of a new animation production company

To drive the creation of primary content within the entire Group, we continued to invest in such areas as movies, animation and content funds. We are successfully accumulating a solid track record in movies and animation, while at the same time, the fruits of Group synergies are emerging in such products as games created by Group companies based on this primary content.

In addition, Lucent Pictures Entertainment, Inc. started operations for planning and producing animation. The company projects reaching profitability by the fiscal year ending March 31, 2010. The Group sought to further strengthen its foundation through these efforts.

New Group Companies

EXPRESS Inc.

Business ● Management of sports clubs
Function ● Reinforce relationships with teams and athletes in western Japan

SPO Inc.

Business ● Planning, production and distribution of motion pictures; planning, production and sales of videograms
Function ● Distribution and presentation of acquired licenses; and production and sales of videograms

Haruki Fields Cinema Fund

Business ● Production of movies produced by Haruki Kadokawa
Function ● Content creation and secondary use development

Bbmf Magazine, Inc.

Business ● Publication business with a focus on distribution of mobile comics
Function ● Content creation and secondary use development

Corporate Governance System

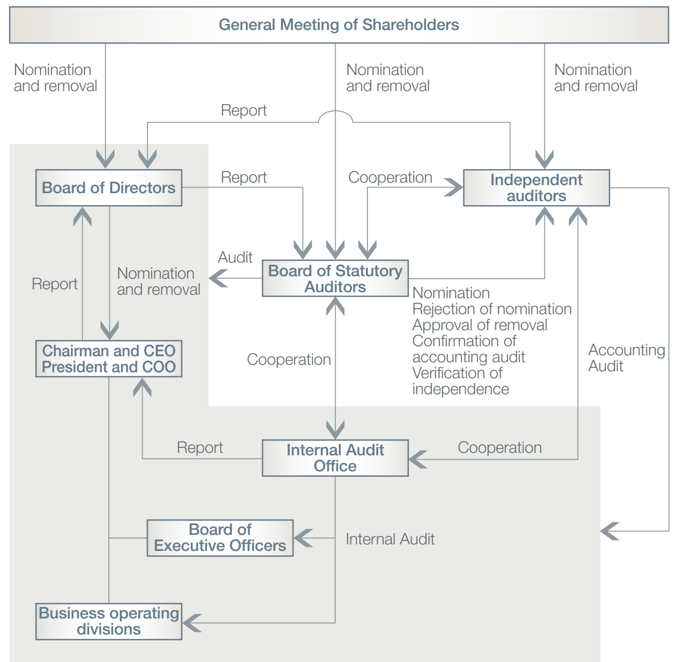
(As of July 2, 2008)

Fields has identified its mission as providing, “The Greatest Leisure for All People”—its corporate philosophy—and has established a basic management policy of continuously enhancing corporate value.

To realize this basic policy, we believe effective corporate governance represents a major management challenge. To enhance our corporate governance system, we will further advance reforms in our management structures and institutions within the framework of the Board of Directors, the Board of Statutory Auditors, the independent auditors and the Board of Executive Officers.

In addition, in compliance with the Company Law and associated enforcement regulations, the Board of Directors resolved to establish a structure to ensure the soundness of corporate operations.

With the goal of fully realizing our corporate philosophy, we will continue to improve the corporate value of the Fields Group.



Directors, Corporate Auditors and Executive Officers

(As of June 26, 2008)

Chairman and CEO
Hidetoshi Yamamoto

President and COO
Takashi Oya

Senior Managing Director
Tetsuya Shigematsu
In charge of the Group Strategy Division
Kiyoharu Akiyama
In charge of the Sales Division and the Product Division

Outside Director
Shigesato Itoi

Director
Yoshiteru Yamaguchi
General Manager, Group Strategy Division
Masakazu Kurihara
General Manager, Product Division
Hiroyuki Yamanaka
General Manager, Planning and Administration Division
Hideo Ito
General Manager, Corporate Division
Toru Suenaga
General Manager, Office of the Chairman
Akira Fujii
General Manager, Sales Division

Auditors
Shigeru Matsushita
Standing Auditor
Tadao Koike
Yoshika Furuta
Koichiro Nakamoto

Executive Officers

Hideaki Hatanaka
General Manager, Office of the President, Investor and Public Relations Office
Teruo Fujishima
General Manager, Sales Support Department, Sales Division
Hideo Wakazono
General Manager, Branch Administration Department, Sales Division, and Tokyo Regional Office
Yosuke Ozawa
Senior Production Executive, Business Development Department, Group Strategy Division
Yukio Nishihata
Senior Production Executive, Intellectual Property Department, Group Strategy Division
Soichi Kasuya
In charge of Group Budget Management, Planning and Administration Division

FINANCIAL SECTION

CONTENTS

Financial Highlights

	Non-Consolidated			Consolidated		
Results of Operations (in millions):	2006	2007	**2008**	2006	2007	**2008**
Net sales	¥ 88,251	¥ 71,314	**¥ 82,758**	¥ 96,814	¥ 85,321	**¥ 101,818**
Cost of sales	61,682	46,164	**54,270**	67,077	56,072	**67,274**
Gross profit	26,568	25,150	**28,488**	29,737	29,248	**34,544**
Selling, general and administrative expenses	14,071	16,150	**15,854**	17,389	20,303	**21,385**
Operating income	12,497	8,999	**12,634**	12,348	8,944	**13,158**
Income before income taxes	12,578	8,734	**7,306**	13,034	8,226	**10,509**
Net income	6,934	4,773	**4,153**	7,085	3,710	**5,296**
Financial Position (in millions):						
Total current assets	¥ 64,224	¥ 36,253	**¥ 26,737**	¥ 69,879	¥ 46,144	**¥ 39,559**
Total assets	82,304	57,509	**58,622**	87,556	66,081	**69,168**
Short-term borrowings (including current portion of long-term borrowings)	—	—	**—**	730	2,230	**3,398**
Current portion of long-term borrowings	—	—	**—**	214	917	**804**
Corporate bonds redeemable within one year	—	—	**—**	110	120	**120**
Shareholders' equity	39,242	41,786	**44,552**	39,411	40,886	**44,795**
Other Data:						
Gross profit margin	30.11%	35.27%	**34.42%**	30.72%	34.28%	**33.93%**
Operating margin	14.16%	12.62%	**15.27%**	12.75%	10.48%	**12.92%**
Earnings per share	¥ 19,681	¥ 13,755	**¥ 11,970**	¥ 20,118	¥ 10,692	**¥ 15,263**
Number of shares issued and outstanding at fiscal year end	347,000	347,000	**347,000**	347,000	347,000	**347,000**

Overview

Today, as leisure time increases among all market segments in Japan, the entertainment industry has diversified and the leisure market is facing radical structural changes. Foreseeing such environmental change ahead of its competitors, the Group has strategically focused on multiple uses of digital content, which it considers to be an essential base for establishing a competitive edge, mainly in the pachinko/pachislot field. The Group's business domains have grown not only in the pachinko/pachislot market but also in the game software, sports and mobile fields, as well as in movie and animation field, covering a wide range of entertainment fields.

We are aggressively developing our business and investing in each of these fields.

In the Pachinko/Pachislot (PS) field, Fields Corporation (the Company) has announced a new business alliance with KYORAKU SANGYO, thereby launching a measure to accelerate launching of products on the market. As part of efforts for reinforcing product planning and development, the Company made Shin-Nichi Technology Co., Ltd., which develops video software for pachinko/pachislot machines, its subsidiary.

In the game software field, D3 Inc. developed its first original global content title, *darkSector*, for which sales started worldwide in March 2008.

In the sports marketing field, we promoted measures to expand to cities outside of the major urban areas in Japan. For example, Total Workout, which is managed by Japan Sports Marketing Inc., promoted sports marketing, with the fourth branch of its brand opening in Fukuoka in April 2008. In the athlete management business, from which primary content is the most likely to be created, we managed such star athletes as Kimiko Date Krumm (tennis), Kazuhiro Kiyohara (professional baseball), Norifumi "KID" Yamamoto (mixed martial arts) and Kyoko Iwasaki (swimming) and strived to acquire additional management contracts with promising athletes.

In the mobile field, business expanded steadily, reflected by the number of paying members exceeding 300,000 for our mobile phone Web site, which is run by FutureScope Corporation. We also entered into a new business to deliver mobile electronic books by investing in a Web magazine management company.

In the movie and animation field, we aim to commercialize pachinko/pachislot machines that use movie content, and our investments prioritize this field. Such efforts are producing positive results such as the release of movies and animation produced through the Group companies and movie funds, with the sale of those DVDs already under way. We also strove to further strengthen the foundation of our operations by launching Lucent Pictures Entertainment, Inc., which engages in the planning and production of animation.

We will continue to maximize synergies among the Group companies and strongly promote cross-media businesses such as the integration and multifaceted development of content, thereby realizing our corporate philosophy: "The Greatest Leisure for All People."

Comparison of 2008 and 2007 (consolidated)

Net Sales

Net sales increased 19.3% year over year to a record ¥101,818 million.

Pachinko/Pachislot (PS) Field

Net sales in the Pachinko/Pachislot (PS) Field increased 16.1% compared year over year to ¥82,763 million. Efforts to emphasize the sale of pachislot machines in response to large-scale replacement demand for pachislot machines compliant with the new regulations during the first half contributed to this steady growth in net sales.

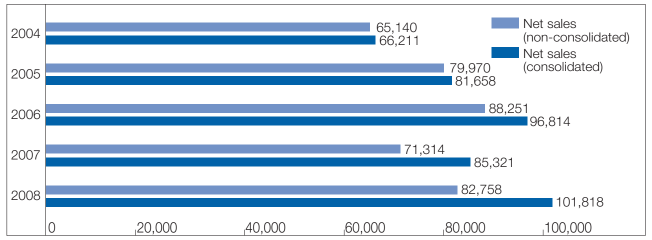
Game Field

Net sales in the Game Field jumped 46.1% compared with the previous fiscal year to ¥14,528 million. A major contributing factor to this outstanding result was the solid sales performance of our first original global content in overseas game software markets.

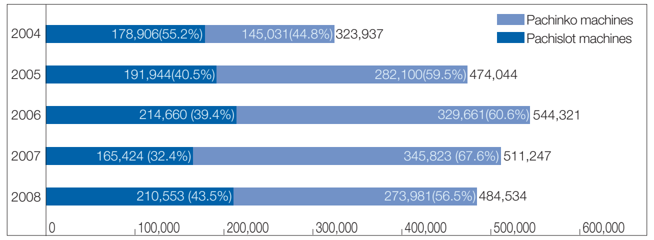
Other Field

Net sales in the Other Field increased 7.2% compared with the previous fiscal year to ¥5,919 million, mainly due to the full-scale operation of the site operation business, which provides comprehensive entertainment information in the mobile field.

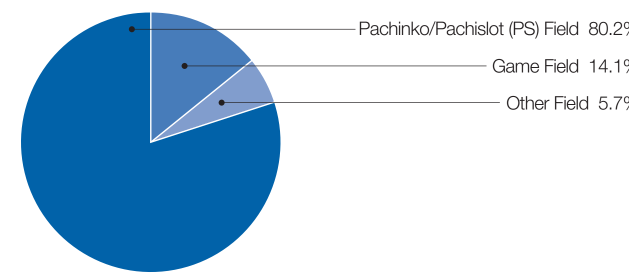
Net sales (millions of yen)



Number of pachinko/pachislot machines sold (units)



Proportion of sales by segment – 2008



Operating Income

Operating income jumped 47.1% compared with the previous fiscal year to a record high ¥13,158 million.

Pachinko/Pachislot (PS) Field

Operating income in the Pachinko/Pachislot (PS) Field increased 40.5% compared with the previous fiscal year to ¥12,747 million. In addition to the favorable progress of pachislot machine sales during the first half of the fiscal year under review, pachinko machines also sold well during the second half.

Game Field

Operating income in the Game Field surged 332.5% compared with the previous fiscal year to ¥952 million, by outstanding progress in game software sales of original global content released during the fourth quarter of the fiscal year under review.

Income Structure for Fields

Net Sales

Sales of pachinko/pachislot machines account for a large portion of Group sales.The Company sells pachinko/pachislot machines through two different channels–direct sales through the activities of our branch offices (distribution sales), and indirect sales through brokering activities (agency sales).

In distribution sales, we purchase pachinko/pachislot machines from manufacturers and sell them to users (pachinko hall operators). In agency sales, on the other hand, we operate as an agent for pachinko/pachislot machines and receive commissions from pachinko/pachislot machine manufacturers for such services as: (a) arranging sales/purchase agreements on behalf of pachinko/pachislot manufacturers and pachinko halls, (b) collecting sales for machines, (c) preparing for the opening of pachinko halls on their behalf, and (d) providing after sales services.

Net sales for distribution and agency sales are reported separately.

The sales amount for machines sold to pachinko halls through distribution sales is reported in the Statement of Income as Product Sales, while sales commissions paid by manufacturers in agency sales are reported as Sales Commission.

Since we use two different sales channels, our net sales are affected by the relative balance of distribution and agency sales.

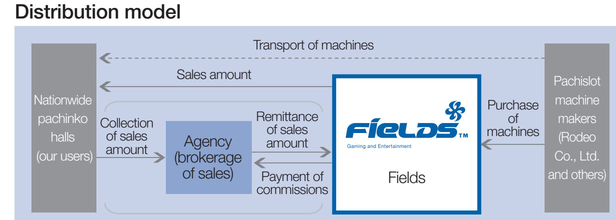
Cost of Sales

Purchase costs of pachinko/pachislot machines represent a major part of the cost of sales for the Group based on distribution sales. Sales commissions we pay to secondary agencies for the sales of machines are also included in these costs.

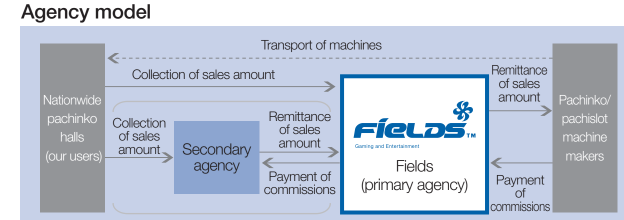
Selling, General and Administrative Expenses (SG&A)

SG&A expenses of the Group primarily consist of personnel expenses for sales staff and other employees along with land and facility rent. Other major items under SG&A include advertising and marketing expenses. These costs principally comprise the cost of hosting industry exhibitions as well as TV and newspaper marketing costs.

Distribution model



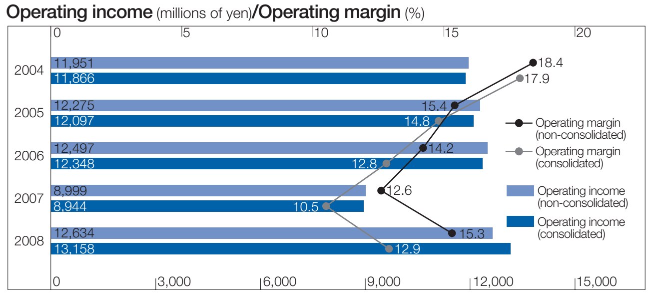
Agency model



Other Field

Operating loss in the Other Field was ¥516 million, mainly due to prior costs generated by aggressive investments for enhancing future Group synergies.

Operating income (millions of yen)/Operating margin (%)



Ordinary Income

Ordinary income increased 27.2% compared with the previous fiscal year to ¥11,705 million.

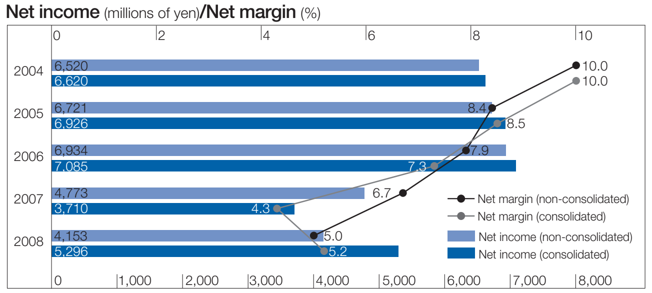
Non-operating income was ¥313 million and non-operating expenses were ¥1,766 million. Non-operating expenses were incurred due to reporting an equity method investment loss and a foreign exchange loss caused by the high Yen appreciation in the overseas Game Field business.

Net Income

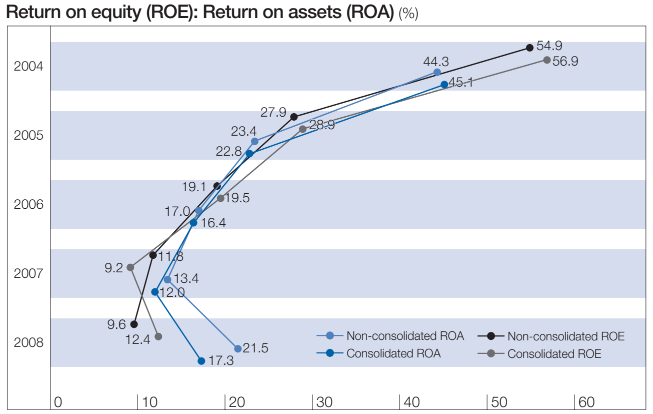
Net income for the fiscal year under review increased 42.8% year over year to ¥5,296 million.

The strength of our overall business performance more than offset the extraordinary losses resulting from efforts to reinforce the financial structure of some affiliates.

Net income (millions of yen)/Net margin (%)



Return on equity (ROE): Return on assets (ROA) (%)



Cash Flows

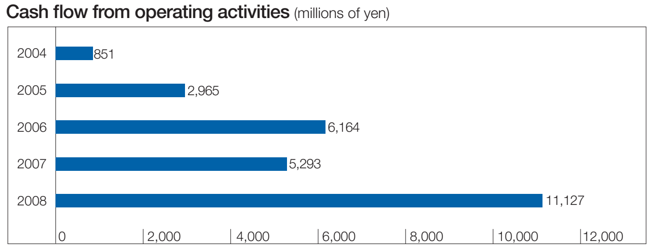
The outstanding balance of cash and cash equivalents at the end of the fiscal year under review amounted to ¥12,693 million.

Cash flows in the fiscal year under review were as follows:

Cash Flow from Operating Activities

Net cash provided by operating activities totaled ¥11,127 million, an increase of ¥5,834 million compared with the previous fiscal year. The principal factors were a decrease of ¥6,052 million in notes and accounts receivable-trade, an increase of ¥504 million in inventories, an increase of ¥1,918 million in merchandising rights advances, a decrease of ¥3,250 million in notes and accounts payable-trade and ¥4,299 million in income taxes and other taxes paid.

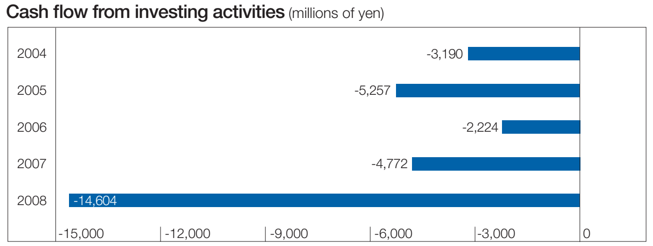
Cash flow from operating activities (millions of yen)



Cash flow from Investing Activities

Net cash used in investing activities increased ¥9,831 million compared with the previous fiscal year to ¥14,604 million. The principal factors included acquisition of tangible fixed assets totaling ¥3,450 million, acquisition of investment securities totaling ¥7,585 million, acquisition of investment securities in subsidiaries and affiliates and the acquisition of newly consolidated subsidiaries totaling ¥2,072 million and ¥1,036 million of expenditures for loans.

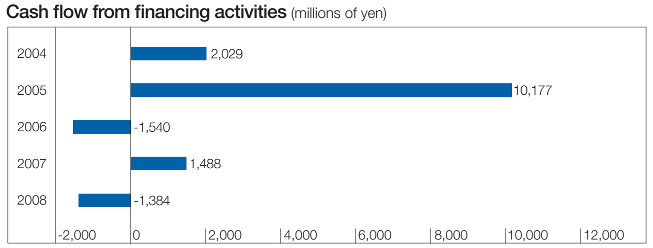
Cash flow from investing activities (millions of yen)



Cash Flow from Financing Activities

Net cash used in financing activities increased ¥2,872 million compared with the previous fiscal year to ¥1,384 million. The principal factors were an increase of ¥1,167 million in short-term borrowings, the repayment of ¥987 million in long-term borrowings and cash dividends paid totaling ¥1,397 million.

Cash flow from financing activities (millions of yen)



Present Situation and Prospects for Our Sales Strategy

1) Pachinko/Pachislot (PS) Field

Despite some uncertainty regarding the market environment for the year ending March 31, 2009, we recognize that the quality of our content is a key to our competitive edge. To ensure future growth, the Company thoroughly reviews planned products and reinforces planning and development capabilities.

We will offer high-quality pachinko machines that meet the needs of pachinko halls and fans in a timely manner during the year ending March 31, 2009, with strategies emphasizing the pachinko machine sales business. Indeed, the *CRA Neon Genesis Evangelion Premium Model*, which was scheduled for release during the first quarter, ending June 30, 2008, has already been introduced and has been highly appraised. In the future, we plan to introduce additional innovative titles and major titles.

In the pachislot machine sales business, we enjoyed tremendous performance as a result of our correct market anticipation of and strategic efforts for the unprecedented huge replacement demand for pachislot machines compliant with the new regulations that took place during the first half (ended September 30, 2007) of the year under review, subsequent to the expiration of the use of the old regulation machines. However, in the year ending March 31, 2009, we expect a large portion of funds from pachinko halls to be used to purchase pachinko machines. Therefore, we will offer the stable and continual provision of major products, including those of popular titles, featuring superior entertainment and game content to attract new tiers of fans.

2) Game Field

In the domestic market, we intend to reinforce the mobile business and continue focusing on sales of products attractive to users, together with the *SIMPLE Series*, which boasts stable sales.

Overseas, we will reinforce global business development through the enhanced use of high-performance content.

In addition, we have designated the year ending March 31, 2009, as a year to form a sturdy foundation for future growth, and we intend to develop various measures accordingly.

3) Other Field

Our plans for the year ending March 31, 2009, in the Other Field are to enhance profitability in each company in which the Company has invested and to strengthen synergies among the Group companies. In the fields of sports, mobile, movie and animation, we intend to create primary content and promote aggressive business development, thereby improving earnings quickly.

The Group has formulated the medium-term management plan to further pursue its corporate philosophy: "The Greatest Leisure for All People." This five-year plan, which began in the fiscal year starting in April 2008, is designed to help us realize our vision for the Group 10 years from now. Particularly, in the year ending March 31, 2009, the first year of the medium-term management plan, we will establish the foundation of the Group's growth strategies. We intend to aggressively strive not only to improve our businesses but also to reinforce our management foundation.

Risks Related to Our Business

The operating and financial conditions associated with various risks that may substantially affect decisions by potential investors are as follows.

Forward-looking statements are based on the judgment of Group management as of the end of the fiscal year ended March 31, 2008.

High level of product supplied by a specific supplier

Company sales primarily consist of product sales through an agent business that purchases machines and sells them to customers, and sales commissions in which commissions are received from the brokerage of machine sales.

Of the total net sales of the Company, product sales and sales commissions represented 63.2% and 16.5%, respectively, for the fiscal year ended March 2007, and 66.0% and 13.2%, respectively, for the fiscal year ended March 2008.

The major portion of products sold was supplied by Rodeo Co., Ltd., our affiliate, and Bisty Co., Ltd., an allied manufacturer. In the fiscal year ended March 2008, products supplied by Rodeo Co., Ltd. and Bisty Co., Ltd. accounted for 33.5% and 39.8%, respectively, of the total products we purchased.

Given the heavy reliance of the Company in the PS Field on these two companies for product supply, should products from these companies become less popular or the launch of new products be delayed due to delays in product development falling behind schedule or other reasons, the results of operations of the Group may be affected.

Our Basic Exclusive Distributorship Agreement is renewable on an annual basis with Rodeo Co., Ltd. and a triennial basis with Bisty Co., Ltd.. Therefore, should the Agreements not be renewed, Group results may be affected.

Legal and Voluntary Regulations Governing the Pachinko/Pachislot Machine Industry

The pachinko/pachislot machine sales business in which the Company is primarily engaged is not directly subject to laws and regulations. However, business activities by pachinko/pachislot machine manufacturers are regulated by rules prescribed by the National Public Safety Commission, the Rules on Approval of Pachinko/Pachislot Machines and Certification of Models, in accordance with the Law Regulating Adult Entertainment Businesses. For example, we cannot sell or install any machines that have not obtained the approval of the Public Safety Commission of the related prefecture. The business activities of pachinko hall operators, the final users of our machines, are also regulated under the Law on Entertainment Businesses and related ordinances in each prefecture.

Apart from these regulations, the pachinko/pachislot industry may, as necessary, voluntarily regulate the operations of pachinko/pachislot machines manufacturers, pachinko hall operators, and sales companies to restrain the excessive gambling nature of the games.

Any amendments to laws and regulations or the introduction of new voluntary regulations may delay the delivery of pachinko/pachislot machines due to the need to comply with such new requirements, as well as any change in demand for specific machines by pachinko hall operators may affect the results of Group operations.

Content Business

The Company will focus on obtaining copyrights or usage rights and developing content with high value. However, the distinctive nature of the content business makes it difficult to accurately evaluate its potential for contributing to profits. Specifically, due to the following potential risks related to content, the Company may not achieve the business growth it currently projects.

Directing significant funds into the content business might result in increased fixed costs and overall financial risk for the Company. Also, investment in copyrights or usage rights may not lead to the development of content with high value. The Company may not acquire attractive content at favorable terms due to fierce competition in the market. In implementing its content strategy and related activities, the Company may unknowingly infringe upon the intellectual property rights of other companies or become party to other claims associated with these intellectual property rights. In addition, the Company, in turn, may not be able to effectively protect its own content-related intellectual property rights.

Risk Associated with Investment

The Company plans to conduct its business in wider areas, including those that are not directly related to the pachinko/pachislot machines sales business. In developing business for the Group, the Group strives to expand existing ventures, enhance functions, and enter new business areas by strengthening and creating alliances with Group companies and other partners. To that end, we have conducted and will continue to conduct such investment activities as establishing new ventures in partnership with other companies and investing in existing companies.

However, a decline in the investment value of companies or in the market value of shares in which the Company has invested may result in losing all or part of the investment value or require the provision of additional funding to these companies. The results of operations of the Group may be affected by either of these conditions.

Consolidated Balance Sheets

FIELDS CORPORATION AND SUBSIDIARIES

As of March 31, 2007 and 2008

Assets	Millions of Yen 2007	Millions of Yen 2008	Thousands of U.S. Dollars (Note 1) 2008
Current assets:			
Cash and cash equivalents	¥ 17,819	¥ 12,693	$ 126,689
Notes and accounts receivable – trade	18,523	12,354	123,305
Inventories	2,972	4,013	40,053
Merchandising right advances	2,572	4,397	43,886
Deferred tax assets	1,517	2,271	22,666
Other current assets	2,797	3,921	39,135
Allowance for doubtful accounts	(57)	(92)	(918)
Total current assets	46,144	39,559	394,839
Property and equipment:			
Land	1,762	3,701	36,939
Buildings and structures	3,905	3,957	39,494
Equipment	1,931	2,599	25,940
Vehicles	45	26	259
Construction in progress	48	269	2,684
	7,694	10,552	105,319
Less: Accumulated depreciation	(1,937)	(2,459)	(24,543)
Total property and equipment	5,756	8,093	80,776
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates	3,860	4,447	44,385
Investment securities	2,356	8,765	87,483
Deposits	2,464	2,893	28,875
Software	433	2,473	24,683
Goodwill	1,405	1,057	10,549
Deferred tax assets	363	790	7,885
Other assets	3,294	1,087	10,849
Total investments and other assets	14,180	21,515	214,741
Total assets	¥ 66,081	¥ 69,168	$ 690,368

See accompanying notes to the consolidated financial statements.

Liabilities and Net Assets	Millions of Yen 2007	Millions of Yen 2008	Thousands of U.S. Dollars (Note 1) 2008
Current liabilities:			
Notes and accounts payable – trade	¥ 9,094	¥ 5,954	$ 59,427
Short-term borrowings	2,230	3,398	33,915
Current portion of long-term debt	1,037	924	9,222
Income taxes payable	2,032	3,743	37,359
Accrued bonuses	25	174	1,736
Accrued bonuses to directors and statutory auditors	98	128	1,277
Other current liabilities	4,347	4,996	49,865
Total current liabilities	18,865	19,322	192,853
Long-term liabilities:			
Long-term debt, less current portion	1,608	684	6,827
Retirement benefits	195	211	2,105
Deposits received	2,575	2,459	24,543
Other long-term liabilities	—	158	1,577
Total long-term liabilities	4,379	3,514	35,073
Net assets:			
Common stock	7,948	7,948	79,329
Authorized; 1,388,000 shares at March 31, 2007 and 2008			
Issued; 347,000 shares at March 31, 2007 and 2008			
Capital surplus			
Additional paid-in capital	7,994	7,994	79,788
Retained earnings	24,943	28,852	287,972
Unrealized gain (loss) on available-for-sale securities	214	(249)	(2,485)
Foreign currency translation adjustments	13	(59)	(588)
Stock acquisition rights	15	43	429
Minority interests	1,705	1,802	17,985
Total net assets	42,836	46,331	462,431
Total liabilities and net assets	¥ 66,081	¥ 69,168	$ 690,368

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Income

FIELDS CORPORATION AND SUBSIDIARIES

For the fiscal years ended March 31, 2007 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2007	2008	2008
Sales	¥ 85,321	¥ 101,818	$ 1,016,249
Cost of Sales	56,072	67,274	671,464
Gross profit	29,248	34,544	344,784
Selling, general and administrative expenses	20,303	21,385	213,444
Operating income	8,944	13,158	131,330
Other income (expenses):			
Interest and dividend income	86	90	898
Interest expenses	(58)	(86)	(858)
Equity in loss of affiliates	(92)	(557)	(5,559)
Loss on disposal of property and equipment, net	(750)	(264)	(2,634)
Impairment loss on long-lived assets	(214)	(876)	(8,743)
Foreign exchange gain (loss)	78	(597)	(5,958)
Other, net	233	(356)	(3,553)
Other expenses, net	(717)	(2,649)	(26,439)
Income before income taxes and minority interests	8,226	10,509	104,890
Income taxes:			
Current	5,058	6,022	60,105
Deferred	(625)	(921)	(9,192)
	4,433	5,101	50,913
Minority interests	83	111	1,107
Net income	¥ 3,710	¥ 5,296	$ 52,859

	Yen		U.S. Dollars (Note 1)
Earnings per share:			
Basic earnings per share	¥ 10,692.29	¥ 15,263.76	$ 152.35

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Changes in Net Assets

FIELDS CORPORATION AND SUBSIDIARIES

For the fiscal years ended March 31, 2007 and 2008

	Shares	Millions of Yen							
	Number of Shares of Common Stock Issued	Common Stock	Additional Paid-in Capital	Retained Earnings	Unrealized Gain (Loss) on Available -for-sale Securities	Foreign Currency Translation Adjustments	Stock Acquisition Rights	Minority Interests	Total Net Assets
Balance as of March 31, 2006	347,000	¥ 7,948	¥ 7,994	¥ 22,726	¥ 735	¥ 6	¥ —	¥ —	¥ 39,411
Reclassified balance as of March 31, 2006	—	—	—	—	—	—	—	1,610	1,610
Net income	—	—	—	3,710	—	—	—	—	3,710
Cash dividends paid	—	—	—	(1,388)	—	—	—	—	(1,388)
Bonuses to directors and statutory auditors	—	—	—	(105)	—	—	—	—	(105)
Net change in the year	—	—	—	—	(520)	7	15	94	(402)
Balance as of March 31, 2007	347,000	7,948	7,994	24,943	214	13	15	1,705	42,836
Net income	—	—	—	5,296	—	—	—	—	5,296
Cash dividends paid	—	—	—	(1,388)	—	—	—	—	(1,388)
Changes in scope of consolidation	—	—	—	(0)	—	—	—	—	(0)
Net change in the year	—	—	—	—	(464)	(73)	27	96	(413)
Balance as of March 31, 2008	347,000	¥ 7,948	¥ 7,994	¥ 28,852	¥ (249)	¥ (59)	¥ 43	¥ 1,802	¥ 46,331

	Thousands of U.S. Dollars (Note 1)							
	Common Stock	Additional Paid-in Capital	Retained Earnings	Unrealized Gain (Loss) on Available -for-sale Securities	Foreign Currency Translation Adjustments	Stock Acquisition Rights	Minority Interests	Total Net Assets
Balance as of March 31, 2007	$ 79,329	$ 79,788	$ 248,956	$ 2,135	$ 129	$ 149	$ 17,017	$ 427,547
Net income	—	—	52,859	—	—	—	—	52,859
Cash dividends paid	—	—	(13,853)	—	—	—	—	(13,853)
Changes in scope of consolidation	—	—	(0)	—	—	—	—	(0)
Net change in the year	—	—	—	(4,631)	(728)	269	958	(4,122)
Balance as of March 31, 2008	$ 79,329	$ 79,788	$ 287,972	$ (2,485)	$ (588)	$ 429	$ 17,985	$ 462,431

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

FIELDS CORPORATION AND SUBSIDIARIES

For the fiscal years ended March 31, 2007 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2007	2008	2008
Operating activities:			
Income before income taxes and minority interests	¥ 8,226	¥ 10,509	$ 104,890
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	817	1,097	10,949
Impairment loss on long-lived assets	214	876	8,743
Amortization of goodwill	429	335	3,343
Equity in loss of affiliates	92	557	5,559
Loss on disposal of property and equipment, net	750	264	2,634
Notes and accounts receivable – trade	28,719	6,052	60,405
Inventories	(1,341)	(504)	(5,030)
Merchandising right advances	944	(1,918)	(19,143)
Accounts payable – trade	(26,297)	(3,250)	(32,438)
Other	(440)	1,346	13,434
Subtotal	12,111	15,372	153,428
Interest and dividends received	132	131	1,307
Interest paid	(63)	(76)	(758)
Income taxes paid	(6,887)	(4,299)	(42,908)
Net cash provided by operating activities	5,293	11,127	111,058
Investing activities:			
Purchases of property and equipment	(1,113)	(3,450)	(34,434)
Purchases of intangible assets	(2,425)	(761)	(7,595)
Purchases of investment securities	(1,050)	(7,585)	(75,706)
Investments in affiliates	(16)	(1,169)	(11,667)
Payment for acquisitions of interests in newly consolidated subsidiaries, net of transaction costs	(9)	(902)	(9,002)
Increase in loans receivable	(23)	(1,036)	(10,340)
Other	(133)	301	3,004
Net cash used in investing activities	(4,772)	(14,604)	(145,763)
Financing activities:			
Increase in short-term borrowings, net	1,477	1,167	11,647
Proceeds from long-term borrowings	2,000	—	—
Repayments of long-term debt	(528)	(1,107)	(11,049)
Cash dividends paid	(1,389)	(1,391)	(13,883)
Other	(71)	(52)	(519)
Net cash provided (used in) by financing activities	1,488	(1,384)	(13,813)
Effect of exchange rate changes on cash and cash equivalents	32	(275)	(2,744)
Net increase (decrease) in cash and cash equivalents	2,042	(5,136)	(51,262)
Cash and cash equivalents at beginning of the period	15,777	17,819	177,852
Increase in cash and cash equivalents due to change of consolidation scope	0	10	99
Cash and cash equivalents at end of the period	¥ 17,819	¥ 12,693	$ 126,689

See accompanying notes to the consolidated financial statements.

Notes to Consolidated Financial Statements

FIELDS CORPORATION AND SUBSIDIARIES

1. Basis of Presenting Consolidated Financial Statements

FIELDS CORPORATION (the "Company") and its consolidated subsidiaries maintain their accounts and records in accordance with accounting principles and practices generally accepted in Japan ("Japanese GAAP"), which are different from the accounting and disclosure requirements of International Financial Reporting Standards or accounting standards generally accepted in the United States of America.

The accompanying consolidated financial statements are translated into English from the consolidated financial statements prepared in accordance with Japanese GAAP. Certain modifications and reclassifications have been made for the convenience of readers outside Japan. In addition, certain rearrangements have been made to the year ended March 31, 2007 consolidated financial statements to conform to the classifications used in the year ended March 31, 2008.

The consolidated financial statements are stated in Japanese yen. The translations of the Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2008, which is ¥100.19 to U.S. $1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be converted into U.S. dollars at this or any other rate.

The Japanese yen amounts in millions are rounded down to the nearest million, by which the translations into U.S. dollar amounts are computed. U.S. dollar amounts in thousands are also rounded down to the nearest thousand.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and those of significant subsidiaries (collectively, the "Companies") that are controlled by the Company. The concept of effective control has been applied in order to decide the scope of consolidation. Under the effective control approach, all majority-owned companies and companies effectively controlled by the parent are consolidated. Companies in which the parent's ownership share is less than or equal to 50% may be required to be consolidated in case where the parent has effective control through the interests held by a party with a close relationship with the parent.

All significant inter-company balances and transactions are eliminated in consolidation. All material unrealized profit included in assets resulting from transactions with the Companies is eliminated. In the elimination of investments in subsidiaries, the assets and liabilities, including the portion attributing to minority shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiaries.

For consolidated subsidiaries or affiliates whose closing dates are different from that of the Company, certain adjustments necessary for consolidation have been made.

The difference between the total acquisition cost and underlying fair value of the net assets of investments in a subsidiary at acquisition is referred to goodwill or negative goodwill, that are amortized on a straight-line basis over an estimated period of no more than ten years.

An affiliate is defined as a company whose financial and operating decision-making is influenced to a material degree through investment, personnel, financing, technology or other relationships. Accordingly, all 20% to 50% owned companies, except for those that are consolidated, and unconsolidated subsidiaries are, in principle, required to be accounted for under the equity method. An investment of less than 20% of voting rights of an investee may be required to be accounted for under the equity method in cases where the investor has the ability to exercise significant influence over the company.

Investments in companies other than those consolidated or accounted for under the equity method is accounted for under the cost method.

Scope of Consolidation and Application of the Equity Method

Number of consolidated subsidiaries and affiliates at March 31, 2007 and 2008 is as follows:

	Number of Companies	
	2007	2008
Consolidated subsidiaries	14	19
Unconsolidated subsidiaries accounted for under the equity method	—	—
Unconsolidated subsidiaries not accounted for under the equity method	2	1
Affiliates accounted for under the equity method	2	4
Major affiliates not accounted for under the equity method	2	2

The name of consolidated subsidiaries and respective ownership percentage of the Company as of March 31, 2007 and 2008 are as follows:

	Ownership percentage (indirectly owned)	
Name of subsidiaries	2007	2008
Fields Jr. Corporation	100.0 %	100.0 %
White Trash Charms Japan Co., Ltd.	100.0	100.0
Lucent Pictures Entertainment, Inc. (Formerly known as Digital Lord Corporation)	100.0	100.0
thinkArts Co., Ltd.	100.0	100.0
Fields Pictures Corporation	100.0	100.0
Shin-Nichi Technology Co., Ltd. (Note A)	—	100.0
Haruki Fields Cinema Fund (Note B)	—	90.0
FutureScope, Corporation	83.3	83.3
EXPRESS Inc. (Note A)	—	80.0
Japan Sports Marketing Inc.	61.8	61.8
JSM HAWAII, LLC	61.8 (61.8)	61.8 (61.8)
Ildel Corporation (Note C)	—	60.0
D3 INC.	57.2	57.1
D3PUBLISHER INC.	57.2 (57.2)	57.1 (57.1)
Entertainment Software Publishing Inc.	57.2 (57.2)	57.1 (57.1)
D3 Publisher of America, Inc.	57.2 (57.2)	57.1 (57.1)
D3 Publisher of Europe, Ltd.	57.2 (57.2)	57.1 (57.1)
Vicious Cycle Software, Inc. (Note A)	— (—)	57.1 (57.1)
D3DB S.r.l.	28.6 (28.6)	28.6 (28.6)

Note A:
The information of fair value and cash payment for acquisitions occurred in this fiscal year is summarized as below:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
(Shin-Nichi Technology Co., Ltd.)		
Current assets	¥ 1,293	$ 12,905
Non-current assets	51	509
Goodwill	26	259
Current liabilities	(766)	(7,645)
Non-current liabilities	(3)	(29)
Acquisition cost	600	5,988
Cash and cash equivalents held by the acquired company	(13)	(129)
Cash payment for acquisition	¥ 586	$ 5,848
(EXPRESS Inc.)		
Current assets	¥ 326	$ 3,253
Non-current assets	353	3,523
Goodwill	353	3,523
Current liabilities	(151)	(1,507)
Non-current liabilities	(530)	(5,289)
Acquisition cost	351	3,503
Cash and cash equivalents held by the acquired company	(304)	(3,034)
Cash payment for acquisition	¥ 47	$ 469
(Vicious Cycle Software, Inc.)		
Current assets	¥ 126	$ 1,257
Non-current assets	167	1,666
Goodwill	367	3,663
Current liabilities	(72)	(718)
Acquisition cost	589	5,878
Cash and cash equivalents held by the acquired company	(96)	(958)
Payable as of the year end	(223)	(2,225)
Cash payment for acquisition	¥ 268	$ 2,674

Note B:
Haruki Fields Cinema Fund was established during the fiscal year ended March 31, 2008.

Note C:
Ildel Corporation, a former unconsolidated subsidiary, has been consolidated since the fiscal year ended March 31, 2008 due to an increase of its magnitude.

Cash Equivalents
Cash equivalents are defined as low-risk, highly-liquid, short-term investments with an initial maturity of three months or less that are readily convertible to cash.

Valuation of Inventories

Merchandise	The Company	Used Machine:At cost determined by the specific identification method Other:At cost determined by the moving-average method
	Consolidated subsidiaries	At cost determined by the periodic average method
Finished products	Consolidated subsidiaries	At cost determined by the first-in first-out method
Work in process	Consolidated subsidiaries	At cost determined by the specific identification method
Content	Consolidated subsidiaries	At cost determined by the specific identification method
Raw material	Consolidated subsidiaries	At cost determined by the moving-average method
Supplies	Consolidated subsidiaries	At cost determined by the last purchase price method

Investment Securities
Investment securities are classified and accounted for, depending on management's intent, as follows: (1) held-to-maturity securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost; and (2) available-for-sale securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of net assets. Available-for-sale securities with no available fair value are stated at cost determined by the moving-average method.

For other than temporary declines in fair value of investment securities, an impairment loss is recognized and the acquisition cost is directly reduced to its net realizable value by charging such losses to income. No impairment losses were recognized for the fiscal years ended March 31, 2007 and 2008.

Property and Equipment
For the Company and domestic consolidated subsidiaries:
Property and equipment are stated at cost. Depreciation is calculated by the declining-balance method whereas the straight-line method is applied to buildings acquired after April 1, 1998.

For overseas consolidated subsidiaries:
Property and equipment are stated at cost. Depreciation is calculated by the straight-line method.

The range of useful lives of depreciable assets at March 31, 2007 and 2008 are as follows:

	2007	2008
Buildings	4 ~ 50 year	8 ~ 50 year
Structures	10 ~ 50	10 ~50
Vehicles	2 ~ 6	2 ~ 6
Equipment	3 ~ 20	2 ~ 20

The accounting standard for impairment of fixed assets requires an entity to review its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

The Companies adopt asset grouping method in order to determine whether long-lived assets are impaired or not. Net sales prices in market appraised by licensed outside parties are used as recoverable value of long-lived assets. The recognized impairment losses are directly deducted from the acquisition costs of impaired long-lived assets.

Intangible Assets
Intangible assets primarily consist of computer software. For internal-use software, the software is amortized over a period of no more than five years by the straight-line method.

Allowance for Doubtful Accounts
The allowance for doubtful accounts is provided as an amount determined by adding the individually estimated uncollectible amounts to a general reserve calculated by applying a rate based on past collection experience.

Accrued Bonuses
Accrued bonuses for employees are provided for using the estimated amount which the Companies are obligated to pay to employees after the balance sheet date, based on services provided during the period.

Bonuses to Directors and Statutory Auditors
Bonuses to directors and statutory auditors are accrued at the year end to which such bonuses are attributable.

Retirement Benefits
The Company and certain domestic consolidated subsidiaries have an unfunded defined benefit retirement plan with lump-sum payments and certain overseas consolidated subsidiaries have defined contribution plan. The reserve for retirement benefit obligations is provided based on the projected benefit obligation. The obligation is calculated in accordance with a formula which has, as its variables, the length of service and basic pay rate at the end of the fiscal year. Certain subsidiaries adopt the simplified method for calculating projected benefit obligation.

Actuarial differences are amortized by the straight-line method using the specific number of years (five years) less than the average remaining service period. A few subsidiaries adopt the simplified method for calculating projected benefit obligation. For the consolidated subsidiaries adopting defined contribution plan, they charge amounts of contribution to income of the year as incurred.

Stock Option
On December 27, 2005, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Statement No. 8, "Accounting Standard for Stock Options" and related guidance. This standard and guidance are applicable to stock options newly granted on or after May 1, 2006. This standard requires companies to recognize compensation expense for employee stock options based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock option or the goods or services received. In the balance sheet, the stock option is presented as a stock acquisition right as a separate component of net assets until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions.

Presentation of Net Assets
On December 9, 2005, the ASBJ published a new accounting standard for presentation of net assets. Under this accounting standard, certain items which were previously presented as liabilities are now presented as components of net assets. Such items include stock acquisition rights, minority interests, and any deferred gain or loss on derivatives accounted for under hedge accounting. This standard is effective for fiscal years ending on or after May 1, 2006. The consolidated balance sheet as of March 31, 2007 is presented in line with this new accounting standard.

Translation of Foreign Currencies
Current and no-current monetary assets and liabilities denominated in foreign currencies of the Companies are translated into yen at the exchange rates in effect at the end of the fiscal year. Gains and losses arising from exchange differences are credited or charge to income in the year in which they are made or incurred.

The Company translates the revenue and expense accounts of the overseas consolidated subsidiaries at the average rates of exchange in effect during the year. The balance sheet accounts, except for the components of net assets, are translated into yen at the rates of exchange in effect at the end of the fiscal year. The components of net assets are translated at their historical exchange rates. The differences arising from translation where two exchange rates have been used are included in foreign currency translation adjustments in the accompanying consolidated financial statements.

Derivatives and Hedging Accounting
The accounting standards for financial instruments:
Derivative financial instruments are stated at fair value and changes in fair value are recognized as gains or losses unless derivative financial instruments are used for hedging purposes. If derivative financial instruments are used as hedges and meet certain hedging criteria, a company defers recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related gains or losses on the hedged items are recognized.

Companies' policy for derivative activities:
The Company utilizes financial instruments with embedded derivative instruments for effective use of surplus fund. The Company does not enter into such derivative transactions unless they are considered secure with low risk underlying. In addition, certain consolidated subsidiaries enter into interest rate swap contracts for the purpose of reduction of the risks of fluctuations in future interest payments on loan transactions. The Companies do not enter into derivative transactions for speculative purposes.

Risk management for derivative transactions:
The Companies enter into the derivative transactions only with major international financial institutions with favorable credit ratings, thereby reducing credit risk exposure for non-performance. The Companies evaluate hedge effectiveness periodically by comparing the cumulative changes in cash flows or the changes in fair value of hedged items and the corresponding changes in the hedging derivative instruments. The finance department is engaged in derivative transactions. The derivative transactions are executed in accordance with the established job authorization.

Income Taxes
The Companies use the asset and liability method to account for income taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be reversed or settled. The effect on deferred tax assets and liabilities from a change in tax rates is recognized in income in the period the change is enacted. A valuation allowance is provided for deferred tax assets when considered tax benefit will not be realized.

Revenue Recognition
The revenue of the Company primary consists of merchandise sales and agency services.

For merchandise sales:
The Company purchases pachislot machines from manufactures and sells them to pachislot parlors. The Company recognized revenue when products are shipped to the parlors.

For agency services:
The Company acts as an agent between manufactures and pachinko parlors to provide various services related to the distribution of pachinko and pachislot machine. The Company receives commissions from the manufacturers for this agency service. The services are completed when the Company collects sales proceeds from pachinko parlors, and remits the proceeds to the manufacturers. The Company recognizes revenue when services are completed.

Leases
Under Japanese accounting standards for leases, financial leases that are deemed to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements. In compliance with this standard, all lease transactions of the Companies are accounted for as operating leases.

Stock Issuance Costs
Stock issuance costs for are expensed as incurred.

Consumption Tax

Consumption tax is imposed at the flat rate of five per cent on all domestic consumption of goods and services (with certain exemptions). The consumption tax imposed on the Companies' sales to customers is withheld by the companies at the time of sale and is subsequently paid to the national government. Consumption tax withheld upon sale is not included in "Sales" and consumption tax payable by the Companies on the purchases of goods and services from vendors is not included in "Costs and Expenses" in the accompanying consolidated statements of income. The net balance of consumption tax withheld and payable is included in "Other current assets" or "Other current liabilities" in the accompanying consolidated balance sheets.

Earnings Per Share ("EPS")

Basic EPS is computed based on the average number of shares of common stock outstanding during the period. Diluted EPS reflects all of the potential dilution that could occur if securities or other contracts to issue common stock were exercised.

Number of shares to be issued upon exercise of stock options outstanding at March 31, 2007 and 2008 are 7,000 shares and 5,710 shares, respectively. As the exercise price of the stock options was higher than the average market price of the Company's common stock for both 2007 and 2008, those options are not considered dilutive for 2007 and 2008. As a result, there are no differences between basic and diluted EPS in the fiscal years ended March 31, 2007 and 2008.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in Japan requires management to make certain estimates and assumptions which affect the accounts reported in the financial statements and accompanying notes. The actual results could differ from those estimates.

3. Investment Securities

(a) The following table summarizes information of held-to-maturity securities and available-for-sale securities with available fair values at March 31, 2007 and 2008:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Held-to-maturity securities			
Acquisition cost	¥ 800	¥ 400	$ 3,992
Fair value	758	305	3,044
Net unrealized loss	(41)	(94)	(938)
Available-for-sale securities			
—Equity securities			
Acquisition cost	832	6,704	66,912
Fair value	1,193	6,360	63,479
Net unrealized gain (loss)	360	(344)	(3,433)
—Other			
Acquisition cost	157	457	4,561
Fair value	158	246	2,455
Net unrealized gain (loss)	1	(211)	(2,105)

(b) The following table summarizes carrying value of available-for-sale securities with no available fair values at March 31, 2007 and 2008:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Stocks	¥ 122	¥ 445	$ 4,441
Bonds	—	500	4,990
Other	81	811	8,094

(c) The carrying values of debt securities by contractual maturities for securities classified as held-to-maturity securities and available-for-sale securities at March 31, 2008 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due after 1 year througn 5 years	¥ 86	$ 858
Due after 10 years	560	5,589
Total	¥ 646	$ 6,447

4. Long-lived Assets

The Companies reviewed its long-lived assets for impairment as of March 31, 2007 and 2008 and as a result, recognized an impairment loss of ¥214 million and ¥876 million ($8,743 thousand), respectively.

For the years ended March 31, 2007 and 2008, impairment losses were recognized for the following assets:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Property and equipment	¥ 208	¥ 42	$ 419
Goodwill	6	717	7,156
Unutilized assets	—	116	1,157
Total	¥ 214	¥ 876	$ 8,743

The Companies recognized the impairment losses on the assets above because they were not foreseeable to achieve anticipated earnings resulting from use of the assets or asset group. The recoverable amounts for determination of impairment loss for the unutilized assets were based on the estimated selling price.

5. Leases

The Companies lease certain vehicle, equipment and software under several finance lease contracts without ownership transfer to lessees. Assumed amounts of (a) acquisition cost, accumulated depreciation and net book value and (b) lease obligations at March 31, 2007 and 2008 are as follows:

(a) Acquisition cost, accumulated depreciation and net book value

	Millions of Yen			
At March 31, 2007	Vehicles	Equipment	Software	Total
Acquisition cost	¥ 18	¥ 27	¥ 38	¥ 84
Accumulated depreciation	3	16	16	35
Net book value	¥ 15	¥ 11	¥ 22	¥ 49
At March 31, 2008				
Acquisition cost	¥ 15	¥ 15	¥ 38	¥ 70
Accumulated depreciation	5	8	23	38
Net book value	¥ 10	¥ 6	¥ 14	¥ 31

	Thousands of U.S. Dollars			
At March 31, 2008	Vehicles	Equipment	Software	Total
Acquisition cost	$ 149	$ 149	$ 379	$ 698
Accumulated depreciation	49	79	229	379
Net book value	$ 99	$ 59	$ 139	$ 309

(b) Lease obligations

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Payments due within one year	¥ 18	¥ 15	$ 149
Payments due after one year	31	15	149
Total	¥ 49	¥ 31	$ 309

Due to immateriality of the aggregated amount of lease obligations compared with the year-end balance of properties, interest expenses related to lease obligations are included in both the assumed acquisition cost and lease obligations of the lease properties.

Amounts of lease payments and depreciation expense equivalent for the years ended March 31, 2007 and 2008 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Lease payments	¥ 27	¥ 20	$ 199
Depreciation expense equivalent	27	20	199

Depreciation expense equivalent is computed by the straight–line method over the lease period without residual value.

(c) The minimum rental commitments under non-cancelable operating leases at March 31, 2008 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Payments due within one year	¥ 3	$ 29
Payments due after one year	8	79
Total	¥ 12	$ 119

6. Short-term Borrowings and Long-term Debt

The following table summarizes the Companies' short-term borrowings and long-term debt at March 31, 2007 and 2008:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Short-term borrowings: Short-term borrowings with weighted average interest rate of 1.34% and 1.51% per annum at March 31, 2007 and 2008, respectively.	¥ 2,230	¥ 3,398	$ 33,915
Long-term debt:	917	804	8,024
(1) Current portion of long-term borrowings with weighted average interest rate of 2.15% and 2.14% per annum at March 31, 2007 and 2008, respectively.			
(2) Long-term borrowings, less current portion, with weighted average interest rate of 2.15% and 2.18% per annum at March 31, 2007 and 2008, respectively.	1,238	434	4,331
(3) Current portion of 0.88% unsecured bonds: Issued on March 31, 2005 and due serially to 2011	100	100	998
0.88% unsecured bonds less current portion: Issued on March 31, 2005 and due serially to 2011	300	200	1,996
(4) Current portion of 0.76% unsecured bonds: Issued on July 29, 2005 and due serially to 2011	20	20	199
0.76% unsecured bonds less current portion: Issued on July 29, 2005 and due serially to 2011	70	50	499
Total	¥ 4,876	¥ 5,006	$ 49,965

The aggregate amounts of annual maturity of long-term debt at March 31, 2008 are as follows:

Year ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2009	¥ 924	$ 9,222
2010	547	5,459
2011	126	1,257
2012	10	99
Total	¥ 1,608	$ 16,049

Short-tem borrowings of D3 Inc. which amounted to ¥1,000 million ($9,981 thousand) is attached with financial restrictive covenants. Such covenants provide that D3 Inc. should: (1) maintain its net assets at least 75% of that in previous year, and (b) avoid continuous operating losses for two years, on consolidated/non-consolidated financial statements for fiscal year/semianuual period.

As is customary in Japan, the Companies pledge its time deposit to certain banks with which they have transactions. The amount of time deposit pledged at March 31, 2008 was ¥147 million ($1,467 thousand).

7. Credit Lines

The Companies entered into line of credit and over-draft agreements with four (five in 2007) banks for the purpose of efficient management of operation fund. The following is the summary of the line of credit at March 31, 2007 and 2008:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Total amount of the line of credit	¥ 4,500	¥ 3,568	$ 35,612
Outstanding balance	1,400	568	5,669
Remaining amount of the line of credit	¥ 3,100	¥ 3,000	$ 29,943

8. Fair Value of Derivative Transactions

The fair values of the Companies' derivative financial instruments at March 31, 2008 are as follows:

	Millions of Yen		
	2008		
	Contract Amount	Fair Value	Valuation Loss
Financial instruments with embedded derivative instruments (Non-listed)	¥ 457	¥ 246	¥ (211)

	Thousands of U.S. Dollars		
	2008		
	Contract Amount	Fair Value	Valuation Loss
Financial instruments with embedded derivative instruments (Non-listed)	$ 4,561	$ 2,455	$ (2,105)

Notes:
1. The fair values in the table above are stated at the value submitted from financial institutions, the counter party of the derivative transactions.
2. The valuation losses in the table above are computed based on the fair value of the financial instruments with embedded derivative instruments taken as a whole because they cannot be reasonably bifurcated.
3. Contract amounts in the table above are stated at the book value as of the beginning of the fiscal year.

Derivatives which qualify for hedge accounting for the years ended March 31, 2007 and 2008 are excluded from disclosure of fair value information. All derivatives for the year ended March 31, 2007 qualified for hedge accounting.

9. Retirement Benefits

The Accrued retirement benefits for employees at March 31, 2007 and 2008 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Projected benefit obligation	¥ 218	¥ 247	$ 2,465
Unrecognized actuarial differences	(23)	(36)	(359)
Accrued retirement benefits	¥ 195	¥ 211	$ 2,105

Net periodic costs for the employees' retirement benefits for the years ended March 31, 2007 and 2008 consisted of the following components: The retirement benefit costs of certain domestic consolidated subsidiaries which adopt the simplified method for calculating projected benefit obligation are accounted for as service cost.

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Service cost	¥ 35	¥ 59	$ 588
Interest cost	2	4	39
Amortization of actuarial differences	1	6	59
Contribution to defined contribution plan	11	—	—
Net periodic benefit costs	¥ 51	¥ 71	$ 708

The assumptions used for the above plans for the years ended March 31, 2007 and 2008 are as follows:

Discount rate	2.0%
Allocation of total estimated retirement benefit obligation to each accounting period	Straight-line method over service periods
Amortization period of actuarial differences	5 years

10. Contingencies

For agency services, when the Company receives a sales order for pachinko and pachislot machines from pachinko parlors (the "Customers"), the Company asks the manufacturer of the machines to deliver the machines directly to the Customers, and guarantees payment for the machines delivered on behalf of the Customers. The amounts of such guarantees at March 31, 2007 and 2008 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Amounts guaranteed	¥ 917	¥ 605	$ 6,038

11. Income Taxes

The significant components of deferred tax assets and liabilities at March 31, 2007 and 2008 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Deferred tax assets:			
Sales discount	¥ 215	¥ —	$ —
Enterprise taxes	175	273	2,724
Devaluation of inventories	266	183	1,826
Impairment loss	—	148	1,477
Retirement benefits for employees	79	86	858
Sales and accounts receivable	—	167	1,666
Allowance for doubtful accounts	127	109	1,087
Accrued bonuses	10	71	708
Amortization for software	98	—	—
Amortization for royalty	128	185	1,846
Amortization for merchandising right advances	229	261	2,605
Amortization for content	532	1,331	13,284
Tax loss carryforwards of subsidiaries	1,665	1,696	16,927
Unrealized loss on investment securities	—	126	1,257
Other	325	512	5,110
Gross deferred tax assets	3,854	5,154	51,442
Valuation allowances	(1,825)	(2,092)	(20,880)
Total deferred tax assets	2,028	3,062	30,561
Deferred tax liabilities:			
Unrealized gain on investment securities	147	—	—
Total deferred tax liabilities	147	—	—
Net deferred tax assets	¥ 1,880	¥ 3,062	$ 30,561

Income taxes in Japan consist of corporation tax, inhabitants' taxes and enterprise taxes. A reconciliation of the differences between the statutory tax rate and the effective income tax rate for the fiscal years 2007 and 2008 is as follows:

	2007	2008
Statutory tax rate	40.7 %	40.7 %
Adjustments:		
Taxation on retained earnings imposed on a family corporation	0.4	—
Per capita levy of inhabitant tax	0.5	0.4
Expenses not deductible for tax purpose	4.9	1.4
Income not taxable for tax purpose	(0.3)	(0.2)
Tax rates applied to consolidated subsidiaries with net operating losses	6.2	—
Equity in loss of affiliates	—	2.2
Amortization of goodwill	—	1.3
Impairment on goodwill	—	2.8
Other	1.5 %	(0.1)%
Effective income tax rate	53.9	48.5

12. Net Assets

From May 1, 2006, Japanese companies are subject to a new corporate law of Japan (the "Corporate Law"), which reformed and replaced the Commercial Code of Japan with various revisions that are, for the most part, applicable to events or transactions which occur on or after May 1, 2006 and for the fiscal years ending on or after May 1, 2006. Under the Corporate Law, the entire amount of the issuance price of shares is required to be accounted for as capital, although a company may, by resolution of its Board of Directors, account for an amount not exceeding one half of the issue price of new shares as additional paid-in capital, which is one component of capital surplus. The Corporate Law also provides that when a company makes cash appropriations such as cash dividends from capital surplus or earnings surplus, the company has to set aside at least of 10% of the total amount of the cash payments as earnings reserve or additional paid-in capital until the total amount of capital surplus and earnings surplus equals 25% of common stock. The total amount of the Company's capital surplus and earrings surplus has reached 25% of common stock and, therefore, the Company is no longer required to provide for the earnings surplus.

Year-end dividends are to be approved by the shareholders at a shareholders meeting held subsequent to the fiscal year to which the dividends are applicable. Under the Corporate Law, interim dividends may also be paid anytime upon resolution of the Board of Directors, subject to certain limitations imposed by the Corporate Law. The maximum amount that a company can distribute as dividends is calculated based on the non-consolidated financial statements of the company in accordance with the Corporate Law.

13. Stock Option

Outline of stock options for the year ended March 31, 2008 is as follows:

(The Company)

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Period
2003 Stock Option	7 directors/statutory auditors 100 employees	6,810 shares	April 14, 2004	From July 1, 2005 to June 30, 2008
2005 Stock Option	1 director 44 employees	1,610 shares	June 29, 2005	From August 1, 2005 to June 30, 2008

(D3 INC.)

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Period
2000 Stock Option (1)	3 directors 8 employees	102 shares	September 22, 2000	From November 1, 2002 to September 28, 2007
2000 Stock Option (2)	12 outside cooperators	76 shares	September 22, 2000	From November 1, 2001 to September 28, 2007
2001 Stock Option	3 employees	28 shares	January 31, 2001	From April 1, 2003 to September 28, 2007
2003 Stock Option	7 directors/statutory auditors 1 director of a subsidiary 18 employees 4 employees of subsidiary 16 outside cooperators	594 shares	March 3, 2003	From February 1, 2005 to January 29, 2010
2005 Stock Option	8 directors/statutory auditors 1 director of a subsidiary 6 employees 4 employees of a subsidiary	350 shares	September 14, 2005	From February 1, 2007 to January 31, 2012
2006 Stock Option (1)	6 directors 1 director of a subsidiary 11 employees 9 employees of a subsidiary	500 shares	March 15, 2006	From February 1, 2008 to January 31, 2013
2006 Stock Option (2)	5 directors	110 shares	October 17, 2006	From October 18, 2008 to October 17, 2013
2006 Stock Option (3)	3 directors of a subsidiary 3 employees 17 employees of a subsidiary	280 shares	October 17, 2006	From June 23, 2008 to May 31, 2013
2008 Stock Option (1)	5 directors	120 shares	January 7, 2008	From January 9, 2010 to January 8, 2015
2008 Stock Option (2)	3 directors of a subsidiary 5 employees 12 employees of a subsidiary	225 shares	January 7, 2008	From June 22, 2009 to May 31, 2014

(D3Publisher of America, Inc.)

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Period
2005 Stock Option	3 directors 1 director of a subsidiary 2 employees 9 employees of a subsidiary	1,527,900 shares	November 1, 2005	From November 1, 2007 to October 31, 2013

Note: Number of options granted in the tables above is presented after giving effect of stock splits made in prior years.

The stock option activity is as follows:

(The Company)

	2003 Stock Option	2005 Stock Option
For the Year Ended March 31, 2008		
Non-vested:		
March 31, 2007— outstanding (shares)	—	—
Granted (shares)	—	—
Canceled (shares)	—	—
Vested (shares)	—	—
March 31, 2008 — outstanding (shares)	—	—
Vested:		
March 31, 2007— outstanding (shares)	5,640	1,360
Vested (shares)	—	—
Exercised (shares)	—	—
Canceled (shares)	(680)	(610)
March 31, 2008 — outstanding (shares)	4,960	750
Exercise price (Yen)	¥ 760,000 ($ 7,585)	¥ 760,000 ($ 7,585)
Average stock price at exercise (Yen)	— (—)	— (—)
Fair value price at grant date (Yen)	— (—)	— (—)

(D3 INC.)

	2000 Stock Option (1)	2000 Stock Option (2)	2001 Stock Option	2003 Stock Option	2005 Stock Option
For the Year Ended March 31, 2008					
Non-vested:					
March 31, 2007— outstanding (shares)	—	—	—	—	—
Granted (shares)	—	—	—	—	—
Canceled (shares)	—	—	—	—	—
Vested (shares)	—	—	—	—	—
March 31, 2008 — outstanding (shares)	—	—	—	—	—
Vested:					
March 31, 2007— outstanding (shares)	22	68	18	461	335
Vested (shares)	—	—	—	—	—
Exercised (shares)	(13)	—	(18)	—	—
Canceled (shares)	(9)	(68)	—	—	(44)
March 31, 2008 — outstanding (shares)	—	—	—	461	291
Exercise price (Yen)	¥ 250,000 ($ 2,495)	¥ 250,000 ($ 2,495)	¥ 250,000 ($ 2,495)	¥ 168,210 ($ 1,678)	¥ 335,000 ($ 3,343)
Average stock price at exercise (Yen)	¥ 306,000 ($ 3,054)	— (—)	¥ 291,000 ($ 2,904)	— (—)	— (—)
Fair value price at grant date (Yen)	— (—)	— (—)	— (—)	— (—)	— (—)

	2006 Stock Option (1)	2006 Stock Option (2)	2006 Stock Option (3)	2008 Stock Option (1)	2008 Stock Option (2)
For the Year Ended March 31, 2008					
Non-vested:					
March 31, 2007— outstanding (shares)	468	110	280	—	—
Granted (shares)	—	—	—	120	225
Canceled (shares)	(70)	—	(49)	—	—
Vested (shares)	(398)	—	—	—	—
March 31, 2008 — outstanding (shares)	—	110	231	120	225
Vested:					
March 31, 2007 — outstanding (shares)	—	—	—	—	—
Vested (shares)	398	—	—	—	—
Exercised (shares)	—	—	—	—	—
Canceled (shares)	—	—	—	—	—
March 31, 2008 — outstanding (shares)	398	—	—	—	—
Exercise price (Yen)	¥ 379,005 ($ 3,782)	¥ 320,650 ($ 3,200)	¥ 320,650 ($ 3,200)	¥ 268,635 ($ 2,681)	¥ 268,635 ($ 2,681)
Average stock price at exercise (Yen)	— (—)	— (—)	— (—)	— (—)	— (—)
Fair value price at grant date (Yen)	— (—)	¥ 123,564 ($ 1,233)	¥ 119,064 ($ 1,188)	¥ 111,073 ($ 1,108)	¥ 97,704 ($ 975)

(D3Publisher of America, Inc.)

	2005 Stock Option
For the Year Ended March 31, 2008	
Non-vested:	
March 31, 2007— outstanding (shares)	1,521,900
Granted (shares)	—
Canceled (shares)	(309,900)
Vested (shares)	(1,212,000)
March 31, 2008 — outstanding (shares)	—
Vested:	
March 31, 2007— outstanding (shares)	—
Vested (shares)	1,212,000
Exercised (shares)	—
Canceled (shares)	—
March 31, 2008 — outstanding (shares)	1,212,000
Exercise price (U.S. dollar)	$ 0.10
Average stock price at exercise (U.S. dollar)	—
Fair value price at grant date (U.S. dollar)	$ 0.06

Note: Number of options and prices in the tables above are presented after giving effect of stock splits made in prior years.

The Assumptions Used to Measure Fair Value of Stock Options Granted in the fiscal year ended March 31, 2008 are as follows:

(D3 INC.)

2008 stock option (1)

Estimate method:	Black-Scholes option pricing model
Volatility of stock price (Note 1):	56.56%
Estimated remaining outstanding period (Note 2):	4.51 years
Estimated dividend (Note 3):	¥ 600 per share
Interest rate with risk free (Note 4):	0.92%

Notes:
1. Volatility of stock price is calculated based on the actual stock prices marked in the period from July 6, 2003 to January 7, 2008.
2. Estimated remaining outstanding period is determined based on the assumption that all options would be exercised by the middle date of the exercise period.
3. Estimated dividend is determined based on the actual dividend applicable to the year ended December 31, 2007.
4. For the interest rate with risk free, the Company uses the yield of Japanese treasury bond applicable to the estimated remaining outstanding period of options.

2008 stock option (2)

Estimate method:	Black-Scholes option pricing model
Volatility of stock price (Note 1):	52.97%
Estimated remaining outstanding period (Note 2):	3.93 years
Estimated dividend (Note 3):	¥ 600 per share
Interest rate with risk free (Note 4):	0.862%

Notes:
1. Volatility of stock price is calculated based on the actual stock prices marked in the period from February 3, 2004 to January 7, 2008.
2. Estimated remaining outstanding period is determined based on the assumption that all options would be exercised by the middle date of the exercise period.
3. Estimated dividend is determined based on the actual dividend applicable to the year ended December 31, 2007.
4. For the interest rate with risk free, the Company uses the yield of Japanese treasury bond applicable to the estimated remaining outstanding period of options.

Estimated number of stock options to be vested:

As the number of options to be cancelled in future is not readily estimable, the estimated number of options to be vested is based on the actual cancel of options.

14. Related Party Transactions

Transactions of the Companies with the parent company, sister company, unconsolidated subsidiaries and affiliates (the "related companies") for the years ended March 31, 2007 and 2008 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	**2008**	**2008**
(Affiliates)			
Rodeo Co., Ltd.			
Account balances			
Accounts payable – trade	¥ 3,403	**¥ 3,000**	**$ 29,943**
Transactions			
Purchase of merchandise	12,447	**20,865**	**208,254**
Rebate on purchase of merchandise	197	**103**	**1,028**
(Sister company)			
Bisty Co., Ltd.			
Account balances			
Accounts receivable – trade	—	**2,172**	**21,678**
Advance received	—	**470**	**4,691**
Transactions			
Commisions recieved	—	**5,393**	**53,827**
Sales of merchandising rights	—	**521**	**5,200**
(Subsidiary))			
EXPRESS Inc.(Note)			
Transactions			
Loan financed	—	**717**	**7,156**
Collection on loan	—	**187**	**1,866**

Note: As EXPRESS Inc. has been included in the scope of consolidation from March 31, 2008, all inter-company balances are eliminated on consolidation as of the balance sheet date. The transactions with the Companies in the table above were occurred before March 31, 2008, the deemed date of acquisition of EXPRESS Inc.

15. Segment Information

Business Segment:

Business segment for the fiscal year ended March 31, 2007 is as follows:

	Millions of Yen					
	PS Field	Game Field	Other Field	Total	Elimination and/ or corporate	Consolidation
Sales to third parties	¥ 71,064	¥ 9,847	¥ 4,409	¥ 85,321	¥ —	¥ 85,321
Inter-segment sales and transfers	242	99	1,112	1,453	(1,453)	—
Total sales	71,306	9,946	5,521	86,774	(1,453)	85,321
Operating expense	62,233	9,726	6,034	77,994	(1,618)	76,376
Operating income (loss)	¥ 9,073	¥ 220	¥ (513)	¥ 8,780	¥ 164	¥ 8,944
Total assets	¥ 53,218	¥ 9,264	¥ 4,922	¥ 67,405	¥ (1,323)	¥ 66,081
Depreciation	512	47	192	752	(4)	747
Impairment losses	6	—	208	214	—	214
Capital expenditure	4,051	95	181	4,328	(7)	4,320

Business segment for the fiscal year ended March 31, 2008 is as follows:

	Millions of Yen					
	PS Field	Game Field	Other Field	Total	Elimination and/ or corporate	Consolidation
Sales to third parties	¥ 82,449	¥ 14,261	¥ 5,107	¥ 101,818	¥ —	¥ 101,818
Inter-segment sales and transfers	313	267	812	1,393	(1,393)	—
Total sales	82,763	14,528	5,919	103,212	(1,393)	101,818
Operating expense	70,016	13,576	6,436	90,029	(1,369)	88,660
Operating income (loss)	¥ 12,747	¥ 952	¥ (516)	¥ 13,182	¥ (24)	¥ 13,158
Total assets	¥ 55,239	¥ 14,148	¥ 5,350	¥ 74,737	¥ (5,569)	¥ 69,168
Depreciation	854	93	149	1,097	(9)	1,087
Impairment losses	116	—	760	876	—	876
Capital expenditure	3,479	130	127	3,738	(18)	3,720

	Thousands of U.S. Dollars					
	PS Field	Game Field	Other Field	Total	Elimination and/ or corporate	Consolidation
Sales to third parties	$ 822,926	$ 142,339	$ 50,973	$ 1,016,249	$ —	$ 1,016,249
Inter-segment sales and transfers	3,124	2,664	8,104	13,903	(13,903)	—
Total sales	826,060	145,004	59,077	1,030,162	(13,903)	1,016,249
Operating expense	698,832	135,502	64,237	898,582	(13,664)	884,918
Operating income (loss)	$ 127,228	$ 9,501	$ (5,150)	$ 131,570	$ (239)	$ 131,330
Total assets	$ 551,342	$ 141,211	$ 53,398	$ 745,952	$ (55,584)	$ 690,368
Depreciation	8,523	928	1,487	10,949	(89)	10,849
Impairment losses	1,157	—	7,585	8,743	—	8,743
Capital expenditure	$ 34,724	$ 1,297	$ 1,267	$ 37,309	$ (179)	$ 37,129

Geographic Segment:

For the fiscal years ended March 31, 2007 and 2008, both sales earned in Japan and the total assets existing in Japan are over 90% of the consolidated sales and the consolidated total assets and, therefore, geographic segment information is omitted.

Overseas sales Segment:

For the fiscal years ended March 31, 2007 and 2008, the amount of overseas sales is less than 10% of the total of consolidated sales and, therefore, the information of overseas sales segment is omitted.

16. Research and Development Costs

Research and development costs included in the selling, general and administrative expenses for the year ended March 31, 2008 was ¥34 million ($339 thousand), whereas none incurred in 2007.

17. Subsequent Events

(a) Year-end dividends
At the general shareholders meeting of the Company held on June 26, 2008, the shareholders approved the payment of the year-end cash dividends totaling ¥867 million ($8,653 thousand), or ¥2,500.00 ($24.95) per share.

(b) Bank overdraft agreement
On May 29, 2008, the Company entered into a bank overdraft agreement which provided the Company a line of overdraft up to ¥10,000 million ($99,810 thousand). On May 30, 2008, the Company exercised the overdraft for a capital working use by ¥2,000 million ($19,962 thousand) with applicable interest rate of 0.94% per annum, which was fully payable on June 30, 2008.

(c) Issuance of unsecured bonds
At the meeting of the Board of the Directors held on June 13, 2008, the Company resolved to issue unsecured bonds for purchase of fixed assets. The issue price is 100.00% of the principal amount. The aggregate amount of the bonds is ¥3,000 million ($29,943 thousand) with the floating interest rate equal to six-month TIBOR plus 0.25% per annum. The bonds will be issued June 27, 2008, and redeemable every six month by ¥300 million ($2,994 thousand) until June 27, 2013.

The Board of Directors of
FIELDS CORPORATION

We have audited the accompanying consolidated balance sheets of FIELDS CORPORATION and its consolidated subsidiaries as of March 31, 2007 and 2008, and the related consolidated statements of income, changes in net assets and cash flows for the years then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of FIELDS CORPORATION and its consolidated subsidiaries as of March 31, 2007 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan as described in Note 1 to the consolidated financial statements.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2008 are presented solely for the convenience of readers outside Japan. Our audit also included the translation of yen amounts into the U.S. dollar amounts and, in our opinion, such translation has been made on the basis set forth in Note 1 to the consolidated financial statements.

BDO Sanyu & Co.

BDO Sanyu & Co.
Tokyo, Japan
June 26, 2008

Stock Information

Total authorized shares	1,388,000
Total outstanding shares	347,000
Number of shareholders	12,208

Principal Shareholders

Name of shareholders	Number of shares held	Percentage of outstanding shares owned (%)
Hidetoshi Yamamoto	86,750	25.00
SANKYO CO., LTD.	52,050	15.00
Takeshi Yamamoto	36,128	10.41
Mint Co.	16,000	4.61
CBNY SAXSON FUNDS MANEGEMENT LTD	9,501	2.74
Japan Trustee Services Bank, Ltd. (Trust account)	8,875	2.56
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	5,507	1.59
Takashi Oya	5,000	1.44
The Master Trust Bank of Japan, Ltd. (Trust account)	3,522	1.01
State Street Bank and Trust Company	3,050	0.88

Note 1: Sammy Corporation, which had been a major shareholder as of the end of the previous fiscal year, transferred its shares to SANKYO CO., LTD., and is no longer a shareholder as of the end of the fiscal year ended March 31, 2008. As a result, SANKYO CO., LTD. and Takashi Oya became new major shareholders.
Note 2: All shares owned by Japan Trustee Services Bank, Ltd. (Trust account) and The Master Trust Bank of Japan, Ltd. (Trust account) are held in trust for investors.

Number of Shareholders by Category (%)

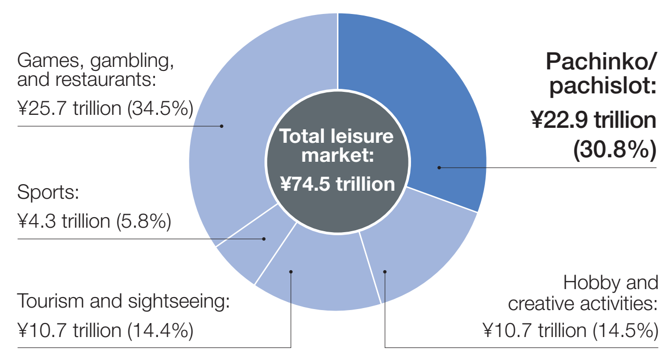
Distribution of Ownership among Shareholder (%)

Growth potential of the pachinko/pachislot industry

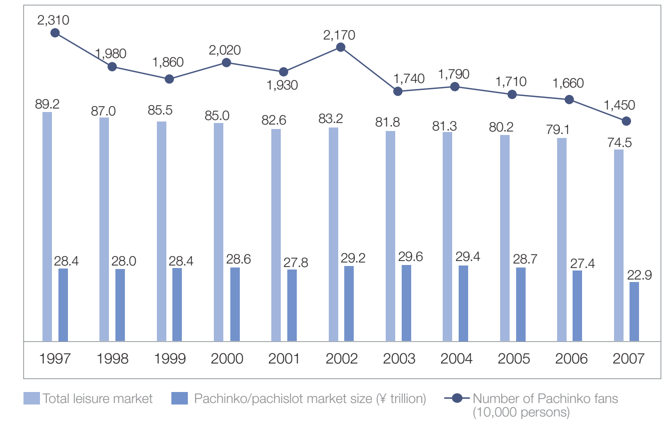
— Leading to an expanding fan base

The pachinko/pachislot business is at the forefront of Japan's leisure industry. With a market scale reaching approximately ¥23–29 trillion, the industry accounts for about 30% of the overall leisure industry. The population of pachinko/pachislot players has recently been declining due to divergent leisure needs that reflect a similar diversification in the entertainment environment as well as the recent amendments to the pachinko/pachislot machine law. However, the total population of users remains at approximately 15–18 million, and based on simple calculation, this means one out of seven Japanese enjoys pachinko/pachislot machines during their leisure time . In the future, the industry must adopt various approaches to acquire new pachinko fans, including the creation of pachinko/pachislot machines and hall spaces and the development of services to meet the needs of a diverse marketplace.

Share of the pachinko/pachislot industry in the Japanese leisure industry*



Pachinko/pachislot market size and number of pachinko fans*

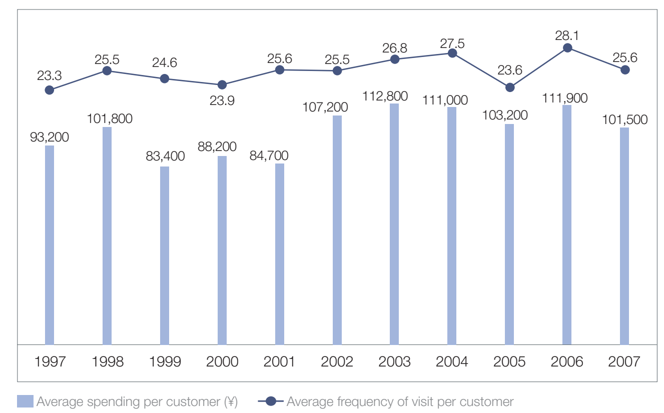


Current situation in the pachinko/pachislot machine market

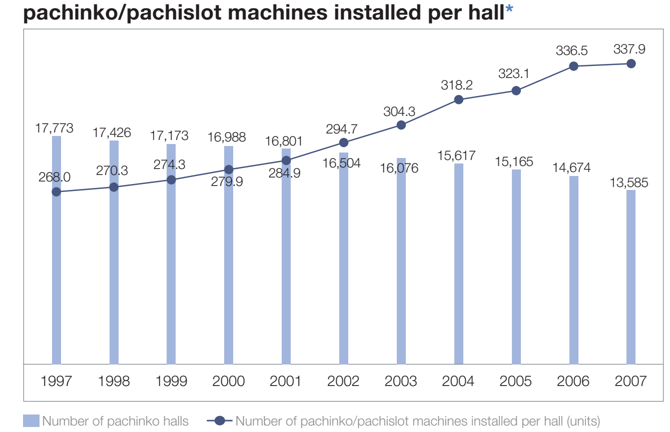
— Increasing investment to attract more fans into halls

Many pachinko halls have recently joined major pachinko chains. In addition, newly opened halls are becoming larger while existing halls are accelerating their efforts to expand their space. Consequently, the number of machines is rising despite there being fewer halls. Investment for improving halls to acquire fans is growing and the annual turnover of pachinko/pachislot machines has been on the rise after bottoming out in 1999. Following the recently amended regulations, the industry has offered enhanced game and entertainment features, such as machines with image displays. Given this market environment, expectations are high for the development and release of new content to attract a wider range of fans.

Average spending and frequency of visit per customer*



Number of pachinko halls and average number of pachinko/pachislot machines installed per hall*



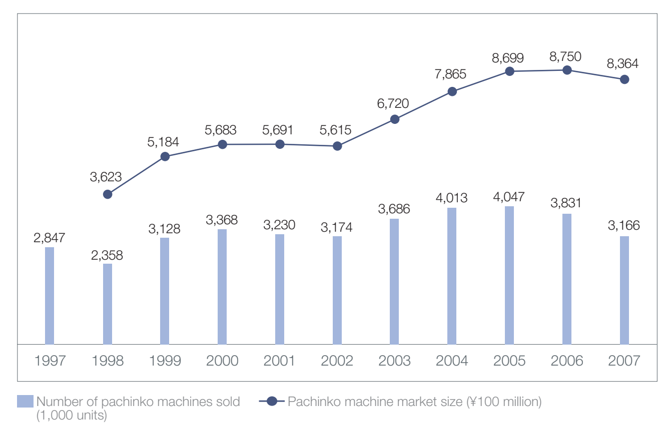
Outlook for the pachinko/pachislot machines market

— Significant demand for game and entertainment features

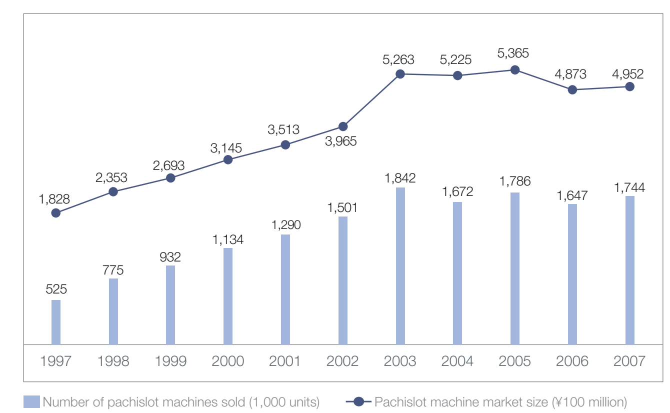
Though the number of pachinko machines has been increasing since 2001, it temporarily declined in 2007 as pachinko halls concentrated their investments on replacing pachislot machines. The number of machines sold is expected to grow starting from 2008, given that the industry is projected to draw a more varied base of fans by using popular copyrighted characters and related stories that are attractive to fans.

In regard to pachislot machines, fan base, particularly young ones, is continually expanding. In addition, the market scale and total number of machines sold have rapidly grown in recent years, benefiting from the introduction of new models that employ advanced imaging hardware and software technologies. With the gambling nature of machines restricted under the 2004 amendment to the law, new models that pursue unprecedented levels of superior game and entertainment values are being released, one after another.

Pachinko machine market scale*



Pachislot machine market scale*

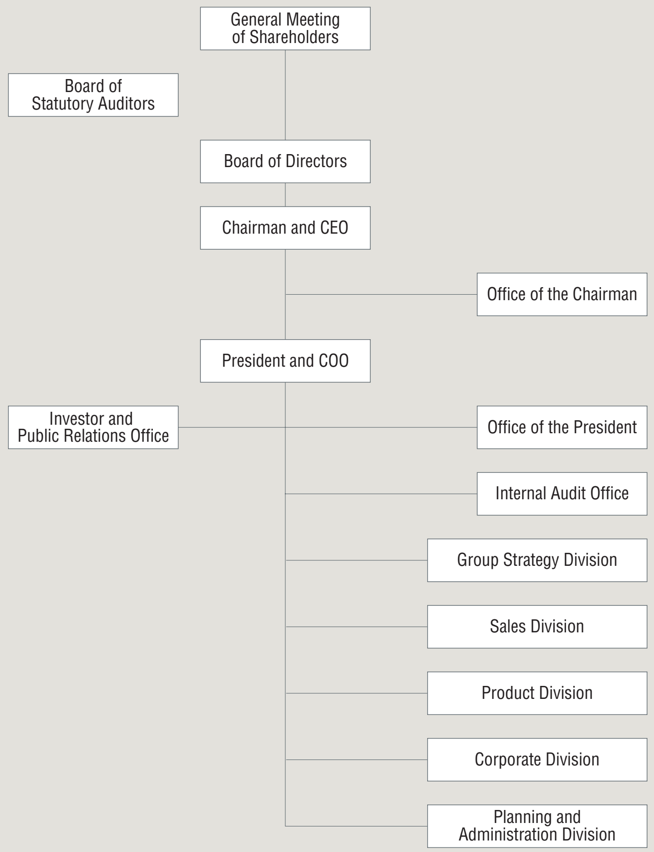


* Sources: 2008 White Paper on Leisure, published by Japan Productivity Center for Socio-Economic Development; 2008 Trend of Pachinko Machine Makers and Their Market Share, published by Yano Research Institute Ltd.

Corporate Data (As of March 31, 2008)

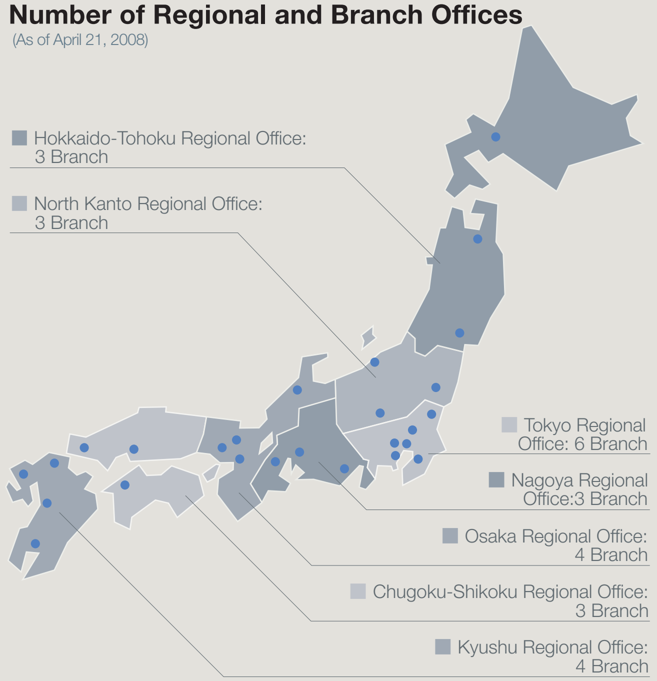
Company name	Fields Corporation
Corporate philosophy	The Greatest Leisure for All People
Established	June 1988
Head office address	E Space Tower , 3-6, Maruyama-cho, Shibuya-ku, Tokyo 150-0044, Japan
Main business activities	1. Planning and development of pachinko/pachislot machines 2. Purchasing and sales of pachinko/pachislot machines 3. Planning, development and sales of copyrighted characters and related content 4. Planning, development and sales of image software
Paid-in capital	¥7.948 billion
Number of employees	1,077 (consolidated)
Major consolidated subsidiaries	Fields Jr. Corporation D3 Inc. Lucent Pictures Entertainment, Inc. FutureScope Corporation Japan Sports Marketing Inc. and 14 other companies

Organization (As of April 21, 2008)



Number of Regional and Branch Offices

(As of April 21, 2008)

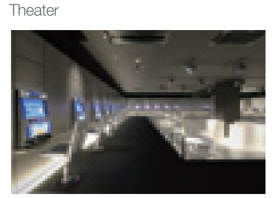


TOPICS

Further strengthening the functions of sales bases

The Nagoya Regional Office opened in April 2008. With its large-scale, cutting-edge showroom and theater, this office is equipped with facilities for welcoming visitors and providing outstanding product presentations. In conjunction with product Web pages, this office encourages customers to experience those products. At the same time, this new facility offers a useful infrastructure for all manufacturers.


Theater


Showroom

Corporate History

1988
- Established Toyo Shoji Co., Ltd.

1989
- Established Central Cosmo Co., Ltd.
- Established Parlor Planning Co., Ltd.

1999
- Obtained ISO9002 (Sales Division).

2000
- Merged Hokuyo Building Co., Ltd., Database Co., Ltd. and SK Office Ltd.
- Launched Gamera, Pachislot machine by Rodeo Co., Ltd as its sole sales agent.

2001
- Sold pachinko hall operation business to Takeya Co., Ltd.
- Changed company name to Fields Corporation and transferred head office to Minato-ku, Tokyo.
- Concluded Basic Exclusive Distributorship Agreements with Rodeo Co., Ltd for its pachislot machines and launched Salaryman Kintaro, pachislot machine by Rodeo.

2002
- Acquired Cerio Ltd., and transformed it into Fields Jr. Corporation.
- Acquired shares of Rodeo Co., Ltd.
- Obtained ISO 19001.

2003
- Increased capital through public offering to ¥1,295 million.
- Listed shares on JASDAQ market.

2004
- Acquired shares of D3Publisher Inc.
- Increased capital through public offering to ¥7,948 million.
- Transferred head office to Shibuya-ku, Tokyo.
- Listed shares on JASDAQ Securities exchange.

2005
- Acquired additional shares of D3Publisher Inc.
- Acquired shares of Kadokawa Haruki Corporation.
- Consolidated White Trash Charms Japan Co., Ltd. as a subsidiary.
- Acquired shares of J. Sakazaki Marketing Ltd.
- Established Japan Sports Marketing Inc. through merger of three Group companies.
- Acquired shares of E-Active Co., Ltd.

2006
- Converted D3Publisher Inc. into a holding company through a corporate split and changed its company name to D3 Inc.
- Established D3Publisher Inc. anew.
- Consolidated thinkArts Co., Ltd. as a subsidiary.
- Acquired shares of FutureScope Corporation.

2007
- Established Ildel Corporation.
- Changed company name of Digital Lord Corporation to Lucent Pictures Entertainment, Inc.
- Consolidated EXPRESS Inc. as a subsidiary.
- Established Haruki Fields Cinema Fund.

2008
- Established Shin-Nichi Technology Co., Ltd. through a corporate split.
- Acquired shares of Bbmf Magazine, Inc.
- Established business tie-up with KYORAKU SANGYO.
- Acquired shares of SPO Inc.

1988~

Seeking a more open and flexible distribution model for pachinko/pachislot machines

Taking advantage of our strength as an independent distributor, Fields has changed the conventional practice of the industry, in which each pachinko hall only installed machines from a single maker. Hall operators are able to select the optimal mix of machines from a wide range of options from different makers through our practical proposals, which are based on meticulous marketing. Our innovation and flexible distribution has contributed to increasing fan satisfaction and enhanced the sales channels of makers.

2000~

Evolving into a content provider

In order to establish new points of appeal for pachinko/pachislot machines and recognizing the high demand for the machines featuring game functions, Fields has formed a business alliance with pachislot makers and was the first to release pachislot machines featuring highly animated content and exciting story lines associated with copyrighted characters while capitalizing on the rapid advances in liquid crystal displays (LCDs) and semiconductor technologies. The machines were wildly successful and triggered a boom in entertainment machines. Since then we have focused on strengthening the planning and sales not only of pachinko/pachislot machines but also on the variety of content.

2005~

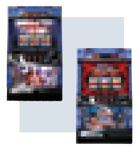
Toward creating new entertainment

Fields has been accelerating the strengthening of its business infrastructure by adding to its Group leading companies in diverse specialized areas to advance the creation and acquisition of primary content as well as the multiple use of content. Its business domains have expanded into game software, sports, movies, animation, and mobile applications, with the goal of making a giant leap forward as a new entertainment creation company that transcends the framework of the pachinko/pachislot business.

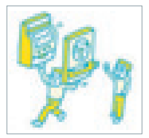
Pachinko/Pachislot (PS) Field

Rodeo Co., Ltd.

A member company of the Sammy Group, a leading pachislot machine manufacturer. Fields invested capital in this company and acts as its sole distribution agent. Fields has been aggressively promoting collaboration with Sammy by bringing together our major merchandising rights and planning capability with Sammy Group's strong development capacity.



Fields Jr. Corporation



Registers and manages approximately 1,100 college students across Japan who are involved in the delivery and installation of pachinko/pachislot machines. Also conducts nationwide marketing research in such areas as the models of machines installed in halls and the occupancy rate of the halls, targeting 13,500 pachinko halls for feedback that is incorporated into the planning and development of new machines.

New Group Company ■ Shin-Nichi Technology Co., Ltd.

Game Field

D3 Inc. (Securities code 4311: JASDAQ)

http://www.d3i.co.jp

Globally develops businesses as a game publisher under the holding company system that consists of operating companies in Japan, North America and Europe. Focuses on revitalizing activities to acquire copyrights in the U.S. and European markets, reinforcing the content provider business, and facilitating the timely planning, development and sales of game software in close collaboration with other Fields Group companies.

thinkArts Co., Ltd.

http://www.thinkarts.jp/

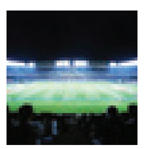
Develops graphic software and game software for pachinko/pachislot machines. Steadily establishing a system to create uncompromisingly high-quality digital content in collaboration with other Group companies.

Other Field

Japan Sports Marketing Inc.

http://www.jsm.jp

Operates a wide variety of sports entertainment businesses in the global market, ranging from sports marketing, such as the production of sporting events and the television rights business to the management of athletes and fitness gyms.



FutureScope Corporation

http://www.futurescope.jp/

Established in October 2006 to propose a more convenient and more enjoyable lifestyle by exploring the further possibilities of mobile entertainment. Aims to provide a variety of entertainment services and realize a new community-type membership service by capitalizing on a broad range of content held by Fields.

Fields Pictures Corporation

http://www.fieldspictures.co.jp/

Established to create major content such as movies and animation. Actively creates primary content for the Fields Group by pushing the multi-use of digital content for pachinko/pachislot machines as well as games.

Lucent Pictures Entertainment, Inc.

http://www.lpei.co.jp/

Started operation in October 2007 as an operating company that comprehensively undertakes planning, development, production and promotion of movie content centered on animation. The company delivers dreams and inspiration to users across the world through content that has both creative and commercial potential.

G&E Corporation

http://www.g-e.jp/

Founded by three equity partners—Fields, SANKYO CO., LTD., and Sammy Corporation. The first school in Japan and the industry to cultivate human resources for comprehensive entertainment corporations. Students can not only learn basic knowledge in the industry but also improve their business skills and systematically acquire leading-edge technologies and knowledge.

Kadokawa Haruki Corporation

http://www.kadokawaharuki.co.jp/

A renowned pioneer in the media mix of publishing, movies, and music. Fields collaborates in business operations for the multi-use of content owned by Kadokawa Haruki Corporation and creates primary content and characters capitalizing on this company's capabilities in developing a variety of content.

New Group Companies ■ EXPRESS Inc. ■ Haruki Fields Cinema Fund ■ SPO Inc. ■ Bbmf Magazine, Inc.

Our corporate website

Corporate website (home page):
http://www.fields.biz

IR page:
http://www.fields.biz/ir/e

The Company posts the latest information, such as results of operations and press releases, on this website. Please visit regularly for updates.

For more information, please contact:
Investor and Public Relations Office

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Maruyama-cho, Shibuya-ku, Tokyo
150-0044, Japan
Phone: +81-3-5784-2111
Fax: +81-3-5784-2112

FIELDS™

Gaming and Entertainment