Summary

(Translation)

Fields Corporation
Summary of Financial Information and Business Results
for the Year Ended March 31, 2008

May 14, 2008

Company Name:	Fields Corporation (URL: http://www.fields.biz)
Listed on:	JASDAQ (Stock code: 2767)
Representative Director:	Takashi Oya President and COO
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Planned Date for Ordinary General Meeting of Shareholders:	June 26, 2008
Planned Date for Start of Dividend Payment:	June 27, 2008
Planned Date for Submittal of the Financial Statements Report:	June 27, 2008

(Rounded down to the nearest million)

1. Consolidated Business results for the year ended March 31, 2008 (April 1, 2007, to March 31, 2008)

(1) Operating results (Percentage figures denote year-over-year changes.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2008	101,818	(19.3)	13,158	(47.1)	11,705	(27.2)
Year ended March 31, 2007	85,321	(-11.9)	8,944	(-27.6)	9,202	(-29.9)

	Net income		Net income per share	Diluted net income per share
	Millions of yen	%	Yen	Yen
Year ended March 31, 2008	5,296	(42.8)	15,263.76	—
Year ended March 31, 2007	3,710	(-47.6)	10,692.29	—

	Return on equity	Ordinary income to total assets	Operating margin
	%	%	%
Year ended March 31, 2008	12.4	17.3	12.9
Year ended March 31, 2007	9.2	12.0	10.5

(Reference) Equity in earnings of affiliates
Year ended March 31, 2008: (¥557) million
Year ended March 31, 2007: (¥92) million

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2008	69,168	46,331	64.3	128,201.49
Year ended March 31, 2007	66,081	42,836	62.2	118,487.37

(Reference) Shareholders' equity
Year ended March 31, 2008: ¥44,485 million
Year ended March 31, 2007: ¥41,115 million

(3) Cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2008	11,127	(14,604)	(1,384)	12,693
Year ended March 31, 2007	5,293	(4,772)	1,488	17,819

2. Dividends

	Dividend per share			Total dividend (annually)	Payout ratio (consolidated)	Dividend on equity ratio (consolidated)
(Record date)	Interim	Year-end	Annual			
	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2007	2,000.00	2,000.00	4,000.00	1,388	37.4	3.5
Year ended March 31, 2008	2,000.00	2,500.00	4,500.00	1,561	29.5	3.6
Year ending March 31, 2009 (Projections)	2,000.00	2,500.00	4,500.00		29.5	

Note: Year-end dividend for the year ended March 31, 2008, consists of an ordinary dividend of ¥2,000 and a commemorative dividend of ¥500.

3. Forecast earnings for the year ending March 31, 2009 (April 1, 2008, to March 31, 2009)

(Percentages denote year-over-year changes versus the corresponding year-earlier period.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
First half	37,000	(-42.8)	2,500	(-68.0)	2,500	(-66.5)
Full year	75,000	(-26.3)	10,000	(-24.0)	10,000	(-14.6)

	Net income		Net income per share
	Millions of yen	%	Yen
First half	700	(-77.3)	2,017.29
Full year	5,300	(0.1)	15,273.78

4. Other Information

(1) Transfer of important subsidiaries during the year under review (Transfer of specific subsidiaries that results in a change in the scope of consolidation): None

(2) Changes in accounting principles, accounting procedures, presentation method and others in association with the preparation of consolidated financial statements (Those which are stated in the "Basis of Presentation of the Consolidated Financial Statements")

1) Changes due to the revision to the accounting standards, etc.: Yes
2) Changes due to any reason other than those in 1) above: Yes

Note: For details, see "Basis of Presentation of the Consolidated Financial Statements" on page 24.

(3) Number of shares issued (common stock)

1) Number of shares issued (including treasury stock)
Year ended March 31, 2008: 347,000 shares Year ended March 31, 2007: 347,000 shares
2) Number of treasury stock at end of year
Year ended March 31, 2008: — shares Year ended March 31, 2007: — shares

Note: For the number of shares as the calculation basis for net income per share (consolidated), see the "Per-Share Data" on page 58.

(Reference) **Summary of Business Results (Non-Consolidated)**

1. Business results for the year ended March 31, 2008 (April 1, 2007, to March 31, 2008)

(1) Operating results (Percentage figures denote year-over-year changes.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2008	82,758	(16.0)	12,634	(40.4)	12,463	(32.7)
Year ended March 31, 2007	71,314	(-19.2)	8,999	(-28.0)	9,393	(-26.8)

	Net income		Net income per share	Diluted net income per share
	Millions of yen	%	Yen	Yen
Year ended March 31, 2008	4,153	(-13.0)	11,970.60	—
Year ended March 31, 2007	4,773	(-31.2)	13,755.49	—

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2008	58,622	44,367	75.7	127,861.20
Year ended March 31, 2007	57,509	42,001	73.0	121,042.25

(Reference) Shareholders' equity
Year ended March 31, 2008: ¥44,367 million
Year ended March 31, 2007: ¥42,001 million

2. Forecast earnings for the year ending March 31, 2009 (April 1, 2008, to March 31, 2009)

(Percentages denote year-over-year changes versus the corresponding year-earlier period.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
First half	29,000	(-50.6)	4,500	(-47.5)	4,500	(-48.0)
Full year	55,000	(-33.5)	9,500	(-24.8)	9,500	(-23.8)

	Net income		Net income per share
	Millions of yen	%	Yen
First half	2,500	(1.3)	7,204.61
Full year	5,300	(27.6)	15,273.78

Caution regarding forward-looking statements

The forward-looking statements made in this report such as performance perspective are based on currently available information and certain premises that are judged reasonable by management. There are many uncertain factors inherent in forecasting, and there might be cases in which actual results of future business operations and/or events differ from our forecasts depending on changes in diverse conditions. Please see "Operating Results and Financial Position, 1. Analysis of Operating Results" on page 4 with regard to the cautions in using assumptions as the premise for forecast earnings.

Operating Results and Financial Position

1. Analysis of Operating Results

(1) Overview of Operations for the Year Ended March 31, 2008

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 and pachislot field. The Group's business domains have grown not only in the pachinko and 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 PS (pachinko/pachislot) 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 and 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 and 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."

The Group's business results for the year ended March 31, 2008, were as follows.

(Net sales)

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

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

Net sales in the Game Field jumped 46.1% to ¥14,528 million. A major contributing factor to this outstanding progress was the good sales performance of our first original global content in overseas game software markets.

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

(Operating income)

Operating income for this fiscal year jumped 47.1% from a year earlier to a record ¥13,158 million.

Operating income in the PS Field increased 40.5% to ¥12,747 million. In addition to the favorable progress of pachislot machine sales during the first half, pachinko machines sold well during the second half.

Operating income in the Game Field surged 332.5% to ¥952 million, leveraged by outstanding progress in game software sales of original global content that was released during the fourth quarter.

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

(Ordinary income)

Ordinary income increased 27.2% to ¥11,705 million.

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

(Net income)

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

Despite extraordinary losses resulting from efforts to reinforce the financial structure at some affiliates, our overall favorable business performance offset such losses.

(2) Analysis by Business Segment

1) PS Field

Status of pachinko machine sales in the year ended March 31, 2008

The total number of pachinko machines sold decreased 20.8% year over year to 273,981.

Major pachinko machine titles	Month released	Manufacturer
CR LOONEY TUNES BIA	May 2007	Bisty Co., Ltd.
CR Sakura Taisen	September 2007	Sammy Corporation
CR The Mask of Zorro	October 2007	Bisty Co., Ltd.
CRA Felix the Cat	November 2007	Bisty Co., Ltd.
CR Tomb Raider	December 2007	Bisty Co., Ltd.
CR Neon Genesis Evangelion—The Angels Are Back Again	January 2008	Bisty Co., Ltd.
Total number of pachinko machines sold	273,981	

Note: The total number of pachinko machines sold includes the number of machines with titles other than those above sold via agency sales.

The Company had anticipated that a short-term fund held by pachinko halls would be used to purchase pachislot machines compliant with the new regulations in the first half and accordingly addressed that replacement demand. Therefore, we introduced only two titles for pachinko machines during the first half, but during the second half aggressively introduced four new models by anticipating a surge in replacement demand for pachinko machines. Of those we introduced, *CR Neon Genesis Evangelion—The Angels Are Back Again*, which was introduced in late January in 2008, was highly evaluated by pachinko halls and fans, with a cumulative number of machines sold of more than 197,000, a record high in the *Evangelion* series. For the full year, the total number of machines sold surpassed 270,000.

Status of pachislot machine sales in the year ended March 31, 2008

The total number of pachislot machines sold increased 27.3% year over year to 210,553.

Major pachislot machine titles	Month released	Manufacturer
Morning Musume	June 2007	Bisty Co., Ltd.
Devil May Cry 3	June 2007	Rodeo Co., Ltd.
Neon Genesis Evangelion—'Magokoro wo Kimini'	July 2007	Bisty Co., Ltd.
Kaiketsu Harimau	July 2007	Olympia Co., Ltd.
Cream Stew	September 2007	Rodeo Co., Ltd.
The Mask of Zorro	September 2007	Rodeo Co., Ltd.
Beach Club	November 2007	Bisty Co., Ltd.
Virtua Fighter	December 2007	Rodeo Co., Ltd.
Tenka Muteki! Salaryman Kintaro	February 2008	Rodeo Co., Ltd.
Shin Sangokumusou	March 2008	Olympia Co., Ltd.
Total number of pachislot machines sold	210,553	

Note: The total number of pachislot machines sold includes the number of machines with titles other than those above sold via agency sales.

Anticipating unprecedented levels of replacement demand for the first half ended September 30, 2007, we aggressively introduced six pachislot machine models compliant with the new regulations and explored the newly altered pachislot market. During the second half, we introduced four models and strove to steadily supply products with enhanced entertainment and gaming features to acquire new fan tiers. As a result, the total number of machines sold for the year under review surpassed 210,000.

As a result, net sales in the PS Field were ¥82,763 million, up 16.1%, and operating income was ¥12,747 million, up 40.5%.

(unit: million yen)

	Fiscal year ended March 31, 2007 (April 2006 to March 2007)	Fiscal year ended March 31, 2008 (April 2007 to March 2008)	Year-over-year Change (%)
Net sales	71,306	82,763	16.1
Operating income	9,073	12,747	40.5

Note: Net sales include inter-group sales and transfers.

2) Game Field

In the Game Field, which has a highly synergetic relationship with the PS Field, we aggressively expanded our business by introducing high-end game software and promoting our mainstay *SIMPLE Series* mainly for the Nintendo DS in the Japanese market.

Overseas, we aggressively introduced global content titles in North America and continued to sell titles in Europe supplied from North America and Japan. In particular, favorable sales of the original global content title *darkSector*, which was introduced worldwide, as well as *Ben10* and the *NARUTO* Series, supported net sales and operating income.

As a result, net sales in the Game Field were ¥14,528 million, up 46.1%, and operating income was ¥952 million, up 332.5%.

(unit: million yen)

	Fiscal year ended March 31, 2007 (April 2006 to March 2007)	Fiscal year ended March 31, 2008 (April 2007 to March 2008)	Year-over-year Change (%)
Net sales	9,946	14,528	46.1
Operating income	220	952	332.5

Note: Net sales include inter-group sales and transfers.

3) Other Field

In the sports marketing field, which offers a wealth of content on a global scale, the athlete management business progressed steadily, and Total Workout, which engages in the solution business, revised service fees in December 2007 and promoted sports marketing and other measures aimed at expanding to cities outside of the major urban areas in Japan. In April 2008, its fourth branch was opened in Fukuoka.

Enjoying an increasingly high profile as a new medium, the mobile field is growing steadily, reflected by an increase in the number of paying members of the mobile phone Web site “Fields Mobile,” which provides comprehensive entertainment information. Although the service began only one year ago, the number of Web site members exceeded 300,000 as of March 31, 2008, showing steady growth. We also began to plan and develop mobile content, which will continue steadily.

In the movie and animation field, which is highly interactive with other fields in the cross-media business, we continued aggressive investments in movie, animation and content funds to help produce primary content for the entire Group.

In the movie field, in which we have prioritized investments with the aim of commercializing pachinko and pachislot machines, we have seen the release of movies produced through the Group companies and movie funds as well as the launch of DVD sales. Animations in which we have invested through the production committees have aired on TV, and each affiliate has been developing and selling game software using such content. Such synergies are being created among the Group companies.

Lucent Pictures Entertainment, Inc. launched the planning and production of animation videos toward the cross-media development of content assets such as movies, videos and TV, aiming to turn these efforts into profits by the year ending March 2010.

As part of our efforts to create primary content and an exit strategy for created content, we invested in SPO Inc., which engages mainly in the production, distribution and screening of movies. We also invested in a Web magazine management company that delivers mobile electronic books, thereby further exploring content.

As a result, net sales of the Other Field were ¥5,919 million, up 7.2%, and operating loss was ¥516 million.

(unit: million yen)

	Fiscal year ended March 31, 2007 (April 2006 to March 2007)	Fiscal year ended March 31, 2008 (April 2007 to March 2008)	Year-over-year Change (%)
Net sales	5,521	5,919	7.2%
Operating loss	(513)	(516)	—

Note: Net sales include inter-group sales and transfers.

(3) Forecast earnings for the year ending March 31, 2009 (April 1, 2008 to March 31, 2009)

The full-year forecast for the year ending March 31, 2009, is as follows: (unit: million yen)

	Forecast for the year ending March 2009	Results for the year ended March 2008	Year-over-year change
Net sales	75,000	101,818	–26.3%
Operating income	10,000	13,158	–24.0%
Ordinary income	10,000	11,705	–14.6%
Net income	5,300	5,296	0.1%

1) 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, 2009, 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 Company will celebrate its 20th anniversary on June 10, 2008.

Taking advantage of this anniversary, 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. (For an Outline of the Medium-Term Management Plan, please see the relevant section in "Operating Policies.")

2. Analysis of Financial Position

(1) Assets, Liabilities and Net Assets

(Unit: Million yen)

	At March 31, 2008	At March 31, 2007	Year-over-year change
Total assets	69,168	66,081	3,087
Total liabilities	22,836	23,244	(407)
Total net assets	46,331	42,836	3,494

Assets

Current assets decreased ¥6,585 million year over year to ¥39,559 million. This was principally attributable to decreases in notes and accounts receivable (trade) and cash and cash equivalents.

Tangible fixed assets increased ¥2,336 million to ¥8,093 million. This occurred primarily as a result of land purchases for new branches scheduled to be constructed to bolster sales capacity in the PS Field.

Intangible fixed assets decreased ¥98 million to ¥3,937 million. This was mainly attributable to a decrease in goodwill and the purchase of software to reorganize our key system.

Investments and other assets increased ¥7,434 million to ¥17,578 million. This was attributable to an increase in investment securities.

As a result, total assets increased ¥3,087 million year over year to ¥69,168 million.

Liabilities

Current liabilities increased ¥457 million to ¥19,322 million. This was attributable to decreases in notes payable and accounts payable (trade), an increase in short-term borrowings and an increase in accrued income taxes as profit increased.

Fixed liabilities decreased ¥865 million to ¥3,514 million. This was principally attributable to a decrease in long-term borrowings and the redemption of corporate bonds.

As a result, total liabilities decreased ¥407 million year over year to ¥22,836 million.

Net assets

Net assets increased ¥3,494 million year over year to ¥46,331 million. This was mainly attributable to an increase in retained earnings.

(2) Cash flows

Cash and cash equivalents at March 31, 2008, amounted to ¥12,693 million.

Cash flows for the year ended March 31, 2008, were as follows:

(Unit: Million yen)

	Year ended March 31, 2008	Year ended March 31, 2007	Year-over-year change
Cash flows from operating activities	11,127	5,293	5,834
Cash flows from investing activities	(14,604)	(4,772)	(9,831)
Cash flows from financing activities	(1,384)	1,488	(2,872)

Cash flows from operating activities

Net cash provided by operating activities increased ¥5,834 million to ¥11,127 million. The principal factors in this 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 paid.

Cash flows from investing activities

Net cash used in investing activities increased ¥9,831 million to ¥14,604 million. The principal factors in this increase included purchases of tangible fixed assets totaling ¥3,450 million, purchases of investment securities totaling ¥7,585 million, purchases 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 flows from financing activities

Net cash used in financing activities increased ¥2,872 million to ¥1,384 million. The principal factors in this 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.

Reference: Trends of Cash Flow Indicators

	Year ended March 2004	Year ended March 2005	Year ended March 2006	Year ended March 2007	Year ended March 2008
Shareholders' equity ratio (%)	39.1	46.0	45.0	62.2	64.3
Equity ratio at market value (%)	491.7	250.5	145.8	99.8	68.7
Interest-bearing debt/cash flow ratio (years)	3.5	0.7	0.3	0.9	0.4
Interest coverage ratio (times)	271.0	210.3	256.6	83.7	145.7

- Shareholders' equity ratio: Shareholders' equity/Total assets
- Equity ratio at market value: Aggregate market value (based on the closing stock price at the end of the year)/Total assets
- Interest-bearing debt/cash flow ratio: Interest-bearing debt/Operating cash flow
- Interest coverage ratio: Operating cash flow/Interest expense

Notes: 1. All of the above indicators are calculated for their respective values on a consolidated basis.
2. Interest-bearing debt indicates all the liabilities for which interest is paid posted in the consolidated balance sheets.

3. Fundamental Corporate Policy for Distributing Profits and Dividends for the Current and Next Fiscal Years

The Company regards the enhancement of corporate value as a principal management task, and its fundamental policy is to pay dividends at an appropriate level that corresponds with profits. Specifically, dividends are determined on the basis of such factors as operating revenue and cash flow conditions, and we aim to achieve a consolidated payout ratio of 20% or more.

The Company makes every effort to effectively use retained earnings for investments to enhance its financial condition, strengthen the management foundation, expand businesses continually and secure a competitive edge.

Given these factors for the year ended March 31, 2008, the Company paid an interim cash dividend of ¥2,000 per share to shareholders and intends to distribute a year-end dividend of ¥2,500 per share, which consists of an ordinary dividend of ¥2,000 and a commemorative dividend for the Company's 20th anniversary of ¥500. The resulting consolidated payout ratio would be 29.5%.

With regard to the year ending March 2009, to realize the Company's basic management policy of "Shareholders First," we intend to distribute an annual dividend per share of ¥4,500, including the same amount as the aforementioned commemorative dividend to be paid for the fiscal year under review (¥500) and an ordinary dividend. The interim dividend will be ¥2,000, and the year-end dividend will be ¥2,500.

Outline of the Fields Group

The Fields Group (parent company and associated companies) comprises Fields Corporation ("the Company"), 20 subsidiaries and 6 affiliated companies.

The Group's principal business activities are the sale of pachinko and pachislot machines and the planning and development of digital content based on the copyrights created by the Group itself or acquired for secondary use in other media.

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

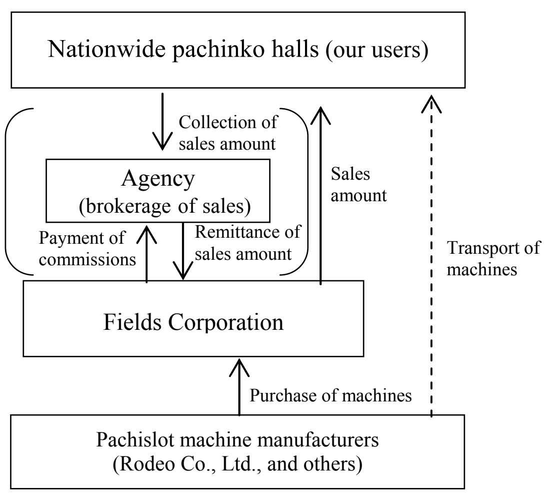
Business segment	Description of principal business	Company name
PS Field	Planning, development, sales and maintenance of pachinko/pachislot machines, as well as purchasing of pachinko/pachislot machines	Fields Corporation Fields Jr. Corporation Shin-Nichi Technology Co., Ltd. Rodeo Co., Ltd.
	Planning and development of pachinko/pachislot machine software	Ildel Corporation
Game Field	Planning, development and sales of home-use game software, etc.	thinkArts Co., Ltd. D3 Inc. D3 Publisher Inc. Entertainment Software Publishing Inc. D3Publisher of America, Inc.[1] D3Publisher of Europe Ltd.[1] Vicious Cycle Software, Inc.[1] D3DB S.r.l.[1]
Other Field	Sports marketing and content business, etc.	White Trash Charms Japan Co., Ltd. Lucent Pictures Entertainment, Inc.[2] Fields Pictures Corporation Haruki Fields Cinema Fund FutureScope Corporation EXPRESS Inc. Japan Sports Marketing Inc. JSM HAWAII, LLC[1] SPO Inc. Bbmf Magazine, Inc. Kadokawa Haruki Corporation APE Inc. G&E Corporation YMO Inc.

Notes: 1. Located overseas.
2. The company name was changed from Digital Lord Corporation on October 1, 2007.

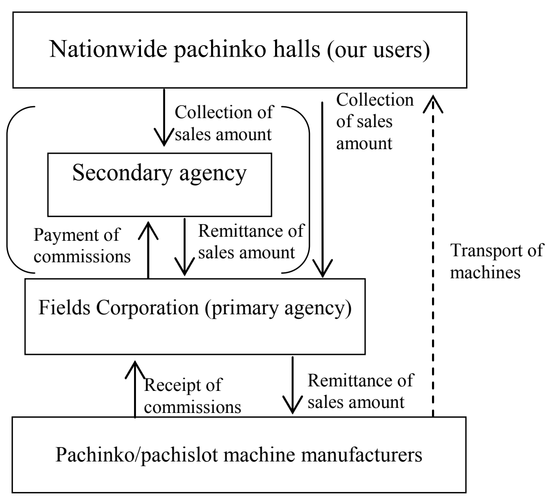
Business Organization Chart

We have two sales channels for pachinko and pachislot machines: direct sales to pachinko halls through sales activities by our branches (distribution model) and sales by an intermediary of an agency service (agency model).

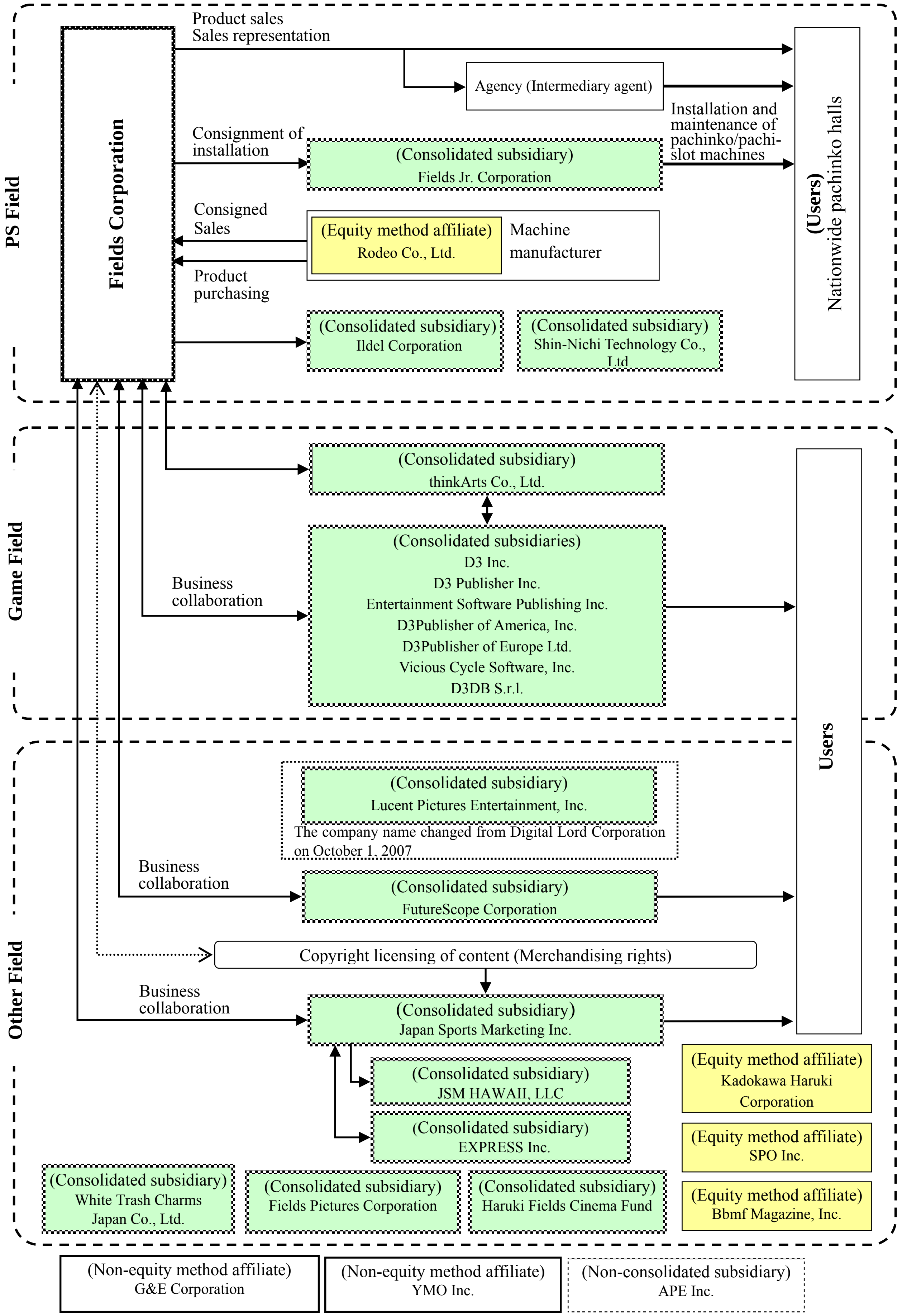
Distribution model



Agency model



Overview of Group Business



Operating Policies

(1) Fundamental Corporate Management Policy

The Company's management philosophy is to provide "The Greatest Leisure for All People," based on which it has been expanding its business domain in a variety of entertainment fields, taking the pachinko and pachislot field as its starting point. The backbone engine to drive the creation of its core strengths is the "content business." Accordingly, through the comprehensive strengths of its group companies, the Group strives to create primary content and acquire copyrights (by sublicensing copyrights) for multiple secondary uses, providing such content for diverse media including pachinko and pachislot machines and game software through detailed project design based on strategic marketing.

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

(2) Issues to Address and Management Strategies for the Medium to Long Term

In May 2004, the Ministry of Economy, Trade and Industry released its New Industry Promotion Strategy, the aim of which is to nurture industries to underpin the future of the Japanese economy. The future potential of the content industry is one of the focuses of the strategy, which holds high expectations for the growth potential of the digital content field, including animation and game software.

Fields believes that the essence of the content business lies in creating content with high commercial value that can be put to a diversity of uses. To that end, we recognize the stable and continual supply of content with high commercial value to various media, including pachinko and pachislot machines, as a primary management issue in our business activities.

Anticipating environmental changes for this and future generations, we are promoting strategies based on the multiple uses of digital content to establish our competitive edge, beginning with the PS Field. The Group's business now covers a wide range of entertainment fields encompassing not only the PS Field but also game software, sports and mobile, as well as visual fields such as movies and animation.

In June 2008, the Company celebrated its 20th anniversary. In pursuing our corporate philosophy of "The Greatest Leisure for All People," during the Company's first 10 years, we disseminated pachinko and pachislot machines more widely by providing pachinko halls nationwide with proposals on services and interiors, as well as suggesting the kinds of machines that could attract more fans, and in the last 10 years, we strove to offer machines with sound and attractive content that do not depend on gambling, through alliances with major machine manufacturers. We have grown by contributing to the development and soundness of the pachinko market. Recognizing the importance of content for pachinko and pachislot machines, we have promoted the content business aggressively, taking the lead in making more entertaining machines.

Over the next 10 years, the Group will not only review and reinforce existing businesses but also strive to create new leisure businesses, which will be essential to our sustainable growth.

To realize our vision for the Group 10 years from now, we launched a five-year Medium-Term Management Plan beginning with the year that started in April 2008. We will strategically promote this Medium-Term Management Plan with its basic policies to "Provide products that contribute to market expansion and soundness" and "Explore, nurture and energize high-quality content," as shown specifically in the following:

1) PS business strategies

The PS Field currently faces radical change. Ongoing technological innovations such as LCDs and the enhanced performance of graphic IC chips have created a need to focus on the quality of content presented. The companies that survive will be those that can continue to supply high-quality products to the market.

In such circumstances, in the Group's key PS business, we will contribute to market expansion and vitalization and expand our earnings foundation by 1) promoting alliance strategies, 2) reinforcing planning and development capabilities and 3) reinforcing the sales foundation. To promote alliance strategies, we will reinforce tie-ups with existing manufacturers. We intend to release our first products during the year ending March 2010 through an alliance with KYORAKU SANGYO, with which the Company entered into a business alliance in February 2008.

In our efforts to reinforce planning and development capabilities, we will strive to effectively sublicense high-quality copyrights, reinforce planning capabilities to maximize copyright content and buttress development capabilities to improve quality and contribute to profitability. To this end, a drastic review of our planning and development structure and the consolidation of a graphic content software company are under way.

In reinforcing the sales foundation, we will harness our strength as the largest individual distributor. Furthermore, we have launched a review of our sales strategies and promotion activities at our sales bases nationwide.

2) Group business strategies

As cross-media business strategies in the Group businesses are a key to the growth of the Game Field and the Other Field, we will 1) promote the acquisition of high-quality copyrights to make pachinko and pachislot machines more attractive, 2) increase earnings through multiple uses of content and 3) promote the creation of primary content by aggressively investing in each media.

With regard to the content that we have acquired in the fields of games, movie and animation, publications and sports marketing, we will continue to use them for pachinko and pachislot machines as an important exit strategy, promote their multiple uses and establish a business scheme to expand earnings through synergies created in the Group. We will not only make multiple uses of content within the Group but also reinforce rights trading with entities outside the Group.

The Group currently forms a large corporate group encompassing a wide range of entertainment fields. We will strive to raise profitability among the existing Group companies quickly and continue investments as necessary. With each Group company expanding business on its own, Fields Corporation and each Group company will effectively use the high-value-added content held by each company for pachinko and pachislot machines and game software, thereby acquiring a competitive edge in each business field.

3) Enhancement of the management foundation

In addition to reinforcing our businesses, we will enhance our management foundation to fulfill our corporate social responsibility. Specifically, we will strive to reinforce the Group governance, nurture our good corporate culture and raise awareness.

(3) Targeted Management Indicators

The Fields Group’s primary management target is to enhance corporate value through more efficient management and consistent expansion of businesses. Specifically, return on equity, operating income and operating cash flow shall be the three focus indicators.

(4) Streamlining of the Internal Control System and Its Operational Status

The relevant description is omitted because it overlaps with the description in the “Basic Concept and the Streamlined Conditions Regarding the Internal Control System” in the Report on Corporate Governance, which is set forth in Article 8-3 of the Securities Listing Rules and Article 10, Paragraph 3, of the Timely Disclosure Regulations.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: Million yen)

Item / Period		Fiscal year ended March 31, 2007 (As of March 31, 2007)			Fiscal year ended March 31, 2008 (As of March 31, 2008)			Year-on-year change (decrease)
		Amount		% total	Amount		% total	Amount
(Assets)								
I Current assets								
1. Cash and cash equivalents	*1		17,902			12,841		(5,061)
2. Notes and accounts receivable—trade	*4		18,523			12,354		(6,168)
3. Inventories			2,972			4,013		1,040
4. Merchandising rights advances			—			4,397		4,397
5. Deferred tax assets			1,517			2,271		754
6. Other current assets			5,286			3,774		(1,512)
7. Allowance for doubtful accounts			(57)			(92)		(35)
Total current assets			46,144	69.8		39,559	57.2	(6,585)
II Fixed assets								
1. Tangible fixed assets								
(1) Buildings and structures		3,905			3,957			
Accumulated depreciation		(851)	3,053		(1,052)	2,904		(149)
(2) Vehicles		45			26			
Accumulated depreciation		(20)	25		(14)	11		(13)
(3) Tools, furniture and fixtures		1,931			2,599			
Accumulated depreciation		(1,066)	865		(1,393)	1,206		340
(4) Land			1,762			3,701		1,939
(5) Construction in progress			48			269		220
Total tangible fixed assets			5,756	8.7		8,093	11.7	2,336
2. Intangible fixed assets								
(1) Goodwill			1,405			1,057		(348)
(2) Software			433			2,473		2,040
(3) Other intangible fixed assets			2,196			406		(1,790)
Total intangible fixed assets			4,036	6.1		3,937	5.7	(98)
3. Investments and other assets								
(1) Investment securities	*2		6,216			13,212		6,995
(2) Long-term loans			104			102		(1)
(3) Deposits and guarantees			2,464			2,893		428
(4) Other assets			1,266			934		(331)
(5) Deferred tax assets			363			790		427
(6) Allowance for doubtful accounts			(272)			(355)		(82)
Total investments and other assets			10,144	15.4		17,578	25.4	7,434
Total fixed assets			19,936	30.2		29,609	42.8	9,672
Total Assets			66,081	100.0		69,168	100.0	3,087

(Unit: Million yen)

Item / Period	Fiscal year ended March 31, 2007 (As of March 31, 2007)		Fiscal year ended March 31, 2008 (As of March 31, 2008)		Year-on-year change (decrease)
	Amount	% total	Amount	% total	Amount
(Liabilities)					
I Current liabilities					
1. Notes and accounts payable—trade	9,094		5,954		(3,139)
2. Short-term borrowings *5	2,230		3,398		1,168
3. Current portion of long-term borrowings	917		804		(113)
4. Corporate bonds redeemable within 1 year	120		120		—
5. Accrued income taxes	2,032		3,743		1,711
6. Accrued bonuses	25		174		149
7. Accrued bonuses to directors and auditors	98		128		30
8. Allowance for losses on order receiving	—		49		49
9. Allowance for losses on relocation of offices	—		32		32
10. Other current liabilities	4,347		4,915		568
Total current liabilities	18,865	28.6	19,322	27.9	457
II Fixed liabilities					
1. Corporate bonds	370		250		(120)
2. Long-term borrowings	1,238		434		(804)
3. Retirement benefit provisions	195		211		16
4. Guaranty deposits received	2,575		2,459		(116)
5. Other fixed liabilities	—		158		158
Total fixed liabilities	4,379	6.6	3,514	5.1	(865)
Total liabilities	23,244	35.2	22,836	33.0	(407)
(Net assets)					
I Shareholders' equity					
1. Common stock	7,948		7,948		—
2. Capital surplus	7,994		7,994		—
3. Retained earnings	24,943		28,852		3,908
Total shareholders' equity	40,886	61.9	44,795	64.8	3,908
II Valuation and translation differences					
1. Unrealized holding gain on available-for-sale securities	214		(249)		(464)
2. Foreign currency translation adjustment	13		(59)		(73)
Total valuation and translation differences	228	0.3	(309)	(0.5)	(537)
III Stock acquisition rights	15	0.0	43	0.1	27
IV Minority interest	1,705	2.6	1,802	2.6	96
Total net assets	42,836	64.8	46,331	67.0	3,494
Total Liabilities and Net Assets	66,081	100.0	69,168	100.0	3,087

(2) Consolidated Statements of Income

(Unit: Million yen)

Item \ Period	Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)			Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)			Year-on-year change (decrease)
	Amount		% sales	Amount		% sales	Amount
I Net sales		85,321	100.0		101,818	100.0	16,497
II Cost of sales		56,072	65.7		67,274	66.1	11,202
Gross profit		29,248	34.3		34,544	33.9	5,295
III Selling, general and administrative expenses							
1. Advertising expenditures	5,561			4,307			
2. Salaries and allowances	5,246			5,175			
3. Provision for accrued bonuses	25			145			
4. Provision for accrued bonuses to directors and auditors	98			128			
5. Outsourcing expenses	1,180			1,878			
6. Travel and transport expenses	660			662			
7. Depreciation and amortization	622			977			
8. Rents	1,244			1,460			
9. Retirement benefit expenses	51			71			
10. Provision to allowance for doubtful accounts	71			150			
11. Amortization of goodwill	429			335			
12. Others *1	5,111	20,303	23.8	6,092	21,385	21.0	1,082
Operating income		8,944	10.5		13,158	12.9	4,213
IV Non-operating income							
1. Interest income	59			62			
2. Dividend income	27			28			
3. Discounts on purchases	215			103			
4. Foreign exchange gain	78			—			
5. Others	58	439	0.5	118	313	0.3	(125)
V Non-operating expenses							
1. Interest expense	58			86			
2. Equity method investment loss	92			557			
3. Loss on management of investment securities	—			217			
4. Amortization of equity investment	—			243			
5. Foreign exchange loss	—			597			
6. Others	29	181	0.2	63	1,766	1.7	1,585
Ordinary income		9,202	10.8		11,705	11.5	2,502
VI Extraordinary income							
1. Gain on sale of fixed assets *2	0			2			
2. Gain on sale of share in affiliates	10			—			
3. Reversal of allowance for doubtful accounts	3			—			
4. Gain on investment in anonymous association	79			90			
5. Gain on liquidation of affiliates	17			—			
6. Others	—	110	0.1	3	97	0.1	(13)

Item / Period	Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007) Amount		% sales	Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008) Amount		% sales	Year-on-year change (decrease) Amount
VII Extraordinary losses							
1. Loss on sale of fixed assets *3	7			—			
2. Loss on disposal of fixed assets *4	743			266			
3. Impairment loss *5	214			876			
4. Valuation loss on investment securities	—			112			
5. Loss from change in equity of affiliates	0			—			
6. Provision to allowance for loss on relocation of offices	—			32			
7. Others	119	1,086	1.3	3	1,292	1.3	206
Income before income taxes and minority interest		8,226	9.6		10,509	10.3	2,282
Current income taxes	5,058			6,022			
Deferred income taxes	(625)	4,433	5.2	(921)	5,101	5.0	667
Minority interest		83	0.1		111	0.1	28
Net income		3,710	4.3		5,296	5.2	1,586

(3) Consolidated Statement of Change in Net Assets

Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)

(Unit: Million yen)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at March 31, 2006	7,948	7,994	22,726	38,669
Amount of changes during the year				
Dividends from surplus	—	—	(1,388)	(1,388)
Bonuses to directors and auditors	—	—	(105)	(105)
Net income	—	—	3,710	3,710
Net amount of changes in items not included in shareholders' equity during the year	—	—	—	—
Total amount of changes during the year	—	—	2,217	2,217
Balance at March 31, 2007	7,948	7,994	24,943	40,886

	Valuation and translation differences			Stock acquisition rights	Minority interest	Total net assets
	Unrealized holding gain on available-for-sale securities	Foreign currency translation adjustment	Total valuation and translation differences			
Balance at March 31, 2006	735	6	742	—	1,610	41,022
Amount of changes during the year						
Dividends from surplus	—	—	—	—	—	(1,388)
Bonuses to directors and auditors	—	—	—	—	—	(105)
Net income	—	—	—	—	—	3,710
Net amount of changes in items not included in shareholders' equity during the year	(520)	7	(513)	15	94	(402)
Total amount of changes during the year	(520)	7	(513)	15	94	1,814
Balance at March 31, 2007	214	13	228	15	1,705	42,836

Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)

(Unit: Million yen)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at March 31, 2007	7,948	7,994	24,943	40,886
Amount of changes during the year				
Dividends from surplus	—	—	(1,388)	(1,388)
Bonuses to directors and auditors	—	—	5,296	5,296
Net income	—	—	(0)	(0)
Net amount of changes in items not included in shareholders' equity during the year	—	—	—	—
Total amount of changes during the year	—	—	3,908	3,908
Balance at March 31, 2008	7,948	7,994	28,852	44,795

	Valuation and translation differences			Stock acquisition rights	Minority interest	Total net assets
	Unrealized holding gain on available-for-sale securities	Foreign currency translation adjustment	Total valuation and translation differences			
Balance at March 31, 2007	214	13	228	15	1,705	42,836
Amount of changes during the year						
Dividends from surplus	—	—	—	—	—	(1,388)
Bonuses to directors and auditors	—	—	—	—	—	5,296
Net income	—	—	—	—	—	(0)
Net amount of changes in items not included in shareholders' equity during the year	(464)	(73)	(537)	27	96	(413)
Total amount of changes during the year	(464)	(73)	(537)	27	96	3,494
Balance at March 31, 2008	(249)	(59)	(309)	43	1,802	46,331

(4) Consolidated Statements of Cash Flows

(Unit: Million yen)

Item / Period	Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)	Year-on-year change (decrease)
	Amount	Amount	Amount
I Cash flows from operating activities			
1. Income before income taxes and minority interest	8,226	10,509	2,282
2. Depreciation and amortization	817	1,097	280
3. Impairment loss	214	876	661
4. Amortization of goodwill	429	335	(93)
5. Increase (decrease) in allowance for doubtful accounts	26	112	86
6. Increase (decrease) in accrued bonuses	—	120	120
7. Increase (decrease) in accrued bonuses to directors and auditors	98	30	(68)
8. Increase (decrease) in retirement benefit provisions	32	12	(19)
9. Increase (decrease) in reserve for retirement benefits for directors and auditors	(607)	—	607
10. Increase (decrease) in allowance for losses on order receiving	—	17	17
11. Increase (decrease) in allowance for losses on relocation of offices	—	32	32
12. Interest and dividend income	(86)	(90)	(4)
13. Discounts on purchases	(215)	(103)	111
14. Equity method investment loss (gain)	92	557	464
15. Interest expense	58	86	28
16. Gain on sale of fixed assets	(0)	—	0
17. Gain on sale of shares in affiliates	(10)	—	10
18. Gain on investment in anonymous association	(79)	(90)	(11)
19. Gain (loss) from change in equity of affiliates	0	—	(0)
20. Loss on sale of fixed assets	7	—	(7)
21. Loss on disposal of fixed assets	743	266	(477)
22. Loss on management of investment securities	—	217	217
23. Valuation loss on investment securities	—	112	112
24. Amortization of equity investment	—	243	243
25. Foreign exchange gain	—	620	620
26. Decrease (increase) in notes and accounts receivable—trade	28,719	6,052	(22,667)
27. Decrease (increase) in inventories	(1,341)	(504)	837
28. Decrease (increase) in merchandising right advances	944	(1,918)	(2,862)
29. Decrease (increase) in prepaid expenses	331	(422)	(754)
30. Decrease (increase) in advance payments	52	(245)	(298)
31. Decrease (increase) in notes held	(37)	—	37
32. Decrease (increase) in non-operating notes receivable	(175)	—	175
33. Decrease (increase) in deposits as security for dealing	20	—	(20)
34. Increase (decrease) in notes and accounts payable—trade	(26,297)	(3,250)	23,046
35. Increase (decrease) in other accounts payable	—	850	850
36. Increase (decrease) in accrued consumption taxes	(152)	162	314
37. Increase (decrease) in deposits received	530	(363)	(893)
38. Increase (decrease) in guarantee deposits held	190	—	(190)
39. Payments of bonuses to directors and auditors	(105)	—	105
40. Others	(318)	46	365
Subtotal	12,111	15,372	3,260
41. Interest and dividends received	132	131	(1)
42. Interest paid	(63)	(76)	(13)
43. Income taxes paid	(6,887)	(4,299)	2,588
Net cash provided by (used in) operating activities	5,293	11,127	5,834

(Unit: Million yen)

Item / Period	Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)	Year-on-year change (decrease)
	Amount	Amount	Amount
II Cash flows from investing activities			
1. Transfer to time deposits	(2)	—	2
2. Proceeds from cancellation of time deposits	98	—	(98)
3. Purchases of tangible fixed assets	(1,113)	(3,450)	(2,336)
4. Proceeds from sale of tangible fixed assets	16	—	(16)
5. Purchases of intangible fixed assets	(2,425)	(761)	1,664
6. Purchases of investment securities	(1,050)	(7,585)	(6,534)
7. Proceeds from sale of investment securities	758	495	(263)
8. Expenditure for acquiring shares in affiliates	(16)	(1,169)	(1,153)
9. Proceeds from sale of shares in affiliates	100	—	(100)
10. Proceeds from (expenditure for) acquiring newly consolidated subsidiaries *2	(9)	(902)	(893)
11. Expenditure for equity investment	(596)	(220)	376
12. Expenditure for loans	(23)	(1,036)	(1,012)
13. Collection on loans	40	234	193
14. Payments for deposits and guarantees	(363)	(296)	66
15. Proceeds from cancellation of deposits and guarantees	136	124	(12)
16. Payments for long-term prepaid expenses	(8)	(57)	(48)
17. Payments for insurance reserve	(1)	—	1
18. Others	(311)	21	332
Net cash provided by (used in) investing activities	(4,772)	(14,604)	(9,831)
III Cash flows from financing activities			
1. Increase (decrease) in short-term borrowings	1,477	1,167	(309)
2. Proceeds from long-term borrowings	2,000	—	(2,000)
3. Repayment of long-term borrowings	(418)	(987)	(569)
4. Redemption of corporate bonds	(110)	(120)	(10)
5. Provision of collateral goods	(81)	(89)	(8)
6. Proceeds from issuance of shares	0	—	(0)
7. Proceeds from payments by minority shareholders	10	42	32
8. Cash dividends paid	(1,389)	(1,397)	(7)
Net cash provided by (used in) financing activities	1,488	(1,384)	(2,872)
IV Effect of exchange rate changes on cash and cash equivalents	32	(275)	(308)
V Increase (decrease) in cash and cash equivalents	2,042	(5,136)	(7,178)
VI Cash and cash equivalents at beginning of year	15,777	17,819	2,042
VII Increase in cash and cash equivalents due to change in scope of consolidation	0	10	10
VIII Cash and cash equivalents at end of year	17,819	12,693	(5,126)

(5) Material items affecting the operation of the Company as a going concern

Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)

No relevant items

Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)

No relevant items

(6) Basis of Presentation of the Consolidated Financial Statements

Item	Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)
1. Scope of consolidation	(1) Number of consolidated subsidiaries: 14 Names of consolidated subsidiaries: Fields Jr. Corporation White Trash Charms Japan Co., Ltd. Digital Lord Corporation thinkArts Co., Ltd. Fields Pictures Corporation FutureScope Corporation Japan Sports Marketing Inc. JSM HAWAII, LLC D3 Inc. D3 Publisher Inc. Entertainment Software Publishing Inc. D3Publisher of America, Inc. D3Publisher of Europe Ltd. D3DB S.r.l. Given its significance, Fields Pictures Corporation, which was a non-consolidated subsidiary until the previous fiscal year, was included within the scope of consolidation in the current fiscal year. E-Active Co., Ltd. changed its trade name to Fields Pictures Corporation as of June 19, 2006. thinkArts Co., Ltd. has been included within the scope of consolidation as a result of the acquisition of its shares by the Company in the current fiscal year. FutureScope Corporation was established during the fiscal year under review and was therefore included in the scope of consolidation. JSM HAWAII, LLC was established during the fiscal year under review, and was therefore included in the scope of consolidation. D3 Publisher Inc. was included in the scope of consolidation because it changed its trade name to D3 Inc. and newly established D3 Publisher Inc. as a result of the corporate divesture as of April 1, 2006. (2) Names of significant non-consolidated subsidiaries: Ildel Corporation APE Inc. Reason for exclusion from the scope of consolidation: Non-consolidated subsidiaries have been excluded from consolidation owing to their small size and the fact that in no case do their aggregate total assets, net sales, net income (proportionate to equity stakes held) and retained earnings (proportionate to equity stakes held), etc., have a material impact on the consolidated financial statements.	(1) Number of consolidated subsidiaries: 19 Names of consolidated subsidiaries: Fields Jr. Corporation White Trash Charms Japan Co., Ltd. Lucent Pictures Entertainment, Inc. thinkArts Co., Ltd. Fields Pictures Corporation Shin-Nichi Technology Co., Ltd. Haruki Fields Cinema Fund FutureScope Corporation EXPRESS Inc. Japan Sports Marketing Inc. JSM HAWAII, LLC Ildel Corporation D3 Inc. D3 Publisher Inc. Entertainment Software Publishing Inc. D3Publisher of America, Inc. D3Publisher of Europe Ltd. Vicious Cycle Software, Inc. D3DB S.r.l. Digital Lord Corporation changed its trade name to Lucent Pictures Entertainment, Inc. as of October 1, 2007. Shin-Nichi Technology Co., Ltd. and EXPRESS Inc. were included within the scope of consolidation as a result of the acquisition of its shares by the Company in the current fiscal year. Given its significance, Ildel Corporation, which was a non-consolidated subsidiary until the previous fiscal year, was included within the scope of consolidation in the current fiscal year. Vicious Cycle Software, Inc. was included within the scope of consolidation as a result of the acquisition of its shares by D3Publisher of America, Inc. in the current fiscal year. Haruki Fields Cinema Fund was established during the fiscal year under review and was therefore included in the scope of consolidation. (2) Names of significant non-consolidated subsidiaries: APE Inc. Reason for exclusion from the scope of consolidation: Same as at left

Item	Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)
2. Application of equity method	(1) Number of equity-method affiliates: 2 Rodeo Co., Ltd. Kadokawa Haruki Corporation	(1) Number of equity-method affiliates: 4 Rodeo Co., Ltd. SPO Inc. Bbmf Magazine, Inc. Kadokawa Haruki Corporation SPO Inc. has been newly accounted for by the equity method as a result of the acquisition of its shares by the Company in the current fiscal year. Bbmf Magazine, Inc. has been newly accounted for by the equity method as a result of the acquisition of its shares by Fields Pictures Corporation in the current fiscal year.
	(2) Names of significant non-consolidated subsidiaries and affiliated companies not accounted for by the equity method: Ildel Corporation APE Inc. G&E Corporation YMO Inc. Reason for non-application of the equity method: These companies have a negligible impact on net income (proportionate to equity stakes held) and retained earnings (proportionate to equity stakes held) and have no significance as a whole, so have been excluded from the application of the equity method.	(2) Names of significant non-consolidated subsidiaries and affiliated companies not accounted for by the equity method: APE Inc. G&E Corporation YMO Inc. Reason for non-application of the equity method: Same as at left
	(3) Matters requiring clarification concerning procedures for application of the equity method: With regard to companies accounted for by the equity method whose year-end settlement dates differ from that for consolidated accounts, the financial statements relating to those companies' fiscal years are utilized.	(3) Matters requiring clarification concerning procedures for application of the equity method: Same as at left
3. Accounts settlement dates of consolidated subsidiaries	Of the consolidated subsidiaries, the year-end balance sheet date of JSM HAWAII, LLC is December 31. In preparing the consolidated financial statements, its financial statements as of March 31 through the temporary settlement of accounts are used. Effective from the current fiscal year, thinkArts Co., Ltd. has changed its year-end balance sheet date from the previous November 30 to March 31.	Of the consolidated subsidiaries, the year-end balance sheet date of JSM HAWAII, LLC is December 31. In preparing the consolidated financial statements, its financial statements as of March 31 through the temporary settlement of accounts are used.

Item	Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)
4. Accounting standards (1) Valuation standards and methods for important assets	(1) Marketable securities Held-to-maturity bonds: Carried at amortized cost (straight-line method) Other marketable securities Securities with market prices: Stated at market value based on market price as of the consolidated balance sheet date (unrealized gains or losses are charged or credited directly to net assets, with the cost of securities sold determined by the moving average method). Securities without market prices: Stated at cost determined by the moving average method. (2) ______________ (3) Inventories 1) Merchandise Fields Corporation: Used pachinko/pachislot machines At cost determined by the specific identification method Others At cost determined by the moving average method Consolidated subsidiaries: At cost determined by the periodic average method 2) Products Consolidated subsidiaries: At cost determined by the first-in first-out method 3) Work in process, content Consolidated subsidiaries: At cost determined by the specific identification method (4) ______________ (5) Supplies At cost determined by the last purchase price method	(1) Marketable securities Held-to-maturity bonds: Same as at left Other marketable securities Securities with market prices: Same as at left Securities without market prices: Same as at left (2) Derivatives: Stated at market value (3) Inventories 1) Merchandise Fields Corporation: Used pachinko/pachislot machines Same as at left Others Same as at left Consolidated subsidiaries: Same as at left 2) Products Consolidated subsidiaries: Same as at left 3) Work in process, content Consolidated subsidiaries: Same as at left (4) Raw materials Consolidated subsidiaries Stated at cost determined by the moving average method. (5) Supplies Same as at left
(2) Depreciation methods for important depreciable assets	(1) Tangible fixed assets Declining-balance method for the Company and domestic consolidated subsidiaries However, the straight-line method is applied to buildings (excluding building fixtures) acquired on and after April 1, 1998. Straight-line method for overseas consolidated subsidiaries The estimated useful lives of depreciable assets are as follows. Buildings: 4–50 years Structures: 10–50 years Vehicles: 2–6 years Tools, furniture and fixtures: 3–20 years	(1) Tangible fixed assets Declining-balance method for the Company and domestic consolidated subsidiaries However, the straight-line method is applied to buildings (excluding building fixtures) acquired on and after April 1, 1998. Straight-line method for overseas consolidated subsidiaries The estimated useful lives of depreciable assets are as follows. Buildings: 8–50 years Structures: 10–50 years Vehicles: 2–6 years Tools, furniture and fixtures: 2–20 years

Item	Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)
(2) Depreciation methods for important depreciable assets	(2) Intangible fixed assets Straight-line method The straight-line method is applied to software for company use, based on its useful life within the Company (five years). Software for sale by consolidated subsidiaries is depreciated at the depreciation rate determined by the Company over the estimated payback period (12 months for game software; 36 months for other software).	(2) Intangible fixed assets Straight-line method The straight-line method is applied to software for company use, based on its useful life within the Company (five years).
	(3) Long-term prepaid expenses Straight-line method	(3) Long-term prepaid expenses Same as at left
(3) Treatment of important deferred charges	(1) Stock issuance expense The expense is charged in full at the time it is incurred.	(1) ______________
(4) Accounting standards for important reserves	(1) Allowance for doubtful accounts To provide against losses from doubtful accounts, allowances for ordinary receivables are provided using a rate determined by past collection experience, and allowances for specific debts considered doubtful are accounted for by calculating the estimated amounts deemed uncollectible after individually reviewing collectability of the debts.	(1) Allowance for doubtful accounts Same as at left
	(2) Accrued bonuses To provide for employee bonuses, the Company recognizes the amounts out of the projected bonus payments to be allocated to the fiscal year.	(2) Accrued bonuses To provide for employee bonuses, the Company and some of its consolidated subsidiaries recognize the amounts out of the projected bonus payments to be allocated to the current fiscal year.
	(3) Accrued bonuses to directors and auditors To provide for bonuses to directors and auditors, the Company recognizes the amounts corresponding to the current fiscal year based on the projected bonus payments. (Change in Accounting Treatment) Effective from current fiscal year, the Company has adopted the Accounting Standards Board of Japan Statement No. 4, “Accounting Standard for Directors’ Bonuses,” issued on November 29, 2005. As a result, operating income, ordinary income, and income before income taxes and minority interest decreased ¥98 million, respectively. The impacts on segment information are stated at the relevant points in the Segment Information.	(3) Accrued bonuses to directors and auditors To provide for bonuses to directors and auditors, the Company recognizes the amounts corresponding to the current fiscal year based on the projected bonus payments.
	(4) ______________	(4) Allowance for losses on order receiving To provide against losses from receiving orders, allowances for losses on order receiving are provided at some consolidated subsidiaries with regard to order receiving operations bearing a high possibility of incurring losses that at the same time can be estimated rationally.

Item	Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)
(4) Accounting standards for important reserves	(5) ――――――	(5) Allowance for losses on relocation of offices The Company provides estimated costs that might result from office relocations including a loss on disposal of fixed assets and expenses for recovering the present status, etc.
	(6) Retirement benefit provisions To provide for employees' retirement benefits, the Company and some consolidated subsidiaries recognize, on the basis of projected benefit obligations as of the end of the fiscal year, benefit obligations accrued as of the end of the fiscal year. Actuarial differences are amortized proportionately by the straight-line method over a fixed number of years (five years) within the average remaining period of service of employees as of the time such differences arise. Amortization amounts are expensed beginning with the fiscal year following that in which the differences arise.	(6) Retirement benefit provisions Same as at left
(5) Translation of important foreign-currency-denominated assets and liabilities into yen	Foreign currency receivables and payables are translated into yen using the spot currency exchange rate on the consolidated balance sheet date, and translation differences are recorded as gains or losses. The assets and liabilities of overseas subsidiaries are translated into yen using the spot currency exchange rate on the consolidated balance sheet date, and income and expenses are translated into yen using the average exchange rate during the period, translation differences being stated as part of the foreign currency translation adjustment and minority interest in the net assets section of the balance sheet.	Foreign currency receivables and payables are translated into yen using the spot currency exchange rate on the consolidated balance sheet date, and translation differences are recorded as gains or losses. The assets and liabilities of overseas subsidiaries are translated into yen using the spot currency exchange rate on the consolidated balance sheet date, and income and expenses are translated into yen using the average exchange rate during the period, translation differences being stated as part of the foreign currency translation adjustment in the net assets section of the balance sheet.
(6) Treatment of important lease transactions	Finance lease transactions, other than those where the ownership of the leased assets is deemed to be transferred to the lessee, are accounted for as ordinary operating lease transactions.	Same as at left
(7) Important hedge accounting methods	(1) Important hedge accounting methods At certain consolidated subsidiaries, special treatment is used in the case of interest rate swaps that satisfy the criteria for hedge accounting. (2) Method and scope of hedging Hedging method Interest rate swap transactions Scope of hedging Interest on borrowings (3) Hedging policy At certain consolidated subsidiaries a hedging policy is implemented to avoid any impact of fluctuations in market interest rates on fund-raising costs (interest expense).	(1) Important hedge accounting methods Same as at left (2) Method and scope of hedging Same as at left (3) Hedging policy Same as at left

Item	Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)
(7) Important hedge accounting methods	(4) Method for assessing hedging effectiveness Interest rate swap transactions are deemed to qualify for special accounting treatment, and therefore it is on this basis that judgments as to effectiveness are made. (5) Other risk management The management division has responsibility for the conclusion of contracts relating to hedge accounting at certain consolidated subsidiaries. No particular stipulations relating to such transactions have been laid down, but they are administered in accordance with regulations governing the scope of authority.	(4) Method for assessing hedging effectiveness Same as at left (5) Other risk management Same as at left
(8) Other significant standards for the preparation of consolidated financial statements	Accounting for consumption taxes Consumption tax is accounted for by the tax-excluded method.	Accounting for consumption taxes Same as at left
5. Valuation of assets and liabilities of consolidated subsidiaries	Assets and liabilities of consolidated subsidiaries are stated at fair value.	Same as at left
6. Amortization of goodwill and negative goodwill	Goodwill is equally amortized for five years.	Goodwill is amortized equally for a reasonable number of years within 10 years, estimating the period when its effect is generated.
7. Scope of funds in consolidated statements of cash flows	Funds include cash on hand, demand deposits and short-term investments maturing or redeemable within three months after acquisition that are highly liquid, easily convertible into cash and exposed to low price fluctuation risk.	Same as at left

(7) Change in the Basis of Presentation of the Consolidated Financial Statements

Changes in accounting treatment

Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)
(Accounting standard for the presentation of net assets in balance sheets) Effective from the current fiscal year, the Company has adopted the Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Statement No. 5 issued on December 9, 2005) and the Implementation Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No. 8 issued on December 9, 2005). The amount conventionally recorded in “Shareholders’ equity” was ¥41,115 million. Due to the revision to the regulations regarding consolidated financial statements, the “Net assets” section of the consolidated balance sheets for the current fiscal year ended March 31, 2007, has been prepared according to the revised regulations for the consolidated financial statements.	————

Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)
(Accounting standard for business combinations) Effective from the current fiscal year, the Company has adopted the Accounting Standard for Business Combinations (issued on October 31, 2003 by Business Accounting Deliberation Council), Accounting Standard for Business Divestures (ASBJ Statement No. 7 issued on December 27, 2005) and the related Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Implementation Guidance No. 10, last revised on December 22, 2006). (Accounting standard for share-based payment including Stock Options) Effective from the current fiscal year, the Company has adopted the Accounting Standard for Share-Based Payment (ASBJ Statement No. 8 issued by the ASBJ on December 27, 2005) and the Implementation Guidance on Accounting Standard for Share-Based Payment (ASBJ Implementation Guidance No. 11 issued by the ASBJ on May 31, 2006). As a result, operating income, ordinary income and income before income taxes and minority interest each decreased ¥15 million, compared with the previous accounting method. The impacts on segment information are stated at the relevant points in the Segment Information. (Tentative treatment of the accounting for deferred charges) Effective from the current fiscal year, the Company has adopted the Tentative Solution on Accounting for Deferred Assets (Practical solutions—PITF No. 19 issued by ASBJ on August 11, 2006). As a result, "Stock issuance expense," which was included in "Non-operating expenses" in the previous fiscal year, has been treated as "Stock delivery expense" effective from the current fiscal year. This change has no significant effect on the consolidated statement of income.	―――――― ―――――― ――――――
――――――	(Change in the method of depreciation of tangible fixed assets) At the Company and its domestic consolidated subsidiaries, pursuant to the revisions to the Corporate Tax Law (the Partial Revision to the Corporate Tax Law, the 6th Law enacted on March 30, 2007, and the Ordinance for Partial Revision to the Cabinet Order Related to the Corporate Tax Law, the 83rd Ordinance on March 30, 2007), the Company changed the method of depreciation of tangible fixed assets and uses a method based on the revised Corporate Tax Law with regard to those assets acquired on and after April 1, 2007. Due to this change, operating income, ordinary income and income before income taxes and minority interest each decreased ¥41 million. The impact on the Segment Information is indicated in the Segment Information section.

Changes in method of presentation

Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)
(Consolidated Balance Sheets) 1. "Consolidation adjustment account" for the previous fiscal year has been presented as "Goodwill" since the current fiscal year.	(Consolidated Balance Sheets) 1. As "Merchandising rights advances," which had been included in "Other current assets" under current assets until the end of the previous year, accounted for more than 5/100 of total assets, it has been separately presented. The "Merchandising rights advances" as of March 31, 2007, was ¥2,572 million.
(Consolidated Statements of Income) 1. "Amortization of excess of net assets acquired over cost" in the previous year is presented as "Amortization of goodwill" since the current fiscal year.	――――――

Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)
2. As "Foreign exchange gain," which was included in "Other current assets" under non-operating income until the end of the previous year, accounted for more than 10/100 of total non-operating income, it has been separately presented. The "Foreign exchange gain" as of March 31, 2006, was ¥67 million.	――――――
3. "Stock issuance expense," which was included in "Non-operating expenses" until the previous fiscal year, and has been treated as "Stock delivery expense" from the current fiscal year, has been included in "Others" of "Non-operating expenses" because the amount became insignificant. The "Stock delivery expense" as of March 31, 2007, was ¥0 million.	――――――
(Consolidated Statements of Cash Flows)	(Consolidated Statements of Cash Flows)
1. "Amortization of excess of net assets acquired over cost" in the cash flows from operating activities until the previous fiscal year is presented as "Amortization of goodwill" since the current fiscal year.	1. "Loss on sale of fixed assets," which was separately presented in the cash flows from operating activities until the previous fiscal year, is included in "Others" of the cash flows from operating activities because the amount became insignificant. The "Loss on sale of fixed assets" as of March 31, 2008, was ¥2 million.
2. "Stock issuance expense," which was presented in the cash flows from operating activities until the previous fiscal year, is included in "Others" of the cash flows from operating activities because the amount became insignificant. The "Stock delivery expense" as of March 31, 2007, was ¥0 million.	2. "Loss from change in equity of affiliates," which was separately presented in the cash flows from operating activities until the previous fiscal year, has been included in "Others" of the cash flows from operating activities because the amount became insignificant. The "Loss from change in equity of affiliates" as of March 31, 2008, was ¥0 million.
――――――	3. "Amortization of equity investment," which was included in "Others" of the cash flows from operating activities until the previous fiscal year, has been separately presented because the amount became significant. The "Amortization of equity investment" as of March 31, 2007, was ¥7 million.
――――――	4. "Foreign exchange gain," which was included in "Others" of the cash flows from operating activities until the previous fiscal year, has been separately presented because the amount became significant. The "Foreign exchange loss" as of March 31, 2007, was ¥25 million.
――――――	5. "Decrease (increase) in notes held," which was separately presented under the cash flows from operating activities until the previous fiscal year, has been included in "Others" of the cash flows from operating activities because the amount became insignificant. The "Increase in notes held" as of March 31, 2008, was ¥80 million.
――――――	6. "Decrease (increase) in non-operating notes receivable," which was separately presented in the cash flows from operating activities until the previous fiscal year, has been included in "Others" of the cash flows from operating activities because the amount became insignificant. The "Decrease in non-operating notes receivable" as of March 31, 2008, was ¥156 million.
――――――	7. "Decrease (increase) in deposits as security for dealing," separately presented in the cash flows from operating activities until the previous fiscal year, has been included in "Others" of the cash flows from operating activities because the amount became insignificant. The "Increase in deposits as security for dealing" as of March 31, 2008, was ¥100 million.
――――――	8. "Increase (decrease) in other accounts payable," which was included in "Other" of the cash flows from operating activities until the previous fiscal year, has been separately presented because the amount became significant. The "Decrease in other accounts payable" as of March 31, 2007, was ¥563 million.

Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)
____________	9. “Increase (decrease) in guaranty deposits held,” which was separately presented under the cash flows from operating activities until the previous fiscal year, has been included in “Others” of the cash flows from operating activities because the amount became insignificant. The “Decrease in guaranty deposits held” as of March 31, 2008, was ¥119 million.
____________	10. “Proceeds from sales of tangible fixed assets,” which was separately presented under the cash flows from investing activities until the previous fiscal year, has been included in “Others” of the cash flows from investing activities because the amount became insignificant. The “Proceeds from sales of tangible fixed assets” as of March 31, 2008, was ¥10 million.
____________	11. “Payments for insurance reserve,” which was separately presented under the cash flows from investing activities until the previous fiscal year, has been included in “Others” of the cash flows from investing activities because the amount became insignificant. The “Payments for insurance reserve” as of March 31, 2008, was ¥1 million.

Additional information

Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)
(Reserve for retirement benefits of directors and auditors) The Company reviewed the remuneration payment system for directors and auditors, which is not linked to actual performance and may be considered deferred remuneration. As a result, the retirement benefit system for directors and auditors was abolished as of the closing of the 18th Ordinary General Meeting of Shareholders held on June 28, 2006. Accordingly, pursuant to the resolution adopted by the Meeting, accrued retirement benefits as of the closing of said Meeting were paid to the directors and auditors then in office at the Meeting for their services corresponding to the tenure of respective directors and auditors until the closing of the Meeting.	____________
____________	(Method of depreciation of tangible fixed assets) Beginning with the consolidated fiscal year ended March 31, 2008, at Fields Corporation and its domestic subsidiaries, tangible fixed assets acquired by March 31, 2007, are equally amortized over five years from a year following the year when depreciation was completed up to the limit of the depreciation. The impact that this change has on the consolidated statement of income is immaterial.

(8) Notes to the Consolidated Financial Statements

Consolidated Balance Sheets

Fiscal year ended March 31, 2007 (As of March 31, 2007)	Fiscal year ended March 31, 2008 (As of March 31, 2008)
*1 Assets held as collateral Time deposits ¥81 million They are held as collateral to guarantee the transactions with banks.	*1 Assets held as collateral Time deposits ¥147 million They are held as collateral to guarantee the transactions with banks.
*2 Related to non-consolidated subsidiaries and affiliates Investment securities (shares) ¥3,860 million	*2 Related to non-consolidated subsidiaries and affiliates Investment securities (shares) ¥4,447 million
3 Contingent liabilities The Company provides payment guarantees for sales of pachinko/pachislot machines to pachinko halls on an agency basis for pachinko/pachislot machine manufacturers. Y.K. Daiko ¥72 million Meiplanet K.K ¥51 million Asahi Shoji K.K. ¥44 million Niimi Co., Ltd. ¥41 million K.K. Taisei Kanko ¥37 million Sankei Shoji Co., Ltd. ¥31 million K.K. Toei Kanko ¥28 million K.K. New Asahi ¥26 million K.K. Corona ¥21 million Narita Kogyo K.K. ¥20 million Others (218) ¥540 million Total ¥917 million	3 Contingent liabilities The Company provides payment guarantees for sales of pachinko/pachislot machines to pachinko halls on an agency basis for pachinko/pachislot machine manufacturers. Y.K. Daiko ¥54 million Niimi Co., Ltd. ¥51 million K.K. The City ¥48 million K.K. Taisei Kanko ¥46 million Iwamoto Development Co., Ltd. ¥33 million Y.K. Fuji Leisure Service ¥31 million K's corporation ¥25 million Meiplanet K.K ¥23 million Asahi Shoji K.K. ¥13 million R&K Co., Ltd. ¥13 million Others (126) ¥264 million Total ¥605 million
*4 Notes due as of the balance-sheet date The notes of the Company maturing at the end of the year are settled on a bill clearing date. As the balance-sheet date for the year under review was a bank holiday, the following notes matured are included in the balance as of March 31, 2007. Notes receivable ¥1,299 million Non-operating notes receivable ¥431 million	*4 ――――――――
*5 ――――――――	*5 Financial covenant Of the short-term borrowings, the following financial restrictions are included in the borrowing of ¥1,000 million borne by D3 Inc., our consolidated subsidiary. (1) The amount of net assets in the Consolidated and Non-Consolidated Balance Sheets as of each balance sheet date after the conclusion of the contract including first half-ends must be maintained at 75% or more of the amount for the previous term. (2) Operating income/loss in the Consolidated and Non-Consolidated Statements of Income after conclusion of the contract including first half-ends must not be losses for the second consecutive terms.
6. Overdraft agreements To raise working capital efficiently, the Fields Group has concluded an overdraft agreement with five banks. As of March 31, 2007, unutilized balances under these agreements were as follows: Overdraft limit ¥4,500 million Borrowings Outstanding ¥1,400 million Difference ¥3,100 million	6. Overdraft agreements To raise working capital efficiently, the Fields Group has concluded an overdraft agreement with four banks. As of March 31, 2008, unutilized balances under these agreements were as follows: Overdraft limit ¥3,568 million Borrowings Outstanding ¥568 million Difference ¥3,000 million

Consolidated Statements of Income

<table>
<tr><th>Fiscal year ended March 31, 2007
(April 1, 2006–March 31, 2007)</th><th>Fiscal year ended March 31, 2008
(April 1, 2007–March 31, 2008)</th></tr>
<tr><td>*1 ―――――</td><td>*1 R&D expenses included in SG&A expenses ¥34 million</td></tr>
<tr><td>*2 Gain on sale of fixed assets were due to sale of vehicles.</td><td>*2 Details of Gain on sale of fixed assets are as follows:
Vehicles ¥2 million
Tools, furniture and fixtures ¥0 million
Total ¥2 million</td></tr>
<tr><td>*3 Details of loss on sale of fixed assets
Vehicles ¥2 million
Tools, furniture and fixtures ¥4 million
Total ¥7 million</td><td>*3 ―――――</td></tr>
<tr><td>*4 Details of loss on disposal of fixed assets
Buildings and structures ¥82 million
Tools, furniture and fixtures ¥13 million
Long-term prepaid expenses ¥0 million
Software ¥24 million
Software under development ¥623 million
Total ¥743 million</td><td>*4 Details of loss on disposal of fixed assets
Buildings ¥84 million
Vehicles ¥0 million
Tools, furniture and fixtures ¥19 million
Software ¥162 million
Total ¥266 million</td></tr>
<tr><td>*5 Impairment loss
The Fields Group has stated an impairment loss for the asset set out below.
<table>
<tr><td>Usage</td><td>Miscellaneous business-related assets</td><td>―</td></tr>
<tr><td>Type</td><td>Buildings, tools, furniture and fixtures, and trademark rights</td><td>Goodwill</td></tr>
<tr><td>Location</td><td>Minato-ku, Tokyo
Shibuya-ku, Tokyo
Osaka-shi, Osaka</td><td>―</td></tr>
<tr><td>Amount</td><td>¥208 million</td><td>¥6 million</td></tr>
</table>
When grouping its assets, the Fields Group adopts the method of grouping primarily by business category in accordance with management accounting practice. With regard to the properties in Minato-ku, Shibuya-ku and Osaka used for miscellaneous business, the Group has recognized losses, which consist of ¥120 million on the building, ¥2 million on the tools, furniture and fixtures and ¥85 million on the trademark rights because there is no prospect of a recovery in operating income from these properties.
On the other hand, with regard to the goodwill, the Group has recognized a loss because the initially anticipated income has become impossible in the business plan which had been studied when the relevant shares were acquired. It consists of ¥6 million in goodwill.
The recoverable value of these properties has been calculated on the basis of use value in use, with such recoverable value appraised zero, because future cash flows are negative.</td><td>*5 Impairment loss
The Fields Group has stated an impairment loss for the asset set out below.
<table>
<tr><td>Usage</td><td>Miscellaneous business-related assets</td><td>―</td><td>Idle assets</td></tr>
<tr><td>Type</td><td>Buildings, tools, furniture and fixtures</td><td>Goodwill</td><td>Buildings and structures</td></tr>
<tr><td>Location</td><td>Osaka-shi, Osaka</td><td>―</td><td>Nagoya-shi, Aichi</td></tr>
<tr><td>Amount</td><td>¥42 million</td><td>¥717 million</td><td>¥116 million</td></tr>
</table>
When grouping its assets, with regard to business-use assets, the Fields Group adopts the method of grouping primarily by business category in accordance with management accounting practice. With regard to idle assets, the method of individual grouping is adopted.
Of the Miscellaneous business-related assets, with regard to the properties in Osaka, the Group has recognized losses, which consist of ¥35 million on the building and ¥6 million on the tools, furniture and fixture because there is no prospect of a recovery in operating income from these properties. On the other hand, with regard to the goodwill, the Group has recognized a loss because the initially anticipated income has become impossible in the business plan which had been studied when the relevant shares were acquired. It consists of ¥717 million in goodwill.
The recoverable value of these properties has been calculated on the basis of use value in use, with such recoverable value appraised zero, because future cash flows are negative.
With regard to idle assets, the transfer of such assets was determined at the Board of Directors' meeting held on March 7, 2008. The book value was amortized up to the recoverable value, and the decreased amount was recorded as an impairment loss under an extraordinary loss. It consists of ¥116 million in buildings and structures.
The recoverable value is based on the scheduled price for the transfer of aforementioned idle assets.</td></tr>
</table>

Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)

1. Shares issued

Type	As of March 31, 2006	Increase	Decrease	As of March 31, 2007
Common stock (shares)	347,000	—	—	347,000

2. Treasury shares

None applicable

3. Stock acquisition rights

Company Name	Description	Nature of shares to be issued	Number of shares to be issued				Balance at March 31, 2007 (Million)
			As of March 31, 2006	Increase	Decrease	As of March 31, 2007	
The Company	The first stock acquisition rights	Common stock	6,040	—	400	5,640	—
	The second stock acquisition rights	Common stock	1,610	—	250	1,360	—
Consolidated subsidiaries	—	—	—	—	—	—	15
		Total	7,650	—	650	7,000	15

Notes:
1. The number of shares to be issued is the number of shares to which acquisition rights can be exercised.
2. The reason for the changes in the number of shares to be issued is as follows.
   The decrease during the fiscal year ended March 31, 2007, reflects invalidation of some of the rights.
3. Stock acquisition rights held by the Company's consolidated subsidiaries have not yet become effective as of March 31, 2007.

4. Dividends

(1) Dividends paid

Resolution	Nature of shares	Total dividends (¥ Million)	Amount of dividends per share (yen)	Cut-off date	Effective date
Ordinary general meeting of shareholders on June 28, 2006	Common stock	694	2,000	March 31, 2006	June 29, 2006
Meeting of the Board of Directors on November 6, 2006	Common stock	694	2,000	September 30, 2006	December 8, 2006

(2) Dividends for which the cut-off date came during the fiscal year ended on March 31, 2007, but the effective date will come during the fiscal year ended on March 31, 2008 or thereafter

Resolution	Nature of shares	Total dividends (¥ Million)	Source for payment of dividends	Amount of dividends per share (yen)	Cut-off date	Effective date
Ordinary general meeting of shareholders on June 27, 2007	Common stock	694	Retained earnings	2,000	March 31, 2007	June 28, 2007

Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)

1. Shares issued

Type	As of March 31, 2007	Increase	Decrease	As of March 31, 2008
Common stock (shares)	347,000	—	—	347,000

2. Treasury shares

None applicable

3. Stock acquisition rights

Company Name	Description	Nature of shares to be issued	Number of shares to be issued				Balance at March 31, 2008 (Million)
			As of March 31, 2007	Increase	Decrease	As of March 31, 2008	
The Company	The first stock acquisition rights	Common stock	5,640	—	680	4,960	—
	The second stock acquisition rights	Common stock	1,360	—	610	750	—
Consolidated subsidiaries	—	—	—	—	—	—	43
		Total	7,000	—	1,290	5,710	43

Notes:

1. The number of shares to be issued is the number of shares to which acquisition rights can be exercised.
2. The reason for the changes in the number of shares to be issued is as follows.
   The decrease during the fiscal year ended March 31, 2008, reflects invalidation of some of the rights.
3. Stock acquisition rights held by the Company's consolidated subsidiaries have not yet become effective as of March 31, 2008.

4. Dividends

(1) Dividends paid

Resolution	Nature of shares to be issued	Total dividends (¥ Million)	Amount of dividends per share (yen)	Cut-off date	Effective date
Ordinary general meeting of shareholders on June 27, 2007	Common stock	694	2,000	March 31, 2007	June 28, 2007
Meeting of the Board of Directors on November 6, 2007	Common stock	694	2,000	September 30, 2007	December 7, 2007

(2) Dividends for which the cut-off date came during the fiscal year ended on March 31, 2008, but the effective date will come during the fiscal year ending on March 31, 2009 or thereafter

Resolution	Nature of shares to be issued	Total dividends (¥ Million)	Source for payment of dividends	Amount of dividends per share (yen)	Cut-off date	Effective date
Ordinary general meeting of shareholders on June 26, 2008	Common stock	867	Retained earnings	2,500	March 31, 2008	June 27, 2008

Consolidated Statements of Cash Flows

<table>
<tr><th>Fiscal year ended March 31, 2007
(April 1, 2006–March 31, 2007)</th><th>Fiscal year ended March 31, 2008
(April 1, 2007–March 31, 2008)</th></tr>
<tr><td>1 Relationship between cash and cash equivalents as of the end of the fiscal year and cash amounts stated on the consolidated balance sheets
(As of March 31, 2007)
Cash and deposit accounts ¥17,902 million
Time deposits of which depositing period exceeds 3 months ¥(1) million
Deposits supplied as collateral ¥(81) million
Cash and cash equivalents ¥17,819 million</td><td>1 Relationship between cash and cash equivalents as of the end of the fiscal year and cash amounts stated on the consolidated balance sheets
(As of March 31, 2008)
Cash and deposit accounts ¥12,841 million
Deposits supplied as collateral ¥(147) million
Cash and cash equivalents ¥12,693 million</td></tr>
<tr><td>*2 Details of assets and liabilities of companies that have been newly consolidated through the acquisition of shares
Assets and liabilities and the relationship between the acquisition cost of shares and net expenses for the acquisition of shares at the beginning of consolidation were as follows:
thinkArts Co., Ltd. (As of April 1, 2006)
Current assets ¥88 million
Fixed assets ¥24 million
Goodwill ¥184 million

Current liabilities ¥(97) million
Fixed liabilities ¥(185) million

Acquisition cost ¥15 million
Cash and cash equivalents ¥(5) million

Subtract: Net expenses for acquisition of shares
¥9million</td><td>*2 Details of assets and liabilities of companies that have been newly consolidated through the acquisition of shares
Assets and liabilities and the relationship between the acquisition cost of shares and net expenses for the acquisition of shares at the beginning of consolidation were as follows:
EXPRESS Inc. (As of March 31, 2008)
Current assets ¥326 million
Fixed assets ¥353 million
Goodwill ¥353 million

Current liabilities ¥(151) million
Fixed liabilities ¥(530) million

Acquisition cost 351 million
Cash and cash equivalents ¥(304) million

Subtract: Net expenses for acquisition of shares
¥47 million
Shin-Nichi Technology Co., Ltd. (March 31, 2008)
Current assets ¥1,293 million
Fixed assets ¥51 million
Goodwill ¥26 million

Current liabilities ¥(766) million
Fixed liabilities ¥(3) million

Acquisition cost ¥600 million
Cash and cash equivalents ¥(13) million

Subtract: Net expenses for acquisition of shares
¥586 million
Vicious Cycle Software, Inc.
Current assets ¥126 million
Fixed assets ¥167 million
Goodwill ¥367 million

Current liabilities ¥(72) million

Acquisition cost ¥589 million
Cash and cash equivalents ¥(96) million
Other accounts payable concerning acquisition of shares ¥(223) million

Subtract: Net expenses for acquisition of shares
¥268 million</td></tr>
</table>

Stock Options

Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)

1. Outline, scale and variation of Stock Options

(1) Outline of Stock Options

	2003 Stock Options	2005 Stock Options
Issuer	The Company	The Company
Date of resolution	June 27, 2003	June 29, 2005
Scope and number of grantees	Directors and auditors of the Company: 7 Employees of the Company: 100	Directors of the Company: 1 Employees of the Company: 44
Number of Stock Options (Note)	Common stock: 6,810 shares	Common stock: 1,610 shares
Granting date	April 14, 2004	June 29, 2005
Right-ascertaining conditions	The grantee shall be a director, employee or auditor of the Company or its subsidiaries at the time he/she exercises the option, provided that the right can be exercised within one year after the date of such retirement or leaving in case there is a reason such as retirement due to expiration of the term of office or transfer to another company ordered by the Company or its subsidiaries that can be identified as reasonable by the Company.	Same as at left
Service period required for qualification	No provision that specifies the service period required for qualification	Same as at left
Exercise period of the options	From July 1, 2005 to June 30, 2008	From August 1, 2005 to June 30, 2008

	First 2000 Stock Options	Second 2000 Stock Options	2001 Stock Options
Issuer	D3 Inc.	D3 Inc.	D3 Inc.
Date of resolution	September 5, 2000	September 5, 2000	January 30, 2001
Scope and number of grantees	Directors of the Company: 3 Employees of the Company: 8	Outside cooperators: 12	Employees of the Company: 3
Number of Stock Options (Note)	Common stock: 102 shares	Common stock: 76 shares	Common stock: 28 shares
Granting date	September 22, 2000	September 22, 2000	January 31, 2001
Right-ascertaining conditions	No provision that specifies the right-ascertaining conditions	Same as at left	To continue to be in service until the time when he/she exercises the option.
Service period required for qualification	No provision that specifies the service period required for qualification	Same as at left	Same as at left
Exercise period of the options	From November 1, 2002 to September 28, 2007	From November 1, 2001 to September 28, 2007	From April 1, 2003 to September 28, 2007

	2003 Stock Options	2005 Stock Options	First 2006 Stock Options
Issuer	D3 Inc.	D3 Inc.	D3 Inc.
Date of resolution	January 30, 2003	January 28, 2005	January 27, 2006
Scope and number of grantees	Directors and auditors of the Company: 7 Directors of the Company's subsidiaries: 1 Employees of the Company: 18 Employees of the Company's subsidiaries: 4 Outside cooperators: 16	Directors and auditors of the Company: 8 Directors of the Company's subsidiaries: 1 Employees of the Company: 6 Employees of the Company's subsidiaries: 4	Directors of the Company: 6 Directors of the Company's subsidiaries: 1 Employees of the Company: 11 Employees of the Company's subsidiaries: 9
Number of Stock Options (Note)	Common stock: 594 shares	Common stock: 350 shares	Common stock: 500 shares
Granting date	March 3, 2003	September 14, 2005	March 15, 2006
Right-ascertaining conditions	The grantee shall continue to work as a director, employee or auditor of the Company or its subsidiaries until such time as he/she exercises the option. As for the outside cooperators, the grantee shall lose option rights if the corporation he/she serves at becomes a subsidiary or an affiliated company of another company that is competitive against the Company.	To continue to be in service until the time when he/she exercises the option.	Same as at left
Service period required for qualification	No provision that specifies the service period required for qualification	Same as at left	Same as at left
Exercise period of the options	From February 1, 2005 to January 29, 2010	From February 1, 2007 to January 31, 2012	From February 1, 2008 to January 31, 2013

	Second 2006 Stock Options	Third 2006 Stock Options	2005 Stock Options
Issuer	D3 Inc.	D3 Inc.	D3Publisher of America, Inc.
Date of resolution	June 22, 2006	June 22, 2006	October 31, 2005
Scope and number of grantees	Directors of the Company: 5	Directors of the Company's subsidiaries: 3 Employees of the Company: 3 Employees of the Company's subsidiaries: 17	Directors of the Company: 3 Directors of the Company's subsidiaries: 1 Employees of the Company: 2 Employees of the Company's subsidiaries: 9
Number of Stock Options (Note)	Common stock: 110 shares	Common stock: 280 shares	Common stock: 1,521,900 shares
Granting date	October 17, 2006	October 17, 2006	November 1, 2005
Right-ascertaining conditions	To continue to be in service until the time when he/she exercises the option.	Same as at left	Same as at left
Service period required for qualification	No provision that specifies the service period required for qualification	Same as at left	Same as at left
Exercise period of the options	From October 18, 2008 to October 17, 2013	From June 23, 2008 to May 31, 2013	From November 1, 2007 to October 31, 2013

Notes:
1. The number of Stock Options is stated in terms of the number of the subjected shares.
2. The Company conducted a two-for-one stock split as of September 3, 2004. The number of shares relating to the 2003 Stock Option is listed for the number of shares after adjusting the number of shares due to the stock split.
3. D3 Inc. conducted a two-for-one stock split as of October 18, 2002. The number of shares relating to the 2000 Stock Options and the 2001 Stock Option is respectively listed for the number of shares after adjusting the number of shares due to the stock split.

(2) Scale and variation of Stock Options

The number of Stock Options existing for the year ended March 31, 2007, is stated in terms of the number of subjected shares.

1) Number of Stock Options

	2003 Stock Options	2005 Stock Options
Issuer	The Company	The Company
Before ascertaining rights (shares)		
As of the balance sheet date of the previous fiscal year	—	—
Granting	—	—
Invalidation	—	—
Rights ascertained	—	—
Rights unascertained	—	—
After ascertaining rights (shares)		
As of the balance sheet date of the previous fiscal year	6,040	1,610
Rights ascertained	—	—
Exercise of the options	—	—
Invalidation	400	250
Rights unexercised	5,640	1,360

	First 2000 Stock Options	Second 2000 Stock Options	2001 Stock Options	2003 Stock Options	2005 Stock Options
Issuer	D3 Inc.	D3 Inc.	D3 Inc.	D3 Inc.	D3 Inc.
Before ascertaining rights (shares)					
As of the balance sheet date of the previous fiscal year	—	—	—	—	350
Granting	—	—	—	—	—
Invalidation	—	—	—	—	15
Rights ascertained	—	—	—	—	335
Rights unascertained	—	—	—	—	—
After ascertaining rights (shares)					
As of the balance sheet date of the previous fiscal year	22	68	18	467	—
Rights ascertained	—	—	—	—	335
Exercise of the options	—	—	—	6	—
Invalidation	—	—	—	—	—
Rights unexercised	22	68	18	461	335

	First 2006 Stock Options	Second 2006 Stock Options	Third 2006 Stock Options	2005 Stock Options
Issuer	D3 Inc.	D3 Inc.	D3 Inc.	D3Publisher of America, Inc.
Before ascertaining rights (shares)				
As of the balance sheet date of the previous fiscal year	500	—	—	1,527,900
Granting	—	280	110	—
Invalidation	32	—	—	6,000
Rights ascertained	—	—	—	—
Rights unascertained	468	280	110	1,521,900
After ascertaining rights (shares)				
As of the balance sheet date of the previous fiscal year	—	—	—	—
Rights ascertained	—	—	—	—
Exercise of the options	—	—	—	—
Invalidation	—	—	—	—
Rights unexercised	—	—	—	—

2) Information on the Unit Price

		2003 Stock Options	2005 Stock Options
Issuer		The Company	The Company
Option exercise price	(Yen)	760,000	760,000
Average stock price at the time of the exercise of the options	(Yen)	—	—
Fair unit price evaluated (on the granting date)	(Yen)	—	—

		First 2000 Stock Options	Second 2000 Stock Options	2001 Stock Options	2003 Stock Options
Issuer		D3 Inc.	D3 Inc.	D3 Inc.	D3 Inc.
Option exercise price	(Yen)	250,000	250,000	250,000	168,210
Average stock price at the time of the exercise of the options	(Yen)	—	—	—	258,000
Fair unit price evaluated (on the granting date)	(Yen)	—	—	—	—

		2005 Stock Options	First 2006 Stock Options	Second 2006 Stock Options	Third 2006 Stock Options
Issuer		D3 Inc.	D3 Inc.	D3 Inc.	D3 Inc.
Option exercise price	(Yen)	335,000	379,005	320,650	320,650
Average stock price at the time of the exercise of the options	(Yen)	—	—	—	—
Fair unit price evaluated (on the granting date)	(Yen)	—	—	123,564	119,064

		2005 Stock Options
Issuer		D3Publisher of America, Inc.
Option exercise price	(U.S.$)	0.10
Average stock price at the time of the exercise of the options	(U.S.$)	—
Fair unit price evaluated (on the granting date)	(U.S.$)	0.06

2. Method to Estimate the Fair Unit Price Evaluated for Stock Options

The estimation method of the fair unit price of the stock options granted during the fiscal year ended March 31, 2007, is as follows.

(1) Second 2006 Stock Options

1) Evaluation method used: the Black-Scholes model

2) Major basic values and method of estimate

Stock price volatility (Note) 1	57.4%
Estimated remaining period (Note) 2	4.5 years
Dividends estimated (Note) 3	¥600/share
No-risk interest rate (Note) 4	1.20%

Notes:
1. The stock price volatility was computed based on actual stock prices from April 15, 2002, to October 9, 2006.
2. Given the difficulty in making a reasonable estimate without the sufficient accumulation of data, the estimate was made based on the assumption that the stock options are exercised around the halfway point of the exercise period of the options.
3. The computation is based on actual dividends paid in October 2005.
4. The yield rate of government bonds during the estimated remaining period.

(2) Third 2006 Stock Options

1) Evaluation method used: the Black-Scholes model

2) Major basic values and method of estimate

Stock price volatility (Note) 1	57.7%
Estimated remaining period (Note) 2	4.2 years
Dividends estimated (Note) 3	¥600/share
No-risk interest rate (Note) 4	1.14%

Notes:
1. The stock price volatility was computed based on actual stock prices from August 19, 2002, to October 9, 2006.
2. Given the difficulty in making a reasonable estimate without the sufficient accumulation of data, the estimate was made based on the assumption that the stock options are exercised around the halfway point of the exercise period of the options.
3. The computation is based on actual dividends paid in October 2005.
4. The yield rate of government bonds during the estimated remaining period.

3. Method to estimate the number of rights for stock options ascertained

Because it is difficult to rationally estimate the number of rights that will become invalid in the future, we adopt a method to reflect only the number of rights actually invalidated.

4. Effects on consolidated financial statements

Stock compensation expense included in selling, general and administrative expenses: ¥15 million

Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)

1. Outline, scale and valuation of stock options

(1) Outline of Stock Options

	2003 Stock Options	2005 Stock Options
Issuer	The Company	The Company
Date of resolution	June 27, 2003	June 29, 2005
Scope and number of grantees	Directors and auditors of the Company: 7 Employees of the Company: 100	Directors of the Company: 1 Employees of the Company: 44
Number of Stock Options (Note)	Common stock: 6,810 shares	Common stock: 1,610 shares
Granting date	April 14, 2004	June 29, 2005
Right-ascertaining conditions	The grantee shall continue to work as an director, employee or auditor of the Company or its subsidiaries until such time as he/she exercises the option, provided that the right can be exercised within one year after the date of such retirement or leaving in case there is a reason such as retirement due to expiration of the term of office or transfer to another company ordered by the Company or its subsidiaries that can be identified as reasonable by the Company.	Same as at left
Service period required for qualification	No provision that specifies the service period required for qualification	Same as at left
Exercise period of the options	From July 1, 2005 to June 30, 2008	From August 1, 2005 to June 30, 2008

	First 2000 Stock Options	Second 2000 Stock Options	2001 Stock Options
Issuer	D3 Inc.	D3 Inc.	D3 Inc.
Date of resolution	September 5, 2000	September 5, 2000	January 30, 2001
Scope and number of grantees	Directors of the Company: 3 Employees of the Company: 8	Outside cooperators: 12	Employees of the Company: 3
Number of Stock Options (Note)	Common stock: 102 shares	Common stock: 76 shares	Common stock: 28 shares
Granting date	September 22, 2000	September 22, 2000	January 31, 2001
Right-ascertaining conditions	No provision that specifies the right-ascertaining conditions	Same as at left	To continue to be in service until the time when he/she exercises the option
Service period required for qualification	No provision that specifies the service period required for qualification	Same as at left	Same as at left
Exercise period of the options	From November 1, 2002, to September 28, 2007	From November 1, 2001, to September 28, 2007	From April 1, 2003, to September 28, 2007

	2003 Stock Options	2005 Stock Options	First 2006 Stock Options
Issuer	D3 Inc.	D3 Inc.	D3 Inc.
Date of resolution	January 30, 2003	January 28, 2005	January 27, 2006
Scope and number of grantees	Directors and auditors of the Company: 7 Directors of the Company's subsidiaries: 1 Employees of the Company: 18 Employees of the Company's subsidiaries: 4 Outside cooperators: 16	Directors and auditors of the Company: 8 Directors of the Company's subsidiaries: 1 Employees of the Company: 6 Employees of the Company's subsidiaries: 4	Directors of the Company: 6 Directors of the Company's subsidiaries: 1 Employees of the Company: 11 Employees of the Company's subsidiaries: 9
Number of Stock Options (Note)	Common stock: 594 shares	Common stock: 350 shares	Common stock: 500 shares
Granting date	March 3, 2003	September 14, 2005	March 15, 2006
Right-ascertaining conditions	The grantee shall continue to work as a director, employee or auditor of the Company or its subsidiaries until such time as he/she exercises the option. As for the outside cooperators, the grantee shall lose option rights if the corporation he/she serves at becomes a subsidiary or an affiliated company of another company that is competitive against the Company.	To continue to be in service until the time when he/she exercises the option	Same as at left
Service period required for qualification	No provision that specifies the service period required for qualification	Same as at left	Same as at left
Exercise period of the options	From February 1, 2005, to January 29, 2010	From February 1, 2007, to January 31, 2012	From February 1, 2008, to January 31, 2013

	Second 2006 Stock Options	Third 2006 Stock Options	First 2008 Stock Options
Issuer	D3 Inc.	D3 Inc.	D3 Inc.
Date of resolution	June 22, 2006	June 22, 2006	December18, 2007
Scope and number of grantees	Directors of the Company: 5	Directors of the Company's subsidiaries: 3 Employees of the Company: 3 Employees of the Company's subsidiaries: 17	Directors of the Company: 5
Number of Stock Options (Note)	Common stock: 110 shares	Common stock: 280 shares	Common stock: 120 shares
Granting date	October 17, 2006	October 17, 2006	January 7, 2008
Right-ascertaining conditions	To continue to be in service until the time when he/she exercises the option	Same as at left	Same as at left
Service period required for qualification	No provision that specifies the service period required for qualification	Same as at left	Same as at left
Exercise period of the options	From October 18, 2008, to October 17, 2013	From June 23, 2008, to May 31, 2013	From January 9, 2010, to January 8, 2015

	Second 2008 Stock Options	2005 Stock Options
Issuer	D3 Inc.	D3Publisher of America, Inc.
Date of resolution	December 18, 2007	October 31, 2005
Scope and number of grantees	Directors of the Company's subsidiaries: 3 Employees of the Company: 5 Employees of the Company's subsidiaries: 12	Directors of the Company: 3 Directors of the Company's subsidiaries: 1 Employees of the Company: 2 Employees of the Company's subsidiaries: 9
Number of Stock Options (Note)	Common stock: 225 shares	Common stock: 1,521,900 shares
Granting date	January 7, 2008	November 1, 2005
Right-ascertaining conditions	To continue to be in service until the time when he/she exercises the option	Same as at left
Service period required for qualification	No provision that specifies the service period required for qualification	Same as at left
Exercise period of the options	From June 22, 2009, to May 31, 2014	From November 1, 2007, to October 31, 2013

Notes: 1. The number of stock options is stated in terms of the number of the subjected shares.
2. The Company conducted a two-for-one stock split as of September 3, 2004. The number of shares relating to the 2003 Stock Option is listed for the number of shares after adjusting the number of shares due to the stock split.

3. D3 Inc. conducted a two-for-one stock split as of October 18, 2002. The number of shares relating to the 2000 Stock Options and the 2001 Stock Option is respectively listed for the number of shares after adjusting the number of shares due to the stock split.

(2) Scale and valuation of Stock Options

The number of stock options existing for the year ended March 31, 2008, is stated in terms of the number of subjected shares.

1) Number of Stock Options

	2003 Stock Options	2005 Stock Options
Issuer	The Company	The Company
Before ascertaining rights (shares)		
As of the balance sheet date of the previous fiscal year	—	—
Granting	—	—
Invalidation	—	—
Rights ascertained	—	—
Rights unascertained	—	—
After ascertaining rights (shares)		
As of the balance sheet date of the previous fiscal year	5,640	1,360
Rights ascertained	—	—
Exercise of the options	—	—
Invalidation	680	610
Rights unexercised	4,960	750

	First 2000 Stock Options	Second 2000 Stock Options	2001 Stock Options	2003 Stock Options	2005 Stock Options
Issuer	D3 Inc.	D3 Inc.	D3 Inc.	D3 Inc.	D3 Inc.
Before ascertaining rights (shares)					
As of the balance sheet date of the previous fiscal year	—	—	—	—	—
Granting	—	—	—	—	—
Invalidation	—	—	—	—	—
Rights ascertained	—	—	—	—	—
Rights unascertained	—	—	—	—	—
After ascertaining rights (shares)					
As of the balance sheet date of the previous fiscal year	22	68	18	461	335
Rights ascertained	—	—	—	—	—
Exercise of the options	13	—	18	—	—
Invalidation	9	68	—	—	44
Rights unexercised	—	—	—	461	291

	First 2006 Stock Options	Second 2006 Stock Options	Third 2006 Stock Options	First 2008 Stock Options	Second 2008 Stock Options
Issuer	D3 Inc.	D3 Inc.	D3 Inc.	D3 Inc.	D3 Inc.
Before ascertaining rights (shares)					
As of the balance sheet date of the previous fiscal year	468	280	110	—	—
Granting	—	—	—	120	225
Invalidation	70	49	—	—	—
Rights ascertained	398	—	—	—	—
Rights unascertained	—	231	110	120	225
After ascertaining rights (shares)					
As of the balance sheet date of the previous fiscal year	—	—	—	—	—
Rights ascertained	398	—	—	—	—
Exercise of the options	—	—	—	—	—
Invalidation	—	—	—	—	—
Rights unexercised	398	—	—	—	—

	2005 Stock Options
Issuer	D3Publisher of America, Inc.
Before ascertaining rights (shares)	
As of the balance sheet date of the previous fiscal year	1,521,900
Granting	—
Invalidation	309,900
Rights ascertained	1,212,000
Rights unascertained	—
After ascertaining rights (shares)	
As of the balance sheet date of the previous fiscal year	—
Rights ascertained	1,212,000
Exercise of the options	—
Invalidation	—
Rights unexercised	1,212,000

2) Information on the Unit Price

		2003 Stock Options	2005 Stock Options
Issuer		The Company	The Company
Option exercise price	(Yen)	760,000	760,000
Average stock price at the time of the exercise of the options	(Yen)	—	—
Fair unit price evaluated (on the granting date)	(Yen)	—	—

		First 2000 Stock Options	Second 2000 Stock Options	2001 Stock Options	2003 Stock Options
Issuer		D3 Inc.	D3 Inc.	D3 Inc.	D3 Inc.
Option exercise price	(Yen)	250,000	250,000	250,000	168,210
Average stock price at the time of the exercise of the options	(Yen)	306,000	—	291,000	—
Fair unit price evaluated (on the granting date)	(Yen)	—	—	—	—

		2005 Stock Options	First 2006 Stock Options	Second 2006 Stock Options	Third 2006 Stock Options
Issuer		D3 Inc.	D3 Inc.	D3 Inc.	D3 Inc.
Option exercise price	(Yen)	335,000	379,005	320,650	320,650
Average stock price at the time of the exercise of the options	(Yen)	—	—	—	—
Fair unit price evaluated (on the granting date)	(Yen)	—	—	123,564	119,064

		First 2008 Stock Options	Second 2008 Stock Options
Issuer		D3 Inc.	D3 Inc.
Option exercise price	(Yen)	268,635	268,635
Average stock price at the time of the exercise of the options	(Yen)	—	—
Fair unit price evaluated (on the granting date)	(Yen)	111,073	97,704

		2005 Stock Options
Issuer		D3Publisher of America, Inc.
Option exercise price	(U.S.$)	0.10
Average stock price at the time of the exercise of the options	(U.S.$)	—
Fair unit price evaluated (on the granting date)	(U.S.$)	0.06

2. Method to Estimate the Fair Unit Price Evaluated for Stock Options

The estimation method of the fair unit price of the stock options granted during the fiscal year ended March 31, 2008, is as follows.

(1) First 2008 Stock Options

1) Evaluation method used: the Black-Scholes model

2) Major basic values and method of estimate:

Stock price volatility (Note) 1	56.56%
Estimated remaining period (Note) 2	4.51 years
Dividends estimated (Note) 3	¥600/share
No-risk interest rate (Note) 4	0.92%

Notes:
1. The stock price volatility was computed based on actual stock prices from July 6, 2003, to January 7, 2008.
2. Given the difficulty in making a reasonable estimate without the sufficient accumulation of data, the estimate was made based on the assumption that the stock options are exercised around the halfway point of the exercise period of the options.
3. The computation is based on actual dividends paid from January 1, 2007, to December 31, 2007.
4. The yield rate of government bonds during the estimated remaining period.

(2) Second 2008 Stock Options

1) Evaluation method used: the Black-Scholes model

2) Major basic values and method of estimate:

Stock price volatility (Note) 1	52.97%
Estimated remaining period (Note) 2	3.93 years
Dividends estimated (Note) 3	¥600/share
No-risk interest rate (Note) 4	0.862%

Notes:
1. The stock price volatility was computed based on actual stock prices from February 3, 2004, to January 7, 2008.
2. Given the difficulty in making a reasonable estimate without the sufficient accumulation of data, the estimate was made based on the assumption that the stock options are exercised around the halfway point of the exercise period of the options.
3. The computation is based on actual dividends paid from January 1, 2007, to December 31, 2007.
4. The yield rate of government bonds during the estimated remaining period.

3. Method to estimate the number of rights for stock options ascertained

Because it is difficult to rationally estimate the number of rights that will become invalid in the future, we adopt a method to reflect only the number of rights actually invalidated.

4. Effects on consolidated financial statements

Stock compensation expense included in selling, general and administrative expenses:	¥30 million
Gain on reversal of stock acquisition rights	¥2 million

Business Combinations

None applicable

Leases

Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)

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

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

(Unit: Million yen)

	Acquisition cost	Accumulated depreciation	Net book value
Vehicles	18	3	15
Tools, furniture and fixtures	27	16	11
Software	38	16	22
Total	84	35	49

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

(2) Future minimum lease payments

Due within 1 year	¥18 million
Due after 1 year	¥31 million
Total	¥49 million

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

(3) Lease payments and depreciation

Lease payments	¥27 million
Depreciation	¥27 million

(4) Calculation method for depreciation

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

2 Operating lease transactions

Due within 1 year	¥1 million
Due after 1 year	¥1 million
Total	¥2 million

Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)

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

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

(Unit: Million yen)

	acquisition cost	Accumulated depreciation	Net book value
Vehicles	15	5	10
Tools, furniture and fixtures	15	8	6
Software	38	23	14
Total	70	38	31

Same as at left

(2) Future minimum lease payments

Due within 1 year	¥15 million
Due after 1 year	¥15 million
Total	¥31 million

Same as at left

(3) Lease payments and depreciation

Lease payments	¥20 million
Depreciation	¥20 million

(4) Calculation method for depreciation

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

2 Operating lease transactions

Due within 1 year	¥1 million
Due after 1 year	¥0 million
Total	¥1 million

Marketable Securities

1. Held-to-maturity bonds with market prices

(Unit: Million yen)

Category	Fiscal year ended March 31, 2007 (As of March 31, 2007)			Fiscal year ended March 31, 2008 (As of March 31, 2008)		
	Carrying value on consolidated balance sheets	Fair value	Difference	Carrying value on consolidated balance sheets	Fair value	Difference
Bonds with a fair value that exceeds the carrying value on the consolidated balance sheets	200	200	0	—	—	—
Bonds with a fair value that does not exceed the carrying value on the consolidated balance sheets	600	557	(42)	400	305	(94)
Total	800	758	(41)	400	305	(94)

2. Other securities with market prices

(Unit: Million yen)

Category	Fiscal year ended March 31, 2007 (As of March 31, 2007)			Fiscal year ended March 31, 2008 (As of March 31, 2008)		
	Acquisition cost	Carrying value on consolidated balance sheets	Difference	Acquisition cost	Carrying value on consolidated balance sheets	Difference
Securities whose carrying value exceeds their acquisition cost						
1 Shares	773	1,150	377	11	91	79
2 Bonds	157	158	1	—	—	—
3 Other	—	—	—	—	—	—
Subtotal	930	1,309	378	11	91	79
Securities whose carrying value does not exceed their acquisition cost						
1 Shares	59	43	(16)	6,693	6,269	(423)
2 Bonds	—	—	—	457	246	(211)
3 Other	—	—	—	—	—	—
Subtotal	59	43	(16)	7,151	6,515	(635)
Total	990	1,352	362	7,163	6,607	(555)

3. Other securities sold during the fiscal year

(Unit: Million yen)

Category	Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)
Proceeds from sales	—	0
Gains on sales	—	—
Losses on sales	—	0

4. Principal holdings of securities not valued at fair value

(Unit: Million yen)

Category	Fiscal year ended March 31, 2007 (As of March 31, 2007)	Fiscal year ended March 31, 2008 (As of March 31, 2008)
	Carrying value on consolidated balance sheets	Carrying value on consolidated balance sheets
1. Shares of subsidiaries and affiliates		
Shares of subsidiaries	16	10
Shares of affiliates	3,844	4,437
2. Other marketable securities		
Unlisted securities (excluding shares traded over the counter)	122	445
Unlisted bonds	—	500
Others	81	811

5. Redemption schedule of other securities with maturities and bonds classified as held-to-maturity

Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)

(Unit: Million yen)

	1 year or less	1 to 5 years	5 to 10 years	Over 10 years
1. Bonds				
Japanese government and local government bonds	—	—	—	—
Japanese corporate bonds	—	—	—	—
Others	—	—	—	958
2. Others	—	—	—	—
Total	—	—	—	958

Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)

(Unit: Million yen)

	1 year or less	1 to 5 years	5 to 10 years	Over 10 years
1. Bonds				
Japanese government and local government bonds	—	—	—	—
Japanese corporate bonds	—	—	—	—
Others	—	86	—	560
2. Others	—	—	—	—
Total	—	86	—	560

Derivatives

1. Matters relating to transaction status

Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)
(1) Description of transactions Derivative transactions entered into by some of the consolidated subsidiaries are interest rate swaps.	(1) Description of transactions Same as at left
(2) Policy for transactions Derivative transactions entered into by some of the consolidated subsidiaries are aimed at reducing the risks from interest rate fluctuations, and it is our policy that they are not for speculative purposes.	(2) Policy for transactions Same as at left
(3) Purposes of transactions Derivative transactions entered into by some of the consolidated subsidiaries are aimed at reducing their exposure to interest rate fluctuations on borrowings. Hedge accounting is carried out using derivative transactions. Method for hedge accounting Special accounting methods are adopted for interest rate swaps that satisfy the requirements for hedge accounting. Method and scope of hedging Hedging method: Interest rate swap transactions Scope of hedging: Interest on borrowings Hedge policy At some of the consolidated subsidiaries, a hedge policy is implemented to mitigate the interest rate risks and improve the financial account balance, and hedging is carried out within the scope of the relevant debt. Method for assessing hedging effectiveness As the interest rate swap transactions are deemed to come under the requirements for special accounting methods, those requirements become the criteria for assessing the hedging as effective.	(3) Purposes of transactions Same as at left
(4) Details of risk relating to transactions Interest rate swap transactions entered into by some of the consolidated subsidiaries have risks from fluctuations in the market interest rates.	(4) Details of risk relating to transactions Same as at left

(5) Risk management system relating to transactions The management division bears the responsibility for concluding contracts relating to hedge accounting at some of the consolidated subsidiaries. There are no particular stipulations relating to such transactions, but these are controlled in accordance with the office regulations concerning authority. (6) Supplementary explanation on matters relating to market value of transactions All derivative transactions entered into by some of the consolidated subsidiaries are subject to hedge accounting, thus a supplementary explanation has been omitted.	(5) Risk management system relating to transactions Same as at left (6) Supplementary explanation on matters relating to market value of transactions All interest rate swap transactions entered into by some of the consolidated subsidiaries are subject to hedge accounting, thus a supplementary explanation has been omitted.

2. Matters concerning fair value of transactions

<table>
<tr><th>Fiscal year ended March 31, 2007
(April 1, 2006–March 31, 2007)</th><th>Fiscal year ended March 31, 2008
(April 1, 2007–March 31, 2008)</th></tr>
<tr><td>—</td><td>Details of derivative transactions are as follows:
(Unit: Million yen)
<table>
<tr><th>Type</th><th>Contract amount</th><th>Contract more than 1 year</th><th>Fair value</th><th>Valuation gain and loss</th></tr>
<tr><td>Transactions other than market transactions
Complex financial products</td><td>457</td><td>457</td><td>246</td><td>(211)</td></tr>
<tr><td>Total</td><td>457</td><td>457</td><td>246</td><td>(211)</td></tr>
</table>
Notes: 1. Fair values were presented by financial institutions with which we do transactions.
2. Because fair values for embedded derivatives cannot rationally be categorized and measured, the complex financial products themselves are evaluated at fair value, with the valuation difference recorded as a gain or a loss.
3. Book values of the complex financial products at the beginning of the year are indicated as contract amounts.</td></tr>
</table>

Tax-Effect Accounting

Fiscal year ended March 31, 2007 (As of March 31, 2007)		Fiscal year ended March 31, 2008 (As of March 31, 2008)	
1. Main components of deferred tax assets and liabilities are summarized as follows:		1. Main components of deferred tax assets are summarized as follows:	
(Deferred tax assets)	Million yen	(Deferred tax assets)	Million yen
Unrecognized sales discounts	215	Unrecognized accrued enterprise taxes	273
Unrecognized accrued enterprise taxes	175	Excess reserve for retirement benefit	86
Excess reserve for retirement benefit	79	Excess allowance for doubtful accounts	109
Excess allowance for doubtful accounts	127	Excess reserve for accrued bonuses	71
Excess reserve for accrued bonuses	10	Operating loss carry forwards for subsidiaries	1,696
Operating loss carryforwards for subsidiaries	1,665	Excess amortization of royalty	185
Unrecognized excess depreciation of software	98	Unrecognized excess depreciation of content	1,331
Excess amortization of royalty	128	Unrecognized valuation loss on merchandise	183
Unrecognized valuation loss on merchandising rights advances	229	Unrecognized impairment loss	148
Unrecognized excess depreciation of content	532	Addition of net sales and accounts receivable—trade	167
Unrecognized valuation loss on merchandise	266	Unrecognized valuation loss on merchandising rights	261
Others	325	Net unrealized holding gain on available-for-sale securities	126
Subtotal deferred tax assets	3,854	Others	512
Valuation allowance	(1,825)	Subtotal deferred tax assets	5,154
Total deferred tax assets	2,028	Valuation allowance	(2,092)
		Total deferred tax assets	3,062
(Deferred tax liabilities)			
Unrealized holding gains (losses) on available-for-sale securities	(147)		
Total deferred tax liabilities	(147)		
Net deferred tax assets	1,880		
2. Breakdown of main items causing differences between the statutory tax rate and the effective rate for income taxes after applying deferred tax accounting		2. Breakdown of main items causing differences between the statutory tax rate and the effective rate for income taxes after applying deferred tax accounting	
	(%)		(%)
Statutory tax rate	40.7	Statutory tax rate	40.7
(Adjustments)		(Adjustments)	
Accumulated earnings tax	0.4	Per capita levy of local resident income tax	0.4
Per capita levy of local resident income tax	0.5	Entertainment expenses not deductible for tax purposes	1.4
Entertainment expenses not deductible for tax purposes	4.9	Non-taxable dividend income	(0.2)
Non-taxable dividend income	(0.3)	Equity method investment gain/loss	2.2
Tax-rate difference arising from losses at consolidated subsidiaries	6.2	Amortization of goodwill	1.3
Others	1.5	Impairment loss on goodwill	2.8
Effective income tax rate after application of deferred tax accounting	53.9	Others	(0.1)
		Effective income tax rate after application of deferred tax accounting	48.5

Retirement Benefits

Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)
1. Outline of retirement benefit system adopted The Company and certain domestic consolidated subsidiaries have adopted a defined benefit plan consisting of a lump-sum retirement payment. Certain overseas consolidated subsidiaries have adopted defined contribution plans.	1. Outline of retirement benefit system adopted Same as at left
2. Details of retirement benefit obligations — Unit: Million yen Projected benefit obligations (218) Unrecognized net actuarial loss 23 Retirement benefit provisions (195)	2. Details of retirement benefit obligations — Unit: Million yen Projected benefit obligations (247) Unrecognized net actuarial loss 36 Retirement benefit provisions (211)
Note Certain domestic consolidated subsidiaries use the simplified method for the computation of retirement benefit obligations.	Note Certain domestic consolidated subsidiaries use the simplified method for the computation of retirement benefit obligations.
Unit: Million yen 3. Details of retirement benefit expenses Retirement benefit expenses Service cost 35 Interest cost 2 Amortization of net actuarial loss 1 Others 11 51	Unit: Million yen 3. Details of retirement benefit expenses Retirement benefit expenses Service cost 59 Interest cost 4 Amortization of net actuarial loss 6 71
Note 1. The retirement benefits expenses of consolidated subsidiaries using the simplified method are stated in “Service cost.” 2. “Others” indicates the amount of premium payments to defined contribution pensions.	Note 1. The retirement benefits expenses of consolidated subsidiaries using the simplified method are stated in “Service cost.” 2. “Others” indicates the amount of premium payments to defined contribution pensions.
4. Basis for calculation of retirement benefit obligation Discount rate 2.0 % Periodic allocation method for projected benefits: Straight-line standard Years over which actuarial gains or losses are amortized: Five years from the fiscal year after the year of occurrence	4. Basis for calculation of retirement benefit obligation Discount rate 2.0 % Periodic allocation method for projected benefits: Straight-line standard Years over which actuarial gains or losses are amortized: Five years from the fiscal year after the year of occurrence

Segment Information

1. Segment information by business category

Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)

(Unit: Million yen)

	PS Field	Game Field	Other Field	Total	Elimination or incorporation	Consolidated
I. Net Sales and Operating Income or Loss						
Net Sales:						
(1) Sales to third parties	71,064	9,847	4,409	85,321	—	85,321
(2) Inter-group sales or transfers	242	99	1,112	1,453	(1,453)	—
Total	71,306	9,946	5,521	86,774	(1,453)	85,321
Operating expenses	62,233	9,726	6,034	77,994	(1,618)	76,376
Operating income (loss)	9,073	220	(513)	8,780	164	8,944
II. Assets, depreciation and capital expenditure						
Assets	53,218	9,264	4,922	67,405	(1,323)	66,081
Depreciation and amortization	512	47	192	752	(4)	747
Impairment losses	6	—	208	214	—	214
Capital expenditure	4,051	95	181	4,328	(7)	4,320

Notes:

1. Based on the proximity of services or others provided, the Fields Corporation's businesses are segmented into PS Field, Game Field and Other Field.
2. The major products or services in each segment are as follows:
   (1) PS Field: Purchasing, sales, planning and development of pachinko/pachislot machines and related services
   (2) Game Field: Planning, development and sales of packaged software, such as game software
   (3) Other Field: Sports management and others
3. All operating expenses are allocated to individual segments, and thus none remain unallocated.
4. All assets are allocated to individual segments, and thus there are no assets that are regarded as being corporate assets.
5. As stated in the "Basis of Presentation of the Consolidated Financial Statements; 4. Accounting standards; (4) Accounting standards for important reserves (3) Accrued bonuses to directors and auditors (Change in Accounting Principle)," effective from the current fiscal year, the Company has adopted the ASBJ Statement No. 4, "Accounting Standard for Directors' Bonuses," issued on November 29, 2005. As a result, operating expenses in the PS Field for the year under review increased ¥98 million and operating income decreased by the same amount for the current fiscal year ended March 31, 2007, compared with the previous accounting method.
6. As stated in the "Change in the Basis of Presentation of the Consolidated Financial Statements," effective from the current fiscal year, the Company has adopted the Accounting Standards for Share-Based Payment (ASBJ Statement No. 8 issued by the ASBJ on December 27, 2005) and the "Implementation Guidance on Accounting Standard for Share-Based Payment" (ASBJ Implementation Guidance No. 11 issued by the ASBJ on May 31, 2006).
   As a result, operating expenses in the Game Field increased ¥15 million and operating income decreased by the same amount for the current fiscal year ended March 31, 2007, compared with the previous accounting method.

Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)

(Unit: Million yen)

	PS Field	Game Field	Other Field	Total	Elimination or incorporation	Consolidated
I. Net Sales and Operating Income or Loss						
Net Sales:						
(1) Sales to third parties	82,449	14,261	5,107	101,818	—	101,818
(2) Inter-group sales or transfers	313	267	812	1,393	(1,393)	—
Total	82,763	14,528	5,919	103,212	(1,393)	101,818
Operating expenses	70,016	13,576	6,436	90,029	(1,369)	88,660
Operating income (loss)	12,747	952	(516)	13,182	(24)	13,158
II. Assets, depreciation and capital expenditure						
Assets	55,239	14,148	5,350	74,737	(5,569)	69,168
Depreciation and amortization	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

Notes:
1. Based on the proximity of services or others provided, the Fields Corporation's businesses are segmented into PS Field, Game Field and Other Field.
2. The major products or services in each segment are as follows:
   (1) PS Field: Purchasing, sales, planning and development of pachinko/pachislot machines and related services
   (2) Game Field: Planning, development and sales of packaged software, such as game software
   (3) Other Field: Sports management and others
3. All operating expenses are allocated to individual segments, and thus none remain unallocated.
4. All assets are allocated to individual segments, and thus there are no assets that are regarded as being corporate assets.
5. As indicated in the "Basis of Presentation of the Consolidated Financial Statements (Change in the method of depreciation of tangible fixed assets)," at Field Corporation and its domestic consolidated subsidiaries, pursuant to the revisions to the Corporate Tax Law (the Partial Revision to the Corporate Tax Law, the 6th Law enacted on March 30, 2007, and the Ordinance for Partial Revision to the Cabinet Order Related to the Corporate Tax Law, the 83rd Ordinance on March 30, 2007), changed the method of depreciation of tangible fixed assets and now uses a method based on the revised Corporate Tax Law with regard to those assets acquired on and after April 1, 2007. Due to this change, operating expenses in the PS Field, the Game Field and the Other Field increased ¥38 million, ¥1 million and ¥1 million, respectively, and operating income decreased by the corresponding amounts, compared with the previous accounting method.
6. Although Lucent Pictures Entertainment, Inc. had been included in the PS Field, since the year ended March 31, 2008, the company has been included in the Other Field because its principle business purposes shifted from the planning and development of graphic content software in the PS Field to the planning and production of animation since the second half of the year under review. The impact of this change on the segment information is immaterial.

2. Segment information by region

Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)
Since Japan accounts for more than 90% of total sales and of total assets in all segments, the Company does not disclose segment information by region.

Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)
Since Japan accounts for more than 90% of total sales and of total assets in all segments, the Company does not disclose segment information by region.

3. Overseas sales

Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)
Since overseas sales account for less than 10% of consolidated net sales, the Company does not disclose overseas sales.

Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)
Since overseas sales account for less than 10% of consolidated net sales, the Company does not disclose overseas sales.

Transactions with Related Parties

Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)

1. Subsidiaries, etc.

(Unit: Million yen)

Attribute	Company name	Location	Capital stock or equity capital	Business or occupation	Holding ratio of voting rights	Relationship	
						Officer's post concurrently held	Business relationship
Affiliate	Rodeo Co., Ltd.	Toshima-ku Tokyo	100	Development and manufacture of pachinko/ pachislot machines	Direct holding: 35.0%	—	Development and manufacture of pachinko/ pachislot machines

Attribute	Transaction details	Transaction amount	Account item	Balance at year-end
Affiliate	Purchase of machines (Note 1, 2)	12,447	Accounts payable—trade	3,403
	Purchase discounts	197	—	—

Notes: 1. The above transaction amounts are net of consumption tax, but the balance at year-end is inclusive of consumption tax.

2. Transaction conditions and the policies for determining those conditions

(1) For the purchase of machines, transaction conditions are determined in the same manner as general terms and conditions.

Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)

1. Subsidiaries, etc.

(Unit: Million yen)

Attribute	Company name	Location	Capital stock or equity capital	Business or occupation	Holding ratio of voting rights
Subsidiary	EXPRESS Inc.	Fukuoka-shi, Fukuoka	300	Management of sports gyms	Direct holding 90.0%
Affiliate	Rodeo Co., Ltd.	Toshima-ku, Tokyo	100	Development and manufacture of pachinko/pachislot machines	Direct holding 35.0%
Company in which its major corporate shareholder holds more than half the total voting rights (including the case that such company is a subsidiary of the shareholder)	Bisty Co., Ltd. (Note 6)	Shibuya-ku, Tokyo	500	Development and manufacture of pachinko/pachislot machines	—

Attribute	Relationship		Transaction details	Transaction amount	Account item	Balance at year-end
	Officer's post Concurrently held	Business relationship				
Subsidiary	2	Fund aid	Loaning fund (Note 2)	717	—	—
			Collection of funds	187	(Note 4)	
Affiliate	—	Development and manufacture of pachinko/ pachislot machines	Purchase of pachinko/pachislot machines (Note1, 3)	20,865	Accounts receivable—trade	3,000
			Purchase discounts	103		
Company in which its major corporate shareholder holds more than half the total voting rights (including the case that such company is a subsidiary of the shareholder)	—	Development and manufacture of pachinko/ pachislot machines	Commission revenue from agency sale of machines (Note1, 5)	5,393	Accounts payable—trade	2,172
			Sale of sublicensing copyrights (Note1, 5)	521	Advances received	470

Transaction conditions and the policies for determining those conditions

Notes:
1. The above transaction amounts are net of consumption tax, but the balance at year-end is inclusive of consumption tax.
2. The conditions for providing loans are determined rationally, taking into account market interest rates.
3. For the purchase of machines, transaction conditions are determined in the same manner as general terms and conditions.
4. Because EXPRESS Inc. determined that its acquisition date would be March 31, 2008, only its Balance Sheets are on a consolidated basis. The transaction amounts in the above table are those until March 31, 2008. The balance at year-end has no indication because this item is offset and cleared on a consolidated basis.
5. For commission revenue from the agency sale of machines and sales of sublicensing copyrights, transaction conditions are determined in the same manner as general terms and conditions.
6. SANKYO CO., LTD., which is the Company's major shareholder, directly holds all the voting rights of Bisty Co., Ltd.

Per-Share Data

Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)
Net assets per share ¥118,487.37 Net income per share ¥10,692.29 Since no dilutive latent shares exist, diluted net income per share is not stated.	Net assets per share ¥128,201.49 Net income per share ¥15,263.76 Since no dilutive latent shares exist, diluted net income per share is not stated.

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

	Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)
Net income (Million yen)	3,710	5,296
Amount not allocable to common shares	—	—
Net income allocable to common shares (Million yen)	3,710	5,296
Average number of shares of common stock outstanding (shares)	347,000	347,000
Outline of latent shares not reflected in the calculation of diluted net income per share since they have no dilutive effect	2 types of stock acquisition rights: (Number of the first stock acquisition rights: 564 Number of the second stock acquisition rights: 1,360)	2 types of stock acquisition rights: (Number of the first stock acquisition rights: 496 Number of the second stock acquisition rights: 750)

Significant Subsequent Events

Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)
――――――	――――――

Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Unit: Million yen)

Item / Period		Fiscal year ended March 31, 2007 (As of March 31, 2007)			Fiscal year ended March 31, 2008 (As of March 31, 2008)			Year-on-year change (decrease)
		Amount		% total	Amount		% total	Amount
(Assets)								
I Current assets								
1. Cash and cash equivalents			14,083			8,568		(5,515)
2. Notes receivable—trade	*3		3,346			1,881		(1,465)
3. Accounts receivable—trade	*1		13,152			5,366		(7,785)
4. Merchandise			344			65		(279)
5. Supplies			13			6		(6)
6. Advances			6			251		244
7. Merchandising rights advances	*1		2,626			4,475		1,848
8. Prepaid expenses	*1		275			652		377
9. Deferred tax assets			889			1,077		187
10. Short-term loans	*1		—			3,409		3,049
11. Other accounts receivable	*1		18			47		29
12. Advance payments	*1		117			109		(7)
13. Notes held			149			229		80
14. Non-operating notes receivable	*3		676			520		(156)
15. Other current assets	*1		601			139		(462)
16. Allowance for doubtful accounts			(50)			(63)		(12)
Total current assets			36,253	63.0		26,737	45.6	(9,515)
II Fixed assets								
1. Tangible fixed assets								
(1) Buildings		3,317			3,180			
Accumulated depreciation		(538)	2,778		(649)	2,530		(248)
(2) Structures		63			61			
Accumulated depreciation		(30)	32		(35)	25		(7)
(3) Vehicles		27			26			
Accumulated depreciation		(10)	17		(14)	11		(5)
(4) Tools, furniture and fixtures		1,305			1,782			
Accumulated depreciation		(681)	623		(894)	888		264
(5) Land			1,760			3,699		1,939
(6) Construction in progress			32			188		156
Total tangible fixed assets			5,245	9.1		7,344	12.5	2,099
2. Intangible fixed assets								
(1) Software			370			2,244		1,873
(2) Software under development			2,155			345		(1,810)
(3) Telephone subscription rights			18			18		—
(4) Other intangible fixed assets			31			44		12
Total intangible fixed assets			2,576	4.5		2,652	4.5	75
3. Investments and other assets								
(1) Investment securities			2,351			8,350		5,998
(2) Investments in subsidiaries and affiliates			7,876			6,903		(972)
(3) Equity investment			213			77		(135)
(4) Equity investments in subsidiaries and affiliates			—			313		313

Item \ Period	Fiscal year ended March 31, 2007 (As of March 31, 2007)			Fiscal year ended March 31, 2008 (As of March 31, 2008)			Year-on-year change (Decrease)
	Amount		% total	Amount		% total	Amount
(5) Long-term loans		102			102		(0)
(6) Long-term loans receivable from shareholders, directors or employees		0			0		0
(7) Long-term loans receivable from subsidiaries and affiliates		625			2,492		1,866
(8) Claims in bankruptcy		257			338		81
(9) Long-term prepaid expenses		16			53		37
(10) Deferred tax assets		365			2,265		1,900
(11) Deposits and guarantees *1		2,078			2,416		337
(12) Other assets		86			77		(8)
(13) Allowance for doubtful accounts		(539)			(1,503)		(964)
Total investments and other assets		13,434	23.4		21,888	37.4	8,454
Total fixed assets		21,256	37.0		31,885	54.4	10,629
Total Assets		57,509	100.0		58,622	100.0	1,113

(Unit: Million yen)

Item / Period	Fiscal year ended March 31, 2007 (As of March 31, 2007)			Fiscal year ended March 31, 2008 (As of March 31, 2008)			Year-on-year change (decrease)
	Amount		% total	Amount		% total	Amount
(Liabilities)							
I Current liabilities							
1. Accounts payable—trade *1		8,199			4,765		(3,433)
2. Other accounts payable		1,419			1,394		(24)
3. Accrued expenses		9			21		11
4. Accrued income taxes		1,242			2,929		1,687
5. Accrued consumption taxes		67			199		132
6. Advances received		680			480		(199)
7. Deposits held		1,000			660		(340)
8. Accrued bonuses		25			145		120
9. Accrued bonuses to directors and auditors		98			128		30
10. Reserve for losses on guarantee liability *2		—			830		830
11. Allowance for losses on relocation of offices		—			32		32
12. Other current liabilities		15			26		10
Total current liabilities		12,758	22.2		11,614	19.8	(1,143)
II Fixed liabilities							
1. Retirement benefit provisions		173			180		6
2. Guaranty deposits received		2,575			2,459		(116)
Total fixed liabilities		2,749	4.8		2,640	4.5	(109)
Total liabilities		15,507	27.0		14,255	24.3	(1,252)
(Net assets)							
I Shareholders' equity							
1. Common stock		7,948	13.8		7,948	13.6	—
2. Capital surplus							
(1) Additional paid-in capital	7,994			7,994			
Total capital surplus		7,994	13.9		7,994	13.6	—
3. Retained earnings							
(1) Legal reserve	9			9			
(2) Other retained earnings							
General reserve	20,000			20,000			
Retained earnings carried forward	5,834			8,600			
Total retained earnings		25,843	44.9		28,609	48.8	2,765
Total shareholders' equity		41,786	72.6		44,552	76.0	2,765
II Valuation and translation differences							
1. Unrealized holding gain on available-for-sale securities		214			(184)		
Total valuation and translation differences		214	0.4		(184)	(0.3)	(399)
Total net assets		42,001	73.0		44,367	75.7	2,366
Total Liabilities and Net Assets		57,509	100.0		58,622	100.0	1,113

(2) Non-Consolidated Statements of Income

(Unit: Million yen)

Item \ Period	Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)			Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)			Year-on-year change (decrease)
	Amount		% sales	Amount		% sales	Amount
I Net sales		71,314	100.0		82,758	100.0	11,443
II Cost of sales *1		46,164	64.7		54,270	65.6	8,106
Gross profit		25,150	35.3		28,488	34.4	3,337
III Selling, general and administrative expenses							
1. Advertising expenditures	4,439			2,592			
2. Remuneration of directors and auditors	313			353			
3. Salaries and allowances	4,228			4,149			
4. Bonuses	48			37			
5. Provision for accrued bonuses	25			145			
6. Provision for accrued bonuses to directors and auditors	98			128			
7. Legal welfare expenses	523			520			
8. Other welfare expenses	30			203			
9. Outsourcing expenses	1,051			1,716			
10. Travel and transport expenses	428			429			
11. Depreciation and amortization	527			865			
12. Rents	1,049			1,218			
13. Recruitment and training expenses	332			247			
14. Provision to allowance for doubtful accounts	71			115			
15. Retirement benefit expenses	37			52			
16. Others	2,944	16,150	22.7	3,078	15,854	19.1	(296)
Operating income		8,999	12.6		12,634	15.3	3,634
IV Non-operating income							
1. Interest income *1	24			47			
2. Interest on securities	37			27			
3. Dividend income *1	77			53			
4. Discounts on purchases *1	215			103			
5. Lease income	5			3			
6. Others *1	46	407	0.6	90	326	0.4	(80)
V Non-operating expenses							
1. Amortization of equity investment	7			243			
2. Depreciation and amortization	3			3			
3. Loss on management of investment securities	—			217			
4. Others	2	13	0.0	33	497	0.6	483
Ordinary income		9,393	13.2		12,463	15.1	3,069
VI Extraordinary income							
1. Gain on sale of fixed assets *2	0			—			
2. Gain on investment in anonymous association	79			90			
3. Gain on sale of share in affiliates	10			—			
4. Reversal of allowance for investment losses	0	89	0.1	—	90	0.1	0

Item \ Period	Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)			Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)			Year-on-year change (decrease)
	Amount		% sales	Amount		% sales	Amount
VII Extraordinary losses							
1. Loss on sale of fixed assets *3	2			—			
2. Loss on disposal of fixed assets *4	651			263			
3. Impairment loss *5	—			116			
4. Valuation loss on investment securities	—			112			
5. Valuation loss on shares in affiliates	—			2,997			
6. Bad debt loss	95			—			
7. Provision to allowance for doubtful accounts	—			890			
8. Provision to reserve for losses on guarantee liability	—			830			
9. Provision to allowance for loss on relocation of offices	—			32			
10. Others	0	749	1.1	3	5,247	6.4	4,498
Income before income taxes		8,734	12.2		7,306	8.8	(1,427)
Current income taxes	4,272			4,966			
Deferred income taxes	(311)	3,961	5.5	(1,813)	3,152	3.8	(808)
Net income		4,773	6.7		4,153	5.0	(619)

(3) Non-Consolidated Statement of Change in Net Assets

Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)

(Unit: Million yen)

	Shareholders' equity							
		Capital surplus		Retained earnings				
					Other retained earnings			
	Common stock	Additional paid-in capital	Total capital surplus	Legal reserve	General reserve	Retained earnings carried forward	Total retained earnings	Total shareholders' equity
Balance at March 31, 2006	7,948	7,994	7,994	9	15,000	7,554	22,563	38,506
Amount of changes during the year								
Dividends from surplus	—	—	—	—	—	(1,388)	(1,388)	(1,388)
Bonuses to directors and auditors	—	—	—	—	—	(105)	(105)	(105)
Provision for general reserve	—	—	—	—	5,000	(5,000)	—	—
Net income	—	—	—	—	—	4,773	4,773	4,773
Net amount of changes in items not included in shareholders' equity during the year	—	—	—	—	—	—	—	—
Total amount of changes during the year	—	—	—	—	5,000	(1,719)	3,280	3,280
Balance at March 31, 2007	7,948	7,994	7,994	9	20,000	5,834	25,843	41,786

	Valuation and translation differences		Total net assets
	Unrealized holding gain on available-for-sale securities	Total valuation and translation differences	
Balance at March 31, 2006	735	735	39,242
Amount of changes during the year			
Dividends from surplus	—	—	(1,388)
Bonuses to directors and auditors	—	—	(105)
Provision for general reserve	—	—	—
Net income	—	—	4,773
Net amount of changes in items not included in shareholders' equity during the year	(520)	(520)	(520)
Total amount of changes during the year	(520)	(520)	2,759
Balance at March 31, 2007	214	214	42,001

Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)

(Unit: Million yen)

	Shareholders' equity							
	Common stock	Capital surplus		Retained earnings				Total shareholders' equity
		Additional paid-in capital	Total capital surplus	Legal reserve	Other retained earnings		Total retained earnings	
					General reserve	Retained earnings carried forward		
Balance at March 31, 2007	7,948	7,994	7,994	9	20,000	5,834	25,843	41,786
Amount of changes during the year								
Dividends from surplus	—	—	—	—	—	(1,388)	(1,388)	(1,388)
Net income	—	—	—	—	—	4,153	4,153	4,153
Net amount of changes in items not included in shareholders' equity during the year	—	—	—	—	—	—	—	—
Total amount of changes during the year	—	—	—	—	—	2,765	2,765	2,765
Balance at March 31, 2008	7,948	7,994	7,994	9	20,000	8,600	28,609	44,552

	Valuation and translation differences		Total net assets
	Unrealized holding gain on available-for-sale securities	Total valuation and translation differences	
Balance at March 31, 2007	214	214	42,001
Amount of changes during the year			
Dividends from surplus	—	—	(1,388)
Net income	—	—	4,153
Net amount of changes in items not included in shareholders' equity during the year	(399)	(399)	(399)
Total amount of changes during the year	(399)	(399)	2,366
Balance at March 31, 2008	(184)	(184)	44,367

(4) Material items affecting the operation of the Company as a going concern

Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)

No relevant items

Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)

No relevant items

(5) Significant Accounting Policies

Item	Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)
1. Valuation standards and methods for marketable securities	(1) Held-to-maturity bonds Amortized at cost by the straight-line method (2) Shares of subsidiaries and affiliates Stated at cost determined by the moving-average method (3) Other marketable securities Securities with market prices: Stated at market value based on market price as of the balance sheet date (unrealized gains or losses are charged or credited directly to net assets, with the cost of securities sold determined by the moving-average method). Securities without market prices: Stated at cost determined by the moving-average method.	(1) Held-to-maturity bonds Same as at left (2) Shares of subsidiaries and affiliates Same as at left (3) Other marketable securities Securities with market prices: Same as at left Securities without market prices: Same as at left
2. Valuation standards and methods for derivatives	――――――	Stated at fair value
3. Valuation standards and methods for inventories	(1) Merchandise Used pachinko/pachislot machines: Stated at cost determined by the specific identification method. Others: Stated at cost determined by the moving-average method. (2) Supplies Stated at cost determined by the last purchase price method.	(1) Merchandise Used pachinko/pachislot machines: Same as at left Others: Same as at left (2) Supplies Same as at left
4. Depreciation methods for fixed assets	(1) Tangible fixed assets Declining-balance method However, the straight-line method is applied to buildings (excluding building fixtures) acquired on and after April 1, 1998. The estimated useful lives of depreciable assets are as follows. Buildings: 4–50 years Structures: 10–50 years Vehicles: 2–6 years Tools, furniture and fixtures: 3–20 years (2) Intangible fixed assets Straight-line method The straight-line method is applied to software for company use, based on its useful life within the Company (five years). (3) Long-term prepaid expenses Straight-line method	(1) Tangible fixed assets Declining-balance method However, the straight-line method is applied to buildings (excluding building fixtures) acquired on and after April 1, 1998. The estimated useful lives of depreciable assets are as follows. Buildings: 8–50 years Structures: 10–50 years Vehicles: 2–6 years Tools, furniture and fixtures: 2–20 years (2) Intangible fixed assets Same as at left (3) Long-term prepaid expenses Same as at left

Item	Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)
5. Accounting standards for reserves	(1) Allowance for doubtful accounts To provide against losses from doubtful accounts, allowances for ordinary receivables are provided using a rate determined by past collection experience, and allowances for specific debts considered doubtful are accounted for by calculating the estimated amounts deemed uncollectible after individually reviewing the collectibility of the debts.	(1) Allowance for doubtful accounts Same as at left
	(2) Accrued bonuses To provide for employee bonuses, the Company recognizes the amounts out of the projected bonus payments to be allocated to the fiscal year.	(2) Accrued bonuses Same as at left
	(3) Accrued bonuses to directors and auditors To provide for bonuses to directors and auditors, the Company recognizes the amounts corresponding to the current fiscal year based on the projected bonus payments. (Change in Accounting Principle) Effective from the current fiscal year, the Company has adopted the Accounting Standards Board of Japan (ASBJ) Statement No. 4, Accounting Standard for Bonuses to Directors and Auditors (issued on November 29, 2005). As a result, operating income, ordinary income, and income before income taxes each decreased ¥98 million compared with the previous accounting method.	(3) Accrued bonuses to directors and auditors To provide for bonuses to directors and auditors, the Company recognizes the amounts corresponding to the current fiscal year based on the projected bonus payments.
	(4) ――――	(4) Reserve for losses on guarantee liability To prepare for losses on guarantees for affiliates, the Company provides a reserve for losses on guarantee liability taking into account the financial situation of the affiliates that it guarantees.
	(5) Retirement benefit provisions To provide for employees' retirement benefits, the Company recognizes, on the basis of projected benefit obligations as of the end of the fiscal year, benefit obligations accrued as of the end of the fiscal year. Actuarial differences are amortized proportionately by the straight-line method over a fixed number of years (five years) within the average remaining period of service of employees as of the time such differences arise. Amortization amounts are expensed beginning with the fiscal year following that in which the differences arise.	(5) Retirement benefit provisions Same as at left

Item	Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)
	(6) ――――――	(6) Allowance for losses on relocation of offices The Company provides estimated costs that might result from office relocations including a loss on disposal of fixed assets and expenses for recovering the present status, etc.
6. Accounting standards for revenues and expenses	For agency sales, when the pachinko/pachislot machines are delivered to users, and the payments for the machines are made to the machine makers, these are recognized as commission income and commission cost.	Same as at left
7. Treatment of important lease transactions	Finance lease transactions, other than those where the ownership of the leased assets is deemed to be transferred to the lessee, are accounted for as ordinary operating lease transactions.	Same as at left
8. Other significant standards for the preparation of financial statements	Accounting for consumption tax Consumption tax is accounted for by the tax-excluded method.	Accounting for consumption tax Same as at left

(6) Changes to the Significant Accounting Policies

Changes in accounting treatment

Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)
Accounting standard for the presentation of net assets in balance sheets Effective from the current fiscal year, the Company has adopted the Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Statement No. 5 issued on December 9, 2005) and the Implementation Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No. 8 issued on December 9, 2005). The amount conventionally recorded in "Shareholders' equity" was ¥42,001 million. Due to the revision to the regulations regarding financial statements, the "Net assets" section of the balance sheet for the current fiscal year ended March 31, 2007, has been prepared according to the revised regulations for the financial statements.	———
———	Change in the method of depreciation of tangible fixed assets Pursuant to the revisions to the Corporate Tax Law (the Partial Revision to the Corporate Tax Law, the 6th Law enacted on March 30, 2007, and the Ordinance for Partial Revision to the Cabinet Order Related to the Corporate Tax Law, the 83rd Ordinance on March 30, 2007), the Company changed the method of depreciation of tangible fixed assets and now uses a method based on the revised Corporate Tax Law with regard to those assets acquired on and after April 1, 2007. Due to this change, operating income, ordinary income and income before income taxes each decreased ¥38 million.

Changes in method of presentation

Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)
———	(Balance Sheets) As "Short-term loans," which had been included in "Other current assets" until the end of the previous year, accounted for more than 1/100 of total assets, it has been presented separately. "Short-term loans" as of March 31, 2007, were ¥535 million.

Additional information

Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)
(Retirement benefits of directors and auditors) The Company reviewed the remuneration payment system for directors and auditors, which is not linked to actual performance and may be considered deferred remuneration. As a result, the retirement benefit system for directors and auditors was abolished as of the closing of the 18th Ordinary General Meeting of Shareholders held on June 28, 2006. Accordingly, pursuant to the resolution adopted by the Meeting, accrued retirement benefits as of the closing of said Meeting were paid to the directors and auditors then in office at the Meeting for their services corresponding to the tenure of respective directors and auditors until the closing of the Meeting.	―――――
―――――	(Method of depreciation of tangible fixed assets) Beginning with the fiscal year ended March 31, 2008, tangible fixed assets acquired by March 31, 2007, are equally amortized over five years from a year following the year when depreciation was completed up to the limit of the depreciation. The impact that this change has on the consolidated statement of income is immaterial.

(7) Notes to the Non-Consolidated Financial Statements

Non-Consolidated Balance Sheets

<table>
<tr><th>Fiscal year ended March 31, 2007
(As of March 31, 2007)</th><th>Fiscal year ended March 31, 2008
(As of March 31, 2008)</th></tr>
<tr><td>*1. Assets and liabilities relating to affiliates
Other than items stated separately, the following are included in the relevant balance sheet items.
Other assets ¥1,217 million
Accounts payable—trade ¥3,456 million</td><td>*1. Assets and liabilities relating to affiliates
Other than items stated separately, the following are included in the relevant balance sheet items.
Short-term loans ¥3,407 million
Other assets ¥950 million
Accounts payable—trade ¥3,098 million</td></tr>
<tr><td>2. Contingent liabilities
The Company provides payment guarantees for sales of pachinko/pachislot machines to pachinko halls on an agency basis for pachinko/pachislot machine manufacturers.
Y.K. Daiko ¥72 million
Meiplanet K.K ¥51 million
Asahi Shoji K.K. ¥44 million
Niimi Co., Ltd. ¥41 million
K.K. Taisei Kanko ¥37 million
Sankei Shoji Co., Ltd. ¥31 million
K.K. Toei Kanko ¥28 million
K.K. New Asahi ¥26 million
K.K. Corona ¥21 million
Narita Kogyo K.K. ¥20 million
Others (218) ¥540 million
Total ¥917 million
The Company provides a guarantee for liabilities of the following corporation for it borrowings from financial institutions.
Japan Sports Marketing Inc. ¥830 million</td><td>*2. Contingent liabilities
The Company provides payment guarantees for sales of pachinko/pachislot machines to pachinko halls on an agency basis for pachinko/pachislot machine manufacturers.
Y.K. Daiko ¥54 million
Niimi Co., Ltd. ¥51 million
K.K. The Citi ¥48 million
K.K. Taisei Kanko ¥46 million
Iwamoto Development Co., Ltd. ¥33 million
Y.K. Fuji Leisure Service ¥31 million
K’s corporation ¥25 million
Meiplanet K.K ¥23 million
Asahi Shoji K.K. ¥13 million
R&K Co., Ltd. ¥13 million
Others (126) ¥264 million
Total ¥605 million
The Company provides a guarantee for liabilities of the following corporation for its borrowings from financial institutions.
Japan Sports Marketing Inc. ¥830 million
Reserve for losses on guarantee liability ¥(830) million
Difference — million</td></tr>
<tr><td>*3. Notes due as of the closing date
The notes of the Company maturing at the end of the year are settled on a bill clearing date. As the balance-sheet date for the year under review was a bank holiday, the following notes matured are included in the balance as of March 31, 2007.
Notes receivable ¥1,299 million
Non-operating notes receivable ¥431 million</td><td>*3. ————</td></tr>
<tr><td>4. Overdraft agreements
To raise working capital efficiently, the Company has concluded an overdraft agreement with two banks. As of the balance sheet date, unutilized balances under these agreements were as follows:
Overdraft limit ¥3,000 million
Borrowings outstanding — million
Difference ¥3,000 million</td><td>4. Overdraft agreements
Same as at left</td></tr>
</table>

Non-Consolidated Statements of Income

<table>
<tr><th>Fiscal year ended March 31, 2007
(April 1, 2006–March 31, 2007)</th><th>Fiscal year ended March 31, 2008
(April 1, 2007–March 31, 2008)</th></tr>
<tr><td>*1 Items relating to affiliates included in the statements of income are as follows.
Purchases ¥13,122 million
Dividend income ¥50 million
Discounts on purchases ¥197 million
Other non-operating income ¥43 million</td><td>*1 Items relating to affiliates included in the statements of income are as follows.
Purchases ¥21,562 million
Interest income ¥42 million
Discounts on purchases ¥103 million
Other non-operating income ¥65 million</td></tr>
<tr><td>*2 “Gain on sale of fixed assets” was derived from the sale of vehicles.</td><td>*2 ――――</td></tr>
<tr><td>*3 “Loss on sale of fixed assets” was derived from the sale of vehicles.</td><td>*3 ――――</td></tr>
<tr><td>*4 Details of loss on disposal of fixed assets
Tools, furniture and fixtures ¥3 million
Long-term prepaid expenses ¥0 million
Software ¥24 million
Software in progress ¥623 million
Total ¥651 million</td><td>*4 Details of loss on disposal of fixed assets
Buildings ¥83 million
Vehicles ¥0 million
Tools, furniture and fixtures ¥17 million
Software ¥162 million
Total ¥263 million</td></tr>
<tr><td>*5 ――――</td><td>*5 Impairment loss
The Company has stated an impairment loss for the assets set out below.
Usage: Idle assets
Type: Buildings and structures
Location: Nagoya-shi, Aichi
Amount: ¥116 million
When grouping its assets, with regard to business-use assets, the Company adopts the method of grouping primarily by business category in accordance with management accounting practice. With regard to idle assets, the method of individual grouping is adopted.
With regard to idle assets, the transfer of such assets was determined at the Board of Directors’ meeting held on March 7, 2008. The book value was amortized up to the recoverable value, and the decreased amount was recorded as an impairment loss under an extraordinary loss. It consists of ¥114 million in buildings and ¥1 million in structures.
The recoverable value is based on the scheduled price for the transfer of aforementioned idle assets.</td></tr>
</table>

Non-Consolidated Statement of Change in Net Assets

Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)

Matters related to treasury stock

None applicable

Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)

Matters related to treasury stock

None applicable

Leases

Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)
1. Finance lease transactions other than those in which the ownership of the leased assets is deemed to be transferred to the lessee	1. Finance lease transactions other than those in which the ownership of the leased assets is deemed to be transferred to the lessee
(1) Acquisition cost, accumulated depreciation, and net book value of leased assets at the end of the fiscal year	(1) Acquisition cost, accumulated depreciation, and net book value of leased assets at the end of the fiscal year

Fiscal year ended March 31, 2007 (Unit: Million yen)

	Acquisition cost	Accumulated depreciation	Net book value
Vehicles	6	—	6
Tools, furniture and fixtures	23	15	7
Software	38	16	22
Total	68	31	36

Fiscal year ended March 31, 2008 (Unit: Million yen)

	Acquisition cost	Accumulated depreciation	Net book value
Vehicles	15	5	10
Tools, furniture and fixtures	10	7	3
Software	38	23	14
Total	65	37	28

Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008
Acquisition cost has been calculated by the interest-inclusive method, since the balance of future minimum lease payments accounts for a minimal portion of tangible and intangible fixed assets at the end of the fiscal year.	Same as at left
(2) Future minimum lease payments	(2) Future minimum lease payments
Due within 1 year ¥14 million	Due within 1 year ¥14 million
Due after 1 year ¥22 million	Due after 1 year ¥13 million
Total ¥36 million	Total ¥28 million
Future minimum lease payments at the end of the fiscal year have been calculated by the interest-inclusive method, since the balance of future minimum lease payments accounts for a minimal portion of tangible and intangible fixed assets at the end of the fiscal year.	Same as at left
(3) Lease payments and depreciation	(3) Lease payments and depreciation
Lease payments ¥12 million	Lease payments ¥17 million
Depreciation ¥12 million	Depreciation ¥17 million
(4) Calculation method for depreciation	(4) Calculation method for depreciation
Depreciation is calculated by the straight-line method over the lease term of the leased assets, with no residual value.	Same as at left
2. Operating lease transactions	2. Operating lease transactions
Due within 1 year ¥1 million	Due within 1 year ¥1 million
Due after 1 year ¥1 million	Due after 1 year ¥0 million
Total ¥2 million	Total ¥1 million

Marketable Securities

Fiscal year ended March 31, 2007 (As of March 31, 2007)

Shares of subsidiaries and affiliates at fair value

(Unit: Million yen)

Category	Carrying value on non-consolidated balance sheets	Market value	Difference
Shares of subsidiaries	2,670	3,420	749

Fiscal year ended March 31, 2008 (As of March 31, 2008)

Shares of subsidiaries and affiliates at fair value

(Unit: Million yen)

Category	Carrying value on non-consolidated balance sheets	Market value	Difference
Shares of subsidiaries	2,670	3,024	353

Tax-Effect Accounting

Fiscal year ended March 31, 2007 (As of March 31, 2007)		Fiscal year ended March 31, 2008 (As of March 31, 2008)	
1. Main components of deferred tax assets and deferred tax liabilities		1. Main components of deferred tax assets and deferred tax liabilities	
(Deferred tax assets)	Million Yen	(Deferred tax assets)	Million Yen
Unrecognized accrued enterprise taxes	111	Unrecognized accrued enterprise taxes	221
Excess reserve for retirement benefits	70	Excess reserve for retirement benefits	73
Excess allowance for doubtful accounts	328	Excess allowance for doubtful accounts	573
Excess reserve for accrued bonuses	10	Excess reserve for accrued bonuses	59
Unrecognized valuation loss on merchandising rights advances	229	Unrecognized reserve for losses on guarantee liability	337
Unrecognized valuation loss on equity investments	29	Unrecognized valuation loss on investment securities	120
Impairment loss	21	Unrecognized valuation loss on merchandising rights advances	261
Unrecognized valuation loss on merchandise	216	Unrecognized valuation loss on equity investments in subsidiaries and affiliates	1,254
Unrecognized sales discounts	215	Impairment loss	68
Others	170	Unrecognized valuation loss on merchandise	119
Subtotal deferred tax assets	1,402	Others	253
(Deferred tax liabilities)		Total deferred tax assets	3,342
Unrealized holding gains (losses) on available-for-sale securities	(147)		
Total deferred tax liabilities	(147)		
Net deferred tax assets	1,254		
2. Breakdown of main items causing differences between the statutory tax rate and the effective rate for income taxes after applying deferred tax accounting		2. Breakdown of main items causing differences between the statutory tax rate and the effective rate for income taxes after applying deferred tax accounting	
Statutory tax rate	40.7 %	Statutory tax rate	40.7 %
(Adjustments)		(Adjustments)	
Per capita levy of local resident income tax	0.4 %	Per capita levy of local resident income tax	0.5 %
Entertainment expenses not deductible for tax purposes	4.5 %	Entertainment expenses not deductible for tax purposes	1.8 %
Non-taxable dividend income	(0.3) %	Non-taxable dividend income	(0.2) %
Others	0.1 %	Others	0.4 %
Effective income tax rate after application of deferred tax accounting	45.4 %	Effective income tax rate after application of deferred tax accounting	43.2 %

Per-Share Data

Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)
Net assets per share ¥121,042.25 Net income per share ¥13,755.49 Since no dilutive latent shares exist, diluted net income per share is not stated.	Net assets per share ¥127,861.20 Net income per share ¥11,970.60 Since no dilutive latent shares exist, diluted net income per share is not stated.

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

	Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)
Net income (Million yen)	4,773	4,153
Amount not allocable to common shares	—	—
Net income allocable to common shares (Million yen)	4,773	4,153
Average number of shares of common stock outstanding (shares)	347,000	347,000
Outline of latent shares not reflected in the calculation of diluted net income per share since they have no dilutive effect	2 types of stock acquisition rights: (Number of the first stock acquisition rights: 564 Number of the second stock acquisition rights: 1,360)	2 types of stock acquisition rights: (Number of the first stock acquisition rights: 496 Number of the second stock acquisition rights: 750)

Significant Subsequent Events

Fiscal year ended March 31, 2007 (April 1, 2006–March 31, 2007)	Fiscal year ended March 31, 2008 (April 1, 2007–March 31, 2008)
————	————

Others

(1) Personnel change in officers

1. Change in Representatives of the Company
   None applicable

2. Change in other officers (effective June 29, 2008)
   Candidates for newly appointed directors
   Director: Yoshiteru Yamaguchi (Currently Executive Officer, Division Manager, Group Strategy Division)
   Director: Masakazu Kurihara (Currently Executive Officer, Division Manager, Product Division)
   Director: Akira Fujii (Currently Executive Officer, Division Manager, Sales Division)
   Director: Hideo Ito (Currently Executive Officer, Division Manager, Corporate Division)