FIELDS CORPORATION

We Make It Happen

ANNUAL REPORT 2012

April 1, 2011–March 31, 2012

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Forward-looking Statements

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

Notices

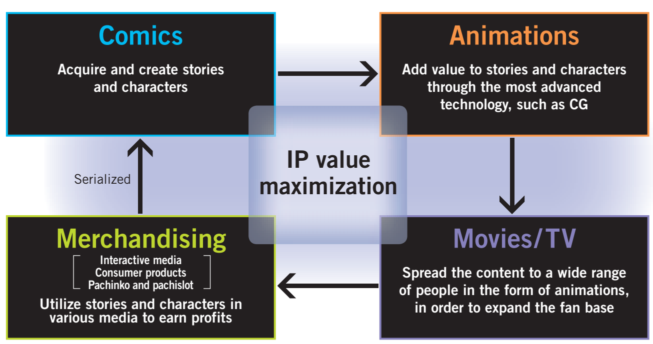
- Share Split and Adoption of Share-Trading-Unit System
  On September 30, 2012 (record date), the Company will conduct a share split that will divide one share of its stock into 100 shares.
  Furthermore, beginning October 1, 2012, the Company will adopt the share-trading-unit system, which will treat 100 shares as a single unit of stock.
- Head Office Relocation
  From October 1, 2012, the Company will relocate its head office to the address stated below.
  New Head Office Location: 16-17 Nampeidai-cho, Shibuya-ku, Tokyo, Japan

We Make It Happen

In the medium-to-long run, the Fields Group is taking on the challenge of drastically transforming itself from a distributor in the Pachinko/Pachislot field to a group of intellectual property (IP)-based companies.

In addition to a review of business performance, Annual Report 2012 features an in-depth look at the background and direction of “developing business models,” Fields’ latest business development framework announced in May 2012. Under “developing business models,” Fields is striving to develop business built on seamless circulation between the areas of comics, animations, movies/TV and merchandising.

Developing Business Models



Glossary of the terms in this report

IP (Intellectual property)
Intellectual property (IP) is generally defined as assets based on the successful output of intellectually creative activities. In this report, IP is a catchall term that refers mainly to originally authored works, stories, characters and other such material resulting from intellectually creative activities.

Content
In this report, the word “content” refers to works in which creative and technological means have been used to enhance IP value (such as movies and animations), as well as products and services, all for the purpose of applying IP to the optimal media format.

Comics

©HERO'S

Maximizing IP Value – Comics, Animations, Movies/TV

Fields is acquiring, creating and cultivating highly appealing original works, stories and characters in the fields of comics, animations and movies/TV. By leveraging advanced technology to energize these properties, we are pushing to increase the fan base and the value of the IP itself.

In comics for example, Fields is involved in planning and development as well as new products around *HERO'S Monthly*, a comic magazine jointly published with Shogakukan Creative Inc., in a move to create new IP.

In the field of animations, Fields is using cutting-edge technology to translate promising works in comics into video media. In animation projects like the *BERSERK* series, for example, Fields is advancing measures for developing new video and promoting the work in a range of media beyond video.

In movies/TV, Fields is working to increase the name recognition and value of its works. In the case of *Ultraman*, Fields is pursuing steps to effectively spread this core IP that it owns by creating 3D movies, TV programs and other material that will expand the fan base.

Animations

Movies/TV

Interactive media
Consumer products

Interactive media is beginning to demonstrate the capacity to become a profitable media for Fields. In the fast-growing area of social media and other interactive media, we are involved in content services for a variety of platforms. In parallel, we also pursue research and innovation around social services and highly suitable content for this field.

As for initiatives targeting consumer products, Fields is focused on the development of mechanisms that contribute to the acquisition, cultivation and profitability of IP and content. Through analog content services and shop operations, we nurture content as we strive to maximize profits through ties with other forms of media.

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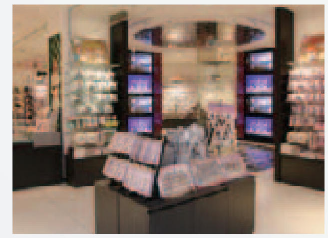
Merchandising

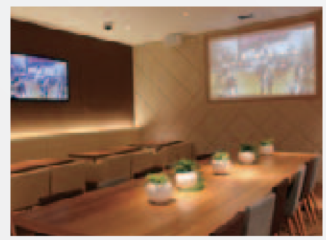
[Interactive media
Consumer products
Pachinko and pachislot]

Maximizing IP Value – Merchandising

IP that enjoys heightened public recognition thanks to the comics, animation and movies/TV fields is then developed into optimized content for a range of media, including interactive media genres such as games, mobile content and SNS, as well as consumer products and the field of Pachinko/Pachislot.

Along with increasing the fans of a particular IP, that same IP, now with further increased value through merchandising, can be circulated again to comics and other fields. At this stage, Fields strives to transform the IP into a series or other options that create a virtuous cycle of value improvement, while looking to realize greater profits.





Pachinko and pachislot

Fields is already seeing results from its promotion of acquired IP in the pachinko/pachislot genre.

We saw the emergence of machines mounted with LCD screens as an opportunity to view pachinko/pachislot as media forms comparable to movies and TV. In collaboration with prominent machine manufacturers, we leverage high-quality IP to create pachinko/pachislot machines with outstanding gaming and entertainment value. One example is the *Evangelion* series. Since the launch of the first machine in this series in March 2005, Fields has been involved in the planning, development and sale of seven pachinko and six pachislot machines in this series. Supported by a huge fan base, machine sales in this series have now topped 1.75 million.

Fields remains committed to the release of an array of products that utilize IP to deliver superior gaming and entertainment value, as we strive to increase both the number of fans and IP value. Along with raising the level of assured profits, we will take on the host of challenges that lie ahead in the serialization and multimedia development of IP.

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Fields: An Evolving History

Entertainment history:

(1983) *Tokyo Disneyland* opened
The home video game console *Family Computer System* released
(1984) *JUNET*, Japan's first Internet service, launched
(1985) *Shoulder Phone*, Japan's first mobile phone, launched
(1987) Japan's first direct-to-home satellite broadcasting service launched
(1989) Japan's first direct-to-home Communications Satellite (CS) broadcasting service launched
(1993) *Digital Mobile Phone* service launched
Japan Professional Football League (J. League) inauguration
(1995) *Windows 95* released
Circulation of the *Weekly Shonen Jump* comic magazine reaches a record high 6,530,000

Pachinko/pachislot history:

(1985) New "Rules on Approval of Pachinko/Pachislot Machines and Certification of Models" enacted (Security Communications Association started formal testing)
(1990) Pachinko and pachislot machine regulations revised (Launch of CR pachinko machine)
(1991) Pachinko machines mounted with color LCD screens launched
(1994) The pachinko/pachislot expands to a ¥30 trillion market
(1995) Regulations for restricting the gambling aspect of pachinko machines strengthened
(1996) Number of pachinko machines installed reaches a record high 3.9 million.

From 1988 Seeking to Create New Entertainment That Enriches People's Lives

As entertainment in Japan entered a new era in the 1980s, we saw a business opportunity in the growing leisure time available to people. This marked the beginning of our move to create entertainment that would enrich people's lives.

In 1988, Fields' forerunner, Toyo Shoji Co., Ltd., was established. The company focused first on revitalizing the pachinko industry and making it sounder, with the aim of making it easier for many more people to enjoy the inherent entertainment value of pachinko machines as an ordinary part of life.

Over the course of a decade, the scale of Japan's pachinko market expanded to ¥30 trillion. We also grew into the industry's largest distributor with a nationwide sales network, as we continued to anticipate and meet the diverse needs of pachinko halls and fans.

1983:
- Toyo Shoji founded

1987:
- Construction of the Head Office building completed; Embarked on surveys and research into entertainment in general and computer management systems for pachinko and pachislot halls

1988:
- Toyo Shoji Co., Ltd. (currently Fields Corporation) established, marking full-scale launch of the pachinko/pachislot machine sales and hall production business

1992:
- Leisure Nippon News Company acquired; Formulation of a vision for the pachinko industry began
- Cutting-edge information service launched
  1992: *Hall TV*, a pachinko hall management support system, launched
  1994: *Pachinko Information Station*, a direct-to-hall communications satellite broadcast for the pachinko industry, launched
- Regional and branch offices throughout Japan were expanded to establish our foundation as a distributor
  1992: Businesses in Tokyo and Kyushu region were expanded
  1995: Businesses in Tohoku, Chugoku and Kansai regions were expanded
  2000: Nationwide sales network was established

Hall TV

Pachinko Information Station

Entertainment history:

(1998) *Windows 98* released
(1999) *i-mode* proprietary Internet service for mobile phones launched
(2001) *Universal Studios Japan* opened
Tokyo DisneySea opened
Feature-length animation film *Spirited Away (Sen to Chihiro no Kami-kakushi)* released, with record-high box office revenue and audience attendance
(2002) FIFA World Cup Korea/Japan held

Pachinko/pachislot history:

(1998) Opening of large-scale halls by leading pachinko hall operators accelerate
Number of pachislot machines installed exceeds one million
(1999) Pachislot machines mounted with color LCD screens launched
CR Sea Story took the pachinko market by storm; Major pachinko/pachislot machine manufacturers launched a number of models featuring original IP

From 1998 Focusing on Developing Machines That Provide Greater Entertainment Value

In the 1990s pachinko/pachislot machines mounted with LCD screens brought the same appeal to these machines as media such as movies and television. The advent of larger LCD screens with higher resolutions, meanwhile, led to the emergence of a host of original intellectual property (IP) unique to the industry.

Viewing pachinko/pachislot machines as media in their own right, we moved to create more fans of the genre. To this end, we used our nationwide sales network to identify needs, and began taking steps to create pachinko/pachislot machines that utilize outstanding IP known widely throughout the public domain.

Together with building a structure for acquiring IP and relationships with talented planners, we entered a business alliance with machine manufacturer Sammy Corporation. These and other efforts formed our single-minded focus on measures to enhance both the gaming and entertainment value of pachinko/pachislot machines.

In 1998, the number of pachislot machines installed, which had stalled in the several hundred thousands, broke the one million machine mark. We recognized this milestone would change pachinko and pachislot, and transform entertainment in Japan. This was the start of our full-scale shift toward IP.

1999:

- ISO 9002 certification (Sales Division) obtained to provide superior operational quality to customers

2001:

- Company name changed from Toyo Shoji Co., Ltd. to Fields Corporation
- Alliance with leading manufacturers formed to develop pachinko/pachislot machines utilizing IP
  - 2001: Alliance with Sammy Corporation formed; Exclusive sales of Rodeo brand machines began
  - 2003: Alliance with SANKYO CO., LTD. formed; Exclusive sales of Bisty brand machines began
  - 2008: Formed an alliance with KYORAKU SANGYO
  - 2011: Alliance with Universal Entertainment Corporation formed
- Sports entertainment field entered to acquire IP rights
  - 2001: Professional Management Co., Ltd. launched; Entertainment production began
  - 2001: Total Workout Corporation established to provide high-quality sports gyms
  - 2005: Three sports-related subsidiaries merged and renamed Japan Sports Marketing Inc.
  - 2011: Total Workout premium management Inc. established
  - 2012: Sports gym business absorbed by Fields Corporation in light of the growth prospects and synergies

2002:

- Pachinko hall design competition held to showcase pachinko hall interior design and attract new fans

Company renamed Fields Corporation

Pachinko hall design competition entry

Entertainment history:

(2003) Penetration of the Internet among Japanese households exceeds 80%; Digital terrestrial broadcasting launched (Tokyo, Nagoya, Osaka)
(2004) Social networking service *Facebook* started
(2006) Information service *Twitter* started
1seg mobile digital terrestrial broadcasting launched
(2007) *Kindle e-reader* equipped with communication functions launched

Pachinko/pachislot history:

(2004) Pachinko/pachislot machine regulations revised
(Pachinko machine regulations relaxed)
(Regulations to restrict the gambling aspect of pachislot machines further strengthened)
CR Neon Genesis Evangelion, pachinko machine based on new regulations, launched
Major machine manufacturers release a host of machines featuring IP
(2006) Number of pachislot machines installed tops a record-high two million
(2007) Pachislot machines transition smoothly to machines compatible with new regulations

From 2003 Toward the Multifaceted Development of IP

Amid diversifying media formats and growth in individual preferences, we strove to establish IP-driven business models to realize "The Greatest Leisure for All People."

Utilizing funds from our public offering and other opportunities afforded by our 2003 stock market listing, we focused on obtaining many merchandising rights to develop high-quality IP into products from companies that possess such IP in areas such as comics, animations, movies, TV dramas, music, games, and sports.

In addition, we formed alliances with outstanding creative production companies and companies with the talented human resources and cutting-edge technology, taking new steps to develop the merchandising rights we obtained in pachinko/pachislot and other media as well.

The start of the 21st century saw the use of characters and other IP across the full spectrum of media formats. For pachinko machines, roughly 70 percent featured IP of some kind. Recognizing that this trend could lead to IP exhaustion in the future, we made it our mission to eliminate this looming concern.

2003:
- Shares listed on the JASDAQ market
- New IP-driven business model announced; *Project 100* launched to acquire high-quality IP

2004:
- *Project 45* initiated to raise the population of pachinko/pachislot users to 45 million
- The video game field entered as part of multifaceted IP development
  2004: Pachinko/pachislot machine simulator software launched, following investment in D3 Publisher Inc.
  2009: D3 Inc. shares sold to NAMCO BANDAI Games Inc.; Relationship with NAMCO BANDAI Games strengthened

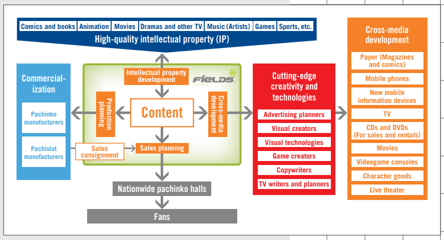
2005:
- The movie field entered to acquire IP and promote multifaceted IP development
  2005: Planning and production of many movies for the theater began, following investment in Kadokawa Haruki Corporation
  2008: Promotion of trend-setting cinema complexes for independent films began, following investment in SPO Inc. (management company of movie theaters)

2006:
- The cabled and mobile online services field entered for the acquisition, creation and multifaceted development of IP
  2006: The mobile site *Fields Mobile* developed, following investment in FutureScope Corporation
  2010: IP Bros. Incorporated jointly established with NHN Japan Corporation; Pachinko/pachislot-related site *Nanapachi* developed

2007:
- The animation field entered to acquire and cultivate IP
  2007: Operations at Lucent Pictures Entertainment, Inc. began; Feature-length animation film *BERSERK* planned and produced

Shares listed on the JASDAQ market

The Business Models We Have Developed Since Listing



Entertainment history:

(2008) *iPhone 3G* launched in Japan
(2010) Box-office earnings in Japan reach record levels due to the rising popularity of 3D in movies
High-speed mobile communication service *Xi* ("crossy") launched
(2011) Analog terrestrial broadcasting discontinued and transferred completely to digital terrestrial broadcasting (excluding three prefectures affected by the Great East Japan Earthquake)
(2012) The world's highest free-standing broadcasting tower *TOKYO SKYTREE* completed

Pachinko/pachislot history:

(2008) Pachinko/pachislot halls operating at low playing cost expand in response to diversifying needs of fans
Pachislot machines utilizing high-quality IP revitalize the pachinko/pachislot market
Pachinko machines linked with other media, including movies, TV, mobile and live theater, launched
(2012) Shares of major pachinko hall operator listed on the Hong Kong Exchanges and Clearing

From 2008 Eyeing the Continuous Acquisition, Creation and Cultivation of IP

From our beginnings as an independent distributor of pachinko/pachislot machines, we have now achieved substantial growth in the Pachinko/Pachislot field driven by IP.

Along the way, we have brought companies with high-quality IP rights like Tsuburaya Productions Co., Ltd. under our umbrella, and sought out higher-added value for our IP by building a more robust network of prominent companies and talented partners in every field. In parallel, the Fields Group has also welcomed companies skilled in comics, animation, video and other specialized areas.

During this time, the exhaustion of characters and other high-quality IP in the pachinko/pachislot industry worsened. In light of the situation, we opted to make a strategic shift to a collective of business models centered on the continuous acquisition, creation and cultivation of IP. Our vision, while continuing to leverage the strength of our Pachinko/Pachislot business, is to maximize IP value in a diverse array of media. This is the crux of what we call our "developing business models." (See page B for details)

What sort of leisure do people seek in their lives, and how do we create it?

Count on Fields to find an answer as we strive to realize "The Greatest Leisure for All People."

2008:

- The video development field entered to enhance the entertainment offered by pachinko and pachislot
  - 2008: Shin-Nichi Technology Co., Ltd. established
  - 2009: F Corporation (currently BOOOM Corporation) established
  - 2011: MICROCABIN CORP. made a subsidiary
    NEX ENTERTAINMENT CO., LTD. made a subsidiary
- The digital comics fields entered as part of multifaceted IP development efforts
  - 2008: Digital comics distribution began, following investment in Bbmf Magazine, Inc.

2010:

- The comics field entered to create IP.
  - 2010: Publishing company HERO'S Inc. jointly established with Shogakukan Creative Inc.; Publishing of *HERO'S Monthly* magazine began
- Tsuburaya Productions Co., Ltd., owner of the *Ultraman* series and other high-quality IP, made a subsidiary
- The movie production field entered to acquire and cultivate IP
  - 2010: Digital Frontier Inc. made a subsidiary; Provision of high-quality video technology began

2012:

- "Developing business models" refined and formulated

Comic magazine
HERO'S Monthly


Movie
Ultraman Saga

The Greatest Leisure for All People

—Providing life enriching products and services for all.

Hidetoshi Yamamoto
Chairman & CEO

We will create products and services that embody high entertainment value and offer people the kind of value they seek.

Advancements in medicine in the 20th century transformed Japan into a society where people enjoy unprecedented longevity. At the same time, technological breakthroughs created a new level of leisure time. As we entered the 21st century, the amount of leisure time rose even more for people everywhere. The presence of those looking for ways to enjoy their abundant leisure time in high-quality ways has continued to spur the need for greater options in spending that time.

To provide the value that people like this seek, we at Fields have worked hard to add to the richness of people everywhere by delivering products and services that embody high entertainment value, guided by our corporate philosophy, “The Greatest Leisure for All People.”

When Fields went public in March 2003, we announced a multifaceted strategy of developing IP (intellectual property) as the basis of our competitive advantage. Since then, we have steadfastly embraced the challenge of pursuing business activities in a range of entertainment fields by working in collaboration with outstanding creative production companies and partners who have the talented personnel and cutting-edge technology, and by developing acquired IP not only in pachinko and pachislot machines but in other media as well.

This continued effort has become the groundwork for our next stage of growth. For a number of years now, Fields and the Fields Group have been taking steps to make a strategic transformation from a Pachinko and Pachislot-based business model around the time we went public to a collective of core IP business models that we call “developing business models.” Accordingly, we have moved to organize and build our strategy around these “developing business models” of ours.

Fields and the Fields Group remain committed to meeting the expectations of our shareholders and investors, as well as providing people with the value they seek on an ongoing basis by enhancing and developing characters and other IP business in a stable and continuous manner. Based on our newly positioned business frameworks, we aim to achieve a growth spiral in business activity by seamlessly leveraging a cycle of synergies in our business development. Over the longer term, we are looking to grow dramatically into a global company that creates characters and other unrivalled IP that we can offer to people worldwide.

At the same time, we recognize that bringing happiness to society is an inherent part of our business activities. For this reason, Fields and the Fields Group remain dedicated to enriching the lives of everyone we encounter.

In closing, I would like to express our gratitude for the understanding that our stakeholders have shown for our corporate philosophy. As we look ahead to the further growth and development of Fields and the Fields Group, we ask for your continued support.

August 2012

Management Interview

Takashi Oya
President & COO

Our announcement of "developing business models" in May 2012 was greeted with a great deal of input and questions from securities analysts and institutional investors. I would like to take this opportunity to address the most frequently asked questions, which centered mainly on concerns about the content industry, Fields' strategy for that industry, and our image of how we intend to maximize profits.

Digest

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Q1: What are Fields' "developing business models?"

The models we announced organize the process through which Fields will evolve in the broad field of entertainment, and are embodied in a shape (strategy) that the Group is currently promoting.

Q2: Was the announcement of this model triggered by concerns that outstanding intellectual property (IP) suitable for various media is being exhausted?

While worries of an exhaustion of outstanding IP was one element, the time had come for Fields to make its intent known, after having spent years assembling the business base necessary to create and foster IP.

Q3: The content industry is generating a great deal of buzz, but isn't success in this sector difficult to come by?

Fields has a unique business structure capable of generating stable profits from pachinko and pachislot machines; this makes us largely impervious to the rise and fall of any single medium. I contend that this advantage gives Fields a greater chance of succeeding.

P14

Q4: Is it true that saturation has left virtually no opportunities for substantial growth in the existing content market?

By focusing intently on growth fields, we will capture growth opportunities by carefully assessing the types of media avenues we should pursue.

Q5: If hit content is the key to success, is Fields capable of producing such content?

IP is shared in a circular manner under our "developing business models." This process will raise the value of our IP, thereby increasing the probability that hit products and services will emerge.

Tetsuya Shigematsu
Senior Managing Director
(Division Manager, Interactive Media Business Division and Division Manager, Consumer Products Business Division)

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Q6: Under what sort of framework do you plan to promote this model?

We will promote tie-ups and collaboration between divisions and with a host of partners in the fields of comics, animations, movies/TV, and merchandising.

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Q7: How do you intend to build upon results and maximize profits?

We aim to maximize profits by circulating multiple IP under our "developing business models," from the standpoint of strategically raising IP value.

Q8: Is profit maximization in interactive media and consumer products even possible?

We will look for ways that will make the generation and promotion of IP possible in all of the media avenues we pursue. Together with nurturing our core IP, this should lead to optimal profits.

Q9: What is your cross-media strategy for nurturing major IP?

Our approach is to control the timing and balance between the breadth and depth of our IP to promote it in ways that best showcase its value.

P16

Q10: How do you conceptualize business segments?

Essentially, we have integrated four segments into a single IP-driven segment.

Q11: Do you have any other message for investors and shareholders?

This model is a waypoint to our next step forward, and we are constantly evolving. Expect great things as we grow and our business model develops.

Looking ahead, one thing you can absolutely count on is that we will highlight the presence of IP nurtured by the Fields Group in a variety of different media to deliver excitement and joy to many people.

Q1: What are Fields' "developing business models?"

Oya In striving to realize Fields' corporate philosophy of "The Greatest Leisure for All People," we have worked consistently to provide entertainment that enriches people's lives. In overcoming repeated challenges in the vast field of entertainment, we have continued to grow and evolve as a company. The "developing business models" we recently announced represent the shape or strategy that the Fields Group is currently advancing for organizing how we evolve going forward.

For the sake of the Group's future growth and the growth of our business model itself, we are shifting away from distribution in the Pachinko and Pachislot field to become an IP-driven company over the medium to long term. For Fields, this represents a major transformation.

Q2: Was the announcement of this model triggered by concerns that outstanding intellectual property (IP) suitable for various media is being exhausted?

Oya The diversification of media and the proliferation of individual preferences in recent years have hampered the creation of appealing new IP. To say that this situation is exhausting outstanding IP is no overstatement.

Nevertheless, Fields has long been aware of this, and has moved to acquire, create and nurture IP in response. We have a strong track record of enhancing the value of IP in the Pachinko and Pachislot field. The announcement of our "developing business models" owed partially to concerns that high-quality IP is being exhausted. But the overarching reason was that we decided the time was right to show the progress we have made in building a base for acquiring, creating and nurturing IP. I firmly believe that properly nurturing the IP we have acquired and created will transform the current state of exhaustion in outstanding IP, and result in more abundant entertainment.

Q3: The content industry is generating a great deal of buzz, but isn't success in this sector difficult to come by?

Oya Japan's Ministry of Economy, Trade and Industry also has high hopes for development of the country's content industry. At Fields, our focus first and foremost is not on media but on IP, and we will choose media options that complement IP characteristics. In this way, we are building a business structure that is largely unaffected by ups and downs in any single media format.

Furthermore, the Fields Group's core business remains pachinko and pachislot, which is a source of stable profits. This business structure sets Fields completely apart among the host of content companies in the market. So while the cost of investment and the time required for a return on the acquisition, creation and nurturing of content are a concern, the Fields Group can still boost stable profits from pachinko and pachislot in the interim.

Q4: Is it true that saturation has left virtually no opportunities for substantial growth in the existing content market?

Shigematsu There are already a number of players in the markets for interactive media and consumer products, so commercial distribution frameworks already exist to a certain extent. Business fields like these are often mature markets, which means competing over who can take the biggest share of a limited pie. In that sense, it is difficult to realize significant returns commensurate with the amount of risk involved.

But even in these markets there are still growth business fields, and thus opportunities. For example, social media has delivered services that match customer needs, and has strong growth potential today. Naturally, the Fields Group is aggressively channeling management resources into business fields that align with this trend. In other words, rather than making an even-handed approach to every type of media out there, we think it is important to carefully identify and narrow down the media avenues we opt to develop.

Q5: If hit content is the key to success, is Fields capable of producing such content?

Oya There's no denying that success in the content business is strongly influenced by whether or not you can create hit products and services. Heavy investment is also no guarantee of hit content. This is why we are developing a mechanism that seamlessly circulates IP in the comics, animations, movies/TV, and merchandising fields, which in the process will enhance IP value. The end result will be a greater chance that we will create the hit products and services we are looking for.

Q6: Under what sort of framework do you plan to promote this model?

Oya Our "developing business models" encompass four frameworks. These are actually overseen by six divisions, each responsible for their own distinct field, that we established and manage to this end. In each field, we partner with external creators and experts as we work to enhance IP value, which we then circulate seamlessly to the next field. Each time the IP enters another field, its fan base grows, leading in turn to even higher value. This is the kind of virtuous cycle we are aiming for.

Additionally, we have set up a Research and Development Office to research the shape that future IP will take. Issues researched include questions like, "What types of IP will prove popular among people in the future?" We thus have a structure for promoting initiatives based on predictions of what will come next.

We also recognize that building a structure for cooperation with partners that we can enhance IP value with together, as well as securing talented human resources, are issues more vital than ever before.

Q7: How do you intend to build upon results and maximize profits?

Oya Our ability to maximize profits going forward will hinge on the extent to which we can strategically enhance the value of our IP.

We already see several IP that conform to the image we have for the circular development of IP. Under our "developing business models," the cycle for maximizing IP value is never-ending. The four frameworks function as locations for growing IP as well as profit opportunities. The ideal story is one in which we repeatedly run this cycle, which improves with each iteration, in order to boost IP value, increase the number of fans, and grow profits. Accurately projecting how much profit a single IP will deliver in each medium is no easy task. With that said, we intend to develop multiple projects leveraging the cycle of synergies in our "developing business models." Our hope is that the steady results that accumulate will lead on average to a more than double-digit annual growth rate.

Q8: Is profit maximization in interactive media and consumer products even possible?

Shigematsu The growing field of social media, for example, is already becoming profitable, with content being developed for a host of platforms. For Fields, merchandising outside of pachinko and pachislot accounted for around 10% of profits in the fiscal year ended March 31, 2012. This figure included profit from synergies.

But rather than explore the development potential for a single medium in the drive to maximize profits, we need to seek out options for cross-media development. This requires the broad uptake of IP, and these options will allow every media format to serve as tools that play a role in the creation and promotion of IP. Underlying all of this is our intent to foster the development of major IP. So instead of offering and profiting from merchandising products and services alone, we will aggressively channel effort into nurturing our core IP, which will lead to profit maximization.

Q9: What is your cross-media strategy for nurturing major IP?

Shigematsu Although digital media is an extremely effective media form for spurring the broad uptake of a particular IP, digital and analog are essentially two sides of the same coin. Analog elements, for example, are critical to generating IP, while digital media has proven highly effective for leveraging IP. On the other hand, there are times when strategically and methodically developing one media avenue is the most effective option for fostering the depth (or uniqueness) essential to major IP. There is no established rulebook for how this should be done. The idea behind a cross-media approach to IP development is to develop IP in ways tailored to its characteristics and that will enable it to really stand out. Controlling the balance and timing between IP breadth and depth in a readily responsive way will then help to maximize IP value.

Q10: How do you conceptualize business segments?

Oya Up through the fiscal year ended March 31, 2012, the Group classified its business into four reportable segments, namely, the Pachinko/Pachislot (PS) Field, the Mobile Field, the Sports Entertainment Field, and the Other Field.

However, in light of the strategy being advanced under our "developing business models," from the fiscal year ending March 31, 2013, we opted to integrate these four segments into a single IP-driven segment. This will allow us to propose IP-centered management strategies and to allocate management resources appropriately.

Q11: Do you have any other message for investors and shareholders?

Shigematsu Our "developing business models" is the evolved form of a business model that the Fields Group has long pursued. It is also an important marker on the road to substantial growth in the future. With this model, our growth trajectory rests on IP. If we can circulate the IP and build a virtuous cycle around it, we will move forward to our next step as a company. For this reason, the next five years will be extremely important.

I invite all of our stakeholders to expect great things from our efforts to maximize IP value and realize growth for the entire Fields Group. I want to thank everyone for their continued support.

Oya I would very much like for those shareholders who understand our philosophy to be long-term owners of stock in the Fields Group. We recognize that promoting our "developing business models" will possibly require significant investment. But rest assured that we will properly balance these investments for growth with the return of profits to shareholders. And while we remain committed to our pledge to maintain a consolidated payout ratio of 20% or more, we refuse to stop there. Our main objective is to deliver even greater returns to our shareholders by leveraging the benefits that accrue from the host of measures we will boldly tackle going forward.

It will take time before our initiatives for maximizing IP value deliver significant results. But over a longer span, it will become clear that with each successive year, IP developed by the Fields Group will have a more commanding presence across a range of media. That IP will bring excitement and pleasure to many, and the circle of influence it projects will grow even larger.

The Fields Group's social contribution through business activities lies in providing entertainment that enriches people's lives across a spectrum of fields, as we strive to realize our corporate philosophy of "The Greatest Leisure for All People." I am also convinced that this is the key to enhancing our corporate value.

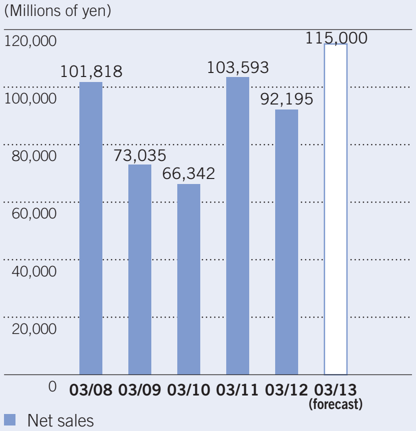
Thanks to our shareholders, investors and all other stakeholders, the Fields Group can look forward to additional growth over the long term. I want to thank all of you for your continued encouragement and support.

Consolidated Financial Highlights

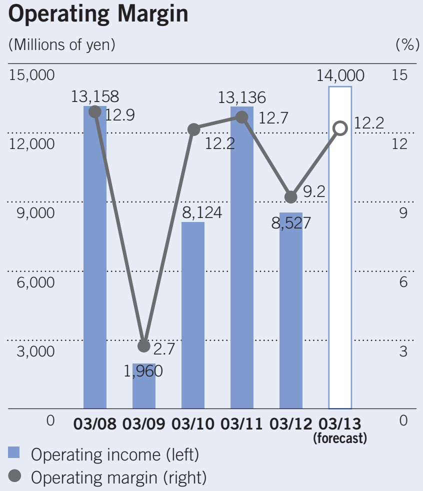
	Year Ended March 31, 2008	Year Ended March 31, 2009	Year Ended March 31, 2010	Year Ended March 31, 2011	**Year Ended March 31, 2012**	Year Ending March 31, 2013 (forecast)
Results of Operations (millions of yen):						
Net sales	¥101,818	¥ 73,035	¥ 66,342	¥103,593	**¥ 92,195**	¥115,000
Gross profit	34,544	24,024	26,889	35,129	**31,330**	—
Gross profit margin (%)	33.9	32.9	40.5	33.9	**34.0**	—
Operating income	13,158	1,960	8,124	13,136	**8,527**	14,000
Operating margin (%)	12.9	2.7	12.2	12.7	**9.2**	12.2
Ordinary income*1	11,705	991	7,761	13,684	**8,661**	14,500
Ordinary margin (%)	11.5	1.4	11.7	13.2	**9.4**	12.6
Net income (loss)	5,296	(1,481)	3,289	7,520	**5,991**	7,300
Net margin (%)	5.2	—	5.0	7.3	**6.5**	6.3
Financial Position (millions of yen):						
Total assets	69,168	52,064	81,329	78,971	**93,601**	—
Net assets	46,331	39,496	41,187	47,021	**51,555**	—
Shareholders' equity	44,485	39,463	41,064	46,779	**51,071**	—
Interest-bearing liabilities	5,006	3,011	2,230	1,834	**1,660**	—
Cash Flows (millions of yen):						
Cash flows from operating activities	11,127	4,147	8,429	8,005	**10,015**	—
Cash flows from investing activities	(14,604)	(6,182)	(1,011)	(4,356)	**(4,798)**	—
Cash flows from financing activities	(1,384)	602	(2,687)	(3,915)	**(2,565)**	—
Free cash flows	(3,477)	(2,035)	7,418	3,649	**5,217**	—
Per share Data (yen):						
Earnings (loss) per share	¥ 15,263	¥ (4,271)	¥ 9,796	¥ 22,643	**¥ 18,044**	¥ 21,998
Net assets per share	128,201	117,326	123,645	140,853	**153,904**	—
Dividends per share	4,500	4,500	4,500	5,000	**5,000**	5,000
Key Financial Indicators (%):						
Return (loss) on equity (ROE)	12.4	(3.5)	8.2	17.1	**12.2**	—
Return on assets (ROA)*2	17.3	1.6	11.6	17.1	**10.0**	—
Shareholders' equity ratio	64.3	75.8	50.5	59.2	**54.6**	—
Payout ratio	29.5	—	45.9	22.1	**27.7**	22.7

*1 Ordinary income is used as one of the important performance indicators in Japanese GAAP. This classification consists of the addition of the balance of financial income, such as interest income (expense), foreign exchange gain (loss) etc., to operating income.
*2 ROA = Ordinary income / Average total assets

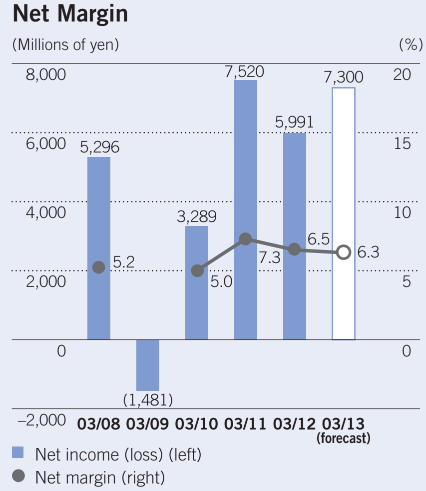
Net Sales



Operating Income/ Operating Margin



Net Income (Loss)/ Net Margin



Overview of Consolidated Financial Results

Business Results for the Year Ended March 31, 2012

Consolidated net sales in the fiscal year ended March 31, 2012 amounted to ¥92,195 million, down 11.0% year on year. Operating income was ¥8,527 million, down 35.1%, with ordinary income down 36.7% to ¥8,661 million. Net income was ¥5,991 million, a decrease of 20.3% year on year, despite a decline in income taxes as a result of the dissolution and liquidation of subsidiaries.

In terms of key factors regarding performance, taking into consideration the effects of the Great East Japan Earthquake at the beginning of the fiscal year, the Company laid out sales schedules for the Pachinko/Pachislot business emphasizing the second half of the year. Later, in response to the market environment, in which the shipments and sales of pachinko/pachislot machine manufacturers' major titles were concentrated in the second half of the fiscal year, the Company revised these schedules so that a balance was struck between supply and demand.

In accordance with this policy, the Company launched one pachinko machine and two pachislot machines during the first half of the fiscal year, and one pachinko machine and four pachislot machines during the second half. Sales largely went forward as scheduled throughout the fiscal year, but part of the orders for the pachislot machines launched during the fourth quarter was shifted to the fiscal year ending March 31, 2013. For this and other reasons, the financial results for the fiscal year ended March 31, 2012 are as described above.

Outlook for the Fiscal Year Ending March 31, 2013

As a distributor in the Pachinko/Pachislot field, the Company will introduce products with outstanding gaming and entertainment value in an effort to gain more fan support and to create new customers.

During the year ending March 31, 2013, the Company expects to sell 480,000 pachinko/pachislot machines, an increase of 68,000 machines year on year.

The Company will expand the lineup of pachinko machine products it has jointly planned and developed with existing manufacturers. At the same time, the Company will work with KYORAKU SANGYO to introduce products under the new joint brand OK!!. In response to the continuously expanding pachislot machine market, Fields will introduce major products that meet the increasingly sophisticated needs of fans, thus contributing to the further revitalization of the market.

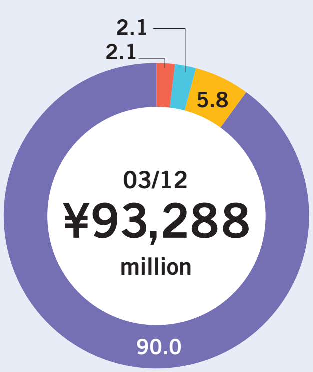
In the overall entertainment area, the Company will gain more fans and maximize the value of its IP (intellectual property) by circulating the IP its Group acquires, possesses, and creates through the new framework it has developed (refer to "Vision and Strategy" from page B through page 16).

With respect to dividends for the fiscal year ending March 31, 2013, we hope to contribute more to the return of profits to shareholders by targeting record-high net income through additional growth.

At a Glance (Fiscal Year Ended March 31, 2012)

* In the fiscal year ended March 31, 2012, the Group disclosed segment information for the following segments: the Pachinko/Pachislot (PS) Field Segment, the Mobile Field Segment, the Sports Entertainment Field Segment, and the Other Field Segment.
From the fiscal year ending March 31, 2013, the Company has progressively integrated the four segment classifications to adopt a single segment based on IP.

Sales Composition (%)



- Mobile Field
- Sports Entertainment Field
- Other Field
- Pachinko/Pachislot (PS) Field

* Includes intersegment sales and transfers.

Overall Entertainment Field

Mobile Field

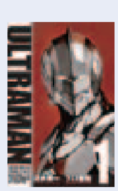
In the online services field, which also includes the area of mobile content, Fields offers services for PCs and mobile devices.

Sports Entertainment Field

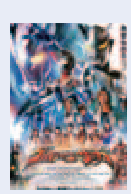
Fields in this business is developing its Total Workout sports gym brand.

Other Field

Fields promotes business in this field centered on maximizing the value of characters and other IP.



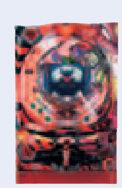
HERO's Comics

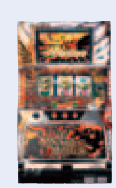

Ultraman Saga

Pachinko/Pachislot Business

Pachinko/Pachislot (PS) Field

Fields is involved in the planning, development and sale of pachinko/pachislot machines. By leveraging characters and other IP to promote the planning and development of machines, Fields continues to offer pachinko/pachislot machines with high gaming and entertainment value that more people can enjoy.


CR Evangelion 7

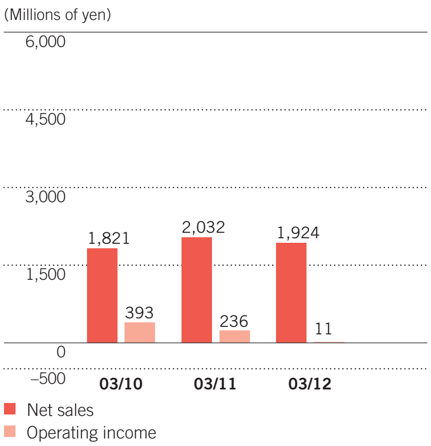

Pachislot Monster Hunter

Review of Operations

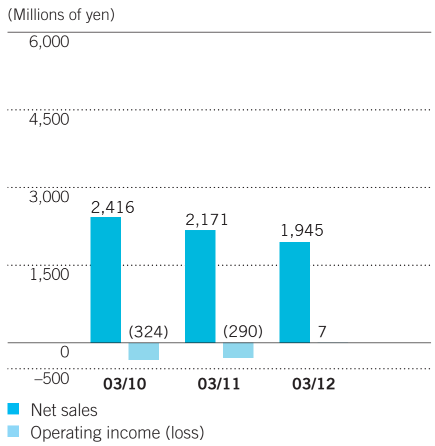
Overall Entertainment Field

Fields is focusing on the development of mechanisms for the continuous acquisition, creation and cultivation of characters and other IP, with the aim of establishing a character business over the medium to long term in the overall entertainment field.

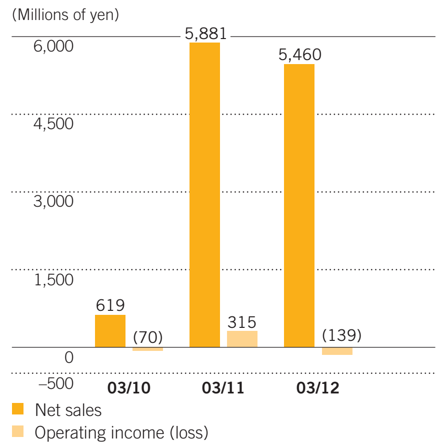
Mobile Field



Sports Entertainment Field



Other Field



Market Trends and Outlook

Since 2002, content businesses have been designated an important next-generation industry by the Japanese Ministry of Economy, Trade and Industry, where growth and development can be expected in enriching the lifestyles of the people of Japan.

In the “Report by the Study Group on the Content Industry’s Growth Strategy” published in May 2010 as a roadmap for this industry, the Ministry strongly propagates the further nurturing of a homegrown content industry by describing how the globalization of Japanese animation, comics and motion pictures, to mention but a few, could conceivably spur the Japanese economy.

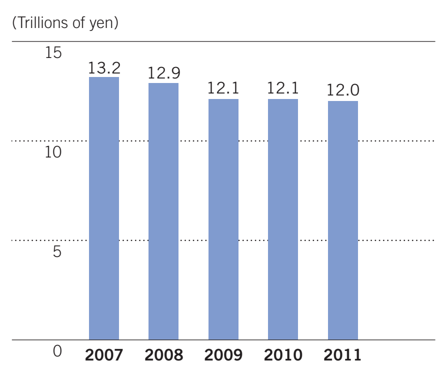
In the fiscal year ended March 31, 2012, Japan’s content industry was dramatically altered by the impact of the Great East Japan Earthquake. This was especially true in the publishing field, a key content creation source, where delays in printing, binding and delivery due to the disaster caused market scale to contract sharply.

Nevertheless, shipment volumes for smartphones, tablets and other new hardware have risen steadily, leading to major expansion in the size of the market for mobile content, e-books and other products.

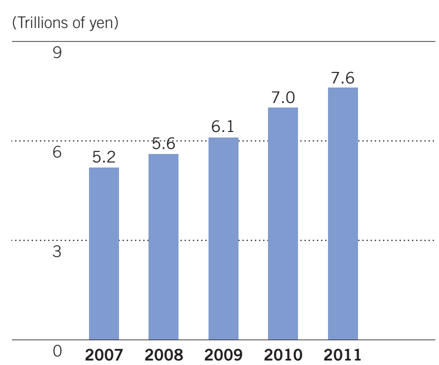
As a consequence, while the scale of Japan’s content market in 2011 declined by 1.2% year on year to ¥12.0 trillion*, the value of the digital content market rose by 9.0% year on year to ¥7.6 trillion. This growth reflected a surge in the market driven by utilization of new technologies, coupled with the complete shift to digital terrestrial television broadcasts nationwide, with the exception of the three prefectures hit hardest by the disaster.

* Source: “Digital Content White Paper 2012” (Edited by Digital Content Association of Japan; overseen by the Ministry of Economy, Trade and Industry)

Scale of the Content Market



Scale of the Digital Content Market



Source: “Digital Content White Paper 2012” (Edited by Digital Content Association of Japan; overseen by the Ministry of Economy, Trade and Industry)

Review of Results for the Fiscal Year Ended March 31, 2012

Mobile Field

The Mobile Field recorded net sales of ¥1,924 million, a year-on-year decrease of 5.3%, and operating income of ¥11 million, down 95.1%.

With the development of Japan's Internet user environment, it is expected that demand for entertainment content such as social games and e-books will grow even further. In addition to expanding mobile and other online services making the most of pachinko/pachislot-related content, which is a particular strength, the Company is striving to build up new services effectively, using the content it possesses in other fields.

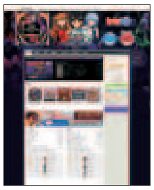
Along with reviewing existing services utilizing pachinko/pachislot-related content in the online service field, FutureScope Corporation and IP Bros. Incorporated have made their services compatible with smartphones and built up new content. At the same time, they have made investments to improve the quality of their services. Both companies will continue to expand pachinko/pachislot-related content through social networking services and online services, and will also strive to increase profitability by maximizing the value of the IP the Fields Group acquires and creates.

▶ Online services, including for mobile devices

Fields Mobile

©khara
©Bisty

Nanapachi



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Sports Entertainment Field

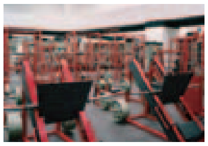
The Sports Entertainment Field recorded net sales of ¥1,945 million, a year-on-year decrease of 10.4%, and operating income of ¥7 million, compared with an operating loss of ¥290 million in the previous fiscal year.

During the fiscal year ended March 31, 2012, the Company continued to strive to improve the management of sports-related business as it had done in the previous year.

In the sports field, Japan Sports Marketing Inc. underwent drastic business restructuring, as described in the "Notice regarding a Simplified Absorption-type Divestiture between Fields Corporation and its Subsidiary and a Special Liquidation of the Subsidiary" dated August 23, 2011, and special liquidation was completed in March 2012.

Total Workout, the sports gym business taken over by the Company, continued to steadily increase membership and personal training contracts at each outlet.

▶ Total Workout



Other Field

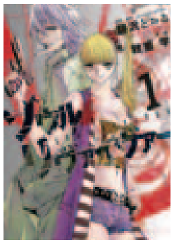
The Other Field recorded net sales of ¥5,460 million, a year-on-year decrease of 7.2%, and an operating loss of ¥139 million, compared with operating income of ¥315 million in the previous fiscal year.

On November 1, 2011, HERO'S Inc., a publishing company established jointly with Shogakukan Creative Inc., founded the comic magazine *HERO'S Monthly*. It is now in its seventh issue, dated May 1, 2012. At the same time, the publishing company is working actively to upgrade the contents of the magazine with future merchandising in mind.

In February 2012, Lucent Pictures Entertainment, Inc. released *BERSERK THE GOLDEN AGE ARC I: THE HIGH KING'S EGG* to theaters nationwide. This feature-length animation, Part I of the *BERSERK* series, was planned and produced as a major project since the initial founding of Lucent Pictures Entertainment. The company released a sequel, *BERSERK THE GOLDEN AGE ARC II: THE BATTLE FOR DOLDREY*, in June 2012. It plans merchandising using a range of mass media platforms.

▶ HERO'S Inc.

Hero's Comics



▶ Lucent Pictures Entertainment, Inc.

BERSERK

©KENTAROU MIURA (STUDIO GAGA)
HAKUSENSHA/BERSERK FILM PARTNERS

Digital Frontier Inc. has advanced video production business in various fields, including the production of computer graphics (CG) for movies and games. In order to meet the growing demand for CG production for pachinko/pachislot machines and for the production of feature-length CG works, the company is actively expanding production lines. One effort in this regard is the subsidiaries established not only in Japan but also in Taiwan and Malaysia.

In March 2012, Tsuburaya Productions Co., Ltd. released *Ultraman Saga*, the latest in the *Ultraman* movie series, nationwide. The movie attracted audiences from a wide range of age groups through the casting of high-profile actors and powerful 3D cinematography. The company is striving to enhance the value of the IP it offers and to bolster its merchandising foundation not only through movies but also through other mass media, including *Ultraman Retsuden* episodes for TV.

From the fiscal year ending March 31, 2013, the Company has progressively integrated the segment classifications to adopt a single segment based on IP.

▶ Digital Frontier Inc.
(3D CG/movies/game movie production and finished works)

RESIDENT EVIL DAMNATION
(Theatrical release on October 27, 2012)

Frequently Asked Questions from Shareholders and Investors Over the Past Year

Content

How will *HERO'S Monthly* be developed going forward?

HERO'S Monthly has performed strongly since its debut issue in November 2011. We plan to take on a variety of planning and development efforts as well as pursue new projects to generate more hero-based characters.

The shift of some of these characters to their own comics is already on tap for this fall. This step will provide the impetus for quickly driving the development of these properties into videos and other commercial products. Accordingly, we will continue to work under our "developing business models" to promote efforts to maximize IP value with major partner companies.

Why is Fields developing the *BERSERK* IP?

BERSERK is a major IP that enjoys high name recognition worldwide, since the original comic book is published globally.

In order to make this kind of IP widely known and tie it to the growth of the entire content industry, the Fields Group has been involved in planning and production to set the original work, stories and characters apart in the market, and using the latest technology to convert these into video. The theatrical release of the *BERSERK* has already begun in Japan, and the decision has been made to supply it to theaters in over 16 other countries. In this way, the Fields Group will advance measures designed to promote its own unique multimedia development of IP.

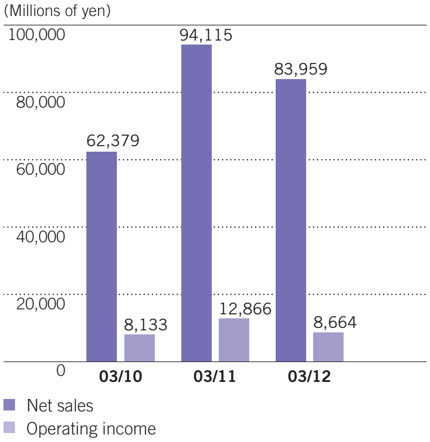
What steps are you taking to reinvigorate the *Ultraman* IP?

To reinvigorate the *Ultraman* IP, the idea is to expose children to the IP through movies, TV and the like in order to boost recognition and cultivate a future fan base. We are also focusing on developing an updated version of *Ultraman* in order to widen the appeal of this IP to generations beyond those who grew up with this well-known character. Looking ahead, we intend to build even stronger ties with prominent partner companies as we work to encourage the spread of IP, including in overseas media, with the goal of gaining profits from future merchandising.

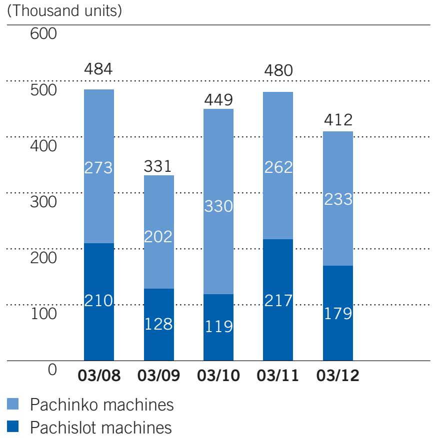
Pachinko/Pachislot Business

In the Pachinko/Pachislot business, we strove to enhance the ability of pachinko halls to continue to attract customers by launching machines that utilize characters and other IP to create machines with even greater attention to rich gaming and entertainment value.

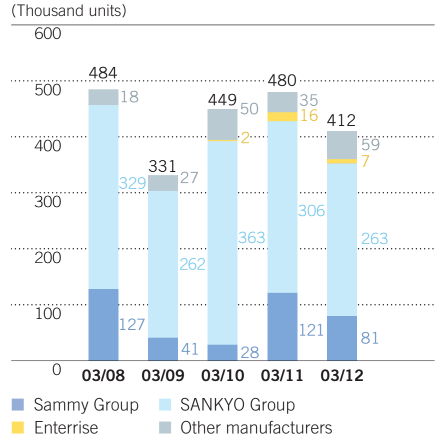
Pachinko/Pachislot (PS) Field



Number of Pachinko/Pachislot Machines Sold



Number of Pachinko/Pachislot Machines Sold by Alliance Partners



Market Trends and Outlook

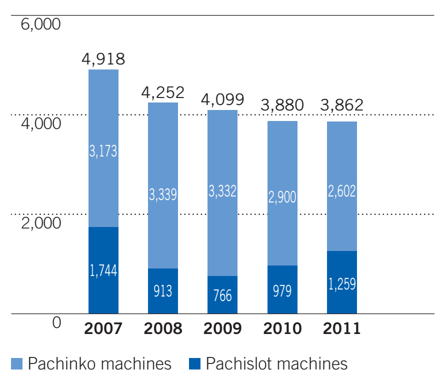
In the fiscal year ended March 31, 2012, the pachinko/pachislot market's business environment underwent significant upheaval, affected as it was by the Great East Japan Earthquake. In order to respond to social conditions brought on by the threat of widespread power shortages stemming from the disaster, pachinko halls implemented extensive electricity-saving measures such as voluntarily reducing their business hours, and staged temporary closings on a rotating basis. Pachinko/pachislot machine manufacturers, meanwhile, were forced to draw up production and sales plans with greater emphasis on the second half of the fiscal year because the earthquake had disrupted their (component) supply chains, significantly affecting their procurement of electronic components and other products. The supply chains fortunately returned to normal earlier than the summer or thereafter, as had initially been predicted. Pachinko/pachislot machine manufacturers were therefore able to introduce a number of major titles in succession during the third quarter (October to December), prompting the market to surge as the year-end and New Year sales campaign season approached. Several major titles introduced in the fourth quarter helped sustain this market upturn.

As a result, the number of pachinko machines sold during the fiscal year ended March 31, 2012 declined 10.3% year on year to 2.6 million units*, while the number of pachislot machines sold, backed by an increase in installations, rose 28.6% year on year to 1.25 million units*. The number of pachislot machines installed has grown firmly since 2009.

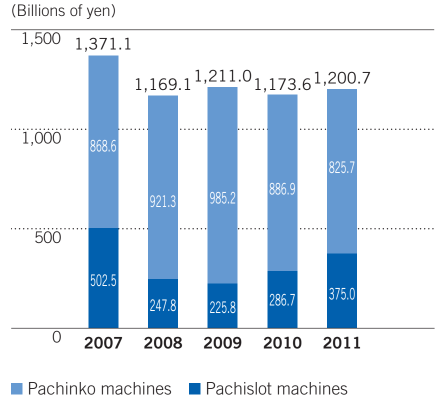
Turning to the scale of the market for pachinko/pachislot machine sales, sales for pachinko machines declined 6.9% to ¥825.7 billion*, while pachislot machines experienced a year-on-year increase of 30.8% to ¥375.0 billion*. Firm growth in sales of pachislot machines, which have a higher sales price per unit than pachinko machines, lifted scale of sales in the pachinko/pachislot machine market 2.3% to ¥1,200.7 billion*.

* Source: "2012 Trend and Market Share of Pachinko Related Manufacturers" published by Yano Research Institute Ltd.

Scale of Pachinko/Pachislot Machine Sales Market (Sales Volume)



Scale of Pachinko/Pachislot Machine Sales Market (Monetary Sales)



Source: "2012 Trend and Market Share of Pachinko Related Manufacturers" published by Yano Research Institute Ltd.

Performance

Review of Results for the Fiscal Year Ended March 31, 2012

The number of pachinko machines sold during the fiscal year ended March 31, 2012 was 233,223 units, 29,391 units fewer than in the previous fiscal year, and the number of pachislot machines sold was 179,167 units, 38,492 units fewer than in the previous fiscal year. Consequently, net sales for the Pachinko/Pachislot (PS) Field were ¥83,959 million, a year-on-year decrease of 10.8%, and operating income was ¥8,664 million, a year-on-year decrease of 32.7%.

In light of these market conditions, the Company limited its sales plan to launching only one pachinko machine and two pachislot machines during the first half of the fiscal year, and decided to concentrate the launch of several machines, including major titles, in the second half. The supply chains fortunately returned to normal earlier than the summer or thereafter, as had initially been predicted. Pachinko/pachislot machine manufacturers were therefore able to introduce a number of major titles in succession during the third quarter (October to December), prompting the market to surge as the year-end and New Year sales campaign season approached.

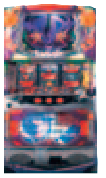
As the supply of new machines was concentrated in October through December, during the third quarter of the fiscal year, the Company decided—from its standpoint as a company responsible for distribution—to focus on introducing several major titles during January through March, in the fourth quarter. This was done in order to maintain market momentum from the preceding quarter. The pachinko machine *CR Evangelion 7*, launched at the beginning of 2012 as the first of the major titles, achieved strong market support, helping attract a continuous stream of customers to pachinko halls, as had been initially intended. The Company also strove to maintain growth in the pachislot market by launching *Evangelion—The Heartbeat of Life* in February. This was followed in March by the pachislot machine *Pachislot Monster Hunter*, which was developed in employ of the popular video game software, and the Company also took a range of other marketing measures.

Orders for the highly popular *Pachislot Monster Hunter* remained strong. However, due to the floods in Thailand during the fiscal year under review, it became difficult to procure some of the components and materials, which delayed a portion of the sales until the fiscal year ending March 31, 2013. In response to a revision of the industry organization's internal rules, one pachinko title scheduled for launch under the Bisty brand during the fourth quarter will be introduced in the fiscal year ending March 31, 2013 in order to enhance its appeal in terms of gaming and entertainment value.

From the fiscal year ending March 31, 2013, the Company has progressively integrated the segment classifications to adopt a single segment based on IP.

◀ Bisty
CR The Story of Ayumi Hamasaki —Introduction

◀ Bisty
CR Evangelion 7



◀ Bisty
Evangelion—The Heartbeat of Life

◀ Rodeo
Pachislot Monster Hunter

Product Releases

Pachinko machines	Brand	Release date	Number of machines sold throughout the year	Cumulative number of machines sold
CR The Story of Ayumi Hamasaki—Introduction	Bisty Co., Ltd.	July 2011	72,000 units	72,000 units
CR The Story of Ayumi Hamasaki—Light/Sweet Version	Bisty Co., Ltd.	November 2011	11,000 units	11,000 units
CR Evangelion 7	Bisty Co., Ltd.	January 2012	98,000 units	100,000 units

Pachislot machines	Brand	Release date	Number of machines sold throughout the year	Cumulative number of machines sold
(Continued sale from previous term) *MOBASLO Evangelion—for your own wish*	Bisty Co., Ltd.	March 2011	22,000 units	78,000 units
SAMURAI 7	Bisty Co., Ltd.	May 2011	13,000 units	13,000 units
Kaze no Youjinbou—Memory of Butterflies	Rodeo Co., Ltd.	August 2011	23,000 units	23,000 units
Rahxephon	Rodeo Co., Ltd.	October 2011	–	–
Street Fighter IV	Enterrise Co., Ltd.	November 2011	–	–
Evangelion—the Heartbeat of Life	Bisty Co., Ltd.	February 2012	47,000 units	47,000 units
Pachislot Monster Hunter	Rodeo Co., Ltd.	March 2012	56,000 units	96,000 units

* Sales for titles that sold less than 10,000 units are not shown.
* Cumulative number of machines sold as of July 31, 2012.

How is the Pachinko/Pachislot field positioned under your new business model?

Fields saw the emergence of pachinko/pachislot machines mounted with larger LCD screens as an opportunity to treat this genre as a medium comparable to movies and television. We then took steps to create an array of pachinko/pachislot machines that utilize IP to deliver outstanding gaming and entertainment value.

In this context, the Pachinko/Pachislot field is considered a site for IP development under our new business models, and has been positioned as one merchandising field responsible for delivering profits.

This strategy is one not found elsewhere even among companies that handle IP and content, and continues to be a competitive strength for Fields in promoting the acquisition, creation and cultivation of IP.

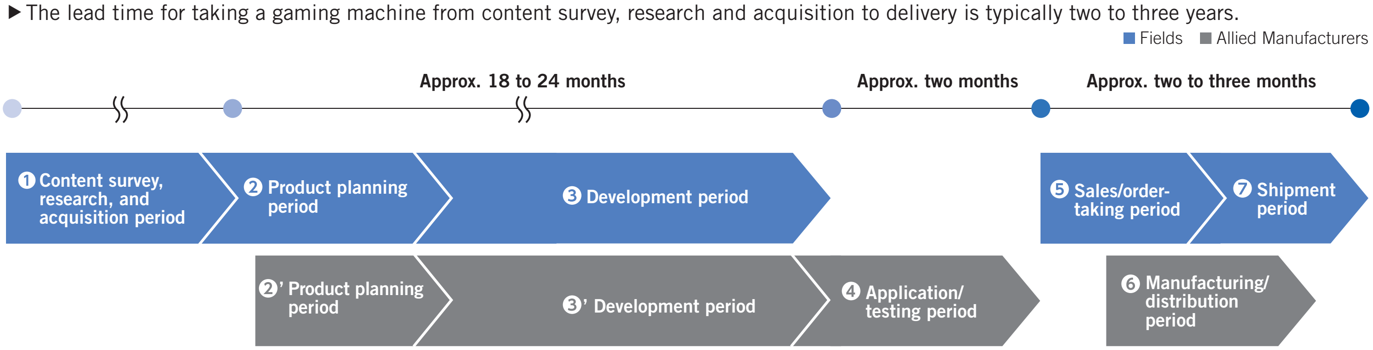
How reliant is Fields on the *Evangelion* pachinko/pachislot series?

Fields launched its first entry in the *Evangelion* series in December 2004, and by May 2012 had sold a cumulative total of 1.75 million machines in this series. Until now, our reliance on the series has been relatively high depending on the market conditions and sales strategy for a given fiscal year, and has accounted at times for half of annual sales volume. For Fields, there is no question that *Evangelion* is one of the most important of our IP.

Pachinko/pachislot machines outside of the *Evangelion* series have also been successful. In the coming years, we hope to develop new markets by complementing *Evangelion* with the creation of a number of comparable series through IP utilization under our “developing business models,” and through partnerships with Sammy Corporation, SANKYO CO., LTD, KYORAKU SANGYO, and other major companies.

Pachinko/Pachislot Business Initiatives

▶ The lead time for taking a gaming machine from content survey, research and acquisition to delivery is typically two to three years.



❶ Content survey, research, and acquisition period
Survey and research appropriate content for pachinko/pachislot machine; and acquire, create and nurture IP—the source of content.

❷ Product planning period ❷’ Product planning period
Detailed product planning covering the overall concept of a machine and the storyline, as well as LCD presentation images and pachinko board design, with allied manufacturers designing the systems.

❸ Development period ❸’ Development period
Cooperate with allied manufacturers to develop LCD images and operation program, etc., for the machine.

❹ Application/testing period
Machine manufacturer requests formal testing at the designated institution (SECTA). After passing testing, the manufacturer files a notification with the Public Safety Commission.

❺ Sales/order-taking period
Conduct proposal-type sales activities at pachinko halls throughout Japan, using strengths as a major distributor.

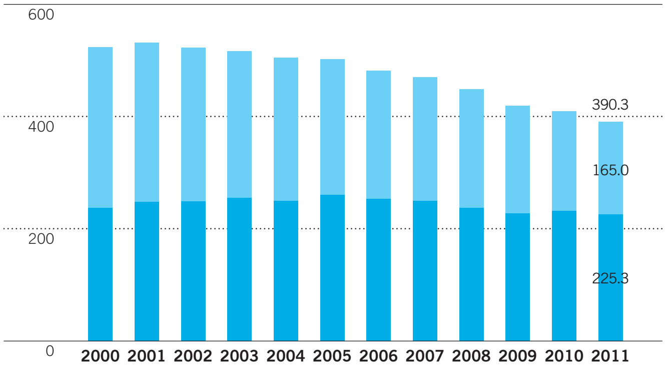
❻ Manufacturing/distribution period
After receiving orders, the machines are manufactured at the manufacturer’s factory. At the same time, pachinko halls file a machine replacement application with the Public Safety Commission.

❼ Shipment period
The newly made machines are delivered to the pachinko halls by sales personnel. Then, after inspection by the police, the new machines are ready to provide enjoyment for everyone.

Market Data

Comic Magazine and Comic Book Sales

(Billions of yen)

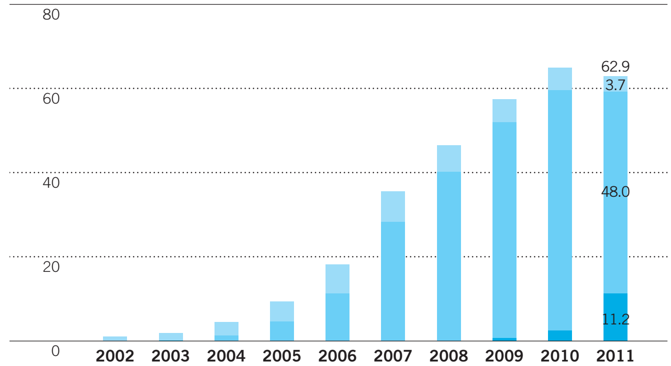


■ Comic books ■ Comic magazines

Source: "2012 Annual Report of Publishing Indicators" published by the All Japan Magazine and Book Publisher's and Editor's Association

Market Scale of the e-Book

(Billions of yen)

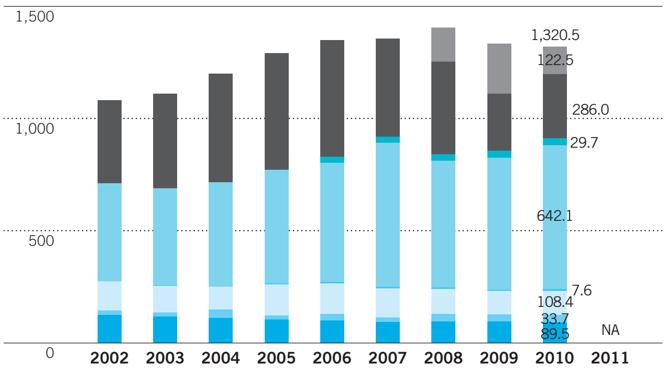


■ For new platforms ■ For mobile devices ■ For PCs

Source: "eComic Marketing Report 2012" published by Impress R&D

Market Scale of Animation Industry

(Billions of yen)

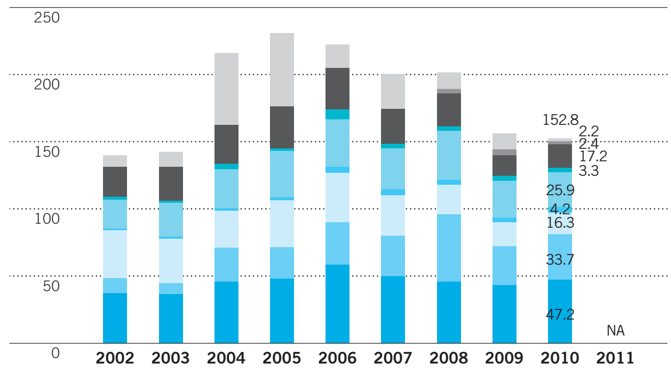


■ TV ■ Theater/Movie ■ Video ■ Download distribution ■ Commercialization
■ Music ■ Overseas ■ Pachinko/pachislot

Source: "Transitions in the Japanese Animation Market 2012" published by the Association of Japanese Animations

Animation Production Company Sales

(Billions of yen)

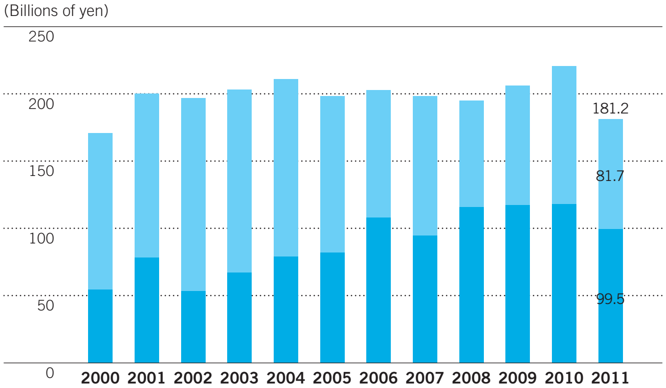


■ TV ■ Theater/Movie ■ Video ■ Download distribution ■ Commercialization
■ Music ■ Overseas ■ Pachinko/pachislot ■ Other

Source: "Transitions in the Japanese Animation Market 2012" published by the Association of Japanese Animations

Box Office Revenue of Domestic Movie Theaters

(Billions of yen)

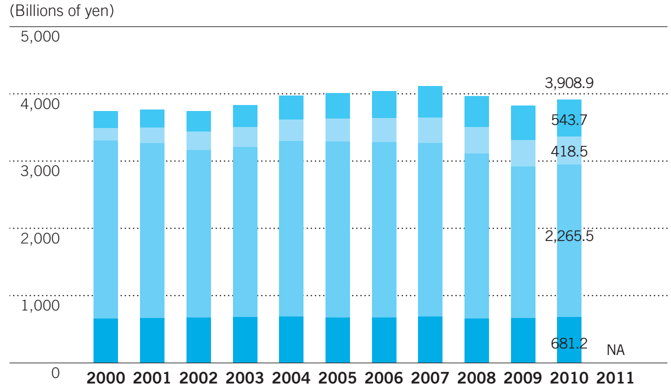


■ Japanese movies ■ Foreign movies

Source: "Statistics of Film Industry in Japan" published by Motion Picture Producers Association of Japanese, Inc.

Market Scale of the Broadcasting Industry

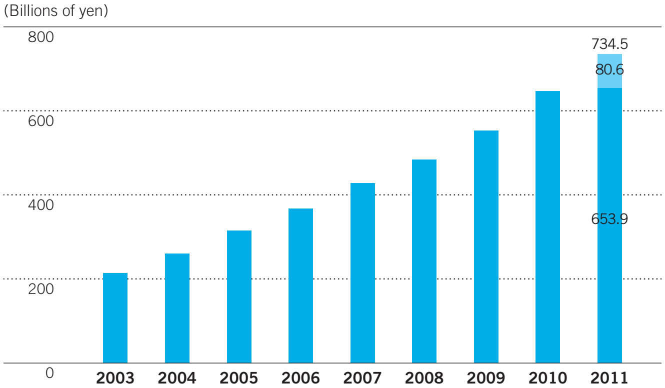
(Billions of yen)



■ NHK ■ Terrestrial-based broadcasters ■ Satellite-based broadcasters
■ Cable TV broadcasters

Source: "Financial Status of Private Broadcasters," published by the Ministry of Internal Affairs and Communications and NHK (Japan Broadcasting Corporation)

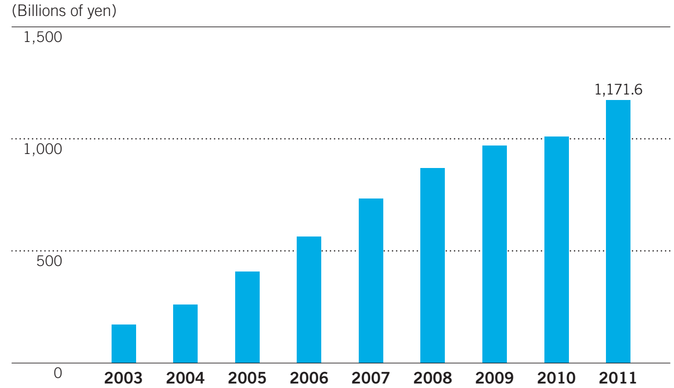
Mobile Content Market



■ Mobile content market (feature phones) ■ Mobile content market (smartphones)

Source: "Survey Results Concerning Actual Industrial Structure of Mobile Content" published by the Ministry of Internal Affairs and Communications

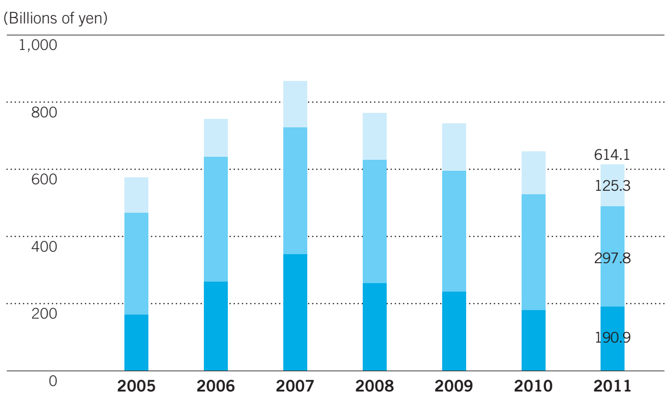
Mobile Commerce Market



■ Mobile commerce market

Source: "Survey Results Concerning Actual Industrial Structure of Mobile Content" published by the Ministry of Internal Affairs and Communications

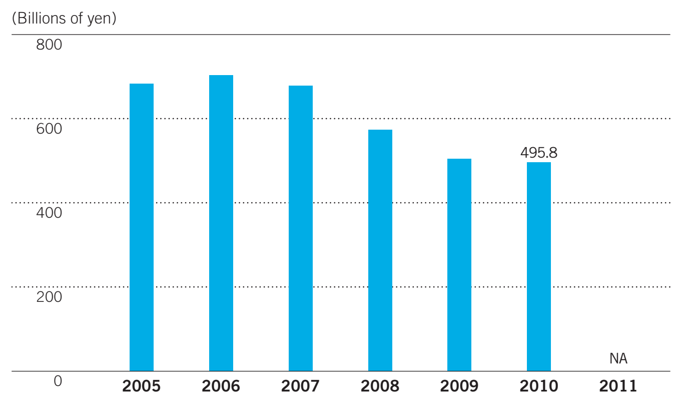
Home Video Game Sales



■ Hardware ■ Software ■ Used software

Source: "The Annual Game Industry Report in 2012" published by Media Create Co., Ltd.

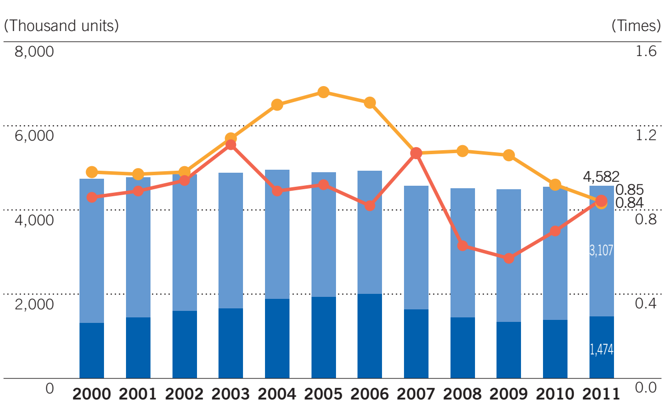
Amusement Facility Sales



■ Amusement facilities

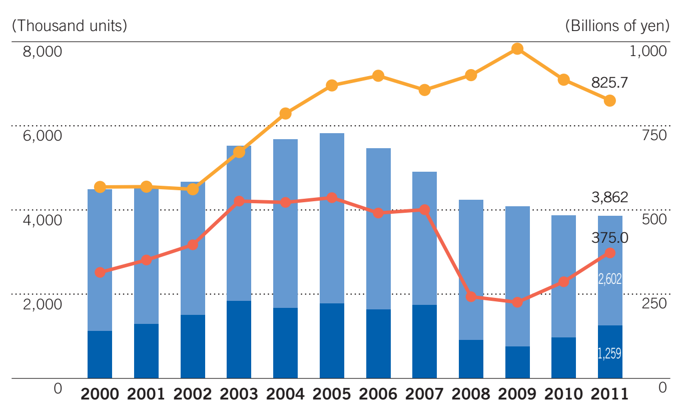
Source: "Amusement Industry Survey" published by Japan Amusement Industry Association (JAIA)

Number of Machines Installed and Annual Turnover



■ No. of pachinko machines installed (left) ■ No. of pachislot machines installed (left)
● Pachinko machine turnover (right) ● Pachislot machine turnover (right)

Scale of the Machine Sales Market



■ No. of pachinko machines sold (left) ■ No. of pachislot machines sold (left)
● Pachinko machine sales (right) ● Pachislot machine sales (right)

Source: "2012 Trend and Market Share of Pachinko Related Manufacturers" published by Yano Research Institute Ltd.; National Police Agency statistics; some Company estimates

Performance

Corporate Social Responsibility (CSR)

Interview with the CSR Committee Chair

Hideo Ito
Director; Division Manager, Corporate Division

In the quest to realize the corporate philosophy of "The Greatest Leisure for All People," Fields provides entertainment that contributes to richer lives for individuals and for society as a whole. Our basic approach to CSR is the sustainable promotion of these business activities in joint prosperity with our society. CSR activities have an important role to play in ensuring the sound management base and securing the trust and respect of society vital to this approach.

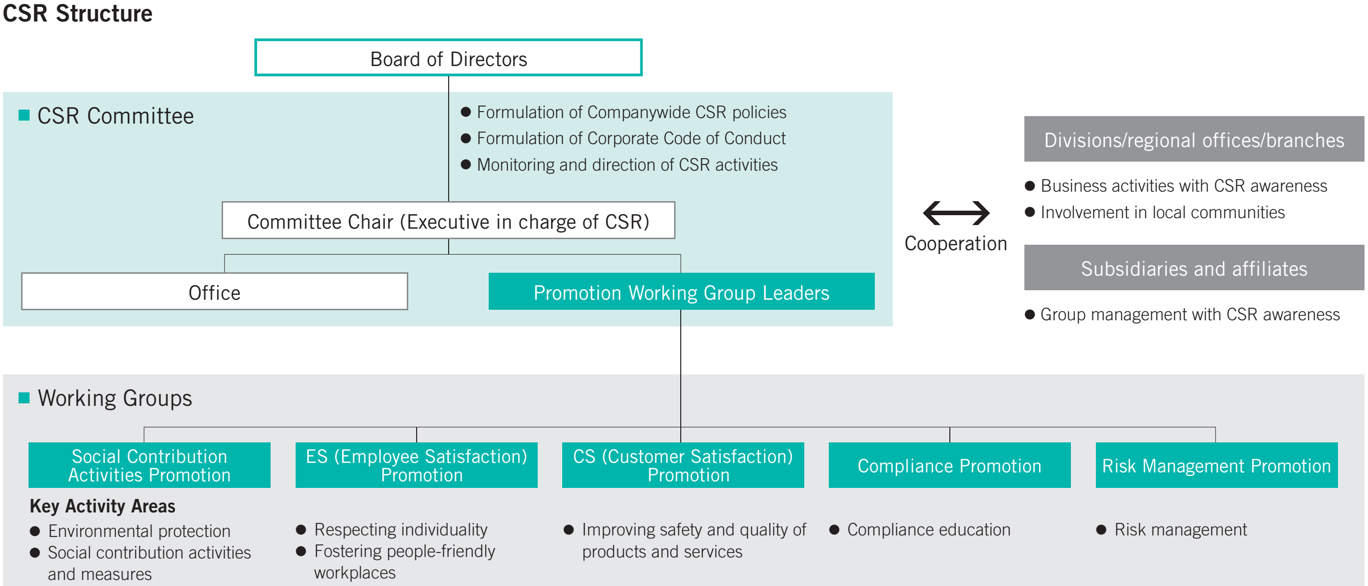
In 2008, we formed the CSR Committee. Ever since, this committee has worked to promote awareness of our basic approach to CSR and the Corporate Code of Conduct, among other activities. In June 2012, we prepared and distributed the "CSR Report Vol.0 Concept Book" to employees. The purpose of this initiative was to increase employees' knowledge of the corporate social responsibilities of the Company and encourage them to take action. As a result of these measures, we have noted a heightened awareness of CSR among employees. At the same time, we have seen the activities carried out by our five CSR promotion working groups start to steadily produce results. These include social contribution activities, measures to enhance employee and customer satisfaction, and compliance and risk management.

During the summer of 2011, there were concerns about nationwide power shortages due to the impact of the Great East Japan Earthquake, which struck in March 2011. Fields resolved to reduce its total electricity consumption in-house by 25%—over and beyond a request by Japan's Ministry of Economy, Trade and Industry to reduce electricity consumption by 15%. As a result of rigorous power conservation efforts, we successfully reduced our electricity consumption by 28.9% (during the target period of May-September of the previous fiscal year, excluding additional floor area).

Another initiative, the Ultraman Foundation, embodies the Fields Group's hopes of providing heartfelt support to children living in the earthquake-stricken regions. This organization has provided these children with ongoing assistance, both physical and mental. Looking ahead, with the cooperation of numerous stakeholders, we hope to conduct lasting activities that contribute to the future of children.

Fields is committed to delivering quality products and services both for sustainable growth as a company and to fulfill its social responsibility. We view customer satisfaction as our first priority to this end. Accordingly, we will put an environment in place for raising the level of satisfaction among the employees that support this, the benefits of which will return to shareholders in the form of profit. There are issues we need to confront, such as the broadening concept of who our customers are as our business evolves, and embedding CSR throughout the entire Fields Group. Rest assured, though, that with your long-term support, we will steadily address these issues one step at a time going forward.

CSR Structure



Role of the CSR Committee

Chaired by the executive in charge of CSR, the CSR Committee is made up of the leaders of the CSR promotion working groups and administration staff. The CSR Committee formulates policies relating to CSR management, approves the Corporate Code of Conduct, and monitors the CSR promotion activities run by each promotion working group.

Role of Working Groups

The CSR promotion working groups autonomously plan and execute concrete measures based on their respective activity policies. They make timely progress reports about their activities to the Office, and report quarterly to the CSR Committee.

Comments from the leaders of each working group, as shown in the CSR Report Vol.0 Concept Book, are presented below.

Social Contribution Activities Promotion

Hideaki Hatanaka Social contribution activities promotion working group leader

In accordance with the Basic CSR Policy of Fields, the social contribution activities promotion working group formulates and executes social contribution and environmental protection initiatives, with the view to building and maintaining good relationships with various stakeholders. We strive to participate in activities aimed at contributing to regional society. Examples include post-quake reconstruction support activities in areas affected by the Great East Japan Earthquake in cooperation with the Ultraman Foundation; clean-up activities in the areas around the head office; and the Kugenuma Beach Cleanup Campaign, which gives consideration to the global environment. Along with sponsoring events that reflect our corporate philosophy of "The Greatest Leisure for All People," such as Legend Charity Golf, we will continue to promote programs that encourage participation by employees.

ES (Employee Satisfaction) Promotion

Toshiyuki Ochiai ES (Employee Satisfaction) promotion working group leader

The key themes of the ES (Employee Satisfaction) promotion working group are to promote diverse work styles for employees and their family members, and to enhance employee welfare and benefits. Mindful of the voice of employees and contemporary trends, we have taken actions in step with the development of personnel support systems. Key measures have included upgrading the leave system by promoting half-day leave and the usage of paid holidays; promoting health management by having the company bear the cost of flu vaccinations; and upgrading the employee welfare and benefits program by providing special benefits on the birth of a child or forming partnerships with companies operating various leisure facilities.

Looking ahead, we will continue to conduct activities while valuing input from employees, with the aim of ensuring that every employee can work with peace of mind and lead a fulfilling life on a daily basis.

CS (Customer Satisfaction) Promotion

Noritada Shimizu CS (Customer Satisfaction) promotion working group leader

As Fields advances further into the expansive field of entertainment, the range of those it considers customers has grown like never before. Furthermore, as the scale of the Fields Group expands, the role that society expects it to play is also changing. The actions we intend to take reflect our belief that customer satisfaction is directly tied to diligent efforts that bring several points together along a single vector—the future that Fields is determined to realize, the role that society expects the Company to fulfill, the expectations of many of those who enjoy our entertainment, and the aspirations of the partners who work with Fields to deliver products and services to so many people.

Compliance Promotion

Makoto Fukumoto Compliance promotion working group leader

Fields began promoting CSR activities in earnest from July 2008. Since then, we have enacted measures that utilize a variety of training activities and our intranet to foster a strong sense of ethics and morals, in addition to a commitment to strict legal compliance. Our intention here is to ensure that the execution of all business activities is appropriate and in line with the law and rules governing our industry.

Attention is given to shaping training in ways that better reflect actual practice, and to developing activities that emphasize division- and position-based training. At the same time, the breadth of activities specifically for Group companies is also expanding, as we look to promote activities that seek to embed compliance awareness across the entire Fields Group.

Risk Management Promotion

Koji Uno Risk management promotion working group leader

In the risk management promotion working group, we work to prevent and deter risks from materializing. We also put a structure in place for dealing swiftly and appropriately with any risks that do arise. As the scope of the Fields Group's business activities broadens, the latent risks that the Group faces are becoming more diverse.

Starting with measures to cope with major earthquakes, we promote activities under a recognition that having systems that spotlight and prevent disaster-related risks leads to greater peace of mind and safety for our employees, which in turn translates into improved corporate value.

Examples of Activities From April 2011 Through August 2012

Social Contribution Activities Promotion

Active Participation in Electricity Conservation, Cleanup Programs and Other Local Environmental Activities

As part of its social contribution activities, Fields promotes activities that contribute to local communities, including cooperation with efforts to conserve electricity and participation in cleanup programs.

To cooperate with efforts to conserve electricity to head off possible power supply shortfalls during the summer months due to the impact of the Great East Japan Earthquake, Fields in 2011 promoted electricity conservation measures at all branches and regional offices across Japan. This effort yielded results that exceeded the Company's conservation target. Fields will take similar action in 2012, setting a period for enactment of Japan's Cool Biz energy-saving program, and taking steps companywide to cut power consumption from air conditioning, facilities, office automation equipment and other sources.

Fields also recruits volunteers in-house to take active part in cleanup programs wherever it has operations. A key example is "The union beautification day at Shibuya Station," in which a number of employees voluntarily take part. The cleanup event takes place in Tokyo's Shibuya Ward, where the Company is headquartered, and is sponsored regularly by a local committee dedicated to beautifying the area.

Going forward, we hope to encourage continuous participation in similar activities not only at our head office but also at branches and regional offices, as we strive for an even greater contribution to local communities.


Cleanup program near Tokyo's Shibuya Station


Scene from the Kugenuma Beach (Kanagawa Prefecture) Cleanup Campaign

Compliance Promotion

Instituting Training to Instill Strong Sense of Ethics and Morals

Fields is utilizing group training and intranet-based e-learning modules to promote activities designed to foster a strong sense of ethics and morals, in addition to strict legal compliance. Particular attention is given to division- and position-based activities. Regular training programs are held on the theme of corporate ethics for new employees, and on how supervisors should give instructions for new managers.

We will continue striving to diversify and upgrade these activities, with the goal of ensuring that business activities are executed appropriately in line with laws and other relevant rules.


Compliance training

Issuance and Distribution of CSR Report Vol.0 Concept Book

As part of CSR awareness activities, in June 2012 we issued and distributed to all Group employees the CSR Report Vol.0 Concept Book.

The purpose of the book is to give each individual the opportunity to know more about and understand the Company's corporate philosophy and basic stance regarding CSR activities, its current initiatives, and the future direction of CSR activities. We will continue to pursue activities that will heighten employee awareness with respect to CSR in the future.


Example of CSR activities


Round-table discussions

Other Initiatives

Social Contribution Activities Promotion

- Took part in an emergency drill involving the entire ward (Shibuya Ward, Tokyo)
- Co-sponsorship of charity golf tournament
- Took part in a cleanup day involving the entire ward (Shibuya Ward, Tokyo) on the April 28 Shibuya Day
- Promotion of “Warm Biz” energy-saving program during winter months
- Installation of AED (automatic external defibrillator) units and training for their use implemented at head office, branches and regional offices in Japan

ES (Employee Satisfaction) Promotion

- Continued to conduct training sessions on safe driving for regional office sales staff in Japan

CS (Customer Satisfaction) Promotion

- Continued renewal of ISO9001:2008 (JIS Q 9001:2008), the latest international standard in certification for quality management

Risk Management Promotion

- Continued renewal of ISO/IEC27001:2005, the latest international standard in certification for information security management, and domestic standard JIS Q 27001:2006

Charity golf tournament

ISO9001:2008 certificate

ISO27001:2005 certificate

Excerpt of President Oya’s Message From the CSR Report Vol.0 Concept Book

If you truly share a commitment in your work to our corporate philosophy of providing “The Greatest Leisure for All People,” then take confidence in the fact that social responsibility is something that you already ensure is reflected in your actions each day. That in no way implies, however, that maintaining the status quo is good enough. I want each of you to never forget that you must always challenge yourself. I want you to take on new challenges and grow. There are two reasons that Fields is fortunate enough to have wonderful partners in a variety of areas. The first is that we never allow fear of failure to stop us from tackling new challenges. The second is the valuable experience we gain in return, which forms the basis of the reputation for which Fields is known. Even in adversity, there is nothing to be gained in giving less than 100 percent. And there is no growth to be had in failing to take on challenges out of fear. But if you continue to give your all, there will come a day when something that once required all your effort will now need only 80 percent. When that happens, you will be in your next stage of growth. I believe that Fields is made up of people who understand this concept.

Today, the Fields Group consists of more than 1,000 people, and we are sure to develop relationships with a variety of new partners going forward. As our social influence increases, so too do the things that we need to pay close attention to and the rules we need to follow. With that said, the formula for Fields’ growth—the cycle in which we earn profit from people enjoying their leisure time by creating even more exciting entertainment through recruitment of talented people and investment in new fields—remains unchanged. The framework for generating common value both for society and for Fields entails not only CSR, but embodies Fields’ identity since the day it was founded. It is also the path we have chosen for realizing our corporate philosophy of “The Greatest Leisure for All People.” This is where the desire to rise to challenges among each of you is most critical. One could argue that we have made a pact with society that we will take bold action to face the task of making our corporate philosophy a reality, and that we are striving to make Fields a more valuable company in the eyes of the public.

Group CSR

Ultraman Foundation—Fund to Support Children Today and Tomorrow

In the immediate aftermath of the Great East Japan Earthquake, Tsuburaya Productions Co., Ltd. and other participating Group companies came together to establish the Ultraman Foundation. The purpose of the foundation is to provide ongoing emotional and material support for years to come to those whose lives have been affected by the disaster, in particular the children that embody our hopes for the future. In the 18 months since it was established, the foundation has presented monetary donations, provided microbuses and other needed material support, sponsored Ultra Hero shows and offered relief visits, including outdoor emergency kitchens to provide food. In addition to these activities, the foundation plans to widen its circle of activities to include collaboration with other companies and groups to vigorously pursue activities that offer even greater synergies. In this way, the Ultraman Foundation is staunchly committed to providing the material and emotional support necessary to safeguard the future for these children.

Relief Visits to the Disaster Zone

Regular relief visits by Fields employees to areas devastated by the Great East Japan Earthquake emerged from a strong desire to be directly involved in boosting the morale of children affected by the disaster. More than 20 visits have taken place in the 18 months since the quake struck, consisting of Ultra Hero shows, meet-and-greet events, outdoor food kitchens and other activities that have brought smiles to the faces of many of the area's children.

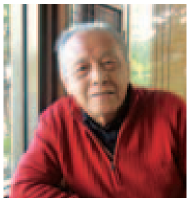
Donation of Microbuses

Transportation in the disaster zone is in short supply, making school attendance a challenge for many children. Upon hearing this, we donated two microbuses decorated in Ultra Hero and pop music group AKB48-themed decals. Both vehicles today are being used to bus local children happily to school every day.

In the city of Miyako, buses have been used to drop off and pick up children from school since the Great East Japan Earthquake. For locations difficult for large buses to travel, the microbuses from the Ultraman Foundation have been a huge help. Everywhere we go, lots of children talk excitedly about wanting to ride those brightly colored buses, which have made the whole town a bit more positive and cheerful.

While the recovery effort will certainly take time, I hope that the foundation will continue its long-term support to help local children stay positive and in high spirits.

Noboru Sakashita, General Manager of General Affairs and Planning Division, Miyako City



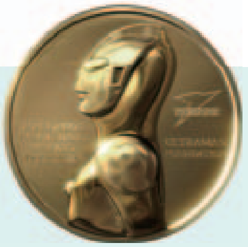
I typically take on shuttle bus jobs for sector three in the town of Otsuchi. After the Great East Japan Earthquake, I resumed business out of a desire to help townspeople at evacuation centers get to medical facilities.

Although the bus that the Ultraman Foundation donated is mainly used to carry children to kindergarten, when dropping off and picking up kids from sports practice, it heartened me to hear them say they could give their all during practice because they are so happy and excited to ride the bus. Today, the Ultraman bus is a source of encouragement for a great many people in Otsuchi, and they are grateful to the foundation for it. We really appreciate it.

Masahira Matsuhashi, Representative Director and President, Otsuchi Regional Revitalization Co., Ltd. (Sector Three)

Monetary Donations

In 2011, the Ultraman Foundation provided monetary donations to three prefectures in the disaster-stricken Tohoku region—Fukushima, Miyagi, and Iwate. The funds are being used in each prefecture to assist children living there.



Establishment: March 2011
Managing Administrative Office:
Tsuburaya Productions Co., Ltd.

▶ Visit the Ultraman Foundation official website for more details on activities.

www.ultraman-kikin.jp/

Main Activities Conducted (2011 to 2012)

April 10, 2011
Relief visits to Ishinomaki, Minamisanriku and Kesennuma in Miyagi Prefecture

May 5, 2011
Donation drive at Ultraman Premiere 2011 at the Chunichi Theatre in Nagoya

May 19, 2011
Monetary donation of ¥30 million to Miyagi Prefecture

May 29, 2011
Relief visit to Asahi City, Chiba Prefecture

July 9, 2011
Monetary donation of ¥20 million to Fukushima Prefecture

July 10, 2011
Relief visit to Big Palette Fukushima arena in Koriyama City, Fukushima Prefecture

August 5, 2011
Relief visit to Ishinomaki City, Miyagi Prefecture

August 12–14, 2011
Booklet distribution-based donation drive at Comic Market 80

September 16, 2011
Monetary donation of ¥20 million to the Iwate Learning Hope Fund
Donation of two microbuses to Iwate Prefecture

September 17, 2011
Relief visit to Iwate Prefectural Miyako Fisheries High School and the town of Otsuchi in Iwate Prefecture

November 27, 2011
Relief visit to Higashi-Matsushima City, Miyagi Prefecture

December 4, 2011
Relief visit to Iwaki City, Fukushima Prefecture

December 23, 2011
Relief visit to Fukushima City, Fukushima Prefecture

March 11, 2012
Relief visit to Koriyama City, Fukushima Prefecture

March 16, 2012
Relief visit to Ishinomaki City, Miyagi Prefecture

March 29, 2012
Relief visit to the town of Onagawa in Miyagi Prefecture

April 14, 2012
Relief visit to Sukagawa City, Fukushima Prefecture

Corporate Governance

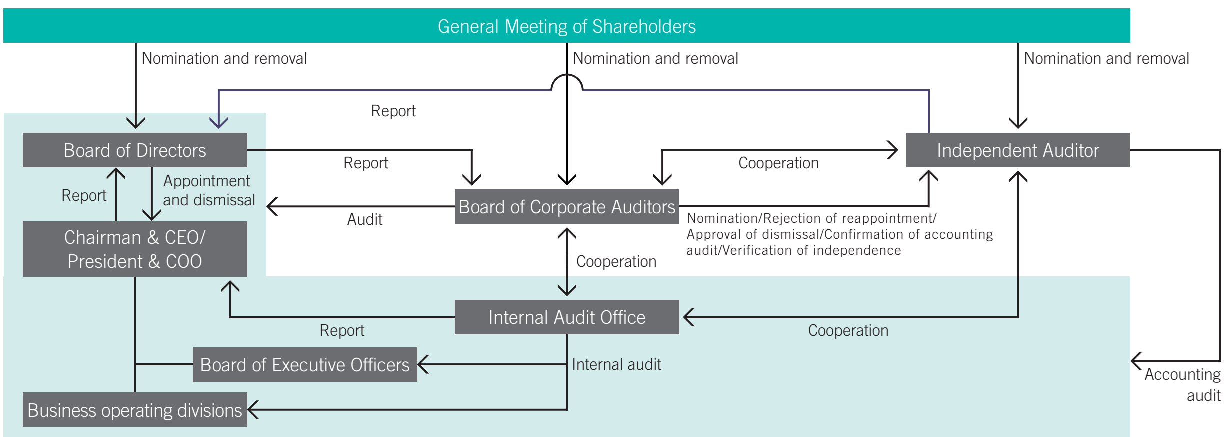
Basic Approach to Corporate Governance

Fields' corporate philosophy and mission is to provide "The Greatest Leisure for All People," with the sustainable increase in corporate value as the basic principle guiding Company management.

We think one of the important management issues in realizing this basic policy is ensuring that corporate governance functions effectively. To this end, we will enhance our corporate governance system by advancing reforms in our management structures and institutions within the framework of the Board of Directors, the Board of Corporate Auditors, the Independent Auditor and the Board of Executive Officers.

The Fields Group, comprising the Company and its consolidated subsidiaries, conducts corporate management in line with mutually agreed-upon management plans, following careful deliberation of policies and initiatives based on the Group's management philosophy. In parallel, we strive to improve the corporate value of the entire Group through rigorous adherence to standards for extending or terminating investment and finance to our Group companies.

[Corporate Governance System]



Details of Corporate Functions and Internal Control System

Matters related to corporate governance	Details
Governance format	Company with Board of Corporate Auditors System
Chairman of the Board of Directors	President
Number of directors (outside directors)	10 (1)
Board of Directors' meetings in fiscal year ended March 31, 2012	18
Number of corporate auditors (outside auditors)	4 (4)
Board of Corporate Auditors' meetings in fiscal year ended March 31, 2012	18
Board of Directors' meetings attended by outside auditors in fiscal year ended March 31, 2012	Shigeru Matsushita*: 18; Tadao Koike: 18; Yoshika Furuta: 18; Koichiro Nakamoto: 17
Attendance at Board of Corporate Auditors' meetings in fiscal year ended March 31, 2012	Shigeru Matsushita: 18; Tadao Koike: 18; Yoshika Furuta: 18; Koichiro Nakamoto: 15
Independent auditor	BDO Sanyu & Co.
Internal audit division	Internal Audit Office

*The term of office of outside auditor Shigeru Matsushita concluded at the end of the 24th Annual General Meeting of Shareholders held on June 20, 2012. This change was accompanied by the election and appointment of Kenichi Ikezawa as a new outside auditor.

Sustainability

● Oversight and Execution of Management

The Board of Directors comprises 10 directors (including one outside director) and makes decisions on execution of business for the Company. It also has authority to monitor directors' execution of their duties. The Board of Directors meets once a month and holds ad hoc meetings as necessary to make decisions on important management matters, and report on and monitor the status of business execution. This system allows for quick management decisions to be made. In addition, Fields has a comprehensive set of regulations covering all business operations throughout the Company. These clearly documented rules underpin a system for business execution in which the authority and responsibility of each position in the Company is clearly laid out.

● Corporate Auditors, Board of Corporate Auditors and Internal Audits

Fields has a Board of Corporate Auditors comprising four corporate auditors, all of whom are outside auditors. The corporate auditors attend important meetings in the Company, including Board of Directors' meetings, and offer their opinions. They also interview each division and examine decision-making related documents to conduct audits. This allows them to monitor the directors' execution of duties.

Fields has also established an internal audit organization in the form of the Internal Audit Office, which reports directly to the President & COO. The office has four members, including a General Manager. These four members follow an internal audit plan decided at the start of the fiscal year to conduct regular evaluations of internal controls and internal audits governing general business activities at the Company and its subsidiaries. The office offers advice and recommendations for improving business execution based on the results of these evaluations and audits.

The Internal Audit Office also attends the monthly meetings of the Board of Corporate Auditors, and the Company makes opportunities for corporate auditors to talk with directors and key personnel on an individual basis. In addition, the Board of Corporate Auditors and the Internal Audit Office have a quarterly meeting with the Independent Auditor to exchange opinions. During the interim and end-of-year audits of the Company, its branch offices and affiliated companies by the Independent Auditor, the Board of Corporate Auditors and Internal Audit Office attend as needed and keep in contact in other ways to bolster the auditing functions.

Fields operates a rigorous and appropriate system of checks through internal audits, and audits of the corporate auditors and Independent Auditor. In this way, the Company works to strengthen supervisory functions and achieve more transparent business management.

Reasons for Appointing Outside Director and Outside Auditors

Fields has appointed the following outside director and outside auditors.

Outside director

Name	Reason for being appointed as an outside director
Shigesato Itoi	Shigesato Itoi was appointed as the outside director to proactively participate in the business strategies of the Company because of his work as a copywriter and an essayist, his deep insight into the Company's content business, and his abundant experience and original ideas.

Outside auditors

Name	Reason for being appointed as an outside auditor (including reason for being designated as an independent member of the board, if applicable)
Kenichi Ikezawa	Standing auditor Kenichi Ikezawa has worked in accounting and finance for many years. He also has considerable experience in the Group's internal control leveraging the knowledge and insight he has developed throughout his career in accounting and finance. We have appointed Mr. Ikezawa for the purpose of reflecting his broad range of expertise in management. Furthermore, he satisfies the criterion of independence, and was designated as an independent after it was judged he would pose no conflict of interest to the general shareholders of the Company.
Tadao Koike	Part-time auditor Tadao Koike is a former executive officer of a major securities company, and is a veteran in the primary securities market. He was appointed with the aim of reflecting his extensive wisdom in the Company's management. He satisfies the criterion of independence, and was designated as an independent member of the board after it was judged he would pose no conflict of interest to the general shareholders of the Company.
Yoshika Furuta	Part-time auditor Yoshika Furuta is a veteran certified tax accountant who was an official with the National Tax Agency. He was appointed with the aim of reflecting his extensive wisdom in the Company's management. He satisfies the criterion of independence, and was designated as an independent member of the board after it was judged he would pose no conflict of interest to the general shareholders of the Company.
Koichiro Nakamoto	Part-time auditor Koichiro Nakamoto is a veteran in legal affairs who possesses a deep legal knowledge based on his long career as an attorney at law. He was appointed with the aim of reflecting his extensive wisdom in the Company's management.

● Independent Member of the Board

Three of the outside auditors, Kenichi Ikezawa, Tadao Koike and Yoshika Furuta, have been designated as independent officers. They satisfy the criterion of independence, and were selected as independent officers after it was judged they would pose no conflict of interest to the general shareholders of the Company.

Policy on Setting Compensation

In accordance with the 19th Annual General Meeting of Shareholders resolution of June 27, 2007, the annual compensation amount for directors was set at within ¥800 million (including an amount within ¥50 million for compensation of outside directors). At the 17th Annual General Meeting of Shareholders held on June 29, 2005, the annual compensation amount for corporate auditors was set at within ¥50 million.

The amount of compensation paid to directors in the fiscal year ended March 31, 2012 was ¥698 million (of which ¥14 million was paid to the outside director), while the total amount of compensation paid to corporate auditors was ¥18 million. The numbers of persons receiving payment were 10 directors and four corporate auditors.

Disclosure of the Results of Voting at the Annual General Meeting of Shareholders

At the 24th Annual General Meeting of Shareholders held on June 20, 2012, shareholders voted on and approved resolutions as proposed for the disposition of surplus (¥2,500 per share, ¥830 million in total) and for the appointment of three auditors.

For detailed results of the proxy vote, please view the Company website.

Strengthening Compliance and Risk Management

Fields has appointed a director responsible for compliance, created compliance-related regulations and adopted an internal reporting system; it also conducts compliance education and training programs for directors and employees. The Internal Audit Office audits the status of compliance operations, reporting the results regularly to the President and Board of Corporate Auditors.

In creating a risk management system, Fields has appointed a director responsible for risk management, formulates risk management regulations, monitors market, investment, disaster and other risks, and addresses risks on a Companywide basis. Moreover, each division has a department responsible for managing risks associated with its respective operations. The Internal Audit Office audits the status of normal risk management conducted by each division, reporting the results to the President and the Board of Corporate Auditors.

In managing legal risk, Fields has all contracts centrally managed by the Legal Office and, as a rule, all important contracts receive a legal check from a legal advisor to avoid any unexpected risks.

For other risks relating to business and other areas recognized by the Company, please refer to page 47.

Internal Control System

Since April 2006, Fields has been working to build a management structure that encourages further growth. As part of this effort, in October 2007 we revamped our information systems in order to provide a flexible structure able to cope with business expansion. We also introduced a core business operation system featuring J-SOX-compliant internal control functions and information security functions, and strengthened our system infrastructure. These actions have made business issues more visible, accelerated our decision-making process and made our internal control functions an integral part of our structure.

● System for Ensuring Reliable Financial Reporting

In accordance with the provisions of Japan's Financial Instruments and Exchange Act and other laws, Fields has created and operates a system for internal control over financial reporting, and carries out ongoing evaluation of the system to ensure that it is functioning properly, amending it as required.

● Duty to Create and Explain an Information Disclosure System

Fields strives to disclose information to all stakeholders, including shareholders and investors, in a manner that is timely, unbiased, accurate and continuous, based on a set of information disclosure guidelines. The Company undertakes investor relations (IR) activities with the goal of building relationships of trust with a greater number of people.

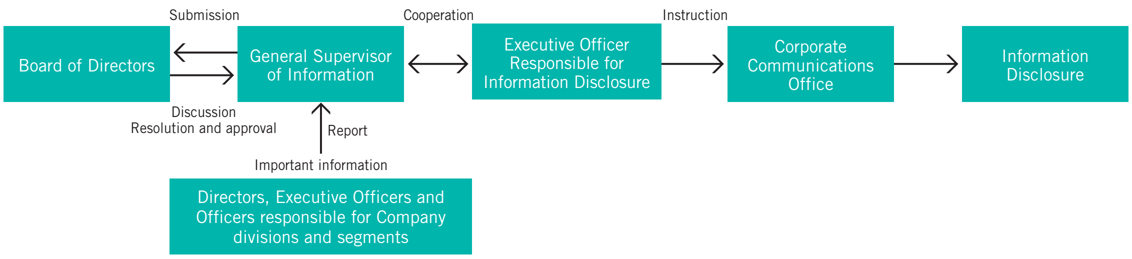
Specifically, we have formulated an IR policy and made this public. We also disclose information on an IR section of our website dedicated to investor information, and publish an annual report and shareholders' newsletter. Other IR activities include Company information presentations given by the President for individual investors throughout Japan, and quarterly financial presentations for analysts and institutional investors.

Furthermore, the Company actively works to improve direct communication with all of its stakeholders, and the management shares information about stakeholders' requests and evaluations throughout the entire Company, to help improve management and raise corporate value.

● Overview of the Framework for Timely Disclosure

The General Supervisor of Information reports and submits the Company's material information pertaining to matters of decision, matters of occurrence, financial results and other matters to the Board of Directors for approval. Once approved, this material information is disclosed and controlled by the Executive Officer Responsible for Information Disclosure. As Fields' designated Executive Officer Responsible for Information Disclosure, the Executive Officer and General Manager of the Corporate Communications Office is responsible for gathering the required information from the various divisions and segments within the Company and deliberating the necessity of their disclosure in accordance with Regulations for the Timely Disclosure of Information by Issuers of Listed Securities maintained by the Osaka Securities Exchange and others.

Framework for Timely Disclosure



Basic Stance on Rejection of Antisocial Forces and Preparatory Measures

● Basic Stance on Rejection of Antisocial Forces

Fields conducts sound corporate management, and strongly rejects any attempts by antisocial forces to influence management activities. The Company deals firmly at an organization level with any contact from antisocial forces or organizations.

● Preparatory Measures for Rejecting Antisocial Forces

Fields has distributed a Corporate Code of Conduct to all executives and employees, which clearly explains the Company's resolute rejection of any relationship with antisocial forces or organizations that threaten the social order of society or public safety. Specifically, we have designated a department that participates in liaison meetings run by the police department in charge of the area and other relevant organizations, and participates in other external specialist organizations, following their guidance. We attend talks, courses and seminars to gather and manage information about the issue. We have also created a response manual and use this to thoroughly educate our employees about this issue.

Message From the Standing Corporate Auditor

In the context of the Company's corporate governance system, which is shown separately (see diagram on page 32), the roles expected of the corporate auditors and the Board of Corporate Auditors are to ensure that corporate governance functions are implemented practically and effectively. In other words, the statutory auditors and Board of Statutory Auditors must continuously ensure that the corporate governance system has substance and does not become a mere formality. Another important role is to check to see whether the various aspects of the corporate governance system are advancing in step with the development phase of the Company.

To fulfill these roles, the corporate auditors and the Board of Corporate Auditors will conduct discussions with management's sound ambitions to make the Company even better, about various management issues. Also, by increasing cooperation among the corporate auditors, the Independent Auditor, and the Internal Audit Office, we will efficiently monitor the implementation of the corporate governance system across an expansive range of operations.

Standing Corporate Auditor
Kenichi Ikezawa

Through these measures, we are convinced that we can ensure a vibrant corporate governance system that contributes to the Company's management policy of achieving "a sustainable increase in corporate value." By doing so, we hope to answer the trust and expectations of shareholders.

Biography

April 1973	Joined Sony Corporation
April 1978	Director, Accounting and Finance Division, Sony France S.A.
June 1988	Manager, Budget and Accounting Section, Sony Corporation
May 1990	Director, Accounting and Finance Division, Sony Corp. of America
May 1994	Director, Finance and Administration Division, Sony Corporation of Hong Kong Ltd.
September 1997	General Manager, International Accounting Division, Sony Corporation
September 1998	General Manager, Accounting Division, Sony Corporation
December 2000	Joined Benesse Corporation General Manager, Strategy Planning Division
June 2001	Joined Hermes Japon Co., LTD., Executive Officer, General Manager, Administrative Division
January 2009	Joined Oki Data Corporation, Adviser
December 2010	Retired from Oki Data Corporation
June 2012	Standing Corporate Auditor, Fields Corporation (current post)

Directors, Corporate Auditors and Executive Officers (As of June 20, 2012)

Chairman & CEO	Hidetoshi Yamamoto
President & COO; Division Manager, Animation Produce Division	Takashi Oya
Senior Managing Director; Division Manager, Interactive Media Business Division and Division Manager, Consumer Products Business Division	Tetsuya Shigematsu
Senior Managing Director; Division Manager, Pachinko/Pachislot Business Management Division	Kiyoharu Akiyama
Managing Director; Division Manager, Contents Division	Masakazu Kurihara
Director; Division Manager, Planning and Administration Division	Hiroyuki Yamanaka
Director; Division Manager, Corporate Division	Hideo Ito
Director; Deputy Senior General Manager, Pachinko/Pachislot Business Management Division	Akira Fujii
Director; General Manager, Legal Office	Toru Suenaga
Outside Director	Shigesato Itoi

Standing Auditor	Kenichi Ikezawa
Auditor	Tadao Koike
Auditor	Yoshika Furuta
Auditor	Koichiro Nakamoto

Executive Officer; Deputy Senior General Manager, Planning and Administration Division	Kenichi Ozawa
Executive Officer; General Manager, Corporate Communications Office	Hideaki Hatanaka
Executive Officer; Deputy Senior General Manager, Pachinko/Pachislot Business Management Division	Teruo Fujishima
Executive Officer; General Manager, Branch Administration Department, Pachinko/Pachislot Business Management Division and Manager, Hokkaido-Tohoku Regional Office, Pachinko/Pachislot Business Management Division	Hideo Wakazono
Executive Officer; Deputy Senior General Manager, Imaging & Live Entertainment Division	Yosuke Ozawa
Executive Officer; General Manager, Research and Development Office	Tadamasa Oshio
Executive Officer; Division Manager, Imaging & Live Entertainment Division	Nobuyuki Kikuchi
Executive Officer; Executive Producer, Imaging & Live Entertainment Division (Representative Director/CEO, Digital Frontier Inc.)	Hidenori Ueki
Executive Officer; Deputy Senior General Manager, Animation Produce Division (President, Lucent Pictures Entertainment, Inc.)	Eiichi Kamagata
Executive Officer; Executive Producer, Interactive Media Business Division (President & CEO, FutureScope Corporation)	Masao Tominaga

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Management's Discussion and Analysis of Financial Position and Business Results

Consolidated 10-year Summary

	Year Ended March 31, 2003	Year Ended March 31, 2004	Year Ended March 31, 2005	Year Ended March 31, 2006
Results of Operations:				
Net sales	¥ 61,888	¥66,211	¥81,658	¥ 96,814
Gross profit	15,992	21,578	24,752	29,737
Gross profit margin (%)	25.8	32.6	30.3	30.7
Operating income	6,781	11,866	12,097	12,348
Operating margin (%)	11.0	17.9	14.8	12.8
Ordinary income*1	7,022	12,209	12,480	13,127
Ordinary margin (%)	11.3	18.4	15.3	13.6
Net income (loss)	3,524	6,620	6,926	7,085
Net margin (%)	5.7	10.0	8.5	7.3
Financial Position:				
Total assets	17,090	37,115	72,584	87,556
Net assets	8,752	14,507	33,426	39,411
Shareholders' equity	8,752	14,507	33,426	39,411
Interest-bearing liabilities	—	3,000	2,090	1,910
Cash Flows:				
Cash flows from operating activities	3,316	851	2,965	6,164
Cash flows from investing activities	(2,253)	(3,190)	(5,257)	(2,224)
Cash flows from financing activities	(2,454)	2,029	10,177	(1,540)
Free cash flow	1,063	(2,339)	(2,292)	3,940
Per Share Data (Yen/U.S. Dollars)**:**				
Earnings (loss) per share	¥117,233	¥40,465	¥19,888	¥ 20,118
Net assets per share	268,600	89,305	96,026	113,275
Dividends per share	10,000	24,000	4,000	4,000
Key Financial Indicators (%)**:**				
Return (loss) on equity (ROE)	55.9	56.9	28.9	19.5
Return on assets (ROA)*2	40.5	45.0	22.8	16.4
Shareholders' equity ratio	51.2	39.1	46.0	45.0
Payout ratio*3	7.9	20.1	20.7	20.3

*1 Ordinary income is used as one of the important performance indicators in Japanese GAAP. This classification consists of the addition of the balance of financial income, such as interest income (expense), foreign exchange gain (loss) etc., to operating income.
*2 ROA = Ordinary income / Average total assets
*3 Payout ratios for the years ended March 31, 2003 to March 31, 2006 are non-consolidated.

	Year Ended March 31, 2003	Year Ended March 31, 2004	Year Ended March 31, 2005	Year Ended March 31, 2006
Pachinko/pachislot machine unit sales				
Number of pachinko/pachislot machines sold	259,813	323,937	474,044	544,321
By type				
Pachinko machines	78,699	145,031	282,100	329,661
Pachislot machines	181,114	178,906	191,944	214,660
By alliance partner				
Sammy Group	209,295	260,893	256,871	211,612
SANKYO Group	242	10,175	188,090	285,758
Enterrise	—	—	—	—
Other manufacturers	50,276	52,869	29,083	46,951

* From the fiscal year ended March 31, 2010, Enterrise has been disclosed separately from "Other manufacturers."

					Millions of Yen	Thousands of U.S. Dollars
Year Ended March 31, 2007	Year Ended March 31, 2008	Year Ended March 31, 2009	Year Ended March 31, 2010	Year Ended March 31, 2011	**Year Ended March 31, 2012**	**Year Ended March 31, 2012**
¥ 85,321	¥101,818	¥ 73,035	¥ 66,342	¥103,593	**¥ 92,195**	**$1,121,730**
29,248	34,544	24,024	26,889	35,129	**31,330**	**381,189**
34.3	33.9	32.9	40.5	33.9	**34.0**	
8,944	13,158	1,960	8,124	13,136	**8,527**	**103,747**
10.5	12.9	2.7	12.2	12.7	**9.2**	
9,202	11,705	991	7,761	13,684	**8,661**	**105,377**
10.8	11.5	1.4	11.7	13.2	**9.4**	
3,710	5,296	(1,481)	3,289	7,520	**5,991**	**72,892**
4.3	5.2	—	5.0	7.3	**6.5**	
66,081	69,168	52,064	81,329	78,971	**93,601**	**1,138,836**
42,836	46,331	39,496	41,187	47,021	**51,555**	**627,266**
41,115	44,485	39,463	41,064	46,779	**51,071**	**621,377**
4,875	5,006	3,011	2,230	1,834	**1,660**	**20,197**
5,293	11,127	4,147	8,429	8,005	**10,015**	**121,851**
(4,772)	(14,604)	(6,182)	(1,011)	(4,356)	**(4,798)**	**(58,376)**
1,488	(1,384)	602	(2,687)	(3,915)	**(2,565)**	**(31,208)**
521	(3,477)	(2,035)	7,418	3,649	**5,217**	**63,474**
¥ 10,692	¥ 15,263	¥ (4,271)	¥ 9,796	¥ 22,643	**¥ 18,044**	**$ 219**
118,487	128,201	117,326	123,645	140,853	**153,904**	**1,872**
4,000	4,500	4,500	4,500	5,000	**5,000**	**60**
9.2	12.4	(3.5)	8.2	17.1	**12.2**	
12.0	17.3	1.6	11.6	17.1	**10.0**	
62.2	64.3	75.8	50.5	59.2	**54.6**	
37.4	29.5	—	45.9	22.1	**27.7**	

Year Ended March 31, 2007	Year Ended March 31, 2008	Year Ended March 31, 2009	Year Ended March 31, 2010	Year Ended March 31, 2011	**Year Ended March 31, 2012**
511,247	484,534	331,205	449,880	480,273	**412,390**
345,823	273,981	202,525	330,734	262,614	**233,223**
165,424	210,553	128,680	119,146	217,659	**179,167**
79,711	127,670	41,536	28,762	121,691	**81,820**
366,619	329,965	262,087	363,056	306,585	**263,530**
—	—	—	2,498	16,119	**7,264**
64,917	26,899	27,582	55,564	35,878	**59,776**

Overview

Business Environment

In the year ended March 31, 2012 (April 1, 2011–March 31, 2012), the Japanese economy staged a gradual turnaround due to post-quake recovery demand and a pick up in consumer spending. This was despite the catastrophic damage and other impacts of the Great East Japan Earthquake that struck on March 11, 2011.

On the other hand, the Japanese economy continued to harbor downside risks, mainly due to the rapid appreciation of the yen, the financial crisis in Europe, stagnant employment conditions and natural disasters, including major flooding in Thailand.

(For details regarding the business environment, refer to “Review of Operations” starting on page 19.)

General Overview

In striving to realize its corporate philosophy—“The Greatest Leisure for All People”—Fields and the Fields Group are nurturing content with high commercial value by acquiring and creating high-value-added IP (intellectual property) and pursuing the multifaceted development of this IP. By expanding our business domains across a broad range of entertainment fields based on IP, we strive to provide products and services that enrich people’s lives in various fields.

In the year ended March 31, 2012, taking into consideration the effects of the Great East Japan Earthquake at the beginning of the fiscal year, the Company laid out sales schedules for the Pachinko/Pachislot business emphasizing the second half of the year. Later, in response to the market environment, in which the shipments and sales of pachinko/pachislot machine manufacturers’ major titles were concentrated in the second half of the year, the Company revised these schedules so that a balance was struck between supply and demand.

In accordance with this policy, the Company launched one pachinko machine and two pachislot machines during the first half of the year, and one pachinko machine and four pachislot machines during the second half. Sales activities largely went forward as scheduled throughout the year, but part of the orders for the pachislot machines launched during the fourth quarter was shifted to the next fiscal year. For this and other reasons, the financial results for the year ended March 31, 2012 are as described as follows.

Business Results

Net Sales

Consolidated net sales in the year ended March 31, 2012 amounted to ¥92,195 million, down 11.0% year on year, although pachislot machine sales activities were largely in line with plans on the whole. The decrease was mainly due to the shift of part of the orders for the pachislot machines launched during the fourth quarter to the next fiscal year.

Gross Profit

Gross profit in the year ended March 31, 2012 was ¥31,330 million, down 10.8% year on year, although pachinko/pachislot machine sales activities were largely in line with plans on the whole. The decrease reflected the shift of part of the orders for the pachislot machines launched during the fourth quarter to the next fiscal year. Another factor was the postponement of the roll-out of a pachinko machine title planned for launch in the fourth quarter to the next fiscal year in response to the revision of industry regulations by the industry organization.

Selling, General and Administrative Expenses

Selling, general and administrative (SG&A) expenses for the fiscal year ended March 31, 2012 were ¥22,803 million, an increase of 3.7% year on year. This increase was mainly due to higher business outsourcing expenses associated with the promotion of business.

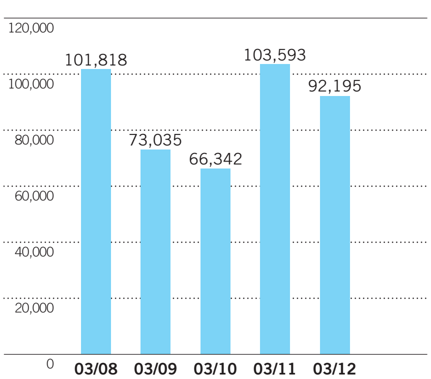
Operating Income

Operating income in the fiscal year ended March 31, 2012 was ¥8,527 million, a decrease of 35.1% year on year. This mainly reflected decreased net sales and gross profit, along with increased SG&A expenses.

• Segment Overview by Operating Segment

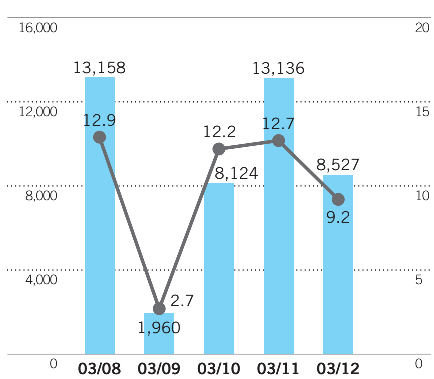
In the fiscal year ended March 31, 2012, the Group disclosed segment information for the following segments: the Pachinko/Pachislot (PS) Field Segment, the Mobile Field Segment, the Sports Entertainment Field Segment, and the Other Field Segment. From the fiscal year ending March 31, 2013, the Company has progressively integrated the four segment classifications to adopt a single segment based on IP.

Net Sales



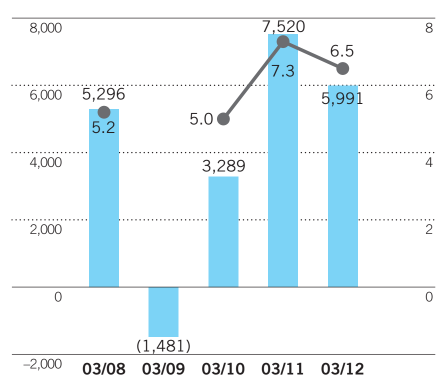
Net sales (millions of yen)

Operating Income/Operating Margin



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

Net Income (Loss) and Net Margin



Net income (loss) (millions of yen) (left)
Net margin (%) (right)

Pachinko/Pachislot (PS) Field Segment

In the fiscal year ended March 31, 2012, the pachinko/pachislot market's business environment underwent unprecedented upheaval, affected as it was by the Great East Japan Earthquake. In order to respond to the threat of widespread power shortages stemming from the disaster, pachinko halls implemented electricity-saving measures such as voluntarily reducing their business hours, and staged temporary closings on a rotating basis. Pachinko/pachislot machine manufacturers, meanwhile, were forced to draw up production and sales plans with greater emphasis on the second half of the year because the earthquake had disrupted their (component) supply chains, significantly affecting their procurement of electronic components and other products.

Taking these circumstances into account, the Company limited its sales plan to launching only one pachinko machine and two pachislot machines during the first half of the year, and decided to concentrate the launch of several machines, including major titles, in the second half. The supply chains fortunately returned to normal earlier than the summer or thereafter, as had initially been predicted. Pachinko/pachislot machine manufacturers were therefore able to introduce a number of major titles in succession during the third quarter (October to December), prompting the market to surge as the year-end and New Year sales campaign season approached.

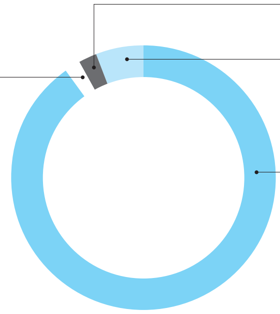
As the supply of new machines was concentrated on the first three months of the second half of the year, the Company decided—from its standpoint as a company responsible for distribution—to focus on introducing several major titles during the fourth quarter (January to March). This was done in order to maintain market momentum from the preceding quarter. The pachinko machine *CR Evangelion 7*, launched at the beginning of 2012 as the first of the major titles, achieved strong market support, helping attract a continuous stream of customers to pachinko halls, as had been initially intended. The Company also strove to maintain growth in the pachislot market by launching *Evangelion—The Heartbeat of Life* in February. This was followed in March by the pachislot machine *Pachislot Monster Hunter*, which was developed in employ of the popular video game software, and the Company also took a range of other marketing measures.

Orders for the highly acclaimed *Pachislot Monster Hunter* remained strong. However, due to the floods in Thailand during the fiscal year under review, it became difficult to procure some of the components and materials, which delayed a portion of the sales until the next fiscal year. In response to the revision of industry regulations by the industry organization, one pachinko title scheduled to be launched under the *Bisty* brand during the fourth quarter will be introduced in the next fiscal year in order to enhance its appeal in terms of excitement and entertainment as a game.

As a result, the number of pachinko machines sold during the year ended March 31, 2012 was 233,223 units, 29,391 units fewer than in the previous fiscal year, and the number of pachislot machines sold was 179,167 units, 38,492 units fewer than in the previous fiscal year. Consequently, net sales for the Pachinko/Pachislot (PS) Field were ¥83,959 million, a year-on-year decrease of 10.8%, and operating income was ¥8,664 million, a year-on-year decrease of 32.7%.

Proportion of Sales by Segment

Sales composition



Mobile Field Segment

Both the mobile and PC Internet user environment in Japan continued to develop during the year ended March 31, 2012, backed by the offering of increasingly high-speed communications and the improvement of communication access networks. With regard to mobile communications in particular, the number of mobile phone subscribers reached 124.18 million by the end of March 2012, and the shift to third-generation phones, which enable high-speed data transmission, also progressed steadily (based on data from the Telecommunications Carriers Association.) Along with mobile phones, the spread of mobile terminals with advanced functions such as smartphones and tablet PCs got fully underway, and the number of smartphone subscribers reached 25.22 million at the end of March 2012. MM Research Institute, Ltd. announced that the number of smartphone subscribers is expected to exceed 81 million in five years.

With the development of the mobile user environment described above, it is expected that demand for entertainment content such as social games and e-books will grow even further. In addition to expanding mobile and other online services making the most of pachinko/pachislot-related content, which is a particular strength, the Company is striving to build up new services effectively, using the content it possesses in other segments. Along with reviewing existing services utilizing pachinko/pachislot-related content in the online service field, FutureScope Corporation and IP Bros. Incorporated have made their services compatible with smartphones and built up new content. At the same time, they have made investments to improve the quality of their services. Both companies will continue to expand pachinko/pachislot-related content through social networking services and online services, and will also strive to increase profitability by maximizing the value of the IP the Fields Group acquires and creates.

As a result, the Mobile Field recorded net sales of ¥1,924 million, a year-on-year decrease of 5.3%, and operating income of ¥11 million, down 95.1%.

Sports Entertainment Field Segment

During the year ended March 31, 2012, the Company continued to strive to improve the management of sports-related business as it had done in the previous year. In the sports field, Japan Sports Marketing Inc. underwent drastic business restructuring, as described in the "Notice regarding a Simplified Absorption-type Divestiture between Fields Corporation and its Subsidiary and a Special Liquidation of the Subsidiary" dated August 23, 2011, and special liquidation was completed in March 2012.

Total Workout, the sports gym business taken over by the Company, continued to steadily increase membership and personal training contracts at each outlet.

As a result, the Sports Entertainment Field recorded net sales of ¥1,945 million, a year-on-year decrease of 10.4%, and operating income of ¥7 million, compared with an operating loss of ¥290 million in the previous fiscal year.

Income Structure for Pachinko/Pachislot Business

Net Sales

The Company sells pachinko/pachislot machines through two different channels: distribution sales, which are direct sales through the activities of our branch offices, and agency sales, which are indirect sales through brokering activities.

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

Net sales for distribution and agency sales are reported separately.

For distribution sales we record the sales amount for machines sold to pachinko halls, while for agency sales we record sales commissions paid by manufacturers.

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

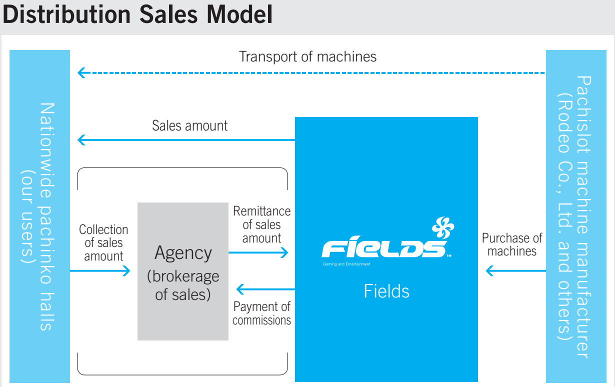
Cost of Sales

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

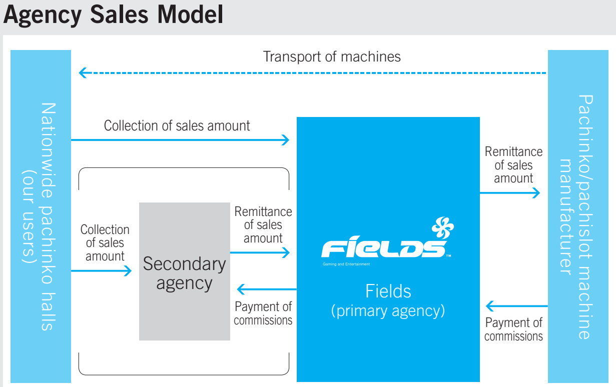
Selling, General and Administrative (SG&A) Expenses

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

Distribution Sales Model



Agency Sales Model



Other Field Segment

On November 1, 2011, HERO'S Inc., a publishing company established jointly with Shogakukan Creative Inc., founded the comic magazine *HERO'S Monthly*. It is now in its seventh issue, dated May 1, 2012. At the same time, the publishing company is working actively to upgrade the contents of the magazine with future merchandising in mind.

In February 2012, Lucent Pictures Entertainment, Inc. released *BERSERK THE GOLDEN AGE ARC I: THE HIGH KING'S EGG* nationwide. This animation, Part I of the *BERSERK* series, was planned and produced as a major project since the initial founding of Lucent Pictures Entertainment. The company released a sequel, *BERSERK THE GOLDEN AGE ARC II: THE BATTLE FOR DOLDREY*, in June 2012. It plans merchandising using a range of mass media platforms.

Digital Frontier Inc. has advanced video production business in various fields, including the production of computer graphics (CG) for movies and games. In order to meet the growing demand for CG production for pachinko/pachislot machines and for the production of full-length CG works, the company is actively expanding production lines. One effort in this regard is to establish subsidiaries not only in Japan but also in Taiwan and Malaysia.

In March 2012, Tsuburaya Productions Co., Ltd. released *Ultraman Saga*, the latest in the *Ultraman* movie series, nationwide. The movie attracted audiences from a wide range of age groups through the casting of high-profile actors and powerful 3D cinematography. The company is striving to enhance the value of the IP it offers and to bolster its merchandising foundation not only through movies but also through other mass media, including TV, which made *Ultraman Retsuden* episodes popular.

As a result, the Other Field recorded net sales of ¥5,460 million, a year-on-year decrease of 7.2%, and an operating loss of ¥139 million, compared with operating income of ¥315 million in the previous fiscal year.

Other Income (Expenses) and Net Income

In other income (expenses) for the fiscal year ended March 31, 2012, the Company recorded a decrease in equity in earnings of affiliates and amortization of equity investment, among other expenses. This resulted in net other expenses of ¥262 million, compared with net other income of ¥274 million in the previous fiscal year.

Income before income taxes and minority interests was ¥8,265 million, down 38.4% from the previous fiscal year. Net income was ¥5,991 million, a decrease of 20.3% year on year, reflecting a decline in income taxes as a result of the dissolution and liquidation of subsidiaries.

Earnings per share was ¥18,044.65, compared with ¥22,643.86 in the previous fiscal year. Return on equity (ROE) was 12.2%, compared with 17.1% in the previous fiscal year.

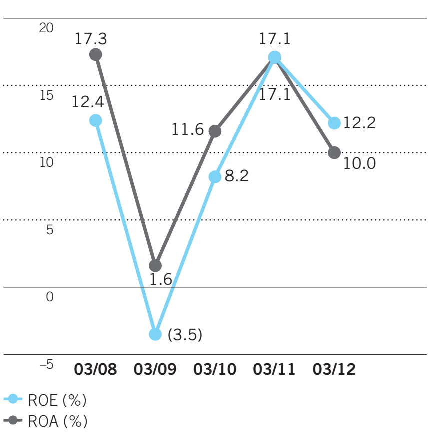
Dividends

Fields considers improving corporate value to be a crucial management issue, and makes the appropriate return of profit to shareholders commensurate with profit realized a basic policy. Dividend amounts are determined in consideration of factors such as the Company's cash flow situation, but in general the standard we aim for is a consolidated payout ratio of 20% or higher.

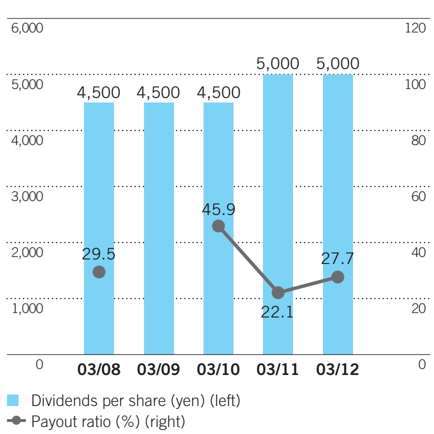
With regard to internal reserves, our policy is to use them effectively in investments intended to strengthen the Company's financial position and management base and ensure continued business expansion and competitiveness.

The dividend applicable to the fiscal year ended March 31, 2012 was ¥5,000 per share, consisting of interim and year-end dividends of ¥2,500 each. The consolidated payout ratio was 27.7%.

ROE and ROA



Dividends per Share/Payout Ratio



Financial

Assets

Current assets at March 31, 2012 amounted to ¥62,811 million, up ¥11,760 million from March 31, 2011. This was mainly attributable to an increase in notes and accounts receivable—trade associated with the sale of pachislot machines.

Property and equipment, net amounted to ¥10,980 million, an increase of ¥890 million from March 31, 2011. This primarily reflected the establishment and renovation of sales-related facilities.

Total investments and other assets amounted to ¥19,809 million, up ¥1,980 million from March 31, 2011. Growth was mainly attributable to an increase in investment securities.

As a result of the above, total assets at March 31, 2012 amounted to ¥93,601 million, up ¥14,630 million year on year.

Liabilities and Net Assets

Current liabilities increased ¥10,338 million year on year, to ¥37,925 million. This primarily reflected an increase in notes and accounts payable—trade associated with sales of machines.

Total long-term liabilities amounted to ¥4,121 million, a decrease of ¥241 million from March 31, 2011. This was mainly attributable to the redemption of corporate bonds.

Net assets amounted to ¥51,555 million, up ¥4,533 million from March 31, 2011. This primarily reflected an increase in retained earnings.

As a result of the above, total liabilities and net assets at March 31, 2012 amounted to ¥93,601 million, up ¥14,630 million from March 31, 2011.

Fund Procurement

The Group is actively seeking to expand its business fields. However, positioning growth founded on stability as its basic capital policy, the Company continues to maintain its financial condition without relying on borrowings.

In order to procure funds efficiently when they are needed, the Group has concluded overdraft agreements with four banks with which it does business. Based on these agreements, as of March 31, 2012, the total overdraft limit and the balance of untapped loans amounted to ¥17,000 million.

Cash Flows

The balance of cash and cash equivalents at the end of March 31, 2012 was ¥18,284 million, an increase of ¥2,652 million from the end of the previous fiscal year.

Cash flows and factors affecting them were as follows.

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥10,015 million, compared with ¥8,005 million in the previous fiscal year. The principal factors were ¥8,265 million in income before income taxes and minority interests, an increase to ¥5,194 million in notes and accounts receivable—trade, an increase to ¥11,048 million in accounts payable—trade, and ¥7,112 million in income taxes paid.

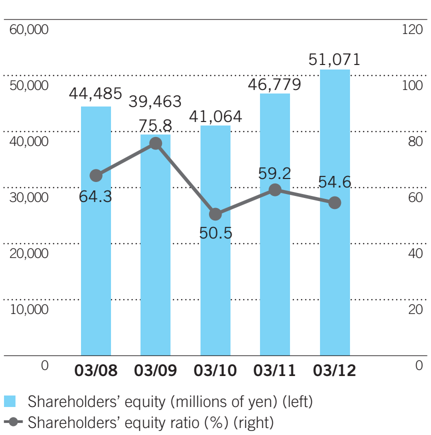
Cash Flows from Investing Activities

Net cash used in investing activities amounted to ¥4,798 million, compared with ¥4,356 million in the previous fiscal year. The principal factors were purchases of property and equipment totaling ¥1,355 million, purchases of intangible assets totaling ¥1,065 million, and additional investments in affiliates of ¥1,021 million.

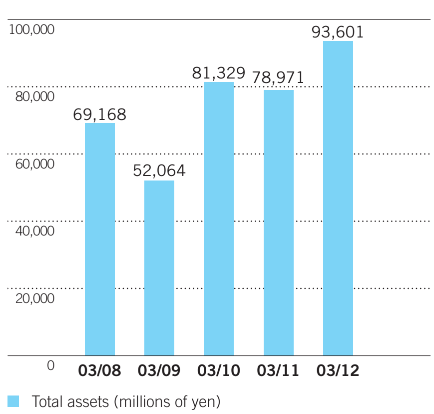
Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥2,565 million, compared with ¥3,915 million in the previous fiscal year. The principal factors were cash dividends paid totaling ¥1,659 million, and outflows of ¥152 million for decrease in short-term bank loans, net.

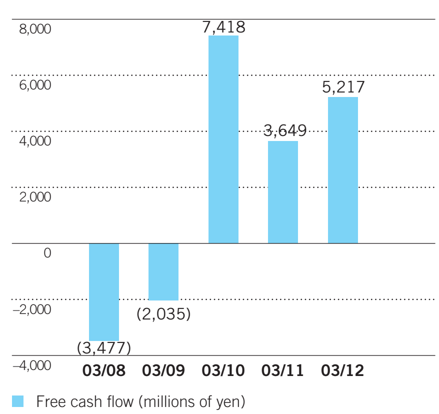
Shareholders' Equity and Shareholders' Equity Ratio



Total Assets



Free Cash Flow



Future Outlook

Issues to Address

Since 2002, content businesses have been designated an important next-generation industry by the Japanese Ministry of Economy, Trade and Industry, where growth and development can be expected in enriching lifestyles of the people of Japan. In the “Report by the Study Group on the Content Industry’s Growth Strategy” published in May 2010 as a roadmap for this industry, the Ministry strongly propagates the further nurturing of a homegrown content industry by describing how the globalization of Japanese animation, comics and motion pictures, to mention but a few, could conceivably spur the Japanese economy.

The Fields Group has answered this call by also embracing the stable and continuous creation of characters and other IP assets as an important management priority. The Group seeks to achieve growth and development with this priority through sustainably bringing enjoyment to people around the world, and contributing to the growth of Japan. In recent years, however, the diversification of media, the proliferation of individual preferences and other factors have hindered the creation of appealing new characters. As a result, there is concern about the exhaustion of high-quality IP, and the Fields Group recognizes the creation of new characters and IP as an urgent mission.

Management Strategies for the Medium to Long Term

—Character business and other target IP business models for the Fields Group—

In the medium-to-long run, Fields and the Fields Group are taking on the challenge of drastically transforming themselves from a distributor in the Pachinko/Pachislot field to a group of IP-based companies.

<Business models the Company has built since its listing>

The Company went public in March 2003. At that time, it announced a multifaceted strategy of developing IP, the basis for its competitive advantage, and has since concentrated on implementing the strategy.

The acquisition of IP constitutes the core of the strategy, and the Company has focused on obtaining many merchandising rights to develop high-quality IP into products from companies that possess such IP in areas such as comics, animations, movies, TV dramas, music, games, and sports.

The Company had previously utilized the bulk of the merchandising rights obtained thus far in order to bring highly entertaining pachinko/pachislot machines into the Pachinko/Pachislot field, thus contributing to stabilizing and vitalizing the pachinko/pachislot market. At the time, with IP-based pachinko/pachislot machines in short supply, the key to success was the Company’s decision to embrace pachinko/pachislot as a media comparable to animation, movies, and TV earlier than any other company, and to develop highly entertaining pachinko/pachislot machines.

In addition, the Company has continued to take on the challenge of working with outstanding creative production companies and to collaborate with partners who have the talented personnel and cutting-edge technology required to develop the merchandising rights it has obtained in media other than pachinko/pachislot.

Through these initiatives, the Fields Group has expanded its business domains to cover diverse entertainment areas. During this period, it has not only acquired IP but also placed Tsuburaya Productions Co., Ltd. and other companies owning high-quality IP under its umbrella. It has also built networks with leading businesses in each field and has linked up with outstanding business partners in order to increase the value of its IP; the Fields Group included in its group companies that cover particular fields of expertise such as comics, animations, and videos.

As a result, the Fields Group has become capable of continuously developing and marketing attractive pachinko/pachislot machines, bringing substantial results in the Pachinko/Pachislot field. Furthermore, it has launched new initiatives aimed at IP creation in earnest in an effort to not only utilize its existing IP for future growth but also to stop the progressive exhaustion of high-quality IP.

<“Developing business models”>

For several years, in order to achieve medium- to long-term growth, the Fields Group has sought to shift its strategy from the Pachinko/Pachislot-based business model, which it had followed since it went public, to an IP core business model.

As the 10th year since its listing and the 25th anniversary of its establishment approach, the Group is analyzing its current strategy and building proprietary “developing business models” based on its prognosis of how developments will unfold over the next quarter century. The Group will strive to achieve further growth based on the new business model.

These “developing business models,” which basically consist of four frameworks, aims at a virtuous cycle of success through circular business development based on interaction between the frameworks.

1) Comics: A source of IP creation

The Company will acquire and create attractive stories and characters. It has already created characters, particularly heroes, by publishing *HERO’S Monthly* magazine jointly with Shogakukan Creative Inc. In the future, it will create IP by taking various approaches, such as developing comics through cooperation and networking with partner companies.

2) Animations: Revitalizing IP through digitization

The Company will work to produce video versions of leading comics, making the best of the most advanced technology. In producing such video versions, it will revitalize its IP by using effects that highlight the stories and characters, including those realized in the movie *BERSERK*.

3) Movies/TV: Spreading IP and maximizing its value

The Company will raise the level of recognition for its works through movies and TV and maximize their value. Fields aims to expand its fan base by carrying out effective promotion activities such as news tie-ins for new releases and successfully using 3D cinematography as it did for the movie *Ultraman Saga*.

4) Multimedia merchandising: Multiple IP development

The Company will increase profits through merchandising, using interactive media such as games, mobile terminals, and social network services (SNS), consumer products and pachinko/pachislot machines.

In the future, the Fields Group will continue to aim at establishing its character business using its advantages as a pachinko/pachislot distributor, and will strive to bolster its systems to manage such business with the establishment of a holding company in mind.

Targeted Management Indicators

The managerial goal of the Fields Group is to increase its corporate value by achieving greater operational efficiency and continuous business expansion. Emphasis is placed on management indicators such as return on equity, operating income, and cash flow from operating activities.

Outlook for the Year Ending March 31, 2013

As a distributor in the Pachinko/Pachislot field, the Company will introduce exciting, highly entertaining and high-quality game products in an effort to gain more fan support and to create new customers.

During the year ending March 31, 2013, the Company expects to sell 480,000 pachinko/pachislot machines, an increase of 68,000 machines year on year.

The Company will expand the lineup of pachinko machine products it has jointly planned and developed with existing manufacturers. The Company will work with KYORAKU SANGYO to introduce products under the new joint brand OK!!. In response to the continuously expanding pachislot machine market, Fields will introduce major products that meet the increasingly sophisticated needs of fans, thus contributing to the further revitalization of the market.

In the overall entertainment field, the Company will gain more fans and maximize the value of its IP by circulating the IP its Group acquires, possesses, and creates through the new framework of IP value maximization it has developed.

In light of the above, we are forecasting the following results for the fiscal year ending March 31, 2013: net sales of ¥115,000 million, an increase of 24.7%; operating income of ¥14,000 million, an increase of 64.2%; and net income of ¥7,300 million, an increase of 21.8%.

We plan to pay a dividend of ¥5,000 for the fiscal year ending March 31, 2013, and hope to contribute more to the return of profits to shareholders by targeting record-high net income through additional growth.

Results Forecast for the Year Ending March 31, 2013

(Millions of yen)	03/12 (actual)	**03/13 (forecast)**	Change
Net Sales	92,195	**115,000**	+24.7%
Operating Income	8,527	**14,000**	+64.2%
Net Income	5,991	**7,300**	+21.8%

(Yen)			
Dividend Per Share	5,000	**5,000**	—

Risks Related to Our Business and Status of Management

Various risks that may substantially affect decisions by potential investors are as follows.

Forward-looking statements are based on the judgment of Group management as of the end of the fiscal year ended March 31, 2012.

Content Business

The Company is focusing on obtaining IP rights or merchandising rights and developing content with high value. However, the distinctive nature of the content business makes it difficult to accurately evaluate its potential for contributing to profits. Specifically, due to the following potential risks related to content, the Company may not achieve the business growth it currently projects. Directing significant funds into the content business might result in increased fixed costs and overall financial risk for the Company. Also, investment in rights or usage rights may not lead to the development of content with high value. The Company may not be able to acquire attractive content on favorable terms due to fierce competition in the market. In implementing its content strategy and related activities, the Company may unknowingly infringe upon the IP rights of other companies or become party to other claims associated with these IP rights. In addition, the Company, in turn, may not be able to effectively protect its own content-related IP rights.

Through education and training, the Company is reducing risk by raising awareness regarding IP. At the same time, as mentioned in the foregoing future outlook section, the “developing business models,” which basically consist of four frameworks, aim at a virtuous cycle of success through circular business development based on interaction between the frameworks.

High Level of Products Supplied by a Specific Supplier

The Group sales primarily consist of product sales (distribution sales) in which the Group purchases machines and sells them to customers, and sales commissions (agency sales) in which the Company receives commissions from the brokerage of machine sales. Of the total consolidated net sales of the Company, product sales and sales commissions represented 72.1% and 12.7%, respectively, for the fiscal year ended March 31, 2011, and 68.8% and 11.9%, respectively, for the fiscal year ended March 31, 2012. The major portion of products sold was supplied by Rodeo Co., Ltd. and Bisty Co., Ltd., an allied manufacturer. In the fiscal year ended March 31, 2012, products supplied by Rodeo Co., Ltd. and Bisty Co., Ltd. accounted for 35.8% and 32.7%, respectively, of the total products we purchased on a consolidated basis. Given the heavy reliance of the Company in the Pachinko/Pachislot field on these two companies for product supply, should products from these companies become less popular or the launch of new products be delayed due to product development falling behind schedule or other reasons, the results of operations of the Company or the Group could be affected.

Our Basic Exclusive Distributorship Agreement is renewable on an annual basis with Rodeo Co., Ltd. and a triennial basis with Bisty Co., Ltd. Therefore, should the agreements not be renewed, Group results could be affected. The Company maintains alliances with Rodeo Co., Ltd., a member of the Sammy Group, and Bisty Co., Ltd., a member of the SANKYO Group. It also began an alliance with KYORAKU SANGYO in February 2008, CAPCOM CO., LTD. in 2010, and Universal Entertainment Corporation in 2011. These alliances are part of the Company's efforts to reduce its dependence on a specific supplier and diversify risk, as well as to strengthen its product lineup and bring products to market quicker.

Legal and Voluntary Regulations Governing the Pachinko/ Pachislot Machine Industry

The pachinko/pachislot machine sales business in which the Company is primarily engaged is not directly subject to laws and regulations. However, business activities by pachinko/pachislot machine manufacturers are regulated by rules prescribed by the National Public Safety Commission, the Rules on Approval of Pachinko/Pachislot Machines and Certification of Models, in accordance with the Entertainment Business Law.

For example, the Company cannot sell or install any machines that have not obtained the approval of the Public Safety Commission of the related prefecture. The business activities of pachinko hall operators, the final users of our machines, are also regulated under the Entertainment Business Law and related ordinances in each prefecture.

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

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

The Company continues to contribute to the soundness of the pachinko/pachislot market based on its corporate philosophy of providing "The Greatest Leisure for All People." It is working to plan and develop new machines with high gaming and entertainment value that do not rely on the gambling aspect.

Furthermore, in the medium-to-long run, Fields and the Fields Group are taking on the challenge of drastically transforming themselves from a distributor in the Pachinko/Pachislot field to a group of IP-based companies.

Risk Associated with Investment

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

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

The Company reduces risk by periodically checking whether to make investments or extend finance, or exit investments in accordance with the Group's management policy. In fact, in the fiscal year ended March 31, 2009 the Company realigned businesses in line with this policy. It also established a department responsible for internal control systems for the Group. This department is working to strengthen internal control systems for each Group company.

Consolidated Balance Sheets

At March 31, 2011 and 2012

ASSETS	Millions of Yen 2011	Millions of Yen 2012	Thousands of U.S. Dollars (Note 1) 2012
Current assets:			
Cash and cash equivalents	¥15,632	**¥18,284**	**$ 222,460**
Notes and accounts receivable — trade	27,948	**34,402**	**418,566**
Inventories	1,357	**3,134**	**38,131**
Merchandising right advances	2,067	**1,840**	**22,387**
Deferred tax assets	1,249	**609**	**7,409**
Other current assets	2,995	**4,640**	**56,454**
Allowance for doubtful accounts	(200)	**(101)**	**(1,228)**
Total current assets	51,051	**62,811**	**764,217**
Property and equipment:			
Land	6,324	**6,642**	**80,812**
Buildings and structures	5,478	**6,078**	**73,950**
Tools and furniture	3,097	**3,450**	**41,975**
Machinery and vehicles	92	**96**	**1,168**
Construction in progress	34	**285**	**3,467**
Total	15,025	**16,551**	**201,374**
Less: Accumulated depreciation	(4,937)	**(5,572)**	**(67,794)**
Property and equipment, net	10,089	**10,980**	**133,592**
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates	2,208	**3,553**	**43,229**
Investment securities	6,258	**6,688**	**81,372**
Goodwill	2,801	**2,498**	**30,392**
Deferred tax assets	942	**909**	**11,059**
Other assets	6,094	**6,691**	**81,408**
Allowance for doubtful accounts	(475)	**(531)**	**(6,460)**
Total investments and other assets	17,830	**19,809**	**241,014**
Total assets	¥78,971	**¥93,601**	**$1,138,836**

See accompanying notes to the consolidated financial statements.

LIABILITIES AND NET ASSETS	Millions of Yen 2011	2012	Thousands of U.S. Dollars (Note 1) 2012
Current liabilities:			
Notes and accounts payable — trade	¥17,939	**¥29,100**	**$ 354,057**
Short-term bank loans	85	**450**	**5,475**
Current portion of long-term debt	784	**771**	**9,380**
Income taxes payable	4,217	**184**	**2,238**
Accrued bonuses	312	**315**	**3,832**
Accrued bonuses to directors and corporate auditors	220	**240**	**2,920**
Other current liabilities	4,028	**6,862**	**83,489**
Total current liabilities	27,587	**37,925**	**461,430**
Long-term liabilities:			
Long-term debt, less current portion	965	**439**	**5,341**
Retirement benefits	339	**455**	**5,535**
Other long-term liabilities	3,058	**3,226**	**39,250**
Total long-term liabilities	4,362	**4,121**	**50,139**
Net assets:			
Common stock			
Authorized; 1,388,000 shares at March 31, 2011 and 2012			
Issued; 347,000 shares at March 31, 2011 and 2012	7,948	**7,948**	**96,702**
Capital surplus			
Additional paid-in capital	7,994	**7,994**	**97,262**
Retained earnings	33,443	**37,774**	**459,593**
Treasury stock; 14,885 shares at March 31, 2011 and 15,162 shares at March 31, 2012, respectively	(1,785)	**(1,821)**	**(22,155)**
Accumulated other comprehensive income			
Unrealized loss on available-for-sale securities	(822)	**(824)**	**(10,025)**
Foreign currency translation adjustments	0	**(0)**	**(0)**
Total accumulated other comprehensive income	(821)	**(824)**	**(10,025)**
Minority interests	242	**483**	**5,876**
Total net assets	47,021	**51,555**	**627,266**
Total liabilities and net assets	¥78,971	**¥93,601**	**$1,138,836**

Consolidated Statements of Income

For the years ended March 31, 2011 and 2012

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	**2012**	**2012**
Net sales	¥103,593	**¥92,195**	**$1,121,730**
Cost of sales	68,464	**60,865**	**740,540**
Gross profit	35,129	**31,330**	**381,189**
Selling, general and administrative expenses	21,993	**22,803**	**277,442**
Operating income	13,136	**8,527**	**103,747**
Other income (expenses):			
Interest and dividend income	179	**174**	**2,117**
Interest expenses	(20)	**(17)**	**(206)**
Equity in earnings of affiliates	552	**102**	**1,241**
Impairment losses	(44)	**(197)**	**(2,396)**
Foreign exchange loss, net	(18)	**—**	**—**
Other, net	(375)	**(325)**	**(3,954)**
Other income (expenses), net	274	**(262)**	**(3,187)**
Income before income taxes and minority interests	13,410	**8,265**	**100,559**
Income taxes:			
Current	5,933	**1,450**	**17,642**
Deferred	(49)	**649**	**7,896**
Total income taxes	5,883	**2,099**	**25,538**
Income before minority interests	7,527	**6,165**	**75,009**
Minority interests	6	**174**	**2,117**
Net income	¥ 7,520	**¥ 5,991**	**$ 72,892**

	Yen		U.S. Dollars (Note 1)
Earnings per share:			
Basic earnings per share	¥22,643.86	**¥18,044.65**	**$219.55**

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Comprehensive Income

For the years ended March 31, 2011 and 2012

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	**2012**	**2012**
Income before minority interests	¥7,527	**¥6,165**	**$75,009**
Other comprehensive income (loss):			
Net unrealized loss on available-for-sale securities	(145)	**(1)**	**(12)**
Foreign currency translation adjustments	0	**(0)**	**(0)**
Share of other comprehensive income in affiliates accounted for by the equity method	0	**—**	**—**
Total other comprehensive loss	(144)	**(2)**	**(24)**
Comprehensive income	¥7,382	**¥6,162**	**$74,972**
Attributable to:			
Shareholders of FIELDS CORPORATION	7,375	**5,988**	**72,855**
Minority interests	6	**173**	**2,104**

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2011 and 2012

	Shares								Millions of Yen
						Other comprehensive income (loss)			
	Number of Shares of Common Stock Issued	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Unrealized Loss on Available-for-sale Securities	Foreign Currency Translation Adjustments	Minority Interests	Total Net Assets
Balance at April 1, 2010	347,000	¥7,948	¥7,994	¥27,583	¥(1,785)	¥(676)	¥ 0	¥122	¥41,187
Net income	—	—	—	7,520	—	—	—	—	7,520
Cash dividends paid	—	—	—	(1,660)	—	—	—	—	(1,660)
Net change of item other than shareholders' equity	—	—	—	—	—	(145)	0	119	(25)
Balance at March 31, 2011	**347,000**	**7,948**	**7,994**	**33,443**	**(1,785)**	**(822)**	**0**	**242**	**47,021**
Net income	**—**	**—**	**—**	**5,991**	**—**	**—**	**—**	**—**	**5,991**
Cash dividends paid	**—**	**—**	**—**	**(1,660)**	**—**	**—**	**—**	**—**	**(1,660)**
Purchase of treasury stock	**—**	**—**	**—**	**—**	**(36)**	**—**	**—**	**—**	**(36)**
Net change of item other than shareholders' equity	**—**	**—**	**—**	**—**	**—**	**(1)**	**(0)**	**241**	**238**
Balance at March 31, 2012	**347,000**	**¥7,948**	**¥7,994**	**¥37,774**	**¥(1,821)**	**¥(824)**	**¥(0)**	**¥483**	**¥51,555**

								Thousands of U.S. Dollars (Note 1)
					Other comprehensive income (loss)			
	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Unrealized Loss on Available -for-sale Securities	Foreign Currency Translation Adjustments	Minority Interests	Total Net Assets
Balance at March 31, 2011	**$96,702**	**$97,262**	**$406,898**	**$(21,717)**	**$(10,001)**	**$0**	**$2,944**	**$572,101**
Net income	**—**	**—**	**72,892**	**—**	**—**	**—**	**—**	**72,892**
Cash dividends paid	**—**	**—**	**(20,197)**	**—**	**—**	**—**	**—**	**(20,197)**
Purchase of treasury stock	**—**	**—**	**—**	**(438)**	**—**	**—**	**—**	**(438)**
Net change of item other than shareholders' equity	**—**	**—**	**—**	**—**	**(12)**	**(0)**	**2,932**	**2,895**
Balance at March 31, 2012	**$96,702**	**$97,262**	**$459,593**	**$(22,155)**	**$(10,025)**	**$(0)**	**$5,876**	**$627,266**

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended March 31, 2011 and 2012

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2012	2012
Operating activities:			
Income before income taxes and minority interests	¥13,410	¥ 8,265	$100,559
Adjustments:			
Depreciation and amortization	1,734	1,962	23,871
Impairment losses	44	197	2,396
Amortization of goodwill	507	333	4,051
Equity in earnings of affiliates	(552)	(102)	(1,241)
Notes and accounts receivable — trade	4,907	(5,194)	(63,195)
Accounts payable — trade	(9,155)	11,048	134,420
Other	2,204	424	5,158
Subtotal	13,102	16,933	206,022
Interest and dividends received	186	212	2,579
Interest paid	(25)	(18)	(219)
Income taxes paid	(5,258)	(7,112)	(86,531)
Net cash provided by operating activities	8,005	10,015	121,851
Investing activities:			
Purchases of convertible bonds	—	(503)	(6,119)
Proceeds from redemption of convertible bonds	—	531	6,460
Purchases of property and equipment	(482)	(1,355)	(16,486)
Purchases of intangible assets	(1,008)	(1,065)	(12,957)
Purchases of investment securities	(366)	(400)	(4,866)
Additional investments in affiliates	(315)	(1,021)	(12,422)
Proceeds from sales of shares of affiliates	200	7	85
Payment for purchase of newly consolidated subsidiaries' stocks	(2,191)	(172)	(2,092)
Increase in investments in various partnerships	(155)	(572)	(6,959)
Increase in security deposits	(132)	(572)	(6,959)
Other	94	325	3,954
Net cash used in investing activities	(4,356)	(4,798)	(58,376)
Financing activities:			
Decrease in short-term bank loans, net	(1,209)	(152)	(1,849)
Repayments of long-term debt	(940)	(809)	(9,843)
Cash dividends paid	(1,657)	(1,659)	(20,184)
Other	(108)	55	669
Net cash used in financing activities	(3,915)	(2,565)	(31,208)
Foreign currency translation adjustments on cash and cash equivalents	(7)	0	0
Net increase (decrease) in cash and cash equivalents	(274)	2,652	32,266
Cash and cash equivalents at beginning of the year	15,906	15,632	190,193
Cash and cash equivalents at end of the year	¥15,632	¥18,284	$222,460

See accompanying notes to the consolidated financial statements.

Notes to Consolidated Financial Statements

FIELDS CORPORATION AND SUBSIDIARIES

1. Basis of Presentation of Consolidated Financial Statements

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

The accompanying consolidated financial statements are translated into English from the consolidated financial statements issued domestically in Japan. Certain modifications and reclassifications have been made for the convenience of readers unfamiliar with Japanese GAAP presentation rules and methods. In addition, certain rearrangements have been made to the 2011 consolidated financial statements to conform to the classifications used in 2012.

The consolidated financial statements are stated in Japanese yen. The translations of the Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers, using the prevailing exchange rate at March 31, 2012, which is ¥82.19 to U.S. $1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be converted into U.S. dollars at that or any other rate.

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

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and significant subsidiaries (collectively, the "Group") that are controlled by the Company. Under the effective control approach, all majority-owned companies and companies effectively controlled by the Company are consolidated. Additionally, those companies over which the Company is able to directly or indirectly exercise control are to be consolidated even if the holding ratio equals to 50% or less.

All significant inter-company balances and transactions are eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated. In the elimination of investments in subsidiaries, the assets and liabilities, including the portion attributing to minority interests, are evaluated using the fair value at the time the Company acquired controls over the respective subsidiaries. For consolidated subsidiaries or affiliates whose closing dates are different from that of the Company, certain adjustments necessary for consolidation have been made.

The difference between total acquisition costs and underlying fair value of the acquired company is recognized as goodwill, and is amortized on a straight-line basis over an estimated period of no more than ten years.

Under the control concept, companies over which the Company has the ability to exercise significant influence through investment, personnel, financing, technology, or other relationships are accounted for under the equity method. Investments in companies other than those consolidated or accounted for under the equity method are accounted for under the cost method. If the equity method had been applied to the investments in those companies, the effect on the consolidated financial statements would not have been significant.

Scope of Consolidation and Application of the Equity Method

Number of consolidated subsidiaries and affiliates at March 31, 2011 and 2012 is as follows:

	Number of Companies	
	2011	**2012**
Consolidated subsidiaries	14	**16**
Unconsolidated subsidiaries not accounted for under the equity method	2	**3**
Affiliates accounted for under the equity method	6	**7**
Affiliates not accounted for under the equity method	1	**1**

The consolidated subsidiaries and holding ratio of the Company at March 31, 2011 and 2012 are as follows:

	Holding ratio (indirectly owned)	
	2011	**2012**
Fields Jr. Corporation	100.0%	**100.0%**
BOOOM Corporation (Formerly known as F Corporation)	100.0	**51.0**
MICROCABIN CORP.	85.0	**85.0**
Shin-Nichi Technology Co., Ltd.	100.0	**100.0**
FutureScope Corporation	83.3	**85.1**
IP Bros. Incorporated	85.0	**85.0**
Japan Sports Marketing Inc.	61.8	—
Tsuburaya Productions Co., Ltd.	51.0	**51.0**
Digital Frontier Inc.	86.9	**86.9**
Lucent Pictures Entertainment, Inc.	90.0	**90.0**
GEMBA Inc.	73.9	**73.9**
EXPRESS Inc.	80.0	**80.0**
K-1 INTERNATIONAL Corporation	85.7	**85.7**
JSM HAWAII, LLC	61.8 (61.8)	— (—)
TOTAL Workout premium management Inc.	—	**95.0**
Digital Frontier (Taiwan) Inc.	—	**73.9**
Fly Studio SDN, BHD	—	**71.3**
NEX ENTERTAINMENT CO., LTD.	—	**64.6**

(Note):

Year ended March 31, 2011

The Company acquired majority shareholdings of Tsuburaya Productions Co., Ltd. ("Tsuburaya"), MICROCABIN CORP. ("MICROCABIN"), and Digital Frontier Inc. ("DF") with its subsidiary GEMBA Inc ("GEMBA"). As a result, these four companies became consolidated subsidiaries of the Company.

IP Bros. Incorporated was newly established and have been included in the scope of consolidation.

Ildel Corporation was liquidated and excluded from the scope of consolidation.

Haruki Fields Cinema Fund was dissolved and excluded from the scope of consolidation.

The following tables summarize payments for purchase of newly consolidated subsidiaries' stocks and fair value of assets and liabilities at the time of initiating consolidation:

(Tsuburaya)

(As of March 31, 2010)	Millions of Yen
Current assets	¥ (611)
Non-current assets	(456)
Goodwill	(2,055)
Current liabilities	1,919
Long-term liabilities	112
Acquisition cost	(1,091)
Cash and cash equivalents held by Tsuburaya	53
Payment for purchase of newly consolidated subsidiary's stocks	¥(1,037)

(DF, including GEMBA)

(As of March 31, 2010)	Millions of Yen
Current assets	¥(423)
Non-current assets	(181)
Goodwill	(579)
Current liabilities	509
Long-term liabilities	1
Minority interests	24
Acquisition cost	(650)
Cash and cash equivalents held by DF	37
Payment for purchase of newly consolidated subsidiary's stocks	¥(612)

(MICROCABIN)

(As of March 31, 2010)	Millions of Yen
Current assets	¥(535)
Non-current assets	(319)
Goodwill	(338)
Current liabilities	204
Long-term liabilities	159
Minority interests	73
Acquisition cost	(756)
Cash and cash equivalents held by MICROCABIN	214
Payment for purchase of newly consolidated subsidiary's stocks	¥(541)

Year ended March 31, 2012

JSM HAWAII, LLC and Japan Sports Marketing Inc. ("JSM") were liquidated and excluded from the scope of consolidation.

TOTAL Workout premium management Inc. and Digital Frontier (Taiwan) Inc. were newly established and have been included in the scope of consolidation.

The Company acquired majority shareholdings of Fly Studio SDN, BHD and NEX ENTERTAINMENT CO., LTD. As a result, these two companies became consolidated subsidiaries of the Company.

Business Combination

In December 2008, the Accounting Standards Board of Japan ("ASBJ") revised ASBJ Statement No. 21, "Accounting Standard for Business Combinations", ASBJ Statement No. 7, "Accounting Standard for Business Divestitures", and ASBJ Guidance No. 10, "Guidance on Accounting Standard for Business Combinations and Business Divestitures". The Company adopted these revised standards effective from the fiscal year ended March 31, 2011. Under the revised accounting standards, business combinations must be accounted only by the purchase method.

Cash Equivalents

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

Valuation of Inventories

Inventories are stated at cost, determined by the following methods:

Merchandise	The Company	Used Machine: the specific identification method Other: the moving-average method
	Consolidated subsidiaries	the gross-average method
Work in process	Consolidated subsidiaries	the specific identification method
Raw material	The Company and consolidated subsidiaries	the moving-average method
Supplies	The Company and consolidated subsidiaries	the last purchase price method

If acquisition cost of an inventory exceeds its net selling value, the carrying amount of such inventory would be written down to its net selling value and the difference would be charged to income.

Investment Securities

Investment securities are classified and accounted for, depending on management's intent, as follows: (1) held-to maturity securities, which are expected to be held to maturity with a positive intent and an ability to hold to maturity are reported at amortized cost; and (2) available-for-sale securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of net assets. Available-for-sale securities whose fair value is not readily determinable are stated at cost determined by the moving-average method.

For other than temporary declines in fair value, investment securities are reduced to net realizable value and charged to income.

Property and Equipment

Property and equipment are stated at cost determined principally by the declining-balance method, whereas the straight-line method is applied to buildings acquired on or after April 1, 1998.

The range of useful lives of depreciable assets is as follows:

Buildings and structures	3 – 50 years
Tools and furniture	2 – 20
Machinery and vehicles	2 – 12

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

Intangible Assets

Software for internal use is amortized over a period of no more than five years by the straight-line method.

Allowance for Doubtful Accounts

Allowance for doubtful accounts is provided at amount based on past collection experience and evaluation of potential losses in the receivables outstanding.

Accrued Bonuses

Bonuses to employees are accrued at the estimated amount which the Group is obligated to pay to employees after the balance sheet date, based on services provided during the period.

Bonuses to Directors and Corporate Auditors

Bonuses to directors and corporate auditors are accrued at the year end to which such bonuses are attributable.

Retirement Benefits

The Company and certain consolidated subsidiaries have an unfunded defined benefit retirement plan with lump-sum payments. Reserve for retirement benefit obligations is provided based on the projected benefit obligation. The obligation is calculated in accordance with a formula which has, as its variables, the length of service and basic pay rate at the end of the fiscal year. Actuarial differences are amortized by the straight-line method using the specific number of years (five years) less than the average remaining service period. Certain subsidiaries adopt the simplified method for calculating projected benefit obligation.

Certain other consolidated subsidiary participates in a multi-employer contributory defined benefit welfare pension plan (the "welfare pension plan"), which includes the substitution portion of the pension obligations and related assets. Contributions made by the consolidated subsidiary to the welfare pension plans are expensed when paid because the plan assets attributable to each participant cannot be reasonably determined.

Translation of Foreign Currencies

Current and non-current monetary assets and liabilities denominated in foreign currencies are translated into yen at the exchange rates at the balance sheet date. Gains and losses arising from translation are charge to income in the year they incurred.

The Company translates the revenue and expense accounts of the overseas consolidated subsidiaries at the average rates of exchange of the year. The balance sheet accounts, except for net assets account, are translated into yen at the exchange rates of the balance sheet date. Net asset accounts are translated at their historical exchange rates. The differences arising from translations are included in foreign currency translation adjustments.

Derivative Financial Instruments and Hedging Accounting

Japanese GAAP for derivative financial instruments:

Derivative financial instruments are stated at fair value and changes in fair value are recognized as gains or losses. If derivative financial instruments are used as hedges and meet certain hedging criteria, a company defers recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related gains or losses on the hedged items are realized.

Companies' management policy for derivative transactions:

The Company utilizes financial instruments with embedded derivative instruments for effective use of surplus fund. The Company does not enter into derivative transactions unless they are considered secure with low risks underlying. The Group does not enter into derivative transactions for speculative purposes.

Risk management for derivative transactions:

The Group enters into the derivative transactions only with major financial institutions with favorable credit ratings, thereby reducing credit risk exposure for non-performance. The finance and budget department is engaged in managing derivative transactions. All of derivative transactions are executed, monitored, and managed in accordance with internal authorization policies.

Asset Retirement Obligations

Effective from the fiscal year ended March 31, 2011, the Company adopted ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations". The accounting standard requires legal obligations associated with the retirement of long-lived assets to be recognized as the sum of the discounted cash flows required for future asset retirement at the time that the obligations are incurred. If the asset retirement obligation cannot be reasonably estimated, such obligation should be recognized as a liability in the period when it becomes reasonably estimated. Upon initial recognition of a liability, the cost is capitalized as part of the related long-lived assets and depreciated over the remaining estimated useful life of the related asset.

Income Taxes

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are determined by applying currently enacted tax laws to the temporary differences. Change in the statutory tax rate is recognized as income or loss in the period the new tax rate is enacted. A valuation allowance is provided for deferred tax assets when considered tax benefit would not be realized.

Revenue Recognition

Revenue of the Group primary consists of merchandise sales and agency services.

For merchandise sales:

The Group purchases pachislot machines from manufactures and sells them to pachislot halls. The Group recognizes revenue when merchandises are shipped to the halls.

For agency services:

The Groups act as an agent between manufactures and pachinko halls to provide various services related to the distribution of pachinko and pachislot machine. The Group receives commissions from the manufacturers for this agency service. The services are completed when the Group collects sales proceeds from pachinko halls, and remit the proceeds to the manufacturers. The Group recognizes revenue when services are completed.

Leases

In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008.

Under the previous accounting standard, finance leases that deemed to transfer ownership of the leased property to the lessee were to be capitalized; however, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized recognizing lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

The Company adopted this revised accounting standard as of April 1, 2008, applying the permission discussed above to leases which existed at the transition date and do not transfer ownership of the leased property to the lessee.

Stock and Bond Issuance Costs

Stock and bond issuance costs are expensed as incurred.

Founding Costs

Founding costs are expensed as incurred.

Consumption Tax

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

Earnings Per Share ("EPS")

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

Diluted EPS for the year ended March 31, 2011 and 2012 is not presented because the Company did not have any kind of securities with potential dilutive effect.

Use of Estimates

The accompanying consolidated financial statements include amounts based on certain estimates and assumptions. The actual results could differ from those estimates and assumptions.

Accounting Changes and Error Corrections

The Company adopted ASBJ Statement No. 24 "Accounting Standard for Accounting Changes and Error Corrections" (issued on December 4, 2009) and ASBJ Guidance No. 24 "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (issued on December 4, 2009).

3. Business Combination

Outline of the business combination

On November 1, 2011, the Company succeeded the fitness club business of JSM, a consolidated subsidiary of the Company. The transaction was a simplified absorption-type company split in which JSM is the splitting company and the Company is the succeeding company. Under Japanese GAAP, this transaction is treated as a transaction between entities under common control. This transaction did not have any effect on the profit or loss of the Group.

Purpose of the business combination

Moving toward the realization of the Company's corporate philosophy, namely, "The Greatest Leisure for All People," the Company has focused on multiple-use of intellectual properties as its core competency that creates synergy effects in content businesses. JSM has developed a lot of entertaining sports-related intellectual properties through its rights business, athletes management business, and fitness club business. The Company anticipates that the fitness club business will thrive in the market by utilizing business resources of the Company while creating synergies.

4. Inventories

Inventories at March 31, 2011 and 2012 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	**2012**	**2012**
Merchandise	¥ 300	**¥ 386**	**$ 4,696**
Work in process	826	**2,493**	**30,332**
Raw material and supplies	231	**255**	**3,102**
Total	¥1,357	**¥3,134**	**$38,131**

5. Financial Instruments and Related Disclosures

(1) Policy for financial instruments

Basically, the Group's use of its surplus funds is limited to low-risk financial assets. The Group finances its working capital by short-term bank loans. For mid- or long-term cash demands, the way of raising funds are determined after considering the market environment and its purposes.

(2) Nature, risks arising from financial instruments, and risk management

Notes and accounts receivable are arising from an ordinary course of businesses and are subject to credit risks of customers. The Sales Division controls these risks by reviewing outstanding balances and due dates of each customer in accordance with internal rules for controlling receivables, as well as by monitoring customers' financial conditions to promptly obtain information about possible bad debts.

Most investment securities are related to capital and/or operating alliances with business partners, and are subject to market value volatility risks. In order to control these risks, fair value, financial condition of investees, and related business relationships are periodically reviewed in accordance with internal rules for controlling investment securities.

Financial instruments with embedded derivative instruments are also subject to market value volatility risks. Finance and Budget Department controls these risks in accordance with internal rules for controlling investment securities.

Notes and accounts payable are arising from an ordinary course of businesses and payable within a year. Income taxes payable include income tax, inhabitant tax, and enterprise tax and are payable within a year. These items are subject to liquidity risks of default. To control these risks, the Group's Finance and Budget Department prepares and updates cash-flow plans and maintains appropriate amounts of ready liquidity based on reports from internal sections.

Fair values of financial instruments are based on quoted prices in active markets. If quoted price is not available, other rational valuation techniques are used instead. Because such valuation techniques include certain assumptions, results may differ if different assumptions are used in the valuation.

Financial instruments whose fair values are readily determinable at March 31, 2011 are as follows:

	Millions of Yen		
	Carrying amount	Fair value	Difference
Assets:			
(1) Cash and cash equivalents	¥15,632	¥15,632	¥ —
(2) Time deposits (included in other current assets)	240	240	—
(3) Notes and accounts receivable	27,948		
Less: Allowance for doubtful accounts	(184)		
Net amount	27,763	27,763	—
(4) Investment securities			
(a) Held-to-maturity securities	400	299	(100)
(b) Available-for-sale securities	5,447	5,447	—
(5) Long-term loans receivable	417		
Less: Allowance for doubtful accounts	(388)		
Net amount	29	28	(0)
Total	¥49,513	¥49,412	¥(100)

Financial Section

	Carrying amount	Fair value	Difference
	Millions of Yen		
Liabilities:			
(6) Notes and accounts payable	¥17,939	¥17,939	¥ —
(7) Current portion of long-term debt	784	784	0
(8) Short-term bank loans	85	85	—
(9) Income taxes payable	4,217	4,217	—
(10) Long-term debt	965	962	(2)
Total	¥23,991	¥23,990	¥ (1)

Notes:

(1), (2), (3), (6), (8), and (9) —As these items are settled within a year and have fair values approximately equal to their carrying amounts, they are stated at the carrying amounts.

(4) —Fair value of equity securities is stated at market price whereas that of debt securities are stated at amount obtained from financial institutions. Fair value information categorized by holding purposes of investment securities is discussed in Note 6.

(5) —Fair value of long-term loans receivable is stated at present value of future cash flows. Discount rate is computed by adding spreads to appropriate indices such as yield of Japanese government bond.

(7) and (10) —Long-term debt comprises of bonds issued by the Company and consolidated subsidiaries and bank loans.

Bonds

Because such bonds do not have market prices, fair value of bonds is stated at present value of total amount of its principal and interest discounted by an assumed rate that would be applicable to bonds issued under the same conditions. Bonds with variable interest rates are stated at carrying amount because fair value of such bonds is considered approximately equal to its carrying amount based on the following assumptions; (a) variable interest rates reflect the current market rate, and (b) the Company's credit status has not significantly changed after the issuance. Bonds with fixed interest rates are stated at present value of a total amount of its principal and interest discounted by a rate determined considering its remaining periods and credit risks.

Bank loans

Fair value of bank loans is stated at present value of total amount of its principal and interest discounted by an assumed rate that would be applicable to bank loans financed under the same conditions. In determining fair value of bank loans with interest rate swap agreements, bank loans and such derivatives are treated as a set because the Group's interest rate swap agreements qualify for hedge accounting and meet specific criteria under Japanese GAAP.

Financial instruments which do not have quoted market prices and whose fair value is not reliably determinable are not included in the table above. Such financial instruments at March 31, 2011 are as follows:

	Millions of Yen
Balance included in the consolidated balance sheet	
Investment securities	¥ 410
Investments in unconsolidated subsidiaries	10
Investments in affiliates	2,198
Total	¥2,618

Detailed information about investment securities is discussed in Note 6.

Financial instruments whose fair values are readily determinable at March 31, 2012 are as follows:

	Carrying amount	Fair value	Difference
	Millions of Yen		
Assets:			
(1) Cash and cash equivalents	**¥18,284**	**¥18,284**	**¥ —**
(2) Time deposits (included in other current assets)	**60**	**60**	**—**
(3) Notes and accounts receivable	**34,402**		
Less: Allowance for doubtful accounts	**(88)**		
Net amount	**34,313**	**34,313**	**—**
(4) Investment securities			
(a) Held-to-maturity securities	**400**	**270**	**(129)**
(b) Available-for-sale securities	**5,554**	**5,554**	**—**
(5) Long-term loans receivable	**407**		
Less: Allowance for doubtful accounts	**(386)**		
Net amount	**21**	**20**	**(0)**
Total	**¥58,633**	**¥58,504**	**¥(129)**
Liabilities:			
(6) Notes and accounts payable	**29,100**	**29,100**	**—**
(7) Current portion of long-term debt	**771**	**773**	**1**
(8) Short-term bank loans	**450**	**450**	**—**
(9) Income taxes payable	**184**	**184**	**—**
(10) Long-term debt	**439**	**437**	**(1)**
Total	**¥30,946**	**¥30,946**	**¥ (0)**

	Carrying amount	Fair value	Difference
	Thousands of U.S. dollars		
Assets:			
(1) Cash and cash equivalents	**$222,460**	**$222,460**	**$ —**
(2) Time deposits (included in other current assets)	**730**	**730**	**—**
(3) Notes and accounts receivable	**418,566**		
Less: Allowance for doubtful accounts	**(1,070)**		
Net amount	**417,483**	**417,483**	**—**
(4) Investment securities			
(a) Held-to-maturity securities	**4,866**	**3,285**	**(1,569)**
(b) Available-for-sale securities	**67,575**	**67,575**	**—**
(5) Long-term loans receivable	**4,951**		
Less: Allowance for doubtful accounts	**(4,696)**		
Net amount	**255**	**243**	**(0)**
Total	**$713,383**	**$711,814**	**$(1,569)**
Liabilities:			
(6) Notes and accounts payable	**354,057**	**354,057**	**—**
(7) Current portion of long-term debt	**9,380**	**9,405**	**12**
(8) Short-term bank loans	**5,475**	**5,475**	**—**
(9) Income taxes payable	**2,238**	**2,238**	**—**
(10) Long-term debt	**5,341**	**5,316**	**(12)**
Total	**$376,517**	**$376,517**	**$ (0)**

Notes:

(1), (2), (3), (6), (8), and (9) —As these items are settled within a year and have fair values approximately equal to their carrying amounts, they are stated at the carrying amounts.

(4) —Fair value of equity securities is stated at market price whereas that of debt securities are stated at amount obtained from financial institutions. Fair value information categorized by holding purposes of investment securities is discussed in Note 6.

(5) —Fair value of long-term loans receivable is stated at present value of future cash flows. Discount rate is computed by adding spreads to appropriate indices such as yield of Japanese government bond.

(7) and (10) —Long-term debt comprises of bonds issued by the Company and consolidated subsidiaries and bank loans.

Bonds

Because such bonds do not have market prices, fair value of bonds is stated at present value of total amount of its principal and interest discounted by an assumed rate that would be applicable to bonds issued under the same conditions. Bonds with variable interest rates are stated at carrying amount because fair value of such bonds is considered approximately equal to its carrying amount based on the following assumptions; (a) variable interest rates reflect the current market rate, and (b) the Company's credit status has not significantly changed after the issuance. Bonds with fixed interest rates are stated at present value of a total amount of its principal and interest discounted by a rate determined considering its remaining periods and credit risks.

Bank loans

Fair value of bank loans is stated at present value of total amount of its principal and interest discounted by an assumed rate that would be applicable to bank loans financed under the same conditions.

Financial instruments which do not have quoted market prices and whose fair value is not reliably determinable are not included in the table above. Such financial instruments at March 31, 2012 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Balance included in the consolidated balance sheet		
Investment securities	¥ 733	$ 8,918
Investments in unconsolidated subsidiaries	20	243
Investments in affiliates	3,533	42,985
Total	¥4,287	$52,159

Detailed information about investment securities is discussed in Note 6.

Maturity analysis for financial assets at March 31, 2012 is as follows:

	Millions of Yen			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
(1) Cash and cash equivalents	¥18,284	¥—	¥—	¥ —
(2) Time deposits (included in other current assets)	60	—	—	—
(3) Notes and accounts receivable	34,402	—	—	—
(4) Investment securities				
(a) Held-to-maturity securities	—	—	—	400
(b) Available-for-sale securities				
Debt securities	—	—	—	100
Other securities	—	—	—	100
(5) Long-term loans receivable	—	21	—	—
Total	¥52,746	¥21	¥—	¥600

	Thousands of U.S. Dollars			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
(1) Cash and cash equivalents	$222,460	$ —	$—	$ —
(2) Time deposits (included in other current assets)	730	—	—	—
(3) Notes and accounts receivable	418,566	—	—	—
(4) Investment securities				
(a) Held-to-maturity securities	—	—	—	4,866
(b) Available-for-sale securities				
Debt securities	—	—	—	1,216
Other securities	—	—	—	1,216
(5) Long-term loans receivable	—	255	—	—
Total	$641,756	$255	$—	$7,300

Note:

Amounts of long-term loans receivable in the table above are stated after deducting the allowance for doubtful accounts of ¥386 million ($4,696 thousand).

6. Investment Securities

(a) The following table summarizes information of held-to-maturity securities and available-for-sale securities with available fair values at March 31, 2011 and 2012:

	Millions of Yen		Thousands of U.S. Dollars
	2011	**2012**	**2012**
Held-to-maturity securities			
Balance included in the consolidated balance sheets	¥400	**¥400**	**$4,866**
Fair value	299	**270**	**3,285**
Net unrealized loss	(100)	**(129)**	**(1,569)**
Available-for-sale securities			
—Equity securities			
Acquisition cost	6,636	**6,637**	**80,751**
Fair value	5,247	**5,352**	**65,117**
Net unrealized loss	(1,390)	**(1,285)**	**(15,634)**
—Debt securities			
Acquisition cost	145	**98**	**1,192**
Fair value	99	**100**	**1,216**
Net unrealized gain (loss)	(46)	**1**	**12**
—Other			
Acquisition cost	100	**100**	**1,216**
Fair value	100	**100**	**1,216**
Net unrealized gain	—	**—**	**—**

(b) The following table summarizes carrying value of available-for-sale securities whose fair value is not readily determinable at March 31, 2011 and 2012:

	Millions of Yen		Thousands of U.S. Dollars
	2011	**2012**	**2012**
Stocks	¥ 27	**¥ 25**	**$ 304**
Investments in various partnerships and others	383	**708**	**8,614**

7. Fair Value of Derivative Transactions

Fair values of the Group's derivative financial instruments at March 31, 2011 and 2012 are as follows:

	Millions of Yen			
	2011			
	Contract Amount			
	Within one year	Over one year	Fair Value	Valuation Gain (Loss)
Financial instruments with embedded derivative instruments (Non-listed)	¥—	¥145	¥99	¥(46)

	Millions of Yen			
	2012			
	Contract Amount			
	Within one year	Over one year	Fair Value	Valuation Gain (Loss)
Financial instruments with embedded derivative instruments (Non-listed)	**¥—**	**¥99**	**¥100**	**¥1**

	Thousands of U.S. Dollars			
	2012			
	Contract Amount			
	Within one year	Over one year	Fair Value	Valuation Gain (Loss)
Financial instruments with embedded derivative instruments (Non-listed)	**$—**	**$1,204**	**$1,216**	**$12**

Note:

(1) The fair values in the table above are stated at amounts obtained from financial institutions, which are the counter parties of the derivative transactions.

(2) The valuation gain and loss in the table above are computed based on the fair value of the financial instruments with embedded derivative instruments taken as a whole because they cannot be reasonably bifurcated and remeasured.

(3) Contract amounts in the table above are stated at the book value as of the beginning of the fiscal year.

8. Long-Lived Assets

The Group reviewed its long-lived assets for impairment at March 31, 2011 and 2012 and as a result, recognized impairment losses of ¥44 million and ¥197 million ($2,396 thousand), respectively.

For the year ended March 31, 2011, ¥44 million of buildings, structures, tools and furniture were written down to zero because of early disposal in relation to planning of business office relocation.

For the year ended March 31, 2012, ¥173 million ($2,104 thousand) of software for mobile-related businesses was written down to zero because the Company did not expect that the carrying amount of the software was recoverable. In addition, ¥23 million ($279 thousand) of buildings and structures were written down to zero because of early disposal in relation to planning of business office relocation.

9. Leases

The Group leases certain tools and furniture. The following information summarizes finance lease contracts that do not transfer ownership of the leased property to the lessee and that were entered into prior to April 1, 2008.

Assumed amounts of (a) acquisition cost, accumulated depreciation and net book value and (b) lease obligations at March 31, 2011 and 2012 are as follows:

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

	Millions of Yen		Thousands of U.S. Dollars
	2011	**2012**	**2012**
Tools and furniture:			
Acquisition cost	¥10	**¥10**	**$121**
Accumulated depreciation	7	**9**	**109**
Net book value	¥ 2	**¥ 1**	**$ 12**

(b) Lease obligations

	Millions of Yen		Thousands of U.S. Dollars
	2011	**2012**	**2012**
Payments due within one year	¥1	**¥ 1**	**$12**
Payments due after one year	1	**—**	**—**
Total	¥2	**¥ 1**	**$12**

As the aggregated amount of lease obligations is immaterial, interest expenses are included in the assumed acquisition cost and lease obligations at each balance sheet date.

Amounts of lease payments and depreciation expense equivalent for the years ended March 31, 2011 and 2012 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	**2012**	**2012**
Lease payments	¥2	**¥1**	**$12**
Depreciation expense equivalent	2	**1**	**12**

Depreciation expense equivalent is computed by the straight–line method over the lease period with no residual value.

(c) The minimum rental commitments under non-cancelable operating leases at March 31, 2012 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due within one year	**¥ 890**	**$10,828**
Due after one year	**1,258**	**15,305**
Total	**¥2,148**	**$26,134**

10. Short-Term Bank Loans and Long-Term Debt

The average interest rates applicable to the short-term bank loans were 0.64% and 1.64% at March 31, 2011 and 2012, respectively.

The following table summarizes the Group's long-term debt at March 31, 2011 and 2012:

	Millions of Yen		Thousands of U.S. Dollars
	2011	**2012**	**2012**
Long-term debt:			
Long-term bank loans due October 20, 2016			
Current portion with weighted average interest rate of 1.97%	¥ 44	**¥ 153**	**$ 1,861**
Non-current portion with weighted average interest rate of 1.71%	65	**139**	**1,691**
Unsecured bonds with variable interest rate issued on June 27, 2008 and due June 27, 2013			
Current portion	600	**600**	**7,300**
Non-current	900	**300**	**3,650**
0.76% unsecured bonds issued on July 29, 2005 and due July 29, 2011			
Current portion	10	**—**	**—**
Non-current	—	**—**	**—**
1.61% unsecured bonds issued on August 31, 2006 and due August 31, 2011			
Current portion	30	**—**	**—**
Non-current	—	**—**	**—**
1.43% unsecured bonds issued on August 31, 2006 and due August 31, 2011			
Current portion	10	**—**	**—**
Non-current	—	**—**	**—**
1.42% unsecured bonds issued on March 30, 2007 and due March 30, 2012			
Current portion	40	**—**	**—**
Non-current	—	**—**	**—**
1.54% unsecured bonds issued on March 25, 2005 and due March 23, 2012			
Current portion	50	**—**	**—**
Non-current	—	**—**	**—**
0.74% unsecured bonds issued on March 15, 2010 and due March 15, 2013			
Current portion	—	**18**	**219**
Non-current	—	**—**	**—**
Total	¥1,749	**¥1,210**	**$14,721**

The variable interest rate of the unsecured bonds in the above table is 6-month TIBOR plus 0.25%.

No assets were pledged as collateral for the long-term debts at March 31, 2012.

Financial Section

The aggregate amounts of annual maturity of long-term debt at March 31, 2012 are as follows:

Year ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2013	¥ 771	$ 9,380
2014	388	4,720
2015	25	304
2016	17	206
2017	8	97
Total	¥1,210	$14,721

11. Credit Lines

The Group entered into line of credit and over-draft agreements with banks for the purpose of efficient management of operation fund. The following is the summary of the line of credit at March 31, 2011 and 2012:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2012	2012
Total amount of the line of credit	¥17,100	¥17,400	$211,704
Outstanding balance	(85)	(400)	(4,866)
Remaining amount of the line of credit	¥17,015	¥17,000	$206,837

12. Retirement Benefits

Accrued retirement benefits for employees at March 31, 2011 and 2012 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2012	2012
Projected benefit obligation	¥409	¥514	$6,253
Unrecognized actuarial differences	(69)	(59)	(717)
Accrued retirement benefits	¥339	¥455	$5,535

Net periodic costs for the employees' retirement benefits for the years ended March 31, 2011 and 2012 consisted of the following components:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2012	2012
Service cost	¥47	¥59	$ 717
Interest cost	7	8	97
Amortization of actuarial differences	20	24	292
Other	4	4	48
Net periodic benefit costs	¥79	¥96	$1,168

The retirement benefit costs of certain domestic consolidated subsidiaries which adopt the simplified method for calculating projected benefit obligation are accounted for as service cost.

The assumptions used for the above plans for the years ended March 31, 2011 and 2012 are as follows:

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

13. Contingencies

In its agency services, the Company guarantees payments of customers (pachinko halls) to the sellers, manufacturers of pachinko and pachislot machines. The total amount of such guarantees at March 31, 2012 was ¥1,324 million ($16,109 thousand).

14. Income Taxes

The significant components of deferred tax assets at March 31, 2011 and 2012 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2012	2012
Deferred tax assets:			
Amortization	¥ 199	¥ 280	$ 3,406
Allowance for doubtful accounts	208	198	2,409
Accrued bonuses	127	120	1,460
Retirement benefits for employees	138	164	1,995
Asset retirement obligations	117	121	1,472
Loss on devaluation of merchandising right advances	378	332	4,039
Unrealized loss on investment securities	565	456	5,548
Loss on investments in securities	169	44	535
Loss on devaluation of cash advances	242	—	—
Enterprise taxes	318	14	170
Tax loss carryforwards	2,593	1,232	14,989
Other	432	526	6,399
Gross deferred tax assets	5,491	3,492	42,486
Valuation allowances	(3,251)	(1,750)	(21,292)
Total deferred tax assets	2,240	1,742	21,194
Deferred tax liabilities:			
Asset retirement costs	44	105	1,277
Enterprise taxes refundable	—	105	1,277
Other	15	23	279
Total deferred tax liabilities	59	233	2,834
Net deferred tax assets	¥ 2,180	¥ 1,509	$ 18,359

Balances of deferred tax assets and liabilities included in the consolidated balance sheets are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2012	2012
Deferred tax assets—current	¥1,249	¥ 609	$ 7,409
Deferred tax assets—non-current	942	909	11,059
Deferred tax liabilities—non-current (included in other long-term liabilities)	(11)	(9)	(109)
Net deferred tax assets	¥2,180	¥1,509	$18,359

Income taxes in Japan consist of corporation tax, inhabitants' taxes and enterprise taxes. Reconciliation of the differences between the statutory tax rates and the effective income tax rates for the years ended March 31, 2011 and 2012 is as follows:

	2011	2012
Statutory tax rate	40.7%	**40.7%**
Adjustments:		
Per capita levy of inhabitant tax	0.3	**0.5**
Expenses not deductible for tax purpose	0.9	**1.9**
Income not taxable for tax purpose	(0.3)	**(0.4)**
Equity in losses (earnings) of affiliates	(1.7)	**(0.5)**
Accrued bonuses to directors and corporate auditors	0.7	**1.2**
Change in valuation allowance	3.4	**(0.9)**
Amortization of goodwill	1.5	**1.6**
Liquidation of a subsidiary	(1.2)	**(19.6)**
Sale of subsidiary's stocks	—	**(1.0)**
Change in the effective tax rate	—	**1.6**
Other	(0.4)	**0.3**
Effective income tax rate	43.9%	**25.4%**

On December 2, 2011, new tax reform laws were enacted in Japan, which changed the normal effective statutory tax rate from 40.7% to 38.0% effective for the fiscal years beginning on or after April 1, 2012 through March 31, 2015, and to 35.6% afterwards. The effect of this change was to decrease the net deferred tax assets in the consolidated balance sheet at March 31, 2012 by ¥200 million ($2,433 thousand) and to increase income taxes-deferred in the consolidated statement of income for the year then ended by ¥135 million ($1,642 thousand).

15. Net Assets

Under the Companies Act of Japan (the "Companies Act"), the entire amount of the issuance price of shares is required to be accounted for as capital, although a company may, by resolution of its Board of Directors, account for an amount not exceeding one half of the issue price of new shares as additional paid-in capital, which is one component of capital surplus. The Companies Act also provides that when a company makes cash appropriations such as cash dividends from capital surplus or earnings surplus, the company has to set aside at least of 10% of the total amount of the cash payments as earnings reserve or additional paid-in capital until the total amount of capital surplus and earnings surplus equals 25% of common stock. The total amount of the Company's capital surplus and earnings surplus has reached 25% of common stock and, therefore, the Company is no longer required to provide for the earnings surplus.

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

16. Related Party Transactions

Transactions with and balances due to or due from related parties as of and for the years ended March 31, 2011 and 2012 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2012	2012
(Affiliates)			
Rodeo Co., Ltd.			
Account balances			
Accounts payable — trade	¥ 101	**¥16,165**	**$196,678**
Transactions			
Purchase of merchandise	32,292	**21,760**	**264,752**
Purchase discount	199	**33**	**401**
(Sister company)			
Bisty Co., Ltd.			
Account balances			
Accounts receivable — trade	444	**2,327**	**28,312**
Accounts payable	12,790	**10,110**	**123,007**
Advance received	722	**567**	**6,898**
Advance paid	58	**—**	**—**
Transactions			
Commissions received	12,369	**9,071**	**110,366**
Sales of merchandising rights	981	**996**	**12,118**
Purchase of merchandise	16,611	**19,913**	**242,280**

The terms and conditions of the above transactions have been determined based on the arm's length and normal market price levels.

17. Comprehensive Income

Reclassification adjustments and tax effects on other comprehensive income for the year ended March 31, 2012 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Net unrealized gain on available-for-sale securities		
Gains arose during the year	**¥ 105**	**$ 1,277**
Reclassification adjustments	**—**	**—**
Amount before income tax effect	**105**	**1,277**
Income tax effect	**(107)**	**(1,301)**
Other comprehensive income— Net unrealized gain on available-for-sale securities	**¥ (1)**	**$ (12)**
Foreign currency translation adjustments		
Gains arose during the year	**¥ (0)**	**$ (0)**
Reclassification adjustments	**—**	**—**
Amount before income tax effect	**(0)**	**(0)**
Income tax effect	**—**	**—**
Other comprehensive income— Foreign currency translation adjustments	**¥ (0)**	**$ (0)**
Total other comprehensive loss	**¥ (2)**	**$ (24)**

18. Subsequent Event

Year-end dividends

At the general shareholders meeting of the Company held on June 20, 2012, the shareholders approved the payment of the year-end cash dividends totaling ¥829 million ($10,086 thousand), or ¥2,500.00 ($30.42) per share.

19. Segment Information

The reportable segments are component of the Group for which separate financial information is available, and whose operating results are reviewed periodically by the Board of Directors to determine allocation of operating resources and evaluate its performance.

The Group classifies its business into four reportable segments, namely, (1) Pachinko/Pachislot (PS) Field, (2) Mobile Field, (3) Sports Entertainment Field, and (4) Other Field, as summarized below.

(1) Pachinko/Pachislot (PS) Field—Purchase, sales, planning, and development of Pachinko and Pachislot machines and other related businesses
(2) Mobile Field—Distribution of mobile content and other related businesses
(3) Sports Entertainment Field—Sports management businesses
(4) Other Field—Planning and production of movie and TV content, and planning, production and sales of character goods and related businesses

Segment information of the Group as of and for the year ended March 31, 2011 is as follows:

	Millions of Yen						
	Pachinko/ Pachislot (PS) Field	Mobile Field	Sports Entertain- ment Field	Other Field	Total	Adjustments	Consolidated
Sales to third parties	¥93,880	¥1,990	¥2,143	¥5,578	¥103,593	¥ —	¥103,593
Inter-segment sales and transfers	234	41	27	303	606	(606)	—
Total sales	94,115	2,032	2,171	5,881	104,200	(606)	103,593
Segment income (loss)	¥12,866	¥ 236	¥ (290)	¥ 315	¥ 13,127	¥ 8	¥ 13,136
Assets	¥75,210	¥1,422	¥ 904	¥6,128	¥ 83,667	¥(4,695)	¥ 78,971
Depreciation and amortization	¥ 1,290	¥ 179	¥ 96	¥ 171	¥ 1,738	¥ (4)	¥ 1,734
Impairment losses	9	4	2	28	44	—	44
Investments in affiliates accounted for by the equity method	598	—	—	1,398	1,996	—	1,996
Amortization of goodwill	24	—	212	270	507	—	507
Remaining balance of goodwill	340	—	—	2,461	2,801	—	2,801
Capital expenditure	1,144	498	52	2,973	4,669	(14)	4,655

Net sales to major customers:

	Millions of Yen
Pachinko/Pachislot (PS) Field	
Bisty Co., Ltd.	¥13,350

Segment information of the Group as of and for the year ended March 31, 2012 is as follows:

Millions of Yen

	Pachinko/ Pachislot (PS) Field	Mobile Field	Sports Entertain-ment Field	Other Field	Total	Adjustments	Consolidated
Sales to third parties	¥83,780	¥1,741	¥1,938	¥4,734	¥92,195	¥ —	¥92,195
Inter-segment sales and transfers	178	182	6	725	1,093	(1,093)	—
Total sales	83,959	1,924	1,945	5,460	93,288	(1,093)	92,195
Segment income (loss)	¥ 8,664	¥ 11	¥ 7	¥ (139)	¥ 8,544	¥ (16)	¥ 8,527
Assets	¥87,233	¥1,294	¥1,426	¥6,181	¥96,135	¥(2,533)	¥93,601
Depreciation and amortization	¥ 1,376	¥ 348	¥ 55	¥ 186	¥ 1,967	¥ (4)	¥ 1,962
Impairment losses	—	173	—	23	197	—	197
Investments in affiliates accounted for by the equity method	1,597	—	—	1,398	2,995	—	2,995
Amortization of goodwill	54	1	—	277	333	—	333
Remaining balance of goodwill	309	—	—	2,188	2,498	—	2,498
Capital expenditure	2,075	418	27	345	2,866	(21)	2,845

Thousands of U.S. Dollars

	Pachinko/ Pachislot (PS) Field	Mobile Field	Sports Entertain-ment Field	Other Field	Total	Adjustments	Consolidated
Sales to third parties	$1,019,345	$21,182	$23,579	$57,598	$1,121,730	$ —	$1,121,730
Inter-segment sales and transfers	2,165	2,214	73	8,821	13,298	(13,298)	—
Total sales	1,021,523	23,409	23,664	66,431	1,135,028	(13,298)	1,121,730
Segment income (loss)	$ 105,414	$ 133	$ 85	$ (1,691)	$ 103,954	$ (194)	$ 103,747
Assets	$1,061,357	$15,744	$17,350	$75,203	$1,169,667	$(30,818)	$1,138,836
Depreciation and amortization	$ 16,741	$ 4,234	$ 669	$ 2,263	$ 23,932	$ (48)	$ 23,871
Impairment losses	—	2,104	—	279	2,396	—	2,396
Investments in affiliates accounted for by the equity method	19,430	—	—	17,009	36,439	—	36,439
Amortization of goodwill	657	12	—	3,370	4,051	—	4,051
Remaining balance of goodwill	3,759	—	—	26,621	30,392	—	30,392
Capital expenditure	25,246	5,085	328	4,197	34,870	(255)	34,614

Note: Adjustments in the tables above are intersegment elimination.

Net sales to major customers:

	Millions of Yen	Thousands of U.S. Dollars
Pachinko/Pachislot (PS) Field		
Bisty Co., Ltd.	¥11,255	$136,938

INDEPENDENT AUDITORS' REPORT

FIELDS CORPORATION AND SUBSIDIARIES

The Board of Directors of
FIELDS CORPORATION

We have audited the accompanying consolidated balance sheets of FIELDS CORPORATION and its consolidated subsidiaries as of March 31, 2011 and 2012, and the related consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the years then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of FIELDS CORPORATION and its consolidated subsidiaries as of March 31, 2011 and 2012, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan as described in Note 1 to the consolidated financial statements.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2012 are presented solely for the convenience of readers outside Japan. Our audit also included the translation of yen amounts into the U.S. dollar amounts and, in our opinion, such translation has been made on the basis set forth in Note 1 to the consolidated financial statements.

BDO Sanyu & Co.

BDO Sanyu & Co.
Tokyo, Japan

June 22, 2012

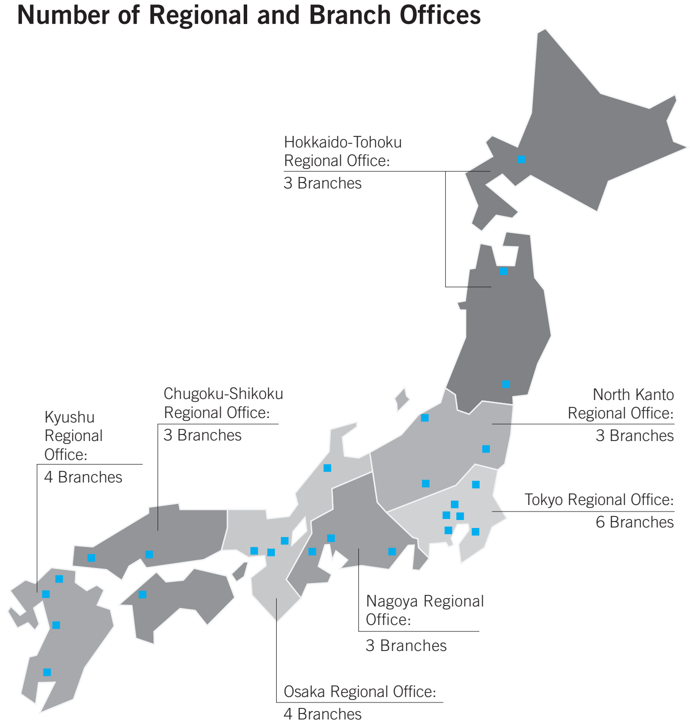
Corporate Profile

As of March 31, 2012

Company name	Fields Corporation
Corporate philosophy	The Greatest Leisure for All People
Established	June 1988
Head office address*	16-17 Nampeidai-cho, Shibuya-ku, Tokyo 150-0036, Japan
Main business activities	1. Planning and development of pachinko/pachislot machines 2. Purchasing and sales of pachinko/pachislot machines 3. Planning, development and sales of copyrighted characters and related content 4. Planning, development and sales of video software
Paid-in capital	¥7,948 million
Number of employees	1,324 (consolidated)
Consolidated subsidiaries	FutureScope Corporation Total Workout premium management Inc. Tsuburaya Productions Co., Ltd. Digital Frontier Inc. Lucent Pictures Entertainment, Inc. 11 other companies
Equity-method affiliates	Rodeo Co., Ltd. Kadokawa Haruki Corporation HERO'S Inc. 4 other companies

*Head office address reflects change scheduled for October 2012

Number of Regional and Branch Offices



Organization

As of April 1, 2012

- General Meeting of Shareholders
  - Board of Directors
    - Chairman & CEO
      - Office of the Chairman
      - President & COO
        - Internal Audit Office
        - Legal Office
        - Corporate Communications Office
        - Group Communication Office
        - Research and Development Office
        - Contents Division
        - Animation Production Division
        - Imaging and Live Entertainment Division
        - Interactive Media Business Division
        - Consumer Products Business Division
        - Pachinko/Pachislot Business Administration Division
        - Planning and Administration Division
        - Corporate Division
  - Board of Corporate Auditors

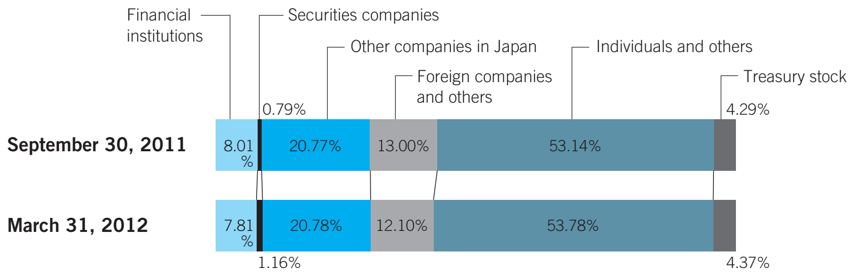
Stock Information

As of March 31, 2012

Stock Status

Total authorized shares	1,388,000
Total outstanding shares	347,000
Treasury stock	15,162
Number of shareholders	9,244

Number of Shareholders by Category



Principal Shareholders

Name of shareholders	Number of shares held	Shareholding ratio (%)
Hidetoshi Yamamoto	86,750	25.00
SANKYO CO., LTD.	52,050	15.00
Takashi Yamamoto	36,128	10.41
Mint Co.	16,000	4.61
The Master Trust Bank of Japan, Ltd. (Trust account)	7,741	2.23
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	7,677	2.21
NORTHERN TRUST CO. (AVFC) SUB A/C AMERICAN CLIENTS	6,888	1.99
Japan Trustee Services Bank, Ltd. (Trust account)	6,648	1.92
BBH (LUX) FIDELITY FUNDS JAPAN ADVANTAGE	6,249	1.80
Takashi Oya	4,500	1.30

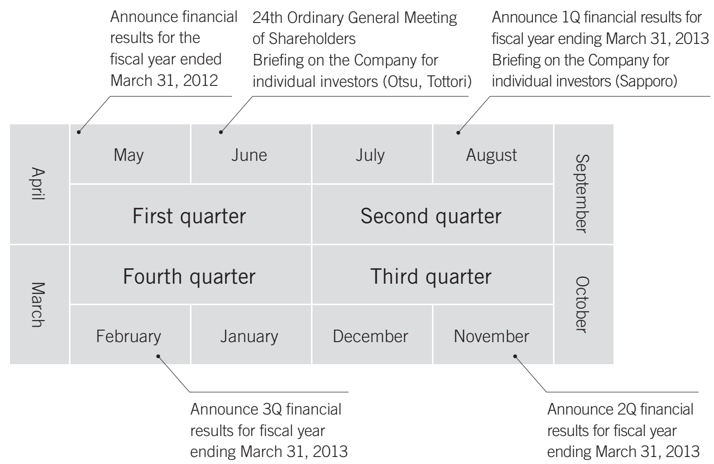
*Treasury stock held by the Company is excluded from the list of principal shareholders.

IR Information

IR Events Held – Fiscal Year Ended March 31, 2012

		IR event	Participants
2011	April		
	May	Financial results briefing for the fiscal year ended March 31, 2011	84
	June	23rd Ordinary General Meeting of Shareholders	
		Briefing on the Company for individual investors held (Fukuoka, Tokushima)	291
	July		
	August	1Q financial results briefing for fiscal year ended March 31, 2012	23
	September		
	October		
	November	2Q financial results briefing for fiscal year ended March 31, 2012	64
	December		
2012	January		
	February	3Q financial results briefing for fiscal year ended March 31, 2012	42
	March	Briefing on the Company for individual investors held (Kumamoto, Hiroshima, Matsuyama)	251

IR Schedule for the Fiscal Year Ending March 31, 2013



Upgrading and Expanding IR Website Contents

To provide disclosure of a broad range of information about the Company that is useful to all stakeholders, we are working to upgrade and expand the contents of our website. In the fiscal year ended March 31, 2012, our IR website received a Best Corporate Website Award from Nikko Investor Relations Co., Ltd. and a 2011 Internet IR Best Company Award from Daiwa Investor Relations Co., Ltd. The website also placed first in the emerging markets ranking of the Gomez IR Site Ranking 2012 announced by Gomez Consulting. We believe that these commendations recognize our ongoing efforts to improve our website. Rather than rest on these accomplishments, we will continue working to make improvements by reflecting the evaluations and opinions of all stakeholders in our website.

WITH GRADE AAA Corporate Websites 2011
Nikko Investor Relations Co.,Ltd Ranking in all listed companies in Japan

Internet IR 優良企業賞 2011 Daiwa Investor Relations

2011 Internet IR Best Company Award

Briefings Held for Individual Investors

We seek to foster a deeper understanding of the Company by engaging in direct dialogue with large numbers of individual investors. Accordingly, we hold briefings on the Company for individual investors every year in various regions across Japan. In the fiscal year ended March 31, 2012, we held such briefings in five cities: Fukuoka, Tokushima, Kumamoto, Hiroshima and Matsuyama. These briefings were attended by a total of 542 people. Briefings in every city were vibrant and lively, with many participants enthusiastically expressing their opinions and asking questions. Looking ahead, we will continue to actively provide opportunities to conduct briefings on a face-to-face basis.


Kumamoto venue


Hiroshima venue


Matsuyama venue


Sapporo venue (held in current term)

For more information about IR please contact:

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