

Summary

(Translation)

Fields Corporation Summary of Financial Information and Business Results (Consolidated) for the First Quarter of the Year Ending March 31, 2014 (Japan GAAP)

August 6, 2013

Listed on: TSE [JASDAQ]

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

Stock code: 2767

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Planned date for submission of the quarterly report: August 9, 2013

Planned date for start of dividend payment: —

Quarterly earnings supplementary explanatory materials: Yes

Quarterly earnings presentation: Yes (For institutional investors and security analysts)

(Rounded down to the nearest million)

1. Business results for the first quarter of the year ending March 31, 2014 (April 1, 2013 to June 30, 2013)

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter, year ending March 31, 2014	5,748	(72.8)	(3,829)	—	(3,759)	—	(2,290)	—
First quarter, year ended March 31, 2013	21,145	19.9	283	—	574	—	342	—

(Note) Comprehensive income First quarter of the year ending March 31, 2014: ¥(1,961) million (—%)
First quarter of the year ended March 31, 2013: ¥144 million (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
First quarter, year ending March 31, 2014	(69.02)	—
First quarter, year ended March 31, 2013	10.31	—

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
First quarter, year ending March 31, 2014	69,122	52,253	75.0
Year ended March 31, 2013	106,628	55,098	51.2

(Reference) Shareholders' equity First quarter of the year ending March 31, 2014: ¥51,812 million
Year ended March 31, 2013: ¥54,559 million

2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2013	—	2,500.00	—	25.00	—
Year ending March 31, 2014	—	—	—	—	—
Year ending March 31, 2014 (Forecast)	—	25.00	—	25.00	50.00

(Note) Revision of the most recently released dividend forecasts: No

The company conducted a 100-for-1 stock split on October 1, 2012. Regarding the forecast of year-end dividend per share for the year ended March 31, 2013, we have presented an amount reflecting the stock split. If adjusted to reflect the number of shares prior to the stock split, the forecast of the annual dividend per share would be equivalent to 5000.00 yen (2nd quarter end: 2,500.00 yen; fiscal year end: 2,500.00 yen).

3. Forecast earnings for the year ending March 31, 2014 (April 1, 2013 to March 31, 2014)

(Percentages denote year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	120,000	11.0	12,500	21.2	12,500	21.7	6,300	33.4	189.85

(Note) Revision of the most recently released performance forecasts : No

Fields Corporation discloses a full-year business forecast, as it manages its business performance on an annual basis.

*Notes

(1) Transfer of important subsidiaries during the year under review (Transfer of specific subsidiaries that results in a change in the scope of consolidation): No

(2) Application of the accounting method specific to quarterly consolidated financial statements: Yes

(3) Changes in accounting principles and accounting estimates, and revisions/restatements

1) Changes due to the revision to the accounting standards, etc.: No

2) Changes due to any reason other than those in 1) above: No

3) Changes in accounting estimates: No

4) Revisions/restatements: No

(4) Number of shares issued (common stock)

1) Number of shares issued at end of year (including treasury stock)

First quarter of the year ending March 31, 2014	34,700,000 shares
Year ended March 31, 2013	34,700,000 shares

2) Number of shares of treasury stock at end of year

First quarter of the year ending March 31, 2014	1,516,200 shares
Year ended March 31, 2013	1,516,200 shares

3) Average number of shares outstanding (quarterly consolidated cumulative period)

First quarter of the year ending March 31, 2014	33,183,800 shares
First quarter of the year ended March 31, 2013	33,183,800 shares

(Note) The company conducted a 100-for-1 stock split on October 1, 2012. In accordance with this, the number of shares above have been calculated as if the stock split was conducted at the beginning of the previous consolidated fiscal year.

* Indication of status of quarterly review procedure

This quarterly earnings report is not subject to review procedures based upon the Financial Instruments and Exchange Act. Thus, at the time of disclosure of the financial results, the quarterly financial statement review procedures based upon the Financial Instruments and Exchange Act have not been completed.

* Explanation of the appropriate usage of forecast earnings and other specific matters

The above forecast relies on judgments and assumptions based on information available as of the date of announcement of this material, and is subject to changes in risks, uncertainties, and economy, and other factors that could cause actual results to be materially different from expectations. Please refer to “(3) Review of consolidated earnings forecasts and other forecasts” under “1. Qualitative information on quarterly financial results” on page 3 of the attached documents for the assumptions on which the forecast relies.

The Company is planning to hold a results briefing for analysts and institutional investors on Wednesday, August 7, 2013. Materials distributed at that briefing will be posted on the Company’s website after the briefing as soon as possible.

○ Table of Contents of Attached Document

1. Qualitative information on quarterly financial results.....	2
(1) Analysis of operating results.....	2
(2) Analysis of financial position	2
(3) Review of consolidated earnings forecasts and other forecasts	3
2. Summary information (notes).....	3
(1) Transfer of important subsidiaries during the year under review.....	3
(2) Application of the accounting method specific to quarterly consolidated financial statements.....	3
(3) Changes in accounting principles and accounting estimates, and revisions/restatements.....	3
3. Quarterly consolidated financial statements.....	4
(1) Quarterly consolidated balance sheets	4
(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income	6
Quarterly consolidated statements of income	6
Quarterly consolidated statements of comprehensive income	7
(3) Quarterly consolidated statements of cash flows	8
(4) Note regarding the quarterly consolidated financial statements.....	9
(Note regarding the operation of the company as a going concern).....	9
(Note regarding occurrence of significant change in amount of shareholders' equity)	9

1. Qualitative information on quarterly financial results

(1) Analysis of operating results

Overview of operations for the 3 months ended June 30, 2013 (April to June 2013; hereinafter referred to as “the current first quarter”)

The Company posted net sales of ¥5,748 million (down 72.8% year-over-year), operating loss of ¥3,829 million (versus an operating income of ¥283 million for the same period of the previous fiscal year), ordinary loss of ¥3,759 million (versus an ordinary income of ¥574 million for the same period of the previous fiscal year), and a net loss for the period totaling ¥2,290 million (versus a net income of ¥342 million for the same period of the previous fiscal year).

The main factor behind the earnings fluctuation was as follows.

In the sales of pachinko/pachislot machines, our product line-up is more focused in the second quarter of the first half of the current fiscal year compared to the first half of the previous fiscal year and multiple number of leading titles are scheduled to be launched in the second quarter. For this reason, the total number of pachinko/pachislot machines sold decreased year-over-year and resulted in the above operating results.

The main business initiatives in the fiscal period under review were as follows.

The Group is aiming at medium-to-long-term sustainable development by emphasizing Intellectual Property (IP) such as characters and maximizing the value of IP that we acquired, held, and created.

To realize this aim, the 6 fields: comics, animation, movies/TV, interactive media such as games, consumer products, and pachinko/pachislot are going ahead with raising IP value, while working together to develop and commercialize IP.

We began television broadcasts of “GINGA KIKOTAI: Majestic Prince” in April 2013 in conjunction with the comics and are promoting planning and development of products and services utilizing the IP. As to the *Ultraman* series, we began television broadcasts of the latest TV series “Ultraman Ginga” in July 2013 and developed character goods utilizing the IP working together with partner companies.

The total number of pachinko/pachislot machines sold was about 18,000 (down about 46,000 year-over-year). In the second quarter, however, we will launch leading titles in the market such as “CR EVANGELION 8” launched in July 2013.

(Note) The product names included in this report are the trademarks or registered trademarks of the respective companies.

(2) Analysis of financial position

(Assets)

Current assets amounted to ¥34,641 million, down ¥38,068 million since the end of the previous fiscal year. The principal factor behind this was a decrease in notes and accounts receivable—trade.

Tangible fixed assets amounted to ¥11,588 million, up ¥437 million since the end of the previous fiscal year. This was mainly attributable to purchase of land for building a new branch office.

Intangible fixed assets amounted to ¥4,546 million, up ¥5 million since the end of the previous fiscal year.

Investments and other assets amounted to ¥18,345 million, up ¥119 million since the end of the previous fiscal year. This was mainly attributable to an increase in investment securities.

As a result of the above, total assets amounted to ¥69,122 million, down ¥37,505 million since the end of the previous fiscal year.

(Liabilities)

Current liabilities amounted to ¥12,654 million, down ¥34,711 million since the end of the previous fiscal year. The principal factor behind this was a decrease in notes and accounts payable—trade and a decrease in accrued income taxes.

Fixed liabilities amounted to ¥4,214 million, up ¥50 million since the end of the previous fiscal year.

As a result of the above, total liabilities amounted to ¥16,868 million, down ¥34,660 million since the end of the previous fiscal year.

(Net assets)

Net assets amounted to ¥52,253 million, down ¥2,844 million since the end of the previous fiscal year. This primarily reflected a decrease in retained earnings.

(Analysis of cash flows)

During the fiscal year under review, cash and cash equivalents (hereinafter referred to as “cash”) decreased by ¥11,690 million since the end of the previous fiscal year and amounted to ¥11,618 million.

(Cash flows from operating activities)

Net cash used in operating activities amounted to ¥9,351 million (¥7,719 million of expenditure for the same period of the previous fiscal year). This was mainly attributable to loss before income taxes and minority interest of ¥3,762 million, a decrease of ¥31,349 million in notes and accounts payable—trade and a decrease of ¥30,710 million in notes and accounts receivable—trade, etc.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥1,093 million (¥1,438 million of expenditure for the same period of the previous fiscal year). This was mainly attributable to expenditure for purchases of tangible fixed assets totaling ¥729 million, expenditure for purchases of intangible fixed assets totaling ¥346 million, expenditure for loans totaling ¥130 million, etc.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥1,245 million (¥1,065 million of expenditure for the same period of the previous fiscal year). This was mainly attributable to dividends paid totaling ¥779 million, and redemption of corporate bonds totaling ¥300 million, etc.

(3) Review of consolidated earnings forecasts and other forecasts

(Unit: Million yen)

	Forecast for the year ending March 31, 2014	Results for the year ended March 31, 2013	Year-over-year
Net sales	120,000	108,141	11.0%
Operating income	12,500	10,314	21.2%
Ordinary income	12,500	10,268	21.7%
Net income	6,300	4,720	33.4%

The consolidated earnings forecasts for the year ending March 31, 2014 remain unchanged from those stated in the Summary of Financial Information and Business Results (Consolidated) for the Year Ended March 31, 2013, released on May 7, 2013.

2. Summary information (notes)

(1) Transfer of important subsidiaries during the year under review: None

(2) Application of the accounting method specific to quarterly consolidated financial statements

Assessment of tax expenses

The Company applies the method that reasonably estimates an effective tax rate to be assessed on income before income taxes for the year ending March 31, 2014 including this first quarter under review after accounting for the tax effects and multiplies income before income taxes during the first quarter of the year ending March 31, 2014 by such estimated effective tax rate.

(3) Changes in accounting principles and accounting estimates, and revisions/restatements: None

3. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

(Unit: Million yen)

	Fiscal year ended March 31, 2013 (March 31, 2013)	Three months ended June 30, 2013 (June 30, 2013)
Assets		
Current assets		
Cash and cash equivalents	23,314	11,623
Notes and accounts receivable—trade	42,017	12,619
Merchandise and products	250	489
Work in process	2,041	3,078
Raw materials and supplies	52	55
Other current assets	5,076	6,808
Allowance for doubtful accounts	(41)	(34)
Total current assets	72,709	34,641
Fixed assets		
Tangible fixed assets		
Land	6,775	7,304
Other tangible fixed assets	4,376	4,284
Total tangible fixed assets	11,151	11,588
Intangible fixed assets		
Goodwill	2,177	2,101
Other intangible fixed assets	2,363	2,445
Total intangible fixed assets	4,540	4,546
Investments and other assets		
Investment securities	11,399	11,825
Other assets	7,340	7,034
Allowance for doubtful accounts	(514)	(513)
Total investments and other assets	18,226	18,345
Total fixed assets	33,918	34,481
Total assets	106,628	69,122
Liabilities		
Current liabilities		
Notes and accounts payable—trade	36,604	5,293
Corporate bonds redeemable within 1 year	300	—
Short-term borrowings	521	444
Current portion of long-term borrowings	122	105
Accrued income taxes	3,931	20
Accrued bonuses	301	89
Accrued bonuses to directors and auditors	230	60
Reserve for returned goods unsold	28	27
Other current liabilities	5,326	6,614
Total current liabilities	47,365	12,654
Fixed liabilities		
Long-term borrowings	109	90
Retirement benefit provisions	531	552
Other fixed liabilities	3,522	3,570
Total fixed liabilities	4,164	4,214
Total Liabilities	51,529	16,868

(Unit: Million yen)

	Fiscal year ended March 31, 2013 (March 31, 2013)	Three months ended June 30, 2013 (June 30, 2013)
Net assets		
Shareholders' equity		
Common stock	7,948	7,948
Capital surplus	7,994	7,994
Retained earnings	40,835	37,715
Treasury stock	(1,821)	(1,821)
Total shareholders' equity	54,957	51,837
Accumulated other comprehensive income		
Unrealized holding gain on available-for-sale securities	(397)	(23)
Foreign currency translation adjustment	(1)	(2)
Total accumulated other comprehensive income	(398)	(25)
Minority interest	539	441
Total net assets	55,098	52,253
Total liabilities and net assets	106,628	69,122

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income

Quarterly consolidated statements of income

First quarter of the year ending March 31, 2014

(Unit: Million yen)

	Three months ended June 30, 2012 (April 1, 2012–June 30, 2012)	Three months ended June 30, 2013 (April 1, 2013–June 30, 2013)
Net sales	21,145	5,748
Cost of sales	15,578	3,721
Gross profit	5,566	2,027
Selling, general and administrative expenses	5,282	5,856
Operating income (loss)	283	(3,829)
Non-operating income		
Interest income	1	6
Dividend income	85	85
Discounts on purchase	132	84
Equity method investment gain	151	—
Others	76	58
Total non-operating income	448	234
Non-operating expenses		
Interest expense	4	3
Equity method investment loss	—	72
Loss on management of investment securities	8	—
Amortization of equity investment	128	81
Others	15	8
Total non-operating expenses	157	165
Ordinary income (loss)	574	(3,759)
Extraordinary income		
Gain on sale of fixed assets	0	—
Total extraordinary income	0	—
Extraordinary losses		
Loss on disposal of fixed assets	23	0
Loss on litigation charges	3	2
Others	8	—
Total extraordinary losses	35	2
Income (loss) before income taxes and minority interests	539	(3,762)
Current income taxes	229	(1,428)
Income (loss) before minority interests	310	(2,334)
Minority interests (loss)	(31)	(43)
Net income (loss)	342	(2,290)

Quarterly consolidated statements of comprehensive income
 First quarter of the year ending March 31, 2014

(Unit: Million yen)

	Three months ended June 30, 2012 (April 1, 2012–June 30, 2012)	Three months ended June 30, 2013 (April 1, 2013–June 30, 2013)
Income (loss) before minority interests	310	(2,334)
Other comprehensive income		
Unrealized holding gain on available-for-sale securities	(164)	373
Foreign currency translation adjustment	(0)	(0)
Total other comprehensive income	(165)	372
Comprehensive income	144	(1,961)
(Breakdown)		
Comprehensive income attributable to owners of the parent	176	(1,917)
Comprehensive income attributable to minority interests	(31)	(44)

(3) Quarterly consolidated statements of cash flows

(Unit: Million yen)

	Three months ended June 30, 2012 (April 1, 2012–June 30, 2012)	Three months ended June 30, 2013 (April 1, 2013–June 30, 2013)
Cash flows from operating activities		
Income (loss) before income taxes and minority interest	539	(3,762)
Depreciation and amortization	528	439
Amortization of goodwill	80	80
Increase (decrease) in allowance for doubtful accounts	(49)	(7)
Increase (decrease) in accrued bonuses	(236)	(212)
Increase (decrease) in accrued bonuses to directors and auditors	(180)	(170)
Increase (decrease) in retirement benefit provisions	20	21
Interest and dividend income	(86)	(92)
Equity method investment loss (gain)	(151)	72
Interest expense	4	3
Decrease (increase) in notes and accounts receivable—trade	17,908	30,710
Decrease (increase) in inventories	(566)	(1,280)
Decrease (increase) in merchandising rights advances	(1,249)	95
Increase (decrease) in notes and accounts payable—trade	(24,012)	(31,349)
Others	(161)	(128)
Sub total	(7,613)	(5,580)
Interest and dividends received	109	108
Interest paid	(6)	(3)
Income taxes paid	(209)	(3,875)
Net cash provided by (used in) operating activities	(7,719)	(9,351)
Cash flows from investing activities		
Purchases of tangible fixed assets	(371)	(729)
Purchases of intangible fixed assets	(352)	(346)
Expenditure for loans	(395)	(130)
Expenditure for acquiring shares in affiliates	(10)	(6)
Others	(309)	120
Net cash provided by (used in) investing activities	(1,438)	(1,093)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	26	(76)
Repayment of long-term borrowings	(14)	(34)
Redemption of corporate bonds	(300)	(300)
Dividends paid	(773)	(779)
Others	(3)	(53)
Net cash provided by (used in) financing activities	(1,065)	(1,245)
Effect of exchange rate changes on cash and cash equivalents	(0)	(0)
Increase (decrease) in cash and cash equivalents	(10,224)	(11,690)
Cash and cash equivalents at beginning of period	18,284	23,309
Cash and cash equivalents at end of period	8,060	11,618

(4) Note regarding the quarterly consolidated financial statements

(Note regarding the operation of the company as a going concern)

No relevant items

(Note regarding occurrence of significant change in amount of shareholders' equity)

3 months ended June 30, 2013 (April 1, 2013 to June 30, 2013)

No relevant items