

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

November 6, 2013
Listed on: TSE [JASDAQ]

Company Name: Fields Corporation
(URL: <http://www.fields.biz/>)
Stock code: 2767
Representative Director: Takashi Oya
President and COO
Inquiries: Hideaki Hatanaka
Executive Officer and General Manager, Corporate Communications Office
Tel: +81-3-5784-2111
Planned Date for Submittal of the Quarterly Report: November 8, 2013
Planned Date for Start of Dividend Payment: December 3, 2013
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 half of the year ending March 31, 2014 (April 1, 2013 to September 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 half of the year ending March 31, 2014	36,385	25.0	2,176	—	2,144	—	1,434	—
First half of the year ended March 31, 2013	29,118	(12.7)	(1,859)	—	(1,738)	—	(980)	—

(Note) Comprehensive income First half of the ending March 31, 2014: ¥1,988 million (—%)
First half of the ended March 31, 2013: ¥(1,370)million (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
First half of the year ending March 31, 2014	43.22	—
First half of the year ended March 31, 2013	(29.54)	—

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

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
First half of the year ending March 31, 2014	83,774	56,106	66.6
Year ended March 31, 2013	106,628	55,098	51.2

(Reference) Shareholders' equity First half of the ending March 31, 2014: ¥55,802 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	—	25.00			
Year ending March 31, 2014 (Forecast)			—	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 ending 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)

(Percentage figures 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 half of the 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 half of the 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 half of the ending March 31, 2014	33,183,800 shares
First half of the 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 Thursday, November 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	3
(3) Review of consolidated earnings forecasts and other forecasts	3
2. Summary information (notes).....	4
(1) Transfer of important subsidiaries during the year under review	4
(2) Application of the accounting method specific to quarterly consolidated financial statements	4
(3) Changes in accounting principles and accounting estimates, and revisions/restatements.....	4
3. Quarterly consolidated financial statements.....	5
(1) Quarterly consolidated balance sheets	5
(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income	7
Quarterly consolidated statements of income	7
Quarterly consolidated statements of comprehensive income	8
(3) Quarterly consolidated statements of cash flows	9
(4) Note regarding the quarterly consolidated financial statements.....	10
(Note regarding the operation of the company as a going concern).....	10
(Note regarding occurrence of significant change in amount of shareholders' equity).....	10

1. Qualitative information on quarterly financial results

(1) Analysis of operating results

Overview of operations for the 6 months ended September 30, 2013 (April to September 2013; hereinafter referred to as “the current first half”)

The Company posted net sales of ¥36,385 million (up 25.0% year-over-year), operating income of ¥2,176 million (versus operating loss of ¥1,859 million for the same period of the previous fiscal year), ordinary income of ¥2,144 million (versus ordinary loss of ¥1,738 million for the same period of the previous fiscal year), and net income for the period totaling ¥1,434 million (versus a net loss of ¥980 million for the same period of the previous fiscal year).

The main factor behind the earnings fluctuation was as follows.

In the pachinko/pachislot business, the number of both pachinko/pachislot machines sold increased year over year due to strong sales of both machines. Therefore, operating results were as described above.

(Medium-to-long-term growth strategy)

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 of comics, animation, movies/TV/live show, 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.

The main initiatives for development and commercialization of IP in the first half of the fiscal year under review were as follows.

The “HERO’S Monthly” comic magazine, which is intended to create heroes, published the third volume of the “ULTRAMAN”. This comic book has been sold steadily, with a cumulative total of approximately 900,000 volumes sold.

A total of 24 episodes of “GINGA KIKOTAI: Majestic Prince” were broadcast as a TV animation linked to the comic magazine. Goods were developed and sold in conjunction with this animation. In addition, the Group took measures to expand it into other media formats, as with the development of social games (native application).

In the “BERSERK” series, following the release of animated movies (trilogy), the Group developed and sold social games (Web application) and a pachinko machine.

In the “Ultraman” series, we worked to attract a new fan base through comics. We also broadcast TV shows and movies of “Ultraman Ginga” and “ULTRA MONSTERS RUSH : ULTRA FRONTIER” and developed arcade games in collaboration with partner companies in order to expand the number of fans in families. Working with pachinko/pachislot machine manufacturers, we implemented several measures to promote the development and sale of pachislot machines in the “Ultraman” series.

In the interactive media field, we distributed 4 social game titles in the second quarter. In the pachinko/pachislot field, the total number of pachinko machines sold was approximately 110,000 (up about 63,000 year-over-year) and the total number of pachislot machines sold was about 61,000 (up about 7,000 year-over-year).

(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 ¥49,426 million, down ¥23,283 million since the end of the previous fiscal year. The principal factor behind this was mainly attributable to a decrease in notes and accounts receivable—trade.

Tangible fixed assets amounted to ¥11,612 million, up ¥461 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 ¥4,552 million, up ¥11 million since the end of the previous fiscal year.

Investments and other assets amounted to ¥18,183 million, down ¥42 million since the end of the previous fiscal year. This was mainly attributable to an increase in investment securities and a decrease in long-term deferred tax assets.

As a result of the above, total assets amounted to ¥83,774 million, down ¥22,853 million since the end of the previous fiscal year.

(Liabilities)

Current liabilities amounted to ¥23,424 million, down ¥23,940 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 ¥4,243 million, up ¥79 million since the end of the previous fiscal year.

As a result of the above, total liabilities amounted to ¥27,668 million, down ¥23,861 million since the end of the previous fiscal year.

(Net assets)

Net assets amounted to ¥56,106 million, up ¥1,008 million since the end of the previous fiscal year. This primarily reflected an increase in retained earnings.

(Analysis of cash flows)

Cash and cash equivalents (hereinafter referred to as “cash”) decreased by ¥7,601 million since the end of the previous fiscal year and amounted to ¥15,708 million at the end of the first half of the fiscal year ending March 31, 2014.

(Cash flows from operating activities)

Net cash used in operating activities amounted to ¥4,554 million (¥1,070 million of income for the same period of the previous fiscal year). This was mainly attributable to a decrease of ¥22,451 million in notes and accounts payable—trade, a decrease of ¥20,429 million in notes and accounts receivable—trade, ¥3,844 million in income taxes paid, etc.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥1,650 million (¥2,625 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 ¥913 million, expenditure for purchases of intangible fixed assets totaling ¥657 million, expenditure for loans totaling ¥230 million, etc.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥1,387 million (¥1,111 million of expenditure for the same period of the previous fiscal year). This was mainly attributable to dividends paid totaling ¥828 million, redemption of corporate bonds totaling ¥300 million, a decrease of ¥130 million by repayment of short-term borrowings, 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 half of the fiscal year under review after accounting for the tax effects and multiplies income before income taxes during the first half of the fiscal 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)	6 months ended September 30, 2013 (September 30, 2013)
Assets		
Current assets		
Cash and cash equivalents	23,314	15,713
Notes and accounts receivable—trade	42,017	23,258
Merchandise and products	250	396
Work in process	2,041	3,616
Raw materials and supplies	52	50
Other current assets	5,076	6,427
Allowance for doubtful accounts	(41)	(35)
Total current assets	72,709	49,426
Fixed assets		
Tangible fixed assets		
Land	6,775	7,352
Other tangible fixed assets	4,376	4,260
Total tangible fixed assets	11,151	11,612
Intangible fixed assets		
Goodwill	2,177	2,060
Other intangible fixed assets	2,363	2,492
Total intangible fixed assets	4,540	4,552
Investments and other assets		
Investment securities	11,399	11,827
Other assets	7,340	6,523
Allowance for doubtful accounts	(514)	(168)
Total investments and other assets	18,226	18,183
Total fixed assets	33,918	34,348
Total assets	106,628	83,774
Liabilities		
Current liabilities		
Notes and accounts payable—trade	36,604	14,215
Corporate bonds redeemable within 1 year	300	—
Short-term borrowings	521	390
Current portion of long-term borrowings	122	82
Accrued income taxes	3,931	931
Accrued bonuses	301	87
Accrued bonuses to directors and auditors	230	120
Reserve for returned goods unsold	28	26
Other current liabilities	5,326	7,570
Total current liabilities	47,365	23,424
Fixed liabilities		
Long-term borrowings	109	77
Retirement benefit provisions	531	574
Other fixed liabilities	3,522	3,591
Total fixed liabilities	4,164	4,243
Total Liabilities	51,529	27,668

(Unit: Million yen)

	Fiscal year ended March 31, 2013 (March 31, 2013)	6 months ended September 30, 2013 (September 30, 2013)
Net assets		
Shareholders' equity		
Common stock	7,948	7,948
Capital surplus	7,994	7,994
Retained earnings	40,835	41,442
Treasury stock	(1,821)	(1,821)
Total shareholders' equity	54,957	55,564
Accumulated other comprehensive income		
Unrealized holding gain on available-for-sale securities	(397)	238
Foreign currency translation adjustment	(1)	0
Total accumulated other comprehensive income	(398)	238
Minority interest	539	303
Total net assets	55,098	56,106
Total liabilities and net assets	106,628	83,774

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

Quarterly consolidated statements of income

First half of the year ending March 31, 2014

(Unit: Million yen)

	6 months ended September 30, 2012 (April 1, 2012– September 30, 2012)	6 months ended September 30, 2013 (April 1, 2013– September 30, 2013)
Net sales	29,118	36,385
Cost of sales	20,293	22,737
Gross profit	8,824	13,648
Selling, general and administrative expenses	10,684	11,471
Operating income (loss)	(1,859)	2,176
Non-operating income		
Interest income	6	18
Dividend income	85	86
Discounts on purchase	132	84
Others	182	142
Total non-operating income	407	331
Non-operating expenses		
Interest expense	9	4
Equity method investment loss	3	169
Loss on management of investment securities	10	–
Amortization of equity investment	231	156
Others	31	32
Total non-operating expenses	286	364
Ordinary income (loss)	(1,738)	2,144
Extraordinary income		
Gain on sale of fixed assets	0	–
Gain on the sale of investment securities	0	–
Total extraordinary income	1	–
Extraordinary losses		
Loss on disposal of fixed assets	23	11
Impairment loss	132	–
Loss on litigation charges	5	9
Others	3	1
Total extraordinary losses	166	22
Income (loss) before income taxes and minority interests	(1,903)	2,121
Current income taxes	(851)	770
Income (loss) before minority interests	(1,051)	1,351
Minority interests (loss)	(71)	(82)
Net income (loss)	(980)	1,434

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

(Unit: Million yen)

	6 months ended September 30, 2012 (April 1, 2012– September 30, 2012)	6 months ended September 30, 2013 (April 1, 2013– September 30, 2013)
Income (loss) before minority interests	(1,051)	1,351
Other comprehensive income		
Unrealized holding gain on available-for-sale securities	(317)	635
Foreign currency translation adjustment	(0)	1
Total other comprehensive income	(318)	637
Comprehensive income	(1,370)	1,988
(Breakdown)		
Comprehensive income attributable to owners of the parent	(1,298)	2,071
Comprehensive income attributable to minority interests	(71)	(82)

(3) Quarterly consolidated statements of cash flows

(Unit: Million yen)

	6 months ended September 30, 2012 (April 1, 2012– September 30, 2012)	6 months ended September 30, 2013 (April 1, 2013– September 30, 2013)
Cash flows from operating activities		
Income (loss) before income taxes and minority interest	(1,903)	2,121
Depreciation and amortization	1,100	977
Impairment loss	132	–
Amortization of goodwill	160	158
Increase (decrease) in allowance for doubtful accounts	(62)	(7)
Increase (decrease) in accrued bonuses	(244)	(213)
Increase (decrease) in accrued bonuses to directors and auditors	(120)	(110)
Increase (decrease) in retirement benefit provisions	36	42
Interest and dividend income	(91)	(105)
Equity method investment loss (gain)	3	169
Interest expense	9	4
Decrease (increase) in notes and accounts receivable—trade	29,404	20,429
Decrease (increase) in inventories	(1,113)	(1,719)
Decrease (increase) in merchandising rights advances	(709)	(341)
Increase (decrease) in notes and accounts payable—trade	(26,099)	(22,451)
Others	(1,039)	220
Sub total	(535)	(823)
Interest and dividends received	111	120
Interest paid	(9)	(6)
Income taxes refunded (paid)	1,504	(3,844)
Net cash provided by (used in) operating activities	1,070	(4,554)
Cash flows from investing activities		
Purchases of tangible fixed assets	(574)	(913)
Proceeds from sale of tangible fixed assets	2	0
Purchases of intangible fixed assets	(701)	(657)
Purchases of investment securities	(100)	–
Expenditure for equity investment	(35)	(131)
Expenditure for loans	(941)	(230)
Expenditure for acquiring shares in affiliates	(10)	(152)
Others	(265)	435
Net cash provided by (used in) investing activities	(2,625)	(1,650)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	103	(130)
Repayment of long-term borrowings	(70)	(71)
Redemption of corporate bonds	(308)	(300)
Dividends paid	(830)	(828)
Others	(5)	(56)
Net cash provided by (used in) financing activities	(1,111)	(1,387)
Effect of exchange rate changes on cash and cash equivalents	(4)	1
Increase (decrease) in cash and cash equivalents	(2,670)	(7,590)
Cash and cash equivalents at beginning of period	18,284	23,309
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	–	(10)
Cash and cash equivalents at end of period	15,613	15,708

(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)

6 months ended September 30, 2013 (April 1, 2013 to September 30, 2013)

No relevant items