

Fields Corporation
Summary of Financial Information and Business Results (Consolidated)
for the Nine Months Ended December 31, 2013 (Japan GAAP)
(Year Ending March 31, 2014)

February 4, 2014
Listed on: TSE [JASDAQ]

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

Stock code: 2767

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Planned Date for Submittal of the Quarterly Report: February 7, 2014

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 nine months ended December 31, 2013 (April 1, 2013 to December 31, 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 | % |
| Nine months ended December 31, 2013 | 54,204 | 13.5 | 2,036 | — | 2,066 | — | 1,227 | — |
| Nine months ended December 31, 2012 | 47,745 | 10.9 | (1,156) | — | (975) | — | (677) | — |

(Note) Comprehensive income Nine Months Ended December 31, 2013: ¥1,996 million (—%)
Nine Months Ended December 31, 2012: ¥(1,202)million (—%)

| | Net income per share | Diluted net income per share |
|--|----------------------|------------------------------|
| | Yen | Yen |
| Nine months ended December 31, 2013 | 36.98 | — |
| Nine months ended December 31, 2012 | (20.41) | — |

(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 | % |
| Nine months ended December 31, 2013 | 75,433 | 55,293 | 72.8 |
| Year ended March 31, 2013 | 106,628 | 55,098 | 51.2 |

(Reference) Shareholders' equity Nine Months Ended December 31, 2013: ¥54,878 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 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)

(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)

| | |
|-------------------------------------|-------------------|
| Nine months ended December 31, 2013 | 34,700,000 shares |
| Year ended March 31, 2013 | 34,700,000 shares |

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

| | |
|-------------------------------------|------------------|
| Nine months ended December 31, 2013 | 1,516,200 shares |
| Year ended March 31, 2013 | 1,516,200 shares |

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

| | |
|-------------------------------------|-------------------|
| Nine months ended December 31, 2013 | 33,183,800 shares |
| Nine months ended December 31, 2012 | 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 3of 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, February 5, 2014.

Materials distributed at that briefing will be posted on the Company’s website after the briefing as soon as possible.

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1. Qualitative information on quarterly financial results

(1) Analysis of operating results

[Overview of operations for the 9 months ended December 31, 2013 (April to December 2013; hereinafter referred to as “the third quarter under review”)]

The Company posted net sales of ¥54,204 million (up 13.5% year-over-year), operating income of ¥2,036 million (versus operating loss of ¥1,156 million for the same period of the previous fiscal year), ordinary income of ¥2,066 million (versus ordinary loss of ¥975 million for the same period of the previous fiscal year), and net income for the period totaling ¥1,227 million (versus net loss of ¥677 million for the same period of the previous fiscal year).

The main factors behind the earnings fluctuation were as follows.

In the pachinko/pachislot business, 4 pachinko and 3 pachislot titles were sold in the third quarter under review (compared to 3 pachinko and 3 pachislot titles in the same quarter of the previous year). The steady launch of major pachinko titles, including the latest offering in the “Evangelion” pachinko series, resulted in an increase in the total number of pachinko and pachislot machines sold year-over-year.

Moreover, a variety of initiatives based on the “Ultraman” series owned by the Group were successfully deployed, including a TV series and events to mark the 50th anniversary of Tsuburaya Productions, and contributed to higher earnings. In addition, orders for CG video creation for various media, such as movies, games, and pachinko/pachislot, increased, further boosting earnings.

As a result of these factors, operating results were as described above.

(Medium-to-long-term growth strategy)

The Group is aiming at 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 medium-to-long-term growth strategy, the 6 fields of comics, animation, movies/TV/live entertainment, 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 third quarter under review were as follows.

The “HERO’S Monthly” comic magazine, which is intended to create heroes, sequentially publishes new comic book volumes of serialized stories, and a project to make several movies is underway to further expand the fan base.

In the “GINGA KIKOTAI: Majestic Prince” series, following the broadcasting of a TV animation and the development and sale of goods linked to the comic magazine, we plan to distribute social games (native application) in February 2014.

In the “Ultraman” series, we worked to expand the fan base among families and create new fans by distributing social games (native application) and selling pachislot machines. This followed the TV broadcast and movie release of “Ultraman Ginga” and “ULTRA MONSTERS RUSH: ULTRA FRONTIER,” as well as the development of arcade games in collaboration with partner companies.

In the interactive media field, we focused our resources on core social game titles in order to raise IP value and optimize revenue. Accordingly, we launched 5 titles, including 4 Web applications and 1 native application.

In the pachinko/pachislot field, the total number of pachinko machines sold was approximately 139,000 (up about 60,000 year-over-year) and the total number of pachislot machines sold was about 92,000 (up about 400 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 ¥41,299 million, down ¥31,410 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 ¥11,632 million, up ¥481 million since the end of the previous fiscal year. This was mainly due to purchase of land for building new branch offices.

Intangible fixed assets amounted to ¥4,502 million, down ¥37 million since the end of the previous fiscal year.

Investments and other assets amounted to ¥17,998 million, down ¥227 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 ¥75,433 million, down ¥31,194 million since the end of the previous fiscal year.

(Liabilities)

Current liabilities amounted to ¥15,860 million, down ¥31,505 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 ¥4,279 million, up ¥115 million since the end of the previous fiscal year.

As a result of the above, total liabilities amounted to ¥20,140 million, down ¥31,389 million since the end of the previous fiscal year.

(Net assets)

Net assets amounted to ¥55,293 million, up ¥195 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 ¥4,111 million since the end of the previous fiscal year, amounting to ¥19,197 million at the end of the third quarter under review.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥398 million (¥253 million of income for the same period of the previous fiscal year). This was mainly due to income before income taxes and minority interests ¥2,040 million, a decrease of ¥31,887 million in notes and accounts receivable—trade, decrease of ¥27,728 million in notes and accounts payable—trade, ¥5,929 million in income taxes paid, etc.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥2,460 million (¥4,151 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 ¥1,236 million, expenditure for purchases of intangible fixed assets totaling ¥1,061 million, expenditure for loans totaling ¥430 million, etc.

(Cash flows from financing activities)

Net cash used in financing activities totaled ¥2,043 million (¥2,097 million of expenditure for the same period of the previous fiscal year), mainly due to dividends paid totaling ¥1,651 million, expenditure for redemption of corporate bonds totaling ¥300 million, repayment of long-term borrowings ¥84 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 9 months ended December 31, 2013, after accounting for the tax effects, and multiplies income before income taxes during the 9 months ended December 31, 2013 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) | Nine months ended December 31, 2013 (December 31, 2013) |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 23,314 | 19,197 |
| Notes and accounts receivable—trade | 42,017 | 10,994 |
| Merchandise and products | 250 | 512 |
| Work in process | 2,041 | 3,389 |
| Raw materials and supplies | 52 | 69 |
| Other current assets | 5,076 | 7,173 |
| Allowance for doubtful accounts | (41) | (37) |
| Total current assets | 72,709 | 41,299 |
| Fixed assets | | |
| Tangible fixed assets | | |
| Land | 6,775 | 7,511 |
| Other tangible fixed assets | 4,376 | 4,121 |
| Total tangible fixed assets | 11,151 | 11,632 |
| Intangible fixed assets | | |
| Goodwill | 2,177 | 1,983 |
| Other intangible fixed assets | 2,363 | 2,519 |
| Total intangible fixed assets | 4,540 | 4,502 |
| Investments and other assets | | |
| Investment securities | 11,399 | 11,778 |
| Other assets | 7,340 | 6,388 |
| Allowance for doubtful accounts | (514) | (168) |
| Total investments and other assets | 18,226 | 17,998 |
| Total fixed assets | 33,918 | 34,133 |
| Total assets | 106,628 | 75,433 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable—trade | 36,604 | 8,889 |
| Corporate bonds redeemable within 1 year | 300 | — |
| Short-term borrowings | 521 | 564 |
| Current portion of long-term borrowings | 122 | 82 |
| Accrued income taxes | 3,931 | 110 |
| Accrued bonuses | 301 | 43 |
| Accrued bonuses to directors and auditors | 230 | 180 |
| Reserve for returned goods unsold | 28 | 26 |
| Other current liabilities | 5,326 | 5,963 |
| Total current liabilities | 47,365 | 15,860 |
| Fixed liabilities | | |
| Long-term borrowings | 109 | 64 |
| Retirement benefit provisions | 531 | 595 |
| Other fixed liabilities | 3,522 | 3,619 |
| Total fixed liabilities | 4,164 | 4,279 |
| Total Liabilities | 51,529 | 20,140 |

(Unit: Million yen)

| | Fiscal year ended March 31, 2013 (March 31, 2013) | Nine months ended December 31, 2013 (December 31, 2013) |
|--|---|---|
| Net assets | | |
| Shareholders' equity | | |
| Common stock | 7,948 | 7,948 |
| Capital surplus | 7,994 | 7,994 |
| Retained earnings | 40,835 | 40,405 |
| Treasury stock | (1,821) | (1,821) |
| Total shareholders' equity | 54,957 | 54,527 |
| Accumulated other comprehensive income | | |
| Unrealized holding gain on available-for-sale securities | (397) | 348 |
| Foreign currency translation adjustment | (1) | 3 |
| Total accumulated other comprehensive income | (398) | 351 |
| Minority interest | 539 | 415 |
| Total net assets | 55,098 | 55,293 |
| Total liabilities and net assets | 106,628 | 75,433 |

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

Quarterly consolidated statement of income

[Nine months ended December 31, 2013]

(Unit: Million yen)

| | Nine months ended December 31, 2012 (April 1, 2012– December 31, 2012) | Nine months ended December 31, 2013 (April 1, 2013– December 31, 2013) |
|--|---|---|
| Net sales | 47,745 | 54,204 |
| Cost of sales | 32,682 | 34,847 |
| Gross profit | 15,063 | 19,357 |
| Selling, general and administrative expenses | 16,219 | 17,320 |
| Operating income (loss) | (1,156) | 2,036 |
| Non-operating income | | |
| Interest income | 11 | 26 |
| Dividend income | 180 | 186 |
| Discounts on purchase | 132 | 119 |
| Gain on management of investment securities | 59 | 169 |
| Others | 262 | 182 |
| Total non-operating income | 647 | 685 |
| Non-operating expenses | | |
| Interest expense | 13 | 8 |
| Foreign exchange loss | 3 | 18 |
| Equity method investment loss | 112 | 344 |
| Amortization of equity investment | 310 | 228 |
| Others | 26 | 54 |
| Total non-operating expenses | 466 | 655 |
| Ordinary income (loss) | (975) | 2,066 |
| Extraordinary income | | |
| Gain on the sale of investment securities | 0 | 28 |
| Gain on sale of shares in affiliates | 7 | – |
| Others | 0 | 1 |
| Total extraordinary income | 8 | 29 |
| Extraordinary losses | | |
| Loss on disposal of fixed assets | 42 | 16 |
| Impairment loss | 140 | 17 |
| Litigation-related loss | 8 | 15 |
| Others | 24 | 5 |
| Total extraordinary losses | 215 | 55 |
| Income (loss) before income taxes and minority interests | (1,182) | 2,040 |
| Current income taxes | (446) | 797 |
| Income (loss) before minority interests | (736) | 1,243 |
| Minority interests (loss) | (59) | 16 |
| Net income (loss) | (677) | 1,227 |

Quarterly consolidated statement of comprehensive income
 [Nine months ended December 31, 2013]

(Unit: Million yen)

| | Nine months ended December 31, 2012 (April 1, 2012– December 31, 2012) | Nine months ended December 31, 2013 (April 1, 2013– December 31, 2013) |
|---|---|---|
| Income (loss) before minority interests | (736) | 1,243 |
| Other comprehensive income | | |
| Unrealized holding gain on available-for-sale securities | (466) | 747 |
| Foreign currency translation adjustment | (0) | 5 |
| Total other comprehensive income | (466) | 752 |
| Comprehensive income | (1,202) | 1,996 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of the parent | (1,143) | 1,976 |
| Comprehensive income attributable to minority interests | (59) | 19 |

(3) Quarterly consolidated statement of cash flows

(Unit: Million yen)

| | Nine months ended December 31, 2012 (April 1, 2012– December 31, 2012) | Nine months ended December 31, 2013 (April 1, 2013– December 31, 2013) |
|--|---|---|
| Cash flows from operating activities | | |
| Income (loss) before income taxes and minority interest | (1,182) | 2,040 |
| Depreciation and amortization | 1,621 | 1,581 |
| Impairment loss | 140 | 17 |
| Amortization of goodwill | 241 | 236 |
| Increase (decrease) in allowance for doubtful accounts | (50) | (4) |
| Increase (decrease) in accrued bonuses | (281) | (257) |
| Increase (decrease) in accrued bonuses to directors and auditors | (60) | (50) |
| Increase (decrease) in retirement benefit provisions | 54 | 63 |
| Interest and dividend income | (192) | (213) |
| Equity method investment loss (gain) | 112 | 344 |
| Interest expense | 13 | 8 |
| Loss on disposal of fixed assets | 42 | 16 |
| Decrease (increase) in notes and accounts receivable—trade | 19,351 | 31,887 |
| Decrease (increase) in inventories | (1,253) | (1,628) |
| Decrease (increase) in merchandising rights advances | (516) | (120) |
| Increase (decrease) in notes and accounts payable—trade | (17,798) | (27,728) |
| Others | (1,002) | (88) |
| Sub total | (759) | 6,105 |
| Interest and dividends received | 208 | 232 |
| Interest paid | (15) | (9) |
| Income taxes refunded (paid) | 819 | (5,929) |
| Net cash provided by (used in) operating activities | 253 | 398 |
| Cash flows from investing activities | | |
| Purchases of tangible fixed assets | (1,114) | (1,236) |
| Proceeds from sale of tangible fixed assets | 5 | 4 |
| Purchases of intangible fixed assets | (1,173) | (1,061) |
| Purchases of investment securities | (100) | – |
| Expenditure for equity investment | (130) | (146) |
| Expenditure for loans | (1,441) | (430) |
| Expenditure for acquiring shares in affiliates | (10) | (151) |
| Proceeds from sale of shares in affiliates | 70 | – |
| Others | (256) | 561 |
| Net cash provided by (used in) investing activities | (4,151) | (2,460) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 176 | 43 |
| Proceeds from long-term borrowings | 100 | – |
| Repayment of long-term borrowings | (109) | (84) |
| Redemption of corporate bonds | (608) | (300) |
| Dividends paid | (1,648) | (1,651) |
| Others | (7) | (50) |
| Net cash provided by (used in) financing activities | (2,097) | (2,043) |
| Effect of exchange rate changes on cash and cash equivalents | (3) | 4 |
| Increase (decrease) in cash and cash equivalents | (5,998) | (4,100) |
| 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 | 12,285 | 19,197 |

(4) Note regarding the quarterly consolidated financial statements

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

None

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

9 months ended December 31, 2013 (April 1, 2013 to December 31, 2013)

None