

Summary

(Translation)

FIELDS CORPORATION Summary of Financial Information and Business Results (Consolidated) for the First Half of the Year Ending March 31, 2016 (Japan GAAP)

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Company Name: FIELDS CORPORATION
(URL: <http://www.fields.biz/>)
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Planned date for submission of the quarterly report: November 10, 2015
Planned date for start of dividend payment: December 2, 2015
Quarterly earnings supplementary explanatory materials: Yes
Quarterly earnings presentation: Yes (For institutional investors and security analysts)

(Rounded down to the nearest million)

1. Consolidated business results for the first half of the year ending March 31, 2016 (April 1, 2015 to September 30, 2015)

(1) Operating results (cumulative total)

(Percentage figures denote year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First half of the year ending March 31, 2016	50,255	147.1	1,884	—	1,930	—	706	—
First half of the year ended March 31, 2015	20,341	(44.1)	(4,077)	—	(4,072)	—	(2,509)	—

(Note) Comprehensive income First half of the year ending March 31, 2016: ¥820 million (—%)
First half of the year ended March 31, 2015: ¥(3,027) million (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
First half of the year ending March 31, 2016	21.28	—
First half of the year ended March 31, 2015	(75.63)	—

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
First half of the year ending March 31, 2016	91,272	59,781	64.6
Year ended March 31, 2015	110,316	60,246	53.9

(Reference) Shareholders' equity First half of the year ending March 31, 2016: ¥58,919 million
Year ended March 31, 2015: ¥59,492 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, 2015	—	25.00	—	35.00	60.00
Year ending March 31, 2016	—	25.00			
Year ending March 31, 2016 (Forecast)			—	25.00	50.00

(Note) Revision of the most recently released dividend forecasts: No
The year-end dividend of ¥35 for the fiscal year ended March 31, 2015 includes a commemorative dividend of ¥10.

3. Forecast of consolidated earnings for the fiscal year ending March 31, 2016 (April 1, 2015 to March 31, 2016)

(Percentage figures denote year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full-year	120,000	20.5	6,000	26.5	6,500	18.4	3,500	15.9	105.47

(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, accounting procedures, presentation method and other factors

- 1) Changes due to the revision to the accounting standards, etc.: Yes
- 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 year ending March 31, 2016	34,700,000 shares
Year ended March 31, 2015	34,700,000 shares

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

First half of the year ending March 31, 2016	1,516,200 shares
Year ended March 31, 2015	1,516,200 shares

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

First half of the year ending March 31, 2016	33,183,800 shares
First half of the year ended March 31, 2015	33,183,800 shares

* 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 Monday, November 2, 2015.

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	4
2. Summary information (notes).....	5
(1) Transfer of important subsidiaries during the quarterly consolidated period under review	5
(2) Application of the accounting method specific to quarterly consolidated financial statements	5
(3) Changes in accounting principles and accounting estimates, and revisions/restatements.....	5
3. Quarterly consolidated financial statements.....	6
(1) Quarterly consolidated balance sheets	6
(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income	8
(3) Quarterly consolidated statements of cash flows	10
(4) Note regarding the quarterly consolidated financial statements.....	11
(Note regarding the operation of the company as a going concern).....	11
(Note regarding occurrence of significant change in amount of shareholders' equity).....	11

1. Qualitative information on quarterly financial results

(1) Analysis of operating results

[1] Overview of operations for the 6 months ended September 30, 2015 (April 1, 2015 to September 30, 2015)

The Company posted net sales of ¥50,255 million (up 147.1% year-over-year), operating income of ¥1,884 million (versus operating loss of ¥4,077 million for the same period of the previous year), ordinary income of ¥1,930 million (versus ordinary loss of ¥4,072 million for the same period of the previous year), and net income attributable to owners of parent for the period totaling ¥706 million (versus net loss attributable to owners of parent of ¥2,509 million for the same period of the previous year).

The main factors behind these results are as follows.

The number of pachinko/pachislot machines sold increased 31.7% to 134,000. In particular, sales of pachislot machines rose 146.6% to 69,000, thanks to contributions from the major titles “EVANGELION—Spear of Hope” and “Resident Evil 6.” The number of pachinko machines decreased 12.1% to 64,000. The titles that have been launched and titles currently being marketed are shown in the table below.

Results were generally in line with full-year forecasts, including Tsuburaya Productions and the social game field.

<Titles already launched and titles currently being marketed (as of October 30, 2015)>

Pachislot machine titles	Month of delivery
EVANGELION—Spear of Hope	June 2015
Resident Evil 6	July 2015
ASURA'S WRATH	September 2015
MAJESTIC PRINCE*	November 2015
Oh My Goddess!*	November 2015
EVANGELION—Tamashii wo Tsunagumono *	December 2015

Pachinko machine titles	Month of delivery
CR EVANGELION 9 Type zero ver.	May 2015
CR Million GOD RISING	July 2015
CR Martian Successor NADESICO	August 2015
CR Sakigake Otokojuku	August 2015
CR EVANGELION X	September 2015
CR Midoridon Hanabi DE Buon giorno*	November 2015

(Note) Asterisks indicate titles being marketed as of October 30, 2015.

The main initiatives to create and commercialize IP are described below.

The Group carries out a cyclical business in which it develops Intellectual Property, such as characters and stories, in cross-media formats as its medium- to long-term growth strategy.

The Group is concentrating on IP development with a view to expanding IP in cross-media formats, primarily through the comic “HERO’S” Monthly. We are already working on several animation projects involving works serialized in this comic, and decided to commercialize several titles as games, pachinko/pachislot machines and other products.

In the visual media, TV broadcasts of “Ultraman X,” the most recent installment of the Ultraman series, began. In conjunction with this, the visual work was also distributed overseas. We plan to ramp up product development for the Ultraman series overseas going forward. “NINJA SLAYER FROM ANIMATION” was distributed through Web media. The cumulative number of replays over a six-month period topped 11 million, and we are also developing figures and social games.

In the social game field, we released “the TOWER of PRINCESS” in August 2015. The game itself went into the black in September, and ARPPU (average revenue per paying user) is also trending high. In home games, we decided to turn “KILLING BITES,” a story running in the comic “HERO’S” Monthly, into a game.

The number of companies licensing “A MAN of ULTRA” (licensed brand), which depicts a concept and worldview through apparel and other products, increased to 33. In addition, in the live entertainment field, experiment-based live entertainment shows utilizing the “Ultraman series” were presented in four locations in Japan and overseas, and we plan to stage several shows going forward, primarily in Asia.

In the pachinko/pachislot field, we focused on expanding sales of pachinko/pachislot machines that are part of a series, such as “EVANGELION.” In addition, we carried out marketing activities for pachinko/pachislot machines utilizing new IP, such as “MAJESTIC PRINCE,” with the aim of raising the value of IP and turning them into series in the future.

(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 ¥52,070 million, down ¥18,943 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 ¥12,061 million, down ¥135 million since the end of the previous fiscal year. The principal factor behind this was a decrease in land.

Intangible fixed assets amounted to ¥4,299 million, down ¥190 million since the end of the previous fiscal year. The principal factor behind this was a decrease in software.

Investments and other assets amounted to ¥22,839 million, up ¥224 million since the end of the previous fiscal year. The principal factor behind this was an increase in long-term loans.

As a result of the above, total assets amounted to ¥91,272 million, down ¥19,044 million since the end of the previous fiscal year.

(Liabilities)

Current liabilities amounted to ¥26,739 million, down ¥19,034 million since the end of the previous fiscal year. The principal factors behind this were a decrease in notes and accounts payable—trade and a decrease in accrued income taxes.

Fixed liabilities amounted to ¥4,751 million, up ¥454 million since the end of the previous fiscal year. This was mainly due to an increase in net defined benefit liability.

As a result of the above, total liabilities amounted to ¥31,490 million, down ¥18,580 million since the end of the previous fiscal year.

(Net assets)

Net assets amounted to ¥59,781 million, down ¥464 million since the end of the previous fiscal year. This primarily reflected a decrease in retained earnings.

(Analysis of cash flows)

Cash and cash equivalents (hereinafter referred to as “cash”) increased by ¥12,023 million since the end of the previous fiscal year, amounting to ¥27,846 million during the second quarter under review.

(Cash flows from operating activities)

Net cash used in operating activities amounted to ¥12,052 million (¥11,111 million of expenditure for the same period of the previous year). This was mainly due to a decrease of ¥35,431 million in notes and accounts receivable—trade, a decrease of ¥22,426 million in notes and accounts payable—trade, income taxes paid of ¥2,296 million, etc.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥1,444 million (¥1,092 million of expenditure for the same period of the previous fiscal year). This was mainly attributable to expenditure for loans totaling ¥2,543 million, proceeds from repayment of loans totaling ¥1,436 million, etc.

(Cash flows from financing activities)

Net cash provided in financing activities amounted to ¥1,415 million (¥1,200 million of expenditure for the same period of the previous fiscal year). This was primarily attributable to proceeds from short-term borrowings totaling ¥2,740 million and dividends paid totaling ¥1,160 million, etc.

(3) Review of consolidated earnings forecasts and other forecasts

(Unit: Millions of yen)

	Forecast for the year ending March 31, 2016	Results for the year ended March 31, 2015	Year-over-year changes
Net sales	120,000	99,554	up 20.5%
Operating income	6,000	4,743	up 26.5%
Ordinary income	6,500	5,491	up 18.4%
Net income	3,500	3,018	up 15.9%

The consolidated earnings forecasts for the year ending March 31, 2016 remain unchanged from those stated in the Summary of Financial Information and Business Results (Consolidated) for the Year Ended March 31, 2015, released on April 30, 2015.

2. Summary information (notes)

(1) Transfer of important subsidiaries during the quarterly consolidated period 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, 2016, including this six months ended September 30, 2015, after accounting for the tax effects, and multiplies income before income taxes during the six months ended September 30, 2015 by such estimated effective tax rate.

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

(Changes in accounting policies)

Effective from the first quarter of the current fiscal year, the Company has applied the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013) and other accounting standards. As a result, the method of recording differences caused by changes in the Company’s ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Company was changed to one in which such amounts are recorded as capital surplus, and the method of recording acquisition-related costs was changed to one in which such amounts are recognized as expenses for the fiscal year in which they are incurred. Furthermore, for business combinations carried out on or after the beginning of the first quarter of the current fiscal year, the accounting method was changed to one in which the reviewed acquisition cost allocation resulting from the finalization of the tentative accounting treatment is reflected in the quarterly consolidated financial statements for the fiscal quarter in which the business combination occurs. In addition, changes have also been made in the presentation of quarterly net income, etc. and also in nomenclature from “minority interests” to “non-controlling interests.” The consolidated financial statements for the second quarter of the previous fiscal year and those for the entire previous fiscal year have been reclassified to reflect these changes in presentation.

In the quarterly consolidated cash flow statement for the second quarter of consolidated fiscal year under review, cash flow related to the acquisition or sale of shares in a subsidiary that does not involve changes in the scope of consolidation is listed under cash flows from financing activities. In addition, cash flow concerned with expenses related to the acquisition of shares in a subsidiary that does involve changes in the scope of consolidation, as well as expenses incurred in the acquisition or sale of shares in a subsidiary that does not involve changes in the scope of consolidation are listed under cash flows from operating activities.

The Accounting Standard for Business Combinations, etc. is applied in accordance with the transitional treatment set forth in paragraph 58-2 (4) of the Accounting Standard for Business Combinations, paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and paragraph 57-4 (4) of the Accounting Standard for Business Divestitures, and will be applied from the beginning of the first quarter of the current fiscal year and on into the future.

As a result, operating income, ordinary income and net income before taxes each decreased ¥105 million in the second quarter of the consolidated fiscal year under review. The impact on the capital surplus at the end of the second quarter of the current fiscal year was minimal.

3. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

(Unit: Millions of yen)

	Fiscal year ended March 31, 2015 (March 31, 2015)	Six months ended September 30, 2015 (September 30, 2015)
Assets		
Current assets		
Cash and cash equivalents	15,823	27,846
Notes and accounts receivable—trade	45,888	10,391
Electronically recorded monetary claims—operating	-	1,591
Merchandise and products	239	187
Work in process	1,414	2,742
Raw materials and supplies	83	1,442
Other current assets	7,589	7,893
Allowance for doubtful accounts	(25)	(25)
Total current assets	71,014	52,070
Fixed assets		
Tangible fixed assets		
Land	7,737	7,550
Other tangible fixed assets	4,459	4,511
Total tangible fixed assets	12,197	12,061
Intangible fixed assets		
Goodwill	1,618	1,458
Other intangible fixed assets	2,872	2,841
Total intangible fixed assets	4,490	4,299
Investments and other assets		
Investment securities	14,564	13,584
Other assets	9,079	10,276
Allowance for doubtful accounts	(1,029)	(1,021)
Total investments and other assets	22,614	22,839
Total fixed assets	39,302	39,201
Total assets	110,316	91,272
Liabilities		
Current liabilities		
Notes and accounts payable—trade	33,850	13,286
Short-term borrowings	4,014	6,754
Current portion of long-term borrowings	42	22
Accrued income taxes	2,345	1,115
Accrued bonuses	378	179
Accrued bonuses to directors and auditors	282	142
Reserve for returned goods unsold	22	22
Other current liabilities	4,837	5,215
Total current liabilities	45,773	26,739
Fixed liabilities		
Long-term borrowings	8	1
Net defined benefit liability	521	642
Other fixed liabilities	3,766	4,107
Total fixed liabilities	4,296	4,751
Total Liabilities	50,070	31,490

(Unit: Millions of yen)

	Fiscal year ended March 31, 2015 (March 31, 2015)	Six months ended September 30, 2015 (September 30, 2015)
Net assets		
Shareholders' equity		
Common stock	7,948	7,948
Capital surplus	7,994	7,994
Retained earnings	46,049	45,594
Treasury stock	(1,821)	(1,821)
Total shareholders' equity	60,171	59,715
Accumulated other comprehensive income		
Unrealized holding gain on available-for-sale securities	(567)	(698)
Foreign currency translation adjustment	(1)	(3)
Remeasurements of defined benefit plans	(109)	(94)
Total accumulated other comprehensive income	(679)	(796)
Non-controlling interest	753	862
Total net assets	60,246	59,781
Total liabilities and net assets	110,316	91,272

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive incomeQuarterly consolidated statements of income
Second quarter of the year ending March 31, 2016

(Unit: Millions of yen)

	Six months ended September 30, 2014 (April 1, 2014–September 30, 2014)	Six months ended September 30, 2015 (April 1, 2015–September 30, 2015)
Net sales	20,341	50,255
Cost of sales	13,420	36,407
Gross profit	6,920	13,848
Selling, general and administrative expenses	10,998	11,964
Operating income (loss)	(4,077)	1,884
Non-operating income		
Interest income	18	26
Dividend income	87	77
Discounts on purchase	222	411
Others	280	197
Total non-operating income	608	713
Non-operating expenses		
Interest expense	3	13
Equity method investment loss	348	490
Amortization of equity investment	83	108
Others	167	54
Total non-operating expenses	603	666
Ordinary income (loss)	(4,072)	1,930
Extraordinary income		
Gain on sale of fixed assets	10	37
Gain on sales of investment securities	467	94
Others	0	-
Total extraordinary income	478	132
Extraordinary losses		
Loss on disposal of fixed assets	31	38
Loss on litigation charges	11	34
Others	4	4
Total extraordinary losses	47	78
Income (loss) before income taxes and minority interests	(3,641)	1,984
Current income taxes	(1,191)	1,047
Net income (loss)	(2,450)	936
Profit attributable to non-controlling interests	59	230
Profit (loss) attributable to owners of parent	(2,509)	706

Quarterly consolidated statements of comprehensive income
 Second quarter of the year ending March 31, 2016

(Unit: Millions of yen)

	Six months ended September 30, 2014 (April 1, 2014–September 30, 2014)	Six months ended September 30, 2015 (April 1, 2015–September 30, 2015)
Income (loss) before minority interests	(2,450)	936
Other comprehensive income		
Unrealized holding gain on available-for-sale securities	(590)	(129)
Foreign currency translation adjustment	(1)	(1)
Remeasurements of defined benefit plans	14	15
Total other comprehensive income	(576)	(116)
Comprehensive income	(3,027)	820
(Breakdown)		
Comprehensive income attributable to owners of the parent	(3,087)	589
Comprehensive income attributable to non-controlling interests	60	231

(3) Quarterly consolidated statements of cash flows

(Unit: Millions of yen)

	Six months ended September 30, 2014 (April 1, 2014–September 30, 2014)	Six months ended September 30, 2015 (April 1, 2015–September 30, 2015)
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	(3,641)	1,984
Depreciation and amortization	940	1,049
Amortization of goodwill	165	165
Increase (decrease) in allowance for doubtful accounts	(31)	(8)
Increase (decrease) in accrued bonuses	(254)	(199)
Increase (decrease) in accrued bonuses to directors and auditors	(89)	(140)
Increase (decrease) in net defined benefit liability	48	(49)
Interest and dividend income	(105)	(103)
Equity method investment loss (gain)	348	490
Interest expense	3	13
Loss (gain) on sales of investment securities	(467)	(94)
Decrease (increase) in notes and accounts receivable—trade	24,190	35,431
Decrease (increase) in inventories	(1,013)	(1,318)
Decrease (increase) in merchandising rights advances	(364)	649
Increase (decrease) in notes and accounts payable—trade	(27,255)	(22,426)
Other	(1,890)	(1,200)
Subtotal	(9,415)	14,243
Interest and dividends received	112	118
Interest paid	(3)	(13)
Income taxes paid	(1,805)	(2,296)
Net cash provided by (used in) operating activities	(11,111)	12,052
Cash flows from investing activities		
Purchases of tangible fixed assets	(828)	(617)
Purchases of intangible fixed assets	(908)	(546)
Proceeds from sales of investment securities	827	106
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	652
Expenditure for acquiring shares in affiliates	(48)	(100)
Expenditure for loans	(650)	(2,543)
Proceeds from repayment of loans	597	1,436
Others	(80)	167
Net cash provided by (used in) investing activities	(1,092)	(1,444)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(310)	2,740
Repayment of long-term borrowings	(31)	(26)
Dividends paid	(828)	(1,160)
Payments from changes in ownership interests in subsidiaries that do not result in changes in scope of consolidation	-	(24)
Others	(29)	(112)
Net cash provided by (used in) financing activities	(1,200)	1,415
Increase (decrease) in cash and cash equivalents	(13,404)	12,023
Cash and cash equivalents at beginning of period	29,583	15,823
Cash and cash equivalents at end of period	16,178	27,846

(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)

Six months ended September 30, 2015 (April 1, 2015 to September 30, 2015)

No relevant items