ANNUAL REPORT 2011 April 1, 2010–March 31, 2011

FIELDS CORPORATION



Believe in the Future



providing continuous support

ANNUAL REPORT 2011

COVER STORY

In the immediate aftermath of the Great East Japan Earthquake, the Fields Group, together with Tsuburaya Productions Co., Ltd. and all other participating Group companies, came together to establish the Ultraman Foundation.

In seeking to offer our heartfelt encouragement to those most impacted by the disaster, especially to the children who are our hope and essential to creating a new future in the region, we channeled our aspirations for the future into the character Ultraman, symbolic protector of Earth and peace, and initiated support activities from the Ultraman Foundation that will last well into the future.

In this annual report, alongside business performance and management strategies, we introduce our efforts to assist with recovery, like the Ultraman Foundation, as well as other social initiatives. Our hope in doing so is that shareholders and investors will better understand the motivation behind these measures and continue to offer their support for our endeavors.

FIELDS™

Gaming and Entertainment

CONTENTS

Page 14

FEATURE: THE GREAT EAST JAPAN EARTHQUAKE – IMPACT AND RECOVERY

On March 11, 2011, an earthquake measuring 9.0 in magnitude struck a large expanse of eastern Japan.
The disaster left more than 20,000 people dead or missing in the hardest hit areas. It also precipitated the largest accident at a nuclear power plant in Japanese history and a severe shortage in electricity.
Pachinko halls were affected in the disaster, as were electronic component factories supplying gaming machine makers that came to a halt.
Despite these hardships, we put our faith in tomorrow and devoted ourselves to the recovery effort.

TO OUR STAKEHOLDERS	**02**
CONSOLIDATED FINANCIAL HIGHLIGHTS	02
MESSAGE FROM THE CHAIRMAN AND CEO	04
MANAGEMENT INTERVIEW	06
FEATURE: THE GREAT EAST JAPAN EARTHQUAKE – IMPACT AND RECOVERY	**14**
DAMAGE STATUS	15
INDUSTRY ACTION AFTER THE DISASTER–SOCIAL CONTRIBUTION BY THE PACHINKO/PACHISLOT INDUSTRY–	16
SUPPORT FOR RECOVERY	18
REVIEW OF OPERATIONS	**20**
AT A GLANCE	20
PACHINKO/PACHISLOT BUSINESS	21
GROUP BUSINESS	24
MARKET DATA	27
FULFILLING OUR RESPONSIBILITY TO SOCIETY	**28**
CORPORATE SOCIAL RESPONSIBILITY (CSR)	28
CORPORATE GOVERNANCE	32
FINANCIAL SECTION	**37**
MANAGEMENT'S ANALYSIS OF FINANCIAL POSITION AND BUSINESS RESULTS	38
CONSOLIDATED BALANCE SHEETS	46
CONSOLIDATED STATEMENTS OF INCOME	48
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	49
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS	50
CONSOLIDATED STATEMENTS OF CASH FLOWS	51
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	52
INDEPENDENT AUDITORS' REPORT	65
CORPORATE DATA	**66**
CORPORATE PROFILE	66
STOCK INFORMATION	68
IR INFORMATION	69

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.

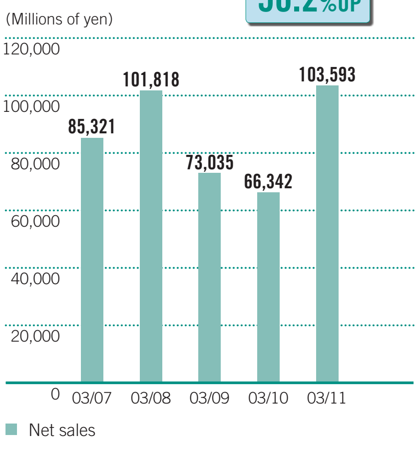
CONSOLIDATED FINANCIAL HIGHLIGHTS

	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**
Results of Operations (millions of yen)					
Net sales	¥ 85,321	¥101,818	¥ 73,035	¥ 66,342	**¥103,593**
Gross profit	29,248	34,544	24,024	26,889	**35,129**
Gross profit margin (%)	34.3	33.9	32.9	40.5	**33.9**
Operating income	8,944	13,158	1,960	8,124	**13,136**
Operating margin (%)	10.5	12.9	2.7	12.2	**12.7**
Net income (loss)	3,710	5,296	(1,481)	3,289	**7,520**
Net margin (%)	4.3	5.2	—	5.0	**7.3**
Financial Position (millions of yen)					
Total assets	66,081	69,168	52,064	81,329	**78,971**
Net assets	42,836	46,331	39,496	41,187	**47,021**
Shareholders' equity	41,115	44,485	39,463	41,064	**46,779**
Cash Flows (millions of yen)					
Cash flows from operating activities	5,293	11,127	4,147	8,429	**8,005**
Cash flows from investing activities	(4,772)	(14,604)	(6,182)	(1,011)	**(4,356)**
Cash flows from financing activities	1,488	(1,384)	602	(2,687)	**(3,915)**
Per-share Data (yen)					
Earnings (loss) per share	¥ 10,692	¥ 15,263	¥ (4,271)	¥ 9,796	**¥ 22,643**
Net assets per share	118,487	128,201	117,326	123,645	**140,853**
Dividends per share	4,000	4,500	4,500	4,500	**5,000**
Key Financial Indicators (%)					
Return (loss) on equity (ROE)	9.2	12.4	(3.5)	8.2	**17.1**
Return on assets (ROA)	12.0	17.3	1.6	11.6	**17.1**
Shareholders' equity ratio	62.2	64.3	75.8	50.5	**59.2**
Payout ratio	37.4	29.5	—	45.9	**22.1**

	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**
Pachinko/pachislot Machine Unit Sales					
Number of pachinko/pachislot machines sold	511,247	484,534	331,205	449,880	**480,273**
By type					
Pachinko	345,823	273,981	202,525	330,734	**262,614**
Pachislot	165,424	210,553	128,680	119,146	**217,659**
By alliance partner					
Sammy Group	79,711	127,670	41,536	28,762	**121,691**
SANKYO Group	366,619	329,965	262,087	363,056	**306,585**
Olympia	44,929	8,313	447	4,908	**—**
Enterrise	—	—	—	2,498	**16,119**
Other manufacturers	19,988	18,586	27,135	50,656	**35,878**

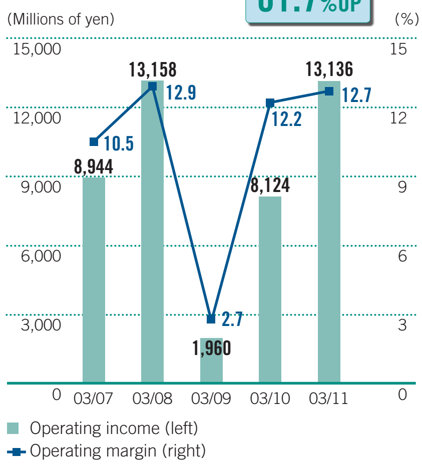
Net sales

Net sales **56.2%UP**



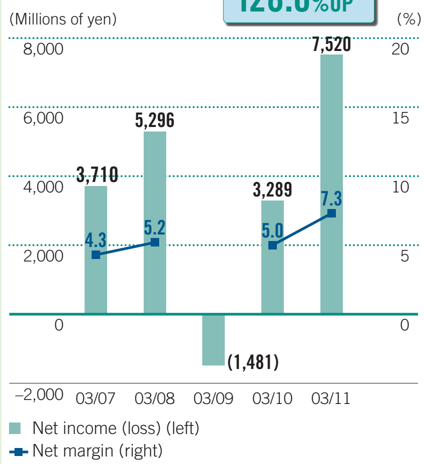
Operating income/ Operating margin

Operating income **61.7%UP**

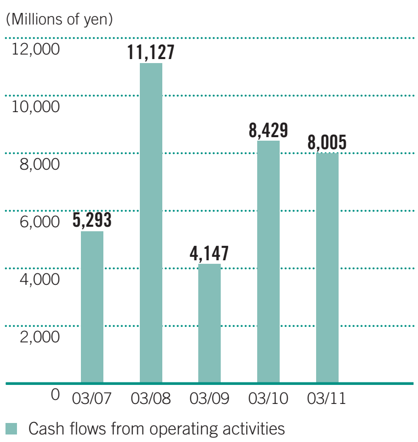


Net income (loss)/ Net margin

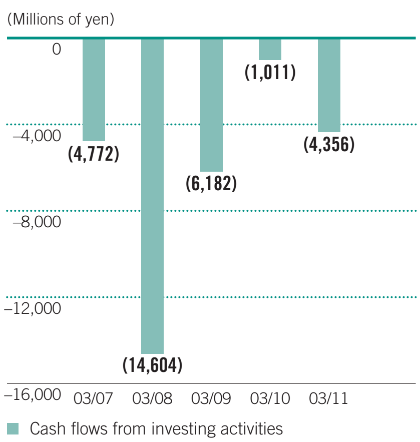
Net income **128.6%UP**



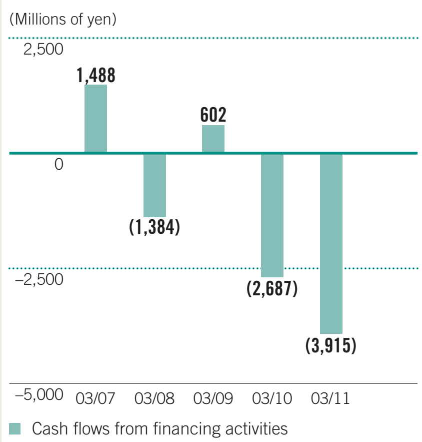
Cash flows from operating activities



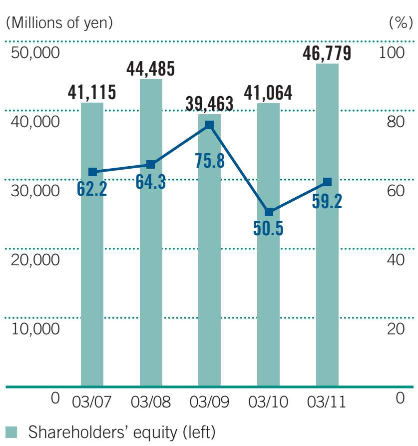
Cash flows from investing activities



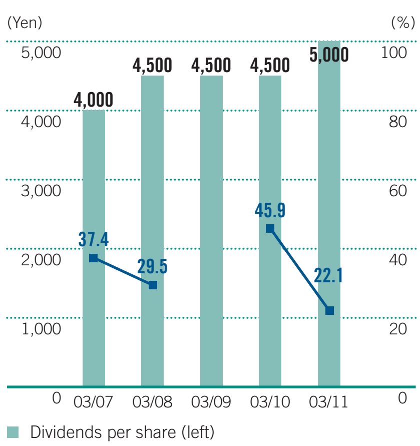
Cash flows from financing activities



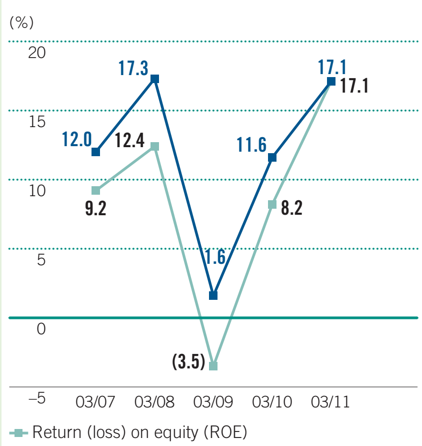
Shareholders' equity/ Shareholders' equity ratio



Dividends per share/ Payout ratio



Return (loss) on equity (ROE)/ Return on assets (ROA)



MESSAGE FROM THE CHAIRMAN AND CEO

The Greatest Leisure for All People

Allow me to first express our sympathies for those whose lives have been affected by the Great East Japan Earthquake, and offer our sincerest hopes for a rapid recovery in the region.

The Fields Group has taken attentive steps to offer the greatest level of cooperation we can muster in supporting the post-disaster recovery effort. In particular, we believe it is essential to tirelessly pursue activities that support the children who will usher in a new future for us all. With this in mind, the entire Fields Group has united to form the Ultraman Foundation. This foundation represents our pledge to provide firm and steadfast support for the physical and psychological well-being of people in the affected region, including caring for the mental health of those left emotionally scarred by the traumatic events of March 11, 2011.

Hidetoshi Yamamoto
Chairman & CEO

Japanese industry has long worked to deliver the kind of value that people across the world seek, an approach that has resulted in major profit opportunities and dynamic growth. In particular, our maturing society in the 21st century is underpinned by trading ventures, which have brought prosperity to Japan's citizens, as well as advances in healthcare and technology that have created more leisure time for people. In turn, this new-found leisure has spurred diverse needs around ways to enjoy it.

The corporate philosophy of Fields and the Fields Group is "The Greatest Leisure for All People." Guided by this view, we deliver products and services in answer to this growth in leisure time that embody high entertainment value. At the same time, we have studied and researched approaches to enjoying leisure time that will lead to a future where people are happier and well-adjusted.

When Fields went public in 2003, we advocated a business scheme centered firmly on content as one of the strategies for spearheading future growth. Since then, this core business model continues as strong as ever and continues to evolve by acquiring, owning and creating exceptional intellectual property (IP), and by repeatedly assembling and merging cutting-edge creative elements and the latest technology.

In the fiscal year ended March 31, 2011, we welcomed companies to the Group that are leaders in specialized areas, such as Tsuburaya Productions Co., Ltd., and also established and entrenched other schemes through a strengthening of alliances with influential partner companies. Success continues to steadily emerge from our multifaceted development of content across a range of fields not limited to pachinko/pachislot field including from our drive to enhance and expand content usage in mobile and online services. When and where these forward-looking measures resonate with the public, I am confident that they will translate into new earnings opportunities and improved corporate value for the Fields Group.

We are committed at the Group to creating entertainment that engages people with diverse values in new and exciting ways. In parallel, the entire Fields family will come together as one to help bring happiness to people in every corner of society through our business activities, even as we consistently strive to be deserving of the trust that our stakeholders have in the Fields Group.

In closing, I would like to express our gratitude for the support of our corporate philosophy and the confidence that our stakeholders have shown in us thus far. We invite you to expect great things from the future that Fields and the Fields Group will bring to pass, and ask for your continued support and understanding as we move forward.

September 2011

MANAGEMENT INTERVIEW

Takashi Oya
President & COO

P06–09
- Position in the entertainment business
- Performance evaluation for the fiscal year ended March 31, 2011
- Current condition of the pachinko/pachislot market and Fields' accomplishments in the market
- Impact of the Great East Japan Earthquake
- Fields' strengths in the pachinko/pachislot business

P10–12
- Prospects for the domestic entertainment market
- Successes achieved by Group businesses
- Future plans for group operations

P13
- Business plans and earnings expectations for the fiscal year ending March 31, 2012
- Message for investors and shareholders

Q: How does Fields position itself in the entertainment business?

A: We like to say that our goal is "to contribute products that can bring joy and pleasure to as many people as possible."

This is in line with our corporate philosophy of providing "The Greatest Leisure for All People." Based on this vision, we are working to build a business that spans the very diverse field of entertainment. The massive earthquake and tsunami that hit eastern Japan on March 11, 2011, was an event that gave us pause to reconsider the entire foundation of our business. Many individuals and organizations, both within and outside Japan, are eager to do something that can help people in the affected region to rebuild their lives. For that reason, very soon after the earthquake, Fields established the Ultraman Foundation which is organizing a multitude of efforts to help create a brighter future for children affected by the quake.

Specifically, this Foundation has taken steps to provide both material and moral support to the region, from distributing cooked food after the disaster to raising relief funds and putting on shows for children featuring Ultraman. The cheers and smiling faces of the children who attended these shows once again reminded us of what a strong encouraging influence the Ultraman character can have—we could truly feel in our bones the power of this character, and how many people derive inspiration and encouragement from Ultraman-related products and shows.

In addition, the entertainment business faces pressure due to the debate about whether pachinko/pachislot have a gambling aspect. However, pachinko/pachislot provided a diversion and source of entertainment to people in the regions affected by the quake, while pachinko halls were used widely as evacuation centers or for holding community activities. The Group has been making efforts to promote a healthy form of pachinko/pachislot entertainment, and the events that followed the earthquake and tsunami have reinforced our determination to promote pachinko/pachislot as a valuable part of the entertainment industry throughout Japan.

Entertainment, in general, refers to an activity that provides joy and pleasure to a large group of people. We are working to develop an entertainment business that provides entertainment through a variety of sources, from pachinko/pachislot to mobile content, movies, publishing, animation, sports and other entertainment-related activities, all of which generate value by entertaining people. Hopefully these efforts will earn and justify the continued support of shareholders, investors, and all other stakeholders as well.

Q: What is the evaluation of your performance for the fiscal year ended March 31, 2011?

A: The Pachinko/Pachislot Business is our most stable source of income, allowing Fields to steadily develop other Group businesses.

In the fiscal year ended March 31, 2011, consolidated net sales rose 56.2% year on year, to ¥103.5 billion. Operating income grew 61.7%, to ¥13.1 billion, ordinary income increased by 76.3%, to ¥13.6 billion, and net income rose 128.6% year on year, to ¥7.5 billion. All of these figures except operating income were new record highs for the Company.

In the core Pachinko/Pachislot Business, the Company took advantage of a reviving pachislot market by launching several new machines that feature more entertainment and game-related play. Among these were pachislot machines based on popular video game and animation titles, such as *Onimusha: Dawn of Dreams* and *MOBASLO Evangelion—for your own wish*. These products have received very positive reactions from fans, and sales of each of these two machines are expected to account for 10% of total market sales this year. By doing its best to anticipate market trends, the Company is working to establish this business as a firm foundation for revenues.

Meanwhile, earnings from Group operations, which include numerous Group companies in various sectors of the entertainment business, have begun to recover, putting earnings for the entire Group back into the black. In April 2010, two new subsidiaries were added to the Fields Group—Tsuburaya Productions Co., Ltd. and Digital Frontier Inc. These subsidiaries not only greatly broaden the range of Group operations, but also are making substantial contributions to earnings and helping to create synergy within the Group that can have a concrete impact on performance.

Q: What is the current condition of the pachinko/pachislot market, and what has Fields accomplished in this market?

A: The market for pachinko/pachislot products is beginning to recover. Fields has focused on developing products that provide greater entertainment value, and this has built up earnings.

Revised regulations on pachislot machines, among other factors, have caused this market to contract over the past few years. However, in the fiscal year just ended, the number of machines in operation began to rise once more. Furthermore, all pachislot manufacturers have begun to consider the tastes and interests of pachislot fans, and have started introducing machines that address this demand. This has invigorated the pachislot market as a whole. We think this is generating a positive cycle that will propel market growth even more strongly in the future.

In the pachinko market, meanwhile, companies are taking steps, on their own initiative, to limit use of machines that have strong gambling characteristics. In addition, many pachinko halls across the country have adopted low-cost strategies, in which they install used pachinko machines and lend pachinko balls at lower rates. Together, these two trends temporarily caused sales of new machines to decline. However, now that manufacturers are focusing on machines with more of an entertainment theme, and less emphasis on the gambling aspect, the market has become healthier. We think the pachinko market is moving onto a recovery track.

Considering these market conditions, Fields has made a point of designing its products to have less appeal to gambling sentiment, and concentrates on products that offer entertainment. The Company launched six new pachislot machines during the fiscal year, and as a result, recorded a record high unit sales figure of 217,659 machines (an increase of 82.7% year on year). This gives Fields a 24.5% share of the pachislot market,* marking the second consecutive year in which the Company was first in the industry in terms of market share. In the pachinko machine market, four new machines were launched including *CR Evangelion—Evangelical of the beginnings*, a product in collaboration with blockbuster content. However, due to the temporary lull in the industry, mentioned above, unit sales declined 20.6% year on year to 262,614 units. Fields' share of total market sales* was 9.1%, about the same level as last year.

* Unit sales figures based on Fields' own internal research.

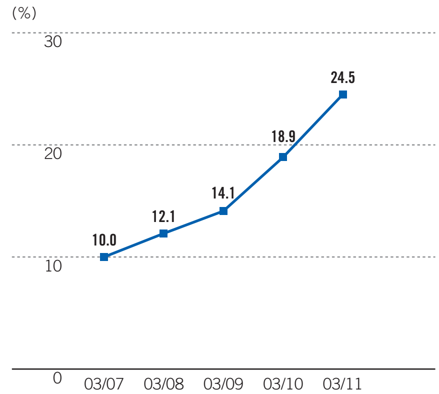
Q: What impact did the Great East Japan Earthquake have on the industry?

A: The earthquake and tsunami damaged many pachinko halls in the Tohoku region, as well as the factories of component manufacturers who supply parts for our pachinko machines. However, the region is now starting to recover, and the industry as a whole is lending support to the recovery effort.

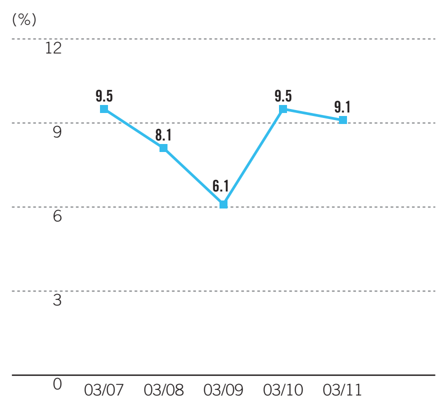
In the Tohoku region, where there was extensive earthquake damage, around 50 pachinko halls were totally destroyed, while rolling power outages to conserve electric power reduced the operating hours of other facilities. In addition, many semiconductor manufacturers and other electronic parts suppliers have extensive production operations in the Tohoku region. The damage to their factories delayed parts supply, and forced many pachinko machine manufacturers to delay the launch of new products.

However, the industry as a whole stepped up to lend support to the rebuilding and recovery efforts in Tohoku, and cooperated in efforts to conserve power. Furthermore, the disaster prompted people in Japan to seek forms of recreation and entertainment that are "inexpensive, nearby and short-term." As a result, machine utilization rates at pachinko halls across the country have rebounded to even higher levels than were typical before the earthquake. Furthermore, parts

Change in Share of Pachislot Machine Sales Volume

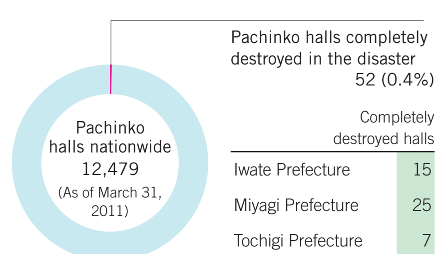


Change in Share of Pachinko Machine Sales Volume



* Sales volume share estimates are based on Fields' own internal research.

Damage to Pachinko Halls



(National Police Agency statistics)

	Completely destroyed halls
Iwate Prefecture	15
Miyagi Prefecture	25
Tochigi Prefecture	7
Fukushima Prefecture	5

(As of April 15, 2011, announced by Zennichiyuren) manufacturers have resumed production and machine manufacturers have revised their supply chains to address shortages. As a result, there are signs that the supply of new products is stabilizing. We think that the business environment in which Fields operates will remain little changed in the foreseeable future.

Q: What are Fields' competitive strengths in the reliably profitable pachinko/pachislot market?

A: Fields has developed a very unique business model which makes the Company very competitive. Based on this business model, and visible improvements to distribution, planning and development, we think that the potential for growth in pachinko/pachislot machines is at least as strong as those in any other sector of the entertainment business.

In other words, we are striving to develop products which ensure that pachinko/pachislot becomes an entertainment-oriented business.

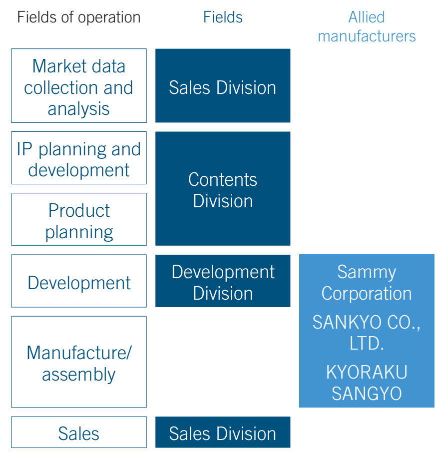
Fields is in a very advantageous position due to its status as a distributor and wholesaler that links pachinko/pachislot machine manufacturers with pachinko halls across the country. This allows us to obtain extensive qualitative and quantitative data on the overall market, and analyze that data to help guide new product planning and development. Our business model—to design products and contract out production, much like a "fabless" manufacturer—is completely unique in this business sector. That in itself is one of our biggest competitive strengths. We also have alliances with some of the industry's top machine manufacturers, such as Sammy Corporation, SANKYO CO., LTD. and KYORAKU SANGYO, that allow Fields to develop the sort of entertainment-type machines that contribute most to invigorating the market, and release them in a timely manner.

Fields can offer customers added value in almost every aspect of the business from distribution to the operation of pachinko halls themselves, as well as information services and development support. Our sales force is constantly working to enhance their own knowledge of the industry and ability to propose solutions. The Company has distributed Apple iPads to each of its sales personnel, to serve as a sales planning tool, and ensure that they can provide the utmost in information and service quality. This facilitates their capability for supporting customers in innovative ways.

Planning—the creation of entertainment content—is another important area of Fields' operations. This includes not only product planning and development of the story lines and characters used in the machines, but also the collection and development of intellectual property (IP), characters and concepts that will help attract new fans. In April 2011, the Company established a new Contents Division to help enhance the added value of game machines. This division will promote specialized scientific research as well as researching the elements needed to create appropriate characters for the game machines. To support these efforts, Fields is acquiring IP, licenses and copyrights, which can be used by all members of the Fields Group to enhance added value and help develop entertainment content with a broad appeal to the world at large.

The development phase of operations is an essential part of the business. In this phase we create the actual platform for entertainment content that is suitable for use in pachinko/pachislot machines. The Company has added two new subsidiaries to its Group and taken steps to strengthen ties to equipment manufacturers like Sammy, SANKYO and KYORAKU SANGYO, as well as to improve Fields' own development capabilities. In April 2010, Fields acquired Digital Frontier Inc., one of the largest computer graphics production companies in Japan, and in January 2011 we acquired MICROCABIN CORP., a developer of graphics software that has extensive experience in the graphics drivers used for the LCD displays of pachinko/pachislot machines. The Group's initiatives in the three distribution, planning and development phases have begun producing results that should enhance the entertainment aspect of pachinko/pachislot machines in the near future, expand the scope of pachinko/pachislot fans, and contribute significantly to the further development of the industry.

Pachinko/Pachislot Fields of Operation



Allied Manufacturers

Partner manufacturers	Fields' sales brand	Start of alliance
Sammy Corporation	Rodeo Co., Ltd. (pachislot)	2000
SANKYO CO., LTD.	Bisty Co., Ltd. (pachinko/pachislot)	2003
KYORAKU SANGYO	In preparation (pachinko)	2008

Group Companies Supporting Game Machine Development

Name	Start of Group affiliation
Shin-Nichi Technology Co., Ltd.	2008
F Corporation	2009
Digital Frontier Inc.	2010
MICROCABIN CORP.	2011

Tetsuya Shigematsu

Senior Managing Director
(Responsible for Group Business and Division Manager, Business Division)

P06–09

- Position in the entertainment business
- Performance evaluation for the fiscal year ended March 31, 2011
- Current condition of the pachinko/pachislot market and Fields' accomplishments in the market
- Impact of the Great East Japan Earthquake
- Fields' strengths in the pachinko/pachislot business

P10–12

- Prospects for the domestic entertainment market
- Successes achieved by Group businesses
- Future plans for group operations

P13

- Business plans and earnings expectations for the fiscal year ending March 31, 2012
- Message for investors and shareholders

Q: What are the prospects for the domestic entertainment business?

A: Future prospects for the domestic business revolve around the impact of overseas-style business and advances in technology. However, we think that in the medium to long term, Fields will have to begin looking at a more global market presence.

At a time when there are growing uncertainties about both GDP and consumer spending in Japan, it would be difficult to achieve rapid growth based solely on domestic demand. In the medium to long term, Fields will have to look to overseas markets like Asia and North America, to achieve growth. Furthermore, overseas entertainment markets are already dominated by major conglomerates, and the Japanese market may move in the same direction, in the not-too-distant future.

On the other hand, the use of technological advances in recent years has fostered the growth of many new entertainment businesses, particularly in sectors such as mobile media, smartphones and the effort to build infrastructure for such multi-function devices. Now is an ideal time to develop superior types of entertainment content and ways of delivering it. The Fields Group is trying to anticipate future trends and to establish itself as a central player in the Japanese entertainment conglomerates of the future. Therefore, we are planning to act swiftly to build an entertainment business that encompasses many different media types, from mobile and online services to games, movies and publications.

Q: What successes have Group businesses achieved?

A: The Group is steadily accumulating and promoting entertainment content, and thus building the foundation for a profitable content business.

Fields has adopted the slogan: “Tackling New Challenges to Pave the Way to the Future,” to express its ambition to breathe new life into the Group and its business activities. Our media strategy to develop profitable entertainment content still makes a very minor contribution compared with the pachinko/pachislot business. However, the Group is building relationships with major companies and creative artists in a variety of media segments to build a foundation for future success. The Company is particularly interested in the market for online entertainment, including mobile media. Mobile phone-based services that draw upon our pachinko/pachislot content—known as “MOBASLO”—are expanding gradually. In addition, the Group is exploring and developing new services for other types of content, investing aggressively in measures to turn these ideas into practical applications, and launch numerous new services that can steadily attract subscribers.

Meanwhile, Fields has been developing cooperative ventures with leading companies outside the Group in order to acquire and develop entertainment content. In April 2010, the Company added two new subsidiaries to the Group: Tsuburaya Productions Co., Ltd., which holds the copyrights to the “Ultraman” series of action hero characters, among other high-quality IP, and Digital Frontier Inc., one of Japan’s leading computer graphics companies.

The Group is also moving into the online services business. Fields teamed up with NHN Japan Corporation, which operates “Hangame”—one of Japan’s leading game portal sites—to establish a joint venture company known as IP Bros. Incorporated. In the publishing field, we teamed up with Shogakukan Creative Inc. (a member of the Shogakukan Group) to establish another joint venture named HERO’S Inc. This JV affiliate will begin publishing monthly comic books aimed at youngsters, in the autumn of 2011.

Q: What are your future plans for Group operations?

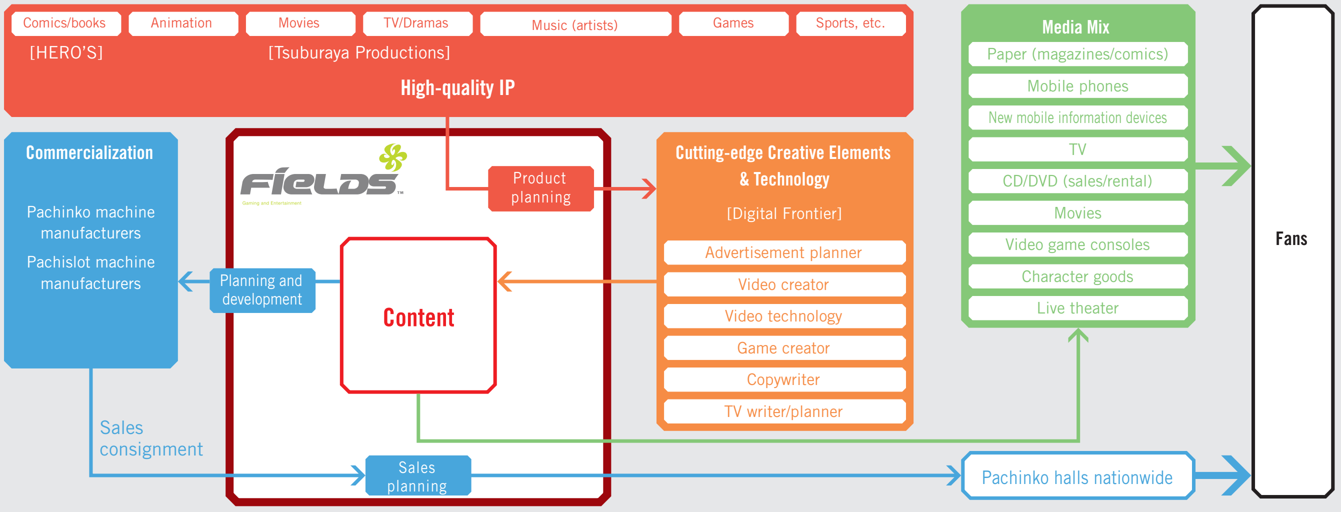
A: Fields wants to develop entertainment businesses that can provide customers with pleasure and quality to fill their leisure time.

The Group is making entertainment content and multi-use items the main pillars of its operation. We are adopting a business scheme which focuses on using cutting edge technology and creativity to develop value-added IP and entertainment content. Currently the Group is working aggressively to identify opportunities to generate revenue. For example, Fields is collaborating with copyright holders and providers of entertainment content to leverage its strengths in the pachinko/pachislot business, and plans to find ways to offer this through various types of media. In this way, the Company hopes to increase the opportunities to generate revenue from a particular entertainment product or piece of IP.

To establish a firm base for operations, Fields will continue to survey and research trends in how people spend their leisure time. Based on this research, we will try to anticipate trends in media and entertainment content, in order to develop products and services that move and thrill. These ongoing future development efforts, as well as cooperation with and acquisition of leading companies in the entertainment industry, will require continued investment, but Fields will continue its effort to maximize the impact of such investment, including in M&A and in collaboration with other companies, and to return the profits from these investments to our shareholders.

The experience that Fields gained in its relief efforts following the Great East Japan Earthquake have provided the Company with valuable lessons. Among other things, we have become keenly aware of the fact that people need more than just food, shelter and clothing in order to have a decent quality of life; opportunities for leisure and entertainment are also essential to daily life. We want to respond to this need, seeking ways to provide people with entertainment that enriches their lives and gives them joy. Thanks to the support and loyalty of all our stakeholders, the Fields Group can look forward to continued growth over the long term. I want to thank everyone for their continued support.

Business Scheme



Q: What are your business plans and earnings expectations for the fiscal year ending March 31, 2012?

A: We aim to continue expanding operations, and anticipate record high earnings results.

In the early part of the fiscal year, there were concerns about the impact that the Great East Japan Earthquake would have on pachinko hall operations. In addition, interruptions in the supply of components forced many equipment manufacturers to delay production and shipment of pachinko/pachislot machines, and to adopt a cautious stance on the launch of new products. However, there is a comprehensive lineup available, including many game-oriented and entertainment-oriented products. Several major new titles are due to be released in this fiscal year, and we expect these to earn a favorable reception from fans. Meanwhile, the Group is steadily strengthening its IP strategy in order to support growth over the medium and long term. We expect this to elevate earnings levels for the Group as a whole.

Based on these assumptions, we expect consolidated net sales to decline by 3.5% year on year, to ¥100.0 billion, but we anticipate a 6.6% increase in operating income, to ¥14.0 billion, a 2.3% rise in ordinary income, to ¥14.0 billion, and a 6.4% year on year increase in net income, to ¥8.0 billion. The business environment has changed considerably compared with the outlook when Fields unveiled its current medium-term business plan. However, we still will do our utmost to reach the medium-term earnings target of ¥17.0 billion in operating income for the year ending March 31, 2012 (the target figure in our current medium-term business plan).

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

A: We want to provide entertainment that thrills and moves people; if it is something that has been lost, we will recreate it, and if it is something that does not yet exist, we will create it.

The Fields Group does not want to become so focused on short-term goals that we miss out on opportunities for growth. We have adopted medium- to long-term assumptions and intend to pursue our strategy while monitoring the situation to ensure that we don't lose sight of our growth opportunities. In order to fulfill our strategy, it is essential that we make investments in the future, to build ties to partner companies and promote research and development. However, we intend to balance this with a sound financial strategy, to ensure that we progress smoothly.

Our basic stance on capital is to provide shareholders with a steady dividend flow, based on profit performance, and increase that return over the longer term in accordance with the Company's growth. In the fiscal year ended March 31, 2011, we paid a dividend of ¥5,000 per share, increasing the dividend by ¥500 year on year (this corresponds to a consolidated dividend payout ratio of 22.1%). In the year ending March 31, 2012, we also intend to pay dividends of ¥5,000 per share (a consolidated payout ratio of 20.8% based on our profit forecasts). We have adopted this stance not because we are fully satisfied with the dividend amount, but because it is in line with our overall strategy of pursuing growth through new business ventures, which we believe will provide greater success in the longer term, and allow shareholders to benefit from future profit distributions.

The Fields Group brings together various companies that are committed to creating "The Greatest Leisure for All People." We want to provide entertainment that thrills and moves people; if it is something that has been lost, we will recreate it, and if it is something that does not yet exist, we will create it.

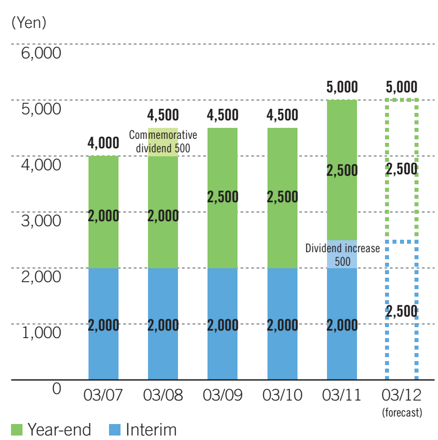
We ask for the continued support of the Fields Group from our shareholders, investors and all other stakeholders as we strive to underpin happiness in society.

P06–09
- Position in the entertainment business
- Performance evaluation for the fiscal year ended March 31, 2011
- Current condition of the pachinko/pachislot market and Fields' accomplishments in the market
- Impact of the Great East Japan Earthquake
- Fields' strengths in the pachinko/pachislot business

P10–12
- Prospects for the domestic entertainment market
- Successes achieved by Group businesses
- Future plans for group operations

P13
- Business plans and earnings expectations for the fiscal year ending March 31, 2012
- Message for investors and shareholders

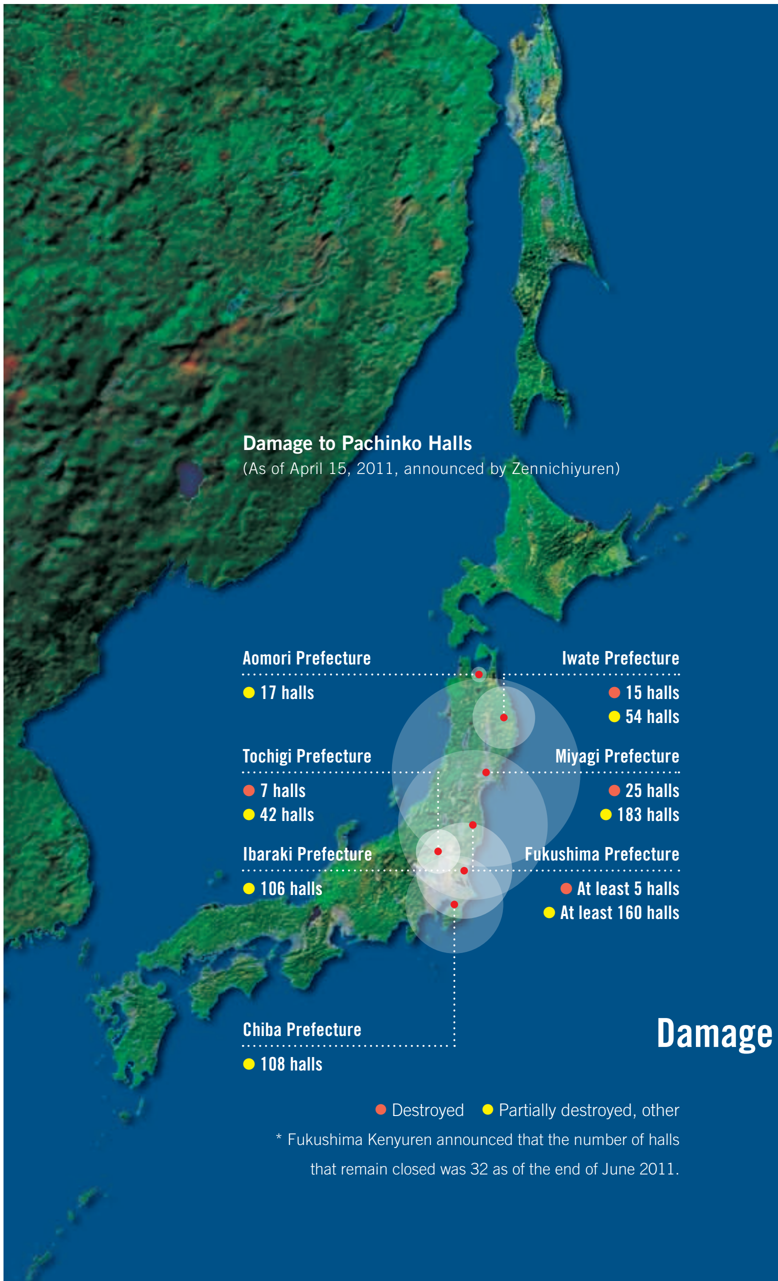
Dividends per Share



FEATURE: THE GREAT EAST JAPAN EARTHQUAKE – IMPACT AND RECOVERY

March 11, 2011

On March 11, 2011, an earthquake measuring 9.0 in magnitude struck a large expanse of eastern Japan.
The disaster left more than 20,000 people dead or missing in the hardest hit areas. It also precipitated the largest accident at a nuclear power plant in Japanese history and a severe shortage in electricity.
Pachinko halls were affected in the disaster, as were electronic component factories supplying gaming machine makers that came to a halt.
Despite these hardships, we put our faith in tomorrow and devoted ourselves to the recovery effort.



Damage to Electronic Component Manufacturers

Damage Status	Postscript
Operations stop at top semiconductor supplier in Japan	Production partly resumed in June
Damage to world's top silicon wafer manufacturing company	Production partly resumed in April
Complete operational shutdown at security chip manufacturing company	Phased resumption of operations from June

Photo taken inside a damaged pachinko hall (Miyagi Prefecture)

Damage Status

Timeline of the Great East Japan Earthquake — March 11, 2011

2:46 P.M.: **Great East Japan Earthquake with epicenter off Japan's northeastern Pacific coast (Tohoku region)**
- Maximum seismic intensity of 7
- Magnitude of 9.0

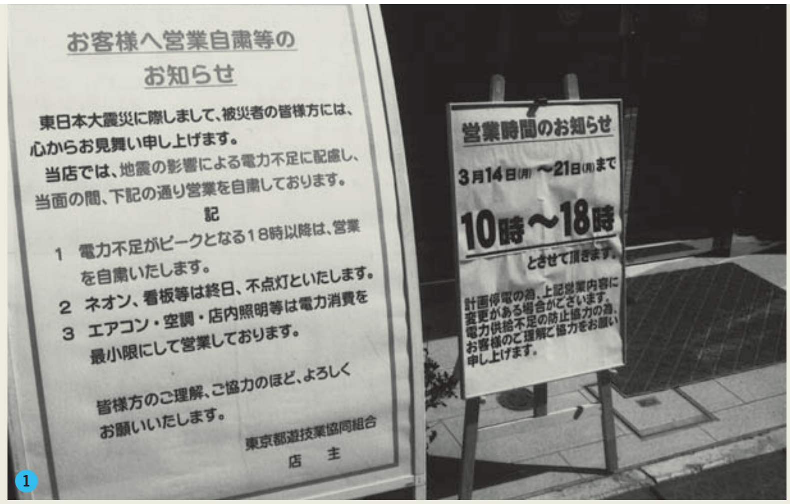
2:49 P.M.: **Japan Meteorological Agency issues a major tsunami alert**
- Maximum height of 11.8 m (estimated)

3:00 P.M.: **Tsunami arrives at the Fukushima Daiichi Nuclear Power Station**
- Power supply lost due to direct impact of tsunami (triggers nuclear accident)

7:03 P.M.: **Government declares a nuclear power state of emergency**
- Residents near the Fukushima Daiichi Nuclear Power Station instructed to evacuate

Human Toll of the Disaster
(As of September 1, 2011, announced by National Police Agency)

Confirmed dead	15,757 people
Injured	5,927 people
Missing	4,382 people



The Great East Japan Earthquake caused significant damage to the power generation facilities of the Fukushima Daiichi and Daini Nuclear Power Stations. On March 13, Japan's Ministry of Economy, Trade and Industry issued a request to the country's industrial sector to curb power usage. In parallel, The Tokyo Electric Power Company, Incorporated (TEPCO) announced that it would institute rolling blackouts in its service area from March 14, 2011, in response to the curtailed supply and tightened demand for electric power.

On March 15, 2011, representatives from pachinko hall groups held a meeting that culminated in a request to pachinko hall proprietors throughout Japan to comply with seven provisions, including for cooperation in conserving electricity.

In line with this request, pachinko halls nationwide initiated the full-day switch off of neon signs, outdoor signboards and other lighting. Pachinko halls within the service areas of TEPCO and Tohoku Electric Power Co., Inc., meanwhile, decisively opted to shorten hours of operation despite the expected negative impact on hall revenues.

Industry Action After the Disaster

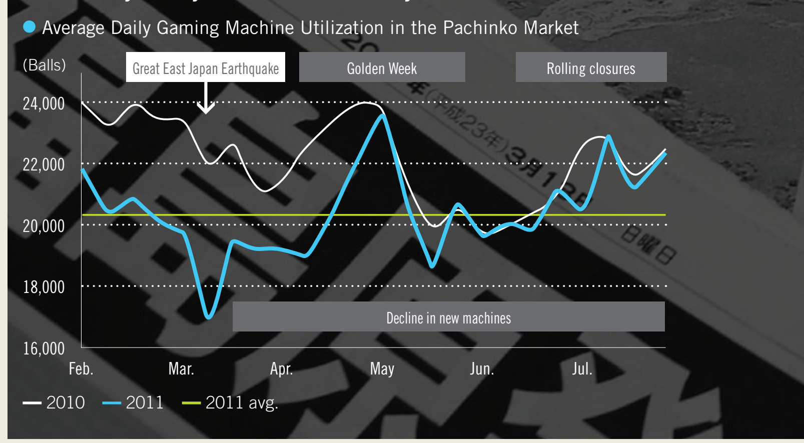
—Social Contribution by the Pachinko/Pachislot Industry—

Police, firefighters, Self-Defense Forces and Japan Coast Guard members from across the country are engaged in an array of activities in the region hardest hit by the disaster, including leading people to safety, rescue, the search for missing persons, responding to the nuclear power accident, various measures to secure transportation, and ensuring safety and security. The police in particular dispatched around 380,000 officers (as of June 20, 2011), including Interprefectural Emergency Units, to the Iwate, Miyagi and Fukushima Prefectural Police from all over Japan.

Pachinko halls in the disaster-impacted region, and in areas subject to rolling power outages, refrained from introducing new gaming machines, requiring written police notification and approval, in compliance with the provisions the pachinko hall groups had instituted. Manufacturers of gaming machines were also asked to postpone the sale of their products.

At the same time, gaming machine manufacturers and sales companies have, in addition to honoring this request, chosen to join together to postpone machine sales for a set period of time, especially in light of the volume of clerical and procedural work that accompany the introduction of new gaming machines for the police in each prefecture.

For Reference: Year-on-Year Comparison of Pachinko Hall Utilization for February to July (Based on research by Fields)



For Reference: Provisions the Pachinko Hall Groups Agreed to on March 15, 2011

1. Institute the full-day switch off of external lighting (including neon and outdoor signboards) at pachinko halls nationwide until the end of March 2011.
2. Scale back advertising and promotions (including TV and radio ads, newspaper inserts, and emails) for the time being at pachinko halls nationwide.
3. Request that pachinko halls in the service areas of Tohoku Electric Power and TEPCO shorten hours of operation for the time being. Explore possible response actions for halls in other power company service areas as well.
4. Request agreement and compliance on behalf of the five major pachinko hall groups for any pachinko hall failing to comply with the above three items.
5. In the disaster-affected region and regions subject to rolling power outages, voluntarily refrain from actions that require police notification and approval, such as the introduction of new machines, for the time being. In parallel, request that manufacturers postpone the release of any new units.
6. Actively participate in blood donation drives.
7. Work together as the pachinko/pachislot industry to raise funds for donation to the disaster-affected region.

* On April 25, the pachinko hall groups revised the provisions agreed to above, including retraction of the request to shorten hours of operation, based on improved estimates of the supply-demand balance for electricity in the TEPCO service area.

「避難つらい」パチンコに

被災地の遊技場盛況

「孤独・窮屈」忘れた

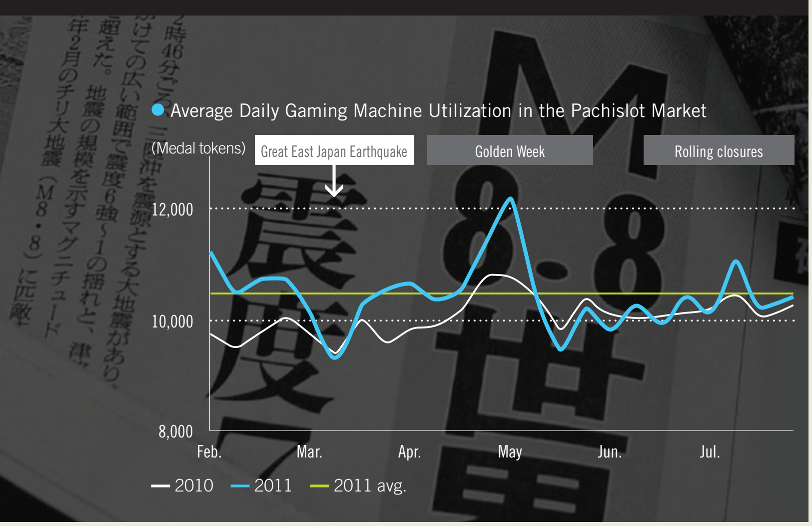
避難生活が長期化し、盛夏到来で暑い日が続く被災地で、人の集まる場所がある。パチンコ店。「人恋しい」「失業し
がない」。つらさを一時でも忘れたいという切実さが垣間見

7月上旬、大船渡市の郊外にある「大船渡セントラル」。平日昼にもかかわらず368台のパチンコとスロット台はほぼ埋まっていた。「気晴らしが大切なんだべ」。空き台を通路で待つ陸前高田市の農業の男性(63)は言った。

男性は自宅と約5千平方㍍の畑を津波で失った。3カ月ほど友人宅に身を寄せた。同居する7人中、自分だけが他人。「話が合わない。孤独だし、窮屈で窮屈で」。血圧が200に上がった。パチンコに逃避すると心が和んだ。6月に妹が仮設住宅の抽選に当たり、母と3人暮らし。壁は薄く気を遣う生活は続く。「勝ち負けにはこだわらない。やめたいけど、しばらく無理だね」

同県住田町の女性(66)は正

平日昼でも空き台は少ない=大船渡市のパチンコ店



On May 13, Japan's Ministry of Economy, Trade and Industry asked companies and households in the service areas of Tohoku Electric Power and TEPCO to uniformly reduce their power consumption by 15%. The timeframe for this reduction was July 1 to September 22, 2011 within the TEPCO service area, and July 1 to September 9, 2011 within the Tohoku Electric Power service area. These periods were projected to oversee the tightest conditions for the supply and demand of electric power.

In order to comply with the request to reduce power usage, the pachinko hall groups decided to enact rolling closures on three occasions per month for halls located in the TEPCO service area, and on two occasions per month for halls within the Tohoku Electric Power service area. The period for both rolling closures was set from July 1 to September 30, 2011, with power usage reduction targets for the TEPCO service area set at 25% or more, and reduction targets for the Tohoku Electric Power service area set at 20% or more.

In parallel, gaming machine manufacturers and sales companies also moved on their own initiative to put energy-saving measures in place. In advance of the broader industry, Fields, based on a voluntary action plan, sought to cut its own power usage by 25% or more through steady enactment of programs related to use of air conditioning, facilities, and office equipment, compliance with Japan's "Cool Biz" energy-saving program for businesses, and awareness-raising among employees.

(See page 30, "Examples of Activities from April 2010 through August 2011," for more details on energy-saving measures by Fields.)

1 In the aftermath of the disaster, pachinko halls in Tokyo announced shorter hours of operation.
(May 2011 edition of *Green Belt*)

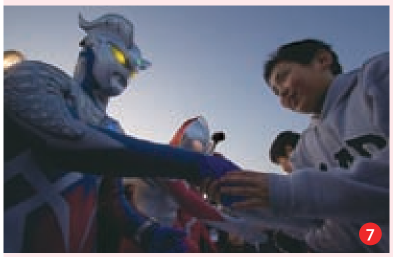
2 This pachinko hall that resumed operations in the disaster zone has become a gathering place for many in the community.
(*Asahi Shimbun* (morning edition) dated July 20, 2011)

"Eco Hall Declaration" campaign poster

In the six months since the Great East Japan Earthquake, the pachinko/pachislot industry has worked together with society in promoting a range of initiatives as Japan moves to get back on track in the wake of the disaster. Today, manufacturers of materials and components damaged by the earthquake and tsunami are steadily restarting production, with production lines returning to levels seen prior to March 11. In the hardest-hit region, the resumption of pachinko hall operations has provided not only a place for entertainment, but community spaces where lots of people have begun to gather. In addition, the lackluster average daily gaming machine utilization that had plagued the entire market immediately following the disaster recovered during the Golden Week holidays in May and from June, and is set to surpass previous-year levels. This is the power of pachinko—one of Japan's most popular forms of entertainment.

* Average daily gaming machine utilization refers to the number of single balls (for pachinko) or medal tokens (for pachislot) inserted into each individual gaming machine. A pachinko machine usually receives approximately 65,000 balls and a pachislot machine roughly 24,000 medal tokens during a typical day in operation.

5 The Fields Group established the Ultraman Foundation immediately after the disaster to provide support to the most affected region.



3 Gaming machine-related groups held several events in Ishinomaki City, Miyagi Prefecture, including an outdoor emergency kitchen to hand out food.

4 Gaming machine-related groups installed shipping containers retrofitted as shower stalls at evacuation centers to help survivors ease stress and recuperate physically from their ordeal.

6 The Ultraman Foundation opened an outdoor emergency kitchen to hand out food in Kesennuma City, Miyagi Prefecture. Fields employees were also on hand as volunteers.

7 Also in Kesennuma City, the Ultraman Foundation held "Ultra Hero" shows to boost the morale of local children.

The Great East Japan Earthquake had a tremendous impact on the Japanese economy. The cost of direct damage to facilities, equipment, roads and other infrastructure is estimated at between ¥16 trillion and ¥25 trillion, with the time required for full restoration and recovery now being measured in decades.

However, Japanese society is moving steadily and resolutely to rise above this unprecedented crisis. At the same time, the pachinko/pachislot industry, as part of the entertainment industry that enriches society, has embarked on a recovery of its own.

On March 14, 2011, on the third day after disaster struck, the shortage in food and water became critical with the evacuees swelling to more than 550,000 people. Worse, emergency relief supplies from across the country were failing to reach victims due to mayhem in distribution functions caused by the disaster.

Recognizing that relief supplies were not arriving, pachinko halls in the disaster zones sprang into action immediately after the earthquake and tsunami to begin securing supplies for opening emergency outdoor kitchens and handing out drinking water at evacuation centers, and even opening halls to serve as evacuation sites.

In this context, the Fields Group established the Ultraman Foundation to provide ongoing support to the children who will usher in a new future, and began making support visits to the affected areas. In a visit to Miyagi Prefecture immediately after the disaster, the foundation carried out activities to support both physical and psychological wellbeing, including not only the provision of relief supplies and the outdoor preparation of 8,800 meals, but also the staging of "Ultra Hero" shows.

The Japanese government has established an auxiliary budget of roughly ¥6 trillion to cope with restoration and recovery costs, which are estimated to surpass ¥20 trillion. The Japanese Red Cross Society and the Central Community Chest of Japan, meanwhile, have collected a total of over ¥300 billion in donations from individuals and companies across Japan.

On March 16, 2011, the Pachinko/Pachislot Production 21st Century Association, composed of 14 groups from the pachinko/pachislot industry, announced a policy that would see ¥1 billion in donations provided by pachinko hall groups and another ¥1 billion from gaming machine-related groups. As of June 2011, the best estimates are that a total of ¥4.4 billion in donations have been given from across the entire industry.

As individual companies, major gaming machine manufacturers and pachinko halls alike have made donations on the scale of several hundred million yen each to the Japanese Red Cross Society and the Central Community Chest of Japan.

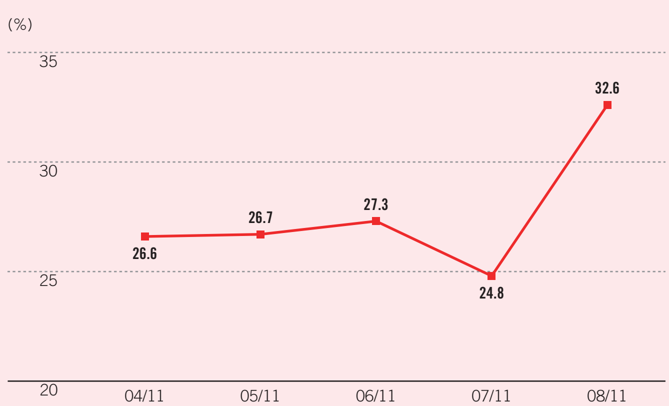
The Ultraman Foundation, meanwhile, has provided support for physical and psychological wellbeing as well as donations aimed at putting contributions to the foundation to use in helping to meet the needs of children in the three prefectures of Miyagi, Fukushima, and Iwate.

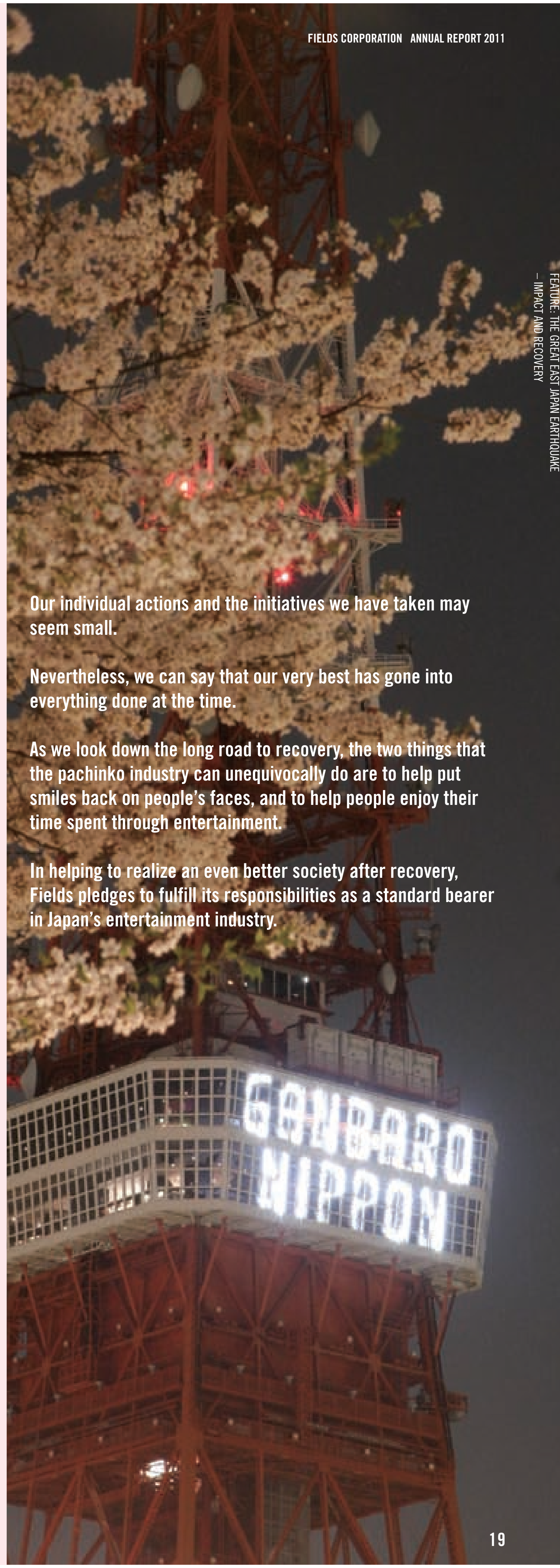
(See page 30, "Examples of Activities from April 2010 through August 2011," and the website (http://www.ultraman-kikin.jp/), for more details on activities of the Ultraman Foundation.)

Fields Initiatives

March 11:	Safety of all employees confirmed ● Activation of system to confirm whereabouts, with safety of all employees confirmed the day of the disaster
March 13:	Crisis management committee convened ● Assessment of extent of damage and discussion of response going forward
	Established Disaster Countermeasures Headquarters ● Discussion of options for supporting affected employees and the affected region (establishment of Ultraman Foundation) ● Provisioned consolation payments immediately to affected employees
March 16:	First shipment of relief supplies arrives at Sendai Branch (Miyagi Prefecture) ● Relief supplies delivered with the cooperation of employees from all over Japan and a freight company based in Nagoya
March 17:	First shipment of relief supplies arrives at Koriyama Branch (Fukushima Prefecture) ● Employees from the head office deliver relief material in person
March 18:	First shipment of relief supplies arrives at Tsukuba Branch (Ibaraki Prefecture) ● Relief supplies delivered with cooperation of a freight company
March 23:	Visit by chairman to the Sendai Branch to lend encouragement ● Meals were cooked in the branch for handout and the chairman gave employees a pep talk toward resuming operations
March 30:	Visit by president to the Tsukuba Branch to lend encouragement ● Brought relief supplies with him and encouraged employees who had resumed business operations
Early April	Start of energy-saving initiatives ● Formulated voluntary action plans, with aim of reducing total electricity usage by 25% or more
April 10:	Relief visit to Ishinomaki City, Minamisanriku Town and Kesennuma City in Miyagi Prefecture (for participation in Ultraman Foundation activities) ● Employees from the head office and Sendai Branch participate in the activities as volunteers
May 29:	Relief visit to Asahi City, Chiba Prefecture (for participation in Ultraman Foundation activities) ● Employees from the head office participate in the activities as volunteers
June 1:	Announcement of energy-saving initiatives ● Put voluntary action plans into effect and announced initiatives for cutting total energy usage by over 25%
July 10:	Relief visit to Koriyama City, Fukushima Prefecture (for participation in Ultraman Foundation activities) ● Employees from the head office and Koriyama Branch participate in the activities as volunteers
August 5:	Relief visit to Ishinomaki City, Miyagi Prefecture (for participation in Ultraman Foundation activities) ● Employees from the head office participate in the activities as volunteers
September 17:	Relief visit to Miyako City, Iwate Prefecture (for participation in Ultraman Foundation activities) ● Employees from the head office participate in the activities as volunteers

Rate of Reduction in Total Power Usage by Fields (Year on year)





Our individual actions and the initiatives we have taken may seem small.

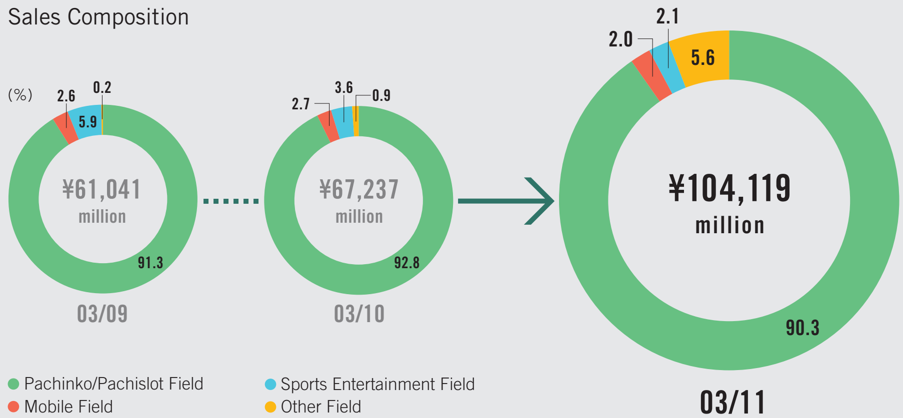
Nevertheless, we can say that our very best has gone into everything done at the time.

As we look down the long road to recovery, the two things that the pachinko industry can unequivocally do are to help put smiles back on people's faces, and to help people enjoy their time spent through entertainment.

In helping to realize an even better society after recovery, Fields pledges to fulfill its responsibilities as a standard bearer in Japan's entertainment industry.

REVIEW OF OPERATIONS AT A GLANCE

Sales Composition

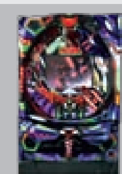


PACHINKO/PACHISLOT BUSINESS

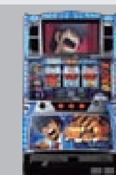
Pachinko/Pachislot (PS) Field

In this core business, Fields is involved in the planning, development and sale of pachinko/pachislot machines.

By leveraging high-value-added content to promote the planning and development of machines in alliance with Sammy Corporation, SANKYO CO. LTD., KYORAKU SANGYO, and other major manufacturers, Fields continues to offer machines with high gaming and entertainment value that more people can enjoy.



CR Evangelion—Evangelical of the beginnings



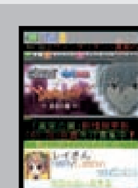
Ore no Sora—Spirit of Young Justice

GROUP BUSINESS

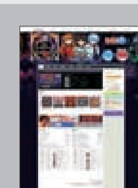
Mobile Field

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

In addition to services that take advantage of pachinko/pachislot-related content, Fields in recent years has continued to see steady growth of new services that leverage other content as a second growth driver.



Fields Mobile



Nanapachi

Sports Entertainment Field

In addition to athlete management, Fields in this business is developing its Total Workout sports gym brand.

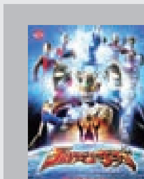
* Effective August 23, 2011, Japan Sports Marketing Inc., a core subsidiary of the Company in the sports entertainment field, was resolved to be liquidated and reorganized (see the corporate website for details).

Total Workout

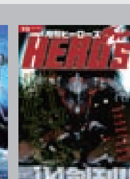
Other Field

This business field encompasses the acquisition, ownership and creation by Fields of promising intellectual property (IP), as well as the creation of high-valued-added content through the combination of cutting-edge creative elements and technology.

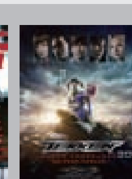
In the fiscal year ended March 31, 2011, the Fields Group welcomed several influential companies, including Tsuburaya Productions Co., Ltd., HERO'S Inc., and Digital Frontier Inc.



Ultraman Saga



HERO'S Monthly



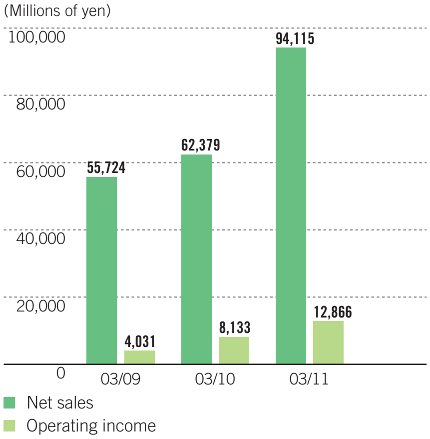
TEKKEN BLOOD VENGEANCE

PACHINKO/PACHISLOT BUSINESS

In the pachinko/pachislot business, we strove to improve on our share of machines sold with the launch of machines created with even greater attention to rich game and entertainment value.

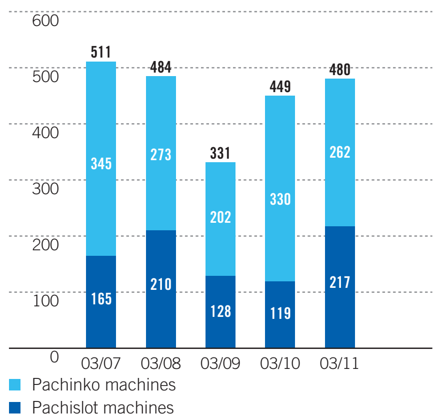
Pachinko/Pachislot (PS) Field

(Millions of yen)



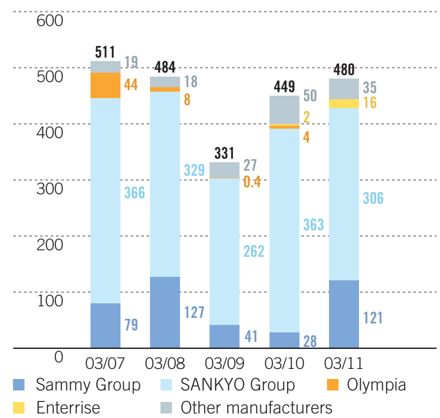
Number of Pachinko/pachislot Machines Sold

(Thousand units)



Number of Pachinko/pachislot Machines Sold by Alliance Partners

(Thousand units)



Market Trends and Outlook

In the pachinko/pachislot market, the average number of machines installed per hall grew 2.5% year on year to 365, lifting the overall number of machines installed by 1.0% to 4.55 million. This growth reflected growth in the overall number of machines installed market-wide for the first time in four years, against the backdrop of recovery undertones in the pachislot market and a shift to larger pachinko halls.

Utilization rates for pachinko/pachislot machines moved higher year on year, lifted by the release of several pachislot machines in response to customer needs. Similarly, in pachinko machines, after a period of momentary weakness caused by an oversupply of machines considered problematic for their high gambling appeal, the market has turned to recovery with the steady release of so-called "middle type" machines that downplay this aspect. Gross profit on gaming machines is also growing firmly, as the market begins to return to a semblance of its earlier performance.

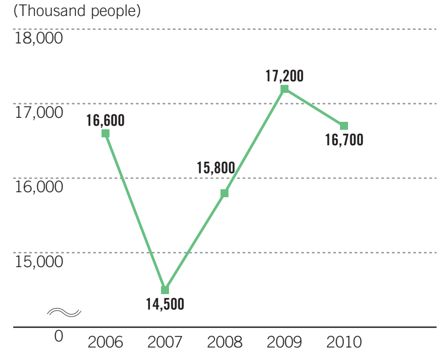
The market for gaming machines has seen popularity of pachislot machines grow more concentrated around specific machine varieties, bringing steady growth in the number of machines sold. In pachinko machines, on the other hand, a trend toward decline emerged in the number of machines sold with stagnation in the replacement of older machines with new ones, which is critical to attracting customers. The main reasons for this were a temporary decline in utilization rates for pachinko machines and expansion in the number of pachinko halls offering low price rental ball operation, who tend to have a high demand for used machines. Nevertheless, pachinko machines are experiencing robust sales of attractive models from major pachinko machine series and "middle type" models.

According to market statistics at the end of 2010, although the playing population declined 2.9% to 16.7 million people, this figure has been on a projected long-term growth trajectory since 2007. Similarly, while the market scale of total fees collected from rental ball operations fell 8.0% year on year to ¥19.3 trillion, the effect on actual gross profit has been minimal. This suggests that the penetration of pachinko halls offering low price rental ball operation as a way for game players to restrain their initial investment will run its course and bottom out in the near future.

In this way, the pachinko/pachislot market is becoming sounder and moving toward revitalization with the release of gaming machines that respond to customer needs without reliance on high gambling appeal. Going forward, along with attracting existing customers with machines defined by rich gaming and entertainment value, this approach is also likely to draw in new customers.

Player Population

(Thousand people)



Scale of the Pachinko/pachislot Market

(Trillions of yen)

Source: "2011 White Paper on Leisure," published by Japan Productivity Center

REVIEW OF OPERATIONS

Review of Results for the Fiscal Year Ended March 31, 2011

The Pachinko/Pachislot (PS) Field recorded net sales of ¥94,115 million, a year-on-year increase of 50.9%, and operating income of ¥12,866 million, up 58.2%.

In the core operation in this field—the sale of pachinko/pachislot machines—we sought to increase our share of the number of pachinko/pachislot machines sold by releasing machines created with an emphasis on outstanding entertainment value.

In the sale of pachislot machines, the strong reception received by machines *Onimusha: Dawn of Dreams* and *Neon Genesis Evangelion—Die Spur der SEELE*, resulted in strong growth in additional orders during the fiscal year under review. A total of six machines were released including *Ore no Sora—Spirit of Young Justice*, part of a series to commemorate Rodeo's 10th anniversary, and *MOBASLO Evangelion—for your own wish*, equipped with a "MOBASLO" gaming function that offers new gaming services. As a result, the Company sold a total of 217,659 pachislot machines, an increase of 98,513 from the previous fiscal year. From this result, the Company's share of the number of pachislot machines sold was 24.5%, giving it the top share of the industry for the second consecutive year (based on research by Fields).

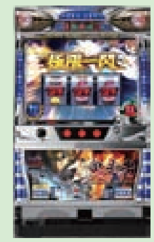
Although the delivery date for *MOBASLO Evangelion—for your own wish*, released in late March 2011, was pushed back to the next fiscal year at the request of certain customers due to the impact of the Great East Japan Earthquake, sales remained robust through the third quarter of the year, resulting in only a limited impact on full-year business performance.

In the sale of pachinko machines, the Company launched the sale of four machines including *CR Evangelion—Evangelical of the beginnings*, which became a major hit. Selling a total of 262,614 units, or 68,120 less than in the previous fiscal year. The Company's share of the number of pachinko machines sold was 9.1%, roughly on par with the previous-year figure (based on research by Fields). Please refer to page 41 regarding income structure for Pachinko/pachislot business.

Product Releases

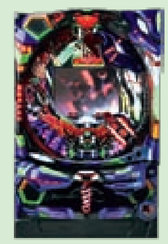
During the fiscal year ended March 31, 2011, we took steps to strengthen our alliance with leading manufacturers SANKYO CO., LTD. and Sammy Corporation, as we sought to expand sales of the Bisty and Rodeo brands. We also embarked on the full-scale sale of machines from Enterrise Co., Ltd., an up-and-coming manufacturer that expectations are building around.

Information on sales by release title is as follows.



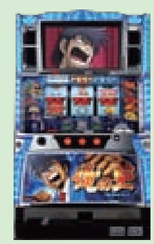
◀ Rodeo

Onimusha: Dawn of Dreams



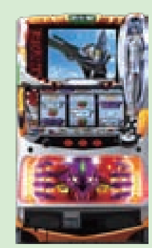
◀ Bisty

CR Evangelion—Evangelical of the beginnings



◀ Rodeo

Ore no Sora—Spirit of Young Justice



◀ Bisty

MOBASLO Evangelion—for your own wish

Pachislot machines	Brand	Release Date	Number of machines sold throughout the year	Cumulative number of machines sold
Neon Genesis Evangelion—Die Spur der SEELE	Bisty Co., Ltd.	March 2010	9,000 units	84,000 units
Onimusha: Dawn of Dreams	Rodeo Co., Ltd.	March 2010	63,000 units	90,000 units
Gamera	Rodeo Co., Ltd.	June 2010	13,000 units	13,000 units
Magical Shopping Arcade Abenobashi	Bisty Co., Ltd.	August 2010	–	–
Ore no Sora—Spirit of Young Justice	Rodeo Co., Ltd.	December 2010	38,000 units	38,000 units
Gravion	Rodeo Co., Ltd.	January 2011	–	–
Sengoku BASARA 2	Enterrise Co., Ltd.	February 2011	16,000 units	16,000 units
MOBASLO Evangelion—for your own wish	Bisty Co., Ltd.	March 2011	55,000 units	78,000 units

Pachinko machines	Brand	Release Date	Number of machines sold throughout the year	Cumulative number of machines sold
CR Evangelion—Evangelical of the beginnings	Bisty Co., Ltd.	June 2010	205,000 units	205,000 units
CR Shimizu no Jirocho Light ver.	Bisty Co., Ltd.	August 2010	–	–
CR Evangelion—Evangelical of the beginnings—Light ver.	Bisty Co., Ltd.	November 2010	–	–
CR Kung Fu Panda	Bisty Co., Ltd.	February 2011	11,000 units	11,000 units

* Number of units sold not disclosed for titles with cumulative sales of under 10,000 units.

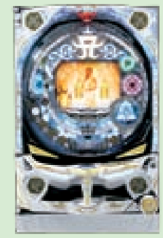
Policies Going Forward

In the pachinko/pachislot business we are engaged in basic research that will help to strengthen our planning and development capabilities. The ultimate goal of these efforts is to create products using content that can be enjoyed by as many people as possible. In our research we seek to tap the deeper levels of the Japanese psyche as the well-spring of popular culture, and we are focusing in particular on "Heroes," which have an extremely powerful affinity to pachinko/pachislot. We see this research as an essential part of creating high-value-added products. In this way we are conducting high-quality planning that compares favorably with other forms of entertainment.

As part of our efforts toward development of image software, we made Digital Frontier Inc. a consolidated subsidiary in April 2010, followed by MICROCABIN CORP. in January 2011. Digital Frontier Inc. is one of Japan's major computer graphics production companies, and MICROCABIN CORP. has core strengths in developing image software for the LCDs used in pachinko/pachislot machines. In making these operations a part of the Fields Group, we aim to create pachinko/pachislot machines with a superior level of development and even higher entertainment value.

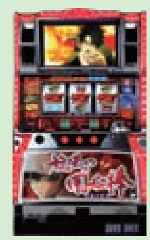
Meanwhile, in our sales strategy, we envisage some impact on pachinko halls from the Great East Japan Earthquake and delays in production and shipping at some pachinko/pachislot machine manufacturers due to lack of components. In light of these factors we will carefully examine the best timing for launching new products, and take a flexible approach.

For our product lineup in the fiscal year ending March 31, 2012, we have worked with affiliated manufacturers since immediately after the earthquake to devise ways to secure components and meet other challenges. As a result, we are able to launch several new products within the fiscal year. Two popular machines that we have launched already, the pachinko machine *CR The story of ayumi hamasaki—introduction* and the pachislot machine, *Kaze no Youjinbou—Memory of Butterflies*, have been well received by the market. We will continue our efforts to increase their share of unit sales.



◀ Bisty

CR The story of ayumi hamasaki—introduction



◀ Rodeo

Kaze no Youjinbou—Memory of Butterflies

Pachinko/pachislot Business Initiatives

▶ The lead time for taking a gaming machine from contents survey, research and acquisition to delivery is typically 2 to 3 years.

■ Fields ■ Affiliated manufacturer/pachinko halls

Content survey, research, and acquisition period

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

Product planning period

▶ Product planning period
Detailed product planning covering the overall concept of a machine and the storyline, as well as LCD presentation images and case design.

Development period

▶ Development period
Cooperate with partner manufacturer to develop LCD images and operation program, etc.

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

Application/testing period

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

Sales/order-taking period

▶ 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.

Manufacturing/distribution period

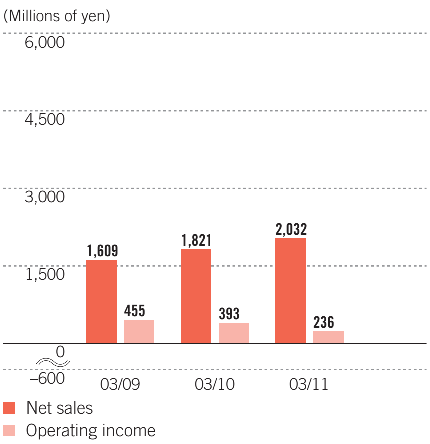
▶ Shipment period
The newly-made machines are delivered to the pachinko/pachislot halls by sales personnel. Then, after inspection by the police, the new machines are ready to provide enjoyment for everyone.

Shipment period

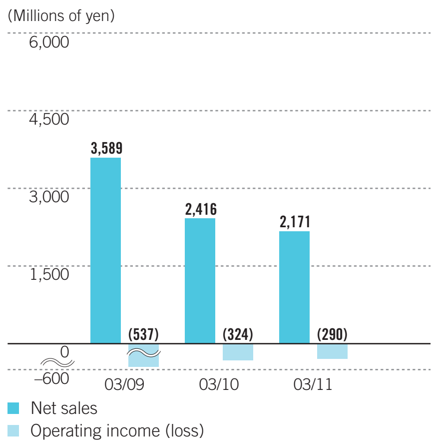
GROUP BUSINESS

In the Group Business we have positioned multi-purpose use of IP at the core of our strategy for building our competitive strength as a corporation. Accordingly, we promote a diverse content business, harnessing synergies from multiple use of content across a wide range of entertainment fields.

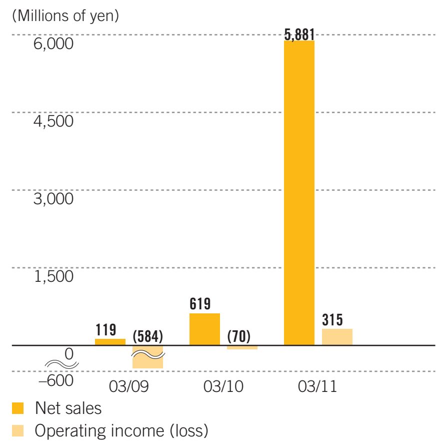
Mobile Field



Sports Entertainment Field



Other Field



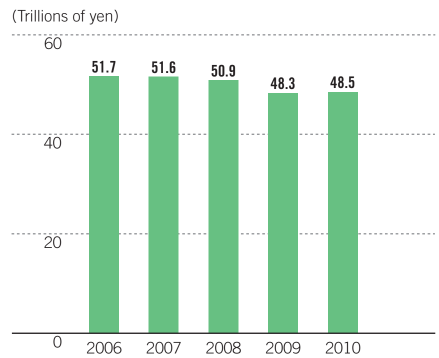
Market Trends and Outlook

Within the entertainment market, markets based on new technologies are thriving. Data from the end of 2010 show that the entertainment market, excluding pachinko/pachislot, had grown 0.4% year on year to ¥48.5 trillion. Within this, the mobile and PC field continues to develop. The mobile field, in particular, has seen the full scale uptake of smartphones, supported by accelerated Internet communication speeds and upgrades to networks providing Internet access. Moreover, in the video field, the ratio of cinemas in Japan equipped with 3D movie equipment has greatly expanded; while in the game field, major manufacturers have launched video game consoles that use 3D technology. Through these and other developments, the industry is making an all-out effort to win new customers.

These developments in infrastructure have brought major changes to the content market, which Fields has positioned at the core of its strategy for building corporate competitive capability. In 2010, the digital content market grew to account for around half of the overall content market, and we saw demand grow stronger for versatile content suitable for use in various entertainment fields.

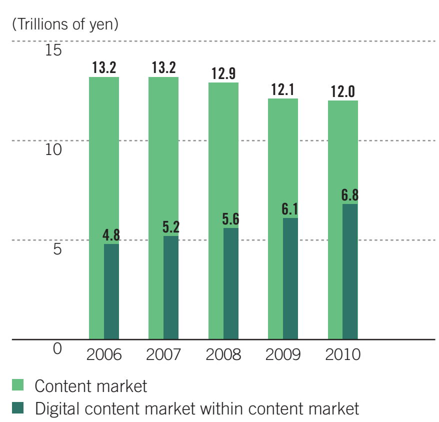
We believe the overall entertainment market will continue to be activated by improved infrastructure using new technology, and premium content that creates new value. Business opportunities in the entertainment market are expected to steadily increase.

Scale of the Entertainment Market
(Excluding pachinko/pachislot)



Source: "2011 White Paper on Leisure," published by Japan Productivity Center

Scale of the Digital Content Market



Source: "Digital Content White Paper 2011," published by Digital Content Association of Japan

Review of Results for the Fiscal Year Ended March 31, 2011

Mobile Field

The Mobile Field recorded net sales of ¥2,032 million, a year-on-year increase of 11.6%, and operating income of ¥236 million, down 39.9%.

In the Mobile Field, Fields tapped into its strength in pachinko/pachislot related content, using it to enhance its online services, including for mobile devices, with the goal of increasing paying members of our mobile content platform "Fields Mobile." In addition, we actively invested in developing new services as a channel for using our content in other fields as well. "Fields Mobile" performed well on synergy with pachinko/pachislot machine sales. Moreover, our new *Sha-Me-Ji* mobile content service which aims to create a new communication culture has grown faster than initially expected. We also stepped up our response to the rapidly growing market for next-generation mobile terminals such as smartphones, including distributing a pachislot machine simulator app. In other moves to promote media crossover between the Pachinko/Pachislot (PS) Field and the Mobile Field we launched the *MOBASLO* service which links to *MOBASLO Evangelion—for your own wish* and *Pspace*, a virtual online pachinko/pachislot hall.

In December 2010, Fields established IP Bros. Incorporated as a joint venture with NHN Japan Corporation, the operator of online game portal site "Hangame." IP Bros. Incorporated is working to build a framework for supplying IP held by the Fields Group and partner companies to diverse platforms.

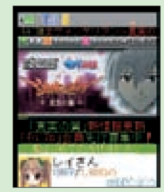
Sports Entertainment Field

The Sports Entertainment Field recorded net sales of ¥2,171 million, a year-on-year decrease of 10.1%, and an operating loss of ¥290 million, compared with an operating loss of ¥324 million in the previous fiscal year.

In this field we continued our efforts to improve the management of our sports related businesses. Japan Sports Marketing Inc. initiated a full scale revision of its athlete management business in light of significant changes in the market environment. In the sports gym business Fields provided professional services for professional athletes, and high-value-added services for health-conscious people under the "Total Workout" brand. We worked to acquire members by appealing to the high quality of our services. We also continued to build programs to dovetail with the leisure needs of the wider public.

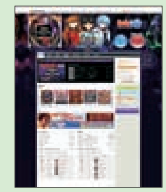
▶ Pachinko/pachislot-related Content

Fields Mobile



©khara
©Bisty

Nanapachi



©GAINAX-khara / Project EVA.
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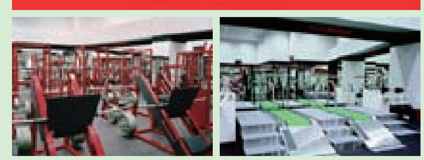
▶ New Entertainment Content

Sha-Me-Ji

Nikokupon

▶ Total Workout



Other Field

The Other Field recorded net sales of ¥5,881 million, a year-on-year increase of 849.7%, and operating income of ¥315 million, compared with an operating loss of ¥70 million in the previous fiscal year.

In this field we have welcomed Tsuburaya Productions Co., Ltd. and Digital Frontier Inc. into the Group. Tsuburaya Productions Co., Ltd. holds the high-quality IP rights to the "Ultraman Series," while Digital Frontier Inc. is one of Japan's leading computer graphics (CG) production companies. We have been working to develop new businesses with these two companies to expand the Group's operations. In other parts of the Other Field, we have teamed up with Shogakukan Creative Inc. to jointly establish a publishing company called HERO'S Inc. Here, preparations are under way for producing a monthly comic magazine, among other activities aimed at creating a strong foundation for development and creation of high-quality IP, which appears to be in decline. Moreover, at Tsuburaya Productions Co., Ltd., we are promoting various initiatives aimed at activating our IP, including new movies and plans for an Ultraman Series 45th Anniversary. For its part, Digital Frontier Inc. has been expanding its business by making use of its high level visual effects (VFX) technologies, in addition to producing CG for video games and pachinko/pachislot machines. For example, Digital Frontier Inc. produced VFX for the movie "GANTZ," which debuted in January 2011. Lucent Pictures Entertainment, Inc. has also been working on a new production, while using its 3D video technologies to further develop links with partners in Japan and overseas.

Policies Going Forward

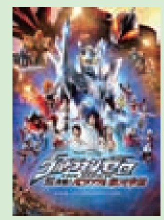
In the Group Business we have positioned multi-purpose use of IP at the core of our strategy for building our competitive strength as a corporation. Accordingly, we promote a diverse content business, harnessing synergies from multiple use of content across a wide range of entertainment fields, including pachinko/pachislot, mobile, video, publishing, animation and sports.

In the areas of online services, including mobile, which is our second vector for growth, we took several measures to increase paid membership in "Fields Mobile." These included developing new services to achieve cross-media usage for the Pachinko/Pachislot (PS) Field and Mobile Field, a stronger response to the next-generation mobile device market, including smartphones, and establishing joint ventures to plan and produce digital content using diverse IP. Looking ahead, we will continue to strengthen these activities to achieve steady results, and to develop new business pillars to add to pachinko/pachislot in the future.

Moreover, we will capture new business opportunities in other entertainment fields, including video, publishing, and animation, by utilizing content that suits the characteristics of each media type. In this way, we will continue to drive the overall growth of the Group.

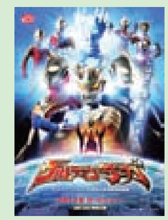
▶ Tsuburaya Productions Co., Ltd. (Movie Launches and Scheduled Launches)

Ultraman Zero: The Revenge of Belial



© 2010 UZ-ROB Film Partners

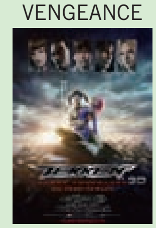
Ultraman Saga 2D and 3D released simultaneously (Scheduled for launch in 2012)



© 2011 Ultraman Saga Production Committee

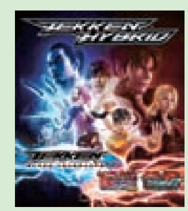
▶ Digital Frontier Inc. (3DCG, Movie and Game Movie Production Features)

TEKKEN BLOOD VENGEANCE



©NAMCO BANDAI Games Inc.

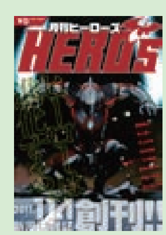
TEKKEN HYBRID



©NAMCO BANDAI Games Inc.

▶ HERO'S Inc. (Comic Magazine)

HERO'S Monthly
(Scheduled for launch in November 2011)



©HERO'S

▶ Lucent Pictures Entertainment, Inc. (New Animation Production)

BERSERK
(Scheduled for release in January 2012)

©Kentaro Miura (Studio Waga) and Hakusensha/BERSERK FILM PARTNERS

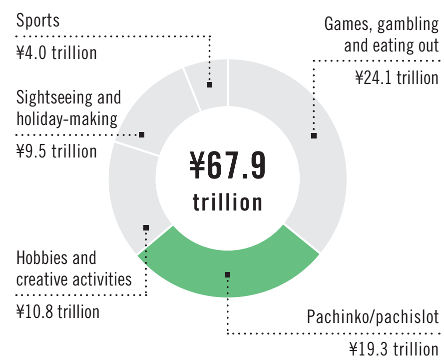
MARKET DATA

Within the entertainment market, markets based on new technologies are thriving. In the fields of hobbies and creativity in particular, the movie market with its newly adopted 3D technology recorded its highest ever box office earnings, while the spread of new mobile devices such as smart-phones has created a new mode for enjoying conventional entertainment.

Meanwhile, pachinko/pachislot remains one of Japan's most popular forms of entertainment. The market accounts for approximately 28.5% of the country's entire entertainment market. Around 13% of Japan's population play pachinko or pachislot.

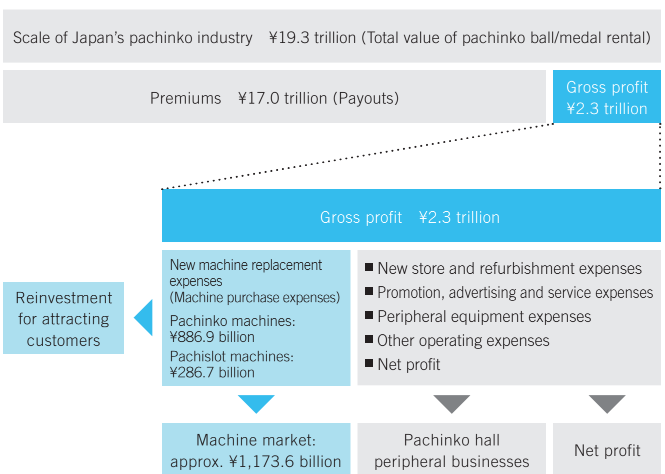
Data in this section covers not only the entire entertainment market in Japan, but also includes specific market data for pachinko/pachislot which occupies a central portion of this market.

Scale of Japan's Entertainment Market

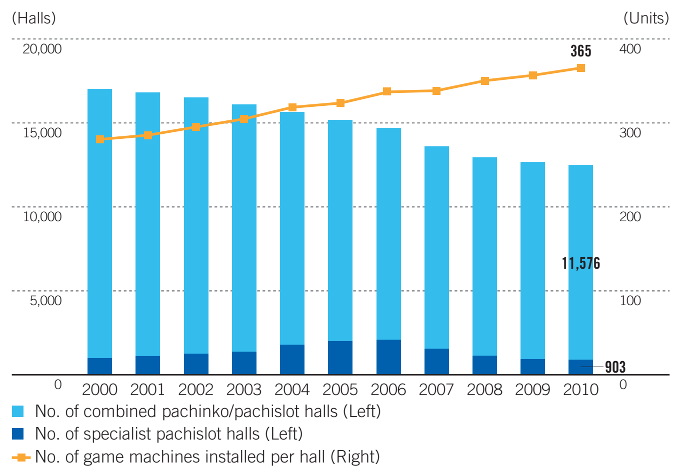


Pachinko/Pachislot Market Data

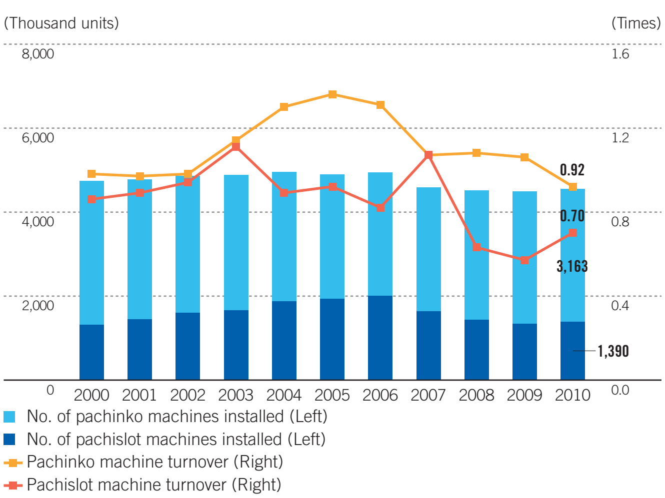
Pachinko Hall Profit Structure



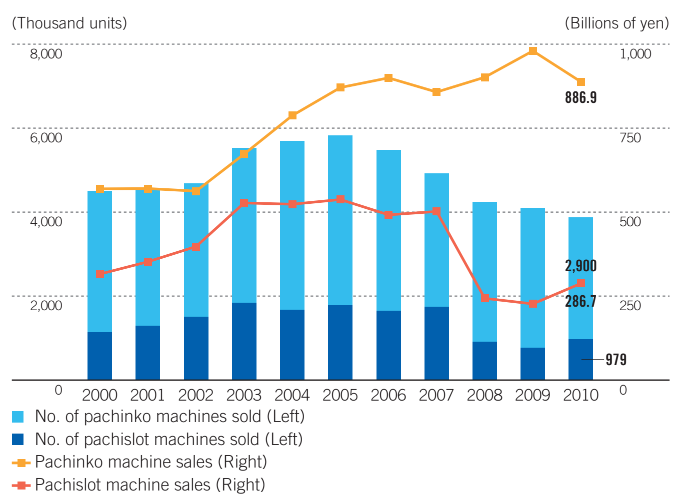
Number of Pachinko Halls and Machines Installed Per Hall



Number of Machines Installed and Annual Turnover



Scale of the Machine Sales Market



Source: "2010 White Paper on Leisure," published by Japan Productivity Center; "2010 Trend and Market Share of Pachinko Related Manufacturers" published by Yano Research Institute Ltd.; National Police Agency statistics; some Company estimates

FULFILLING OUR RESPONSIBILITY TO SOCIETY

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Interview with the CSR Committee Chair

Hideo Ito

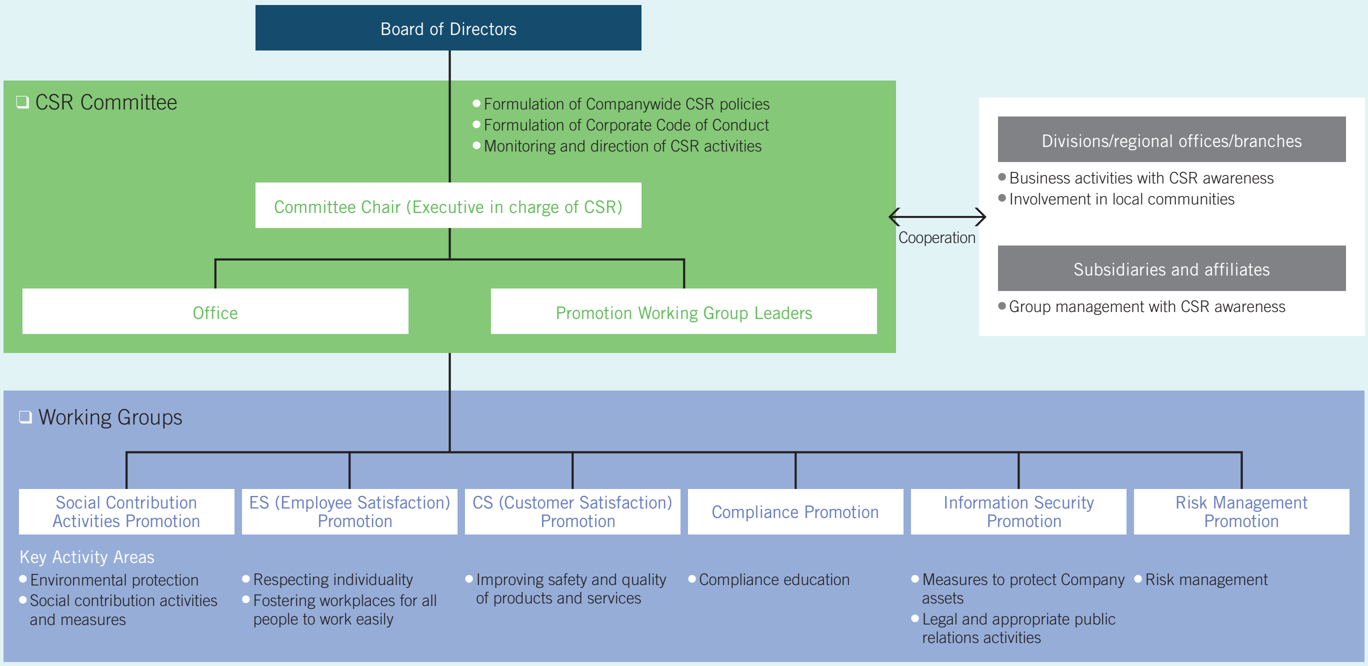
Director; Division Manager, Corporate Division

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 May 2008, we formed the CSR Committee, which has worked first and foremost to establish our Corporate Code of Conduct and promote CSR awareness-raising activities. The committee also oversees six working groups responsible for promoting various areas, such as activities supporting social contributions, compliance training, and information security enhancement. Consequently, there is a sense that our CSR approach is continuing to gain real traction among employees.

Our branches and offices in northeastern Japan (Tohoku) were damaged in the Great East Japan Earthquake. However, thanks to a verification system for confirming the whereabouts of our staff instituted last year as part of risk management measures, we were able to confirm the safety of all employees and their families on the day of the disaster. This proved extremely helpful, and allowed decision-making by the Disaster Countermeasures Division established in the immediate aftermath of the disaster to go smoothly. In terms of support for restoration efforts, the entire Group has come together to embody its hopes for the future in the Ultraman Foundation. This organization will provide ongoing assistance, both physical and mental, not only to employees and their families affected by the disaster, but to the children who will build a new future for the affected region. Furthermore, in response to a request by Japan’s Ministry of Economy, Trade and Industry to conserve power during the summer of 2011, we resolved to reduce our total electricity consumption in-house by over 25% from the previous year. In addition to adjusting air conditioning and lighting usage to this end, we opted to utilize iPads, for example, to curb electricity use in our daily operations, as part of a model of energy-saving measures that society at large will hopefully emulate. We also supplied employees with official shirts designated by Fields that meet the specifications of the national-level “Cool Biz” energy-reduction program for businesses. As these actions suggest, there is a clear impression that efforts taken on our own initiative to conserve energy are functioning well.

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.

Activity Policies

Social Contribution Activities Promotion

With the goal of coexisting in harmony with the global environment and building excellent relationships with stakeholders connected with Fields' business, Fields will implement strategies to protect the environment and contribute to society.

ES (Employee Satisfaction) Promotion

Fields believes that it is vital to foster a corporate culture, environment and values that allow employees to feel happy, in order to bring happiness to customers and trading partners. To this end we insist on respect for the individuality of employees and take steps to create a working environment where employees can feel secure and relaxed as they work.

CS (Customer Satisfaction) Promotion

Fields aims to delight customers and trading partners and to earn their trust and faith. We will achieve this through measures to improve the safety and quality of the products and services we provide.

Compliance Promotion

Compliance is an important aspect of earning the trust and faith of all stakeholders connected with Fields' business. We must ensure that all our business activities are carried out appropriately and legally. We will carry out measures to foster not only adherence to laws and regulations among our employees, but also a strong sense of ethics and morals.

Information Security Promotion

Part of earning the trust and faith of our stakeholders connected with Fields' business involves acquiring, maintaining, managing and utilizing Fields' company information and intellectual property (IP) in a way that is both legal and appropriate. We have set rules around these important tangible and intangible Company assets, and are taking steps to ensure they are known and followed throughout the Company.

Risk Management Promotion

Fields prioritizes safety in its business activities. To ensure the safety of employees and other persons connected with Fields, we have developed preventative measures and countermeasures against the occurrence of not only accidents and disasters, but all risks relating to our business in general. We have also built a framework for avoiding and reducing risks, and minimizing the impact if they should materialize.

EXAMPLES OF ACTIVITIES FROM APRIL 2010 THROUGH AUGUST 2011

● Active Participation in Cleanup Programs and Other Local Environmental Activities

Environmental and Social Contribution Activities

In promoting its environmental activities, Fields recruits volunteers in-house to take part in cleanup programs wherever it has operations. In 2010, employees and members of their families took part in the “Cleanup Campaign at Kugenuma Beach” on September 11. This event was sponsored by an NGO tackling the global problem of trash in the world’s oceans. The volunteers collected and sorted trash found drifting ashore as part of the cleanup. On October 5, Fields joined forces with the local government, residents and businesses of Shibuya Ward, Tokyo, where its own head office is located, to participate in the Shibuya town cleanup regulation enlightening campaign on October 5. Employees took part cleaning the area around Shibuya Station and promoting awareness of rules regarding smoking and non-smoking areas.

On April 28, 2011, Fields took part in another event in Shibuya, this time a cleanup day involving the entire ward. Volunteers cleaned up around Shibuya Station and other key areas.

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

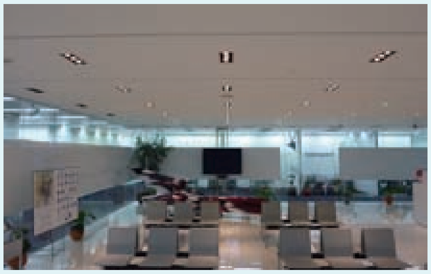
Scene from the Kugenuma Beach (Kanagawa Prefecture) Cleanup Campaign

● Companywide Cooperation in Energy Conservation to Cope with Possible Summer 2011 Power Shortages

Environmental and Social Contribution Activities

Electricity supply shortages are projected for Japan in summer 2011 due to effects stemming from the Great East Japan Earthquake. As part of cooperation in conserving energy to deal with this problem, companies have been asked to reduce their power consumption by 15% year on year by the Japanese government. In response, Fields aims to cut total power consumption together with all branches and regional offices by more than 25%.

Specifically, we are moving Companywide to reduce power consumption related to air conditioning, lighting and office equipment. Particularly where computers are concerned, we have slashed power usage by 45% by putting PCs in sleep mode when not in use. Fields has also distributed iPads to employees to use in the course of regular operations. Because these devices consume just 1/20th of the power that PCs do, we have put an in-house system in place to widely utilize them in operations. As a more distinctive measure, Fields has also supplied employees with officially designated shirts to wear as part of their uniform during the summer months, in conjunction with promoting the “Super Cool Biz” ultra-energy-saving program for businesses.



Switchover to LED lighting at the head office

Specific Initiatives to Save Energy

1. Air conditioning-related	• Shorten hours of operation (9 a.m.–6 p.m., operation stopped after 6 p.m.)
	• Fixed temperature settings (enforced 28°C setting)
	• Air conditioning stopped in part of server room
2. Facility-related	• Restricted the use of branch and regional office showrooms (Used for private showings only)
	• Power conservation in lighting (partial removal of lighting, turned off neon, switched to LED lighting)
	• Improved thermal shielding for buildings (attached window films, installed blinds)
3. Office equipment-related	• Adopted sleep mode for PCs when not in use
	• Used iPads to reduce computer usage
	• Adopted energy-saving office equipment
	• Reduced power consumption from PCs, office equipment and AV equipment on standby (turned power off outside of approved usage times, disconnected from power outlets)
	• Shortened operating times for certain servers
4. Cool Biz response	• Introduced “Cool Biz” measures ahead of schedule and extended effective period (May 10, 2011 to October 31, 2011)
	• Supplied Company-designated official shirts (from July)
5. Awareness-raising for employees	• Distributed information on practical energy-saving tips for the home and ordinary social life

Initiatives for Stronger Management of Information Assets

Information Security

In August 2007, Fields acquired internationally recognized ISO/IEC 27001:2005 certification and JIS Q 27001: 2006 certification for its information security management system. Following subsequent screenings to maintain this status, both certifications were renewed in July 2011.

In light of growing interest in the management of information assets accompanying the rapid advance of information technology in recent years, the Company pursued these certifications as a means to continuously strengthen its information security measures, viewing this task as a social responsibility. Certification by an objective third party and continuous renewal are strong acknowledgments that the security measures promoted by the Company are of an internationally recognized level.

The Company's information assets are stored as backup data in line with its business continuity plan (BCP). Going forward, we will apply the lessons learned from the Great East Japan Earthquake and formulate an even stronger BCP capable of withstanding the damage scenarios postulated for a major disaster in the Tokyo area, where Fields' head office functions are located.

ISO 27001: 2005 certificate

Other Initiatives

- Co-sponsorship of charity golf tournament
- Participation in regular cleanup activities in Shibuya Ward, Tokyo (The union beautification day at Shibuya Station)
- Installation of AED (automatic external defibrillator) units
- Promotion of "Warm Biz" energy-saving program
- Renewal of ISO 9001:2008, the latest standard in certification for quality management
- Establishment of the Okinawa Working Center to promote employment for people with disabilities

Support for charities after the Great East Japan Earthquake
Scene from the venue of "THE LEGEND CHARITY PRO-AM TOURNAMENT"

Establishment and Enactment of the Ultraman Foundation

Group CSR

Tsuburaya Productions Co., Ltd. and all 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 Great East Japan Earthquake, in particular the children that embody our hopes for the future.

On April 10, 2011, live "Ultra Hero" shows were held in Ishinomaki, Minamisanriku and Kesennuma in Miyagi Prefecture to provide relief supplies and bring smiles to the children in this devastated region. The scope of this activity was later widened to include the prefectures of Chiba, Fukushima and Iwate.

Beyond donations alone, the Ultraman Foundation is committed to providing continued support for the physical and psychological wellbeing of the survivors of the March 2011 earthquake and tsunami.

Main Activities Conducted (2011)

April 10:	Relief visit to Ishinomaki, Minamisanriku and Kesennuma in Miyagi Prefecture
May 19:	Monetary donation of ¥30 million to Miyagi Prefecture
May 29:	Relief visit to Asahi City, Chiba Prefecture
July 9:	Monetary donation of ¥20 million to Fukushima Prefecture; visit to Sukagawa City, Fukushima Prefecture
July 10:	Relief visit to Big Palette Fukushima arena in Koriyama City, Fukushima Prefecture
August 5:	Relief visit to Ishinomaki City, Miyagi Prefecture
September 16:	Monetary donation of ¥20 million and donation of two microbuses to Iwate Prefecture
September 17:	Relief visit to Miyagi City and the town of Otsuchi in Iwate Prefecture

▶ An example of the relief activities of the Ultraman Foundation is published on the cover.

http://www.ultraman-kikin.jp/

Scene from Ultra Hero show
(Ishinomaki City, Miyagi Prefecture)

Scene from relief activities in the disaster zone
(Minamisanriku Town, Miyagi Prefecture)

CORPORATE GOVERNANCE

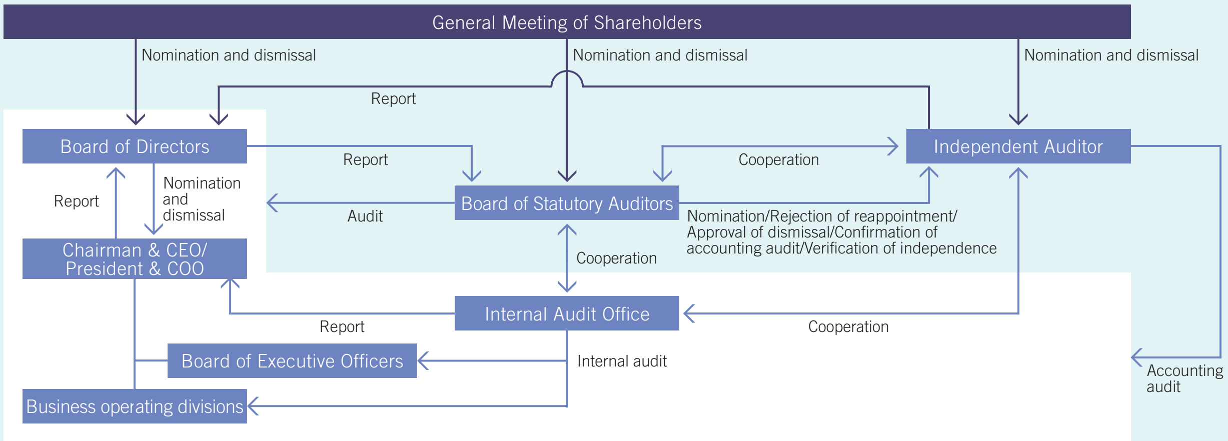
Basic Approach to Corporate Governance

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 Statutory 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 Statutory 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, 2011	20
Number of statutory auditors (outside auditors)	4 (4)
Board of Statutory Auditors' meetings in fiscal year ended March 31, 2011	17
Board of Directors' meetings attended by outside auditors in fiscal year ended March 31, 2011	Shigeru Matsushita: 19; Tadao Koike: 19; Yoshika Furuta: 19; Koichiro Nakamoto: 19
Attendance at Board of Statutory Auditors' meetings in fiscal year ended March 31, 2011	Shigeru Matsushita: 17; Tadao Koike: 17; Yoshika Furuta: 17; Koichiro Nakamoto: 16
Independent auditor	BDO Sanyu & Co.
Internal audit division	Internal Audit Office

• Oversight and Execution of Management

The Board of Directors comprises 10 directors (including 1 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.

• Statutory Auditors, Board of Statutory Auditors and Internal Audits

Fields has a Board of Statutory Auditors comprising 4 statutory auditors, all of whom are outside auditors. The statutory 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 4 members, including a General Manager. These 4 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 Statutory Auditors, and the Company makes opportunities for statutory auditors to talk with directors and key personnel on an individual basis. In addition, the Board of Statutory 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 Statutory 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 statutory 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)
Shigeru Matsushita	Standing auditor Shigeru Matsushita is an economist who has worked for major financial institutions and finance-related research organizations. 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.
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 for long 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 Members of the Board

Three of the outside auditors, Shigeru Matsushita, Tadao Koike and Yoshika Furuta, have been designated as independent members of the board. They satisfy the criterion of independence, and were selected as independent members of the board 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 statutory auditors was set at within ¥50 million.

The amount of compensation paid to directors in the fiscal year ended March 31, 2011 was ¥672 million (of which ¥15 million was paid to the outside director), while the total amount of compensation paid to statutory auditors was ¥18 million. The numbers of persons receiving payment were 10 directors and 4 statutory auditors.

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

At the 23rd Annual General Meeting of Shareholders held on June 22, 2011, shareholders voted on and approved resolutions as proposed for the disposition of surplus (¥2,500 per share, ¥830 million in total) and the appointment of 10 members of the Board of Directors. 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 Statutory 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 Statutory Auditors.

In managing legal risk, Fields has all contracts centrally managed by the Legal Division 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 45.

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.

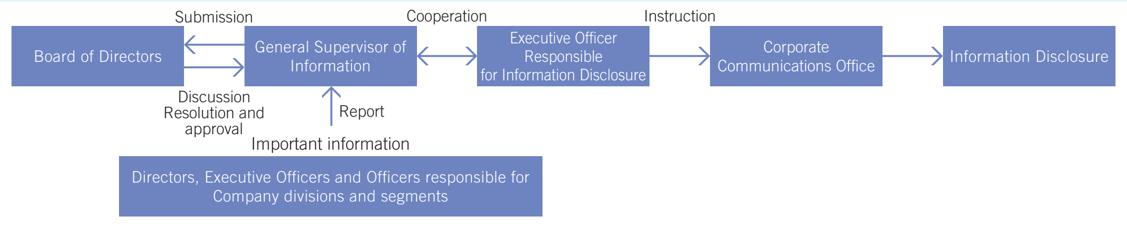
Specifically, we have formulated an IR policy and made this public. We also disclose information on an IR section of our website dedicated to investor information, and publish an annual report and shareholders' newsletter. Other IR activities include Company information presentations given by the President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

Directors, Corporate Auditors and Executive Officers (As of June 22, 2011)

Chairman & CEO	Hidetoshi Yamamoto
President & COO	Takashi Oya
Senior Managing Director; Responsible for Group Business and Division Manager, Business Division	Tetsuya Shigematsu
Senior Managing Director; Responsible for Pachinko/Pachislot Business	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; Division Manager, Sales Division	Akira Fujii
Director; General Manager, Office of the Chairman	Toru Suenaga
Outside Director	Shigesato Itoi
Standing Auditor	Shigeru Matsushita
Auditor	Tadao Koike
Auditor	Yoshika Furuta
Auditor	Koichiro Nakamoto
Executive Officer; Deputy Senior General Manager, Planning and Administration Division and General Manager, Finance and Budget Department, Planning and Administration Division	Kenichi Ozawa
Executive Officer; General Manager, Corporate Communications Office	Hideaki Hatanaka
Executive Officer; Division Manager, Development Division	Teruo Fujishima
Executive Officer; General Manager, Sales Strategy Department, Sales Division; and Hokkaido-Tohoku Regional Manager, Sales Division	Hideo Wakazono
Executive Officer; General Manager, Group Business Development Department, Business Division and Executive Producer	Yosuke Ozawa
Executive Officer; Deputy Senior General Manager, Contents Division and General Manager, Planning and Promotion Department, Contents Division	Yusuke Kurokawa
Executive Officer; Deputy Senior General Manager, Contents Division and General Manager, Research and Development Department, Contents Division	Tadamasa Oshio
Executive Officer; Executive Producer, Business Division and General Manager, Consumer Business Department, Business Division (Japan Sports Marketing Inc. Representative Director/President)	Nobuyuki Kikuchi
Executive Officer; Executive Producer, Business Division (Digital Frontier Inc. Representative Director/President)	Hidenori Ueki
Executive Officer; Executive Producer, Business Division (Lucent Pictures Entertainment, Inc. Representative Corporate Executive)	Eiichi Kamagata
Executive Officer; Executive Producer, Business Division (FutureScope Corporation Representative Director/President)	Masao Tominaga

FINANCIAL SECTION 37

MANAGEMENT'S ANALYSIS OF FINANCIAL POSITION AND BUSINESS RESULTS 38
CONSOLIDATED BALANCE SHEETS 46
CONSOLIDATED STATEMENTS OF INCOME 48
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 49
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS 50
CONSOLIDATED STATEMENTS OF CASH FLOWS 51
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 52
INDEPENDENT AUDITORS' REPORT 65

CORPORATE DATA 66

CORPORATE PROFILE 66
STOCK INFORMATION 68
IR INFORMATION 69

MANAGEMENT'S ANALYSIS OF FINANCIAL POSITION AND BUSINESS RESULTS

Consolidated Financial Highlights

	Year Ended March 31, 2004	Year Ended March 31, 2005	Year Ended March 31, 2006	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**
Results of Operations (millions of yen):								
Net sales	¥66,211	¥81,658	¥ 96,814	¥ 85,321	¥101,818	¥ 73,035	¥ 66,342	**¥103,593**
Gross profit	21,578	24,752	29,737	29,248	34,544	24,024	26,889	**35,129**
Gross profit margin (%)	32.6	30.3	30.7	34.3	33.9	32.9	40.5	**33.9**
Operating income	11,866	12,097	12,348	8,944	13,158	1,960	8,124	**13,136**
Operating margin (%)	17.9	14.8	12.8	10.5	12.9	2.7	12.2	**12.7**
Net income (loss)	6,620	6,926	7,085	3,710	5,296	(1,481)	3,289	**7,520**
Net margin (%)	10.0	8.5	7.3	4.3	5.2	—	5.0	**7.3**
Financial Position (millions of yen):								
Total assets	37,115	72,584	87,556	66,081	69,168	52,064	81,329	**78,971**
Net assets	14,507	33,426	39,411	42,836	46,331	39,496	41,187	**47,021**
Shareholders' equity	14,507	33,426	39,411	41,115	44,485	39,463	41,064	**46,779**
Cash Flows (millions of yen):								
Cash flows from operating activities	851	2,965	6,164	5,293	11,127	4,147	8,429	**8,005**
Cash flows from investing activities	(3,190)	(5,257)	(2,224)	(4,772)	(14,604)	(6,182)	(1,011)	**(4,356)**
Cash flows from financing activities	2,029	10,177	(1,540)	1,488	(1,384)	602	(2,687)	**(3,915)**
Per-share Data (yen):								
Earnings (loss) per share	¥40,465	¥19,888	¥ 20,118	¥ 10,692	¥ 15,263	¥ (4,271)	¥ 9,796	**¥ 22,643**
Net assets per share	89,305	96,026	113,275	118,487	128,201	117,326	123,645	**140,853**
Dividends per share	24,000	4,000	4,000	4,000	4,500	4,500	4,500	**5,000**
Key Financial Indicators (%):								
Return (loss) on equity (ROE)	56.9	28.9	19.5	9.2	12.4	(3.5)	8.2	**17.1**
Return on assets (ROA)	45.0	22.8	16.4	12.0	17.3	1.6	11.6	**17.1**
Shareholders' equity ratio	39.1	46.0	45.0	62.2	64.3	75.8	50.5	**59.2**
Payout ratio*	20.1	20.7	20.3	37.4	29.5	—	45.9	**22.1**

* Payout ratios for the years ended March 31, 2004 to March 31, 2006 are non-consolidated.

Overview

Business Environment

In the year ended March 31, 2011 (April 1, 2010–March 31, 2011), the Japanese economy initially moved toward a modest recovery, supported by firm exports and consumer spending. Life for many in Japan, however, was disrupted by the Great East Japan Earthquake that struck on March 11, 2011. Corporate supply structures were also severely impacted, resulting in the risk of downward pressure on the economy.

In the entertainment market, while signs of market revitalization from the utilization of new technologies emerged, the temporary downturn in consumer sentiment due to the disaster and the somber mood that prevailed as a result became causes for concern.

On the other hand, the pachinko/pachislot market, home to the Company's core business operations, is beginning to regain its vigor overall, as seen in growth in the number of machines installed in the market for the first time in four years.

(For details regarding the business environment, refer to "Market Trends and Outlook" on page 21 and page 24.)

General Overview

In striving to realize its corporate philosophy—"The Greatest Leisure for All People"—the Company has positioned multi-purpose use of intellectual property (IP) at the core of its strategy for building competitive strength as a corporation. Accordingly, we promote a diverse content business, harnessing synergies from multiple use of content across a wide range of entertainment fields, including pachinko/pachislot, mobile, video, publishing, animation and sports.

In the fiscal year ended March 31, 2011, the Company posted substantial sales and profit growth, as favorable growth in pachislot machine sales in the Pachinko/pachislot Business resulted in record machine sales. In the Group Business, earnings improved with the consolidation of Tsuburaya Productions Co., Ltd. and Digital Frontier Inc. in April 2010, contributing to better business performance.

In line with the medium-term management plan, the Company also continued to make steady progress in building a base for sustained growth through constant checks that take into account changes in the external environment.

(For a detailed overview, refer to "Management Interview" on page 7.)

Business Results

Net Sales

Consolidated net sales in the year ended March 31, 2011 amounted to ¥103,593 million, up 56.2% year on year. This mainly reflected increased pachislot machine sales volume.

Gross Profit

Gross profit was ¥35,129 million, 30.6% higher year on year, largely as a result of strong pachinko/pachislot machine sales.

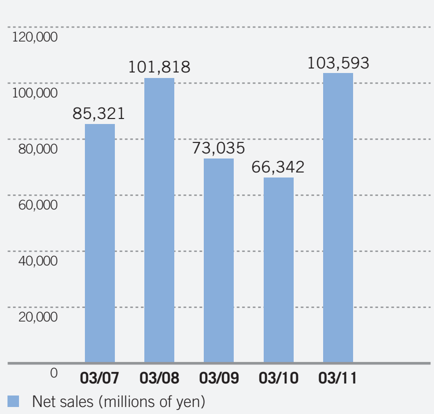
Selling, General and Administrative Expenses

Selling, general and administrative (SG&A) expenses for the fiscal year ended March 31, 2011 came to ¥21,993 million, up 17.2% year on year. This increase was due to higher promotion and advertising expenses associated with machine sales and an increase in expenses from the consolidation of Tsuburaya Productions Co., Ltd., Digital Frontier Inc. and MICROCABIN CORP.

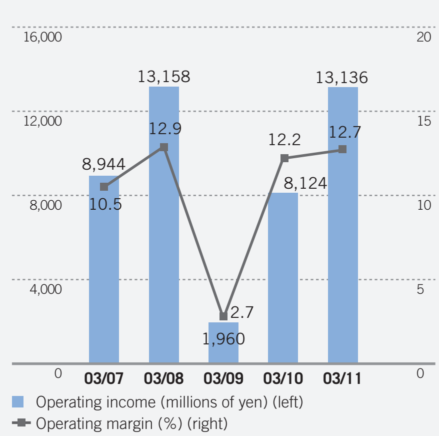
Operating Income

Operating income was ¥13,136 million, a year-on-year increase of 61.7%, and reflected the consolidation of Tsuburaya Productions Co., Ltd. and Digital Frontier Inc., in addition to robust sales of pachinko/pachislot machines.

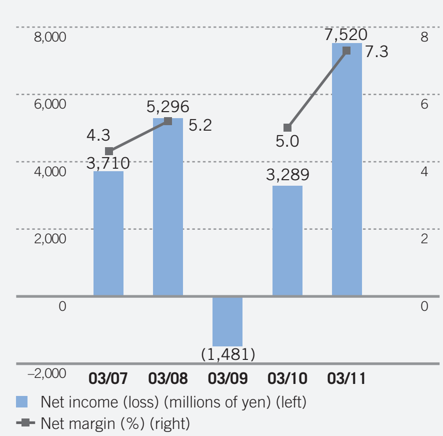
Net Sales



Operating Income/Operating Margin



Net Income (Loss) and Net Margin



• Segment Overview by Operating Segment

Pachinko/Pachislot (PS) Field Segment

The Company is working to improve on its share of machines sold with the launch of machines created with even greater attention to rich game and entertainment value, accurately responding to changes in the pachinko/pachislot market.

In the sale of pachislot machines during the fiscal year under review, the strong reception received by machines *Onimusha: Dawn of Dreams* and *Neon Genesis Evangelion—Die Spur der SEELE* resulted in strong growth in additional orders. A total of six machines were released including *Ore no Sora—Spirit of Young Justice*, part of a series to commemorate Rodeo's 10th anniversary, and *MOBASLO Evangelion—for your own wish* (still on sale), equipped with a "MOBASLO" gaming function that offers new gaming services. The Company sold a total of 217,659 pachislot machines, an increase of 98,513 from the previous fiscal year. From this result, the Company's share of the number of pachislot machines sold was 24.5%, giving it the top share of the industry for the second consecutive year (based on research by Fields).

Although the delivery date for *MOBASLO Evangelion—for your own wish*, released in late March 2011, was pushed back to the next fiscal year at the request of certain customers due to the impact of the Great East Japan Earthquake, sales remained robust through the third quarter of the year, resulting in only a limited impact on full-year business performance.

In the sale of pachinko machines, the Company launched four machines, including *CR Evangelion—Evangelical of the beginnings*, which became a major hit. In total, 262,614 units were sold, 68,120 fewer than in the previous fiscal year. The Company's share of the number of pachinko machines sold was 9.1%, roughly on par with the previous-year figure (based on research by Fields).

In terms of initiatives in the field of video software development, in January 2011 the Company consolidated MICROCABIN CORP., a specialist in the development of graphics software for pachinko/pachislot machine LCDs, after acquiring 85% of its shares from AQ INTERACTIVE INC.

Consequently, the Pachinko/Pachislot (PS) Field recorded net sales of ¥94,115 million, a year-on-year increase of 50.9%, and operating income of ¥12,866 million, up 58.2%.

Mobile Field Segment

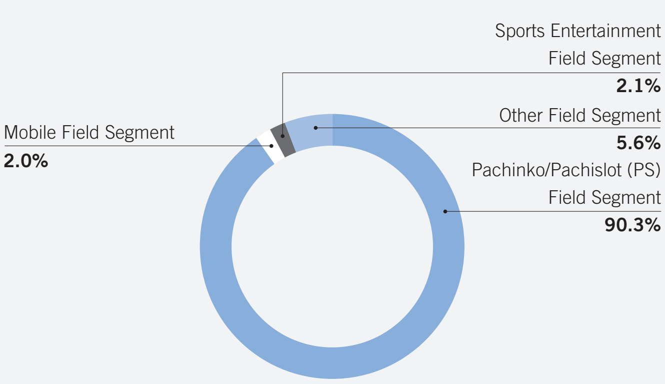
In the Mobile Field, the Company sought during the fiscal year ended March 31, 2011 to expand the number of paying service members, tapping into its strength in pachinko/pachislot-related content to expand and enhance online services. Aggressive investment was also made in the development of new services leveraging content owned in other fields.

Mobile content specialist "Fields Mobile" performed well on synergies with pachinko/pachislot machine sales. Moreover, the new *Sha-Me-Ji* mobile content service, which aims to create a new communication culture, has grown faster than initially expected. The Company also stepped up its response to the rapidly growing market for next-generation mobile devices such as smartphones, including distributing a pachislot machine simulator app. In other moves to promote media crossover between the Pachinko/Pachislot (PS) Field and the Mobile Field, the Company launched MOBASLO, a service which links to *MOBASLO Evangelion—for your own wish* and *Pspace*, a virtual online pachinko hall.

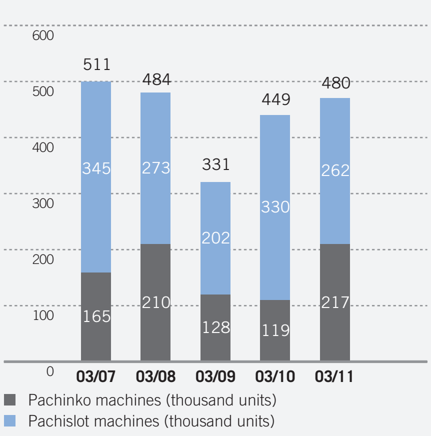
In December 2010, Fields established IP Bros. Incorporated as a joint venture with NHN Japan Corporation, the operator of online game portal site "Hangame." IP Bros. Incorporated is working to build a framework for supplying IP held by the Fields Group and partner companies to diverse platforms.

As a result, the Mobile Field recorded net sales of ¥2,032 million, a year-on-year increase of 11.6%, and operating income of ¥236 million, down 39.9%.

Proportion of Sales by Segment



Number of Pachinko/pachislot Machines Sold



Sports Entertainment Field Segment

As in the previous year, the Company strove to improve the management of its sports-related businesses in the Sports Entertainment Field during the fiscal year under review.

Japan Sports Marketing Inc. initiated a full-scale revision of its athlete management business in light of significant changes in the market environment.

In the sports gym business, Fields provided professional services for professional athletes, and high-value-added services for health-conscious people under the “Total Workout” brand. We worked to acquire members by appealing to the high quality of our services. We also continued to build programs to dovetail with the leisure needs of the wider public.

As a result, the Sports Entertainment Field recorded net sales of ¥2,171 million, a year-on-year decrease of 10.1%, and an operating loss of ¥290 million, compared with an operating loss of ¥324 million in the previous fiscal year.

*On August 23, 2011, the Company decided to dissolve Japan Sports Marketing Inc., the core company of this business, in connection with business reorganization.
(For details, refer to the Company's website.)

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.

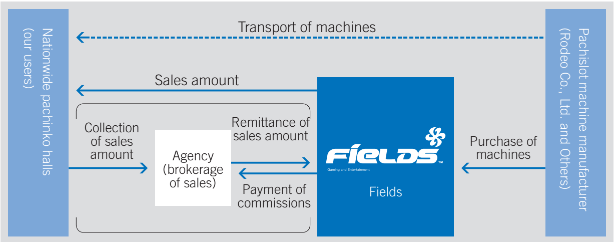
Cost of Sales

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.

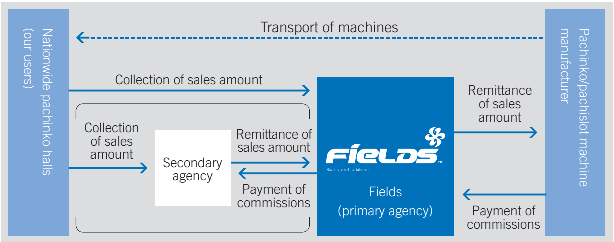
Selling, General and Administrative (SG&A) Expenses

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

In this field, the Company welcomed Tsuburaya Productions Co., Ltd. and Digital Frontier Inc. into the Group during the fiscal year under review. Tsuburaya Productions Co., Ltd. holds the high-quality IP rights to the “Ultraman Series,” while Digital Frontier Inc. is one of Japan’s leading computer graphics (CG) production companies. The Company has been working to develop new businesses with these two companies to expand the Group’s operations. In other parts of the Other Field, we have teamed up with Shogakukan Creative Inc. to jointly establish a publishing company called HERO’S Inc. Here, preparations are under way for producing a monthly comic magazine, among other activities aimed at creating a strong foundation for development and creation of high-quality IP that appear to be in decline. Moreover, at Tsuburaya Productions Co., Ltd., we are promoting various initiatives aimed at activating our IP, including release of new movies and plans for an Ultraman Series 45th Anniversary.

For its part, Digital Frontier Inc. has been expanding its business by making use of its high-level visual effects (VFX) technologies, in addition to producing CG for video games and pachinko/pachislot machines. For example, Digital Frontier Inc. produced VFX for the movie “GANTZ,” which debuted in January 2011.

Lucent Pictures Entertainment, Inc. has also been working on a new production, while using its 3D video technologies to further develop links with partners in Japan and overseas.

As a result, the Other Field recorded net sales of ¥5,881 million, a year-on-year increase of 849.7%, and operating income of ¥315 million, compared with an operating loss of ¥70 million in the previous fiscal year.

Other Income (Expenses) and Net Income

In other income (expenses) for the fiscal year ended March 31, 2011, the Company recorded equity in earnings of affiliates, which outweighed a provision of allowance for doubtful accounts. This resulted in net other income of ¥274 million, compared with net other expenses of ¥906 million in the previous fiscal year.

Income before income taxes and minority interests was ¥13,410 million, up 85.8% from the previous fiscal year. Net income was ¥7,520 million, an increase of 128.6% from 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.

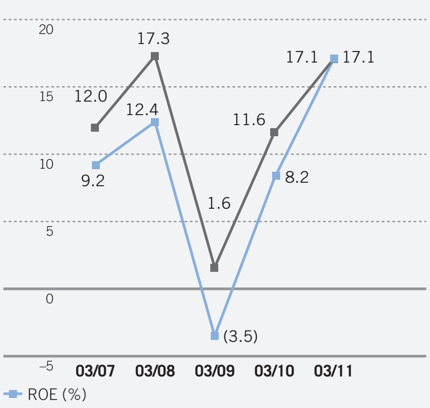
With regard to internal reserves, our policy is to use them effectively in investments intended to strengthen the Company’s financial position and management base and ensure continued business expansion and competitiveness.

The dividend applicable to the fiscal year ended March 31, 2011 was ¥5,000 per share, consisting of an interim dividend of ¥2,500, representing an increase of ¥500 year on year, and a year-end dividend of ¥2,500. The consolidated payout ratio was 22.1%.

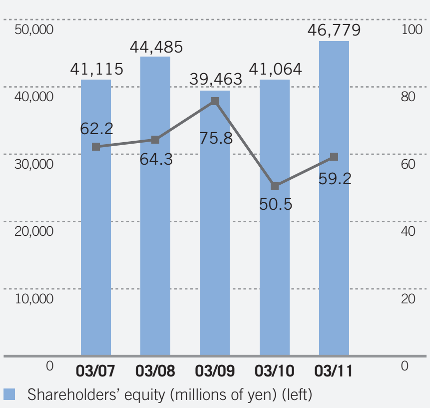
Dividend per Share

(Yen)	03/10	03/11
Interim dividend	2,000	**2,500**
Year-end dividend	2,500	**2,500**
Annual dividend	4,500	**5,000**
Payout ratio	45.9%	**22.1%**

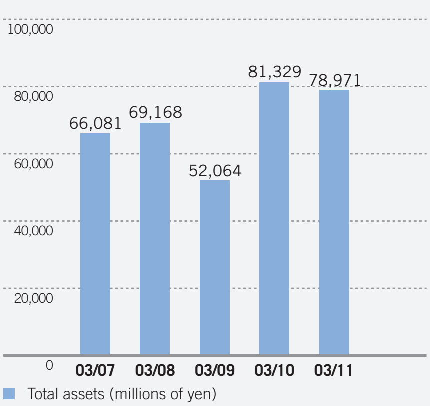
ROE and ROA



Shareholders’ Equity and Shareholders’ Equity Ratio



Total Assets



Financial

Assets

Current assets at March 31, 2011 amounted to ¥51,051 million, down ¥5,643 million from March 31, 2010. This was mainly attributable to a decline in notes and accounts receivable—trade associated with the sale of pachislot machines.

Property and equipment, net amounted to ¥10,089 million, an increase of ¥368 million from March 31, 2010. This primarily reflected assets acquired from the inclusion of Tsuburaya Productions Co., Ltd. and Digital Frontier Inc. within the scope of consolidation.

Total investments and other assets amounted to ¥17,830 million, up ¥2,919 million from March 31, 2010. Growth was mainly attributable to an increase in goodwill accompanying new consolidations and the purchase of investment securities.

As a result of the above, total assets at March 31, 2011 amounted to ¥78,971 million, down ¥2,357 million year on year.

Liabilities and Net Assets

Current liabilities decreased ¥8,258 million year on year, to ¥27,587 million. This primarily reflected decreases in notes and accounts payable—trade associated with sales of machines.

Total long-term liabilities amounted to ¥4,362 million, an increase of ¥66 million from March 31, 2010. This was mainly attributable to an increase in asset retirement obligations accompanying the application of a new accounting standard and the redemption of corporate bonds.

Net assets amounted to ¥47,021 million, up ¥5,834 million from March 31, 2010. This primarily reflected an increase in retained earnings.

As a result of the above, total liabilities and net assets at March 31, 2011 amounted to ¥78,971 million, down ¥2,357 million from March 31, 2010.

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, 2011, the total overdraft limit and the balance of untapped loans amounted to ¥17,015 million.

Cash Flows

The balance of cash and cash equivalents at the end of March 31, 2011 was ¥15,632 million, a decrease of ¥274 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 ¥8,005 million, compared with ¥8,429 million in the previous fiscal year. The principal factors were ¥13,410 million in income before income taxes and minority interests, a decrease of ¥4,907 million in notes and accounts receivable—trade, a decrease of ¥9,155 million in accounts payable—trade, and ¥5,258 million in income taxes paid.

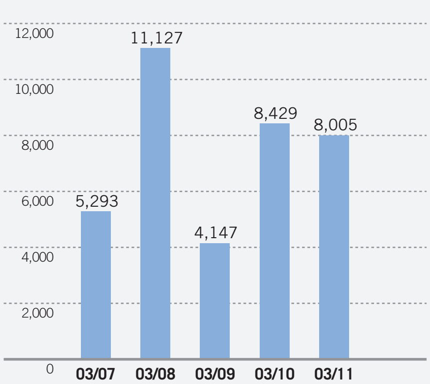
Cash Flows from Investing Activities

Net cash used in investing activities amounted to ¥4,356 million, compared with ¥1,011 million in the previous fiscal year. The principal factors were outflows of ¥2,191 million for payment for purchase of newly consolidated subsidiaries' stocks, purchases of intangible assets totaling ¥1,008 million and purchases of property and equipment totaling ¥482 million.

Cash Flows from Financing Activities

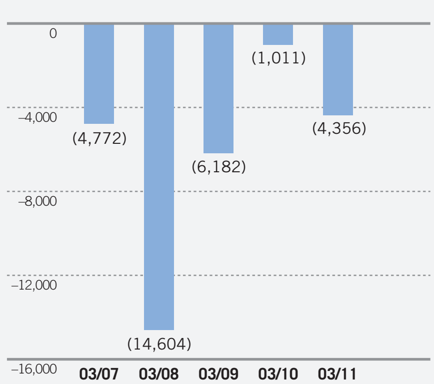
Net cash used in financing activities amounted to ¥3,915 million, compared with ¥2,687 million in the previous fiscal year. The principal factors were cash dividends paid totaling ¥1,657 million, outflows of ¥1,209 million for net decrease in short-term bank loans, and ¥877 million in redemption of corporate bonds.

Cash Flows From Operating Activities



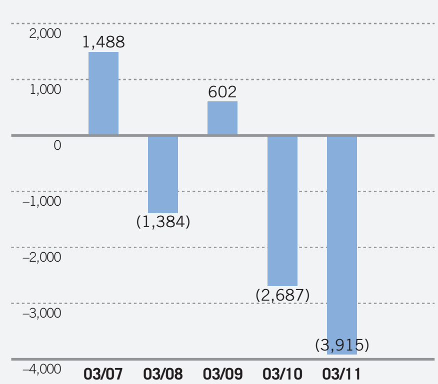
Cash flows from operating activities (millions of yen)

Cash Flows From Investing Activities



Cash flows from investing activities (millions of yen)

Cash Flows From Financing Activities



Cash flows from financing activities (millions of yen)

Future Outlook

In striving to realize its corporate philosophy—"The Greatest Leisure for All People"—the Company has positioned multi-purpose use of IP at the core of its strategy for building competitive strength as a corporation. Accordingly, we promote a diverse content business, harnessing synergies from multiple use of content across a wide range of entertainment fields, including pachinko/pachislot, mobile, sports, video, publishing and animation.

In the pachinko/pachislot business we are engaged in basic research that will help to strengthen our planning and development capabilities. The ultimate goal of these efforts is to create products using content that can be enjoyed by as many people as possible, and that will attract existing fans and new customers alike. In our research we seek to tap the deeper levels of the Japanese psyche as the well-spring of popular culture, and we are focusing in particular on "Heroes," which have an extremely powerful affinity to pachinko/pachislot. We see this research as an essential part of creating high-value-added products. In this way we are conducting quality planning and development that compares favorably with other forms of entertainment.

In the area of online services, including mobile, which is our second vector for growth, we have taken several measures to increase paid membership in Fields Mobile. These included developing new services to achieve cross-media usage for the Pachinko/Pachislot (PS) Field and Mobile Field, a stronger response to the next-generation mobile device market, including smartphones, and establishing joint ventures to plan and produce digital content using diverse IP. Looking ahead, we will continue to strengthen these activities to achieve steady results, and to develop new business pillars that will join pachinko/pachislot in the future.

Moreover, we will capture new business opportunities in other entertainment fields, including video, publishing, and animation, by utilizing content that suits the characteristics of each media type.

As a medium- to long-term strategy, in April 2008, the Group announced a medium-term management plan, with the goals of creating new leisure businesses and realizing a vision for the Group 10 years down the road. In line with this plan, the Group is pursuing a variety of measures with the aim of achieving consolidated operating income of over ¥25.0 billion in the fiscal year ending March 31, 2014.

(For a detailed discussion of future prospects, refer to pages 9, 12 and 13.)

Outlook for the Year Ending March 31, 2012

In accordance with its medium-term management plan, the Company has pursued steps to bolster its hand in the planning and development domains of the Pachinko/pachislot Business, as well as strengthen foundations for earnings expansion in its Group Business. As part of these efforts, in April 2011, the Company established a new Contents Division to reinforce IP strategies that will support medium- to long-term growth.

In the Pachinko/pachislot Business, there is some concern over the impact of the Great East Japan Earthquake on pachinko halls in the year ending March 2012. Furthermore, actual production and shipments among some pachinko/pachislot machine manufacturers are expected to deviate from initial plans due to component shortages and other factors. This situation will require a flexible response and careful consideration of the timing of product releases. Naturally, the Company and its partner manufacturers moved immediately following the disaster to devise a number of response measures, including securing necessary components. A structure was also put in place for launching the sale of multiple new products during the year, along with plans to announce ambitious major titles. In the Group Business, in line with business schemes for the creation of high-valued-added content, the Company is making steady strides in driving forward new growth centered on its content business. At the same time, we are aiming to contribute to earnings through aggressive business development.

In light of the above, we are forecasting the following results for the fiscal year ending March 31, 2012: net sales of ¥100,000 million, a decrease of 3.5%; operating income of ¥14,000 million, an increase of 6.6%; and net income of ¥8,000 million, an increase of 6.4%. We plan to pay a dividend of ¥5,000 per share, the same as for the year ended March 31, 2011, and hope to contribute more to the return of profits to shareholders through additional growth.

Results Forecast for the Year Ending March 31, 2012

(Millions of yen)	03/11 (actual)	**03/12 (forecast)**	Change
Net Sales	103,593	**100,000**	–3.5%
Operating Income	13,136	**14,000**	+6.6%
Net Income	7,520	**8,000**	+6.4%

(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, 2011.

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, in order to raise the potential to contribute to earnings, the Company is establishing business schemes for the creation and ownership of content with higher value within the Group.

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 65.8% and 23.0%, respectively, for the fiscal year ended March 31, 2010, and 72.1% and 12.7%, respectively, for the fiscal year ended March 31, 2011. 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, 2011, products supplied by Rodeo Co., Ltd. and Bisty Co., Ltd. accounted for 47.2% and 24.3%, respectively, of the total products we purchased on a consolidated basis. Given the heavy reliance of the Company in the Pachinko/Pachislot (PS) 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. 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 nature 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 gambling appeal. Furthermore, aiming to secure new sources of income, the Company is expanding in diverse fields of entertainment, ranging from movies, mobile content, animation, and publishing to sports. It is advancing digital content in multiple directions to create more opportunities to generate earnings.

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, 2010 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
Assets	2010	**2011**	**2011**
Current assets:			
Cash and cash equivalents	¥15,906	**¥15,632**	**$187,997**
Notes and accounts receivable — trade	33,088	**27,948**	**336,115**
Inventories	1,519	**1,357**	**16,319**
Merchandising right advances	2,838	**2,067**	**24,858**
Deferred tax assets	807	**1,249**	**15,021**
Other current assets	2,887	**2,995**	**36,019**
Allowance for doubtful accounts	(355)	**(200)**	**(2,405)**
Total current assets	56,694	**51,051**	**613,962**
Property and equipment:			
Land	6,170	**6,324**	**76,055**
Buildings and structures	4,349	**5,478**	**65,880**
Tools and furniture	2,414	**3,097**	**37,245**
Machinery and vehicles	47	**92**	**1,106**
Construction in progress	18	**34**	**408**
Total	12,998	**15,025**	**180,697**
Less: Accumulated depreciation	(3,277)	**(4,937)**	**(59,374)**
Property and equipment, net	9,721	**10,089**	**121,334**
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates	1,598	**2,208**	**26,554**
Investment securities	6,267	**6,258**	**75,261**
Goodwill	239	**2,801**	**33,686**
Deferred tax assets	1,124	**942**	**11,328**
Other assets	5,796	**6,094**	**73,289**
Allowance for doubtful accounts	(114)	**(475)**	**(5,712)**
Total investments and other assets	14,911	**17,830**	**214,431**
Total assets	¥81,329	**¥78,971**	**$949,741**

See accompanying notes to the consolidated financial statements.

Liabilities and Net Assets	Millions of Yen 2010	Millions of Yen 2011	Thousands of U.S. Dollars (Note 1) 2011
Current liabilities:			
Notes and accounts payable — trade	¥26,610	**¥17,939**	**$215,742**
Short-term bank loans	—	**85**	**1,022**
Current portion of long-term debt	720	**784**	**9,428**
Income taxes payable	3,562	**4,217**	**50,715**
Accrued bonuses	273	**312**	**3,752**
Accrued bonuses to directors and corporate auditors	135	**220**	**2,645**
Other current liabilities	4,542	**4,028**	**48,442**
Total current liabilities	35,845	**27,587**	**331,773**
Long-term liabilities:			
Long-term debt, less current portion	1,510	**965**	**11,605**
Retirement benefits	274	**339**	**4,076**
Other long-term liabilities	2,511	**3,058**	**36,776**
Total long-term liabilities	4,295	**4,362**	**52,459**
Net assets:			
Common stock			
Authorized; 1,388,000 shares at March 31, 2010 and 2011			
Issued; 347,000 shares at March 31, 2010 and 2011	7,948	**7,948**	**95,586**
Capital surplus			
Additional paid-in capital	7,994	**7,994**	**96,139**
Retained earnings	27,583	**33,443**	**402,200**
Treasury stock; 14,885 shares at March 31, 2010 and 2011	(1,785)	**(1,785)**	**(21,467)**
Accumulated other comprehensive income			
Unrealized loss on available-for-sale securities	(676)	**(822)**	**(9,885)**
Foreign currency translation adjustments	0	**0**	**0**
Total accumulated other comprehensive income	(676)	**(821)**	**(9,873)**
Minority interests	122	**242**	**2,910**
Total net assets	41,187	**47,021**	**565,496**
Total liabilities and net assets	¥81,329	**¥78,971**	**$949,741**

CONSOLIDATED STATEMENTS OF INCOME

For the years ended March 31, 2010 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2011	2011
Net sales	¥ 66,342	¥ 103,593	$1,245,856
Cost of sales	39,452	68,464	823,379
Gross profit	26,889	35,129	422,477
Selling, general and administrative expenses	18,764	21,993	264,497
Operating income	8,124	13,136	157,979
Other income (expenses):			
Interest and dividend income	175	179	2,152
Interest expenses	(24)	(20)	(240)
Equity in earnings (losses) of affiliates	(258)	552	6,638
Impairment losses	(18)	(44)	(529)
Effect of adopting Accounting Standard for Asset Retirement Obligations	—	(142)	(1,707)
Foreign exchange loss, net	(46)	(18)	(216)
Other, net	(735)	(233)	(2,802)
Other income (expenses), net	(906)	274	3,295
Income before income taxes and minority interests	7,218	13,410	161,274
Income taxes:			
Current	3,616	5,933	71,352
Deferred	284	(49)	(589)
Total income taxes	3,900	5,883	70,751
Income before minority interests	3,318	7,527	90,523
Minority interests	29	6	72
Net income	¥ 3,289	¥ 7,520	$ 90,438

	Yen		U.S. Dollars (Note 1)
Earnings per share			
Basic earnings per share	¥9,796.56	¥22,643.86	$ 272.33

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended March 31, 2011

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2011	2011
Income before minority interests	**¥7,527**	**$90,523**
Other comprehensive income (loss):		
Net unrealized loss on available-for-sale securities	(145)	(1,743)
Foreign currency translation adjustments	0	0
Share of other comprehensive income in affiliates accounted for by the equity method	0	0
Total other comprehensive income	(144)	(1,731)
Comprehensive income	7,382	88,779
Attributable to:		
Shareholders of FIELDS CORPORATION	7,375	88,695
Minority interests	6	72

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the years ended March 31, 2010 and 2011

	Shares	Millions of Yen							
						Other comprehensive income			
	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, 2009	347,000	¥7,948	¥7,994	¥25,808	¥(1,330)	¥(956)	¥(0)	¥ 32	¥39,496
Net income	—	—	—	3,289	—	—	—	—	3,289
Cash dividends paid	—	—	—	(1,513)	—	—	—	—	(1,513)
Purchase of treasury stock	—	—	—	—	(454)	—	—	—	(454)
Net change of item other than shareholders' equity	—	—	—	—	—	280	0	89	369
Balance at March 31, 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**

	Thousands of U.S. Dollars (Note 1)							
					Other comprehensive income			
	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, 2010	**$95,586**	**$96,139**	**$331,725**	**$(21,467)**	**$(8,129)**	**$0**	**$1,467**	**$495,333**
Net income	**—**	**—**	**90,438**	**—**	**—**	**—**	**—**	**90,438**
Cash dividends paid	**—**	**—**	**(19,963)**	**—**	**—**	**—**	**—**	**(19,963)**
Net change of item other than shareholders' equity	**—**	**—**	**—**	**—**	**(1,743)**	**0**	**1,431**	**(300)**
Balance at March 31, 2011	**$95,586**	**$96,139**	**$402,200**	**$(21,467)**	**$(9,885)**	**$0**	**$2,910**	**$565,496**

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended March 31, 2010 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2011	2011
Operating activities:			
Income before income taxes and minority interests	¥ 7,218	¥13,410	$ 161,274
Adjustments:			
Depreciation and amortization	1,368	1,734	20,853
Impairment losses	18	44	529
Amortization of goodwill	87	507	6,097
Equity in losses (earnings) of affiliates	258	(552)	(6,638)
Notes and accounts receivable — trade	(27,896)	4,907	59,013
Accounts payable — trade	23,910	(9,155)	(110,102)
Deposit received	(1,278)	(76)	(914)
Effect of adopting Accounting Standard for Asset Retirement Obligations	—	142	1,707
Other	2,138	2,138	25,712
Subtotal	5,829	13,102	157,570
Interest and dividends received	183	186	2,236
Interest paid	(27)	(25)	(300)
Income taxes refunded (paid)	2,443	(5,258)	(63,235)
Net cash provided by operating activities	8,429	8,005	96,271
Investing activities:			
Purchases of property and equipment	(470)	(482)	(5,796)
Proceeds from sale of property and equipment	615	—	—
Purchases of intangible assets	(449)	(1,008)	(12,122)
Purchases of investment securities	—	(366)	(4,401)
Additional investments in affiliates	(3)	(315)	(3,788)
Proceeds from sales of shares of affiliates	—	200	2,405
Payment for purchase of newly consolidated subsidiaries' stocks	—	(2,191)	(26,349)
Increase in investments in various partnerships	(366)	(155)	(1,864)
Increase in loans receivable	(357)	(243)	(2,922)
Other	21	205	2,465
Net cash used in investing activities	(1,011)	(4,356)	(52,387)
Financing activities:			
Decrease in short-term bank loans, net	—	(1,209)	(14,539)
Repayments of long-term debt	(781)	(940)	(11,304)
Cash dividends paid	(1,511)	(1,657)	(19,927)
Purchase of treasury stock	(456)	—	—
Other	60	(108)	(1,298)
Net cash used in financing activities	(2,687)	(3,915)	(47,083)
Foreign currency translation adjustments on cash and cash equivalents	(4)	(7)	(84)
Net increase (decrease) in cash and cash equivalents	4,725	(274)	(3,295)
Cash and cash equivalents at beginning of the year	11,181	15,906	191,292
Cash and cash equivalents at end of the year	¥ 15,906	¥15,632	$ 187,997

See accompanying notes to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presenting 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.

Effective from the fiscal year ended March 31, 2011, a consolidated statement of comprehensive income has been disclosed. In relation to this change in the disclosure requirement under Japanese GAAP, accumulated other comprehensive income is presented in the consolidated balance sheets and the consolidated statements of changes in net assets. Other comprehensive income for the year ended March 31, 2010 is disclosed in Note 17.

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 2010 consolidated financial statements to conform to the classifications used in 2011.

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, 2011, which is ¥83.15 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, 2010 and 2011 is as follows:

	Number of Companies	
	2010	**2011**
Consolidated subsidiaries	11	**14**
Unconsolidated subsidiaries not accounted for under the equity method	1	**2**
Affiliates accounted for under the equity method	5	**6**
Affiliates not accounted for under the equity method	2	**1**

The consolidated subsidiaries and holding ratio of the Company at March 31, 2010 and 2011 are as follows:

	Holding ratio (indirectly owned)	
	2010	**2011**
Fields Jr. Corporation	100.0%	**100.0%**
F Corporation	100.0	**100.0**
MICROCABIN CORP.	—	**85.0**
Shin-Nichi Technology Co., Ltd.	100.0	**100.0**
FutureScope Corporation	83.3	**83.3**
IP Bros. Incorporated	—	**85.0**
Japan Sports Marketing Inc.	61.8	**61.8**
Tsuburaya Productions Co., Ltd.	—	**51.0**
Digital Frontier Inc.	—	**86.9**
Lucent Pictures Entertainment, Inc.	90.0	**90.0**
GEMBA Inc.	—	**73.9**
Haruki Fields Cinema Fund	90.0	**—**
EXPRESS Inc.	80.0	**80.0**
Ildel Corporation	60.0	**—**
K-1 INTERNATIONAL Corporation	85.7	**85.7**
JSM HAWAII, LLC	61.8 (61.8)	**61.8 (61.8)**

(Note):

During the fiscal 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.

During the fiscal year ended March 31, 2011, IP Bros. Incorporated was newly established and have been included in the scope of consolidation.

During the fiscal year ended March 31, 2011, Ildel Corporation was liquidated and excluded from the scope of consolidation.

During the fiscal year ended March 31, 2011, 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	Thousands of U.S. Dollars
Current assets	¥ (611)	$ (7,348)
Non-current assets	(456)	(5,484)
Goodwill	(2,055)	(24,714)
Current liabilities	1,919	23,078
Long-term liabilities	112	1,346
Acquisition cost	(1,091)	(13,120)
Cash and cash equivalents held by Tsuburaya	53	637
Payment for purchase of newly consolidated subsidiary's stocks	¥(1,037)	$(12,471)

(DF, including GEMBA)

As of March 31, 2010	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥(423)	$(5,087)
Non-current assets	(181)	(2,176)
Goodwill	(579)	(6,963)
Current liabilities	509	6,121
Long-term liabilities	1	12
Minority interests	24	288
Acquisition cost	(650)	(7,817)
Cash and cash equivalents held by DF	37	444
Payment for purchase of newly consolidated subsidiary's stocks	¥(612)	$(7,360)

(MICROCABIN)

As of March 31, 2010	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥(535)	$(6,434)
Non-current assets	(319)	(3,836)
Goodwill	(338)	(4,064)
Current liabilities	204	2,453
Long-term liabilities	159	1,912
Minority interests	73	877
Acquisition cost	(756)	(9,092)
Cash and cash equivalents held by MICROCABIN	214	2,573
Payment for purchase of newly consolidated subsidiary's stocks	¥(541)	$(6,506)

In March 2008, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Statement No. 16, "Accounting Standard for Equity Method of Accounting for Investments" and ASBJ Practical Issues Task Force No. 24, "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method". The Company adopted these accounting standards effective from the fiscal year ended March 31, 2011. This accounting change did not have any effect on the consolidated financial statements.

Business Combination

In December 2008, the 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	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.

The range of useful lives of depreciable assets at March 31, 2010 and 2011 are as follows:

	2010	**2011**
Buildings and structures	8 – 50 years	**8 – 50 years**
Tools and furniture	2 – 20	**2 – 20**
Machinery and vehicles	6	**5 – 20**

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

Intangible assets primarily consist of computer software. 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.

The effect of adopting this accounting standard was to decrease operating income and income before income taxes and minority interests by ¥30 million ($360 thousand) and ¥173 million ($2,080 thousand), respectively. Change in the balance of asset retirement obligations by adopting the accounting standard was ¥288 million ($3,463 thousand). The balance of asset retirement obligations as of March 31, 2011 is included in other current liabilities and other long-term liabilities in the consolidated balance sheet.

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, 2010 and 2011 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.

3. Business Combinations

Acquisition of shares of Tsuburaya

On April 2, 2010, the Company acquired a 51.0% ownership of Tsuburaya. Tsuburaya's main businesses are planning and production of movie and TV content, and planning, production and sales of character goods. The Company intends active use of the Tsuburaya's intellectual properties for; (1) character-merchandising and amusement-machine fields, (2) multi-use synergies, (3) improving the Group's intellectual properties by development of movies and new lines of products, and (4) advancing into global market. The Company believes that Tsuburaya's intellectual properties which have great value in wide areas will bring added-value business expansion in a variety of entertainment fields while contributing to the enhancement of the Group's corporate value.

The acquisition cost was ¥1,091 million ($13,120 thousand) by cash. Goodwill arising from the acquisition for expected future earnings was ¥2,055 million ($24,714 thousand), and has been amortized by the straight-line method over ten years. Since the acquisition date was deemed April 1, 2010, operating results of Tsuburaya for the year ended March 31, 2011 are fully consolidated.

Assets acquired and liabilities assumed at the date of acquisition are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥ 611	$ 7,348
Non-current assets	456	5,484
Total assets	1,067	12,832
Current liabilities	1,919	23,078
Long-term liabilities	112	1,346
Total liabilities	¥2,031	$24,425

Acquisition of shares of DF

On April 16, 2010, the Company acquired a 74.3% ownership of DF. DF's main businesses are planning and production of computer graphics. The Company expects that DF's cutting-edge computer graphic technologies will enable strengthening of planning and development in amusement machine field, and implementing synergies with the Group's 3D animation technologies. The Company believes that acquisition of DF will bring a lot of added-value synergy in every movie-entertainment fields while contributing to the enhancement of the Group's corporate value.

The acquisition cost was ¥650 million ($7,817 thousand) by cash. Goodwill arising from the acquisition for expected future earnings was ¥579 million ($6,963 thousand), and has been amortized by the straight-line method over ten years. Since the acquisition date was deemed April 1, 2010, operating results of DF for the year ended March 31, 2011 are fully consolidated.

Assets acquired and liabilities assumed at the date of acquisition are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥423	$5,087
Non-current assets	181	2,176
Total assets	604	7,263
Current liabilities	509	6,121
Long-term liabilities	1	12
Total liabilities	¥510	$6,133

Acquisition of shares of MICROCABIN

On January 14, 2011, the Company acquired an 85.0% ownership of MICROCABIN from AQ INTERACTIVE INC. ("AQI"). MICROCABIN's main businesses are planning and development of computer software for video games and pachinko machines. The Company believes that this acquisition will contribute to enhancing the Group's corporate value, due mainly to the following two reasons: (1) the acquisition will strengthen ties with the AQI group, which owns a valuable online content portfolio; and (2) it will bring synergies of intellectual properties and technologies in the field of Pachinko/Pachislot machines.

The acquisition cost was ¥756 million ($9,092 thousand) by cash. Goodwill arising from the acquisition for expected future earnings was ¥338 million ($4,064 thousand), and has been amortized by the straight-line method over ten years. Since the acquisition of MICROCABIN occurred in January 2011, operating results only for the three months ended March 31, 2011 are consolidated.

Assets acquired and liabilities assumed at the date of acquisition are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥535	$ 6,434
Non-current assets	319	3,836
Total assets	854	10,270
Current liabilities	204	2,453
Long-term liabilities	159	1,912
Total liabilities	¥363	$ 4,365

If this acquisition had been completed as of April 1, 2010, the beginning of the current fiscal year, the approximate effect on the consolidated financial statement of income for the year ended March 31, 2011 (unaudited) would be as follows:

	Millions of Yen	Thousands of U.S. Dollars
Net sales	¥440	$ 5,291
Operating income	(93)	(1,118)
Income before income taxes and minority interests	(93)	(1,118)
Net income	(79)	(950)

	Yen	U.S. Dollars
Net income per share	¥(240.45)	$(2.89)

4. Inventories

Inventories at March 31, 2010 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2011	2011
Merchandise	¥ 107	¥ 300	$ 3,607
Work in process	1,027	826	9,933
Raw material and supplies	385	231	2,778
Total	¥1,519	¥1,357	$16,319

5. Financial Instruments and Related Disclosures

On March 10, 2008, the ASBJ revised ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and issued ASBJ Guidance No. 19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures". The Group applied the revised accounting standard and the new guidance effective from the fiscal year ended March 31, 2010.

(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 value is readily determinable at March 31, 2010 are as follows:

	Millions of Yen		
	Carrying amount	Fair value	Difference
Assets:			
(1) Cash and cash equivalents	¥15,906	¥15,906	¥ —
(2) Time deposits (included in other current assets)	10	10	
(3) Notes and accounts receivable	33,088	33,088	—
(4) Investment securities			
(a) Held-to-maturity securities	400	314	(85)
(b) Available-for-sale securities	5,304	5,304	—
(5) Long-term loans receivable	345	346	0
Total	¥55,055	¥54,970	¥(84)
Liabilities:			
(6) Notes and accounts payable	26,610	26,610	—
(7) Current portion of long-term debt	720	720	0
(8) Income taxes payable	3,562	3,562	—
(9) Long-term debt	1,510	1,510	0
Total	¥32,403	¥32,404	¥ 0

Notes:

(1), (2), (3), (6), and (8) —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 (9) —Long-term debt comprises of bonds issued by the Company and consolidated subsidiaries. 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.

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, 2010 are as follows:

	Millions of Yen
Balance included in the consolidated balance sheet	
Investment securities	¥ 610
Investments in unconsolidated subsidiaries	10
Investments in affiliates	1,588
Total	¥2,210

Detailed information about investment securities is discussed in Note 6.

Financial instruments whose fair value is 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)
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)

	Thousands of U.S. dollars		
	Carrying amount	Fair value	Difference
Assets:			
(1) Cash and cash equivalents	$187,997	$187,997	$ —
(2) Time deposits (included in other current assets)	2,886	2,886	—
(3) Notes and accounts receivable	336,115		
Less: Allowance for doubtful accounts	(2,212)		
Net amount	333,890	333,890	—
(4) Investment securities			
(a) Held-to-maturity securities	4,810	3,595	(1,202)
(b) Available-for-sale securities	65,508	65,508	—
(5) Long-term loans receivable	5,015		
Less: Allowance for doubtful accounts	(4,666)		
Net amount	348	336	(0)
Total	$595,466	$594,251	$(1,202)
Liabilities:			
(6) Notes and accounts payable	215,742	215,742	—
(7) Current portion of long-term debt	9,428	9,428	0
(8) Short-term bank loans	1,022	1,022	—
(9) Income taxes payable	50,715	50,715	—
(10) Long-term debt	11,605	11,569	(24)
Total	$288,526	$288,514	$ (12)

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	Thousands of U.S. Dollars
Balance included in the consolidated balance sheet		
Investment securities	¥ 410	$ 4,930
Investments in unconsolidated subsidiaries	10	120
Investments in affiliates	2,198	26,434
Total	¥2,618	$31,485

Detailed information about investment securities is discussed in Note 6.

Maturity analysis for financial assets at March 31, 2011 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	¥15,632	¥ —	¥—	¥ —
(2) Time deposits (included in other current assets)	240	—	—	—
(3) Notes and accounts receivable	27,948	—	—	—
(4) Investment securities				
(a) Held-to-maturity securities	—	—	—	400
(b) Available-for-sale securities				
Debt securities	—	—	—	99
Other securities	—	—	—	100
(5) Long-term loans receivable	—	29	—	—
Total	¥43,821	¥29	¥—	¥599

	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	$187,997	$ —	$—	$ —
(2) Time deposits (included in other current assets)	2,886	—	—	—
(3) Notes and accounts receivable	336,115	—	—	—
(4) Investment securities				
(a) Held-to-maturity securities	—	—	—	4,810
(b) Available-for-sale securities				
Debt securities	—	—	—	1,190
Other securities	—	—	—	1,202
(5) Long-term loans receivable	—	348	—	—
Total	$527,011	$348	$—	$7,203

Note:

Amounts of long-term loans receivable in the table above are stated after deducting the allowance for doubtful accounts of ¥388 million ($4,666 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, 2010 and 2011:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2011	2011
Held-to-maturity securities			
Balance included in the consolidated balance sheets	¥ 400	¥ 400	$ 4,810
Fair value	314	299	3,595
Net unrealized loss	(85)	(100)	(1,202)
Available-for-sale securities			
—Equity securities			
Acquisition cost	6,244	6,636	79,807
Fair value	5,109	5,247	63,102
Net unrealized loss	(1,136)	(1,390)	(16,716)
—Debt securities			
Acquisition cost	172	145	1,743
Fair value	193	99	1,190
Net unrealized gain (loss)	22	(46)	(553)
—Other			
Acquisition cost	—	100	1,202
Fair value	—	100	1,202
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, 2010 and 2011:

	Millions of Yen		Thousands of U.S. Dollars
	2010	**2011**	**2011**
Stocks	¥ 28	**¥ 27**	**$ 324**
Investments in various partnerships and others	582	**383**	**4,606**

The Company recognized ¥5 million of loss on write-down of investment securities whose fair value is not readily determinable for the year ended March 31, 2010. No such loss was recognized for the year ended March 31, 2011.

7. Fair Value of Derivative Transactions

Fair values of the Group's derivative financial instruments at March 31, 2010 and 2011 are as follows:

	Millions of Yen			
	2010			
	Contract Amount			
	Within one year	Over one year	Fair Value	Valuation Gain (Loss)
Financial instruments with embedded derivative instruments (Non-listed)	¥15	¥157	¥194	¥21

	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)**

	Thousands of U.S. Dollars			
	2011			
	Contract Amount			
	Within one year	Over one year	Fair Value	Valuation Gain (Loss)
Financial instruments with embedded derivative instruments (Non-listed)	**$—**	**$1,743**	**$1,190**	**$(553)**

Note:

(1) The fair values in the table above are stated at amounts obtained from financial institutions, 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, 2010 and 2011 and as a result, recognized impairment losses of ¥18 million and ¥44 million ($529 thousand), respectively.

For the year ended March 31, 2010, the Group recognized the impairment losses for unutilized property and equipment. As no future cash flows were expected, these assets were written down to zero.

For the year ended March 31, 2011, certain property and equipment were written down to zero because of early disposal in relation to planning of business office relocation.

9. Leases

The Group leases certain equipment. 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, 2010 and 2011 are as follows:

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

	Millions of Yen		Thousands of U.S. Dollars
	2010	**2011**	**2011**
Equipment:			
Acquisition cost	¥10	**¥10**	**$120**
Accumulated depreciation	5	**7**	**84**
Net book value	¥ 5	**¥ 2**	**$ 24**

(b) Lease obligations

	Millions of Yen		Thousands of U.S. Dollars
	2010	**2011**	**2011**
Payments due within one year	¥2	**¥1**	**$12**
Payments due after one year	2	**1**	**12**
Total	¥5	**¥2**	**$24**

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, 2010 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	**2011**	**2011**
Lease payments	¥14	**¥2**	**$24**
Depreciation expense equivalent	14	**2**	**24**

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, 2011 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due within one year	**¥ 732**	**$ 8,803**
Due after one year	**628**	**7,552**
Total	**¥1,360**	**$16,355**

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

The average interest rate applicable to the short-term bank loans was 0.64% at March 31, 2011.

The following table summarizes the Group's long-term debt at March 31, 2010 and 2011:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2011	2011
Long-term debt:			
Long-term bank loans due October 20, 2016			
Current portion with weighted average interest rate of 3.11%	¥ —	¥ 44	$ 529
Non-current portion with weighted average interest rate of 1.32%	—	65	781
Unsecured bonds with variable interest rate issued on June 27, 2008 and due June 27, 2013			
Current portion	600	600	7,215
Non-current	1,500	900	10,823
0.88% unsecured bonds issued on March 31, 2005 and due March 31, 2011			
Current portion	100	—	—
Non-current	—	—	—
0.76% unsecured bonds issued on July 29, 2005 and due July 29, 2011			
Current portion	20	10	120
Non-current	10	—	—
1.61% unsecured bonds issued on August 31, 2006 and due August 31, 2011			
Current portion	—	30	360
Non-current	—	—	—
1.43% unsecured bonds issued on August 31, 2006 and due August 31, 2011			
Current portion	—	10	120
Non-current	—	—	—
1.42% unsecured bonds issued on March 30, 2007 and due March 30, 2012			
Current portion	—	40	481
Non-current	—	—	—
1.54% unsecured bonds issued on March 25, 2005 and due March 23, 2012			
Current portion	—	50	601
Non-current	—	—	—
Total	¥2,230	¥1,749	$21,034

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

Assets pledged as collateral for long-term bank loans of ¥30 million ($360 thousand) and bonds of ¥10 million ($120 thousand) at March 31, 2011 were ¥40 million ($481 thousand) of time deposits.

The aggregate amounts of annual maturity of long-term debt at March 31, 2011 are as follows:

Year ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2012	¥ 784	$ 9,428
2013	614	7,384
2014	314	3,776
2015	14	168
2016	14	168
2017	8	96
Total	¥1,749	$21,034

11. Credit Lines

The Group entered into line of credit and over-draft agreements with four banks for the purpose of efficient management of operation fund. The following is the summary of the line of credit at March 31, 2010 and 2011:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2011	2011
Total amount of the line of credit	¥19,000	¥17,100	$205,652
Outstanding balance	—	(85)	(1,022)
Remaining amount of the line of credit	¥19,000	¥17,015	$204,630

12. Retirement Benefits

Accrued retirement benefits for employees at March 31, 2010 and 2011 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2011	2011
Projected benefit obligation	¥346	¥409	$4,918
Unrecognized actuarial differences	(71)	(69)	(829)
Accrued retirement benefits	¥274	¥339	$4,076

Net periodic costs for the employees' retirement benefits for the years ended March 31, 2010 and 2011 consisted of the following components:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2011	2011
Service cost	¥45	¥47	$565
Interest cost	5	7	84
Amortization of actuarial differences	18	20	240
Other	—	4	48
Net periodic benefit costs	¥70	¥79	$950

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, 2010 and 2011 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, 2011 was ¥824 million ($9,909 thousand).

14. Income Taxes

The significant components of deferred tax assets at March 31, 2010 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	**2011**	**2011**
Deferred tax assets:			
Amortization	¥ 205	**¥ 199**	**$ 2,393**
Allowance for doubtful accounts	94	**208**	**2,501**
Accrued bonuses	111	**127**	**1,527**
Retirement benefits for employees	111	**138**	**1,659**
Asset retirement obligations	—	**117**	**1,407**
Loss on devaluation of merchandising right advances	295	**378**	**4,546**
Loss on write-down of investment securities	261	**51**	**613**
Unrealized loss on investment securities	462	**565**	**6,794**
Loss on investments in securities	201	**169**	**2,032**
Loss on devaluation of cash advances	—	**242**	**2,910**
Enterprise taxes	269	**318**	**3,824**
Tax loss carryforwards	1,602	**2,593**	**31,184**
Other	186	**381**	**4,582**
Gross deferred tax assets	3,803	**5,491**	**66,037**
Valuation allowances	(1,871)	**(3,251)**	**(39,098)**
Total deferred tax assets	1,931	**2,240**	**26,939**
Deferred tax liabilities:			
Asset retirement costs	—	**44**	**529**
Other	—	**15**	**180**
Total deferred tax liabilities	—	**59**	**709**
Net deferred tax assets	¥ 1,931	**¥ 2,180**	**$ 26,217**

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

	Millions of Yen		Thousands of U.S. Dollars
	2010	**2011**	**2011**
Deferred tax assets—current	¥ 807	**¥1,249**	**$15,021**
Deferred tax assets—non-current	1,124	**942**	**11,328**
Deferred tax liabilities—non-current (included in other long-term liabilities)	—	**(11)**	**(132)**
Net deferred tax assets	¥1,931	**¥2,180**	**$26,217**

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, 2010 and 2011 is as follows:

	2010	**2011**
Statutory tax rate	40.7%	**40.7%**
Adjustments:		
Per capita levy of inhabitant tax	0.5	**0.3**
Expenses not deductible for tax purpose	1.9	**0.9**
Income not taxable for tax purpose	(0.5)	**(0.3)**
Equity in losses (earnings) of affiliates	1.6	**(1.7)**
Effect of tax return amendment	1.0	**—**
Accrued bonuses to directors and corporate auditors	0.8	**0.7**
Change in valuation allowance	5.4	**3.4**
Amortization of goodwill	0.5	**1.5**
Unrecognized tax benefit	0.8	**—**
Liquidation of a subsidiary	—	**(1.2)**
Other	1.3	**(0.4)**
Effective income tax rate	54.0%	**43.9%**

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, 2010 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	**2011**	**2011**
(Affiliates)			
Rodeo Co., Ltd.			
Account balances			
Accounts payable — trade	¥ 7,909	**¥ 101**	**$ 1,214**
Transactions			
Purchase of merchandise	7,918	**32,292**	**388,358**
Purchase discount	—	**199**	**2,393**
(Sister company)			
Bisty Co., Ltd.			
Account balances			
Accounts receivable — trade	846	**444**	**5,339**
Accounts payable	16,081	**12,790**	**153,818**
Advance received	733	**722**	**8,683**
Other payable	366	**—**	**—**
Advance paid	—	**58**	**697**
Transactions			
Commissions received	14,349	**12,369**	**148,755**
Sales of merchandising rights	1,728	**981**	**11,797**
Purchase of merchandise	17,891	**16,611**	**199,771**
Purchase of merchandising rights	32	**—**	**—**

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

Total comprehensive income for the year ended March 31, 2010 was the following:

	Millions of Yen
Comprehensive income attributable to:	
Shareholders of FIELDS CORPORATION	¥3,569
Minority interests	29
Total comprehensive income	¥3,598

Other comprehensive income for the year ended March 31, 2010 consisted of the following:

	Millions of Yen
Other comprehensive income:	
Net unrealized gain on available-for-sale securities	¥280
Foreign currency translation adjustments	0
Share of other comprehensive income in affiliates accounted for by the equity method	(0)
Total comprehensive income	¥280

18. Subsequent Event

Year-end dividends

At the general shareholders meeting of the Company held on June 22, 2011, the shareholders approved the payment of the year-end cash dividends totaling ¥830 million ($9,981 thousand), or ¥2,500.00 ($30.06) per share.

19. Segment Information

For the fiscal year ended March 31, 2010:

Business Segment:

Millions of Yen

	Pachinko/ Pachislot (PS) Field	Sports Entertain-ment Field	Mobile Field	Other Field	Total	Elimination and/ or corporate	Consolidation
Sales to third parties	¥62,120	¥2,385	¥1,818	¥ 18	¥66,342	¥ —	¥66,342
Inter-segment sales and transfers	259	31	2	601	895	(895)	—
Total sales	62,379	2,416	1,821	619	67,237	(895)	66,342
Operating expense	54,246	2,741	1,427	689	59,105	(887)	58,217
Operating income (loss)	¥ 8,133	¥ (324)	¥ 393	¥ (70)	¥ 8,131	¥ (7)	¥ 8,124
Total assets	¥80,885	¥1,631	¥1,018	¥518	¥84,055	¥(2,726)	¥81,329
Depreciation	1,153	95	120	10	1,380	(12)	1,368
Impairment losses	—	18	—	—	18	—	18
Capital expenditure	700	19	186	13	920	—	920

Geographical Segment:

For the year ended March 31, 2010, geographical segment information is not presented since the operating results and the total assets in jurisdictions other than Japan were insignificant.

Overseas sales:

For the year ended March 31, 2010, information of overseas sales is not presented since the sales earned in jurisdictions other than Japan were insignificant.

For the fiscal year ended March 31, 2011:

Effective from this fiscal year, segment information is presented according to the Company's management approach based on "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" issued by the ASBJ.

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**

Thousands of U.S. Dollars

	Pachinko/ Pachislot (PS) Field	Mobile Field	Sports Entertain-ment Field	Other Field	Total	Adjustments	Consolidated
Sales to third parties	$1,129,043	$23,932	$25,772	$67,083	$1,245,856	$ —	$1,245,856
Inter-segment sales and transfers	2,814	493	324	3,644	7,288	(7,288)	—
Total sales	1,131,870	24,437	26,109	70,727	1,253,156	(7,288)	1,245,856
Segment income (loss)	$ 154,732	$ 2,838	$ (3,487)	$ 3,788	$ 157,871	$ 96	$ 157,979
Assets	$ 904,509	$17,101	$10,871	$73,698	$1,006,217	$(56,464)	$ 949,741
Depreciation and amortization	$ 15,514	$ 2,152	$ 1,154	$ 2,056	$ 20,901	$ (48)	$ 20,853
Impairment losses	108	48	24	336	529	—	529
Investments in affiliates accounted for by the equity method	7,191	—	—	16,812	24,004	—	24,004
Amortization of goodwill	288	—	2,549	3,247	6,097	—	6,097
Remaining balance of goodwill	4,088	—	—	29,597	33,686	—	33,686
Capital expenditure	13,758	5,989	625	35,754	56,151	(168)	55,983

Note: Adjustments in the tables above are intersegment elimination.

Sales to major customers:

	Millions of Yen	Thousands of U.S. Dollars
Pachinko/Pachislot (PS) Field		
Bisty Co., Ltd.	¥13,350	$160,553

If the segment information for the year ended March 31, 2010 were prepared using the new segmentation, such information would be as follows:

Millions of Yen

	Pachinko/ Pachislot (PS) Field	Mobile Field	Sports Entertain-ment Field	Other Field	Total	Adjustments	Consolidated
Sales to third parties	¥62,120	¥1,818	¥2,385	¥ 18	¥66,342	¥ —	¥66,342
Inter-segment sales and transfers	259	2	31	601	895	(895)	—
Total sales	62,379	1,821	2,416	619	67,237	(895)	66,342
Segment income (loss)	¥ 8,133	¥ 393	¥ (324)	¥ (70)	¥ 8,131	¥ (7)	¥ 8,124
Assets	¥80,885	¥1,018	¥1,631	¥ 518	¥84,055	¥(2,726)	¥81,329
Depreciation and amortization	¥ 1,153	¥ 120	¥ 95	¥ 10	¥ 1,380	¥ (12)	¥ 1,368
Impairment losses	—	—	18	—	18	—	18
Investments in affiliates accounted for by the equity method	598	—	—	1,393	1,991	—	1,991
Amortization of goodwill	16	—	70	—	87	—	87
Capital expenditure	700	186	19	13	920	—	920

Note: Adjustments in the table above are intersegment elimination.

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, 2010 and 2011, and the related consolidated statements of income for the years then ended, the consolidated statement of comprehensive income for the year ended March 31, 2011, and the related consolidated statements of 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, 2010 and 2011, 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, 2011 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

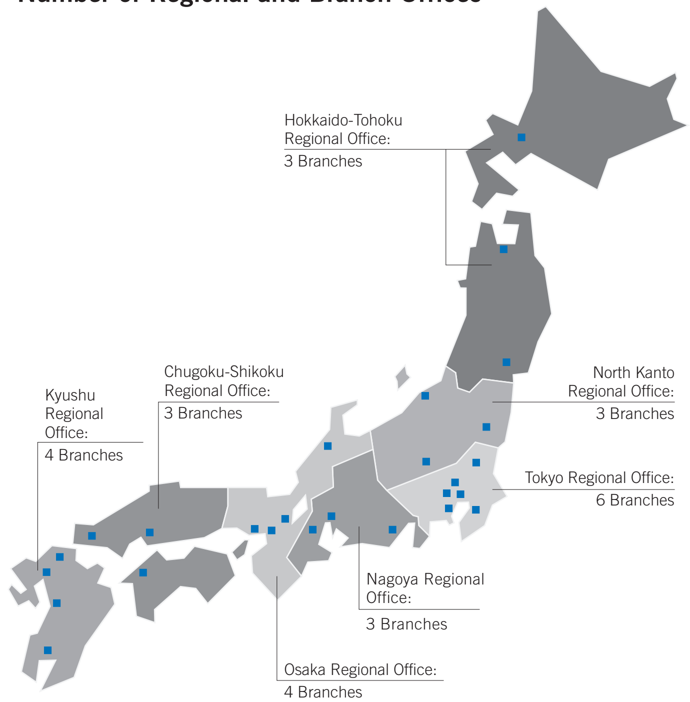
June 22, 2011

CORPORATE PROFILE

As of March 31, 2011

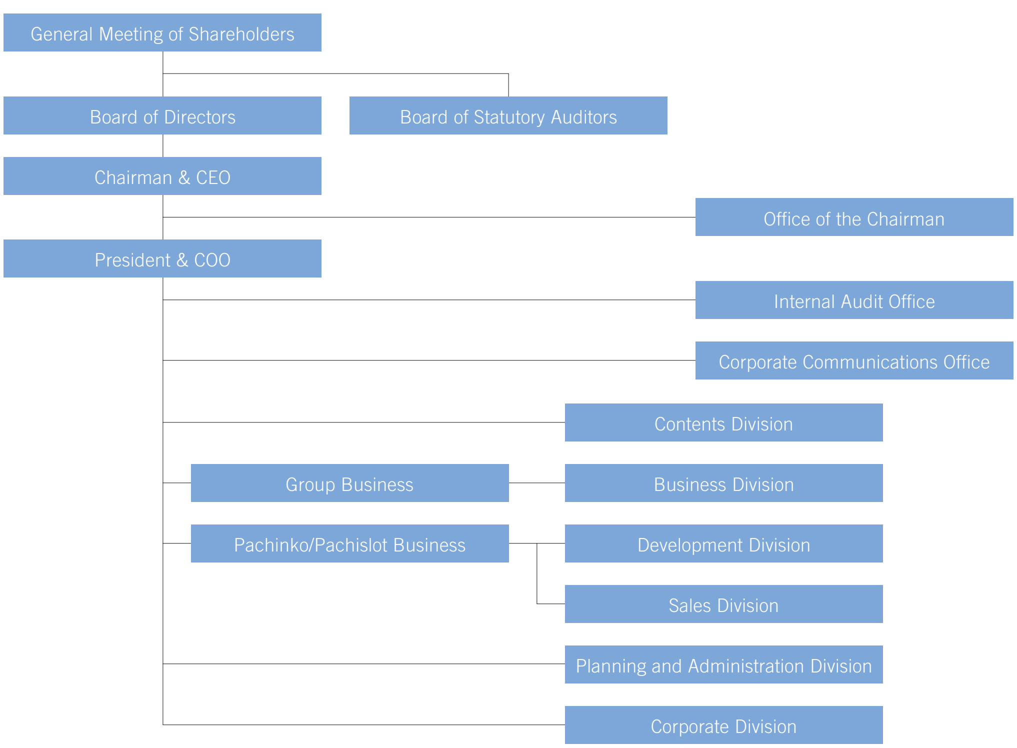
Company name	Fields Corporation
Corporate philosophy	The Greatest Leisure for All People
Established	June 1988
Head office address	E Space Tower, 3-6 Maruyama-cho, Shibuya-ku, Tokyo 150-0044, Japan
Main business activities	1. Planning and development of pachinko/pachislot machines 2. Purchasing and sales 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	1,149 (consolidated)
Consolidated subsidiaries	Fields Jr. Corporation FutureScope Corporation Japan Sports Marketing Inc. Lucent Pictures Entertainment, Inc. Tsuburaya Productions Co., Ltd. Digital Frontier Inc. 8 other companies

Number of Regional and Branch Offices



Organization

As of April 1, 2011



Corporate History

From 1988: Seeking a more open and flexible distribution model for pachinko/pachislot machines

Taking advantage of our strength as an independent distributor, Fields changed the conventional practice of the industry, in which each pachinko hall only installed machines from a single maker. Hall operators are now able to select the optimal mix of machines from a wide range of options from different makers through our practical proposals, which are based on meticulous marketing. Our innovation and flexible distribution has contributed to increasing fan satisfaction and enhanced the sales channels of makers.

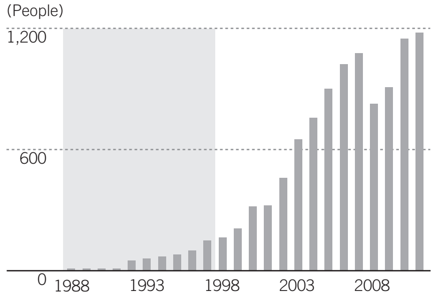
1987
- ❒ Built the Hokuyo Building in Nagoya, embarked on surveys and research into pachinko/pachislot machines and computer management systems

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

1992
- ❒ Acquired Leisure Nippon News Company and began formulating vision for the pachinko industry
- ❒ Launched “Hall TV,” a pachinko hall management support system, to provide information faster than anywhere else

1995
- ❒ Launched “Pachinko Information Station,” a satellite broadcast for the pachinko industry, jointly with MITSUI & CO., LTD.

Change in Number of Employees



*Consolidated figures from 2003

From 1998: Evolving into a content provider

Foreseeing the evolution of the liquid crystal displays (LCDs) in pachinko/pachislot machines and recognizing the importance of machines featuring stimulating gameplay for attracting fans, Fields formed business alliances with pachislot and pachinko makers to make these new machines possible. Fields was the first to release pachinko/pachislot machines featuring highly animated content and exciting story lines associated with well-known characters, by capitalizing on the rapid advances in LCDs and semiconductor technologies. The machines were wildly successful and triggered a boom in entertainment machines. Since then we have focused on strengthening the planning and sales of content, while advancing the role of content in multiple directions through a wide range of channels in addition to pachinko/pachislot machines.

1999
- ❒ Obtained ISO 9002 certification (Sales Division) to provide superior operational quality to customers

2001
- ❒ Entered a basic exclusive distributorship agreement with Sammy Corporation subsidiary and pachinko/pachislot machine manufacturer Rodeo Co., Ltd.

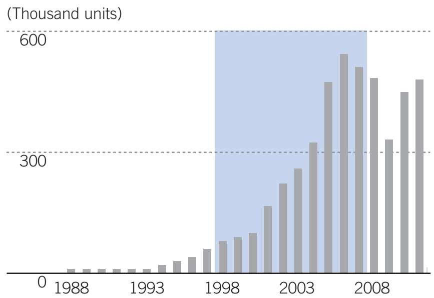
2002
- ❒ Held a pachinko hall design competition featuring architects from around the world

2003
- ❒ Listed shares on the JASDAQ market
- ❒ Entered a basic exclusive distributorship agreement with SANKYO CO., LTD. subsidiary and pachinko/pachislot machine manufacturer Bisty Co., Ltd.

2006
- ❒ Invested in FutureScope Corporation ahead of full-scale entry into the mobile business

2008
- ❒ Established business tie-up with KYORAKU SANGYO

Change in Number of Machines Sold



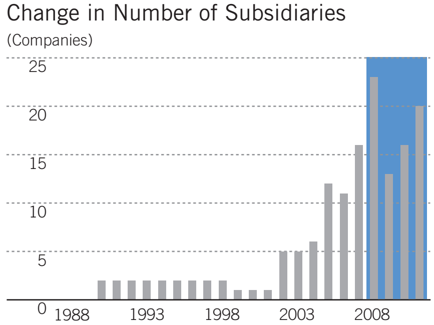
From 2008: Seeking to create new entertainment

Having come to understand the vital role that digital content plays as the basis for creating a competitive edge as a corporation, we have worked to acquire, create and nurture highly entertaining intellectual property (IP) in the mainstay pachinko/pachislot field and other entertainment fields as well as content which can attract new types of customers. As we have extensively compiled, analyzed and researched data on the leisure market, the business scheme pursued since our public listing has continued to evolve. Going forward, Fields is committed to promoting a range of measures that will culminate in new types of entertainment.

2010
- ❒ Listed shares on the Osaka Securities Exchange (JASDAQ standard) following merger of the JASDAQ Securities Exchange and Osaka Securities Exchange
- ❒ Established HERO’S Inc. to create and nurture IP utilizing monthly comic magazines
- ❒ Consolidated Tsuburaya Productions Co., Ltd., owner of the “Ultraman” series and other quality IP
- ❒ Consolidated Digital Frontier Inc., a company with high-quality video technology, to deliver higher value-added IP
- ❒ Jointly established IP Bros. Incorporated with NHN Japan Corporation to expand and enhance online services

2011
- ❒ Consolidated MICROCABIN CORP., a company with sophisticated technological capabilities in the development of video software

Change in Number of Subsidiaries



*Number of subsidiaries consists of consolidated subsidiaries and equity-method affiliates

CORPORATE DATA

STOCK INFORMATION

As of March 31, 2011

Stock Status

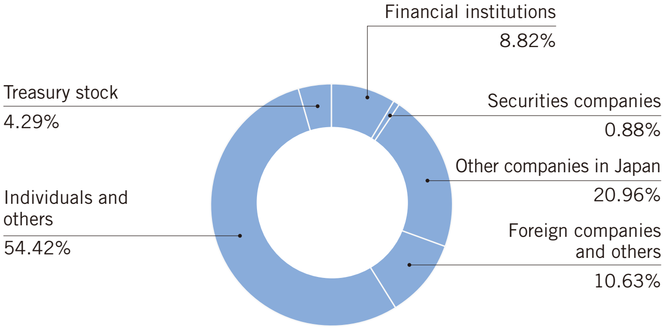
Total authorized shares	1,388,000
Total outstanding shares	347,000
Treasury stock	14,885
Number of shareholders	9,642

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)	9,609	2.77
Japan Trustee Services Bank, Ltd. (Trust account)	7,964	2.30
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	7,680	2.21
Takashi Oya	4,500	1.30
BBH (LUX) FIDELITY FUNDS JAPAN ADVANTAGE	3,880	1.12
GOLDMAN, SACHS & CO. REG	3,622	1.04

*Excluding treasury stock held by the Company

Number of Shareholders by Category

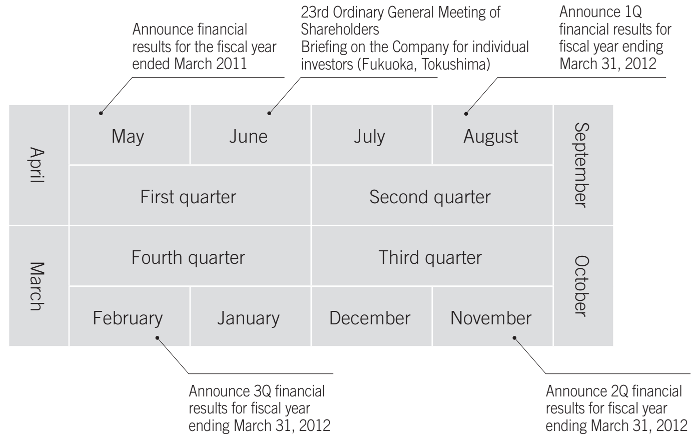


IR INFORMATION

IR Events Held – Fiscal Year Ended March 31, 2011

		IR event	Participants
2010	April		
	May	Financial results briefing for the fiscal year ended March 31, 2010	80
	June	22nd Ordinary General Meeting of Shareholders	
	July		
	August	1Q financial results briefing for fiscal year ending March 31, 2011	50
		Overseas IR (Hong Kong) activities	
	September	Briefing on the Company for individual investors held (Osaka)	150
	October	Briefing on the Company for individual investors held (Sapporo)	130
		Participation in JASDAQ Value IR Square 2010 (Tokyo)	100
	November	2Q financial results briefing for fiscal year ending March 31, 2011	80
	December		
2011	January		
	February	3Q financial results briefing for fiscal year ending March 31, 2011	50
	March		

IR Schedule for the Fiscal Year Ending March 31, 2012



Promoting Vigorous IR Activities

Fields promotes vigorous IR activities in an effort first and foremost to build relationships of trust with shareholders and investors. We pursue a number of improvement measures with the aim of providing information that our stakeholders find most meaningful.

Our IR website undergoes ongoing efforts at improvement, reflecting evaluations and input offered from many site visitors, to ensure that the site is a source for timely and useful information. In the fiscal year ended March 31, 2011, our IR website received a Best Corporate Website Award from Nikko Investor Relations Co., Ltd. for rich content in a fiscal 2010 ranking of websites of publicly listed companies. Rather than rest on this accomplishment, we will continue to do our best to deliver the most progressive information possible.

At Fields, we also believe it is important to create opportunities to provide briefings on the Company for individual investors. To this end, such briefings were held in the cities of Osaka, Sapporo and Tokyo in the fiscal year ended March 31, 2011, with another two briefings for the fiscal year ending March 31, 2012 already held in the cities of Fukuoka and Tokushima. All briefings so far have been well attended, and have provided the opportunity to discuss Fields' market position, business strategy and other issues.

Beyond these initiatives, we are committed to fostering greater understanding of Fields among more shareholders and investors through prompt, accurate and fair information disclosure, and the promotion of IR activities from various angles to ensure robust and proactive communication. To this end, we ask for your continued support of our IR activities going forward.

Scene from the venue of a briefing on the Company for individual investors (Tokushima)

For more information about IR please contact:

Corporate Communications Office, IR section

Phone +81-3-5784-2111 Email ir@fields.biz

CORPORATE DATA

FIELDS CORPORATION

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We Make It Happen

This annual report is printed on environmentally friendly paper.

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