

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

July 31, 2015
Listed on: TSE 1st

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Planned date for submission of the quarterly report: August 7, 2015
 Planned date for start of dividend payment: —
 Quarterly earnings supplementary explanatory materials: Yes
 Quarterly earnings presentation: Yes (For institutional investors and security analysts)

(Rounded down to the nearest million)

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

(1) Operating results (cumulative total)

(Percentage figures denote year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First quarter, year ending March 31, 2016	17,140	129.8	(1,005)	—	(864)	—	(867)	—
First quarter, year ended March 31, 2015	7,459	29.8	(2,509)	—	(2,254)	—	(1,502)	—

(Note) Comprehensive income First quarter of the year ending March 31, 2016: ¥(681) million (—%)
 First quarter of the year ended March 31, 2015: ¥(1,744) million (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
First quarter, year ending March 31, 2016	(26.15)	—
First quarter, year ended March 31, 2015	(45.29)	—

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
First quarter, year ending March 31, 2016	90,082	58,305	63.9
Year ended March 31, 2015	110,316	60,246	53.9

(Reference) Shareholders' equity First quarter of the year ending March 31, 2016: ¥57,526 million
 Year ended March 31, 2015: ¥ 59,492million

2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2015	—	25.00	—	35.00	60.00
Year ending March 31, 2016	—	—	—	—	—
Year ending March 31, 2016 (Forecast)	—	25.00	—	25.00	50.00

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

The year-end dividend of 35 yen for the fiscal year ended March 31, 2015 includes a commemorative dividend of 10 yen.

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

(Percentage figures denote year-over-year changes)

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

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

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

*Notes

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

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

(3) Changes in accounting principles, accounting procedures, presentation method and other factors

1) Changes due to the revision to the accounting standards, etc.: Yes

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

3) Changes in accounting estimates: No

4) Revisions/restatements: No

(4) Number of shares issued (common stock)

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

First quarter of the year ending March 31, 2016	34,700,000 shares
Year ended March 31, 2015	34,700,000 shares

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

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

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

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

* Indication of status of quarterly review procedure

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

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

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

The Company is planning to hold a results briefing for analysts and institutional investors on Monday, August 3, 2015. Materials distributed at that briefing will be posted on the Company’s website after the briefing as soon as possible.

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1. Qualitative information on quarterly financial results

(1) Analysis of operating results

[1] Overview of operations for the 3 months ended June 30, 2015 (April 1, 2015 to June 30, 2015)

The Company posted net sales of ¥17,140 million (up 129.8% year-over-year), operating loss of ¥1,005 million (versus operating loss of ¥2,509 million for the same period of the previous year), ordinary loss of ¥864 million (versus ordinary loss of ¥2,254 million for the same period of the previous year), and net loss attributable to owners of parent for the period totaling ¥867 million (versus net loss attributable to owners of parent of ¥1,502 million for the same period of the previous year). These results were generally in line with the forecast for the year ending March 31, 2016.

The main factors behind these results are as follows.

In pachinko/pachislot machines, we launched titles complying with changes to the model certification test method for pachislot machines in September of last year, including “EVANGELION—Spear of Hope.” These titles now enjoy a certain following among users. We continue to view shifts within the industry such as changes in regulations as business opportunities to expand the market and accordingly, we are pursuing various marketing measures based on a plan to sell pachinko/pachislot machines with impressive game function and entertainment elements.

In the first quarter under review, we pursued operating activities as outlined in the table below. The number of pachislot machines sold increased by about 23,000 over the previous year to 28,000 and the number of pachinko machines decreased by about 22,000 to 15,000. This resulted in an approximately 200 increase in the total number of pachinko/pachislot machines to 44,000.

Results in other businesses were also generally in line with forecasts.

<Titles already launched and titles currently being marketed (as of July 31, 2015)>

Pachislot machines	Month of delivery
EVANGELION—Spear of Hope	June 2015
Resident Evil 6	July 2015

Pachinko machines	Month of delivery
CR EVANGELION 9 Type zero ver.	May 2015
CR Million GOD RISING	July 2015
CR Martian Successor NADESICO*	August 2015
CR Sakigake Otokojuku*	August 2015
CR EVANGELION X*	September 2015

(Note) Asterisks indicate titles being marketed as of July 31, 2015.

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

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

Our main initiatives were to continue focusing on the creation of IP, primarily through the comic “HERO’S” Monthly. We worked on several film projects, and planned and developed IP into games and pachinko/pachislot machines with the aim of developing the stories published in this comic in cross-media formats.

In the TV fields, broadcasts of “Ultraman X” began, and in the Web distribution field, “NINJA SLAYER FROM ANIMATION” was distributed. We also developed products for children and adults utilizing various characters in conjunction with film development through TV and Web distribution.

In merchandising, a means of generating revenue from IP, we endeavored to reinforce the revenue base in diverse fields. We worked to improve game elements further in the social game field by making large-scale updates to “ANIMAL × MONSTER”, which was launched in the previous fiscal year, and devised new plans for collaborations. Moreover, in addition to product development for existing characters, we launched “A MAN of ULTRA” (licensed brand), which brings concepts and world views into concrete shape. In the live entertainment field, experiment-based live entertainment shows utilizing the “Ultraman series” were presented overseas as well as in Japan. In the pachinko/pachislot field, we carried out marketing activities for multiple pachinko/pachislot machines utilizing IP, such as “Resident Evil 6” and “CR EVANGELION X”, to be launched in the second quarter of this fiscal year. The Group made K.K. Aristocrat Technologies, a pachislot machine manufacturer, and K.K. Spiky subsidiaries in the first quarter, and will steadily develop products utilizing these companies’ hardware, software and other assets.

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

(2) Analysis of financial position

(Assets)

Current assets amounted to ¥50,657 million, down ¥20,357 million since the end of the previous fiscal year. The principal factor behind this was a decrease in notes and accounts receivable—trade.

Tangible fixed assets amounted to ¥12,253 million, up ¥56 million since the end of the previous fiscal year.

Intangible fixed assets amounted to ¥4,447 million, down ¥43 million since the end of the previous fiscal year.

Investments and other assets amounted to ¥22,724 million, up ¥109 million since the end of the previous fiscal year. The principal factor behind this was an increase in long-term loans.

As a result of the above, total assets amounted to ¥90,082 million, down ¥20,234 million since the end of the previous fiscal year.

(Liabilities)

Current liabilities amounted to ¥26,883 million, down ¥18,890 million since the end of the previous fiscal year. The principal factors behind this were a decrease in notes and accounts payable—trade and a decrease in accrued income taxes.

Fixed liabilities amounted to ¥4,893 million, up ¥596 million since the end of the previous fiscal year. This was mainly due to an increase in net defined benefit liability.

As a result of the above, total liabilities amounted to ¥31,776 million, down ¥18,293 million since the end of the previous fiscal year.

(Net assets)

Net assets amounted to ¥58,305 million, down ¥1,940 million since the end of the previous fiscal year. This primarily reflected a decrease in retained earnings.

(Analysis of cash flows)

Cash and cash equivalents (hereinafter referred to as “cash”) increased by ¥185 million since the end of the previous fiscal year, amounting to ¥16,009 million during the first quarter under review.

(Cash flows from operating activities)

Net cash used in operating activities amounted to ¥5,334 million (¥8,932 million of expenditure for the same period of the previous year). This was mainly due to a decrease of ¥24,506 million in notes and accounts receivable—trade, a decrease of ¥26,148 million in notes and accounts payable—trade, income taxes paid of ¥2,296 million, etc.

(Cash flows from investing activities)

Net cash provided in investing activities amounted to ¥75 million (¥544 million of expenditure for the same period of the previous fiscal year). This was mainly attributable to proceeds from repayment of loans totaling ¥1,427 million, expenditure for loans totaling ¥1,393 million, etc.

(Cash flows from financing activities)

Net cash provided in financing activities amounted to ¥5,445 million (¥1,172 million of expenditure for the same period of the previous fiscal year). This was primarily attributable to proceeds from short-term borrowings totaling ¥6,670 million and dividends paid totaling ¥1,107 million, etc.

(3) Review of consolidated earnings forecasts and other forecasts

(Unit: Millions of yen)

	Forecast for the year ending March 31, 2016	Results for the year ended March 31, 2015	Year-over-year changes
Net sales	120,000	99,554	up 20.5%
Operating income	6,000	4,743	up 26.5%
Ordinary income	6,500	5,491	up 18.4%
Net income attributable to owners of parent	3,500	3,108	up 15.9%

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

2. Summary information (notes)

(1) Transfer of important subsidiaries during the quarterly consolidated period under review

None

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

Assessment of tax expenses

The Company applies the method that reasonably estimates an effective tax rate to be assessed on income before income taxes for the year ending March 31, 2016, including this three months ended June 30, 2015, after accounting for the tax effects, and multiplies income before income taxes during the three months ended June 30, 2015 by such estimated effective tax rate.

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

(Changes in accounting policies)

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

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

The Accounting Standard for Business Combinations, etc. is applied in accordance with the transitional treatment set forth in paragraph 58-2 (4) of the Accounting Standard for Business Combinations, paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and paragraph 57-4 (4) of the Accounting Standard for Business Divestitures, and will be applied from the beginning of the first quarter of the current fiscal year and on into the future. The resulting impact on operating loss, ordinary loss and loss before income taxes and minority interests each increased ¥105 million in the first quarter of the consolidated fiscal year under review.

3. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

(Unit: Millions of yen)

	Fiscal year ended March 31, 2015 (March 31, 2015)	Three months ended June 30, 2015 (June 30, 2015)
Assets		
Current assets		
Cash and cash equivalents	15,823	16,009
Notes and accounts receivable—trade	45,888	22,972
Merchandise and products	239	317
Work in process	1,414	1,957
Raw materials and supplies	83	1,451
Other current assets	7,589	7,971
Allowance for doubtful accounts	(25)	(22)
Total current assets	71,014	50,657
Fixed assets		
Tangible fixed assets		
Land	7,737	7,582
Other tangible fixed assets	4,459	4,671
Total tangible fixed assets	12,197	12,253
Intangible fixed assets		
Goodwill	1,618	1,538
Other intangible fixed assets	2,872	2,908
Total intangible fixed assets	4,490	4,447
Investments and other assets		
Investment securities	14,564	14,171
Other assets	9,079	9,581
Allowance for doubtful accounts	(1,029)	(1,028)
Total investments and other assets	22,614	22,724
Total fixed assets	39,302	39,425
Total assets	110,316	90,082
Liabilities		
Current liabilities		
Notes and accounts payable—trade	33,850	9,694
Short-term borrowings	4,014	10,684
Current portion of long-term borrowings	42	32
Accrued income taxes	2,345	149
Accrued bonuses	378	99
Accrued bonuses to directors and auditors	282	71
Reserve for returned goods unsold	22	22
Other current liabilities	4,837	6,128
Total current liabilities	45,773	26,883
Fixed liabilities		
Long-term borrowings	8	4
Net defined benefit liability	521	731
Other fixed liabilities	3,766	4,157
Total fixed liabilities	4,296	4,893
Total Liabilities	50,070	31,776

(Unit: Millions of yen)

	Fiscal year ended March 31, 2015 (March 31, 2015)	Three months ended June 30, 2015 (June 30, 2015)
Net assets		
Shareholders' equity		
Common stock	7,948	7,948
Capital surplus	7,994	7,994
Retained earnings	46,049	44,020
Treasury stock	(1,821)	(1,821)
Total shareholders' equity	60,171	58,142
Accumulated other comprehensive income		
Unrealized holding gain on available-for-sale securities	(567)	(512)
Foreign currency translation adjustment	(1)	(2)
Remeasurements of defined benefit plans	(109)	(102)
Total accumulated other comprehensive income	(679)	(616)
Non-controlling interest	753	779
Total net assets	60,246	58,305
Total liabilities and net assets	110,316	90,082

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

Quarterly consolidated statements of income

First quarter of the year ending March 31, 2016

(Unit: Millions of yen)

	Three months ended June 30, 2014 (April 1, 2014–June 30, 2014)	Three months ended June 30, 2015 (April 1, 2015–June 30, 2015)
Net sales	7,459	17,140
Cost of sales	4,668	12,190
Gross profit	2,790	4,950
Selling, general and administrative expenses	5,300	5,956
Operating income (loss)	(2,509)	(1,005)
Non-operating income		
Interest income	9	10
Dividend income	85	77
Discounts on purchase	222	323
Others	156	86
Total non-operating income	474	499
Non-operating expenses		
Interest expense	2	7
Equity method investment loss	142	264
Loss on management of investment securities	12	-
Amortization of equity investment	42	61
Others	20	24
Total non-operating expenses	220	357
Ordinary income (loss)	(2,254)	(864)
Extraordinary income		
Gain on sale of fixed assets	-	22
Total extraordinary income	-	22
Extraordinary losses		
Loss on disposal of fixed assets	6	24
Loss on litigation charges	2	5
Others	1	2
Total extraordinary losses	9	32
Income (loss) before income taxes and minority interests	(2,264)	(874)
Current income taxes	(763)	(131)
Net income (loss)	(1,501)	(743)
Profit attributable to non-controlling interests	1	123
Loss attributable to owners of parent	(1,502)	(867)

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

(Unit: Millions of yen)

	Three months ended June 30, 2014 (April 1, 2014–June 30, 2014)	Three months ended June 30, 2015 (April 1, 2015–June 30, 2015)
Income (loss) before minority interests	(1,501)	(743)
Other comprehensive income		
Unrealized holding gain on available-for-sale securities	(249)	55
Foreign currency translation adjustment	(0)	(1)
Remeasurements of defined benefit plans	7	7
Total other comprehensive income	(243)	62
Comprehensive income	(1,744)	(681)
(Breakdown)		
Comprehensive income attributable to owners of the parent	(1,745)	(805)
Comprehensive income attributable to non-controlling interests	1	123

(3) Quarterly consolidated statements of cash flows

(Unit: Millions of yen)

	Three months ended June 30, 2014 (April 1, 2014–June 30, 2014)	Three months ended June 30, 2015 (April 1, 2015–June 30, 2015)
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	(2,264)	(874)
Depreciation and amortization	447	517
Amortization of goodwill	87	85
Increase (decrease) in allowance for doubtful accounts	(5)	(3)
Increase (decrease) in accrued bonuses	(291)	(279)
Increase (decrease) in accrued bonuses to directors and auditors	(159)	(211)
Increase (decrease) in net defined benefit liability	22	27
Interest and dividend income	(95)	(88)
Equity method investment loss (gain)	142	264
Interest expense	2	7
Decrease (increase) in notes and accounts receivable—trade	23,511	24,506
Decrease (increase) in inventories	(454)	(672)
Decrease (increase) in merchandising rights advances	(529)	617
Increase (decrease) in notes and accounts payable—trade	(25,925)	(26,148)
Other	(1,599)	(884)
Subtotal	(7,110)	(3,136)
Interest and dividends received	101	105
Interest paid	(2)	(7)
Income taxes paid	(1,922)	(2,296)
Net cash provided by (used in) operating activities	(8,932)	(5,334)
Cash flows from investing activities		
Purchases of tangible fixed assets	(253)	(296)
Purchases of intangible fixed assets	(462)	(376)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	652
Expenditure for acquiring shares in affiliates	(10)	(100)
Expenditure for loans	(0)	(1,393)
Proceeds from repayment of loans	557	1,427
Others	(375)	162
Net cash provided by (used in) investing activities	(544)	75
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(329)	6,670
Repayment of long-term borrowings	(18)	(13)
Dividends paid	(798)	(1,107)
Others	(26)	(103)
Net cash provided by (used in) financing activities	(1,172)	5,445
Effect of exchange rate changes on cash and cash equivalents	-	-
Increase (decrease) in cash and cash equivalents	(10,650)	185
Cash and cash equivalents at beginning of period	29,583	15,823
Cash and cash equivalents at end of period	18,933	16,009

(4) Note regarding the quarterly consolidated financial statements

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

No relevant items

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

Three months ended June 30, 2015 (April 1, 2015 to June 30, 2015)

No relevant items