FIELDS

Gaming and Entertainment

FIELDS CORPORATION

Annual Report 2016

April 1, 2015 ~ March 31, 2016

STEADY, FOCUSED, FORWARD.

With focus, progress and steady growth, we are striding forward to a brighter future.

DIGITAL ANNUAL REPORT 2016

FIELDS CORPORATION

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Management Message
The Greatest Leisure for All People

One day is 24 hours. One year is 365 days. Leisure constitutes the few precious moments available during this limited time.

For this reason, we want leisure to provide the greatest fun, excitement and memories.

At Fields, we aim to become a Company able to continuously create the greatest leisure for all people throughout the world.

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MESSAGE FROM THE CHAIRMAN & CEO

CEO Message

Hidetoshi Yamamoto

I would like to express my sincere appreciation for the understanding and continued support of our shareholders, investors and all our stakeholders.

From Our Founding Until Today

The history of Fields up to now can be expressed in one word: challenge. What can we do as a Company to fill people's lives with passion, excitement and spiritual enrichment? To find this out, since our founding we have continued to take on challenges with an eye toward the future.

In the 1980s, pachinko halls could be found throughout Japan where ever people lived. Pachinko halls were supported by countless fans as a familiar place where people could enjoy their leisure time. We felt that there was a major potential in amusement close to people's hearts. We created a business out of realizing the transformation of pachinko/pachislot into valuable community-based entertainment.

At that time, the industry custom was "one hall, one manufacturer." Each hall comprised machine lineups biased toward the machines made by certain manufacturers. But was this what pachinko fans really wanted? Were they satisfied and enjoying this arrangement? Fields promoted distribution innovations and made various proposals enabling halls to provide fans with a selection of machines from among numerous new machines. We proposed an entirely new concept for pachinko halls, including the provision of information about all kinds of new machines and proposals for differentiating from rival halls aimed at creating a space for providing better services. As a result of pachinko hall advancements and management support, Fields grew into a unique Company as an independent distributor.

Additionally, in line with advances in hardware as the driving force of LED development, we collaborated with major manufacturers to enable the promotion of product development using IP such as characters, stories and others. Rather than focusing only on the success or failure of pachinko/pachislot, we launched a revolution to provide people with even more enjoyment in their leisure time. Collaborating with numerous manufacturers to create highly entertaining machines using IP provided by Fields, after listing our shares on JASDAQ in 2003, we have concentrated on securing properties in animation, movies and all kinds of entertainment fields with IP merchandising rights as the core of our strategy.

Machines utilizing IP have become mainstream in the pachinko/pachislot machines market. With the sale of comparable new machines from non-affiliated manufacturers, we became concerned about the future depletion of IP, and in particular, a lack of IP compatible with machine characteristics, thus we began to engage in the creation and ownership IP. We created monthly magazines in collaboration with major publishers, and rather than relying on traditional distribution practices, we established exclusive distribution channels with major convenience stores, building a model for the creation of new IP. Also, in 2010, we welcomed into the Group Tsuburaya Productions Co., Ltd., creators of *Ultraman*, Japan's most popular hero, in an attempt to utilize the wealth of IP possessed by this company. Furthermore, with the intention of leveraging digital content, we also welcomed into the Group Digital Frontier Inc., which possesses advanced digital technologies, and began little by little to create a foundation for business centered on IP.

In 2012, we announced a new business model attempting to transition to a strategy focused on IP. At present, we are promoting a cyclical IP business targeting medium- to long-term growth as an IP oriented company that not only acquires IP but also creates and owns original IP.

Why Make a Business of Leisure?

Since the industrial revolution, in which agrarian societies were transformed into industrial societies, and the information revolution, which has transformed industrial societies into information societies, modern societies are asking what kind of society will we have next? What kind of era is on the horizon? The answer Fields came up with is "spirit."

During the industrial revolution that occurred in the 18th and 19th centuries, industrialization caused rapid economic growth. In the 20th century, technological innovations advanced even further, with the introduction of commercial computers and automation reducing the need for excessive labor. Also, in the area of healthcare, technological achievements have enabled societies with longer lifespans. In 1950, the average life span for Japanese people was 50 years; today, both men and women in Japan live well past 80 years old. As society becomes more convenient and people's lifespan continues to grow, the amount of leisure time available has naturally increased as well.

Against the backdrop of these societal changes, media and platform modes have also changed. In Japan, movies were mainstream entertainment through the 1950s. Then, in the 1960s, TV began spreading across Japan. In the 1990s, along with the birth of the internet, a variety of devices arrived on the scene. And, variety spread in the entertainment world, with the advent of theme parks and the popularity of home-console video games.

As a result, people today have a variety of choices when it comes to deciding how to spend their leisure time. We can do what we like, when we like, in the way we like.

By providing the greatest entertainment for people's leisure time, Fields wants to contribute to enriching people's spirits. Anticipating the time consumption needs of a variety of people, we will strive to provide products and services that enrich people's spirit.

Why Focus on IP?

Throughout the world, popular Disney characters continued to be loved across generations and geographical areas despite changing times and without being influenced by the rise and fall of the media creating them. To continue providing the world with the greatest entertainment, Fields has searched for content with everlasting value forming the core of our business.

With a broad perspective on the wide world of entertainment, through the process of repeated investigations and research into the ways in which people spend leisure time to enrich their spirit, we think that IP such as characters, stories and others are one important aspect of providing people with happiness and joy. To this end, we have promoted initiatives aimed at creating and developing IP with several leading companies.

A sense of love and respect for IP is the linchpin for expanding and accelerating our proprietary IP business. As each of our employees strives to engage in business activities with a sense of love and respect for IP, we first gain the trust of partners to enable the creation and development of the ultimate IP.

Going forward, Fields will build partnerships with a variety of corporations to provide the world with even more characters that capture the hearts and stories that permeate people's spirit.

Thoughts on the Future

At present, Japanese comic and animation content are flourishing throughout the world. Fields is accelerating business deployment focused on IP to contribute to the development of a contents industry that holds significant promise for the future of Japan. We aim to become a Company able to continuously provide the greatest leisure time to everyone on the planet.

Ultraman, created 50 years ago by Tsuburaya Productions, has today grown beyond generational and geographic boundaries to bring smiles to people throughout the world. When the 2011 Great East Japan and 2016 Kumamoto earthquakes struck, in addition to other relief items, the Fields Group sent *Ultraman* to visit affected areas and bring smiles to children's faces. Even in these extremely hard conditions, the smiling faces of children meeting a hero made me personally aware of the power and potential of IP as well as the mission and responsibilities of our Company.

Fields, along with its Group companies and partner companies, wants to create and deliver IP using a variety of media throughout the world that brings a smile to the faces of people, from children to adults. It is my sincere wish that we can spread happiness and excitement throughout the world with the greatest entertainment.

Corporate Philosophy: The Greatest Leisure for All People

In modern society there is sufficient material satisfaction, but many deficiencies in terms of spiritual fulfillment. Through the provision of products and services, Fields conducts business that contributes to spiritual enrichment. People who are spiritually fulfilled feel happy, and Fields wants to create as many instances of this kind of happiness as it can.

Our corporate philosophy of "The Greatest Leisure for All People" is the cornerstone of our corporate activities. We aim to become a Company that contributes to overall societal happiness by creating excellent entertainment providing people with emotion and excitement. To this end, we research and analyze changes in people's lifestyles and living environments, repeatedly testing hypotheses while attempting to forecast the future. For example, what will life be like for people 10 years from now? And what will leisure time mean to them? At that time, what should Fields' relationship with people of the world be like? And what can Fields do for those people? We are constantly exploring the answers to these questions with respect to our business from a long-term perspective. From our founding until today, we have expanded our business domain to include a wide range of entertainment genres in an effort to embody our corporate philosophy.

All Fields employees are united as one under our corporate philosophy of "The Greatest Leisure for All People." We will continue moving forward to realize this goal.

We are grateful to all of our stakeholders for the support shown for our corporate philosophy and the strength given to us through the years, and will continue our efforts to meet stakeholder expectations going forward. We would like to ask for your continued support as we pursue our goals.

November 2016
Chairman & CEO
Hidetoshi Yamamoto

MESSAGE FROM THE PRESIDENT & COO

COO Message

T Shigematsu

We are extremely grateful for all our shareholders and investors and sincerely appreciate your continued support.

Presidential Appointment Resolutions and New Structure Responsibilities

In April 2016, I was appointed President and COO. Along with Chairman and CEO Yamamoto, I will accelerate Fields' business centered on IP that contributes to the enrichment of people's spirits.

To promote business centered on IP such as characters and others comprising the cornerstone of entertainment, for the past several years we have attempted to engage in cross-media development through the acquisition and creation of numerous intellectual properties. I joined Fields in 2007, promoting cross-media development of IP including *AKB48* and *Ultraman*, striving to commercialize and expand our business domain standing on the front line of business centered on IP. Having recently assumed the weighty responsibility of president, I will redouble my efforts toward the ongoing expansion of Fields' IP business including the pachinko/pachislot business.

In terms of implementing a new structure to promote business, I have appointed Director Eiichi Kamagata, who possesses a wealth of production experience in the visual field, as Division Manager of Cross Media Business Management. I also appointed Senior Managing Director Ei Yoshida, who has many years of pachinko hall operation and management experience, and most recently has been passionately focused on human resource development for the future of the pachinko/pachislot industry, as Division Manager of Pachinko/Pachislot Business Management. Fields will promote the IP business with more strength than ever before as we advance toward the realization of our corporate philosophy.

The Business Environment Surrounding Fields

Recently, in the business environment surrounding the Company, a paradigm shift is advancing aimed at curbing gambling to ensure the soundness of the pachinko/pachislot market, our business domain since Fields was founded, affecting gaming machine manufacturers, distribution, halls and all other areas in the industry. Although these conditions are having an impact on our performance, we will leverage our abundant experience in responding to changes in the industry up to now in the pachinko/pachislot business in an attempt to respond quickly and flexibly to this transition period.

At the same time, we will promote initiatives aimed at creating a structure to that is not dependent on a specific media linked to achieving solid results in our IP business Company-wide.

At present, we are moving forward with multiple visual projects using IP created by the Fields Group, steadily cultivating the seeds of business. We are also proactively promoting the global development of digital contents including e-books and visual content in an attempt to expand awareness of our IP while expanding and accelerating our business.

Fields' promotion of cross-media development in response to people's diverse needs centered on IP will create strong structures unaffected by the changing environments of specific media. These initiatives, which are moving forward right now, will hopefully enable us to achieve sustainable growth for the future.

Business Strategies to Maximize IP Value

In view of the business environment, Fields will promote business along the following three focus points as a medium-to long-term strategy.

1. Acquire and create leading IP
2. Expand platforms for IP deployment and maximize IP value
3. Regional deployment expansion = global deployment

In terms of the first point, we will maximize IP value through cooperation with partner companies in each media while acquiring and creating IP in accordance with our cross media strategy. IP creation efforts will mainly focus on the creation of hero's IP through *HERO'S Monthly*.

Regarding the second point, we will provide IP for a variety of platforms to maximize earnings along with our partner companies. We will accelerate cross media deployment by strengthening our alliance with partner companies in a variety of media, including e-books and comics, visual content, video games, live entertainment, licensing business and pachinko/pachislot machines.

As for the third point, we will promote IP development focused on global markets and enter into alliances with e-book and SVOD operators in pursuit of global development. In particular, in China, Southeast Asia and North America, we have been promoting IP media development through alliances with major platforms.

In line with these strategies, to quickly establish the IP business we are aiming for, we will focus investments on IP expected to become major and able to be developed as a series, promoting deployment in Japan as well as overseas.

About Fields' Social Responsibility

Fields' exists to provide the people of the world with happiness and joy through the creation of characters and stories that touch the hearts of people and developed globally using a variety of media. Believing we have an obligation to fulfill our social responsibility, we will continue to engage in business with this conviction going forward.

Part of the Fields Group CSR efforts involve the *ULTRAMAN FOUNDATION*, activities we wholeheartedly continue to engage in aimed at using this hero to bring smiles and courage to children throughout Japan, including those affected by Great East Japan Earthquake in March 2011 and the Kumamoto earthquake in April 2016. Through these activities, the words of encouragement children offer to the hero from the bottom of their hearts also provide all of us at Fields with energy and power. Through these experiences, we develop a strong awareness of our responsibilities to society and will continue to take the encouraging words of children to heart as we move forward toward the future.

We thank all our stakeholders for their guidance and encouragement and hope you continue looking forward to the Group's further growth.

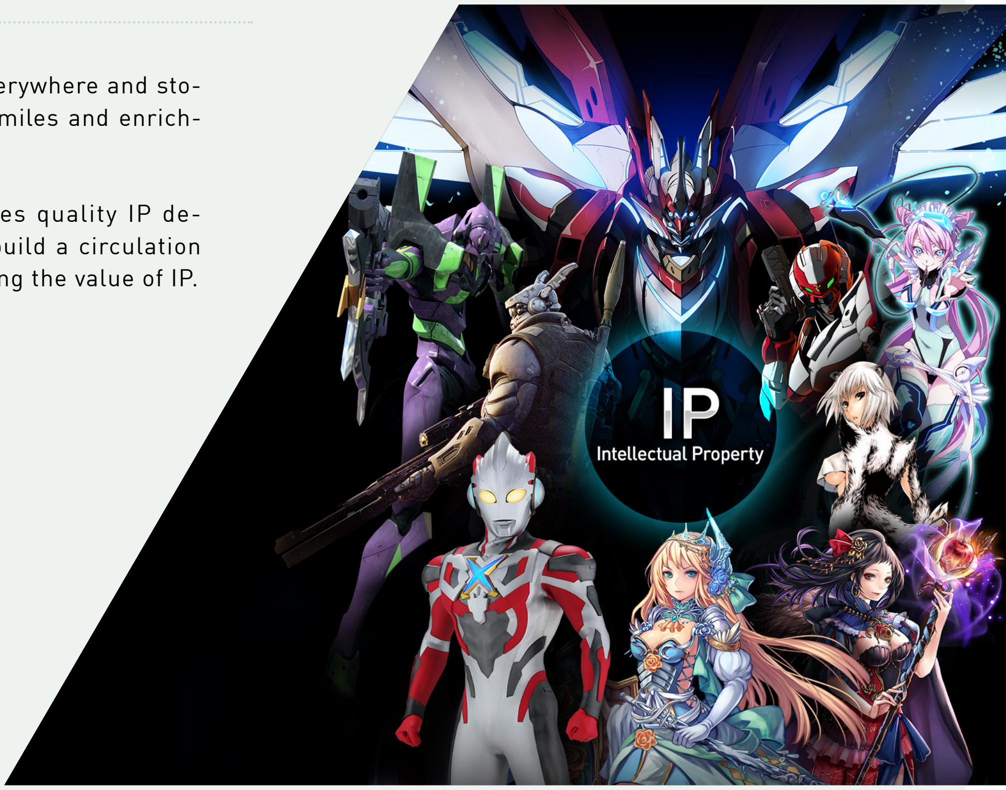
November 2016
President & COO
Tetsuya Shigematsu

Business Model Aimed at Realizing Enhanced IP Value

Toward the Creation of Entertainment Excellence

Characters loved by all generations everywhere and stories that resonate in the heart bring smiles and enrichment to everyone's leisure time.

Fields acquires, creates and cultivates quality IP deployed through a variety of media to build a circulation "Developing Business Model" maximizing the value of IP.



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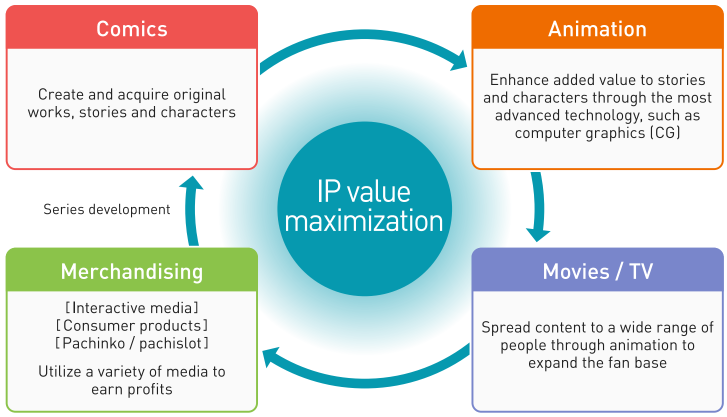
Fields' "Developing Business Model"

IP = Intellectual Property

Fields develops a wide range of IP (intellectual property), such as characters and stories that constitute the core of entertainment, from comics, visual and games, to pachinko/pachislot machines, in an attempt to enhance the value of IP itself and maximize profitability.

Bringing all this together systematically as the core of our IP is the circulation business model "Developing Business Model".

Developing Business Model



Comics

The role of the Comics field is to create and acquire original works, stories and characters. Creation is the role of so-called "IP production bases." At the core of this effort is the *HERO'S Monthly* comic magazine focused on the creation of hero IP.

HERO'S Monthly is a comic magazine created in conjunction with a major publisher in November 2011. In the almost five years since its creation, 62 titles have been published (as of June 2016).

Fields handles numerous hero works, including *ULTRAMAN* and *Masked Rider KUUGA*, whose popularity stretches across generational segments, while at the same time we are also promoting multiple visuals projects.

Furthermore, we have also begun distributing content for e-book platforms, including 42 e-book stores in Japan and China Mobile and Kidstone in China.

New Series Productions

Infini-T Force ～ Mirai No Byosen ～
© タツノコプロ Ukyou Kodachi Tatsuma Ejiri © ヒーローズ

T-DRAGON
©Shu Sakuratani
© ヒーローズ

VOICE CUSSION
©Namoshiro Tanahashi Yamato Koganemaru © ヒーローズ

USHIRO
©LEVEL-5 ／ KADOKAWA ／ フィールズ © ヒーローズ

Monthly Comic Magazine HERO'S official website

http://www.heros-web.com/en/

Main Cross-Media Development Examples

MAJESTIC PRINCE
Pachislot machine rollout
© 創通・フィールズ／ MJP 製作委員会 © 創通／フィーズ
© ヒーローズ Produced by D-light

Infini-T Force ～ Mirai No Byosen ～
Animation project
© タツノコプロ Ukyou Kodachi Tatsuma Ejiri
© ヒーローズ

ATOM THE BIGINNING
Animation project
©TEZUKA PRODUCTIONS Masami Yuuki Tetsuro Kasahara © ヒーローズ

TV Animation
ATOM THE BEGINNING
official website
(Japanes language only)

http://atom-tb.com/

Animation

The role of the animation field is to increase the added value of stories and characters using CG and other advanced technologies. With strengths as producers and production capabilities, we are engaged in added value IP through the highest class of animation quality in Japan. We also improve Fields' repetition through high added value IP, which is linked to the acquisition of new leading IP.

In October 2016, the animation movie *GANTZ:O* was released based on *GANTZ*, which boasts a wealth of fans in Japan and overseas (published in *Young Jump Weekly* from 2000 to 2013). At present, we are also moving forward with multiple IP animation production projects.

Major Broadcasts / Releases

NINJA SLAYER FROM ANIMATION
©Ninj@ Entertainment/Ninj@ Conspiracy

Grimgar, Live and Act
©2016 十文字青・オーバーラップ／灰と幻想のグリムガル製作委員会

ACTIVERAID:
Special Public Security Fifth Division Third Mobile Assault Eighth Unit
© 創通・フィールズ・フライングドッグ／ACTIVERAID PARTNERS

TV Animation ACTIVERAID Special Public Security Fifth Divison Third Mobile Assault Eighth Unit official website
(Japanese language only)

http://activeraid.net/

Visuals (Movies, TV, etc.)

The role of the visual field is to expand the fan base by spreading animation content throughout the world. We are attempting to spread and enhance the value of IP through movies, TV and subscription video on demand (SVOD).

Among these, SVOD is a new visual business platform developed in line with people's lifestyles, which Fields considers to be indispensable for the spread of IP from a global perspective.

To this end, we are presently engaged in the rapid creation of cooperative structures with SVOD providers in the United States and China as well as leading companies in the entertainment industry to promote the global deployment of IP, including the *Ultraman* series and *BERSERK*.

Major Broadcasts / Releases

Ultraman X
© 円谷プロ

Ultraman ORB
© 円谷プロ
©ウルトラマンオーブ製作委員会・テレビ東京

Ultraman X official website
(Japanese language only)

http://m-78.jp/x/

Ultraman ORB official website
(Japanese language only)

http://m-78.jp/orb/

Merchandising

The role of the merchandising field is to utilize and monetize IP in a variety of media including interactive media, consumer products, pachinko/pachislot machines and other media.

In games, in addition to the IP development of *AKB48,* we are promoting measures to expand the fan base for original titles through improved monetization and game characteristics.

In terms of live entertainment, we have developed live entertainment shows in Japan and overseas mainly utilizing the *Ultraman* series.

With regard to licensing, we are promoting the deployment of *A MAN of ULTRA* conceptual licensing aimed at establishing new licensing businesses and expanding IP business domains.

In pachinko/pachislot machines, we handle merchandise lines with strong game and entertainment characteristics using *HERO'S* IP as well as leading IP from other companies. Also, we are promoting various measures to improve product appeal, enhance services as a trading company and expand the number of players amid overall market invigoration.

Title Examples

the TOWER of PRINCESS
©Fields

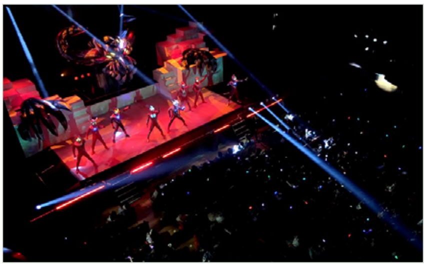
AKB48 Stage Fighter
©AKS ©GREE, Inc

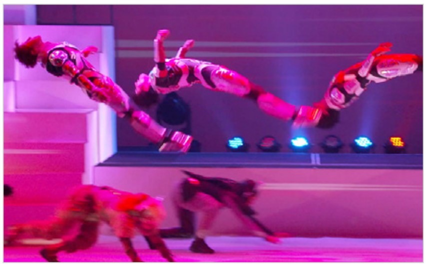
AKB48 Official Music Game
©AKS ©S&P

the Tower of PRINCESS official website
(Japanese language only)

http://tawapri.jp/

ULTRA HEROS THE LIVE ACROBATTLE CHRONICLE





ULTRA HEROS THE LIVE ACROBATTLE CHRONICLE
official website
(Japanese language only)

http://m-78.jp/acrobattle/

License brand "A MAN of ULTRA"



A MAN of ULTRA official website
(Japanese language only)

http://aman-u.jp/

Major Pachinko/Pachislot titles

CR MAJESTIC PRINCE

EVANGELION
-Tamashii wo Tsunagumono

Resident Evil 6

FIELDS PREMIUM FAN SITE
(Japanese language only)

http://www.fields.biz/products/ps/

Fields' Cross-Media Strategy

To realize a cyclical business model centered on IP, Fields develops leading IP, including the *Ultraman* series owned by Group company Tsuburaya Productions Co., Ltd., dark fantasy hit title *BERSERK* borrowed from the rights holder and *MAJESTIC PRINCE*, produced in conjunction with SOTSU CO., LTD., for multiple media vehicles such as comics, visual, games, pachinko/pachislot machines.

Fields promotes cross-media developments that interact with each other in an attempt to invigorate and expand IP fan bases.

At present, we are promoting two strategies focused on investment in major IP enabling cross-media development while at the same time creating low-risk, high-return businesses and strengthening our global network centered on major IP while simultaneously implementing product development maximizing use of *Ultraman* and other distribution channels.

IP Cross-media development Example

Ultraman Series

In April 2010, the Company acquired as a subsidiary Tsuburaya Productions Co., Ltd., which owns the *Ultraman* Series.

Since 2012, we have made an effort towards TV series renewals and domestic marketing enhancements, and since 2014, we have accelerated global development focused on Southeast Asia.

Current, we are collaborating with partners in Japan to promote the cross-media development of comics, visual, games, live entertainment, licensing, pachinko/pachislot machines.

Tsuburaya Station
(Japanese language only)
http://m-78.jp/

Initiatives in the Fiscal Year Ending March 31, 2017

In Japan	June 2016	Conceptual licensing: *A MAN of ULTRA* Participating companies: 55 (brands) Won Japan Brand Licensing Grand Prize at Grand Prix awards	License
	July 2016	*HERO'S Comic ULTRAMAN* Volume 8 sales exceeded 2.2 million copies	Comic
		Ultraman ORB TV broadcast launched On TV Tokyo network, Saturdays at 9:00 a.m.	Visual
		Ultraman Festival 2016	Live entertainment
		Ultraman × Monster Strike (Mixi, Inc.) collaboration	License
	September 2016	*ULTRA HEROES THE LIVE ACROBATTLE CHRONICLE 2016* in Osaka	Live entertainment
	December 2016	*ULTRA HEROES THE LIVE ACROBATTLE CHRONICLE 2016* in Nagoya	Live entertainment
	January 2017	*ULTRA HEROES THE LIVE ACROBATTLE CHRONICLE 2016* in Tokyo	Live entertainment
Overseas	July 2016	*Ultraman ORB* distribution launched Global: Crunchy Roll China: IQIYI, LeTV, Tencent, Youku	Visual

BERSERK

BERSERK is an IP whose visual rights were acquired by the Group from the rights holder. The original story began in 1989 as a comic series, which sold a total of more than 40 million copies around the world.

Since 2012, the Fields Group has engaged in cross-media development including the release of three animated movies, games and pachinko/pachislot machines.

We are also promoting the creation of a new animated series, which will begin development through TV and SVOD in 2016.

TV animation BERSERK official website
(Japanese language only)
http://www.berserk-anime.com/

© 三浦建太郎 (スタジオ我画)・白泉社／ベルセルク製作委員会

Initiatives in the Fiscal Year Ending March 31, 2017

In Japan	July 2016	Anime *BERSERK* begins TV broadcast in the MBS etc. Animeism slot, WOWOW	Visual
	October 2016	*Berserk and the Band of the Hawk* (Koei Tecmo Games Co., Ltd.) sales launched	Game
Overseas	July 2016	Anime *BERSERK* begins global distribution on Crunchy Roll etc.	Visual

MAJESTIC PRINCE

The IP *MAJESTIC PRINCE* is an original work co-created by Fields and SOTSU CO., LTD.

Starting as a series in the comic magazine *HERO'S Monthly* in November 2011, the story began broadcast as an animation program in April 2013. Furthermore, in conjunction with our partners, we have engaged in cross-media development of this IP in social media games, merchandise and pachinko/pachislot machines. In fall 2016, we plan to release a movie version of this IP.

Anime MAJESTIC PRINCE official website
(Japanese language only)
http://mjp-anime.jp/tv/introduction/

©2016 創通・フィールズ／ MJP 製作委員会

Initiatives in the Fiscal Year Ending March 31, 2017

In Japan	July 2016	All 24 TV animation episodes and 25 new episodes began broadcast on BS11	Visual
	November 2016	Theatrical production: *MAJESTIC PRINCE THE MOVIE* will be released	Visual

Fields Advances

From 1988 Seeking to Create New Entertainment That Enriches People's Lives

As entertainment in Japan entered a new era in the 1980s, we saw a business opportunity in the growing leisure time available to people. This marked the beginning of our move to create entertainment that would enrich people's lives.

In 1988, Fields' forerunner, Toyo Shoji Co., Ltd. was established. The company focused first on revitalizing the pachinko industry and making it sounder, with the aim of making it easier for many more people to enjoy the inherent entertainment value of pachinko machines as an ordinary part of life.

After that, the scale of Japan's pachinko/pachislot market expanded to ¥30 trillion. We also grew into the industry's largest distributor with a nationwide sales network, as we continued to anticipate and meet the diverse needs of pachinko halls and fans.

Fields Transitions

- 1983 Toyo Shoji founded
- 1987 Construction of the Head Office building completed; Embarked on surveys and research into entertainment in general and computer management systems for pachinko and pachislot halls
- 1988 Toyo Shoji Co., Ltd. (currently FIELDS CORPORATION) established, marking full-scale launch of the pachinko/pachislot machine sales and hall production business
- 1992 Leisure Nippon News Company acquired; Formulation of a vision for the pachinko industry began

  Cutting-edge information service launched
  - 1992 *Hall TV*, a pachinko hall management support system, launched
  - 1994 *Pachinko Information Station*, a direct-to-hall communications satellite broadcast for the pachinko industry, launched

  Regional and branch offices throughout Japan were expanded to establish our foundation as a distributor
  - 1992 Businesses in Tokyo and Kyushu region were expanded
  - 1995 Businesses in Tohoku, Chugoku and Kansai regions were expanded
  - 2000 Nationwide sales network was established

Entertainment & Pachinko/Pachislot History

● Entertainment ● Pachinko/Pachislot

- 1983 (Entertainment) *Tokyo Disneyland* opened; The home video game console *Family Computer System* released
- 1984 (Entertainment) *JUNET*, Japan's first Internet service, launched
- 1985 (Entertainment) *Shoulder Phone*, Japan's first mobile phone, launched
- 1985 (Pachinko/Pachislot) New "Rules on Approval of Pachinko/Pachislot Machines and Certification of Models" enacted (Security Communications Association started formal testing)
- 1987 (Entertainment) Japan's first direct-to-home satellite broadcasting service launched
- 1988 (Entertainment) *Tokyo Dome* opens
- 1989 (Entertainment) Japan's first direct-to-home Communications Satellite (CS) broadcasting service launched
- 1990 (Pachinko/Pachislot) Pachinko and pachislot machine regulations revised (Launch of CR pachinko machine)
- 1991 (Pachinko/Pachislot) Pachinko machines mounted with color LCD screens launched
- 1993 (Entertainment) First cinema complex in Japan opens
- 1994 (Pachinko/Pachislot) The pachinko/pachislot expands to a ¥30 trillion market
- 1995 (Pachinko/Pachislot) Regulations for restricting the gambling aspect of pachinko machines strengthened
- 1996 (Pachinko/Pachislot) Number of pachinko machines installed reaches a record high 3.9 million

From 1998 Focusing on Developing Machines That Provide Greater Entertainment Value

In the 1990s pachinko/pachislot machines mounted with LCD screens brought the same appeal to these machines as media such as movies and television. The advent of larger LCD screens with higher resolutions, meanwhile, led to the emergence of a host of original intellectual property (IP) unique to the industry.

Viewing pachinko/pachislot machines as media in their own right, we moved to create more fans of the genre. To this end, we used our nationwide sales network to identify needs, and began taking steps to create pachinko/pachislot machines that utilize outstanding IP known widely throughout the public domain.

Together with building a structure for acquiring IP and relationships with talented planners, we entered a business alliance with machine manufacturer Sammy Corporation. These and other efforts formed our single-minded focus on measures to enhance both the gaming and entertainment value of pachinko/pachislot machines.

In 1998, the number of pachislot machines installed, which had stalled in the several hundred thousands, broke the one million machine mark.

We recognized this milestone would change pachinko and pachislot, and transform entertainment in Japan. This was the start of our full-scale shift toward IP.

Fields Transitions

- 1999 ISO 9002 certification (Sales Division) obtained to provide superior operational quality to customers
- 2001 Company name changed from Toyo Shoji Co., Ltd. to FIELDS CORPORATION

  Forms alliances with leading manufacturers to develop pachinko and pachislot machines that leverage IP
  - 2001 Alliance with Sammy Corporation formed; Exclusive sales of Rodeo brand machines began
  - 2003 Alliance with SANKYO CO., LTD. formed; Exclusive sales of Bisty brand machines began
  - 2008 Alliance with KYORAKU SANGYO formed; Exclusive sales of OK!! brand machines began
  - 2009 Alliance with Enterrise Co., Ltd (CAPCOM CO., LTD. subsidiary) formed; Exclusive sales of its brand machines began
  - 2012 Formed alliance with Universal Entertainment Corporation
  - 2013 Formed alliance with D-light Co., Ltd.
  - 2014 Formed alliance with NANASHOW Corporation
  - 2015 Aristocrat Technologies (now CROSSALPHA) became a subsidiary

    Spiky Corporation became a subsidiary (100% wholly owned subsidiary of Aristocrat Technologies (now CROSSALPHA))

    Formed alliance with Daiichi Shokai Co., Ltd.

  Sports entertainment field entered
  - 2001 Total Workout Corporation established to provide high-quality sports gyms
  - 2011 Total Workout premium management Inc. established
  - 2014 Opened TOTAL FOODS food and beverage facility produced by Total Workout

Entertainment & Pachinko/Pachislot History

● Entertainment ● Pachinko/Pachislot

- 1998 (Entertainment) *Windows 98* released
- 1998 (Pachinko/Pachislot) Opening of large-scale halls by leading pachinko hall operators accelerate

  Number of pachislot machines installed exceeds one million
- 1999 (Entertainment) *i-mode* proprietary Internet service for mobile phones launched
- 1999 (Pachinko/Pachislot) Pachislot machines mounted with color LCD screens launched

  Major pachinko/pachislot machine manufacturers launched a number of titles featuring original IP
- 2001 (Entertainment) *Universal Studios Japan* opened

  Tokyo DisneySea opened

  Feature-length animation film *Spirited Away (Sen to Chihiro no Kamikakushi)* released
- 2002 (Entertainment) FIFA World Cup Korea/Japan held

From 2003 Toward the Multifaceted Development of IP

Amid diversifying media formats and growth in individual preferences, we strove to establish IP-driven business models to realize "The Greatest Leisure for All People."

Utilizing funds from our public offering and other opportunities afforded by our 2003 stock market listing, we focused on obtaining many merchandising rights to develop high-quality IP into products from companies that possess such IP in areas such as comics, animations, movies, TV dramas, music, games, and sports.

In addition, we formed alliances with outstanding creative production companies and companies with the talented human resources and cutting-edge technology, taking new steps to develop the merchandising rights we obtained in pachinko/pachislot and other media as well.

The start of the 21st century saw the use of characters and other IP across the full spectrum of media formats. For pachinko machines, roughly 70 percent featured IP of some kind. Recognizing that this trend could lead to IP exhaustion in the future, we made it our mission to eliminate this looming concern.

Fields Transitions

- 2003 Shares listed on the JASDAQ market
  New IP-driven business model announced
- 2004 The video game field entered as part of multifaceted IP development
  - 2004 Pachinko/pachislot machine simulator software launched, following investment in D3 Publisher Inc.
  - 2009 D3 Inc. shares sold to NAMCO BANDAI Games Inc.; Relationship with NAMCO BANDAI Games strengthened
- 2005 The movie field entered to acquire IP and promote multifaceted IP development
  - 2005 Planning and production of many movies for the theater began, following investment in Kadokawa Haruki Corporation
  - 2008 Investment in SPO Inc. (management company of movie theaters)
- 2006 The cabled and mobile online services field entered for the acquisition, creation and multifaceted development of IP
  - 2006 The mobile site Fields Mobile developed, following investment in FutureScope Corporation
  - 2010 IP Bros. Incorporated jointly established with NHN Japan Corporation; Pachinko/pachislot-related site Nanapachi developed
  - 2015 IP Bros. Inc. absorbed into FutureScope Corp.
    Smartphone app *ANIMAL×MONSTER* distributed
    Smartphone app the *TOWER of PRINCESS* distributed
    Smartphone app the *SOUL of SEVENS* distributed
- 2007 The animation field entered to acquire and cultivate IP
  - 2007 Lucent Pictures Entertainment, Inc., starts up, movie animation *BERSERK THE GOLDEN AGE ARC* trilogy planning and production commences

Entertainment & Pachinko/Pachislot History

● Entertainment ● Pachinko/Pachislot

- 2004 (Entertainment) Social networking service *Facebook* started
- 2004 (Pachinko/Pachislot) Pachinko/pachislot machine regulations revised
  Pachinko machine regulations relaxed
  Regulations to restrict the gambling aspect of pachislot machines further strengthened
  CR Neon Genesis Evangelion, pachinko machine based on new regulations, launched
  Major machine manufacturers release a host of machines featuring IP
- 2006 (Entertainment) Information service *Twitter* started
  1seg mobile digital terrestrial broadcasting launched
- 2006 (Pachinko/Pachislot) Number of pachislot machines installed tops a record-high two million
- 2007 (Entertainment) *Kindle* e-reader equipped with communication functions launched
- 2007 (Pachinko/Pachislot) Pachislot machines transition smoothly to machines compatible with new regulations

From 2008 Eyeing the Continuous Acquisition, Creation and Cultivation of IP

From our beginnings as an independent distributor of pachinko/pachislot machines, we have now achieved substantial growth in the Pachinko/Pachislot field driven by IP.

Along the way, we have brought companies with high-quality IP rights like Tsuburaya Productions Co., Ltd. under our umbrella, and sought out higher-added value for our IP by building a more robust network of prominent companies and talented partners in every field. In parallel, the Fields Group has also welcomed companies skilled in comics, animation, visual and other specialized field.

During this time, the exhaustion of characters and other high-quality IP in the pachinko/pachislot industry worsened. In light of the situation, we opted to make a strategic shift to a collective of business models centered on the continuous acquisition, creation and cultivation of IP.

Fields Transitions

- 2008 The video development field entered to enhance the entertainment offered by pachinko and pachislot
  - 2008 Shin-Nichi Technology Co., Ltd. established
  - 2009 F Corporation (currently BOOOM Corporation) established
  - 2011 MICROCABIN CORP. made a subsidiary
    NEX ENTERTAINMENT CO., LTD. made a subsidiary
  - 2013 Established F Corporation (now XAAX Inc.)

  The digital comics fields entered as part of multifaceted IP development efforts
  - 2008 Digital comics distribution began, following investment in Bbmf Magazine, Inc.
  - 2012 Purchased shares in Bbmf Magazine, Inc.
- 2010 The comics field entered to create IP.
  - 2010 Publishing company HERO'S Inc. jointly established with Shogakukan Creative Inc.
  - 2011 Publishing of *HERO'S Monthly* magazine began
  - 2012 *HERO'S Comics* launched

  Tsuburaya Productions Co., Ltd., owner of the *Ultraman* series and other high-quality IP, made a subsidiary

  The movie production field entered to acquire and cultivate IP
  - 2010 Digital Frontier Inc. made a subsidiary; Provision of high-quality video technology began
  - 2011 Made Digital Frontier (Taiwan), Inc. and Fly Studio SDN. BHD. (Malaysia) subsidiaries of Digital Frontier to expand our video technology line overseas
- 2012 Announced "Developing Business Model" aimed at maximizing value centered on IP of characters and other

Entertainment & Pachinko/Pachislot History

● Entertainment ● Pachinko/Pachislot

- 2008 (Entertainment) *iPhone 3G* launched in Japan
- 2008 (Pachinko/Pachislot) Pachinko/pachislot halls operating at low playing cost expand in response to diversifying needs of fans

  Pachislot machines utilizing high-quality IP revitalize the pachinko/pachislot market

  Pachinko machines linked with other media, including movies, TV, mobile and live theater, launched
- 2010 (Entertainment) Box-office earnings in Japan reach record levels due to the rising popularity of 3D in movies

  Conversion of *Mobage* and *GREE* to open platform

  "Cool Japan Office" established in Ministry of Economy, Trade and Industry Manufacturing Industries Bureau
- 2011 (Entertainment) Analog terrestrial broadcasting discontinued and transferred completely to digital terrestrial broadcasting (excluding three prefectures affected by the Great East Japan Earthquake)
- 2012 (Entertainment) *iPhone 5* goes on sale, 4G LTE service commences

  Achievement of record-breaking hit by *Pazdra (PUZZLE & DRAGONS)*
- 2012 (Pachinko/Pachislot) Shares of major pachinko hall operator listed on the Hong Kong Exchanges and Clearing

From2013 Toward the Maximization of IP Value

Since 2012, the spread of smartphones, tablets and other digital devices, along with high-speed internet and devices with greater storage capacity have enabled the casual enjoyment of comics, visual and games without dependence on a specific platform, leading to diversification in the way people spend their leisure time.

Also, with the advent of new fixed price services for visual, books, music and other content, we have entered an age in which contents are in demand on a global basis.

In anticipation of these trends, Fields has promoted the cross-media development of IP through the acquisition, creation and cultivation of IP focused on the Japanese and global markets.

In an effort to plan, develop and provide products and services providing people of the world with personal fulfillment, Fields will continue striving toward the realization of its corporate philosophy "The Greatest Leisure for All People."

Fields Transitions

- 2013 Strengthened cross-media development to realize enhanced value
  - 2012 Collaborated with SOTSU CO., LTD and Toho Co., Ltd. to launch cross-media development of *MAJESTIC PRINCE*
  - 2015 Collaborative development of various projects and brands through conceptual licensing of *A MAN of ULTRA*
  - 2016 Awarded Japan Brand and Licensing Grand Prize for *A MAN of ULTRA* at Character & Brand of the Year 2016
- 2014 Accelerated global development of IP
  - 2014 Created animation version of *APPLESEED ALPHA* in conjunction with Sony Pictures Entertainment (U.S.) released in the United States and Japan
  - 2015 Global distribution of *NINJA SLAYER FROM ANIMATION*
  - 2015 Global distribution of *Ultraman X* via Crunchy Roll, Tencent and other SVOD services
  - 2016 Began distribution of e-books *HERO'S* works through collaboration with China Mobile and Kidstone in China
  - 2016 Global distribution of animation program *ACTIVERAID: Special Public Security Fifth Division Third Mobile Assault Eighth Unit*
  - 2016 Global distribution of *Ultraman ORB* via Crunchy Roll, Tencent and other SVOD services

Entertainment & Pachinko/Pachislot History

● Entertainment ● Pachinko/Pachislot

- 2013 (Entertainment) Tokyo is selected as host city for the 2020 Olympic and Paralympic Games
- 2014 (Pachinko/Pachislot) Implementation of voluntary regulations by industry bodies for both pachinko/pachislot machines
- 2015 (Entertainment) Scale of market for theme parks and amusement parks grows to largest ever

  Netflix Japan video streaming service commences operations

  Amazon Prime video streaming services commence operations
- 2016 (Pachinko/Pachislot) National Police Agency announces list of machines to be recalled related to the pachinko/pachislot nail problem and demands for removal within the current year

Review of Business Activities

IP Cross-Media Development Implementation

At Fields, we promote IP cross-media development for a variety of media and strive to maximize IP value through the implementation of a "Developing Business Model" centered on IP.

We seek to enhance corporate value and strengthen monetization through the circulation of multiple IP balanced across each media from the perspective of strategically enhancing IP value.

CONTENTS

Consolidated Financial Highlights

Six-Year Summary of Key Financial Indicators

Results of Operations (Millions of yen)	FY03/11		FY03/12		FY03/13		FY03/14		FY03/15		FY03/16	
		YoY change		YoY change		YoY change		YoY change		YoY change		YoY change
Net sales	103,593	56.2%	92,195	(11.0)%	108,141	17.3%	114,904	6.3%	99,554	(13.4)%	94,476	(5.1)%
Gross profit	35,129	30.6%	31,330	(10.8)%	33,279	6.2%	33,812	1.6%	28,468	(15.8)%	25,480	(10.5)%
Gross profit margin	33.9%		34.0%		30.8%		29.4%		28.6%		27.0%	
Operating income	13,136	61.7%	8,527	(35.1)%	10,314	21.0%	9,791	(5.1)%	4,743	(51.6)%	1,411*1	(70.4)%
Operating margin	12.7%		9.2%		9.5%		8.5%		4.8%		1.5%	
Ordinary income	13,684	76.3%	8,661	(36.7)%	10,268	18.6%	9,765	(4.9)%	5,491	(43.8)%	1,380	(74.9)%
Ordinary margin	13.2%		9.4%		9.5%		8.5%		5.5%		1.5%	
Net income attributable to owners of parent	7,520	128.6%	5,991	(20.3)%	4,720	(21.2)%	5,370	13.7%	3,018	(43.8)%	118	(96.1)%
Net margin	7.3%		6.5%		4.4%		4.7%		3.0%		0.1%	

*1 From FY03/16, business contract fee calculation categorization changed.

Financial Position (Millions of yen)	FY03/11		FY03/12		FY03/13		FY03/14		FY03/15		FY03/16	
		YoY change		YoY change		YoY change		YoY change		YoY change		YoY change
Total assets	78,971	(2,357)	93,601	14,630	106,628	13,026	104,869	(1,758)	110,316	5,447	92,478	(17,838)
Total net assets	47,021	5,834	51,555	4,533	55,098	3,543	58,753	3,654	60,246	1,493	58,291	(1,954)
Shareholders' equity	46,779	5,714	51,071	4,291	54,559	3,487	58,279	3,720	59,492	1,212	57,304	(2,188)
Interest-bearing liabilities	1,834	(395)	1,660	(172)	1,052	(609)	743	(308)	4,065	3,321	11,423	7,357
Cash Flows (Millions of yen)		YoY change		YoY change		YoY change		YoY change		YoY change		YoY change
Cash flows from operating activities	8,005	(424)	10,015	2,010	13,570	3,554	16,322	2,752	(9,086)	(25,408)	13,353	22,439
Cash flows from investing activities	(4,356)	(3,344)	(4,798)	(441)	(6,263)	(1,465)	(8,018)	(1,754)	(6,297)	1,720	(2,191)	4,106
Cash flows from financing activities	(3,915)	(1,227)	(2,565)	1,349	(2,277)	288	(2,018)	258	1,624	3,643	5,214	3,590
Free cash flow	3,649	(3,769)	5,217	1,568	7,307	2,088	8,303	997	(15,384)	(23,687)	11,162	26,546
Per share data (JPY)*2												
Net income	226.44		180.45		142.27		161.83		90.97		3.58	
Total net assets	1,408.53		1,539.04		1,644.15		1,756.27		1,792.83		1,726.88	
Dividends per share	50		50		50		50		60		50	
Key Financial Indicators												
Return on equity (ROE)	17.1%		12.2%		8.9%		9.5%		5.1%		0.2%	
Return on assets (ROA)	17.1%		10.0%		10.3%		9.2%		5.1%		1.4%	
Shareholders' equity ratio	59.2%		54.6%		51.2%		55.6%		53.9%		62.0%	

*2 October 1, 2012, a stock split at a ratio of 100 shares for each common share was executed, thus the retroactive calculation takes into account this stock split retroactively.

Business Performance Review

Consolidated Business Performance Overview

Business performance in FY03/16 is as follows. As in the previous fiscal year, performance was affected by regulations and other developments in the pachinko/pachislot industry, which represents the largest market for our IP rollout in terms of media.

Results of Operations (Millions of yen)	FY03/15		FY03/16		FY03/17	
	Full-year performance	YoY change	Full-year performance	YoY change	Full-year performance	YoY change
Net sales	99,554	86.6%	94,476	94.9%	115,000	121.7%
Gross profit	28,468	84.2%	25,480	89.5%		
As a percent of sales	28.6%		27.0%			
Operating income	4,743	48.4%	1,411	29.6%	2,000	141.7%
As a percent of sales	4.8%		1.5%			
Ordinary income	5,491	56.2%	1,380	25.1%	2,000	144.9%
As a percent of sales	5.5%		1.5%			
Net income attributable to owners of parent	3,018	56.2%	118	3.9%	1,000	842.7%
As a percent of sales	3.0%		0.1%			

Explanation of Recent Pachinko/Pachislot Market Regulations and Other Developments

In August 2014, the National Police Agency (NPA) informed industry bodies of partial changes in the model certification test method for pachislot machines. These changes were implemented about two weeks after this announcement.

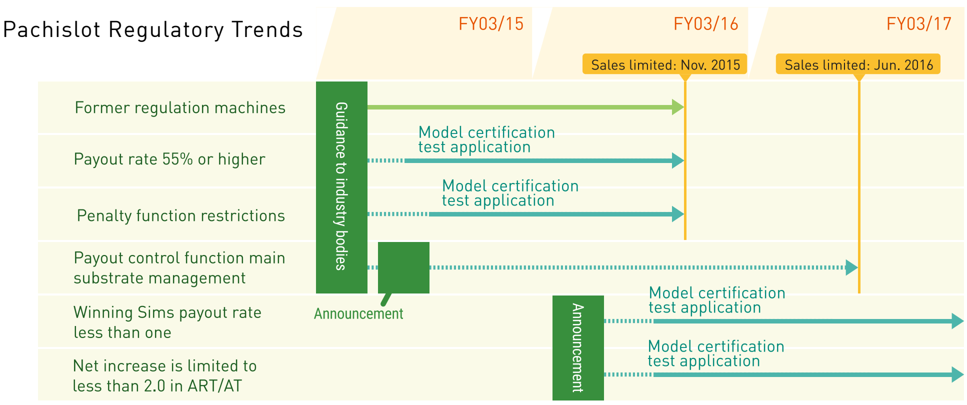
Along with this, several announcements were made by industry bodies pertaining to pachislot machine specifications requiring design reviews in multiple areas as well as the date by which these changes had to be implemented and sales timeframes.

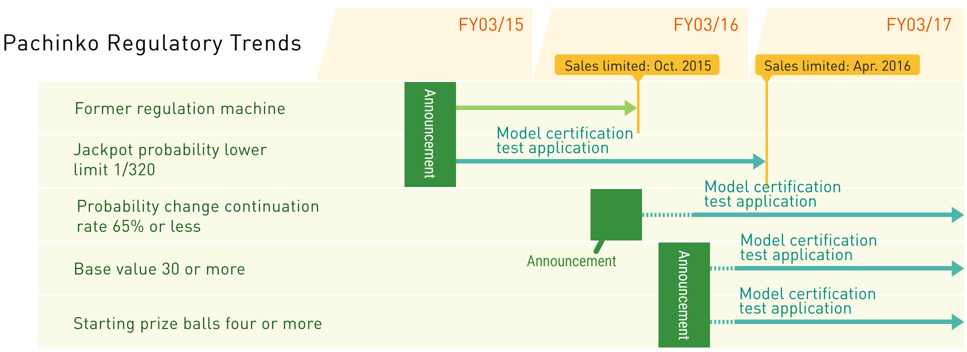
About this time, in March 2015, industrial bodies announced "initiatives to restrict gambling" affecting pachinko machines. Multiple requirements were established, including the date by which these measures had to be implemented and sales timeframes.

As a result, the market fell into disarray due to a significant drop in the number of machines conforming to tests and plunging sales caused by sales concentration and during and after the sales timeframe.

Faced with these conditions, Fields collaborated with each of our affiliated manufacturers as a distribution trading company handling multiple brands to pursue responses and countermeasures including the review and development of new specifications and streamlined sales lineups.

As a result, 5 pachislot machines in the previous fiscal year and 2 pachinko/pachislot machines in the fiscal year under review were postponed until next fiscal year.





Total Assets, Liabilities and Net Assets

Total assets decreased ¥17,838 million from the end of the previous fiscal year, to ¥92,478 million. This was due mainly to a decline in notes and accounts receivable–trade related to pachinko/pachislot machines sales, resulting in an ¥18,079 million decrease in total current assets from the end of the previous fiscal year.

Total liabilities declined ¥15,884 million from the end of the previous fiscal year, to ¥34,186 million. This was due mainly to a decrease in accounts payable–trade related to pachinko/pachislot machines sales, resulting in a ¥15,963 million decline in total current liabilities from the end of the previous fiscal year.

Total net assets shrank ¥1,954 million from the end of the previous fiscal year, to ¥58,291 million. This was due mainly to a ¥1,872 million decrease in retained earnings from the end of the previous fiscal year.

(Millions of yen)

	At March 31, 2015	End of March, 2016	Increase (decrease)
Total current assets	71,014	52,934	(18,079)
Tangible assets	12,197	11,447	(749)
Intangible assets	4,490	3,746	(743)
Investments, other assets	22,614	24,348	1,734
Total assets	110,316	92,478	(17,838)

	At March 31, 2015	End of March, 2016	Increase (decrease)
Total current liabilities	45,773	29,809	(15,963)
Total fixed liabilities	4,296	4,376	79
Net assets	60,246	58,291	(1,954)
Total liabilities and net assets	110,316	92,478	(17,838)

Cash Flows

Net cash provided in operating activities amounted to ¥13,353 million, compared with ¥9,086 million provided by operating activities in the previous fiscal year. This was mainly attributable to a ¥36,663 million decrease in notes and accounts receivable–trade and a ¥22,828 decrease in accounts payable–trade, both related to pachinko/pachislot machines sales, as well as ¥3,382 million in income taxes paid.

Net cash used in investing activities amounted to ¥2,191 million, compared with ¥6,297 million provided by investing activities in the previous fiscal year. This was mainly attributable to a ¥7,121 million increase in payment of loans receivable, ¥3,110 million and proceeds from redemption of other affiliated companies' investment securities and ¥2,502 million from collection of loans receivable.

Net cash provided in financing activities amounted to ¥5,214 million, compared with ¥1,624 million provided by financing activities in the previous fiscal year. This was mainly attributable to ¥7,400 million increase in short-term loans payable and ¥1,990 million in cash dividends paid.

As a result, free cash flows amounted to ¥11,162 million.

(Millions of yen)

	FY03/15	FY03/16	Increase (decrease)
Cash flows from operating activities	(9,086)	13,353	22,439
Cash flows from investing activities	(6,297)	(2,191)	4,106
Cash flows from financing activities	1,624	5,214	3,590

For details, please check the below

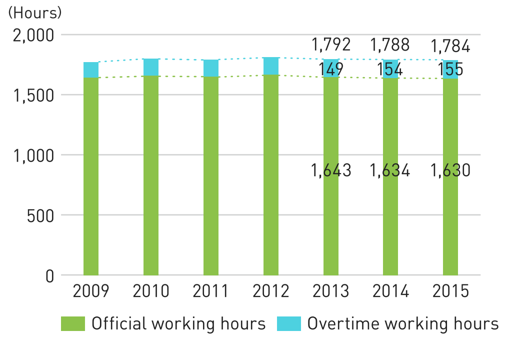
Summary of Financial Information and Business Results (consolidated) for the Year Ended March 31, 2016.

http://www.fields.biz/ir/j/files/press/2016/press_20160427ae.pdf

Market Data

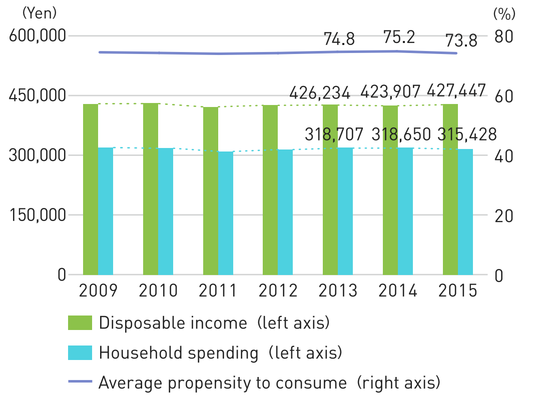
The Environment Surrounding Leisure

Trends in Working Hours



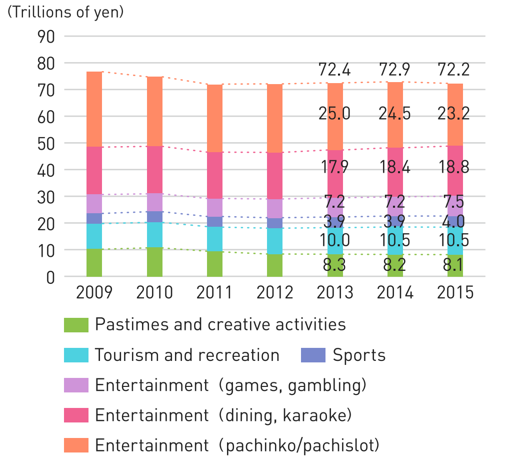
Source:Monthly Labour Survey, Ministry of Health, Labour and Welfare.

Trends in Household Consumption



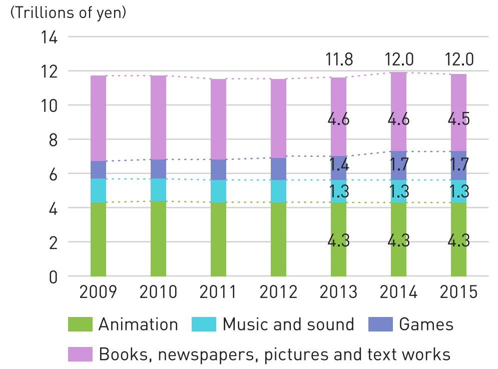
Source:Survey of Household Economy, Ministry of Internal Affairs and Communications.

Trends in the Leisure Market

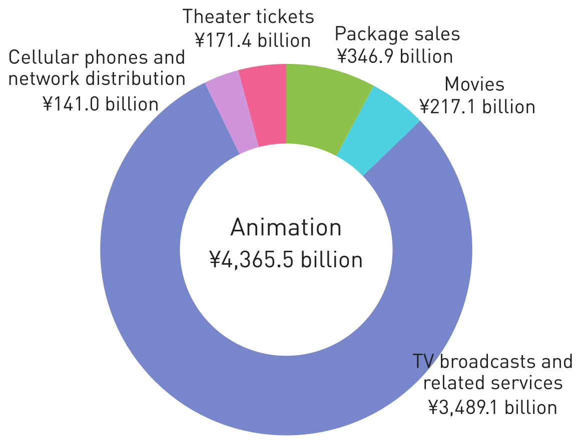


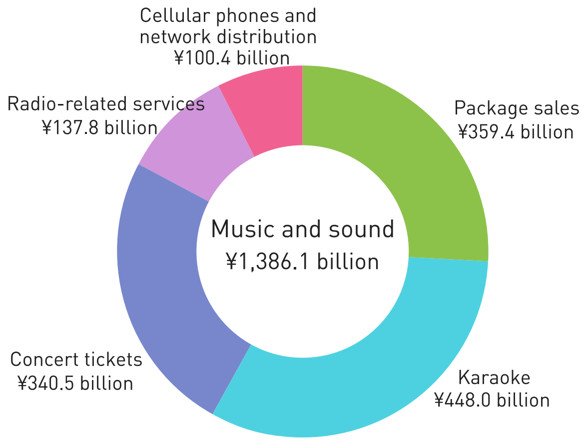
Source:White Paper on Leisure 2016, Japan Productivity Center.

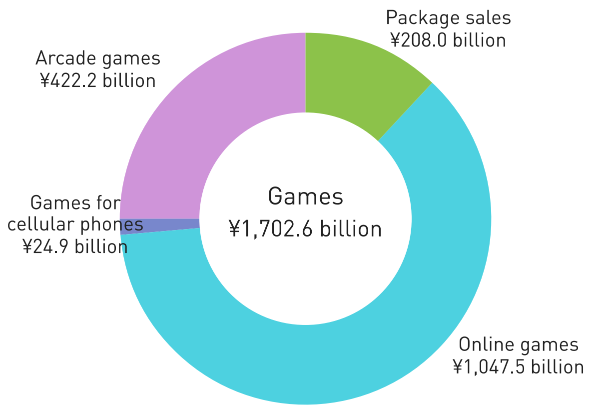
Trends in the Content Industry

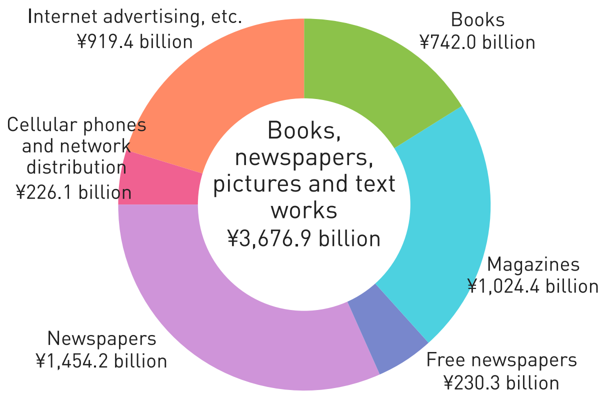


Source:White Paper on Digital Content 2016, Digital Content Association of Japan.



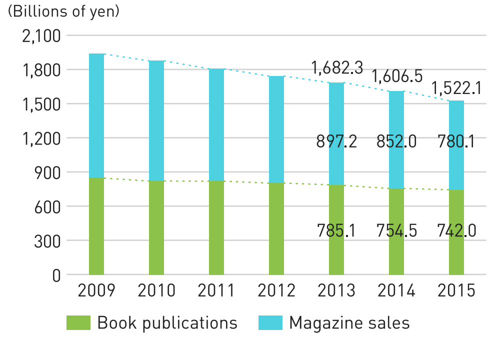




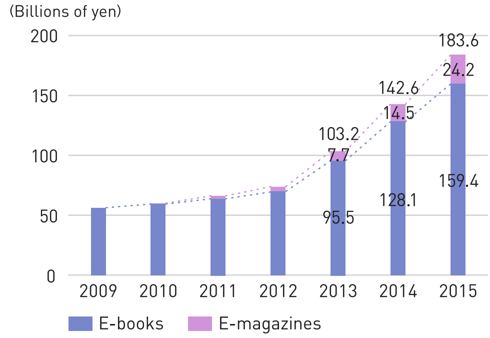


Source:White Paper on Digital Content 2016, Digital Content Association of Japan.

Publishing Market Trends

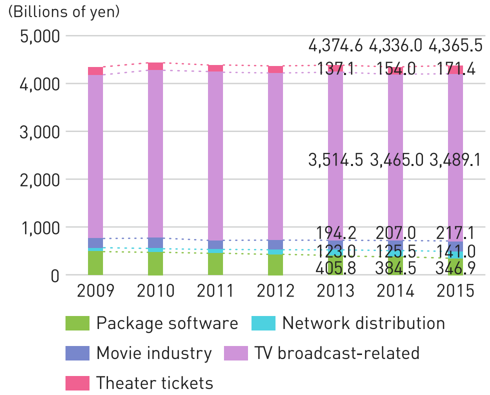


E-book / E-magazine Market Trends



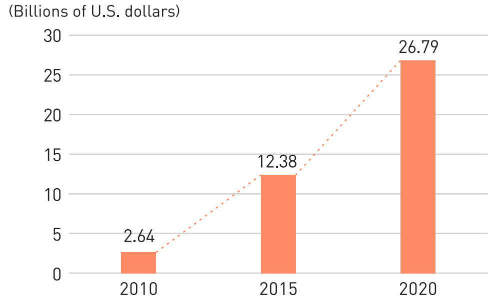
Source:White Paper on Digital Content 2016, Digital Content Association of Japan.

Video Market Trends



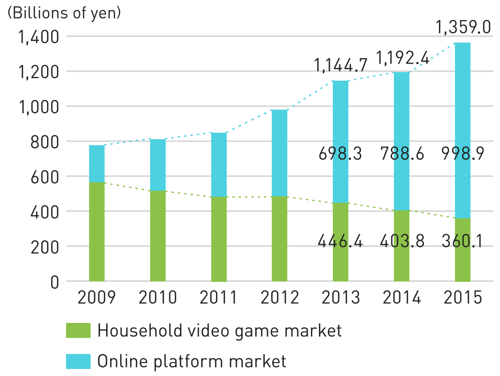
Source:White Paper on Digital Content 2016, published by the Digital Content Association of Japan.

Global SVOD Market Forecast



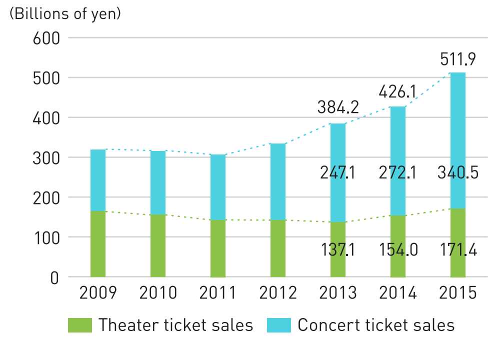
Source:Digital TV Research

Game Market Trends



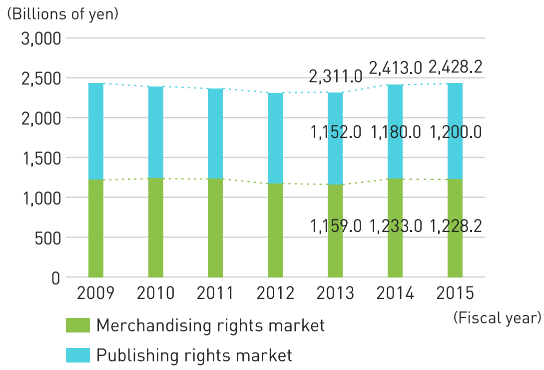
Source:KADOKAWA DWANGO CORPORATION's Famitsu Game White Paper 2016

Live Entertainment Market Trends



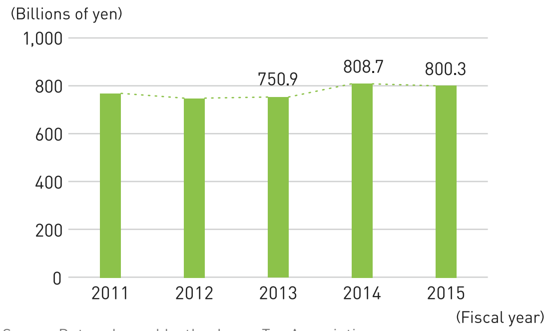
Source:White Paper on Digital Content 2016, published by the Digital Content Association of Japan.

Character Business Market Trends



Source:Yano Research Institute Ltd.'s Character Business 2016 research report.

Size of the Toy Market



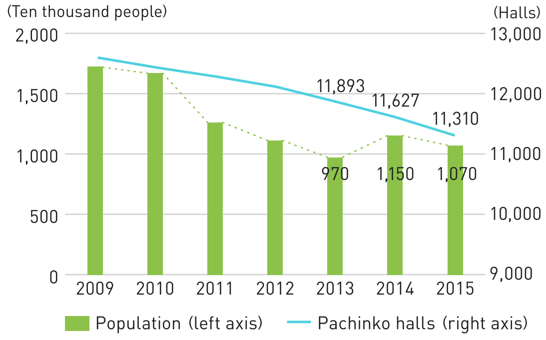
Source:Data released by the Japan Toy Association

Merchandising rights … The right to use characters for ancillary products. Calculated on a retail sales amount basis.

Copyrights … The right to use character images in published materials and advertising. Calculated on a contract amount basis.

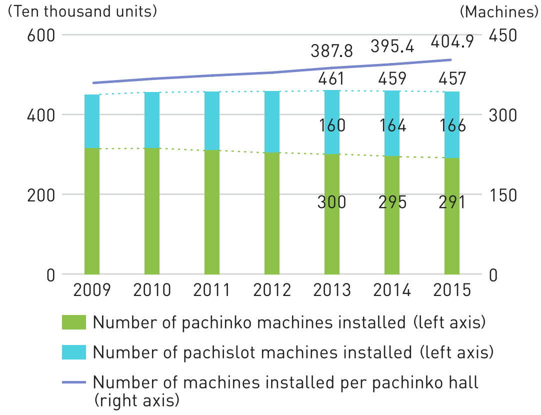
Pachinko/Pachislot Market Trends

Playing Population Trends and Number of Pachinko Halls



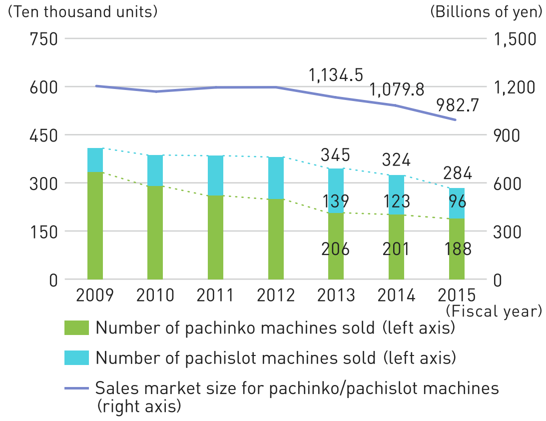
Source:White Paper on Leisure 2016, Japan Productivity Center; 2015 White Paper on Adult Entertainment Businesses, National Police Agency.

Pachinko/Pachislot Machines Installation Trends



Source:2015 White Paper on Adult Entertainment Businesses, National Police Agency.

Trends in Pachinko/Pachislot Machines Sales



Source:2016 Trends and Market Share of Pachinko Related Manufacturers, Yano Research Institute Ltd.

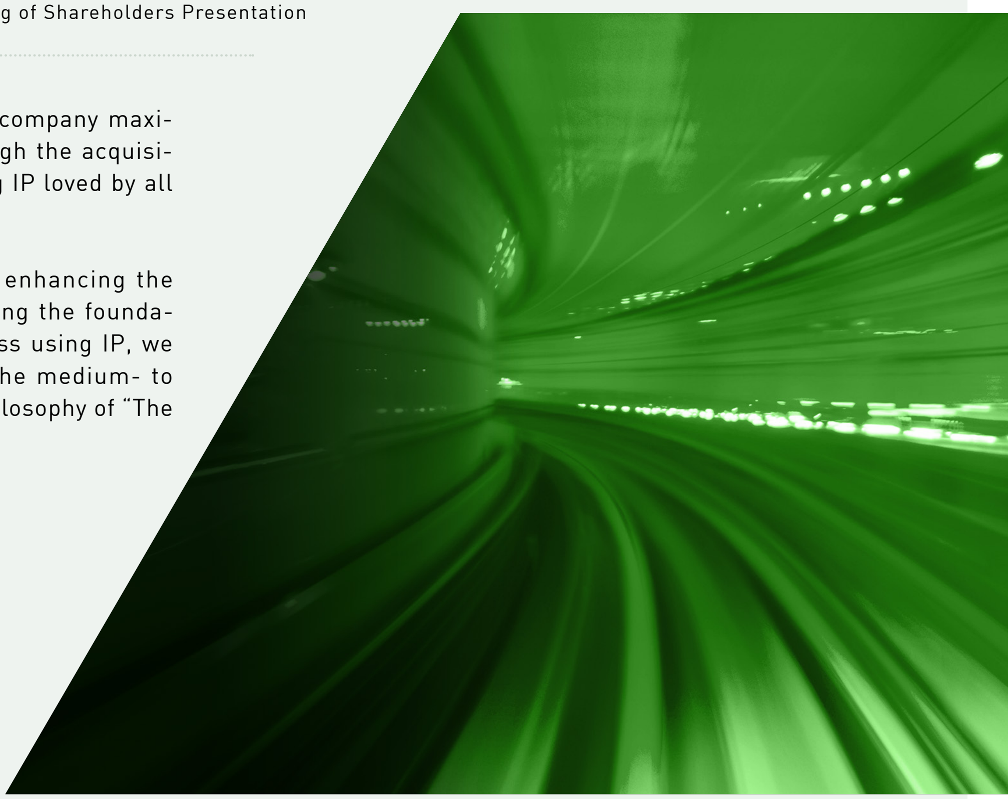
Special Feature Fields Business Strategy

Growth Strategy Centered on IP

Excerpt from the 28th Annual General Meeting of Shareholders Presentation

At Fields, our aim is to become an IP company maximizing its presence in the world through the acquisition, creation and cultivation of leading IP loved by all generations everywhere.

By deploying a cross-media strategy enhancing the maximization of IP value and reinforcing the foundation for the pachinko/pachislot business using IP, we will ensure sustainable growth over the medium- to long-term and realize our corporate philosophy of "The Greatest Leisure for All People."



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Growth Strategy

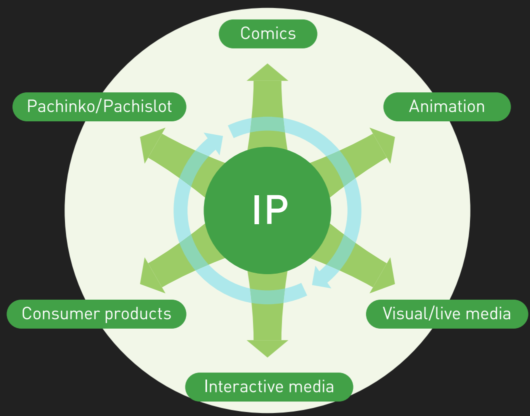
Aiming to Become an IP Company with a Global Presence

President & COO
Tetsuya Shigematsu

Media used to enjoy leisure time has become increasingly diverse as time goes by. It has become difficult to secure sufficient earnings and grow sustainably over the medium- to long-term with a business platform focused on just one type of media. For these reasons, Fields has created and is implementing a business model centered on IP that can be developed for all media rather than a model centered on media itself.

IP stands for intellectual property, such as characters and stories like *Ultraman* and *Evangelion*, which are the core elements of entertainment.
Media such as TV, games and pachinko/pachislot machines, will always require content. As media continues to diversify, we want to utilize content leveraging leading IP with strong brand recognition to garner the support of fans regardless of the media type. However, IP with high brand recognition is scarce, which demands we also make an effort to create and cultivate new IP.

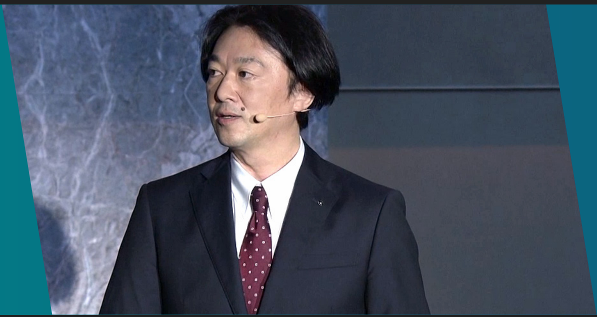
For the past several years, Fields has engaged in the acquisition and creation of numerous IP, promoting a cross-media strategy enhancing the overall value of our IP business. By developing one IP for a variety of media, we not only enhance earnings, but also increase the value of that IP. Furthermore, if we increase the number IP use these earnings to fund the development and expansion of leading IP, we will be able to increase the business value of cross-media development overall.
Fields is already collaborating with partner companies in each media segment to create a spiral of virtuous cycles, establishing a business model for enhancing the value of IP loved by a multitude of fans as the first stage of a growth strategy centered on IP.



In the second stage, we will form closer relationships with partner companies and accelerate initiatives to augment business platforms for the creation of IP business. Connecting with quality media will expand opportunities for even more people to spend leisure time wrapped in excitement and smiles. We are confident this will enable us to further raise the value of IP.

Fields seeks IP that will continue to be loved by all generations everywhere. To this end, the third stage necessarily involves a focus on global markets. We will focus efforts on expanding IP recognition and increasing content value by establishing a foothold with subscription video on demand (SVOD), which is able to provide the same IP throughout the world from one platform service, while deepening our relationship with global players in China and Hollywood.

The acquisition, creation and cultivation of leading content and the enhancing of the value of that content is linked to providing people of the world with the greatest leisure time.
Going forward, Fields will expand its IP, increase business platforms and accelerate efforts to expand business areas to realize enhanced IP value, increase earnings and become an IP company with a global presence.



Cross-Media Business

Love and Respect for IP Breeds Quality Content

Director; Division Manager, Cross Media Business Management
Eiichi Kamagata

In this sections, I will explain the IP cross-media development promoted by Fields using specific examples.

© ヒーローズ

The comic magazine *HERO'S Monthly* is the primary vehicle for Fields Group IP creation.

The new story *ULTRAMAN* comic depicting a life-sized *ULTRAMAN* has sold over 2 million copies (as of June 2016). One of our cross-media development movie projects *MAJESTIC PRINCE* is scheduled to be released in November 2016. Moreover, the content of this comic is being digitally distributed by China Mobile, China's largest telecommunications company, contributing to our global expansion.

While confirming that characters and stories resonate with readers, *HERO'S Monthly* plays a central role in our cross-media strategy in terms of animation and game content, demonstrating solid results in the five years since its debut.

©S.M/CR,LPEI/SPWA

We are also engaged in full-3D computer graphics (CG) animation productions to expand recognition of our IP. In the animation world, we are presently focused on CG animation. Fields collaborates with Group companies that possess the latest digital CG technologies to promote the production of movies for theatrical release.

APPLESEED ALPHA, released in 2015, won the Best Animated Film Prize at the VFX-Japan Awards 2016. Our invitation to the Shanghai International Film Festival provided us with the opportunity to receive proposals for games and movie distributions from Chinese entertainment companies.

© 三浦建太郎（スタジオ我画）・白泉社／ベルセルク製作委員会

This fiscal year, we plan to release the full-3D CG animation movie *GANTZ:O* in October 2016. In addition, we are also preparing other super-sized copyright CG animation.

BERSERK is an IP promoting cross-media development that has its beginning in visual media. This IP is popular overseas because of its elaborate artwork and profound worldview.

In 2012, Fields produced a movie trilogy based on this IP, later developing social media games and pachinko/pachislot machines. Respect for the story and the potential of this IP led to new co-production relationships with NBCUniversal Entertainment Japan LLC and Crunchy Roll (U.S.) who began concurrent development of new visual content TV animation version of *BERSERK*, broadcast from July 2016 in the United States and Japan. We also plan to launch sales of video game *Berserk and the Band of the Hawk* in October 2016 for the PlayStation®4/PlayStation®3/ PlayStation®Vita through Koei Tecmo Games Co., Ltd.

Fields views the IP business from a position of respect for the original story and meticulous, loving development of IP. This basic stance gives us a significant advantage in terms of acquiring leading IP and promoting a cross-media strategy due to technological capabilities enabling digital animation development with a high level of understanding with respect to the original story and the involvement of producers who collaborate with our global partner companies. The Fields Group will implement its cross-media strategy to deliver quality content to the world and enhance IP value maximization.

Pachinko/Pachislot Business

Leveraging Strengths in IP and Distribution to Enhance the PS Business Foundation

Senior Managing Director; Division Manager, Pachinko/Pachislot Business Division
Ei Yoshida

Since 2014, we have been visited by a wave of regulations, mainly voluntary regulations by industry bodies, which has caused the pachinko/pachislot business and its performance, a pillar of Fields' earnings, to decline. In response, the Pachinko/Pachislot Business Division is engaged in strengthening the foundation of this business from two perspectives.

The first perspective is focused on increasing share. We are collaborating with manufacturers to focus efforts on the creation of highly entertaining pachinko/pachislot machines utilizing IP within brands for which Fields is the primary sales agent. We will leverage our strength in distribution to the fullest extent possible in an effort to increase share.

The second perspective is focused on increasing profit ratios. Fields will attempt to maximize earnings by linking all operations and building an integrated structure encompassing the acquisition of IP highly compatible with pachinko/pachislot machines, the planning and development of pachinko/pachislot machines using IP, distribution networks building relationships of trust with halls across Japan and support for hall management and the pachinko/pachislot business.

At present in the pachinko/pachislot machines market, the introduction of series-themed machines with a proven track record is on the rise, with 66% of machines in the market comprised of series-themed machines. While series-themed machines are undoubtedly popular, fans also demand new IP.

Fields has the know-how to investigate and acquire leading IP able to be developed into a series based on distribution data accumulated up to now. We are making an effort to strategically acquire and utilize leading IP that can be developed into a series in the future. We are also collaborating with affiliated manufacturers and Group development companies to create highly entertaining pachinko/pachislot machines using IP. We will make an effort to further expand our lineup of brands for which we are the primary sales agent.

To build even more solid relationships of trust with halls, we are also strengthening the pachinko/pachislot business foundation, aiming for growth in line with Fields' pachinko/pachislot business market invigoration through the provision of "marketing reports" for conducting proposals based on market data for all kinds of machines, including brands for which we are the primary sales agent, the "WE" information distribution service useful for hall management and a support business based on advisory agreements providing more detailed advice.

Due to the series of voluntary regulations over the past two years, we are leaning toward reduction in the gambling element of pachinko/pachislot machines. We believe this will lead to a growth opportunity for a company that pursues entertainment such as Fields. Promoting and establishing the pachinko/pachislot business dual strengths of IP and distribution, we will overcome this severe environment as we make every effort to realize further growth and maintain profits.

Financial Section

Consolidated Financial Statement

The accompanying consolidated financial statements in this section have been translated from the consolidated financial statements included in the Securities Report of FIELDS CORPORATION issued and submitted in Japan.

In translating the consolidated financial statements, certain modifications and reclassifications have been made for the convenience of readers.
The consolidated financial statements for the year ended March 31, 2016 were audited by an independent auditor (BDO Sanyu & Co.) whose report expressed an unqualified opinion on those statements.

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Consolidated Financial Statement

Consolidated Balance Sheets

FIELDS CORPORATION and its Consolidated Subsidiaries At March 31, 2015 and 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	2015	2016	2016
Current assets:			
Cash and cash equivalents	¥ 15,823	¥ 32,200	$ 285,764
Notes and accounts receivable–trade	45,888	8,562	75,985
Electronically recorded monetary claims	—	1,142	10,134
Inventories	1,736	3,020	26,801
Merchandising rights advances	3,061	2,121	18,823
Deferred tax assets	568	724	6,425
Other current assets	3,959	5,181	45,979
Allowance for doubtful accounts	(25)	(20)	(177)
Total current assets	71,014	52,934	469,772
Property and equipment:			
Land	7,737	7,550	67,003
Buildings and structures	6,513	6,325	56,132
Tools and furniture	4,590	4,520	40,113
Machinery and vehicles	54	86	763
Construction in progress	59	70	621
Total	18,953	18,551	164,634
Less: Accumulated depreciation	(6,758)	(7,104)	(63,045)
Property and equipment, net	12,197	11,447	101,588
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates	8,505	4,180	37,096
Investment securities	6,059	5,536	49,130
Goodwill	1,618	1,298	11,519
Long-term loans receivable	3,770	9,729	86,341
Deferred tax assets	840	1,618	14,359
Other assets	7,340	6,925	61,457
Allowance for doubtful accounts	(1,029)	(1,193)	(10,587)
Total investments and other assets	27,104	28,094	249,325
Total assets	¥ 110,316	¥ 92,478	$ 820,713

See accompanying notes to the consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
LIABILITIES AND NET ASSETS	2015	2016	2016
Current liabilities:			
Notes and accounts payable–trade	¥ 33,850	¥ 12,749	$ 113,143
Short-term bank loans	4,014	11,414	101,295
Current portion of long-term debt	42	8	70
Income taxes payable	2,345	690	6,123
Accrued bonuses	378	375	3,328
Accrued bonuses to directors and corporate auditors	282	214	1,899
Other current liabilities	4,859	4,355	38,649
Total current liabilities	45,773	29,809	264,545
Long-term liabilities:			
Long-term debt, less current portion	8	—	—
Net defined benefit liability	521	643	5,706
Other long-term liabilities	3,766	3,732	33,120
Total long-term liabilities	4,296	4,376	38,835
Net assets:			
Common stock:			
Authorized; 138,800,000 shares at March 31, 2015 and 2016			
Issued; 34,700,000 shares at March 31, 2015 and 2016	7,948	7,948	70,536
Capital surplus:			
Additional paid-in capital	7,994	7,994	70,944
Retained earnings	46,049	44,177	392,057
Treasury stock; 1,516,200 shares at March 31, 2015 and 2016	(1,821)	(1,821)	(16,160)
Accumulated other comprehensive loss:			
Unrealized loss on available-for-sale securities	(567)	(862)	(7,649)
Foreign currency translation adjustments	(1)	(2)	(17)
Remeasurements of defined benefit plans	(109)	(130)	(1,153)
Total accumulated other comprehensive loss	(679)	(994)	(8,821)
Non-controlling interests	753	987	8,759
Total net assets	60,246	58,291	517,314
Total liabilities and net assets	¥ 110,316	¥ 92,478	$ 820,713

Consolidated Statements of Income

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2016	2016
Net sales	¥ 99,554	¥ 94,476	$ 838,445
Cost of sales	71,086	68,995	612,309
Gross profit	28,468	25,480	226,127
Selling, general and administrative expenses	23,707	24,069	213,604
Operating income	4,760	1,411	12,522
Other income(expenses):			
Interest and dividend income	272	245	2,174
Interest expenses	(12)	(30)	(266)
Equity in earnings (losses) of affiliates	187	(962)	(8,537)
Impairment loss	(12)	(79)	(701)
Gain on sale of investment securities	467	198	1,757
Purchase discount	289	485	4,304
Invest income from investment securities	—	183	1,624
Distributions from investments	135	101	896
Amortization of investments in capital	(254)	(138)	(1,224)
Loss on waiver of receivables from affiliates	—	(161)	(1,428)
Write-down of investments in affiliates	—	(144)	(1,277)
Provision for doubtful receivables from affiliates	—	(175)	(1,553)
Other, net	(79)	(31)	(275)
Other income (expenses), net	995	(510)	(4,526)
Income before income taxes	5,754	901	7,996
Income taxes:			
Current	2,425	1,243	11,031
Deferred	4	(816)	(7,241)
Total income taxes	2,430	427	3,789
Net income	¥ 3,324	¥ 474	$ 4,206
Attributable to:			
Owners of the parent	¥ 3,018	¥ 118	$ 1,047
Non-controlling interests	305	356	3,159

	Yen		U.S. Dollars (Note 1)
Earnings per share:			
Basic earnings per share	¥ 90.97	¥ 3.58	$ 0.03

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Comprehensive Income

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2016	2016
Net income	¥ 3,324	¥ 474	$ 4,206
Other comprehensive income (loss):			
Net unrealized loss on available-for-sale securities	(307)	(293)	(2,600)
Foreign currency translation adjustments	(0)	(0)	(0)
Remeasurements of defined benefit plans	17	(20)	(177)
Total other comprehensive loss	(290)	(314)	(2,786)
Total comprehensive income	¥ 3,034	¥ 159	$ 1,411
Attributable to:			
Owners of the parent	¥ 2,730	¥ (196)	$ (1,739)
Non-controlling interests	304	356	3,159

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Changes in Net Assets

	Shares	Millions of Yen			
	Number of Shares of Common Stock Issued	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock
Balance at April 1, 2014	34,700,000	¥ 7,948	¥ 7,994	¥ 44,548	¥ (1,821)
Cumulative effect of accounting change	—	—	—	142	—
Adjusted beginning balance	34,700,000	7,948	7,994	44,690	(1,821)
Net income attributable to owners of the parent	—	—	—	3,018	—
Cash dividends paid	—	—	—	(1,659)	—
Net change of item other than shareholders' equity	—	—	—	—	—
Balance at March 31, 2015	34,700,000	7,948	7,994	46,049	(1,821)
Net income attributable to owners of the parent	—	—	—	118	—
Cash dividends paid	—	—	—	(1,991)	—
Additional acquisition of a consolidated subsidiary's stocks	—	—	(0)	—	—
Net change of item other than shareholders' equity	—	—	—	—	—
Balance at March 31, 2016	34,700,000	¥ 7,948	¥ 7,994	¥ 44,177	¥ (1,821)

Millions of Yen

	Other Comprehensive Income (Loss)				
	Unrealized Loss on Available-for-sale Securities	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Non-controlling Interests	Total Net Assets
Balance at April 1, 2014	¥ (262)	¥ (1)	¥ (126)	¥ 473	¥ 58,753
Cumulative effect of accounting change	—	—	—	—	142
Adjusted beginning balance	(262)	(1)	(126)	473	58,895
Net income attributable to owners of the parent	—	—	—	—	3,018
Cash dividends paid	—	—	—	—	(1,659)
Net change of item other than shareholders' equity	(305)	(0)	17	280	(8)
Balance at March 31, 2015	(567)	(1)	(109)	753	60,246
Net income attributable to owners of the parent	—	—	—	—	118
Cash dividends paid	—	—	—	—	(1,991)
Additional acquisition of a consolidated subsidiary's stocks	—	—	—	—	(0)
Net change of item other than shareholders' equity	(294)	(0)	(20)	233	(81)
Balance at March 31, 2016	¥ (862)	¥ (2)	¥ (130)	¥ 987	¥ 58,291

Thousands of U.S. Dollars (Note 1)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock
Balance at March 31, 2015	$ 70,536	$ 70,944	$ 408,670	$ (16,160)
Net income attributable to owners of the parent	—	—	1,047	—
Cash dividends paid	—	—	(17,669)	—
Additional acquisition of a consolidated subsidiary's stocks	—	(0)	—	—
Net change of item other than shareholders' equity	—	—	—	—
Balance at March 31, 2016	$ 70,536	$ 70,944	$ 392,057	$ (16,160)

Thousands of U.S. Dollars (Note 1)

	Other Comprehensive Income (Loss)				
	Unrealized Loss on Available-for-sale Securities	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Non-controlling Interests	Total Net Assets
Balance at March 31, 2015	$ (5,031)	$ (8)	$ (967)	$ 6,682	$ 534,664
Net income attributable to owners of the parent	—	—	—	—	1,047
Cash dividends paid	—	—	—	—	(17,669)
Additional acquisition of a consolidated subsidiary's stocks	—	—	—	—	(0)
Net change of item other than shareholders' equity	(2,609)	(0)	(177)	2,067	(718)
Balance at March 31, 2016	$ (7,649)	$ (17)	$ (1,153)	$ 8,759	$ 517,314

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2016	2016
Operating activities:			
Income before income taxes	¥ 5,754	¥ 901	$ 7,996
Adjustments:			
Depreciation and amortization	2,137	2,273	20,172
Impairment loss	12	79	701
Amortization of goodwill	325	326	2,893
Purchase discount	(289)	(485)	(4,304)
Equity in losses (earnings) of affiliates	(187)	962	8,537
Amortization of investments in capital	454	264	2,342
Gain on sale of investment securities	(467)	(198)	(1,757)
Notes and accounts receivable–trade	(17,232)	36,663	325,372
Inventories	1,396	86	763
Merchandising rights advances	(966)	939	8,333
Accounts payable–trade	1,317	(22,828)	(202,591)
Other	370	(2,472)	(21,938)
Subtotal	(7,369)	16,509	146,512
Interest and dividends received	246	257	2,280
Interest paid	(12)	(30)	(266)
Income taxes paid	(1,951)	(3,382)	(30,014)
Net cash provided by (used in) operating activities	(9,086)	13,353	118,503
Investing activities:			
Purchases of property and equipment	(1,587)	(946)	(8,395)
Proceeds from sale of property and equipment	380	638	5,662
Purchases of intangible assets	(1,665)	(848)	(7,525)
Proceeds from sale of investment securities	828	216	1,916
Increase in loans receivable	(4,221)	(7,121)	(63,196)
Collection on loans	788	2,502	22,204
Proceeds from purchase of newly consolidated subsidiaries' stocks	—	652	5,786
Proceeds from refund of investments in an unconsolidated subsidiary	—	3,110	27,600
Other	(819)	(394)	(3,496)
Net cash used in investing activities	(6,297)	(2,191)	(19,444)
Financing activities:			
Increase in short-term bank loans, net	3,380	7,400	65,672
Cash dividends paid	(1,658)	(1,990)	(17,660)
Other	(96)	(193)	(1,712)
Net cash provided by financing activities	1,624	5,214	46,272
Foreign currency translation adjustments on cash and cash equivalents	—	0	0
Net increase (decrease) in cash and cash equivalents	(13,760)	16,377	145,340
Cash and cash equivalents at beginning of the year	29,583	15,823	140,424
Cash and cash equivalents at end of the year	¥ 15,823	¥ 32,200	$ 285,764

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Basis Of Presentation Of Consolidated Financial Statements

FIELDS CORPORATION (the "Company") and its consolidated subsidiaries maintain their accounts and records in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different from International Financial Reporting Standards ("IFRS") and accounting standards generally accepted in the United States of America as to accounting and disclosure requirements.

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 2015 consolidated financial statements to conform to the classifications used in 2016.

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, 2016, which was ¥112.68 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 eliminating investments in subsidiaries, the assets and liabilities, including the portion attributable to non-controlling interests, are evaluated at fair value at the time the Company acquired control over the respective subsidiaries. The closing date of the consolidated subsidiaries is the same as that of the Company.

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 10 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

Numbers of subsidiaries and affiliates at March 31, 2015 and 2016 are as follows:

	Number of Companies	
	2015	2016
Consolidated subsidiaries	15	16
Unconsolidated subsidiaries not accounted for under the equity method	5	6
Affiliates accounted for under the equity method	9	9
Affiliates not accounted for under the equity method	2	2

The consolidated subsidiaries and holding ratio of the Company at March 31, 2015 and 2016 are as follows:

	Holding Ratio	
	2015	2016
Fields Jr. Corporation	100.0 %	100.0 %
Shinnichi Technology Co., Ltd.	100.0	100.0
MICROCABIN CORP.	100.0	100.0
Lucent Pictures Entertainment, Inc.	100.0	100.0
Total Workout premium management Inc.	95.0	95.0
FutureScope Corp.	87.7	94.4
Digital Frontier Inc.	86.9	86.9
Digital Frontier (Taiwan) Inc.	86.9	86.9
Fly Studio Sdn, Bhd	80.0	84.3
GEMBA Inc.	73.9	73.9
NEX ENTERTAINMENT CO., LTD.	69.8	69.8
BOOOM Corporation	51.0	51.0
Tsuburaya Productions Co., Ltd.	51.0	51.0
XAAX Inc.	51.0	51.0
K.K. CROSSALPHA	—	100.0
Spiky Corporation	—	100.0

Note:
Year ended March 31, 2015
There were no changes in the scope of consolidation.
Year ended March 31, 2016
The Company acquired 100% shares of K.K. CROSSALPHA (formerly known as KK Aristocrat Technologies, renamed on October 1, 2015). As a result, K.K. CROSSALPHA and Spiky Corporation, its subsidiary, became consolidated subsidiaries of the Company.

IP Bros. Inc., a former consolidated subsidiary, was absorbed into FutureScope Corp., a consolidated subsidiary, through a merger.

The following table summarizes proceeds from purchase of newly consolidated subsidiaries' stocks and fair value of assets and liabilities at the time of initiating consolidation:
(K.K. CROSSALPHA and Spiky Corporation)

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥ 2,952	$ 26,198
Non-current assets	523	4,641
Goodwill	5	44
Current liabilities	(2,859)	(25,372)
Long-term liabilities	(607)	(5,386)
Acquisition cost	15	133
Cash and cash equivalents held by K.K. CROSSALPHA and Spiky Corporation	667	5,919
Proceeds from purchase of newly consolidated subsidiary's stocks	¥ 652	$ 5,786

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 machines: 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 materials	The Company and 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, whereas the straight-line method is applied to buildings acquired on or after April 1, 1998.

The ranges of useful lives of depreciable assets are as follows:

Buildings and structures	2–50 years
Tools and furniture	2–20 years
Machinery and vehicles	2–12 years

ASBJ Guidance No. 6, "Guidance for Accounting Standard for Impairment of Fixed Assets" (revised on May17, 2012), 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. An 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

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 an 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, as well as defined contribution retirement plans.

Effective April 1, 2014, the Company applied ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" (issued on May 17, 2012), and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits" (issued on March 26, 2015), in accordance with Section 35 of the aforementioned standard and Section 67 of the aforementioned guidance. In applying the new standard and guidance, the Company reviewed the determination method of retirement benefit obligations and current service costs, and changed: (1) the method of attributing expected benefit to periods from the straight-line basis to the benefit formula basis; and (2) the method to determine the discount rate under which a single weighted average discount rate reflecting the estimated timing and amount of benefit payment is used.

In applying the new standard and guidance, the effects of amendments in the determination method of retirement benefit obligations and current service costs were recognized as an adjustment of the opening balance of retained earnings as of April 1, 2014 in accordance with the tentative treatment stipulated in Section 37 of the new standard.

As a result, the effects of applying the new standard and guidance were to decrease net defined benefit liability by ¥220 million ($1,830 thousand) and to increase retained earnings by ¥142 million ($1,181 thousand) as of April 1, 2014. The effects on operating income, ordinary income, and income before income taxes and minority interests were to increase each by ¥13 million ($108 thousand). The effect on per share figures is to increase basic earnings per share ("EPS") by ¥0.42 ($0.00).

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 translations are charged to income in the year they are incurred.

The Company translates the revenue and expense accounts of its overseas consolidated subsidiaries at the average rates of exchange of the year. The balance sheet accounts, except for net assets accounts, 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 at the balance sheet date 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.

Group's management policy for derivative transactions:

The Company utilizes financial instruments with embedded derivative instruments for effective use of surplus funds. The Company does not enter into derivative transactions unless they are considered secure with underlying low risks. The Group does not enter into derivative transactions for speculative purposes.

Risk management for derivative transactions:

The Group enters into derivative transactions only with major financial institutions with favorable credit ratings, thereby reducing credit risk exposure for non-performance. The Accounting and Finance Department is engaged in managing derivative transactions, and all derivative transactions are executed, monitored, and managed in accordance with internal authorization policies.

Asset Retirement Obligations

Effective from the 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 Company did not have any material asset retirement obligations at March 31, 2014 and 2015.

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 primarily consists of distribution sales and agency sales.

For distribution sales:

The Group purchases pachinko and pachislot machines from manufacturers and sells them to pachinko halls. The Group recognizes revenue when merchandise is shipped to the halls.

For agency sales:

The Group acts as an agent between manufacturers and pachinko halls to provide various services related to the distribution of pachinko and pachislot machines. 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 remits the proceeds to the manufacturers. Revenue is recognized 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.

Consumption Tax

Consumption tax is imposed 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 Japanese 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 or 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 years ended March 31, 2015 and 2016 is not presented because the Company did not have any kind of securities with potential dilutive effect.

Accounting Changes

Effective April 1, 2015, the Company applied "Revised Accounting Standard for Business combinations" (Statement No. 21, issued by Accounting Standards Board of Japan ("ASBJ") on September 13, 2013), "Revised Accounting Standard for Consolidated Financial Statements" (Statement No. 22, issued by ASBJ on September 13, 2013) and "Revised Accounting Standard for Business Divestitures" (Statement No. 7, issued by ASBJ on September 13, 2013). In applying the new standards, the Company recognized the difference associated with changes in equity in subsidiaries remaining under the control of the Company as additional paid-in capital, and changed the accounting treatment of acquisition-related costs to the method under which such costs are recorded as expenses for the fiscal year they are incurred. For business combinations implemented on or after April 1, 2015, the accounting method has been changed to reflect the adjustments to the allocated amount of acquisition costs on the finalization of the provisional accounting treatment in the consolidated financial statements for the year containing the date of the business combinations. In addition, the Company changed the presentation manner of net income and other items. In the new presentation manner, minority interests are presented as non-controlling interests. To reflect these changes, certain reclassifications have been made to the consolidated financial statements for the year ended March 31, 2015.

The Company applied the new standards prospectively from the beginning of the year ended March 31, 2016 in accordance with the transitional treatments as prescribed in article 58-2 (4) of Revised Accounting Standard for Business combinations, article 44-5 (4) of Revised Accounting Standard for Consolidated Financial Statements, and article 57-4 (4) of Revised Accounting Standard for Business Divestitures.

As a result, the effect of applying the new standard was to decrease operating income and income before income taxes for the year ended March 31, 2016 each by ¥105 million ($931 thousand). The effect on the amount of earnings per share was to decrease basic earnings per share for the year ended March 31, 2016 by ¥3.16 ($0.02). The effect on the amount of additional paid-in capital as of March 31, 2016 was not significant.

In the consolidated statements of cash flows for the year ended March 31, 2016, cash flows from additional purchase or partial sale of a subsidiary's shares are included in cash flows from financing activities, whereas cash flows from related costs of acquisition of a new subsidiary or related costs of additional purchase or partial sale of a subsidiary's shares are included in cash flows from operating activities.

The effect on the amount of additional paid-in capital in the consolidated statements of changes in net assets for the year ended March 31, 2016 was not significant.

Changes in Presentation

Prior to April 1, 2015, commission income received from affiliates was recorded in "other" of "other income" in the consolidated statements of income. Effective April 1, 2015, the Company changed the accounting treatment of commission income to record it as a deduction of selling, general and administrative expense in order to clarify the burden of costs and to classify profit and loss more appropriately. As a result, ¥16 million of such commission income recorded in other of other income in the consolidated statement of income for the year ended March 31, 2015 was reclassified to a deduction of selling, general and administrative expenses.

Use of Estimates

The accompanying consolidated financial statements include amounts based on certain estimates and assumptions. The actual results may differ from those estimates and assumptions.

3. Inventories

Inventories at March 31, 2015 and 2016 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Merchandise	¥ 239	¥ 346	$ 3,070
Work in process	1,414	2,596	23,038
Raw materials and supplies	83	78	692
Total	¥ 1,736	¥ 3,020	$ 26,801

The Group provides for anticipated losses arising from software development contracts. Allowance for losses arising from software development contracts, which is included in other current liabilities , as of March 31, 2016 was ¥77 million ($683 thousand).

4. Financial Instruments And Related Disclosures

(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 is determined after considering the market environment and its purposes. The Group utilizes derivative financial instruments only for hedging risks and does not enter into derivative transactions for speculative purposes.

(2)Nature, risks arising from financial instruments, and risk management

Notes and accounts receivable and electronically recorded monetary claims arise during the ordinary course of business and are subject to the credit risks of customers. Each 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, the financial condition of investees, and related business relationships are periodically reviewed by the Planning and Administration Division in accordance with internal rules for controlling investment securities.

The Group utilizes forward exchange contracts to hedge currency risk arising from forecasted transactions denominated in foreign currencies. The Group enters into derivative contracts only with highly trustworthy financial institutions to reduce credit risk. The Planning and Administration Division controls these risks in accordance with internal rules for controlling derivative transactions.

Notes and accounts payable arise during the ordinary course of business and are payable within one year. Income taxes payable include corporation tax, inhabitants' tax, and enterprise tax and are payable within one year. These items are subject to liquidity risks of default. To control these risks, the Planning and Administration Division prepares and updates cash-flow plans and maintains appropriate amounts of ready liquidity based on reports from internal sections.

Fair value of financial instruments is 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 values are readily determinable at March 31, 2015 are as follows:

			Millions of Yen
	Carrying Amount	Fair Value	Difference
Assets:			
(1) Cash and cash equivalents	¥ 15,823	¥ 15,823	—
(2) Notes and accounts receivable	45,888		
Less: Allowance for doubtful accounts	(24)		
Net amount	45,863	45,863	
(3) Investment securities			
(a) Held-to-maturity securities	200	207	7
(b) Available-for-sale securities	5,520	5,520	—
(4) Long-term loans receivable	3,770		
Less: Allowance for doubtful accounts	(935)		
Net amount	2,835	2,846	11
Total	¥ 70,242	¥ 70,261	¥ 18
Liabilities:			
(5) Notes and accounts payable	33,850	33,850	
(6) Short-term bank loans	4,014	4,014	—
(7) Current portion of long-term debt	42	42	0
(8) Income taxes payable	2,345	2,345	—
(9) Long-term debt	8	8	(0)
Total	¥ 40,261	¥ 40,261	¥ 0

Notes:
(1), (2), (5), (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.
(3)—Fair value of equity securities is stated at market price whereas that of debt securities is stated at amount obtained from financial institutions. Fair value information categorized by holding purposes of investment securities is discussed in Note 5.
(4)—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 bonds.
(7) and (9)—Long-term debt comprises bank loans. Fair value of bank loans is stated at present value of the total amount of its principal and interest discounted by an assumed rate that would be applicable to bank loans financed under the same conditions.

Financial instruments which do not have quoted market prices and whose fair value is not reliably determinable are not included in the tables above. Such financial instruments at March 31, 2015 are as follows:

	Millions of Yen
Balance included in the consolidated balance sheet	
Investment securities	¥ 338
Investments in unconsolidated subsidiaries	70
Investments in affiliates	8,434
Total	¥ 8,843

Detailed information about investment securities is discussed in Note 5.

Financial instruments whose fair values are readily determinable at March 31, 2016 are as follows:

	Millions of Yen		
	Carrying Amount	Fair Value	Difference
Assets:			
(1) Cash and cash equivalents	¥ 32,200	¥ 32,200	¥ —
(2) Notes and accounts receivable	8,562		
Less: Allowance for doubtful accounts	(19)		
Net amount	8,542	8,542	—
(3) Electronically recorded monetary claims	1,142		
Less: Allowance for doubtful accounts	(0)		
Net amount	1,142	1,142	—
(4) Investment securities			
(a) Held-to-maturity securities	200	200	0
(b) Available-for-sale securities	5,006	5,006	—
(5) Long-term loans receivable	9,729		
Less: Allowance for doubtful accounts	(1,109)		
Net amount	8,619	8,629	10
Total	¥ 55,711	¥ 55,721	¥ 10
Liabilities:			
(6) Notes and accounts payable	12,749	12,749	—
(7) Short-term bank loans	11,414	11,414	—
(8) Current portion of long-term debt	8	8	0
(9) Income taxes payable	690	690	—
Total	¥ 24,863	¥ 24,863	¥ 0
Derivative transactions	¥ (13)	¥ (13)	¥ —

	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Difference
Assets:			
(1) Cash and cash equivalents	$ 285,764	$ 285,764	$ —
(2) Notes and accounts receivable	75,985		
Less: Allowance for doubtful accounts	(168)		
Net amount	75,807	75,807	
(3) Electronically recorded monetary claims	10,134		
Less: Allowance for doubtful accounts	(0)		
Net amount	10,134	10,134	—
(4) Investment securities			
(a) Held-to-maturity securities	1,774	1,774	0
(b) Available-for-sale securities	44,426	44,426	—
(5) Long-term loans receivable	86,341		
Less: Allowance for doubtful accounts	(9,842)		
Net amount	76,490	76,579	88
Total	$ 494,417	$ 494,506	$ 88
Liabilities:			
(6) Notes and accounts payable	113,143	113,143	—
(7) Short-term bank loans	101,295	101,295	—
(8) Current portion of long-term debt	70	70	0
(9) Income taxes payable	6,123	6,123	—
Total	$ 220,651	$ 220,651	$ 0
Derivative transactions	$ (115)	$ (115)	$ —

Notes:
(1), (2), (3), (6), (7) 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 is stated at amount obtained from financial institutions. Fair value information categorized by holding purposes of investment securities is discussed in Note 5.
(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 bonds.
(8)—Current portion of long-term debt comprises bank loans. Fair value of bank loans is stated at present value of the total amount of its principal and interest discounted by an assumed rate that would be applicable to bank loans financed under the same conditions.
Derivative transactions are calculated based on the prices provided by the counterparty financial institutions and stated at a net amount of derivative assets and liabilities.

Financial instruments which do not have quoted market prices and whose fair value is not reliably determinable are not included in the tables above. Such financial instruments at March 31, 2016 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Balance included in the consolidated balance sheet		
Investment securities	¥ 330	$ 2,928
Investments in unconsolidated subsidiaries	26	230
Investments in affiliates	4,154	36,865
Total	¥ 4,510	$ 40,024

Detailed information about investment securities is discussed in Note 5.

Maturity analysis for financial assets at March 31, 2016 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	¥ 32,200	¥ —	¥ —	¥ —
(2) Notes and accounts receivable	8,562	—	—	—
(3) Electronically recorded monetary claims	1,142	—	—	—
(4) Investment securities				
Held-to-maturity securities	—	—	—	200
(5) Long-term loans receivable	—	9,156	—	—
Total	¥ 41,905	¥ 9,156	¥ —	¥ 200

	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	$ 285,764	$ —	$ —	$ —
(2) Notes and accounts receivable	75,985	—	—	—
(3) Electronically recorded monetary claims	10,134	—	—	—
(4) Investment securities				
Held-to-maturity securities	—	—	—	1,774
(5) Long-term loans receivable	—	81,256	—	—
Total	$ 371,893	$ 81,256	$ —	$ 1,774

Notes:

(1) Long-term loans receivable in the tables above are stated after deducting the allowance for doubtful accounts of ¥1,476 million ($13,099 thousand).

(2) Long-term loans receivable in the consolidated balance sheet are stated after deducting ¥903 million ($8,013 thousand) because of applying the equity method.

5. 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, 2015 and 2016:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Held-to-maturity securities:			
Balance included in the consolidated balance sheets	¥ 200	¥ 200	$ 1,774
Fair value	207	200	1,774
Net unrealized gain (loss)	7	0	0
Available-for-sale securities:			
ー Equity securities			
Acquisition cost	6,263	6,252	55,484
Fair value	5,420	5,006	44,426
Net unrealized loss	(844)	(1,246)	(11,057)
ー Debt securities			
Acquisition cost	71	ー	ー
Fair value	100	ー	ー
Net unrealized gain	28	ー	ー

(b) The following table summarizes carrying value of available-for-sale securities whose fair value is not readily determinable at March 31, 2015 and 2016:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Stocks	¥ 338	¥ 330	$ 2,928

(c) The following table summarizes information of available-for-sale securities sold during the years ended March 31, 2015 and 2016:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
ー Other			
Proceeds	¥ 828	¥ 216	$ 1,916
Realized gains	467	198	1,757

6. Fair Value Of Derivative Transactions

Fair values of the Group's derivative financial instruments at March 31, 2015 and 2016 are as follows:

	Millions of Yen			
	2015			
	Contract Amount			
	Within One Year	Over One Year	Fair Value	Valuation Gain
Financial instruments with embedded derivative instruments (Non-listed)	¥ ー	¥ 71	¥ 100	¥ 28

Notes:

(1) The fair value in the table above is stated at an amount obtained from financial institutions, which are the counterparties 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.

(4) Financial instruments with embedded derivative instruments (non-listed) of ¥71 million as of March 31, 2015 will be redeemed within a year through an early redemption.

Millions of Yen

	2016			
	Contract Amount			
	Within One Year	Over One Year	Fair Value	Valuation Gain (Loss)
Foreign currency forward contract (Non-listed) Long position: U.S. dollar	¥ 160	¥ —	¥ (13)	¥ (13)

Thousands of U.S. Dollars

	2016			
	Contract Amount			
	Within One Year	Over One Year	Fair Value	Valuation Gain (Loss)
Foreign currency forward contract (Non-listed) Long position: U.S. dollar	$ 1,419	$ —	$ (115)	$ (115)

Notes:

The fair values in the table above are stated at an amount obtained from financial institutions, which are the counterparties of the derivative transactions.

7. Long-Lived Assets

The Group reviewed its long-lived assets for impairment at March 31, 2015 and 2016 and, as a result, recognized impairment loss of ¥12 million and ¥79 million ($701 thousand), respectively.

For the year ended March 31, 2015, ¥1 million of tools and furniture for a restaurant facility was written down to zero because the Company decided to discontinue the facility. In addition, ¥10 million of buildings and structures of an office space was written down to zero because the Company decided to relocate.

For the year ended March 31, 2016, ¥18 million ($159 thousand) of buildings and structures and ¥9 million ($79 thousand) of tools and furniture for a restaurant facility were written down to zero because the Company decided to discontinue the facility. In addition, ¥50 million ($443 thousand) of buildings and structures and ¥1 million ($8 thousand) of tools and furniture for an office space was written down to zero because the Company decided to relocate.

8. Leases

The Group leases certain tools and furniture under operating lease contracts. The minimum rental commitments under noncancelable operating leases at March 31, 2015 and 2016 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Due within one year	¥ 364	¥ 1,013	$ 8,990
Due after one year	583	488	4,330
Total	¥ 947	¥ 1,501	$ 13,320

9. Short-term Bank Loans and Long-term Debt

The average interest rates applicable to the short-term bank loans were 0.45% and 0.34% at March 31, 2015 and 2016, respectively.

The following table summarizes the Group's long-term debt at March 31, 2015 and 2016:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Long-term debt:			
Long-term bank loans due October 20, 2016			
Current portion with weighted average interest rate of 1.43% in 2015 and 1.32% in 2016	¥ 42	¥ 8	$ 70
Non-current portion with weighted average interest rate of 1.32% in 2015	8	—	—
Total	¥ 50	¥ 8	$ 70

No assets were pledged as collateral for the long-term debts at March 31, 2016.

10. Credit Lines

The Group entered into line of credit and overdraft agreements with banks for the purpose of efficient management of operation funds. The following is the summary of the line of credit at March 31, 2015 and 2016:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Total amount of the line of credit	¥ 32,000	¥ 32,000	$ 283,990
Outstanding balance	(3,800)	(11,320)	(100,461)
Remaining amount of the line of credit	¥ 28,200	¥ 20,680	$ 183,528

11. Retirement Benefits

Changes in defined benefit obligation for the years ended March 31, 2015 and 2016, except for plans to which the simplified method is applied, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Beginning balance:	¥ 610	¥ 454	$ 4,029
Cumulative effect of accounting change	(220)	—	—
Adjusted beginning balance:	390	454	4,029
Current service cost	61	69	612
Interest cost	3	4	35
Actuarial gains and losses	9	70	621
Benefits paid	(10)	(33)	(292)
Ending balance	¥ 454	¥ 565	$ 5,014

Changes in net defined benefit liability of the plans under the simplified method for the years ended March 31, 2015 and 2016 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Beginning balance:	¥ 64	¥ 67	$ 594
Net periodic benefit costs	11	18	159
Benefits paid	(9)	(9)	(79)
Net defined benefit liability of newly consolidated subsidiaries	—	2	17
Ending balance	¥ 67	¥ 78	$ 692

Reconciliation between the net defined benefit liability in the consolidated balance sheets and the balances of defined benefit obligation and plan assets as of March 31, 2015 and 2016 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Unfunded defined benefit obligation	¥ 521	¥ 643	$ 5,706
Net defined benefit liability on the consolidated balance sheets	521	643	5,706
Net defined benefit liability	521	643	5,706
Net defined benefit liability on the consolidated balance sheets	¥ 521	¥ 643	$ 5,706

Note: The table above includes the plans to which the simplified method is applied.

Components of net periodic benefit costs for the years ended March 31, 2015 and 2016 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Service cost	¥ 61	¥ 69	$ 612
Interest cost	3	4	35
Recognized actuarial gains and losses	44	44	390
Net periodic benefit costs under the simplified method	11	18	159
Net periodic benefit costs for the year	¥ 121	¥ 137	$ 1,215

Other comprehensive income on defined retirement benefit plans for the years ended March 31, 2015 and 2016 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Actuarial gains and losses	¥ 35	¥ 25	$ 221
Total	¥ 35	¥ 25	$ 221

Accumulated other comprehensive income on defined retirement benefit plans as of March 31, 2015 and 2016 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Unrecognized actuarial gains and losses	¥ 162	¥ 187	$ 1,659
Total	¥ 162	¥ 187	$ 1,659

Assumptions used for the above plans for the years ended March 31, 2015 and 2016 are as follows:

	2015	2016
Discount rate	1.0%	0.09%

Amounts of required contributions to defined contribution pension plans including the welfare pension plan as discussed in Note 2 for the years ended March 31, 2015 and 2016 were ¥45 million and ¥48 million ($425 thousand), respectively.

12. 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, 2016 was ¥336 million ($2,981 thousand).

13. Income Taxes

The significant components of deferred tax assets and liabilities at March 31, 2015 and 2016 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Deferred tax assets:			
Retirement benefits for employees	¥ 168	¥ 197	$ 1,748
Allowance for doubtful accounts	337	371	3,292
Accrued bonuses	125	121	1,073
Accrued bonuses to directors and corporate auditors	—	66	585
Write-down of investment securities	—	26	230
Write-down of investments in affiliates	100	124	1,100
Loss on devaluation of advances	80	77	683
Loss on devaluation of merchandising rights advances	116	88	780
Unrealized loss on available-for-sale securities	272	383	3,399
Enterprise taxes	179	49	434
Depreciation and amortization	309	360	3,194
Asset retirement obligations	125	142	1,260
Tax loss carryforwards	999	1,522	13,507
Other	472	786	6,975
Gross deferred tax assets	3,287	4,318	38,320
Valuation allowances	(1,877)	(1,954)	(17,341)
Total deferred tax assets	1,409	2,364	20,979
Deferred tax liabilities	1	25	221
Net deferred tax assets	¥ 1,408	¥ 2,338	$ 20,749

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Deferred tax assets—current	¥ 568	¥ 724	$ 6,425
Deferred tax assets—non-current	840	1,618	14,359
Deferred tax liabilities—non-current (included in other long-term liabilities)	1	4	35
Net deferred tax assets	¥ 1,408	¥ 2,338	$ 20,749

Income taxes in Japan consist of corporation tax, inhabitants' taxes, and enterprise taxes. Reconciliation of the differences between the statutory tax rate and the effective income tax rate for the years ended March 31, 2015 and 2016 is as follows:

	2015	2016
Statutory tax rate	35.6 %	33.1%
Adjustments:		
Per capita levy of inhabitants' taxes	0.8	4.9
Expenses not deductible for tax purposes	1.9	9.3
Income not taxable for tax purposes	(0.6)	(4.9)
Equity in earnings or losses of affiliates	(1.2)	35.3
Accrued bonuses to directors and corporate auditors	1.7	—
Change in valuation allowance	(3.8)	(72.8)
Amortization of goodwill	2.0	12.0
Change in the statutory income tax rate	6.7	29.2
Other	(1.0)	1.3
Effective income tax rate	42.2 %	47.3%

On March 29, 2016, the Act on the Partial Revision of the Income Tax Act (Article 15, 2016) and the Act on the Partial Revision of the Local Tax Act (Article 13, 2016) were passed by the Diet in Japan. In accordance with these changes, deferred tax assets and liabilities are determined by using the new statutory tax rates. The effective tax rate used to determine deferred tax assets and liabilities for which the timing of the recovery or settlement of the related temporary difference is expected during the fiscal years ending March 31, 2017 and 2018 is changed from 32.3% to 30.86%, and to 30.62% for those whose timing expected is on April 1, 2018 and thereafter. The effect of this change was not significant.

The effect of this change was to decrease net deferred tax assets by ¥127 million ($1,127 thousand), to increase income taxes–deferred by ¥102 million ($905 thousand), to increase unrealized loss on available-for-sale securities by ¥21 million ($186 thousand), and to decrease cumulative effects of remeasurements of defined benefit plans by ¥3 million ($26 thousand).

14. 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.

15. Related-party Transactions

Transactions with and balances due to or due from related parties as of and for the years ended March 31, 2015 and 2016 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
(Unconsolidated subsidiary)			
Nishiazabu 2-chome Kaihatsu Project, LLC			
Transactions during the year:			
Refund of investments	¥ —	¥ 3,110	$ 27,600
(Affiliate)			
Rodeo Co., Ltd.			
Outstanding balances at year-end:			
Accounts payable–trade	10	—	—
Transactions during the year:			
Purchase of merchandise	11,024	—	—
Purchase discount	—	—	—
Bisty Co., Ltd.			
Outstanding balances at year-end:			
Accounts receivable–trade	383	—	—
Accounts payable–trade	32	3,660	32,481
Advance received	36	—	—
Transactions during the year:			
Commissions received	6,857	—	—
Sales of merchandising rights	1,023	—	—
Purchase of merchandise	440	15,770	139,953
NANASHOW Corporation			
Outstanding balances at year-end:			
Short-term loans receivable	2,300	—	—
Long-term loans receivable	1,050	5,750	51,029
Accounts receivable–trade	110	—	
Other receivable	—	1,962	17,412
Accounts payable–trade	4,528	3,328	29,534
Transactions during the year:			
Loans	3,350	2,400	21,299
Purchase of merchandise	5,824	4,634	41,125
Sales of merchandising rights	102	—	—
Transfer of materials	—	1,802	15,992
MIZUHO CORP.			
Outstanding balances at year-end:			
Long-term loans receivable	—	2,725	24,183
Transactions during the year:			
Loans	—	1,975	17,527

Notes:
(1) Terms and conditions of the above transactions have been determined based on the arm's length and normal market price levels.
(2) Transactions during the year figures do not include consumption taxes, whereas outstanding balances at year-end figures do.
(3) Bisty Co., Ltd. is a wholly owned subsidiary of SANKYO Co., Ltd., a major shareholder of the Company.

16. Comprehensive Income (Loss)

Reclassification adjustments and tax effects on other comprehensive income (loss) for the years ended March 31, 2015 and 2016 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Net unrealized gain (loss) on available-for-sale securities:			
Gains (losses) arising during the year	¥ 37	¥ (204)	$ (1,810)
Reclassification adjustments	(467)	(198)	(1,757)
Amount before income tax effect	(429)	(403)	(3,576)
Income tax effect	(122)	(109)	(967)
Other comprehensive income (loss)—net unrealized gain (loss) on available-for-sale securities	¥ (307)	¥ (293)	$ (2,600)
Foreign currency translation adjustments:			
Losses arising during the year	¥ (0)	¥ (0)	$ (0)
Reclassification adjustments	—	—	—
Amount before income tax effect	(0)	(0)	(0)
Income tax effect	—	—	—
Other comprehensive income (loss)—foreign currency translation adjustments	¥ (0)	¥ (0)	$ (0)
Remeasurements of defined benefit plans:			
Losses arising during the year	¥ (9)	¥ (70)	$ (621)
Reclassification adjustments	44	44	390
Amount before income tax effect	35	(25)	(221)
Income tax effect	17	(5)	(44)
Other comprehensive income (loss)—remeasurements of defined benefit plans	¥ 17	¥ (20)	$ (177)
Total other comprehensive income (loss)	¥ (290)	¥ (314)	$ (2,786)

17. Business Combination

No significant business combinations occurred during the year ended March 31, 2015.

On May 29, 2015, the Company acquired 100% shares of KK Aristocrat Technologies ("KK Aristocrat"), a wholly owned subsidiary of Aristocrat International Pty Ltd. ("Aristocrat International"), an Australian company. KK Aristocrat was engaged in development, manufacturing and sales of pachislot machines in Japan. In response to Aristocrat International's withdrawal from Japan, the Company executed the acquisition in order to carry out product development by utilizing Aristocrat International's hardware, software and other assets. Deemed acquisition date of this business combination was June 30, 2015. Period of the acquiree's operating results incorporated in the consolidated financial statements was from July 1, 2015 to March 31, 2016. On October 1, 2015, KK Aristocrat was renamed K.K. CROSSALPHA.

Acquisition cost and consideration were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Consideration: cash	¥ 15	$ 133
Acquisition cost	¥ 15	$ 133

Significant acquisition-related cost was ¥105 million ($931 thousand) of advisory fees. Goodwill arising from this business combination was ¥5 million ($44 thousand) and charged to income immediately.

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

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥ 2,952	$ 26,198
Non-current assets	523	4,641
Total assets	¥ 3,476	$ 30,848
Current liabilities	¥ 2,859	$ 25,372
Long-term liabilities	607	5,386
Total liabilities	¥ 3,466	$ 30,759

The estimated amounts of effect on the consolidated statement of income for the year ended March 31, 2016, assuming that the business combination above was completed as of April 1, 2015 (unaudited), was as follows:

	Millions of Yen	Thousands of U.S. Dollars
(Unaudited)		
Net sales	¥ 441	$ 3,913
Operating loss	(420)	(3,727)
Income before income taxes	354	3,141
Net loss attributable to owners of the parent	(153)	(1,357)
Net loss per share (Yen) (U.S. Dollars)	(4.64)	(0.04)

The estimated amounts of effect on the consolidated statement of income for the year ended March 31, 2016 (unaudited) was determined based on the difference between (a) net sales and other operating results assuming that the business combination above was completed as of April 1, 2015 and (b) net sales and other operating results on the acquiree's consolidated statement of income.

18. Subsequent Event

Year-end dividends

At the General Meeting of Shareholders held on June 22, 2016, the shareholders approved the payment of year-end cash dividends totaling ¥829 million ($7,357 thousand), or ¥25.00 ($0.22) per share.

19. Segment Information

Segment information for the years ended March 31, 2015 and 2016 is not presented because of the single segmentation.

Independent Auditor's Report

We have audited the accompanying consolidated balance sheets of FIELDS CORPORATION and its consolidated subsidiaries as of March 31, 2015 and 2016, and the related consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the years then ended, expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2015 and 2016, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2016 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.

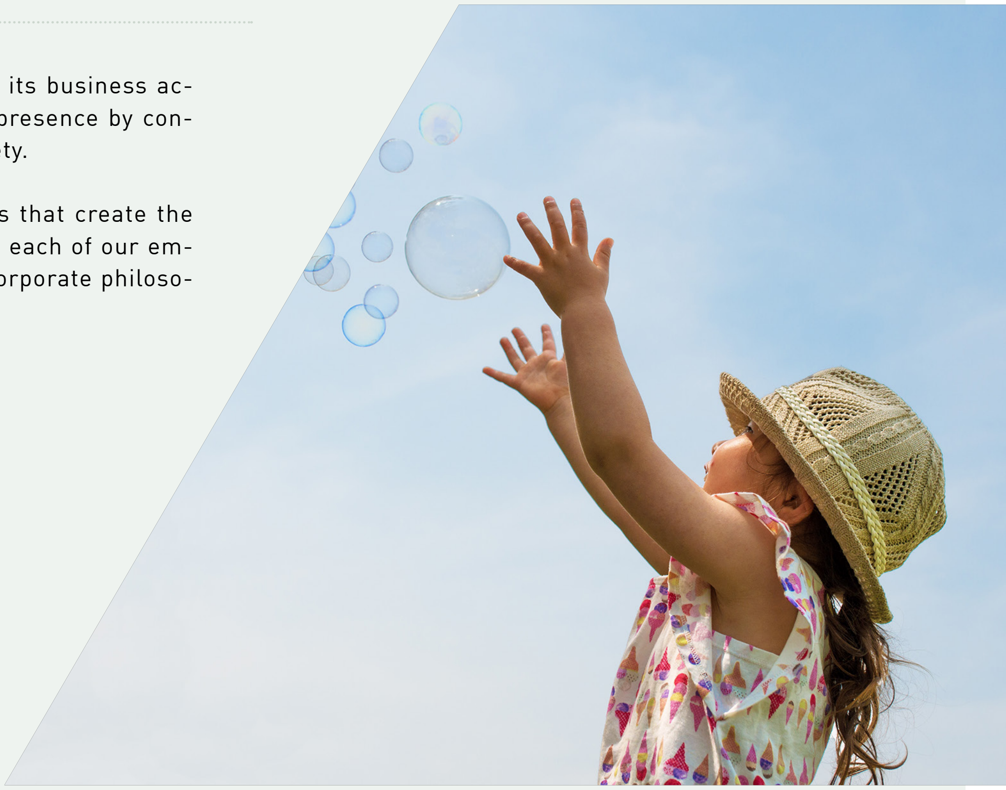
BDO Sanyu & Co.
Tokyo, Japan
October 26, 2016

CSR / Corporate Governance / Company and Stock Information

Striving to Earn Society's Trust

Fields is connected to society through its business activities. We aim to maintain a trusted presence by contributing to happiness throughout society.

We will continue to take on challenges that create the future, instilling a strong awareness in each of our employees toward the realization of our corporate philosophy.



CONTENTS

Fields CSR

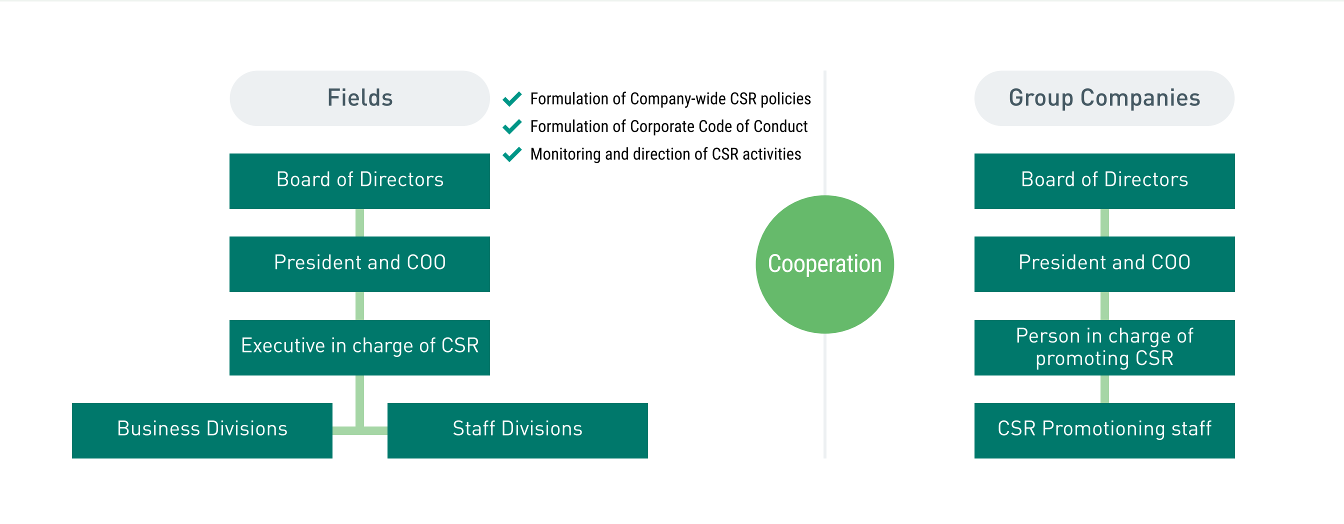
Basic CSR Policy

The mission of Fields is to provide "The Greatest Leisure for All People" as in its corporate philosophy. All officers and employees are conscious that corporate social responsibility (CSR) is corporate activity itself, and with a view to ongoing social and business development, the Company meets is social obligations to a variety of stakeholders based on this fundamental activity policy.

CSR Promotion System

At Fields, by striving to fulfill our corporate philosophy, we are united in undertaking our daily business activities to help bring about a richer society.

In terms of our system for promoting CSR, we have built a structure in which the position of the Executive in Charge of CSR is established directly under the Board of Directors, and management decisions made based on Fields' basic policy on CSR are spread to business and staff divisions. In collaboration with our Group Companies, we will continue to promote social contribution through our business activities throughout the Fields Group.



ULTRAMAN FOUNDATION

The Fields Group established the *ULTRAMAN FOUNDATION* in March 2011, primarily in cooperation with Tsuburaya Productions Co., Ltd., with the approval of all Group companies. The foundation is enaged in activties supporting everyone affected by natural disasters, especially children, who are a light of hope for the future. Fields belives the time children spend with their hero and smiles on their faces provides them with an opportunity to imagine future hopes and dreams, thus we are comitted to continuing these activities going forward.

ULTRAMAN FOUNDATION official website

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

Corporate Governance

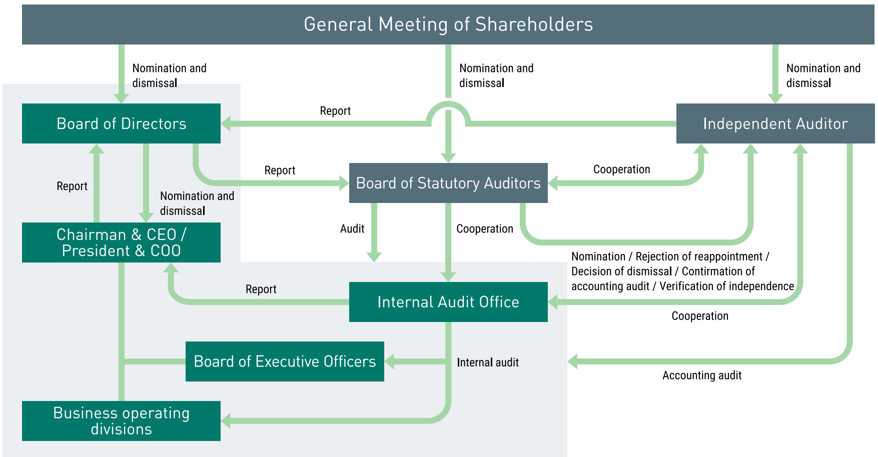
Out Line

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 systems within the framework of the Board of Directors, the Board of Statutory Auditors, the Independent Auditor and the Board of Executive Officers.

The Board of Directors has passed a resolution concerning the establishment of a system to assure proper operation of the Group's business in accordance with the Companies Act and the Ordinance for the Enforcement of the Companies Act.

Fields supports the aims of the Corporate Governance Code established by the Tokyo Stock Exchange. We recognize the implementation of each principle in the Code to be an important management issue in terms of enhancing corporate value and strengthening corporate governance. Going forward, Fields will conduct extensive studies into the establishment of an optimal corporate governance structure targeting enhanced corporate value over the medium- to long-term and sustainable profit growth while ensuring management transparency and fairness.

Corporate Governance System



Directors, Auditors and Corporate Officers (As of June 30, 2016)

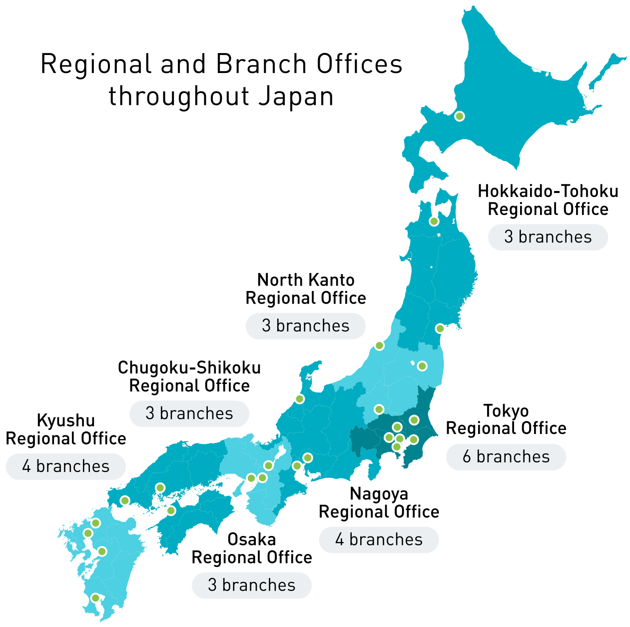
Chairman & CEO		Hidetoshi Yamamoto
Vice Chairman		Takashi Oya
President & COO		Tetsuya Shigematsu
Executive Vice President		Kiyoharu Akiyama
Senior Managing Director	Division Manager, Pachinko/ Pachislot Business Division	Ei Yoshida
Managing Director		Masakazu Kurihara
Managing Director	Deputy Division Manager, Pachinko/ Pachislot Business Management Division	Akira Fujii
Managing Director		Kenichi Ozawa
Director	Division Manager, Planning and Administration Division	Hiroyuki Yamanaka
Director	Division Manager, Corporate Division	Hideo Ito
Director	General Manager, Products Management Department, Pachinko/Pachislot Business Management Division	Teruo Fujishima
Director	Division Manager, Cross Media Business Management	Eiichi Kamagata
Outside Director		Shigesato Itoi

Standing Auditor (Outside Auditor)		Kenichi Ikezawa
Outside Auditor		Tadao Koike
Outside Auditor		Yoshika Furuta
Outside Auditor		Koichiro Nakamoto
Corporate Officer	General Manager, Legal Office	Toru Suenaga
Corporate Officer	General Manager, Corporate Communications Office	Hideaki Hatanaka
Corporate Officer	General Manager, Sales Management Department, Pachinko/Pachislot Business Management Division	Hideo Wakazono
Corporate Officer	General Manager, Contents Production Department, Cross Media Business Management Division	Yosuke Ozawa
Corporate Officer	General Manager, Research and Development Office	Tadamasa Oshio
Corporate Officer	General Manager, IP Relations Department, Pachinko/Pachislot Business Management Division	Noritada Shimizu
Corporate Officer	General Manager, Consumer Service Department, Cross Media Business Management Division	Takao Yamamura
Corporate Officer	General Manager, Media Relations Business Department, Pachinko/Pachislot Business Management Division	Hayato Arima

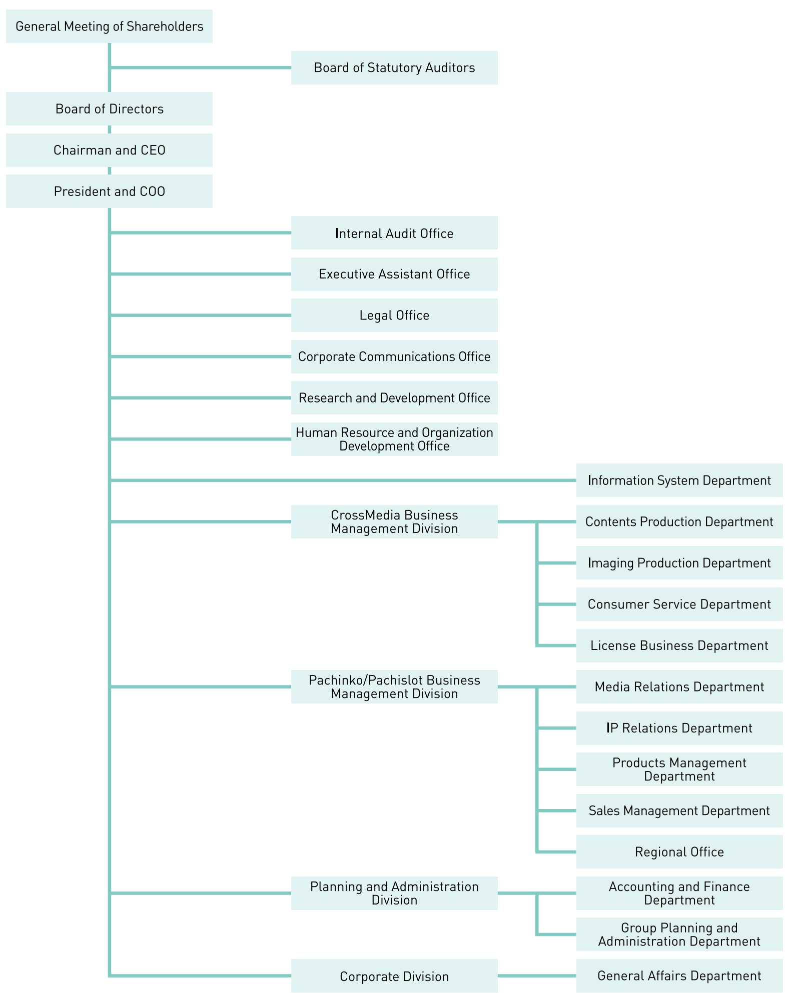
About Fields

Company Information (As of September 30, 2016)

Company name	FIELDS CORPORATION
Corporate philosophy	The Greatest Leisure for All People
Established	June 1988
Head office address	Shibuya Garden Tower, 16-17 Nampeidai-cho, Shibuya-ku, Tokyo 150-0036, Japan
Main business activities	Development, planning and sales of characters and contents Development, planning and sales of animation works Development and planning of pachinko/pachislot machines Purchase and sales of pachinko/pachislot machines
Common stock	¥7,948 million
Number of employees	1,796(Consolidated); 824(Non-consolidated)
Consolidated Subsidiaries	Lucent Pictures Entertainment, Inc. Digital Frontier Inc. BOOOM Corporation Tsuburaya Productions Co., Ltd. And others totaling 16 companies
Equity-Method Affiliates	Mizuho Corp. HERO'S INC. NANASHOW Corporation And others totaling 9 companies



Organization



Main Group Companies

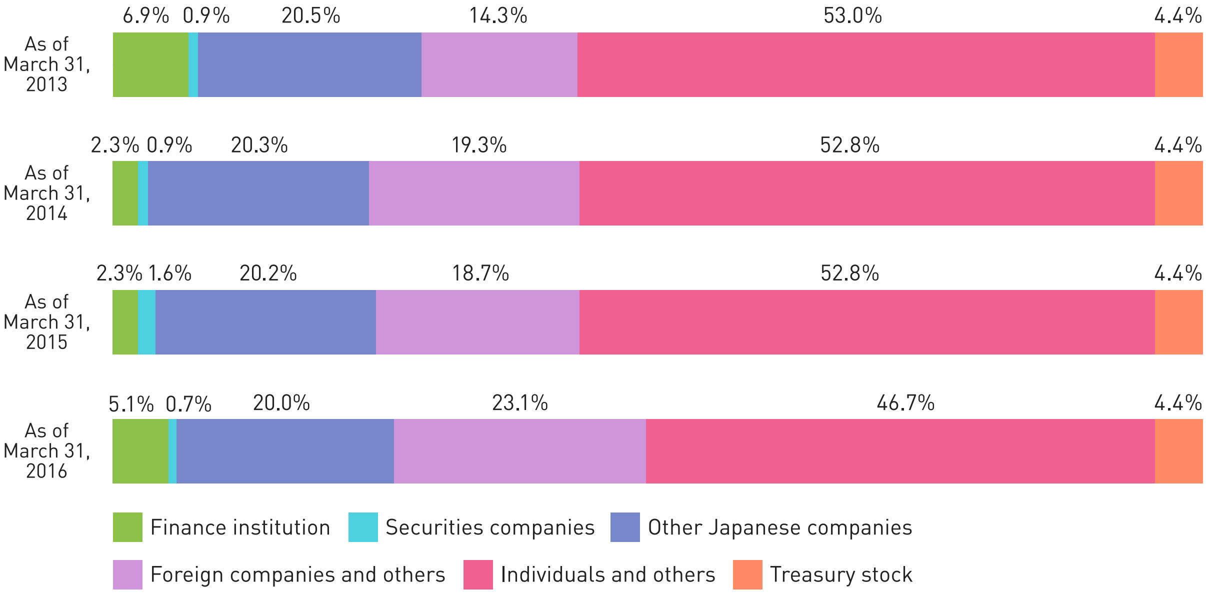
	Company name	Paid-in capital (Million yen)	Holding Ratio of Voting Rights (%)	Business activities
Pachinko/ Pachislot	Fields Jr. Corporation	10	100.0	Pachinko/pachislot machine maintenance, etc.
	Shinnichi Technology Co., Ltd.	50	100.0	Development of pachinko/pachislot machine
	MICROCABIN CORP.	10	100.0	Planning and development of software for commercial-use machine
	K.K. CROSSALPHA	10	100.0	Development and production of pachinko/pachislot machines
	Spiky Corporation	100	100.0	Development and production of pachinko/pachislot machines
	BOOOM Corporation	10	51.0	Planning and development of pachinko/pachislot machines
	Mizuho Corp.	10	49.7	Pachinko/pachislot machines planning, development, manufacturing and sales
	NANASHOW Corporation	40	38.9	Pachinko/pachislot machines planning, development, manufacturing and sales
	SOUGOU MEDIA INC.	10	35.0	Planning and production related to sales promotions
Comics	HERO'S INC.	10	49.0	Comic magazine and character contents planning, operation and production
Animation	Lucent Pictures Entertainment, Inc.	20	100.0	Planning, production and producing of animations
	Digital Frontier Inc.	31	86.9	CG planning and production, etc.
Movies/TV	SPO Entertainment Inc.	371	31.8	Movie planning, production and distribution, etc.
Interactive Media	FutureScope Corp	60	94.4	Mobile contents service provider and mail order
Consumer Products	Total Workout premium management Inc.	5	95.0	Running fitness gym
	Tsuburaya Productions Co., Ltd.	310	51.0	Movie/TV planning and production Character goods planning, production and sales

Stock Information

Total authorized shares	138,800,000
Total outstanding shares	34,700,000

Treasury stock	1,516,200
Number of shareholders	6,162

By type of shareholder



Principal Shareholders

Name of Shareholders	Number of Shareholding shares held	Ratio (%)
Hidetoshi Yamamoto	8,675,000	25.00%
SANKYO CO., LTD.	5,205,000	15.00%
Takashi Yamamoto	3,612,800	10.41%
Mint Co.	1,600,000	4.61%
Treasury stock	1,516,200	4.37%
GOLDMAN, SACHS& CO. REG	1,394,600	4.02%
NORTHERN TRUST CO. (AVFC) RENVI01	1,333,900	3.84%
STATE STREET BANK AND TRUST COMPANY 505103	568,500	1.64%
STATE STREET BANK AND TRUST COMPANY 505019	547,400	1.58%
NORTHERN TRUST CO. (AVFC) REIEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	514,500	1.48%

MEMO

FIELDS CORPORATION
Corporate Communications Office (IR)
16-17 Nampeidai-cho, Shibuya-ku, Tokyo 150-0036, Japan
Phone: +81-3-5784-2109 (dial-in number) Fax: +81-3-5784-2119

Fields Corporate website
(Japanese language only)
http://www.fields.biz

Fields IR website
http://www.fields.biz/ir/e/