

Consolidated Financial Results for the First Half of Fiscal Year Ending March 31, 2013
(Six Months Ended September 30, 2012) (Based on J-GAAP)

November 9, 2012

Company name: MarvelousAQL Inc. Stock Exchange Listing: First Section of Tokyo Stock Exchange
 Stock Code: 7844 URL: <http://www.maql.co.jp>
 Representative: Shuichi Motoda, President
 Contact: Nobuyuki Yamakaku, Director Tel: +81-3-5769-7447
 Scheduled date of filing Quarterly Securities Report: November 14, 2012
 Scheduled commencement date of dividend payout: —
 Explanatory documents supplemental to the abridged Quarterly Financial Statement: Yes
 Quarterly results briefing: Yes (For Institutional Investors and Analysts)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2013
(April 1, 2012 – September 30, 2012)

(1) Consolidated Results of Operations (six months) (Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1H FY 2013	7,904	181.0	1,105	—	1,021	—	645	—
1H FY 2012	2,812	(38.4)	30	(93.4)	13	(97.0)	7	(98.3)

(Note) Comprehensive income (million yen): 1H FY 2013: (—%) 1H FY 2012: 10 (–97.5%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
1H FY 2013	1,206.84		—	
1H FY 2012	58.41		—	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
1H FY 2013	13,485		9,424		69.9		17,630.36	
FY 2012	13,667		9,102		66.6		17,028.50	

(Reference) Shareholders' equity (million yen): 1H FY 2013: 9,424 FY 2012: 9,102

2. Dividends

	Dividends per share				
	1Q-end	Interim	3Q-end	Yearend	Annual
	Yen				
FY 2012	—	0.00	—	605.00	605.00
FY 2013	—	0.00	—	—	—
FY 2013 (forecasts)	—	—	—	1,000.00	1,000.00

Note: Revisions to the dividend forecast in the current quarter: None

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2013 (April 1, 2012 – March 31, 2013)

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	18,500	77.5	2,200	110.6	2,130	107.8	1,290	(63.5)	2,413.24

Note: Revisions to the dividend forecast in the current quarter: None

***Notes**

(1) Changes in significant subsidiaries during the consolidated period (six months) under review (changes in subsidiaries accompanying change in the scope of consolidation): None

New: None (Company name:)

Excluded: None (Company name:)

(2) Application of accounting procedures specific to creation of quarterly financial statement: Yes

(Note) For details, refer to “(2) Application of accounting procedures specific to creation of quarterly financial statement” under “2. Summary Information (Notes)” on page 4.

(3) Changes in accounting principles, estimates and restatement

1) Changes in accounting principles caused by revision of accounting standards: Yes

2) Changes in accounting principles other than those mentioned above: None

3) Changes in accounting estimates: Yes

4) Restatement: None

(Note) For details, refer to “(3) Changes in accounting principles, estimates and restatement” under “2. Summary Information (Notes)” on page 4.

(4) Number of shares issued and outstanding (shares of common stock)

1) Number of shares outstanding (including treasury stock) at end of period

1H FY 2013	535,931 shares	FY 2012	535,931 shares
1H FY 2013	1,380 shares	FY 2012	1,380 shares
1H FY 2013	534,551 shares	1H FY 2012	122,000 shares

2) Number of treasury stock at end of period

3) Average number of shares outstanding during the period (six months)

*** Implementation of quarterly review procedures**

This summary of quarterly financial statements is not subject to quarterly review procedures pursuant to the Financial Instruments and Exchange Act; however, at the time of disclosure of this summary of consolidated quarterly financial statements, the quarterly review procedures of consolidated financial statements pursuant to the FIEA was completed.

*** Cautionary statement with respect to forward-looking statements**

The forward-looking statements such as the forecasts for the business performance described in this document are based on the judgments made by the Company in accordance with information currently available that is rational. For this reason, actual results may differ from these forecasts due to a number of factors, including but not limited to the operating environment. For the underlying assumptions and usage of earnings projections refer to “1. (3) Qualitative information concerning consolidated business performance forecast” on page 3 of the Attachment to the summary of consolidated financial statement.

1. Qualitative Information Concerning Quarterly Results

On October 1, 2011, the Company executed an absorption-type merger with AQ Interactive Inc. and Liveware Inc. in which MarvelousAQL Inc. became the surviving company. In addition, the company modified its reporting segments into three businesses, the Online Game Business, Consumer Game Business, and Audio & Visual Business.

(1) Qualitative information concerning consolidated results of operations

In the entertainment industry, of which the Group is a part, the market for social games continues to grow at a fast pace, with the wider online games market in calendar year 2011 (January through December 2011) reaching a size of approximately 420 billion yen, according to estimates of the Japan Online Game Association. In the market for home-use games, Nintendo 3DS has been supporting active momentum. In the first half of fiscal year 2012 (April through September 2012), total market size combined for hardware and software increased 106.6% compared with the year-earlier period, marking the first increase in a first-half in six years (according to research of Enterbrain, Inc.). Despite the adverse market environment, bright spots have started to appear also in the music and video sectors, evidenced by a lively market for single CDs and ongoing growth in the Blu-ray disc market.

Under such circumstances, the Group has been operating as a comprehensive entertainment provider based on a "multi-content, multi-use, and multi-device" strategy, unrolling a program of varied entertainment contents for every business environment and a variety of devices. Based on powerful IP initiatives, the Group has been proactively advancing its branding strategies, alliance strategies, and global strategies, and is working to offer contents of high topicality while making efforts to strengthen services.

As a result, the Group's net sales in the first half (April 1, 2012 to September 30, 2012) marked 7,904 million yen, with operating income of 1,105 million yen, ordinary income of 1,021 million yen, and net income of 645 million yen. #

Results by business segment are described below.

(Online Game Business)

In the online game business, "Browser Sangokushi," "Browser Pro Yakyu," "Logres of Swords and Sorcery," "Browser Sangokushi for Mobile," "BOKUJO MONOGATARI for mobile" and other main titles have continued to do well and contribute to earnings. Moreover, in addition to the three titles released in the first quarter, under the Company's alliance strategies and proactive promotion of its multi-environment concept, services were initiated in July 2012 for online pachinko / pachislo hall "MARUHAN Dream Net," in August 2012 for Super Creators series, including the first stage "NO MORE HEROES WORLD RANKER" and the second stage "Combo Kimaru" and in September 2012 for the third stage "J.J.ROCKETS" On the other hand, service terminations were decided for a number of unprofitable titles. Moreover, the Company recognized termination costs for a number of titles in development as well as investment losses from a number of titles for overseas markets.

As a result, segment net sales totaled 3,331 million yen, with segment income of 460 million yen.

(Consumer Game Business)

At the Company's sales sector of the Consumer Game Business segment, strong sales of "Rune Factory 4 (Nintendo 3DS)" launched in July 2012 and "SENTRAN KAGURA Burst (Nintendo 3DS)" launched in August 2012 both exceeded sales of the respective predecessor products of the same series. Additionally, in June 2012 the Company released "ASSAULT GUNNERS," its first title for PS Vita for exclusive purchase by download. At the same time, repeat orders were favorable centered on "Harvest Moon: A New Beginning (Nintendo 3DS)" launched last fiscal year (February 2012). Meanwhile, the Group's development service business registered a steady flow of orders, specifically a large scale order for "SOUL SACRIFICE (PS Vita)" from Sony Computer Entertainment. The amusement division in July 2012 released "Pokémon TRETТА," a new amusement console for children. Sales since the start of operations have been favorable to the extent that sales of a new model initially scheduled for the third quarter were partly moved up.

As a result, segment net sales totaled 3,110 million yen, with segment income of 745 million yen.

(Audio & Visual Business)

The audio & visual production sector of the Audio & Visual business segment in July 2012 started showing its new production of the TV animation "HUMAN BEING DECLINED" and newly launched audio and video products for TV animations such as "SMILE PRECURE!" and "Pretty cure All Stars New Stage Echo of Heart." The stage production division turned out a total of 41 minutes of performance for the "MUSICAL THE PRINCE OF TENNIS." Furthermore, as an event for fans, the division launched the "MUSICAL THE PRINCE OF TENNIS: Sports Day 2012 Spring" which attracted much attention. The division initiated sales of four DVD productions related to the topic. Orders have been strong. Elsewhere at the music and video production division, as a new stage performance production the division hosted "Musical HAKUOKI" based on the popular game, attracting sizeable audiences and generating DVD sales as planned.

As a result, segment net sales totaled 1,462 million yen, with segment income of 344 million yen.

(2) Qualitative information concerning consolidated financial position

As to consolidated balance sheet data at the end of the first half, the Group had total assets of 13,485 million yen (down 181 million yen compared with end of the previous fiscal year), total liabilities of 4,061 million yen (down 503 million yen), and net assets of 9,424 million yen (up 321 million yen).

(Current assets)

Consolidated current assets at the end of the first half totaled 10,986 million yen, which was 946 million yen less than at the end of the previous fiscal year, mainly due to lower cash and deposits.

(Non-current assets)

Consolidated non-current assets at the end of the first half totaled 2,499 million yen, which was 764 million yen more than at the end of the previous fiscal year, mainly due to new facility investments and higher intangible assets from an increase in titles under development.

(Current liabilities)

Consolidated current liabilities at the end of the first half totaled 3,956 million yen, which was 404 million yen less than at the end of the previous fiscal year, mainly due to the repayment of short-term loan payable.

(Non-current liabilities)

Consolidated non-current liabilities at the end of the first half totaled 104 million yen, which was 98 million yen less than at the end of the previous fiscal year, mainly due to the repayment of long-term loans payable and the account transfer of the current portion of other long-term debt.

(Net assets)

Consolidated net assets at the end of the first half totaled 9,424 million yen, which was 321 million yen more than at the end of the previous fiscal year, which was due to net income for the period exceeding the reduction in retained earnings caused by the dividend payment at the end of the previous fiscal year.

(3) Qualitative information concerning consolidated business performance forecast

Sales and earnings for the period under review surpassed initial projections. This was mainly due to orders for new software products running ahead of plan at the consumer business division and strong sales of "Pokémon TRETTA" leading to accelerated sales plan execution. Projections for the full fiscal year remain unchanged, given that multiple new titles are scheduled for release in the second half of the fiscal year, whose performance, especially with regard to online operations, has yet to take clear shape.