

Consolidated Financial Results for the First Half of Fiscal Year Ending March 31, 2014 (Six Months Ended September 30, 2013) (Based on J-GAAP)

November 6, 2013

Company name: MarvelousAQL Inc. Listing: First Section of Tokyo Stock Exchange
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 Scheduled commencement date of dividend payout: —
 Explanatory documents supplemental to the abridged Quarterly Financial Statement: Yes
 Quarterly results briefing: Yes

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

1. Consolidated Financial Results for the First Half of Fiscal Year Ending March 31, 2014 (April 1, 2013 – September 30, 2013)

(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 2014	9,585	21.3	1,365	23.5	1,385	35.6	860	33.4
1H FY 2013	7,904	181.0	1,105	—	1,021	—	645	—

(Note) Comprehensive income (million yen): 1H FY 2014: 869 (34.7%) 1H FY 2013: 645 (—%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
1H FY 2014	16.10		—	
1H FY 2013	12.07		—	

On October 1, 2013, the Company executed a stock split of its common shares at the ratio of 100 shares to 1. In conjunction with this action, the Company has calculated net income per share for the quarter as if the stock split had taken place at the start of the previous fiscal year.

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
1H FY 2014	15,484		10,895		70.4		203.83	
FY 2013	15,341		10,694		69.7		200.07	

(Reference) Shareholders' equity (million yen): 1H FY 2014: 10,895 FY 2013: 10,694

On October 1, 2013, the Company executed a stock split of its common shares at the ratio of 100 shares to 1. In conjunction with this action, the Company has calculated net assets per share as if the stock split had taken place at the start of the previous fiscal year.

2. Dividends

	Dividends per share				
	1Q-end	Interim	3Q-end	Year-end	Annual
	Yen				
FY 2013	—	0.00	—	1,250.00	1,250.00
FY 2014	—	0.00	—	—	—
FY 2014 (forecasts)	—	—	—	12.00	12.00

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

The year-end dividend of 1,250.00 yen for the fiscal year ended March 31, 2013 consists of a regular dividend of 1,200.00 yen and a special dividend of 50.00 yen commemorating the listing of the Company's shares on the first section of the Tokyo Stock Exchange.

Also, in conjunction with the stock split executed by the Company at the ratio of 100 shares to 1 on October 1, 2013, the Company has adopted a unit share plan in which 100 shares constitutes 1 unit of shares. As a result, the year-end cash dividend (provisional) for the fiscal year ending March 31, 2014, is stated in consideration of the effects of this stock split.

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2014 (April 1, 2013 – March 31, 2014)

(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	20,000	13.8	2,900	24.5	2,890	24.3	1,770	(7.8)	33.11

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

In conjunction with the stock split executed by the Company at the ratio of 100 shares to 1 on October 1, 2013, the Company has adopted a unit share plan in which 100 shares constitutes 1 unit of shares. As a result, net income per share (provisional) for the fiscal year ending March 31, 2014, is stated in consideration of the effects of this stock split.

***Notes**

(1) Changes in significant subsidiaries during the consolidated period (three 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

(3) Changes in accounting principles, estimates and restatement

- 1) Changes in accounting principles caused by revision of accounting standards: None
- 2) Changes in accounting principles other than those mentioned above: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

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

- 1) Number of shares outstanding (including treasury stock) at end of period
- 2) Number of treasury stock at end of period
- 3) Average number of shares outstanding during the period (six months)

1H FY 2014	53,593,100 shares	FY 2013	53,593,100 shares
1H FY 2014	138,000 shares	FY 2013	138,000 shares
1H FY 2014	53,455,100 shares	1H FY 2013	53,455,100 shares

On October 1, 2013, the Company executed a stock split of its common shares at the ratio of 100 shares to 1. In conjunction with this action, the Company has calculated the number of shares issued and outstanding (shares of common stock) as if the stock split had taken place at the start of the previous fiscal year.

*** Information regarding the 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 (FIEA); 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 were not completed.

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

This document contains forward-looking statements including forecasts of the Company's business performance, which are based on information currently available to the Company as well as on certain assumptions that the Company deems reasonable. Therefore, results including actual business performance could differ materially from those described in these forward-looking statements as a result of numerous factors. For the underlying assumptions of earnings projections and points to be borne in mind regarding the use of earnings projections, refer to "1. (3) Explanation of business outlook including consolidated business forecast" on page 3 of the Attachment to the summary of consolidated financial statement.

1. Qualitative Information Concerning Quarterly Results

(1) Explanation of consolidated business results

In the period under review, the entertainment industry saw continued growth in the market for social games, although the rate of expansion showed a declining trend. In addition to traditional web browser games, the rapid adoption of smartphones has spawned the sudden growth of the app game market where users play apps installed on their smartphone. By contrast, an adverse environment remains in the market for home-use games. Yet signs of a recovery were evident at September's Tokyo Game Show 2013, where all eyes gathered on Japan's first public showing of Sony PlayStation 4 (PS4) as fans lined up in hordes outside the demo play space for the opportunity to try out an actual PS4 console. In the audio & visual sectors, growth continued in the Blu-ray disc market and an expansionary trend was seen in the fee-based video distribution market.

Under these circumstances, the Group has been operating as a comprehensive entertainment provider deploying a "multi-content, multi-use, and multi-device" strategy to deliver diverse entertainment content in all business segments and on a variety of devices. Leveraging its robust intellectual property, the Group has been driving its strategy in the three key areas of branding, alliances, and global business, and is working to offer content that generates "buzz" among today's users while endeavoring to enhance its services.

As a result, the Group's net sales in the first half (April 1, 2013 to September 30, 2013) marked 9,585 million yen (up 21.3% compared with the same period of the previous year), with operating income of 1,365 million yen (up 23.5% compared with the same period of the previous year), ordinary income of 1,385 million yen (up 35.6% compared with the same period of the previous year), and net income of 860 million yen (up 33.4% compared with the same period of the previous year).

Results by business segment are described below.

(Online Game Business)

In the online game business, main titles such as "Browser Sangokushi" continued their reign as long-time best sellers in PC browser games, but revenues fell below those of the same prior-year period amidst a market scale-back. In mobile games on the other hand, "Ikki-Tousen Burst Fight" and "SENTRAN KAGURA New Wave" continued their strong growth from the previous fiscal year and the new title "High School DxD" entered distribution with a successful launch in September 2013. However, in overseas markets, first half releases in North America were unable to lift performance above plan and the Company took a one-time write-off on money-losing titles.

As a result, segment net sales totaled 3,960 million yen (up 18.9% compared with the same period of the previous year), with segment operating income of 218 million yen (down 52.6% compared with the same period of the previous year).

(Consumer Game Business)

At the Company's sales sector of the Consumer Games Business segment, "VALHALLA KNIGHTS 3 (PS Vita)" has recorded strong sales since its launch in May 2013 along with outstanding repeat orders for "SENTRAN KAGURA: SHINOVI VERSUS (PS Vita)" and "OBOROMURAMASA (PS Vita)," which were brought to market last fiscal year. Repeat orders on other existing works also boosted revenues. In overseas operations, U.S. subsidiary Marvelous USA, Inc. posted similarly strong sales.

The amusement division continued to develop favorably after the start of the amusement console for children "Pokémon TRETТА" in July 2012, with strong contributions to divisional business results.

As a result, segment net sales totaled 3,763 million yen (up 21.0% compared with the same period of the previous year), with segment operating income of 1,273 million yen (up 70.9% compared with the same period of the previous year).

(Audio & Visual Business)

The audio & visual production sector of the Audio & Visual business segment reported healthy sales from the video commercialization of "DOKIDOKI! PRECURE," a new TV animation production in the "PRECURE" series, and "My Teen Romantic Comedy SNAFU," a TV animation product lead-managed by the Company.

The stage production division marked a total 61 performances of "MUSICAL THE PRINCE OF TENNIS," accompanied by new releases of five related DVDs. The performance of "Musical Yowamushi Pedal Inter-high Arc The First Result," whose presale tickets sold out immediately, continued to receive kudos which originated with its previous production, allowing the performances to become established as a major series.

As a result, segment net sales totaled 1,861 million yen (up 27.3% compared with the same period of the previous year), with segment operating income of 350 million yen (up 1.5% compared with the same period of the previous year).

(2) Explanation of consolidated financial position

On the consolidated balance sheets at the end of the first half, the Group had total assets of 15,484 million yen (up 143 million yen from the end of the previous fiscal year), total liabilities of 4,589 million yen (down 58 million yen from the end of the previous fiscal year), and net assets of 10,895 million yen (up 201 million yen from the end of the previous fiscal year).

(Current Assets)

Consolidated current assets at the end of the first half totaled 12,887 million yen, which was 294 million yen more than at the end of the previous fiscal year, due to factors including an increase in cash and deposits.

(Noncurrent Assets)

Consolidated noncurrent assets at the end of the first half totaled 2,597 million yen, which was 150 million yen less than at the end of the previous fiscal year, due to sales of investment securities.

(Current Liabilities)

Consolidated current liabilities at the end of the first half totaled 4,526 million yen, which was 43 million yen less than at the end of the previous fiscal year, due to factors including repayment of short-term loans payable.

(Noncurrent liabilities)

Consolidated noncurrent liabilities at the end of the first half totaled 62 million yen, which was 14 million yen less than at the end of the previous fiscal year, due to factors including the account transfer of the current portion of long-term loans payable.

(Net assets)

Consolidated net assets at the end of the first half totaled 10,895 million yen, which was 201 million yen more than at the end of the previous fiscal year, due to net income for the period in excess of the reduction in retained earnings resulting from the dividend payment at the end of the previous fiscal year.

(3) Explanation of business outlook including consolidated business forecast

The consolidated business forecast for the current fiscal year remains unchanged from the business forecast announced on May 10, 2013.