Consolidated Financial Results for the Third Quater of Fiscal Year Ending March 31, 2013 (Nine Months Ended December 31, 2012) (Based on J-GAAP)

February 8, 2013

Company name: MarvelousAQL Inc.
Stock Exchange Listing: First Section of Tokyo Stock Exchange
Stock Code: 7844
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Scheduled date of filing Quarterly Securities Report: February 14, 2013
Scheduled commencement date of dividend payout: —
Explanatory documents supplemental to the abridged Quarterly Financial Statement: Yes
Quarterly results briefing: None

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

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

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3Q FY 2013	12,143	93.9	1,715	248.0	1,673	255.8	1,386	(43.6)
3Q FY 2012	6,263	8.7	492	20.3	470	29.0	2,456	593.4

(Note) Comprehensive income (million yen): 3Q FY 2013: 1,387 (−43.6%) 3Q FY 2012: 2,458 (591.3%)

	Net income per share	Diluted net income per share
	Yen	Yen
3Q FY 2013	2,592.93	—
3Q FY 2012	9,448.37	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
3Q FY 2013	14,333	10,166	70.9	19,018.50
FY 2012	13,667	9,102	66.6	17,028.50

(Reference) Shareholders' equity (million yen): 3Q FY 2013: 10,166 FY 2012: 9,102

2. Dividends

	Dividends per share				
	1Q-end	Interim	3Q-end	Yearend	Annual
	Yen	Yen	Yen	Yen	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	17,000	63.1	2,200	110.6	2,150	109.7	1,750	(50.5)	3,273.78

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

***Notes**

(1) Changes in significant subsidiaries during the consolidated period (nine 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	3Q FY 2013	535,931shares	FY 2012	535,931 shares
2) Number of treasury stock at end of period	3Q FY 2013	1,380 shares	FY 2012	1,380 shares
3) Average number of shares outstanding during the period (nine months)	3Q FY 2013	534,551 shares	3Q FY 2012	260,017 shares

* 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 domestic market for social games continues to gain in size. Although the pace of year-on-year growth rates between fiscal years 2012 and 2013 has been slowing from 137% (387 billion yen) to 110% (425.6 billion yen) of the year-earlier number, the expansionary trend is expected to continue (according to research of Yano Research Institute Ltd.). Moreover, the market for home-use games in fiscal year 2012 saw hardware sales mark 177.9 billion yen (99%) and software sales of 271.2 billion yen (98%), for a total of 449.1 billion yen (98%). In both hardware and software sales, Nintendo 3DS stood out for its favorable performance (according to research of Enterbrain, Inc.). In the music and video fields, contributions came mainly from strong sales of popular music video footage from concert sites. The production value of music software packages sold in fiscal year 2012 totaled 310.8 billion yen (110% of the year-earlier number), marking a recovery to the 300 billion yen level last seen in fiscal year 2009 (according to research of the Recording Industry Association of Japan).

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 third quarter (April 1, 2012 to December 31, 2012) marked 12,143 million yen, with operating income of 1,715 million yen, ordinary income of 1,673 million yen, and net income of 1,386 million yen.

Results by business segment are described below.

(Online Game Business)

The online game business saw favorable sales growth for "Ikki-Tousen Burst Fight" launched in May 2012. Also "SENRAN KAGURA New Wave," launched in November 2012, had a solid start. On the other hand, expenses had were charged in connection with the termination of some unprofitable titles, specifically the Super Creators series, as well as costs related to development time extensions for new titles, causing delays compared with the originally scheduled title releases. However, in existing mainstay titles including "Browser Sangokushi," "Browser Pro Yakyu," and "Logres of Swords and Sorcery" favorable performance continued, as did contributions to earnings.

As a result, segment net sales totaled 5,276 million yen, with segment income of 632 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 "SENRAN KAGURA Burst (Nintendo 3DS)" launched in August 2012 both enjoyed brisk sales . Additionally, repeat orders were favorable centered on "Harvest Moon: A New Beginning (Nintendo 3DS)" launched last fiscal year (February 2012). At the development service division, development work on "SOUL SACRIFICE (PS Vita)" commissioned by Sony Computer Entertainment advanced as planned, and at the amusement division favorable operations continued surrounding the "Pokémon TRETTA," a new amusement console for children launched in July 2012.

As a result, segment net sales totaled 4,463 million yen, with segment income of 1,196 million yen.

(Audio & Visual Business)

The audio & visual production sector of the Audio & Visual business segment reported strong contributions to results from audio and video products in mainstay series such as TV animations "SMILE PRECURE!" and "Pretty cure All Stars New Stage Echo of Heart." Music distribution revenues and orders for legacy products have been firm. The stage production division marked a total 95 performances of "MUSICAL THE PRINCE OF TENNIS," accompanied by strong sales of related DVD products. Moreover, the division initiated its second season of showings of "Musical HAKUOKI," which also provided the script for a popular game, and "VISUALIVE "Persona 4"," whose showings last fiscal found much acclaim. Visitor numbers developed to plan.

As a result, segment net sales totaled 2,403 million yen, with segment income of 538 million yen.

(2) Qualitative information concerning consolidated financial position

As to consolidated balance sheet data at the end of the third quarter, the Group had total assets of 14,333 million yen (up 665million yen compared with end of the previous fiscal year), total liabilities of 4,166 million yen (down 397 million yen), and net assets of 10,166 million yen (up 1,063 million yen).

(Current assets)

Consolidated current assets at the end of the third quarter totaled 11,828 million yen, which was 104 million yen less than at the end of the previous fiscal year. Main factors included a 427 million yen increase in inventory assets and a 527 million yen drop in cash and deposits.

(Non-current assets)

Consolidated non-current assets at the end of the third quarter totaled 2,505 million yen, which was 770 million yen more than at the end of the previous fiscal year. Main factors included a 343 million yen increase in tangible fixed assets due to new facility investments and a 467 million yen rise in Intangible assets from an increase in titles under development.

(Current liabilities)

Consolidated current liabilities at the end of the third quarter totaled 4,098 million yen, which was 263 million yen less than at the end of the previous fiscal year. Main factors included a 264 million yen increase in accrued income tax and a 539 million yen drop due to the repayment of short-term loan payable.

(Non-current liabilities)

Consolidated non-current liabilities at the end of the third quarter totaled 68 million yen, which was 134 million yen less than at the end of the previous fiscal year. Main factors included a 146 million yen drop due to the repayment of long-tem 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 third quarter totaled 10,166 million yen, which was 1,063 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

Revenues are seen to miss initial targets, which is mostly due to changes in the release dates for some titles at the online division as well development time extensions in favor of quality enhancements, resulting in delayed service starts. On the other hand, earnings are expected to reach the targets for operating income and ordinary income announced in the previous results release, reflecting lower start-up costs due to service start postponements and lower operating costs, etc. Additionally, aided by the accounting recognition of deferred tax assets, net income for the period is seen to exceed the estimate announced in the previous results release.