



Comparison of FY2016 and FY2015 results and non-operating expense, extraordinary profit and extraordinary loss

Tokyo, Japan –May 13th, 2016- Gala Inc. today announced that it had a difference in the actual result of FY2016 vs FY2015.

1. FY2016 (2015/4/1 – 2016/3/31) Consolidated Actual Result

	<u>Sales</u>	<u>Operating Profit</u>	<u>Extraordinary Profit</u>	<u>Net Income Attributable to the Parent Company</u>	<u>Earnings per share</u>
<u>FY2015 (A)</u>	<u>684</u>	<u>△288</u>	<u>△259</u>	<u>△271</u>	<u>Yen △19.54</u>
<u>FY2016 (B)</u>	<u>464</u>	<u>△426</u>	<u>△447</u>	<u>△470</u>	<u>△30.09</u>
<u>Difference (B - A)</u>	<u>△220</u>	<u>△138</u>	<u>△187</u>	<u>△199</u>	<u>—</u>
<u>Difference %</u>	<u>△32.2%</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

2. FY2016 (2015/4/1 – 2016/3/31) Stand-Alone Actual Result

	<u>Sales</u>	<u>Operating Profit</u>	<u>Extraordinary Profit</u>	<u>Net Profit</u>	<u>Earnings per share</u>
<u>FY2015 (A)</u>	<u>47</u>	<u>△148</u>	<u>△183</u>	<u>△334</u>	<u>円 銭 △24.07</u>
<u>FY2016 (B)</u>	<u>42</u>	<u>△136</u>	<u>△632</u>	<u>△579</u>	<u>△37.00</u>
<u>Difference (B - A)</u>	<u>△5</u>	<u>11</u>	<u>△449</u>	<u>△243</u>	<u>—</u>
<u>Difference %</u>	<u>△10.7%</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

3. Reason on Difference

1) Consolidation

Sales Decrease: Exclusion on Gala Web's stock transfer on April 23, 2016 that resulted in elimination of GalaWeb's annual sales, "Flyff All Stars," developed by Gala Lab Corp., Japanese version, "Dungeons & Golf 's" English version termination on November 2016, and online games' sales drop, led to overall sales decrease relative to last year. Operating loss due to SGA increase of marketing costs on "Flyff All Stars" led to increase in operating loss.

Explanation on other items such as non-operating expense and extraordinary loss are stated below.

2) Stand-Alone

Gala Lab Corp.'s royalty income decreased due to decrease in game apps' revenue and non-operating expense, operating income, and operating loss are as follows.

4. Consolidation

1) Foreign currency translation loss of JPY23,000,000 was booked from conversion of liabilities of foreign Group companies. Extraordinary loss of JPY32,000,000 from contract termination of "Dungeons & Golf" was also booked.

2) Stand-Alone

Non-operating loss of JPY496,000,000 was booked. Details are provision of allowance of bad debt of JPY480,000,000 by Gala Lab Corp. and Gala Japan and foreign currency loss of JPY4,000,000. Operating profit of JPY228,000,000 due to provision for loss on business of subsidiaries and affiliates. This is due to net assets' increase of Gala Lab Corp. from third-party allotment and booking provision of allowance for bad debt in non-operating loss.

Non-extraordinary loss of JPY185,000,000 was booked. JPY103,000,000 from valuation loss of subsidiaries and affiliates, impairment loss of JPY49,000,000 of fixed assets due to decreasing loss at the headquarter, and JPY32,000,000 from loss on contract termination of "Dungeons and Golf" were booked.

These are the reasons that the difference exists in FY2016 relative to FY2015.

5. Forecast on FY2017

The Company does not issue forecast since schedule on game apps may change, sales from game apps' items are unpredictable, and update on existing games are difficult to predict.

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Disclaimer: This summarized translation is provided for convenience only. In the event of any discrepancy with the Japanese original, the original shall prevail.