
FY2013 Q3 Presentation to the Financial Analysts

(2012/10/1 – 2012/12/31)



Gala Incorporated

2013/2/14

(This is a translation. Original shall prevail.)

I . FY2013 Q3 Quarterly Financial Results

II . FY2013 Q3 Quarterly Business Report

III . Future Plan

I . FY2013 Q3 Financial Result

~Quarterly PL~

Quarterly PL

	FY2013 Q3	FY2012 Q3	(Unit: Thousand JPY) Difference (Amount)	Difference (%)
Sales	617,254	984,118	△366,863	△37.3%
Cost of Sales	141,215	236,025	△94,809	△40.2%
Gross Operating Profit	476,039	748,093	△272,053	△36.4%
SGA	703,252	813,766	△110,513	△13.6%
Operating Profit	△227,212	△65,673	△161,539	-
Ordinary Profit	△279,737	△49,490	△230,246	-
Quarterly Net Income	△387,827	△66,016	△321,810	-

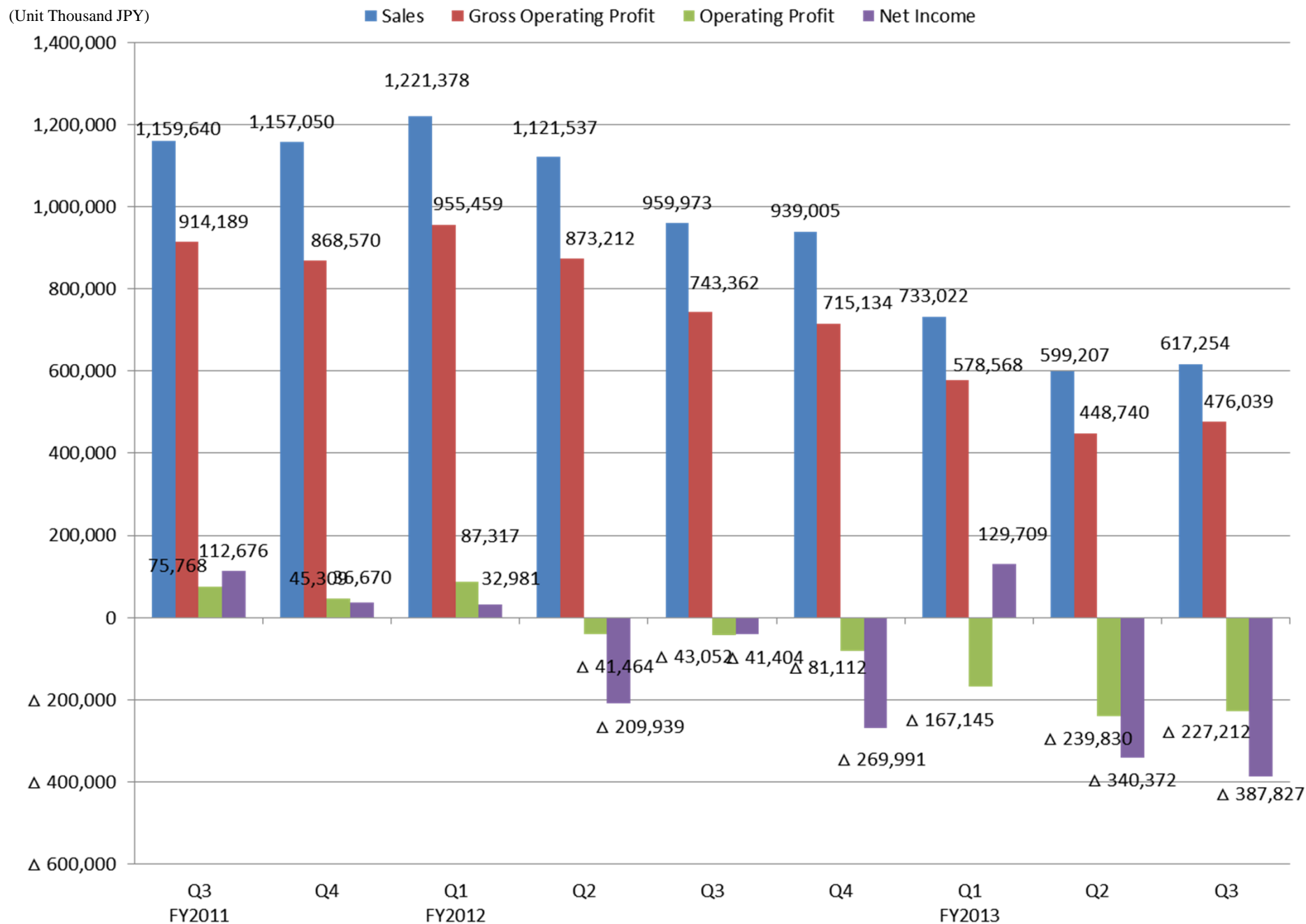
◆ Relative to FY2012 Q3, sales decreased due to decreasing game users of existing games as well as failing to win new users for new game titles. Though the sales continued to decrease, weaker yen led to slight increase relative to Q2.

◆ Cut down on personnel and fixed cost. The positive effect of personnel cut should be reflected in Q4.

◆ Impairment Loss on goodwill of JPY21, 124 thousand booked related to Gala-Net Inc.'s stock transfer expected on 2013/2/15

I. FY2013 Q3 Financial Result

~PL trend (Sales, Gross Operating Profit, Operating Profit, Quarterly Net Income)~



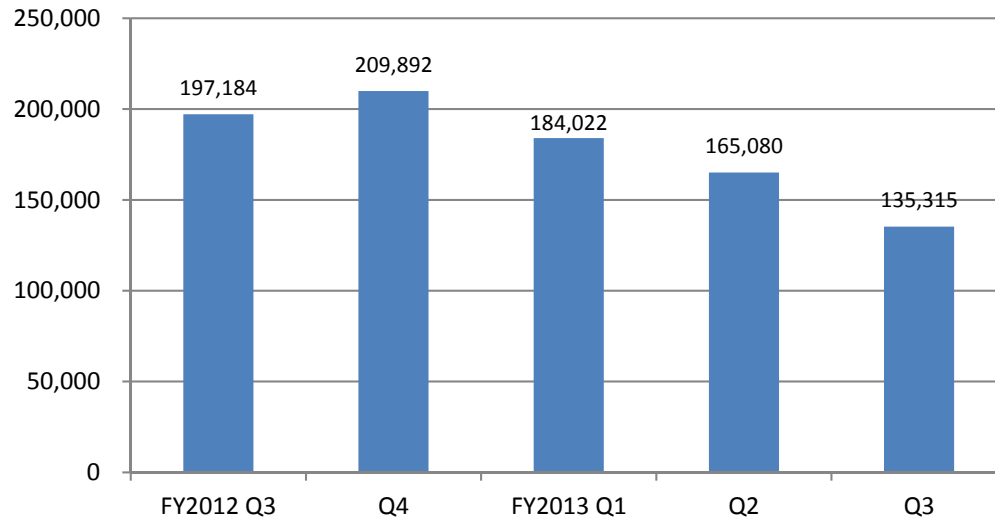
I. FY2013 Q3 Financial Result

~Sales by Segment~

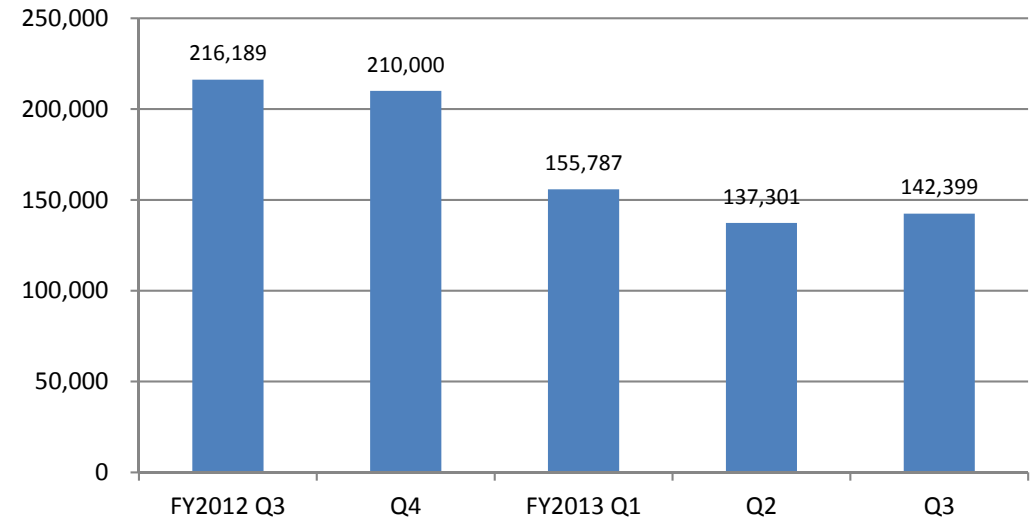


(Unit Thousand JPY)

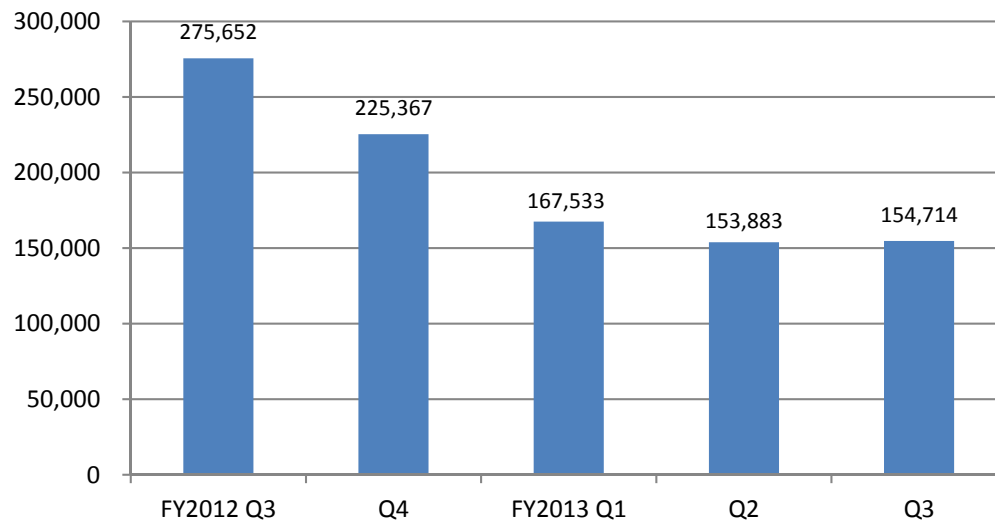
Japan



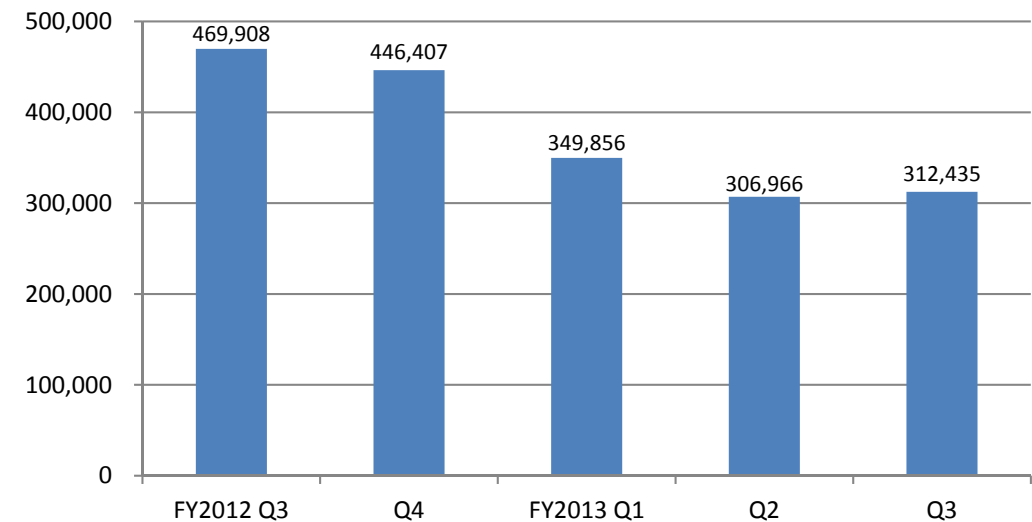
Korea



Americas



Europe



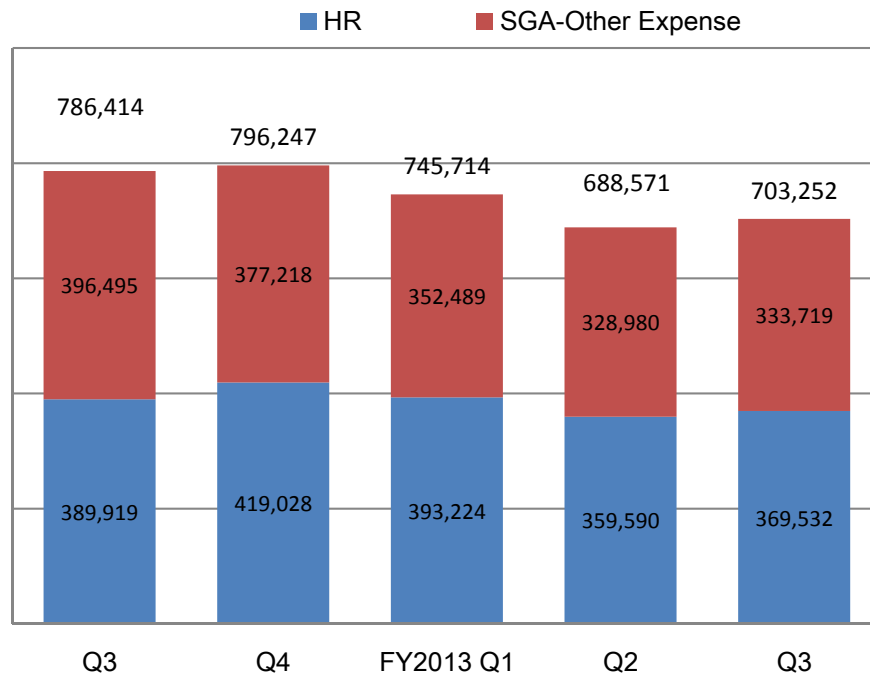
I . FY2013 Q3 Financial Result

~SGA and Group Count (Consolidated)~

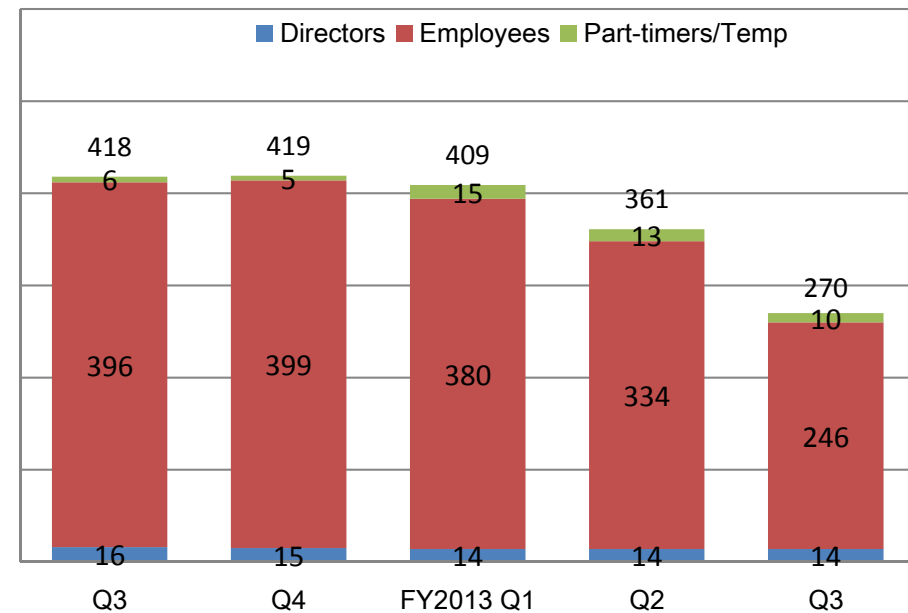
Quarterly SGA and Group Count (Consolidated)

	FY2013 Q3	FY2012 Q3	(Unit: Thousand JPY) Difference (Amount)	Difference (%)
HR	369,532	389,919	△20,386	△5.2%
SGA-Other Expense	333,719	396,495	△62,775	△15.8%
SGA Total	703,252	786,414	△83,161	△10.6%

(Unit: Thousand JPY)



(Unit: person)



II FY2013 Q3 Business Summary

II. FY2013 Q3 Business Summary

~Highlight of smartphone game business~



Supermagical

Developer : Super Mega Team S.L.

Platform: iOS4.1以上, Android (Expected)

Apple iTunes Store:

•(Spanish):2012/6/20

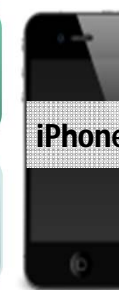
•(English, French, German, Japanese, Korean):
2012/8/23

Casual

Puzzle

In-game
Charge

All Ages



Nominated **App Store Best of 2012**

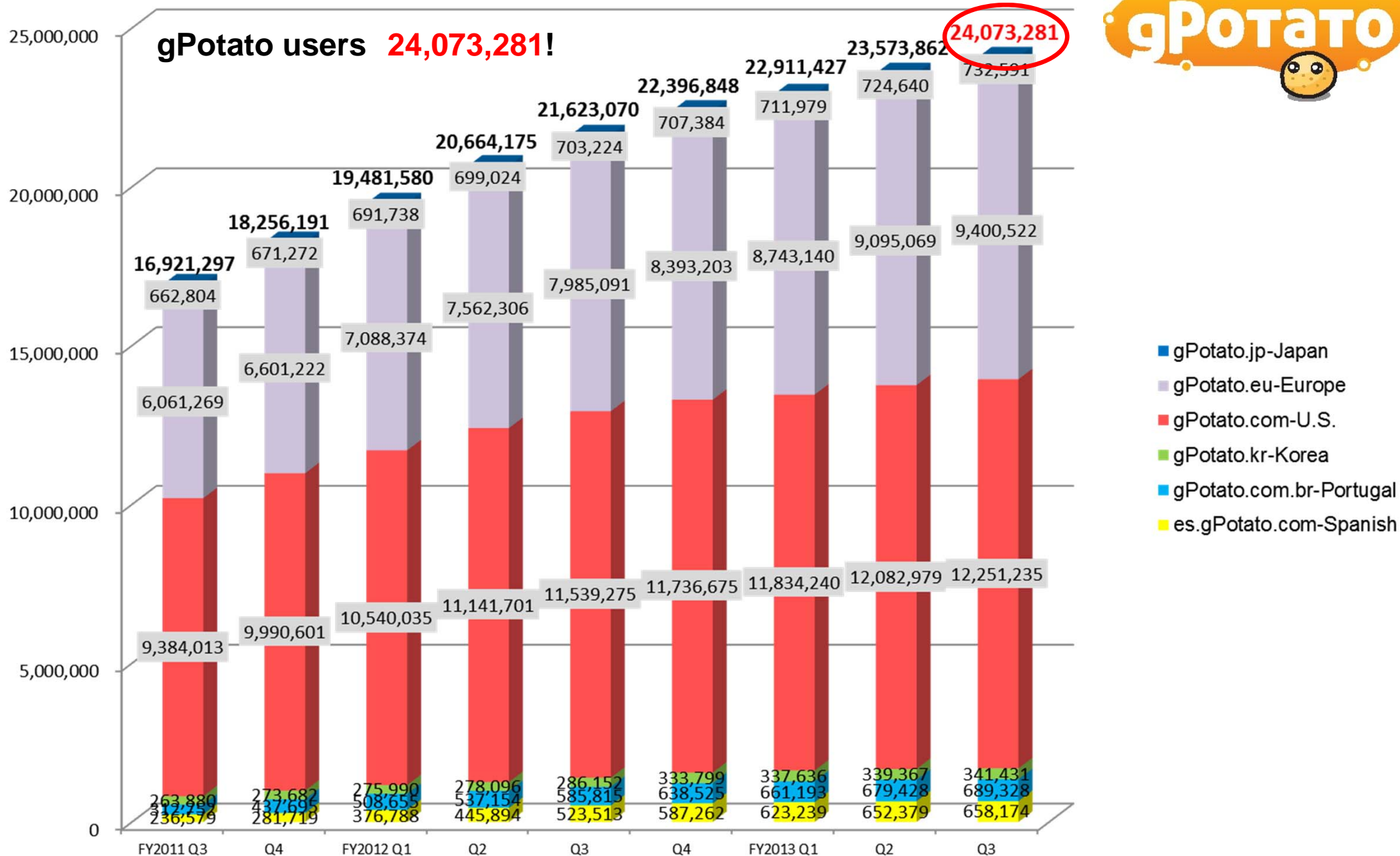


Supermagical was nominated at **App Store Best of 2012** in North America, South America, Europe, and Asia (except Japan and Korea).




II. FY2013 Q3 Business Summary (Online Game)

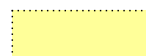
~gPotato members~



II. FY2013 Q3 Business Summary (Online Game)

~Game Titles on Portal Site~

		In-House			Developed Outside of Group								
		Flyff Online	Rappelz	Eternal Blade	Dragonica	Aika Online	Allods Online	Canaan	Age of Wulin *	SEVEN CORE	Terra Militaris *	Zenobian	C9
gPotato.jp	Japanese												
gPotato.com	English												
es.gPotato.com	Spanish												
gPotato.com.br	Portuguese												
gPotato.eu	German								FY2013 4Q				
	French								FY2013 4Q				
	English								FY2013 4Q				
	Turkish												
	Polish												
	Italian												
gPotato.kr	Korean												

 ... Commercialized

 ... Preparing

II. FY2013 Q3 Business Summary (Online Game)

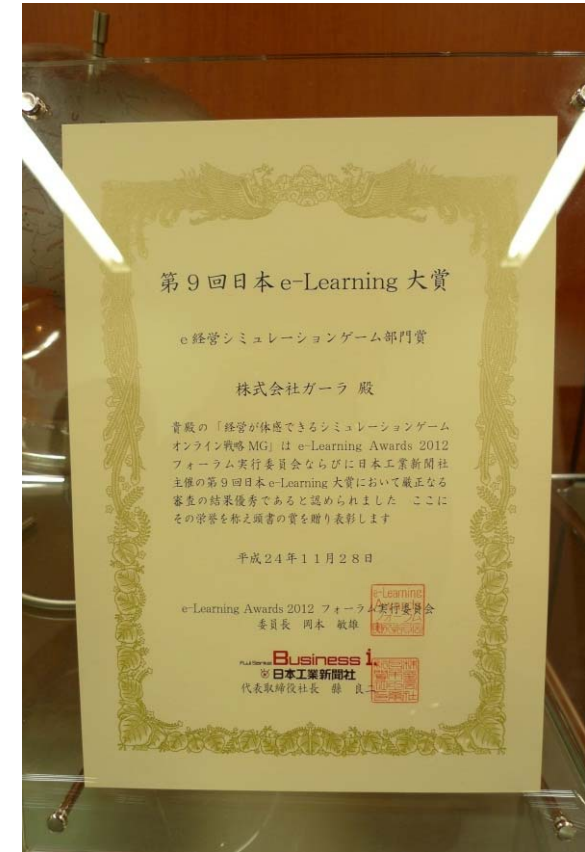
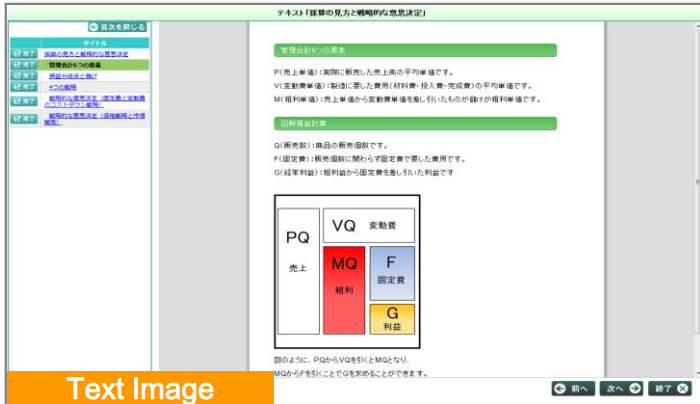
~In-house online game regions~



Game Title	Publishers																						
	Europe						Asia										SA						
	English	German	French	Turkish	Polish	Italian	Russian	Japanese	Korean	Philippines	Thailand	Vietnam	Malaysia	Singapore	Indonesia	China	Taiwan	Hong Kong	Macao	Spanish	Portuguese	Arabic	
Flyff Online	Gala-Net	Gala Networks Europe					FUN FACTORY	Gala Japan	Gala Lab	Level up	INI3					PT. KingSlaim Soft	Net Ease	Macrowell			Gala-Net	Gala-Net Brazil	
Rappelz												Eaglegame International				Eaglegame(M) Sdn. Bhd.	PT. KingSlaim Soft		Game Assasin Entertainment				Gala-Net
Eternal Blade							Advancement Inc.							Wave Game									

 ...Commercialized
 ...Preparing
 ...Published Within Group

Online Strategy MG Management Game (Japan)



Online Strategy MG (web-based simulation game for corporations and educational institutions) won the **e-Management Simulation Game Division Award** at the 9th Japan e-Learning Contest.

III. Future Plan

Ⅲ. FY2013 Q3 Business Summary

1. Direction on Business Deployment

Online Game Platform Diversified

The gaming market evolved due to online games distributed on various platform such as smartphone and tablet PC.

Recognizing this new trend, Gala Group will prepare to expand its business by creating online game contents that can be delivered cross-platform.



From PC Online Game to Smartphone Apps

Online Game to Smartphone Apps

Group Restructuring · Financing · Business Establishment

Transfer Gala-Net Inc. Shares to Webzen Inc.

【Purpose】

Sales of online games are decreasing. Shift in business area will shift to business recovery. Smartphone apps business, Group's new business, will be focused by investing money and management.

【Transfer】

Webzen Inc. (Seoul Korea) Business : Online Game Development and Operation

【Transfer Date】

2013/2/15 (Planned)

【Transferred in the amount of】

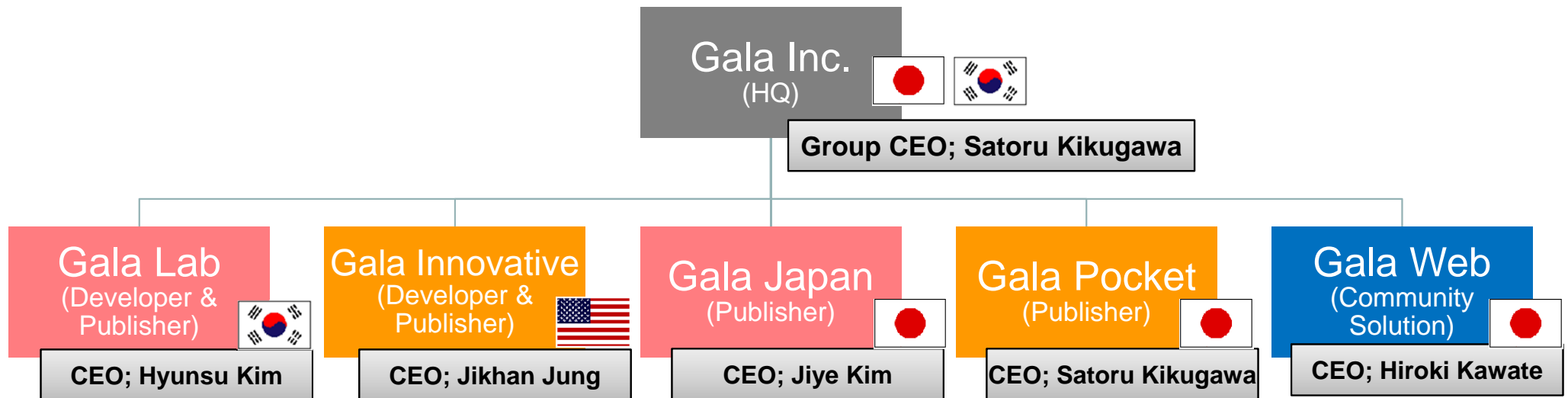
US\$16,766 Thousand(US\$ = JPY93, about JPY1.5 billion)




【Impact on consolidated financial statement】

- From Q4, Gala-Net Inc., Gala Networks Europe Ltd., and Gala-Net Brazil Ltd. are eliminated from consolidation.
- No significant impact on consolidated P/L related to gain/loss from transfer.
- Impairment loss on goodwill booked in Q3 in the amount of JPY 21,124 thousand from transfer

Ⅲ. FY2013 Q3 Business Summary

2. Group Restructure



-  Smartphone Apps Business
-  Smartphone Apps / Online game Business
-  Community Solution Business

III. FY2013 Q3 Business Summary

3. Smartphone Apps Business

Company	Segment	Business Activities
Gala Pocket	Japan	1. License and Distribution of Apps 2. Plan, Develop, Distribute Apps
Gala Japan	Japan	1. Plan, Develop, Distribute Apps
Gala Innovative	Americas	1. Plan, Develop, Distribute Apps
Gala Lab	Korea	1. Plan, Develop, Distribute Apps

By developing apps globally, the Company intends to quickly establish the new business.

「Supermagical」 Big Update(Q4)

- ◆ Free to Play game business model

1. Added two languages (Chinese and Russian). Distribute in 8 languages.

2. Play with friends. Coop Mode.

3. Added items and contents. Friendly to partial color vision deficiency

Android is being developed.



Ⅲ. FY2013 Q3 Business Summary

4. Online Game business



Flyff version update.
Planned in Korea in FY2013 Q4

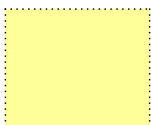
Rappelz version update.
Planned in Korea in FY2014 Q1.

Eternal Blade Closed Beta test in
Japanese in FY2013 Q4.

III. FY2013 Q3 Business Summary

4. Online Game business

Game Title	Publishers																				
	Europe						Asia						SA								
	English	German	French	Turkish	Polish	Italian	Russian	Japanese	Korea	Philippines	Thai	Vietnam	Malaysia	Singapore	Indonesia	Chinese	Taiwan	Spanish	Portuguese	Arabic	
Flyff Online	Webzen Inc.	Webzen Inc.	Webzen Inc.	Webzen Inc.	Webzen Inc.	Webzen Inc.	Gala Japan	Gala Lab	Level up	INI3				PT. KingSlaim Soft	Net Ease	Macrowell	Gala Lab Adjusting	Gala Lab Adjusting	Gala Lab Adjusting	Gala Lab Adjusting	Game Power7
Rappelz																					
Eternal Blade							Advancement Inc.							Wave Game							



••• Commercialized



••• Preparing



••• Published within Group