
FY2013 Q4 Presentation to the Financial Analysts

(2013/1/1 – 2013/3/31)



Gala Inc.

2013/5/16

(This is a translation. Original shall prevail.)

- I . FY2013 Q4 Quarterly Financial Results
- II . FY2013 Q4 Quarterly Business Report
- III . FY2013 Annual Financial Results
- IV . Future Plan

Quarterly PL

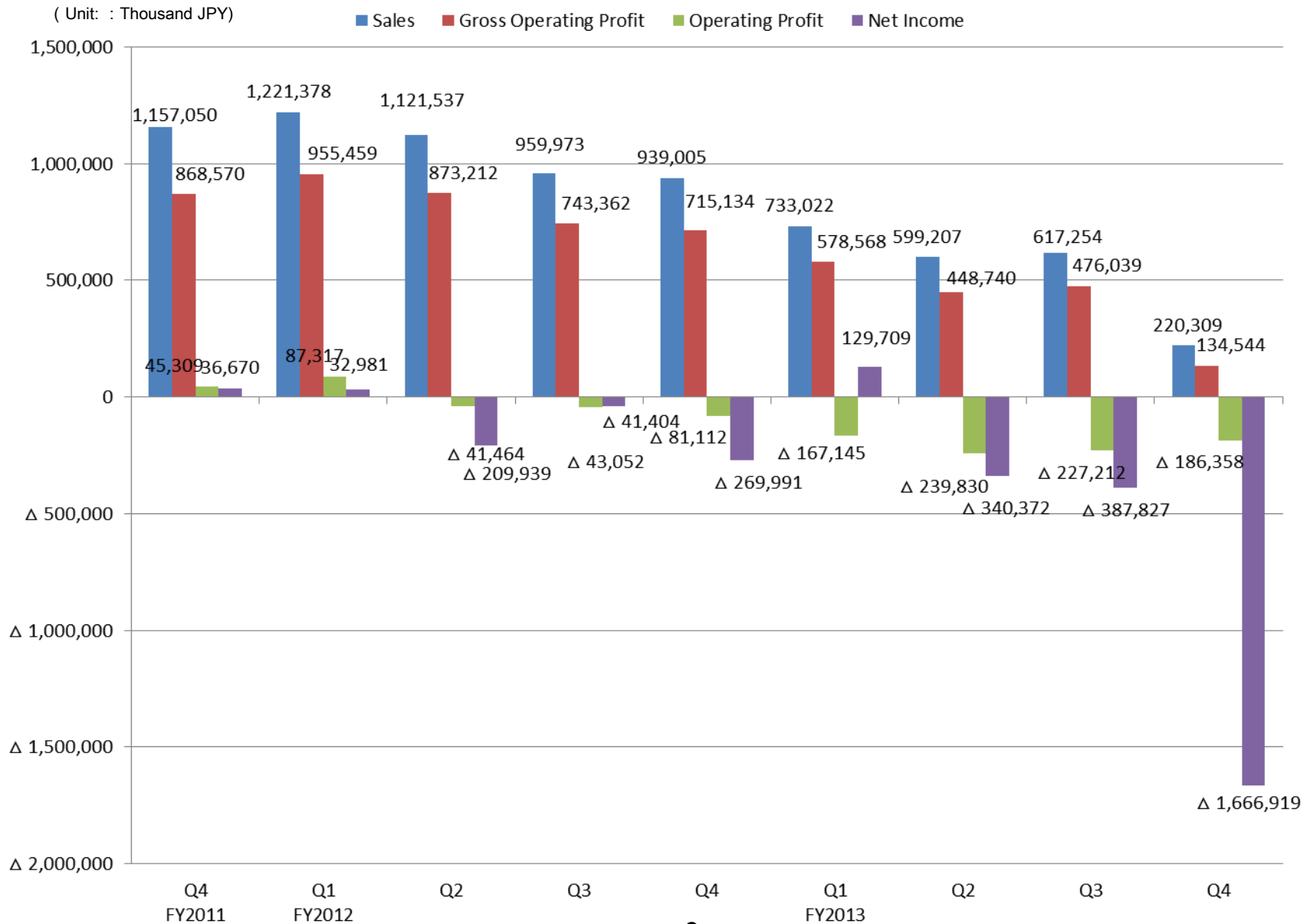
(Unit: Thousand JPY)

	FY2013 Q4	FY2012 Q4	Difference (Amount)	Difference (%)
Sales	220,309	939,005	△718,695	△76.5%
Cost of Sales	85,765	223,870	△138,104	△61.7%
Gross Operating Profit	134,544	715,134	△580,590	△81.2%
SGA	320,902	796,247	△475,345	△59.7%
Operating Profit	△186,358	△81,112	△105,245	-
Ordinary Profit	△223,770	△118,223	△105,546	-
Quarterly Net Income	△1,666,919	△269,991	△1,396,927	-

- ◆ Sales decreased due to stock transfer of major overseas subsidiaries in Europe and U.S. and decreasing sales of subsidiaries in Japan and Korea. (Users of existing game titles decreased and new users were not acquired through new game titles).
- ◆ Expense of fixed cost as prior investment for smartphone apps business in Japan and U.S. increased loss.
- ◆ Sudden yen depreciation led to foreign exchange translation loss of 34,842 thousand JPY from debt payment in foreign currency. On the other hand, capital gain of 45,261 thousand JPY was booked by yen depreciation from Gala-Net Inc. stock transfer.
- ◆ Our company, online game company booked 1,346,330 thousand JPY from impairment loss of fixed assets.
- ◆ Improvement in Noria Co., Ltd.'s worsening financial situation cannot be expected. We invested in Noria Co., Ltd. Loss on revaluation of investment securities of 131,429 thousand JPY was booked.

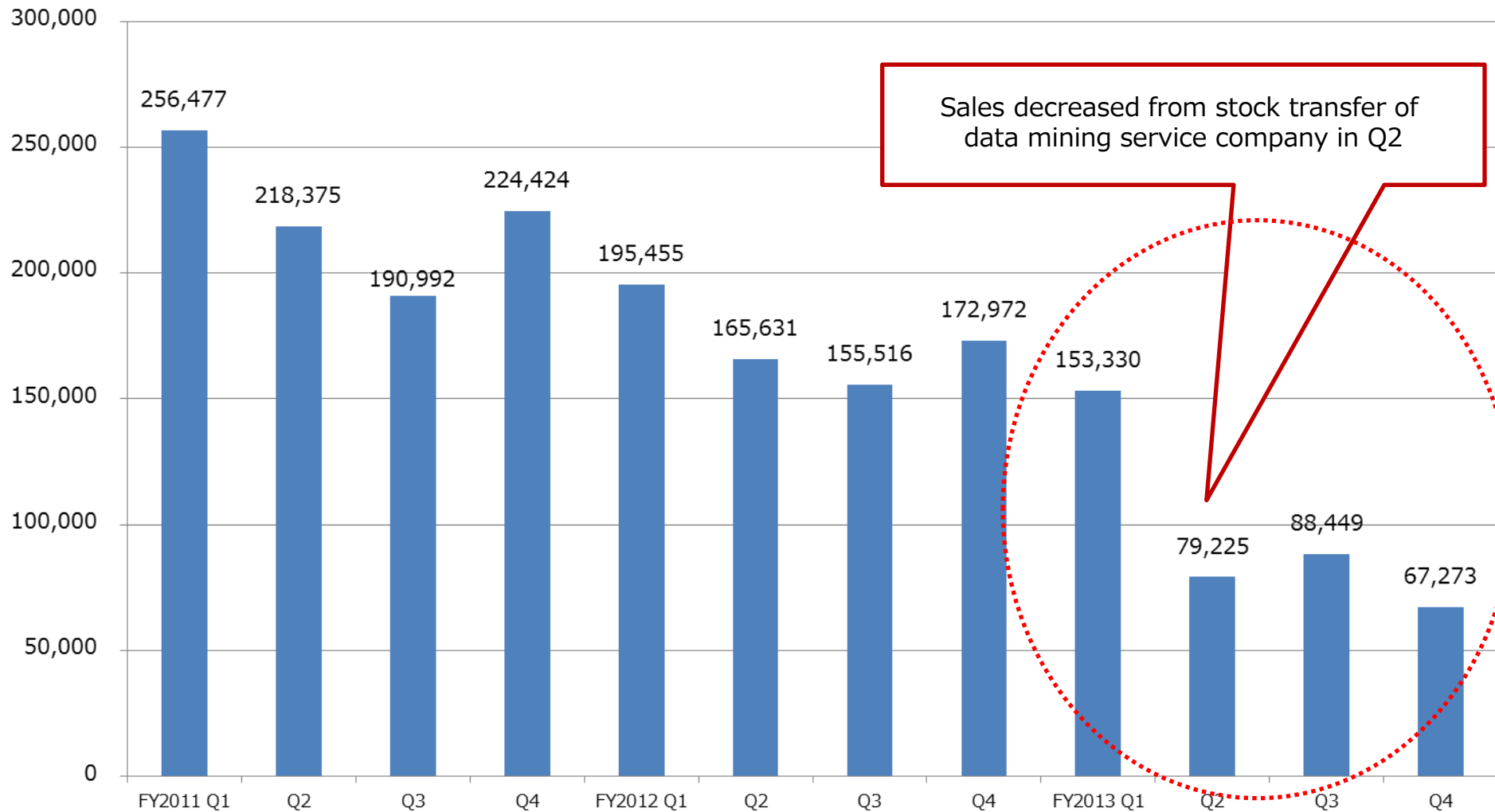
I . FY2013 Q4 Financial Results

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



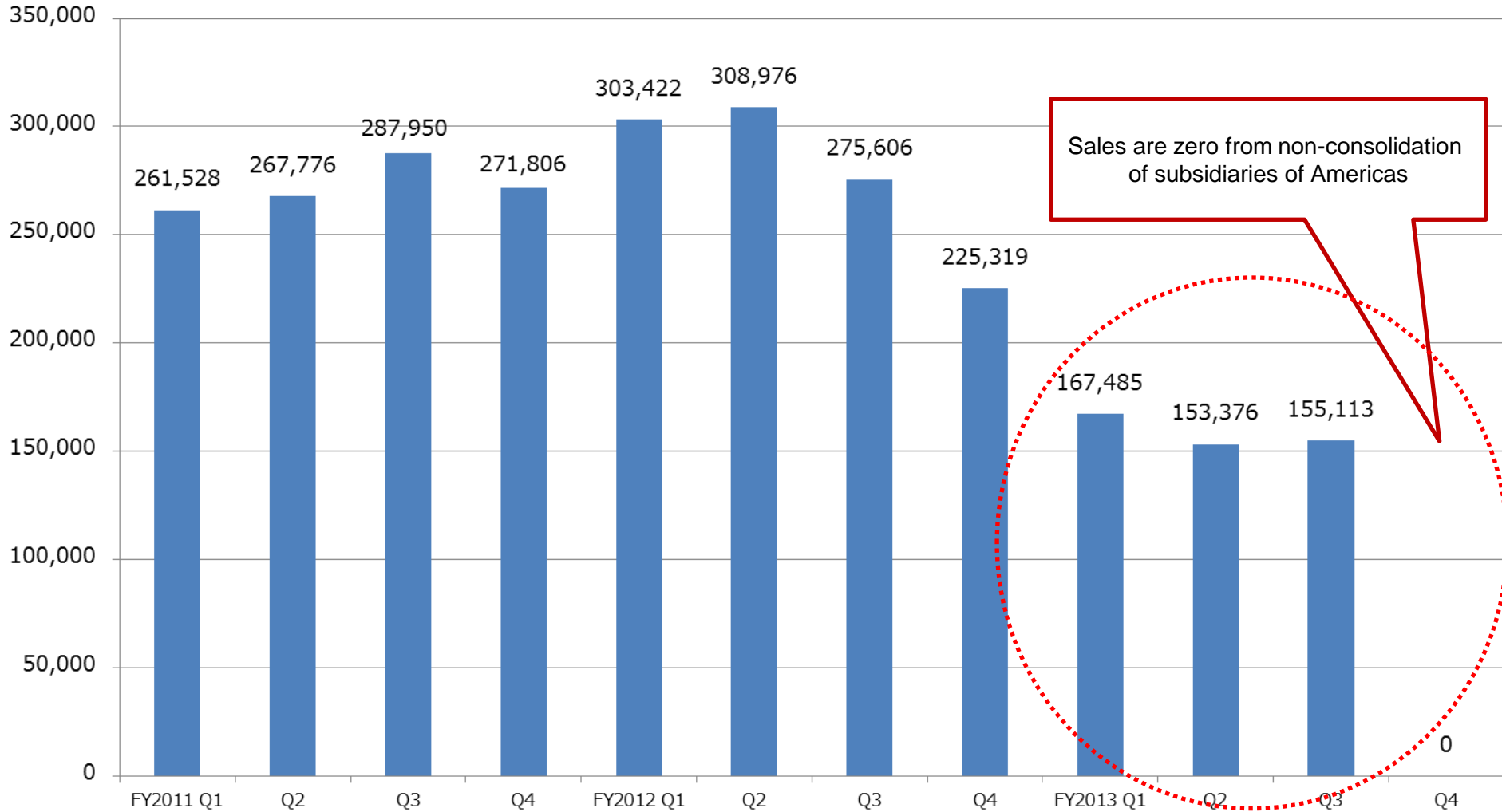
Japan

(Unit: Thousand JPY)



Americas

(Unit: Thousand JPY)



Sales are zero from non-consolidation of subsidiaries of Americas

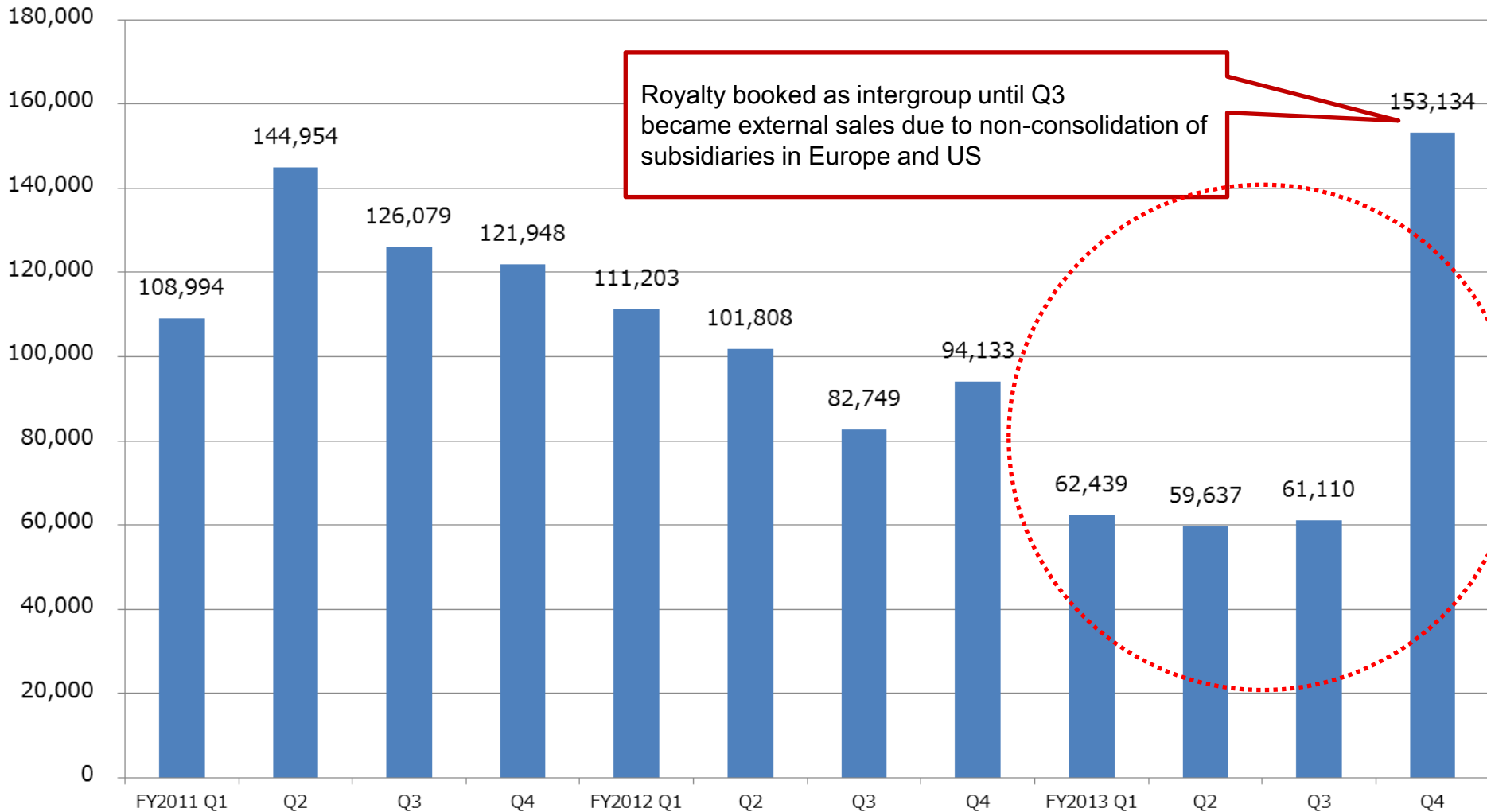
Europe

(Unit: Thousand JPY)



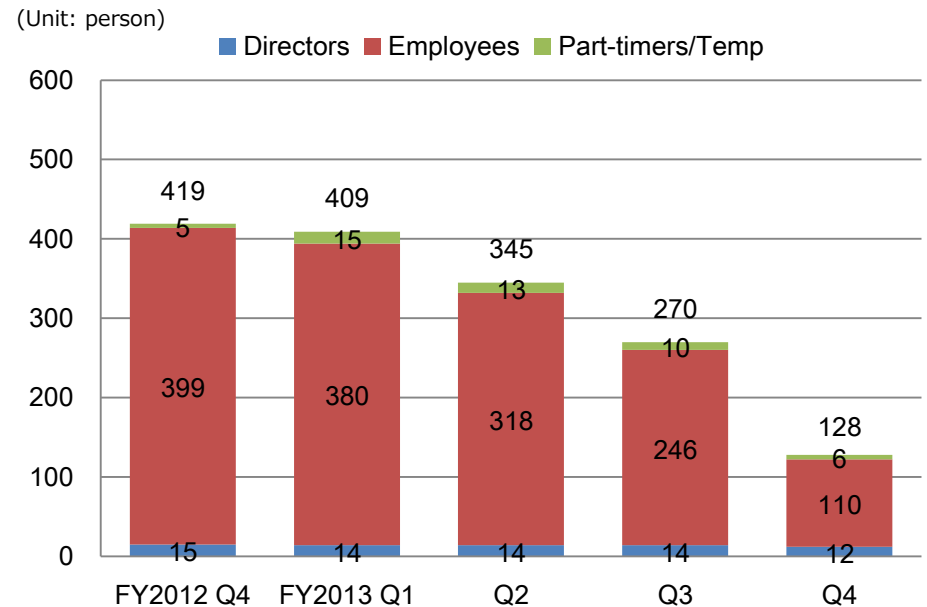
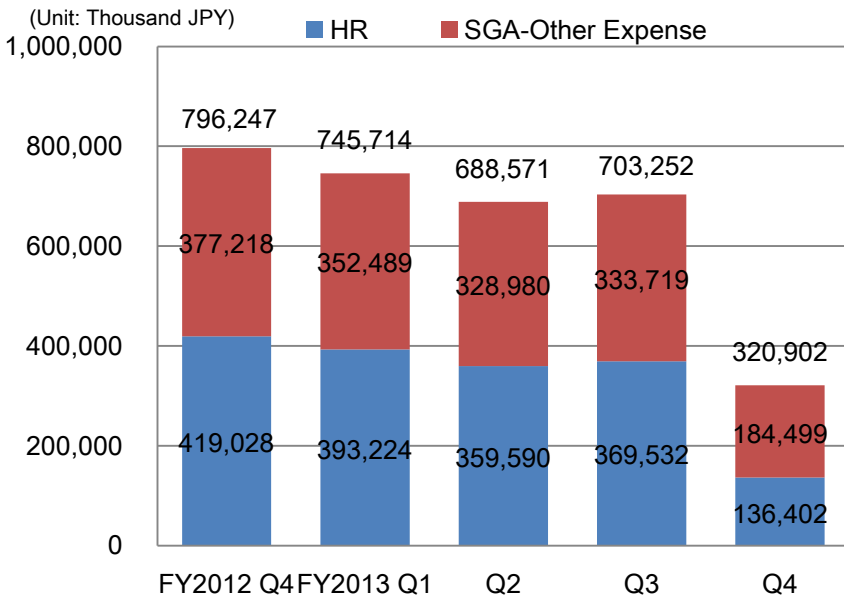
Korea

(Unit: Thousand JPY)



Quarterly SGA and Group Count (Consolidated)

	FY2013 Q4	FY2012 Q4	(Unit: Thousand JPY) Difference (Amount)	Difference (%)
HR	136,402	419,028	△282,626	△67.4%
SGA-Other Expense	184,499	377,218	△192,718	△51.1%
SGA Total	320,902	796,247	△475,345	△59.7%



II . FY2013 Q4 Quarterly Business Report

II. FY2013 Q4 Quarterly Business Report ~ 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



Supermagical Big Update

- ◆ Free to Play game business model for iOS Supermagical
 - Added two languages (Chinese and Russian). Distribute in 8 languages.
 - Coop Mode.
 - Added items and contents. Friendly to partial color deficiency.
- ◆ Android is being developed with a Partner.

New App Development

- ◆ Began development on apps planned during this fiscal year.



Eternal Blade (Japanese)

- ◆ PC online game Eternal Blade commercialized in japan
 - Gala Japan Inc. licensed sublicense of operation to Advancement Inc.
 - Service provided by Gaule Revolution Inc. operates Game Heart <http://www.gameheart.jp/>
 - Commercialized on 2013/3/30

II. FY2013 Q4 Quarterly Business Report

~ Highlight of Online Game Business ~



as of 2013/3/31

Game Title	Publishers																			
	Europe					Asia					SA		Arabic							
	English	German	French	Turkish	Polish	Italian	Russian	Japanese	Korean	Philippines	Thai	Vietnam	Malaysia	Singapore	Indonesia	China	Taiwan	Spanish	Portuguese	
Flyff Online	Webzen Inc.					Gala Lab					Gala Lab Adjusting		Game Power7			Gala Lab Adjusting				
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Rappelz	FUN FACTORY					Gala Japan					PT. KingSlaim Soft		Game Assasin Entertainment							
Eternal Blade	Webzen Inc.					Gala Lab					PT. KingSlaim Soft		Wave Game							
						Gala Japan					PT. KingSlaim Soft		Game Assasin Entertainment							
						Gala Lab					PT. KingSlaim Soft		Wave Game							
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... Commercialized
 ... Preparing
 ... Published within Group

III. FY2013 Annual Financial Results

Consolidated PL

	FY2013	FY2012	(Unit: Thousand JPY)	
			Difference (Amount)	Difference (%)
Sales	2,169,795	4,266,039	△2,096,244	△49.1%
Cost of Sales	531,902	974,139	△442,236	△45.4%
Gross Operating Profit	1,637,892	3,291,900	△1,654,007	△50.2%
SGA	2,458,440	3,392,833	△934,392	△27.5%
Operating Profit	△820,547	△100,933	△719,614	-
Ordinary Profit	△865,388	△85,975	△779,412	-
Net Income	△2,268,566	△512,967	△1,755,598	-

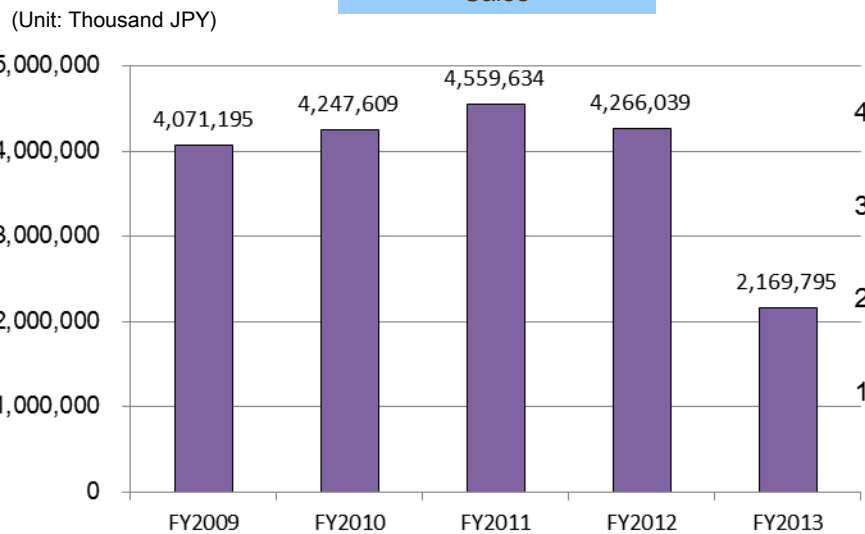
- ◆ Sales decreased by half due to non-consolidation of major subsidiaries in Europe and US from Q4 and decreasing sales of online game.
- ◆ Loss increased due to reduction of fixed cost that did not proceed as expected and fixed cost increased from establishment of new subsidiaries.
- ◆ Full amount of impairment loss related to online game business was booked from transfer to smartphone apps business.

III. FY2013 Annual Financial Results

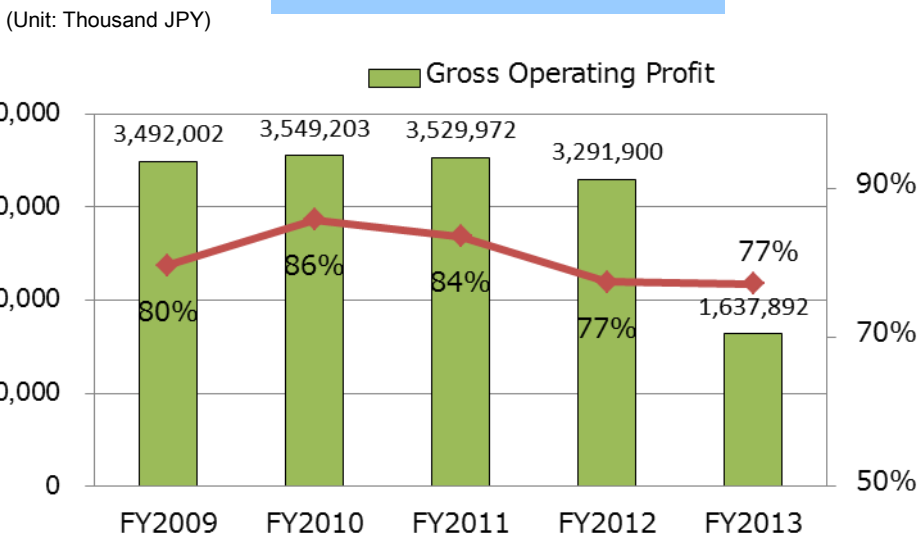


~Trend of Consolidated Results~

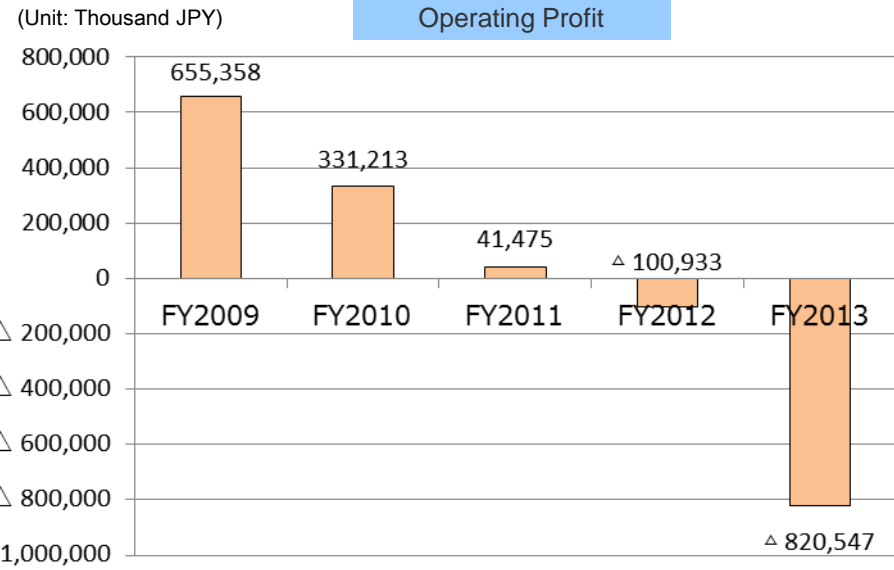
Sales



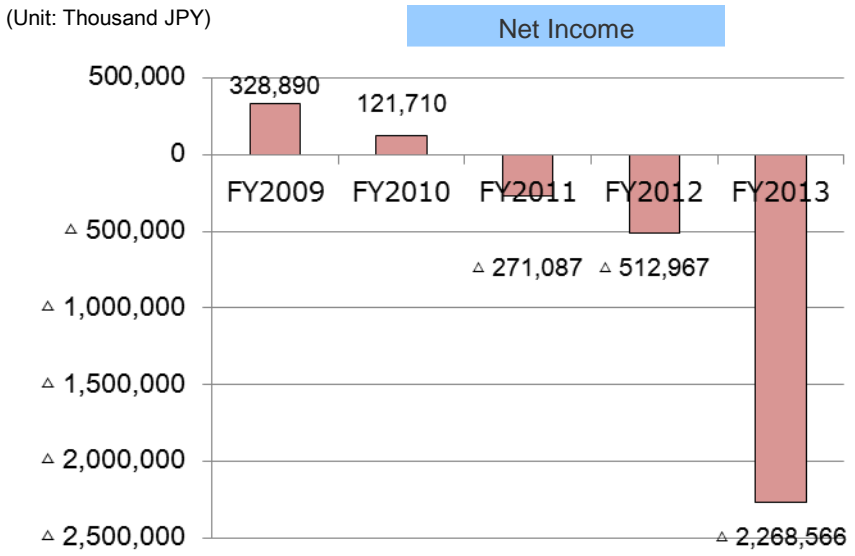
Gross Profit on Sales · Profit Ratio



Operating Profit



Net Income



Consolidated BS

	FY2013	FY2012	(Unit: Thousand JPY)	
			Difference (Amount)	Difference (Rate)
Current Assets	515,948	823,734	△307,786	△37.4%
Fixed Assets	2,027	212,433	△210,406	△99.0%
Intangible Assets	25,222	1,997,359	△1,972,136	△98.7%
Investment and Other Assets	179,692	435,688	△255,995	△58.8%
Current Liabilities	301,096	870,896	△569,800	△65.4%
Fixed Liabilities	233,019	208,383	24,635	11.8%
Net Assets	188,775	2,389,935	△2,201,160	△92.1%
Total Assets (Total Liabilities and Assets)	722,890	3,469,215	△2,746,324	△79.2%

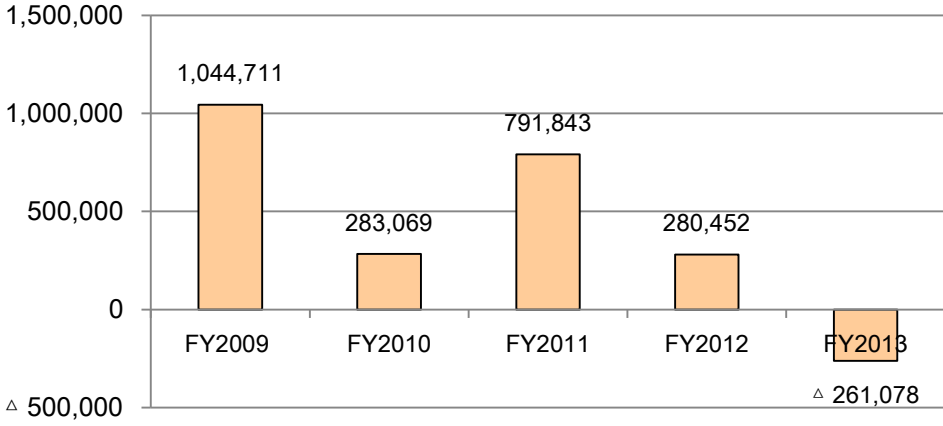
- ◆ Liabilities and Net Assets decreased by 1/3 relative to last fiscal year due to non-consolidation of major overseas subsidiaries in Europe and U.S.
- ◆ Liabilities and Net Assets decreased by 1/3 relative to last fiscal year due to impairment loss booked related to online game division.
- ◆ By recognizing net loss, shareholder's equity decreased by 2,268,566 thousand JPY relative to last fiscal year and net assets decreased by 90%.

III. FY2013 Annual Financial Results

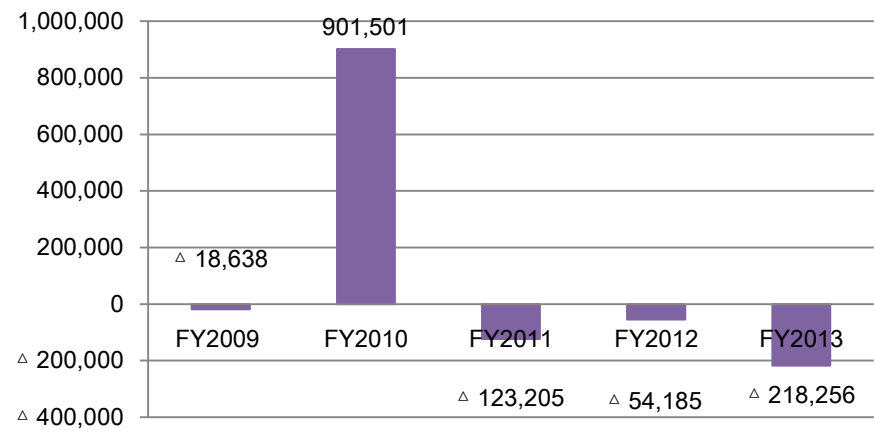
~Consolidated Cash Flow Trend~



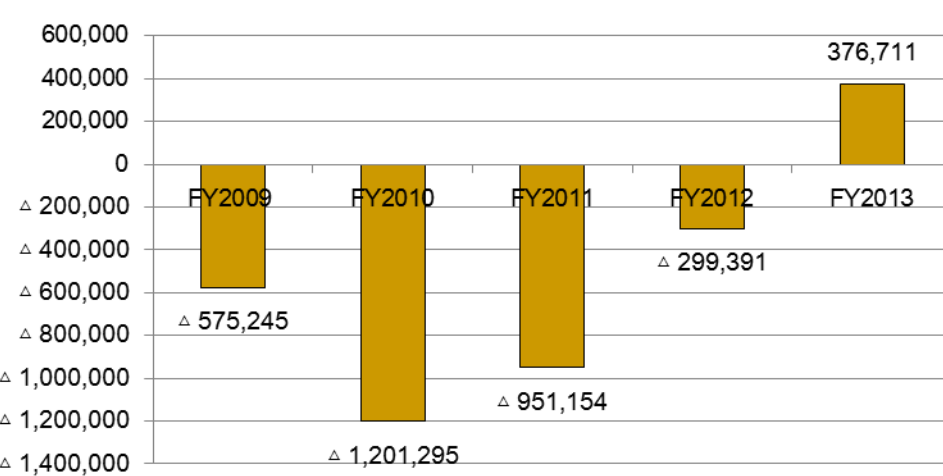
(Unit: Thousand JPY) **Cash Flow from Operating Activities**



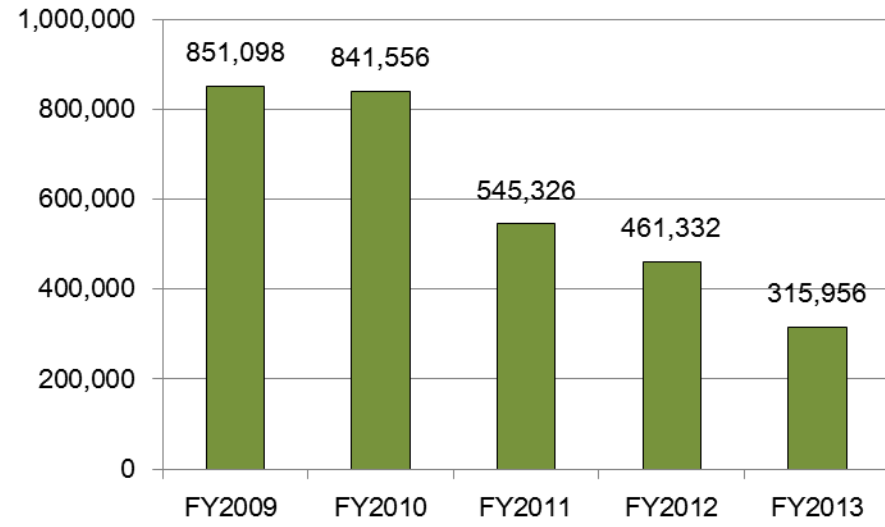
(Unit: Thousand JPY) **Cash Flow from Financing Activities**



(Unit: Thousand JPY) **Cash Flow from Investing Activities**

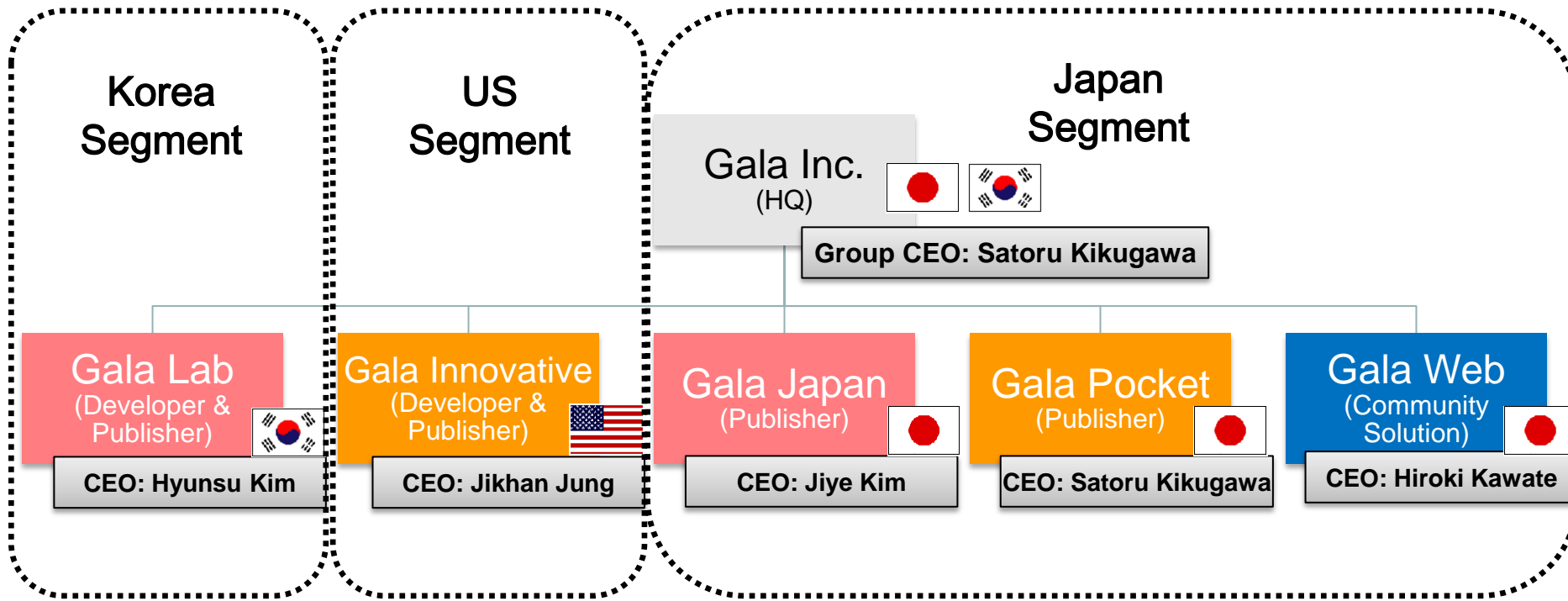


(Unit: Thousand JPY) **Cash and Cash Equivalent**



IV. Future Plan

FY2014 Segment of Gala Group

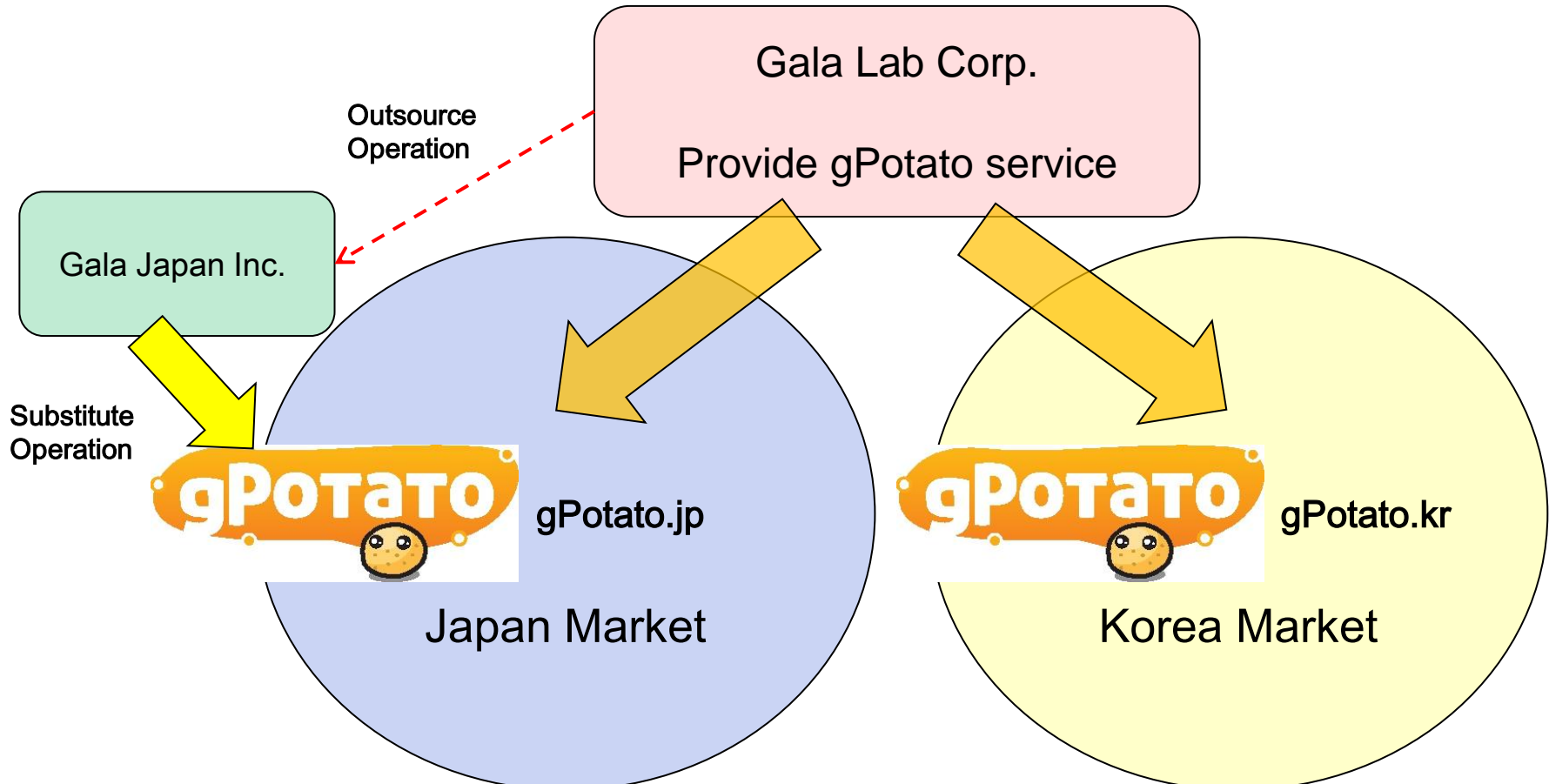


Europe segment is undecided

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

gPotato.jp (Japan) segment unified with Korea Segment from April 2013

gPotato.jp which is categorized as Japan segment has been transferred to Gala Lab Corp. in Korea. Thus, the online game sales of Japan segment will be booked on Korea segment. Gala Japan Inc.'s business structure has been significantly cut down.





Dungeons&Golf

Smartphone Game Dungeons&Golf (Developed and Japanese version provided by : AppBankGames Inc.)

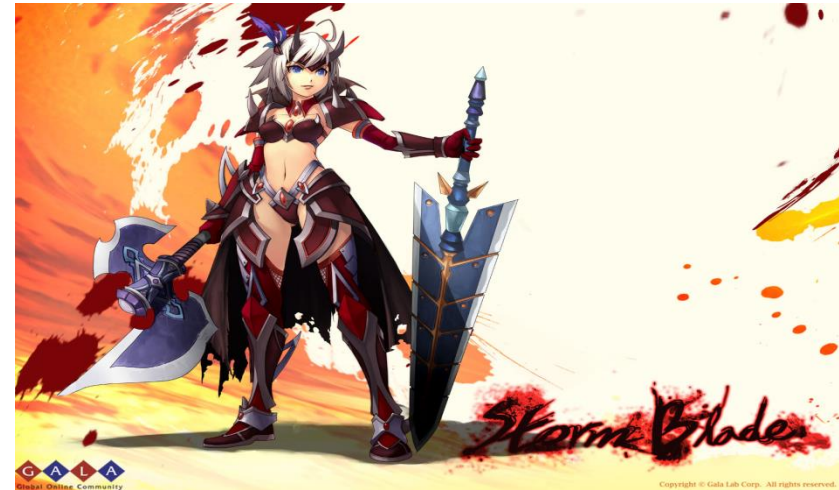
- ◆ Gala Inc. Acquired license below in April 2013 on all languages except Japanese for iOS services and Android development and services
- ◆ Apps development by Gala Lab Corp.
- ◆ Service to be provided by Gala Japan Inc.

(Future Plan)

- iOS Service Starting in : FY2014 March Q2
- Android Service Starting in : FY2014 March Q3
- Korean, English versions first then other languages will follow.

IV. Future Plan

4. Online Game Business –New Title-



Masquerade Services Began

Online Game Masquerade (Developed By: Gala Lab Corp.)

- ◆ Service Began on 2013/5/8 in FY2014 Q1 in Korea
- ◆ Service Provided by Gala Lab Corp.
- ◆ Adopted anime-like 3D Graphic , Flying System whereas Other Various Systems in cartoon rendering that expresses fairy-tale cuteness which will be easier to play for first time MMORPG gamers.

(Future Plan)

- Service in Japan (Other countries and regions are undecided).



Rappelz

- FY2013 Q4
Began updated version in Korea
- FY2014 Q2
Schedule launch of updated version in Korea

Zenobian

- FY2013 Q2
Began Service in Korea
- FY2014 Q2
Begin Service in Japan
Develop app version