
Explanation on FY2014 Q1

(2013/4/1 – 2013/6/30)



Gala Inc.

2013/8/14

(This is a translation. Original shall prevail.)

- I . FY2014 Q1 Quarterly Financial Results
- II . Business Report

Quarterly PL

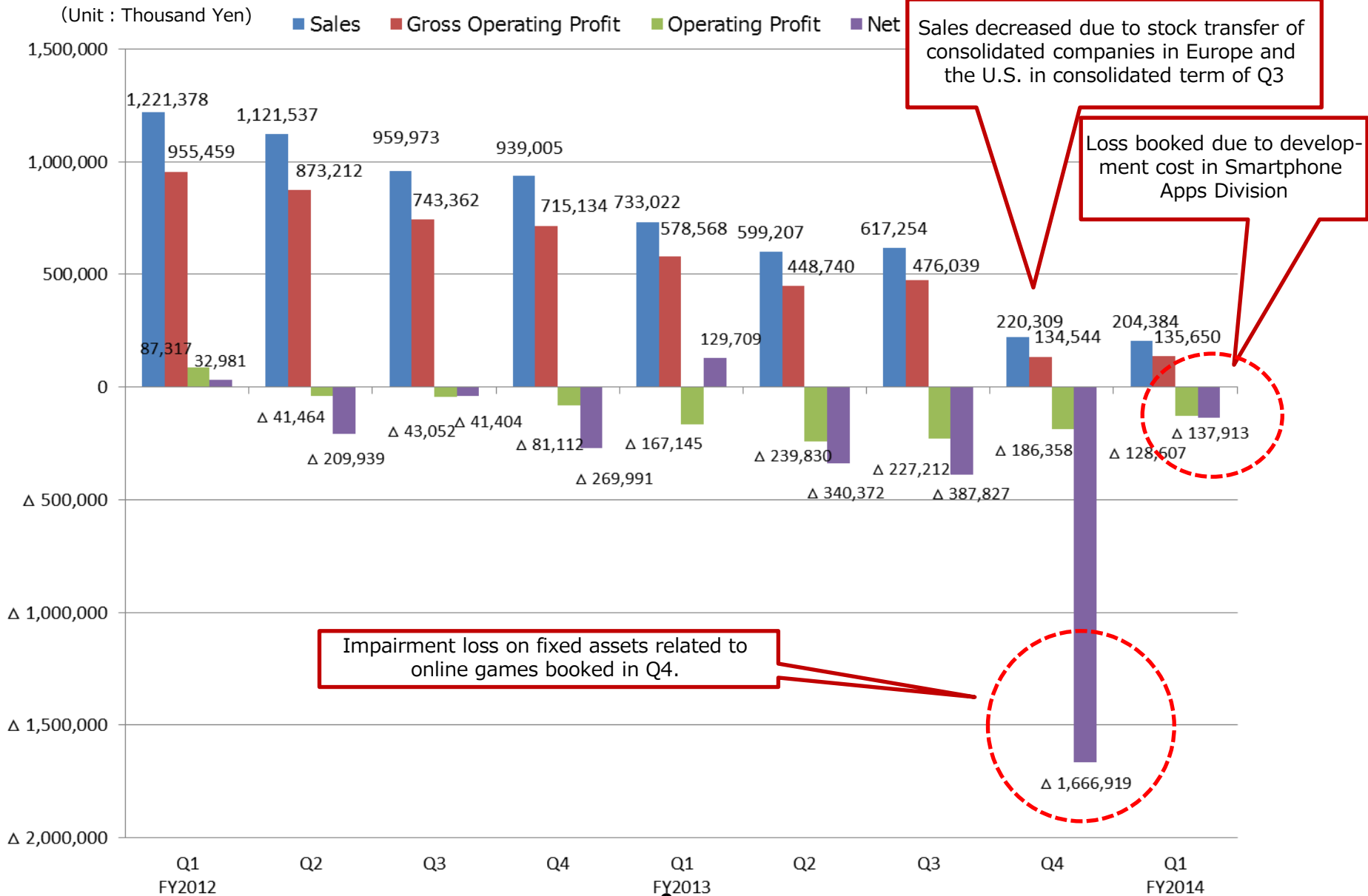
(Unit : Thousand Yen)

	Q1 (Apr 2013-Jun 2013)	Previous Qtr. (FY2013 Q4) (Jan 2013- Mar 2013)		Same Qtr. in Previous Fiscal Year (FY2013 Q1) (Apr 2012 – Jun 2012)	
				% (FY2014 Q1 vs. FY2013 Q4)	%(FY2014 Q1 vs. FY2013 Q1)
Sales	204,384	220,309	△7.2%	733,022	△72.1%
Cost of Sales	68,733	85,765	△19.9%	154,454	△55.5%
Gross Sales	135,650	134,544	△0.8%	578,568	△76.6%
SGA	264,258	320,902	△17.7%	745,714	△64.6%
Operating Profit	△128,607	△186,358	-	△167,145	-
Ordinary Profit	△110,148	△223,770	-	△102,886	-
Net Income	△137,913	△1,666,919	-	129,709	-

- ◆ Relative to sales of the previous qtr., decreasing sales of existing online games in all regions led to a reduction in sales. Relative to the the same qtr. of the previous fiscal year, exclusion of companies in Europe and U.S. due to stock transfer in Q3 led to decreasing sales.
- ◆ Smartphone Apps Division: Apps development is in progress thus initial investment for the development led to cost burden without sales contribution.
- ◆ SGA: Relative to the previous qtr., goodwill and software amortization decreased (impairment loss was booked in the previous qtr.).

I. Q1 Financial Statement

~P/L Trend (Sales · Gross Sales · Operating Profit · Net Income) ~

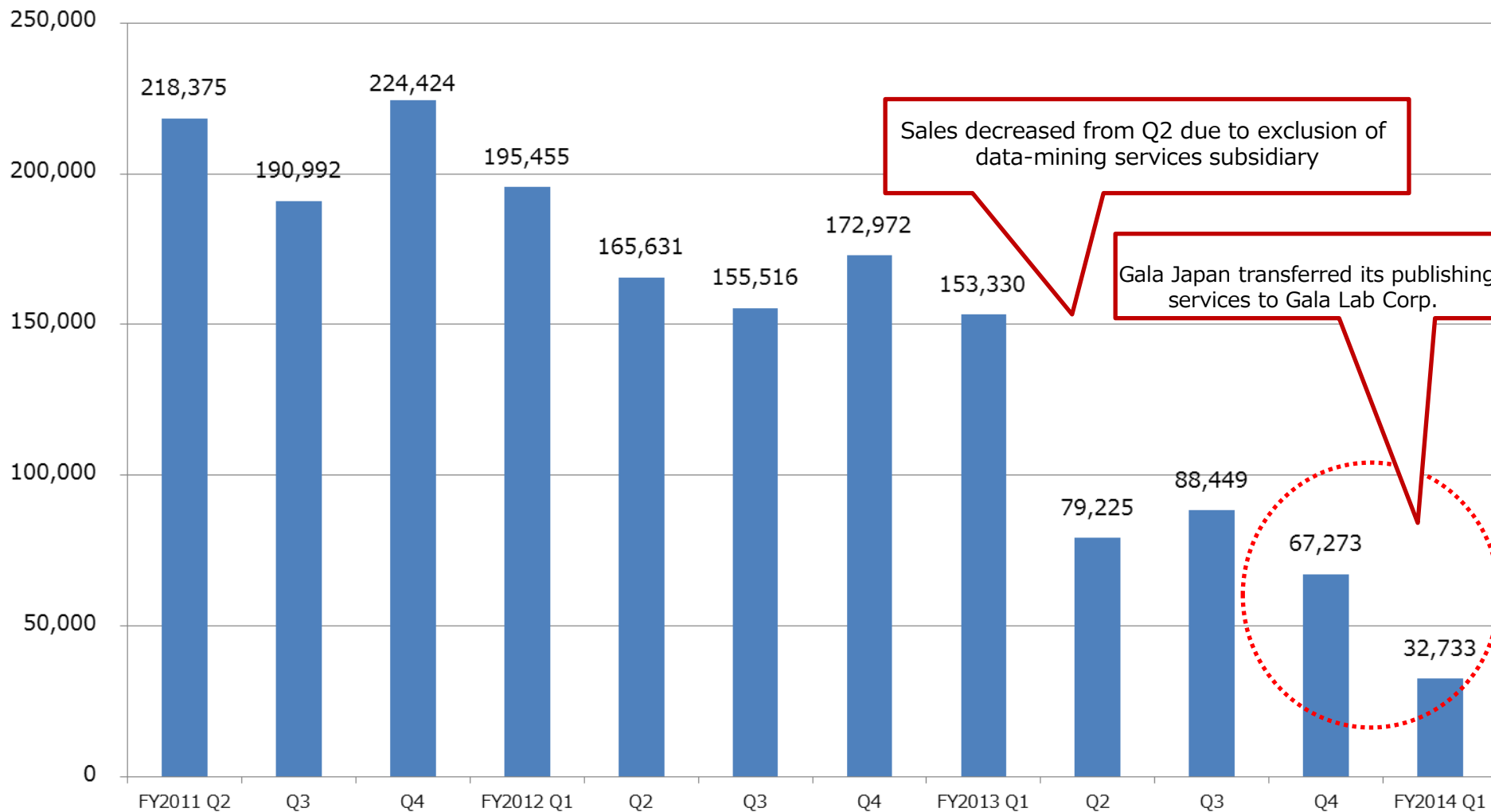


I. Q1 Financial Statement

~Consolidated Sales Trend of Major Segment (After Intergroup Elimination/ Adjustment) ~

Japan Segment

(Unit : Thousand Yen)

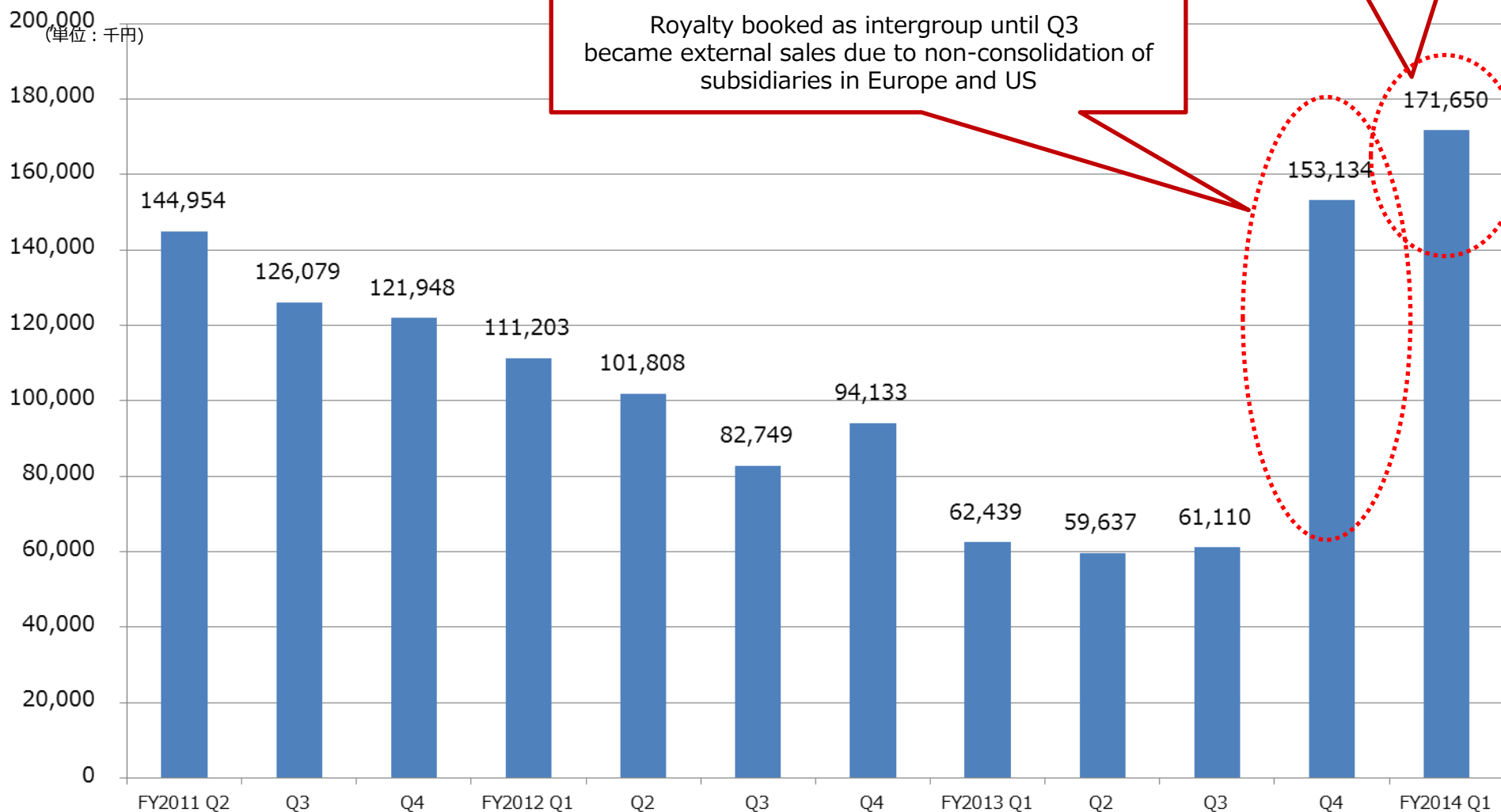


Term: FY2011 Q1 – FY2014 Q1

I. Q1 Financial Statement

~Consolidated Sales Trend of Major Segment (After Intergroup Elimination/ Adjustment) ~

Korean Segment



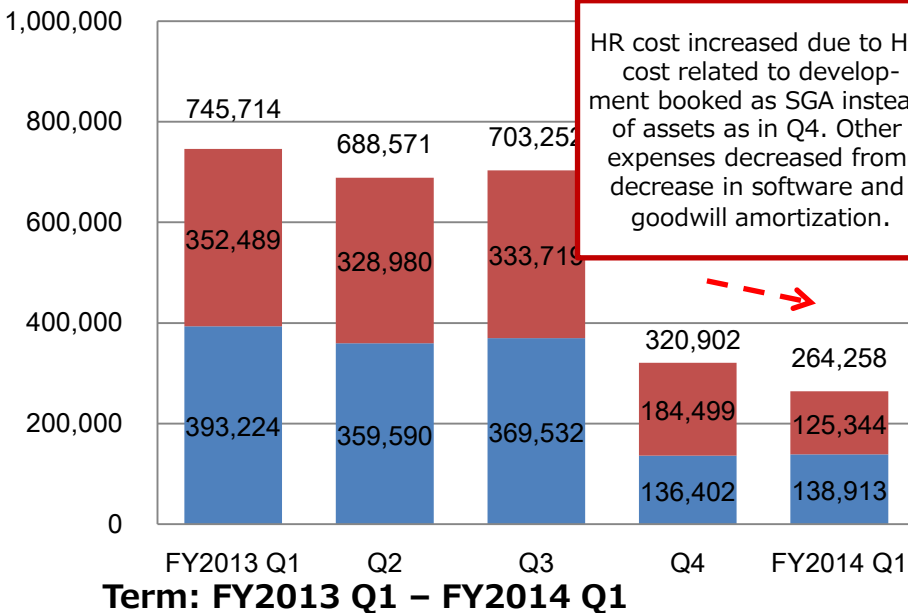
Q1 SGA and HR count (consolidated)

(Unit : Thousand Yen)

	Q1 (Apr 2013-Jun 2013)	Previous Qtr. (FY2013 Q4) (Jan 2013- Mar 2013) % (FY2014 Q1 vs. FY2013 Q4)		Same Qtr. in Previous Fiscal Year (FY2013 Q1) (Apr 2012 - Jun 2012) %(FY2014 Q1 vs. FY2013 Q1)	
HR Cost	138,913	136,402	1.8%	393,224	△64.7%
Other Cost	125,344	184,499	△32.1%	352,489	△64.4%
Total SGA	264,258	320,902	△17.7%	745,714	△64.6%

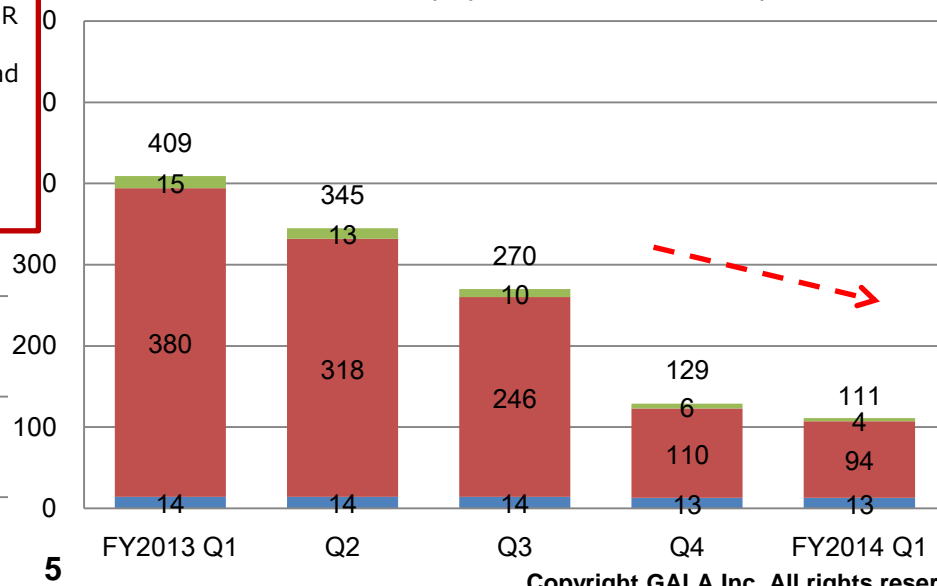
(Unit : Thousand JPY)

■ HR ■ SGA-Other Expense



(Unit : person)

■ Directors ■ Employees ■ Part-timers/Temp



II . Business Report

Pleez

- ◆ iOS and Android Communication Apps
 - Launched on 2013/8/14
 - English version and other languages planned
 - Business Model: Advertising



Pleez



Screen Transition Diagram

Supermagical

- ◆ iOS Game Apps
 - Change in schedule for Android version. Expected to be launched in Q3



「Supermagical (スーパーマジカル)」のロゴ

Dungeons&Golf

◆ iOS and Android Game Apps

- Engaged in a contract with App Bank Games for licenses other than Japan
- Gala Lab Corp. conducts Android development and translation
- Expected to be launched in end of Q2



Zenobian

◆ iOS and Android

- Developer: Gala Lab Corp.
- Service to be launched in Q4





ゲームサイト (日本語版)

Masquerade in Korean and Japanese

◆ Commercialization of Masquerade, PC Online game, began in Q1

- 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.

- Game upgrade is being developed

Rappelz

- Q1
Game upgrade in Korea, SE Asia, Indonesia, Russia
- Q2
Game upgrade in Middle East, Europe, U.S.



Zenobian

- Q1
Service began in Japan
- Q2
Game Upgrade is being developed



As of 2013/6/30

Game Title	Publishers																		
	English	Europe					Asia							SA		Arabic			
		German	French	Turkish	Polish	Italian	Russian	Japanese	Korean	Philippines	Thai	Malaysia	Singapore	Indonesia	China		Taiwan	Spanish	Portuguese
Flyff Online	Webzen Dublin						Gala Lab	Gala Lab	Level up	INI3				Net Ease	Macrowell	Webzen West			
Rappelz	Webzen Dublin					FUN FACTORY			Gala Lab	Gala Lab	Eaglegame International		Eagle games (M) sdn. Bhd			Game Assasin Entertainment	Webzen West		Game Power7
Eternal Blade	Webzen Dublin					GAULE REVOLUTION					Gala Lab	Gala Lab				Wave Game			
Masquerade																			

 ...Commercialized

 ...Preparing

 ...Published within Group

Services in SA (Spanish, Portuguese) and Indonesia ceased.