

Explanation on FY2014 Q3

(2013/10/1 – 2013/12/31)



Gala Inc.

2014/2/14

(This is a translation. Original shall prevail.)

Topics of FY2014 Q3 (2013.10 – 2013.12)

【Business】

- ◆ **Smartphone Apps Business: "Dungeons & Golf" (iOS, English) was released in December globally in 149 countries.**

→ Expect sales contribution from Q4

【Finance】

- ◆ **Booked quarterly net loss of JPY60 million due to foreign currency translation from depreciation of JPY**

Booked JPY72 million in translation adjustment and resulted in negative net worth in the amount of JPY84 million

→ Conducted third-party allotment on 1/27 in the amount of JPY99 million

I . FY2014 Q3 Financial Statement

~Quarterly P/L (Summary)~



(Unit : Thousand JPY)

	Q3 (2013/10~12)	Previous Qtr. (Q2) (2013/7~9)		Same Qtr. in Previous FY (2012/10~12)	
			% Change (FY2014 Q3 vs. FY2014 Q2)	% Change (FY2014 Q3 vs. FY2013 Q3)	
Sales	185,747	220,500	△15.8%	617,254	△69.9%
Cost of Sales	58,698	56,423	4.0%	141,215	△58.4%
Gross Profit	127,048	164,127	△22.6%	476,039	△73.3%
SGA	228,431	217,845	4.9%	703,252	△67.5%
Operating Profit	△101,383	△53,717	-	△227,212	-
Ordinary Profit	△57,105	△34,241	-	△279,737	-
Quarterly Net Income	△60,487	△50,647	-	△387,827	-

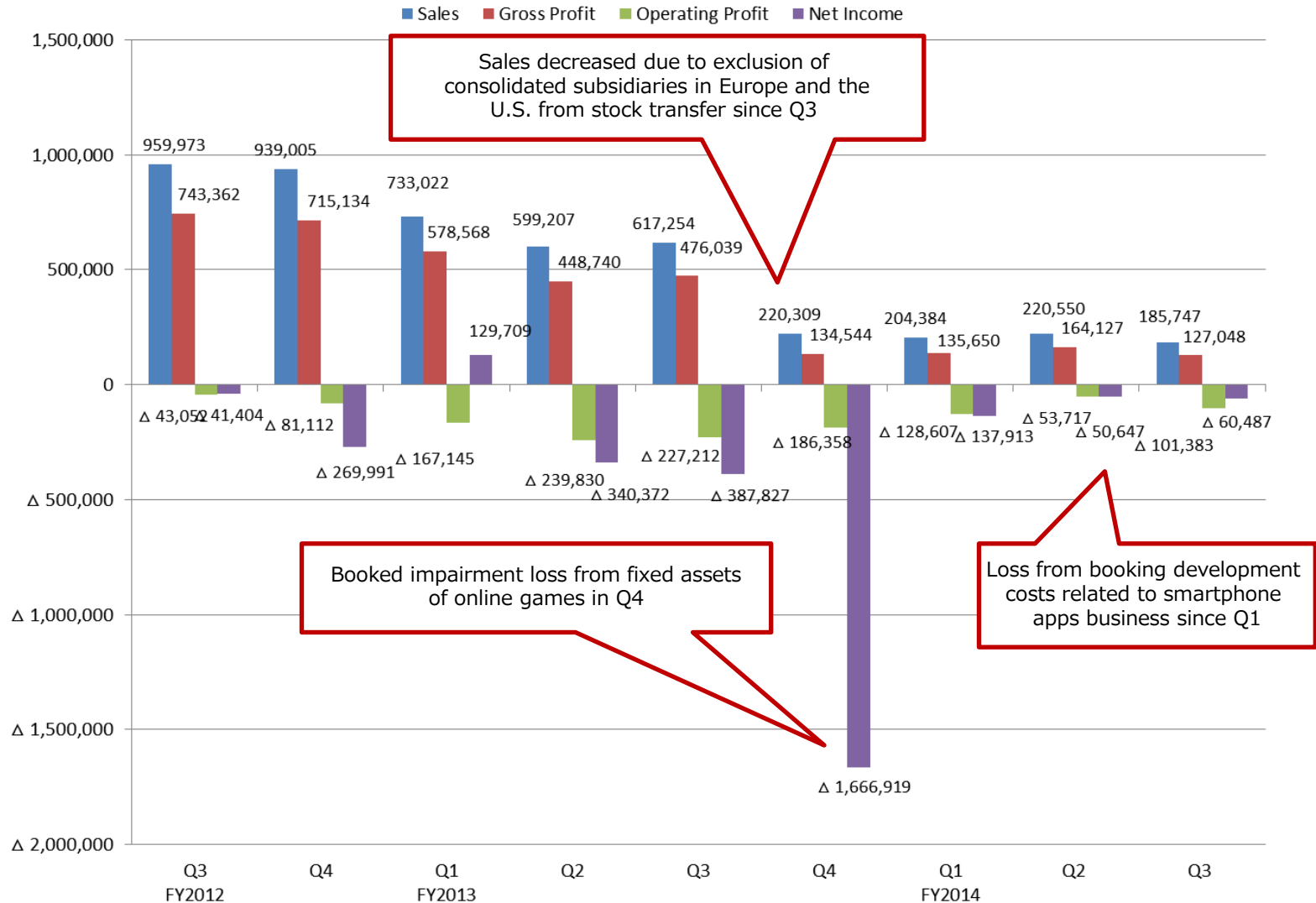
- ◆ Compared to sales in FY2014 Q2, sales of all PC online games except "Rappelz" Russia decreased.
- ◆ Compared to sales in FY2013 Q3 of last fiscal year, stock transfer of companies in Europe and the U.S. excluded from consolidation led to major change in Group structure that resulted in significant decrease in sales.
- ◆ Smartphone Apps Business: iOS English version of "Dungeons & Golf" was released in FY2014 Q3 but operating loss was booked due to initial investment cost.

	End of Q3 (2013/12)	End of Previous Qtr. (Q2) (2013/9)		End of Last Fiscal Year (2013/3)	
			% Change	% Change	
Total Assets	488,722	534,098	△8.5%	722,890	△32.4%
Net Assets	△84,519	44,034	-	188,775	-

I . FY2014 Q3 Financial Statement

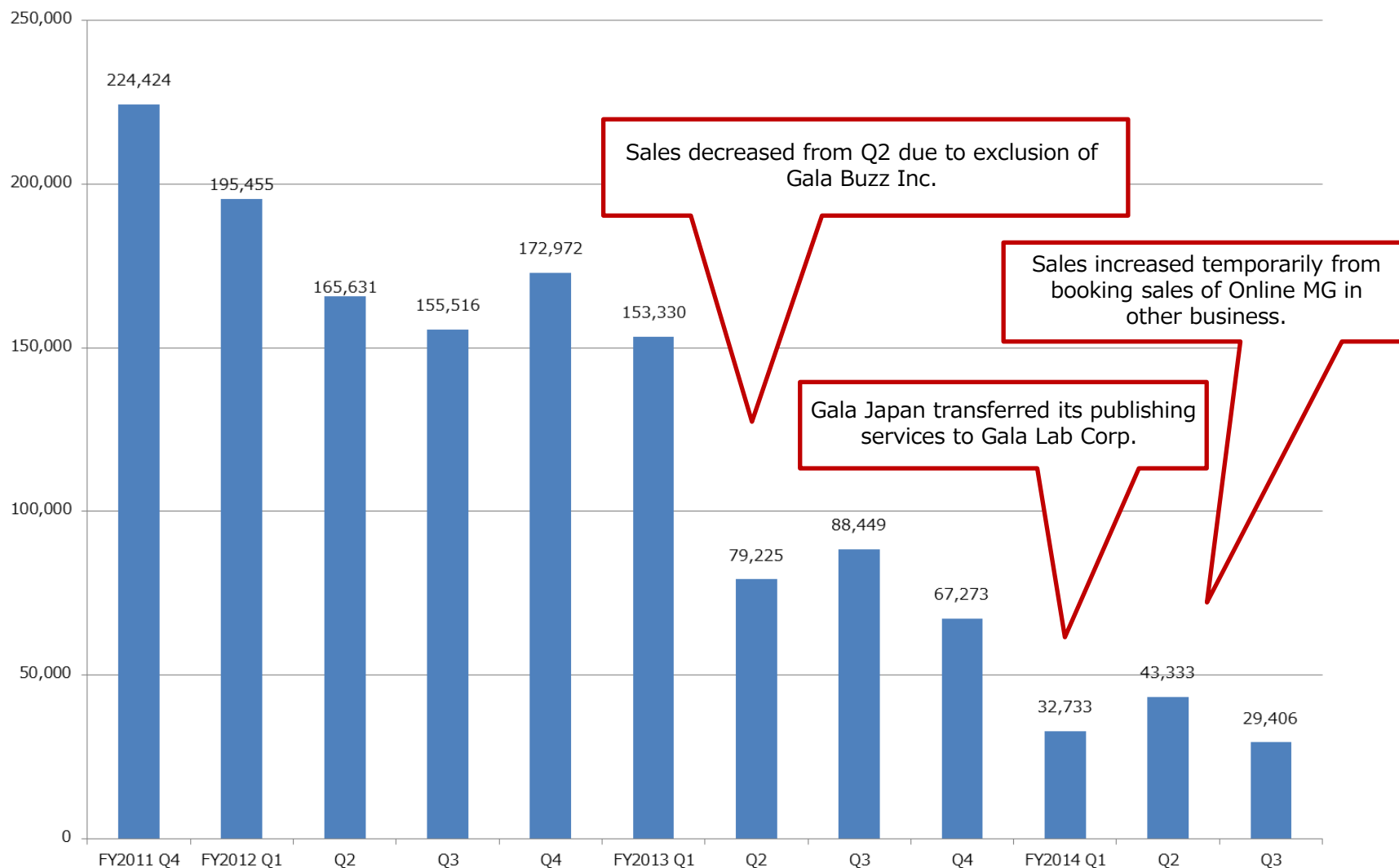
~P/L Trend (Sales · Gross Profit · Operating Profit · Net Income)~

(Unit: Thousand JPY)



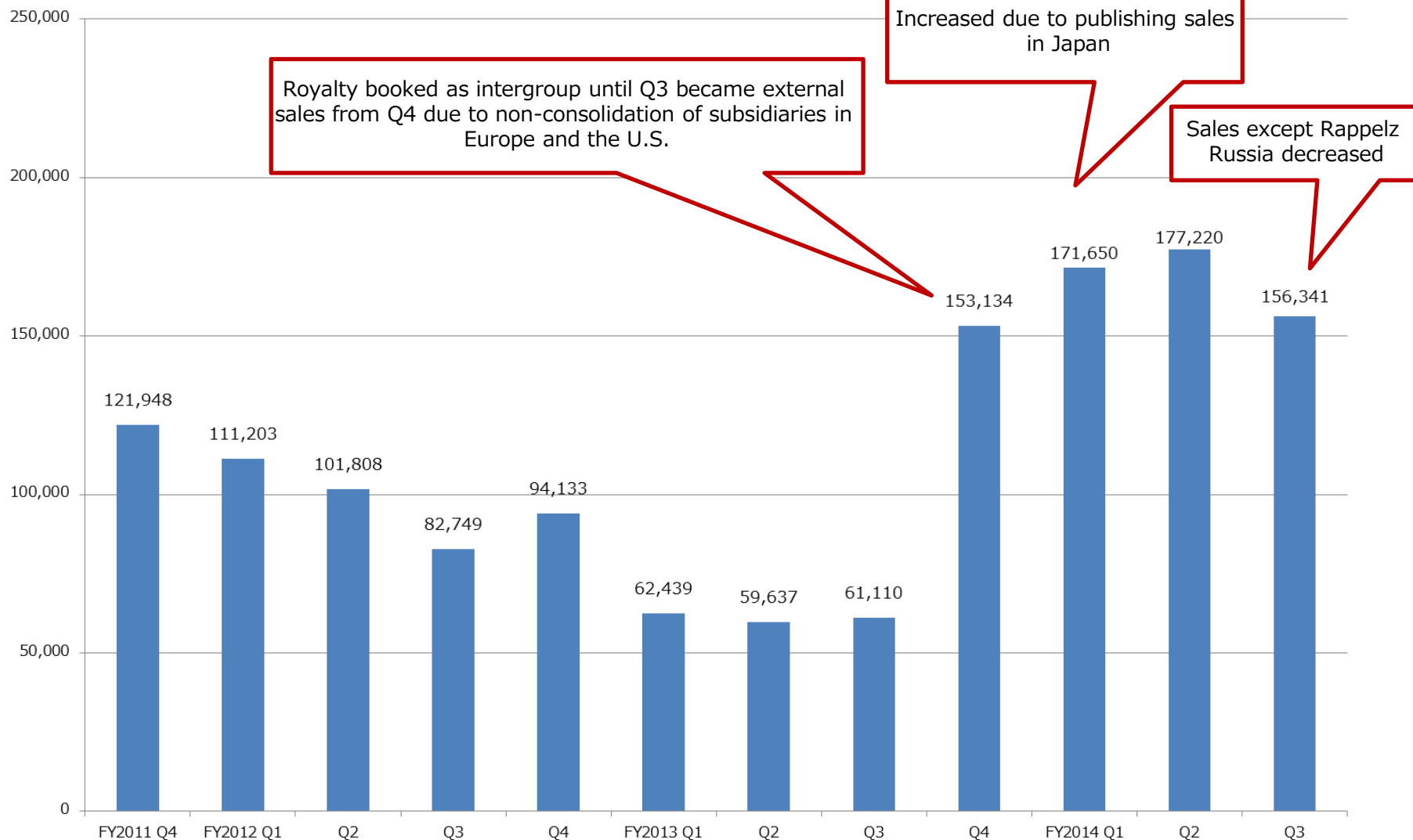
Japan Segment

(Unit: Thousand JPY)



Korea Segment

(Unit: Thousand JPY)



I. FY2014 Q3 Financial Statement

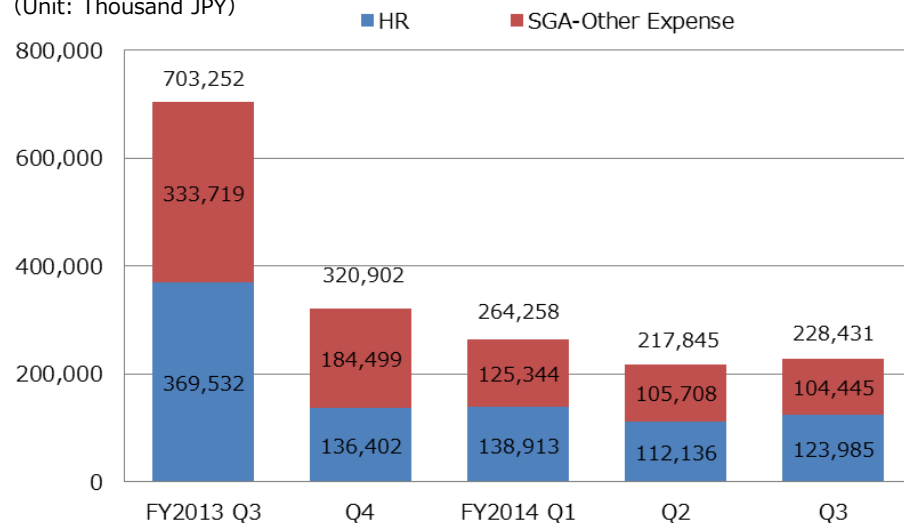
~Quarterly SGA and HR (Consolidated) ~



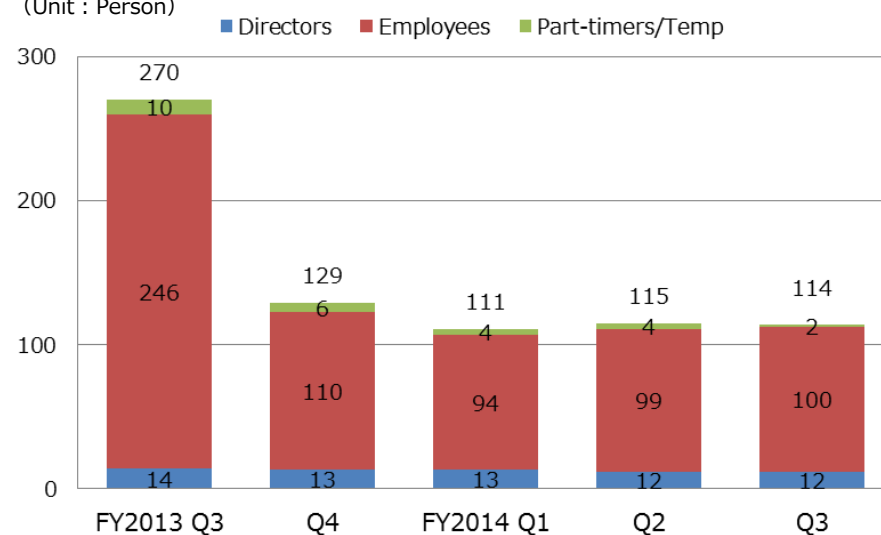
(Unit: Thousand JPY)

	Q3 (2013/10~12)	Previous Qtr. (Q2) (2013/7~9) % Change (FY2014 Q3 vs. FY2014 Q2)		Same Qtr. in Previous FY (2012/10~12) % Change (FY2014 Q3 vs. FY2013 Q3)	
HR Cost	123,985	112,136	10.6%	369,532	△66.4%
Other Cost	104,445	105,708	△1.2%	333,719	△68.7%
Total SGA	228,431	217,845	4.9%	703,252	△67.5%

(Unit: Thousand JPY)



(Unit : Person)



「Dungeons&Golf

<iOS and Android game apps>

- Engaged in contract with the developer App Bank Games Inc. for license outside of Japan.
- Developing Android version and multi-lingualisation and iOS version's multi-lingualisation by Gala Lab Corp., Korean-based subsidiary

- ◆ iOS English : Released on December 11, 2013
- ◆ Android in Japanese : Released on January 14, 2014 (Developed by Gala Lab Corp., Published by AppBankGames Inc.)

(Android 日本語版のロゴ)



iOS [Dungeons&Golf] (Gala Lab Corp. countries and regions provided (as of 2013/12/31))

Albania	Colombia	Israel	Netherlands	Sri Lanka
Algeria	Congo, Republic of	Jamaica	New Zealand	St. Kitts and Nevis
Angola	Costa Rica	Jordan	Nicaragua	St. Vincent and The Grenadines
Anguilla	Croatia	Kazakhstan	Niger	Suriname
Antigua and Barbuda	Cyprus	Kenya	Nigeria	Swaziland
Argentina	Czech Republic	Kuwait	Norway	Sweden
Armenia	Denmark	Kyrgyzstan	Oman	Switzerland
Australia	Dominica	Lao People's Democratic Republic	Pakistan	São Tomé and Príncipe
Austria	Dominican Republic	Latvia	Palau	Taiwan
Azerbaijan	Ecuador	Lebanon	Panama	Tajikistan
Bahamas	Egypt	Liberia	Papua New Guinea	Tanzania, United Republic Of
Bahrain	El Salvador	Lithuania	Paraguay	Thailand
Barbados	Estonia	Luxembourg	Peru	Trinidad and Tobago
Belarus	Fiji	Macau	Philippines	Tunisia
Belgium	Finland	Macedonia, The Former Yugoslav Republic Of	Poland	Turkey
Belize	Gambia	Madagascar	Portugal	Turkmenistan
Benin	Germany	Malawi	Qatar	Turks and Caicos
Bermuda	Ghana	Malaysia	Romania	Uganda
Bhutan	Greece	Mali	Russia*	Ukraine
Bolivia	Grenada	Malta	Saint Lucia	United Arab Emirates
Botswana	Guatemala	Mauritania	Saudi Arabia	United Kingdom
Brunei Darussalam	Guinea-Bissau	Mauritius	Senegal	United States
Bulgaria	Guyana	Mexico	Seychelles	Uruguay
Burkina Faso	Honduras	Micronesia, Federated States of	Sierra Leone	Uzbekistan
Cambodia	Hong Kong	Moldova, Republic Of	Singapore	Venezuela
Canada	Hungary	Mongolia	Slovakia	Vietnam
Cape Verde	Iceland	Montserrat	Slovenia	Virgin Islands, British
Cayman Islands	India	Mozambique	Solomon Islands	Yemen
Chad	Indonesia	Namibia	South Africa	Zimbabwe
Chile	Ireland	Nepal	Spain*	

149 countries and regions

*

Expected to be Published in Russian and Spanish.



+ This app is designed for both iPhone and iPad

Free

Category: Games

Updated: 16 January 2014

Version: 4.0.5

Size: 89.2 MB

Languages: English, Japanese

Seller: GALA LAB CORP.

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Rated 4+



「Masquerade」

- Q3
 - ◆ Channeling service by Gaule Revolution Inc. on December 27, 2013



「Zenobian」

- Q3
 - ◆ Channeling service by Gaule Revolution Inc. on December 27, 2013 in Japan
 - ◆ Channeling service by Fun Factory LLC on September 12, 2013
 - ◆ Channeling service agreement on October 7, 2013 with Eaglegame to be provided in Malaysia, Singapore, and the Philippines
- Q4
 - ◆ Channeling service expected to begin in Russia, Malaysia, Singapore, and the Philippines



「Rappelz」

- Q3
 - ◆ Provide updated version in Korea
- Q4
 - ◆ Expect to provide service in the Philippines, Malaysia, Singapore, Japan, France, Germany, Poland, Turkey, Italy, and the U.S.
 - ◆ Develop updated version in Korean




「Eternal Blade」


- Q4
 - ◆ Expect to provide renewal version in Japanese

In-house Developed Games Provided in the Following Regions (as of Dec. 31, 2013)

Game Title	Publisher																
	Europe							Asia									
	English	German	French	Turkish	Polish	Italian	Russian	Japanese	Korean	Philippines	Thailand	Malaysia	Singapore	Indonesia	China	Taiwan	Arabic
Flyff Online	Webzen Dublin							Gala Lab		Level up	IN13				Net Ease	Macrowell	
Rappelz	Webzen Dublin						FUN FACTORY	Gala Lab		Eaglegame International		Eaglegame (M) Sdn. Bhd				Game Assasin Entertainment	Game Power7
Eternal Blade								GAULE REVOLUTION	Gala Lab					Wave Game			
Masquerade									Gala Lab								
Zenobian								FUN FACTORY									

 . . . Commercialized

 . . . Preparing

 . . . Gala Group

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