

English Translation

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Financial Results for the 3rd Quarter of the Period Ending September 30, 2013 [Japanese Standards] (Consolidated)

July 25, 2013

Listed company name: CyberAgent, Inc.

Listed stock exchange: TSE Mothers

Code No.: 4751

URL: <http://www.cyberagent.co.jp/>

Representative: (Title) President

(Name) Susumu Fujita

Inquiries: (Title) Managing Director

(Name) Go Nakayama

Tel: 03-5459-0202

Quarterly report submission date: July 26, 2013

Dividend payment start date —

Preparation of supplementary references regarding quarterly results: Yes

Holding the briefing of quarterly results: Yes (For security analysts and institutional investors)

(Amounts less than ¥ million are rounded down.)

1. Consolidated Performance for the 3rd Quarter of the Period Ending September 30, 2013

(October 1, 2012 – June 30, 2013)

(1) Consolidated results of operations (cumulative total)

(The percentage indicates the change from the same quarter of the previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
3Q of FY2013	120,254	18.0	6,818	(53.2)	7,090	(50.8)	9,688	40.2
3Q of FY2012	101,902	15.0	14,557	34.3	14,407	35.7	6,912	24.0

(Note) Comprehensive Income: 3Q of FY 2013: 10,885 million yen (47.1 %)

3Q of FY 2012: 7,398 million yen (24.5 %)

	Net income per share	Diluted net income per share
	¥	¥
3Q of FY2013	15,281.27	15,280.09
3Q of FY2012	10,675.45	10,669.56

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of Jun. 30, 2013	78,406	49,341	57.2
As of Sep. 30, 2012	136,366	43,594	30.6

(Reference) Equity capital: As of Jun. 30, 2013 ¥44,860 million, As of Sep. 30, 2012 ¥41,767 million

2. Dividend Status

	Annual dividends				
	1Q end	2Q end	3Q end	Year end	Total
	Yen	Yen	Yen	Yen	Yen
FY2012	—	0.00	—	3,500.00	3,500.00
FY2013	—	0.00	—		
FY2013 (Forecast)				3,500.00	3,500.00

(Note) Corrections to the dividend forecast for this quarter: None

3. Consolidated Performance Forecast for the Fiscal Year Ending September 30, 2013

(October 1, 2012 – September 30, 2013)

(The percentages indicate the change from the previous period.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	170,000	20.5	10,000	(42.6)	10,000	(41.7)	12,000	40.8	18,926.57

(Note) Corrections to the consolidated performance forecast figures for this quarter: None

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***Notes**

- (1) Changes in important subsidiaries during the period (change of specified subsidiaries that lead to a change in the scope of consolidation): Yes

One company excluded (corporate name: CyberAgent FX)

(Note) For details, refer to page 4, "2. Summary Information (Notes), (1) Changes in Important Subsidiaries during the Period."

- (2) Application of specific accounting methods for producing quarterly consolidated financial statements: None

- (3) Changes to accounting policies, changes to accounting estimates, restatements:

1) Changes associated with revisions of accounting standards: None

2) Change other than those included in 1): None

3) Changes to Accounting Estimates: None

4) Restatements: None

- (4) Number of shares issued (common stock)

(1) Number of shares issued and outstanding (including treasury stock)	
3Q Sep. 2013 Period: 632,133	Sep. 2012 Period: 652,497
(2) Number of shares of treasury stock issued and outstanding	
3Q Sep. 2013 Period: 9,291	Sep. 2012 Period: 5,125
(3) Average number of shares during the period (quarterly consolidated cumulative accounting period)	
3Q Sep. 2013 Period: 634,029	3Q Sep. 2012 Period: 647,555

* Indication regarding the implementation status of the audit procedures

This quarterly financial results is not subject to the quarterly review procedures pursuant to the Financial Instruments and Exchange Act. As of the disclosure of this quarterly financial results, the procedures for reviewing quarterly financial statements pursuant to the Financial Instruments and Exchange Act are in progress.

* Explanations related to appropriate use of the performance forecast; other special instructions

This forecast of performance is based on the judgment of the Group in accordance with information that was available at the time of its creation, and includes factors of risk and uncertain elements. Accordingly, actual results, performance, etc., may differ from the listed estimates. For information related to the forecast of performance indicated above, please see "(3) Qualitative Information regarding the Consolidated Performance Forecast" under "1. Results of Operations" on page 3.

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1. Results of Operations

(1) Qualitative Information Related to Consolidated Results of Operations

The number of smartphones shipped in 2012 increased by 23.0% to 29.72 million units (71.1% of overall shipments). In 2013, smartphone shipment volumes are estimated to reach 32.40 million units (76.8% of overall shipments) with the adoption of smartphones continuing at an increased pace^{*1}. With the rapid adoption of smartphones, the marketplace for downloadable content is expanding as well, reaching ¥1.6 trillion in 2013 and forecast to be approximately ¥2.0 trillion by 2017. The social game market is growing especially rapidly, worth ¥538.5 billion in 2012 and forecast to grow to ¥615.0 billion in 2013^{*2}.

Under such conditions, the Group focused operating resources on smartphone businesses, with the smartphone community and game “Ameba” starting in earnest and large scale promotions carried out with television commercials and transportation advertising. Business restructuring, such as a decision to sell FX business, was also carried out.

As a result, the Group’s operating results for this third consolidated fiscal quarter were as follows. Net sales reached ¥120,254 million (up 18.0% from the same period of the previous year); operating income reached ¥6,818 million (down 53.2% from the same period of the previous year); ordinary income reached ¥7,090 million (down 50.8% from the same period of the previous year); and quarterly net income reached ¥9,688 million (up 40.2% from the same period of the previous year).

Source: MM Research Institute, Ltd. ^{*1}, Nomura Research Institute, Ltd. ^{*2},

Performance of each business segment was as follows.

As of the 1st quarter of this consolidated accounting period, the division of the reporting segments has been changed, so for comparisons to the same period the previous year the values from the previous year have been changed to follow the new segment divisions.

(a) Ameba business

The Ameba business includes Ameba, Ameba Pigg and AMoAd, etc.

For this business, there were large scale promotion activities for the smartphone community and game “Ameba”, and new smartphone media businesses that were previously part of Internet advertisement business (formerly comprehensive Internet business) were consolidated.

As a result, net sales totaled ¥20,636 million (up 9.1% from the same period of the previous year), and we recorded an operating loss of ¥7,474 million (an operating income of ¥3,234 million in the same period of the previous year).

(b) SAP and other media businesses

The SAP and other media businesses includes CA Mobile, LTD. and SAP (social game) businesses in our Group companies such as Cygames Inc., Applibot, Inc., and Sumzap, Inc.

For these businesses, with active expansion of SAP businesses, net sales totaled ¥45,672 million (up 38.6% from the same period of the previous year), and we recorded an operating income of ¥6,176 million (up 41.8% from the same period of the previous year).

(c) Internet advertisement business

Internet advertisement business includes advertising agency businesses and SEM (search engine marketing), centered on the Company’s internet advertising business department.

For this business, with healthy sales of smartphone advertising, net sales totaled ¥58,247 million (up 14.2% from the same period of the previous year), and we recorded an operating income of ¥5,752 million (up 39.4% from the same period of the previous year).

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(d) Investment development business

Our investment development business includes the Company's corporate venture capital business, and fund operation in CyberAgent Ventures, Inc. It discovers, develops and generates value for promising venture companies both within Japan and in Asian countries.

In the current business year, due mainly to sales of shares, net sales totaled ¥1,560 million (up 415.8% from the same period of the previous year), and we recorded an operating income of ¥677 million (an operating loss of ¥115 million in the same period of the previous year).

(e) FX business

As all shares of CyberAgent FX, Inc., which was a consolidated subsidiary, were sold on January 31, 2013, the performance of the FX business only for the period from October 1, 2012 to January 31, 2013 is included.

Sales and operating income of this business were ¥2,916 million and ¥1,686 million, respectively.

(2) Qualitative Information Related to Consolidated Financial Standing**(Financial standing)**

In the second consolidated quarter, CyberAgent FX, Inc. was excluded from the consolidation. The total assets and liabilities of the FX business were 74,196 million yen and 65,192 million yen, respectively, as of the end of the previous consolidated fiscal year, and these values were excluded. Accordingly, total assets were ¥78,406 million (down ¥57,959 million from the previous consolidated fiscal year) and liabilities were ¥29,065 million (down ¥63,706 million from the previous consolidated fiscal year), as of the end of this third consolidated quarter.

Net assets totaled ¥49,341 million (up ¥5,747 million from the end of the previous fiscal year). This was mainly due to the fact that retained earnings increased as a result of recording quarterly net income, etc.

(Status of cash flow)

Cash and cash equivalents (hereafter 'funds') for the third quarter of this consolidated fiscal year increased by ¥10,286 million from the end of the previous consolidated fiscal year, and totaled ¥29,534 million.

Cash flow situations and major causal factors for the third quarter of this consolidated fiscal year are as follows.

(Net cash provided by operating activities)

Net cash provided by operating activities totaled ¥4,315 million (net cash provided by the same period of the previous year totaled ¥9,566 million). This was mainly due to the fact that we recorded a profit and income taxes paid.

(Net cash provided by investing activities)

Net cash provided by investing activities totaled ¥12,454 million (net cash used in the same period of the previous year totaled ¥7,990 million). This was mainly due to sales of stocks of subsidiaries and affiliates.

(Net cash used in financing activities)

Net cash used in financing activities totaled ¥6,953 million (net cash used in the same period of the previous year totaled ¥1,183 million). This was mainly due to purchase of treasury stock and cash dividends paid.

(3) Qualitative Information regarding the Consolidated Performance Forecast

The forecasted consolidated business performance announced on January 31, 2013 has not been revised.

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2. Summary Information (Notes)

(1) Changes in Important Subsidiaries during the Period

Since all shares of CyberAgent FX, Inc., which was a consolidated subsidiary, were sold on January 31, 2013, its performance was excluded from the consolidated results on February 1, 2013.

(2) Application of Specific Accounting Methods for Producing Quarterly Consolidated Financial Statements

No applicable items.

(3) Changes to Accounting Policies, Changes to Accounting Estimates, Restatements

No applicable items.

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3. Quarterly Consolidated Financial Statements**(1) Quarterly Consolidated Balance Sheets**

(Unit: ¥ million)

	FY2012 (As of September 30, 2012)	3Q of FY2013 (As of June 30, 2013)
Assets		
Current assets		
Cash and deposits	20,925	29,541
Accounts and notes receivable-trade	21,192	20,448
Inventories	92	112
Sales investment securities	3,638	4,641
Foreign exchange dealings cash segregated as deposits for customers	51,644	—
Foreign exchange dealings variation margin paid for customers	12,252	—
Other	6,570	3,241
Allowance for doubtful accounts	(46)	(37)
Total current assets	116,268	57,948
Non-current assets		
Property, plant and equipment	3,825	4,136
Intangible assets		
Goodwill	2,991	2,899
Other	7,027	7,562
Total intangible assets	10,019	10,462
Investments and other assets		
Other	6,305	5,882
Allowance for doubtful accounts	(53)	(22)
Total investments and other assets	6,252	5,859
Total non-current assets	20,097	20,458
Total assets	136,366	78,406

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(Unit: ¥ million)

	FY2012 (As of September 30, 2012)	3Q of FY2013 (As of June 30, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	12,226	11,960
Short-term loans payable	220	—
Income tax payable	4,711	5,325
Foreign exchange dealings deposits from customers	63,468	—
Other	10,952	10,783
Total current liabilities	91,579	28,069
Non-current liabilities		
Bonds payable	100	—
Long-term loans payable	315	98
Allowance for continuous service	122	228
Asset retirement obligations	624	662
Other	24	6
Total non-current liabilities	1,187	995
Reserves under the special laws		
Reserve for financial products transaction liabilities	4	—
Total reserves under the special laws	4	—
Total liabilities	92,771	29,065
Net assets		
Shareholders' equity		
Capital stock	7,203	7,203
Capital surplus	5,400	2,289
Retained earnings	30,379	36,594
Treasury stock	(1,388)	(1,964)
Total shareholders' equity	41,595	44,124
Other Comprehensive Income		
Valuation difference on available-for-sale securities	310	569
Foreign currency translation adjustment	(138)	167
Total other comprehensive income	171	736
Subscription rights to shares	121	142
Minority interests	1,705	4,338
Total net assets	43,594	49,341
Total liabilities and net assets	136,366	78,406

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(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income
 Consolidated Quarterly Statements of Income
 (3Q consolidated cumulative accounting period)

(Unit: ¥ million)

	3Q of FY2012 (Oct. 1, 2011 to Jun. 30, 2012)	3Q of FY2013 (Oct. 1, 2012 to Jun. 30, 2013)
Net sales	101,902	120,254
Cost of sales	59,447	77,365
Gross profit	42,455	42,888
Selling, general and administrative expenses	27,897	36,070
Operating income	14,557	6,818
Non-operating income		
Interest income	27	8
Equity in earnings of affiliates	—	37
Foreign exchange gains	3	220
Other	63	116
Total non-operating income	94	382
Non-operating expenses		
Interest expenses	23	19
Equity in losses of affiliates	73	—
Consumption tax adjustments	93	43
Other	53	47
Total non-operating expenses	243	110
Ordinary income	14,407	7,090
Extraordinary income		
Gain on sales of subsidiaries and affiliates' stocks	1,077	16,553
Other	41	303
Total extraordinary gain	1,119	16,856
Extraordinary loss		
Impairment loss	850	2,658
Loss on business withdrawal	31	1,824
Other	295	781
Total extraordinary loss	1,177	5,264
Income before income taxes and minority interests	14,348	18,682
Income taxes-current	6,356	8,854
Income taxes-deferred	867	(427)
Total income tax	7,224	8,426
Income before minority interests	7,124	10,255
Minority interests in net income	211	566
Net income	6,912	9,688

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Consolidated Quarterly Statements of Comprehensive Income
(3Q consolidated cumulative accounting period)

(Unit: ¥ million)

	3Q of FY2012 (Oct. 1, 2011 to Jun. 30, 2012)	3Q of FY2013 (Oct. 1, 2012 to Jun. 30, 2013)
Income before minority interests	7,124	10,255
Other comprehensive income		
Valuation difference on available-for-sale securities	220	219
Foreign currency translation adjustment	34	188
Share of other comprehensive income of associates accounted for using equity method	18	221
Total other comprehensive income	274	629
Comprehensive income	7,398	10,885
(Comprehensive income attributable to)		
Owners of the parent	7,193	10,253
Minority interests	205	631

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(3) Quarterly Consolidated Statements of Cash Flows

(Unit: ¥ million)

	3Q of FY2012 (Oct. 1, 2011 to Jun. 30, 2012)	3Q of FY2013 (Oct. 1, 2012 to Jun. 30, 2013)
Cash flow from operating activities		
Income before income taxes and minority interests	14,348	18,682
Depreciation	2,257	3,117
Amortization of goodwill	275	307
Impairment loss	850	2,658
Foreign exchange losses (gains)	(14)	(317)
Loss (gain) on sales of stocks of subsidiaries and affiliates	(1,077)	(16,485)
Loss on business withdrawal	31	1,824
Decrease (increase) in notes and accounts receivable-trade	(3,500)	584
Decrease (increase) in margin requirement for foreign exchange transactions	1,699	1,549
Net decrease (increase) in outstanding amount of foreign exchange transactions	(1,429)	208
Increase (decrease) in notes and accounts payable-trade	1,390	(140)
Increase (decrease) in accounts payable-other	1,468	53
Increase (decrease) in accrued consumption taxes	(209)	(280)
Other, net	925	256
Sub-total	17,016	12,017
Interest and dividends income received	24	13
Interest expenses paid	(21)	(19)
Income taxes paid	(7,454)	(7,696)
Net cash provided by (used in) operating activities	9,566	4,315
Cash flow from investing activities		
Payments into time deposits	(810)	(600)
Proceeds from withdrawal of time deposits	405	75
Purchase of property, plant and equipment	(2,102)	(1,834)
Purchase of intangible assets	(5,067)	(5,247)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	595	13,547
Proceeds from sales of stocks of subsidiaries and affiliates	253	6,814
Other, net	(1,264)	(302)
Net cash provided by (used in) operating activities	(7,990)	12,454
Cash flow from financing activities		
Net increase (decrease) in short-term loans payable	—	(220)
Repayment of long-term loans payable	(970)	(752)
Redemption of bonds	(100)	(100)
Proceeds from stock issuance to minority shareholders	687	1,315
Cash dividends paid	(2,278)	(2,261)
Purchase of treasury stock	(1,999)	(5,004)
Proceeds from disposal of treasury stock	462	71
Proceeds from trust account for purchase of treasury stock	3,002	—
Other, net	13	(1)
Net cash provided by (used in) financing activities	(1,183)	(6,953)
Effect of exchange rate change on cash and cash equivalents	30	469
Net increase (decrease) in cash and cash equivalents	422	10,286
Cash and cash equivalents at beginning of period	18,108	19,248
Cash and cash equivalents at end of period	18,531	29,534

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(4) Notes Regarding the Premise of a Going Concern

No applicable items.

(5) Segment Information**I. Previous 3Q consolidated cumulative accounting period (Oct. 1, 2011 to Jun. 30, 2012)****1. Information Concerning Sales and Income or Loss Amount by Reporting Segment**

(Unit: ¥ million)

	Reporting Segment						Adjustment Amount	Consolidated quarterly balance sheet amount
	Ameba business	SAP and Other Media Businesses	Internet advertisement business	Investment development business	FX	Subtotal		
Net Sales								
(1) Sales to external customers	14,526	32,172	49,043	289	5,870	101,902	—	101,902
(2) Intersegment internal sales or transferred amount	4,387	789	1,963	13	—	7,153	(7,153)	—
Total	18,913	32,962	51,006	302	5,870	109,055	(7,153)	101,902
Segment income (loss)	3,234	4,356	4,125	(115)	2,956	14,557	—	14,557

2. Information concerning impairment loss for non-current assets, or goodwill, for each reporting segment

(Significant impairment loss for non-current assets)

There are no applicable items.

(Significant changes in amount of goodwill)

There are no applicable items.

(Significant gains on negative goodwill)

There are no applicable items.

II. Current 3Q consolidated cumulative accounting period (Oct. 1, 2012 to Jun. 30, 2013)**1. Information Concerning Sales and Income or Loss Amount by Reporting Segment**

(Unit: ¥ million)

	Reporting Segment						Adjustment Amount	Consolidated quarterly balance sheet amount
	Ameba business	SAP and Other Media Businesses	Internet advertisement business	Investment development business	FX	Subtotal		
Net Sales								
(1) Sales to external customers	15,913	44,841	55,022	1,560	2,916	120,254	—	120,254
(2) Intersegment internal sales or transferred amount	4,723	831	3,224	—	—	8,779	(8,779)	—
Total	20,636	45,672	58,247	1,560	2,916	129,033	(8,779)	120,254
Segment income (loss)	(7,474)	6,176	5,752	677	1,686	6,818	—	6,818

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2. Information on assets in each business segment

The assets for each business segment changed considerably in this third consolidated quarter from the last date of the previous consolidated fiscal year. Its outline is as follows:

Due to the sale of all shares of CyberAgent FX, Inc., which had been categorized into the “FX business,” on January 31, 2013, this subsidiary is excluded from the scope of consolidation from February 1, 2013, in the midst of the second quarters of this consolidated fiscal year.

As a result, the assets of the “FX business” segment vanished.

3. Information regarding the change of business segments, etc.

The Group has been focusing operating resources on smartphone businesses since the previous year. This year also continued to focus on the success of the smartphone community and game “Ameba,” and in order to concentrate more operating resources on smartphone businesses the division of operating resources was re-examined, including business restructuring. With this restructuring, new reporting segments were made based on the internal company results management system.

Information on the sales and profits and losses for the previous 3rd quarter consolidated reporting period based on the changed reporting segments is included in “I. Previous 3Q consolidated cumulative accounting period (Oct. 1, 2011 to Jun. 30, 2012)”.

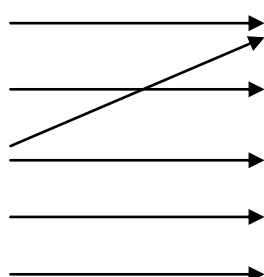
- (1) Smartphone media new development businesses that were previously part of Comprehensive Internet Business were consolidated into Ameba Business, and the name of Comprehensive Internet Business was changed to Internet Advertisement Business.
- (2) In order to bring it in line with the reality of the expansion of the social game business, the name of Media Business was changed to SAP and Other Media Businesses.

Old Segments

Ameba business
Media business
Comprehensive Internet business
Investment development business
FX business

New Segments

Ameba business
SAP and Other Media Businesses
Internet advertisement business
Investment development business
FX business



4. Information concerning impairment loss for non-current assets, or goodwill, for each reporting segment

(Significant impairment loss for non-current assets)

For the SAP and Other Media, Ameba and Internet Advertisement segments, with a decrease in profitability of some services as well as the cancellation of services due to business restructuring the original income estimate is no longer viable, and so the impairment loss is listed in an extraordinary loss category. The listed impairment loss values for the 3rd quarter consolidated reporting period are given in the table below.

SAP and Other Media Businesses	2,165 million yen
Ameba business	478 million yen
Internet advertisement business	14 million yen
Total	2,658 million yen

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(Significant changes in amount of goodwill)

There are no applicable items.

(Significant gains on negative goodwill)

There are no applicable items.

(6) Notes Regarding the Premise of a Note for Cases in Which There Has Been Significant Fluctuation of Shareholders' Equity

There are no applicable items.

(7) Important Subsequent Events

There are no applicable items.