

Financial Results for the 1st Quarter of the Period Ending September 30, 2012 [Japanese Standards] (Consolidated)

January 26, 2012

Listed company name: CyberAgent, Inc. Listed stock exchange: TSE Mothers
 Code No.: 4751 URL: <http://www.cyberagent.co.jp/>
 Representative: (Title) President and CEO (Name) Susumu Fujita
 Inquiries: (Title) Managing Director (Name) Go Nakayama Tel: 03-5459-0202
 Quarterly report submission date: January 27, 2012 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 1st Quarter of the Period Ending September 30, 2012 (October 1, 2011 – December 31, 2011)

(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	%
1Q of FY2012	32,146	11.7	4,915	38.1	4,888	40.0	2,054	39.7
1Q of FY2011	28,770	34.3	3,558	68.2	3,491	63.9	1,470	14.5

(Note) Comprehensive Income: 1Q of FY 2012: 2,103 million yen (16.3 %) 1Q of FY 2011: 1,808 million yen (— %)

	Net income per share	Diluted net income per share
	¥	¥
1Q of FY2012	3,169.23	3,168.14
1Q of FY2011	2,268.36	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of Dec. 31, 2011	111,791	36,992	31.4
As of Sep. 30, 2011	111,689	38,677	33.0

(Reference) Equity capital: As of Dec. 31, 2011 ¥35,098 million, As of Sep. 30, 2011 ¥36,851 million

2. Dividend Status

	Annual dividends				
	1Q end	2Q end	3Q end	Year end	Total
	Yen	Yen	Yen	Yen	Yen
FY2011	—	0.00	—	3,500.00	3,500.00
FY2012	—	—	—	—	—
FY2012 (Forecast)	—	0.00	—	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, 2012 (October 1, 2011 – September 30, 2012)

(The percentages indicate the change from the previous year for the full year and the year-on-year value for 2Q (cumulative).)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2Q of FY2012 (cumulative)	—	—	—	—	—	—	—	—	—
Full year	130,000	8.7	17,000	18.5	16,700	18.3	8,500	16.1	13,132.97

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

4. Other

(1) Changes in important subsidiaries during the period (change of specified subsidiaries that lead to a change in the scope of consolidation): None

Newly companies: — (Company name: —)

Excluded companies: — (Company name: —)

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

(3) Changes in accounting principles, procedures and methods:

1) Changes associated with revisions of accounting standards: Yes

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)	
1Q Sep. 2012 Period: 652,497	Sep. 2011 Period: 652,251
(2) Number of shares of treasury stock issued and outstanding	
1Q Sep. 2012 Period: 5,271	Sep. 2011 Period: —
(3) Average number of shares during the period (quarterly consolidated cumulative accounting period)	
1Q Sep. 2012 Period: 648,172	1Q Sep. 2011 Period: 648,343

* 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.

○ Table of contents of the appendix

1. Results of Operations	2
(1) Qualitative Information Related to Consolidated Results of Operations.....	2
(2) Qualitative Information Related to Consolidated Financial Standing.....	3
(3) Qualitative Information regarding the Consolidated Performance Forecast.....	3
2. Summary Information (Other Information).....	4
(1) Changes in Important Subsidiaries during the Period	4
(2) Application of Specific Accounting Methods for Producing Quarterly Consolidated Financial Statements	4
(3) Changes to Accounting Policies, Changes to Accounting Estimates, Restatements	4
(4) Additional Information	4
3. Quarterly Consolidated Financial Statements.....	5
(1) Quarterly Consolidated Balance Sheets	5
(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income.....	7
(3) Quarterly Consolidated Statements of Cash Flows.....	9
(4) Notes Regarding the Premise of a Going Concern	11
(5) Segment Information.....	11
(6) Notes Regarding the Premise of a Notes for Cases in Which There Has Been Significant Fluctuation of Shareholders' Equity.....	12
(7) Important Subsequent Events.....	12

1. Results of Operations

(1) Qualitative Information Related to Consolidated Results of Operations

In fiscal 2011, the domestic Internet business market expanded to about ¥14 trillion, and it is expected to reach ¥15 trillion in 2012, and later ¥22 trillion in 2016 ^{*1}. In 2010, the Internet advertising market totaled ¥774.7 billion, and has grown to become the second-largest advertising medium, after TV advertising ^{*2}. Among future Internet business, based on blogs and SNSs (social networking services) that have newly emerged in recent years, segments such as rapidly spreading smartphone-related services and social games businesses are expected to expand. The social games market has rapidly expanded to ¥250 billion in 2011, 1.8 times compared to the previous year, and is expected to expand to ¥342.9 billion in 2012 ^{*3}.

Under such conditions, the Group has enriched the services for Internet media, especially Ameba, increased the number of social games, which are rapidly growing, and launched new businesses, including the development of services for mainly smartphones, with the purposes of reforming the comprehensive Internet business (former Internet advertising agency business) into a more profitable business.

As a result, the Group's operating results for this first consolidated fiscal quarter were as follows. Net sales reached ¥32,146 million (up 11.7% from ¥28,770 million in the same period of the previous year); operating income reached ¥4,915 million (up 38.1% from ¥3,558 million in the same period of the previous year); ordinary income reached ¥4,888 million (up 40.0% from ¥3,491 million in the same period of the previous year); and quarterly net income reached ¥2,054 million (up 39.7% from ¥1,470 million in the same period of the previous year).

Source: Nomura Research Institute, Ltd. ^{*1}, Dentsu Inc. ^{*2}, Yano Research Institute Ltd. ^{*3}

Performance of each business segment was as follows.

(a) Ameba business

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

Ameba's PV number for December 2011 was 32.8 billion PV (up 13.3 billion PV from 19.5 billion PV in the same month of the previous year), and subscribers exceeded 20 million and totaled 20.02 million (up 7.10 million from 12.92 million in the same month of the previous year).

In the current business year, advertising revenue and fees generated by Ameba Pigg increased, and as a result, net sales totaled ¥6,083 million (up 70.2% from ¥3,574 million in the same period of the previous year), and we recorded an operating income of ¥1,958 million (up 86.9% from an operating income of ¥1,047 million in the same period of the previous year).

(b) Media business

The media business includes CA Mobile, LTD. and social game businesses in our Group companies such as Cygames Inc., CyberX Co., Ltd., Sumzap, Inc. and GCREST, Inc.

In the current business year, due to factors such as steady expansion of our social games business, net sales totaled ¥9,512 million (up 6.2% from ¥8,955 million in the same period of the previous year), and we recorded an operating income of ¥909 million (up 0.8% from an operating income of ¥902 million in the same period of the previous year).

(c) Comprehensive Internet business

From the current business year, the organization is divided into Agency Unit, which engages in advertising agency businesses, and Internet Business Unit, which launches new businesses.

As for this business, we concentrated on the launch of new businesses by reshuffling personnel, recruiting more engineers, etc. As a result, net sales totaled ¥16,641 million (up 1.1% from ¥16,452 million in the same period of the previous year), and we recorded an operating income of ¥1,019 million (down 10.2% from ¥1,134 million in the same period of the previous year).

(d) FX business

The FX business includes foreign exchange margin trading in CyberAgent FX, Inc.

In the current business year, despite the effects of leverage regulations that came into effect

in August 2010, the number of account openings and deposit accounts increased steadily. As a result, net sales totaled ¥2,027 million (up 31.7% from ¥1,540 million in the same period of the previous year), and we recorded an operating income of ¥1,097 million (up 106.9% from an operating income of ¥ 530 million in the same period of the previous year).

(e) 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 such as China and Vietnam.

In the current business year, due to sales of shares, net sales totaled ¥53 million (up 163.8% from ¥20 million in the same period of the previous year), and we recorded an operating loss of ¥69 million (against an operating loss of ¥56 million for the same period of the previous year).

(2) Qualitative Information Related to Consolidated Financial Standing

(Financial standing)

At the end of the first quarter of this consolidated fiscal year, total assets stood at ¥111,791 million (up ¥102 million from the end of the previous fiscal year). This was mainly due to the fact that foreign exchange dealings cash segregated as deposits for customers increased, as a result of the balance on deposit assets in our FX business steadily increasing.

Liabilities totaled ¥74,799 million (up ¥1,788 million from the end of the previous fiscal year). This was mainly due to an increase in foreign exchange dealings deposits from customers in our FX business.

Net assets totaled ¥36,992 million (down ¥1,685 million from the end of the previous fiscal year). This was mainly due to the purchase of treasury stock and the fact that retained earnings decreased as a result of recording quarterly net income and cash dividends paid.

(Status of cash flow)

Cash and cash equivalents (hereafter 'funds') for the first quarter of this consolidated fiscal year decreased by ¥25 million from the end of the previous consolidated fiscal year, and totaled ¥18,083 million.

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

(Net cash provided by operating activities)

Net cash provided by operating activities totaled ¥2,957 million (net cash used in the same period of the previous year totaled ¥943 million). This was mainly due to income taxes paid and the fact that we recorded a profit.

(Net cash used in investing activities)

Net cash used in investing activities totaled ¥1,918 million (net cash used in the same period of the previous year totaled ¥975 million). This was mainly due to purchase of non-current assets.

(Net cash used in financing activities)

Net cash used in financing activities totaled ¥1,070 million (net cash provided in the same period of the previous year totaled ¥204 million). This was mainly due to cash dividends paid and purchase of treasury stock.

(3) Qualitative Information regarding the Consolidated Performance Forecast

No revisions have been made from the consolidated performance forecast announced on October 27, 2011.

2. Summary Information (Other Information)

(1) Changes in Important Subsidiaries during the Period

No applicable items.

(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

(Application of Accounting Standards for Earning per Share)

“Accounting Standard for Earnings Per Share” (ASBJ Statement No.2, June 30, 2010), “Guidance on Accounting Standard for Earnings Per Share” (ASBJ Guidance No.4, June 30, 2010) and “Practical measures regarding current net profit per share” (Report on practical measures, No. 9; June 30, 2010) are applied from first quarter of the current fiscal year. There is no effect on the net income per share and diluted net income per share in the consolidated first quarter of the previous year due to this.

(4) Additional Information

For accounting changes and error corrections carried out after the beginning of the first quarter of this fiscal year, the Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No.24, December 4, 2009) and the Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No.24, December 4, 2009) are applied.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Unit: ¥ million)

	FY2011 (As of September 30, 2011)	1Q of FY2012 (As of December 31, 2011)
Assets		
Current assets		
Cash and deposits	20,755	19,984
Accounts and notes receivable-trade	14,917	15,972
Inventories	184	273
Sales investment securities	3,069	3,060
Foreign exchange dealings cash segregated as deposits for customers	34,023	41,052
Foreign exchange dealings variation margin paid for customers	14,170	11,633
Other	10,346	4,428
Allowance for doubtful accounts	(53)	(44)
Total current assets	97,414	96,359
Non-current assets		
Property, plant and equipment	2,204	2,615
Intangible assets		
Goodwill	3,102	2,960
Other	3,452	4,270
Total intangible assets	6,555	7,230
Investments and other assets		
Other	5,591	5,674
Allowance for doubtful accounts	(77)	(88)
Total investments and other assets	5,514	5,585
Total non-current assets	14,274	15,431
Total assets	111,689	111,791

(Unit: ¥ million)

	FY2011 (As of September 30, 2011)	1Q of FY2012 (As of December 31, 2011)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	8,594	8,841
Short-term loans payable	220	220
Foreign exchange dealings deposits from customers	47,896	51,078
Income tax payable	4,353	1,889
Provision for point card certificates	409	440
Asset retirement obligations	6	6
Other	9,206	10,283
Total current liabilities	70,686	72,760
Non-current liabilities		
Bonds payable	300	300
Long-term loans payable	1,515	1,176
Asset retirement obligations	364	386
Other	139	171
Total non-current liabilities	2,319	2,033
Reserves under the special laws		
Reserve for financial products transaction liabilities	5	5
Total reserves under the special laws	5	5
Total liabilities	73,011	74,799
Net assets		
Shareholders' equity		
Capital stock	7,177	7,203
Capital surplus	5,512	5,405
Retained earnings	24,268	24,039
Treasury stock	—	(1,427)
Total shareholders' equity	36,958	35,220
Other Comprehensive Income		
Valuation difference on available-for-sale securities	76	59
Foreign currency translation adjustment	(183)	(181)
Total other comprehensive income	(107)	(122)
Subscription rights to shares	64	69
Minority interests	1,761	1,824
Total net assets	38,677	36,992
Total liabilities and net assets	111,689	111,791

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income
 Consolidated Quarterly Statements of Income
 (1Q consolidated cumulative accounting period)

(Unit: ¥ million)

	1Q of FY2011 (Oct. 1, 2010 to Dec. 31, 2010)	1Q of FY2012 (Oct. 1, 2011 to Dec. 31, 2011)
Net sales	28,770	32,146
Cost of sales	18,200	19,119
Gross profit	10,569	13,026
Selling, general and administrative expenses	7,010	8,110
Operating income	3,558	4,915
Non-operating income		
Interest income	3	6
Equity in earnings of affiliates	—	7
Other	23	27
Total non-operating income	26	41
Non-operating expenses		
Interest expenses	10	8
Equity in losses of affiliates	27	—
Consumption tax adjustments	33	29
Other	22	30
Total non-operating expenses	93	68
Ordinary income	3,491	4,888
Extraordinary income		
Gain on change in equity	—	25
Other	37	0
Total extraordinary gain	37	25
Extraordinary loss		
Impairment loss	139	94
Other	192	54
Total extraordinary loss	331	148
Income before income taxes and minority interests	3,197	4,766
Income taxes-current	1,219	1,939
Income taxes-deferred	440	710
Total income tax	1,659	2,649
Income before minority interests	1,538	2,116
Minority interests in net income	67	62
Net income	1,470	2,054

Consolidated Quarterly Statements of Comprehensive Income
(1Q consolidated cumulative accounting period)

(Unit: ¥ million)

	1Q of FY2011 (Oct. 1, 2010 to Dec. 31, 2010)	1Q of FY2012 (Oct. 1, 2011 to Dec. 31, 2011)
Income before minority interests	1,538	2,116
Other comprehensive income		
Valuation difference on available-for-sale securities	287	(15)
Foreign currency translation adjustment	(15)	13
Share of other comprehensive income of associates accounted for using equity method	(1)	(11)
Total other comprehensive income	270	(13)
Comprehensive income	1,808	2,103
(Comprehensive income attributable to)		
Owners of the parent	1,663	2,039
Minority interests	145	63

(3) Quarterly Consolidated Statements of Cash Flows

(Unit: ¥ million)

	1Q of FY2011 (Oct. 1, 2010 to Dec. 31, 2010)	1Q of FY2012 (Oct. 1, 2011 to Dec. 31, 2011)
Cash flow from operating activities		
Income before income taxes and minority interests	3,197	4,766
Depreciation	498	619
Amortization of goodwill	82	84
Increase (decrease) in allowance for doubtful accounts	(1)	2
Equity in (earnings) losses of affiliates	27	(7)
Decrease (increase) in notes and accounts receivable-trade	(2,117)	(1,065)
Decrease (increase) in investment securities for sale	4	0
Decrease (increase) in margin requirement for foreign exchange transactions	(700)	1,499
Net decrease (increase) in outstanding amount of foreign exchange transactions	174	1,087
Increase (decrease) in notes and accounts payable-trade	795	267
Increase (decrease) in accrued consumption taxes	(54)	(228)
Other, net	271	288
Sub-total	2,179	7,316
Interest and dividends income received	4	2
Interest expenses paid	(14)	(6)
Income taxes paid	(3,113)	(4,355)
Net cash provided by (used in) operating activities	(943)	2,957
Cash flow from investing activities		
Payments into time deposits	(255)	(235)
Proceeds from withdrawal of time deposits	250	205
Purchase of property, plant and equipment	(351)	(671)
Purchase of intangible assets	(594)	(1,271)
Proceeds from sales of investment securities	—	174
Payments for lease and guarantee deposits	(25)	(175)
Proceeds from collection of lease and guarantee deposits	114	38
Other, net	(113)	18
Net cash provided by (used in) operating activities	(975)	(1,918)
Cash flow from financing activities		
Net increase (decrease) in short-term loans payable	1,500	—
Proceeds from long-term loans payable	3,300	—
Repayment of long-term loans payable	(108)	(348)
Purchase of treasury stock	—	(1,999)
Proceeds from disposal of treasury stock	—	439
Proceeds from stock issuance to minority shareholders	76	105
Cash dividends paid	(1,437)	(2,288)
Payments made to trust account for purchase of treasury stock	(3,002)	—
Proceeds from trust account for purchase of treasury stock	—	3,002
Other, net	(124)	19
Net cash provided by (used in) financing activities	204	(1,070)

(Unit: ¥ million)

	1Q of FY2011 (Oct. 1, 2010 to Dec. 31, 2010)	1Q of FY2012 (Oct. 1, 2011 to Dec. 31, 2011)
Effect of exchange rate change on cash and cash equivalents	(20)	6
Net increase (decrease) in cash and cash equivalents	(1,734)	(25)
Cash and cash equivalents at beginning of period	20,134	18,108
Cash and cash equivalents at end of period	18,400	18,083

(4) Notes Regarding the Premise of a Going Concern
No applicable items.

(5) Segment Information

I. Previous 1Q consolidated cumulative accounting period (Oct. 1, 2010 to Dec. 31, 2010)

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	Media business	Comprehensive Internet business	FX	Investment development business	Subtotal		
Net Sales								
(1) Sales to external customers	2,538	8,507	16,163	1,540	20	28,770	—	28,770
(2) Intersegment internal sales or transferred amount	1,036	448	288	—	—	1,772	(1,772)	—
Total	3,574	8,955	16,452	1,540	20	30,542	(1,772)	28,770
Segment income (loss)	1,047	902	1,134	530	(56)	3,558	—	3,558

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 1Q consolidated cumulative accounting period (Oct. 1, 2011 to Dec. 31, 2011)

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	Media business	Comprehensive Internet business	FX	Investment development business	Subtotal		
Net Sales								
(1) Sales to external customers	4,709	9,229	16,125	2,027	53	32,146	—	32,146
(2) Intersegment internal sales or transferred amount	1,373	282	516	—	0	2,172	(2,172)	—
Total	6,083	9,512	16,641	2,027	53	34,318	(2,172)	32,146
Segment income (loss)	1,958	909	1,019	1,097	(69)	4,915	—	4,915

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

In the current business year, we changed our organizational structure and revised the distribution of managerial resources for creating new businesses, including the development of services for mainly smartphones, with the purpose of reforming the “Internet advertising agency business” into a more profitable one.

Through this reform, the “Internet advertising agency business” has been renamed the “comprehensive Internet business.” In addition, we revised business segmentation according to business situations, and some of the Ameba and media businesses were included in the comprehensive Internet business.

The operating income and profit for each business segment for the previous consolidated first quarter based on new business segmentation are written in “I. Previous 1Q consolidated cumulative accounting period (from Oct. 1, 2010 to Dec. 31, 2010).”

3. 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.

(6) Notes Regarding the Premise of a Notes 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.