



Financial Results for the 2nd Quarter of the Period Ending September 30, 2012 [Japanese Standards] (Consolidated)

April 26, 2012

Listed company name: CyberAgent, Inc. Listed stock exchange: TSE Mothers
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 Quarterly report submission date: April 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 2nd Quarter of the Period Ending September 30, 2012 (October 1, 2011 – March 31, 2012)

(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	%
2Q of FY2012	68,110	14.6	11,064	45.3	10,969	46.3	5,089	35.5
2Q of FY2011	59,451	30.2	7,613	58.1	7,499	54.4	3,756	22.7

(Note) Comprehensive Income: 2Q of FY 2012: 5,803 million yen (41.2 %) 2Q of FY 2011: 4,110 million yen (— %)

	Net income per share	Diluted net income per share
	¥	¥
2Q of FY2012	7,857.42	7,853.84
2Q of FY2011	5,794.35	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of Mar. 31, 2012	125,279	41,382	30.9
As of Sep. 30, 2011	111,689	38,677	33.0

(Reference) Equity capital: As of Mar. 31, 2012 ¥38,717 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	—	0.00	—	3,500.00	3,500.00
FY2012 (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, 2012 (October 1, 2011 – September 30, 2012)

(The percentages indicate the change from the previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	130,000	8.7	17,000	18.5	16,700	18.3	8,500	16.1	13,123.32

(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 to accounting policies, changes to accounting estimates, restatements:

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)	
2Q Sep. 2012 Period: 652,497	Sep. 2011 Period: 652,251
(2) Number of shares of treasury stock issued and outstanding	
2Q Sep. 2012 Period: 5,271	Sep. 2011 Period: —
(3) Average number of shares during the period (quarterly consolidated cumulative accounting period)	
2Q Sep. 2012 Period: 647,701	2Q 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.

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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 addition, the shipment volume of smartphones for fiscal 2011 was 23.4 million, 2.7 times larger than the shipment volume for the previous year, exceeding the majority of the total shipment volume of mobile phones, and it is estimated to reach 35.55 million, 83.4% of the total shipment volume in fiscal 2016^{*2}. Among future Internet business, based on blogs and SNSs (social networking services) that have newly emerged in recent years, segments such as 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 smartphone media, especially Ameba, and increased the number of social games. Also, the Group works toward reforming the comprehensive Internet business (former Internet advertising agency business).

As a result, the Group's operating results for this second consolidated fiscal quarter were as follows. Net sales reached ¥68,110 million (up 14.6% from ¥59,451 million in the same period of the previous year); operating income reached ¥11,064 million (up 45.3% from ¥7,613 million in the same period of the previous year); ordinary income reached ¥10,969 million (up 46.3% from ¥7,499 million in the same period of the previous year); and quarterly net income reached ¥5,089 million (up 35.5% from ¥3,756 million in the same period of the previous year).

Source: Nomura Research Institute, Ltd.^{*1}, MM Research Institute, Ltd.^{*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 March 2012 was 36.1 billion PV (up 13.7 billion PV from 22.4 billion PV in the same month of the previous year), and subscribers exceeded 20 million and totaled 22.02 million (up 7.27 million from 14.75 million in the same month of the previous year).

In the current business year, fees generated by Ameba Pigg and advertising revenue increased, and as a result, net sales totaled ¥12,704 million (up 68.9% from ¥7,522 million in the same period of the previous year), and we recorded an operating income of ¥3,975 million (up 61.1% from an operating income of ¥2,468 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., Grence, Inc., Applibot, Inc., CyberX Co., Ltd., and Sumzap, Inc.

In the current business year, due to factors such as steady expansion of our social games business, net sales totaled ¥21,735 million (up 22.7% from ¥17,714 million in the same period of the previous year), and we recorded an operating income of ¥3,104 million (up 86.5% from an operating income of ¥1,664 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 ¥34,235 million (down 0.5% from ¥34,402 million in the same period of the previous year), and we recorded an operating income of ¥2,127 million (down 8.1% from ¥2,314 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, the number of account openings and deposit accounts increased steadily. As a result, net sales totaled ¥4,026 million (up 22.8% from ¥3,280 million in the same period of the previous year), and we recorded an operating income of ¥1,997 million (up 69.6% from an operating income of ¥1,177 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.

In the current business year, due to sales of shares, net sales totaled ¥138 million (down 26.3% from ¥187 million in the same period of the previous year), and we recorded an operating loss of ¥140 million (an operating loss of ¥10 million for the same period of the previous year).

(2) Qualitative Information Related to Consolidated Financial Standing

(Financial standing)

At the end of the second quarter of this consolidated fiscal year, total assets stood at ¥125,279 million (up ¥13,590 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, and cash and deposits, and accounts and notes receivable-trade increased as a result of healthy sales activities.

Liabilities totaled ¥83,896 million (up ¥10,885 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 ¥41,382 million (up ¥2,705 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.

(Status of cash flow)

Cash and cash equivalents (hereafter 'funds') for the second quarter of this consolidated fiscal year increased by ¥3,385 million from the end of the previous consolidated fiscal year, and totaled ¥21,494 million.

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

(Net cash provided by operating activities)

Net cash provided by operating activities totaled ¥8,781 million (net cash provided by the same period of the previous year totaled ¥3,353 million). This was mainly due to the fact that we recorded a profit.

(Net cash used in investing activities)

Net cash used in investing activities totaled ¥4,546 million (net cash used in the same period of the previous year totaled ¥2,455 million). This was mainly due to purchase of non-current assets.

(Net cash used in financing activities)

Net cash used in financing activities totaled ¥950 million (net cash used in the same period of the previous year totaled ¥1,684 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.

In the calculation of quarterly net income per share fully diluted, we adopted the method of including the amount related to the services to be offered to the company in the fair value of stock options under the assumption that the stock options that become available after a certain period of employment.

In the case where these accounting standards, etc. are not used, the quarterly net income per share fully diluted for the previous consolidated first and second quarters is 5,793.47 yen.

(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)	2Q of FY2012 (As of March 31, 2012)
Assets		
Current assets		
Cash and deposits	20,755	24,328
Accounts and notes receivable-trade	*2 14,917	*2 19,679
Inventories	*1 184	*1 208
Sales investment securities	3,069	3,338
Foreign exchange dealings cash segregated as deposits for customers	34,023	47,304
Foreign exchange dealings variation margin paid for customers	14,170	7,856
Other	10,346	5,180
Allowance for doubtful accounts	(53)	(46)
Total current assets	97,414	107,849
Non-current assets		
Property, plant and equipment	2,204	3,183
Intangible assets		
Goodwill	3,102	3,183
Other	3,452	5,034
Total intangible assets	6,555	8,217
Investments and other assets		
Other	5,591	6,112
Allowance for doubtful accounts	(77)	(83)
Total investments and other assets	5,514	6,029
Total non-current assets	14,274	17,430
Total assets	111,689	125,279

(Unit: ¥ million)

	FY2011 (As of September 30, 2011)	2Q of FY2012 (As of March 31, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	8,594	10,616
Short-term loans payable	220	220
Foreign exchange dealings deposits from customers	47,896	53,938
Income tax payable	4,353	4,347
Provision for point card certificates	409	454
Asset retirement obligations	6	—
Other	9,206	12,526
Total current liabilities	70,686	82,104
Non-current liabilities		
Bonds payable	300	200
Long-term loans payable	1,515	951
Asset retirement obligations	364	454
Other	139	181
Total non-current liabilities	2,319	1,787
Reserves under the special laws		
Reserve for financial products transaction liabilities	5	4
Total reserves under the special laws	5	4
Total liabilities	73,011	83,896
Net assets		
Shareholders' equity		
Capital stock	7,177	7,203
Capital surplus	5,512	5,405
Retained earnings	24,268	27,074
Treasury stock	—	(1,427)
Total shareholders' equity	36,958	38,255
Other Comprehensive Income		
Valuation difference on available-for-sale securities	76	525
Foreign currency translation adjustment	(183)	(63)
Total other comprehensive income	(107)	462
Subscription rights to shares	64	90
Minority interests	1,761	2,574
Total net assets	38,677	41,382
Total liabilities and net assets	111,689	125,279

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

(Unit: ¥ million)

	2Q of FY2011 (Oct. 1, 2010 to Mar. 31, 2011)	2Q of FY2012 (Oct. 1, 2011 to Mar. 31, 2012)
Net sales	59,451	68,110
Cost of sales	37,596	39,401
Gross profit	21,854	28,708
Selling, general and administrative expenses	*1 14,240	*1 17,643
Operating income	7,613	11,064
Non-operating income		
Interest income	16	18
Foreign exchange gains	—	32
Other	52	53
Total non-operating income	68	104
Non-operating expenses		
Interest expenses	23	17
Equity in losses of affiliates	71	62
Consumption tax adjustments	56	64
Other	31	55
Total non-operating expenses	183	200
Ordinary income	7,499	10,969
Extraordinary income		
Gain on sales of investment securities	197	0
Gain on sales of subsidiaries and affiliates' stocks	22	52
Gain on change in equity	—	25
Other	25	15
Total extraordinary gain	245	93
Extraordinary loss		
Impairment loss	324	561
Other	441	341
Total extraordinary loss	766	902
Income before income taxes and minority interests	6,977	10,160
Income taxes-current	2,708	4,388
Income taxes-deferred	347	535
Total income tax	3,055	4,924
Income before minority interests	3,922	5,236
Minority interests in net income	165	146
Net income	3,756	5,089

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

(Unit: ¥ million)

	2Q of FY2011 (Oct. 1, 2010 to Mar. 31, 2011)	2Q of FY2012 (Oct. 1, 2011 to Mar. 31, 2012)
Income before minority interests	3,922	5,236
Other comprehensive income		
Valuation difference on available-for-sale securities	192	441
Foreign currency translation adjustment	(1)	73
Share of other comprehensive income of associates accounted for using equity method	(2)	51
Total other comprehensive income	188	567
Comprehensive income	4,110	5,803
(Comprehensive income attributable to)		
Owners of the parent	3,885	5,658
Minority interests	225	145

(3) Quarterly Consolidated Statements of Cash Flows

(Unit: ¥ million)

	2Q of FY2011 (Oct. 1, 2010 to Mar. 31, 2011)	2Q of FY2012 (Oct. 1, 2011 to Mar. 31, 2012)
Cash flow from operating activities		
Income before income taxes and minority interests	6,977	10,160
Depreciation	1,063	1,374
Amortization of goodwill	155	179
Impairment loss	324	561
Increase (decrease) in allowance for doubtful accounts	(1)	(1)
Equity in (earnings) losses of affiliates	71	62
Decrease (increase) in notes and accounts receivable-trade	(1,393)	(4,750)
Decrease (increase) in investment securities for sale	(485)	(168)
Decrease (increase) in margin requirement for foreign exchange transactions	(1,600)	1,499
Net decrease (increase) in outstanding amount of foreign exchange transactions	(757)	304
Increase (decrease) in notes and accounts payable-trade	1,321	2,009
Increase (decrease) in accounts payable-other	504	809
Increase (decrease) in accrued consumption taxes	3	(227)
Other, net	262	1,298
Sub-total	6,444	13,112
Interest and dividends income received	17	33
Interest expenses paid	(25)	(14)
Income taxes paid	(3,082)	(4,349)
Net cash provided by (used in) operating activities	3,353	8,781
Cash flow from investing activities		
Payments into time deposits	(1,055)	(435)
Proceeds from withdrawal of time deposits	350	405
Purchase of property, plant and equipment	(639)	(1,391)
Purchase of intangible assets	(1,161)	(3,031)
Proceeds from sales of investment securities	236	179
Payments for lease and guarantee deposits	(155)	(306)
Proceeds from collection of lease and guarantee deposits	114	47
Other, net	(145)	(11)
Net cash provided by (used in) operating activities	(2,455)	(4,546)
Cash flow from financing activities		
Proceeds from long-term loans payable	3,300	—
Repayment of long-term loans payable	(456)	(709)
Redemption of bonds	(100)	(100)
Purchase of treasury stock	—	(1,999)
Proceeds from disposal of treasury stock	—	439
Cash dividends paid	(1,426)	(2,275)
Proceeds from stock issuance to minority shareholders	125	677
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	(125)	15
Net cash provided by (used in) financing activities	(1,684)	(950)

(Unit: ¥ million)

	2Q of FY2011 (Oct. 1, 2010 to Mar. 31, 2011)	2Q of FY2012 (Oct. 1, 2011 to Mar. 31, 2012)
Effect of exchange rate change on cash and cash equivalents	3	100
Net increase (decrease) in cash and cash equivalents	(783)	3,385
Cash and cash equivalents at beginning of period	20,134	18,108
Cash and cash equivalents at end of period	*1 19,350	*1 21,494

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

(5) Segment Information

I. Previous 2Q consolidated cumulative accounting period (Oct. 1, 2010 to Mar. 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	5,284	16,890	33,808	3,280	187	59,451	—	59,451
(2) Intersegment internal sales or transferred amount	2,238	823	593	—	0	3,656	(3,656)	—
Total	7,522	17,714	34,402	3,280	187	63,107	(3,656)	59,451
Segment income (loss)	2,468	1,664	2,314	1,177	(10)	7,613	—	7,613

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 2Q consolidated cumulative accounting period (Oct. 1, 2011 to Mar. 31, 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	Media business	Comprehensive Internet business	FX	Investment development business	Subtotal		
Net Sales								
(1) Sales to external customers	9,753	21,153	33,038	4,026	138	68,110	—	68,110
(2) Intersegment internal sales or transferred amount	2,950	581	1,197	—	—	4,730	(4,730)	—
Total	12,704	21,735	34,235	4,026	138	72,840	(4,730)	68,110
Segment income (loss)	3,975	3,104	2,127	1,997	(140)	11,064	—	11,064

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 2Q consolidated cumulative accounting period (from Oct. 1, 2010 to Mar. 31, 2011).”

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.