

Business Results for the First Quarter of Fiscal Year Ending March 31, 2012

AQ INTERACTIVE INC.
(Securities Code: 3838 / TSE2)
August 24, 2011



Q1 FY3/12 Business Results Summary



Net Sales

- Consumer Game Division posts quarter-on-quarter growth, sees profit recovery
- Network Content Division continues sales growth, serves as Company profit driver

Operating Income

- The Consumer Game Division's profit recovery and Network Content Division's continued profitability leads to overall profit growth

Consolidated (¥ million)	FY3/11 Actual					FY3/12 Forecast					
	Q1	Q2	Q3	Q4	FY	Q1 (Actual)	% Progress to 1H Fcst	1H (Fcst)	2H (Fcst)	FY (Fcst)	YoY Change
Net Sales	1,596	2,001	1,861	1,779	7,239	1,738	56.4%	3,080	4,720	7,800	7.7%
Gross Profit	898	1,107	662	975	3,644	986	-	-	-	-	-
SG&A Expenses	654	612	538	767	2,573	710	-	-	-	-	-
Operating Income	244	495	123	207	1,070	276	78.9%	350	650	1,000	-6.5%
Ordinary Income	221	475	123	220	1,041	271	77.4%	350	650	1,000	-3.9%
Extraordinary Income	3	0	0	238	241	-	-	-	-	-	-
Extraordinary Loss	71	157	-	34	263	-	-	-	-	-	-
Net Income	84	152	78	221	537	151	75.5%	200	380	580	8.0%

【Sales-to-Income Ratio】

Net Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	100.0%	100.0%	100.0%
Gross Profit	56.3%	55.3%	35.6%	54.8%	50.3%	56.7%	-	-	-	-
SG&A Expenses	41.0%	30.6%	28.9%	43.1%	35.5%	40.9%	-	-	-	-
Operating Income	15.3%	24.7%	6.6%	11.6%	14.8%	15.9%	-	11.4%	13.8%	12.8%
Ordinary Income	13.8%	23.7%	6.6%	12.4%	14.4%	15.6%	-	11.4%	13.8%	12.8%
Net Income	5.3%	7.6%	4.2%	12.4%	7.4%	8.7%	-	6.5%	8.1%	7.4%

FY3/12 Performance Trends by Segment



By Segment (¥ million)	FY3/11 Actual					FY3/12 Forecast					
	Q1	Q2	Q3	Q4	FY	Q1 (Actual)	% Progress to 1H Fcst	1H (Fcst)	2H (Fcst)	FY (Fcst)	YoY Change
Net Sales	1,596	2,001	1,861	1,779	7,239	1,738	56.4%	3,080	4,720	7,800	7.7%
Consumer Game Business	776	818	835	826	3,255	1,113	65.5%	1,700	3,000	4,700	437.1%
Network Content Business	404	659	645	749	2,457	526	59.8%	880	1,260	2,140	-47.3%
Arcade Game Business	416	523	380	207	1,526	98	19.6%	500	460	960	-37.1%
Operating Income	244	495	123	207	1,070	276	78.9%	350	650	1,000	-6.5%
Consumer Game Business	473	449	341	414	1677	396	74.4%	532	612	1,144	253.1%
Network Content Business	▲ 121	86	▲ 67	▲ 13	▲ 115	51	60.0%	85	246	331	-350.8%
Arcade Game Business	47	106	0	29	182	0	-	87	70	157	-13.7%
Adjustments	▲ 155	▲ 147	▲ 150	▲ 221	▲ 673	▲ 171	48.3%	▲ 354	▲ 278	▲ 632	-
Operating Margin	15.3%	24.7%	6.6%	11.6%	14.8%	15.9%	-	11.4%	13.8%	12.8%	
Consumer Game Business	61.0%	54.9%	40.8%	50.1%	51.5%	35.6%	-	31.3%	20.4%	24.3%	
Network Content Business	-	13.1%	-	-	-	9.7%	-	9.7%	19.5%	15.5%	
Arcade Game Business	11.3%	20.3%	-	14.0%	11.9%	0.0%	-	17.4%	15.2%	16.4%	

FY3/12 Performance Trends by Segment (Network Content Business)



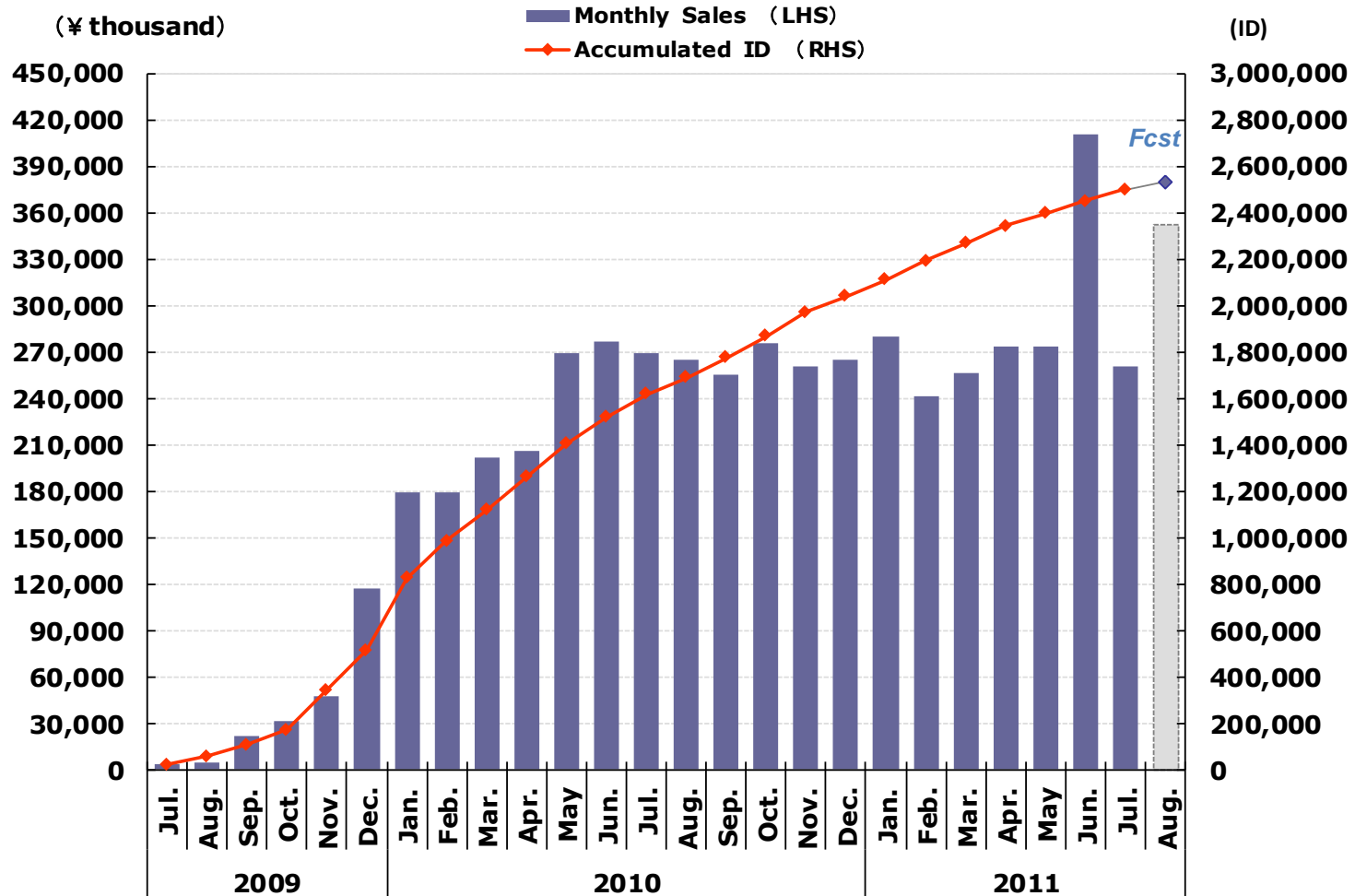
- ▣ Sales of “Browser Sangokushi (Romance of the Three Kingdoms)” continues to perform well
Sales of “Browser Puroyakyu (Pro Baseball)” also performs well; projected to make significant contribution to earnings after Q2
- ▣ New title startup cost (¥43 million); amortization of unprofitable titles (¥94 million)
- ▣ Initiated development of smartphone games, to be offered through Mobage open application platform
- ▣ Changes in profit structure; increase in platform usage fees for full business year

Network Content (¥ million)	FY3/11 Actual					FY3/12					
	Q1	Q2	Q3	Q4	FY	Q1 (Actual)	% Progress to 1H Fcst	1H (Fcst)	2H (Fcst)	FY (Fcst)	YoY Change
Net Sales	776	818	835	826	3,255	1,113	65.5%	1,700	3,000	4,700	44.4%
Operating Income	473	449	341	414	1,677	396	74.4%	532	612	1,144	-31.8%

Sales Trend of "Browser Sangokushi (Romance of the Three Kingdoms)"



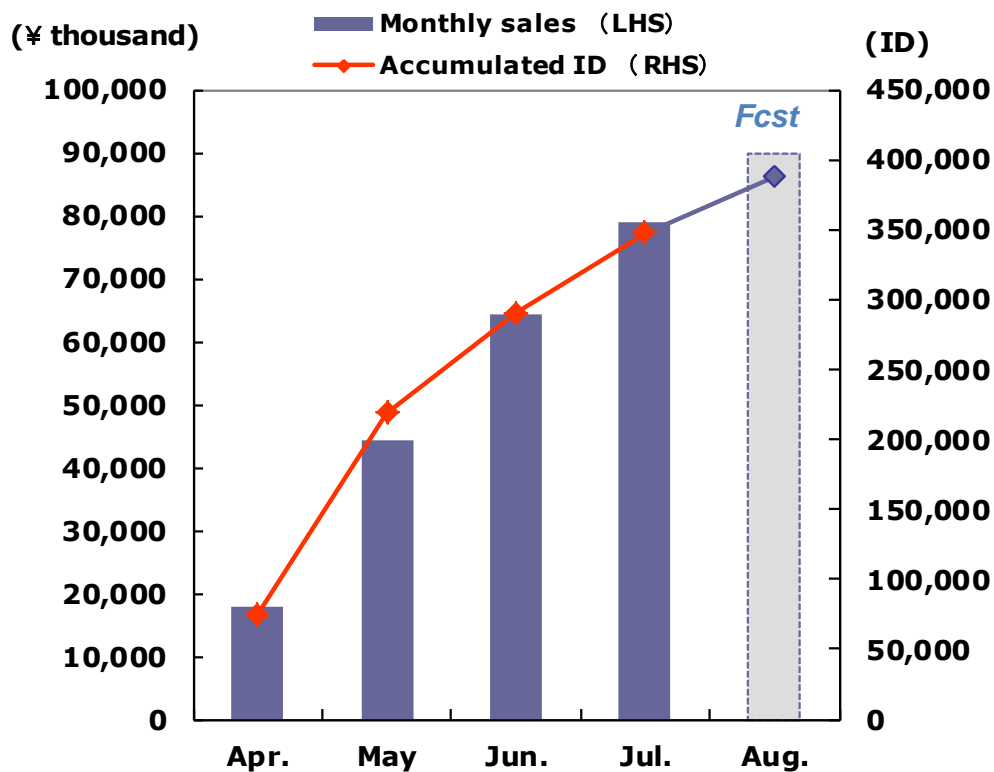
Continues to perform well due to periodic addition of new upgrades, holding of promotional events



Sales Trend of "Browser Puroyakyu (Pro Baseball)"



Both net sales and player ID continue to perform well following the start of new pro baseball season in April



FY3/12 Performance Trends by Segment (Consumer Game Business)



- Proprietary Sales: Launched Nintendo 3DS software “Cubic Ninja” and “Animal Resort –Dobutsu-en wo tsukuro!!”—games codeveloped with Marvelous Entertainment, Inc.
- Commissioned Development: Development projects commissioned from major publisher continues to perform well

Consumer Game (¥ million)	FY3/11 Actual					FY3/12					
	Q1	Q2	Q3	Q4	FY	Q1 (Actual)	% Progress to 1H Fcst	1H (Fcst)	2H (Fcst)	FY (Fcst)	YoY Change
Net Sales	404	659	645	749	2,457	526	59.8%	880	1,260	2,140	-12.9%
Operating Income	▲ 121	86	▲ 67	▲ 13	▲ 115	51	60.0%	85	246	331	-

FY3/12 Performance Trends by Segment (Arcade Game Business)



- A consolidated subsidiary until FY3/11, MICRO CABIN, INC. has since become a nonconsolidated subsidiary
- Release of "Pokemon Battario Ser. V-01" pack postponed from Q1 to Q2

Arcade Game (¥ million)	FY3/11 Actual					FY3/12					
	Q1	Q2	Q3	Q4	FY	Q1 (Actual)	% Progress to 1H Fcst	1H (Fcst)	2H (Fcst)	FY (Fcst)	YoY Change
Net Sales	416	523	380	207	1,526	98	19.6%	500	460	960	-37.1%
Operating Income	47	106	0	29	182	▲ 0	-	87	70	157	-13.7%

Q1 FY3/12 Consolidated Balance Sheets (Assets)



Term End (¥ million)	FY3/11	FY3/12 Q1	Change (Amount)	FY3/11 Q1
Current Assets	7,231	6,569	▲ 662	6,009
Cash and Deposits	3,401	2,689	▲ 712	3,099
Accounts Receivable-trade	1,133	1,103	▲ 30	1,291
Inventories	550	499	▲ 51	1,069
Other	2,147	2,278	131	550
Noncurrent Assets	1,003	1,123	120	1,361
Property, Plant and Equipment	216	197	▲ 19	578
Intangible Assets	166	207	41	514
Investments and Other Assets	619	717	98	269
Total Assets	8,235	7,692	▲ 543	7,371

- ❑ Cash and Deposits: Dividend payment of ¥152 million; corporate and other income taxes payment of ¥439 million
- ❑ Other: ¥103 million increase in acquisition of marketable securities
- ❑ Investments and Other Assets: ¥99 million increase in investment securities

Q1 FY3/12 Consolidated Balance Sheets (Liabilities and Net Assets)



Term End (¥ million)	FY3/11	FY3/12 Q1	Change (Amount)	FY3/11 Q1
Current Liabilities	1,320	822	▲ 498	739
Accounts Payable-trade	245	210	▲ 35	169
Short-term Loans Payable and Others	74	72	▲ 2	179
Other	1,000	540	▲ 460	391
Noncurrent Liabilities	35	35	0	201
Bonds and Long-term Loans Payable	-	-	-	126
Other	35	35	0	75
Net Assets	6,878	6,833	▲ 45	6,429
Shareholders' Equity	6,907	6,857	▲ 50	6,449
Valuation and Translation Adjustments	▲ 29	▲ 24	5	▲ 25
Minority Interests	-	-	-	5
Total Liabilities and Net Assets	8,235	7,692	▲ 543	7,371

- Current Liabilities/Other: ¥332 million decrease in accrued income taxes
- Net Assets: Dividend payment of ¥201 million; ¥151 million in net income for April-June quarter

Q1 FY3/12 Consolidated Cash Flows



(¥ million)	FY3/11 Q1	FY3/12 Q1
Cash Flows from Operating Activities	779	▲ 238
Cash Flows from Investing Activities	▲ 80	▲ 318
Cash Flows from Financing Activities	▲ 178	▲ 151
Cash and Cash Equivalents, Beginning of Term	2,483	2,401
Cash and Cash Equivalents, End of Term	2,999	1,689
Cash and Deposits + Marketable Securities + Investment Securities	3,303	5,184

- Cash flows from operating activities: Income before income taxes of ¥271 million; income tax paid of ¥439 million
- Cash flows from investment activities: ¥202 million increase in investment securities
- Cash flows from financing activities: Dividend payment of ¥152 million

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