

Business Results for the Fiscal Year Ended March 31, 2011

AQ INTERACTIVE INC.
(TSE2 Securities Code: 3838)
May 18, 2011



- P.3 Summary of FY3/11 Consolidated Business Results
- P.12 Consolidated Financial Forecast for FY3/12
- P.19 Launch of Marvelous AQL, Inc.

Summary of FY3/11 Consolidated Business Results



Summary of FY3/11 Consolidated Business Results (Versus FY3/10)



Net Sales

- Consumer Game and Arcade Game Businesses post declines
- Total sales reached last year's level due to Network Content Business's growth

Operating Income

- Driven by Network Content Business's earnings, recorded significant improvement

Net Income

- One-time profit boost due to sales of MICRO CABIN INC. shares (¥236 million)
- One-time loss due to cancellation of title development project (¥157 million); special retirement payout (¥66 million); lump-sum amortization of goodwill (¥34 million)

Consolidated (¥ million)	FY3/10 Actual					FY3/11 Actual					
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	YoY Change
Net Sales	764	2,143	1,461	2,829	7,197	1,596	2,001	1,861	1,779	7,239	0.6%
Gross Profit	47	691	465	1,383	2,586	898	1,107	662	975	3,644	40.9%
SG&A Expenses	640	635	597	655	2,527	654	612	538	767	2,573	1.8%
Operating Income	▲ 593	55	▲ 132	728	58	244	495	123	207	1,070	1744.8%
Ordinary Income	▲ 594	41	▲ 124	740	63	221	475	123	220	1,041	1552.4%
Extraordinary Income	-	-	18	47	65	3	0	0	238	241	270.8%
Extraordinary Loss	8	44	3	1	56	71	157	-	34	263	369.6%
Net Income	▲ 555	141	▲ 353	825	58	84	152	78	221	537	825.9%

【Sales-to-Income Ratio】

Net Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Gross Profit	6.2%	32.2%	31.8%	48.9%	35.9%	56.3%	55.3%	35.6%	54.8%	50.3%
SG&A Expenses	83.8%	29.6%	40.9%	23.2%	35.1%	41.0%	30.6%	28.9%	43.1%	35.5%
Operating Income	-77.6%	2.6%	-9.0%	25.7%	0.8%	15.3%	24.7%	6.6%	11.6%	14.8%
Ordinary Income	-77.7%	1.9%	-8.5%	26.2%	0.9%	13.8%	23.7%	6.6%	12.4%	14.4%
Net Income	-72.6%	6.6%	-24.2%	29.2%	0.8%	5.3%	7.6%	4.2%	12.4%	7.4%

Summary of FY3/11 Consolidated Business Results (Versus Forecast)



Net Sales

- Modest gain on a full-year basis due to better-than-projected Q4 sales

Operating Income

- While SG&A expenses grew at same clip as net sales, the result was that operating income essentially reached our projected figure

Net Income

- While both larger-than-expected one-time earnings and losses were posted, net profit was basically in line with our forecast

Consolidated (¥ million)	FY3/11 Forecast as of Feb.17, 2011		FY3/11 Actual			
	Q4	FY	Q4	vs Forecast	FY	vs Forecast
Net Sales	1,500	6,959	1,779	18.6%	7,239	4.0%
Gross Profit	832	3,500	975	17.2%	3,644	4.1%
SG&A Expenses	645	2,450	767	18.9%	2,573	5.0%
Operating Income	188	1,050	207	10.1%	1,070	1.9%
Ordinary Income	180	1,000	220	22.2%	1,041	4.1%
Extraordinary Income	-	-	238	-	241	-
Extraordinary Loss	-	-	34	-	263	-
Net Income	184	500	221	20.1%	537	7.4%

【Sales-to-Income Ratio】

Net Sales	100.0%	100.0%	100.0%	-	100.0%	-
Gross Profit	55.5%	50.3%	54.8%	-0.7%	50.3%	0.0%
SG&A Expenses	43.0%	35.2%	43.1%	0.1%	35.5%	0.3%
Operating Income	12.5%	15.1%	11.6%	-0.9%	14.8%	-0.3%
Ordinary Income	12.0%	14.4%	12.4%	0.4%	14.4%	0.0%
Net Income	12.3%	7.2%	12.4%	0.2%	7.4%	0.2%

FY3/11 Business Overview by Segment (Versus FY3/10)



Consumer Game Business

- Facilitated structural reforms through voluntary retirement and other initiatives
- Losses from amortized development costs for future titles (¥406 million) and posted provision for bad debt linked to U.S. subsidiary (¥81 million)

Network Content Business

- Popularity of *Browser Sangokushi* (Romance of the Three Kingdoms) game exceed expectations, contributing significantly to profit

Arcade Game Business

- Operational integration of division upgraded through divestiture of subsidiary (now concentrated on *Pokemon* business)

By Segment (¥ million)	FY3/10 Actual					FY3/11 Actual					
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	YoY chg
Net Sales	764	2,143	1,461	2,829	7,197	1,596	2,001	1,861	1,779	7,239	0.6%
Consumer Game Business	366	1,382	760	1,548	4,057	404	659	645	749	2,457	-39.4%
Network Content Business	4	33	185	653	875	776	818	835	826	3,255	272.0%
Arcade Game Business	393	727	516	629	2,265	416	523	380	207	1,526	-32.6%
Operating Income	▲ 593	55	▲ 132	728	58	244	495	123	207	1,070	1744.8%
Consumer Game Business	▲ 344	▲ 56	▲ 40	308	▲ 132	▲ 121	86	▲ 67	▲ 13	▲ 115	-
Network Content Business	▲ 37	▲ 39	18	382	324	473	449	341	414	1,677	417.6%
Arcade Game Business	▲ 88	263	50	149	374	47	106	0	29	182	-51.3%
Eliminations	▲ 122	▲ 111	▲ 143	▲ 132	▲ 508	▲ 155	▲ 147	▲ 150	▲ 221	▲ 673	-
Operating Margin	-77.6%	2.6%	-9.0%	25.7%	0.8%	15.3%	24.7%	6.6%	11.6%	14.8%	
Consumer Game Business	-94.0%	-4.1%	-5.3%	19.9%	-3.3%	-30.0%	13.1%	-10.4%	-1.7%	-4.7%	
Network Content Business	-925.0%	-118.2%	9.7%	58.5%	37.0%	61.0%	54.9%	40.8%	50.1%	51.5%	
Arcade Game Business	-22.4%	36.2%	9.7%	23.7%	16.5%	11.3%	20.3%	0.0%	14.0%	11.9%	

FY3/11 Business Overview by Segment (Versus Forecast)



Consumer Game Business

- New project orders in Q4 helped to reduce loss

Network Content Business

- *Browser Sangokushi* game continued to fare well

Arcade Game Business

- *Pokemon Battrio* also continued to put in a solid performance

By Segment (¥ million)	FY3/11 Forecast as of Feb 17, 2011		FY3/11 Actual			
	Q4	FY	Q4	vs Forecast	FY	vs Forecast
Net Sales	1,500	6,959	1,779	18.6%	7,239	4.0%
Consumer Game Business	650	2,359	749	15.2%	2,457	4.2%
Network Content Business	700	3,130	826	18.0%	3,255	4.0%
Arcade Game Business	150	1,470	207	38.0%	1,526	3.8%
Operating Income	188	1,050	207	10.1%	1,070	1.9%
Consumer Game Business	▲ 40	▲ 142	▲ 13	-	▲ 115	-
Network Content Business	380	1,643	414	8.9%	1,677	2.1%
Arcade Game Business	0	153	29	-	182	19.0%
Eliminations	▲ 152	▲ 604	▲ 221	-	▲ 673	-
Operating Margin	12.5%	15.1%	11.6%	-0.9%	14.8%	-0.3%
Consumer Game Business	-6.2%	-6.0%	-1.7%	4.4%	-4.7%	1.3%
Network Content Business	54.3%	52.5%	50.1%	-4.2%	51.5%	-1.0%
Arcade Game Business	0.0%	10.4%	14.0%	14.0%	11.9%	1.5%

Actual Costs, One-Time Income and Losses

(¥ million)	FY3/10 Actual	FY3/11 Actual
R&D / Content Production Costs	608	458
Capex	346	220
Depreciation	406	385
Advertising Expenses	336	116

(¥ million)	FY3/10 Actual	FY3/11 Actual
Extraordinary Income	65	241
Gain on sales of noncurrent assets	-	3
Surrender value of insurance	65	-
Gain on sales of subsidiaries and affiliates	-	236
Gain on sales of investment securities	-	1
Extraordinary Loss	56	263
Loss on sales and retirement of noncurrent assets	8	0
Loss on cancellation of development	16	157
Head office transfer cost	31	-
Amortization of goodwill	-	34
Extra retirement payment	-	66
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	3

Summary of FY3/11 Consolidated Balance Sheets (Assets)

(¥ million)	31-Mar-10	31-Mar-11	YoY Change
Current Assets	6,377	7,231	854
Cash and deposits	2,582	3,401	819
Accounts receivable-trade	2,141	1,133	▲ 1,008
Inventories	1,058	550	▲ 508
Other	596	2,147	1,551
Noncurrent Assets	1,403	1,003	▲ 400
Property, plant and equipment	583	216	▲ 367
Intangible assets	513	166	▲ 347
Investments and other assets	307	619	312
Total Assets	7,780	8,235	455

- Notes and account receivables: Decrease due to sales surge generated at the end of FY3/10 (CG Business ¥1,305 at FY3/10's end declined to ¥536 million at FY3/11's end; AG Business declined from ¥557 million to ¥248 million in same period)
- Inventory: Cancelled titles under development (a ¥149 million decrease); others amortized (a ¥330 million decrease)
- Other: ¥1,874 million from acquisition of investment securities (corporate bonds) and others
- Tangible fixed assets: AQI consolidated group divests subsidiary (real estate assets fell by ¥136 million; facility assets fell by ¥127 million)
- Intangible fixed assets: Goodwill amortization (decrease of ¥175 million); software suspense account (¥146 million decline)

Summary of FY3/11 Consolidated Balance Sheets (Liabilities and Net Assets)



(¥ million)	31-Mar-10	31-Mar-11	YoY Change
Current Liabilities	1,186	1,320	134
Accounts payable-trade	388	245	▲ 143
Short-term loans payable and others	318	74	▲ 244
Other	479	1,000	521
Noncurrent Liabilities	169	35	▲ 134
Bonds and long-term loans payable	129	-	▲ 129
Other	40	35	▲ 5
Net Assets	6,424	6,878	454
Shareholders' equity	6,438	6,907	469
Valuation and translation adjustments	▲ 20	▲ 29	▲ 9
Minority interests	7	-	7
Total Liabilities and Net Assets	7,780	8,235	455

- ▣ Account payables: Decrease in materials costs for arcade center-use chassis (fell by ¥78 million)
- ▣ Short-term borrowings: Subsidiary removed from consolidated balance sheets (declined ¥100 million); XSEED debt repayment (fell by ¥128 million)
- ▣ Other: Increase in income taxes payable (up ¥420 million); consumption tax payable (up ¥45 million)
- ▣ Fixed liabilities: Removal of subsidiary (fell ¥50 million in corporate bonds; long-term borrowings fell ¥79 million; and retirement benefits declined by ¥40 million)

FY3/11 Consolidated Cash Flows

(¥ million)	FY3/10	FY3/11	YoY Change
Cash Flows from Operating Activities	▲ 193	2,904	3,097
(Major Items)			
Depreciation and amortization	342	306	▲ 36
Amortization of goodwill	63	79	16
Loss on cancellation of development	16	157	141
Decrease (increase) in notes and accounts receivable-trade	▲ 999	928	1,927
Decrease (increase) in inventories	373	337	▲ 36
Increase (decrease) in notes and accounts payable-trade	3	▲ 138	▲ 141
Cash Flows from Investing Activities	▲ 598	▲ 2,762	▲ 2,164
Cash Flows from Financing Activities	104	▲ 216	▲ 320
Cash and Cash Equivalents, Beginning of Term	3,187	2,483	▲ 704
Cash and Cash Equivalents, End of Term	2,483	2,401	▲ 82

- Cash flows from operating activities: Showed a dramatic year-on-year recovery from income before taxes (¥1,019 million); reduced trade receivables (¥928 million)
- Cash flows from investing activities: Outlay attributed to increases in fixed deposits and investment securities (corporate bonds)
- Cash flows from financing activities: Outlay attributed to decline in short-term borrowings and dividend payments

Consolidated Financial Forecast for FY3/12



Summary of Consolidated Financial Forecast for FY3/12



(¥ million)	FY3/11 Actual			FY3/12 Forecast			
	1H	2H	FY	1H	2H	FY	YoY chg
Net Sales	3,598	3,640	7,239	3,080	4,720	7,800	7.7%
Operating Income	739	331	1,070	350	650	1,000	-6.6%
Ordinary Income	696	344	1,041	350	650	1,000	-3.9%
Net Income	237	300	537	200	380	580	7.9%
DPS (¥)	0	3,700	3,700	1,200	TBD	TBD	-

* Given the uncertainties created from the planned mergers with Marvelous Entertainment, Inc. as well as Liveware, Inc., the financial forecast presented here is based on the scenario that the Company will operate as is and thus does not incorporate the potential impact or effect from the merger.

** The term-end dividend payment for FY3/12 will be announced at a later date.

Financial Forecast for FY3/12 by Segment



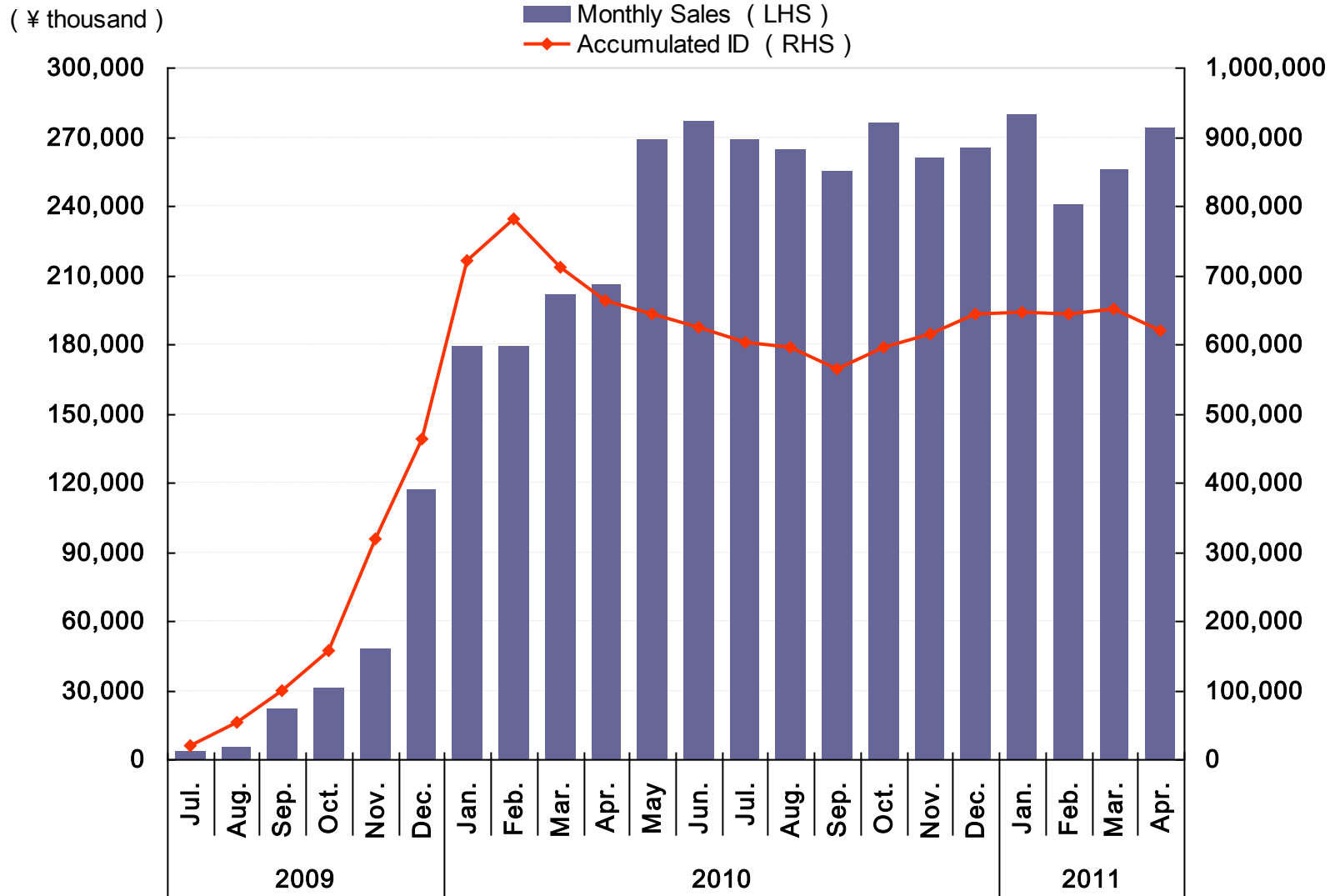
By Segment (¥ million)	FY3/11 Actual			FY3/12 Forecast			
	1H	2H	FY	1H	2H	FY	YoY Change
Net Sales	3,598	3,640	7,239	3,080	4,720	7,800	7.7%
Consumer Game Business	1,063	1,394	2,457	880	1,260	2,140	-12.9%
Network Content Business	1,594	1,661	3,255	1,700	3,000	4,700	44.4%
Arcade Game Business	939	587	1,526	500	460	960	-37.1%
Operating Income	739	331	1,070	350	650	1,000	-6.6%
Consumer Game Business	▲ 34	▲ 81	▲ 115	85	246	331	-
Network Content Business	922	755	1,677	532	612	1,144	-31.8%
Arcade Game Business	154	29	182	87	70	157	-13.7%
Eliminations	▲ 302	▲ 371	▲ 673	▲ 354	▲ 278	▲ 632	-
Operating Margin	20.5%	9.1%	14.8%	11.4%	13.8%	12.8%	-2.0%
Consumer Game Business	-3.2%	-5.8%	-4.7%	9.7%	19.5%	15.5%	20.1%
Network Content Business	57.8%	45.5%	51.5%	31.3%	20.4%	24.3%	-27.2%
Arcade Game Business	16.4%	4.9%	11.9%	17.4%	15.2%	16.4%	4.4%

Reference 1: Financial Forecasts for FY3/12

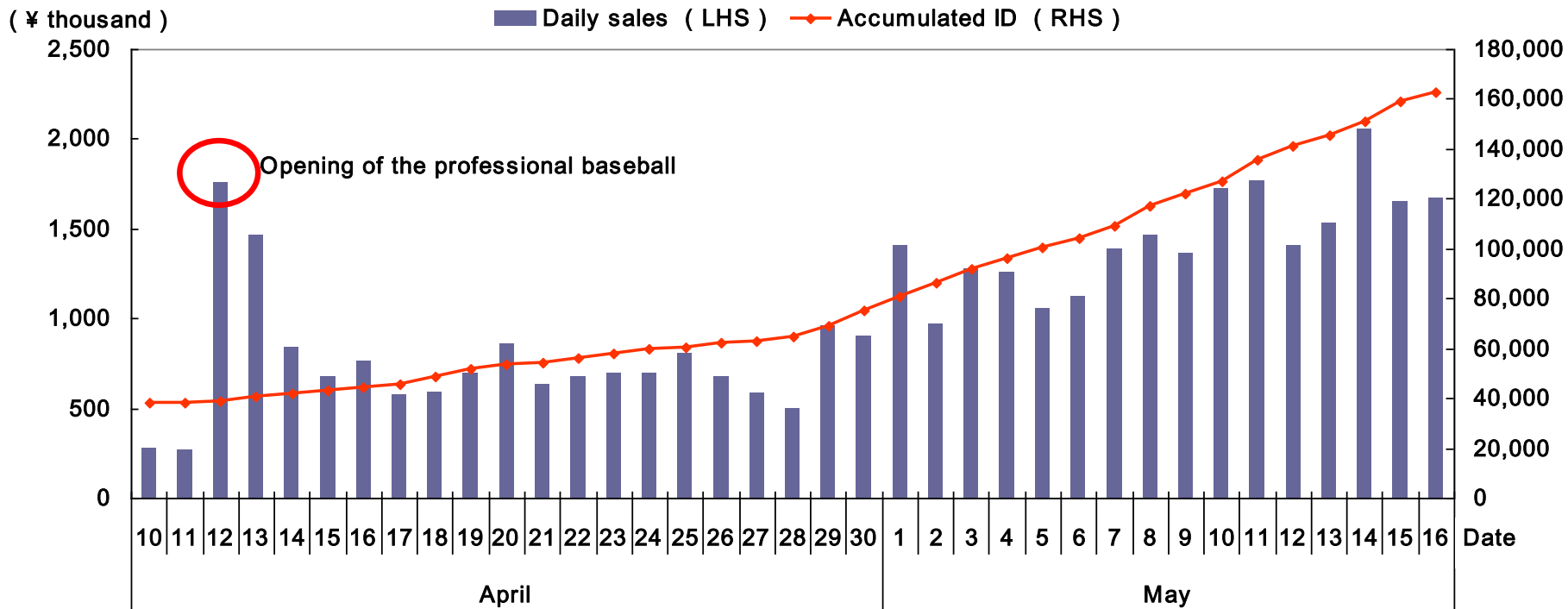


(¥ million)	Marvelous Entertainment, Inc.			AQ INTERACTIVE, INC.		
	1H	2H	FY	1H	2H	FY
Net Sales	2,500	4,500	7,000	3,080	4,720	7,800
Operating Income	▲ 160	390	230	350	650	1,000
Ordinary Income	▲ 180	370	190	350	650	1,000
Net Income	▲ 185	365	180	200	380	580
EPS (¥)	▲ 1,516	2,958	1,475	3,669	6,971	10,641

Reference 2: Sales Trend of *Browser Sangokushi*



Reference 3: Sales Trend of *Browser Puroyakyu*



【Consumer Game Business】



©2011 AQ INTERACTIVE, INC.

Title: *Cubic Ninja*
 Release Date: April 7, 2011
 Platform: Nintendo 3DS
 *Proprietary AQI title



©2011 Marvelous Entertainment, Inc. / AQ INTERACTIVE, INC.

Title: *Animal Resort Dobutsu-en wo tsukuro!!*
 Release Date: May 19, 2011
 Platform: Nintendo 3DS
 * Co-developed with Marvelous Entertainment, Inc.



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Title: *Wizardry*
 Release Date: Scheduled for May 31, 2011
 Platform: To be sold exclusively through PS3/PSN
 *Distributed by U.S. subsidiary XSEED

【Network Content Business】



Title: *Yomigaere Zetsumetsu Dobutsu*
 Available from: April 25, 2011
 Platform: Feature phones (GREE)



Title: *Browser Sangokushi Mobile*
 Available from: May 30, 2011
 Platform: Feature phones (GREE)



Title: *Web Kare*
 Available from: June 8, 2011
 Platform: Web browsers

Launch of Marvelous AQL, Inc.



Changes in the Operating Environment of the Entertainment Industry

- ❑ With the growing sophistication of home game consoles, the span and costs of developing game software has soared
- ❑ The online game market is expanding on a global basis
- ❑ As seen in social games on SNS and games for smartphones, innovations to game platforms are progressing
- ❑ Proprietors of popular contents and the major game makers are moving into the online game market
- ❑ Interfaces through which to access contents are diversifying and access time is growing
- ❑ Expanding Internet media, including YouTube and Twitter

Strategic Challenges

- Need to accelerate business activities in growing online market even further
- Need to promote branding by establishing and reinforcing popular contents

Objectives of the Merger

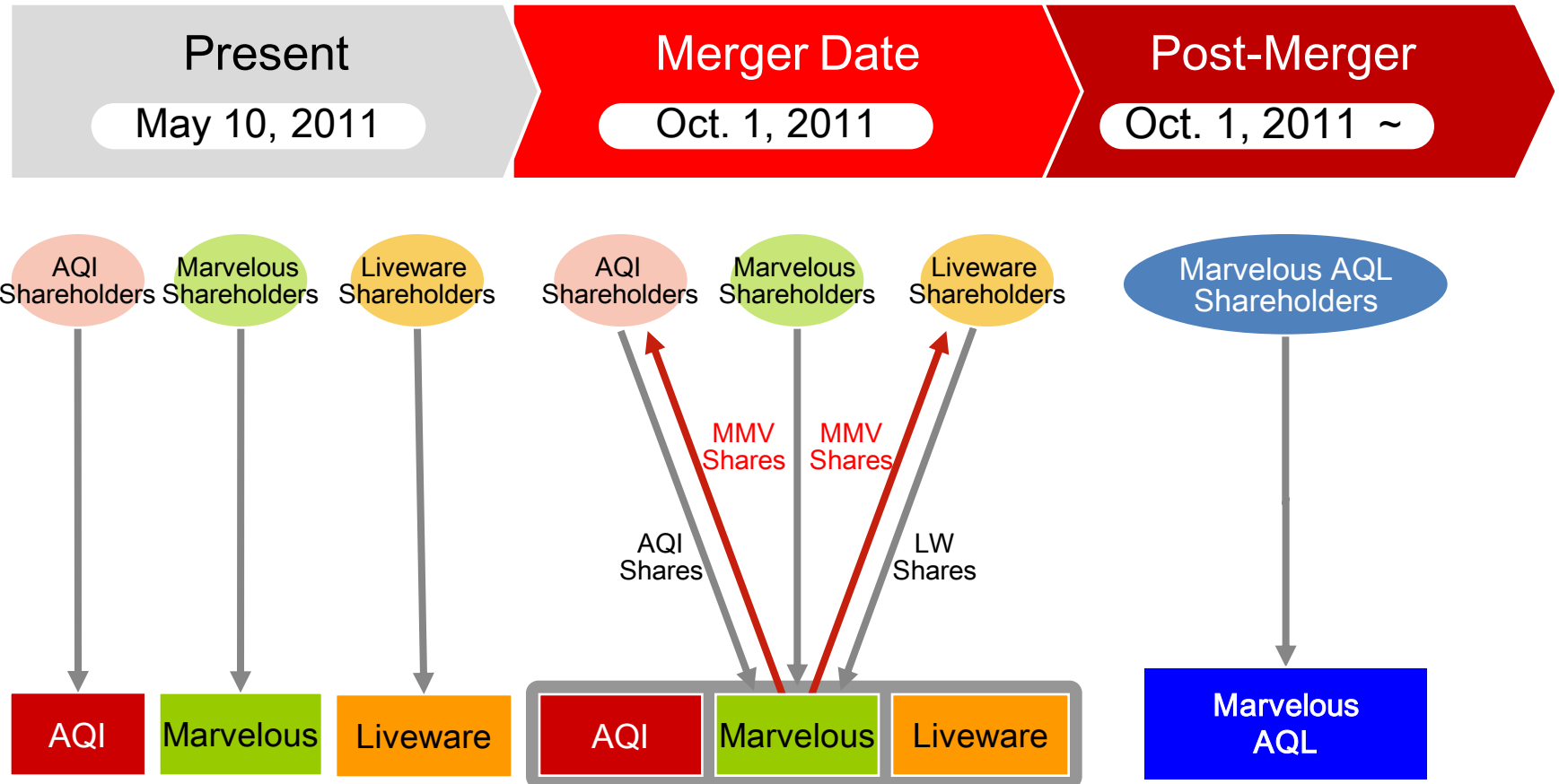
While positioning our game divisions as our core business, we are pursuing ways to develop synergies with a broad array of media, with the aim of becoming a content provider that can astonish the world.

Overview of AQI and Merging Partners

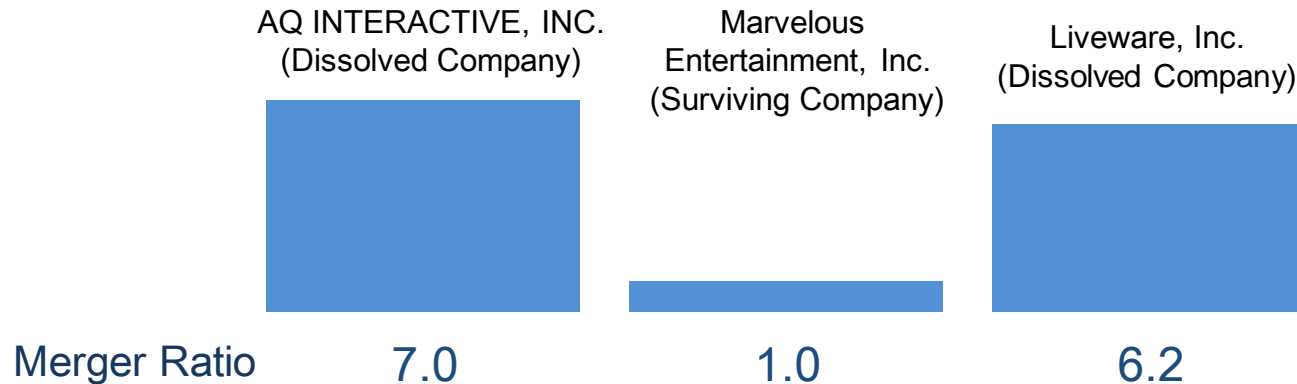


	AQI (Dissolved Company)		MMV (Surviving Company)		LW (Dissolved Company)	
Corporate Name	AQ INTERACTIVE, INC.		Marvelous AQL, Inc.		Liveware, Inc.	
Headquarters	4-12-6 Higashi-Shinagawa, Shinagawa-ku, Tokyo		4-12-8 Higashi-Shinagawa, Shinagawa-ku, Tokyo		4-3-17 Shinjuku, Shinjuku-ku, Tokyo	
Representative	President & CEO Shuichi Motoda		Chairman & CEO Haruki Nakayama		President & CEO Tomoki Terui	
Main Business	Planning, development and marketing/sales of entertainment contents		Planning, production and marketing/sales of music videos, game software and online games; theater production and other related activities		Planning, production and operation of mobile contents	
Capital	¥3,200,571,000		¥1,128,472,000		¥250,000,000	
Date of Establishment	March 1, 2000		June 25, 1997		June 1, 2004	
Shares Issued	54,505		123,380		5,000	
Fiscal Year	End of March		End of March		End of March	
Total Employees	288 (Consolidated)		49 (Consolidated)		63 (Nonconsolidated)	
Major Shareholders and Shareholding Ratio	Hayao Nakayama	21.38%	Haruki Nakayama	44.39%	Hayao Nakayama	53.70%
	Amuse Capital, Inc.	14.31%	Amuse Capital Investment, K.K.	14.91%	Amuse Capital, Inc.	40.00%
	Yoji Ishii	4.95%	PONYCANYON ENTERPRISE INC.	1.29%	Tomoki Terui	2.50%
	DEUTSCHE BANK AG LONDON-PB NON-TREATY CLIENTS	4.29%	Marvelous Entertainment, Inc.	1.11%		
	Morgan Stanley & Co. International PLC	4.03%	SBI Securities Co., Ltd.	0.91%		

Merger Structure



Share Allotment in Merger (Merger Ratio)



(Note 1)

Number of new common stock of Marvelous to be issued through the Merger: 412,411 (planned).

The Merging Parties calculated the number of shares to be issued on the basis of the total number of outstanding shares of AQI (54,495) as well as Liveware (5,000) as of March 31, 2011. However, the 20 treasury shares held by Liveware will not be subject to allotment of shares pursuant to the Merger. It should also be noted that the abovementioned number of outstanding shares are figures as determined as of March 31, 2011 and are therefore subject to change.

(Note 2)

For every AQI share, seven shares of Marvelous shall be allotted and delivered; for every Liveware share, 6.2 shares of Marvelous shall be allotted and delivered. Should a significant change occur with respect to the various conditions which serve as the basis for the current calculation, however, the merger ratios stated above shall be subject to change upon consultation among the three Merging Parties.

(Note 3)

As a result of the share swap, if the allotment of a shareholder of either AQI or Liveware is less than one Marvelous share, that shareholder shall be compensated in equal value of the fractional lot in accordance with Article 234 of The Companies Act.

Key Dates Leading to Merger



May 10, 2011	<ul style="list-style-type: none">- Resolution of Board Meeting- Completion of merger contract
June 22, 2011 (tentatively scheduled)	Routine annual shareholders meeting for Liveware, Inc.
June 23, 2011 (tentatively scheduled)	<ul style="list-style-type: none">-Routine annual shareholders meeting for AQ INTERACTIVE, INC.-Routine annual shareholders meeting for Marvelous Entertainment, Inc.
Sep. 27, 2011 (tentatively scheduled)	Last day of trading for AQ INTERACTIVE, INC.
Sep. 28, 2011 (tentatively scheduled)	Delisting day for AQ INTERACTIVE, INC.
Oct. 1, 2011 (tentatively scheduled)	Effective date of merger

Note: This schedule is current as of the time of this writing. It may be altered due to procedural matters following consultation of the three Merging Parties

Profile of New Entity



Company Name	Marvelous AQL, Inc.
Headquarters	5F Shinagawa Seaside East Tower, 4-12-8 Higashi-Shinagawa, Shinagawa-ku, Tokyo, 140-0002, JAPAN
Representatives	Haruki Nakayama, Chairman Shuichi Motoda, President & CEO Tomoki Terui, Vice President
Main Business	Planning, development, production and marketing/sales of game software
Capital	¥1,128,472,000 (as of March 31, 2011) (No plans to increase capital as a result of the merger at present)
Fiscal Year	End of March
Net Assets	To be announced
Total Assets	To be announced

Profile of New Entity (Simply Combined Total)



(¥ million)	AQI	MMV	LW	Total
Fiscal year	FY3/11	FY3/11	FY3/11	FY3/11
Net Sales	7,239	6,965	696	14,900
Operating Income	1,070	202	43	1,315
Ordinary Income	1,041	148	69	1,258
Net Income	537	131	54	722
Net Assets	6,878	325	446	7,646
Total Assets	8,235	4,092	517	12,844
Loss Carried Forward	0	3,561	0	3,561
Interest-Bearing Debt	74	1,820	0	1,894

Organizational Framework of New Entity



Title	Name	Current Position
Chairman	Haruki Nakayama	Chairman and CEO of Marvelous Entertainment, Inc.
President & CEO	Shuichi Motoda	President and CEO of AQ INTERACTIVE, INC.
Vice President	Tomoki Terui	President and CEO of Liveware, Inc.
Director	Yoshiaki Matsumoto	Executive Managing Director of Marvelous Entertainment, Inc.
Director	Toshinori Aoki	Executive Managing Director of Marvelous Entertainment, Inc.
Director	Nobuyuki Yamakaku	Director of Marvelous Entertainment, Inc.
Outside Director	Shunichi Nakamura	Director of AQ INTERACTIVE, INC. and Liveware, Inc.
Standing Statutory Auditor (Outside Auditor)	Hideaki Hirabayashi	Standing Statutory Auditor of AQ INTERACTIVE, INC.
Outside Auditor	Iwao Nishi	Outside Auditor of AQ INTERACTIVE, INC.
Outside Auditor	Isamu Tsuji	–
Outside Auditor	Katsuhiko Nishimura	Outside Auditor of Marvelous Entertainment, Inc.

MMV
Content / Product
Planning Strength



AQI
Technology Solutions/
Strong Financials



LW
Online Expertise /
Marketing Prowess

Game Content (Proprietary)

Diversification of Business Portfolio

Game Business Domain

- Home
- Online

Creation of New Content

Multiple Device Strategy

- Home Game Consoles
- Arcade Game Systems
- Feature Phones
- PCs
- Smart Phones
- Tablet PCs

Expansion of Sales Opportunities

Entertainment Business Domain

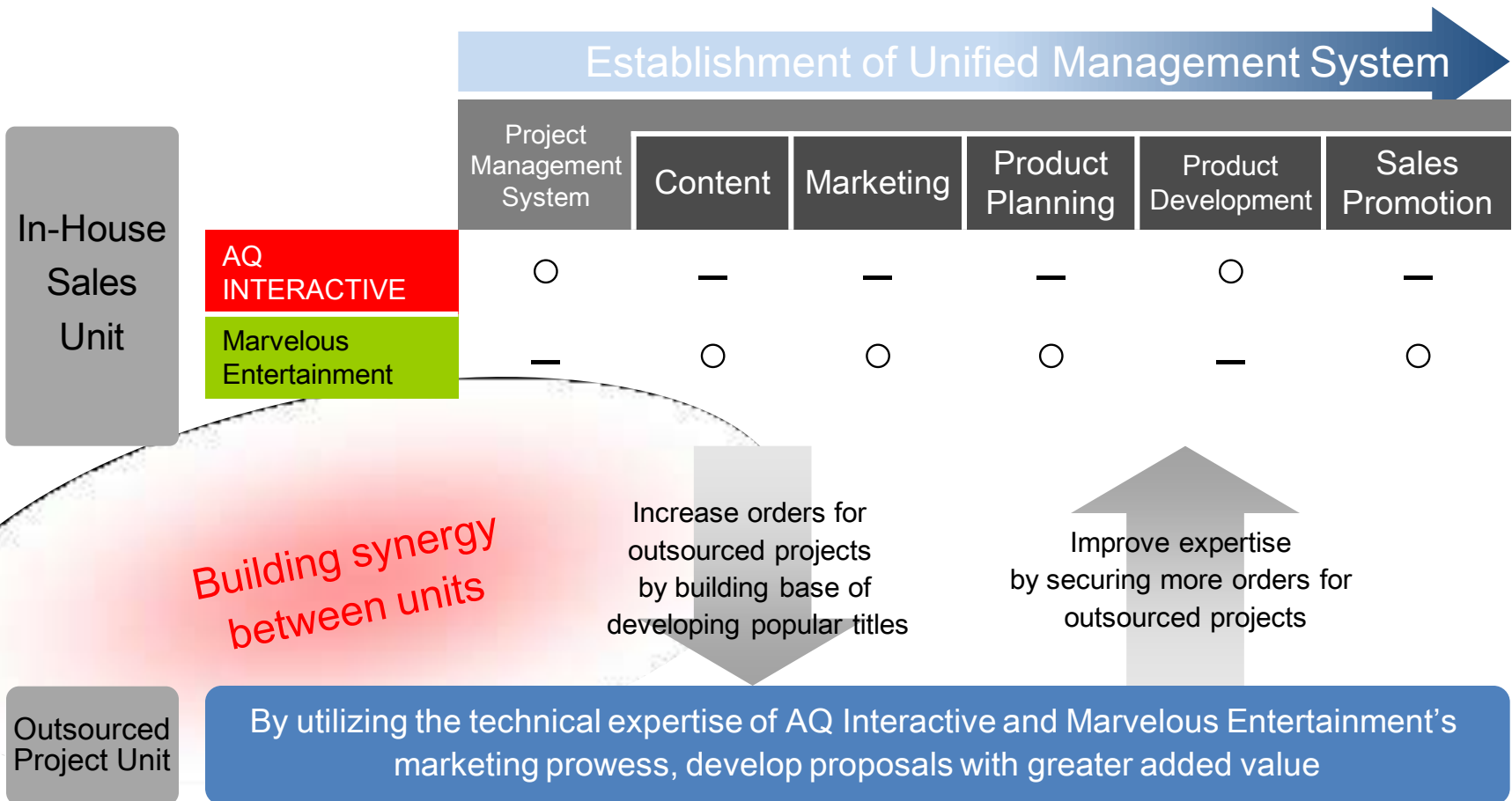
- Music
- Video
- Theater
- Recreational Equipment

New License Out Business; Appeal to Broader Consumer Base

Synergies in Home Game Console Domain

■ Software game business (for the home)

- ▣ In-house development across the full line of products; establish marketing/sales framework
- ▣ Build synergy between the in-house sales unit and outsourced project unit



■ Audiovisual Business

- ▣ Make greater diversified use of ample animation content
- ▣ Reinforce marketing functions by establishing customer base for live entertainment

Marvelous Entertainment, Inc.			Liveware, Inc.	
Video		Music		
Visual works for core users <i>Koihime Musou</i> and other series		Audiovisual works for the family <i>Kateikyoshi Hittoman Reborn!</i> , <i>Purikyua</i> series		
				Works by artists Yuudai Furukawa, Vistlip and others
				Recording studio Delph Sound Co., Ltd. (wholly-owned Liveware subsidiary)








Live Entertainment

Original Theater
Memo-Ariel series

Musical *Tenisu no Ooji-sama* series
 Total audience to date: 1 million; total DVDs shipped: 700,000

■ Software Game Business (Online Games)

- Having secured a membership base of more than 5 million users, our database and marketing functions will receive a major boost
- We will be able to rapidly respond to a growing online game market at home and abroad

Marvelous Entertainment, Inc.	AQ INTERACTIVE, INC.	Liveware, Inc.
<p><i>Minna-de-Bokujo-Monogatari</i></p> <p>200,000 Users </p> 	<p><i>Browser Sangokushi</i></p> <p>2 Million Users </p> 	<p><i>Bokujo Monogatari</i></p> <p>2-3 Million Users </p> 
<p><i>Browser Ikkitousen</i></p> <p>60,000 Users </p> 	<p><i>Browser Puoyakyu</i></p> <p>130,000 Users </p> 	<p><i>Sanmondo-no Hiyoko Seikatsu</i></p> <p>800,000 Users </p> 
<p>Licenses for such games <i>Bokujo monogatari</i>, <i>Kawa-no nushizuri</i>, and <i>Gakko-wo tsukuro!</i> granted to Liveware</p>	<p>Technical expertise built up through outsourced home video game projects Membership base for browser-based games</p>	<p>Content for registered mobile sites</p> <ul style="list-style-type: none"> -Sanmondo -Kawa-no-Nushi Tsuru -Makiba Bokujo Monogatari Mobile Life -Gakko wo Tsukuro!! and others <p>800 Titles </p> 
<p>Large library of content Product planning expertise built up through home video games</p>		<p>Track record of developing numerous mobile-based games Membership base for mobile-based games</p>

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This presentation contains forward-looking statements regarding the future plans and forecasts of the Company which are based on in-house assumptions and beliefs extrapolated from information currently available. Because they are subject to various risks and uncertainties resulting from changes in the macro-environment and trends related to the Company and the industry it operates, actual results may differ materially from those projected and presented here.