DeNA Co., Ltd.

2013 Annual Report

Year ended March 31, 2013

Contents

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Disclaimer regarding forward-looking statements

Statements of a forward-looking nature contained in this annual report, including those pertaining to plans, strategies, and outlooks, were based on judgments regarding information that was available at the time of preparation. These statements do not constitute guarantees, and the DeNA Group makes no promises regarding the attainment, accuracy, or completeness of these statements. Therefore, as a result of changes in various aspects of the operating environment, the actual outcomes may differ materially from the content of the forward-looking statements.

In January 2013, DeNA unveiled its new corporate logo.

Under the banner of "Delight and Impact the World," DeNA sets the bar higher in its efforts to make customer satisfaction its number one priority—as it brings delight to people around the world.

Aspiring to gain the confidence and trust of the global community, DeNA continually challenges the status quo by striving to create new businesses with real added value.

Behind the New Logo

Delight and Impact the World

Delight

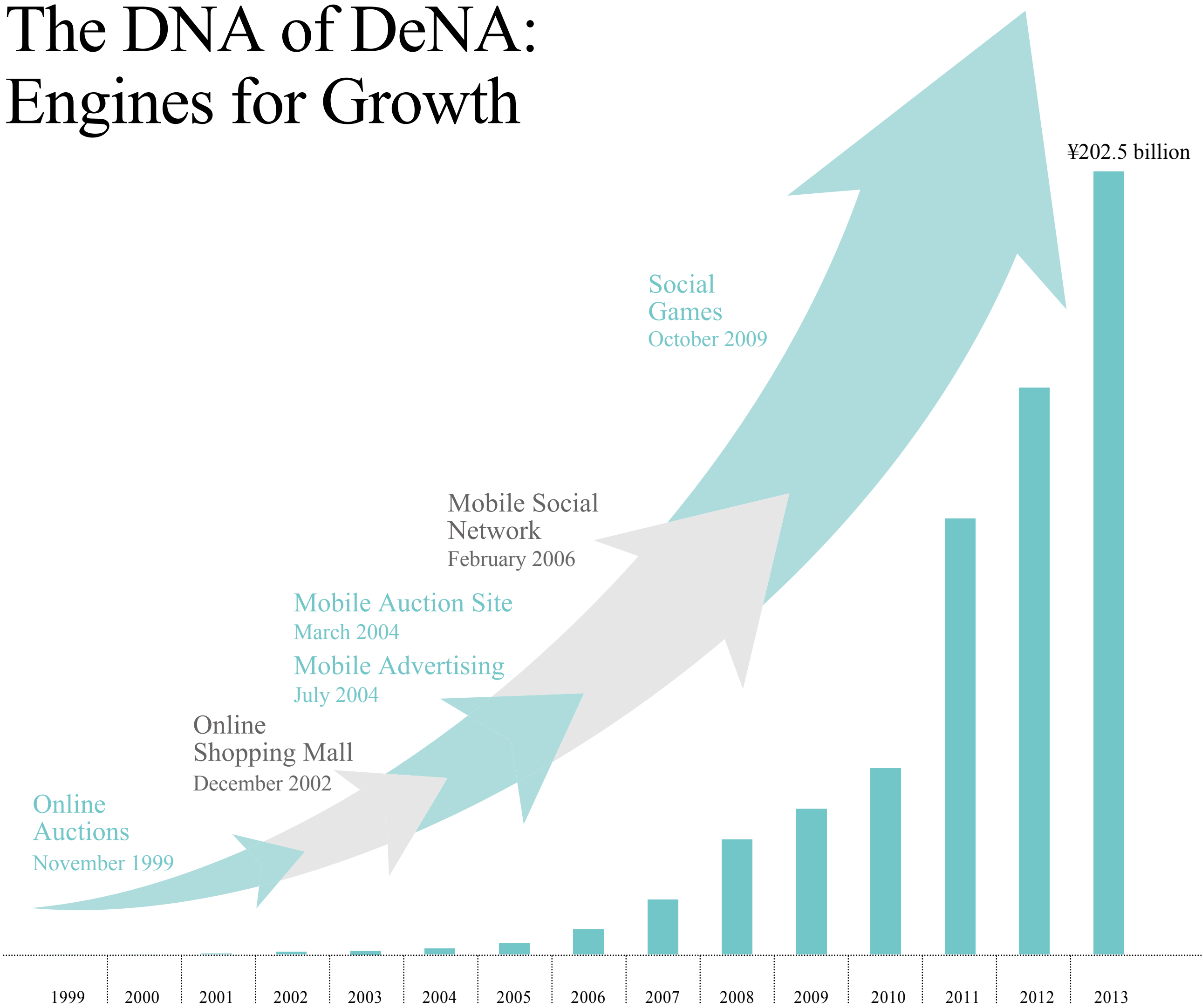
DeNA is committed to bringing delight to people all over the world through its services. The logo's initial letter "D" is a smile emoticon, symbolizing the company's ongoing pursuit of customer delight.

Impact the World

DeNA strives to be an approachable, friendly company for people worldwide, and to create services that have a positive impact on their lives. The handwritten font is intended to represent this concept of a lighthearted, caring, and fun company.

DeNA leads the world in its mobile Internet expertise. Based on the company's deep understanding of global customer needs, DeNA will continue the rapid development of new services that bring delight to people and impact the world.

The DNA of DeNA: Engines for Growth



Revenue Growth *(For the years ended March 31)*

Note: As of the fiscal year ended March 31, 2013, the DeNA Group adopted International Financial Reporting Standards (IFRS) in lieu of Japanese Generally Accepted Accounting Principles (JGAAP). The figures for the previous fiscal year have been adjusted to comply with IFRS.

1999	• DeNA is founded. • Bidders online auction site (currently, DeNA Shopping) is launched.
2002	• The Bidders shopping services are branded as Bidders Shopping.
2004	• Mobaoku mobile auction site is launched. • Pocket Bidders mobile shopping site is launched. • Pocket Affiliate, an affiliated advertising network for mobile devices, is launched.
2005	• DeNA goes public on the Mothers Section of the Tokyo Stock Exchange.
2006	• Mobage (formerly, Moba-ge-town) is launched. • DeNA launches international business.

The Driving Force Behind DeNA's Growth

Originally established as a PC e-commerce services provider in 1999, DeNA was quick to adapt and recalibrate its resources to become a pioneer in mobile Internet services. It is this bold innovation that drives the Company to develop and succeed with ever new engines for growth.

The DeNA commitment to bring delight and impact the world is what connects and motivates our people with their diverse personalities, skills, and expertise. Always approaching our services with the customer in mind, we diligently think through every solution to create services that are not limited to specific business categories.

Ever since our inception, the DNA of DeNA has always been to challenge the status quo in pursuit of the unprecedented.

In our quest to create and define global industry trends on our way to becoming the world's number one mobile Internet company, DeNA will remain true to its formative genius and continue to maximize its corporate value.

2007	• DeNA lists on the First Section of the Tokyo Stock Exchange.
2009	• First in-house social games are launched.
2010	• Mobage Open Platform is launched for third-party developers. • ngmoco, LLC is acquired as a subsidiary.
2011	• DeNA commences management of the Yokohama DeNA Baystars professional baseball team.
2012	• Communication app Comm is launched.
2013	• Music player app Groovy for smartphones is launched.

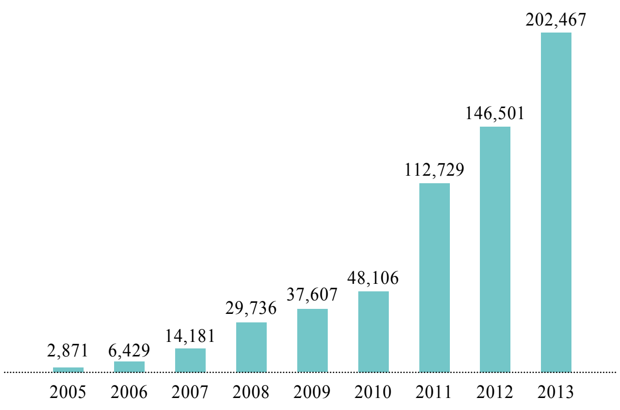
Nine-year Financial Summary

DeNA Co., Ltd. and Subsidiaries
*As of or for the years ended March 31 (*1)*

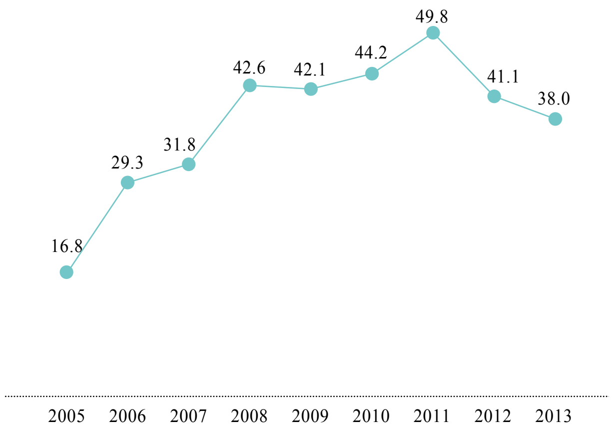
	Japanese GAAP							IFRS (*2)	
	2005	2006	2007	2008	2009	2010	2011	2012	**2013**
Operating Results (Millions of yen)									
Net sales/Revenue	¥2,871	¥6,429	¥14,181	¥29,736	¥37,607	¥48,106	¥112,729	¥146,501	**¥202,467**
Operating income/Operating profit	483	1,883	4,506	12,662	15,843	21,266	56,097	60,262	**76,840**
Net income/Profit for the year attributable to owners of the parent	440	1,487	2,539	6,776	7,956	11,371	31,604	31,137	**45,581**
Financial Conditions (Millions of yen)									
Total assets	¥5,517	¥13,295	¥21,120	¥32,847	¥37,335	¥55,273	¥127,216	¥153,223	**¥194,784**
Total net assets (*3)/Total equity	4,649	10,888	14,509	21,234	25,654	36,652	82,445	98,045	**123,676**
Net cash provided by operating activities	810	2,464	4,885	9,207	9,471	13,528	47,916	31,978	**52,192**
Net cash used in investing activities	(287)	(296)	(1,656)	(2,682)	(3,752)	(2,540)	(18,949)	(18,955)	**(15,831)**
Free cash flow (*4)	523	2,168	3,229	6,525	5,719	10,988	28,967	13,023	**36,360**
Net cash provided by (used in) financing activities	3,280	5,055	479	(390)	(4,020)	(1,004)	(816)	(18,967)	**(25,039)**
Capital expenditures	266	356	1,129	1,987	1,648	2,163	2,474	5,915	**11,334**
Depreciation and amortization, excluding goodwill	203	238	377	889	1,365	1,516	1,917	3,299	**6,000**
Financial Indicators (%)									
Ratio of operating income to net sales/ Ratio of operating profit to revenue	16.8	29.3	31.8	42.6	42.1	44.2	49.8	41.1	**38.0**
Return on equity/Ratio of profit to equity attributable to owners of the parent	15.8	19.1	20.8	40.4	36.1	38.7	56.8	36.0	**42.6**
Shareholders' equity ratio/Ratio of equity attributable to owners of the parent	84.3	81.9	63.9	61.0	64.5	62.6	60.2	61.8	**61.2**
Consolidated payout ratio	—	—	9.8	12.9	10.9	15.0	15.5	16.9	**15.0**
Per Share Data (Yen) (*5)									
Net income per share–basic/ Basic earnings per share	¥3.61	¥10.93	¥17.72	¥46.59	¥55.05	¥79.84	¥218.74	¥213.13	**¥333.34**
Net income per share–diluted/ Diluted earnings per share	3.59	10.51	17.41	46.48	—	—	218.10	212.01	**332.35**
Net assets per share/Equity per share attributable to owners of the parent	34.37	76.44	93.02	137.40	169.16	242.97	519.45	653.06	**884.89**
Cash dividends per share	—	—	1.73	6.00	6.00	12.00	34.00	36.00	**50.00**

(*1) Figures shown above are as of the year-ends or for the years ended after DeNA's listing on the Tokyo Stock Exchange in February 2005. Figures for the fiscal year ended March 31, 2005 are for the parent company only because consolidated statements were not prepared.
(*2) As of the fiscal year ended March 31, 2013, the DeNA Group adopted IFRS in lieu of Japanese GAAP. The figures for the previous fiscal year have been adjusted to comply with IFRS.
(*3) Total net assets as of and before March 31, 2006 are presented in accordance with the previous accounting standard of Japanese GAAP for presentation of net assets under which minority interests are not included in total net assets.
(*4) Free cash flow = Net cash provided by operating activities + Net cash used in investing activities
(*5) Per share data has been adjusted retroactively to reflect a 3-for-1 stock split on November 18, 2005, and a 300-for-1 stock split on June 1, 2010.

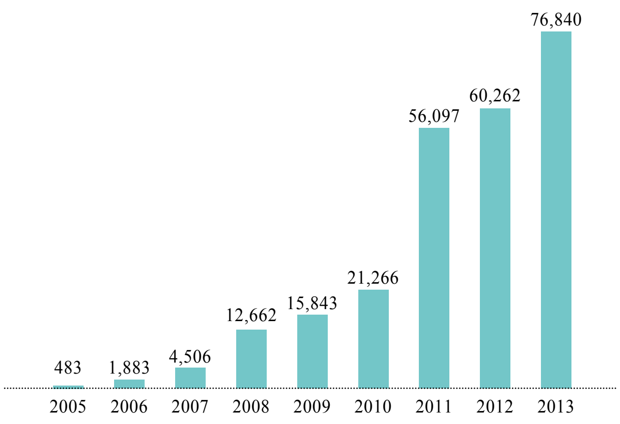
Net Sales/Revenue (Millions of yen)



Ratio of Operating Income to Net Sales/
Ratio of Operating Profit to Revenue (%)

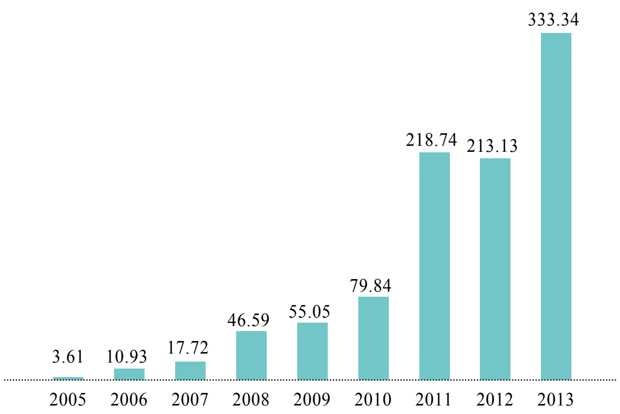


Operating Income/Operating Profit (Millions of yen)

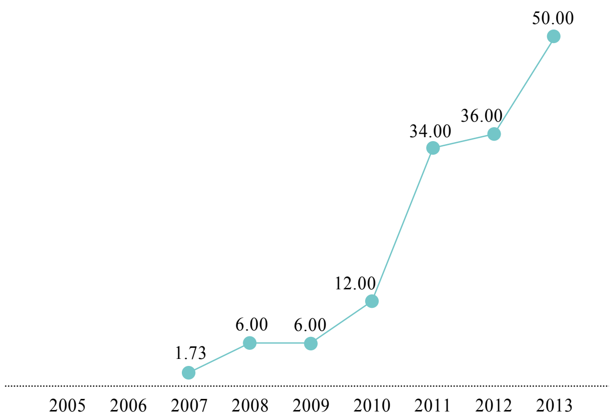


Return on Equity/Ratio of Profit to Equity Attributable to Owners of the Parent (%)

Net Income per Share—Basic/
Basic Earnings per Share (Yen)



Cash Dividends per Share (Yen)



At DeNA, we aim to be the world's number one mobile Internet company, and we will achieve this by adhering to our principle, "to forever be a pioneering venture."

Looking Back on Fiscal 2012

In fiscal 2012, ended March 31, 2013, revenue was ¥202.5 billion (an increase of 38% compared with the previous fiscal year) and operating profit amounted to ¥76.8 billion (an increase of 28%), marking nine consecutive years of increasing revenue and operating profit since becoming a public company. Furthermore, through efforts by the DeNA Group, our Mobage business has continued to expand globally and we have moved closer to realizing our goal of creating the world's top social gaming platform. Indeed, we believe fiscal 2012 has been a very productive year for the entire company.

In the Social Media Business, consumption of our dedicated virtual currency "MobaCoin" for use in our Mobage platform has grown significantly during the year in both Japan and overseas.

In Japan, we have combined the creation of a secure and safe gaming user environment for Mobage with initiatives to enhance user engagement. As a result, game titles produced by first, second, and third parties (external developers) have all grown, resulting in a 41% increase in MobaCoin consumption over the previous fiscal year at ¥228.5 billion. In addition, we have experienced significant growth in our MobaCoin consumption attributed to smartphone users, representing over 60% of our total domestic MobaCoin consumption in March 2013. During this period, the Mobage business demonstrated a smooth and successful transition in response to external factors, specifically Japanese consumers upgrading from conventional feature phones to smartphones.

The Company, in accordance with the guidelines of the Japan Social Game Association*[1], established in November 2012, has created a secure and safe social gaming user environment by focusing on three major points: 1) self-regulation for social gaming; 2) educational activities for youths; and 3) improvement in the quality of customer support services.

Three Mobage platforms outside Japan are currently being offered: Mobage Greater China, Mobage South Korea, and Mobage West, with a focus on the Americas and Europe. During fiscal 2012, our overseas business generated a significant increase in MobaCoin consumption by releasing high-ranking games, including DeNA's original titles, those developed by DeNA and our partners with leading intellectual property, and third-party titles. MobaCoin consumption for the fourth quarter of fiscal 2012 approached $70 million. Mobage West, specifically the North American market, had multiple game titles achieve and retain high rankings in the top-grossing apps charts, especially Google Play*[2]. This top-line growth has set the stage for DeNA to strengthen its efforts to make Mobage West a profitable business in the summer of 2013.

In line with our principles, DeNA has continued to aggressively pursue the creation of new businesses as potential new growth engines. As such, we launched two new services in fiscal 2012: a new communication app, Comm, and a new music player app, Groovy.

The Company's E-commerce Business comprises our online shopping site DeNA Shopping*[3], our mobile auction service Mobaoku*[4], the processing settlement service operated by Paygent, and other services. Gross merchandise volume for DeNA Shopping was ¥43.4 billion, a 2% increase over fiscal 2011. The number of retail stores

Isao Moriyasu *Representative Director, President, and CEO*

subscribing to a fee-based corporate membership at the end of the fiscal year was 4,556, for a year-on-year increase of 596 stores. The number of paid members of Mobaoku was 110,000 less than in fiscal 2011 at one million users. Paygent has continuously expanded its business. Our E-commerce Business has continued to grow and expand since the Company's inception and is generating stable earnings.

[*1] Japan Social Game Association (JASGA) was created with the participation of six gaming platform companies, along with Computer Entertainment Supplier's Association (CESA), Japan Online Game Association (JOGA), and related business entities. JASGA consists of 73 member organizations (as of July 1, 2013).

[*2] The app market operated by Google Inc.

[*3] Including au Shopping Mall

[*4] Including au Mobaoku

Branding Integration

In order to maximize synergistic effects between our respective services, creating a virtuous cycle for our users' enjoyment, we needed to address the discrepancies in our branding strategy for each individual service. In fact, at the annual general meeting of shareholders in June 2012, one of our shareholders brought up the issue of branding integration.

In 2011, following the acquisition of the professional baseball team currently named the Yokohama DeNA Baystars, DeNA's corporate name was visible on a daily basis in Japan—in newspapers, in media articles, and on television news programs. This phenomenon greatly enhanced our corporate brand awareness across a wide demographic. All of these factors combined led to the Group's decision to integrate its various service logos under the DeNA brand, culminating with the Company's adoption of a new corporate logo in January 2013. We believe that without the baseball team acquisition, a large-scale campaign would have been required to achieve a similar effect. We have already experienced positive returns; for instance, we are now able to recruit new merchants more efficiently in our E-commerce Business through our rebranded service DeNA Shopping (formerly, Bidders). In the future, DeNA will continue to focus on maximizing synergies between its services.

Our Approach for Fiscal 2013

Consumers in Japan truly enjoy social gaming on mobile devices, and we have continued to see this market expand. In addition, as the popularity of smartphones continues to increase worldwide, coupled with the massive success of a number of mobile game apps, we have seen very tangible growth in our global addressable market. Based on these market forces, the Group will continue to seek game-related revenue growth for Mobage on a global basis in fiscal 2013.

For Mobage in Japan, we are expanding our collaborations with strategic partners who possess complementary strengths in developing both browser-based and/or app-based games, in addition to furthering our own in-house development. This strategy will allow us to focus on leveraging our strength in social game operations and increase the number of titles we will release in fiscal 2013, in addition to diversifying our genre range for our new titles. We will accelerate the launch of new titles in the summer of 2013 onwards in a bid to revitalize MobaCoin consumption.

For our Mobage platforms overseas, we will continue to pursue the growth of attractive new titles that fully leverage our in-house expertise and popular intellectual property. By demonstrating the Group's core strength in game operations, we plan to revitalize user activity through both existing and new titles, leading to a steady increase in MobaCoin consumption. We will also continue to publish exciting new game titles on the Mobage platform from third-party developers. A key aspect of our vision is for our overseas Mobage business to contribute to profit, and we will focus on ensuring that Mobage West achieves profitability in our largest overseas market in the summer of 2013.

Toward Becoming the World's Number One Mobile Internet Company

We believe it is essential to assemble a business portfolio that can maintain continuous growth in the medium and long term in order to achieve an ongoing increase in corporate value. While we maintain growth in our existing businesses, we will continue launching new services as part of our ongoing efforts to diversify DeNA's business portfolio and create synergies within it.

We anticipate further expansion of the mobile social gaming market, the core of our Social Media Business, in both Japan and overseas. By leveraging the cumulative expertise of the Group to date, we intend to offer new trend-setting titles from Mobage that will globally expand the range of our user base and increase our potential earning power.

For our E-commerce Business, we will seek to maximize synergies among various services under the DeNA brand, while collaborating with well-known partners to improve usability and reinforce our customer base.

Finally, the DeNA Group will aggressively venture into new mobile Internet service categories, focusing on social and entertainment themes. By providing new value to our users around the world, the Group intends to become the world's number one mobile Internet company.

Shareholder Return

DeNA is committed to always increasing its corporate value and providing returns to its shareholders. This is an important priority of management. With respect to the return of profits by means of dividends, performance-based dividends form our basic policy, and the dividend for fiscal 2012 is ¥50 per share, an increase of ¥14 per share over fiscal 2011. In addition, we consider the purchase of company stock to be another important method of returning profits to shareholders. Therefore, between June and July of 2012 we acquired 9,113,400 of our own shares at a cost of ¥20 billion, and between June and July of 2013 we acquired 4,579,000 shares for ¥10 billion.

Looking to the future, the Group will strive to realize greater corporate value and shareholder returns. On behalf of the DeNA Group, I would like to thank you for your continued support.

守安功

Isao Moriyasu
Representative Director, President, and CEO
DeNA Co., Ltd.

Topics DeNA's Growth and Operational Expertise

A Strong Relationship with Users Since the Company's Inception

Smartphones are growing globally in both scale and popularity, which means Internet access has become available almost anywhere at anytime. These factors have contributed to mobile game blockbusters of unprecedented scale and enabled a broad range of new smartphone services to be developed.

In order to attract and retain long-term users, mobile Internet services must continuously offer new features to stay one step ahead of the competition. DeNA has focused on numerous mobile Internet services, ranging from e-commerce and auctions to social networking and social gaming, as core contributors to its earnings. The Group is centered on cultivating an ongoing dialogue with users, and through this engagement, it is able to directly connect user feedback with enhancements in services. This operational expertise is a major competitive advantage for DeNA.

Operational Expertise as a Backdrop to Growth in Social Gaming

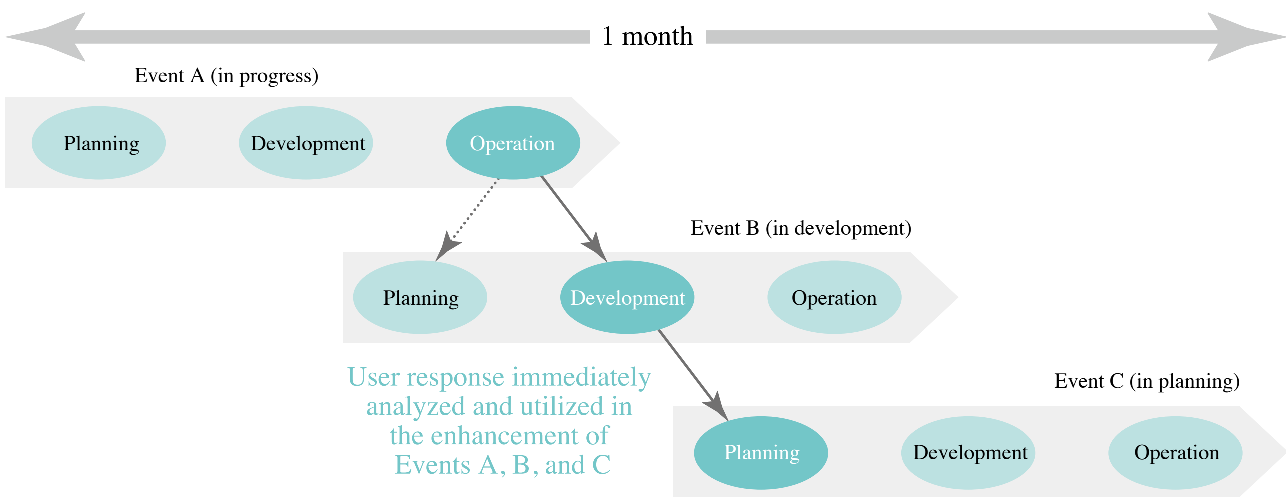
In fiscal 2012, MobaCoin consumption in Japan was ¥228.5 billion, an increase of 41% from the previous fiscal year. It is DeNA's operational expertise that provides continuous enjoyment for users and has led to this ongoing growth.

Mobile social games can be enjoyed anywhere, anytime, and they are easy to start up or shut down. Mobage users find time during the course of their day to login to their games, as each gaming session typically lasts for only a handful of minutes. To maintain ongoing user engagement, each title must consistently offer new user experiences and amusement. In instances where user response is insufficient, the cases are analyzed from a variety of perspectives to ensure that necessary improvements can be made. Intrinsic to the Company's DNA since its inception is the ability to continuously provide swift and thorough service enhancements. This is deeply rooted in the management of our social gaming business.

For each of our first- and second-party game titles, DeNA usually operates three to four in-game events each month. Also, they are monitored for any issues that may affect the user experience. Once identified, these issues are analyzed and finely tuned for improvement, sometimes within just a few hours, maximizing user satisfaction. This process is run continuously for optimal game operation. Data from each event is collected and subsequently used in the design of future events as well as the whole game.

The results of such trial and error for one title are shared across other titles and event teams within DeNA,

Social Gaming: Operational Concept



enhancing overall game quality and providing important added value to the Group's external partners.

As a result of game fine-tuning and event optimization, in fiscal 2012 titles such as *Gundam Card Collection* and *Rage of Bahamut* recorded their highest-ever MobaCoin annual consumption levels since their launch.

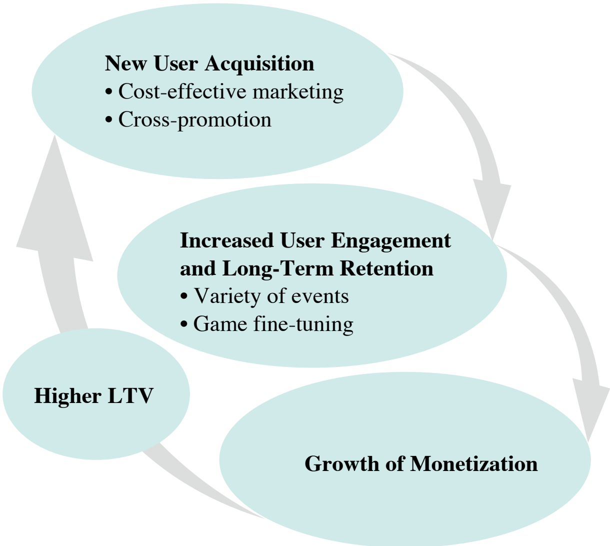
Solid Mobage Performance Growing Overseas

DeNA's international expansion commenced in 2006, and the Company went through a series of trial and error events. DeNA acquired ngmoco in 2010, and it is now beginning to enjoy significant growth and success overseas. Specifically in North America, multiple Mobage West titles have achieved and retained high rankings in the top-grossing apps charts, especially Google Play. This initial success overseas has been the result of leveraging our expertise in mobile game operations garnered in Japan and applied in markets worldwide.

One prime example of this is the app-based game *Blood Brothers*, which was originally developed in Tokyo for initial launch in North America and other regions around the world.

Through regular in-game events and consistent game fine-tuning, the Group was able to increase user engagement, which led to growth in MobaCoin consumption.

Virtuous Cycle in Overseas Mobage

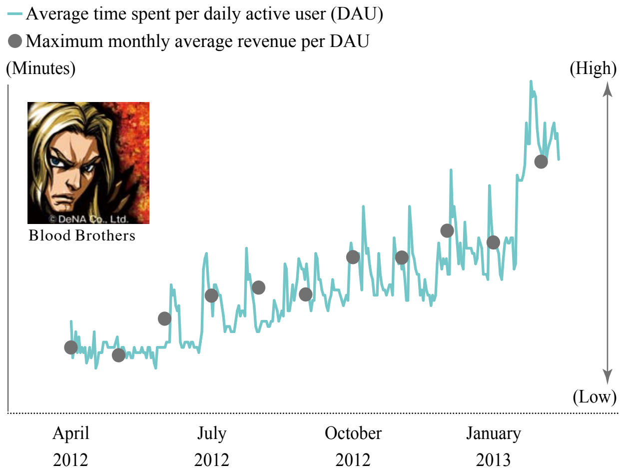


Increasing LTV (lifetime value: MobaCoin consumption per user for a given period) allows Mobage to create a virtuous cycle of target promotion aimed at attracting high-value users and engaging these users across multiple Mobage titles.

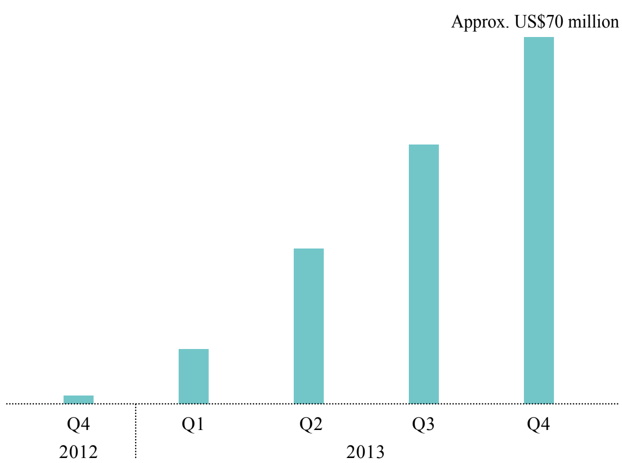
DeNA was able to grow MobaCoin consumption throughout fiscal 2012. Going forward, we will focus on increasing our user base by offering high-quality games.

DeNA believes that the mobile Internet business sector will continue to see significant global expansion. The aim of the Group is to continue pursuing worldwide growth in its efforts to deliver convenience and delight to mobile users around the world.

Blood Brothers



Trends in MobaCoin Consumption (Overseas Total)

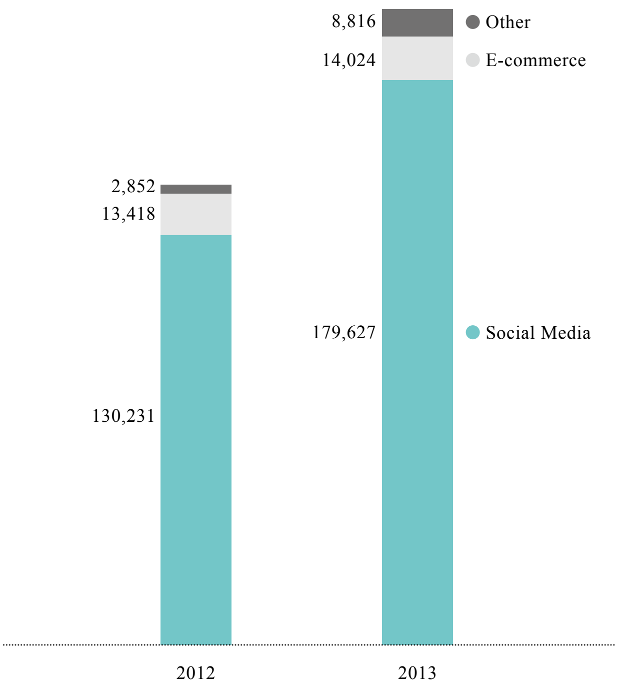


(For the years ended March 31)

Review of Operations

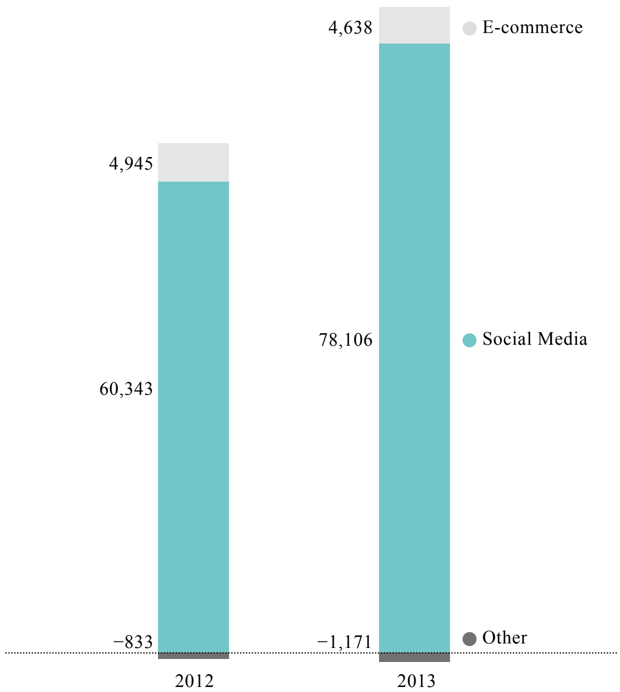
For the years ended March 31

Revenue (Millions of yen)

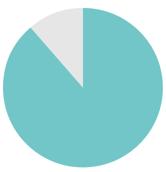


Note: Revenue from external customers

Segment Profit/Loss (Millions of yen)



Social Media Business



Percentage of Revenue

88.7%

The Social Media Business posted revenue of ¥179,627 million, up 37.9% year on year, and segment profit of ¥78,106 million, up 29.4% year on year.

Both in Japan and Overseas, Mobage Experiencing Solid Increase in Scale

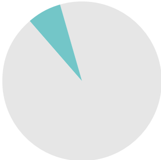
In the current fiscal year, the consumption of MobaCoins used in games provided on the Mobage platform rose to ¥228,466 million, an increase of 40.6% year on year. This growth was driven by successful titles provided by third-party developers, partners, and the Group.

Business domain	Social media-related services
Service locations	Japan and other countries
Major Group companies	EveryStar Co., Ltd. DeNA Global, Inc. ngmoco, LLC WAPTX LTD.

Major services

User-generated content media

E-commerce Business



Percentage of Revenue
6.9%

The E-commerce Business posted revenue of ¥14,024 million, up 4.5% year on year, and segment profit of ¥4,638 million, down 6.2% year on year.

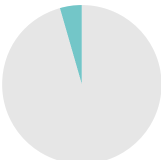
The online shopping site DeNA Shopping (including au Shopping Mall) continued to expand into the mobile realm. As of March 31, 2013, the number of retail stores subscribing to a fee-based corporate membership increased by 596 from a year ago, to 4,556 stores, and gross merchandise volume during the current fiscal year was ¥43,365 million, up 1.9% year on year. The number of paid members of the mobile auction site Mobaoku (including au Mobaoku) totaled one million people as of March 31, 2013, a decrease of 110,000 people from a year ago. Paygent Co., Ltd., a processing settlement company, saw continued steady growth in its business.

Business domain	E-commerce-related services
Service locations	Japan
Major Group companies	Mobaoku Co., Ltd. Paygent Co., Ltd.

Major services

Online shopping site — DeNA SHOPPING
Mobile shopping site — auショッピングモール
Auction site — モバオク! mbok.jp
Mobile auctions jointly operated by KDDI and Mobaoku — au モバオク!
Processing settlement services — PAYGENT
Wholesale site — DeNA BtoB market

Other



Percentage of Revenue
4.4%

Other businesses posted revenue of ¥8,816 million, up 209.1% year on year, while the segment recorded a loss of ¥1,171 million compared with a loss of ¥833 million in the previous fiscal year.

Revenue from the travel agency business grew steadily as a result of the increased volume of business handled for personal travel, especially with regard to sales of online tickets. Yokohama DeNA Baystars Baseball Club, Inc. also contributed to revenue growth.

Business domain	Travel agency business, insurance agency business, and operations of a professional baseball team and others
Service locations	Japan
Major Group companies	AIR LINK Co., Ltd. Yokohama DeNA Baystars Baseball Club, Inc.

Major services

Online travel site — skygate by DeNA
Professional baseball team — YOKOHAMA DeNA BAYSTARS
SNS site for senior users — 趣味人倶楽部 by DeNA

Corporate Social Responsibility

DeNA as a corporate citizen is actively involved in Groupwide initiatives to maintain the trust and meet the expectations of society.

DeNA Running Club

The DeNA Running Club, the Company's official long-distance running team, was founded on April 1, 2013. Operations began with a team of 14, including Head Coach Toshihiko Seko, a famed long-distance runner.

DeNA Running Club's mission is to raise the bar for track and field sports in Japan by supporting and cultivating young athletes. In addition to improving the team's performance, the club strives to contribute to the overall sports scene as well as society's vitality and health through a variety of initiatives, including giving the general public opportunities to interact in person with its athletes. In July 2013, the DeNA Running Club members launched an educational program for citizen runners as the first step. Participants are recruited through the team's official website, and Head Coach Seko and his coaching staff advise on running tips and training while the participants run together with the professional athletes. Additionally, the DeNA Running Club has been holding a series of events to inspire the dreams of elementary and junior high school children nationwide through the power of sports. Going forward, the DeNA Running Club will continue supporting the sports scene through these social engagement initiatives.

YOKOHAMA DeNA BAYSTARS

The Yokohama DeNA Baystars engage in a broad range of community-minded programs for the future of children and baseball.

For instance, team alumni made 100 visits in fiscal 2012 to kindergartens and daycare centers and brought children into contact with the thrill of baseball while providing sessions on manners and sportsmanship. Active baseball players also made 29 visits during the fiscal year to local elementary schools and highlighted the importance of aspirations among schoolchildren through dialogue with the students.

Other community initiatives include the baseball school and the DeNA Baystars Cup for local junior high school students.

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Awareness-Raising Activities for Junior High and High School Students

DeNA conducts programs to educate junior high school and high school students in Japan about proper mobile Internet use. The Company accepts office visits from students, and DeNA staff provide classroom seminars on-site in schools nationwide to discuss how they can use the Internet and mobile technology safely.

Awareness-Raising Activities (Fiscal 2012)

Office visits	33 visits	448 students
Classroom seminars	23 sessions	2,798 students
Other lectures and seminars	59 sessions	

Charity Auction by Mobaoku and YOKOHAMA DeNA BAYSTARS

Company subsidiaries Mobaoku Co., Ltd. and the Yokohama DeNA Baystars jointly conducted charity auctions through the auction site Mobaoku. The Yokohama DeNA Baystars put up baseball caps and bats used and signed by famous players and other memorabilia for sale, and the funds raised through the charity auctions were donated to support recovery efforts in the regions affected by the Great East Japan Earthquake.

Bat autographed by Tony Blanco and Alex Ramírez

Corporate Governance

Basic Approach

With the understanding that effective functioning of corporate governance is indispensable to sustain the trend of increasing DeNA's corporate value, DeNA is working to strengthen and improve its governance system. First, to fulfill its disclosure responsibilities to share-holders, DeNA places emphasis on implementing timely and appropriate disclosure of information and ensuring the transparency of management. In addition, DeNA has structured management systems that enable prompt decision making and the execution of operations to make it possible for it to respond to rapid changes in the management environment. DeNA is also working to improve its management supervisory system to ensure management efficiency. Furthermore, DeNA conducts its business activities based on systems for ensuring thorough compliance with laws and regulations underpinned by a sound sense of ethics with the objective of securing the trust of shareholders, customers, and all other stakeholders. Looking to the future, along with its growth, DeNA will continue to review its corporate governance system with the objective of maximizing its corporate value.

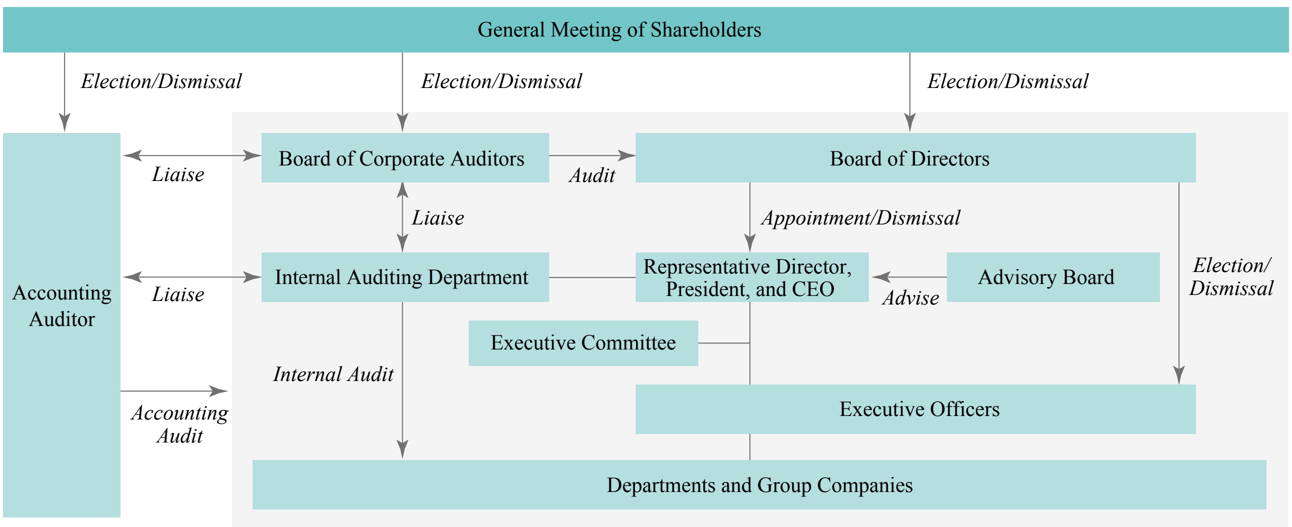
Corporate Governance System

DeNA adopts the corporate auditor system of corporate governance. In response to the current fast-changing business environment, where speed is of the essence in conducting business, DeNA management believes that a Board of Directors comprising directors with in-depth knowledge of DeNA's business is appropriate for making important management decisions in a timely and proper manner to aggressively implement business strategies. In addition, DeNA has strengthened its supervisory and corporate auditing function by appointing one outside director and three outside corporate auditors, including one full-time corporate auditor, who maintain a high degree of independence in order to improve the sound-ness and transparency of management as well as ensure objective and independent supervisory functions.

Board of Directors

DeNA's Board of Directors is composed of six directors, five of whom are full-time and the remaining one is an outside director. In addition to a regular monthly meeting, special meetings of the Board of Directors are convened when necessary. The Board of Directors makes important management decisions, taking into account discussions held in the meetings of the Executive Committee (explained below), and performs an oversight function for the execution of business by individual directors. Also, an advisory board that consists of an outside director and outside specialists is established to serve as

Corporate Governance Structure (As of June 26, 2013)



an advisory organization to the representative director.

Although DeNA has no clear-cut standards or policies regarding independence from the Company in the selection of an outside director, it follows the standards set forth by the Tokyo Stock Exchange for determining the independence of its independent director. DeNA also notifies the Tokyo Stock Exchange of its single independent outside director for whom there is no risk of having a conflict of interest with regular shareholders.

DeNA's outside director, Rehito Hatoyama, currently serves as managing director for another company, and has considerable management experience with respect to overseas development in the entertainment business. Sanrio Company, Ltd., where Mr. Hatoyama serves as managing director, and its subsidiary, Sanrio Wave Co., Ltd., are currently engaged in transactions involving character licensing with the Company. Mr. Hatoyama also serves as an advisor to the Company, but the Company has determined that his advisory role and the aforementioned transactions in terms of content and monetary amounts involved will not affect his independence—so the details of these are omitted.

Executive Committee

The Executive Committee meets once a week and is attended, in principle, by the full-time directors, the full-time corporate auditor, and the executive officers. The Executive Committee assesses the progress made by each of DeNA's businesses, analyzes risk, formulates countermeasures for such risk, and makes decisions on important matters related to business operations. Members of this committee share information based on reports from the departments and reflect this in their business activities.

Executive Officer System

DeNA has introduced the executive officer system to accelerate the decision-making process and to increase management efficiency through the delegation of authority. There are 14 executive officers (including five who concurrently hold the position of director), and their responsibility is to make decisions and conduct business activities based on the decisions of the Board of Directors and the Executive Committee within the scope of their respective areas of responsibility.

Board of Corporate Auditors

The Board of Corporate Auditors comprises three outside corporate auditors, one of whom has worked for a financial institution for many years and has considerable expertise in finance and accounting. Under the guidelines issued by the Japan Corporate Auditors Association regarding standards for auditing by corporate auditors *(Code of Corporate Auditors Auditing Standards)*, the corporate auditors attend meetings of the Board of Directors and the Executive Committee, examine documents related to important decisions and authorizations, and monitor broadly other matters regarding management of DeNA in general. Each auditor conducts all necessary audits on the directors' performance of their duties and on the decision-making function of the Board of Directors from an independent standpoint while also sharing information in the meetings of the Board of Corporate Auditors, and works to perform his auditing duties efficiently and with a high degree of effectiveness to contribute to the enhancement of the Company's corporate governance.

Although DeNA does not have its own specific standards or policies regarding independence in the selection of outside corporate auditors, it follows the standards for determining the independence of independent auditors set forth by the Tokyo Stock Exchange. DeNA also notifies the Tokyo Stock Exchange of its three independent outside corporate auditors for whom there is no risk of having a conflict of interest with regular shareholders.

DeNA's standing corporate auditor, Taketsune Watanabe, has experience as a representative director at another company and also has considerable management experience in Internet-based services. Mr. Watanabe attends Board of Directors' meetings, as well as the weekly Executive Committee meetings in which the progress of each business is assessed, the identification of and responses to risks are reviewed, and important decisions on business execution are made. He is thereby in a position to monitor the decision making and business execution of the directors on a daily basis. The Company has determined that it has no personal, capital, or business relationships, or other significant interests, with him. While Mr. Watanabe served as president and representative director of NIFTY Corporation in the past, DeNA has determined that it has no personal, capital, or business relationships, or other significant interests, with NIFTY.

Masaru Iida has many years of experience and considerable knowledge with regard to finance and accounting from his long tenure at a financial institution. In addition, he has extensive legal knowledge from his experience as a lawyer. The Company has determined that it has no personal, capital, or business relationships, or other significant interests, with him. Mr. Iida worked for Sumitomo Mitsui Banking Corporation, one of the main financing banks of the Company, until February 2003, but he had no experience at the bank as a director or executive officer, nor was he directly involved with top management. Moreover, it has been over 10 years since his resignation from Sumitomo Mitsui Banking, and he has had no business relationship with the bank since his departure. The Company has thereby determined that Mr. Iida meets the independence requirement. Meanwhile, although the Company has a business relationship with the bank through transactions such as the depositing of money, it has determined that it has no personal or capital relationships with the bank. In fact, the Company is not engaged in any relationships with the bank involving management decision making and financial strategy pertaining to the Company and is not in a position to be influenced by the bank regarding such matters.

Hisaaki Fujikawa has abundant experience and profound knowledge as a university professor in the field of employment and labor, as well as extensive legal knowledge from his experience as a lawyer. The Company has determined that it has no personal, capital, or business relationships, or other significant interests, with him.

The corporate auditors hold quarterly meetings with the independent accounting auditor, Ernst & Young ShinNihon LLC, and at other times, as deemed necessary, to exchange opinions and information regarding the auditing system, auditing plans, and the status of audits, in their efforts to maintain a mutually collaborative relationship. Also, the corporate auditors hold periodic meetings, as well as meetings deemed necessary, with the internal auditing department to exchange opinions and information regarding the auditing system, auditing plans, and the status of audits, as well as to maintain a mutually collaborative relationship.

The corporate auditors monitor and verify the status of the internal control system and provide advice and guidance to the corporate planning department, as necessary.

Internal Auditing Department

The internal auditing department verifies the internal control system and reports its findings to the corporate planning department. Based on this information, the corporate planning department takes steps to make improvements within the internal control system. This department also works with the independent accounting auditor as appropriate to further the aims of the internal control system.

Executive Compensation

The compensation of directors consists of cash compensation and compensation in the form of stock options. The compensation of corporate auditors comprises cash compensation only.

Cash compensation for directors other than the outside director includes a fixed portion and a variable portion based on DeNA's performance in the previous fiscal

Compensation Paid to Directors and Corporate Auditors
(for the Year Ended March 31, 2013)

Position	Number of Entitled Directors and Corporate Auditors	Amount of Compensation (Millions of yen)
Directors	6	525
Corporate Auditors	4	18
Total	10	543

Notes: 1. The above compensation amounts include the value of stock acquisition rights granted as stock options, which contributed to expenses for the current fiscal year (¥120 million for directors).
2. The number of entitled directors and corporate auditors includes one corporate auditor who retired at the closing of the 14th Ordinary General Meeting of Shareholders held on June 23, 2012, and one director who retired during the course of the current fiscal year.

year. Cash compensation for the outside director and corporate auditors comprises a fixed portion only. The stock option incentive system ensures that directors share the benefits of rising stock prices, as well as the risks of falling stock prices, with shareholders, thus giving them an incentive to contribute to the overall performance of the Company and increase corporate value. This system also helps raise their awareness toward shareholder-oriented management.

The upper limit on the cash compensation for directors was set at the 15th Ordinary General Meeting of Shareholders held on June 22, 2013. For the fixed portion, the upper limit was set at ¥320 million per year (of which the amount for the outside director was ¥20 million per year), while the limit for the performance-linked portion was set at an amount which shall not exceed 1.0% of the amount of profit for the year attributable to owners of the parent in the consolidated income statement for the previous fiscal year. Also, the amount may not exceed 1.0% of the amount of said profit when such performance-linked portion is added to the compensation derived from stock options (for the year). Moreover, the outside director is not eligible to receive performance-linked compensation due to the nature of his duties.

As for cash compensation for corporate auditors, the upper limit was set at ¥60 million per year at the Extraordinary General Meeting of Shareholders held on September 28, 2004.

The upper limit on stock option compensation for directors, which is separate from cash compensation, was approved by the resolution of the 15th Ordinary General Meeting of Shareholders held on June 22, 2013, and for directors other than the outside director was 1.0% of the amount of profit for the year attributable to owners of the parent in the consolidated income statement for the previous fiscal year. However, the amount may not exceed 1.0% of the amount of said profit when added to the cash compensation (for the year). In addition, the upper limit for the number of stock acquisition rights to be issued as stock options for the year was set at 160,000 units. For the outside director, in consideration of the nature of his duties, the value of stock option compensation was limited to within ¥20 million per year and the upper limit for the number of stock acquisition rights to be issued as stock options was set at 15,000 units per year.

The compensation of individual directors is based on DeNA's performance on a consolidated basis, within limits, as outlined above, and on the individual's contribution. The compensation allocation for corporate auditors is based on discussion among the corporate auditors.

Internal Audits

Internal audits are conducted by internal auditing department personnel (four persons as of June 26, 2013). Such personnel perform audits on all DeNA departments and applicable departments of subsidiaries based on the *Internal Auditing Regulations* and an internal auditing plan that has been approved by the representative director. The results of these internal audits are reported directly to the representative director, and the applicable departments that have been audited are also made aware of the results. Confirmations of whether necessary improvements have been carried out are made at a later date.

Internal Control System

The Board of Directors of DeNA has established a *Basic Policy for Structuring Internal Controls*. Systems for internal controls, compliance, and risk management are designed and implemented based on this policy.

Compliance

DeNA has established an *Ethics Charter* and *Group Code of Conduct* that are made known to all directors and employees, and the DeNA Group has created and maintains a corporate culture with high standards of ethical behavior. All directors and employees of DeNA Group companies shall have an in-depth understanding of corporate social responsibility and, in their daily work, comply with relevant laws and regulations and maintain behavior that follows social ethical standards.

The corporate planning department is the organizational unit in charge of the structuring and maintenance of compliance systems. The department conducts internal training courses related to corporate ethics and legal compliance. However, since compliance with the Act on the Protection of Personal Information in Japan is critical for DeNA as a company handling personal information, matters related to this law are the responsibility of the Personal Information Management Committee, which is chaired by the representative director. The internal auditing department verifies whether the execution of operations is in accord with applicable laws, the DeNA Articles of Incorporation, and internal regulations.

When an employee's or a director's conduct is brought into question from a compliance perspective, he or she may be reported to the appropriate persons in charge through an internal reporting system implemented by the Company, or external legal counsel may be sought.

The Company will systematically and resolutely respond to antisocial forces that threaten social order and sound corporate activities.

Risk Management

Analysis of management risks and countermeasures for dealing with risk are coordinated by the Executive Committee, which is chaired by the representative director and includes the full-time directors, the full-time corporate auditor, and the executive officers.

The introduction of DeNA's *Risk Management Regulations* and *Emergency Crisis Manual*, as well as preparation of other aspects of the risk management system, is the responsibility of the director in charge of the corporate planning department, and this department is in charge of the implementation of these matters. However, responsibility for risks related to information security and management of personal information rests with the committees responsible for these risks, which are chaired by the representative director. These committees are working together to strengthen the related management systems.

When unexpected developments occur, a centralized emergency unit is formed, headed by the representative director, in order to take quick action, prevent, and/or limit loss or damages from such developments, and strive to minimize the potential effects of the event.

Investor Relations Activities

DeNA's investor relations (IR) activities are conducted by two offices, one in Tokyo and the other in San Francisco, whose personnel are exclusively responsible for the Company's IR activities. In the Investors section of the Company's website, DeNA posts relevant information such as financial statements, slide materials and video, notices of convocation, notices of resolution, other timely disclosure materials, annual securities reports, and annual reports. The preparation of such materials is a closely integrated collaborative effort that includes not only the IR offices, but various internal departments including the accounting, legal, and public relations departments. In addition, DeNA provides overseas investors with disclosure materials and other IR information translated into English and published on its English website. The very latest IR information is distributed via e-mail and RSS.*

The Ordinary General Meeting of Shareholders is held on Saturdays to maximize the number of shareholders who can attend. To provide convenient services for shareholders, provisions have been made for proxy voting via the Internet, which can be accessed by PC, mobile phone, or smartphone. Also for institutional investors, DeNA participates in an electronic proxy voting platform.

When quarterly results are announced, DeNA holds presentation meetings for Japan's securities analysts, institutional investors, and media. DeNA holds conference call presentations for overseas institutional investors. DeNA visits overseas institutional investors regularly and actively participates in conferences for overseas institutional investors hosted by securities companies to explain the overall business of the Company.

Presentation meetings for individual investors are held by the Company at least once a year, conducting briefings by members of our management team on corporate management and strategy, and materials and video from these events are posted on the DeNA website.

*RSS: Using RSS Reader software or an RSS-compatible browser, investors and interested parties can view headlines of breaking news coverage.

The Management Team

As of June 2013, DeNA's management comprises nine executives including four outside officers.

The Board of Directors consists of five directors who are thoroughly familiar with the Company's businesses and one outside director with abundant experience in the entertainment business. This structure enables the management team to make timely, appropriate decisions in a highly fluid business environment and accelerate ongoing business development. In addition, all three corporate auditors including one standing corporate auditor are highly independent outside auditors, overseeing management as well as offering advisory input based on extensive insight and experience.

Directors

Makoto Haruta *Director and Chairman*

Upon graduation from the Faculty of Law at Kyoto University in March 1992, Mr. Haruta joined The Sumitomo Bank, Limited (currently, Sumitomo Mitsui Banking Corporation) in April of that year. In February 2000, he joined DeNA and was appointed director in September of the same year. He was then named managing director in July 2008. In April 2009, Mr. Haruta became managing director and chief financial officer (CFO). In June 2011, he was named director and chairman.

Isao Moriyasu *Representative Director, President, and CEO*

Mr. Moriyasu joined Oracle Corporation Japan in April 1998 after completing graduate studies in the same year at the Department of Aeronautics and Astronautics, Tokyo University. He joined DeNA as a systems engineer in November 1999. Mr. Moriyasu launched Mobaoku and Pocket Affiliate in 2004 and Mobage in 2006, and assumed the position of director in June of the same year. He became director and chief operating officer (COO) in April 2009. In June 2011, Mr. Moriyasu was appointed representative director, president, and executive officer. In April 2013, he was named representative director, president, and chief executive officer (CEO).

Tomoko Namba *Founder and Director*

In April 1986, Ms. Namba joined McKinsey & Company, Inc., Japan. She resigned from McKinsey in 1988 to attend Harvard University. After earning an MBA from Harvard, Ms. Namba returned to McKinsey. In 1999, she founded DeNA and became representative director and president. In June 2011, she was appointed director.

Shuhei Kawasaki *Director and Chief Technology Officer*

Mr. Kawasaki joined DeNA in January 2002 while enrolled in a doctorate program at Tokyo University. He became a full-time employee in 2004 upon completion of his doctoral coursework. In June 2007, Mr. Kawasaki was appointed director. In April 2011, he was named director and chief technology officer (CTO), and in June 2011, he was reappointed director and CTO.

Kenji Kobayashi *Director and Chief Game Strategy Officer*

In 2005, Mr. Kobayashi completed graduate studies in Aesthetics at Tokyo University Graduate School of Humanities and Sociology, and in April of that year he joined Corporate Directions, Inc. In April 2009, Mr. Kobayashi joined DeNA and became executive officer and general manager of Human Resources Head Office. Then in April 2010, he was appointed executive officer and general manager of Social Game Business Division, Social Media Business Head Office. In June 2011, Mr. Kobayashi was appointed director and executive officer, and in April 2013, he was named chief game strategy officer.

Director

Rehito Hatoyama *Outside Director*

Mr. Hatoyama joined Mitsubishi Corporation after graduating from the School of International Politics, Economics and Communication at Aoyama Gakuin University. He was engaged in media content business before earning an MBA from Harvard Business School in 2008. In the same year, he joined Sanrio Company, Ltd., and in 2010 he was appointed director and general manager of the company's Business Strategy Department. Mr. Hatoyama subsequently was named general manager of the Management Strategy Division while concurrently serving as general manager of the Overseas Business Division and Corporate Reform Department. In April 2013, he was named managing director of the company; and in June of the same year, he was appointed outside director of DeNA.

Corporate Auditors

Taketsune Watanabe *Standing Corporate Auditor (Outside)*

In April 1962, Mr. Watanabe joined Fuji Tsushinki Manufacturing Corporation (currently, Fujitsu Limited). Since June 1994, he has served as executive vice president, deputy general manager of Overseas Marketing Headquarters, and general manager with overall responsibility for Systems Marketing. Mr. Watanabe has served as the firm's executive vice president and deputy general manager of International Marketing Headquarters since December 1996. In June 1998, he became representative director and president of NIFTY Corporation. In June 2004, Mr. Watanabe was appointed corporate auditor of DeNA, and in June 2006, he was named standing corporate auditor (outside).

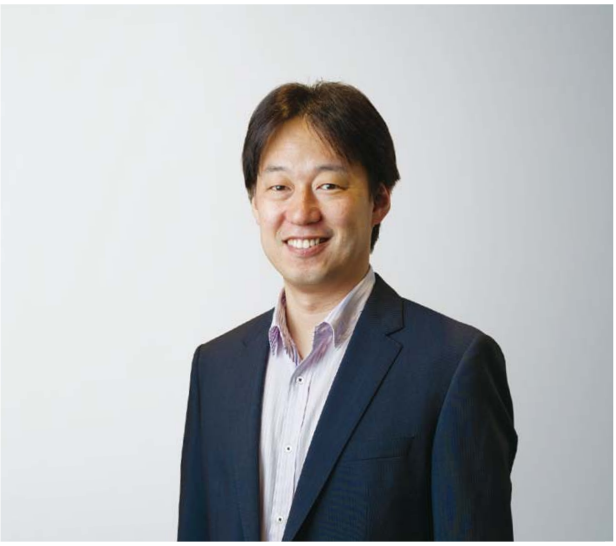
Masaru Iida *Corporate Auditor (Outside)*

Mr. Iida completed a Master of Laws (LL.M.) degree from University of Pennsylvania Law School in 1993. He subsequently completed his law degree at Hitotsubashi University Law School in 2008. In June 2011, Mr. Iida was appointed corporate auditor of DeNA, and in July of the same year he founded the Iida Keiei Houritsu Jimusho (Management Law Firm), where he is currently practicing law.

Hisaaki Fujikawa *Corporate Auditor (Outside)*

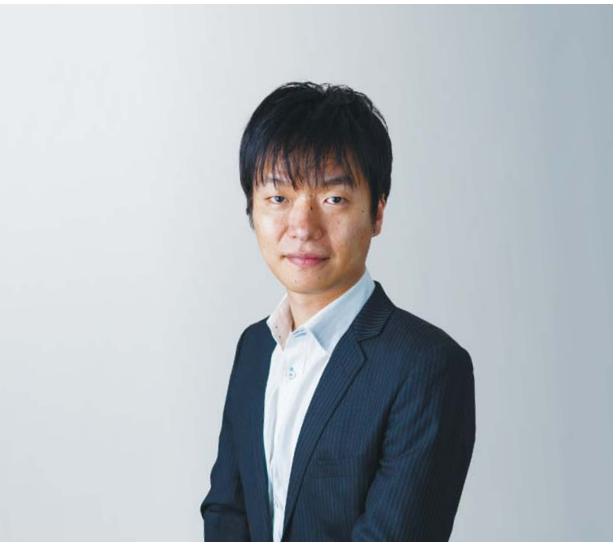
In 1990, Professor Fujikawa graduated from Tokyo University Faculty of Law upon completing graduate studies at the university. In June 2011, he was appointed corporate auditor of DeNA. He is currently practicing law and is also a professor at the Graduate School of Law of Aoyama Gakuin University Faculty of Law.

Makoto Haruta *Director and Chairman*



Isao Moriyasu *Representative Director, President, and CEO*

Tomoko Namba *Founder and Director*



Shuhei Kawasaki *Director and Chief Technology Officer*

Kenji Kobayashi *Director and Chief Game Strategy Officer*

Taketsune Watanabe *Standing Corporate Auditor (Outside)*

Financial Section

Contents

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following section, Management's Discussion and Analysis of Financial Condition and Results of Operations, provides an overview of the consolidated financial statements of DeNA Co., Ltd. (the "Company") and its subsidiaries (collectively, the "DeNA Group" or the "Group") for the fiscal year ended March 31, 2013 ("fiscal 2012").

Note: As of fiscal 2012, the DeNA Group adopted IFRS in lieu of Japanese GAAP. Analyses involving the previous fiscal year's results have been adjusted to comply with IFRS. For differences between IFRS and Japanese GAAP in respect of the Group's financial data, please refer to "Note 37. First-time Adoption of IFRS" of the Notes to Consolidated Financial Statements.

Overview

The DeNA Group is a leading provider of mobile social gaming platforms operating in Japan and overseas. The Group also offers e-commerce and other Web services for mobile devices and PCs.

In order to secure the position of the world's top social gaming platform, the DeNA Group focused on expanding the utilization of social games provided on Mobage in Japan and overseas during fiscal 2012. In addition, the Group actively engaged in the launch of new services to expand the business domain in the smartphone field.

Accordingly, game-related revenue increased from the previous fiscal year due to higher consumption of the virtual currency "MobaCoin" used in social games provided on Mobage. However, both cost of sales and selling, general and administrative expenses grew due in part to advertising activities associated with Mobage and new services in Japan and overseas. In addition, expenses rose for fees paid to billing agencies and revenue sharing payments made to game developers, as well as for outsourcing, with increased game-related revenue.

As a result, revenue of the DeNA Group was ¥202,467 million, up 38.2% year on year; operating profit was ¥76,840 million, up 27.5%; profit before tax was ¥79,215 million, up 31.3%; and profit for the year attributable to owners of the parent was ¥45,581 million, up 46.4%. As such, both revenue and operating profit reached record highs for the ninth consecutive fiscal year since the Company's listing.

Results of Operations

Revenue

Revenue was ¥202,467 million, up 38.2% year on year. In the Social Media Business, revenue from sales of virtual items used in social games provided by Mobage recorded an increase, boosting the overall performance of the Group. Please refer to the Review of Operations for details.

Operating Profit

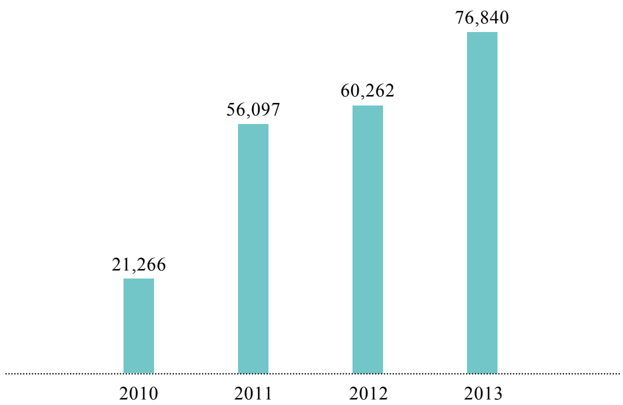
Cost of sales was ¥56,604 million, up 91.5% year on year. A rise in costs associated with the development of social games contributed to labor costs of ¥4,750 million, an increase of 53.3%. Commission fees rose, mostly in connection with significant revenue sharing payments to game developers linked to social gaming sales, and amounted to ¥33,252 million, an increase of 113.4%. Outsourcing expenses were ¥8,702 million, up 103.1%, largely due to increased volume of production outsourcing for virtual items used in social games and the like, in addition to a rise in costs associated with Yokohama DeNA Baystars Baseball Club, Inc.

As a result, gross profit was ¥145,863 million, up 24.7% year on year.

Selling, general and administrative expenses were ¥69,075 million, up 21.4% year on year. Commission fees, included in selling, general and administrative expenses, expanded to ¥24,622 million, up 55.8%, based on purchases of the virtual currency MobaCoin and a major increase in fees paid to billing agencies for those purchases. Moreover, due to factors including

Net Sales/Revenue (Millions of yen)

Operating Income/Operating Profit (Millions of yen)



an increase in domestic and overseas promotion expenses, advertising expenses were ¥11,178 million, up 26.1%, and sales promotion expenses were ¥11,715 million, up 11.1%.

Due to an increase in gain on expiration of contractual obligations, other income was ¥603 million, up 18.7%. In addition, other expenses amounted to ¥551 million, up 78.6%, because of an increase in loss on sales and disposals of fixed assets, among others.

As a result, the revenue composition ratio of the Social Media Business was 88.7%, down 0.2 percentage point year on year, and segment profit margin (calculated prior to internal transactions from revenue and segment profit) was 43.5%, down 2.7 percentage points. The Group's operating profit was ¥76,840 million, up 27.5%, and the operating profit margin was 38.0%, down 3.1 percentage points.

Profit before Tax

Finance income was ¥2,549 million, up 84.3% year on year, owing primarily to gain on securities and foreign exchange gains. Finance costs were ¥273 million, down 78.5%, due to the recording of foreign exchange gains compared with foreign exchange losses in the previous fiscal year. Also, the share of profit of associates accounted for using the equity method was ¥99 million, compared with a loss of ¥25 million in the previous fiscal year.

As a result, profit before tax was ¥79,215 million, up 31.3% year on year.

Profit Attributable to Owners of the Parent

Income tax expense rose along with increased earnings, and profit for the year was ¥46,735 million, up 47.8% year on year, with profit for the year attributable to the owners of the parent amounting to ¥45,581 million, up 46.4%.

Total comprehensive income for the year was ¥51,400 million, up 63.6% year on year, including foreign currency translation adjustments and other factors.

Financial Position

Total assets as of March 31, 2013 stood at ¥194,784 million, up ¥41,561 million from the end of the previous fiscal year.

Current assets were ¥118,827 million, a gain of ¥21,279 million. This was due primarily to increases in cash and cash equivalents of ¥12,447 million and in trade and other current receivables of ¥6,950 million.

Non-current assets were ¥75,957 million, a gain of ¥20,282 million. This was due mainly to increases in investments accounted for using the equity method of ¥7,696 million, goodwill of ¥4,192 million, and property and equipment of ¥2,334 million.

Current liabilities were ¥69,882 million, a rise of ¥15,212 million. This was due primarily to increases in trade and other current payables of ¥4,296 million and income tax payables of ¥6,448 million.

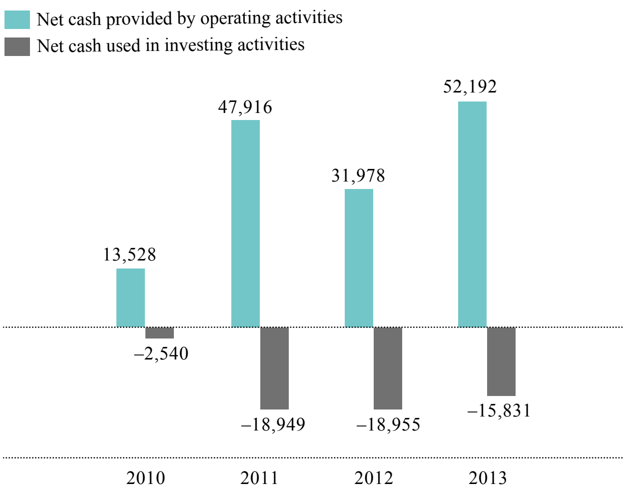
Non-current liabilities stood at ¥1,226 million, a rise of ¥718 million. This was due mainly to an increase of ¥716 million in non-current provisions.

As a result, total liabilities amounted to ¥71,108 million, up ¥15,930 million from the end of the previous fiscal year.

Total equity was ¥123,676 million, up ¥25,630 million from the end of the previous fiscal year. This was primarily attributable to an increase in retained earnings of ¥39,986 million, more than offsetting the impact of an increase in treasury stock of ¥19,098 million.

In terms of liquidity, the liquidity ratio and ratio of equity attributable to owners of the parent stood at 170.0% and 61.2%, respectively, as of March 31, 2013.

Cash Flows (Millions of yen)



Cash Dividends per Share (Yen)

Liquidity and Capital Resources

Funding Requirements and Fund Procurement

To achieve continued growth by maintaining and strengthening the competitive edge of the business, the Group requires sustained investment. Moreover, to expand the scale of its business activities and diversify sources of earnings, the Group will continue to take initiatives to provide new services or enter new businesses. Funding requirements for these will be met in principle by available funds, with additional fund procurement being executed where necessary.

Capital Expenditures

Total capital investments, including property and equipment, software, and other assets, for the fiscal year under review totaled ¥11,334 million, due primarily to investments in servers, software, and other related items in the Social Media Business.

Cash Flows

Cash and cash equivalents (collectively, "cash") as of March 31, 2013 rose ¥12,447 million compared with the end of the previous fiscal year, to ¥67,337 million. Cash flows in each area of activity and their respective contributing factors are as follows.

Operating Activities

Net cash flows from operating activities for fiscal 2012 were ¥52,192 million, compared with ¥31,978 million for the previous fiscal year. The principal cash inflow factor was ¥79,215 million in profit before tax, which exceeded the effect of ¥29,782 million in income tax paid.

Investing Activities

Net cash flows used in investing activities for fiscal 2012 were ¥15,831 million, compared with ¥18,955 million for the previous fiscal year. The principal cash outflow factors were ¥7,821 million in purchases of investment securities and ¥7,698 million in purchases of intangible assets, which exceeded the effect of ¥2,626 million in proceeds from sales and redemption of investment securities.

Financing Activities

Net cash flows used in financing activities for fiscal 2012 were ¥25,039 million, compared with ¥18,967 million for the previous fiscal year. The principal cash outflow factors were ¥20,000 million in acquisition of treasury stock and ¥5,142 million in cash dividends paid.

Forecast for Fiscal 2013

With regard to the consolidated financial results forecast for the fiscal year ending March 31, 2014 ("fiscal 2013"), it is difficult to project the speed of market growth in the social game-related market, which is the Group's principal business, both in Japan and overseas. In addition, revenue is substantially affected by various uncertainties, such as user preferences and the existence of popular titles.

Owing to these and other factors, the Group announces the financial results forecast for the following quarter at the time of each quarterly results announcement since it is not feasible to prepare highly reliable financial forecasts for the full year and half year.

Policy for Distribution of Profit and Dividends for Fiscal 2012 and Fiscal 2013

The Company regards continuing expansion in its corporate value and returning a portion of profit for the year to shareholders as important management priorities. The Company's basic policy for allocating profit for the year to shareholders through the payment of dividends is to link such allocations to its performance, and based on this policy the Company aims to achieve a consolidated payout ratio of 20% over the medium to long term in consideration of performance each fiscal year. One approach to capital management policy is to respond flexibly to changes in the Company's stock price and conditions in the operating environment and return a portion of profit for the year to shareholders. In consideration of this policy, the Company purchases its own shares from the market. As for the fiscal year under review, the Company acquired 9,113,400 shares of treasury stock (acquisition cost of ¥20 billion, 6.4% of the total number of shares issued before the acquisition, excluding treasury stock).

Based on this policy, after taking into account various factors, such as the fact that profit for the fiscal year under review exceeded the amount from the previous fiscal year due to the continuing increase in revenue from strong sales of virtual items in social games provided by Mobage, the Company paid a regular cash dividend for its common stock of ¥50 per share (versus a cash dividend of ¥36 per share for the previous fiscal year) to enhance shareholder return. Regarding retained earnings, the Company's objective is to make effective investments to create a solid earnings base.

Although the Company has not disclosed a forecast for its cash dividend in fiscal 2013 because a full-year financial results forecast has not yet been disclosed, as stated previously, an announcement of the expected dividend amount will be promptly made when it is possible to disclose the full-year financial results forecast. Currently, the Company expects to provide a forecast at the time of the announcement of financial results for the third quarter of fiscal 2013.

The basic policy regarding the payment of dividends from surplus is to pay a year-end dividend once a year.

Risk Factors

This section reviews the principal matters among the various items related to the business and accounting situation that may constitute risks for the DeNA Group and are believed likely to have a material effect on the decisions of investors. The policy of the Group, after these matters are recognized as risks that may occur, is to work to prevent their occurrence and develop countermeasures against such risks. However, the Company believes that the judgments of investors regarding the Company's stock must be made after the careful consideration of these matters and other factors that are not covered here.

Unless otherwise indicated, matters related to future developments that are mentioned in this section are judgments of the Group that were made as of the date of the issuance of this document. Since these matters have inherent uncertainties, the actual results and outcomes may differ from these judgments.

1) Business Environment Risk

(a) Growth Prospects for the Internet Industry in Japan

In terms of Internet services for mobile users where the Group is capitalizing on its strengths, along with the penetration of high-function smart devices (collective term for smartphones and tablet devices) in the market, environment capable of providing highly diversified contents to users became established. The social game market, which is currently the Group's principal business, is forecasted to grow from ¥538.5 billion in fiscal 2012 to ¥767.9 billion in fiscal 2017 (according to forecasts prepared by Nomura Research Institute, Ltd.), and is expected to continue to grow steadily.

In addition, accompanying the conversion to electronic commerce in the service industry and the penetration of online supermarkets, the BtoC EC (business to consumer electronic commerce) market has kept its high annual growth rate of over 10% from approximately ¥10,200 billion in fiscal 2012 and is expected to reach approximately ¥17,300 billion in fiscal 2017 (according to forecasts prepared by Nomura Research Institute, Ltd.).

However, since the aforementioned markets are both still in the process of growing, sudden changes in market share owing to new entrants into the industry and structural changes in market in association with the emergence of new business models may have an adverse impact on the Group's business and performance. The advertising business, in general, is strongly influenced by changes in demand for and expenditures on advertising that occur with ups and downs in the economy and due to seasonal factors. Furthermore, even if the market continues to expand, the Group may not necessarily grow favorably at the same pace.

(b) Competition

The Group strives to increase its competitiveness by creating websites that aim for optimum usability, offer distinctive services and an extensive range of products and take initiatives to ensure secure transactions and improved customer support. However, intensifying competition from companies or new market entrants offering similar services for mobile devices and PC may have an adverse impact on the Group's business and performance.

(c) Responding to New Technologies

The Group is developing its business based on Internet-related technologies. However, this is an industry characterized by rapid change; new technologies are being developed, and new services based on these technologies are being introduced constantly in this field.

In addition, the Group's activities have a high ratio of services for mobile devices, but multi-functional information devices, as typified by smartphones, is coming into wider use, and new services for these multi-functional devices are being introduced constantly. As a result, while the Group is endeavoring to recruit and develop engineers, in the event that the Group lags behind new technologies, its competitiveness may decline.

In addition, in the event that large expenditures are necessary for responding to new technologies, this may have an adverse impact on the Group's business and performance.

2) Individual Business Risk

(a) Social Media Business

Changes in user tastes and preferences for content, as typified by social games, may be rapid and extreme. In the event that, for some reason, the Group cannot accurately identify user needs and provide content that satisfies them, the appeal of the Group's services to users may decline.

In addition, it is necessary to not only improve existing content but also expand its lineup by introducing new titles on a continuing basis, but in the event that these do not proceed according to plan, an adverse impact on the Group's business and performance may result.

In the event that the content provided by the Group or a third-party developer, or external partners including outsource companies cause serious problems, the legal responsibility of the Group may become an issue regardless of the content of contract bylaws and terms/conditions. Even where this is not the case, such incidents may damage the Group's brand image, and an adverse impact on the Group's business and performance may result.

(b) E-commerce Business

In the EC sites run by the Group, the business, in principle, is only to offer a venue for transactions and the EC site itself does not act as a buyer or seller. However, as the provider of a sales venue, the EC site performs a surveillance function on the items offered for sale to ensure that these do not violate laws, are not fake brands, are not fraudulent, and do not involve other forms of illegal behavior. In addition, the EC site terms and conditions in agreements include phrases that clearly absolve the Group of any responsibility regarding the items shown and any matter or transactions following the closing of the bidding and completion of the shopping transaction. Moreover, based on the Act on Specified Commercial Transactions, which restricts advertising by mail-order retailers, the Group sets its own standards for advertisements it will carry related to such sales and exercises self-restraint in this area. In addition, the Group's contracts with mail-order retailers state clearly that the responsibility for advertising content lies with the mail-order retailer.

Nevertheless, in the event that serious problems arise between site members and other users on EC sites run by the Group, regardless of the content of contract bylaws and terms/conditions, the legal responsibility of the Group may become an issue. Even where this is not the case, such incidents may damage the Group's brand image, and an adverse impact on the Group's business and performance may result.

(c) Internet Advertising

The Group operates a number of Internet media, principally for mobile devices, as typified by Mobage. Looking ahead, the unit prices of advertising services may decline as a result of trends in the Internet advertising industry as a whole and competition with services of other companies. Similarly, such circumstances may also result in increases in selling fees paid to advertising agencies and the cost of winning new business from advertisers. As a result, an adverse impact on the Group's business and performance may result.

When other advertisers and the media use the advertising services offered by the Group and serious problems arise because of legal violations, etc., regardless of the content of contracts and terms/conditions, the legal responsibility of the Group may become an issue.

(d) Processing Settlement Business

In some cases, payment gateway services provided by Group company Paygent involve payment to participating businesses that make use of the services before receiving compensation from buyers. As a result, during the time between the payment to participating businesses and collection of this amount from buyers, Paygent must raise the necessary funds. In the event that the usage of this service spreads more rapidly than anticipated, it may be impossible to raise the necessary funds at an appropriate cost, and an adverse impact on the Group's business and performance may result.

Paygent has the responsibility for supervising the participating businesses that make use of this service and works to obtain credit information from such businesses in advance. However, when problems for which the business using the service is responsible arise, which were difficult to predict in advance, an adverse impact on the Group's business and performance may result. Moreover, the Group takes measures to maintain the complete confidentiality of sensitive information to provide safe and secure payment services for users. Paygent was the first company in Japan's payment service industry to obtain full compliance certification under "PCI DSS Version 1.2," an international standard for the protection of credit card information. Paygent has also been certified under "ISO/IEC 27001:2005 (JIS Q 27001:2006)" (commonly referred to as ISMS), the system for qualifying for information security management. Although, as these qualifications suggest, Paygent strives to meet international standards for security management, if problems arise that were not anticipated under these standards, an adverse impact on the Group's business and performance may result.

(e) Travel Agency and Insurance Agency Businesses

The Group engages in the travel agency and insurance agency businesses. In the event that unforeseen economic trends, such natural disasters as earthquakes, weather conditions, other circumstances in Japan or overseas as well as changes in consumer tastes or the intensification of competition, occur, this may have an adverse impact on the business and performance of these agency activities.

In addition, the Group operates these businesses in compliance with the relevant public restrictions and observes the stipulations of Japan's Travel Agency Act and other regulations. However, in the event of unforeseen circumstances, if the Group should violate these regulations and is subject to government administrative action, such as the cancellation of its travel agency license, or, if these regulations are tightened going forward or new regulations are put into effect and the Group is subject to some kinds of constraints in the development of its business activities in these fields and incurs additional costs, an adverse impact on the Group's business and performance may result.

In the case of the insurance agency business, the Group must comply with the Insurance Business Act as well as the Act on Sales, etc. of Financial Instruments, and other regulations. Looking ahead, in the event that these laws are changed, an adverse impact on the Group's business and performance may result.

(f) New Businesses

To expand the scale of its business activities and diversify sources of earnings, the Group will continue to take aggressive initiatives to provide new services and enter new businesses. As a result, the Group may have to make investments in systems and incur additional expenditures on advertising and other items, which may result in lower profitability. In addition, in launching new services and new businesses, the risks inherent in these new activities become risk factors for the Group. Also, in unexpected situations and other circumstances, the development of new services and new businesses may not proceed as originally planned and the Group may not be able to recover its investments. An adverse impact on the Group's business and performance may result.

(g) Venture Investments

The Group invests in limited partnerships (funds) with the aims of increasing corporate value of companies offering software applications and others in Japan and overseas with a high growth potential through providing early development and support, along with expanding and further developing the social media market. The unlisted companies that these funds invest in may lack sufficient development and other capabilities to adapt to changes in the market, and there are many uncertainties regarding their future growth. These companies may not be able to realize their expected potential and may experience deterioration in performance, thus making it impossible to recover venture fund investments, and an adverse impact on the Group's business and performance may result.

(h) Overseas Business

The Group is aiming to establish its position as the world's top social gaming platform provider, which is its principal business for the foreseeable future. Accordingly, the Group is aggressively investing its corporate resources in the development and strengthening of its overseas business activities. Nevertheless, in developing business operations globally, the Group will face many potential risks, including those related to the legal regulations, systems, political/economic/social conditions, differences in culture/religions/preferences of local users/business customs of other countries, as well as foreign currency risk. In the event that the conduct of business becomes difficult because the Group is unable to deal with these risks, recovering the Group's investments may become difficult, and an adverse impact on the Group's business and performance may result. If the development of overseas business activities does not proceed according to the Group's plans, the need may arise to recognize impairment losses on goodwill, and an adverse impact on the Group's business and performance may result.

In addition, since the financial statements of overseas subsidiaries are prepared in local currencies, these are converted to Japanese yen when the Group's consolidated financial statements are prepared. Changes in foreign currency conversion rates in Japanese yen caused by market fluctuations may have an adverse impact on the Group's performance and financial position.

Looking ahead, the value of the Group's transactions in foreign currencies will rise. In the event that the prevailing market foreign currency conversion rate diverges from the rate assumed by the Group, an adverse impact on the Group's business and performance may result.

(i) Providing Services to the General Public

The Group provides services to a large number of individual users who make use of the websites it operates, such as Mobage. Accounts that are receivable from these users are generated when they use the Group's fee-based services. The majority of these accounts receivable are for small amounts. Through the use of the collection agency services of mobile phone carriers and other processing settlement agencies, the incidence of uncollected receivables is minimal, but as the range of users expands and the balance of uncollected receivables increases rapidly, the costs of collecting these receivables and the uncollected balance will rise. An adverse impact on the Group's business and performance may result.

In businesses where the user base comprises a large number of individual users, such as Mobage, there is a possibility that issues may arise related to communication between users because of inappropriate behavior. These may include matters related to ownership rights of others, intellectual property, personal honor, privacy, and other issues that arise from violations of the rights of others, laws and regulations.

The Group is continuously taking initiatives to maintain and strengthen its surveillance systems, but it may be difficult to fully supervise the behavior of users on the Group's sites. In the event that inappropriate behavior of users leads to trouble, regardless of the content of user contract bylaws and terms/conditions, the legal responsibility of the Group may become an issue. In addition, even when issues of legal responsibility do not arise, the adverse effects on the Group's brand image may have an adverse impact on the Group's business and performance.

3) Operating Agreements, M&A, and Related Risks

(a) Business Alliances and Capital Investments

The Group is working to expand its business activities through business alliances, capital investments, the formation of joint ventures, and other activities that involve relationships with other companies. By combining the operational know-how of the Group with that of alliance and joint venture partners, the Group aims to realize major synergies. However, in the event that these relationships do not achieve the initially conceived positive benefits or these relationships are dissolved, an adverse impact on the Group's business and performance may result.

(b) Expansion through M&A (Corporate Acquisitions, Etc.)

To expand the scale of its business operations and diversify sources of earnings, the DeNA Group is working aggressively to take initiatives in new businesses. As an effective means of accelerating business expansion, the Group has adopted a policy of making use of M&A. When concluding M&A deals, the Group conducts detailed screenings, including the examination of the financial position of M&A candidate companies, their contractual relationships, and other matters, and makes decisions after carefully considering the risks involved. However, in the event that problems arise, such as the emergence of contingent liabilities after acquisitions have been made and the discovery of unrecognized liabilities that were not found prior to the acquisition, or in the event that the development of the acquired business does not proceed as planned, the Group may have to recognize impairment losses on goodwill. These and other contingencies may have an adverse impact on the Group's business and performance.

Also, as a result of corporate acquisitions, etc. that result in the addition of business activities that are new to the Group, the risks inherent in these new activities become risk factors for the Group.

4) Telecommunications Network and Computer Systems Risk

The businesses of the Group are totally reliant on telecommunications networks that link computer systems such as mobile devices and PCs. In the event that these networks are disconnected as a result of natural disasters and accidents (including those caused by human factors either inside or outside the Group), a very serious effect on the Group's business and performance may result.

Also, in the event that computer systems break down because of unpredictable developments, such as a sudden increase in the number of users accessing the Group's sites, an electric power outage, or other problems, an adverse impact on the Group's business and performance may result.

The Group takes precautionary security measures to avert improper external access of its computer systems, but, in the event of damage to these systems as a result of computer viruses and hacker attacks, an adverse impact on the Group's business and performance may result.

5) Management Systems Risk

(a) Human Resources

In recent years, the Group has rapidly expanded its business domain, focusing on social media. Nevertheless, to further expand and diversify its business activities going forward, the Group believes it will be necessary to expand personnel in each of its departments. However, in the event that the training of personnel does not keep pace with the expansion of the scale of business, and qualified human resources cannot be externally recruited as planned, it may not be possible to assign proper personnel. This results in a decline in competitiveness and constraints the expansion of the business, and an adverse impact on the Group's business and performance may result.

(b) Internal Control Systems

With the understanding that effectively functioning corporate governance is indispensable for sustaining growth in corporate value, the Group is aware of the need for the proper functioning of operations, reliability in financial reporting, and full compliance with laws and regulations based on a sound sense of corporate ethics.

The Company is working to enhance its internal control systems, and its initiatives have included the establishment of the internal auditing department, which reports directly to the President and is responsible for internal auditing, internal control reporting systems under the Financial Instruments and Exchange Act of Japan, and support for its corporate auditors.

Nevertheless, in the event that the creation of adequate internal control systems cannot keep pace with the rapid expansion in the Group's business operations, conducting operations properly may become difficult, and an adverse impact on the Group's business and performance may result.

(c) Measures for Recovery from Disasters

The Group's principal business locations are situated in the Tokyo metropolitan area. In the event that various circumstances make it difficult for the Group to continue operations, including the occurrence of natural disasters, such as earthquakes and typhoons, as well as epidemics of new influenza strains or other diseases, an adverse impact on the Group's business and performance may result.

6) Compliance Risk

(a) Maintaining Site Integrity

The Group's Mobage, auction, and other services are provided to a large number of individual users, and it is assumed that users using these services will communicate with one another on their own initiative.

To nurture healthy user communities, the Group's usage contracts clearly forbid the improper use of its sites that might lead to social issues. For example, on Mobage, various uses, such as behavior with the intent of matchmaking or activities that violate the rights of other people, are forbidden. Also, on auction sites, such behavior that might lead to the violation of other people's rights is not allowed. The Group also monitors communication between users on a continuing basis. Users that violate the site agreements are asked to remedy their behavior, and measures may be taken to cancel their memberships.

In addition, the Company has formed a "Community Integrity Committee" that is chaired by the President, and systems have been put into place to take immediate measures to ensure site integrity and maintain the stable development of site communities. Moreover, to promote appropriate service usage, the Group has made it substantially clearer what manners are to be observed and those points where users should exercise caution. Other related measures the Group has taken include limiting the use of communication functions by younger people, strengthening monitoring systems, and increasing the number of site patrol personnel. The Group is continuing to strengthen its supervisory functions, including both systems and personnel, to maintain site integrity.

Please note that the Mobage site has qualified under the Accreditation Standards for Supervision of the Operation of Community Sites, indicating that its operating standards meet or exceed specific criteria as judged objectively by the Content Evaluation and Monitoring Association (EMA).

However, it is difficult to fully supervise the conduct of users within the site. In the event that improper user behavior causes trouble, regardless of the content of user contract bylaws and terms/conditions, the legal responsibility of the Group may become an issue. Even where this is not the case, such incidents may damage the Group's brand image, and an adverse impact on the Group's business and performance may result.

Going forward, as the scale of its businesses grows, the Group has adopted a policy of taking measures needed to maintain and enhance the integrity of its sites. In the event that the Group's response to system requirements and the strengthening of monitoring activities is delayed and this results in occurrence of expenses that exceeds the Group's estimates, an adverse impact on the Group's business and performance may result.

(b) Improvements in the Social Game User Environment

In collaboration with the Japan Social Game Association (JASGA), in which other leading gaming platform companies, game providers, experts and scholars, etc. participate, the Group implements various initiatives to promote reasonable game play and create a safe social gaming environment for all users and intends to take appropriate measures to achieve this. The Group's business and performance may be adversely affected by unforeseen costs or delays in enacting system and structural changes associated with such goals, and/or new regulatory schemes that place significant restrictions on existing services.

(c) Legal Restrictions

Services offered by the Group are subject to legal restrictions including the Consumer Contract Act, the Act against Unjustifiable Premiums and Misleading Representations, the Act on the Protection of Personal Information, the Act on the Prohibition of Unauthorized Computer Access, the Act on Specified Commercial Transactions, and the Act on Regulation of Transmission of Specified Electronic Mail. Besides these regulations, as electronic communication companies, companies engaging in electronic communication business within the Group are subject to the provisions of the Telecommunications Business Act.

Services offering social networking service functions including Mobage assume healthy communication among users. It is the Group's understanding that such communication does not involve "dating and personal introduction services" as covered by the Act on Regulation on Soliciting Children by Using Opposite Sex Introduction Service on the Internet. In addition, under the Act on Establishment of Enhanced Environment for Youth's Safe and Secure Internet Use, mobile phone carriers are legally required to offer a filtering service. As indicated above, the Group is continuing to step up its activities to maintain the integrity of its sites. To the maximum extent possible, the Group makes it possible for users to gain access to content even when filtering functions are operative.

In addition to the foregoing, the Group's MobaCoins, which are the dedicated in-game virtual currency for Mobage and other forms of payment, are subject to the Payment Services Act of Japan. The Group complies with this act in its operations.

In some cases, the DeNA Group outsources its systems development, content preparation and other aspects of its operations. Certain transactions of this kind are subject to the provisions of the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (Subcontract Act). The DeNA Group provides regular training for its employees regarding the Subcontract Act.

Moreover, depending on factors such as the business scale and market conditions of services offered by the DeNA Group, with regard to the implementation of the DeNA Group's policies and the content of its agreements (regulations) that form the basis for these transactions, it is necessary to consider the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Anti-Monopoly Act). In addition, the Group's expansion of overseas business will be exposed to laws and regulations of other countries and regions, including legal restrictions in respect to commercial transactions, advertising, premiums, personal information, privacy, protection of minors, prohibition of monopolization, intellectual property, consumer protection, virtual currencies, as well as government approval and licenses required for conducting businesses and investments.

The Group is responding in good faith to legal regulations including those of Japan and other countries and regions previously mentioned, but in the event that, under unforeseen circumstances, should the Group be denied the validity of contracts and other agreements, be subject to government administrative action due to its alleged violation of those regulations, or, if these regulations are tightened or amended going forward or new regulations are put into effect and the Group is subject to some kinds of constraints in the development of its business activities, this may have an adverse impact on the Group's business and performance.

Regarding legal regulations, please also refer to the sections numbered 2) *(b), (d)* and *(e)*, and 6) *(b)* and *(d)*.

(d) Protection of Personal Information

Some of the Group's companies in Japan gather and make use of member, credit card and other information in providing their services. For this reason, under the Act on the Protection of Personal Information, these companies have certain duties to perform as handlers of personal information. The Group has formed a Personal Information Management Committee, which is chaired by the President, and, under the committee's leadership, rules and guidelines for the management of personal information have been prepared as well as strict workflows for the processing of personal information. In addition, the Group is working to improve its related training programs, which are conducted principally by personnel who have passed the test to become certified protectors of personal information administered by the All-Japan Information Sciences Promotion Association. The Group is also endeavoring through these and other activities to raise the awareness of protecting personal information among personnel.

In its outlets, DeNA Shopping is providing support for strengthening personal information management systems, including setting time limits on the period during which personal information related to transactions can be downloaded onto PCs and introducing credit card settlement systems that do not require the acquisition of card-related information.

Nevertheless, in the event that serious problems arise, such as the leakage of personal information, claims for damages and a loss of trust in the Group may result. These circumstances may have an adverse impact on the Group's business and performance.

(e) Litigation Involving Third Parties

By promoting compliance with laws and regulations, the Group works to restrain legal violations by management and employees. However, regardless of whether there are violations by the Group, or management and employees, unforeseen trouble arising with users, transaction partners, employees and third parties, and lawsuits and litigations may occur. In addition, as noted in the following item, the Group recognizes that there are risks of lawsuits associated with intellectual property, including patents.

Depending on the nature of these lawsuits and their outcomes, an adverse impact on the Group's business and performance may result. In addition, incurring substantial legal expenses and damage to the Group's brand image may have an adverse impact on the Group's business and performance.

7) Intellectual Property Risk

The Group has registered the trademarks for the sites it operates and the services it provides as necessary. In addition, the Group has acquired patent rights, as necessary and for those applicable, for its originally developed systems and business models that are eligible for this protection. However, depending on the content of intellectual property rights owned by third parties, the Group may be subject to lawsuits, and an adverse impact on the Group's business and performance may result.

Consolidated Statement of Financial Position

DeNA Co., Ltd. and Subsidiaries
As of March 31, 2013

	Millions of yen			Thousands of U.S. dollars *(Note 2)*
			As of the date of transition to IFRS	
	2013	2012	April 1, 2011	**2013**
Assets				
Current assets				
Cash and cash equivalents *(Notes 6 and 22)*	**¥ 67,337**	¥ 54,890	¥ 61,535	**$ 716,351**
Trade and other current receivables *(Notes 7 and 22)*	**45,946**	38,997	22,827	**488,787**
Other current financial assets *(Notes 14 and 22)*	**1,123**	1,079	157	**11,947**
Other current assets *(Note 15)*	**4,421**	2,583	1,712	**47,032**
Total current assets	**118,827**	97,548	86,232	**1,264,117**
Non-current assets				
Property and equipment *(Note 8)*	**4,135**	1,801	1,247	**43,989**
Goodwill *(Note 10)*	**39,437**	35,245	28,619	**419,543**
Intangible assets *(Note 9)*	**8,719**	5,295	2,269	**92,755**
Investments accounted for using the equity method *(Note 12)*	**8,044**	349	—	**85,574**
Other non-current financial assets *(Notes 14 and 22)*	**8,702**	9,552	3,904	**92,574**
Deferred tax assets *(Note 13)*	**6,887**	3,377	4,315	**73,266**
Other non-current assets *(Note 15)*	**34**	57	12	**362**
Total non-current assets	**75,957**	55,675	40,366	**808,053**
Total assets	**¥194,784**	¥153,223	¥126,598	**$2,072,170**

The accompanying notes are an integral part of the consolidated financial statements.

	Millions of yen			Thousands of U.S. dollars *(Note 2)*
			As of the date of transition to IFRS	
	2013	2012	April 1, 2011	**2013**
Liabilities and equity				
Liabilities				
Current liabilities				
Trade and other current payables *(Notes 16 and 22)*	**¥ 30,034**	¥ 25,738	¥ 12,995	**$ 319,511**
Income tax payables	**21,645**	15,197	21,229	**230,266**
Other current financial liabilities *(Notes 17 and 22)*	**8,743**	6,766	5,163	**93,011**
Other current liabilities *(Note 15)*	**9,461**	6,969	5,759	**100,649**
Total current liabilities	**69,882**	54,670	45,146	**743,426**
Non-current liabilities				
Non-current provisions *(Note 19)*	**949**	232	214	**10,096**
Other non-current financial liabilities *(Notes 17 and 22)*	**15**	11	12	**160**
Other non-current liabilities *(Note 15)*	**262**	265	35	**2,787**
Total non-current liabilities	**1,226**	508	261	**13,043**
Total liabilities	**71,108**	55,178	45,406	**756,468**
Equity				
Common stock *(Note 20)*	**10,397**	10,397	10,392	**110,606**
Capital surplus *(Note 20)*	**10,361**	11,189	10,419	**110,223**
Retained earnings *(Note 20)*	**127,927**	87,941	61,818	**1,360,926**
Treasury stock *(Note 20)*	**(34,724)**	(15,626)	(5,225)	**(369,404)**
Other components of equity *(Note 20)*	**5,298**	776	994	**56,362**
Total equity attributable to owners of the parent	**119,259**	94,677	78,398	**1,268,713**
Non-controlling interests	**4,416**	3,369	2,793	**46,979**
Total equity	**123,676**	98,045	81,191	**1,315,702**
Total liabilities and equity	**¥194,784**	¥153,223	¥126,598	**$2,072,170**

Consolidated Income Statement

DeNA Co., Ltd. and Subsidiaries
For the year ended March 31, 2013

	Millions of yen		Thousands of U.S. dollars *(Note 2)*
	2013	2012	**2013**
Revenue *(Note 25)*	**¥202,467**	¥146,501	**$2,153,904**
Cost of sales *(Note 26)*	**(56,604)**	(29,553)	**(602,170)**
Gross profit	**145,863**	116,948	**1,551,734**
Selling, general and administrative expenses *(Note 27)*	**(69,075)**	(56,885)	**(734,840)**
Other income *(Note 28)*	**603**	508	**6,415**
Other expenses *(Note 28)*	**(551)**	(308)	**(5,862)**
Operating profit	**76,840**	60,262	**817,447**
Finance income *(Note 24)*	**2,549**	1,383	**27,117**
Finance costs *(Note 24)*	**(273)**	(1,271)	**(2,904)**
Share of profit (loss) of associates accounted for using the equity method *(Note 12)*	**99**	(25)	**1,053**
Profit before tax	**79,215**	60,349	**842,713**
Income tax expense *(Note 13)*	**(32,481)**	(28,734)	**(345,543)**
Profit for the year	**¥ 46,735**	¥ 31,615	**$ 497,181**
Attributable to:			
Owners of the parent	**45,581**	31,137	**484,904**
Non-controlling interests	**1,153**	478	**12,266**
Profit for the year	**¥ 46,735**	¥ 31,615	**$ 497,181**
	Yen		U.S. dollars
Earnings per share attributable to owners of the parent:			
Basic earnings per share *(Note 30)*	**¥333.34**	¥213.13	**$3.55**
Diluted earnings per share *(Note 30)*	**332.35**	212.01	**3.54**

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

DeNA Co., Ltd. and Subsidiaries
For the year ended March 31, 2013

	Millions of yen		Thousands of U.S. dollars *(Note 2)*
	2013	2012	**2013**
Profit for the year	**¥46,735**	¥31,615	**$497,181**
Other comprehensive income			
Gains (losses) from investments in equity instruments, net of tax *(Note 29)*	**(143)**	(352)	**(1,521)**
Foreign currency translation adjustments, net of tax *(Note 29)*	**4,762**	156	**50,660**
Other *(Note 29)*	**46**	—	**489**
Other comprehensive income, net of tax	**4,666**	(196)	**49,638**
Total comprehensive income for the year	**¥51,400**	¥31,419	**$546,809**
Attributable to:			
Owners of the parent	**50,245**	30,956	**534,521**
Non-controlling interests	**1,155**	463	**12,287**
Total comprehensive income for the year	**¥51,400**	¥31,419	**$546,809**

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

DeNA Co., Ltd. and Subsidiaries
For the year ended March 31, 2013

	Millions of yen							
	Equity attributable to owners of the parent							
	Common stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total	Non-controlling interests	Total equity
As of April 1, 2011	¥10,392	¥10,419	¥ 61,818	¥ (5,225)	¥ 994	¥ 78,398	¥2,793	¥ 81,191
Profit for the year	—	—	31,137	—	—	31,137	478	31,615
Other comprehensive income	—	—	—	—	(181)	(181)	(15)	(196)
Total comprehensive income for the year	—	—	31,137	—	(181)	30,956	463	31,419
Dividends recognized as distributions to owners *(Note 21)*	—	—	(5,014)	—	—	(5,014)	(150)	(5,164)
Increase (decrease) through treasury stock transactions	—	449	—	(12,654)	(643)	(12,847)	—	(12,847)
Increase (decrease) through share-based payment transactions *(Note 23)*	—	787	—	2,252	608	3,647	—	3,647
Acquisition of non-controlling interests	—	(471)	—	—	—	(471)	(42)	(512)
Increase (decrease) through transfers and other changes	5	5	—	—	(3)	7	305	311
As of April 1, 2012	10,397	11,189	87,941	(15,626)	776	94,677	3,369	98,045
Profit for the year	—	—	**45,581**	—	—	**45,581**	**1,153**	**46,735**
Other comprehensive income	—	—	—	—	**4,664**	**4,664**	**2**	**4,666**
Total comprehensive income for the year	—	—	**45,581**	—	**4,664**	**50,245**	**1,155**	**51,400**
Dividends recognized as distributions to owners *(Note 21)*	—	—	**(5,150)**	—	—	**(5,150)**	**(150)**	**(5,300)**
Increase (decrease) through treasury stock transactions	—	**(506)**	—	**(19,098)**	**(334)**	**(19,938)**	—	**(19,938)**
Increase (decrease) through share-based payment transactions *(Note 23)*	—	**68**	—	—	**(203)**	**(136)**	—	**(136)**
Acquisition of non-controlling interests	—	**(389)**	—	—	—	**(389)**	**42**	**(347)**
Increase (decrease) through transfers and other changes	—	—	**(445)**	—	**395**	**(49)**	—	**(49)**
As of March 31, 2013	**¥10,397**	**¥10,361**	**¥127,927**	**¥(34,724)**	**¥5,298**	**¥119,259**	**¥4,416**	**¥123,676**

	Thousands of U.S. dollars *(Note 2)*							
	Equity attributable to owners of the parent							
	Common stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total	Non-controlling interests	Total equity
As of April 1, 2012	$110,606	$119,032	$ 935,543	$(166,234)	$ 8,255	$1,007,202	$35,840	$1,043,032
Profit for the year	—	—	**484,904**	—	—	**484,904**	**12,266**	**497,181**
Other comprehensive income	—	—	—	—	**49,617**	**49,617**	**21**	**49,638**
Total comprehensive income for the year	—	—	**484,904**	—	**49,617**	**534,521**	**12,287**	**546,809**
Dividends recognized as distributions to owners *(Note 21)*	—	—	**(54,787)**	—	—	**(54,787)**	**(1,596)**	**(56,383)**
Increase (decrease) through treasury stock transactions	—	**(5,383)**	—	**(203,170)**	**(3,553)**	**(212,106)**	—	**(212,106)**
Increase (decrease) through share-based payment transactions *(Note 23)*	—	**723**	—	—	**(2,160)**	**(1,447)**	—	**(1,447)**
Acquisition of non-controlling interests	—	**(4,138)**	—	—	—	**(4,138)**	**447**	**(3,691)**
Increase (decrease) through transfers and other changes	—	—	**(4,734)**	—	**4,202**	**(521)**	—	**(521)**
As of March 31, 2013	**$110,606**	**$110,223**	**$1,360,926**	**$(369,404)**	**$56,362**	**$1,268,713**	**$46,979**	**$1,315,702**

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

DeNA Co., Ltd. and Subsidiaries
For the year ended March 31, 2013

	Millions of yen		Thousands of U.S. dollars *(Note 2)*
	2013	2012	**2013**
Operating activities			
Profit before tax	**¥ 79,215**	¥ 60,349	**$ 842,713**
Depreciation and amortization	**6,000**	3,299	**63,830**
Interest and dividend income	**(34)**	(51)	**(362)**
Interest expenses	**37**	7	**394**
Decrease (increase) in trade and other current receivables	**(6,788)**	(15,378)	**(72,213)**
Increase (decrease) in trade and other current payables	**3,578**	12,749	**38,064**
Other, net	**(42)**	4,557	**(447)**
Subtotal	**81,966**	65,530	**871,979**
Dividends received	**11**	0	**117**
Interest paid	**(35)**	(7)	**(372)**
Interest received	**32**	52	**340**
Income tax paid	**(29,782)**	(33,598)	**(316,830)**
Net cash flows from (used in) operating activities	**52,192**	31,978	**555,234**
Investing activities			
Acquisition of subsidiaries, net of cash acquired *(Note 31)*	**—**	(7,228)	**—**
Proceeds from sales and redemption of investment securities	**2,626**	1,407	**27,936**
Purchases of investment securities	**(7,821)**	(2,361)	**(83,202)**
Purchases of property and equipment	**(2,933)**	(1,709)	**(31,202)**
Purchases of intangible assets	**(7,698)**	(4,669)	**(81,894)**
Other, net	**(6)**	(4,394)	**(64)**
Net cash flows from (used in) investing activities	**(15,831)**	(18,955)	**(168,415)**
Financing activities			
Proceeds from borrowings	**10,300**	—	**109,574**
Repayments of borrowings	**(10,100)**	(480)	**(107,447)**
Cash dividends paid	**(5,142)**	(5,011)	**(54,702)**
Payments for acquisition of non-controlling interests	**(347)**	(512)	**(3,691)**
Cash dividends paid to non-controlling interests	**(150)**	(150)	**(1,596)**
Acquisition of treasury stock	**(20,000)**	(13,000)	**(212,766)**
Other, net	**400**	186	**4,255**
Net cash flows from (used in) financing activities	**(25,039)**	(18,967)	**(266,372)**
Net increase (decrease) in cash and cash equivalents	**11,322**	(5,945)	**120,447**
Cash and cash equivalents at beginning of year *(Note 6)*	**54,890**	61,535	**583,936**
Effect of exchange rate changes on cash and cash equivalents	**1,125**	(701)	**11,968**
Cash and cash equivalents at end of year *(Note 6)*	**¥ 67,337**	¥ 54,890	**$ 716,351**

The accompanying notes are an integral part of the consolidated financial statements.

Notes to Consolidated Financial Statements

DeNA Co., Ltd. and Subsidiaries

1. Reporting Entity

DeNA Co., Ltd. (the "Company") is a company incorporated in Japan. The Company and its subsidiaries (collectively, the "Group") primarily engage in the business of providing Internet services related to social media, Internet marketing, and e-commerce for mobile and PC users.

2. Basis of Preparation

(1) Compliance with IFRS

The Company has prepared its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS").

The Group first adopted IFRS for the year ended March 31, 2013 and accordingly, the annual consolidated financial statements for the year ended March 31, 2013 are the first financial statements the Company has prepared in accordance with IFRS. The date of transition to IFRS was April 1, 2011, and at the transition to IFRS, the Group has applied IFRS 1 "First-time Adoption of International Financial Reporting Standards" ("IFRS 1"). An explanation of how the transition to IFRS has affected the Group's financial position, operating results, and cash flows is provided in "Note 37. First-time Adoption of IFRS."

(2) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value, etc.

(3) Presentation currency and unit

The consolidated financial statements are presented in Japanese yen, which is also the Company's functional currency. The translation of Japanese yen amounts into U.S. dollars for the year ended March 31, 2013 is included solely for the convenience of readers and has been made at the rate of ¥94=U.S.$1, the approximate exchange rate prevailing at March 31, 2013. Such translation should not be construed as a representation that the Japanese yen amounts have been, or could in the future, be converted into U.S. dollars at that or any other rate. Amounts of less than one million yen and one thousand U.S. dollars have been rounded to the nearest million yen and one thousand U.S. dollars. As a result, the totals in yen and U.S. dollars do not necessarily agree with the sum of the individual amounts.

(4) Use of estimates and judgments

Preparation of the consolidated financial statements in accordance with IFRS requires management to make accounting estimates regarding certain significant matters as well as its own judgments in the process of applying the Group's accounting policies. Information about estimates that require management's most difficult or complex judgments, assumptions, and estimates that have a significant impact on the consolidated financial statements, and sources of uncertainty in assumptions and estimates involving risks that may result in a material adjustment to the amounts recognized in the consolidated financial statements within the following fiscal year is provided in "Note 4. Significant accounting estimates and judgments."

(5) Early adoption of standards and interpretations

The Group has early adopted IFRS 9 "Financial Instruments" (issued in November 2009, revised in October 2010) since the date of transition to IFRS.

(6) New standards and interpretations not yet adopted

The Group has not adopted the following significant items from among new standards and interpretations established or revised up to the date of the approval of the consolidated financial statements.

While the effect of the application of these new standards and interpretations is under consideration, none of them are expected to have a significant effect upon the results or financial position of the Group.

IFRS	Title	Effective date (annual periods beginning on or after)	Adoption by the Company (annual periods ending)	Description of new standards/amendments
IAS 1	Presentation of Financial Statements	July 1, 2012	March 31, 2014	Amendments to presentation of components of other comprehensive income
		January 1, 2013	March 31, 2014	When additional comparative information is disclosed though not required under IFRS, related notes to that period are required.
IAS 16	Property, Plant and Equipment	January 1, 2013	March 31, 2014	Clarification of accounting treatment concerning servicing equipment
IAS 19	Employee Benefits	January 1, 2013	March 31, 2014	Amendments to recognition and presentation of actuarial gains and losses, past service costs and interest costs and others, and amendments to presentation methods of retirement benefits
IAS 28	Investments in Associates and Joint Ventures	January 1, 2013	March 31, 2014	Amendments in conjunction with issuance of IFRS 10, IFRS 11, and IFRS 12
IAS 32	Financial Instruments: Presentation	January 1, 2013	March 31, 2014	Clarification of accounting treatment for income taxes related to distributions to holders of equity instruments
		January 1, 2014	March 31, 2015	Clarification of requirements for offsetting disclosures and additions to guidelines
IAS 34	Interim Financial Reporting	January 1, 2013	March 31, 2014	Clarification of disclosure requirements for segment information related to interim financial reporting
IAS 36	Impairment of Assets	January 1, 2014	March 31, 2015	Disclosures related to the recoverable amounts of non-financial assets
IFRS 7	Financial Instruments: Disclosures	January 1, 2013	March 31, 2014	Disclosures related to offsetting financial assets and liabilities
IFRS 10	Consolidated Financial Statements	January 1, 2013	March 31, 2014	Clarification of the definition of control and requirement to use control as a single basis of consolidation irrespective of the nature of the investee
		January 1, 2014	March 31, 2015	Establishment of accounting treatment for entities meeting the new definition of investment entity
IFRS 11	Joint Arrangements	January 1, 2013	March 31, 2014	Regarding joint arrangements of which multiple participants exert joint control, provides the classification of joint arrangements based not only on the legal structure of the arrangement, but also on the contractual arrangements for assets and liabilities, and on other facts and conditions. Moreover, a separate accounting treatment is established for each classification.
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013	March 31, 2014	Disclosure requirements for interests in other entities including subsidiaries, joint arrangements, associates, and unconsolidated structured entities
		January 1, 2014	March 31, 2015	Additional disclosure requirements for newly defined investment entities
IFRS 13	Fair Value Measurement	January 1, 2013	March 31, 2014	Guidance on fair value measurement, when such measurement is required by another IFRS
IFRIC 21	Levies	January 1, 2014	March 31, 2015	Clarification of the recognition of liabilities for levies

3. Significant Accounting Policies

(1) Business combinations

The Group has applied the acquisition method to business combinations.

"Control" is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In assessing control, potential voting rights that are currently exercisable are considered. The acquisition date is the date when control is transferred to the acquirer. Judgments may be required in determining the acquisition date and as to whether control is transferred from one party to another.

If the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the equity interest in the acquiree previously held by the acquirer is in excess of the net amount of the identifiable assets and liabilities at the acquisition date, the Group recognizes goodwill measured as such an excess amount.

The consideration transferred includes the fair values of the assets transferred from the Group to the former owners of the acquiree, liabilities assumed, and the equity interests issued by the Group. The consideration transferred also includes the fair value of contingent considerations.

Contingent liabilities of the acquiree assumed in business combinations are recognized if, and only if, they are present obligations that arise from past events and their fair values can be measured reliably.

The Group determines for each transaction whether to measure non-controlling interests at fair value, or at the non-controlling interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets.

Acquisition-related costs incurred by the Group in connection with business combinations, such as finder's fees and legal, due diligence, and other professional or consulting fees, are recognized as expenses when incurred. Additional acquisitions of non-controlling interests are accounted for as equity transactions, and no goodwill is recognized.

The identifiable assets acquired, the liabilities and contingent liabilities assumed in accordance with the recognition principles of IFRS 3 "Business Combinations" ("IFRS 3") are measured at their fair values at acquisition date, except:

- Deferred tax assets or liabilities, liabilities (or assets) related to employee benefits, and liabilities related to share-based payment transactions are recognized and measured in accordance with IAS 12 "Income Taxes," IAS 19 "Employee Benefits" and IFRS 2 "Share-based Payment" ("IFRS 2"), respectively; and
- Non-current assets and operations classified as held for sale are measured in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" ("IFRS 5").

If the initial accounting for business combinations is incomplete by the end of the fiscal year in which the business combinations occur, the Group reports provisional amounts for the items for which the acquisition accounting is incomplete. Those provisional amounts are retrospectively adjusted during the measurement period to reflect new information obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the amounts recognized at that date. Additional assets or liabilities are recognized if new information, if known, would have resulted in the additional recognition of assets or liabilities.

The measurement period does not exceed one year.

Goodwill arising from acquisitions prior to the date of transition to IFRS is reported based on the amount recognized in accordance with the previous GAAP as of the date of transition to IFRS after an impairment test is performed.

(2) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date when control is obtained until it is lost.

If a subsidiary applies different accounting policies from those applied by the Group, the financial statements of the subsidiary are adjusted as appropriate. Intra-Group balances and transactions, and unrealized gains or losses arising from intra-Group transactions are eliminated in preparing the consolidated financial statements. If the end of the reporting period of a subsidiary differs from that of the Company, the subsidiary prepares, for consolidation purposes, additional financial statements as of the same date as the financial statements of the Company.

On a partial disposal of the Company's interest in a subsidiary, if the Company retains control over the subsidiary, it is accounted for as an equity transaction. Any difference between the adjustment to the non-controlling interests and the fair value of the consideration received is recognized directly in equity as "equity attributable to owners of the parent."

(ii) Associates

Associates are entities over which the Group has significant influence in respect of management decisions on their operating and financial policies but does not have control. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting rights of another entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence. Other factors to be considered for assessing significant influence include representation on the entity's Board of Directors and material transactions between the Group and the entity. When these factors exist, application of the equity method may be required for specific investments in which the Group holds even less than 20% of the voting rights.

Investments in associates are accounted for using the equity method unless they are classified as held for sale in accordance with IFRS 5. The Group's share of the profit or loss of associates is adjusted to conform to the Group's accounting policies and reported as "share of profit (loss) of associates accounted for using the equity method" in the consolidated income statement. Unrealized gains on transactions are eliminated to the extent of the Group's share in associates.

Under the equity method, the Group's investment in an associate is initially recognized at cost on acquisition, and the carrying amount is increased (or decreased) reflecting the Group's proportionate interest in both the Group's share of the associate's profit (or loss) after the acquisition and other changes directly reflected in the equity of the associate. Goodwill arising from the acquisition of an associate is included in the carrying amount of the investment (after deducting any accumulated impairment loss). Goodwill is not separately tested for impairment as it is not separately recognized, while the entire carrying amount of the investment accounted for using the equity method is tested for impairment.

The Group quarterly assesses whether there is any objective evidence that the investment in an associate is impaired. If there is objective evidence of impairment, an impairment test is performed by comparing the recoverable amount of the investment (higher of the value in use and the fair value less costs to sell) with its carrying amount. Impairment losses recognized in prior periods are reversed only if there has been a change in the estimates used to determine the recoverable amount of the investment since the last recognition of impairment losses.

(3) Foreign currencies

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency of each entity in the Group using the exchange rates at the date of the transactions. Assets and liabilities denominated in foreign currencies to be remeasured at the end of each reporting period are retranslated into the relevant functional currency using the exchange rates at that date. Non-monetary assets and liabilities measured at fair value in foreign currencies are retranslated into the relevant functional currency using the exchange rates at the date the fair value is determined.

Foreign exchange differences arising on the settlement of such transactions, and exchange differences arising on translating foreign currency-denominated monetary assets and liabilities using the exchange rates at the end of the reporting period, are recognized in profit or loss. However, when a gain or loss on a non-monetary item is recognized in other comprehensive income, the corresponding exchange differences are also recognized in other comprehensive income.

(ii) Foreign operations

Assets and liabilities of foreign operations (including goodwill and fair value adjustments arising on the acquisition of foreign operations) are translated into Japanese yen using the exchange rate at the reporting date. Income and expenses are translated into Japanese yen using the average exchange rate for the period. However, if such an average exchange rate is not considered a reasonable approximation of the cumulative effect of the exchange rates at the transaction dates, the exchange rates at the transaction dates are used.

Exchange differences arising on translating financial statements of foreign operations are recognized in other comprehensive income. On the disposal of the entire interest in a foreign operation, and on the partial disposal of the interest involving loss of control or significant influence, the cumulative amount of the exchange differences is reclassified to profit or loss as a part of gains or losses on disposal.

(4) Cash and cash equivalents

Cash and cash equivalents are cash on hand, demand deposits, and highly liquid short-term investments with maturities of six months or less from the date of acquisition, that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

(5) Financial instruments

(i) Non-derivative financial assets

The Group initially recognizes trade and other current receivables on the date when they are originated. All other financial assets are initially recognized on the trade date when the Group becomes a party to the contractual provisions of the financial instrument.

The following is a summary of the classification and measurement model of the non-derivative financial assets:

a) Financial assets measured at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are initially recognized at fair value plus directly attributable transaction costs. Subsequently, the carrying amount of the financial assets measured at amortized cost is calculated using the effective interest method, less accumulated impairment loss if necessary.

b) Impairment of financial assets measured at amortized cost

Financial assets measured at amortized cost are assessed on a quarterly basis as to whether there is any objective evidence that the asset is impaired. Financial assets are considered to be impaired when there is objective evidence that loss events occurred after the initial recognition of the assets, and when it is reasonably expected that the loss events have a negative impact on the estimated future cash flows of the assets.

Objective evidence of impairment for financial assets measured at amortized cost includes default or delinquency of the borrower, granting the borrower a concession that the Group would not otherwise consider, indications of bankruptcy of the issuer or obligor, and the disappearance of active markets.

The Group assesses whether evidence of impairment exists individually and collectively for financial assets measured at amortized cost. An individually significant financial asset is individually assessed for impairment. All individually significant financial assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet reported. Financial assets that are not individually significant are collectively assessed for impairment in a group of financial assets with similar risk characteristics.

In assessing impairment collectively, the Group takes into account historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management judgment on whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

The impairment loss for financial assets measured at amortized cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate, and recognized in profit or loss. Interest on the impaired assets continues to be recognized through the unwinding of the discount. If there are events which decrease the amount of an impairment loss after the recognition of the impairment, the reversal of the impairment loss is recognized in profit or loss. The reversal of the impairment loss does not result in a carrying amount of the asset that exceeds what the amortized cost would have been if the impairment loss had not been recognized at the date of the reversal of the impairment loss.

c) Financial assets measured at fair value through profit or loss

Financial assets other than investments in equity instruments that do not meet the above conditions in relation to amortized cost measurement are measured at fair value through profit or loss ("FVTPL").

Investments in equity instruments are measured at fair value, and gains or losses arising from changes in fair value are recognized in profit or loss unless, on initial recognition, the Group makes an irrevocable election to measure equity investments at fair value through other comprehensive income ("FVTOCI").

Financial assets measured at FVTPL are initially measured at fair value and transaction costs are recognized in profit or loss when incurred.

d) Financial assets measured at FVTOCI

On initial recognition, the Group may make an irrevocable election to measure investments in equity instruments at FVTOCI. The election is made only for investments in equity instruments other than held for trading.

Financial assets measured at FVTOCI are initially measured at their fair value plus directly attributable transaction costs. Subsequently, they are measured at fair value, and changes in the fair value are recognized in other comprehensive income and presented as "gains (losses) from investments in equity instruments, net of tax."

If equity instruments are derecognized, the balance of other components of equity is reclassified directly into retained earnings and is not recognized in profit or loss.

Dividends on financial assets measured at FVTOCI are recognized in profit or loss as "finance income."

e) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when the Group transfers the contractual rights to receive cash flows from financial assets in transactions in which substantially all the risks and rewards of ownership of the asset are transferred to another entity. Any interest in such transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

(ii) Non-derivative financial liabilities

Financial liabilities are recognized on the trade date when the Group becomes a party to the contractual provisions of the financial instrument.

The Group derecognizes financial liabilities when they are extinguished, i.e., when the obligation specified in the contract is discharged, cancelled, or expired.

Non-derivative financial liabilities of the Group principally comprise borrowings, trade and other current payables, and deposits received, which are measured initially at fair value and subsequently at amortized cost using the effective interest method.

(iii) Presentation of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amounts are presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(6) Property and equipment

(i) Recognition and measurement

All items of property and equipment are measured at cost less any accumulated depreciation and accumulated impairment losses.

The cost of items of property and equipment includes costs directly attributable to the acquisition and the initial estimate of costs of dismantling and removing the items and restoring the site on which they are located. The cost model is applied as a measurement model after initial recognition.

When each part of an item of property and equipment has a specific useful life, each part is accounted for as a separate item.

(ii) Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset less its residual value.

Depreciation is computed under the straight-line method over the estimated useful life of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their economic life, unless there is reasonable certainty that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of the main items of property and equipment are as follows:

Buildings and structures	3 to 40 years
Tools, furniture and fixtures	2 to 20 years
Machinery, equipment and vehicles	3 to 15 years

The depreciation methods, useful lives, and residual values are reviewed at the end of each fiscal year, and changed if necessary.

(7) Leases

(i) Lease arrangements

At the inception of an arrangement, the Group determines, based on the substance of the arrangement, whether the arrangement is, or contains, a lease. If fulfillment of the arrangement is dependent on the use of a specific asset or specific group of assets, and the arrangement conveys a right to use the assets, such assets are subject to a lease.

(ii) Finance leases

Leases are classified as finance leases when substantially all the risks and rewards incidental to ownership of an asset in an arrangement are transferred to the Group.

Leased assets are initially recognized at amounts equal to the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Subsequent to initial recognition, the leased assets are accounted for in accordance with the Group's accounting policies for such assets.

(iii) Operating leases

All leases other than finance leases are classified as operating leases, and are not recognized in the consolidated statement of financial position.

Operating lease payments are recognized in profit or loss on a straight-line basis over the lease term.

(8) Goodwill

Measurement of goodwill on initial recognition is described in "Note 3. Significant Accounting Policies (1) Business combinations." Subsequently, goodwill is measured at cost less any accumulated impairment losses.

The carrying amount of investments in an associate accounted for using the equity method includes the carrying amount of goodwill relating to the associate. The impairment loss of those investments is not allocated to any specific asset (including goodwill) which constitutes part of the carrying amount of equity-accounted associates.

(9) Intangible assets

(i) Software

The Group incurs certain costs to purchase or develop software for sale or internal use.

Expenditures arising from research activities to obtain new scientific or technical knowledge are recognized as expenses when incurred. Expenditures arising from development activities are capitalized as internally generated intangible assets, if, and only if, they are reliably measurable, developments are technically feasible, it is highly probable to generate future economic benefits, and the Group has an intention and adequate resources to complete those assets and use or sell them.

Capitalized software costs are measured at cost less any accumulated amortization and accumulated impairment losses.

(ii) Other intangible assets

Other intangible assets acquired by the Group with finite useful lives are measured at cost less any accumulated amortization and accumulated impairment losses.

(iii) Amortization

Amortization is calculated based on the cost of an asset less its residual value. Amortization of intangible assets is computed under the straight-line method over their estimated useful lives from the date when the assets are available for use.

Estimated useful lives of software as a main intangible asset are as follows:

Software for providing Web-based services	2 years
Software for providing Web-based-related services	4 years
Others	5 years

The amortization methods, useful lives, and residual values are reviewed at the end of each fiscal year, and changed if necessary.

(10) Impairment of assets

The carrying amounts of non-financial assets, excluding inventories and deferred tax assets, are quarterly assessed as to whether there is any indication of impairment. If any such indication exists, the recoverable amount of the non-financial asset is estimated. Regarding goodwill, intangible assets with indefinite useful lives, and intangible assets not yet available for use, the recoverable amount is estimated at the end of each fiscal year, and when any indication of impairment is identified.

The recoverable amount of an asset or a cash-generating unit ("CGU") is the higher of its value in use and its fair value less costs to sell. In calculating value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset. A CGU is the smallest group of assets which generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

The CGU to which goodwill is allocated is determined based on the unit by which the goodwill is monitored for internal management purposes, and does not exceed an operating segment.

Because corporate assets do not generate independent cash inflows, if there is an indication that corporate assets may be impaired, the recoverable amount is determined for the CGU to which the corporate assets belong.

If the carrying amount of an asset or a CGU exceeds its recoverable amount, an impairment loss is recognized through profit or loss. The impairment loss recognized related to a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the unit on a prorated basis based on the carrying amount of each asset in the CGU.

Other assets are assessed quarterly as to whether there is any indication that an impairment loss recognized in prior years may no longer exist or may have decreased. An impairment loss is reversed to profit or loss if an indication of reversal exists and there has been a change in the estimates used to determine the asset's recoverable amount. A reversal of an impairment loss does not exceed the carrying amount, net of depreciation and amortization, that would have been determined if no impairment loss had been recognized for the asset in prior years. An impairment loss recognized for goodwill is not reversed in subsequent periods.

(11) Employee benefits

(i) Retirement benefits

The Group primarily has adopted defined contribution plans. Defined contribution plans are post-employment benefit plans in which an employer pays fixed contributions to publicly or privately managed pension insurance systems and will have no legal or constructive obligation to pay further contributions. Expenses associated with retirement benefits under defined contribution plans are recognized as expenses when contributions are paid.

(ii) Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and are recognized as expenses when the related service is rendered. Bonus accrual is recognized as a liability when the Group has present legal or constructive obligations to pay, and when reliable estimates of the obligations can be made.

(12) Share-based payments

The Group has stock option plans as incentive plans for directors and employees. The fair value of the options at the grant date is recognized as an expense, with a corresponding increase in other components of equity, over the period from the grant date to the vesting date. The fair value of the options granted is measured using Black-Scholes or other models, taking into account the terms and conditions of the options. The Group regularly reviews the assumptions made and revises estimates of the number of options expected to vest, if necessary.

In addition, the Group has the Stock Grant Employee Stock Ownership Plan ("ESOP"), and the shares of the Company held by the ESOP trust are deducted from equity at cost. The fair value of the shares of the Company at the grant date is recognized as an expense, with a corresponding increase in capital surplus, over the period from the grant date to the vesting date. The fair value of the shares of the Company granted is determined by adjusting the market value, taking into account the contractual terms on the basis of which the shares are granted. The Group regularly reviews the assumptions made and revises estimates of the number of shares expected to vest, if necessary.

(13) Provisions

Provisions are recognized when the Group has present legal or constructive obligations as a result of past events; it is probable that outflows of resources embodying economic benefits will be required to settle the obligations; and reliable estimates can be made of the amount of the obligations.

Provisions are measured at the present value of expenditures expected to be required to settle the obligations, discounted using the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

In view of the obligations to restore leased offices and other premises to their original conditions, provisions for asset retirement obligations are recognized. The amount of the obligations is estimated, considering the conditions of each property individually and specifically, based on factors including the Group's past experience of restoration and the estimated periods of use determined taking into account the useful lives of leasehold improvements.

(14) Equity

(i) Common stock

Proceeds from issuance of common stock by the Company are included in common stock and capital surplus. Direct issue costs (net of tax) are deducted from capital surplus.

(ii) Treasury stock

When the Company reacquires its own shares, the amount of the consideration paid, which includes direct transaction costs, net of tax, is recognized as a deduction from equity. When the

Company sells treasury stock, the difference between the carrying amount and the consideration received from the sale is recognized as capital surplus.

(15) Revenue

Revenue is measured at the fair value of the consideration received for goods sold and services rendered in the ordinary course of business, less sales-related taxes.

Revenue from the sale of goods is recognized when all of the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue associated with a transaction involving the rendering of services is recognized by reference to the stage of completion of the transaction at the end of the reporting period, when the outcome of the transaction can be estimated reliably and all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

The policies on revenue recognition for major categories of revenue and gross versus net presentation of revenue are as follows:

(i) Policies on revenue recognition for major categories of revenue

The Group generates revenue from rendering of services in connection with a) sales of virtual items used in social games; b) advertising; and c) commission fees and membership fees in the E-commerce Business.

a) Revenue from sales of virtual items used in social games

The Group provides social games developed and operated by the Group and other companies, through social gaming platforms operated by the Group and fully accessible on a number of information terminals, including mobile phones, smartphones and PCs. Virtual items are sold in each game. When a customer engages in a game using a virtual item and the Group renders the services associated with the item to the customer, revenue from the sale of the item is recognized by reference to the stage of completion of the rendering of services, which is estimated based on the customer’s actual usage of virtual items.

b) Advertising revenue

The Group provides a wide range of advertising services, including banner advertisements, affiliate advertisements, and tie-up advertisements. Advertising revenue is recognized by reference to the stage of completion of the rendering of services by the Group. For the advertising services in which the Group is obliged to display advertisements continuously for a certain period of time, revenue is recognized in proportion to the frequency of appearance of the advertisements during the period of the agreement. For the advertising services in which advertising revenue is calculated based on the actual performance, such as the number of page views, advertising revenue is recognized based on such performance.

c) Revenue from commission fees and membership fees in the E-commerce Business

The Group provides e-commerce-related services through offering market places primarily in the mobile field, such as the shopping site DeNA Shopping. Revenue from commission fees and membership fees in the E-commerce Business is recognized by reference to the stage of completion of services rendered to member stores and membership customers at the e-commerce sites.

(ii) Gross versus net presentation of revenue

In the ordinary course of business, there are cases where the Group acts as an intermediary or agent in executing transactions with third parties. In these arrangements, the Group determines whether to recognize revenue of the transactions in the gross amount of the consideration to which the Group is entitled or in the net amount of the consideration that the Group retains after paying any fees or commissions to other parties. However, that determination does not affect the amount of profit or loss.

Determining whether to recognize revenue at the gross or net amount is based on an assessment of whether the Group is acting as a “principal” or an “agent” in a transaction. Accordingly, when the Group is acting as a principal in a transaction, the Group recognizes revenue on a gross basis and when the Group is acting as an agent in a transaction, the Group recognizes revenue on a net basis. The determination of whether the Group is acting as a principal or an agent in a transaction involves judgment and is based on an assessment of the terms of each arrangement with respect to exposure to the significant risks and rewards associated with the sale of goods or the rendering of services.

Factors that indicate the Group is acting as a principal, and thus recognizes revenue on a gross basis include:

- the Group has the primary responsibility for providing the goods or services to the customer or for fulfilling the order;

- the Group has inventory risk before or after the customer order, during shipping or on return;
- the Group has latitude in establishing prices, either directly or indirectly; and
- the Group bears the customer's credit risk for the amount receivable from the customer.

Factors that indicate the Group is acting as an agent, and thus recognizes revenue on a net basis include:

- the amount of the consideration (commission or fee) is predetermined; and
- the amount of the consideration is calculated by multiplying the amount of goods sold and services rendered by a stated percentage.

(16) Finance income and finance costs

Finance income mainly comprises interest income, dividend income, and changes in fair value of financial assets measured at FVTPL. Interest income is recognized when accrued using the effective interest method. Dividend income is recognized on the date when the right to receive payment is established.

Finance costs mainly comprise interest expense and changes in fair value of financial assets measured at FVTPL. Interest expense is recognized when incurred using the effective interest method.

(17) Government grants

Government grants are recognized and measured at fair value, if there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. Government grants that are intended to compensate for expenses incurred are recognized as other income in the fiscal year in which the expenses are incurred.

(18) Income taxes

Income tax expenses comprise current taxes and deferred taxes. These are recognized in profit or loss, except for the taxes which arise from business combinations or are recognized either in other comprehensive income or directly in equity.

Current taxes are calculated as expected tax payables to (or receivables from) the taxation authority, by applying the statutory tax rate (and tax laws) enacted or substantially enacted at the end of the fiscal year.

Deferred tax assets and deferred tax liabilities are recognized for temporary differences between the carrying amounts of certain assets or liabilities in the consolidated statement of financial position and the tax basis thereof; provided, however, that deferred tax assets or deferred tax liabilities are not recognized, if such temporary differences arise out of the initial recognition of assets or liabilities in transactions other than business combinations, which have no impact on accounting profit or loss nor on taxable profit (tax loss) on the transaction date.

Deferred tax assets and deferred tax liabilities are calculated by using the tax rates expected to be applicable at the time when the associated deferred tax assets are realized or associated deferred tax liabilities are settled, in accordance with laws enacted or substantially enacted at the end of the fiscal year.

Deferred tax assets are recognized for all deductible temporary differences and all carryforwards of unused tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which they can be utilized in the future.

Deferred tax assets and deferred tax liabilities are recognized for temporary differences associated with investments in subsidiaries and associates. However, if the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future, deferred tax liabilities are not recognized. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profit will be available to allow the benefit of the temporary differences to be utilized and the temporary differences will reverse in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to offset current tax assets against current tax liabilities, and they are related to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to make settlement on a net basis.

(19) Earnings per share

The Group discloses basic and diluted earnings per share (attributable to owners of the parent) related to common stock. Basic earnings per share is calculated by dividing profit for the fiscal year attributable to owners of the parent by the weighted average number of shares of common stock outstanding during the fiscal year, adjusted by the number of shares of treasury stock. For the purpose of calculating diluted earnings per share, profit for the fiscal year attributable to owners of the parent and the weighted average number of shares of common stock outstanding that is adjusted by the number of shares of treasury stock, are adjusted for the effects of all dilutive potential common stock. Potential common stock of the Group relates to stock option plans, etc.

(20) Segment information

Reportable segments are determined on the basis of operating segments of the Group, for which discrete financial information is available, and whose operating results are regularly reviewed by the Board of Directors to make decisions about resources to be allocated to the segments and assess those performances. Operating segments are components of the Group that engage in business activities from which the Group may earn revenues and incur expenses, including revenues and expenses relating to transactions with other operating segments.

Segment information includes items that are directly attributable to the segments and items that are allocated to the segments on a reasonable basis.

4. Significant Accounting Estimates and Judgments

The preparation of the consolidated financial statements requires management of the Group to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. However, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the fiscal year in which the estimates are revised and in future fiscal years in which the revision affects. Estimates and underlying assumptions which have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are as follows:

- Useful lives of property and equipment, and finance lease assets (Note 8)
- Recoverable amounts of CGUs comprising property and equipment, goodwill, intangible assets, etc. (Note 10)
- Recoverability of deferred tax assets (Note 13)
- Recognition of legal or constructive obligations as asset retirement obligations (Note 19)
- Valuation techniques for the financial assets measured at fair value, where there is no market price in active markets available (Note 22)
- Fair valuation unit price of stock options (Note 23)

5. Segment Information

(1) Outline of reportable segments

The Group provides principally Internet services for mobile and PC users. The Group organizes business units by service at its headquarters, and each of these units formulates comprehensive business strategies for the services it provides, and undertakes related business activities.

Therefore, the Group is composed of operating segments classified by the types of services provided, based on the business units. The reportable segments of the Group are classified as the "Social Media Business" and the "E-commerce Business."

The types of services provided by each segment are shown in the table below:

Reportable segment	Type of service
Social Media Business	Social media and Internet marketing-related services (provided in Japan and overseas)
	Principal services: Mobage, etc.
E-commerce Business	E-commerce-related services (provided in Japan)
	Principal services: DeNA Shopping, Mobaoku, and processing settlement services, etc.

(2) Revenue, profit or loss, and other items by reportable segment

The accounting policies of the reportable segments are the same as the Group's accounting policies described in "Note 3. Significant Accounting Policies."

Intersegment revenue is calculated based on external market prices.

Revenue, profit or loss, and other items of the Group's reportable segments are as follows:

For the year ended March 31, 2013

	Millions of yen				
	Social Media Business	E-commerce Business	Others (*2)	Adjustments (*3)	Total
Revenue					
Revenue from external customers	**¥179,627**	**¥14,024**	**¥ 8,816**	**—**	**¥202,467**
Intersegment revenue	**128**	**2,232**	**282**	**¥(2,642)**	**—**
Total	**¥179,755**	**¥16,256**	**¥ 9,098**	**¥(2,642)**	**¥202,467**
Segment profit (loss) (*1)	**¥ 78,106**	**¥ 4,638**	**¥(1,171)**	**¥(4,784)**	**¥ 76,788**
Other income (expenses), net					**52**
Operating profit					**76,840**
Finance income (costs), net					**2,276**
Share of profit (loss) of associates accounted for using the equity method					**99**
Profit before tax					**¥ 79,215**
Other items					
Depreciation and amortization	**¥ 4,520**	**¥ 731**	**¥ 750**	**—**	**¥ 6,000**

(*1) Segment profit (loss) is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.
(*2) "Others" refer to operating segments that do not fall into any of the reportable segments, including the travel agency business, insurance agency business, and operations of a professional baseball team.
(*3) Adjustments in segment profit represent corporate expenses, which primarily include general and administrative expenses not attributable to any of the reportable segments.

For the year ended March 31, 2012

	Millions of yen				
	Social Media Business	E-commerce Business	Others (*2)	Adjustments (*3)	Total
Revenue					
Revenue from external customers	¥130,231	¥13,418	¥2,852	—	¥146,501
Intersegment revenue	261	1,342	17	¥(1,620)	—
Total	¥130,492	¥14,760	¥2,869	¥(1,620)	¥146,501
Segment profit (loss) (*1)	¥ 60,343	¥ 4,945	¥ (833)	¥(4,392)	¥ 60,063
Other income (expenses), net					199
Operating profit					60,262
Finance income (costs), net					112
Share of profit (loss) of associates accounted for using the equity method					(25)
Profit before tax					¥ 60,349
Other items					
Depreciation and amortization	¥ 2,540	¥ 495	¥ 264	—	¥ 3,299

(*1) Segment profit (loss) is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.
(*2) "Others" refer to operating segments that do not fall into any of the reportable segments, including the travel agency business, insurance agency business, and operations of a professional baseball team.
(*3) Adjustments in segment profit represent corporate expenses, which primarily include general and administrative expenses not attributable to any of the reportable segments.

For the year ended March 31, 2013

	Thousands of U.S. dollars				
	Social Media Business	E-commerce Business	Others	Adjustments	Total
Revenue					
Revenue from external customers	**$1,910,926**	**$149,191**	**$ 93,787**	**—**	**$2,153,904**
Intersegment revenue	**1,362**	**23,745**	**3,000**	**$(28,106)**	**—**
Total	**$1,912,287**	**$172,936**	**$ 96,787**	**$(28,106)**	**$2,153,904**
Segment profit (loss)	**$ 830,915**	**$ 49,340**	**$(12,457)**	**$(50,894)**	**$ 816,894**
Other income (expenses), net					**553**
Operating profit					**817,447**
Finance income (costs), net					**24,213**
Share of profit (loss) of associates accounted for using the equity method					**1,053**
Profit before tax					**$ 842,713**
Other items					
Depreciation and amortization	**$ 48,085**	**$ 7,777**	**$ 7,979**	**—**	**$ 63,830**

(3) Revenue from major products and services

As equivalent information has been disclosed in "(2) Revenue, profit or loss, and other items by reportable segment," the presentation is omitted here.

(4) Geographic information

The breakdown of revenue by geographical area is omitted as revenue from external customers regarded as domestic revenue comprises the majority of revenue recorded in the consolidated income statement.

The breakdown of the carrying amount of non-current assets (excluding financial assets and deferred tax assets) by geographical area as of March 31, 2013 and 2012 and the date of transition to IFRS is as follows:

	Millions of yen			Thousands of U.S. dollars
	2013	2012	April 1, 2011	**2013**
Japan	**¥17,778**	¥12,109	¥ 3,034	**$189,128**
North America	**32,873**	29,045	29,082	**349,713**
Others	**1,673**	1,243	31	**17,798**
Total	**¥52,324**	¥42,397	¥32,147	**$556,638**

(5) Information on major customers

Presentation is omitted as no single external customer accounts for 10% or more of the Group's revenue.

6. Cash and Cash Equivalents

The breakdown of cash and cash equivalents as of March 31, 2013 and 2012 and the date of transition to IFRS is as follows:

	Millions of yen			Thousands of U.S. dollars
	2013	2012	April 1, 2011	**2013**
Cash and cash equivalents				
Cash and deposits	**¥67,488**	¥55,026	¥61,555	**$717,957**
Time deposits with maturities of more than six months	**(152)**	(137)	(20)	**(1,617)**
Total: Cash and cash equivalents in consolidated statement of financial position	**¥67,337**	¥54,890	¥61,535	**$716,351**
Cash and cash equivalents in consolidated statement of cash flows	**¥67,337**	¥54,890	¥61,535	**$716,351**

7. Trade and Other Current Receivables

The breakdown of trade and other current receivables as of March 31, 2013 and 2012 and the date of transition to IFRS is as follows:

	Millions of yen			Thousands of U.S. dollars
	2013	2012	April 1, 2011	**2013**
Accounts receivable–trade	**¥35,921**	¥29,595	¥17,779	**$382,138**
Accounts receivable–other	**10,189**	9,535	5,193	**108,394**
Due from related parties	**82**	63	7	**872**
Allowance for doubtful accounts	**(246)**	(197)	(152)	**(2,617)**
Total	**¥45,946**	¥38,997	¥22,827	**$488,787**

The increase or decrease of allowance for doubtful accounts of the Group with respect to trade and other current receivables for the years ended March 31, 2013 and 2012 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Balance at beginning of the year	**¥ 197**	¥ 152	**$ 2,096**
Charge for the year	**246**	199	**2,617**
Utilized	**(12)**	(40)	**(128)**
Unused amount reversed	**(187)**	(114)	**(1,989)**
Exchange differences on translating foreign operations	**1**	(0)	**11**
Balance at end of the year	**¥ 246**	¥ 197	**$ 2,617**

The Group establishes an allowance for doubtful accounts based on the amount deemed irrecoverable from trade and other current receivables. Subsequently, in the event that additional collection is not anticipated or collection is made, the allowance for doubtful accounts is reduced.

8. Property and Equipment

The increase and decrease in cost, accumulated depreciation and accumulated impairment losses on property and equipment are as follows:

Cost

	Millions of yen		
	Tools, furniture and fixtures	Others	Total
Balance at April 1, 2011	¥ 3,502	¥ 743	¥ 4,244
Acquisition	1,640	74	1,714
Disposal	(107)	(0)	(107)
Exchange differences on translating foreign operations	14	1	15
Others	362	550	912
Balance at March 31, 2012	5,411	1,367	6,778
Acquisition	**2,351**	**1,811**	**4,162**
Disposal	**(1,478)**	**(143)**	**(1,621)**
Exchange differences on translating foreign operations	**165**	**7**	**172**
Others	**12**	**(20)**	**(8)**
Balance at March 31, 2013	**¥ 6,462**	**¥3,023**	**¥ 9,485**

	Thousands of U.S. dollars		
	Tools, furniture and fixtures	Others	Total
Balance at March 31, 2012	$ 57,564	$ 14,543	$ 72,106
Acquisition	**25,011**	**19,266**	**44,277**
Disposal	**(15,723)**	**(1,521)**	**(17,245)**
Exchange differences on translating foreign operations	**1,755**	**74**	**1,830**
Others	**128**	**(213)**	**(85)**
Balance at March 31, 2013	**$ 68,745**	**$ 32,160**	**$100,904**

Accumulated depreciation and accumulated impairment losses

	Millions of yen		
	Tools, furniture and fixtures	Others	Total
Balance at April 1, 2011	¥(2,423)	¥ (574)	¥(2,997)
Depreciation	(1,246)	(103)	(1,349)
Disposal	78	—	78
Exchange differences on translating foreign operations	(10)	(0)	(10)
Others	(312)	(386)	(698)
Balance at March 31, 2012	(3,914)	(1,064)	(4,978)
Depreciation	**(1,542)**	**(276)**	**(1,818)**
Disposal	**1,438**	**121**	**1,559**
Exchange differences on translating foreign operations	**(114)**	**(2)**	**(116)**
Others	**8**	**(5)**	**3**
Balance at March 31, 2013	**¥(4,125)**	**¥(1,225)**	**¥(5,350)**

	Thousands of U.S. dollars		
	Tools, furniture and fixtures	Others	Total
Balance at March 31, 2012	$(41,638)	$(11,319)	$(52,957)
Depreciation	**(16,404)**	**(2,936)**	**(19,340)**
Disposal	**15,298**	**1,287**	**16,585**
Exchange differences on translating foreign operations	**(1,213)**	**(21)**	**(1,234)**
Others	**85**	**(53)**	**32**
Balance at March 31, 2013	**$(43,883)**	**$(13,032)**	**$(56,915)**

Carrying amount	Tools, furniture and fixtures	Others	Total
Balance at March 31, 2013 (millions of yen)	**¥2,337**	**¥1,798**	**¥4,135**
Balance at March 31, 2012 (millions of yen)	1,497	304	1,801
Balance at April 1, 2011 (millions of yen)	1,079	168	1,247
Balance at March 31, 2013 (thousands of U.S. dollars)	**$24,862**	**$19,128**	**$43,989**

Others consist chiefly of buildings and structures.

There is no property and equipment with restrictions on ownership or pledged as collateral for liabilities.

Depreciation expenses of property and equipment are included in “cost of sales” and “selling, general and administrative expenses” in the consolidated income statement.

There are no borrowing costs included in the cost of property and equipment.

9. Intangible Assets

The increase and decrease in cost, accumulated amortization and accumulated impairment losses on intangible assets are as follows:

Cost

	Millions of yen		
	Software	Others	Total
Balance at April 1, 2011	¥ 6,733	¥ 154	¥ 6,887
Acquisition	3,940	680	4,621
Disposal	(344)	—	(344)
Exchange differences on translating foreign operations	11	0	11
Others	268	819	1,087
Balance at March 31, 2012	10,609	1,654	12,263
Acquisition	**7,172**	**692**	**7,864**
Disposal	**(502)**	**(322)**	**(823)**
Exchange differences on translating foreign operations	**134**	**32**	**166**
Others	**(146)**	**(108)**	**(254)**
Balance at March 31, 2013	**¥17,267**	**¥1,948**	**¥19,215**

	Thousands of U.S. dollars		
	Software	Others	Total
Balance at March 31, 2012	$112,862	$17,596	$130,457
Acquisition	**76,298**	**7,362**	**83,660**
Disposal	**(5,340)**	**(3,426)**	**(8,755)**
Exchange differences on translating foreign operations	**1,426**	**340**	**1,766**
Others	**(1,553)**	**(1,149)**	**(2,702)**
Balance at March 31, 2013	**$183,691**	**$20,723**	**$204,415**

Accumulated amortization and accumulated impairment losses

	Millions of yen		
	Software	Others	Total
Balance at April 1, 2011	¥(4,558)	¥ (60)	¥ (4,618)
Amortization	(1,750)	(200)	(1,950)
Disposal	139	—	139
Exchange differences on translating foreign operations	(4)	(0)	(4)
Others	(154)	(380)	(535)
Balance at March 31, 2012	(6,327)	(641)	(6,968)
Amortization	**(3,404)**	**(778)**	**(4,182)**
Disposal	**188**	**322**	**510**
Exchange differences on translating foreign operations	**(59)**	**(25)**	**(84)**
Others	**145**	**82**	**227**
Balance at March 31, 2013	**¥(9,457)**	**¥(1,039)**	**¥(10,497)**

	Thousands of U.S. dollars		
	Software	Others	Total
Balance at March 31, 2012	$ (67,309)	$ (6,819)	$ (74,128)
Amortization	**(36,213)**	**(8,277)**	**(44,489)**
Disposal	**2,000**	**3,426**	**5,426**
Exchange differences on translating foreign operations	**(628)**	**(266)**	**(894)**
Others	**1,543**	**872**	**2,415**
Balance at March 31, 2013	**$(100,606)**	**$(11,053)**	**$(111,670)**

Carrying amount

	Software	Others	Total
Balance at March 31, 2013 (millions of yen)	**¥7,810**	**¥ 909**	**¥8,719**
Balance at March 31, 2012 (millions of yen)	4,282	1,013	5,295
Balance at April 1, 2011 (millions of yen)	2,175	94	2,269
Balance at March 31, 2013 (thousands of U.S. dollars)	**$83,085**	**$9,670**	**$92,755**

Software within intangible assets is mainly composed of internally generated software.

There are no intangible assets with restrictions on ownership or pledged as collateral for liabilities.

Amortization expenses of intangible assets are included in “cost of sales” and “selling, general and administrative expenses” in the consolidated income statement.

10. Goodwill

The increase and decrease in cost and accumulated impairment losses on goodwill for the years ended March 31, 2013 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Cost			
Balance at beginning of the year	**¥35,245**	¥28,619	**$374,947**
Business combinations	—	6,920	—
Exchange differences on translating foreign operations	**4,237**	(294)	**45,074**
Others	**(45)**	—	**(479)**
Balance at end of the year	**39,437**	35,245	**419,543**
Accumulated impairment losses			
Balance at beginning of the year	—	—	—
Balance at end of the year	—	—	—
Carrying amount			
Balance at beginning of the year	**35,245**	28,619	**374,947**
Balance at end of the year	**¥39,437**	¥35,245	**$419,543**

(1) CGUs

Goodwill generated by business combinations is allocated to the CGUs that are expected to benefit from the business combination at the date of acquisition. The CGUs of the Group are the same as its operating segments. The carrying amounts of goodwill allocated to the Social Media Business were ¥33,553 million ($356,947 thousand), ¥29,361 million, and ¥28,619 million as of March 31, 2013 and 2012 and the date of transition to IFRS, respectively, and the carrying amounts of goodwill allocated to the professional baseball business included in Others were ¥5,883 million ($62,585 thousand) and ¥5,883 million as of March 31, 2013 and 2012, respectively (not applicable at the date of transition to IFRS).

(2) Calculation basis for recoverable amounts

The recoverable amount for the social media business is calculated at its value in use. Such value in use is calculated by discounting estimated cash flows based on the business plan approved by management to its present value. Business plans are limited, in principle, to five years, and reflect the evaluation of management regarding future trends in the industry and historical data, and are compiled based on external and internal sources of information. The pre-tax discount rate is calculated based on the weighted average cost of capital of each CGU (approximately 6.0% to 7.0%).

The recoverable amount for the professional baseball business is calculated at fair value less costs to sell. Such fair value is calculated by discounting estimated cash flows, etc., generated by the professional baseball business, to the present value. Plans such as those for cash flows, etc., generated by the professional baseball business are limited, in principle, to one year, and reflect the evaluation of management regarding future trends in the industry and historical data, and are compiled based on external and internal sources of information. The growth rate is determined through consideration of the potential rate of growth, etc., of the Japanese economy overall. The Company does not use a growth rate that exceeds the average long-term growth rate of the corresponding markets or the country (approximately -0.5% to 0.5%). The pre-tax discount rate is calculated based on the weighted average cost of capital of each CGU (approximately 7.0% to 8.0%).

Even if the key assumptions used in the above calculations of recoverable amounts vary in the range of reasonably probable, management considers it is unlikely that a significant impairment would be recognized with respect to the relevant CGUs.

11. Subsidiaries

Principal subsidiaries as of March 31, 2013 and 2012 and the date of transition to IFRS are as follows:

Name	Location	Capital	2013	2012	April 1, 2011
			Ownership interest (%)		
Mobaoku Co., Ltd.	Tokyo, Japan	¥200 million	**70.0**	70.0	70.0
Paygent Co., Ltd.	Tokyo, Japan	¥400 million	**50.0**	50.0	50.0
AIR LINK Co., Ltd.	Tokyo, Japan	¥100 million	**100.0**	100.0	100.0
EveryStar Co., Ltd.	Tokyo, Japan	¥800 million	**70.0**	70.0	70.0
Yokohama DeNA Baystars Baseball Club, Inc.	Kanagawa, Japan	¥100 million	**97.7**	66.9	—
DeNA Global, Inc.	United States	U.S.$504,895 thousand	**100.0**	100.0	100.0
ngmoco, LLC	United States	U.S.$149,875 thousand	**100.0**	100.0	100.0
WAPTX LTD.	Grand Cayman Island, British West Indies	U.S.$23,817 thousand	**99.0**	97.4	55.0

Although the Company owns 50% of the voting rights of Paygent Co., Ltd., and does not possess a majority of voting rights, it is included in subsidiaries as the Company dispatches a majority of directors to the Board of Directors of Paygent Co., Ltd., and thus it exercises control over the entity.

12. Investments Accounted for Using the Equity Method

The condensed financial statements of associates accounted for using the equity method are as follows:

As of March 31, 2013 and 2012 and the date of transition to IFRS

	Millions of yen			Thousands of U.S. dollars
	2013	2012	April 1, 2011	**2013**
Total assets	**¥10,930**	¥1,160	—	**$116,277**
Total liabilities	**6,075**	733	—	**64,628**
Total equity	**4,855**	427	—	**51,649**

For the years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Revenue	**¥11,771**	¥1,142	**$125,223**
Profit (loss) for the year	**625**	(84)	**6,649**

There are no associates whose shares are publicly traded.

13. Deferred Tax and Income Tax Expense

(1) Deferred tax

The change in deferred tax assets and deferred tax liabilities (before offsetting any balances which are able to offset within the same tax jurisdictions) is as follows:

For the year ended March 31, 2013

	Millions of yen				
	April 1, 2012	Recognized in profit or loss	Recognized in other comprehensive income	Others*	March 31, 2013
Deferred tax assets					
Enterprise tax payable	**¥1,049**	**¥ 621**	**—**	**—**	**¥1,670**
Accounts payable–other	**177**	**2,214**	**—**	**—**	**2,391**
Fixed assets	**761**	**981**	**—**	**¥ 3**	**1,745**
Tax losses carried forward	**114**	**(72)**	**—**	**—**	**42**
Others	**1,339**	**87**	**¥(139)**	**23**	**1,309**
Total deferred tax assets	**¥3,439**	**¥3,832**	**¥(139)**	**¥26**	**¥7,158**
Deferred tax liabilities					
Others	**¥ 115**	**¥ 201**	**¥ 1**	**¥ 8**	**¥ 325**
Total deferred tax liabilities	**¥ 115**	**¥ 201**	**¥ 1**	**¥ 8**	**¥ 325**

* New acquisitions of subsidiaries, etc., are included in "others."

For the year ended March 31, 2012

	Millions of yen				
	April 1, 2011	Recognized in profit or loss	Recognized in other comprehensive income	Others*	March 31, 2012
Deferred tax assets					
Enterprise tax payable	¥1,600	¥ (550)	—	—	¥1,049
Accounts payable–other	1,206	(1,030)	—	—	177
Fixed assets	616	145	—	—	761
Tax losses carried forward	—	114	—	—	114
Others	928	251	¥111	¥49	1,339
Total deferred tax assets	¥4,350	¥(1,071)	¥111	¥49	¥3,439
Deferred tax liabilities					
Others	¥ 65	¥ 2	¥ 10	¥38	¥ 115
Total deferred tax liabilities	¥ 65	¥ 2	¥ 10	¥38	¥ 115

* New acquisitions of subsidiaries, etc., are included in "others."

For the year ended March 31, 2013

	Thousands of U.S. dollars				
	April 1, 2012	Recognized in profit or loss	Recognized in other comprehensive income	Others	March 31, 2013
Deferred tax assets					
Enterprise tax payable	**$11,160**	**$ 6,606**	**—**	**—**	**$17,766**
Accounts payable–other	**1,883**	**23,553**	**—**	**—**	**25,436**
Fixed assets	**8,096**	**10,436**	**—**	**$ 32**	**18,564**
Tax losses carried forward	**1,213**	**(766)**	**—**	**—**	**447**
Others	**14,245**	**926**	**$(1,479)**	**245**	**13,926**
Total deferred tax assets	**$36,585**	**$40,766**	**$(1,479)**	**$277**	**$76,149**
Deferred tax liabilities					
Others	**$ 1,223**	**$ 2,138**	**$ 11**	**$ 85**	**$ 3,457**
Total deferred tax liabilities	**$ 1,223**	**$ 2,138**	**$ 11**	**$ 85**	**$ 3,457**

Deferred tax liabilities are included in “other non-current liabilities” in the consolidated statement of financial position, and the balances as of March 31, 2013 and 2012 and the date of transition to IFRS are ¥54 million ($574 thousand), ¥53 million, and ¥30 million, respectively.

The Group takes into account the probability that deductible temporary differences or tax losses carried forward can be utilized against future taxable profits on recognition of deferred tax assets. In assessing recoverability of deferred tax assets, the Group takes into account scheduled reversal of deferred tax liabilities, projected future taxable profit, and tax planning.

As a result of the assessment of the recoverability of deferred tax assets, the Group does not recognize deferred tax assets for a portion of deductible temporary differences or tax losses carried forward. The amounts of deductible temporary differences and tax losses carried forward for which deferred tax assets are not recognized as of March 31, 2013 and 2012 and the date of transition to IFRS are as follows:

	Millions of yen			Thousands of U.S. dollars
	2013	2012	April 1, 2011	**2013**
Fixed assets	**¥ 2,812**	¥ 254	¥ 210	**$ 29,915**
Provisions	**212**	399	117	**2,255**
Tax losses carried forward	**20,606**	11,892	6,046	**219,213**
Others	**1,336**	1,366	742	**14,213**
Total	**¥24,967**	¥13,911	¥7,114	**$265,606**

The expiration of tax losses carried forward for which deferred tax assets are not recognized is as follows:

	Millions of yen			Thousands of U.S. dollars
	2013	2012	April 1, 2011	**2013**
1st year	**¥ 144**	¥ 223	¥ 396	**$ 1,532**
2nd year	**406**	416	419	**4,319**
3rd year	**529**	398	377	**5,628**
4th year	**887**	519	397	**9,436**
5th year and thereafter	**18,640**	10,337	4,457	**198,298**
Total	**¥20,606**	¥11,892	¥6,046	**$219,213**

As of March 31, 2013 and 2012 and the date of transition to IFRS, the total amounts of taxable temporary differences relating to investments in subsidiaries and associates for which deferred tax liabilities are not recognized were ¥7,346 million ($78,149 thousand), ¥5,398 million, and ¥4,260 million, respectively.

(2) Income tax expense

For temporary differences that are expected to be reversed on or after the fiscal year ended March 31, 2013, the effective statutory tax rate for the Company to calculate its deferred tax assets and deferred tax liabilities is 38.01%. Furthermore, for temporary differences that are expected to be reversed during or after the fiscal year beginning April 1, 2015, the effective statutory tax rate to calculate deferred tax assets and deferred tax liabilities is 35.64%.

The breakdown of current tax expense and deferred tax expense for the years ended March 31, 2013 and 2012 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Current tax expense:			
Current tax expense on profit for the year	**¥36,112**	¥27,661	**$384,170**
Total current tax expense	**¥36,112**	¥27,661	**$384,170**
Deferred tax expense:			
Temporary differences arising and reversed	**¥ (3,631)**	¥ 862	**$ (38,628)**
Effect of change in tax rate	**—**	211	**—**
Total deferred tax expense	**¥ (3,631)**	¥ 1,073	**$ (38,628)**
Income tax expense	**¥32,481**	¥28,734	**$345,543**

The differences between income tax expense under the effective statutory tax rate and that recognized in the consolidated income statement are as follows. In accordance with the revised Corporation Tax Act of Japan, the effective statutory tax rate was reduced to 38.01% effective for the year ended March 31, 2013 from 40.69% for the previous fiscal year:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Profit before tax	**¥79,215**	¥60,349	**$842,713**
Income tax expense under effective statutory tax rate	**¥30,110**	¥24,556	**$320,319**
Adjustments:			
Expenses not deductible for tax purposes	**(682)**	1,763	**(7,255)**
Increases or decreases in temporary differences not recognized as deferred tax assets	**3,482**	2,262	**37,043**
Effect of change in tax rate	**—**	211	**—**
Others	**(429)**	(57)	**(4,564)**
Income tax expense	**¥32,481**	¥28,734	**$345,543**

14. Other Financial Assets

The breakdown of other financial assets as of March 31, 2013 and 2012 and the date of transition to IFRS is as follows:

	Millions of yen			Thousands of U.S. dollars
	2013	2012	April 1, 2011	**2013**
Financial assets measured at FVTPL*				
Investments in capital	**¥2,516**	¥ 2,611	¥1,597	**$ 26,766**
Others	**—**	—	129	**—**
Total	**¥2,516**	¥ 2,611	¥1,727	**$ 26,766**
Financial assets measured at FVTOCI				
Listed stocks	**¥ 47**	¥ 66	¥ 182	**$ 500**
Unlisted stocks	**1,127**	1,272	207	**11,989**
Total	**¥1,175**	¥ 1,337	¥ 389	**$ 12,500**
Financial assets measured at amortized cost:				
Long-term guarantee deposits	**¥5,006**	¥ 5,253	¥1,482	**$ 53,255**
Deposits	**1,047**	922	143	**11,138**
Others	**82**	508	321	**872**
Total	**¥6,134**	¥ 6,683	¥1,946	**$ 65,255**
Current assets	**¥1,123**	¥ 1,079	¥ 157	**$ 11,947**
Non-current assets	**8,702**	9,552	3,904	**92,574**
Total	**¥9,825**	¥10,631	¥4,062	**$104,521**

* These financial assets were accounted for as financial assets measured at acquisition cost under generally accepted accounting principles in Japan (“Japanese GAAP”). The carrying amount under Japanese GAAP as of the date of transition to IFRS was ¥2,014 million.

Investments held for expanding the Group’s revenue base by maintaining and fortifying its relationships with the investees are classified as financial assets measured at FVTOCI.

The dividend income from financial assets measured at FVTOCI held at the year-end were ¥11 million ($117 thousand) and ¥0 million, respectively, for the years ended March 31, 2013 and 2012.

As for financial assets measured at FVTOCI derecognized during the years ended March 31, 2013 and 2012, the fair values at the date of derecognition, and cumulative gains or losses and dividend income until derecognition are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Fair value at the date of derecognition	**¥ 105**	—	**$ 1,117**
Cumulative gains (losses)	**(395)**	—	**(4,202)**
Dividend income	**—**	—	**—**

These are derecognized mainly due to changes in the holding purpose, etc.

15. Other Assets and Liabilities

The breakdown of other assets and liabilities as of March 31, 2013 and 2012 and the date of transition to IFRS is as follows:

Other assets

	Millions of yen			Thousands of U.S. dollars
	2013	2012	April 1, 2011	**2013**
Prepaid expenses	**¥1,882**	¥ 715	¥ 384	**$20,021**
Advances to suppliers	**1,838**	1,178	1,094	**19,553**
Others	**735**	747	246	**7,819**
Total	**¥4,455**	¥2,639	¥1,724	**$47,394**
Current assets	**¥4,421**	¥2,583	¥1,712	**$47,032**
Non-current assets	**34**	57	12	**362**
Total	**¥4,455**	¥2,639	¥1,724	**$47,394**

Other liabilities

	Millions of yen			Thousands of U.S. dollars
	2013	2012	April 1, 2011	**2013**
Accrued expenses	**¥ 690**	¥ 153	¥ 89	**$ 7,340**
Advances received	**5,886**	4,289	2,958	**62,617**
Accrued consumption taxes	**1,570**	1,446	2,136	**16,702**
Others	**1,577**	1,346	611	**16,777**
Total	**¥9,723**	¥7,234	¥5,794	**$103,436**
Current liabilities	**¥9,461**	¥6,969	¥5,759	**$100,649**
Non-current liabilities	**262**	265	35	**2,787**
Total	**¥9,723**	¥7,234	¥5,794	**$103,436**

16. Trade and Other Current Payables

The breakdown of trade and other current payables as of March 31, 2013 and 2012 and the date of transition to IFRS is as follows:

	Millions of yen			Thousands of U.S. dollars
	2013	2012	April 1, 2011	**2013**
Accounts payable–trade	**¥ 608**	¥ 1,031	¥ 489	**$ 6,468**
Due to related parties	**1,570**	116	113	**16,702**
Accounts payable–other	**27,856**	24,591	12,393	**296,340**
Total	**¥30,034**	¥25,738	¥12,995	**$319,511**

17. Other Financial Liabilities

The breakdown of other financial liabilities as of March 31, 2013 and 2012 and the date of transition to IFRS is as follows:

	Millions of yen			Thousands of U.S. dollars
	2013	2012	April 1, 2011	**2013**
Borrowings	**¥ 200**	—	¥ 480	**$ 2,128**
Deposits received	**8,543**	¥6,766	4,683	**90,883**
Others	**15**	11	12	**160**
Total	**¥8,758**	¥6,777	¥5,175	**$93,170**
Current liabilities	**¥8,743**	¥6,766	¥5,163	**$93,011**
Non-current liabilities	**15**	11	12	**160**
Total	**¥8,758**	¥6,777	¥5,175	**$93,170**

Interest rates are re-examined based on market interest rates at the time of the each loan transaction. Furthermore, the above borrowings are not subject to restrictive financial covenants.

18. Lease Transactions

Operating leases (lessee)

The breakdown of future minimum lease payments under non-cancellable operating leases as of March 31, 2013 and 2012 and the date of transition to IFRS is as follows:

	Millions of yen			Thousands of U.S. dollars
	2013	2012	April 1, 2011	**2013**
Within one year	**¥1,770**	¥176	¥1	**$18,830**
One to five years	**5,152**	585	2	**54,809**
After five years	**—**	—	—	**—**
Total	**¥6,922**	¥761	¥4	**$73,638**

There are no significant future variable lease payments, subleasing contracts, renewal options, escalation clauses, or restrictions imposed by lease contracts.

19. Provisions

The breakdown of provisions as of March 31, 2013 and 2012 and the date of transition to IFRS is as follows:

	Millions of yen			Thousands of U.S. dollars
	2013	2012	April 1, 2011	**2013**
Asset retirement obligations	**¥949**	¥232	¥214	**$10,096**
Total	**¥949**	¥232	¥214	**$10,096**
Current liabilities	**—**	—	—	**—**
Non-current liabilities	**¥949**	¥232	¥214	**$10,096**
Total	**¥949**	¥232	¥214	**$10,096**

The increase or decrease in provisions is as follows:

	Millions of yen	Thousands of U.S. dollars
	Asset retirement obligations	Asset retirement obligations
As of April 1, 2011	¥214	
Accretion of interest	1	
Business combinations	18	
As of March 31, 2012	232	$ 2,468
Charge for the year	**782**	**8,319**
Utilized	**(68)**	**(723)**
Accretion of interest	**3**	**32**
As of March 31, 2013	**¥949**	**$10,096**

20. Equity and Other Equity Items

(1) Total number of authorized shares and issued shares

The change in the total number of authorized shares and issued shares is as follows:

	Total number of authorized shares	Total number of issued shares
Balance at April 1, 2011	540,900,000	150,806,064
Change*	—	3,969
Balance at March 31, 2012	540,900,000	150,810,033
Change	—	—
Balance at March 31, 2013	**540,900,000**	**150,810,033**

* The increase in the total number of issued shares is due to the issuance of shares.

Notes: 1. Shares issued by the Company are common stock with no par value.
2. Issued shares are fully paid shares.
3. The total number of shares of treasury stock included in the issued shares as of March 31, 2013 and 2012 and the date of transition to IFRS were 16,847,550 shares, 7,757,526 shares, and 4,271,008 shares, respectively.

(2) Common stock and capital surplus

The Companies Act of Japan stipulates that at least half of the proceeds from the issuance of common shares shall be credited to common stock, and the remainder shall be credited to the capital reserve, included in capital surplus. Under the Companies Act, capital reserves can be transferred to common stock upon a resolution of the general meeting of shareholders.

(3) Retained earnings

The Companies Act provides that an amount equivalent to 10% of retained earnings distributed in a fiscal year shall be appropriated from retained earnings to capital reserve or legal reserve until the aggregate amount of the capital reserve and the legal reserve equals 25% of common stock. The legal reserve may be used to eliminate or reduce a deficit or be transferred to retained earnings upon approval at the general meeting of shareholders.

Retained earnings available for dividends under the Companies Act are based on the amount recorded in the Company's general accounting records maintained in accordance with Japanese GAAP.

The Companies Act limits the amount of retained earnings available for dividends. Retained earnings of ¥133,883 million ($1,424,287 thousand), ¥90,326 million, and ¥55,573 million as of March 31, 2013 and 2012 and the date of transition to IFRS, respectively, were not subject to limitations under the Companies Act.

(4) Other components of equity

For the year ended March 31, 2013

	Millions of yen				
	Foreign currency translation adjustments	Gains (losses) from investments in equity instruments	Stock acquisition rights	Others	Total
Balance at April 1, 2012	¥ 175	¥(654)	¥1,255	—	¥ 776
Other comprehensive income	4,760	(143)	—	¥46	4,664
Total comprehensive income for the year	4,760	(143)	—	46	4,664
Increase (decrease) through treasury stock transactions	—	—	(334)	—	(334)
Increase (decrease) through share-based payment transactions	—	—	(203)	—	(203)
Increase (decrease) through transfers and other changes	—	395	—	—	395
Balance at March 31, 2013	**¥4,935**	**¥(402)**	**¥ 718**	**¥46**	**¥5,298**

For the year ended March 31, 2012

	Millions of yen			
	Foreign currency translation adjustments	Gains (losses) from investments in equity instruments	Stock acquisition rights	Total
Balance at April 1, 2011	—	¥(296)	¥1,290	¥994
Other comprehensive income	¥178	(358)	—	(181)
Total comprehensive income for the year	178	(358)	—	(181)
Increase (decrease) through treasury stock transactions	—	—	(643)	(643)
Increase (decrease) through share-based payment transactions	—	—	608	608
Increase (decrease) through transfers and other changes	(3)	—	—	(3)
Balance at March 31, 2012	¥175	¥(654)	¥1,255	¥776

For the year ended March 31, 2013

	Thousands of U.S. dollars				
	Foreign currency translation adjustments	Gains (losses) from investments in equity instruments	Stock acquisition rights	Others	Total
Balance at April 1, 2012	$ 1,862	$(6,957)	$13,351	—	$ 8,255
Other comprehensive income	50,638	(1,521)	—	$489	49,617
Total comprehensive income for the year	50,638	(1,521)	—	489	49,617
Increase (decrease) through treasury stock transactions	—	—	(3,553)	—	(3,553)
Increase (decrease) through share-based payment transactions	—	—	(2,160)	—	(2,160)
Increase (decrease) through transfers and other changes	—	4,202	—	—	4,202
Balance at March 31, 2013	**$52,500**	**$(4,277)**	**$ 7,638**	**$489**	**$56,362**

(i) Foreign currency translation adjustments

This is the exchange difference generated on translation of the financial statements of foreign operations into the Group's presentation currency.

(ii) Gains (losses) from investments in equity instruments

This is the valuation difference of financial assets measured at FVTOCI.

(iii) Stock acquisition rights

The Company has stock option plans, etc., and issues stock acquisition rights based on the Companies Act. Contract terms and amounts, etc., are described in "Note 23. Share-based Payments."

21. Dividends

Year-end dividends are the only dividends paid out. Year-end dividends are to be approved at the general meeting of shareholders.

(1) Cash dividends paid

For the year ended March 31, 2013

Date of resolution	Dividends per share (yen)	Total dividends (Millions of yen)	Record date	Effective date
June 23, 2012	¥36	¥5,150	March 31, 2012	June 25, 2012

For the year ended March 31, 2012

Date of resolution	Dividends per share (yen)	Total dividends (Millions of yen)	Record date	Effective date
June 25, 2011	¥34	¥5,014	March 31, 2011	June 27, 2011

For the year ended March 31, 2013

Date of resolution	Dividends per share (U.S. dollar)	Total dividends (Thousands of U.S. dollars)	Record date	Effective date
June 23, 2012	$0.38	$54,787	March 31, 2012	June 25, 2012

Dividends payable are included in "trade and other current payables" presented in the consolidated statement of financial position.

(2) Dividends whose record date is in the current fiscal year but whose effective date is in the following fiscal year

For the year ending March 31, 2014

Date of resolution	Dividends per share (yen)	Total dividends (Millions of yen)	Record date	Effective date
June 22, 2013	¥50	¥6,698	March 31, 2013	June 24, 2013

For the year ending March 31, 2014

Date of resolution	Dividends per share (U.S. dollar)	Total dividends (Thousands of U.S. dollars)	Record date	Effective date
June 22, 2013	$0.53	$71,255	March 31, 2013	June 24, 2013

22. Financial Instruments

(1) Capital management

To achieve continuous growth by maintaining and strengthening the competitive edge of the business, the Group requires sustained investment. Moreover, to expand the scale of its business activities and diversify sources of earnings, the Group continues to take aggressive initiatives to provide new services and enter new businesses. Funding requirements for these investments will be met, in principle, by available funds on hand, with additional fund procurement being executed where necessary. Therefore, mindful of the balance between cash and cash equivalents, interest-bearing liabilities and equity of the Group, ample funds on hand are available, which were well in excess of interest-bearing liabilities as of March 31, 2013 and 2012.

	Millions of yen			Thousands of U.S. dollars
	2013	2012	April 1, 2011	**2013**
Cash and cash equivalents	**¥ 67,337**	¥54,890	¥61,535	**$ 716,351**
Interest-bearing liabilities	**200**	—	480	**2,128**
Total equity	**123,676**	98,045	81,191	**1,315,702**

The Group is not subject to any externally imposed capital requirements.

(2) Financial risk management policy

In the process of conducting its business activities, the Group is continuously exposed to financial risks. The Group therefore conducts risk management in order to reduce relevant financial risks. Risks are eliminated at the point of origin wherever possible, and those that cannot be eliminated are the subject of stringent mitigation efforts.

As a matter of policy, the Group refrains from engaging in derivative transactions and speculative stock trades and the like. However, a Group company may use bank loans in order to deal with temporary financial deficiencies.

(i) Foreign currency risk management

The main foreign currency risks for the Group are deposits denominated in U.S. dollars, which are maintained for the purposes of settling accounts with foreign business partners. Therefore, the foreign currency risk for the Group belongs chiefly to the Company. The impact of translating foreign currency deposits held by the Company on profit before tax for the years ended March 31, 2013 and 2012, in the event of a 1% increase in the Company's functional currency, the Japanese yen, in relation to the U.S. dollar, is as follows. These calculations are based on the assumption that currencies other than the U.S. dollar remain unchanged.

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Profit before tax	**¥(58)**	¥(104)	**$(617)**

Note: The above represents the amount of negative impact on profit before tax in the event of yen appreciation of 1%. There would be a positive impact on profit before tax in the same amount in the event of yen depreciation of 1%.

Although other comprehensive income fluctuates along with the financial statement translation of foreign operations of the Group, such influence is considered as immaterial to the Group.

(ii) Interest rate risk management

In principle, the Group meets capital requirements with cash on hand, while some Group companies obtain funding as necessary for procurement of short-term working capital through interest-bearing liabilities. Because the balance of the interest-bearing liabilities is normally insignificant and is repaid in the short term, the impact of fluctuations in interest rates on profit or loss of the Group is insignificant.

(iii) Credit risk management

The Group regularly reviews the credit status of its customers, and manages credit exposure within appropriate credit limits.

As for the Company's trade receivables, the management of each business division conducts regular monitoring of aging and balances for main customers in accordance with credit risk management policy, and, in the event of collection delays, a system of assessment and response is employed to deal with each individual situation. The same type of oversight is conducted by consolidated subsidiaries in accordance with Company credit risk management policy.

The carrying amount of financial assets after impairment presented in the consolidated financial statements does not take into account any collateral obtained, and thus represents the maximum exposure to credit risk of financial assets.

(iv) Liquidity risk management

With respect to necessary liquidity, the Group mainly secures net cash flows from operating activities, while some Group companies procure funding by loans to meet short-term capital requirements.

The Group has several unused short-term commitment lines of credit with leading domestic financial institutions and several uncommitted lines of credit to reduce liquidity risk.

The remaining contractual maturities for financial liabilities are as follows:

	Millions of yen			
	Within one year	One to five years	After five years	Total
As of March 31, 2013				
Trade and other current payables	**¥30,034**	**—**	**—**	**¥30,034**
Other financial liabilities	**8,743**	**—**	**¥15**	**8,758**
As of March 31, 2012				
Trade and other current payables	25,738	—	—	25,738
Other financial liabilities	6,766	—	11	6,777
As of April 1, 2011				
Trade and other current payables	12,995	—	—	12,995
Other financial liabilities	5,163	—	12	5,175

	Thousands of U.S. dollars			
	Within one year	One to five years	After five years	Total
As of March 31, 2013				
Trade and other current payables	**$319,511**	**—**	**—**	**$319,511**
Other financial liabilities	**93,011**	**—**	**$160**	**93,170**

(3) Fair value of financial instruments

(i) Fair value measurements

The fair values of financial assets and liabilities are determined as follows: Quoted market prices, if available, are used as fair values of financial instruments. If quoted market prices are not available, fair values of such financial instruments are estimated by using appropriate valuation techniques, such as discounting future cash flow or others.

a) Cash and cash equivalents

As for short-term investments included in cash and cash equivalents, carrying amounts and fair values are nearly identical because those investments mature in the short term.

b) Trade and other current receivables, and trade and other current payables

Because receivables and payables of the Group are financial instruments that are chiefly settled or paid in the short term, the carrying amounts of these financial instruments approximate their fair values.

c) Other financial assets

The fair values of marketable securities are estimated by using quoted market prices. Other investments include common stocks issued by unlisted companies and investments in partnerships, etc. The fair values of the common stocks of unlisted companies are calculated through discounting future cash flows or valuation models based on revenues, profitability, and net assets, as well as other valuation methods.

d) Other financial liabilities

Because other financial liabilities of the Group are chiefly settled in the short term, the carrying amounts and fair values are nearly identical. As for the borrowings, carrying amounts and fair values are nearly identical because borrowings are obtained at floating rates.

(ii) Financial instruments measured at amortized cost

The fair values of financial instruments measured at amortized cost as of March 31, 2013 and 2012 and the date of transition to IFRS are as follows:

	Millions of yen						Thousands of U.S. dollars	
	2013		2012		April 1, 2011		**2013**	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets measured at amortized cost:								
Trade and other current receivables	**¥45,946**	**¥45,946**	¥38,997	¥38,997	¥22,827	¥22,827	**$488,787**	**$488,787**
Other financial assets	**6,134**	**6,134**	6,683	6,683	1,946	1,952	**65,255**	**65,255**
Financial liabilities measured at amortized cost:								
Trade and other current payables	**30,034**	**30,034**	25,738	25,738	12,995	12,995	**319,511**	**319,511**
Other financial liabilities	**8,758**	**8,758**	6,777	6,777	5,175	5,175	**93,170**	**93,170**

(iii) Financial instruments measured at fair value

IFRS 7 “Financial Instruments: Disclosures” (“IFRS 7”) requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities;

Level 2 inputs are inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the assets or liabilities.

The level in the fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement.

The fair values of financial assets measured based on the fair value hierarchy and recognized in the consolidated statements of financial position are as follows:

As of March 31, 2013

	Millions of yen			
	Level 1	Level 2	Level 3	Total
Financial assets measured at FVTPL				
Investments in capital	—	—	**¥2,516**	**¥2,516**
Total financial assets measured at FVTPL	—	—	**¥2,516**	**¥2,516**
Financial assets measured at FVTOCI				
Stocks	**¥47**	—	**¥1,127**	**¥1,175**
Total financial assets measured at FVTOCI	**¥47**	—	**¥1,127**	**¥1,175**
Total	**¥47**	—	**¥3,643**	**¥3,690**

There were no transfers among Levels 1, 2, and 3 during the year ended March 31, 2013.

As of March 31, 2012

	Millions of yen			
	Level 1	Level 2	Level 3	Total
Financial assets measured at FVTPL				
Investments in capital	—	—	¥2,611	¥2,611
Total financial assets measured at FVTPL	—	—	¥2,611	¥2,611
Financial assets measured at FVTOCI				
Stocks	¥66	—	¥1,272	¥1,337
Total financial assets measured at FVTOCI	¥66	—	¥1,272	¥1,337
Total	¥66	—	¥3,883	¥3,948

There were no transfers among Levels 1, 2, and 3 during the year ended March 31, 2012.

As of April 1, 2011

	Millions of yen			
	Level 1	Level 2	Level 3	Total
Financial assets measured at FVTPL				
Investments in capital	—	—	¥1,597	¥1,597
Others	—	—	129	129
Total financial assets measured at FVTPL	—	—	¥1,727	¥1,727
Financial assets measured at FVTOCI				
Stocks	¥182	—	¥ 207	¥ 389
Total financial assets measured at FVTOCI	¥182	—	¥ 207	¥ 389
Total	¥182	—	¥1,934	¥2,116

As of March 31, 2013

	Thousands of U.S. dollars			
	Level 1	Level 2	Level 3	Total
Financial assets measured at FVTPL				
Investments in capital	—	—	**$26,766**	**$26,766**
Total financial assets measured at FVTPL	—	—	**$26,766**	**$26,766**
Financial assets measured at FVTOCI				
Stocks	**$500**	—	**$11,989**	**$12,500**
Total financial assets measured at FVTOCI	**$500**	—	**$11,989**	**$12,500**
Total	**$500**	—	**$38,755**	**$39,255**

The changes with respect to financial instruments classified as level 3 in the fair value hierarchy are as follows:

For the year ended March 31, 2013

	Millions of yen	
	Financial assets measured at FVTPL	Financial assets measured at FVTOCI
Balance at beginning of the year	**¥ 2,611**	**¥1,272**
Purchases	**164**	**—**
Comprehensive income		
Profit or loss	**1,793**	**—**
Other comprehensive income	**—**	**9**
Sales	**(2,053)**	**—**
Others	**—**	**(153)**
Balance at end of the year	**¥ 2,516**	**¥1,127**
Gain (loss) recognized in profit or loss from financial instruments held at the year-end, net	**¥ 1,793**	**—**

For the year ended March 31, 2012	Millions of yen	
	Financial assets measured at FVTPL	Financial assets measured at FVTOCI
Balance at beginning of the year	¥1,727	¥ 207
Purchases	1,383	603
Comprehensive income		
Profit or loss	(195)	—
Other comprehensive income	—	(281)
Business combinations	—	743
Sales	(303)	—
Balance at end of the year	¥2,611	¥1,272
Gain (loss) recognized in profit or loss from financial instruments held at the year-end, net	¥ (195)	—

For the year ended March 31, 2013	Thousands of U.S. dollars	
	Financial assets measured at FVTPL	Financial assets measured at FVTOCI
Balance at beginning of the year	**$ 27,777**	**$13,532**
Purchases	**1,745**	—
Comprehensive income		
Profit or loss	**19,074**	—
Other comprehensive income	—	**96**
Sales	**(21,840)**	—
Others	—	**(1,628)**
Balance at end of the year	**$ 26,766**	**$11,989**
Gain (loss) recognized in profit or loss from financial instruments held at the year-end, net	**$ 19,074**	—

With respect to the above financial instruments, gains or losses recognized in profit or loss are included in “finance income” and “finance costs” of the consolidated income statement.

23. Share-based Payments

(1) Information on share-based payment arrangements

The Group employs stock option plans and grants stock options to directors and employees of the Group. The purpose of these plans is to motivate directors to contribute to the enhancement of performance and corporate value, and to provide them with the incentive to raise their awareness toward shareholder-oriented management, by having directors share with the shareholders the benefits of rising stock prices and the risks of falling stock prices. Moreover, these plans increase motivation and morale among employees as well, encouraging them to achieve greater Group performance and corporate value, while securing excellent human resources for the Group.

Options are granted to those individuals approved by the Board of Directors of the Company and its subsidiaries, based on resolution at the general meeting of shareholders of the Company and its subsidiaries. Options not exercised during the exercise period provided in the allocation contract will be forfeited. Moreover, the relevant options will be forfeited if the individual concerned resigns from the Group between the grant date and the vesting date.

With the goal of enhancing medium- to long-term corporate value, the Company has implemented the Stock Grant ESOP Trust as an incentive plan for employees.

Coinciding with this implementation, The Master Trust Bank of Japan, Ltd. (the Stock Grant ESOP Trust Account No. 75481, hereafter “Trust Account”) acquired shares of the Company in October 2011. The full amount that enables the Trust Account to acquire shares of the Company is funded by the Company, so that there is no burden on the employees.

The Company grants stock options and shares of the Company to employees, etc., of acquired companies as an alternate compensation system for business combinations.

The Group accounts for these share-based payment arrangements as equity-settled share-based payment transactions, and negative ¥164 million (negative $1,745 thousand) and ¥3,673 million were recorded in the consolidated income statement for the years ended March 31, 2013 and 2012, respectively. The reason for a negative balance for the year ended March 31, 2013 was a reversal of the share-based payments due to forfeiture prior to the vesting date.

(i) Stock options

Stock options granted to directors and employees of the Company and its subsidiaries who meet certain requirements are as follows:

	Number granted (shares)	Grant date	Expiration of the exercise period	Exercise price (yen)	Fair value at grant date (yen)	Exercise price (U.S. dollars)	Fair value at grant date (U.S. dollars)	Vesting conditions
3rd	40,000	July 20, 2010	July 20, 2040	¥ 1	¥2,006	$0.01	$21.34	(*1)
4th	114,704	November 2, 2010	November 30, 2018	103	2,034	1.10	21.64	(*2)
5th	348,337	November 2, 2010	October 25, 2019	216	1,958	2.30	20.83	(*2)
6th	758,833	November 2, 2010	April 21, 2020	467	1,822	4.97	19.38	(*2)
7th	298,248	November 2, 2010	June 30, 2020	500	1,808	5.32	19.23	(*2)
8th	297,413	November 2, 2010	November 7, 2020	2,418	1,373	25.72	14.61	(*3)
9th	168,925	May 18, 2011	May 18, 2021	2,894	1,223	30.79	13.01	(*3)
10th	34,560	June 20, 2011	June 20, 2041	1	2,777	0.01	29.54	(*1)
11th	95,465	June 11, 2012	June 11, 2042	1	1,257	0.01	13.37	(*1)

(*1) The vesting conditions are not presented. The exercise conditions of stock options are as follows:

1. Directors to whom the share acquisition rights are granted can exercise their share acquisition rights within 10 days from the following day of their resignation.
2. In the event of the holder's death, heirs of the holder to whom the share acquisition rights are transferred can exercise the share acquisition rights.
3. Other exercise conditions are defined in the "Allocation Contract of Share Acquisition Rights" entered into between the holders and the Company based on the resolution of the 12th Ordinary General Meeting of Shareholders on June 26, 2010, and the resolution of the Board of Directors.

(*2) Continuous employment from the grant date to the vesting date is a vesting condition. The conditions concerning the exercise of stock options are as follows:

1. The share acquisition rights were issued as an alternate compensation for the acquisition of ngmoco, LLC on November 9, 2010.
2. If a Holder of the share acquisition rights (a "Holder") is Terminated for any reason, except death, Disability or for Cause, the Holder may only exercise his or her share acquisition rights which are vested and exercisable on the Termination Date no later than three months after the Termination Date, but in any event no later than the expiration date. If a Holder is Terminated because of death or Disability of the Holder (or the Holder dies within three months of Termination when Termination is for any reason other than the Holder's Disability or for Cause), the Holder or his or her heir(s) may only exercise the share acquisition rights which are vested and exercisable on the Termination Date no later than 12 months after the Termination Date, but in any event no later than the expiration date.

If a Holder is Terminated for Cause, the Holder may only exercise his or her share acquisition rights which are vested and exercisable on the Termination Date only upon such Termination Date.

"Cause" means (i) willful failure substantially to perform the material employment duties and responsibilities to the Employer, the Company or any of the Employer's or the Company's affiliates, or willful violation of a material policy of the Employer, the Company or any of the Employer's or the Company's affiliates; (ii) commission of any act of fraud, embezzlement, material dishonesty or any other willful misconduct that has caused or is reasonably expected to result in material injury to the Employer, the Company or any of the Employer's or the Company's affiliates; (iii) unauthorized use or disclosure of any proprietary information or trade secrets of the Employer, the Company or any of the Employer's or the Company's affiliates; or (iv) willful breach of any obligations under any written agreement or covenant with the Employer, the Company or any of the Employer's or the Company's affiliates, provided that such breach of any of the foregoing other than (ii) or (iii) is not resolved to the reasonable satisfaction of the Company within 30 calendar days after receipt of written notice of such failure from the Company.

"Disability" means a disability, whether temporary or permanent, partial or total, as determined by the Board of Directors of the Company.

"Employer" means the employer of the Holder or the client of the Holder as a consultant to the extent that it is the Company or any parent or subsidiary of the Company.

"Termination" or "Terminated" means that the Holder has for any reason ceased to provide services as an employee, officer, director or consultant to the Employer. The Holder will not be deemed to have ceased to provide services in the case of sick leave, military leave, or any other leave of absence approved by the Board of Directors of the Company; provided that such leave is for a period of not more than 90 days (a) unless reinstatement upon the expiration of such leave is guaranteed by contract or statute, or (b) unless provided otherwise pursuant to formal policy adopted from time to time by the Board of Directors of the Company and issued and promulgated in writing. The Board of Directors of the Company will have sole discretion to determine whether a Holder has ceased to provide services and the effective date on which the Holder ceased to provide services (the "Termination Date").

(*3) Continuous employment from the grant date to the vesting date is a vesting condition. The conditions concerning the exercise of stock options are as follows:

If a Holder is Terminated for any reason, except death, Disability or for Cause, the holder may only exercise his or her share acquisition rights which are vested and exercisable on the Termination Date no later than three months after the Termination Date, but in any event no later than the expiration date. If a Holder is Terminated because of death or Disability of the Holder (or the Holder dies within three months of Termination when Termination is for any reason other than the Holder's Disability or for Cause), the Holder or his or her heir(s) may only exercise the share acquisition rights which are vested and exercisable on the Termination Date no later than 12 months after the Termination Date, but in any event no later than the expiration date.

If a Holder is Terminated for Cause, the Holder may only exercise his or her share acquisition rights which are vested and exercisable on the Termination Date only upon such Termination Date.

(ii) Stock grants

An outline of stock grants provided to employees, etc., of the Company and its subsidiaries who meet certain requirements is as follows:

	Number granted (shares)	Grant date	Fair value at grant date (yen)	Fair value at grant date (U.S. dollars)	Vesting conditions
Stock grant (excluding ESOP)	1,363,343	November 2, 2010	¥2,418	$25.72	(*1)
2012 Stock grant (ESOP)	585,874	April 2011–March 2012	1,929–3,425	20.52–36.44	(*2)
2013 Stock grant (ESOP)	123,842	April 2012–March 2013	1,638–3,025	17.43–32.18	(*2)

(*1) Continuous employment from the grant date to the vesting date is a vesting condition. This stock grant was an alternate compensation for the acquisition of ngmoco, LLC, which became a subsidiary as of November 9, 2010.

(*2) Continuous employment from the grant date to the vesting date is a vesting condition.

(2) Assumptions in determination of fair values

(i) Stock options

The Company's stock options are valued using the Black-Scholes model. The assumptions used in the Black-Scholes model for stock options granted for the years ended March 31, 2013 and 2012 are as follows:

	9th	10th	11th
Stock price at grant date (yen)	¥2,840	¥3,250	¥1,721
Exercise price (yen)	¥2,894	¥1	¥1
Stock price at grant date (U.S. dollars)	$30.21	$34.57	$18.31
Exercise price (U.S. dollars)	$30.79	$0.01	$0.01
Expected volatility (*1)	56.41%	56.11%	57.30%
Expected remaining period	5 years	15 years	15 years
Expected dividend per share (yen) (*2)	¥34	¥34	¥36
Risk free rate (*3)	0.49%	1.80%	1.36%

(*1) Calculated based on historical daily stock prices over the most recent period corresponding to the expected remaining period.
(*2) Calculated based on the past dividends paid.
(*3) The yield of the Japanese government bond for a period approximately corresponding to the expected remaining period is adopted.

(ii) Stock grants

With respect to stock grants, fair values are measured based on observable market prices. Moreover, the expected dividends are incorporated into the measurement of fair values. The number and weighted average fair value of the shares granted during the years ended March 31, 2013 and 2012 are as follows:

	2013	2012
Number of shares granted under ESOP	123,842	585,874
Weighted average fair value of the shares granted (yen)	¥2,533	¥3,039
Weighted average fair value of the shares granted (U.S. dollars)	$26.95	$32.33

(3) Number and weighted average exercise price

For the year ended March 31, 2013

	3rd	4th	5th	6th	7th	8th	9th	10th	11th	Stock grants
Exercise price (yen)	¥1	¥103	¥216	¥467	¥500	¥2,418	¥2,894	¥1	¥1	—
Exercise price (U.S. dollars)	$0.01	$1.10	$2.30	$4.97	$5.32	$25.72	$30.79	$0.01	$0.01	—
Outstanding at the beginning of the year (shares)	40,000	63,299	117,995	434,477	120,723	136,563	108,797	34,560	—	1,171,186
Granted during the year (shares)	—	—	—	—	—	—	—	—	95,465	123,842
Forfeited during the year (shares)	—	29,821	64,662	254,908	54,721	75,734	57,857	—	—	479,927
Exercised during the year (shares)	—	17,798	36,754	98,643	12,187	—	—	—	19,093	425,905
Expired during the year (shares)	—	—	—	—	—	—	—	—	—	—
Outstanding at the end of the year (shares)	40,000	15,680	16,579	80,926	53,815	60,829	50,940	34,560	76,372	389,196
Exercisable at the end of the year (shares)	40,000	15,680	16,579	80,926	53,815	60,829	32,289	34,560	76,372	—
Remaining contract years	27.3 years	5.7 years	6.6 years	7.1 years	7.2 years	7.6 years	8.1 years	28.2 years	29.2 years	—

For the year ended March 31, 2012

	3rd	4th	5th	6th	7th	8th	9th	10th	Stock grants
Exercise price (yen)	¥1	¥103	¥216	¥467	¥500	¥2,418	¥2,894	¥1	—
Outstanding at the beginning of the year (shares)	40,000	91,082	286,900	739,482	263,184	272,324	—	—	1,363,343
Granted during the year (shares)	—	—	—	—	—	—	168,925	34,560	585,874
Forfeited during the year (shares)	—	3,802	86,512	133,351	86,352	121,998	60,128	—	130,834
Exercised during the year (shares)	—	23,981	82,393	171,654	56,109	13,763	—	—	647,197
Expired during the year (shares)	—	—	—	—	—	—	—	—	—
Outstanding at the end of the year (shares)	40,000	63,299	117,995	434,477	120,723	136,563	108,797	34,560	1,171,186
Exercisable at the end of the year (shares)	40,000	63,299	117,995	434,477	120,723	136,563	32,436	34,560	—
Remaining contract years	28.3 years	6.7 years	7.6 years	8.1 years	8.2 years	8.6 years	9.1 years	29.2 years	—

(4) Exercise of stock options

The exercise of stock options is as follows:

For the year ended March 31, 2013

	3rd	4th	5th	6th	7th	8th	9th	10th	11th	Stock grants
Exercised during the year (shares)	—	17,798	36,754	98,643	12,187	—	—	—	19,093	425,905

For the year ended March 31, 2012

	3rd	4th	5th	6th	7th	8th	9th	10th	Stock grants
Exercised during the year (shares)	—	23,981	82,393	171,654	56,109	13,763	—	—	647,197

The weighted average stock prices for the years ended March 31, 2013 and 2012 are ¥2,423 ($25.78) and ¥2,676, respectively.

24. Finance Income and Finance Costs

(1) Finance income

The breakdown of finance income for the years ended March 31, 2013 and 2012 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Interest income			
Financial assets measured at amortized cost	**¥ 24**	¥ 51	**$ 255**
Dividend income			
Financial assets measured at FVTOCI	**11**	0	**117**
Gains on securities			
Financial assets measured at FVTPL	**1,792**	1,325	**19,064**
Foreign exchange gains	**723**	—	**7,691**
Others	**—**	7	**—**
Total	**¥2,549**	¥1,383	**$27,117**

(2) Finance costs

The breakdown of finance costs for the years ended March 31, 2013 and 2012 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Interest expenses			
Financial liabilities measured at amortized cost	**¥ 34**	¥ 6	**$ 362**
Others	**3**	1	**32**
Losses on securities			
Financial assets measured at FVTPL	**—**	155	**—**
Foreign exchange losses	**—**	1,109	**—**
Others*	**236**	—	**2,511**
Total	**¥273**	¥1,271	**$2,904**

* Others in finance costs are chiefly losses on sales of stocks of subsidiaries and associates.

25. Revenue

Substantially all revenue is derived from services rendered.

26. Cost of Sales

The breakdown of cost of sales for the years ended March 31, 2013 and 2012 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Employee benefit expenses	**¥ 4,190**	¥ 2,715	**$ 44,574**
Commission fees	**33,252**	15,584	**353,745**
Depreciation and amortization	**5,173**	2,975	**55,032**
Outsourcing expenses	**8,702**	4,284	**92,574**
Advertising media expenses	**425**	1,148	**4,521**
Rent expenses	**1,507**	828	**16,032**
Communication expenses	**891**	752	**9,479**
Others	**2,462**	1,268	**26,191**
Total	**¥56,604**	¥29,553	**$602,170**

The breakdown of employee benefit expenses is as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Wages and salaries	**¥3,405**	¥2,278	**¥36,223**
Legal welfare expenses	**402**	286	**4,277**
Others	**383**	151	**4,074**
Total	**¥4,190**	¥2,715	**¥44,574**

27. Selling, General and Administrative Expenses

The breakdown of selling, general and administrative expenses for the years ended March 31, 2013 and 2012 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Employee benefit expenses	**¥10,151**	¥13,205	**$107,989**
Commission fees	**24,622**	15,803	**261,936**
Advertising expenses	**11,178**	8,862	**118,915**
Sales promotion expenses	**11,715**	10,549	**124,628**
Depreciation and amortization	**827**	323	**8,798**
Outsourcing expenses	**2,161**	1,567	**22,989**
Recruiting expenses	**1,288**	1,928	**13,702**
Rent expenses	**2,582**	1,228	**27,468**
Others	**4,551**	3,419	**48,415**
Total	**¥69,075**	¥56,885	**$734,840**

The breakdown of employee benefit expenses is as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Wages and salaries	**¥ 8,247**	¥ 7,423	**$ 87,734**
Share-based payments	**(164)**	3,673	**(1,745)**
Legal welfare expenses	**1,016**	885	**10,809**
Others	**1,052**	1,224	**11,191**
Total	**¥10,151**	¥13,205	**$107,989**

28. Other Income and Other Expenses

(1) Other income

The breakdown of other income for the years ended March 31, 2013 and 2012 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Gain on expiration of contractual obligations	**¥285**	¥259	**$3,032**
Gain on bad debts recovered	**89**	164	**947**
Gains on sales of fixed assets	**6**	15	**64**
Others	**224**	70	**2,383**
Total	**¥603**	¥508	**$6,415**

(2) Other expenses

The breakdown of other expenses for the years ended March 31, 2013 and 2012 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Loss on sales and disposals of fixed assets	**¥365**	¥146	**$3,883**
Others	**186**	162	**1,979**
Total	**¥551**	¥308	**$5,862**

29. Other Comprehensive Income

The breakdown of each component of other comprehensive income and related tax effect for the years ended March 31, 2013 and 2012 are as follows:

	Millions of yen						Thousands of U.S. dollars		
	2013			2012			**2013**		
	Before tax effect	Tax effect	After tax effect	Before tax effect	Tax effect	After tax effect	Before tax effect	Tax effect	After tax effect
Other comprehensive income attributable to owners of the parent									
Gains (losses) from investments in equity instruments									
Amount arising during the year	**¥ (3)**	**¥140**	**¥ (143)**	¥(463)	¥(105)	¥(358)	**$ (32)**	**$1,489**	**$ (1,521)**
Foreign currency translation adjustments									
Amount arising during the year	**4,760**	**—**	**4,760**	178	—	178	**50,638**	**—**	**50,638**
Others									
Amount arising during the year	**46**	**—**	**46**	—	—	—	**489**	**—**	**489**
Total other comprehensive income attributable to owners of the parent	**4,804**	**140**	**4,664**	(286)	(105)	(181)	**51,106**	**1,489**	**49,617**
Other comprehensive income attributable to non-controlling interests									
Gains (losses) from investments in equity instruments									
Amount arising during the year	**1**	**0**	**0**	9	3	6	**11**	**0**	**0**
Foreign currency translation adjustments									
Amount arising during the year	**1**	**—**	**1**	(21)	—	(21)	**11**	**—**	**11**
Total other comprehensive income attributable to non-controlling interests	**2**	**0**	**2**	(12)	3	(15)	**21**	**0**	**21**
Total other comprehensive income	**¥4,806**	**¥140**	**¥4,666**	¥(298)	¥(102)	¥(196)	**$51,128**	**$1,489**	**$49,638**

30. Earnings per Share

The basis for calculating earnings per share attributable to owners of the parent for the years ended March 31, 2013 and 2012 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Profit for the year attributable to owners of the parent	**¥45,581**	¥31,137	**$484,904**

	Number of shares	
	2013	2012
Weighted average number of common shares outstanding during the year—basic	**136,741,257**	146,092,181
Effect of dilutive potential common shares:		
Stock options, etc.	**405,265**	776,875
Weighted average number of common shares outstanding during the year—diluted	**137,146,522**	146,869,056

	Yen		U.S. dollars
	2013	2012	**2013**
Earnings per share attributable to owners of the parent			
Basic earnings per share	**¥333.34**	¥213.13	**$3.55**
Diluted earnings per share	**332.35**	212.01	**3.54**

31. Business Combinations

Outline of business combinations for the year ended March 31, 2012 is as follows. No companies were acquired through business combinations for the year ended March 31, 2013.

(1) Subsidiaries acquired

The Company acquired 66.92% of the voting rights of YOKOHAMA BAYSTARS BASEBALL CLUB, INC. from TOKYO BROADCASTING SYSTEM HOLDINGS, INC. and BS-TBS, INC., on December 2, 2011, and accordingly included it in consolidation as a subsidiary. The name of the company was changed from YOKOHAMA BAYSTARS BASEBALL CLUB, INC. to Yokohama DeNA Baystars Baseball Club, Inc. ("Yokohama DeNA Baystars") on the same day.

Yokohama DeNA Baystars is in the business of professional baseball and related activities. This acquisition is intended to contribute to Japanese professional baseball, stimulate regional development, and enhance the Group's brand value and visibility.

(2) Consideration

Consideration transferred was cash of ¥6.5 billion.

Direct expenses of ¥6 million associated with the acquisition, such as advisory fees, etc., are included in "selling, general and administrative expenses" of the consolidated income statement.

(3) Assets acquired and liabilities assumed

The assets acquired and liabilities assumed as of the acquisition date are as follows:

	Millions of yen
	Amount
Current assets*	¥ 778
Non-current assets	1,525
Total assets	¥2,303
Current liabilities	¥1,107
Non-current liabilities	274
Total liabilities	¥1,382

* Cash and cash equivalents of ¥321 million are included.

(4) Goodwill arising on the acquisition

	Millions of yen
	Amount
Consideration transferred	¥6,500
Non-controlling interests	305
Fair value of identifiable net assets acquired	(921)
Amount of goodwill arising on the acquisition	¥5,883

The goodwill arising on this acquisition reflects an expectation of benefits from synergies with the Social Media Business and the E-commerce Business, leveraged by enhanced brand value and visibility for the Group, to drive greater home game attendance, along with increased advertising revenue and merchandise sales from team-related goods. Recognized goodwill is not expected to be deductible for tax purposes.

(5) Other matters

Non-controlling interests in Yokohama DeNA Baystars are measured as the relevant share of the identifiable net assets acquired.

Revenue for Yokohama DeNA Baystars included in the consolidated income statement for the year ended March 31, 2012 was ¥453 million, and Yokohama DeNA Baystars recorded a loss for the year of ¥1.22 billion during the same period.

If Yokohama DeNA Baystars were to be consolidated as of April 1, 2011, revenue and profit for the year in the consolidated income statement of the Group for the year ended March 31, 2012 would be ¥152,991 million and ¥32,101 million, respectively. Note that this pro forma information is not subject to an audit by the independent auditors of the Company.

32. Contingent Liabilities

The Group has no significant contingent liabilities.

33. Commitments

The Group has no significant contract liabilities.

34. Subsequent Events

Acquisition of treasury stock

At a Board of Directors' meeting held on June 7, 2013, the Company resolved the acquisition of treasury stock under Article 156 of the Companies Act as applied pursuant to Article 165 (3) of the same law.

1. Purpose:
   Increase capital efficiency, implement a flexible capital policy that responds to changes in the business environment, and improve shareholder returns by increasing the share value.
2. Class of shares subject to repurchase: Common stock
3. Total number of shares to be repurchased: Up to 5,200,000 shares
4. Total cost of repurchase: Up to ¥10,000 million ($106,383 thousand)
5. Period of repurchase: From June 10, 2013 to July 31, 2013
6. Method of repurchase: Purchase on the Tokyo Stock Exchange

35. Related Party Transactions

(1) Related party transactions

Transactions and the balances of debts and credits with associates as of and for the years ended March 31, 2013 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Trade and other current receivables	**¥ 82**	¥ 63	**$ 872**
Other current financial assets	**53**	—	**564**
Other non-current financial assets	**—**	50	**—**
Trade and other current payables	**1,570**	116	**16,702**
Revenue	**136**	90	**1,447**
Cost of sales	**2,668**	349	**28,383**

(2) Key management compensation

Key management compensation for the years ended March 31, 2013 and 2012 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Short-term employee benefits	**¥409**	¥333	**$4,351**
Share-based payments	**120**	96	**1,277**
Total	**¥529**	¥429	**$5,628**

36. Approval of the Consolidated Financial Statements

The consolidated financial statements were approved by the Company's Chairman of the Board of Directors, Makoto Haruta, and Representative Director, President, and CEO, Isao Moriyasu, on June 24, 2013.

37. First-time Adoption of IFRS

(1) Transition to IFRS-based reporting

The Group's consolidated financial statements have been prepared in accordance with IFRS. The consolidated financial statements for the fiscal year ended March 31, 2013 are the first financial statements prepared by the Group in accordance with IFRS, and the consolidated financial statements for the fiscal year ended March 31, 2012 are the most recent consolidated financial statements prepared in accordance with Japanese GAAP. The date of transition from Japanese GAAP to IFRS was April 1, 2011.

As a result of the transition to IFRS-based reporting, the consolidated financial statements, including related notes, differ from those previously presented.

IFRS 1 stipulates that an entity adopting IFRS for the first time shall apply IFRS retrospectively to prior periods. However, IFRS 1 allows certain exemptions from the retrospective application of certain aspects of IFRS, and accordingly the Group has applied the following exemptions:

- The Group has not applied IFRS 2 retrospectively to share-based payments vested prior to the date of transition to IFRS.
- The Group has elected to apply IFRS 3 prospectively from the date of transition to IFRS, and not to apply IFRS 3 retrospectively to business combinations which occurred prior to the date of transition to IFRS.
- The Group has elected to deem all cumulative translation differences of investments in foreign operations as zero at the date of transition to IFRS, and therefore to exclude translation differences from gains or losses on subsequent disposals of any foreign operations.

A summary of the effects of the adoption of IFRS is shown in the following reconciliations. In the reconciliations below, "Presentation" includes items with no effect on retained earnings and comprehensive income, while "Recognition and measurement" includes items with effect on retained earnings and comprehensive income. Also, in the reconciliations, amounts in "Japanese GAAP" are rounded down to the nearest million yen, while amounts in "Presentation," "Recognition and measurement," and "IFRS" are rounded off to the nearest million yen.

(2) Reconciliation of equity as of April 1, 2011 (the date of transition to IFRS)

	Millions of yen					
Japanese GAAP	Japanese GAAP	Presentation	Recognition and measurement	IFRS	Notes	IFRS
Assets						**Assets**
Current assets						Current assets
Cash and deposits	¥ 62,640	¥ (20)	¥(1,085)	¥ 61,535	A	Cash and cash equivalents
Accounts receivable–trade	17,771	5,041	15	22,827	B	Trade and other current receivables
Accounts receivable–other	5,192	(5,192)	—	—		
Deferred tax assets	3,274	(3,274)	—	—		
	—	158	(0)	157	C	Other current financial assets
Other	1,874	(179)	17	1,712	D	Other current assets
Allowance for doubtful accounts	(151)	152	—	—		
Total current assets	90,601	(3,316)	(1,053)	86,232		Total current assets
Non-current assets						Non-current assets
Property and equipment						
Buildings, net	109	1,026	112	1,247	E	Property and equipment
Tools, furniture and fixtures, net	1,025	(1,026)	—	—		
Intangible assets						
Software	1,871	(1,871)	—	—		
Goodwill	28,062	—	556	28,619	F	Goodwill
Other	291	1,956	22	2,269	G	Intangible assets
Investments and other assets						
Investment securities	3,222	1,292	(610)	3,904	I	Other non-current financial assets
Deferred tax assets	684	3,274	356	4,315	J	Deferred tax assets
Other	1,481	(1,469)	(0)	12	K	Other non-current assets
Allowance for doubtful accounts	(134)	134	—	—		
Total non-current assets	36,614	3,316	435	40,366		Total non-current assets
Total assets	¥127,216	¥ —	¥ (618)	¥126,598		**Total assets**

Japanese GAAP	Japanese GAAP (Millions of yen)	Presentation (Millions of yen)	Recognition and measurement (Millions of yen)	IFRS (Millions of yen)	Notes	IFRS
						Liabilities and equity
Liabilities						**Liabilities**
Current liabilities						Current liabilities
Accounts payable–trade	¥ 489	¥ 12,314	¥ 191	¥ 12,995	L	Trade and other current payables
Accounts payable–other	12,314	(12,314)	—	—		
Income taxes payable	21,232	—	(3)	21,229	M	Income tax payables
Advances received	2,999	(3,000)	—	—		
Deposits received	4,686	(4,687)	—	—		
Provision for bonuses	155	(156)	—	—		
	—	5,094	69	5,163	N	Other current financial liabilities
Other	2,872	2,724	163	5,759	O	Other current liabilities
Total current liabilities	44,749	(24)	420	45,146		Total current liabilities
Non-current liabilities						Non-current liabilities
	—	—	214	214	P	Non-current provisions
	—	12	—	12	Q	Other non-current financial liabilities
Other	20	12	2	35	R	Other non-current liabilities
Total non-current liabilities	20	24	216	261		Total non-current liabilities
Total liabilities	44,770	—	636	45,406		**Total liabilities**
Net assets						**Equity**
Capital stock	10,392	—	—	10,392		Common stock
Capital surplus	10,418	—	—	10,419		Capital surplus
Retained earnings	58,895	—	2,922	61,818	T	Retained earnings
Treasury stock	(2,972)	—	(2,252)	(5,225)	U	Treasury stock
Accumulated other comprehensive income	(133)	3,042	(1,914)	994	V	Other components of equity
Stock acquisition rights	3,042	(3,042)	—	—		
	79,642	—	(1,245)	78,398		Total equity attributable to owners of the parent
Minority interests	2,802	—	(9)	2,793	W	Non-controlling interests
Total net assets	82,445	—	(1,254)	81,191		**Total equity**
Total liabilities and net assets	¥127,216	¥ —	¥ (618)	¥126,598		**Total liabilities and equity**

(3) Reconciliation of equity as of March 31, 2012 (the end of the previous fiscal year)

Japanese GAAP	Japanese GAAP (Millions of yen)	Presentation (Millions of yen)	Recognition and measurement (Millions of yen)	IFRS (Millions of yen)	Notes	IFRS
Assets						**Assets**
Current assets						Current assets
Cash and deposits	¥ 57,607	¥ (137)	¥(2,581)	¥ 54,890	A	Cash and cash equivalents
Accounts receivable–trade	29,849	9,182	(35)	38,997	B	Trade and other current receivables
Accounts receivable–other	9,378	(9,378)	—	—		
Deferred tax assets	1,882	(1,883)	—	—		
	—	1,059	20	1,079	C	Other current financial assets
Other	3,435	(1,067)	213	2,583	D	Other current assets
Allowance for doubtful accounts	(196)	197	—	—		
Total current assets	101,958	(2,027)	(2,383)	97,548		Total current assets
Non-current assets						Non-current assets
Property and equipment						
Buildings and structures, net	191	1,562	47	1,801	E	Property and equipment
Tools, furniture and fixtures, net	1,491	(1,492)	—	—		
Machinery, equipment and vehicles, net	7	(7)	—	—		
Land	62	(62)	—	—		
Intangible assets						
Software	3,322	(3,322)	—	—		
Goodwill	32,512	—	2,732	35,245	F	Goodwill
Other	906	3,624	764	5,295	G	Intangible assets
Investments and other assets						
	—	349	—	349	H	Investments accounted for using the equity method
Investment securities	5,397	5,145	(990)	9,552	I	Other non-current financial assets
Deferred tax assets	932	1,883	562	3,377	J	Deferred tax assets
Other	5,845	(5,794)	5	57	K	Other non-current assets
Allowance for doubtful accounts	(141)	142	—	—		
Total non-current assets	50,528	2,027	3,120	55,675		Total non-current assets
Total assets	¥152,486	¥ —	¥ 736	¥153,223		**Total assets**

Japanese GAAP	Japanese GAAP (Millions of yen)	Presentation (Millions of yen)	Recognition and measurement (Millions of yen)	IFRS (Millions of yen)	Notes	IFRS
						Liabilities and equity
Liabilities						**Liabilities**
Current liabilities						Current liabilities
Accounts payable–trade	¥ 664	¥ 25,370	¥ (297)	¥ 25,738	L	Trade and other current payables
Accounts payable–other	25,370	(25,370)	—	—		
Income taxes payable	15,200	—	(4)	15,197	M	Income tax payables
Advances received	3,457	(3,457)	—	—		
Deposits received	6,743	(6,744)	—	—		
Provision for bonuses	298	(299)	—	—		
	—	6,744	22	6,766	N	Other current financial liabilities
Other	2,136	3,756	1,077	6,969	O	Other current liabilities
Total current liabilities	53,870	—	799	54,670		Total current liabilities
Non-current liabilities						Non-current liabilities
	—	18	214	232	P	Non-current provisions
	—	11	—	11	Q	Other non-current financial liabilities
Other	254	(29)	39	265	R	Other non-current liabilities
Total non-current liabilities	254	—	253	508		Total non-current liabilities
Total liabilities	54,125	—	1,052	55,178		**Total liabilities**
Net assets						**Equity**
Capital stock	10,396	—	—	10,397		Common stock
Capital surplus	10,897	—	292	11,189	S	Capital surplus
Retained earnings	88,321	—	(381)	87,941	T	Retained earnings
Treasury stock	(15,626)	—	—	(15,626)		Treasury stock
Accumulated other comprehensive income	(1,187)	1,813	151	776	V	Other components of equity
Stock acquisition rights	1,812	(1,813)	—	—		
	94,614	—	62	94,677		Total equity attributable to owners of the parent
Minority interests	3,747	—	(379)	3,369	W	Non-controlling interests
Total net assets	98,361	—	(316)	98,045		**Total equity**
Total liabilities and net assets	¥152,486	¥ —	¥ 736	¥153,223		**Total liabilities and equity**

(4) Notes to the reconciliations of equity

The main components of the reconciliations of equity are as follows:

A. Cash and cash equivalents

(Presentation)

Of cash and deposits under Japanese GAAP, time deposits with maturities of six months or more as well as those pledged as collateral have been included in other current financial assets under IFRS.

(Recognition and measurement)

As a result of unifying the reporting periods of consolidated subsidiaries by establishing March 31 as the fiscal year-end date, cash and cash equivalents have changed.

B. Trade and other current receivables

(Presentation)

Accounts receivable–trade, accounts receivable–other, and allowance for doubtful accounts have been presented as trade and other current receivables under IFRS.

(Recognition and measurement)

The recognition method has changed for advertising revenue, which was previously recognized at the completion of each advertisement, to recognition by reference to the stage of completion of the rendering of services. As a result of this change, trade and other current receivables have increased.

C. Other current financial assets

(Presentation)

Of cash and deposits under Japanese GAAP, time deposits with maturities of six months or more as well as those pledged as collateral, have been included in other current financial assets under IFRS.

Deposits paid, etc., included in other of current assets under Japanese GAAP have been included in other current financial assets under IFRS.

D. Other current assets

(Presentation)

Deposits paid, etc., included in other of current assets under Japanese GAAP have been included in other current financial assets under IFRS.

Contractual and other legal rights included in other of current assets under Japanese GAAP have been included in intangible assets under IFRS.

(Recognition and measurement)

As a result of unifying the reporting periods of consolidated subsidiaries by establishing March 31 as the fiscal year-end date, other current assets have changed.

E. Property and equipment

(Presentation)

"Buildings and structures, net," "tools, furniture and fixtures, net," "machinery, equipment and vehicles, net," and "land," which were presented separately under Japanese GAAP, have been presented together as property and equipment under IFRS.

(Recognition and measurement)

As a result of changes in depreciation methods and other adjustments at the date of transition to IFRS, property and equipment has increased.

F. Goodwill

(Recognition and measurement)

As a result of translating goodwill denominated in foreign currencies using the exchange rate at the date of transition to IFRS, goodwill has increased.

For the year ended March 31, 2012 under Japanese GAAP, goodwill was amortized over its estimated useful life, while under IFRS, goodwill is not amortized effective the date of transition to IFRS, resulting in an increase of ¥2,573 million to goodwill. In addition, as a result of unifying the reporting periods of consolidated subsidiaries by establishing March 31 as the fiscal year-end date, goodwill denominated in foreign currencies has changed due to the change in the exchange rate applied at the end of each reporting period and by the remeasurement of contingent consideration associated with business combinations.

G. Intangible assets

(Presentation)

Software presented separately under Japanese GAAP has been included in intangible assets under IFRS.

Contractual and other legal rights included in other of current assets as well as other of investments and other assets under Japanese GAAP have been included in intangible assets under IFRS.

(Recognition and measurement)

As a result of unifying the reporting periods of consolidated subsidiaries by establishing March 31 as the fiscal year-end date, intangible assets have changed.

H. Investments accounted for using the equity method

(Presentation)

Investments accounted for using the equity method included in investment securities under Japanese GAAP have been presented separately as "investments accounted for using the equity method" under IFRS.

I. Other non-current financial assets

(Presentation)

Investments accounted for using the equity method included in investment securities under Japanese GAAP have been presented separately as investments accounted for using the equity method under IFRS. Investment securities other than the above included in investments securities under Japanese GAAP have been included in other non-current financial assets under IFRS.

Allowance for doubtful accounts presented separately under Japanese GAAP has been included in other non-current financial assets under IFRS.

Long-term guarantee deposits, long-term loans receivable, and other investments, which were included in other of investments and other assets under Japanese GAAP, have been included in other non-current financial assets under IFRS.

(Recognition and measurement)

As a result of reclassification and remeasurement of financial assets at the date of transition to IFRS, other non-current financial assets have changed (a decrease of ¥807 million as of the date of transition to IFRS, and ¥934 million as of March 31, 2012).

As a result of unifying the reporting periods of consolidated subsidiaries by establishing March 31 as the fiscal year-end date, other non-current financial assets have changed.

J. Deferred tax assets

(Presentation)

Deferred tax assets presented separately as current items under Japanese GAAP have been reclassified as non-current items under IFRS.

(Recognition and measurement)

As a result of reclassification and remeasurement of financial assets along with elimination of unrealized gains and losses, and other adjustments at the date of transition to IFRS, deferred tax assets have increased.

K. Other non-current assets

(Presentation)

Contractual and other legal rights included in other of investments and other assets under Japanese GAAP have been included in intangible assets under IFRS.

Long-term guarantee deposits, long-term loans receivable, and other investments, which were included in other of investments and other assets under Japanese GAAP, have been included in other non-current financial assets under IFRS.

L. Trade and other current payables

(Presentation)

Accounts payable–trade and accounts payable–other, which were presented separately under Japanese GAAP, have been included in trade and other current payables under IFRS.

(Recognition and measurement)

As a result of recognition of liabilities for contingent considerations associated with business combinations, at the date of transition to IFRS, trade and other current payables have increased by ¥624 million.

As a result of unifying the reporting periods of consolidated subsidiaries by establishing March 31 as the fiscal year-end date, trade and other current payables have changed.

M. Income tax payables

(Recognition and measurement)

As a result of unifying the reporting periods of consolidated subsidiaries by establishing March 31 as the fiscal year-end date, income tax payables have changed.

N. Other current financial liabilities

(Presentation)

Deposits received, presented separately under Japanese GAAP, have been included in other current financial liabilities under IFRS.

Short-term loans payable included in other of current liabilities under Japanese GAAP have been included in other current financial liabilities under IFRS.

O. Other current liabilities

(Presentation)

Advances received and provision for bonuses, which were presented separately under Japanese GAAP, have been included in other current liabilities under IFRS.

Short-term loans payable, included in other of current liabilities under Japanese GAAP, have been included in other current financial liabilities under IFRS.

(Recognition and measurement)

Unused compensated absences, which were not recognized under Japanese GAAP, have been recognized as a liability and included in other current liabilities under IFRS.

As a result of unifying the reporting periods of consolidated subsidiaries by establishing March 31 as the fiscal year-end date, other current liabilities have changed.

P. Non-current provisions

(Recognition and measurement)

Asset retirement obligations previously deducted from other of investments and other assets have been recognized as provisions and remeasured under IFRS. As a result, non-current provisions have increased.

Q. Other non-current financial liabilities

(Presentation)

Guarantee deposits received, included in other of non-current liabilities under Japanese GAAP, have been included in other non-current financial liabilities under IFRS.

R. Other non-current liabilities

(Presentation)

Guarantee deposits received, included in other of non-current liabilities under Japanese GAAP, have been included in other non-current financial liabilities under IFRS.

S. Capital surplus

(Recognition and measurement)

Under IFRS, changes in the parent’s ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions, resulting in a decrease of ¥471 million in capital surplus as of March 31, 2012.

Since the forfeiture of stock acquisition rights vested but not exercised is accounted for as an equity transaction, capital surplus has increased by ¥582 million as of March 31, 2012.

T. Retained earnings

(Recognition and measurement)

The effect of the adoption of IFRS on retained earnings as of March 31, 2012 and the date of transition to IFRS is as follows:

	Millions of yen	
	April 1, 2011	2012
Unification of the reporting period (*1)	¥ (431)	¥(2,413)
Business combinations (*2)	2,500	(1,128)
Goodwill (*3)	—	2,573
Exchange differences in foreign operations (*4)	401	401
Other	452	186
Total	¥2,922	¥ (381)

(*1) At the date of transition to IFRS, retained earnings have changed as a result of unifying the reporting periods of consolidated subsidiaries by establishing March 31 as the fiscal year-end date.

(*2) In respect of acquisition of subsidiaries, the portion of consideration payable to employees conditional on their continuous service after business combinations, which was included in acquisition cost under Japanese GAAP, is treated as share-based payment transactions apart from business combinations (see U. and V. below), and liabilities for contingent considerations are recognized (see L. above) under IFRS. As a result, retained earnings have changed.

(*3) Under Japanese GAAP, goodwill was amortized over its estimated useful life, while under IFRS, goodwill is not amortized effective the date of transition to IFRS, resulting in changes in retained earnings (see F. above).

(*4) As a result of reclassifying cumulative foreign currency translation differences (gains) of foreign subsidiaries at the date of transition to IFRS to retained earnings, retained earnings have changed (see V. below).

U. Treasury stock

(Recognition and measurement)

In respect of acquisition of subsidiaries, the portion of consideration payable to employees conditional on their continuous service after business combinations, which was included in acquisition cost under Japanese GAAP, is treated as share-based payment transactions apart from business combinations under IFRS. As a result, treasury stock has increased by ¥2,252 million as of the date of transition to IFRS.

V. Other components of equity

(Presentation)

Stock acquisition rights presented separately under Japanese GAAP have been included in other components of equity.

(Recognition and measurement)

As a result of deeming all cumulative foreign currency translation differences (gains) of foreign subsidiaries to be zero at the date of transition to IFRS, other components of equity have changed.

In respect of the acquisition of subsidiaries, the portion of the consideration payable to employees conditional on their continuous service after business combinations, which was included in acquisition cost under Japanese GAAP, is treated as share-based payment transactions apart from business combinations under IFRS. As a result, other components of equity (stock acquisition rights) have decreased by ¥1,020 million as of the date of transition to IFRS.

As a result of reclassification and remeasurement of financial assets at the date of transition to IFRS, gains from investments in equity instruments measured at FVTOCI have changed.

W. Non-controlling interests

(Recognition and measurement)

As a result of unifying the reporting periods of consolidated subsidiaries by establishing March 31 as the fiscal year-end date, non-controlling interests have changed.

(5) Reconciliation of comprehensive income for the year ended March 31, 2012

	Millions of yen					
Japanese GAAP	Japanese GAAP	Presentation	Recognition and measurement	IFRS	Notes	IFRS
Net sales	¥145,729	—	¥ 772	¥146,501	A	Revenue
Cost of sales	(28,188)	—	(1,365)	(29,553)	B	Cost of sales
Gross profit	117,540	—	(593)	116,948		Gross profit
Selling, general and administrative expenses	(54,124)	—	(2,760)	(56,885)	C	Selling, general and administrative expenses
Non-operating income	548	¥ (548)	—	—		
	—	488	20	508	D	Other income
Non-operating expenses	(1,303)	1,303	—	—		
	—	(201)	(107)	(308)	E	Other expenses
	—	1,064	319	1,383	F	Finance income
	—	(1,221)	(50)	(1,271)	G	Finance costs
	—	(25)	—	(25)	H	Share of profit (loss) of associates accounted for using the equity method
Extraordinary income	1,747	(1,004)	(744)	—	I	
Extraordinary loss	(242)	144	98	—		
Income before income taxes and minority interests	64,165	—	(3,817)	60,349		Profit before tax
Total income taxes	(28,821)	—	87	(28,734)		Income tax expense
Income before minority interests	35,344	—	(3,730)	31,615		Profit for the year
Other comprehensive income						**Other comprehensive income**
Valuation difference on available-for-sale securities	8	—	(361)	(352)	J	Gains (losses) from investments in equity instruments, net of tax
Foreign currency translation adjustments	(1,075)	—	1,232	156	K	Foreign currency translation adjustments, net of tax
Total other comprehensive income	(1,067)	—	871	(196)		Other comprehensive income, net of tax
Comprehensive income	¥ 34,277	¥ —	¥(2,858)	¥ 31,419		**Total comprehensive income for the year**

(6) Notes to the reconciliation of comprehensive income

The main components of the reconciliation of comprehensive income are as follows:

A. Revenue

(Recognition and measurement)

Part of revenue from monthly membership fees and part of advertising revenue, which were presented as a net amount under Japanese GAAP, have been presented as a gross amount under IFRS, resulting in an increase in revenue.

The recognition method has changed for advertising revenue, which was previously recognized at the completion of each advertisement, to recognition by reference to the stage of completion of the rendering of services. As a result of this change, revenue has increased.

As a result of unifying the reporting periods of consolidated subsidiaries by establishing March 31 as the fiscal year-end date, revenue has changed.

B. Cost of sales

(Recognition and measurement)

Part of advertising revenue, presented as a net amount under Japanese GAAP, has been presented as a gross amount under IFRS, resulting in recognition of corresponding cost of sales.

As a result of changes in depreciation methods and other adjustments at the date of transition to IFRS, depreciation of property and equipment has changed.

As a result of unifying the reporting periods of consolidated subsidiaries by establishing March 31 as the fiscal year-end date, cost of sales has changed.

C. Selling, general and administrative expenses

(Recognition and measurement)

In respect of the acquisition of subsidiaries, the portion of the consideration payable to employees conditional on their continuous service after business combinations, which was included in acquisition cost under Japanese GAAP, is treated as share-based payment transactions apart from business combinations under IFRS. Mainly due to this accounting treatment of share-based payment transactions, selling, general and administrative expenses have increased by ¥3,628 million.

Part of revenue from monthly membership fees, presented as a net amount under Japanese GAAP, has been presented as a gross amount under IFRS, resulting in recognition of corresponding expenses.

As a result of changes in depreciation methods and other adjustments at the date of transition to IFRS, depreciation of property and equipment has changed.

Under Japanese GAAP, goodwill was amortized over its estimated useful life, while under IFRS, goodwill is not amortized effective the date of transition to IFRS, resulting in a decrease of ¥2,573 million in selling, general and administrative expenses.

As a result of unifying the reporting periods of consolidated subsidiaries by establishing March 31 as the fiscal year-end date, selling, general and administrative expenses have changed.

D. Other income

(Presentation)

Gain on expiration of contractual obligations and gain on bad debts recovered, which were presented in non-operating income under Japanese GAAP, have been included in other income under IFRS.

E. Other expenses

(Presentation)

Fiduciary obligation expenses, presented in non-operating expenses under Japanese GAAP, have been included in other expenses under IFRS.

Loss on sales and disposals of fixed assets, presented in extraordinary loss under Japanese GAAP, has been included in other expenses under IFRS.

(Recognition and measurement)

As a result of unifying the reporting periods of consolidated subsidiaries by establishing March 31 as the fiscal year-end date, other expenses have changed.

F. Finance income

(Presentation)

Interest income, presented in non-operating income under Japanese GAAP, has been included in finance income under IFRS.

Gains on sales of investment securities, presented in extraordinary income under Japanese GAAP, have been included in finance income under IFRS.

(Recognition and measurement)

At the date of transition to IFRS, other non-current financial assets were remeasured, generating differences between the carrying amounts under Japanese GAAP and IFRS. As a result, finance income from the sales of investment securities has changed.

G. Finance costs

(Presentation)

Foreign exchange losses and loss on investments in partnership, which were presented in non-operating expenses under Japanese GAAP, have been included in finance costs under IFRS.

(Recognition and measurement)

As a result of unifying the reporting periods of consolidated subsidiaries by establishing March 31 as the fiscal year-end date, finance costs have changed.

H. Share of profit (loss) of associates accounted for using the equity method

(Presentation)

Share of profit (loss) of associates accounted for using the equity method, presented in non-operating income or expenses under Japanese GAAP, has been presented as share of profit (loss) of associates accounted for using the equity method under IFRS.

I. Extraordinary income

(Recognition and measurement)

Gain on reversal of stock acquisition rights, presented in extraordinary income under Japanese GAAP, has been treated as capital surplus under IFRS.

J. Gains (losses) from investments in equity instruments, net of tax

(Recognition and measurement)

As a result of reclassification and remeasurement of financial assets at the date of transition to IFRS, gains (losses) from investments in equity instruments, net of tax have changed.

K. Foreign currency translation adjustments, net of tax

(Recognition and measurement)

As a result of unifying the reporting periods of consolidated subsidiaries by establishing March 31 as the fiscal year-end date, foreign currency translation adjustments, net of tax, have changed.

(7) Reconciliation of cash flows for the year ended March 31, 2012

There is no significant difference between the consolidated statement of cash flows prepared and disclosed in accordance with Japanese GAAP, and the consolidated statement of cash flows prepared and disclosed in accordance with IFRS.

Independent Auditor's Report

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Fax: +81 3 3503 1197

Independent Auditor's Report

The Board of Directors
DeNA Co., Ltd.

We have audited the accompanying consolidated financial statements of DeNA Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated statement of financial position as at March 31, 2013, the consolidated income statement, the consolidated statements of comprehensive income, changes in equity, and cash flows for the year then ended and notes to consolidated financial statements, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of DeNA Co., Ltd. and its consolidated subsidiaries as at March 31, 2013, and their consolidated financial performance and cash flows for the year then ended in conformity with Internal Financial Reporting Standards.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 2.

Ernst & Young ShinNihon LLC

June 25, 2013

Corporate Overview

Corporate Information (As of March 31, 2013)

Company Name	DeNA Co., Ltd.
Date of Establishment	March 4, 1999
Headquarters	Shibuya Hikarie, 21-1, Shibuya 2-chome, Shibuya-ku, Tokyo 150-8510, Japan
Capital	¥10,397 million
Number of Employees	2,108 (Consolidated)
Business Profile	Social Media Business, E-commerce Business, Other
Fiscal Year-end	March 31
Accounting Auditor	Ernst & Young ShinNihon LLC

Directors and Corporate Auditors (As of June 22, 2013)

Directors	Director and Chairman	Makoto Haruta	
	Representative Director, President, and Chief Executive Officer	Isao Moriyasu	
	Founder and Director	Tomoko Namba	
	Director and Chief Technology Officer	Shuhei Kawasaki	
	Director and Chief Game Strategy Officer	Kenji Kobayashi	
	Outside Director	Rehito Hatoyama	Managing Director, Sanrio Company, Ltd.
Corporate Auditors	Standing Corporate Auditor (Outside)	Taketsune Watanabe	
	Corporate Auditor (Outside)	Masaru Iida	Lawyer
	Corporate Auditor (Outside)	Hisaaki Fujikawa	Lawyer; Professor, Graduate School of Law of Aoyama Gakuin University Faculty of Law

Principal Consolidated Subsidiaries (As of April 1, 2013)

Company Name	Country	Paid-in Capital	Ownership Percentages	Principal Lines of Business
Mobaoku Co., Ltd.	Japan	¥200 million	66.6%	Operation of a shopping site and a mobile auction site
Paygent Co., Ltd.	Japan	¥400 million	50.0%	Processing settlement services for e-commerce transactions
AIR LINK Co., Ltd.	Japan	¥100 million	100% (14.4%)	Travel agency business, insurance agency business
EveryStar Co., Ltd.	Japan	¥800 million	70.0%	Operation of user-generated content media on mobile devices
Yokohama DeNA Baystars Baseball Club, Inc.	Japan	¥100 million	97.7%	Operation of a professional baseball team
DeNA Global, Inc.	U.S.A.	US$505 million	100%	Operation of social media business outside Japan
ngmoco, LLC	U.S.A.	US$150 million	100% (100%)	Same as company above
WAPTX LTD.	British West Indies	US$24 million	99.0%	Same as company above

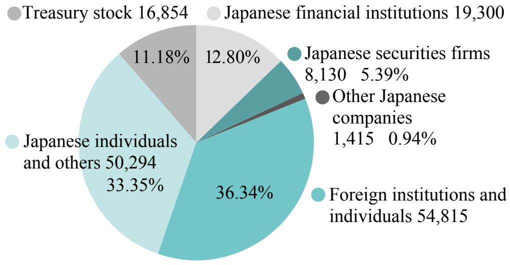
Note: Ownership percentages in parentheses indicate the portion within the total percentage ownership that is held indirectly.

Stock Information

(As of March 31, 2013)

Securities Code	2432
Stock Listing	Tokyo Stock Exchange, First Section
Date of Listing	February 16, 2005
Number of Shares per Trading Unit	100
Annual General Meeting of Shareholders	June
Record Date for Dividends	March 31
Shareholder Registrar	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan
Number of Shares	Authorized: 540,900,000 shares
	Issued: 150,810,033 shares
Number of Shareholders	44,838

Distribution of Ownership (Thousands of shares)



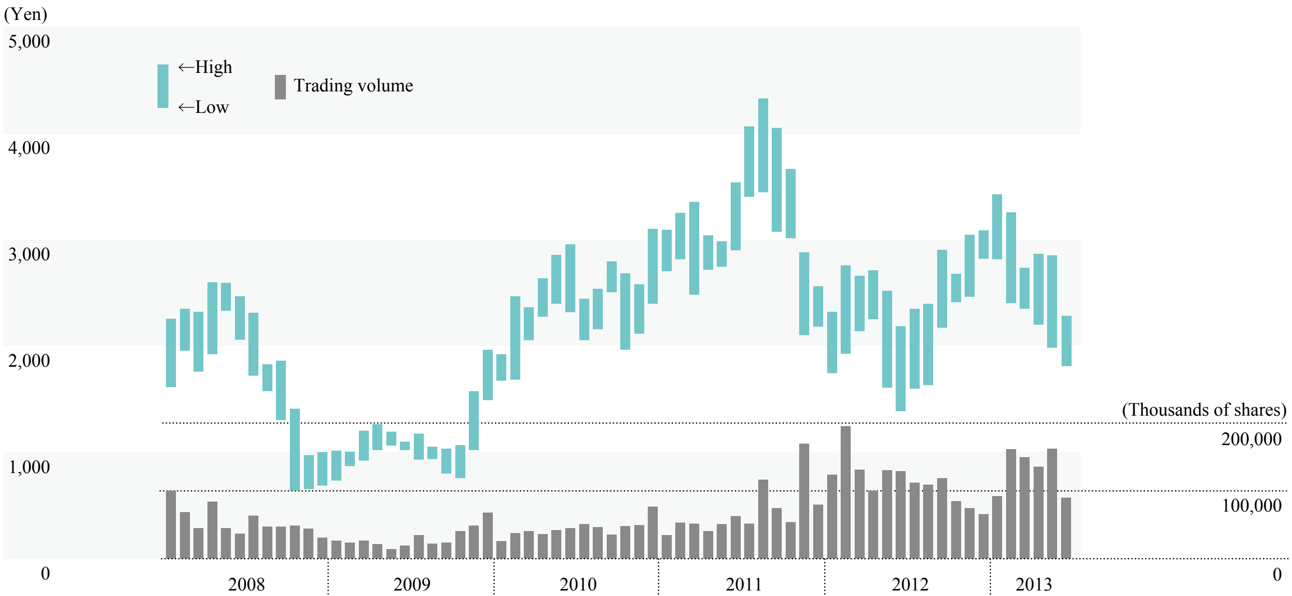
Note: Treasury stock includes 733,272 Company shares held in an employee stock ownership plan (ESOP).

Principal Shareholders

Name	Number of Shares Held (Thousands)	Percentage of Total Outstanding Shares (%)
Tomoko Namba	19,733	14.73
Japan Trustee Services Bank, Ltd. (Trust Account)	4,116	3.07
Shogo Kawada	4,029	3.01
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	3,513	2.62
JP MORGAN CHASE BANK 380055	3,471	2.59
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,355	2.50
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,940	2.19
BARCLAYS CAPITAL SECURITIES LIMITED	2,880	2.15
Nomura Securities Co., Ltd. (Proprietary Account)	1,948	1.45
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	1,849	1.38

Notes: 1. Ownership percentages have been calculated after the deduction of 16,854,301 shares of treasury stock (including 733,272 Company shares held in ESOP trust).
2. The Company holds some treasury stock, but it has been excluded from the list of principal shareholders shown above.
3. The number of shares held is rounded down to the nearest thousand, whereas percentage of total outstanding shares is rounded off to two decimal places.

Stock Price and Trading Volume (As of June 30, 2013)



Note: The Company conducted a 3-for-1 stock split on November 18, 2005, and a 300-for-1 stock split on June 1, 2010. Stock prices and trading volume have been adjusted retroactively to maintain continuity within historical stock prices and trading volume.

DeNA Co., Ltd.

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