

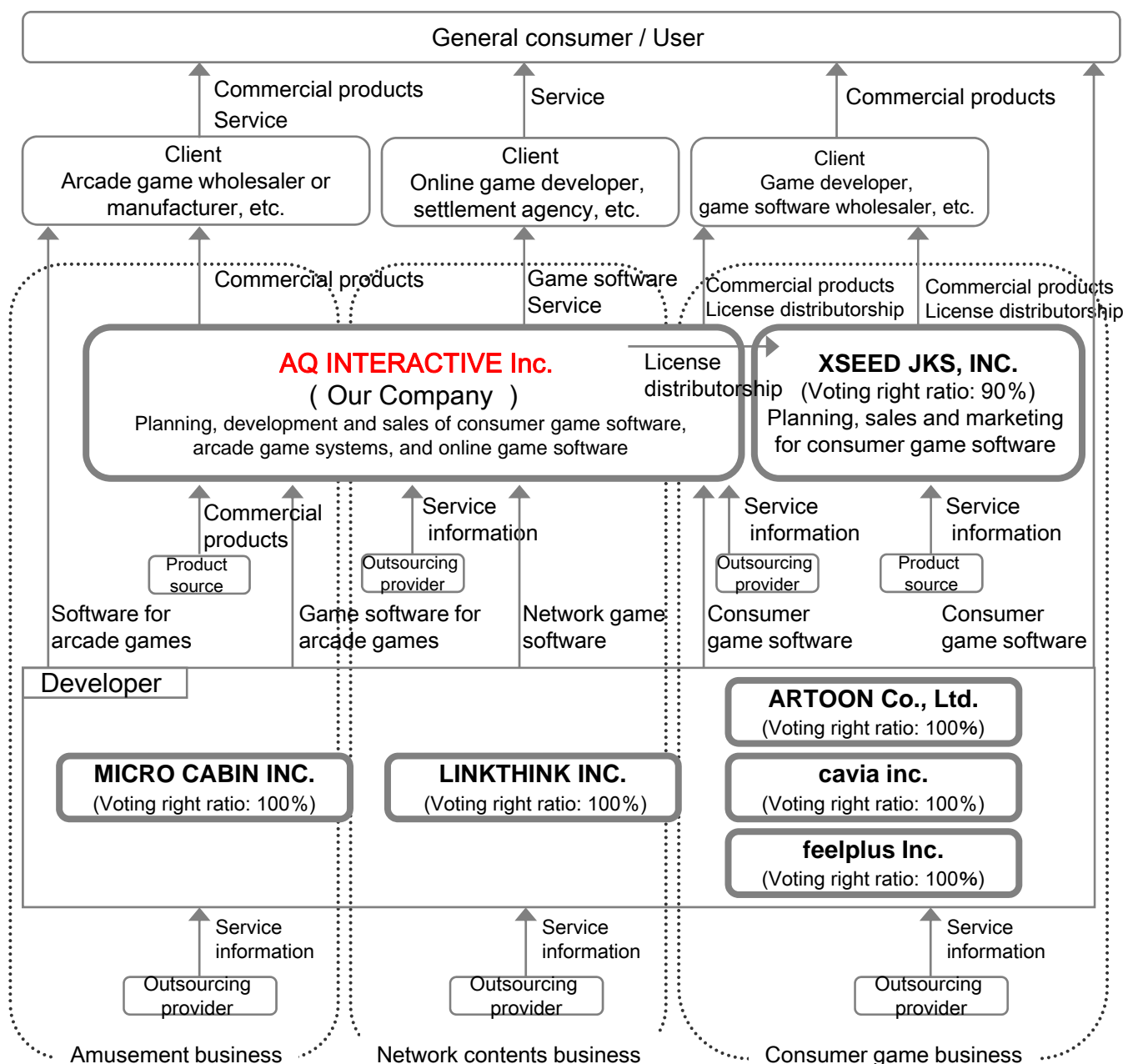
FACTBOOK

AQ INTERACTIVE Inc.
(3838, TSE 2nd Section)

For the Six Months Ended September 30, 2010

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Company Name	AQ INTERACTIVE Inc.
URL	http://www.aqi.co.jp/
Head Office	Hitachi Solutions Tower B, 4-12-6 Higashi-Shinagawa, Shinagawa-ku, Tokyo 140-0002, Japan
Capital	3,199 Million Yen (as of September 30, 2010)
Established	March 1, 2000
President & CEO	Shuichi Motoda
Employees	Group employees (Directors, employees, contracted employees, employees temporarily transferred within the group) 334, and others (Part-time employees, temporary workers, employees temporarily transferred to out of group) 26 (as of September 30, 2010)



Consolidated Balance Sheets

As of September 30, 2006-2010



株式会社AQインタラクティブ

(¥ Thousand)	9/2006	9/2007	9/2008	9/2009	9/2010
Assets					
Total assets	2,680,632	4,325,545	7,275,302	7,339,538	7,806,382
Current assets	2,239,353	3,713,003	5,943,320	5,869,691	6,436,160
Cash and deposits	792,672	1,291,052	3,556,399	2,403,695	3,044,438
Notes and accounts receivable-trade	-	-	566,747	1,399,204	1,396,427
Accounts receivable-trade	321,182	637,532	-	-	-
Supplies	1,011	920	-	-	-
Short-term investment securities	-	-	-	-	399,884
Merchandise and finished goods	-	-	6,132	73,173	86,981
Work in process	270,266	188,513	1,059,513	1,305,385	858,497
Raw materials	-	-	-	-	-
Raw materials and supplies	-	-	823	879	4,235
Prepaid expenses	78,138	96,887	-	-	-
Deferred tax assets	76,023	196,808	337,363	375,194	231,660
Short-term loans receivable	-	-	-	-	-
Other	15,452	136,483	421,137	340,735	455,140
Allowance for doubtful accounts	-	-	△ 4,798	△ 28,576	△ 41,106
Consumption taxes receivable	47,535	46,923	-	-	-
Contents production in process	637,071	1,117,881	-	-	-
Noncurrent assets	441,279	612,541	1,331,982	1,469,846	1,370,221
Property, plant and equipment	149,442	295,406	724,286	677,549	551,737
Buildings	49,303	40,002	-	-	-
Buildings, net	-	-	191,023	268,440	270,668
Vehicles	18,149	6,518	-	-	-
Tools, furniture and fixtures	81,990	248,885	-	-	-
Tools, furniture and fixtures, net	-	-	385,537	267,888	142,986
Land	-	-	136,953	136,953	136,953
Other, net	-	-	10,771	4,266	1,128
Intangible assets	113,305	119,376	293,102	380,011	456,909
Goodwill	56,241	50,871	215,952	187,624	145,979
Software	56,605	58,150	56,775	136,720	195,863
Software account	-	9,894	-	-	-
Software in progress	-	-	19,353	54,645	114,046
Other	458	458	1,021	1,021	1,021
Investments and other assets	178,531	197,758	314,592	412,286	361,574
Investment securities	-	-	45,617	86,633	180,959
Long-term prepaid expenses	19,822	12,201	-	-	-
Lease deposits	158,709	185,557	-	-	-
Lease and guarantee deposits	-	-	255,571	253,246	173,471
Claims provable in bankruptcy, claims provable in	-	-	-	8,247	16,799
Deferred tax assets	-	-	-	63,420	2,906
Other	-	-	13,402	8,986	4,236
Allowance for doubtful accounts	-	-	-	△ 8,247	△ 16,799

Consolidated Balance Sheets

As of September 30, 2006-2010



株式会社AQインタラクティブ

(¥ Thousand)	9/2006	9/2007	9/2008	9/2009	9/2010
Liabilities					
Total liabilities	581,214	1,047,664	1,151,370	1,400,066	1,231,626
Current liabilities	581,214	1,047,664	860,702	1,310,066	1,033,664
Accounts payable-trade	209,122	338,470	362,220	260,070	279,098
Short-term loans payable	-	69,276	-	121,422	188,011
Current portion of bonds	-	-	-	200,000	14,280
Accounts payable-other	63,571	262,455	-	-	-
Income taxes payable	211,302	229,307	43,327	22,779	214,081
Provision for bonuses	10,210	26,944	-	-	-
Allowance	-	-	61,719	82,171	32,471
Other	87,008	121,210	393,434	623,621	305,721
Noncurrent liabilities	-	-	290,667	90,000	197,962
Bonds payable	-	-	250,000	50,000	50,000
Long-term loans payable	-	-	-	-	72,630
Asset retirement obligations	-	-	-	-	35,332
Other	-	-	40,667	40,000	40,000
Net assets					
Total net assets	2,099,418	3,277,880	6,123,932	5,939,471	6,574,755
Shareholders' equity	2,099,418	3,203,417	6,078,055	5,965,835	6,602,009
Capital stock	1,097,400	1,567,896	3,195,801	3,195,801	3,199,971
Capital surplus	995,434	1,241,751	2,869,656	2,869,656	2,873,826
Retained earnings	6,584	393,770	12,598	△ 99,621	528,212
Treasury stock	-	-	-	-	-
Valuation and translation adjustments	-	△ 2,287	△ 14,831	△ 30,299	△ 28,636
Valuation difference on available-for-sale securities	-	-	△ 3,619	△ 2,014	△ 4,692
Foreign currency translation adjustment	-	△ 2,287	△ 11,211	△ 28,285	△ 23,943
Minority interests	-	76,749	60,707	3,936	1,382
Total liabilities and net assets	2,680,632	4,325,545	7,275,302	7,339,538	7,806,382

Consolidated Statements of Income

For the six months ended September 30, 2006-2010



株式会社AQインタラクティブ

(¥Thousand)	9/2006	9/2007	9/2008	9/2009	9/2010
Net sales	2,438,413	2,621,510	2,471,876	2,908,027	3,598,744
Cost of sales	1,574,723	1,693,788	1,923,950	2,169,444	1,592,606
Gross profit	863,690	927,722	547,926	738,583	2,006,137
Selling, general and administrative expenses	564,090	769,822	1,028,768	1,276,145	1,266,697
Operating income	299,599	157,899	△ 480,842	△ 537,562	739,440
Non-operating income	28,012	4,955	16,520	9,002	9,844
Interest income	130	1,972	8,684	2,584	5,460
Dividends income	-	-	-	91	91
Contributions for contracted software development	-	-	-	2,679	-
Equipment expenses	24,404	-	-	-	-
Hiring subsidies	889	-	-	-	-
Compensation for transfer of company housing	-	2,400	-	-	-
Foreign exchange gains	927	-	1,590	-	-
Other	1,660	582	6,245	3,648	4,292
Non-operating expenses	-	669	7	24,808	52,335
Interest expenses	-	485	7	2,042	2,064
Foreign exchange losses	-	-	-	22,595	42,432
Loss on valuation of investment securities	-	-	-	-	2,885
Loss on cancel of lease contracts	-	-	-	-	4,952
Other	-	183	-	170	-
Ordinary income	327,612	162,185	△ 464,329	△ 553,367	696,948
Extraordinary income	1,609	-	-	-	3,531
Gain on sales of noncurrent assets	1,609	-	-	-	3,131
Reversal of allowance for doubtful accounts	-	-	-	-	400
Extraordinary loss	-	-	328,907	52,711	229,182
Loss on sales of noncurrent assets	-	-	-	-	541
Loss on retirement of noncurrent assets	-	-	-	8,532	444
Loss on cancellation of development	-	-	328,907	16,960	157,892
Head office transfer cost	-	-	-	27,217	-
Special retirement expenses	-	-	-	-	66,889
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	-	-	-	3,414
Income (losse) before income taxes	329,222	162,185	△ 793,236	△ 606,078	471,298
Income taxes-current	205,746	244,303	52,782	15,049	238,866
Income taxes-deferred	△ 52,944	△ 102,986	△ 64,731	△ 185,690	-
Total Income taxes	152,802	141,317	△ 11,949	△ 170,641	238,866
Income before minority interests	-	-	-	-	232,432
Minority interests in income	-	561	-	-	-
Loss of minority shareholders	-	-	△ 11,558	△ 22,224	△ 5,219
Net income	176,420	20,307	△ 769,728	△ 413,212	237,651

Consolidated Statements of Cash Flows

For the six months ended September 30, 2006-2010



株式会社AQインタラクティブ

(¥ Thousand)	9/2006	9/2007	9/2008	9/2009	9/2010
Cash flows from operating activities					
Net cash provided by (used in) operating activities	△ 120,221	△ 451,930	154,772	△ 607,804	1,484,116
Income before income taxes	329,222	162,185	△ 793,236	△ 606,078	471,298
Depreciation and amortization	40,173	59,441	147,625	150,381	135,454
Loss on cancellation of development	-	-	328,907	16,960	157,892
Decrease (increase) in notes and accounts receivable-trade	-	-	563,844	△ 259,310	716,119
Amortization of goodwill	6,833	8,608	-	-	-
Loss (gain) on sales and retirement of noncurrent assets	△ 1,609	-	-	-	-
Increase (decrease) in provision for bonuses	22,773	16,804	-	-	-
Interest and dividends income	△ 130	△ 1,972	-	-	-
Interest expenses	-	485	-	-	-
Foreign exchange losses (gains)	△ 927	-	-	-	-
Decrease (increase) in notes and accounts receivable-trade	△ 46,539	△ 17,286	-	-	-
Decrease (increase) in inventories	△ 373,644	△ 563,135	131,576	51,347	△ 52,448
Increase (decrease) in notes and accounts payable-trade	16,561	122,833	202,632	△ 123,010	△ 107,491
Increase (decrease) in accounts payable-other	△ 42,877	60,462	-	-	-
Increase (decrease) in advances received	26,250	△ 93,000	-	-	-
Other	1,015	46,165	△ 81,704	176,286	52,899
Subtotal		△ 198,408	499,645	△ 593,425	1,373,724
Interest and dividends income received	130	1,972	8,664	2,824	5,511
Interest expenses paid	-	△ 485	-	△ 2,043	△ 2,057
Income taxes paid	△ 97,452	△ 255,009	△ 353,536	△ 76,583	△ 21,603
Income taxes refund	-	-	-	61,422	128,541
Cash flows from investing activities					
Net cash provided by (used in) investing activities	△ 71,660	△ 136,885	160,211	△ 303,393	△ 1,829,612
Payments into time deposits	-	-	-	△ 100,000	△ 1,300,960
Proceeds from withdrawal of time deposits	-	-	600,000	-	-
Purchase of property, plant and equipment	△ 49,735	△ 28,014	△ 110,110	△ 58,999	△ 8,583
Proceeds from sales of property, plant and equipment	3,600	-	-	-	9,180
Purchase of intangible assets	△ 25,366	△ 46,966	△ 43,849	△ 151,690	△ 83,219
Purchase of investments in subsidiaries	-	-	-	△ 52,037	-
Purchase of investment securities	-	-	-	-	△ 479,876
Proceeds from redemption of investment securities	-	-	-	-	33,536
Purchase of investments in newly consolidated subsidiaries	-	△ 35,870	-	-	-
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	-	△ 232,987	△ 32,034	-
Purchase of long-term prepaid expenses	△ 158	-	-	-	-
Payments for lease deposits	-	△ 27,232	△ 52,762	△ 80,094	△ 270
Collection of lease deposits	-	1,200	-	171,461	580
Other	-	-	△ 77	-	-
Cash flows from financing activities					
Net cash provided by (used in) financing activities	-	72,288	△ 137,144	28,539	△ 186,310
Net increase (decrease) in short-term loans payable	-	72,288	△ 30,000	28,646	△ 105,998
Repayment of long-term loans payable	-	-	-	-	△ 7,140
Proceeds from issuance of stock resulting from exercise of subscription rights to shares	-	-	-	-	7,740
Cash dividends paid	-	-	△ 107,144	△ 106	△ 80,912
Effect of exchange rate change on cash and cash equivalents	927	1,484	4,163	△ 1,294	△ 7,737
Net increase (decrease) in cash and cash equivalents	△ 190,954	△ 515,043	182,003	△ 883,953	△ 539,544
Cash and cash equivalents, beginning of term	983,627	1,806,096	3,374,396	3,187,648	2,483,022
Cash and cash equivalents, end of term	792,672	1,291,052	3,556,399	2,303,695	1,943,478

Information by Segment

For the six months ended September 30, 2006-2010



株式会社AQインタラクティブ

【By Segment】

(¥ Thousand)	9/2006	9/2007	9/2008	9/2009	9/2010
Consumer Game Division					
Net Sales	n.a.	n.a.	1,793,729	1,748,396	1,063,875
Operating income/loss by segment	n.a.	n.a.	△ 468,553	△ 401,076	△ 34,803
Network Content Division					
Net Sales	n.a.	n.a.	n.a.	38,380	1,594,878
Operating income/loss by segment	n.a.	n.a.	n.a.	△ 77,603	922,506
Arcade Game Division					
Net Sales	n.a.	n.a.	678,146	1,121,251	939,989
Operating income/loss by segment	n.a.	n.a.	202,739	175,215	154,065
Elimination/All company					
Operating income/loss by segment	n.a.	n.a.	△ 215,028	△ 234,098	△ 302,328
Consolidated Total					
Net Sales	n.a.	n.a.	2,471,876	2,908,027	3,598,744
Operating income/loss by segment	n.a.	n.a.	△ 480,842	△ 537,562	739,440

Note: No segment information disclosed for FY9/06 and FY9/07

Consolidated Profitability Indicators

For the six months ended September 30, 2006-2010



株式会社AQインタラクティブ

(¥ Million)	9/2006	9/2007	9/2008	9/2009	9/2010
Net Sales	2,438	2,621	2,471	2,908	3,598
Gross profit	863	927	547	738	2,006
SG&A Expenses	564	769	1,028	1,276	1,266
Operating Income	299	157	△ 480	△ 537	739
Ordinary income	327	162	△ 464	△ 553	696
Net Income	176	20	△ 769	△ 413	237

(%)	9/2006	9/2007	9/2008	9/2009	9/2010
Gross Profit on Sales	35.4%	35.4%	22.1%	25.4%	55.8%
SG&A Expenses Ratio	23.1%	29.3%	41.6%	43.9%	35.2%
Operating Margin	12.3%	6.0%	-19.4%	-18.5%	20.5%
Ordinary Income Margin	13.4%	6.2%	-18.8%	-19.0%	19.3%
Net Income Margin	7.2%	0.8%	-31.1%	-14.2%	6.6%

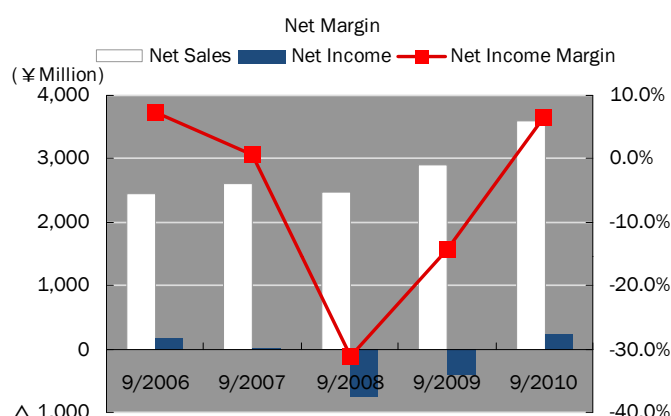
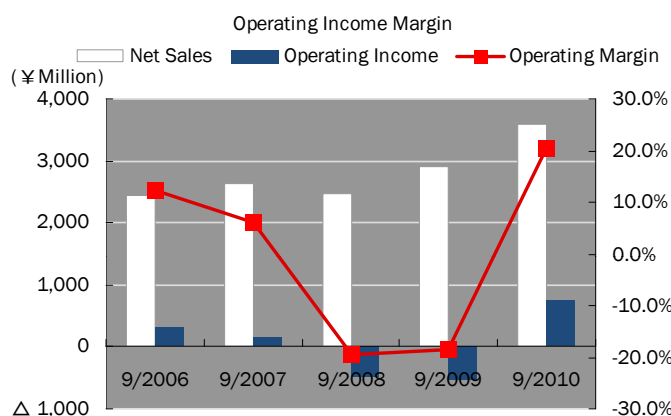
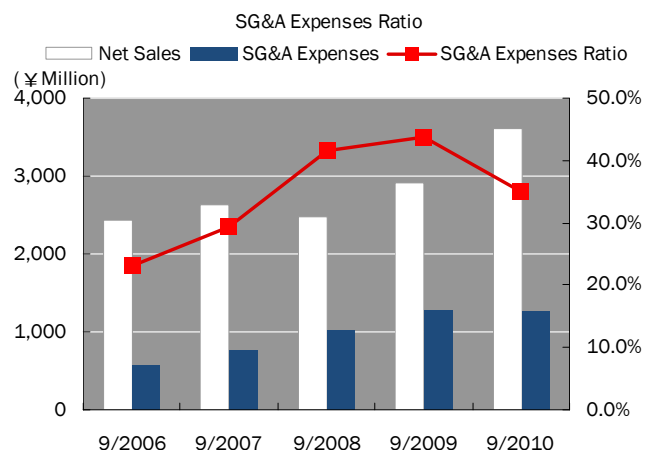
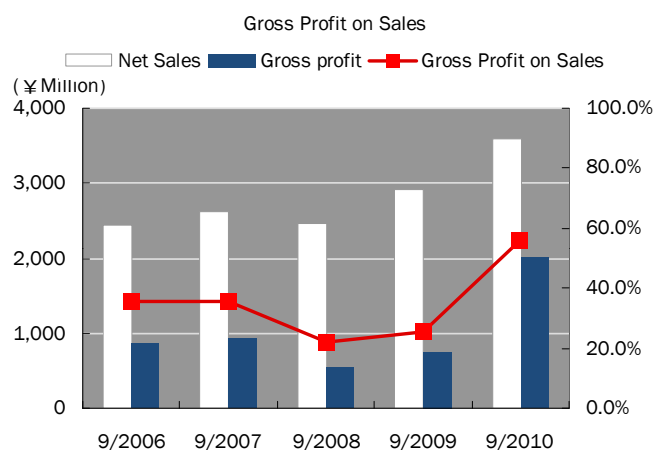
Gross Profit on Sales=Gross Profit/Net Sales

SG&A Expenses Ratio=SG&A Expenses/Net Sales

Operating Income Margin=Operating Income/Net Sales

Ordinary Income Margin=Ordinary Income/Net Sales

Net Income Margin=Net Income/Net Sales



Consolidated Efficiency Indicators

For the six months ended September 30, 2006-2010



(Times)	9/2006	9/2007	9/2008	9/2009	9/2010
Total Assets Turnover	1.9	1.3	0.7	0.8	0.9
Noncurrent Assets Turnover	11.3	10.3	4.5	4.0	5.2
Current Assets Turnover	2.3	1.5	0.8	1.0	1.1

(Days)	9/2006	9/2007	9/2008	9/2009	9/2010
Inventories Turnover	53.9	70.5	92.8	88.7	50.9
Accounts Receivable Turnover	24.0	44.4	41.8	87.8	70.8
Accounts Payable Turnover	15.6	23.5	26.7	16.3	14.2

Total Assets Turnover=Net Sales*2/Average Total Assets

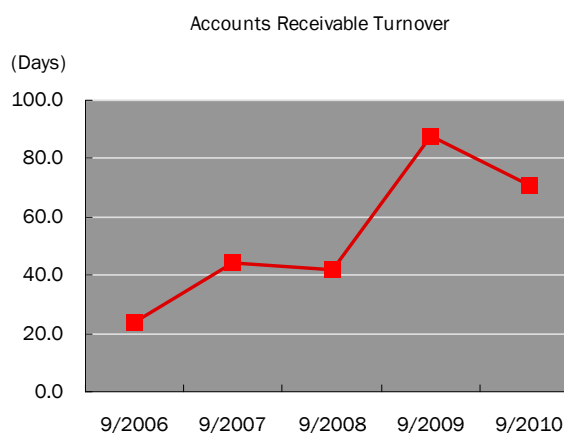
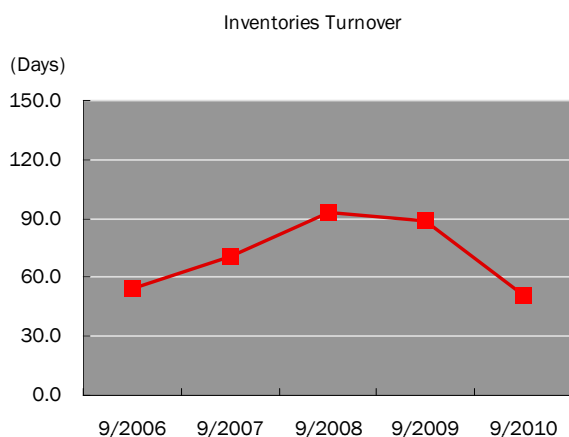
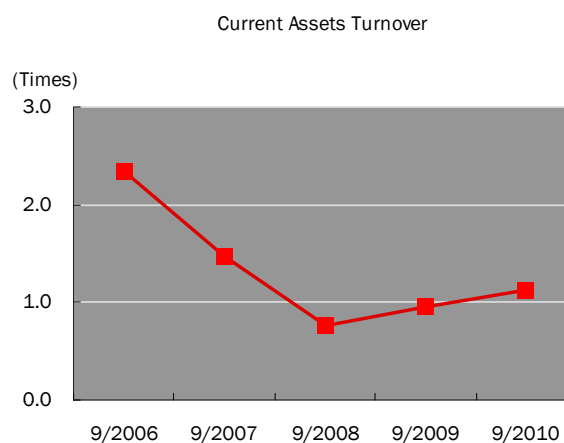
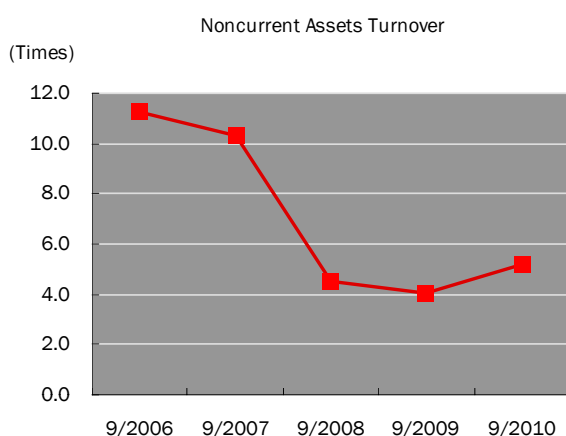
Noncurrent Assets Turnover=Net Sales*2/Average Noncurrent Assets

Current Assets Turnover=Net Sales*2/Average Current Assets

Inventories Turnover=Average Inventories/Net Sales*365/2

Accounts Receivable Turnover=Average Accounts Receivable/Net Sales*365/2

Accounts Payable Turnover=Average Accounts Payable/Net Sales*365/2



Consolidated Stability Indicators

For the six months ended September 30, 2006-2010

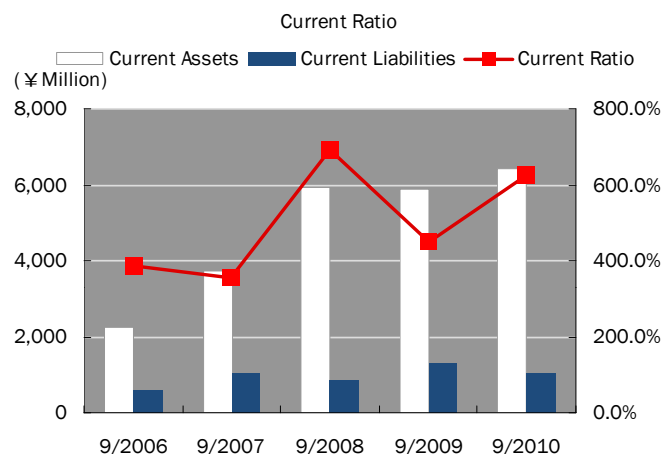
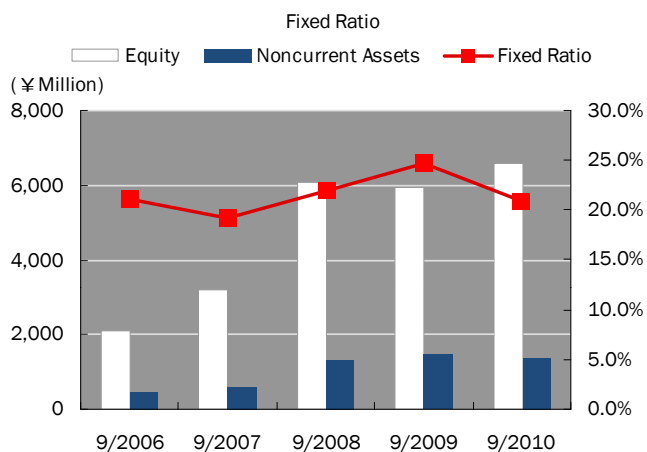
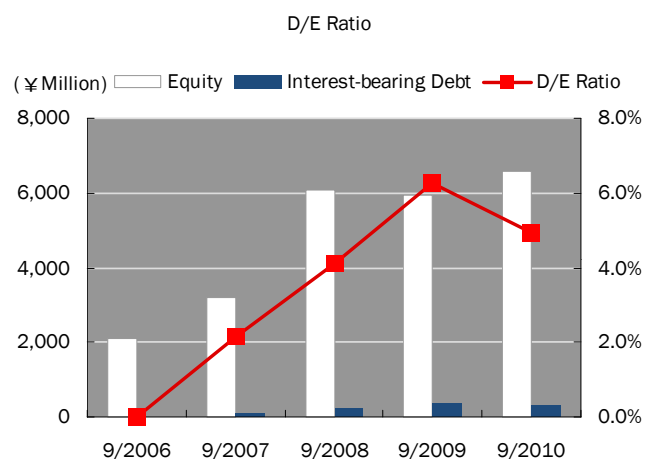
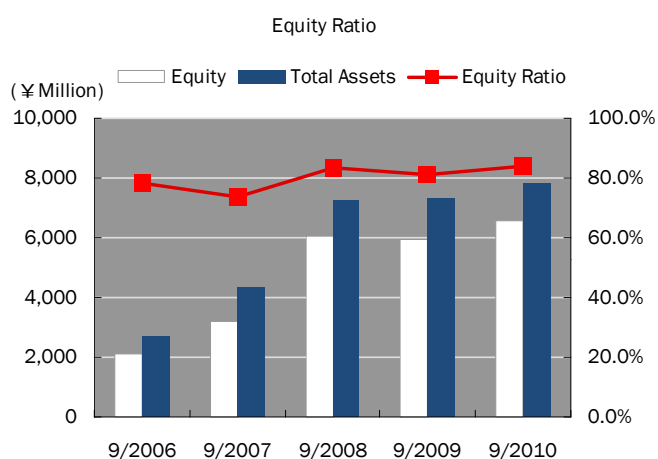


(¥ Million)	9/2006	9/2007	9/2008	9/2009	9/2010
Equity	2,099	3,201	6,064	5,935	6,574
Total Assets	2,680	4,325	7,275	7,339	7,806
Noncurrent Assets	441	612	1,331	1,469	1,370
Current Assets	2,239	3,713	5,943	5,869	6,436
Current Liabilities	581	1,047	860	1,310	1,033
Interest-bearing Debt	0	69	250	371	324

(%)	9/2006	9/2007	9/2008	9/2009	9/2010
Equity Ratio	78.3%	74.0%	83.3%	80.9%	84.2%
D/E Ratio	-	2.2%	4.1%	6.3%	4.9%
Fixed Ratio	21.0%	19.1%	21.9%	24.8%	20.8%
Current Ratio	385.4%	354.6%	691.0%	448.0%	623.0%
Return on Equity (ROE, 2Q)	8.4%	0.6%	-12.7%	-7.0%	3.6%
Return on Total Assets (ROA, 2Q)	6.6%	0.5%	-10.6%	-5.6%	3.0%

Equity Ratio=Equity/Average Total Assets
 D/E Ratio=Interest-bearing Debt/Equity
 Fixed Ratio=Noncurrent Assets/Equity
 Current Ratio=Current Assets/Current Liabilities

ROE=Net Income/Equity
 ROA=Net Income/Total Assets



Stock Information

For the six months ended September 30, 2006-2010



株式会社AQインタラクティブ

Indicators per Share

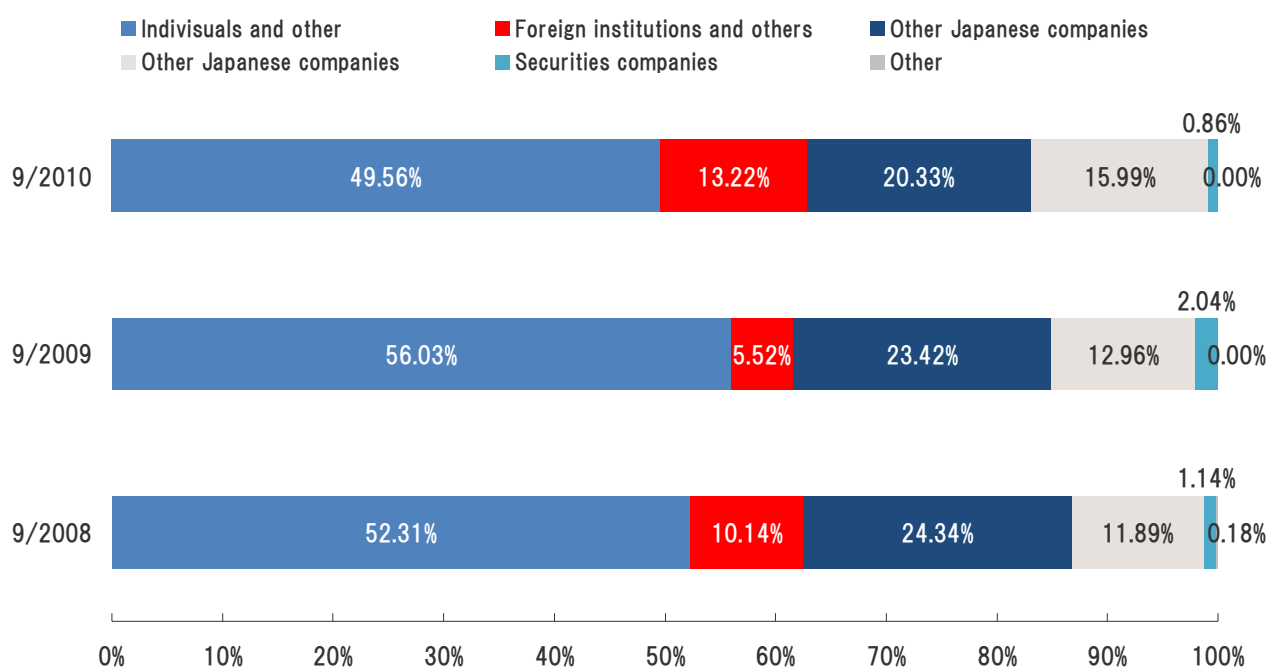
(¥)	9/2006	9/2007	9/2008	9/2009	9/2010
Share price at term-end	-	-	57,100	52,000	119,000
Net Income per share	4,157.92	415.02	△ 14,163.49	△ 7,603.37	4,364.99
Net Income per share (fully diluted)	-	407.77	-	-	4,359.86
Net assets per share	49,479.58	127,737.45	111,567.08	109,217.52	120,645.55
Dividend per share	-	-	0.00	0.00	0.00

Major Shareholders

As of September 30, 2010

Top 10 Shareholders	Number of Shares	Shareholding Ratio
Nakayama, Hayao	11,654	21.38%
Amuse Capital, Inc.	7,800	14.31%
Ishii, Yoji	3,800	6.97%
The Master Trust Bank of Japan, Ltd.	2,793	5.12%
BNYM SA/NV FOR CLIENTS ACCOUNT FANFARE JAPAN	2,697	4.94%
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	1,577	2.89%
GOLDMAN SACHS INTERNATIONAL	1,360	2.49%
Mizuho Trust & Banking Co., Ltd.	1,350	2.47%
Trust & Custody Services Bank, Ltd. (Pension Tokkin Account)	1,112	2.04%
Nippon Television Network Corporation	1,000	1.83%
TOHOKUSHINSHA FILM CORPORATION	1,000	1.83%

Shareholding by Category







株式会社AQインタラクティブ

Contact

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