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Consolidated Financial Results for the Six Months Ended September 30, 2013 [IFRS]

November 7, 2013

Company name: DeNA Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 2432

URL: <http://dena.com/intl/>

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Scheduled date of filing quarterly securities report: November 8, 2013

Scheduled date of commencing dividend payments: —

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes (for institutional investors, analysts and the press)

(Amounts of less than one million yen are rounded.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2013 (from April 1, 2013 to September 30, 2013)

(1) Consolidated Operating Results (% changes from the previous corresponding period)

	Revenue		Operating profit		Profit before tax		Profit for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2013	99,802	2.0	32,058	(17.4)	32,733	(14.2)	19,082	(14.4)
Six months ended September 30, 2012	97,886	41.2	38,788	30.3	38,134	30.4	22,304	43.1

	Profit for the period attributable to owners of the parent		Total comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Six months ended September 30, 2013	18,487	(14.9)	20,551	0.5	140.69	140.34
Six months ended September 30, 2012	21,731	42.6	20,456	54.0	156.36	155.86

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent
	Millions of yen	Millions of yen	Millions of yen	%
As of September 30, 2013	190,224	127,652	123,248	64.8
As of March 31, 2013	194,784	123,676	119,259	61.2

2. Dividends

	Dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of year	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2013	—	0.00	—	50.00	50.00
Fiscal year ending March 31, 2014	—	0.00			
Fiscal year ending March 31, 2014 (Forecast)			—	—	—

(Note) The dividend forecast for the fiscal year ending March 31, 2014 has not been determined at this time.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2014 (from April 1, 2013 to March 31, 2014)

(% changes from the previous corresponding period)

	Revenue		Operating profit		Profit for the period attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	
Nine months ending December 31, 2013	143,100	(4.7)	43,800	(25.3)	26,100	(22.0)	199.51
Full year	—	—	—	—	—	—	—

(Note) Instead of the full-year financial results forecast, the financial results forecast for the next quarter is disclosed. For details, please refer to “1. Qualitative Information on Consolidated Financial Results for the Period under Review (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 5 of the Appendix.

* Notes

(1) Changes in Significant Subsidiaries during the Period under Review (changes in specified subsidiaries accompanying changes in scope of consolidation): No

(2) Changes in Accounting Policies and Changes in Accounting Estimates

1) Changes in accounting policies required by IFRS: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

(3) Number of Shares Issued (common stock)

1) Total number of shares issued at the end of the period (including treasury stock):

As of September 30, 2013	150,810,033 shares
As of March 31, 2013	150,810,033 shares

2) Total number of shares of treasury stock at the end of the period:

As of September 30, 2013	21,338,017 shares
As of March 31, 2013	16,847,550 shares

3) Average number of shares during the period:

Six months ended September 30, 2013	131,402,874 shares
Six months ended September 30, 2012	138,981,507 shares

(Note) The 680,410 shares of the Company's stock owned by the Stock Grant ESOP Trust account are included in the “Total number of shares of treasury stock at the end of the period” as of September 30, 2013, and the 733,272 shares of the Company's stock owned by the same trust account are included in the “Total number of shares of treasury stock at the end of the period” as of March 31, 2013.

* Presentation regarding the Implementation Status of the Quarterly Review Process

This quarterly financial report is outside the scope of quarterly review procedures under the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial report, review procedures for the Condensed Consolidated Financial Statements are in progress.

* Explanation of the Proper Use of Financial Results Forecasts and Other Notes

(1) Consolidated Financial Results Forecast

The forward-looking statements herein are based on information available to the Company and certain assumptions deemed reasonable as of the date of publication of this document. They are not intended as the Company's commitment to achieve such forecasts, and actual results may differ significantly from these forecasts due to a wide range of factors. For conditions prerequisite to the financial results forecast, etc., please refer to "1. Qualitative Information on Consolidated Financial Results for the Period under Review (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information" on page 5 of the Appendix.

(2) Dividend Forecast

With regard to the dividend forecast for the fiscal year ending March 31, 2014, as the Company's basic policy is to pay its shareholders performance-linked cash dividends, 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 dividend forecast at the time of the announcement of financial results for the third quarter of the fiscal year ending March 31, 2014.

(3) Method of Obtaining Supplementary Briefing Material on Financial Results

The Company is planning to hold a briefing session for institutional investors, analysts and the press on November 7, 2013. The briefing materials to be distributed at the session are scheduled to be posted on the Company's website at the appropriate time for disclosure. In addition, videos and primary Q&A of the briefing session are scheduled to be posted on the Company's website at a later date shortly thereafter.

* Definition of Terms

As used in this consolidated financial results, references to "DeNA" and the "DeNA Group" are to DeNA Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group") except as the context otherwise requires or indicates. In addition, reference to fiscal 2013 is our fiscal year ending March 31, 2014.

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* Note

Amounts of less than one million yen have been rounded to the nearest million yen. As a result, the totals in yen do not necessarily agree with the sum of the individual amounts.

1. Qualitative Information on Consolidated Financial Results for the Period under Review

(1) Explanation of Operating Results

During the six months ended September 30, 2013 (from April 1, 2013 to September 30, 2013, hereinafter “the period under review”), the Japanese economy has shown signs of a mild recovery trend mainly from the effects of economic and monetary policies and the recovery of personal consumption. Nevertheless, the risk remains that the downswing in the global economy may have a negative impact on the Japanese economy.

It has been projected that the number of smartphone subscriptions in Japan at the end of March 2014 will increase by 33% year-on-year to reach 65.08 million, reflecting the continuing market penetration of smartphones (according to research by Impress R&D). Global proliferation of smartphones continues, and worldwide smartphone shipments are projected to grow by 40% year-on-year to top one billion units during 2013 (according to research by IDC Corporate USA).

Under these conditions, 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 globally.

During the period under review, Mobage in Japan saw a decline in revenue amid stagnant consumption of the virtual currency “MobaCoin” used in social games chiefly as a result of a slump in the performance of our first-/second-party titles. Meanwhile, for Mobage (international), MobaCoin consumption increased, primarily in its largest market of North America, contributing to a year-on-year increase in revenue.

On the cost front, cost of sales and selling, general and administrative expenses were higher mainly due to proactive efforts to strengthen game titles globally.

Operating profit decreased year-on-year owing to factors including a drop in revenue of first-/second-party titles for Mobage in Japan which have high profitability.

As a result, revenue of the DeNA Group was ¥99,802 million, up 2.0% year-on-year, operating profit was ¥32,058 million, down 17.4% year-on-year, profit before tax was ¥32,733 million, down 14.2% year-on-year, and profit for the period attributable to owners of the parent was ¥18,487 million, down 14.9% year-on-year.

Business performance by segment is as follows.

Furthermore, the travel agency business, etc., formerly included in “Others,” have been classified under the “E-commerce Business” beginning the first quarter of fiscal 2013. Therefore, for the purpose of year-on-year comparisons, figures from the same period of the previous fiscal year have been restated to reflect the segment categories after the change.

1) Social Media Business

During the period under review, MobaCoin consumption for Mobage in Japan decreased 4.7% year-on-year to ¥105,126 million. Considering the lack of new hit first-/second-party titles during the period to be a leading factor behind sluggish performance, the Group has moved forward with the development of many new quality titles for both browser games and application games and has already launched several of each. Meanwhile, consumption of MobaCoin via smartphones and other devices^{*1} accounted for over 70% of the total as of September 2013.

MobaCoin consumption for Mobage (international) grew to approximately \$155 million for the period under review, amongst both first-/second-party titles as well as titles provided by third parties. Several titles achieved high ranking positions in the U.S. top grossing charts for both the Android^{*2} application marketplace Google Play and the iOS^{*3} application marketplace App Store, thus contributing to the revenue growth. In addition, the Group enhanced marketing efficiency, resulting in improvements such as lowering the ratio of user acquisition costs to overall MobaCoin consumption.

Segment profit decreased year-on-year due to factors including a drop in revenue of first-/second-party titles for Mobage in Japan which have high profitability.

As a result, revenue of the Social Media Business was ¥85,211 million, up 0.2% year-on-year, and segment profit was ¥33,134 million, down 14.0% year-on-year.

^{*1} Smartphones and other devices include Yahoo! Mobage (PC).

^{*2} Android is an operating system for smartphones provided by Google Inc. (U.S.).

^{*3} iOS is an operating system installed in iPhone, iPod touch, and iPad products from Apple Inc. (U.S.).

2) E-commerce Business

In shopping services, the online shopping site DeNA Shopping (including au Shopping Mall) recorded gross merchandise volume of ¥21,240 million for the period under review, a year-on-year increase of 3.1%. The number of retail stores subscribing to a fee-based corporate membership grew by the end of the period under review to 4,778 stores, an increase of 600 stores compared to the end of the same period of the previous fiscal year. In order to heighten synergistic effects among the various services centered on DeNA Shopping, the Group has been moving ahead with efforts to enhance user convenience and to strengthen its business base, while seeking alliances with leading partners.

As for auction services, the mobile auction site Mobaoku (including au Mobaoku) had 980,000 paid members at the end of the period under review, representing a decrease of 90,000 members compared to the end of the same period of the previous fiscal year.

Paygent Co., Ltd., a processing settlement company, continued to expand its businesses. In the travel agency business operated by AIR LINK CO., LTD., a decrease in sales of profitable tours abroad was offset by expansion in online ticket sales.

As a result, revenue of the E-commerce Business was ¥8,908 million, up 9.8% year-on-year, and segment profit was ¥1,998 million, down 18.3% year-on-year.

3) Others

Yokohama DeNA Baystars Baseball Club, Inc. contributed to revenue growth mainly due to a steady year-on-year increase in attendance at home games. However, costs were higher primarily due to acquiring talented players to boost the team's competitiveness and appeal.

As a result, revenue of the other businesses was ¥5,683 million, up 20.7% year-on-year, and segment profit was ¥213 million, up 22.1% year-on-year.

(2) Explanation of Financial Position

1) Financial Position

Total assets at the end of the six months ended September 30, 2013 were ¥190,224 million, a decrease of ¥4,560 million compared to the end of the previous fiscal year on March 31, 2013.

Current assets were ¥108,258 million, a decrease of ¥10,569 million, compared to the end of the previous fiscal year. This was due primarily to decreases in trade receivables included in trade and other current receivables by ¥9,844 million and in cash and cash equivalents by ¥3,261 million.

Non-current assets were ¥81,966 million, representing an increase of ¥6,009 million, compared to the end of the previous fiscal year. This was due mainly to increases in intangible assets by ¥2,713 million and in goodwill by ¥1,320 million.

Current liabilities were ¥61,349 million, a decrease of ¥8,533 million, compared to the end of the previous fiscal year. This was due primarily to a decrease of ¥7,032 million in income tax payables.

Non-current liabilities stood at ¥1,223 million, representing a decrease of ¥3 million, compared to the end of the previous fiscal year.

As a result, total liabilities amounted to ¥62,572 million, a decrease of ¥8,536 million compared to the end of the previous fiscal year.

Total equity was ¥127,652 million, representing an increase of ¥3,977 million compared to the end of the previous fiscal year. This was primarily attributable to an increase of ¥11,789 million in retained earnings, which offset an increase of ¥9,737 million in treasury stock.

In terms of liquidity, the liquidity ratio and ratio of equity attributable to owners of the parent were 176.5% and 64.8%, respectively, as of the end of the six months ended September 30, 2013.

2) Cash Flows

Cash and cash equivalents (collectively, “cash”) at the end of the six months ended September 30, 2013 decreased by ¥3,261 million to ¥64,076 million, compared to the end of the previous fiscal year. Cash flows in each area of activity and their respective contributing factors are as follows.

(Operating activities)

Net cash provided by operating activities for the six months ended September 30, 2013 was ¥19,731 million, compared to a cash inflow of ¥24,815 million in the same period of the previous fiscal year. The principal cash inflow factors were ¥32,733 million in profit before tax and ¥8,556 million in decrease in trade and other current receivables, which offset the effect of ¥21,304 million in income taxes paid.

(Investing activities)

Net cash used in investing activities for the six months ended September 30, 2013 was ¥7,270 million, compared to a cash outflow of ¥5,471 million in the same period of the previous fiscal year. The principal cash outflow factors were ¥6,144 million in purchases of intangible assets.

(Financing activities)

Net cash used in financing activities for the six months ended September 30, 2013 was ¥15,816 million, compared to a cash outflow of ¥15,318 million in the same period of the previous fiscal year. The principal cash outflow factors were ¥10,000 million in acquisition of treasury stock and ¥6,681 million in cash dividends paid.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

In the Social Media Business, the DeNA Group will continue its efforts to expand game-related revenue for Mobage both in Japan and internationally.

For Mobage in Japan, we will continue to execute our strategy with producing many new first-/second-party titles. During fiscal 2013, we plan to release approximately 60 new titles (70% of which will be app-based games) that will satisfy a wide range of users, from games intended for the typical frequent users to casual games that will attract users never before fully captured by the Group's conventional line-up. We will make advancements toward creating hit titles by launching new titles in both browser games and application games, with the aim of further expanding MobaCoin consumption and revitalizing the Mobage platform overall.

For Mobage (international), we plan to release more than 20 new app-based game titles primarily intended for Mobage West during fiscal 2013, and by creating hit titles in a wider variety of game genres, we hope to capture a greater number of users and expand MobaCoin consumption.

In the E-commerce Business, centered on DeNA Shopping, we will take full advantage of the alliances with our partners, reinforce our lineup of groceries, and intensify our price competitiveness to enhance user convenience and to strengthen our business base.

With regard to the consolidated financial results forecast for the fiscal year ending March 31, 2014, 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 internationally. In addition, revenue is substantially affected by various uncertainties, such as user preferences and the existence of popular titles. Because of 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.

The Consolidated Financial Results Forecast for the Nine Months Ending December 31, 2013 below is calculated by adding the financial results forecast for the third quarter to the actual results for the period under review.

Consolidated Financial Results Forecast for the Nine Months Ending December 31, 2013 (From April 1, 2013 to December 31, 2013)

Revenue:	¥143,100 million
Operating profit:	¥43,800 million
Profit for the period attributable to owners of the parent:	¥26,100 million

Although the Group continues to introduce new first-/second-party titles for Mobage in Japan, full-fledged contribution to revenue is not expected until the fourth quarter. As a result, lower revenue and profits are projected for the nine months ending December 31, 2013 compared to the same period of the previous fiscal year.

The above financial results forecast is prepared on the basis of the information available to the Company as of the date of publication of this document, and subject to some volatile elements. Actual results may differ from this results forecast due to factors including changes in business conditions.

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period under Review

Not applicable.

(2) Changes in Accounting Policies and Changes in Accounting Estimates

1) Significant Accounting Policies

Except as described below, significant accounting policies adopted by the Group in the condensed consolidated financial statements for the six months ended September 30, 2013 remain the same as those adopted in the consolidated financial statements for the fiscal year ended March 31, 2013. Income tax expense for the six months ended September 30, 2013 was calculated using the estimated average annual effective tax rate.

Certain items of comparative information presented in the condensed consolidated financial statements have been reclassified in accordance with the method of presentation for the six months ended September 30, 2013.

Major accounting standards adopted by the Group from the three months ended June 30, 2013 are as follows.

IFRS		Description of new standards/amendments
IAS 1	Presentation of Financial Statements	Amendments to presentation of components of other comprehensive income
IFRS 10	Consolidated Financial Statements	Clarification of the definition of control and requirement to use of control as a single basis of consolidation irrespective of the nature of the investee
IFRS 13	Fair Value Measurement	Guidance on fair value measurement, when such measurement is required by another IFRS

These standards have been adopted in accordance with their respective transitional provisions, and the adoption of the above standards has no significant impact on the six months ended September 30, 2013.

2) Use of Estimates and Judgments

Preparation of the condensed 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 condensed 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, remains the same as for the consolidated financial statements for the fiscal year ended March 31, 2013.

3. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statement of Financial Position

	(Millions of yen)	
	As of March 31, 2013	As of September 30, 2013
Assets		
Current assets		
Cash and cash equivalents	67,337	64,076
Trade and other current receivables	45,946	37,570
Other current financial assets	1,123	1,061
Other current assets	4,421	5,551
Total current assets	118,827	108,258
Non-current assets		
Property and equipment	4,135	3,513
Goodwill	39,437	40,757
Intangible assets	8,719	11,432
Investments accounted for using the equity method	8,044	8,732
Other non-current financial assets	8,702	9,434
Deferred tax assets	6,887	8,008
Other non-current assets	34	91
Total non-current assets	75,957	81,966
Total assets	194,784	190,224

	(Millions of yen)	
	As of March 31, 2013	As of September 30, 2013
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other current payables	30,034	28,066
Income tax payables	21,645	14,613
Other current financial liabilities	8,743	10,261
Other current liabilities	9,461	8,408
Total current liabilities	69,882	61,349
Non-current liabilities		
Non-current provisions	949	951
Other non-current financial liabilities	15	9
Other non-current liabilities	262	262
Total non-current liabilities	1,226	1,223
Total liabilities	71,108	62,572
Equity		
Common stock	10,397	10,397
Capital surplus	10,361	10,869
Retained earnings	127,927	139,716
Treasury stock	(34,724)	(44,461)
Other components of equity	5,298	6,728
Total equity attributable to owners of the parent	119,259	123,248
Non-controlling interests	4,416	4,404
Total equity	123,676	127,652
Total liabilities and equity	194,784	190,224

(2) Condensed Consolidated Income Statement

	(Millions of yen)	
	Six months ended September 30, 2012	Six months ended September 30, 2013
Revenue	97,886	99,802
Cost of sales	(27,284)	(31,254)
Gross profit	70,602	68,548
Selling, general and administrative expenses	(31,907)	(36,123)
Other income	315	237
Other expenses	(222)	(604)
Operating profit	38,788	32,058
Finance income	23	184
Finance costs	(613)	(130)
Share of profit (loss) of associates accounted for using the equity method	(63)	622
Profit before tax	38,134	32,733
Income tax expense	(15,830)	(13,651)
Profit for the period	22,304	19,082
Attributable to:		
Owners of the parent	21,731	18,487
Non-controlling interests	573	595
Profit for the period	22,304	19,082
		(Yen)
Earnings per share attributable to owners of the parent:		
Basic earnings per share	156.36	140.69
Diluted earnings per share	155.86	140.34

(3) Condensed Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Six months ended September 30, 2012	Six months ended September 30, 2013
Profit for the period	22,304	19,082
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to profit or loss, net of tax		
Gains (losses) from investments in equity instruments, net of tax	(22)	72
Other	—	(0)
Total other comprehensive income that will not be reclassified to profit or loss, net of tax	(22)	71
Components of other comprehensive income that may be reclassified to profit or loss, net of tax		
Foreign currency translation adjustments, net of tax	(1,826)	1,383
Other	—	15
Total other comprehensive income that may be reclassified to profit or loss, net of tax	(1,826)	1,398
Other comprehensive income, net of tax	(1,848)	1,469
Total comprehensive income for the period	20,456	20,551
Attributable to:		
Owners of the parent	19,883	19,955
Non-controlling interests	573	596
Total comprehensive income for the period	20,456	20,551

(4) Condensed Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total		
As of April 1, 2012	10,397	11,189	87,941	(15,626)	776	94,677	3,369	98,045
Profit for the period	-	-	21,731	-	-	21,731	573	22,304
Other comprehensive income	-	-	-	-	(1,848)	(1,848)	(0)	(1,848)
Total comprehensive income for the period	-	-	21,731	-	(1,848)	19,883	573	20,456
Dividends recognized as distributions to owners	-	-	(5,150)	-	-	(5,150)	(150)	(5,300)
Increase (decrease) through treasury stock transactions	-	18	-	(19,522)	(165)	(19,669)	-	(19,669)
Increase (decrease) through share-based payment transactions	-	130	-	-	(103)	27	-	27
Acquisition, disposal and other changes of non-controlling interests	-	(389)	-	-	-	(389)	42	(347)
As of September 30, 2012	10,397	10,947	104,522	(35,148)	(1,340)	89,379	3,834	93,213

(Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total		
As of April 1, 2013	10,397	10,361	127,927	(34,724)	5,298	119,259	4,416	123,676
Profit for the period	-	-	18,487	-	-	18,487	595	19,082
Other comprehensive income	-	-	-	-	1,468	1,468	1	1,469
Total comprehensive income for the period	-	-	18,487	-	1,468	19,955	596	20,551
Dividends recognized as distributions to owners	-	-	(6,698)	-	-	(6,698)	(150)	(6,848)
Increase (decrease) through treasury stock transactions	-	(167)	-	(9,737)	(80)	(9,984)	-	(9,984)
Increase (decrease) through share-based payment transactions	-	217	-	-	41	258	-	258
Acquisition, disposal and other changes of non-controlling interests	-	458	-	-	-	458	(458)	-
As of September 30, 2013	10,397	10,869	139,716	(44,461)	6,728	123,248	4,404	127,652

(5) Condensed Consolidated Statement of Cash Flows

	(Millions of yen)	
	Six months ended September 30, 2012	Six months ended September 30, 2013
Operating activities		
Profit before tax	38,134	32,733
Depreciation and amortization	2,684	3,921
Interest and dividend income	(18)	(19)
Interest expenses	21	4
Decrease (increase) in trade and other current receivables	(2,847)	8,556
Increase (decrease) in trade and other current payables	1,465	(1,924)
Other, net	1,022	(2,250)
Subtotal	40,460	41,021
Dividends received	11	11
Interest paid	(23)	(5)
Interest received	17	9
Income tax paid	(15,649)	(21,304)
Net cash flows from (used in) operating activities	24,815	19,731
Investing activities		
Proceeds from sales and redemption of investment securities	700	59
Purchases of investment securities	(277)	(522)
Purchases of property and equipment	(2,309)	(245)
Purchases of intangible assets	(3,431)	(6,144)
Other, net	(153)	(418)
Net cash flows from (used in) investing activities	(5,471)	(7,270)
Financing activities		
Proceeds from borrowings	10,100	1,200
Repayments of borrowings	—	(200)
Cash dividends paid	(5,135)	(6,681)
Payments for acquisition of non-controlling interests	(347)	—
Cash dividends paid to non-controlling interests	(150)	(150)
Acquisition of treasury stock	(20,000)	(10,000)
Other, net	214	15
Net cash flows from (used in) financing activities	(15,318)	(15,816)
Net increase (decrease) in cash and cash equivalents	4,027	(3,355)
Cash and cash equivalents at beginning of period	54,890	67,337
Effect of exchange rate changes on cash and cash equivalents	(676)	94
Cash and cash equivalents at end of period	58,240	64,076

(6) Notes on Going Concern Assumption

Not applicable.

(7) Notes to Condensed Consolidated Financial Statements

1. 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-related services (provided in Japan and internationally) Principal services: Mobage, etc.
E-commerce Business	E-commerce-related services (provided in Japan) Principal services: DeNA Shopping, Mobaoku, and processing settlement services, etc.

Starting from April 1, 2013, the Group has made a reclassification in management concerning the allocation of resources and the assessment of performances relating to the travel agency business, etc. In association with this change, the travel agency business, etc., which had formerly been included in “Others,” have been classified under the “E-commerce Business” in the segment information from the three months ended June 30, 2013. Accordingly, the information for the six months ended September 30, 2012 has been restated.

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

The accounting policies of the reportable segments are the same as the accounting policies applied by the Group to the consolidated financial statements for the fiscal year ended March 31, 2013.

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 six months ended September 30, 2012

(From April 1, 2012 to September 30, 2012)

	(Millions of yen)				
	Social Media Business	E-commerce Business	Others*2	Adjustments*3	Total
Revenue					
Revenue from external customers	85,062	8,114	4,710	—	97,886
Intersegment revenue	77	1,014	89	(1,180)	—
Total	85,140	9,128	4,799	(1,180)	97,886
Segment profit*1	38,507	2,446	174	(2,432)	38,695
Other income (expenses), net					93
Operating profit					38,788
Finance income (costs), net					(590)
Share of profit (loss) of associates accounted for using the equity method					(63)
Profit before tax					38,134

(Notes) 1. Segment profit is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.

2. "Others" refers to operating segments that do not fall into any of the reportable segments, including the 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 six months ended September 30, 2013
(From April 1, 2013 to September 30, 2013)

	(Millions of yen)				
	Social Media Business	E-commerce Business	Others*2	Adjustments*3	Total
Revenue					
Revenue from external customers	85,211	8,908	5,683	—	99,802
Intersegment revenue	28	1,103	108	(1,239)	—
Total	85,238	10,011	5,791	(1,239)	99,802
Segment profit*1	33,134	1,998	213	(2,920)	32,424
Other income (expenses), net					(366)
Operating profit					32,058
Finance income (costs), net					54
Share of profit (loss) of associates accounted for using the equity method					622
Profit before tax					32,733

- (Notes) 1. Segment profit is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.
2. “Others” refers to operating segments that do not fall into any of the reportable segments, including the 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.

2. Fair value of financial instruments

(i) Fair value measurements

The fair values of financial assets and liabilities are determined by the same method as the method adopted in the consolidated financial statements for the fiscal year ended March 31, 2013.

(ii) Financial instruments measured at amortized cost

The fair values of financial instruments measured at amortized cost as of March 31, 2013 and September 30, 2013 are as follows.

(Millions of yen)

	As of March 31, 2013		As of September 30, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets measured at amortized cost:				
Trade and other current receivables	45,946	45,946	37,570	37,570
Other financial assets	6,134	6,134	6,314	6,314
Financial liabilities measured at amortized cost:				
Trade and other current payables	30,034	30,034	28,066	28,066
Other financial liabilities	8,758	8,758	10,270	10,270

(iii) Financial instruments measured at fair value

In terms of financial instruments measured at fair value, disclosure of fair value required in the condensed consolidated financial statements has been omitted as no significant changes have taken place since the end of the previous fiscal year.

3. Equity and other equity items

In the six months ended September 30, 2013, the Company repurchased its own shares with the aim of increasing capital efficiency, implementing a flexible capital policy that responds to changes in the business environment, and improving shareholder returns by increasing the share value. By September 30, 2013, the Company has repurchased 4,579,000 shares in the amount of ¥10,000 million.

4. Dividends

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

Dividends paid in the six months ended September 30, 2012 and 2013 are as follows:

Six months ended September 30, 2012 (from April 1, 2012 to September 30, 2012)				
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

Six months ended September 30, 2013 (from April 1, 2013 to September 30, 2013)				
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

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

5. Earnings per share

The basis for calculating earnings per share attributable to owners of the parent for the six months ended September 30, 2012 and 2013 are as follows:

	Six months ended September 30, 2012 (From April 1, 2012 to September 30, 2012)	Six months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)
Profit for the period attributable to owners of the parent (Millions of yen)	21,731	18,487
Weighted average number of common shares outstanding during the period—basic (Shares)	138,981,507	131,402,874
Effect of dilutive potential common shares: Stock options, etc. (Shares)	448,244	326,837
Weighted average number of common shares outstanding during the period—diluted (Shares)	139,429,751	131,729,711
Earnings per share attributable to owners of the parent (Yen)		
Basic earnings per share	156.36	140.69
Diluted earnings per share	155.86	140.34

(8) Notes on Significant Subsequent Events

Not applicable.