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Consolidated Financial Results for the Six Months Ended September 30, 2014 [IFRS]

November 7, 2014

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 10, 2014

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, 2014 (from April 1, 2014 to September 30, 2014)

(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, 2014	71,826	(28.0)	14,980	(53.3)	15,856	(51.6)	9,795	(48.7)
Six months ended September 30, 2013	99,802	2.0	32,058	(17.4)	32,733	(14.2)	19,082	(14.4)

	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, 2014	9,251	(50.0)	10,786	(47.5)	71.39	71.18
Six months ended September 30, 2013	18,487	(14.9)	20,551	0.5	140.69	140.34

(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, 2014	206,506	150,299	144,949	70.2
As of March 31, 2014	197,325	145,555	140,600	71.3

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, 2014	—	0.00	—	37.00	37.00
Fiscal year ending March 31, 2015	—	0.00			
Fiscal year ending March 31, 2015 (Forecast)			—	—	—

(Note) The dividend forecast for the fiscal year ending March 31, 2015 has not been determined at this time.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2015 (from April 1, 2014 to March 31, 2015)

(% 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	%	Yen
Nine months ending December 31, 2014	106,600	(24.7)	20,600	(52.6)	12,000	(54.1)	92.60
Full year	—	—	—	—	—	—	—

(Note) The financial results forecast for the following quarter is disclosed in lieu of full-year financial results forecast. 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 4 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, 2014	150,810,033 shares
As of March 31, 2014	150,810,033 shares

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

As of September 30, 2014	21,206,779 shares
As of March 31, 2014	21,283,601 shares

3) Average number of shares during the period:

Six months ended September 30, 2014	129,575,663 shares
Six months ended September 30, 2013	131,402,874 shares

(Note) The 600,558 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, 2014, and the 648,844 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, 2014.

* 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 Forecast 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 4 of the Appendix.

(2) Dividend Forecast

With regard to the dividend forecast for the fiscal year ending March 31, 2015, 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, 2015.

(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, 2014. 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.

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* Note

The condensed consolidated financial statements are presented in Japanese yen and rounded off 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, 2014 (from April 1, 2014 to September 30, 2014, hereinafter “the period under review”), although there was a sign of weakness, a moderate recovery trend continued in the Japanese economy. However, the prolonged backlash to last-minute demand associated with the consumption tax hike and a downswing in overseas economies pose a risk of downward pressure on the domestic economy.

Under these conditions, the DeNA Group has positioned the fiscal year ending March 31, 2015 as the fiscal year for building its business base to continuously improve corporate value as a global Internet player. The Group’s efforts will be guided by the policy of proactively making the necessary investments with a view to strengthening existing businesses and creating growing businesses, while conducting thorough cost management.

During the period under review, revenue of the Japan game business, which is the Group’s principal business, decreased year-on-year due to the decline in usage. On the cost front, owing to a decrease in variable costs such as costs related to settlement of in-game fees and control over sales promotion and advertising expenses, both cost of sales and selling, general and administrative expenses decreased year-on-year. As for the three months ended September 30, 2014, however, increase was seen in both revenue and operating profit compared to the previous first quarter.

As a result, revenue of the DeNA Group for the period under review was ¥71,826 million, down 28.0% year-on-year, operating profit was ¥14,980 million, down 53.3% year-on-year, profit before tax was ¥15,856 million, down 51.6% year-on-year, and profit for the period attributable to owners of the parent was ¥9,251 million, down 50.0% year-on-year.

Business performance by segment is as follows.

1) Social Media Business

During the period under review, in the Japan game business, although new titles did not offset the decline in usage of existing titles, the Group released a title that utilize leading IP (intellectual property) in late September for the application market and its usage expanded steadily. Consumption of the in-game virtual currency coins decreased 29% year-on-year to ¥74.2 billion.

In the international game business, the Group made progress in the implementation of its strategy to provide titles in a broader range of genres for Europe and the U.S. As a result, these markets showed an increase in usage of new titles, starting to offset the slump in usage of existing titles. With respect to China, newly released titles that utilize leading IP contributed to the Group’s performance in the market.

Meanwhile, the Group also took steps to broaden the user base of its entertainment services. Manga Box, a digital manga magazine service, reached 6.0 million downloads in September. The Group undertook a major update of Showroom, a virtual live performance, in September to expand the range of both users and contents.

As a result, revenue of the Social Media Business was ¥56,098 million, down 34.2% year-on-year, and segment profit was ¥15,815 million, down 52.3% year-on-year due to factors including a decline in revenue in the Japan game business, which have high profitability.

2) E-commerce Business

In shopping services, the Group focused on groceries and daily consumables, centered on the online shopping site DeNA Shopping (including au Shopping Mall). Gross merchandise volume of shopping was ¥30.4 billion for the period under review, a year-on-year increase of 17%. Transactions increased at Paygent Co., Ltd., a processing settlement company, and at the travel agency business including DeNA Travel. As for auction services, the mobile auction site Mobaoku (including au Mobaoku) saw a decrease in the number of paid members.

As a result, revenue of the E-commerce Business was ¥9,181 million, up 3.1% year-on-year, and segment profit was ¥1,549 million, down 22.5% year-on-year, owing to strategic investment in marketing expenses and other factors.

3) Others

Yokohama DeNA Baystars Baseball Club, Inc. significantly improved its revenue and operating profit year-on-year mainly due to a steady year-on-year increase in attendance at home games. In addition, DeNA Life Science, Inc., engaging in the healthcare business, launched Mycode, a direct-to-consumer genetic testing service, in August.

As a result, revenue of the other businesses was ¥6,548 million, up 15.2% year-on-year, and segment profit was ¥780 million, up 266.6% year-on-year.

(2) Explanation of Financial Position

1) Financial Position

Total assets at the end of the six months ended September 30, 2014 were ¥206,506 million, an increase of ¥9,182 million compared to the end of the previous fiscal year.

Current assets were ¥114,581 million, an increase of ¥3,272 million, compared to the end of the previous fiscal year. This was due primarily to an increase in cash and cash equivalents by ¥6,588 million, which offset a decrease in trade and other current receivables by ¥4,700 million.

Non-current assets were ¥91,925 million, representing an increase of ¥5,909 million, compared to the end of the previous fiscal year. This was due mainly to an increase in goodwill by ¥5,719 million.

Current liabilities were ¥55,013 million, an increase of ¥4,281 million, compared to the end of the previous fiscal year. This was due primarily to an increase in other current financial liabilities by ¥3,977 million.

Non-current liabilities stood at ¥1,195 million, representing an increase of ¥157 million, compared to the end of the previous fiscal year.

As a result, total liabilities amounted to ¥56,208 million, an increase of ¥4,438 million compared to the end of the previous fiscal year.

Total equity was ¥150,299 million, representing an increase of ¥4,744 million compared to the end of the previous fiscal year. This was primarily attributable to an increase of ¥4,458 million in retained earnings.

In terms of liquidity, the liquidity ratio and ratio of equity attributable to owners of the parent were 208.3% and 70.2%, respectively, as of the end of the six months ended September 30, 2014.

2) Cash Flows

Cash and cash equivalents (collectively, “cash”) at the end of the six months ended September 30, 2014 increased by ¥6,588 million to ¥71,983 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, 2014 was ¥23,235 million, compared to a cash inflow of ¥19,731 million in the same period of the previous fiscal year. The principal cash inflow factors were ¥15,856 million in profit before tax and ¥5,110 million in depreciation and amortization, which offset the effect of ¥3,946 million in decrease in trade and other current payables.

(Investing activities)

Net cash used in investing activities for the six months ended September 30, 2014 was ¥12,378 million, compared to a cash outflow of ¥7,270 million in the same period of the previous fiscal year. The principal cash outflow factor was ¥7,440 million in acquisition of intangible assets.

(Financing activities)

Net cash used in financing activities for the six months ended September 30, 2014 was ¥4,563 million, compared to a cash outflow of ¥15,816 million in the same period of the previous fiscal year. The principal cash outflow factor was ¥4,783 million in cash dividends paid.

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

1) Social Media Business

For the game business, the Group will aim at expanding usage of its titles to bolster up business performance.

For the Japan game business, the Group will seek to increase usage of titles for the application market and facilitate the development of new titles. In the international game business, the Group will promote to provide titles in a wide range of genres, including titles that utilize leading IP, aimed at Europe and the U.S. As for China, where future market expansion is expected, the Group will continue to work on providing titles that utilize leading IP.

The Group will also focus efforts on strengthening the user base for IP-generating platforms (Manga Box, Showroom, etc.) where synergy effects with the game business are expected.

2) E-commerce Business

In shopping services, the Group will continue its efforts to strengthen the areas of groceries and daily consumables, centered on DeNA Shopping, while making maximum use of collaboration with partner companies. The Group will also strive to expand transactions in payment services and the travel agency business.

3) Others

In order to create businesses with structural strengths that will grow in the mid- to long-term, the Group will focus efforts on the fields of healthcare and curation platform (hereinafter “curation PF,” see note below).

In the healthcare field, the Group will focus on marketing Mycode, a direct-to-consumer genetic testing service.

In addition, in the curation PF filed, the Group acquired iemo Co., Ltd. (an operator of an “iemo” curation PF specializing in home and interior field) and peroli Inc. (an operator of a “MERY” curation PF specializing in women’s fashion field) in September. It also plans to launch new services in the life style-related field while pursuing an increase of users of the two companies’ platforms, with the aim of expanding its user base. In conjunction with the development of the advertising and EC fields, the Group is committed to pressing ahead with its initiatives to formulate new businesses that drive the structural changes in established offline industries.

(Note) A service in which people called curators organize information scattered on the Internet from a specific perspective into one group according to a specific subject of their own interest to publicize

With regard to the consolidated financial results forecast, it is difficult to project the speed of market growth in the game-related market, which is the Group’s principal business, for both in Japan and internationally. 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.

As for the consolidated financial results forecast for the nine months ending December 31, 2014, in the Japan game business, which is a key revenue source, although new titles for the application market start to offset the decrease in revenue associated with declining usage of existing titles for the browser market, the Group expects a decrease in revenue and profit on a year-on-year basis.

The forward-looking statements above are based on information available and certain assumptions deemed reasonable as of the date of publication of this document, and contain many uncertain factors. Actual results may differ from the forecasts above due to a wide range of uncertain factors.

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

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, 2014 remain the same as those adopted in the consolidated financial statements for the fiscal year ended March 31, 2014. Income tax expense for the six months ended September 30, 2014 was calculated using the estimated average annual effective tax rate.

Major accounting standards adopted by the Group from the three months ended June 30, 2014 are as follows:

IFRS		Description of new standards/amendments
IAS 32	Financial Instruments: Presentation	Clarification of requirements for offsetting disclosures and additions to guidelines
IFRIC 21	Levies	Clarification of the recognition of liabilities for levies

The standards are adopted in accordance with their respective transitional provisions, and the application of the aforementioned standards has no significant effect on the condensed consolidated financial statements for the six months ended September 30, 2014.

3. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statement of Financial Position

	(Millions of yen)	
	As of March 31, 2014	As of September 30, 2014
Assets		
Current assets		
Cash and cash equivalents	65,394	71,983
Trade and other current receivables	37,803	33,104
Other current financial assets	1,025	1,093
Other current assets	7,086	8,402
Total current assets	111,309	114,581
Non-current assets		
Property and equipment	3,311	3,090
Goodwill	42,730	48,448
Intangible assets	15,089	17,107
Investments accounted for using the equity method	9,197	7,909
Other non-current financial assets	12,627	11,823
Deferred tax assets	2,996	3,457
Other non-current assets	67	91
Total non-current assets	86,016	91,925
Total assets	197,325	206,506

	(Millions of yen)	
	As of March 31, 2014	As of September 30, 2014
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other current payables	26,206	22,743
Income tax payables	2,525	5,865
Other current financial liabilities	11,981	15,958
Other current liabilities	10,021	10,448
Total current liabilities	50,732	55,013
Non-current liabilities		
Non-current provisions	951	833
Other non-current financial liabilities	9	9
Other non-current liabilities	78	353
Total non-current liabilities	1,038	1,195
Total liabilities	51,770	56,208
Equity		
Common stock	10,397	10,397
Capital surplus	10,965	9,562
Retained earnings	153,072	157,530
Treasury stock	(44,290)	(44,071)
Other components of equity	10,456	11,531
Total equity attributable to owners of the parent	140,600	144,949
Non-controlling interests	4,955	5,350
Total equity	145,555	150,299
Total liabilities and equity	197,325	206,506

(2) Condensed Consolidated Income Statement

	(Millions of yen)	
	Six months ended September 30, 2013	Six months ended September 30, 2014
Revenue	99,802	71,826
Cost of sales	(31,254)	(27,532)
Gross profit	68,548	44,294
Selling, general and administrative expenses	(36,123)	(28,369)
Other income	237	414
Other expenses	(604)	(1,359)
Operating profit	32,058	14,980
Finance income	184	878
Finance costs	(130)	(156)
Share of profit (loss) of associates accounted for using the equity method	622	154
Profit before tax	32,733	15,856
Income tax expense	(13,651)	(6,061)
Profit for the period	19,082	9,795
Attributable to:		
Owners of the parent	18,487	9,251
Non-controlling interests	595	545
Profit for the period	19,082	9,795
		(Yen)
Earnings per share attributable to owners of the parent:		
Basic earnings per share	140.69	71.39
Diluted earnings per share	140.34	71.18

(3) Condensed Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Six months ended September 30, 2013	Six months ended September 30, 2014
Profit for the period	19,082	9,795
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	72	(1,108)
Other	(0)	(1)
Total other comprehensive income that will not be reclassified to profit or loss, net of tax	71	(1,108)
Components of other comprehensive income that may be reclassified to profit or loss, net of tax		
Foreign currency translation adjustments, net of tax		
Other	1,383	2,080
Total other comprehensive income that may be reclassified to profit or loss, net of tax	15	19
Other comprehensive income, net of tax	1,398	2,099
Total comprehensive income for the period	1,469	990
	20,551	10,786
Attributable to:		
Owners of the parent	19,955	10,241
Non-controlling interests	596	545
Total comprehensive income for the period	20,551	10,786

(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, 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

(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, 2014	10,397	10,965	153,072	(44,290)	10,456	140,600	4,955	145,555
Profit for the period	-	-	9,251	-	-	9,251	545	9,795
Other comprehensive income	-	-	-	-	990	990	0	990
Total comprehensive income for the period	-	-	9,251	-	990	10,241	545	10,786
Dividends recognized as distributions to owners	-	-	(4,792)	-	-	(4,792)	(150)	(4,942)
Increase (decrease) through treasury stock transactions	-	(154)	-	219	(54)	12	-	12
Increase (decrease) through share-based payment transactions	-	212	-	-	138	350	-	350
Changes in ownership interests in associates	-	(1,461)	-	-	-	(1,461)	-	(1,461)
As of September 30, 2014	10,397	9,562	157,530	(44,071)	11,531	144,949	5,350	150,299

(5) Condensed Consolidated Statement of Cash Flows

	(Millions of yen)	
	Six months ended September 30, 2013	Six months ended September 30, 2014
Operating activities		
Profit before tax	32,733	15,856
Depreciation and amortization	3,921	5,110
Interest and dividend income	(19)	(36)
Interest expenses	4	6
Decrease (increase) in trade and other current receivables	8,556	4,866
Increase (decrease) in trade and other current payables	(1,924)	(3,946)
Other, net	(2,250)	3,712
Subtotal	41,021	25,568
Dividends received	11	11
Interest paid	(5)	(6)
Interest received	9	26
Income tax paid	(21,304)	(2,364)
Net cash flows from (used in) operating activities	19,731	23,235
Investing activities		
Acquisition of subsidiaries, net of cash acquired	—	(3,431)
Proceeds from sales and redemption of investment securities	59	97
Purchases of investment securities	(522)	(1,032)
Acquisition of property and equipment	(245)	(453)
Acquisition of intangible assets	(6,144)	(7,440)
Other, net	(418)	(118)
Net cash flows from (used in) investing activities	(7,270)	(12,378)
Financing activities		
Proceeds from borrowings	1,200	600
Repayments of borrowings	(200)	(300)
Cash dividends paid	(6,681)	(4,783)
Cash dividends paid to non-controlling interests	(150)	(150)
Acquisition of treasury stock	(10,000)	—
Other, net	15	70
Net cash flows from (used in) financing activities	(15,816)	(4,563)
Net increase (decrease) in cash and cash equivalents	(3,355)	6,294
Cash and cash equivalents at beginning of period	67,337	65,394
Effect of exchange rate changes on cash and cash equivalents	94	295
Cash and cash equivalents at end of period	64,076	71,983

(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.

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, 2014.

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, 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" refer to operating segments that do not fall into any of the reportable segments, including 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, 2014
(From April 1, 2014 to September 30, 2014)

	(Millions of yen)				
	Social Media Business	E-commerce Business	Others*2	Adjustments*3	Total
Revenue					
Revenue from external customers	56,098	9,181	6,548	—	71,826
Intersegment revenue	35	762	98	(895)	—
Total	56,133	9,943	6,646	(895)	71,826
Segment profit *1	15,815	1,549	780	(2,218)	15,925
Other income (expenses), net					(945)
Operating profit					14,980
Finance income (costs), net					722
Share of profit (loss) of associates accounted for using the equity method					154
Profit before tax					15,856

- (Notes) 1. Segment profit 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 operations of a professional baseball team, healthcare business and curation platform business.
3. Adjustments in segment profit represent corporate expenses, which primarily include general and administrative expenses not attributable to any of the reportable segments.

2. Earnings per share

The basis for calculating earnings per share attributable to owners of the parent for the six months ended September 30, 2013 and 2014 are as follows:

	Six months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)	Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)
Profit for the period attributable to owners of the parent (Millions of yen)	18,487	9,251
Weighted average number of common shares outstanding during the period—basic (Shares)	131,402,874	129,575,663
Effect of dilutive potential common shares: Stock options, etc. (Shares)	326,837	386,541
Weighted average number of common shares outstanding during the period—diluted (Shares)	131,729,711	129,962,204
Earnings per share attributable to owners of the parent (Yen)		
Basic earnings per share	140.69	71.39
Diluted earnings per share	140.34	71.18

(8) Notes on Significant Subsequent Events

Not applicable.