

Financial results for 2Q FY2011 (ending June 30, 2011)



Voltage Inc.
February 14, 2011

(TSE Mothers Securities Code: 3639)

- I. Results of earnings for 2Q FY2011**
- II. The outlook of and measures to be taken in FY2011**

I. Results of earnings for 2Q FY2011

Summary of 2Q FY2011

1

Net sales were up 30% y-o-y, the increase in operating income covered social apps investments.

- Net sales: ¥2,875 million (up 33.9% y-o-y)
- Operating income: ¥374 million (up 8.2% y-o-y)
Operating margin rose to 13.0% as the increase in operating income covered social apps investments (operating margin in the previous projections: 9.3%, operating income for FY2010: 12.3%)

2

Sales of social apps were strong. “Darling” for GREE topped monthly sales of 100 million yen.

- The number of registered members for social apps for GREE exceeded 3 million.
(as of December 10, 2010)
- Strong sales of 3 social apps titles for GREE, which released in 2Q. In particular, “Darling wa Geinojin for GREE” topped monthly sales of 100 million yen in December 2010.

3

Launched apps for smartphones

- Released fee-based game apps in the carrier market
(for the au one Market on October 7, for the DoCoMo Market on November 26)
- In the electronic book market, released apps for iPhone (for the App Store on October 13)

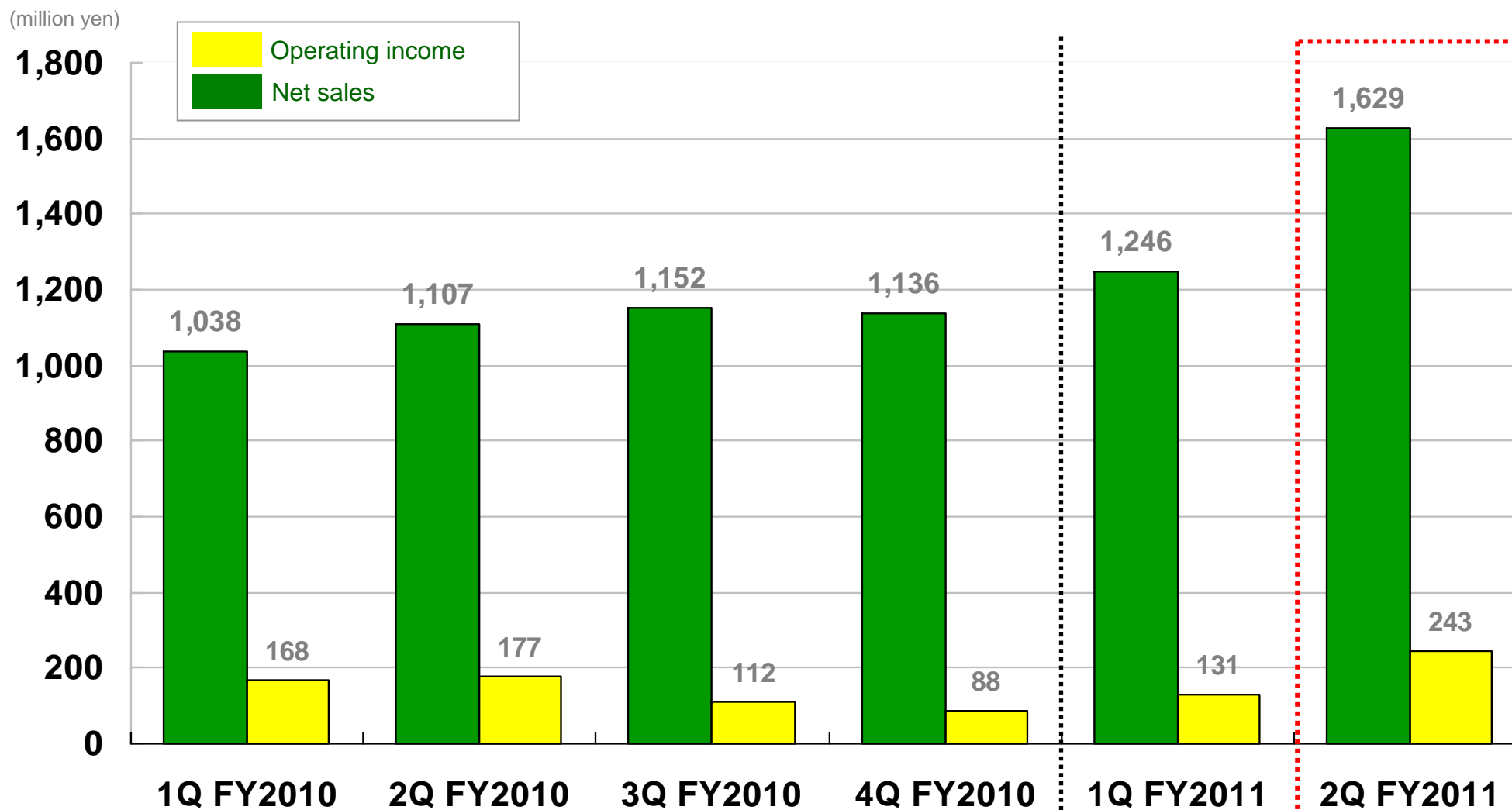
Overview

Net sales were up 33.9% y-o-y, and operating margin rose to 13.0% as the increase in operating income covered social apps investments.

(Unit: million yen)

	1H FY2011	Composition ratio	Y-o-Y Change	1H FY2010
Net sales	2,875	100.0%	33.9%	2,146
Cost of sales	650	22.6%	22.3%	531
S,G&A expenses	1,851	64.4%	45.8%	1,269
Operating income	374	13.0%	8.2%	345
Ordinary income	373	13.0%	8.5%	344
Net income	215	7.5%	2.6%	210

Changes in net sales and operating income



* Values for 1Q FY2010 are reference values as we did not create the quarterly financial statement for the period.

Sales by business segment

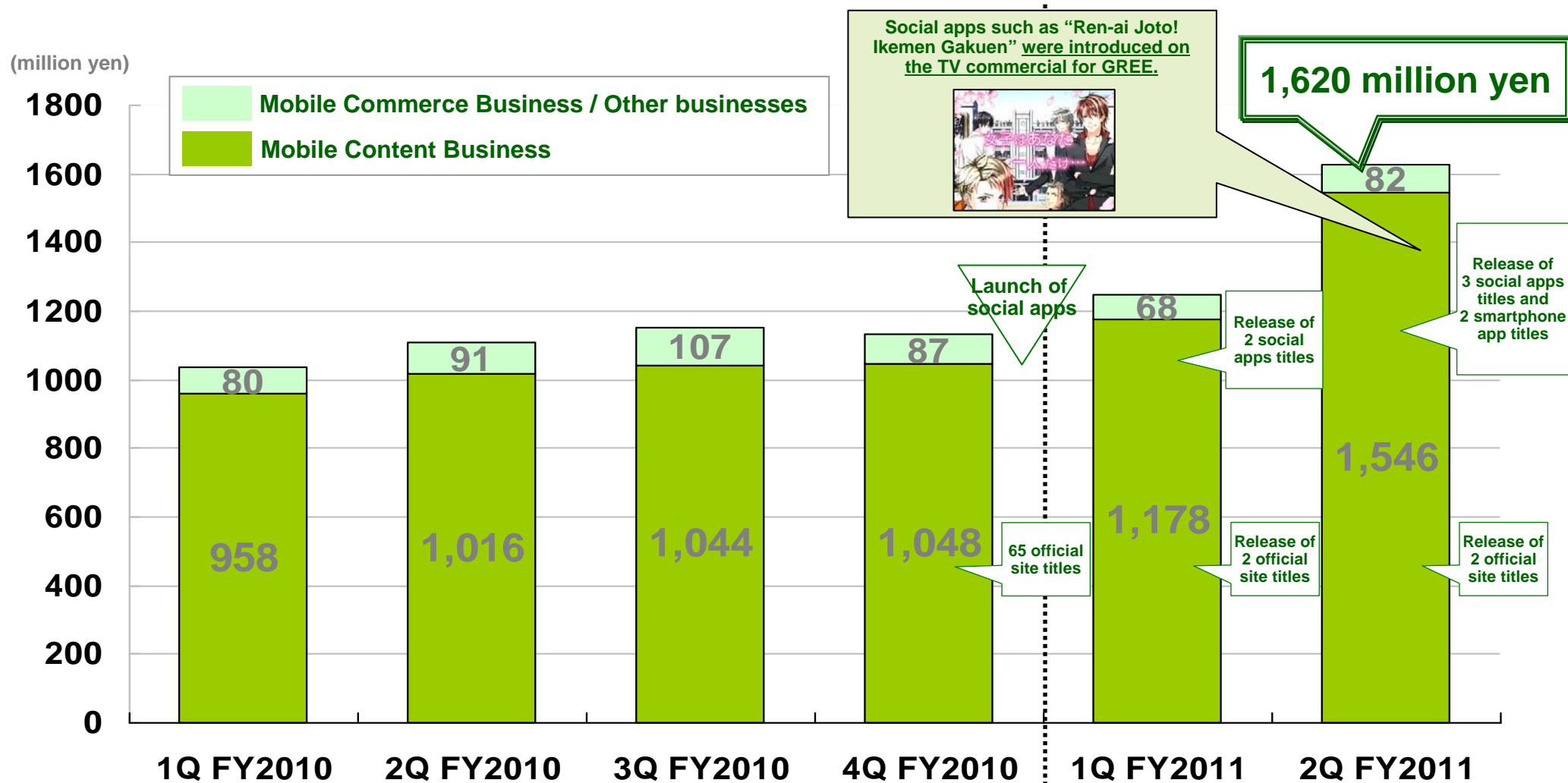
Sales in the mobile content business increased by 38.0% y-o-y, sales of social apps substantially exceeded company projections.

[Unit: million yen]

	1H FY2011	Y-o-Y Change	1H FY2010
Net sales	2,875	33.9%	2,146
Mobile Content Business	2,725	38.0%	1,974
Mobile Commerce Business	134	20.4%	111
Other businesses*	15	-74.1%	60

* Sales in “other businesses” for 1H FY2010 include sales in the mobile advertising business from which the Company withdrew effective June 30, 2010.

Breakdown of sales



* Sales in other businesses decreased due to the Company's withdrawal from the mobile advertising business.

* Official site ; mobile site approved by telecommunications carriers

* Values for 1Q FY2010 are reference values as we did not create the quarterly financial statement for the period.

Breakdown of costs

Sales commission and server cost rose for the social apps.
No significant increase in labor costs and outsourcing costs.

	1H FY2011	Y-o-Y Change	1H FY2010
Net sales	2,875	33.9%	2,146
Cost of sales	650	22.3%	531
Labor cost	242	-4.1%	252
Outsourcing cost	191	5.0%	182
Rental expense	140	815.2%	15
Other costs	75	-6.1%	80
S,G&A expenses	1,851	45.8%	1,269
Advertising expense	880	34.6%	654
Sales commission	459	108.5%	220
Other expenses	511	29.3%	395
Operating income	374	8.2%	345

[Unit: million yen]

[Positive factors]

- No significant staff increase
- Decrease due to the change in accounting process for cost of sales and S,G&A expenses is included. *

* Beginning in FY2011, costs relating to advertising are posted as S,G&A expenses, not as cost of sales, and office expenses relating to cost sector are posted as cost of sales, not as S,G&A expenses.

[Positive factor]

No significant increase

[Negative factor]

Increase in server cost in the social apps

[Negative factor]

Commission rate of social apps is higher than that of official site.

Balance Sheet / Cash Flow Statement

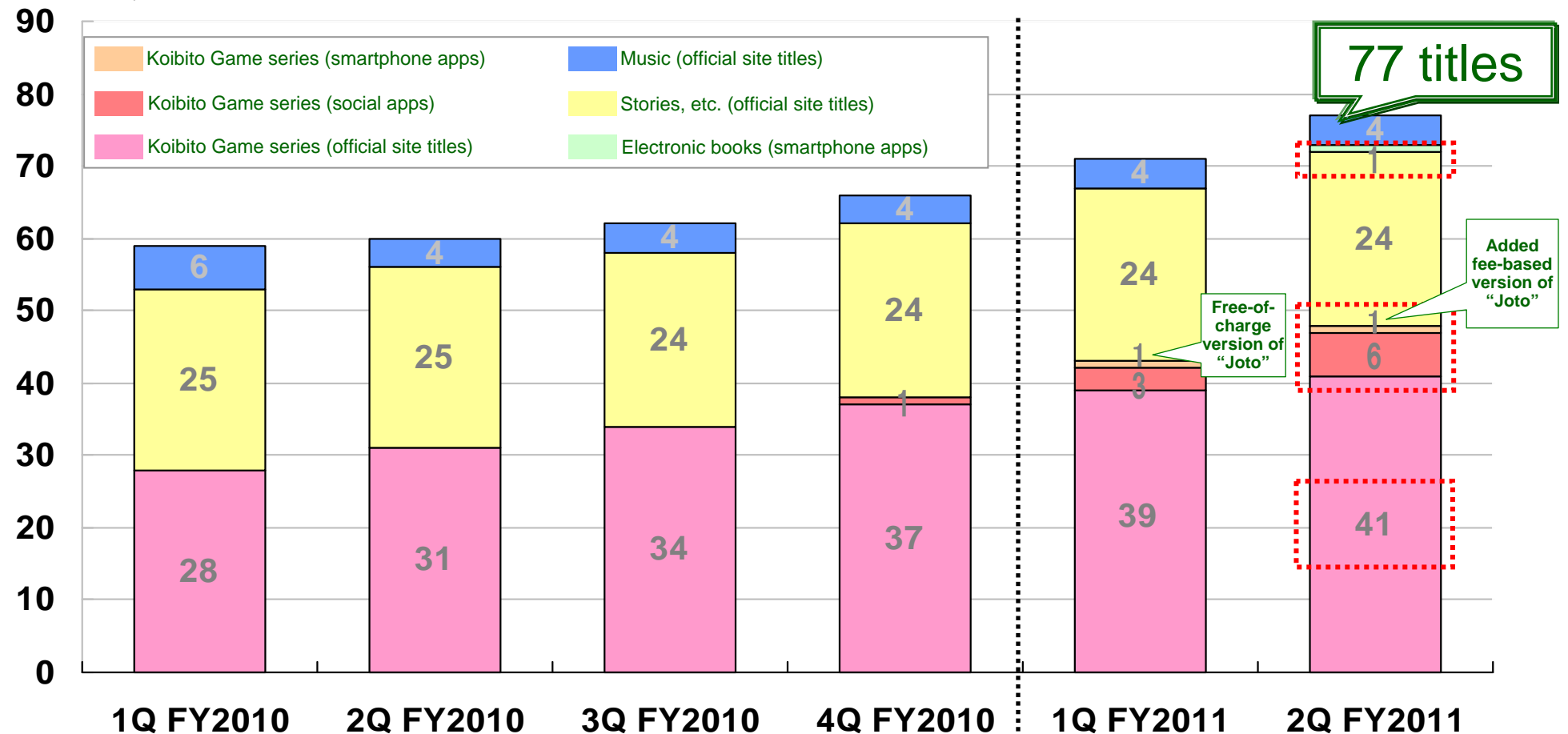
[Unit: million yen]		End of 2Q FY2011	End of FY2010	Change
	Current assets	2,355	2,014	16.9%
	Non-current assets	278	268	3.7%
	Total assets	2,633	2,283	15.4%
	Current liabilities	920	752	22.3%
	Non-current liabilities	24	44	-44.5%
	Total liabilities	945	796	18.6%
	Shareholders' equity	1,668	1,486	13.6%
	Total net assets	1,668	1,486	13.6%
	Total liabilities and net assets	2,633	2,283	15.4%
		2Q FY2011	2Q FY2010	
	Net cash provided by (used in) operating activities	-10	195	
	Net cash provided by (used in) investment activities	-52	-79	
	Net cash provided by (used in) financing activities	-37	-54	
	Net increase (decrease) in cash and cash equivalents	-100	61	
	Balance of cash and cash equivalents at the end of the quarterly period	795	335	

Changes in the number of titles in the mobile content business



Released 6 “Koibito Game” series* titles in 2Q
 (2 official site titles, 3 social apps titles and 1 fee-based smartphone app title).
 Launched the distribution of 1 e-book title (smartphone app).

(Number of titles)



* “Koibito Game” series ; This series offer romantic simulation games for females. Users can enjoy a romantic drama by choosing male characters introduced in a predefined setting and selecting the lines, action, and other elements in each subsequent situation.

II. The outlook of and measures to be taken in FY2011

Summary of the outlook of and measures to be taken in FY2011



1

**Revised the full-year forecast upward.
Both sales and profit are expected to increase by 40%.**

- Sales of social apps are expected to grow steadily.
- Operating income is forecast to increase substantially despite the acceleration of investments for growth, due to the sharp increase in sales and improvement in efficiency of the social apps.
- Full-year earnings projections: Net sales: 6,270 million yen (up 41.3% y-o-y), operating income: 748 million yen (up 37.0% y-o-y)

2

**Planning to release 4 new social apps titles.
Also planning to launch a new series targeting users around the age of 30.**

- Planning to release 4 new titles in 2H FY2011. Planning to launch titles in Mobage-town.
- Planning to release the 1st round-title of “Love & Job !” series targeting users around the age of 30 in social apps in January.
Planning to release official site titles of “Love & Job !” series in April, and preparing for the release of the 2nd round of the series.
- Preparing to release overseas editions of game apps for smartphones.

3

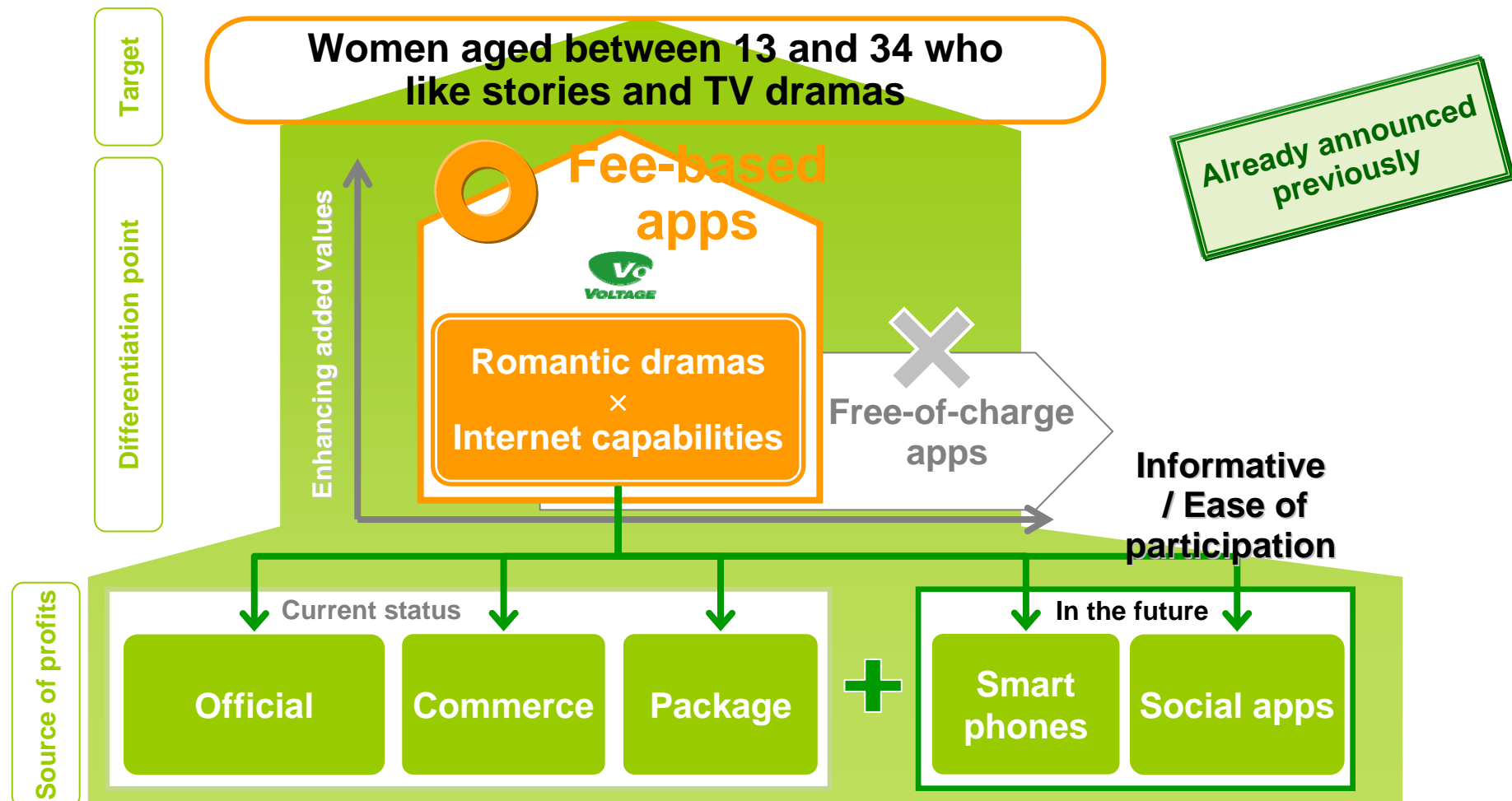
Launched “Betsukare” TV commercial campaign.

- In order to attract customers to the “Koibito Game” series, we placed advertisements in some areas on a trial basis in February.
Planning to go national in April.

Medium-term management strategy

Concentrate management resources on the “Koibito Game” series and enhance the added values of these products.

Diversify the source of revenue to include smartphone apps and social apps.



Earnings forecast

Net sales and operating income are projected to increase respectively by 41.3% and 37.0% y-o-y.

[Unit: million yen]

	Projections this time	Y-o-Y Change	FY2010	Change from the previous projections	Previous projections (as of October 20, 2010)
Net sales	6,270	41.3%	4,436	10.0%	5,700
Operating income	748	37.0%	546	16.6%	641
Ordinary income	747	37.4%	543	16.7%	640
Net income	427	30.0%	328	14.2%	374
Net income per share (yen)	96.97	-	*86.16	-	*85.43

* Net income per share before adjustments was revised retroactively by incorporating the effect of the one-to-three share split implemented effective January 1, 2011.

Sales by business segment

Sales of social apps increased steadily.

We expect sales in the mobile content business to grow by 47.1% y-o-y.

[Unit: million yen]

	Projections this time	Y-o-Y Change	FY2010	Change from the previous projections	Previous projections (as of October 20, 2010)
Net sales	6,270	41.3%	4,436	10.0%	5,700
Mobile Content Business	5,983	47.1%	4,068	10.2%	5,428
Mobile Commerce Business	261	14.3%	228	6.7%	245
Other businesses*	24	-82.3%	139	-6.4%	26

* Sales in “other businesses” for 1H FY2010 include sales in the mobile advertising business from which the Company withdrew effective June 30, 2010.

Breakdown of costs

Sales projections were revised upward by 10% compared with the previous projections.
The Company will achieve increases in operating margins by increasing the efficiency of social apps through reductions in server costs and advertising expenses, etc.

	Projections this time	Y-o-Y Change	FY2010	Change from the previous projections	Previous projections (as of October 20, 2010)	[Unit: million yen]
Net sales	6,270	41.3%	4,436	10.0%	5,700	[Positive factor] No significant staff increase
Cost of sales	1,523	41.9%	1,073	8.1%	1,409	[Negative factor] Increase in outsourcing cost related to social apps
Labor cost	520	2.7%	507	5.4%	493	
Outsourcing cost	498	35.2%	368	25.7%	396	[Positive factor] Although the office floor space will be increased in accordance with the organization reinforcement, server cost will be reduced.
Rental cost	342	823.0%	37	1.6%	337	
Other costs	161	1.0%	160	-10.7%	181	
S,G&A expenses	3,998	42.0%	2,816	9.6%	3,648	
Advertising expense	1,700	15.3%	1,474	2.5%	1,659	[Positive factor] TV commercial will be placed. The efficiency of advertising expense will be increased by reducing advertisements which are not effective.
Sales commission	1,175	158.3%	455	12.8%	926	
Other expenses	1,121	26.5%	886	-6.5%	1,062	
Operating income	748	37.0%	546	16.6%	641	
Operating margin	11.9%		12.3%		11.3%	

Official sites - Present status and future

Strong sales of 2 official site titles released in 2Q FY2011.
The Company's titles continue to occupy the upper reaches of rankings for each category.

Present status

[Sales ranking by game application category: compilation period (from December 1 to December 31)]

i-mode Romantic Simulation category

Ranking	Site name
1	Koibito wa Senzoku SP
2	Kichijoji Koiro Days
3	Nemuranu Machino Cinderella
4	Ojisama no Propose
5	Syonan Hatsukare Diary
6	Shugaku Ryoko Naisho no Koi
7	Koi ni Ochita Kaizokuo
8	Akuma to Koisuru 10 Days
9	Shanai Ren-ai Futari no Himitsu
10	Tenka Toitsu Koi no Ran
11	Renai Joto! Ikemen Gaikuen
12	Room Share Sugao no Kare
13	Otomate Mobile
14	Tokubetsu Sosa Micchaku 24-ji
15	Mafia na Darling
16	Koibito wa Dokyonin
17	Tokimeki Saikyo Oresama Gakuen
18	Koibito wa Furyo Tenkosei
19	Koibito wa Onzoshi
20	Koibito wa Musician

(Total of 161 sites)

Released in 2Q

Released in 2Q

i-mode Story category

Ranking	Site name
1	100 Scene no Koi
2	Denshi Shoten PAPYLESS
3	Keitai Shoseki Review tsuki
4	BIGLOBE Keitai Shoten
5	Dokodemo Dokusho

(Total of 49 sites)

i-mode Simulation category

Ranking	Site name
1	Darby Stallion
2	Nobunaga's Ambition
3	Romance of the Three Kingdoms
4	Koibito wa Captain
5	Darling wa Geinojin

(Total of 62 sites)

: Titles released by Voltage

: New sites which will be released in FY2011

2H FY2011

(1) Planning to release
5 new titles
(total of 9 new titles in FY2011)

Social apps - Present status and future

Planning to release new social apps titles in 2H FY2011 also and expand platform

Present status

GREE Game ranking (for women)

All seven titles released by Voltage placed in the top 20.

Ranking	Application name	
1	DRAGON COLLECTION	
2	Love & Job ! Otona no Jijo	Released in 3Q
3	Darling wa Geinojin for GREE	Released in 2Q
4	Omiseyasan for GREE	
5	COORDE MANIA	
6	Hakuoki	
7	Koi ni Ochita Kaizokuo for GREE	
8	Bakumatsu Shishi no Renai Jijo for GREE	
9	Koibito wa Senzoku SP for GREE	Released in 2Q
10	Shibuya Love Trip for GREE	Released in 2Q
11	Okanemochi san	
12	Bokuno Restaurant 2	
13	Onmyoji - Heian Yokitan -	
14	Kimito Naishono ... Kyokara Kareshi	
15	Girls Collection	
16	Orin Gakuen no Ren-ai Jijo for GREE	
17	Ren-ai Joto! Ikemen Gakuen for GREE	
18	Koibito wa Captain for GREE	
19	Shirotsuku	
20	Harvest Moon for GREE	

[Survey date: February 2]



2H FY2011

(1) Planning to release 4 new titles
(total of 10 new titles in FY2011)

On January 13:
Released "Love & Job ! Otona no Jijo"
On February 1:
Released "Koibito wa Dokyonin for GREE"

(2) Expand platform
Planning to release titles in Mobage-town

(3) Planning to introduce monthly fee charge course

Smartphone apps - Present status and future

Planning to release social apps for GREE on smartphones.
Also preparing overseas editions.

Present status

[Electronic books]

Already released apps for iPhones.
(Released on October 13 on the App Store)

“100 Scene no Koi”



[Game apps]

Already released game apps on the carrier market.
(Released on October 7 in the au one Market and
on November 26 in the DoCoMo market)

“Ren-ai Joto ! Ikemen Gakuen”



* Picture only.

2H FY2011

[Game apps]

(1) Social apps for smartphones

Planning to release apps for GREE

(2) Overseas editions

In preparation

New series “Love & Job !” series

Released the 1st round-title of the “Love & Job !” series targeting women around 30 years of age.

2H FY2011

Already released “Love & Job ! Otona no Jijo for GREE”,
the 1st round-title of “Love & Job !” series on January 13.



(1) Sales off to an early start

Ranked 2nd

in the “GREE game ranking for women”

(Survey date: February 2)

(2) Official site

Planning to be launched in April.

The 2nd round of
the series

In preparation

“Betsukare” TV commercial Campaign

Started running TV commercials for the “Koibito Game” series with the television talent Marie. Already placed TV commercials in some areas on a trial basis in February. Planning to go national in April.

2H FY2011

“Nemuranu Machi no Cinderella”



“Kichijoji Koiro Days”



Return to shareholders

Commemorative dividend

We will pay a commemorative dividend (first payment) of 15 yen per share* to mark the listing on the TSE Mothers, with the record date set on December 31, 2010.

Year-end dividend

Year-end dividend for the current period has not been determined yet.

Dividend policy

We are considering returning profits to our shareholders through dividend payments while securing retained earnings for future business development and the strengthening of the management structure.

* The Company has implemented one-to-three share split effective January 1, 2011, and the above-mentioned dividend payment of 15 yen per share shall apply to the shares before the share split.

Contact for inquiries

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[Contact for inquiries]

Administration Department

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