

FY2011 First Quarter Consolidated Financial Highlights



November 12th, 2010

Company name:	Macromill, Inc.
Company code number:	3730 (URL : http://www.macromill.com/)
Shares traded:	Tokyo Stock Exchange , 1st section
Representative:	Tetsuya Sugimoto, Chairman and President
Contact person:	Yasuhiro Kihara, Chief Financial Officer
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Planned filing date of quarterly securities report:	November 15 th , 2010
Supplemental materials prepared for quarterly financial results:	yes
Earnings announcement for quarterly financial results:	no

1. Consolidated operating results (July 1, 2010 to September 30, 2010)

(1) Consolidated financial results (For the three months ended September 30)

(In millions of yen, with fractional amounts discarded)
(Percent of change from previous first quarter)

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
FY2011 first quarter	2,848	61.6	568	47.7	582	58.3	283	4.3
FY2010 first quarter	1,762	(12.1)	384	(17.1)	367	(21.7)	271	19.7

	Net income per share (Yen)	Net income per share (diluted) (Yen)
FY2011 first quarter	1,911.80	1,901.24
FY2010 first quarter	2,199.60	2,197.54

(2) Consolidated financial position

	Total assets (Millions of yen)	Net assets (Millions of yen)	Equity ratio %	Net assets per share (yen)
FY2011 first quarter	13,486	10,862	80.3	69,649.20
FY2010	9,313	7,734	82.8	57,740.64

(Note) Total equity September 30, 2010: 10,834 million yen June 30, 2010: 7,711 million yen

2. Dividends

	Annual dividend per share				
	End of first quarter (Yen)	End of second quarter (Yen)	End of third quarter (Yen)	Year-end (Yen)	Total (Yen)
FY2010	-	1,500.00	-	1,800.00	3,300.00
FY2011	-				
FY2011 (forecast)		2,000.00	-	1,800.00	3,800.00

(Note) Revisions to the forecast of cash dividends in the current quarter: none

3. Forecast of consolidated results for FY2011 (From July 1, 2010 to June 30, 2011)

(Percent of change from relevant previous term)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Yen)
First half	5,821	64.4	900	2.5	920	6.1	398	(32.3)	2,620.13
Annual	12,530	70.4	2,467	15.9	2,506	17.3	1,304	3.0	8,483.43

(Note) Revisions to the forecast of consolidated results in the current quarter: none

4. Others

(1) Changes in significant subsidiaries during the current quarter: none

(Note) This item indicates whether there were changes in specified subsidiaries that caused a change in the scope of consolidation during the current quarter.

(2) Application of simplified accounting procedures, or application of special accounting procedures in creating consolidated financial statements for the quarter under review: none

(Note) This item indicates whether the company has adopted simplified accounting procedures and accounting procedures specific to quarterly consolidated financial statements.

(3) Changes in principles/methods of accounting treatment, presentation method or other items related to preparation of consolidated financial statements (basis of presentation and significant accounting policies)

1) Changes related to revision of accounting standards: yes

2) Changes other than those included in 1) above: yes

(4) Number of outstanding shares (common share)

1) Number of shares issued and outstanding at the end of each period (including treasury stock):

FY2011 first quarter: 161,578 shares

FY2010: 138,586 shares

2) Number of treasury stock at the end of each period:

FY2011 first quarter: 6,026 shares

FY2010: 5,026 shares

3) Average number of shares issued and outstanding in each period:

FY2011 first quarter: 148,249 shares

FY2010 first quarter: 123,560 shares

* Disclaimer regarding appropriate use of forecasts and related points of note

The above forecasts were based on information that was available as of the day of this announcement and on assumptions made as of the same day regarding a number of uncertainties that could affect future financial performance. Actual results could differ considerably depending on a variety of factors hereafter.

Consolidated Balance Sheets

(Thousands of yen)

Description	As of September 30, 2010 Amount	As of June 30, 2010 Amount
Assets		
Current assets		
Cash and deposits	6,525,121	5,209,063
Notes and accounts receivable-trade	2,386,135	1,451,541
Short-term investment securities	215,000	220,000
Work in process	18,974	3,270
Preproduction	2,809	6,264
Supplies	1,989	1,490
Deferred tax assets	535,318	287,873
Other	136,474	116,716
Allowance for doubtful accounts	(1,349)	(1,028)
Total current assets	9,820,475	7,295,192
Noncurrent assets		
Property, plant and equipment	483,741	175,744
Intangible assets		
Software	441,276	314,809
Goodwill	516,199	98,721
Other	347,634	8,565
Total intangible assets	1,305,110	422,096
Investments and other assets		
Investment securities	1,071,876	960,217
Other	807,139	461,003
Allowance for doubtful accounts	(1,438)	(871)
Total investments and other assets	1,877,576	1,420,349
Total noncurrent assets	3,666,428	2,018,190
Total assets	13,486,903	9,313,382

Description	As of September 30, 2010 Amount	As of June 30, 2010 Amount
Liabilities		
Current liabilities		
Accounts payable-other	1,016,876	303,232
Income taxes payable	210,161	515,105
Allowance for panelists-points	899,954	586,220
Reserve for bonuses	85,157	—
Asset retirement obligations	67,113	—
Other	253,921	174,505
Total current liabilities	<u>2,533,185</u>	<u>1,579,063</u>
Long-term liabilities		
Asset retirement obligations	90,862	—
Total long-term liabilities	<u>90,862</u>	<u>—</u>
Total liabilities	<u>2,624,047</u>	<u>1,579,063</u>
Net assets		
Shareholders' equity		
Capital stock	1,597,858	1,597,858
Capital surplus	4,863,632	1,631,399
Retained earnings	5,002,396	4,959,382
Treasury stock	(611,344)	(447,796)
Total shareholders' equity	<u>10,852,543</u>	<u>7,740,843</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(18,471)	(29,004)
Total valuation and translation adjustments	<u>(18,471)</u>	<u>(29,004)</u>
Subscription rights to shares	28,784	22,479
Total net assets	<u>10,862,856</u>	<u>7,734,319</u>
Total liabilities and net assets	<u>13,486,903</u>	<u>9,313,382</u>

Consolidated Statements of Income

(Thousands of yen)

Description	FY2010 first quarter	FY2011 first quarter
	(Three months ended September 30, 2009)	(Three months ended September 30, 2010)
	Amount	Amount
Net sales	1,762,818	2,848,616
Cost of sales	831,118	1,474,889
Gross profit	931,699	1,373,726
Selling, general and administrative expenses	546,707	805,271
Operating income	384,992	568,455
Non-operating income		
Interest income	13,976	13,197
Dividends income	—	182
Other	1,973	1,670
Total non-operating income	15,950	15,051
Non-operating expenses		
Interest expenses	684	661
Loss on transfer of accounts receivable	20,374	—
Equity in losses of affiliates	10,119	—
Stock issuance expenses	—	640
Other	1,931	20
Total non-operating expenses	33,109	1,322
Ordinary income	367,833	582,184
Extraordinary loss		
Loss on retirement of noncurrent assets	5,239	14,193
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	24,323
Integration-related expenses	—	54,083
Total extraordinary losses	5,239	92,599
Income before income taxes and minority interests	362,594	489,584
Income taxes-current	171,645	203,711
Income taxes-deferred	(68,682)	2,450
Total income taxes	102,963	206,161
Income before minority interests in loss	—	283,422
Minority interests in loss	(12,151)	—
Net income	271,782	283,422

Consolidated statements of cash flow

(Thousands of yen)

Description	FY2010 first quarter	FY2011 first quarter
	(Three months ended September 30, 2009)	(Three months ended September 30, 2010)
	Amount	Amount
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	362,594	489,584
Depreciation and amortization	62,434	85,267
Amortization of goodwill	27,239	9,364
Increase (decrease) in allowance for doubtful accounts	(740)	888
Increase (decrease) in allowance for panelists-points	24,756	32,176
Increase (decrease) in reserve for bonuses	—	61,194
Interest and dividends income	(13,976)	(13,197)
Foreign exchange losses (gains)	10,449	—
Equity in (earnings) losses of affiliates	10,119	—
Loss on retirement of noncurrent assets	5,239	14,193
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	24,323
Integration-related expenses	—	54,083
Decrease (increase) in notes and accounts receivable-trade	39,366	(113,226)
Decrease (increase) in inventories	(7,034)	34,697
Increase (decrease) in accounts payable-other	(44,166)	112,601
Decrease (increase) in consumption taxes payable	7,846	16,451
Other, net	37,602	(74,946)
Subtotal	521,728	733,453
Interest and dividends income received	17,346	17,610
Interest expenses paid	—	(21,400)
Income taxes paid	(319,323)	(492,841)
Net cash provided by (used in) operating activities	219,751	236,822
Net cash provided by (used in) investing activities		
Payments into time deposits	—	300,000
Purchase of property, plant and equipment	(19,261)	(12,564)
Purchase of software	(25,495)	(16,891)
Purchase of investment securities	(89,000)	(87,500)
Proceeds from sales and redemption of investment securities	300,000	—
Payments for lease and guarantee deposits	—	(117,200)
Proceeds from collection of lease and guarantee deposits	340	38,561
Payments of loans receivable	(80,421)	—
Other, net	—	255
Net cash provided by (used in) investing activities	86,161	104,659
Net cash provided by (used in) financing activities		
Payments for stock issuance	—	(1,841)
Purchase of treasury stock	—	(234,462)
Proceeds from sale of treasury stock	—	95,763
Cash dividends paid	(173,432)	(207,014)
Net cash provided by (used in) financing activities	(173,432)	(347,555)

Description	FY2010 first quarter	FY2011 first quarter
	(Three months ended September 30, 2009)	(Three months ended September 30, 2010)
	Amount	Amount
Effect of exchange rate change on cash and cash equivalents	(10,482)	—
Net increase (decrease) in cash and cash equivalents	121,998	(6,073)
Cash and cash equivalents at beginning of period	2,842,041	4,909,063
Increase (decrease) in cash and cash equivalents resulting from integration of absorption-type split	—	1,622,131
Cash and cash equivalents at end of period	2,964,040	6,525,121