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ZAPPALLAS

Company Zappallas Inc.
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**Notice Concerning the Differences Between the Forecast and Results for the First Two Quarters
of the Fiscal Year Ending April 30, 2014**

Notice is hereby provided of the following differences between the forecast for the first two quarters of the fiscal year ending April 30, 2014 (May 1, 2013 – October 31, 2013) that was announced on June 13, 2013 and the results that were announced today.

1. Differences between the consolidated forecast and results for the cumulative first two quarters of the fiscal year ending April 31, 2014

(Period from May 1, 2013 to Oct. 31, 2013)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per share
Previously announced forecast (A)	Millions yen 4,080	Millions yen 140	Millions yen 140	Millions yen 80	Yen 6.34
Actual result (B)	3,899	268	252	158	12.56
Amount of change (B-A)	(181)	128	112	78	-
Percentage change (%)	(4.4%)	91.4%	80.0%	97.5%	-
(Reference) Consolidated result from previous year (First 2 quarters, year ended April 31, 2013)	4,574	910	921	595	47.46

Note: Because shares of our company's ordinary stock were split at the ratio of 100:1 on November 1, 2013, the calculation of net income per share assumed that this stock split was carried out at the start of the previous consolidated fiscal year.

2. Reasons for the Differences

Regarding the consolidated results for the consolidated first two quarters of this fiscal year, our company has worked to create mechanisms for attracting new customers, aimed at capturing the ranks of smartphone users which are growing faster than ever, and a portion of the expenses for this purpose were below the level which had been expected. Consequently, the results for operating income, ordinary income, and net income were higher than the forecast.

The results forecast for the full year remains unchanged from the previous announcement.