



ValueCommerce Co.,Ltd.
(Stock Code: 2491, Mothers at Tokyo Stock Exchange)

Corporate Presentation

Disclaimer

Forward-Looking Statements: This presentation contains financial outlooks and other statements on future results. They are based on information currently available and on certain assumptions that we deem reasonable, and are subject to risks, uncertainties and other factors that may cause actual results to differ materially from those described in this presentation. The potential risks and uncertainties include, among others, general economic conditions and changes in economic conditions; the implementation and results of ValueCommerce's ongoing strategic initiatives; ValueCommerce's ability to compete with new or existing competitors; acceptance by clients and partners of new products and services; risks related to joint ventures and the integration of acquisitions; failure to manage growth and diversification. There can be no assurance that the assumptions made in preparing the projected financial and operational information will prove accurate.

From FY2011, ValueCommerce has divided single segment "Performance Marketing Segment" into 2 segments: Affiliate Marketing Service Segment and Storematch Service Segment.

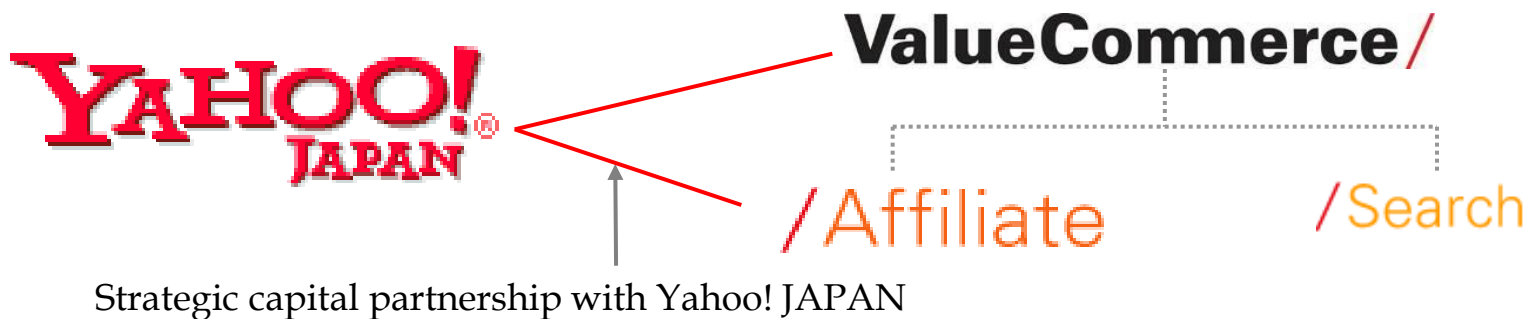
Throughout this presentation we have rounded numbers as appropriate.

Corporate Overview

ValueCommerce at a Glance

The Leading Performance Marketing Company in Japan

- First affiliate service provider in Japan (1999)
- Strategic partnership with Yahoo! JAPAN, ValueCommerce accepting its TOB (April, 2005)
- Yahoo! JAPAN has become a primary shareowner of ValueCommerce (43.5% of the stake)
- Went public on Tokyo Stock Exchange (Mothers) in July, 2006
- Total staffs 266 (as of December, 2011)
- 2,800+ e-commerce clients, 857K media partners (as of December, 2011)
- 226 BN JPY Gross Merchandize Volume and 35M performance transactions (FY2011)
- Obtained approx 10% of the market share (in performance marketing industry in Japan)
- Sales and pre-tax profit reached a historical high in FY2011



Management Team

Board of Directors



Youchi Iizuka

(President & Chief Executive Officer)



Yoshio Fujimura

(Director & Chief Financial Officer)

Outside Director **Keiji Tsuchida** (General Manager, Strategic Operation Division of Yahoo! JAPAN)

Outside Auditors

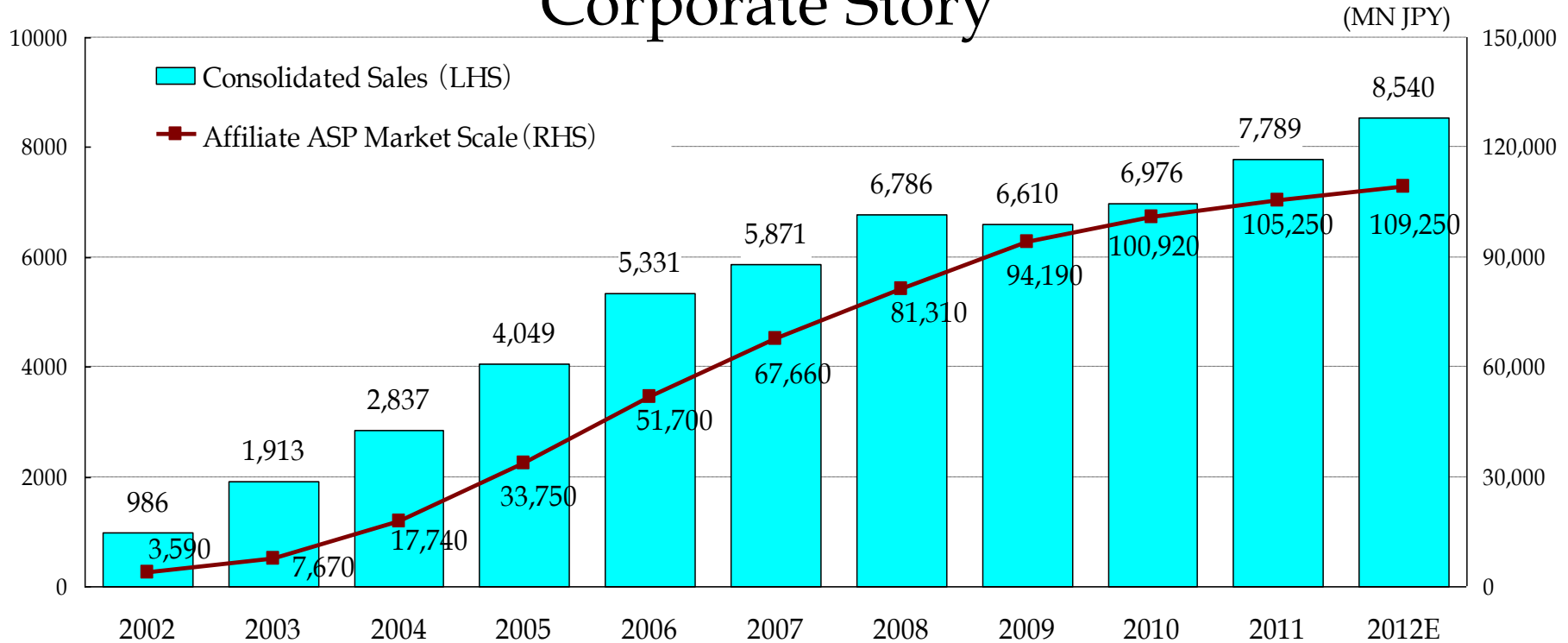
Munetake Tanaka (Presiding)

Shingo Yoshii (Presiding auditor of Yahoo! JAPAN)

and 2 auditors with CPA credentials

Mr.Iizuka and Mr.Fujimura have newly been elected the company's board of directors, effective March 25, 2011. Mr.Tsuchida has served on the board since 2008 and helped them.

Corporate Story



Industry

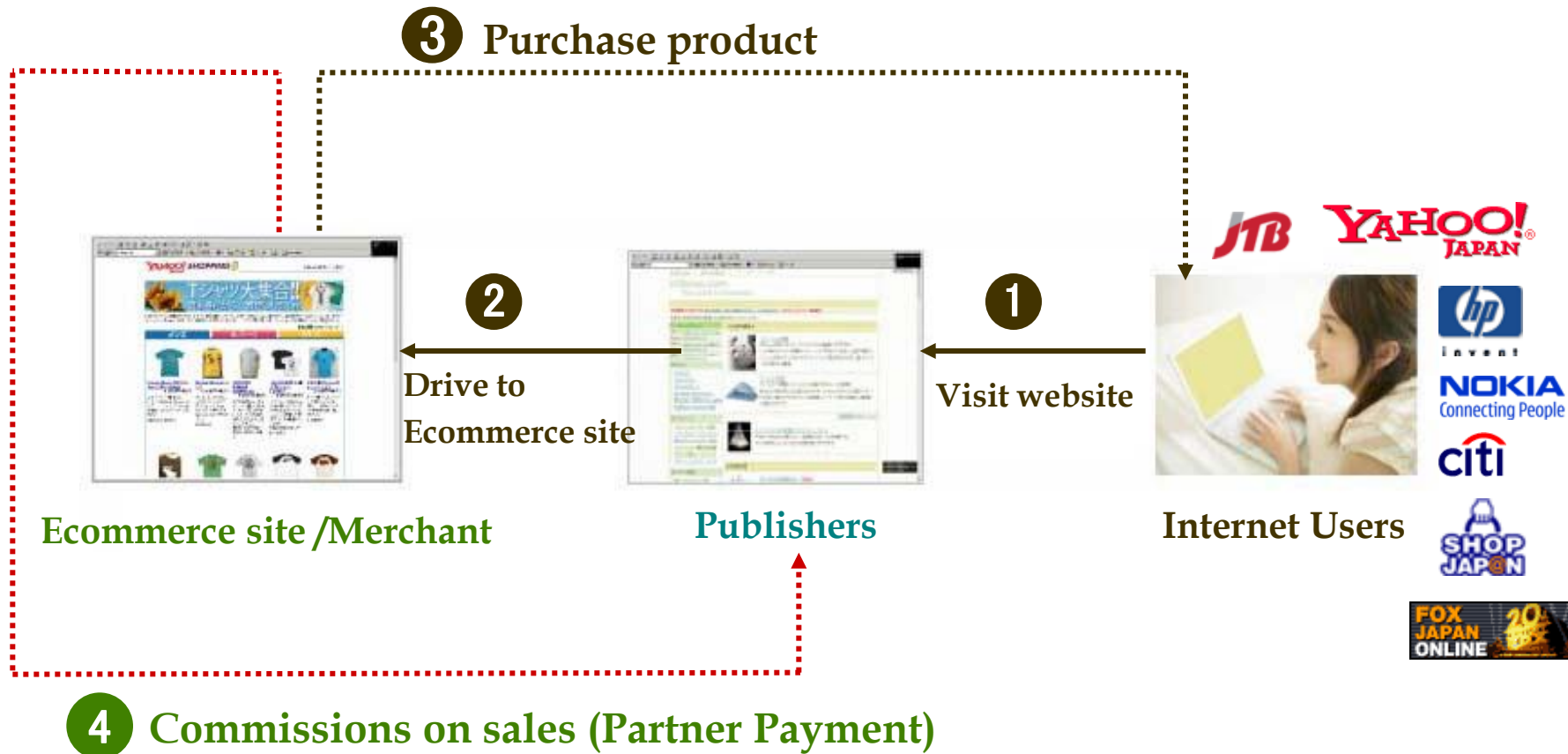
- Service launches (1999-2003)
- Affiliate marketing craze (2004-2006)
- 4 firms went public (2005-2006)
- Mobile affiliate marketing strengthened (2007-2009)
- Google AdSense launch in Japan (2003)
- Rakuten's takeover of Linkshare USA (2005)
- Emergence of smartphones and tablets, diversification of social media, reward advertising (2009-)

ValueCommerce

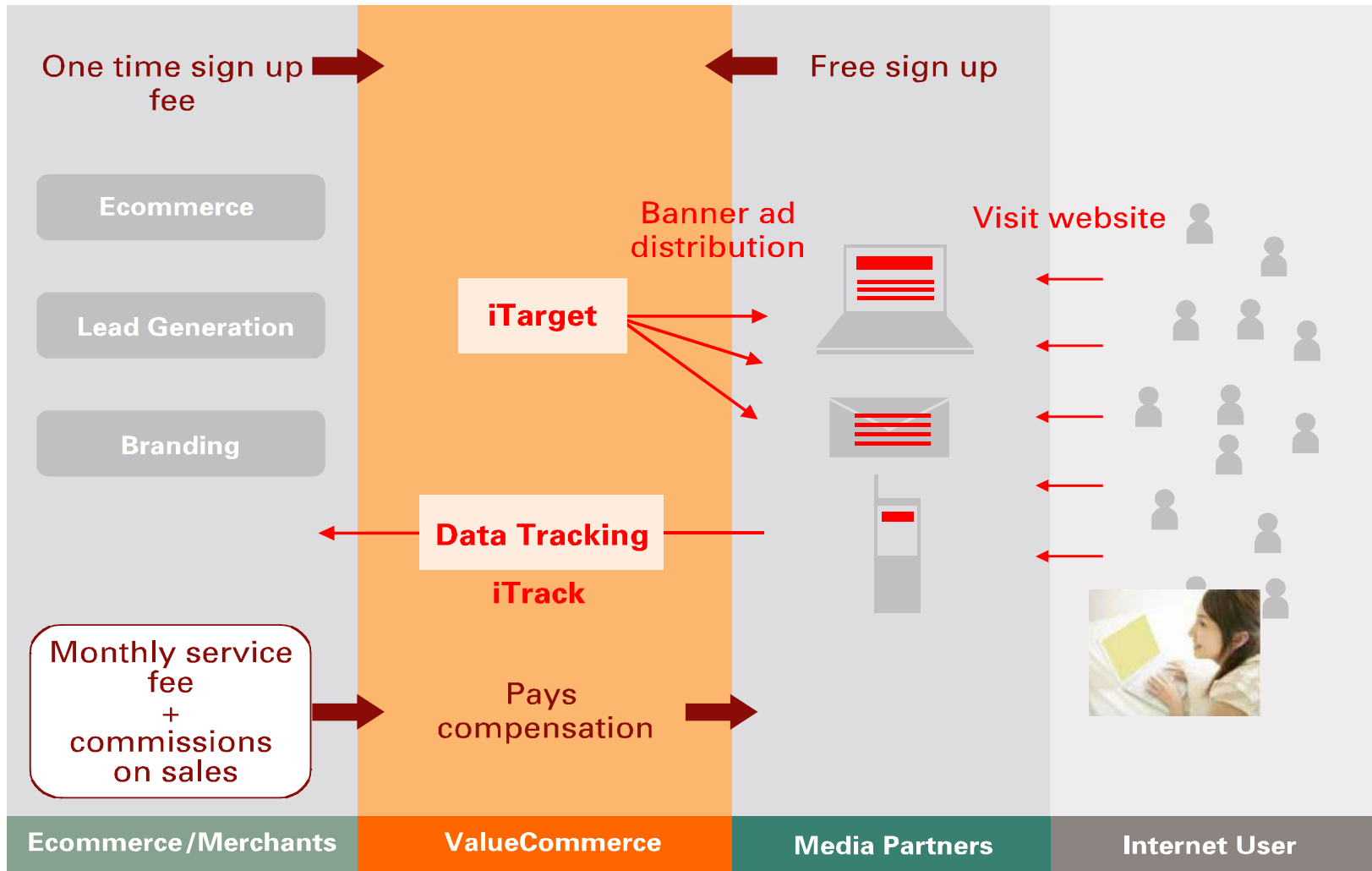
- Service launch (1999)
- Development center set up in Russia (2003)
- Yahoo Japan Corp.'s investment to be the largest shareholder (2005)
- Stock listed on TSE Mothers (2006)
- Profitability decline after poor performance and impairment of a subsidiary (2007 to 2009)
- Development center moved to the Philippines (2007)
- Record high sales (2011)
- Decided to close Manila Dev. Center (2011)

Businesses

What is Affiliate Marketing



How it works



Earnings Drivers

Once a performance is achieved through affiliate marketing, a client pays publisher payment plus a relevant commission to ValueCommerce, and then ValueCommerce pays the publisher payment to a publisher on behalf of the client. No payment incurs to the publisher.

**Publisher
Payment**

Publisher Payment is the largest earnings driver.

+

**ValueCommerce Commission
(VCC)**

30% of Partner Payment is commission from a client to ValueCommerce.

+

**Basic Fixes Fee and
Optional Fees**

ValueCommerce deals with listing ads etc as optional service.

Two Tiers of Affiliate Marketing

	ASP Service	Consulting Service
Who manages performance marketing	EC sites (Merchants) <i>Do it yourself</i>	ValueCommerce on behalf of the client <i>Leave-it-to ValueCommerce</i>
Who acknowledges performance	EC sites (Merchants)	
Business Duration	It depends on EC sites (Merchants).	It is likely to retain for a long term.
Fee system (from clients to ValueCommerce)	A fixed monthly fee and a commission based on the performance.	Monthly Lump sum payment
Recognition of Publisher Payments	Never recognize as sales and cost of sales, rather recognizes as accrued asset and accrued liability	Recognizes as sales and cost of sales.
Recognition of Sales and Cost of sales	A fixed monthly fee and a commission excluding publisher payment	Monthly Lump sum payment including relevant publisher payment
Recognition of Gross Profit	Gross Profit is the same, regardless of both services.	

ValueCommerce Program (platform)



Development of platform, products, and services









Overview of Partnership with Yahoo! JAPAN

ValueCommerce contributes to Yahoo! JAPAN's audience growth

- Yahoo! Blog and Yahoo! Geocities subscribers can become affiliate partners



ValueCommerce provides significant leads & transactions to Yahoo! JAPAN branded properties (Yahoo! CPA)

- Yahoo! Shopping  Yahoo! ショッピング
- Yahoo! Auction  Yahoo! オークション
- Yahoo! Travel  Yahoo! トラベル
- Yahoo! Toolbar  Yahoo! ツールバー
- Yahoo! Business Express  Yahoo! ビジネスエクスプレス
- Yahoo! Game  Yahoo! ゲーム
- Yahoo! Premium  Yahoo! プレミアム
- Yahoo! ToTo  Yahoo! toto

ValueCommerce distributes paid listing ads to Yahoo! Shopping (named "Storematch" service)

- Store no Ichioishi (Store's recommendation)
- Item match (Category matching ads)



Storematch Service Overview

Click-pay-AD distribution service to Yahoo! Shopping for products displayed on its product category list page. Yahoo! Shopping merchants display information about their products shown on Yahoo! Shopping as an advertisement. Improved monetization efficiency can be expected.



Store's Ichioshi

Paid ad listing service for Yahoo! Shopping merchants

Ex-Storematch Service = Store's Ichioshi

ItemMatch

Display type ad service for Yahoo! Shopping merchants

(new service)

Storematch Service: Click-pay-AD distribution service for Yahoo! Shopping merchants

		Store's Ichioshi	ItemMatch
Common points	Advertiser	Yahoo! Shopping merchants	
	Charging	Pay per click	
Differences	Type of ad	Pay for performance ad	Display type ad
	Determination of bid price	Keyword auction system	Product category auction system*
	Prep of advertisement	Necessary	Not necessary
	Tweeting function	No	Yes
Expected advertisement effects		Appeal to users who choose relevant products using keywords	Appeal to users who choose products from product categories

* Product category auction system: Products are divided into 24 categories. A store merchant chooses a category to which the product he or she intends to sell belongs and determines the auction price. Ads are displayed starting with the product having the highest price.

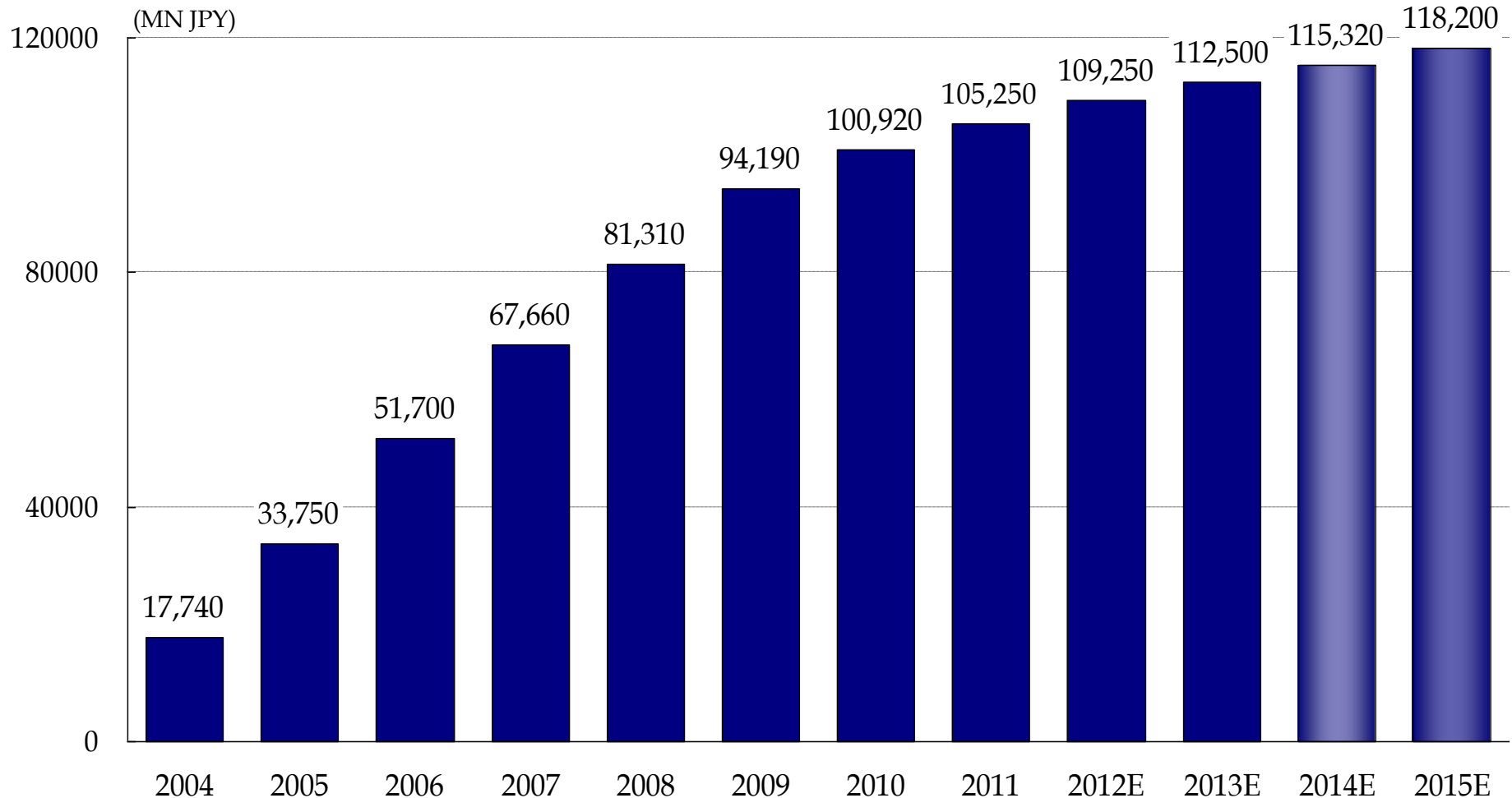
Advertisement screenshot



Competitive Landscape

Market Perspective

- Published stats cover the period until 2013. Figures for 2014 hereafter are estimated on our own assumption of Y/Y growth rate of 2.5%. The five-year CAGR for 2010-2015 is 3.2%.
- Opportunities for smartphone ad demand are not taken into account thus far.

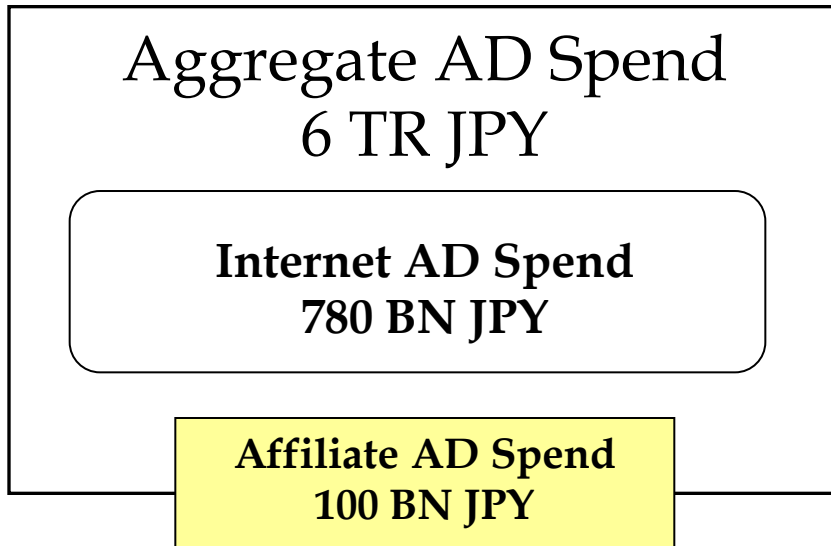


Source: Yano Research Institute: Affiliate Marketing Research 2011 (Apr. 2011); The figures for 2014 and 2015 are our own estimate.

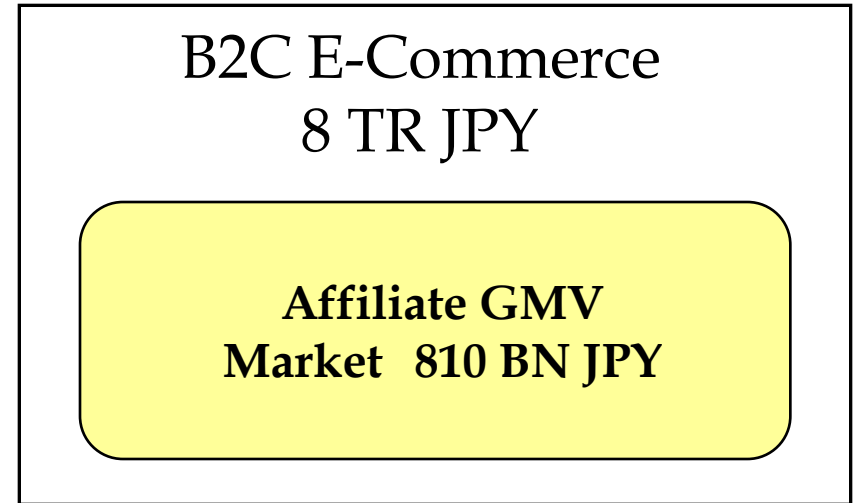
Strong positive correlation with E-Commerce Market

Affiliate marketing industry has a strong positive correlation with B2C E-Commerce market. Affiliate marketing has contributed 10% of the E-Commerce growth with double-digit growth.

From AD Spend Standpoint



From GMV standpoint

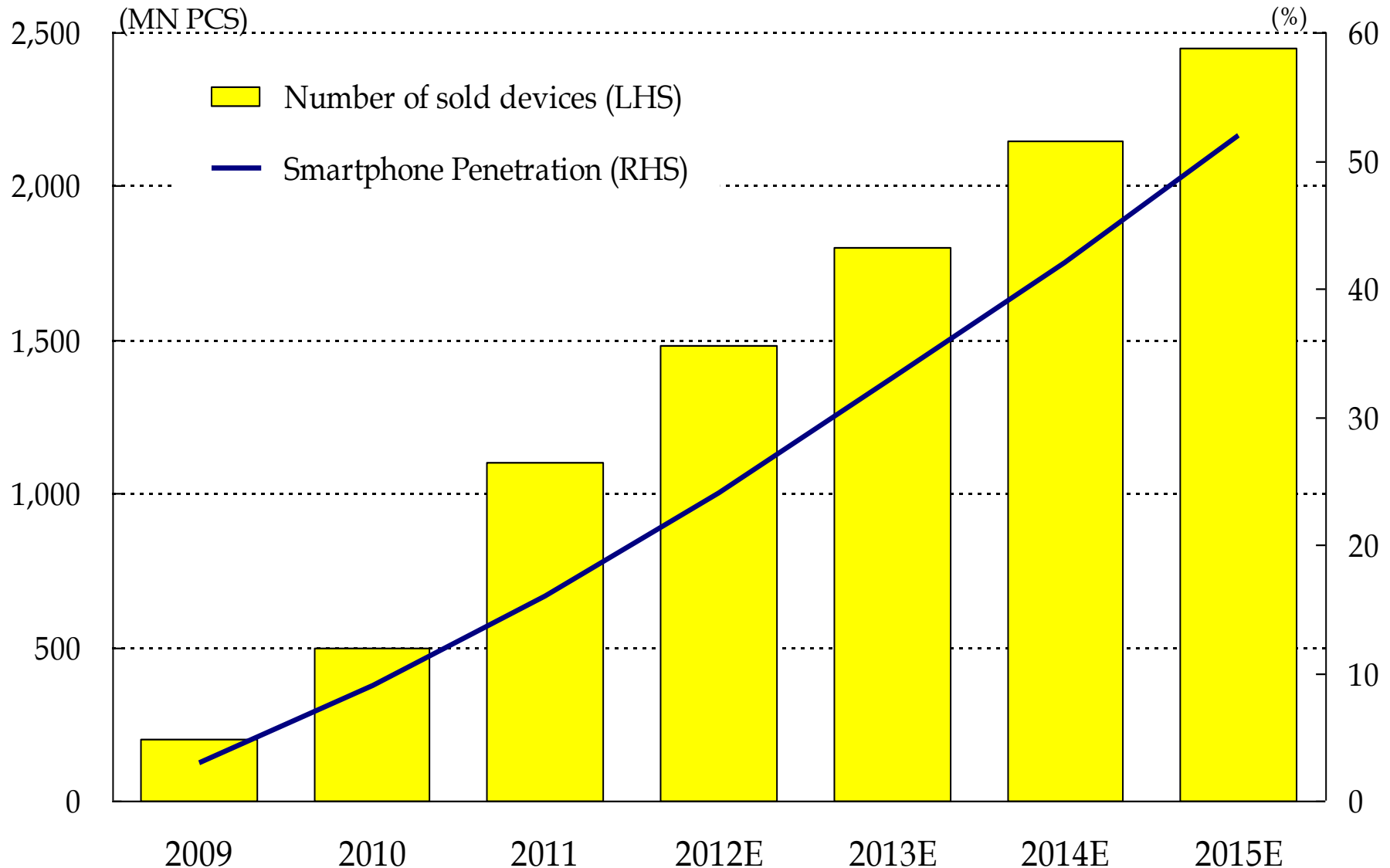


	2006	2007	2008	2009	2010	(BN JPY) 4Y-CAGR
E-Commerce market (B to C)	4,400	5,300	6,100	6,700	7,800	15.4%
Affiliate market (GMV)	-	551	634	696	810	13.7%

Source: B2C E-Commerce Market Size - Ministry of Economy, Trade, and Industry (METI). Affiliate Market GMV - only 2007 data was provided by METI, and data for 2008 thereafter were estimated by ValueCommerce.

Exponential Growth of Smartphone Market

Smartphone devices would be sold 25MN pcs and its penetration will reach over 50% in 2015.



Source: ValueCommerce estimate from various stats

Immediate Competitors Overview

	ValueCommerce	Adways	Interspace	Fan Communications	Linkshare Japan	
Ticker	2491	2489	2122	2461	-	
DBA	ValueCommerce	JANet & Smart-C	AccessTrade	A8.net & Mova8.net	Linkshare Affiliate	TG Affiliate
Service Launch	Nov, 1999	Apr, 2001	Mar, 2001	Jun, 2000	Mar, 2001	Apr, 2001
Shareowners (ex MGT)	Yahoo Japan Corporation (43.5%)	Itochu Corporation (20%)	Opt (1%)	Rakuten (5%)	Rakuten (36.25%), MBK (36.25%), Linkshare Corporation (27.5%)	
Key issues	Yahoo's affiliate. Strength in finance, online shopping, travel.	Mobile strength. Strong tie with GREE. Target to social games.	Focus on affiliate & media biz.	Largest affiliate network. Strong for small clients.	Strong at shopping biz & marketing strategy.	Strong in finance.
IPO	Jul, 2006	Jun, 2006	Sep, 2006	Nov, 2005	-	
Latest Affiliate AD Network						
Number of Publishers	857K	321K	303K	1,356K	n.a.	
Number of Merchants	2,845	4,027	7,771	3,555	n.a.	
Sales (MN JPY) * Figures are on gross basis. For Adways, fiscal years ended in March and for Interspace, years ended in Sep.						
FY2011	12,450	15,907	9,462	10,590	n.a.	
FY2010	11,504	13,157	7,806	8,722	n.a.	

* Linkshare Corporation has been wholly owned by Rakuten since 2005 fall.

* Linkshare Japan and Trafficgate merged in May, 2010, and Linkshare Japan continues while TG discontinued. Brand name "TG affiliate" remains for the time being.

* Itochu Corporation and MBK are international trading companies with global reputation.

ValueCommerce Unique Assets

	ValueCommerce		Fan Communications	Adways	Interspace	Linkshare Japan
GMV *1	#1	JPY 226B	-	-	-	JPY 101B
Transactions *2	#1	35M	-	-	-	-
Publisher Payment + Sales (in 2010) *3	#2	JPY 12.5B	JPY 10.5B	JPY 15.9B	JPY 9.4B	-
Number of EC sites *4	-	2,845	3,555	4,027	7,771	-
Number of Publishers	#2	857K	1,356K	321K	303K	-
Client Set	-	Consulting Mid-High Tier ASP Long tail-Mid Tier	Long tail	Mobile	Sales rep dependence	eCommerce centric
Publisher Set	-	Varied	Small	Mobile	-	Closed media

*1 GMV stands for Gross Merchandise Volume. Larger GMV proves higher purchase opportunities via performance marketing. The figure is that of FY2011.

*2 Transactions are based on performance illustrating online purchasing activities and lead generations (e.g. new entrants applications, online enquiries). The figure represents that of FY2011.

*3 Making sales comparison on apples-to-apples basis, figures included amount of publisher payments.

*4 Number of EC sites at ValueCommerce is based on billed site basis, whereas others are ID or registered base. From this standpoint, number of EC sites are NOT on apples-to-apples basis, and its ranking is thus irrelevant. That of Interspace seems outrageous.

ValueCommerce's Strength lies in

Ample marketing expertise as a pioneer in ASP affiliate marketing

Direct sales strength and track records with major clients

High quality affiliate network through pre-screening and fraud control

Collaboration with Yahoo Japan Corporation

Multinational human resources with global competency

Strategies

Medium-Term Management Policy

Basic Policy

Increasing corporate value on a global basis

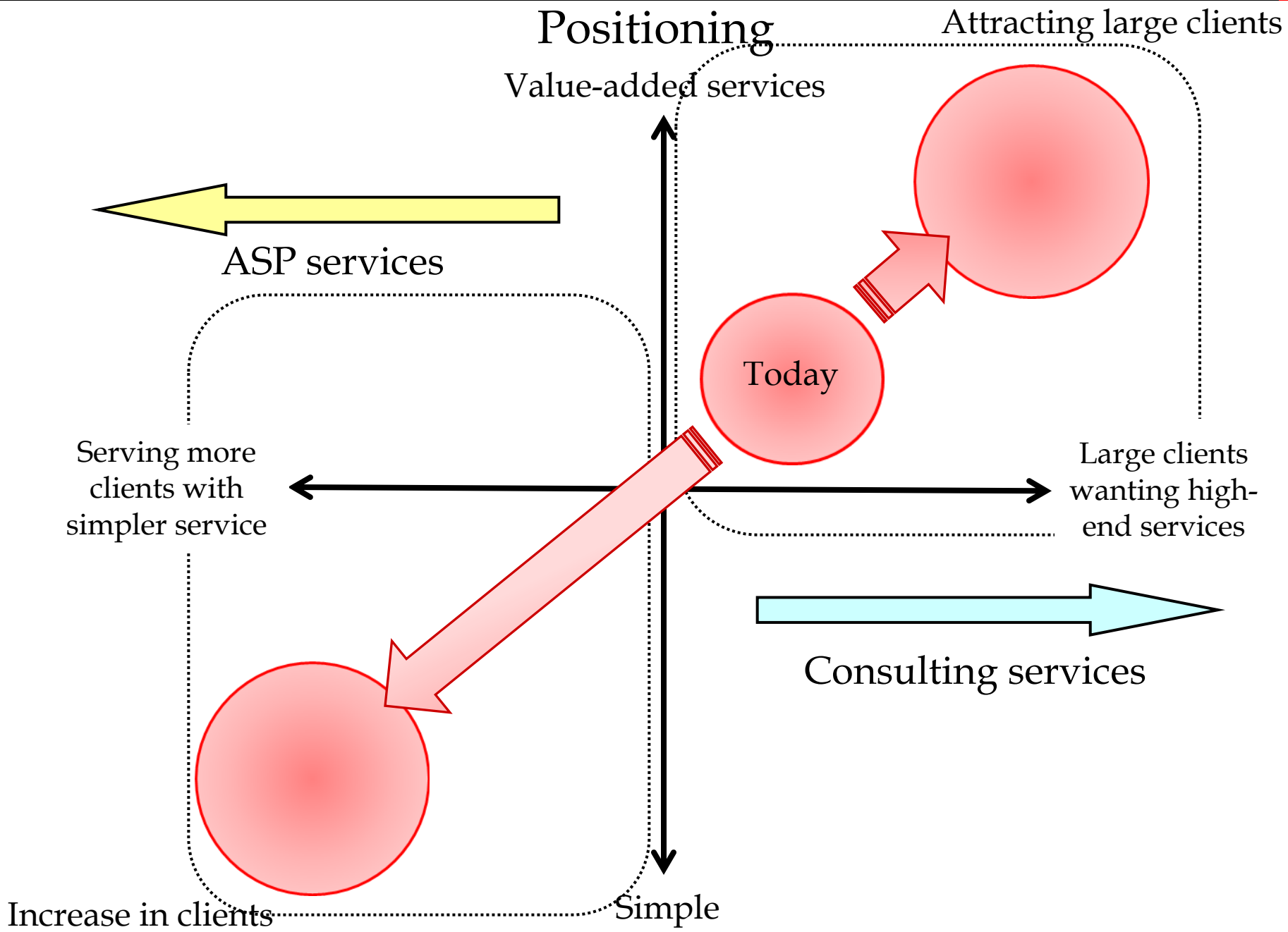
Management by appointing the right person to the right job, irrespective of nationality, age, gender, and region

Pursuing Strengths

- Work in partnership with Yahoo Japan Corp. (in Yahoo CPA and Storematch)
- Attract clients on the strength of our track record with major clients and expertise in delivering performance.

Capturing Growth Opportunities

- Increase the number of EC sites and partner sites.
- Capture smartphone ad demand and optimize services for smartphones.
- Pursue growth opportunities globally by supporting sales in overseas markets and sales of overseas products.



Specific Initiatives to Increase Sales

1. Acquire commercial accounts from large retail e-commerce clients

- Launch a sales expansion offensive targeting the EC sites of large retail e-commerce potential clients with larger gross merchandise volumes that we have yet to acquire. We expect that the gross merchandise volume through affiliates in accounts we have yet to acquire will be JPY 100 billion.

2. Create monetization opportunities in the smartphone market

- Support the optimization of smartphone services for both EC sites and partner sites. Site optimization (smart4me), performance recognition (App2Web), advertising for application providers (APP2APP, Web2APP), optimization of advertising materials.

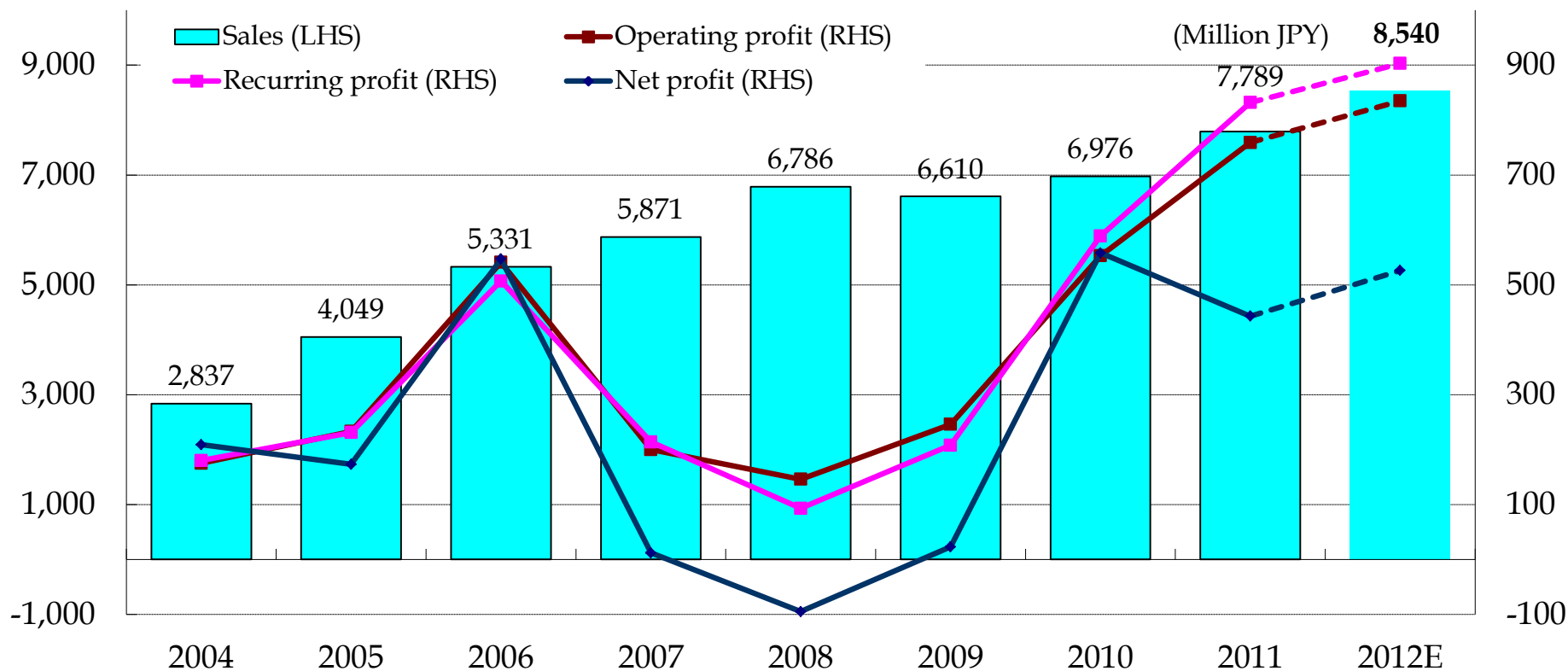
3. Pursue growth opportunities globally by supporting sales in international markets and sales of overseas products

- Consider making business alliance with and capital participation in local companies in Southeast Asia.
- Create earnings opportunities by approaching inquiries from overseas and applying businesses we have developed in Japan.

Financials

Historical Financial Highlights (Consolidated)

Bottomline's plunge in FY2011 was attributable to imposed corporate tax and some extraordinary losses.



(Million JPY)	2004	2005	2006	2007	2008	2009	2010	2011	2012E
Sales	2,837	4,049	5,331	5,871	6,786	6,610	6,976	7,789	8,540
Operating profit	175	233	541	200	146	246	553	759	835
Recurring profit	180	231	507	214	93	208	589	832	903
Net profit	209	173	547	12	(95)	23	558	443	526
Basic EPS	¥2,742.05	¥2,093.64	¥6,169.09	¥66.48	(¥502.66)	¥121.08	¥2,915.75	¥2,299.13	¥2,723.05

2011 Full-Year Consolidated Financial Results Overview

Consecutive 3-year higher sales were achieved. It was decided to close the development center in the Philippines in Q4'11, and extraordinary losses of net JPY 135 million were posted, including severance benefits to ex-management team in Q1'11 and the liquidation of overseas subsidiaries in Q3'11. (Million JPY)

	FY2011			FY2010	
		As % of sales	Y/Y Growth		As % of sales
Sales	7,789	-	11.6%	6,976	-
Cost of sales	4,798	61.6%	14.0%	4,207	60.3%
Gross Profit	2,990	38.4%	8.0%	2,769	39.7%
SG&A Expenses	2,230	28.6%	0.7%	2,215	31.8%
Operating Profit	759	9.8%	37.2%	553	7.9%
Recurring Profit	832	10.7%	41.3%	589	8.4%
Extraordinary Gains/Losses	(123)	(1.6%)	-	0	-
Pretax Profit	709	9.1%	20.4%	589	8.4%
Tax Provision	265	3.4%	-	30	0.4%
Net Profit	443	5.7%	(20.5%)	558	8.0%
Basic EPS	¥2,299.13	-	-	¥2,915.75	-

Sales by Service

Sales in Consulting services and Storematch services gained double-digit growth. Sales in ASP services remained flat, but this was mainly due to a fall in sales in optional SEM services. Commissions, the core of ASP services, increased steadily.

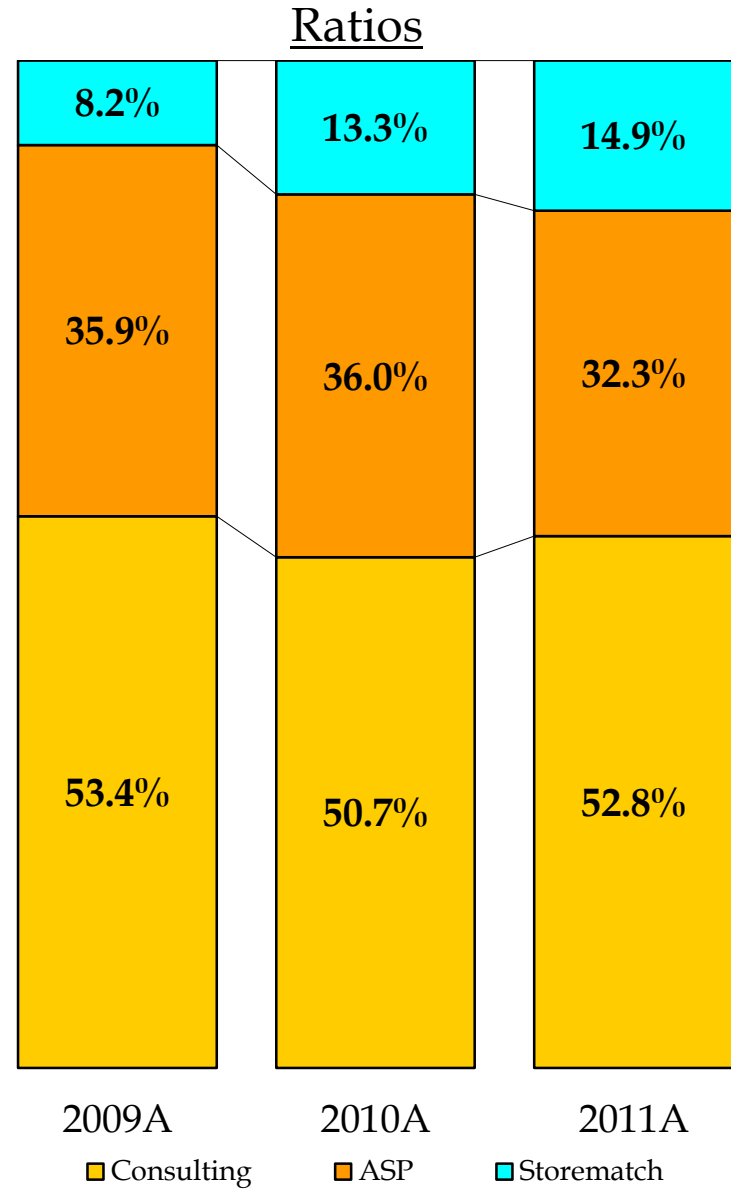
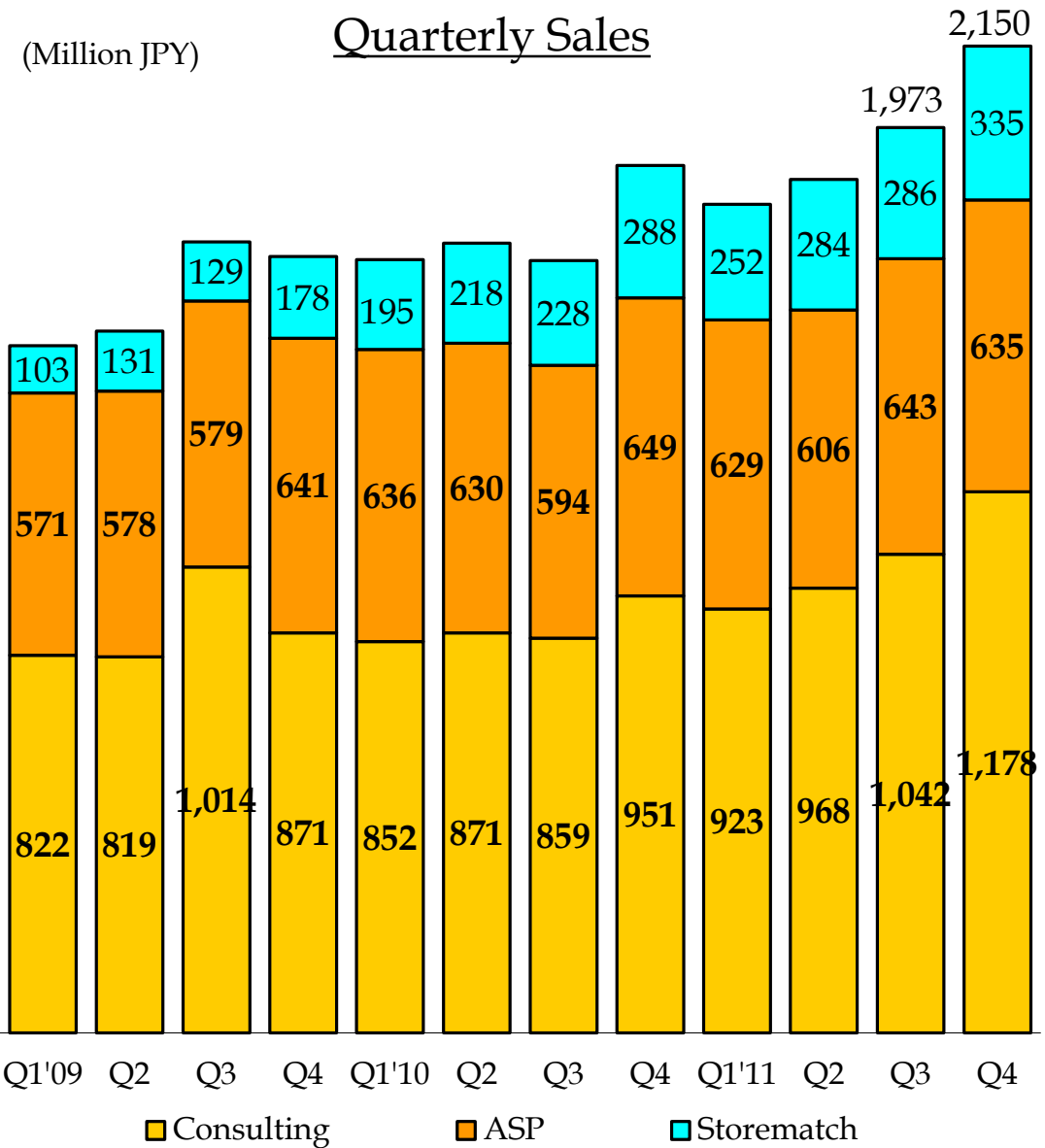
(Million JPY)

	FY2011			FY2010	
		As % of sales	Y/Y Growth		As % of sales
ASP services	2,514	32.3%	0.2%	2,510	36.0%
Consulting services	4,113	52.8%	16.4%	3,534	50.7%
Storematch services	1,159	14.9%	24.5%	931	13.3%
Total	7,789	-	11.6%	6,976	-

- Storematch services: Ad distribution service for store merchants in Yahoo Shopping.

Quarterly Sales by Service

Quarterly sales reached JPY 2B for the first time.



Category Breakdown in Sales

Sales remained strong in three categories of finance, online service & shopping (commodities sales), and travel / lifestyle.

—	FY2008				FY2009				FY2010				FY2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Finance	39.7%	39.2%	38.2%	41.1%	38.3%	38.8%	42.9%	34.1%	35.8%	31.2%	27.3%	32.7%	33.9%	34.3%	33.6%	37.2%
Online Services & Shopping	13.9%	13.2%	11.8%	9.9%	14.5%	13.6%	14.1%	18.3%	18.8%	17.6%	28.3%	21.3%	21.8%	19.3%	20.9%	21.4%
Travel / Lifestyle	13.4%	15.7%	18.4%	14.9%	14.8%	17.0%	18.0%	17.5%	17.0%	20.3%	17.9%	20.2%	20.1%	21.5%	19.8%	17.5%
Business / Jobs	9.3%	8.6%	8.7%	9.3%	8.3%	7.8%	5.6%	6.6%	7.1%	8.7%	6.9%	3.2%	3.3%	3.5%	3.5%	3.7%
Computers	9.0%	8.6%	8.1%	9.2%	8.9%	8.0%	8.0%	10.7%	8.4%	10.2%	8.8%	10.9%	9.1%	9.0%	9.7%	8.9%
Communications	4.5%	5.1%	4.7%	4.5%	4.2%	3.6%	2.3%	2.0%	2.6%	2.0%	2.4%	1.7%	1.7%	1.5%	1.3%	1.1%
Entertainment	3.8%	4.1%	3.6%	3.8%	3.2%	3.1%	2.0%	3.2%	2.8%	2.6%	1.9%	2.0%	2.3%	2.5%	2.3%	2.2%
Education	2.1%	1.2%	1.4%	1.4%	1.4%	1.4%	1.1%	1.2%	1.2%	1.1%	1.0%	1.0%	1.1%	1.0%	1.0%	1.0%
Health / Beauty	2.3%	2.6%	3.5%	3.6%	4.1%	4.9%	5.2%	5.5%	5.5%	5.2%	4.5%	6.5%	6.1%	6.9%	7.3%	6.5%
Automobiles	1.9%	1.4%	1.4%	1.1%	1.2%	0.8%	0.8%	0.9%	0.7%	0.6%	1.0%	0.5%	0.6%	0.5%	0.6%	0.5%
Others	0.1%	0.3%	0.2%	1.2%	1.1%	1.0%	-	-	-	0.6%	-	-	-	-	-	-
Five primary areas	85.3%	85.3%	85.2%	84.4%	84.8%	85.2%	88.6%	87.2%	87.1%	88.0%	89.2%	88.3%	88.2%	87.6%	87.4%	88.7%

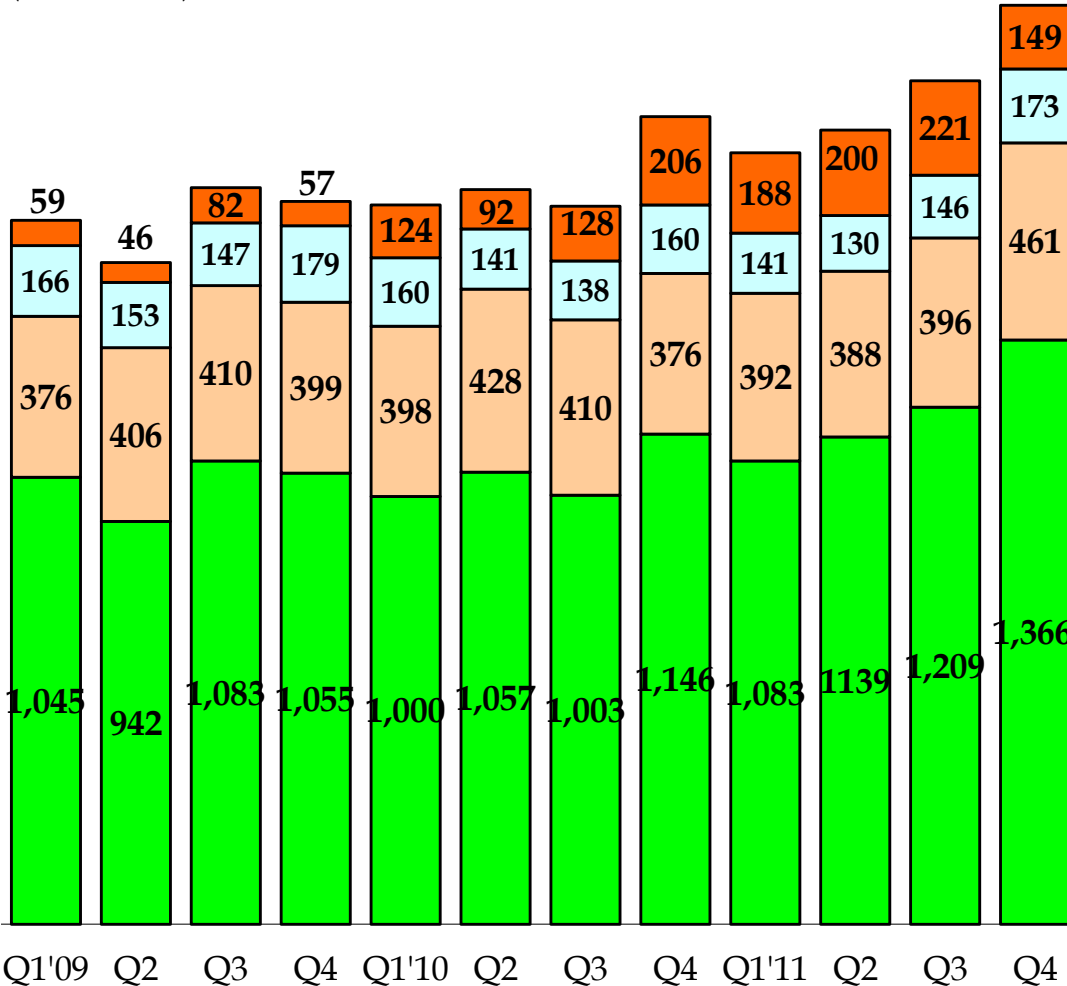
Five primary areas are: Finance, Online Services & Shopping, Travel / Lifestyle, Business / Jobs, and Computers.

Cost and Profit Structure - Improved Profitability

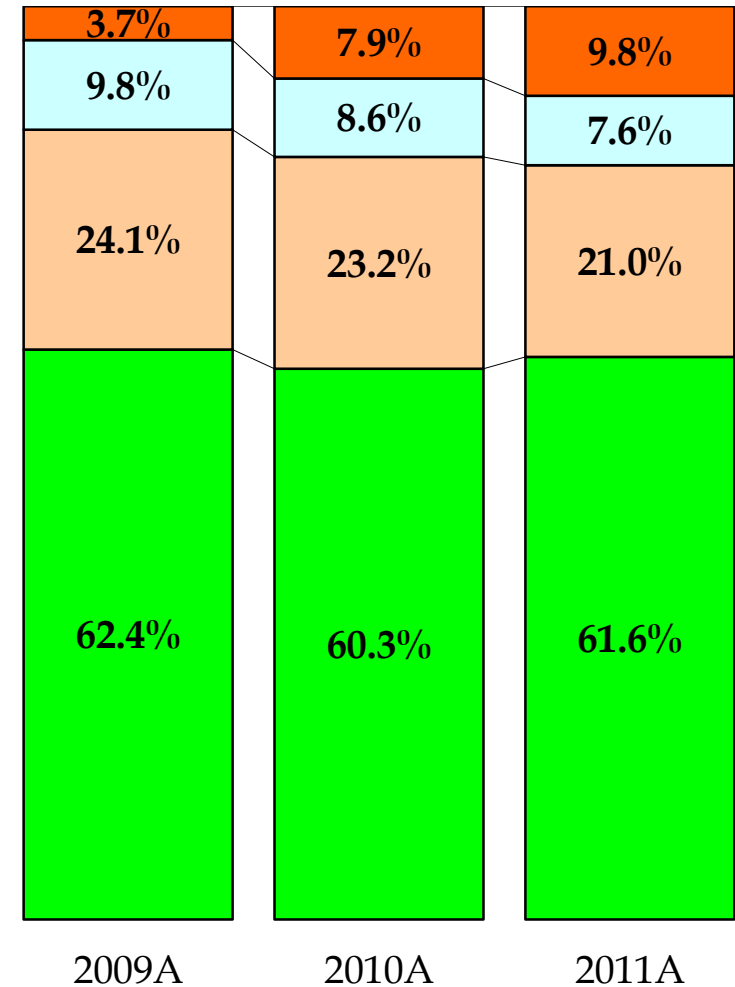
Operating margin reached approximately 10% for the full year.

(Million JPY)

Quarterly Sales



Ratios



■ Cost of sales
□ Other SG&As

■ Compensation
■ Operating Profit

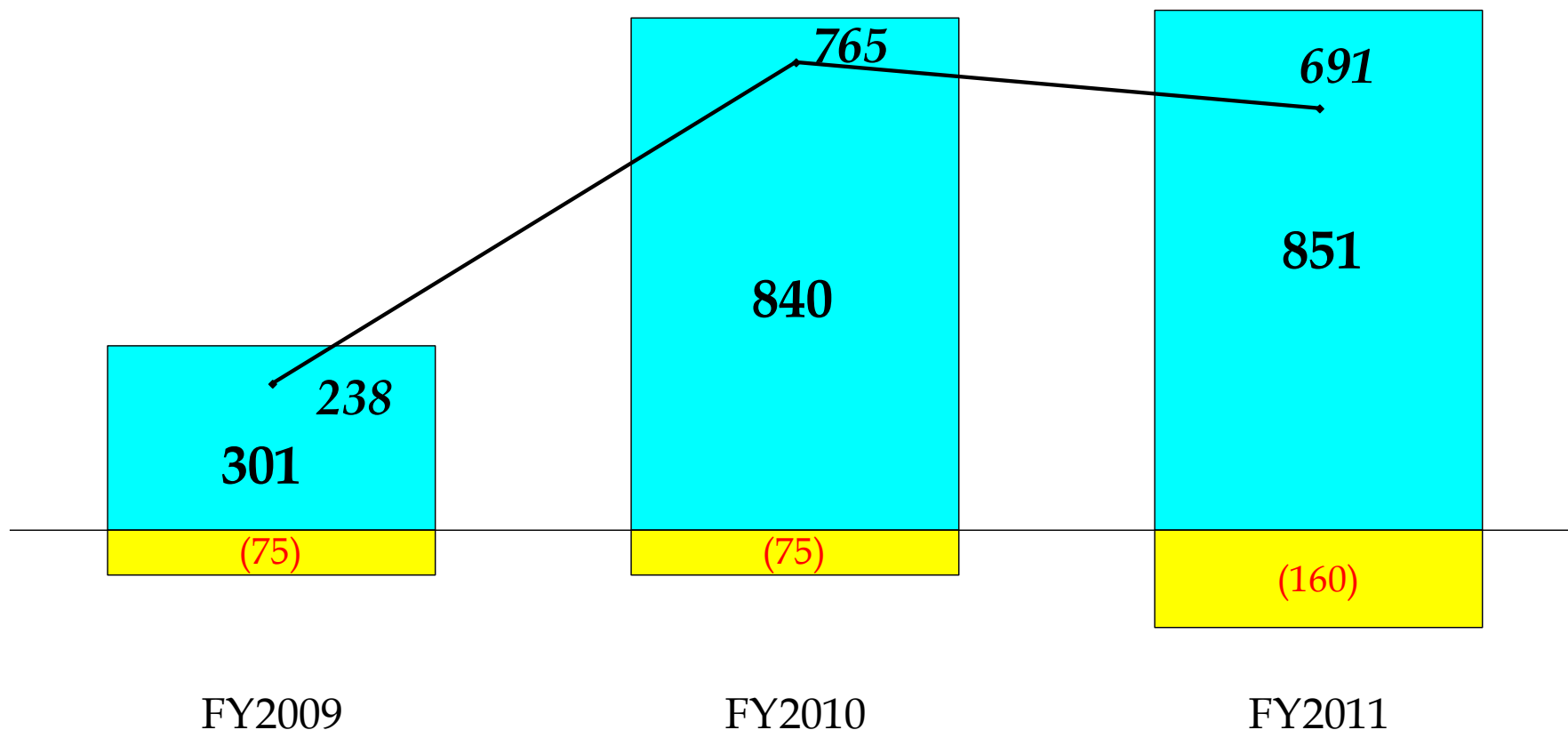
■ Cost of sales
□ Other SG&As

■ Compensation
■ Operating Margin

Consolidated Cash Flows

We've gained positive incremental cashflows.

(Million JPY)



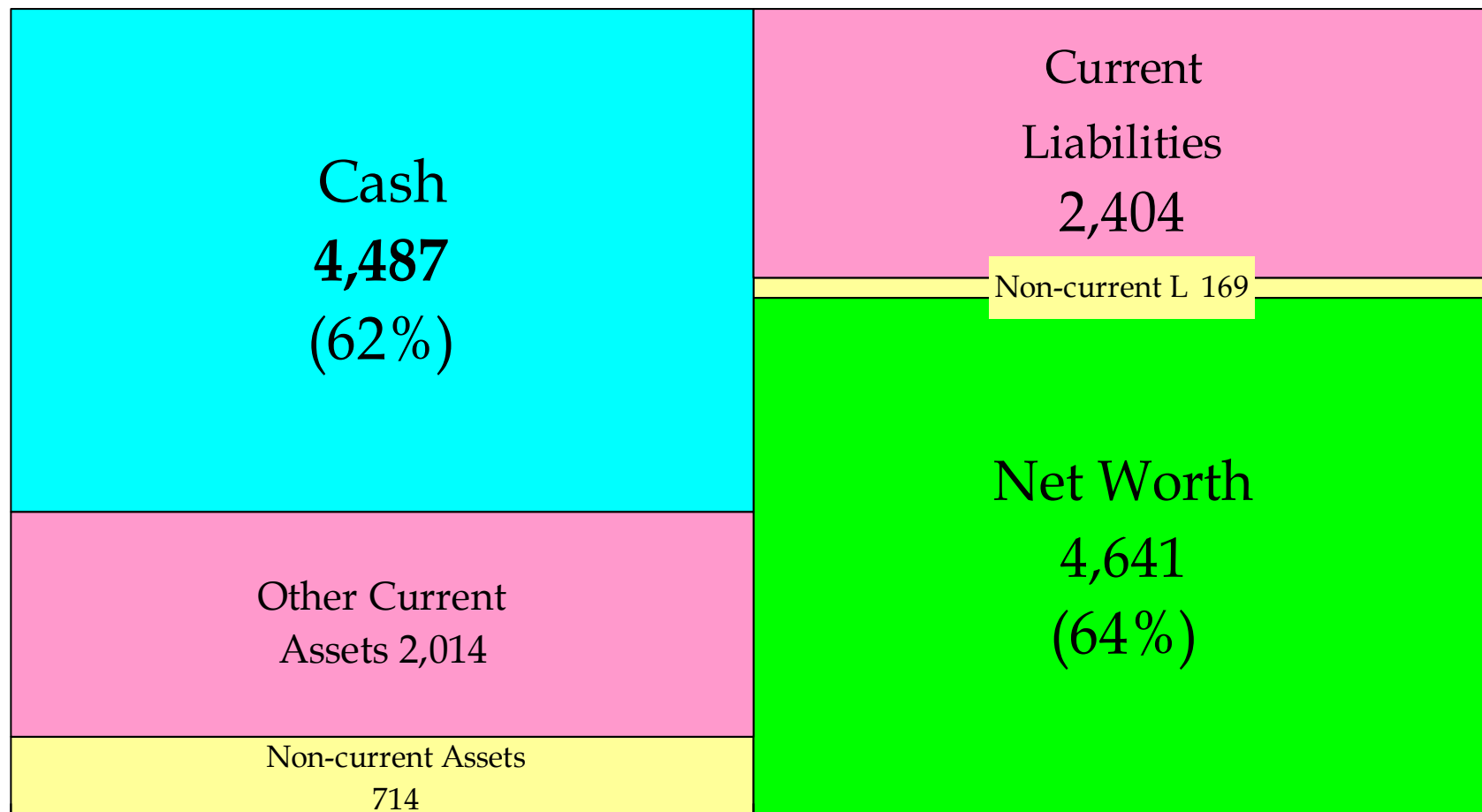
■ Cashflow from Operating activities ■ Cashflow from Investing activities

→ *Free Cashflow*

Consolidated Balance Sheet (as of Dec 31, 2011)

Positive incremental cash inflows results in robust financial position:
higher cash position and higher net worth.

(Million JPY)



Assets

Liabilities and Net Worth

7,215M

Earnings Outlook for FY 2012 and Dividend Policy

2012 Consolidated Earnings Outlook

(Million JPY)

	Interim (Jan-Jun)			Full Year		
	2011 Interim Results	Interim Outlook	Y/Y Change	2011 Full-Year Results	Full-Year Outlook	Y/Y Change
Sales	3,665	4,108	12.1%	7,789	8,540	9.6%
Operating Profit	388	369	(5.1%)	759	835	9.9%
Recurring Profit	414	401	(3.3%)	832	903	8.5%
Net Profit	199	220	10.2%	443	526	18.5%
Basic EPS	¥1,034.21	¥1,138.92	-	¥2,299.13	¥2,723.05	-

Key assumptions

- Sales growth will outperform market growth (3.8%).
- The cost of sales ratio will remain almost in line with the year-ago level.
- SG&A expenses will increase approximately JPY 180 million Y/Y.
- We will post extraordinary losses of approximately JPY 22 million associated with the closure of the development center in Manila in the first half.

Dividend Policy: Expected Dividends for FY 2012

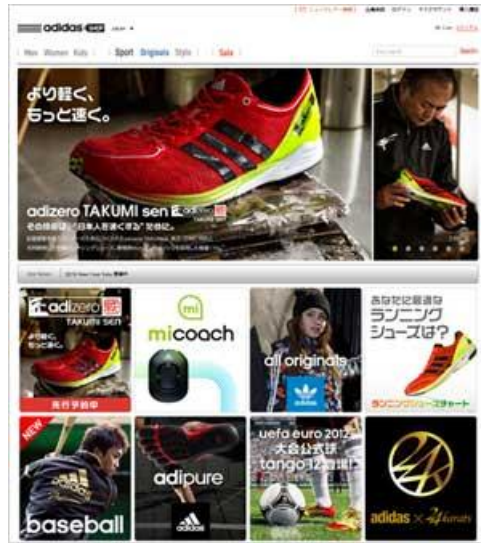
	DPS		Lump-sum dividends	Payout	Dividend on equity
	Interim dividend	Year-end dividend			
FY 2010	-	¥293	¥56 million	10.0%	1.4%
FY 2011	-	¥750	¥144 million	32.6%	3.3%
FY 2012 (forecast)	¥250	¥500	-	27.5%	-

- ❑ Changed the dividend policy in November 2011 and set the target consolidated payout ratio at 30% or higher.
- ❑ Plan to pay the year-end dividend of JPY 750 in FY 2011.
- ❑ Estimate to pay the interim dividend in 2012, maintaining DPS of JPY 750 combined with a year-end dividend in FY2012. Whereas its computed payout 27.5% won't reach the target, we'll determine the final dividends, taking performance into account.

Appendix

Case Examples of acquired New Clients

addidas



SWAROVSKI
(Cristal products in Austria)



HANDS NET
(Online Commodities)



NIKIGOLF
(Equipment for Golf)



OSHMAN'S
(Sportswear)



YA-MAN
(Health and Beauty)



Response to the Smartphone Market

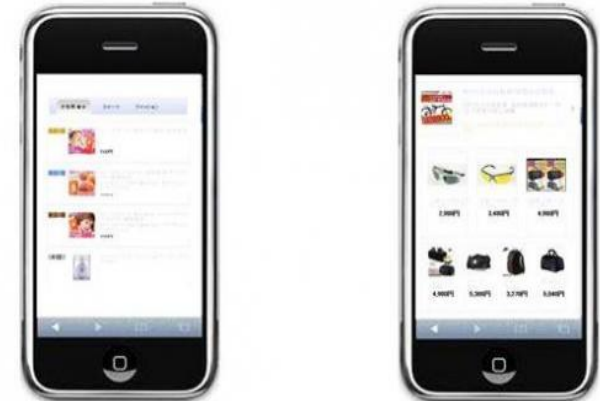
- Support for the optimization of smartphone services for EC sites and partner sites

Easily create a site for smartphones for free, using "Smart4me"



A VC Smartphone Module presenting Yahoo! Shopping product information

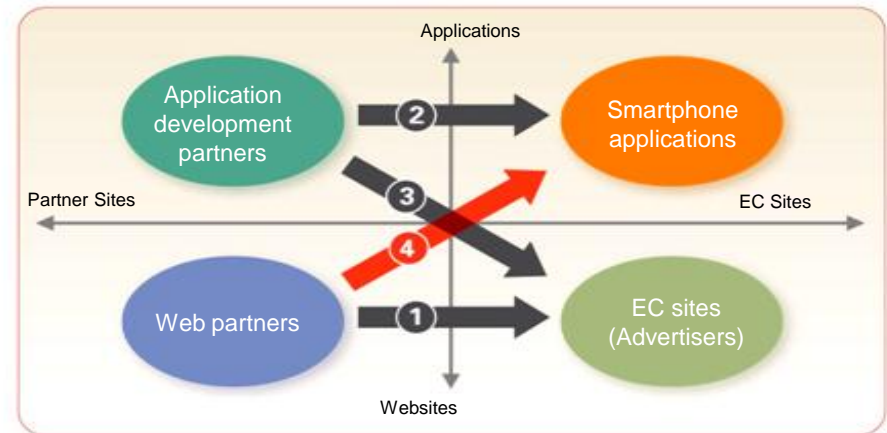
With customized tools for displaying ranking and products



- Affiliate advertising for smartphone applications

Ads posted in smartphone applications, and we offered three approaches: APP2APP, Web2APP, and APP2Web. In APP2APP and Web2APP, the performance is measured by installation and boot, while the performance is recognized by the inducement from application to website in APP2Web.

Advantage for application developers to receive pay-per-performance.



- 1 Web to Web
- 2 APP to APP
- 3 APP to Web
- 4 Web to APP

System Development Functions merged in Tokyo

- ❑ Close the development center in Manila established in July 2007 and merge it with single operations in Tokyo
- ❑ Objective: Improve the efficiency of mission-critical system development for affiliate marketing and reduce costs
- ❑ Plan to dismiss 52 employees locally hired in Manila (in a phased manner by the end of June 2012)
- ❑ Schedule: Plan to close the local center and complete the system integration by the end of June 2012
- ❑ Transfer mission-critical systems in series with cooperation with external vendors
- ❑ Cost savings: Approx. JPY 140 million/year (however, it will take effect for the full year from 2013)
- ❑ Impact on Income Statement
 - 2011 approx. JPY 26 million: Already posted severance allowance for locally hired employees.
 - 2012 approx. JPY 22 million: To post additional expenses, such as retirement expenses of fixed assets related to the local office and others.

Quarterly Results and Cash Flows (Consolidated)

(Million JPY)

	FY2008				FY2009				FY2010				FY2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales (+ ASP Partner Payment)	2,497	2,411	2,440	2,584	2,562	2,429	2,706	2,760	2,875	2,830	2,775	3,024	2,978	2,964	3,187	3,321
Sales	1,706	1,648	1,665	1,765	1,646	1,548	1,723	1,691	1,684	1,720	1,681	1,889	1,805	1,859	1,973	2,150
ASP Service	555	560	559	566	571	578	579	641	636	630	594	649	629	606	643	635
Consulting Service	824	789	791	888	822	819	1,014	871	852	871	859	951	923	968	1,042	1,178
Storematch Service	22	39	42	90	103	131	129	178	195	218	228	288	252	284	286	335
Sozon	304	259	271	219	150	19	-	-	-	-	-	-	-	-	-	-
Cost of Sales (-)	1,064	1,038	1,058	1,138	1,045	942	1,083	1,055	1,000	1,057	1,003	1,146	1,083	1,139	1,209	1,366
Consulting Service	595	571	562	647	600	615	763	653	633	662	639	697	676	710	774	889
Media Buying Cost	109	136	133	130	122	143	124	168	142	156	123	159	142	135	139	141
Storematch Service	17	30	31	68	77	98	97	134	146	163	171	219	201	227	229	268
Other	71	72	79	81	88	90	98	99	77	74	69	70	63	66	65	67
Sozon	272	228	250	212	157	(5)	-	-	-	-	-	-	-	-	-	-
Gross Profit	641	609	607	626	601	605	640	636	683	663	678	743	722	719	764	784
SG&A Expenses (-)	579	601	598	559	542	559	557	578	559	570	549	537	533	519	542	634
Compensation	375	407	407	380	376	406	410	399	398	428	410	376	392	388	396	461
Other	204	193	191	180	166	153	147	179	160	141	138	160	141	130	146	173
Operating Profit	62	8	8	66	59	46	82	57	124	92	128	206	188	200	221	149
Recurring Profit	41	(3)	(2)	58	49	31	75	50	131	103	139	213	199	214	248	169
Extraordinary Gains/Losses (Net)	-	(1)	-	(76)	16	1	(10)	(185)	1	0	0	0	(90)	(2)	(2)	(28)
Pretax Profit	41	(4)	(2)	(17)	66	33	64	(134)	132	103	139	213	109	212	246	140
Tax Provision	1	117	1	(6)	(1)	7	(1)	(2)	0	(43)	28	45	38	83	88	54
Quarterly Net Profit	40	(121)	(3)	(10)	68	25	66	(137)	132	146	110	168	70	128	157	86
Quarterly Operating Cash Flow	83	(8)	29	95	97	34	73	97	95	264	177	304	44	112	468	226
Free Cash Flow	(129)	(38)	154	24	51	16	67	90	92	256	158	258	14	84	425	167

Business Data

	FY2008				FY2009				FY2010				FY2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Media Partner Sites	577K	607K	640K	672K	703K	728K	749K	766K	781K	795K	800K	809K	820K	831K	845K	857K
EC Sites (billed basis)	2,617	2,687	2,760	2,876	2,865	2,731	2,856	2,860	2,483	2,372	2,423	2,779	2,747	2,746	2,843	2,845
ASP Service	1,185	1,161	1,142	1,150	1,094	1,123	1,104	1,149	1,060	1,035	1,061	1,099	1,139	1,117	1,155	1,220
Consulting Service	142	143	141	143	146	153	164	176	184	184	207	213	229	247	326	206
Storematch Merchants	1,290	1,383	1,477	1,583	1,625	1,455	1,588	1,535	1,239	1,153	1,155	1,467	1,379	1,382	1,362	1,419
Web-based EC Sites	1,192	1,175	1,150	1,148	1,068	1,056	1,108	1,170	1,130	1,117	1,137	1,157	1,215	1,210	1,317	1,257
ASP Service	1,059	1,041	1,018	1,014	932	915	955	1,009	964	954	956	975	1,022	999	1,032	1,080
Consulting Service	133	134	132	134	136	141	153	161	167	163	181	182	193	211	285	177
Web/Mobile EC Sites	-	-	-	-	-	-	-	4	14	19	21	24	23	31	39	47
ASP Service	-	-	-	-	-	-	-	4	13	19	21	21	22	30	37	46
Consulting Service	-	-	-	-	-	-	-	0	1	0	0	1	1	1	2	1
Mobile EC Sites	135	129	133	145	172	220	160	151	100	102	110	131	130	123	125	122
ASP Service	126	120	124	136	162	208	149	136	83	81	84	101	95	88	86	94
Consulting Service	9	9	9	9	10	12	11	15	17	21	26	30	35	35	39	28
Gross Merchandise Volume (Million)	23,030	23,130	25,283	25,594	30,989	32,664	41,281	43,990	51,083	55,369	54,934	55,554	55,612	53,437	59,680	57,331
Number of Transactions (Million)	2.51	2.51	2.71	2.8	3.9	4.58	5.92	6.52	7.67	8.52	8.50	8.56	8.47	8.23	9.31	8.86
Partner Payments (Million)	1,410	1,374	1,381	1,503	1,559	1,546	1,795	1,769	1,879	1,832	1,783	1,884	1,905	1,880	2,047	2,120
Headcount (ex MGMT)	216	257	265	266	259	247	243	246	247	255	254	248	256	261	260	266
Full-time	181	216	223	231	232	221	217	217	219	225	225	223	221	226	229	232
Temporary	35	41	42	35	27	26	26	29	28	30	29	25	35	35	31	34

Shareowners Portfolio

	2007	2008	2009	2010	2011
Number of shareowners (person)	5,098	4,683	4,457	5,162	4,726
Number of shares outstanding	189,140	190,000	190,060	192,500	193,180
<i>(Top5 Shareowners)</i>					
Yahoo Japan Corporation	44.4%	44.2%	44.2%	43.6%	43.5%
Tim Williams (A founder)	18.6%	18.5%	16.8%	14.0%	14.0%
Brian Nelson (ex-MGMT)	3.1%	3.1%	3.1%	3.1%	3.0%
Daiwa Capital Markets HK Client Safe Keeping Account	1.4%	1.4%	1.4%	1.4%	1.4%
Keiichi Takahashi (ex-MGMT)	0.9%	0.9%	0.9%	1.1%	0.9%

* Current management team possesses some portion of shares.

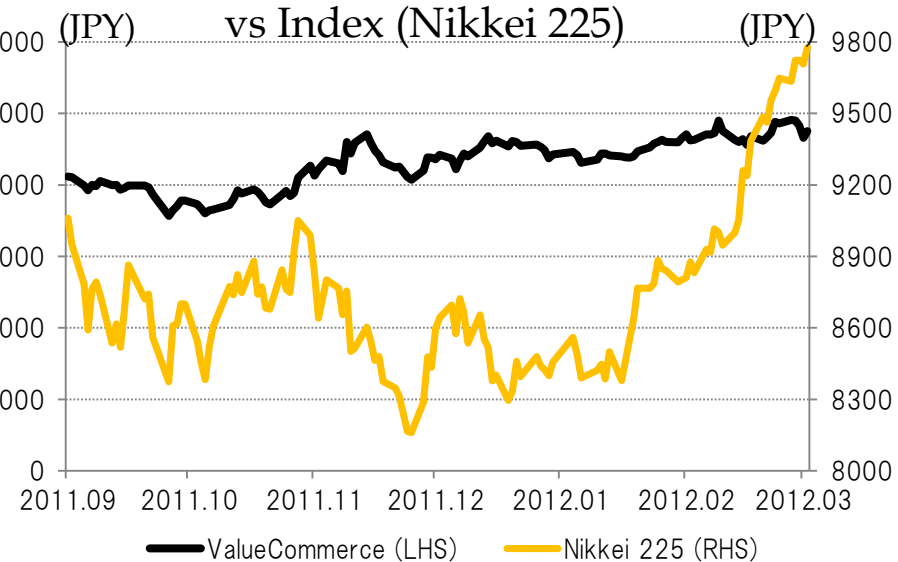
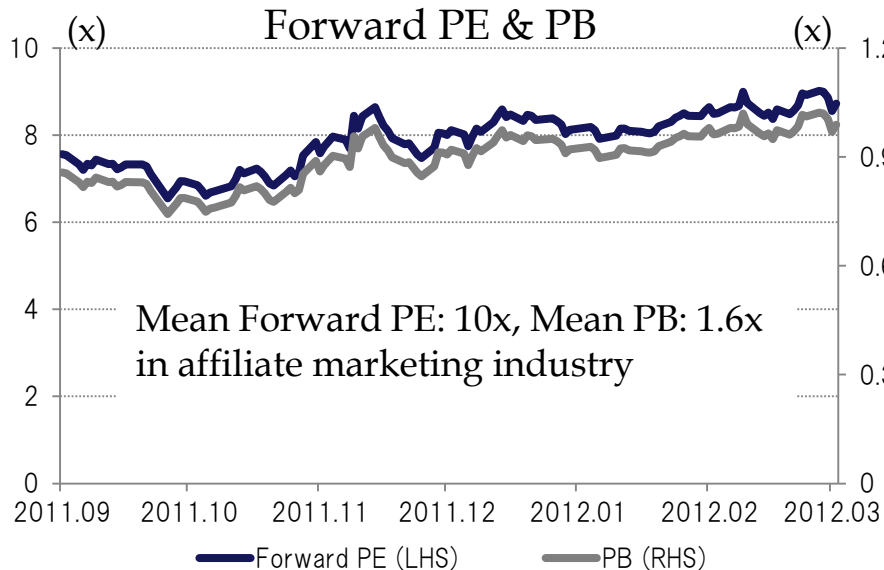
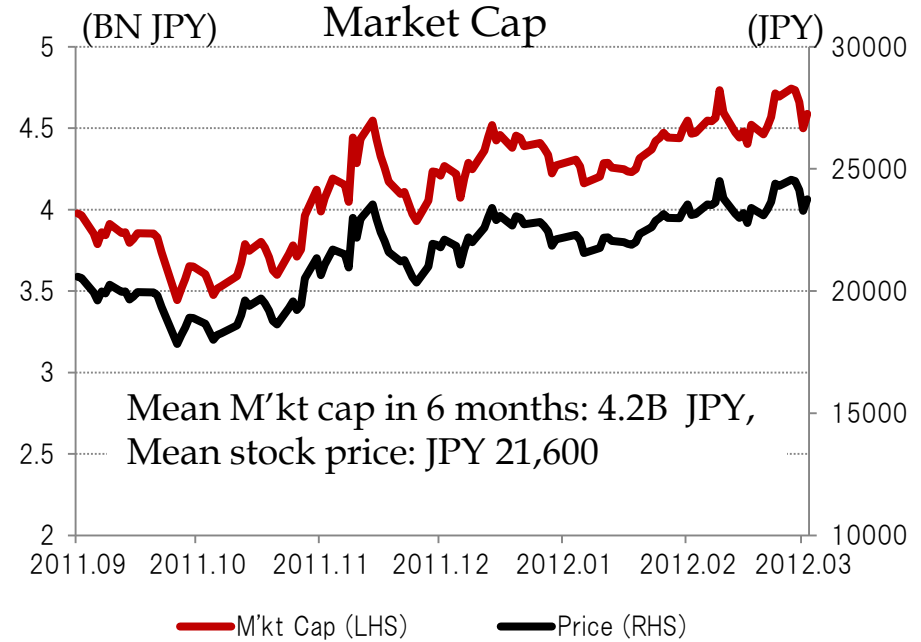
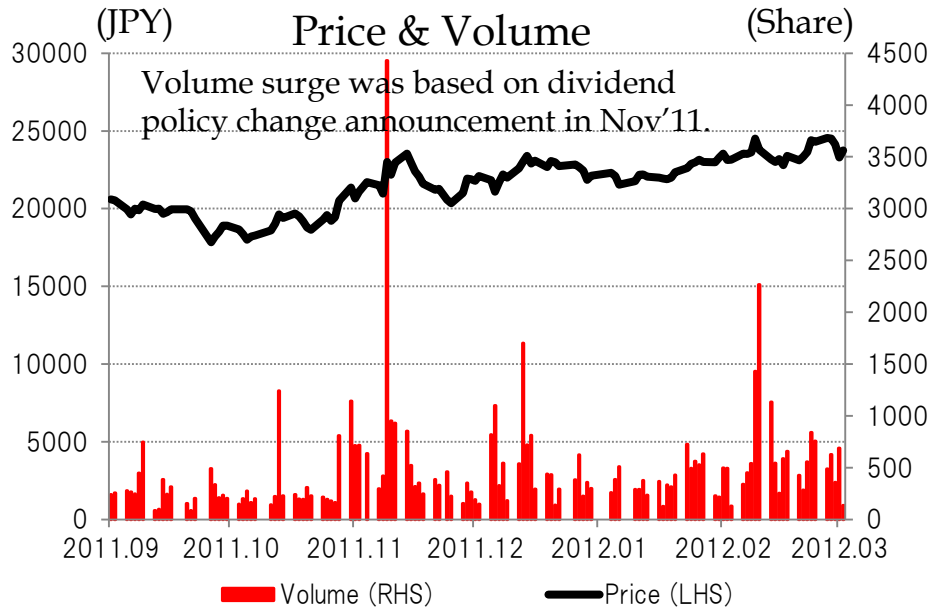
* Dilution potential through SO exercise is next to nothing. SOs of ex-MGMT was entirely forfeited, and the majority of remaining options are out-of-the-money.

* Whereas, according to 2011 shareholders registry, the name of the 2nd primary shareholder, Tim Williams, was invisible and a custodian was the nominal shareholder, he's most likely to be the beneficial shareowner.

* Free Float is estimated approx 15%.

Recent Stock Performance

Dividend yield ranges from 3.0% to 3.5% .





Corporate Information

- Corporate Name : ValueCommerce Co., Ltd.
- Ticker Code : 2491 (TSE Mothers)
- Established : Nov, 1999 (founded in 1996)
- HQ Location : Akasaka 8-1-19, Minato-ku, Tokyo, Japan, Zip 1070052
- Representative : President & CEO Yoichi Iizuka
- Businesses : Affiliate Marketing Service
Search Engine Marketing
- Equity Company : JP21 Inc. (Media Operation)
- Mission : To provide high quality services and results
- Vision : To be the global leader in Internet sales and marketing services

Corporate Website

<http://www.valuecommerce.com/>

Inquiry to: Phone: 81 3 4590 3600 (3#)

Fax: 81 3 4590 3888

E-mail: investor_relations@valuecommerce.co.jp

Glossary

1	Affiliate Marketing	Affiliate ads displayed in websites or blogs. When website or blog's viewers click on the ad and make a purchase, the website or blog's owner (media partner) receives a commission (partner payment). Since the advertisers (EC sites) pay until a purchase is made, risk is low for advertisers.
2	ValueCommerce Program	An affiliate marketing platform at ValueCommerce.
3	ASP Service	An advertiser (EC site) manages affiliate marketing of its own by using ValueCommerce program. This service is primarily catered to mid or small type of EC sites.
4	Consulting Service	ValueCommerce manages affiliate marketing on behalf of an EC site. Our primary market of the service is big clients.
7	Partner Payment	Partner Payment is a commission from an EC site to a media partner. The payment is generated once a performance is achieved.
8	Commission	Commission attributes only to ValueCommerce. 30% of the partner payment is to be paid from the EC site to ValueCommerce. Commission to media partner and the one to ValueCommerce is different. The former is called "Partner Payment". The latter is called "ValueCommerce Commission (VCC)".
9	Option	There're a broad spectrum of services such as listing ads, banner ads to ValueCommerce Program, e-mail ads, and whatever. EC sites have options to add services whatever they want.
10	Storematch Service	Click-pay-AD distribution service to an EC site which ValueCommerce can provide. Yahoo! Shopping merchants are the most significant clients for ValueCommerce.
11	Store no Ichioshi	It's a part of Storematch service, and refers to paid listing ads. Store merchants who have applied to the service need to pay a fee to ValueCommerce on click-through. Ads are placed on a search engine's results pages or adjacent to contextually relevant
12	Item Match	It's a part of Storematch service as well, and refers to a kind of display ads based on click-through pay. While "Store no Ichioshi" relates to key words, Item match prioritizes categories of offered commodities.
13	Smartphone	High-end mobile phone.
14	Featurephone	Conventional type of mobile phone.
15	Application	Software. In smartphone, technical specification for OS is widely open and thus embedded software is a key component for smartphone.
16	Smartphone Ads	Banner or text is effectively formatted to smartphones, where it is called optimized banner ads.

Glossary

17	Reward Ads	Unlike conventional affiliate marketing, an Internet user can receive some reward in return for performance contribution.
18	Lead Generation	It denotes leading new entrants or prospective clients through affiliate marketing. In Japan, lead generation is a part of affiliate marketing, whereas, in the U.S., it is apparently not.
19	Impression	Number of views Internet ads received.
20	Pageview (PV)	A web page that has been viewed by one user. In ValueCommerce case, however, number of ads distribution that ValueCommerce Program has dispatched.
21	Click Through	Number of clicks performed by Internet users.
22	Transaction	A transaction represents a performance. In e-commerce, a purchase must be the transaction. In lead generation, new entrants application or web inquiry end up to be the transaction.
23	Gross Merchandise Volume (GMV)	GMV is a term used in online retailing to indicate a total sales dollar (yen) value for merchandise sold through a particular marketplace in a certain economic period.
24	Net accounting	Partner Payment is NOT recognized as sales and cost of sales, rather recognized as an accrued asset and an accrued liability. ASP service complies with the accounting.
25	Gross accounting	Partner Payment is recognized as sales and cost of sales. The method must be de-facto standard of revenue recognition in the industry. Consulting service complies with the accounting.
26	CPM	Cost per Mille.
27	CPC	Cost per Click.
28	CPA	Cost per Action.
29	CPI	Cost per Install.
30	APP to APP (APP2APP) Web to APP (Web2APP)	Advertising inducing the installation of applications. Performance is recognized at the time affiliate advertising is displayed on a smartphone application and the application is installed and boosted.
31	APP to Web (APP2Web)	Advertising inducing users to go from an application to a website. Although it is the same as APP to APP in that affiliate advertising is displayed on smartphone applications, performance is recognized at the time a product is purchased or a document is requested by a user who goes to the website via the application advertisement.

Your Success is
Our Value.

ValueCommerce /