

Consolidated Financial Results for the Fiscal Year Ended September 30, 2008

November 13, 2008

Company: DWANGO Co., Ltd.

Listings: Tokyo Stock Exchange, First Section

Stock Code: 3715

URL: <http://info.dwango.co.jp/>

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Administration Division Head

Scheduled date of annual shareholders' meeting: December 25, 2008 Scheduled start date of dividend payment: December 26, 2008

Scheduled date of financial report submission: December 25, 2008

(Figures rounded down to the nearest one million yen)

1. Consolidated Financial Results for the Fiscal Year Ended September 2008 (from October 1, 2007 to September 30, 2008)

(1) Consolidated Results of Operations (Percentages show change in value from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended Sep 2008	24,978	12.2	115	(68.6)	107	(66.1)	(2,298)	-
FY ended Sep 2007	22,257	11.5	368	-	317	-	(1,408)	-

	Net income per share	Diluted net income per share	Return on equity	Return on assets	Return on sales
	Yen	Yen	%	%	%
FY ended Sep 2008	(11,627.93)	-	(12.6)	0.4	0.5
FY ended Sep 2007	(7,158.89)	-	(6.9)	1.2	1.7

[Ref] Equity in earnings (loss) of affiliates: FY ended September 2008: (48) million yen FY ended September 2007: (98) million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Sep 30, 2008	22,615	17,628	75.0	85,771.17
As of Sep 30, 2007	25,516	20,281	76.7	99,143.34

[Ref] Shareholders' equity: FY ended September 2008: 16,971 million yen FY ended September 2007: 19,559 million yen

(3) Consolidated Cash Flow Position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of Sep 30, 2008	1,176	(1,659)	83	11,674
As of Sep 30, 2007	1,224	(462)	(79)	12,076

2. Dividends

Record date	Dividend per share					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual			
FY ended Sep 2007	Yen -	Yen -	Yen -	Yen 2,000.00	Yen 2,000.00	Millions of yen 394	% -	% 1.9
FY ended Sep 2008	Yen -	Yen -	Yen -	Yen 2,000.00	Yen 2,000.00	Millions of yen 395	% -	% 2.1
Year ending September 30, 2009 (Forecast)	Yen -	Yen -	Yen -	Yen 2,000.00	Yen 2,000.00	Millions of yen ---	% 141.3	% ---

(Note) FY 2008 dividends are sourced from capital surplus. For details, refer to "Breakdown of dividends from capital surplus" on page 3.

3. Consolidated Forecast for the Fiscal Year Ending September 2009 (from October 1, 2008 to September 30, 2009)

(Percentages for "Full year" show change from the previous fiscal year, while those for "Interim period" show change from the same period of the previous fiscal year.)

	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
Interim period	13,800	10.7	(50)	-	(70)	-	(150)	-	(758.10)
Full year	28,900	15.7	420	265.2	410	283.2	280	-	1,415.10

4. Others

- (1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None
 New: _ (Company name) Excluded: _ (Company name)
- (2) Changes in accounting principles, procedures, and presentation methods related to the preparation of consolidated financial statements (As described in "Changes in the Significant Accounting Policies for the Preparation of Consolidated Financial Statements"):
 (i) Changes in conjunction with revisions to accounting standards and similar: None
 (ii) Changes other than those mentioned in (i): None
- (3) Number of shares outstanding (common stock)
 (i) Number of shares outstanding at end of period (including treasury stock) FY ended September 2008: 197,866 FY ended September 2007: 203,287
 (ii) Number of treasury stocks at end of period FY ended September 2008: 0 FY ended September 2007: 6,000

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended September 2008 (from October 1, 2007 to September 30, 2008)

(1) Non-consolidated Results of Operations (Percentages show change in value from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended Sep 2008	18,705	20.8	32	-	92	-	(2,117)	-
FY ended Sep 2007	15,485	(6.6)	(488)	-	(428)	-	(1,747)	-

	Net income per share		Diluted net income per share	
	Yen		Yen	
FY ended Sep 2008	(10,711.51)		-	
FY ended Sep 2007	(8,879.51)		-	

(2) Non-consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
As of Sep 30, 2008	21,967		18,423		83.9		93,110.26	
As of Sep 30, 2007	24,177		20,829		86.2		105,581.28	

[Ref] Shareholders' equity: FY ended September 2008: 18,423 million yen FY ended September 2007: 20,829 million yen

2. Non-consolidated Forecast for the Fiscal Year Ending September 2009 (from October 1, 2008 to September 30, 2009)

(Percentages for "Full year" show change from the previous fiscal year, while those for "Interim period" show change from the same period of the previous fiscal year.)

	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
Interim period	10,200	11.5	(240)	-	(220)	-	(220)	-	(1,111.90)
Full year	21,700	16.0	200	525.0	240	160.9	240	-	1,212.90

* Cautionary statement with respect to forward-looking statements

Earnings forecasts are made based on judgments made in accordance with information currently available.

Forecasts therefore embody risks and uncertainties. Investors should refrain from making investment decisions based solely on these forecasts, as actual results may differ substantially from these forecasts for a number of reasons.

Breakdown of dividends from capital surplus

Dividends from capital surplus for the fiscal year ended September 30, 2008 are as follows:

Record date	Year-end	Annual
Dividend per share	2,000.00 yen	2,000.00 yen
Total dividends	395 million yen	395 million yen

(Note) Net assets decrease rate of 0.022

1. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

	Notes	FY2007 (As of Sep 30, 2007)		FY2008 (As of Sep 30, 2008)		
		Amount (Thousands of yen)	%	Amount (Thousands of yen)	%	
(Assets)						
I Current assets						
1. Cash and deposits		4,726,722		7,215,802		
2. Trade notes and accounts receivable		5,457,324		4,989,165		
3. Securities		7,451,863		4,458,903		
4. Inventories		71,937		195,944		
5. Deferred tax assets		556,131		82,227		
6. Others		804,578		633,311		
Total current assets		19,068,559	74.7	17,575,354	77.7	
II Fixed assets						
1. Tangible fixed assets						
(1) Buildings and structures		455,709		469,633		
Accumulated depreciation		(160,072)	295,636	(194,390)	275,243	
(2) Tools, furniture and fixtures		1,882,040		2,577,671		
Accumulated depreciation		(849,030)	1,033,010	(1,384,486)	1,193,184	
(3) Others		449		3,306		
Accumulated depreciation		–	449	(790)	2,515	
Total tangible fixed assets			1,329,096		1,470,943	6.5
2. Intangible fixed assets						
Others			1,015,291		774,132	
Total intangible fixed assets			1,015,291	4.0	774,132	3.4
3. Investments and other assets						
(1) Investment securities	*1		2,804,330		2,145,414	
(2) Deferred tax assets			748,032		132,615	
(3) Others			551,283		516,960	
Total investments and other assets			4,103,646	16.1	2,794,990	12.4
Total fixed assets			6,448,033	25.3	5,040,067	22.3
Total assets			25,516,592	100.0	22,615,422	100.0

	Notes	FY2007 (As of Sep 30, 2007)		FY2008 (As of Sep 30, 2008)	
		Amount (Thousands of yen)	%	Amount (Thousands of yen)	%
(Liabilities)					
I Current liabilities					
1. Trade notes and accounts payable		1,779,122		1,510,387	
2. Short-term borrowings		500,000		900,000	
3. Current portion of long-term debt		25,842		–	
4. Current portion of corporate bonds		30,000		–	
5. Other accounts payable		1,378,846		1,366,002	
6. Accrued income taxes		253,772		152,524	
7. Accrued employees' bonuses		270,632		335,047	
8. Allowance for sales return		58,583		35,632	
9. Others		903,750		685,502	
Total current liabilities		5,200,549	20.4	4,985,097	22.1
II Fixed liabilities					
1. Long-term borrowings		33,715		–	
2. Others		672		2,284	
Total fixed liabilities		34,387	0.1	2,284	0.0
Total liabilities		5,234,936	20.5	4,987,382	22.1
(Net assets)					
I Shareholders' equity					
1. Capital		10,058,642	39.4	10,070,222	44.5
2. Capital surplus		11,709,165	45.9	10,170,308	44.9
3. Retained earnings		(570,713)	(2.2)	(3,263,768)	(14.4)
4. Treasury stock		(1,550,437)	(6.1)	–	–
Total shareholders' equity		19,646,657	77.0	16,976,763	75.0
II Valuation and translation adjustments					
1. Net unrealized holding gains/losses on other securities		(88,362)	(0.3)	(6,170)	0.0
2. Foreign currency translation adjustments		1,396	0.0	605	0.0
Total valuation and translation adjustments		(86,966)	(0.3)	(5,565)	0.0
III Minority interests					
		721,964	2.8	656,841	2.9
Total net assets		20,281,656	79.5	17,628,039	77.9
Total liabilities and net assets		25,516,592	100.0	22,615,422	100.0

(2) Consolidated Income Statement

	Notes	FY2007 (from Oct 1, 2006 to Sep 30, 2007)		FY2008 (from Oct 1, 2007 to Sep 30, 2008)			
		Amount (Thousands of yen)	%	Amount (Thousands of yen)	%		
I Net sales			22,257,235	100.0		24,978,372	100.0
II Cost of goods sold			11,044,702	49.6		14,232,001	57.0
Gross profit			11,212,533	50.4		10,746,370	43.0
III Selling, general and administrative expenses	*1, 2		10,844,273	48.7		10,630,872	42.5
Operating income			368,260	1.7		115,498	0.5
IV Non-operating income							
1. Interest income		44,649			60,558		
2. Dividend income		1,361			21		
3. Interest on refunds		17,134			–		
4. Others		7,568	70,714	0.2	13,082	73,662	0.3
V Non-operating expenses							
1. Interest expenses		6,806			14,913		
2. Stock issue expenses		1,723			–		
3. Equity in losses of affiliates		98,273			48,677		
4. Loss on investment limited liability partnership equity		–			11,949		
5. Others		14,307	121,110	0.5	5,836	81,376	0.4
Ordinary income			317,864	1.4		107,783	0.4
VI Extraordinary income							
1. Gains on sales of investment securities		767,704			–		
2. Gains on changes in equity		–			1,908		
3. Others		13,092	780,796	3.5	–	1,908	0.0
VII Extraordinary losses							
1. Loss on disposal of fixed assets	*3	45,640			93,274		
2. Loss on sales of fixed assets	*4	902			–		
3. Impairment losses	*5	220,062			120,603		
4. Equity in losses of affiliates	*6	–			296,760		
5. Loss on valuation of investment securities		1,719,323			532,731		
6. Loss on sales of affiliate shares		–			87,557		
7. Others		38,114	2,024,043	9.1	8,941	1,139,868	4.5
Income (loss) before income taxes			(925,383)	(4.2)		(1,030,176)	(4.1)
Income taxes - current		341,176			382,581		
Income taxes - deferred		(147,466)	193,710	0.8	1,029,110	1,411,692	5.7
Income from minority interests			289,524	1.3		(143,388)	(0.6)
Net loss			(1,408,618)	(6.3)		(2,298,480)	(9.2)

(3) Consolidated Statement of Changes in Shareholders' Equity
FY2007 (from October 1, 2006 to September 30, 2007)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of Sep 30, 2006 (Thousands of yen)	10,033,042	11,683,565	1,229,920	(1,550,437)	21,396,091
Changes during the period					
Issuance of new stocks	25,600	25,600			51,200
Dividend of surplus			(392,014)		(392,014)
Net loss			(1,408,618)		(1,408,618)
Decrease in surplus due to new consolidation			(1)		(1)
Changes in items other than shareholders' equity (net)					
Total changes during the period (Thousands of yen)	25,600	25,600	(1,800,633)	–	(1,749,433)
Balance as of Sep 30, 2007 (Thousands of yen)	10,058,642	11,709,165	(570,713)	(1,550,437)	19,646,657

	Valuation and translation adjustments			Minority interests	Total net assets
	Net unrealized holding gains/losses on other securities	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of Sep 30, 2006 (Thousands of yen)	9,578	1,520	11,099	362,375	21,769,565
Changes during the period					
Issuance of new stocks					51,200
Dividend of surplus					(392,014)
Net loss					(1,408,618)
Decrease in surplus due to new consolidation					(1)
Changes in items other than shareholders' equity (net)	(97,941)	(124)	(98,065)	359,589	261,523
Total changes during the period (Thousands of yen)	(97,941)	(124)	(98,065)	359,589	(1,487,909)
Balance as of Sep 30, 2007 (Thousands of yen)	(88,362)	1,396	(86,966)	721,964	20,281,656

FY2008 (from October 1, 2007 to September 30, 2008)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of Sep 30, 2007 (Thousands of yen)	10,058,642	11,709,165	(570,713)	(1,550,437)	19,646,657
Changes during the period					
Issuance of new stocks	11,580	11,580			23,160
Dividend of surplus			(394,574)		(394,574)
Net loss			(2,298,480)		(2,298,480)
Retirement of treasury stock		(1,550,437)		1,550,437	–
Changes in items other than shareholders' equity (net)					
Total changes during the period (Thousands of yen)	11,580	(1,538,857)	(2,693,054)	1,550,437	(2,669,894)
Balance as of Sep 30, 2008 (Thousands of yen)	10,070,222	10,170,308	(3,263,768)	–	16,976,763

	Valuation and translation adjustments			Minority interests	Total net assets
	Net unrealized holding gains/losses on other securities	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of Sep 30, 2007 (Thousands of yen)	(88,362)	1,396	(86,966)	721,964	20,281,656
Changes during the period					
Issuance of new stocks					23,160
Dividend of surplus					(394,574)
Net loss					(2,298,480)
Retirement of treasury stock					
Changes in items other than shareholders' equity (net)	82,191	(790)	81,400	(65,122)	16,278
Total changes during the period (Thousands of yen)	82,191	(790)	81,400	(65,122)	(2,653,616)
Balance as of Sep 30, 2008 (Thousands of yen)	(6,170)	605	(5,565)	656,841	17,628,039

(4) Consolidated Cash Flow Statement

	Notes	FY2007	FY2008
		(from Oct 1, 2006 to Sep 30, 2007)	(from Oct 1, 2007 to Sep 30, 2008)
		Amount (Thousands of yen)	Amount (Thousands of yen)
I Cash flows from operating activities			
Income (loss) before income taxes		(925,383)	(1,030,176)
Depreciation and amortization		868,976	1,371,625
Impairment losses		220,062	120,603
Amortization of goodwill		28,037	37,595
Decrease in allowance for doubtful accounts		(7,127)	–
Increase in accrued employees' bonuses		46,833	67,137
Decrease in allowance for sales return		(28,395)	(22,950)
Decrease in allowance for losses from business exit		(1,108)	–
Decrease in allowance for legal damages		(17,466)	–
Interest and dividend income		(46,011)	(60,579)
Loss on investment limited liability partnership equity		–	11,949
Interest expenses		6,806	14,913
Stock issue expenses		1,723	–
Equity in losses of affiliates		98,273	345,437
Gains on sales of investment securities		(767,704)	–
Gains on changes in equity		–	(1,908)
Loss on disposal of fixed assets		45,640	93,274
Loss on sales of fixed assets		902	–
Loss on revaluation of investment securities		1,719,323	532,731
Loss on sales of affiliate shares		–	87,557
Increase (decrease) in trade receivables		(387,285)	406,718
Increase in inventories		(8,206)	(124,942)
Increase (decrease) in prepaid expenses		(165,040)	–
Increase (decrease) in leasehold deposits		(100,503)	–
Decrease in other assets		152,300	174,765
Decrease in trade payables		(6,320)	(203,551)
Decrease in other accounts payable		(22,244)	(43,576)
Decrease in advances received		(77,649)	(326,388)
Increase in other liabilities		238,132	109,998
Others		14,326	49,270
Subtotal		880,891	1,609,504
Interests and dividends received		43,332	60,659
Interests paid		(6,466)	(16,069)
Income taxes refund		552,665	–
Income taxes paid		(246,337)	(477,604)
Cash flows from operating activities		1,224,085	1,176,491

	Notes	FY2007	FY2008
		(from Oct 1, 2006 to Sep 30, 2007)	(from Oct 1, 2007 to Sep 30, 2008)
		Amount (Thousands of yen)	Amount (Thousands of yen)
II Cash flows from investing activities			
Payment for placement of time deposits		(100,600)	(1,803)
Proceeds from return of time deposits		–	101,102
Payment for purchase of securities		(1,000,000)	–
Proceeds from redemption of securities		3,000,000	–
Payment for purchase of tangible fixed assets		(1,008,028)	(798,604)
Proceeds from sales of tangible fixed assets		963	–
Payment for purchase of intangible fixed assets		(858,251)	(719,337)
Proceeds from sales of intangible fixed assets		5,000	–
Payment for purchase of investment securities		(1,074,473)	(100,020)
Proceeds from sales of investment securities		827,514	–
Proceeds from sales of affiliate shares		–	11,172
Payment for purchase of subsidiary stock on change in scope of consolidation	*2	(124,128)	(150,020)
Payment for sales of subsidiary stock on change in scope of consolidation	*3	–	(12,230)
Payment for business transfer		(57,300)	–
Payment for loans receivable		(95,500)	(90,000)
Proceeds from collection of loans receivable		21,340	69,271
Others		556	30,750
Cash flows from investing activities		(462,906)	(1,659,719)
III Cash flows from financing activities			
Repayment of short-term debt		(200,000)	(700,000)
Proceeds from short-term debt		500,000	1,100,000
Repayment of long-term debt		(9,525)	(4,565)
Payment for redemption of corporate bonds		(60,000)	(30,000)
Proceeds from issuance of new shares		50,208	22,341
Proceeds from minority interests		29,000	88,750
Cash dividends paid		(389,049)	(393,473)
Cash flows from financing activities		(79,365)	83,052
IV Translation difference of cash and cash equivalents		81	(2,005)
V Increase (decrease) in cash and cash equivalents		681,894	(402,180)
VI Cash and cash equivalents at beginning of period		11,386,110	12,076,886
VII Increase in cash and cash equivalents due to exclusion of subsidiaries from consolidation		8,881	–
VIII Cash and cash equivalents at end of period	*1	12,076,886	11,674,706

Segment Information

Business Segment Information

Information for the business segment classifications that have been used for the previous two consolidated fiscal years is as follows:

FY2007 (from October 1, 2006 to September 30, 2007)

(Thousands of yen)

	Mobile Contents Business	Game Business	Solutions Business	Other Businesses	Total	Elimination or corporate	Consolidated
I Net sales and operating income							
Net sales							
(1) External sales	15,217,335	6,112,128	126,291	801,481	22,257,235	–	22,257,235
(2) Inter-segment sales and transfers	–	8,351	44,018	187,657	240,027	(240,027)	–
Total	15,217,335	6,120,479	170,309	989,138	22,497,262	(240,027)	22,257,235
Operating expenses	13,111,405	4,841,935	145,753	1,808,597	19,907,692	1,981,283	21,888,975
Operating income (loss)	2,105,929	1,278,543	24,555	(819,459)	2,589,570	(2,221,310)	368,260
II Assets, depreciation and amortization, impairment loss and capital expenditures							
Assets	5,690,153	1,727,577	17,685	2,158,518	9,593,935	15,922,657	25,516,592
Depreciation and amortization	155,724	408,704	302	175,324	740,056	128,920	868,976
Impairment losses	–	119,715	–	100,347	220,062	–	220,062
Capital expenditure	201,906	577,206	3,697	1,062,900	1,845,710	118,428	1,964,139

(Note) 1. Classification of business segments:

Business segments are based on classifications used for internal reporting purposes.

2. Summary of business segments:

Business segment	Major products
Mobile Contents Business	Content distribution, etc.
Game Business	Development, contracted development and sale of game software
Solutions Business	Software, middleware, support, etc.
Other Businesses	Network-based product sales, book planning and editing, and real estate leasing, etc.

3. Operating expenses (2,239,757 thousand yen) included in "Elimination or corporate" consist primarily of expenses related to our administration division.

4. Corporate assets included in "Elimination or corporate" account for 15,950,494 thousand yen and consist of managed surplus assets (cash and securities) related to and our administration division.

5. Changes in accounting policies

As described in "Changes in the Significant Accounting Policies for the Preparation of Consolidated Financial Statements", as of this consolidated fiscal year, goodwill is amortized according to reasonable estimates using the straight line method.

As a consequence, in the Other Businesses segment, operating expenses are reported as 28,037 thousand yen more, and assets as 89,049 thousand yen more when comparing figures calculated using the newly adopted amortization method with those of the previous method.

6. Changes in business segment classification

As of this consolidated fiscal year, we reviewed our Group's business content, and seamlessly integrated administration of our game businesses by entrusting game development and third-party contracted development to GAMES ARENA Co., Ltd., a consolidated subsidiary. Consequently, we decided to include the contracted development of network/package games in the Game Business. This section was previously reported under the Solutions Business segment.

Under the business segment classifications used this fiscal year, segment results for fiscal 2006 would be as follows:

FY2006 (from October 1, 2005 to September 30, 2006)

(Thousands of yen)

	Mobile Contents Business	Game Business	Solutions Business	Other Businesses	Total	Elimination or corporate	Consolidated
I Net sales and operating income							
Net sales							
(1) External sales	16,360,719	3,131,492	146,911	321,884	19,961,008	–	19,961,008
(2) Inter-segment sales and transfers	–	–	33,300	–	33,300	(33,300)	–
Total	16,360,719	3,131,492	180,211	321,884	19,994,308	(33,300)	19,961,008
Operating expenses	14,445,630	2,913,523	211,032	682,612	18,252,799	1,739,994	19,992,794
Operating income (loss)	1,915,088	217,968	(30,820)	(360,727)	1,741,509	(1,773,294)	(31,785)
II Assets, depreciation and amortization, impairment loss and capital expenditures							
Assets	6,154,981	1,041,467	99,211	719,150	8,014,810	18,146,857	26,161,668
Depreciation and amortization	147,911	250,011	8,112	9,789	415,824	104,352	520,177
Impairment losses	–	–	–	1,909	1,909	–	1,909
Capital expenditure	120,674	395,139	85,268	276,442	877,524	101,884	979,409

FY2008 (from October 1, 2007 to September 30, 2008)

(Thousands of yen)

	Mobile Business	Game Business	Portal Business	Other Businesses	Total	Elimination or corporate	Consolidated
I Net sales and operating income							
Net sales							
(1) External sales	16,801,329	4,949,124	1,804,494	1,423,424	24,978,372	–	24,978,372
(2) Inter-segment sales and transfers	–	4,053	6,245	110,143	120,442	(120,442)	–
Total	16,801,329	4,953,177	1,810,739	1,533,568	25,098,814	(120,442)	24,978,372
Operating expenses	13,396,755	4,234,137	3,325,796	1,578,343	22,535,032	2,327,841	24,862,874
Operating income (loss)	3,404,573	719,040	(1,515,057)	(44,774)	2,563,781	(2,448,283)	115,498
II Assets, depreciation and amortization, impairment loss and capital expenditures							
Assets	5,152,608	1,006,413	1,259,023	800,521	8,218,567	14,396,854	22,615,422
Depreciation and amortization	125,899	625,600	287,274	247,026	1,285,800	85,825	1,371,625
Impairment losses	–	–	105,606	14,996	120,603	–	120,603
Capital expenditure	60,422	500,672	771,401	165,075	1,497,571	51,955	1,549,526

(Note) 1. Classification of business segments:

Business segments are based on classifications used for internal reporting purposes.

2. Major products and services by business segment

Business segment	Major products and services
Mobile Business	Distribution of mobile content, etc.
Game Business	Development and sales of game software
Portal Business	Operation of information/banner distribution websites and image posting/image sharing websites that utilize mobile handsets, e-mail, and the Internet
Other Businesses	Network-based product sales, book planning and editing, contracted development of software, support, etc.

3. Operating expenses (2,460,762 thousand yen) included in "Elimination or corporate" consist primarily of expenses related to our administration division.

4. Corporate assets included in "Elimination or corporate" account for 14,456,894 thousand yen and consist of managed surplus assets (cash and securities) related to and our administration division.

5. Reclassification of business segments

Due to the increasing importance of portal businesses in the Portal Business segment (which was included under Other Businesses in the previous consolidated fiscal year) these businesses are now displayed in their own distinct business segment.

In addition, the segment that was reported as the Solutions Business segment during the previous consolidated fiscal year has been included in the Other Businesses segment as of this consolidated fiscal year, due to its decreasing importance.

The Solutions Business segment, which is included in Other Businesses as of this consolidated fiscal year, had net sales of 125,594 thousand yen, operating expenses of 73,903 thousand yen, and operating income of 51,690 thousand yen.

Businesses that were included in the Mobile Contents Businesses segment for the previous consolidated fiscal year are included in the Mobile Business segment for this consolidated fiscal year.

Under the business segment classifications used this consolidated fiscal year, segment results for the previous consolidated fiscal year would be as follows:

Previous consolidated fiscal year (from October 1, 2006 to September 30, 2007)

(Thousands of yen)

	Mobile Business	Game Business	Portal Business	Other Businesses	Total	Elimination or corporate	Consolidated
I Net sales and operating income							
Net sales							
(1) External sales	15,217,335	6,112,128	196,729	731,043	22,257,235	–	22,257,235
(2) Inter-segment sales and transfers	–	8,351	–	231,675	240,027	(240,027)	
Total	15,217,335	6,120,479	196,729	962,719	22,497,262	(240,027)	22,257,235
Operating expenses	13,111,405	4,841,935	868,172	1,086,178	19,907,692	1,981,283	21,888,975
Operating income (loss)	2,105,929	1,278,543	(671,443)	(123,459)	2,589,570	(2,221,310)	368,260
II Assets, depreciation and amortization, impairment loss and capital expenditures							
Assets	5,690,153	1,727,577	1,137,570	1,038,633	9,593,935	15,922,657	25,516,592
Depreciation and amortization	155,724	408,704	89,628	85,999	740,056	128,920	868,976
Impairment losses	–	119,715	–	100,347	220,062	–	220,062
Capital expenditure	201,906	577,206	569,804	496,793	1,845,710	118,428	1,964,139

[Segment Results by Location]

Previous consolidated fiscal year (from October 1, 2006 to September 30, 2007) and current consolidated fiscal year (from October 1, 2007 to September 30, 2008):

As the ratio of domestic sales as a percentage of the total sales of all segments and the ratio of domestic assets as a percentage of the total assets of all segments are both 90%, segment results by location have been omitted.

[Overseas Sales]

Previous consolidated fiscal year (from October 1, 2006 to September 30, 2007) and current consolidated fiscal year (from October 1, 2007 to September 30, 2008):

As the ratio of overseas sales as a percentage of consolidated sales is less than 10%, overseas sales figures have been omitted.