

May 9, 2008

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(Code No.: 3765; Listed on Osaka Stock Exchange Hercules Market)
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Notification concerning difference from previous year of first-quarter business results for period ending December 2008

As GungHo Online Entertainment does not issue a consolidated or non-consolidated business earnings forecast for the first-quarter of the period ending December 2008 (January 1 to March 31, 2008), the following information is disclosed as a comparison with the same period of the previous fiscal year.

1. Reason for the difference

In this quarter not only did online and game development business perform well as previously, the consumer business sector also began to perform robustly, and by providing a variety of services and products to our customers we were able to link this to a steady increase in earnings. In addition, through reorganization of subsidiary companies arising from reductions in the portal business, which had been operating at a loss, we have been able to control expenses.

As a result we forecast that the following difference will arise for sales and ordinary income as well as fourth quarter net income, when compared year on year. The forecast is detailed below. Consolidated sales, ordinary income and fourth quarter net income are all forecast to increase year-on-year due to stable growth in the online game business at GungHo and the injection of development incentive income, arising from the launch of general sales of a large-scale family game software development project for which one of our subsidiaries received an order from a large game equipment manufacturer. In addition, non-consolidated sales are forecast to rise year-on-year due to stable growth in the online game business, and non-consolidated net income is forecast to decrease year-on-year due to extraordinary loss arising from provision of reserves for recovery of claimable assets through restructuring of subsidiary companies.

2. Difference in business results between first-quarter of period ending 2008 (consolidated) and the previous year (consolidated)

Unit: Million yen, %

	Sales	Ordinary Income	Quarterly Net Income
Previous year results (A) (First quarter of period ending December 2007)	1,733	10	-32
This year's results (B) (First quarter of period ending December 2008)	3,517	722	260
Increase/loss (B-A)	1,784	711	293
Percentage increase/loss (%)	102.9	-	-

3. Difference in business results between first-quarter of period ending 2008 (non-consolidated) and the previous year (non-consolidated)

Unit: Million yen, %

	Sales	Ordinary Income	Quarterly Net Income
Previous year results (A) (First quarter of period ending December 2007)	1,638	212	131
This year's results (B) (First quarter of period ending December 2008)	1,855	151	-78
Increase/loss (B-A)	216	-60	-210
Percentage increase/loss (%)	13.2	-28.7	-