

August 18, 2008

Company Name	GungHo Online Entertainment, Inc.
President & CEO	Kazuki Morishita
(Code No.: 3765; Listed on Osaka Stock Exchange Hercules Market)	
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## **Interim Results of Financial Year Ending December 31, 2008 —Year-on-year Comparison with the Previous First-Half Period—**

In the following report, we show the interim consolidated and non-consolidated performance results of our company for the first half (January 1, 2008 – June 30, 2008) of the financial year ending December 2008, in comparison with the results for the same period of FY2007. (No comparison is made between the performance forecasts and the actual performance results of the first half, as our company does not release such performance forecasts.)

### 1. Analysis of Result Comparison

In the half-year period under review, our company started full-scale operation of the consumer-related business in addition to the mainstay on-line business and game software development business. The new business and the conventional businesses combined enabled us to offer a wide range of products and services to our customers, resulting in the improvement of company profit. Furthermore, we strived to reduce our expenses through the liquidation of a subsidiary in connection with the downsizing of loss-making portal businesses.

As a result, the following comparisons between the two first half periods are forecasted to be realized for gross sales, ordinary profit and interim net profit.

The consolidated gross sales and consolidated ordinary income are expected to expand and the interim net profit/loss result improve thanks to the steady growth of on-line businesses at the parent company and income growth at our console game software development subsidiary. The subsidiary benefitted from development incentive income as the console game machines for which the subsidiary was commissioned to develop software, a considerably large project, were released on the market during the term. The non-consolidated gross sales are forecasted to increase vs. the previous year due to the stable growth of on-line businesses. A large decline in the valuation loss of investment securities is expected to push down the net loss.

## 2. Year-on-year Comparison of Interim Consolidated Results

(Unit: Million yen; %)

	Gross Sales	Ordinary Profit	Net Profit
Interim results of FY ended December, 2007) [A]	3,996	177	(2,239)
Interim results of FY ending December, 2008 (Current year) [B]	5,644	815	(330)
Y-o-y growth/(decline) ([B] – [A])	1,647	638	1,908
Growth/(Decline) rate (%)	41.2	360.8	—

## 3. Year-on-year Comparison of Interim Non-consolidated Results

(Unit: Million yen; %)

	Gross Sales	Ordinary Profit	Net Profit
Interim results of FY ended December, 2007) [A]	3,223	387	(2,486)
Interim results of FY ending December, 2008 (Current year) [B]	3,700	371	(437)
Y-o-y growth/(decline) ([B] – [A])	476	(16)	2,048
Growth/(Decline) rate (%)	14.8	(4.3)	—