



Summary of the Company's 25th annual general meeting of shareholders is as follows.

\* Please note that this material is provided for the purpose of providing a summary of the 25th annual general meeting of shareholders on our website only, and as such its format and content differ from the legal record of the general meeting of shareholders.

Date and Time: Saturday, June 18, 2005, 10:00 a.m. through 11:00 a.m. (60 minutes)

Location: Century Room, Century Hyatt Hotel  
(2-7-2 Nishi Shinjuku, Shinjuku-ku, Tokyo)

Number of shareholders attending: 416

## Purpose of the Meeting

### Matters for Reporting:

1. Report on operating results, non-consolidated balance sheets and non-consolidated statement of income for the 25th fiscal year (April 1, 2004 through March 31, 2005).
2. Reports on consolidated balance sheets, and consolidated statement of income, as well as on the audits of consolidated financial statements for the 25th fiscal year (April 1, 2004 through March 31, 2005) by independent public accountants and the board of auditors.

### Matters for Resolutions:

- Proposal 1: Approval of the proposed appropriation of retained earnings for the 25th fiscal year.
- Proposal 2: Partial amendment to the Articles of Incorporation
- Proposal 3: Election of six directors
- Proposal 4: Issuance of share acquisition rights as stock options

\* All resolutions have been passed.

The following questions were asked by shareholders:

<Question 1>

2. How many granted stock options have been exercised to date?
3. Will you be issuing stock options every year?

If so, you should present us with your thoughts on your growth and business strategy much more clearly.

4. Mr. Wada, the president, holds 1,700 Company stocks, which is unchanged from the number in previous year. As some parts of his stock options have vested, he should increase the number by exercising those options.

<Response 1-1: Tatsuo Tomiyama, General Manager, General Administrations>

1. I provide an explanation on share acquisition rights on page 10 of our notice of the annual general meeting of shareholders.

Regarding share acquisition rights issued in accordance with the resolution at the annual general meeting of shareholders held on June 22, 2002, rights to 3,000,000 shares were issued and the balance was 2,048,075 as of March 31, 2005. The difference of slightly less than 1,000,000 is the total of options exercised and those invalidated as a result of the resignation of option holders.

Other stock options have not yet been exercised, for example because they have not become exercisable or the current market price is below the strike price.

<Response 1-2: Yoichi Wada, President>

2. We will not issue any stock options that will not advance our financial performance, and are consistently making efforts to increase earnings per share. The 1,100,000 share acquisition rights represent less than one percent of total outstanding shares, and we believe that this is in line with our financial growth without impairing capital efficiency.
3. I appreciate your valuable suggestion.

<Question 2>

1. In comparison with the Games (Offline) segment, the Games (Online) segment is demonstrating remarkable growth. Will you position the Games (Online) segment as a core business of the Company with the same or greater significance than the Games (Offline) segment?
2. What is your share of the Japanese and overseas online gaming market in terms of user head-count?

<Response 2: President and Representative Director, Yoichi Wada>

1. We are going to position the segment as a core and main business domain in the future.

2. As the online gaming market is still emerging, we have to grow faster than the market does, and I believe that we have been successful in this task so far.

## &lt;Question 3&gt;

Regarding the ¥60 dividend for this period, including the commemorative dividend of ¥30, I am afraid that the impression of a falling dividend may adversely impact the stock price if there were to be no commemorative dividend next year. What is your plan for IR activities to deal with this issue?

## &lt;Response 3: Yoichi Wada, President&gt;

Maintaining the payout ratio of 48.8% we have in this period may imply an expectation of business stability rather than growth. We decided to pay the additional dividend to commemorate our 25th fiscal year. We have set a target payout ratio at around 30%, and will be increasing the dividend as our financial results improve.

## &lt;Question 4&gt;

Regarding the development of online game titles, do you plan to tie up with other companies in Japan and overseas?

## &lt;Response 4: Yoichi Wada, President&gt;

While we are flexible with respect to business alliance opportunities, we think that we should seek those opportunities that do not impair the properly managed quality control of our products and services.

## &lt;Question 5&gt;

How do you foresee M&A from the viewpoint of being acquired?

## &lt;Response 5: President and Representative Director, Yoichi Wada&gt;

The mission of the management team is to advance the Company's financial performance and achieve healthy growth, and achieving this goal is one of way to protect the Company from unexpected threats.

## &lt;Question 6&gt;

1. While sales totaling ¥70 billion, the Company has cash reserves of ¥80 billion. Tell us what is to be done with these very substantial funds.
2. And not only do you have cash on hand, you may be able to gain cash by securitizing content. What do you think of this approach?

## &lt;Response 6: Yoichi Wada, President&gt;

1. We think that 30 to 40 billion yen is the optimum level for cash on hand, given that we usually take about two years to develop a game title. We will be using some of this cash for M&A activities, business alliances, and capital investment, and will distribute the surplus funds to our shareholders.
2. It is conceivable as a strategic option, however, matters concerning intellectual property rights are difficult to manage, and given our current and foreseeable businesses this approach would not be appropriate. But we are open to considering it.

## &lt;Question 7&gt;

1. What is your thinking behind the extremely conservative projection for FY2006, which expects little increase from FY2005?
2. As Mr. Wada states that the Company has been doing quite well since the merger, what does Mr. Naruke, as an outside director, think is a weak point of the Company?

## &lt;Response 7-1: Yoichi Wada, President&gt;

1. Although we are seeking for continuous growth, we should be prepared for an adverse business environment, since FY2006 will be a transitional period during which we will move to the next generation consoles in the area of our core business, the Games (offline) segment. We think that both the Games (Online) and Mobile Phone Content segments are in the initial investment phase.

## &lt;Response 7-2: Makoto Naruke, Outside Director&gt;

2. Our weak point is that we still need more human resources such as creators, directors, and producers, although the same is true for Japanese industry as a whole. We should emphasize training, either on or off the job.

The Company's challenge for the future to have its brand recognized worldwide, without any regional blind spots.

Finally, senior management is very serious about what they are doing. I am sure that this posture will deliver a remarkable financial performance for the Company in the next few years. Please wait and see how things turn out.