

Summary of Financial Results for the First Quarter Ended January 2005 (Consolidated)

Company name: D3 Publisher Inc.
 Stock code: 4311
 Stock exchange listing: JASDAQ
 Domicile: Tokyo
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Consolidated Business Results for the First Quarter Ended January 2005 (November 1, 2004 – January 31, 2005)

(1) Results of Operations

(Note: Rounded down to ¥ Million)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|-------------------|-----------|------|------------------|-------|-----------------|---|------------|---|
| | ¥ Million | % | ¥ Million | % | ¥ Million | % | ¥ Million | % |
| 1Q of FY 10/2005 | 1,171 | 40.0 | 94 | - | 83 | - | 61 | - |
| 1Q of FY 10/2004 | 824 | - | - | - | - | - | - | - |
| (Ref.) FY 10/2004 | 3,057 | 0.5 | 205 | 324.2 | 160 | - | 160 | - |

| | Net income per share | Diluted net income per share |
|-------------------|----------------------|------------------------------|
| | ¥ | ¥ |
| 1Q of FY 10/2005 | 4,438.71 | 4,388.11 |
| 1Q of FY 10/2004 | - | - |
| (Ref.) FY 10/2004 | 13,102.52 | 12,815.50 |

(Note) Because this is the first quarterly consolidated financial report for Nippon Broadcasting System, Inc., no year-on-year comparisons and data for third quarter of the fiscal year ended December 2003 are presented.

Narrative Analysis of Results of Operations (consolidated)

In the package software business, the Company launched several new full-price game software titles, including Mr. Incredible, K-1 PREMIUM 2004 Dynamite!! and *Hajimeno Ippo All *Stars*, and combined this with successive launches of new titles in the “SIMPLE Series” to revitalize the series of low-price game software.

The network business was favorable as membership in the “SIMPLE100 Series” of mobile phone game contents topped the 500,000-member mark.

As a result of the above and other factors, first-quarter consolidated operating income was ¥94 million on consolidated net sales of ¥1,171 million, up 40% compared with the same period a year earlier. Consolidated ordinary income and consolidated net income were ¥83 million and ¥61 million, respectively.

Effective the current first quarter, D3 Publisher of America Inc. is included in the consolidation. However, there were no sales in the North American region since the first title is to be launched in September 2005.

(2) Financial Position

| | Total assets | Shareholders' equity | Shareholders' equity to total assets | Shareholders' equity per share |
|-------------------|--------------|----------------------|--------------------------------------|--------------------------------|
| | ¥ Million | ¥ Million | % | ¥ |
| 1Q of FY 10/2005 | 3,281 | 2,110 | 64.3 | 152,409.93 |
| 1Q of FY 10/2004 | - | - | - | - |
| (Ref.) FY 10/2004 | 3,744 | 2,063 | 55.1 | 149,362.65 |

[Results of Cash Flows]

| | Net cash flows by operating activities | Net cash flows by investment activities | Net cash flows by financial activities | Balance of cash and cash equivalents at the end of year |
|-------------------|---|--|---|---|
| | ¥ Million | ¥ Million | ¥ Million | ¥ Million |
| 1Q of FY 10/2005 | 70 | -75 | -366 | 990 |
| 1Q of FY 10/2004 | - | - | - | - |
| (Ref.) FY 10/2004 | 697 | -542 | 654 | 1,374 |

Narrative Analysis of Financial Position (consolidated)

Cash and cash equivalents (hereafter “funds”) as of the end of the first quarter were ¥990 million, a decline of ¥384 million from the end of the previous fiscal year. The principal sources of cash and cash equivalents were ¥81 million in income before income taxes (income before income taxes in the previous consolidated fiscal year was ¥262 million) and ¥200 million in proceeds from long-term debt. The principal uses of cash were a net ¥501-million decline in short-term borrowings and ¥184 million in income taxes paid.

Cash flows and factors affecting cash flows during the first quarter were as follows:

Cash flow from operating activities

Net cash provided by operating activities totaled ¥70 million. The principal sources of cash were ¥81 million in income before income taxes, ¥92 million in depreciation of intangible assets and a ¥68 million decline in advances paid. The principal use of cash in operating activities was ¥184 million for income taxes.

Cash flow from investing activities

Net cash used in investing activities was ¥75 million. The principal use of cash was ¥70 million for the acquisition of intangible assets, including software and ¥9 million for the acquisition of tangible assets.

Cash flows from financing activities

Net cash used in financing activities totaled ¥366 million. The principal source of cash in financing activities was ¥200 million in proceeds from long-term debt. The principal uses of cash in financing activities were a net ¥501 million decline in short-term borrowings and a ¥65 million repayment of long-term debt.

[Reference]

Forecasts of financial results for the fiscal year ending October 2005 (November 1, 2004 – October 31, 2005)
We have not revised the interim and full-year consolidated business forecasts for the fiscal year ending October 2005 released on December 13, 2004 in the Summary of Consolidated Financial Results for the Fiscal Year Ended October 2004.