



June 20, 2007

For Immediate Release

Company: D3 INC.
Representative: Yuji Ito, President and CEO
(JASDAQ Code: 4311)
Contact: Kenji Kotera, Executive Director
Tel: 03-5428-8830

D3 Inc. Acquires Vicious Cycle Software

On June 20, 2007 the Board of Directors of D3 Inc. approved the acquisition of Vicious Cycle Software, Inc. by D3Publisher of America, Inc., a subsidiary of D3 Inc., making Vicious Cycle Software a subsidiary of D3Publisher of America and a second-tier subsidiary of D3 Inc.

1. Reason for acquisition

Since it began operating in 1999, D3 Inc., a game publisher that does not have its own in-house development department, has marketed a variety of game software titles that it has outsourced from a number of outside developers. As it strengthens its overseas business, the Company expects to outsource more development of games for overseas markets to Vicious Cycle Software. Therefore D3 Inc. decided to acquire Vicious Cycle Software, which possesses expertise in developing software for various dedicated game devices, including PlayStation3 and Xbox360, as a second-tier subsidiary (a subsidiary of D3Publisher of America).

2. Profile of the second-tier subsidiary (Vicious Cycle Software, Inc.)

- | | |
|---------------------------------------|---|
| (1) Business name: | Vicious Cycle Software, Inc. |
| (2) President: | Eric Peterson |
| (3) Headquarters: | 6330 Quadrangle Dr., Suite 100 Chapel Hill, NC 27517, USA |
| (4) Established: | January 31, 2000 |
| (5) Main business area: | Game software development |
| (6) Business year end: | December 31 |
| (7) Number of employees: | 50 |
| (8) Main business location: | 6330 Quadrangle Dr., Suite 100 Chapel Hill, NC 27517, USA |
| (9) Capital: | US\$230.00 |
| (10) Number of shares
outstanding: | 63,916 |
| (11) Major shareholders: | Eric Peterson (44.3%)
Wayne Harvey (44.3%) |

(12) Recent business results

	Year ended December 2005	Year ended December 2006
Sales	\$3,788,324 (447 million yen)	\$5,921,378 (705 million yen)
Operating income	\$545,341 (64 million yen)	\$299,815 (35 million yen)
Recurring income	\$555,503 (65 million yen)	\$355,462 (43 million yen)
Net Income	\$507,262 (59 million yen)	\$174,273 (20 million yen)
Total assets	\$604,419 (71 million yen)	\$763,275 (90 million yen)
Net assets	\$575,269 (67 million yen)	\$744,134 (88 million yen)
Amount of capital	\$240 (28,000 yen)	\$230 (27,000 yen)
Dividend per share	—	—

* The US dollar amounts shown above were converted into yen using the December 30, 2005 TTM rate (118.07 yen/dollar) for the year ended December 2005 and the December 29, 2006 TTM rate (119.11 yen/dollar) for the year ended December 2006.

3. Source of shares acquired

(1) Name: Eric Peterson (President, Vicious Cycle Software, Inc.) 28,333 shares
Wayne Harvey (Vice President, Vicious Cycle Software, Inc.) 28,333 shares
Employees of Vicious Cycle Software, Inc. 7,250 shares

(2) Relationship with D3 Inc.

Vicious Cycle Software has been contracted to develop game software that will be sold by D3 Inc. in the future. There is no equity relationship or personal relationship.

4. Number of shares acquired, amount paid, and shareholdings before the acquisition

(1) Number of shares held before transfer 0 shares (0% holding)
(2) Number of shares acquired 63,916 shares (acquired for US\$5 million)
(3) Number of shares held following transfer 63,916 shares (100% holding)

5. Timetable

June 20, 2007 Agreement for transfer of shares concluded

6. Outlook for the future

Vicious Cycle Software currently develops game software for companies outside the D3 group. However, it is intended that in the future that it will primarily develop software for the D3 group, and it is intended that the development costs that arise within the D3 group will be recorded as cost of sales, as is done for development costs associated with outsourcing. It is expected that reducing development costs from the initial projection will cover the amortization of goodwill associated with this acquisition. Therefore, there are no changes to the earnings guidance for the year ending March 2008, which was announced on May 8, 2007 concurrently with the release of the short earnings report (*kessan tanshin*) for the year ended March 2007.