



Notice of Transfer of Branch

Tokyo, Japan – May 15, 2012 – Gala Inc. today announced that it has resolved at the meeting of the board of directors held today to transfer the Korean branch of the company to Seoul-based consolidated subsidiary Gala Lab Corp.

1. Purpose of transfer

The Gala Group is a global network of businesses primarily focused on providing online communities and games to users around the world.

The transfer is expected to improve efficiency and lead to further growth and expansion of the group.

2. Details of transfer

(1) Details of the Korean branch

The Korean branch handles maintenance and development of the Gala Group's gPotato online games portals.

(2) Results of the Korean branch in FY 2012

(millions JPY)

	Branch results (a)	Company results (b)	Ratio (a/b)
Sales	102	151	67.5%
Gross profit on sales	102	151	67.5%
Operating profit	-5	-261	2.1%
Pretax profit	-5	-228	2.5%

(3) Assets and liabilities to be transferred (as of March 31, 2012)

(millions JPY)

Assets	Book value	Liabilities	Book value
Current assets	27	Current liabilities	57
Fixed assets	24	Fixed liabilities	-
Total	51	Total	57

(4) Price for purchase and method of payment

Price: To be based on the book value as of the date of sale

Method of payment: Cash

3. Overview of purchasing company

(1) Company name	Gala Lab Corp.	
(2) Address of main offices	735, Yeoksam 1-dong, Gangnam-gu, Seoul, Korea 135-923	
(3) Representative director	Satoru Kikugawa	
(4) Business domain	Development and operation of online games	
(5) Capital	KRW 2,019,750,000	
(6) Established	May 14, 2002	
(7) Major stockholders	100% of outstanding stock owned by Gala Inc.	
(8) Relationship with Gala Inc.	Capital relationship	Gala Inc. owns 100% of the outstanding stock of Gala Lab Corp.
	Personnel relationship	3 directors of Gala Inc. are directors and 1 auditor is an auditor of Gala Lab Corp.
	Business relationship	Gala Inc. provides management guidance to Gala Lab Corp.
	Relationship of the affiliated parties	Gala Lab Corp. is a subsidiary of Gala Inc. and a related party as defined in the Companies Act

4. Schedule of transfer

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|---------------------------------|---------------------------|
| (1) Board resolution: | May 15, 2012 |
| (2) Date of transfer agreement: | August 31, 2012 (planned) |
| (3) Date of transfer: | August 31, 2012 (planned) |

5. Overview of accounting procedures

As the transfer is between consolidated companies, there will be no impact.

6. Impact on fiscal results

There will be no impact on the fiscal results for FY 2013.

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Disclaimer: This summarized translation is provided for convenience only. In the event of any discrepancy with the Japanese original, the original shall prevail.