

To: Shareholders

31 October 2007

Keiko Iida, President & CEO

Naoto Yoshihama, contact officer

Director & General Manager

GignoSystem Japan, Inc. (OSE Hercules Code 4300)

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Notice of Acquisition of Shares of Indirect Subsidiary

GignoSystem Japan, Inc. hereby gives notice of the resolution adopted at the meeting of the Company's Board of Directors on 31 October 2007 for the acquisition of shares of Onion, Inc. owned by Company subsidiary Thirtieth Co., Ltd.

1. Reasons for share acquisition

GignoSystem Japan, Inc. is acting to restructure the Group and otherwise enhance its structure in order to differentiate itself as a comprehensive Internet services firm engaged in all aspects of production from planning through implementation.

This positioning of Onion as a subsidiary of the Company constitutes one segment of this Group restructuring, and the Company expects Onion to play an important part as a planning and production firm in the Gigno Group and for our strengthened mutual cooperation to contribute to the further dynamic growth of the Gigno Group.

2. Basic Information on New Subsidiary

- | | |
|------------------------|--|
| (1) Trade name | Onion, Inc.. |
| (2) Representative | Representative Director Naomi Kawata |
| (3) Address | 1-2-18 Mita, Minato-ku, Tokyo |
| (4) Date established | 12 March 2002 |
| (5) Primary operations | Advertisement planning and production, film and television program planning, production and distribution |
| (6) End of fiscal year | March |
| (7) Employee count | 16 |

- (8) Place of business 1-2-18 Mita, Minato-ku, Tokyo
- (9) Capitalization 35 million yen
- (10) Total shares issued 700 shares
- (11) Composition and holdings of major shareholders
- | | |
|---|--------------------|
| Thirtieth Co., Ltd. | 364 shares (52.0%) |
| Naomi Kawata
(Representative Director, Onion, Inc.) | 100 shares (14.2%) |
| Eiki Uchida
(Representative Director, Thirtieth Co., Ltd.) | 100 shares (14.2%) |

(12) Results in recent business years

Close of fiscal year	February 2006	March 2006	March 2007
Sales	755 million yen	39 million yen	1,005 million yen
Ordinary profit	45 million yen	-6 million yen	108 million yen
Current net profit	25 million yen	-6 million yen	56 million yen
Total assets	217 million yen	181 million yen	389 million yen
Shareholders' equity	126 million yen	119 million yen	182 million yen
Dividend per share	1.01 yen	1.01 yen	1.01 yen

N.B. Due to change of business year, results for the period ending March 2006 are results for a single month.

3. Seller of shares

- | | |
|---------------------------------|--|
| (1) Trade name | Thirtieth Co., Ltd. |
| (2) Representative | Chairman and CEO Eiki Uchida |
| (3) Headquarters address | 4-2-4 Nishi-azabu, Minato-ku, Tokyo |
| (4) Primary businesses | Planning and production of advertising music, planning and production of records and music cassettes, planning and production of music and theme songs for films and television and radio programming, music-centric event planning and production, artist development and promotion |
| (5) Relationship to GignoSystem | Thirtieth is a subsidiary of GignoSystem, which has a 54.5% holding. |

4. Number of shares acquired, acquisition price and shareholding before and after acquisition

(1) Prior shareholding	0 shares (0% shareholding) (0 voting rights)
(2) Shares acquired	364 shares (100 million yen acquisition price) (364 voting rights)
(3) Resultant shareholding	364 shares (52.0% shareholding) (364 voting rights)

5. Schedule

31 October 2007	Resolution of meeting of Board of Directors
31 October 2007	Date of transfer of shares

6. Future outlook

The impact of this acquisition of shares on the Company's consolidated performance has been incorporated into the expected performance reported in the Notice of Extraordinary Loss and Revised Performance Forecasts (Consolidated and Unconsolidated) released today.