

-- Reference Materials --
**Overview of the Mobile e-Book/e-Comic
Industry**



April 2007
CELSYS, Inc.

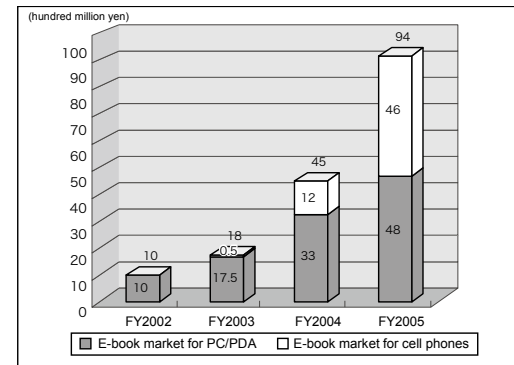
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Trends in the Mobile e-Book/e-Comic Industry (1)

4.6 billion yen market for e-books aimed at cell phones (FY2005).
Mobile e-book market growing rapidly at a rate of 400% in one year.

■ Growth in the e-book market (FY2002 to FY2005)



Source: 2006 e-Book Marketing Report (published by Impress R&D)
*1: Based on the "2005 e-Book Marketing Report" published in September 2005.

- The market for e-books for cell phones has grown rapidly, from around 50 million yen in FY2003 to 1.2 billion yen in FY2004 (a growth rate of 2300% on the previous year) and 4.6 billion yen in FY2005 (up 280%).
- The number of mobile e-book web sites has increased by 340% in one year. In September 2005 there were 57 sites. By September 2006 there were 193 sites.
- The number of mobile e-comic web sites has increased by 426% in one year. In September 2005 there were 23 sites. By September 2006 there were 98 sites.
- Whereas the main content provided in e-books in the past has been literary, there was a dramatic turnaround over the 2005 and 2006 period, with mobile e-comics emerging as the clear driving force in the overall e-book market.
- Strong growth continued in 2006 with growth rates at least 2 or 3 times higher than the previous year.

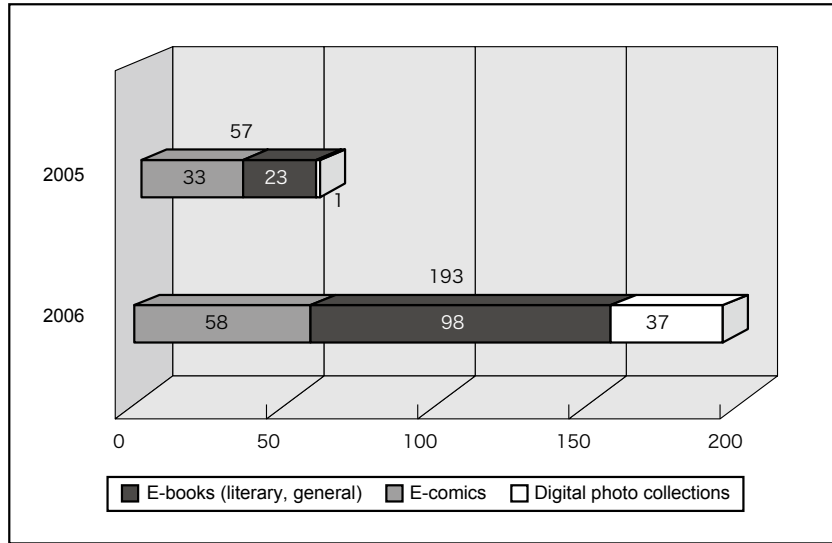
Sources: Extracted from the sources below with some data rearranged by Celsys.

*1: 2006 e-Book Marketing Report (published by Impress R&D)

*2: 2006 e-comic Marketing Report (published by Impress R&D)

Trends in the Mobile e-Book/e-Comic Industry (2)

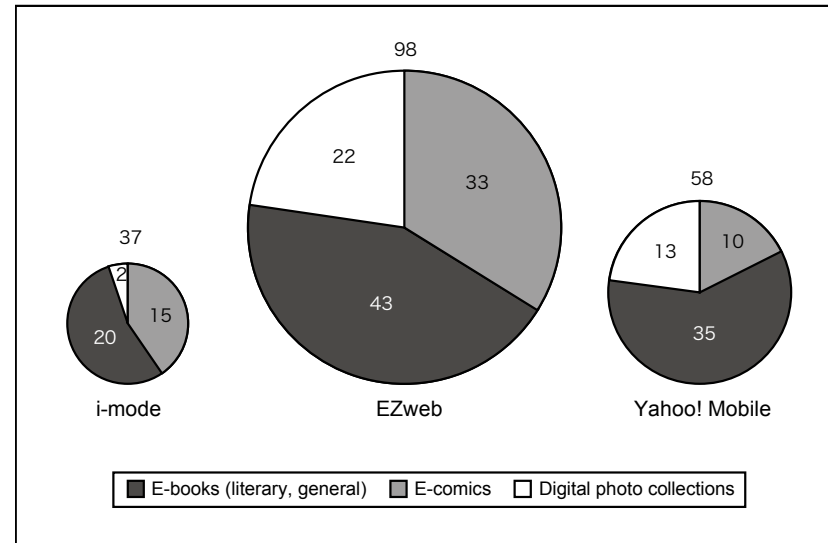
■ Trends in the numbers of mobile e-book sites (September 2005 to September 2006)



Category	Sep-05	Sep-06	Grow th
E-books (literary, general)	33	58	176%
E-comics	23	98	426%
Digital photo collections	1	37	3700%
Total	57	193	339%

Source: 2006 e-Book Marketing Report (published by Impress R&D)

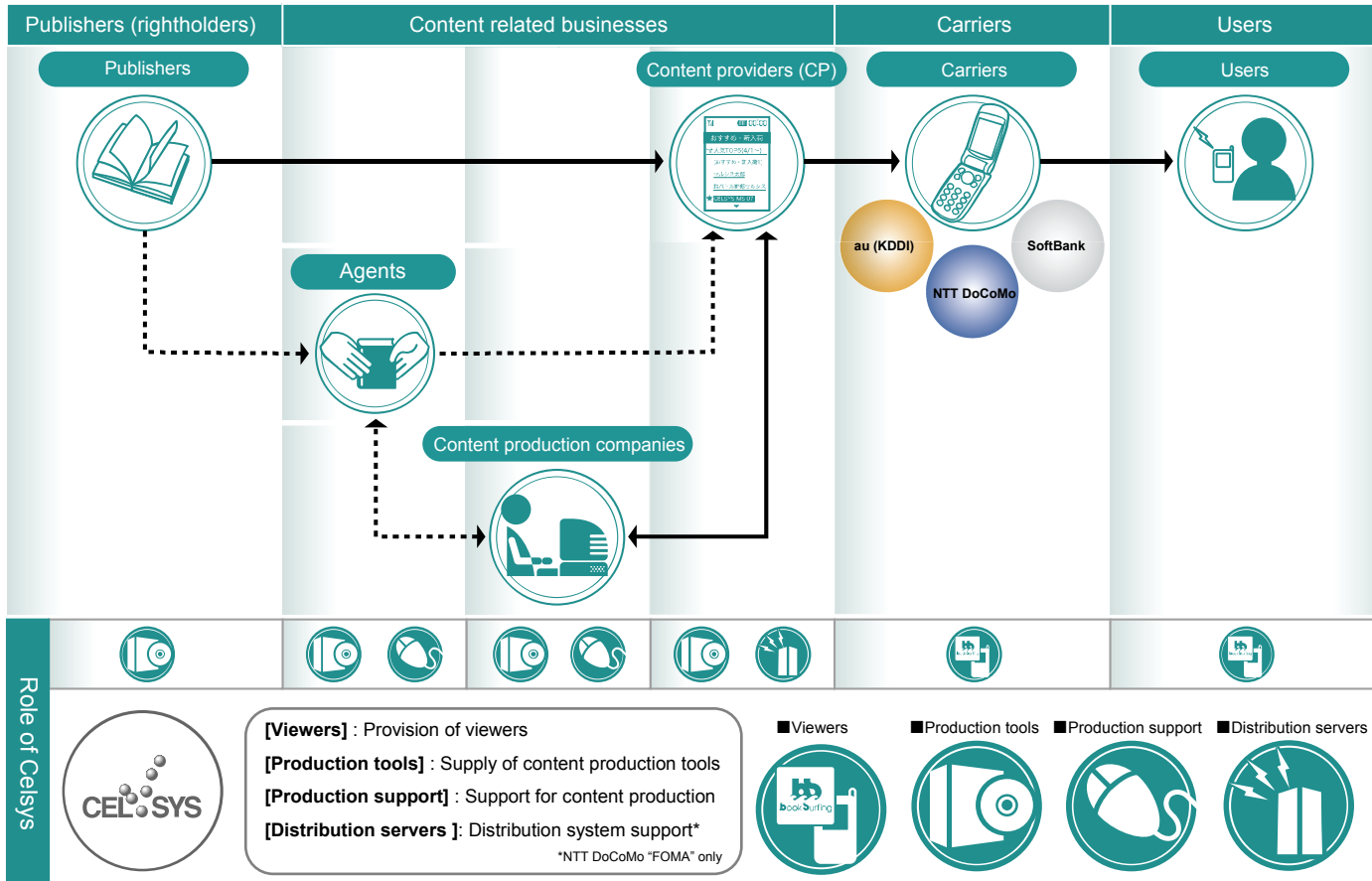
■ Number of mobile e-book sites per carrier (September 2006)



Source: 2006 e-Book Marketing Report (published by Impress R&D)

Overview of the Mobile e-Book/e-Comic Industry

Flow of business in the mobile e-book/e-comic industry



Embarking on an all-out strategy in which "fees" are added to "rich and varied applications and content" and "an extensive range of cell phones". Since au launched their service, their "e-books/e-comics" market has grown to be worth 2.4-billion yen per year in just two and a half years. Its growth stands out markedly against au's other services.



- 93.81 million cell phone subscribers. NTT DoCoMo with a leading market share of 55.5%. au share increased to 28.1% and SoftBank Mobile steady at 16.3% (as of September 2006). As we approach the limit on quantitative expansion, we can only boost our subscriptions by luring subscribers away from our competitors, using MNP as the trigger.
- The keys to securing agreements are their "fees", their "rich and varied applications and content" and their "extensive range of cell phones".
- The shift towards "richness" in content is clear. au leads the other carriers in growing the use of fixed-rate packet services and cell phones designed to handle rich content. In 2006, NTT DoCoMo and SoftBank pushed ahead with measures to accommodate higher communication speeds, paving the way for the rolling out of fully fledged rich content.
- au's "EZ Book" (e-books/e-comic distribution service) has grown to be a 2.4-billion yen per year market in just two and a half years. Its growth rate is remarkable even when compared with other services. And sales have almost doubled in the past 6 months (calculated from sales for June 2006).
- NTT DoCoMo caters to a market of approximately 4.3 billion yen annually.

Source: Drawn by Celsys from the following:

*1: "2007 K-tai White Paper" published by Impress R&D *2: "2006-2007 K-tai Marketing Report" published by Impress R&D

Trends in Mobile Communications Providers (Carriers) (2)

Feature	au (KDDI)	NTT DoCoMo	SoftBank
<input type="checkbox"/> Cell phone subscribers & market share (Total no. of cell phone subscribers: 93.81 million (Sept. 2006))	28.1% (26.41 million) • Top for 3 years consecutively in share trends for monthly increases.	55.5% (52.1 million) • Boosted by the introduction of new FOMA cell phones. Narrowly behind au.	16.3% (15.31 million) • Fell in net terms until May '05 but subsequently achieved net gains.
<input type="checkbox"/> Sales, operating profit, operating profit ratio (FY2005)	Approx. 2,510.4 billion yen Approx. 354.4 billion yen, 14.1%	Approx. 4,765.9 billion yen Approx. 832.6 billion yen, 17.5%	Approx. 1,467.6 billion yen Approx. 76.3 billion yen, 5.2%
<input type="checkbox"/> Flat-rate packet services	• Launched "EZ Flat" in November '03. • Take-up rate of 79% among new subscribers.	• Launched "Pake-hodai" in June '04. • 8.25 million subscribers, or 27% of all subscribers (November '06).	• Launched "Packet Free" in November '04.
<input type="checkbox"/> Content business (Overall mobile content market in 2006 is worth around 400 billion yen, 27% up on the previous year.)	• Data ARPU: 2,000 yen (2nd quarter of '06).	• Data ARPU: 1,980 yen (2nd quarter of '06).	--
	• EZWeb information charges: Approx. 10 billion yen/month (August '06).	• i-mode information charges: Approx. 16.6 billion yen/month (end of September '06).	--
	• Significant role played by online music services such as "Chaku-Uta" and "Chaku-Uta-Full".	• Putting resources into games with the introduction of "Dragon Quest", "Final Fantasy", etc.	• Due to the large increases in access to Yahoo!Mobile, access to public sites has also risen, boosting content sales.
	• Major growth in high-capacity, high-quality content-rich services such as "Chaku-Uta", "Chaku-Uta-Full", games and e-books.	• Content with particularly high growth rates are "Deco-mail", e-comics and e-books.	• Promoting the integration of cell-phone and PC-based Internet access using Yahoo!Mobile as the hub.
<input type="checkbox"/> e-books/e-comics	• Since services began 2½ years ago, this has grown to be a 2.4 billion yen/year business (approx. 200 million yen/month).	• Grown to be worth 4.3 billion yen/year (approx. 360 million yen/month).	--
	• Dramatic growth rate in comparison with other services. Sales roughly doubling in the most recent 6-month period.	• New "Comic/Book" category established in the i-mode "Menu/Search" options.	--
<input type="checkbox"/> Carriers and Celsys	• Used as the "public comic viewer" from November '03.	• Leading seller of Celsys viewer usage.	• Viewer pre-installed on almost all of the 3G cell phones released in and after April '06.

Competition between mobile e-comic sites is intensifying.
New and different businesses are entering the market in rapid succession.



- The "comic i" and "comic C'moA" mobile e-comic sites run by NTT Solmare are getting over 3 million downloads per month, with a total of 15 million downloads since the service began.
- The market is seeing a rapid influx of different businesses that previously had nothing to do with publishing.
The future may also see the entry of major mobile content providers with many millions of subscribers, leading to unpredictable consequences for existing e-comic sites.
- Sony Pictures is putting more resources into e-comics for cell phones and is distributing new titles for free.
- TSUTAYA online has opened an e-books site on i-mode with a library of around 1,000 comics, novels, etc.
- i-revo is building the fanzine market and unearthing new works for porting into games, movies, etc.
Internet Revolution (i-revo), a company jointly funded by Konami Corporation and Internet Initiative Japan Inc., is setting out to build a net distribution market for fanzines, etc.

Sources: Extracted from the sources below with some data rearranged by Celsys.

*1: "2006 e-comic Market Report" (published by Impress R&D) *2: Nikkei Business Daily *3: Nikkei Marketing Journal

Trends Relating to Content and Content Providers (2)

List of mobile e-comic sites

Genre	Site	Operated by	I	E	Y
E-comic	Anicom World	BANDAI NETWORKS CO., LTD.	○	○	○
	Aniyome	TMS ENTERTAINMET CO., LTD.	○	○	○
	ALC Language Comic	ALC PRESS, Incorporated			○
	eBookJapan Comic	eBOOK Initiative e Japan Co., Ltd., Primeworks Co., Ltd.	○	○	○
	Ishinomori Shotaro	Quattro Media Corporation		○	○
	Umez's Manga			○	
	Chara Seikatsu! Geel Station			○	
	Kyokomi Keiko's Ferror Story			○	
	Ketail Manga Mainichi Mobile Comics	Xing Inc.	○	○	
	Ketail Manga Ohoku	Bbrf K.K.	○	○	○
	Ketail Mangaya-san	Sun Copy Flow inc		○	○
	Monthly Bigburn	Gekkan Bigburn		○	○
	GENZO/Gentsha Comics	DG Mobile Inc.		○	○
	Koi Comic	Sammy Networks Co., Ltd.	○	○	○
	Kyokomi Keiko's Horror Story	VOLTAJE Inc.	○		
	Comic i	NTT Solmare Inc.	○		
	Comic CmoA	NTT Solmare Inc.		○	○
	Comic Walker	Kadokawa Cross Media, Inc.	○	○	○
	Comics-Shogakukan Books	Shogakukan Inc.	○	○	○
	Comic New Type	KADOKAWA GROUP PUBLISHING CO.,LTD.			○
	Comic Fantasia			○	
	Comic Max	Sony Pictures Entertainment (Japan) Inc.	○	○	○
	Comic Leed	LEED Publishing Co., Ltd.	○	○	○
	Saikyo Comic	Matsushita Electric Industrial Co., Ltd.			○
	Shuetsu Manga Capsule	SHUESHA Inc.	○	○	○
	Weekly Comic Magazine	For-side.com Co.,Ltd.			○
	Weekly Manga Daiou	Hopemon			○
	Joshi-ryoku Koujyu Comic	DIGIMERCE Inc.		○	○
	Danshi-knsei Souzetsu! Yome-Shulome Battle			○	
	Tsuge Yoshiharu			○	
	Tsuri Kichi Sampel Comics			○	
	Disney Mobile Comics	Disney Enterprises, Inc.			○
	Tezuka Osamu Anime Books	TEZUKA PRODUCTIONS.	○	○	
	Tezuka Osamu Manga no Mushi			○	
	Nagai Go Channel			○	
	Hakusensha e-comics	CHARA-WEB Co.,Ltd.	○	○	○
	Panic Seven	Byakuya Planet Co., Ltd.			○
	Papyless DX Comic-kan	PAPYLESS CO.,LTD.		○	
	Papyless Comic-kan	PAPYLESS CO.,LTD.		○	○
	Para-para Anime	Bancho Inc.		○	○
	Handy Comic	Bitway Co., Ltd.	○	○	○
	Heroine NAVI	Blau			○
	Black Jack + TV	Tezuka Osamu Anime Books			○
	Best Hi COMCS	AXEL MARK INC.	○	○	○
	Best Hi Anime Comics			○	
	Pony Canyon Comics	PONY CANYON INC.			○
	Mitsumoto Reiji Comix			○	
	Manga J Horror			○	
	Manga-ichiba.com			○	
	Manga Ishinomori			○	
	Manganomori	Byakuya Planet	○	○	
	Manga! Manga! Manga!			○	
	Manga Yomihoudai	I-FREEK CO., INC.			○
	Mzuki-san no Kowai Hbn			○	
	Minato Yomaniao	T2i Entertainment Co., Ltd.	○	○	○
	Meisaku no Hondana			○	
	Moe Chara Collection	Taito Corporation			○
	Lupin The Comic	TMS ENTERTAINMET CO., LTD.	○	○	○

List of Mobile E-comic Sites (Sept. 2006)

I: i-mode, E: EZWeb, Y: Yahoo! Mobile (formerly Vodafone live)

Genre	Site	Operated by	I	E	Y
E-book	Animate Books	Frontier Works Inc.	○	○	
(Literary, general)	Basabo Unkiri Chokuyori	Kadokawa Mobile	○		
	Irayama	Digi Book Japan Corporation.	○	○	
	Onanashi Picture Book Mimbok			○	
	Girlsbooks			○	
	Ghost story Hyakumonogatari - Shin Mimbukuro	T2 Mediapal			○
	Ghost story Shin Mimbukuro	T2	○		
	Kachigumi [Secret] Bible			○	
	Ketail E-books	SHARP CORPORATION			○
	Ketail Dokushokan	SHARP CORPORATION	○	○	
	Koko Toshio			○	
	Saikyo Dokusho Seikatsu	Panasonic	○		
	The Dokusho	SHUESHA Inc.	○	○	○
	Shun no Setsuyaku Recipes			○	
	Joshi-ryoku Koujyu Shoten	DIGIMERCE Inc.		○	○
	Shincho Ketail Bunko	INTERCHANNEL-HOLON INC.	○	○	○
	Sony Pictures Sanchohe Toshokan			○	
	Sonorama Digital Nobels			○	
	Sorayume Books			○	
	Timebook Town			○	
	Tatagaki-kun	INTERCHANNEL-HOLON INC.			○
	Chokuyori			○	
	ebook Shop Papyless	PAPYLESS CO.,LTD.	○		○
	Dokodoki Shuppan			○	
	Dokodemo Dokusho	mobilebook.jp inc.	○	○	
	Dotto Yomu			○	
	Dramatic Books			○	
	Papyless DX			○	
	Handy Bookshop			○	
	FHP Deku Hito no Hondana	Imagineer Co., Ltd./FHP interface	○		
	BL Rakuen			○	
	BIGLOBE Ketail Shoten	NEC BIGLOBE Ltd.	○	○	○
	Forest Novel			○	
	Bunko Yomi-houdai	BANDAI NETWORKS CO., LTD.	○	○	○
	Bunko YomiYom		○	○	
	Best Hi BOOKS			○	
	Boys Paradise			○	
	Boys Love Stories			○	
	Boys Love Novels			○	
	Pocket Library			○	
	Mystery World	Daysys Co.Ltd.	○		
	Yomitchi			○	
	Ranobe Shoten			○	
	Renta! Yomu Suppli			○	

List of Mobile E-comic Sites (Sept. 2006)

I: i-mode, E: EZWeb, Y: Yahoo! Mobile (formerly Vodafone live)

Genre	Site	Operated by	I	E	Y
Digital photo	Idol One Books			○	○
collection	Ugoku! Shashin-shu	Kadokawa the Television Co.,LTD.	○	○	○
	Guadoru Shoten	Fractalist Inc.		○	○
	Gravure Digi Shashin-shu	For-side.com Co.,Ltd.		○	○
	Gravure Photo Shogakukan			○	
	Guramantan 8 1000♂	DG Mobile Inc.			○
	Ketail Shu-Pre Book	SHUESHA Inc.		○	○
	Sexy Gravure Book			○	
	Sexy Shoten			○	
	Sexy DX Shashinkan	Mytec Entertainment Co. Ltd.		○	○
	Tsuya Mogitate Shuppan	GignoSystem Japan, Incorporated		○	○
	Tsuya-kan art			○	
	Papyless DX Gravure-kan	ebook Shop Papyless		○	
	Papyless Gravure-kan	ebook Shop Papyless			○
	Handy Shashin-shu	Bitway Co., Ltd.	○	○	
	Hangryuu Channel			○	
	Visual Story	GignoSystem Japan, Incorporated		○	○
	VISION FACTORY PhotoAlbum			○	
	Best Hi Shashin-shu			○	
	Poke Gravure			○	
	Pocket Photo Books	UP-FRONT WORKS Co., Ltd.		○	○
	Pony Canyon Photo & Books	Pony Canyon Inc.		○	○
	Real Gravure Kanzenban	TOY-BE Entertainment Inc.		○	○

List of Mobile Digital Photo Collection Sites (Sept. 2006)

I: i-mode, E: EZWeb, Y: Yahoo! Mobile (formerly Vodafone live)

Source: 2006 e-Book Marketing Report (published by Impress R&D)

<Mobile e-comic sites>

The "hot downloads" on the major mobile e-comic sites are listed below.

• Comic i/Comic C'moA

■ Top 10 by No. of downloads

1	"Hokuto no Ken (Fist of the North Star)" (Tetsuo Hara, Buronson)
2	"Salaryman Kintaro" (Hiroshi Motomiya)
3	"Shizuka naru Don" (Tatsuo Niitta)
4	"Tokyo Daigaku Monogatari" (Tatsuya Egawa)
5	"Junk Boy" (Yasuyuki Kunitomo)
6	"Kaikan Phrase" (Mayu Shinjo)
7	"Yami no Purple Eye (Purple Eyes in the Dark)" (Chie Shinohara)
8	"Bakumatsu Renka Shinsen-Gumi" (Kuroyurihime)
9	"Ichi Rittoru no Namida (1 Liter of Tears)" (Aya Kito)
10	"Manga Grim's Fairy Tales - Kinpeibai" (Mami Takezaki)

■ Top-sellers for the period ending March 2006

1	"Anata ni Tsunagaretai (I want to be tied to you)" (Mayu Shinjo)
2	"Tsumi ni Nureta Futari (Miyuki Kitagawa)
3	"Kojin Jugyou (Private Lesson)" (Komomo Yamada)
4	"Korinai Atashitachi" (Nana Kamakura)
5	"Sengoku Gakuen Seitokai" (Ariko Kanazawa)
6	"BAD BOYS" (Hiroshi Tanaka)
7	"Hyaku-oku no Otoko (The ten billion Man)" (Yasuyuki Kunitomo)
8	"Virgin Mama" (Mio Muraio)
9	"Ginga" (Yoshihiro Takahashi)
10	"Tsumi ni Nureta Futari (Miyuki Kitagawa)

• Handy Comics

■ Top 10 by No. of downloads

1	"Okusama wa Joshikousei" (Hiyoko Kobayashi)
2	"Ren'ai Shijo Shugi" (Kanan Minami)
3	"Love Hina" (Ken Akamatsu)
4	"OL Visual Kei" (Kumi Kanatsu)
5	"O-Bo-Re-Ta-I" (Yuki Yoshihara)
6	"Ike! Ina-chu Takkyu-bu (Ping-Pong Club)" (Minoru Furuya)
7	"Kindaichi-Shonen no Jikenbo (The Case File of Young Kindaichi)" (Seimaru Amagi)
8	"SEXY Guardian" (Mayu Shinjou)
9	"Kiseiju (Parasyte)" (Hitoshi Iwaaki)
10	"Hagane no Renkinjutsushi (Fullmetal Alchemist)" (Hiromu Arakawa)

■ Top-sellers for the period ending March 2006

1	"Ren'ai Shijo Shugi" (Kanan Minami)
2	"SEXY Guardian" (Mayu Shinjo)
3	"O-Bo-Re-Ta-I" (Yuki Yoshihara)
4	"Okusama wa Joshikousei" (Hiyoko Kobayashi)
5	"Hagane no Renkinjutsushi (Fullmetal Alchemist)" (Hiromu Arakawa)
6	"Kiss in the Blue" (Kaho Miyasaka)
7	"Suki Shite Sadis" (Mayu Shinjo)
8	"Mahojin Guru Guru (Magical Circle Guru Guru)" (Hiroyuki Eto)
9	"Joshikousei (High School Girls)" (Towa Oshima)
10	"Love Hina" (Ken Akamatsu)

Source: 2006 e-comic Marketing Report (published by Impress R&D)

• Comic Shogakukan Books

1	"Boku wa Imouto ni Koi wo Suru (I'm in Love With My Little Sister)" (Kotomi Aoki)
2	"Love Celebu" (Mayu Shinjo)
3	"Nude na Kajitsu tachi (Nude Fruits)" (Miyuki Kitagawa)
4	"Hot Gimmick" (Miki Ahara)
5	"Meitantei Konan (Detective Conan)" (Gosho Aoyama)
6	"Yakitate!! Japan! (Freshly Baked! Ja-pan)" (Takashi Hashiguchi)

• Shueisha Manga Capsule

1	"HIYOKO BRAND Okusama wa Joshi Kousei" (Hiyoko Kobayashi)
2	"NANA" (Ai Yazawa)
3	"Honey & Clover" (Chika Umino)
4	"Yokujo (C) MAX" (Ayane Ukyo)
5	"Lovely Complex" (Aya Nakahara)
6	"I"s" (Masakazu Katsura)
7	"Koukou Debut (High School Debut)" (Kazune Kawahara)
8	"Hana Yori Dango (Boys Over Flowers)" (Yoko Kamio)
9	"JoJo no Kimyou na Boken (JoJo's Bizarre Adventure)" (Hirohiko Araki)
10	"Ichigo to Anzu" (Tomoo Kato)

• Koi Comic

1	"Kae to Hakase no SEX Kouza" (Kae Ikegami) <Original work>
2	"Onnanoko no tame no Sei no Ohanashi" (Shungiku Uchida) <Original work>
3	"Inu-onna" (Miruku Morisono & Usagi Nakamura) <Original work>
4	"Tsuitsui Yararetemasu" (Tomoko Tsukamoto) <Original work>
5	"Sekai Bikkuri Taikenki" (Prin & Umi Konbu) (Original work)
6	"Datte Kakkoi-ii'n damon II" (Nanako Matsumoto)
7	"Itsumade Iya Koi?" (Shungiku Uchida) <Original work>
8	"Mori no Mako-san" (Junko Mizuno)
9	"GO! GO! Diet" (Hiromi Sakuta) <Original work>
10	"Kokuri-chu ☆" (Tsukiko) <Original work>

• eBook Japan Comic

1	"Kagami no Naka no Meikyu" (Harlequin Comics)
2	"Koibito-tachi" (Machiko Satonaka)
3	"Happy Family" (Mitsukazu Mihara)
4	"Tenshi no Ashioto" (Makiko)
5	"Ochita Aijin" (Harlequin Comics)
6	"Gakeppuchi Venus" (Nanao Hidaka)
7	"Biyougekai Yamada-bijin" (Noriko Sakata)
8	"City Hunter" (Tsukasa Hojo)
9	"Texas no Shinju" (Harlequin Comics)
10	"Torawareta Reijo" (Harlequin Comics)

Publishers set up a digital comic council.
Major publishers also set to enter the mobile e-book/e-comic market.



- In September 2005, Japanese publishing companies formally established the Digital Comic Council. In September 2006, council membership consisted of 22 publishing companies. The council was established with the aim of addressing the various problems raised by e-comics and of promoting the development of measures to resolve those problems.
- The e-comic market is not limited to Japan and has enormous potential as a global market. The Digital Comic Council will have a major role to play in laying the foundations for such a market and in establishing global standards for e-comics.
- Increasingly, major publishers such as Shogakukan and Shueisha are themselves entering the business of distributing mobile e-books and e-comics.
- Kodansha does not have its own mobile site, preferring to leave the selling to the main e-comic sites, but in terms of aggressively distributing digital versions of its own comics, Kodansha is no different from Shogakukan and Shueisha.
- Greater emphasis on cell phones in the manga distribution business among the major publishers
The major publishing companies have started pouring resources into manga distribution businesses that cater to cell phones. Shueisha is using its own management to accumulate expertise in overseas distribution. Kodansha is beefing up its own production of works aimed at cell phones, aiming to create digital versions of popular publications. The major publishers are also working to generate new demand for manga that goes beyond the paper medium, reaching out to young people who read the manga on their cell phones.

Sources: Extracted from the sources below with some data rearranged by Celsys.

*1: "2006 e-comic Market Report" (published by Impress R&D) *2: "2006 e-Book Market Report" (published by Impress R&D) *3: Nikkei Business Daily

Publishing Company Trends (2)

Publishing companies on the Digital Comic Council (22 companies)

Publishing Company	
Akita Publishing Co., Ltd	MediaWorks, Inc.
Bunkasha	Nihonbungeisha Co., Ltd
Enterbrain Inc.	Ohzora Publishing Co.
Fujimishobo Co., Ltd	Shinchosha Publishing Co., Ltd
Futabasha Publishers Ltd	Shogakukan, Inc.
Hakusensha, Inc.	Shogakukan Production Co., Ltd
Jitsugyo no Nihon Sha, Ltd	Shonen-gahosha Co., Ltd
Kadokawa Group Publishing Co., Ltd	Shueisha, Inc.
Kobunsha Co., Ltd	Takeshobo Co., Ltd
Kodansha Ltd	Tatsumi Publishing Co., Ltd
Leed Publishing Co., Ltd	Tokuma Shoten Publishing Co., Ltd

Source: Drawn by Celsys from the following: (In alphabetical order)
 *1: "2006 e-Book Market Report" (published by Impress R&D)

E-comics and Publishers - Publisher Milestones

Publisher	Milestones
Kodansha	Engaged in a range of initiatives, including full-color products and free sites.
	<ul style="list-style-type: none"> Launched the "e-manga" monthly comic site for PCs in August 2000. Launched the "Michao" free comic site for PCs in December 2005. Conducting various trials of new, original full-color titles. Through the "Handy Bookshop" service launched on EZWeb in November 2003, Kodansha began distributing mobile e-comic titles such as "Ike! Ina-chu Takkyu-bu" (Minoru Furuya). It now offers a total of around 40 titles in all (June '06).
Shogakukan	Aggressively developing a one-source, multi-use strategy.
	<ul style="list-style-type: none"> Centered around "Yahoo! Comic", which offers 175 titles for PCs. Launched the "Comic Shogakukan Books" service for cell phones in December 2005. Working to digitize all its titles as part of its one-source, multi-use development.
Shueisha	Launched the "Shueisha Manga Capsule" site for cell phones.
	<ul style="list-style-type: none"> "s-manga" service provides sneak previews of comics and manga on the day they are released. Membership of "Keitai Shonen Jump" has grown to 280,000. Launched "Shueisha Manga Capsule" in May 2006.
Hakusensha	Distributing content through its own "Hakusensha e-comics" mobile site.
	<ul style="list-style-type: none"> Launched the "Hakusensha e-comics" mobile site in September 2005. Distributes around 30 titles, including "Ai Yori Aoshi" and "Kareshi Kanojo no Jijou". Is aiming to provide titles in both digital and paper formats.
Futabasha	Has completed preparations for the shift to a "one-source, multi-use" approach.
	<ul style="list-style-type: none"> Embarked on full-blown distribution of e-comics for cell phones in October 2005. 70 titles including "Crayon Shin-chan". Has taken a wrong turn in its course towards digitization by not including the global market in its perspective.
Shonen-gahosha	Began digitization with its major hits such as "Shonan Bousouzoku".
	<ul style="list-style-type: none"> Converted its popular "Shonan Bousouzoku" title to digital format in October 2005. Distributes 14 titles as e-comics for PCs in Korea. Plans to digitize additional titles if e-comic production costs come down.
Leed Publishing	Aggressively marketing titles for both cell phones and PCs via its own site.
	<ul style="list-style-type: none"> Launched the "V.WAVE" site selling e-comics for PCs in November 2002. Launched the "Comic Leed" site marketing e-comics for cell phones in November 2005. Provides both scroll-view and story-board formats for each title.
Kadokawa	Launched its full-blown e-comic strategy as of FY2006.
	<ul style="list-style-type: none"> Began a trial of e-comic distribution on mobile sites in 2005 to coincide with a publicity campaign for the movie, "Chakushin Ari 2 (One Missed Call 2)". Decided to proceed with full-scale electronic distribution as a company-wide strategy at the end of 2005. Producing e-comic versions of titles such as "Mobile Suit Gundam CDA Wakaki Suisei no Shozo" and "Neon Genesis Evangelion".

Source: Drawn by Celsys from the following:
 *1: "2006 e-comic Market Report" (published by Impress R&D)

Maturation of agent services for e-books.
The provision of agent services is predicted to be the trigger for the expansion of the e-book market.



- In early 2006, MobileBook.jp and Bitway successively launched their e-book agency services. With DigiBook Japan, this brought the number of competing agency services to three.
- In the e-book market up until then, it was normal for publishers to deal directly with e-book marketing sites. This was largely because there were only a few e-book marketing sites and the market was not large enough to support the growth of agency services.
- With developments such as the huge advances in e-comics in 2005, the overall e-book market grew rapidly, creating an environment capable of supporting the emergence of agency services.
- Once a number of agency services are positioned to provide a system that improves the services offered, there is no doubt that this will act as a trigger to e-book market expansion, and it is expected that this will still further accelerate the rate of growth in the industry.
- Bitway - Also pushing ahead with Internet distribution of e-books and agency operations. With the increasing number of digital bookstores catering to cell phones, publishers are losing control over what sort of content is distributed and where it goes. Consequently, they have targeted a move towards agency operations and have developed systems that allow them to manage both data and sales collectively.

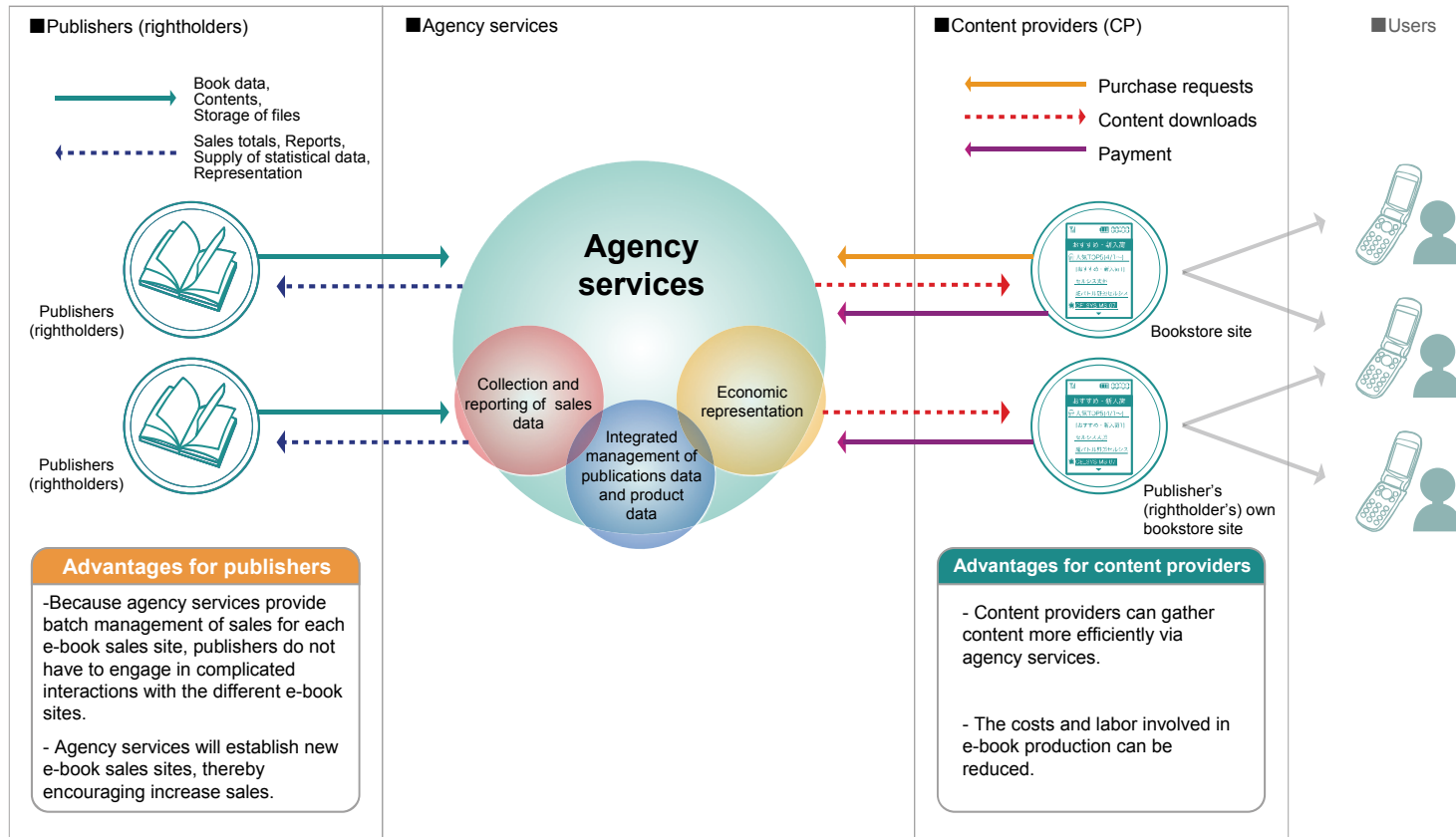
Sources: Extracted from the sources below with some data rearranged by Celsys.

*1: 2006 e-Book Marketing Report (published by Impress R&D)

*2: Mainichi Newspapers

Agent Service Trends (2)

Flow of agency services



75% recognition rate for e-books.

A market characterized by large numbers of teenage users, both male and female, and by large numbers of female users generally.



- **Recognition rate of 75% for e-books**
The recognition rate is 74.9% for e-books on cell phones. This is an increase of 5.3 points on the 69.6% figure posted in the '05 survey, showing that recognition is still growing. Broken down by age and gender, the figures show a rate of over 80% for teenagers of both genders, with teenage boys scoring 84.3% and teenage girls 81.5%.
- **E-book usage of 47% among flat-rate packet service subscribers**
When we look at e-book usage among owners of cell phones with e-book reader functions based on whether they subscribe to flat-rate packet services, the rate is 46.6% among flat-rate packet subscribers compared with only 21.3% among users without a flat-rate packet subscription. This difference of over 20 points shows flat-rate packet subscribers to be much more committed e-book users.
- **Usage of 63% among teenage girls who own of cell phones with an e-book reader function**
If we look at e-book usage among owners of cell phones with e-book reader functions based on gender and age, while the rate is 34.6% for men, the rate for women is higher at 43.1%. Usage increases for both men and women in younger age groups, particularly for teenagers, where the rate is 50.7% for boys and 62.8% for girls.
- **43% download 1 or more e-books per month**
The figures for the number of e-book downloads per month are 1.9% for "10 or more per month" and 2.6% for "5-9 per month", slightly down on the same figures in the previous survey. However, the figure for the "1-4 per month" category increased 22 points to 38.9%, while the proportion of users downloading 1 or more e-books per month increased dramatically from 24.4% in the '05 survey to 43.4% in '06.
- **30% of non-users plan to use e-books**
When non-users were surveyed on whether or not they intended to use e-books, 37.1% responded with "Undecided". While this was the largest group, it was slightly down on the 40.5% figure in the '05 survey. 30.2% fell into the "Definitely want to use" or "Would quite like to use" category, which is up from 26.9% in the '05 survey, indicating that increasing numbers of people are interested in using e-books.

Source: "2007 K-tai White Paper" published by Impress R&D