

July 21, 2004

Dear Sir or Madam,

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Company name: Global Media Online Inc.

Code No.9449

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## **Global Media Online Announces Conversion of Netclue Japan, Inc. to Wholly-Owned Subsidiary with Stock Swap**

Global Media Online INC. (“the Company”) wishes to announce that at a meeting of the Board of Directors held today (July 16, 2004) the Company approved the conversion of Netclue Japan, Inc. to a wholly-owned subsidiary through a stock swap. The two companies have concluded a stock-swap agreement and the conversion will take effect on September 6, 2004.

### **1. Purpose**

In addition to its activities under the corporate service slogan of “Becoming Japan’s Internet Division,” under the personal service slogan of “That’s Entertainment ,” the GMO Group, of which the Company is a core member, is committed to proposing new community-type services such as mail communities, blogs, avatars and online games as communication tools that amuse and impress, as opposed to simple tools for merely searching the Internet, mailing and similar purposes.

Meanwhile, Netclue Japan, Inc. is a shareholder of Netclue Inc. headquartered in Korea (Soft Power Building 681-17, Yeoksam-Dong Kangnam-Gu, Seoul). Netclue Inc focuses its business on the reciprocal distribution of Korean Web solutions and Japanese IT solutions. Its principal business is game publishing, especially the distribution of Korean online games in Japan. In particular, MMORPG “CORUM ONLINE” (hereinafter “CORUM ONLINE”) is a PC game highly acclaimed as the “game that raised the standard of Korean Action RPG.” It was developed in Korea in 1997, achieved a record number of weekly downloads in August 1998, was awarded the Korean Game Grand Prize in 1999 and has sold more than 450,000 copies since its release. “CORUM ONLINE” is an online game developed based on this “CORUM”. The service was launched in May 2003 in the advanced on-line gaming nation of Korea, and current membership has climbed to about 1.1 million. The Chinese game site CGAME has also gained international popularity, coming second in the “2004 Promising Online Game Vote” held in March 2004.

In Japan a Japanese version of the service was launched from January 1, 2004, and currently has about 110,000 users.

In this context, to expand personal services, the Company will convert Netclue Japan, Inc. to a wholly-owned subsidiary by stock swap to sell in Japan the online game “CORUM ONLINE,” which is very popular in Korea. In doing so, it will also seek the cooperation of Netclue Japan’s subsidiary Netclue and promote online games.

## 2. Terms and conditions of stock swap

### (1) Timetable for stock swap

Schedule	Item	The Company	Company subject to stock swap
July 21, 2004 (Wednesday)	Meetings of the Boards of Directors to approve Stock Swap Agreement		
	Conclusion of the Stock Swap Agreement		
July 22, 2004 (Thursday)	Scheduled date for the public announcement of easy method of stock swap		-
August 5, 2004 (Thursday)	Scheduled date for the Extraordinary General Meeting of Shareholders to approve the Stock Swap Agreement		
September 6, 2004 (Monday)	Scheduled effective date of the stock swap		
Mid-September 2004	Issue of the share certificates		-

The Company does not plan to obtain the approval of the General Meeting of Shareholders, pursuant to the provisions of Article 358 (Simple Method for Stock Swap) of the Commercial Code.

### (2) Stock swap ratio

	Global Media Online INC. (100% parent company)	Netclue Japan, Inc . (Wholly-owned subsidiary)
Exchange ratio	1	0.8806

#### ( NOTE ) 1. Ratio of allocation of shares

1.1355 Global Media Online shares will be allocated to one Netclue Japan share. The number of new shares issued in the stock swap will be 227,100 ordinary shares.

#### 2. Results, method and basis of calculation by third party institution

The parties to the stock swap decided on the exchange ratio between them, with reference to the results of calculations by the third party institution Atax Business Consulting Co., Ltd.

#### 3. New shares in stock swap

227,100 ordinary shares

(3) Cash distribution in stock swap

There will be no cash distribution in the stock swap.

(4) Starting date for the calculation of dividends

The starting date for the calculation of dividends to be paid for new shares issued in the stock swap shall be July 1, 2004.

3. Outline of parties to stock swap

Name	Global Media Online, INC.	Netclue Japan, Inc .
Principal Businesses	1.Access business 2.Server rental business 3.Domain business 4.Homepageconstruction business	Online game planning and management business
Date of Incorporation	May 24, 1991	July 5, 2004
Location of Headquarters	26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo	3-40-9 Shoan, Suginami-Ku, Tokyo
Representatives	Masatoshi Kumagai	Kang,Tai Hyun
Capital Amount	3,311,130,000 yen	1,000,000 yen
Number of Shares Issued and Outstanding	28,364,394 shares	200,000 shares
Shareholders' Equity	9,962,170,000 yen (Fiscal year ended December 2003)	10,000,000 yen (on incorporation)
Total Assets	11,803,920,000 yen (Fiscal year ended December 2003)	10,000,000 yen (on incorporation)
Fiscal Year End	December 31	December 31
Number of Employees	173 (Fiscal Year ended December 2003)	0 (on incorporation)
Principal Suppliers and Customers	Sales target: General customers, etc.	Sales target: General customers, etc.
Principal Shareholders and Their Shareholding Ratios (Holding of more than 10%)	Kumagai Masatoshi Jimusho (Ltd.) 41.2% (Fiscal year ended December 2003)	Kang,Tai Hyun 100.0% (on incorporation)
Principal Banks	The Bank of Tokyo-Mitsubishi	The Bank of Tokyo-Mitusbishi
Relationship of Parties		
Capital Relationship	N/A	
Human Capital Relationship	Two Directors and one Auditor are from the Company.	
Business Relationship	N/A	

Performance of Recent Three Fiscal Years (Unconsolidated)

Fiscal Year	Global Media Online INC. (100% parent company)			Netclue Japan, Inc . (wholly-owned subsidiary)		
	Ended December 2001	Ended December 2002	Ended December 2003	Ended December 2001	Ended December 2002	Ended December 2003
Net Sales (1,000yen)	6,925,122	6,648,037	7,238,375			
Operating Profit (or Loss) (1,000 yen)	613,644	479,859	854,621			
Ordinary Profit (or Loss) (1,000 yen)	568,095	461,644	883,505			
Net Income (or Loss) (1,000yen)	60,043	123,839	576,056			
Net Income per Share (yen)	2.31	4.48	20.81			
Dividend per Share (yen)	2	4	6			
Shareholders' equity per share (yen)	307.96	294.73	360.06			

Netclue Japan, Inc. has no operating results, as it is has only recently been incorporated.

4. Status of the Companies after the Stock Swap

As a result of the conversion of Netclue Japan, Inc . to a wholly-owned subsidiary, Netclue Inc. will also join the GMO Group. An outline of Netclue Inc. is as follows. Amounts are shown in KRW. The amounts shown in yen are only for reference as they are calculated using the rate 100KRW = 9.41 yen, which is the average of the telegraphic transfer selling rate and the telegraphic transfer buying rate for customers announced by the Bank of Tokyo-Mitsubishi at the time of concluding the stock swap agreement on July 21, 2004.

Name	Netclue Inc.
Principal Businesses	Game publishing business (Online Game, Mobile Game) Game development business, mainly incubating and creative development Other entertainment content and license business Promotion of mobile content and solutions Reciprocal distribution of Korean Web solutions and Japanese IT solutions
Date of Incorporation	April 23, 2003
Location of Headquarters	Soft Power Building 681-17, Yeoksan-Dong Kangnam-Gu, Seoul (Korea)
Representative	Kang, Tai Hyun
Capital Amount	200,000,000 KRW ( 18,820,000 yen )
Number of Shares Issued and Outstanding	40,000 shares
Shareholders' Equity	503,696,000 KRW ( 47,397,000 yen )
Total Assets	998,497,000 KRW ( 93,958,000 yen )
Fiscal Year End	December 31
No. of Employees	25 (May 2004)
Principal Suppliers and Customers	Sales target: General customers

Principal Shareholders and Their Shareholding Ratios (Holding of more than 10%)	Netclue Japan, Inc . 100.0%
Principal Banks	Korea First Bank

Relationship with the Company

Capital Relationship	N/A
Human Capital Relationship	N/A
Business Relationship	N/A

Performance of Recent Three Fiscal Years

Fiscal Year	Ended December 2001	Ended December 2002	Ended December 2003
Net Sales (1,000 KRW)			1,027,491 ( 96,686,000 yen )
Operating Profit (1,000 KRW)			396,919 ( 37,350,000 yen )
Ordinary Profit (1,000 KRW)			402,683 ( 37,892,000 yen )
Net Income (1,000KRW)			303,696 ( 28,577,000 yen )
Net Income per Share (KRW)			7,592.40 ( 714.44 yen )
Dividend per Share (KRW)			
Shareholders' Equity per Share (KRW)			12,592.40 ( 1,184.94 yen )

( NOTE ) This table has been produced based on unaudited financial statements.

The state of the Company after the stock swap will be as follows.

(1) Name	Global Media Online INC.
(2) Principal Businesses	1. Access business 2. Server rental business 3. Domain business 4. Homepage construction business
(3) Location of Headquarters	26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo
(4) Representative	Masatoshi Kumagai
(5) Capital Amount	3,311,130,000 yen There will no change in capital as a result of the stock swap.
(6) Effect on Business Results	There are no changes in business forecasts, as the effect of the stock swap on consolidated results will be slight. The Company will promptly announce any changes, etc. in business forecasts.

End