

September 13, 2004

For Immediate Release

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## **Announcing the Conversion of Forval Co., Ltd. to a Wholly-Owned Subsidiary by Stock Swap**

Global Media Online INC. (“the Company”) is pleased to announce that, at a meeting of the Board of Directors held today (September 13, 2004), the Company decided that, with the conclusion of a basic agreement on the acquisition of the diary space free service Saru Saru Nikki announced on August 4, 2004, the Company will convert Forval Co.,Ltd., which manages the Saru Saru Nikki business, to a wholly-owned subsidiary through a stock swap with the effective date of November 2, 2004. A stock swap agreement has been concluded.

### 1. Aim of conversion to a wholly-owned subsidiary through a stock swap

The environment for Internet connection use is improving, with the spread of low-cost ADSL connection services and fiber-optic infrastructure, etc., and the Internet is no longer simply regarded as a tool for purposes such as searching and mailing, but it is also changing into a life-enriching and enjoyable entertainment tool, and personal community-type services look set for increasing expansion.

Under the personal service slogan “That’s Intertainment!” ( ), the GMO Group, in which the Company is the core member, is using the Internet as a communication tool that generates amusement and emotion to provide Free ML, which boasts Japan’s largest mailing list service in mail communities so far, the blog services that are attracting attention in the latest Internet JUGEM, yapcus! and yaplog!, the avatar service LoveLe and the online game service Corum Online.

The Company is also actively proceeding to strengthen its personal services, concluding, on July 26, 2004, a basic agreement on participation in the GMO Group with Tea Cup Communication, Ltd., which operates the bulletin board free rental service teacup, and the personal user group is expanding.

“Intertainment” is a word coined by combining “Internet” and “entertainment.”

Meanwhile, Saru Saru Nikki is a long-established diary site opened June 18, 1999. It is used by a wide range of age groups from elementary school students to users aged over 70, has more than 130,000 users and is proud of its number one scale among diary sites.

With a view to the further expansion of community-type services, the GMO Group has decided to make Forval Co., Ltd., which runs the diary space free service Saru Saru Nikki, into a group company through the stock swap system.

## 2. Details of Stock Swap

### (1) Share Stock Swap

Date	Item	GMO	Forval
September 13, 2004 (Mon.)	Meeting of board of directors to approve stock swap agreement	○	○
	Conclusion of stock swap agreement	○	○
September 14, 2004 (Tue.)	Simple public notice of stock swap	○	-
September 29, 2004 (Wed.)	Special shareholders' meeting for approval of stock swap agreement		○
November 2, 2004 (Tue.)	Deadline for stock swap	○	○
Mid-November 2004	Issuance of stock certificates	○	-

In compliance with Article 358 (Simple Method for Stock Swap) of the Commercial Code, GMO does not plan to receive approval at a shareholders' meeting.

### (2) Share exchange ratio

	Global Media Online Inc. ( 100% parent company )	Forval Co.,Ltd. ( 100% subsidiary )
Ratio	1	328.5

#### ( Notes ) 1. Share allocation ratio

A total of 328.5 shares of Global Media Online Inc. stock will be allocated for each share of Forval Co.,Ltd. stock. The number of new shares to be issued as a result of the share exchange will be 65,700 (normal shares).

#### 2. Results, method, and basis of third party's appraisal

The share allocation ratio was agreed upon by the parties involved in the share exchange based on the results of an appraisal conducted by the third-party institution, AER Corporation.

#### 3. New shares to be issued as a result of the share exchange:

65,700 normal shares

### (3) Cash transfer

No cash will be transferred.

(4) Dividend computation date

The initial date from which the dividends for the new shares will be calculated is to be July 1, 2004.

3 . Profile of Companies Involved in Share Exchange

1. Company name	Global Media Online Inc.	Forval Co., Ltd.
2. Type(s) of business	1. Access business 2. Rental server business 3. Domain business 4. Web site production business	1 . Operator of diary site and other Internet services 2 . Advertising agency business
3. Date of establishment	May 24, 1991	August 18, 2004 Change of organization from limited company to joint-stock company
4. Location of head office	Cerulean Tower, 26-1, Sakuragaoka-cho, Shibuya-ku, Tokyo	6-2-3, Nishinakajima, Yodogawa-ku, Osaka-shi, Osaka
5. Representative Director	Masatoshi Kumagai	Norihiko Tsuyama
6. Capital	3,311,130,000 yen	10,000,000 yen (as of August 18, 2004)
7. No. of shares issued	28,364,394	200 shares (as of August 18, 2004)
8. Shareholder capital	9,962,170,000 yen ( Dec. 2003 )	10,093,000 yen (as of August 18, 2004)
9. Total assets	11,803,920,000 ( Dec. 2003 )	18,846,000 yen (as of August 18, 2004)
10. End of fiscal year	December 31	March 31
11. No. of employees	173 ( Dec. 2003 )	4 (as of August 18, 2004)
12. Major clients	Sales customers: general clients et al.	Google, ValueCommerce Co., Ltd.
13. Main shareholder & shareholding	Kumagai Masatoshi Office Ltd. 41.2% ( Dec. 2003 )	Norihiko Tsuyama 100.0% (as of August 18, 2004)
14. Main bank	Bank of Tokyo-Mitsubishi	Resona Bank, Limited.
15. Relationship of companies involved		
Capital relationship	n/a	
Personnel relationship	n/a	
Business relationship	n/a	

On August 18, 2004, Forval Co., Ltd. changed its organization from Forval, Ltd. Therefore, the figures shown are as of the date of the organizational change, August 18, 2004.

16. Performance Over Past 3 Fiscal Years (of Each Company)

Period	Global Media Online Inc. ( 100% parent company )			Forval Co.,Ltd. ( 100% subsidiary )		
	2001 (~Dec.)	2002 (~Dec.)	2003 (~Dec.)	2002 (~March.)	2003 (~March.)	2004 (~March.)
Sales ( thousand yen )	6,925,122	6,648,037	7,238,375	27,803	20,502	22,141
Operating profit ( thousand yen ) ( loss )	613,644	479,859	854,621	7,929	1,798	285
Ordinary profit ( thousand yen ) ( loss )	568,095	461,644	883,505	7,328	1,049	930
Net profit ( thousand yen ) ( loss )	60,043	123,839	576,056	7,328	1,119	860
Net profit per share ( yen )	2.31	4.48	20.81	—	—	—
Annual dividend per share ( yen )	2	4	6	—	—	—
Shareholder capital per share ( yen ) ( loss )	307.96	294.73	360.06	—	—	—

On August 18, 2004, Forval Co., Ltd. changed its organization from Forval, Ltd. Therefore, the figures shown are for Forval Ltd., as there are no operating results for Forval Co., Ltd.

#### 4. Post-Share Exchange Status

Post-Share Exchange Status will be as follows.

- |                                       |  |
|---------------------------------------|--|
| (1) Company name                      | Global Media Online Inc.   |
| (2) Business activities               | 1. Access business<br>2. Rental server business<br>3. Domain business<br>4. Web site production business   |
| (3) Location of head office           | Cerulean Tower, 26-1,<br>Sakuragaoka-cho, Shibuya-ku, Tokyo  |
| (4) Representative                    | Masatoshi Kumagai  |
| (5) Capital                           | 3,311,130,000 yen (the share exchange will have no effect on<br>GMO's capital)   |
| (6) Effect on business<br>performance | There is no change to business forecasts, as the impact of the stock<br>swap on consolidated results will be slight. The Company will<br>promptly disclose any fluctuations, etc. in business forecasts. |

End