

# **Presentation of FY 2005 Q1 Results**

**May 24, 2005**

**(STOCK CODE:9449)**

**GMO · Global Media Online INC.**

# Results Presentation Program

## Introduction: Conclusions Drawn From and Summary of This Presentation

### Part 1: Overview of Consolidated Results for FY2005 Q1

### Part 2: Business Conditions by Segment

#### (1) Internet Use Support Business

(Internet Infrastructure Business)

#### (2) Internet Advertising Support Business

(Media Business)

### Part 3: Topics

\*These presentation materials include future forecasts based on assumptions, predictions and plans valid as of May 24, 2005. Actual results may differ greatly from those forecast herein due to the risks associated with the global economy, competitive conditions, and exchange rate fluctuations, as well as unknown factors such as natural disasters.

## Conclusions Drawn From and Summary of This Presentation

- Increased 1st quarter sales and profits (Sales increased 56.2%; Ordinary profit up 48.9%)
- Internet Use Support Business (Internet Infrastructure Business) is brisk, and new consolidated subsidiaries such as GMO Payment Gateway, Inc. are enjoying a strong performance
- Internet Advertising Support Business (Media Business) suffers from income pressure because of reconstruction costs of the Company's own mail media
- JWord Business made an alliance with Yahoo. Sales were robust at approximately 700 million yen in the fourth quarter
- GMO moved up to 3<sup>rd</sup> place in the Nielsen//NetRatings' user number ranking.
- Listed on the first section of the TSE on June 1, 2005. The corporate name also changed to "GMO Internet Inc."

# **【Part 1】**

## **Overview of Consolidated Results for FY2005 Q1**

# Change of Business Segment

Old business segment	Old classification	New business segment	New classification
<b>IxP (Internet infrastructure) business</b>	Access business	<b>Internet Use Support Business (Internet Infrastructure Business)</b>	Access business
	Domain business		Domain acquisition business
	Web Hosting business		Web Hosting business
	Computerization support and consulting operations		Website construction and support business
	Security business		Security business
	Credit Card Payment Processing Services		Credit Card Payment Processing Services
<b>Internet advertising media business</b>	Mail advertising business		<b>Internet Advertising Support Business (Media Business)</b>
	Desktop advertising business	Other business	
	Advertisement agency	Internet media construction business	
	Keyword listing business (9199 business)	Internet advertising sales business	
			JWord (keyword listing) business
			Online gaming business

## Points

- Change of business segment
- Computerization support and consulting operations are divided into two operations: Website construction and support business and Enterprise communications business
- Internet advertising media business is composed of four operations: Internet media construction business, Internet advertising sales business, JWord (keyword listing) business, and Online gaming business

# FY 2005 Q1 Scope of Consolidated

	FY2004 Q4		FY2005 Q1		Notes
Business segment	Name of company	Percentage of voting rights (%)	Name of company	Percentage of voting rights (%)	
Internet Use Support Business (Internet Infrastructure Business)	Global Media Online Inc.	Parent company	<b>Global Media Online Inc.</b>	Parent company	Corporate name change New M&A Dormant company
	GMO Hosting and Technologies Inc.	70.1	<b>GMO Hosting and Technologies Inc.</b>	<b>71.1</b>	
	GMO Communications Co., Ltd.	100.0	<b>GMO Communications Co., Ltd.</b>	<b>100.0</b>	
	GMO Research Institute Inc.	100.0	<b>GMO Research Institute Inc.</b>	<b>100.0</b>	
	GeoTrust Japan, Inc.	(100.0)	<b>GeoTrust Japan, Inc.</b>	<b>(100.0)</b>	
	Grandsphere Co., Ltd.	92.5	<b>Grandsphere Co., Ltd.</b>	<b>92.5</b>	
	WEBKEEPERS, INC. (USA)	(70.0)	<b>WEBKEEPERS, INC. (USA)</b>	<b>(70.0)</b>	
	Internet Number Corporation	69.6	<b>Internet Number Corporation</b>	<b>69.6</b>	
	Paperboy & Co.	50.2	<b>Paperboy &amp; Co.</b>	<b>50.2</b>	
	TELECOM ONLINE Inc.	100.0	<b>TELECOM ONLINE Inc.</b>	<b>100.0</b>	
Card Commerce Service Co., Ltd.	(65.4)	<b>GMO Payment Gateway, Inc. @YMC CORPORATION</b>	<b>65.4</b>		
	and three others		<b>Payment-One, Inc.</b>	<b>(100.0)</b>	
				<b>95.5</b>	
Internet Advertising Support Business (Media Business)	Magclick Inc.	42.5	<b>Magclick Inc.</b>	<b>42.5</b>	Corporate name change Corporate name change
	GMO Media and Solutions Inc.	81.0	<b>GMO Media and Solutions Inc.</b>	<b>81.0</b>	
	E-sumai Inc.	(50.9)	<b>E-sumai Inc.</b>	<b>(50.9)</b>	
	GMO Mobile&Desktop Inc.	82.7	<b>GMO Mobile&amp;Desktop Inc.</b>	<b>82.7</b>	
	Netclue Co., Ltd. (S. Korea)	(100.0)	<b>Netclue Co., Ltd. (S. Korea)</b>	<b>(100.0)</b>	
	San Planning Corporation *	(67.0)	<b>GMO San Planning INC.</b>	<b>(67.0)</b>	
	Tea Cup Communication, LTD.	(51.0)	<b>Tea Cup Communication, LTD.</b>	<b>(51.0)</b>	
	AccessPort Inc.	73.9	<b>JWord Inc.</b>	<b>62.7</b>	
	and three others		<b>Netclue Japan Co., Ltd.</b>	<b>100.0</b>	

# FY2005 Q1 Results - Overview of Profit & Loss (Consolidated)

Consolidated sales soared 56.2% from a year earlier, to 7,657 million yen.

Consolidated operating and ordinary profits both jumped, rising 46.3%, to 914 million yen, and 48.9%, to 936 million yen, respectively.

Consolidated net profit came to 456 million yen, declining 50.3% from a year earlier when extraordinary profit of 2,200 million yen was posted.

(Million yen)

Item	2004 Q1 (Total for January – March)	2005 Q1 (Total for January – March)	For the previous year
<b>Sales</b>	4,900	<b>7,657</b>	+ 56.2%
Business expenses	1,760	<b>3,284</b>	+ 86.6%
Selling, general and administrative expenses	2,515	<b>3,458</b>	+ 37.5%
<b>Operating profit</b>	624	<b>914</b>	+ 46.3%
Non-operating profit	14	<b>81</b>	+ 444.1%
Non-operating expenses	10	<b>58</b>	+ 457.1%
<b>Ordinary profit</b>	629	<b>936</b>	+ 48.9%
Extraordinary profit	2,223	<b>416</b>	- 81.3%
Extraordinary loss	537	<b>362</b>	- 32.5%
Pre-tax profit	2,314	<b>990</b>	- 57.2%
<b>Net profit</b>	918	<b>456</b>	- 50.3%

# FY 2005 Q1 Balance Sheet (Consolidated)

Total assets expanded, reflecting an increase in consolidated subsidiaries and the acquisition of investment securities

(Million yen)

< Assets >	2004 Q1	2005 Q1	For the previous year	Notes
Current Assets	13,631	15,568	1,937	
Cash and deposits	10,476	10,977	500	See Cash Flow Statement
Accounts receivable – trade	2,619	3,501	882	Increased consolidated subsidiaries
Deferred tax asset	330	248	-81	
Other assets	583	1,211	627	
Allowance for doubtful debts	-378	-370	8	
Fixed assets	6,090	13,153	7,062	New consolidation and an increase in consolidated adjustment account and investment securities
<b>Total of assets</b>	<b>19,722</b>	<b>28,722</b>	<b>8,999</b>	
< Liabilities >				
Current liabilities	4,283	10,966	6,683	New consolidation, borrowings of 4,600 million yen, etc (acquisition of shares in eBANK Corporation)
Fixed liabilities	600	668	68	
<b>Total of liabilities</b>	<b>4,884</b>	<b>11,635</b>	<b>6,751</b>	
< Minority equity >				
Minority equity	3,172	3,539	367	
< Shareholders' equity >				
Capital stock	3,311	3,311	0	
Capital surplus	4,481	5,289	808	Increase resulting from stock exchange
Earned surplus	3,217	4,980	1,763	
Other gaps in appraisal of securities	873	77	-796	
Translation-adjustments	2	11	8	
Own stocks	-220	-122	98	
<b>Total of shareholders' equity</b>	<b>11,665</b>	<b>13,547</b>	<b>1,881</b>	
<b>Total of liabilities, minority equity and shareholders' equity</b>	<b>19,722</b>	<b>28,722</b>	<b>8,999</b>	



# FY2005 Q1 Cash Flow Statement (Consolidated)

Cash flow was negative 578 million yen, largely impacted by tax payments

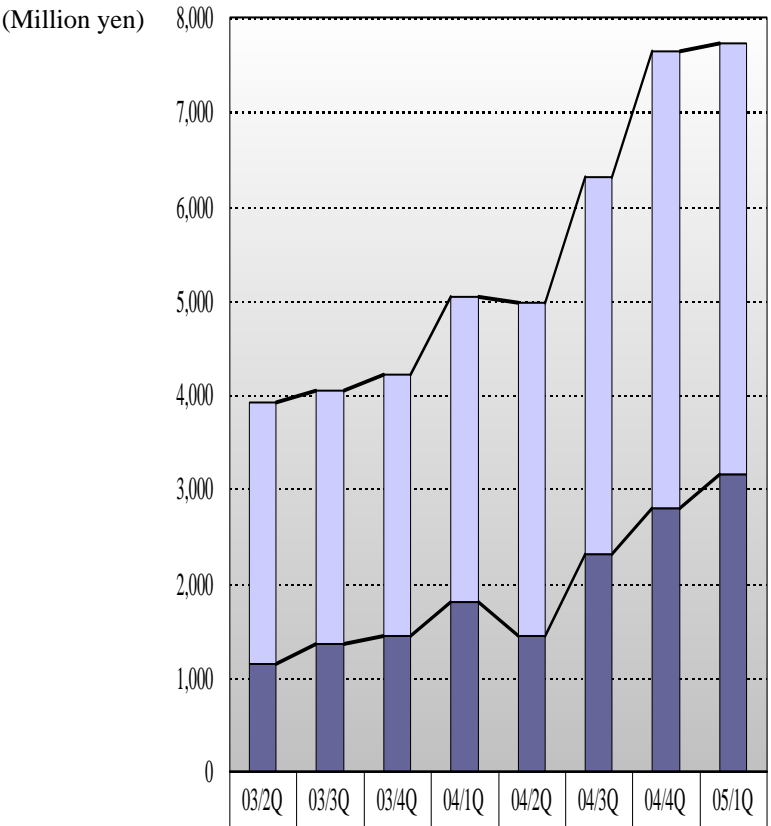
(Million yen)

	2004 Q1	2005 Q1	
<b>Cash flow from operating activities</b>	<b>- 365</b>	<b>-1,345</b>	
Current net profit before adjustment of taxes, etc.	2,314	990	
Depreciation charge	69	144	
Increase and decrease in allowance for doubtful debts	- 57	- 12	
Sale of investment securities	- 2,162	- 389	
Increase and decrease in accounts receivable	- 490	137	
Payment of corporate tax, etc.	- 938	- 1,830	Payment of corporate taxes for FY2004
Other increase and decrease	898	-385	Amortization of consolidation adjustment account, etc.
<b>Cash flow from investing activities</b>	<b>2,100</b>	<b>- 1,536</b>	
Expenditure on acquisition of intangible fixed assets	- 274	- 117	
Expenditure incurred by acquiring stocks of subsidiaries	- 30	- 40	
Expenditure on acquisition of investment securities	-	- 1,309	Acquisition of shares in eBANK Corporation
Income from the sale of investment securities	2,649	425	
Expenditure on issuance of loans	- 2	- 101	
Income from the collection of loans	18	20	
Other increase and decrease	- 260	- 413	
<b>Cash flow from financial activities</b>	<b>44</b>	<b>2,309</b>	
Proceeds from short-term borrowings	-	2,575	
Other increase and decrease	44	- 266	
<b>Total of cash flow</b>	<b>1,778</b>	<b>- 578</b>	
<b>Balance of cash and cash equivalents at the beginning of the term</b>	<b>8,524</b>	<b>11,319</b>	
<b>Increase in cash and cash equivalents with increase in the number of consolidated subsidiaries</b>	<b>36</b>	<b>-</b>	
<b>Balance of cash and cash equivalents at the end of the term</b>	<b>10,339</b>	<b>10,740</b>	

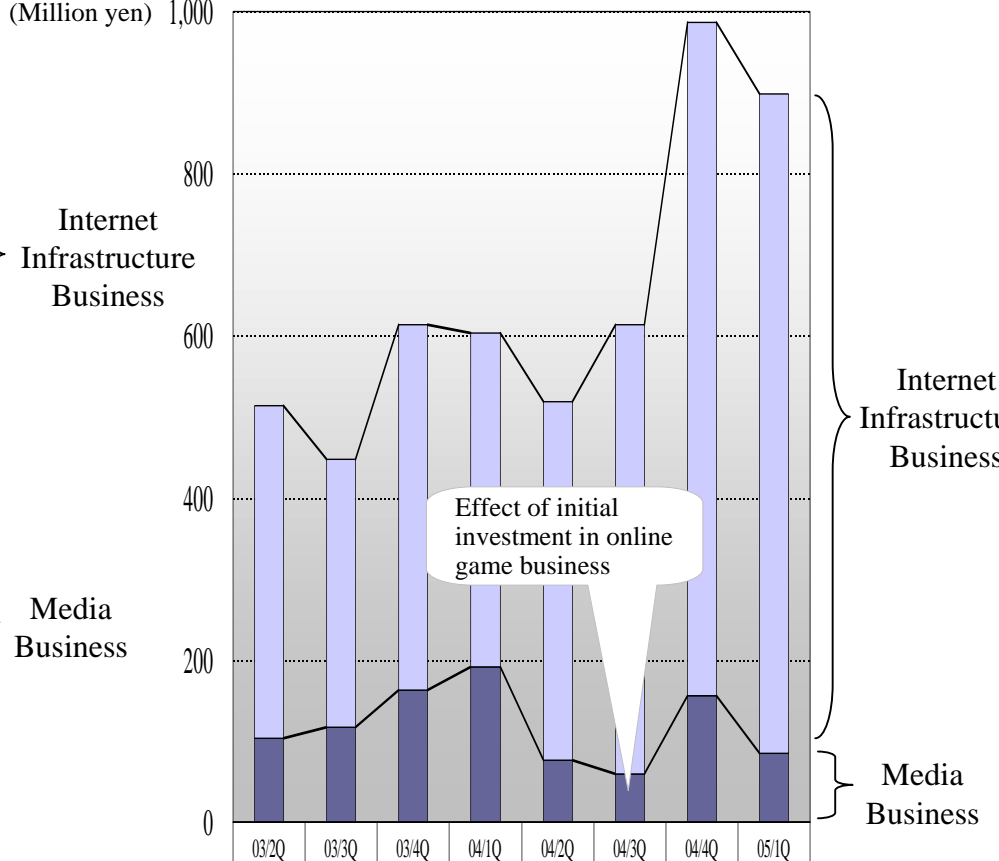
# Change in Sales and Operating Profit (Consolidated)

## Internet Infrastructure Business was buoyant

< Changes in Sales by Business Segment >



< Changes in Operating Profit by Business Segment >

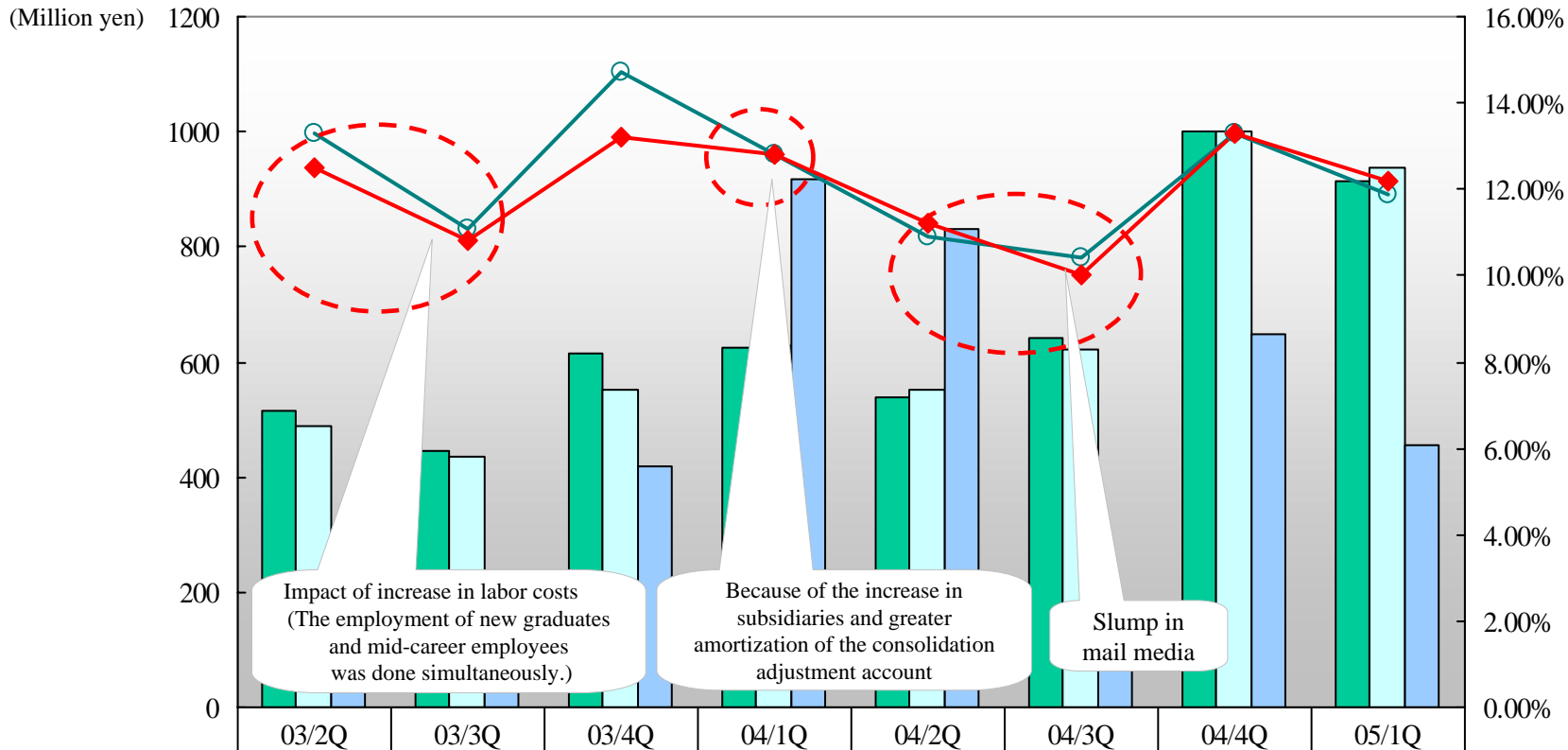


Total	3,883	4,022	4,187	4,900	4,927	6,197	7,536	7,657
Internet Use Support Business	2,771	2,707	2,765	3,238	3,532	4,013	4,856	4,566
Internet Advertising Support Business	1,136	1,344	1,449	1,799	1,437	2,301	2,789	3,151

Total	516	447	614	624	537	641	1,001	914
Internet Use Support Business	410	330	452	412	442	553	831	814
Internet Advertising Support Business	104	117	162	192	77	60	156	85

# Change in Profits and Profit Margin (Consolidated)

Profits jumped significantly from a year earlier (rising 48.9%)



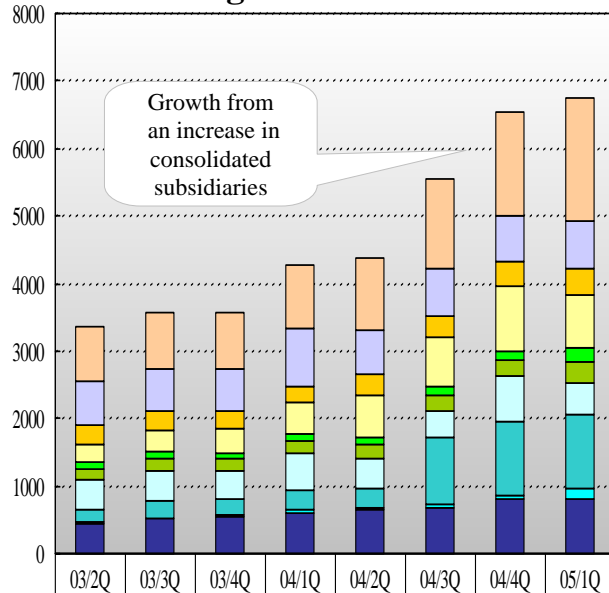
Operating profit	516	447	614	624	537	641	1,001	914
Ordinary profit	489	434	553	629	552	622	1,001	936
Net profit	201	226	419	918	830	166	647	456
Operating profit margin	13.30%	11.10%	14.70%	12.80%	10.90%	10.40%	13.30%	11.90%
Ordinary profit margin	12.50%	10.80%	13.20%	12.80%	11.20%	10.00%	13.30%	12.20%

# Changes in Expenses and in the Composition of Expenses (Consolidated)

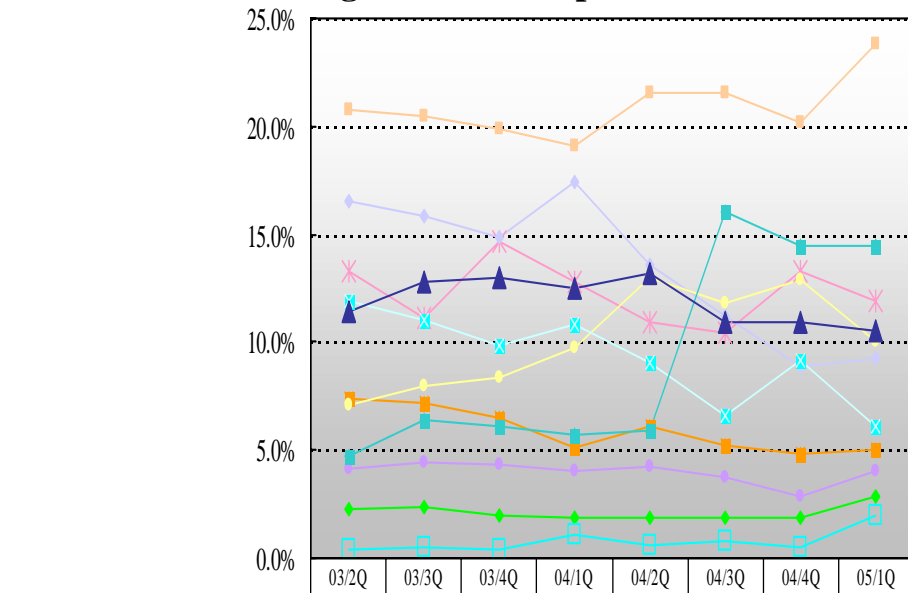
## Personnel expense rose resulting from the addition of new sales personnel

< Changes in Sales >

(Million yen)



< Changes in the Composition of Sales >



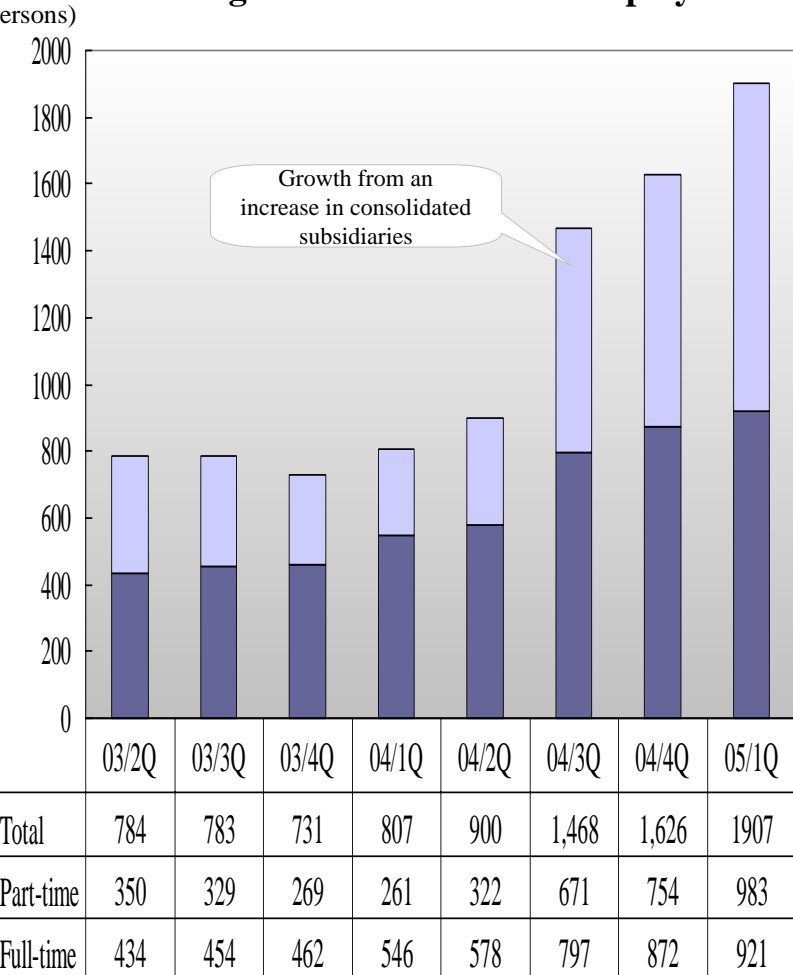
Sum of business expenses+SGA	3,367	3,574	3,572	4,275	4,390	5,555	6,535	6,743
Personnel expense	807	822	832	935	1,065	1,337	1,521	1,819
Advertising, sales promotion expenses	640	635	623	853	670	693	673	708
Depreciation, rent	289	288	271	253	298	321	365	386
Subcontracting expense, outsourcing expense	274	320	353	474	641	734	968	767
Communication expense	89	97	85	92	91	116	145	222
Rent	159	178	179	195	205	227	217	305
Commissions paid	463	442	408	530	446	408	696	464
Media expense	183	257	255	279	290	989	1,092	1,113

Operating profit margin	13.3%	11.1%	14.7%	12.8%	10.9%	10.4%	13.3%	11.9%
Personnel expense	20.8%	20.5%	19.9%	19.1%	21.6%	21.6%	20.2%	23.8%
Advertising, sales promotion expenses	16.5%	15.8%	14.9%	17.4%	13.6%	11.2%	8.9%	9.3%
Depreciation, rent	7.4%	7.2%	6.5%	5.1%	6.1%	5.2%	4.8%	5.0%
Subcontracting expense, outsourcing expense	7.1%	8.0%	8.4%	9.7%	13.0%	11.8%	12.9%	10.0%
Communication expense	2.3%	2.4%	2.0%	1.9%	1.9%	1.9%	1.9%	2.9%
Rent	4.1%	4.4%	4.3%	4.0%	4.2%	3.7%	2.9%	4.0%
Commissions paid	11.9%	11.0%	9.8%	10.8%	9.1%	6.6%	9.2%	6.1%
Media expense	4.7%	6.4%	6.1%	5.7%	5.9%	16.0%	14.5%	14.5%

# Number of Employees, and Sales/Ordinary Profit per Employee (Consolidated)

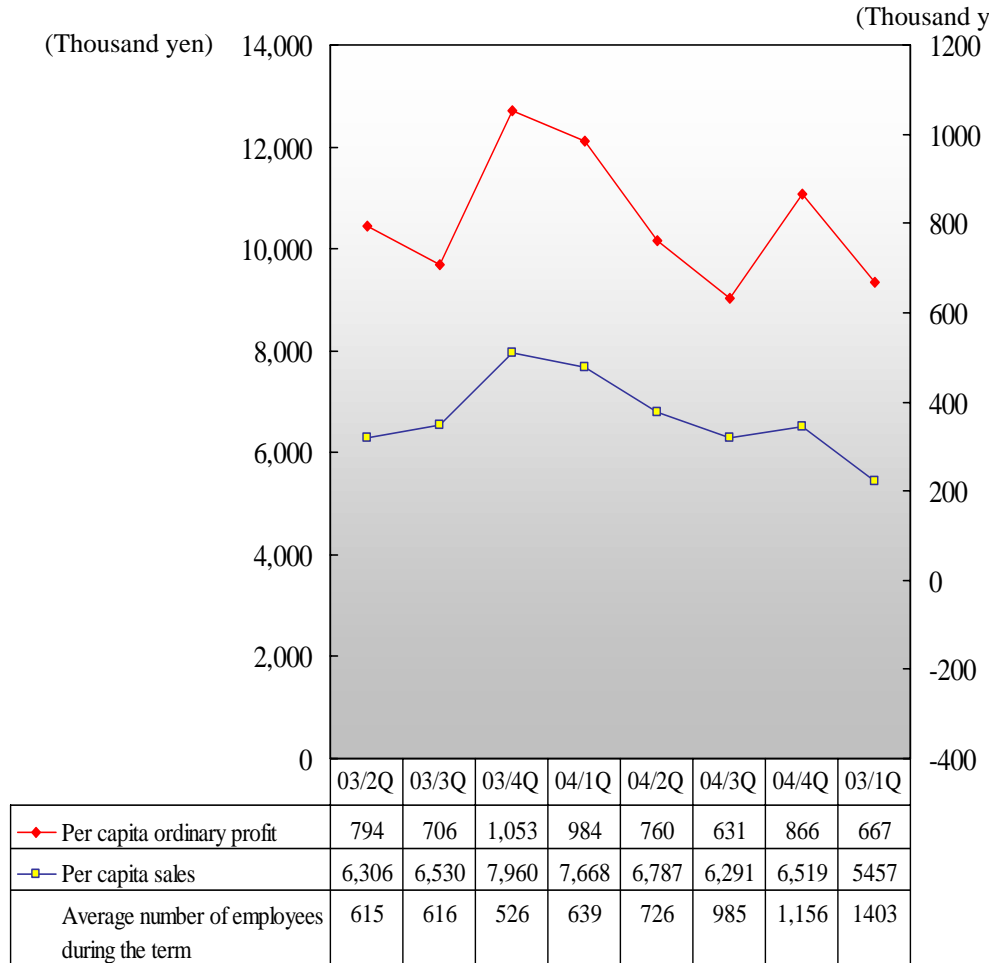
Productivity indices declined temporarily because of an increase in sales personnel

< Changes in the Number of Employees >



The number of employees shown refers to the number of employees at the end of each quarter.

< Changes in Sales and Ordinary Profit per Employee >

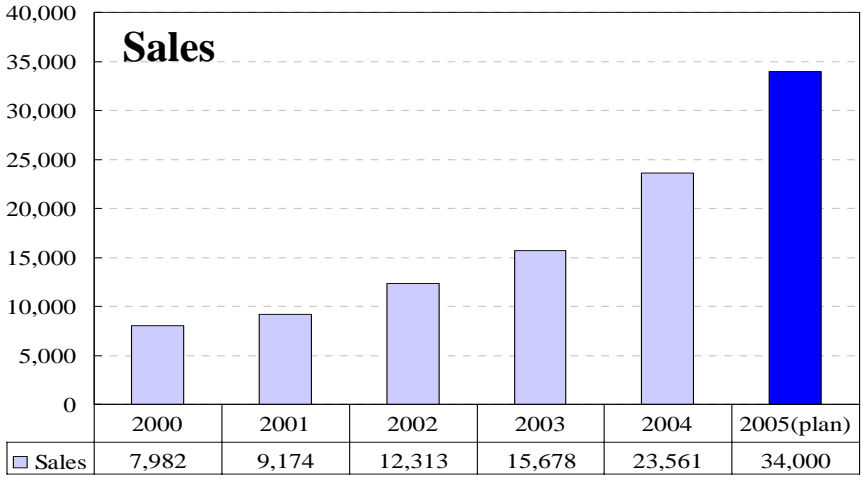


\* Average number of employees during the term is calculated counting full-time employees as 1 and part-time employees as 0.5

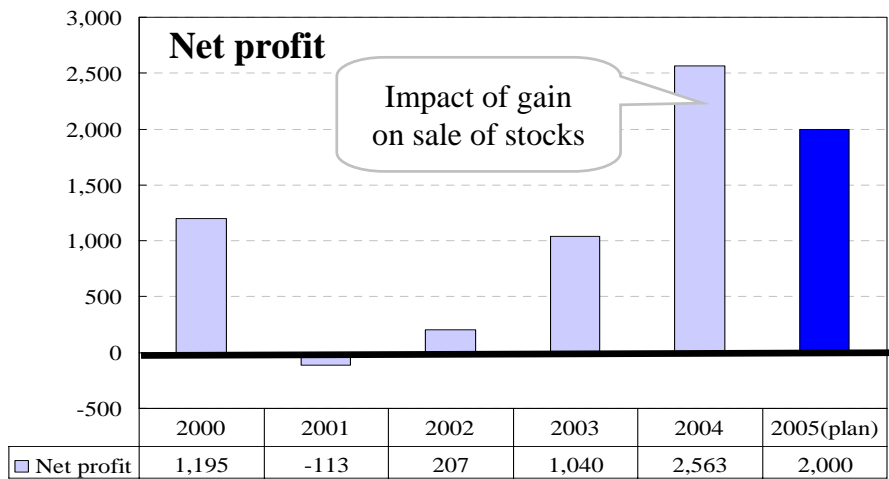
# FY2005 Full-Year Forecast (Consolidated)

A 44% rise in sales projected in expectation of the development of the JWord business

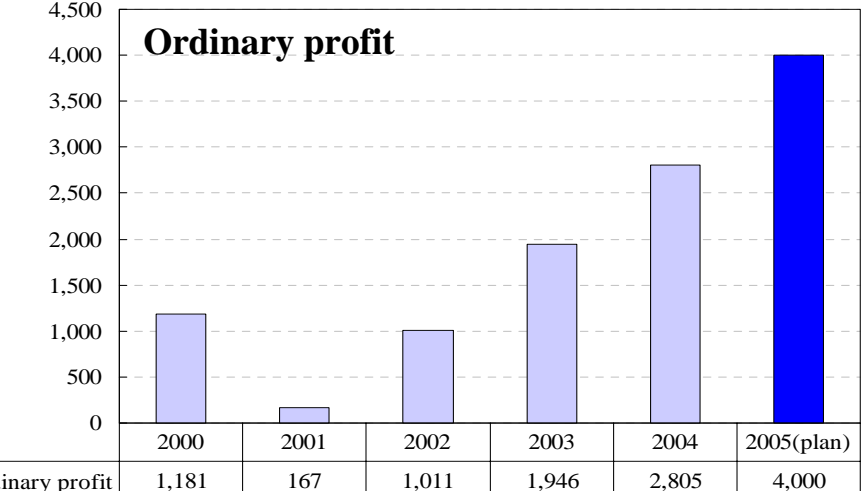
(Million yen)



(Million yen)



(Million yen)



	FY2005 Full-Year Forecast	Compared to previous year	FY2004 Full-Year Results
Sales	34,000	+ 44.3%	23,561
Ordinary profit	4,000	+ 42.6%	2,805
Net profit	2,000	- 22.0%	2,563

# **[Part 2]**

## **Business Conditions by Segment**

# Business Conditions by Segment - Sales Summary

(Million yen)

Businesses	2004/Q1	2004/Q2	2004/Q3	2004/Q4	2005/Q1
<b>Internet Use Support Business (Internet Infrastructure Business)</b>					
Access	522	600	615	713	<b>751</b>
Domain acquisition	358	326	273	312	<b>399</b>
Web Hosting	1,450	1,556	1,552	1,590	<b>1,649</b>
Website creation and support	189	337	329	545	<b>360</b>
Security	17	26	38	41	<b>57</b>
Credit Card Payment Processing Services ( CCPPS )	34	35	254	279	<b>288</b>
Enterprise communications	462	379	672	956	<b>1,020</b>
JWord	179	254	259	355	-
Others	23	16	18	60	<b>39</b>
Total segment sales	3,238	3,532	4,013	4,856	<b>4,566</b>
<b>Internet Advertising Support Business (Media Business)</b>					
Internet media construction	1,052	819	787	916	<b>630</b>
Internet advertising sales	1,496	992	1,898	2,003	<b>1,944</b>
JWord	-	-	-	121	<b>698</b>
Online gaming	-	-	1	82	<b>180</b>
Others	24	17	26	36	<b>34</b>
Subtraction of intra-segment sales	(774)	(392)	(411)	(370)	<b>(336)</b>
Total segment sales	1,799	1,437	2,301	2,789	<b>3,151</b>
Deduction of dealings between segments	-137	-42	-118	-109	<b>-60</b>
Consolidated sales	4,900	4,927	6,197	7,536	<b>7,657</b>

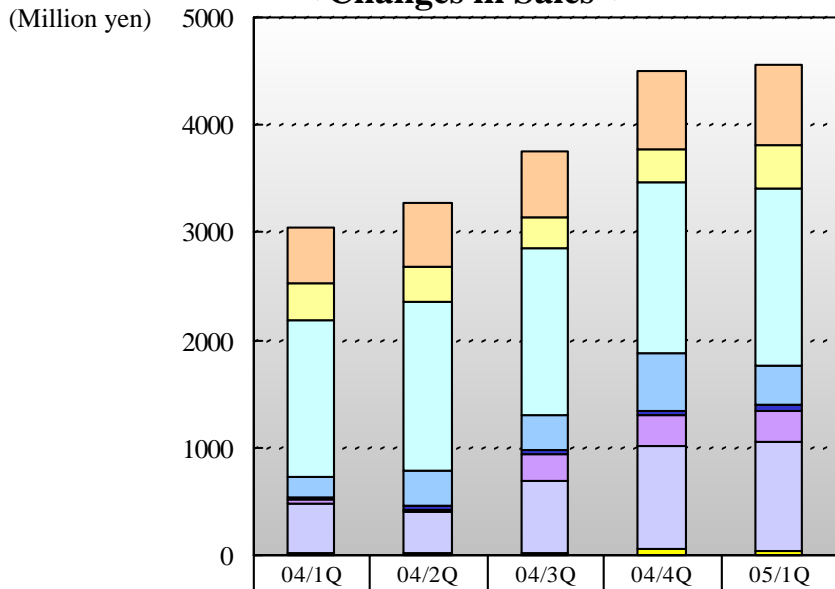


(1) Internet Use Support Business  
(Internet Infrastructure Business)

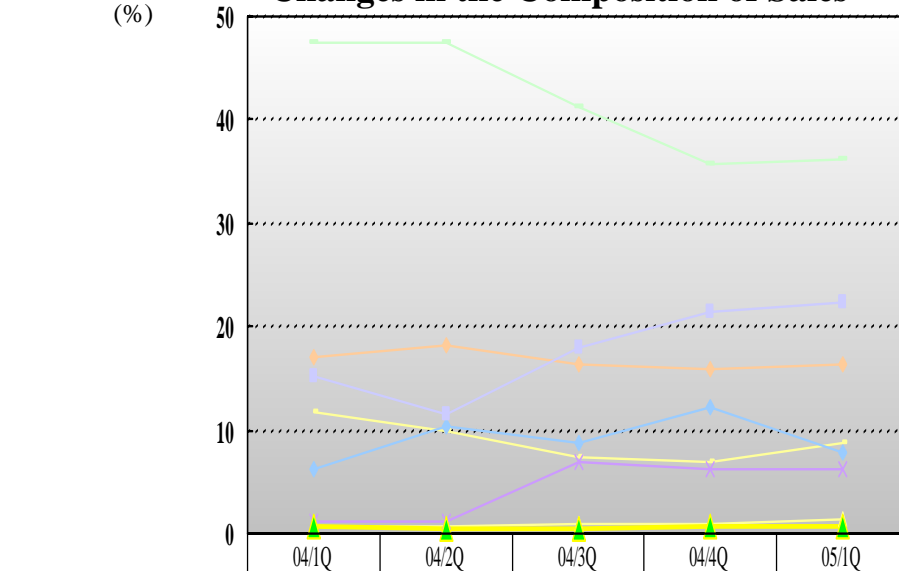
# Sales in Internet Use Support Business and Breakdown by Business (Consolidated)

## Generally all segments remained firm

< Changes in Sales >



< Changes in the Composition of Sales >



Access	17.1	18.3	16.4	15.9	16.4
Domain acquisition	11.7	9.9	7.3	7	8.8
Rental server	47.4	47.5	41.3	35.6	36.2
Website creation and support	6.2	10.3	8.8	12.2	7.9
Security	0.6	0.8	1	0.9	1.3
CCPPS	1.1	1.1	6.8	6.2	6.3
Enterprise communications	15.1	11.6	17.9	21.4	22.4
Others	0.8	0.5	0.5	0.8	0.7

\* For illustrative purpose, JW Business in the past is included in Internet Advertising Support Business (Media Business) for the sake of convenience.

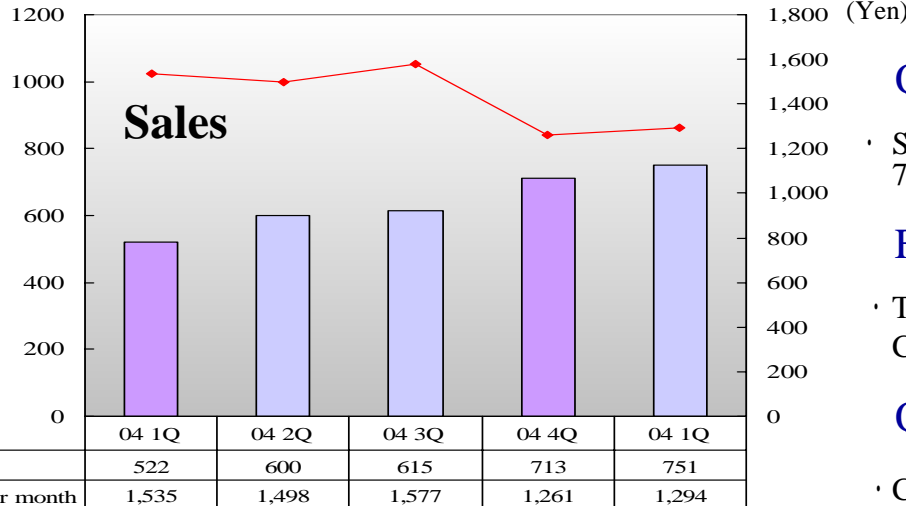
# Access Business

Business segment		Principal companies
<b>Internet Use Support Business (Internet Infrastructure Business)</b>	<b>Access business</b>	<b>The Company</b>
	Domain acquisition business	The Company, Internet Number, Paperboy & Co.
	Web Hosting business	The Company, GMO H&T, Paperboy & Co., WEBKEEPERS, @YMC
	Website construction and support business	The Company, Grandsphere
	Security business	GeoTrust Japan
	Credit Card Payment Processing Services (CCPPS)	GMO Payment Gateway
	Enterprise communications business	GMO Communications, TELECOM ONLINE
	Other business	GMO Research Institute
<b>Internet Advertising Support Business (Media Business)</b>	Internet media construction business	GMO Mobile&Desktop, Tea Cup Communication, E-sumai, GMO Media and Solutions
	Internet advertising sales business	Magclick Inc., GMO San Planning
	JWord business	The Company, Magclick Inc., GMO Communications, JWord
	Online gaming business	Netclue Co., Ltd.

# Access Business: Changes in Sales and the Number of Contracts Plus Future Issues.

Sales increased, driven by the impact of business purchases

(Million yen)



## Q1 results (compared with a year earlier)

- Sales increased 43.9% and membership was increased 75.7% from the previous year.

## Factors behind increased sales

- Transfer of operations from Bekkoame internet Co.,Ltd. and ZERO Inc.

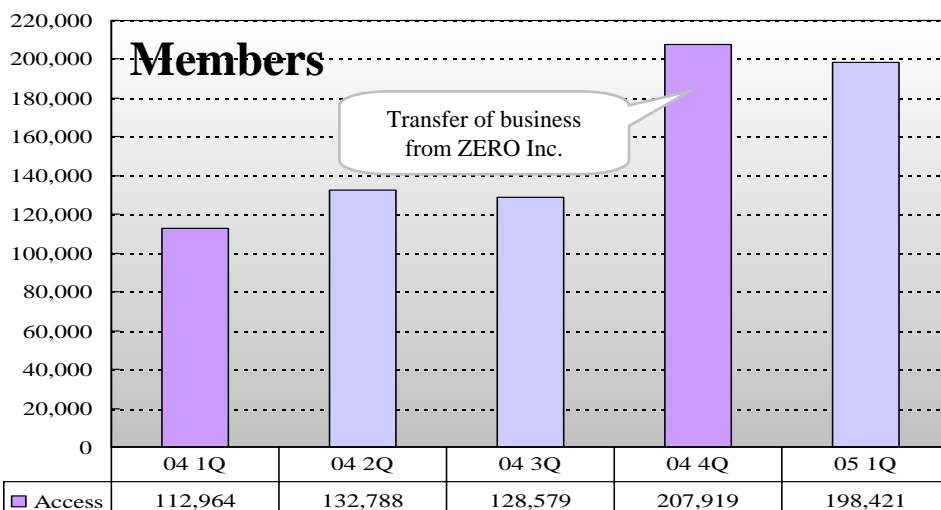
## Q2 Achievements

- Campaign to lead dial-up customers to broadband.
- Growth in profit rate after business integration

## Future Issues

- Improved services for differentiation  
→ Implementation of the "Only One" Strategy
- Sharing of the data center and other facilities to reduce operating costs
- Campaign to lead dial-up customers to broadband.

(Persons)

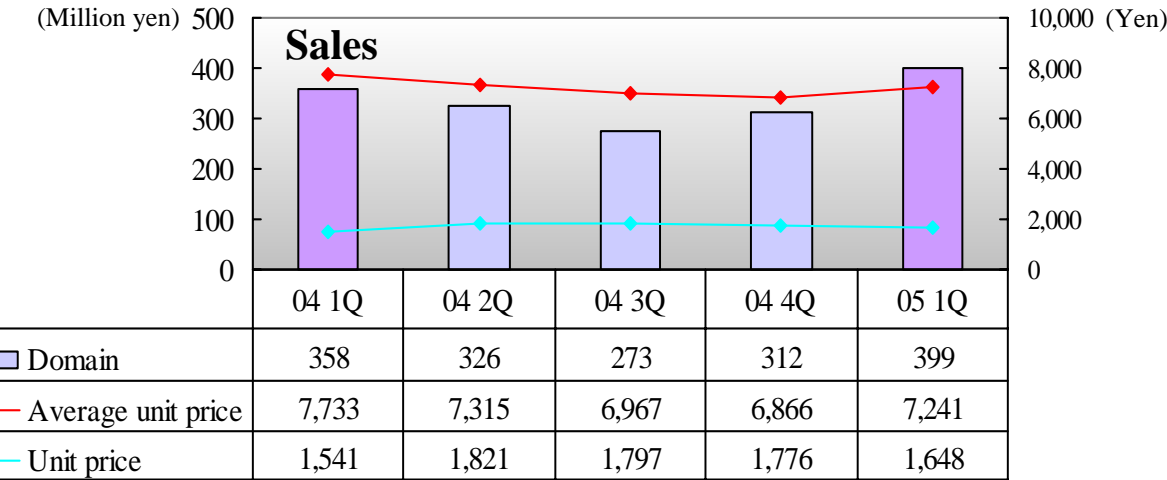


# Domain Acquisition Business

Business segment		Principal companies
<b>Internet Use Support Business (Internet Infrastructure Business)</b>	Access business	The Company
	<b>Domain acquisition business</b>	<b>The Company, Internet Number, Paperboy &amp; Co.</b>
	Web Hosting business	The Company, GMO H&T, Paperboy & Co., WEBKEEPERS, @YMC
	Website construction and support business	The Company, Grandsphere
	Security business	GeoTrust Japan
	Credit Card Payment Processing Services ( CCPPS )	GMO Payment Gateway
	Enterprise communications business	GMO Communications, TELECOM ONLINE
	Other business	GMO Research Institute
<b>Internet Advertising Support Business (Media Business)</b>	Internet media construction business	GMO Mobile&Desktop, Tea Cup Communication, E-sumai, GMO Media and Solutions
	Internet advertising sales business	Magclick Inc., GMO San Planning
	JWord business	The Company, Magclick Inc., GMO Communications, JWord
	Online gaming business	Netclue Co., Ltd.

# Domain Acquisition Business: Changes in Sales and Registrations, Plus Future Issues.

Both updating and new registrations were robust. The number of registrations exceeded 550,000!



Q1 results (compared with a year earlier)

Sales increased 11.5% and the cumulative number of domains under management increased by 21.3%

Factors for strong sales

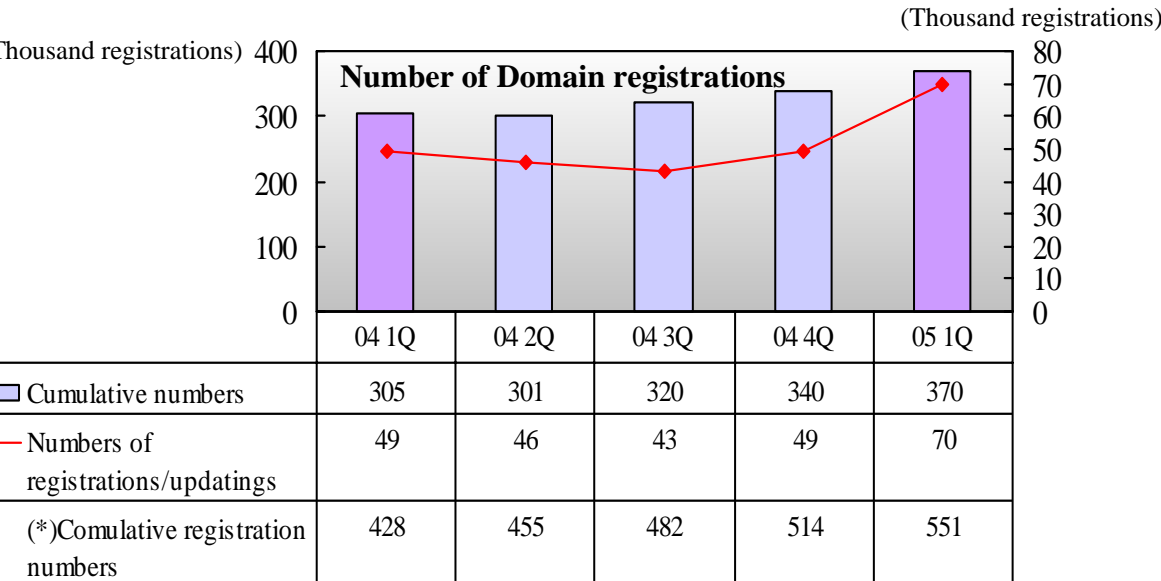
- Demand for domain updating was strong.
- Low-priced domains for individuals were brisk.

Q1 Achievements

- The Whois information service was firm, reflecting a rise in awareness concerning the protection of personal information.

Future Issues

- Enhancement of option services
- Expansion of sales channels (agents, etc) to cultivate new demand

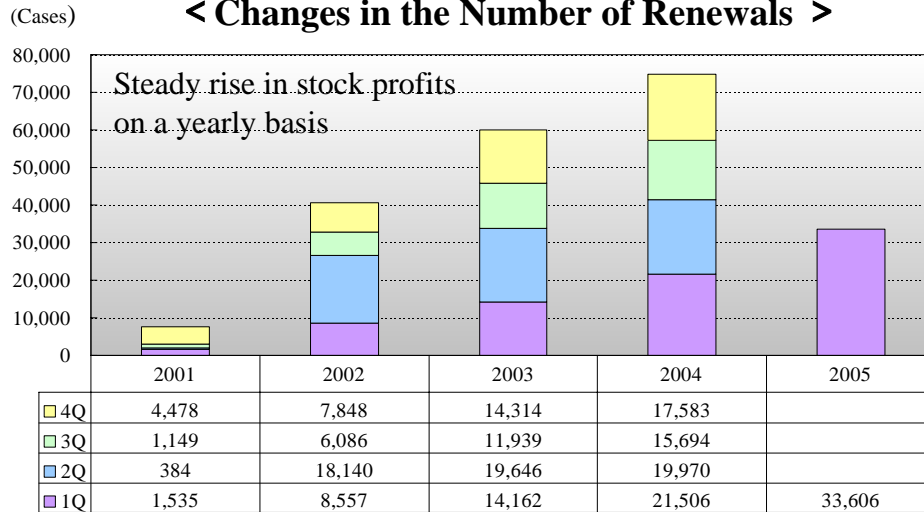


\* Reference

Performance in the business for personal customers (achieved by Paperboy & Co.)  
Sales: about 42 million yen  
Monthly average unit price: 1,648yen  
Registrations + updating: 25,491

# Trends in the Domain Acquisition Business

## < Changes in the Number of Renewals >



## < Trends in the Domain Industry >

No. of JP domain registrations (As of May 1, 2005)  
695,358 (increased by 27,777 within 3 months)  
(source / JPRS.)

## < Rankings of general purpose JP domain name registration service providers >

No. 1 Onamae.com/ Global Media Online

No. 2 OCN/ NTT Communications

No. 3 muumuu domain/Paperboy&co.

No. 4 Solis/ Solis Corporation

No. 5 Domain Name For Use (D4U)/Humeia Registry

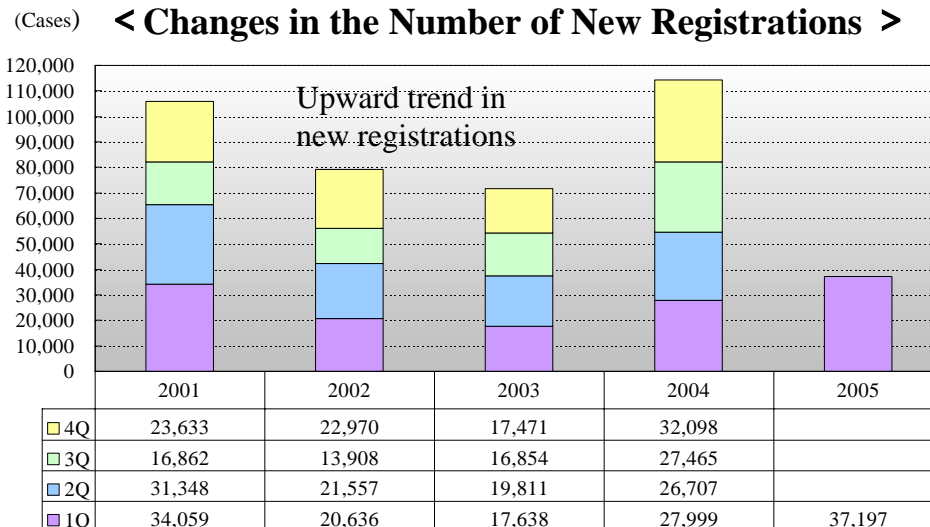
(Affiliates)

•  
•

No. 9 iSLE/GMO Hosting & Technologies

(Source: JPRS. As of May 10, 2005)

## < Changes in the Number of New Registrations >



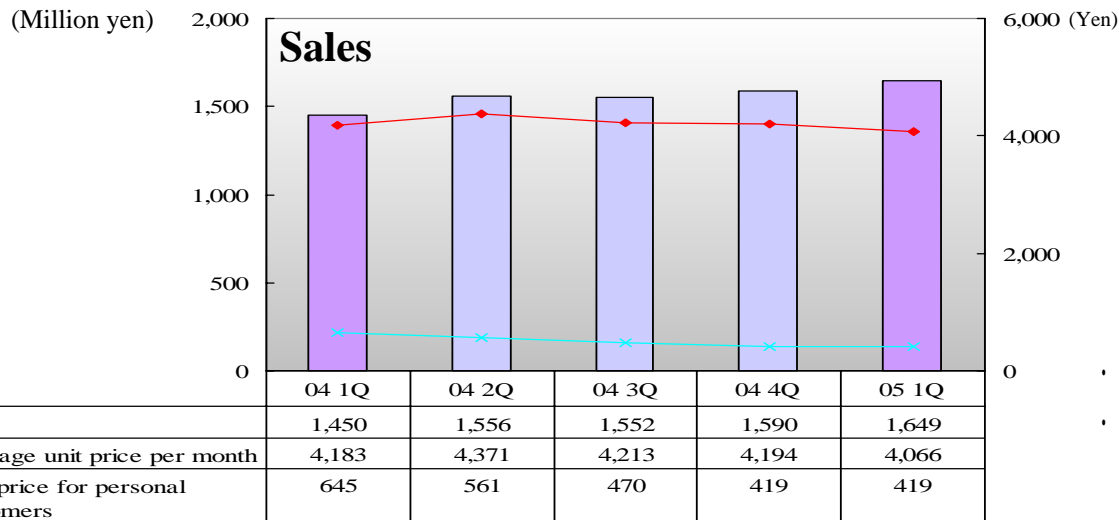
# Web Hosting Business

Business segment		Principal companies
<b>Internet Use Support Business (Internet Infrastructure Business)</b>	Access business	The Company
	Domain acquisition business	The Company, Internet Number, Paperboy & Co.
	<b>Web Hosting business</b>	<b>The Company, GMO H&amp;T, Paperboy &amp; Co., WEBKEEPERS, @YMC</b>
	Website construction and support business	The Company, Grandsphere
	Security business	GeoTrust Japan
	Credit Card Payment Processing Services (CCPPS)	GMO Payment Gateway
	Enterprise communications business	GMO Communications, TELECOM ONLINE
	Other business	GMO Research Institute
<b>Internet Advertising Support Business (Media Business)</b>	Internet media construction business	GMO Mobile&Desktop, Tea Cup Communication, E-sumai, GMO Media and Solutions
	Internet advertising sales business	Magclick Inc., GMO San Planning
	JWord business	The Company, Magclick Inc., GMO Communications, JWord
	Online gaming business	Netclue Co., Ltd.



# Web Hosting Business: Changes in Sales and the Number of Contracts Plus Future Issues.

Brisk performance in services for individual users. Total number of server contracts exceeds 250,000 mark!

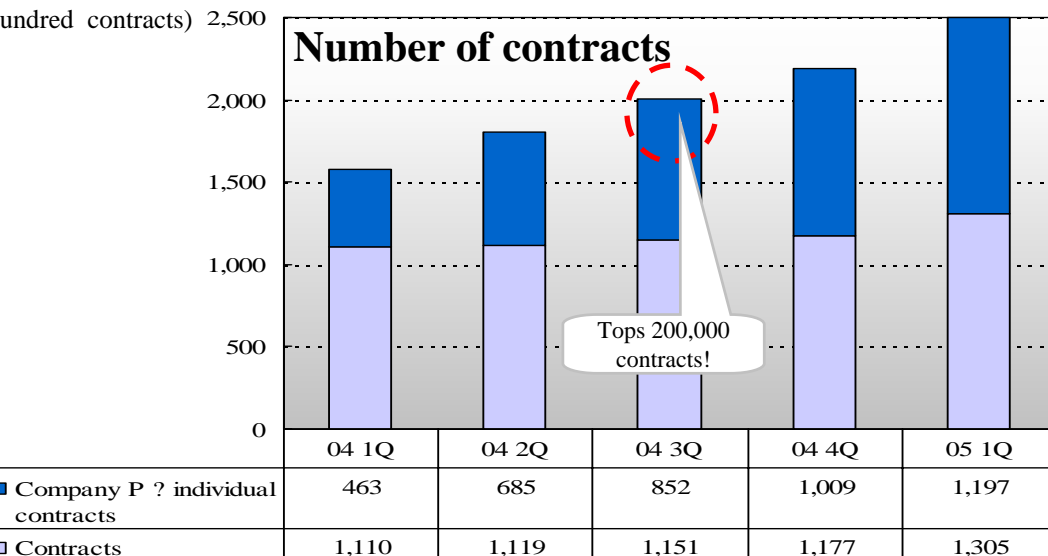


Q1 (compared with a year earlier)

Increase in sales by 13.7%, and increase in (corporate customer) contracts by 17.6%

Factors behind increased sales

- Review of product line
- Success with multiple-brand strategies.



Q1 Achievements

- Sound growth in individual contracts
- Addition of new option services, etc

\* Reference

Performance in the business for personal customers (achieved by Paperboy & Co.)

Sales: 140 million yen

Monthly average unit price: 419 yen

Subscriptions: Approx. 119,718

# Trends in the Web Hosting Business, Partner Strategy, etc.

## < Comparison with other major players in the domestic Web Hosting business >

Company Name	No.of Contracts	Vs.3 months ago	Period
<b>Global Media Online Group</b>	<b>250,288</b>	<b>+ 31,593</b>	<b>2005.3</b>
<b>( Paperboy &amp; Co.</b>	<b>119,718</b>	<b>+ 18,804</b>	<b>2005.3 )</b>
Estore	21,148	+ 1,026	2005.3
Admiral Systems	13,374	+ 350	2005.3

(Note) Comparison of operators that have released data relating to contract numbers, including the estimates made by Global Media Online INC.

## < Capital and business alliance with @YMC >

- @YMC CORPORATION became a wholly-owned subsidiary of GMO Hosting and Technologies, Inc. at the end of February (consolidated on April 1)

### Purposes of alliance

- Improve income through economies of scale
- Achieve a higher market share

- Approximately 7,500 subscriptions
- 700 sales agents



<http://www.ymc.ne.jp/index.html>

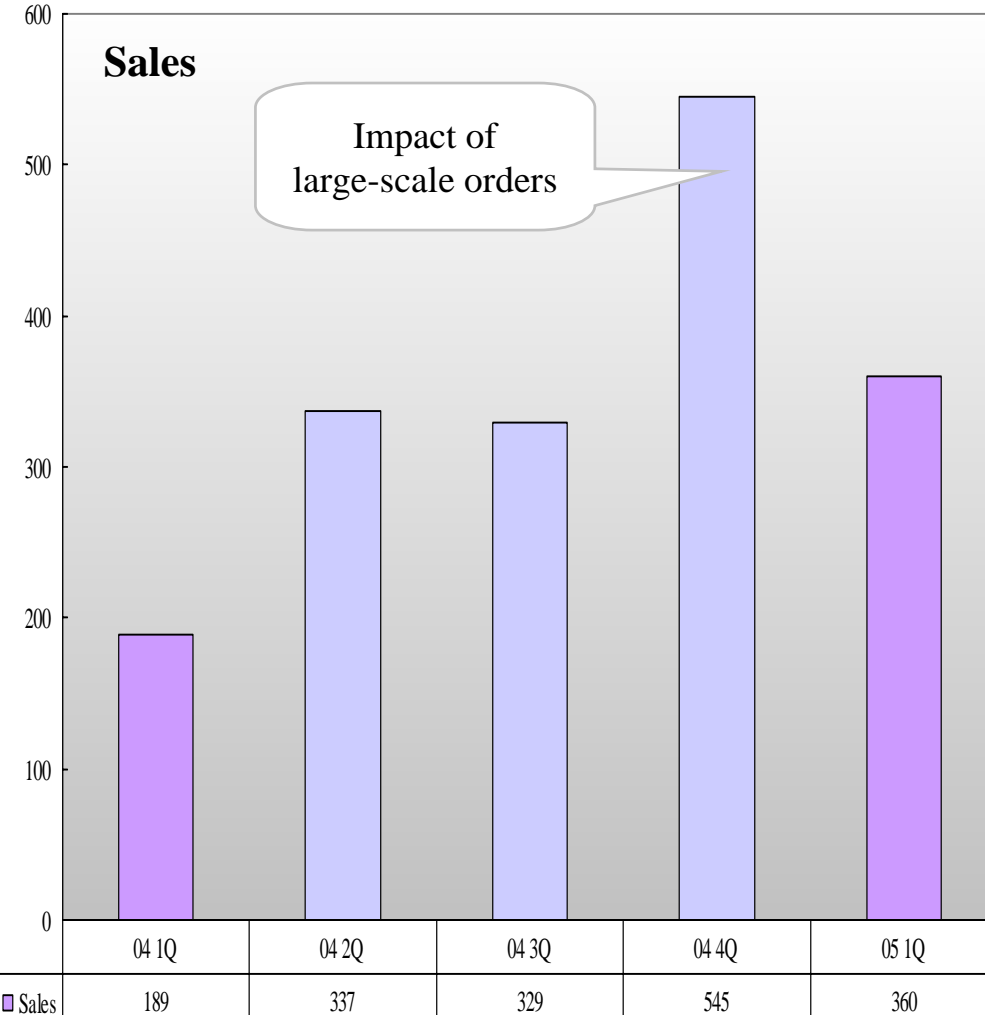
# Website Construction and Support Business

Business segment		Principal companies
<b>Internet Use Support Business (Internet Infrastructure Business)</b>	Access business	The Company
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	<b>Website construction and support business</b>	<b>The Company, Grandsphere</b>
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	Online gaming business	Netclue Co., Ltd.

# Website Construction and Support Business

Sales in FY2005 Q1 declined from the previous quarter when major orders were received

(Million yen)



## Q1 results (compared with a year earlier)

- Sales increased 90.5%

## Factors behind increased sales

- Succeeded in receiving relatively large-scale orders

## Future Issues

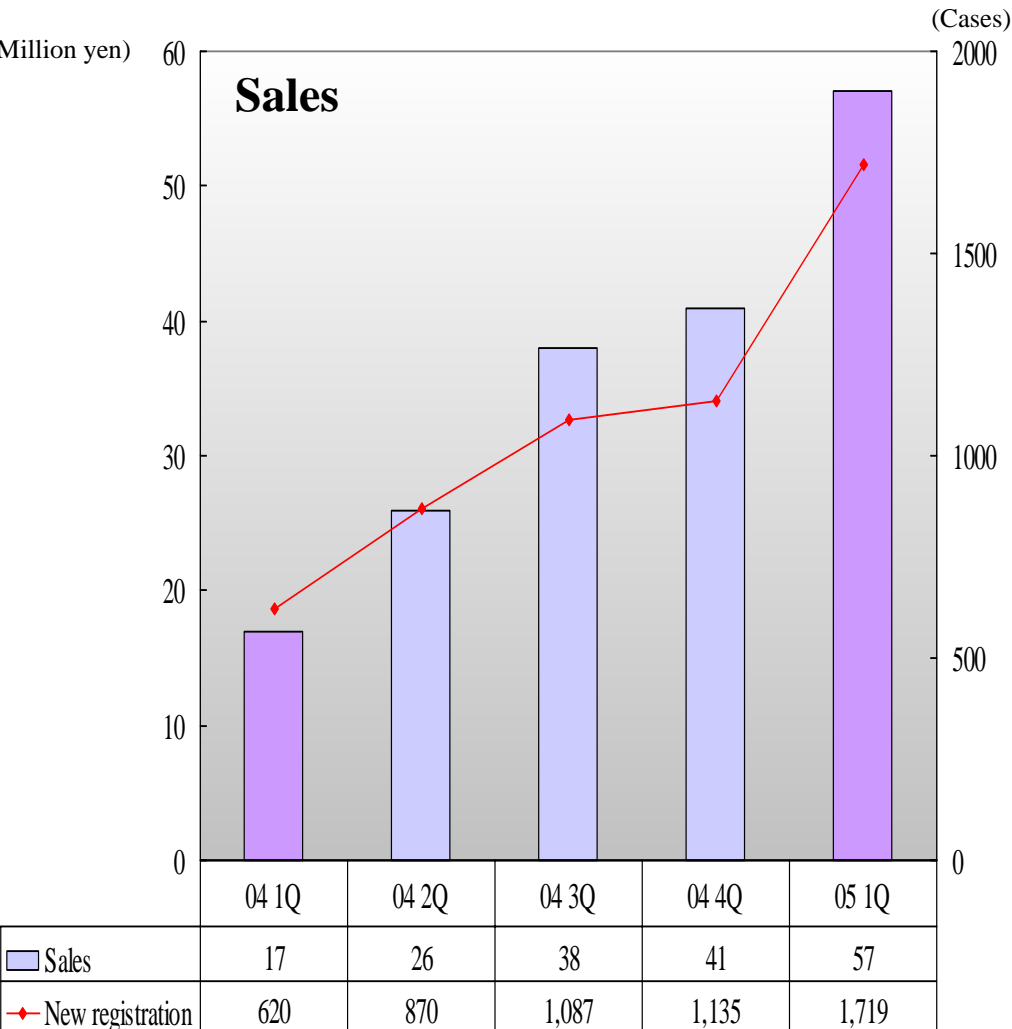
- Expansion of sales volume of stock-type commercial materials
- Focus on the development of ASP-type commercial materials
- Recruitment of talented development personnel
- Reinforcement of comprehensive sales capability including proposals to attract customers

# Security Business

Business segment		Principal companies
<b>Internet Use Support Business (Internet Infrastructure Business)</b>	Access business	The Company
	Domain acquisition business	The Company, Internet Number, Paperboy & Co.
	Web Hosting business	The Company, GMO H&T, Paperboy & Co., WEBKEEPERS, @YMC
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# Security Business; Sales and Issues

Both the number of contracts and sales remained steady



## Steady sales

- First-quarter sales: 57 million yen (slightly more than tripled from a year earlier)
- Higher awareness of the protection of personal information boosted sales.
- Total number of contracts: approx. 5,400
- About 50% of subscribers are SOHO or personal users.
- Steady sales of solutions for the public sector and research and educational institutions including universities

## Q1 Achievements

- Full-scale operation of immediate issuance of certificates
- Establishment of push sale system
- Response to server certificate for au

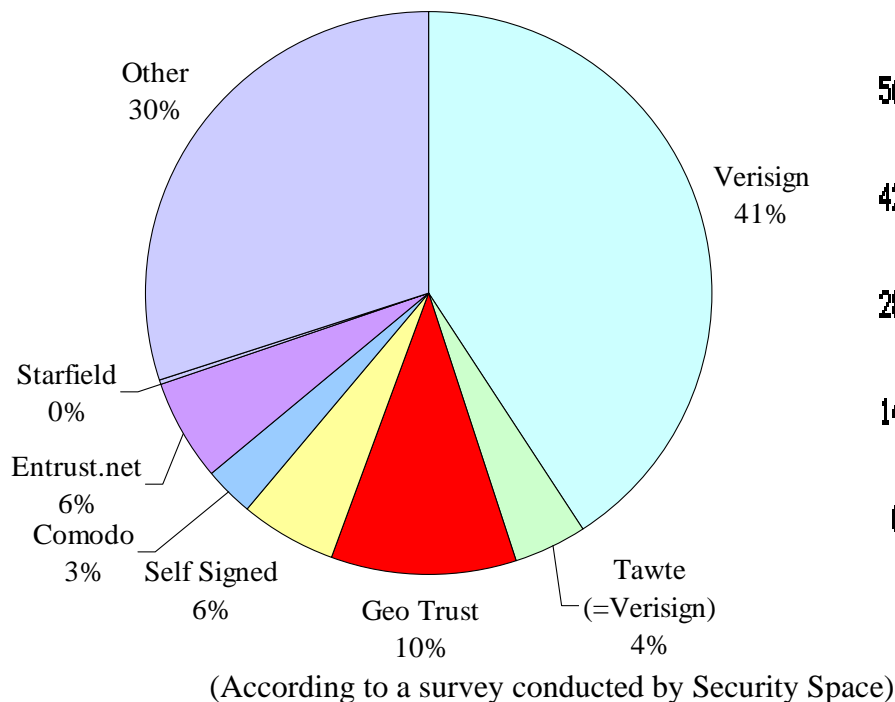
## Future Issues

- To promote and establish the brand image
- To develop new products
- Certificate issuing agency services (to be launched within this year)

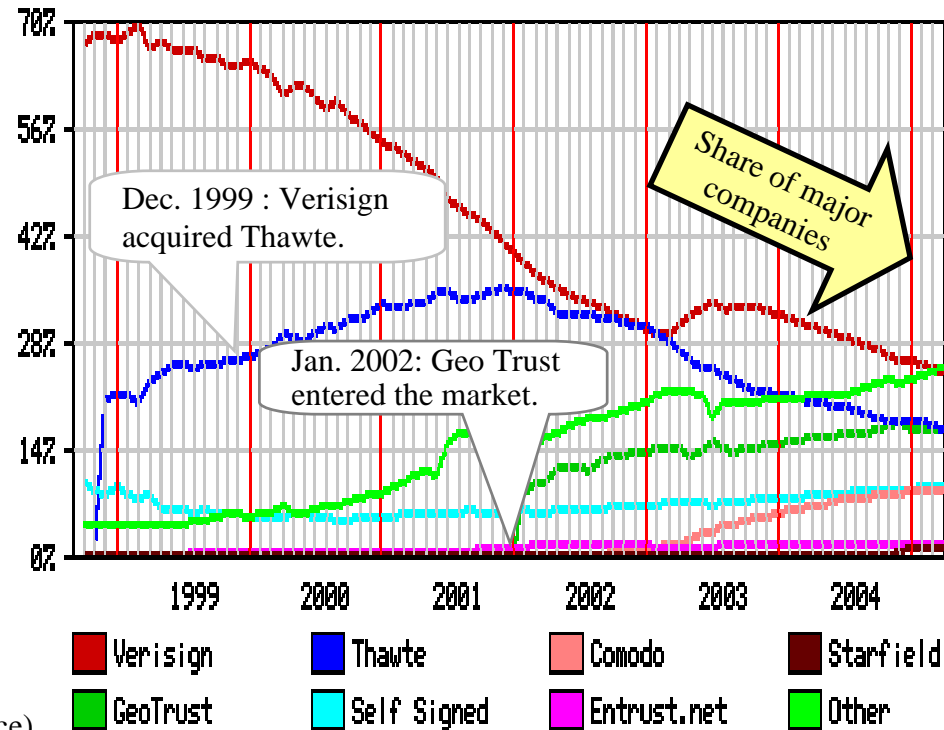
# Trends in the Electronic Authentication Market

**Achieved competitive presence and share (8%) and progressed up to 1% short of achieving an influential share of the market (11%)!**

Shares in the electronic authentication Market in Japan (March 2005)



Historical Market Share - Across All Domains



- Verisign
- Thawte
- Comodo
- Starfield
- GeoTrust
- Self Signed
- Entrust.net
- Other

Copyright (c) 1998-2005 E-Soft Inc.

Verisign accounts for 45% of the electronic authentication market in Japan, while Geo Trust has a 10% share.

# Credit Card Payment Processing Services ( CCPPS )

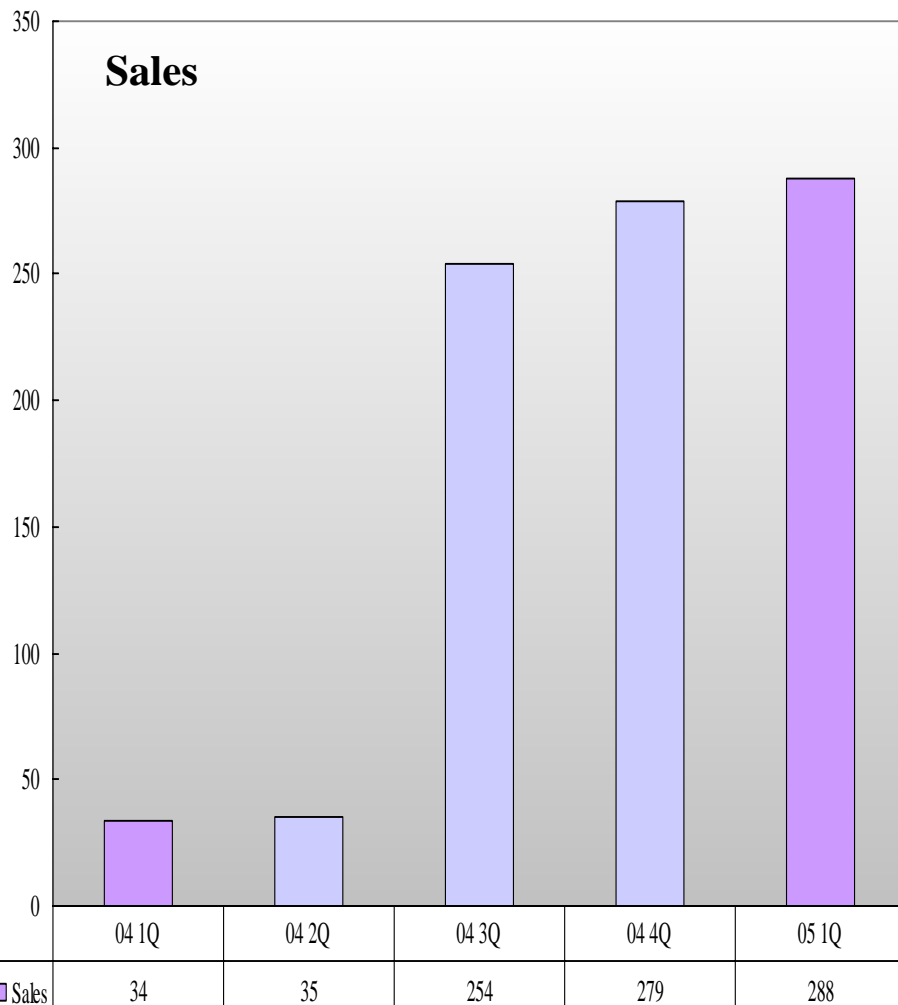
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# Credit Card Payment Processing Services: Sales and Issues

Income base for “stocks & transactions” remained steady

(Million yen)



Listed on the TSE Mothers on April 4, 2005  
(Securities code: 3769)



The largest credit card payment processing services in Japan with online customers at approximately 8,000 stores.

## Q1 Achievements

Sales of 288 million yen

## Future Issues

Entered the growth phase after completing the infrastructure development phase, and will accelerate growth by three strategies: expansion of scale, exploitation of undeveloped markets, and enhancement of added value.

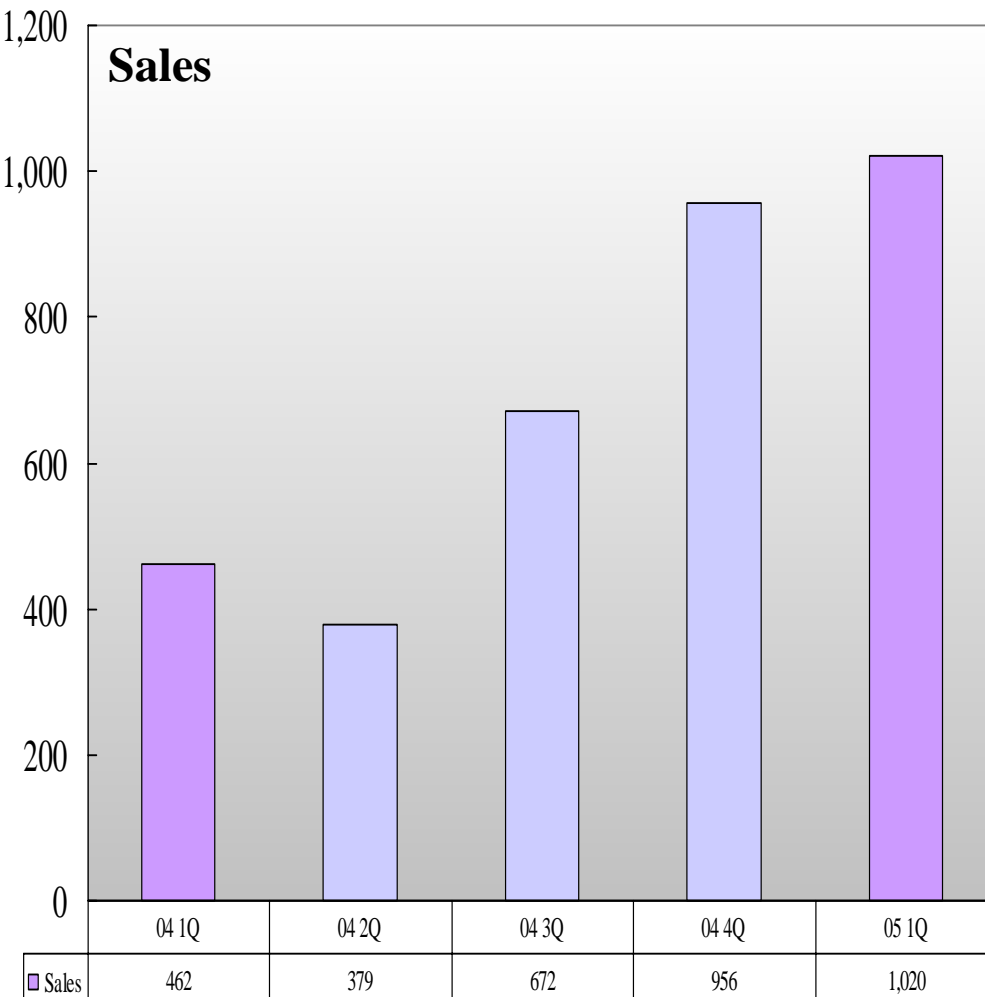
# Enterprise Communications Business

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# Enterprise Communications Business

## Sales increased by bolstering the sales structure

(Million yen)



### Q1 results (compared with a year earlier)

- 1,020 million yen (rising 120.8%)

### Factors behind increased sales

- Sales increased by bolstering the sales structure

### Q1 Achievements

- Strengthening the sales structure by introducing the CTI system
- Expansion of outbound call centers

### Future Issues

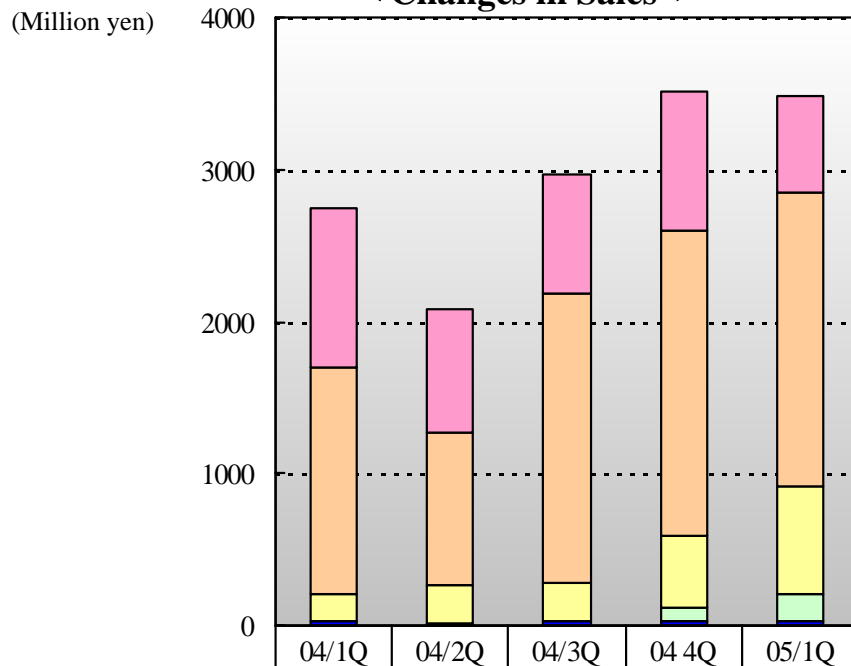
- Differentiation by improving the service content
- Reduction in business costs

## (2) Internet Advertising Support Business (Media Business)

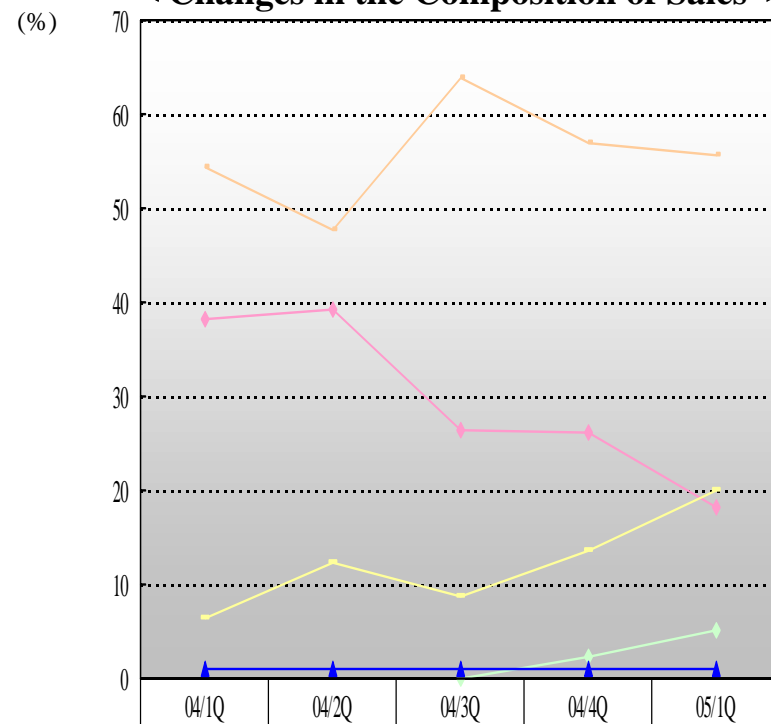
# Change in Sales of Internet Advertising Support Business and in Breakdown by Business (Consolidated)

## The JWord Business remained brisk

< Changes in Sales >



< Changes in the Composition of Sales >



Internet media construction	38.2	39.3	26.5	26.1	18.1
Internet advertising sales	54.4	47.6	63.9	57	55.7
JWord	6.5	12.2	8.7	13.5	20
Online gaming	-	-	0	2.4	5.2
Others	0.9	0.9	0.9	1	1

\* For illustrative purposes, JWord Business has in the past been included in Internet Advertising Support Business (Media Business) for convenience

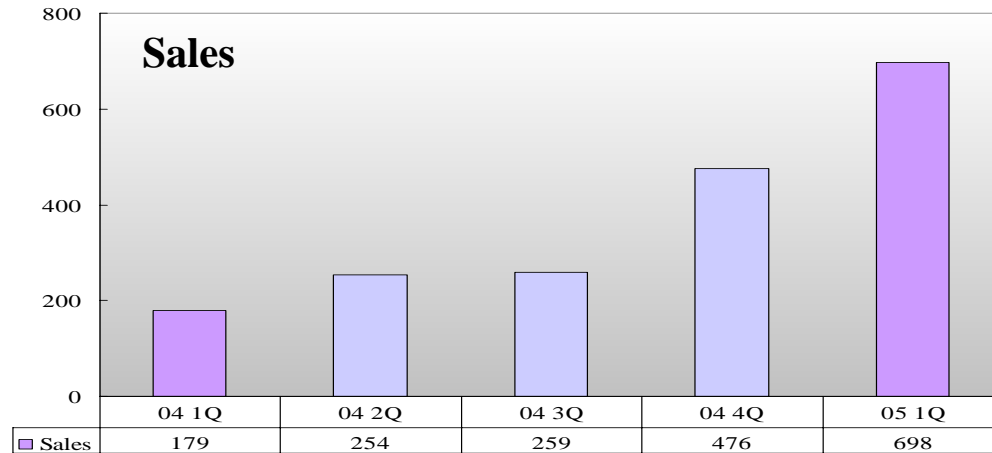
# JWord Business

Business segment		Principal companies
<b>Internet Use Support Business (Internet Infrastructure Business)</b>	Access business	The Company
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	Online gaming business	Netclue Co., Ltd.

# JWord Business

Sales continued to increase steadily, to approximately 700 million yen

(Million yen)



Q1 results (compared with a year earlier)

- Sales were approximately 700 yen (ca. 3.9 times)

Factors behind increased sales

- The strengthening of the marketing system was a major driving force

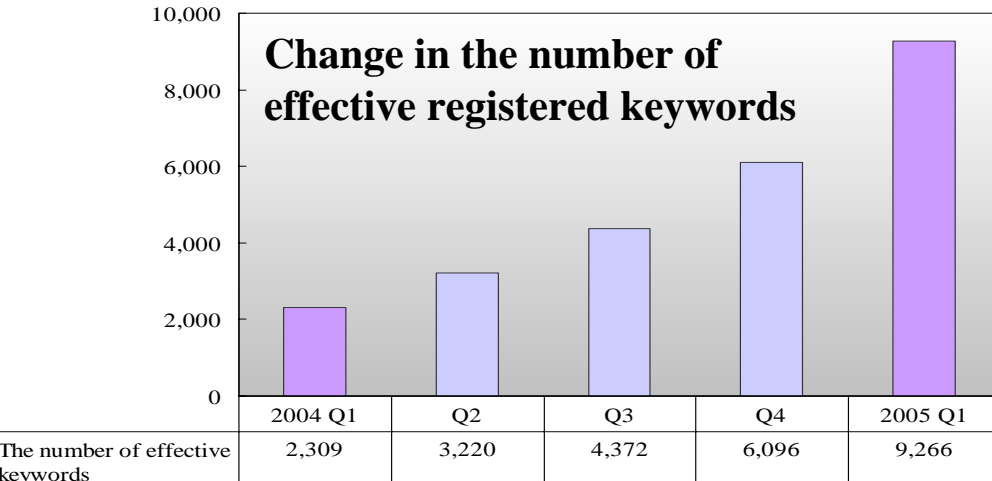
Q1 Achievements

- The number of JWord plug-ins exceeded 2,2 million units
- The number of effective keywords exceeded 8,000 words
- Alliance with Yahoo (services started on April 1)

Future Issues

- Enhancing distribution and promotion of use of plug-ins

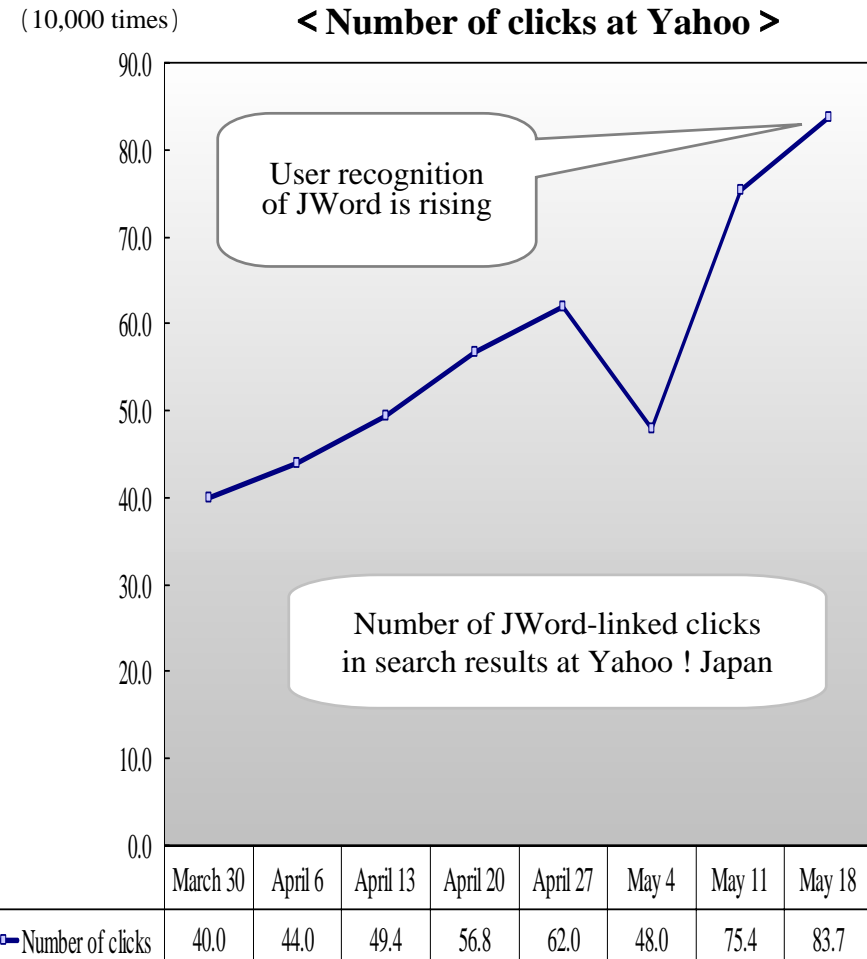
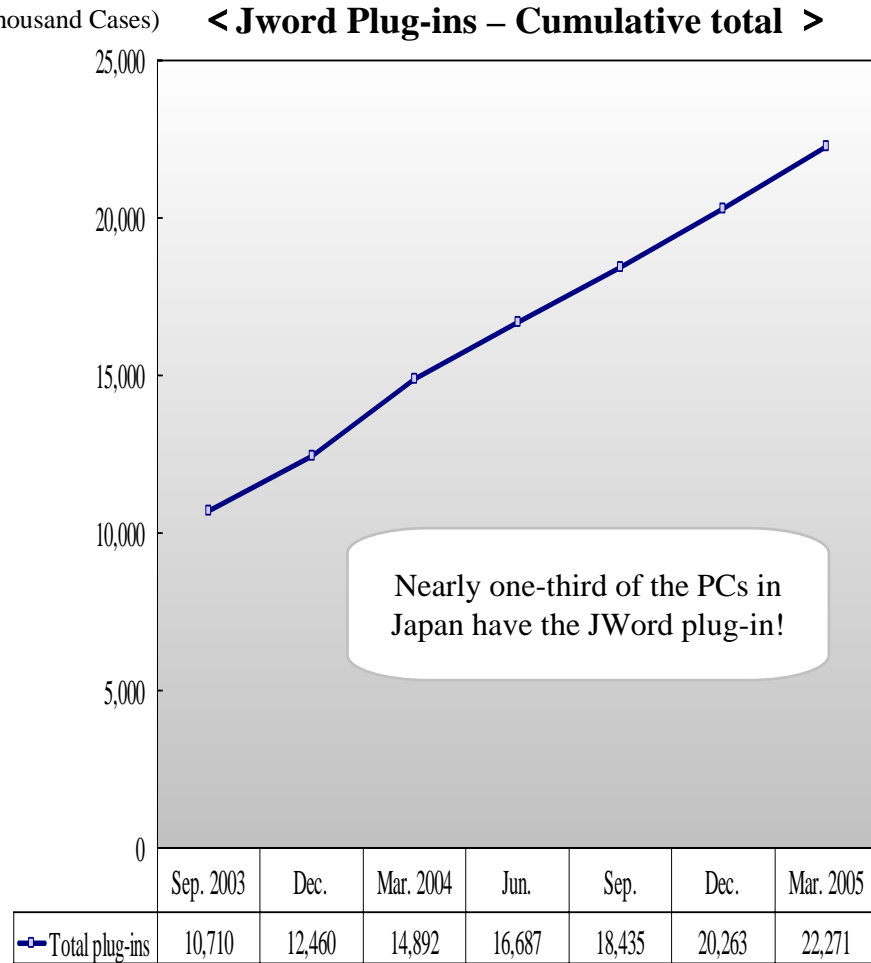
(Thousand registrations)



\* Although sales related to JWord Business were posted in both segments in fiscal 2004, they are recorded in Internet Advertising Support Business (Media Business) in the current year.

# JWord Business: Marketing Strategy

Cumulative total number of JWord plug-in copies installed as of March 31, 2005: 22.27 million

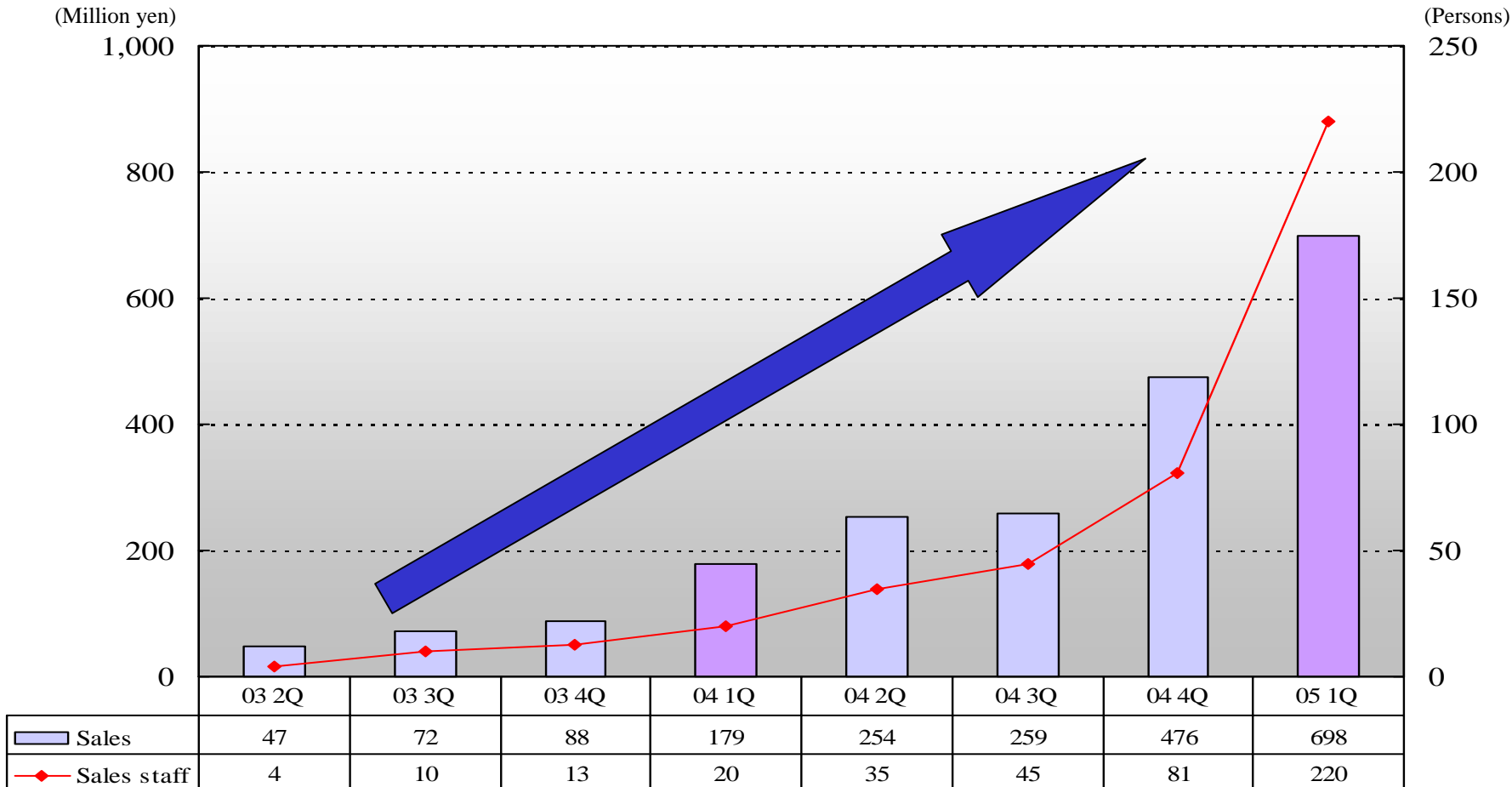




# JWord Business: Sales Strategy

**Sales power to 3.9 times the level of the year-ago period.  
Improving productivity is a challenge.**

**< Trends in quarterly Jword sales and sales staff within the GMO Group (based on results) >**



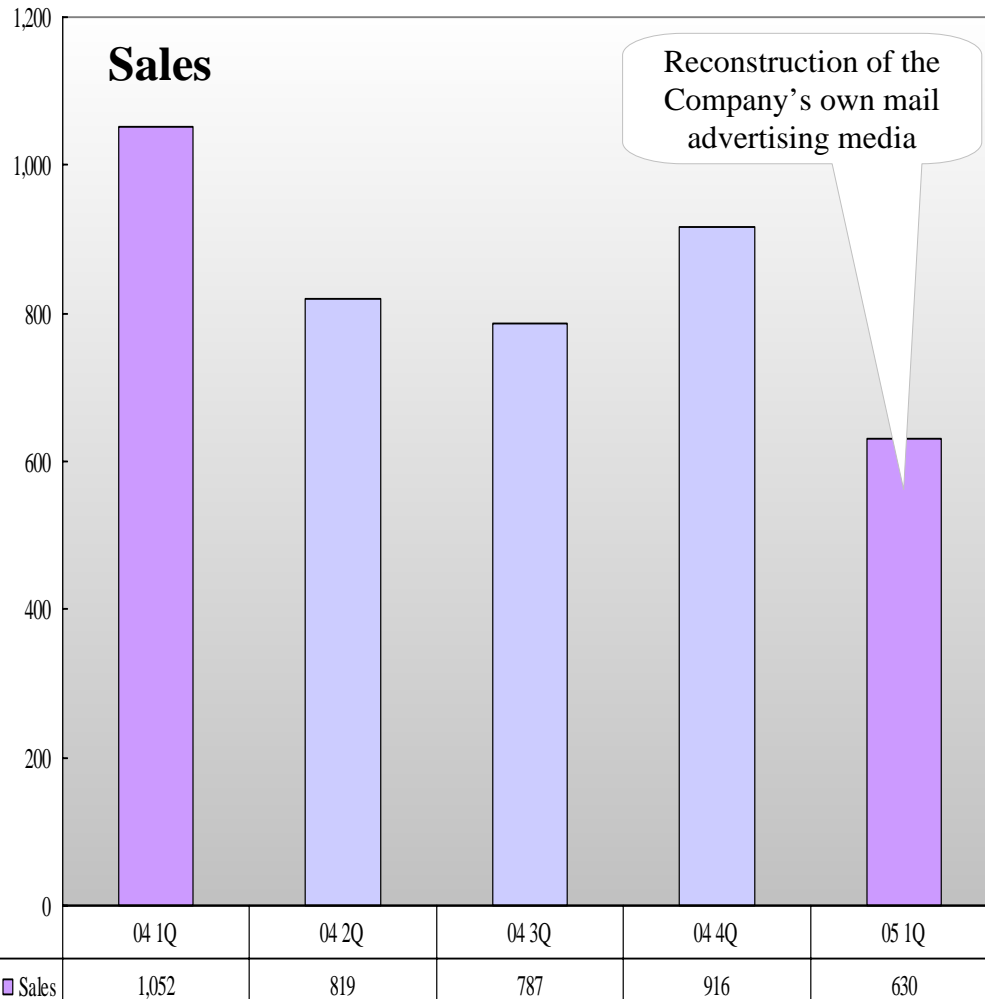
# Internet Media Construction Business

Business segment		Principal companies
<b>Internet Use Support Business (Internet Infrastructure Business)</b>	Access business	The Company
	Domain acquisition business	The Company, Internet Number, Paperboy & Co.
	Web Hosting business	The Company, GMO H&T, Paperboy & Co., WEBKEEPERS, @YMC
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	Online gaming business	Netclue Co., Ltd.

# Internet Media Construction Business

**Sales declined because of the shift of the marketing system to Jword and reconstruction of mail media**

(Million yen)



**Continued to reconstruct mail advertising operations**

- Sales were approximately 630 million yen in Q1 (down 40.1% from a year earlier)

## Q1 Achievements

- The sales capability of the Group shifted to JWord
- Complete renewal of rental billboard
- Maintenance of users by saving the number of mail distributions
- Introduction of new commercial materials in the mail advertising area
- Reinforcement of keywords matching function of RSS Reader
- Construction of framework by reorganizing the Group

## Future Issues

- Enhancement and leveraging of mail advertising commercial materials
- Reinforcement of alliance and synergy of media within the Group
- Aggressive response to RSS
- Strengthening of sales activities

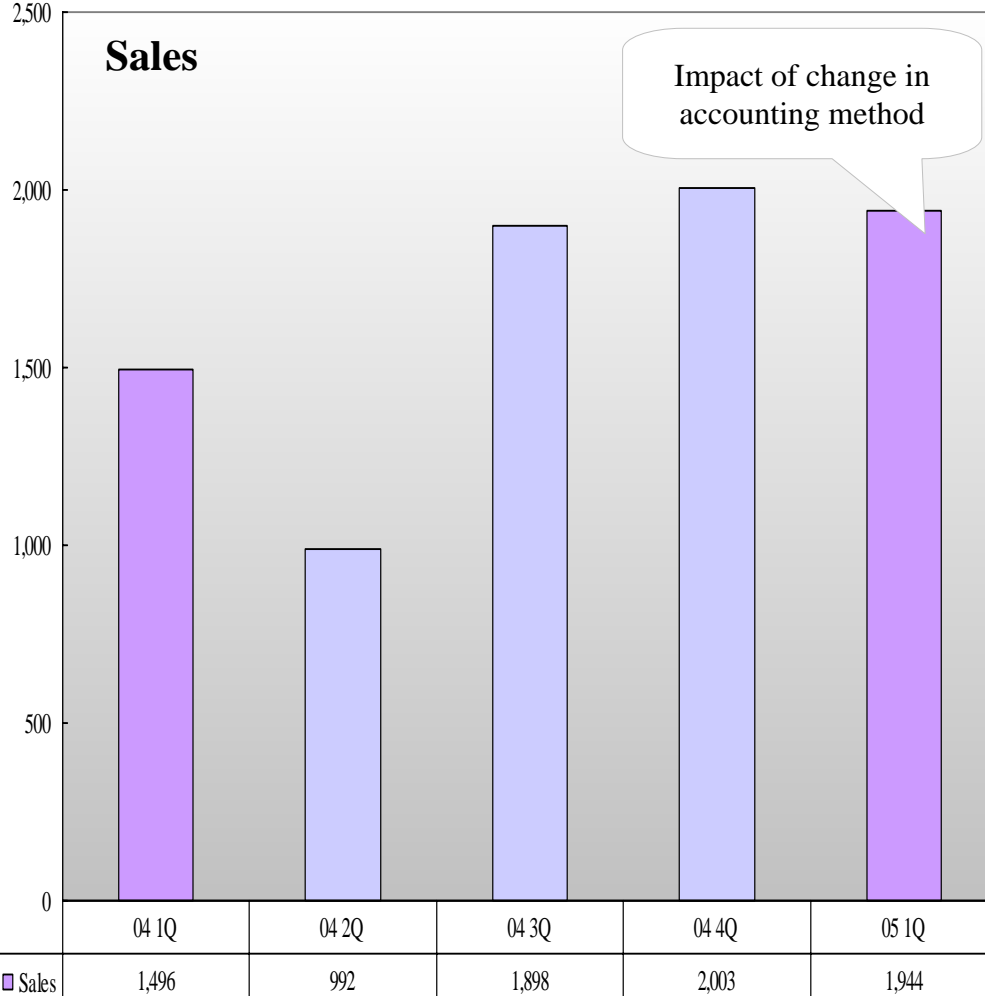
# Internet Advertising Sales Business

Business segment		Principal companies
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# Internet Advertising Sales Business

Sales effectively increased, despite the impact of a change in the accounting method

(million yen)



## FY2005 Q1 results

- Sales were approximately 1,944 million yen (rising 29.9% from a year earlier)

## Q1 Achievements

- Direct mail advertisements remained flat
- Mail magazine-related operations expanded
- GMO San Planning made a contribution
- The impact of a change in accounting method was 220 million yen

## Future Issues

- Bolstering of sales activities in Net-related and job offer-related areas

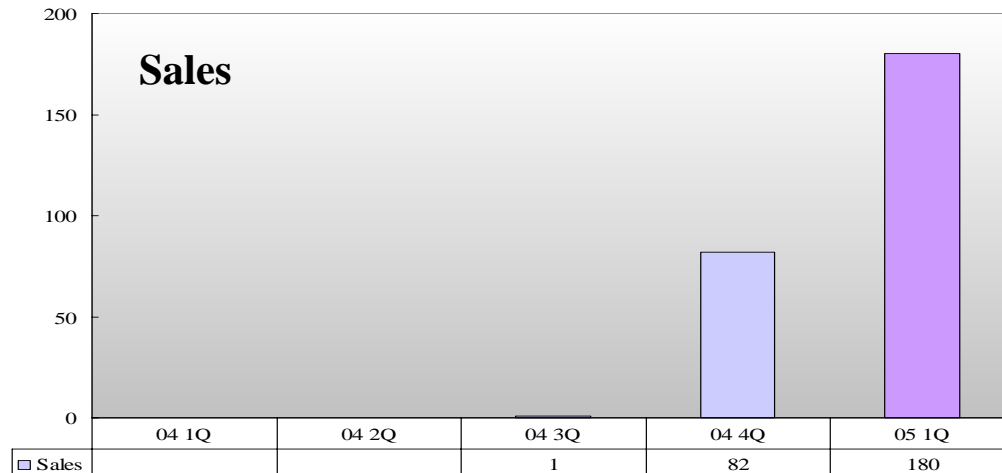
# Online Gaming Business

Business segment		Principal companies
<b>Internet Use Support Business (Internet Infrastructure Business)</b>	Access business	The Company
	Domain acquisition business	The Company, Internet Number, Paperboy & Co.
	Web Hosting business	The Company, GMO H&T, Paperboy & Co., WEBKEEPERS, @YMC
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	<b>Online gaming business</b>	<b>Netclue Co., Ltd.</b>

# Online Gaming Business: Changes in Sales and Membership, plus Future Issues

A healthy start with Q1 sales of 180 million yen

(million yen)



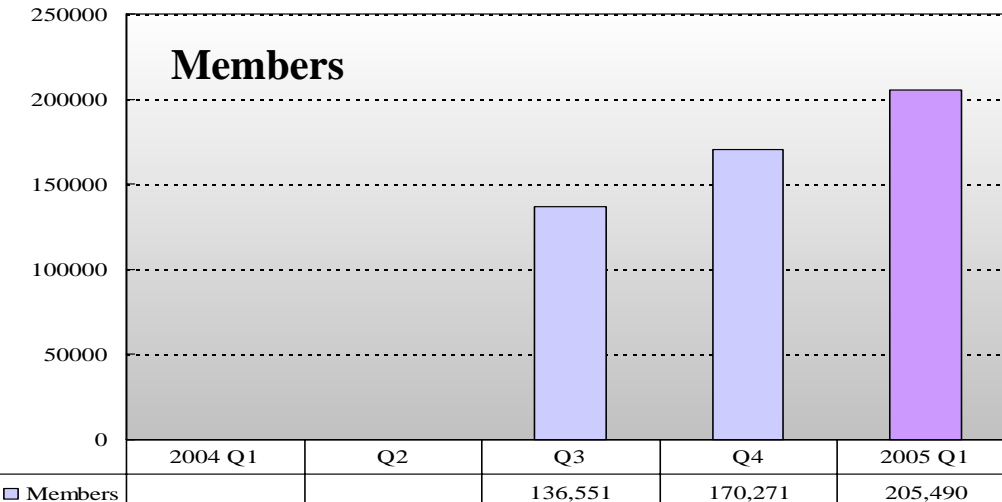
## Behind the membership growth

- Held a 10 million yen cash prize event for members
- Focus on sales promotion activities for beginners
- Renewal of design

## Behind the sales results

- Running of spring vacation campaign
- Periodical addition of new product items

(Persons)



## Q1 Achievements

- Significant improvement in content

## Future Issues

- Acquisition of new members
- Entice free-service members into item purchase

# **[Part 3]**

## **Topics**



# Advance in Media Power

Moved up to third place in terms of media scale!

End of April 2004

Ranking by number of users	Number of users (1,000 people)	Reach (%)	Rank in PV
1.Yahoo !	25,248	81.99	1
2.Rakuten	17,952	58.30	2
3.MSN	17,065	55.42	3
4.Nifty	15,604	50.67	4
5.Microsoft	13,302	43.20	27
6.NEC	12,824	41.64	7
7.Sony	10,912	35.44	8
<b>8.GMO</b>	<b>10,830</b>	<b>35.17</b>	<b>6</b>
9. NTT.Com	10,687	34.71	12
10.Amazon	8,514	27.65	14

End of April 2005

Ref: Nielson/Net-Ratings

Ranking by number of users	Number of users (1,000 people)	Reach (%)	Rank in PV
1.Yahoo !	31,121	84.32	1
2.Rakuten	22,198	60.14	2
<b>3.GMO</b>	<b>18,588</b>	<b>50.36</b>	<b>4</b>
4.MSN	18,488	50.09	3
5.Nifty	18,225	49.38	6
6.NEC			8
7.Micr			3
8.N			
9.Son			
10.Livedoor			12

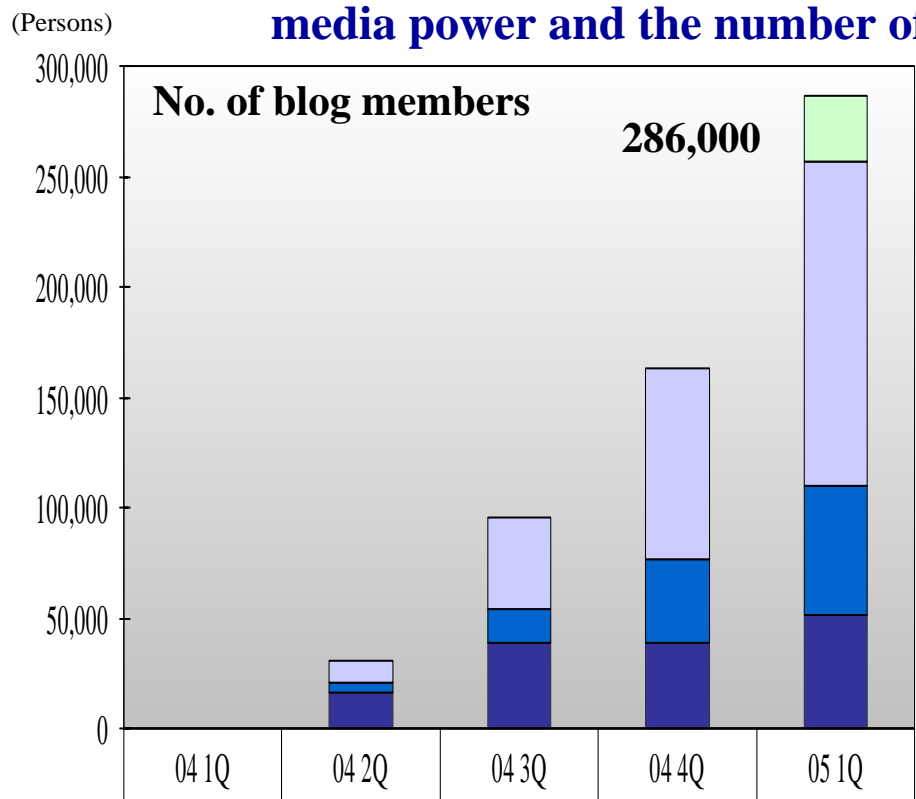
- Ranking moved up to 3<sup>rd</sup> place, from 8<sup>th</sup> place!
- The number of users increased 1.7 times, to approximately 18.58 million!

## Factors for increase in the number of users

- New community services such as blogs and billboard made a contribution
- Impact of Group expansion through M&A, etc

# Blog Services

Thanks to the commencement of Lolipoblog, media power and the number of members continued to expand



## Move into the community business

Increased opportunities to reach individual customers

- 1) Expansion of traffic
- 2) Increase in individual customers
- 3) Sales coming from advertisement and content income

## Blog services

Total number of members: 286,000

## Future Issues

- Establishment of a business model for advertising income through the alliance with GMO Affiliate, Inc.

## Reference

Members of diary site "Yapeus": approximately 180,000  
 Members of Tea Cup billboard: approximately 2 million

Lolipoblog	-	-	-	-	30,163
Yaplog	-	10,084	42,013	86,636	146,486
Auto Page	-	4,605	14,804	37,040	58,507
JUGEM	-	16,213	38,852	39,106	51,465

# Establishment of a GMO Affiliate

Promote the use of media assets through the establishment of a joint venture with VauleCommerce



## Points of establishment of a joint venture

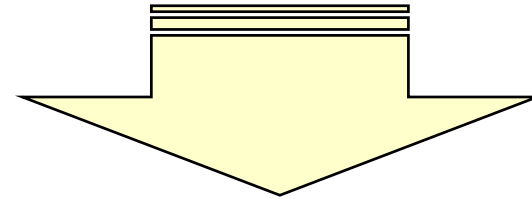
- Manifestation of the value of the GMO Group as an Internet media (top three in Japan) with 18 million users
- Provision of new income sources to 250,000 rental server customers of the GMO Group
- Advent of the most effective affiliate service in Japan

## Announcement

On June 1, the corporate name will be changed,  
and the listing will be changed  
to the First Section of TSE



Global Media Online INC.



GMO Internet Inc.

# Internet For Everyone



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INTERNET  
GROUP