Brief Announcement of the Most Recent Financial Statements Following the End of the First Quarter of the Term Ending December 2002 (consolidated)

May 27, 2002

Name of Listed Company: Global Media Online Inc. Registered issues
Code: 9449 Prefecture of Head Office: Tokyo
Location: 26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo
Contact: Position： Director and General Manager of Management Headquarters
Name: Yoshihiro Himeji ＴＥＬ（03）5456－2555
Date of Board Meeting : May 27, 2002
Are U. S. accounting standards adopted: No

１． Business results for the 1st quarter of the term ending December 2002 (January 1, 2002 to March 31, 2002)

(Note) The numbers in this brief announcement of the most recent financial statement following the end of the 1st quarter are not audited.

(1) Consolidated financial results

	Sales	Operating profit	Ordinary profit
	¥ million %	¥ million %	¥ million %
1st quarter of 2002	2,893 (32.4)	202（△12.5)	189（△15.6)
1st quarter of 2001	2,184（ — ）	231（ — ）	224（ — ）

	Current net profit	Current net profit per share	Current net profit per share after adjustment of latent shares	Shareholders' equity Current net profit ratio	Ratio of ordinary profit to net worth	Ratio of ordinary profit to sales
	¥ million %	yen sen	yen sen	%	%	%
1st quarter of 2002	39（△52.1)	1 45	—	0.45	1.36	6.6
1st quarter of 2001	83（ — ）	3 31	—	0.95	1.79	10.3

(Note) 1．Gain or loss on equity method investment: 1st quarter of 2002 △ 9illion yen, 1st quarter of 2001 △ 14 million yen

2．Average number of shares during term（Consolidated）: 1st quarter of 2002 27,310,575 shares 1st quarter of 2001 25,099,179 shares

3．Change in accounting method: Nil

4．Percentages shown for sales, operating profit, ordinary profit, and current net profit denote the rate of increase or decrease compared to the previous year

(2) Consolidated financial conditions

	Total assets	Net worth	Net worth ratio	Net worth per share
	¥ million	¥ million	%	yen sen
1st quarter of 2002	13,792	9,096	65.9	330 92
1st quarter of 2001	12,361	8,763	70.9	349 15

(Note) 1． Number of outstanding shares at end of term: 27,664,394 shares for the 1st quarter of 2002, 25,099,179 for the 1st quarter of 2001

2． Number of company's own stocks at end of term: 176,844 shares for the 1st quarter of 2002, 701shares for the 1st quarter in 2001

(3) Consolidated cash flow

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financial activities	Closing balance of cash and cash equivalents
	¥ million	¥ million	¥ million	¥ million
1st quarter of 2002	59	△337	△234	5,283
1st quarter of 2001	272	△826	△112	6,250

(4) Matters concerning the scope of consolidation and the application of the equity method

Number of consolidated subsidiaries: 9, number of non-consolidated equity method companies: 0, number of affiliated equity method companies: 1

(5) Change in the scope of consolidation and the application of the equity method

Number of newly consolidated companies: 0, Number of companies excluded from consolidation: 2, Number of companies newly subject to the equity method: 0, Number of companies excluded from application of the equity method: 0

2． Projections of consolidated business results for the 2nd term of 2002 (April 1, 2002 ~ June 30, 2002)

	Sales	Operating profit	Ordinary profit	Net profit
	¥ million	¥ million	¥ million	¥ million
2nd quarter of 2002	3,000	220	200	100

(Note) We changed our policy to disclose settlement results each quarter, since the business environment surrounding the Group is subject to significant change in a short period of time. However, the results that will actually be released may differ from the projections.

Status of the Corporate Group

The Company Group consists of Global Media Online Inc. (hereinafter referred to as the “Company”), nine subsidiaries and one affiliated company. Under the corporate slogan, “Make the Internet accessible to all,” we have concentrated our management resources on providing Internet infrastructure services, or provision of “venues” on the Internet.

The mainstay businesses of this Group are businesses related to IxP (Internet Provider), the Internet advertising media business and incidental businesses.

The businesses of the Group and the positioning of those businesses are as follows, and the business classification is the same as the business classification used in the segment information by business type.

Business classification	Major operations	Major company
IxP (Internet Provider) related business	(1) Access operations	Company
	(2) Server operations	Company iSLE Co., Ltd. Rapid Site Co., Ltd.
	(3) Domain operations	Company
Internet Ads Media Business	E-mail advertisement distribution service, in which mail magazines are the major media for ads	Mag Click Co., Ltd.
	Management of mailing lists and e-mail advertisement distribution service, in which mailing lists are the major media for ads	FreeML .com Co., Ltd
	Opt-in mail service	Mail in Co., Ltd Mag Promotion Co., Ltd
	Opt-in mail service and agency operations for communications carriers	Daiichi Tsushin Co., Ltd.
	Service to provide the “wallpaper” displayed on desktop computer screens	Kabegami .com Co., Ltd
	E-mail advertisement distribution service, in which mobile phone terminals are the major media for ads	Mag Force Co., Ltd.
	Distribution of mail magazines for Internet members, operation of website for members Planning, implementation, analysis and other businesses for marketing planning using the Internet	Idea Cube Co., Ltd.

List of consolidated subsidiaries and affiliated companies

Company Name	Percentage of voting rights or equity share held	Category	Business Details
iSLE Co., Ltd. (*1)	100.0%	Consolidated subsidiary	Server Business
Rapid Site Co., Ltd (*2)	65.0%	Consolidated subsidiary	Server Business
Mag Click Co., Ltd (*3,5)	37.0% [25.2]	Consolidated subsidiary	Electronic mail and advertisement distribution services using mail magazines as the major media for advertising
FreeML .com Co., Ltd (*4)	66.7%	Consolidated subsidiary	Electronic mail and advertisement distribution services using mail magazines as the major media for advertising
Kabegami .com Co., Ltd	100.0%	Consolidated subsidiary	Services to provide a "screen page" displayed on desktop personal computers
Mail in Co., Ltd (*4)	100.0%	Consolidated subsidiary	Opt-in mail services
Mag Promotion Co., Ltd (*4)	(100.0%)	Consolidated subsidiary	Opt-in mail services
Daiichi Tsushin Co., Ltd. (*6)	100.0%	Consolidated subsidiary	Opt-in mail services and communications companies agency business
Mag Force Co., Ltd.	(51.0%)	Consolidated subsidiary	Electronic mail and advertisement distribution services using cellular phones as the major media for advertising
Idea Cube Co., Ltd.	(35.0%)	Equity method company	Operations of mail magazines and websites and advertisement distribution services

(*)

1. iSLE Co., Ltd. and Rapid Site Co., Ltd. are scheduled to merge in July 2002, with iSLE Co., Ltd. the surviving company.
2. iSLE Co., Ltd. acquired 65% of the outstanding shares of Rapid Site Co., Ltd. in May 2001.
3. The company's equity share in Mag Click Co., Ltd. is 37.0%. However, Mag Click Co., Ltd. is treated as a subsidiary because the relationship between the Company and Mag Click is acknowledged as a being one of effective control.

Mag Click lists its stocks on the NASDAQ Japan market of the Osaka Securities Exchange.

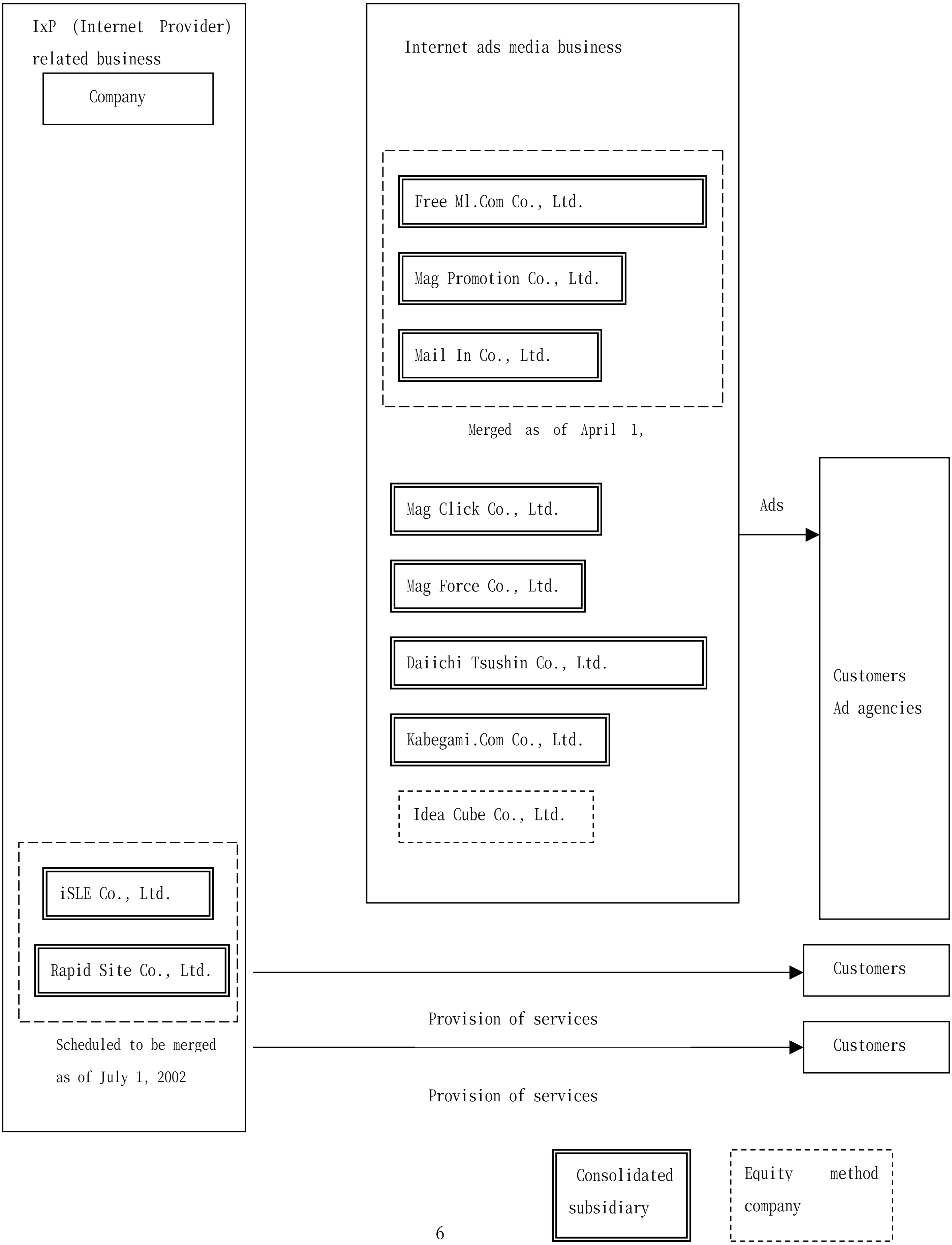
4. As FreeML.com Co., Ltd., Mail In Co., Ltd., and Mag Promotion Co., Ltd. merged in April 2002, with FreeML.com Co., Ltd. the surviving company, the shareholding was increased to 81.5%. Further, as of the date of merger, the company name of the surviving company was changed to GEO Media and Solutions Co., Ltd.
5. Mag Click Co., Ltd. merged with Media Rep.Com Co., Ltd. in January 2002, with Mag Click Co., Ltd. the surviving company.
6. Daiichi Tsushin Co., Ltd. became a wholly-owned subsidiary of the Company in February 2002 with an

equity swap.

7. Figures in parenthesis in the column of “percentage of voting rights or equity share held” denote the percentage ownership by closely related parties.

［Business Organization Chart］

The organization chart of the businesses is as follows:

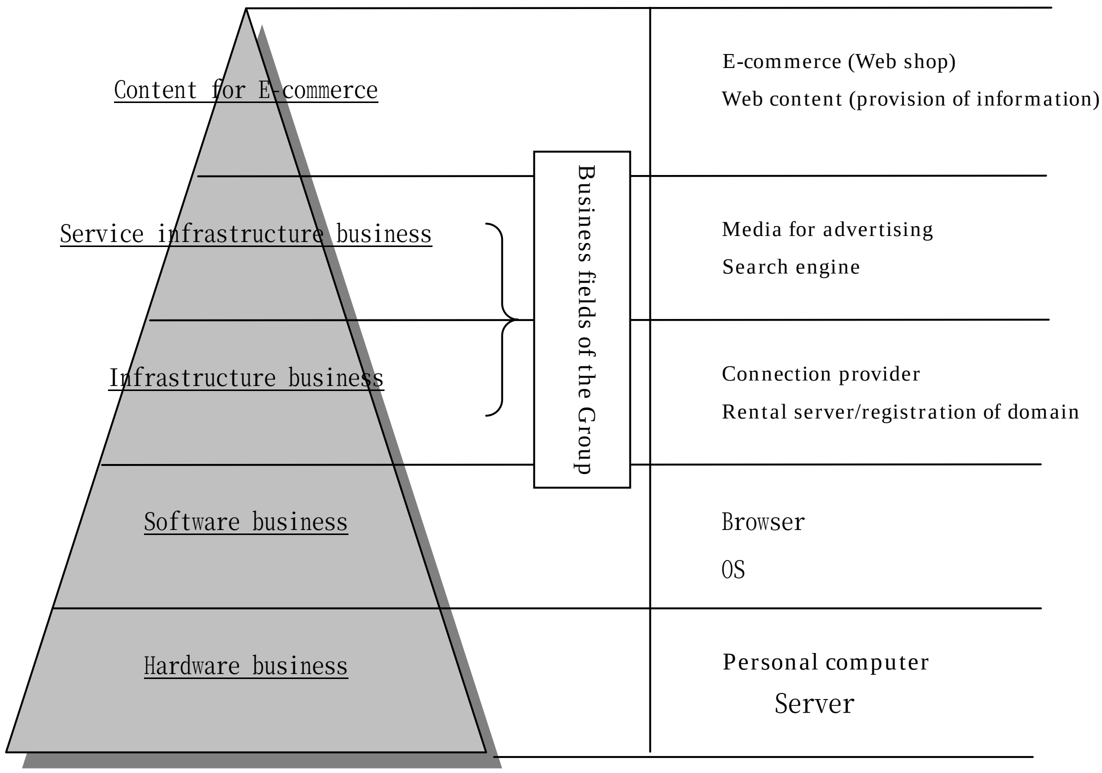


Management Policy

1.Basic management policy

The Company Group aims to carry out corporate activities that contribute to people in society, under the corporate slogan, “Make the Internet accessible to all.” The Group concentrates its management resources on providing Internet infrastructure services, or providing “venues” over the Internet, linking business related to IxP (Internet Provider) organically with the Internet advertising media business and founding an Internet media group in which each party demonstrates synergy, and thereby creating Internet culture and industry.

(Areas of business of the Group)



2. Basic policy concerning distribution of profits

For the distribution of profits, while our basic policy is to return profits according to the earnings situation, we have adopted a policy of deciding on the distribution of profits, focusing on a continuation of long-term, stable dividends as well as giving consideration to improving retained earnings to enable us to bolster our corporate stamina and prepare for future business developments in a comprehensive way.

Further, in terms of other returns of profits, we intend to follow a policy of actively dealing with share splits and capital increases, etc. given updates of business results, etc.

3. Medium to long-term management strategy

While the Group has an overwheliming share in the rental server market and the domain market, we are determined to more firmly entrench this position in the years to come, aiming to bolster our selling power to generate stable operating cash flow for the long-term and to improve services. In the access business, with the differentiation of the support system and product line-ups, we will proceed with the “Only One Strategy.”

In the Internet advertising media business, focusing our management resources on the opt-in mail business, we will establish a position as a mainstay business by bolstering opt-in mail media and enhancing our selling power.

In terms of desktop media (“wallpaper” on the desk top and “pop-up ads”), we will continue development with the aim of further expanding our business portfolio.

Meanwhile, we aim to improve profitability through initiatives to cut expenses by outsourcing costs, etc.

4. Measures concerning arrangement of the business management organization

While the Company group businesses are growing, setting up a business management structure has become a critical issue. Aiming at continuous and stable growth in results in the coming years, the Group will build an efficient organization that maximizes corporate value by putting in place a personnel evaluation system and management accounting, and establishing a business management structure which has the goal of sound corporate governance.

5. Issues to be addressed by the Company

(1) Improving management efficiency through reorganization of the corporate group

Although the businesses of the Group have expanded significantly with the acquisition of management resources through M&A strategy in the previous fiscal year, we believe that a future issue for us is to efficiently use the management resources that we acquired. Consequently, since the previous fiscal year, we have proceeded with efforts to improve our management efficiency by reorganizing and consolidating the group. We also intend to get full use from our management resources by eliminating operational redundancies and pursuing synergy effect between businesses, to demonstrate the synergy of group management in the coming years.

(2) Improving selling power through diversification of the sales channel

The Group’s marketing is conducted with a focus on “pull-type marketing” (the method of attracting customers primarily through Internet advertising), and we benefit from our accumulated expertise in this field.

We will continue to use “pull-type marketing” as our primary marketing technique, but we also plan to enhance our selling power by further diversifying our sales channels through the use of the agency policy, visit-style sales activities and a call center, etc..

(3) Improving customer satisfaction

Given a future in which competition in the Internet sector will become even tougher, we believe that improving the level of customer satisfaction is essential for us so if we are to encourage customers to use our services continuously. Therefore, we will look to achieve further improvements in the level of customer satisfaction by improving quality, enhancing the customer support system, and promoting communications with customers as a company-wide issue.

Business Results and Financial Conditions

We report here the business results and financial situation for the 1st quarter of the term ending December 2002 (from January 1, 2002 to March 31, 2002) as follows. As this notice is an early report of the results in the 1st quarter, part of the financial statements listed in this notice has not gone through the official procedures for account closing, and they have not been audited.

1. Business results and financial conditions of the 1st quarter concerned (from January 1, 2002 to March 31, 2002)

While the economic condition has stagnated, the trend of selection and reorganization has also impacted the Internet sector, creating a severe market environment.

Given this market environment, while terminating the provision of “interQ ORIGINAL,” a service provided since 1995, the Company founded a new company called GMO Research Institute Co., Ltd., as its address for P2P (“Peer to Peer”) technology, which is expected to have a major impact on the next-generation Internet environment. The Company has also been creating the foundations for a new business, reaching an agreement for a business alliance in the production of websites for corporate customers with Creek & River Co., Ltd., Japan’s largest creator agency with an excellent track record in the production of websites, and launching the “Omakase Web” business, in which it provides a complete Internet business environment from production of a website to operations of the site.

Meanwhile, as part of the reorganization of the group, we conducted a merger of three group companies in the Internet ad media business, namely FreeML.Com Co., Ltd., Mail In Co., Ltd. and Mag Promotion Co., Ltd., in April, and turned Daiichi Tsushin Co., Ltd. and Rapid Site Co., Ltd. into wholly-owned subsidiaries through a share swap in February and April respectively, with the aim of concentrating our management resources. Further, in the existing businesses, as a result of initiatives taken to bolster our selling power and achieve continuous improvement in services, the business results and financial conditions for the 1st quarter turned out to be as follows:

(1) Business results

Consolidated sales were 2,893 million yen (up 32.4% from the year-ago level), consolidated operating profit was 202 million yen (down 12.5% from the year-ago level) and consolidated ordinary profit was 189 million yen (down 15.6% from the year-ago level).

Due to appropriation of loss on retirement of fixed assets (22 million yen), consolidated current net profit was 39 million yen (down by 52.1% from the year-ago level).

<Condition by the segment>

・IxP (Internet Provider) related business

Because of the influence of termination of the “interQ ORIGINAL” service and the slowdown in the growth in the number of members for “interQ MEMBERS,” sales declined slightly. On the other hand, in the server business, the fact that iSLE Co., Ltd. and Rapid Site Co., Ltd. became consolidated subsidiaries has contributed to the revenue of the server business. In the domain business, the business has achieved satisfactory growth thanks to the tie-up with a major portal site and sales of the new gTLD domain, etc. As a result, sales were 2,020 million yen and operating profit was 143 million yen.

・Internet advertising media business

In the Internet advertising media business, the profit base of the opt-in mail business has been established. The profitability of Mag Click Co., Ltd., FreeML.Com Co., Ltd., Mail In Co., Ltd., Mag Promotion Co., Ltd. and Daiichi Tsushin Co., Ltd., which are consolidated subsidiaries, has improved, making a contribution to consolidated business results. As a result, sales were 872 million yen, and operating profit was 58 million yen.

(2) Financial conditions

<Assets, liabilities and shareholders’ equity>

Of assets, liabilities and shareholders’ equity as of March 31, 2002, in comparison with those as of March 31, 2001, those items showing a significant change are as follows:

Of intangible fixed assets, software increased 320 million yen. This is mainly attributable to an increase in the outstanding balance of the software account along with the development of a customer management system and an increase of the number of the consolidated subsidiaries.

Of investments and other assets, investments in securities increased by 1,283 million yen. This is mainly the result of the acquisition of the shares of Cyber Agent Co., Ltd., I-Web Technology Inc. and Idea Cube Co., Ltd.

Of investments and other assets, deferred tax assets were up 430 million yen. This is primarily caused by the appropriation of deferred tax asset related to losses brought forward of consolidated subsidiaries.

Of fixed liabilities, "long-term loans payable" increased by 408 million yen. This mainly reflected an increase in loans from banks.

<Cash flow>

While net profit before adjustment of taxes for the previous quarter was 156 million yen, cash flow from operating activities in the accounting period of the 1st quarter was up 59 million yen, owing to an increase in accounts receivable of 76 million yen and payment of corporate tax, etc. of 136 million yen, etc.

Cash flow from investment activities was down 337 million yen, mainly because of investments and loans, as well as the purchase of the software, etc.

Cash flow from financial activities was down 234 million yen, mainly because of the repayment of loans payable, etc.

As a result, the closing balance of cash and cash equivalents was 5,283 million yen.

3. Forecast of 2nd quarter of the term ending December 2002

The forecast for the following quarter is as follows (We changed our policy to disclose settlement results each quarter, since the business environment surrounding the Group is subject to significant change in a short period of time. However, the results that will actually be released may differ from the projections.)

・Forecast of consolidated results (from April 1, 2002 to June 30, 2002)

	2nd quarter of the term ending December 2002	Change from the year-ago level	2nd quarter of the term ended December 2001
	¥ million	%	¥ million
Sales	3,000	47.7	2,030
Operating profit	220	—	□5
Ordinary profit	200	—	□70
Current net profit	100	—	□144

・Forecast of the non-consolidated results (from April 1, 2002 to June 30, 2002)

	2nd quarter of the term ending December 2002	Change from the year-ago level	2nd quarter of the term ended December 2001
	¥ million	%	¥ million
Sales	1,650	△6.0	1,755
Operating profit	110	29.7	84
Ordinary profit	100	94.6	51
Current net profit	30	—	△30

(Reference)

Changes in business results and financial conditions by each quarter

(unit : one million yen)

	1st quarter of 2001	2nd quarter of 2001	3rd quarter of 2001	4th quarter of 2001	1st quarter of 2002
Sales	2,184	2,030	2,316	2,641	2,893
Operating profit	231	△5	15	33	202
Ordinary profit	224	△70	100	△87	189
Current net profit	83	△144	10	△62	39
Total assets	12,361	14,693	14,490	14,107	13,792
Shareholders' equity	8,763	8,800	8,926	8,850	9,096

Changes in business results and financial conditions by each quarter (by individual)

(unit : one million yen)

	1st quarter of 2001	2nd quarter of 2001	3rd quarter of 2001	4th quarter of 2001	1st quarter of 2002
Operating revenue	1,836	1,755	1,646	1,685	1,624
Operating profit	260	84	104	163	87
Ordinary profit	266	51	97	151	75
Current net profit	151	△30	52	△112	27
Total assets	8,953	10,933	10,894	9,628	9,924
Shareholders' equity	8,205	8,359	8,557	8,355	8,586

(Reference)

Breakdown of Revenues by Service (on an individual basis)

In the non-consolidated account closing of the Company, operating revenue was 1,624 million yen (down 11.5% from the year-ago level), operating profit was 87 million yen (down 66.3% from the year-ago level), and ordinary profit was 75 million yen (down 71.8% from the year-ago level), resulting in 27 million yen of current net profit (down 81.8% from the year-ago level).

Further, the breakdown of operating revenue by each service is as follows:

Product item \ Term		1st quarter of the previous term (From January 1, 2001 to March 31, 2001)		1st quarter of this term (From April 1, 2002 to March 31, 2002)		Increase/Decrease (△ denotes a decrease.)	
		Number of calls or number of members	Amount	Number of calls or number of members	Amount	Number of calls or number of members	Amount
interQ MEMBERS		people (*)120,407	1,000 yen 796,318	people (*) 121,868	1,000 yen 732,135	people 1,461	1,000 yen △64,182
interQ ORIGINAL		1,000 calls 568	1,000 yen 139,057	1,000 calls (Note)97	1,000 yen 21,199	1,000 calls △471	1,000 yen △117,858
interQ OFFICE		cases (*)7,519	1,000 yen 361,819	cases (*)5,809	1,000 yen 337,802	cases △1,710	1,000 yen △24,017
Onamae .com	Registration of the domain	cases 34,059	1,000 yen 342,752	cases 20,636	1,000 yen 207,516	cases △13,423	1,000 yen △135,235
	Rental server	cases (*)16,785	1,000 yen 104,914	cases (*)28,860	1,000 yen 162,778	cases 12,075	1,000 yen 57,864
Marugoto server		cases (*)443	1,000 yen 68,413	cases (*)888	1,000 yen 142,075	cases 445	1,000 yen 73,661
Subtotal		—	1,000 yen 1,813,276	—	1,000 yen 1,603,507	—	1,000 yen △209,768
Others		—	1,000 yen 23,282	—	1,000 yen 21,367	—	1,000 yen △1,914
Total		—	1,000 yen 1,836,558	—	1,000 yen 1,624,875	—	1,000 yen △211,682

(*)The number of members with continous transactions as of the end of the quarter concerned.

(Note) We terminated the service of interQ ORIGINAL as of January 22, 2002.

Quarterly consolidated financial statements, etc.

(1) Quarterly consolidated balance sheet (not audited)

(unit：1,000 yen)

Term / Item	As of March 31, 2001 End of the consolidated accounting period of the previous fiscal year			As of March 31, 2002 End of the consolidated accounting period of the this fiscal year		
	Amount		Composition	Amount		Composition
			%			%
(Assets)						
I Current Assets						
1 Cash		6,416,232			5,381,141	
2 Notes receivable and accounts receivable - trade		1,717,161			1,961,722	
3 Negotiable securities		400,295			—	
4 Inventory assets		4,160			5,302	
5 Deferred tax asset		149,493			442,518	
6 Other assets		318,339			533,880	
Allowance for doubtful debts		△325,346			△375,688	
Total Current Assets		8,680,336	70.2		7,948,878	57.6
II Fixed assets						
1 Tangible fixed assets						
(1) Buildings and structures		7,313			54,568	
(2) Tools and equipment		58,562			155,794	
(3) Building in process		50,739			—	
(4) Other tangible fixed assets		—			194	
Total of tangible fixed assets		116,614	0.9		210,557	1.5
2 Intangible fixed assets						
(1) Goodwill		29,609			19,739	
(2) Software		322,233			643,202	
(3) Account for consolidated adjustments		264,948			333,454	
(4) Other intangible fixed assets		317,343			353,714	
Total of intangible fixed assets		934,134	7.6		1,350,110	9.8
3 Investments and other assets						
(1) Investments in securities		1,886,246			3,170,037	
(2) Capital subscription		140,847			132,107	
(3) Guarantee money		598,705			536,155	
(4) Deferred tax asset		690			430,908	
(5) Others		3,946			13,712	
Total of investments and other assets		2,630,435	21.3		4,282,921	31.1
Total of fixed assets		3,681,185	29.8		5,843,589	42.4
Total of assets		12,361,521	100.0		13,792,467	100.0

(unit：1,000 yen)

Term / Item	As of March 31, 2001 End of the consolidated accounting period of the previous fiscal year			As of March 31, 2002 End of the consolidated accounting period of the this fiscal year		
	Amount		Composition	Amount		Composition
			%			%
(Liabilities)						
Ⅰ Current liabilities						
1 Notes payable and accounts payable - trade		52,390			262,193	
2 Long-term loans payable within one year		—			125,600	
3 Bonds redeemable within one year		—			500	
4 Accrued amount payable		512,157			694,125	
5 Accrued corporation tax, etc		148,096			60,517	
6 Allowance for bonuses		14,261			22,530	
7 Other liabilities		223,045			617,720	
Total of current liabilities		949,950	7.7		1,783,186	12.9
Ⅱ Fixed liabilities						
1 Corporate bonds		500			—	
2 Long-term loans payable		—			408,000	
3 Other fixed liabilities		662			13,343	
Total of fixed liabilities		1,162	0.0		421,343	3.1
Total of liabilities		951,113	7.7		2,204,530	16.0
(Minority equity)						
Minority equity		2,647,010	21.4		2,491,671	18.1
(Shareholders' equity)						
Ⅰ Capital stock		3,200,649	25.9		3,311,130	24.0
Ⅱ Capital reserve		3,920,880	31.7		4,293,549	31.1
Ⅲ Consolidated surplus		1,643,045	13.3		1,473,021	10.7
Ⅳ Other gaps in appraisal of securitie		—			127,334	0.9
		8,764,574			9,205,035	
Ⅴ Own stocks		△1,176	△0.0		△108,769	△0.8
Total of shareholders' equity		8,763,397	70.9		9,096,265	65.9
Total of liabilities, minority equity and shareholders' equity		12,361,521	100.0		13,792,467	100.0

(2) Quarterly consolidated profit and loss statement (not audited)

(unit：1,000 yen)

Term / Item	Consolidated accounting period for the quarter in the previous term From January 1, 2001 to March 31, 2001 Amount		Percentage	Consolidated accounting period for the quarter in this term From January 1, 2002 to March 31, 2002 Amount		Percentage
			%			%
Ⅰ Operating revenue		2,184,972	100.0		2,893,725	100.0
Ⅱ Business expenses		995,049	45.5		1,272,842	44.0
Ⅲ Sales and general administrative expenses		958,248	43.9		1,418,066	49.0
Operating profit		231,675	10.6		202,816	7.0
Ⅳ Non-operating revenue						
1 Interest received	6,768			4,858		
2 Others	6,051	12,820	0.6	12,987	17,846	0.6
Ⅴ Non-operating expenses						
1 Interest paid	378			7,154		
2 New share issuing expense	—			3,219		
3 Loss from sales of own stocks	1,439			—		
4 Loss from investments by the equity method	14,665			9,974		
5 Other operating expenses	3,165	19,647	0.9	10,614	30,962	1.0
Ordinary profit		224,848	10.3		189,700	6.6
Ⅵ Extraordinary profit						
1 Gain on sales of fixed assets	—			197		
2 Gain on return of allowance for doubtful debts	—			318	515	0.0
Ⅶ Extraordinary loss						
1 Loss on retirement of fixed assets	—			22,864		
2 Other extraordinary losses	—			10,368	33,232	1.2
Quarterly net profit before adjustment of taxes in the previous term (△ denotes net loss.)		224,848	10.3		156,983	5.4
Corporate tax, residential tax and business tax	120,935			42,818		
Adjustment of corporate taxes, etc.	16,200	137,136	6.3	66,431	109,249	3.8
Profit of minority shareholders (△ denotes loss of minority shareholders.)		4,557	0.2		7,868	0.3
Quarterly net profit (△ denotes net loss.)		83,153	3.8		39,865	1.3

(3) Statement of quarterly consolidated surplus

(unit：1,000 yen)

Term / Item	Consolidated accounting period for the quarter in the previous term From January 1, 2001 to March 31, 2001		Consolidated accounting period for the quarter in this term From January 1, 2002 to March 31, 2002	
	Amount		Amount	
Ⅰ Balance of consolidated surplus at the beginning of term Balance of consolidated surplus at the beginning of term		1,695,375		1,487,421
II Decrease in consolidated surplus				
1.Dividends	125,484		54,266	
2.Bonuses for directors	10,000	135,484	—	54,266
III Quarterly net profit (△ denotes net loss.)		83,153		39,865
IV Balance of consolidated surplus at the end of term		1,643,045		1,473,021

(4) Statement of quarterly consolidated cash flow

(unit：1,000 yen)

Term / Item	Consolidated accounting period for the quarter in the previous term From January 1, 2001 to March 31, 2001	Consolidated accounting period for the quarter in this term From January 1, 2002 to March 31, 2002
	Amount	Amount
Ⅰ Cash flow from operating activities		
Current net profit before adjustment of taxes, etc. (△ denotes net loss.)	224,848	156,983
Depreciation costs	31,842	63,602
Amortization of the consolidated adjustment account	13,965	21,661
Increase in allowance for doubtful debts	39,500	379
Increase in allowance for bonuses	10,222	—
Loss from sales of own stocks	1,439	—
Interest received and dividend received	△7,051	△4,858
Interest paid	380	7,154
Profit on foreign exchange	△1,908	326
New share issuing expense	—	3,219
Loss on retirement of fixed assets	907	22,864
Gain on sales of fixed assets	—	△197
Loss from investments by the equity method	14,665	9,974
Increase (decrease) in accounts receivable	479,583	△76,734
Increase in other assets	23,689	37,956
Increase (decrease) in purchase debts	5,297	31,708
Increase (decrease) in other liabilities	△36,241	△78,505
Payment of bonuses for directors	△10,000	—
Subtotal	791,139	195,533
Interest and dividend received	6,747	3,602
Interest paid	△380	△4,664
Payment of corporate tax, etc.	△525,150	△135,191
Cash flow from operating activities	272,356	59,279
Ⅱ Cash flow from investing activities		
Expenditure incurred by deposit of fixed deposit	△122,545	△96,590
Revenue accrued by repayment of fixed deposit	35,923	124,078
Expenditure incurred by acquisition of tangible fixed assets	△53,827	△8,029
Expenditure incurred by acquisition of securities	△226	—
Revenue accrued by sales of tangible fixed assets	—	297
Expenditure incurred by acquisition of intangible fixed assets	—	△213,696
Revenue accrued by sales of intangible fixed assets	—	50
Expenditure incurred by investments in securities	△82,500	△230,160
Expenditure incurred by loans	△5,000	△250,000
Revenue accrued by collection of loans	—	251,550
Revenue accrued by other investing activities	7,641	88,474
Expenditure incurred by other investing activities	△605,521	△3,049
Cash flow from investing activities	△826,055	△337,074
Ⅲ Cash flow from financial activities		
Expenditure incurred by repayment of long-term loans payable	—	△198,487
Expenditure incurred by issuance of stocks	—	△3,219
Balance owing to acquisition/sales of own stocks	△637	△495
Payment of dividends	△111,808	△31,817
Cash flow from financial activities	△112,445	△234,019
IV Gap in conversion related to cash and cash equivalents	1,908	—
V Increase (Decrease) in cash and cash equivalents	△664,237	△511,813
VI Balance of cash and cash equivalents at the beginning of	6,884,823	5,935,243

term		
VII Increase in cash and cash equivalents along with increase in the number of consolidated subsidiaries	30,000	―
VIII Decrease in cash and cash equivalents along with decrease in the number of consolidated subsidiaries	―	△139,544
IX Balance of cash and cash equivalents at the end of term	6,250,585	5,283,885

Fundamental and Significant Matters in Production of the Quarterly Consolidated Financial Statements

Item / Term	Consolidated accounting period for the quarter in this term From January 1, 2002 to March 31, 2002
1 Matters concerning the scope of consolidation	Of 13 subsidiaries, nine companies, namely Mag Click Co., Ltd., FreeML.Com Co., Ltd., Kabegami. Com Co., Ltd., iSLE Co., Ltd., Rapid Site Co., Ltd., Mag Promotion Co., Ltd. (former Text Click Co., Ltd.), Mail In Co., Ltd., Daiichi Tsushin Co., Ltd. and Mag Force Co., Ltd., are included in the scope of consolidated accounting. ・One company that was excluded from the scope of consolidated accounting because of a merger with the consolidated subsidiary Media Rep.Com Co., Ltd. ・One company that was excluded from the scope of consolidated accounting because of a reduction in its importance starting in the consolidated accounting period concerned Click Mail Co., Ltd. Non-consolidated subsidiaries, namely Onamae.Com Co., Ltd., Patent Incubation Capital Co., Ltd., Net Card Co., Ltd. and Click Mail Co., Ltd., are all small in scale, and their total aggregate assets, sales, current net profit/loss and surplus (the amount equivalent to the Company's share) have not had any significant impact on the quarterly consolidated financial statements.
2 Matters concerning application of the equity method	Of four affiliated companies, the equity method is applied to Idea Cube Co., Ltd. The impact on consolidated net profit/loss and consolidated surplus of the four non-consolidated subsidiaries (Onamae.Com Co., Ltd., Patent Incubation Capital Co., Ltd., Net Card Co., Ltd. and Click Mail Co., Ltd.) and three affiliated companies (Webkeepers, INC., I Web Technology Japan Inc. and Skyley Networks Inc.) is minor, and they are not particularly significant as a whole. Consequently, they are excluded from application of the equity method. Further, of companies to which the equity method is applied, for those with a different quarterly account closing day, the financial statements for the applicable quarterly account closing day are prepared.
3 Matters concerning the fiscal year, etc. of the consolidated subsidiaries	Of the consolidated subsidiaries, the account closing day for iSLE Co., Ltd. and Rapid Site Co., Ltd. is June 30, and that for Mail In Co., Ltd. is September 30. In producing the quarterly consolidated financial statements, the necessary tentative calculations for production of the quarterly consolidated financial statements are made on the account closing day for the quarter.

Item / Term	Consolidated accounting period for the quarter in this term From January 1, 2002 to March 31, 2002
4 Matters concerning the accounting standards	(1) Important appraisal standards and appraisal method for assets (1) Negotiable securities Other securities Securities with a market price We adopt the market value method in accordance with the market price on the accounts closing day of the quarter, etc. (gaps in appraisal are handled using the method of including the total of the gaps in shareholders' equity, and the cost of products sold are calculated using the moving average method.). Securities without a market price The cost method using the moving average method is adopted. (2) Inventory assets Stores The cost accounting method using the gross average method is adopted. (2) Important method of depreciation of fixed assets (1) Tangible fixed assets The constant percentage method is adopted. Further, the principal years of effective life are as follows: Buildings 8～22 years Tools and Fixtures 6～8 years (2) Intangible fixed assets The fixed amount method is adopted. But for software (used by the Company), the fixed amount method is adopted according to the expected usable period within the Company (five years). (3) Important method of earmarking of deferred assets New share issuing expense All expenses are earmarked when the expenses are paid (4) Important standards for appropriation of allowances (1) Allowance for bad debts To prepare for losses arising from the loan loss of accounts receivable, we appropriate the expected uncollectable amount giving consideration to the actual ratio of loan loss as for general credits and to individual collectability as for specific credits, such as credits with a concern to be loan loss, etc. (2) Allowance for bonuses To prepare for the payment of bonuses to employees, of the expected amount of payment, the amount that should be paid in

	this term is appropriated. (5) Important method to handle leasing transactions Finance leasing transactions other than those in which the ownership of the leased property is transferred to a lessee follow the accounting method that is in accordance with the method used for ordinary lease transactions.

Term / Item	Consolidated accounting period for the quarter in this term From January 1, 2002 To March 31, 2002
	(6) Important method of hedge accounting (1) Method of hedge accounting For liabilities denominated in foreign currencies, for which exchange contracts are set, the appropriation treatment is adopted. Further, for interest swaps that meet the requirement for hedge accounting, exceptional treatment is adopted. (2) Method of hedge and subjects for hedge Method Exchange contract transaction Interest swap transaction Subject Transactions denominated in foreign currencies Interest transactions accompanying financing (3) Hedge policy The purpose of hedging is to avoid risks that may arise from exchange fluctuations and interest fluctuations. (4) Method for evaluation of validity of hedging Validity is evaluated with an evaluation/judgment of the amount of credits/debts and the conditions for hedge transactions, etc. for each derivatives transaction and the subject for a hedge whenever any hedge is made. (7) Other important matters for production of the quarterly consolidated financial statements Accounting handling of consumption tax, etc. The method of excluding tax is adopted.
5 Matters concerning appraisal of assets and liabilities of consolidated subsidiaries	The overall market value method is adopted as the method for appraisal of assets and liabilities of consolidated subsidiaries.
6 Matters concerning amortization of consolidated adjustment account	For the amortization of the consolidated adjustment account, equal amortization is carried out over five years. However, small amounts are amortized as a lump sum as they arise.
7 Matters concerning handling of the items for appropriation of earnings, etc.	Method of handling of appropriation of earnings or disposition of loss The appropriation of earnings or disposition of loss follows the appropriation of earnings or disposition of loss finalized within the consolidated fiscal year.
8 Scope of capital in statement of consolidated cash flow	Capital (cash and cash equivalents, etc.) in the statement of consolidated cash flow consists of cash on hand, deposits withdrawable at any time, and short-term investments, which carry only a minor risk of fluctuating of value and which are redeemable within three months of the date of acquisition