

Brief Announcement of the Most Recent consolidated Financial Statements for the 1st Quarter of the Term Ending December 2004 (UNAUDITED)



May 17, 2004

Name of Listed Company: Global Media Online Inc.
Code: 9449
(URL <http://www.gmo.jp>)

Second section of the Tokyo Stock Exchange
Head Office Address : Tokyo

Representative Director Name: Masatoshi Kumagai
Contact: Position: Executive Director Name: Masashi Yasuda Telephone: 81+3+5456+2555
Date of Board Meeting: May 17, 2004

Whether US GAAP is applied: None

1. Consolidated business results for the 1st Quarter of the term ending December 2004 (from January 1 to March 31 2004)

(1) Consolidated financial results

	Sales		Operating profit		Ordinary profit	
	Million Yen	%	Million Yen	%	Million Yen	%
1st quarter of 2004	4,900	(36.7)	624	(17.1)	629	(34.2)
1st quarter of 2003	3,584	(23.9)	533	(163.0)	468	(147.1)
Year ended December 31, 2003	15,678		2,112		1,946	

	Current profit		Current profit per share		Current net profit per share diluted	
	Million Yen	%	Yen	Sen	Yen	Sen
1st quarter of 2004	918	(376.0)	33	10	32	53
1st quarter of 2003	192	(383.9)	6	97	-	-
Year ended December 31, 2003	1,040		37	59	37	42

Note

- Equity in earning or loss of investees: The 1st quarter of 2004 - million yen
The 1st quarter of 2003 52 million yen Year ended December 31, 2003 187 million yen
- Average outstanding shares during the term (consolidated): The 1st quarter of 2004 27,737,009 shares
The 1st quarter of 2003 27,669,326 shares Year ended December 31, 2003 27,668,730 shares
- Change in accounting policies: None
- Percentages shown for sales, operating profit, ordinary profit and current net profit indicate the rate of increase or decrease compared to the previous year

(2) Consolidated financial conditions

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Million Yen	Million Yen	%	Yen Sen
1st quarter of 2004	19,722	11,665	59.1	417 45
1st quarter of 2003	13,028	8,722	67.0	315 26
Year ended December 31, 2003	17,917	11,096	61.9	401 96

Note: Number of total outstanding shares (consolidated) The 1st quarter of 2004 27,945,134 shares

The 1st quarter of 2003 27,669,101 shares Year ended December 31, 2003 27,667,634 shares

(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 Yen	Million Yen	Million Yen	Million Yen
1st quarter of 2004	365	2,100	44	10,339
1st quarter of 2003	397	313	96	5,690
Year ended December 31, 2003	2,420	508	102	8,524

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

Number of consolidated subsidiaries: 16, number of non-consolidated equity method companies: 0, number of affiliated equity method companies: 0

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

Number of newly consolidated companies: 6, number of companies excluded from consolidation: 1, number of companies newly subject to the equity method: 0, number of companies excluded from application of the equity method: 2

2. Projections of consolidated business results for December 31, 2004 (from January 1, 2004 to December 31, 2004)

	Sales	Ordinary profit	Current net profit
Year ended December 31, 2004(full year)	Million Yen 20,000	Million Yen 2,500	Million Yen 2,300

Note: Anticipation for current net profit per share (Full year)

40Yen 50Sen

Note: 1. We are pleased to announce that the Company will undertake a stock split on June 30, 2004. Please note that our forecast of net profit per share is based on the total number of issued stocks (56,728,788) after the stock split. If the forecast was based on the total number of issued stocks at the end of the 1st quarter (28,364,394), it would stand at 81 yen 08 sen.

2. Since the business environment surrounding the Group is subject to significant change in a short period of time 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”), 16 subsidiaries. Under the corporate slogan, “Internet for Everyone” we have concentrated our management resources on providing Internet infrastructure services, or the provision of an Internet “platform.”

The mainstay businesses of this Group are businesses related to IxP (Internet Infrastructure), the Internet advertising media business and associated 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 Infrastructure) related business	Access operations	Internet access service (Note 1)	Company
	Server and Hosting operations	Rental server service (hosting service) (Note 2)	Company GMO Hosting and Technologies, Inc. Onamae.com Co., Ltd. paperboy&co. (*1) WEBKEEPERS, INC.(*2)
	Domain Registration operations	Domain registration service (Note 3) Service offering the "internetnumber"	Company INTERNET NUMBER CORPORATION
	Computerization support and consulting operations	Computerization support service, website production and operation support service and consulting service	Company GMO Communications Co., Ltd. Grandsphere Co., Ltd. (*1)
	Security operations	Web Security Services	GeoTrust Japan, inc.(*2)
	Settlement operations	Credit card billing service	Payment-One, Inc.(*3)
	Others	Organization aimed at information gathering, research and promotion of advanced Internet technologies	GMO Research Institute Inc.
Internet Ad Media Business	Mail advertising operations	Sale of e-mail advertisements in which mail magazines (Note 4), opt-in mail (Note 5) and such like are the major media for ads	Mag Click Co., Ltd.
		Development and management of various mail media, such as a mailing list (Note 6) and opt-in mail service	GMO Media and Solutions Co., Ltd.
		Sale of pricing-based internet advertisements	Mag Force Co., Ltd.
	Desktop advertising operations	Service to provide and develop and operate “wallpaper”(Note 8), the information and ads distribution system for desktops.(Note 7) (Second browser operations)	GMO Mobile&Desktop Inc.(*4)
	Others	Media content business (Web magazine service)	GMO Magazines Inc. (*5)
		Management of one of the largest websites in Japan which offers information on new condominiums	e-sumai.Inc.

(*1) In March 2004 the Company acquired the stocks and business of Paperboy & Co. and Grandsphere Co., Ltd., which thereby became Consolidated subsidiary of the Company

(*2) Geo Trust Japan, Inc. and WEBKEEPERS, INC. are included in the consolidated companies of the Company because of their increased importance beginning this fiscal year.

(*3) The Company acquired additional shares in Payment-One, Inc., and increased the Company’s share of voting rights in it from 40.6% to 67.7%, thereby turning Payment-One into a consolidated subsidiary.

(*4) Ucast Communications Inc. and Kabegami.com inc. merged in March 2004, with Ucast Communications becoming the surviving company. The name of the surviving company was changed to GMO Mobile & Desktop Inc. on the date of the merger.

(*5) GMO Magazines Inc sold all of its business to GMO Media and Solutions Co., Ltd, and is now being liquidated.

Note 1. The service is branded interQ MEMBERS and BB plus.

Note 2. This service leases part of the disk space of a server that provides information on the Internet. Currently, the service operates under such brand names as BROAD SERVER, interQ Office, Marugoto Server, ISLE, and Rapidsite.

Note 3. This service is branded as Onamae.com and covers procedures for registration and renewal of domain names. Domain names are

identifiers for computers or networks on the Internet, such as “.com,” “.net,” and “.co.jp,” which serve as addresses.

Note 4. Mail magazines are reading material that publishers regularly distribute to subscribers by email.

Note 5. Opt-in mail is a form of email advertisement. Under this system, users who wish to receive the opt-in mails subscribe to the service and register in advance for the categories of information that they wish to receive. Advertising companies distribute their advertisements directly to the subscribers in the categories that they specified. This service is distinguished from spam, as users make a prior agreement that the opt-in mail is addressed to them.

Note 6. This is a system in which information on a specific subject is exchanged between specific people by email.

Note 7 A desktop is the basic screen displayed when an operating system like Windows is booted. On the desktop, users are able to manipulate files and activate applications.

Note 8. Wallpaper is an image displayed as a background on the desktop. Users can change the image to their preference. Wallpaper featuring famous characters or celebrities is sold as a desktop accessory.

List of consolidated subsidiaries and affiliated companies

Company Name	Percentage of voting rights or equity share held	Category	Business Details
GMO Communications Co., Ltd.	100.0%	Consolidated subsidiary	Computer support and consulting business
GMO Magazines Inc.(*1)	100.0%	Consolidated subsidiary	Media content business
Grandsphere Co., Ltd(*2)	100.0%	Consolidated subsidiary	System consulting business
GMO Research Institute Inc.	100.0%	Consolidated subsidiary	Organization aimed at information gathering, research and promotion of advanced Internet technologies
GMO Mobile&Desktop Inc.(*3) (U Cast Communications Inc.)	82.7	Consolidated subsidiary	Service to provide and develop and operate “wallpaper”, the information and ads distribution system for desktops.
Onamae.com Co., Ltd	82.0%	Consolidated subsidiary	Development and management related to the server business
GMO Media and Solutions Co., Ltd	81.0%	Consolidated subsidiary	Development and management of various mail media, such as mailing lists and Opt-in mail service
GMO Hosting and Technologies, Inc.	81.0%	Consolidated subsidiary	Server Business
INTERNET NUMBER CORPORATION	69.6%	Consolidated subsidiary	Service offering the “internetnumber”
Payment-One, Inc. (*5)	40.6%	Equity method company	Credit card settlement service for e-commerce (credit card billing service)
paperboy & co.(*6)	50.2%	Consolidated subsidiary	Server Business
Mag Click Co., Ltd. (*7)	40.4%	Consolidated subsidiary	Sale of e-mail advertisements in which mail magazines and opt-in mail are the major media for ads
GeoTrust Japan, inc. (*4)(*8)	100.0% (100.0%)	Consolidated subsidiary	Web Security business
Mag Force Co., Ltd. (*8)	100.0% (100.0%)	Consolidated subsidiary	Sale of pricing-based Internet advertisements
WEBKEEPERS,INC. (*4)(*8)	70.0% (70.0%)	Consolidated subsidiary	Server Business
e-sumai. Inc. (*8)	50.9% (50.9%)	Consolidated subsidiary	Management of one of the largest websites in Japan which offers information on new condominiums

(*)

- GMO Magazines Inc sold all of its business to GMO Media and Solutions Co., Ltd, is now being liquidated.
- In March 2004 the Company acquired business of Grandsphere Co., Ltd., which thereby became wholly-owned subsidiaries of the Company
- Ucast Communications Inc. and Kabegami.com inc. merged in March 2004, with Ucast Communications becoming the surviving company. The name of the surviving company was changed to GMO Mobile & Desktop Inc. on the date of the merger.
- Geo Trust Japan, Inc. and WEBKEEPERS, INC. are included in the consolidated companies of the Company because of their increased importance beginning this fiscal year.
- The ownership ratio of voting rights of Payment-One, Inc. increased from 40.6% to 67.7% Payment-One, Inc. following the acquisition. And it is included in the consolidated companies of the Company.
- In March 2004 the Company acquired the 50.2%stocks of Paperboy & Co., which thereby became Consolidated subsidiary of the Company

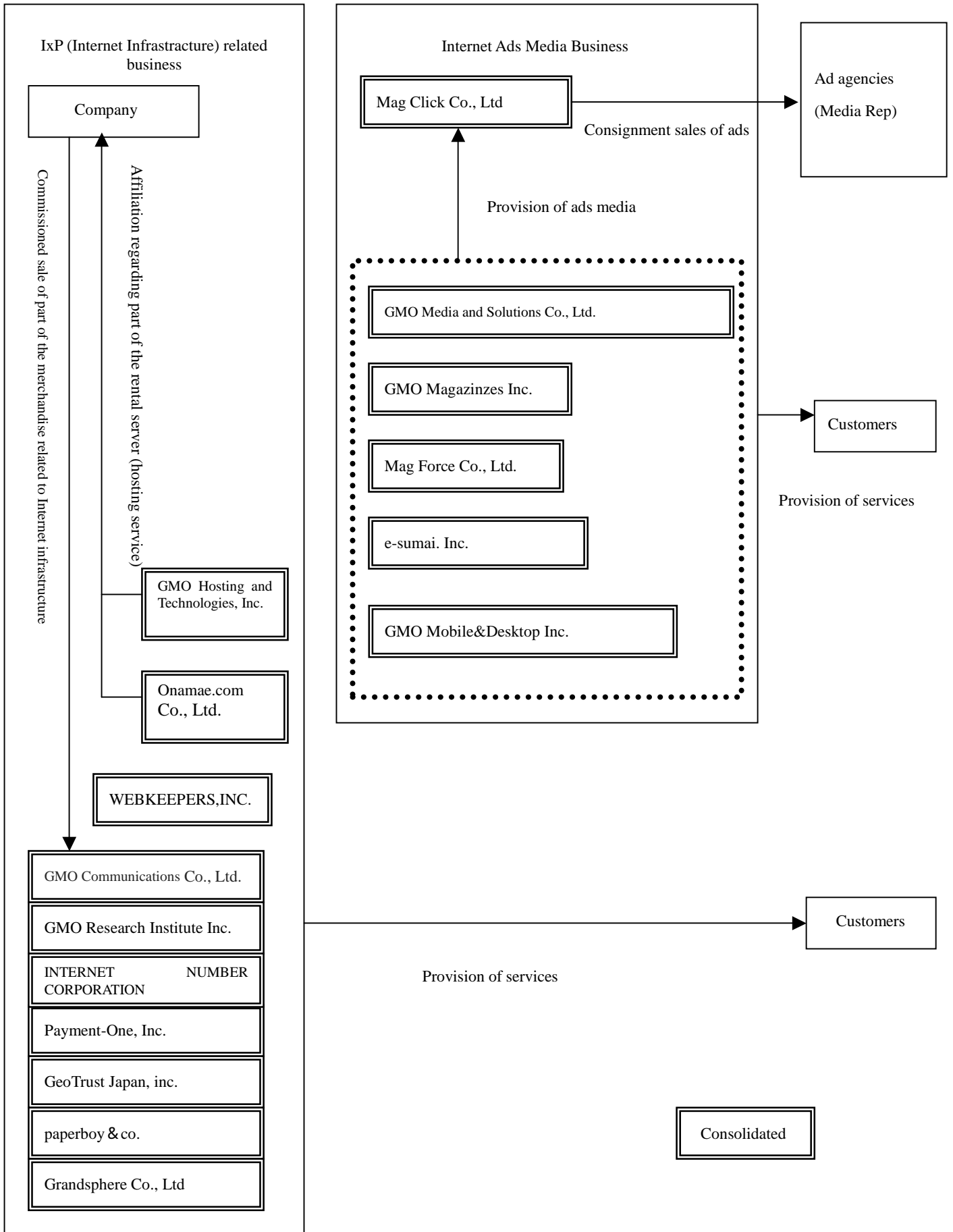
7. The percentage of our ownership of the voting rights of Mag Click Co., Ltd. is 40.4% . Mag Click Co., Ltd. is treated as a subsidiary because the relationship between the Company and Mag Click is acknowledged as a being one of effective control. Mag Click lists its stocks on Nippon New Market “Hercules” of the Osaka Securities Exchange.
8. The figures in parentheses denote the percentage of indirect ownership.

[Business Organization Chart]

The organization chart of the businesses is as follows:

< IxP related business >

< Internet Ads Media Business >



Management Policy

1. Basic management policy

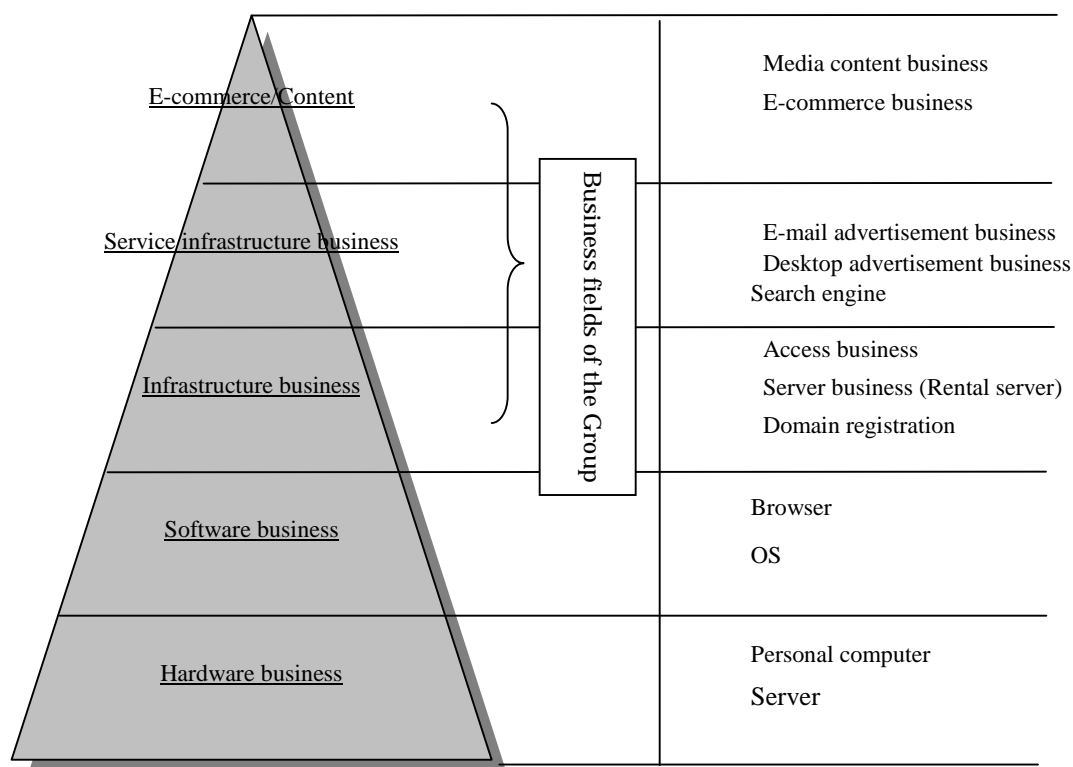
Under the slogan, “the Internet for Everyone” and with our tireless entrepreneurial imagination, our Group focuses its management resources on providing an Internet platform, including an Internet infrastructure and service infrastructure. With a view to creating sustainable corporate value, we provide an organic combination of the IxP (Internet infrastructure) business and the Internet advertising media business and strive to establish an Internet media group in which each part works in synergy to contribute to society through the creation of an Internet culture and industry.

Management philosophy: We believe the following concepts are important to our staff, and are committed to sharing them.

Basic principle: The Internet for Everyone

- 1) Dream (to what aim shall we devote our lives?)
To obtain a dominant position (either the largest market share or the sole player) in the Internet sector.
- 2) Vision (Where is the gold mine?)
In the ongoing digital revolution, we will concentrate our management resources on providing an Internet platform to make substantial profits.
- 3) Philosophy (Why are you here?)
Our activities create a new Internet culture and industry to contribute to society. We also make you smile and we touch your hearts.

The businesses of our Group: The star indicates the business categories in which our Group is engaged.



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 the continuation of long-term, stable dividends as well as giving consideration to improving retained earnings to enable us to bolster our corporate strength and prepare for future business developments in a comprehensive way. Based on this dividend policy, this fiscal year the Company plans to pay an interim dividend of four yen per share before the stock split to mark the listing of the Company's shares on the Tokyo Stock Exchange and a final dividend of three yen per share after the stock split.

3. Position and policy on lowering the unit of investment

The Company lowered the number of stocks per unit from 500 to 100 in February 2004, to increase the liquidity of stocks and expand the range of investors. In addition, a meeting of the Board of Directors meeting held on April 5, 2004 resolved that the Company will execute a 2-for-1 stock split in August 2004. In reviewing the unit of investment in future, we will carefully study the cost and effect of any change in consideration of performance and market demands.

4. Target Management Indices

We emphasize the ratio of recurring profit to sales as a managerial index, which serves as a gauge of profitability. In the term ended December 31, 2003, we achieved a substantial year-on-year increase from 8.2% to 12.4%. We have not currently set or announced any short-term target but we will continue to aim at further increases.

5. Medium to Long-Term Management Strategy

While the Group has an overwhelming position in the server business, the domain business, and e-mail advertisement business, we are determined to more consolidate this position in the years to come, aiming to bolster our sales ability to generate stable operating cash flow for the long term and to improve services. In the access business, with a differentiation strategy including the product line-up and support services, we will proceed with an "Only One Strategy."

The Company will continue to bolster its business base. It will also continue to expand its portfolio, in security, settlement, IT consulting including website creation and other consulting services, and desktop advertising (for example, advertising on desktop wallpaper and information distribution via a second browser).

In addition, we will be engaged in the comprehensive development of Internet solution services for corporate customers to expand the range of corporate computer applications under our slogan, "Becoming Japan's Internet Division!"

Before entering other new businesses, we will carefully evaluate the potential of each business in terms of the characteristics of the Internet industry, namely the rapid changes that are occurring, to ensure the optimum timing for our entry without losing any business opportunities.

6. Issues for 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 an M&A strategy in the past year, we believe that a future issue for us is to efficiently use the management resources that we have acquired. In March 2004 the Company acquired the stocks and business of Paperboy & Co. and Grandsphere Co., Ltd., which thereby became Consolidated subsidiary of the Company.

We will continue our initiatives to improve the efficiency of Group management in the future, and will take full advantage of our management resources by seeking synergies among our businesses.

(2) Improving selling power by diversifying 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 agency systems, traditional external sales activities and call center operations.

(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 encouraging customers to continue to use our services. The entire Company will work as one to bolster customer satisfaction. It will do this by improving the quality of service, strengthening customer support systems, and promoting communications with customers so that they feel pleased and grateful with our services.

7. Basic position on establishment of an administrative organization (corporate governance) and status of measures in this respect (Basic stance on corporate governance)

The Company understands that its most important challenge is to increase the soundness and transparency of its business administration and to make flexible managerial decisions and achieve appropriate management to ensure a continuous increase in corporate value.

(Measures taken for corporate governance)

(1) The status of the administrative organization responsible for corporate managerial decision-making, execution and supervision and other corporate governance structures

In the Company, the Board of Directors and the Board of Auditors are responsible for auditing and supervising operations. The Board of Directors consists of 11 directors and makes decisions on issues specified in management policies and in laws and regulations, as well as on important management affairs. Positioned as the supervisory organization on business operations, it carries out appropriate and swift managerial decision-making.

The Board of Auditors consists of three auditors, two of whom are outside auditors. The auditors attend meetings of the Board of Directors and other important meetings and inspect the operational and financial situation in accordance with the regulations of the

Board of Auditors to examine the performance of directors.

(2) Human relations, capital or trading relationships and other interests between the Company and its outside auditors
None of the Company's outside auditors has any relationship of interest of concern to the Company.

(3) Initiatives over the past twelve months to strengthen corporate governance

The Company makes decisions on important management matters and reviews business conditions at meetings of the Board of Directors, which are held four times a month. It deliberates on matters promptly and properly under the strict supervision of the Board of Statutory Auditors. The Company has also established an Internal Audit Office which carries out internal audits on the conduct of business and the status of control, and also evaluates and makes suggestions to Group companies.

The Company will endeavor to further strengthen its system of disclosure to ensure fuller disclosure of accurate information on the Internet in a timely manner.

Business Results and Financial Conditions

We report here the business results and financial situation for the 1st quarter of the term ending December 2004 (from January 1, 2004 to March 31, 2004) as follows.

1. Business results

During the period that corresponds to the consolidated fiscal year in question, the Japanese economy saw some positive signs in terms of market trends and commenced a slow recovery backed by capital investment in the corporate sector and exports. In the Internet market, which is the Group's area of business, the online environment benefited from steady development and expansion. The number of subscriptions to broadband services in Japan had reached 14,917,000 at the end of March 2004.*¹ At the same time, the industry saw an increase in the use of service content. For example, the cumulative registrations of ".jp" domains continue to grow, even after reaching 560,000 in March 2004.*²

Under these circumstances, the Group proceeded with strengthening its sales capabilities and improving its services in individual business sections under the corporate slogan of "Internet for Everyone," to attain its goal of establishing itself as the industry leader. In addition, in March 2004 the Company turned Paperboy & Co. into a wholly-owned subsidiary in an effort to strengthen the server and domain businesses and make inroads into the community business. Similarly, it made Grandsphere Co., Ltd. a wholly-owned subsidiary to expand the scope of business. As a consequence, the Group's consolidated results showed a year-on-year 36.7 percent increase in sales, to 4,900 million yen, a 17.1 percent rise in operating profit, to 624 million yen, a 34.2 percent rise in ordinary profit, to 629 million yen, and a 376.0 percent jump in net income, to 918 million yen.

<Condition by the segment>

• IxP (Internet Infrastructure) related business

The IxP business achieved sales of 3,238 million yen, up 26.1% from the previous year, and operating profit of 412 million yen, up 5.3% from the previous year.

GMO Hosting and Technologies Inc. steadily increased the number of subscribers in its server business to increase its profit. In the domain name business, increased renewals as well as new registrations of domain names contributed to profit.

• Internet advertising media business

The Internet advertising media business posted sales of 1,799 million yen, up 62.4% from the same period last year, and an operating profit of 192 million yen, up 36.2%.

The steady performance of our mail advertisement business and the launch last year of our e-commerce business both contributed to consolidated results.

*1 An announcement of the Ministry of Public Management, Home Affairs, Posts and Telecommunications on April 30, 2004

*2 Japan Registry Service Co. and Ltd. announced in the home page

2. Financial Conditions

<Assets, liabilities and shareholders' equity>

Of assets, liabilities and shareholders' equity as of March 31 2004, in comparison with those as of March 31, 2003, the items showing a significant change are as follows.

Among current assets, cash and deposits increased by 4,649 million yen, attributable to an increase in cash flows from operating activities and revenue from sales of securities. Of securities and other assets, investments in securities increased 1,963 million yen, mainly because of the current price evaluation of negotiable securities and the acquisitions. Of current liabilities, Accrued corporation tax, etc increased 1,199 million yen, mainly because of an increase in corporation tax of the Company.

3. Cash Flow

Cash flow for this term increased by 1,778 million yen to 10,339 million yen, thanks to an excellent pre-tax-adjusted current net profit of 2,314 million yen (up 395.4%), and revenue from the sale of securities of 2,649 million yen (up 2,644 yen). There was, however, an outlay of 938 million yen (up 403.4%) for the payment in corporate tax.

The status of each item of cash flow and related factors are as follows.

"Cash flow from operating activities" declined 365 million yen (an increase of 397 million yen from the previous year). The decline was primarily attributable to an increase of 490 million yen in trade accounts receivable and the payment of 938 million yen in corporation tax, etc., which offset the posting of a current profit before tax adjustment of 2,314 million yen.

"Cash flow from investment activities" was up 2,100 million yen (an decrease of 313 million yen from the previous year), mainly because of revenue acquired by the sales of securities of 2,649 million yen.

Cash flow from financial activities was up 44 million yen (an decrease of 96 million yen from the previous year), mainly because of revenue from the sale of own stocks, but there was the payment of 135 million yen for dividends.

2. Projections of consolidated business results for December 31, 2004 (from January 1, 2004 to December 31, 2004)
 (Since the business environment surrounding the Group is subject to significant change over short time periods, the results actually released may differ from the projections.)

• Forecast of consolidated results (from January 1, 2004 to December 31, 2004)

	FY 2004	Change from year-ago level	FY 2003
	Million Yen	%	Million Yen
Sales	20,000	27.6	15,678
Ordinary profit	2,500	28.4	1,946
Current net profit	2,300	121.1	1,040

• Forecast of the non-consolidated results (from January 1, 2004 to December 31, 2004)

	FY 2004	Change from year-ago level	FY 2003
	Million Yen	%	Million Yen
Sales	7,650	5.7	7,238
Ordinary profit	900	1.9	883
Current net profit	1,650	186.4	576

Changes in business results and financial conditions for each quarter (consolidated basis)

(unit: one million yen)

	1 st quarter of 2003	2 nd quarter of 2003	3 rd quarter of 2003	4 th quarter of 2003	1 st quarter of 2004
Operating revenue	3,584	3,883	4,022	4,178	4,900
Operating profit	533	516	447	614	624
Ordinary profit	468	489	434	553	629
Current net profit	192	201	226	419	918
Total assets	13,028	14,018	16,464	17,917	19,722
Shareholders' equity	8,722	9,174	10,487	11,096	11,665

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

(unit: one million yen)

	1 st quarter of 2003	2 nd quarter of 2003	3 rd quarter of 2003	4 th quarter of 2003	1 st quarter of 2004
Operating revenue	1,788	1,843	1,802	1,813	1,832
Operating profit	226	235	176	216	207
Ordinary profit	210	258	188	226	382
Current net profit	106	102	113	253	868
Total assets	9,086	9,475	10,818	11,803	12,587
Shareholders' equity	8,113	8,386	9,426	9,962	10,447

(Reference)

Number of transactions by major service, etc.

Unit: transactions (rounded to the nearest hundred)

	Service	Product	1 st quarter of 2003	2 nd quarter of 2003	3 rd quarter of 2003	4 th quarter of 2003	1 st quarter of 2004
IxP related business	Access operations	interQ MEMBERS and others (*)	118,400	117,500	115,700	114,400	113,000
	Server and hosting operations	interQ OFFICE, ISLE, Premier server and others (*)	96,900	100,700	104,800	109,200	157,400
	Domain registration operations	Onamae.com (Number of registration) and others	17,600	19,800	16,900	17,500	28,000
		Onamae.com (Number of updating)	14,200	19,600	11,900	14,300	21,500
Internet Ads Media Business	Opt-in mail service	Number of members (*) (unit: 10,000 people)	370	362	339	347	351
		Number of distributions (unit: 1000 mail items)	75,413	80,471	99,422	71,636	74,717

(*)The number of members with continuous transactions as of the end of the term concerned.

Table: The quarterly change by segment

Sales

(unit: million yen)

	1 st quarter of 2003	2 nd quarter of 2003	3 rd quarter of 2003	4 th quarter of 2003	1 st quarter of 2004
IxP (Internet Infrastructure) related business					
Sales to external customers	2,504	2,766	2,702	2,759	3,230
Dealings between segments	63	5	5	6	8
Total	2,567	2,771	2,707	2,765	3,238
Internet Ads Media Business					
Sales to external customers	1,080	1,117	1,319	1,427	1,670
Dealings between segments	27	19	24	21	129
Total	1,108	1,136	1,344	1,449	1,799
Deduction of dealings between segments	(90)	(24)	(29)	(28)	(137)
Consolidated sales	3,584	3,883	4,022	4,187	4,900

Operating profit and loss

(unit: million yen)

	1 st quarter of 2003	2 nd quarter of 2003	3 rd quarter of 2003	4 th quarter of 2003	1 st quarter of 2004
IxP (Internet Infrastructure) related business					
	391	410	330	452	412
Internet Ads Media Business					
	141	104	117	162	192
Subtotal	533	515	447	614	605
Deduction of dealings between segments	(0)	(0)	(0)	(0)	(19)
Consolidated operating profit and loss	533	516	447	614	624

1st Quarter Consolidated Financial Statements, etc.

1st quarter Consolidated Balance Sheet (unaudited)

(unit : 1,000 yen)

Term Item	As of March 31, 2003 End of the consolidated accounting period of the previous fiscal year		As of March 31, 2004 End of the consolidated accounting period of this fiscal year		As of December 31, 2003 Consolidated Balance Sheet Summary in the previous fiscal year	
	Amount	Composi tion	Amount	Composi tion	Amount	Composi tion
(Assets)						%
I Current Assets						
1 Cash and deposits	5,827,556		10,476,932		8,661,964	
2 Accounts receivable	2,131,814		2,619,372		2,078,740	
3 Inventory assets	7,363		49,777		12,837	
4 Deferred tax asset	331,452		330,517		336,046	
5 Other assets	642,519		534,064		567,956	
Allowance for doubtful debts	478,384		378,973		433,864	
Total Current Assets	8,462,321	65.0	13,631,690	69.1	11,223,680	62.6
Fixed assets						
1.Tangible fixed assets						
(1) Buildings and structures	56,447		55,026		52,780	
(2) Tools and equipment	120,815		136,696		108,233	
(3) Other tangible fixed assets	53		42,729		4,279	
Total Tangible Fixed Assets	177,316	1.3	234,452	1.2	165,292	0.9
2. Intangible fixed assets						
(1) Goodwill	157,989		235,051		2,467	
(2) Software	638,486		463,181		467,645	
(3) Account for consolidated adjustments	145,235		349,357		471,979	
(4) Other intangible fixed assets	388,106		190,461		229,907	
Total of intangible fixed assets	1,329,818	10.2	1,238,051	6.3	1,171,999	6.6
3.Investments and other assets						
(1) Investments in securities	1,724,461		3,688,270		4,372,187	
(2) Investments	101,537		99,781		99,781	
(3) Deposit	496,619		623,347		510,485	
(4) Longterm loans receivable	-		41,730		194,749	
(5) Deferred tax asset	709,573		72,670		96,542	
(6) Others	44,256		109,551		100,594	
Allowance for bad debt	17,829		17,128		18,178	
Total of investments and other assets	3,058,618	23.5	4,618,223	23.4	5,356,162	29.9
Total of fixed assets	4,565,754	35.0	6,090,727	30.9	6,693,454	37.4
Total of assets	13,028,075	100.0	19,722,418	100.0	17,917,135	100.0

(unit : 1,000 yen)

Term Item	As of March 31, 2003 End of the consolidated accounting period of the previous fiscal year		As of March 31, 2004 End of the consolidated accounting period of this fiscal year		As of December 31, 2003 Consolidated Balance Sheet Summary in the previous fiscal year	
	Amount	Composi tion	Amount	Composi tion	Amount	Composi tion
		%		%		%
(Liabilities)						
Current liabilities						
1 Notes payable and accounts payable – trade	137,535		381,426		254,541	
2 Short-term loans payable			35,050			
3 Accrued amount payable	721,345		1,224,493		951,330	
4 Accrued corporation tax, etc	139,032		1,338,673		945,046	
5 Allowance for bonuses	31,939		39,642		14,877	
6 Advance money	548,642		863,766		663,966	
7 Other liabilities	323,458		400,598		459,444	
Total of current liabilities	1,901,954	14.6	4,283,650	21.7	3,289,206	18.3
Fixed liabilities						
1 Long-term bonds payable			7,500		33,750	
2 Long-term loans payable			15,200			
3. Deferred tax liability			556,231		589,825	
4 Other fixed liabilities	14,772		21,509		15,143	
Total of fixed liabilities	14,772	0.1	600,441	3.1	638,718	3.6
Total of liabilities	1,916,726	14.7	4,884,091	24.8	3,927,924	21.9
(Minority Equity)						
Minority equity	2,388,480	18.3	3,172,455	16.1	2,892,741	16.2
(Shareholder's Equity)						
Capital stock	3,311,130	25.4	3,311,130	16.8	3,311,130	18.5
Capital reserve	4,432,990	34.1	4,481,292	22.7	4,432,990	24.7
Earned surplus	1,708,131	13.1	3,217,754	16.3	2,563,536	14.3
Other gaps in appraisal of securities	364,443	2.8	873,929	4.4	1,155,435	6.5
Own stocks			2,371	0.0		
Total of shareholders' equity	364,939	2.8	220,607	1.1	366,623	2.1
Total of liabilities, minority equity and shareholders' equity	8,722,868	67.0	11,665,870	59.1	11,096,468	61.9
	13,028,075	100.0	19,722,418	100.0	17,917,135	100.0

(2) Quarterly Consolidated Profit and Loss Statement (unaudited)

(unit: 1,000 yen)

Term Item	Consolidated accounting period in the previous term From January 1, 2003 to March 31, 2003			Consolidated accounting period in this term From January 1, 2004 to March 31, 2004			Consolidated accounting period in the previous term From January 1, 2003 to December 31, 2003		
	Amount		Compo sition	Amount		Compo sition	Amount		Composi tion
			%			%			%
Operating revenue		3,584,836	100.0		4,900,160	100.0		15,678,533	100.0
Business expenses		1,316,587	36.7		1,760,334	35.9		5,987,154	38.2
Sales and general administrative expenses		1,734,891	48.4		2,515,136	51.3		7,579,089	48.3
Operating profit		533,356	14.9		624,688	12.8		2,112,289	13.5
Non-operating revenue									
1. Interest received	1,423			4,399			7,841		
2. Fees received	1,027			422			4,728		
3. Bad debt recovered	-			3,443			28,693		
4. Others	13,058	15,510	0.4	6,696	14,962	0.3	16,978	58,242	0.3
Non-operating expenses									
1. Interest paid	277			70			842		
2. Stock issue costs	-			4,590			2,209		
3. Loss from investments by the equity method	52,597			-			187,937		
4. Loss from investment partnership	15,455			-			17,791		
5. Other operating expenses	11,819	80,148	2.2	5,876	10,536	0.2	14,846	223,626	1.4
Ordinary profit		468,718	13.1		629,113	12.8		1,946,904	12.4
Extraordinary profit									
1. Gain from the prior- term adjustment	-			-			7,211		
2. Gain on sales of fixed assets	-			38,686			-		
3. Gain on sales of investments on stocks of affiliated companies	-			-			108,289		
4. Gain on sales of investments on stocks of securities	4,235			2,162,843			1,066,147		
5. Gain on sales of Goodwill	-			-			8,716		
6. Gain on return of allowance for doubtful debts	250			616			553		
7. Profit from change of equity investees	-			-			4,945		
8. Debt forgiveness income	-	4,485	0.1	21,000	2,223,145	45.4	-	1,195,864	7.6
Extraordinary loss									
1. Loss on sales of fixed assets	-			-			4,997		
2. Loss on retirement of fixed assets	5,931			1,564			437,911		
3. Devaluation of goodwill	-			-			119,486		
4. Loss on devaluation of affiliated company	-			-			83,360		

5. Loss on devaluation of subsidiaries	-			18,460			-		
6. Loss for closing bussiness	-			-			21,728		
7. Forfeit for cancellation	-			65,858			-		
8. Amortization of the consolidated adjustment account	-	5,931	0.2	451,442	537,325	11.0	-	667,484	4.2
1 st quarter (Current) net profit before adjustment of taxes		467,272	13.0		2,314,934	47.2		2,475,285	15.8
Corporate tax, residential tax and business tax	127,121			1,298,643			1,083,816		
Amount of adjustment, such as corporate tax	123,693	250,815	7.0	38,126	1,336,769	27.3	130,045	1,213,861	7.8
Profit of minority shareholders		23,538	0.6		59,891	1.2		221,347	1.4
1 st quarter (Current) period net profit		192,918	5.4		918,272	18.7		1,040,075	6.6

(3) Statement of Quarterly Consolidated Surplus(unaudited)

(unit: 1,000 yen)

Item	Term	Consolidated accounting period in the previous term From January 1, 2003 to March 31, 2003		Consolidated accounting period in this term From January 1, 2004 to March 31, 2004		Consolidated accounting period in the previous term From January 1, 2003 to December 31, 2003	
		Amount		Amount		Amount	
(Capital Surplus)							
I. Balance of capital surplus at beginning of term		4,432,990		4,432,990		4,432,990	
II. Increase in capital surplus							
1. Gains on sales of treasury stock			48,301	48,301			
III. Balance of capital surplus at end of period: 1 st quarter period (at end of the term)		4,432,990		4,481,292		4,432,990	
(Earned Surplus)							
I. Balance of earned surplus at beginning of term		1,658,922		2,563,536		1,658,922	
II. Increase in earned surplus							
1. 1 st quarter (current) net profit	192,918		918,272		1,040,075		
2. Increase in surplus due to exclusion from application of the equity method					8,247		
3. Increase in surplus due to merger and separation	16,897	209,815		918,272	16,897	1,065,220	
III. Decrease in earned surplus							
1. Dividend	110,677		166,005		110,677		
2. Bonus to directors and statutory auditors			10,183				
3. Decrease in surplus due to increased number of consolidated subsidiaries	49,929		76,561		49,929		
4. Decrease in surplus due to merger of consolidated subsidiaries and affiliates		160,606	11,303	264,054		160,606	
IV. Balance of earned surplus at end of period 1 st quarter period (at end of the term)		1,708,131		3,217,754		2,563,536	

(4) Statement of consolidated Cash Flow (unaudited)

(unit : 1,000 yen)

Term Item	Consolidated accounting period in the previous term From January 1, 2003 to March 31, 2003	Consolidated accounting period in this term From January 1, 2004 to March 31, 2004	Consolidated accounting period in the previous term From January 1, 2003 to December 31, 2003
	Amount	Amount	Amount
Cash flow from operating activities			
Current net profit before adjustment of taxes, etc.	467,272	2,314,934	2,475,285
Depreciation charge	76,393	69,198	321,358
Amortization of the consolidated adjustment account	16,266	504,864	68,204
Increase in allowance for doubtful debts	61,706	57,284	220,857
Gain on sales of investments in securities	4,235	2,162,843	1,066,147
Gain on sales of stocks of affiliated companies			108,289
Gain on sales of Goodwill			8,716
Interest received and dividend received	1,423	4,399	7,841
Interest paid	277	70	842
Foreign currency transaction gain and loss	294	508	3,536
Stock issue costs		4,590	2,209
Loss on devaluation of investments in securities			83,360
Loss on devaluation of subsidiaries' stock		18,460	
Depreciation of goodwill			119,486
Loss on retirement of fixed assets	5,931	1,564	437,911
Loss on sales of fixed assets			4,997
Gain on sales of fixed assets		38,686	
Loss on disposal of underperforming business			20,029
Debt forgiveness income		21,000	
Loss from investments by the equity method	52,597		187,937
Gain or loss from change of equity investees			4,945
Increase (decrease) in accounts receivable	207,512	490,239	343,430
Increase (decrease) in other assets	6,010	41,661	257,886
Increase (decrease) in purchase debts	244	83,437	101,679
Increase (decrease) in other liabilities	121,678	304,084	507,745
Subtotal	582,404	568,921	2,758,182
Interest and dividend received	1,349	3,973	9,141
Interest paid	277	376	4,875
Payment of corporate tax, etc.	186,416	938,396	342,187
Cash flow from operating activities	397,059	365,877	2,420,261
Cash flow from investing activities			
Expenditure incurred by deposit of fixed deposit	95,109	95,124	97,268
Revenue accrued by repayment of fixed deposit	95,101	95,116	97,284
Expenditure incurred by acquisition of tangible fixed assets	17,239	29,522	63,416
Revenue accrued by sales of tangible fixed assets			2,213
Expenditure incurred by acquisition of intangible fixed assets	94,533	274,245	269,705
Revenue accrued by sales of intangible fixed assets	933	38,686	1,556
Expenditure incurred on acquisition of investment in securities			794,205
Revenue accrued from sale of investment in securities	4,235	2,649,105	1,990,741
Expenditure incurred on acquisition of investment in subsidiaries' securities	77,885	30,000	114,985
Revenue accrued from sale of investment in subsidiaries' securities			161,700
Expenditure incurred by acquisition of stock of new consolidated subsidiary		180,603	342,325
Expenditure incurred by loans	356,000	2,586	635,474

Revenue accrued by collection on loans	152,100	18,531	519,185
Revenue accrued from other investing activities	80,037	96,136	82,355
Expenditure incurred by other investing activities	5,370	184,983	28,883
Cash flow from investing activities	313,730	2,100,510	508,770
Cash flow from financial activities			
Revenue accrued by short-term loans payable	150,000		150,000
Expenditure incurred by repayment of short-term loans payable	150,000		150,000
Expenditure incurred by issue of stocks		4,590	2,209
Revenue or expenditure incurred by acquisition of own stocks	94	208,948	4,697
Revenue incurred by issue of stocks for minority equity			19,250
Payment of dividends	85,234	135,154	109,727
Payment of dividends for minority shareholders	11,638	24,918	14,980
Cash flow from financial activities	96,967	44,285	102,969
Effect of exchange rate changes on cash and cash equivalents		179	5,300
Net increase (Decrease) in cash and cash equivalents	13,638	1,778,737	2,820,761
VI Balance of cash and cash equivalents at the beginning of term	5,519,255	8,524,679	5,519,255
Increase in cash and cash equivalents in accordance with change of consolidated subsidiaries	184,662	36,222	184,662
Balance of cash and cash equivalents at the end of the term	5,690,279	10,339,640	8,524,679