

Summary of Consolidated interim Financial Statement for the first half of ended December 2004

August 19, 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: August 19, 2004
Whether US GAAP is applied: None

1. Consolidated business results for the first half of the term ending December 2004 (from January 1 to June 30 2004)

(1) Consolidated financial results (Fractions less than 1 million yen have been omitted.)

	Sales		Operating profit		Ordinary profit	
	Million Yen	%	Million Yen	%	Million Yen	%
6 months ended June 30, 2004	9,828	(31.6)	1,162	(10.7)	1,181	(23.3)
6 months ended June 30, 2003	7,468	(26.0)	1,049	(95.7)	958	(108.7)
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
6 months ended June 30, 2004	1,748	(343.8)	62	87	61	80
6 months ended June 30, 2003	394	(200.5)	14	24	-	-
Year ended December 31, 2003	1,040		37	59	37	42

Note

- Equity in earning or loss of investees: June 30, 2004 0million yen
June 30, 2003 -99 million yen December 31, 2003 -187 million yen
- Average outstanding shares during the term (consolidated): June 30, 2004 27,818,386shares
June 30, 2003 27,669,230shares 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 (Fractions less than ¥1 million have been omitted.)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share	
	Million Yen	Million Yen	%	Yen	Sen
June 30, 2004	20,388	11,869	58.2	424	50
June 30, 2003	14,018	9,174	65.5	331	59
December 31, 2003	17,917	11,096	61.9	401	96

Note: Number of total outstanding shares (consolidated) June 30, 2004 27,945,134shares

June 30, 2003 27,669,101shares 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
6 months ended June 30, 2004	494	2,627	19	11,701
6 months ended June 30, 2003	1,085	-595	-120	6,074
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: 15, 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: 2, 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 22,000	Million Yen 2,800	Million Yen 2,450

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

41Yen 08Sen

Note: 1. The Company undertook 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 (59,646,188) after the stock split and equity-swap. If the forecast was based on the total number of issued stocks on June 30, 2004 (28,364,394), it would stand at 86 yen 38 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”) and 15 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	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 had been liquidated in this term.

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

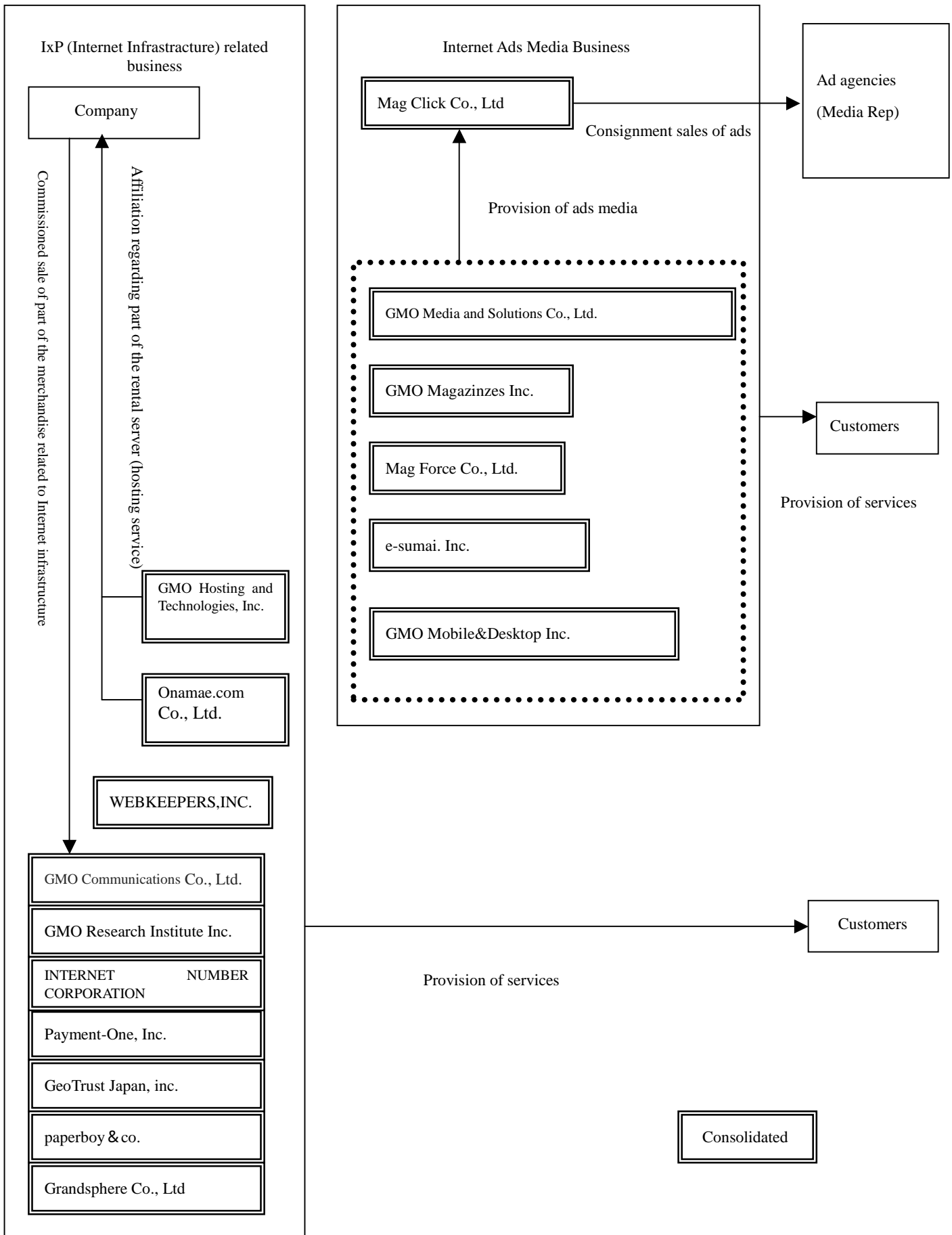
Company Name	Percentage of voting rights or equity share held	Category	Business Details
GMO Communications Co., Ltd.	100.0%	Consolidated subsidiary	Computer support and consulting business
Grandsphere Co., Ltd>(*2)	100.0%	Consolidated subsidiary	System consulting business
GMO Research Institute Inc.	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)	40.2%	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, and had been liquidated in this term.
- 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
- 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.
- The figures in parentheses denote the percentage of indirect ownership.

[Business Organization Chart]

The organization chart of the businesses is as follows:



Management Policy

1. Basic management policy

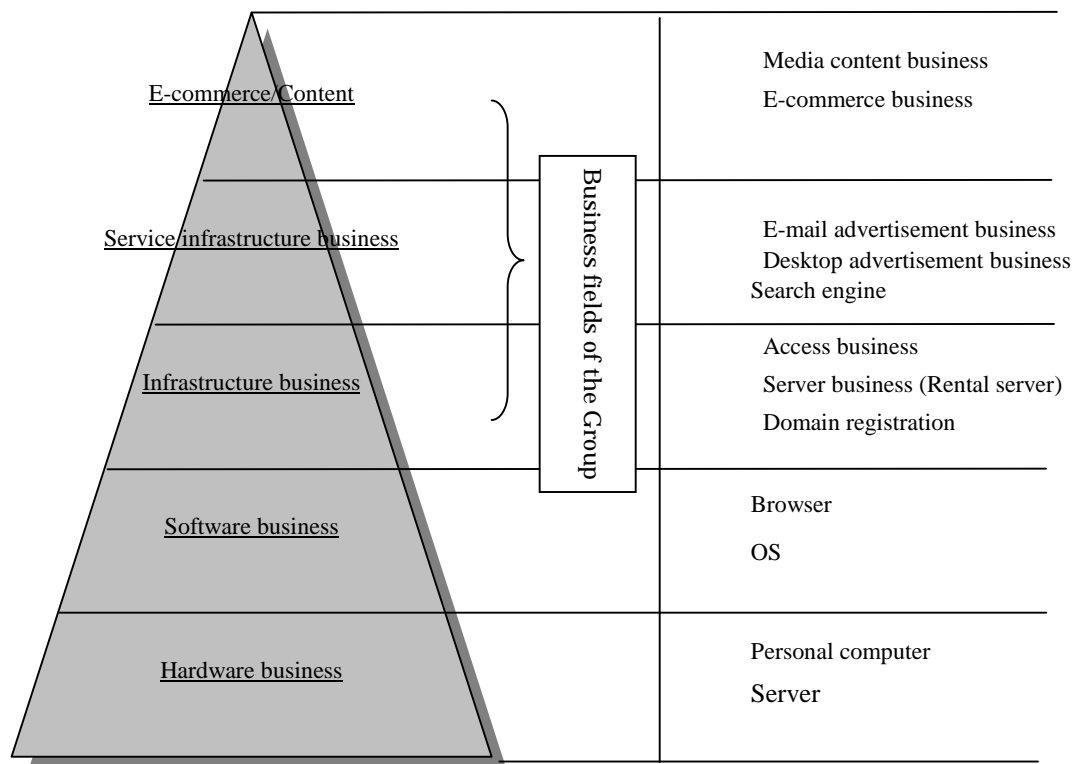
Under the slogan, “the Internet for Everyone” and with our tireless entrepreneurial imagination, our Group focuses its management resources on providing an Internet platform, including an Internet infrastructure and service infrastructure. With a view to creating sustainable corporate value, we provide 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 first half of ended December 2004 (from January 1, 2004 to June 30, 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 16,188,000 at the end of June 2004.*

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. And we sold investment in securities for liquidation of assets. As a consequence, the Group's consolidated results showed a year-on-year 31.6 percent increase in sales, to 9,828 million yen, a 10.7 percent rise in operating profit, to 1,162 million yen, a 23.3 percent rise in ordinary profit, to 1,181 million yen, and a 343.8 percent jump in net income, to 1,748 million yen.

<Condition by the segment>

• IxP (Internet Infrastructure) related business

The IxP business achieved sales of 6,771 million yen, up 26.8% from the previous year, and operating profit of 855 million yen, up 6.5% from the previous year.

GMO Hosting and Technologies Inc. steadily increased the number of subscribers in its server business to increase its profit. Five companies that are included in the consolidated companies from this year, contributed to sales growth

• Internet advertising media business

The Internet advertising media business posted sales of 3,236 million yen, up 44.2% from the same period last year, and an operating profit of 269 million yen, up 9.5%.

Our mail advertisement business increases in revenue and the launch last year of our e-commerce business both contributed to consolidated results.

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

2. Financial Conditions

<Assets, liabilities and shareholders' equity>

Of assets, liabilities and shareholders' equity as of June 30 2004, in comparison with those as of June 30, 2003, the items showing a significant change are as follows.

Among current assets, cash and deposits increased by 5,626 million yen, attributable to an increase in cash flows from operating activities and revenue from sales of securities. Of fixed assets, goodwill increased 477 million yen, mainly because we acquired goodwill of Bekkoame.,Ltd. Of current liabilities, Accrued corporation tax, etc increased 1,754 million yen, mainly because of an increase in corporation tax of the Company.

3.Cash Flow

Cash flow for this term increased by 5,626 million yen to 11,701 million yen, thanks to an excellent pre-tax-adjusted current net profit of 3,986 million yen (up 321.4%), and revenue from the sale of securities of 4,096 million yen. There was, however, an outlay of 933 million yen (up 400.1%) 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" increased 494 million yen. The increase was primarily attributable to an increase of 213 million yen in trade accounts receivable and the payment of 933 million yen in corporation tax, etc., which offset the posting of a current profit before tax adjustment of 3,986 million yen.

"Cash flow from investment activities" was up 2,627 million yen (an decrease of 595 million yen in the previous year), mainly because of revenue acquired by the sales of securities of 4,096 million yen.

Cash flow from financial activities was up 19 million yen (an decrease of 120 million yen in the previous year), mainly because of revenue of 225 million yen from the sale of own stocks, but there was the payment of 164 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	22,000	40.3	15,678
Ordinary profit	2,800	43.8	1,946
Current net profit	2,450	135.6	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)

	2 nd quarter of 2003	3 rd quarter of 2003	4 th quarter of 2003	1 st quarter of 2004	2 nd quarter of 2004
Operating revenue	3,883	4,022	4,178	4,900	4,927
Operating profit	516	447	614	624	537
Ordinary profit	489	434	553	629	552
Current net profit	201	226	419	918	830
Total assets	14,018	16,464	17,917	19,722	20,388
Shareholders' equity	9,174	10,487	11,096	11,665	11,869

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

(unit: one million yen)

	2 nd quarter of 2003	3 rd quarter of 2003	4 th quarter of 2003	1 st quarter of 2004	2 nd quarter of 2004
Operating revenue	1,843	1,802	1,813	1,832	1,966
Operating profit	235	176	216	207	183
Ordinary profit	258	188	226	382	283
Current net profit	102	113	253	868	663
Total assets	9,475	10,818	11,803	12,587	13,019
Shareholders' equity	8,386	9,426	9,962	10,447	10,475

(Reference)

Number of transactions by major service, etc.

Unit: transactions (rounded to the nearest hundred)

	Service	Product	2 nd quarter of 2003	3 rd quarter of 2003	4 th quarter of 2003	1 st quarter of 2004	2 nd quarter of 2004
IxP related business	Access operations	interQ MEMBERS and others (*)	117,500	115,700	114,400	113,000	132,700
	Server and hosting operations	interQ OFFICE, ISLE, Premier server and others (*)	100,700	104,800	109,200	157,400	180,400
	Domain registration operations	Onamae.com (Number of registration) and others	19,800	16,900	17,500	28,000	26,700
		Onamae.com (Number of updating)	19,600	11,900	14,300	21,500	20,000
Internet Ads Media Business	Opt-in mail service	Number of members (*) (unit: 10,000 people)	362	339	347	351	338
		Number of distributions (unit: 1000 mail items)	80,471	99,422	71,636	74,717	74,596

(*)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)

	2 nd quarter of 2003	3 rd quarter of 2003	4 th quarter of 2003	1 st quarter of 2004	2 nd quarter of 2004
IxP (Internet Infrastructure) related business					
Sales to external customers	2,766	2,702	2,759	3,230	3,520
Dealings between segments	5	5	6	8	12
Total	2,771	2,707	2,765	3,238	3,532
Internet Ads Media Business					
Sales to external customers	1,117	1,319	1,427	1,670	1,407
Dealings between segments	19	24	21	129	29
Total	1,136	1,344	1,449	1,799	1,437
Deduction of dealings between segments	(24)	(29)	(28)	(137)	(42)
Consolidated sales	3,883	4,022	4,187	4,900	4,927

Operating profit and loss

(unit: million yen)

	2 nd quarter of 2003	3 rd quarter of 2003	4 th quarter of 2003	1 st quarter of 2004	2 nd quarter of 2004
IxP (Internet Infrastructure) related business					
	410	330	452	412	442
Internet Ads Media Business					
	104	117	162	192	77
Subtotal	515	447	614	605	520
Deduction of dealings between segments	(0)	(0)	(0)	(19)	(17)
Consolidated operating profit and loss	516	447	614	624	537

Consolidated Financial Statements, etc.

Consolidated Balance Sheet

(unit : 1,000 yen)

Term Item	As of June 30, 2003 End of the consolidated accounting period of the previous fiscal year		As of June 30, 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	6,211,940		11,838,930		8,661,964	
2 Accounts receivable	2,242,994		2,337,359		2,078,740	
3 Inventory assets	8,042		35,485		12,837	
4 Deferred tax asset	314,770		386,523		336,046	
5.Shortterm loans receivable	129,450		117,075			
6. Other assets	393,704		327,981		567,956	
Allowance for doubtful debts	477,286		347,639		433,864	
Total Current Assets	8,823,617	62.9	14,695,715	72.1	11,223,680	62.6
Fixed assets						
1.Tangible fixed assets						
(1) Buildings and structures	55,095		65,814		52,780	
(2) Tools and equipment	104,194		156,899		108,233	
(3) Other tangible fixed assets	6,714		7,677		4,279	
Total Tangible Fixed Assets	166,003	1.2	230,391	1.1	165,292	0.9
2. Intangible fixed assets						
(1) Goodwill	154,695		631,794		2,467	
(2) Software	603,802		448,228		467,645	
(3) Account for consolidated adjustments	128,961		333,383		471,979	
(4) Other intangible fixed assets	418,305		230,893		229,907	
Total of intangible fixed assets	1,305,764	9.3	1,644,300	8.1	1,171,999	6.6
3.Investments and other assets						
(1) Investments in securities	2,664,299		2,648,912		4,372,187	
(2) Deposit	488,155		575,429		510,485	
(3)Deferred tax asset	345,796		213,058		96,542	
(4) Others	241,897		396,884		395,125	
Allowance for bad debt	16,868		16,078		18,178	
Total of investments and other assets	3,723,281	26.6	3,818,207	18.7	5,356,162	29.9
Total of fixed assets	5,195,049	37.1	5,692,899	27.9	6,693,454	37.4
Total of assets	14,018,666	100.0	20,388,614	100.0	17,917,135	100.0

(unit : 1,000 yen)

Term Item	As of June 30, 2003 End of the consolidated accounting period of the previous fiscal year		As of June 30, 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	203,083		352,053		254,541	
2 Current installments of long-term debt			17,400			
3 Accrued amount payable	827,390		1,078,305		951,330	
4 Accrued corporation tax, etc	264,386		2,019,010		945,046	
5 Allowance for bonuses	46,418		50,570		14,877	
6 Advance money	615,160		929,771		663,966	
7 Other liabilities	330,698		399,588		459,444	
Total of current liabilities	2,287,137	16.3	4,846,699	23.8	3,289,206	18.3
Fixed liabilities						
1 Long-term bonds payable					33,750	
2.Deffered tax liability			358,835		589,825	
3 Other fixed liabilities	16,238		20,013		15,143	
Total of fixed liabilities	16,238	0.1	378,848	1.8	638,718	3.6
Total of liabilities	2,303,375	16.4	5,225,548	25.6	3,927,924	21.9
(Minority Equity)						
Minority equity	2,540,386	18.1	3,293,844	16.2	2,892,741	16.2
(Shareholder's Equity)						
Capital stock	3,311,130	23.6	3,311,130	16.2	3,311,130	18.5
Capital reserve	4,432,990	31.6	4,483,809	22.0	4,432,990	24.7
Earned surplus	1,909,270	13.6	4,053,668	19.9	2,563,536	14.3
Other gaps in appraisal of securities	113,547	0.8	230,878	1.1	1,155,435	6.5
Equity adjustment from foreign currency translation			2,449	0.0		
Own stocks	364,939	2.6	212,714	1.0	366,623	2.1
Total of shareholders' equity	9,174,904	65.5	11,869,221	58.2	11,096,468	61.9
Total of liabilities, minority equity and shareholders' equity	14,018,666	100.0	20,388,614	100.0	17,917,135	100.0

(2) Consolidated Profit and Loss Statement

(unit: 1,000 yen)

Term Item	Consolidated accounting period in the previous term From January 1, 2003 to June 30, 2003			Consolidated accounting period in this term From January 1, 2004 to June 30, 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		7,468,605	100.0		9,828,127	100.0		15,678,533	100.0
Business expenses		2,778,927	37.2		3,719,088	37.9		5,987,154	38.2
Sales and general administrative expenses		3,639,777	48.7		4,946,934	50.3		7,579,089	48.3
Operating profit		1,049,900	14.1		1,162,104	11.8		2,112,289	13.5
Non-operating revenue									
1. Interest received	3,664			5,365			7,841		
2. Fees received	1,798			2,424			4,728		
3. Bad debt recovered				5,765			28,693		
4. Exchange gain	2,567								
5. Profit from investment partnership				10,375					
6. Others	26,776	34,807	0.4	10,917	34,848	0.4	16,978	58,242	0.3
Non-operating expenses									
1. Interest paid	507			244			842		
2. Stock issue costs				4,742			2,209		
3. Loss from investments by the equity method	99,828						187,937		
4. Loss from investment partnership	15,455						17,791		
5. Exchange loss				1,998			3,536		
6. Other operating expenses	10,812	126,603	1.7	8,372	15,357	0.2	11,310	223,626	1.4
Ordinary profit		958,104	12.8		1,181,595	12.0		1,946,904	12.4
Extraordinary profit									
1. Gain from the prior- term adjustment	7,211						7,211		
2. Gain on sales of fixed assets				38,686			-		
3. Gain on sales of investments on stocks of securities	34,414			3,316,006			1,066,147		
4. Gain on sales of investments on stocks of affiliated companies							108,289		
5. Gain on sales of Goodwill	8,716						8,716		
6. Profit from change of equity investees							4,945		
7. Gain on return of allowance for doubtful debts	509			1,695			553		
8. Debt forgiveness income		50,852	0.7	21,000	3,377,388	34.4		1,195,864	7.6
Extraordinary loss									
1. Loss on sales of fixed assets	11						4,997		

2. Loss on retirement of fixed assets	33,918			38,100		437,911			
3. Devaluation of goodwill						119,486			
4. Amortization of the consolidated adjustment account				444,894					
5. Loss on devaluation of subsidiaries	7,222					-			
6. Loss on devaluation of affiliated company				18,518		83,360			
7. Loss on change of equity investees				4,741		-			
8. Penalty for breaking a lease				65,858		-			
9. Loss on disposal of underperforming business	21,728	62,880	0.8		572,113	5.8	21,728	667,484	4.2
First half (Current) net profit before adjustment of taxes		946,075	12.7		3,986,869	40.6		2,475,285	15.8
Corporate tax, residential tax and business tax	252,715			2,006,793		1,083,816			
Amount of adjustment, such as corporate tax	240,178	492,893	6.6	94,974	2,101,768	21.4	130,045	1,213,861	7.8
Profit of minority shareholders		59,124	0.8		136,127	1.4		221,347	1.4
First half (Current) period net profit		394,057	5.3		1,748,973	17.8		1,040,075	6.6

(3) Statement of Consolidated Surplus

(unit: 1,000 yen)

Item	Consolidated accounting period in the previous term From January 1, 2003 to June 30, 2003		Consolidated accounting period in this term From January 1, 2004 to June 30, 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						
Gains on sales of treasury stock			50,818	50,818		
III. Balance of capital surplus at end of first half (at end of the term)		4,483,809		4,483,809		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. First half (current) net profit	394,057		1,748,973		1,040,075	
2. Increase in surplus due to merger and separation	16,897		-		16,897	
3. Increase in surplus due to exclusion from application of the equity method	-	410,954	-	1,748,973	8,247	1,065,220
III. Decrease in earned surplus						
1. Dividend	110,677		166,005		110,677	
2. Bonus to directors and statutory auditors			9,993			
3. Decrease in surplus due to increased number of consolidated subsidiaries	49,929		71,538		49,929	
4. Decrease in surplus due to merger of consolidated subsidiaries and affiliates		160,606	11,303	258,842		160,606
IV. Balance of earned surplus at end of the first half term. (at end of the term)		1,909,270		4,053,668		2,563,536

(4) Statement of consolidated Cash Flow

(unit : 1,000 yen)

Term Item	Consolidated accounting period in the previous term From January 1, 2003 to June 30, 2003	Consolidated accounting period in this term From January 1, 2004 to June 30, 2004	Consolidated accounting period in the previous term From January 1, 2003 to December 31, 2003
	Amount	Amount	Amount
Cash flow from operating activities			
First half (current net) profit before adjustment of taxes, etc.	946,075	3,986,869	2,475,285
Depreciation charge	156,128	196,012	321,358
Amortization of the consolidated adjustment account	32,541	525,860	68,204
Increase in allowance for doubtful debts	126,838	89,668	220,857
Increase in allowance for bonuses		35,692	
Gain on sales of investments in securities	34,414	3,316,006	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	3,664	5,365	7,841
Interest paid	507	244	842
Foreign currency transaction gain and loss	4,525	956	3,536
Stock issue costs		4,742	2,209
Loss on devaluation of investments in securities	7,222		83,360
Depreciation of goodwill	-		119,486
Loss on retirement of fixed assets	33,918	38,100	437,911
Loss on sales of fixed assets	11		4,997
Gain on sales of fixed assets		38,686	
Loss on disposal of underperforming business	20,029		20,029
Debt forgiveness income		18,518	
Loss on devaluation of subsidiarie's stock		21,000	
Loss from investments by the equity method	99,828		187,937
Gain or loss from change of equity investees		4,741	4,945
Increase (decrease) in accounts receivable	385,884	213,846	343,430
Increase in inventory assets		22,519	
Increase (decrease) in other assets	97,771	73,622	257,886
Increase (decrease) in purchase debts	65,302	70,123	101,679
Increase (decrease) in other liabilities	307,371	175,367	507,745
Subtotal	1,269,514	1,423,760	2,758,182
Interest and dividend received	5,624	4,795	9,141
Interest paid	3,058	242	4,875
Payment of corporate tax, etc.	186,647	933,409	342,187
Cash flow from operating activities	1,085,432	494,903	2,420,261
Cash flow from investing activities			
Expenditure incurred by deposit of fixed deposit	97,277	95,124	97,268
Revenue accrued by repayment of fixed deposit	97,268	95,116	97,284
Expenditure incurred by acquisition of tangible fixed assets	33,326	62,386	63,416
Revenue accrued by sales of tangible fixed assets	100		2,213
Expenditure incurred by acquisition of intangible fixed assets	140,576	787,506	269,705
Revenue accrued by sales of intangible fixed assets	933	38,686	1,556
Expenditure incurred on acquisition of investment in securities	494,351	323,288	794,205
Revenue accrued from sale of investment in securities	87,779	4,096,860	1,990,741
Expenditure incurred on acquisition of investment in subsidiarie's securities		30,000	114,985
Revenue accrued from sale of investment in subsidiarie's securities			161,700

Expenditure incurred by acquisition of stock of consolidated subsidiary with the change of subsidiary's scope			342,325
Expenditure incurred by acquisition of stock of new consolidated subsidiary		180,603	
Expenditure incurred by loans	396,474	103,750	635,474
Revenue accrued by collection on loans	304,350	20,585	519,185
Revenue accrued from other investing activities	81,903	147,488	82,355
Expenditure incurred by other investing activities	6,102	188,334	28,883
Cash flow from investing activities	595,774	2,627,743	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 repayment of long-term loans payable		4,350	
Expenditure incurred by redemption of debenture		12,814	
Expenditure incurred by issue of stocks		4,742	2,209
Revenue incurred by issue of stocks for minority equity		11,174	19,250
Revenue or expenditure incurred by acquisition of own stocks	94	225,594	4,697
Payment of dividends	109,138	164,024	109,727
Payment of dividends for minority shareholders	11,638	31,579	14,980
Cash flow from financial activities	120,870	19,258	102,969
Effect of exchange rate changes on cash and cash equivalents	1,957	1,169	5,300
Net increase (Decrease) in cash and cash equivalents	370,745	3,140,734	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	6,074,663	11,701,637	8,524,679