



Summary of Consolidated Interim Financial Statement for the Term Ending December 2005

August 15, 2005

Name of Listed Company: **GMO Internet, Inc.** Exchange: First Section of Tokyo Stock Exchange
Code: 9449 Head Office Address: Tokyo
(URL <http://www.gmo.jp>)

Representative: Position: President & Representative director Name: Masatoshi Kumagai
Contact: Position: Executive Director Name: Masashi Yasuda Telephone: 81-3-5456-2555

Date of Board Meeting: August 15, 2005

Whether US GAAP is applied: None

1. Consolidated business results for the first half of the term ending December 2005 (from January 1, 2005 to June 30, 2005)

(1) Financial results (Amounts rounded down to the nearest one million yen)

	Sales		Operating profit		Ordinary profit	
	Million yen	%	Million yen	%	Million yen	%
Interim term ending June 2005	14,304	(45.5)	1,122	(- 3.4)	1,154	(- 2.3)
Interim term ending June 2004	9,828	(31.6)	1,162	(10.7)	1,181	(23.3)
Accounting term ending December 2004	23,561	(50.3)	2,804	(32.8)	2,805	(44.1)

	Interim (current) profit		Interim (current) profit per share		Fully diluted net profit per share	
	Million yen	%	Yen	Sen	Yen	Sen
Interim term ending June 2005	666	(- 61.9)	10	88	10	80
Interim term ending June 2004	1,748	(343.8)	62	87	61	80
Accounting term ending December 2004	2,563	(146.4)	44	81	44	16

- (NOTE) 1. Equity in earning or loss of investees: 0 yen for the interim term ending 2005, a loss of 0 yen for the interim term ending 2004, and a loss of 0 yen for the accounting term ending December 2004
2. Average outstanding shares during the term (consolidated): 61,269,067 shares for the interim term ending 2005, 27,818,386 shares for the interim term ending 2004, and 56,315,494 shares for the accounting term ending December 2004
3. Change in accounting method: Yes
4. Percentages shown for sales, operating profit, ordinary profit, and interim (current) profit indicate the rate of increase or decrease compared to the interim term in the previous year.

(2) Consolidated financial conditions

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share	
	Million yen	Million yen	%	Yen	Sen
Interim term ending June 2005	27,487	13,627	49.6	222	08
Interim term ending June 2004	20,388	11,869	58.2	424	50
Accounting term ending December 2004	27,896	13,350	47.9	217	93

Note: Number of total outstanding shares (consolidated): 61,365,248 shares for the interim term ending 2005, 27,960,134 shares for the interim term ending 2004, and 61,078,374 shares for the accounting term ending December 2004

(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
Interim term ending June 2005	- 378	- 412	797	11,327
Interim term ending June 2004	494	2,627	19	11,701
Accounting term ending December 2004	2,436	- 1,112	1,439	11,319

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

Number of consolidated subsidiaries: 21, 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: 2, Number of companies excluded from consolidation: 5, 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 the term ending December 2005

	Sales	Ordinary profit	Current net profit
	Million yen	Million yen	Million yen
Full year	38,000	4,500	2,000

(Reference) Anticipation for current net profit per share (Full year): 32.70 yen

(Note) 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 21 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 business related to Internet use support (Internet Infrastructure Business), the Internet advertising support (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
Internet Use Support Business (Internet Infrastructure Business)	Access operations	Internet access service (Note 1)	Company
	Domain registration	Domain acquisition service (Note 2) Service offering the " <i>internetnumber</i> "	Company INTERNET NUMBER CORPORATION paperboy&co.
	Web Hosting operations	Rental server service (hosting service) (Note 3)	Company GMO Hosting and Technologies, Inc. paperboy&co. WEBKEEPERS, INC. @YMC CORPORATION
	Website construction and support	Website construction, operations support service, systems consulting service	Company Grandsphere Co., Ltd.
	Security operations	Information security and personal, corporate and organization authentication systems for the Internet	GeoTrust Japan, inc.
	Settlement operations	Credit card billing service	GMO Payment Gateway, Inc.
	Enterprise communications	Enterprise communications-related services	GMO Communications Inc. Telecom Online K.K.
	Other business	Organization aimed at information gathering, research and promotion of advanced Internet technologies	GMO Research Institute Inc.
Internet Advertising Support Business (Media Business)	Internet media construction	Development and operation of Internet advertising media including mailing lists (Note 4), Opt-in Mail services, wall-paper, bulletin boards, etc.	Tea Cup Communication, Ltd. GMO Media Inc. (FormerGMO Mobile&Desktop Inc.) GMO Affiliate, Inc.
	Internet advertising sales	Sale of advertisements in which advertisements offering employment and Internet advertising media such as mail magazines (Note 5) and opt-in mail (Note 6) are the major media for advertising	Magclick Inc. San Planning Corporation
	Jword operations	JWord (keywords in Japanese) service (Note 7)	Company Mag Click Co., Ltd. GMO Communications Inc. JWord Inc. (Former AccessPort Inc.)
	Online gaming	Planning and management of online games	Net Clue, Inc.
	Other business	Provision of Internet research systems and the management and operation of research monitors	GMO Research, Inc. (Former GMO Media and Solutions Inc.)

Please note that from this consolidated accounting period, the names of our business units have changed from the IxP (Internet Infrastructure Related Business) to Internet Use Support Business (Internet Infrastructure Business) and from the Internet Ad Media Business to the Internet Advertising Support Business (Media Business).

- Note 1. The service is branded interQ MEMBERS, BB plus and Bekkoame.
- Note 2. 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 3. 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, Rapidsite, and Lolipop.
- Note 4. This is a system in which information on a specific subject is exchanged between specific people by email.
- Note 5. Mail magazines are reading material that publishers regularly distribute to subscribers by email.
- Note 6. 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 7. Jword is a service in which users are able to directly access to websites and results of search by directly in putting some Japanese keyword, such as a company name, a product name or a service name, in the address bar on the browser instead of URL on PC where the plug-in is installed.

List of Consolidated Subsidiaries

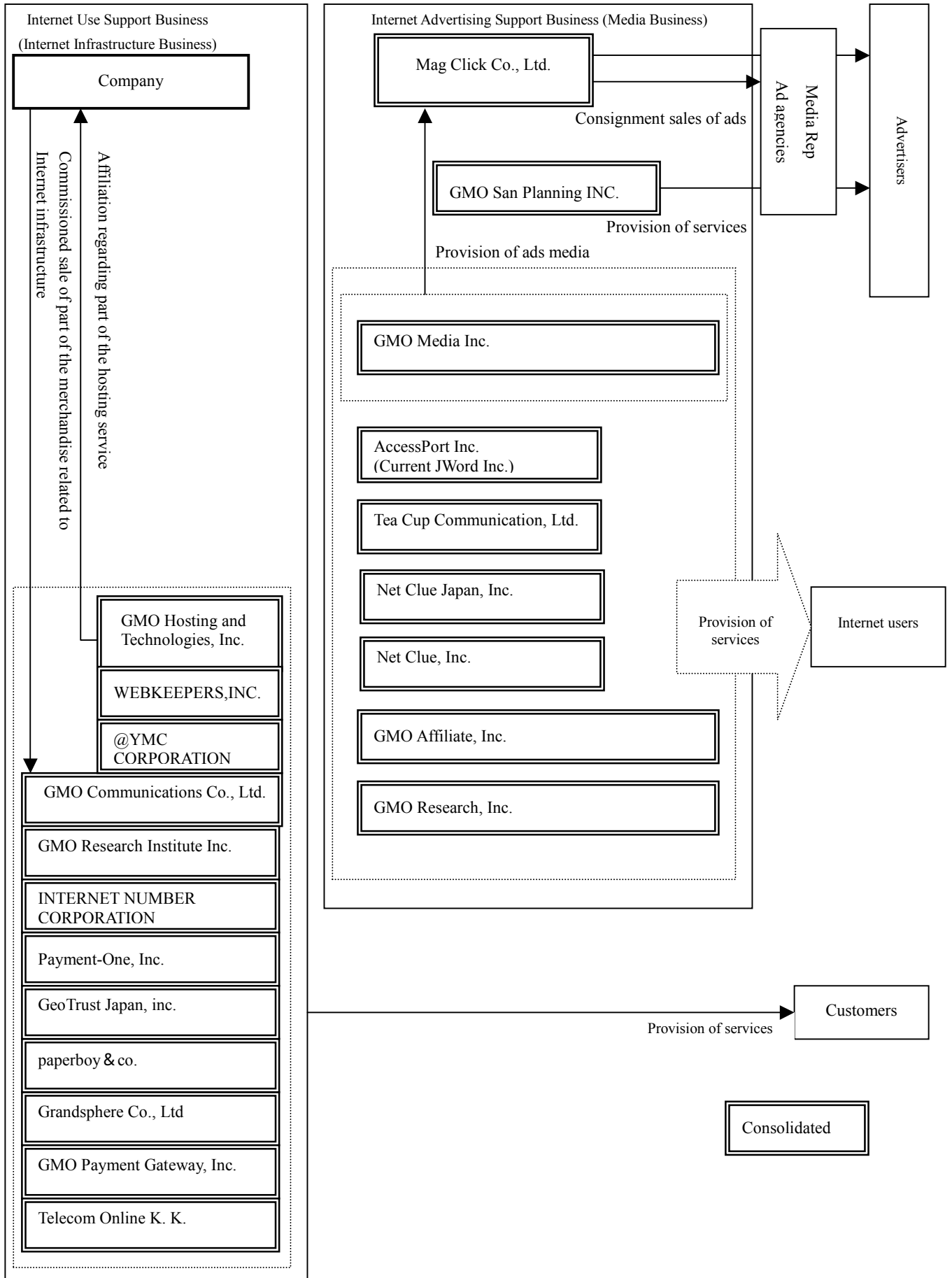
Company Name	Percentage of voting rights or equity share held	Category	Business Details
GMO Communications Co., Ltd.	100.0%	Consolidated subsidiary	Enterprise communications and Internet-related business
GMO Research Institute Inc.	100.0%	Consolidated subsidiary	Organization aimed at information gathering, research and promotion of advanced Internet technologies
Net Clue Japan, Inc.	100.0%	Consolidated subsidiary	Planning and management of online games
Telecom Online K. K.	100.0%	Consolidated subsidiary	Enterprise communications and Internet-related business
Payment-One, Inc. (*1)	100.0%	Consolidated subsidiary	Operation and provision of online credit network for credit cards
Grandsphere Co., Ltd.	92.5%	Consolidated subsidiary	System consulting business
GMO Media Inc. (Former GMO Mobile&Desktop Inc.) (*2)	81.6%	Consolidated subsidiary	Service to provide, develop and operate “wallpaper,” an information and ads distribution system for desktops and diverse mail media
GMO Research, Inc. (Former GMO Media and Solutions Inc.) (*2)	81.0%	Consolidated subsidiary	Research business
GMO Hosting and Technologies, Inc. (*3)	71.1%	Consolidated subsidiary	Rental server business
INTERNET NUMBER CORPORATION	69.6%	Consolidated subsidiary	Service offering the “internetnumber”
AccessPort Inc. (Current JWord Inc.)	62.7%	Consolidated subsidiary	Jword (keywords in Japanese) service
GMO Payment Gateway, Inc. (*4)	52.9%	Consolidated subsidiary	Operation and provision of online credit network for credit cards
GMO Affiliate, Inc. (*5)	51.0%	Consolidated subsidiary	Affiliate services
paperboy & Co.	50.2%	Consolidated subsidiary	Rental service business for individual users
Mag Click Co., Ltd.	43.2%	Consolidated subsidiary	Sale of e-mail advertisements in which mail magazines and opt-in mail are the major media for ads
GeoTrust Japan, inc.	100.0% (100.0%)	Consolidated subsidiary	Information security and personal, corporate and organization authentication systems for the Internet
Net Clue Korea, Inc.	100.0% (100.0%)	Consolidated subsidiary	Planning and management of online games

@YMC CORPORATION (*6)	100% (100.0%)	Consolidated subsidiary	Rental server business
WEBKEEPERS,INC. (United States)	70.0% (70.0%)	Consolidated subsidiary	Rental server business
San Planning Corporation	67.0% (67.0%)	Consolidated subsidiary	Advertisement agency business
Tea Cup Communication, Ltd.	51.0% (51.0%)	Consolidated subsidiary	Internet community service

(*)

1. Inactive company after management integration through the transfer of business to GMO Payment Gateway, Inc.
2. Part of the business of GMO Media and Solutions Inc. was transferred to GMO Mobile&Desktop Inc. in May 2005 through a spin-off. Because of this transfer, the name was changed from GMO Media and Solutions Inc. to GMO Research Inc. and from GMO Mobile&Desktop Inc. to GMO Media Inc. on the same day.
3. Onamae.com Co., Ltd., a former consolidated subsidiary of GMO, was taken over in February 2005 with GMO Hosting and Technologies, Inc., also a consolidated subsidiary, being the surviving company.
4. GMO Payment Gateway, Inc. was listed on the Tokyo Stock Exchange Mothers Market on April 4, 2005.
5. GMO Affiliate, Inc. was established on April 25, 2005.
6. @YMC CORPORATION became a consolidated subsidiary in February 2005 after a stock acquisition by GMO Hosting and Technologies, Inc., another consolidated subsidiary.
7. E-sumai Inc., which had been a consolidated subsidiary, was merged into Next Co., Ltd., the surviving company, as of April 1, 2005, and E-sumai Inc. was dissolved.
8. As of January 1, 2005, the Company as a surviving company merged with CCS Holding Co., Ltd., i's Factory, Ltd. and 3721 Soft Inc., which had been consolidate subsidiaries.
9. 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, “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 Internet Use Support Business (Internet Infrastructure Business) and Internet Advertising Support Business (Media Business), and strive to establish an Internet Media Group in which each of these parts works in synergy so that our corporate activities 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 are you dedicating your life?)

⇒ To obtain a dominant position (either the largest market share or the sole player) in the Internet sector.

2. Vision (Where do we find a goldmine?)

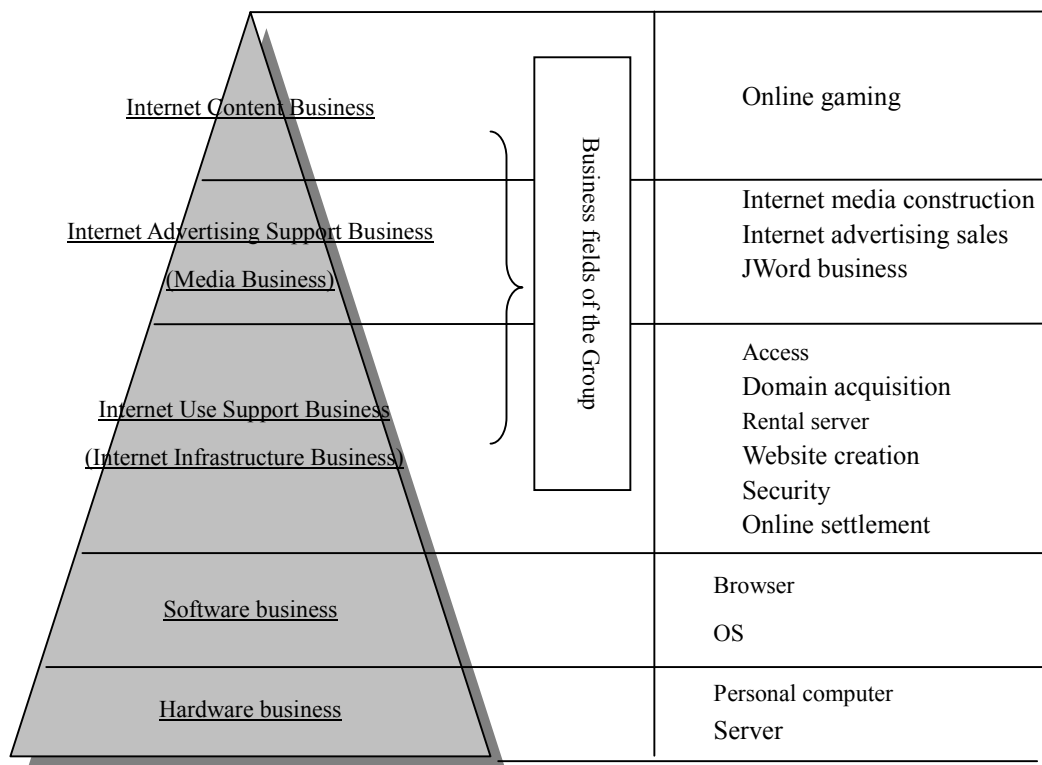
⇒ In the ongoing digital revolution, we will concentrate our management resources on providing an Internet platform to make substantial profits.

3. Philosophy (What is our purpose?)

⇒ 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, in the term ending December 2005, the Company plans to pay an interim dividend of three yen per share and a final dividend of three yen per share, totaling six yen per share.

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. Moreover, the Company executed 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. We have not currently set or announced any short-term target but we intend to continue to aim for further improvement.

5. Medium-to-Long Term Management Strategy

The Group offers all manner of services such as access, domain acquisition, rental servers, website creation and support, online settlement, security, and Internet advertising, etc., under the marketing and advertising slogan of “Becoming Japan’s Internet Division.” In other words, the Group is the only group in Japan providing comprehensive Internet services, backed by our development and operation of our own one-stop services necessary for enterprises to both use the Internet and to attract customers, and our powerful sales framework. We currently have approximately 430,000 corporate and entrepreneurial customers using our services, particularly our domain acquisition and server services.

In the fiscal year under review, we operated the JWord business by consolidating JWord Inc.

This business provides services enabling the display of major search sites such as Yahoo!JAPAN and provides users with direct navigation to websites through the search on the address bar of a web browser, based on an alliance with the leading portal site Yahoo!JAPAN. We consider this a major business for the future.

The Company also made a resolution in September 2005 to make Orient Sinpan Co., Ltd. a subsidiary. As the personal finance service has high affinity with the Internet, the combination of Orient Sinpan with the Group’s Internet business will improve our ability to attract more customers and bolster user convenience and will further bolster the income base of the Group.

We will endeavor to continue to expand corporate value and the business base as an integrated Internet company by entering into the financial business, in addition to the synergy between the existing businesses and the JWord business.

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, we believe that a future issue for us is to efficiently use the management resources that we have acquired.

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 continue to work on bolstering our sales system target enterprise customers, but expanding facilities and increasing personnel at call centers, 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 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 12 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

1. Business Results

We report here the business results and financial situation for the consolidated interim term ending December 2005 (from January 1, 2005 to June 30, 2005).

(1) General business conditions

During the first half of the period under review, the Japanese economy exhibited positive signs underpinned by a recovery of capital investment in the corporate sector and rising share prices. In the Internet market, which is the arena in which the Group operates, the number of users of broadband services reached **296,890,000** in Japan at the end of March 2005. The Internet environment is now firmly established, and Internet use continues to grow (*).

In these circumstances, the Group has continued to focus on strengthening its sales power and improving its services in all business fields, aiming at becoming the number one company in providing an Internet platform, including an Internet infrastructure and service infrastructure, under the slogan “The Internet for Everyone.” In the Internet Use Support Business (Internet Infrastructure Business), in February 2005 we made @YMC CORPORATION a consolidated subsidiary in an attempt to strengthen our rental server business. In our Internet Advertising Support Business (Media Business), the Group entered into a partnership with Yahoo! Japan for our JWord Business provided through JWord Inc. (formerly AccessPort Inc.). As a result, during this interim consolidated accounting period, the Group recorded sales of 14,304,032,000 yen (up 45.5% year-on-year), operating profit of 1,122,201,000 yen (3.4% decrease year-on-year), ordinary profit of 1,154,241,000 yen (2.3% decrease year-on-year), and current profit of 666,603,000 yen (61.9% decrease year-on-year).

GMO Payment Gateway, Inc., which is a consolidated subsidiary, was listed on the Tokyo Stock Exchange Mothers Market on April 4, 2005. Because of this listing, the Company posted a 709,995,000 yen profit from the change of equity holdings, while a 515,174,000 yen loss on liquidation of business was recorded, because of factors such as the shrinkage of telecommunications-related businesses at consolidated subsidiaries.

Please also note that from this consolidated accounting period, the names of our business units have changed from the “IxP (Internet Infrastructure Related Business)” to “Internet Use Support Business (Internet Infrastructure Business)” and from the “Internet Ad Media Business” to the “Internet Advertising Support Business (Media Business)”.

<Segment Information>

• Internet Use Support Business (Internet Infrastructure business)

The Internet Use Support Business (Internet Infrastructure business) achieved sales of 8,417,984,000 yen, up 24.3% from the previous year, and operating profit of 1,423,079,000 yen, up 66.3% from the previous year. In the web hosting operations, GMO Hosting and Technologies, Inc. enjoyed a rise in its revenue thanks to a smooth increase in the number of members.

• Internet Advertising Support Business (Media Business)

The Internet Advertising Support Business (Media Business) posted sales of 6,013,107,000 yen, an increase of 85.8% year on year, and an operating loss of 330,087,000 yen, compared with an operating profit of 269,762,000 yen for the previous interim period.

From this consolidated accounting period, JWord Inc. (formerly AccessPort Inc.), which became a subsidiary in November 2004, contributed to the Group’s consolidated results, and, thanks to the steady growth, the online gaming business has also seen an increase in revenues, but profit declined because of a sharp increase in costs for sales personnel and business equipment moved from the Internet Use Support Business.

* According to the “Changes in the Number of Subscribers for Broadband Service” released by the Ministry of Internal Affairs and Communications on July 8, 2005

2. Financial Situation

<Assets, liabilities and shareholders' equity>

Those items among assets, liabilities and shareholders' equity as of June 30 2005 showing a significant change from the results of June 30, 2004 are as follows.

In current assets, "Accounts receivable" has increased 473,639,000 yen. This is largely due to the increase in the number of consolidated subsidiaries. On the other hand, under fixed assets, "Account for consolidated adjustments" increased 1,978,820,000 yen and the "Investments in securities" increased 3,238,271,000 yen. The major factors for the increase are a rise in the number of new consolidated subsidiaries and the acquisition of shares in eBank Corporation. In current liabilities, "Short-term debt" rose 2,178,000,000 yen, reflecting mainly the increase in short-term debt for the acquisition of the e-Bank shares.

3. Cash Flow

Cash flow for this interim period increased 8,096,000 yen from the end of the previous fiscal year, to 11,327,451,000 yen, thanks to a pre-tax adjusted current net profit of 1,331,133,000 yen (down 66.6% year on year) and 1,255,193,000 yen in revenue accrued from the issue of stocks for minority equity (rising 11,133.2% year on year), offsetting the payment of income taxes of 1,779,297,000 yen (an increase of 88.9% year on year).

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

"Cash flow from operating activities" decreased 378,262,000 yen (compared with an increase of 494,903,000 yen in the previous year). This is because the pre-tax-adjusted current profit of 1,331,133,000 yen was offset by a fall in liabilities of 223,662,000 yen and 1,779,297,000 yen worth of corporate tax payments.

"Cash flow from investing activities" increased 412,426,000 yen (compared with an increase of 2,627,743,000 yen in the previous year), thanks to the proceeds from the sale of investment securities of 828,205,000 yen, which offset outlays of 1,481,346,000 yen for the acquisition of investment securities and 302,397,000 yen for the acquisition of intangible fixed assets.

"Cash flow from financing activities" increased 797,533,000 yen (up 4,041.3% year on year), mainly reflecting 1,255,193,000 yen in revenue accruing from the issue of stocks for minority equity, offsetting the payment of dividends of 180,634,000 yen.

3. Projections of consolidated business results for December 31, 2005

(Since the business environment surrounding the Group is subject to significant change over short time frames, the results actually released may differ from the projections.)

- Forecast of consolidated results (from January 1, 2005 to December 31, 2005)

	FY 2005	Change from year-ago level	FY 2004
	Million yen	%	Million yen
Sales	38,000	161.3	23,561
Ordinary profit	4,500	160.4	2,805
Current net profit	2,000	- 22.0	2,563

- Forecast of the non-consolidated results (from January 1, 2005 to December 31, 2005)

	FY 2005	Change from year-ago level	FY 2004
	Million yen	%	Million yen
Sales	10,000	21.8	8,207
Ordinary profit	1,500	14.0	1,315
Current net profit	1,200	- 45.4	2,198

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

(Unit: million yen)

	2004 2Q	2004 3Q	2004 4Q	2005 1Q	2005 2Q
Operating revenue	4,927	6,197	7,536	7,657	6,646
Operating profit	537	641	1,001	914	208
Ordinary profit	552	622	1,001	936	217
Current net profit	830	166	647	456	210
Total assets	20,388	26,541	27,896	28,722	27,487
Shareholders' equity	11,869	12,592	13,350	13,547	13,627

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

(Unit: million yen)

	2004 2Q	2004 3Q	2004 4Q	2005 1Q	2005 2Q
Operating revenue	1,966	2,085	2,322	2,627	2,508
Operating profit	183	231	389	321	186
Ordinary profit	233	281	418	702	237
Current net profit	663	115	551	752	161
Total assets	13,019	16,842	17,861	18,180	16,017
Shareholders' equity	10,475	11,164	12,088	11,655	11,713

(Reference)

Table: The quarterly change by segment

I. Sales (Unit: million yen)

	2004 2Q	2004 3Q	2004 4Q	2005 1Q	2005 2Q
Internet Use Support Business (Internet Infrastructure Business)					
Access	600	615	713	751	716
Domain acquisition	326	273	312	399	380
Web hosting	1,556	1,552	1,590	1,649	1,763
Website construction and support	337	329	545	360	221
Security	26	38	41	57	68
Credit card payment processing	35	254	279	288	303
Enterprise communications	379	672	956	1,020	377
JWord *2	254	259	355	-	-
Others	16	18	60	39	20
Total segment sales	3,532	4,013	4,856	4,566	3,851
Internet Advertising Support Business (Media Business)					
Internet media construction	819	787	916	630	447
Internet advertising sales	992	1,898	2,003	1,944	1,587
Jword *2	-	-	121	698	834
Online gaming	-	1	82	180	210
Others	17	26	36	34	19
Total	1,829	2,713	3,160	3,488	3,099
Subtraction of intra-segment sales	(392)	(411)	(370)	(336)	(237)
Total segment sales	1,437	2,301	2,789	3,151	2,861
Deduction of dealings between segments	(42)	(118)	(109)	(60)	(66)
Consolidated sales	4,927	6,197	7,536	7,657	6,646

II. Operating profit and loss (unit: million yen)

	2004 2Q	2004 3Q	2004 4Q	2005 1Q	2005 2Q
Internet Use Support Business (Internet Infrastructure Business)	442	553	831	814	608
Internet Advertising Support Business (Media Business)	77	60	156	85	- 416
Subtotal	520	613	988	900	192
Deduction of dealings between segments	(17)	(27)	12	13	15
Consolidated operating profit and loss	537	641	1,001	914	208

*1: Please note that from this consolidated accounting period, the names of our business units have changed from the IxP (Internet Infrastructure Related Business) to Internet Use Support Business (Internet Infrastructure Business) and from the Internet Ad Media Business to the Internet Advertising Support Business (Media Business).

*2: While in FY2004, sales relating to the JWord business were recorded in both segments, from this consolidated accounting period, they will be recorded in the Internet Advertising Support Business (Media Business) segment.

Consolidated Interim Financial Statements, etc.

(1) [Consolidated Interim Financial Statements]

1) [Consolidated Interim Balance Sheet]

(Unit: thousand yen)

Item	As of June 30, 2004 End of the consolidated accounting period of the previous fiscal year		As of June 30, 2005 End of the consolidated accounting period of this fiscal year		As of December 31, 2004 Consolidated balance sheet summary in the previous fiscal year	
	Amount (thousand yen)	Composi- tion (%)	Amount (thousand yen)	Composi- tion (%)	Amount (thousand yen)	Composi- tion (%)
(Assets)						
I Current Assets						
1 Cash and deposits	11,838,930		11,467,451		11,556,654	
2 Accounts receivable	2,337,359		2,810,998		3,618,436	
3 Inventory assets	35,485		28,685		46,071	
4 Deferred tax asset	386,523		633,108		388,185	
5. Shortterm loans receivable	117,075		97,249			
6. Other assets	327,981		996,546		883,013	
Allowance for doubtful debts	- 347,639		- 329,222		- 380,260	
Total Current Assets	14,695,715	72.1	15,704,818	57.1	16,112,100	57.8
II Fixed assets						
1. Tangible fixed assets						
(1) Buildings and structures	65,814		176,650		393,358	
(2) Tools and equipment	156,899		318,453		239,303	
(3) Other tangible fixed assets	7,677		48,666		418,724	
Total Tangible Fixed Assets	230,391	1.1	543,770	2.0	1,051,386	3.8
2. Intangible fixed assets						
(1) Goodwill	631,794		477,568		598,033	
(2) Software	448,228		565,101		602,166	
(3) Account for consolidated adjustments	333,383		2,312,203		2,390,768	
(4) Other intangible fixed assets	230,893		394,557		355,590	
Total of intangible fixed assets	1,644,300	8.1	3,749,430	13.6	3,946,559	14.1
3. Investments and other assets						
(1) Investments in securities	2,648,912		5,522,403		4,716,526	
(2) Deposit	575,429		1,035,180		973,055	
(3) Deferred tax asset	213,058		323,645		174,392	
(4) Others	396,884		615,448		932,414	
Allowance for bad debt	- 16,078		- 7,331		- 9,632	
Total of investments and other assets	3,818,207	18.7	7,489,346	27.3	6,786,756	24.3
Total of fixed assets	5,692,899	27.9	11,782,546	42.9	11,784,702	42.2
Total of assets	20,388,614	100.0	27,487,365	100.0	27,896,802	100.0

Item	As of June 30, 2004 End of the consolidated accounting period of the previous fiscal year		As of June 30, 2005 End of the consolidated accounting period of this fiscal year		As of December 31, 2004 Consolidated balance sheet summary in the previous fiscal year	
	Amount (thousand yen)	Composi- tion (%)	Amount (thousand yen)	Composi- tion (%)	Amount (thousand yen)	Composi- tion (%)
(Liabilities)						
I. Current liabilities						
1. Notes payable and accounts payable – trade	352,053		1,202,083		1,296,946	
2. Short-term debt			2,178,000		2,178,500	
3. Current portion of long-term debt	17,400					
3. Accrued amount payable	1,078,305		2,283,287		2,134,242	
4. Accrued corporation tax, etc	2,019,010		752,671		1,753,448	
6. Allowance for bonuses	50,570		108,832		37,400	
7. Advance money	929,771		1,248,938		1,069,035	
8. Other liabilities	399,588		1,535,569		1,769,815	
Total of current liabilities	4,846,699	23.8	9,309,382	33.9	10,239,387	36.7
II. Fixed liabilities						
1. Long-term accounts payable			560,353		553,585	
2. Deferred tax liability	358,835		78,412		99,631	
3. Other fixed liabilities	20,013		52,950		19,281	
Total of fixed liabilities	378,848	1.8	691,716	2.5	672,498	2.4
Total of liabilities	5,225,548	25.6	10,001,099	36.4	10,911,886	39.1
(Minority Equity)						
Minority equity	3,293,844	16.2	3,858,485	14.0	3,634,289	13.0
(Shareholder's Equity)						
I. Capital stock	3,311,130	16.2	3,311,130	12.1	3,311,130	11.9
II. Capital reserve	4,483,809	22.0	5,309,729	19.3	5,284,148	19.0
III. Earned surplus	4,053,668	19.9	5,024,284	18.3	4,768,047	17.1
IV. Other gaps in appraisal of securities	230,878	1.1	31,509	0.1	120,579	0.4
V. Equity adjustment from foreign currency translation	2,449	0.0	13,668	0.0	4,598	0.0
VI. Own stocks	- 212,714	- 1.0	- 62,540	- 0.2	- 137,877	- 0.5
Total of shareholders' equity	11,869,221	58.2	13,627,780	49.6	13,350,626	47.9
Total of liabilities, minority equity and shareholders' equity	20,388,614	100.0	27,487,365	100.0	27,896,802	100.0

2) [Consolidated Interim Profit and Loss Statement]

Item	Consolidated accounting period in the previous term From January 1, 2004 to June 30, 2004			Consolidated accounting period in this term From January 1, 2005 to June 30, 2005			Consolidated profit and loss statement summary in the previous fiscal year From January 1, 2004 to December 31, 2004		
	Amount (thousand yen)		Composi- tion (%)	Amount (thousand yen)		Composi- tion (%)	Amount (thousand yen)		Composi- tion (%)
I. Operating revenue		9,828,127	100.0		14,304,032	100.0		23,561,986	100.0
II. Business expenses		3,719,088	37.9		6,139,986	42.9		9,675,171	41.1
III. Sales and general administrative expenses		4,946,934	50.3		7,041,843	49.2		11,081,946	47.0
Operating profit		1,162,104	11.8		1,122,201	7.9		2,804,867	11.9
IV. Non-operating revenue									
1. Interest received	5,365			7,031			11,904		
2. Fees received	2,424			4,911			24,992		
3. Bad debt recovered	5,765			1,818			8,614		
4. Profit from investment partnership	10,375			11,715			4,084		
5. Business compensations				48,300					
6. Others	10,917	34,848	0.4	39,823	113,600	0.8	34,543	84,138	0.4
V. Non-operating expenses									
1. Interest paid	244			9,791			9,188		
2. Stock issue costs	4,742			5,156			18,822		
3. Loss from investment partnership				10,264			13,134		
4. Exchange loss	1,998			7,637					
5. Other operating expenses	8,372	15,357	0.2	48,710	81,560	0.6	42,383	83,528	0.4
Ordinary profit		1,181,595	12.0		1,154,241	8.1		2,805,478	11.9
VI. Extraordinary profit									
1. Gain on sales of fixed assets	38,686			11,319			38,686		
2. Gain on sales of investments on stocks of securities	3,316,006			446,176			3,357,981		
3. Gain on sales of shares in affiliated companies				319,304					
4. Profit from change of equity investees				709,995			16,038		
5. Gain on return of allowance for doubtful debts	1,695						8,399		
6. Debt forgiveness income	21,000	3,377,388	34.4		1,486,795	10.4	23,768	3,444,874	14.6
VII. Extraordinary loss									
1. Loss on sales of fixed assets				94,785					
2. Loss on retirement of fixed assets	38,100			197,253			161,893		
3. Devaluation of goodwill				64,914			42,185		
4. Amortization of the consolidated adjustment account	444,894						444,894		
5. Loss on devaluation of subsidiaries				401			21,503		
6. Loss on sale of investment securities							2,099		
7. Loss on devaluation of affiliated company	18,518						18,932		
8. Loss on change of equity investees	4,741			230,889			94,073		
9. Penalty for breaking a lease	65,858			8,807			68,475		

10. Loss on liquidation of business				515,174			12,246		
11. Expenses for change in corporate name				37,566					
12. Payments for damages				160,110					
13. Others		572,113	5.8		1,309,903	9.2	4,950	871,255	3.7
Current net profit before adjustment of taxes		3,986,869	40.6		1,331,133	9.3		5,379,096	22.8
Corporate tax, residential tax and business tax	2,006,793			800,292			2,229,871		
Amount of adjustment, such as corporate tax	94,974	2,101,768	21.4	- 246,370	553,922	3.8	325,394	2,555,265	10.8
Profit of minority shareholders		136,127	1.4		110,607	0.8		260,762	1.1
Current period net profit		1,748,973	17.8		666,603	4.7		2,563,068	10.9

(3) [Statement of Consolidated Surplus]

Item	Consolidated accounting period in the previous term From January 1, 2004 to June 30, 2004		Consolidated accounting period in this term From January 1, 2005 to June 30, 2005		Statement of consolidated surplus summary in the previous fiscal year From January 1, 2004 to December 31, 2004	
	Amount (thousand yen)		Amount (thousand yen)		Amount (thousand yen)	
(Capital Surplus)						
I. Balance of capital surplus at beginning of term		4,432,990		5,284,148		4,432,990
II. Increase in capital surplus						
1. Issue of new stocks through stock swap					774,845	
2. Gains on sales of treasury stock	50,818	50,818	25,580	25,580	76,312	851,158
III. Balance of capital reserve at end of term		4,483,809		5,309,729		5,284,148
(Earned Surplus)						
I. Balance of earned surplus at beginning of term		2,563,536		4,768,047		2,563,536
II. Increase in earned surplus						
1. Interim (current) net profit	1,748,973		666,603		2,563,068	
2. Increase in earned surplus due to a decrease in the number of consolidated subsidiaries	-		2,471		63,565	
3. Increase in earned surplus due to merger	-	1,748,973	-	669,075	9,226	2,635,860
III. Decrease in earned surplus						
1. Dividend	166,005		367,330		277,846	
2. Bonus to directors and statutory auditors	9,993		36,063		13,604	
3. Decrease in surplus due to increased number of consolidated subsidiaries	71,538		-		124,888	
4. Decrease in surplus due to mergers	11,303		8,805		-	
5. Decrease in surplus due to merger of consolidated subsidiaries and affiliates	-	258,842	638	412,838	15,009	431,349
IV. Balance of earned surplus at end of term		4,053,668		5,024,284		4,768,047

(4) [Statement of Consolidated Cash Flow]

	Consolidated accounting period in the previous term From January 1, 2004 to June 30, 2004	Consolidated accounting period in this term From January 1, 2005 to June 30, 2005	Statement of consolidated cash flow summary in the previous fiscal year From January 1, 2004 to December 31, 2004
Item	Amount (thousand yen)	Amount (thousand yen)	Amount (thousand yen)
I. Cash flow from operating activities			
Interim (current) net profit before adjustment of tax, etc.	3,986,869	1,331,133	5,379,096
Depreciation charge	196,012	289,900	495,995
Amortization of the consolidated adjustment account	525,860	292,001	609,930
Decrease in allowance for doubtful debts	- 89,668	- 54,425	- 145,116
Increase in allowance for bonuses	35,692	71,118	4,422
Gain on sales of investments in securities	- 3,316,006	- 446,177	- 3,357,981
Gain on sales of shares in affiliated companies		- 319,304	
Interest received and dividend received	- 5,365	- 7,031	- 11,904
Interest paid	244	9,792	9,188
Foreign currency transaction gain and loss	956		3,154
Stock issue costs	4,742	5,156	18,822
Loss on sales of investments in securities		401	2,099
Loss on devaluation of investments in securities			21,503
Appraisal loss of affiliated companies' stocks	18,518		18,932
Depreciation of goodwill		64,914	42,185
Loss on retirement of fixed assets	38,100	197,253	161,893
Loss on sales of fixed assets		94,785	
Gain on sales of fixed assets	- 38,686	- 11,319	- 38,686
Loss on liquidation of business			
Income from discharge of debts	- 21,000		- 23,768
Loss from change of equity investees	4,741	230,889	94,073
Gain from change of equity investees		- 709,995	- 16,038
Increase (decrease) in accounts receivable	- 213,846	806,647	- 444,541
Increase (decrease) in inventory assets	- 22,519	17,385	- 32,794
Increase (decrease) in other assets	73,622	- 95,744	- 373,373
Increase in purchase debts	70,123	- 97,377	9,224
Increase (decrease) in other liabilities	175,367	- 223,662	1,523,341
Paid director's bonuses		- 43,025	- 17,837
Subtotal	1,423,760	1,403,319	3,931,823
Interest and dividend received	4,795	7,208	4,697
Interest paid	- 242	- 9,492	- 20,703
Payment of corporate tax, etc.	- 933,409	- 1,779,297	- 1,478,896
Cash flow from operating activities	494,903	- 378,262	2,436,921

	Consolidated accounting period in the previous term From January 1, 2004 to June 30, 2004	Consolidated accounting period in this term From January 1, 2005 to June 30, 2005	Statement of consolidated cash flow summary in the previous fiscal year From January 1, 2004 to December 31, 2004
Item	Amount (thousand yen)	Amount (thousand yen)	Amount (thousand yen)
II. Cash flow from investing activities			
Expenditure incurred by deposit of fixed deposit	- 95,124		- 97,306
Revenue accrued by repayment of fixed deposit	95,116	97,300	152,556
Expenditure incurred by acquisition of tangible fixed assets	- 62,386	- 177,279	- 265,189
Revenue accrued by sales of tangible fixed assets		615,919	
Expenditure incurred by acquisition of intangible fixed assets	- 787,506	- 302,397	- 579,835
Revenue accrued by sales of intangible fixed assets	38,686	37,048	67,234
Expenditure incurred on acquisition of investment in securities	- 323,288	- 1,481,346	- 2,852,648
Revenue accrued from sale of investment in securities	4,096,860	828,205	4,236,424
Revenue accrued from redemption of investment in securities		277,500	
Expenditure incurred on acquisition of investment in subsidiaries securities	- 30,000	- 265,716	- 97,027
Revenue accrued from sales of shares in subsidiaries		338,470	
Revenue accrued on acquisition of new consolidated subsidiary shares		- 278,234	- 935,066
Acceptance of subsidiaries' funds through stock swap			1,514,327
Amount of decrease resulting from change in scope of consolidation related to merger of subsidiaries		- 57,265	
Expenditure incurred by acquisition of shares in subsidiaries relating to the change in scope of consolidation	- 180,603		
Expenditure incurred by loans	- 103,750	- 102,481	- 1,148,600
Revenue accrued by collection on loans	20,585	43,973	89,048
Expenditure incurred on the transfer of business		- 30,207	- 666,910
Revenue accrued from other investing activities	147,488	273,534	32,930
Expenditure incurred by other investing activities	- 188,334	- 229,448	- 562,452
Cash flow from investing activities	2,627,743	- 412,426	- 1,112,515
III. Cash flow from financial activities			
Revenue accrued by short-term loans payable			2,203,000
Expenditure incurred by repayment of short-term loans payable		- 500	- 169,229
Expenditure incurred by repayment of long-term loans payable	- 4,350		- 744,002
Expenditure incurred by redemption of debenture	- 12,814		- 12,814
Expenditure incurred by issue of stocks	- 4,742	- 5,156	- 18,822
Revenue incurred by issue of stocks for minority equity	11,174	1,255,193	158,137
Revenue or expenditure incurred by acquisition of own stocks	225,594	- 202,571	327,859
Payment of dividends	- 164,024	- 180,634	- 272,822

Payment of dividends for minority shareholders		- 31,579	- 68,797	- 31,742
Cash flow from financial activities		19,258	797,533	1,439,562
IV. Effect of exchange rate changes on cash and cash equivalents		- 1,169	1,251	- 5,516
V. Net increase (Decrease) in cash and cash equivalents		3,140,734	8,096	2,758,451
VI. Balance of cash and cash equivalents at the beginning of term		8,524,679	11,319,354	8,524,679
VII. Increase in cash and cash equivalents in accordance with change of consolidated subsidiaries		36,222		36,222
VIII. Balance of cash and cash equivalents at the end of the term		11,701,637	11,327,451	11,319,354