



Fiscal Year 2009 Interim Results Statement

August 6, 2009

Name of Listed Company: GMO Internet, Inc.

Exchange Listing: Tokyo Stock Exchange, First Section Stock Code: 9449 URL: <http://www.gmo.jp/en>

Representative: Masatoshi Kumagai, CEO and Representative Director

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Date of Quarterly Report Release: August 14, 2009

Start Date of Dividend Payout: September 28, 2009

(all amounts rounded down to the nearest million yen)

1. Consolidated 2nd Quarter Financial Results in the Fiscal Year Ending December 2009 (01.01.2009- 30.06.2009)

(1) Consolidated Operating Results (Cumulative)

(percentages represent year-on-year % change)

	Sales		Operating Profit		Ordinary Profit		Net Profit	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
Six Months Ended								
June 30, 2009	18,976	—	2,208	—	2,317	—	1,225	—
June 30, 2008	17,204	-42.7	2,001	—	1,815	—	973	—

	Net Profit per Share	Net Profit per Share (Diluted)
Six Months Ended	¥	¥
June 30, 2009	12.19	—
June 30, 2008	9.69	—

(2) Consolidated Financial Condition

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
As of	¥ millions	¥ millions	%	¥
June 30, 2009	40,073	14,120	18.3	72.93
December 31, 2008	39,752	13,367	17.0	67.26

(Reference) Shareholders' Equity FYE 12/2009 Q2: ¥7,329 million

FYE 12/2008: ¥6,758 million

2. Dividends

Date of Record	Dividend per Share				
	End of Q1	End of Q2	End of Q3	End of Q4	Total
FYE 12/2008	¥ —	¥ —	¥ —	¥ 7.0	¥ 7.0
FYE 12/2009	—	2.0	—	—	—
FYE 12/2009 (forecast)	—	—	—	4.0	6.0

(Note) Revision to dividend forecast during the current quarter: none

3. Consolidated Results Forecast for the Year Ending December 2009 (01.01.2009 – 12.31.2009)

(percentages shown represent year-on-year % change)

	Sales		Operating Profit		Ordinary Profit		Net Profit		Net Profit per Share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
Full Year	39,300	5.5	4,600	11.0	4,500	11.6	1,900	-10.0	18.91

(Note) Revision to consolidated results forecast during the current quarter: none

4. Other

- (1) Significant changes in subsidiaries in the current term (Specific changes in subsidiaries resulting in change in scope of consolidation): none
- (2) Simplified accounting procedures or special accounting procedures applied in the preparation of consolidated financial statements for the current term: none
- (3) Changes to accounting principles, procedures or representation relating to preparation of consolidated financial statements. (Changes to significant accounting bases used in preparation of financial statements)
- i) Changes resulting from revisions to accounting standards: yes
 - ii) Changes other than those specified above: none
- (Please refer to page 9 (4.Other) for details)

(4) No. of Outstanding Shares (Common Shares)

- i) No. of outstanding shares at end of term (including treasury stock)

As of June 30, 2009:	100,484,441	FYE 12/2008:	100,484,441
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- ii) No. of treasury shares at end of term

As of June 30, 2009:	1,376	FYE 12/2008:	1,271
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- iii) Average no. of shares in the term

As of June 30, 2009	100,483,105	As of June 30, 2008	100,483,368
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*Notes regarding the appropriate use of results forecasts and other items

Projections are based on information available at the present time and include judgments based on factors that contain risk and are largely indeterminable. Actual results may differ from these projections as a result of changes in business environment and other factors.

Revised Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No.12) and Revised Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No.14) are applied from the current fiscal year. Quarterly consolidated financial statements were prepared in accordance with Quarterly Consolidated Financial Statement Regulations.

Qualitative Information / Financial Statements

1. Qualitative Information relating to Consolidated Operating Results

General Business Conditions

In the first half of the consolidated fiscal year, governments around the world attempted to revive their economies, and Japan introduced its own large-scale economic stimulus package. Exports and productivity improved and there was an upturn in consumer spending, however corporate earnings and capital expenditure continued to decline.

The Internet market, the arena in which the group operates, and particularly the consumer ecommerce market, remained robust despite the economic climate. This was partly a reflection of consumer behavior as Japanese consumers economized and spent more time at home. GMO Internet Group expanded its customer base in the Web Infrastructure & Ecommerce business segment focusing on high quality, low cost services. The Internet Media business segment, led by SEM Media (JWord, SEO etc.), reported a strong performance despite the impact of exiting the recruitment advertising business.

Consolidated financial results in the first half of the current fiscal year were as follows. Sales: ¥18.976 billion (10.3% year-on-year increase) Operating Profit: ¥2.208 billion (10.4% year-on-year increase) and Ordinary Profit: ¥2.317 billion (27.6% year-on-year increase).

Operating results in the Web Infrastructure & Ecommerce and Internet Media segments are discussed in the following segment report. Consolidated net profit before tax in the current term was ¥2.313 billion. In addition to segment earnings, influencing factors were an extraordinary gain of ¥49.79 million on the sale of investment securities and stock in a subsidiary, and on a change in equity investees following the merger of consolidated subsidiaries, and extraordinary losses including losses related to withdrawal from the recruitment advertising business by consolidated subsidiary, GMO San Planning (¥53.86 million). Corporate taxes etc. and corporate tax adjustment amounted to ¥669.07 million, and minority interests of ¥418.853 million were recorded resulting in a net profit of ¥1.225 billion (25.8% year-on-year increase).

(Unit: ¥thousands)

	Six months to June 2008	Six months to June 2009	Change	% Change
Sales				
Web Infrastructure & Ecommerce	9,517,444	9,347,564	-169,879	-1.8%
Internet Media	7,745,250	9,988,632	2,243,382	29.0%
Other	67,024	18,851	-48,173	-71.9%
Inter segment transactions	-125,030	-378,730	-253,700	—%
Total	17,204,689	18,976,318	1,771,629	10.3%
Operating Profit				
Web Infrastructure & Ecommerce	1,273,514	1,339,842	66,327	5.2%
Internet Media	701,206	900,539	199,332	28.4%
Other	6,396	-57,056	-63,452	—%
Inter segment transactions	20,161	25,666	5,505	27.3%
Total	2,001,278	2,208,992	207,713	10.4%
Ordinary Profit	1,815,604	2,317,148	501,544	27.6%
Net Profit	973,903	1,225,218	251,315	25.8%

(Note) The business segment previously entitled Internet Use Support (Infrastructure) has been renamed Web Infrastructure & E-commerce, and the segment previously entitled Internet Advertising Support (Media) is now named Internet Media.

Segment Report

Business operations in each business segment are as follows.

Business Segment		Main Operations
Web Infrastructure & Ecommerce	Domain Registration	<ul style="list-style-type: none"> • Domain registration business includes the services Onamae.com and MuuMuuDomain for registration of .com, .net, .jp etc. domain names.
	Web hosting	<ul style="list-style-type: none"> • Provision, operation, management, and maintenance of dedicated and shared web hosting services including Onamae.com Rental Server (SD), iSLE, RapidSite, MightyServer, WEBKEEPERS, Marugoto Server, and Lolipop!
	Ecommerce solutions & web development	<ul style="list-style-type: none"> • ASP services for online store construction including Color me shop! Pro and MakeShop. • Development and operation of online shopping malls including Calamel. • Marugoto EC and other online store solutions and consulting services. • Web site design and management services including Omakase Web, and system consulting services. • ASP services for the sale of music, video, and other digital content by Digital Content O.
	Security	<ul style="list-style-type: none"> • GlobalSign Quick Authentication SSL, enterprise SSL, and other SSL certificate issue services, code signing certificate services, PDF document signing services.
	Credit card payment processing	<ul style="list-style-type: none"> • PG Multi-payment Service and other credit card payment processing services for ecommerce and catalog sales businesses, payment processing services for the public sector.
	Access provider (ISP)	<ul style="list-style-type: none"> • interQ, MEMBERS, ZERO, and other Internet access provider services.
Internet Media	Internet media & search media	<ul style="list-style-type: none"> • Development and operation of blog services by yaplog! JUGEM, and AutoPage, Internet community services including freeml and Grouptube, and other Internet advertising media. • SEM Media JWord operation and sales of JWord, Japanese keywords. Sales of GMO SEO+, Find-A and other SEO (Search Engine Optimization) services. • Overture Distribution of contextual advertising to owned & operated media and search engine results pages.
	Advertising agencies	<ul style="list-style-type: none"> • Internet advertising media sales including banner ads, text ads, email advertising, and search related advertising. • Advertising design.
	Other	<ul style="list-style-type: none"> • Marketing and operation of Corum Online and other online games. • Provision of Internet research systems, management and operation of online research panel.
Other Businesses	Other	<ul style="list-style-type: none"> • Venture capital business

- Web Infrastructure & Ecommerce Segment

In the domain registration business, market share was expanded in the first half of the consolidated fiscal year and cumulative domain registrations were up 18.6% year-on-year to approximately 940,000. However, reflecting a price reduction strategy, sales fell 0.9% from the previous corresponding term to ¥1.219 billion.

In the web hosting business, disk capacity was boosted and functionality expanded for dedicated and managed hosting services in response to the growing sophistication and diversification of client needs, at the same time high quality, low-cost shared service offerings continued to be promoted. As a result, contracts increased 10.4% over the previous corresponding term to approximately 400,000 and sales reached ¥4.502 billion, a 4.2% year-on-year increase.

In ecommerce solutions & web development, the ecommerce shopping cart business continued to grow buoyed by strong and sustained demand. Service functionality and payment processing methods were expanded among other initiatives aimed at improving usability for the customer. However, sales decreased 32.6% from the previous corresponding term to ¥1.004 billion as a result of the shift in ecommerce package sales strategy from high unit price to low unit price services, and a strategic reduction of the web development business by moving staff to Internet media & search media.

The security business in Japan developed sales partnerships and launched direct sales to countries in the Asia and Oceania regions. Efforts were made to strengthen service line-up with a digital signature/time-stamp collaboration with SEIKO Precision, Inc. and Server-Based PDF Document Signing Solutions launched in partnership with SafeNet Japan. In Europe and North America, previously developed sales partnerships, and the adoption of services by government institutions and major corporations contributed to revenue. Overall the business reported sales of ¥638.49 million (18.4% year-on-year increase).

The payment processing business saw an increase in merchants and growth in recurring payments. Active expansion of public sector payment processing continued and the service was adopted by Fukuoka city, for credit card payment of water rates, and Kyoto prefecture for processing credit card payments of the “furusato nouzei” tax. Sales of ¥1.234 billion (17.0% year-on-year increase) were reported in the payment processing business.

Results in the Web Infrastructure and Ecommerce segment, chiefly comprising the five product areas above, were as follows; sales: ¥9.347 billion (1.8% year-on-year decrease), operating profit: ¥1.339 billion (5.2% year-on-year increase).

- Internet Media Segment

Due to the impact of a sluggish economy on the advertising market, a decision was made to withdraw from the recruitment advertising business in February this year. However, in the Internet advertising market, advertisers are seeking cost-effective alternatives, and SEM Media performed well.

The second quarter saw solid performance in Internet media & search media, particularly in SEO sales, a reflection of the transfer of sales staff to JWord, SEO and other SEM media services. In order to further grow the SEM business the company invested in Inovex, Inc. (now GMO SEO Technology, Inc.) a specialist in web and mobile site advertising solutions focused on SEO and search related advertising. In the Overture search related advertising partnership, an increase in advertising distribution partially offset the impact of corporate advertising cutbacks and declining unit prices resulting in only a slight drop in revenue from the first quarter in the previous year. Overall, Internet media & search media recorded sales of ¥4.705 billion (9.8% year-on-year increase).

While mobile advertising performed well, conditions remain difficult in the advertising agencies business due to worse than expected unemployment in the recruitment advertising arena. For this reason, GMO San Planning, Inc. withdrew from recruitment advertising on February 28, 2009, and was absorbed by parent company, GMO AD Partners, Inc. on April 1, 2009. In the first half of the current fiscal year, NIKKO, Inc. revenue was included in Advertising Agencies sales for the first time. Overall, Advertising Agencies recorded sales of ¥4.978 billion (64.6% year-on-year increase).

Total sales in Internet Media, the segment encompassing the above businesses, were ¥9.988 billion (29.0% year-on-year increase), despite the impact of withdrawing from the recruitment

advertising business, operating profit was ¥900.53 million (28.4% year-on-year increase).

- Other Businesses

Venture capital was the only business operating in Other Businesses during the current term. Results in the Other Businesses segment were as follows; Sales: ¥18.851 million, and Operating Loss: ¥57.056 million.

(Reference 1) Changes in Operating Results and Financial Condition by Quarter (Consolidated)

(Unit: ¥millions)

	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009
Sales	8,560	9,959	10,083	9,671	9,304
Operating Profit	849	1,115	1,027	1,103	1,105
Ordinary Profit	786	1,158	1,057	1,163	1,153
Net Profit	484	917	219	647	578
Total Assets	40,650	39,891	39,752	39,519	40,073
Shareholders' Equity	5,799	6,620	6,758	6,730	7,329

(Reference 2)

Table: Quarterly Changes by Segment

I Sales by Segment

(Unit: ¥millions)

	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009
Web Infrastructure & Ecommerce					
Access provider	374	349	331	320	307
Domain registration	613	601	546	603	615
Web hosting	2,176	2,156	2,221	2,241	2,260
EC solutions & web dev.	715	841	698	564	440
Security	263	255	281	311	326
Payment processing	535	578	579	606	627
Other	41	30	39	60	59
Segment Sales Total	4,720	4,815	4,697	4,710	4,636
Internet Media					
Internet media & search media	2,222	2,429	2,318	2,245	2,460
Advertising agencies	1,514	2,745	3,028	2,697	2,280
Other	322	364	368	335	272
Total	4,059	5,540	5,715	5,278	5,013
Adjustment for inter segment transactions	(164)	(174)	(100)	(112)	(191)
Segment Sales Total	3,894	5,365	5,615	5,166	4,822
Other Businesses					
Other	26	8	1	0	18
Segment Sales Total	26	8	1	0	18
Adjustment for inter segment transactions	(81)	(229)	(231)	(206)	(172)
Consolidated Sales	8,560	9,959	10,083	9,671	9,304

II Operating Profit by Segment

(Unit: ¥millions)

	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009
Web Infrastructure & Ecommerce	572	673	513	690	649
Internet Media	280	437	508	429	471
Other Businesses	-14	-12	-5	-30	-26
Sub total	839	1,098	1,017	1,089	1,093
Adjustment for inter segment transactions	10	16	10	13	12
Consolidated Operating Profit	849	1,115	1,027	1,103	1,105

2. Qualitative Information relating to Consolidated Financial Condition

Assets, Liabilities, and Net Assets

Significant changes in the state of assets, liabilities and shareholders' equity between December 31, 2008 and June 30, 2009, are as follows.

Current liabilities increased ¥584.46 million (2.3%) from the end of the previous fiscal year to ¥26.228 billion. This was chiefly a result of a ¥924.82 million increase in cash and equivalents.

Fixed assets decreased ¥263.72 million (1.9%) from the end of the previous fiscal year to ¥13.844 billion. Major contributing factors were a ¥347.19 million decrease resulting from the amortization of goodwill, a decrease of ¥199.11 million resulting from the sale of investment securities, and an increase of ¥74.14 million resulting from the acquisition of software.

Overall, fixed assets increased ¥320.73 million (0.8%) from the end of the previous fiscal year to ¥40.073 billion.

Current liabilities increased ¥182.85 million (1.2%) from the end of the previous fiscal year to ¥14.942 billion. This was predominantly a reflection of ¥500 million decrease in short term debt and an ¥832.69 million increase in deposits held.

Fixed liabilities dropped ¥614.76 million (5.3%) from the end of the previous fiscal year to ¥11.010 billion, mainly due to a scheduled repayment of long term debt (¥699.50 million).

Overall, liabilities total decreased ¥431.91 million (1.6%) from the end of the previous fiscal year to ¥25.953 billion.

Net assets increased ¥752.64 million (5.6%) from the end of the previous fiscal year to ¥14.120 billion. Significantly, there was an increase in earned surplus totaling ¥1.225 billion on net profit earned and dividend payouts totaled ¥703.38 million.

Cash Flow

In the first half of the current fiscal year, consolidated cash flow provided by operating activities was ¥3.491 billion while cash flow used in investing activities was ¥499.83 million, and ¥2.128 billion was used in financing activities. Consolidated cash and cash equivalents stood at ¥19.380 billion at the end of the term.

The following is a summary of cash flow for the first half of the current fiscal year.

Cash flow provided by operating activities totaled ¥3.491 billion (¥2.353 billion in the previous corresponding quarter). Major items included net profit before tax and other adjustments amounting to ¥2.313 billion, non cash expenses including depreciation (¥412.60 million) and goodwill amortization (¥442.69 million), as well as corporate and other tax payments totaling ¥712.76 million.

Cash flow used in investing activities was ¥499.83 million (¥1.348 billion was used in the previous corresponding term). Contributing factors include the acquisition of intangible fixed assets worth ¥382.06 million, income of ¥171.14 million on the sale of investment securities, and subsidiary stock acquisition expenditure totaling ¥115.88 million.

Cash flow used in financing activities was ¥2.128 billion (¥2.316 billion was used in the previous corresponding term). Significant items included outflows of ¥511.64 million (net amount) on repayment of short term loans, ¥699.50 million on repayment of long-term loans, ¥695.60 million on payment of dividends, and payment of dividends totaling ¥233.92 million to minority shareholders.

3. Consolidated Earnings Results Forecasts

There is no revision to the full-year consolidated results forecast announced on February 12, 2009.

4. Other

(1) Significant changes in subsidiaries in the current term (changes in specific subsidiaries resulting in change in scope of consolidation).

None.

(2) Simplified accounting procedures or special accounting procedures applied in the preparation of consolidated financial statements for the current term.

None.

(3) Changes to accounting principles, procedures or representation relating to the preparation of consolidated financial statements.

i) Revised Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No.12) and Revised Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No.14) are applied from the current fiscal year. Quarterly consolidated financial statements were created in accordance with Quarterly Consolidated Financial Statement Regulations.

ii) Accounting standards for lease transactions

Finance lease transactions that do not transfer ownership have previously been accounted for in the same manner as operating leases. However, Accounting Standard for Lease Transactions (ASBJ Statement No.13, March 30, 2007) which revised the former accounting standard for lease transactions issued on June 17, 1993, and Guidance on Accounting Standard for Lease Transactions (ASBJ Guidance No. 16, March 30, 2007) which revised the former guidance issued on January 18, 1994, can now be applied to consolidated financial statements for annual periods beginning on or after April 1, 2008. This accounting standard is applied from the first quarter of the current fiscal year and finance lease transactions are accounted for as ordinary sales transactions. Depreciation expenses arising from a leased asset in a finance lease transaction that does not transfer ownership are calculated based on the assumption that the useful life is equal to the lease term, and the residual value equals zero.

Finance lease transactions that do not transfer ownership commenced before April 1, 2008 are continuously accounted for in the same manner as operating leases.

The impact of this change on the consolidated balance sheet and statement of income is immaterial.

(note) Following the application of new accounting standards for quarterly financial reporting, as of the current consolidated fiscal year, year-on-year change% and change is now included as a reference for comparison and analysis in 1. *Qualitative Information relating to Consolidated Operating Results*, and 2. *Qualitative Information relating to Consolidated Financial Condition*.

5. Consolidated Financial Statements
(1) Quarterly Balance Sheet

(Unit: ¥thousands)

	2nd Quarter Current Fiscal Year (As of June 30, 2009)	End of Previous Fiscal Year (As of Dec 31, 2008)
Assets		
Current Assets		
Cash and deposits	19,435,495	18,510,672
Trade notes and accounts receivable	4,487,085	4,538,338
Operational investment securities	942,617	886,982
Deferred tax asset	800,514	759,166
Other	885,703	1,252,290
Provision for doubtful debts	-309,949	-302,948
Provision for loss on investments	-12,500	-
Total Current Assets	26,228,968	25,644,502
Fixed Assets		
Tangible fixed assets	596,680	569,395
Intangible fixed assets		
Goodwill	1,700,999	2,048,196
Software	2,058,218	1,984,072
Other	169,936	88,442
Total intangible fixed assets	3,929,154	4,120,711
Investments and other assets		
Investment securities	618,187	817,299
Investment real estate	4,435,831	4,437,348
Deferred tax asset	2,169,346	2,162,724
Claims in bankruptcy etc.	5,458,571	5,428,258
Other	2,133,624	2,039,320
Provision for doubtful debts	-5,496,899	-5,466,832
Total investments and other assets	9,318,661	9,418,118
Total Fixed Assets	13,844,496	14,108,225
Total Assets	40,073,465	39,752,728
Liabilities		
Current Liabilities		
Trade notes and accounts payable	1,241,103	1,544,219
Short term debt	1,699,000	2,199,000
Bonds to be redeemed within a year	1,000,000	1,000,000
Amount payable	1,919,897	1,919,449
Accrued corporate tax etc.	664,426	769,231
Allowance for bonuses	198,601	107,456
Allowance for bonuses to directors	37,812	29,474
Advance payment received	2,585,206	2,392,138
Deposit received	4,763,118	3,930,424
Other	833,607	868,522
Total Current Liabilities	14,942,774	14,759,917

(Unit: ¥thousands)

	2nd Quarter Current Fiscal Year (As of June 30, 2009)	End of Previous Fiscal Year (As of Dec 31, 2008)
Fixed Liabilities		
Long term debt	10,302,750	11,002,250
Long term amount payable	456,106	481,619
Allowance for retirement benefits	2,494	6,428
Other	248,986	134,807
Total Fixed Liabilities	11,010,337	11,625,105
Total Liabilities	25,953,112	26,385,022
Net Assets		
Shareholders' Equity		
Capital stock	1,276,834	1,276,834
Earned surplus	6,163,311	5,636,307
Treasury stock	-500	-461
Total Shareholders' Equity	7,439,645	6,912,681
Gaps in Appraisals, Conversions etc.		
Other gaps in evaluation of securities	-8,690	-14,843
Hedging profit/loss carried forward	2,694	-12,909
Foreign currency translation account adjustment account	-104,605	-126,499
Total Gaps in Appraisals, Conversions, etc.	-110,600	-154,252
Equity Warrants	665	-
Minority Equity	6,790,642	6,609,277
Total Net Assets	14,120,352	13,367,705
Liabilities, Net Assets Total	40,073,465	39,752,728

(2) Consolidated Statement of Income
 First Half of Consolidated Fiscal Term

(Unit: ¥thousands)

	2 nd Quarter Current Fiscal Year Six Months to June 30, 2009
Sales	18,976,318
Cost of Sales	8,716,412
Gross Profit on Sales	10,259,906
Sales General & Administrative Expenses	8,050,914
Operating Profit	2,208,992
Non Operating Revenue	
Interest income	161,058
Dividends received	1,252
Other	157,400
Total Non Operating Revenue	319,711
Non Operating Expenses	
Interest paid	138,374
Other	73,181
Total Non Operating Expenses	211,555
Ordinary Profit	2,317,148
Extraordinary Profit	
Gain on sale of fixed assets	2,086
Gain on sale of investment securities	8,943
Gain on sale of affiliated company stock	19,164
Gain on change of equity investees	10,632
Other	8,971
Total Extraordinary Profit	49,797
Extraordinary Loss	
Loss on disposal of fixed assets	13,928
Impairment loss	7,018
Business withdrawal loss	13,153
Office relocation expenses	16,888
Other	2,878
Total Extraordinary Loss	53,867
Net Profit before Adjustment for Tax etc.	2,313,079
Corporate, Municipal and Enterprise Taxes	720,212
Corporate Tax etc. Adjustment	-51,204
Total Corporate Taxes etc.	669,007
Minority Interests	418,853
Net Profit	1,225,218

(3) Consolidated Statement of Cash Flows

(Unit: ¥thousands)

	2nd Quarter Current Fiscal Year Six Months to June 30, 2009
Cash Flow from Operating Activities	
Net Profit before Adjustment for Tax etc.	2,313,079
Depreciation expenses	412,607
Amortization of goodwill	442,692
Gain or loss on sale of investment securities (- represents gain)	-8,862
Gain or loss on sale of affiliated company stock (- represents gain)	-19,164
Interest and dividends received	-162,311
Interest paid	138,374
Change in accounts receivable (- represents increase)	99,953
Change in purchase debts (- represents decrease)	-323,074
Other	1,285,336
Sub total	4,178,629
Interest and dividends received	168,119
Interest paid	-142,124
Corporate tax etc. paid	-712,769
Cash Flow from Operating Activities	3,491,855
Cash Flow from Investing Activities	
Expenditure on acquisition of tangible fixed assets	-99,143
Income accrued on sale of tangible fixed assets	2,179
Expenditure on acquisition of intangible fixed assets	-382,067
Income accrued on sale of intangible fixed assets	816
Expenditure on acquisition of investment securities	-14,850
Income accrued on sale of investment securities	171,148
Expenditure on acquisition of subsidiary stock	-115,886
Income accrued on sale of subsidiary stock	22,050
Other	-84,084
Cash Flow from Investing Activities	-499,837
Cash Flow from Financing Activities	
Income accrued on short term loans	1,800,000
Expenditure on repayment of short term loans	-2,311,648
Expenditure on repayment of long term loans	-699,500
Payment of dividends	-695,600
Payment of dividends to minority shareholders	-233,927
Other	12,475
Cash Flow from Financing Activities	-2,128,200
Effect of Exchange Rate Changes on Cash and Equivalents	33,886
Change in Cash and Equivalents (- represents decrease)	897,703
Balance of Cash and Equivalents at Beginning of Term	18,456,132
Increase in Cash and Equivalents following Increase in Consolidated Subsidiaries	26,639
Balance of Cash and Equivalents at End of Term	19,380,475

Revised Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No.12) and Revised Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No.14) are applied from the current fiscal year. Quarterly consolidated financial statements were prepared in accordance with Quarterly Consolidated Financial Statement Regulations.

In the Statement of Income of the previous consolidated fiscal year operating profit was represented as operating revenue minus business expenses and SGA expenses (line items I Operating Revenue, II Business Expenses, III Selling General & Administrative Expenses). However, as a result of expanded service provision and organizational restructuring, it is now possible to clearly differentiate between “cost of sales” and “SGA expenses”. Therefore, in the first half of the current consolidated fiscal term, operating profit is represented as gross profit on sales (sales minus cost of sales) minus SGA expenses (line items Sales, Cost of Sales, Selling General & Administrative Expenses).

The organizational restructure divided operations into a business division and a sales division clarifying division of duties. “Cost of sales” and “SGA expenses” classifications have been revised in line with this change. In the first half of the current fiscal year, ¥997.29 million included in the line item “SGA expenses” under the former classification, is now shown in the line item, “cost of sales”. This change has no impact on operating profit.

(4) Notes regarding the Going Concern Assumption

None

(5) Segment Data

Data by business segment

First half of the current fiscal year (01.01.2009 – 06.30.2009)

	Web Infrastructure & Ecommerce (¥thousands)	Internet Media (¥thousands)	Other Businesses (¥thousands)	Total (¥thousands)	Inter- segment transactions (¥thousands)	Consolidated (¥thousands)
Sales						
(1) Sales to unaffiliated customers	9,224,892	9,732,575	18,851	18,976,318	-	18,976,318
(2) Inter-segment sales and transfers	122,672	256,057	-	378,730	(378,730)	-
Total	9,347,564	9,988,632	18,851	19,355,049	(378,730)	18,976,318
Operating Profit/Loss	1,339,842	900,539	(57,056)	2,183,325	25,666	2,208,992

(note) 1 Operations are segmented for internal management purposes. The business segment previously entitled Internet Use Support (Infrastructure) has been renamed Web Infrastructure & Ecommerce, and the segment previously entitled Internet Advertising Support (Media) is now named Internet Media.

2. Main products in each segment

(1) Web Infrastructure & Ecommerce

Internet access provider, domain registration, web hosting, ecommerce solutions & web development, security, payment processing, other

(2) Internet Media

Internet media & search media, Internet advertising agencies, other

(3) Other Businesses

Venture capital

Segment data by location

First half of the current fiscal year (01.01.2009 – 06.30.2009)

Japan accounted for over 90% of consolidated sales in all segments. Details of sales by location have therefore been omitted.

Global sales data

First half of the current fiscal year (01.01.2009 – 06.30.2009)

Overseas transactions accounted for less than 10% of consolidated sales. Global sales data has therefore been omitted.

(6) Significant Changes in Shareholders' Equity

None

(Reference)

Financial Statements relating to the Previous Corresponding Term
(1) (Extract) Consolidated Interim Statement of Income

	Six months ended June 30, 2008 (01.01.08 – 06.30.08)
Item	
I Operating Revenue	17,204,689
II Business Expenses	7,906,318
III Sales General & Administrative Expenses	7,297,091
Operating Profit	2,001,278
IV Non Operating Revenue	263,307
1. Interest and dividends received	129,976
2. Rent received	55,373
3. Other	77,957
V Non Operating Expenses	448,981
1. Interest paid	141,725
2. Currency translation loss	133,422
3. Other	173,833
Ordinary Profit	1,815,604
VI Extraordinary Profit	282,587
1. Gain on sale of investment securities	105,810
2. Gain on reversal of provision for doubtful debts	64,815
3. Gain on transfer of business	104,019
4. Other	7,941
VII Extraordinary Loss	156,162
1. Loss on retirement of fixed assets	18,972
2. Loss on evaluation of investment securities	44,915
3. Impairment loss	60,177
4. Other	32,097
Net Profit before Adjustment for Tax etc.	1,942,029
Corporate, Municipal and Enterprise Taxes	788,703
Adjustment for Corporate Tax etc.	-215,811
Minority Interest	395,234
Interim net profit	973,903

(2) (Extract) Consolidated Interim Statement of Cash Flows

	Six months ended June 30, 2008 (01.01.2008 – 06.30.2008)
Item	Amount (¥thousands)
I Cash Flow from Operating Activities	
Net Profit before adjustment for tax etc.	1,942,029
Depreciation costs	364,017
Impairment loss	60,177
Amortization of goodwill	496,971
Gain on sale of investment securities	- 105,810
Gain on transfer of businesses	- 104,019
Interest and dividends received	- 129,976
Interest paid	141,725
Loss on evaluation of investment securities	44,915
Decrease in accounts receivable	- 27,196
Decrease in purchase debts	- 27,826
Other	520,119
Sub total	3,175,126
Interest and dividends received	129,958
Interest paid	- 156,389
Corporate tax etc. paid	- 859,762
Income from recovery of bankrupt loans receivable	64,727
Cash Flow from Operating Activities	2,353,660
II Cash Flow from Investing Activities	
Expenditure on acquisition of tangible fixed assets	- 127,838
Expenditure on acquisition of intangible fixed assets	- 520,313
Expenditure accrued on sale of investments in securities	- 1,000
Revenue accrued on redemption of investment securities	174,963
Expenditure on acquisition of subsidiary stock	- 407,942
Revenue accrued on the acquisition of subsidiary stock resulting in change in the scope of consolidation	-15,589
Expenditure on execution of loans	- 654,276
Revenue accrued on collection of loans	195,357
Expenditure on transfer of business	- 48,119
Revenue accrued on transfer of business	104,019
Other	- 47,319
Cash Flow from Investing Activities	- 1,348,061
III Cash Flow from Financing Activities	
Revenue accrued on short term loans	15,500,000
Expenditure on repayment of short term loans	- 26,027,440
Revenue accrued on long term loans	12,500,000
Expenditure on repayment of long term loans	- 262,000
Expenditure on redemption of bonds	- 3,750,000
Payment of dividends	- 392
Payment of dividends to minority shareholders	- 279,081
Other	2,731
Cash Flow from Financing Activities	- 2,316,182
IV Effect of Exchange Rate on Cash and Equivalents	11,507
V Decrease in Cash and Equivalents	- 1,299,076
VI Balance of Cash and Equivalents at the Beginning of Term	19,303,854
VII Increase in Cash and Equivalents following Increase in Consolidated Subsidiaries	48,764
VIII Balance of Cash and Equivalents at the End of the Term	18,053,542

(3) Segment Data

First half of previous consolidated fiscal year (01.01.2008 – 06.30.2008)

Item	Internet Use Support (Infrastructure) (¥thousands)	Internet Advertising Support (Media) (¥thousands)	Other Businesses (¥thousands)	Total (¥thousands)	Intercompany Transaction Adjustment (¥thousands)	Consolidated (¥thousands)
Sales	9,517,444	7,745,250	67,024	17,329,719	-125,030	17,204,689
Operating Expenses	8,243,929	7,044,043	60,628	15,348,602	-145,191	15,203,410
Operating Profit	1,273,514	701,206	6,396	1,981,117	20,161	2,001,278