



Third Quarter Results Statement Fiscal Year 2009

November 9, 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
 Contact: Masashi Yasuda, Managing Director Contact Number: +81-3-5456-2555
 Date of Quarterly Report Release: November 13, 2009
 Start Date of Dividend Payout: To be announced

(amounts rounded down to the nearest million yen)

1. Consolidated Third Quarter Financial Results in the Fiscal Year Ending December 2009 (01.01.2009 - 30.09.2009)

(1) Consolidated Operating Results (Cumulative)

(percentages represent year-on-year % change)

	Sales		Operating Profit		Ordinary Profit		Net Profit	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
Nine months ended								
September 30, 2009	28,656	—	3,521	—	3,662	—	1,846	—
September 30, 2008	27,164	-28.0	3,116	—	2,973	—	1,891	—

	Net Profit per Share	Net Profit per Share (Diluted)
Nine months ended	¥	¥
September 30, 2009	18.38	—
September 30, 2008	18.82	—

(2) Consolidated Financial Condition

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
As of	¥ millions	¥ millions	%	¥
September 30, 2009	40,469	14,511	18.5	75.05
FYE 12/2008	39,752	13,367	17.0	67.26

(Reference) Shareholders' Equity FYE 12/2009 Q3: ¥7,505 million

FYE 12/2008: ¥6,758 million

2. Dividends

	Dividend per Share				
	End of Q1	End of Q2	End of Q3	End of Q4	Total
	¥	¥	¥	¥	¥
FYE 12/2008	—	—	—	7.00	7.00
FYE 12/2009	—	2.00	—		
FYE12/2009 (forecast)			—	4.00	6.00

(Note) Dividend forecast revised during the current quarter: no

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	38,000	2.0	4,600	11.0	4,500	11.6	2,200	4.3	21.92

(Note) Consolidated results forecast revised during the current quarter: yes

4. Other

(1) Significant changes in subsidiaries in the current term (changes in subsidiaries resulting in change in scope of consolidation): none

New: 0 companies Excluded 0 companies

(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)

1. Changes resulting from revisions to accounting standards: yes

2. Changes other than those specified above: none

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

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

As of September 30 2009: 100,484,441 FYE 12/2008: 100,484,441

ii) No. of treasury shares at end of term

As of September 30 2009: 482,506 FYE 12/2008: 1,271

iii) Average no. of shares in the term

As of September 30 2009: 100,443,591 As of September 30 2009: 100,483,311

* Note 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 created in accordance with Quarterly Consolidated Financial Statement Regulations.

Qualitative Information: Financial Statements

1. Consolidated Operating Results

General Business Conditions

In the nine months to September in the current 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 economic conditions. This reflected in part behavior of consumers in Japan who tended to economize and spend 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 closing the recruitment advertising business.

Consolidated financial results at the end of the third quarter were as follows. Sales: ¥28.656 billion (5.5% year-on-year increase) Operating Profit: ¥3.521 billion (13.0% year-on-year increase) and Ordinary Profit: ¥3.662 billion (23.1% year-on-year increase).

Operating results in the Web Infrastructure & Ecommerce and Internet Media segments are discussed in the following segment report. In addition to segment earnings, consolidated net profit before tax in the current term (¥3.601 billion) was impacted by extraordinary profits including gains totaling ¥55.83 million on the sale of investment securities, the sale of stock in a subsidiary, and a change in equity investees due to the merger of consolidated subsidiaries. In addition, extraordinary losses included impairment of idle assets and losses arising from the closure of the recruitment advertising business by consolidated subsidiary, GMO San Planning (¥116.85 million). Corporate taxes etc. and corporate tax adjustment amounted to ¥1.105 billion and minority interests of ¥648.72 million were recorded. As a result net profit was ¥1.846 billion (2.4% year-on-year decrease).

(Unit: ¥thousands)

	Nine months to Sep 2008	Nine months to Sep 2009	Change	% Change
Sales				
Web Infrastructure & Ecommerce	14,332,521	13,889,458	-443,063	-3.1%
Internet Media	13,110,934	15,275,243	2,164,308	16.5%
Other	75,249	20,364	-54,884	-72.9%
Inter segment transactions	-354,639	-528,793	-174,153	—%
Total	27,164,066	28,656,273	1,492,206	5.5%
Operating Profit				
Web Infrastructure & Ecommerce	1,947,212	1,974,418	27,205	1.4%
Internet Media	1,138,319	1,581,848	443,528	39.0%
Other	-5,796	-72,614	-66,817	—%
Inter segment transactions	36,548	38,124	1,576	4.3%
Total	3,116,284	3,521,777	405,492	13.0%
Ordinary Profit	2,973,954	3,662,176	688,221	23.1%
Net Profit	1,891,593	1,846,902	-44,691	-2.4%

(Note) The business segment previously entitled Internet Use Support (Infrastructure) has been renamed Web Infrastructure & Ecommerce, and the business 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 services including registrar 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"> • Online store builder ASP services 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, 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 mail-order businesses, payment processing services for the public sector
	Access provider (ISP)	<ul style="list-style-type: none"> • interQ, MEMBERS, ZERO, and other access provider services
	Internet Media	Internet media & search media
Advertising agencies		<ul style="list-style-type: none"> • Internet advertising, mobile advertising, search engine advertising, affiliate 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, registration and renewal market share expanded and registrations/renewals were up 32.8% year-on-year to over 1.1 million. However, reflecting a low pricing strategy, sales fell 5.1% from the previous corresponding term to ¥1.739 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, while high quality, low-cost shared service offerings continued to be promoted. As a result, contracts increased 13.3% over the previous corresponding term to over 420,000 and sales reached ¥6.758 billion, a 4.3% year-on-year increase.

In ecommerce solutions & web development, the ecommerce shopping cart business continued to grow, buoyed by strong and sustained demand. Initiatives in the business aimed at improving services included an expansion of functionality and diversification of payment processing methods. However, sales decreased 39.0% from the previous corresponding term to ¥1.423 billion as a result of the shift in ecommerce package sales from high priced to low priced services, as well as a strategic reduction of the web development business that included 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 including 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 began contributing to revenue as did the adoption of GlobalSign services by government institutions and major corporations. As a result the business reported sales of ¥943.18 million (18.6% year-on-year increase).

The payment processing business saw an increase in merchants and growth in recurring payments. Active expansion of the public sector payment processing business continued. The service was adopted by Fukuoka city for credit card payment of water rates, as well as Kyoto and Shiga prefectures to process credit card payments of the “furusato nouzei” tax. Over all payment processing reported sales of ¥1.896 billion (16.1% year-on-year increase).

Results in the Web Infrastructure and Ecommerce segment, chiefly comprising the five product areas above, were as follows; sales: ¥13.889 billion (3.1% year-on-year decrease), operating profit: ¥1.974 billion (1.4% year-on-year increase).

Internet Media Segment

The economic downturn has negatively impacted the domestic advertising market, and for this reason it was decided to withdraw from the recruitment advertising business in February this year. However, the SEM media business has performed well as advertisers in the Internet advertising market sought more cost-effective advertising.

The third quarter saw solid performance in Internet Media & Search Media, a reflection of the transfer of sales staff to JWord, SEO and other SEM media services. As of August 1, JWord premium keywords are being displayed on Yahoo! JAPAN search results pages and this has also contributed to revenues. 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 that predominantly operates SEO and search-related advertising services. In the Overture search related advertising partnership, the impact of shrinking advertising budgets among our corporate customers, and declining unit prices caused a drop in revenue from the previous quarter. This was only partly offset by an increase in advertising distribution. Overall, the Internet media & search media business recorded sales of ¥7.694 billion (14.6% year-on-year increase).

Despite strong performance in mobile advertising, conditions remain difficult in the advertising agencies business due to worse than expected deterioration of the employment market in the recruitment advertising arena. Due to these conditions, 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. Advertising agencies recorded sales of ¥7.196 billion (24.7% year-on-year increase).

Total sales in Internet Media, the segment encompassing the above businesses, reached ¥15.275 billion (16.5% year-on-year increase), despite the impact of exiting the recruitment advertising business, operating profit was ¥1.581 billion (39.0% 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: ¥20.36 million, and Operating Loss: ¥72.61 million.

(Reference 1)

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

(Unit: ¥millions)

	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009
Sales	9,959	10,083	9,671	9,304	9,679
Operating Profit	1,115	1,027	1,103	1,105	1,312
Ordinary Profit	1,158	1,057	1,163	1,153	1,345
Net Profit	917	219	647	578	621
Total Assets	39,891	39,752	39,519	40,073	40,469
Shareholders' Equity	6,620	6,758	6,730	7,329	7,505

(Reference 2)

Table: Quarterly Changes by Segment

I Sales by Segment

(Unit: ¥millions)

	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009
Web Infrastructure & Ecommerce					
Access provider (ISP)	349	331	320	307	295
Domain registration	601	546	603	615	520
Web hosting	2,156	2,221	2,241	2,260	2,256
EC solutions & web dev.	841	698	564	440	418
Security	255	281	311	326	304
Payment processing	578	579	606	627	662
Other	30	39	60	59	84
Segment Sales Total	4,815	4,697	4,710	4,636	4,541
Internet Media					
Internet media & search	2,429	2,318	2,245	2,460	2,988
Advertising agencies	2,745	3,028	2,697	2,280	2,217
Other	364	368	335	272	274
Total	5,540	5,715	5,278	5,013	5,480
Adjustment for internal transactions	(174)	(100)	(112)	(191)	(194)
Segment Sales Total	5,365	5,615	5,166	4,822	5,286
Other Businesses					
Other	8	1	0	18	1
Segment Sales Total	8	1	0	18	1
Adjustment for inter segment transactions	(229)	(231)	(206)	(172)	(150)
Consolidated Sales	9,959	10,083	9,671	9,304	9,679

II Operating Profit by Segment

(Unit: ¥millions)

	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009
Web Infrastructure & Ecommerce	673	513	690	649	634
Internet Media	437	508	429	471	681
Other Businesses	-12	-5	-30	-26	-15
Sub total	1,098	1,017	1,089	1,093	1,300
Adjustment for inter segment transactions	16	10	13	12	12
Consolidated Operating Profit	1,115	1,027	1,103	1,105	1,312

2. Consolidated Financial Condition

Assets, Liabilities, and Shareholders' Equity

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

Current liabilities increased ¥1.197 billion (4.7%) from the end of the previous fiscal year to ¥26.841 billion. This was chiefly a result of a ¥1.389 billion increase in cash and equivalents.

Fixed assets decreased ¥480.55 million (3.4%) from the end of the previous fiscal year to ¥13.627 billion. Major contributing factors were a ¥558.70 million decrease resulting from the amortization of goodwill, a decrease of ¥137.75 million resulting from the sale of certain investment securities, and an increase of ¥141.14 million resulting from the acquisition of intangible lease assets and other intangible assets.

Overall, assets total increased ¥716.82 million (1.8%) from the end of the previous fiscal year to ¥40.469 billion.

Current liabilities increased ¥423.57 million (2.9%) from the end of the previous fiscal year to ¥15.183 billion. This was predominantly a reflection of a ¥600 million increase in short term debt, a ¥1 billion decrease in bonds to be redeemed within a year, and a ¥725.15 million increase in deposits held.

Fixed liabilities dropped ¥850.41 million (7.3%) from the end of the previous fiscal year to ¥10.774 billion, mainly due to a scheduled repayment of long term debt (¥1.049 billion).

Overall, liabilities total decreased ¥426.83 million (1.6%) from the end of the previous fiscal year to ¥25.958 billion.

Net Assets increased ¥1.143 million (8.6%) from the end of the previous fiscal year to ¥14.511 billion. Despite an increase of ¥1.846 billion in net profit, earned surplus was reduced to ¥924.34 billion following a distribution of dividends. Treasury stock increased to ¥199.84 million yen after the company made a further acquisition of its own shares.

Cash Flow

In the nine months to September of the current fiscal year, consolidated cash flow provided by operating activities was ¥4.723 billion, while cash flow used in investing activities was ¥611.05 million, and ¥2.747 billion was used in financing activities. Consolidated cash and cash equivalents stood at ¥19.844 billion at the end of the term.

The following is a summary of cash flow in the nine months to September of fiscal year 2009. Cash flow provided by operating activities totaled ¥4.723 billion (¥2.896 billion in the previous corresponding quarter). Major items included net profit before tax and other adjustments amounting to ¥3.601 billion, non cash expenses including depreciation (¥670.22 million) and goodwill amortization (¥656.21 million), as well as corporate and other tax payments totaling ¥1.102 billion.

Cash flow used in investing activities was ¥611.05 million (¥1.615 billion was used in the previous corresponding term). Contributing factors include the acquisition of intangible fixed assets worth ¥478.86 million, income of ¥171.14 million on the sale of investment securities, and subsidiary stock acquisition expenditure totaling ¥134.95 million.

Cash flow used in financing activities was ¥2.747 billion (¥3.380 billion was used in the previous corresponding term). Significant items included ¥588.35 million (net amount) income from short term loans, outflows of ¥1.042 billion on repayment of long-term loans, ¥1 billion on bond redemption, ¥868.46 million on payment of dividends, and ¥234.92 million on payment of dividends to minority shareholders.

3. Consolidated Earnings Results Forecasts

The results forecast announced by the company in February this year has been revised in consideration of business performance up to the end of the third quarter in the current fiscal year. For details of the revision, please refer to the document "Revision to Results Forecast for Fiscal Year Ending December 2009" separately released today.

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. We have applied this accounting standard 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 profit and loss statement is immaterial.

(note) Following the application of the new revised accounting standards for quarterly financial reporting, as of the current consolidated fiscal year, figures from the previous corresponding term, 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. Quarterly Consolidated Financial Statements
(1) Quarterly Balance Sheet

(Unit: ¥thousands)

	3rd Quarter Current Fiscal Year (As of Sep 30, 2009)	End of Previous Fiscal Year (As of Dec 31, 2008)
Assets		
Current Assets		
Cash and deposits	19,900,002	18,510,672
Trade notes and accounts receivable	4,545,908	4,538,338
Operational investment securities	951,334	886,982
Deferred tax asset	793,232	759,166
Other	982,636	1,252,290
Provision for doubtful debts	-318,732	-302,948
Provision for loss on investments	-12,500	-
Total Current Assets	26,841,882	25,644,502
Fixed Assets		
Tangible fixed assets	662,587	569,395
Intangible fixed assets		
Goodwill	1,489,494	2,048,196
Software	1,987,855	1,984,072
Other	229,583	88,442
Total intangible fixed assets	3,706,932	4,120,711
Investments and other assets		
Investment securities	679,547	817,299
Investment real estate	4,435,073	4,437,348
Deferred tax asset	2,163,852	2,162,724
Claims in bankruptcy etc.	545,9182	5,428,258
Other	2,017,853	2,039,320
Provision for doubtful debts	-549,7360	-5,466,832
Total investments and other assets	9,258,147	9,418,118
Total Fixed Assets	13,627,667	14,108,225
Total Assets	40,469,549	39,752,728
Liabilities		
Current Liabilities		
Trade notes and accounts payable	1,233,984	1,544,219
Short term debt	2,799,000	2,199,000
Bonds to be redeemed within a year	-	1,000,000
Amount payable	1,999,234	1,919,449
Accrued corporate tax etc.	702,114	769,231
Allowance for bonuses	234,358	107,456
Allowance for bonuses to directors	87,721	29,474
Advance payment received	2,552,495	2,392,138
Deposit received	4,655,582	3,930,424
Other	919,005	868,522
Total Current Liabilities	15,183,496	14,759,917

(Unit: ¥thousands)

	3rd Quarter Current Fiscal Year (As of Sep 30, 2009)	End of Previous Fiscal Year (As of Dec 31, 2008)
Fixed Liabilities		
Long term debt	9,953,000	11,002,250
Long term amount payable	446,400	481,619
Allowance for retirement benefits	3,403	6,428
Other	371,887	134,807
Total Fixed Liabilities	10,774,691	11,625,105
Total Liabilities	25,958,188	26,385,022
Net Assets		
Shareholders' Equity		
Capital stock	1276834	1,276,834
Earned surplus	6564028	5,636,307
Treasury stock	-200304	-461
Total Shareholders' Equity	7640559	6,912,681
Gaps in Appraisals, Conversions etc.		
Other gaps in evaluation of securities	-10,946	-14,843
Hedging profit/loss carried forward	-9,323	-12,909
Foreign currency translation account adjustment account	-114,886	-126,499
Total Gaps in Appraisals, Conversions, etc.	-135,156	-154,252
Equity Warrants	2,662	-
Minority Equity	7,003,296	6,609,277
Total Net Assets	1,4511,361	13,367,705
Liabilities, Net Assets Total	40,469,549	39,752,728

(2) Quarterly Consolidated Statement of Income
 Nine months to September, Fiscal Year 2009

(Unit: ¥thousands)

	3rd Quarter Current Fiscal Year Nine Months to Sep 30, 2009
Sales	28,656,273
Cost of Sales	12,959,697
Gross Profit on Sales	15,696,576
Sales General & Administrative Expenses	12,174,798
Operating Profit	3,521,777
Non Operating Revenue	
Interest income	219,858
Dividends received	1,327
Other	206,112
Total Non Operating Revenue	427,298
Non Operating Expenses	
Interest paid	199,455
Other	87,443
Total Non Operating Expenses	286,899
Ordinary Profit	3,662,176
Extraordinary Profit	
Gain on sale of fixed assets	3,013
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	14,079
Total Extraordinary Profit	55,833
Extraordinary Loss	
Loss on disposal of fixed assets	14,680
Impairment loss	52,908
Business withdrawal loss	13,153
Office relocation expenses	29,470
Other	6,642
Total Extraordinary Loss	116,856
Net Profit before Adjustment for Tax etc.	3,601,153
Corporate, Municipal and Enterprise Taxes	1,138,831
Corporate Tax etc. Adjustment	-33,306
Total Corporate Taxes etc.	1,105,525
Minority Interests	648,726
Net Profit	1,846,902

(3) Consolidated Statement of Cash Flows

(Unit: ¥thousands)

	3rd Quarter Current Fiscal Year Nine Months to Sep 30, 2009
Cash Flow from Operating Activities	
Net Profit before Adjustment for Tax etc.	3,601,153
Depreciation expenses	670,223
Amortization of goodwill	656,210
Gain or loss on sale of investment securities (- represents gain)	-8,943
Gain or loss on sale of affiliated company stock (- represents gain)	-19,164
Interest and dividends received	-221,186
Interest paid	199,455
Change in accounts receivable (- represents increase)	163,734
Change in purchase debts (- represents decrease)	-332,572
Other	1,091,817
Sub total	5,800,729
Interest and dividends received	226,810
Interest paid	-201,271
Corporate tax etc. paid	-1,102,450
Cash Flow from Operating Activities	4,723,818
Cash Flow from Investing Activities	
Expenditure on acquisition of tangible fixed assets	-174,029
Income accrued on sale of tangible fixed assets	3,037
Expenditure on acquisition of intangible fixed assets	-478,868
Income accrued on sale of intangible fixed assets	2,105
Expenditure on acquisition of investment securities	-14,850
Income accrued on sale of investment securities	171,148
Expenditure on acquisition of subsidiary stock	-134,953
Income accrued on sale of subsidiary stock	22,050
Other	-6,695
Cash Flow from Investing Activities	-611,054

(Unit: ¥thousands)

	3rd Quarter Current Fiscal Year Nine Months to Sep 30, 2009
Cash Flow from Financing Activities	
Income accrued on short term loans	3,700,000
Expenditure on repayment of short term loans	-3,111,648
Expenditure on repayment of long term loans	-1,042,371
Expenditure on redemption of bonds	-1,000,000
Expenditure on acquisition of treasury stock	-199,843
Payment of dividends	-868,463
Payment of dividends to minority shareholders	-234,922
Other	9,389
Cash Flow from Financing Activities	-2,747,858
Effect of Exchange Rate Changes on Cash and Equivalents	-2,973
Change in Cash and Equivalents (- represents decrease)	1,361,930
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	19,844,702

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.

Additional Information

In the previous consolidated fiscal year, on the Statement of Income 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 third quarter financial statements, 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 clarified division of duties by dividing operations into a business division and a sales division. “Cost of sales” and “SGA expenses” classifications have been revised in line with this change. At the end of the third quarter, ¥1.484 billion 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 effect on operating profit.

- (4) Notes regarding the Going Concern Assumption
None.

(5) Segment Data

Data by business segment

Nine months to September of fiscal year 2009 (01.01.2009 – 09.30.2009)

	Web Infrastructure & Ecommerce (¥thousands)	Internet Media (¥thousands)	Other Businesses (¥thousands)	Total (¥thousands)	Inter-segment transactions (¥thousands)	Consolidated (¥thousands)
Sales						
(1) Sales to unaffiliated customers	13,708,600	14,927,308	20,364	28,656,273	—	28,656,273
(2) Inter-segment sales and transfer	180,857	347,935	—	528,793	(528,793)	—
Total	13,889,458	15,275,243	20,364	29,185,066	(528,793)	28,656,273
Operating Profit/Loss	1,974,418	1,581,848	(72,614)	3,483,652	38,124	3,521,777

(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

Nine months to September of fiscal year 2009 (01.01.2009 – 09.30.2009)

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

Global sales data

Nine months to September of fiscal year 2009 (01.01.2009 – 09.30.2009)

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

(6) Significant Changes in Shareholders' Equity

None.

(7) Other – Significant Post Balance Sheet Events

Retirement of treasury stock

A Board of Directors meeting convened on October 5, 2009 agreed to retire 481,000 shares of treasury stock under the provisions of Article 178 of the Japanese Corporation Act. The objective was returning value to shareholders. The retirement was completed on October 9, 2009.

(Reference)

Financial Statements relating to the Previous Corresponding Term
(1) (Extract) Consolidated Profit and Loss Statement

	Nine months ended Sep 30, 2008 (01.01.08 – 09.30.08)
Item	
I Operating Revenue	27,164,066
II Business Expenses	12,968,170
III Sales General & Administrative Expenses	11,079,611
Operating Profit	3,116,284
IV Non Operating Revenue	408,095
1. Interest and dividends received	226,303
2. Rent received	86,821
3. Other	94,969
V Non Operating Expenses	550,425
1. Interest paid	227,994
2. Currency translation loss	108,754
3. Other	213,675
Ordinary Profit	2,973,954
VI Extraordinary Profit	484,838
1. Gain on sale of investment securities	105,810
2. Gain on reversal of allowance for doubtful debt	200,582
3. Gain on transfer of business	104,019
4. Other	74,424
VII Extraordinary Loss	168,986
1. Loss on retirement of fixed assets	29,909
2. Loss on evaluation of investment securities	44,915
3. Impairment loss	60,177
4. Other	33,983
Net Profit before Adjustment for Tax etc.	3,289,806
Corporate, Municipal and Enterprise Taxes	1,132,736
Adjustment for Corporate Tax etc.	-204,397
Minority Interest	469,874
Net Profit	1,891,593

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

	Nine months ended Sep 30, 2008 (01.01.08 – 09.30.08)
Item	Amount (¥thousands)
I Cash Flow from Operating Activities	
Net Profit before adjustment for tax etc.	3,289,806
Depreciation costs	576,854
Impairment loss	60,177
Amortization of goodwill	766,432
Gain on sale of investment securities	-105,810
Gain on transfer of businesses	-104,019
Interest and dividends received	-226,303
Interest paid	227,994
Loss on appraisal of investment securities	44,915
Decrease in accounts receivable	-194,537
Decrease in purchase debts	-207,145
Other	-22,733
Sub total	4,105,631
Interest and dividends received	225,965
Interest paid	-231,888
Corporate tax etc. paid	-1,403,072
Income from recovery of bankrupt loans receivable	199,550
Cash Flow from Operating Activities	2,896,187
II Cash Flow from Investing Activities	
Expenditure on acquisition of tangible fixed assets	-171,715
Expenditure on acquisition of intangible fixed assets	-838,243
Revenue accrued on sale of investments in securities	-5,800
Revenue accrued on redemption of investment securities	185,319
Expenditure on acquisition of subsidiary stock	-408,342
Expenditure on the acquisition of subsidiary stock effecting a change in scope of consolidation	-21,378
Expenditure on execution of loans	-654,854
Revenue accrued on collection of loans	282,431
Expenditure on transfer of business	-48,119
Revenue accrued on transfer of business	104,019
Other	-38,439
Cash Flow from Investing Activities	-1,615,124
III Cash Flow from Financing Activities	
Revenue accrued on short term loans	17,400,000
Expenditure on repayment of short term loans	-28,227,440
Revenue accrued on long term loans	13,250,000
Expenditure on repayment of long term loans	-593,000
Expenditure on redemption of bonds	-4,937,500
Payment of dividends	-857
Payment of dividends to minority shareholders	-280,080
Other	8,717
Cash Flow from Financing Activities	-3,380,160
IV Effect of Exchange Rate on Cash and Equivalentents	-28,856
V Increase in Cash and Equivalentents	-2,127,954
VI Balance of Cash and Equivalentents at the Beginning of Term	19,303,854
VII Increase in Cash and Equivalentents following Increase in Consolidated Subsidiaries	68,215
VIII Balance of Cash and Equivalentents at the End of the Term	17,244,116

(3) Segment Data

Nine months to September of fiscal year 2008 (01.01.2008 – 09.30.2008)

Item	Internet Use Support (Infrastructure) (¥thousands)	Internet Advertising Support (Internet Media) (¥thousands)	Other Businesses (¥thousands)	Total (¥thousands)	Inter segment Transaction Adjustment (¥thousands)	Consolidated (¥thousands)
Sales	14,332,521	13,110,934	75,249	27,518,706	-354,639	27,164,066
Operating expenses	12,385,308	11,972,614	81,046	24,438,969	-391,187	24,047,781
Operating Profit	1,947,212	1,138,319	-5,796	3,079,736	36,548	3,116,284