

First Quarter Results Statement for the Fiscal Year Ending December 2010

May 10, 2010

Name of Listed Company: GMO Internet, Inc.

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

Representative: Masatoshi Kumagai, CEO and Representative Director

Official Contact: Masashi Yasuda, CFO and Managing Director Contact Number: +81-3-5456-2555

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(all amounts rounded down to the nearest million yen)

Consolidated First Quarter Financial Results in the Fiscal Year Ending December 2010 (01.01.2010 - 31.03.2010)

(1) Consolidated Operating Results (Cumulative)

(percentages represent year-on-year % change)

	Sales		Operating Profit		Ordinary Profit		Net Profit	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
Three months ended								
March 31, 2010	9,969	3.1	1,281	16.2	1,310	12.6	577	-10.8
March 31, 2009	9,671	—	1,103	—	1,163	—	647	—

	Net Profit per Share	Net Profit per Share (Diluted)
	¥	¥
Three months ended		
March 31, 2010	5.77	—
March 31, 2009	6.44	—

(2) Consolidated Financial Condition

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
	¥ millions	¥ millions	%	¥
March 31, 2010	40,898	14,121	17.6	71.99
FYE 12/2009	40,922	14,145	17.2	70.47

(Reference) Shareholders' Equity FYE 12/2010 Q1: ¥7,199 million FYE 12/2009: ¥7,047 million

2. Dividends

	Dividend per Share				
	End of Q1	End of Q2	End of Q3	End of Q4	Total
	¥	¥	¥	¥	¥
FYE 12/2009	—	2.00	—	4.00	6.00
FYE 12/2010	—				
FYE 12/2010 (forecast)		2.00	—	4.00	6.00

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

3. Consolidated Results Forecast for the Year Ending December 2010 (01.01.2010 – 12.31.2010)

(Full year % represent previous fiscal year comparison; Interim % represent previous interim comparison)

	Sales		Operating Profit		Ordinary Profit		Net Profit		Net Profit per Share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
Interim	20,000	5.4	2,250	1.9	2,100	-9.4	800	-34.7	8.00
Full Year	42,000	10.0	5,200	11.8	4,900	2.1	2,000	47.7	20.00

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

4. Other

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

New: 0 companies (company name:) Excluded: 0 companies (company name:)

(*Note: Please refer to Qualitative Information, Financial Statements – 4. Other [page 8] for details)

(2) Simplified accounting procedures or special accounting procedures applied in the preparation of consolidated financial statements for the current term: none

(*Note: Please refer to Qualitative Information, Financial Statements – 4. Other [page 8] for details)

(3) Changes to accounting principles, procedures or representation relating to preparation of consolidated interim financial statements. (Changes to significant accounting bases used in preparation of financial statements)

1. Changes resulting from revisions to accounting standards: none

2. Changes other than those specified above: none

(*Note: Please refer to Qualitative Information, Financial Statements – 4. Other [page 8] for details)

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

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

FY2010 1st Quarter: 100,003,441	FYE December 2009: 100,003,441
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ii) No. of treasury shares at end of term

FY2010 1st Quarter: 1,506	FYE December 2009: 1,506
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iii) Average no. of shares in the term

FY2010 1st Quarter: 100,001,935	FY2009 1st Quarter: 100,483,13
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* Note regarding the appropriate use of results forecasts and other items

Projections are based on information available at the time of release and may include judgments based on factors that contain risk and are largely indeterminable. Actual results may differ materially from these projections as a result of business environment and other factors. Please refer to page 8 for details regarding results forecasts.

Qualitative Information: Financial Statements

1. Consolidated Operating Results

General Conditions

In the first quarter of fiscal year 2010, Japanese exports surged and emergency economic stimulants helped revive the domestic economy. However employment and income have yet to pick up and as a result consumer spending continues to decline.

The Internet market, the arena in which the group operates, and particularly the ecommerce market, remained robust despite economic conditions. 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.

Consolidated financial results in the first quarter of the current fiscal year were as follows. Sales: ¥9.969 billion (3.1% year-on-year increase) Operating Profit: ¥1.281 billion (16.2% year-on-year increase) and Ordinary Profit: ¥1.310 billion (12.6% year-on-year increase).

Operating results in the Web Infrastructure & Ecommerce and Internet Media segments are discussed in the following segment report, however in addition to segment earnings, net profit before tax (¥1.191 billion) was impacted by extraordinary profits including gains on the sale of investment securities (¥39.99 million), and extraordinary losses including an impairment loss arising from reduced profitability of business assets (¥55.59 million), loss on the sale of stock in an affiliated company (¥61.16 million) and loss on the disposal of fixed assets (¥21.91 million). Corporate taxes etc. and corporate tax adjustment amounted to ¥403.23 million, and minority interests of ¥210.64 million were recorded resulting in a net profit of ¥577.14 million (10.8% year-on-year decrease).

(1) Operating Results Analysis

(Unit: ¥thousands)

	Previous Quarter	Current Quarter	Change	% Change
Sales				
Web Infrastructure & Ecommerce	4,710,713	4,905,151	194,437	4.1%
Internet Media	5,166,587	5,217,294	50,707	1.0%
Other	497	1,502	1,005	202.2%
Inter segment transactions	-206,069	-154,944	51,125	-24.8%
Total	9,671,728	9,969,005	297,276	3.1%
Operating Profit				
Web Infrastructure & Ecommerce	690,831	743,188	52,356	7.6%
Internet Media	429,085	541,102	112,024	26.1%
Other	-30,096	-14,170	15,926	-52.9%
Inter segment transactions	13,196	11,738	-1,457	-11.1%
Total	1,103,018	1,281,859	178,840	16.2%
Ordinary Profit	1,163,209	1,310,238	147,028	12.6%
Net Profit	647,018	577,144	-69,873	-10.8%

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 and other 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, GMO TokuToku BB, and other access provider services.
Internet Media	Internet media & search media	<ul style="list-style-type: none"> Development and operation of blog services including yaplog! and JUGEM, Internet community services such as freeml, and other Internet advertising media. SEM Media <ul style="list-style-type: none"> JWord operation and sales of JWord, Japanese keywords. Sales of GMO SEO+, and other SEO (Search Engine Optimization) services Ad Network <ul style="list-style-type: none"> Distribution of contextual advertising to owned & operated media and search engine results pages.
	Advertising agencies	<ul style="list-style-type: none"> Internet advertising, mobile advertising, search engine advertising, affiliate advertising Advertising production service
	Other	<ul style="list-style-type: none"> 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 period under review, in the domain registration business market share expanded and domain registrations/renewals increased 49.3% year-on-year to 294 thousand. Cumulative active domains were up 39.9% from the previous corresponding quarter to 1.27 million. However, reflecting a low pricing strategy, sales fell 5.4% from the previous corresponding term to ¥571.12 million.

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. In addition, new service True CLOUD was launched to meet demand for cloud computing solutions. As a result, contracts increased 12.1% over the previous corresponding term to approximately 44 thousand and sales in the quarter reached a record ¥2.278 billion (1.6% year-on-year increase).

In ecommerce solutions and web development, the shopping cart business continued to grow as the ecommerce market expanded and more individual online stores were established under their own domain names. This business has focused on strengthening ecommerce solutions by networking ecommerce stores and implementing a points reward program. In the first quarter GMO TokuToku Point membership exceeded 10 million. Going forward we will continue to stimulate ecommerce market sales with a point reward program that achieves high customer satisfaction through easier to earn points and an easier to use service. Revenue has trended upward since the third quarter of 2009 and sales in the current quarter were reported at ¥468.94 million (17.0% year-on-year decrease).

Sales were strong in the security business as Japan, North America and Europe expanded sales partnerships. In regard to global expansion, French language services were added, a Singapore subsidiary was established, and preparations were made for the launch of sales in the Oceania, South-East Asia, and India markets. Sales were up 17.9% year-on-year to ¥367.23 million.

The payment processing business saw an increase in merchants and growth in recurring payments. In the first quarter Social Appli Payment Service, Inc. was established following a decision to launch a convenient and secure payment processing service catering to the social applications market; a market that has experienced rapid growth since the last fiscal year. (Social applications are games, tools, and other applications that run on Social Network Service [SNS] platforms.) Payment processing reported sales of ¥753.41 million (24.1% year-on-year increase).

Results in the Web Infrastructure and Ecommerce segment, chiefly comprising the five product areas above, were as follows; sales: ¥4.905 billion (4.1% year-on-year increase), operating profit: ¥743.18 million (7.6% year-on-year increase).

• Internet Media Segment

A weakened economy continued to impact the domestic advertising market. According to Dentsu, Inc. in fiscal year 2009 market conditions remained severe and spending on advertising fell 11.5% from the previous year. Internet advertising spend remained virtually stagnant at ¥706.9 billion up just 1.2% from the previous year. However, SEM media has continued to perform well against the backdrop of a strong ecommerce market.

The first quarter saw solid performance in Internet Media & Search Media, a reflection of the transfer of sales staff to JWord (Japanese search tool), SEO and other SEM media services. Overall, Internet Media & Search Media recorded sales of ¥2.722 billion (21.2% year-on-year increase).

In the advertising agencies business mobile advertising performed well. However sales in the business fell 13.7% from the previous corresponding quarter to ¥2.328 billion reflecting factors including client advertising budget cutbacks.

Overall sales in Internet Media, the segment encompassing the above businesses, were ¥5.217 billion (1.0% year-on-year increase), operating profit was at ¥541.10 million (26.1% year-on-year increase).

• Other Businesses

Venture capital was the only business operating under Other Businesses during the current term. Results in the Other Businesses segment were as follows; Sales: ¥1.50 million (202.3% year-on-year increase), and Operating Loss: ¥14.17 million (¥30.09 million operating loss in the previous corresponding term).

(Reference 1)

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

(Unit: ¥millions)

	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010
Sales	9,671	9,304	9,679	9,538	9,969
Operating Profit	1,103	1,105	1,312	1,127	1,281
Ordinary Profit	1,163	1,153	1,345	1,135	1,310
Net Profit	647	578	621	-492	577
Total Assets	39,519	40,073	40,469	40,922	40,898
Shareholders' Equity	6,730	7,329	7,505	7,047	7,199

(Reference 2)

Table: Quarterly Changes by Segment

I Sales by Segment

(Unit: ¥millions)

	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010
Web Infrastructure & Ecommerce					
Access provider (ISP)	320	307	295	285	280
Domain registration	603	615	520	502	571
Web hosting	2,241	2,260	2,256	2,251	2,278
EC solutions & web dev.	564	440	418	420	468
Security	311	326	304	349	367
Payment processing	606	627	662	710	753
Other	60	59	84	104	185
Segment Sales Total	4,710	4,636	4,541	4,624	4,905
Internet Media					
Internet media & search	2,245	2,460	2,988	2,779	2,722
Advertising agencies	2,697	2,280	2,217	2,166	2,328
Other	335	272	274	269	314
Total	5,278	5,013	5,480	5,215	5,364
Adjustment for internal transactions	(112)	(191)	(194)	(175)	(147)
Segment Sales Total	5,166	4,822	5,286	5,039	5,217
Other Businesses					
Other	0	18	1	1	1
Segment Sales Total	0	18	1	1	1
Adjustment for inter segment transactions	(206)	(172)	(150)	(126)	(154)
Consolidated Sales	9,671	9,304	9,679	9,538	9,969

II Operating Profit by Segment

(Unit: ¥millions)

	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010
Web Infrastructure & Ecommerce	690	649	634	674	743
Internet Media	429	471	681	485	541
Other Businesses	-30	-26	-15	-43	-14
Sub total	1,089	1,093	1,300	1,116	1,270
Adjustment for inter segment transactions	13	12	12	11	11

Consolidated Operating Profit	1,103	1,105	1,312	1,127	1,281
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2. Consolidated Financial Condition

Assets, Liabilities, and Net Assets

Significant changes in the state of assets, liabilities, and net assets between December 31, 2009 and March 31, 2010 are as follows.

Current assets increased ¥575.93 million (2.0%) from the end of the previous fiscal year to ¥29.315 billion.

Major contributing factors were an increase of ¥213.39 million in trade notes and accounts receivable reflecting seasonal influences in advertising agencies, and an increase of ¥123.90 million in operational investment securities resulting from new investments.

Fixed assets decreased ¥600.10 million (4.9%) from the end of the previous fiscal year to ¥11.583 billion.

This was predominantly the result of a decrease of ¥5.405 million in claims in bankruptcy caused by the sale etc. of bankrupt receivables, and a ¥4.873 million reduction in the provision for doubtful debts.

As a result assets total decreased ¥24.17 million (0.1%) from the end of the previous fiscal year to ¥40.898 billion.

Current liabilities increased ¥310.52 million (1.9%) from the end of the previous fiscal year to ¥16.632 billion. This was mainly due to a ¥146.59 million increase in trade notes and accounts payable caused by seasonal factors in the advertising agencies business, an increase of ¥54.57 million in short term debt, a decrease of ¥355.42 million in accrued corporate tax etc. following a tax payment, and a ¥452.61 million increase in deposits received reflecting an increase in deposits in major merchant services provided by the payment processing business.

Fixed liabilities dropped ¥311.23 million (3.0%) from the end of the previous fiscal year to ¥10.144 billion, mainly due to a scheduled repayment of long term debt (¥332.87 million).

Overall, liabilities total decreased ¥714 thousand (0.0%) from the end of the previous fiscal year to ¥26.776 billion.

Net Assets decreased ¥23.45 million (0.2%) from the end of the previous fiscal year to ¥14.121 billion.

Earned surplus increased overall by ¥88.50 million boosted by ¥577.14 billion in net profit, and reduced by ¥400.00 million paid out in dividends. Gaps in appraisals, conversions etc. increased by ¥63.48 million due to an increase in the foreign currency translation adjustment account. Minority equity offset dividends paid and a change in equity investees reduced net assets by ¥177.54 million.

Cash Flow

In the three months to March of the current fiscal year, consolidated cash flow provided by operating activities was ¥1.432 billion while cash flow used in investing activities was ¥718.60 million, and ¥890.21 million was used in financing activities. As a result the balance of consolidated cash and cash equivalents stood at ¥20.575 billion at the end of the first quarter.

The following is a summary of cash flow in the first quarter of the current consolidated fiscal year.

Cash flow provided by operating activities totaled ¥1.432 billion (¥753.11 million in the previous corresponding quarter). Major items included net profit before tax and other adjustments amounting to ¥1.191 billion, non cash expenses including depreciation (¥251.93 million) and goodwill amortization (¥111.46 million), as well expenditure on corporate and other tax payments (¥723.58 million yen) and income from the sale of bankrupt receivables (¥560.00 million).

Cash flow used in investing activities was ¥718.60 million (¥120.71 million was used in the previous corresponding term). Expenditure included payment of a fixed term deposit (¥200.00 million), acquisition of tangible fixed assets (¥147.89 million), and acquisition of subsidiary stock (¥294.89 million).

Cash flow used in financing activities was ¥890.21 million (¥916.04 million was used in the previous corresponding term). Significant items included income of ¥50.00 million (net amount) from short-term loans, and outflows of ¥351.00 million on repayment of long-term loans, ¥341.38 million on payment of dividends, and payment of dividends totaling ¥222.51 million to minority shareholders.

3. Consolidated Earnings Results Forecasts

There is no revision to the interim and full-year consolidated results forecasts announced on February 10, 2010.

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: none

5. Consolidated Financial Statements
 (1) Quarterly Balance Sheet

(Unit: ¥thousands)

	1st Quarter Current Fiscal Year (As of Mar 31, 2010)	End of Previous Fiscal Year (As of Dec 31, 2009)
Assets		
Current Assets		
Cash and deposits	20,935,062	20,891,573
Trade notes and accounts receivable	4,896,224	4,682,825
Securities	699,950	699,750
Operational investment securities	1,040,053	916,151
Deferred tax asset	738,114	786,942
Other	1,371,953	1,113,063
Provision for doubtful debts	- 357,175	- 342,057
Provision for loss on investments	- 9,038	- 9,038
Total Current Assets	29,315,145	28,739,211
Fixed Assets		
Tangible fixed assets	857,339	687,047
Intangible fixed assets		
Goodwill	1,235,943	1,188,169
Software	1,808,481	1,884,882
Other	173,985	247,393
Total intangible fixed assets	3,218,409	3,320,446
Investments and other assets		
Investment securities	626,945	683,040
Investment real estate	2,963,882	2,964,199
Claims in bankruptcy etc.	28,010	5,433,224
Deferred tax asset	2,169,555	2,170,667
Other	1,784,657	1,863,748
Provision for doubtful debts	- 65,380	- 4,938,848
Total investments and other assets	7,507,671	8,176,032
Total Fixed Assets	11,583,421	12,183,525
Total Assets	40,898,566	40,922,737
Liabilities		
Current Liabilities		
Trade notes and accounts payable	1,513,366	1,366,771
Short term debt	2,558,450	2,503,880
Amount payable	2,215,831	2,153,114
Accrued corporate tax etc.	450,660	806,089
Allowance for bonuses	174,936	123,439
Allowance for bonuses to directors	56,175	104,937
Advance payment received	2,475,027	2,444,377
Deposits received	6,184,534	5,731,921
Other	1,003,387	1,087,313
Total Current Liabilities	16,632,370	16,321,845

(Unit: ¥thousands)

	1st Quarter Current Fiscal Year (As of Mar 31, 2010)	End of Previous Fiscal Year (As of Dec 31, 2009)
Fixed Liabilities		
Long term debt	9,270,375	9,603,250
Long term amount payable	417,053	427,553
Tax liability carried forward	6,638	4,720
Allowance for retirement benefits	-	1,402
Other	450,306	418,685
Total Fixed Liabilities	10,144,373	10,455,612
Total Liabilities	26,776,743	26,777,457
Net Assets		
Shareholders' Equity		
Capital stock	1,276,834	1,276,834
Earned surplus	5,980,120	5,891,618
Treasury stock	- 625	- 625
Total Shareholders' Equity	7,256,329	7,167,827
Gaps in Appraisals, Conversions etc.		
Other gaps in evaluation of securities	- 15,093	- 15,632
Hedging profit/loss carried forward	8,717	4,830
Foreign currency translation account adjustment account	- 50,455	- 109,512
Total Gaps in Appraisals, Conversions, etc.	- 56,831	- 120,315
Equity Warrants	6,827	4,728
Minority Equity	6,915,497	7,093,038
Total Net Assets	14,121,823	14,145,279
Liabilities, Net Assets Total	40,898,566	40,922,737

(2) Consolidated Statement of Income
Three months to March, 2010

(Unit: ¥thousands)

	1st Quarter Previous Fiscal Year (3 months to March, 2009)	1st Quarter Current Fiscal Year (3 months to March, 2010)
Sales	9,671,728	9,969,005
Cost of Sales	4,429,874	4,555,679
Gross Profit on Sales	5,241,854	5,413,325
Sales, General & Administrative Expenses	4,138,836	4,143,465
Operating Profit	1,103,018	1,281,859
Non Operating Revenue		
Interest received	76,081	21,845
Dividends received	1,445	35,200
Property rent received	-	25,760
Other	87,957	26,795
Total Non Operating Revenue	165,484	109,602
Non Operating Expenses		
Interest paid	71,270	50,970
Other	34,022	30,162
Total Non Operating Expenses	105,293	81,133
Ordinary Profit	1,163,209	1,310,238
Extraordinary Profit		
Gain on sale of fixed assets	2,086	-
Gain on sale of investment securities	5,000	39,999
Gain on sale of affiliated company stock	19,164	-
Other	5,654	5,036
Total Extraordinary Profit	31,905	45,036
Extraordinary Loss		
Loss on disposal of fixed assets	1,534	21,916
Impairment loss	-	55,598
Business withdrawal loss	12,916	-
Office relocation expenses	15,387	10,177
Loss on sale of affiliated company stock	-	61,160
Other	469	15,402
Total Extraordinary Loss	30,308	164,256
Net Profit before Adjustment for Tax etc.	1,164,806	1,191,018
Corporate, Municipal and Enterprise Taxes	322,472	353,959
Corporate Tax etc. Adjustment	33,651	49,272
Total Corporate Taxes etc.	356,123	403,231
Minority Interests	161,664	210,641
Net Profit	647,018	577,144

(3) Consolidated Statement of Cash Flows

(Unit: ¥thousands)

	1st Quarter Previous Fiscal Year (3 months to March, 2009)	1st Quarter Current Fiscal Year (3 months to March, 2010)
Cash Flow from Operating Activities		
Net Profit before Adjustment for Tax etc.	1,164,806	1,191,018
Depreciation expenses	190,527	251,936
Amortization of goodwill	220,478	111,468
Gain or loss on sale of investment securities (- represents gain)	- 5,000	- 39,999
Gain or loss on sale of affiliated company stock (- represents gain)	- 19,164	61,160
Interest and dividends received	- 77,527	- 57,045
Interest paid	71,270	50,970
Change in accounts receivable (- represents increase)	- 215,657	- 169,684
Change in purchase debts (- represents decrease)	- 32,047	40,503
Other	145,924	150,700
Sub total	1,443,609	1,591,028
Interest and dividends received	76,476	55,875
Interest paid	- 75,015	- 51,003
Corporate tax etc. paid	- 691,957	- 723,587
Income from sale of bankrupt receivables	—	560,000
Cash Flow from Operating Activities	753,113	1,432,312
Cash Flow from Investing Activities		
Payment of a fixed term deposit	—	- 200,000
Expenditure on acquisition of tangible fixed assets	- 55,046	- 147,895
Expenditure on acquisition of intangible fixed assets	- 138,760	- 70,708
Income accrued on sale of intangible fixed assets	2,851	—
Expenditure on acquisition of investment securities	- 4,350	- 30,000
Income accrued on sale of investment securities	95,000	40,016
Expenditure on acquisition of subsidiary stock	- 53,737	- 294,891
Income accrued on sale of subsidiary stock	22,050	—
Income accrued on the sale of subsidiary stock resulting in change in scope of consolidation	—	3,184
Other	11,278	- 18,305
Cash Flow from Investing Activities	- 120,714	- 718,600
Cash Flow from Financing Activities		
Income accrued on short term loans	1,100,000	1,850,000
Expenditure on repayment of short term loans	- 900,000	- 1,800,000
Expenditure on repayment of long term loans	- 349,750	- 351,000
Payment of dividends	- 589,615	- 341,387
Payment of dividends to minority shareholders	- 196,653	- 222,511
Other	19,970	- 25,316
Cash Flow from Financing Activities	- 916,048	- 890,215
Effect of Exchange Rate Changes on Cash and Equivalents	2,470	- 21,673
Change in Cash and Equivalents (- represents decrease)	- 281,177	- 198,177
Balance of Cash and Equivalents at Beginning of Term	18,456,132	20,723,683
Increase in Cash and Equivalents following Increase in Consolidation	26,639	49,556
Balance of Cash and Equivalents at End of Term	18,201,594	20,575,062

(4) Notes regarding the Going Concern Assumption
None.

(5) Segment Data

Three months to March 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	4,655,642	5,015,589	497	9,671,728	—	9,671,728
(2) Inter segment sales and transfer	55,071	150,998	—	206,069	(206,069)	—
Total	4,710,713	5,166,587	497	9,877,798	(206,069)	9,671,728
Operating Profit (Loss)	690,831	429,085	(30,096)	1,089,821	13,196	1,103,018

Three months to March 2010

	Web Infrastructure & Ecommerce (¥thousands)	Internet Media (¥thousands)	Other Businesses (¥thousands)	Total (¥thousands)	Inter segment transactions (¥thousands)	Consolidated (¥thousands)
Sales						
(1) Sales to unaffiliated customers	4,856,626	5,110,875	1,502	9,969,005	—	9,969,005
(2) Inter segment sales and transfer	48,525	106,418	—	154,944	(154,944)	—
Total	4,905,151	5,217,294	1,502	10,123,949	(154,944)	9,969,005
Operating Profit (Loss)	743,188	541,102	(14,170)	1,270,120	11,738	1,281,859

(Note) Main services 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

Three months to March 2009 and three months to March 2010.

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

Global sales data

Three months to March 2009 and three months to March 2010.

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

(6) Significant Changes in Shareholders' Equity

None.