

Consolidated Second Quarter Results Statement for the Fiscal Year Ending December 2010 (Japanese GAAP)

August 5, 2010

Name of Listed Company: GMO Internet, Inc.

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

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Quarterly Report Release Date: August 13, 2010 Start Date of Dividend Payout: September 27, 2010

Supplementary documents prepared pertaining to quarterly financial results: Yes

Quarterly results presentation held: Yes (for institutional investors and analysts)

(all amounts rounded down to the nearest million yen)

1. Consolidated 2nd Quarter Financial Results in the Fiscal Year Ending December 2010 (01.01.2010- 06.30.2010)

(1) Consolidated Operating Results (Cumulative)

(percentages represent year-on-year % change)

	Sales		Operating Profit		Ordinary Profit		Net Profit	
Six months ended	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
June 30, 2010	20,459	7.8	2,564	16.1	2,579	11.3	1,118	-8.7
June 30, 2009	18,976	—	2,208	—	2,317	—	1,225	—

	Net Profit per Share	Net Profit per Share (Diluted)
Six months ended	¥	¥
June 30, 2010	11.18	—
June 30, 2009	12.19	—

(2) Consolidated Financial Condition

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
As of	¥ millions	¥ millions	%	¥
June 30, 2010	42,729	14,755	18.0	76.85
December 31, 2009	40,922	14,145	17.2	70.47

(Reference) Shareholders' Equity FYE 12/2010 Q2: ¥7,686 million FYE 12/2009: ¥7,047 million

2. Dividends

	Dividends 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	—	2.00	—	4.00	6.00
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 Fiscal Year Ending December 2010 (01.01.2010 – 12.31.2010)

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

	Sales		Operating Profit		Ordinary Profit		Net Profit		Net Profit per Share
Full Year	¥ millions	%%	¥ millions	%%	¥ millions	%%	¥ millions	%%	¥
	42,000	10.0	5,200	11.8	4,900	2.1	2,000	47.7	20.00

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

4. Other (Please refer to Page 8 for details)

(1) Changes to significant subsidiaries in the current term: none

New: 0 companies Excluded: 0 Companies

(Note) Specifies any changes in significant subsidiaries that result in change in scope of consolidation

(2) Simplified accounting procedures or special accounting procedures applied: none

(Note) Specifies and simplified accounting procedures or special accounting procedures applied in preparation of consolidated financial statements for the current term.

(3) Changes to accounting principles, procedures or representation

1. Changes resulting from revisions to accounting standards: none

2. Changes other than those specified above: none

(Note) Specifies any changes to accounting principles, procedures or representation listed under "Significant changes to accounting bases used in the preparation of financial statements in the current consolidated term.

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

1. No. of outstanding shares at end of term (inc. treasury stock)	Q2 FYE 12/2010	100,003,441	FYE 12/2009	100,003,441
2. No. of treasury shares at end of term	Q2 FYE 12/2010	1,506	FYE 12/2009	1,506
3. Average no. of shares in the term	Q2 FYE 12/2010	100,001,935	Q2 FYE 12/2009	100,483,105

*Quarterly Results Statement Audit

The company has been selected under the Financial Instruments and Exchange law to submit its current quarterly results statements to be audited. At the time of this results statement release the audit is ongoing.

* 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 7 for details regarding results forecasts.

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* The company will conduct a results presentation for investors. Details are as follows.
Presentation materials and video will be available from the GMO Internet investor relations website shortly after the close of the event. (Video is only available in Japanese)

Thursday August 5, 2010 Presentation for Institutional Investors and Analysts

* In addition to the above event, the company also holds presentations for individual investors on business activities and performance as necessary. Please refer to the GMO Internet investor relations website for details (note that these events are generally conducted in Japanese)

Qualitative Information: Consolidated Quarterly Business Results

(1) Consolidated Operating Results

General Conditions

In the first six months of fiscal year 2010, the Japanese economy was bolstered by an export-led recovery in corporate earnings coupled with the effects of a recently implemented emergency stimulus package. However, overall economic conditions remain challenging impacted by volatility in Europe and a lagging domestic recovery in employment and income.

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.), also reported a strong performance.

Consolidated financial results in the first half of the current fiscal year were as follows; sales: ¥20.549 billion (7.8% year-on-year increase) operating profit: ¥2.564 billion (16.1% year-on-year increase) and ordinary profit: ¥2.579 billion (11.3% 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 (¥2.399 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 (¥56.62 million), a loss on the sale of stock in an affiliated company (¥61.16 million) and loss on the disposal of fixed assets (¥41.57 million). Corporate taxes etc. and corporate tax adjustment amounted to ¥838.47 million, and minority interests of ¥442.04 million were recorded resulting in a net profit of ¥1.18 billion (8.7% year-on-year decrease).

(Unit: ¥thousands)

	Six months to June 2009	Six months to June 2010	Change	% Change
Sales				
Web Infrastructure & Ecommerce	9,347,564	9,870,683	523,118	5.6%
Internet Media	9,988,632	10,481,628	492,995	4.9%
Other	18,851	408,279	389,427	2065.8%
Inter segment transactions	-378,730	-301,035	77,694	—
Total	18,976,318	20,459,555	1,483,236	7.8%
Operating Profit				
Web Infrastructure & Ecommerce	1,339,842	1,459,520	119,677	8.9%
Internet Media	900,539	996,691	96,152	10.7%
Other	-57,056	79,949	137,005	—
Inter segment transactions	25,666	28,172	2,505	—
Total	2,208,992	2,564,333	355,341	16.1%
Ordinary Profit	2,317,148	2,579,580	262,432	11.3%
Net Profit	1,225,218	1,118,799	-106,419	-8.7%

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 domain names (.com, .net, .jp etc.).
	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 and social apps industry.
	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 by yaplog! and JUGEM, 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+, and other SEO (Search Engine Optimization) services. Ad Network 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 design.
	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, market share expanded in the domain registration business and domain registrations/renewals increased 49.4% year-on-year to 637 thousand. Cumulative active domains were up 43.9% from the previous corresponding quarter to 1.45 million. However, reflecting a low pricing strategy, sales fell 6.6% from the previous corresponding term to ¥1.138 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 industry demands grow we continue to expand our lineup with services including mobile and virtualized solutions. Overall, contracts increased 11.6% over the previous corresponding term to approximately 450 thousand and sales in the quarter reached ¥4.573 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 second 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 easy-to-earn points and an easy-to-use service.

The web development business however, was reduced in size as sales staff were shifted to the Internet media segment. Over all Ecommerce Solutions and Web Development reported sales of ¥912.04 million (9.2% year-on-year decrease).

Sales were strong in the security business as Japan, North America and Europe expanded sales partnerships. As a result sales reached ¥778.12 million (21.9% year-on-year increase).

The payment processing business saw an increase in merchants and growth in recurring payments. During the second quarter Nagasaki city (Nagasaki prefecture) adopted the GMO Payment Gateway payment processing service for government contributing to expansion in this sector. The payment processing business reported sales of ¥1.530 billion (24.1% year-on-year increase).

Results in the Web Infrastructure & Ecommerce segment, chiefly comprising the five product areas above, were as follows; sales: ¥9.870 billion (5.6% year-on-year increase), operating profit: ¥1.459 million (8.9% year-on-year increase).

- Internet Media Segment

According to Dentsu, Inc. in fiscal year 2009 market conditions remained severe and spending on advertising fell 11.5% from the previous year. At the same time 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 second 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 ¥5.510 billion (17.1% year-on-year increase).

In the advertising agencies business mobile advertising results were positive. In the second quarter, with the objective of strengthening its suite of mobile ad network products, subsidiary GMO AD Partners acquired all shares in mobile ad network company Sanow, Inc. and the company became a wholly-owned subsidiary. However total sales in the business fell 5.5% from the previous corresponding quarter to ¥4.703 billion reflecting factors including recent client advertising budget cutbacks.

Overall sales in Internet Media, the segment encompassing the above businesses, were ¥10.481 billion (4.9% year-on-year increase) and operating profit was at ¥996.69 million (10.7% year-on-year increase).

- Other Businesses

Venture capital was the only business operating in Other Businesses during the current term. In the current quarter sales this business reports sales of ¥408.27 million (2,065.8% year-on-year increase) due to the sale of some operational investment securities. Operating profit was ¥79.94 million (¥57.05 million operating loss recorded in the previous corresponding term).

(Reference 1)

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

(Unit: ¥millions)

	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010
Sales	9,304	9,679	9,538	9,969	10,490
Operating Profit	1,105	1,312	1,127	1,281	1,282
Ordinary Profit	1,153	1,345	1,135	1,310	1,269
Net Profit	578	621	-492	577	541
Total Assets	40,073	40,469	40,922	40,898	42,729
Shareholders' Equity	7,329	7,505	7,047	7,199	7,686

(Reference 2)

Table: Quarterly Changes by Segment

I Sales by Segment

(Unit: ¥millions)

	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010
Web Infrastructure & Ecommerce					
Access provider (ISP)	307	295	285	280	274
Domain registration	615	520	502	571	567
Web hosting	2,260	2,256	2,251	2,278	2,295
EC solutions & web dev.	440	418	420	468	443
Security	326	304	349	367	410
Payment processing	627	662	710	753	777
Other	59	84	104	185	197
Segment Sales Total	4,636	4,541	4,624	4,905	4,965
Internet Media					
Internet media & search	2,460	2,988	2,779	2,722	2,788
Advertising agencies	2,280	2,217	2,166	2,328	2,374
Other	272	274	269	314	287
Total	5,013	5,480	5,215	5,364	5,450
Adjustment for internal transactions	(191)	(194)	(175)	(147)	(186)
Segment Sales Total	4,822	5,286	5,039	5,217	5,264
Other Businesses					
Other	18	1	1	1	406
Segment Sales Total	18	1	1	1	406
Adjustment for inter segment transactions	(172)	(150)	(126)	(154)	(146)
Consolidated Sales	9,304	9,679	9,538	9,969	10,490

II Operating Profit by Segment

(Unit: ¥millions)

	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010
Web Infrastructure & Ecommerce	649	634	674	743	716
Internet Media	471	681	485	541	455
Other Businesses	-26	-15	-43	-14	94
Sub total	1,093	1,300	1,116	1,270	1,266
Adjustment for inter segment transactions	12	12	11	11	16
Consolidated Operating Profit	1,105	1,312	1,127	1,281	1,282

(2) Consolidated Financial Condition

Assets, Liabilities, and Shareholders' Equity

Significant changes in the state of assets, liabilities and shareholders' equity between December 31, 2009 and June 30, 2010, are as follows.

Current assets increased ¥2.496 billion (8.7%) from the end of the previous fiscal year to ¥31.236 billion. Major contributing factors were a ¥3.310 billion rise in cash and deposits, decreases of ¥699.75 million resulting from the maturity of investment securities, and a further ¥98.81 million from the sale of operational investment securities.

Fixed assets decreased ¥689.96 million (5.7%) from the end of the previous fiscal year to ¥11.493 billion. This was chiefly due to a decrease of ¥5.385 billion in claims in bankruptcy following the sale etc. of bankrupt receivables, and a ¥4.854 billion reduction in the provision for doubtful debts.

Overall, assets total increased ¥1.806 billion (4.4%) from the end of the previous fiscal year to ¥42.729 billion.

Current liabilities increased ¥1.839 billion (11.3%) from the end of the previous fiscal year to ¥18.160 billion. Sales deposits climbed ¥143.48 million in businesses including web hosting, while short term debt was reduced by ¥198.98 million and a ¥1.900 billion increase in deposits received reflected an increase in deposits in major merchant services provided in the payment processing business.

Fixed liabilities dropped ¥641.89 million (6.1%) from the end of the previous fiscal year to ¥9.813 billion, mainly due to a scheduled repayment of long term debt (¥682.62 million).

Overall, liabilities total increased ¥1.197 billion (4.5%) from the end of the previous fiscal year to ¥27.974 billion.

Net assets increased ¥609.73 million (4.3%) from the end of the previous fiscal year to ¥14.755 billion. Earned surplus increased overall by ¥629.89 million. Items impacting earned surplus include net profit (¥1.118 billion increase), and dividends paid (¥400.00 million decrease). Gaps in appraisals, conversions etc. increased by ¥8.59 million due to a rise in other gaps in appraisal of investment securities.

Cash Flow

In the first half of the current fiscal year, consolidated cash flow provided by operating activities was ¥5.222 billion while cash flow used in investing activities was ¥736.67 million, and ¥1.622 billion was used in financing activities. As a result the balance of consolidated cash and cash equivalents stood at ¥23.541 billion at the end of the fiscal year.

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

Cash flow provided by operating activities totaled ¥5.222 billion (¥3.491 billion in the previous corresponding quarter). Major items included net profit before tax and other adjustments amounting to ¥2.399 billion, non cash expenses including depreciation (¥513.83 million) and goodwill amortization (¥232.22 million), as well outflows including corporate and other tax payments (¥850.91 million yen), income from the sale of bad receivables (¥560.00 million) and deposits received from major merchants in the payment processing business (¥1.900 billion).

Cash flow used in investing activities was ¥736.67 million (¥499.83 million was used in the previous corresponding term). Expenditure included payment of a fixed term deposit (¥500.98 million), acquisition of tangible fixed assets (¥305.25 million), and acquisition of subsidiary stock (¥356.14 million) while income was recorded arising from the maturity of investment securities (¥700.00 million).

Cash flow used in financing activities was ¥1.622 billion (¥2.128 billion was used in the previous corresponding term). Significant items included expenditure of ¥200.00 million (net amount) on short-term loans, ¥705.98 million on repayment of long-term loans, ¥395.55 million on payment of dividends, and payment of dividends totaling ¥264.76 million to minority shareholders.

3. Qualitative Information - Consolidated Results Forecast

There is no revision to the full-year consolidated results forecasts announced on February 10, 2009.

2. Other

- (1) Summary of changes to significant subsidiaries
None.
- (2) Summary of simplified accounting procedures and special accounting procedures
None.
- (3) Summary of changes to accounting principles, procedures and representation
None.

3. Consolidated Financial Statements
(1) Quarterly Balance Sheet

(Unit: ¥thousands)

	2nd Quarter Current Fiscal Year (As of Jun 30, 2010)	End of Previous Fiscal Year (As of Dec 31, 2009)
Assets		
Current Assets		
Cash and deposits	24,202,072	20,891,573
Trade notes and accounts receivable	4,629,787	4,682,825
Securities	-	699,750
Operational investment securities	817,333	916,151
Deferred tax asset	783,758	786,942
Other	1,153,356	1,113,063
Provision for doubtful debts	-350,193	- 342,057
Provision for investments losses	-	- 9,038
Total Current Assets	31,236,115	28,739,211
Fixed Assets		
Tangible fixed assets	1,031,877	687,047
Intangible fixed assets		
Goodwill	1,200,237	1,188,169
Software	1,674,617	1,884,882
Other	156,184	247,393
Total intangible fixed assets	3,031,038	3,320,446
Investments and other assets		
Investment securities	619,191	683,040
Investment real estate	2,963,565	2,964,199
Bad receivables etc.	47,257	5,433,224
Deferred tax asset	2,173,585	2,170,667
Other	1,711,598	1,863,748
Provision for doubtful debts	-84,552	- 4,938,848
Total investments and other assets	7,430,645	8,176,032
Total Fixed Assets	11,493,562	12,183,525
Total Assets	42,729,677	40,922,737
Liabilities		
Current Liabilities		
Trade notes and accounts payable	1,466,429	1,366,771
Short term debt	2,304,895	2,503,880
Amount payable	2,149,150	2,153,114
Accrued corporate tax etc.	731,378	806,089
Allowance for bonuses	194,327	123,439
Allowance for bonuses to directors	90,195	104,937
Advance payment received	2,587,863	2,444,377
Deposits received	7,632,663	5,731,921
Other	1,004,042	1,087,313
Total Current Liabilities	18,160,945	16,321,845

(Unit: ¥thousands)

	2nd Quarter Current Fiscal Year (As of Jun 30, 2010)	End of Previous Fiscal Year (As of Dec 31, 2009)
Fixed Liabilities		
Long term debt	8,920,625	9,603,250
Long term amount payable	402,445	427,553
Tax liability carried forward	7,785	4,720
Allowance for retirement benefits	-	1,402
Other	482,858	418,685
Total Fixed Liabilities	9,813,714	10,455,612
Total Liabilities	27,974,659	26,777,457
Net Assets		
Shareholders' Equity		
Capital stock	1,276,834	1,276,834
Earned surplus	6,521,512	5,891,618
Treasury stock	-625	- 625
Total Shareholders' Equity	7,797,722	7,167,827
Gaps in Appraisals, Conversions etc.		
Other gaps in evaluation of securities	2,098	- 15,632
Hedging profit/loss carried forward	-5,871	4,830
Foreign currency translation adjustment	-107,944	- 109,512
Total Gaps in Appraisals, Conversions, etc.	-111,717	- 120,315
Equity Warrants	8,927	4,728
Minority Equity	7,060,086	7,093,038
Total Net Assets	14,755,018	14,145,279
Liabilities, Net Assets Total	42,729,677	40,922,737

(2) Consolidated Statement of Income
Six months to June, 2010

(Unit: ¥thousands)

	2nd Quarter Previous Fiscal Year (6 months to June, 2009)	2nd Quarter Current Fiscal Year (6 months to June, 2010)
Sales	18,976,318	20,459,555
Cost of Sales	8,716,412	9,480,983
Gross Profit on Sales	10,259,906	10,978,571
Sales, General & Administrative Expenses	8,050,914	8,414,238
Operating Profit	2,208,992	2,564,333
Non Operating Revenue		
Interest received	161,058	24,752
Dividends received	1,252	35,716
Property rent received	-	42,464
Other	157,400	67,203
Total Non Operating Revenue	319,711	170,137
Non Operating Expenses		
Interest paid	138,374	101,160
Other	73,181	53,729
Total Non Operating Expenses	211,555	154,889
Ordinary Profit	2,317,148	2,579,580
Extraordinary Profit		
Gain on sale of fixed assets	2,086	-
Gain on sale of investment securities	8,943	39,999
Gain on sale of affiliated company stock	19,164	363
Gain on change in equity investees	10,632	788
Other	8,971	4,971
Total Extraordinary Profit	49,797	46,123
Extraordinary Loss		
Loss on disposal of fixed assets	13,928	41,579
Impairment loss	7,018	56,662
Business withdrawal loss	13,153	-
Office relocation expenses	16,888	15,187
Loss on sale of investment securities	-	41,151
Loss on sale of affiliated company stock	-	61,160
Other	2,878	12,171
Total Extraordinary Loss	53,867	227,914
Net Profit before Adjustment for Tax etc. and Gain or Loss arising from Silent Partnership	2,313,079	2,397,790
Gain or Loss arising from Silent Partnership	-	-1,524
Net Profit before Adjustment for Tax etc.	2,313,079	2,399,315
Corporate, Municipal and Enterprise Taxes	720,212	824,778
Corporate Tax etc. Adjustment	-51,204	13,695
Total Corporate Taxes etc.	669,007	838,473
Minority Interests	418,853	442,042
Net Profit	1,225,218	1,118,799

(3) Consolidated Statement of Cash Flows

(Unit: ¥thousands)

	2nd Quarter Previous Fiscal Year (6 months to June 2009)	2nd Quarter Current Fiscal Year (6 months to June 2010)
Cash Flow from Operating Activities		
Net Profit before Adjustment for Tax etc.	2,313,079	2,399,315
Depreciation expenses	412,607	513,831
Amortization of goodwill	442,692	232,222
Gain or loss on sale of investment securities (- represents gain)	-8,862	-39,999
Gain or loss on sale of affiliated company stock (- represents gain)	-19,164	60,797
Interest and dividends received	-162,311	-60,469
Interest paid	138,374	101,160
Change in accounts receivable (- represents increase)	99,953	192,753
Change in purchase debts (- represents decrease)	-323,074	71,339
Change in deposits received (- represents decrease)	-	1,900,686
Other	1,285,336	183,278
Sub total	4,178,629	5,554,915
Interest and dividends received	168,119	59,911
Interest paid	-142,124	-101,210
Corporate tax etc. paid	-712,769	-850,917
Income from sale etc. of bad receivables	-	560,000
Cash Flow from Operating Activities	3,491,855	5,222,699
Cash Flow from Investing Activities		
Payment of a fixed term deposit	-	-500,986
Expenditure on acquisition of tangible fixed assets	-99,143	-305,253
Income accrued on sale of tangible fixed assets	2,179	-
Expenditure on acquisition of intangible fixed assets	-382,067	-163,265
Income accrued on sale of intangible fixed assets	816	-
Income accrued on redemption of investment securities	-	700,000
Expenditure on acquisition of investment securities	-14,850	-57,663
Income accrued on sale of investment securities	171,148	40,016
Expenditure on acquisition of subsidiary stock	-115,886	-356,146
Income accrued on sale of subsidiary stock	22,050	363
Expenditure on the acquisition of subsidiary stock resulting in change in scope of consolidation	-	-41,086
Income accrued on the sale of subsidiary stock resulting in change in scope of consolidation	-	3,184
Other	-84,084	-55,837
Cash Flow from Investing Activities	-499,837	-736,675

(Unit: ¥thousands)

	2nd Quarter Previous Fiscal Year (6 months to June 2009)	2nd Quarter Current Fiscal Year (6 months to June 2010)
Cash Flow from Financing Activities		
Income accrued on short term loans	1,800,000	2,900,000
Expenditure on repayment of short term loans	-2,311,648	-3,100,000
Expenditure on repayment of long term loans	-699,500	-705,985
Payment of dividends	-695,600	-395,553
Payment of dividends to minority shareholders	-233,927	-264,766
Other	12,475	-56,463
Cash Flow from Financing Activities	-2,128,200	-1,622,768
Effect of Currency Translation Adjustment on Cash and Equivalents	33,886	-95,408
Change in Cash and Equivalents (- represents decrease)	897,703	2,767,846
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	19,380,475	23,541,086

(4) Notes regarding the Going Concern Assumption
None.

(5) Segment Data

Data by segment

Six months to June 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 transfer	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

Six months to June 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	9,780,911	10,270,364	408,279	20,459,555	--	20,459,555
(2) Inter-segment sales and transfer	89,771	211,263	--	301,035	(301,035)	--
Total	9,870,683	10,481,628	408,279	20,760,591	(301,035)	20,459,555
Operating Profit	1,459,520	996,691	79,949	2,536,161	28,172	2,564,333

(note) 1. Operations are segmented for internal management purposes.

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

Six months to June 2009 and six months to June 2010.

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

Global sales data

Six months to June 2009 and six months to June 2010.

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

(6) Significant Changes in Shareholders' Equity

None.