



Internet Initiative Japan

For Immediate Release

Internet Initiative Japan Inc.

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**IIJ Announces First Six Months Financial Results
for the Fiscal Year Ending March 31, 2010**

Tokyo, November 13, 2009 - Internet Initiative Japan Inc. (NASDAQ:IIJ, TSE:3774) ("IIJ") today announced its consolidated financial results for the first six months of Fiscal Year Ending March 31, 2010 (from April 1 to September 30, 2009, "1H09").¹

1H09 Financial Results

	<u>Actual Results</u>	<u>Target Announced</u>
Revenues	JPY32,275 million (\$360.7 million)	JPY33,500 million
Operating Income	JPY1,166 million (\$13.0 million)	JPY800 million
Net Income attributable to IIJ	JPY 715 million (\$8.0 million)	JPY300 million

- Revenue was JPY32,275 million, down 2.9% YoY. While recurring revenues increased by 5.1% YoY, systems construction revenues decreased by 34.1% YoY.
- Operating income was JPY1,166 million, up 16.0% YoY as a result of continuous cost control. Operating loss related to our new ATM operation business was JPY467 million (JPY227 million in 1H08).
- Net income attributable to IIJ² was JPY715 million, up 94.6% YoY.
- Cash dividend for FY2009 interim period of IIJ's common stock: JPY1,000 per share. The same amount for FY2008 interim period (IIJ's 1 common stock is equivalent to 400 ADSs).

Overview of 1H FY2009 Financial Results and Business Outlook

"We exceeded our profit target announced on May 15, 2009. Our continued effort in tight cost control resulted in the good outcome in profit despite the weakness in revenue growth," said Koichi Suzuki, President and CEO of IIJ.

"During the first half of FY2009, companies continued to withhold their investments and kept a tight grip on spending. Our business environment were tough and pressure from clients to reduce costs were severe. In such economic situation, our connectivity and outsourcing service revenues increased by 7.7% YoY. Demands for over 1Gbps connectivity service, mobile data communication service and outsourcing services lead to the over all growth. We believe that outsourcing service should continue to grow as the trend from owning to renting would continue. We also believe there will be new demands for cloud computing. From November 2009, we introduced our cloud computing service, "IIJ GIO" which is doing well in pre-sales."

"As for systems construction, revenues were down 34.1% YoY. However, the situation such as orders received are improving compared to the latter half of FY2008. The number of projects, despite each project being smaller in sizes, are also increasing. When the economic situation improves and IT investments return, we anticipate our SI revenues to increase, although it is still difficult to say when the IT investment will return."

¹ Unless otherwise stated, all financial figures discussed in this announcement are prepared in accordance with U.S. GAAP. All financial figures are unaudited and consolidated. The translation of Japanese yen into U.S. dollars is solely for the convenience of readers outside of Japan. The rate used for the translation was JPY89.49 per US\$1.00, which was the noon buying rate on September 30, 2009.

² Effective April 1, 2009, we have adopted ASC810, "Consolidations". For details, please refer to page 6 in this presentation material.

"For our new ATM operation business operated by our consolidated subsidiary Trust Networks Inc. ("Trust Networks"), new ATMs were placed in the *Kansai* area from April 2009 and from early November 2009, they begun placing ATMs in the *Kanto* area, as planned. The ATM operation business are starting to pick up."

"For the latter half of FY2009, while revenue growth is expected to be weak and a drastic economic recovery is unlikely to occur, we will continue to focus on tight cost control toward FY2010. For mid-term growth, we will continue to introduce new service which we believe will result in strengthening the basis of our business. During the first half of FY2009, we have launched new services such as "IIJ GIO" and "LaIT". We have also introduced additional features for our services such as IIJ Direct Access and encryption features for email services and many more. We hope that through introducing new services and new developments, we will also contribute to the innovation of the internet."

1H FY2009 Financial Results Summary

Operating Results Summary

	1H08	1H09	YoY % change
	JPY millions	JPY millions	
Total Revenues	33,254	32,275	(2.9%)
Connectivity and Outsourcing Services	17,001	18,304	7.7%
SI	15,718	13,624	(13.3%)
Equipment Sales	524	309	(40.9%)
ATM Operation Business	11	38	248.0%
Total Costs	27,085	26,037	(3.9%)
Connectivity and Outsourcing Services	14,341	15,311	6.8%
SI	12,178	10,050	(17.5%)
Equipment Sales	466	269	(42.1%)
ATM Operation Business	100	407	306.6%
SG&A Expenses and R&D	5,164	5,072	(1.8%)
Operating Income	1,005	1,166	16.0%
Income before Income Tax Expense	766	1,026	33.9%
Net income attributable to IIJ	368	715	94.6%

Segment Summary

	1H08	1H09
	JPY millions	JPY millions
Net Revenues	33,254	32,275
Network services and SI business	33,323	32,443
ATM operation business	11	38
Elimination	80	206
Operating Income (Loss)	1,005	1,166
Network service and SI business	1,253	1,644
ATM operation business	(234)	(459)
Elimination	14	19

We have omitted segment analysis because most of our revenues are dominated by Network services and systems integration business.

1H FY2009 Results of Operation

Revenues

Revenues were JPY32,275 million (down 2.9% YoY).

Connectivity and Outsourcing Services revenue were JPY18,304 million in 1H09 (up 7.7% YoY). Connectivity service increased by 7.9% YoY to JPY10,297 million and outsourcing services increased

by 7.3% YoY to JPY8,006 million. The increase in connectivity service for corporate use was attributable to the growth in IIJ Mobile service. Over 1Gbps IP connectivity services also steadily increased, reaching 106 contracts as of September 30, 2009 (up 30 contracts YoY). For connectivity service for home use, the shift from ADSL to optical fiber service which charge higher monthly fees has contributed to the increase in revenue as well as the increase in mobile data communication service for home use. Outsourcing services steadily increased YoY as email, network related and security related services continued its growth.

SI revenues were JPY13,624 million in 1H09 (down 13.3% YoY). Systems construction revenues were JPY4,148 million (down 34.1% YoY) heavily affected by the weak Japanese economy. Systems operation and maintenance, which are recurring revenues, were JPY9,476 million (up 0.5% YoY). Order backlog for SI and equipment sales was JPY16,243 million (down 6.1% YoY) as of September 30, 2009. The order backlog for systems construction including equipment sales and systems operation and maintenance was JPY4,429 million (down 19.5% YoY) and JPY11,814 million (up 0.2% YoY) as of September 30, 2009, respectively.

Equipment sales revenues were JPY309 million (down 40.9% YoY).

ATM Operation Business revenues were JPY38 million (up 248.0% YoY). Trust Networks placed 34 ATMs in the *Kansai* area during 2Q09 and operates 60 ATMs as of September 30, 2009 (10 ATMs as of March 31, 2009).

Number of Contracts for Connectivity Services

	Sep 30, 2008	Sep 30, 2009	YoY Change
Connectivity Services (Corporate Use)	40,611	57,200	16,589
IP Service (-99Mbps)	895	926	31
IP Service (100Mbps-999Mbps)	213	228	15
IP Service (1Gbps-)	76	106	30
IIJ Data Center Connectivity Service	299	295	(4)
IIJ FiberAccess/F and IIJ DSL/F	25,101	26,865	1,764
IIJ Mobile Service³	12,373	27,327	14,954
Others	1,654	1,453	(201)
Connectivity Services (Home Use)	457,289	414,154	(43,135)
Under IIJ Brand	48,287	48,263	(24)
hi-ho	186,396	173,410	(12,986)
OEM	222,606	192,481	(30,125)
Total Contracted Bandwidth	449.1 Gbps	619.8 Gbps	170.7 Gbps

Connectivity and Outsourcing Services Revenues Breakdown

	1H08	1H09	YoY % change
	JPY millions	JPY millions	
Connectivity Service (Corporate Use)	6,328	6,888	8.8%
IP Service⁴	4,565	4,648	1.8%
IIJ FiberAccess/F and IIJ DSL/F	1,434	1,456	1.5%
IIJ Mobile Service⁵	151	634	318.5%
Others	178	150	(15.4%)
Connectivity Service (Home Use)	3,211	3,410	6.2%
Under IIJ Brand	512	513	0.3%
hi-ho	2,425	2,612	7.7%
OEM	274	285	3.7%
Outsourcing Services	7,462	8,006	7.3%
Total Connectivity and Outsourcing Services	17,001	18,304	7.7%

³ Contracts for mobile data communication service for home use is included in Connectivity service (home use).

⁴ IP Service revenues include revenues from the Data Center Connectivity Service.

⁵ Revenue from mobile data communication service for home use is included in Connectivity service (home use).

Cost and expense

Cost of revenues was JPY26,037 million (down 3.9% YoY).

Cost of Connectivity and Outsourcing Services revenue was JPY15,311 million (up 6.8% YoY) largely affected by the increase in network operation related and circuit related costs. Circuit related costs increased corresponding with the growth of mobile data communication services. Backbone cost was JPY1,830 million, down 0.9% YoY. Gross margin was JPY2,992 million, up 12.5% YoY and gross margin ratio was 16.3%.

Cost of SI revenues was JPY10,050 million (down 17.5% YoY) largely due to the decrease in outsourcing related costs as a result of reduction of full-time outsourcing personnel. Purchasing costs also decreased along with the decrease in systems construction revenues. Gross margin was JPY3,574 million, up 1.0% YoY and gross margin ratio was 26.2%.

Cost of Equipment Sales revenues was JPY269 million (down 42.1% YoY).

Cost of ATM Operation Business revenues was JPY407 million compared to JPY100 million in 1H08 as the ATM operation business has moved on to business start up.

SG&A Expenses and R&D

Sales and marketing expenses were JPY2,594 million (up 10.3% YoY) largely due to the increase in disposal of intangible assets. There were also increase in personnel related expenses.

General and administrative expenses were JPY2,315 million (down 13.2% YoY) mainly due to the decrease in outsourcing related expenses and general expenses as a result of tight cost control.

Research and development expenses were JPY163 million (up 13.5% YoY) as expenses related to IJJ Innovation Institute Inc. increased.

Operating income

Operating income increased by 16.0% YoY to JPY1,166 million. While operating loss related to ATM operation business increased, gross margin for connectivity and outsourcing services increased and general and administrative expenses decreased.

Other income (expenses)

Other income (expenses) was net other expenses of JPY140 million compared to net other expenses of JPY239 million in 1H08. There were decrease in interest expense and losses on write-down of other investments.

Income before income tax expenses

Income before income tax expenses was JPY1,026 million, an increase of 33.9% YoY.

Net Income

Net income was JPY540 million compared to JPY228 million in 1H08.

Income tax expense was JPY528 million compared to JPY539 million in 1H08. Deferred tax expenses was JPY373 million compared to expenses of JPY378 million in 1H08.

Equity in net income of equity method investees was JPY42 million compared to JPY1 million in 1H08.

Net income attributable to IJJ

Net income attributable to IJJ was JPY715 million, up 94.6% YoY.

Net losses attributable to noncontrolling interests was JPY175 million compared to JPY140 million in 1H08, both related to GDX Japan Inc. and Trust Networks Inc.

1H FY2009 Financial Condition

Balance Sheets

As of September 30, 2009, the balance of total assets was JPY51,389 million, a decrease of JPY912 million from the balance as of March 31, 2009.

For current assets, as compared to each of the respective balances as of March 31, 2009, accounts receivable decreased by JPY1,530 million and prepaid expenses increased by JPY442 million mainly for maintenance expenses related to SI projects increased. As for current liabilities, as compared to each of the respective balances as of March 31, 2009, short-term borrowings decreased by JPY150 million, accounts payable decreased by JPY679 million and deferred income increased by JPY232 million. Noncurrent capital lease obligations decreased by JPY852 million from the balances as of March 31, 2009.

As of September 30, 2009, we had net deferred tax asset (current) of JPY424 million and net deferred tax asset (non-current) of JPY2,240 million, respectively.

The balance of other investments as of September 30, 2009 was JPY2,171 million, an increase of JPY257 million from the balance as of March 31, 2009. The breakdown of other investments were JPY809 million in available-for-sale securities, JPY998 million in nonmarketable equity securities and JPY364 million in other.

As of September 30, 2009, the balance of non-amortized intangible assets (excluding telephone rights) such as goodwill was JPY5,393 million and the balance of amortized intangible assets were JPY250 million. The breakdown of non-amortized intangible assets were JPY2,639 million in goodwill, JPY2,562 million in customer relationships and JPY192 million in trademark. The breakdown of amortized intangible assets were JPY138 million in customer relationships and JPY112 million in licenses.

Total IJ shareholders' equity as of September 30, 2009 was JPY25,641 million, an increase of JPY471 million from the balance as of March 31, 2009. IJ Shareholders' equity ratio (IJ shareholders' equity/total assets) as of September 30, 2009 was 49.9%, up 1.8% compared to March 31, 2009.

Cash Flows

Cash and cash equivalents as of September 30, 2009 were JPY10,789 million compared to JPY9,319 million as of September 30, 2008.

Net cash provided by operating activities in 1H09 was JPY4,792 million, compared to net cash provided by operating activities of JPY4,005 million in 1H08. While operating income increased due to the increase in gross margin from connectivity and outsourcing service, there were changes in operating assets and liabilities during 1H09, mainly resulting from the decrease in accounts receivable of JPY1,535 million (decrease of JPY2,256 million in 1H08), increase in inventories and prepaid expenses of JPY237 million (increase of JPY412 million in 1H08) and decrease in accounts payable related to on-going SI projects of JPY515 million (decrease of JPY1,238 million in 1H08).

Net cash used in investing activities in 1H09 was JPY2,105 million, compared to net cash used in investing activities of JPY2,034 million in 1H08, mainly due to payment of JPY1,949 million for the purchase of property and equipment (JPY1,748 million in 1H08) and purchase of short-term and other investments of JPY200 million.

Net cash used in financing activities in 1H09 was JPY2,063 million, compared to net cash used in financing activities of JPY4,100 million in 1H08, mainly due to principal payments under capital leases of JPY1,710 million (JPY1,744 million in 1H08), net repayment of short-term borrowings with initial maturities less than three months of JPY150 million (net repayment of JPY2,150 million in 1H08) and payments of JPY203 million for the year-end dividends for the fiscal year ended March 31, 2009.

Reconciliation of Non-GAAP Financial Measures

The following table summarizes the reconciliation of adjusted EBITDA to net income in our consolidated statements of income that are prepared in accordance with U.S. GAAP.

Adjusted EBITDA

	1H08	1H09
	JPY millions	JPY millions
Adjusted EBITDA	3,604	3,810
Depreciation and Amortization	2,599	2,644
Operating Income	1,005	1,166
Other Income (Expense)	(239)	(140)
Income Tax Expense	539	528
Equity in Net Income (Loss) of Equity Method Investees	1	42
Net income	228	540
Net income attributable to noncontrolling interests	140	175
Net Income attributable to IJ	368	715

CAPEX

	1H08	1H09
	JPY millions	JPY millions
CAPEX, including capital leases	4,516	2,613
Acquisition of Assets by Entering into Capital Leases	2,768	664
Purchase of Property and Equipment	1,748	1,949

Changes in accounting principles, procedures and disclosures in quarterly consolidated financial statements

Accounting Standards Codification

Effective July 1, 2009, IJ adopted the FASB Accounting Standards Codification ("ASC") 105, "Generally Accepted Accounting Principles (the provisions of which were previously included in SFAS No. 168 "Accounting Standards Codification and the hierarchy of generally accepted accounting principles"). This pronouncement prescribes the change which divides non-governmental U.S. GAAP into the authoritative Codification and the non-authoritative guidance, doing away with the previous fourlevel hierarchy. Accordingly, IJ's consolidated financial statements from the second quarter of fiscal year ending March 2010 follows the Codification in place of legacy accounting pronouncements.

Business Combinations

Effective April 1, 2009, IJ adopted ASC805, "Business Combinations". ASC805 requires an acquirer in a business combination to generally recognize and measure all the identifiable assets acquired, the liabilities assumed, goodwill and any noncontrolling interest in the acquiree at their fair values as of the acquisition date. The adoption of ASC805 did not have any impact on IJ's results of operations and financial position as there were no business combinations during the three months ended September 30, 2009, however the impact in the future would depend on the size and the detail of the business combination.

Noncontrolling Interests in Consolidated Financial Statements

Effective April 1, 2009, IJ adopted ASC810 " Consolidations". ASC810 requires noncontrolling interest held by parties other than the parent be clearly identified, labeled and presented in the consolidated statement of financial position within equity, but separate from the parent's equity. ASC810 also require changes in parent's ownership interest while the parent retains its controlling financial interest in its subsidiary be accounted for as equity transactions. Upon the adoption of ASC810, "Noncontrolling interests", which were previously referred to as "Minority interests" and classified between "Total liabilities" and "Shareholders' equity" in the consolidated balance sheets, are now included as a separate component of "Equity". In addition, "Net income" in the consolidated statements of income now includes net income attributable to noncontrolling interests, which was previously referred to as "Minority interests" and deducted. As a result, the adoption of ASC810 changed the presentation and disclosure of noncontrolling interest in the consolidated financial statements retrospectively, but did not have a material impact on IJ's results of operations and financial position.

FY2009 Financial Targets (announced on May 15, 2009)

Our targets for the fiscal year ending March 31, 2010 are as follows:

(JPY in millions)

	Revenues	Operating Income	Income before Income Tax Expense (Benefit)	Net Income attributable to IIJ
Full FY2009	73,000	3,300	2,700	1,700

While the economy is anticipated to move towards recovery, we must pay attention to the downward risks such as further deterioration in employment, world wide financial economic crisis and the downward pressure towards world economy.

During the first half of FY2009, revenues were JPY33,275 million, 3.7% below the target announced on May 15, 2009 as systems construction projects were stopped and postponed because companies withheld their IT related investments due to the weak economy. However, profit exceeded our target. Operating income was JPY1,166 million, up 45.8% compared to the target as a result of continuous cost control such as reduction of outsourcing personnel and general and administrative expenses. Income before income tax expense (benefit) and net income attributable to IIJ has also exceeded the target due to the increase in operating income.

Generally speaking, revenue and profit for the first half of the year are smaller compared to the latter half of the year and whether achieving our full year target largely depends on the continuous increase in recurring revenues and the revenues from systems construction for the fourth quarter of the fiscal year which becomes the largest due to seasonal factors. For revenue, while the economy seems to be recovering, it is unclear when the corporate IT related investments that is expected to follow the economic recovery will contribute to business results. For profit, however, we will continue to focus on tight cost control. Considering the above, we have not changed our FY2009 financial target announced on May 15, 2009.

Presentation

Presentation Materials will be posted on our web site (<http://www.iij.ad.jp/en/IR/>) on November 13, 2009.

About Internet Initiative Japan Inc.

Founded in 1992, IIJ is one of Japan's leading Internet-access and comprehensive network solutions providers. IIJ and its group of companies provide total network solutions that mainly cater to high-end corporate customers. IIJ's services include high-quality systems integration and security services, Internet access, hosting/housing, and content design. Moreover, IIJ has built one of the largest Internet backbone networks in Japan, and between Japan and the United States. IIJ was listed on the U.S. NASDAQ Stock Market in 1999 and on the First Section of the Tokyo Stock Exchange in 2006.

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Statements made in this press release regarding IIJ's or management's intentions, beliefs, expectations, or predictions for the future are forward-looking statements that are based on IIJ's and managements' current expectations, assumptions, estimates and projections about its business and the industry. These forward-looking statements, such as statements regarding FY2008 revenues and operating and net profitability, are subject to various risks, uncertainties and other factors that could cause IIJ's actual results to differ materially from those contained in any forward-looking statement. These risks, uncertainties and other factors include: IIJ's ability to maintain and increase revenues from higher-margin services such as systems integration and outsourcing services; the possibility that revenues from connectivity services may decline substantially as a result of competition and other factors; the ability to compete in a rapidly evolving and competitive marketplace; the impact on IIJ's profits of fluctuations in costs such as backbone costs and subcontractor costs; the impact on IIJ's profits of fluctuations in the price of available-for-sale securities; the impact of technological changes in its industry; IIJ's ability to raise additional capital to cover its indebtedness; the possibility that NTT, IIJ's largest shareholder, may decide to exercise substantial influence over IIJ; and other risks referred to from time to time in IIJ's filings on Form 20-F of its annual report and other filings with the United States Securities and Exchange Commission.

Tables to follow

IIJ 1H FY2009

Internet Initiative Japan Inc.
Quarterly Consolidated Balance Sheets (Unaudited)
(As of March 31, 2009 and September 30, 2009)

	As of March 31, 2009		As of September 30, 2009		
	Thousands of JPY	%	Thousands of U.S. Dollars	Thousands of JPY	%
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	10,187,724		120,561	10,789,017	
Accounts receivable, net of allowance for doubtful accounts of JPY 22,072 thousand and JPY 24,386 thousand at March 31, 2009 and September 30, 2009, respectively	10,256,527		97,515	8,726,598	
Inventories	529,756		8,130	727,560	
Prepaid expenses	1,771,955		24,737	2,213,662	
Deferred tax assets —Current	762,221		4,742	424,380	
Other current assets, net of allowance for doubtful accounts of JPY 11,720 thousand and JPY 720 thousand at March 31, 2009 and September 30, 2009, respectively	848,586		5,926	530,309	
Total current assets	24,356,769	46.6	261,611	23,411,526	45.6
INVESTMENTS IN EQUITY METHOD INVESTEEES	947,626	1.8	11,322	1,013,224	2.0
OTHER INVESTMENTS	1,914,594	3.7	24,263	2,171,310	4.2
PROPERTY AND EQUIPMENT, net of accumulated depreciation and amortization of JPY 16,444,517 thousand and JPY 18,111,332 thousand at March 31, 2009 and September 30, 2009, respectively	13,172,891	25.2	147,173	13,170,532	25.6
GOODWILL	2,639,319	5.0	29,493	2,639,319	5.1
OTHER INTANGIBLE ASSETS —Net	3,201,806	6.1	33,674	3,013,492	5.9
GUARANTEE DEPOSITS	2,072,652	4.0	23,270	2,082,460	4.1
Deferred tax assets —Noncurrent	2,253,464	4.3	25,032	2,240,080	4.4
OTHER ASSETS, net of allowance for doubtful accounts of JPY 72,800 thousand and JPY 78,832 thousand at March 31, 2009 and September 30 2009, respectively, and net of loan loss valuation allowance of JPY 16,701 thousand at March 31, 2009 and September 30 2009, respectively	1,742,078	3.3	18,409	1,647,459	3.2
TOTAL	52,301,199	100.0	574,247	51,389,402	100.0

	As of March 31, 2009		As of September 30, 2009		
	Thousands of JPY	%	Thousands of U.S. Dollars	Thousands of JPY	%
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Short-term borrowings	7,350,000		80,456	7,200,000	
Capital lease obligations —current portion	3,272,257		34,438	3,081,879	
Accounts payable	6,064,829		60,187	5,386,158	
Accrued expenses	1,069,310		12,352	1,105,352	
Accrued retirement and pension costs —current	11,959		134	11,959	
Deferred income	1,255,749		16,621	1,487,439	
Other current liabilities	763,544		8,072	722,399	
Total current liabilities	19,787,648	37.8	212,260	18,995,186	37.0
CAPITAL LEASE OBLIGATIONS —Noncurrent	4,866,120	9.3	44,861	4,014,599	7.8
ACCRUED RETIREMENT AND PENSION COSTS —Noncurrent	1,399,592	2.7	17,276	1,545,961	3.0
OTHER NONCURRENT LIABILITIES	1,004,920	1.9	12,279	1,098,866	2.1
Total Liabilities	27,058,280	51.7	286,676	25,654,612	49.9
COMMITMENTS AND CONTINGENCIES					
SHAREHOLDERS' EQUITY:					
INTERNET INITIATIVE JAPAN INC. SHAREHOLDERS' EQUITY:					
Common-stock—authorized, 377,600 shares; issued and outstanding, 206,478 shares at March 31, 2009 and September 30, 2009, respectively	16,833,847	32.2	188,108	16,833,847	32.8
Additional paid-in capital	27,611,737	52.8	306,356	27,415,772	53.3
Accumulated deficit	(18,549,142)	(35.5)	(201,545)	(18,036,299)	(35.1)
Accumulated other comprehensive loss	(320,711)	(0.6)	(1,858)	(166,247)	(0.3)
Treasury stock—3,934 shares held by the company at March 31, 2009 and September 30, 2009, respectively	(406,547)	(0.8)	(4,543)	(406,547)	(0.8)
Total Internet Initiative Japan Inc. shareholders' equity	25,169,184	48.1	286,518	25,640,526	49.9
NONCONTROLLING INTERESTS	73,735	0.2	1,053	94,264	0.2
Total equity	25,242,919	48.3	287,571	25,734,790	50.1
TOTAL	52,301,199	100.0	574,247	51,389,402	100.0

(Note1) The U.S. dollar amounts represent translations of yen amounts at the rate of JPY 89.49 which was the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York prevailing as of September 30, 2009.

(Note2) The above presentation as of March 31, 2009 has been changed to conform to the presentation as of September 30, 2009.

Internet Initiative Japan Inc.

Quarterly Consolidated Statements of Income (Unaudited)

(For the six months ended September 30, 2008 and September 30, 2009)

	Six Months Ended September 30, 2008		Six Months Ended September 30, 2009		
	Thousands of JPY	% of total revenues	Thousands of U.S. Dollars	Thousands of JPY	% of total revenues
REVENUES:					
Connectivity and outsourcing services:					
Connectivity (corporate use)	6,327,721		76,961	6,887,207	
Connectivity (home use)	3,211,251		38,105	3,410,051	
Outsourcing services	7,462,257		89,467	8,006,440	
Total	17,001,229		204,533	18,303,698	
Systems integration:					
Systems Construction	6,289,946		46,352	4,148,014	
Systems Operation and Maintenance	9,427,609		105,884	9,475,548	
Total	15,717,555		152,236	13,623,562	
Equipment sales	524,087		3,459	309,586	
ATM operation business	10,970		427	38,178	
Total revenues	33,253,841	100.0	360,655	32,275,024	100.0
COST AND EXPENSES:					
Cost of connectivity and outsourcing services	14,341,393		171,095	15,311,269	
Cost of systems integration	12,178,300		112,297	10,049,470	
Cost of equipment sales	464,841		3,009	269,315	
Cost of ATM operation business	99,984		4,543	406,517	
Total cost	27,084,518	81.5	290,944	26,036,571	80.7
Sales and marketing	2,351,033	7.1	28,982	2,593,637	8.0
General and administrative	2,669,171	8.0	25,877	2,315,698	7.2
Research and development	143,677	0.4	1,822	163,035	0.5
Total cost and expenses	32,248,399	97.0	347,625	31,108,941	96.4
OPERATING INCOME	1,005,442	3.0	13,030	1,166,083	3.6
OTHER INCOME (EXPENSE):					
Interest income	26,243		146	13,086	
Interest expense	(206,407)		(1,879)	(168,189)	
Foreign exchange gains	3,998		52	4,619	
Net gains on sales of other investments	-		126	11,302	
Losses on write-down of other investments	(61,092)		(348)	(31,172)	
Other—net	(2,134)		334	29,884	
Other expense — net	(239,392)	(0.7)	(1,569)	(140,470)	(0.4)
INCOME FROM OPERATIONS BEFORE INCOME TAX EXPENSE AND EQUITY IN NET INCOME IN EQUITY METHOD INVESTEEES	766,050	2.3	11,461	1,025,613	3.2
INCOME TAX EXPENSE	539,124	1.6	5,898	527,809	1.6
EQUITY IN NET INCOME OF EQUITY METHOD INVESTEEES	835	0.0	471	42,147	0.1
NET INCOME	227,761	0.7	6,034	539,951	1.7
LESS: NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	139,793	0.4	1,960	175,436	0.5
NET INCOME ATTRIBUTABLE TO INTERNET INITIATIVE JAPAN INC.	367,554	1.1	7,994	715,387	2.2

	Six Months Ended September 30, 2008	Six Months Ended September 30, 2009	
NET INCOME PER SHARE (ADS)			
BASIC WEIGHTED-AVERAGE NUMBER OF SHARES (shares)	206,478		202,544
DILUTED WEIGHTED-AVERAGE NUMBER OF SHARES (shares)	206,538		202,544
BASIC WEIGHTED-AVERAGE NUMBER OF ADS EQUIVALENTS (ADSs)	82,591,200		81,017,600
DILUTED WEIGHTED-AVERAGE NUMBER OF ADS EQUIVALENTS (ADSs)	82,639,332		81,017,600
BASIC NET INCOME ATTRIBUTABLE TO INTERNET INITIATIVE JAPAN INC. PER SHARE (JPY / U.S. Dollars / JPY)	1,780.11	39.47	3,532.01
DILUTED NET INCOME ATTRIBUTABLE TO INTERNET INITIATIVE JAPAN INC. PER SHARE (JPY / U.S. Dollars / JPY)	1,779.60	39.47	3,532.01
BASIC NET INCOME ATTRIBUTABLE TO INTERNET INITIATIVE JAPAN INC. PER ADS (JPY / U.S. Dollars / JPY)	4.45	0.10	8.83
DILUTED NET INCOME ATTRIBUTABLE TO INTERNET INITIATIVE JAPAN INC. PER ADS (JPY / U.S. Dollars / JPY)	4.45	0.10	8.83

(Note1) The U.S. dollar amounts represent translations of yen amounts at the rate of JPY 89.49 which was the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York prevailing as of September 30, 2009.

(Note2) The above presentation for the six months ended September 30, 2009 has been changed to conform to the presentation for the six months ended September 30, 2009.

Internet Initiative Japan Inc.

Quarterly Consolidated Statements of Cash Flows (Unaudited)

(For the six months ended September 30, 2008 and September 30, 2009)

	Six Months Ended September 30, 2008	Six Months Ended September 30, 2009	
	Thousands of JPY	Thousands of U.S. Dollars	Thousands of JPY
OPERATING ACTIVITIES:			
Net Income	227,761	6,034	539,951
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2,599,105	29,540	2,643,516
Provision for retirement and pension costs, less payments	129,483	1,635	146,369
Provision for (reversal of) allowance for doubtful accounts and advances	8,391	(7)	(646)
Loss on disposal of property and equipment	35,728	204	18,251
Net gains on sales of other investments	—	(126)	(11,302)
Losses on write-down of other investments	61,092	348	31,172
Foreign exchange losses	8,867	203	18,212
Equity in net (income) loss of equity method investees (net of dividend)	29,545	(471)	(42,147)
Deferred income tax expense	377,983	4,167	372,865
Others	1,707	—	—
Changes in operating assets and liabilities net of effects from acquisition of business and a company:			
Decrease in accounts receivable	2,255,821	17,155	1,535,228
Increase in inventories, prepaid expenses and other current and noncurrent assets	(411,600)	(2,644)	(236,630)
Decrease in accounts payable	(1,238,019)	(5,755)	(515,033)
Decrease in income taxes payable	(357,393)	(492)	(44,001)
Increase in accrued expenses and other current and noncurrent liabilities - net	276,117	3,759	336,409
Net cash provided by operating activities	4,004,588	53,550	4,792,214
INVESTING ACTIVITIES:			
Purchase of property and equipment	(1,747,972)	(21,780)	(1,949,051)
Purchase of available-for-sale securities	(99,992)	(183)	(16,367)
Purchase of short-term and other investments	(119,263)	(2,235)	(200,016)
Investment in an equity method investee	—	(255)	(22,834)
Proceeds from sales of available-for-sale securities	—	366	32,792
Proceeds from sales and redemption of short-term and other investments	12,009	527	47,131
Payments of guarantee deposits	(78,718)	(499)	(44,643)
Refund of guarantee deposits	17,882	409	36,562
Payments for refundable insurance policies	(25,614)	(323)	(28,930)
Refund from insurance policies	7,382	446	39,959
Other	(104)	4	319
Net cash used in investing activities	(2,034,390)	(23,523)	(2,105,078)

	Six Months Ended September 30, 2008	Six Months Ended September 30, 2009	
	Thousands of JPY	Thousands of U.S. Dollars	Thousands of JPY
FINANCING ACTIVITIES:			
Proceeds from issuance of short-term borrowings with initial maturities over three months	5,400,000	56,989	5,100,000
Repayments of short-term borrowings with initial maturities over three months	(5,875,000)	(59,783)	(5,350,000)
Principal payments under capital leases	(1,743,847)	(19,109)	(1,710,091)
Net increase (decrease) in short-term borrowings with initial maturities less than three months	(1,675,000)	1,117	100,000
Dividends paid	(206,478)	(2,263)	(202,544)
Net cash used in financing activities	(4,100,325)	(23,049)	(2,062,635)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(21,618)	(259)	(23,208)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,151,745)	6,719	601,293
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	11,470,980	113,842	10,187,724
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	9,319,235	120,561	10,789,017
ADDITIONAL CASH FLOW INFORMATION:			
Interest paid	205,700	1,925	172,311
Income tax paid (refunded)	401,943	(194)	(17,350)
NONCASH INVESTING AND FINANCING ACTIVITIES:			
Acquisition of assets by entering into capital leases	2,768,002	7,424	664,353
Facilities purchase liabilities	493,530	4,137	370,203

(Note 1) The U.S. dollar amounts represent translations of yen amounts at the rate of JPY 89.49 which was the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York prevailing as of June 30, 2009.

(Note2) The above presentation for the six months ended September 30, 2008 has been changed to conform to the presentation for the six months ended September 30, 2009.

Going Concern Assumption (Unaudited)

For the six months ended September 30, 2008

Nothing to be reported.

For the six months ended September 30, 2009

Nothing to be reported.

Segment Information (Unaudited)**Business Segments:****Revenues:**

	Six Months Ended September 30, 2008	Six Months Ended September 30, 2009
	Thousands of JPY	Thousands of JPY
Network service and systems integration business	33,322,671	32,443,033
Customers	33,242,871	32,236,846
Intersegment	79,800	206,187
ATM operation business	10,970	38,178
Customers	10,970	38,178
Intersegment	-	-
Elimination	79,800	206,187
Consolidated total	33,253,841	32,275,024

Segment profit or loss:

	Six Months Ended September 30, 2008	Six Months Ended September 30, 2009
	Thousands of JPY	Thousands of JPY
Network service and systems integration business	1,252,716	1,644,563
ATM operation business	(233,403)	(459,262)
Elimination	13,871	19,218
Consolidated operating income	1,005,442	1,166,083

Substantially all revenues are from customers operating in Japan. Geographic information is not presented due to immateriality of revenue attributable to international operations.

Material Changes In Shareholders' Equity (Unaudited)

For the six months ended September 30, 2008

Nothing to be reported.

For the six months ended September 30, 2009

Nothing to be reported.

2nd Quarter FY2009 Consolidated Financial Results (3 months)

The following tables are highlight data of 2nd Quarter FY2009 consolidated financial results (unaudited, from July 1, 2009 to September 30, 2009).

Operating Results Summary

	2Q08	2Q09	YoY Change
	JPY millions	JPY millions	
Total Revenues:	16,926	16,441	(2.9%)
Connectivity and Outsourcing Services	8,605	9,178	6.7%
SI	8,029	7,059	(12.1%)
Equipment Sales	286	173	(39.5%)
ATM Operation Business	6	31	400.7%
Cost of Revenues:	13,782	13,200	(4.2%)
Connectivity and Outsourcing Services	7,276	7,661	5.3%
SI	6,154	5,174	(15.9%)
Equipment Sales	266	150	(43.4%)
ATM Operation Business	86	215	151.7%
SG&A Expenses and R&D	2,550	2,426	(4.9%)
Operating Income	594	815	37.2%
Income before Income Tax Expense	456	726	59.0%
Net Income attributable to IIJ	198	535	169.5%

Connectivity and Outsourcing Services Revenues Breakdown and Cost

	2Q08	2Q09	YoY Change
	JPY millions	JPY millions	
Connectivity and Outsourcing Services Revenues	8,605	9,178	6.7%
Connectivity Service (Corporate Use)	3,218	3,439	6.9%
IP Service	2,295	2,301	0.3%
IIJ FiberAccess/F and IIJ DSL/F	721	729	1.1%
IIJ Mobile Service	115	335	191.1%
Others	87	74	(15.1%)
Connectivity Service (Home Use)	1,615	1,712	6.0%
Under IIJ Brand	254	260	2.6%
hi-ho	1,222	1,310	7.2%
OEM	139	142	1.9%
Outsourcing Services	3,772	4,027	6.8%
Cost of Connectivity and Outsourcing Services	7,276	7,661	5.3%
Backbone Cost (included in the cost of Connectivity and Outsourcing Service)	951	912	(4.2%)
Connectivity and Outsourcing Services Gross Margin Ratio	15.4%	16.5%	—

SI Revenue Breakdown and Cost

	2Q08	2Q09	YoY Change
	JPY millions	JPY millions	
SI Revenues	8,029	7,059	(12.1%)
Systems Construction	3,254	2,344	(28.0%)
Systems Operation and Maintenance	4,775	4,715	(1.3%)
Cost of SI	6,154	5,174	(15.9%)
SI Gross Margin Ratio	23.3%	26.7%	—
SI and Equipment Sales Order Backlog	17,296	16,243	(6.1%)

Equipment Sales Revenue and Cost

	2Q08	2Q09	YoY Change
	JPY millions	JPY millions	
Equipment Sales Revenues	286	173	(39.5%)
Cost of Equipment Sales	266	150	(43.4%)
Equipment Sales Gross Margin Ratio	7.0%	13.1%	—

ATM Operation Business Revenue and Cost

	2Q08	2Q09	YoY Change
	JPY millions	JPY millions	
ATM Operation Business Revenues	6	31	400.7%
Cost of ATM Operation Business	86	215	151.7%

Other Financial Statistics

	2Q08	2Q09	YoY Change
	JPY millions	JPY millions	
Adjusted EBITDA	1,948	2,099	7.7%
CAPEX, including capital leases	2,685	1,124	(58.1%)
Depreciation and amortization	1,354	1,284	(5.2%)

Reconciliation of Non-GAAP Financial Measures

The following table summarizes the reconciliation of adjusted EBITDA to net income in our consolidated statements of income that are prepared in accordance with U.S. GAAP.

Adjusted EBITDA

	2Q08	2Q09
	JPY millions	JPY millions
Adjusted EBITDA	1,948	2,099
Depreciation and Amortization	1,354	1,284
Operating Income	594	815
Other Income (Expense)	(138)	(89)
Income Tax Expense	326	284
Equity in Net Income (Loss) of Equity Method Investees	(17)	11
Net income	113	453
Net income attributable to noncontrolling interests	85	82
Net Income attributable to IJ	198	535

The following table summarizes the reconciliation of capital expenditures to the purchase of property and equipment in our consolidated statements of cash flows that are prepared and presented in accordance with U.S. GAAP.

CAPEX

	2Q08	2Q09
	JPY millions	JPY millions
CAPEX, including capital leases	2,685	1,124
Acquisition of Assets by Entering into Capital Leases	1,705	269
Purchase of Property and Equipment	980	855

Internet Initiative Japan Inc.

Quarterly Consolidated Statements of Income (Unaudited)

(Three Months ended September 30, 2008 and September 30, 2009)

	Three Months Ended September 30, 2008		Three Months Ended September 30, 2009		
	Thousands of JPY	% of total revenues	Thousands of U.S. Dollars	Thousands of JPY	% of total revenues
REVENUES:					
Connectivity and outsourcing services:					
Connectivity (corporate use)	3,217,967		38,426	3,438,714	
Connectivity (home use)	1,615,048		19,132	1,712,157	
Outsourcing services	3,771,761		44,999	4,026,997	
Total	8,604,776		102,557	9,177,868	
Systems integration:					
Systems Construction	3,254,198		26,197	2,344,379	
Systems Operation and Maintenance	4,774,533		52,682	4,714,537	
Total	8,028,731		78,879	7,058,916	
Equipment sales	286,066		1,934	173,011	
ATM operation business	6,135		343	30,719	
Total revenues	16,925,708	100.0	183,713	16,440,514	100.0
COST AND EXPENSES:					
Cost of connectivity and outsourcing services	7,276,321		85,605	7,660,765	
Cost of systems integration	6,154,063		57,814	5,173,745	
Cost of equipment sales	265,915		1,680	150,388	
Cost of ATM operation business	85,303		2,400	214,748	
Total cost	13,781,602	81.4	147,499	13,199,646	80.3
Sales and marketing	1,178,307	7.0	14,177	1,268,757	7.7
General and administrative	1,286,463	7.6	11,963	1,070,553	6.5
Research and development	85,156	0.5	965	86,353	0.5
Total cost and expenses	16,331,528	96.5	174,604	15,625,309	95.0
OPERATING INCOME	594,180	3.5	9,109	815,205	4.9
OTHER INCOME (EXPENSE):					
Interest income	18,287		82	7,372	
Interest expense	(100,204)		(907)	(81,165)	
Foreign exchange gains (loss)	6,401		(56)	(5,044)	
Net gains on sales of other investments	-		126	11,302	
Losses on write-down of other investments	(53,701)		(332)	(29,668)	
Other—net	(8,484)		87	7,755	
Other expense — net	(137,701)	(0.8)	(1,000)	(89,448)	(0.5)
INCOME FROM OPERATIONS BEFORE INCOME TAX EXPENSE AND EQUITY IN NET INCOME IN EQUITY METHOD INVESTEES	456,479	2.7	8,109	725,757	4.4
INCOME TAX EXPENSE	325,909	1.9	3,172	283,866	1.7
EQUITY IN NET INCOME (LOSS) OF EQUITY METHOD INVESTEES	(16,859)	(0.1)	119	10,634	0.1
NET INCOME	113,711	0.7	5,056	452,525	2.8
LESS: NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	84,766	0.5	921	82,384	0.5
NET INCOME ATTRIBUTABLE TO INTERNET INITIATIVE JAPAN INC.	198,477	1.2	5,977	534,909	3.3

	Three Months Ended September 30, 2008	Three Months Ended September 30, 2009	
NET INCOME PER SHARE (ADS)			
BASIC WEIGHTED-AVERAGE NUMBER OF SHARES (shares)	206,478		202,544
DILUTED WEIGHTED-AVERAGE NUMBER OF SHARES (shares)	206,478		202,544
BASIC WEIGHTED-AVERAGE NUMBER OF ADS EQUIVALENTS (ADSs)	82,591,200		81,017,600
DILUTED WEIGHTED-AVERAGE NUMBER OF ADS EQUIVALENTS (ADSs)	82,591,200		81,017,600
BASIC NET INCOME ATTRIBUTABLE TO INTERNET INITIATIVE JAPAN INC. PER SHARE (JPY / U.S. Dollars / JPY)	961.25	29.51	2,640.95
DILUTED NET INCOME ATTRIBUTABLE TO INTERNET INITIATIVE JAPAN INC. PER SHARE (JPY / U.S. Dollars / JPY)	961.25	29.51	2,640.95
BASIC NET INCOME ATTRIBUTABLE TO INTERNET INITIATIVE JAPAN INC. PER ADS (JPY / U.S. Dollars / JPY)	2.40	0.07	6.60
DILUTED NET INCOME ATTRIBUTABLE TO INTERNET INITIATIVE JAPAN INC. PER ADS (JPY / U.S. Dollars / JPY)	2.40	0.07	6.60

(Note 1) The U.S. dollar amounts represent translations of yen amounts at the rate of JPY 89.49 which was the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York prevailing as of September 30, 2009.

(Note2) The above presentation for the three months ended September 30, 2008 has been changed to conform to the presentation for the three months ended September 30, 2009.

Internet Initiative Japan Inc.

Quarterly Consolidated Statements of Cash Flows (Unaudited)

(Three Months ended September 30, 2008 and September 30, 2009)

	Three Months Ended September 30, 2008	Three Months Ended September 30, 2009	
	Thousands of JPY	Thousands of U.S. Dollars	Thousands of JPY
OPERATING ACTIVITIES:			
Net income	113,711	5,057	452,525
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,354,192	14,345	1,283,696
Provision for (reversal of) retirement and pension costs, less payments	57,227	980	87,687
Provision for allowance for doubtful accounts and advances	7,699	49	4,403
Loss on disposal of property and equipment	6,040	104	9,286
Net gains on sales of other investments	-	(126)	(11,302)
Losses on write-down of other investments	53,701	331	29,668
Foreign exchange losses	1,946	70	6,294
Equity in net loss (income) of equity method investees	16,859	(119)	(10,634)
Deferred income tax expense	251,271	2,088	186,883
Others	1,707	-	-
Changes in operating assets and liabilities net of effects from acquisition of business and a company:			
Increase in accounts receivable	(1,184,692)	(2,228)	(199,373)
Decrease in inventories, prepaid expenses and other current and noncurrent assets	533,012	2,953	264,303
Increase in accounts payable	573,285	4,710	421,485
Increase in income taxes payable	71,483	1,246	111,466
Increase (decrease) in accrued expenses, other current and noncurrent liabilities — net	129,313	(90)	(8,053)
Net cash provided by operating activities	1,986,754	29,370	2,628,334
INVESTING ACTIVITIES:			
Purchase of property and equipment	(979,895)	(9,551)	(854,753)
Purchase of available-for-sale securities	(99,992)	(107)	(9,617)
Purchase of short-term and other investments	(119,263)	(2,235)	(200,016)
Investment in equity method investee	-	(255)	(22,834)
Proceeds from sales of available-for-sale securities	-	366	32,792
Proceeds from sales and redemption of short-term and other investments	6,728	375	33,631
Payments of guarantee deposits	(13,855)	(116)	(10,414)
Refund of guarantee deposits	1,965	382	34,225
Payments for refundable insurance policies	(12,676)	(171)	(15,315)
Refund from insurance policies	7,382	138	12,346
Other	(52)	4	319
Net cash used in investing activities	(1,209,658)	(11,170)	(999,636)

	Three Months Ended September 30, 2008	Three Months Ended September 30, 2009	
	Thousands of JPY	Thousands of U.S. Dollars	Thousands of JPY
FINANCING ACTIVITIES:			
Proceeds from issuance of short-term borrowings with initial maturities over three months	300,000	-	—
Repayments of short-term borrowings with initial maturities over three months	(525,000)	(2,794)	(250,000)
Principal payments under capital leases	(904,912)	(8,721)	(780,466)
Net increase (decrease) in short-term borrowings with initial maturities less than three months	(275,000)	3,352	300,000
Net cash used in financing activities	(1,404,912)	(8,163)	(730,466)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	3,846	(74)	(6,651)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(623,970)	9,963	891,581
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	9,943,205	110,598	9,897,436
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	9,319,235	120,561	10,789,017

(Note 1) The U.S. dollar amounts represent translations of yen amounts at the rate of JPY 89.49 which was the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York prevailing as of September 30, 2009.

(Note2) The above presentation for the three months ended March 31, 2008 has been changed to conform to the presentation for the three months ended September 30, 2009.

Note: The following information is provided to disclose Internet Initiative Japan Inc. ("IIJ") financial results (unaudited) for the six month ended September 30, 2009 in the form defined by the Tokyo Stock Exchange.

Consolidated Financial Results for the Six Months Ended September 30, 2009
[Under accounting principles generally accepted in the United States ("U.S. GAAP")]

November 13, 2009

Company name: Internet Initiative Japan Inc. Exchange listed: Tokyo Stock Exchange First Section

Stock code number: 3774

URL: <http://www.iij.ad.jp/>

Representative: Koichi Suzuki, President and Representative Director

Contact: Akihisa Watai, Director and CFO TEL: (03) 5259-6500

Filing of quarterly report (*Shihanki-hokokusho*) to the regulatory organization in Japan: November 16, 2009 (Scheduled)

Payment of dividend: Scheduled to start on December 4, 2009

(Amounts of less than JPY one million are rounded)

1. Consolidated Financial Results for the Six months Ended September 30, 2009
(April 1, 2009 to September 30, 2009)

(1) Consolidated Results of Operations

(% shown is YoY change)

	Total Revenues		Operating Income		Income before Income Tax Expense (Benefit)		Net Income attributable to IIJ	
	JPY millions	%	JPY millions	%	JPY millions	%	JPY millions	%
Six months ended September 30, 2009	32,275	(2.9)	1,166	16.0	1,026	33.9	715	94.6
Six months ended September 30, 2008	33,254	10.9	1,005	(44.6)	766	(54.9)	368	(89.4)

	Basic Net Income attributable to IIJ per Share	Diluted Net Income attributable to IIJ per Share
	JPY	JPY
Six months ended September 30, 2009	3,532.01	3,532.01
Six months ended September 30, 2008	1,780.11	1,779.60

(Note) Effective April 1, 2009, we adopted FASB Accounting Standards Codification ("ASC") 810, "Consolidations" (the provisions of which were previously included in SFAS No. 160 "Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51"). According to this, in this document, Income before income tax expense (benefit) represents income from operations before income tax expense and equity in net income in equity method investees in IIJ's consolidated financial statements. Additionally, Net income attributable to IIJ is equivalent to net income in the former presentation materials up to FY2008.

(2) Consolidated Financial Position

	Total Assets	IIJ Shareholders' Equity	IIJ Shareholders' Equity as a percentage of Total Assets	IIJ Shareholders' Equity per share
	JPY millions	JPY millions	%	JPY
Six months ended September 30, 2009	51,389	25,641	49.9	126,592.37
Fiscal Year Ended March 31, 2008	52,301	25,169	48.1	124,265.27

(Note) With the adoption of ASC810, Shareholders' equity, shareholders' equity as a percentage of total assets and shareholders' equity per share were renamed to IIJ Shareholders' equity, IIJ shareholders' equity as a percentage of total assets and IIJ shareholders' equity per share, respectively, from fiscal year ending March 31, 2010.

2. Dividends

	Dividend per Shares				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2009	-	1,000.00	-	1,000.00	2,000.00
Fiscal year ending March 31, 2010	-	1,000.00	-	-	-
Fiscal year ending March 31, 2010 (Target)	-	-	-	1,000.00	2,000.00

(Note) Changes to Dividend Target during the three months ended September 30, 2009: None

3. Target of Consolidated Financial Results for the Fiscal Year Ending March 31, 2010 (April 1, 2009 through March 31, 2010)

(% shown is YoY change)

	Total Revenues		Operating Income		Income before Income Tax Expense (Benefit)	
	JPY millions	%	JPY millions	%	JPY millions	%
Fiscal year ending March 31, 2010	73,000	4.7	3,300	13.1	2,700	32.7

(Note) Changes to target for year-end consolidated financial results for the fiscal year ending March 31, 2010 during the three months ended September 30, 2009: None

Net income attributable to IJ:

Fiscal year ending March 31, 2010: JPY1,700 million

Basic net income per share attributable to IJ shareholders:

Fiscal year ending March 31, 2010: JPY8,393.24

4. Others

- (1) Change of Condition in Consolidated Subsidiaries during the Six Months Ended September 30, 2009 (Change of Condition in Specific Consolidated Subsidiaries with a Change of Scope of Consolidation): None
- (2) Application of Simplified Accounting Method or Specific Accounting Principles for quarterly consolidated financial statements : None
- (3) Changes in Significant Accounting and Reporting Policies for Consolidated Financial Statements
 - 1) Changes due to the revision of accounting standards: Yes
 - 2) Others: None
- (4) Number of Shares Outstanding (Shares of Common Stock)
 - 1) The number of shares outstanding (inclusive of treasury stock):

As of September 30, 2009:	206,478 shares
As of March 31, 2009:	206,478 shares
 - 2) The number of treasury stock:

As of September 30, 2009:	3,934 shares
As of March 31, 2009:	3,934 shares
 - 3) The weighted average number of shares outstanding:

For the six months ended September 30, 2009:	202,544 shares
For the six months ended September 30, 2008:	206,478 shares