



Internet Initiative Japan

For Immediate Release

Internet Initiative Japan Inc.

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**IIJ Announces Nine Months Financial Results
for Fiscal Year Ending March 31, 2009**

Tokyo, February 12, 2009 - Internet Initiative Japan Inc. ("IIJ", NASDAQ:IIJ, TSE:3774) today announced its consolidated financial results for the nine months ended December 31, 2008.¹

Highlights of Financial Results for the nine months ended Dec 2008

- Revenue was JPY50,789 million (\$559 million), up 5.0% YoY lead by the steady increase in recurring revenues which was up 16.3% YoY. One-time revenues of systems construction revenues were weak affected by the deteriorating Japanese economy.
- Operating income was JPY1,844 million (\$20 million), down 37.5% YoY mainly due to operating loss for the 4 newly established consolidated subsidiaries of JPY823 million.
- Net income was JPY354 million (\$4 million), down 91.3% YoY largely affected by deferred tax expense of JPY972 million whereas we had deferred tax benefit of JPY1,791 million for the nine months ended December 31, 2007.

Revised Full FY2008 Financial Targets

	<u>Previous Target</u>	<u>New Target (2/12/2009)</u>
Revenues	JPY73,000 million	JPY69,300 million
Operating Income	JPY3,800 million	JPY2,800 million
Net Income	JPY2,800 million	JPY1,300 million

Nine Months Overview and Business Outlook

"In a very tough environment where the Japanese economy is further deteriorating from the second half of FY2008, IIJ's total revenue increased by 5.0% YoY," said Koichi Suzuki, President and CEO of IIJ. "Connectivity service grew by 13.7%, outsourcing service by 13.3% and systems operation and maintenance by 21.8% YoY. These recurring revenues which accounts for 79% of our total revenues are supporting our steady growth," continued Suzuki.

"Connectivity services were stronger than expected with contracts of over Gbps reaching 82 contracts, up 21 contracts YoY. Increased usage of video streaming or IPTV among Japanese consumers has lead CATVs and ISPs to also increase their contracted bandwidth with us. IIJ Mobile service with around 18,000 contracts as of December 2008 has reached its break even point at its gross margin level. Outsourcing services remain on track with additional revenue from the newly opening Nerima DC expected to come in from the 4th quarter of FY2008."

"With this continuous growth from recurring revenues and tightened cost control, profitability is improving quarter on quarter this fiscal year" said Suzuki. "Operating margin ratio was 4.8% in 3Q08, up 1.3 points compared to 2Q08 and up 2.3 points compared to 1Q08 respectively."

"However, the situation for systems construction was not as strong as we had initially anticipated," continued Suzuki. "Many projects are being either postponed or delayed due to the tightened SI investments by Japanese companies, and as a result has affected our revenue and income growth. Because the recovery for SI investments depends strongly on economic recovery, and as SI order

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 translations of Japanese yen into U.S. dollars are solely for the convenience of readers outside of Japan. The rate used for the translation was JPY90.79 per US\$1.00, which was the noon buying rate on December 31, 2008.

backlogs are weak, we have revise downward our Full FY2008 financial targets for the second time this year."

"Nevertheless, our overall position and our competitiveness in the Japanese ICT market has not changed and therefore, we will continue to take decisive steps for us to return to double-digit growth in a post recession economy. We will build a strong business foundation for mid- to long-term growth."

Nine Months Financial Results

Results of Operation

Operating Results Summary

	Nine months ended Dec 31, 2008	Nine months ended Dec 31, 2007	YoY % change
	JPY millions	JPY millions	
Total Revenues	50,789	48,349	5.0%
Total Costs	41,255	38,662	6.7%
SG&A Expenses and R&D	7,690	6,736	14.2%
Operating Income	1,844	2,952	(37.5%)
Income before Income Tax Expense	1,242	2,715	(54.2%)
Net Income	354	4,088	(91.3%)

Revenues

Revenues totaled JPY50,789 million, an increase of 5.0% YoY.

Revenues

	Nine months ended Dec 31, 2008	Nine months ended Dec 31, 2007	YoY % change
	JPY millions	JPY millions	
Total Revenues:	50,789	48,349	5.0%
Connectivity and Outsourcing Services	25,941	22,856	13.5%
SI	24,105	24,213	(0.4%)
Equipment Sales	726	1,280	(43.3%)
ATM Operation Business²	17		

Connectivity and Outsourcing Services revenue were JPY25,941 million, an increase of 13.5% YoY lead by the increase in connectivity services and outsourcing services. Connectivity service for corporate use increased by 7.8% YoY reflecting strong demands for larger bandwidth connectivity. Connectivity service for home use increased by 27.6% YoY with the full contribution from hi-ho, which we acquired in June 2007, of JPY3,682 million (9 months) compared to JPY2,537 million (7 months). Outsourcing services were up 13.3% YoY reflecting steady needs for email and data center related services.

SI revenues were JPY24,105 million, a slight decrease of 0.4% YoY. Systems construction revenues were down 20.8% YoY as revenues fell short of our budget affected by the weak Japanese economy whereas in the third quarter of FY2007, a remarkably large-scale systems construction project was completed. Systems operation and maintenance revenues were up 21.8% YoY.

Equipment sales revenues were JPY726 million, a decrease of 43.3% YoY.

ATM Operation Business revenues were JPY17 million.

² From 1Q08, we have disclosed revenues and costs related to ATM Operation Business.

Cost and expense

Cost of revenues was JPY41,255 million, an increase of 6.7% YoY.

Cost of Revenues

	Nine months ended Dec 31, 2008	Nine months ended Dec 31, 2007	YoY % change
	JPY millions	JPY millions	
Cost of Revenues:	41,255	38,662	6.7%
Connectivity and Outsourcing Services	21,851	19,005	15.0%
SI	18,504	18,558	(0.3%)
Equipment Sales	639	1,098	(41.8%)
ATM Operation Business	261		

Cost of Connectivity and Outsourcing Services revenue were JPY21,851 million, up 15.0% YoY due to the increase in network operation related, circuit related and personnel related costs. There was also cost incurred by hi-ho for 9 months and costs related to GDX Japan Inc. ("GDX") and On-Demand Solutions Inc. ("ODS") of JPY121 million. Gross margin was 15.8% compared to 16.8% for the nine months ended December 31, 2007.

Cost of SI revenues was JPY18,504 million, down 0.3% YoY as purchasing cost decreased along with the decrease in systems construction revenue while outsourcing cost increased. However, on a quarterly basis, outsourcing cost decreased compared to 2Q08 as a result of cost control. Gross margin was 23.2% compared to 23.4% for the nine months ended December 31, 2007.

Cost of Equipment Sales revenues was JPY639 million, down 41.8% YoY due to decrease in equipment sales revenues. Gross margin ratio was 12.0%.

Cost of ATM Operation Business revenues was JPY261 million and gross margin was a loss of JPY243 million.

SG&A Expenses and R&D

Sales and marketing expenses were JPY3,506 million, an increase of 11.2% YoY. The increase was mainly due to the increase in personnel related expenses as well as expenses related to hi-ho of 9 months.

General and administrative expenses were JPY3,967 million, an increase of 16.5% YoY. The increases were mainly due to the increase in rent and personnel related expenses. There were also expenses related to the 4 new subsidiaries.

Research and development expenses were JPY216 million, an increase of 20.5% YoY.

Operating income

Operating income was JPY1,844 million, a decrease of 37.5% YoY as gross margin from systems construction decreased, SG&A expenses and R&D increased by JPY954 million and there were operating loss from 4 new subsidiaries of JPY823 million.

Other income (expenses)

Other income (expenses) was JPY602 million compared to net other expenses of JPY237 million for the nine months ended December 31, 2007. We recorded net losses on equity securities of JPY312 million including impairment losses of JPY329 million on nonmarketable and available-for-sale equity securities compared to net gains of JPY34 million for the nine months ended December 31, 2007.

Income before income tax expenses

Income before income tax expenses was JPY1,242 million, down 54.2% YoY due to the decrease in operating income and the increase in other expenses.

Others

Income tax expense was JPY1,192 million mainly due to deferred tax expense of JPY972 million whereas for the nine months ended December 31, 2007, there were deferred tax benefits of JPY1,791 million resulting from the release of the valuation allowance against deferred tax assets.

Minority interests in losses of subsidiaries were JPY259 million related to GDX and Trust Networks Inc. compared to minority interest in losses of subsidiaries of JPY52 million for the nine months ended December 31, 2007.

Equity in net income of equity method investees was JPY45 million compared to equity in net loss of equity method investees of JPY92 million for the nine months ended December 31, 2007.

Net income was JPY354 million, a decrease of 91.3% YoY.

Financial Condition

Balance Sheets

Total assets as of December 31, 2008 was JPY52,558 million, decreased by JPY3,144 million from the previous fiscal year end (March 31, 2008).

For current assets, inventories increased by JPY434 million, mainly for ongoing SI projects; prepaid expenses increased by JPY429 million, mainly for bonus payments to our employees and maintenance expenses related to SI projects; and accounts receivable decreased by JPY2,685 million, each from the respective amount as of March 31, 2008. Property and Equipment increased by JPY2,065 million mainly due to an increase in property for our internal use. For current liabilities, short-term borrowings decreased by JPY1,350 million due to repayments; and accounts payable decreased by JPY2,325 million, each from the respective amount as of March 31, 2008.

IJ Group has a large amount of tax operating loss carryforwards (JPY 14,878 million as of March 31, 2008), and as of December 31, 2008, we had deferred tax asset (current) of JPY790 million and deferred tax asset (noncurrent) of JPY1,896 million, respectively. Other investments as of December 31, 2008 was JPY2,030 million (JPY813 million in nonmarketable equity securities, JPY615 million in available-for-sale securities and others of JPY602 million), a decrease of JPY333 million from March 31, 2008. As of December 31, 2008, non-amortized intangible assets (excluding telephone rights) such as goodwill were JPY5,516 million and amortized intangible assets of such as customer relationship were JPY321 million.

Total shareholders' equity as of December 31, 2008 was JPY24,382 million and shareholder's equity ratio (shareholder's equity/total assets) as of December 31, 2008 was 46.4%.

Cash Flows (Nine months ended December 31, 2008)

Cash and cash equivalents as of December 31, 2008 decreased by JPY2,516 million to JPY8,955 million, from JPY11,471 million as of March 31, 2008.

Net cash provided by operating activities for the nine months ended December 31, 2008 was JPY5,351 million, compared to net cash provided by operating activities of JPY455 million for the nine months ended December 31, 2007, mainly due to operating income of JPY1,844 million, decrease in accounts receivable which tends to be large at the end of March due to seasonal fluctuations was JPY2,656 million, increase in inventories mainly related to SI projects, decrease in accounts payable mainly related to SI projects and payment of income taxes.

Net cash used in investing activities for the nine months ended December 31, 2008 was JPY2,926 million, compared to net cash used in investing activities of JPY5,063 million for the nine months ended December 31, 2007, mainly due to payment of JPY2,663 million for the purchase of property and equipment, JPY125 million for the purchase of short-term and other investments, and JPY100 million for the purchase of available-for-sale securities.

Net cash used in financing activities for the nine months ended December 31, 2008 was JPY4,911 million, compared to net cash provided by financing activities of JPY285 million for the nine months ended December 31, 2007, mainly due to repayments of short-term borrowings of JPY1,350 million (net), principal payments under capital leases of JPY2,848 million, payments for dividends of JPY413 million and payments of JPY301 million for acquisition of treasury stock.

Nine months ended December 31, 2008

Nine Months Business Overview

Analysis by Service

Connectivity and Outsourcing Services

Connectivity services revenues for corporate use increased by 7.8% YoY reflecting the strong needs for broadband connectivity. IP Services was up 3.6% YoY as number of contracts for over Gbps services grew more than expected and other IP services has also increased respectively. Broadband services were up 10.2% YoY. Others which include dial-up connectivity and IIJ Mobile increased by 71.9% YoY. The contracted number for IIJ Mobile has reached around 18,000 contracts as of December 31, 2008 though there was a large cancellation from one client.

Connectivity services revenues for home use increased by 27.6% YoY with the full contribution from hi-ho of JPY3,682 million (9 months) compared to JPY2,537 million (7 months). High-speed mobile data communications service for home users was introduced in December 2008.

Outsourcing services revenues increased by 13.3% YoY as demands for email services and data center remains strong.

Number of Contracts for Connectivity Services

	December 31, 2008	December 31, 2007	YoY Change
Connectivity Services (Corporate Use)	47,277	24,877	22,400
IP Service (-99Mbps)	936	805	131
IP Service (100Mbps-999Mbps)	223	191	32
IP Service (1Gbps-)	82	61	21
IIJ Data Center Connectivity Service	301	293	8
IIJ FiberAccess/F and IIJ DSL/F	25,295	21,573	3,722
Others	20,440	1,954	18,486
Connectivity Services (Home Use)	450,708	481,352	(30,644)
Under IIJ Brand	47,327	51,820	(4,493)
hi-ho	183,416	190,808	(7,392)
OEM ³	219,965	238,724	(18,759)
Total Contracted Bandwidth	476.6 Gbps	346.0 Gbps	130.6 Gbps

Connectivity and Outsourcing Services Revenues Breakdown and Cost

	Nine months ended Dec 31, 2008	Nine months ended Dec 31, 2007	YoY % change
	JPY millions	JPY millions	
Connectivity Service (Corporate Use)	9,706	9,005	7.8%
IP Service ⁴	6,923	6,682	3.6%
IIJ FiberAccess/F and IIJ DSL/F	2,158	1,959	10.2%
Others	625	363	71.9%
Connectivity Service (Home Use)	4,859	3,808	27.6%
Under IIJ Brand	762	831	(8.3%)
hi-ho	3,682	2,537	45.1%
OEM	415	440	(5.6%)
Outsourcing Services	11,376	10,043	13.3%
Total Connectivity and Outsourcing Services	25,941	22,856	13.5%
Cost of Connectivity and Outsourcing Services	21,851	19,005	15.0%
Backbone Cost (included in the cost of Connectivity and Outsourcing Service)	2,776	2,574	7.9%
Connectivity and Outsourcing Services Gross Margin Ratio	15.8 %	16.8 %	

³ OEM services provided to other service providers.

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

SI

One-time revenues from systems construction decreased by 20.8% YoY while recurring revenues from systems operation and maintenance increased by 21.8% YoY.

Order backlog as of December 31, 2008 and order received for the nine months ended December 31, 2008 for SI and equipment sales were JPY13,544 million (down 16.6% YoY) and JPY22,465 million (down 30.4% YoY), respectively. The order backlog and order received for systems construction including equipment sales was JPY4,236 million (down 42.8% YoY) and JPY10,214 million (down 42.7% YoY), respectively. The order backlog and order received for systems operation and maintenance were JPY9,307 million (up 5.4% YoY) and JPY12,252 million (down 15.2% YoY), respectively.

SI Revenue Breakdown and Cost

	Nine months ended Dec 31, 2008	Nine months ended Dec 31, 2007	YoY % change
	JPY millions	JPY millions	
SI Revenues	24,105	24,213	(0.4%)
Systems Construction	10,014	12,641	(20.8%)
Systems Operation and Maintenance	14,091	11,572	21.8%
Cost of SI	18,504	18,558	(0.3%)
SI Gross Margin Ratio	23.2 %	23.4 %	

Order Backlog for SI and Equipment Sales

	December 31, 2008	December 31, 2007	YoY % Change
	JPY millions	JPY millions	
SI and Equipment Sales Order Backlog	13,544	16,242	(16.6%)

Equipment Sales

Equipment Sales Revenue and Cost

	Nine months ended Dec 31, 2008	Nine months ended Dec 31, 2007	YoY % change
	JPY millions	JPY millions	
Equipment Sales Revenues	726	1,280	(43.3%)
Cost of Equipment Sales	639	1,098	(41.8%)
Equipment Sales Gross Margin Ratio	12.0%	14.2%	

ATM Operation Business

ATM Operation Business Revenue and Cost

	Nine months ended Dec 31, 2008	Nine months ended Dec 31, 2007	YoY % change
	JPY millions	JPY millions	
ATM Operation Business Revenues	17		
Cost of ATM Operation Business	261		

Segment Information

Operating Revenues

	Nine months ended Dec 31, 2008
	JPY millions
Network services and Systems Integration Business	50,935
External Customers	50,772
Inter-Segment	163
ATM Operation Business	17
External Customers	17
Inter-Segment	
Elimination	163
Consolidated	50,789

Operating Income (losses)

	Nine months ended Dec 31, 2008
	JPY millions
Network services and Systems Integration Business	2,326
ATM Operation Business	(456)
Elimination	26
Consolidated	1,844

Full FY2008 and Mid-term Financial Targets

Full FY2008 Financial Target

The Japanese economy has further deteriorated from the second half of FY2008 and there were large drops in corporate earnings and capital expenditures.

For IJ group, although our recurring revenues are steadily increasing, our one-time revenues from systems construction will be affected by the further tightening SI investments from the third quarter of this year. Taking into consideration the amount of SI order received in the third quarter and its order backlogs as of December 31, 2008, we will revise downward our full FY2008 financial targets from the target announced on October 24, 2008.

We estimate full year consolidated revenue of JPY69,300 million as systems construction revenues will be lower than our initial expectations. Operating income of JPY2,800 million as gross margin will decrease with the decrease in revenues even with the reduction in costs such as SI outsourcing related. Income before income tax expenses of JPY1,900 million with the decrease in operating income. Net income of JPY1,300 million as deferred tax benefit expected in 4Q08 will decrease by approximately JPY400 million reflecting the result of income before income tax expenses for the nine months ended December 31, 2008.

Mid-term Financial Target

The IJ group targets its mid-term target beginning from FY2008 to achieve over JPY100 billion in revenues and JPY10 billion in operating income by March 2011. However, mainly due to the decrease in systems integration revenues affected by the deteriorating Japanese economy from 3Q08, we are unlikely to achieve our initial target for this fiscal year announced on May 15, 2008 and we think we are approximately 1 year behind against our mid-term target. The tightened SI investments may further affect our revenue and we recognize it would be difficult for us to achieve our mid-term target by March 2011 in the current situation.

Nevertheless, we are certain our position and our competitiveness in the Japanese ICT market has not changed and the need to facilitate the use of ICT and to improve work efficiency are essential in the mid- and long-term, thus we will continue to make effort to achieve our mid-term target by continuously increasing our current business together with new businesses seeded in FY2007. However, the timing of when we will reach our mid-term target depends strongly on economic recovery.

Nine months ended December 31, 2008

Presentation

Presentation Materials will be posted on our web site (<http://www.ij.ad.jp/en/IR/>) on February 12, 2009.

About Internet Initiative Japan Inc.

Founded in 1992, IJ is one of Japan's leading Internet-access and comprehensive network solutions providers. IJ and its group of companies provide total network solutions that mainly cater to high-end corporate customers. IJ's services include high-quality systems integration and security services, Internet access, hosting/housing, and content design. Moreover, IJ has built one of the largest Internet backbone networks in Japan, and between Japan and the United States. IJ 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 IJ's or management's intentions, beliefs, expectations, or predictions for the future are forward-looking statements that are based on IJ'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 IJ's actual results to differ materially from those contained in any forward-looking statement. These risks, uncertainties and other factors include: IJ'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 IJ's profits of fluctuations in costs such as backbone costs and subcontractor costs; the impact on IJ's profits of fluctuations in the price of available-for-sale securities; the impact of technological changes in its industry; IJ's ability to raise additional capital to cover its indebtedness; the possibility that NTT, IJ's largest shareholder, may decide to exercise substantial influence over IJ; and other risks referred to from time to time in IJ's filings on Form 20-F of its annual report and other filings with the United States Securities and Exchange Commission.

Tables to follow

Internet Initiative Japan Inc.
Quarterly Consolidated Balance Sheets (Unaudited)
(As of December 31, 2008 and March 31, 2008)

	As of December 31, 2008			As of March 31, 2008	
	Thousands of U.S. Dollars	Thousands of JPY	%	Thousands of JPY	%
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	98,639	8,955,447		11,470,980	
Short-term investments	-	-		12,181	
Accounts receivable, net of allowance for doubtful accounts of JPY 32,321 thousand and JPY 24,677 thousand at December 31, 2008 and March 31, 2008, respectively	105,412	9,570,348		12,255,163	
Inventories	17,819	1,617,815		1,184,160	
Prepaid expenses	26,811	2,434,191		2,005,274	
Other current assets, net of allowance for doubtful accounts of JPY 10,170 thousand and JPY 7,470 thousand at December 31, 2008 and March 31, 2008, respectively	18,005	1,634,596		1,557,869	
Total current assets	266,686	24,212,397	46.1	28,485,627	51.1
INVESTMENTS IN AND ADVANCES TO EQUITY METHOD INVESTEES, net of loan loss valuation allowance of JPY 16,701 thousand at December 31, 2008 and March 31, 2008, respectively	10,965	995,494	1.9	991,237	1.8
OTHER INVESTMENTS	22,363	2,030,317	3.8	2,363,770	4.2
PROPERTY AND EQUIPMENT, net of accumulated depreciation and amortization of JPY 16,611,464 thousand and JPY 14,029,785 thousand at December 31, 2008 and March 31, 2008, respectively	152,059	13,805,470	26.2	11,740,210	21.1
GOODWILL	27,616	2,507,258	4.8	2,507,258	4.5
OTHER INTANGIBLE ASSETS —Net	36,773	3,338,633	6.4	3,400,117	6.1
GUARANTEE DEPOSITS	23,006	2,088,738	4.0	2,037,165	3.7
OTHER ASSETS, net of allowance for doubtful accounts of JPY 70,285 thousand and JPY 64,796 thousand at December 31, 2008 and March 31, 2008, respectively	39,432	3,579,988	6.8	4,177,162	7.5
TOTAL	578,900	52,558,295	100.0	55,702,546	100.0

	As of December 31, 2008			As of March 31, 2008	
	Thousands of U.S. Dollars	Thousands of JPY	%	Thousands of JPY	%
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Short-term borrowings	85,913	7,800,000		9,150,000	
Capital lease obligations —current portion	39,406	3,577,629		3,455,948	
Accounts payable	61,354	5,570,313		7,895,238	
Accrued expenses	13,231	1,201,241		994,138	
Accrued retirement and pension costs —current	126	11,436		11,436	
Deferred income	20,767	1,885,443		1,552,896	
Other current liabilities	4,745	430,817		864,366	
Total current liabilities	225,541	20,476,879	39.0	23,924,022	42.9
CAPITAL LEASE OBLIGATIONS —Noncurrent	59,112	5,366,787	10.2	4,738,359	8.5
ACCRUED RETIREMENT AND PENSION COSTS —Noncurrent	14,285	1,296,904	2.5	1,101,951	2.0
OTHER NONCURRENT LIABILITIES	11,030	1,001,377	1.9	663,399	1.2
Total Liabilities	309,968	28,141,947	53.6	30,427,731	54.6
MINORITY INTEREST	381	34,618	(0.0)	294,102	0.6
COMMITMENTS AND CONTINGENCIES					
SHAREHOLDERS' EQUITY:					
Common-stock—authorized, 377,600 shares; issued and outstanding, 206,478 shares at December 31, 2008 and March 31, 2008	185,415	16,833,847	32.0	16,833,847	30.2
Additional paid-in capital	304,127	27,611,737	52.5	27,611,737	49.6
Accumulated deficit	(216,038)	(19,614,123)	(37.3)	(19,555,489)	(35.1)
Accumulated other comprehensive income (loss)	(1,643)	(149,176)	(0.2)	90,618	0.1
Treasury stock—2,745 shares held by the company at December 31, 2008	(3,310)	(300,555)	(0.6)	-	-
Total shareholders' equity	268,551	24,381,730	46.4	24,980,713	44.8
TOTAL	578,900	52,558,295	100.0	55,702,546	100.0

(Note1) The U.S. dollar amounts represent translations of yen amounts at the rate of JPY 90.79 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 December 31, 2008.

(Note2) The above presentation as of December 31, 2007 has been changed to conform to the presentation as of December 31, 2008.

Internet Initiative Japan Inc.
Quarterly Consolidated Statements of Income (Unaudited)
(Nine Months ended December 31, 2008 and December 31, 2007)

	Nine Months Ended December 31, 2008			Nine Months Ended December 31, 2007	
	Thousands of U.S. Dollars	Thousands of JPY	% of total revenues	Thousands of JPY	% of total revenues
REVENUES:					
Connectivity and outsourcing services:					
Connectivity (corporate use)	106,905	9,705,875		9,004,721	
Connectivity (home use)	53,520	4,859,054		3,807,989	
Outsourcing services	125,299	11,375,933		10,042,896	
Total	285,724	25,940,862		22,855,606	
Systems integration:					
Systems Construction	110,299	10,014,019		12,641,135	
Systems Operation and Maintenance	155,205	14,091,056		11,572,362	
Total	265,504	24,105,075		24,213,497	
Equipment sales	7,994	725,801		1,280,303	
ATM operation business	190	17,265		-	
Total revenues	559,412	50,789,003	100.0	48,349,406	100.0
COST AND EXPENSES:					
Cost of connectivity and outsourcing services	240,681	21,851,462		19,005,171	
Cost of systems integration	203,810	18,503,892		18,558,164	
Cost of equipment sales	7,039	639,053		1,098,267	
Cost of ATM operation business	2,870	260,587		-	
Total cost	454,400	41,254,994	81.3	38,661,602	80.0
Sales and marketing	38,617	3,506,005	6.9	3,151,505	6.5
General and administrative	43,699	3,967,468	7.8	3,404,620	7.0
Research and development	2,381	216,194	0.4	179,488	0.4
Total cost and expenses	539,097	48,944,661	96.4	45,397,215	93.9
OPERATING INCOME	20,315	1,844,342	3.6	2,952,191	6.1
OTHER INCOME (EXPENSE):					
Interest income	358	32,542		40,244	
Interest expense	(3,416)	(310,146)		(329,047)	
Foreign exchange gains (loss)	(105)	(9,529)		2,330	
Net gains on sales of other investments	195	17,680		217,957	
Losses on write-down of other investments	(3,626)	(329,216)		(184,278)	
Other—net	(39)	(3,513)		15,409	
Other income (expense) — net	(6,633)	(602,182)	(1.2)	(237,385)	(0.5)
INCOME FROM OPERATIONS BEFORE INCOME TAX EXPENSE (BENEFIT), MINORITY INTERESTS AND EQUITY IN NET INCOME (LOSS) OF EQUITY METHOD INVESTEES	13,682	1,242,160	2.4	2,714,806	5.6
INCOME TAX EXPENSE (BENEFIT)	13,134	1,192,429	2.3	(1,413,102)	(2.9)
MINORITY INTERESTS IN LOSSES OF SUBSIDIARIES	2,858	259,484	0.5	51,606	0.1
EQUITY IN NET INCOME (LOSS) OF EQUITY METHOD INVESTEES	497	45,107	0.1	(91,523)	(0.1)
NET INCOME	3,903	354,322	0.7	4,087,991	8.5

	Nine Months Ended December 31, 2008		Nine Months Ended December 31, 2007
NET INCOME PER SHARE			
BASIC WEIGHTED-AVERAGE NUMBER OF SHARES (shares)		206,023	206,161
DILUTED WEIGHTED-AVERAGE NUMBER OF SHARES (shares)		206,063	206,432
BASIC WEIGHTED-AVERAGE NUMBER OF ADS EQUIVALENTS (ADSs)		82,409,084	82,400,774
DILUTED WEIGHTED-AVERAGE NUMBER OF ADS EQUIVALENTS (ADSs)		82,425,011	82,491,200
BASIC NET INCOME PER SHARE (U.S. Dollars / JPY / JPY)	18.94	1,719.82	19,829.12
DILUTED NET INCOME PER SHARE (U.S. Dollars / JPY / JPY)	18.94	1,719.48	19,803.09
BASIC NET INCOME PER ADS EQUIVALENT (U.S. Dollars / JPY / JPY)	0.05	4.30	42.20
DILUTED NET INCOME PER ADS EQUIVALENT (U.S. Dollars / JPY / JPY)	0.05	4.30	42.14

(Note 1) The U.S. dollar amounts represent translations of yen amounts at the rate of JPY 90.79 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 December 31, 2008.

(Note2) The above presentation for the nine months ended December 31, 2007 has been changed to conform to the presentation for the nine months ended December 31, 2008.

Internet Initiative Japan Inc.
Quarterly Consolidated Statements of Cash Flows (Unaudited)
(Nine Months ended December 31, 2008 and December 31, 2007)

	Nine Months Ended December 31, 2008		Nine Months Ended December 31, 2007
	Thousands of U.S. Dollars	Thousands of JPY	Thousands of JPY
OPERATING ACTIVITIES:			
Net income	3,903	354,322	4,087,991
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	43,547	3,953,643	3,481,394
Provision for retirement and pension costs, less payments	2,147	194,953	128,371
Provision for (reversal of) allowance for doubtful accounts and advances	196	17,752	(7,069)
Loss on disposal of property and equipment	1,804	163,772	15,682
Net gains on sales of other investments	(195)	(17,680)	(217,957)
Losses on write-down of other investments	3,626	329,216	184,278
Foreign exchange losses	229	20,828	3,955
Equity in net loss (income) of equity method investees (net of dividend)	(162)	(14,727)	91,523
Minority interests in losses of subsidiaries	(2,858)	(259,484)	(51,606)
Deferred income tax expense (benefit)	10,708	972,197	(1,790,391)
Others	22	1,972	-
Changes in operating assets and liabilities net of effects from acquisition of business and a company:			
Decrease (increase) in accounts receivable	29,257	2,656,278	(2,121,457)
Increase in inventories, prepaid expenses and other current and noncurrent assets	(13,755)	(1,248,854)	(1,351,187)
Decrease in accounts payable	(23,375)	(2,122,235)	(1,625,227)
Increase (decrease) in accrued expenses, other current and noncurrent liabilities	3,843	348,914	(373,793)
Net cash provided by operating activities	58,937	5,350,867	454,507
INVESTING ACTIVITIES:			
Purchase of property and equipment	(29,332)	(2,663,014)	(1,614,994)
Purchase of available-for-sale securities	(1,101)	(99,992)	(517,275)
Purchase of short-term and other investments	(1,380)	(125,264)	(231,974)
Investment in equity method investee	-	-	(250,389)
Purchases of subsidiary stock from minority shareholders	-	-	(1,975,123)
Proceeds from sales of available-for-sale securities	-	-	616,920
Proceeds from sales and redemption of short-term and other investments	539	48,882	20,579
Acquisition of a newly controlled company, net of cash acquired	-	-	(788,608)
Payments of guarantee deposits	(913)	(82,904)	(287,720)
Refund of guarantee deposits	301	27,349	8,396
Payments for refundable insurance policies	(424)	(38,504)	(36,456)
Refund from insurance policies	81	7,382	-
Other	(1)	(53)	(6,698)
Net cash used in investing activities	(32,230)	(2,926,118)	(5,063,342)

	Nine Months Ended December 31, 2008		Nine Months Ended December 31, 2007
	Thousands of U.S. Dollars	Thousands of JPY	Thousands of JPY
FINANCING ACTIVITIES:			
Proceeds from issuance of short-term borrowings with initial maturities over three months	115,651	10,500,000	15,900,000
Repayments of short-term borrowings with initial maturities over three months and long-term borrowings	(127,217)	(11,550,000)	(15,540,000)
Principal payments under capital leases	(31,366)	(2,847,726)	(2,564,142)
Net increase (decrease) in short-term borrowings with initial maturities less than three months	(3,304)	(300,000)	2,950,000
Dividends paid	(4,548)	(412,956)	(461,309)
Payments for acquisition of treasury stock	(3,310)	(300,555)	-
Net cash provided by (used in) financing activities	(54,094)	(4,911,237)	284,549
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(320)	(29,045)	(15,811)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(27,707)	(2,515,533)	(4,340,097)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	126,346	11,470,980	13,554,544
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	98,639	8,955,447	9,214,447
ADDITIONAL CASH FLOW INFORMATION:			
Interest paid	3,411	309,719	329,316
Income tax paid	8,533	774,751	933,930
NONCASH INVESTING AND FINANCING ACTIVITIES:			
Acquisition of assets by entering into capital leases	40,592	3,685,356	2,917,146
Purchase of minority interests of consolidated subsidiaries through share exchanges	-	-	1,012,520
ACQUISITION OF BUSINESS AND A COMPANY:			
Assets acquired	-	-	2,319,277
Cash paid	-	-	(1,715,450)
Liabilities assumed	-	-	367,989
Minority interests assumed	-	-	235,838

(Note 1) The U.S. dollar amounts represent translations of yen amounts at the rate of JPY 90.79 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 December 31, 2008.

(Note2) The above presentation for the nine months December 31, 2007 has been changed to conform to the presentation for the nine months ended December 31, 2008.

3rd Quarter FY2008 Consolidated Financial Results (3 months)

The following tables are highlight data of 3rd Quarter FY2008 consolidated financial results (unaudited, from October 1, 2008 to December 31, 2008).

Operating Results Summary

	3Q08	3Q07	YoY Change
	JPY millions	JPY millions	
Total Revenues:	17,535	18,359	(4.5%)
Connectivity and Outsourcing Services	8,940	8,049	11.1%
SI	8,388	9,911	(15.4%)
Equipment Sales	201	399	(49.4%)
ATM Operation Business	6		
Cost of Revenues:	14,170	14,851	(4.6%)
Connectivity and Outsourcing Services	7,510	6,738	11.5%
SI	6,326	7,771	(18.6%)
Equipment Sales	174	342	(49.0%)
ATM Operation Business	160		
SG&A Expenses and R&D	2,526	2,372	6.5%
Operating Income	839	1,136	(26.2%)
Income before Income Tax Expense	476	1,017	(53.2%)
Net Income (Loss)	(13)	611	(10.2%)

Connectivity and Outsourcing Services Revenues Breakdown and Cost

	3Q08	3Q07	YoY Change
	JPY millions	JPY millions	
Connectivity and Outsourcing Services Revenues	8,940	8,049	11.1%
Connectivity Service (Corporate Use)	3,378	3,023	11.7%
IP Service	2,358	2,239	5.3%
IJ FiberAccess/F and IJ DSL/F	725	680	6.6%
Others	295	104	183.4%
Connectivity Service (Home Use)	1,648	1,513	8.9%
Under IJ Brand	251	271	(7.7%)
hi-ho	1,257	1,118	12.4%
OEM	140	124	13.7%
Outsourcing Services	3,914	3,513	11.4%
Cost of Connectivity and Outsourcing Services	7,510	6,738	11.5%
Backbone Cost (included in the cost of Connectivity and Outsourcing Service)	930	905	2.7%
Connectivity and Outsourcing Services Gross Margin Ratio	16.0%	16.3%	

SI Revenue Breakdown and Cost

	3Q08	3Q07	YoY Change
	JPY millions	JPY millions	
SI Revenues	8,388	9,911	(15.4%)
Systems Construction	3,724	5,920	(37.1%)
Systems Operation and Maintenance	4,664	3,991	16.8%
Cost of SI	6,326	7,771	(18.6%)
SI Gross Margin Ratio	24.6%	21.6%	

Equipment Sales Revenue and Cost

	3Q08	3Q07	YoY Change
	JPY millions	JPY millions	
Equipment Sales Revenues	201	399	(49.4%)
Cost of Equipment Sales	174	342	(49.0%)
Equipment Sales Gross Margin Ratio	13.6%	14.3%	

ATM Operation Business Revenue and Cost

	3Q08	3Q07	YoY Change
	JPY millions	JPY millions	
ATM Operation Business Revenues	6		
Cost of ATM Operation Business	160		

Other Financial Statistics

	3Q08	3Q07	YoY Change
	JPY millions	JPY millions	
Adjusted EBITDA	2,194	2,379	(7.8%)
CAPEX, including capital leases	1,832	1,242	47.5%
Depreciation and amortization	1,355	1,243	9.0%

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

	3Q08	3Q07
	JPY millions	JPY millions
Adjusted EBITDA	2,194	2,379
Depreciation and Amortization	(1,355)	(1,243)
Operating Income	839	1,136
Other Income (Expense)	(363)	(119)
Income Tax Expense	653	392
Minority Interests in Losses of Subsidiaries	120	27
Equity in Net Income (Loss) of Equity Method Investees	44	(42)
Net Income (Loss)	(13)	611

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

	3Q08	3Q07
	JPY millions	JPY millions
CAPEX, including capital leases	1,832	1,242
Acquisition of Assets by Entering into Capital Leases	917	619
Purchase of Property and Equipment	915	623

Internet Initiative Japan Inc.
Quarterly Consolidated Statements of Income (Unaudited)
(Three Months ended December 31, 2008 and December 31, 2007)

	Three Months Ended December 31, 2008			Three Months Ended December 31, 2007	
	Thousands of U.S. Dollars	Thousands of JPY	% of total revenues	Thousands of JPY	% of total revenues
REVENUES:					
Connectivity and outsourcing services:					
Connectivity (corporate use)	37,208	3,378,154		3,023,437	
Connectivity (home use)	18,150	1,647,803		1,513,141	
Outsourcing services	43,107	3,913,676		3,512,322	
Total	98,465	8,939,633		8,048,900	
Systems integration:					
Systems Construction	41,019	3,724,073		5,920,223	
Systems Operation and Maintenance	51,365	4,663,447		3,991,086	
Total	92,384	8,387,520		9,911,309	
Equipment sales	2,222	201,714		398,953	
ATM operation business	69	6,295		-	
Total revenues	193,140	17,535,162	100.0	18,359,162	100.0
COST AND EXPENSES:					
Cost of connectivity and outsourcing services	82,719	7,510,069		6,737,501	
Cost of systems integration	69,673	6,325,592		7,771,305	
Cost of equipment sales	1,919	174,212		341,881	
Cost of ATM operation business	1,769	160,603		-	
Total cost	156,080	14,170,476	80.8	14,850,687	80.9
Sales and marketing	12,721	1,154,972	6.6	1,124,352	6.1
General and administrative	14,300	1,298,297	7.4	1,184,997	6.5
Research and development	799	72,517	0.4	63,043	0.3
Total cost and expenses	183,900	16,696,262	95.2	17,223,079	93.8
OPERATING INCOME	9,240	838,900	4.8	1,136,083	6.2
OTHER INCOME (EXPENSE):					
Interest income	69	6,299		8,689	
Interest expense	(1,143)	(103,739)		(113,769)	
Foreign exchange gains (loss)	(149)	(13,527)		1,407	
Gains on sales of other investments	195	17,680		4,427	
Losses on write-down of other investments	(2,953)	(268,124)		(20,222)	
Other—net	(15)	(1,379)		707	
Other income (expense) — net	(3,996)	(362,790)	(2.1)	(118,761)	(0.7)
INCOME FROM OPERATIONS BEFORE INCOME TAX EXPENSE, MINORITY INTERESTS AND EQUITY IN NET INCOME (LOSS) OF EQUITY METHOD INVESTEES	5,244	476,110	2.7	1,017,322	5.5
INCOME TAX EXPENSE	7,196	653,305	3.7	391,731	2.1
MINORITY INTERESTS IN LOSSES OF SUBSIDIARIES	1,318	119,691	0.7	27,394	0.1
EQUITY IN NET INCOME (LOSS) OF EQUITY METHOD INVESTEES	488	44,272	0.2	(42,394)	(0.2)
NET INCOME (LOSS)	(146)	(13,232)	(0.1)	610,591	3.3

	Three Months Ended December 31, 2008		Three Months Ended December 31, 2007
NET INCOME (LOSS) PER SHARE			
BASIC WEIGHTED-AVERAGE NUMBER OF SHARES (shares)		205,117	206,478
DILUTED WEIGHTED-AVERAGE NUMBER OF SHARES (shares)		205,117	206,839
BASIC WEIGHTED-AVERAGE NUMBER OF ADS EQUIVALENTS (ADSs)		82,046,830	82,591,200
DILUTED WEIGHTED-AVERAGE NUMBER OF ADS EQUIVALENTS (ADSs)		82,046,830	82,735,483
BASIC NET INCOME (LOSS) PER SHARE (U.S. Dollars / JPY / JPY)	-0.71	(64.51)	2,957.17
DILUTED NET INCOME (LOSS) PER SHARE (U.S. Dollars / JPY / JPY)	-0.71	(64.51)	2,952.01
BASIC NET INCOME (LOSS) PER ADS EQUIVALENT (U.S. Dollars / JPY / JPY)	0.00	-0.16	7.39
DILUTED NET INCOME (LOSS) PER ADS EQUIVALENT (U.S. Dollars / JPY / JPY)	0.00	-0.16	7.38

(Note 1) The U.S. dollar amounts represent translations of yen amounts at the rate of JPY 90.79 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 December 31, 2008.

(Note2) The above presentation for the three months December 31, 2007 has been changed to conform to the presentation for the three months ended December 31, 2008.

Internet Initiative Japan Inc.
Quarterly Consolidated Statements of Cash Flows (Unaudited)
(Three Months ended December 31, 2008 and December 31, 2007)

	Three Months Ended December 31, 2008		Three Months Ended December 31, 2007
	Thousands of U.S. Dollars	Thousands of JPY	Thousands of JPY
OPERATING ACTIVITIES:			
Net income (loss)	(146)	(13,232)	610,591
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	14,919	1,354,538	1,242,764
Provision for retirement and pension costs, less payments	721	65,470	43,648
Provision for (reversal of) allowance for doubtful accounts and advances	103	9,361	(2,145)
Loss on disposal of property and equipment	1,410	128,044	4,158
Gains on sales of other investments	(195)	(17,680)	(4,427)
Losses on write-down of other investments	2,953	268,124	20,222
Foreign exchange losses	132	11,961	558
Equity in net loss (income) of equity method investees	(488)	(44,272)	42,394
Minority interests in losses of subsidiaries	(1,318)	(119,691)	(27,394)
Deferred income tax expense	6,545	594,214	179,046
Others	3	265	-
Changes in operating assets and liabilities net of effects from acquisition of business and a company:			
Decrease (increase) in accounts receivable	4,411	400,457	(2,697,964)
Decrease (increase) in inventories, prepaid expenses and other current and noncurrent assets	(9,222)	(837,254)	287,832
Increase (decrease) in accounts payable	(9,739)	(884,216)	558,649
Increase in accrued expenses, other current and noncurrent liabilities	4,739	430,190	79,867
Net cash provided by operating activities	14,828	1,346,279	337,799
INVESTING ACTIVITIES:			
Purchase of property and equipment	(10,079)	(915,042)	(623,435)
Purchase of available-for-sale securities	-	-	(3,380)
Purchase of short-term and other investments	(66)	(6,001)	(200,152)
Acquisition of a newly controlled company, net of cash acquired	-	-	123,842
Proceeds from sales of available-for-sale securities	-	-	7,808
Proceeds from sales and redemption of short-term and other investments	406	36,873	13,828
Payments of guarantee deposits	(46)	(4,186)	(21,870)
Refund of guarantee deposits	104	9,467	5,035
Payments for refundable insurance policies	(142)	(12,890)	(13,017)
Other	1	51	(8)
Net cash used in investing activities	(9,822)	(891,728)	(711,349)

	Three Months Ended December 31, 2008		Three Months Ended December 31, 2007
	Thousands of U.S. Dollars	Thousands of JPY	Thousands of JPY
FINANCING ACTIVITIES:			
Proceeds from issuance of short-term borrowings with initial maturities over three months	56,174	5,100,000	5,500,000
Repayments of short-term borrowings with initial maturities over three months and long-term borrowings	(62,507)	(5,675,000)	(9,200,000)
Principal payments under capital leases	(12,159)	(1,103,879)	(906,201)
Net Increase in short-term borrowings with initial maturities less than three months	15,145	1,375,000	2,700,000
Dividends paid	(2,274)	(206,478)	(154,859)
Payments for acquisition of treasury stock	(3,310)	(300,555)	-
Net cash used in financing activities	(8,931)	(810,912)	(2,061,060)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(82)	(7,427)	(20,819)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,007)	(363,788)	(2,455,429)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	102,646	9,319,235	11,669,876
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	98,639	8,955,447	9,214,447

(Note 1) The U.S. dollar amounts represent translations of yen amounts at the rate of JPY 90.79 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 December 31, 2008.

(Note2) The above presentation for the three months December 31, 2007 has been changed to conform to the presentation for the three months ended December 31, 2008.

Note: The following information is provided to disclose IIJ's financial results (unaudited) for the nine months ended December 31, 2008 in the form defined by the Tokyo Stock Exchange.

Consolidated Financial Results for the Nine Months Ended December 31, 2008
[Under accounting principles generally accepted in the United States ("U.S. GAAP")]

February 12, 2009

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

Stock code number: 3774

URL: <http://www.ij.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: February 13, 2009 (Scheduled)

(Amounts of less than JPY one million are rounded)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2008
(April 1, 2008 to December 31, 2008)

(1) Consolidated Results of Operations

(% shown is YoY change)

	Total Revenues		Operating Income		Income before Income Tax Expense (Benefit)		Net Income	
	JPY millions	%	JPY millions	%	JPY millions	%	JPY millions	%
Nine months ended December 31, 2008	50,789	-	1,844	-	1,242	-	354	-
Nine months ended December 31, 2007	48,349	20.8	2,952	25.3	2,715	(27.6)	4,088	(4.0)

	Basic Net Income per Share	Diluted Net Income per Share
	JPY	JPY
Nine months ended December 31, 2008	1,719.82	1,719.48
Nine months ended December 31, 2007	19,829.12	19,803.09

(Note) In this document, income before income tax expense (benefit) represents income from operations before income tax expense (benefit), minority interests and equity in net loss of equity method investees in IIJ's consolidated financial statements for the nine months ended December 31, 2008.

(2) Consolidated Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity as a percentage of Total Assets	Shareholders' Equity per share
	JPY millions	JPY millions	%	JPY
Nine months ended December 31, 2008	52,558	24,382	46.4	119,674.92
Fiscal year ended March 31, 2008	55,703	24,981	44.8	120,984.87

(Note) Shareholders' equity, shareholders' equity as a percentage of total assets and shareholders' equity per share are calculated and presented in accordance with U.S. GAAP.

2. Dividends

	Dividend per Share				
	End of the first quarter	End of the second quarter	End of the third quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year Ended March 31, 2008	-	750.00	-	1,000.00	1,750.00
Fiscal Year Ending March 31, 2009	-	1,000.00	-	-	-
Fiscal Year Ending March 31, 2009 (Target)	-	-	-	1,000.00	2,000.00

(Note) Scheduled revision to dividends during the nine months ended December 31, 2008: None

3. Target of Consolidated Financial Results for the Fiscal Year Ending March 31, 2009

(April 1, 2008 through March 31, 2009)

(% shown is YoY change)

	Total Revenues		Operating Income		Income before Income Tax Expense (Benefit)		Net Income		Basic Net Income per Share
	JPY millions	%	JPY millions	%	JPY millions	%	JPY millions	%	JPY
Fiscal year ending March 31, 2009	69,300	3.7	2,800	(41.2)	1,900	(56.4)	1,300	(74.9)	6,336.36

(Note 1) Changes in target for year-end consolidated financial results for the fiscal year ending March 31, 2009: Yes

(Note 2) Basic net income per common share is computed by dividing net income by 205,165 shares (Forecasted weighted-average number of shares of common stock outstanding during FY2008.)

4. Others

(1) Change of Condition in Consolidated Subsidiaries during the Nine Months Ended December 31, 2008 (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: Yes

(4) Number of Shares Outstanding (Shares of Common Stock)

1) The number of shares outstanding:

As of December 31, 2008: 206,478 shares

As of March 31, 2008: 206,478 shares

2) The number of treasury stock:

As of December 31, 2008: 2,745 shares

As of March 31, 2008: 0 shares

3) The weighted average number of shares outstanding:

As of December 31, 2008: 206,023 shares

As of December 31, 2007: 206,161 shares