

For Immediate Release

Company Name: GMO Internet Inc.  
(TSE First Section, Code: 9449 )  
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### **Consolidated Financial Condition Following Completion of Capital Increase**

Payment was completed on December 27, 2007 for the allocation of shares to third parties agreed on at the December 12, 2007 meeting of the GMO Internet Board of Directors.

As reported on December 10, 2007, shareholders' equity was temporarily damaged as a result of an allocation to the allowance for doubtful debt following loans to NetCard, Inc. However through the capital increase we have strengthened our financial basis.

This has had a major impact on the company's financial condition and therefore we are providing a projection of consolidated financial condition on the last day of December, 2007.

#### 1 . Assets

- (1) As disclosed in the December 10, 2007 release *Revision to Results Forecast for the Fiscal Year Ending December 2007*, the scheduled repayment date for 5.6 billion yen in NetCard loans and guarantor payments has now passed and we have been unable to recover the loans or agree to a repayment schedule. This has led to a subtraction from fixed assets of the same amount as an allowance for doubtful debt and the recording of investments and other assets in fixed liabilities.
- (2) In fixed assets 4.5 billion yen is being recorded after receiving buildings and land as investment in kind. In liquid assets 1.4 billion yen is being recorded as a result of the capital increase.
- (3) On December 20, 2007, the company collected 3.3 billion yen in accrued revenue from the sale of GMO Internet Securities, Inc. (now: Click Securities, Inc.) to GMO Internet CEO and Representative Director, Masatoshi Kumagai. Loans to Masatoshi Kumagai Office, Ltd. worth 2 billion yen (taken out on September 12, 2007) were fully recovered on December 21, 2007.

#### 2 . Net Assets

- (1) Shareholders' equity is expected to be at around 4.7 billion yen at the end of December, 2007 as a result of factors including the allocation of an allowance for doubtful debt following loans to NetCard and the completion of the capital increase.
- (2) Shareholders' equity ratio is expected to be between 10-11% at the end of December 2007

These consolidated financial condition projections are based on information available at the time of

release including factors that are largely indeterminable. Actual consolidated financial condition may differ from figures projected here as a result of future closing procedures and other influences.