



Consolidated Third Quarter Results Statement for the Fiscal Year Ending December 2011 (Japanese GAAP)

November 8, 2011

Name of Listed Company: GMO Internet, Inc.

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

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Quarterly Report Release Date: November 14, 2011 Start Date of Dividend Payout: December 21, 2011

Supplementary documents prepared pertaining to quarterly financial results: Yes

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

(all amounts rounded down to the nearest million yen)

1. Consolidated Third Quarter Financial Results in the Fiscal Year Ending December 2011 (01.01.2011 - 09.30.2011)

(1) Consolidated Operating Results

(percentages represent year-on-year % change)

	Revenue		Operating Profit		Ordinary Profit		Net Profit	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
Nine months ended								
September 30, 2011	45,173	47.6	5,624	48.1	5,242	37.5	2,643	57.4
September 30, 2010	30,597	6.8	3,796	7.8	3,811	4.1	1,679	-9.1

	Net Profit per Share	Net Profit per Share (Diluted)
Nine months ended	¥	¥
September 30, 2011	23.59	—
September 30, 2010	16.79	—

(2) Consolidated Financial Condition

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
As of	¥ millions	¥ millions	%	¥
September 30, 2011	196,053	25,259	8.8	146.37
FYE 12/2010	165,460	21,396	5.2	85.37

(Reference) Shareholders' Equity Q3 FYE 12/2011 ¥17,243 million FYE 12/2010 ¥8,537 million

2. Dividends

	Dividend per Share				
	End of Q1	End of Q2	End of Q3	End of Term	Total
	¥	¥	¥	¥	¥
FYE 12/2010	—	2.00	—	5.00	7.00
FYE 12/2011	2.00	2.00	3.00		
FYE 12/2011 (forecast)				3.00	10.00

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

3. Consolidated Results Forecast for the Fiscal Year Ending December 2011 (01.01.2011- 12.31.2011)

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

	Revenue		Operating Profit		Ordinary Profit		Net Profit		Net Profit per Share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
Full Year	57,000	28.1	7,000	22.2	6,800	18.5	3,700	67.5	32.60

(Note) Revision to forecast during the most recent quarter: none

4. Other (Please refer to Page 11 for details)

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

New: 0 companies Excluded: 0 companies

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

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

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

(3) Changes to accounting principles, procedures or representation

1. Changes resulting from revisions to accounting standards: yes

2. Changes other than those specified above: none

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

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

1. No. of Outstanding Shares at End of Term

(Including Treasury Stock)

Q3 FYE 12/2011	117,806,777	FYE 12/2010	100,003,441
Q3 FYE 12/2011	1,684	FYE 12/2010	1,506
Q3 FYE 12/2011	112,001,170	Q3 FYE 12/2010	100,001,935

2. No. of treasury shares at end of term

3. Average no. of shares in the term

***Quarterly results statement audit**

The company has been selected under the Financial Instruments and Exchange law to submit its current quarterly results statements for audit. At the time of publishing the audit is ongoing.

*** Note regarding the appropriate use of results forecasts and other items**

Projections are based on information available at the time of release and may include judgments based on factors that contain risk and are largely indeterminable. Actual results may differ materially from these projections as a result of business environment and other factors.

***Change in unit of reporting**

Consolidated financial statements have previously been represented in thousands of yen, however as of the first quarter of fiscal year 2011, amounts are represented in millions of yen. Please note that in order to facilitate ease of comparison, the previous third quarter accounts have been converted to millions of yen.

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

Tuesday November 8, 2011

Presentation for Institutional Investors and Analysts

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

1. Qualitative Information: Consolidated Financial Performance etc.

1. Qualitative Information - Consolidated Operating Results

General Business Conditions

In the first nine months of fiscal year 2011, the Japanese economy was beginning to make a recovery with signs of improvement in consumer spending and capital investment. However the earthquake that hit eastern Japan on March 11 and the subsequent power shortages resulted in reduced productivity and cutbacks in consumption that negatively impacted economic activity. Despite the economic environment, conditions in the Internet market, the arena in which the group operates, and in particular the ecommerce market, remained robust. In mobile telecommunications, rapidly expanding usage of mobile media devices has contributed to increased user interaction with social networking services and going forward we expect this to spur growth in the social gaming and digital content markets. GMO Internet Group is investing in the development of new services in these markets and has adopted a new corporate logo and brand image in line with this business expansion. Under the corporate catch phrase "Internet for Everyone" and with a new brand logo the group continues striving to be Japan's leading all-in provider of Internet services.

The group's Web Infrastructure & Ecommerce, Internet Media, and Internet Securities business segments continued to focus on improving service usability in order to grow user/membership base and strengthen revenues. The Web Infrastructure & Ecommerce service line up was enhanced when VALUE-DOMAIN.COM operator DigiRock, Inc. became a consolidated subsidiary in a capital partnership formed on July 4, 2011. Overall, the group continues to focus on developing services in future high growth markets (social apps, smartphone content etc.) with the objective of achieving sustained long term growth.

The eastern Japan earthquake did not significantly impact business activities and the group did not suffer any casualties. The impact of the disaster on consolidated revenue was minor, although certain businesses were affected. Details are outlined in the Segment Report. GMO Internet Group services, GMO TokuToku Point and Kumapon by GMO collected donations to support recovery in regions affected by the earthquake and a portion of revenue in Internet Media and Search Media was also donated.

Revenue and profits rose significantly in the third quarter. Revenue: ¥45.173 billion (47.6% year-on-year increase) Operating Profit: ¥5.624 billion (48.1% year-on-year increase) Ordinary Profit: ¥5.242 billion (37.5% year-on-year increase). Net Profit before tax increased 28.0% year on year to ¥4.588 billion reflecting extraordinary profit from the sale of fixed assets and other items totaling ¥98 million, as well as extraordinary losses totaling ¥753 million including provisioning of ¥153 million in doubtful debt and a ¥125 million loss on retirement of fixed assets no longer used in business.

Net profit rose 57.4% from the previous corresponding term to ¥2.643 billion. Corporate municipal and business taxes totaled ¥2.367 billion, and the impact of GMO CLICK Securities (formerly CLICK Securities, Inc.) becoming a wholly-owned subsidiary was reflected in recoverable amount of deferred tax asset resulting in a ¥1,233 billion adjustment for tax etc. Minority shareholder profits were ¥811 million.

(Unit: ¥millions)

	Previous Q3	Current Q3	Change	% Change
Revenue	30,597	45,173	14,575	47.6%
Operating Profit	3,796	5,624	1,827	48.1%
Ordinary Profit	3,811	5,242	1,431	37.5%
Net Profit	1,679	2,643	963	57.4%

Segment Report

Revenue and profit in each segment.

(Unit: ¥millions)

	Previous Q3	Current Q3	Change	% Change
Web Infrastructure & Ecommerce				
Revenue	14,891	17,802	2,910	19.5%
Segment Profit	2,184	2,298	113	5.2%
Internet Media				
Revenue	15,706	15,988	281	1.8%
Segment Profit	1,614	1,191	-422	-26.2%
Internet Securities				
Revenue	—	11,112	11,112	—
Segment Profit	—	3,234	3,234	—
Social Media & Smartphone Platform				
Revenue	16	1,270	1,254	7,766.1%
Segment Profit	-133	-1,079	-945	—
Incubation				
Revenue	443	15	-428	-96.5%
Segment Profit	90	-110	-201	—
Adjustment				
Revenue	-459	-1,015	-555	—
Segment Profit	40	90	49	—
Total				
Revenue	30,597	45,173	14,575	47.6%
Segment Profit	3,796	5,624	1,827	48.1%

Description of businesses in each segment

Business Segment		Main Operations
Web Infrastructure & Ecommerce	Domain registration	<ul style="list-style-type: none"> Includes the services Onamae.com, MuuMuuDomain and VALUE-DOMAIN.COM for registration of .com, .net, .jp etc.domain names
	Web hosting	<ul style="list-style-type: none"> Provision, operation, management, and maintenance of dedicated and shared web hosting services including Onamae.com Rental Server (SD), GMO AppsCloud, iSLE, RapidSite, GMO Cloud, IQ Cloud, Lolipop and heteml
	Ecommerce solutions & web development	<ul style="list-style-type: none"> SaaS services for online store building including Color me shop! and MakeShop Development and operation of online shopping malls including Calamel Marugoto EC and other online store solutions and consulting services Web creation, operational support and system consulting SaaS services for the sale of music, video, and other digital content by Digital Content O
	Security	<ul style="list-style-type: none"> GlobalSign Quick Authentication SSL, enterprise SSL, and other SSL certificate issue services, code signing certificate services, PDF document signing services
	Credit card payment processing	<ul style="list-style-type: none"> PG Multi-Payment Service and other card-not-present credit card payment processing services for ecommerce and catalog sales businesses, payment processing services for the public sector and social apps industry
	Provider (ISP)	<ul style="list-style-type: none"> GMO TokuToku BB, interQ, MEMBERS, ZERO, other access provider services
Internet Media	Internet media & search media	<ul style="list-style-type: none"> Development and operation of blog services yaplog! and JUGEM, Internet community services including freeml and other Internet advertising media SEM Media JWord operation and sales of JWord, Japanese keywords Sales of SEO (Search Engine Optimization) services Ad Networks Distribution of contextual advertising to owned & operated media and search engine results pages
	Advertising agencies	<ul style="list-style-type: none"> Internet advertising, mobile advertising, search engine advertising, affiliate advertising Advertising design
	Other	<ul style="list-style-type: none"> Provision of Internet research systems, management and operation of online research panel.
Internet Securities	Internet Securities	<ul style="list-style-type: none"> Operation of online securities trading, foreign currency trading services etc.
Social Media & Smartphone Platform	Social apps	<ul style="list-style-type: none"> Social apps development/operation support
	Smartphone game platform	<ul style="list-style-type: none"> GMO GameCenter game apps market for Android devices
	Flash marketing	<ul style="list-style-type: none"> Operation of daily deals website, Kumapon by GMO
Incubation	Venture capital	<ul style="list-style-type: none"> Investment in private Internet ventures

As of the first quarter of the current fiscal year, “Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (ASBJ Statement No. 17, March 27, 2009) and “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, March 21, 2008) are applied.

Previous term revenue and operating profit comparisons are represented in these statements by applying the above standard retroactively.

Web Infrastructure & Ecommerce

In the first nine months of the year the domain business continued to pursue a low-pricing strategy with the objective of growing domain registration market share. The segment was enhanced with the addition of VALUE-DOMAIN.COM domain registration service operator, DigiRock, Inc. Domain registrations and renewals increased a significant 58.3% year-on-year to 1.497 million, total registrations rose 83.7% to 2.892 million while revenue rose 35.2% to ¥2.270 billion in the same period.

In the web hosting business, disk capacity was boosted and functionality expanded for dedicated and managed hosting services in response to the growing sophistication and diversification of client needs, while high quality, low-cost shared service offerings continued to be promoted. GMO AppsCloud, a cloud solution optimized for operating and developing social apps that was first launched in August 2010 now hosts over 400 titles. In addition, the IQ Cloud and GMO Cloud Public services were rolled out providing a comprehensive line up of cloud solution packages that featuring initial consultation, system planning and architecture through to operation and surveillance. Overall web hosting contracts increased 31.6% over the previous corresponding term to 615 thousand and revenue grew 18.1% year-on-year to ¥8.101 billion.

The ecommerce solutions and web development business continued to grow as the ecommerce market expanded and more individual online stores were established under their own domain names. New features were added to improve usability for both net shop operators and customers, and number of contracts reached 52 thousand. Focus in the business remained on strengthening ecommerce solutions by networking stores and developing the points reward program in order to attract more customers and ultimately grow transaction volume. As a result, the business reported revenue of ¥1.642 billion (18.2% year-on-year increase).

Sales were strong in the security business as Japan, North America and Europe expanded sales partnerships. Overall the business posted revenue of ¥1.218 billion (4.4% year-on-year increase). The payment processing business saw an increase in merchants and growth in recurring payments. During the first nine months, GMO Payment Gateway continued to expand its presence in the public sector with the launch of a new service that operates tax payment processing websites for government agencies and began operating a website that allows the Tokyo Metropolitan government to collect automobile taxes online. As a result the business reported revenue of ¥2.893 billion (22.9% year-on-year increase).

Results in the Web Infrastructure and Ecommerce segment, chiefly comprising the five product areas above, were as follows; revenue: ¥17.802 billion (19.5% year-on-year increase), operating profit: ¥2.298 billion (5.2% year-on-year increase).

Internet Media

According to Dentsu, Inc. Japan spent ¥774.7 billion on Internet advertising in 2010 (up 109.6% from the previous year) and there was growth right throughout the recovering market.

The group’s Internet media & search media business creates and operates online media properties including Booklog, freeml and blog services Jugem and Yaplog! The same business division sells SEO and other SEM media including JWord (Japanese search service) keywords. However, due to factors including the impact on SEM media sales of the March 11 eastern Japan earthquake, Internet Media and Search Media revenue fell 8.7% year-on-year to ¥7.118 billion.

In the advertising agencies business, mobile advertising performed well. AdResult for Smartphone was introduced and other initiatives enacted in recognition of the growing interest in smartphone

related products. As a result the Internet advertising business reported revenue of ¥8.010 billion (13.5% year-on-year increase).

Overall the Internet Media segment reported revenue of ¥15.988 billion (1.8% year-on-year increase), however due to a drop in SEM media sales operating profit fell 26.2% from the previous corresponding term to ¥1.191 billion.

Internet Securities

In the first nine months of fiscal 2011 the foreign exchange business reduced fees on Click 365 transactions and ran a reduced spread campaign. As a result, in September 2011 the company's OTC foreign exchange transaction volume totaled ¥17 trillion (capturing a 19.8% share of all transactions conducted by major fx services providers – the number 2 position in the market [source: Yano Research]).

According to Tokyo Financial Exchange data, CLICK 365 transactions accounted for 25.7% of all its transactions

In addition, GMO CLICK HD LTD. was established in Hong Kong and preparations were begun to launch retail securities trading services in new foreign markets. In the securities trading business margin transaction fees were reduced significantly and 0 yen margin transaction fee campaigns were held with the objective of further boosting customer satisfaction. As a result, at the end of the third quarter number of securities trading accounts was 118,884, and number of OTC foreign exchange trading accounts was 187,387. Revenue posted in the Internet Securities segment was ¥11.112 billion and operating profit was ¥3.234 billion.

In the first quarter of 2011, GMO CLICK Securities became a wholly owned subsidiary of GMO Internet following a stock swap. The stock swap was executed on March 31, 2011 and the company became a wholly owned subsidiary on the same day. Goodwill arising from the stock swap will be amortized over a period of five years (equal amortization). The balance of goodwill related to GMO CLICK Securities at the end of the third quarter is ¥2.656 billion.

Social Media & Smartphone Platform

In the social apps business, Gudram Master by GMO and Densetsu no Mamoribito by GMO, two social apps developed as a result of the GMO Social Apps Initiative in the previous fiscal year, continued to perform well.

The smartphone game platform business operates GMO GameCenter (G-Gee), a game apps market for the Android devices. G-Gee provides a unique mix of over 190 games that include big-name titles from major game companies and original creations from independent developers. The smartphone market is growing exponentially and in order to keep pace with this level of growth it was necessary to direct further resources into this business. In order to achieve this, a partnership was formed with Acrodea, Inc, and the two company's respective smartphone businesses were carved out into new company, GMO GameCenter, Inc. The new company became a consolidated subsidiary and a contract was concluded with Acrodea, Inc, to jointly operate the company.

The flash marketing business operates daily deals website, Kumapon by GMO. In the first nine months of the year Kumapon by GMO focused on marketing with continued airing of television commercials and extensive search ad and targeted website advertising campaigns. At the same time, content was broadened with the inclusion of coupons for Michelin guide listed restaurants.

The Social Media & Smartphone Platform segment reported sales in the first quarter of ¥1.270 billion, and an operating loss of ¥1.079 billion, (an operating loss of ¥133 million was reported in the previous corresponding term).

Incubation Business

In the incubation business, GMO VenturePartners helped Internet ventures expand business and build corporate value and provided financing via investment funds managed by the company. In the nine months to September, incubation business revenue was ¥15 million (96.5% year-on-year decrease), and an operating loss of ¥110 million was reported (operating loss was ¥90 million in the previous corresponding term).

(Reference)

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

(Unit: ¥millions)

	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011
Revenue	10,138	13,886	14,464	15,050	15,657
Operating Profit	1,232	1,931	2,056	1,946	1,621
Ordinary Profit	1,231	1,926	1,916	1,834	1,491
Net Profit	560	530	1,188	793	661
Total Assets	44,166	165,460	179,241	186,135	196,053
Shareholders' Equity	8,041	8,537	16,127	16,928	17,243

(Reference 2)

Table: Quarterly Changes by Segment

I Sales by Segment

(Unit: ¥millions)

	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011
Web Infrastructure & Ecommerce					
Provider (ISP)	272	272	280	283	293
Domain registration	541	594	692	692	885
Web hosting	2,286	2,578	2,639	2,674	2,786
Ecommerce solutions & web development	477	520	582	539	519
Security	389	415	423	413	381
Credit card payment processing	824	872	931	941	1,020
Other	230	225	196	275	347
Segment Sales Total	5,020	5,480	5,746	5,820	6,234
Internet Media					
Internet media & search media	2,595	2,617	2,418	2,370	2,329
Advertising agencies	2,369	2,649	2,648	2,615	2,747
Other	263	291	264	257	337
Segment Sales Total	5,228	5,558	5,331	5,243	5,414
Internet Securities					
Segment Sales Total	—	2,918	3,484	3,908	3,719
Social Media & Smartphone Platform					
Segment Sales Total	12	56	164	529	576
Incubation					
Segment Sales Total	35	51	12	2	1
Sub total	10,297	14,065	14,738	15,504	15,946
Adjustment for inter segment transactions	(158)	(179)	(273)	(453)	(288)
Consolidated Sales	10,138	13,886	14,464	15,050	15,657

II Operating Profit by Segment

(Unit: ¥ millions)

	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011
Web Infrastructure & Ecommerce	724	848	966	703	628
Internet Media	556	526	454	361	376
Internet Securities	—	740	801	1,429	1,002
Social Media & Smartphone Platform	-72	-198	-176	-516	-385
Incubation	10	5	-7	-88	-14
Sub total	1,219	1,922	2,037	1,889	1,607
Adjustment for inter segment transactions	12	9	18	57	13
Consolidated Operating Profit	1,232	1,931	2,056	1,946	1,621

(note) Segment report standards have been revised from the first quarter. Previous revenue and operating profit figures have been converted for ease of comparison.

2. Qualitative Information - Consolidated Financial Condition

Assets, Liabilities, and Shareholders Equity.

Significant changes in the state of assets, liabilities and shareholders' equity on December 31, 2010 and September 30, 2011, are as follows.

Current assets increased ¥27.279 billion (18.2%) from the end of the previous fiscal year to ¥177.550 billion. Major contributing factors were a ¥2.982 billion rise in cash and deposits, as well as increases of ¥4.942 billion in deposits received, ¥8.180 billion in margin transaction assets, ¥5.336 billion in short term guarantee deposits and ¥3.459 billion in variation margin paid in the securities business. Fixed assets increased ¥3.313 billion (21.8%) from the end of the previous fiscal year to ¥18.502 billion. This was chiefly due to the procurement of servers and other equipment increasing tangible fixed assets by ¥1.420 billion, and increases of ¥856 million in goodwill and ¥885 million in deferred tax asset arose from GMO CLICK Securities and DigiRock, Inc. becoming consolidated subsidiaries. Overall, assets total increased ¥30.592 billion (18.5%) from the end of the previous fiscal year to ¥196.053 billion.

Current liabilities increased ¥24.403 billion (17.7%) from the end of the previous fiscal year to ¥162.615 billion. Major contributing factors included increases in margin transaction liability (¥2.754 billion) and deposits received (¥17.754 billion) in the securities business as well as an increase in short term loans (¥3.316 billion).

Fixed liabilities increased ¥2.169 million (40.2%) from the end of the previous fiscal year to ¥7.570 billion. This was predominantly due to an increase in long term loans (¥1.170 billion).

Overall, liabilities total increased ¥26.729 billion (18.6%) from the end of the previous fiscal year to ¥170.793 billion.

Net Assets increased ¥3.863 billion (18.1%) from the end of the previous fiscal year to ¥25.259 billion. The stock swap boosted capital surplus by ¥6.836 billion and ¥723 million was transferred from earned surplus to capital. However, overall earned surplus increased by ¥948 million. Items impacting earned surplus include net profit (¥2.643 billion increase), dividends paid (¥971 million decrease), and a transfer to capital (¥723 million decrease). Minority equity decreased ¥4.852 billion also as a result of the stock swap.

Cash Flow

In the first nine months of the 2011 fiscal year, consolidated cash flow provided by operating activities was ¥2,307 billion while cash flow used in investing activities was ¥2.108 billion, and ¥2.793 billion was provided by financing activities. Consolidated cash and cash equivalents stood at ¥30.746 billion at the end of the term.

The following is a summary of cash flow activity in the third quarter.

Cash flow provided by operating activities totaled ¥2.307 billion (¥5.982 billion provided in the previous corresponding quarter). Major items included net profit before tax and other adjustments amounting to ¥4.588 billion, depreciation (¥1.596 billion), and in the securities business increases in deposits (¥4.942 billion) short term guarantee deposits (¥5.336 billion) and deposits and business guarantees received (¥17.577 billion), as well corporate and other tax payments (¥2.799 billion).

Cash flow used in investing activities was ¥2,108 billion (¥2.097 billion was used in the previous corresponding term). Outflows included payments of ¥555 million in the acquisition of tangible fixed assets, and ¥599 million in the acquisition of intangible fixed assets.

Cash flow provided by financing activities was ¥2.793 billion (¥1.707 billion was used in the previous corresponding term). Significant items included ¥5.642 billion income from short-term loans (net amount), and a ¥2.625 million repayment of long-term loans, ¥937 million on payment of dividends, and payment of dividends totaling ¥316 million to minority shareholders.

3. Qualitative Information - Consolidated Earnings Forecasts

There is no revision to the full year earnings forecast issued on May 9, 2011.

2. Other Information

(1) Significant changes in subsidiaries

None

(2) Simplified accounting procedures or special accounting procedures applied

None

(3) Changes to accounting principles, procedures or representation

Application of accounting standards for asset retirement obligations

As of the first quarter of the current fiscal year Accounting Standards for Asset Retirement Obligations (ASBJ Statement No. 18 March 31, 2010) and Guidance on Accounting Standards for Asset Obligations (ASBJ Guidance No. 21 March 31, 2010) are applied.

The impact of this change on profit and loss is immaterial.

Change in method of representation

As a result of the application of the "Cabinet Office Ordinance for Amendments to the Regulations on the Terminology, Format, and Preparation of Financial Statements" (Cabinet Office Ordinance No. 5, March 24, 2009) as per Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, December 26, 2008), "Net profit before minority interests" is reported in the third quarter of the current fiscal year.

(4) Notes regarding the going concern assumption

None

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: ¥millions)

	3rd Quarter Current Fiscal Year (As of Sep 30, 2011)	Previous Fiscal Year (As of Dec 31, 2010)
Assets		
Current Assets		
Cash and deposits	30,851	27,869
Trade notes and accounts receivable	5,378	4,906
Operational investment securities	1,097	658
Securities business deposits	72,029	67,087
Securities business margin transaction assets	29,092	20,912
Securities business short term guarantee deposits	22,134	16,797
Securities business variation margin paid	12,089	8,629
Deferred tax asset	1,112	811
Other	4,370	2,966
Provision for doubtful debts	-606	-368
Total Current Assets	177,550	150,270
Fixed Assets		
Tangible fixed assets	3,977	2,557
Intangible fixed assets		
Goodwill	4,928	4,071
Software	2,724	2,436
Other	233	190
Total intangible fixed assets	7,885	6,698
Investments and other assets		
Investment securities	1,393	1,317
Deferred tax asset	3,220	2,334
Other	2,330	2,479
Provision for doubtful debts	-304	-197
Total investments and other assets	6,639	5,933
Total Fixed Assets	18,502	15,189
Total Assets	196,053	165,460
Liabilities		
Current liabilities		
Trade notes and accounts payable	1,678	1,627
Short term debt	18,124	14,807
Amount payable	3,187	3,491
Securities business deposits received	6,044	6,222
Securities business margin transaction liability	21,453	18,698
Securities business guarantees received	95,009	77,254
Securities business variation margin received	178	954
Accrued corporate tax etc.	1,421	1,171
Allowance for bonuses	364	279
Allowance for bonuses to directors	350	201
Advance payment received	3,324	2,928
Deposits received	8,861	8,455
Other	2,616	2,120
Total Current Liabilities	162,615	138,211

(Unit: ¥millions)

	3rd Quarter Current Fiscal Year (As of Sep 30, 2011)	Previous Fiscal Year (As of Dec 31, 2010)
Fixed Liabilities		
Long term debt	4,578	3,407
Deferred tax liability	128	17
Other	2,863	1,975
Total Fixed Liabilities	7,570	5,400
Statutory Reserve		
Financial instruments transaction liability reserve	608	451
Total Statutory Reserve	608	451
Total Liabilities	170,793	144,064
Net Assets		
Shareholders' Equity		
Capital stock	2,000	1,276
Capital surplus	6,836	-
Earned surplus	8,361	7,412
Treasury stock	-0	-0
Total Shareholders' Equity	17,197	8,688
Gaps in Appraisals, Conversions etc.		
Other gaps in evaluation of securities	208	-22
Hedging profit/loss carried forward	-6	-19
Foreign currency translation account	-156	-109
Total Gaps in Appraisals, Conversions, etc.	46	-151
Equity Warrants	25	15
Minority Equity	7,990	12,842
Total Net Assets	25,259	21,396
Liabilities, Net Assets Total	196,053	165,460

(2) Consolidated Statement of Income

3rd Quarter Consolidated Statement

(Unit: ¥millions)

	3rd Quarter Previous Fiscal Year (9 months to Sep, 2010)	3rd Quarter Current Fiscal Year (9 months to Sep, 2011)
Sales	30,597	45,173
Cost of Sales	14,624	17,409
Gross Profit on Sales	16,333	27,763
Sales, General & Administrative Expenses	12,536	22,138
Operating Profit	3,796	5,624
Non Operating Revenue		
Interest received	26	5
Dividends received	69	33
Property rent received	52	9
Other	82	104
Total Non Operating Revenue	231	153
Non Operating Expenses		
Interest paid	149	213
Equity method investment loss	-	164
Other	67	157
Total Non Operating Expenses	216	535
Ordinary Profit	3,811	5,242
Extraordinary Profit		
Gain on sale of fixed assets	-	56
Gain on sale of investment securities	41	-
Gain on sale of affiliated company stock	0	-
Gain on change in equity investees	0	3
Return on cancellation of insurance	-	25
Other	5	14
Total Extraordinary Profit	47	98
Extraordinary Loss		
Loss on disposal of fixed assets	43	125
Impairment loss	70	59
Office relocation expenses	15	87
Loss on evaluation of investment securities	49	42
Loss on sale of stock in affiliated companies	61	-
Provision for securities transaction liability reserve	-	157
Addition to provision for doubtful debt	-	153
Other	37	126
Total Extraordinary Loss	276	753
Net Profit before Adjustment for Tax etc. and Gain or Loss arising from Silent Partnership	3,582	4,588
Gain or Loss arising from Silent Partnership	-3	-
Net Profit before Adjustment for Tax etc.	3,585	4,588
Corporate, Municipal and Enterprise Taxes	1,258	2,367
Corporate Tax etc. Adjustment	-16	-1,233
Total Corporate Taxes etc.	1,242	1,133
Net Profit before Minority Equity Adjustment	-	3,454
Minority Interests	663	811
Net Profit	1,679	2,643

(3) Consolidated Statement of Cash Flows

(Unit: ¥millions)

	3rd Quarter Previous Fiscal Year (9 months to Sep, 2010)	3rd Quarter Current Fiscal Year (9 months to Sep, 2011)
Cash Flow from Operating Activities		
Net profit before adjustment for tax etc.	3,585	4,588
Depreciation expenses	811	1,596
Amortization of goodwill	346	900
Gain or loss on sale of investment securities	-41	-
Gain or loss on sale of affiliated company stock	60	-
Interest and dividends received	-96	-39
Interest paid	149	213
Change in accounts receivable (-represents increase)	200	-47
Change in purchase debts (- represents decrease)	66	-211
Change in deposits in securities business (- represents increase)	-	-4,942
Change in short term guarantee deposits in securities business (-represents increase)	-	-5,336
Change in margin variation paid and received in securities business	-	-4,235
Changes in deposits and guarantees received in securities business (- represents decrease)	-	17,577
Change in deposits (- represents decrease)	1,688	397
Other	89	-5,172
Sub total	6,860	5,288
Interest and dividends received	95	31
Interest paid	-150	-213
Corporate tax etc. paid	-1,383	-2,799
Income from sale etc. of bad receivables	560	-
Cash Flow from Operating Activities	5,982	2,307
Cash Flow from Investing Activities		
Payment of fixed term deposit	-500	0
Return of fixed term deposit	400	-
Expenditure on acquisition of tangible fixed assets	-450	-555
Expenditure on acquisition of intangible fixed assets	-197	-599
Income accrued on sale of intangible fixed assets	-	70
Income accrued on redemption of securities	700	-
Expenditure on acquisition of investment securities	-733	-191
Income accrued on sale of investment securities	45	10
Expenditure on acquisition of subsidiary stock	-528	-303
Income accrued on the sale of subsidiary stock	0	-
Expenditure on acquisition of subsidiary stock	-737	-445
Income accrued on the sale of subsidiary stock resulting in change in scope of consolidation	3	-
Other	-99	-92
Cash Flow from Investing Activities	-2,097	-2,108
Cash Flow from Financing Activities		
Income accrued on short term loans	4,700	56,100
Expenditure on repayment of short term loans	-4,400	-50,458
Income from long term loans	-	2,625
Expenditure on repayment of long term loans	-1,059	-3,779
Payment of dividends	-570	-937
Payment of dividends to minority shareholders	-265	-316
Other	-112	-439
Cash Flow from Financing Activities	-1,707	2,793
Currency Translation Adjustment on Cash and Equivalents	-71	-55
Change in Cash and Equivalents (- represents decrease)	2,106	2,936
Balance of Cash and Equivalents at Beginning of Term	20,723	27,809
Increase in Cash and Equivalents following Increase in Consolidation	49	-
Balance of Cash and Equivalents at End of Term	22,879	30,746

(4) Notes regarding the Going Concern Assumption
None

(5) Segment Data

Data by segment

Previous 3rd Quarter (01.01.2010-09.30.2010)

	Web Infrastructure & Ecommerce (¥millions)	Internet Media (¥millions)	Other Businesses (¥millions)	Total (¥millions)	Intercompany or group-wide (¥millions)	Consolidated (¥millions)
Revenue						
(1) Sales to unaffiliated customers	14,748	15,408	441	30,597	—	30,597
(2) Internal transactions	142	314	2	459	(459)	—
Total	14,891	15,722	443	31,057	(459)	30,597
Operating Profit	2,177	1,488	90	3,755	40	3,796

(note) 1 Operations are segmented for internal management purposes

2. Main products in each segment

Web Infrastructure & Ecommerce

Internet access provider, domain registration, web hosting, ecommerce solutions, web development, security, payment processing, other

(2) Internet media

Internet media & search media, Internet advertising agencies, other

(3) Other Businesses

Venture capital business

Segment data by location

Previous 3rd Quarter (01.01.2010-09.30.2010)

Japan accounted for over 90% of revenue across all segments and therefore location data is omitted.

Global Revenue

Previous 3rd Quarter (01.01.2010-09.30.2010)

Revenue from outside Japan accounted for less than 10% of total consolidated revenue, therefore this segment data is omitted.

Segment Data

Overview of Reportable Segments

Segment reporting enables an overview of financial condition in each segment of GMO Internet Group. Segmentation is periodically reviewed to enable the Board of Directors to make effective decisions regarding allocation of management resources and to evaluate business performance. GMO Internet Group operates a comprehensive line up of Internet related services. The group's operations are divided into five business segments according to service type. The five segments are: Web Infrastructure & Ecommerce, Internet Media, Internet Securities, Social Media & Smartphone Platform, and Incubation.

The Web Infrastructure & Ecommerce segment provides businesses and individuals with the tools required to communicate over the Internet. Services include domain registration, web hosting, Internet security, ecommerce solutions & web development, and payment processing. The Internet Media segment provides Internet marketing solutions. In addition to operating media properties including blog and online community services, this segment operates Japanese keyword search service JWord and sells SEM media, Search Engine Optimization, and Internet advertising. The Social Media & Smartphone Platform segment provides social apps development support, operates smartphone game platform GMO GameCenter, and daily deals website, Kumapon by GMO. The Internet Securities segment operates online securities and foreign exchange trading services. The Incubation segment invests primarily in unlisted Internet related ventures.

2. Information relating to Revenue, Profit and Loss in each Segment.

3rd Quarter of Current Consolidated Fiscal Year (01.01.2011-09.30.2011)

(Unit: ¥millions)

	Segment						Adjustment	Consol Statement of Income
	Web Infrastructure & Ecommerce	Internet Media	Internet Securities	Social Media & Smartphone Platform	Incubation	Total		
Revenue								
Sales to unaffiliated customers	17,579	15,195	11,112	1,270	15	45,173	—	45,173
Internal Transactions or Transfers	222	792	—	—	—	1,015	-1,015	—
Total	17,802	15,988	11,112	1,270	15	46,188	-1,015	45,173
Segment Profit or Loss (-)	2,298	1,191	3,234	- 1,079	- 110	5,534	90	5,624

(notes) 1. The segment profit adjustment (¥90 million) is an adjustment for internal segment transactions.

2. Segment profit is based on the Operating Profit line item in the consolidate statement of income.

3. Information relating to depreciation of fixed assets and goodwill

Significant depreciation losses relating to fixed assets

None

Significant changes in goodwill

None

Significant negative goodwill

None

Additional information

As of the first quarter of the current fiscal year, "Accounting Standard for Disclosures about Segments of an Enterprise and Related information" (ASBJ Statement No. 17, March 27, 2009) and "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, March 21, 2008) are applied.

Revenue, profit and loss by segment in the third quarter of the previous fiscal year under the new standards are as follows.

Previous 3rd Quarter (01.01.2010-09.30.2010)

(Unit: ¥millions)

	Segment						Adjustment	Consol Statement of Income
	Web Infrastructure & Ecommerce	Internet Media	Internet Securities	Social Media & Smartphone Platform	Incubation	Total		
Revenue								
Sales to unaffiliated customers	14,748	15,392	—	16	441	30,597	—	30,597
Internal Transactions or Transfers	142	314	—	—	2	459	-459	—
Total	14,891	15,706	—	16	443	31,057	-459	30,597
Segment Profit or Loss (-)	2,184	1,614	—	-133	90	3,755	40	3,796

(6) Notes regarding significant changes in shareholders' equity

On March 31, 2011, a stock swap was executed in which GMO Internet become the wholly-owning parent company of GMO CLICK Securities (formerly CLICK Securities) and CLICK Securities became a wholly-owned subsidiary. As a result of the stock swap outstanding shares increased by 17,803,336 shares and capital surplus increased by ¥6.836 billion.

(7) Other significant items

Application of consolidated tax payment structure

Consolidated tax payment reporting is applied from the first quarter of fiscal year 2011.