

## Consolidated First Quarter Results Statement for the Fiscal Year Ending December 2012 (Japanese GAAP)

May 7, 2012

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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Date of Annual Report Release: May 14, 2012 Start Date of Dividend Payout: June 25, 2012

Supplementary documents available pertaining to quarterly financial results: Yes

Quarter results presentation: Yes (for institutional investors and analysts)

(all amounts rounded down to the nearest million yen)

### 1. Consolidated First Quarter Financial Results in the Year Ending December 2012 (01.01.2012- 03.31.2012)

#### (1) Consolidated Operating Results

(percentages represent year-on-year % change)

	Net Sales		Operating Profit		Ordinary Profit		Net Profit	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
Three months ended								
March 31, 2012	17,960	24.2	2,525	22.8	2,500	30.5	896	-24.6
March 31, 2011	14,464	45.1	2,056	60.4	1,916	46.3	1,188	105.9

(note\*) Comprehensive Income: March 31, 2012 ¥1,590 million (-14.6%) March 31, 2011 ¥1,861 million (-%)

	Net Profit per Share	Net Profit per Share (Diluted)
Three months ended	¥	¥
March 31, 2012	7.61	—
March 31, 2011	11.85	—

#### (2) Consolidated Financial Condition

	Total Assets	Net Assets	Shareholders' Equity Ratio
As of	¥ millions	¥ millions	%
March 31, 2012	231,168	26,714	8.1
FYE 12/2011	205,055	26,125	9.0

(Reference) Shareholders' Equity: March 31, 2012 ¥18,823 million FYE 12/2011 ¥18,480 million

### 2. Dividends

	Dividends per Share				
	End of Q1	End of Q2	End of Q3	End of Term	Total
	¥	¥	¥	¥	¥
FYE 12/2011	2.00	2.00	3.00	5.00	12.00
FYE 12/2012	3.00				
FYE 12/2012 (Forecast)		3.00	3.00	3.00	12.00

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

### 3. Consolidated Results Forecast for the Year Ending December 2012 (01.01.2012 – 12.31.2012)

(Full year % represent previous term comparison; First half % represent previous first half comparison)

	Net Sales		Operating Profit		Ordinary Profit		Net Profit		Net Profit per Share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
First Half	—		—		—		—		—
Full Year	64,000	3.7	8,400	11.6	8,200	16.9	4,300	0.3	36.50

(Note) Revision to forecast during the most recent quarter: none / No first half guidance issued.

#### 4. Other

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

Significant changes in subsidiaries in the current term (resulting in change in scope of consolidation): None

New: 0 companies Excluded: 0 companies

(2) Special accounting treatments used in preparation of financial statements: none

(3) Changes in accounting policy, changes in accounting estimates, restatements

1. Changes resulting from revisions to accounting policy: none

2. Changes other than those specified above: none

3. Changes in accounting estimates: none

4. Restatements: none

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

1. No. of Outstanding Shares at End of Term  
(Including treasury stock)

Q1 FYE 12/2012	117,806,777	FYE 12/2011	117,806,777
Q1 FYE 12/2012	1,684	FYE 12/2011	1,684
Q1 FYE 12/2012	117,805,093	Q1 FYE 12/2011	100,199,749

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 this announcement 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.

\*A presentation of results will be held for investors. The materials distributed and video of the main presentation will be made available on the company's website in English shortly after the event.

Results Presentation for Investors and Analysts: Monday May 7, 2012

\*Please be aware that this document is an English translation of the financial results statement (*kessan tanshin*) originally prepared in Japanese. Where discrepancies arise between the two documents, the latter shall prevail.

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## 1. Qualitative Information: Consolidated Financial Performance

### (1) Qualitative Information - Consolidated Operating Results

#### General Conditions

In the first quarter of the current fiscal term, concerns over rising oil prices and a recurring debt crisis in Europe cast uncertainty over the economic outlook for Japan, however government intervention to curb the rising yen, and reconstruction following the Eastern Japan earthquake yielded signs of moderate recovery in the local economy.

Despite the economic environment, the Internet market, in which the group operates, remained robust with growing use of smartphone and tablet devices, advancement of cloud technology, and ongoing growth in ecommerce. Further, growing usage of social media and increasing development of social graph oriented content have ushered in a new era for the Internet in which social media has become pivotal.

In the same period, GMO Internet Group strove to maintain continued growth in its Web Infrastructure & Ecommerce, Internet Media, and Internet Securities segments, while boosting user numbers and membership base through the provision of “number one” services. At the same time the Group actively nurtured development of social apps and smartphone content, two markets that are expected to be high growth going forward. In addition, the Group continued to actively strengthen the GMO brand, endeavoring to ensure that customers identify GMO as a trusted brand, and the services it provides as reliable. With “number one” services and a trusted brand, GMO Internet Group continues striving to be “Japan’s leading all-in provider of Internet services”.

Revenue and profits rose significantly in the first quarter. Revenue: ¥17,960 billion (24.2% year-on-year increase) Operating Profit: ¥2,525 billion (22.8% year-on-year increase) Ordinary Profit: ¥2,500 billion (30.5% year-on-year increase). Consolidated net profit before tax rose 61.7% year-on-year to ¥2.471 billion, impacted by ¥158 million in extraordinary profit (extraordinary profit was ¥32 million in the previous corresponding term) including ¥150 million profit on the sale of shares held in affiliated companies, and extraordinary losses totaling ¥187 million (extraordinary loss was ¥420 million in the previous fiscal year) including loss on disposal of assets no longer used (¥74 million), and a ¥55 million provision to the financial instruments transaction liability reserve.

Final net profit fell 24.6% to ¥896 million following municipal and business tax payments of ¥878 million, corporate tax adjustment (¥257 million) and minority shareholder profits (¥438 million).

#### Overview of Consolidated Business Performance

(Unit: ¥millions)

	Previous Q1	Current Q1	Change	% Change
Net Sales	14,464	17,960	3,495	24.2%
Operating Profit	2,056	2,525	468	22.8%
Ordinary Profit	1,916	2,500	583	30.5%
Net Profit	1,188	896	- 291	-24.6%

Segment Report  
 Net sales and profit in each segment.

(Unit: ¥millions)

	Previous Q1	Current Q1	Change	% Change
Web Infrastructure & Ecommerce				
Net Sales	5,746	7,015	1,269	22.1%
Segment Profit	966	981	14	1.5%
Internet Media				
Net Sales	5,331	6,529	1,197	22.5%
Segment Profit	454	633	179	39.4%
Internet Securities				
Net Sales	3,484	4,126	641	18.4%
Segment Profit	801	1,309	507	63.2%
Social Media & Smartphone Platform				
Net Sales	164	676	512	311.7%
Segment Profit	-176	-427	-250	-
Incubation				
Net Sales	12	39	27	229.8%
Segment Profit	-7	-26	-18	-
Adjustment				
Net Sales	-273	-427	-154	-
Segment Profit	18	55	36	-
Total				
Net Sales	14,464	17,960	3,495	24.2%
Segment Profit	2,056	2,525	468	22.8%

Description of businesses in each segment

Business Segment		Main Operations
Web Infrastructure & Ecommerce	Domain registration	<ul style="list-style-type: none"> <li>Includes the services Onamae.com and MuuMuuDomain, VALUE-DOMAIN.COM for registration of .com, .net, .jp etc.domain names.</li> </ul>
	Web hosting	<ul style="list-style-type: none"> <li>Provision, operation, management, and maintenance of dedicated and shared web hosting services including Onamae.com Rental Server (SD), GMO AppsCloud, RapidSite, GMO Cloud, IQ Cloud, Lolipop and hetem!.</li> </ul>
	Ecommerce solutions & web development	<ul style="list-style-type: none"> <li>SaaS services for online store building including Color me shop! and MakeShop.</li> <li>Development and operation of online shopping malls including Calamel</li> <li>Marugoto EC and other online store solutions and consulting services</li> <li>Web creation, operational support and system consulting</li> <li>SaaS services for the sale of music, video, and other digital content by Digital Content O.</li> </ul>
	Security	<ul style="list-style-type: none"> <li>GlobalSign Quick Authentication SSL, enterprise SSL, and other SSL certificate issue services, code signing certificate services, PDF document signing services.</li> </ul>
	Credit card payment processing	<ul style="list-style-type: none"> <li>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.</li> </ul>
	Provider (ISP)	<ul style="list-style-type: none"> <li>GMO TokuToku BB, interQ, MEMBERS, ZERO, other access provider services</li> </ul>
Internet Media	Internet media & search media	<ul style="list-style-type: none"> <li>Development and operation of blog services yaplog! and JUGEM, Internet community services including freeml and other Internet advertising media.</li> <li>SEM Media JWord operation and sales of JWord, Japanese keywords.Sales of SEO (Search Engine Optimization) services</li> <li>Ad Networks Distribution of contextual advertising to owned &amp; operated media and search engine results pages</li> </ul>
	Advertising agencies	<ul style="list-style-type: none"> <li>Internet advertising, mobile advertising, search engine advertising, affiliate advertising</li> <li>Advertising design</li> </ul>
	Other	<ul style="list-style-type: none"> <li>Provision of Internet research systems, management and operation of online research panel</li> </ul>
Internet Securities	Internet securities	<ul style="list-style-type: none"> <li>Operation of online securities trading, foreign currency trading services etc.</li> </ul>
Social Media & Smartphone Platform	Social apps	<ul style="list-style-type: none"> <li>Social apps development/operation support</li> </ul>
	Smartphone game platform	<ul style="list-style-type: none"> <li>GMO GameCenter game apps market for Android devices</li> </ul>
	Group commerce	<ul style="list-style-type: none"> <li>Operation of daily deals website, Kumapon by GMO</li> </ul>
Incubation	Venture capital	<ul style="list-style-type: none"> <li>Investment in private Internet ventures</li> </ul>

#### i. Web Infrastructure & Ecommerce

In the first quarter, the domain business continued to pursue a low-pricing strategy with the objective of growing domain registration market share. As a result of aggressive sales promotions, it was webhosting.info ranked the Group number one worldwide by net growth in registrations in the period from December 26, 2011 to January 16, 2012. In July 2011, DigiRock, Inc. became a consolidated subsidiary and as a result domain name registrations and renewals rose 99.5% from the previous corresponding period to 840,000, and total domains under management rose 73.3% over the same period to 3.18 million. Revenue in the domain business grew 52.5% year-on-year to ¥1.056 billion.

In the web hosting business, disk capacity was boosted and functionality expanded for dedicated and managed hosting services in response to the growing sophistication and diversification of client needs, while promotion of high quality, low-cost shared service offerings continued. Social apps development and operation solutions brand, GMO AppsCloud was awarded the top prize in the Gamebusiness.jp App Cloud Awards 2012 (IID, Inc.), based on customer satisfaction. Overall web hosting contracts increased 24.6% over the previous corresponding term to 64 thousand and revenue grew 11.7% year-on-year to ¥2.948 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 57 thousand (17.3% year-on-year increase). As a result the business reported revenue of ¥653 million (12.1% year-on-year increase).

Revenue was strong in the security business as Japan, North America and Europe strengthened sales networks, while implementation of SSL for smartphones continued to grow steadily. As a result the business reported revenue of ¥472 million (11.7% year-on-year increase).

The payment processing business continued to focus on expanding number of merchants, number of transactions and transaction volume. A drive to attract new customers yielded a 19.3% rise on number of merchants to a total of 35,000. The public sector payment processing service was adopted by Kofu city in Yamanashi prefecture for credit card payments of water utilities bills further solidifying the service's stronghold in this market. As a result, the business reported revenue of ¥1.132 billion (21.6% year-on-year increase).

Results in the Web Infrastructure and Ecommerce segment, chiefly comprising the five product areas above, were as follows; Net sales: ¥7.015 billion (22.1% year-on-year increase), Operating profit: ¥981 billion (1.5% year-on-year increase).

#### ii. Internet Media

According to Dentsu, Inc. in 2011 due to voluntary restraint following the Eastern Japan earthquake, Japanese companies spent 2.3% less on advertising. However, the Internet advertising market continued to expand, buoyed by new forms of social media related advertising, and Japan's Internet advertising spend rose 104.1% to ¥806.2 billion.

The Group's Internet media & search media business 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. In the first quarter JWord introduced smartphone compatibility. As a result the Internet media & search media business reported revenue of ¥2.426 billion (0.3% year-on-year increase).

In the Internet advertising agency business, selective and listing advertising were strong across

both PC and mobile, while positive results were also achieved in sales of media developed by the Group including ad network, ADResult. Overall, the Internet advertising business reported revenue of ¥3.743 billion (41.4% year-on-year increase). Also in the first quarter, Searchteria, Inc. (now GMO Searchteria, Inc.) became a consolidated subsidiary. The company brings expertise in advertising distribution for mobile and smartphone platforms, and was acquired as the Group responds to rapidly progressing technology and growth in the smartphone market. Results from this company will be reflected in the consolidation from the second quarter.

Overall, in the Internet Media segment, Net sales totaled ¥6.529 billion (22.5% year-on-year increase), and Operating profit came in at ¥633 million (39.4% year-on-year increase).

### iii. Internet Securities

In the first quarter, trading tools were expanded and improved with the introduction of stop-loss orders and Android apps for securities trading and FX options trading. At the same time, user experience was enhanced with customers spending less on trading fees as spreads were further reduced on OTC foreign exchange transactions.

Expansion of customer base in the period under review was positive and number of FX trading accounts grew 39.1% year-on-year to 224,000. According to Yano research, the segment captured the highest share of transaction volume in the market at 26.5%. Number of securities accounts grew 26.1% to 134,000. The Group's own research indicates that the securities business grew its market share from 7.2% in fiscal year 2010 to 9.7% in fiscal year 2011 (April 2011 – March 2012), the third largest share in the market.

Overall the segment reported Net Sales of ¥4.126 billion (18.4% year-on-year increase) and Operating profit of ¥1.309 billion (63.2% year-on-year increase).

### vi. Social Media & Smartphone Platform

The social apps business operates GMO Social Apps Initiative. Two apps to emerge from the initiative, Gudram Master by GMO and Densetsu no Mamoribito 2 by GMO, continued to performed well in the period under review.

The smartphone game platform business operates GMO GameCenter (G-Gee by GMO), a game apps market for the Android devices. User numbers have grown steadily since the service was launched in November 2010. At the end of March this year number of users in Japan reached 3.05 million (1.46 million users at the end of the previous fiscal year), and app downloads continued to grow steadily. Also in the current quarter, a partnership was formed with Fuji Television that will see game apps for iPhone and iPad by Fuji made available in the global Android market through G-Gee by GMO.

The group commerce business operates daily deals website Kumapon by GMO, a service that offers special deals and discounts on products and services to a predetermined number of buyers. In the first quarter Kumapon partnered with daily deals website, Shareee operated by Shareee, Inc. The partnership has expanded sales channels and improved customer satisfaction by leveraging Kumapo's strengths in marketing and promotion, combined with Shareee's nationwide sales network and high quality coupons.

The Social Media & Smartphone Platform segment reported sales in the first quarter of ¥676 million (311.7% increase over the previous fiscal year) and an operating loss of ¥427 billion (operating loss was ¥176 million in the previous fiscal year).

v. Incubation Segment

In the incubation business, GMO VenturePartners provided business expansion support and helped build corporate value for Internet related ventures. Investment funds managed by the company were also used to invest in these ventures. In the first quarter revenue reached ¥39 million (229.8%) following the sale of shares held by the company (229.8% year-on-year increase), while the segment reported an operating loss of ¥26 million (¥7 million operating loss was reported in the previous corresponding period).

(Reference)

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

(Unit: ¥millions)

	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012
Net Sales	14,464	15,050	15,657	16,518	17,960
Operating Profit	2,056	1,946	1,621	1,901	2,525
Ordinary Profit	1,916	1,834	1,491	1,773	2,500
Net Profit	1,188	793	661	1,643	896
Total Assets	179,241	186,135	196,053	205,055	231,168
Shareholders' Equity	16,127	16,928	17,243	18,480	18,823

(Reference)

Table: Quarterly Changes by Segment

(Unit: ¥millions)

## Net sales by segment

	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012
<b>Web Infrastructure &amp; Ecommerce</b>					
Provider (ISP)	280	283	293	347	423
Domain registration	692	692	885	945	1,056
Web hosting	2,639	2,674	2,786	2,828	2,948
Ecommerce solutions & web development	582	539	519	582	653
Security	423	413	381	486	472
Credit card payment processing	931	941	1,020	1,032	1,132
Other	196	275	347	338	328
Segment Sales Total	5,746	5,820	6,234	6,559	7,015
<b>Internet Media</b>					
Internet media & search media	2,418	2,370	2,329	2,392	2,426
Advertising agencies	2,648	2,615	2,747	3,317	3,743
Other	264	257	337	340	358
Segment Sales Total	5,331	5,243	5,414	6,050	6,529
<b>Internet Securities</b>					
Segment Sales Total	3,484	3,908	3,719	3,645	4,126
<b>Social Media &amp; Smartphone Platform</b>					
Segment Sales Total	164	529	576	662	676
<b>Incubation</b>					
Segment Sales Total	12	2	1	2	39
Sub total	14,738	15,504	15,946	16,920	18,387
Adjustment for inter segment transactions	-273	-453	-288	-401	-427
Consolidated Sales	14,464	15,050	15,657	16,518	17,960

## II Operating Profit by Segment

	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012
Web Infrastructure & Ecommerce	966	703	628	778	981
Internet Media	454	361	376	407	633
Internet Securities	801	1,429	1,002	1,151	1,309
Social Media & Smartphone Platform	-176	-516	-385	-464	-427
Incubation	-7	-88	-14	-38	-26
Sub total	2,037	1,889	1,607	1,834	2,469
Adjustment for inter segment transactions	18	57	13	66	55
Consolidated Operating Profit	2,056	1,946	1,621	1,901	2,525

(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, 2011 and March 31, 2012, are as follows.

Current assets increased ¥25.708 billion (13.8%) from the end of the previous fiscal year to ¥211.97 billion. Major contributing factors were increases of ¥3.709 billion in cash and deposits, ¥15.096 billion in deposits received, ¥12.333 billion in margin transaction assets, and decreases of ¥4.752 billion short term guarantee deposits and ¥2.768 billion in variation margin paid in the securities business.

Fixed assets increased ¥404 billion (2.2%) from the end of the previous fiscal year to ¥19.198 billion. This was chiefly due to the purchase of server equipment raising tangible fixed assets to ¥349 million, a ¥221 million drop in deferred tax asset and a ¥427 million rise in investments and other assets.

Overall, assets total increased ¥26.113 billion (12.7%) from the end of the previous fiscal year to ¥231.168 billion.

Current liabilities increased ¥26.111 billion (15.9%) from the end of the previous fiscal year to ¥190,158 billion. Major contributing factors included increases short term loans (¥10.165 billion), the securities segment margin transaction liability (¥15.528 billion) and deposits received (¥1.960 billion) as well as a decrease in deposits (¥3.023 billion).

Fixed liabilities decreased ¥643 billion (4.5%) from the end of the previous fiscal year to ¥13.582 billion. This was predominantly due to an decrease in long term loans (¥646 million).

Overall, liabilities total increased ¥25.524 billion (14.3%) from the end of the previous fiscal year to ¥204.454 billion.

Net Assets increased ¥589 million (2.3%) from the end of the previous fiscal year to ¥26.714 billion. Influencing factors include a ¥295 million increase in earned surplus (¥896 million addition of net profit and ¥600 million paid out in dividends), and a ¥247 million increase in minority equity.

#### Cash Flow

In the first quarter of the current fiscal year, consolidated cash flow used in operating activities was ¥3.785 billion, while cash flow used in investing activities was ¥924 billion, and ¥8.424 billion was provided by financing activities. Consolidated cash and cash equivalents stood at ¥36.592 billion at the end of the term.

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

Cash flow used by operating activities totaled ¥3.785 billion (¥2.073 billion used in the previous fiscal year). Major items included net profit before tax and other adjustments (¥2.471 billion), depreciation (¥640 million), and in the securities segment increase in deposits (¥15.096 billion [decrease in cash flow]) decrease in short term guarantee deposits (¥4.752 billion [increase in cash flow]) and changes in variation margin paid and received (¥2.687 billion [increase in cashflow]). Corporate tax payment etc. totaled ¥960 million.

Cash flow used in investing activities was ¥924 million (¥541 million was used in the previous corresponding term). Outflows included payments of ¥378 million in the acquisition of tangible fixed assets, and ¥377 million in the acquisition of intangible fixed assets.

Cash flow provided by financing activities was ¥8.424 billion (¥4.813 million was provided in the previous corresponding term). Significant items included repayment of ¥10.165 billion (net amount) in short-term loans, and a ¥646 million repayment of long-term loans, ¥597 million on payment of dividends, and payment of dividends totaling ¥273 million to minority shareholders.

(3) Qualitative Information - Consolidated Results Forecasts

There is no revision to the full year consolidated earnings forecast issued on February 8, 2012.

2. Summary of Information related to Other Items

(1) Changes to significant subsidiaries in the current term

None

(2) Special accounting treatments used in preparation of financial statements

None

(3) Changes in accounting policy, changes in accounting estimates, restatements

None

(4) Additional information

Application of Accounting Standard for Accounting Changes and Error Corrections

The Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No. 24 12.4.2009) and the accompanying Implementation Guidance (ASBJ Guidance No. 24, 12.4.2009) is applied to all accounting changes and error corrections from the first quarter of the current fiscal year.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheet

(Unit: ¥millions)

	Previous Fiscal Year (As of Dec 31, 2011)	1st Quarter Current Fiscal Year (As of Mar 31, 2012)
<b>Assets</b>		
Current Assets		
Cash and deposits	36,281	39,990
Trade notes and accounts receivable	5,664	6,438
Operational investment securities	922	1,134
Securities business deposits	77,229	92,325
Securities business margin transaction assets	27,354	39,687
Securities business short term guarantee deposits	23,519	18,766
Securities business variation margin paid	9,930	7,161
Deferred tax asset	1,543	1,495
Other	4,382	5,385
Provision for doubtful debts	-566	-416
<b>Total Current Assets</b>	<b>186,261</b>	<b>211,970</b>
Fixed Assets		
Tangible fixed assets	4,337	4,686
Intangible fixed assets		
Goodwill	4,659	4,489
Software	2,722	2,769
Other	235	324
<b>Total intangible fixed assets</b>	<b>7,617</b>	<b>7,584</b>
Investments and other assets		
Investment securities	1,479	1,507
Deferred tax asset	3,620	3,398
Other	1,977	2,404
Provision for doubtful debts	-239	-382
<b>Total investments and other assets</b>	<b>6,839</b>	<b>6,928</b>
<b>Total Fixed Assets</b>	<b>18,794</b>	<b>19,198</b>
<b>Total Assets</b>	<b>205,055</b>	<b>231,168</b>
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	1,839	2,197
Short term debt	8,209	18,374
Amount payable	3,702	4,402
Securities business deposits received	6,390	8,350
Securities business margin transaction liability	21,199	36,728
Securities business guarantees received	101,807	101,902
Securities business variation margin received	1,265	1,183
Accrued corporate tax etc.	1,040	940
Allowance for bonuses	359	456
Allowance for bonuses to directors	347	355
Advance payment received	3,247	3,493
Deposits received	11,622	8,599
Other	3,016	3,174
<b>Total Current Liabilities</b>	<b>164,047</b>	<b>190,158</b>

	(Unit: ¥millions)	
	Previous Fiscal Year (As of Dec 31, 2011)	1st Quarter Current Fiscal Year (As of Mar 31, 2012)
<b>Fixed Liabilities</b>		
Long term debt	11,186	10,540
Deferred tax liability	43	64
Other	2,996	2,978
<b>Total Fixed Liabilities</b>	<b>14,226</b>	<b>13,582</b>
<b>Statutory Reserve</b>		
Financial instruments transaction liability reserve	656	712
<b>Total Statutory Reserve</b>	<b>656</b>	<b>712</b>
<b>Total Liabilities</b>	<b>178,929</b>	<b>204,454</b>
<b>Net Assets</b>		
<b>Shareholders' Equity</b>		
Capital stock	2,000	3,000
Capital surplus	6,836	5,836
Earned surplus	9,651	9,947
Treasury stock	-0	-0
<b>Total Shareholders' Equity</b>	<b>18,487</b>	<b>18,783</b>
<b>Other Comprehensive Income</b>		
Other gaps in evaluation of securities	150	166
Hedging profit/loss carried forward	-1	-37
Foreign currency translation account	-155	-88
<b>Total Other Comprehensive Income</b>	<b>-6</b>	<b>40</b>
Equity Warrants	26	25
Minority Equity	7,618	7,865
<b>Total Net Assets</b>	<b>26,125</b>	<b>26,714</b>
<b>Liabilities, Net Assets Total</b>	<b>205,055</b>	<b>231,168</b>

## (2) Consolidated Statement of Income

## Quarter Consolidated Statement

(Unit: ¥millions)

	1st Quarter Previous Fiscal Year (3 months to Mar, 2011)	1st Quarter Current Fiscal Year (3 months to Mar, 2012)
Net Sales	14,464	17,960
Cost of Sales	5,525	7,459
Gross Profit on Sales	8,939	10,500
Sales, General & Administrative Expenses	6,882	7,975
Operating Profit	2,056	2,525
Non Operating Revenue		
Interest received	2	4
Dividends received	5	16
Gain on expired points	11	25
Equity method investment profits	-	6
Other	2	24
Total Non Operating Revenue	22	77
Non Operating Expenses		
Interest paid	70	80
Equity method investment loss	54	-
Other	38	22
Total Non Operating Expenses	162	102
Ordinary Profit	1,916	2,500
Extraordinary Profit		
Return on cancellation of insurance	25	-
Gain on sale of affiliated company stock	-	150
Other	7	8
Total Extraordinary Profit	32	158
Extraordinary Loss		
Loss on disposal of fixed assets	84	74
Office relocation expenses	9	40
Provision to securities transaction liability reserve	55	55
Addition to provision for doubtful debt	129	10
Other	141	5
Total Extraordinary Loss	420	187
Net Profit before Adjustment for Tax etc.	1,528	2,471
Corporate, Municipal and Enterprise Taxes	928	878
Corporate Tax etc. Adjustment	-1,169	257
Total Corporate Taxes etc.	-241	1,136
Net Profit before Minority Equity Adjustment	1,769	1,335
Minority Interests	581	438
Net Profit	1,188	896

Consolidated Statement of Comprehensive Income

(Unit: ¥millions)

	Previous Fiscal Year (01.01.2011-3.31.2011)	Current Fiscal Year (01.01.2012-3.31.2012)
Net Profit before Minority Equity	1,769	1,335
Other Comprehensive Income		
Other gaps in appraisal of securities	-1	186
Hedging profit/loss carried forward	14	-36
Currency translation adjustment account	78	104
Total other comprehensive income	91	254
Comprehensive Income	1,861	1,590
(Breakdown)		
Comprehensive income attributable to parent company shareholders	1,252	943
Comprehensive income attributable to minority shareholders	608	646

## (3) Consolidated Statement of Cash Flows

(Unit: ¥millions)

	1st Quarter Previous Fiscal Year (3 months to Mar, 2011)	1st Quarter Current Fiscal Year (3 months to Mar, 2012)
<b>Cash Flow from Operating Activities</b>		
Net profit before adjustment for tax etc.	1,528	2,471
Depreciation expenses	508	640
Amortization of goodwill	258	315
Gain or loss on sale of affiliated company stock (- represents gain)	-	-150
Interest and dividends received	-7	-21
Interest paid	70	80
Change in accounts receivable (-represents increase)	16	-471
Change in purchase debts (- represents decrease)	38	262
Change in deposits in securities business (- represents increase)	-4,946	-15,096
Change in short term guarantee deposits in securities business (-represents increase)	-245	4,752
Change in margin variation paid and received in securities business	3,797	2,687
Changes in deposits and guarantees received in securities business (- represents decrease)	-2,184	2,055
Other	-54	-284
Sub total	-1,219	-2,758
Interest and dividends received	5	12
Interest paid	-72	-80
Corporate tax etc. paid	-786	-960
<b>Cash Flow from Operating Activities</b>	<b>-2,073</b>	<b>-3,785</b>
<b>Cash Flow from Investing Activities</b>		
Expenditure on acquisition of tangible fixed assets	-246	-378
Expenditure on acquisition of intangible fixed assets	-226	-377
Expenditure on acquisition of investment securities	-10	-75
Expenditure on acquisition of affiliated company stock	-61	-52
Income accrued on the sale of affiliated company stock	-	157
Expenditure on acquisition of subsidiary stock resulting in change in scope of consolidation	-	-86
Other	3	-111
<b>Cash Flow from Investing Activities</b>	<b>-541</b>	<b>-924</b>
<b>Cash Flow from Financing Activities</b>		
Income accrued on short term loans	24,800	20,200
Expenditure on repayment of short term loans	-18,798	-10,035
Expenditure on repayment of long term loans	-369	-646
Payment of dividends	-432	-597
Payment of dividends to minority shareholders	-263	-273
Other	-122	-223
<b>Cash Flow from Financing Activities</b>	<b>4,813</b>	<b>8,424</b>
Currency Translation Adjustment on Cash and Equivalents	53	98
Change in Cash and Equivalents (- represents decrease)	2,252	3,813
Balance of Cash and Equivalents at Beginning of Term	27,809	32,743
Increase in Cash and Equivalents following Increase in Consolidation	-	36
<b>Balance of Cash and Equivalents at End of Term</b>	<b>30,061</b>	<b>36,592</b>

(4) Notes regarding the Going Concern Assumption  
None

(5) Segment Data

1st Quarter of Current Consolidated Fiscal Year (01.01.2012-31.03.2012)  
Information relating to Net Sales, Profit and Loss in each Segment.

(Unit: ¥millions)

	Segment						Adjustment (*1)	Consolidated P/L (*2)
	Web Infrastructure & Ecommerce	Internet Media	Internet Securities	Social Media & Smartphone Platform	Incubation	Total		
Net Sales								
Sales to unaffiliated customers	5,687	5,117	3,484	164	12	14,464	—	14,464
Internal transactions	59	214	—	—	—	273	-273	—
Total	5,746	5,331	3,484	164	12	14,738	-273	14,464
Operating profit/loss (-)	966	454	801	-176	-7	2,037	18	2,056

(notes)

- 1.The segment profit or loss adjustment (¥18 million) is an adjustment for internal segment transactions.
2. Segment profit is based on the operating profit (or loss) line item in the consolidated Statement of Income.

1st Quarter of Current Consolidated Fiscal Year (01.01.2012-31.03.2012)  
Information relating to Net Sales, Profit and Loss in each Segment.

(Unit: ¥millions)

	Segment						Adjustment (*1)	Consolidated P/L (*2)
	Web Infrastructure & Ecommerce	Internet Media	Internet Securities	Social Media & Smartphone Platform	Incubation	Total		
Net Sales								
Sales to unaffiliated customers	6,912	6,207	4,126	674	39	17,960	—	17,960
Internal transactions	103	321	—	2	—	427	-427	—
Total	7,015	6,529	4,126	676	39	18,387	-427	17,960
Operating profit/loss (-)	981	633	1,309	-427	-26	2,469	55	2,525

(notes) 1.The segment profit or loss adjustment (¥55 million) is an adjustment for internal segment transactions.

2. Segment profit is based on the operating profit (or loss) line item in the consolidated Statement of Income.

(6) Notes regarding significant changes in shareholders' equity  
None