

Fiscal Year 2015 First Quarter Consolidated Financial Results (Japanese GAAP)

April 30, 2015

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 Quarterly Report Release: May 12, 2015 Start Date of Dividend Payout: June 24, 2015

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 2015 (01.01.2015- 03.31.2015)

(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, 2015	32,583	20.6	3,850	70.7	3,882	73.3	1,862	96.9
March 31, 2014	27,026	18.5	2,255	-22.1	2,240	-21.6	945	-14.2

(Note) Comprehensive Income March 31, 2015: ¥2,017 million (68.0%) , March 31, 2014: ¥1,201 million (-27.2%)

	Net Profit per Share	Net Profit per Share (Diluted)
Three months ended	¥	¥
March 31, 2015	15.80	15.33
March 31, 2014	8.02	7.77

(2) Consolidated Financial Condition

	Total Assets	Net Assets	Shareholders' Equity Ratio
As of	¥ millions	¥ millions	%
March 31, 2015	548,045	44,369	5.5
Year Ended 12/2014	483,367	43,876	6.1

(Reference) Shareholders' Equity March 31, 2015: ¥30,141 million FYE12/2014: ¥29,233 million

2. Dividends

	Dividends per Share				
	End of Q1	End of Q2	End of Q3	End of Term	Total
	¥	¥	¥	¥	¥
Year Ended 12/2014	4.00	4.00	4.00	5.00	17.00
Year Ending 12/2015	6.00				
Year Ending 12/2015 (forecast)		5.00	5.00	5.00	21.00

(Note) Revision to forecast during the most recent quarter: no

3. Consolidated Results Forecast for the Year Ending December 2015 (01.01.2015 – 12.31.2015)

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

	Net Sales		Operating Profit		Ordinary Profit		Net Profit		Net Profit per Share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
Full Year	121,000	10.6	14,300	10.6	14,300	12.3	6,500	11.3	55.17

(Note) Revision to forecast during the most recent quarter: no

The company does not issue mid-year guidance

*Notes

(1) Changes to significant subsidiaries in the current term: yes

Significant changes in subsidiaries in the current term (resulting in change in scope of consolidation):

New: 6 companies (GMO Venture Partners⁴ Investment Limited Partnership and 5 other companies)

Excluded: 2 companies (GMO CLICK Investment, Inc. and 1 other company)

*Please refer to (1) Significant changes to subsidiaries in the current term on page 9 for details.

(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. Outstanding shares at term end (inc. treasury)

Q1 FYE 12/2015	117,806,777	FYE 12/2014	117,806,777
Q1 FYE 12/2015	1,811	FYE 12/2014	1,811
Q1 FYE 12/2015	117,804,966	Q1 FYE 12/2014	117,804,966

2. Treasury shares at end term end

3. Average number of shares in the term

*Quarterly Results Statement Audit

This results statement is subject to review under the Financial Instruments and Exchange Act, at the time this results statement was filed the review was 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. Please refer to (3) Consolidated results forecast and other forward-looking information on page 8 for details.

Results Presentation for Investors and Analysts: April 30, 2015

Supporting materials and a video of the presentation will be made available on the company's website in English after the event.

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1. Qualitative Information related to Financial Results
 (1) Consolidated Operating Results

Overview of Financial Results in the Three Months to March 2015

	Previous Q1	Current Q1	Change	% Change
Net Sales	27,026	32,583	5,556	20.6%
Operating Profit	2,255	3,850	1,594	70.7%
Ordinary Profit	2,240	3,882	1,642	73.3%
Net Profit	945	1,862	916	96.9%

(Unit: ¥millions)

In the first quarter of 2015, the recurring revenue-based Internet Infrastructure segment continued to expand while results in the Online Advertising & Media segment were driven by high advertising demand as Q1 is typically a peak season for advertising. The Internet Securities segment maintained high trading volumes. As a result, consolidated quarterly net sales exceeded ¥30 billion for the first time, and increases are reported in both net sales and operating profit even after strategic investment in C2C online handmade market, minne.

Under the corporate slogan “Internet for Everyone” GMO Internet Group focuses resources on high growth Internet markets. Continued growth in the Internet is largely taking place in the mobile space, spurred by increased usage of smartphones, tablets and other mobile devices, the progression of cloud technology, the proliferation of Twitter, Facebook, LINE and other forms of social media, as well as the emerging O2O and omni-channel markets. The Internet of Things is also significant and the Group recognizes that IoT presents many new business opportunities. GMO Internet management views any growth in the volume of information available on the Internet or in the volume of transactions conducted over the Internet as an opportunity to grow profits.

Amidst a healthy external environment, the Group continued to operate under the theme of “strengthening our strengths and enhancing weaker areas with No. 1 products”. The Internet Infrastructure segment, already comprising multiple No. 1 products, invested in promoting C2C handmade market, minne with the objective of propelling the service to a strong No. 1 position. The Internet Securities segment continued to expand customer base through a cost leadership strategy. Responding to changes in the market, the Online Advertising & Media segment focused on product development and new recruitment with the objective of accelerating its shift toward a technology driven business. The Mobile Entertainment segment continued efforts to control costs while developing new titles.

First quarter consolidated net sales increased 20.6% year-on-year to ¥32,583 million. Over the same period operating profit increased 70.7% to ¥3,850 million, and operating profit increased 73.3% to ¥3,882 million, while net profit was up 96.9% to ¥1,862 million, a significant increase in both sales and profits after one-time expenses recorded in the previous first quarter.

Net Sales and Operating Profit by Segment in the Three Months to March 2015

(Unit: ¥millions)

	Previous Q1	Current Q1	Change	% Change
Internet Infrastructure				
Net Sales	11,240	13,040	1,799	16.0%
Operating Profit	988	1,021	33	3.4%
Online Advertising & Media				
Net Sales	9,107	11,604	2,496	27.4%
Operating Profit	500	519	19	3.8%
Internet Securities				
Net Sales	5,553	7,522	1,968	35.4%
Operating Profit	1,422	2,287	865	60.8%
Mobile Entertainment				
Net Sales	1,710	1,279	-430	-25.2%
Operating Profit	-695	-66	628	-
Incubation				
Net Sales	16	99	83	494.9%
Operating Profit	-29	9	38	-
Other				
Net Sales	-	0	-0	--
Operating Profit	-	-19	-19	--
Adjustment				
Net Sales	-602	-964	-361	-
Operating Profit	68	98	29	-
Total				
Net Sales	27,026	32,583	5,556	20.6%
Operating Profit	2,255	3,850	1,594	70.7%

Segment Report

1) Internet Infrastructure

The Internet Infrastructure segment provides the basic Internet services required to operate a business or communicate information in an online environment. Domain, hosting & cloud, security, ecommerce solutions, and payment - the five major businesses in this segment – each hold top share in their respective markets in Japan. In addition the segment includes consumer Internet provider services. The following is a breakdown of results in each of the businesses comprising this segment.

i. Domain

This quarter, the domain business continued to actively grow customer base, pursuing a low-cost strategy. Current growth in registration volume is strong.

Domain registration and renewals grew 1.1% to 1.07 million, and total domains under management rose 11.9% to 4.89 million. Net sales grew 7.3% year-on-year to ¥1,532 million.

ii. Hosting & Cloud

The hosting & cloud business responded to growing sophistication and diversification of client needs through cloud-based, dedicated, shared and VPS offerings under a multi-brand strategy.

In the external environment we saw rising demand for cloud hosting services over traditional hosting.

GMO AppsCloud, a cloud based hosting solution optimized for mobile game developers and operators, grew along with general cloud hosting services.

Overall web hosting contracts increased 3.6% over the previous corresponding term to 750 thousand and net sales grew 1.8% year-on-year to ¥3,482 million.

iii. Ecommerce Solutions

Ecommerce Solutions comprises SaaS based services for online stores and C2C handmade market, minne. In an expanding market, focus was on growing customer transaction volume through enhancement of service functionality. The Group invested in aggressively promoting minne while enhancing smartphone app development capabilities. At the end of the current quarter, total transaction volume was down 2.8% year-on-year to ¥56.3 billion, following a surge in spending in the previous corresponding quarter ahead of Japan's consumption tax increase.

Ecommerce Solutions reported net sales of ¥1,344 million (12.7% year-on-year increase).

iv. Security

In this sub-segment, sales expanded both in Japan and globally as a result of active sales partners and enhanced direct sales that targeted large corporations.

Security reported net sales of ¥998 million (24.3% year-on-year increase).

v. Payment

Payment services are operated by GMO Payment Gateway and affiliates. The external market environment was favorable as the ecommerce market continued to expand, and online transactions grew in fields beyond the sale of products. In the current quarter, focus remained on growing number of merchants, number of transactions and transaction volume, and value-add offerings were enhanced to help merchants build revenues. GMO Epsilon Transaction Rating, a finance service for ecommerce operators that uses transaction data to determine credit rating, was launched in March. Overall number of merchants increased 15.8% over the previous corresponding term to 54 thousand and transaction volume grew 9.3% year-on-year to ¥389 billion. Net sales grew 19.7% year-on-year to ¥2,152 million.

vi. Provider

In the Internet Service Provider business, number of mobile wifi users grew 29.9% to 329 thousand as a result of recent cost-effective marketing, and an expanding mobile Internet market. Sales grew 45.6% year-on-year to ¥2,372 million.

Market share was expanded in each of the key Internet Infrastructure businesses in the period under review and overall Net Sales increased a significant 16.0% year-on-year to ¥13,040 million, while Operating Profit increased 3.4% to ¥1,021 million year-on-year after ¥300 million was invested in the promotion of C2C handmade market, minne.

2) Online Advertising & Media

The Online Advertising & Media segment provides marketing solutions for online businesses. The following is a breakdown of results in each of the businesses comprising this segment.

i. Online Advertising

This sub-segment provides comprehensive Internet advertising services comprising media rep and agency functions. Growth in the online advertising market is being driven by mobile advertising and in particular, listing and ad network products. In the first quarter, focus was on product development and staff recruitment aimed at advancing a transition towards a technology driven business. GMO Tech reward and ad network GMO SmaAD, and Supply Side Platform (SSP), GMO SSP for Smartphone performed well as advertising demand was strong, and net sales in online advertising increased 35.0% from the previous year to ¥7,439 million.

Internet Media

This sub-segment provides Search Engine Optimization (SEO) services and advertising space on our own media properties. In particular the Smartphone app business is growing as fashion sharing network, CoordiSnap, and camera app, Girls Camera expand user base both in Japan and internationally. Net sales increased 16.1% to ¥3,516 million.

Internet Research and Other Businesses

GMO Research provides an integrated research platform for market research companies. With one of Asia's largest research panels, GMO Research continues to grow its business both in Japan and internationally. In the current quarter net sales grew 13.8% to ¥647 million.

Overall, in the Online Advertising & Media segment, net sales totaled ¥11,604 million (27.4% year-on-year increase) exceeding ¥10 billion yen for the first time. Operating profit increased 3.8% year-on-year to ¥519 million.

iii. Internet Securities

The Internet Securities segment comprises service providers GMO CLICK Securities and FX Prime by GMO operated under financial services holding company GMO CICK Holdings. Under a cost leadership strategy, the companies worked to increase number of accounts, customer assets held, and transaction volume. In the current quarter, focus was on aggressive marketing and maintaining industry-low spreads. Number of FX accounts grew 14.9% year-on-year to 552,000, while number of Securities accounts grew 18.4% year-on-year to 241,000.

Since the end of the previous fiscal year, FX volatility has remained high and GMO CLICK Securities trading volume reached ¥396 trillion in the first quarter (65.7% year-on-year increase).

Overall performance was strong and net sales in the Internet Securities segment totaled ¥7,522 million (35.4% year-on-year increase) and Operating Profit was ¥2,287 million (60.8% year-on-year increase).

vi. Mobile Entertainment

This segment comprises smartphone and online game development and operation. In the mobile game market, GooglePlay, AppStore and other app markets are growing as usage of smartphone and tablet devices increases.

In the first quarter, Minerva Knights and other titles maintained positions in the Google Play sales rankings. LINE Dream Garden, a partnership with LINE, remained stable. However, only one new title was released in the first quarter and certain titles were discontinued in efforts to internalize operations.

Overall in the Mobile Entertainment segment, net sales fell 25.2% to ¥1,279 million, and operating loss was reduced to ¥66 million (¥695 million operating loss in the previous corresponding term). Having reduced costs and internalized all operations and development, we are in a position to run a cost efficient business with the potential to produce a hit title.

v. Incubation Segment

The Incubation segment invests in expanding business and building enterprise value in Internet-related companies. In the first three months of the year revenue was ¥99 million (494.9% year-on-year increase), while the segment reported an operating profit of ¥9 million (¥29 million operating loss reported in the previous corresponding term).

(Reference)

Changes in Operating Results and Financial Condition by Quarter

(Unit: ¥millions)

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
Net Sales	27,026	25,427	27,455	29,458	32,583
Operating Profit	2,255	2,709	3,599	4,367	3,850
Ordinary Profit	2,240	2,695	3,528	4,270	3,882
Net Profit	945	1,777	1,248	1,868	1,862
Total Assets	423,991	425,483	471,724	483,367	548,045
Shareholders' Equity	25,111	26,350	27,543	29,233	30,141

(Reference)

Table: Quarterly Results by Segment

(Unit: ¥millions)

I Net Sales by Segment

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
Internet Infrastructure					
Provider	1,629	1,857	2,067	2,094	2,372
Domain	1,428	1,421	1,351	1,374	1,532
Hosting & Cloud	3,422	3,378	3,418	3,436	3,482
Ecommerce Solutions	1,192	1,123	1,232	1,163	1,344
Security	803	901	724	1,048	998
Payment	1,797	1,774	1,833	1,896	2,152
Other	966	976	888	978	1,156
Total	11,240	11,434	11,515	11,991	13,040
Online Advertising & Media					
Online Advertising	5,509	4,696	4,906	5,739	7,439
Internet Media	3,029	3,023	3,045	3,139	3,516
Internet Research & Other	569	514	515	619	647
Total	9,107	8,234	8,467	9,498	11,604
Internet Securities					
Total	5,553	4,792	5,657	6,986	7,522
Mobile Entertainment					
Total	1,710	1,659	1,541	1,485	1,279
Incubation					
Total	16	4	1,261	487	99
Sub total	27,629	26,125	28,445	30,448	33,546
Other	-	-	-	-	0
Adjustment	-602	-698	-989	-990	-964
Net Sales	27,026	25,427	27,455	29,458	32,583

II Operating Profit by Segment

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
Internet Infrastructure	988	1,365	1,154	1,283	1,021
Online Advertising & Media	500	399	380	354	519
Internet Securities	1,422	1,059	1,291	2,469	2,287
Mobile Entertainment	-695	-126	-177	-108	-66
Incubation	-29	-69	829	281	9
Sub total	2,186	2,629	3,479	4,279	3772
Other	-	-	-	-	-19
Adjustment	68	79	119	87	98
Operating Profit	2,255	2,709	3,599	4,367	3,850

Description of businesses in each segment

Business Segment		Main Operations
Internet Infrastructure	Domain	<ul style="list-style-type: none"> Domain registration services include Onamae.com, MuuMuu Domain, VALUE DOMAIN. Provision of domain name registrations (.com, .net, .jp .nagoya, .tokyo, .yokohama etc.)
	Hosting & Cloud	<ul style="list-style-type: none"> Provision, operation, management, and maintenance of dedicated, shared, VPS and cloud-based web hosting services including Onamae.com Rental Server, GMO AppsCloud, ConoHa by GMO, GMO Cloud VPS, GMO Cloud Altus, GMO Cloud Private, Lolipop, heteml, Sqale and 30days Album
	Ecommerce Solutions	<ul style="list-style-type: none"> SaaS based services for online store building including Color me shop! MakeShop, and Jugem Cart Operation of online shopping mall Calamel etc. Operation of handmade marketplace, minne Web design, operational support and system consulting
	Security	<ul style="list-style-type: none"> DomainSSL, OrganizationSSL, other SSL certificates, code signing certificates, PDF document signing, client certificates and other digital certificate services
	Payment	<ul style="list-style-type: none"> GMO Payment Gateway services including PG Multi-Payment Service and payment processing services for the public sector
	Provider	<ul style="list-style-type: none"> GMO TokuToku BB, interQ, MEMBERS, ZERO, and other Internet provider services.
Online Advertising & Media	Online Advertising	<ul style="list-style-type: none"> Listing and mobile (GMO SmaAd) ad networks, search engine advertising, affiliate advertising, reward advertising Advertising planning and production
	Internet Media	<ul style="list-style-type: none"> Development and operation of blog services yaplog! and JUGEM, Internet community services including freeml, ebook publishing service Puboo, Smartphone apps including fashion sharing app, Coordisnap. Operation of daily deals website, Kumapon by GMO, Ad distribution to own media and search engine results pages SEM Media: JWord, sales of JWord, Japanese keywords.
	Internet Research & Other	<ul style="list-style-type: none"> Provision of Internet research systems, management and operation of online research panel (GMO Research Cloud Panel)
Internet Securities	Internet Securities	<ul style="list-style-type: none"> Operation of online securities trading, forex trading services etc.
Mobile Entertainment	Mobile Entertainment	<ul style="list-style-type: none"> Smartphone game development, operation & support Online game development and operation
Incubation	Venture Capital	<ul style="list-style-type: none"> Investment in private Internet ventures.

(2) Consolidated Financial Condition

Assets, Liabilities and Shareholders' Equity

Assets

At the end of the first quarter of fiscal year 2015 (March 31, 2015), assets had increased ¥64,678 million (13.4%) from the end of the previous fiscal year to ¥548,045 million. Significant factors included a ¥11,532 million (16.6%) increase in cash, and a ¥50,291 million (13.7%) increase in assets due to fluctuations in customer assets in the Securities segment.

Liabilities

At the end of the first quarter liabilities had increased ¥64,185 million (14.6%) from the end of the previous fiscal year to ¥503,676 million. Fluctuations in liabilities are chiefly attributable to fluctuations in customer assets in the Securities segment resulting in an increase in liabilities of ¥29,984 million (8.4%), an increase of customer deposits due to growth in the payment business, and an increase in interest bearing debt of ¥29,472 million (98.2%) as liquidity on hand was increased in response to high transaction volumes in the Internet Securities segment at the end of the quarter.

Net Assets

At the end of the first quarter net assets had increased ¥492 million (1.1%) from the end of the previous fiscal year to ¥44,369 million. Movements in net assets included an increase of ¥1,236 million (6.4%) increase in earnings surplus (net profit totaling ¥1,862 million and dividend payments of ¥589 million), and a decrease of ¥417 million (2.9%) in dividends paid to minority shareholders.

Cash Flow

At the end of the first quarter of fiscal year 2015 (March 31, 2015), cash and equivalents had increased ¥14,716 million (22.6%) from the end of the previous fiscal year to ¥79,755 million. The following is a summary of cash flow activity in the period under review.

Cash Flow from Operating Activities

Outflow from operating activities was ¥15,594 million (¥13,456 million outflow in the previous corresponding term). Major items included net profit before tax and other adjustments (¥3,603 million), depreciation (¥1,079 million), goodwill amortization (¥415 million), and an increase in deposits (¥1,434 million) primarily due to growth in the payment sub-segment. Customer assets in the Internet Securities segment increased contributing to an increase of ¥20,306 million in assets, and ¥1,459 million was paid out in corporate tax payments.

Cash Flow from Investing Activities

Inflow from investing activities totaled ¥2,727 million (¥668 million outflow in the previous corresponding term). Significant items included acquisition of server equipment and other fixed assets (¥194 million) software license updates, acquisition of other intangible fixed assets (¥559 million) and a decrease of ¥3,183 million in fixed deposits.

Cash Flow from Financing Activities

Inflow from financing activities totaled ¥27,707 million (¥16,900 million inflow in the previous corresponding term). Significant items include a net increase in interest bearing debt (¥29,592 million) to provide for an increase in transactions from shareholders exercising shareholder benefits at the end of the quarter, dividend payments (¥597 million) and dividend payments to minority shareholders and funds (¥974 million).

3. Qualitative Information - Consolidated Results Forecasts and Other Forward-Looking Information

There is no revision to the results forecast for the current fiscal year (initially announced on February 5, 2015).

2. Summary of Information Related to Other Items

(1) Changes to significant subsidiaries in the current term

In the first quarter of the current fiscal year, GMO Venture Partners4 Investment Limited Partnership was newly established, and GMO AD Marketing, Inc. GMO Research PTE. LTD (Singapore), GMO Research, Inc. (Shanghai), Social Ad & Commerce Technology Fund Investment Partnership, and GMO Culture Incubation, Inc. were added to the consolidation due to their increased significance. GMO CLICK Investment Inc. and Gyokuhokan, Inc. were excluded from the consolidation after holdings in the companies were sold off.

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

None

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

None

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: ¥millions)

	Previous Fiscal Year (As of Dec 31, 2014)	1st Quarter Current Fiscal Year (As of Mar 31, 2015)
Assets		
Current Assets		
Cash and deposits	69,548	81,080
Trade notes and accounts receivable	9,587	11,621
Operational investment securities	1,415	1,498
Securities segment deposits	227,981	238,040
Securities segment margin transaction assets	94,522	124,119
Securities segment short term guarantee deposits	30,378	36,272
Securities segment variation margin paid	15,311	20,053
Deferred tax asset	1,967	1,968
Other	11,035	12,375
Provision for doubtful debts	-482	-662
Total Current Assets	461,267	526,368
Fixed Assets		
Tangible fixed assets	7,527	7,089
Intangible fixed assets		
Goodwill	3,946	3,382
Software	4,258	4,583
Other	1,225	1,192
Total intangible fixed assets	9,431	9,157
Investments and other assets		
Investment securities	2,366	2,113
Deferred tax asset	848	1,310
Other	2,269	2,357
Provision for doubtful debts	-343	-352
Total investments and other assets	5,141	5,430
Total Fixed Assets	22,100	21,677
Total Assets	483,367	548,045
Liabilities		
Current liabilities		
Trade notes and accounts payable	4,123	5,150
Short term debt	22,309	52,688
Amount payable	8,380	9,675
Securities segment deposits received	30,175	29,006
Securities segment margin transaction liability	83,811	112,979
Securities segment guarantees received	232,637	237,829
Securities segment variation margin received	10,180	6,973
Accrued corporate tax etc.	1,424	1,892
Allowance for bonuses	315	857
Allowance for bonuses to directors	209	318
Advance payment received	4,381	4,544
Deposits received	21,480	22,915
Other	6,640	6,239
Total Current Liabilities	426,068	491,071

	(Unit: ¥millions)	
	Previous Fiscal Year (As of Dec 31, 2014)	1st Quarter Current Fiscal Year (As of Mar 31, 2015)
Fixed Liabilities		
Long term debt	7,692	6,785
Deferred tax liability	80	62
Other	3,682	3,663
Total Fixed Liabilities	11,454	10,510
Statutory Reserve		
Financial instruments transaction liability reserve	1,967	2,094
Total Statutory Reserve	1,967	2,094
Total Liabilities	439,491	503,676
Net Assets		
Shareholders' Equity		
Capital stock	100	5,000
Capital surplus	8,736	3,836
Earned surplus	19,448	20,685
Treasury stock	-0	-0
Total Shareholders' Equity	28,283	29,520
Other Comprehensive Income		
Other securities valuation differences	256	221
Hedging profit/loss carried forward	-10	-28
Foreign currency translation account	703	427
Total Other Comprehensive Income	949	620
Equity Warrants	20	22
Minority Equity	14,623	14,205
Total Net Assets	43,876	44,369
Liabilities, Net Assets Total	483,367	548,045

(2) Consolidated Statement of Income

Quarter Consolidated Statement

(Unit: ¥millions)

	1st Quarter Previous Fiscal Year (3 months to Mar, 2014)	1st Quarter Current Fiscal Year (3 months to Mar, 2015)
Net Sales	27,026	32,583
Cost of Sales	12,940	15,930
Gross Profit on Sales	14,086	16,653
Sales, General & Administrative Expenses	11,830	12,802
Operating Profit	2,255	3,850
Non Operating Revenue		
Interest received	3	6
Dividends received	4	35
Gain on currency translation	25	56
Equity method investment profits	4	-
Other	73	84
Total Non Operating Revenue	111	183
Non Operating Expenses		
Interest paid	75	63
Commissions paid	11	42
Equity method investment loss	-	0
Other	40	45
Total Non Operating Expenses	126	151
Ordinary Profit	2,240	3,882
Extraordinary Profit		
Gain on sale of investment securities	11	25
Gain on change in equity	704	0
Other	4	1
Total Extraordinary Profit	720	27
Extraordinary Loss		
Impairment loss	130	60
Loss on sale of shares in affiliated company	-	88
Provision to securities transaction liability reserve	136	127
Other	79	30
Total Extraordinary Loss	347	306
Net Profit before Adjustment for Tax etc.	2,613	3,603
Corporate, Municipal and Enterprise Taxes	804	1,718
Corporate Tax etc. Adjustment	473	-389
Total Corporate Taxes etc.	1,278	1,329
Net Profit before Minority Equity Adjustment	1,335	2,274
Minority Interests	389	412
Net Profit	945	1,862

Consolidated Statement of Comprehensive Income

(Unit: ¥millions)

	1st Quarter Previous Fiscal Year (3 months to Mar, 2014)	1st Quarter Current Fiscal Year (3 months to Mar, 2015)
Net Profit before Minority Equity Adjustment	1,335	2,274
Other Comprehensive Income		
Other securities valuation differences	19	-45
Hedging profit/loss carried forward	-17	-18
Currency translation adjustment account	-135	-193
Total other comprehensive income	-133	-256
Comprehensive Income	1,201	2,017
(Breakdown)		
Comprehensive income attributable to parent company shareholders	855	1,533
Comprehensive income attributable to minority shareholders	345	484

(3) Consolidated Statement of Cash Flows

(Unit: ¥millions)

	1st Quarter Previous Fiscal Year (3 months to Mar, 2014)	1st Quarter Current Fiscal Year (3 months to Mar, 2015)
Cash Flow from Operating Activities		
Net profit before adjustment for tax etc.	2,613	3,603
Depreciation expenses	1,185	1,079
Impairment loss	130	60
Amortization of goodwill	382	415
Gain or loss on change in equity investees (- represents gain)	-704	2
Interest and dividends received	-8	-42
Interest paid	75	63
Change in accounts receivable (-represents increase)	-976	-1,921
Change in purchase debts (- represents decrease)	375	982
Change in deposits received (- represents decrease)	-1,982	1,434
Change in deposits in securities segment (- represents increase)	2,592	-10,058
Change in short term guarantee deposits in securities segment (-represents increase)	-2,787	-5,893
Change in margin variation paid and received in securities segment	-545	-7,948
Changes in deposits and guarantees received in securities segment (- represents decrease)	-17,002	4,023
Changes in margin transaction assets and liabilities	3,314	-429
Other	822	582
Sub total	-12,512	-14,047
Interest and dividends received	7	56
Interest paid	-77	-143
Corporate tax etc. paid	-873	-1,459
Cash Flow from Operating Activities	-13,456	-15,594
Cash Flow from Investing Activities		
Expenditure on payment of fixed term deposit	-	-150
Return of fixed term deposit	-	3,333
Expenditure on acquisition of tangible fixed assets	-254	-194
Expenditure on acquisition of intangible fixed assets	-343	-559
Expenditure on acquisition of investment securities	-80	-40
Income accrued on the sale of investment securities	14	58
Income from the sale of subsidiary stock resulting in change in scope of consolidation	-	272
Other	-4	8
Cash Flow from Investing Activities	-668	2,727
Cash Flow from Financing Activities		
Income accrued on short term loans	53,900	94,800
Expenditure on repayment of short term loans	-34,816	-64,410
Expenditure on repayment of long term loans	-834	-797
Payment received from partners in investment funds	-	260
Returns to partners in investment funds	-	-647
Payment of dividends	-589	-597
Payment of dividends to minority shareholders	-351	-326
Other	-407	-573
Cash Flow from Financing Activities	16,900	27,707
Currency Translation Adjustment on Cash and Equivalents	-49	-285
Change in Cash and Equivalents (- represents decrease)	2,726	14,555
Balance of Cash and Equivalents at Beginning of Term	52,823	65,038
Increase in Cash and Equivalents following Increase in Consolidation	119	161
Balance of Cash and Equivalents at End of Term	55,669	79,755

(4) Notes regarding the Consolidated Financial Statements
Notes regarding the going concern assumption
None

Notes regarding changes impacting shareholders' equity
None

Segment Data

I 1st Quarter of Previous Fiscal Year (01.01.2014-03.31.2014)

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

(Unit: ¥millions)

	Segment						Other	Adjustment (*1)	Consolidated P/L (*2)
	Internet Infrastructure	Online Ad & Media	Internet Securities	Mobile Entertainment	Incubation	Total			
Net Sales									
Sales to unaffiliated customers	11,049	8,695	5,553	1,710	16	27,026	-	-	27,026
Internal transactions	190	411	-	-	-	602	-	-602	-
Total	11,240	9,107	5,553	1,710	16	27,629	-	-602	27,026
Segment Profit/Loss	988	500	1,422	-695	-29	2,186	-	68	2,255

*Notes

- i. The segment profit or loss adjustment (¥68 million) is an adjustment for internal segment transactions.
- ii. Segment profit is based on the Operating Profit (or Loss) line item in the consolidated Statement of Income.

II 1st Quarter of Current Fiscal Year (01.01.2015-03.31.2015)

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

(Unit: ¥millions)

	Segment						Other (*1)	Adjustment (*2)	Consolidated P/L (*3)
	Internet Infrastructure	Online Ad & Media	Internet Securities	Mobile Entertainment	Incubation	Total			
Net Sales									
Sales to unaffiliated customers	12,838	10,852	7,522	1,268	99	32,582	0	-	32,583
Internal transactions	201	751	-	10	-	964	-	-964	-
Total	13,040	11,604	7,522	1,279	99	33,546	0	-964	32,583
Segment Profit/Loss	1,021	519	2,287	-66	9	3,772	-19	98	3,850

*Notes

1. Businesses that do not fall within the four reported segments are reported as "Other". The new culture incubation business is included here.
2. The segment profit or loss adjustment (¥98 million) is an adjustment for internal segment transactions.
3. Segment profit is based on the Operating Profit (or Loss) line item in the consolidated Statement of Income.

Significant Post-Balance Sheet Events

(Consolidated subsidiary GMO CLICK Holdings, Inc. conducts stock swap with consolidated (indirect) subsidiary, FX Prime by GMO Corporation)

GMO Internet, Inc. consolidated subsidiary, GMO CLICK Holdings, Inc. and FX Prime by GMO Corporation executed a stock swap with an effective date of April 1, 2015, in which GMO CLICK Holdings became the wholly-owning parent and FX Prime by GMO became a wholly-owned subsidiary. A summary of the transaction follows.

(1) Summary of Stock Swap

i. Objectives of the Stock Swap

In the FX industry, pricing pressure is intensifying as FX providers compete to acquire new customers and expand trading volume. The Group's Internet Securities business segment operates in an increasingly competitive market environment that is evolving at a growing pace.

The two companies agreed that human resource assets, systems development and management expertise and operational efficiency in GMO CLICK Holdings could be leveraged in the operation of FX Prime by GMO, and that price competitiveness and customer acquisition need to be strengthened, and that resilience to changes in market environment was required to enhance corporate value in the entire GMO CLICK Holdings Group including FX Prime by GMO.

ii. Effective date of Stock Swap

April 1, 2015

iii. Details of Stock Swap

Company Name	GMO CLICK Holdings (consolidated subsidiary)	FX Prime by GMO (consolidated indirect subsidiary)
Allocation in Stock Swap	1	1
No. of shares allocated in Stock Swap	Common shares: 1,788,36	

*1 One (1) common share in FX Prime by GMO was exchanged for one (1) common share in GMO CLICK Holdings

*2 GMO CLICK Holdings executed a 6.25-for-1 stock split on December 24, 2014.

(2) Impact on Consolidated Profit/Loss

Under corporate accounting standings, the company expects to report a gain on change in equity of ¥621 million.