

Presentation of FY 2005 Interim Results

August 15, 2005
(First Section of Tokyo Stock Exchange 9449)
GMO Internet, Inc.

Interim Results Presentation Program

Introduction: Summary and Report of this Presentation

**Part 1 Overview of FY 2005 Interim Results
and Future Outlook**

Part 2 Entering the Internet Finance Business

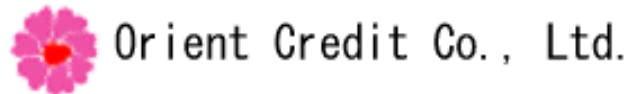
Part 3 Business Conditions by Segment

- (1) Internet Use Support Business
(Internet Infrastructure Business)**
- (2) Internet Advertising Support Business
(Media Business)**

* These presentation materials include future forecasts based on assumptions, predictions and plans valid as of August 15, 2005. Actual results may differ greatly from those forecast herein due to the risks associated with the global economy, competitive conditions, and exchange rate fluctuations, as well as unknown factors such as natural disasters.

<Notice>

Acquisition of shares of Orient Credit Co., Ltd.



It was decided at a meeting of the Board of Directors held today (August 15, 2005) to acquire 71,867 shares (ownership: 94.28%; acquisition price: 25,041 million yen*) already issued by Orient Credit Co., Ltd. from a Unison Capital, Inc. investment fund and to make Orient Credit Co., Ltd. a subsidiary of the Company.

(*The acquisition price is ultimately expected to be 28 billion yen after 100% acquisition which will include the acquisition of residual shares.)

<Summary of this Presentation>

<Strategic Highlights>

- Decided to enter the finance business. The mainstay operations will be the three pillars of Internet Infrastructure, Media and Finance businesses.
- To enter into the personal finance business, Orient Shinpan Co., Ltd., a personal finance company that specializes in dealing with customers remotely, has joined the Group.
- The full year earnings forecast was revised upward, reflecting the acquisition above, to sales of 38.0 billion yen and ordinary profit of 4.5 billion yen.

(Million yen)

	Previous forecast for FY2005	Current forecast for FY2005	Changed amount	Rate of Change
Sales	34,000	38,000	+4,000	+ 11.8%
Ordinary profit	4,000	4,500	+500	+12.5%
Net profit	2,000	2,000	—	—

<Business Highlights>

- The infrastructure business, including domain, server, security, and credit card payment processing, is brisk.
- Sales of Jword are slightly below expectations, but the upward trend is intact.
- Although the performance was impacted by the sweeping change in the sales environment of Otoku Line, the negative factors for Q2 are temporary.

Operations have been significantly reduced. Losses were posted for the interim period ahead of schedule.

(Million yen)

	FY 2004 Interim	FY 2005 Interim	Interim forecast	For the previous year	For the forecast
Sales	9,828	14,304	15,500	+ 45.5%	- 7.7%
Operating profit	1,162	1,122	1,400	- 3.4%	- 19.8%
Ordinary profit	1,181	1,154	1,400	- 2.3%	- 17.6%
Net profit	1,748	666	800	- 61.9%	- 16.7%

【 Part 1 】

Overview of FY 2005 Interim Results and Future Outlook

FY2005 Interim Results – Overview of Profit & Loss (Consolidated)

Despite larger sales in the existing Internet Infrastructure Business, the sweeping change in the sales environment of Otoku Line had an impact

(Million yen)

Item	FY 2004 Interim	FY 2005 Interim	For the previous year	Comment
Sales	9,828	14,304	+ 45.5%	Sales increased, driven by existing businesses such as server +JWord operations
Business expenses	3,719	6,139	+ 65.1%	Increase in labor cost of sales personnel, etc
Selling, general and administrative expenses	4,946	7,041	+ 42.3%	Increase in personnel expenses and amortization of goodwill, etc.
Operating profit	1,162	1,122	- 3.4%	
Non-operating profit	34	112	+ 222.7%	
Non-operating expenses	15	80	+ 423.6%	
Ordinary profit	1,181	1,154	- 2.3%	
Extraordinary profit	3,377	1,486	- 56.0%	Deemed profit from change of equity holdings with listing of subsidiary's stock, etc.
Extraordinary loss	572	1,309	+ 129.0%	Posting of loss with the downsized operations of Otoku Line, etc.
Current net profit before adjustment of taxes	3,986	1,331	- 66.6%	
Income taxes	2,101	553	- 73.6%	
Minority interests	136	110	- 18.7%	
Net profit	1,748	666	- 61.9%	

FY2005 Interim Balance Sheet (Consolidated)

Liabilities and assets declined, reflecting the repayment of short-term borrowings

(Million yen)

< Assets >	2005 Q1	2005 Q2	For the previous year	Notes
Current Assets	15,568	15,704	135	
Cash and deposits	10,977	11,467	489	
Accounts receivable – trade	3,501	2,810	- 690	
Deferred tax asset	248	633	384	
Other assets	1,211	1,122	- 90	
Allowance for doubtful debts	- 370	- 329	- 40	
Fixed assets	13,153	11,782	- 1370	Tangible fixed assets. Decline with the sale of investment securities
Total of assets	28,722	27,487	- 1,234	
< Liabilities >				
Current liabilities	10,966	9,309	- 1657	Repayment of short-term borrowings
Fixed liabilities	668	691	23	
Total of liabilities	11,635	10,001	- 1634	
< Minority equity >				
Minority equity	3,539	3,858	319	
< Shareholders' equity >				
Capital stock	3,311	3,311	-	
Capital surplus	5,289	5,309	20	
Earned surplus	4,980	5,024	43	
Other gaps in appraisal of securities	77	31	- 45	
Translation-adjustments	11	13	2	
Own stocks	- 122	- 62	- 59	
Total of shareholders' equity	13,547	13,627	79	
Total of liabilities, minority equity and shareholders' equity	28,722	27,487	- 1,235	

FY2005 Interim Cash Flow Statement (Consolidated)

Cash flow was positive at 8 million yen, with tax payments the biggest factor

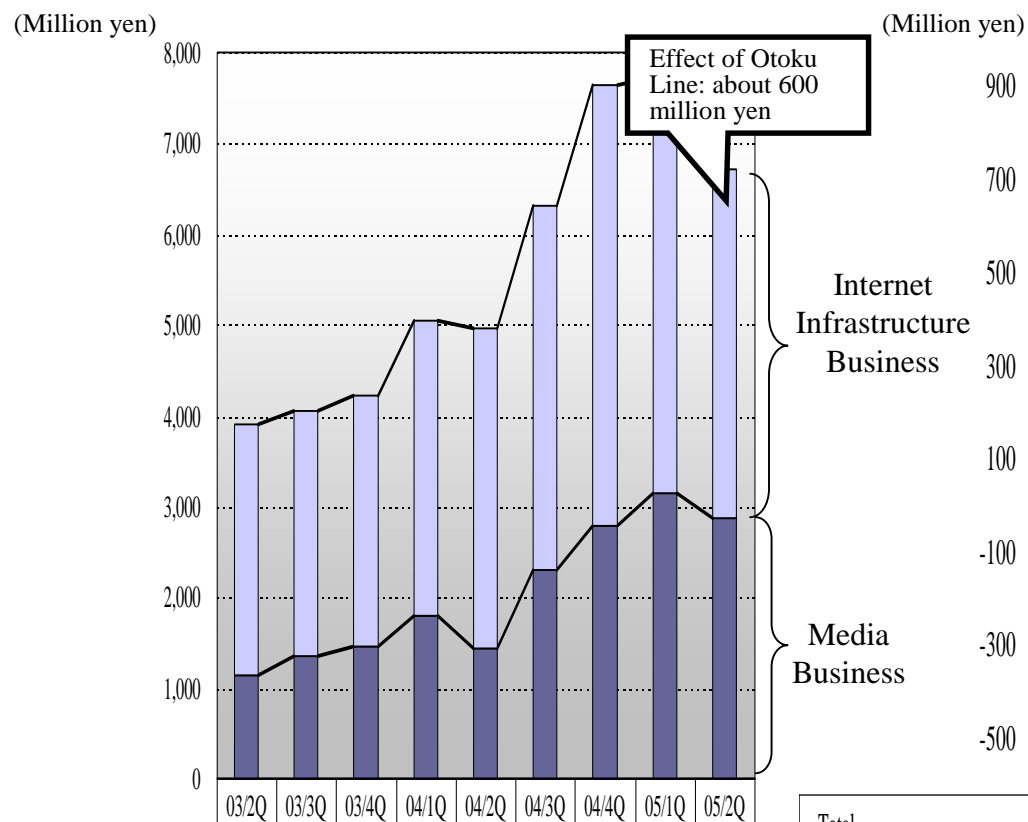
(Million yen)

	FY 2004 Interim	FY 2005 Interim	
Cash flow from operating activities	494	-378	
Current net profit before adjustment of taxes, etc.	3,986	1,331	
Depreciation charge	196	289	
Increase and decrease in allowance for doubtful debts	-89	-54	
Sale of investment securities	-3,316	-446	
Increase and decrease in accounts receivable	-213	806	
Payment of corporate tax, etc.	-933	-1,779	
Other increase and decrease	864	-523	
Cash flow from investing activities	2,627	-412	
Expenditure on acquisition of intangible fixed assets	-787	-302	
Expenditure incurred by acquiring stocks of subsidiaries	-30	-265	
Income from the sale of investment securities	4,096	828	
Expenditure on acquisition of investment securities	-323	-1,481	Additional acquisition of eBank Corporation
Expenditure on issuance of loans	-103	-102	
Income from the collection of loans	20	43	
Other increase and decrease	-245	867	
Cash flow from financial activities	19	797	
Proceeds from the issue of shares to minority shareholders	11	1,255	Funds raised with listing of subsidiaries
Other increase and decrease	8	-457	
Total of cash flow	3,140	9	
Balance of cash and cash equivalents at the beginning of the term	8,524	11,319	
Increase in cash and cash equivalents with increase in the number of consolidated subsidiaries	36	-	
Balance of cash and cash equivalents at the end of the term	11,701	11,327	

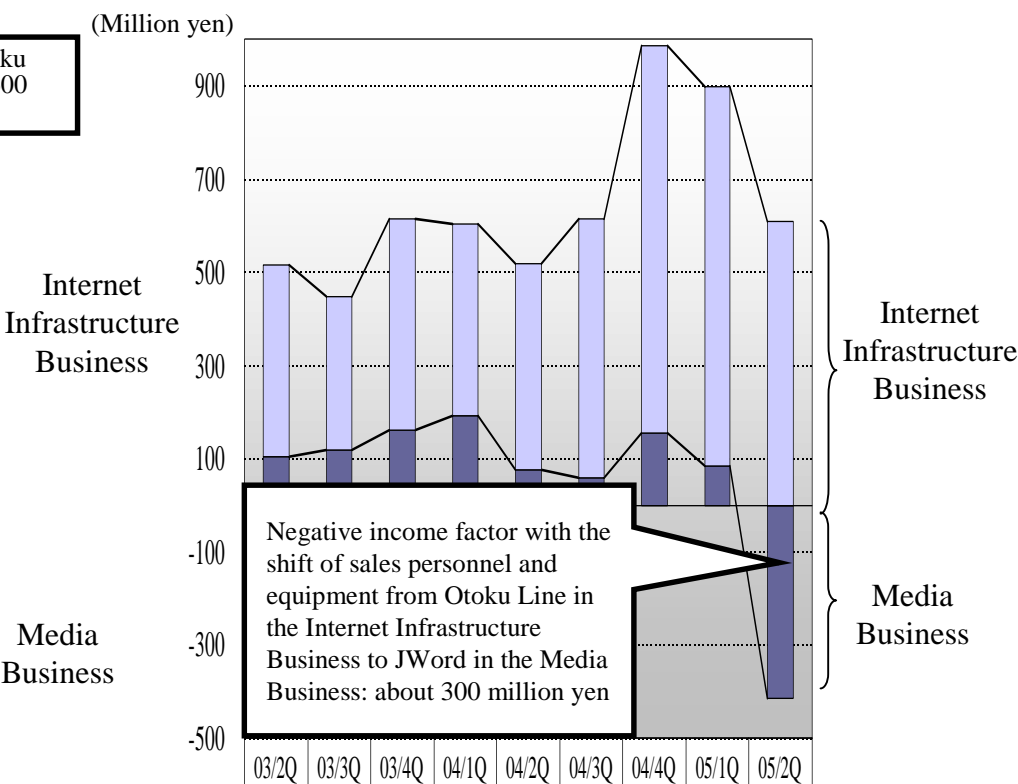
Change in Sales and Operating Profit (Consolidated)

**Income in the Media Business temporarily declined,
resulting from the shift of sales personnel and equipment to the Jword business**

< Changes in Sales by Business Segment > < Changes in Operating Profit by Business Segment >



	03/2Q	03/3Q	03/4Q	04/1Q	04/2Q	04/3Q	04/4Q	05/1Q	05/2Q
Total	3,883	4,022	4,187	4,900	4,927	6,197	7,536	7,657	6,646
Internet Use Support Business	2,771	2,707	2,765	3,238	3,532	4,013	4,856	4,566	3,851
Internet Advertising Support Business	1,136	1,344	1,449	1,799	1,437	2,301	2,789	3,151	2,861



	03/2Q	03/3Q	03/4Q	04/1Q	04/2Q	04/3Q	04/4Q	05/1Q	05/2Q
Total	516	447	614	624	537	641	1,001	914	208
Internet Use Support Business	410	330	452	412	442	553	831	814	608
Internet Advertising Support Business	104	117	162	192	77	60	156	85	-416

Negative Income Factors for Q2 and Challenge for Future

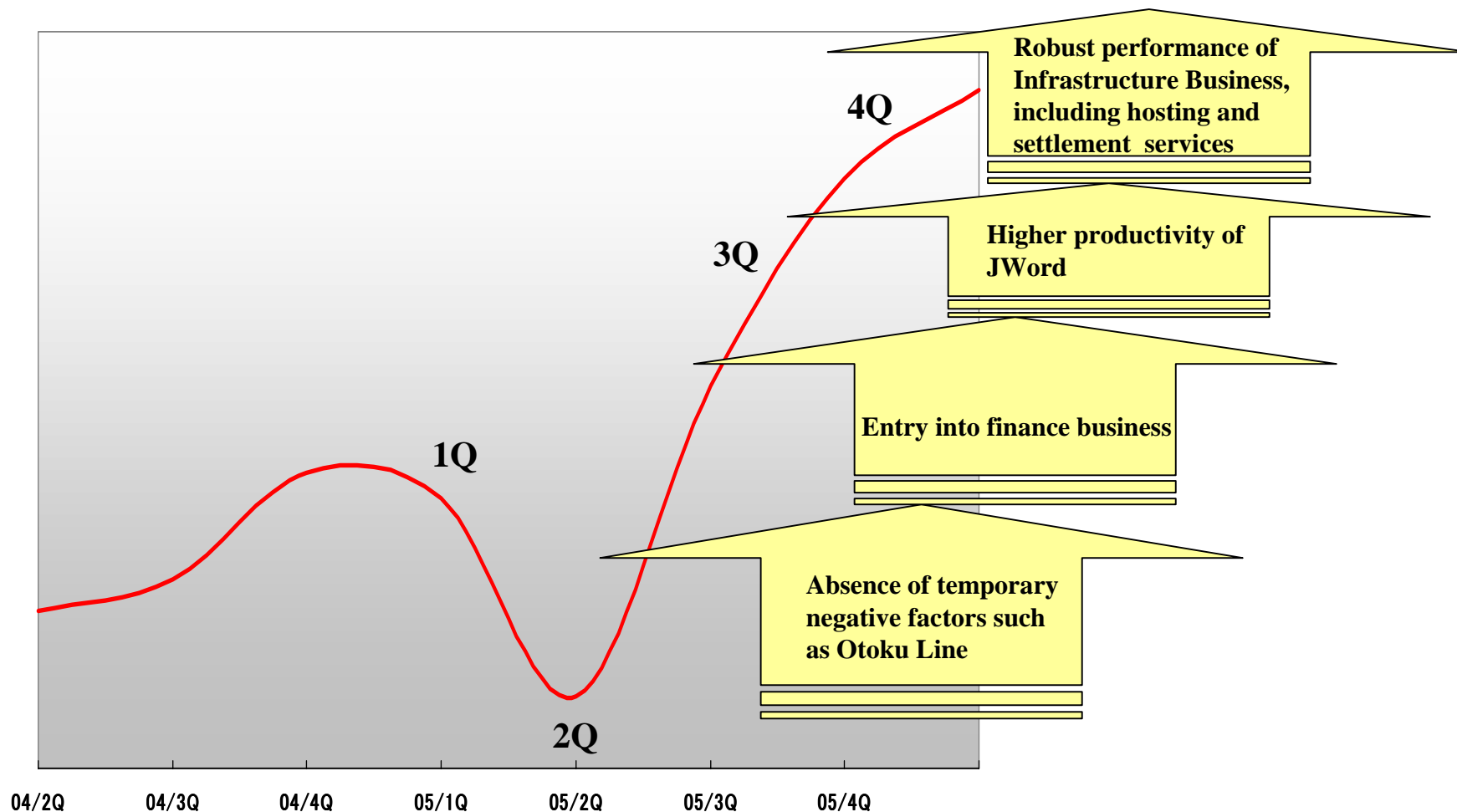
As losses were posted ahead of schedule for the interim period,
income will pick up going forward

— Negative income factors are temporary and the impact is limited —

Factors	Impact in Q2	Countermeasures	Future outlook
Drastic change in the sales environment of the “Otoku Line” of Japan Telecom	Negative factor of about 300 million yen for profit in Q2	Losses were posted for the interim period, including office and equipment. Personnel were shifted to Jword	Alleviation of about 300 million yen on a running basis
Delay in gains in the sales productivity of Jword	lackluster growth in productivity, reflecting unexpected shift of personnel from Otoku Line	Improvement in productivity through training of sales personnel and upgrading of the product line-up	Break even in O3 with gains in productivity
Temporary decline in advertising business for Q2 (one-off spending on expenses and seasonal factors)	The negative impact on profit is about 180 million yen compared with Q1	Decline in temporary spending and bolstering of operating efficiency and product line-up	Improving trend after Q3

Scenario After the Third Quarter

Profit is to recover sharply, thanks to the robust performance of the Infrastructure Business, higher productivity of JWord, and entry into the finance business

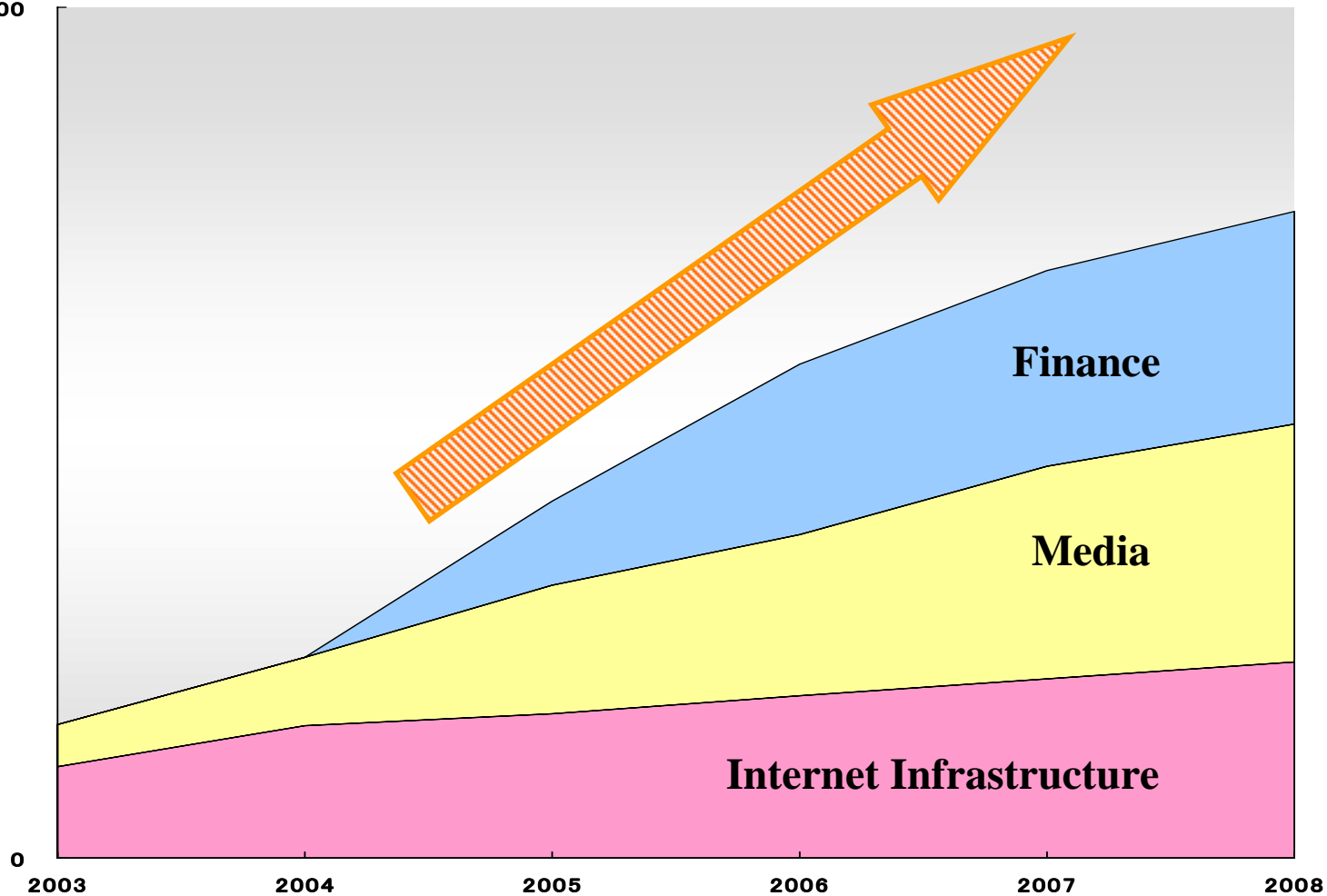


Mid-term Image of Income Growth

Growth will further accelerate, driven by the entry into the finance business!

(Million yen)

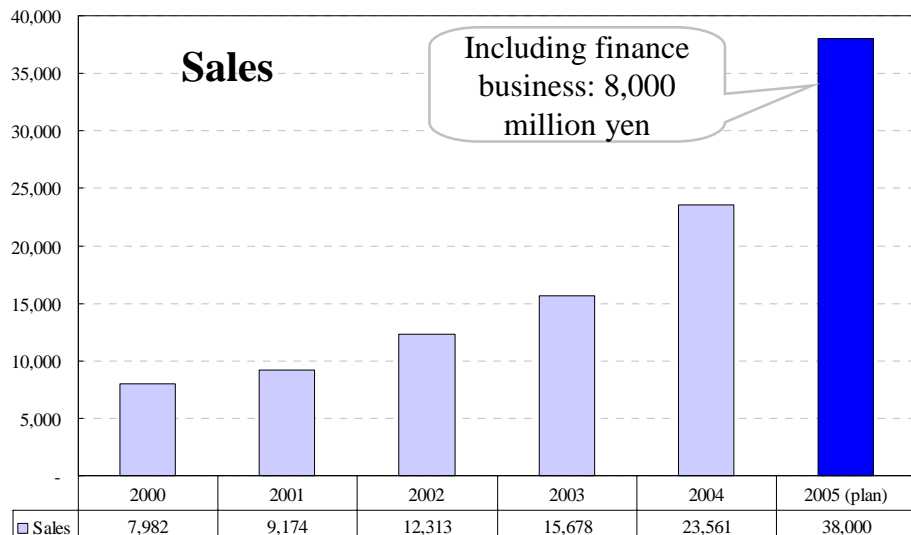
100,000



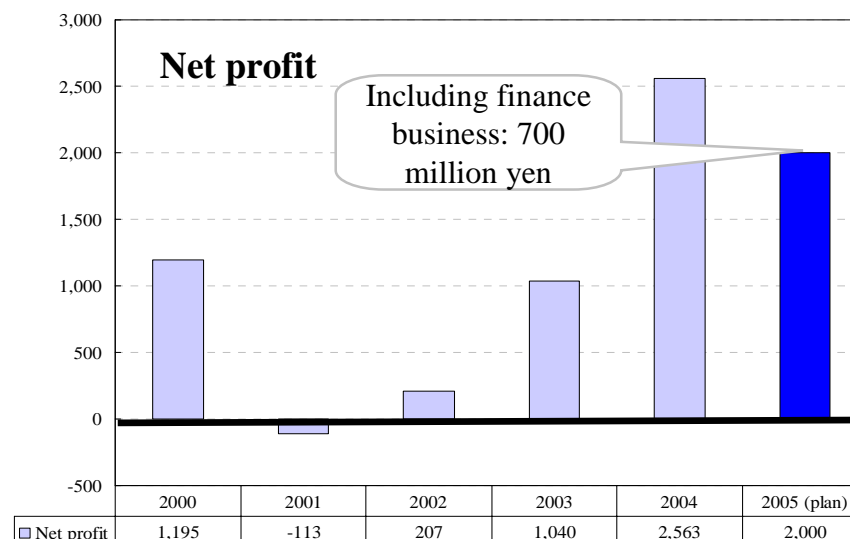
FY2005 Full-Year Forecast (Consolidated)

Upward revision, reflecting the entry into the finance business, despite the negative impact of Otoku Line

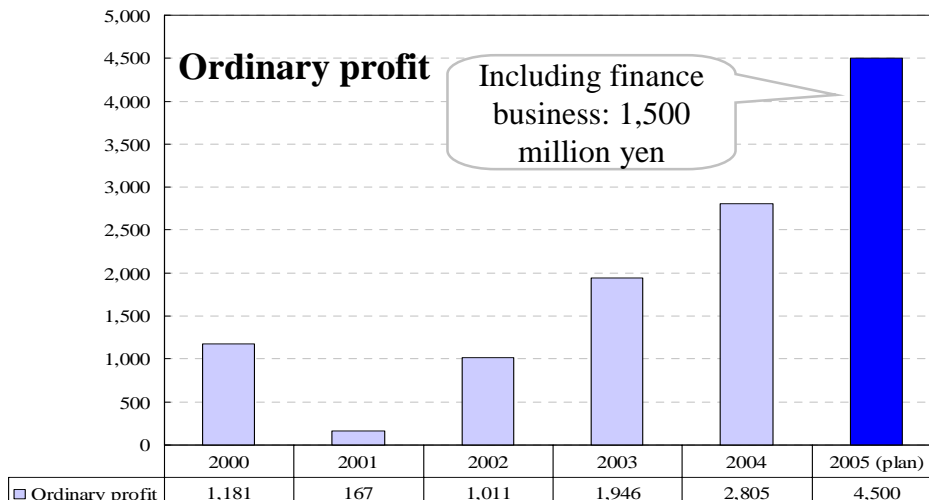
(Million yen)



(Million yen)



(Million yen)



	FY2005 Full-Year Forecast	Compared to previous year	FY2004 Full-Year Results
Sales	38,000	+ 61.3%	23,561
Ordinary profit	4,500	+60.4%	2,805
Net profit	2,000	- 22.0%	2,563

【Part 2】

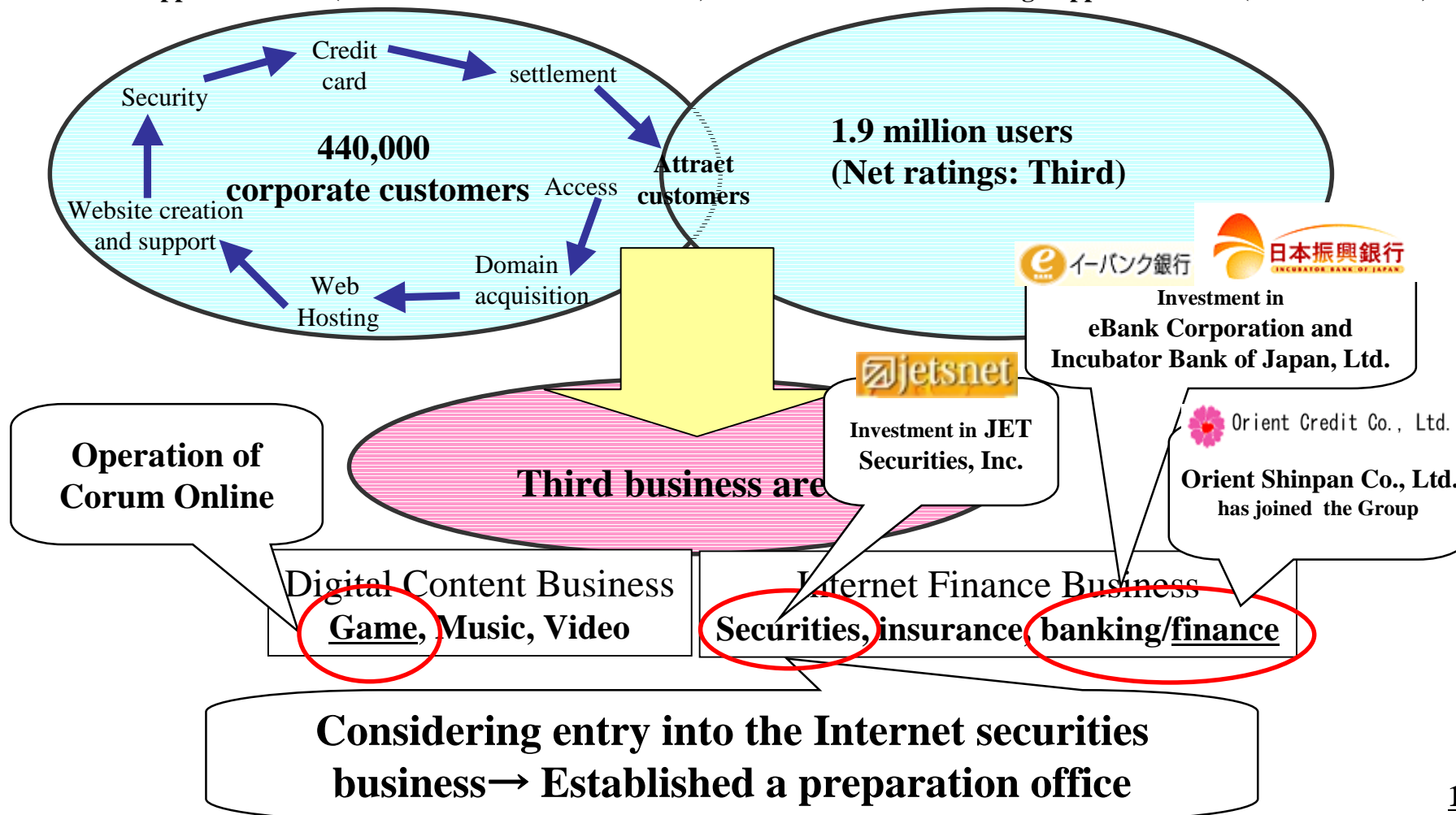
Entering the Internet Finance Business

Strategic Synergy of the Group

What is the next area the Internet integrated company advances to?

Internet Use Support Business (Internet Infrastructure Business)

Internet Advertising Support Business (Media Business)



Why start with personal finance?

- Because it is possible to accelerate growth through Internet marketing and to aim to be the “Net No. 1.”
- Because personal finance is highly suited to Internet marketing.
 - Net-based advertising is on the rise

Ref (1)

In the 2005 April – June quarter, industries that saw the greatest increase in advertising expenditure with Yahoo! were the finance, insurance and securities industries (24%).

The top advertisers in these fields were aiful, ORIX Credit, and mobit.
(According to materials provided by Yahoo! Japan.)

Ref (2)

These industries also represent the largest proportion of ads handled by the GMO Internet Group, as well, with ads by emerging companies in particular on the rise.

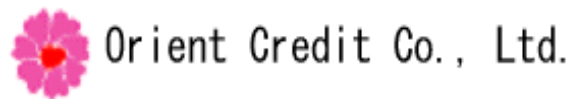
- Emerging companies and internet companies actively expanding in this field.



Overview of Orient Credit (1)

Vision

- To be a finance company that has a strong female-centered brand.
- To be a “women’s bank” that supports a new way of life for women and the independence and self-reliance of women.
- To be a personal finance service provider that actively supports the lifestyles of evolving women through the provision of funds and services.



Overview of Orient Credit (2)

Characteristics

Five years of management reforms by a senior-level management team and Unison

Unison Capital, Inc., established in 1998, is a pioneer in private equity investment in Japan. Unison formulates strategies for the long-term enhancement of corporate value in its enterprise investments and executes these strategies decisively. Unison Capital's key enterprise investments include MINE MART CO., LTD., TOHATO, INC., and Kabushiki-Kaisha drug11, amongst others.

□ No face-to-face contact (“branchless” sales organization)

Locations have been concentrated and their functions enhanced through system maximization.

□ Differentiation strategies

Emphasis on prime to semi-prime female customer segments.

□ Promotion of IT

Credit screening and cutting-edge call centers that establish mutual complementarity between the system's recommended values and the discretion of credit managers.

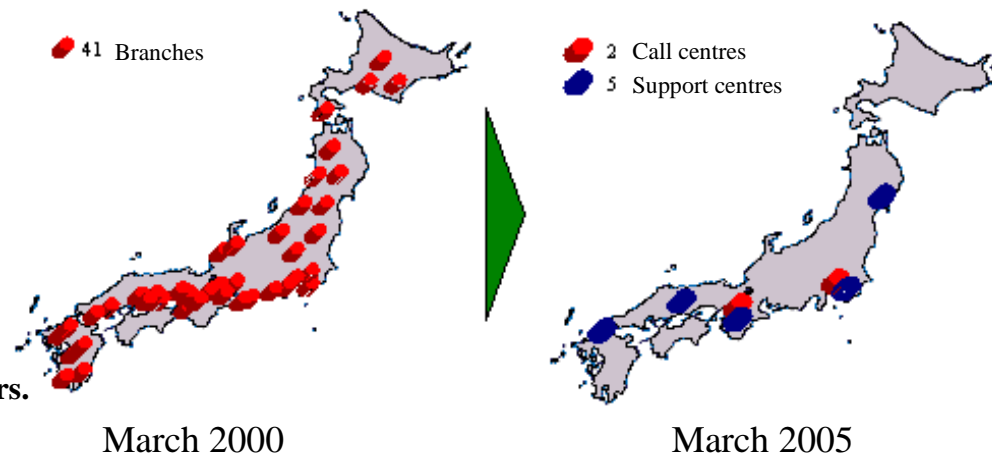
□ High-revenue platform

- Outstanding loan balance of approximately 80.9 billion yen (*)

* As of March 2005; including off-balance SPC transfer loans of 62 billion yen.

- Results for period ending March 2005 show revenues of 19.2 billion yen and an operating profit of 2.5 billion yen.

(Operating profit for the period ending March 2006 is forecast to be approximately 4 billion yen.)



Overview of Orient Credit (3)

Balance Sheet

With 62 billion yen of outstanding loans liquidated, the company's balance sheet is tight.

On balance sheet outstanding loans amount to 18.9 billion yen.

As of March 31, 2005 Balance Sheet Summary			
< Assets >		< Liabilities >	
Current Assets	22,914	Current liabilities	17,728
Fixed assets	11,905	Fixed liabilities	6,342
Tangible fixed assets	234	Total of liabilities	24,071
Intangible fixed assets	1,536	< Shareholders' equity >	
Investments and other assets	10,134	Capital stock	6,499
Deferred assets	76	Capital surplus	2,316
		Earned surplus	2,008
		Total of shareholders' equity	10,824
Total of assets	34,696	Total of liabilities and shareholders' equity	34,895

Value Added by the GMO Group

Taking Orient Credit from its “start-up – platform establishment phase” and “Unison-driven management reform phase” into the “Internet acceleration phase with the GMO Internet Group.”

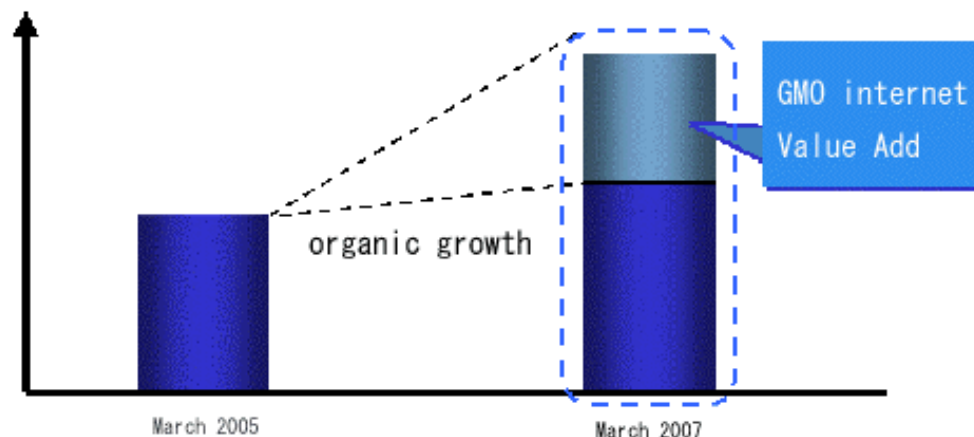
- **Direction of Added Value**

Transference of Internet marketing know-how.

Strengthening linkages with GMO Internet Group traffic (Blogs, Feedme, mail media, RSS) and mobile linkages.

Strengthening tie-ups with eBANK.

- **Envisaged growth model**



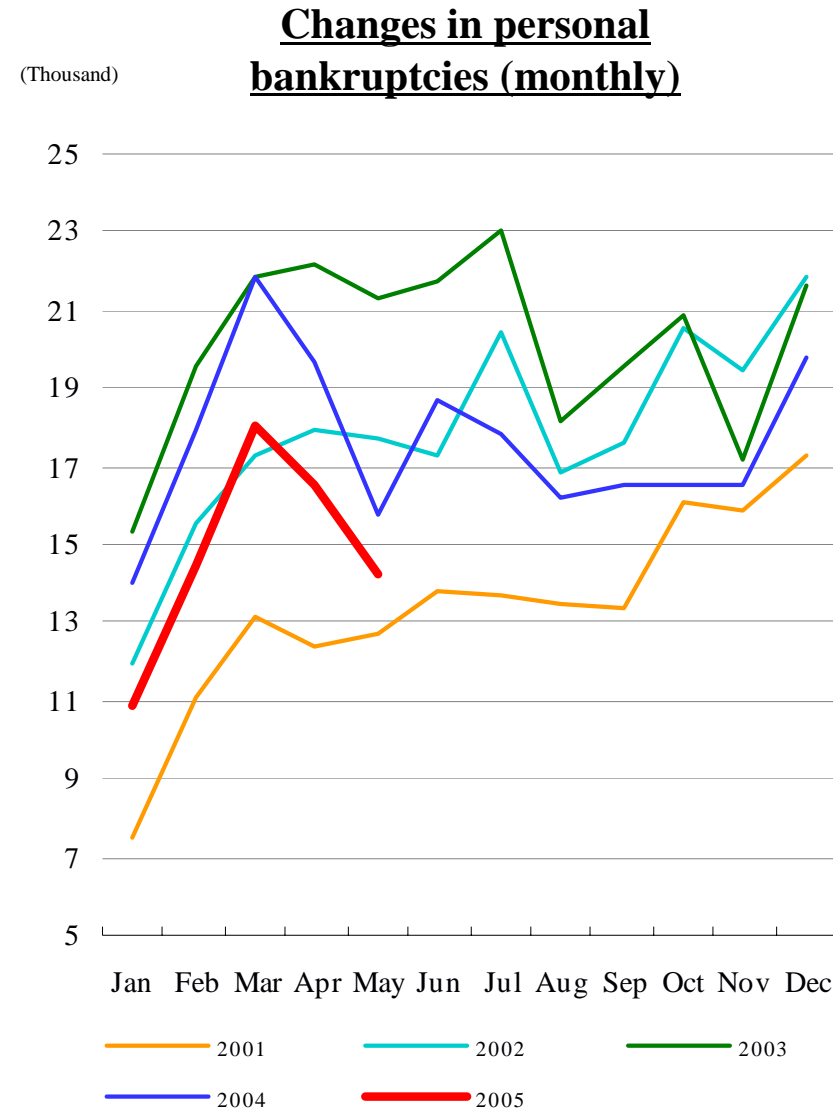
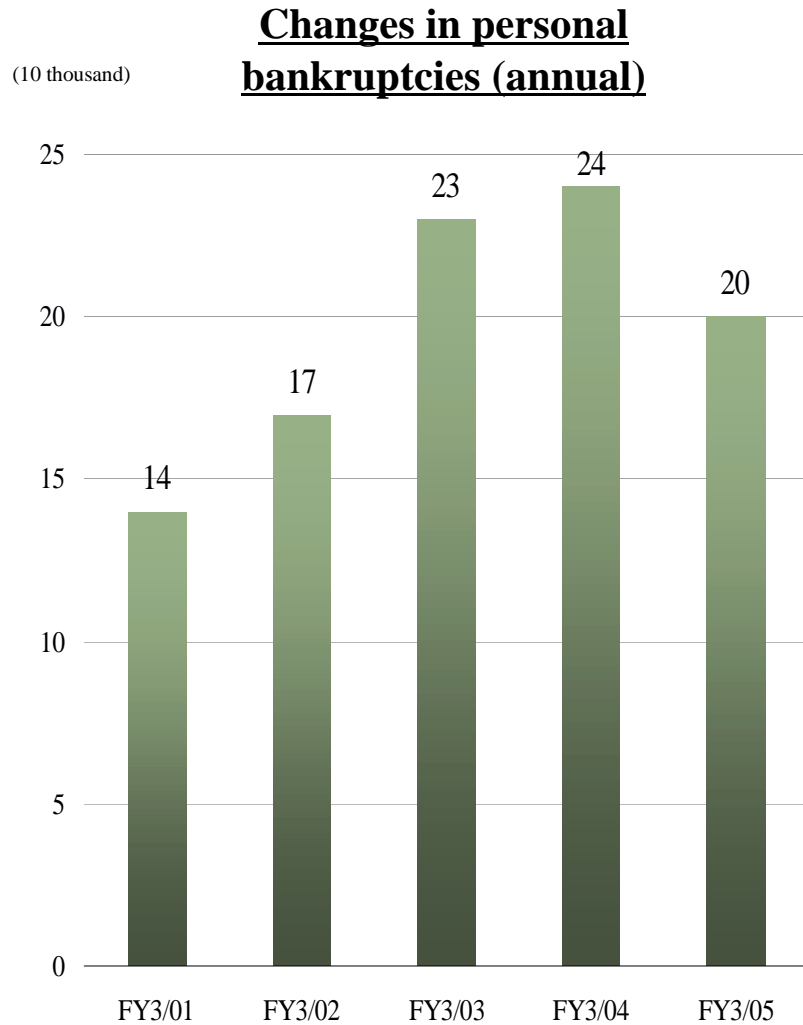
- **Case study of another company : Rakuten Credit**

After the acquisition of Rakuten, the group strengthened its ability to attract customers, which generated an increase in the outstanding loan balance by 66% and a rapid jump in customers in their 20s.

(According to materials provided by Rakuten)

Circumstances Surrounding the Industry

Personal bankruptcies are declining as macroeconomic conditions improve



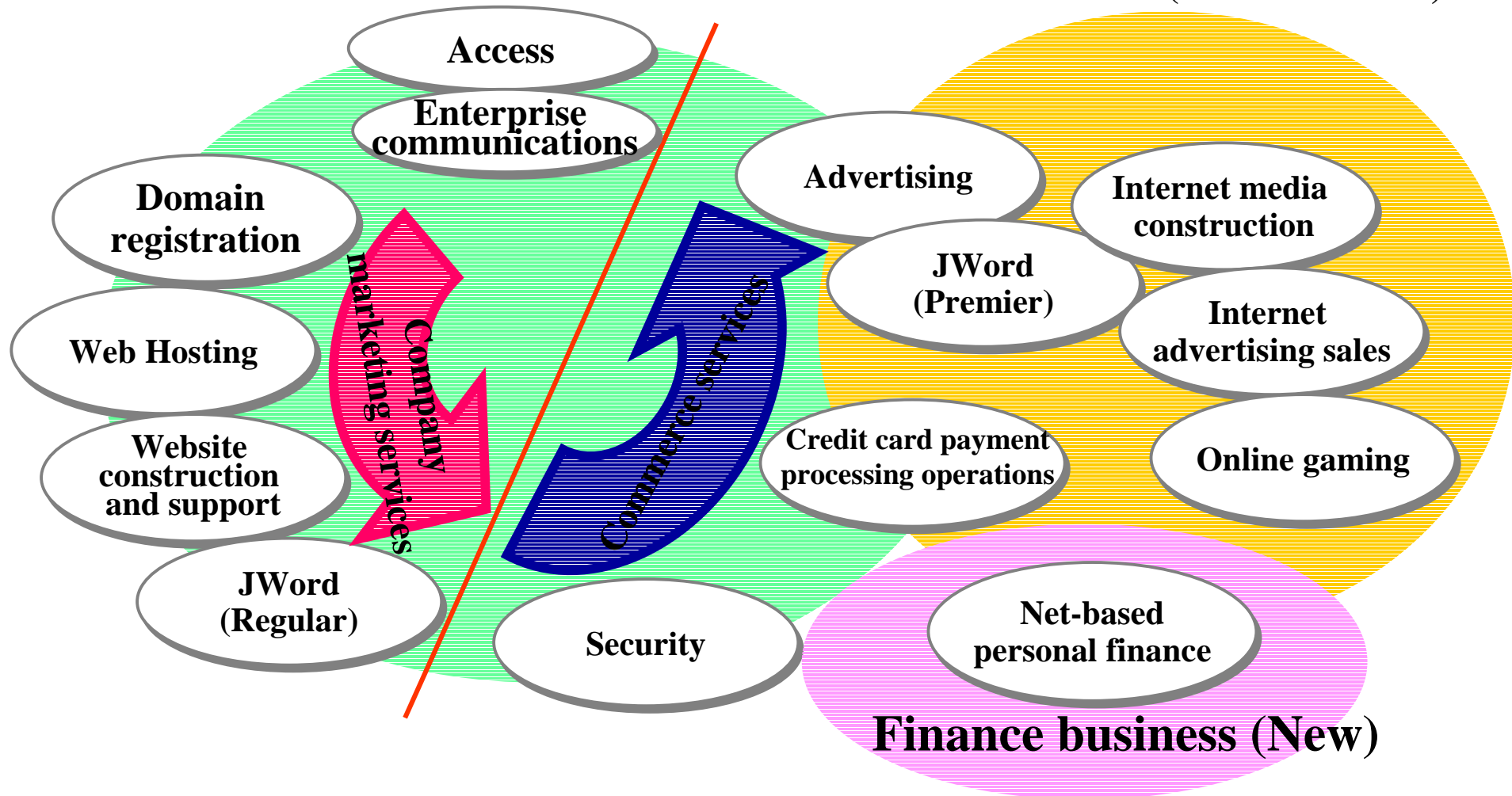
【Part 3】

Business Conditions by Segment

Business Segment Correlation Chart (Product cycle)

**Internet Use Support Business
(Internet Infrastructure Business)**

**Internet Advertising Support
Business (Media Business)**



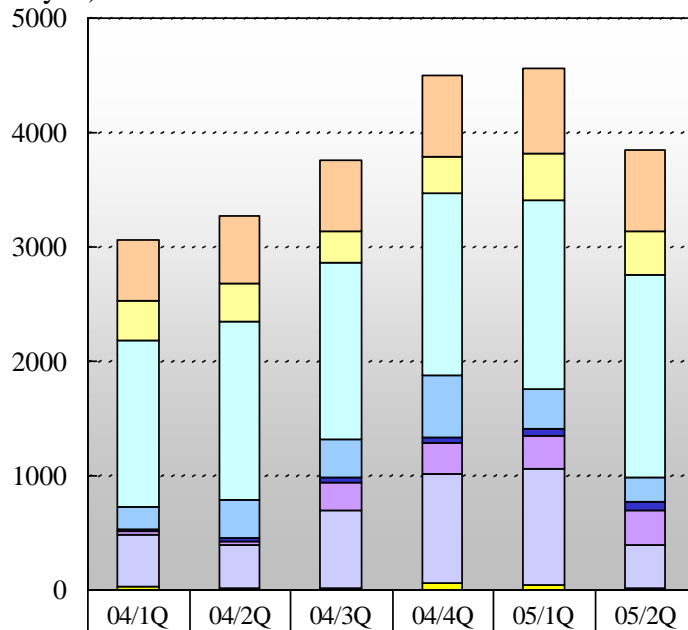
Business Conditions by Segment - Sales Summary (Million yen)

Businesses	2004/2Q	2004/3Q	2004/4Q	2005/1Q	2005/2Q
Internet Use Support Business (Internet Infrastructure Business)					
Access	600	615	713	751	716
Domain registration	326	273	312	399	380
Web hosting	1,556	1,552	1,590	1,649	1,763
Website construction and support	337	329	545	360	221
Security	26	38	41	57	68
Credit card payment processing	35	254	279	288	303
Enterprise communications	379	672	956	1,020	377
JWord	254	259	355	-	-
Others	16	18	60	39	20
Total segment sales	3,532	4,013	4,856	4,566	3,851
Internet Advertising Support Business (Media Business)					
Internet media construction	819	787	916	630	447
Internet advertising sales	992	1,898	2,003	1,944	1,587
JWord	-	-	121	698	834
Online gaming	-	1	82	180	210
Others	17	26	36	34	19
Subtraction of intra-segment sales	(392)	(411)	(370)	(336)	(237)
Total segment sales	1,437	2,301	2,789	3,151	2,861
Deduction of dealings between segments	-42	-118	-109	-60	-66
Consolidated sales	4,927	6,197	7,536	7,657	6,646

Internet Use Support Business (Internet Infrastructure Business)

Summary of Q2 results

(Million yen)



Access	522	600	615	713	751	716
Domain registration	358	326	273	312	399	380
Web hosting	1,450	1,556	1,552	1,590	1,649	1,763
Website construction and support	189	337	329	545	360	221
Security	17	26	38	41	57	68
Credit card payment processing	34	35	254	279	288	303
Enterprise communications	462	379	672	956	1,020	377
Other	23	16	18	60	39	20

■ Access operations

- Slight decline from Q1, but stronger marketing

■ Domain Registration

- Buoyant for both corporate and individual customers, despite seasonal changes. Market share is 45%.

■ Web Hosting operations

- Firm growth as the number of members increased 218 million.

■ Website construction and support business

- Sales declined, reflecting shift to mediation of production companies to improve profitability.

■ Security operations

- Sales remains firm.

■ Credit card payment processing operations

- Sharp increase in operating stores, and upward revision of earnings forecast

■ Enterprise communications business

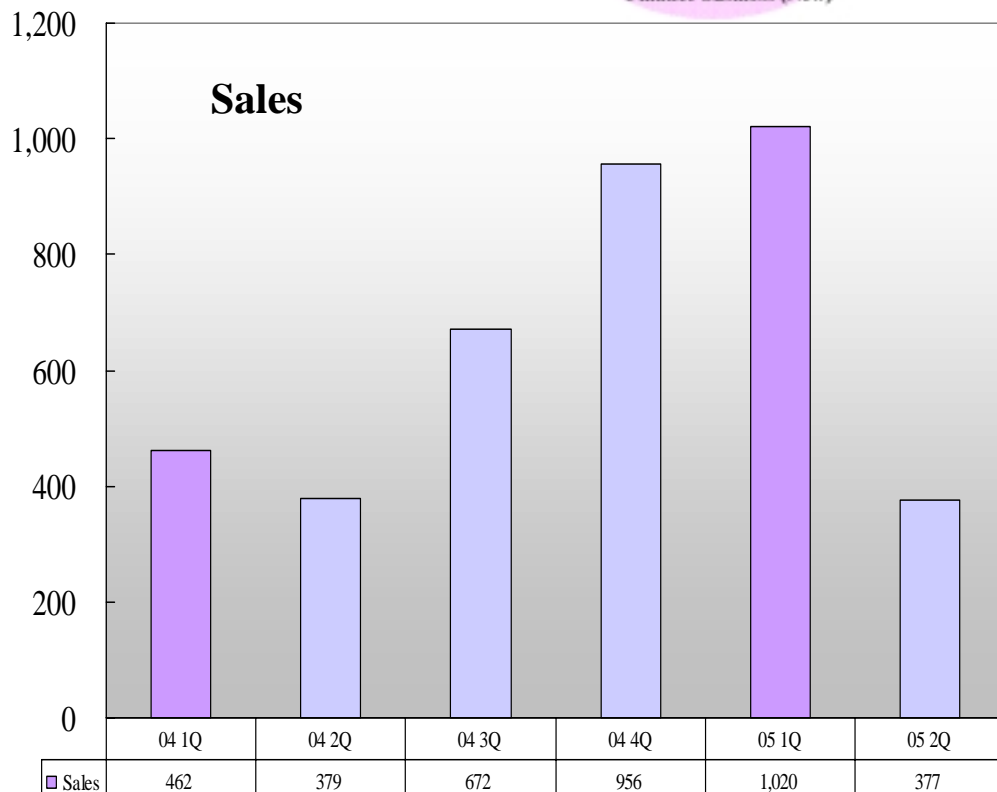
- Temporary shrinkage, while closely monitoring movements in the industry

Internet Use Support Business (Internet Infrastructure Business)

Issues for Q2—(1) Shrinkage of enterprise communications business



(Million yen)



■ Sales in Q2 (relative to Q1)

- 377 million yen (down 63%)

■ Factor for the decline

- Dramatic change in sales environment of “Otoku Line” of Japan Telecom

■ Future responses

- Shift of sales personnel and equipment to JWord operation (Media Business)
- Expenses such as sales equipment costs were posted for the interim period ahead of schedule to decrease running costs in the future

Internet Use Support Business (Internet Infrastructure Business)

Issues for Q2 – (2) MakeShop has joined the Group



MakeShop

Net shop support services with a market share of 53% and a track record of introducing 60,000 sites in Korea.

(Operates in Japan as a joint venture between the Company and Korea Center)

Provides higher added value to customers in the Internet Infrastructure Business of the Group



The four major characteristics of MakeShop, which offers services to help build your Net shop

SPEEDY
スピーディー



オンライン申し込み、即サービスイン！
使いやすいショップマネージャーと
テンプレートで速攻ショップ構築

ALL IN ONE
オールインワン



レンタルサーバー無料
メール提供無料(3つまで)
クレジットカード・コンビニ決済OK

EASY
イージー



商品陳列、ネットショップ構成、
デザイン等を選択するだけで
ネットショップ簡単作成

POWERFUL
パワフル



プレゼント企画・アフィリエイトなど
あらゆるプロモーション、販促企画が
簡単操作で独自にできる！！

Internet Use Support Business (Internet Infrastructure Business)

Issues for Q2—(1) Robust performance of GMO Payment Gateway, Inc.



This place

Results for Q3
(October 2004 – June 2005)

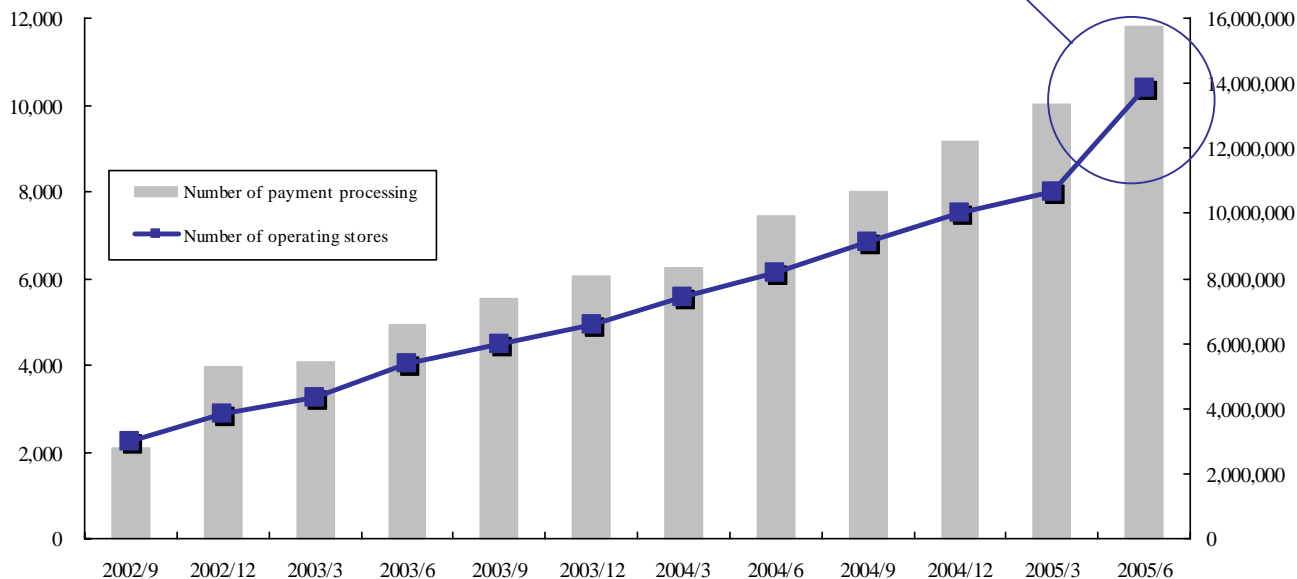
- Sales 859 million yen,
Ordinary profit 188 million yen,
Net loss 29 million yen
(consolidated) *
- Upward revision of earnings
forecast for the year ending
September 2005

* Effect of approx. 270 million yen
amortization of goodwill associated with
business integration in November 2004.



- Sharp increase in member stores driven by the alliance effect
The number of operating member stores at the end of June: 10,408
(up 52% from a year earlier)

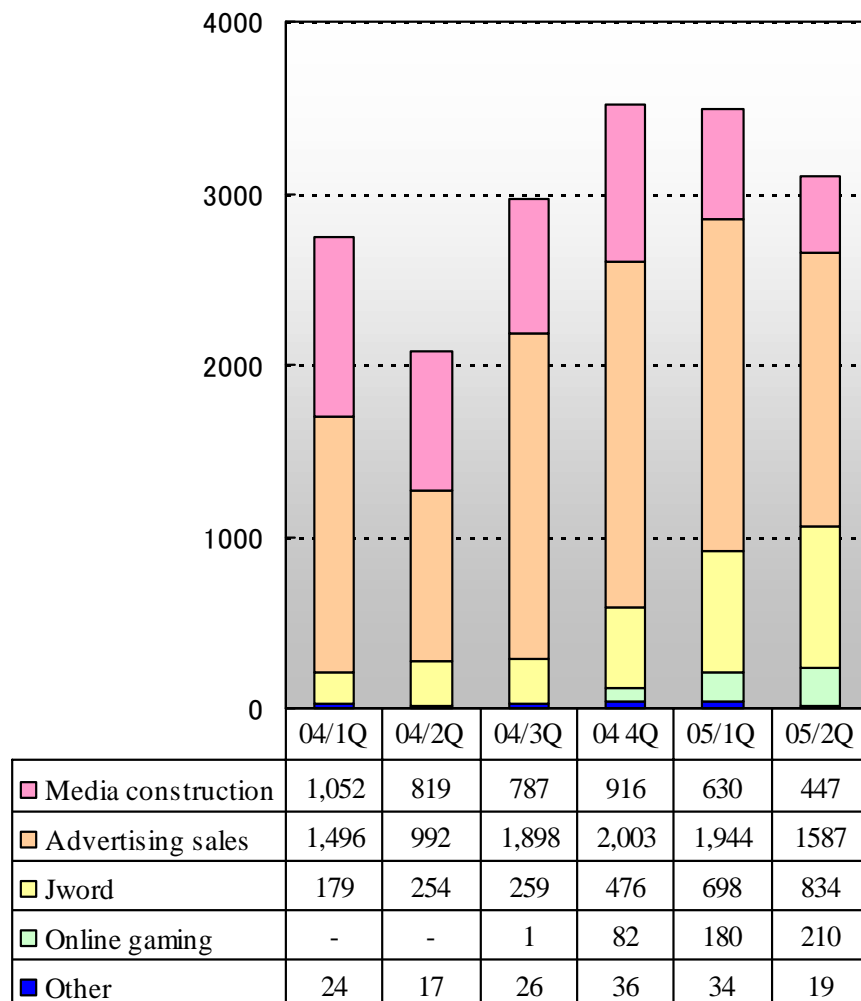
Number of operating stores
Number of increase in
operating stores



Note: The payment processing amount and number are cumulative figures for four quarters,
and the number of operating stores is the figure at the end of the quarter.

Internet Advertising Support Business (Media Business)

Summary of Q2 results



- **Internet media construction business**

Mail media is maintaining its current conditions, and there is a shift to work on RSS advertising

- **Internet advertising sales business**

Strives to make a strategic shift to JWord, while maintaining mail advertising sales.

- **JWord business**

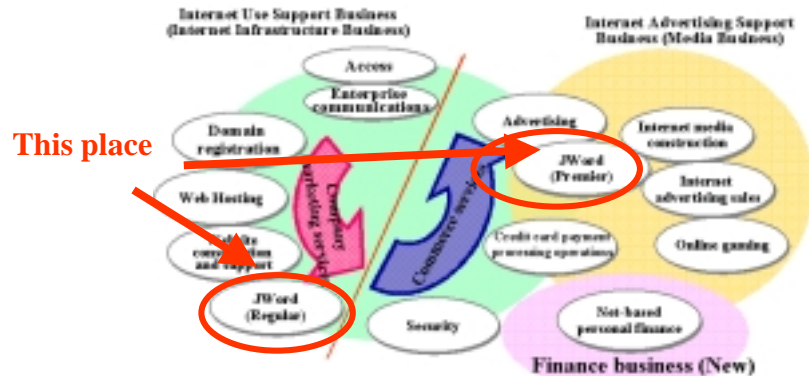
Aims to bolster the productivity of the sales force, although the business is growing on a stand-alone basis.

- **Online gaming business**

Firm growth, reflecting the use of events

Internet Advertising Support Business (Media Business)

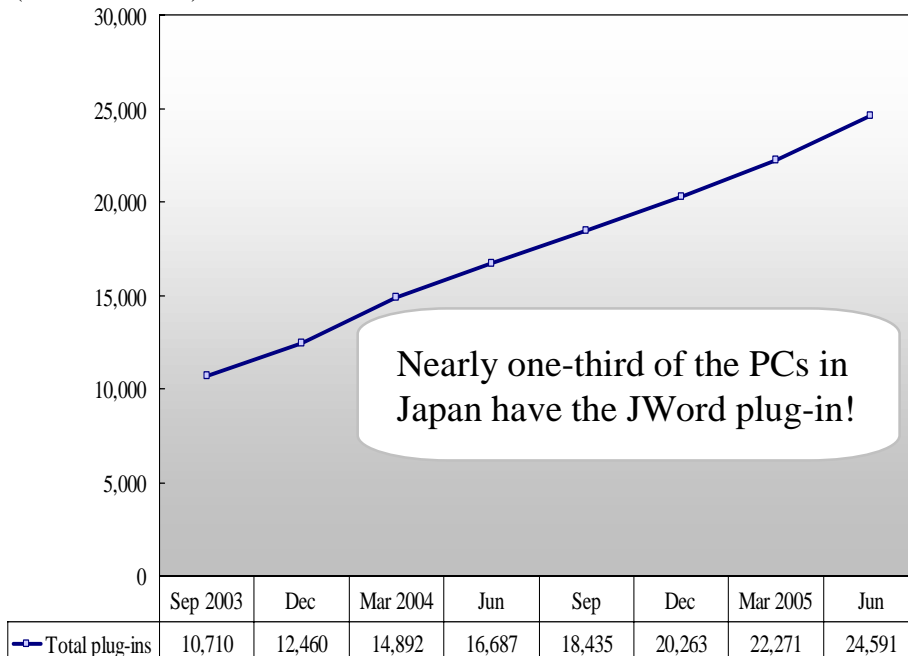
Issues for Q2—(1) JWord business conditions “Media changes”



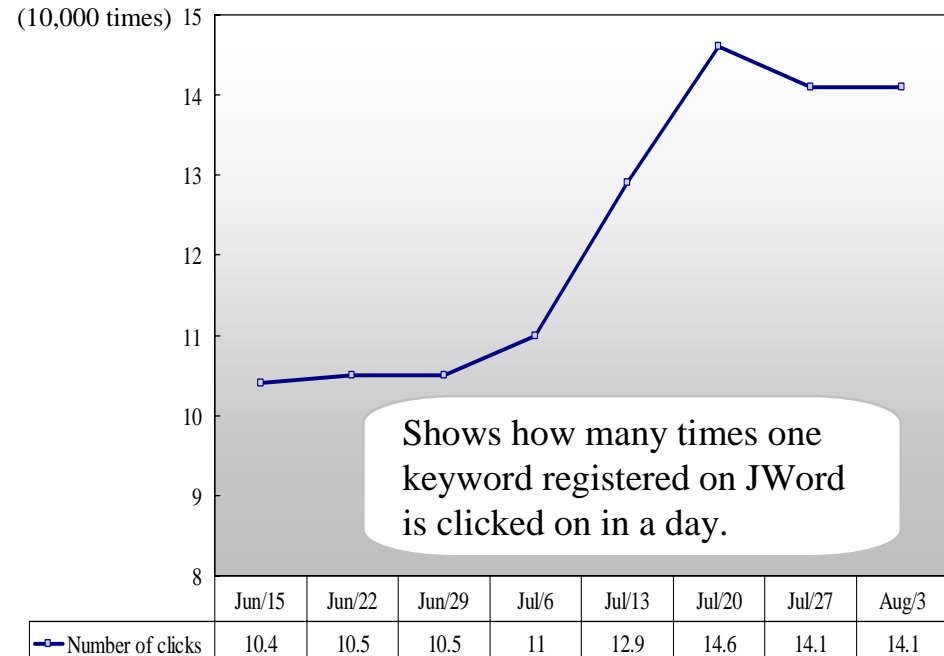
Cumulative total number of JWord plug-in copies installed as of June 30, 2005:

24.591 million

(Thousand cases) <Jword Plug-ins – Cumulative total >



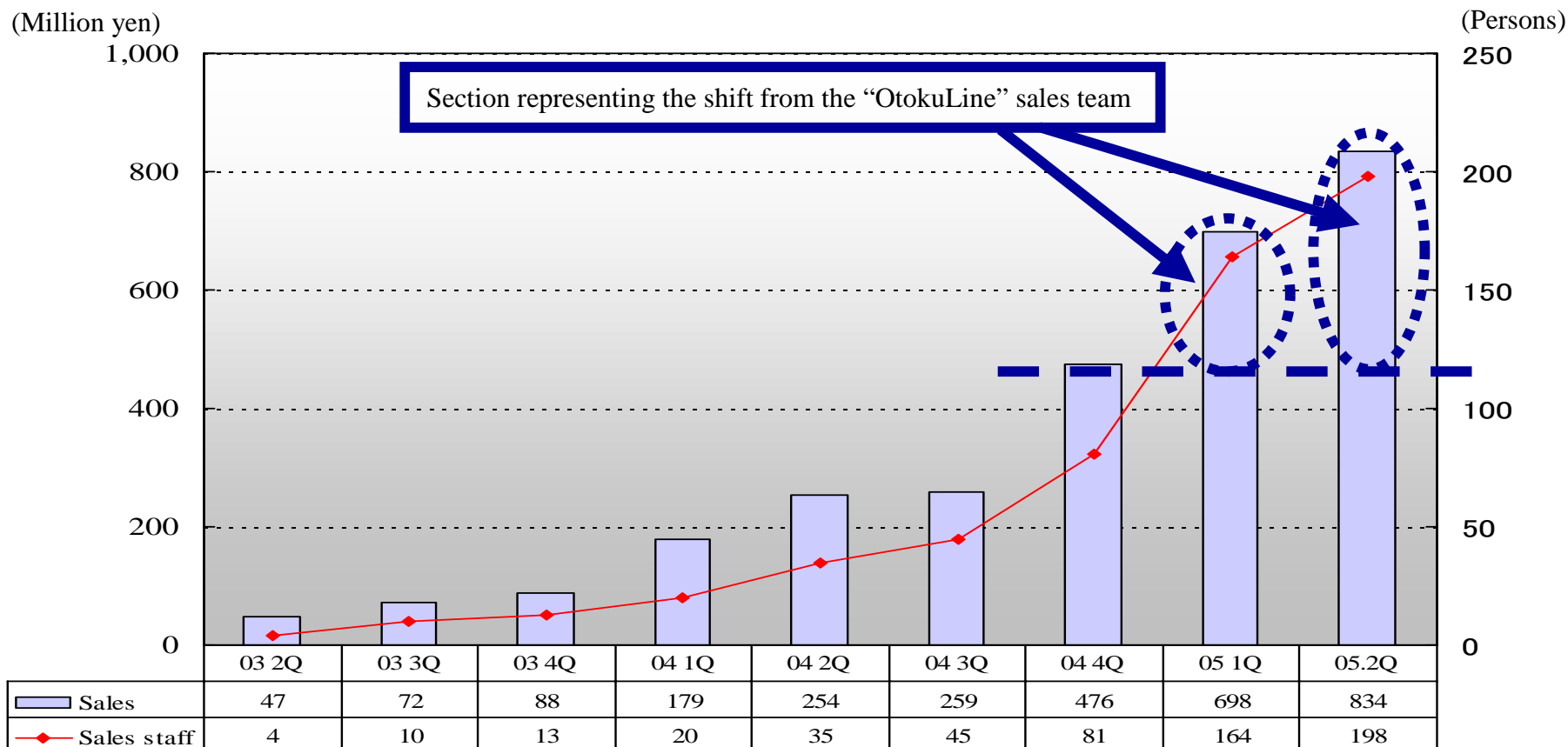
<Changes in Yahoo search hits (One word per day) >



Internet Advertising Support Business (Media Business)

Issues for Q2 – (1) JWord business conditions “Sales staff conditions”

<Trends in quarterly JWord sales and sales staff within the GMO Group>



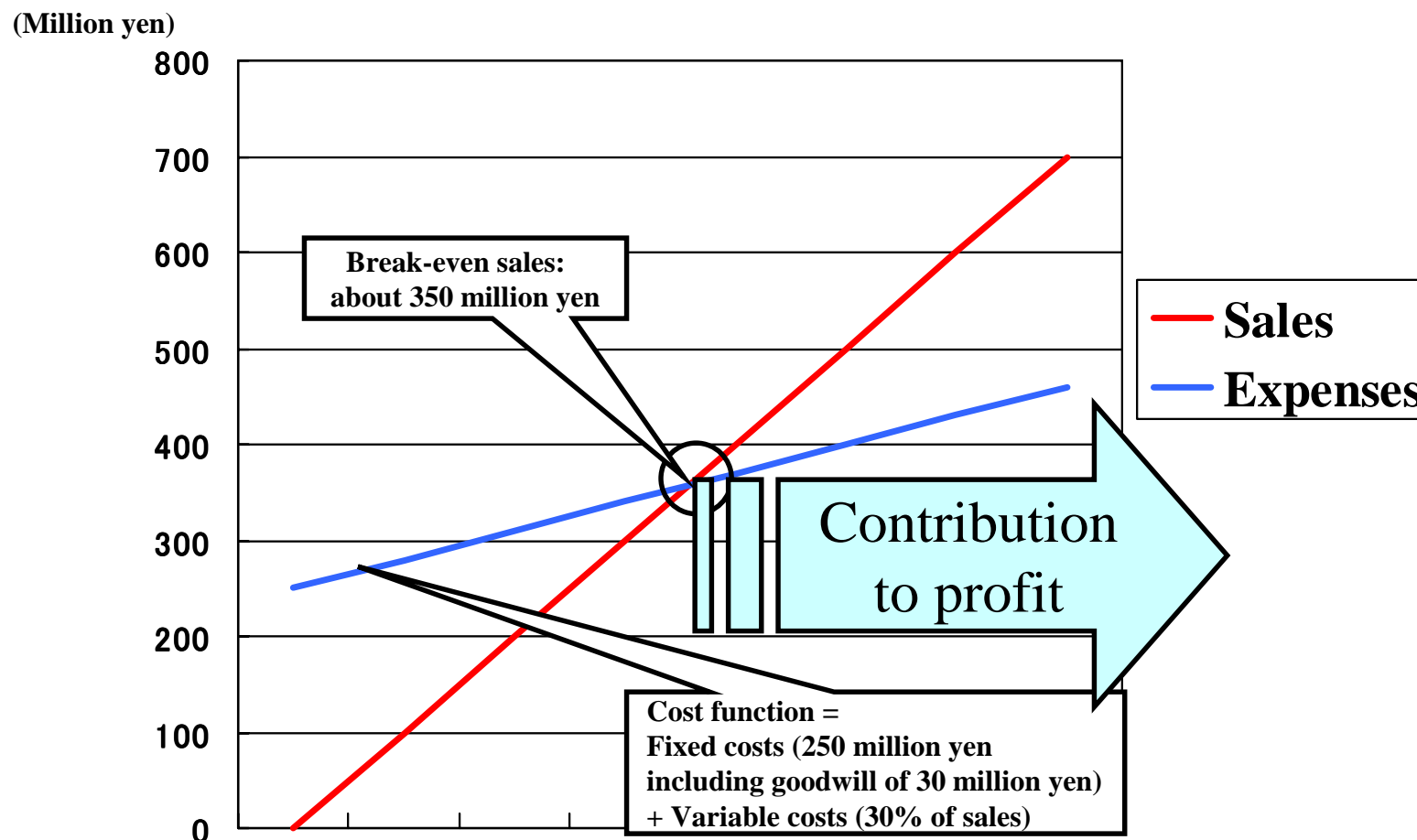
* From Q1 2005, the number of sales staff represents the average number of sales staff working per working day.

Internet Advertising Support Business (Media Business)

Issues for Q2 – (1) JWord business conditions

“Income structure (monthly)”

Monthly sales of approximately 350 million yen is a break-even point, including amortization of goodwill

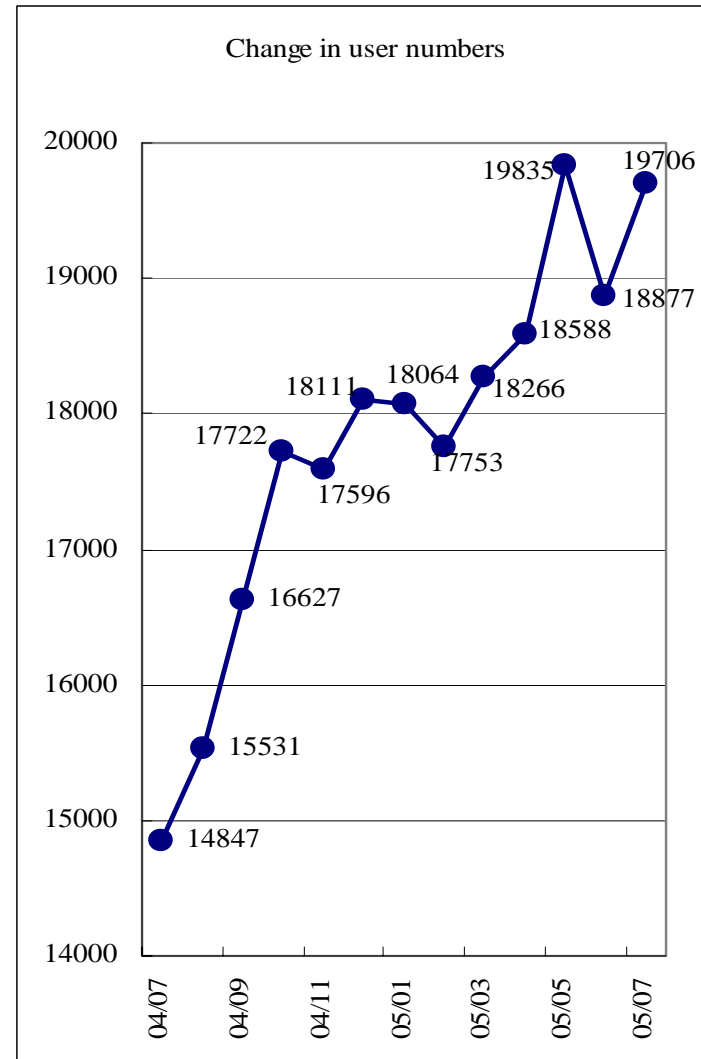


Internet Advertising Support Business (Media Business)

Issues for Q2—(2) Boost in media power continues (Part 1)



- **19 million-plus users.**
- **Factors behind the increase in users are:**
 - 1. Increase in the number of Blog service users such as yaplog!**
 - 2. Increase in traffic from RSS readers like mypop.**



(Source: Nielsen//Netratings "NetView AMS JP")

Internet Advertising Support Business (Media Business)

Issues for Q2—(2) Boost in media power continues (Part 2)

Changes in user rankings

End of July 2004

Ranking by number of users	Number of users (1,000 people)	Reach (%)	Rank in PV
1.Yahoo !	28,899	83.24	1
2.Rakuten	20,817	59.96	2
3.MSN	18,788	54.12	3
4.Nifty	17,067	49.16	4
5.Microsoft	14,981	43.15	27
6.GMO	14,847	42.77	5
7.NEC	14,569	41.97	7
8.Sony	12,344	35.56	9
9. NTT.Com	12,102	34.86	12
10.KDDO	10,002	28.81	18

End of July 2005

Ranking by number of users	Number of users (1,000 people)	Reach (%)	Rank in PV
1.Yahoo !	32,574	85.29	1
2.Rakuten	22,978	60.17	2
3.GMO	19,706	51.6	4
4.Nifty	19,524	51.12	3
5.Nifty	19,381	50.75	6
6.NEC	16,928	44.33	9
7. NTT.Com	14,926	39.08	17
8. Microsoft	14,922	39.07	33
9.NTT-Resonant	13,457	35.24	7
10.Sony			20

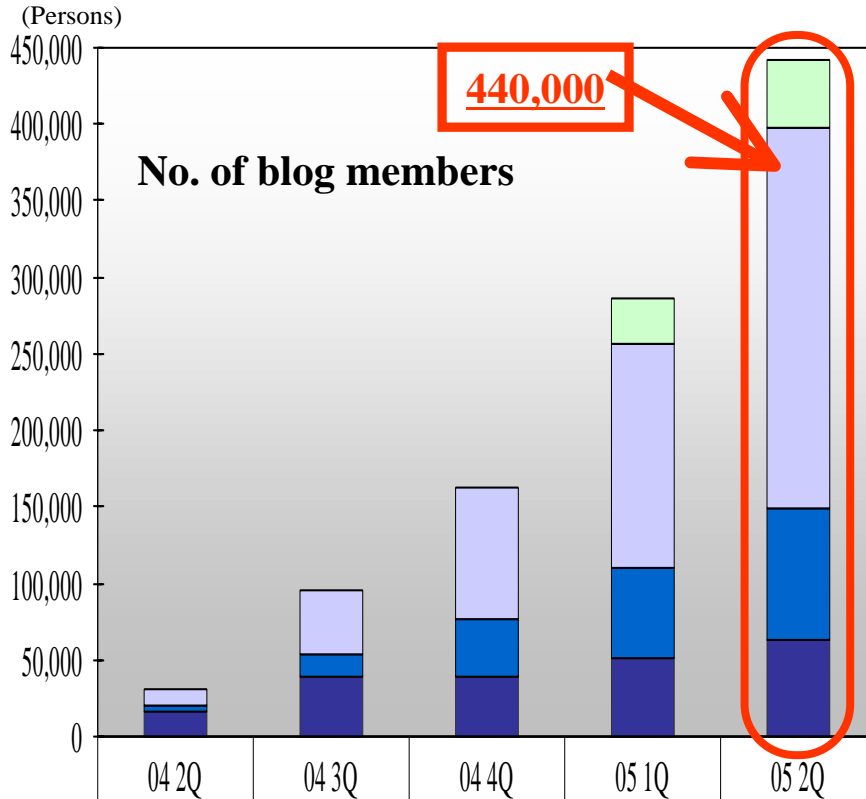
- Ranking moved up to 3rd place, from 6th place!
- The number of users increased 1.3 times, to approximately 19.7 million!

(Source: Nielsen//Netratings “NetView AMS JP”)

Internet Advertising Support Business (Media Business)

Issues for Q2 – (2) Boost in media power continues (Part 3)

Thanks to the commencement of Lolipoblog, media power and the number of members continued to expand



■ Move into the community business

Increased opportunities to reach individual customers

- 1) Expansion of traffic
- 2) Increase in individual customers
- 3) Sales coming from advertisement and content income

■ Blog services

Total number of members: 441,000

■ Future Issues

- Establishment of a business model for advertising income through the alliance with GMO Affiliate, Inc.
- > Example: FeedMe

Reference

Members of diary site “Yapeus”: approximately 195,000

Members of Tea Cup billboard: approximately 2 million

	04 2Q	04 3Q	04 4Q	05 1Q	05 2Q
■ Lolipoblog	-	-	-	30,163	43,752
■ Yaplog	10,084	42,013	86,636	146,486	248,633
■ Auto Page	4,605	14,804	37,040	58,507	85,776
■ JUGEM	16,213	38,852	39,106	51,465	63,325

Internet Advertising Support Business (Media Business)

Issues for Q2—(2) Boost in media power continues (Supplement)

Keywords for the future: “Blog” “RSS”

Blog (comes from “WebLog”)

Sites that post diary-style articles.

Systems are currently being developed to enable the simple construction or upgrading of blog-format sites.

Blog sites run by the GMO Internet Group include yaplog!, JUGEM, and AutoPage, etc.

More recent blog systems allow articles to be created with RSS generated at the same time.

RSS (Rich Site Summary)

Files that summarize website content by its various elements under headings such as “date,” “topic,” “text,” and “category.” A standard file format is used, so content can be presented in a different way through a reconfiguration of these elements.

RSS readers make use of these tools enabling users to find out pretty much in real-time when blogs being monitored by these RSS readers are updated.



Internet Advertising Support Business (Media Business)

Issues for Q2 – (3) Start of Feedme

FeedMe

= Affiliate advertising with a higher matching rate

Click rate per page view is 0.3%.

Due to be expanded to other blog sites besides yaplog!
in the future.

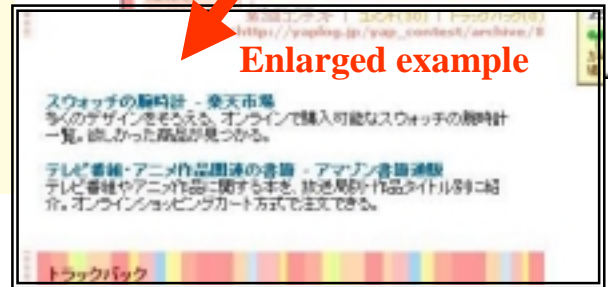


This place

Each blog is picked up by the RSS and databased
(Article topics on each blog site are stored.)
→ Enables distribution of advertising tailored to
article topics.



Current media: yaplog!



Enlarged example

Internet for Everyone

