

**Summary of Consolidated Financial Statement for the First Quarter
of the Term Ending December 2006**



May 15, 2006

Name of Listed Company: **GMO Internet, Inc.**

Exchange: First Section of Tokyo Stock

Exchange

Code: 9449

Head Office Address: Tokyo

(URL: <http://www.gmo.jp>)

Representative: Position: President & Representative director Name: Masatoshi Kumagai

Contact: Position: Managing Director

Name: Masashi Yasuda Telephone: 81-3-5456-2555

1. Matters concerning the preparation of quarterly financial information

(1) Adoption of simple methods for accounting treatment: No

(2) Change in accounting treatment methods after the previous accounting term: No

(3) Change in the scope of application of consolidation and equity method: Yes

Number of newly consolidated companies: 4, Number of companies excluded from consolidation: 3, Number of companies newly subject to the equity method: 0, Number of companies excluded from application of the equity method: 0

2. Outline of financial conditions and results for the first quarter of the term ending December 2006 (from January 1, 2006 to March 31, 2006)

(1) Consolidated results

(Amounts rounded down to the nearest one million yen)

	Sales		Operating profit		Ordinary profit		Current net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter of 2006	11,713	(53.0)	980	(7.3)	1,008	(7.7)	33	(-92.7)
First quarter of 2005	7,657	(56.2)	914	(46.3)	936	(48.9)	456	(-50.3)
(Reference) December 31, 2005	37,219		4,352		4,103		3,258	

	Current profit per share		Current net profit per share diluted	
	Yen	Sen	Yen	Sen
First quarter of 2006	0	54	0	54
First quarter of 2005	7	46	7	40
(Reference) December 31, 2005	52	68	52	39

(Note) Percentages shown for sales, operating profit, etc. indicate the rate of increase or decrease compared with the previous year

(2) Change in financial conditions (consolidated basis)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share	
	Million yen	Million yen	%	Yen	Sen
First quarter of 2006	90,583	17,387	19.2	280	60
First quarter of 2005	28,722	13,547	47.2	221	59
(Reference) December 31, 2005	88,057	16,282	18.5	262	51

(3) Consolidated cash flow

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financial activities	Closing balance of cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
First quarter of 2006	-1,154	-892	987	22,715
First quarter of 2005	-1,345	-1,536	2,309	10,740
(Reference) December 31, 2005	-158	-22,733	34,748	23,202

3. Projections of consolidated business results the term ending December 2006 (from January 1, 2006 to December 31, 2006)

	Sales	Operating profit	Ordinary profit	Current net profit
	Million yen	Million yen	Million yen	Million yen
Interim	24,000	2,000	2,000	500
Full year	51,000	6,500	6,350	2,200

(Reference) Anticipation for current net profit per share (Full year): 35.46 yen

(Note) Since the business environment surrounding the Group is subject to significant change in a short period of time the results that will actually be released may differ from the projections.

Status of the Corporate Group

The GMO Internet Group consists of GMO Internet, Inc. (“the Company”) and its 26 subsidiaries. Under the corporate slogan, “Internet for Everyone,” we have been providing Internet use support (Internet Infrastructure Business), Internet advertising support (Media Business) and Internet Finance Business. The businesses of the Group and the positioning of those businesses are as follows, and the business classification is the same as the business classification used in the segment information by business type.

Business classification	Major operations		Major company
Internet Use Support Business (Internet Infrastructure Business)	Domain acquisition	Domain acquisition service Service offering the "internetnumber"	Company INTERNET NUMBER CORPORATION Paperboy&co.
	Web Hosting operations	Rental server service (hosting service)	Company GMO HOSTING & SECURITY, INC. Paperboy&co. WEBKEEPERS, INC. @YMC CORPORATION Mighty Server, Inc.
	Website construction and support	Website construction, operations support service, systems consulting service	Company Grandsphere Co., Ltd. GMO blog, Inc.
	Security operations	Information security and personal, corporate and organization authentication systems for the Internet	GeoTrust Japan, inc.
	Settlement operations	Credit card billing service	GMO Payment Gateway, Inc. Epsilon, Inc.
	Access operations	Internet access service	Company
	Enterprise communications	Enterprise communications-related services	Company
	Other business	Organization aimed at information gathering, research and promotion of advanced Internet technologies Online shop construction ASP	GMO Research Institute Inc. MAKESHOP Co., Ltd.
Internet Advertising Support Business (Media Business)	Internet media construction	Development and operation of Internet advertising media including mailing lists, Opt-in Mail services, wall-paper, bulletin boards, etc.	Tea Cup Communication, Ltd. GMO Media Inc. GMO Affiliate, Inc. (Current GMO Ad Networks, Inc.)
	Internet advertising sales	Sale of advertisements with the Internet advertisement media/recruitment advertisement, etc. as the main commercial media	Magclick Inc. GMO San Planning INC.
	JWord operations	JWord (keywords in Japanese) service	Company Mag Click Co., Ltd. JWord Inc.
	Online gaming	Planning and management of online games	Net Clue, Inc. (S. Korea) Netclue Japan Co., Ltd. (Current GMO Games, Inc.) GMO-interTAINMENT, Inc. (Current GMO Games, Inc.)
	Other business	Provision of Internet research systems and the management and operation of research monitors	GMO Research, Inc.
Internet Finance Business	Personal finance operations	Personal finance operations	Orient Credit Co., Ltd.
	Internet securities operations	Internet securities services	GMO internet securities, Inc.

List of Consolidated Subsidiaries

Company Name	Percentage of voting rights or equity share held	Category	Business Details
GMO Research Institute Inc.	100.0%	Consolidated subsidiary	Organization aimed at information gathering, research and promotion of advanced Internet technologies
Net Clue Japan, Inc. (Current GMO Games, Inc.) (*1)	100.0%	Consolidated subsidiary	Planning and management of online games
GMO blog, Inc.	100.0%	Consolidated subsidiary	Management and operation of blog systems
Payment-One, Inc. (*2)	100.0%	Consolidated subsidiary	Operation and provision of online credit network for credit cards
GMO internet securities, Inc. (*3)	100.0%	Consolidated subsidiary	Internet securities services
GMO-interTAINMENT, Inc. (Current GMO Games, Inc.) (*1)	100.0%	Consolidated subsidiary	Planning and management of online games
Orient Credit Co., Ltd.	98.3%	Consolidated subsidiary	Personal finance operations
Grandsphere Co., Ltd.	92.5%	Consolidated subsidiary	System consulting business
GMO Media Inc.	81.6%	Consolidated subsidiary	Service to provide, develop and operate "wallpaper," an information and ads distribution system for desktops and diverse mail media
GMO Research, Inc.	81.0%	Consolidated subsidiary	Research business
INTERNET NUMBER CORPORATION	69.6%	Consolidated subsidiary	Service offering the "internetnumber"
GMO HOSTING & SECURITY, INC.	63.8%	Consolidated subsidiary	Web hosting business
JWord Inc.	62.7%	Consolidated subsidiary	JWord (keywords in Japanese) service
MAKESHOP Co., Ltd. (*3)	58.7%	Consolidated subsidiary	Online shop construction ASP
GMO Payment Gateway, Inc.	52.7%	Consolidated subsidiary	Operation and provision of online credit network for credit cards
GMO Affiliate, Inc. (Current GMO Ad Networks, Inc.) (*4)	51.0%	Consolidated subsidiary	Affiliate services
Tea Cup Communication, Ltd.	51.0%	Consolidated subsidiary	Internet community service
Paperboy & Co.	50.2%	Consolidated subsidiary	Web hosting business for individual users
Mag Click Co., Ltd.	43.1%	Consolidated subsidiary	Internet advertising business
Net Clue, Inc. (S. Korea)	100.0% (100.0%)	Consolidated subsidiary	Planning and management of online games
@YMC CORPORATION	100% (100.0%)	Consolidated subsidiary	Web hosting business
Epsilon, Inc. (*3)	100% (100.0%)	Consolidated subsidiary	Credit card payment processing
Mighty Server, Inc. (*3)	100% (100.0%)	Consolidated subsidiary	Web hosting business
GeoTrust Japan, inc.	97.1% (97.1%)	Consolidated subsidiary	Information security and personal, corporate and organization authentication systems for the Internet

WEBKEEPERS,INC. (United States)	70.0% (70.0%)	Consolidated subsidiary	Web hosting business
GMO San Planning INC.	67.0% (67.0%)	Consolidated subsidiary	Advertisement agency business

(*)

1. Netclue Japan Co., Ltd. and GMO-interTAINMENT, Inc. merged as of April 1, 2006 with Netclue Japan Co., Ltd. as the surviving company. At the same time, the company name has been changed to GMO Games, Inc.
2. Payment-One, Inc. is an inactive company following management integration through the transfer of business to GMO Payment Gateway, Inc.
3. GMO internet securities, Inc., MAKESHOP Co., Ltd., Epsilon, Inc., and Mighty Server, Inc. have become our consolidated subsidiaries from the current fiscal year, as they are rising in importance.
4. GMO Affiliate, Inc. merged with GMO Ad Networks, Inc. on April 1, 2006 with GMO Affiliate, Inc. the surviving company. At the same time, the company name has been changed to GMO Ad Networks, Inc.
5. The Company merged with three consolidated subsidiaries, namely GMO Communications Co., Ltd., TELECOM ONLINE Inc., and Solis Corporation, as of January 1, 2006 by absorption with the Company as the surviving company.
6. The figures in parentheses denote the percentage of indirect ownership.

Business Results

1. Qualitative information, etc. on progress in business results

We report here the business results for the first quarter of the term ending December 2005 (from January 1, 2006 to March 31, 2006)

<General business conditions>

During the quarter under review, the Japanese economy experienced a moderate recovery. Capital investment increased, driven by improved corporate earnings, while consumer spending remained firm. In the Internet market, which is the arena in which the Group operates, the number of users of broadband services reached 30,790,000 in Japan at the end of December 2005. The Internet environment is now firmly established, and Internet use continues to grow (*).

In this environment, the Internet Use Support Business (Internet Infrastructure business) saw rising needs for the Internet use support services, particularly in small and medium-sized companies, and steadily enhanced its customer base. To integrate management resources, the Company also absorbed GMO Communications Co., Ltd., TELECOM ONLINE Inc., and Solis Corporation as of January 1, 2006, with the Company as the surviving company.

In the Internet Advertising Support Business (Media Business), the monthly number of users amounted to 21,570,000 million in March 2006, according to research by Nielsen NetRatings, which ranks third in Japan. Also, the number of plug-in users of the Japanese keyword search services provided by JWord Inc. exceeded 30 million.

In the Internet Finance Business, we entered into capital and business alliances with eBank Corporation to strengthen our customer base. However, in light of the information statement released by the Japanese Institute of Certified Public Accountants on March 15, 2006 entitled “Cautionary Notes on Audits in Consumer Credit Companies,” we posted an Allowance for a Loss on Interest Reimbursement from this period, which had an impact on the results for the quarter under review.

As a result, during this quarter’s consolidated accounting period, the Group recorded sales of 11,713,025,000 yen (up 53.0% year-on-year), operating profit of 980,762,000 yen (7.3% increase year-on-year), ordinary profit of 1,008,597,000 yen (7.7% increase year-on-year), and current profit of 33,342,000 yen (92.7% decrease year-on-year).

<Segment Information>

• Internet Use Support Business (Internet Infrastructure business)

The Internet Use Support Business (Internet Infrastructure business) recorded sales of 4,027,096,000 yen, down 11.8% from the previous year, and operating profit of 662,757,000 yen, down 18.6% from the previous year. In comparison with the first quarter of the previous year, although sales declined in the Enterprise Communications Business with a business downsizing, income expanded steadily in the Domain Acquisition Business, Web Hosting operations, and Credit Card Payment Processing operations.

• Internet Advertising Support Business (Media Business)

The Internet Advertising Support Business (Media Business) posted sales of 3,243,198,000 yen, an increase of 2.9% year on year, and operating profit of 205,113,000 yen (138.5% increase year-on-year). Income increased favorably in the JWord Business.

• Internet Finance Business

In the Internet Finance Business, in light of the “Cautionary Notes on Audits in Consumer Credit Companies” released by the Japanese Institute of Certified Public Accountants on March 15, 2006, our consolidated subsidiary Orient Credit Co., Ltd. has from this period established an Allowance for Loss on Interest Reimbursement. Partly because of this accounting treatment, the segment posted sales of 4,506,548,000 yen and operating profit of 74,546,000 yen.

* According to the “Changes in the Number of Subscribers for Broadband Service” released by the Ministry of Internal Affairs and Communications

2. Qualitative information, etc. on changes in financial situation

<Assets, liabilities and shareholders' equity>

Those items among assets, liabilities and shareholders' equity as of March 31, 2006 showing a significant change from the results of March 31, 2005 are as follows.

In current assets, "Operational loans" and "Accrued income" have increased 26,990,860,000 yen and 3,571,710,000 yen, respectively. Under fixed assets, "Account for consolidated adjustments" expanded 14,089,091,000 yen. The main factor for these items was the full consolidation of Orient Credit Co., Ltd. Meanwhile, in current liabilities, "Short-term debt," "Current portion of long-term debt," and "Long-term bonds payable" rose 25,543,502,000 yen, 10,207,632,000 yen, and 4,150,000,000 yen. These items also resulted from the full consolidation of Orient Credit Co., Ltd. as well as borrowings the Company made to redeem the entire 31 billion yen of convertible bonds with equity warrants.

<Cash Flow>

Cash and cash equivalents (hereinafter referred to as "funds") on a consolidated basis this quarter were down 1,057,263,000 yen on the end of the previous business year, to 22,715,199,000 yen. While cash provided by financing activities totaled 987,151,000 yen, mainly due to financing in the Personal Finance Business, cash used in operating activities and investing activities were 1,154,477yen and 892,339,000 yen respectively, partly because of the payment of income taxes and the acquisition of investment in securities.

The status of each item of cash flow and related factors are as follows.

"Cash flow from operating activities" decreased 1,154,477,000 yen (compared with an decrease of 1,345,624,000 yen for the same period in the previous year). This is because 690,902,000 yen in current net profit before adjustment of taxes was offset by the payment of taxes of 1,817,398,000 yen.

"Cash flow from investing activities" decreased 892,339,000 yen (compared with a decrease of 1,536,017,000 yen for the same period in the previous year). This is because the revenue accrued from the sale of investments in subsidiaries' securities of 354,200,000 was offset by the expenditure incurred on the acquisition of investment in securities of 1,500,000,000 and the expenditure incurred by the acquisition of intangible fixed assets of 410,199,000 yen.

"Cash flow from financing activities" increased 987,151,000 yen (compared with an increase of 2,309,395,000 yen for the same period in the previous year), thanks to short- and long-term borrowings of 42,546,000,000 yen as funds for the redemption of bonds and financing in the Personal Finance business, which offset outlays of 31,000,000,000 for the redemption of bonds and 10,311,498,000 yen for the repayment of long- and short-term debt.

3. Projections of consolidated business results for December 31, 2006

Our forecast consolidated results for the current fiscal year are as follows. (Since the business environment surrounding the Group is subject to significant change over short time frames, the results actually released may differ from the projections.)

- Forecast of consolidated results (from January 1, 2006 to December 31, 2006)

	FY 2006	Change from year-ago level	FY 2005
	Million yen	%	Million yen
Sales	51,000	37.0	37,219
Operating profit	6,500	49.3	4,352
Ordinary profit	6,350	54.8	4,103
Current net profit	2,200	-32.5	3,258

- Forecast of the non-consolidated results (from January 1, 2006 to December 31, 2006)

	FY 2006	Change from year-ago level	FY 2005
	Million yen	%	Million yen
Sales	12,200	23.0	9,921
Operating profit	1,100	5.2	1,045
Ordinary profit	1,200	-24.1	1,580
Current net profit	1,050	-37.8	1,687

(Reference)

Table: The quarterly change by segment

I. Sales

(Unit: million yen)

	2005 1Q	2005 2Q	2005 3Q	2005 4Q	2006 1Q
Internet Use Support Business (Internet Infrastructure Business)					
Access	751	716	696	655	633
Domain acquisition	399	380	367	396	457
Web hosting	1,649	1,763	1,795	1,819	1,872
Website construction and support	360	221	190	231	268
Security	57	68	70	67	108
Credit card payment processing	288	303	432	371	384
Enterprise communications	1,020	377	202	209	99
Others	39	20	55	76	202
Total segment sales	4,566	3,851	3,809	3,827	4,027
Internet Advertising Support Business (Media Business)					
Internet media construction	630	447	492	474	442
Internet advertising sales	1,944	1,587	1,581	1,946	1,837
JWord	698	834	783	712	834
Online gaming	180	210	199	184	192
Others	34	19	37	74	82
Total	3,488	3,099	3,094	3,393	3,389
Subtraction of intra-segment sales	(336)	(237)	(236)	(257)	(146)
Total segment sales	3,151	2,861	2,857	3,135	3,243
Internet Finance Business					
Personal finance operations	-	-	4,759	4,629	4,506
Total segment sales	-	-	4,759	4,629	4,506
Deduction of dealings between segments	(60)	(66)	(16)	(86)	(63)
Consolidated sales	7,657	6,646	11,409	11,506	11,713

II. Operating profit and loss

(Unit: million yen)

	2005 1Q	2005 2Q	2005 3Q	2005 4Q	2006 1Q
Internet Use Support Business (Internet Infrastructure Business)	814	608	658	470	662
Internet Advertising Support Business (Media Business)	85	-416	-38	139	205
Internet Finance Business	—	—	692	1,288	74
Subtotal	900	192	1,311	1,898	942
Deduction of dealings between segments	13	15	19	0	38
Consolidated operating profit and loss	914	208	1,331	1,898	980

Indicators for Personal Finance Division in Finance Business

(Unit: million yen)

Term Item	End of 2005 1Q (As of March 31, 2005)	End of 2006 1Q (As of March 31, 2006)	FY2005 (As of December 31, 2005)
Operational loans outstanding	80,947	80,290	80,310
Unsecured loans	80,571	77,253	77,892
Secured loans	376	3,036	2,417
Number of accounts	196,939	179,915	184,596
Unsecured loans	196,752	179,729	184,408
Secured loans	187	186	188
Bad debt expenses	1,742	1,799	6,247
Allowance for bad debt	- 6,700	- 6,310	- 6,280

- (Notes) 1. Operational loans/Number of accounts include the operational loans outstanding that were off balance sheet because of the liquidation of receivables (53,300 million yen at the end of the current quarter, 62,025 million yen at the end of the first quarter of the previous year, and 62,025 million yen at the end of the previous year).
2. Allowance for bad debt includes the outstanding balance of allowances for bad debt that was off balance sheet due to the liquidation of receivables (none at the end of the current quarter, 480 million yen at the end of the first quarter of the previous year, and none at the end of the previous year).
3. Bad debt expenses are the aggregation of bad debt losses (bad debt write-offs) and the provision for the allowance for bad debt.
4. Orient Credit Co., Ltd. was fully consolidated, as the Company acquired shares in Orient Credit Co., Ltd. in September 2005. It was not included in the scope of consolidation at the end of the first quarter in the previous year.

Changes in business results and financial conditions for each quarter (consolidated basis)

(Unit: million yen)

	2005 1Q	2005 2Q	2005 3Q	2005 4Q	2006 1Q
Operating revenue	7,657	6,646	11,409	11,506	11,713
Operating profit	914	208	1,331	1,898	980
Ordinary profit	936	217	1,163	1,784	1,008
Current net profit	456	210	434	2,158	33
Total assets	28,722	27,487	85,760	88,057	90,583
Shareholders' equity	13,547	13,627	14,076	16,282	17,387

Changes in business results and financial conditions for each quarter (by individual)

(Unit: million yen)

	2005 1Q	2005 2Q	2005 3Q	2005 4Q	2006 1Q
Operating revenue	2,627	2,508	2,419	2,365	2,969
Operating profit	321	186	302	236	274
Ordinary profit	702	237	306	334	494
Current net profit	752	161	176	598	587
Total assets	18,180	16,017	50,355	46,358	49,411
Shareholders' equity	11,655	11,713	11,954	12,574	14,359

Consolidated Financial Statements, etc.

(1) Consolidated Balance Sheet (Not audited)

(Unit: thousand yen)

Section	As of March 31, 2005 End of the consolidated accounting period of the previous fiscal year		As of March 31, 2006 End of the consolidated accounting period of this fiscal year		As of December 31, 2004 Consolidated Balance Sheet Summary in the previous fiscal year	
	Amount	Composition (%)	Amount	Composition (%)	Amount	Composition (%)
(Assets)						
I. Current Assets						
1. Cash and deposits	10,977,834		22,855,199		24,192,882	
2. Accounts receivable	3,501,433		3,500,167		2,965,738	
3. Inventory assets	35,831		39,052		31,605	
4. Deferred tax asset	248,623		1,481,636		1,544,780	
5. Operational loans	—		26,990,860		27,010,379	
6. Accrued income	—		3,571,710		3,578,822	
7. Other assets	1,175,256		1,837,738		1,771,743	
Allowance for doubtful debts	— 370,022		— 6,620,915		— 6,589,597	
Total Current Assets	15,568,956	54.2	53,655,449	59.2	54,506,355	61.9
II. Fixed assets						
1. Tangible fixed assets						
(1) Buildings and structures	415,375		268,317		255,231	
(2) Tools and equipment	250,282		548,826		532,809	
(3) Land	382,095		—		9,800	
(4) Other tangible fixed assets	43,992		28,483		30,766	
Total Tangible Fixed Assets	1,091,746	3.8	845,627	1.0	828,607	0.9
2. Intangible fixed assets						
(1) Goodwill	502,292		389,042		409,072	
(2) Software	560,833		2,215,295		2,053,300	
(3) Account for consolidated adjustments	2,543,925		16,633,016		16,792,246	
(4) Other intangible fixed assets	377,045		531,974		459,380	
Total of intangible fixed assets	3,984,096	13.9	19,769,329	21.8	19,713,999	22.4
3. Investments and other assets						
(1) Investments in securities	5,773,121		9,632,606		6,676,076	
(2) Investment	618,884		458,177		455,211	
(3) Long-term loan	27,805		499,947		111,839	
(4) Deposit	977,196		776,140		1,041,181	
(5) Long-term money deposited	—		3,742,510		3,173,388	
(6) Deferred tax asset	431,894		406,457		678,309	
(7) Others	256,903		811,035		886,118	
Allowance for bad debt	— 8,482		— 14,009		— 13,718	
Total of investments and other assets	8,077,324	28.1	16,312,866	18.0	13,008,406	14.8
Total of fixed assets	13,153,167	45.8	36,927,823	40.8	33,551,013	38.1
Total of assets	28,722,123	100.0	90,583,273	100.0	88,057,369	100.0

Section	As of March 31, 2005 End of the consolidated accounting period of the previous fiscal year		As of March 31, 2006 End of the consolidated accounting period of this fiscal year		As of December 31, 2004 Consolidated Balance Sheet Summary in the previous fiscal year	
	Amount	Composition (%)	Amount	Composition (%)	Amount	Composition (%)
(Liabilities)						
I. Current liabilities						
1. Notes payable and accounts payable – trade	1,528,320		1,245,417		1,145,053	
2. Short-term debt	4,678,000		30,221,502		7,591,000	
3. Current portion of long- term debt	—		10,207,632		8,300,400	
4. Bonds to be redeemed within one year	—		150,000		150,000	
5. Convertible bonds with equity warrant to be repaid within one year	—		—		31,000,000	
6. Accrued amount payable	1,481,407		1,816,985		2,288,712	
7. Accrued corporation tax, etc	390,256		1,038,988		2,610,787	
8. Deferred tax liability	277		—		—	
9. Allowance for bonuses	111,529		217,963		108,681	
10. Advance money	1,235,794		1,541,636		1,382,220	
11. Allowance for loss on interest reimbursement	—		900,000		—	
12. Other liabilities	1,541,082		2,169,869		1,858,193	
Total of current liabilities	10,966,667	38.2	49,509,996	54.7	56,435,049	64.1
II. Fixed liabilities						
1. Long-term bonds payable	—		4,150,000		4,150,000	
2. Long-term debt	—		13,142,718		5,445,950	
3. Long-term accounts payable	556,541		637,979		656,317	
4. Deferred tax liability	94,560		674,410		2,793	
5. Officers' retirement allowance reserve	—		53,300		50,200	
6. Allowance for retirement benefits for employees	—		192,597		192,238	
7. Other fixed liabilities	17,450		95,087		157,849	
Total of fixed liabilities	668,552	2.3	18,946,093	20.9	10,655,349	12.1
Total of liabilities	11,635,219	40.5	68,456,089	75.6	67,090,398	76.2
(Minority Equity)						
Minority equity	3,539,456	12.3	4,739,666	5.2	4,684,079	5.3
(Shareholder's Equity)						
I. Capital stock	3,311,130	11.5	3,311,130	3.7	3,311,130	3.8
II. Capital reserve	5,289,424	18.4	5,355,486	5.9	5,353,357	6.1
III. Earned surplus	4,980,904	17.4	7,381,036	8.1	7,617,791	8.6
IV. Other gaps in appraisal of securities	77,157	0.3	1,368,395	1.5	28,214	0.0
V. Equity adjustment from foreign currency translation	11,172	0.0	– 10,894	– 0.0	– 3,621	– 0.0
VI. Own stocks	– 122,341	– 0.4	– 17,638	– 0.0	– 23,980	– 0.0
Total of shareholders' equity	13,547,448	47.2	17,387,516	19.2	16,282,890	18.5
Total of liabilities, minority equity and shareholders' equity	28,722,123	100.0	90,583,273	100.0	88,057,369	100.0

(2) Consolidated Profit and Loss Statement (Not audited)

(Unit: thousand yen)

Section	Consolidated accounting period of the previous fiscal year From January 1, 2005 to March 31, 2005			Consolidated accounting period of this fiscal year From January 1, 2006 to March 31, 2006			Consolidated profit and loss statement summary in the previous fiscal year From January 1, 2005 to December 31, 2005			
	Amount		Composition (%)	Amount		Composition (%)	Amount		Composition (%)	
I. Operating revenue		7,657,191	100.0		11,713,025	100.0		37,219,808	100.0	
II. Business expenses		3,284,507	42.9		3,507,278	29.9		12,814,347	34.4	
III. Sales and general administrative expenses		3,458,492	45.2		7,224,985	61.7		20,052,980	53.9	
Operating profit		914,190	11.9		980,762	8.4		4,352,481	11.7	
IV. Non-operating revenue										
1. Interest received		2,453			3,679			25,386		
2. Fees received		1,478			13,655			52,297		
3. Bad debt recovered		1,217			223			2,152		
4. Sales compensation payments		46,000			—			48,300		
5. Profit from investment partnership		11,715			8,630			28,349		
6. Foreign exchange gain		—			—			16,769		
7. Others		18,537	81,402	1.1	37,336	63,526	0.5	74,690	247,946	0.6
V. Non-operating expenses										
1. Interest paid		3,807			11,893			19,020		
2. Stock issue costs		—			—			37,866		
3. Bond issue cost		—			—			21,126		
4. Loss from investment partnership		12,285			—			3,870		
5. Transfer to allowance for bad debt		3,000			—			—		
6. Exchange loss		4,577			603			—		
7. Expense for out-of-court settlement		—			—			341,470		
8. Others		35,029	58,700	0.8	23,193	35,690	0.3	73,976	497,330	1.3
Ordinary profit		936,892	12.2		1,008,597	8.6		4,103,097	11.0	
VI. Extraordinary profit										
1. Gain from the prior-term adjustment		—			—			34,868		
2. Gain on sales of fixed assets		—			—			14,287		
3. Gain on sales of investments on stocks of securities		389,250			—			459,788		
4. Gain on sales of investments on stocks of affiliated companies		—			342,595			3,010,629		
5. Profit from change of equity investees		26,750			186			1,364,951		
6. Gain on return of allowance for doubtful debts		—	416,000	5.4	6,941	349,723	3.0	20,595	4,905,120	13.2
VII. Extraordinary loss										
1. Loss on sales of fixed assets		27,417			—			95,673		
2. Loss on retirement of fixed assets		181,824			10,589			489,504		
3. Devaluation of goodwill		—			—			82,193		
4. Loss on devaluation of subsidiaries		—			—			330,800		
5. Loss on change of equity investees		1,803			1,491			246,289		
6. Penalty for breaking a lease		72,471			10,618			75,158		

7. Loss on disposal of underforming business	—			—		773,325			
8. Payments for damages	—			—		160,110			
9. Interest reimbursement	—			224,919		—			
10. Provision for allowance for loss on interest reimbursement	—			410,000		—			
11. Others	79,208	362,724	4.7	9,799	667,418	5.7	162,271	2,415,327	6.5
Current net profit before adjustment of taxes		990,168	12.9		690,902	5.9		6,592,891	17.7
Corporate tax, residential tax and business tax	454,280			296,970		3,222,231			
Amount of adjustment, such as corporate tax	– 27,785	426,495	5.5	111,705	408,676	3.5	– 266,035	2,956,196	7.9
Profit of minority shareholders		107,672	1.4		248,883	2.1		377,741	1.0
Current period net profit		456,000	6.0		33,342	0.3		3,258,953	8.8

(3) Statement of Consolidated Surplus (Not audited)

(Unit: thousand yen)

Section	Consolidated accounting period of the previous fiscal year From January 1, 2005 to March 31, 2005		Consolidated accounting period of this fiscal year From January 1, 2006 to March 31, 2006		Statement of consolidated surplus summary in the previous fiscal year From January 1, 2005 to December 31, 2005	
	Amount		Amount		Amount	
(Capital Surplus)						
I. Balance of capital surplus at beginning of term		5,284,148		5,353,357		5,284,148
II. Increase in capital surplus						
1. Issue of new stocks through stock swap		—		—	30,692	
2. Gains on sales of treasury stock	5,276	5,276	2,129	2,129	38,515	69,208
III. Quarter-end (closing) capital surplus balance		5,289,424		5,355,486		5,353,357
(Earned Surplus)						
I. Balance of earned surplus at beginning of term		4,768,047		7,617,791		4,768,047
II. Increase in earned surplus						
1. Quarterly (current) net profit	456,000		33,342		3,258,953	
2. Increase in earned surplus due to a decrease in the number of consolidated subsidiaries	14,291		—		2,471	
3. Increase in earned surplus due to an increase in the number of consolidated subsidiaries	—		—		5,226	
4. Increase in earned surplus due to merger	807,638	1,277,931	18,827	52,169	—	3,266,651
III. Decrease in earned surplus						
1. Dividend	183,235		185,821		367,330	
2. Bonus to directors and statutory auditors	35,817		23,267		36,063	
3. Decrease in surplus due to increased number of consolidated subsidiaries	—		63,820		4,023	
4. Decrease in surplus due to mergers	846,021		16,014		8,805	
5. Decrease in surplus due to merger of consolidated subsidiaries and affiliates	—	1,065,073	—	288,924	684	416,907
IV. Balance of earned surplus at end of period 1st quarter period (at end of the term)		4,980,904		7,381,036		7,617,791

(4) Statement of consolidated Cash Flow (Not audited)

(Unit: thousand yen)

	Consolidated accounting period of the previous fiscal year From January 1, 2005 to March 31, 2005	Consolidated accounting period of this fiscal year From January 1, 2006 to March 31, 2006	Statement of consolidated cash flow summary in the previous fiscal year From January 1, 2005 to December 31, 2005
Section	Amount	Amount	Amount
I. Cash flow from operating activities			
Current net profit before adjustment of tax, etc.	990,168	690,902	6,592,891
Depreciation charge	144,062	343,336	906,553
Amortization of the consolidated adjustment account	154,138	333,386	957,428
Increase in allowance for doubtful debts	- 12,473	31,560	- 297,663
Increase in allowance for bonuses	72,027	109,282	- 9,786
Increase or decrease in retirement benefit costs	—	3,459	19,627
Increase in allowance for loss on interest reimbursement	—	900,000	—
Gain on sales of investments in securities	- 389,250	—	- 459,788
Gain on sales of stocks of affiliated companies	—	- 342,595	- 3,010,629
Interest received and dividend received	- 2,453	- 3,679	- 25,386
Interest paid	3,807	11,893	18,948
Foreign currency transaction gain and loss	—	—	- 36,592
Stock issue costs	—	159	37,866
Loss on sales of investments in securities	—	—	1
Loss on devaluation of investments in securities	—	—	330,800
Loss from write-down of investments in affiliates	—	—	10,049
Loss on appraisal of capital contribution	—	—	41,649
Depreciation of goodwill	—	—	82,193
Loss on retirement of fixed assets	181,824	10,589	489,504
Loss on sales of fixed assets	27,417	—	95,673
Gain on sales of fixed assets	—	—	- 14,287
Loss from change of equity investees	1,803	1,491	246,289
Gain from change of equity investees	- 26,750	- 186	- 1,364,951
Increase (decrease) in operational loans	—	19,519	- 3,074,384
Increase (decrease) in accounts receivable	137,400	- 532,788	685,514
Increase (decrease) in inventory assets	10,239	- 4,081	16,912
Increase (decrease) in other assets	- 153,311	- 649,358	1,472,880
Increase (decrease) in purchase debts	226,479	- 339,398	- 173,401
Increase (decrease) in other liabilities	- 865,854	116,409	- 1,001,403
Paid director's bonuses	- 16,490	- 35,607	- 43,025
Subtotal	482,784	664,293	2,493,484
Interest and dividend received	2,291	2,675	25,300
Interest paid	- 512	- 4,047	- 19,020
Payment for damages	—	—	- 160,110
Payment of corporate tax, etc.	- 1,830,188	- 1,817,398	- 2,498,012
Cash flow from operating activities	- 1,345,624	- 1,154,477	- 158,357

	Consolidated accounting period of the previous fiscal year From January 1, 2005 to March 31, 2005	Consolidated accounting period of this fiscal year From January 1, 2006 to March 31, 2006	Statement of consolidated cash flow summary in the previous fiscal year From January 1, 2005 to December 31, 2005
Section	Amount	Amount	Amount
II. Cash flow from investing activities			
Expenditure incurred by deposit of fixed deposit	—	—	– 8
Revenue accrued by repayment of fixed deposit	—	850,000	697,308
Expenditure incurred by acquisition of tangible fixed assets	– 76,291	– 90,611	– 417,512
Revenue accrued by sales of tangible fixed assets	1,620	459	629,649
Expenditure incurred by acquisition of intangible fixed assets	– 117,965	– 410,199	– 769,332
Revenue accrued by sales of intangible fixed assets	44,901	345	79,797
Expenditure incurred on acquisition of investment in securities	– 1,309,546	– 1,500,000	– 2,462,387
Revenue accrued from sale of investment in securities	425,385	—	839,655
Revenue accrued from redemption of investment in securities	—	—	277,500
Expenditure incurred on acquisition of investment in subsidiaries' securities	– 40,000	– 16,100	– 2,100,281
Revenue accrued from sale of investment in subsidiaries' securities	—	354,200	3,364,051
Expenditure incurred by acquisition of investments	– 100,000	—	—
Expenditure incurred by acquisition of stock of new consolidated subsidiary	– 279,312	—	– 22,850,289
Amount of decrease resulting from change in scope of consolidation related to merger of subsidiaries	—	—	– 57,265
Acceptance of subsidiaries' funds through stock swap	—	—	13,564
Expenditure incurred by loans	– 101,048	– 391,000	– 209,053
Revenue accrued by collection on loans	20,694	103,377	112,344
Expenditure incurred on the transfer of business	—	—	– 30,207
Revenue accrued from other investing activities	164,848	263,169	– 416,267
Expenditure incurred by other investing activities	– 169,302	– 55,980	565,560
Cash flow from investing activities	– 1,536,017	– 892,339	– 22,733,175
III. Cash flow from financial activities			
Revenue accrued by short-term loans payable	2,575,499	30,500,000	6,800,000
Expenditure incurred by repayment of short-term loans payable	– 75,999	– 7,869,498	– 9,935,800
Revenue accrued by long-term debt	—	12,046,000	12,446,300
Expenditure incurred by repayment of long-term loans payable	—	– 2,442,000	– 7,778,000
Revenue accrued by issue of bonds	—	—	63,128,873
Expenditure incurred by redemption of debenture	—	– 31,000,000	– 31,475,000
Revenue incurred by issue of stocks for minority equity	26,750	5,941	2,279,947
Revenue or expenditure incurred by acquisition of own stocks	– 18,942	8,472	– 223,427
Payment of dividends	– 137,072	– 146,455	– 362,399
Payment of dividends for minority shareholders	– 60,839	– 115,308	– 131,722
Cash flow from financial activities	2,309,395	987,151	34,748,770
IV. Effect of exchange rate changes on cash and cash equivalents			
	– 6,573	2,403	9,630
V. Net increase in cash and cash equivalents			
	– 578,820	– 1,057,263	11,866,868
VI. Balance of cash and cash equivalents at the beginning of term			
	11,319,354	23,202,882	11,319,354
VII. Increase in cash and cash equivalents in accordance with change of consolidated subsidiaries			
	—	569,580	16,659
VIII. Balance of cash and cash equivalents at the end of the term			
	10,740,533	22,715,199	23,202,882