



Condensed Consolidated Third Quarter Financial Statement for the Term Ending December 2006

November 14, 2006

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

Stock Exchange on which it is Listed: Tokyo Stock Exchange, 1st Section Code : 9449

Location of Head Office: Tokyo

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

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1. About the preparation of quarterly financial information

- ① Simplified accounting procedures adopted: No
- ② Change in accounting procedures since the previous consolidated fiscal year: Yes
- ③ Change in scope of consolidation or application of equity method: Yes

Consolidated subsidiaries

New: 24 Excluded: 6

Companies to which equity method is applied

New: 0 Excluded: 0

2. Outline of Financial Condition and Results at the End of the Third Quarter of the Term Ending December 2006 (January 1, 2006 to September 30, 2006)

Note: Amounts rounded down to the nearest million yen

(1) Consolidated Operating Results

	Sales		Operating profit		Ordinary profit	
	million yen	%	million yen	%	million yen	%
Third Quarter 2006	35,940	(39.8)	2,546	(3.8)	2,402	(3.7)
Third Quarter 2005	25,713	(60.5)	2,453	(36.1)	2,318	(28.5)
(Reference) Year Ended December 2005	37,219		4,352		4,103	

	Current net profit		Current net profit per share	Current net profit per share diluted
	million yen	%	yen	yen
Third Quarter 2006	533	(-51.5)	8.61	8.51
Third Quarter 2005	1,100	(-42.5)	17.96	17.85
(Reference) Year Ended December 2005	3,258		52.68	52.39

Note: Percentages shown represent a year over year comparison.

(2) Consolidated Financial Condition

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
Third Quarter 2006	145,651	23,456	11.3	263.59
Third Quarter 2005	85,760	14,076	16.4	227.48
(Reference) Year Ended December 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
Third Quarter 2006	million yen	million yen	million yen	million yen
Third Quarter 2005	789	-5,141	-1,270	22,299
	-991	-17,561	29,686	22,470
(Reference) Year Ended December 2005	-158	-22,733	34,748	23,202

3. Projection of Financial Results for the Term Ending December 2006

(January 1, 2006 to December 31, 2006)

	Sales	Operating profit	Ordinary profit	Current net profit
Full-Year	million yen 51,000	million yen 6,500	million yen 6,350	million yen 2,200

(Reference) Forecast current net profit per share (full year): 35.46 yen

Note: The GMO Internet Group business environment is subject to significant change in short periods of time. As such, actual results may vary from those projected here.

Status of the Corporate Group

GMO Internet Inc., (hereafter “the company”) is a corporate group consisting of the company and 43 consolidated subsidiaries. Under the slogan “Internet for Everyone”, the company group operations are divided into three business segments; Internet Use Support (Infrastructure), Internet Advertising Support (Media) and Internet Finance. The following table shows the company group’s business operations classified by segment.

Business Segment	Main Operations		Main Companies
Internet Use Support (Infrastructure)	Domain registration	Domain registration service Internet number service	the company INTERNET Number Corporation paperboy&co.
	Web hosting	Rental server service (hosting service)	the company GMO Hosting & Security Inc. paperboy&co. WEBKEEPERS INC. @YMC Corporation Mighty Server Inc.
	Website construction and support	Website construction and operation support, consulting services	the company Grandsphere GMO BLOG Inc.
	Internet security	Internet information security and authentication services for individuals and corporations	GeoTrust Japan, Inc. Certification Services Ltd.
	Credit card payment processing	Credit card billing service	GMO Payment Gateway Inc. Epsilon Inc.
	Access provider	Internet access provider	the company
	E-commerce support	Online store construction, support and consulting and ASP	the company paperboy&co. MakeShop Inc.
	Corporate communications	Communications related services for corporate customers	the company
Internet Advertising Support (Media)	Internet media construction	Blogs, contextual advertising, mailing lists, opt-in mail services, wallpaper, bulletin boards and other Internet advertising media development and operation	GMO Media Holdings Inc. TeaCup Communication Inc. GMO Media Inc. GMO Ad Networks Inc. (Formerly GMO Affiliate Inc.)
	Internet Advertising Sales	Advertising sales; mainly recruitment advertising and Internet advertising media	MagClick Inc. GMO San Planning Inc.
	JWord	JWord (Japanese keyword search tool)	the company MagClick Inc. JWord Inc.
	Online Games	Online Games – planning and management	Net Clue Inc. (Korea) GMO Games Inc. (formerly Net Clue Japan)
	Other	Provision of Internet research systems and the management and operation of research monitors	GMO Research Inc.

Internet Finance	Loans and credit	Loans and credit business	GMO NetCard Inc. (Formerly Orient Credit inc.) MIKI-SHOJI Co., Ltd Jaxon Finance Inc. Limited Liability Chukan Hojin ASA Holdings 4 ASA5 Merger Corporation Just Inc. Like Card Ltd. Sanyo Credit Ltd. East Japan Credit Ltd. Sunlife Ltd. Sanai Credit Ltd. Million Ltd. Alto Ltd. Japan Ltd. JC Ltd. Save Ltd.
	Internet securities	Internet securities	GMO Internet Securities Inc.
	Venture capital	Venture capital	GMO Venture Partners Inc. GMO Venture Partners Investment Limited Partnership Blog Business Fund Investment Limited Partnership

List of Consolidated Subsidiaries

Company Name	Percentage of voting rights or equity share held	Category	Business Details
GMO Games Inc. (formerly Net Clue Japan, GMO Entertainment Inc.) (※1)	100.0%	Consolidated subsidiary	Online game planning and management
GMO Media Holdings Inc. (※2)	100.0%	Consolidated subsidiary	Total strategy design for the media industry
GMO Venture Partners. (※3)	100.0%	Consolidated subsidiary	Venture capital business
GMO NetCard Inc. (Formerly Orient Credit Inc.)	98.3%	Consolidated subsidiary	Loans and credit
Grandsphere Inc.	92.5%	Consolidated subsidiary	System consulting
GMO Research Inc. (formerly GMO Research Institute) (※4)	78.1%	Consolidated subsidiary	Research business
GMO Internet Securities Inc. (※3)	88.1%	Consolidated subsidiary	Internet securities
GMO Hosting & Security Inc.	63.8%	Consolidated subsidiary	Web hosting business
JWord Inc.	62.7%	Consolidated subsidiary	JWord (Japanese keyword search tool)
Makeshop Inc. (※3)	58.7%	Consolidated subsidiary	Online store construction ASP
GMO Payment Gateway Inc.	52.4%	Consolidated subsidiary	Provision and operation of credit card payment processing online network

TeaCup Communication Inc.	51.0%	Consolidated subsidiary	Internet community
paperboy&co. Inc.	50.2%	Consolidated subsidiary	Rental server aimed at non-corporate customers
MagClick Inc.	43.1%	Consolidated subsidiary	Internet advertising
GMO Venture Partners Investment Limited Partnership	31.7%	Consolidated subsidiary	Venture capital business
Blog Business Fund Investment Limited Partnership	9.9%	Consolidated subsidiary	Venture capital business
Net Clue Inc. (Korea)	100.0% (100.0%)	Consolidated subsidiary	Online game planning and management
@YMC Corporation	100% (100.0%)	Consolidated subsidiary	Rental server business
Epsilon Inc. (※3)	100% (100.0%)	Consolidated subsidiary	Provision and operation of credit card payment processing online network
Mighty Server Inc. (※3)	100% (100.0%)	Consolidated subsidiary	Rental server business
GMO AdNetworks Inc. (formerly GMO Affiliate Inc.) (※5)	100.0% (100.0%)	Consolidated subsidiary	RSS/Atom Feeder admin system. Community media services
GMO Blog Inc.	100% (100.0%)	Consolidated subsidiary	Blog system administration and management
GeoTrust Japan Inc.	97.1% (97.1%)	Consolidated subsidiary	Internet information security and authentication services for individuals and corporations.
Certification Services Ltd. (England) (※6)	100.0% (100.0%)	Consolidated subsidiary	Internet information security and authentication services for individuals and corporations
GMO Media Inc.	81.6% (81.6%)	Consolidated subsidiary	Development, provision and management of mail media, desktop wallpaper, information and advertisement distribution system
GMO San Planning Inc.	75.6% (75.6%)	Consolidated subsidiary	Advertising agency
WEBKEEPERS, INC. (USA)	70.0% (70.0%)	Consolidated subsidiary	Web hosting business
INTERNET Number Corporation	69.6% (69.6%)	Consolidated subsidiary	Internet number service
MIKI-SHOJI Co., Ltd (※6)	100% (100.0%)	Consolidated subsidiary	Loans and credit business
Jaxon Finance Inc. (※6)	100% (100.0%)	Consolidated subsidiary	Loans and credit business
Limited Liability Chukan Hojin ASA Holdings 4 (※6)	100% (100.0%)	Consolidated subsidiary	Loans and credit business
ASA5 Merger Corporation	100% (100.0%)	Consolidated subsidiary	Loans and credit business
Just Inc. (※6)	100% (100.0%)	Consolidated subsidiary	Loans and credit business
Like Card Ltd. (※6)	100% (100.0%)	Consolidated subsidiary	Loans and credit business
Sanyo Credit Ltd. (※6)	100% (100.0%)	Consolidated subsidiary	Loans and credit business

East Japan Credit Ltd. (※6)	100% (100.0%)	Consolidated subsidiary	Loans and credit business
Sunlife Ltd. (※6)	100% (100.0%)	Consolidated subsidiary	Loans and credit business
Sanai Credit Ltd. (※6)	100% (100.0%)	Consolidated subsidiary	Loans and credit business
Million Ltd. (※6)	100% (100.0%)	Consolidated subsidiary	Loans and credit business
Alto Ltd. (※6)	100% (100.0%)	Consolidated subsidiary	Loans and credit business
Japan Ltd. (※6)	100% (100.0%)	Consolidated subsidiary	Loans and credit business
JC Ltd. (※6)	100% (100.0%)	Consolidated subsidiary	Loans and credit business
Save Ltd. (※6)	100% (100.0%)	Consolidated subsidiary	Loans and credit business

※1. Net Clue Japan Inc. and GMO Entertainment Inc. merged on April 1, 2006. Net Clue Japan was the surviving organization and at the same time the company name was changed to GMO Games Inc.

※2. GMO Media Holdings Inc. was established on April 1, 2006.

※3. As of the current consolidated fiscal year, GMO Internet Securities Inc., MakeShop Inc., Epsilon Inc., Mighty Server Inc. and GMO Venture Partners have become consolidated subsidiaries due to their increased significance to the consolidation.

※4. GMO Research Institute Inc. and GMO Research Inc. were merged on September 1, 2006. GMO Research Inc. was the surviving organization and the company name was changed to GMO Research Inc. at the time of merger.

※5. GMO Affiliate Inc. was merged with GMO Ad Networks on April 1, 2006. GMO Affiliate was the surviving company and the company name was changed to GMO Ad Networks at the time of merger.

※6. Certification Services Ltd., MIKI-SHOJI Co. Ltd, Jaxon Finance Inc., Limited Liability Chukan Hojin ASA Holdings 4 Ltd., ASA5 Merger Corporation, Just Inc., Like Card Ltd., Sanyo Credit Ltd., East Japan Credit Ltd. Sunlife Ltd. Sanai Credit Ltd., Million Ltd., Alto Ltd., Japan Ltd., JC Ltd. and Save Ltd. became consolidated subsidiaries in the current consolidated accounting year through acquisition of stock.

※7. Payment One Inc. became a dormant company following management integration through a transfer of its business to GMO Payment Gateway Inc. It is currently being liquidated.

※8. The company merged with three consolidated subsidiaries (GMO Communications, TELECOM ONLINE Inc. and Solis Inc. on January 1, 2006. The company was the surviving organization.

※9. In the column "Percentage of voting rights or equity share held" figures in parentheses denote indirect ownership.

Business Conditions in this Quarter

1. Business Results and Progress - Qualitative Information

Business results in the current quarter of the consolidated accounting term (January 1, 2006 to September 30, 2006) are discussed below.

General Business Conditions

In the current period under review, the Japanese economy exhibited positive signs underpinned by a recovery of capital investment in the corporate sector and rising share prices. In the Internet market, the arena in which the company group operates, the number of Internet connection service contracts in Japan reached 31.44 million at the end of June 2006 and use of the Internet continues to grow. (※)

In this environment, "Internet Use" needs of small and medium sized businesses are expected to increase and considerably expand the customer base of the Internet Use Support (Infrastructure) segment.

In an effort to aggregate management resources the company merged with GMO Communications Inc., TELECOM Online Inc., and Solis Inc. on January 1, 2006. GMO Internet Inc. was the surviving corporation. British company Certification Services Ltd. was made a subsidiary in the Internet security business in order to further build our sales strength.

According to the Nielsen Net Ratings monthly survey in September 2006, the Internet Advertising Support (Media) segment had 23.3 million users ranking it 5th in Japan.

In the Internet Finance segment, customer base was expanded through a capital and business partnership with eBank. A capital tie-up was established with companies including MIKI-Shoji Co. Ltd to expand the scale of operations in the loans and credit business.

In accordance with the Japan Institute of Certified Public Accountants paper "Cautionary Notes on the Auditing of Consumer Finance Companies" (March 15, 2006), an Excess Interest Repayment Fund was established and this has influenced our business results in this term.

In the current quarter of the consolidated accounting term the stock held by the company was sold resulting in ¥2,154,926,000 being recorded in profit on sales of investments in securities as a result of the sale of stock held by the company.

Consolidated business results for the current quarter of the consolidated accounting term were as follows.

Sales	¥35,940,744,000 (39.8% increase year-on-year)
Operating Profit	¥2,546,736,000 (3.8% increase year-on-year)
Ordinary Profit	¥2,402,857,000 (3.7% increase year-on-year)
Current Net Profit	¥533,765,000 (51.5% decrease year-on-year)

Segment Report

Internet Use Support (Infrastructure)

The Internet Use Support (Infrastructure) segment recorded sales of ¥12,392,340,000 (1.4% year-on-year increase) and an operating profit of ¥2,020,195,000 (2.9% year-on-year decrease). There has been strong growth in the earnings of our main businesses in this segment; the domain, web hosting and credit card payment processing businesses. However in the previous interim accounting period there was a temporary increase in earnings from a communications related project for corporate customers. As a result, earnings in the current interim accounting period appear to show a decrease.

Internet Advertising Support (Media)

The Internet Advertising Support Business (Internet Media) recorded sales of ¥8,905,706,000 (0.4% increase year-in-year) and an operating profit of ¥337,044,000 (a loss of ¥368,681,000 was recorded during the same period in the previous year). Profitability has improved substantially as a result of increased revenue and improved productivity in the JWord business.

Internet Finance

Due to the addition to consolidated subsidiaries by GMO NetCard (formerly Orient Credit Inc.) the Internet Finance segment recorded sales of ¥14,881,873,000. Despite this an operating profit of ¥80,547,000 was recorded as a result of costs associated with the launch of the Internet Securities business and the set up of an "Excess Interest Repayment Fund". This was done in accordance with the Japan Institute of Certified Public Accountants paper "Cautionary notes on the Auditing of Consumer Finance Companies" (March 15, 2006).

※Changes in the Number of Broadband Subscribers (Ministry of Public Management, Home Affairs, Posts and Communications.)

2. Financial Condition - Qualitative Information

Assets, Liabilities and Shareholders Equity

Significant changes in assets liabilities and shareholders' equity between September 30, 2005 and September 30, 2006 are as follows.

In current assets, business loans have increased to ¥47,027,519,000 and accrued income is up to ¥746,228,000. In fixed assets the consolidated adjustment account has increased to ¥6,533,347,000 as a result of a capital tie up in the loans and credit business with companies including Sanki Shoji Co. Ltd. Under liabilities, short-term debt has risen to ¥44,174,805,000, current portion of long term debt is up to ¥6,453,209,000 and bonds have increased to ¥1,075,000,000. This is also mainly due to capital tie-ups in the loans and credit business and borrowing in order to redeem ¥31 billion worth of convertible bonds with equity warrants issued in August 2005.

Cash Flow

In regard to consolidated cash and equivalents (hereafter "funds"), in the current quarter of the accounting term, cash flow from operating activities increased to ¥789,692,000 despite payment of corporate taxes etc. Cash outflow from investment activities was ¥5,141,568,000 chiefly as a result of investments in securities and acquisitions such as stock in subsidiaries. Cash Flow from Financing activities decreased to 1,270,043,000 primarily as a result of the redemption of bonds and payment of dividends. As a result, funds decreased ¥903,765,000 from the same period in the previous year and cash flow balance was ¥22,299,117,000 at the end of the current term.

The state of cash flow and influencing factors in the current consolidated accounting period are as follows.

Despite a payment of ¥2,939,928,000 in corporate taxes etc., a net profit before tax adjustments of ¥2,894,363,000 was recorded and cash flow from operating activities increased to ¥789,692,000 (in the same term in the previous year it decreased to ¥991,948,000).

Income from the sale of investments in security was ¥3,173,857,000. However, expenditure including the acquisition of investments in securities (¥2,278,543,000), the acquisition of subsidiary shares (¥3,253,448,000), and the acquisition of intangible fixed assets (¥1,228,935,000) resulted in a decrease of cash flow from investing activities to ¥5,141,568,000 (in the same term in the previous year it decreased to ¥17,561,571,000).

Cash flow from financing activities decreased to ¥1,270,043,000 (in the same term in the previous year it increased to ¥29,686,052,000). The decrease reflects expenditure on the redemption of bonds of ¥31,075,000,000, and the repayment of ¥27,862,034,000 in long and short term loans. This however, was partially offset by the receipt of ¥55,154,004,000 in long-term and short-term loans.

3. Forecasts for the Year Ending December 2006

The following tables show forecast results for the current period.

Please note that the GMO group business environment is subject to significant change in a short period of time. As such, actual results may vary from those projected here

• Consolidated Results Forecast for the term January 1, 2006 to December 1, 2006.

	Fiscal Year Ending December 2006	Percentage Increase / Decrease over the Same Period in the Previous Year	Fiscal Year Ending December 2005
	(¥millions)	(%)	(¥millions)
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

• Non-Consolidated Results Forecast for the term January 1, 2006 to December 1, 2006.

	Fiscal Year Ending December 2006	Percentage Increase / Decrease over the Same Period in the Previous Year	Fiscal Year Ending December 2005
	(¥millions)	(%)	(¥millions)
Sales	12,200	23.0	9,921
Operating Profit	1,100	5.2	1,045
Ordinary Profit	1,843	16.6	1,580
Current Net Profit	1,693	0.3	1,687

(For Reference)

Table: Quarterly Changes by Segment

I Sales by Segment

(unit: ¥millions)

	2005 3Q	2005 4Q	2006 1Q	2006 2Q	2006 3Q
Internet Use Support (Infrastructure)					
Access provider	696	655	633	595	560
Domain registration	367	396	457	502	497
Web hosting	1,795	1,819	1,872	1,956	1,984
Website construction and support	190	231	268	214	300
Internet security	70	67	108	101	147
Credit card payment processing	432	371	384	404	423
E-commerce support	—	—	107	128	262
Corporate communications	202	209	99	77	104
Other	55	76	94	18	86
Total Segment Sales	3,809	3,827	4,027	3,998	4,366
Internet Advertising Support (Media)					
Internet media construction	492	474	442	420	443
Internet advertising sales	1,581	1,946	1,837	1,388	1,438
JWord	783	712	834	904	893
Online games	199	184	192	227	237
Other	37	74	82	66	93
Total	3,094	3,393	3,389	3,008	3,106
Adjustment for internal transactions	(236)	(257)	(146)	(232)	(219)
Total Segment Sales	2,857	3,135	3,243	2,775	2,886
Internet Finance					
Internet finance	4,759	4,629	4,506	4,633	5,741
Total Segment Sales	4,759	4,629	4,506	4,633	5,741
Adjustment for internal transactions	(16)	(86)	(63)	(78)	(97)
Consolidated Sales	11,409	11,506	11,713	11,329	12,897

II Operating Profit by Segment

(unit: ¥millions)

	2005 3Q	2005 4Q	2006 1Q	2006 2Q	2006 3Q
Internet Use Support (Infrastructure)	658	470	662	609	748
Internet Advertising Support (Media)	-38	139	205	57	74
Internet Finance	692	1,288	74	341	-335
Sub Total	1,311	1,898	942	1,007	487
Adjustment for internal transactions	19	0	38	20	50
Consolidated Operating Profit	1,331	1,898	980	1,028	537

Internet Finance Segment: Loans and Credit Business Indicators

(unit: ¥millions)

Item	Term	End of the Previous Consolidated Accounting Period Third Quarter (September 30, 2005)	End of the Current Consolidated Accounting Period Third Quarter (September 30, 2006)	End of the Previous Consolidated Fiscal Year (December 31, 2005)
	Operating Loans Outstanding		79,304	120,825
	Unsecured Loans	78,469	84,832	77,892
	Secured Loans	836	35,994	2,417
Number of Accounts		189,131	277,266	184,596
	Unsecured Loans	188,944	202,699	184,408
	Secured Loans	187	74,567	188
	Bad Debt Expenses	5,417	5,660	6,247
	Allowance for Doubtful Debts	- 7,140	- 8,761	- 6,280

- (Notes)
1. Operating Loans/ Number of Accounts includes loans outstanding that were off-balance sheet due to credit liquidation. (third quarter of the current consolidated accounting period: ¥54,016,000,000, third quarter of the previous consolidated accounting period: ¥59,523,000,000, end of the previous consolidated fiscal year: ¥53,300,000,000)
 2. Allowance for doubtful debts includes the outstanding balance for bad debt that was off-balance sheet due to credit liquidation. (third quarter of the current consolidated accounting period: none, third quarter of the previous consolidated accounting period: ¥ 400 million, end of the previous consolidated fiscal year: none)
 3. Bad debt expenses are the aggregate of bad debt losses (bad-debt write-offs) and the provision of the allowance for doubtful debts.

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

(unit: ¥millions)

	2005 3Q	2005 4Q	2006 1Q	2006 2Q	2006 3Q
Operating Revenue	11,409	11,506	11,713	11,329	12,897
Operating Profit	1,331	1,898	980	1,028	537
Ordinary Profit	1,163	1,784	1,008	918	475
Current Net Profit	434	2,158	33	159	340
Total Assets	85,760	88,057	90,583	92,844	145,651
Shareholders' Equity	14,076	16,282	17,387	17,276	16,376

Changes in Business Results and Financial Conditions by Quarter (Non-Consolidated)

(unit: ¥millions)

	2005 3Q	2005 4Q	2006 1Q	2006 2Q	2006 3Q
Operating Revenue	2,419	2,365	2,969	2,969	3,048
Operating Profit	302	236	274	303	303
Ordinary Profit	306	334	494	831	280
Current Net Profit	176	598	587	830	448
Total Assets	50,355	46,358	49,411	49,084	51,231
Shareholders' Equity	11,954	12,574	14,359	14,910	14,109

Consolidated Financial Statement

① Balance Sheet (unaudited)

Item	End of Previous Consolidated Accounting Period (September 30, 2005)		End Of Current Consolidated Accounting Period (September 30, 2006)		Balance Sheet Extract from the End of the Fiscal Year (December 31, 2005)	
	Composition (¥thousands)		Composition (¥thousands)		Composition (¥thousands)	
		(%)		(%)		(%)
Assets						
I Current Assets						
1 Cash and equivalents	23,460,787		22,584,325		24,192,882	
2 Notes and accounts receivable	2,878,323		3,110,725		2,965,738	
3 Inventory assets	64,850		61,586		31,605	
4 Deferred tax asset	1,260,393		3,715,766		1,544,780	
5 Short-term loans receivable	198,037		482,082		158,258	
6 Operating loans	19,781,550		66,809,069		27,010,379	
7 Securities business deposit	—		4,902,000		—	
8 Securities business credit assets	—		3,977,988		—	
9 Securities business short-term guarantee deposit	—		1,152,000		—	
10 Accrued income	3,565,503		4,311,731		3,578,822	
11 Other	2,600,976		2,681,266		1,613,484	
Allowance for doubtful debts	-7,051,306		-9,048,270		-6,589,597	
Total Current Assets	46,759,115	54.5	104,740,271	71.9	54,506,355	61.9
II Fixed Assets						
1 Tangible fixed assets						
(1) Buildings and structures	294,593		350,866		255,231	
(2) Tools and equipment	514,715		682,363		532,809	
(3) Other	17,269		68,914		40,566	
Total tangible fixed assets	826,578	1.0	1,102,144	0.8	828,607	0.9
2 Intangible fixed assets						
(1) Goodwill	461,701		453,965		409,072	
(2) Software	2,046,142		2,531,261		2,053,300	
(3) Consolidated adjustments account	16,859,432		23,392,779		16,792,246	
(4) Other	415,029		425,783		459,380	
Total intangible fixed assets	19,782,305	23.1	26,803,790	18.4	19,713,999	22.4
3 Investments and other assets						
(1) Investments in securities	5,723,572		6,696,428		6,676,076	
(2) Contribution to capital	6,419,885		468,484		455,211	
(3) Long term loans receivable	13,166		10,199		111,839	
(4) Security deposit	982,729		914,083		1,041,181	
(5) Long-term deposit	3,513,877		3,981,970		3,173,388	
(6) Deferred tax asset	846,015		300,697		678,309	
(7) Other	900,130		649,747		886,118	
Allowance for doubtful debts	-7,040		-15,832		-13,718	
Total investments and other assets	18,392,337	21.4	13,005,779	8.9	13,008,406	14.8
Total Fixed Assets	39,001,220	45.5	40,911,713	28.1	33,551,013	38.1
Total Assets	85,760,335	100.0	145,651,985	100.0	88,057,369	100.0

Item	End of Previous Consolidated Accounting Period (September 30, 2005)		End Of Current Consolidated Accounting Period (September 30, 2006)		Balance Sheet Extract from the End of the Fiscal Year (December 31, 2005)	
	(¥thousands)	Composition (%)	(¥thousands)	Composition (%)	(¥thousands)	Composition (%)
Liabilities						
I Current Liabilities						
1 Notes and accounts payable	1,123,174		880,088		1,145,053	
2 Short term debt	7,164,233		51,339,039		7,591,000	
3 Current portion of long-term debt	8,204,900		14,658,109		8,300,400	
4 Bonds to be redeemed within a year	—		150,000		150,000	
5 Convertible bonds with equity warrant to be redeemed within a year.	—		—		31,000,000	
6 Accrued accounts payable	7,917,346		15,594,252		2,288,712	
7 Accrued corporation tax etc.	942,013		1,764,555		2,610,787	
8 Securities business credit liability	—		3,977,988		—	
9 Securities business deposit received	—		3,410,416		—	
10 Allowance for bonuses	230,853		200,454		108,681	
11 Advance payments received	1,360,570		1,748,097		1,382,220	
12 Excess interest repayment fund	—		4,546,000		—	
13 Other	1,406,511		4,042,184		1,858,193	
Total Current Liabilities	28,349,602	33.1	102,311,186	70.2	56,435,049	64.1
II Fixed Liabilities						
1 Bonds	4,000,000		5,075,000		4,150,000	
2 Convertible bonds with equity warrants	31,000,000		—		—	
3 Long-term debt	2,129,450		13,227,354		5,445,950	
4 Long-term accrued accounts payable	700,341		623,646		656,317	
5 Deferred tax liability	69,927		598,956		2,793	
6 Reserve for director and auditor retirement benefits	—		61,500		50,200	
7 Reserve for employee retirement benefits	236,104		273,379		192,238	
8 Other	483,014		17,400		157,849	
Total Fixed Liabilities	38,618,838	45.0	19,877,237	13.7	10,655,349	12.1
III Special Law Reserve Fund						
Securities transaction liability reserve	—		6,863		—	
Total Special Law Reserve Fund	—		6,863	0.0	—	
Total Liabilities	66,968,440	78.1	122,195,287	83.9	67,090,398	76.2
Minority Equity						
Minority equity	4,715,164	5.5	—	—	4,684,079	5.3
Shareholders' Equity						
I Capital Stock	3,311,130	3.9	—	—	3,311,130	3.8
II Capital Surplus Reserve	5,347,972	6.2	—	—	5,353,357	6.1
III Earned Surplus	5,459,196	6.4	—	—	7,617,791	8.6
IV Other gaps in appraisal of securities	-18,307	-0.0	—	—	28,214	0.0
V Equity Adjustment for Foreign Currency Translation	16,824	0.0	—	—	-3,621	-0.0
VI Treasury Stock	-40,085	-0.1	—	—	-23,980	-0.0
Total Shareholders' Equity	14,076,730	16.4	—	—	16,282,890	18.5
Total Liabilities, Minority Equity and Shareholders' Equity	85,760,335	100.0	—	—	88,057,369	100.0

Item	End of Previous Consolidated Accounting Period (September 30, 2005)		End Of Current Consolidated Accounting Period (September 30, 2006)		Balance Sheet Extract from the End of the Fiscal Year (December 31, 2005)	
	(¥thousands)	Composition (%)	(¥thousands)	Composition (%)	(¥thousands)	Composition (%)
Net Assets						
I Shareholders' Equity						
1 Capital stock	—		3,328,299	2.3	—	
2 Capital surplus reserve	—		5,378,342	3.7	—	
3 Earned surplus	—		7,659,627	5.3	—	
4 Treasury Stock	—		-208	-0.0	—	
Total Shareholders' Equity	—		16,366,060	11.3	—	
II Gaps in Appraisals, Conversions, etc..						
1 Other gaps in appraisal of securities	—		326	0.0	—	
2 Hedging profit/loss carried forward	—		13,197	0.0	—	
3 Equity adjustment for foreign currency translation	—		-3,175	-0.0	—	
Total Gaps in Appraisals, Conversions etc..	—		10,348	0.0	—	
III Share Warrants	—		33,647	0.0	—	
IV Minority Equity	—		7,046,641	4.8	—	
Total Net Assets	—		23,456,698	16.1	—	
Total Liabilities Net Assets	—		145,651,985	100.0	—	

②Consolidated Profit and Loss Statement (unaudited)

Item	Previous Consolidated Accounting Period (from January 1, 2005 to September 30, 2005)		Current Consolidated Accounting Period (from January 1, 2006 to September 30, 2006)		Previous Consolidated Fiscal Year Profit and Loss Statement (extract) (from January 1, 2005 to December 31, 2005)				
	(¥ thousands)	(%)	(¥ thousands)	(%)	(¥ thousands)	(%)			
I Operating Revenue		25,713,650	100.0		35,940,744	100.0		37,219,808	100.0
II Business Expenses		9,446,093	36.7		10,188,320	28.3		12,814,347	34.4
III Sales and General Administrative Expenses		13,813,607	53.7		23,205,686	64.6		20,052,980	53.9
Operating Profit		2,453,950	9.6		2,546,736	7.1		4,352,481	11.7
IV Non Operating Income									
1 Interest, dividends received	11,524			6,106			25,386		
2 Commission received	19,542			45,801			52,297		
3 Bad debt recovered	1,998			391			2,152		
4 Profit on investment partnership	28,349			108,744			28,349		
5 Profit on currency exchange	—			—			16,769		
6 Business compensation payment	48,300			—			48,300		
7 Other	41,557	151,273	0.6	75,845	236,889	0.7	74,690	247,946	0.6
V Non Operating Expenses									
1 Interest paid	18,658			159,139			19,020		
2 Stock issuance costs	12,558			2,149			37,866		
3 Bond issuance costs	—			5,000			21,126		
4 Loss from investment partnership	11,450			—			3,870		
5 Loss on currency exchange	11,056			2,535			—		
6 Settlement costs	136,810			—			341,470		
7 Commission paid	—			182,107			—		
8 Other	96,456	286,991	1.1	29,836	380,768	1.1	73,976	497,330	1.3
Ordinary Profit		2,318,232	9.1		2,402,857	6.7		4,103,097	11.0
VI Extraordinary Profit									
1 Gain on previous term profit and loss adjustment	—			20,069			34,868		
2 Gain on sale of fixed assets	11,502			—			14,287		
3 Gain on sale of investments in securities	446,176			2,154,926			459,788		
4 Gain on sale of shares in affiliated companies	319,304			343,987			3,010,629		
5 Gain on change in equity investees	714,250			303,525			1,364,951		
6 Gain on transfer of business	—			6,185			—		
7 Gain on reversal of stock purchase rights	197,020			—			—		
8 Gain on reversal of allowance for doubtful debts	6,067			20,475			20,595		
9 Other	33,573	1,727,895	6.7	—	2,849,169	7.9	—	4,905,120	13.2
VII Extraordinary Loss									
1 Loss on previous term profit and loss adjustment	—			41,987			11,093		
2 Loss on sale of fixed assets	95,581			—			95,673		
3 Loss on retirement of fixed assets	284,997			49,910			489,504		
4 Loss on devaluation of goodwill	64,914			—			82,193		
5 Loss on reevaluation of investments in securities	328			34,530			330,800		
6 Loss on sale of investments in securities	—			499,067			—		
7 Loss on appraisal of investments in affiliates	—			25,000			10,049		
8 Loss on sale of shares in affiliates	—			1,100			6,932		
9 Loss on devaluation of investments	—			—			41,649		

Item	Previous Consolidated Accounting Period (from January 1, 2005 to September 30, 2005)		Current Consolidated Accounting Period (from January 1, 2006 to September 30, 2006)		Previous Consolidated Fiscal Year Profit and Loss Statement (extract) (from January 1, 2005 to December 31, 2005)				
	(¥ thousands)	(%)	(¥ thousands)	Item	(¥ thousands)	(%)			
10 Shrinkage	—		78,347		—				
11 Loss on change in equity investees	338,992		20,777		246,289				
12 Penalty for breaking a lease	72,471		256,598		75,158				
13 Business liquidation loss	372,303		1,993		773,325				
14 Addition to excess interest repayment fund	—		1,050,680		—				
15 Change of company name expenses	37,566		—		37,566				
16 Damages payment	160,110		—		160,110				
17 Loss on redemption of bonds	—		—		54,979				
18 One-time depreciation of advance payment	—		278,929		—				
19 Other	1,486	1,428,751	5.6	18,740	2,357,663	6.5	—	2,415,327	6.5
Current net profit before adjustment for taxes		2,617,376	10.2		2,894,363	8.1		6,592,891	17.7
Corporate tax, municipal tax and enterprise tax	1,400,432			1,123,372			3,222,231		
Adjustment for corporate tax etc.	-127,311	1,273,120	4.9	832,286	1,955,659	5.5	-266,035	2,956,196	7.9
Minority equity income		243,552	1.0		404,938	1.1		377,741	1.0
Current gains on minority equity		1,100,703	4.3		533,765	1.5		3,258,953	8.8

③ Consolidated Surplus Statement

Item	Previous Consolidated Accounting Period (from January 1, 2005 to September 30, 2005)		Previous Consolidated Fiscal Year Profit and Loss Statement (extract) (from January 1, 2005 to December 31, 2005)	
	(¥ thousands)	(¥ thousands)	(¥ thousands)	(¥ thousands)
Capital Surplus				
I Balance of Capital Surplus at Beginning of Term		5,284,148		5,284,148
II Increase in Capital surplus				
1 Issuance of new shares for stock swap	30,692		30,692	
2 Gain on sales of treasury stock	33,130	63,823	38,515	69,208
III Balance of Capital Surplus at End of Term		5,347,972		5,353,357
Earned Surplus				
I Balance of Earned Surplus at Beginning of Term		4,768,047		4,768,047
II Increase in earned surplus				
1 Current net profit	1,100,703		3,258,953	
2 Increase in earned surplus from increase in consolidated subsidiaries	5,229			
3 Increase in earned surplus from reduction in consolidated subsidiaries	2,471		2,471	
4 Increase in earned surplus from merger	—	1,108,404	5,226	3,266,651
III Decrease in Earned Surplus				
1 Dividends	367,330		367,330	
2 Bonus for directors and auditors	36,063		36,063	
3 Decrease in earned surplus due to reduction in consolidated subsidiaries	4,371		4,023	
4 Decrease in earned surplus due to merger	8,805		8,805	
5 Decrease in earned surplus due to absorption type demerger	684	417,255	684	416,907
IV Earned Surplus Balance at the End of the Term		5,459,196		7,617,791

④ Statement of Changes in Shareholders' Equity etc.

Current Interim Consolidated Accounting Term (from January 1, 2006 to September 30, 2006)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Earned Surplus	Treasury Stock	Total Shareholders' Equity
Balance at December 31, 2005 (¥ thousands)	3,311,130	5,353,357	7,617,791	-23,980	16,258,297
Change in the current consolidated accounting period					
Issuance of new shares	17,169	17,072			34,241
Profit distribution dividends			-371,835		-371,835
Bonuses to directors and statutory auditors			-55,719		-55,719
Interim net profit			533,765		533,765
Decrease in earned surplus due to merger			-66		-66
Decrease in earned surplus due to increase in consolidated subsidiaries			-64,307		-64,307
Sale of treasury stock		7,912		23,772	31,685
Change in items other than Shareholders' Equity in the interim consolidated accounting period (net amount)					
Total change in the current consolidated accounting period (¥ thousands)	17,169	24,984	41,836	23,772	107,763
Balance at September 30, 2006 (¥ thousands)	3,328,299	5,378,342	7,659,627	-208	16,366,060

	Gaps in Appraisals, Conversions etc.				Share Warrants	Minority Equity	Total Net Assets
	Other gaps in appraisal of securities	Hedging profit/loss carried forward	Equity adjustment for foreign currency translation	Total Gaps in Appraisals, Conversions etc.			
Balance at December 31, 2005 (¥ thousands)	28,214	38,259	-3,621	62,853	—	4,684,079	21,005,230
Change in the current consolidated accounting period							
Issuance of new shares							34,241
Profit distribution dividends							-371,835
Bonuses to directors and statutory auditors							-55,719
Interim net profit							533,765
Decrease in earned surplus due to merger							-66
Decrease in earned surplus due to increase in consolidated subsidiaries							-64,307
Sale of treasury stock							31,685
Change in items other than Shareholders' Equity in the interim consolidated accounting period (net amount)	-27,888	-25,062	445	-52,504	33,647	2,362,562	2,343,705
Total change in the current consolidated accounting period (¥ thousands)	-27,888	-25,062	445	-52,504	33,647	2,362,562	2,451,468
Balance at September 30, 2006 (¥ thousands)	326	13,197	-3,175	10,348	33,647	7,046,641	23,456,698

⑤ Consolidated Cash Flow Statement (unaudited)

	Previous Consolidated Accounting Period (from January 1, 2005 to September 30, 2005)	Current Consolidated Accounting Period (from January 1, 2006 to September 30, 2006)	Previous Consolidated Fiscal Year Cash Flow Statement (extract) (from January 1, 2005 to December 31, 2005)
Item	(¥ thousands)	(¥ thousands)	(¥ thousands)
I Cash Flow from Operating Activities			
Current interim net profit before adjustments for tax etc.	2,617,376	2,894,363	6,592,891
Depreciation cost	590,693	1,020,320	906,553
Amortization of consolidated adjustment account	630,477	1,080,972	957,428
Decrease in allowance for doubtful debts	158,712	-72,261	-297,663
Increase in allowance for bonuses	112,385	91,772	-9,786
Addition to reserves for the provision of retirement benefits	—	-69,728	19,627
Addition to the excess interest repayment fund	—	1,107,600	—
Profit on sale of investment in securities	-446,176	-2,154,926	-459,788
Profit on sale of shares in affiliated companies	-319,304	-343,987	-3,010,629
Gain on transfer of goodwill	—	-6,185	—
Interest, dividends received	-11,524	-6,106	-25,386
Interest paid	18,658	159,139	18,948
Currency conversion profit/loss	—	—	-36,592
Stock issuance costs	12,558	2,149	37,866
Loss on sale of investments in securities	—	—	1
Loss on devaluation of investments in securities	—	34,530	330,800
Loss on devaluation of stock in affiliated companies	—	25,000	10,049
Capital loss on appraisal	—	—	41,649
Depreciation of goodwill	64,914	—	82,193
Loss on retirement of fixed assets	284,997	49,910	489,504
Loss on sale of fixed assets	95,581	—	95,673
Gain on sale of fixed assets	-11,502	—	-14,287
Shrinkage	—	78,347	—
Loss from change of equity investees	338,992	20,777	246,289
Gain from change of equity investees	-714,250	-303,525	-1,364,951
Increase in operating loans	-2,376,421	1,558,720	-3,074,384
Increase in securities deposits	—	1,277,706	—
Increase in segregated trust account	—	-4,902,000	—
Increase in security deposits received	—	3,410,416	—
Increase (decrease) in accounts receivable	784,919	-143,251	685,514
Increase (decrease) in inventory assets	-16,331	-25,248	16,912
Other increases (decreases) in assets	1,814,856	-1,363,343	1,472,880
Increase (decrease) in purchase debts	-194,945	-1,199,192	-173,401
Other increases (decreases) in liabilities	-1,871,613	1,719,303	-1,001,403
Directors bonuses paid	-43,025	-69,252	-43,025
Sub Total	1,520,028	3,872,023	2,493,484
Interest and dividends received	13,418	5,157	25,300
Interest paid	-17,780	-147,559	-19,020
Payment of damages	-160,110	—	-160,110
Payment of corporate tax etc.	-2,347,504	-2,939,928	-2,498,012
Cash Flow from Operating Activities	-991,948	789,692	-158,357

	Previous Consolidated Accounting Period (from January 1, 2005 to September 30, 2005)	Current Consolidated Accounting Period (from January 1, 2006 to September 30, 2006)	Previous Consolidated Fiscal Year Cash Flow Statement (extract) (from January 1, 2005 to December 31, 2005)
Item	(¥ thousands)	(¥ thousands)	(¥ thousands)
II Cash Flow from Investing Activities			
Expenditure on deposit of fixed deposit	-8	—	-8
Revenue accrued on return of fixed deposit	697,308	920,000	697,308
Expenditure on acquisition of tangible fixed assets	-208,357	-410,477	-417,512
Revenue accrued on sale of tangible fixed assets	622,510	339,981	629,649
Expenditure on acquisition of intangible fixed assets	-443,642	-1,228,935	-769,332
Revenue accrued on sale of intangible fixed assets	141,066	—	79,797
Expenditure on acquisition of investments in securities	-2,651,250	-2,278,543	-2,462,387
Revenue accrued on sale of investments in securities	863,205	3,173,857	839,655
Expenditure incurred on redemption of investments in securities	277,500	50,000	277,500
Expenditure on acquisition of stock in subsidiaries	-292,715	-108,421	-2,100,281
Revenue accrued on sale of stock in subsidiaries	338,470	361,055	3,364,051
Expenditure on capital acquisition	—	—	—
Expenditure on the acquisition of subsidiary stock due to change in scope of consolidation.	-16,969,978	-3,253,448	-22,850,289
Decrease due to change in scope of consolidation after merger of subsidiaries	-57,265	—	-57,265
Expenditure on a silent partnership with affiliated company payment	—	-2,900,000	—
Receipt of subsidiary funds through stock swap	13,564	—	13,564
Expenditure on loans	-107,290	-4,200	-209,053
Revenue accrued on collection of loans	69,740	111,920	112,344
Expenditure on transfer of business	-29,723	—	-30,207
Expenditure on other investment activities	360,896	284,483	-416,267
Revenue from other investment activities	-185,602	-198,840	565,560
Cash Flow from Investing Activities	-17,561,571	-5,141,568	-22,733,175
III Cash Flow from Financing Activities			
Revenue from short-term loans payable	7,500,500	35,302,304	6,800,000
Expenditure incurred on repayment of short-term loans	-11,062,566	-16,808,130	-9,935,800
Revenue from long-term loans payable	8,500,000	19,851,700	12,446,300
Expenditure incurred on repayment of long-term loans	-7,243,700	-11,053,904	-7,778,000
Revenue from issuance of bonds	62,978,823	1,000,000	63,128,873
Expenditure incurred on redemption of bonds	-31,625,000	-31,075,000	-31,475,000
Expenditure incurred on issuance of stock	-12,558	—	—
Revenue from the issuance of stock to minority shareholders	1,297,828	468,541	2,279,947
Revenue from union members	—	1,470,000	—
Income and expenditure from the sale and acquisition of treasury stock.	-244,569	31,685	-223,427
Payment of dividends	-333,699	-321,274	-362,399
Payment of dividends to minority shareholders	-69,005	-135,965	-131,722
Cash Flow from Financing Activities	29,686,052	-1,270,043	34,748,770
IV Effect of Exchange Rate Changes on Cash and Equivalents	2,241	4,510	9,630
V Increase in Cash and Equivalents	11,134,774	-5,617,408	11,866,868
VI Balance of Cash and Equivalents at the Beginning of Term	11,319,354	23,202,882	11,319,354
VII Increase in Cash and Equivalents Due to Increase in Consolidated Subsidiaries	16,659	4,635,872	16,659
VIII Increase in Cash and Equivalents Due to Merger	—	77,770	—
IX Balance of Cash and Equivalents at the End of the Current Term	22,470,787	22,299,117	23,202,882