



## Condensed Consolidated Financial Statement for the First Quarter of the Term Ending December 2007

May 15, 2007

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

Exchange Listing: Tokyo Stock Exchange, First Section Stock Code: 9449

Location of Head Office: Tokyo

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

Representative: CEO and Representative Director: Masatoshi Kumagai

Contact: Masashi Yasuda, Managing Director Contact Number: +81-3-5456-2555

(I) Matters concerning the preparation of financial information

1. Adoption of simplified accounting method: None
2. Change in method of accounting treatment since the previous consolidated fiscal year: None
3. Change in the scope of consolidation or application of equity method: Yes

Consolidated Subsidiaries: New: 4 Excluded: 0 Equity Method Affiliates: New: 0 Excluded: 0

(II) First Quarter Performance and Financial Condition for the Fiscal Year Ending December 2007 (01.01.07 - 03.31.07)

(1.) Consolidated Operating Results

Note: All amounts rounded down to the nearest million.

	Sales		Operating Profit		Ordinary Profit		Net Profit	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
FY2007 1st Quarter	15,059	(28.6)	1,943	(98.1)	1,784	(77.0)	245	(634.9)
FY2006 1st Quarter	11,713	(53.0)	980	(7.3)	1,008	(7.7)	33	(-92.7)
(Reference) Year Ended December 2006	50,842		4,271		3,992		-12,099	

	Net Profit per Share	Net Profit per Share (Diluted)
	¥	¥
FY2007 1st Quarter	3.39	3.37
FY2006 1st Quarter	0.54	0.54
(Reference) Year Ended December 2006	-194.81	-

Note: Percentage figures (sales, profit etc.) represent the increase or decrease over the previous corresponding period.

(2.) Consolidated Financial Condition

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
	¥ millions	¥ millions	%	¥
FY2007 1st Quarter	139,498	20,017	8.3	160.39
FY2006 1st Quarter	90,583	17,387	19.2	280.60
(Reference) Year Ended December 2006	146,279	19,528	7.7	156.79

(3.) Consolidated Cash Flow

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash flow from Financing Activities	Cash and Cash Equivalents Closing balance
	¥ millions	¥ millions	¥ millions	¥ millions
FY2007 1st Quarter	4,570	-6,973	-6,241	24,562
FY2006 1st Quarter	-1,154	-892	987	22,715
(Reference) Year Ended December 2006	4,544	-3,400	7,995	33,180

(III) Consolidated Results Forecast for the Term Ending December 2007 (01.01.07 – 12.31.07)

	Sales	Operating Profit	Ordinary Profit	Net Profit
	¥ millions	¥ millions	¥ millions	¥ millions
Interim	29,000	3,300	3,000	700
Full Year	60,000	7,000	6,300	2,500

(Reference) Forecast Net Profit per Share (full year): ¥34.66

Note: The above projections are based on information currently available including factors that are largely indeterminable. Actual results may vary from the projected figures as a result of changes in business conditions.

## The Corporate Group

GMO Internet Inc., (hereafter “the company”) is a corporate group consisting of the company and 49 consolidated subsidiaries. Under the corporate slogan *Internet for Everyone* the group operates in three segments, Internet Use Support (Internet Infrastructure), Internet Advertising Support (Internet Media) and Internet Finance. The following table shows the businesses included in each segment and the group companies operating in each business area. The classification of businesses here is the same as that used in the segment sales table.

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 (web hosting service)	the company GMO Hosting & Security Inc. paperboy&co. Hosting & Security INC. @YMC Corporation Mighty Server Inc.
	Web Development & E-Commerce Solutions	Web site design, Operation support services, System consulting, Online shop construction consulting – construction and ASP services	the company Grandsphere Co. Ltd. GSS Corporation (formerly GMO Blog Inc.) Global Web Co. Ltd. paperboy&co. MakeShop Inc. GMO Solution Partner Inc.
	Internet Security	Security for information on the Internet, Authentication services for businesses and individuals	GeoTrust Japan Inc. GlobalSign Ltd. GlobalSign NV
	Credit Card Payment Processing	Credit card billing service	GMO Payment Gateway Inc. Epsilon Inc.
	Provider (ISP)	Internet access provider	the company
	Internet Advertising Support (Media)	Internet Media & Search Media	Internet advertising media development and operation – blogs, Internet communities etc. Contextual advertising, JWord (Japanese keyword search) operation and sales, SEO and listing advertising
Internet Advertising Agency		Advertising sales, mainly Internet advertising media and recruitment advertisements	Magclick Inc. GMO San Planning Inc.
Other		Online games – design and operation, Internet research systems and management of Internet research panel	NETCLUE Co. Ltd. (Korea) GMO Games Inc. GMO Research Inc.

Internet Finance	Loans and Credit	Loans and credit	GMO NetCard Inc. GMO LOAN-CREDIT HOLDINGS 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. N Corporation Co. Ltd.
	Internet Securities	Internet securities	GMO Internet Securities Inc.
	Other	Venture capital	GMO Venture Partners Inc. GMO Venture Partners - Investment Limited Partnership Blog Business Fund - Investment Limited Partnership

### List of Consolidated Subsidiaries

Company Name	% voting rights or equity share held	Category	Business Description
GMO Games Inc.	100.0%	Consolidated Subsidiary	Online games - marketing and operation
GMO Media Holdings Inc.	100.0%	Consolidated Subsidiary	Total strategy design for the media industry
GMO Venture Partners Inc.	100.0%	Consolidated Subsidiary	Venture capital
BOM Inc.	100.0%	Consolidated Subsidiary	Listing advertising
Grandsphere Co. Ltd.	92.5%	Consolidated Subsidiary	System consulting
GMO LOAN-CREDIT HOLDINGS Inc. (*2)	91.1%	Consolidated Subsidiary	Loans and credit
GMO Internet Securities Inc.	90.2%	Consolidated Subsidiary	Internet securities
GMO Research Inc.	78.2%	Consolidated Subsidiary	Research business
GMO Solution Partner Inc. (*2)	76.0%	Consolidated Subsidiary	E-commerce site development support
GMO Hosting & Security Inc.	63.2%	Consolidated Subsidiary	Web hosting business
JWord Inc.	62.7%	Consolidated Subsidiary	JWord (Japanese keyword search tool)
paperboy&co.	59.6%	Consolidated Subsidiary	Web hosting for individuals
MakeShop Inc.	58.7%	Consolidated Subsidiary	Online shop construction ASP
GMO Payment Gateway Inc.	52.3%	Consolidated Subsidiary	Provision and operation of credit card payment processing online network
Tea Cup Communication Ltd.	51.0%	Consolidated Subsidiary	Internet community
Magclick Inc.	43.0%	Consolidated Subsidiary	Internet advertising sales
NETCLUE Co. Ltd. (Korea)	100.0% (100.0%)	Consolidated Subsidiary	Online games - marketing and operation
@YMC Corporation	100% (100.0%)	Consolidated Subsidiary	Web hosting business
Epsilon Inc.	100% (100.0%)	Consolidated Subsidiary	Provision and operation of credit card payment processing online network
Mighty Server Inc.	100% (100.0%)	Consolidated Subsidiary	Web hosting business
GMO Ad Networks Inc.	100.0% (100.0%)	Consolidated Subsidiary	RSS/ Atom feed management system provision and community media construction support
GSS Corporation (formerly GMO Blog Inc.) (*1)	100% (100.0%)	Consolidated Subsidiary	Blog system administration and management
GeoTrust Japan Inc.	88.2% (88.2%)	Consolidated Subsidiary	Internet information security, business and personal authentication services
GlobalSign Ltd.(UK)	100% (100.0%)	Consolidated Subsidiary	Internet information security, business and personal authentication services
GlobalSign NV (Belgium)	100% (100.0%)	Consolidated Subsidiary	Internet information security, business and personal authentication services
Global Web Co. Ltd. (*2)	70.0% (70.0%)	Consolidated Subsidiary	Web design, electronic catalog design and translation services

GMO Media Inc.	81.6% (81.6%)	Consolidated Subsidiary	E-mail media, development, provision and management of desktop wallpaper, information and advertising distribution system
GMO San Planning Inc.	90.0% (90.0%)	Consolidated Subsidiary	Advertising agency business
Hosting & Security INC.	51.2% (51.2%)	Consolidated Subsidiary	Web hosting business
INTERNET Number Corporation	69.6% (69.6%)	Consolidated Subsidiary	Internet number service
GMO NetCard Inc.	100% (100.0%)	Consolidated Subsidiary	Loans and credit
MIKI-SHOJI Co. Ltd.	100% (100.0%)	Consolidated Subsidiary	Loans and credit
Jaxon Finance Inc.	100% (100.0%)	Consolidated Subsidiary	Loans and credit
Like Card Ltd.	100% (100.0%)	Consolidated Subsidiary	Loans and credit
Sanyo Credit Ltd.	100% (100.0%)	Consolidated Subsidiary	Loans and credit
East Japan Credit Ltd.	100% (100.0%)	Consolidated Subsidiary	Loans and credit
Sunlife Ltd.	100% (100.0%)	Consolidated Subsidiary	Loans and credit
Sanai Credit Ltd.	100% (100.0%)	Consolidated Subsidiary	Loans and credit
Million Ltd.	100% (100.0%)	Consolidated Subsidiary	Loans and credit
Alto Ltd.	100% (100.0%)	Consolidated Subsidiary	Loans and credit
Japan Ltd.	100% (100.0%)	Consolidated Subsidiary	Loans and credit
JC Ltd.	100% (100.0%)	Consolidated Subsidiary	Loans and credit
Save Ltd.	100% (100.0%)	Consolidated Subsidiary	Loans and credit
N Corporation Co. Ltd.	100% (100.0%)	Consolidated Subsidiary	Loans and credit
Just Inc.	100% (100.0%)	Consolidated Subsidiary	Loans and credit
Limited Liability Chukan Hojin ASA Holdings 4	100% (100.0%)	Consolidated Subsidiary	Loans and credit
ASA5 Merger Corporation	100% (100.0%)	Consolidated Subsidiary	Loans and credit
GMO Venture Partners Investment Limited Partnership	31.7% (31.7%)	Consolidated Subsidiary	Venture capital
Blog Business Fund Investment Limited Partnership	9.9% (9.9%)	Consolidated Subsidiary	Venture capital

1. The company name of GMO Blog Inc. was changed to GSS Corporation on February 5, 2007.

2. Global Web Co. Ltd. was established on March 1, 2007, GMO LOAN-CREDIT HOLDINGS Inc. was established on February 6, 2007 and Solution Partner Inc. was established on March 1, 2007.

3. In the column "% voting rights or equity share held" figures in parentheses denote indirect ownership.

## Business Overview - First Quarter

### 1. Business Results and Progress – Qualitative Information

The following report outlines business performance in the current consolidated accounting term (01.01.07 to 03.31.07)

#### General Business Overview

During the current quarter of the consolidated accounting term the Japanese economy exhibited signs of an economic upswing including a recovery of capital investment in the corporate sector and rising share prices. In the Internet market, the arena in which the group operates, the number of broadband service contracts in Japan reached 30.62 million at the end of December 2006. The Internet is now firmly established and Internet use continues to grow.<sup>†</sup>

In this environment, domain registration, web hosting, web development & e-commerce solutions, security and payment processing, the five major businesses in the Internet Use Support (Infrastructure) segment, have continued to perform solidly. At the same time we continue to establish ourselves as the undisputed number one web solutions provider. In the current quarter we further enhanced our sales strength with the establishment of GMO Solution Partner Inc, a joint venture with Sagawa Express Co. Ltd. that provides support services for the development of e-commerce sites. We also established a web design and catalog company, Global Web Co. Ltd. with the objective of further expanding our product range. The Internet Advertising Support (Media) segment was ranked sixth in the Nielsen/NetRatings March 2007 monthly survey of user numbers with 21.98 million users. Profitability in the Internet media business is rapidly accelerating as we put to use our media assets.

In the Internet Finance segment, particularly in the loans and credit business, major changes are taking place in the external environment. However we are working to maintain and expand our revenue base through such measures as a loan portfolio revision aimed at reducing unguaranteed, unsecured consumer loans and an agreement to establish United Capital, a joint venture loan assets acquisition business with Lehman Brothers Japan.

As a result, in the current quarter of the consolidated accounting term, the group recorded sales of 15,059,175,000 (28.6% year-over-year increase), an operating profit of 1,943,104,000 yen (98.1% year-over-year decrease), an ordinary profit of 1,784,978,000 yen (77.0% year-over-year decrease) and a net profit of 245,019,000 yen (a 634% increase over the same term in the previous year).

#### Segment Report

##### Internet Use Support (Infrastructure)

The Internet Use Support (Internet infrastructure) segment recorded sales of 4,764,725,000 yen (18.3% year-over-year increase) and an operating profit of 793,795,000 (19.8% year-over-year increase). In the domain registration business, one of our major business areas, the number of registrations exceeded 600,000 and grew 28.7% over the previous corresponding period. In the web hosting business the number of contracts rose 16.9% year-over-year to almost 400,000. There has also been solid profit growth in the web development & e-commerce solutions, credit card payment processing and security businesses.

##### Internet Advertising Support (Media)

The Internet Advertising Support (Internet Media) segment recorded sales of 3,426,021,000 yen (5.6% year-over-year increase) and an operating profit of 314,487,000 (53.3% year-over-year increase). A partnership with Overture K.K. led to a major improvement in profitability in the Internet media & search media business.

##### Internet Finance

The Internet Finance segment recorded sales of 6,957,233,000 yen (54.4% year-over-year increase) and an operating profit of 815,348,000 yen (993.8% year-over-year increase). Despite reducing unguaranteed, unsecured consumer loans, revenue and profits increased from the previous corresponding term due to an increase in guaranteed consumer loans brought about by the addition of Just Inc. and other companies to the consolidation.

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<sup>†</sup> 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 the state of assets, liabilities and shareholders' equity between March 31, 2006 and March 31, 2007 are as follows.

In current assets, operating loans increased by 33,365,019,000 yen and in fixed assets goodwill<sup>‡</sup> was up by 3,228,316,000 yen. This is largely a result of MIKI-SHOJI Co. Ltd. and Just Inc. becoming consolidated subsidiaries in the loans and credit business. Under liabilities, short term debt rose by ¥22,663,798,000. This was also a result of the two companies joining the consolidation. Deposit in securities business, margin transaction assets in securities business and short term guarantee deposit in securities business were reported in the current assets column and under current liabilities the two items margin transaction liability and securities business – deposit received were reported following the launch of the Internet securities business.

### Cash Flow

In regard to cash and cash equivalents (hereafter "funds") in the consolidation during the current quarter, cash provided by operating activities was 4,570,171,000 yen despite payments including corporate tax. Funds used in cash flow from investing activities totaled 6,973,279,000 yen after expenditures including the acquisition of investments in securities and payment for stock in subsidiaries acquired in the previous fiscal year. Net cash used in financing activities was 6,241,613,000 yen, primarily due to loan repayments. Funds stood at 24,562,747,000 yen at the end of the current quarter of the consolidated accounting term. The state of each cash flow in the current term and the factors contributing to that state are as follows. Cash flow provided by operating activities was 4,570,171,000 yen. A net profit before adjustment for taxes etc. of 1,818,033,000 yen was recorded and a payment of 1,711,248,000 yen in corporate taxes etc. was offset by factors including the collection of operating loans. (In the previous corresponding term 1,154,477,000 yen was used in operating activities).

Net cash used in investing activities was 6,973,279,000 yen. This was due to the acquisition of investments in securities at 440,000,000 yen and expenditure of 6,044,000,000 yen related to the acquisition of stock in a subsidiary in the previous fiscal year. (In the previous corresponding term 892,339,000 yen was used in investing activities)

Cash used in financing activities was 6,241,613,000 yen. This was predominantly due to an expenditure of 23,681,070,000 yen on long and short term loan repayments only partially offset by 17,430,000,000 yen in revenue from the collection of long and short term loans. (In the previous corresponding term 987,151,000 yen was provided by financing activities)

## 3. Results Forecast for the Fiscal Year Ending December 2007

The business results projection for the current term is as follows. The business environment surrounding the GMO Internet Group is subject to significant change in short periods of time. As such, actual results may vary from those projected here.

### Consolidated Results Forecast (01.01.2007 – 12.31.2007)

	Fiscal Year Ending December 2007	Increase/Decrease (Year-over-Year)	Fiscal Year Ended December 2006
	¥ millions	%	¥ millions
Sales	60,000	18.0	50,842
Operating Profit	7,000	63.9	4,271
Ordinary Profit	6,300	57.8	3,992
Net Profit	2,500	-	-12,099

### Non-Consolidated Results Forecast (01.01.2007 – 12.31.2007)

	Fiscal Year Ending December 2007	Increase/Decrease (Year-over-Year)	Fiscal Year Ended December 2006
	¥ millions	%	¥ millions
Sales	13,000	7.1	12,133
Operating Profit	1,230	3.5	1,188
Ordinary Profit	1,580	-15.4	1,867
Net Profit	1,250	-	-3,891

<sup>‡</sup> Goodwill now includes the Consolidated Adjustments Account. Previously these were separate items.

(Reference)

**Table: Quarterly Change by Segment**

## I. Sales by Segment

(unit: ¥millions)

	2006 1Q	2006 2Q	2006 3Q	2006 4Q	2007 1Q
<b>Internet Use Support (Infrastructure)</b>					
Provider (ISP)	633	595	560	536	521
Domain registration	457	502	497	437	541
Web hosting	1,872	1,956	1,984	2,043	2,049
Web development & e-commerce solutions*	376	343	562	638	733
Security	108	101	147	216	288
Credit card payment processing	384	404	423	450	497
Other*	194	95	190	145	132
Segment Sales Total	4,027	3,998	4,366	4,467	4,764
<b>Internet Advertising Support (Media)</b>					
Internet media & search media	1,276	1,324	1,336	1,521	1,694
Internet advertising agency	1,837	1,388	1,438	1,764	1,583
Other*	274	294	330	331	279
Total	3,389	3,008	3,106	3,617	3,557
Adjustment for Internal transactions	( 146 )	( 232 )	( 219 )	( 229 )	( 131 )
Segment Sales Total	3,243	2,775	2,886	3,387	3,426
<b>Internet Finance</b>					
Loans and credit	4,506	4,631	5,674	7,077	6,707
Internet securities	-	2	66	132	246
Other	-	-	-	10	4
Segment Sales Total	4,506	4,633	5,741	7,220	6,957
Adjustment for internal transactions	( 63 )	( 78 )	( 97 )	( 174 )	( 88 )
Consolidated Sales	11,713	11,329	12,897	14,901	15,059

## II. Operating Profit by Segment

(unit: ¥millions)

	2006 1Q	2006 2Q	2006 3Q	2006 4Q	2007 1Q
Internet Use Support (Infrastructure)	662	609	748	671	793
Internet Advertising Support (Media)	205	57	74	200	314
Internet Finance	74	341	-335	796	815
Sub Total	942	1,007	487	1,668	1,923
Adjustment for internal transactions	38	20	50	56	19
Consolidated Operating Profit	980	1,028	537	1,724	1,943

\*As of the current consolidated accounting period business divisions have been reorganized due to changes in composition and the significance of the businesses to the group.

In the Internet Use Support (Infrastructure) segment, the new Web Development & E-commerce Solutions business is composed of the former Website Construction Support business and E-commerce Support business. The Other classification now also includes the former Corporate Communications business.

In the Internet Advertising Support (Media) segment, the new Internet Media & Search Media business is composed of the former Internet Media Construction and JWord businesses. The former Online Games business has been added to the Other classification.

The Internet Finance segment has now been divided into the Loans and Credit business, Internet Securities business and Other.

Under the former division of businesses, sales were as follows.

Internet Infrastructure: Website Construction: ¥451 million, E-commerce Support: ¥282 million, Corporate Communications: ¥51 million, Other: ¥81 million.

Internet Advertising Support (Media): Internet Media Construction: ¥697 million, JWord: ¥997 million, Online Games: ¥135 million, Other: ¥143 million



## Finance Business: Loans and Credit Business Indicators

(Unit: ¥millions)

Item \ Term	End of 1st Quarter in the Previous Consolidated Fiscal Year (03.31.06)	End of 1st Quarter in the Current Consolidated Fiscal Year (03.31.07)	Previous Consolidated Fiscal Year (12.31.06)
Operating Loans Outstanding	80,290	112,752	117,167
Unsecured loans without guarantor	77,253	77,491	81,645
Unsecured loans with guarantor and secured loans	3,036	35,262	35,523
Number of Accounts	179,915	261,280	270,702
Unsecured loans without guarantor	179,729	188,681	197,229
Unsecured loans with guarantor and secured loans	186	72,599	73,473
Bad debt expenses	1,799	1,439	5,886
Allowance for doubtful debts	-6,310	-11,334	-12,273

(Notes) 1. Operating Loans/ Number of Accounts includes loans assets that were securitized and moved off balance sheet ( End of the first quarter of the current consolidated accounting period: ¥52,396,000,000 End of the first quarter of the previous consolidated accounting period: ¥53,300,000,000 End of the previous consolidated accounting period: ¥53,379, 000,000 )

2. Bad debt expenses are the aggregate of bad debt losses (bad-debt write-offs) and the allowance for doubtful debts.

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

(Unit: ¥millions)

	2006 1Q	2006 2Q	2006 3Q	2006 4Q	2007 1Q
Operating Revenue	11,713	11,329	12,897	14,901	15,059
Operating Profit	980	1,028	537	1,724	1,943
Ordinary Profit	1,008	918	475	1,589	1,784
Net Profit	33	159	340	-12,633	245
Total Assets	90,583	92,844	145,651	146,279	139,498
Shareholders' Equity	17,387	17,276	16,376	11,309	11,569

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

(Unit: ¥millions)

	2006 1Q	2006 2Q	2006 3Q	2006 4Q	2007 1Q
Operating Revenue	2,969	2,969	3,048	3,146	3,358
Operating Profit	274	303	303	307	457
Ordinary Profit	494	831	280	261	552
Net Profit	587	830	448	-5,757	408
Total Assets	49,411	49,084	51,231	54,835	54,046
Shareholders' Equity	14,359	14,910	14,109	16,001	16,406

Consolidated Financial Statements etc.

1. Balance Sheet (unaudited)

Category	End of 1 <sup>st</sup> Quarter in Previous Consolidated Accounting Term (03.31.06)		End of 1 <sup>st</sup> Quarter in Current Consolidated Accounting Term (03.31.07)		Balance Sheet Extract from the End of the Previous Consolidated Fiscal Year (12.31.06)	
	Amount (¥thousands)	Composition (%)	Amount (¥thousands)	Composition (%)	Amount (¥thousands)	Composition (%)
(Assets)						
I Current Assets						
1. Cash and deposits	22,855,199		24,622,768		32,940,455	
2. Notes and accounts receivable	3,500,167		3,779,637		3,434,809	
3. Inventory assets	39,052		38,112		31,719	
4. Deferred tax asset	1,481,636		1,830,640		2,121,263	
5. Operating loans	26,990,860		60,355,879		63,788,341	
6. Accrued income	3,571,710		1,198,922		1,350,440	
7. Deposit in securities business	-		7,302,000		5,352,000	
8. Margin trading assets in securities business	-		6,907,977		5,452,598	
9. Short term guarantee paid in securities business	-		1,971,987		1,050,708	
10. Other	1,837,738		4,076,984		3,463,453	
Allowance for doubtful debts	-6,620,915		-11,654,775		-12,573,992	
Total Current Assets	53,655,449	59.2	100,430,134	72.0	106,411,798	72.8
II Fixed Assets						
1. Tangible fixed assets						
(1) Buildings and structures	268,317		333,470		338,674	
(2) Tools and equipment	548,826		687,987		666,640	
(3) Other	28,483		48,657		46,796	
Total tangible fixed assets	845,627	1.0	1,070,115	0.8	1,052,111	0.7
2. Intangible fixed assets						
(1) Goodwill	389,042		-		-	
(2) Goodwill (new)	-		20,250,375		20,633,464	
(3) Software	2,215,295		3,527,448		3,523,557	
(4) Consolidated adjustments account	16,633,016		-		-	
(5) Other	531,974		398,990		329,658	
Total intangible fixed assets	19,769,329	21.8	24,176,814	17.3	24,486,679	16.7
III. Investments and other assets						
(1) Investments in securities	9,632,606		6,642,025		6,725,254	
(2) Long term loans receivable	499,947		26,239		23,253	
(3) Investments	458,177		454,382		458,983	
(4) Security deposit	776,140		1,000,183		973,318	
(5) Long term deposit	3,742,510		5,198,604		5,534,555	
(6) Deferred tax asset	406,457		138,908		264,656	
(7) Other	811,035		385,609		372,210	
Allowance for doubtful debts	-14,009		-24,228		-23,678	
Total investments and other assets	16,312,866	18.0	13,821,725	9.9	14,328,553	9.8
Total Fixed Assets	36,927,823	40.8	39,068,655	28.0	39,867,344	27.2
Total Assets	90,583,273	100.0	139,498,789	100.0	146,279,143	100.0

Category	End of 1 <sup>st</sup> Quarter in the Previous Consolidated Accounting Term (03.31.06)		End of 1 <sup>st</sup> Quarter in the Current Consolidated Accounting Term (03.31.07)		Balance Sheet Extract from the End of the Previous Consolidated Fiscal Year (12.31.06)	
	Amount (¥thousands)	Composition (%)	Amount (¥thousands)	Composition (%)	Amount (¥thousands)	Composition (%)
(Liabilities)						
I Current Liabilities						
1. Notes and accounts payable	1,245,417		887,986		773,204	
2. Short term debt	30,221,502		52,885,300		55,626,767	
3. Current portion of long term debt	10,207,632		11,018,030		12,235,030	
4. Bonds to be redeemed within a year	150,000		2,200,000		2,150,000	
5. Accrued amount payable	1,816,985		5,703,964		10,855,512	
6. Accrued corporate taxes etc.	1,038,988		1,254,799		2,026,373	
7. Allowance for bonuses	217,963		258,368		119,953	
8. Allowance for bonuses to directors	-		10,000		37,700	
9. Advanced payments received	1,541,636		1,887,241		1,833,868	
10 Margin transaction assets in securities business	-		6,907,977		5,452,598	
11. Deposit received in securities business	-		7,049,354		4,159,893	
12. Interest repayment reserve	900,000		2,975,000		4,295,000	
13. Other	2,169,869		6,337,948		5,770,580	
Total Current Liabilities	49,509,996	54.7	99,375,970	71.3	105,336,483	72.0
II Fixed Liabilities						
1. Bonds	4,150,000		3,050,000		3,000,000	
2. Long term debt	13,142,718		8,833,721		11,126,324	
3. Long term accrued amount payable	637,979		3,297,188		4,059,156	
4. Deferred tax liability	674,410		22,648		31,143	
5. Allowance for director retirement benefits	53,300		133,240		128,200	
6. Allowance for retirement benefits for employees	192,597		207,083		199,849	
7. Interest repayment reserve	-		4,470,000		2,790,000	
8. Other	95,087		61,977		63,598	
Total Fixed Liabilities	18,946,093	20.9	20,075,858	14.4	21,398,272	14.7
III Special Law Reserve Fund						
Securities transaction liability reserve	-		29,368		16,152	
Special Law Reserve Fund Total	-		29,368	0.0	16,152	0.0
Total Liabilities	68,456,089	75.6	119,481,197	85.7	126,750,907	86.7
(Minority Equity)						
Minority Equity	4,739,666	5.2	-	-	-	-
(Shareholders' Equity)						
I. Capital Stock	3,311,130	3.7	-	-	-	-
II. Capital Surplus	5,355,486	5.9	-	-	-	-
III. Earned Surplus	7,381,036	8.1	-	-	-	-
IV Other Gaps in Appraisal of Securities	1,368,395	1.5	-	-	-	-
V Foreign Currency Translation Adjustment Account	-10,894	-0.0	-	-	-	-
VI Treasury Stock	-17,638	-0.0	-	-	-	-
Total Shareholders' Equity	17,387,516	19.2	-	-	-	-
Liabilities, Minority Equity and Shareholders' Equity Total	90,583,273	100.0	-	-	-	-

Category	End of 1 <sup>st</sup> Quarter in the Previous Consolidated Accounting Term (03.31.06)		End of 1 <sup>st</sup> Quarter in the Current Consolidated Accounting Term (03.31.07)		Balance Sheet Extract from the End of the Previous Consolidated Fiscal Year (12.31.06)	
	Amount (¥thousands)	Composition (%)	Amount (¥thousands)	Composition (%)	Amount (¥thousands)	Composition (%)
(Net Assets)						
I Shareholders' Equity						
1. Capital stock	-	-	7,148,299	5.1	7,148,299	4.9
2. Capital surplus	-	-	8,815,135	6.3	9,188,342	6.2
3. Earned surplus	-	-	-4,360,456	-3.1	-5,006,591	-3.4
4. Treasury stock	-	-	-208	-0.0	-208	-0.0
Total Shareholders' Equity	-	-	11,602,770	8.3	11,329,842	7.7
II Gaps in Appraisals, Conversions etc.						
1. Other gaps in appraisal of securities	-	-	2,192	0.0	4,559	0.0
2. Hedging profit/loss carried forward	-	-	10,383	0.0	13,351	0.0
3. Foreign currency translation adjustment account	-	-	-46,282	-0.0	-38,432	-0.0
Total Gaps in Appraisals, Conversions etc.	-	-	-33,705	-0.0	-20,522	-0.0
III Equity Warrants	-	-	33,647	0.0	33,647	0.0
IV Minority Equity	-	-	8,414,878	6.0	8,185,267	5.6
Net Assets Total	-	-	20,017,591	14.3	19,528,235	13.3
Liabilities and Net Assets Total	-	-	139,498,789	100.0	146,279,143	100.0

### 1.Consolidated Profit and Loss Statement (unaudited)

Category	1 <sup>st</sup> Quarter of Previous Consolidated Accounting Term (01.01.2006 – 03.31.2006)		1 <sup>st</sup> Quarter of Current Consolidated Accounting Term (01.01.2007 – 03.31.2007)		P/L Extract Previous Consolidated Fiscal Year (01.01.2006 – 12.31.2006)				
	Amount (¥thousands)	(%)	Amount (¥thousands)	(%)	Amount (¥thousands)	(%)			
I Operating Revenue		11,713,025	100.0		15,059,175	100.0		50,842,428	100.0
II Business Expenses		3,507,278	29.9		3,893,947	25.9		13,594,374	26.7
III Sales and General Administrative Expenses		7,224,985	61.7		9,222,123	61.2		32,976,439	64.9
Operating Profit		980,762	8.4		1,943,104	12.9		4,271,614	8.4
IV Non Operating Revenue									
1. Interest and dividends received	3,679			28,921			12,762		
2. Commissions received	13,655			987			43,867		
3. Bad debt recovered	223			226			421		
4. Profit on investment partnership	8,630			23,257			127,822		
5. Profit on currency exchange	-			-			77,863		
6. Other	37,336	63,526	0.5	12,587	65,980	0.4	62,608	325,345	0.7
V Non Operating Expenses									
1. Interest paid	11,893			123,214			267,921		
2. New stock issue expenses	-			5,201			38,032		
3. Bond issue expenses	-			-			10,000		
4. Foreign exchange loss	603			16,350			-		
5. Commissions paid	-			46,995			226,150		
6. Other	23,193	35,690	0.3	32,343	224,106	1.5	62,718	604,823	1.2
Ordinary Profit		1,008,597	8.6		1,784,978	11.8		3,992,136	7.9
VI Extraordinary Profit									
1. Gain on previous term P/L adjustment	-			-			25,156		
2. Gain on sale of fixed assets	-			-			183		
3. Gain on sale of investments in securities	-			42,891			2,159,445		
4. Gain on sale of shares in affiliated companies	342,595			-			343,987		
5. Gain on change in equity investees	186			1,137			544,874		
6. Gain on reversal of allowance for doubtful debts	6,941			2,324			20,499		
7. Other	-	349,723	3.0	-	46,353	0.3	16,834	3,110,980	6.1
VII Extraordinary Loss									
1. Loss on sale of fixed assets	-			-			58		
2. Loss on retirement of fixed assets	10,589			76			62,767		
3. Loss on evaluation of investments in securities	-			-			34,530		
4. Loss on sale of investments in securities	-			-			499,628		
5. Loss on evaluation of affiliated company stock	-			-			37,448		
6. Loss on sale of stock in affiliated company	-			-			1,100		
7. Shrinkage	-			-			4,751,331		
8. Loss on change in equity investees	1,491			4			315,011		
9. Penalty for breaking a lease	10,618			-			255,671		
10. Business liquidation loss	-			-			55,776		
11. Interest repayment loss related expenses	634,91			-			8,217,497		
12. One-time depreciation of advance payment	9			-			278,929		
13. Loss on amortization of accrued interest	-			-			1,442,741		
14. Other	9,799	667,418	5.7	13,216	13,297	0.1	65,007	16,017,501	31.5
Net profit/loss before adjustment for tax etc.		690,902	5.9		1,818,033	12.0		-8,914,384	-17.5
Corporate, Municipal and Enterprise Taxes	296,970			896,186			2,089,813		
Adjustment for Corporate Tax etc.	111,705	408,676	3.5	386,527	1,282,713	8.5	512,475	2,602,289	5.1
Minority equity profits		248,883	2.1		290,300	1.9		583,102	1.2
Net Profit /Net Loss		33,342	0.3		245,019	1.6		-12,099,776	-23.8

### 3. Statement of Changes in Shareholders' Equity etc.

1<sup>st</sup> Quarter of the Current Fiscal Year (01.01.2007 to 03.31.2007)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Earned Surplus	Treasury Stock	Total Shareholders' Equity
Balance on 12.31.06 (¥thousands)	7,148,299	9,188,342	-5,006,591	-208	11,329,842
Amount of change in this consolidated fiscal year					
Net profit			245,019		245,019
Reduction due to loss replenishment		-373,206	373,206		
Increase in earned surplus due to increase in consolidated subsidiaries			27,908		27,908
Change in items other than shareholders' equity in the consolidated accounting term (net amount)					
Total amount of change in this consolidated fiscal year (¥thousands)		-373,206	646,134		272,928
Balance on 03.31.2007 (¥thousands)	7,148,299	8,815,135	-4,360,456	-208	11,602,770

	Gaps in Appraisals, Conversions, etc.				Equity Warrants	Minority Equity	Total Net Assets
	Other Gaps in Appraisals of Securities	Hedging Profit/Loss	Currency Translation Adjustment Account	Total Gap in Appraisals, Conversions etc.			
Balance on 12.31.06 (¥thousands)	4,559	13,351	-38,432	-20,522	33,647	8,185,267	19,528,235
Amount of change in this consolidated fiscal year							
Net profit							245,019
Reduction due to loss replenishment							
Increase in earned surplus due to increase in consolidated subsidiaries							27,908
Change in items other than shareholders' equity in the consolidated accounting term (net amount)	-2,366	-2,967	-7,849	-13,183		229,610	216,427
Total amount of change in this consolidated fiscal year (¥thousands)	-2,366	-2,967	-7,849	-13,183		229,610	489,356
Balance on 03.31.2007 (¥thousands)	2,192	10,383	-46,282	-33,705	33,647	8,414,878	20,017,591

#### 4. Consolidated Cash Flow Statement (unaudited)

	1 <sup>st</sup> Quarter of Previous Consolidated Accounting Term (01.01.2006 – 03.31.2006)	1 <sup>st</sup> Quarter of Current Consolidated Accounting Term (01.01.2007 – 03.31.2007)	Previous Fiscal Year Cash Flow Statement Extract (01.01.2006 – 12.31.2006)
Category	Amount (¥thousands)	Amount (¥thousands)	Amount (¥thousands)
<b>I Cash Flow from Operating Activities</b>			
Net profit or loss before adjustment for tax etc.(-)	690,902	1,818,033	-8,914,384
Depreciation expenses	343,336	384,803	1,402,780
Shrinkage			4,751,331
Amortization of consolidated adjustments account	333,386		
Amortization of goodwill (new)		587,805	1,754,477
Change in allowance for doubtful debts	31,560	-918,667	3,494,406
Decrease in allowance for bonuses	109,282	109,115	-34,861
Increase in retirement benefits reserve	3,459	12,273	20,072
Increase in excess repayment fund	900,000	360,000	3,063,000
Gain on sale of investments in securities			-2,159,445
Gain on sale of stock in affiliated companies	-342,595		-343,987
Gain on transfer of goodwill			-6,185
Interest and dividends received	-3,679	-28,921	-12,762
Interest paid	11,893	123,214	267,921
Foreign exchange gain or loss		-907	-17,866
Stock issue expenses		5,201	38,032
Bond issue expenses			10,000
Loss on sale of investments in securities			499,628
Loss on appraisal of investments in securities			34,530
Loss on appraisal of stock in affiliated companies			37,448
Loss on retirement of fixed assets	10,589	76	62,767
Loss on sale of fixed assets			58
Gain on sale of fixed assets		-42,891	-183
Loss on change of equity investees	1,491	4	315,011
Gain on change of equity investees	-186	-1,137	-544,874
Amount of decrease in operating loans	19,519	3,432,461	2,973,207
Increase in security deposits received		339,473	1,527,510
Increase in segregated trust account		-1,950,000	-5,352,000
Increase in securities deposits		2,870,783	4,178,570
Increase in trade investments in securities		-35,045	-538,368
Increase in accounts receivable	-532,788	-344,828	-397,305
Change in inventory assets	-4,081	-6,392	728
Other change in assets	-649,358	-721,990	150,296
Amount of change in purchase debts	-339,398	61,491	-482,841
Other increases in liabilities	116,569	336,856	2,159,270
Directors bonuses paid	-35,607		-69,252
<b>Sub total</b>	<b>664,293</b>	<b>6,390,815</b>	<b>7,866,732</b>

	1 <sup>st</sup> Quarter of Previous Consolidated Accounting Term (01.01.2006 – 03.31.2006)	1 <sup>st</sup> Quarter of Current Consolidated Accounting Term (01.01.2007 – 03.31.2007)	Previous Fiscal Year Cash Flow Statement Extract (01.01.2006 – 12.31.2006)
Category	Amount (¥thousands)	Amount (¥thousands)	Amount (¥thousands)
Interest and dividends received	2,675	30,911	4,873
Interest paid	-4,047	-140,306	-208,023
Payment of corporate tax etc.	-1,817,398	-1,711,248	-3,118,809
Cash Flow from Operating Investing Activities	-1,154,477	4,570,171	4,544,773
<b>II Cash Flow from Investing Activities</b>			
Revenue accrued on return of fixed deposit	850,000	20,000	1,045,207
Expenditure on acquisition of tangible fixed assets	-90,611	-100,342	-446,228
Revenue accrued on sale of tangible fixed assets	459		343,546
Expenditure on acquisition of intangible fixed assets	-410,199	-407,906	-1,997,012
Revenue accrued on sale of intangible fixed assets	345		1,018
Expenditure on acquisition of securities			-995,206
Expenditure on acquisition of investments in securities	-1,500,000	-440,000	-1,767,220
Revenue accrued on sale of investments in securities		52,536	3,161,591
Revenue accrued on redemption of investments in securities			50,000
Expenditure on acquisition of subsidiary stock	-16,100	-6,044,000	-416,421
Revenue accrued on sale of subsidiary stock	354,200		361,055
Expenditure on investment in silent partnership with affiliated company			-2,900,000
Expenditure on acquisition of subsidiary stock and change in scope of consolidation			-350,605
Expenditure on loans	-391,000	-31,940	-15,063
Revenue accrued on collection of loans	103,377	8,310	433,256
Revenue from other investment activities	263,169	21,695	312,405
Expenditure on other investment activities	-55,980	-51,632	-221,010
Cash Flow from Investing Activities	-892,339	-6,973,279	-3,400,688
<b>III Cash Flow from Financing Activities</b>			
Revenue accrued on short-term loans	30,500,000	16,700,000	69,266,068
Expenditure on repayment of short term loans	-7,869,498	-19,441,467	-46,484,166
Revenue accrued on long term loans	12,046,000	730,000	20,597,536
Expenditure on repayment of long term loans	-2,442,000	-4,239,603	-16,323,849
Revenue accrued on issue of stock		-5,201	7,626,208
Revenue accrued on issue of bonds		100,000	1,990,000
Expenditure on redemption of bonds	-31,000,000		-32,150,000
Income from investment partnership			1,470,000
Expenditure on stock issue for minority shareholders	5,941	36,450	2,497,858
Income and expenditure on the sale and acquisition of treasury stock	8,472		31,685
Payment of dividends	-146,455	-1,192	-365,405
Payment of dividends to minority shareholders	-115,308	-120,599	-160,626
Cash Flow from Financing Activities	987,151	-6,241,613	7,995,309
<b>IV Effect of Exchange Rate on Cash and Equivalents</b>	2,403	-3,385	21,542
<b>V Increase in Cash and Equivalents</b>	-1,057,263	-8,648,107	9,160,937
<b>VI Balance of Cash and Equivalents at the Beginning of Term</b>	23,202,882	33,180,245	23,202,882
<b>VII Increase in Cash and Equivalents following Increase in Consolidated Subsidiaries</b>	569,580	30,609	738,786
<b>VIII Increase in Cash and Equivalents Due to Merger</b>			77,639
<b>IX Balance of Cash and Equivalents at the End of Term</b>	22,715,199	24,562,747	33,180,245