



Financial Statement for the First Quarter of the Year Ending December 2008

May 13, 2008

Name of Listed Company: GMO Internet, Inc.

Exchange Listing: Tokyo Stock Exchange, First Section

Stock Code: 9449 URL: <http://www.gmo.jp/en>

Representative: Masatoshi Kumagai, CEO and Representative Director

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(All amounts rounded down to the nearest million yen)

1. Consolidated First Quarter Financial Results in the Year Ending December 2008 (01.01.2008- 03.31.2008)

(1) Consolidated Operating Results

(Percentage figures represent year-on-year % change)

	Sales		Operating Profit		Ordinary Profit		Net Profit	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
FY2008 1st Quarter	8,644	(-42.6)	1,151	(-40.7)	1,028	(-42.4)	489	(99.7)
FY2007 1st Quarter	15,059	(28.6)	1,943	(98.1)	1,784	(77.0)	245	(634.9)
Year Ended 12/2007	46,315		-8,922		-9,666		-17,598	

	Net Profit per Share	Net Profit per Share (diluted)
	¥	¥
FY2008 1st Quarter	4.87	—
FY2007 1st Quarter	3.39	3.37
Year Ended 12/2007	-231.72	—

(Note: Consolidated results in the year ended 12/2007 include earnings and profit in the finance segment that was sold off in 8/2007)

(2) Consolidated Financial Condition

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	¥ millions	¥ millions	%	¥
FY2008 1st Quarter	39,486	11,943	13.3	52.13
FY2007 1st Quarter	139,498	20,017	8.3	160.39
Year Ended 12/2007	40,620	12,057	12.0	48.41

(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
FY2008 1st Quarter	735	-469	-1,243	18,281
FY2007 1st Quarter	4,570	-6,973	-6,241	24,562
Year Ended 12/2007	8,740	-1,812	-20,838	19,303

2. Consolidated Results Forecast for the Year Ending December 2008 (01.01.2008 – 12.31.2008)

(Percentage figures represent year-on-year % change)

	Sales		Operating Profit		Ordinary Profit		Net Profit		Net Profit per Share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
Interim	17,000	(-43.4)	1,900	(—)	1,600	(—)	700	(—)	6.96
Full Year	36,000	(-22.3)	4,500	(—)	4,200	(—)	1,700	(—)	16.91

3. Other

- (1) Significant changes in subsidiaries in the current term (transfer of a subsidiary resulting in change in scope of consolidation): None
 (2) Adoption of simplified accounting method: None
 (3) Change in method of accounting treatment since the previous consolidated fiscal year: None

(*Note: Please refer to Qualitative Information, Financial Statements – 4.Other (page 5) for details)

(Reference) Outline of Non-Consolidated Financial Results

1. Non-Consolidated First Quarter Financial Results in the Year Ending December 2008
(01.01.2008- 03.31.2008)

(1) Operating Results (Percentage figures represent year-on-year % change)

	Sales		Operating Profit		Ordinary Profit		Net Profit	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
FY2008 1st Quarter	3,230	(-3.8)	345	(-24.6)	669	(21.3)	664	(62.6)
FY2007 1st Quarter	3,358	(13.1)	457	(66.9)	552	(11.7)	408	(-30.4)
Year Ended 12/2007	12,933		1,314		1,106		-25,625	

	Net Profit per Share	Net Profit per Share (diluted)
	¥	¥
FY2008 1st Quarter	6.61	—
FY2007 1st Quarter	5.66	—
Year Ended 12/2007	-337.42	—

(2) Financial Condition

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	¥ millions	¥ millions	%	¥
FY2008 1st Quarter	21,697	1,942	9.0	19.33
FY2007 1st Quarter	54,046	16,406	30.4	227.46
Year Ended 12/2007	21,127	1,291	6.1	12.84

2. Non-Consolidated Results Forecast for the Year Ending December 2008 (01.01.2008 – 12.31.2008)

(Percentage figures represent year-on-year % change)

	Sales		Operating Profit		Ordinary Profit		Net Profit		Net Profit per Share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
Interim	6,700	(1.7)	600	(-23.9)	750	(1.6)	800	(-)	7.96
Full Year	13,500	(4.4)	1,600	(21.7)	1,750	(58.2)	1,800	(-)	17.91

* Note regarding the appropriate use of results forecasts and other items

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

Qualitative Information, Financial Statements, etc.

1. Qualitative Information - Consolidated Operating Results

General Conditions

In the first quarter of the current term, the US sub prime loan crisis in the previous year continued to cause instability in financial markets, the yen has risen sharply since the beginning of the year and prices of crude oil and other resources have soared. As a result corporate earnings growth in the domestic market remained flat and there was continued uncertainty over the future.

In the Internet market, the arena in which the company operates, the number of broadband service users reached 32.47 million at the end of December 2007¹. The Internet is now firmly established and Internet use continues to grow.

It was in this business environment that the group focused management resources on Internet Use Support (Infrastructure) and Internet Advertising Support (Media) operations, building synergy between the two segments to ensure continued growth going forward.

Consolidated financial results for the current fiscal year were as follows. Sales: 8,644,550,000 yen (42.6% year-on-year decrease) Operating Profit: 1,151,905,000 yen (40.7% year-on-year decrease) and Ordinary Profit: 1,028,998,000 yen (42.4% year-on-year decrease). The reason for the significant year-on-year drop in earnings and profit is that previous first quarter figures include the former finance segment. This is the first (first quarter) term in which finance segment results have not been included.

As the following segment report shows, performance in the Internet Infrastructure and Internet Media segments has been positive. Net profit rose significantly in the first quarter to 489,427,000 yen (99.7% year-on-year increase) as a result of the occurrence of extraordinary profit including gain on the sale of investments in securities, gain on the recovery of bad debt previously written off, and a gain on the sale of a business in a subsidiary. Also, while extraordinary losses were recorded including loss on valuation of investments in securities, software and other assets, we were able to leverage retained losses to reduce our corporate tax burden.

Segment Report

Internet Use Support (Infrastructure)

The five major businesses in the Internet Use Support (Infrastructure) segment (Domain, Web Hosting, Web Development & E-Commerce Support, Security, and Payment Processing), all performed well in the current term.

The Domain business exceeded 750,000 domain registrations, a 22.6% year-on-year increase. The .asia domain was opened up for general registration in the first quarter of the year. Sales were up 14.1% year-on-year to 617,573,000 yen.

In the Web Hosting business disk capacity was boosted and functionality expanded in response to the growing sophistication and diversification of client needs. Contracts were up 8.8% year-on-year to 362,000 and the business reported 2,142,972,000 yen in sales (4.5% year-on-year increase).

Solid profit growth was shown by the Web Development & E-commerce Solutions businesses. Contracts were up 66.9% year-on-year to 23,101 and sales reached 905,264,000 yen (23.4% year-on-year increase).

In February the global expansion of the Security business was continued with the launch of GlobalSign China in Shanghai. The business also developed products that take advantage of group synergy such as the Onamae.com x GlobalSign SSL Server Certificate Service, and continued to work toward improving usability for the customer. Sales, impacted by the transition to the GlobalSign brand, amounted to 275,463,000 yen (4.5% year-on-year-decrease).

The Payment Processing business achieved an increase in merchants and expansion of its recurring payment business. The business is also actively growing public sector payment operations and its credit card payment processing services were adopted by Katsushika ward in Tokyo and Owase city in Mie prefecture. As a result it reported sales of 519,826,000 (4.4% year-on-year increase).

Overall sales in the Internet infrastructure segment including these five major business areas were 4,926,611,000 yen (3.4% year-on-year increase). However as a result of increased operating expenses caused by an increase in amortization of leading investments in the security business, operating profit stood at 741,562,000 yen (6.6% decrease).

¹ Changes in the Number of Broadband Subscribers, Ministry of Internal Affairs and Communications

Internet Advertising Support (Media)

According to Nielsen//NetRatings, GMO Internet Group media web sites had 22.78 million users in December 2007, and we were ranked the 6th largest media property in Japan. These media assets are rapidly boosting profitability in the Internet media segment.

The first quarter saw solid performance in the Internet Media and Search Media Business that includes search ranking display services like SEO and the Japanese language search tool JWord, as well as search related advertising conducted in partnership with Overture. As a result it reported sales of 1,935,942,000 yen (14.2% year-on-year increase).

Despite strong growth in mobile advertising, income in the Internet Advertising Agencies business fell slightly as a result of a decrease in recruitment advertising. The business reported sales of 1,510,907,000 (4.6% year-on-year decrease).

Overall sales in Internet Media, the segment encompassing the above businesses, totaled 3,720,802,000 yen (8.6% year-on-year increase) and operating profit was at 379,559,000 yen (20.7% year-on-year increase).

Other Businesses

The Internet Finance business, until last term reported as a separate business segment, was substantially reduced in scale following the sale of all shares held in GMO LOAN-CREDIT HOLDINGS, Inc. (now NC LOAN-CREDIT HOLDINGS, Inc.) on August 21, 2007, and the sale of all shares held in GMO Internet Securities Inc. on August 13, 2007. As a result of the reduced significance of the Internet finance business it is now reported under other businesses.

The Venture Capital business, the only business classified under Other Businesses in the first quarter, saw a return on investment following the partial sale of its stake in a company that went public.

Results in the Other Businesses segment were as follows. Sales: 40,484,000 yen Operating Profit: 20,661,000 yen.

2. Qualitative Information - Consolidated Financial Condition

Assets, Liabilities and Shareholders' Equity

The main changes in assets, liabilities and shareholders' equity between 12.31.2007 and 31.03.2008 are as follows.

In the Assets column goodwill declined 237,569,000 yen as a result of amortization and other factors. In addition investments in securities fell 171,023,000 yen due to the sale of securities and fluctuations in market value. Total assets balance was down 1,133,440,000 yen to 39,486,786,000 yen.

In liabilities, short term loans were down 1,000,000,000 yen after partial repayment. A decline of 1,019,306,000 yen in liabilities was recorded and the final balance stood at 27,543,000,000 yen.

In regard to net liabilities, capital was reduced 11,355,142,000 yen to 1,276,834,000 yen, and capital surplus was reduced from 14,270,458,000 to 0 yen in a capital reduction and loss replenishment move. Earned surplus stood at 4,018,659,000 yen following increases resulting from 489,427,000 yen in net profit recorded in the first quarter, and 25,625,600,000 yen loss replenishment. Shareholders' equity was up 489,427,000 yen to 5,295,147,000 yen. Net assets were down 114,133,000 yen to 11,943,786,000 yen following an increase in shareholders' equity and decrease in minority equity.

Cash Flow

In the first quarter, consolidated cash flow provided by operating activities amounted to 735,387,000 yen while cash flow used in investing activities totaled 469,374,000 and cash flow used in financing activities was 1,243,784,000 yen. Consolidated cash and cash equivalents stood at 18,281,776,000 yen at the end of the first quarter.

The following is an overview of cash flow in the first quarter.

Cash flow provided by operating activities totaled 735,387,000 yen (4,570,171,000 yen in the previous corresponding quarter). Major items included net profit before tax and other adjustments amounting to 1,161,533,000 yen, non cash expenses including depreciation (172,091,000 yen) and goodwill amortization (247,422,000 yen), as well as corporate and other tax payments totaling 747,239,000 yen.

Cash flow used in investing activities was 469,374,000 yen (6,973,279,000 yen in the previous corresponding period). Contributing factors include 165,422,000 yen in expenditure on acquisition of intangible fixed assets, income of 156,509,000 yen on the sale of investments in securities, the acquisition of treasury stock by subsidiary, Magclick, Inc. (reported as additional acquisition of subsidiary stock), and other subsidiary stock acquisition expenditure totaling 370,767,000 yen as well as income of 104,019,000 yen from the sale of businesses.

Cash flow used in financing activities was 1,243,784,000 yen (6,241,613,000 yen in the previous corresponding quarter) as a result of the payment of dividends to minority shareholders (210,086,000 yen) and other factors.

3. Qualitative Information - Consolidated Earnings Results Forecasts

Earnings forecasts for the current period are as follows.

As disclosed on May 8, 2008 in the document "Revision to Interim and Full Year Results for the Year Ending December 2008", forecasts announced on February 14, 2008 in the Fiscal Year 2007 Financial Statements have been upwardly revised due to the occurrence of non operating revenue and extraordinary profits.

Consolidated Results Forecast (01.01.2008 – 12.31.2008)

	Fiscal Year Ending December 2008	Percentage Change (Year-on-Year)	Fiscal Year Ended December 2007
	¥ millions	%	¥ millions
Sales	36,000	-22.3	46,315
Operating Profit	4,500	—	-8,922
Ordinary Profit	4,200	—	-9,666
Net Profit	1,700	—	-17,598

Non-Consolidated Results Forecast (01.01.2008 – 12.31.2008)

	Fiscal Year Ending December 2008	Percentage Change (Year-on-Year)	Fiscal Year Ended December 2007
	¥ millions	%	¥ millions
Sales	13,500	4.4	12,933
Operating Profit	1,600	21.7	1,314
Ordinary Profit	1,750	58.2	1,106
Net Profit	1,800	—	-25,625

4. Other

(1) Significant changes in subsidiaries in the current term (transfer of a subsidiary resulting in change in scope of consolidation):

None

(2) Adoption of simplified accounting method:

None

(3) Change in method of accounting treatment since the previous consolidated fiscal year:

None

(Reference 1)

Table: Quarterly Changes by Segment

I Sales by Segment		(¥millions)				
	2007 1Q	2007 2Q	2007 3Q	2007 4Q	2008 1Q	
Internet Use Support (Infrastructure)						
Provider (ISP)	521	488	472	459	413	
Domain registration	541	555	476	523	617	
Web hosting	2,049	2,097	2,102	2,088	2,142	
Web development & EC solutions	733	688	741	957	905	
Security	288	239	209	223	275	
Credit card payment processing	497	479	449	500	519	
Other	132	105	111	135	51	
Segment Sales Total	4,764	4,653	4,562	4,888	4,926	
Internet Advertising Support (Media)						
Internet media & search media	1,694	1,662	1,623	1,731	1,935	
Internet advertising agencies	1,583	1,365	1,352	1,735	1,510	
Other	279	283	318	371	354	
Total	3,557	3,311	3,294	3,839	3,801	
Adjustment for internal transactions	(131)	(105)	(116)	(56)	(80)	
Segment Sales Total	3,426	3,206	3,178	3,783	3,720	
Other Businesses						
Loans and credit	6,707	6,735	—	—	—	
Internet securities	246	469	—	—	—	
Other	4	0	1	2	40	
Segment Sales Total	6,957	7,204	1	2	40	
Adjustment for inter segment transactions	(88)	(94)	(57)	(73)	(43)	
Consolidated Sales	15,059	14,970	7,685	8,601	8,644	
II Operating Profit by Segment		(¥millions)				
	2007 1Q	2007 2Q	2007 3Q	2007 4Q	2008 1Q	
Internet Use Support (Infrastructure)	793	500	466	551	741	
Internet Advertising Support (Media)	314	220	260	299	379	
Other Businesses	815	-13,166	-14	-14	20	
Sub total	1,923	-12,445	713	836	1,141	
Adjustment for inter segment transactions	19	6	13	10	10	
Consolidated Operating Profit	1,943	-12,438	726	846	1,151	

(note): The Internet Finance business was reported as a separate segment until the previous term. However, due to its decreased significance to the group it is now reported under Other Businesses.

(Reference 2) **Operating Results and Financial Condition – Quarterly Change****Changes in Operating Results and Financial Condition by Quarter (Consolidated)**

(Unit: ¥millions)

	2007 1Q	2007 2Q	2007 3Q	2007 4Q	2008 1Q
Operating Revenue	15,059	14,970	7,685	8,601	8,644
Operating Profit	1,943	-12,438	726	846	1,151
Ordinary Profit	1,784	-12,595	523	620	1,028
Net Profit	245	-15,944	3,676	-5,575	489
Total Assets	139,498	134,331	43,300	40,620	39,486
Shareholders' Equity	11,569	652	4,457	4,864	5,238

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

(Unit: ¥millions)

	2007 1Q	2007 2Q	2007 3Q	2007 4Q	2008 1Q
Operating Revenue	3,358	3,230	3,071	3,271	3,230
Operating Profit	457	330	256	269	345
Ordinary Profit	552	186	113	253	669
Net Profit	408	-23,179	3,068	-5,922	664
Total Assets	54,046	38,691	27,269	21,127	21,697
Shareholders' Equity	16,406	-1,784	1,272	1,291	1,942

(Reference 3)

The Corporate Group

GMO Internet, Inc. (hereafter “the company”) is a corporate group consisting of the company and 34 consolidated subsidiaries. Under the corporate slogan *Internet for Everyone*, the group’s operations are centered around the two business segments, Internet Use Support (Internet Infrastructure) and Internet Advertising Support (Internet Media).

The groups businesses are classified into the above two segments and Other Businesses. The following table shows the business areas included in each segment and the group companies operating in each business area.

Business Segment	Main Operations		Main Companies
Internet Use Support (Infrastructure)	Domain Registration	Domain registration services Internet number service	the company INTERNET Number Corporation paperboy&co. Inc.
	Web Hosting	Rental server services (Web hosting services)	the company GMO Hosting & Security, Inc. paperboy&co. Inc. Hosting&Security, INC. @YMC Corporation Mighty Server, Inc.
	Web Development and E-Commerce Solutions	Web site design, operation support services, system consulting, online shop construction support consulting and ASP services	the company Grandsphere Co. Ltd. (now GMO System Consulting, Inc.) GSS Corporation Global Web Co. Ltd. paperboy&co. Inc. MakeShop, Inc. GMO Solution Partner, Inc.
	Internet Security	Information security on the Internet. authentication services for businesses and individuals.	GlobalSign K.K. GlobalSign Ltd. GlobalSign NV GlobalSign, Inc.
	Credit Card Payment Processing	Credit card billing service	GMO Payment Gateway, Inc. Epsilon, Inc.
	Provider (ISP)	Internet access provider	the company

Business Segment	Main Operations		Main Companies
Internet Advertising Support (Media)	Internet media & search media	Internet media development and operation; blogs, Internet communities etc. Contextual advertising, JWord (Japanese keyword search) operation and sales, SEO and listing advertising	the company Magclick, Inc. GMO Media Holdings, Inc. Tea Cup Communication Ltd. GMO Media, Inc. GMO Ad Networks, Inc. JWord, Inc. BOM, Inc. GMO Marketing, Inc. paperboy&co. Inc.
	Internet Advertising Agencies	Advertising sales, mainly Internet advertising media and recruitment advertisements	Magclick, Inc. GMO San Planning, Inc. Venture CAREER, Inc. GMO Mobile, Inc.
	Other	Online games – design and operation, Internet research systems and management of an Internet research panel	GMO Games Korea, Inc. GMO Games, Inc. GMO Research, Inc.
Other Businesses	Other	Venture capital	GMO VenturePartners, Inc. GMO VenturePartners Investment Limited Partnership Blog Business Fund Investment Limited Partnership

5. Condensed Consolidated Quarterly Financial Statement – [Unaudited]

(1) Condensed Consolidated Quarterly Balance Sheet

(Unit: ¥thousands/%)

Item	Previous Corresponding Quarter FY 2007 End of First Quarter	Current Quarter FY 2008 End of First Quarter	Change		(Reference) Fiscal Year Ended 12/2007
	Amount	Amount	Amount	% Change	Amount
(Assets)					
I Current Assets					
1. Cash and deposits	24,622,768	18,321,776	-6,300,992	-25.6	19,143,929
2. Notes and accounts receivable	3,779,637	3,826,952	47,314	1.3	3,542,421
3. Business investments in securities	—	857,961	857,961	—	951,936
4. Securities	—	796,931	796,931	—	995,769
5. Inventory assets	38,112	37,325	-786	-2.1	44,974
6. Deferred tax asset	1,830,640	592,556	-1,238,083	-67.6	606,091
7. Operating loans	60,355,879	—	-60,355,879	—	—
8. Accrued income	1,198,922	2,326	-1,196,595	-99.8	724
9. Securities business - deposit	7,302,000	—	-7,302,000	—	—
10. Securities business – margin transactions asset	6,907,977	—	-6,907,977	—	—
11. Securities business - short term guarantee deposits	1,971,987	—	-1,971,987	—	—
12. Other	4,076,984	1,132,970	-2,944,014	-72.2	1,114,358
Allowance for doubtful debts	-11,654,775	-264,839	11,389,935	-97.7	-291,161
Total Current Assets	100,430,134	25,303,959	-75,126,174	-74.8	26,109,044
II Fixed Assets					
1 Tangible fixed assets					
(1) Buildings and structures	333,470	152,515	-180,954	-54.3	149,211
(2) Tools and equipment	687,987	499,844	-188,143	-27.3	505,051
(3) Other	48,657	17,108	-31,549	-64.8	24,031
Total tangible fixed assets	1,070,115	669,467	-400,647	-37.4	678,295
2 Intangible fixed assets					
(1) Goodwill	20,250,375	2,213,151	-18,037,224	-89.1	2,450,721
(2) Software	3,527,448	2,300,197	-1,227,250	-34.8	2,173,270
(3) Other	398,990	90,596	-308,394	-77.3	184,866
Total intangible fixed assets	24,176,814	4,603,945	-19,572,869	-81.0	4,808,857
3. Investments and other assets					
(1) Investments in securities	6,642,025	959,792	-5,682,233	-85.5	1,130,816
(2) Investments in real estate	—	4,565,067	4,565,067	—	4,550,783
(3) Long term loans receivable	26,239	153,563	127,324	485.2	162,454
(4) Investments	454,382	364,920	-89,461	-19.7	364,920
(5) Security deposit	1,000,183	794,331	-205,852	-20.6	758,096
(6) Long term deposit	5,198,604	—	-5,198,604	—	—
(7) Receivables owed by companies in danger of bankruptcy or in poor financial condition	—	5,634,474	5,634,474	—	5,638,139
(8) Deferred tax asset	138,908	1,857,017	1,718,109	1236.9	1,841,974
(9) Other	385,609	224,762	-160,847	-41.7	226,289
Allowance for doubtful debts	-24,228	-5,644,515	-5,620,286	23197.0	-5,649,444
Total investments and other assets	13,821,725	8,909,414	-4,912,311	-35.5	9,024,030
Total Fixed Assets	39,068,655	14,182,827	-24,885,828	-63.7	14,511,182
Total Assets	139,498,789	39,486,786	-100,012,002	-71.7	40,620,227

GMO Internet Inc. (9449) Financial Statement – 1st Quarter FY2008

(Unit: ¥thousands/%)

Item	Previous Corresponding Quarter FY 2007 End of First Quarter	Current Quarter FY 2008 End of First Quarter	Change		(Reference) Fiscal Year Ended 12/2007
	Amount	Amount	Amount	% Change	Amount
(Liabilities)					
I Current Liabilities					
1. Notes and accounts payable	887,986	822,518	-65,468	-7.4	831,775
2. Short term debt	52,885,300	11,000,000	-41,885,300	-79.2	12,000,000
3. Current portion of long term debt	11,018,030	24,000	-10,994,030	-99.8	24,000
4. Bonds to be redeemed within a year	2,200,000	—	-2,200,000	—	—
5. Accrued amount payable	5,703,964	2,371,383	-3,332,581	-58.4	1,931,837
6. Accrued corporate taxes etc.	1,254,799	455,563	-799,236	-63.7	785,062
7. Allowance for bonuses	258,368	90,269	-168,098	-65.1	62,410
8. Allowance for bonuses to directors	10,000	12,695	2,695	27.0	18,325
9. Advanced payments received	1,887,241	2,239,857	352,615	18.7	2,106,065
10. Deposits received	—	3,237,067	3,237,067	—	3,246,696
11. Securities business – margin transactions liability	6,907,977	—	-6,907,977	—	—
12. Securities business – deposit received	7,049,354	—	-7,049,354	—	—
13. Interest repayment reserve	2,975,000	—	-2,975,000	—	—
14. Deferred tax liability	—	336	336	—	—
15. Other	6,337,948	573,263	-5,764,684	-91.0	823,635
Total Current Liabilities	99,375,970	20,826,955	-78,549,015	-79.0	21,829,809
II Fixed Liabilities					
1. Bonds	3,050,000	1,000,000	-2,050,000	-67.2	1,000,000
2. Unsecured convertible bonds with share warrants	—	5,000,000	5,000,000	—	5,000,000
3. Long term debt	8,833,721	64,000	-8,769,721	-99.3	70,000
4. Long term accrued amount payable	3,297,188	516,176	-2,781,012	-84.3	523,166
5. Deferred tax liability	22,648	6,233	-16,414	-72.5	17,748
6. Allowance for director severance benefits	133,240	—	-133,240	—	—
7. Allowance for severance benefits for employees	207,083	4,219	-202,864	-98.0	3,557
8. Interest repayment reserve	4,470,000	—	-4,470,000	—	—
9. Other	61,977	125,416	63,439	102.4	118,026
Total Fixed Liabilities	20,075,858	6,716,045	-13,359,812	-66.5	6,732,498
III Special Law Reserve Fund					
Securities Transaction Liability Reserve	29,368	—	-29,368	—	—
Special Legal Reserve	29,368	—	-29,368	—	—
Total	29,368	—	-29,368	—	—
Total Liabilities	119,481,197	27,543,000	-91,938,197	-76.9	28,562,307

GMO Internet Inc. (9449) Financial Statement – 1st Quarter FY2008

(Unit: ¥thousands/%)

(Unit: ¥thousands/%Item)	Previous Corresponding Quarter FY 2007 End of First Quarter	Current Quarter FY 2008 End of First Quarter	Change		(Reference) Fiscal Year Ended 12/2007
	Amount	Amount	Amount	% Change	Amount
(Net Assets)					
I Shareholders' Equity					
1. Capital Stock	7,148,299	1,276,834	-5,871,464	-82.1	12,631,977
2. Capital Surplus	8,815,135	—	-8,815,135	—	14,270,458
3. Earned surplus	-4,360,456	4,018,659	8,379,115	—	-22,096,368
4. Treasury stock	-208	-347	-139	66.9	-347
Total Shareholders' Equity	11,602,770	5,295,147	-6,307,623	-54.4	4,805,720
II Gaps in Appraisals, Conversions, etc.					
1. Other gaps in appraisal of securities	2,192	9,183	6,990	318.8	53,858
2. Hedging profit/loss carried forward	10,383	-8,463	-18,846	—	4,406
3. Foreign currency translation adjustment account	-46,282	-57,477	-11,195	24.2	476
Total Gaps in Appraisals, Conversions, etc	-33,705	-56,756	-23,051	68.4	58,741
III Equity Warrants	33,647	—	-33,647	—	—
IV Minority Equity	8,414,878	6,705,395	-1,709,482	-20.3	7,193,457
Total Net Assets	20,017,591	11,943,786	-8,073,805	-40.3	12,057,919
Liabilities, Net Assets Total	139,498,789	39,486,786	-100,012,002	-71.7	40,620,227

(2) Condensed Consolidated Quarterly Profit and Loss Statement

(Unit: ¥thousands/%)

Item	Previous Corresponding Quarter FY 2007 End of First Quarter	Current Quarter FY 2008 End of First Quarter	Change		(Reference) Fiscal Year Ended 12/2007
	Amount	Amount	Amount	% Change	Amount
I Operating Revenue	15,059,175	8,644,550	-6,414,624	-42.6	46,315,788
II Business Expenses	3,893,947	3,887,969	-5,978	-0.2	15,443,620
III Sales General & Administrative Expenses	9,222,123	3,604,675	-5,617,447	-60.9	39,795,022
Operating Profit/ Loss (-)	1,943,104	1,151,905	-791,198	-40.7	-8,922,854
IV Non Operating Revenue	65,980	119,521	53,541	81.1	314,651
1. Interest and dividends received	28,921	46,309	17,388	60.1	143,286
2. Commissions received	987	—	-987	—	3,636
3. Bad debt recovered	226	—	-226	—	415
4. Profit on investment partnership	23,257	—	-23,257	—	48,175
5. Property rent received	—	28,025	28,025	—	—
6. Other	12,587	45,186	32,598	259.0	119,137
V Non Operating Expenses	224,106	242,428	18,322	8.2	1,058,167
1. Interest paid	123,214	74,836	-48,377	-39.3	500,712
2. Stock issuance costs	5,201	—	-5,201	—	89,971
3. Bond issuance costs	—	—	—	—	3,152
4. Foreign exchange loss	16,350	115,908	99,558	608.9	108,882
5. Commissions paid	46,995	19,479	-27,515	-58.5	188,966
6. Other	32,343	32,203	-140	-0.4	166,481
Ordinary Profit/Loss (-)	1,784,978	1,028,998	-755,980	-42.4	-9,666,369
VI Extraordinary Profit	46,353	202,414	156,061	336.7	5,068,559
1. Gain on sale of investments in securities	42,891	91,268	48,376	112.8	1,373,732
2. Gain on sale of shares in affiliated companies	—	—	—	—	3,655,401
3. Gain on change in equity investees	1,137	—	-1,137	—	1,851
4. Gain on reversal of allowance for doubtful debts	2,324	7,127	4,802	206.6	13,212
5. Gain on sale of business	—	104,019	104,019	—	—
6. Other	—	—	—	—	24,361
VII Extraordinary Loss	13,297	69,879	56,581	425.5	12,484,082
1. Loss on retirement of fixed assets	76	9,445	9,369	12224.9	132,058
2. Loss on evaluation of investments in securities	—	44,517	44,517	—	672,678
3. Loss on evaluation of affiliated company stock	—	—	—	—	39,986
4. Impairment loss	—	15,916	15,916	—	5,954,454
5. Loss on change in equity investees	4	—	-4	—	14,904
6. Penalty for breaking a lease	—	—	—	—	6,145
7. Transfer to allowance for doubtful debt	—	—	—	—	5,636,619
8. Transfer to securities transaction liability reserve	13,216	—	-13,216	—	13,216
9. Other	—	—	—	—	14,017
Net Profit or Loss before Adjustment for Tax etc.(-)	1,818,033	1,161,533	-656,500	-36.1	-17,081,893
Corporate, Municipal and Enterprise Taxes	896,186	387,327	-508,858	-56.8	2,245,315
Adjustment for Corporate Tax etc.	386,527	20,830	-365,696	-94.6	-1,010,996
Minority Equity Profits	290,300	263,947	-26,353	-9.1	-717,794
Net Profit or Net loss (-)	245,019	489,427	244,407	99.7	-17,598,417

(3) Statement of Changes in Consolidated Shareholders' Equity etc.
Current Quarter (01.01.2008 – 03.31.2008)

(Unit: ¥thousands)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Earned Surplus	Treasury Stock	Total Shareholders' Equity
Balance on 12.31.2007	12,631,977	14,270,458	-22,096,368	-347	4,805,720
Change in the current consolidated accounting period					
Reduction of capital	-11,355,142	11,355,142			—
Transfer from capital surplus to earned surplus		-25,625,600	25,625,600		—
Net profit			489,427		489,427
Change in items other than shareholders' equity in the current consolidated accounting period (net amount)	—	—	—	—	—
Total amount of change in this consolidated accounting period	-11,355,142	-14,270,458	26,115,027	—	489,427
Balance on 03.31.2008	1,276,834	—	4,018,659	-347	5,295,147

	Total Gaps in Appraisals, Conversions, etc				Minority Equity	Total Net Assets
	Other Other Gaps in Appraisals of Securities	Hedging Profit/Loss Carried Forward	Currency Exchange Adjustment Account	Total Gap in Appraisals Conversions etc.		
Balance on 12.31.2007	53,858	4,406	476	58,741	7,193,457	12,057,919
Change in the current consolidated accounting period						
Reduction of capital						—
Transfer from capital surplus to earned surplus						—
Net profit						489,427
Change in items other than shareholders' equity in the current consolidated accounting period (net amount)	-44,674	-12,870	-57,953	-115,498	-488,062	-603,560
Total amount of change in this consolidated accounting period	-44,674	-12,870	-57,953	-115,498	-488,062	-114,133
Balance on 03.31.2008	9,183	-8,463	-57,477	-56,756	6,705,395	11,943,786

(4) Condensed Consolidated Quarterly Cash Flow Statement

(Unit: ¥thousands)

	Previous Corresponding Quarter FY 2007 First Quarter	Current Quarter FY 2008 First Quarter	(Reference) Fiscal Year Ended 12/2007
Item	Amount	Amount	Amount
I Cash Flow from Operating Activities			
Net profit or loss before adjustment for tax etc. (-)	1,818,033	1,161,533	-17,081,893
Depreciation expenses	384,803	172,091	1,220,030
Impairment loss	—	15,916	5,954,454
Amortization of goodwill	587,805	247,422	1,668,578
Change in allowance for doubtful debts	-918,667	-31,896	11,723,209
Change in allowance for bonuses	109,115	27,859	-137
Change in allowance for severance benefits	12,273	909	-4,454
Increase in interest repayment reserve	360,000	—	6,193,600
Gain on sale of investments in securities	—	-91,268	-1,373,732
Gain on sale of stock in affiliated companies	—	—	-3,655,401
Gain on sale of businesses	—	-104,019	—
Interest and dividends received	-28,921	-46,309	-143,286
Interest paid	123,214	74,836	500,712
Foreign exchange gain or loss	-907	52,908	634
Stock issuance costs	5,201	—	89,971
Bond issuance costs	—	—	3,152
Loss on appraisal of investments in securities	—	44,517	672,678
Loss on appraisal of stock in affiliated companies	—	—	39,986
Loss on retirement of fixed assets	76	9,445	132,058
Gain on sale of fixed assets	-42,891	—	—
Loss on change of holding ratio of subsidiary	4	—	14,904
Gain on change of holding ratio of subsidiary	-1,137	—	-1,851
Decrease in operating loans	3,432,461	—	7,181,828
Increase in securities deposits received	339,473	—	769,038
Increase in segregated trust account	-1,950,000	—	-5,450,000
Increase in security deposits	2,870,783	—	7,085,973
Increase in business investments in securities	-35,045	5,250	-123,760
Change in accounts receivable	-344,828	-310,967	165,175
Change in inventory assets	-6,392	7,649	-16,895
Other change in assets	-721,990	148,370	-4,273,939
Change in purchase debts	61,491	-4,913	-540,745
Other increases in liabilities	336,856	131,947	1,516,420
Sub total	6,390,815	1,511,284	12,266,311

(Unit: ¥thousands)

	Previous Corresponding Quarter FY 2007 First Quarter	Current Quarter FY 2008 First Quarter	(Reference) Fiscal Year Ended 12/2007
Item	Amount	Amount	Amount
Interest and dividends received	30,911	44,654	149,417
Interest paid	-140,306	-73,311	-544,563
Expenditure incurred by subrogation	—	—	-833,800
Corporate tax etc. paid	-1,711,248	-747,239	-2,296,814
Cash Flow from Operating Activities	4,570,171	735,387	8,740,551
II Cash Flow from Investing Activities			
Revenue accrued on return of fixed deposit	20,000	—	120,000
Expenditure on acquisition of tangible fixed assets	-100,342	-38,779	-387,572
Revenue accrued on sale of tangible fixed assets	—	—	8,588
Expenditure on acquisition of intangible fixed assets	-407,906	-165,422	-1,055,711
Expenditure on acquisition of securities	—	—	-795,370
Expenditure on acquisitions of investments in securities	-440,000	-9,000	-1,015,923
Revenue accrued on sale of investments in securities	52,536	156,509	6,418,266
Revenue accrued on redemption of investments in securities	—	1,073	1,038,337
Expenditure on acquisition of subsidiary stock	-6,044,000	-370,767	-7,750,169
Revenue accrued on sale of subsidiary stock	—	—	1,174,176
Revenue accrued on the sale of subsidiary stock resulting in change in the scope of consolidation	—	—	3,181,114
Revenue accrued on the acquisition of subsidiary stock arising from change in scope of consolidation	—	782	—
Expenditure on execution of loans	-31,940	-254,226	-7,097,990
Revenue accrued on collection of loans	8,310	159,319	4,327,789
Revenue accrued on sale of business	—	104,019	—
Revenue accrued on other investment activities	21,695	925	110,680
Expenditure on other investment activities	-51,632	-53,806	-88,973
Cash Flow from Investing Activities	-6,973,279	-469,374	-1,812,757

(Unit: ¥thousands)

	Previous Corresponding Quarter FY 2007 First Quarter	Current Quarter FY 2008 First Quarter	(Reference) Fiscal Year Ended 12/2007
Item	Amount	Amount	Amount
III Cash Flow from Financing Activities			
Revenue accrued on short term loans	16,700,000	12,511,930	45,450,000
Expenditure on repayment of short term loans	-19,441,467	-13,539,370	-60,679,567
Revenue accrued on long term loans	730,000	—	950,000
Expenditure on repayment of long term loans	-4,239,603	-6,000	-17,758,058
Revenue accrued on issue of stock	-5,201	—	6,327,937
Revenue accrued on issue of bonds	100,000	—	5,096,847
Expenditure on redemption of bonds	—	—	-75,000
Expenditure on stock issue for minority shareholders	36,450	—	68,920
Expenditure on the sale and acquisition of treasury stock	—	—	-139
Payment of dividends	-1,192	-258	-6,553
Payment of dividends to minority shareholders	-120,599	-210,086	-212,761
Cash Flow from Financing Activities	-6,241,613	-1,243,784	-20,838,373
IV Effect of Exchange Rate on Cash and Equivalents	-3,385	-44,306	3,579
V Increase in Cash and Equivalents	-8,648,107	-1,022,078	-13,907,001
VI Balance of Cash and Equivalents at the Beginning of Term	33,180,245	19,303,854	33,180,245
VII Increase in Cash and Equivalents following Increase in Consolidated Subsidiaries	30,609	—	30,609
VIII Balance of Cash and Equivalents at the End of the Quarter	24,562,747	18,281,776	19,303,854

(5) Segment Data

Data by Segment

Previous Corresponding Quarter (FY2007 1st Quarter)

(Unit: ¥thousands)

Item	Internet Use Support (Infrastructure)	Internet Advertising Support (Media)	Internet Finance	Total	Intercompany Transaction Adjustment or all Companies	Consolidated
Sales	4,764,725	3,426,021	6,957,233	15,147,980	-88,805	15,059,175
Operating Expenses	3,970,929	3,111,534	6,141,884	13,224,348	-108,277	13,116,071
Operating Profit	793,795	314,487	815,348	1,923,632	19,472	1,943,104

Current Quarter (FY2008 1st Quarter)

(Unit: ¥thousands)

Item	Internet Use Support (Infrastructure)	Internet Advertising Support (Media)	Other Businesses	Total	Intercompany Transaction Adjustment or all Companies	Consolidated
Sales	4,926,611	3,720,802	40,484	8,687,898	-43,348	8,644,550
Operating Expenses	4,185,048	3,341,242	19,823	7,546,114	-53,469	7,492,645
Operating Profit	741,562	379,559	20,661	1,141,784	10,121	1,151,905

(note) Change to business classification

Due to the withdrawal from the loans and credit business and Internet securities business, former Internet Finance segment businesses are reported under Other Businesses as of the current term, due to their decreased significance to the group. In the first quarter Internet Finance business sales were 40,484,000 yen, operating profit was 20,661,000 yen.

(reference) Previous Quarter (End of December 2007)

(Unit: ¥thousands)

Item	Internet Use Support (Infrastructure)	Internet Advertising Support (Media)	Internet Finance	Total	Intercompany Transaction Adjustment or all Companies	Consolidated
Sales	18,869,631	13,594,579	14,166,102	46,630,313	-314,525	46,315,788
Operating Expenses	16,556,832	12,499,532	26,546,235	55,602,601	-363,958	55,238,642
Operating Profit	2,312,798	1,095,046	-12,380,132	-8,972,287	49,433	-8,922,854

Significant Items Upon Which this Consolidated Financial Statement is Based

(1) Items concerning the scope of consolidation

1. Consolidated subsidiaries: 34 companies

Names of major consolidated subsidiaries

Magclick, Inc. GMO Hosting & Security, Inc. GMO Payment Gateway, Inc.

Venture CAREER, Inc. is included in the consolidation from the current term following stock acquisition

2. Non-consolidated subsidiaries: 17 companies

Names of major non-consolidated subsidiaries

Patent Incubation Capital, Inc.

All non-consolidated subsidiaries are small-scale operations. None of the total amounts of their total assets, sales, net profit/loss (equal to equity share) and earned surplus (equal to equity share) has a significant impact on consolidated financial statements.

(2) Items concerning scope and application of equity method

There are no companies to which the equity method is applied.

The net profit and loss (equal to the equity share), and earned surplus (equal to the equity share), etc. of each of the 17 non-consolidated subsidiaries and 2 affiliated companies, HUMEIA REGISTRY Co. Ltd, Hit, Inc. has minimal impact and no significance to the company as a whole. For this reason they are no longer accounted for by the equity method.

(3) Items concerning the fiscal years, etc. of consolidated subsidiaries

Companies that close the first quarter on December 31

GMO Payment Gateway, Inc.

Companies that close the first quarter on June 30

Epsilon, Inc.

Companies that close the first quarter on August 31

GMO Venture Partners Investment Limited Partnership, Blog Business Fund Investment Limited Partnership

Consolidated financial statements are based on provisional financial statements as of the last day of the quarter provided by GMO Payment Gateway, Inc. and Epsilon, Inc. and provisional statements as of February 29 provided by GMO Venture Partners Investment Limited Partnership and Blog Business Fund Investment Limited Partnership.

Consolidated statements are adjusted as necessary to reflect any significant transactions that occur after these dates.

(4) Items concerning accounting standards

1. Method and standards for the valuation of significant assets

(a) Securities

Bonds held to maturity

Amortized cost (straight line) method

Other securities

Securities with a market value: Stated at actual market value on the closing day of the quarter.

Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of stockholders' equity.

The cost of securities sold is determined by the moving average method.

Securities with no market value: Stated at cost determined by the moving average method.

(b) Derivative transactions

Valuation of derivative transactions is at current market value

(c) Inventory assets

Products: Stated at cost determined by the moving average method.

Products in progress: Stated at cost determined by the identified cost method.

Inventory: Stated at cost determined by the gross average method.

2. Method of depreciation for significant depreciable assets

(a) Tangible fixed assets

(A) Assets acquired prior to March 31, 2007

Former fixed rate method.

- (B) Assets acquired after April 1, 2007
 - Fixed rate method. The useful life of fixed assets is defined as below.
 - Buildings and structures: 8-50 years Tools and equipment: 2-20 years
 - (b) Intangible fixed assets
 - Fixed rate method. However, computer software used by the company is amortized using the straight line method over an estimated useful life of five years.
 - (c) Investments and other assets
 - The straight line method is employed for buildings held as investments in real estate.
- 3. The calculation of significant reserves
 - (a) Allowance for doubtful debt
 - The allowance for doubtful debt is a provision against loss resulting from bad debt occurring on loans sold. The allowance for general loans is calculated using a loan loss ratio. In cases where it is deemed that there is a high risk of default or in other specified circumstances, the loan is individually evaluated and the amount considered unlikely to be redeemed is reserved.
 - (b) Allowance for bonuses
 - The company follows the Japanese practice of paying bonuses to employees, generally twice a year. The current portion of the expected bonus payment is reserved to provide for employee bonuses.
 - (c) Allowance for director bonuses
 - An amount is reserved for the payment of bonuses to directors based on salary forecasts.
 - (d) Allowance for severance pay
 - The current portion of the projected amount to be paid during the term is reserved to provide for employee severance.
- 4. Handling of lease transactions
 - Financing and lease transactions, other than those recognized as transferring property rights of a rental property to a lessee, are accounted for in the same manner as operating leases.
- 5. Hedge accounting method
 - (a) Hedge accounting method
 - When conditions for appropriation treatment are met appropriation treatment is used for foreign exchange contracts and currency swaps.
 - (b) Hedging instruments and hedged items
 - Hedging instruments: foreign exchange contracts, currency swaps
 - Hedged items: Foreign currency debt and forecasted foreign currency transactions
 - (c) Hedging Policy
 - We trade currency and conduct currency swaps to minimize risk arising from exchange rate fluctuations. Individual contracts are drawn for each hedge item.
 - (d) Method of evaluating effectiveness of hedge accounting transactions
 - The effectiveness of each relevant derivative transaction is individually evaluated by assessing the amount of debt/credit, hedge transaction conditions, and other factors.
- 6. Other significant matters relating to the preparation of the quarterly financial statement
 - Consumption tax is separately accounted for by excluding it from each transaction amount. However the tax included method is employed in some cases.
- (5) Evaluation of assets and liabilities in consolidated subsidiaries
 - Assets and liabilities in consolidated subsidiaries are valued at full market value.
- (6) Amortization of goodwill and negative goodwill
 - Goodwill and negative goodwill in GlobalSign NV is amortized over 7 years. In all other cases 5 year equal amortization. 1 time amortization on small amounts at the time they occur.
- (7) Scope of consolidated quarterly cash flow statement (consolidated cash flow statement)
 - Funds (cash and equivalents) stated in the consolidated cash flow statements are cash on hand, deposits that can be drawn on as needed and short term investments that can be readily converted, bear minimal price fluctuation risk and whose date of maturity falls within 3 months of the date of acquisition.

Condensed Non-Consolidated Financial Statement – [Unaudited]

(1) Condensed Quarterly Balance Sheet

(Unit: ¥thousands/%)

Item	Previous Corresponding Quarter FY 2007 End of First Quarter	Current Quarter FY 2008 End of First Quarter	Change		(Reference) Fiscal Year Ended 12/2007
	Amount	Amount	Amount	% Change	Amount
(Assets)					
I Current Assets					
1. Cash and deposits	7,739,483	6,831,634	-907,849	-11.7	6,163,491
2. Accounts receivable	1,496,154	1,235,100	-261,054	-17.4	1,169,764
3. Inventory assets	12,843	14,822	1,979	15.4	15,312
4. Short term loans	5,064,216	922,416	-4,141,800	-81.8	1,025,253
5. Deferred tax asset	264,654	414,977	150,322	56.8	394,717
6. Other	500,167	415,415	-84,751	-16.9	476,538
Allowance for doubtful debts	-603,060	-600,485	2,574	-0.4	-612,343
Total Current Assets	14,474,459	9,233,881	-5,240,578	-36.2	8,632,734
II Fixed Assets					
1 Tangible fixed assets					
(1) Buildings	66,890	61,376	-5,514	-8.2	62,828
(2) Tools and equipment	54,915	34,015	-20,899	-38.1	38,136
3. Other	453	360	-93	-20.6	379
Total tangible fixed assets	122,259	95,752	-26,507	-21.7	101,344
2 Intangible fixed assets					
(1) Goodwill (new)	191,757	82,181	-109,575	-57.1	109,575
(2) Software	73,157	196,265	123,108	168.3	193,133
(3) Nominal software account	151,071	630	-150,441	-99.6	11,921
(4) Telephone subscription rights	12,381	12,381	—	—	12,381
(5) Other	8,984	6,902	-2,082	-23.2	7,143
Total intangible fixed assets	437,352	298,361	-138,991	-31.8	334,156
3. Investments and other assets					
(1) Investments in securities	5,074,544	374,769	-4,699,774	-92.6	407,467
(2) Affiliated company stock	32,682,608	3,894,668	-28,787,940	-88.1	3,884,172
(3) Investments	50	50	—	—	50
(4) Affiliated company long term loans	148,322	128,777	-19,544	-13.2	92,427
(5) Receivables owed by companies in danger of bankruptcy or in poor financial condition	—	5,628,585	5,628,585	—	5,633,800
(6) Security deposit	504,945	518,421	13,475	2.7	518,421
(7) Real estate investments	—	4,565,067	4,565,067	—	4,550,783
(8) Deferred tax asset	185,834	1,988,626	1,802,792	970.1	2,000,630
(9) Other	577,834	623,402	45,568	7.9	629,666
Allowance for doubtful debts	-3,400	-5,631,115	-5,627,715	165521.1	-5,636,929
Allowance for investment losses	-158,241	-21,585	136,655	-86.4	-21,585
Total investments and other assets	39,012,499	12,069,669	-26,942,830	-69.1	12,058,904
Total Fixed Assets	39,572,112	12,463,782	-27,108,329	-68.5	12,494,405
Total Assets	54,046,571	21,697,664	-32,348,907	-59.9	21,127,139

GMO Internet Inc. (9449) Financial Statement – 1st Quarter FY2008

(Unit: ¥thousands/%)

Item	Previous Corresponding Quarter FY 2007 End of First Quarter	Current Quarter FY 2008 End of First Quarter	Change		(Reference) Fiscal Year Ended 12/2007
	Amount	Amount	Amount	% Change	Amount
(Liabilities)					
I Current Liabilities					
1. Short term debt	24,693,332	11,000,000	-13,693,332	-55.5	12,000,000
2. Accrued amount payable	1,151,913	1,094,995	-56,918	-4.9	1,166,392
3. Accrued expenses	94,394	30,987	-63,407	-67.2	60,633
4. Accrued corporate taxes etc.	110,400	9,601	-100,798	-91.3	—
5. Advanced payments received	227,612	191,761	-35,850	-15.8	199,926
6. Deposits received	2,935,012	1,023,358	-1,911,654	-65.1	40,340
7. Allowance for bonuses	22,350	25,290	2,940	13.2	12,200
8. Other	105,543	99,029	-6,513	-6.2	88,054
Total Current Liabilities	29,340,559	13,475,025	-15,865,533	-54.1	13,567,548
II Fixed Liabilities					
1. Bonds	1,000,000	1,000,000	—	—	1,000,000
2. Unsecured convertible bonds with share warrants	—	5,000,000	5,000,000	—	5,000,000
3. Security deposit received	156,211	279,822	123,611	79.1	268,431
4. Long term debt	7,143,336	—	-7,143,336	—	—
Total Fixed Liabilities	8,299,547	6,279,822	-2,019,724	-24.3	6,268,431
Total Liabilities	37,640,106	19,754,848	-17,885,257	-47.5	19,835,980
(Net Assets)					
I Shareholders' Equity					
1. Capital Stock	7,148,299	1,276,834	-5,871,464	-82.1	12,631,977
2. Capital Surplus					
(1) Capital reserve	8,815,135	—	-8,815,135	—	14,270,458
Total Capital Surplus	8,815,135	—	-8,815,135	—	14,270,458
3. Earned surplus					
(1) Other earned surplus					
Earned surplus carried forward	408,692	664,525	255,833	62.6	-25,625,600
4. Treasury stock	-208	-347	-139	-66.9	-347
Total Shareholders' Equity	16,371,919	1,941,013	-14,430,906	-88.1	1,276,487
II Gaps in Appraisals, Conversions, etc.					
1. Other gaps in appraisal of securities	24,161	10,265	-13,896	-57.5	10,265
2. Hedging profit/loss carried forward	10,383	-8,463	-18,846	-181.5	4,406
Total Gaps in Appraisals, Conversions, etc	34,545	1,802	-32,743	-94.8	14,672
Total Net Assets	16,406,465	1,942,815	-14,463,649	-88.2	1,291,159
Liabilities, Net Assets Total	54,046,571	21,697,664	-32,348,907	-59.9	21,127,139

(2) Condensed Non-consolidated Profit and Loss Statement

(Unit: ¥thousands/%)

Item	Previous Corresponding Quarter FY 2007 End of First Quarter	Current Quarter FY 2008 End of First Quarter	Change		(Reference) Fiscal Year Ended 12/2007
	Amount	Amount	Amount	% Change	Amount
I Operating Revenue	3,358,909	3,230,917	-127,991	-3.8	12,933,358
II Business Expenses	2,134,331	2,157,776	23,445	1.1	8,567,496
III Sales General & Administrative Expenses	766,667	727,813	-38,853	-5.1	3,051,189
Operating Profit	457,910	345,327	-112,582	-24.6	1,314,672
IV Non Operating Revenue	278,013	448,127	170,113	61.2	622,729
V Non Operating Expenses	183,822	123,625	-60,197	-32.7	831,275
Ordinary Profit	552,101	669,829	117,728	21.3	1,106,126
VI Extraordinary Profit	—	6,374	6,374	—	4,524,226
VII Extraordinary Loss	—	15,135	15,135	—	33,159,266
Net Profit/Loss before Tax	552,101	661,069	108,968	19.7	-27,528,912
Corporate, Municipal and Enterprise Taxes	122,597	1,775	-120,822	-98.6	7,102
Adjustment for Corporate Tax etc.	20,811	-5,232	-26,043	-125.1	-1,910,414
Net Profit/Loss	408,692	664,525	255,833	62.6	-25,625,600

(3) Statement of Changes in Non-Consolidated Shareholders' Equity etc.

Current Consolidated Fiscal Term (01.01.2008 – 03.31.2008)

(Unit: ¥thousands)

	Shareholders' Equity			
	Capital Stock	Capital Surplus		
		Capital Reserve	Other Capital Surplus	Total Capital Surplus
Balance on 12.31.2007	12,631,977	14,270,458	—	14,270,458
Change during fiscal term				
Reduction of capital (transfer from capital surplus to earned surplus)	-11,355,142		11,355,142	11,355,142
Reduction of reserve (transfer from capital surplus to earned surplus)		-14,270,458	14,270,458	—
Reduction due to transfer from capital surplus to earned surplus			-25,625,600	-25,625,600
Net profit				
(Net) change in items other than shareholders' equity in the consolidated fiscal term	—	—	—	—
Total change during fiscal term	-11,355,142	-14,270,458	—	-14,270,458
Balance on 03.31.2008	1,276,834	—	—	—

	Shareholders' Equity			
	Earned Surplus		Treasury Stock	Total Shareholders' Equity
	Other Earned Surplus	Total Earned Surplus		
		Earned Surplus Carried Forward		
Balance on 12.31.2007	-25,625,600	-25,625,600	-347	1,276,487
Change during fiscal term				
Reduction of capital (transfer from capital surplus to earned surplus)				
Reduction of reserve (transfer from capital surplus to earned surplus)				
Reduction due to transfer from capital surplus to earned surplus	25,625,600	25,625,600		—
Net profit	664,525	664,525		664,525
(Net) change in items other than shareholders' equity in the consolidated fiscal term	—	—	—	—
Total change during fiscal term	26,290,126	26,290,126	—	664,525
Balance on 03.31.2008	664,525	664,525	-347	1,941,013

	Total Gaps in Appraisals, Conversions, etc			Total Net Assets
	Other Other Gaps in Appraisals of Securities	Hedging Profit/Loss Carried Forward	Total Gap in Appraisals Conversions etc.	
Balance on 12.31.2007	10,265	4,406	14,672	1,291,159
Change during fiscal term				
Reduction of capital (transfer from capital surplus to earned surplus)				
Reduction of reserve (transfer from capital surplus to earned surplus)				
Reduction due to transfer from capital surplus to earned surplus				
Net profit				664,525
(Net) change in items other than shareholders' equity in the consolidated fiscal term	—	-12,870	-12,870	-12,870
Total change during fiscal term	—	-12,870	-12,870	651,655
Balance on 03.31.2008	10,265	-8,463	1,802	1,942,815