



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

November 12, 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 Third Quarter Financial Results to September 2008 (01.01.2008- 09.30.2008)

(1) Consolidated Operating Results

(percentages shown represent year-on-year % change)

	Sales		Operating Profit		Ordinary Profit		Net Profit	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
FY2008 3rd Quarter	27,164	(-28.0)	3,116	(-)	2,973	(-)	1,891	(-)
FY2007 3rd Quarter	37,714	(4.9)	-9,769	(-)	-10,286	(-)	-12,022	(-)
FYE December 2007	46,315		-8,922		-9,666		-17,598	

	Net Profit per Share	Net Profit per Share (Diluted)
	¥	¥
FY2008 3rd Quarter	18.82	—
FY2007 3rd Quarter	-161.35	—
FYE December 2007	-231.72	—

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

(2) Consolidated Financial Condition

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
	¥ millions	¥ millions	%	¥
FY2008 3rd Quarter	39,891	13,484	16.6	65.88
FY2007 3rd Quarter	43,300	11,427	10.3	56.38
FYE December 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 Equivalents End of Term Balance
	¥ millions	¥ millions	¥ millions	¥ millions
FY2008 3rd Quarter	2,896	-1,615	-3,380	17,244
FY2007 3rd Quarter	8,194	-7,312	-18,117	15,987
FYE December 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)

(percentages shown represent year-on-year % change)

	Sales		Operating Profit		Ordinary Profit		Net Profit		Net Profit per Share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
Full Year	37,000	(-20.1)	4,500	(-)	4,200	(-)	2,100	(-)	20.89

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 etc, Other on page 5 for details)

(Reference) Outline of Non-Consolidated Financial Results

1. Non-Consolidated Third Quarter Financial Results to September 2008 (01.01.2008- 09.30.2008)

(1) Operating Results

(percentages shown represent year-on-year % change)

	Sales		Operating Profit		Ordinary Profit		Net Profit	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
FY2008 3rd Quarter	9,313	(-3.6)	1,125	(7.6)	1,481	(73.8)	1,608	(—)
FY2007 3rd Quarter	9,661	(7.4)	1,045	(18.6)	852	(-46.9)	-19,702	(—)
FYE December 2007	12,933		1,314		1,106		-25,625	

	Net Profit per Share	Net Profit per Share (Diluted)
	¥	¥
FY2008 3rd Quarter	16.00	—
FY2007 3rd Quarter	-264.43	—
FYE December 2007	-337.42	—

(2) Financial Condition

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
	¥ millions	¥ millions	%	¥
FY2008 3rd Quarter	20,920	2,884	13.8	28.70
FY2007 3rd Quarter	27,269	1,272	4.7	16.10
FYE December 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)

(percentages shown represent year-on-year % change)

	Sales		Operating Profit		Ordinary Profit		Net Profit		Net Profit per Share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
Full Year	12,500	(-3.3)	1,600	(21.7)	1,750	(58.2)	1,950	(—)	19.40

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

The above projections are based on currently available information including factors that are largely indeterminable.

Actual results may differ from these projections as a result of changes in the business environment and other factors.

Qualitative Information, Financial Statements etc.

1. Qualitative Information - Consolidated Operating Results

General Conditions

In the third quarter of the current term, the US sub prime loan crisis of the previous year continued to cause instability in financial markets, the yen had risen sharply and prices of crude oil and other resources fluctuated. As a result, corporate earnings growth in the domestic market remains flat, and there is continued uncertainty surrounding the future.

In the Internet market, the arena in which the company operates the number of broadband service users reached 33.08 million at the end of June 2008¹. The Internet is now firmly established and Internet use continues to grow.

The GMO Internet 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.

In the period under review, consolidated sales reached 27.164 billion yen (28.0% year-on-year decrease), operating profit was 3.116 billion yen (9.769 billion yen operating loss recorded in the previous corresponding period), and ordinary profit was 2.973 billion yen (10.286 billion yen ordinary loss recorded in the previous corresponding period). This significant year-on-year drop in earnings appears because results in the finance business, from which the company withdrew in mid-2007, are included in the third quarter of the previous fiscal year and not in the current third quarter. Conversely, withdrawal from the Internet finance segment, the cause of substantial losses in the previous term, resulted in a major third quarter hike in operating and ordinary profits.

As the following segment report shows, performance in the Internet infrastructure and Internet media segments has been positive. Net profit rose significantly in the third quarter to 1.891 billion yen (in the previous corresponding term a net loss of 12.022 billion yen was recorded) as a result of extraordinary profits posted including gains on bond redemption, the sale of securities investments, recovery of claims in bankruptcy previously written off and the sale of a business in a subsidiary. Extraordinary losses including impairment of investment securities and the impairment or retirement of other assets including software, however retained losses were leveraged to reduce the corporate tax burden.

Segment Report

Internet Use Support (Infrastructure)

In the Internet Use Support (Infrastructure) segment, lagging sales in the Security business were offset by strong performance in Domain registration, Web hosting, E-commerce support & web development and Payment processing.

The domain business registered over 820,000 domains, a 21.1% increase over the previous corresponding period. In the first nine months of the year .asia, .me, .am and .pm were opened up to general registration. Sales were up 16.5% year-on-year to 1.832 billion yen.

In the web hosting business, disk capacity was boosted and functionality expanded in response to growing sophistication and diversification of client needs. Contracts were up 8.2% year-on-year to 373 thousand and the business reported 6.476 billion yen in sales (3.6% year-on-year increase).

The e-commerce solutions & web development business showed solid profit growth. Contracts were up 48.0% year-on-year to 27 thousand and sales reached 2.332 billion yen (7.9% year-on-year increase).

In February the global expansion of the security business was continued with the launch of GlobalSign China in Shanghai. Also in the current term, the security business developed new authentication services in partnership with Yahoo! JAPAN while focusing on brand building, product improvement and sales channel diversification. Sales, impacted by the transition to the GlobalSign brand, stood at 795 million yen (7.8% year-on-year increase).

The payment processing business saw an increase in merchants and an expansion of its recurring payment business. It is now actively expanding public sector payment operations and its credit card payment processing services were adopted by Katsushika ward in Tokyo and Owase city in Mie prefecture. The SaaS PG Multi-Payment Service was also launched offering customers credit card, convenient store, electronic money and Pay-easy processing capabilities in a single service package. The payment processing business reported sales of 1.633 billion yen (14.5% year-on-year increase).

Results in the Internet Infrastructure segment, including these five major product areas, were as follows. Sales: 14.332 billion yen, (2.5% year-on-year increase), Operating profit: 1.947 billion yen (10.6% year-on-year increase).

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

Internet Advertising Support (Media)

According to Nielsen//NetRatings, media web sites owned and operated by GMO Internet Group attracted 22.33 million users in September 2008, and the group was ranked the 6th largest media property in Japan. These media assets are rapidly boosting profitability in the Internet media segment.

The nine months to September saw solid performance in the Internet media and search media business that includes search ranking display services like SEO, SEM media and the Japanese language search tool JWord, as well as search query related contextual advertising operated in partnership with Overture. The business reported sales of 6.717 billion yen (34.9% year-on-year increase).

Despite strong growth in mobile advertising, income in the advertising agencies business fell slightly as a result of a decrease in recruitment advertising. While a drop in recruitment advertising impacted on performance, NIKKO figures were included in the consolidation from the third quarter and as a result sales totaled 5.771 billion yen (34.2% year-on-year increase).

Overall sales in Internet media, the segment encompassing the above businesses, were 13.110 billion yen (33.6% year-on-year increase) and operating profit was at 1.138 billion yen (43.0% year-on-year increase).

Other Businesses

The Internet Finance business, until last term reported as a separate business segment, was significantly 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. Due to the reduced significance of Internet finance operations they are now reported under Other businesses.

The venture capital business, the only business operating in the Other businesses segment in the third quarter, saw a return on investment following the partial sale of its stake in a company that went public; however it recorded a loss on appraisal of some stock.

Results in other business were as follows; Sales: 75.24 million yen Operating loss: 5.796 million yen.

2. Qualitative Information - Consolidated Financial Condition

Assets, Liabilities and Net Assets

Significant changes in the state of assets, liabilities and net assets between 12.31.2007 and 09.30.2008 are as follows.

In the assets column trade notes and accounts receivable increased by 1.083 billion yen primarily as a result of NIKKO becoming a consolidated subsidiary. Goodwill decreased 300.0 million yen after amortization and investment securities fell 255.8 million yen due to price fluctuations and the sale of some securities. Total assets balance was down 728.7 million yen to 39.891 billion yen.

Under liabilities, trade notes and accounts payable increased by 676.8 million yen primarily as a result of NIKKO becoming a consolidated subsidiary. In regard to borrowing, short-term loan contracts were converted to long-term loans to stabilize financing. As a result long-term debt increased 11.282 billion yen and short term debt decreased 10.8 billion yen. Unsecured convertible bonds with equity warrants decreased 5 billion yen following redemption. A decline of 2.155 billion yen in liabilities was recorded and the final balance stood at 26.406 billion yen.

In net assets, capital stock was reduced 11.355 billion yen to 1.276 billion yen, and capital surplus was reduced from 14.270 billion yen to 0 yen as a result of a capital reduction and transfer from capital surplus to earned surplus. Earned surplus stood at 5.416 billion yen following increases of 1.891 billion yen, in net profit and 25.625 billion yen transferred from capital surplus. Shareholders' equity was up 1.887 billion yen to 6.693 billion yen. Net assets increased 1.426 billion yen to 13.484 billion yen following an increase in shareholders' equity and decrease in minority equity.

Cash Flow

At the end of the third quarter, consolidated cash flow provided by operating activities amounted to 2.896 billion yen while cash flow used in investing activities totaled 1.615 billion yen and cash flow used in financing activities was 3.380 billion yen. Consolidated cash and cash equivalents stood at 17.244 billion yen at the end of the third quarter.

The following is an overview of cash flow activity in the nine months to September.

Cash flow provided by operating activities totaled 2.896 billion yen (8.194 billion yen in the previous corresponding quarter). Major items included net profit before tax and other adjustments amounting to 3.289 billion yen, non cash expenses including depreciation (576.8 million yen) and goodwill amortization (766.4 million yen), as well as corporate and other tax payments totaling 1.403 billion yen.

Cash flow used in investing activities was 1.615 billion yen (7.312 billion yen in the previous corresponding period). Contributing factors include 838.2 million yen in expenditure on the acquisition of intangible fixed assets, income of 185.3 million yen on the sale of investment securities, the acquisition of treasury stock (reported as additional acquisition of subsidiary stock) by subsidiary, Magclick, Inc., (now GMO AD Partners Inc.) and other subsidiary stock acquisition expenditure totaling 408.3 million yen, 654.8 million yen in expenditure on the execution of long and short term loans as well as expenditure of 48.11 million yen from the transfer of businesses.

Cash flow used in financing activities was 3.380 billion yen (18.117 billion yen was used in the previous corresponding term). Significant items included expenditure on the execution and repayment of short term loans (10.827 billion yen), early redemption of unsecured convertible bonds with equity warrants (4.937 billion yen), income from long term loans taken out to refinance the aforementioned bonds (13.250 billion yen) and expenditure on payment of dividends to minority shareholders (280.0 million yen).

3. Qualitative Information - Consolidated Earnings Results Forecasts

Earnings forecasts for the current period are as follows.

As stated in the document "Revision to Full Year Results Forecast for the Year Ending December 2008" (11.12.2008) we have revised our forecast due to the occurrence of non-operating profit/loss and extraordinary profit/loss.

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	37,000	-20.1	46,315
Operating Profit	4,500	—	-8,922
Ordinary Profit	4,200	—	-9,666
Net Profit	2,100	—	-17,598

Non-Consolidated Results Forecast (01.01.2008 – 12.31.2008)

	Fiscal Year Ended December 2008	Percentage Change (Year-on-Year)	Fiscal Year Ended December 2007
	¥ millions	%	¥ millions
Sales	12,500	-3.3	12,933
Operating Profit	1,600	21.7	1,314
Ordinary Profit	1,750	58.2	1,106
Net Profit	1,950	—	-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		(Unit: ¥millions)				
	2007 Q3	2007 Q4	2008 Q1	2008 Q2	2008 Q3	
Internet Use Support (Infrastructure)						
Access provider (ISP)	472	459	413	374	349	
Domain registration	476	523	617	613	601	
Web hosting	2,102	2,088	2,142	2,176	2,156	
EC solutions & web development	741	957	775	715	841	
Security	209	223	275	263	255	
Credit card payment processing	449	500	519	535	578	
Other	111	135	51	41	30	
Segment Sales Total	4,562	4,888	4,797	4,720	4,815	
Internet Advertising Support (Media)						
Internet media & search media	1,623	1,731	2,065	2,222	2,429	
Advertising agencies	1,352	1,735	1,510	1,514	2,745	
Other	318	371	354	322	364	
Total	3,294	3,839	3,931	4,059	5,540	
Adjustment for inter segment transactions	(116)	(56)	(80)	(164)	(174)	
Segment Sales Total	3,178	3,783	3,850	3,894	5,365	
Other Businesses						
Other	1	2	40	26	8	
Segment Sales Total	1	2	40	26	8	
Adjustment for inter segment transactions	(57)	(73)	(43)	(81)	(229)	
Consolidated Sales	7,685	8,601	8,644	8,560	9,959	
II Operating Profit by Segment		(Unit: ¥millions)				
	2007 Q3	2007 Q4	2008 Q1	2008 Q2	2008 Q3	
Internet Use Support (Infrastructure)	466	551	700	572	673	
Internet Advertising Support (Media)	260	299	420	280	437	
Other Businesses	-14	-14	20	-14	-12	
Sub total	713	836	1,141	839	1,098	
Adjustment for inter segment transactions	13	10	10	10	16	
Consolidated Operating Profit	726	846	1,151	849	1,115	

(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 Business.)

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

(Unit: ¥millions)

	2007 Q3	2007 Q4	2008 Q1	2008 Q2	2008 Q3
Operating Revenue	7,685	8,601	8,644	8,560	9,959
Operating Profit	726	846	1,151	849	1,115
Ordinary Profit	523	620	1,028	786	1,158
Net Profit	3,676	-5,575	489	484	917
Total Assets	43,300	40,620	39,486	40,650	39,891
Shareholders' Equity	4,457	4,864	5,238	5,799	6,620

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

(Unit: ¥millions)

	2007 Q3	2007 Q4	2008 Q1	2008 Q2	2008 Q3
Operating Revenue	3,071	3,271	3,230	3,120	2,961
Operating Profit	256	269	345	255	524
Ordinary Profit	113	253	669	223	588
Net Profit	3,068	-5,922	664	158	785
Total Assets	27,269	21,127	21,697	20,882	20,920
Shareholders' Equity	1,272	1,291	1,942	2,101	2,884

(Reference 3)

The Corporate Group

GMO Internet Group is a corporate group consisting of GMO Internet, Inc. (hereafter "the company") and 43 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. (now GMO Managed Hosting, Inc.)
	E-Commerce Solutions & Web Development	Web site design, Operation support services, System consulting, Online shop construction support consulting and ASP services	the company GMO System Consulting, Inc. (formerly Grandsphere Co. Ltd.) Global Web Co. Ltd. paperboy&co. Inc. * GMO MAKESHOP Co. Ltd (formerly MakeShop, Inc.) GMO Solution Partner, Inc. GMO DIGITAL DISTRIBUTION, Inc. and one (1) other company
	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.
	Access Provider (ISP)	Internet access provider	the company

*paperboy&co. Inc. is a developer of services for individuals.

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 GMO AD Partners, Inc. (formerly Magclick, Inc.) GMO Media Holdings, Inc. GMO Tea Cup Communication, Inc. (formerly Tea Cup Communication Ltd) GMO Media, Inc. JWord, Inc. GMO Marketing, Inc. paperboy&co. Inc. BOM, Inc. and eight (8) other companies
	Advertising agencies	Advertising sales, mainly Internet advertising media and recruitment advertisements	GMO AD Partners, Inc. (formerly Magclick, Inc.) GMO San Planning, Inc. GMO Mobile, Inc. NIKKO, 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 Business	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	Current Quarter	Change		(Reference)
	FYE 12/2007	FYE 12/2008			FYE 12/2007
	End of 3rd Quarter	End of 3rd Quarter	Amount	%Change	Amount
(Assets)					
I Current Assets					
1. Cash and deposits	16,127,796	17,301,136	1,173,339	7.3	19,143,929
2. Trade notes and accounts receivable	3,433,521	4,626,230	1,192,708	34.7	3,542,421
3. Operational investment securities	843,575	888,561	44,986	5.3	951,936
4. Securities	1,055,176	795,370	- 259,805	- 24.6	995,769
5. Inventory assets	91,814	29,433	- 62,381	- 67.9	44,974
6. Deferred tax asset	509,815	738,872	229,057	44.9	606,091
7. Amount receivable	3,400,012	—	-3,400,012	- 100.0	—
8. Accrued income	12,490	5,789	-6,701	-53.7	724
9. Short term loans	6,814,241	44,888	- 6,769,353	- 99.3	—
10. Other	1,022,969	1,280,567	257,598	25.2	1,114,358
Allowance for doubtful debt	-310,787	-331,651	- 20,864	6.7	-291,161
Total Current Assets	33,000,625	25,379,197	- 7,621,428	- 23.1	26,109,044
II Fixed Assets					
1. Tangible fixed assets					
(1) Buildings and structures	152,146	162,127	9,981	6.6	149,211
(2) Tools and equipment	502,966	493,225	- 9,740	- 1.9	505,051
(3) Other	29,259	9,412	- 19,846	- 67.8	24,031
Total tangible fixed assets	684,372	664,765	- 19,606	- 2.9	678,295
2. Intangible fixed assets					
(1) Goodwill	2,685,622	2,150,626	- 534,995	- 19.9	2,450,721
(2) Software	2,181,437	2,177,377	- 4,059	- 0.2	2,173,270
(3) Other	205,684	60,617	- 145,066	- 70.5	184,866
Total intangible fixed assets	5,072,744	4,388,622	- 684,121	- 13.5	4,808,857
3. Investments and other assets					
(1) Investment securities	1,157,290	874,916	- 282,373	- 24.4	1,130,816
(2) Investment real estate	—	4,563,551	4,563,551	—	4,550,783
(3) Long term loans receivable	128,351	112,220	-16,131	-12.6	162,454
(4) Investments	364,920	364,920	—	—	364,920
(5) Security deposit	754,199	867,815	113,615	15.1	758,096
(6) Receivables owed by companies in danger of bankruptcy or in poor financial condition	—	5,443,547	5,443,547	—	5,638,139
(7) Deferred tax asset	1,911,228	1,982,780	71,552	3.7	1,841,974
(8) Other	241,936	701,148	459,212	189.8	226,289
Allowance for doubtful debt	-15,029	-5,452,000	- 5,436,970	36,176.5	-5,649,444
Total investments and other assets	4,542,896	9,458,900	4,916,003	108.2	9,024,030
Total Fixed Assets	10,300,013	14,512,288	4,212,275	40.9	14,511,182
Total Assets	43,300,638	39,891,485	- 3,409,152	- 7.9	40,620,227

(Unit: ¥thousands/%)

Item	Previous Corresponding Quarter	Current Quarter	Change		(Reference)
	FYE 12/2007	FYE 12/2008			FYE 12/2007
	End of 3rd Quarter	End of 3rd Quarter	Amount	%Change	Amount
(Liabilities)					
I Current Liabilities					
1. Trade notes and accounts payable	703,204	1,508,618	805,413	114.5	831,775
2. Short term debt	9,197,470	1,200,000	- 7,997,470	- 87.0	12,000,000
3. Current portion of long term debt	2,511,332	1,399,000	- 1,112,332	- 44.3	24,000
4. Bonds to be redeemed within a year	—	1,000,000	1,000,000	—	—
5. Amount payable	1,877,614	1,901,311	23,697	1.3	1,931,837
6. Accrued corporate taxes etc.	562,879	606,005	43,125	7.7	785,062
7. Allowance for bonuses	112,223	138,662	26,439	23.6	62,410
8. Allowance for bonuses to directors	900	33,987	33,087	3,676.3	18,325
9. Advance payment received	2,066,587	2,426,096	359,509	17.4	2,106,065
10. Deposit received	3,074,893	3,400,813	325,920	10.6	3,246,696
11. Other	764,630	809,293	44,663	5.8	823,635
Total Current Liabilities	20,871,735	14,423,789	- 6,447,946	- 30.9	21,829,809
II Fixed Liabilities					
1. Bonds	1,000,000	—	- 1,000,000	- 100.0	1,000,000
2. Unsecured convertible bonds with equity warrants	5,000,000	—	- 5,000,000	- 100.0	5,000,000
3. Long term debt	4,434,670	11,352,000	6,917,330	156.0	70,000
4. Long term amount payable	533,387	496,373	- 37,014	- 6.9	523,166
5. Deferred tax liability	—	—	—	—	17,748
6. Allowance for employee retirement benefits	3,500	6,399	2,898	82.8	3,557
7. Other	29,621	128,152	98,531	332.6	118,026
Total Fixed Liabilities	11,001,179	11,982,925	981,745	8.9	6,732,498
Total Liabilities	31,872,914	26,406,714	- 5,466,200	- 17.1	28,562,307

(Unit: ¥thousands/%)

Item	Previous Corresponding Quarter	Current Quarter	Change		(Reference)
	FYE 12/2007	FYE 12/2008			FYE 12/2007
	End of 3rd Quarter	End of 3rd Quarter	Amount	%Change	Amount
(Net Assets)					
I Shareholders' Equity					
1. Capital stock	9,651,757	1,276,834	- 8,374,922	- 86.8	12,631,977
2. Capital surplus	11,311,678	—	- 11,311,678	- 100.0	14,270,458
3. Earned surplus	-16,520,555	5,416,790	21,937,345	- 132.8	-22,096,368
4. Treasury stock	-327	-429	- 101	30.9	-347
Total Shareholders' Equity	4,442,552	6,693,196	2,250,643	50.7	4,805,720
II Gaps in Appraisals, Conversions, etc.					
1. Other gaps in appraisal of securities	25,348	-2,972	- 28,321	- 111.7	53,858
2. Hedging profit/loss carried forward	4,684	-770	- 5,454	- 116.4	4,406
3. Currency translation adjustment account	-15,545	-69,022	- 53,476	344.0	476
Total Gaps in Appraisals, Conversions, etc	14,487	-72,765	- 87,253	- 602.3	58,741
III Equity Warrants	—	—	—	—	—
IV Minority Equity	6,970,682	6,864,340	- 106,342	- 1.5	7,193,457
Total Net Assets	11,427,723	13,484,771	2,057,047	18.0	12,057,919
Liabilities, Net Assets Total	43,300,638	39,891,485	-3,409,152	-7.9	40,620,227

(2) Condensed Consolidated Quarterly Profit and Loss Statement

(Unit: ¥thousands/%)

Item	For the Nine Months Ended September 30, 2007	For the Nine Months Ended September 30, 2008	Change		(Reference) FYE 12/2007
	Amount	Amount	Amount	%Change	Amount
I Operating Revenue	37,714,740	27,164,066	- 10,550,673	- 28.0	46,315,788
II Business Expenses	11,244,618	12,968,170	1,723,551	15.3	15,443,620
III Sales General & Administrative Conversions, etc.	36,239,399	11,079,611	- 25,159,788	- 69.4	39,795,022
Operating Profit/ Loss (-)	-9,769,277	3,116,284	12,885,562	—	-8,922,854
IV Non Operating Revenue	179,656	408,095	228,438	127.2	314,651
1. Interest and dividends received	48,154	226,303	178,149	370.0	143,286
2. Commissions received	2,941	—	- 2,941	- 100.0	3,636
3. Bad debt recovered	357	—	- 357	- 100.0	415
4. Profit on investment partnership	30,019	47,604	17,584	58.6	48,175
5. Gain on reversal of allowance for doubtful debt	11,822	—	- 11,822	- 100.0	—
6. Property rent received	—	86,821	86,821	—	—
7. Other	86,361	47,365	- 38,996	- 45.2	119,137
V Non Operating Expenses	697,247	550,425	- 146,822	- 21.1	1,058,167
1. Interest paid	420,149	227,994	- 192,155	- 45.7	500,712
2. Stock issue costs	39,650	15	- 39,635	- 100.0	89,971
3. Bond issue costs	3,157	—	- 3,157	- 100.0	3,152
4. Currency translation loss	26,315	108,754	82,438	313.3	108,882
5. Commissions paid	148,305	127,245	- 21,060	- 14.2	188,966
6. Other	59,668	86,415	26,747	44.8	166,481
Ordinary Profit/Loss (-)	-10,286,868	2,973,954	13,260,823	—	-9,666,369
VI Extraordinary Profit	4,967,978	484,838	- 4,483,139	- 90.2	5,068,559
1. Gain on sale of fixed assets	—	595	595	—	—
2. Gain on sale of investment securities	1,311,837	105,810	- 1,206,026	- 91.9	1,373,732
3. Gain on sale of affiliated company stock	3,652,230	—	- 3,652,230	- 100.0	3,655,401
4. Gain on change in equity investees	1,651	3,547	1,896	114.8	1,851
5. Gain on reversal of allowance for doubtful debt	2,259	200,582	198,323	8,779.2	13,212
6. Gain on transfer of business	—	104,019	104,019	—	—
7. Gain on bond redemption	—	62,500	62,500	—	—
8. Other	—	7,782	7,782	—	24,361
VII Extraordinary Loss	6,641,159	168,986	- 6,472,172	- 97.5	12,484,082
1. Loss on retirement of fixed assets	41,397	29,909	- 11,487	- 27.7	132,058
2. Loss on evaluation of investment securities	599,943	44,915	- 555,027	- 92.5	672,678
3. Loss on evaluation of affiliated company stock	29,999	—	- 29,999	- 100.0	39,986
4. Impairment loss	5,936,053	60,177	- 5,875,875	- 99.0	5,954,454
5. Loss on change in equity investees	14,890	—	- 14,890	- 100.0	14,904
6. Penalty for breaking a contract	—	—	—	—	6,145
7. Transfer to allowance for doubtful debt	—	—	—	—	5,636,619
8. Transfer to securities transaction liability reserve	13,216	—	- 13,216	- 100.0	13,216
9. Other	5,658	33,983	28,325	500.6	14,017
Net Profit or Loss before Adjustment for Tax etc.(-)	-11,960,049	3,289,806	15,249,856	—	-17,081,893
Corporate, Municipal and Enterprise Taxes	1,880,306	1,132,736	- 747,569	- 39.8	2,245,315
Adjustment for Corporate Tax etc.	-936,068	-204,397	731,671	- 78.2	-1,010,996
Minority equity profit/loss (-)	-881,681	469,874	1,351,556	—	-717,794
Net Profit or Net loss (-)	-12,022,604	1,891,593	13,914,198	—	-17,598,417

(3) Statement of Changes in Consolidated Shareholders' Equity etc.
(from January 01, 2008 to September 30, 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
Changes during the term					
Reduction of capital	-11,355,142	11,355,142			—
Transfer from capital surplus to earned surplus		-25,625,600	25,625,600		—
Net profit			1,891,593		1,891,593
Acquisition of treasury stock				-82	-82
Decrease in earned surplus due to increase in consolidated subsidiaries			-4,035		-4,035
Change in items other than shareholders' equity during the term (net amount)	—	—	—	—	—
Total amount of change during the term	-11,355,142	-14,270,458	27,513,158	-82	1,887,475
Balance on 09.30.2008	1,276,834	—	5,416,790	-429	6,693,196

	Gaps in Appraisals, Conversions, etc				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 12.31.2007	53,858	4,406	476	58,741	7,193,457	12,057,919
Changes during the term						
Reduction of capital						—
Transfer from capital surplus to earned surplus						—
Net profit						1,891,593
Acquisition of treasury stock						-82
Decrease in earned surplus due to increase in consolidated subsidiaries						-4,035
Change in items other than shareholders' equity during the term (net amount)	-56,831	-5,177	-69,498	-131,507	-329,116	-460,624
Total amount of change during the term	-56,831	-5,177	-69,498	-131,507	-329,116	1,426,851
Balance on 09.30.2008	-2,972	-770	-69,022	-72,765	6,864,340	13,484,771

(4) Condensed Consolidated Quarterly Cash Flow Statement

(Unit: ¥thousands)

	For the Nine Months Ended September 30, 2007	For the Nine Months Ended September 30, 2008	(Reference) FYE 12/2007
Item	Amount	Amount	Amount
I Cash Flow from Operating Activities			
Net profit or loss before adjustment for tax etc. (-)	-11,960,049	3,289,806	-17,081,893
Depreciation costs	1,067,716	576,854	1,220,030
Impairment loss	5,936,053	60,177	5,954,454
Amortization of goodwill	1,440,082	766,432	1,668,578
Change in allowance for doubtful debt	6,108,540	-191,406	11,723,209
Change in allowance for bonuses	32,249	74,462	-137
Change in allowance for retirement benefits	-4,574	3,645	-4,454
Increase in interest repayment reserve	6,193,600	—	6,193,600
Gain on sale of investment securities	-1,311,837	-105,810	-1,373,732
Gain on sale of stock in affiliated companies	-3,651,205	—	-3,655,401
Gain on transfer of businesses	—	-104,019	—
Interest and dividends received	-48,154	-226,303	-143,286
Interest paid	420,149	227,994	500,712
Currency translation gain or loss	-2,923	50,710	634
Stock issue costs	39,650	15	89,971
Bond issue costs	3,157	—	3,152
Loss on appraisal of investments securities	599,944	44,915	672,678
Loss on appraisal of stock in affiliated companies	29,999	—	39,986
Gain on bond redemption	—	-62,500	—
Loss on retirement of fixed assets	41,102	29,909	132,058
Gain on sale of fixed assets	—	-595	—
Loss from change of equity investees	14,890	—	14,904
Gain from change of equity investees	-1,651	-3,547	-1,851
Decrease in operating loans	7,181,828	—	7,181,828
Increase in securities deposits received	769,038	—	769,038
Increase in segregated trust account	-5,450,000	—	-5,450,000
Increase in security deposits	7,085,973	—	7,085,973
Increase in operational investment securities	-87,107	-24,660	-123,760
Change in accounts receivable	237,355	-194,537	165,175
Change in inventory assets	-63,734	21,009	-16,895
Other decrease in assets	-4,214,028	-258,892	-4,273,939
Increase in purchase debts	-826,231	-207,145	-540,745
Other increases in liabilities	1,205,502	339,115	1,516,420
Sub total	10,785,337	4,105,631	12,266,311

(Unit: ¥thousands)

	For the Nine Months Ended September 30, 2007	For the Nine Months Ended September 30, 2008	(Reference) FYE 12/2007
Item	Amount	Amount	Amount
Interest and dividends received	50,144	225,965	149,417
Interest paid	-437,241	-231,888	-544,563
Expenditure incurred by subrogation	—	—	-833,800
Corporate tax etc. paid	-2,204,049	-1,403,072	-2,296,814
Recovery from bankrupt creditors	—	199,550	—
Cash Flow from Operating Activities	8,194,191	2,896,187	8,740,551
II Cash Flow from Investing Activities			
Revenue accrued on return of fixed deposit	20,000	-21,000	120,000
Expenditure on acquisition of tangible fixed assets	-305,842	-171,715	-387,572
Revenue accrued on sale of tangible fixed assets	3,700	1,384	8,588
Expenditure on acquisition of intangible fixed assets	-901,445	-838,243	-1,055,711
Expenditure on acquisition of securities	-59,970	—	-795,370
Expenditure on acquisition of investment securities	-1,004,972	-5,800	-1,015,923
Revenue accrued on sale of investment securities	6,318,871	185,319	6,418,266
Revenue accrued on redemption of investment securities	22,006	—	1,038,337
Expenditure on acquisition of subsidiary stock	-7,711,168	-408,342	-7,750,169
Revenue accrued on sale of subsidiary stock	1,055,290	—	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 resulting in change in scope of consolidation	—	-21,378	—
Expenditure on execution of loans	-7,060,720	-654,854	-7,097,990
Revenue accrued on collection of loans	2,324,984	282,431	4,327,789
Revenue accrued on transfer of business	—	104,019	—
Expenditure on transfer of business	—	-48,119	—
Revenue accrued on other investing activities	77,360	55,085	110,680
Expenditure on other investing activities	-90,415	-73,909	-88,973
Cash Flow from Investing Activities	-7,312,321	-1,615,124	-1,812,757

(Unit: ¥thousands)

	For the Nine Months Ended September 30, 2007	For the Nine Months Ended September 30, 2008	(Reference) FYE 12/2007
Item	Amount	Amount	Amount
III Cash Flow from Financing Activities			
Revenue accrued on short term loans	20,450,000	17,400,000	45,450,000
Expenditure on repayment of short term loans	-38,482,096	-28,227,440	-60,679,567
Revenue accrued on long term loans	950,000	13,250,000	950,000
Expenditure on repayment of long term loans	-10,906,056	-593,000	-17,758,058
Revenue accrued on stock issue	4,969,149	—	6,327,937
Revenue accrued on bond issue	5,096,842	—	5,096,847
Expenditure on redemption of bonds	-75,000	-4,937,500	-75,000
Revenue accrued on stock issue for minority shareholders	66,820	8,800	68,920
Revenue and expenditure on the sale and acquisition of treasury stock	-119	-82	-139
Payment of dividends	-3,521	-857	-6,553
Payment of dividends to minority shareholders	-183,382	-280,080	-212,761
Cash Flow from Financing Activities	-18,117,364	-3,380,160	-20,838,373
IV Effect of Exchange Rate on Cash and Equivalents	12,433	-28,856	3,579
V Increase in Cash and Equivalents	-17,223,059	-2,127,954	-13,907,001
VI Balance of Cash and Equivalents at 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	68,215	30,609
VIII Balance of Cash and Equivalents at End of Quarter	15,987,796	17,244,116	19,303,854

(5) Segment Data

Data by segment

Previous Corresponding Quarter (FY2007 3rd Quarter)

(Unit: ¥thousands)

Item	Internet Use Support (Infrastructure)	Internet Advertising Support (Media)	Internet Finance	Total	Intercompany Transaction Adjustment or all Companies	Consolidated
Sales	13,980,895	9,811,217	14,163,342	37,955,454	-240,714	37,714,740
Operating expenses	12,219,982	9,015,283	26,528,626	47,763,891	-279,873	47,484,018
Operating Profit	1,760,912	795,934	-12,365,284	-9,808,436	39,159	-9,769,277

Current Quarter (FY2008 3rd Quarter)

(Unit: ¥thousands)

Item	Internet Use Support (Infrastructure)	Internet Advertising Support (Media)	Other Businesses	Total	Intercompany Transaction Adjustment or all Companies	Consolidated
Sales	14,332,521	13,110,934	75,249	27,518,706	-354,639	27,164,066
Operating expenses	12,385,308	11,972,614	81,046	24,438,969	-391,187	24,047,781
Operating Profit	1,947,212	1,138,319	-5,796	3,079,736	36,548	3,116,284

(note) Change to business classification

Following a withdrawal from the loans and credit business and Internet securities business, as of the current fiscal year former Internet Finance segment businesses are now reported under Other Businesses due to their decreased significance to the group.

In the current quarter Internet Finance business sales were ¥75,249,000, operating profit was -¥5,796,000.

(reference) Previous Fiscal Year (FYE 12/2007)

(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

(6) Significant Items Upon Which this Consolidated Financial Statement is Based

1. Items concerning the scope of consolidation

i. Consolidated Subsidiaries: 43 companies

Names of major consolidated subsidiaries:

GMO AD Partners, Inc. GMO Hosting & Security, Inc. GMO Payment Gateway, Inc.

The following companies were included in the consolidation from the current fiscal year for the following reasons; NIKKO, Inc. due to a stock acquisition, sitebiz, Inc. and six (6) other companies as a result of their increased significance to the consolidation. GMO DIGITAL DISTRIBUTION, Inc. was established and also included in the consolidation.

ii. Non-consolidated Subsidiaries: 10 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 or 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 or loss (equal to equity share), and earned surplus (equal to equity share), etc. of each of the (ten) 10 non-consolidated subsidiaries and 2 affiliated companies, HUMEIA REGISTRY Co. Ltd, Hit, Inc. has minimal impact and no significance to the group 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 third quarter on June 30:

GMO Payment Gateway, Inc.

Companies that close the third quarter on December 31:

Epsilon, Inc.

Companies that close the third quarter on May 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 August 31 provided by GMO Venture Partners Investment Limited Partnership, Blog Business Fund Investment Limited Partnership.

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

4. Items concerning accounting standards

i. Method and standards for the evaluation of 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 on 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.

ii. 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
 - Straight line method. However, computer software used by the company is amortized using the straight line method over an estimated useful life of (normally) five years.
 - (c) Investments and other assets
 - The straight line method is employed for buildings held as investments in real estate.
- iii. 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 receivable. 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 retirement pay
 - The current portion of the projected amount to be paid during the term is reserved to provide for employee retirement.
- iv. Handling of significant 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.
- v. Hedge accounting method
 - (a) Hedge accounting method
 - When conditions for appropriation treatment are met appropriation treatment is used for foreign exchange contracts.
 - (b) Hedging instruments and hedged items
 - Method: Foreign exchange contracts
 - Hedged items: Forecasted foreign currency transactions
 - (c) Hedging Policy
 - We trade currency 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 efficacy of each relevant derivative transaction is individually evaluated by assessing the amount of debt/credit, hedge transaction conditions, and other factors.
- vi. Other significant items 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 three months of the date of acquisition.

6. Condensed Non-consolidated Quarterly Financial Statement – [Unaudited]

(1) Condensed Consolidated Quarterly Balance Sheet

(Unit: ¥thousands/%)

Item	Previous Corresponding Quarter	Current Quarter	Change		(Reference)
	FYE 12/2007	FYE 12/2008			FYE 12/2007
	End of 3rd Quarter	End of 3rd Quarter	Amount	%Change	Amount
	Amount	Amount			
(Assets)					
I Current Assets					
1. Cash and deposits	5,918,383	5,688,471	- 229,911	- 3.9	6,163,491
2. Accounts receivable	1,289,410	1,071,904	- 217,505	- 16.9	1,169,764
3. Inventory assets	22,181	9,459	- 12,722	- 57.4	15,312
4. Short term loans	8,036,877	1,125,137	- 6,911,739	- 86.0	1,025,253
5. Amount receivable	3,339,223	—	- 3,339,223	-100.0	—
6. Deferred tax asset	370,113	492,452	122,339	33.1	394,717
7. Other	391,193	292,699	- 98,494	- 25.2	476,538
Allowance for doubtful debt	- 593,286	- 595,397	- 2,110	0.4	-612,343
Total Current Assets	18,774,096	8,084,727	- 10,689,368	- 56.9	8,632,734
II Fixed Assets					
1. Tangible fixed assets					
(1) Buildings	65,002	37,352	- 27,650	- 42.5	62,828
(2) Tools and equipment	40,964	16,882	- 24,081	- 58.8	38,136
(3) Other	1,383	663	- 719	- 52.0	379
Total tangible fixed assets	107,350	54,899	- 52,451	- 48.9	101,344
2. Intangible fixed assets					
(1) Goodwill	136,969	27,393	- 109,575	- 80.0	109,575
(2) Software	179,170	189,977	10,806	6.0	193,133
(3) Nominal software account	32,519	—	- 32,519	-100.0	11,921
(4) Telephone subscription rights	12,381	10,128	- 2,253	- 18.2	12,381
(5) Other	7,403	5,721	- 1,681	- 22.7	7,143
Total intangible fixed assets	368,445	233,221	- 135,224	- 36.7	334,156
3. Investments and other assets					
(1) Investment securities	1,052,747	375,163	- 677,583	- 64.4	407,467
(2) Affiliated company stock	4,421,673	3,929,346	- 492,326	- 11.1	3,884,172
(3) Affiliated company long term loans	99,124	719,567	620,443	625.9	92,427
(4) Receivables owed by companies in danger of bankruptcy or in poor financial condition	—	5,434,249	5,434,249	—	5,633,800
(5) Security deposit	507,360	479,287	- 28,073	- 5.5	518,421
(6) Investment real estate	—	4,563,551	4,563,551	—	4,550,783
(7) Deferred tax asset	2,026,041	1,901,535	- 124,506	- 6.1	2,000,630
(8) Other	73,531	602,593	529,061	719.5	629,716
Allowance for doubtful debt	- 2,200	- 5,435,736	- 5,433,536	246978.9	-5,636,929
Allowance for investment losses	- 158,241	- 21,585	136,655	- 86.4	-21,585
Total investments and other assets	8,020,037	12,547,973	4,527,935	56.5	12,058,904
Total Fixed Assets	8,495,833	12,836,093	4,340,260	51.1	12,494,405
Total Assets	27,269,929	20,920,821	- 6,349,108	- 23.3	21,127,139

(Unit: ¥thousands/%)

Item	Previous Corresponding Quarter	Current Quarter	Change		(Reference) FYE 12/2007
	FYE 12/2007	FYE 12/2008			
	End of 3rd Quarter	End of 3rd Quarter	Amount	%Change	Amount
(Liabilities)					
I Current Liabilities					
1. Short term debt	11,684,802	2,575,000	- 9,109,802	- 78.0	12,000,000
2. Bonds to be redeemed within a year	—	1,000,000	1,000,000	—	—
3. Amount payable	1,097,640	1,016,373	- 81,267	- 7.4	1,166,392
4. Accrued expenses	57,576	7,087	- 50,489	- 87.7	60,633
5. Accrued corporate taxes etc.	31,624	—	- 31,624	-100.0	—
6. Advance payment received	253,943	124,228	- 129,715	- 51.1	199,926
7. Deposit received	2,235,770	1,511,421	- 724,348	- 32.4	40,340
8. Allowance for bonuses	24,397	31,755	7,358	30.2	12,200
9. Other	83,794	81,108	-2,687	-3.2	88,054
Total Current Liabilities	15,469,550	6,346,974	- 9,122,575	- 59.0	13,567,548
II Fixed Liabilities					
1. Bonds	1,000,000	—	- 1,000,000	-100.0	1,000,000
2. Unsecured convertible bonds with equity warrants	5,000,000	—	- 5,000,000	-100.0	5,000,000
3. Security deposit received	168,829	389,220	220,390	130.5	268,431
4. Long term debt	4,358,670	11,300,000	6,941,330	159.3	—
Total Fixed Liabilities	10,527,499	11,689,220	1,161,720	11.0	6,268,431
Total Liabilities	25,997,050	18,036,194	-7,960,855	- 30.6	19,835,980
(Net Assets)					
I Shareholders' Equity					
1. Capital stock	9,651,757	1,276,834	- 8,374,922	-86.8	12,631,977
2. Capital surplus					
(1) Capital reserve	11,311,678	—	-11,311,678	-100.0	14,270,458
Total capital surplus	11,311,678	—	-11,311,678	-100.0	14,270,458
3. Earned surplus					
(1) Other earned surplus					
Earned surplus carried forward	- 19,702,776	1,608,526	21,311,302	- 108.2	-25,625,600
Total earned surplus	- 19,702,776	1,608,526	21,311,302	- 108.2	-25,625,600
4. Treasury stock	- 327	- 429	- 101	31.1	-347
Total Shareholders' Equity	1,260,331	2,884,931	1,624,599	128.9	1,276,487
II Gaps in Appraisals, Conversions, etc.					
1. Other gaps in appraisal of securities	7,810	465	- 7,345	- 94.0	10,265
2. Hedging profit/loss carried forward	4,736	- 770	- 5,506	- 116.3	4,406
Total Gaps in Appraisals, Conversions, etc.	12,547	- 305	- 12,852	- 102.4	14,672
Total Net Assets	1,272,879	2,884,626	1,611,747	126.6	1,291,159
Total Liabilities, Net Assets	27,269,929	20,920,821	- 6,349,108	- 23.3	21,127,139

(2) Condensed Non-consolidated Profit and Loss Statement

(Unit: ¥thousands/%)

Item	Previous Corresponding Quarter	Current Quarter	Change		(Reference) Fiscal Year Ended 12/2007
	FYE 12/2007	FYE 12/2008	Amount	% Change	Amount
	End of 3rd Quarter	End of 3rd Quarter			
Amount	Amount	Amount	% Change	Amount	
I Operating Revenue	9,661,426	9,313,104	- 348,322	- 3.6	12,933,358
II Business Expenses	6,331,411	6,269,597	- 61,814	- 1.0	8,567,496
III Sales General & Administrative Expenses	2,284,420	1,918,078	- 366,342	- 16.0	3,051,189
Operating Profit	1,045,594	1,125,428	79,833	7.6	1,314,672
IV Non Operating Revenue	422,663	781,085	358,422	84.8	622,729
V Non Operating Expenses	616,130	425,120	- 191,009	- 31.0	831,275
Ordinary Profit	852,127	1,481,393	629,265	73.8	1,106,126
VI Extraordinary Profit	4,387,571	259,582	- 4,127,988	- 94.1	4,524,226
VII Extraordinary Loss	26,848,837	117,291	- 26,731,545	- 99.6	33,159,266
Net Profit/Loss before Tax	- 21,609,138	1,623,683	23,232,822	—	-27,528,912
Corporate, Municipal and Enterprise Taxes	3,399	4,050	650	19.1	7,102
Adjustment for Corporate Tax etc.	- 1,909,762	11,107	1,920,870	—	-1,910,414
Net Profit or Net Loss	- 19,702,776	1,608,526	21,311,302	—	-25,625,600

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

(01.01.2008 – 09.30.2008)

(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 the 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	—
Transfer from other capital surplus to other earned surplus			-25,625,600	-25,625,600
Net profit				
Acquisition of treasury stock				
Change in items other than shareholders' equity during the term (net amount)	—	—	—	—
Total change during the fiscal term	-11,355,142	-14,270,458	—	-14,270,458
Balance on 09.30.2008	1,276,834	—	—	—

	Shareholders' Equity			
	Earned Surplus		Treasury Stock	Total Shareholders' Equity
	Other Earned Surplus	Total Earned Surplus		
	Earned Surplus Carried Forward			
Change during the fiscal term	-25,625,600	-25,625,600	-347	1,276,487
Reduction of capital (transfer from capital surplus to earned surplus)				
Reduction of reserve (transfer from capital surplus to earned surplus)				
Transfer from other capital surplus to other earned surplus				
Net profit	25,625,600	25,625,600		—
Acquisition of treasury stock	1,608,526	1,608,526		1,608,526
Change in items other than shareholders' equity during the term (net amount)			-82	-82
Total change during the fiscal term	—	—	—	—
Balance on 09.30.2008	27,234,127	27,234,127	-82	1,608,444
Change during the fiscal term	1,608,526	1,608,526	-429	2,884,931

	Gaps in Appraisals, Conversions, etc			Total Net Assets
	Other Other Gaps in Appraisals of Securities	Hedging Profit/Loss	Total Gap in Appraisals Conversions etc.	
Change during the fiscal term	10,265	4,406	14,672	1,291,159
Reduction of capital (transfer from capital surplus to earned surplus)				
Reduction of reserve (transfer from capital surplus to earned surplus)				
Transfer from other capital surplus to other earned surplus				
Net profit				
Acquisition of treasury stock				1,608,526
Change in items other than shareholders' equity during the term (net amount)				-82
Total change during the fiscal term	-9,800	-5,177	-14,977	-14,977
Balance on 09.30.2008	-9,800	-5,177	-14,977	1,593,466
Change during the fiscal term	465	-770	-305	2,884,626