Fiscal Year 2010 Results Statement

February 8, 2011

Name of Listed Company: GMO Internet, Inc.
Exchange Listing: Tokyo Stock Exchange Stock Code: 9449 URL: http://www.gmo.jp/en
Representative: Masatoshi Kumagai, CEO and Representative Director and Group CEO
Official Contact: Masashi Yasuda, CFO and Managing Director Contact Number: +81-3-5456-2555
Date of Annual General Shareholders Meeting: March 25, 2011 Start Date of Dividend Payout: March 28, 2010
Date of Annual Report Release: March 28, 2011

(all amounts rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended December 2010 (01.01.2010 - 12.31.2010)

(1) Consolidated Operating Results (percentages shown represent year-on-year % change)

	Sales		Operating Profit		Ordinary Profit		Net Profit	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
FYE 12/2010	44,483	16.5	5,728	23.2	5,738	19.6	2,209	63.2
FYE 12/2009	38,195	2.5	4,649	12.2	4,797	19.0	1,354	-35.9

	Net Profit per Share	Net Profit per Share (Diluted)	Ratio of Shareholders' Equity to Net Profit	Ratio of Total Assets to Ordinary Profit	Ratio of Sales to Operating Profit
	¥	¥	%	%	%
FYE 12/2010	22.09	—	28.4	5.6	12.9
FYE 12/2009	13.49	—	19.6	11.9	12.2

(Reference) Earnings/Loss on Equity Method Investment FYE 12/2010 - ¥16 million FYE 12/2009 ¥0 million

(2) Consolidated Financial Condition

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
	¥ millions	¥ millions	%	¥
FYE 12/2010	165,460	21,396	5.2	85.37
FYE 12/2009	40,922	14,145	17.2	70.47

(Reference) Shareholders' Equity FYE 12/2010 ¥8,537 million FYE 12/2009 ¥7,047 million

(3) Consolidated Cash Flow

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Cash And Equivalent End of Term Balance
	¥ millions	¥ millions	¥ millions	¥ millions
FYE 12/2010	6,362	8,723	-7,945	27,809
FYE 12/2009	7,158	-1,411	-3,518	20,723

2. Dividends

	Dividend per Share					Total Dividend Payout	Payout Ratio (Consolidated)	Ratio of Dividends to Total Assets (Consolidated)
	End of Q1	End of Q2	End of Q3	End of Term	Total			
	¥	¥	¥	¥	¥	¥ millions	%	%
FYE12/2009	—	2.00	—	4.00	6.00	600	44.5	8.7
FYE12/209	—	2.00	—	5.00	7.00	700	31.7	9.0
FYE12/2011 (forecast)	2.00	2.00	2.00	2.00	8.00		33.3	

3. Consolidated Results Forecast for the Year Ending December 2011 (01.01.2011-12.31.2011)

(Full year % represent previous term comparison; Interim % represent year on year percentage change)

	Sales		Operating Profit		Ordinary Profit		Net Profit		Net Profit per Share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
Interim	—		—		—		—		—
Full Year	57,000	28.1	7,000	22.2	6,800	18.5	2,400	8.6	24.00

(Note) No guidelines have been announced for the first half of the fiscal year.

4. Other

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

New 1 company (CLICK Securities, Inc.) Excluded 0 companies (company name)

(Note) Please refer to page 18 for details

(2) Changes to accounting principles, procedures or representation relating to preparation of consolidated financial statements. (Changes to significant accounting bases used in preparation of financial statements)

i. Changes resulting from revisions to accounting standards: yes

ii. Changes other than those specified above: none

(Note) Please refer to page 32 for details

(3) No. of Outstanding Shares (Common Shares)

i. No. of outstanding shares at end of term (inc. treasury stock)	FYE 12/2010	100,003,441	FYE 12/2009	100,003,441
ii. No. of treasury shares at end of term	FYE 12/2010	1,506	FYE 12/2009	1,506

(Note) Please refer to page 48 for details

(Reference) Outline of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended December 2010 (01.01.2010 - 12.31.2010)

(1) Non-Consolidated Operating Results (percentages shown represent year-on-year % change)

	Sales		Operating Profit		Ordinary Profit		Net Profit	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
FYE 12/2010	11,228	-0.6	1,227	-30.2	1,666	-29.4	1,560	0.1
FYE 12/2009	11,292	-7.1	1,758	8.4	2,361	9.9	1,557	-28.1

	Net Profit per Share	Net Profit per Share (Diluted)
	¥	¥
FYE 12/2010	15.60	—
FYE 12/2009	15.52	—

(2) Non-Consolidated Financial Condition

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	¥ millions	¥ millions	%	¥
FYE 12/2010	24,013	4,840	20.2	48.40
FYE 12/2009	19,754	3,893	19.7	38.93

(Reference) Shareholders' Equity FYE 12/2010 ¥4,840 million FYE 12/2009 ¥3,893 million

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

Projections are based on information available at the time of release and may include judgments based on factors that contain risk and are largely indeterminable. Actual results may differ materially from these projections as a result of business environment and other factors.

Please be aware that this document is an English translation of the FYE12/2010 results statement (kessan tanshin) originally prepared in Japanese. Where discrepancies arise between the two documents, the latter shall prevail.

1. Operating Results

(1) Operating Results Analysis

General Conditions

In fiscal year 2010, despite improvements in the global economy and results from a recent emergency stimulus package, the Japanese economy had yet to fully rebound. Conditions remained challenging, impacted by lagging domestic recovery in employment and income.

However, in the Internet market, the arena in which the group operates, and in particular the ecommerce market, conditions were robust. At the same time, in the mobile telecommunications market, rapidly expanding usage of smartphones and other mobile media devices has contributed to further growth in social networking services and going forward we expect growth in social gaming and digital content markets.

GMO Internet Group is actively investing in and pursuing growth area initiatives. Firstly, GMO Social Apps Initiative was launched to support social apps providers. Since its launch the project has releases a number of app titles and continues to yield results. Secondly, a business and capital partnership was formed with Acrodea, Inc. with the objective of establishing a smartphone app market business. GMO Internet subscribed to a private placement of shares by Acrodea, Inc. and the company became an equity method affiliate. On November 26, Android app distribution platform @GMO GameCenter was opened in partnership with Acrodea. Thirdly, stock was acquired in online securities business, CLICK Securities, Inc. making the company a consolidated subsidiary. Objectives of this acquisition included boosting synergy within the consolidation through joint marketing activities and by offering GMO TokuToku point rewards to CLICK Securities service users. These initiatives were commenced in the fourth quarter.

In regard to core businesses the group expanded its customer base in the Web Infrastructure & Ecommerce business segment focusing on high quality, low cost services. The Internet Media business segment, led by SEM Media (JWord, SEO etc.), also reported a strong performance. Please see the segment report below for details.

Consolidated financial results at the end of the current fiscal year are as follows. Sales: ¥44.483 billion (16.5% year-on-year increase) Operating Profit: ¥5.728 billion (23.2% year-on-year increase) Ordinary Profit: ¥5.738 billion (19.6% year-on-year increase) and Net Profit: ¥2.209 billion (63.2% year-on-year increase).

(Unit: ¥thousands)

	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year	Change	%Change
Sales				
Web Infrastructure & Ecommerce	18,513,825	20,371,998	1,858,173	10.0%
Internet Media	20,315,155	21,335,519	1,020,363	5.0%
Internet Securities	—	2,918,312	2,918,312	—
Other	21,585	497,574	475,988	2205.1%
Inter segment transactions	-655,534	-639,405	16,128	—
Total	38,195,031	44,483,998	6,288,966	16.5%
Operating Profit				
Web Infrastructure & Ecommerce	2,648,592	3,014,487	365,894	13.8%
Internet Media	2,067,147	1,900,770	-166,376	-8.0%
Internet Securities	—	740,293	740,293	—
Other	-115,634	22,756	138,391	—
Inter segment transactions	49,576	50,213	636	1.3%
Total	4,649,682	5,728,521	1,078,838	23.2%
Ordinary Profit	4,797,410	5,738,131	940,721	19.6%
Net Profit	1,354,171	2,209,419	855,248	63.2%

Segment Report

Business operations in each business segment are as follows.

Business Segment		Main Operations
Web Infrastructure& Ecommerce	Domain registration	・Domain registration business includes the services Onamae.com and MuuMuuDomain for registration of .com, .net, .jp etc domain names
	Web hosting	・Provision, operation, management, and maintenance of dedicated and shared web hosting services including Onamae.com Rental Server (SD), GMO AppsCloud, iSLE, RapidSite, MightyServer, WEBKEEPERS, Marugoto Server, and Lolipop!
	Ecommerce solutions & web development	・SaaS services for online store construction including Color me shop! and MakeShop. ・Development and operation of online shopping malls including Calamel. ・Marugoto EC and other online store solutions and consulting services ・Web site design and management services including Omakase Web, and system consulting services. ・SaaS services for the sale of music, video, and other digital content by Digital Content O.
	Security	・GlobalSign Quick Authentication SSL, enterprise SSL, and other SSL certificate issue services, code signing certificate services, PDF document signing services.
	Credit card payment processing	・PG Multi-Payment Service and other card-not-present credit card payment processing services for ecommerce and catalog sales businesses, payment processing services for the public sector and social apps industry.
	Access provider (ISP)	・GMO TokuToku BB, interQ, MEMBERS, ZERO, and other access provider services.

Business Segment		Main Operations
Internet Media	Internet media & search media	・Development and operation of blog services by yaplog! and JUGEM, Internet community services including freeml and other Internet advertising media. ・SEM Media JWord operation and sales of JWord, Japanese keywords. Sales of SEO (Search Engine Optimization) services ・Ad Network Distribution of contextual advertising to owned & operated media and search engine results pages.
	Advertisin g agencies	・Internet advertising, mobile advertising, search engine advertising, affiliate advertising ・Advertising design
	Other	・Provision of Internet research systems, management and operation of online research panel. Social apps development support.
Internet Securitie	Internet securities	・Operation of online securities trading, foreign currency trading services etc.
Other Businesses	Other	・Venture capital, flash marketing

・Web Infrastructure & Ecommerce Segment

In the period under review, in the domain registration business, market share was expanded and domain registrations/renewals increased 45.9% year-on-year to 1,320 thousand. Cumulative active domains were up 40.7% from the previous corresponding quarter to 1.7 million. Despite a low pricing strategy, sales reached ¥2.274 billion (1.4% year-on-year increase) due to an increase in domains registered.

In the web hosting business, disk capacity was boosted and functionality expanded for dedicated and managed hosting services in response to the growing sophistication and diversification of client needs, while high quality, low-cost shared service offerings continued to be promoted. In addition, GMO AppsCloud was launched to meet the hosting requirements of social apps providers. As a result, contracts increased 16.3% over the previous corresponding term to 503 thousand and sales reached ¥9.438 billion, a 4.8% year-on-year increase.

In ecommerce solutions and web development, the shopping cart business continued to grow as the ecommerce market expanded and more individual online stores were established under their own domain names. New features were added to improve usability for both net shop operators and customers, and number of contracts reached 47 thousand. Recognizing the importance of further growing transaction volume, focus in the business remains on strengthening ecommerce solutions by networking ecommerce stores and developing the points reward program in order to attract more customers. On November 11, a partnership was also formed with Yahoo! Shopping contributing to further expansion of the ecommerce business. The web development business however, was reduced in size as sales staff were shifted to the Internet media segment. Over all the business reported sales of ¥1.909 million (3.6% year-on-year decrease).

Sales were strong in the security business as Japan, North America and Europe expanded sales partnerships. As a result, Security reported sales of ¥1.582 billion (22.5% year-on-year increase).

The payment processing business saw an increase in merchants and growth in recurring payments. During the current fiscal year, Nagasaki city (Nagasaki prefecture) and Sapporo city (Hokkaido prefecture) adopted the GMO Payment Gateway public sector payment processing service supporting further expansion in the public sector market. At the end of the term payment processing reported sales of ¥3.227 billion (23.8% year-on-year increase).

Results in the Web Infrastructure and Ecommerce segment, chiefly comprising the five product areas above, were as follows; sales: ¥20.371 billion (10.0% year-on-year increase), operating profit: ¥3.014 million (13.8% year-on-year increase).

・Internet Media Segment

According to Dentsu, Inc. in fiscal year 2009 market conditions remained severe Spending on advertising fell 11.5% from the previous year, and Internet advertising spend remained virtually stagnant at 706.9 billion yen up just 1.2% from the previous year. However, SEM media has continued to perform well against the backdrop of a strong ecommerce market.

This fiscal year saw solid performance in Internet Media & Search Media, a reflection of the transfer of sales staff to JWord (Japanese search tool), SEO and other SEM media services. JWord strove to reinforce its product with efforts including the introduction of JWord links displayed in Yahoo! Mobile search results. Overall, Internet Media & Search Media recorded sales of ¥11.006 billion (5.1% year-on-year increase).

In the advertising agencies business, mobile advertising performed well. Also in the current term, with the objective of strengthening its suite of mobile ad network products, subsidiary GMO AD Partners acquired all shares in mobile ad network company Sanow, Inc. and the company became a wholly-owned subsidiary. On January 1, 2011, GMO Ad Partners absorbed Sanow in order to further boost efficiency. NIKKO, Inc, formerly owned by GMO AD Holdings, Inc. was also transferred to GMO AD Partners, Inc. with the objective of taking advantage of scale and maximizing synergies between the businesses. Despite setbacks including recent client advertising budget cutbacks, sales in the advertising business rose 4.3% from the previous corresponding quarter to ¥9.767 billion reflecting factors including recent client advertising budget cutbacks.

Overall sales in Internet Media, the segment encompassing the above businesses, were ¥21.335 billion (5.0% year-on-year increase), however due to costs associated with the establishment of the social apps support project operating profit fell 8.0% from the previous year to ¥1.900 billion.

・Internet Securities Segment

Following the inclusion of CLICK Securities, Inc. in the consolidation, the Internet Securities segment was newly created in the fourth quarter. The new segment is predominantly concerned with brokerage/agency services for the trading of securities and futures options as well as foreign exchange transactions. In the Securities business, foreign exchange transactions are critical to revenue, and in the fourth quarter product appeal was boosted through measures including the reduction of the euro/US dollar currency pair spread from 1.6 pips to 1.0 pips. In addition, as part of efforts to further improve customer satisfaction a foreign exchange trading app was developed for the Android platform. Goodwill incurred as a consolidated subsidiary is scheduled to be amortized over 5 years. Goodwill balance at the end of the current fiscal year was ¥2.083 yen.

Results in the Internet Securities segment were as follows; Sales: ¥2.918 billion, and Operating Profit: ¥740.29 million.

・Other Businesses

In the fourth quarter the new business flash marketing was established with the opening of group commerce website Kumapon by GMO. The business focused on building brand awareness through an aggressive advertising campaign during the fourth quarter.

At the end of the current fiscal year in the venture capital business sales of ¥497.57 million (2,205.1% year-on-year increase) were reported following the sale of some operational investment securities. Operating profit was ¥22.75 million (¥115.63 million operating loss recorded in the previous corresponding term).

Results Forecast for Fiscal Year 2011

While economic conditions remain uncertain, the ecommerce market is expected to grow and the group will continue to focus management resources on the Web Infrastructure & Ecommerce, Internet Media and Internet Securities business segments achieving continued growth through synergy between the three segments.

Full year forecasts are as follows.

Projections are based on information available at the present time and include judgments based on factors that are largely indeterminable. Actual results may differ from the figures below as a result of changes in the business environment and other factors.

Consolidated Results Forecast (01.01.2011 – 12.31.2011)

	Fiscal Year Ending December 2011	Percentage Change (Year-on-Year)	Fiscal Year Ended December 2010
	¥ millions	%	¥ millions
Sales	57,000	28.1	44,483
Operating Profit	7,000	22.2	5,728
Ordinary Profit	6,800	18.5	5,738
Net Profit	2,400	8.6	2,209

(Reference 1)

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

(Unit: ¥millions)

	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010
Sales	9,538	9,969	10,490	10,138	13,886
Operating Profit	1,127	1,281	1,282	1,232	1,931
Ordinary Profit	1,135	1,310	1,269	1,231	1,926
Net Profit	-492	577	541	560	530
Total Assets	40,922	40,898	42,729	44,166	165,460
Shareholders' Equity	7,047	7,199	7,686	8,041	8,537

(Reference 2)

Table: Quarterly Changes by Segment

I Sales by Segment (Unit: ¥millions)

		Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010
Web Infrastructure & Ecommerce						
	Access provider (ISP)	285	280	274	272	272
	Domain registration	502	571	567	541	594
	Web hosting	2,251	2,278	2,295	2,286	2,578
	Ecommerce solutions & web development	420	468	443	477	520
	Security	349	367	410	389	415
	Credit card payment processing	710	753	777	824	872
	Other	104	185	197	230	225
	Segment Sales Total	4,624	4,905	4,965	5,020	5,480
Internet Media						
	Internet media & search media	2,779	2,722	2,788	2,769	2,726
	Advertising agencies	2,166	2,328	2,374	2,385	2,678
	Other	269	314	287	299	346
	Total	5,215	5,364	5,450	5,454	5,750
	Adjustment for internal transactions	(175)	(147)	(186)	(213)	(138)
	Segment Sales Total	5,039	5,217	5,264	5,241	5,612
Internet Securities						
	Other	—	—	—	—	2,918
	Segment Sales Total	—	—	—	—	2,918
Other Businesses						
	Other	1	1	406	35	53
	Segment Sales Total	1	1	406	35	53
Adjustment for inter segment transactions		(126)	(154)	(146)	(158)	(179)
Consolidated Sales		9,538	9,969	10,490	10,138	13,886

II Operating Profit by Segment (Unit: ¥millions)

	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010
Web Infrastructure & Ecommerce	674	743	716	717	837
Internet Media	485	541	455	491	412
Internet securities	—	—	—	—	740
Other Businesses	-43	-14	94	10	-67
Sub total	1,116	1,270	1,266	1,219	1,922
Adjustment for inter segment transactions	11	11	16	12	9
Consolidated Operating Profit	1,127	1,281	1,282	1,232	1,931

(2) Analysis of Financial Condition

Assets, Liabilities, and Shareholders Equity

Significant changes in the state of assets, liabilities and shareholders' equity on 31.12.10 and 31.12.09 are as follows.

Current assets increased ¥121.531 billion (422.9%) from the end of the previous fiscal year to ¥150.270 billion. Major contributing factors were a ¥6.977 billion rise in cash and deposits, as well as the addition of deposits received (¥67.087 billion), margin transaction assets (¥20.912 billion), short term guarantee deposits (¥16.797 billion), and variation margin paid (¥8.629 billion) due to inclusion of CLICK Securities in the scope of consolidation.

Fixed assets increased ¥3.005 billion (24.7%) from the end of the previous fiscal year to ¥15.189 billion. This was chiefly due to a reduction of ¥5.272 billion in bankrupt etc. receivables resulting from the sale etc. of bad receivables, a ¥4.741 billion reduction in the provision for doubtful debts and a reduction of ¥2.645 billion in investment real estate following a real estate sale. In addition, as a result of factors including the equity participation of CLICK Securities, goodwill rose ¥2.883 billion while lease assets increased by ¥1.191 billion due to the augmentation of server resources.

Overall, assets total increased ¥124.537 billion (304.3%) from the end of the previous fiscal year to ¥165.46 billion.

Current liabilities increased ¥121.890 billion (746.8%) from the end of the previous fiscal year to ¥138.211 billion. Major contributing factors included increases in margin transaction liability (¥18.698 billion), deposits received (¥77.254 billion), securities business deposits (¥6.222 billion) all arising from the inclusion of CLICK Securities in the consolidation as well as an increase in short term loans ¥9.794 billion.

Fixed liabilities were reduced by ¥5.054 billion (48.3%) from the end of the previous fiscal year to ¥5.400 billion. This was mainly due to scheduled repayments of long term debt (¥6.195 billion).

Overall, liabilities total increased ¥117.286 billion (438.0%) from the end of the previous fiscal year to ¥144.064 billion.

Net Assets increased ¥7.250 million (51.3%) from the end of the previous fiscal year to ¥21.396 billion. Earned surplus increased overall by ¥1.521 billion. Items impacting earned surplus include net profit (¥2.209 billion increase), and dividends paid (¥600.01 million decrease). Also, minority equity increased ¥5.749 billion as a result of equity participation of CLICK Securities.

Cash Flow

In the current fiscal year, consolidated cash flow provided by operating activities was ¥6.362 billion while cash flow provided by investing activities was ¥8.723 billion, and ¥7.945 billion was used in financing activities. As a result the balance of consolidated cash and cash equivalents stood at ¥27.809 billion at the end of the fiscal year.

The following is a summary of cash flow in the current fiscal year.

Cash flow provided by operating activities totaled ¥6.362 billion (¥7.158 billion in the previous corresponding quarter). Major items included net profit before tax and other adjustments amounting to ¥5.496 billion, depreciation (¥1.308 million), short term guarantee deposits (¥7.976 billion decrease) and margin transaction assets and liabilities (¥5.397 billion increase) in the Internet securities segment, as well corporate and other tax payments (¥2.590 billion), and an increase from deposits received from major merchant services in the payment processing business (¥2.723 billion) due to an increase in transactions.

Cash flow provided by investing activities was ¥8.723 billion (¥1.411 million was used in the previous corresponding term). Outflows included a payment of ¥773.31 million in the acquisition of investment securities (acquisition of shares in Acrodea, Inc. issued by private placement), and the acquisition of subsidiary shares (including acquisitions which resulted in changes to the consolidation) amounting to ¥7.593 billion in relation to the acquisition of stock in CLICK Securities, Inc. Income was recorded arising from the maturity of investment securities (¥700.00 million).

Cash flow used in financing activities was ¥7.945 billion (¥3.518 billion was used in the previous corresponding term). Significant items included repayment of ¥2.936 billion (net amount) in short-term loans, and a ¥3.769 billion repayment of long-term loans, ¥593.04 million on payment of dividends, and payment of dividends totaling ¥333.43 million to minority shareholders.

(Reference) Cash Flow Indicators

	FYE 12/2006	FYE 12/2007	FYE 12/2008	FYE 12/2009	FYE 12/2010
Shareholders' Equity Ratio	7.7	12.0	17.0	17.2	5.2
Shareholders' Equity Ratio (Market Value) (%)	37.8	92.8	115.0	91.6	24.7
Ratio of Cash Flow to Interest Bearing Liabilities	16.5	2.1	2.8	1.7	2.9
Interest Coverage Ratio	25.1	16.1	15.4	27.2	30.3

(3) Policy regardingDistribution of Dividends and Dividend Payouts in the Current and Following Term

As part of GMO Internet Group's commitment to returning profits to shareholders it is our general policy to distribute 33% of consolidated net profit through dividend payouts.
In line with the above policy, the company intends to pay an end of term dividend of 5 yen per share. (Dividend payout starting date: March 28, 2011)
In regard to dividends in the next term, the company expects to pay a dividend of 8 yen per share. As announced in the statement *Introduction of Quarterly Dividend Payments* (January 4, 2011) an amendment to the company's Articles of Incorporation will be proposed to the 2011 Annual General Shareholders meeting to enable the introduction of quarterly dividend payments. Forecast dividends are subject to the approval of this amendment by the Annual General Shareholders meeting.

(4) Business Risks

The following section outlines risks relating to the group's business and financial condition that may be of material concern to investors when making investment decisions.
Recognizing the implications of these risks, the Group makes every effort to prevent them from materializing, and to have policy in place to deal efficiently with them should they do so. However, the Group believes that the following risks must be taken into important consideration when making management decisions in regard to future business.
Some of the items below concern potential future events and unless otherwise stated represent the Group's best judgment at the time of release of this results statement. Please note that this should not be considered an exhaustive list of risks associated investment in the company's stock.

I Risks associated with Business Environment

(i) Competition
The group provides competitive services that respond to the needs of users in three main business segments. The Web Infrastructure & Ecommerce business segment comprising chiefly of domain, web hosting, ecommerce solutions & web development, security, and payment processing service businesses, the Internet Media segment consisting of the Internet media & search media business and the Internet advertising agencies business, and the Internet Securities segment. We believe our predominance in the industry is a result of competitive business development. However, there is a possibility of increased competition in the future from telecommunications companies, electric companies, and existing independent companies in individual business areas. It is also possible that a new group with the same business structure will emerge through business partnerships and mergers. If in the future, competition for gaining new customers intensifies and sales and revenue etc. decline, it may become necessary to reduce fees and increase capital expenditure and advertising. This could potentially have a serious impact on business operations and performance.

(ii) Innovation in Technology
The progress of Internet related technology is rapid and subsequently industry standards and customer needs are constantly changing. As a result new services, new technology, and new products are constantly appearing. If we are slow in taking up new technologies we risk the services and equipment we provide becoming stale, resulting in reduced competitiveness with potentially serious consequences for the group's operations and results. We believe it is essential to concentrate efforts on improving the ability of both our systems and our staff and to pay close attention to developments, trends and new technologies.
(iii) Uncollected Debt
The majority of Web Infrastructure & Ecommerce trade accounts receivable is made up of small accounts worth less than ¥10,000 a month. These accounts are mostly held by consumers, one-person business operators, and SMEs. For customer convenience a wide range of payment methods are made available including, bank transfer, payment at a post office or convenience store and payment by credit card. However, if the customer does not actively make a payment there is a delay in recovery of funds.
Regarding non-collection of receivables, the company has established a reserve for the entire amount of receivables in arrears that are over one year past the point where they are considered uncollected receivables. This is calculated based on past bad debt. Receivables over two years past becoming uncollected debt that are not expected to be recovered are written off through the appropriation of bad debt reserves.
The company makes every effort possible to collect receivables by making demands via telephone, post, e-mail etc. as well as employing debt collectors and taking legal action. As of 12.31.2010 allowance for doubtful debts stood at ¥434 million. An increase in the number of accounts in arrears, or the amount in arrears caused by economic conditions or bankruptcies has the potential to impact business performance.

II Risks associated with Compliance

i Laws and Regulations

The group is subject to the following legal regulations. However, as Internet use continues to spread, it is possible the group will be subject to further regulations as a result of new laws or revisions aimed at Internet users and related businesses, clarification of the application of existing laws or voluntary restraints that may be required of the industry.

(a) Telecommunications Business Law

In light of the public nature of the telecommunications business, the Telecommunications Business Law was enacted to ensure the smooth provision of telecommunications services and to protect the interests of users by maintaining proper and reasonable conduct in the industry. The law seeks to ensure smooth growth in telecommunications while at the same time protecting the interests and convenience of the public. As a designated telecommunications carrier, in accordance with these laws, the company is subject to regulations including those regarding censorship restrictions, the protection of confidential communications, telecommunications equipment and the connection of telecommunications equipment.

(b) Act on Control and Improvement of Amusement Business, etc.

These laws were enacted to regulate the business hours, locations, etc. of adult entertainment and related businesses with the aim of maintaining public morals and a healthy environment as well as preventing acts with the potential to impede the sound development of youth in society. The laws restrict the entry of minors into such places of business. In addition they seek to ensure fair and reasonable conduct in the adult entertainment business. The law seeks to directly control consumers in this industry.

However, these laws also apply to the server space the company provides to users. Internet companies have an obligation to manage control of their own servers (effective April 1, 1999). The company has an agreement with users concerning the content of websites created, operated etc. by the user. The agreement explicitly states that responsibility for web content lies with the user. In addition, we have made every effort to widely publicize the laws and regulations. We have also independently established our own regulations prohibiting the distribution of illegal and harmful information on the Internet. However, there is no guarantee that these measures will be sufficient to prevent a user, other related person or governing body lodging a claim or demanding damages in relation to a site operated by one of our users.

(c) Act on the Prohibition of Unauthorized Computer Access

This law was enacted to prevent computer crimes committed via telecommunications lines, to maintain order in telecommunications and to regulate access control. The law is also aimed at contributing to the sound development of an advanced information-oriented society. It prohibits unauthorized computer access.

Under this law, as a company that controls the operation of computers connected to telecommunications lines, the company is obligated to take measures that safeguard against unauthorized access to computers.

(d) Act on the Limitation of Liability for Damages of Specified Telecommunications Service Providers and the Right to Demand Disclosure of Identification Information of the Senders

The aim of this law is to ensure the proper transmission of information in specific forms of telecommunication and was enacted in light of the increasing volume of information transmitted over the Internet. The law provides the right to demand the disclosure of sender information and limits damages claims against providers, server operators and other telecommunications service providers. Some of the group's activities subject the company, as a telecommunications carrier, to these laws. Where rights are infringed as a result of the distribution of information, in some cases the scope of the group's liability is limited under these laws. However this law does impact our activities as senders of information. Regarding measures to prevent the distribution of information proscribed by these laws, the group is required to make critical judgments which, if not appropriate, could result in claims or legal action brought against us by users, other related persons or organizations. The group will make every effort to reach appropriate judgments; however in the event that a judgment is inappropriate the group could face claims or legal action.

(e) Act on Specified Commercial Transactions

These laws were enacted to protect the interests of the purchaser by ensuring that specific commercial transactions (e.g. door-to-door sales, mail-order sales) are fair and just in order to prevent any damage being incurred by the purchaser and to ensure the smooth and proper distribution of goods, thereby contributing to the sound development of the national economy. The law regulates the display of business operators' names, prohibits unreasonable solicitation, and regulates false advertising. It also determines, cooling off periods, compensation for damages, and other civil matters.

In view of trouble arising in recent years with Internet mail-orders sales, new types of transactions (and return of goods), junk mail issues, and problems involving leakage of credit card details, a revision to the Specified Commercial Transaction Laws was enacted on December 1, 2009 in order to strengthen regulations regarding transactions occurring over the Internet (provisions concerning email advertising were enacted on December 1, 2008).

Under this amendment, an opt-in system was implemented in regard to the sending of e-mail advertising.

The groups email advertising business, and the distribution of email advertising to customers are subject to these laws. It is possible that the operation of this business and promotional email advertising will be restricted by these laws.

(f) Act on Regulation of Transmission of Specified Electronic Mail

These laws aim to cultivate a positive environment for e-mail users and were enacted in 2002 in light of the necessity that had arisen to prevent problems associated with commercial businesses sending advertising email in bulk. One requirement of the law is that the sender's contact details must be contained within the email.

In addition, there was also an amendment to the law, implemented between May 30 and December 12, 2008 covering the strengthening of international cooperation, improved efficacy and a move from the previous opt-out system to an opt-in system in regard to the sending of certain specified email.

The group's email advertising business, and the distribution of email advertising to customers are subject to these laws. It is possible that the operation of this business and promotional email advertising will be restricted by these laws.

(g) Act on the Protection of Personal Information

In an advanced information communications society where personal information in recent years is increasingly being digitally transferred, this law considers the role of personal information and aims to ensure proper handling of personal information and protect the rights of individuals. Under this law, companies that handle personal information are subject to restrictions including those regarding use and specified use objectives of personal information, reasonable methods of acquisition, maintenance of accurate and current personal data, safe storage and restrictions regarding provision to third parties.

In accordance with these laws, the company is required to establish a procedure for adequately explaining and acquiring user permission when using personal information or passing it on to a third party.

Measures must also be taken to ensure the responsible management of such information. These obligations have arisen out of supplementary regulations that came into effect on April 1, 2005. In addition to these laws, the group must also comply with Ministry of Internal Affairs and Communications supplementary regulations in the operation of its businesses.

(h) Act on Establishment of Enhanced Environment for Youth's Safe and Secure Internet Use

In light of the amount of information harmful to youth being distributed over the Internet, this law aims to protect the rights of young people and provide a safe Internet usage environment. Announced June 18, 2008, the legislation was implemented on April 1, 2009.

Under this law, the group's access provider services, hosting services, message board services, and other server management related services will be obliged to provide filtering services, and take other actions such as restricting young people's access to harmful information. These laws will be amended three years after implementation. Depending on the details of the amendments, there may be further legal obligations.

In addition the deletion or restriction of information these laws will impact distributors of information over the Internet. The group must identify information harmful to youth and make critical judgments regarding removal of or restricted access to the information concerned. The group will make every effort to reach appropriate judgments; however in the event that a judgment is inappropriate the group could face claims or legal action brought against us by senders of information, other related persons or organizations.

(i) Fund Settlement Act

Enacted on April 1, 2010, the Fund Settlement Act enables non-bank companies to allow the issue of a means of payment in advance and to conduct money transfers by registering as a Fund Transfer Company. The law seeks to ensure the proper conduction of fund transfer services, to protect consumers, to foster the provision of such services, and to improve the security, efficiency and convenience of fund settlement systems.

The Group does not conduct any business related to the issue of an advance means of payment or funds transfers, however in the future should the Group issue an advance means of payment or conduct funds transfers we would be required to file the necessary notifications and pay a deposit. Under the process established by this law it has been expressed that in regard to "points systems" a Financial Systems Council Financing Subcommittee would be required to establish a structure to protect the interests of consumers, and in regard to the services of receiving agents, according to the supplementary resolution to a legislative bill for amendment to the Financial Instruments and Exchange Act , new retail funds settlement services differing from existing services can be expected to develop and proliferate in the future. According to the resolution a structure must be considered for the proper screening and oversight of companies issuing an advance means of payment or providing fund transfer services and the government must understand the nature of these service providers including providers of new services. In addition, a structure for fund settlement must be considered that ensures that funds are properly handled during the settlement process, and the government must strive to improve security efficiency and convenience of settlement systems. Going forward, this resolution may restrict operation of the Group's GMO TokuToku point system and the Group's payment processing services.

ii The Possibility of Litigation

The group operates business concerned with the provision of web infrastructure such as web hosting and domain name related services. As a provider of a wide range of information, products and services via the Internet in ecommerce, finance and other industries it is essential the Group operate stable infrastructure. The company strives to provide reliable services and systems. We have an uninterruptible power supply system, backup systems etc. that allow us to provide management, maintenance and customer support services 24 hours a day, 365 days a year to deal with any problems that may arise. However, as a result of damages that cannot be dealt with through the Group's normal crisis management system, such as major damage caused by a natural disaster or unauthorized access to the company's servers or other facilities some damage may be incurred by users or other third parties. Although our service agreement contracts contain an exemption clause, if legal action is brought against the company as a result of this kind of incident it has the potential to severely impact on the company and its business performance as well as trust in the Group. While no such lawsuit or other appeal has been brought against the company to date there is a possibility of such an occurrence in the future.

iii. Risks associated with Business Activities Abroad

The Group's security business (issue of digital certificates etc.) and other businesses operate under the laws of European and North American countries and countries in other regions, and may be impacted by the revision of current laws or enactment of new laws pertaining to imports and exports, customs regulations, or product liability as well as other unforeseen enactments or revisions of laws. Other fiscal risks include substantial lawsuits being brought against the company and consultation fees and other legal costs being incurred. Other factors including war, conflict, terrorism, and economic or political instability also have the potential to seriously impact the Group's business operations and results.

iv. Risks associated with Information Security

The Group makes every effort to ensure the security of information held by the group including personal information through the establishment of internal regulations, internal network monitoring, requiring staff to sign agreements, and other measures. However, information may be compromised by improper use of file-sharing software, infection by a previously unknown virus, hacking into the company's network, or unauthorized handling of information. The group continually strives to strengthen its information management systems, but any information leakage etc. may seriously damage confidence in the Group and impact business operations and results.

iv Damages Liability Arising from Transactions with Third Parties

The Group provides services that enable Internet users to easily build web commerce sites etc. and operates services that allow users to advertise products and services by email. In order to avoid confusion and misunderstanding whereby the receiver of such advertising believes the Group to be the originator of the advertising or seller of the advertised product/service, the "terms of use" of the above services require the service user to agree to be liable for transactions with customers who purchase products via their website, and to be responsible for the content of advertisements.

However in the event that a customer of one of our service users purchases a faulty product or service or receives advertising that contains false claims, the Group may receive complaints from the purchaser, and in the event that compensation or damages are sought, trust in the Group may be damaged and business activities, operations etc. may be significantly impacted.

III Risks associated with the Internet Securities Segment

i Items concerning Legal Regulations

CLICK Securities is a licensed financial instruments business operator having received approval of the Prime Minister of Japan under Article 29 of the Financial Instruments and Exchange Act, and is subject to the aforementioned act, other laws and Financial Services Agency regulation.

As a financial instruments business operator and member of self-regulatory organizations, Japan Securities Dealers Association and Financial Futures Association of Japan and a trading participant on the Tokyo and Osaka stock exchanges, the company is also subject to the regulations of each of these organizations and exchanges.

CLICK Securities operates under these laws and other regulations, and in the event that any of these regulations etc. are violated resulting in damages claims, disposition or other measures, the Group's image, business, operating results, and financial condition may be impacted.

ii Risks related to Capital Adequacy Ratio

Pursuant to Article 46 paragraph 6 of the Financial Instruments and Exchange Act, financial instrument service operators are required to maintain a capital adequacy ratio of 120% or higher.

As of December 31, 2010 CLICK Securities' capital adequacy ratio was at 258.9%, a solid ratio for a financial instruments service operator. The company aims to strengthen its financial base through measures including capital increase financing, and maintaining internal reserves, and thereby strives to maintain and improve this ratio. However, a significant drop in capital adequacy ratio due to unforeseen circumstances could impact the Group's business and operating results.

iii Risks associated with Business Environment

CLICK Securities offers products including spot trading and margin trading of securities, foreign exchange trading, futures, option transactions and CFD transactions, and the company's profits are impacted by the securities market the foreign exchange market and other environmental factors. The possibility exists that the Group's operating results could be affected by a decline in trading volume in CLICK Securities caused by a downturn in investor confidence in the stock markets or foreign exchange markets due to a weakened investor climate arising from economic, political or judicial

factors or amendments to tax regulations. In addition, if there is a reoccurrence of pricing competition between competitors operating results in the may be impacted if fees are reduced without being offset by an increase in transaction volume.

iv Market Risks

CLICK Securities retains a foreign exchange proprietary position in order to conduct OTC transactions with customers in the foreign exchange margin transaction business. This position offsets trading with customers, and risks associated with subsequent fluctuations in exchange rates are avoided by cover transactions with counterparties.

However in the event of systems malfunction in CLICK Securities, if the proprietary position is not appropriately resolved, or if cover transactions are not appropriately conducted due to drastic fluctuations in the foreign exchange market or systems malfunction in a counterparty, a loss may be incurred due to the company's position and this may impact the group's operating results and financial position.

v Regulations concerning Security Deposits for Foreign Exchange Margin Transactions

The Financial Instruments Sales Laws Cabinet Ordinance announced on August 3, 2009 places restrictions on financial instruments business operators engaged in provision of foreign exchange margin transactions in regard to foreign exchange margin transaction security deposits for retail customers (effective August 1, 2010). The enactment of the cabinet ordinance tightens the deposit obligation to over 4% of the transaction amount (leverage ratio of less than 25 times the deposit). However, in the first year from the date of enactment (August 1, 2010) during a transitional period the deposit obligation is over 2% of the transaction amount (leverage ratio of less than 50 times the deposit)

Operating profit and net profit may be impacted by a reduction in transaction value due to strengthening of deposit regulations.

6. Dependence on the Group Representative

GMO Internet Group planning and operations are carried out by GMO Internet Group employees and executives. If unforeseen circumstance arises affecting a key member of the management team, in particular Group CEO, Masatoshi Kumagai, the group's ability to operate smoothly may be impacted.

(5) Notes regarding the Going Concern Assumption

None.

2. The Corporate Group

The GMO Internet Group is a corporate group consisting of the company GMO Internet, Inc. and 57 consolidated subsidiaries. Under the corporate slogan *Internet for Everyone,* the group's operates Internet related services chiefly in the three business segments Web Infrastructure & Ecommerce, Internet Media, and Internet Securities.

The groups businesses are classified into the above three 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
Web Infrastructure & Ecommerce	Domain registration	Domain registration services	the company paperboy&co. Inc.*
	Web hosting hosting	Rental server services (Web hosting services)	the company GMO Hosting & Security, Inc. paperboy&co. Inc.* Hosting &Security, INC. @YMC Corporation WADAX, Inc.
	Ecommerce 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. paperboy&co. Inc.* GMO Solution Partner, Inc. GMO MAKESHOP, Ltd. GMO DIGITAL DISTRIBUTION, INC. GMO Fast Translation, Inc.
	Internet security	Information security on the Internet. Authentication services for businesses and individuals.	GlobalSign K.K. GlobalSign Ltd. GlobalSign NV GlobalSign, Inc. and 1 other company
	Payment processin g	Credit card billing service	GMO Payment Gateway, Inc. Epsilon, Inc. Social Appli Payment Processing Services, Inc.
	Access provider (ISP)	Internet access provider	the company
	Other Businesses	Other	COMMUNICATION TELECOM, Inc.

*paperboy&co. Inc. is a service provider focused on services for individuals.

Business Segment		Main Operations	Main Companies
Internet 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. GMO Media Holdings, Inc. GMO Media, Inc. JWord, Inc. GMO SEO Technology, Inc. GMO Solution Partner, Inc. paperboy&co. Inc.
	Advertisin g agencies	Advertising sales, mainly Internet advertising media	GMO AD Partners, Inc. GMO Mobile, Inc. Seed Technology, Inc. NIKKO, Inc.
	Other	Internet research systems provision, research panel operation and management, social apps development support	the company GMO Research, Inc. GMO Japan Market Intelligence, Inc.
Internet Securitie s	Internet securitie s	Operation of online securities trading, foreign currency trading services etc.	CLICK Securities, Inc* FOREX TRADE Co. Ltd. Shares, Inc.
Other Businesses	Venture capital	Investment in unlisted Internet related ventures	GMO VenturePartners, Inc. GMO VenturePartners Investment Limited Partnership Blog Business Fund Investment Limited Partnership
	Flash Marketing	Sales of discounted goods and services, and special deals to Internet users.	GMO Kumapon, Inc.

*CLICK Securities, Inc. to become GMO CLICK Securities, Inc. effective April 1, 2011.

3. Management Policy

(1) Basic Management Policy

Under the corporate slogan *Internet for Everyone*, and with a strong entrepreneurial ideology, the group's management resources are focused on the provision of Internet infrastructure and service infrastructure. The organic combination of our Web Infrastructure & Ecommerce, Internet Media, and Internet Securities segments allows us to continue building a group in which the three businesses work in synergy, striving to be an enterprise that makes a contribution to society and its people through the cultivation of Internet culture and development of the industry.

Management Philosophy - Our staff are committed to the following principles.

Basic Principle: Internet for Everyone

1) Our Commitment

To be the undisputed number one in the Internet industry (or to be the sole player).

2) Our Vision (How do we triumph on the Internet?)

Amidst the ongoing digital information revolution we are committed to the provision of Internet infrastructure and service infrastructure. At the same time we want to make people excited about the Internet, to make them smile and to see them reap the many benefits the Internet has to offer.

3) Our Philosophy (What are we here to achieve?)

We strive redefine the industry and foster a vibrant Internet culture. We believe it is important to contribute to society and as a group we continually work to inspire enthusiasm in our customers and put smiles on their faces.

(2) Management Objectives and Indicators

The group considers the ratio of sales to ordinary profit to be a gauge of profitability and an important management indicator. Currently, we do not make public announcements regarding short term objectives however we are continuously aiming for further improvement.

(3) Medium to Long-Term Business Strategies

The group's marketing slogan is *Japan's leading all-in provider of Internet services.* Our Web Infrastructure & Ecommerce segment boasts 2.28 million contracts, the Internet Media segment provides Internet advertising support and attracts 28.48 million monthly users, while the Internet Securities segment has leveraged its technical strength to become Japan's leading FX trading services provider. As a whole the group is a one-stop provider of everything necessary to operate and market a web site. We could be called the only group in Japan to develop and operate leading technology backed up by a strong sales structure.

Going forward, our management resources are committed to the two business segments (Web Infrastructure & Ecommerce and Internet Media), supporting the growth of information available on the Internet, as well as our newest business segment, Internet Securities.

In addition, in regard to global expansion, the security business has expanded into Europe, North America, and China. We are also establishing a management structure that will take the entire Web Infrastructure & Ecommerce segment into the global market.

(4) Company Challenges

(i) Effective group management - fostering group synergy

The group is comprised of 57 consolidated subsidiaries, one important challenge is to ensure the group is effectively utilizing these vast management resources.

Going forward we will continue striving to improve group management efficiency and cultivate synergy between business segments in order to ensure maximum usage of management resources. .

(ii) Expanding consumer services and strengthening marketing

The majority of group services have until now been aimed at the enterprise market, however identifying industry trends the group is now focusing attention on consumer market initiatives including smartphone and social apps businesses. CLICK Securities has already attained a high level of brand awareness in the consumer market and going forward the company plans to strengthen its consumer marketing strategy by conducting joint marketing activities with CLICK.

(iii) Improving customer satisfaction

Given that competition in the Internet sector will increase only increase moving forward, we believe it is imperative to address the issue of improving customer satisfaction in order to encourage customers to continue using our services. Throughout the entire group we strive to improve customer satisfaction by improving the quality of services, strengthening customer support structures and promoting communication with customers. We aim to inspire enthusiasm in our customers and to make them smile.

(iv) Strengthening Technology

The group considers our technical experts to be vital assets in the development of leading edge technology. We endeavor to foster an organizational culture that values expertise in technology.

(5) Other Significant Items concerning Management

None.

4. Consolidated Financial Statements

(1)Consolidated Balance Sheet

(Unit: ¥thousands)

	Previous Fiscal Year (As of Dec 31, 2009)	Current Fiscal Year (As of Dec 31, 2010)
Assets		
Current Assets		
Cash and deposits	*4 20,891,573	*4 27,869,484
Trade notes and accounts receivable	4,682,825	4,906,774
Securities	699,750	—
Operational investment securities	916,151	658,729
Inventory Assets	*1 35,283	—
Securities business deposits	—	67,087,000
Securities business margin transaction assets	—	20,912,075
Securities business short term guarantee deposits	—	16,797,757
Securities business variation margin paid	—	8,629,876
Deferred tax asset	786,942	811,222
Accrued Income	2,895	—
Other	1,074,884	2,966,447
Provision for doubtful debts	-342,057	-368,509
Provision for investments losses	-9,038	—
Total Current Assets	28,739,211	150,270,859
Fixed Assets		
Tangible fixed assets		
Buildings and structures (net amount)	*2 98,197	*2 277,220
Tools and equipment (net amount)	*2 406,262	*2 905,372
Lease assets (net amount)	*2 179,185	*2 1,370,509
Other (net amount)	*2 3,401	*2 4,138
Total tangible fixed assets	687,047	2,557,242
Intangible fixed assets		
Goodwill	1,188,169	4,071,479
Software	1,884,882	2,436,626
Lease assets	160,175	—
Other	87,218	190,353
Total intangible fixed assets	3,320,446	6,698,459
Investments and other assets		
Investment securities	*3 683,040	*3 1,317,469
Investment real estate	*2 2,964,199	—
Long term loans receivable	228,126	—
Investments	364,790	—
Security deposits	749,696	—
Bad receivables etc.	5,433,224	—
Deferred tax asset	2,170,667	2,334,577
Other	521,135	2,479,114
Provision for doubtful debts	-4,938,848	-197,485
Total investments and other assets	8,176,032	5,933,675
Total Fixed Assets	12,183,525	15,189,377
Total Assets	40,922,737	165,460,237

(Unit: ¥thousands)

	Previous Fiscal Year (As of Dec 31, 2009)	Current Fiscal Year (As of Dec 31, 2010)
Liabilities		
Current liabilities		
Trade notes and accounts payable	*4 1,366,771	*4 1,627,483
Short term debt	*4 *7 *8 1,100,000	*4 *7 *8 10,894,000
Current portion of long term debt	*4 *7 *8 1,403,880	*4 *7 *8 3,913,550
Lease obligations	101,719	—
Amount payable	2,153,114	3,491,041
Securities business deposits received	—	6,222,302
Securities business margin transaction liability	—	18,698,688
Securities business guarantees received	—	77,254,318
Securities business variation margin received	—	954,094
Accrued corporate tax etc.	806,089	1,171,462
Allowance for bonuses	123,439	279,042
Allowance for bonuses to directors	104,937	201,799
Advance payment received	2,444,377	2,928,473
Deposits received	5,731,921	8,455,548
Other	985,593	2,120,154
Total Current Liabilities	16,321,845	138,211,959
Fixed Liabilities		
Long term debt	*4 *7 *8 9,603,250	*4 *7 *8 3,407,775
Long term amount payable	427,553	—
Tax liability carried forward	4,720	17,738
Allowance for retirement benefits	1,402	—
Lease obligations	281,373	—
Other	137,311	1,975,343
Total Fixed Liabilities	10,455,612	5,400,857
Statutory Reserve		
Financial instruments transaction liability reserve	—	*3 451,384
Total Statutory Reserve	—	451,384
Total Liabilities	26,777,457	144,064,200
Net Assets		
Shareholders' Equity		
Capital stock	1,276,834	1,276,834
Earned surplus	5,891,618	7,412,664
Treasury stock	-625	-625
Total Shareholders' Equity	7,167,827	8,688,873
Gaps in Appraisals, Conversions etc.		
Other gaps in evaluation of securities	-15,632	-22,225
Hedging profit/loss carried forward	4,830	-19,515
Foreign currency translation account	-109,512	-109,367
Total Gaps in Appraisals, Conversions, etc.	-120,315	-151,107
Equity Warrants	4,728	15,296
Minority Equity	7,093,038	12,842,973
Total Net Assets	14,145,279	21,396,036
Liabilities, Net Assets Total	40,922,737	165,460,237

(2) Consolidated Statement of Income

(Unit: ¥thousands)

	Previous Fiscal Year (01.01.2009-12.31.2009)	Current Fiscal Year (01.01.2010-12.31.2010)
Sales	38,195,031	44,483,998
Cost of Sales	17,324,874	19,773,607
Gross Profit on Sales	20,870,157	24,710,390
Sales, General & Administrative Expenses	*1 *2 16,220,474	*1 *2 18,981,869
Operating Profit	4,649,682	5,728,521
Non Operating Revenue		
Interest received	275,390	29,419
Dividends received	17,516	69,388
Profit on investment partnership	54,065	182,894
Property rent received	111,039	57,140
Currency translation gain	15,234	26,098
Other	73,415	60,025
Total Non Operating Revenue	546,661	424,966
Non Operating Expenses		
Interest paid	259,072	209,007
Equity method investment loss	-	16,024
Stock issues costs	5,383	1,103
Commission paid	39,111	77,437
Other	95,365	111,783
Total Non Operating Expenses	398,933	415,356
Ordinary Profit	4,797,410	5,738,131
Extraordinary Profit		
Gain on sale of fixed assets	*3 3,015	-
Gain on sale of investment securities	8,943	41,004
Gain on change in equity investees	*4 11,639	*4 788
Gain on reversal of provision for doubtful debt	547,012	-
Gain on sale of affiliated company stock	19,164	463
Gain on step acquisition	-	248,180
Other	3,347	11,513
Total Extraordinary Profit	593,122	301,949
Extraordinary Loss		
Loss on sale of fixed assets	*5 1,309	-
Loss on disposal of fixed assets	*6 22,413	*6 61,518
Loss on evaluation of investment securities	16,702	55,366
Loss on sale of investment securities	87	5,173
Loss on sale of affiliated company stock	-	61,415
Impairment loss	*7 1,591,958	*7 186,297
Business withdrawal loss	68,727	-
Provision for securities transaction liability Reserve	-	38,685
Office relocation expenses	56,470	71,427
Other	11,110	67,348
Total Extraordinary Loss	1,768,780	547,231
Net Profit before Adjustment for Tax etc. and Gain or Loss arising from Silent Partnership	3,621,752	5,492,849
Gain or Loss arising from Silent Partnership	-	3,198
Net Profit before Adjustment for Tax etc.	3,621,752	5,496,048
Corporate, Municipal and Enterprise Taxes	1,469,440	1,930,333
Corporate Tax etc. Adjustment	-34,744	32,273
Total Corporate Taxes etc.	1,434,696	1,962,607
Minority Interests	832,885	1,324,021
Net Profit	1,354,171	2,209,419

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

(Unit: ¥thousands)

	Previous Fiscal Year (01.01.2009-12.31.2009)	Current Fiscal Year (01.01.2010-12.31.2010)
Shareholders' Equity		
Capital Stock		
Balance at end of previous term	1,276,834	1,276,834
Changes during term		
Total changes during term	—	—
Balance at end of current term	1,276,834	1,276,834
Earned surplus		
Balance at end of previous term	5,636,307	5,891,618
Changes during term		
Net profit	1,354,171	2,209,419
Dividends from surplus	-904,348	-600,011
Retirement of treasury stock	-199,679	—
Increase in earned surplus due to increase in consolidated subsidiaries	5,167	—
Decrease in earned surplus due to increase in consolidated subsidiaries	—	-88,361
Total changes during term	255,310	1,521,046
Balance at end of current term	5,891,618	7,412,664
Treasury stock		
Balance at end of previous term	-461	-625
Changes during term		
Acquisition of treasury stock	-199,843	—
Disposal of treasury stock	199,679	—
Total changes during term	-164	—
Balance at end of current term	-625	-625
Total shareholders' equity		
Balance at end of previous term	6,912,681	7,167,827
Changes during term		
Net profit	1,354,171	2,209,419
Dividends from surplus	-904,348	-600,011
Acquisition of treasury stock	-199,843	—
Disposal of treasury stock	—	—
Increase in surplus due to increase in consolidated subsidiaries	5,167	—
Decrease in surplus due to increase in consolidated subsidiaries	—	-88,361
Total changes during term	255,146	1,521,046
Balance at end of current term	7.167,827	8,688,873

(Unit: ¥thousands)

	Previous Fiscal Year (01.01.2009-12.31.2009)	Current Fiscal Year (01.01.2010-12.31.2010)
Gaps in appraisals, conversions, etc.		
Other gaps in appraisal of securities		
Balance at end of previous term	-14,843	-15,632
Changes during term		
Changes in items other than shareholders' equity in the current term (net amount)	-789	-6,592
Total changes during term	-789	-6,592
Balance at end of current term	-15,632	-22,225
Hedging profit/loss carried forward		
Balance at end of previous term	-12,909	4,830
Changes during term		
Changes in items other than shareholders' equity in the current term (net amount)	17,739	-24,345
Total changes during term	17,739	-24,345
Balance at end of current term	4,830	-19,515
Currency translation adjustment account		
Balance at end of previous term	-126,499	-109,512
Changes during term		
Changes in items other than shareholders' equity in the current term (net amount)	16,987	145
Total changes during term	16,987	145
Balance at end of current term	-109,512	-109367
Total gaps in appraisals, conversions, etc.		
Balance at end of previous term	-154,252	-120,315
Changes during term		
Changes in items other than shareholders' equity in the current term (net amount)	33,937	-30,792
Total changes during term	33,937	-30,792
Balance at end of current term	-120,315	-151,107
Equity warrants		
Balance at end of previous term	-	4,728
Changes during term		
Changes in items other than shareholders' equity in the current term (net amount)	4,728	10,568
Total changes during term	4,728	10,568
Balance at end of current term	4,728	15,296
Minority Equity		
Balance at end of previous term	6,609,277	7,093,038
Changes during term		
Changes in items other than shareholders' equity in the current term (net amount)	483,761	5,749,935
Total changes during term	483,761	5,749,935
Balance at end of current term	7,093,038	12,842,973
Total Assets		
Balance at end of previous term	13,367,705	14,145,279
Changes during term		
Net profit	1,354,171	2,209,419
Dividends from surplus	-904,348	-600,011
Acquisition of treasury stock	-199,843	-
Increase in surplus due to increase in consolidated subsidiaries	5,167	-
Decrease in surplus due to increase in consolidated subsidiaries	-	-88,361
Changes in items other than shareholders' equity in the current term (net amount)	522,427	5,729,711
Total changes during term	777,573	7,250,757
Balance at end of current term	14,145,279	21,396,036

(4) Consolidated Statement of Cash Flows

(Unit: ¥thousands)

	Previous Fiscal Year (01.01.09-12.31.09)	Current Fiscal Year (01.01.10-12.31.10)
Cash Flow from Operating Activities		
Net Profit before Adjustment for Tax etc.	3,621,752	5,496,048
Depreciation expenses	910,009	1,308,432
Impairment loss	1,591,958	186,297
Amortization of goodwill	863,742	625,252
Change in provision for doubtful debts (-represents decrease)	-489,632	-4,849,295
Change in financial instruments transaction liability reserve (-represents decrease)	—	38,685
Change in provision for bonuses (- represents decrease)	87,749	122,801
Change in provision for retirement benefits (- represents decrease)	-5,157	-275
Interest and dividends received	-292,906	-98,807
Interest paid	259,072	209,007
Gain or loss on currency translation (-represents gain)	-6,425	—
Stock issue costs	5,383	—
Loss on disposal of fixed assets	22,413	61,518
Gain on sale of fixed assets (-represents gain)	-1,706	—
Gain or loss on sale of investment securities (- represents gain)	-8,855	-35,831
Gain or loss on sale of affiliated company stock (- represents gain)	-19,164	60,951
Loss on evaluation of investment securities	16,702	55,366
Change in provision for investment loss (- represents decrease)	9,038	-9,038
Gain or loss on change in equity investees (- represents gain)	-11,639	2,735
Change in evaluation of operational investment securities (- represents increase)	-51,056	—
Change in accounts receivable (-represents increase)	11,108	-133,097
Change in purchase debts (- represents decrease)	-253,034	216,733
Change in deposits received (- represents decrease)	1,799,282	2,723,079
Change in deposits in securities business (- represents increase)	—	1,879,000
Change in short term guarantee deposits in securities business (-represents increase)	—	-7,976,979
Change in margin variation paid and received in securities business	—	-1,394,768
Changes in deposits and guarantees received in securities business (- represents increase)	—	5,397,282
Other	404,647	4,619,956
Sub total	8,463,283	8,505,055
Interest and dividends received	297,985	96,749
Interest paid	-262,800	-209,057
Income from sale etc. of bad receivables	—	560,000
Corporate tax etc. paid	-1,340,113	-2,590,140
Cash Flow from Operating Activities	7,158,354	6,362,606

(Unit: ¥thousands)

	Previous Fiscal Year (01.01.09-12.31.09)	Current Fiscal Year (01.01.10-12.31.10)
Cash Flow from Investing Activities		
Payment of fixed term deposit	-22,110	-500,986
Income from return of fixed term deposit	29,480	600,986
Expenditure on acquisition of tangible fixed assets	-268,511	-453,045
Income accrued on sale of tangible fixed assets	3,309	4,193
Expenditure on acquisition of intangible fixed assets	-508,442	-560,673
Income accrued on sale of intangible fixed assets	3,178	59,259
Expenditure on acquisition of securities	-699,659	—
Income accrued on redemption of securities	—	700,000
Expenditure on acquisition of investment Securities	-29,021	-773,331
Income accrued on sale of investment Securities	182,595	71,267
Expenditure on acquisition of subsidiary stock	-184,953	-701,939
Expenditure on the acquisition of subsidiary stock resulting in change in scope of consolidation	28,697	7,593,968
Income accrued on sale of subsidiary stock	22,050	463
Expenditure on loans	-148,270	—
Income accrued on collection of loans	63,934	—
Expenditure on transfer of business	-5,875	-93,701
Income accrued on sale of investment real estate	—	2,644,120
Other	122,207	133,194
Cash Flow from Investing Activities	-1,411,392	8,723,775
Cash Flow from Financing Activities		
Income accrued on short term loans	5,600,000	19,400,000
Expenditure on repayment of short term loans	-5,311,648	-22,336,800
Income accrued on long term loans	-	210,000
Expenditure on repayment of long term loans	-1,399,000	-3,979,123
Expenditure on redemption of bonds	-1,000,000	—
Repayment of finance lease obligations	-44,657	-203,488
Expenditure on repayment to investment Partner	—	-115,851
Revenue accrued from minority interests	4,318	7,018
Net Increase (decrease) in treasury stock (- represents increase)	-199,843	—
Payment of dividends	-899,201	-593,044
Payment of dividends to minority Shareholders	-288,116	-333,435
Other	19,616	-1,103
Cash Flow from Financing Activities	-3,518,533	-7,945,828
Currency Translation Adjustment on Cash and Equivalents	12,482	-104,309
Change in Cash and Equivalents (- represents decrease)	2,240,911	7,036,244
Balance of Cash and Equivalents at Beginning of Term	18,456,132	20,723,683
Increase in Cash and Equivalents following Increase in Consolidation	26,639	49,556
Balance of Cash and Equivalents at End of Term	20,723,683	27,809,484

(5) Notes regarding the Going Concern Assumption

None.

(6) Significant Items upon which Consolidated Financial Statements are Based

Item	Previous Consolidated Fiscal Year (01.01.2009 – 12.31.2009)	Current Consolidated Fiscal Year (01.01.2010 – 12.31.2010)
1. Items concerning the scope of consolidation	(1) No. of consolidated subsidiaries: 46 (including 2 partnerships) Significant consolidated subsidiaries GMO AD Partners, Inc, GMO Hosting & Security, Inc, GMO Payment Gateway, Inc, paperboy&co. Inc. The following companies were included in the consolidation in the current fiscal year for the following reasons; GMO SEO Technology, Inc. and 2 other companies following stock acquisition, GMO Creators Network, Inc. and 1 other company as a result of their increased significance to the consolidation. NIKKO, Inc. was established in a corporate split (shinsetsu bunkatsu) and the former company NIKKO became GMO AD Holdings. GMO San Planning, Inc. was absorbed by GMO AD Partners in an absorption merger, GMO Tea Cup Communication was absorbed by GMO Media and GSS and GAD were both liquidated and excluded from the consolidation. (2) Major Non- consolidated Subsidiaries Patent Incubation Capital, Inc. Reasons for exclusion from the consolidation All 11 non-consolidated subsidiaries are small-scale operations. None of the total amount of their total assets, sales, net profit (equal to the equity share) and earned surplus (equal to the equity share) has a significant impact on consolidated financial statements.	(1) No. of consolidated subsidiaries: 57(including 2 partnerships) Significant consolidated subsidiaries GMO AD Partners, Inc, GMO Hosting & Security, Inc, GMO Payment Gateway, Inc, paperboy&co. Inc.CLICK Securities. The following companies were included in the consolidation in the current fiscal year for the following reasons; CLICK Securities and 5 other companies following stock acquisitions, GMO Registry, Inc. and 1 other company as a result of their increased significance to the consolidation, and 7 companies including Social Appli Payment Service Inc. were newly established and added to the consolidation. In addition the following companies were excluded from the consolidation, GMO Games, Inc. and 3 other companies were sold and are no longer subsidiaries, GMO Managed Hosting was absorbed by GMO Hosting & Security. (2) Major Non- consolidated Subsidiaries Patent Incubation Capital, Inc. Reasons for exclusion from the consolidation All 9 non-consolidated subsidiaries are small-scale operations. None of the total amount of their total assets, sales, net profit (equal to the equity share) and earned surplus (equal to the equity share) has a significant impact on consolidated financial statements.
2. Items concerning 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 11 non-consolidated subsidiaries and 2 affiliated companies, HUMEIA REGISTRY Co. Ltd, and 1 other company have minimal impact and no significance to the company as a whole. For this reason they are not accounted for by the equity method.	(1) Number of companies to which the equity method is applied: 3 (2) Main equity method companies: Acrodea, Inc, Stock was acquired in Acrodea, Inc. and 2 other companies and the companies were accounted for using the equity method. (2) Major Non-Consolidated Subsidiaries and Affiliated Companies Reason for the exclusion Patent Incubation Capital from the consolidation The net profit and loss (equal to the equity share), and earned surplus (equal to the equity share), etc. of each of the 9 non-consolidated subsidiaries have minimal impact and no significance to the group as a whole. For this reason they are not accounted for by the equity method.
3. Items concerning the fiscal years, etc. of subsidiaries	The closing date of the fiscal year differs from the consolidated fiscal year in the following consolidated subsidiaries. Close of fiscal year on September 30 Payment Gateway, Inc. Epsilon, Inc. Close of fiscal year on May 31 GMO Venture Partners Investment Limited Partnership and 1 other company In regard to GMO Venture Partners Investment Limited Partnership and 1 other company consolidated financial statements are based on provisional financial statements provided by the subsidiaries on November 30. Consolidated financial statements are based on provisional financial statements provided by other subsidiaries on the closing date of the consolidated fiscal year. The consolidated statements will be adjusted as necessary to reflect any significant transactions that occur after these dates.	The closing date of the fiscal year differs from the consolidated fiscal year in the following consolidated subsidiaries. Close of fiscal year on September 30 Payment Gateway, Inc. Epsilon, Inc. Close of fiscal year on March 31 CLICK Securities, Inc. Companies that close the fiscal year on May 31 GMO Venture Partners Investment Limited Partnership and 1 other company In regard to GMO Venture Partners Investment Limited Partnership and 1 other company consolidated financial statements are based on provisional financial statements provided by the subsidiaries on November 30. Consolidated financial statements are based on provisional financial statements provided by other subsidiaries on the closing date of the consolidated fiscal year. The consolidated statements will be adjusted as necessary to reflect any significant transactions that occur after these dates.

Item	Previous Consolidated Fiscal Year (01.01.2009 – 12.31.2009)	Current Consolidated Fiscal Year (01.01.2010 – 12.31.2010)
4. Items concerning accounting standards	(1) Method and standards for the evaluation of assets (i) Securities Bonds held to maturity Amortized cost (straight-line) method 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. (ii) Derivatives transactions Current market value (iii) Inventory assets Inventory assets intended for regular sales determined by historical-cost method (reduction of book value from decline in profitability). a Products Moving average method b Products in progress Identified cost method Inventory Gross average method Change to accounting policy From the current consolidated fiscal year Accounting Standard for the Evaluation of Inventories (Corporate Accounting Standard 9, 7.5.2006) is applied This change has no material impact on profit and loss.	(1) Method and standards for the evaluation of assets (i) Securities Securities for Sale Contract base market value method Bonds held to maturity - Other marketable securities (including operating investment securities) Securities with a market value (no change from the previous year) Securities with no market value (no change from the previous year) (ii) Derivatives transactions (no change from the previous year) -
	(2) Depreciation of major depreciable assets (i) 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. Buildings and structures: 8-50 years Tools and equipment: 2-20 years (ii) Intangible fixed assets Fixed rate method Computer software used by the company is amortized using the straight line method over an estimated useful life of (usually) five years. (iii) Lease assets Finance lease transactions that do not transfer ownership are calculated based on the assumption that the useful life is equal to the lease term, and the residual value equals zero Finance lease transactions that do not transfer ownership and have an inception date prior to December 31, 2008 are accounted for as ordinary leases transactions. (3) Investments and other assets The straight line method is employed for buildings held as investments in real estate.	(2) Depreciation of major depreciable assets (i) Tangible fixed assets (excluding lease assets) (no change from the previous year) (ii) Intangible fixed assets (excluding lease assets) (no change from the previous year) (iii) Lease Assets Finance lease transactions that do not transfer ownership. (no change from the previous year) –

Item	Previous Consolidated Fiscal Year (01.01.2009 – 12.31.2009)	Current Consolidated Fiscal Year (01.01.2010 – 12.31.2010)
	(3) Significant deferred assets Stock issuance costs Stated as the full amount of the expense at the time of spending	(3) Significant deferred assets Stock issuance costs (no change from the previous year)
	The calculation of significant reserves (i) Allowance for doubtful debt The allowance for doubtful debt is a provision against loss resulting from bad debt occurring from unrecovered revenue. The allowance for general claims 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 claim is individually evaluated and the amount considered unlikely to be redeemed is reserved.	The calculation of significant reserves (i) Allowance for doubtful debt (no change from the previous year)
	(ii) 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.	(ii) Allowance for bonuses (no change from the previous year)
	(iii) Allowance for director bonuses An amount is reserved for the payment of bonuses to directors based on salary forecasts.	(iii) Allowance for director bonuses (no change from the previous year)
	–	(iv) Financial Transaction Liability Reserve This reserve is provided in accordance with Article 46 of the Financial Instruments and Exchange Laws and Article 175 of the related Cabinet Ordinance concerning securities companies in order to provide for losses arising from securities transactions in some consolidated subsidiaries.
	(iv) Allowance for Employee Retirement Benefits The current portion of the projected amount to be paid during the term is reserved to provide for employee severance.	–
	(5) Hedge Accounting Method (i) Hedge Accounting Method When conditions for appropriation treatment are met appropriation treatment is used for foreign exchange contracts.	(5) Hedge Accounting Method (i) Hedge Accounting Method (no change from the previous year)
	(ii) Hedging Instruments and Hedged Items Hedging Instruments: Foreign exchange contracts Hedged items: Foreign currency debt, Foreign currency forecast transactions	(ii) Hedging Instruments and Hedged Items (no change from the previous year)
	(iii) Hedge Policy We trade currency to minimize risk arising from exchange rate fluctuations. Individual contracts are drawn for each hedge item.	(iii) Hedge Policy (no change from the previous year)
	(iv) Method of Evaluating Effectiveness of Hedge Accounting Transactions The effectiveness of each relevant derivative transaction is evaluated by assessing the amount of debt/credit, hedge transaction conditions and other factors on an individual basis.	iv) Method of Evaluating Effectiveness of Hedge Accounting Transactions (no change from the previous year)
	(6) Other Significant Items Relating to the Preparation of the Consolidated Financial Statements Accounting treatment of consumption tax etc. Consumption tax is separately accounted for by excluding it from each transaction amount. However the tax included method is employed in some cases.	(6) Other Significant Items Relating to the Preparation of the Consolidated Financial Statements (i) Accounting treatment of consumption tax etc. Consumption tax is separately accounted for by excluding it from each transaction amount. Consumption tax not accounted for by the exclusion method is accounted for as an expense in the current consolidated fiscal year. However, consumption tax not excluded relating to fixed assets is reported as a long term advance payment and amortized uniformly over 5 years.

Item	Previous Consolidated Fiscal Year (01.01.2009 – 12.31.2009)	Current Consolidated Fiscal Year (01.01.2010 – 12.31.2010)
		(ii) Accounting treatment of foreign exchange margin transactions In regard to foreign exchange margin transactions, the settlement gain or loss on transactions, gains or losses on appraisal and the swap point on outstanding positions is recorded as revenue. Gain or loss on appraisal is the difference between the market value and the exchange rate in the outstanding position on foreign exchange margin transactions calculated on each transaction statement. These are totaled and the amount recorded as "Variation margin paid" or "Variation margin received" on the consolidated balance sheet. In addition, assets deposited by customers are reported separately on the consolidated balance sheet as "Deposits in the securities business" in accordance with Article 43 paragraph 3.1 of Financial Instruments and Exchange laws and Article 143 paragraph 1.1 of the related Cabinet Office Ordinance.
5. Evaluation of assets and liabilities in consolidated subsidiaries	Assets and liabilities in consolidated subsidiaries are evaluated based on their full market value	(no change from the previous year)
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.	(no change from the previous year)
7. Scope of the 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.	(no change from the previous year)

(7) Changes to Significant Items upon Which these Consolidated Financial Statements are Based

Changes to Accounting Policy

Previous Consolidated Fiscal Year (01.01.2009 – 12.31.2009)	Current Consolidated Fiscal Year (01.01.2010 – 12.31.2010)
Finance lease transactions that do not transfer ownership have previously been accounted for in the same manner as operating leases. However, from the current consolidated fiscal year Accounting Standard for Lease Transactions (ASBJ Statement No.13, March 30, 2007) which revised the former accounting standard for lease transactions issued on June 17, 1993, and Guidance on Accounting Standard for Lease Transactions (ASBJ Guidance No. 16, March 30, 2007) which revised the former guidance issued on January 18, 1994, is now applied and finance lease transactions are accounted for as ordinary sales transactions. Finance lease transactions that do not transfer ownership and were commenced before this change are continuously accounted for as ordinary lease transactions.. This change has no material impact on profit and loss.	Adoption of New Accounting Standard for Business Combinations Accounting Standard for Business Combinations (ASBJ Statement No.21), Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22), Partial amendments to Accounting Standard for Research and Development Costs (ASBJ Statement No.23), Revised Accounting Standard for Business Divestitures (ASBJ Statement No.7 (Revised 2008)), Revised Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No.16 (Revised 2008)), and Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10 (Revised 2008)) were applied to all business combinations and splits in the consolidation that occurred after April 1, 2009.

Changes in Method of Presentation

Previous Consolidated Fiscal Year (01.01.2009 – 12.31.2009)	Current Consolidated Fiscal Year (01.01.2010 – 12.31.2010)
–	Consolidated Balance Sheet 1. Current Assets The line items “inventory assets” and “accrued income” in the balance statement of the previous consolidated fiscal year are now included in Current Assets “other” due to their decreased significance. In the current fiscal year inventory assets were ¥88,057 thousand and accrued income was ¥108,893 thousand. 2. Fixed Assets The line items “investment real estate”, “long term loans receivable”, “investments”, “security deposits”, and “claims in bankruptcy etc.” in the balance statement of the previous consolidated fiscal year are now included in Fixed Assets “other” due to their decreased significance In the current fiscal year “investment in real estate” was ¥318,811 thousand, "long term loans receivable” was ¥171,679 thousand, “investments” was ¥215,790 thousand, security deposits were ¥1,036,182 thousand, and “claims in bankruptcy etc.” was ¥160,416 thousand. 3. Current Liabilities The line item “lease obligations” in the balance statement of the previous consolidated fiscal year are now included in Current Liabilities “other” due to its decreased significance. In the current consolidated fiscal year “lease obligations” were ¥426,165 thousand. 4. Fixed Liabilities The line items “long term amount payable” and “lease obligations” in the balance statement of the previous consolidated fiscal year are now included in Fixed Liabilities “other” due to their decreased significance. In the current fiscal year “long term amount payable” was ¥257,769 thousand and “lease obligations” was ¥1,176,060 thousand.
Consolidated Statement of Income Up to the previous consolidated fiscal year “interest received” and “dividends received” were reported as a single line item. However, following the introduction of XBRL by EDINET, these are now reported separately in accordance with EDINET taxonomy account classifications	–

Previous Consolidated Fiscal Year (01.01.2009 – 12.31.2009)	Current Consolidated Fiscal Year (01.01.2010 – 12.31.2010)
Consolidated Cash Flow Statement 1. Following the introduction of XBRL by EDINET, the line items reported up to the previous consolidated fiscal year under Cash Flow from Operating Activities as “gain on sale of investment securities”, “loss on sale of investment securities”, “gain on sale of fixed assets”, and “loss on sale of fixed assets”, are reported as “gain (or loss) on sale of investment securities” and “gain (or loss) on sale of fixed assets” in accordance with EDINET taxonomy account classifications. 2. Due to its increased significance, “change in deposits held (-=decrease) (¥673,928 thousand in the previous fiscal year) previously reported under “other changes in liabilities (-=decrease) in Cash Flow from Operating Activities, is reported as a separate line item from the current fiscal year. 3. From the current consolidated fiscal year Cash Flow from Operating Activities line items “change in inventory assets (-=increase)”, (¥14,818 thousand in current fiscal year), “change in other assets (-=increase)” (¥223,542 thousand in current fiscal year), and “changes in other liabilities (-=decrease)" (¥207,150 thousand in current fiscal year) are now included in the line item “other”, due to their decreased significance. 4. From the current consolidated fiscal year Cash Flow from Investing Activities line items, “other income” (¥197,346 thousand in current fiscal year), and “other expenditure” (-¥75,139 thousand in current fiscal year), are now included in the line item “other” due to their decreased significance.	Consolidated Cash Flow Statement 1. Due to their decreased significance the line items “gain or loss on currency translation (-=gain)” (-¥5,753 thousand in the current fiscal year), “stock issue costs” (¥1,103 thousand in the current fiscal year) and “Change in operating investment securities (- = increase) (¥109,770 thousand in the current fiscal year) under Cash Flow from Operating Cash Flow are now included in “other”. 2. From the current consolidated fiscal year Cash Flow from Investing Activities line items, “expenditure on loans” (-¥113,040 thousand in current fiscal year), and “income from recovery of loans” (¥76,321 thousand in current fiscal year), are now included in the line item “other” due to their decreased significance. —

Additional Information

Previous Consolidated Fiscal Year (01.01.2009 – 12.31.2009)	Current Consolidated Fiscal Year (01.01.2010 – 12.31.2010)
In the Statement of Income for the previous consolidated fiscal year operating profit was represented as operating revenue minus business expenses and SGA expenses (line items I Operating Revenue, II Business Expenses, III Selling General & Administrative Expenses). However, as a result of expanded service provision and organizational restructuring, it is now possible to clearly differentiate between “cost of sales” and “SGA expenses”. Therefore, from the current consolidated fiscal term, operating profit is represented as gross profit on sales (sales minus cost of sales) minus SGA expenses (line items Sales, Cost of Sales, Selling General & Administrative Expenses). An organizational restructure divided operations into a business division and a sales division clarifying division of duties. “Cost of sales” and “SGA expenses” classifications have been revised in line with this change. In the current fiscal year, ¥1,905,961 thousand included in the line item “SGA expenses” under the former classification, is now shown in the line item, “cost of sales”. This change has no impact on operating profit.	—

(8) Notes to Consolidated Financial Statements

Consolidated Balance Sheet

Previous Consolidated Fiscal Year (As of 12.31.2009)	Current Consolidated Fiscal Year (As of 12.31.2010)
*1 Breakdown of inventory assets Products and finished goods ¥7,907 thousand Material and inventory items ¥19,993 thousand Products in process ¥7,382 thousand	—
*2 Tangible Fixed Assets Accumulated Depreciation ¥1,112,020 thousand Investments in Real Estate Accumulated depreciation ¥6,482 thousand	*2 Tangible Fixed Assets Accumulated Depreciation ¥2,073,711 thousand
*3 Contribution from non consolidated subsidiaries and affiliated companies Investment Securities ¥231,039 thousand	*3 Contribution from non consolidated subsidiaries and affiliated companies Investment Securities ¥855,954 thousand
*4. Pledged assets ¥20,000 thousand in cash and deposits provided as security based on sales partner contracts in consolidated subsidiary Communication Telecom, Inc.	*4 Collateral Assets (1) Collateral Assets (¥thousands) Assets pledged as collateral Cash and Deposits 720,000 Secured liabilities Trade notes and accounts payable 3,278 Bank guaranteed amount 2,500,000 In addition to the above, stock held by the company in GMO Hosting & Security Inc., GMO Payment Gateway Inc., pperboy&co.Inc., and CLICK Securities, Inc. is pledged as collateral against the company's short term debt (¥5,000,000 thousand), current portion of long term debt (¥3,831,250 thousand) and long term debt (¥3,250,000 thousand). (2) Fair market value of pledged securities (¥thousands) Securities lending on margin transactions 8,051,996 Securities pledged against margin transaction loans 11,077,296 Marketable securities held as deposits 7,400,608 (3) Fair market value of pledged securities received (¥thousands) Securities pledged against margin transaction loans receivable 17,274,197 Securities lending on margin transactions 3,690,306 Marketable securities received as deposits 23,640,092
—	*5 Secured Liabilities The following secured liabilities arise from a financial institution loan to a non-consolidated subsidiary. CONSUMER OPEN CENTER Ltd. ¥50,000 thousand
—	*6 Regulations regarding special law reserves Financial instruments transaction liability reserve Financial Instruments and Exchange Act Article 46 paragraph 5.
*7 Financial Covenants The following financial covenants are attached to two long term loan contracts. (1) On 12.31.09 the balance of long term debt arising from a monetary loan for consumption executed on 04.07.08 was ¥7,750,000 thousand (of which ¥1 billion is scheduled to be repaid within a year). The following covenants were attached to the loan.	*7 Financial Covenants The following financial covenants are attached to three long term loan contracts. (1) On 12.31.10 the balance of long term debt arising from a monetary loan for consumption executed on 04.07.08 was ¥4,250,000 thousand (of which ¥1 billion is scheduled to be repaid within a year). The following covenants were attached to the loan.

Previous Consolidated Fiscal Year (As of 12.31.2009)	Current Consolidated Fiscal Year (As of 12.31.2010)
(i) On the last day of each quarter liabilities must not exceed assets on the consolidated or non-consolidated balance sheets. (ii) On the last day of each quarter, the consolidated leverage ratio [(interest bearing liabilities + excess liabilities – cash and deposits) / (operating profit + depreciation + amortization of goodwill)] must be 5x or less (2) On 12.31.08 the balance of long term debt arising from a monetary loan for consumption executed on 06.03.08 was ¥3.206 billion (of which ¥375 million is scheduled to be repaid within a year). The following covenants were attached to loans (i) On the last day of the quarter in each financial year non-consolidated and consolidated fiscal statements must maintain positive net assets. (ii) On the last day of the quarter in each fiscal year the consolidated leverage ratio [(interest bearing liabilities + excess liabilities – cash and deposits) / (operating profit + depreciation + amortization of goodwill)] must be 5x or less.	(i) On the last day of each quarter liabilities must not exceed assets on the consolidated or non-consolidated balance sheets. (ii) On the last day of each quarter, the consolidated leverage ratio [(interest bearing liabilities + excess liabilities – cash and deposits) / (operating profit + depreciation + amortization of goodwill)] must be 5x or less (2) On 12.31.10 the balance of long term debt arising from a monetary loan for consumption executed on 06.03.08 was ¥2.831 billion (of which ¥2.831 billion is scheduled to be repaid within a year). The following covenants were attached to loans (i) On the last day of the quarter in each financial year non-consolidated and consolidated fiscal statements must maintain positive net assets. (ii) On the last day of the quarter in each fiscal year the consolidated leverage ratio [(interest bearing liabilities + excess liabilities – cash and deposits) / (operating profit + depreciation + amortization of goodwill)] must be 5x or less. (3) On 31.12.10 the balance of short term debt arising from a monetary loan for consumption executed on 10.27.2009 was ¥5 billion. The following covenants were attached to the loan. (i) At the end of each quarter and each fiscal year, consolidated and non-consolidated total net profit must exceed 75% of net profit on the last day of the 2009 fiscal year. (ii) An ordinary loss must not be recorded at the end of the consolidated or non-consolidated fiscal year. (iii) On the last day of the quarter in each fiscal year the consolidated and non consolidated leverage ratio [(interest bearing liabilities + secured liabilities – cash and deposits) / (operating profit + depreciation + amortization of goodwill + interest received + dividends received + business contribution)] must be less than 7x. (iv) At the end of each quarter and fiscal year, the non-consolidated balance sheet must maintain a total of less than ¥7.5 billion yen in current portion of long term debt, bonds to be redeemed within a year, long term debt, and bonds.
*8 Overdraft The company and some consolidated subsidiaries hold overdraft facilities and loan commitment contracts for efficient access to operating capital. At the end of the consolidated fiscal year the balance of unexecuted overdraft loans was as follows. Total overdraft facility ¥11,600,000 thousand Overdraft loans executed ¥4,306,250 thousand Balance ¥7,293,750 thousand	*8 Overdraft The company and some consolidated subsidiaries hold overdraft facilities and loan commitment contracts for efficient access to operating capital. At the end of the consolidated fiscal year the balance of unexecuted overdraft loans was as follows. Total overdraft facility ¥20,000,000 thousand Overdraft loans executed ¥7,565,250 thousand Balance ¥12,434,750 thousand

Notes to Consolidated Profit and Loss Statement

Previous Consolidated Fiscal Year (01.01.2009 – 12.31.2009)	Current Consolidated Fiscal Year (01.01.2010 – 12.31.2010)
*1 Major Items and Amounts in Selling, General and Administrative Expenses Advertising Expenses ¥790,256 thousand Salaries ¥5,670,271 thousand Transfer to allowance for bonuses ¥113,322 thousand Transfer to allowance for Director bonuses ¥104,937 thousand Severance pay expenses ¥691 thousand Transfer to allowance for doubtful debt ¥178,471 thousand Commissions paid ¥739,104 thousand Amortization of goodwill ¥861,261 thousand Depreciation expenses ¥375,301 thousand	*1 Major Items and Amounts in Selling, General and Administrative Expenses Advertising Expenses ¥1,307,263 thousand Salaries ¥6,138,432 thousand Transfer to allowance for bonuses ¥211,673 thousand Transfer to allowance for Director bonuses ¥148,142 thousand Transfer to allowance for doubtful debt ¥146,522 thousand Commissions paid ¥1,140,003 thousand Amortization of goodwill ¥625,235 thousand Depreciation expenses ¥577,394 thousand
*2 General administrative expenses include ¥33,781 thousand in research and development costs.	*2 General administrative expenses include ¥500 thousand in research and development costs.
*3 Gain on sale of fixed assets (tools and equipment) was ¥1 thousand, gain on sale of tangible assets (other) was ¥3,013 thousand.	—
*4 Gain on change in equity investees is an accounting adjustment of book value following a capital transaction in an investee resulting in a change of investees. Breakdown as follows(¥thousands): paperboy&co. Inc. 1,007 GMO Hosting & Security, Inc. 44 GMO Payment Gateway, Inc. 651 GMO Media, Inc. 9,935	*4 Gain on change in equity investees is an accounting adjustment of book value following a capital transaction in an investee resulting in a change of investees. Breakdown as follows: paperboy & co. Inc. 788
*5 Loss on sale of fixed assets (tools and equipment) was ¥1,309 thousand	—
*6 Loss on retirement of fixed assets (¥22,413 thousand) includes software (¥12,121 thousand), buildings and structures (¥3,878 thousand), and tools and equipment (¥6,413 thousand).	*6 Loss on retirement of fixed assets (¥61,518 thousand) includes software (¥39,608 thousand), buildings and structures (¥10,783 thousand), tools and equipment (¥8,998 thousand), and other tangible fixed assets (¥2,127 thousand).

Previous Consolidated Fiscal Year (01.01.2009 – 12.31.2009)	Current Consolidated Fiscal Year (01.01.2010 – 12.31.2010)

*7 Impairment loss

An impairment loss was recorded on the following assets.

Use	Type	Location
Web Infrastructure & Ecommerce	Buildings and Structures	Shibuya ku, Tokyo
	Tools and equipment	Shibuya ku, Tokyo
	Other	—
Internet Media	Buildings and Structures	Shibuya ku, Tokyo
	Tools and equipment	Shibuya ku, Tokyo
	Software	Shibuya ku, Tokyo
	Other	—
Investment Real Estate	Land and buildings	Minato ku, Tokyo

Assets are predominantly grouped according to business classification. Idle assets and assets to be disposed of are grouped individually.

In order to improve operational efficiency in Web the Infrastructure & Ecommerce segment, buildings and structures and tools and equipment in the segment have been scaled down and it was decided to eliminate certain assets. This was recognized as an impairment loss.

In order to improve operational efficiency in Internet Media, buildings and structures and tools and equipment in the Internet Media segment have been scaled down and it was decided to eliminate certain assets. This was recognized as an impairment loss.

In regard to software in the Web Infrastructure & Ecommerce and Internet Media segments, earnings have not been achieved as quickly as initially expected. It has been determined that more time is required to reach these targets and for this reason an impairment loss is recognized. The recoverable amount is determined according to the utility value, however based on future cash flow the evaluation amount is a negative number and therefore the recoverable amount is zero.

In investment real estate, the expected sale amount of a building planned for sale is below the book value. Therefore the book value is reduced to the net sale amount and an impairment loss is recognized. The recoverable amount is the net actual amount; the net actual amount is calculated by subtracting expenses from the expected sales price.

Impairment loss breakdown: Software ¥42,022 thousand, buildings and structures ¥13,771 thousand, tools and equipment ¥757 thousand, investment real estate ¥1,470,115 thousand, other ¥65,291 thousand.

*7 Impairment loss

An impairment loss was recorded on the following assets

Use	Type	Location
Web Infrastructure & Ecommerce	Buildings and Structures	Shibuya ku, Tokyo
	Tools and equipment	Shibuya ku, Tokyo
	Software	Shibuya ku, Tokyo
	Goodwill	——
	Other	——
Internet Media	Software	Shibuya ku, Tokyo
	Other	——

Assets are predominantly grouped according to business classification. Idle assets and assets to be disposed of are grouped individually.

Revenue in the WEB Infrastructure and Ecommerce segment is no longer expected to reach the level assumed in the business plan at the time of acquisition of the goodwill, therefore goodwill is reduced to the recoverable amount and an impairment loss is recognized. The recoverable amount is measured based on the revised business plan for the assets group to which the goodwill is related.

In order to improve operational efficiency in Web the Infrastructure & Ecommerce segment, buildings and structures and tools and equipment in the segment have been scaled down and it was decided to eliminate certain assets. This was recognized as an impairment loss.

In regard to software in the Web Infrastructure & Ecommerce and Internet Media segments, earnings have not been achieved as quickly as initially expected. It has been determined that more time is required to reach these targets and for this reason an impairment loss is recognized. The recoverable amount is determined according to the utility value, however based on future cash flow the evaluation amount is a negative number and therefore the recoverable amount is zero.

Impairment loss breakdown: Goodwill: ¥65,045 thousand, Software ¥66,950 thousand, buildings and structures ¥872 thousand, tools and equipment ¥23 thousand, other ¥53,405 thousand.

Notes regarding the Statement of Consolidated Shareholders' Equity
Previous Consolidated Fiscal Year (01.01.2009 – 31.12.2009)

1. Items relating to outstanding shares

Type of Stock	End of Previous Fiscal Year	Increase	Decrease	End of Current Fiscal Year
Common Stock	100,484,441	—	481,000	100,003,441

(Main reasons for changes)
Decrease in common stock is due to retirement of shares.

2. Items regarding treasury stock

Type of Stock	End of Previous Fiscal Year	Increase	Decrease	End of Current Fiscal Year
Common Stock	1,271	481,235	481,000	1,506

(Main reasons for changes)
The main reason for increase in shares is the acquisition of 481,000 treasury shares in accordance with a Board of Directors decision, and an increase of 235 shares following the purchase of fractional shares.
Decrease in common stock is due to retirement of shares.

3. Items regarding shares warrants

Company Name	Breakdown	Type of Concerned Shares	Number of Concerned Shares			End of Current Consolidated Fiscal Year (¥thousands)
			End of Previous Fiscal Year	Increase	Decrease	
Consolidated subsidiary	—	—	—	—	—	4,728
Total						4,728

4. Items regarding dividends

(1) Dividend Payments

Decision	Type of Stock	Total Payout (¥thousands)	Dividend per Share (¥)	Date of Record	Effective Date
Annual General Shareholders Meeting (03.26.2009)	Common Stock	703,382	7	12.31.2008	03.27.2009
Board of Directors Meeting (08.06.2009)	Common Stock	200,966	2	06.30.2009	09.28.2009

(2) Items concerning dividends with a date of record in the current consolidated year that will be paid out in the following financial year.

Decision	Type of Stock	Source of Dividend	Total Payout (¥thousands)	Dividend per Share (¥)	Date of Record	Effective Date
Annual General Shareholders Meeting (03.26.2010)	Common Stock	Earned Surplus	400,007	4	12.31.2009	03.29.2010

Previous Consolidated Fiscal Year (01.01.2010 - 12.31.2010)

1. Items relating to outstanding shares

Type of Stock	End of Previous Fiscal Year	Increase	Decrease	End of Current Fiscal Year
Common Stock	100,003,441	—	—	100,003,441

2. Items regarding treasury stock

Type of Stock	End of Previous Fiscal Year	Increase	Decrease	End of Current Fiscal Year
Common Stock	1,506	—	—	1,506

3. Items regarding shares warrants

Company Name	Breakdown	Number of Concerned Shares	Number of Concerned Shares			End of Current Fiscal Year (¥thousands)
			End of Previous Fiscal Year	Increase	Decrease	
Consolidated subsidiary	—	—	—	—	—	15,296
Total						15,296

4. Items regarding dividends

(1) Dividend Payments

Decision	Type of Stock	Total Payout (¥thousands)	Dividend per Share (¥)	Date of Record	Effective Date
Annual General Shareholders Meeting (03.26.2010)	Common Stock	400,007	4	12.31.2009	03.29.2010
Board of Directors Meeting (08.05.2010)	Common Stock	200,003	2	06.30.20106	09.27.2010

(2) Items concerning dividends with a date of record in the current consolidated year that will be paid out in the following fiscal year.

Decision	Type of Stock	Source of Dividend	Total Payout (¥thousands)	Dividend per Share (¥)	Date of Record	Effective Date
Annual General Shareholders Meeting (03.25.2011)	Common Stock	Earned Surplus	500,009	5	12.31.2010	03.28.2011

Consolidated Cash Flow Statement

Previous Consolidated Fiscal Year (01.01.2009 – 12.31.2009)	Current Consolidated Fiscal Year (01.01.2010 – 12.31.2010)
1. I ifference between Cash and Cash Equivalents End of Term Balance and items listed on the consolidated balance sheet (¥thousands) Cash and cash accounts 20,891,573 Fixed term deposits with a term of over 3 months --54,540 Cash and Cash Equivalents 18,456,132	1. Difference between Cash and Cash Equivalents End of Term Balance and items listed on the consolidated balance sheet (¥thousands) Cash and cash accounts 27,869,484 Fixed term deposits with a term of over 3 months -60,000 Cash and Cash Equivalents 27,809,484
2. ——	2. Breakdown of assets and liabilities in newly acquired subsidiaries The following shows the relationship between the acquisition price and income (net amount) from the acquisition of stock in CLICK Securities, and a breakdown of the company's assets and liabilities at the time of acquisition (¥thousands). Current assets 120,652,832 Fixed assets 2,114,483 Goodwill 2,134,935 Current liabilities - 112,751,415 Fixed liabilities - 586,061 Special law reserve fund total - 412,698 Minority interests - 5,406,821 Subsidiary stock acquisition cost 5,745,253 Gain on step acquisition -248,180 Acquisition cost up to time of acquisition of control -203,020 Cash and equivalents in CLICK Securities, Inc. 13,625,133 Balance: Income related to the acquisition of CLICK Securities, Inc. 8,331,080

Segment Data

1. Data by segment

Previous consolidated accounting term (01.01.2009 – 12.31.2009)

Item	Web Infrastructure & Ecommerce (¥thousands)	Internet Media (¥thousands)	Other (¥thousands)	Total (¥thousands)	Intercompany or group-wide	Consolidated (¥thousands)
I Sales and Operating Gain or Loss						
Sales						
(1) Sales to unaffiliated customers	18,281,378	19,892,067	21,585	38,195,031	—	38,195,031
(2) Inter segment sales and transfer	232,446	423,088	—	655,534	(655,534)	—
Total	18,513,825	20,315,155	21,585	38,850,566	(655,534)	38,195,031
Operating expenses	15,865,232	18,248,007	137,220	34,250,460	(705,111)	33,545,349
Operating Profit/ Loss (-)	2,648,592	2,067,147	- 115,634	4,600,105	49,576	4,649,682
II Assets, depreciation expenses, impairment loss, and capital expenditure						
Assets	27,887,114	9,804,158	1,903,603	39,594,876	1,327,860	40,922,737
Depreciation expenses	603,545	289,393	—	892,939	(2,709)	890,230
Impairment loss	13,497	108,345	—	121,843	1,470,115	1,591,958
Capital expenditure	662,296	159,315	—	821,612	—	821,612

(note) 1 Operations are segmented for internal management purposes (note) 1. Operations are segmented for internal management purposes. The business segment previously entitled Internet Use Support (Infrastructure) has been renamed Web Infrastructure & Ecommerce, and the segment previously entitled Internet Advertising Support (Media) is now named Internet Media. 2. Main products in each segment

2. Main products in each segment

(1) Web Infrastructure & Ecommerce

Internet access provider, domain registration, web hosting, ecommerce solutions, web development, security, payment processing, other

(2) Internet media

Internet media & search media, Internet advertising agencies, other

(3) Other

Venture capital

3. Inter-company and group-wide assets (¥4,016,998 thousand) are mainly investment securities and investment real estate.

Current Consolidated Fiscal Term (01.01.2010 – 12.31.2010)

Item	Web Infrastructure & Ecommerce (¥thousands)	Internet Media (¥thousands)	Internet Securities	Other (¥thousands)	Total (¥thousands)	Inter-company or Group-wide	Consolidated (¥thousands)
I Sales and Operating Gain or Loss							
Sales							
(1) Sales to unaffiliated customers	20,159,127	20,909,108	2,918,188	497,574	44,483,998	—	44,483,998
(2) Inter-segment sales and transfer	212,870	426,410	124	—	639,405	(639,405)	—
Total	20,371,998	21,335,519	2,918,312	497,574	45,123,404	(639,405)	44,483,998
Operating expenses	17,357,510	19,434,748	2,178,019	474,817	39,445,096	(689,619)	38,755,477
Operating Profit	3,014,487	1,900,770	740,293	22,756	5,678,307	50,213	5,728,521
II Assets, depreciation expenses, impairment loss, and capital expenditure							
Assets	32,733,656	9,513,660	121,922,021	1,095,077	165,264,415	195,821	165,460,237
Depreciation expenses	842,976	283,545	159,378	804	1,286,705	—	1,286,705
Impairment loss	173,827	12,469	—	—	186,297	—	186,297
Capital expenditure	890,112	145,064	148,248	33,783	1,217,208	—	1,217,208

(note)1. Operations are segmented for internal management purposes

2. Main products in each segment

Web Infrastructure & Ecommerce

Internet access provider, domain registration, web hosting, ecommerce solutions, web development, security, payment processing, other

(2) Internet media

Internet media & search media, Internet advertising agencies, other

(3) Internet Securities

Internet securities business

(4) Other

Venture capital, flash marketing

3. Inter-company and group-wide assets (¥1,306,306 thousand) are mainly investment securities.

2. Segment data by location

In both the current fiscal year (01.01.2010 - 12.31.2010) and the previous fiscal year (01.01.2009 - 12.31.2009) Japan accounted for over 90% of revenue across all segments, and over 90% of assets in all segments and therefore location data has been omitted.

3. Global sales

In both the current fiscal year (01.01.2010-12.31.2010) and the previous fiscal year (01.01.2009 - 12.31.2009), revenue from outside Japan accounted for less than 10% of total consolidated revenue, therefore this segment data has been omitted.

Information concerning related parties
Previous consolidated accounting term (01.01.2009 – 12.31.2009)

Additional Information
ASBJ Statement No. 11 *Accounting Standard for Related Party Disclosures* issued on 17.10.06, and its Implementation Guidance - ASBJ Guidance No. 13 *Guidance on Accounting Standard for Related Party Disclosures* issued on 17.10.06 are applied as of the current consolidated fiscal year..
As a result there is no change to the scope of exclusion from disclosure.

1.Transactions with affiliated parties
(1) Transactions between GMO Internet ("the company") and affiliated parties
(A) The parent company or major shareholder (corporate only) of the company.
None.
(B) Subsidiary or affiliate company of the company
None.
(C) Companies with the same parent company.
None.
(D) Director or major shareholder (individual only) of company that submits consolidated financial statements

Type	Name	Location	Assets or Investment (¥thousands)	Nature of Business or Industry	Voting Rights (%)	Relationship	Transaction Details	Value of Transaction (¥thousands)	Account	End of Term Balance (¥thousands)
Companies in which a Director or Director's relative hold a majority of voting rights (including subsidiaries)	COSMEDIA Co. Ltd	Minato ku, Tokyo	10,000	Service company	none	Office rental	Real estate income	24,000	Deposit received	12,000
	CLICK Securities, Inc.	Shibuya ku, Tokyo	3,030,663	Securities business	(Indirect) 3.2%	none	Advertising sales	32,935	Accounts receivable	34,581

(note) 1. Consumption tax is not included in the above transaction amounts. It is included in the end of term balance.
2. Transaction conditions and policy for determining transaction conditions

In regard to collecting of rent and deposits, transaction amounts are determined based on the company's real estate lease contracts according to the dimensions of the property occupied by COSMEDIA Co. Ltd.
In regard to advertising sales, transaction conditions are the same as general conditions applied to transactions with unaffiliated parties.

(2) Transactions between GMO Internet consolidated subsidiaries and affiliated parties
None.

2. Notes regarding the parent company or significant affiliated companies
None.

Current Consolidated Fiscal Term (01.01.2010 – 12.31.2010)

1. Transactions with affiliated parties

(i) Transactions between GMO Internet ("the company") and affiliated parties

(A)The parent company or major shareholder (corporate only) of the company.: None.

(B) Subsidiary or affiliate company of the company: None.

(C) Companies with the same parent company: None.

(D) Director or major shareholder (individual only) of company that submits consolidated financial statements

Type	Name	Location	Asset or Investment (¥thousands)	Nature of Business or Occupation	Voting rights (%)	Relationship	Transaction Details	Value of Transaction (¥thousands)	Account	End of Term Balance (¥thousands)
Directors	Masatoshi Kumagai	—	—	CEO of GMO Internet	(Direct) 12.8%	Company and Group CEO	Acquisition of subsidiary stock	5,273,400	—	—
	Masakazu Iwakura	—	—	Auditor of GMO Internet, Partner in Nishimura & Asahi	(Direct) 0.0%	Attorney's fee	Consignment of business	47,079	—	—
Company's whose directors hold a majority stake	COSMEDIA Co. Ltd	Minato ku, Tokyo	10,000	Service company	none	Office rental	Income from real estate leasing etc.	19,870	—	
						Return of deposit	Return of deposit	12,000	—	
	CLICK Securities, Inc.	Shibuya ku, Tokyo	3,030,663	Securities business	(Indirect) 3.9%	none	Advertising sales	56,620	Trade notes and accounts receivable	59,451
	Kumagai Masatoshi Office Ltd.	Minato ku, Tokyo	10,000	Service company	(Direct) 34.3%	none	Sale of Investment real estate	2,682,870	—	

(note) 1. Consumption tax is not included in the above transaction amounts. It is included in end of term balance.

2. During the current consolidated fiscal year CLICK Securities, Inc. became a consolidated subsidiary following a stock acquisition and therefore only details of transactions that occurred between January 1, 2010 and September 30, 2010 (the day prior to the day deemed the acquisition date) are reported here and the end of term balance reported is the balance as of September 30, 2010.

3. Masakazu Iwakura's transactions are transactions between GMO Internet and Nishimura & Asahi law firm.

4. Transaction conditions and policy for determining transaction conditions

In the sale of securities, an independent valuation is consulted when determining transaction price.

In regard to attorney's fees, relevant laws are referred to when determining transaction price.

In regard to collecting of rent and deposits, transaction amounts are determined based on the company's real estate lease contracts according to the dimensions of the property occupied by COSMEDIA Co. Ltd.

In regard to advertising sales, transaction conditions are the same as general conditions applied to transactions with unaffiliated parties.

In regard to the sale of real estate, real estate appraisals are consulted when determining transaction price.

(2) Transactions between GMO Internet consolidated subsidiaries and affiliated parties

Type	Name	Location	Asset or Investment (¥thousands)	Nature of Business or Occupation	Voting rights (%)	Relationship	Transaction Details	Value of Transaction (¥thousands)	Account	End of Term Balance (¥thousands)
Director	Mitsuru Aoyama	—	—	Director of GMO Internet	—	Monetary loan	Receiving interest on repayment of loans	7,608 452	Other	15,176
Director	Shintaro Takahashi	—	—	Director of GMO Internet	(Direct) 0.0%	Monetary loan	Monetary loan	33,000	Other	33,000

(notes) Transaction conditions and policy for determining transaction conditions In regard to monetary loans, interest is fairly determined in consideration of market interest rates and other factors.

2. Notes regarding the parent company or significant affiliated companies

None.

Tax Effect Accounting

Previous Consolidated Fiscal Year (As of 12.31.2009)	
1. Significant causes of deferred tax assets/ liabilities (¥thousands)	
Deferred tax assets	
Allowance for doubtful debt	2,201,447
Loss carried forward	10,701,358
Accelerated depreciation	126,486
Loss on appraisal of investment securities	419,890
Loss on appraisal of stock in affiliated companies	9,610
Accrued enterprise tax	71,187
Impairment loss	742,708
Other	428,092
Deferred tax assets sub total	14,700,782
Valuation reserve	-11,736,261
Deferred tax assets total	2,964,520
Deferred Tax Liabilities	
Other gaps in appraisal of securities	2,200
Other	9,430
Deferred tax liabilities sub total	11,631
Deferred tax asset (net amount)	2,952,889
2. Main items causing discrepancy between statutory tax rate and effective tax rate	
Statutory tax rate	40.69%
(Reconciliation)	
Entertainment and other non deductible expenses	2.02%
Dividends received and other items in which profit is never included	-4.69%
Dividends received from consolidated subsidiaries	5.74%
Amortization of goodwill	0.56%
Amortization of goodwill (new)	7.97%
Increase/decrease in valuation reserve	-12.90%
Other	0.22%
Effective enterprise etc. tax burden	39.61%

Current Consolidated Fiscal Year (As of 12.31.2010)	
1. Significant causes of deferred tax assets/ liabilities (¥thousands)	
Deferred tax assets	
Allowance for doubtful debt	193,863
Loss carried forward	13,822,619
Accelerated depreciation	114,640
Loss on appraisal of investment securities	167,227
Loss on appraisal of stock in affiliated companies	7,914
Accrued enterprise tax	95,291
Impairment loss	135,639
Other	423,284
Deferred tax assets sub total	14,960,480
Valuation reserve	-11,803,081
Deferred tax assets total	3,157,399
Deferred Tax Liabilities	
Other gaps in appraisal of securities	-29,787
Other	-
Deferred tax liabilities sub total	-29,787
Deferred tax asset (net amount)	3,127,612
2. Main items causing discrepancy between statutory tax rate and effective tax rate	
Statutory tax rate	40.69%
(Reconciliation)	
Entertainment and other non deductible expenses	1.80%
Dividends received and other items in which profit is never included	- 4.72%
Dividends received from consolidated subsidiaries	5.12%
Amortization of goodwill	3.38%
Increase/decrease in valuation reserve	-9.64%
Other	-0.92%
Effective enterprise etc. tax burden	35.71%

Matters relating to business combinations

Previous consolidated accounting term (01.01.2009 – 12.31.2009)
None.

Current Consolidated Fiscal Term (01.01.2010 – 12.31.2010)
Purchase method

1. Name of company acquired, reason for business combination, date of business combination, legal form and name of business after acquisition, percentage of voting rights acquired.

(1) Name of company acquired and business description
Name of company acquired: CLICK Securities, Inc.
Business description: Internet securities business

(2) Main purposes of business combination
Objectives of the combination include leveraging the high-profile CLICK Securities brand, to conduct joint marketing activities, to improve the group's brand recognition, to distribute GMO TokuToku points to CLICK Securities customers, to boost circulation of GMO TokuToku points by offering free points to members who sign up for securities accounts and other similar campaigns and to drive further enrich corporate value.

(3) Date of business combination
10.29.2010

(4) Legal form of business combination and company name after combination
Legal form of business combination: stock acquisition
Company name after combination: no change

(5) Percentage of voting rights acquired
36.9%

2. Term in which acquired business is included in consolidated financial statements.
October 1 – December 31 2010

3. Breakdown: cost of acquisition of acquired company

Acquisition cost	Stock in CLICK Securities, Inc.	5,273,400	(¥thousands)
Direct expenses	Advisory expenses	20,653	(¥thousands)
Cost of acquisition		5,294,053	(¥thousands)

4. Amount of goodwill recognized, cause, method and term of amortization

Amount of goodwill recognized
¥2,134,935 (¥thousands)

(2) Cause
Goodwill is recognized due to future earnings capacity and expected business expansion

(3) Method and term of amortization
Uniformly amortized over 5 years

5. Amount and breakdown of assets and liabilities undertaken on date of combination.

Current assets	120,652,832	(¥thousands)
Fixed assets	2,114,483	(¥thousands)
Total Assets	122,767,315	(¥thousands)
Current liabilities	112,751,415	(¥thousands)
Fixed liabilities	586,063	(¥thousands)
Special law reserve	412,698	(¥thousands)
Total Liabilities	113,750,177	(¥thousands)

6. Estimated impact on consolidated statement of income in the current fiscal year if the business combination is complete on the first day of the consolidated fiscal year.

No amount is listed due to the difficulty of calculating an estimation.
Please be aware that these notes are unaudited.

Per Share Data

Item	Previous Consolidated Fiscal Year (01.01.2009 – 12.31.2009)	Current Consolidated Fiscal Year (01.01.2010 – 12.31.2010)
Shareholders' Equity Per Share	¥70.47	¥85.37
Net Profit per Share	¥13.49	¥22.09
Net Profit per Share (diluted)	—	—
	As no latent stock exists to dilute existing shares, no net profit per share (diluted) is reported in the term.	As no latent stock exists to dilute existing shares, no net profit per share (diluted) is reported in the term.

(note) Calculation Basis

1. Net profit per share and diluted net profit per share

Item	Previous Consolidated Fiscal Year (01.01.2009 – 12.31.2009)	Current Consolidated Fiscal Year (01.01.2010 – 12.31.2010)
Net Profit per Share		
Net profit (¥thousands)	1,354,171	2,209,419
Non-common stock (¥thousands)	—	—
Net profit allocated to common stock (¥thousands)	1,354,171	2,209,419
Average number of common shares outstanding in the period	100,373,745	100,003,441
Average number of treasury shares in the period	△41,476	△1,506
Average number of shares outstanding in the period	100,332,269	100,001,935
Net Profit per Share (diluted)		
Net income adjustment	—	—
Increase in no. of common shares	—	—
Residual security that does not dilute profit per share and is not included in Profit per Share (Diluted)	1. GMO Internet 2005 Equity Warrants 10,000 common shares 2. Consolidated subsidiaries (i) GMO AD Partners, Inc. 03.19.2006 Stock options 1,145 common shares 03.24.2005 Stock options 102 common shares (ii) GMO Hosting & Security, Inc. 2005 Stock options 570 common shares (iii) GlobalSign K.K. 2006 Stock options 651 common shares (iv) GMO Payment Gateway, Inc. 2004 Stock options 6th series 528 common shares 2009 Stock options 9th series 476 common shares 2009 Stock options 10th series 24 common shares (v) paperboy&co. Inc. Stock options 1st series 38,400 common shares (vi) GMO Research, Inc. 2007 Stock options 1st series 870 common shares 2008 Stock options 2nd series 260 common shares	1. GMO Internet 2005 Equity Warrants 10,000 common shares 2. Consolidated subsidiaries (i) GMO AD Partners, Inc. 03.24.2005 Stock options 102 common shares Stock options 4th series 1,920 common shares (ii) GMO Hosting & Security, Inc. 2005 Stock options 440 common shares (iii) GlobalSign K.K. 2006 Stock options 651 common shares (iv) GMO Payment Gateway, Inc. 2004 Stock options 6th series 528 common shares 2009 Stock options 9th series 473 common shares 2009 Stock options 10th series 24 common shares (v) paperboy&co. Inc. Stock options 1st series 37,350 common shares (vi) GMO Research, Inc. 2007 Stock options 1st series 870 common shares 2008 Stock options 2nd series 260 common shares

5. Non-consolidated Financial Statements etc.
(1) Balance Sheet

(Unit: ¥thousands)

	Previous Fiscal Year (As of Dec 31, 2009)	Current Fiscal Year (As of Dec 31, 2010)
Assets		
Current Assets		
Cash and deposits	5,153,357	5,67383,945
Accounts receivable	930,421	972,558
Products	5,866	8,649
Inventory assets	12,882	11,069
Advance payment	78,387	56,092
Prepaid expenses	87,482	135,686
Short term loans	791,801	829,655
Accrued corporate tax etc,	61,812	55,512
Deferred tax asset	523,650	425,376
Other	99,081	186,119
Provision for doubtful debts	- 263,929	-434,781
Total Current Assets	7,480,814	7,629,884
Fixed Assets		
Tangible fixed assets		
Buildings	88,970	114,346
Accumulated depreciation	- 50,463	-56,553
Buildings (net amount)	38,506	57,792
Structures	800	800
Accumulated depreciation	- 560	- 609
Structures (net amount)	239	190
Tools and equipment	18,627	22,664
Accumulated depreciation	- 16,665	- 18,225
Tools and equipment	1,961	4,439
Lease assets	132,758	1,247,678
Accumulated depreciation	- 16,680	- 134,143
Lease assets (net amount)	116,078	1,113,535
Total tangible fixed assets	156,786	1,175,957
Intangible fixed assets		
Goodwill	88,002	—
Trademark rights	1,556	1,157
Software	117,588	83,288
Nominal software account	—	—
Telephone subscription	10,128	10,128
Right of utilization	2,818	2,551
Lease assets	19,086	17,483
Total intangible fixed assets	239,180	114,609
Investments and other assets		
Investment securities	252,567	229,187
Affiliated company stock	4,789,288	11,322,344
Investments	0	0
Employee long-service bonuses	4,500	3,000
Long term loans to affiliated companies	395,268	239,189
Equity warrants in affiliated companies	14,353	14,353
Other securities in affiliated companies	490,246	402,216
Claims in bankruptcy etc.	5,420,475	—
Security deposit	332,426	359,039
Investment real estate	2,970,682	322,718
Accumulated depreciation	- 6,482	- 3,907

(Unit: ¥thousands)

	Previous Fiscal Year (As of Dec 31, 2008)	Current Fiscal Year (As of Dec 31, 2009)
Investment real estate (net amount)	2,964,199	318,811
Deferred tax asset	2,102,265	2,203,514
Other	30,850	31,785
Provision for doubtful debts	- 4,918,825	- 30,785
Total investments and other assets	11,877,617	15,092,656
Total fixed assets	12,273,585	16,383,223
Assets total	19,754,399	24,013,107
Liabilities		
Current Liabilities		
Short term debt	1,100,000	6,900,000
Current portion of long term debt	1,375,000	3,831,250
Lease liabilities	40,544	302,325
Amount payable	1,040,617	1,344,156
Expenses	9,944	22,379
Accrued consumption tax etc.	38,079	-
Payment received	146,049	243,700
Deposit received	2,038,520	1,937,018
Provision for bonuses	15,155	32,534
Provision for bonuses to Directors	63,025	78,616
Other	42,395	59,975
Total Current Liabilities	5,909,332	14,751,956
Fixed Liabilities		
Long term debt	9,581,250	3,250,000
Long term deposits	266,990	194,952
Silent partnership investment	-	73,119
Lease liabilities	102,935	902,750
Total fixed assets	9,951,176	4,420,822
Liabilities Total	15,860,508	19,172,779
Net Assets		
Shareholders' equity		
Capital stock	1,276,834	1,276,834
Earned surplus		
Earned reserve	90,434	150,435
Earned surplus carried forward	2,530,330	3,430,386
Total earned surplus	2,620,765	3,580,822
Treasury stock	- 625	- 625
Total shareholders' equity	3,896,975	4,857,031
Gaps in Appraisals, Conversions etc		
Other gaps in appraisal of securities	- 7,914	- 1,464
Hedging profit/loss carried forward	4,830	-15,239
Total gaps in appraisals, conversions etc	- 3,083	- 16,703
Total Net Assets	3,893,891	4,840,327
Total Liabilities, Net Assets	19,754,399	24,013,107

(ii) Statement of Income

(Unit: ¥thousands)

	Previous Fiscal Year (01.01.2008-12.31.2009)	Current Fiscal Year (01.01.2009-12.31.2010)
Sales	11,292,786	11,228,872
Cost of sales	5,759,781	6,222,852
Gross profit on sales	5,533,005	5,006,019
Sales General and Administrative Expenses		
Sales promotion expenses	19,689	54,856
Advertising expenses	365,942	362,422
Business outsourcing expenses	234,410	212,049
Allocation to provision for doubtful	36,256	25,954
Director remuneration	302,076	300,742
Salaries and bonuses	1,356,911	1,322,779
Allocation to provision for bonuses	12,455	27,434
Allocation to provision for Director bonuses	63,025	78,616
Welfare expenses	196,484	215,505
Travel and transport expenses	54,717	64,973
Rent	337,664	279,732
Depreciation expenses	58,281	22,022
Communication expenses	153,119	99,100
Commissions paid	218,252	266,952
Other	365,377	444,984
Total Selling General and Administrative Expenses	3,774,664	3,778,127
Operating Profit	1,758,340	1,227,892
Non Operating Revenue		
Interest received	297,545	44,618
Dividends received	469,309	480,258
Shared expenses	98,773	101,121
Commissions received	16,328	17,491
Property rent received	111,039	1,694
Other	19,555	127,534
Total Non Operating Revenue	1,012,552	772,719
Non Operating Expenses		
Interest paid	255,725	200,844
Interest on bonds	8,269	-
Commissions paid	39,111	77,657
Investment partnership loss	55,659	-
Other	51,039	55,890
Total Non Operating Expenses	409,805	334,393
Ordinary Profit	2,361,088	1,666,218
Extraordinary Profit		
Gain on sale of affiliated company stock	344,129	23,473
Gain on sale of investment securities	3,038	39,999
Reversal of provision for doubtful debts	483,340	-
Total Extraordinary Profit	830,507	63,473
Extraordinary Loss		
Loss on retirement of fixed assets	2,985	940
Loss on evaluation of investment securities	80	42
Loss on evaluation of affiliated company stock	180,607	4,373
Impairment loss	1,470,612	67,005
Provision for doubtful debts	-	180,121
Other	12,582	6,824
Total Extraordinary Loss	1,666,868	259,308

(Unit: ¥thousands)

	Previous Fiscal Year (01.01.2008-12.31.2009)	Current Fiscal Year (01.01.2009-12.31.2010)
	1,524,727	1,470,383
	-	-105,630
Net profit before adjustment for tax	1,524,727	1,576,013
Corporate, municipal and enterprise taxes	3,800	3,800
Adjustment for corporate tax etc.	- 36,975	12,145
Total corporate tax etc.	- 33,175	15,945
Net Profit	1,557,903	1,560,068

Cost of Sales Statement

		Previous Business Fiscal Year (01.01.09-12.31.09)		Current Business Fiscal Year (01.01.10-12.31.10)	
Item	Note	Amount (¥thousands)	Composition (%)	Amount (¥thousands)	Composition (%)
I Cost of product sales		4,816	0.1	3,412	0.1
II Labor costs		463,303	8.0	457,646	7.3
III Expenses	*1	5,291,662	91.9	5,761,793	92.6
Cost of Sales		5,759,781	100	6,222,852	100.0

Previous Business Fiscal Year (01.01.08-12.31.08)		Current Business Fiscal Year (01.01.09-12.31.09)	
*1 Breakdown of major expenses		*1 Breakdown of major expenses (¥thousands)	
Commissions paid	2,711,747	Commissions paid	3,304,861
Outsourcing expenses	1,362,233	Outsourcing expenses	978,974
Land rent	508,159	Land rent	595,513
Communication expenses	295,777	Communication expenses	376,068
Rent	155,317	Rent	107,173

(iii) Statement of Changes in Shareholders' Equity, etc.

(Unit: ¥thousands)

	Previous Fiscal Year (01.01.2009-12.31.2009)	Current Fiscal Year (01.01.2010-12.31.2010)
Shareholders' Equity		
Capital stock		
Balance at end of previous term	1,276,834	1,276,834
Changes during term		
Total changes during term	—	—
Balance at end of current term	1,276,834	1,276,834
Earned surplus		
Earned reserve		
Balance at end of previous term	—	90,434
Changes during term		
Earnings reserve fund	90,434	60,001
Total changes during term	90,434	60,001
Balance at end of current term	90,434	150,435
Other earned surplus		
Earned surplus carried forward		
Balance at end of previous term	2,166,889	2,530,330
Changes during term		
Dividends from surplus	-904,348	-600,011
Earnings reserve fund	-90,434	-60,001
Retirement of treasury stock	-199,679	-
Net profit	1,557,903	1,560,068
Total changes during term	363,440	90,055
Balance at end of current term	2,50,330	3,430,386
Total earned surplus		
Balance at end of previous term	2,166,889	2,620,765
Changes during term		
Dividends from surplus	-904,348	-60,011
Earnings reserve fund	-	-
Retirement of treasury stock	-199,679	-
Net profit	1,557,903	1,560,068
Total changes during term	453,875	960,056
Balance at end of current term	2,620,765	3,580,822
Treasury stock		
Balance at end of previous term	-461	-625
Changes during term		
Acquisition of treasury stock	-199,843	-
Retirement of treasury stock	199,679	-
Total changes during term	-164	-
Balance at end of current term	-625	-625
Total shareholders' equity		
Balance at end of previous term	3,443,263	3,896,975
Changes during term		
Dividends from surplus	-904,348	-600,011
Acquisition of treasury stock	-199,843	-
Retirement of treasury stock	-	-
Net profit	1,557,903	1,560,068
Total changes during term	453,711	960,056
Balance at end of current term	3,896,975	4,857,031

(Unit: ¥thousands)

	Previous Fiscal Year (01.01.2008-12.31.2009)	Current Fiscal Year (01.01.2009-12.31.2010)
Gaps in appraisals, conversions, etc.		
Other gaps in appraisal of securities		
Balance at end of previous term	444	-7,941
Changes during term		
Changes in items other than shareholders' equity in the current term (net amount)	-8,358	6,449
Total changes during term	-8,358	6,449
Balance at end of current term	-7,914	-1,464
Hedging profit/loss carried forward		
Balance at end of previous term	-12,909	4,830
Changes during term		
Changes in items other than shareholders' equity in the current term (net amount)	17,739	-20,069
Total changes during term	17,739	-20,069
Balance at end of current term	4,830	-15,239
Total gaps in appraisals, conversions, etc.		
Balance at end of previous term	-12,464	-3,083
Changes during term		
Changes in items other than shareholders' equity in the current term (net amount)	9,381	-13,620
Total changes during term	9,381	-13,620
Balance at end of current term	-3,083	-16,703
Net assets total		
Balance at end of previous term	3,430,798	3,893,891
Changes during term		
Dividends from surplus	-904,348	-600,011
Acquisition of treasury stock	-199,843	-
Net profit	1,557,903	1,560,068
Changes in items other than shareholders' equity in the current term (net amount)	9,381	-13,620
Total changes during term	463,092	946,436
Balance at end of current term	3,893,891	4,840,327

(5) Notes regarding the Going Concern Assumption

None