

## Consolidated First Quarter Results Statement for the Fiscal Year Ending December 2011 (Japanese GAAP)

May 9, 2011

Name of Listed Company: GMO Internet, Inc.

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

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Quarterly Report Release Date: May 13, 2011 Start Date of Dividend Payout: June 27, 2011

Supplementary documents prepared pertaining to quarterly financial results: Yes

Quarterly results presentation held: Yes (for institutional investors and analysts)

(all amounts rounded down to the nearest million yen)

### 1. Consolidated First Quarter Financial Results in the Fiscal Year Ending December 2011 (01.01.2011 - 03.30.2011)

#### (1) Consolidated Operating Results

(percentages represent year-on-year % change)

	Revenue		Operating Profit		Ordinary Profit		Net Profit	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
Three months ended								
March 31, 2011	14,464	45.1	2,056	60.4	1,916	46.3	1,188	105.9
March 31, 2010	9,969	3.1	1,281	16.2	1,310	12.6	577	-10.8

	Net Profit per Share	Net Profit per Share (Diluted)
Three months ended	¥	¥
March 31, 2011	11.85	—
March 31, 2010	5.77	—

#### (2) Consolidated Financial Condition

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity Per Share
As of	¥ millions	¥ millions	%	¥
March 31, 2011	179,241	23,431	9.0	136.89
FYE 12/2010	165,460	21,396	5.2	85.37

(Reference) Shareholders' Equity Q1 FYE 12/2011 ¥16,127 million FYE 12/2010 ¥8,537 million

### 2. Dividends

	Dividend per Share				
	End of Q1	End of Q2	End of Q3	End of Term	Total
	¥	¥	¥	¥	¥
FYE 12/2010	—	2.00	—	5.00	7.00
FYE 12/2011	2.00				
FYE 12/2011 (forecast)		2.00	2.00	2.00	8.00

(Note) Revision to dividend forecast during the current quarter: none

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

(Full year % represent previous term comparison, first half % represent previous first half comparison)

	Sales		Operating Profit		Ordinary Profit		Net Profit		Net Profit per Share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
First Half	—		—		—		—		—
Full Year	57,000	28.1	7,000	22.2	6,800	18.5	3,700	67.5	32.60

(Notes) Revision to dividend forecast during the current quarter: yes  
No first half guidance issued.

4. Other (Please refer to page 12 for details)

(1) Significant changes in subsidiaries in the current term (transfer of a subsidiary resulting in change in scope of consolidation): none

New: 0 companies

Excluded: 0 companies

(Note) Specifies any changes in significant subsidiaries that result in change in scope of consolidation

(2) Simplified accounting procedures or special accounting procedures applied: none

(Note) Specifies and simplified accounting procedures or special accounting procedures applied in preparation of consolidated financial statements for the current term.

(3) Changes to accounting principles, procedures or representation

1. Changes resulting from revisions to accounting standards: yes

2. Changes other than those specified above: none

(Note) Specifies any changes to accounting principles, procedures or representation listed under "Significant changes to accounting bases used in the preparation of financial statements in the current consolidated term.

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

1. No. of Outstanding Shares at End of Term  
(Including Treasury Stock)

Q1 FYE 12/2011	117,806,777	FYE 12/2010	100,003,441
Q1 FYE 12/2011	1,506	FYE 12/2010	1,506
Q1 FYE 12/2011	100,199,749	Q1 FYE 12/2010	100,001,935

2. No. of treasury shares at end of term

3. Average no. of shares in the term

\*Quarterly Results Statement Audit

The company has been selected under the Financial Instruments and Exchange law to submit its current quarterly results statements to be audited. At the time of this results statement release the audit is ongoing.

\* 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 refer to page 11 for details forecast details.

\*Change in Unit of Reporting

Consolidated financial statements have previously been represented in thousands of yen, however as of the first quarter of fiscal year 2011, amounts are now represented in millions of yen. Please note that in order to facilitate ease of comparison, the previous first quarter accounts have been converted to millions of yen

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\* The company will conduct a results presentation for investors. Details listed below.  
Presentation materials and video will be available from the GMO Internet investor relations website shortly after the close of the event. (Video is only available in Japanese)

Monday May 9, 2011      Presentation for Institutional Investors and Analysts

\* In addition to the above event, the company also holds presentations for individual investors on business activities and performance as necessary. Please refer to the GMO Internet investor relations website for details (note that these events are generally conducted in Japanese)

## Qualitative Information: Consolidated Financial Performance etc.

## 1. Consolidated Operating Results

## General Business Conditions

In the first quarter of fiscal year 2011, improvements in consumer spending and capital investment, signaled that the Japanese economy had begun to recover. However the massive earthquake that hit eastern Japan on March 11 and the subsequent power shortages resulted in reduced productivity and cutbacks in consumption, significantly impacting economic activity.

Despite the economic environment, conditions in the Internet market - the arena in which the group operates - and in particular the ecommerce market, remained 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.

Under these conditions, the group's Web Infrastructure & Ecommerce, Internet Media, and Internet Securities business segments continued to focus on improving service usability with the objective of growing user/membership base and strengthening revenues. In addition, a number of initiatives were pursued to ensure continued growth in the business group. These included the development of services for social apps and smartphones, two fields which the company has identified as high growth areas.

The eastern Japan earthquake did not significantly impact business activities and the group did not suffer any casualties. Overall, the impact of the disaster on revenues was minor, although certain businesses were affected. Details are outlined in the Segment Report. GMO Internet Group services, GMO TokuToku Point and Kumapon by GMO collected donations to support recovery in regions affected by the earthquake and a portion of revenue in Internet Media and Search Media was also donated.

At the end of the first quarter a significant rise in revenue and profits was reported. Sales: ¥14.464 billion (45.1% year-on-year increase) Operating Profit: ¥2.056 billion (60.4% year-on-year increase) Ordinary Profit: ¥1.916 billion (46.3% year-on-year increase). Net profit before tax increased 28.3% year on year to ¥1.528 billion after extraordinary profit and losses totaling ¥32 million and ¥420 million respectively. Extraordinary losses included provisioning for ¥129 million in doubtful debt and an ¥84 million loss on retirement of fixed assets no longer used in business.

Final net profit rose 105.9% from the previous corresponding term to ¥1.188 billion. Corporate municipal and business taxes totaled ¥928 million, and the impact of GMO CLICK Securities becoming a wholly-owned subsidiary was reflected in recoverable amount of deferred tax asset resulting in as -¥1.169 million tax adjustment, and minority shareholder profits were ¥581 million.

(Unit: ¥millions)

	Previous Q1	Current Q1	Change	% Change
Sales	9,969	14,464	4,495	45.1%
Operating Profit	1,281	2,056	775	60.4%
Ordinary Profit	1,310	1,916	606	46.3%
Net Profit	577	1,188	611	105.9%

Segment Report  
Revenue and profit in each segment.

(Unit: ¥millions)

	Previous Q1	Current Q1	Change	% Change
Web Infrastructure & Ecommerce				
Revenue	4,905	5,746	841	17.2%
Segment Profit	743	966	223	30.1%
Internet Media				
Revenue	5,217	5331	114	2.2%
Segment Profit	548	454	-94	-17.2%
Internet Securities				
Revenue	—	3,484	3,484	—
Segment Profit	—	801	801	—
Social Media & Smartphone Platform				
Revenue	—	164	164	—
Segment Profit	-7	-176	-169	—
Incubation				
Revenue	1	12	10	701.3%
Segment Profit	-14	-7	6	—
Adjustment				
Revenue	-154	-273	-118	—
Segment Profit	11	18	7	—
Total				
Revenue	9,969	14,464	4,495	45.1%
Segment Profit	1,281	2,056	774	60.4%

## Description of businesses in each segment

Business Segment	Main Operations	
Web Infrastructure & Ecommerce	Domain registration	• 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 building 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.
	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.
	Provider (ISP)	• GMO TokuToku BB, interQ, MEMBERS, ZERO, other access provider services.

Business Segment		Main Operations
Internet Media	Internet media & search media	<ul style="list-style-type: none"> <li>• Development and operation of blog services yaplog! and JUGEM, Internet community services including freeml and other Internet advertising media.</li> <li>• SEM Media JWord operation and sales of JWord, Japanese keywords. Sales of SEO (Search Engine Optimization) services.</li> <li>• Ad Networks Distribution of contextual advertising to owned &amp; operated media and search engine results pages.</li> </ul>
	Advertising agencies	<ul style="list-style-type: none"> <li>• Internet advertising, mobile advertising, search engine advertising, affiliate advertising</li> <li>• Advertising production</li> </ul>
	Other	<ul style="list-style-type: none"> <li>• Provision of Internet research systems, management and operation of online research panel.</li> </ul>
Internet Securities	Internet securities	<ul style="list-style-type: none"> <li>• Operation of online securities trading, foreign exchange trading services etc.</li> </ul>
Social Media & Smartphone Platform	Social apps	<ul style="list-style-type: none"> <li>• Social apps development/operation support</li> </ul>
	Smartphone games platform	<ul style="list-style-type: none"> <li>• GMO GameCenter game apps market for Android devices</li> </ul>
	Flash marketing	<ul style="list-style-type: none"> <li>• Operation of group commerce website, Kumapon by GMO</li> </ul>
Incubation	Venture capital	<ul style="list-style-type: none"> <li>• Investment in unlisted Internet ventures</li> </ul>

As of the first quarter “Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (ASBJ Statement No. 17, March 27, 2009) and “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, March 21, 2008) are applied.

Previous term revenue and operating profit comparisons are represented by applying the above standard retroactively.

#### Web Infrastructure & Ecommerce

In the first quarter the domain business continued to expand market share by maintaining a low-price strategy. Strong growth was reflected in a 43.5% year-on-year increase in domain registrations and renewals to 423 thousand. Total managed domains reached 1.835 million (39.5% year-on-year increase). Despite low unit prices, revenue rose 21.3% to ¥692 million as a result of the high rate of renewals for domain names registered in the previous fiscal year.

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, comprehensive cloud solutions brand, GMO Cloud was launched. GMO Cloud’s offering spans initial consultation, system planning and architecture through to operation and surveillance

Overall web hosting contracts increased 15.9% over the previous corresponding term to 514 thousand and sales grew 15.9% year-on-year up to ¥2.639 billion.

The ecommerce solutions and web development 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 49 thousand. Recognizing the importance of further growing transaction volume, the business remained focused on strengthening ecommerce solutions by networking ecommerce stores and developing the points reward program in an effort to attract more customers. At the end of the first quarter ecommerce solutions and web development revenue of ¥582 million was recorded (24.3% year-on-year increase).

Sales were strong in the security business as Japan, North America and Europe expanded sales partnerships. The business reported revenue of ¥423 million (15.2% year-on-year increase).

The payment processing business saw an increase in merchants and growth in recurring payments. During the first quarter, micro payment and authentication service, mopita was launched. The service is aimed at the smartphone and social apps market and allows users to accept payments as low as 100 yen. Going forward, this business will continue providing services for the growing smartphone platform market. Payment processing reported revenue of ¥931 million (23.6% year-on-year increase).

Results in the Web Infrastructure and Ecommerce segment, chiefly comprising the five product areas above, were as follows; revenue: ¥5.746 billion (17.2% year-on-year increase), operating profit: ¥966 million (30.1% year-on-year increase).

#### Internet Media

According to Dentsu, Inc. Japan spent ¥774.7 billion on Internet advertising in 2010 (up 109.6% from the previous year) and there was growth right throughout the recovering market.

The group's Internet media & search media business creates and operates online media properties including Booklog, freeml and blog services Jugem and Yaplog! The same business division sells SEO and other SEM media including JWord (Japanese search service) keywords. In the first quarter initiatives aimed at strengthening the JWord product included a partnership with So-net Media Networks that saw JWord links displayed on So-net search result pages.

However, due to factors including the impact on SEM media sales of the March 11 eastern Japan earthquake, Internet Media and Search Media revenue fell 6.4% year-on-year to ¥2.418 billion.

In the advertising agencies business, mobile advertising performed well. On January 1 of the current fiscal year GMO AD Partners, Inc. absorbed subsidiary Sanow, Inc. with the objective of improving operational efficiency. As a result the Internet advertising business reported revenue of ¥2.648 billion (14.0% year-on-year increase).

Overall, the Internet Media segment reported revenue of ¥5.331 billion (2.2% year-on-year increase), however due to a drop in SEM media sales operating profit fell 17.2% from the previous corresponding term to ¥454 million.

#### Internet Securities

In the first quarter in the foreign exchange margin transaction business, marketing campaigns relating to Click 365 (exchange FX margin contracts) were continued and the service line up was expanded with the launch of FX options trading (predicting exchange rates at set future time). In the securities trading business margin transaction fees were reduced significantly and 0 yen margin transaction fee campaigns were held with the objective of further boosting customer satisfaction. As a result, at the end of the first quarter number of securities trading accounts was 108,212, and number of OTC foreign exchange trading accounts was 161,196. Revenue in the Internet Securities segment was ¥3.484 billion and operating profit was ¥801 million.

Also in the first quarter, GMO CLICK Securities became a wholly owned subsidiary of GMO Internet following a stock swap. The stock swap was executed on March 31, 2011 and the company became a wholly owned subsidiary on the same day. Goodwill arising from the stock swap will be amortized over a period of five years (equal amortization). The balance of goodwill related to GMO Click Securities at the end of the first quarter is ¥2.975 billion.

#### Social Media & Smartphone Platform

In the social apps business, Gudram Master by GMO and Densetsu no Mamoribito by GMO - two social apps born out of the GMO Social Apps Initiative of the previous fiscal year – both performed well.

The smartphone game platform business operates GMO GameCenter (G-Gee), a game apps market for Android devices. GMO GameCenter provides a unique mix of big-name titles from major game companies and original creations from independent developers. In the first quarter the business focused on broadening content with the objective of growing membership base. Preparations were also made to expand into global markets.

The flash marketing business operates group commerce website, Kumapon by GMO. In the first quarter Kumapon by GMO focused on marketing with the production of a television commercial and extensive search ad and targeted website advertising. At the same time, content was broadened with the inclusion of coupons for Michelin guide listed restaurants.

The Social Media & Smartphone Platform segment reported sales in the first quarter of ¥164 million, and an operating loss of ¥176 million.

#### Incubation Business

In the incubation business, GMO VenturePartners provides business expansion and corporate value building support to Internet related companies, as well as investment through investment funds managed by the company. In the current quarter, incubation business revenue was ¥12 million (701.3% year-on-year increase), and an operating loss of ¥7 million was reported (operating loss was ¥14 million in the previous corresponding term).

(Reference 1)

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

(Unit: ¥millions)

	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011
Revenue	9,969	10,490	10,138	13,886	14,464
Operating Profit	1,281	1,282	1,232	1,931	2,056
Ordinary Profit	1,310	1,269	1,231	1,926	1,916
Net Profit	577	541	560	530	1,188
Total Assets	40,898	42,729	44,166	165,460	179,241
Shareholders' Equity	7,199	7,686	8,041	8,537	16,127



(Reference 2)

Table: Quarterly Changes by Segment

## I Sales by Segment

(¥millions)

	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011
Web Infrastructure & Ecommerce					
Provider (ISP)	280	274	272	272	280
Domain registration	571	567	541	594	692
Web hosting	2,278	2,295	2,286	2,578	2,639
Ecommerce solutions & web development	468	443	477	520	582
Security	367	410	389	415	423
Payment processing	753	777	824	872	931
Other	185	197	230	225	196
Segment Sales Total	4,905	4,965	5,020	5,480	5,746
Internet Media					
Internet media & search media	2,584	2,617	2,595	2,617	2,418
Advertising agencies	2,322	2,363	2,369	2,649	2,648
Other	309	280	263	291	264
Segment Sales Total	5,217	5,260	5,228	5,558	5,331
Social Media & Smartphone Platform					
Segment Sales Total	—	3	12	56	164
Internet Securities					
Segment Sales Total	—	—	—	2,918	3,484
Incubation					
Segment Sales Total	1	406	35	51	12
Adjustment for inter segment transactions	(154)	(146)	(158)	(179)	(273)
Consolidated Sales	9,969	10,490	10,138	13,886	14,464

## II Operating Profit by Segment

(¥millions)

	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011
Web Infrastructure & Ecommerce	743	716	724	848	966
Internet Media	548	509	556	526	454
Social Media & Smartphone Platform	-7	-53	-72	-198	-176
Internet Securities	—	—	—	740	801
Incubation	-14	94	10	5	-7
Sub total	1,270	1,266	1,219	1,922	2,037
Adjustment for inter segment transactions	11	16	12	9	18
Consolidated Operating Profit	1,281	1,282	1,232	1,931	2,056

(note) Segment report standards have been revised from the current quarter. The new standards have been applied retroactively to revenue and operating profit of previous fiscal years.

## 2. Consolidated Financial Condition

### Assets, Liabilities, and Net Assets

Significant changes in the state of assets, liabilities and net assets on December 31, 2010 and March 31, 2011, are as follows.

Current assets increased ¥12.142 billion (8.1%) from the end of the previous fiscal year to ¥162.413 billion. Major contributing factors were a ¥2.252 billion rise in cash and deposits, as well as increases of ¥4.946 billion in deposits received and ¥7.072 billion in margin transaction assets in the securities business, and a decrease in variation margin paid (¥3.661 billion), also in the securities business.

Fixed assets increased ¥1.638 billion (10.1%) from the end of the previous fiscal year to ¥16.828 billion. This was chiefly due to the procurement of servers and other equipment - an increase in tangible fixed assets (¥633 million), and increases of ¥738 million in goodwill and ¥820 million in deferred tax asset arising from a stock swap with GMO CLICK Securities.

Overall, assets total increased ¥13.781 billion (8.3%) from the end of the previous fiscal year to ¥179.241 billion.

Current liabilities increased ¥11.604 billion (8.4%) from the end of the previous fiscal year to ¥149.815 billion. Major contributing factors included an increase in margin transaction liability (¥7.297 billion), and decrease in deposits received (¥2.225 billion) in the securities business as well as an increase in short term loans ¥5.902 billion.

Fixed liabilities increased ¥86 million (1.6%) from the end of the previous fiscal year to ¥5.487 billion.

Overall, liabilities total increased ¥11.745 billion (8.2%) from the end of the previous fiscal year to ¥155.809 billion.

Net assets increased ¥2.035 billion (9.5%) from the end of the previous fiscal year to ¥23.431 billion. The stock swap boosted earned surplus by ¥6.836 billion and ¥723 million was transferred from earned surplus to capital. However, overall earned surplus decreased by ¥34 million yen. Items impacting earned surplus include net profit (¥1.188 billion increase), dividends paid (¥500 million decrease), and a transfer to capital (¥723 million). Also, minority equity decreased ¥5.556 billion also as a result of the stock swap.

### Cash Flow

In the first quarter of the current fiscal year, consolidated cash flow used in operating activities was ¥2.073 billion while cash flow used in investing activities was ¥541 million, and ¥4.813 billion was provided by financing activities. As a result, the balance of consolidated cash and cash equivalents stood at ¥30.061 billion at the end of the first quarter.

The following is a summary of cash flow activity in the first quarter.

Cash flow used in operating activities totaled ¥2.073 billion (¥1.432 billion provided in the previous corresponding quarter). Major items included net profit before tax and other adjustments amounting to ¥1.528 billion, depreciation (¥508 million), short term guarantee deposits (¥4.946 billion decrease) and increases and decreases due to variation margin paid and received (¥3.797 billion decrease) in the Internet securities segment, as well corporate and other tax payments (¥786 million).

Cash flow used in investing activities was ¥541 million (¥718 million was used in the previous corresponding term). Outflows included payments of ¥246 million in the acquisition of tangible fixed assets, and ¥226 million in the acquisition of intangible fixed assets.

Cash flow provided by financing activities was ¥4.813 billion (¥890 million was used in the previous corresponding term). Significant items included repayment of ¥6.002 billion (net amount) in short-term loans, and a ¥369 million repayment of long-term loans, ¥432 million on payment of dividends, and payment of dividends totaling ¥263 million to minority shareholders.

3. Qualitative Information - Consolidated Earnings Forecasts

The full year earnings forecast previously issued on February 9, 2011 has been revised. Please refer to the disclosure statement filed today for details. (*Revision to Consolidated Earnings Forecast for the Fiscal Year Ending December 2011, May 9, 2011*).

2. Other Information

(1) Summary of changes to significant subsidiaries  
none

(2) Summary of simplified or special accounting procedures  
None

(3) Summary of changes to accounting principles, procedures and representation

Application of accounting standards for asset retirement obligationsAs of the first quarter of the current fiscal year Accounting Standards for Asset Retirement Obligations (ASBJ Statement No. 18 March 31, 2010) and Guidance on Accounting Standards for Asset Obligations (ASBJ Guidance No. 21 March 31, 2010) are applied.

The impact of this change on profit and loss is immaterial.

Change in method of representation

As a result of the application of the “Cabinet Office Ordinance for Amendments to the Regulations on the Terminology, Format, and Preparation of Financial Statements”(Cabinet Office Ordinance No. 5, March 24, 2009) as per Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, December 26, 2008), “Net profit before minority interests” is reported from the first quarter of the current fiscal year.

(4) Summary of notes regarding the going concern assumption  
none

#### 4. Consolidated Financial Statements

##### (1) Consolidated Balance Sheet

(Unit: ¥millions)

	1st Quarter Current Fiscal Year (As of March 31, 2011)	Previous Fiscal Year (As of Dec 31, 2010)
<b>Assets</b>		
Current Assets		
Cash and deposits	30,121	27,869
Trade notes and accounts receivable	4,964	4,906
Operational investment securities	659	658
Securities business deposits	72,033	67,087
Securities business margin transaction assets	27,984	20,912
Securities business short term guarantee deposits	17,043	16,797
Securities business variation margin paid	4,968	8,629
Deferred tax asset	1,145	811
Other	4,104	2,966
Provision for doubtful debts	-609	-368
<b>Total Current Assets</b>	<b>162,413</b>	<b>150,270</b>
Fixed Assets		
Tangible fixed assets	3,191	2,557
Intangible fixed assets		
Goodwill	4,809	4,071
Software	2,317	2,436
Other	227	190
<b>Total intangible fixed assets</b>	<b>7,354</b>	<b>6,698</b>
Investments and other assets		
Investment securities	1,210	1,317
Deferred tax asset	3,155	2,334
Other	2,152	2,479
Provision for doubtful debts	-235	-197
<b>Total investments and other assets</b>	<b>6,282</b>	<b>5,933</b>
<b>Total Fixed Assets</b>	<b>16,828</b>	<b>15,189</b>
<b>Total Assets</b>	<b>179,241</b>	<b>165,460</b>
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	1,694	1,627
Short term debt	20,709	14,807
Amount payable	3,673	3,491
Securities business deposits received	6,263	6,222
Securities business margin transaction liability	25,996	18,698
Securities business guarantees received	75,028	77,254
Securities business variation margin received	1,089	954
Accrued corporate tax etc.	1,455	1,171
Allowance for bonuses	317	279
Allowance for bonuses to directors	211	201
Advance payment received	2,982	2,928
Deposits received	8,268	8,455
Other	2,123	2,120
<b>Total Current Liabilities</b>	<b>149,815</b>	<b>138,211</b>

(Unit: ¥millions)

	1st Quarter Current Fiscal Year (As of March 31, 2011)	Previous Fiscal Year (As of Dec 31, 2010)
<b>Fixed Liabilities</b>		
Long term debt	3,138	3,407
Deferred tax liability	13	17
Other	2,335	1,975
<b>Total Fixed Liabilities</b>	<b>5,487</b>	<b>5,400</b>
<b>Statutory Reserve</b>		
Financial instruments transaction liability reserve	506	451
Total Statutory Reserve	506	451
<b>Total Liabilities</b>	<b>155,809</b>	<b>144,064</b>
<b>Net Assets</b>		
<b>Shareholders' Equity</b>		
Capital stock	2,000	1,276
Capital surplus	6,836	-
Earned surplus	7,377	7,412
Treasury stock	-0	-0
<b>Total Shareholders' Equity</b>	<b>16,213</b>	<b>8,688</b>
<b>Gaps in Appraisals, Conversions etc.</b>		
Other gaps in evaluation of securities	2	-22
Hedging profit/loss carried forward	-4	-19
Foreign currency translation account	-84	-109
<b>Total Gaps in Appraisals, Conversions, etc.</b>	<b>-86</b>	<b>-151</b>
Equity Warrants	18	15
Minority Equity	7,286	12,842
<b>Total Net Assets</b>	<b>23,431</b>	<b>21,396</b>
<b>Liabilities, Net Assets Total</b>	<b>179,241</b>	<b>165,460</b>

## (2) Consolidated Statement of Income

## 1st Quarter Consolidated Statement

(Unit: ¥millions)

	1st Quarter Previous Fiscal Year (3 months to Mar, 2010)	1st Quarter Current Fiscal Year (3 months to Mar, 2011)
Sales	9,969	14,464
Cost of Sales	4,555	5,525
Gross Profit on Sales	5,413	8,939
Sales, General & Administrative Expenses	4,131	6,882
Operating Profit	1,281	2,056
Non Operating Revenue		
Interest received	21	2
Dividends received	35	5
Property rent received	25	2
Other	26	11
Total Non Operating Revenue	109	22
Non Operating Expenses		
Interest paid	50	70
Equity method investment loss	-	54
Other	30	38
Total Non Operating Expenses	81	162
Ordinary Profit	1,310	1,916
Extraordinary Profit		
Gain on sale of investment securities	39	-
Return on cancellation of insurance	-	25
Other	5	7
Total Extraordinary Profit	45	32
Extraordinary Loss		
Loss on disposal of fixed assets	21	84
Impairment loss	55	-
Office relocation expenses	10	9
Loss on sale of stock in affiliated companies	61	-
Provision for securities transaction liability reserve	-	55
Addition to provision for doubtful debt	-	129
Other	15	141
Total Extraordinary Loss	164	420
Net Profit before Adjustment for Tax etc.	1,191	1,528
Corporate, Municipal and Enterprise Taxes	353	928
Corporate Tax etc. Adjustment	49	-1,169
Total Corporate Taxes etc.	403	-241
Net Profit before Minority Equity Adjustment	-	1,769
Minority Interests	210	581
Net Profit	577	1,188

## (4) Consolidated Statement of Cash Flows

1st Quarter Consolidated Statement

(Unit: ¥millions)

	1st Quarter Previous Fiscal Year (3 months to Mar, 2010)	1st Quarter Current Fiscal Year (3 months to Mar, 2011)
<b>Cash Flow from Operating Activities</b>		
Net Profit before adjustment for tax etc.	1,191	1,528
Depreciation expenses	251	508
Amortization of goodwill	111	258
Gain or loss on sale of investment securities (- represents gain)	-39	-
Gain or loss on sale of affiliated company stock (- represents gain)	61	-
Interest and dividends received	-57	-7
Interest paid	50	70
Change in accounts receivable (-represents increase)	-169	16
Change in purchase debts (- represents decrease)	40	38
Change in deposits in securities business (- represents increase)	-	-4,946
Change in short term guarantee deposits in securities business (-represents increase)	-	-245
Change in margin variation paid and received in securities business	-	3,797
Changes in deposits and guarantees received in securities business (- represents increase)	-	-2,184
Other	150	-54
Sub total	1,591	-1,219
Interest and dividends received	55	5
Interest paid	-51	-72
Corporate tax etc. paid	-723	-786
Income from sale etc. of bad receivables	560	-
<b>Cash Flow from Operating Activities</b>	<b>1,432</b>	<b>-2,073</b>
<b>Cash Flow from Investing Activities</b>		
Payment of fixed term deposit	-200	-
Expenditure on acquisition of tangible fixed assets	-147	-246
Expenditure on acquisition of intangible fixed assets	-70	-226
Expenditure on acquisition of securities	-30	-10
Income accrued on sale of investment securities	40	2
Expenditure on acquisition of subsidiary stock	-294	-61
Income accrued on the sale of subsidiary stock resulting in change in scope of consolidation	3	-
Other	-18	1
<b>Cash Flow from Investing Activities</b>	<b>-718</b>	<b>-541</b>
<b>Cash Flow from Financing Activities</b>		
Income accrued on short term loans	1,850	24,800
Expenditure on repayment of short term loans	-1,800	-18,798
Expenditure on long term loans	-351	-369
Payment of dividends	-341	-432
Payment of dividends to minority shareholders	-222	-263
Other	-25	-122
<b>Cash Flow from Financing Activities</b>	<b>-890</b>	<b>4,813</b>
Currency Translation Adjustment on Cash and Equivalents	-21	53
Change in Cash and Equivalents (- represents decrease)	-198	2,252
Balance of Cash and Equivalents at Beginning of Term	20,723	27,809
Increase in Cash and Equivalents following Increase in Consolidation	49	-
<b>Balance of Cash and Equivalents at End of Term</b>	<b>20,575</b>	<b>30,061</b>



(4) Notes regarding the Going Concern Assumption  
None

(5) Segment Data

Data by segment

Previous 1st Quarter (01.01.2010-31.03.2010)

	Web Infrastructure & Ecommerce (¥millions)	Internet Media (¥millions)	Other Businesses (¥millions)	Total (¥millions)	Intercompany or group-wide (¥millions)	Consolidated (¥millions)
Revenue						
(1) Sales to unaffiliated customers	4,856	5,110	1	9,969	-	9,969
(2) Internal transactions	48	106	-	154	(154)	-
Total	4,905	5,217	1	10,123	(154)	9,969
Operating Profit/ Loss (-)	743	541	-14	1,270	11	1,281

(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) Other Businesses

Venture capital business

Segment data by location

Previous 1st Quarter (01.01.2010-31.03.2010)

Japan accounted for over 90% of revenue across all segments and therefore location data is omitted.

Global Revenue

Previous 1st Quarter (01.01.2010-31.03.2010)

Revenue from outside Japan accounted for less than 10% of total consolidated revenue and therefore this segment data is omitted.

## Segment Data

## Overview of Reportable Segments

Segment reporting enables an overview of financial condition in each segment of the GMO Internet Group. Segmentation is periodically reviewed by the Board of Directors in order to make decisions regarding allocation of management resources and evaluate business performance.

GMO Internet Group operates a comprehensive line up of Internet related services. The group's operations are divided into five business segments according to service type. The five segments are: Web Infrastructure & Ecommerce, Internet Media, Internet Securities, Social Media & Smartphone Platform, and Incubation.

The Web Infrastructure & Ecommerce segment provides businesses and individuals with the tools required to communicate over the Internet. Services include domain registration, web hosting, Internet security, ecommerce solutions and web development, and payment processing services. The Internet Media segment provides Internet marketing solutions. In addition to operating media properties including blog and online community services, this segment operates Japanese keyword search service JWord and sells SEM media, Search Engine Optimization, and Internet advertising. The Social Media & Smartphone Platform segment provides social apps development support operates smartphone game platform, GMO GameCenter, and also operates group commerce website, Kumapon by GMO. The Internet Securities segment operates online securities and foreign exchange trading services. The Incubation segment invests primarily in unlisted Internet related businesses.

## 2. Information relating to Revenue, Profit and Loss in each Segment.

1st Quarter of Current Consolidated Fiscal Year (01.01.2011-31.03.2011)

(Unit: ¥millions)

	Segment						Adjustment	Consol. Statement of Income
	Web Infrastructure & Ecommerce	Internet Media	Internet Securities	Social Media & Smartphone Platform	Incubation	Total		
Revenue								
Sales to unaffiliated customers	5,687	5,117	3,484	164	12	14,464		14,464
Internal Transactions or Transfers	59	214	—	—	—	273	-273	—
Total	5,746	5,331	3,484	164	12	14,738	-273	14,464
Segment Profit or Loss (-)	966	454	801	-176	-7	2,037	18	2,056

(notes) 1. Segment profit adjustment (¥18 million) is an adjustment for internal segment transactions.

2. Segment profit is based on the Operating Profit line item in the consolidate statement of income.

## 3. Information relating to depreciation of fixed assets and goodwill

Significant depreciation losses relating to fixed assets

None

Significant changes in goodwill

Goodwill increased in the Internet Securities segment as a result of GMO CLICK Securities becoming a wholly owned subsidiary following a stock swap. Goodwill increased by ¥1.001 billion as a result of this event.

Profit arising from negative goodwill

None

## Additional information

As of the first quarter of the current fiscal year, “Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (ASBJ Statement No. 17, March 27, 2009) and “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, March 21, 2008) are applied.

Revenue, profit and loss by segment under in the first quarter of the previous fiscal year under the new standards are as follows.

Previous 1st Quarter (01.01.2010-31.03.2010)

(Unit: ¥millions)

	Segment						Adjustment	Consol. Statement of Income
	Web Infrastructure & Ecommerce	Internet Media	Internet Securities	Social Media & Smartphone Platform	Incubation	Total		
Revenue								
Sales to unaffiliated customers	4,856	5,110	—	—	1	9,969	—	9,969
Internal Transactions or Transfers	48	106	—	—	—	154	-154	—
Total	4,905	5,217	—	—	1	10,123	-154	9,969
Segment Profit or Loss (-)	743	548	—	-7	-14	1,270	11	1,281

## (6) Notes regarding significant changes in shareholders' equity

On March 31, 2011, a stock swap was executed in which GMO Internet became the wholly-owning parent company of GMO CLICK Securities (formerly CLICK Securities) and CLICK Securities became a wholly-owned subsidiary. As a result of the stock swap outstanding shares increased by 17,803,336 shares and capital surplus increased by ¥6.836 billion.

## (7) Other significant items

Application of consolidated tax payment structure

Consolidated tax payment reporting is applied from the first quarter of the current fiscal year.