

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

August 8, 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: August 11, 2011 Start Date of Dividend Payout: September 28, 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 Second Quarter Financial Results in the Fiscal Year Ending 12/2011 (01.01.2011 - 06.30.2010)

#### (1) Consolidated Operating Results

(percentages represent year-on-year % change)

	Revenue		Operating Profit		Ordinary Profit		Net Profit	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
Six months ended								
June 30, 2011	29,515	44.3	4,003	56.1	3,751	45.4	1,982	77.2
June 30, 2010	20,459	7.8	2,564	16.1	2,579	11.3	1,118	-8.7

	Net Profit per Share	Net Profit per Share (Diluted)
Six months ended	¥	¥
June 30, 2011	18.17	—
June 30, 2010	11.18	—

#### (2) Consolidated Financial Condition

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity Per Share
As of	¥ millions	¥ millions	%	¥
June 30, 2011	186,135	25,008	9.1	143.69
FYE 12/2010	165,460	21,396	5.2	85.37

(Reference) Shareholders' Equity Q2 FYE 12/2011 ¥16,928 million FYE 12/2010 ¥8,537 million

### 2. Dividends

	Dividends 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	2.00			
FYE 12/2011 (forecast)			3.00	3.00	10.00

(Note) Revision to dividend forecast during the current quarter: yes

### 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)

	Revenue		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

(Note) Revision to dividend forecast during the current quarter: no

No first half guidance issued.

4. Other (Please refer to Page 11 for details)

(1) Changes to significant subsidiaries in the current term: 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)

Q2 FYE 12/2011	117,806,777	FYE 12/2010	100,003,441
Q2 FYE 12/2011	1,684	FYE 12/2010	1,506
Q2 FYE 12/2011	109,051,110	Q2 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.

\* 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 refer to page 10 for current earnings forecasts.

\*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 second quarter accounts have been converted to millions of yen.

## Contents

1. Qualitative Information: Consolidated Financial Performance etc. ....	2
(1) Consolidated Operating Results .....	2
(2) Consolidated Financial Condition .....	9
(3) Consolidated Results Forecast .....	10
2. Other Information .....	11
(1) Summary of changes to significant subsidiaries .....	11
(2) Summary of simplified and special accounting procedures .....	11
(3) Summary of changes to accounting principles, procedures and representation .....	11
(4) Summary of notes regarding the going concern assumption .....	11
3. Consolidated Financial Statements .....	12
(1) Consolidated balance sheet.....	12
(2) Consolidated statement of income.....	14
(3) Consolidated statement of cash flows.....	15
(4) Notes regarding the going concern assumption.....	17
(5) Segment data .....	17
(6) Significant changes in shareholders' equity .....	19
(7) Additional information .....	19

\* 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 August 8, 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)

## 1. Qualitative Information: Consolidated Financial Performance etc.

### 1. Qualitative Information - Consolidated Operating Results

#### General Business Conditions

In the second quarter of fiscal year 2011, with signs of improvement in consumer spending and capital investment, the Japanese economy had begun to make a recovery. However, the massive earthquake that hit eastern Japan on March 11, and the subsequent power shortages have resulted in reduced productivity and cutbacks in consumption which have had a significant impact on 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. Marking the group's expansion in these growth areas a new corporate brand logo - part of a new brand image – has been adopted. Under the corporate catch phrase "Internet for Everyone" and with a new brand logo the group continually strives to be Japan's leading all-in provider of Internet services.

The group's Web Infrastructure & Ecommerce, Internet Media, and Internet Securities business segments continued to focus on improving service usability in order to grow user/membership base and strengthen revenues. In addition, a number of initiatives were pursued in these segments with the objective of ensuring continued growth in the business group. Two such examples are social apps and smartphone related projects, these are markets that the company has identified as future 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.

Revenue and profits rose significantly in the second quarter. Revenue: ¥29.515 billion (44.3% year-on-year increase) Operating Profit: ¥4.003 billion (56.1% year-on-year increase) Ordinary Profit: ¥3.751 billion (45.4% year-on-year increase). Net Profit before tax increased 39.3% year on year to ¥3.341 billion after ¥93 million yen in extraordinary profit from items including the sale of fixed assets, and extraordinary losses totaling ¥504 million yen including provisioning for ¥140 million in doubtful debt and an ¥89 million loss on retirement of fixed assets no longer used in business.

Net profit rose 77.2% from the previous corresponding term to ¥1.982 billion. Corporate municipal and business taxes totaled ¥1.658 billion, and the impact of GMO CLICK Securities (formerly CLICK Securities, Inc.) becoming a wholly-owned subsidiary was factored into the calculation of recoverable amount of deferred tax asset and as a result adjustment for tax etc. was -¥1.068 billion and minority shareholder profits were ¥768 million.

(Unit: ¥millions)

	Previous Q2	Current Q2	Change	% Change
Revenue	20,459	29,515	9,055	44.3%
Operating Profit	2,564	4,003	1,438	56.1%
Ordinary Profit	2,579	3,751	1,171	45.4%
Net Profit	1,118	1,982	863	77.2%

## Segment Report

Revenue and profit in each segment.

(Unit: ¥millions)

	Previous Q2	Current Q2	Change	% Change
Web Infrastructure & Ecommerce				
Revenue	9,870	11,567	1,696	17.2%
Segment Profit	1,459	1,669	210	14.4%
Internet Media				
Revenue	10,478	10,574	96	0.9%
Segment Profit	1,057	815	-242	-22.9%
Internet Securities				
Revenue	—	7,392	7,392	—
Segment Profit	—	2,231	2,231	—
Social Media & Smartphone Platform				
Revenue	3	694	690	20020.3%
Segment Profit	-61	-693	-632	—
Incubation				
Revenue	408	14	-394	-96.5%
Segment Profit	79	-96	-176	—
Adjustment				
Revenue	-301	-727	-426	—
Segment Profit	28	76	47	—
Total				
Revenue	20,459	29,515	9,055	44.3%
Segment Profit	2,564	4,003	1,438	56.1%

## Description of businesses in each segment

Business Segment		Main Operations
Web Infrastructure & Ecommerce	Domain registration	<ul style="list-style-type: none"> <li>Includes the services Onamae.com and MuuMuu Domain for registration of .com, .net, .jp etc.domain names</li> </ul>
	Web hosting	<ul style="list-style-type: none"> <li>Provision, operation, management, and maintenance of dedicated and shared web hosting services including Onamae.com Rental Server (SD), GMO AppsCloud, iSLE, RapidSite, GMO Cloud, IQ Cloud, Lolipop and heteml</li> </ul>
	Ecommerce solutions & web development	<ul style="list-style-type: none"> <li>SaaS services for online store building including Color me shop! and MakeShop</li> <li>Development and operation of online shopping malls including Calamel</li> <li>Marugoto EC and other online store solutions and consulting services</li> <li>Web creation, operational support and system consulting</li> <li>SaaS services for the sale of music, video, and other digital content by Digital Content O</li> </ul>
	Security	<ul style="list-style-type: none"> <li>GlobalSign Quick Authentication SSL, enterprise SSL, and other SSL certificate issue services, code signing certificate services, PDF document signing services</li> </ul>
	Credit card payment processing	<ul style="list-style-type: none"> <li>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</li> </ul>
	Provider (ISP)	<ul style="list-style-type: none"> <li>GMO TokuToku BB, interQ, MEMBERS, ZERO, other access provider services</li> </ul>
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 Sale 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 design</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 currency 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 private Internet ventures.</li> </ul>

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.

The above standards have been retroactively applied to previous term revenue and operating profit comparisons.

#### Web Infrastructure & Ecommerce

In the second quarter the domain business continued to pursue a low-pricing strategy with the objective of growing domain registration market share. As a result, there was considerable expansion in domain registrations and renewals, increasing 30.2% from the previous corresponding term to 830 thousand. Total managed domains reached 1.809 million (24.3% year-on-year increase). Despite low unit prices, revenue rose 21.7% to ¥1.385 billion 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. Launched in August last year cloud hosting service for developing and operating social apps, GMO AppsCloud, exceeded 300 titles hosted in the current term. In addition, IQ Cloud and GMO Cloud Public were launched - a comprehensive line up of cloud solutions offering initial consultation, system planning and architecture through to operation and surveillance. Overall web hosting contracts increased 16.2% over the previous corresponding term to 528 thousand and sales grew 16.2% year-on-year up to ¥5.314 billion.

Ecommerce solutions and web development 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 the business now has 50 thousand service contracts. 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. Ecommerce solutions and web development reported revenue of ¥1.122 billion (23.1% 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 ¥836 million (7.5% year-on-year increase).

The payment processing business saw an increase in merchants and growth in recurring payments. During the second quarter, GMO Payment Gateway continued to expand its presence in the public sector with the launch of a new service that operates tax payment processing websites for government agencies and began operating websites that allow the Tokyo Metropolitan government to collect automobile taxes online. Overall the business reported revenue of ¥1.872 billion (22.3% year-on-year increase).

Results in the Web Infrastructure and Ecommerce segment, chiefly comprising the five product areas above, were as follows; revenue: ¥11.567 billion (17.2% year-on-year increase), operating profit: ¥1.669 billion (14.4% 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. Due to factors including the impact on SEM media sales of the March 11 eastern Japan earthquake, Internet Media and Search Media revenue fell 7.9% year-on-year to ¥4.789 billion.

In the advertising agencies business, mobile advertising performed well. AdResult for Smartphone was introduced and other initiatives enacted in response to growing interest in smartphone

related products. As a result the Internet advertising business reported revenue of ¥5.263 billion (12.3% year-on-year increase).

Overall the Internet Media segment reported revenue of ¥10.574 billion (0.9% year-on-year increase), however due to a drop in SEM media sales operating profit fell 22.9% from the previous corresponding term to ¥815 million.

#### Internet Securities

In the second quarter in the foreign exchange margin transaction business, service improvements were implemented including a reduction in fees on Click 365 transactions. As a result, in June 2011 the company's OTC foreign exchange transaction volume totaled 18 trillion yen capturing a leading 23.3% share of all transactions conducted by significant players in the market (Yano Research). CLICK 365 transactions accounted for a significant 25% of Tokyo Financial Exchange transactions. Further, GMO CLICK HD LTD. was established in Hong Kong and preparations are underway to launch retail securities trading services in this new foreign market. In the securities trading business margin transaction fees were reduced significantly and marketing campaigns offered 0 yen margin transaction fees with the objective of further boosting customer satisfaction. As a result, at the end of the second quarter number of securities trading accounts was 114,995, and number of OTC foreign exchange trading accounts was 175,592. Revenue in the Internet Securities segment was ¥7.392 million and operating profit was ¥2.231 billion.

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 second quarter is ¥2.816 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, performed well. The smartphone game platform business operates GMO GameCenter (G-Gee), a game apps market for Android devices. G-Gee provides a unique mix of over 160 games that include big-name titles from major game companies and original creations from independent developers. The smartphone market is growing exponentially and in order to keep pace with this level of growth it is necessary to focus resources so that the business is able to function efficiently and flexibly. In a partnership with Acrodea, Inc, in the second quarter, the two companies respective smartphone businesses were carved out into new company, GMO GameCenter, Inc. The new company is a consolidated subsidiary. A contract was concluded between GMO Internet and Acrodea, Inc, regarding joint operation of the G-Gee game market business..

The flash marketing business operates group commerce website, Kumapon by GMO. In the second quarter Kumapon by GMO focused on marketing with continued airing of television commercials 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 ¥694 million, and an operating loss of ¥693 million, (an operating loss of ¥61 million was reported in the previous corresponding term).

### Incubation Business

In the incubation business, GMO VenturePartners provided business expansion and corporate value building support to Internet related companies as well as investment through investment funds managed by the company. In the second quarter, incubation business revenue was ¥14 million (96.5% year-on-year decrease), and an operating loss of ¥96 million was reported (operating loss was ¥79 million in the previous corresponding term).

(Reference)

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

(Unit: ¥millions)

	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011
Revenue	10,490	10,138	13,886	14,464	15,050
Operating Profit	1,282	1,232	1,931	2,056	1,946
Ordinary Profit	1,269	1,231	1,926	1,916	1,834
Net Profit	541	560	530	1,188	793
Total Assets	42,729	44,166	165,460	179,241	186,135
Shareholders' Equity	7,686	8,041	8,537	16,127	16,928

(Reference)

Table: Quarterly Changes by Segment

## I Revenue by Segment

	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011
Web Infrastructure & Ecommerce					
Provider (ISP)	274	272	272	280	283
Domain registration	567	541	594	692	692
Web hosting	2,295	2,286	2,578	2,639	2,674
Ecommerce solutions & web development	443	477	520	582	539
Security	410	389	415	423	413
Credit card payment processing	777	824	872	931	941
Other	197	230	225	196	275
Segment Sales Total	4,965	5,020	5,480	5,746	5,820
Internet Media					
Internet media & search media	2,617	2,595	2,617	2,418	2,370
Advertising agencies	2,363	2,369	2,649	2,648	2,615
Other	280	263	291	264	257
Segment Sales Total	5,260	5,228	5,558	5,331	5,243
Internet Securities					
Segment Sales Total	—	—	2,918	3,484	3,908
Social Media & Smartphone Platform					
Segment Sales Total	3	12	56	164	529
Incubation					
Segment Sales Total	406	35	51	12	2
Sub Total	10,636	10,297	14,065	14,738	15,504
Adjustment for inter segment transactions	(146)	(158)	(179)	(273)	(453)
Consolidated Sales	10,490	10,138	13,886	14,464	15,050

## II Operating Profit by Segment

(¥millions)

	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011
Web Infrastructure & Ecommerce	716	724	848	966	703
Internet Media	509	556	526	454	361
Internet Securities	—	—	740	801	1,429
Social Media & Smartphone Platform	-53	-72	-198	-176	-516
Incubation	94	10	5	-7	-88
Sub total	1,266	1,219	1,922	2,037	1,889
Adjustment for inter segment transactions	16	12	9	18	57
Consolidated Operating Profit	1,282	1,232	1,931	2,056	1,946

(note) Segment report standards have been revised effective from the first quarter of fiscal year 2011. Previous revenue and operating profit figures have been converted for ease of comparison.

## 2. Qualitative Information - Consolidated Financial Condition

### Assets, Liabilities, and Net Assets

Significant changes in the state of assets, liabilities and shareholders' equity between December 31, 2010 and June 30, 2011, are as follows.

Current assets increased ¥18.271 billion (12.2%) from the end of the previous fiscal year to ¥168.542 billion. Major contributing factors were a ¥6.427 billion rise in cash and deposits, as well as increases in the securities business of ¥3.242 billion in deposits received, ¥5.307 billion in margin transaction assets and ¥4.208 billion in short term guarantee deposits.

Fixed assets increased ¥2.403 billion (15.8%) from the end of the previous fiscal year to ¥17.592 billion. This was chiefly due to the procurement of servers and other equipment - an increase in tangible fixed assets (¥1.078 billion), and increases of ¥451 million in goodwill and ¥768 million in deferred tax asset arising from GMO CLICK Securities becoming a wholly consolidated subsidiary following a stock swap.

Overall, assets total increased ¥20.675 billion (12.5%) from the end of the previous fiscal year to ¥186.135 billion.

Current liabilities increased ¥14.735 billion (10.7%) from the end of the previous fiscal year to ¥152.947 billion. Major contributing factors included increases in margin transaction liability (¥1.601 billion) and deposits received (¥11.121 billion) in the securities business as well as an increase in short term loans (¥964 million).

Fixed liabilities increased ¥2.222 billion (41.2%) from the end of the previous fiscal year to ¥7.623 billion. This was predominantly due to an increase in long term loans (¥1.566 billion).

Overall, liabilities total increased ¥17.063 billion (11.8%) from the end of the previous fiscal year to ¥161.127 billion.

Net Assets increased ¥3.612 billion (16.9%) from the end of the previous fiscal year to ¥25.008 billion. Significant items include a transfer from earned surplus to capital resulting in a ¥723 million increase in capital, a boost in earned surplus of ¥6.836 billion due to the GMO CLICK Securities stock swap and a decrease in minority equity (¥4.784 billion) also arising from the stock swap. Earned surplus increased by ¥523 million impacted by net profit (¥1.982 billion increase) and dividends paid (¥735 million decrease).

### Cash Flow

In the second quarter of the current fiscal year, consolidated cash flow provided by operating activities was ¥6.231 billion while cash flow used in investing activities was ¥1.095 billion, and ¥1.248 billion was provided by financing activities. Consolidated cash and cash equivalents stood at ¥34.236 billion at the end of the term.

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

Cash flow provided by operating activities totaled ¥6.231 billion (¥5.222 billion provided in the previous corresponding quarter). Major items included net profit before tax and other adjustments amounting to ¥3.341 billion, depreciation (¥1.024 billion), and in the securities business increases in deposits (¥3.242 billion) short term guarantee deposits (¥4.208 billion) and deposits and business guarantees received (¥11.512 billion), as well corporate and other tax payments (¥1.920 billion).

Cash flow used in investing activities was ¥1.095 billion (¥736 million was used in the previous corresponding term). Outflows included payments of ¥563 million in the acquisition of tangible fixed assets, and ¥386 million in the acquisition of intangible fixed assets.

Cash flow provided by financing activities was ¥1.248 billion (¥1.622 billion was used in the previous corresponding term). Significant items included ¥2.740 billion income from short-term loans (net amount), and a ¥2.834 million repayment of long-term loans, ¥698 million on payment of dividends, and payment of dividends totaling ¥315 million to minority shareholders.

## 3. Qualitative Information - Consolidated Earnings Forecasts

There is no revision to the full year earnings forecast issued on May 9, 2011.

## Policy regarding Profit Allocation / Dividend Payment in the Third and Fourth Quarters

GMO Internet considers overall business performance and financial position when making decisions regarding dividend payments. However, the company generally aims to return 33% of net profit to shareholders as part of its commitment to clearly demonstrating shareholder value.

In accordance with the above dividend policy, having given consideration to overall business performance in the current term (FYE12/2011), total dividend per share has been revised upward from 8 yen to 10 yen in the 2011 fiscal year. (Third and fourth quarter dividend forecasts have each been raised from 2 yen to 3 yen.) This is a 31.8% dividend payout ratio.

Actual and forecast dividends for each quarter listed below.

	Dividend per Share				
	End of Q1	End of Q2	End of Q3	End of Term	Total
Previous Forecast (February 8, 2011)	¥2.00	¥2.00	¥2.00	¥2.00	¥8.00
Current Forecast	—	—	¥3.00	¥3.00	¥10.00
Actual Dividend	¥2.00	¥2.00	—	—	—
Actual Dividend in the Previous Term (FYE12/2010)	—	¥2.00	—	¥5.00	¥7.00

2. Other Information

Significant changes in subsidiaries

None

(2) Simplified accounting procedures or special accounting procedures applied

None

(3) Changes to accounting principles, procedures or representation

Application of accounting standards for asset retirement obligations

As of the first quarter of the current fiscal year Accounting Standards for Asset Retirement

Obligations (ASBJ Statement No. 18 March 31, 2008) and Guidance on Accounting Standards for

Asset Obligations (ASBJ Guidance No. 21 March 31, 2008) 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 in the

second quarter of the current fiscal year.

(4) Notes regarding the Going Concern Assumption

None

## 3. Consolidated Financial Statements

## (1) Consolidated Balance Sheet

(Unit: ¥millions)

	2nd Quarter Current Fiscal Year (As of June 30, 2011)	Previous Fiscal Year (As of Dec 31, 2010)
<b>Assets</b>		
Current Assets		
Cash and deposits	34,296	27,869
Trade notes and accounts receivable	5,025	4,906
Operational investment securities	1,199	658
Securities business deposits	70,329	67,087
Securities business margin transaction assets	26,219	20,912
Securities business short term guarantee deposits	21,006	16,797
Securities business variation margin paid	6,911	8,629
Deferred tax asset	956	811
Other	3,259	2,966
Provision for doubtful debts	-660	-368
<b>Total Current Assets</b>	<b>168,542</b>	<b>150,270</b>
Fixed Assets		
Tangible fixed assets	3,635	2,557
Intangible fixed assets		
Goodwill	4,522	4,071
Software	2,799	2,436
Other	232	190
<b>Total intangible fixed assets</b>	<b>7,553</b>	<b>6,698</b>
Investments and other assets		
Investment securities	1,328	1,317
Deferred tax asset	3,102	2,334
Other	2,303	2,479
Provision for doubtful debts	-231	-197
<b>Total investments and other assets</b>	<b>6,403</b>	<b>5,933</b>
<b>Total Fixed Assets</b>	<b>17,592</b>	<b>15,189</b>
<b>Total Assets</b>	<b>186,135</b>	<b>165,460</b>
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	1,677	1,627
Short term debt	15,772	14,807
Amount payable	3,813	3,491
Securities business deposits received	6,612	6,222
Securities business margin transaction liability	20,300	18,698
Securities business guarantees received	88,376	77,254
Securities business variation margin received	461	954
Accrued corporate tax etc.	1,015	1,171
Allowance for bonuses	211	279
Allowance for bonuses to directors	263	201
Advance payment received	3,141	2,928
Deposits received	9,080	8,455
Other	2,220	2,120
<b>Total Current Liabilities</b>	<b>152,947</b>	<b>138,211</b>
Fixed Liabilities		
Long term debt	4,974	3,407
Deferred tax liability	50	17
Other	2,599	1,975
<b>Total Fixed Liabilities</b>	<b>7,623</b>	<b>5,400</b>

(Unit: ¥millions)

	2nd Quarter Current Fiscal Year (As of June 30, 2011)	Previous Fiscal Year (As of Dec 31, 2010)
Statutory Reserve		
Financial instruments transaction liability reserve	556	451
<b>Total Statutory Reserve</b>	<b>556</b>	<b>451</b>

Total Liabilities	161,127	144,064
Net Assets		
Shareholders' Equity		
Capital stock	2,000	1,276
Capital surplus	6,836	-
Earned surplus	7,935	7,412
Treasury stock	-0	-0
Total Shareholders' Equity	16,771	8,688
Gaps in Appraisals, Conversions etc.		
Other gaps in evaluation of securities	248	-22
Hedging profit/loss carried forward	-3	-19
Foreign currency translation account	-88	-109
Total Gaps in Appraisals, Conversions, etc.	156	-151
Equity Warrants	21	15
Minority Equity	8,058	12,842
Total Net Assets	25,008	21,396
Liabilities, Net Assets Total	186,135	165,460

## (2) Consolidated Statement of Income

## 2nd Quarter Consolidated Statement

(Unit: ¥millions)

	2nd Quarter Previous Fiscal Year (6 months to Jun, 2010)	2nd Quarter Current Fiscal Year (6 months to June, 2011)
Sales	20,459	29,515
Cost of Sales	9,480	11,237
Gross Profit on Sales	10,978	18,277
Sales, General & Administrative Expenses	8,414	14,274
Operating Profit	2,564	4,003
Non Operating Revenue		
Interest received	24	3
Dividends received	35	20
Property rent received	42	6
Other	67	43
Total Non Operating Revenue	170	72
Non Operating Expenses		
Interest paid	101	141
Equity method investment loss	-	101
Other	53	81
Total Non Operating Expenses	154	324
Ordinary Profit	2,579	3,751
Extraordinary Profit		
Gain on sale of fixed assets	-	56
Gain on sale of investment securities	39	-
Gain on sale of affiliated company stock	0	-
Gain on change in equity investees	0	3
Return on cancellation of insurance	-	25
Other	4	9
Total Extraordinary Profit	46	93
Extraordinary Loss		
Loss on disposal of fixed assets	41	89
Impairment loss	56	-
Office relocation expenses	15	9
Loss on evaluation of investment securities	41	42
Loss on sale of stock in affiliated companies	61	-
Provision for securities transaction liability reserve	-	104
Addition to provision for doubtful debt	-	140
Other	12	116
Total Extraordinary Loss	227	504
Net Profit before Adjustment for Tax etc. and Gain or Loss arising from Silent Partnership	2,397	3,341
Gain or Loss arising from Silent Partnership	-1	-
Net Profit before Adjustment for Tax etc.	2,399	3,341
Corporate, Municipal and Enterprise Taxes	824	1,658
Corporate Tax etc. Adjustment	13	-1,068
Total Corporate Taxes etc.	838	590
Net Profit before Minority Equity Adjustment	-	2,750
Minority Interests	442	768
Net Profit	1,118	1,982

## (3) Consolidated Statement of Cash Flows

(Unit: ¥millions)

	2nd Quarter Previous Fiscal Year (6 months to Jun, 2010)	2nd Quarter Current Fiscal Year (6 months to Jun, 2011)
<b>Cash Flow from Operating Activities</b>		
Net profit before adjustment for tax etc.	2,399	3,341
Depreciation expenses	513	1,024
Amortization of goodwill	232	571
Gain or loss on sale of investment securities (- represents gain)	-39	-
Gain or loss on sale of affiliated company stock (- represents gain)	60	-
Interest and dividends received	-60	-23
Interest paid	101	141
Change in accounts receivable (-represents increase)	192	113
Change in purchase debts (- represents decrease)	71	-69
Change in deposits in securities business (- represents increase)	-	-3,242
Change in short term guarantee deposits in securities business (-represents increase)	-	-4,208
Change in margin variation paid and received in securities business	-	1,225
Changes in deposits and guarantees received in securities business (- represents decrease)	-	11,512
Change in deposits (- represents decrease)	1,900	625
Other	183	-2,737
Sub total	5,554	8,274
Interest and dividends received	59	18
Interest paid	-101	-141
Corporate tax etc. paid	-850	-1,920
Income from sale etc. of bad receivables	560	-
Cash Flow from Operating Activities	5,222	6,231
<b>Cash Flow from Investing Activities</b>		
Payment of fixed term deposit	-500	-
Expenditure on acquisition of tangible fixed assets	-305	-563
Income accrued on sale of tangible fixed assets	-	14
Expenditure on acquisition of intangible fixed assets	-163	-386
Income accrued on sale of intangible fixed assets	-	57
Income accrued on redemption of securities	700	-
Expenditure on acquisition of investment securities	-57	-133
Income accrued on sale of investment securities	40	3
Expenditure on acquisition of subsidiary stock	-356	-142
Income accrued on the sale of subsidiary stock	0	-
Expenditure on acquisition of subsidiary stock resulting in change in scope of consolidation	-41	-
Income accrued on the sale of subsidiary stock resulting in change in scope of consolidation	3	-
Other	-55	55
Cash Flow from Investing Activities	-736	-1,095

(Unit: ¥millions)

	2nd Quarter Previous Fiscal Year (6 months to Jun, 2010)	2nd Quarter Current Fiscal Year (6 months to Jun, 2011)
Cash Flow from Financing Activities		
Income accrued on short term loans	2,900	39,400
Expenditure on repayment of short term loans	-3,100	-36,660
Income from long term loans	-	2,625
Expenditure on repayment of long term loans	-705	-2,834
Payment of dividends	-395	-698
Payment of dividends to minority shareholders	-264	-315
Other	-56	-268
Cash Flow from Financing Activities	-1,622	1,248
Currency Translation Adjustment on Cash and Equivalents	-95	43
Change in Cash and Equivalents (- represents decrease)	2,767	6,247
Balance of Cash and Equivalents at Beginning of Term	20,723	27,809
Increase in Cash and Equivalents following Increase in Consolidation	49	-
Balance of Cash and Equivalents at End of Term	23,541	34,236

(4) Notes regarding the Going Concern Assumption  
None

(5) Segment Data

Data by segment

Previous 2nd Quarter (01.01.2010-06.30.2010)

	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	9,780	10,270	408	20,459	—	20,459
(2) Internal transactions	89	211	—	301	-301	—
Total	9,870	10,481	408	20,760	-301	20,459
Operating Profit	1,459	996	79	2,536	28	2,564

(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 2nd Quarter (01.01.2010-06.30.2010)

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

Global Revenue

Previous 2nd Quarter (01.01.2010-06.30.2010)

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

## Segment Data

## Overview of Reportable Segments

Segment reporting enables an overview of financial condition in each segment of GMO Internet Group. Segmentation is periodically reviewed in order to enable the Board of Directors 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 & 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 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 privately-held Internet related businesses.

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

2nd Quarter of Current Consolidated Fiscal Year (01.01.2011-30.06.2011)

(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	11,433	9,981	7,392	694	14	29,515	—	29,515
Internal Transactions or Transfers	134	593	—	—	—	727	-727	—
Total	11,567	10,574	7,392	694	14	30,242	-727	29,515
Segment Profit or Loss (-)	1,669	815	2,231	-693	-96	3,927	76	4,003

(notes) 1. The segment profit adjustment (¥76 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.

Significant 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 in the second quarter of the previous fiscal year under the new standards are as follows.

Previous 2nd Quarter (01.01.2010-06.30.2010)

(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	9,780	10,266	—	3	408	20,459	—	20,459
Internal Transactions or Transfers	89	211	—	—	—	301	-301	—
Total	9,870	10,478	—	3	408	20,760	-301	20,459
Segment Profit or Loss (-)	1,459	1,057	—	-61	79	2,536	28	2,564

## (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.