Summary of Financial Results for the Fiscal Year Ended December 31, 2009

February 10, 2010

Name of listed company: **GMO HOSTING & SECURITY, INC.** Exchange: Mothers of the Tokyo Stock Exchange
Code: 3788 URL: http://www.gmo-hs.com/english
Representative: Mitsuru Aoyama, President & CEO
Contact: Michiari Kanno, Director & General Manager, Corporate Planning Dept. Telephone: 81-3-6415-6100
Scheduled date of general meeting of shareholders: March 23, 2010
Scheduled date of payment of dividend: March 24, 2010
Scheduled date of filing Annual Security Report: March 24, 2010

(Amounts rounded down to the nearest one million yen)

1. Consolidated Financial Results (from January 1, 2009 to December 31, 2009)

(1) Consolidated results of operations (Percentages represent year-over-year changes)

	Sales		Operating profit		Ordinary profit		Net profit	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
December 2009	7,594	5.7	1,141	41.9	1,159	47.2	613	769.2
December 2008	7,187	6.6	804	(14.8)	787	(3.0)	70	(81.0)

	Net profit per share	Diluted net profit per share	ROE	Ordinary profit to total assets	Operating profit to sales
	Yen	Yen	Yen	%	%
December 2009	5,270.52	5,256.67	17.7	19.4	15.0
December 2008	606.60	605.44	2.2	15.1	11.2

Reference: Equity in earnings of affiliates (million yen) Dec. 2009: – Dec. 2008: –

(2) Consolidated financial conditions

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Million Yen	Million Yen	%	Yen
December 2009	5,992	3,712	61.3	31,552.57
December 2008	5,213	3,255	62.1	27,804,06

Reference: Shareholders' equity (million yen) Dec. 2009: 3,673 Dec. 2008: 3,236

(3) Consolidated cash flow position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Closing balance of cash and cash equivalents
	Million Yen	Million Yen	Million Yen	Million Yen
December 2009	1,628	(420)	(218)	2,590
December 2008	639	(1,055)	(273)	1,602

2. Dividends

	Dividends per share					Total dividends (Annual)	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	Q1	Interim	Q3	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
December 2008	–	–	–	1,600.00	1,600.00	186	263.8	5.5
December 2009	–	–	–	1,850.00	1,850.00	215	35.1	5.8
December 2010 (forecast)	–	–	–	2,050.00	2,050.00		35.3	

3. Projections of Consolidated Business Results (from January 1, 2010 to December 31, 2010)

(Percentages represent year-over-year changes)

	Sales		Operating profit		Ordinary profit		Net profit		Net profit per share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
6 months ending June 30, 2010	4,086	7.8	561	(6.3)	561	(7.2)	273	(16.1)	2,345.16
Year ending December 31, 2010	8,423	10.9	1,263	10.7	1,263	8.9	676	10.2	5,807.06

4. Other

(1) Important changes of subsidiaries during the term (change of specified subsidiaries that lead to a change in the scope of consolidation): Yes

Newly added: 2 (Communication Telecom, Inc.. CMT, Inc.) Excluded: None

(Note: Please refer to "Important matters that become the basis of presenting consolidated financial statements" page 22 for details.)

(2) Changes in accounting principles, procedures and presentation method, etc. of consolidated financial statements (those which are included in change in significant accounting policies that will be the bases for preparing consolidated financial statements)

1) Changes associated with the revision of accounting principles, etc.: Yes

2) Changes other than 1): None

(Note: Please refer to "Changes in important matters that become the basis of presenting consolidated financial statements" page 23 for details.)

(3) Number of shares issued (common stock)

1) Number of shares issued at the end of the term (including treasury stock)

Dec. 2009: 116,410 shares   Dec. 2008: 116,390 shares

2) Number of treasury stock at the end of the term

Dec. 2009: – shares   Dec. 2008: – shares

(Reference) Summary of Non-Consolidated Results

1. Non-Consolidated Financial Results (from January 1, 2009 to December 31, 2009)

(1) Non-consolidated results of operations (Percentages represent year-over-year changes)

	Sales		Operating profit		Ordinary profit		Net profit	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
December 2009	5,187	(0.2)	971	(2.5)	1,035	(1.4)	609	6.4
December 2008	5,274	2.8	997	(9.7)	1,049	(6.2)	572	(14.6)

	Net profit per share	Diluted net profit per share
	Yen	Yen
December 2009	5,236.23	5,222.48
December 2008	4,921.80	4,912.36

(2) Non-consolidated financial conditions

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Million Yen	Million Yen	%	Yen
December 2009	6,125	4,472	73.0	38,423.73
December 2008	5,514	4,048	73.4	34,787,61

Reference: Shareholders' equity (million yen) Dec. 2009: – Dec. 2008: –

2. Projections of Non-Consolidated Business Results (from January 1, 2010 to December 31, 2010)

(Percentages represent year-over-year changes)

	Sales		Operating profit		Ordinary profit		Net profit		Net profit per share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
6 months ending June 30, 2010	2,551	(2.5)	390	(22.8)	444	(18.1)	263	(18.7)	2,259.26
Year ending December 31, 2010	5,241	1.0	847	(12.8)	925	(10.6)	548	(10.0)	4,707.50

<u>* Explanation about the proper use of financial projections and other important notes</u>

The above projections are based on information currently available and involve significant uncertainties. Actual results may differ materially from the above stated projections due to changes in business conditions and other factors. For notes on the use of the projections and the assumptions of the projections, refer to "1. Operating Results, (1) Operating Results Analysis" on page 3.

1. Operating Results

(1) Operating Results Analysis

During the fiscal year ended December 31, 2009, the Japanese economy continued to face a challenging situation. The outlook remained uncertain, although the global economic turmoil was abating.

Even in these circumstances, demand for the core operations of the Group—hosting, IT outsourcing, and Internet security services—was solid, reflecting growing needs for cost cutting and security associated with the spread of the Internet.

In this business environment, we added low-priced services to the shared hosting service and the VPS hosting service in the Hosting Business to expand our customer bases. The managed hosting service (server configuration and delegated operation and maintenance) performed well against a background of rising demand for improved business efficiency and advanced security environments.

In the Security Business, an operating profit was reported for the full year, attributable to the development of sales agencies for the GlobalSign digital authentication service worldwide and the introduction of the service to major companies.

As a result, the Company posted on a consolidated basis sales of ¥7,594.264 million (up 5.7% year on year), an operating profit of ¥1,141.221 million (rising 41.9%), an ordinary profit of ¥1,159.751 million (increasing 47.2%), and a net profit of ¥613.490 million (climbing 769.2%).

(Reference: Consolidated quarterly sales and operating profit)

(Unit: thousand yen)	Oct. – Dec. 2008	Jan. – Mar. 2009	Apr. – Jun. 2009	Jul. – Sep. 2009	Oct. – Dec. 2009
Sales	1,879,494	1,874,235	1,914,926	1,876,444	1,928,658
Operating profit	146,701	274,121	324,990	269,732	272,378

The following is an overview of operating results by business segment:

(Hosting Business)

In the Group, the Company and its consolidated subsidiaries, Hosting & Security, Inc. (USA), AT-YMC CORPORATION., and GMO Managed Hosting, Inc., provide hosting services. During the fiscal year under review, the Group focused on services that meet corporate needs for cost cutting and for improving business efficiency, as well as services that meet demand for Internet security.

The Group launched InfinitoPLUS, a low-end service providing unlimited multiple domains and e-mail addresses, as a mainstay shared hosting service following iCLUSTA, a high-end service emphasizing stable server operation. AT-YMC started to provide ServerQueen, a low-end brand.

In the field of dedicated and managed hosting services, the Group focused on expanding its service lineup, providing an application operation service and a disaster recovery service.

Meanwhile, the Group promoted development of security service innovations. As a result, the Group launched WebAlert, an SaaS service that detects and informs customers of malware infection and falsification through malware.

As a result, consolidated sales in this segment stood at ¥6,148.390 million (up 2.3% year on year). Consolidated operating profit was ¥1,084.754 million (down 0.7%).

(Reference: Hosting Services Changes in the number of contracts)

	Dec. 31, 2008	Mar. 31, 2009	Jun. 30, 2009	Sep. 30, 2009	Dec. 31, 2009
Shared hosting service	59,076	58,182	58,445	58,222	58,083
VPS (virtual private server) hosting service	4,612	4,719	4,833	5,036	5,435
Dedicated hosting service	4,198	4,361	4,388	4,489	4,605
OEM	31,450	28,096	28,494	27,885	27,763
Total	99,336	95,358	96,160	95,632	95,886

(Reference: Hosting Services Changes in sales)

(Unit: thousand yen)	Oct. – Dec. 2008	Jan. – Mar. 2009	Apr. – Jun. 2009	Jul. – Sep. 2009	Oct. – Dec. 2009
Shared hosting service	580,512	591,826	582,750	560,838	543,032
VPS (virtual private server) hosting service	186,833	186,292	186,485	184,259	180,817
Dedicated /Managed hosting service	541,575	546,079	565,843	570,159	572,292
OEM	217,206	194,937	191,970	183,814	176,631
Other	17,537	16,157	29,566	41,322	43,313
Total	1,543,665	1,535,293	1,556,615	1,540,394	1,516,086

(Securities Business)

The Group issues GlobalSign digital certificates that are authenticated by GlobalSign NV (Belgium), a consolidated subsidiary, through GMO GlobalSign K.K., GlobalSign Ltd. (UK), and GlobalSign, Inc. (USA), consolidated subsidiaries of the Company. Toriton, Inc. provides an digital authentication services under another brand.

During the fiscal year under review, the Group developed sales agents both in Japan and abroad. The Group formed alliances with leading sales agents in Brazil and Iceland and introduced *for Adobe CDS*, a service providing certificates for PDF document signatures for government organizations, and EV SSL server certificates for major companies, particularly overseas. The Group also set up a sales site for the Asia-Pacific region and a sales site in French and commenced direct selling.

As a result of these initiatives, sales amounted to ¥1,332.634 million (rising 21.5%), and operating profit was ¥56.354 million.

(Other Services)

Global Web Co., Ltd., a member of the Group that provides website design, electronic catalog, and fast translation services, changed its name to GMO Fast Translation, Inc. in December 2009 and focused on its fast translation service.

The Company acquired shares in Communication Telecom, Inc.. in November 2009. The core businesses of Communication Telecom are Web consulting, namely consulting on website design, and office consulting, which involves the comprehensive coordination of office equipment, and information and communications services.

As a consequence, sales were ¥113.239 million (increasing 36.8%), and the operating loss was ¥4.425 million.

(Outlook for FY2010)

Demand has been rising for cost cutting, streamlining and Internet security with each year in the Internet service market.

In the Hosting Business, the Group will continue to focus on the managed hosting service as the pillar of growth to meet corporate needs for cost cutting and streamlining. The Group will also expand its lineup of low-end services that will be readily available to grow its customer base.

In the Security Business, the Group will strive to increase the visibility of GlobalSign, the digital authentication brand, and bolster marketing activities at its bases worldwide to expand market share in the international market. The Group will set up sales and operating facilities, especially in Oceania, Southeast Asia, and India, where high growth is expected in the medium to long terms. It will also seek to cut operation costs.

In Other Services, the Group will launch a website design consulting service, which will generate great synergies with the Hosting Business, and will provide services to support small and medium enterprises.

As a result of the above, the projected results for fiscal 2010 are as follows:

- Projections of consolidated business results (from January 1, 2010 to December 31, 2010)

	Jan. – Dec. 2010	Percentage Change	Jan. – Dec. 2009
	Million yen	Million yen	Million yen
Sales	8,423	10.9	7,594
Operating profit	1,263	10.7	1,141
Ordinary profit	1,263	8.9	1,159
Net profit	676	10.2	613

- Projections of non-consolidated business results (from January 1, 2010 to December 31, 2010)

	Jan. – Dec. 2010	Percentage Change	Jan. – Dec. 2009
	Million yen	Million yen	Million yen
Sales	5,241	1.0	5,187
Operating profit	847	(12.8)	971
Ordinary profit	444	(10.6)	1,035
Net profit	263	(10.0)	609

* The results forecasts 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 as a result of changes in the business environment and other factors.

(2) Analysis of Financial Condition

(i) Assets

Assets increased ¥778.229 million from the end of the previous fiscal year, to ¥5,992.056 million, primarily reflecting an increase in cash and deposits with the acquisition of Communication Telecom in November 2009.

(ii) Liabilities

Liabilities rose ¥321.461 million, to ¥2,279.780 million, attributable primarily to rises in the amount payable and advance payment received.

(iii) Net assets

Net assets climbed ¥456.768 million, to ¥3,712.275 million mainly as a result of a boost in net profit.

(iv) Cash flow

The balance of consolidated cash and equivalents (“cash”) stood at ¥2,590.878 million at the end of the fiscal year under review, an increase of ¥998.821 million at the beginning of the term. The following is a summary of cash flow in each category:

(Cash flow from operating activities)

Cash provided by operating activities stood at ¥1,628.488 million, with corporate tax etc. paid of ¥328.494 million more than offset by a net profit before adjustment for tax etc. of ¥1,157.248 million, depreciation expenses and amortization of goodwill of ¥617.535 million.

(Cash flow from investing activities)

Cash used in investing activities was ¥420.733 million, primarily reflecting expenditure on acquisition of securities of ¥200.000 million and expenditure for the acquisition of tangible and intangible fixed assets of ¥267.369 million.

(Cash flow from financing activities)

Cash used in financing activities was ¥218.327 million, attributable chiefly to expenditure on repayment of long term loans of ¥32.902 million and payment of dividends of ¥186.110 million.

(Reference) Cash flow indicators (%)

	Jan. – Dec. 2007	Jan. – Dec. 2008	Jan. – Dec. 2009
Shareholders’ equity ratio	61.7	62.1	61.3
Shareholders’ equity ratio (market value)	155.1	68.4	126.5
Ratio of cash flow to interest bearing liabilities	0.12	0.11	0.03
Interest coverage ratio	159.18	202.36	1,021.64

(Note) 1. The equations for calculating the indicators

Shareholders’ equity ratio = Shareholders’ equity / Total assets

Shareholders’ equity ratio (market value) = Market capitalization / Total assets

Ratio of cash flow to interest bearing liabilities = Interest bearing liabilities / Cash flow

Interest coverage ratio = Cash flow / Interest payments

2. All indicators are calculated based on consolidated financial data.

(3) Policy for Distribution of Dividends and Dividend Payout in the Current Term and Next Term

The Company aims to continue to increase retained earnings, viewing the return of profits to shareholders as a top priority. A payout ratio of 35% or more of net profit is set as a standard.

The Company plans to pay a dividend of ¥1,850 per share as announced on February 10, 2010.

In the next term, the Company will pay dividends in accordance with the standard, 35% or more of net profit.

(4) Business Risks

The results of the Group could be materially affected by a variety of events that may occur in the future. We describe below major factors that might become risk factors in the operations of the Group. We actively disclose for investors items that do not necessarily fall under the category of business risks but that are considered to be important for investment decisions or an understanding of the operations of the Group. The Group is aware of the possibility of the risks arising and will strive to prevent them and to deal with them if they do arise. We believe that investors need to make decisions to invest in shares in the Group, considering carefully the business risks below and other items described in other sections.

The forward-looking statements below reflect decisions that the Group made on February 10, 2010.

I. Relationship with the parent company

(a) Position in the GMO Internet Group

The Group belongs to a corporate group headed by GMO Internet, Inc., the Company's parent company ("the GMO Internet Group"). GMO Internet, Inc. holds 51.3% of the shares issued by the Company as of the end of December 2009. The GMO Internet Group, with GMO Internet, Inc. at its core, engages in the Web infrastructure, e-commerce, and Internet media businesses under the corporate philosophy "Internet for Everyone." The Group is in charge of hosting and security services in the Web Infrastructure & E-Commerce Segment of the GMO Internet Group. This position has remained basically unchanged since the Group became a member of the GMO Internet Group. The Group plays a key technical role in the hosting services of the GMO Internet Group. The Group sells hosting services under its own brands and provides other hosting services for the GMO Internet Group on an OEM basis. If the basic policy of GMO Internet, Inc. towards the Group changes, it could affect the operations and operating results of the Group.

(b) Transactions with the GMO Internet Group

The consolidated sales of the Group to GMO Internet, Inc. stood at ¥863.526 million (12.0% of the total sales of the Group) in the fiscal year ended December 2008 and ¥650.575 million (8.6% of the total sales) in the term ended December 2009. Hence the business strategy, management policy, operating results, and financial position of GMO Internet, Inc. could affect the operations and operating results of the Group.

The Company does not have any data centers and operates servers for hosting services, using housing and Internet-access services provided by Internet data center (IDC) businesses. Total data center fees stood at ¥710.081 million in the term ended December 2009, and 69.7% of the fees, ¥495.154 million, were paid to GMO Internet, Inc.

The housing service means the provision of Internet connection facilities (so-called rack space).

The Internet-access service means the connection of network connection devices (connection devices above backbone routers) of IDCs and L2 switches* operated by the Company. The servers of the Company can be used on the Internet through the Internet-access service.

The two services are essential for operating hosting services. Consequently, if the Group is unable to use the data centers operated by GMO Internet, Inc., because of changes in the business strategy or management policy of GMO Internet, Inc., it may affect the operations and operating results of the Group.

* The L2 (layer 2) switch is a network relay device that decodes data on the data link layer (layer 2), determines packet destinations, and transfers the data to lower servers and upper backbone routers.

The table below shows transactions of the Group with the transfer of funds in the fiscal year ended December 2009.

Attribute	Name	Address	Capital or investments (thousand yen)	Business or job	Ownership of voting rights in percentage (%)	Relationship		Transactions	Transaction amount (thousand yen)	Account	Balance at end of year (thousand yen)
						Officers holding concurrent posts	Business relationship				
Parent company	GMO Internet, Inc.	Shibuya-ku, Tokyo	1,276,834	Comprehensive Internet business	(Owned) Direct 51.3	3	Sale, purchases, and rental transactions	Sale of hosting services of the Company (Note 2. (1))	650,575	Accounts receivable	52,475
								Payment of rental fees for equipment and fees for the use of facilities (Note 2. (1))	533,121	Accounts payable	2,090
								Payment of rents and outsourcing fees (Note 2. (2))	18,382	Amount payable	50,777

(Notes) 1. The transaction amount does not include consumption tax. The balance at end of year includes consumption tax.
2. Terms and conditions, and policy for determining terms and conditions
(1) We determine terms and conditions, considering sizes of transactions and other conditions in a comprehensive manner as in transactions with companies that do not have relationships with the Group.
(2) Of the expenses incurred by GMO Internet, Inc., we pay actual expenses incurred in using facilities and services.

(c) Interlocking directors from GMO Internet, Inc.

Of the Company's ten directors, three are also directors of GMO Internet, Inc. The table below shows their positions in the Company, names, and positions in GMO Internet, Inc.

Name	Position in the Company	Position in GMO Internet, Inc.
Mitsuru Aoyama	President & CEO	Director (non-executive)
Masatoshi Kumagai	Representative Director (non-executive)	CEO & Representative Director, Representative of the group
Masashi Yasuda	Director (non-executive)	Managing Director, controlling the administration division of the group

The Company has appointed two non-executive directors for advice on its operations. The Company has appointed the president and representative director of GMO Internet, Inc. to provide advice on its operations.

II. Risks relating to the operations of the Group

(a) Risks relating to dependency on a specific business

The core business of the Group is the Hosting Business. Sales in the Hosting Business accounted for 83.6% of total sales in the term ended December 2008 and 81.0% in the term ended December 2009. We expect that the ratio of sales in the Hosting Business will decline, while sales in the Security Business will increase. However, there is no guarantee that the ratio of sales in the Hosting Business will fall as we expect, and dependence on a specific business might continue. Meanwhile, since the hosting service industry is changing drastically, the competitiveness of the Group in the industry might decline. Hence if dependence on the Hosting Business remains high, it could affect the operations and operating results of the Group.

(b) Competition

i) Hosting Business

Since the hosting service industry has no major barriers to entry, there are many competitors in the industry, and competition is fierce. The Group has been increasing the number of contracts by aiming for the stable provision of high-quality hosting services for reasonable prices. However, if competition intensifies due to competition in technical development or price, it may influence the operations and operating results of the Group.

ii) Security Business

Although the digital authentication market is a growth market, leading companies account for an overwhelming market share. The Group has been expanding share in the server certificate market by differentiating itself from its competitors in terms of price and the speed of issuing certificates since it entered the market in May 2003. The Group acquired certificate authority in

October 2006 and began to sell a private brand. However, if the market share of the Group declines due to intensifying completion, or sales prices fall because of price competition, it could affect the operations and operating results of the Group.

(c) Industry trends

The Group primarily provides hosting services, which lend the functions of servers with Internet connections that are necessary for the publication of websites and the use of e-mail and applications to small and medium enterprises (SMEs) and to small offices/home offices (SOHOs), and security services (digital authentication services), especially the issuing of secure socket layer (SSL) server certificates, which allow confidential information to be transmitted safely through the authentication of common names of Web servers and SSL-encrypted communication. For the services of the Group to penetrate the market, the spread of the Internet and broadband, and the expansion of the e-commerce market are essential, and the number of broadband users and the size of the e-commerce market are expanding. However, the Internet industry has a short history, and the future of the market is uncertain. The number of Internet users and the size of the e-commerce market might not expand because of the introduction of legal restrictions associated with lack of reliability of the use of the Internet, among other factors. In this case, the operations and operating results of the Group could be affected.

(d) Exchange rate fluctuations

The Group undertakes foreign currency-denominated transactions for certain operations, as well as for certain investments in and loans to overseas consolidated subsidiaries. If exchange rates fluctuate because of changes in global economic conditions, this could have an impact on the operations and operating results of the Group.

(e) Regulations

The Group operates in the Internet industry. The main legal regulations relating to the Internet in Japan is the Telecommunications Business Law. The Company has made notification to the Ministry of Internal Affairs and Communications as a telecommunications company and in certain conditions, could receive business improvement orders from the Minister of Internal Affairs and Communications and be subject to penalties. In those cases, the operations and operating results of the Company could be influenced. The Company, as a specified telecommunications service provider, is subject to the 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, which restricts the scope of responsibility of specified telecommunications service providers and stipulates requests for disclosure of information identifying senders. It is sometimes difficult to decide whether demands for the disclosure of information identifying senders are appropriate or not. If decisions are inappropriate, the Company could receive administrative guidance, complaints, claims for damages, and advice from users, people related to them, and government organizations. In those cases, the operations and operating results of the Company could be affected. Regulations covering the use of the Internet and transactions on the Internet are being discussed. The operations of the Group could be restricted if laws and ordinances regulating Internet users, and Internet-related services and businesses are enacted, the application of laws and ordinances is clarified, or if independent rules in the industry are established.

(f) Intellectual property rights

The Group files patent applications for technologies and business models that it has invented which need protection under the Patent Act. GMO GlobalSign K.K. has had three patents registered. The Group also files trademark registration applications for the names of services of the Group that need protection under the Trademark Act. Although the Group recognizes that it is not infringing on other companies' intellectual property rights, it cannot deny the possibility of infringing on other companies' intellectual property rights without knowing the infringement, since it is difficult to completely know the current situation of other companies' intellectual property rights in the fields in which the Group operates. If the Group receives claims for damages or for injunctions against the use of intellectual property rights from any third party that has obtained a new intellectual property right in a business field in which the Group operates, it could affect the operations and operating results of the Group.

(g) Information management and information leaks

Since the Group obtains and uses personal information, including customers' registration information and credit-card information, it is subject to obligations as a business operator handling personal information under the Act on the Protection of Personal Information. The Group has therefore established a system for protecting personal information, continuing to carry out strict internal information management in terms of both software and hardware: The Group has restrictions on which officers and

employees handle personal information, controls access to personal information using passwords, and thoroughly manages access logs.
In addition, the Group promotes the protection of personal information in other ways. We use sophisticated security technologies and have prepared work manuals and guidelines. We also provide in-house training for all employees. The Company and its subsidiaries, GOM GlobalSign and GMO Managed Hosting, acquired ISO/IEC27001:2005 and JIS Q 27001：2006 in November 2006. We will continue to strive to maintain and improve the personal information management system. However, if information systems should stop, or if client information or personal information should leak, that might lead to the loss of confidence in the Group and the deterioration of the corporate image of the Group, which in turn might adversely affect the operations and operating results of the Group.

(h) System problems
i) Hosting Business
The Group needs to provide stable hosting services 24 hours a day, every day and has introduced service level agreements (SLA) for certain services. The Group therefore has placed its servers in reliable data centers in Japan, the United States, and Asia and has established a system for monitoring servers 24 hours a day. However, since the services of the Group depend on communication networks, access to servers of the Company might not be available if communications networks are disconnected due to disasters or accidents, temporarily inoperative servers due to surging traffic, damage caused by computer viruses, failures of server software, or failure in connectivity caused by man-made loss or damage. If a failure in server connectivity is caused by reasons attributable to the Company, that could lead to direct damage such as refunds and the loss of confidence in services provided by the Group, which could in turn impact the operations and operating results of the Group.

ii) Security Business
System problems
The security services provided by the Group depend on the systems of GMO GlobalSign and GlobalSign NV, and the systems could have unexpected failings. Although the Group and the companies are checking and correcting the systems continuously, there is no guarantee that the systems are checked and corrected completely. If any malfunction or failure occur in our services, that could lead to damages and the loss of confidence in the Group. The Group needs to offer stable security services 24 hours a day, every day, but the services that the Group provides, which depend on communications networks, could fail if the communication networks are disconnected due to disasters or accidents, if servers of the Group or Internet service providers are temporarily inoperable due to surging traffic, or if networks are damaged by computer viruses. In those cases, the operations and operating results of the Group are at risk of being affected.
Certain limits, including the scope of responsibility for operation and disclaimers, are stipulated in certification practice statements and subscriber agreements in relation to the warranty of services. However, there is no guarantee that the application of the limits will be approved, or the limits will be actually used, in or outside courts of law. If they are not applied, this could affect the operations and operating results of the Group.

Operation of a certificate authority
GlobalSign NV outsources the operation of its certificate authority system to Ubizen NV (present NV VerizonBelgium Luxembourg SA) and receives services under the Certificate Management Services Agreement concluded between the companies and the Service Level Agreement, an associated agreement. The Group supervises the outsourced operation in close coordination with Ubizen NV and through regular meetings and is considering transferring the operation so that the Group will be able to carry out the operation on its own. If the agreements are terminated prior to the expiration for reasons such as a change in the business policy of Ubizen NV, if problems arise in relation to the maintenance of the agreements, if problems emerge in the service or technical level of Ubizen NV, or if problems occur with the business of Ubizen NV, this could affect the operations and operating results of the Group.

Danger to the private key of the certificate authority
The Group manages the private keys of Root CA certificates of the GlobalSign NV certificate authority under strict standards to prevent any fault in management, using a hardware security module*. However, if private keys of Root CA certificates are in danger for any reason, confidence in GlobalSign certificates will be lost, and the operations and operating results of the Group will be at risk of being adversely affected.

* The hardware security module is a tamper-resistant device (having a function to make it difficult to take out private keys by automatically eliminating them in case of physical attack) that makes it possible to securely create and store private keys, which are used for digital signatures and encryption, in hardware.

(i) Technical innovation

Technologies are advancing at an extraordinary pace in the Internet industry in terms of both hardware and software, and new technologies and new services are constantly being created. The Group is developing new technologies on its own and is developing and enhancing services in close collaboration with alliance partners. However, if the services provided by the Group become obsolete because of the spread of unexpected new technologies and new services, the competitiveness of the Group is at risk of declining. Moreover, the Group may need to make more outlays to respond to new technologies and services. This situation could affect the operations and operating results of the Group.

III. Risks relating to the business structure of the Group

(a) Dependency on the corporate manager

Mitsuru Aoyama, president and representative director of the Company, has influence in the presentation of management visions and policies, the development of business strategies based on those visions and policies, the preparation and implementation of medium-term management plans, and the preparation and implementation of plans for new businesses. The Group is promoting the transfer of authority to establish an administrative organization that will not depend too heavily on the representative director as its businesses are expanding. However, if the representative director finds it difficult continuing to perform his duties for some reasons, the operations and operating results of the Group are at risk of being affected.

(b) Establishing a management system for expanding businesses

The Group has ten officers (seven directors and three corporate auditors) and 329 employees (excluding temporary employees) on a consolidated basis as of December 31, 2009 and is growing. The Group has an internal management system suited to its size. Although the Group is developing its internal management system as its operations and workforce expand, and will continue to do so, the operations and operating results of the Group could be affected if the organizational structure is not improved in accordance with increases in the number of employees.

(c) Securing and cultivating human resources

To expand the businesses of the Group, it needs to respond to technological innovations that are advancing daily and to develop new businesses. To this end, it is important to secure excellent human resources in a timely manner and to train them. However, demand for human resources with the requisite expertise, skill, and career background for the businesses of the Group is strong in the Internet industry, and hence the necessary enhancement of human resources may not proceed as planned, or it may cost more than expected. In that case, the operations and operating results of the Group could be affected.

IV. Relationship with a business partner

(a) Risks relating to the relationship with Verio, Inc.

i) Relationship between the Group and Verio, Inc.

Verio, Inc. (USA) is a wholly owned consolidated subsidiary of NTT Communications Corporation (as of March 31, 2009) and owns 4.0% of the outstanding shares in the Company (as of December 31, 2009). Verio, based in the United States, provides a wide range of Web-based solutions such as an Internet-access service, security services, hosting services, and e-commerce packages. Particularly in hosting services, Verio has customers worldwide and provides data center services for large-scale hosting services.

Verio provides equipment on an OEM basis for a shared hosting service under the brand name Rapidsite and for a virtual private hosting service (VPS) that the Group offers.

ii) Dependency on Verio

The Group has a close partnership with Verio. However, if the Group cannot maintain the close partnership due to reasons such as changes in the business policies of Verio or NTT Communications, if problems arise in the service level, brand, and technical level of Verio, or if problems arise in the business conditions of Verio, the operations and operational results of the Group could be affected.

iii) Business relationship with Verio

The Company purchased 309.997 million yen's worth of goods for hosting services from Verio in the fiscal year ended December 31, 2009.

iv) Personnel relationship with Verio

The Company has no personnel relationship with Verio as of the date of the submission of the announcement.

V. Other risks

(a) Dilution of equity through the exercise of stock options

To improve the morale of officers and employees, and to successfully recruit employees, the Company grants new share subscription rights to its officers and employees under the provisions of Article 280-20 and Article 280-21 of the Commercial Code before amendments. The number of shares underlying the new share subscription rights was 570 as of the date of the submission of the announcement, which is 0.5% of the number of shares issued (116,410). The Company may grant additional new share subscription rights as stock options to boost the morale of its officers and employees and to find new employees. If new share subscription rights are exercised, new shares will be issued, and the value of shares in the Company will be diluted.

(b) M&A and strategic alliances

The Group will continue to develop new services and new businesses and will use strategic alliances, including M&A and capital alliances, as an effective way to accelerate business expansion.

In strategic alliances, including M&A and capital alliances, we will carry out detailed preliminary reviews of the financial conditions of target companies and contractual relationships and will carefully examine risks. However, if problems arise after acquisitions that are not expected in the preliminary reviews, including contingent liabilities and the revelation of unrecognized liabilities, or if business plans do not progress as planned because of delays in integration processes in terms of organization, system, sales, and operations after the M&A or strategic alliance, or because of major losses of personnel, and expected synergies prove disappointing, this could affect the operations and operating results of the Group.

(c) Future business development

The Group will develop new operations, especially in hosting services and security services. To develop new operations, the Group will make capital expenditure and investments in technology development, will establish subsidiaries and affiliates, will make investments and loans, and will form business alliances. For these activities, the Group will use human and material resources, and other expenses are expected to increase. If business expansion does not progress as planned, then time and cost could be outlaid without generating a profit. In this case, the operations and operating results of the Group could be influenced.

2. The Corporate Group

The GMO HOSTING & SECURITY, INC. Group (the GMO-HS Group) consists of GMO Internet, Inc, the parent company, and 12 subsidiaries of the Company. The Group primarily provides hosting and security services.

By segment, the Group's businesses are as follows:

Hosting services business: Provision of shared, VPS, dedicated and managed hosting services, related applications, and other associated services

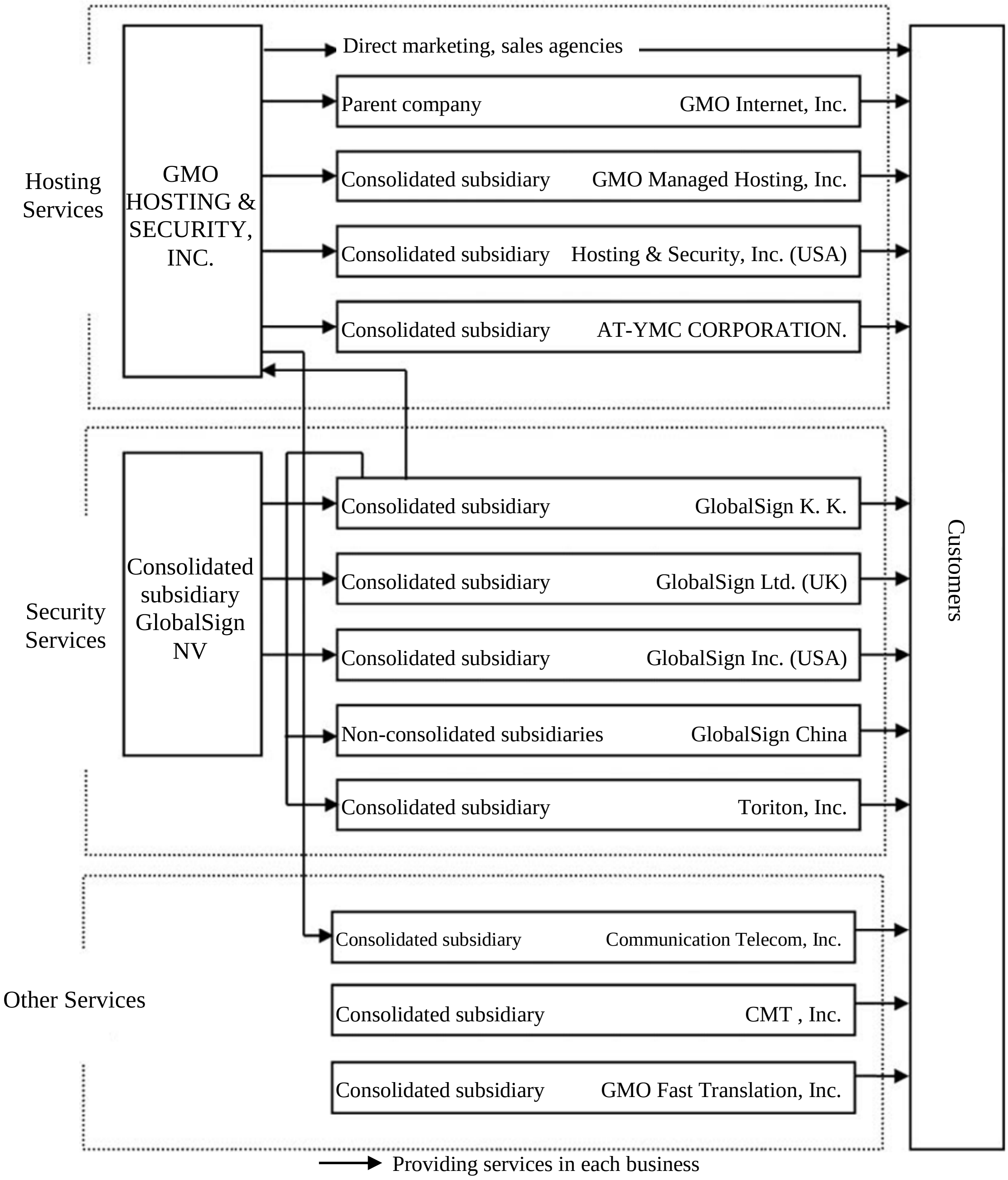
Security services business: Digital authentication services, such as SSL certificates

Other services business: Information technologies solution services, including quick translation services, web page designing services and office consulting, for small and medium enterprises

In addition, under the slogan of "Internet for Everyone," GMO Internet, Inc., the Company's parent company, manages the web infrastructure and e-commerce business and the Internet media business.

As a company that handles the web infrastructure and e-commerce business for the GMO Internet Group, the Company is engaged in the hosting services business, security services business and other services business.

Business flow chart



(Note) 1. Global Web Co., Ltd. changed its business name to GMO Fast Translation, Inc. on December 1, 2009.

Name	Address	Capital (thousand yen)	Main business	Ownership of voting rights in percentage		Relationship
				Shareholding	Percentage owned	
Parent company						
GMO Internet, Inc. (Notes) 2	Shibuya-ku, Tokyo	1,276,834	Comprehensive Internet business	–	51.3	GMO Internet sells hosting services of the Company. Interlocking directors: 3
Consolidated subsidiaries						
Hosting & Security, Inc.	California, USA	304,400 (US dollar)	Hosting Business	51.2	–	GMO Internet sells hosting services of the Company.
GlobalSign K. K. (Notes) 3	Shibuya-ku, Tokyo	356,640	Securities Business	89.8	–	The Company sells security services of GMO GlobalSign. Interlocking directors: 4
AT-YMC CORPORATOION.	Shimonoseki-shi, Yamaguchi	43,000	Hosting Business	100	–	GMO Internet sells hosting services of the Company. Interlocking directors: 3
GMO Managed Hosting, Inc.	Shibuya-ku, Tokyo	183,000	Hosting Business	100	–	GMO Internet sells hosting services of the Company. Interlocking directors: 3
GlobalSign Ltd. (Notes) 4	Kent, UK	1,093,236 (GBP)	Securities Business	89.8 (100)	–	Interlocking directors: 2
GlobalSign NV (Notes) 3, 4	Leuven, Belgium	2,454,349.89 (EUR)	Securities Business	89.8 (100)	–	Interlocking directors: 2
GMO Fast Translation, Inc. (Notes) 5	Shibuya-ku, Tokyo	30,000	Other Businesses	70.0	–	Interlocking directors: 3
GlobalSign Inc. (Notes) 3, 4	New Hampshire, USA	750,000 (USD)	Securities Business	89.8 (100)	–	Interlocking directors: 2
Toriton, Inc. (Notes) 4	Kamakura-shi, Kanagawa	9,000	Securities Business	89.8 (100)	–	–
Communication Telecom, Inc..	Sapporo, Hokkaido	34,550	Other Businesses	100.0	–	Interlocking directors: 2
CMT, Inc. (Notes) 6	Sapporo, Hokkaido	9,000	Other Businesses	100.0 (100)	–	–

(Notes) 1. Business segments are entered in the main business column for consolidated subsidiaries.
2. A company listed on the Tokyo Stock Exchange that submits annual security reports
3. A specified subsidiary
4. The number in the parentheses in the ownership percentage column is the percentage of shares owned by GMO GlobalSign K. K. and GlobalSign Ltd.
5. Global Web Co., Ltd. changed its business name to GMO Fast Translation, Inc. on December 1, 2009.
6. The number in the parentheses in the shareholding column is the percentage of shares owned by Communication Telecom, Inc.

3. Management Policy

(1) Basic Management Policy

Under the corporate slogan of “Bringing Smiles to Both Sides of the Internet,” the GMO-HS Group is committed to continuously providing services that our global corporate and business customers can find truly satisfying and enjoyable by providing them with systems for Internet businesses that bolster their sales and management efficiency.

(2) Management Indicators

The GMO-HS Group regards (i) sales and (ii) the ratio of sales to ordinary profit as important management indicators.

(3) Medium to Long Term Business Strategy

In step with the above basic management policy, the GMO-HS Group will operate in each segment as follows:

I. Hosting services business and other services business

The Group will strive to strengthen high-value added services, mainly dedicated and managed hosting services, and seek to attract new customers that the Company has to date been unable to reach. In addition, the Group will aim to bolster earnings from the shared hosting services by pursuing economies of scale, principally by entering the low price market and conducting M&A.

II. Security services business

Holding certificate authority, the Group possesses superior capabilities in developing and providing products. Using these capabilities, the Group will respond to the increasingly diverse needs of customers, and take steps to expand its market share by developing global operations.

(4) Company Challenges

Competition in the Internet industry, in which the GMO-HS Group operates, has been rising both in Japan and overseas. To continue to achieve steady earnings in the future, the Group is committed to bolstering corporate value by focusing on the following challenges:

I. Expanding Services

The GMO-HS Group is committed to continuously providing services that our global corporate and business customers can find truly satisfying and enjoyable. To achieve this, we believe that the provision of new services that meet the needs of customers is essential. We will always strive to identify customers' needs, and will develop products not only using our internal know-how, but also by actively forging cooperation with leading companies in each industry. Through these initiatives, while shortening the period for developing new services and improving cost efficiency, we will strive to provide unique services that differentiate us from our competitors.

II. Investments in the Technology Development

The Group believes that technological development is the source of competitiveness. To provide services that are more reliable and easier to use, we will develop technologies that focus on issues such as system automation, system stability, and system scalability.

III. Developing and Securing Human Resources

As technological innovation and market expansion are simultaneously taking place in the hosting services business and the security services business, the Group believes that securing competent human resources and consistently developing superior human resources are critical challenges. For these reasons, the Group will continue to strive to secure competent human resources, and will adopt additional measures to develop a merit-based personnel treatment system and a human resources development cycle.

IV. Investments in new business

The Internet service industry, in which the GMO-HS Group operates, is believed to have the potential for continued growth in the future. The Group has focused to date on hosting and security services. It will now seek to bolster corporate value by investing in the research and development of new businesses that can generate synergies with existing facilities. The Group has been conducting R&D for new business internally, but to improve the speed and efficiency of new business development, we believe that seeking alliances with companies that have high value-added operations or using M&A are also important ways to improve corporate value.

V. Improving the Management Systems

While achieving rapid growth in existing businesses and aggressively investing in new businesses, the GMO-HS Group believes that improving its risk management and compliance system is an important challenge, as is developing a business management system that appropriately balances the growth of the Group and business management.

4. Consolidated Financial Statements, etc.

(1) Consolidated Balance Sheets

(Thousand yen)

	Previous consolidated fiscal year (As of December 31, 2008)	Current consolidated fiscal year (As of December 31, 2009)
Assets		
Current assets		
Cash and deposits	1,642,057	2,650,878
Accounts receivable	491,684	609,611
Prepaid expenses	260,678	236,049
Securities	–	200,000
Deferred tax asset	14,762	41,070
Other	101,621	73,126
Provision for doubtful debts	(5,402)	(3,821)
Total current assets	2,505,401	3,806,914
Fixed assets		
Tangible fixed assets		
Buildings	6,224	9,523
Accumulated depreciation	(1,230)	(4,493)
Buildings (net)	4,994	5,030
Tools, furniture and fixtures	666,360	756,974
Accumulated depreciation	(404,881)	(541,478)
Tools, furniture and fixtures (net)	261,478	215,495
Total tangible fixed assets	266,473	220,525
Intangible fixed assets		
Software	796,124	808,289
Goodwill	1,042,079	647,656
Other	10,817	13,961
Total intangible fixed assets	1,849,021	1,469,907
Investments and other assets		
Investment securities	17,478	18,116
Affiliated company stocks	–	22,234
Long-term loans receivable from directors and employees	98,854	42,271
Long-term prepaid expenses	324,326	241,981
Lease and guarantee deposits	99,367	135,372
Deferred tax assets	44,180	15,822
Other	8,721	22,004
Provision for doubtful debts	–	(3,093)
Total investments and other assets	592,930	494,708
Total fixed assets	2,708,425	2,185,141
Total assets	5,213,827	5,992,056

(Thousand yen)

	Previous consolidated fiscal year (As of December 31, 2008)	Current consolidated fiscal year (As of December 31, 2009)
Liabilities		
Current liabilities		
Accounts payable	104,937	112,967
Amount payable	232,053	314,077
Current portion of long-term loans payable	24,000	28,880
Advance payment received	1,309,540	1,280,099
Accrued corporate tax etc.	160,114	319,943
Accrued consumption taxes	20,520	70,460
Allowance for bonuses	–	2,280
Allowance for bonuses to directors	2,328	32,000
Other	58,824	92,352
Total current liabilities	1,912,320	2,253,060
Fixed Liabilities		
Long term debt	46,000	22,000
Deferred tax liabilities	–	4,720
Total fixed liabilities	46,000	26,720
Total liabilities	1,958,320	2,279,780
Net assets		
Shareholders' equity		
Capital stock	907,450	907,800
Capital surplus	996,198	996,548
Earned surplus	1,414,677	1,841,944
Total shareholders’ equity	3,318,326	3,746,293
Gaps in appraisals, conversions etc.		
Foreign currency translation account	(82,212)	(73,257)
Total gaps in appraisals, conversions, etc.	(82,212)	(73,257)
Minority interests	19,393	39,240
Total net assets	3,255,507	3,712,275
Total liabilities, net assets total	5,213,827	5,992,056

(2) Consolidated Statement of Income

(Thousand yen)

	Previous consolidated fiscal year (Jan. 1 to Dec. 31, 2008)	Current consolidated fiscal year (Jan. 1 to Dec. 31, 2009)
Sales	7,187,454	7,594,264
Cost of sales	3,069,367	3,014,172
Gross profit on sales	4,118,087	4,580,092
Sales general & administrative expenses	3,313,904	3,438,870
Operating profit	804,182	1,141,221
Non operating revenue		
Interest income	5,289	3,490
Foreign exchange gains	–	12,138
Other	2,025	4,625
Total non operating revenue	7,315	20,253
Non operating expenses		
Interest paid	3,124	1,581
Stock issuance cost	15	15
Foreign exchange losses	19,390	–
M&A expenses	1,000	–
Other	85	127
Total non operating expenses	23,615	1,723
Ordinary profit	787,882	1,159,751
Extraordinary profit		
Gain on sale of investment securities	7,782	–
Gain on sale of fixed assets	–	3,013
Other	–	166
Total extraordinary profit	7,782	3,179
Extraordinary loss		
Loss on disposal of fixed assets	22,843	1,483
Office relocation expenses	3,768	1,150
Derivative contract cancellation penalties	82,206	–
Loss on cancellation of deposit contracts	55,337	–
Loss on valuation of investment securities	29,957	–
Impairment loss	150,000	–
Settlement package	–	3,048
Other	4,127	–
Total extraordinary loss	348,241	5,682
Net profit before adjustment for tax etc.	447,424	1,157,248
Corporate, municipal and enterprise taxes	416,264	514,016
Corporate tax etc. adjustment	(10,371)	10,841
Total corporate taxes etc.	405,893	524,858
Minority interests in net profit/loss	(29,052)	18,899
Net profit	70,582	613,490

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

(Thousand yen)

	Previous consolidated fiscal year (Jan. 1 to Dec. 31, 2008)	Current consolidated fiscal year (Jan. 1 to Dec. 31, 2009)
Shareholders' equity		
Capital stock		
Balance at the end of the previous fiscal year	906,050	907,450
Changes of items during the period		
Issuance of new shares	1,400	350
Total changes of items during the period	1,400	350
Balance at the end of current fiscal year	907,450	907,800
Capital surplus		
Balance at the end of the previous fiscal year	994,798	996,198
Changes of items during the period		
Issuance of new shares	1,400	350
Total changes of items during the period	1,400	350
Balance at the end of current fiscal year	996,198	996,548
Earned surplus		
Balance at the end of the previous fiscal year	1,597,650	1,414,677
Changes of items during the period		
Dividends from surplus	(253,555)	(186,224)
Net profit	70,582	613,490
Total changes of items during the period	(182,972)	427,266
Balance at the end of current fiscal year	1,414,677	1,841,944
Total shareholders' equity		
Balance at the end of the previous fiscal year	3,498,499	3,318,326
Changes of items during the period		
Issuance of new shares	2,800	700
Dividends from surplus	(253,555)	(186,224)
Net profit	70,582	613,490
Total changes of items during the period	(180,172)	427,966
Balance at the end of current fiscal year	3,318,326	3,746,293
Gaps in appraisals, conversions etc.		
Other gaps in appraisal of securities		
Balance at the end of the previous fiscal year	(475)	–
Changes of items during the period		
Net changes of items other than shareholders' equity	475	–
Total changes of items during the period	475	–
Balance at the end of current fiscal year	–	–
Foreign currency translation account		
Balance at the end of the previous fiscal year	66,561	(82,212)
Changes of items during the period		
Net changes of items other than shareholders' equity	(148,773)	8,954
Total changes of items during the period	(148,773)	8,954
Balance at the end of current fiscal year	(82,212)	(73,257)

(Thousand yen)

	Previous consolidated fiscal year (Jan. 1 to Dec. 31, 2008)	Current consolidated fiscal year (Jan. 1 to Dec. 31, 2009)
Total gaps in appraisals, conversions, etc.		
Balance at the end of the previous fiscal year	66,085	(82,212)
Changes of items during the period		
Net changes of items other than shareholders' equity	(148,297)	8,954
Total changes of items during the period	(148,297)	8,954
Balance at the end of current fiscal year	(82,212)	(73,257)
Minority interests		
Balance at the end of the previous fiscal year	96,605	19,393
Changes of items during the period		
Net changes of items other than shareholders' equity	(77,212)	19,847
Total changes of items during the period	(77,212)	19,847
Balance at the end of current fiscal year	19,393	39,240
Total net assets		
Balance at the end of the previous fiscal year	3,661,189	3,255,507
Changes of items during the period		
Issuance of new shares	2,800	700
Dividends from surplus	(253,555)	(186,224)
Net profit	70,582	613,490
Net changes of items other than shareholders' equity	(225,509)	28,801
Total changes of items during the period	(405,682)	456,768
Balance at the end of current fiscal year	3,255,507	3,712,275

(4) Consolidated Statement of Cash Flows

(Thousand yen)

	Previous consolidated fiscal year (Jan. 1 to Dec. 31, 2008)	Current consolidated fiscal year (Jan. 1 to Dec. 31, 2009)
Cash flow from operating activities		
Net profit before adjustment for tax etc.	447,424	1,157,248
Depreciation expenses	249,570	312,670
Amortization of goodwill	283,281	304,864
Increase (decrease) in provision for doubtful debts	(14,236)	1,291
Interest income	(5,289)	(3,490)
Interest paid	3,124	1,581
Stock issuance cost	15	15
Foreign exchange losses (gains)	17,335	(981)
Relocation expenses	–	1,150
Settlement package	–	3,048
Breakup fees	2,230	–
Loss (gain) on sales of fixed assets	–	(3,013)
Loss on retirement of fixed assets	22,843	1,483
Loss (gain) on sale of investment securities	(7,782)	–
Loss (gain) on valuation of investment securities	29,957	–
Impairment loss	150,000	–
Derivative contract cancellation penalties	82,206	–
Loss on cancellation of deposit contracts	55,337	–
Change in accounts receivable	(33,267)	(45,940)
Decrease (increase) in prepaid expenses	(62,526)	38,656
Decrease (increase) in other current assets	(60,452)	7,216
Decrease (increase) in long-term prepaid expenses	52,387	83,050
Change in purchase debts	22,316	(40,064)
Increase (decrease) in accounts payable	54,485	43,200
Increase (decrease) in advance payment received	34,250	(32,631)
Increase (decrease) in accrued consumption taxes	(8,926)	66,070
Increase (decrease) in other current liabilities	(11,908)	40,926
Increase (decrease) in allowance for bonuses	–	(6,357)
Increase (decrease) in allowance for bonuses to directors	255	29,626
Subtotal	1,302,631	1,959,623
Interest income received	5,304	3,151
Interest paid	(3,158)	(1,594)
Payments for relocation expenses	–	(1,150)
Payments for derivative contract cancellation penalties	(118,250)	–
Payments for settlement packages	–	(3,048)
Payments for breakup fees	(2,230)	–
Corporate tax etc. paid	(545,117)	(328,494)
Cash flow from operating activities	639,180	1,628,488

(Thousand yen)

	Previous consolidated fiscal year (Jan. 1 to Dec. 31, 2008)	Current consolidated fiscal year (Jan. 1 to Dec. 31, 2009)
Cash flow from investing activities		
Proceeds from withdrawal of time deposits	–	15,536
Expenditure on acquisition of investment securities	–	(4,271)
Income accrued on sale of investment securities	7,782	–
Expenditure on acquisition of securities	–	(200,000)
Expenditure on acquisition of tangible fixed assets	(120,803)	(73,088)
Expenditure on acquisition of intangible fixed assets	(504,853)	(194,280)
Income accrued on sale of intangible fixed assets	–	3,323
Payments for lease and guarantee deposits	–	(1,237)
Proceeds from collection of lease and guarantee deposits	–	31,774
Increase in lease and guarantee deposits	(34,333)	–
Collection of long term loans	32,060	30,163
Expenditure on transfer of business	(415,249)	(4,000)
Expenditure on acquisition of subsidiary stock	(13,185)	(7,909)
Expenditure on acquisition of subsidiary stock resulting in change in the scope of consolidation	(5,789)	(15,658)
Other payments	(1,090)	(1,090)
Cash flow from investing activities	(1,055,461)	(420,733)
Cash flow from financing activities		
Expenditure on repayment of long term loans	(24,000)	(32,902)
Proceeds from stock issuance	2,785	685
Payment of dividends	(252,667)	(186,110)
Cash flow from financing activities	(273,882)	(218,327)
Effect of exchange rate changes on cash and equivalents	(53,116)	(605)
Change in cash and equivalents	(743,280)	988,821
Balance of cash and equivalents at beginning of term	2,345,337	1,602,057
Balance of cash and equivalents at end of term	1,602,057	2,590,878

Notes regarding the going concern premise

Not applicable

Important matters that become the basis of presenting consolidated financial statements

Item	Previous consolidated fiscal year (Jan. 1 to Dec. 31, 2008)	Current consolidated fiscal year (Jan. 1 to Dec. 31, 2009)
1. Scope of consolidation	(i) Number of consolidated subsidiaries: 9 Names of consolidated subsidiaries Hosting & Security, Inc. GMO GlobalSign K. K. (The name of the company changed from GlobalSign K.K. in December 2008.) GMO Managed Hosting, Inc. (The name of the company changed from Mighty Server, Inc. in October 2008.) AT-YMC CO., Ltd. GlobalSign Ltd. GlobalSign NV Global Web Co., Ltd. GlobalSign, Inc. Toriton, Inc. Toriton became a consolidated subsidiary through the acquisition of shares in the company by GMO GlobalSign K.K. on August 1, 2008. Since the deemed acquisition date is September 30, 2008, earnings for three months from October 1 to December 31 were recorded for the consolidated fiscal year under review.	(i) Number of consolidated subsidiaries: 11 Names of consolidated subsidiaries Hosting & Security, Inc. GMO GlobalSign K. K. GMO Managed Hosting, Inc. AT-YMC CORPORATIOM. GlobalSign Ltd. GlobalSign NV GMO Fast Translation, Inc. (The name of the company changed from Global Web Co., Ltd. in December 2009.) GlobalSign, Inc. Toriton, Inc. Communication Telecom, Inc.. CMT, Inc.. Communication Telecom and CMT became consolidated subsidiaries through the acquisition of shares in them by the Company on November 30, 2009. Earnings from December 1 to December 31 were recorded for the consolidated fiscal year under review.
2. Matters concerning significant accounting policies (1) Valuation standard and valuation method of major assets	Securities Shares in subsidiaries Cost determined by the gross average method. —————— Other securities Securities without fair market value: Cost accounting method using the moving average method	Securities Shares in subsidiaries Cost determined by the gross average method. Bonds held to maturity Amortized cost (straight-line) method Other securities Securities without fair market value: Same as at left
(2) Depreciation and amortization methods used for material depreciable and amortizable assets	(i) Tangible fixed assets The Company and domestic subsidiaries apply the fixed rate method (straight-line method for buildings [excluding accessory facilities]). Subsidiaries overseas apply the straight-line method. The useful life of fixed assets is defined as below: Tools, furniture and fixtures 2 - 6 years (ii) Intangible fixed assets Intangible fixed assets are amortized using the straight-line method. However, software for in-house use is amortized on a straight-line basis over the expected usable period, up to five years. ——————	(i) Tangible fixed assets (excluding leased assets) Same as at left (ii) Intangible fixed assets (excluding leased assets) Same as at left (iii) Leased assets Depreciation for leased assets is computed using the straight-line method over the lease terms as service life, assuming no residual value. Finance lease transactions without the transfer of ownership that began before December 31, 2008 are accounted for in the same manner as operating leases.

Item	Previous consolidated fiscal year (Jan. 1 to Dec. 31, 2008)	Current consolidated fiscal year (Jan. 1 to Dec. 31, 2009)
(3) Accounting standards for significant allowances	―――――	Allowance for bonuses An amount is reserved for the payment of bonuses to employees based on salary forecasts.
(4) Accounting method for major lease transactions	Finance leases other than those deemed to transfer ownership of leased assets to lessees are accounted for as ordinary operating leases.	―――――

Matters other than “1. Scope of consolidation,” and “(1) Valuation standard and valuation method of major assets,” “(2) Depreciation and amortization methods used for material depreciable and amortizable assets,” “(3) Accounting standards for significant allowances,” and “(4) Accounting method for major lease transactions” of “2. Matters concerning significant accounting policies” have not changed significantly from descriptions included in the latest annual security report submitted on March 24, 2009. We have therefore omitted disclosure of them.

Changes in important matters that become the basis of presenting consolidated financial statements

Previous consolidated fiscal year (Jan. 1 to Dec. 31, 2008)	Current consolidated fiscal year (Jan. 1 to Dec. 31, 2009)
―――――	Accounting standards concerning lease transactions Starting the fiscal year under review, the Company is applying the Accounting Standard for Lease Transactions (Accounting Standards Board of Japan Statement No. 13 issued on June 17, 1993 and last amended on March 30, 2007) and the Guidance on Accounting Standard for Lease Transactions (ASBJ Guidance No. 16 issued on January 18, 1994 and last amended on March 30, 2007). Accordingly, the Company accounts for finance lease transactions without the transfer of ownership in a manner similar to accounting treatment for ordinary sale and purchase transactions, instead of accounting treatment for operating leases as in the past. Finance lease transactions without the transfer of ownership that began before December 31, 2008 are accounted for in the same manner as operating leases. The change has not affected earnings.

Changes in presentation

Previous consolidated fiscal year (Jan. 1 to Dec. 31, 2008)	Current consolidated fiscal year (Jan. 1 to Dec. 31, 2009)
―――――	Starting the fiscal year under review, the Company is distinguishing shares in non-consolidated subsidiaries from other securities and is presenting them as “Shares in subsidiaries and affiliates,” since their importance has increased in terms of their amount. Shares in non-consolidated subsidiaries were included in “Investment securities” up until the preceding fiscal year. The amount of “Shars in subsidiaries and affiliates” included in “Investment securities” at the end of the preceding fiscal year was ¥14.324 million.
―――――	(Consolidated Statement of Cash Flows) Starting the fiscal year under review, the Company is recording “Payments for lease and guarantee deposits” and “Proceeds from collection of lease and guarantee deposits” as separate items in “Cash flow from investing activities.” They were presented as “Increase in lease and guarantee deposits” up until the preceding consolidated fiscal year. “Payments for lease and guarantee deposits” and “Proceeds from collection of lease and guarantee deposits,” both of which were included in “Increase in lease and guarantee deposits” in the preceding fiscal year were ¥38.284 million and ¥3.950 million, respectively.

Additional information

Previous consolidated fiscal year (Jan. 1 to Dec. 31, 2008)	Current consolidated fiscal year (Jan. 1 to Dec. 31, 2009)
(Depreciation and amortization methods used for material depreciable and amortizable assets) From the fiscal year under review, in association with revisions to corporation tax laws (legislation to partially revise income tax laws etc. [March 30, 2007] Article 6 and the ordinance for the partial revision of the corporation tax enforcement order [March 30, 2007] Article 83), the Company and its subsidiaries in Japan are applying the depreciation method under the corporation tax laws before the revisions and is depreciating differences between 5% of the acquisition prices of tangible fixed assets acquired before March 31, 2007 and the memorandum prices of the assets for five years using the straight-line method from the fiscal year following the fiscal year when the book value has depreciated to 5% of the acquisition price. The effect of the application of the method on earnings is minor.	——————

Notes

Segment information

a. Information by business segment

Previous consolidated fiscal year (January 1, 2008 to December 31, 2008) (Thousand yen)

	Hosting Business	Securities Business	Other Businesses	Total	Elimination or corporate	Consolidated
I. Sales and operating profit/loss						
Sales						
(1) Sales to external customers	6,007,429	1,097,268	82,756	7,187,454	–	7,187,454
(2) Intersegment sales or transfer to other accounts	9,977	39,957	12,046	61,981	(61,981)	–
Total	6,017,407	1,137,225	94,802	7,249,435	(61,981)	7,187,454
Operating expenses	4,924,631	1,418,907	101,110	6,444,649	(61,378)	6,383,271
Operating profit/loss	1,092,775	(281,681)	(6,307)	804,786	(603)	804,182
II. Assets, depreciation, impairment loss and capital expenditures						
Assets	5,749,331	1,604,103	20,977	7,374,413	(2,160,586)	5,213,827
Depreciation	287,796	246,578	653	535,028	(2,176)	532,852
Impairment loss	–	150,000	–	150,000	–	150,000
Capital expenditures	887,404	158,870	105	1,046,379	(2,700)	1,043,679

(Notes) 1. Method of classifying businesses into segments

Businesses are classified, based on types of products and similarities between markets.

2. Major products belonging to each business segment

Business segment	Major products
Hosting Business	Shared hosting service, dedicated hosting service, VPS (virtual private server) hosting service, and the sale of applications including the building of EC shops
Securities Business	SSL digital certificates
Other Businesses	Services other than the above

3. As stated in “4. Matters concerning significant accounting policies” of “Important matters that become basis of presenting consolidated financial statements,” the Company is converting revenues and expenses at subsidiaries overseas into yen using average exchange rates during the term from the fiscal year under review.

In association with the change, sales and operating profit posted in the Hosting Business are ¥28.053 million and ¥7.389 million more, respectively, than the figures that had been calculated by the method that was used in the previous fiscal year. Sales and operating profit posted in the Securities Business are ¥96.945 million and ¥42.645 million more, respectively.

Current consolidated fiscal year (January 1, 2009 to December 31, 2009) (Thousand yen)

	Hosting Business	Securities Business	Other Businesses	Total	Elimination or corporate	Consolidated
I. Sales and operating profit/loss						
Sales						
(1) Sales to external customers	6,148,390	1,332,634	113,239	7,594,264	–	7,594,264
(2) Intersegment sales or transfer to other accounts	15,181	44,669	1,768	61,619	(61,619)	–
Total	6,163,572	1,377,304	115,007	7,655,884	(61,619)	7,594,264
Operating expenses	5,078,817	1,320,949	119,432	6,519,355	(66,156)	6,453,199
Operating profit/loss	1,084,754	56,354	(4,425)	1,136,684	4,537	1,141,221
II. Assets, depreciation, impairment loss and capital expenditures						
Assets	6,418,941	1,931,173	383,506	8,733,620	(2,741,564)	5,992,056
Depreciation	409,227	211,898	523	621,649	(4,113)	617,535
Impairment loss	–	–	–	–	–	–
Capital expenditures	140,140	140,340	–	280,481	(93,558)	186,922

(Notes) 1. Method of classifying businesses into segments

Businesses are classified, based on types of products and similarities between markets.

2. Major products belonging to each business segment

Business segment	Major products
Hosting Business	Shared hosting service, dedicated hosting service, VPS (virtual private server) hosting service, and the sale of applications including the building of EC shops
Securities Business	SSL digital certificates
Other Businesses	Services other than the above

b. Information by geographic segment

Previous consolidated fiscal year (January 1, 2008 to December 31, 2008) (Thousand yen)

	Japan	North America	Europe	Total	Elimination or corporate	Consolidated
I. Sales and operating profit/loss						
Sales						
(1) Sales to external customers	6,536,374	323,581	327,497	7,187,454	–	7,187,454
(2) Intersegment sales or transfer to other accounts	93,702	3,324	178,869	275,895	(275,895)	–
Total	6,630,076	326,906	506,367	7,463,350	(275,895)	7,187,454
Operating expenses	5,518,605	387,878	756,388	6,662,872	(279,600)	6,383,271
Operating profit/loss	1,111,471	(60,972)	(250,021)	800,477	3,705	804,182
II. Assets	6,018,456	119,137	1,147,732	7,285,325	(2,071,498)	5,213,827

(Notes) 1. National or regional classifications are based on geographic proximity.

2. Countries included in each geographic segment except Japan are as follows:

North America: USA

Europe: UK, Belgium

3. As stated in “4. Matters concerning significant accounting policies” of “Important matters that become basis of presenting consolidated financial statements,” the Company is converting revenues and expenses at subsidiaries overseas into yen using average exchange rates during the term from the fiscal year under review.

In association with the change, sales and operating profit posted in North America are ¥39.885 million and ¥6.672 million more respectively than the figures that had been calculated by the method that was used in the previous fiscal year. Sales and operating profit in Europe are ¥114.992 million and ¥20.140 million more, respectively.

Current consolidated fiscal year (January 1, 2009 to December 31, 2009) (Thousand yen)

	Japan	North America	Europe	Total	Elimination or corporate	Consolidated
I. Sales and operating profit/loss						
Sales						
(1) Sales to external customers	6,776,081	398,600	419,583	7,594,264	–	7,594,264
(2) Intersegment sales or transfer to other accounts	140,768	30,936	226,681	398,386	(398,386)	–
Total	6,916,850	429,536	646,264	7,992,651	(398,386)	7,594,264
Operating expenses	5,756,319	438,979	656,363	6,851,661	(398,462)	6,453,199
Operating profit/loss	1,160,687	(9,442)	(10,099)	1,141,145	76	1,141,221
II. Assets	7,984,013	139,822	210,241	8,334,076	(2,342,019)	5,992,056

(Notes) 1. National or regional classifications are based on geographic proximity.

2. Countries included in each geographic segment except Japan are as follows:

North America: USA

Europe: UK, Belgium

b. Overseas sales

Previous consolidated fiscal year (January 1, 2008 to December 31, 2008)

Overseas sales accounted for less than 10% of consolidated sales, therefore this segment data has been omitted.

Current consolidated fiscal year (January 1, 2009 to December 31, 2009)

Overseas sales accounted for less than 10% of consolidated sales, therefore this segment data has been omitted.

Per share information

Item	Previous consolidated fiscal year (Jan. 1 to Dec. 31, 2008)	Current consolidated fiscal year (Jan. 1 to Dec. 31, 2009)
Net assets per share	27,804.06 yen	31,552.57 yen
Net profit per share	606.60 yen	5,270.52 yen
Diluted net profit per share	605.44 yen	5,256.67 yen

(Note) The bases for the calculation of net profit per share and net profit per share after residual equity adjustment are as follows.

Item	Previous consolidated fiscal year (Jan. 1 to Dec. 31, 2008)	Current consolidated fiscal year (Jan. 1 to Dec. 31, 2009)
Net profit per share		
Net profit in the consolidated statement of income (thousand yen)	70,582	611,216
Amount not allocated to common stock holders (thousand yen)	——	——
Net profit allocated to common stock (thousand yen)	70,582	611,216
Average number of shares outstanding in the period (shares)	116,357	116,400
Diluted net profit per share		
Net profit adjustment (thousand yen)	——	——
Increase in number of common shares (shares)	223	306
(Of the above, new share subscription rights)	(223)	(306)
Residual security that does not dilute net profit per share and is not included in diluted net profit per share	______	______

Important post-balance sheet events

Previous consolidated fiscal year (January 1, 2008 to December 31, 2008)

Not applicable

Current consolidated fiscal year (January 1, 2009 to December 31, 2009)

1. The Company resolved to establish GMO GlobalSign Pte. Ltd. as a wholly owned subsidiary of GMO GlobalSign K.K., which is a consolidated subsidiary of the Company, at a meeting of the Board of Directors held on February 9.

(1) Company name:	GMO GlobalSign Pte. Ltd.
(2) Date of establishment:	February 28, 2010 (plan)
(3) Location of head office:	The Republic of Singapore
(4) Representative:	Ichiro Chujo
(5) Capital:	500,000 Singapore dollars
(6) Number of shares to be issued:	500,000 shares
(7) Fiscal year end:	December
(8) Main business:	Digital authentication services
(9) Capital relationship with the Company:	GlobalSign K.K., a consolidated subsidiary of the Company, will own 100% of the stock.
(10) Personnel relationship with the Company:	Two directors of the Company will have concurrent positions.

2. Reason of establishment

   Digital authentication services, which ensure the safety of transactions on the Internet, are essential services given the growth of the Internet. The Company has determined that the secondary subsidiary to be established will help increase consolidated results as an operating base in Oceania, India, and Southeast, where digital authentication service markets are expected to expand.

3. Outlook

   The company will become a non-consolidated subsidiary in fiscal 2010.

Omission of disclosure

Disclosure of notes on lease transactions, securities, derivative transactions, retirement benefits, stock options, tax effect accounting, transactions with affiliated parties, and other matters is omitted if their disclosure in the summary of financial results is considered to be unnecessary.

5. Non-Consolidated Financial Statements, etc.

(1) Non-Consolidated Balance Sheets

(Thousand yen)

	Previous fiscal year (As of December 31, 2008)	Current fiscal year (As of December 31, 2009)
Assets		
Current assets		
Cash and deposits	1,110,640	1,184,522
Accounts receivable	321,761	350,544
Accounts receivable-other	1,486	1,470
Short-term loans receivable to affiliated company	3,000	–
Securities	–	200,000
Prepaid expenses	120,932	111,020
Advances paid	7,044	1,236
Deferred tax asset	12,539	27,543
Other	10,246	33,062
Provision for doubtful debts	(824)	(693)
Total current assets	1,586,827	1,908,708
Fixed assets		
Tangible fixed assets		
Buildings	860	860
Accumulated depreciation	(336)	(410)
Buildings (net)	523	449
Tools, furniture and fixtures	567,225	617,055
Accumulated depreciation	(345,811)	(450,856)
Tools, furniture and fixtures (net)	221,413	166,199
Total tangible fixed assets	221,937	166,648
Intangible fixed assets		
Goodwill	110,869	71,316
Right of trademark	1,779	1,083
Software	565,022	516,513
Telephone subscription right	516	516
Total intangible fixed assets	678,187	589,429
Investments and other assets		
Investment securities	2,987	2,987
Affiliated company stocks	1,150,470	1,337,970
Long-term loans receivable from affiliated company	1,700,000	2,000,000
Long-term loans receivable from directors and employees	98,854	42,271
Long-term prepaid expenses	745	757
Lease and guarantee deposits	50,675	50,685
Insurance funds	8,721	9,811
Claims in bankruptcy etc.	–	3,093
Deferred tax assets	15,233	15,799
Provision for doubtful debts	–	(3,093)
Total investments and other assets	3,027,688	3,460,283
Total fixed assets	3,927,813	4,216,361
Total assets	5,514,640	6,125,070

(Thousand yen)

	Previous fiscal year (As of December 31, 2008)	Current fiscal year (As of December 31, 2009)
Liabilities		
Current liabilities		
Accounts payable	56,067	51,148
Amount payable	187,724	228,534
Current portion of long-term loans payable	14,400	14,400
Accrued expenses	13,576	13,962
Advance payment received	1,016,669	949,238
Deposit received	5,758	24,346
Accrued corporate tax etc.	127,144	272,988
Accrued consumption taxes	9,560	41,763
Allowance for bonuses to directors	–	32,000
Other	7,209	10,582
Total current liabilities	1,438,110	1,638,964
Fixed Liabilities		
Long term debt	27,600	13,200
Total fixed liabilities	27,600	13,200
Total liabilities	1,465,710	1,652,164
Net assets		
Shareholders' equity		
Capital stock	907,450	907,800
Capital surplus		
Legal capital surplus	996,198	996,548
Total capital surplus	996,198	996,548
Earned surplus		
Legal earned surplus	300	300
Other earned surplus		
General reserve	400	400
Earned surplus brought forward	2,144,581	2,567,857
Total earned surplus	2,145,281	2,568,557
Total shareholders' equity	4,048,930	4,472,905
Total net assets	4,048,930	4,472,905
Total liabilities, net assets total	5,514,640	6,125,070

(2) Non-Consolidated Statement of Income

(Thousand yen)

	Previous fiscal year (Jan. 1 to Dec. 31, 2008)	Current fiscal year (Jan. 1 to Dec. 31, 2009)
Sales	5,274,149	5,187,302
Cost of sales	*1 2,582,969	*1 2,476,218
Gross profit on sales	2,691,179	2,711,083
Sales general & administrative expenses		
Sales commission	70,144	55,449
Advertising expenses	162,383	112,465
Directors' compensations	156,600	150,720
Salaries and allowances	540,003	626,390
Temporary staffing expenses	50,373	24,651
Rent expenses	82,825	87,861
Depreciation	10,547	51,560
Commission fee	162,150	194,348
Research and development expenses	39,482	39,590
Supplies expenses	26,673	23,545
Provision for doubtful debts	508	3,710
Provision for bonuses to directors	–	32,000
Other	392,463	336,832
Total sales general & administrative expenses	1,694,155	1,739,125
Operating profit	997,023	971,957
Non operating revenue		
Interest income	30,832	39,894
Dividends received	40,063	20,347
Foreign exchange gains	–	1,895
Other	220	1,992
Total non operating revenue	71,115	64,129
Non operating expenses		
Interest paid	1,191	851
Stock issuance cost	15	–
Foreign exchange losses	16,400	–
Other	1,022	16
Total non operating expenses	18,628	868
Ordinary profit	1,049,510	1,035,219
Extraordinary profit		
Gain on sale of fixed assets	–	240
Total extraordinary profit	–	240
Extraordinary loss		
Loss on disposal of fixed assets	883	6
Derivative contract cancellation penalties	82,206	–
Loss on valuation of investment securities	27,624	–
Other	208	–
Total extraordinary loss	110,922	6
Net profit before adjustment for tax etc.	938,587	1,035,453
Corporate, municipal and enterprise taxes	352,260	441,523
Corporate tax etc. adjustment	13,637	(15,569)
Total corporate taxes etc.	365,898	425,953
Net profit	572,689	609,499

Schedule of cost of sales

		Previous fiscal year (Jan. 1 to Dec. 31, 2008)		Current fiscal year (Jan. 1 to Dec. 31, 2009)	
Item	Note Number	Amount (thousand yen)	Composition (%)	Amount (thousand yen)	Composition (%)
I Labor cost		312,162	12.1	333,067	13.4
II Expenses arising from outside manufacturers		104,366	4.0	41,441	1.7
III Other expenses	*1	2,166,440	83.9	2,101,710	84.9
Cost of sales		2,582,969	100.0	2,476,218	100.0

(Note)

*1: Major items are as follows: (Thousand yen)

Item	Previous fiscal year (Jan. 1 to Dec. 31, 2008)	Current fiscal year (Jan. 1 to Dec. 31, 2009)
Facility fees	655,614	710,081
Lease fees	252,456	212,165
Domain expenses	122,634	118,854
Server expenses	299,895	252,246

(Note) Server expenses are expenses for the OEM of Verio, Inc.

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

(Thousand yen)

	Previous fiscal year (Jan. 1 to Dec. 31, 2008)	Current fiscal year (Jan. 1 to Dec. 31, 2009)
Shareholders' equity		
Capital stock		
Balance at the end of the previous fiscal year	906,050	907,450
Changes of items during the period		
Issuance of new shares	1,400	350
Total changes of items during the period	1,400	350
Balance at the end of current fiscal year	907,450	907,800
Capital surplus		
Legal capital surplus		
Balance at the end of the previous fiscal year	994,798	996,198
Changes of items during the period		
Issuance of new shares	1,400	350
Total changes of items during the period	1,400	350
Balance at the end of current fiscal year	996,198	996,548
Total capital surplus		
Balance at the end of the previous fiscal year	994,798	996,198
Changes of items during the period		
Issuance of new shares	1,400	350
Total changes of items during the period	1,400	350
Balance at the end of current fiscal year	996,198	996,548
Earned surplus		
Legal earned surplus		
Balance at the end of the previous fiscal year	300	300
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current fiscal year	300	300
Other earned surplus		
Reserve for special depreciation		
Balance at the end of the previous fiscal year	759	–
Changes of items during the period		
Reversal of reserve for special depreciation	(759)	–
Total changes of items during the period	(759)	–
Balance at the end of current fiscal year	–	–
General reserve		
Balance at the end of the previous fiscal year	400	400
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current fiscal year	400	400
Earned surplus brought forward		
Balance at the end of the previous fiscal year	1,824,688	2,144,581
Changes of items during the period		
Reversal of reserve for special depreciation	759	–
Dividends from surplus	(253,555)	(186,224)
Net profit	572,689	609,499
Total changes of items during the period	319,893	423,275
Balance at the end of current fiscal year	2,144,581	2,567,857

(Thousand yen)

	Previous fiscal year (Jan. 1 to Dec. 31, 2008)	Current fiscal year (Jan. 1 to Dec. 31, 2009)
Total earned surplus		
Balance at the end of the previous fiscal year	1,826,147	2,145,281
Changes of items during the period		
Reversal of reserve for special depreciation	–	–
Dividends from surplus	(253,555)	(186,224)
Net profit	572,689	609,499
Total changes of items during the period	319,133	423,275
Balance at the end of current fiscal year	2,145,281	2,568,557
Total shareholders' equity		
Balance at the end of the previous fiscal year	3,726,996	4,048,930
Changes of items during the period		
Issuance of new shares	2,800	700
Dividends from surplus	(253,555)	(186,224)
Net profit	572,689	609,499
Total changes of items during the period	321,933	423,975
Balance at the end of current fiscal year	4,048,930	4,472,905
Gaps in appraisals, conversions etc.		
Other gaps in appraisal of securities		
Balance at the end of the previous fiscal year	(475)	–
Changes of items during the period		
Net changes of items other than shareholders' equity	475	–
Total changes of items during the period	475	–
Balance at the end of current fiscal year	–	–
Total gaps in appraisals, conversions, etc.		
Balance at the end of the previous fiscal year	(475)	–
Changes of items during the period		
Net changes of items other than shareholders' equity	475	–
Total changes of items during the period	475	–
Balance at the end of current fiscal year	–	–
Total net assets		
Balance at the end of the previous fiscal year	3,726,520	4,048,930
Changes of items during the period		
Issuance of new shares	2,800	700
Dividends from surplus	(253,555)	(186,224)
Net profit	572,689	609,499
Net changes of items other than shareholders' equity	475	–
Total changes of items during the period	322,409	423,975
Balance at the end of current fiscal year	4,048,930	4,472,905

Notes regarding the going concern premise

Not applicable

6. Other

Changes in officers

Changes in officers will be disclosed as soon as disclosure is possible.