

Consolidated Second Quarter Results Statement for the Fiscal Year Ending December 2012 (Japanese GAAP)

August 6, 2012

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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Date of Quarterly Report Release: August 10, 2012 Start Date of Dividend Payout: September 24, 2012

Supplementary documents available pertaining to quarterly financial results: Yes

Quarter results presentation: Yes (for institutional investors and analysts)

(all amounts rounded down to the nearest million yen)

1. Consolidated Second Quarter Financial Results in the Year Ending December 2012 (01.01.2012- 06.30.2012)

(1) Consolidated Operating Results

(percentages represent year-on-year % change)

	Net Sales		Operating Profit		Ordinary Profit		Net Profit	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
Six months ended								
June 30, 2012	35,965	21.9	5,011	25.2	4,981	32.8	1,892	-4.5
June 30, 2011	29,515	44.3	4,003	56.1	3,751	45.4	1,982	77.2

(Note) Comprehensive Income - June 30, 2012: ¥2,528 million (-22.0%), June 30, 2011: ¥3,241 million (-%)

	Net Profit per Share	Net Profit per Share (Diluted)
Six months ended	¥	¥
June 30, 2012	16.06	-
June 30, 2011	18.17	-

(2) Consolidated Financial Condition

	Total Assets	Net Assets	Shareholders' Equity Ratio
As of	¥ millions	¥ millions	%
June 30, 2012	224,121	27,413	8.6
FYE 12/2011	205,055	26,125	9.0

(Reference) Shareholders' Equity - June 30, 2012: ¥19,287 million, FYE 12/2011: ¥18,480 million

2. Dividends

	Dividends per Share				
	End of Q1	End of Q2	End of Q3	End of Term	Total
	¥	¥	¥	¥	¥
FYE 12/2011	2.00	2.00	3.00	5.00	12.00
FYE12/2012	3.00	3.00			
FYE 12/2012 (Forecast)			3.00	3.00	12.00

(Note) Revision to forecast during the most recent quarter: none

3. Consolidated Results Forecast for the Year Ending December 2012 (01.01.2012 – 12.31.2012)

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

	Net Sales		Operating Profit		Ordinary Profit		Net Profit		Net Profit per Share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
FYE 12/2012	68,000	10.2	9,000	19.6	8,900	26.9	4,400	2.7	37.34

(Note) Revision to the most recently announced forecast: none

***Notes**

(1) Changes to significant subsidiaries in the current term: none

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

New: 0 companies Excluded: 0 companies

(2) Special accounting treatments used in preparation of financial statements: none

(3) Changes in accounting policy, changes in accounting estimates, restatements

1. Changes resulting from revisions to accounting policy: none

2. Changes other than those specified above: none

3. Changes in accounting estimates: none

4. Restatements: none

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

1. No. of Outstanding Shares at End of Term

(Including Treasury Stock)

2. No. of treasury shares at end of term

3. Average no. of shares in the term

Q2 FYE 12/2012	117,806,777	FYE 12/2011	117,806,777
Q2 FYE 12/2012	1,684	FYE 12/2011	1,684
Q2 FYE 12/2012	117,805,093	Q2 FYE 12/2011	109,051,110

***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 announcement the audit is ongoing.

*** Caution 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 9 (3. Qualitative Information - Consolidated Earnings Results Forecasts) for details regarding the assumptions on which forecasts are based.

A presentation of results will be held for investors as follows. The materials distributed at the presentation, and a video of the event will be made available on the company's website in English shortly after the event.

Results Presentation for Investors and Analysts: Monday August 6, 2012

*Please be aware that this document is an English translation of the FYE 12/2012 2nd Quarter Financial Results Statement (*Kessan Tanshin*) originally prepared in Japanese. Where discrepancies arise between the two documents, the latter shall prevail.

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1. Qualitative Information - Consolidated Financial Performance

(1) Qualitative Information - Consolidated Operating Results

General Conditions

In the second quarter of the current fiscal term, concerns over a recurrence of the debt crisis in Europe, and rising oil prices cast uncertainty over Japan's economic outlook, however, government intervention to curb the rising yen, and reconstruction following the Eastern Japan earthquake have yielded signs of a moderate recovery in the local economy.

Despite the economic environment, the Internet market, the arena in which the group operates, remained robust with growing use of smartphone and tablet devices, and advances in cloud technology. The prevalence of social media and boom in development of social graph oriented content have ushered in a new era for the Internet in which social media is pivotal.

In the same period, GMO Internet Group strove to maintain growth in its Web Infrastructure & Ecommerce, Internet Media, and Internet Securities segments, while boosting user numbers and membership base by providing "number one" services in each business and actively fostering development of social apps and smartphone services which are expected to be high growth areas going forward.

Revenue and profits rose significantly in the second quarter. Net Sales: ¥35.965 billion (21.9% year-on-year increase) Operating Profit: ¥5.011 billion (25.2% year-on-year increase) Ordinary Profit: ¥4.981 billion (32.8% year-on-year increase). Consolidated net profit before tax rose 44.1% year-on-year to ¥4.813 billion, due to ¥159 million in extraordinary profits (¥93 million in the previous corresponding term) including ¥150 million profit from the sale of shares held in affiliated companies, as well as the impact of extraordinary losses totaling ¥327 million (extraordinary losses totaled ¥504 million in the previous fiscal year) including loss on disposal of assets no longer used (¥89 million), and a ¥101 million provision to the financial instruments transaction liability reserve.

Final net profit fell 4.5% to ¥1.892 billion after municipal and business tax payments of ¥1.639 billion, corporate tax adjustment (¥526 million) and minority shareholder profits (¥755 million).

Overview of Consolidated Business Performance

(Unit: ¥millions)

	Previous Q2	Current Q2	Change	% Change
Net Sales	29,515	35,965	6,450	21.9%
Operating Profit	4,003	5,011	1,008	25.2%
Ordinary Profit	3,751	4,981	1,230	32.8%
Net Profit	1,982	1,892	- 89	-4.5%

Segment Report
Net sales and profit in each segment.

(Unit: ¥millions)

	Previous Q2	Current Q2	Change	% Change
Web Infrastructure & Ecommerce				
Net Sales	11,567	14,327	2,760	23.9%
Segment Profit	1,669	2,124	454	27.2%
Internet Media				
Net Sales	10,574	12,925	2,351	22.2%
Segment Profit	815	1,106	290	35.7%
Internet Securities				
Net Sales	7,392	8,251	858	11.6%
Segment Profit	2,231	2,681	449	20.2%
Social Media & Smartphone Platform				
Net Sales	694	1,351	657	94.8%
Segment Profit	-693	-956	-262	-
Incubation				
Net Sales	14	41	27	195.1%
Segment Profit	-96	-53	42	-
Adjustment				
Net Sales	-727	-933	-206	-
Segment Profit	76	109	33	-
Total				
Net Sales	29,515	35,965	6,450	21.9%
Segment Profit	4,003	5,011	1,008	25.2%

Description of businesses in each segment

Business Segment	Main Operations	
Web Infrastructure & Ecommerce	Domain registration	<ul style="list-style-type: none"> Onamae.com, MuuMuu Domain, VALUE-DOMAIN.COM and other domain name (.com, .net, .jp etc.) registration services
	Web hosting	<ul style="list-style-type: none"> Provision, operation, management, and maintenance of dedicated and shared, and cloud-based web hosting services including Onamae.com Rental Server, GMO AppsCloud, RapidSite, GMO Cloud, IQ Cloud, Lolipop and heteml.
	Ecommerce solutions & web development	<ul style="list-style-type: none"> SaaS services for online store building including Color me shop! and MakeShop. Development and operation of online shopping malls including Calamel. Marugoto EC and other online store solutions and consulting services Web creation, operational support and system consulting
	Security	<ul style="list-style-type: none"> GlobalSign Quick Authentication SSL, enterprise SSL, and other SSL certificate issue services, code signing certificate services, PDF document signing services
	Payment processing	<ul style="list-style-type: none"> PG Multi-Payment Service and other card-not-present payment processing services for ecommerce and catalog sales businesses, payment processing services for the public sector and social apps industry
	Provider (ISP)	<ul style="list-style-type: none"> GMO TokuToku BB, interQ, MEMBERS, ZERO, other access provider services

Internet Media	Internet media & search media	<ul style="list-style-type: none"> • Development and operation of blog services yaplog! and JUGEM, Internet community services including freeml and other Internet advertising media • SEM Media JWord operation and sales of JWord, Japanese keywords. Sales of SEO (Search Engine Optimization) services • Ad Networks Distribution of contextual advertising to owned & operated media and search engine results pages
	Advertising agencies	<ul style="list-style-type: none"> • Internet advertising, mobile advertising, search engine advertising, affiliate advertising • Advertising design
	Other	<ul style="list-style-type: none"> • Provision of Internet research systems, management and operation of online research panel
Internet Securities	Internet securities	<ul style="list-style-type: none"> • Operation of online securities trading, foreign currency trading services etc.
Social Media & Smartphone Platform	Social apps	<ul style="list-style-type: none"> • Social apps development/operation support
	Smartphone game platform	<ul style="list-style-type: none"> • G-Gee by GMO game apps market for Android devices
	Daily deals	<ul style="list-style-type: none"> • Operation of daily deals website Kumapon by GMO
Incubation	Venture capital	<ul style="list-style-type: none"> • Investment in private Internet ventures.

i. Web Infrastructure & Ecommerce

In the second quarter the domain business continued to pursue a low-pricing strategy with the objective of growing domain name registration market share. As a result of aggressive sales promotions, the Group was ranked number one worldwide in the webhosting.info ranking of net growth in registrations in the period from December 26, 2011 to January 16, 2012. In July 2011, DigiRock, Inc. became a consolidated subsidiary driving domain name registrations and renewals up 108% from the previous corresponding period to 1.72 million, and total domains under management rose 85.0% over the same period to 3.34 million. At the end of the period net sales totaled ¥2.138 billion (54.3% year-on-year increase).

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 promotion of high quality, low-cost shared service offerings was continued. Social apps development and operation solutions brand, GMO AppsCloud received the top prize in the Gamebusiness.jp App Cloud Awards 2012 (IID, Inc.) which is awarded based on customer satisfaction. Overall web hosting contracts increased 24.2% over the previous corresponding term to 65.6 thousand and net sales grew 14.3% year-on-year to ¥6.072 billion.

The ecommerce solutions and web development business continued to grow as the ecommerce market expanded and more individual online stores were established under their own domain names. New features were added to improve usability for both net shop operators and customers, and number of contracts reached 59 thousand (17.8% year-on-year increase). As a result the business reported net sales of ¥1.261 billion (12.3% year-on-year increase).

Also in the quarter under review, the security business achieved the highest net growth among certificate authority brands in Japan and captured the number one share in the market for the first time – we believe this is a product of our continuous focus on providing services that meet customer needs.

Revenue was strong as Japan, North America and Europe strengthened sales networks, while implementation of SSL for smartphones continued to grow steadily. These factors contributed to a 14.8% year-on-year increase in net sales to ¥960 million.

The payment processing business continued to focus on expanding merchant base, and growing both number of transactions and transaction volume. A drive to attract new customers yielded a 20.3% rise in number of merchants to 37,000. The public sector payment processing service was adopted by Kofu city in Yamanashi prefecture for credit card payments of water utilities bills further solidifying the Group's stronghold in this market. At the end of the first half net sales in this business totaled ¥2.272 billion (21.3% year-on-year increase).

Results in the Web Infrastructure and Ecommerce segment, chiefly comprising the five product areas above, were as follows; net sales: ¥14.327 billion (23.9% year-on-year increase), operating profit: ¥2.124 billion (27.2% year-on-year increase).

ii. Internet Media Segment

According to Dentsu, Inc. in 2011 Japanese companies spent 97.7% less on advertising largely due to voluntary restraints enforced after the Eastern Japan earthquake. However, the Internet advertising market continued to expand, buoyed by new forms of advertising through social media, and as a result Japan's Internet advertising spend rose 104.1% to ¥806.2 billion.

The Group's Internet media & search media business operates online media properties including Booklog, freeml and blog services Jugem and Yaplog! The same business division sells SEO and other SEM media including JWord (Japanese search service) keywords. In the first half JWord introduced smartphone compatibility. Net sales in the Internet media & search media business totaled ¥4.891 billion (2.1% year-on-year increase) at the end of the first half.

In the Internet advertising agency business, selective and listing advertising were strong across both PC and mobile, while sales of media developed by the Group including ad network, ADResult were also positive. At the end of the term the Internet advertising business reported net sales of ¥7.325 billion (39.2% year-on-year increase). Also in the first half, Searchteria Inc. (now GMO Searchteria, Inc.) became a consolidated subsidiary. GMO Searchteria's strength is in advertising distribution for mobile and smartphone platforms and the company was acquired in response to rapidly progressing technology and growth in the smartphone market. Results from this company are reflected in the consolidation from the second quarter.

Overall, in the Internet Media segment, net sales totaled ¥12.925 billion (22.2% year-on-year increase), and operating profit came in at ¥1.106 billion (35.7% year-on-year increase).

iii. Internet Securities

In the first half, the Internet Securities segment expanded and improved its suite of trading tools with the introduction of stop-loss orders and Android apps for securities and FX options trading. At the same time, user experience was improved as spreads were further reduced on foreign exchange transactions and customers spent less on trading fees.

As a result of these measures, FX accounts grew a significant 37.2% year-on-year to 240,000 accounts. Further, in the 2011 fiscal year (April 2011-March 2012) the FX business was responsible for 26.5% of transaction volume in Japan making it number one among the dominant players in the industry. (Yano Research) Securities trading accounts grew 25.6% year-on-year to 142,000 accounts. In the first six months of 2012, securities trading market share grew steadily and the securities business accounted for 10.4% of retail trading, the third highest position in the market. (Our own calculation based on data disclosed by competitors)

At the end of the second quarter, total net sales in the segment was ¥8.251 billion (11.6% year-on-year increase) and operating profit was ¥2.681 billion (20.2% year-on-year increase).

vi. Social Media & Smartphone Platform

The social apps business operates GMO Social Apps Initiative. Two apps to emerge from the initiative, Gudram Master by GMO and Densetsu no Mamoribito 2 by GMO, continued to performed well in the period under review.

The smartphone game platform business operates GMO GameCenter (G-Gee by GMO), a game apps market for Android devices. User numbers have grown steadily since the service was launched in November 2010, at the end of June this year number of users in Japan reached 4.56 million (1.46 million users at the end of the previous fiscal year), and number of users globally (excluding Japan) totaled 5.6 million, while app downloads continued to grow steadily. In the first half of the current fiscal year a partnership was formed with Fuji Television that will see game apps for iPhone and iPad by Fuji made available in the global Android market through G-Gee by GMO. Distribution got underway on May 30, 2012.

The daily deals business operates daily deals website Kumapon by GMO, a service that offers special deals and discounts on products and services to a certain number of purchasers. In the first half Kumapon partnered with another daily deals website, Shareee operated by Shareee, Inc. The partnership has expanded sales channels and improved customer satisfaction by leveraging Kumapon by GMO's strength in marketing and promotion combined with Sharees's nationwide sales network and high quality coupons.

The Social Media & Smartphone Platform segment reported sales in the first quarter of ¥1.351 billion (94.8% increase over the previous fiscal year) and an operating loss of ¥956 million (operating loss was ¥693 million in the previous fiscal year).

v. Incubation Business

In the incubation business, GMO VenturePartners provided support in business expansion and building corporate value to Internet related companies while investing through investment funds managed by the company. In the first half revenue reached ¥41 million (195.1% year-on-year increase) following the sale of shares held by GMO VenturePartners, while the segment reported an operating loss of ¥53 million (¥96 million operating loss was reported in the previous corresponding period).

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

(Unit: ¥millions)

	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
Net Sales	15,050	15,657	16,518	17,960	18,005
Operating Profit	1,946	1,621	1,901	2,525	2,486
Ordinary Profit	1,834	1,491	1,773	2,500	2,481
Net Profit	793	661	1,643	896	996
Total Assets	186,135	196,053	205,055	231,168	224,121
Shareholders' Equity	16,928	17,243	18,480	18,823	19,287

(Reference) Table: Quarterly Changes by Segment

(Unit: ¥millions)

I Revenue by Segment

	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
Web Infrastructure & Ecommerce					
Provider (ISP)	283	293	347	423	439
Domain registration	692	885	945	1,056	1,081
Web hosting	2,674	2,786	2,828	2,948	3,123
Ecommerce solutions & web development	539	519	582	653	607
Security	413	381	486	472	487
Payment processing	941	1,020	1,032	1,132	1,139
Other	275	347	338	328	432
Segment Sales Total	5,820	6,234	6,559	7,015	7,311
Internet Media					
Internet media & search media	2,370	2,329	2,392	2,426	2,464
Advertising agencies	2,615	2,747	3,317	3,743	3,581
Other	257	337	340	358	349
Segment Sales Total	5,243	5,414	6,050	6,529	6,396
Internet Securities					
Segment Sales Total	3,908	3,719	3,645	4,126	4,125
Social Media & Smartphone Platform					
Segment Sales Total	529	576	662	676	675
Incubation					
Segment Sales Total	2	1	2	39	1
Sub total	15,504	15,946	16,920	18,387	18,510
Adjustment for inter segment transactions	-453	-288	-401	-427	-505
Consolidated Sales	15,050	15,657	16,518	17,960	18,005

II Operating Profit by Segment

	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
Web Infrastructure & Ecommerce	703	628	778	981	1,143
Internet Media	361	376	407	633	473
Internet Securities	1,429	1,002	1,151	1,309	1,372
Social Media & Smartphone Platform	-516	-385	-464	-427	-529
Incubation	-88	-14	-38	-26	-27
Sub total	1,889	1,607	1,834	2,469	2,432
Adjustment for inter segment transactions	57	13	66	55	54
Consolidated Operating Profit	1,946	1,621	1,901	2,525	2,486

(2) Qualitative Information - Consolidated Financial Condition

Assets, Liabilities, and Shareholders' Equity

Significant changes in the state of assets, liabilities and shareholders' equity from December 30, 2011 to June 30, 2012, are as follows.

Current assets increased ¥18.494 billion (9.9%) from the end of the previous fiscal year to ¥204.756 billion. Major contributing factors were increases of ¥2.518 billion in cash and deposits, ¥16.596 billion in deposits received, ¥1.594 billion in margin transaction assets, and decreases of ¥4.202 billion short term guarantee deposits and ¥778 billion in variation margin paid in the securities business.

Fixed assets increased ¥571 billion (3.0%) from the end of the previous fiscal year to ¥19.365 billion. Contributing factors included spending on the acquisition of server facilities that increased tangible assets by ¥989 million, and a decrease of ¥392 million in deferred tax asset.

Overall, assets total increased ¥19.066 billion (9.3%) from the end of the previous fiscal year to ¥224.121 billion.

Current liabilities increased ¥18.574 billion (11.3%) from the end of the previous fiscal year to ¥182.621 billion. Major contributing factors included increases in securities segment margin transaction liability (¥4.106 billion) and deposits received (¥1.646 billion) as well as a decrease in short term loans (¥1.026 billion) and deposits (¥613 billion).

Fixed liabilities decreased ¥897 million (6.3%) from the end of the previous fiscal year to ¥13.328 billion. This was predominantly due to a decrease in long term loans (¥1.29 billion).

Overall, liabilities total increased ¥17.778 billion (9.9%) from the end of the previous fiscal year to ¥196.708 billion.

Net Assets increased ¥1.287 million (4.9%) from the end of the previous fiscal year to ¥27.413 billion. Influencing factors include a ¥938 million increase in earnings surplus (¥1.892 million addition of net profit and ¥954 million paid out in dividends), and a ¥481 million increase in minority equity.

Cash Flow

In the second quarter of the current fiscal year, consolidated cash flow provided by operating activities was ¥8.461 billion while cash flow used in investing activities was ¥2.064 billion, and ¥4.016 billion was used in financing activities. Consolidated cash and cash equivalents stood at ¥35.161 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 ¥8.461 billion (¥6.231 billion provided in the previous fiscal year). Major items included net profit before tax and other adjustments (¥4.813 billion), depreciation (¥1.333 billion), and in the securities segment increase in deposits (¥16.596 billion [decrease in cash flow]) decrease in short term guarantee deposits (¥4.202 billion [increase in cash flow]) and changes in deposits and guarantees received (¥14.094 billion [increase in cash flow]). Corporate tax payment etc. totaled ¥681 million.

Cash flow used in investing activities was ¥2.064 billion (¥1.095 billion was used in the previous corresponding term). Outflows included payments of ¥789 million in the acquisition of tangible fixed assets, and ¥855 million in the acquisition of intangible fixed assets.

Cash flow used in financing activities was ¥4.016 billion (¥1.248 billion was used in the previous corresponding term). Significant items included repayment of ¥1.025 billion (net amount) in short-term loans, and a ¥1.298 million repayment of long-term loans, ¥936 million payment of dividends, and payment of dividends totaling ¥317 million to minority shareholders.

(3) Qualitative Information - Consolidated Earnings Results Forecasts

On August 1, 2012 the company announced an upward revision of its fiscal year 2012 forecast (*Upward Revision to Consolidated Earnings Forecast for the Fiscal Year Ending December 2012*). As stated in the announcement, forecasts initially disclosed in the company's *Fiscal Year 2012 Results Statement* (February 8, 2012), were revised upward in light of strong results in the first six months of the year in the Web Infrastructure & Ecommerce, Internet Media, and Internet Securities segments.

2. Summary of Information Related to Other Items

(1) Changes to significant subsidiaries in the current term

None

(2) Special accounting treatments used in preparation of financial statements

None

(3) Changes in accounting policy, changes in accounting estimates, restatements

None

(4) Additional information

Application of Accounting Standard for Accounting Changes and Error Corrections

The Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No. 24 12.4.2009) and the accompanying Implementation Guidance (ASBJ Guidance No. 24, 12.4.2009) is applied to all accounting changes and error corrections from the first quarter of the current fiscal year.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: ¥millions)

	Previous Fiscal Year (As of Dec 31, 2011)	2nd Quarter Current Fiscal Year (As of Jun 30, 2012)
Assets		
Current Assets		
Cash and deposits	36,281	38,800
Trade notes and accounts receivable	5,664	6,165
Operational investment securities	922	1,081
Securities business deposits	77,229	93,825
Securities business margin transaction assets	27,354	28,949
Securities business short term guarantee deposits	23,519	19,316
Securities business variation margin paid	9,930	9,152
Deferred tax asset	1,543	1,416
Other	4,382	6,485
Provision for doubtful debts	-566	-436
Total Current Assets	186,261	204,756
Fixed Assets		
Tangible fixed assets	4,337	5,327
Intangible fixed assets		
Goodwill	4,659	4,193
Software	2,722	2,942
Other	235	335
Total intangible fixed assets	7,617	7,471
Investments and other assets		
Investment securities	1,479	1,400
Deferred tax asset	3,620	3,228
Other	1,977	2,300
Provision for doubtful debts	-239	-363
Total investments and other assets	6,839	6,566
Total Fixed Assets	18,794	19,365
Total Assets	205,055	224,121
Liabilities		
Current liabilities		
Trade notes and accounts payable	1,839	2,000
Short term debt	8,209	7,182
Amount payable	3,702	5,419
Securities business deposits received	6,390	8,036
Securities business margin transaction liability	21,199	25,305
Securities business guarantees received	101,807	114,255
Securities business variation margin received	1,265	641
Accrued corporate tax etc.	1,040	1,383
Allowance for bonuses	359	238
Allowance for bonuses to directors	347	258
Advance payment received	3,247	3,635
Deposits received	11,622	11,008
Other	3,016	3,255
Total Current Liabilities	164,047	182,621

(Unit: ¥millions)

	Previous Fiscal Year (As of Dec 31, 2011)	2nd Quarter Current Fiscal Year (As of Jun 30, 2012)
Fixed Liabilities		
Long term debt	11,186	9,896
Deferred tax liability	43	44
Other	2,996	3,388
Total Fixed Liabilities	14,226	13,328
Statutory Reserve		
Financial instruments transaction liability reserve	656	758
Total Statutory Reserve	656	758
Total Liabilities	178,929	196,708
Net Assets		
Shareholders' Equity		
Capital stock	2,000	3,000
Capital surplus	6,836	5,836
Earned surplus	9,651	10,590
Treasury stock	-0	-0
Total Shareholders' Equity	18,487	19,425
Other Comprehensive Income		
Other gaps in evaluation of securities	150	71
Hedging profit/loss carried forward	-1	-60
Foreign currency translation account	-155	-149
Total Other Comprehensive Income	-6	-138
Equity Warrants	26	24
Minority Equity	7,618	8,100
Total Net Assets	26,125	27,413
Liabilities, Net Assets Total	205,055	224,121

(2) Consolidated Statement of Income

2nd Quarter Consolidated Statement

(Unit: ¥millions)

	2nd Quarter Previous Fiscal Year (6 months to Jun, 2011)	2nd Quarter Current Fiscal Year (6 months to Jun, 2012)
Net Sales	29,515	35,965
Cost of Sales	11,237	14,721
Gross Profit on Sales	18,277	21,243
Sales, General & Administrative Expenses	14,274	16,231
Operating Profit	4,003	5,011
Non Operating Revenue		
Interest received	3	4
Dividends received	20	16
Gain on expired points	6	50
Equity method investment profits	-	8
Other	43	99
Total Non Operating Revenue	72	179
Non Operating Expenses		
Interest paid	141	153
Equity method investment loss	101	-
Other	81	55
Total Non Operating Expenses	324	209
Ordinary Profit	3,751	4,981
Extraordinary Profit		
Return on cancellation of insurance	25	-
Gain on sale of affiliated company stock	-	150
Other	68	9
Total Extraordinary Profit	93	159
Extraordinary Loss		
Loss on disposal of fixed assets	89	89
Office relocation expenses	9	76
Provision to securities transaction liability reserve	104	101
Other	300	59
Total Extraordinary Loss	504	327
Net Profit before Adjustment for Tax etc.	3,341	4,813
Corporate, Municipal and Enterprise Taxes	1,658	1,639
Corporate Tax etc. Adjustment	-1,068	526
Total Corporate Taxes etc.	590	2,165
Net Profit before Minority Equity Adjustment	2,750	2,648
Minority Interests	768	755
Net Profit	1,982	1,892

Statement of Comprehensive Income

(Unit: ¥millions)

	2nd Quarter Previous Fiscal Year (6 months to Jun, 2011)	2nd Quarter Current Fiscal Year (6 months to Jun, 2012)
Net Profit before Minority Equity	2,750	2,648
Other Comprehensive Income		
Other gaps in appraisal of securities	405	-53
Hedging profit/loss carried forward	16	-58
Currency translation adjustment account	69	-7
Total other comprehensive income	491	-119
Comprehensive Income	3,241	2,528
(Breakdown)		
Comprehensive income attributable to parent company shareholders	2,289	1,761
Comprehensive income attributable to minority shareholders	952	767

(3) Consolidated Statement of Cash Flows

(Unit: ¥millions)

	2nd Quarter Previous Fiscal Year (6 months to Jun, 2011)	2nd Quarter Current Fiscal Year (6 months to Jun, 2012)
Cash Flow from Operating Activities		
Net profit before adjustment for tax etc.	3,341	4,813
Depreciation expenses	1,024	1,333
Amortization of goodwill	571	643
Gain or loss on sale of affiliated company stock (- represents gain)	-	-150
Interest and dividends received	-23	-21
Interest paid	141	153
Change in accounts receivable (-represents increase)	113	-76
Change in purchase debts (- represents decrease)	-69	-76
Change in deposits in securities business (- represents increase)	-3,242	-16,596
Change in short term guarantee deposits in securities business (-represents increase)	-4,208	4,202
Change in margin variation paid and received in securities business	1,225	154
Changes in deposits and guarantees received in securities business (- represents decrease)	11,512	14,094
Change in deposits (- represents decrease)	625	-623
Other	-2,737	1,404
Sub total	8,274	9,256
Interest and dividends received	18	41
Interest paid	-141	-153
Corporate tax etc. paid	-1,920	-681
Cash Flow from Operating Activities	6,231	8,461
Cash Flow from Investing Activities		
Expenditure on acquisition of tangible fixed assets	-563	-789
Income accrued on sale of tangible fixed assets	14	-
Expenditure on acquisition of intangible fixed assets	-386	-855
Income accrued on sale of intangible fixed assets	57	-
Expenditure on acquisition of investment securities	-133	-104
Income accrued on sale of investment securities	3	22
Expenditure on acquisition of affiliated company stock	-142	-52
Income accrued on the sale of affiliated company stock	-	157
Expenditure on acquisition of subsidiary stock resulting in change in scope of consolidation	-	-93
Other	55	-348
Cash Flow from Investing Activities	-1,095	-2,064
Cash Flow from Financing Activities		
Income accrued on short term loans	39,400	28,900
Expenditure on repayment of short term loans	-36,660	-29,925
Income accrued on long term loans	2,625	-
Expenditure on repayment of long term loans	-2,834	-1,298
Payment of dividends	-698	-936
Payment of dividends to minority shareholders	-315	-317
Other	-268	-438
Cash Flow from Financing Activities	1,248	-4,016
Effect of Exchange Rate on Cash and Equivalents	43	1
Change in Cash and Equivalents (- represents decrease)	6,427	2,382
Balance of Cash and Equivalents at Beginning of Term	27,809	32,743
Increase in Cash and Equivalents following Increase in Consolidation	-	36
Balance of Cash and Equivalents at End of Term	34,236	35,161

(4) Notes regarding the Going Concern Assumption
None

(5) Segment Data

Previous 2nd Quarter (01.01.2011-06.30.2011)

Information concerning Net Sales, Profit and Loss in each Segment

(Unit: ¥millions)

	Segment						Adjustment (*1)	Consolidated P/L (*2)
	Web Infrastructure & Ecommerce	Internet Media	Internet Securities	Web Infrastructure & Ecommerce	Internet Media	Internet Securities		
Net Sales								
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 or loss adjustment (¥76 million) is an adjustment for internal segment transactions.
2. Segment profit is based on the Operating Profit (or Loss) line item in the consolidated Statement of Income.

Current 2nd Quarter (01.01.2012-06.30.2012)

Information concerning Net Sales, Profit and Loss in each Segment

(Unit: ¥millions)

	Segment						Adjustment (*1)	Consolidated P/L (*2)
	Web Infrastructure & Ecommerce	Internet Media	Internet Securities	Web Infrastructure & Ecommerce	Internet Media	Internet Securities		
Net Sales								
Sales to Unaffiliated Customers	14,094	12,229	8,251	1,348	41	35,965	—	35,965
Internal Transactions or Transfers	232	696	—	3	—	933	-933	—
Total	14,327	12,925	8,251	1,351	41	36,898	-933	35,965
Operating profit/loss (-)	2,124	1,106	2,681	-956	-53	4,902	109	5,011

(notes)

1. The segment profit or loss adjustment (¥109 million) is an adjustment for internal segment transactions.
2. Segment profit is based on the Operating Profit (or Loss) line item in the consolidated Statement of Income.

(6) Notes regarding Significant Changes in Shareholders' Equity
None

(7) Significant Post Balance Sheet Events

Tender Offer Bid for FX PRIME Corporation

The company's wholly-owned subsidiary, GMO CLICK Holdings, Inc. ("GMO CLICK Holdings") convened a Board of Directors meeting on August 1, 2012 that resolved to initiate a tender offer to acquire common shares of FX PRIME Corporation (OSE:8711 JASDAQ Standard, "FX Prime") with the objective of making FX Prime a consolidated subsidiary.

1. Objective of the Tender Offer

FX Prime was established in September 2003 by ITOCHU and in December of the same year launched an online FX service. It was listed on JASDAQ in September 2008. As of March 31, 2012, ITOCHU holds 4,568,500 shares (ownership ratio: 56.40%) in FX Prime which is an ITOCHU consolidated subsidiary.

Since it was first established FX Prime has focused on compliance and system stability. In January 2007 it acquired ISMS (Information Security Global Standard) certification ISO/IEC27001:2005, in September 2009 it announced compliance with Quality Management standard ISO 10002, and in November of the same year it acquired IT SMS (IT Service Management Systems Global Standard) ISO/IEC 20000-1:2005 certification. FX Prime's strengths include strong management, fixed spreads, proprietary loss cut tools, extensive financial information, stable systems as well as brand power and trust as a publicly listed company.

In an industry environment where competition surrounding trading conditions is increasingly severe – a trend that is expected to continue – GMO CLICK Holdings believes it is necessary to enhance qualitative factors such as brand and trust as well as quantitative factors such as trading conditions in order to continue acquiring new customers.

GMO CLICK Holdings believes that making FX Prime a consolidated subsidiary will allow it to combine the strengths of the two companies, FX Prime's brand recognition, trust as a publicly listed company, and system stability, together with GMO CLICK Securities existing competitive trading conditions, to further grow both companies' customer bases and improve profitability. The move is also expected to contribute to the continued improvement of corporate value in both companies.

2. Outline of the Target Company

i.	Company Name	FX PRIME Corporation
ii.	Address	1-7-7 Shibuya, Shibuya-ku, Tokyo JAPAN
iii.	Name and Title of Representative	Makoto Igarashi, CEO
iv.	Business Description	Financial instruments trading and related businesses
v.	Capital	¥1.36 billion
vi.	Date Established	September 24, 2003
vii.	Major Shareholders & Ownership Ratio	ITOCHU Corporation, Kabu.com Securities Co. Ltd.

3. Outline of the Tender Offer

i.	Offer Price	¥410 per share of common stock
ii.	No of Shares to be Purchased	8,099,910 shares
iii.	Minimum Purchase	4,568,500 shares
iv.	Maximum Purchase	8,099,910 shares
v.	Cost of Purchase	¥3.32 billion yen Calculated by multiplying No. of Shares to be Purchased (8,099,910) and Offer Price. Does not include fees paid to Agent or other expenses.
vi.	Tender Offer Period	August 2 – September 12, 2012
vii.	Settlement Date	September 20, 2012
viii.	Method of Financing	Loan from financial institution