

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

November 2, 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: November 9, 2012 Start Date of Dividend Payout: December 21, 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 Third Quarter Financial Results in the Year Ending December 2012 (01.01.2012- 09.30.2012)

(1) Consolidated Operating Results

(percentages represent year-on-year % change)

	Net Sales		Operating Profit		Ordinary Profit		Net Profit	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
Nine months ended								
September 30, 2012	54,057	19.7	6,584	17.1	6,564	25.2	2,710	2.5
September 30, 2011	45,173	47.6	5,624	48.1	5,242	37.5	2,643	57.4

(Note) Comprehensive Income - Sep 30, 2012: ¥3,648 million (-2.9%), Sep 30, 2011: ¥3,758 million (-%)

	Net Profit per Share	Net Profit per Share (Diluted)
Nine months ended	¥	¥
September 30, 2012	23.00	—
September 30, 2011	23.59	—

(2) Consolidated Financial Condition

	Total Assets	Net Assets	Shareholders' Equity Ratio
As of	¥ millions	¥ millions	%
September 30, 2012	256,677	29,127	7.7
FYE 12/2011	205,055	26,125	9.0

(Reference) Shareholders' Equity - Sep 30, 2012: ¥19,690 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
FYE 12/2012	3.00	3.00	3.00		
FYE 12/2012 (Forecast)				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	%	¥
Full Year	68,000	10.2	9,000	19.6	8,900	26.9	4,400	2.7	37.34

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

*Notes

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

Significant changes in subsidiaries in the current term (resulting in change in scope of consolidation):

1 new company (FX PRIME Corporation)

(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)

Q3 FYE12/2012	117,806,777	FYE 12/2011	117,806,777
Q3 FYE12/2012	1,684	FYE 12/2011	1,684
Q3 FYE12/2012	117,805,093	Q3 FYE12/2011	112,001,170

2. No. of treasury shares at end of term

3. Average no. of shares in the term

*Quarterly Results Statement Audit

This results statement is subject to review under the Financial Instruments and Exchange, at the time this results statement was filed the review was ongoing.

* 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 8 (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. Supporting materials and a video of the presentation will be made available on the company's website in English after the event.

Results Presentation for Investors and Analysts: Friday November 2, 2012

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. Qualitative Information - Consolidated Operating Results

1. Qualitative Information - Consolidated Operating Results

General Conditions

Under the corporate slogan “Internet for Everyone” GMO Internet Group is focused on directing resources into high growth Internet markets. In the most recent quarter, growth momentum was maintained in the markets targeted — in particular mobile, fuelled by increasing smartphone and tablet device usage, and advancements in Cloud technology.

In the period under review, the Group strived to achieve further 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 segment. At the same time, aggressive investment was continued in the development of social apps and smartphone services — both of which are expected to be high growth areas going forward.

In the first nine months of fiscal year 2012, net sales reached ¥54,057 million (19.7% year-on-year increase), operating profit totaled ¥6,584 million (17.1% year-on-year increase), ordinary profit totaled ¥6,564 million (25.2% year-on-year increase), and net profit was ¥2,710 million (2.5% year-on-year increase). All of these results are third quarter record highs.

Overview of Financial Results (Nine Months to September 2012)

(Unit: ¥millions)

	Previous Q3	Current Q3	Change	% Change
Net Sales	45,173	54,057	8,884	19.7%
Operating Profit	5,624	6,584	960	17.1%
Ordinary Profit	5,242	6,564	1,322	25.2%
Net Profit	2,643	2,710	67	2.5%

Net Sales and Operating Profit by Segment (Nine months to September 2012)

(Unit: ¥millions)

	Previous Q3	Current Q3	Change	% Change
Web Infrastructure & Ecommerce				
Net Sales	17,802	22,111	4,308	24.2%
Operating Profit	2,298	3,228	930	40.5%
Internet Media				
Net Sales	15,988	19,587	3,599	22.5%
Operating Profit	1,191	1,561	370	31.1%
Internet Securities				
Net Sales	11,112	11,688	575	5.2%
Operating Profit	3,234	3,266	32	1.0%
Social Media & Smartphone Platform				
Net Sales	1,270	2,041	771	60.7%
Operating Profit	-1,079	-1,534	-455	-
Incubation				
Net Sales	15	78	62	406.8%
Operating Profit	-110	-81	29	-
Adjustment				
Net Sales	-1,015	-1,449	-433	-
Operating Profit	90	143	53	-
Total				
Net Sales	45,173	54,057	8,884	19.7%
Operating Profit	5,624	6,584	960	17.1%

Description of businesses in each segment

Business Segment		Main Operations
Web Infrastructure & Ecommerce	Domain registration	<ul style="list-style-type: none"> • Domain name (.com, .net etc.) registration services, Onamae.com, MuuMuu Domain, VALUE-DOMAIN.COM and others
	Web hosting	<ul style="list-style-type: none"> • Provision, operation, management and maintenance of dedicated, shared, VPS and cloud-based web hosting services including Onamae.com Rental Server, GMO AppsCloud, RapidSite, GMO Cloud, IQ Cloud, Lolipop, heteml, and Sqale
	Ecommerce solutions & web development	<ul style="list-style-type: none"> • SaaS-based services for online store building including Color me shop! and MakeShop. • Development and operation of online shopping malls including Calamel. • 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, client certificates and other digital certificate 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 markets
	Provider (ISP)	<ul style="list-style-type: none"> • GMO TokuToku BB, interQ, MEMBERS, ZERO, and 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, sales of JWord 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 (infoQ Network Panel), ebook publishing and sales platform, Puboo
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 game apps platform for Android devices
	Group Commerce	<ul style="list-style-type: none"> • Operation of daily deals website Kumapon
Incubation	Venture capital	<ul style="list-style-type: none"> • Investment in private Internet ventures

i. Web Infrastructure & Ecommerce

The Web Infrastructure & Ecommerce segment provides fundamental Internet services required to operate a business or communicate information in an online environment. Among the services included in the one-stop provision model are domain, web hosting, ecommerce, security and payment processing services. The following is a breakdown of results in each of the major businesses comprising this segment.

Domain Registration

The domain business continued to pursue a low-pricing strategy with the objective of growing domain name registration market share. In the third quarter the growth trend in the business was sustained as domain registrations and renewals increased 70.1% to 2.54 million, and total domains under management rose 19.8% to 3.46 million. Net sales totaled ¥3,181 million (40.1% year-on-year increase).

Web Hosting

The web hosting business responded to growing complexity and diversification of client needs through its cloud-based, dedicated, shared and VPS offerings under multiple service brands. GMO AppsCloud, a cloud-based hosting solution optimized for game app developers and operators, has been well received by customers since it was launched last year. Web hosting contracts increased 8.3% from the previous corresponding term to 665 thousand and net sales grew 14.3% year-on-year to ¥9,258 million.

Ecommerce Solutions & Web Development

New features were added to service offerings in the Ecommerce & Web Development business to improve usability for both net shop operators and customers. Number of accounts rose 19.6% year-on-year to 62 thousand, and net sales totaled ¥1,937 million (18.0% year-on-year increase).

Security

In the first half of 2012 the security business achieved the highest net growth among certificate authority brands in Japan, and captured the number one share in the domestic market for the first time. The security business has maintained its focus on expanding customer base moving into the second half of the year. Also in the current term, implementation of smartphones SSL further expanded. Net sales totaled ¥1,472 million (20.9% year-on-year increase).

Payment Processing

The payment processing business continued to focus on growing number of merchants, number of transactions, and transaction volume. A drive to attract new customers yielded a 21.5% rise in number of merchants to 38 thousand. Net sales totaled ¥3,543 million (22.5% year-on-year increase).

Each of these businesses expanded market share in the period under review and overall results in the segment were as follows: Net Sales: ¥22,111 million (24.2% year-on-year increase), Operating Profit: ¥3,228 million (40.5% year-on-year increase).

ii. Internet Media

The Internet Media segment provides marketing solutions for online businesses. In addition, it operates media properties that attract over 25 million unique users a month, and delivers advertising to its owned and operated properties. Other services in this segment include Search Engine Optimization (SEO) and JWord a paid Japanese keyword search service that sends users directly to customer websites. The following is a breakdown of results in each of the major businesses comprising this segment.

Internet Media & Search Media

In the Internet Media & Search Media business, smartphone capability was introduced for JWord Japanese keyword search service, and a link to the JWord smartphone keyword registration site was published in the search results of Yahoo! Japan smartphone site. As a result of these initiatives, net sales increased 3.3% year-on-year to ¥7,351 million.

Advertising Agencies

In the Internet advertising agency business, selective and listing advertising were strong across both PC and mobile. In addition, positive results were achieved in sales of in-house developed ad technology products including ADResult and other ad networks. Net sales in advertising agencies increased by a significant 39.6% year-on-year to ¥11,180 million.

Overall, in the Internet Media segment, revenue totaled ¥19,587 million (22.5% year-on-year increase), and operating profit came in at ¥1,561 million (31.1% year-on-year increase).

iii. Internet Securities

In the Internet Securities segment number of accounts, customer assets held, and transaction volume continued to rise. At the end of the third quarter, number of accounts in the FX business had grown 35.6% from the previous term to 254,000, and number of accounts in the equity trading business had increased 24.5% during the same period to 147,000. During the third quarter, FX PRIME Corporation, a company listed on the JASDAQ Securities Exchange became a consolidated subsidiary following a successful tender offer. FX PRIME will boost total number of FX accounts by a further 125,000 (number of FX PRIME customer accounts at the end of the third quarter), and this is expected to contribute substantially to increasing transaction volume market share going forward. At the end of the third quarter, net sales in the segment totaled ¥11,688 million (5.2% year-on-year increase) and operating profit was ¥3,266 million (1.0% year-on-year increase).

vi. Social Media & Smartphone Platform

The Social Media & Smartphone Platform segment comprises new initiatives in high-growth markets including mobile. The following is a status report on each of the major businesses comprising this segment.

Social Apps

Game apps that emerged from the GMO Social Apps Development Initiative including Gudram Master and Densetsu no Mamoribito 2 are making contributions to earnings and the business is concentrated on further monetizing new titles.

Smartphone Game Platform

The smartphone game platform business operates G-Gee, a game apps platform for Android devices. Since the service was launched in November 2010, focus has remained on building a solid user base. At the end of the third quarter, membership in Japan totaled 5.77 million (1.46 million at the end of the previous fiscal year) and membership outside of Japan totaled 10 million (570,000 at the end of the previous fiscal year). During the quarter under review, several titles aimed at monetizing the service were introduced as the business shifted from the customer acquisition phase to monetization.

Group Commerce

The group commerce business operates daily deals website Kumapon, a service that offers special deals and discounts on products and services to a predetermined number of buyers. During the third quarter Kumapon achieved a monthly profit for the first time, this is attributable to sales promotions and cost cutting in the business.

Overall net sales in the segment totaled ¥2,041 million, up 60.7% from the previous corresponding period. However, the Group continued to invest aggressively in this segment and as a result operating loss rose ¥455 million from the same period in the previous year to ¥1,534 million. While this loss is regarded as an investment in future profitability, the segment is committed to achieving profitability as early as possible, particularly in the smartphone business.

v. Incubation Segment

The Incubation segment invests in expanding business and building enterprise value in Internet companies. In the first nine months of the year net sales reached ¥78 million (406.8% year-on-year increase), while the segment reported an operating loss of ¥81 million (¥110 million operating loss was reported in the previous corresponding period).

(Reference)

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

(Unit: ¥millions)

	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012
Net Sales	15,657	16,518	17,960	18,005	18,091
Operating Profit	1,621	1,901	2,525	2,486	1,572
Ordinary Profit	1,491	1,773	2,500	2,481	1,582
Net Profit	661	1,643	896	996	817
Total Assets	196,053	205,055	231,168	224,121	256,677
Shareholders' Equity	17,243	18,480	18,823	19,287	19,690

(Reference)

Table: Quarterly Changes by Segment

(Unit: ¥millions)

I Net Sales by Segment

	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012
Web Infrastructure & Ecommerce					
Provider (ISP)	293	347	423	439	502
Domain registration	885	945	1,056	1,081	1,043
Web hosting	2,786	2,828	2,948	3,123	3,186
Ecommerce solutions & web development	519	582	653	607	676
Security	381	486	472	487	511
Payment processing	1,020	1,032	1,132	1,139	1,271
Other	347	338	328	432	590
Total	6,234	6,559	7,015	7,311	7,783
Internet Media					
Internet media & search media	2,329	2,392	2,426	2,464	2,459
Advertising agencies	2,747	3,317	3,743	3,581	3,854
Other	337	340	358	349	347
Total	5,414	6,050	6,529	6,396	6,662
Internet Securities					
Segment sales total	3,719	3,645	4,126	4,125	3,436
Social Media & Smartphone Platform					
Total	576	662	676	675	689
Incubation					
Total	1	2	39	1	36
Sub total	15,946	16,920	18,387	18,510	18,608
Adjustment	-288	-401	-427	-505	-516
Net Sales	15,657	16,518	17,960	18,005	18,091

II Operating Profit by Segment

	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012
Web Infrastructure & Ecommerce	628	778	981	1,143	1,103
Internet Media	376	407	633	473	455
Internet Securities	1,002	1,151	1,309	1,372	584
Social Media & Smartphone Platform	-385	-464	-427	-529	-578
Incubation	-14	-38	-26	-27	-27
Sub total	1,607	1,834	2,469	2,432	1,538
Adjustment	13	66	55	54	33
Operating Profit	1,621	1,901	2,525	2,486	1,572

2. Qualitative Review - Consolidated Financial Condition

Assets, Liabilities and Net Assets

Assets

At the end of the third quarter (September 30, 2012), assets had increased ¥51,621 million (25.2%) from the end of the previous fiscal year to ¥256,677 million. Significant factors contributing to fluctuations in assets are as follows. Cash and deposits rose ¥7,293 million, Securities segment assets (Securities business deposits, margin trading assets, short term deposits and variation margin paid) increased ¥40,502 million after FX PRIME became a consolidated subsidiary and tangible fixed assets rose ¥2,213 million due to spending on server equipment.

Liabilities

At the end of the third quarter, liabilities had increased ¥48,620 million (27.2%) from the end of the previous fiscal year to ¥227,550 million. Fluctuations in liabilities are chiefly attributable to the ¥36,672 million increase in Securities segment liabilities (Securities segment deposits, margin transaction liabilities, guarantees and variation margin received) after FX PRIME Corporation joined the consolidation, as well as an ¥11,431 million increase in short-term loans.

Net Assets

At the end of the third quarter, net assets had increased ¥3,001 million (11.5%) from the end of the previous fiscal year to ¥29,127 million. Main contributing factors include a ¥1,402 million increase in earnings surplus (¥2,710 million increase from net profit and ¥1,295 decrease due to payment of dividends), and an increase in minority equity (¥1,792 million) arising from increased profits in consolidated subsidiaries.

Cash Flow

At the end of the third quarter (September 30, 2012), cash and equivalents had increased ¥6,913 million from the end of the previous fiscal year to ¥39,656 million. The following is a summary of cash flow activity in the third quarter.

Cash Flow from Operating Activities

Cash Flow provided by operating activities totaled ¥437 million. Major items included net profit before tax and other adjustments (¥6,975 million), depreciation (¥2,112 million), a net increase in Securities segment assets (increase in deposits, decrease in guarantee deposits, decreases in variation margin paid and received, and increase in guarantees received) totaling ¥2,501 million, a decrease in deposits (¥2,180 million) and a ¥1,755 million outflow arising from corporate tax payments etc.

Cash Flow from Investing Activities

Cash outflow from investing activities totaled ¥1,419 million. Capital increased ¥1,312 million as a result of FX PRIME joining the consolidation, and outflows included a ¥994 million acquisition of tangible fixed assets, and ¥1,024 million acquisition of intangible fixed assets.

Cash Flow from Financing Activities

Cash flow provided by financing activities totaled ¥7,847 million. Significant inflows included a net increase in short-term loans (¥9,375 million) and a net increase in long-term loans (¥855 million), while major outflows included payment of dividends totaling ¥1,295 million to minority shareholders.

3. Qualitative Information - Consolidated Earnings Results Forecasts

There is no revision to the Fiscal Year 2012 Consolidated Financial Results Forecast filed on August 1, 2012.

2. Summary of Information provided in “Notes”

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

In the third quarter FX PRIME Corporation was consolidated following an acquisition of the company's stock.

(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)	3rd Quarter Current Fiscal Year (As of Sep 30, 2012)
Assets		
Current Assets		
Cash and deposits	36,281	43,575
Trade notes and accounts receivable	5,664	6,362
Operational investment securities	922	1,082
Securities business deposits	77,229	110,090
Securities business margin transaction assets	27,354	35,979
Securities business short term guarantee deposits	23,519	19,000
Securities business variation margin paid	9,930	13,465
Deferred tax asset	1,543	1,396
Other	4,382	5,517
Provision for doubtful debts	-566	-435
Total Current Assets	186,261	236,034
Fixed Assets		
Tangible fixed assets	4,337	6,550
Intangible fixed assets		
Goodwill	4,659	3,886
Software	2,722	3,585
Other	235	296
Total intangible fixed assets	7,617	7,768
Investments and other assets		
Investment securities	1,479	1,526
Deferred tax asset	3,620	3,041
Other	1,977	2,116
Provision for doubtful debts	-239	-360
Total investments and other assets	6,839	6,323
Total Fixed Assets	18,794	20,642
Total Assets	205,055	256,677
Liabilities		
Current liabilities		
Trade notes and accounts payable	1,839	2,188
Short term debt	8,209	19,640
Amount payable	3,702	4,892
Securities business deposits received	6,390	8,112
Securities business margin transaction liability	21,199	28,496
Securities business guarantees received	101,807	129,794
Securities business variation margin received	1,265	930
Accrued corporate tax etc.	1,040	1,090
Allowance for bonuses	359	344
Allowance for bonuses to directors	347	295
Advance payment received	3,247	3,530
Deposits received	11,622	9,452
Other	3,016	3,972
Total Current Liabilities	164,047	212,742

	(Unit: ¥millions)	
	Previous Fiscal Year (As of Dec 31, 2011)	3rd Quarter Current Fiscal Year (As of Sep 30, 2012)
Fixed Liabilities		
Long term debt	11,186	9,992
Deferred tax liability	43	37
Other	2,996	3,977
Total Fixed Liabilities	14,226	14,006
Statutory Reserve		
Financial instruments transaction liability reserve	656	801
Total Statutory Reserve	656	801
Total Liabilities	178,929	227,550
Net Assets		
Shareholders' Equity		
Capital stock	2,000	3,000
Capital surplus	6,836	5,836
Earned surplus	9,651	11,054
Treasury stock	-0	-0
Total Shareholders' Equity	18,487	19,890
Other Comprehensive Income		
Other gaps in evaluation of securities	150	22
Hedging profit/loss carried forward	-1	-71
Foreign currency translation account	-155	-150
Total Other Comprehensive Income	-6	-199
Equity Warrants	26	25
Minority Equity	7,618	9,411
Total Net Assets	26,125	29,127
Liabilities, Net Assets Total	205,055	256,677

(2) Consolidated Statement of Income

3rd Quarter Consolidated Statement

(Unit: ¥millions)

	3rd Quarter Previous Fiscal Year (9 months to Sep, 2011)	3rd Quarter Current Fiscal Year (9 months to Sep, 2012)
Net Sales	45,173	54,057
Cost of Sales	17,409	22,678
Gross Profit on Sales	27,763	31,379
Sales, General & Administrative Expenses	22,138	24,794
Operating Profit	5,624	6,584
Non Operating Revenue		
Interest received	5	6
Dividends received	33	30
Profit on Silent Partnership Investment	18	183
Equity method investment profits	-	22
Other	96	137
Total Non Operating Revenue	153	379
Non Operating Expenses		
Interest paid	213	244
Equity method investment loss	164	-
Other	157	154
Total Non Operating Expenses	535	399
Ordinary Profit	5,242	6,564
Extraordinary Profit		
Gain on sale of investment securities	-	160
Gain on sale of affiliated company stock	-	150
Negative goodwill	-	532
Cancellation of insurance	25	-
Other	73	14
Total Extraordinary Profit	98	858
Extraordinary Loss		
Loss on disposal of fixed assets	125	126
Office relocation expenses	87	76
Provision to securities transaction liability reserve	157	144
Other	382	100
Total Extraordinary Loss	753	447
Net Profit before Adjustment for Tax etc.	4,588	6,975
Corporate, Municipal and Enterprise Taxes	2,367	2,435
Corporate Tax etc. Adjustment	-1,233	733
Total Corporate Taxes etc.	1,133	3,168
Net Profit before Minority Equity Adjustment	3,454	3,806
Minority Interests	811	1,096
Net Profit	2,643	2,710

Statement of Comprehensive Income

(Unit: ¥millions)

	3rd Quarter Previous Fiscal Year (9 months to Sep, 2011)	3rd Quarter Current Fiscal Year (9 months to Sep, 2012)
Net Profit before Minority Equity	3,454	3,806
Other Comprehensive Income		
Other gaps in appraisal of securities	343	-86
Hedging profit/loss carried forward	12	-70
Currency translation adjustment account	-52	-1
Total other comprehensive income	303	-158
Comprehensive Income	3,758	3,648
(Breakdown)		
Comprehensive income attributable to parent company shareholders	2,840	2,517
Comprehensive income attributable to minority shareholders	917	1,131

(3) Consolidated Statement of Cash Flows

(Unit: ¥millions)

	3rd Quarter Previous Fiscal Year (9 months to Sep, 2011)	3rd Quarter Current Fiscal Year (9 months to Sep, 2012)
Cash Flow from Operating Activities		
Net profit before adjustment for tax etc.	4,588	6,975
Depreciation expenses	1,596	2,112
Amortization of goodwill	900	968
Gain or loss on sale of affiliated company stock (- represents gain)	-	-160
Gain or loss on sale of investment securities (- represents gain)	-	-150
Interest and dividends received	-39	-36
Interest paid	213	244
Change in accounts receivable (-represents increase)	-47	-354
Change in purchase debts (- represents decrease)	-211	250
Change in deposits in securities business (- represents increase)	-4,942	-32,861
Change in short term guarantee deposits in securities business (-represents increase)	-5,336	4,519
Change in margin variation paid and received in securities business	-4,235	-3,869
Changes in deposits and guarantees received in securities business (- represents decrease)	17,577	29,710
Change in deposits (- represents decrease)	397	-2,180
Other	-5,172	-2,754
Sub total	5,288	2,412
Interest and dividends received	31	20
Interest paid	-213	-239
Corporate tax etc. paid	-2,799	-1,755
Cash Flow from Operating Activities	2,307	437
Cash Flow from Investing Activities		
Expenditure on acquisition of tangible fixed assets	-555	-944
Expenditure on acquisition of intangible fixed assets	-599	-1,024
Income accrued on sale of intangible fixed assets	70	-
Expenditure on acquisition of investment securities	-191	-105
Income accrued on sale of investment securities	10	185
Expenditure on acquisition of affiliated company stock	-303	-248
Income accrued on the sale of affiliated company stock	-	157
Expenditure on acquisition of subsidiary stock resulting in change in scope of consolidation	-445	-150
Income accrued on acquisition of subsidiary stock resulting in change in scope of consolidation	-	1,312
Other	-92	-551
Cash Flow from Investing Activities	-2,108	-1,419
Cash Flow from Financing Activities		
Income accrued on short term loans	56,100	46,900
Expenditure on repayment of short term loans	-50,458	-37,525
Income accrued on long term loans	2,625	2,800
Expenditure on repayment of long term loans	-3,779	-1,944
Payment of dividends	-937	-1,295
Payment of dividends to minority shareholders	-316	-318
Other	-439	-768
Cash Flow from Financing Activities	2,793	7,847
Effect of exchange rate on cash and equivalents	-55	11
Change in Cash and Equivalents (- represents decrease)	2,936	6,877
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	30,746	39,656

(4) Notes regarding the Going Concern Assumption
None

(5) Segment Data
End of Previous Third Quarter (01.01.2011-09.30.2011)

Net sales, profit and loss data for each segment

(Unit: ¥millions)

	Segment						Adjustment (*1)	Consolidated P/L (*2)
	Web Infrastructure & Ecommerce	Internet Media	Internet Securities	Social Media & Smartphone Platform	Incubation	Total		
Net Sales								
Sales to unaffiliated customers	17,579	15,195	11,112	1,270	15	45,173	—	45,173
Internal transactions or transfers	222	792	—	—	—	1,015	- 1,015	—
Total	17,802	15,988	11,112	1,270	15	46,188	- 1,015	45,173
Segment Profit or Loss (-)	2,298	1,191	3,234	- 1,079	- 110	5,534	90	5,624

(notes)

1. The segment profit or loss adjustment (¥90 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.

End of Current Third Quarter (01.01.2012-09.30.2012)

Net sales, profit and loss data for each segment

(Unit: ¥millions)

	Segment						Adjustment (*1)	Consolidated P/L (*2)
	Web Infrastructure & Ecommerce	Internet Media	Internet Securities	Social Media & Smartphone Platform	Incubation	Total		
Net Sales								
Sales to unaffiliated customers	21,734	18,519	11,688	2,036	78	54,057	—	54,057
Internal transactions or transfers	376	1,068	—	4	—	1,449	-1,449	—
Total	22,111	19,587	11,688	2,041	78	55,506	-1,449	54,057
Segment Profit or Loss (-)	3,228	1,561	3,266	-1,534	-81	6,441	143	6,584

(notes)

1. The segment profit or loss adjustment (¥143 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) Business combinations

Business combination by acquisition

Overview of business combination

(i) Name of company acquired and business description

Name of company acquired: FX PRIME Corporation

Business description: Financial instruments and ancillary businesses

(2) Main purposes of business combination

FX PRIME Corporation was established in September 2003 and in December of the same year launched its online foreign currency trading service. In September 2008 the company was listed on the JASDAQ securities exchange. Since it was first established FX PRIME Corporation has emphasized compliance and system stability. In January 2009 it acquired SMS (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. The Company's strengths include strong management, fixed spreads, proprietary loss cut tools, provision of extensive financial information, stable systems, branding 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 allows 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.

(3) Date of business combination

September 20, 2012

(4) Legal form of business combination

Stock acquisition

(5) Name of Business Acquired

FX PRIME Corporation

(6) Percentage of voting rights acquired

Percentage of voting rights held immediately before the acquisition 0%

Percentage of voting rights acquired on the day of the acquisition 77.9%

Percentage of voting rights held after the acquisition 77.9%

(7) Background to decision to acquire the company

Stock acquisition to convert cash in consolidated subsidiary into fixed assets.

2. Date from which acquired company's earnings will be consolidated

September 30, 2012 is deemed the acquisition date, therefore FX PRIME Corporation earnings are not reflected in the current consolidated statement of income.

3. Breakdown: cost of acquisition of acquired company

The total acquisition cost was ¥2,754 million. (Stock acquisition cost: ¥2,587 million, acquisition related expenses: ¥166 million)

4. Goodwill amount recognized and reason goodwill occurred

Negative goodwill in the amount of ¥532 million was recorded due to the market price of net assets in the company exceeding the acquisition price at the time of the business combination.