

Fiscal Year 2013 Second Quarter Consolidated Financial Results (Japanese GAAP)

August 1, 2013

Name of Listed Company: GMO Internet, Inc.

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

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Quarterly Report Published: August 9, 2013 Start Date of Dividend Payout: September 24, 2013

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 2013 (01.01.2013- 06.30.2013)

(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, 2013	46,683	29.8	5,865	17.0	5,881	18.1	2,396	26.6
June 30, 2012	35,965	21.9	5,011	25.2	4,981	32.8	1,892	-4.5

(Note) Comprehensive Income June 30, 2013: ¥3,847 million (52.2%) , June 30, 2012: ¥2,528 million (-22.0%)

	Net Profit per Share	Net Profit per Share (Diluted)
Six months ended	¥	¥
June 30, 2013	20.34	20.09
June 30, 2012	16.06	—

(2) Consolidated Financial Condition

	Total Assets	Net Assets	Shareholders' Equity Ratio
	¥ millions	¥ millions	%
June 30, 2013	363,002	33,042	6.3
Year Ended 12/2012	275,960	30,418	7.6

(Reference) Shareholders' Equity June 30, 2013: ¥22,802 million FYE12/2013: ¥21,071 million

2. Dividends

	Dividends per Share				
	End of Q1	End of Q2	End of Q3	End of Term	Total
	¥	¥	¥	¥	¥
Year Ended 12/2012	3.00	3.00	3.00	4.00	13.00
Year Ending 12/2013	3.00	3.00			
Year Ending 12/2013 (forecast)			4.00	4.00	14.00

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

3. Consolidated Results Forecast for the Year Ending December 2013 (01.01.2013 – 12.31.2013)

(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	83,000	11.6	10,500	14.8	10,500	14.4	4,800	6.2	40.74

(Note) Revision to forecast during the most recent quarter: 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):

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: yes

2. Changes other than those specified above: none

3. Changes in accounting estimates: yes

4. Restatements: none

Note: Change in method of depreciation as of Q1 FY2013. Applies to both change in accounting method and change in accounting estimate. Please see page 10 for details.

(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 12/2013	117,806,777	FYE 12/2012	117,806,777
Q2 FYE 12/2013	1,721	FYE 12/2012	1,684
Q2 FYE 12/2013	117,805,091	Q2 FYE 12/2012	117,805,093

*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.

* Note regarding the appropriate use of results forecasts and other items

Projections are based on information available at the time of release and may include judgments based on factors that contain risk and are largely indeterminable. Actual results may differ materially from these projections as a result of business environment and other factors.

Results Presentation for Investors and Analysts: Thursday August 1, 2013

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

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1. Qualitative Information related to Financial Results

(1) Consolidated Operating Results

General Conditions

Under the corporate slogan “Internet for Everyone” GMO Internet Group is currently focusing resources into developing high growth Internet markets. In the most recent quarter, targeted markets continued to grow - in particular mobile, fuelled by increasing smartphone and tablet device usage, and advancements in Cloud technology. The Group believes the expansion of these markets opens increasing profit opportunities.

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 through the provision of “number one” services. At the same time, the Group continued to invest aggressively into smartphone games, a business that is expected to grow into the fourth pillar of the Group amidst a rapidly developing market.

In the first half of fiscal year 2013 consolidated Net Sales reached ¥46,683 million (29.8% year-on-year increase), Operating Profit totaled ¥5,865 million (17.0% year-on-year increase), Ordinary Profit totaled ¥5,881 million (18.1% year-on-year increase), and Net Profit was ¥2,396 million (26.6% year-on-year increase). All of these results are record highs.

Overview of Financial Results in the Six Months to June 2013

(Unit: ¥millions)

	Previous Q2	Current Q2	Change	% Change
Net Sales	35,965	46,683	10,718	29.8%
Operating Profit	5,011	5,865	853	17.0%
Ordinary Profit	4,981	5,881	899	18.1%
Net Profit	1,892	2,396	503	26.6%

Net Sales and Operating Profit in the Six Months to June 2013

(Unit: ¥millions)

	Previous Q2	Current Q2	Change	% Change
Web Infrastructure & Ecommerce				
Net Sales	14,327	18,488	4,160	29.0%
Operating Profit	2,124	2,645	520	24.5%
Internet Media				
Net Sales	12,925	15,093	2,167	16.8%
Operating Profit	1,106	1,253	147	13.3%
Internet Securities				
Net Sales	8,251	11,214	2,963	35.9%
Operating Profit	2,681	2,424	-257	-9.6%
Social & Smartphone				
Net Sales	1,351	2,885	1,533	113.4%
Operating Profit	-956	-573	382	-
Incubation				
Net Sales	41	83	42	101.1%
Operating Profit	-53	9	63	-
Adjustment				
Net Sales	-933	-1,081	-148	-
Operating Profit	109	106	-3	-
Total				
Net Sales	35,965	46,683	10,718	29.8%
Operating Profit	5,011	5,865	853	17.0%

Description of businesses in each segment

Business Segment		Main Operations
Web Infrastructure & Ecommerce	Domain registration	<ul style="list-style-type: none"> • Domain (.com, .jp 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	<ul style="list-style-type: none"> • SaaS based services for online store building including Color me shop! and MakeShop, and Jugem Cart. • Development and operation of online shopping malls including Calamel. • Web design, 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"> • GMO Payment Gateway services including 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 ebook publishing solutions Booklog and Puboo. • 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 (infoQ Network Panel)
Internet Securities	Internet Securities	<ul style="list-style-type: none"> • Operation of online securities trading, foreign currency trading services etc.
Social & Smartphone	Smartphone games	<ul style="list-style-type: none"> • Social apps development/operation support • G-Gee by GMO game apps market for smartphone devices
	Daily deals	<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.

Segment Report

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. Domain registration, web hosting, security, ecommerce, and payment processing - the five major businesses in this segment - each hold the number one share in the respective markets in Japan.

Domain Registration

The domain business continued to expand its user base. In the first half of fiscal year 2013 domain registration and renewals grew 8.6% to 1.87 million, and total domains under management rose 17.2% to 3.92 million. The Group now holds 90.5% of the domestic market. As a result the business reported net sales of ¥2,323 million (8.7% year-on-year increase).

Web Hosting

The web hosting business responded to growing sophistication and diversification of client needs through cloud-based, dedicated, shared and VPS offerings under a multiple brand strategy. GMO AppsCloud, a cloud-based hosting solution optimized for game app developers and operators, continues to attract gaming industry users amidst growth in the smartphone and mobile gaming markets.

Overall web hosting contracts increased 6.1% over the previous corresponding term to 696 thousand and net sales grew 12.1% year-on-year to ¥6,807 million.

Ecommerce Solutions

New features were added to service offerings in ecommerce to improve usability for both net shop operators and customers, while user support was also enhanced. Contracts in this sub-segment grew 14.4% to 67,000 as the both the market-size and customer-base continued to expand. As a result the business reported net sales of ¥1,595 million (26.5% year-on-year increase).

Security

In the previous fiscal year, GlobalSign became the highest growing certificate authority brand in Japan, with the number one share in the domestic market, a result of continued efforts to strengthen sales growth strategy and increase market share. In the first half of 2013 free digital certificates were offered to all political parties ahead of the government's decision to lift a ban on online political election campaigning. While this initiative does not impact results in the short term, it is expected to contribute to increased brand awareness in the mid-term. The Security business reported net sales of ¥1,275 million (32.8% year-on-year increase).

Payment Processing

Payment processing continues to expand operations leveraging the brand power of GMO Payment Gateway, the only payment processing company listed on the first section of the Tokyo Stock Exchange. The business continued to focus on growing number of merchants, number of transactions, and transaction volume and enhancing value-add offerings aimed at helping merchants build revenues. As a result the business reported net sales of ¥2,809 million (23.7% year-on-year increase).

Revenues from each of these key Web Infrastructure & Ecommerce businesses continued to grow, and synergies throughout the segment boosted net sales by 29.0% to ¥18,488 million and operating profit by 24.5% to ¥2,645 million.

ii. Internet Media

The Internet Media segment provides marketing and customer acquisition solutions for online businesses. The segment comprises, Search Marketing, services optimize customer acquisition through major search engines such as Google and Yahoo!, Internet Advertising and a vast stable of owned and operated online properties. The following is a breakdown of results in each of the businesses comprising this segment.

Internet Media & Search Media

In this sub-segment focuses included enhancing smartphone affiliate reward advertising products. Internet Media & Search Media reported net sales of ¥5,047 million (3.2% year-on-year increase).

Internet Advertising Agency

Internet advertising comprises media rep and agency business operations and is centered on GMO AD Partners. In the first half PC/smartphone listing ads were strong. Efforts were made to improve profit margins by strengthening proprietary ad network products and ad technology development. Net sales in advertising agencies increased by a significant 24.2% from the previous year to ¥9,101 million.

Overall, in the Internet Media segment, net sales totaled ¥15,093 million (16.8% year-on-year increase), and operating profit came in at ¥1,253 million (13.3% year-on-year increase).

iii Internet Securities

The Internet Securities segment focused on increasing number of accounts, customer assets held, and transaction volume. In the first six months of the year new account acquisition was strong and number of securities accounts totaled 180,000 (GMO CLICK Securities), and number of FX accounts totaled 438,000 (GMO CLICK Securities: 301,000, FX PRIME: 137,000). In the month of June trading volume in GMO CLICK skyrocketed to over ¥100 trillion yen partly on optimism in the market surrounding monetary easing in Japan.

However, profits shrank from the previous corresponding term attributable to the narrow spread on dollar/yen trades which account for approximately 80% of total trading volume, an increase in scalping, and an increase in cover transaction costs brought about by an abruptly weakened yen. The segment will look at revising spreads and trading terms, as well as other measures to improve earnings structure. In the second quarter operating losses in FX Prime were turned around and the company achieved a profit.

Net sales in the Internet Securities segment totaled ¥11,214 million (35.9% year-on-year increase) and operating profit was ¥2,424 million (9.6% year-on-year decrease).

Social & Smartphone

The Social & Smartphone segment comprises new initiatives in high-growth markets including smartphone. The following is an overview of performance in the main business activities comprising this segment.

Smartphone Games

This sub segment comprises social apps development/operation and game app platform G-Gee. The mobile game market is growing rapidly through application markets including GooglePlay, and AppStore. In the first six months of the year, several in-house developed titles achieved top rankings in the GooglePlay sales rankings, and one game app (Minerva Knights) exceeded ¥100 million in monthly sales. New title Smart Soccer by GMO was also introduced in the second half of June. Overall, the smartphone games business reported a profit in the month of May for the first time. Net sales in the first half of the year totaled ¥2,095 million (290.6% increase year-on-year), and operating loss of ¥572 million (operating loss in the previous fiscal year was ¥849 million).

At the end of the first six months of fiscal year 2013, the Social & Smartphone segment reported net sales of ¥2,885 million (113.4% year-on-year increase) and an operating loss of ¥573 million (operating loss in the previous fiscal year was ¥956 million). Operating loss was reduced ¥230 million from the previous corresponding term and focus in the segment is now on achieving profitability in smartphone games.

Incubation

The Incubation segment invests in expanding business and building enterprise value in Internet-related companies. In the second quarter revenue reached ¥83 million (101.1% year-on-year increase) following the sale of shares held by the company, while the segment reported an operating profit of ¥9 million (¥53 million operating loss was reported in the previous corresponding period).

(Reference)

Changes in Operating Results and Financial Condition by Quarter

(Unit: ¥millions)

	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013
Net Sales	18,005	18,091	20,319	22,810	23,873
Operating Profit	2,486	1,572	2,564	2,894	2,971
Ordinary Profit	2,481	1,582	2,611	2,859	3,022
Net Profit	996	817	1,808	1,102	1,293
Total Assets	224,121	256,677	275,960	364,089	363,002
Shareholders' Equity	19,287	19,690	21,071	21,451	22,802

(Reference)

Table: Quarterly Results by Segment

I Net Sales by Segment

(Unit: ¥millions)

	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013
Web Infrastructure & Ecommerce					
Provider (ISP)	439	502	656	827	1,112
Domain registration	1,081	1,043	942	1,138	1,184
Web hosting	3,123	3,186	3,327	3,342	3,465
Ecommerce solutions	607	676	761	845	749
Security	487	511	504	616	658
Payment processing	1,139	1,271	1,281	1,382	1,426
Other	432	590	629	898	838
Total	7,311	7,783	8,102	9,051	9,436
Internet Media					
Internet media & search media	2,464	2,459	2,347	2,514	2,532
Advertising agencies	3,581	3,854	3,673	4,491	4,610
Other	349	347	469	482	462
Total	6,396	6,662	6,490	7,488	7,604
Internet Securities					
Total	4,125	3,436	4,837	5,528	5,685
Social & Smartphone					
Smartphone games	246	267	435	863	1,231
Daily deals	428	421	383	397	392
Total	675	689	818	1,261	1,624
Incubation					
Total	1	36	525	41	42
Sub total	18,510	18,608	20,775	23,371	24,393
Adjustment	-505	-516	-456	-560	-520
Net Sales	18,005	18,091	20,319	22,810	23,873

II Operating Profit by Segment

	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013
Web Infrastructure & Ecommerce	1,143	1,103	1,026	1,318	1,327
Internet Media	473	455	464	659	593
Internet Securities	1,372	584	1,174	1,253	1,170
Social & Smartphone					
Smartphone games	-484	-574	-600	-402	-170
Daily deals	-44	-4	5	0	-1
Total	-529	-578	-595	-402	-171
Incubation	-27	-27	448	6	3
Sub total	2,432	1,538	2,518	2,835	2,923
Adjustment	54	33	45	58	47
Operating Profit	2,486	1,572	2,564	2,894	2,971

(2) Consolidated Financial Condition

Assets, Liabilities and Shareholders' Equity

Assets

At the end of the second quarter of fiscal year 2013 (June 30, 2013), assets had increased ¥87,041 (31.5%) from the end of the previous fiscal year to ¥363,002 million. Contributing factors included a ¥84,251 million rise in customer assets in the securities segment (securities segment deposits, margin transaction assets, short term deposits and variation margin paid).

Liabilities

At the end of the second quarter, liabilities had increased ¥84,417 million (34.4%) from the end of the previous fiscal year to ¥329,959 million. Fluctuations in liabilities are chiefly attributable to a ¥85,992 million increase in securities segment liabilities (securities segment deposits received, margin transaction liabilities, guarantees and variation margin received) due to an expanding customer base, slightly offset by a ¥1,868 million decrease in interest-bearing liabilities.

Net Assets

At the end of the second quarter, net assets had increased ¥2,623 million (8.6%) from the end of the previous fiscal year to ¥33,042 million. Earnings surplus increased ¥1,229 million. (Net profit contributed a ¥2,396 million increase, while dividends payments increased ¥824 million and minority charge increased ¥893 million due to improved profits in publicly listed Group companies.

Cash Flow

At the end of the second quarter of fiscal year 2013 (June 30, 2013), cash and equivalents had increased ¥853 million from the end of the previous fiscal year to ¥42,753 million. The following is a summary of cash flow activity in the second quarter.

Cash Flow from Operating Activities

Operating activities generated ¥6,437 million in the period under review (¥8,461 million was generated in the previous corresponding term). Major items included net profit before tax and other adjustments (¥5,218 million), depreciation (¥2,087 billion), a net decrease in securities segment assets (increase in deposits, decrease in guarantee deposits and decreases in variation margin paid and received, and increase in guarantees received) totaling ¥6,468 million, and a ¥1,521 million outflow of corporate tax payments etc.

Cash Flow from Investing Activities

Outflow from investing activities total ¥1,866 million (¥2,064 million was generated in the previous corresponding term). This is mainly attributable to the acquisition of servers and other tangible fixed assets totaling ¥714 million, software license updates and other intangible asset acquisitions totaling ¥606 million and outflow from the sale and acquisition of investment securities totaling ¥383 million.

Cash Flow from Financing Activities

Outflow from financing activities totaled ¥3,908 million (¥4,016 million outflow in the previous corresponding term). Significant outflows included a net decrease in short-term loans (¥100 million), a net decrease in long-term loans (¥1,769 million) and payment of dividends totaling ¥824 million.

(3) Consolidated Earnings Results Forecasts

There is no revision to the full year consolidated earnings forecast issued on February 6, 2013.

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

Changes to Accounting Policy

Change in Method of Depreciation

Due to a revision in corporate tax laws, all tangible fixed assets acquired by GMO Internet and consolidated subsidiaries in Japan will be depreciated in accordance with the revised corporate tax law as of January 1, 2013. The impact of this change is immaterial.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: ¥millions)

	Previous Fiscal Year (As of Dec 31, 2012)	2nd Quarter Current Fiscal Year (As of Jun 30, 2013)
Assets		
Current Assets		
Cash and deposits	45,718	46,509
Trade notes and accounts receivable	6,435	7,727
Operational investment securities	661	793
Securities segment deposits	122,914	167,252
Securities segment margin transaction assets	41,060	72,840
Securities segment short term guarantee deposits	17,824	23,189
Securities segment variation margin paid	10,188	12,957
Deferred tax asset	1,816	2,072
Other	8,259	8,626
Provision for doubtful debts	-429	-608
Total Current Assets	254,450	341,360
Fixed Assets		
Tangible fixed assets	7,246	7,492
Intangible fixed assets		
Goodwill	3,551	3,386
Software	3,761	3,513
Other	507	599
Total intangible fixed assets	7,821	7,498
Investments and other assets		
Investment securities	1,533	2,295
Deferred tax asset	3,163	2,425
Other	2,100	2,271
Provision for doubtful debts	-355	-342
Total investments and other assets	6,441	6,650
Total Fixed Assets	21,510	21,642
Total Assets	275,960	363,002
Liabilities		
Current liabilities		
Trade notes and accounts payable	2,283	2,726
Short term debt	8,792	6,847
Amount payable	6,141	6,258
Securities segment deposits received	11,245	20,059
Securities segment margin transaction liability	35,702	62,754
Securities segment guarantees received	136,616	186,894
Securities segment variation margin received	4,018	3,868
Accrued corporate tax etc.	1,470	1,321
Allowance for bonuses	336	206
Allowance for bonuses to directors	219	96
Advance payment received	3,479	3,778
Deposits received	13,118	12,587
Other	4,506	4,724
Total Current Liabilities	227,932	312,123

	(Unit: ¥millions)	
	Previous Fiscal Year (As of Dec 31, 2012)	2nd Quarter Current Fiscal Year (As of Jun 30, 2013)
Fixed Liabilities		
Long term debt	12,401	12,478
Deferred tax liability	25	28
Other	4,354	4,160
Total Fixed Liabilities	16,781	16,667
Statutory Reserve		
Financial instruments transaction liability reserve	828	1,169
Total Statutory Reserve	828	1,169
Total Liabilities	245,542	329,959
Net Assets		
Shareholders' Equity		
Capital stock	3,000	100
Capital surplus	5,836	8,736
Earned surplus	12,509	13,738
Treasury stock	-0	-0
Total Shareholders' Equity	21,344	22,574
Other Comprehensive Income		
Other securities valuation differences	-199	119
Hedging profit/loss carried forward	-52	-27
Foreign currency translation account	-21	137
Total Other Comprehensive Income	-273	228
Equity Warrants	22	21
Minority Equity	9,323	10,217
Total Net Assets	30,418	33,042
Liabilities, Net Assets Total	275,960	363,002

(2) Consolidated Statement of Income

Quarter Consolidated Statement

(Unit: ¥millions)

	2nd Quarter Previous Fiscal Year (6 months to Jun, 2012)	2nd Quarter Current Fiscal Year (6 months to Jun, 2013)
Net Sales	35,965	46,683
Cost of Sales	14,721	19,918
Gross Profit on Sales	21,243	26,764
Sales, General & Administrative Expenses	16,231	20,899
Operating Profit	5,011	5,865
Non Operating Revenue		
Interest received	4	5
Dividends received	16	19
Gain on currency translation	3	59
Gain on expired points	50	43
Equity method investment profits	8	48
Other	95	83
Total Non Operating Revenue	179	259
Non Operating Expenses		
Interest paid	153	173
Other	55	70
Total Non Operating Expenses	209	243
Ordinary Profit	4,981	5,881
Extraordinary Profit		
Gain on sale of investment securities	0	16
Gain on sale of affiliated company stock	150	-
Gain on change in equity	6	7
Other	2	1
Total Extraordinary Profit	159	25
Extraordinary Loss		
Loss on disposal of fixed assets	89	25
Impairment loss	21	250
Office relocation expenses	76	47
Provision to securities transaction liability reserve	101	341
Other	38	23
Total Extraordinary Loss	327	688
Net Profit before Adjustment for Tax etc.	4,813	5,218
Corporate, Municipal and Enterprise Taxes	1,639	1,515
Corporate Tax etc. Adjustment	526	464
Total Corporate Taxes etc.	2,165	1,980
Net Profit before Minority Equity	2,648	3,238
Minority Interests	755	841
Net Profit	1,892	2,396

Consolidated Statement of Comprehensive Income

(Unit: ¥millions)

	2nd Quarter Previous Fiscal Year (6 months to Jun, 2012)	2nd Quarter Current Fiscal Year (6 months to Jun, 2013)
Net Profit before Minority Equity	2,648	3,238
Other Comprehensive Income		
Other securities valuation differences	-53	346
Hedging profit/loss carried forward	-58	24
Currency translation adjustment account	-7	237
Total other comprehensive income	-119	609
Comprehensive Income	2,528	3,847
(Breakdown)		
Comprehensive income attributable to parent company shareholders	1,761	2,898
Comprehensive income attributable to minority shareholders	767	948

(3) Consolidated Statement of Cash Flows

(Unit: ¥millions)

	2nd Quarter Previous Fiscal Year (6 months to Jun, 2012)	2nd Quarter Current Fiscal Year (6 months to Jun, 2013)
Cash Flow from Operating Activities		
Net profit before adjustment for tax etc.	4,813	5,218
Depreciation expenses	1,333	2,087
Impairment loss	21	250
Amortization of goodwill	643	703
Gain or loss on sale of investment securities (- represents gain)	12	-16
Gain or loss on sale of affiliated company stock (- represents gain)	-150	-
Interest and dividends received	-21	-25
Interest paid	153	173
Change in accounts receivable (-represents increase)	-76	-953
Change in purchase debts (- represents decrease)	-76	593
Change in deposits in securities segment (- represents increase)	-16,596	-44,337
Change in short term guarantee deposits in securities segment (-represents increase)	4,202	-5,365
Change in margin variation paid and received in securities segment	154	-2,918
Changes in deposits and guarantees received in securities segment (- represents decrease)	14,094	59,090
Change in deposits (-represents decrease)	-623	-531
Other	1,371	-5,866
Sub total	9,256	8,101
Interest and dividends received	41	27
Interest paid	-153	-170
Corporate tax etc. paid	-681	-1,521
Cash Flow from Operating Activities	8,461	6,437
Cash Flow from Investing Activities		
Expenditure on acquisition of tangible fixed assets	-789	-714
Expenditure on acquisition of intangible fixed assets	-855	-606
Expenditure on acquisition of investment securities	-104	-434
Income accrued on the sale of investment securities	22	51
Expenditure on acquisition of affiliated company stock	-52	-260
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	-348	98
Cash Flow from Investing Activities	-2,064	-1,866
Cash Flow from Financing Activities		
Income accrued on short term loans	28,900	68,400
Expenditure on repayment of short term loans	-29,925	-68,500
Income accrued on long term loans	-	2,000
Expenditure on repayment of long term loans	-1,298	-3,769
Payment of dividends	-936	-824
Payment of dividends to minority shareholders	-317	-514
Other	-438	-700
Cash Flow from Financing Activities	-4,016	-3,908
Currency Translation Adjustment on Cash and Equivalents	1	192
Change in Cash and Equivalents (- represents decrease)	2,382	853
Balance of Cash and Equivalents at Beginning of Term	32,743	41,899
Increase in Cash and Equivalents following Increase in Consolidation	36	-
Balance of Cash and Equivalents at End of Term	35,161	42,753

(4) Notes regarding the Going Concern Assumption
None

(5) Segment Data
Previous 2nd Quarter (01.01.2012-06.30.2012)

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

(Unit: ¥millions)

	Segment						Adjustment (*1)	Consolidated P/L (*2)
	Web Infrastructure & Ecommerce	Internet Media	Internet Securities	Social & Smartphone	Incubation	Total		
Net Sales								
Sales to unaffiliated customers	14,094	12,229	8,251	1,348	41	35,965	—	35,965
Internal transactions	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.

2. Impairment of fixed assets and goodwill in reportable segments

None

Current 2nd Quarter (01.01.2013-06.30.2013)

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

(Unit: ¥millions)

	Segment						Adjustment (*1)	Consolidated P/L (*2)
	Web Infrastructure & Ecommerce	Internet Media	Internet Securities	Social & Smartphone	Incubation	Total		
Net Sales								
Sales to unaffiliated customers	18,153	14,347	11,214	2,883	83	46,683	—	46,683
Internal transactions	334	745	—	1	—	1,081	-1,081	—
Total	18,488	15,093	11,214	2,885	83	47,764	-1,081	46,683
Operating profit/loss (-)	2,645	1,253	2,424	-573	9	5,759	106	5,865

*Notes

1. The segment profit or loss adjustment (¥106 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.

2. Impairment of fixed assets and goodwill in reportable segments

Significant items relating to impairment of fixed assets

Fixed assets were impaired in the Social & Smartphone, and Internet Securities segments. In the second quarter impairment losses totaled ¥194 million and ¥44 million respectively in the Social & Smartphone and Internet securities segments.

(6) Notes regarding significant changes in shareholders' equity

On February 18, 2013, the GMO Internet Board of Directors announced it would put forward a proposal to the Annual General Shareholders Meeting to reduce capital. The AGSM approved the proposal on March 24, 2013 and the capital reduction came into effect on April 30, 2013. Capital was reduced ¥2,900 million to the same amount was added to other capital surplus.