

## Results for the Three Months Ended September 30, 2013 (FY2013-2Q)

October 25, 2013

Company Name: Yahoo Japan Corporation Share Listings: 1<sup>st</sup> section of TSE  
 Code No.: 4689 URL: http://www.yahoo.co.jp  
 Representative: Manabu Miyasaka, President and CEO Tel: 03-6440-6000  
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Scheduled Securities Report Submission Date: November 12, 2013

Scheduled Dividend Payment Date: -

Quarterly Results Supplementary Briefing Materials to Be Created: Yes

Quarterly Results Investors Meeting to Be Held: Yes (for Financial Analysts)

(Amounts less than one million yen are omitted)

### 1. Consolidated Results for FY2013-2Q (April 1, 2013 - September 30, 2013)

#### (1) Consolidated Financial Results

(Figures in parenthesis are % change YoY)

	Revenue	Operating income	Ordinary income	Net income
	Millions of yen (%)			
FY2013-2Q	188,040 (20.2)	97,880 (14.5)	98,138 (13.1)	62,607 (19.9)
FY2012-2Q	156,383 (7.4)	85,447 (7.6)	86,735 (8.0)	52,222 (9.8)

Note: Comprehensive income: FY2013-2Q ¥61,890 million (17.5%) FY2012-2Q ¥52,663 million (11.7%)

	Net income per share-primary	Net income per share-diluted
	Yen	Yen
FY2013-2Q	10.89	10.89
FY2012-2Q	9.00	9.00

Effective October 1, 2013, the Company conducted a 100-for-1 stock split of its common shares. The net income per share-primary and net income per share-diluted have been calculated as if the stock split provisionally took place at the start of the previous consolidated fiscal year.

#### (2) Consolidated Financial Position

	Total assets	Net assets	Ratio of equity capital
	Millions of yen	Millions of yen	%
FY2013-2Q	785,514	590,294	74.1
FY2012	743,311	551,264	73.1

(For reference) Equity capital: FY2013-2Q ¥582,292 million FY2012 ¥543,459 million

### 2. Cash Dividends

(Record date)	Dividends per share				
	1Q	2Q	3Q	Year end	Full year
	Yen	Yen	Yen	Yen	Yen
FY2012	-	0.00	-	401.00	401.00
FY2013	-	0.00	-	-	-
FY2013 (Estimates)	-	-	-	4.21	4.21

Note: Revision in dividends scheduled for the quarter: Yes

The amount of the year-end dividend forecast for the fiscal year ending March 2014 takes into consideration the 100-for-1 common share stock split with an effective date of October 1, 2013.

### 3. Consolidated Business Outlook for FY2013 (April 1, 2013 – March 31, 2014)

(Figures in parenthesis are % change YoY)

	Revenue	Operating income	Ordinary income	Net income	Net income per share-primary
	Millions of yen (%)	Yen			
FY2013 Full year	387,141 (12.9)	193,030 (3.6)	193,527 (2.6)	120,990 (5.2)	21.04

Note: Revisions in consolidated performance forecasts: Yes

Net income per share-primary in the consolidated performance estimates for the fiscal year ending March 31, 2014 incorporates the 100-for-1 common share stock split with an effective date of October 1, 2013.

#### 4. Others

(1) Changes in significant subsidiaries during the period (changes in significant subsidiaries causing changes in scope of consolidation): None

(2) Application of accounting methods specific to producing quarterly consolidated financial statements: None

(3) Changes in the accounting principles, procedures and presentation methods

1) Changes due to accounting standards revisions: None

2) Changes other than 1): None

3) Changes in accounting estimate: None

4) Restatement: None

(4) Number of stocks issued (common stock)

1) Number of stocks issued at the quarter end (including treasury stocks)

FY2013-2Q	5,751,839,700	FY2012	5,751,055,400
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2) Number of treasury stocks at the quarter end

FY2013-2Q	1,016,800	FY2012	1,016,800
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3) Average number of stocks

FY2013-2Q	5,750,499,975	FY2012-2Q	5,801,464,839
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Effective October 1, 2013, the Company conducted a 100-for-1 stock split of its common shares. The numbers of stocks have been calculated as if the stock split provisionally took place at the start of the previous consolidated fiscal year.

## 5. Business Results

### (1) Business Performance Analysis

#### ■ Cumulative Performance Highlights for the Second Quarter (April 1, 2013 - September 30, 2013)

	2012 1Q-2Q	2013 1Q-2Q	Year-on-Year Change (Amount)	Year-on-Year Change (%)
Revenue	¥156.3 billion	¥188.0 billion	+¥31.6 billion	+ 20.2%
Operating Income	¥85.4 billion	¥97.8 billion	+¥12.4 billion	+ 14.5%
Ordinary Income	¥86.7 billion	¥98.1 billion	+¥11.4 billion	+ 13.1%
Quarterly Net Income	¥52.2 billion	¥62.6 billion	+¥10.3 billion	+ 19.9%

The Yahoo Japan Group posted double-digit growth in revenue and profits in the cumulative second quarter compared with the same quarter last year.

In display advertising, revenue from Yahoo! Display Ad Network (YDN) rose sharply while Brand Panel revenue also increased because of the introduction of advertising methods with a highly effective branding impact. Paid search advertising revenue also increased year on year due to aggressive sales activities and other sales efforts. In addition, the revenues of Yahoo! Premium, game-related services, and data center-related services also continued to grow. Furthermore, the consolidation of ValueCommerce Co., Ltd., Carview Corporation and CyberAgent FX, Inc. in the previous fiscal year contributed to the year-on-year growth in overall revenue.

In terms of profits, the large increase in revenue offset the growth in cost of sales, personnel expenses, sales promotion costs and other expenses, resulting in a substantial rise in operating income from a year earlier. Quarterly net income also increased compared with the same period last year because of the booking of extraordinary gain on the sale of investment securities and other revenue.

#### Cumulative Revenue and Operating Income by Segment (April 1, 2013 – September 30, 2013)

	2012 1Q-2Q	2013 1Q-2Q	Year-on-Year Change (Amount)	Year-on-Year Change (%)
Marketing Solutions Business				
Revenue	¥107.3 billion	¥130.4 billion	+¥23.1 billion	+21.6%
Operating income	¥58.8 billion	¥69.1 billion	+¥10.3 billion	+17.5%
Consumer Business				
Revenue	¥47.0 billion	¥51.3 billion	+¥4.3 billion	+9.2%
Operating income	¥35.1 billion	¥36.7 billion	+¥1.6 billion	+4.6%
Others				
Revenue	¥5.1 billion	¥10.7 billion	+¥5.6 billion	+109.3%
Operating income	¥1.1 billion	¥3.5 billion	+¥2.3 billion	+198.7%
Adjustments				
Revenue	-¥3.1 billion	-¥4.5 billion	-	-
Operating income	-¥9.7 billion	-¥11.6 billion	-	-
Total				
Revenue	¥156.3 billion	¥188.0 billion	+¥31.6 billion	+20.2%
Operating income	¥85.4 billion	¥97.8 billion	+¥12.4 billion	+14.5%

Notes: 1. The main revenue included in the Others segment is that for settlement- and finance-related services among business activities not included in reporting segments.

2. Adjustments figures represent inter-segment transactions and general corporate expenses not belonging to any reporting segment.

3. Starting with the cumulative 2Q of FY2013, a portion of the Company's services have been transferred between segments. The main change was the transfer of game- and travel-related services from the Consumer Business to the Marketing Solutions Business. The cumulative segment information from the same quarter in the previous year has been retroactively adjusted using the same divisions.

■ **Performance Highlights for the Second Quarter (July 1, 2013 - September 30, 2013)**

	2012 2Q	2013 2Q	Year-on-Year Change (Amount)	Year-on-Year Change (%)
Revenue	¥78.7 billion	¥95.7 billion	+¥16.9 billion	+ 21.5%
Operating Income	¥43.2 billion	¥49.2 billion	+¥5.9 billion	+ 13.7%
Ordinary Income	¥43.9 billion	¥49.1 billion	+¥5.1 billion	+ 11.7%
Quarterly Net Income	¥27.1 billion	¥30.3 billion	+¥3.1 billion	+ 11.8%

In the second quarter, advertising through the Yahoo! Display Ad Network (YDN) in display advertising continued to record high growth while Brand Panel revenue also increased year on year because of the introduction of Top Impact and other advertising methods with a highly effective branding impact. Paid search advertising revenue also grew substantially year on year, particularly smartphone revenue. In addition, the upward revision of membership fees and increase in number of members supported growth in the revenue of Yahoo! Premium from the second quarter last year. The revenues of game-related services and data center-related services also continued to expand. Furthermore, the consolidation of ValueCommerce Co., Ltd., Carview Corporation and CyberAgent FX, Inc. in the previous fiscal year contributed to the year-on-year growth in overall revenue.

In terms of profits, despite the growth in cost of sales, personnel expenses, sales promotion costs and other expenses, profits rose sharply from a year earlier because of the large increase in revenue.

Revenue and Operating Income by Segment (July 1, 2013 – September 30, 2013)

	2012 2Q	2013 2Q	Year-on-Year Change (Amount)	Year-on-Year Change (%)
Marketing Solutions Business				
Revenue	¥54.7 billion	¥67.2 billion	+¥12.5 billion	+22.9%
Operating income	¥30.2 billion	¥35.7 billion	+¥5.5 billion	+18.2%
Consumer Business				
Revenue	¥23.2 billion	¥25.4 billion	+¥2.2 billion	+9.6%
Operating income	¥17.5 billion	¥17.5 billion	-¥0.01 billion	-0.1%
Others				
Revenue	¥2.5 billion	¥5.4 billion	+¥2.8 billion	+108.5%
Operating income	¥0.5 billion	¥1.8 billion	+¥1.3 billion	+262.8%
Adjustments				
Revenue	-¥1.7 billion	-¥2.4 billion	-	-
Operating income	-¥5.0 billion	-¥5.9 billion	-	-
Total				
Revenue	¥78.7 billion	¥95.7 billion	+¥16.9 billion	+21.5%
Operating income	¥43.2 billion	¥49.2 billion	+¥5.9 billion	+13.7%

Notes: 1. The main revenue included in the Others segment is that for settlement- and finance-related services among business activities not included in reporting segments.

2. Adjustments figures represent inter-segment transactions and general corporate expenses not belonging to any reporting segment.

3. Starting with the 1Q of FY2013, a portion of the Company's services have been transferred between segments. The main change was the transfer of game- and travel-related services from the Consumer Business to the Marketing Solutions Business. The segment information from the same quarter in the previous year has been retroactively adjusted using the same divisions.

Reporting Segment	Major Revenues
Marketing Solutions Business	<ul style="list-style-type: none"> <li>• Paid search, display and other advertising-related services</li> <li>• Data center-related and other corporate services</li> <li>• Yahoo! Real Estate and other information listing services</li> <li>• Game-related services</li> </ul>
Consumer Business	<ul style="list-style-type: none"> <li>• YAFUOKU!, Yahoo! Shopping, and other e-commerce-related services</li> <li>• Yahoo! Premium, Yahoo! BB, and other membership services</li> </ul>

### ■ Marketing Solutions Business

Advertising-related revenue rose significantly because of the continued expansion in Yahoo! Display Ad Network (YDN) advertising revenue as well as revenue growth by Brand Panel in display advertising. Paid search advertising revenue also increased, contributing to the advertising-related revenue. Furthermore, the revenues of ValueCommerce Co., Ltd., and Carview Corporation, which were consolidated in the previous fiscal year, also contributed to the growth in overall revenue.

As a result, revenue of the Marketing Solutions Business in the quarter under review amounted to ¥67.2 billion, up 22.9% from a year earlier, and accounted for 70.3% of total revenue. Operating income increased 18.2% year on year, to ¥35.7 billion while ordinary income grew 18.4%, to ¥35.8 billion.

- In display advertising, revenue from YDN increased substantially year on year. Brand Panel revenue also advanced from the same quarter last year because of the introduction of Top Impact and other advertising products employing advertising technology that provides highly effective branding.
- Paid search advertising revenue rose from a year earlier, with particularly strong growth for smartphone revenue.
- Game-related revenue grew year on year. Besides the sharp jump in revenue from such games as Yahoo! Mobage and SD Gundam Operations, the growth in revenue from the business alliance with GREE, Inc. also contributed to higher overall revenue.
- Revenue of data center-related services grew compared with the second quarter last year, supported by expanded use of cloud computing services due to continued growth in game-related corporate customers and other factors.
- In addition, the revenues of ValueCommerce Co., Ltd., and Carview Corporation, which were consolidated in the previous fiscal year, contributed to the growth in overall revenue.

### ■ Consumer Business

Revenue of Yahoo! Premium climbed sharply from the second quarter last year because of an upward revision in membership fees and an increase in the number of members. In addition, the revenue of Yahoo! Shopping also expanded.

As a result, revenue of the Consumer Business amounted to ¥25.4 billion, rising 9.6% year on year and accounting for 26.6% of total revenue. Operating income decreased 0.1% compared with last year, to ¥17.5 billion, while ordinary income declined 3.0%, to ¥17.1 billion.

- The transaction value of high-ticket items, such as automobiles and real estate on YAFUOKU! rose year on year. Smartphone transaction value surged significantly from a year earlier because of such factors as the major renewal of smartphone applications, including enabling push notifications that are “latest information” and “high bid renewal” alerts.
  - Although the overall transaction value of Yahoo! Shopping declined slightly compared to the second quarter last year, smartphone transaction value rose substantially year on year.
  - Yahoo! Premium revenue increased from the same period in the previous fiscal year. The higher revenue came from an upward revision in membership fees and an increase in the number of Yahoo! Premium members registering through Softbank shops. The number of Yahoo! Premium membership IDs on September 30, 2013 jumped by 1.68 million IDs year on year, to 9.52 million IDs.
  - As part of its new strategy for e-commerce business, Yahoo Japan Corporation decided to make the store tenant fee (monthly system usage fee) and sales royalty fee completely free of charge for Yahoo! Shopping. The Company also decided to make the store tenant fee (monthly system usage fee) for Japan’s largest auction site, YAFUOKU!, free of charge. The change in fees is effective as of October 2013. By the end of the year, the Company also plans to make it possible for individuals rather than just companies to launch stores on Yahoo! Shopping.
- Working together as one, the Group will establish a convenient and comfortable environment for both buyers and sellers. By constantly implementing progress, the Group intends to push ahead with major advances for Yahoo! Shopping and YAFUOKU!.

**(2) Consolidated Financial Results**

## (i). Analysis of Consolidated Statements of Income

Results for the Cumulative Period (April 1, 2013 - September 30, 2013)

(Millions of yen)

	Six months ended Sept. 30, 2012	Six months ended Sept. 30, 2013	Increase/decrease	
	Amount	Amount	Amount	Change (%)
Revenue	156,383	188,040	31,656	20.2
Cost of sales	15,227	23,968	8,740	57.4
Gross profit	141,156	164,072	22,915	16.2
Selling, general & administrative expenses	55,708	66,192	10,483	18.8
Personnel expenses	18,122	22,019	3,896	21.5
Business commissions	7,173	7,798	624	8.7
Sales promotion costs	5,258	6,599	1,341	25.5
Royalties	4,508	5,463	955	21.2
Depreciation expenses	4,588	5,320	731	15.9
Content provider fees	3,313	3,806	493	14.9
Lease and utility expenses	3,580	3,656	75	2.1
Communication charges	3,074	3,158	84	2.8
Sales commissions	2,453	2,245	-207	-8.5
Administrative and maintenance expenses	1,164	1,398	233	20.1
Amortization of goodwill	173	1,226	1,053	608.5
Taxes and public dues	826	932	105	12.8
Advertising expenses	465	846	381	81.9
License fees	271	638	367	135.3
Travel and transportation	182	392	209	114.7
Others	551	689	137	24.9
Operating income	85,447	97,880	12,432	14.5
Non-operating income	1,392	727	-664	-47.8
Non-operating expenses	105	469	364	346.9
Ordinary income	86,735	98,138	11,403	13.1
Extraordinary gains	33	5,527	5,493	
Extraordinary losses	1,797	1,940	143	8.0
Quarterly net income before income taxes	84,971	101,725	16,753	19.7
Income taxes, etc.	32,562	38,625	6,062	18.6
Income taxes, inhabitants' taxes and enterprise taxes	32,313	38,012	5,698	17.6
Adjustment to income taxes	249	613	363	146.0
Quarterly net income before minority interests	52,409	63,100	10,690	20.4
Minority interests in gains of consolidated subsidiaries	186	492	305	163.7
Quarterly net income	52,222	62,607	10,385	19.9

## Analysis of Consolidated Statements of Income for the Second Quarter (July 1, 2013 - September 30, 2013)

(Millions of yen)

	Three months ended Sept. 30, 2012	Three months ended Sept. 30, 2013	Increase/decrease	
	Amount	Amount	Amount	Change (%)
Revenue	78,786	95,708	16,921	21.5
Cost of sales	7,941	12,276	4,334	54.6
Gross profit	70,845	83,432	12,587	17.8
Selling, general & administrative expenses	27,556	34,194	6,638	24.1
Personnel expenses *1	8,932	11,364	2,432	27.2
Business commissions *2	3,355	3,939	583	17.4
Sales promotion costs *3	2,553	3,800	1,246	48.8
Royalties *4	2,272	2,780	508	22.4
Depreciation expenses *5	2,364	2,742	378	16.0
Content provider fees	1,664	1,938	273	16.4
Lease and utility expenses	1,833	1,872	39	2.1
Communication charges	1,538	1,542	4	0.3
Sales commissions	1,151	1,134	-16	-1.5
Administrative and maintenance expenses	587	705	117	20.1
Amortization of goodwill *6	87	621	534	608.4
Taxes and public dues	441	502	61	13.8
License fees	141	340	198	140.7
Advertising expenses	253	258	5	2.1
Travel and transportation	85	190	104	123.1
Others *7	293	460	167	57.0
Operating income	43,289	49,237	5,948	13.7
Non-operating income	724	297	-426	-58.9
Non-operating expenses	50	432	381	759.8
Ordinary income	43,963	49,103	5,140	11.7
Extraordinary gains	23	140	117	507.8
Extraordinary losses	457	460	2	0.6
Quarterly net income before income taxes	43,528	48,783	5,255	12.1
Income taxes, etc.	16,311	18,207	1,896	11.6
Income taxes, inhabitants' taxes and enterprise taxes	17,488	19,934	2,446	14.0
Adjustment to income taxes	-1,176	-1,727	-550	
Quarterly net income before minority interests	27,217	30,576	3,358	12.3
Minority interests in gains of consolidated subsidiaries	88	252	164	185.2
Quarterly net income	27,128	30,323	3,194	11.8

## <Main Points Regarding Consolidated Statements of Income for the Second Quarter>

### Revenue

Revenue for the quarter increased compared with the same period in the previous fiscal year mainly because of growth in advertising revenue and the conversion of ValueCommerce Co., Ltd. and CyberAgent FX, Inc. to consolidated subsidiaries.

### Cost of Sales

The increase in the quarterly cost of sales compared with a year earlier can mainly be attributed to the conversion of ValueCommerce Co., Ltd. and CyberAgent FX, Inc. to consolidated subsidiaries and to growth in advertising revenue.

### Selling, General and Administrative Expenses

#### \*1 Personnel expenses

At the end of the quarter, the total number of employees of the Yahoo Japan Group amounted to 6,191, an increase of 716 employees, or 13.1%, from the same quarter in the previous fiscal year.

#### \*2 Business commissions

The expansion in business commissions year on year resulted primarily from increases in commissioned operation fees for our services, etc., and in settlement fees.

#### \*3 Sales promotion costs

The growth in quarterly sales promotion costs from the previous year can be mainly be attributed to increases in promotion expenses and in T-POINT expenses.

#### \*4 Royalties

Royalties increased compared with the same quarter a year earlier because of the expansion in revenue.

#### \*5 Depreciation expenses

The rise in depreciation expenses compared with the same period a year earlier is mainly the result of an increase in intangible fixed assets because of the purchase of shares of subsidiaries.

#### \*6 Amortization of goodwill

The increase in the amount of goodwill amortization expenses year on year resulted from the purchase of shares of subsidiaries.

#### \*7 Others

The main components of others were compensation, investigation fees and payment commissions.

### Non-Operating Income (Expenses)

The primary component of non-operating income for the quarter was interest received. The main component of non-operating expenses was equity method investment loss.

### Extraordinary Gains (Losses)

The major extraordinary gain for the quarter was a deemed gain on change in equity holdings. The principal extraordinary loss was an impairment loss on fixed assets.

### Income Taxes, etc.

The effective income tax (including income tax adjustments) burden ratio for income before income tax was 37.3% for the quarter.

### Quarterly Net Income

Quarterly net income per share amounted to ¥5.27 for the quarter.

## (ii). Analysis of Consolidated Balance Sheets for the Second Quarter

(Millions of yen)

		As of	As of	Increase/decrease	
		Sept. 30, 2012	Sept. 30, 2013	Amount	Change (%)
		Amount	Amount	Amount	Change (%)
<b>Assets</b>					
Current assets					
Cash and cash equivalents	*1	256,155	448,215	192,060	75.0
Notes and accounts receivable-trade	*2	45,515	53,653	8,137	17.9
Inventory assets		149	132	-16	-11.2
Notes and accounts receivable-other	*3	121,330	2,338	-118,991	-98.1
Foreign exchange dealings cash segregated as deposits for customers	*4	—	73,475	73,475	—
Deferred tax assets		4,540	6,144	1,603	35.3
Other current assets	*5	20,067	34,341	14,273	71.1
Allowance for doubtful accounts		-1,458	-1,277	180	-12.4
Total current assets		446,300	617,023	170,723	38.3
Fixed assets					
Tangible fixed assets					
Buildings and structures		8,669	13,248	4,579	52.8
Machinery and equipment		8,981	11,538	2,557	28.5
Tools, furniture and fixtures		12,848	13,872	1,024	8.0
Land		5,425	5,425	—	—
Other tangible fixed assets		1,581	712	-868	-55.0
Total tangible fixed assets	*6	37,505	44,798	7,292	19.4
Intangible fixed assets					
Software		11,052	12,609	1,556	14.1
Goodwill	*7	2,845	11,754	8,908	313.1
Other intangible fixed assets	*8	377	4,943	4,566	—
Total intangible fixed assets		14,275	29,307	15,032	105.3
Investments and other assets					
Investment securities		77,925	80,768	2,842	3.6
Deferred tax assets		5,196	4,112	-1,083	-20.9
Others		10,582	9,529	-1,052	-9.9
Allowance for doubtful accounts		-22	-25	-3	14.9
Total investments and other assets		93,682	94,385	702	0.7
Total fixed assets		145,463	168,490	23,026	15.8
<b>Total assets</b>		<b>591,763</b>	<b>785,514</b>	<b>193,750</b>	<b>32.7</b>

(Millions of yen)

		As of	As of	Increase/decrease	
		Sept. 30, 2012	Sept. 30, 2013	Amount	Change (%)
		Amount	Amount	Amount	Change (%)
<b>Liabilities</b>					
Current liabilities					
Accounts payable-trade	*9	10,089	15,295	5,206	51.6
Accounts payable-other		14,830	18,957	4,127	27.8
Income taxes payable	*10	33,258	39,134	5,876	17.7
Provision for Yahoo! Points/T-POINT		4,004	3,133	-870	-21.7
Foreign exchange dealings deposits from customers	*11	—	82,669	82,669	—
Other current liabilities	*12	25,758	33,102	7,343	28.5
Total current liabilities		87,940	192,293	104,352	118.7
Long-term liabilities		2,820	2,925	105	3.7
<b>Total liabilities</b>		90,761	195,219	104,458	115.1
<b>Net assets</b>					
Shareholders' equity					
Common stock		8,022	8,203	180	2.3
Capital surplus		3,103	3,283	180	5.8
Retained earnings	*13	490,520	567,792	77,272	15.8
Treasury stocks	*14	-5,608	-372	5,236	-93.4
Total shareholders' equity		496,036	578,906	82,870	16.7
Accumulated other comprehensive income		1,788	3,385	1,597	89.3
Valuation difference on available-for-sale securities		1,793	2,987	1,194	66.6
Deferred gains or losses on hedges		1	—	-1	—
Account of exchange adjustment		-6	397	404	—
Stock acquisition rights		763	677	-85	-11.2
Minority interests		2,414	7,324	4,910	203.4
<b>Total net assets</b>		501,002	590,294	89,292	17.8
<b>Total liabilities and net assets</b>		591,763	785,514	193,750	32.7

#### <Comparison with the Previous Fiscal Year-End>

Consolidated total assets at the end of the second quarter increased ¥42.2 billion compared with the previous fiscal year-end, to ¥785.5 billion. The increase can be attributed to an increase in cash and cash equivalents.

Total liabilities increased ¥3.1 billion, to ¥195.2 billion. Although there was a decline in income taxes payable and other items, foreign exchange dealings deposits from customers and other items increased.

Total net assets amounted to ¥590.2 billion, expanding ¥39.0 billion. The growth in total net assets resulted from an increase in retained earnings and other items.

#### <Comparison with Same Quarter in the Previous Fiscal Year>

##### Assets

- \*1 The principal cause of the increase in cash and cash equivalents compared with the same quarter in the previous fiscal year was an increase in cash flow from operating activities and the collection of receivables from the sale of shares of BB Mobile Corp.
- \*2 Notes and accounts receivable-trade rose year on year primarily due to an increase in advertising revenue.
- \*3 The growth in notes and accounts receivable-other from the same quarter last year is primarily a result of the collection of the receivables from the sale of shares of BB Mobile Corp.
- \*4 The increase in foreign exchange dealings cash segregated as deposits for customers is the result of the conversion of CyberAgent FX, Inc. into a consolidated subsidiary.
- \*5 The rise in other current assets from a year earlier was the result of the conversion of CyberAgent FX, Inc. into a consolidated subsidiary.
- \*6 The increase in tangible fixed assets compared with the same quarter a year earlier was mainly the result of the construction of the data center.
- \*7 The expansion in goodwill year on year resulted from the increase in the number of consolidated subsidiaries.
- \*8 Other intangible fixed assets increased from a year earlier principally because of the expansion in intangible assets arising from the purchase of shares of subsidiaries.

##### Liabilities

- \*9 The increase in accounts payable-trade from the same quarter last year can be mainly attributed to an increase in paid search advertising revenue and an increase in the number of consolidated subsidiaries.
- \*10 The rise in income taxes payable from a year earlier was primarily due to an increase in taxable income and an increase in the number of consolidated subsidiaries.
- \*11 The increase in foreign exchange dealings deposits from customers is the result of the conversion of CyberAgent FX, Inc. into a consolidated subsidiary.
- \*12 The increase in other current liabilities from a year earlier resulted mainly from the increase in the number of consolidated subsidiaries.

##### Net Assets

- \*13 Growth in net income supported an increase in retained earnings year on year despite the declines caused by the buyback and cancellation of own shares and by the payment of dividends.
- \*14 Treasury stocks decreased from the same period of the previous fiscal year because of the buyback and cancellation of own shares.

## (iii). Analysis of Consolidated Statements of Cash Flows for the Second Quarter

(Millions of Yen)

	Three months ended Sept. 30, 2012	Three months ended Sept. 30, 2013	Six months ended Sept. 30, 2013
	Amount	Amount	Amount
<b>Cash flows from operating activities:</b>			
Income before income taxes for the periods	43,528	48,783	101,725
Depreciation and amortization	2,803	3,425	6,653
Increase/decrease in accounts receivable-trade	-3,322	-1,507	2,753
Increase/decrease in accounts payable-trade	2,187	1,406	4,319
Payment of income taxes and other taxes	350	-9	-41,416
Other cash flows	2,714	4,590	-8,359
Cash flows from operating activities	48,262	56,688	65,675
<b>Cash flows from investing activities:</b>			
Expenditures on time deposits	—	-50,000	-50,000
Expenditures on tangible fixed assets	-3,830	-1,922	-8,474
Expenditures on intangible fixed assets	-279	-682	-1,523
Other cash flows	-3,155	2,365	5,816
Cash flows from investing activities	-7,265	-50,238	-54,181
<b>Cash flows from financing activities:</b>			
Income on issue of new shares	—	136	366
Other cash flows	20	65	-23,675
Cash flows from financing activities	20	202	-23,308
Effect of exchange rate changes on cash and cash equivalents	-13	13	149
Net change in cash and cash equivalents	41,003	6,665	-11,664
Cash and cash equivalents at the beginning of the periods	213,143	391,550	409,886
Increase in cash and cash equivalents from the consolidation of subsidiaries	8	—	—
Decrease in cash and cash equivalents accompanying unconsolidation	—	—	-6
Cash and cash equivalents at the end of the periods	254,155	398,215	398,215

At the end of the second quarter, cash and cash equivalents amounted to ¥398.2 billion, up ¥144.0 billion from the same period in the previous fiscal year.

The following are the movements in the main components of cash flow and the factors contributing to those changes for the quarter under review.

Cash flows from operating activities amounted to a cash inflow of ¥56.6 billion chiefly because of an increase in quarterly net income.

Cash flows from investing activities amounted to a cash outflow of ¥50.2 billion principally due to expenditures on time deposits.

Cash flows from financing activities amounted to a cash inflow of ¥0.2 billion, attributed mainly to income from issue of shares due to exercise of stock options.

### (3) Performance Outlook

The Yahoo Japan Group views the degree of usage of each of their services by customers as important management indicators in determining estimations of income and expenses. However, in the rapidly changing environment of the Internet, it is difficult to establish specific criteria on a rate of growth or change in these indicators. Accordingly, we limit our performance estimates announced with each quarter report to performance estimates for the next half-year term.

Consolidated Performance Estimates for the Second Half of the Fiscal Year Ending March 31, 2014 (October 1, 2013 to March 31, 2014)

Revenue	¥ 199,101 million
Operating income	¥ 95,150 million
Ordinary income	¥ 95,389 million
Net income	¥ 58,383 million

Consolidated Performance Estimates for the Cumulative Period of the Fiscal Year Ending March 31, 2014 (April 1, 2013 to March 31, 2014)

Revenue	¥ 387,141 million
Operating income	¥ 193,030 million
Ordinary income	¥ 193,527 million
Net income	¥ 120,990 million