



Summary of Consolidated Financial Statements for the Second Quarter, FY2014

April 30, 2014

Exchange: First Section of Tokyo Stock Exchange

Name of listed company:	GMO Payment Gateway, Inc.		
Stock code:	3769	URL: http://corp.gmo-pg.com/	
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Scheduled date of submission of quarterly report	May 13, 2014	Scheduled date of commencement of dividend payment	-
Supplemental materials prepared for financial results	Yes		
Information meeting arranged related to financial results	Yes (for institutional investors and analysts)		

(Amounts rounded down to the nearest one million yen)

1. Consolidated Financial Statements for the Second Quarter, FY2014 (From October 1, 2013 to March 31, 2014)

(1) Consolidated Financial Statements (Percentages denote the increase or decrease from the previous period)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2Q FY2014	3,487	27.7	1,239	22.0	1,242	21.7	719	17.5
2Q FY2013	2,731	22.8	1,015	15.0	1,020	13.5	611	24.4

(Note) Comprehensive income: 2Q FY2014: 738 million yen (19.5%) 2Q FY2013: 617 million yen (25.7%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
2Q FY2014	41.70		41.63	
2Q FY2013	35.62		35.48	

In order to appropriately display the net income per share and diluted net income per share, in regard to the stock attributed to the directors' remuneration board incentive plan trust, it has the right to a claim of dividend and is therefore not included in treasury stock.

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%	Yen		
2Q FY2014	23,355		5,965		25.5	345.25		
FY2013	21,298		5,633		26.4	326.24		

Reference: Equity: 2Q FY2014: 5,960 million yen FY2013: 5,623 million yen

2. Dividends

	Yearly dividends				
	1Q	2Q	3Q	Fiscal Year end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2013	—	0.00	—	24.50	24.50
FY 2014	—	0.00	—	—	—
FY 2014 (forecast)	—	—	—	28.50	28.50

(Note) Revision of the most recently released dividend forecast: No

3. Consolidated Financial Forecast for the Fiscal Year Ending September 2014 (From October 1, 2013 to September 30, 2014)

(For the full year, percentages denote the increase or decrease from the previous period.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	6,934	20.3	2,475	20.8	2,460	20.1	1,421	16.8	82.39

(Note) Revision of the most recently released financial forecast: No

Notices:

- (1) Changes of important subsidiaries during the period (change of specific subsidiaries that lead to a change in the scope of consolidation): No
Number of new subsidiaries: - (Name:), number of excluded subsidiaries: - (Name:)
- (2) Application of special accounting procedures for the execution of the financial statements: No
- (3) Changes in the accounting policy / changes in the accounting estimation / restatement of corrections
 - [1] Changes associated with the revision of accounting policy, etc.: No
 - [2] Changes other than [1]: No
 - [3] Changes in accounting estimations: No
 - [4] Restatement of corrections: No

- (4) Number of shares issued (common stock)

[1] Number of shares issued at the end of the term (including treasury stock)	2Q FY2014: 17,265,800	FY 2013: 17,238,200
[2] Number of treasury stocks at the end of the term	2Q FY2014: 1,139	FY 2013: 1,139
[3] Average number of shares	2Q FY2014: 17,247,339	2Q FY2013: 17,182,230

In order to appropriately display the net income per share, in regard to the stock attributed to directors' remuneration board incentive plan trust, it has the right to a claim of dividend and is therefore not included in treasury stock.

* Indication of the implementation status of quarterly review procedures
These quarterly financial statements are not subject to the quarterly review procedures of the Financial Instruments and Exchange Act. At the time of disclosure of these quarterly financial statements, the quarterly financial statement review procedures of the Financial Instruments and Exchange Act had not been completed.

* Explanation of the proper use of financial forecasts and other important notes
The above forecasts are outlooks based on information currently available, and include various uncertain factors. Actual performance may differ substantially from the forecasts due to changes in business conditions and other factors. For the assumption on which financial forecasts are based and matters to be considered in using financial forecasts, please refer to "(3) Review of consolidated earnings forecasts and other forecasts" under "1. Qualitative Information on Consolidated Financial Statements for the Quarter" on page 4 of the attachment.

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1. Qualitative Information on Consolidated Financial Statements for the Quarter

(1) Qualitative information on consolidated operating results

Regarding the economic environment in Japan during the period under review, although there are risks that could depress the economy, including concerns about declines in overseas economies and reaction to the rush of demand after the consumption tax hike, the Japanese economy is expected to show a gradual recovery as a whole.

In regard to our core business, the non-face-to-face business transaction market is driven by the market of sales of goods and the market of sales of non-goods like member service, digital contents and social applications markets along with the growing popularity of smartphones and tablets and a new movement impacting EC(e-commerce) businesses such as omni-channel and O2O. In the EC markets, BtoC-EC sites that can easily exhibit goods have gradually been gaining popularity among consumers

In regard to the credit card field, credit card shopping is steadily growing, and people tend to make more purchases via the Internet. Also, the non-face-to-face use of credit cards in the field of payment for everyday living expenses continues to expand, such as payments for rent and medical costs, as well as utility charges and public funds.

Under such circumstances, the Group has pressed on with its businesses based on the three goals described below, in order to expand the scale of operations, which is a factor for increasing revenues. The Group, consisting of GMO Payment Gateway, Inc. (the Company), its consolidated subsidiaries GMO Epsilon Inc., Social Appli Payment Service, Inc., GMO Payment Service, Inc., and GMO PAYMENT GATEWAY PTE. LTD., provide payment services for credit cards, etc. as consolidated subsidiaries of GMO Internet, Inc.

[1] Growth of the online payment field

Through new merchant acquisitions and the expansion of services in regard to existing merchants, we have tried to increase the number of merchants, the number of processed payments and the amount of processed payments, which are the Group's sales indicators.

The number of merchants during the second quarter of the current consolidated fiscal year increased by 2,728 to 47,056 compared to the end of the previous consolidated fiscal year. This was the result of the active acquisition of new merchants using the PG Multi-Payment Service and the "Multi-payment Service" of GMO Epsilon, Inc.

Changes in number of operating stores

	End of September 2010	End of September 2011	End of September 2012	End of September 2013	End of March 2014
Number of operating stores	26,488	32,062	38,949	44,328	47,056

Note: Number of operating stores means the number of IDs assigned to each store to use the service. It shows the number of stores (merchants) which have an agreement with the Group, are connected to the system, and are able to process payments at any time.

The number and amount of processed payments steadily increased.

GMO Epsilon, Inc., our consolidated subsidiary, sells and provides the "Multi-Payment Service" and is contributing to an increase in the number of operating stores and merchants acquiring service revenue. This service provides a package of various payment methods such as credit cards to small-scale companies via its website, on a non-face-to-face basis.

[2] Development of the recurring payment field

We provide payment methods to public institutions, such as the Japan Pension Service, and local governments, such as Tokyo Prefecture.

Since payment by credit card is increasing for utility charges, public funds and other monthly services closely connected with everyday life, we provide payment methods for automobile tax payment sites of the cities of Tokyo and Osaka, and water bill payment methods for the cities of Tokyo, Fukuoka, Sapporo and Kobe. We have continued to attempt to develop this field.

[3] Expansion of value-added services and new fields

As a value-added service making the best of the Group's merchant base, we have made steady efforts to expand services in areas related to the payment-processing business, such as the Online Advertising Service, providing SSL server certifications, shipping service and early payment service. In particular, the Online Advertising Service is steadily expanding the number of sales and the number of merchants implementing this service. February 2014, GMO-PG won the award of excellence for the contest of "account support campaign" which commends the superior agency of utilization and the operative results of the advertisement, the contest of which was hosted by Facebook, Inc. for the first time in Japan

Our subsidiary, Social Appli Payment Service, Inc. is providing member certification and the payment platform "mopita" for smartphones.

Our subsidiary company GMO Payment Service is providing "GMO payment after delivery" service which allows the user to pay after receiving the goods. GMO Payment Service has increased the number of merchants and sales.

With regard to overseas business, GMO-PG established a third overseas entity, GMO PAYMENT GATEWAY MALAYSIA SDN.BHD. in February 2014, and the fourth overseas entity, the branch of GMO PAYMENT GATEWAY HONG KONG LIMITED in March 2014 in Taiwan to provide GMO-PG Global Payment solutions to Japanese non-face-to-face businesses with a local presence and targeting local markets in South East Asia.

In regard to the operating expenses, due to the costs associated with the merchant sales improvement service "Online Advertising Service", which has a high sales-cost ratio, expenses totaled 701,969,000 yen (an increase of 44.7% on a year-on-year basis). Selling, general and administrative expenses were 1,546,806,000 yen (increase of 25.7% on a year-on-year basis).

Consequently, the Group's operating results for the cumulative second quarter of the current consolidated fiscal year were as follows: Net sales amounted to 3,487,937,000 yen (an increase of 27.7% on a year-on-year basis); operating income grew 22.0% on a year-on-year basis to 1,239,162,000 yen; ordinary income amounted to 1,242,793,000 yen (an increase of 21.7% on a year-on-year basis); and net income reached 719,149,000 yen (increase of 17.5% on a year-on-year basis).

In addition, net sales consisted of initial revenue of 311,108,000 yen (an increase of 47.5% on a year-on-year basis), running revenue of 1,923,963,000 yen (an increase of 25.8% on a year-on-year basis) and merchant acquiring service revenue of 1,252,865,000 yen (an increase of 26.5% on a year-on-year basis).

Ratio of ordinary income to net sales was 35.6%.

(2) Qualitative information regarding the consolidated financial condition

[1] Assets

The balance of total assets at the end of the second quarter of the current consolidated fiscal year was 23,355,837,000 yen, up 2,057,598,000 yen as compared with the end of the previous consolidated fiscal year. This increase was mainly due to an increase of cash and deposits (+1,150,316,000 yen) and an increase of advance payments-trade (+300,558,000yen) and an increase of accounts receivable-other (+189,983,000yen). The increase of cash and deposits was mainly caused by the increase of deposits of merchants, in accordance with the merchant acquiring service agreement.

The deposits of merchants will mostly be paid out on the tenth of the next month, therefore the deposit balance will decrease with receipt of deposits.

[2] Liabilities

The balance of liabilities at the end of the second quarter of the current consolidated fiscal year was 17,390,740,000 yen, up 1,726,321,000 yen as compared with the end of the previous consolidated fiscal year. This increase was mainly caused by an increase in deposits received of 1,393,974,000 yen, which was an effect of the increase in deposits received from merchants in accordance with the merchant acquiring service agreement.

[3] Net assets

The balance of net assets at the end of the second quarter of the current consolidated fiscal year was 5,965,097,000 yen, up 331,276,000 yen as compared with the end of the previous consolidated fiscal year. The increase was mainly attributable to net income of 719,149,000 yen, with a decrease of 422,307,000 yen as a result of a distribution of surplus.

[4] Cash Flows

At the end of the second quarter of the current consolidated fiscal year, cash and cash equivalents (the "Funds") was 19,505,920,000 yen, up 1,147,577,000 yen as compared with the balance at the

beginning of the period. Cash flows at the end of the cumulative second quarter of the current consolidated fiscal year are as follows.

Net cash provided by (used in) operating activities

Cash provided by operating activities during the cumulative second quarter of the current consolidated fiscal year amounted to 1,913,530,000 yen (provided 2,464,857,000 yen for the corresponding period of the previous fiscal year). This was mainly due to income before income taxes of 1,250,815,000 yen and an increase in deposits received of 1,393,974,000 yen, after a payment of income taxes of 521,527,000 yen.

Net cash provided by (used in) investing activities

Cash used in investment activities totaled 345,362,000 yen (284,606,000 yen was used in the corresponding period of the previous fiscal year.) This was mainly due to the acquisition of securities of subsidiaries and affiliates (125,000,000 yen) and the acquisition of intangible assets (163,981,000 yen).

Net cash provided by (used in) financing activities

Cash used in financing activities totaled 426,399,000 yen (629,544,000 yen was used in the corresponding period of the previous fiscal year). This was primarily attributable to the dividend payment of 420,296,000 yen.

(3) Review of consolidated earnings forecasts and other forecasts

We expect the non-face-to-face business transaction market, on which the Group's business is based, to grow as a result of an increase in the use of the Internet and the diversification of payment methods. In particular, the increase in fields closely connected with everyday life, such as rent and medical costs, as well as utility charges for electricity, gas and water and public funds, including auto tax, fixed property tax and national pension premiums, will allow for an increase in the range of activities in the medium to long term.

For the term ending September 2014, we expect initial revenue, running revenue and merchant acquiring service revenue to increase steadily. We believe this will be achieved by accelerating the pace of acquiring new merchants, strengthening the development of large-scale merchants through the provision of higher quality services, and increasing revenue per merchant through providing services that increase added value associated with the merchants' use of the Group.

In regard to costs, a part of the costs resulting from parallel operation caused by the data center integration are postponed to this period, and strategic investments are continued, although we expect a 20.1% growth in ordinary income and a 35.5% ordinary income ratio.

From the above, there are no changes in the forecasted consolidated financial performance announced on 30th October 2013.

2. Items concerning summary information (Notes)

(1) Changes of important subsidiaries

N/A

(2) Application of special accounting procedures for the execution of the financial statements

N/A

(3) Changes in the accounting policy/ changes in the accounting estimation/ restatement of corrections

N/A

3. Consolidated quarterly financial statements

(1) Consolidated quarterly balance sheet

(Unit: Thousand yen)

	Summary of balance sheet at the end of the previous consolidated fiscal year (September 30, 2013)	End of the second quarter of the current consolidated fiscal year (March 31, 2014)
Assets		
Current assets		
Cash and deposits	18,393,932	19,544,248
Accounts receivable-trade	652,397	810,729
Merchandise	385	2,592
Supplies	381	458
Advance payments-trade	379,736	680,294
Prepaid expenses	58,767	60,226
Deferred tax assets	123,786	114,630
Accounts receivable-other	69,197	259,181
Other	18,130	25,978
Allowance for doubtful accounts	△25,772	△33,585
Total current assets	19,670,940	21,464,754
Noncurrent assets		
Tangible assets		
Buildings, net	68,801	64,061
Tools, furniture and fixtures, net	90,957	77,362
Other	103,162	123,416
Total tangible assets	262,920	264,840
Intangible assets		
Goodwill	41,423	36,058
Right of trademark	426	349
Software	455,527	537,810
Other	171,235	169,217
Total intangible assets	668,612	743,437
Investments and other assets		
Investment securities	421,165	503,360
Shares of subsidiaries and affiliates	2,010	2,480
Bonds of subsidiaries and affiliates	11,000	11,000
Investments in other securities of subsidiaries and affiliates	35,296	138,654
Long-term loans receivable from directors and employees	3,746	2,138
Claims provable in bankruptcy, claims provable in rehabilitation and other	11,904	11,653
Long-term prepaid expenses	6,114	10,008
Lease and guarantee deposits	155,476	152,056
Deferred tax assets	59,248	61,402
Allowance for doubtful accounts	△10,198	△9,948
Total investments and other assets	695,764	882,805
Total noncurrent assets	1,627,298	1,891,082
Total assets	21,298,239	23,355,837

(Unit: Thousand yen)

	Summary of balance sheet at the end of the previous consolidated fiscal year (September 30, 2013)	End of the second quarter of the current consolidated fiscal year (March 31, 2014)
Liabilities		
Current liabilities		
Accounts payable-trade	188,761	253,047
Accounts payable-other	227,045	429,336
Income taxes payable	477,216	488,717
Accrued consumption taxes	66,046	62,002
Advances received	8,842	12,018
Deposits received	14,337,566	15,731,541
Provision for bonuses	156,000	150,024
Other provisions	35,420	48,400
Other	40,111	48,497
Total current liabilities	15,537,011	17,223,586
Noncurrent liabilities		
Provision for directors' remuneration Board Incentive Plan Trust	30,000	50,000
Other	97,407	117,154
Total noncurrent liabilities	127,407	167,154
Total liabilities	15,664,418	17,390,740
Net assets		
Shareholders' equity		
Capital stock	696,111	706,805
Capital surplus	956,032	966,726
Retained earnings	4,222,226	4,519,067
Treasury stock	△264,723	△264,723
Total shareholders' equity	5,609,646	5,927,876
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,968	22,387
Foreign currency translation adjustment	5,748	10,322
Total Accumulated other comprehensive income	13,717	32,709
Subscription rights to shares	10,456	4,511
Total net assets	5,633,820	5,965,097
Total liabilities and net assets	21,298,239	23,355,837

(2) Consolidated quarterly statements of income and consolidated quarterly statement of comprehensive income

(Consolidated quarterly statements of income)

(Cumulative second quarter of the consolidated fiscal year)

(Unit: Thousand yen)

	First six months of the previous consolidated fiscal year (From October 1, 2012 to March 31, 2013)	First six months of the current consolidated fiscal year (From October 1, 2013 to March 31, 2014)
Net sales	2,731,201	3,487,937
Cost of sales	484,997	701,969
Gross profit	2,246,204	2,785,968
Selling, general and administrative expenses	1,230,899	1,546,806
Operating income	1,015,304	1,239,162
Non-operating income		
Interest income	218	3,932
Dividends income	16	4,143
Earnings on investment in silent partnership	2,361	—
Earnings on reversal of dividends payable	1,172	770
Rent income	7,248	6,900
Commissions received	—	11,573
Exchange earnings	16,684	4,055
Other	888	2,397
Total non-operating income	28,590	33,773
Non-operating expenses		
Interest expenses	3,676	1,040
Equity in losses of affiliates	8,822	9,994
Loss on investment in silent partnership	—	11,327
Loss on investment in partnership	2,840	994
Rent expenses	7,100	6,759
Other	658	26
Total non-operating expenses	23,098	30,142
Ordinary income	1,020,796	1,242,793
Extraordinary income		
Income from securities sold	16,770	11,221
Total extraordinary income	16,770	11,221
Extraordinary loss		
Loss on retirement of noncurrent assets	1,989	3,199
Loss on valuation of investment securities	8,783	—
Total extraordinary loss	10,773	3,199
Income before income taxes	1,026,793	1,250,815
Corporate, inhabitant and enterprise taxes	409,247	532,648
Income taxes-deferred	5,558	△983
Total income taxes	414,805	531,665
Income before minority interests	611,988	719,149
Net income	611,988	719,149

(Consolidated quarterly statements of comprehensive income)
 (Cumulative second quarter of the consolidated fiscal year)

(Unit: Thousand yen)

	First six months of the previous consolidated fiscal year (From October 1, 2012 to March 31, 2013)	First six months of the current consolidated fiscal year (From October 1, 2013 to March 31, 2014)
Income before minority interests	611,988	719,149
Other comprehensive income		
Other valuation difference on available-for-sale securities	417	14,321
Foreign currency translation adjustment	5,051	4,574
Share of other comprehensive income of associates accounted for using equity method	—	96
Total other comprehensive income	5,469	18,992
Comprehensive income	617,457	738,141
(Details)		
Parent company shareholders' comprehensive income	617,457	738,141
Minority's comprehensive income	—	—

(3) Consolidated statements of cash flows

(Unit: Thousand yen)

	First six months of the previous consolidated fiscal year (From October 1, 2012 to March 31, 2013)	First six months of the current consolidated fiscal year (From October 1, 2013 to March 31, 2014)
Net cash provided by (used in) operating activities		
Income before income taxes	1,026,793	1,250,815
Depreciation	103,757	129,412
Amortization of goodwill	5,364	5,364
Increase and decrease in provision (Δ decrease)	Δ 9,770	34,566
Interest and dividends income	Δ 235	Δ 8,076
Interest expenses	3,676	1,040
Foreign exchange gains and losses (Δ gains)	Δ 16,684	Δ 4,058
Equity in gains and losses of affiliates (Δ gains)	8,822	9,994
Gains and losses on investments in silent partnership (Δ gains)	Δ 2,361	11,327
Gains and losses on investment in partnership (Δ gains)	2,840	994
Loss on retirement of noncurrent assets	1,989	3,199
Gain and loss on investment securities sold (Δ gains)	Δ 16,770	Δ 11,221
Gains and losses on valuation of investment securities (Δ gains)	8,783	—
Increase and decrease in accounts receivable (Δ Increase)	Δ 42,181	Δ 158,073
Increase and decrease in inventories (Δ increase)	Δ 2,973	Δ 2,284
Increase and decrease in advance payments-trade (Δ increase)	Δ 13,846	Δ 300,558
Increase and decrease in accounts receivable-other (Δ increase)	Δ 238,545	Δ 190,173
Increase and decrease in purchase debts (Δ decrease)	12,187	64,285
Increase and decrease in deposits received (Δ decrease)	2,086,433	1,393,974
Other	Δ 16,397	201,877
Subtotal	2,900,884	2,432,406
Interest and dividends income received	519	3,691
Interest expenses paid	Δ 3,676	Δ 1,040
Income taxes paid	Δ 432,869	Δ 521,527
Net cash provided by (used in) operating activities	2,464,857	1,913,530
Net cash provided by (used in) investing activities		
Purchase of property, plants and equipment	Δ 26,370	Δ 5,911
Purchase of intangible assets	Δ 140,771	Δ 163,981
Purchase of investment securities	Δ 153,291	Δ 59,257
Proceeds from sales of investment securities	40,500	14,221
Purchase of other securities of subsidiaries and affiliates	—	Δ 125,000
Proceeds from guarantee deposits received	2,044	—
Other	Δ 6,717	Δ 5,433
Net cash provided by (used in) investing activities	Δ 284,606	Δ 345,362
Net cash provided by (used in) financing activities		
Proceeds from issuance of common stock	12,638	15,442
Purchase of treasury stock	Δ 260,657	—
Cash dividends paid	Δ 333,289	Δ 420,296
Other	Δ 48,235	Δ 21,545
Net cash provided by (used in) financing activities	Δ 629,544	Δ 426,399
Translation differences of cash and cash equivalents	14,467	5,809
Increase and decrease in cash and cash equivalents(Δ decrease)	1,565,173	1,147,577
Balance of cash and cash equivalents at the beginning of the period	12,774,220	18,358,343
Cash and cash equivalents at the end of period	14,339,393	19,505,920

(4) Notes to the consolidated quarterly financial statement

(Notes regarding the premise for continuance)

N/A

(Note when there is a significant fluctuation in the amount of shareholders' equity)

N/A