

Results for the Three Months Ended December 31, 2013 (FY2013-3Q)

January 29, 2014

Company Name: Yahoo Japan Corporation Share Listings: 1st section of TSE
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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 FY2013-3Q (April 1, 2013 - December 31, 2013)

(1) Consolidated Financial Results

(Figures in parenthesis are % change YoY)

	Revenue	Operating income	Ordinary income	Net income
	Millions of yen (%)	Millions of yen (%)	Millions of yen (%)	Millions of yen (%)
FY2013-3Q	284,911 (16.3)	147,124 (8.6)	147,655 (7.9)	93,123 (12.0)
FY2012-3Q	245,014 (10.3)	135,420 (11.7)	136,789 (11.5)	83,169 (14.0)

Note: Comprehensive income: FY2013-3Q ¥94,488 million (12.0%) FY2012-3Q ¥84,376 million (16.2%)

	Net income per share-primary	Net income per share-diluted
	Yen	Yen
FY2013-3Q	16.21	16.21
FY2012-3Q	14.34	14.34

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	%
FY2013-3Q	788,885	601,576	75.2
FY2012	743,311	551,264	73.1

(For reference) Equity capital: FY2013-3Q ¥593,256 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)				4.43	4.43

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 (%)	Millions of yen (%)	Millions of yen (%)	Millions of yen (%)	Yen
FY2013 Full year	387,141 (12.9)	196,054 (5.2)	196,829 (4.3)	125,962 (9.5)	21.93

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)

FY2013-3Q	5,752,011,100	FY2012	5,751,055,400
FY2013-3Q	44,375,000	FY2012	1,016,800
FY2013-3Q	5,744,601,654	FY2012-3Q	5,801,507,614

2) Number of treasury stocks at the quarter end

3) Average number of stocks

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 Third Quarter (April 1, 2013 - December 31, 2013)

	2012 1Q-3Q	2013 1Q-3Q	Year-on-Year Change (Amount)	Year-on-Year Change (%)
Revenue	¥245.0 billion	¥284.9 billion	+¥39.8 billion	+ 16.3%
Operating Income	¥135.4 billion	¥147.1 billion	+¥11.7 billion	+ 8.6%
Ordinary Income	¥136.7 billion	¥147.6 billion	+¥10.8 billion	+ 7.9%
Quarterly Net Income	¥83.1 billion	¥93.1 billion	+¥9.9 billion	+ 12.0%

The Yahoo Japan Group posted double-digit growth in revenue in the cumulative third quarter compared with the same quarter last year. The Group achieved growth despite the introduction of new strategies for the e-commerce business in October 2013 that made store tenant and other fees free of charge.

In display advertising, revenue from Yahoo! Display Ad Network (YDN) rose sharply while Brand Panel revenue increased from the same quarter last year because of growth in sales of advertising products with a highly effective branding impact. Paid search advertising revenue also expanded year on year with smartphone-related advertising increasing substantially. In addition, the revenues of Yahoo! Premium, game-related services, and data center-related business 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, there were increases in expenses, particularly personnel expenses, sales promotion costs, and amortization of goodwill. Nevertheless, the Group again recorded profit growth.

Cumulative Revenue and Operating Income by Segment (April 1, 2013 – December 31, 2013)

	2012 1Q-3Q	2013 1Q-3Q	Year-on-Year Change (Amount)	Year-on-Year Change (%)
Marketing Solutions Business				
Revenue	¥167.2 billion	¥198.1 billion	+¥30.9 billion	+18.5%
Operating income	¥92.2 billion	¥105.9 billion	+¥13.6 billion	+14.8%
Consumer Business				
Revenue	¥75.0 billion	¥77.8 billion	+¥2.7 billion	+3.7%
Operating income	¥55.6 billion	¥52.1 billion	-¥3.4 billion	-6.3%
Others				
Revenue	¥8.5 billion	¥16.5 billion	+¥8.0 billion	+94.1%
Operating income	¥2.1 billion	¥5.9 billion	+¥3.8 billion	+179.2%
Adjustments				
Revenue	-¥5.7 billion	-¥7.6 billion	—	—
Operating income	-¥14.6 billion	-¥16.9 billion	—	—
Total				
Revenue	¥245.0 billion	¥284.9 billion	+¥39.8 billion	+16.3%
Operating income	¥135.4 billion	¥147.1 billion	+¥11.7 billion	+8.6%

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 3Q of FY2013, a portion of the Company's services have been transferred between segments. The main change was the transfer of game-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 Third Quarter (October 1, 2013 - December 31, 2013)**

	2012 3Q	2013 3Q	Year-on-Year Change (Amount)	Year-on-Year Change (%)
Revenue	¥88.6 billion	¥96.8 billion	+¥8.2 billion	+ 9.3%
Operating Income	¥49.9 billion	¥49.2 billion	-¥0.7 billion	- 1.5%
Ordinary Income	¥50.0 billion	¥49.5 billion	-¥0.5 billion	- 1.1%
Quarterly Net Income	¥30.9 billion	¥30.5 billion	-¥0.4 billion	- 1.4%

In the third quarter, advertising through the Yahoo! Display Ad Network (YDN) in display advertising continued to record high growth. Brand Panel revenue also increased year on year because of growth in advertising that uses advertising methods with a highly effective branding impact, such as Top Impact. Furthermore, paid search advertising revenue grew substantially year on year, supported by a sharp rise in smartphone revenue. In addition, the increase in number of members supported growth in the revenue of Yahoo! Premium compared with the third quarter last year. The revenues of game-related services and data center-related business also continued to expand.

In terms of profits, the introduction of new strategies for the e-commerce business in October 2013 eliminated store tenant and other fees in the third quarter, leading to revenue decline. Because of this and an increase of sales promotion costs attributable to aggressive promotion activities, the profits declined slightly compared with the third quarter last year.

Revenue and Operating Income by Segment (October 1, 2013 – December 31, 2013)

	2012 3Q	2013 3Q	Year-on-Year Change (Amount)	Year-on-Year Change (%)
Marketing Solutions Business				
Revenue	¥60.8 billion	¥68.9 billion	+¥8.0 billion	+13.3%
Operating income	¥34.1 billion	¥37.2 billion	+¥3.1 billion	+9.3%
Consumer Business				
Revenue	¥26.8 billion	¥25.0 billion	-¥1.8 billion	-6.7%
Operating income	¥19.8 billion	¥14.9 billion	-¥4.9 billion	-25.0%
Others				
Revenue	¥3.3 billion	¥5.7 billion	+¥2.3 billion	+70.9%
Operating income	¥0.9 billion	¥2.3 billion	+¥1.4 billion	+154.1%
Adjustments				
Revenue	-¥2.4 billion	-¥2.9 billion	—	—
Operating income	-¥4.9 billion	-¥5.3 billion	—	—
Total				
Revenue	¥88.6 billion	¥96.8 billion	+¥8.2 billion	+9.3%
Operating income	¥49.9 billion	¥49.2 billion	-¥0.7 billion	-1.5%

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 1Q of FY2013, a portion of the Company's services have been transferred between segments. The main change was the transfer of game-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"> • Paid search, display and other advertising-related services • Data center-related and other corporate services • Yahoo! Real Estate and other information listing services • Game-related services
Consumer Business	<ul style="list-style-type: none"> • YAFUOKU!, Yahoo! Shopping, and other e-commerce-related services • Yahoo! Premium, Yahoo! BB, and other membership services

■ Marketing Solutions Business

Display advertising revenue increased from the same quarter last year because of further expansion in Yahoo! Display Ad Network (YDN) advertising revenue. The ongoing growth in paid search advertising also contributed to the overall year-on-year growth in advertising-related revenue. Revenues of game-related services, and data center-related business also continued to expand from the year earlier.

As a result, revenue of the Marketing Solutions Business amounted to ¥68.9 billion, up 13.3% from a year earlier, and accounted for 71.2% of total revenue. Operating income increased 9.3% year on year, to ¥37.2 billion while ordinary income grew 9.1%, to ¥37.4 billion.

- In display advertising, revenue from YDN increased substantially year on year, with the use of site retargeting growing in particular. Site retargeting advertising displays ads to users that visit a site later on other sites to draw them back to the original site. Brand Panel revenue also advanced from the same quarter last year because of an increase in revenue of Top Impact and other advertising products employing advertising technology that provides highly effective branding.
- Overall paid search advertising revenue rose sharply from a year earlier, with particularly strong growth for smartphone revenue because of greater use of smartphone search services and aggressive promotion of utilization.
- Game-related revenue expanded from the same quarter last year. In addition to the popularity of newly launched titles, such as Dragon Quest Monster Parade, growth in revenue from existing titles, such as SD Gundam Operations, and in revenue from the business alliance with GREE, Inc., also contributed to higher overall revenue.
- Revenue of data center-related business grew compared with the third quarter last year, supported by expanded use of cloud computing services due to continued growth in game-related corporate customers and other factors.
- The revenue of Carview Corporation, which was consolidated in the previous fiscal year, contributed to the growth in overall revenue.
- In November 2013, the Company announced for its Marketing Solutions Business new strategies that will leverage multiple big data sets as a core.

■ Consumer Business

Although the revenues of Yahoo! Shopping and YAFUOKU! declined year on year because of the elimination of store tenant and other fees under the new strategies of the e-commerce Business, Yahoo! Premium revenue rose because of an increase in the number of members.

In terms of profits, aggressive promotion, television commercials and other activities caused the profits to decline compared with the same quarter last year.

As a result, revenue of the Consumer Business amounted to ¥25.0 billion, declining 6.7% year on year and accounting for 25.9% of total revenue. Operating income decreased 25.0% compared with last year, to ¥14.9 billion, while ordinary income fell 25.4%, to ¥14.8 billion.

- The elimination of store tenant and sales royalty fees on Yahoo! Shopping under the new strategies drew a strong reaction from the market. Among other responses, the number of applications by individuals and companies to open new stores totaled approximately 90 thousand.
- YAFUOKU! similarly eliminated store tenant fees and focused on sales promotion activities. As a result, total transaction value on YAFUOKU! rose at close to a double-digit pace year on year.
- Yahoo! Premium revenue increased from the same period in the previous fiscal year. The higher revenue came from an increase in the number of Yahoo! Premium members registering through Softbank shops. The number of Yahoo! Premium membership IDs on December 31, 2013 jumped by 0.95 million IDs year on year, to 9.67 million IDs.

(2) Consolidated Financial Results

(i). Analysis of Consolidated Statements of Income

Results for the Cumulative Period (April 1, 2013 - December 31, 2013)

(Millions of yen)

	Nine months ended Dec. 31, 2012	Nine months ended Dec. 31, 2013	Increase/decrease	
	Amount	Amount	Amount	Change (%)
Revenue	245,014	284,911	39,897	16.3
Cost of sales	24,396	36,222	11,825	48.5
Gross profit	220,617	248,689	28,071	12.7
Selling, general & administrative expenses	85,197	101,564	16,367	19.2
Personnel expenses	27,668	32,983	5,314	19.2
Business commissions	10,737	12,150	1,413	13.2
Sales promotion costs	7,780	10,628	2,848	36.6
Royalties	7,080	8,276	1,196	16.9
Depreciation expenses	7,169	8,192	1,022	14.3
Content provider fees	5,074	6,200	1,125	22.2
Lease and utility expenses	5,413	5,514	101	1.9
Communication charges	4,688	4,612	-75	-1.6
Sales commissions	3,674	3,516	-158	-4.3
Administrative and maintenance expenses	1,782	2,112	330	18.6
Amortization of goodwill	555	1,877	1,321	237.9
Advertising expenses	687	1,650	963	140.2
Taxes and public dues	1,265	1,294	29	2.3
License fees	454	1,109	655	144.2
Travel and transportation	300	617	316	105.6
Others	865	827	-37	-4.3
Operating income	135,420	147,124	11,703	8.6
Non-operating income	1,678	1,066	-611	-36.4
Non-operating expenses	309	536	226	73.0
Ordinary income	136,789	147,655	10,865	7.9
Extraordinary gains	1,388	5,582	4,194	302.1
Extraordinary losses	2,430	2,438	8	0.3
Quarterly net income before income taxes	135,747	150,799	15,051	11.1
Income taxes, etc.	52,159	56,906	4,747	9.1
Income taxes, inhabitants' taxes and enterprise taxes	52,027	55,116	3,089	5.9
Adjustment to income taxes	131	1,789	1,658	—
Quarterly net income before minority interests	83,588	93,893	10,304	12.3
Minority interests in gains of consolidated subsidiaries	418	769	351	83.9
Quarterly net income	83,169	93,123	9,953	12.0

Analysis of Consolidated Statements of Income for the Third Quarter (October 1, 2013 - December 31, 2013)

(Millions of yen)

	Three months ended	Three months ended	Increase/decrease	
	Dec. 31, 2012	Dec. 31, 2013	Amount	Change (%)
Revenue	88,630	96,871	8,240	9.3
Cost of sales	9,169	12,254	3,085	33.6
Gross profit	79,461	84,616	5,155	6.5
Selling, general & administrative expenses	29,488	35,372	5,884	20.0
Personnel expenses *1	9,546	10,964	1,418	14.9
Business commissions *2	3,563	4,352	789	22.1
Sales promotion costs *3	2,522	4,029	1,507	59.8
Depreciation expenses	2,580	2,871	290	11.3
Royalties	2,571	2,812	241	9.4
Content provider fees *4	1,761	2,393	631	35.9
Lease and utility expenses	1,832	1,857	25	1.4
Communication charges	1,614	1,454	-159	-9.9
Sales commissions	1,221	1,271	49	4.1
Advertising expenses *5	221	803	582	262.6
Administrative and maintenance expenses	617	714	96	15.7
Amortization of goodwill	382	650	268	70.1
License fees	182	470	287	157.3
Taxes and public dues	438	362	-76	-17.4
Travel and transportation	117	224	107	91.4
Others *6	313	138	-175	-55.9
Operating income	49,973	49,244	-728	-1.5
Non-operating income	460	339	-121	-26.4
Non-operating expenses	379	66	-312	-82.4
Ordinary income	50,054	49,516	-537	-1.1
Extraordinary gains	1,354	54	-1,299	-95.9
Extraordinary losses	632	497	-135	-21.4
Quarterly net income before income taxes	50,775	49,074	-1,701	-3.4
Income taxes, etc.	19,596	18,281	-1,315	-6.7
Income taxes, inhabitants' taxes and enterprise taxes	19,714	17,104	-2,609	-13.2
Adjustment to income taxes	-117	1,176	1,294	—
Quarterly net income before minority interests	31,179	30,792	-386	-1.2
Minority interests in gains of consolidated subsidiaries	231	277	45	19.6
Quarterly net income	30,947	30,515	-431	-1.4

<Main Points Regarding Consolidated Statements of Income for the Third 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 CyberAgent FX, Inc., to a consolidated subsidiary.

Cost of Sales

The increase in the quarterly cost of sales compared with a year earlier can mainly be attributed to growth in advertising revenue and in revenue from services associated with advertising.

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 6,220, an increase of 476 employees, or 8.3%, 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 operations commission fees for the Group's services, etc.

*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 Content provider fees

Content provider fees increased compared with the same quarter a year earlier primarily because of an increase in expenses related to the search system.

*5 Advertising expenses

The expansion in quarterly advertising expenses year on year can mainly be attributed to an increase in television commercials, etc.

*6 Others

The main components of others were compensation expenses, allowance for doubtful accounts and education and training expenses.

Non-Operating Income (Expenses)

The primary component of non-operating income for the quarter was interest received.

Extraordinary Gains (Losses)

The principal extraordinary loss for the quarter 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 ¥5.32 for the quarter.

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

(Millions of yen)

		As of	As of	Increase/decrease	
		Dec. 31, 2012	Dec. 31, 2013	Amount	Change (%)
		Amount	Amount	Amount	Change (%)
Assets					
Current assets					
Cash and cash equivalents	*1	268,203	429,974	161,771	60.3
Notes and accounts receivable-trade		52,217	56,583	4,366	8.4
Inventory assets		145	132	-12	-8.5
Notes and accounts receivable-other	*2	122,999	3,289	-119,710	-97.3
Foreign exchange dealings cash segregated as deposits for customers	*3	—	77,644	77,644	—
Deferred tax assets		4,594	4,580	-14	-0.3
Other current assets	*4	25,493	40,215	14,721	57.7
Allowance for doubtful accounts		-1,632	-1,324	307	-18.8
Total current assets		472,021	611,096	139,074	29.5
Fixed assets					
Tangible fixed assets					
Buildings and structures		11,334	15,741	4,406	38.9
Machinery and equipment		10,877	12,461	1,583	14.6
Tools, furniture and fixtures		12,934	15,924	2,990	23.1
Land		5,425	5,425	—	—
Other tangible fixed assets		934	3	-931	-99.7
Total tangible fixed assets	*5	41,506	49,555	8,048	19.4
Intangible fixed assets					
Software		11,360	13,546	2,186	19.2
Goodwill	*6	4,034	10,838	6,804	168.7
Other intangible fixed assets	*7	408	4,712	4,304	—
Total intangible fixed assets		15,803	29,098	13,294	84.1
Investments and other assets					
Investment securities	*8	78,242	85,803	7,561	9.7
Deferred tax assets		5,288	3,631	-1,656	-31.3
Others		10,075	9,717	-357	-3.5
Allowance for doubtful accounts		-23	-18	4	-20.5
Total investments and other assets		93,582	99,134	5,552	5.9
Total fixed assets		150,893	177,789	26,895	17.8
Total assets		622,915	788,885	165,970	26.6

(Millions of yen)

	As of Dec. 31, 2012	As of Dec. 31, 2013	Increase/decrease	
	Amount	Amount	Amount	Change (%)
Liabilities				
Current liabilities				
Accounts payable-trade	7,597	9,316	1,718	22.6
Accounts payable-other *9	16,673	22,200	5,527	33.2
Income taxes payable	19,903	22,094	2,191	11.0
Provision for Yahoo! Points/T-POINT	4,410	3,157	-1,252	-28.4
Foreign exchange dealings deposits from customers *10	—	84,533	84,533	—
Other current liabilities *11	34,212	43,057	8,845	25.9
Total current liabilities	82,796	184,360	101,564	122.7
Long-term liabilities	2,866	2,947	81	2.8
Total liabilities	85,663	187,308	101,645	118.7
Net assets				
Shareholders' equity				
Common stock	8,022	8,240	218	2.7
Capital surplus	3,103	3,320	217	7.0
Retained earnings *12	521,467	598,308	76,840	14.7
Treasury stocks *13	-5,608	-21,795	-16,186	288.6
Total shareholders' equity	526,983	588,073	61,089	11.6
Accumulated other comprehensive income	2,321	5,183	2,861	123.3
Valuation difference on available-for-sale securities	2,142	4,623	2,480	115.7
Deferred gains or losses on hedges	-5	—	5	—
Account of exchange adjustment	183	560	376	204.4
Stock acquisition rights	781	710	-71	-9.1
Minority interests	7,165	7,609	444	6.2
Total net assets	537,252	601,576	64,324	12.0
Total liabilities and net assets	622,915	788,885	165,970	26.6

<Comparison with the Previous Fiscal Year-End>

Consolidated total assets at the end of the third quarter increased ¥45.5 billion compared with the previous fiscal year-end, to ¥788.8 billion. The increase can be attributed to an increase in cash and cash equivalents.

Total liabilities decreased ¥4.7 billion, to ¥187.3 billion. Although there were increases in foreign exchange dealings deposits from customers and other items, there were declines in income taxes payable and other items.

Total net assets amounted to ¥601.5 billion, expanding ¥50.3 billion. The growth in total net assets resulted from an increase in retained earnings and other items despite an increase in treasury stocks.

<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 The decrease 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.
- *3 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.
- *4 The rise in other current assets from a year earlier was the result of the conversion of CyberAgent FX, Inc., into a consolidated subsidiary.
- *5 The increase in tangible fixed assets compared with the same quarter a year earlier was mainly the result of the construction of the of data center.
- *6 The expansion in goodwill year on year resulted from the increase in the number of consolidated subsidiaries.
- *7 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.
- *8 Investment securities increased year on year primarily because of acquisitions and rising market prices.

Liabilities

- *9 The increase in accounts payable-other from a year earlier was primarily due to the purchase of server-related equipment and debts related to promotional expenses.
- *10 The increase in foreign exchange dealings deposits from customers is the result of the conversion of CyberAgent FX, Inc., into a consolidated subsidiary.
- *11 The increase in other current liabilities from a year earlier resulted mainly from the increase in the number of consolidated subsidiaries.

Net Assets

- *12 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.
- *13 Treasury stocks increased from the same period from a year earlier because of the acquisition despite of the buyback and cancellation of own shares.

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

(Millions of Yen)

	Three months ended Dec. 31, 2012	Three months ended Dec. 31, 2013	Nine months ended Dec. 31, 2013
	Amount	Amount	Amount
Cash flows from operating activities:			
Income before income taxes for the periods	50,775	49,074	150,799
Depreciation and amortization	3,073	3,567	10,220
Increase/decrease in accounts receivable-trade	-4,175	-2,764	-11
Increase/decrease in accounts payable-trade	-3,503	-5,979	-1,659
Payment of income taxes and other taxes	-33,047	-33,807	-75,224
Other cash flows	993	547	-7,811
Cash flows from operating activities	14,116	10,637	76,313
Cash flows from investing activities:			
Expenditures on tangible fixed assets	-5,231	-4,616	-13,091
Expenditures on intangible fixed assets	-761	-759	-2,283
Expenditures on investment securities	-2,381	-2,411	-6,949
Other cash flows	2,511	74	-39,570
Cash flows from investing activities	-5,862	-7,713	-61,894
Cash flows from financing activities:			
Expenditures on acquisition of own shares	—	-21,423	-21,423
Other cash flows	-40	-40	-23,349
Cash flows from financing activities	-40	-21,464	-44,772
Effect of exchange rate changes on cash and cash equivalents	132	298	448
Net change in cash and cash equivalents	8,345	-18,241	-29,906
Cash and cash equivalents at the beginning of the periods	254,155	398,215	409,886
Increase in cash and cash equivalents from the consolidation of subsidiaries	3,702	—	—
Decrease in cash and cash equivalents accompanying unconsolidation	—	—	-6
Cash and cash equivalents at the end of the periods	266,203	379,974	379,974

At the end of the third quarter, cash and cash equivalents amounted to ¥379.9 billion, up ¥113.7 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 ¥10.6 billion mainly because of an increase in quarterly net income despite the payment of income taxes.

Cash flows from investing activities amounted to a cash outflow of ¥77.1 billion, primarily due to expenditures on tangible fixed assets.

Cash flows from financing activities amounted to a cash outflow of ¥21.4 billion, attributed mainly to expenditures from acquisition of treasury stocks.

(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 corresponding half-year term.

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	¥ 196,054 million
Ordinary income	¥ 196,829 million
Net income	¥ 125,962 million