

January 27, 2014

Company name Rakuten, Inc.

Representative Hiroshi Mikitani

Chairman and CEO

(Stock Code: 4755

Tokyo Stock Exchange First Section)

Announcement of Financial Results of
Rakuten Securities, Inc., a Consolidated Subsidiary

Rakuten Securities, Inc. (President: Yuji Kusunoki. Head Office: Shinagawa-ku, Tokyo), a consolidated subsidiary of Rakuten, Inc., today issued the attached press release relating to its consolidated financial reports (based on J-GAAP) for the three months ended December 31, 2013.

Rakuten Group plans to announce consolidated financial reports for the three months ended December 31, 2013, and fiscal year 2013, on February 14 (Friday).

In addition, from fiscal year 2013, Rakuten Group has been announcing quarterly financial results based on IFRS. The attached financial results of Rakuten Securities, Inc. are based on J-GAAP, which has different accounting processes for transactions from IFRS.



January 27, 2014

Consolidated Financial Reports For the nine months ended December 31, 2013

Rakuten Securities, Inc.

Rakuten Securities, Inc. (President: Yuji Kusunoki. Head Office: Shinagawa-ku, Tokyo) consolidated financial reports for the nine months ended December 31, 2013 (J-GAAP)

Consolidated Results for the nine months ended December 31, 2013

Consolidated Operating Results

(Millions of yen, rounded down)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
Nine months ended December 31, 2013	34,903	34,004	17,513	17,251	9,763
Nine months ended December 31, 2012	14,955	14,119	2,821	2,809	1,485

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2013	As of December 31, 2013
(Assets)		
Current Assets	616,947	858,493
Cash and deposits	28,955	53,920
Cash segregated as deposits	294,454	433,546
Money held in trust	800	800
Trading products	5,222	9,042
Trading securities and others	564	753
Derivatives	4,658	8,288
Operating investment securities for sale and others	835	936
Trade date accrual	33	2,103
Margin transaction assets	237,891	317,956
Loans on margin transactions	228,527	306,270
Cash collateral pledged for securities borrowing on margin transactions	9,363	11,686
Loans secured by securities	6	—
Cash collateral pledged for securities borrowed	6	—
Advances paid	185	213
Cash paid for offering	4,838	3,452
Short-term guarantee deposits	36,495	27,880
Variation margin paid	2,401	2,536
Short-term loan receivables	27	72
Advance payments	11	268
Prepaid expenses	172	365
Accounts receivable - other	449	582
Accrued revenues	2,660	3,314
Deferred tax assets	331	481
Other current assets	1,289	1,132
Allowance for doubtful accounts	-113	-112

(Millions of yen)

Fixed Assets	10,891	12,808
Tangible fixed assets	646	1,285
Buildings	147	147
Furniture and fixtures	499	1,041
Construction in progress	—	96
Intangible fixed assets	8,924	10,340
Goodwill	1,726	1,664
Software	6,331	6,883
Software in progress	221	1,053
Others	645	739
Investments and other assets	1,319	1,183
Investment securities	345	279
Long-term loans receivable	147	222
Long-term guarantee deposits	469	558
Long-term prepaid expenses	15	26
Deferred tax assets	433	239
Others	1,503	1,210
Allowance for doubtful accounts	-1,595	-1,353
Total Assets	627,838	871,302

(Millions of yen)

	As of March 31, 2013	As of December 31, 2013
(Liabilities)		
Current liabilities	584,052	816,835
Trading products	4,741	7,865
Trading securities and other	0	—
Derivatives	4,741	7,865
Margin transaction liabilities	46,782	44,820
Borrowings on margin transactions	8,542	4,105
Cash received for securities lending on margin transactions	38,240	40,714
Loans payable secured by securities	110,400	118,773
Cash received on debt credit transactions of securities	110,400	118,773
Deposits received	199,962	329,339
Guarantee deposits received	127,831	157,326
Accounts for non-received securities and others	6	0
Variation margin received	182	890
Short term loans payable	86,788	148,196
Advances received	97	111
Unearned revenue	9	31
Accounts payable - other	739	353
Accrued expenses	1,600	2,131
Income taxes payable	2,855	5,271
Provision for employees' bonuses	523	278
Provision for Director's bonuses	—	30
Provision for sales promotion expenses	45	53
Other current liabilities	1,483	1,360
Fixed Liabilities	645	676
Asset retirement obligations	28	28
Other fixed liabilities	617	647
Statutory reserves	1,932	2,815
Reserve for financial products liabilities	1,891	2,774
Reserve for liability for commodities transactions	41	41
Total Liabilities	586,630	820,327

(Net Assets)		
Shareholders' equity		
Capital stock	7,495	7,495
Capital surplus	4,511	4,511
Retained earnings	28,093	37,856
Total shareholders' equity	40,100	49,863
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	347	413
Total accumulated other comprehensive income	347	413
Minority interests	760	697
Total Net Assets	41,208	50,975
Total Liabilities and Net Assets	627,838	871,302

(2) Consolidated Income Statements

(Millions of yen)

	Nine months ended December 31, 2012 (April 1 – December 31, 2012)	Nine months ended December 31, 2013 (April 1 – December 31, 2013)
Operating revenue	14,955	34,903
Commission received	10,067	21,414
Commission to consignees	7,666	17,930
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	—	0
Commission for offerings, secondary distribution and solicitation for selling and others for professional investors	540	1,764
Other commissions received	1,860	1,718
Net trading income	406	3,665
Net gain on trading of investment securities for sale	-2	0
Financial revenue	4,160	9,274
Other operating revenue	324	550
Financial expenses	836	899
Net Operating Revenue	14,119	34,004
Selling, General, and Administrative Expenses	11,297	16,490
Trading related expenses	3,973	7,357
Personnel expenses	1,905	2,353
Real estate expenses	1,239	1,547
Office expenses	2,268	2,896
Depreciation	1,737	1,913
Taxes and dues	158	231
Goodwill amortization	32	61
Provision for allowance for doubtful accounts	-103	41
Others	84	85
Operating income	2,821	17,513
Non-operating income	19	41
Non-operating expenses	32	304

Ordinary income	2,809	17,251
Extraordinary income	254	17
Extraordinary losses	947	885
Income before income taxes and other adjustments	2,117	16,383
Income taxes - current	475	6,675
Income taxes - deferred	149	6
Total income taxes	624	6,682
Net income before minority interests	1,492	9,701
Minority interests in income	7	-62
Net income	1,485	9,763

(3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2012 (April 1 – December 31, 2012)	Nine months ended December 31, 2013 (April 1 – December 31, 2013)
Income before minority interests	1,492	9,701
Other comprehensive income		
Valuation difference on available-for-sale securities	-73	65
Total other comprehensive income	-73	65
Comprehensive income	1,418	9,766
Comprehensive income attributable to:		
Owners of the parent company	1,411	9,829
Minority interests	7	-62

(4) Consolidated Quarterly Income Statements

(Millions of yen)

	Three months ended June 30, 2013 (April 1 – June 30, 2013)	Three months ended September 30, 2013 (July 1 - September 30, 2013)	Three months ended December 31, 2013 (October 1 - December 31, 2013)	Nine months ended December 31, 2013 (April 1 - December 31, 2013)
Operating revenue	13,624	10,427	10,851	34,903
Commission received	8,875	6,280	6,258	21,414
Net trading income	1,406	1,061	1,197	3,665
Net gain on trading of investment securities for sale	—	0	—	0
Financial revenue	3,155	2,891	3,227	9,274
Other operating revenue	186	196	167	550
Financial expenses	362	240	297	899
Net operating revenue	13,262	10,187	10,553	34,004
Selling, General, and Administrative Expenses	5,950	5,362	5,177	16,490
Trading related expenses	2,863	2,225	2,268	7,357
Personnel expenses	833	892	627	2,353
Real estate expenses	506	519	521	1,547
Office expenses	917	1,004	974	2,896
Depreciation	598	646	668	1,913
Taxes and dues	93	65	72	231
Goodwill amortization	15	22	22	61
Provision for allowance for doubtful accounts	99	- 52	-5	41
Others	21	38	26	85

Operating income	7,312	4,825	5,375	17,513
Non-operating income	15	14	10	41
Non-operating expenses	283	12	7	304
Ordinary income	7,044	4,827	5,378	17,251
Extraordinary income	2	14	—	17
Extraordinary losses	—	633	251	885
Income before income taxes and other adjustments	7,047	4,208	5,127	16,383
Income taxes - current	2,704	2,055	1,915	6,675
Income taxes - deferred	84	-221	143	6
Net income before minority interests	4,258	2,374	3,068	9,701
Minority interests in income	25	-36	-51	-62
Net income	4,232	2,410	3,120	9,763