

October 28, 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 non-consolidated financial reports (based on J-GAAP) for the six months ended September 30, 2014.

In addition, the merger of Dot Commodity Inc. (President: Jin Funada. Head Office: Shibuya-ku, Tokyo), a consolidated subsidiary of Rakuten Securities, Inc., was completed on July 1, 2014, and hence from the three months ended June 30, 2014, Rakuten Securities, Inc. is disclosing non-consolidated accounts.

Rakuten Group plans to announce consolidated financial reports for the three months ended September 30, 2014, on November 5 (Wednesday).

In addition, Rakuten Group announces 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.



October 28, 2014

Financial Reports For the six months ended September 30, 2014

Rakuten Securities, Inc.

Rakuten Securities, Inc. (President: Yuji Kusunoki. Head Office: Shinagawa-ku, Tokyo) non-consolidated financial reports for the six months ended September 30, 2014 (J-GAAP)

The quarterly financial reports of Rakuten Securities, Inc. are based on “Uniform Accounting Standards for Securities Companies” (set by the Board of Directors of the Japan Securities Dealers Association, November 14, 1974). Commodity futures transactions are based on “Uniform Accounting Standards for Commodity Future Transactions” (set by the Board of Directors of the Commodity Futures Association of Japan, March 3, 1993).

Results for the six months ended September 30, 2014

Operating Results

(Millions of yen, rounded down)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
Six months ended September 30, 2014	20,511	19,776	8,720	8,766	5,721



(1) Balance Sheet

(Millions of yen)

	As of September 30, 2014
(Assets)	
Current Assets	872,037
Cash and deposits	78,028
Cash segregated as deposits	433,676
Money held in trust	800
Trading products	9,653
Trading securities and others	554
Derivatives	9,099
Operating investment securities for sale and others	1,293
Trade date accrual	137
Margin transaction assets	303,550
Loans on margin transactions	282,393
Cash collateral pledged for securities borrowing on margin transactions	21,157
Advances paid	154
Cash paid for offering	5,260
Securities received as collateral	*1 1,236
Short-term guarantee deposits	28,504
Variation margin paid	3,960
Short-term loan receivables	29
Advance payments	312
Prepaid expenses	386
Accounts receivable - other	787
Accrued revenues	4,198
Deferred tax assets	151
Other Current Assets	5
Allowance for doubtful accounts	(91)

(Millions of yen)

	As of September 30, 2014
Fixed Assets	16,443
Tangible fixed assets	1,418
Buildings	240
Furniture and fixtures	1,177
Intangible fixed assets	13,529
Goodwill	3,131
Software	9,772
Software in progress	624
Others	0
Investments and other assets	1,495
Investment securities	323
Long-term loans receivable	197
Long-term guarantee deposits	752
Long-term prepaid expenses	24
Deferred tax assets	325
Others	1,124
Allowance for doubtful accounts	(1,254)
Total Assets	888,480

(Millions of yen)

	As of September 30, 2014
(Liabilities)	
Current liabilities	825,747
Trading products	7,806
Derivatives	7,806
Margin transaction liabilities	62,813
Borrowings on margin transactions	3,983
Cash received for securities lending on margin transactions	58,830
Loans payable secured by securities	169,244
Cash received on debt credit transactions of securities	169,244
Deposits received	302,239
Guarantee deposits received	*2 160,174
Short term loans payable	118,814
Advances received	85
Accounts payable - other	44
Accrued expenses	1,904
Income taxes payable	2,133
Provision for employees' bonuses	348
Provision for directors' bonuses	20
Provision for sales promotion expenses	32
Other current liabilities	84
Fixed Liabilities	260
Asset retirement obligations	81
Other fixed liabilities	179
Statutory reserves	3,447
Reserve for financial products liabilities	3,406
Reserve for liability for commodities transactions	41
Total Liabilities	829,455

(Millions of yen)

	As of September 30, 2014
(Net Assets)	
Shareholders' equity	
Capital stock	7,495
Capital surplus	4,511
Retained earnings	46,364
Total shareholders' equity	58,371
Valuation, translation, and other adjustments	
Valuation difference on available-for-sale securities	653
Total valuation and translation adjustments	653
Total Net Assets	59,025
Total Liabilities and Net Assets	888,480

Notes:

1: Securities received as collateral for commodity futures transactions (Securities deposited with a Commodity Clearing Organization as clearing margins for transactions by consignors and others).

2: Includes JPY 1,236 million securities received as substitute for clearing margins etc from consignors and others for commodity futures transactions.

(2) Income Statements

(Millions of yen)

	Six months ended September 30, 2014 (April 1 – September 30, 2014)
Operating revenue	20,511
Commission received	10,792
Commission to consignees	8,572
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	867
Other commissions received	1,351
Net trading income	2,546
Financial revenue	6,934
Other operating revenue	237
Financial expenses	734
Net Operating Revenue	19,776
Selling, General, and Administrative Expenses	11,056
Trading related expenses	4,441
Personnel expenses	1,556
Real estate expenses	845
Office expenses	2,305
Depreciation	1,614
Taxes and dues	170
Goodwill amortization	65
Provision for allowance for doubtful accounts	(27)
Others	84
Operating income	8,720
Non-operating income	54
Non-operating expenses	7
Ordinary income	8,766



(Millions of yen)

	Six months ended September 30, 2014 (April 1 – September 30, 2014)
Extraordinary profit	0
Extraordinary losses	661
Income before income taxes and other adjustments	8,105
Income taxes - current	2,137
Income taxes - deferred	246
Total income taxes	2,384
Net income	5,721



(3) Income Statements

(Millions of yen)

	Three months ended June 30, 2014 (April 1 – June 30, 2014)	Three months ended September 30, 2014 (July 1 – September 30, 2014)	Six months ended September 30, 2014 (April 1 – September 30, 2014)
Operating revenue	9,237	11,273	20,511
Commission received	4,871	5,921	10,792
Net trading income	1,184	1,361	2,546
Financial revenue	3,108	3,826	6,934
Other operating revenue	72	164	237
Financial expenses	243	491	734
Net Operating Revenue	8,994	10,782	19,776
Selling, General, and Administrative Expenses	5,239	5,816	11,056
Trading related expenses	2,045	2,395	4,441
Personnel expenses	718	837	1,556
Real estate expenses	450	394	845
Office expenses	1,145	1,160	2,305
Depreciation	747	866	1,614
Taxes and dues	83	87	170
Goodwill amortization	11	53	65
Provision for allowance for doubtful accounts	(21)	(6)	(27)
Others	58	26	84
Operating income	3,754	4,965	8,720
Non-operating income	7	46	54
Non-operating expenses	0	6	7
Ordinary income	3,761	5,005	8,766



(Millions of yen)

	Three months ended June 30, 2014 (April 1 – June 30, 2014)	Three months ended September 30, 2014 (July 1 – September 30, 2014)	Six months ended September 30, 2014 (April 1 – September 30, 2014)
Extraordinary losses	189	472	661
Income before income taxes and other adjustments	3,572	4,533	8,105
Income taxes - current	906	1,231	2,137
Income taxes - deferred	531	(284)	246
Total income taxes	1,437	946	2,384
Net income	2,134	3,586	5,721