October 28, 2014

Company name Representative Rakuten, Inc. 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)

-			1.	·····, ·	
	Operating	Net operating	Operating	Ordinary	Net
	revenue	revenue	income	income	income
Six months ended September 30, 2014	20,511	19,776	8,720	8,766	5,721



# (1) Balance Sheet

	(Willions of yell)
	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)



	(Willions of year)
	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



Trading products Derivatives 7,806 Margin transaction liabilities Borrowings on margin transactions Cash received for securities lending on margin transactions 58,830 Loans payable secured by securities Cash received on debt credit transactions of securities Deposits received 302,239 Guarantee deposits received 42 160,174 Short term loans payable Advances received Accounts payable - other Accrued expenses Income taxes payable Income taxes payable Provision for employees' bonuses Provision for directors' bonuses Provision for sales promotion expenses Other current liabilities Fixed Liabilities Asset retirement obligations Other fixed liabilities Tay Reserve for linancial products liabilities Reserve for liability for commodities transactions 41		(Millions of yen)
(Liabilities)         2014           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 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 ransacti		1 10 01
(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 ransactions       41		-
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 2160,174  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 20  Provision for directors' bonuses 20  Provision for sales promotion expenses 32  Other current liabilities 84  Fixed Liabilities 260  Asset retirement obligations 0ther fixed liabilities 179  Statutory reserves 3,447  Reserve for financial products liabilities 41		2014
Trading products Derivatives 7,806 Margin transaction liabilities Borrowings on margin transactions Cash received for securities lending on margin transactions 58,830 Loans payable secured by securities Cash received on debt credit transactions of securities Deposits received Deposits received Guarantee deposits received Advances received Accounts payable - other Accrued expenses Income taxes payable Income taxes payable Provision for employees' bonuses Provision for sales promotion expenses Other current liabilities Fixed Liabilities Asset retirement obligations Other fixed liabilities Statutory reserves Reserve for liability for commodities transactions 41	(Liabilities)	
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 2160,174  Short term loans payable 4118,814  Advances received 85  Accounts payable - other 44  Accrued expenses 1,904  Income taxes payable 2,133  Provision for employees' bonuses 20  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	Current liabilities	825,747
Margin transaction liabilities  Borrowings on margin transactions  Cash received for securities lending on margin transactions  Loans payable secured by securities  Cash received on debt credit transactions of securities  Deposits received  Guarantee deposits received  Short term loans payable  Advances received  Accounts payable - other  Accrued expenses  Income taxes payable  Provision for employees' bonuses  Provision for directors' bonuses  Provision for sales promotion expenses  Other current liabilities  Fixed Liabilities  Asset retirement obligations  Other fixed liabilities  Statutory reserves  Reserve for liability for commodities transactions  41	Trading products	7,806
Borrowings on margin transactions Cash received for securities lending on margin transactions  Loans payable secured by securities Cash received on debt credit transactions of securities Deposits received Guarantee deposits received Guarantee deposits received Advances received Accounts payable Accounts payable - other Accrued expenses Income taxes payable Provision for employees' bonuses Provision for directors' bonuses Provision for sales promotion expenses Other current liabilities Fixed Liabilities Asset retirement obligations Other fixed liabilities Tayout 179 Statutory reserves Reserve for financial products liabilities Reserve for liability for commodities transactions  3,983 3,98	Derivatives	7,806
Cash received for securities lending on margin transactions  Loans payable secured by securities  Cash received on debt credit transactions of securities  Deposits received  Guarantee deposits received  Short term loans payable  Advances received  Accounts payable - other  Accrued expenses  Income taxes payable  Provision for employees' bonuses  Provision for directors' bonuses  Provision for sales promotion expenses  Other current liabilities  Fixed Liabilities  Other fixed liabilities  Statutory reserves  Reserve for financial products liabilities  Reserve for liability for commodities transactions  58,830  58,830  58,830  58,830  58,830  58,830  58,830  58,830  58,830  58,830  58,830  69,244  69,24  69,244  69,244  69,244  69,244  69,244  69,244  69,244  69,244  69,244  69,244  69,244  69,244  69,244  69,244  69,244  69,24  69,24  69,24  69,2	Margin transaction liabilities	62,813
transactions  Loans payable secured by securities  Cash received on debt credit transactions of securities  Deposits received  Guarantee deposits received  302,239  Guarantee deposits received  Advances received  Accounts payable - other  Accrued expenses  Income taxes payable  Provision for employees' bonuses  Provision for directors' bonuses  Provision for sales promotion expenses  Other current liabilities  Fixed Liabilities  Asset retirement obligations  Other fixed liabilities  Statutory reserves  Reserve for financial products liabilities transactions  58,830  169,244  169,244  20169,744  2160,174  85  44  44  44  44  44  44  45  46  47  48  49  40  40  41  41  41  41  41  41  41  41	Borrowings on margin transactions	3,983
Loans payable secured by securities  Cash received on debt credit transactions of securities  Deposits received  Guarantee deposits received  Short term loans payable  Advances received  Accounts payable - other  Accrued expenses  Ingour lincome taxes payable  Provision for employees' bonuses  Provision for sales promotion expenses  Other current liabilities  Fixed Liabilities  Asset retirement obligations  Other fixed liabilities  Statutory reserves  Reserve for financial products liabilities transactions  169,244  169,24  160,174  118,814  44  44  44  44  44  44  44  44  44	Cash received for securities lending on margin	
Cash received on debt credit transactions of securities  Deposits received  Guarantee deposits received  Short term loans payable  Advances received  Accounts payable - other  Accrued expenses  Ingueral Income taxes payable  Provision for employees' bonuses  Provision for directors' bonuses  Provision for sales promotion expenses  Other current liabilities  Fixed Liabilities  Asset retirement obligations  Other fixed liabilities  Statutory reserves  Reserve for financial products liabilities  Reserve for liability for commodities transactions  169,244  302,239  169,244  2016,174  216,174  218,814  244  244  244  244  244  244  244	transactions	58,830
Deposits received Guarantee deposits received Short term loans payable Advances received Accounts payable - other Accrued expenses Income taxes payable Provision for employees' bonuses Provision for sales promotion expenses Other current liabilities Fixed Liabilities Asset retirement obligations Other fixed liabilities Statutory reserves Reserve for liability for commodities transactions  20 100,174 85 118,814 44 44 44 44 44 44 45 2133 85 2133 87 2133 87 2133 88 2133 89 2133 80 213	Loans payable secured by securities	169,244
Guarantee deposits received Short term loans payable Advances received Accounts payable - other Accrued expenses Income taxes payable Provision for employees' bonuses Provision for directors' bonuses Provision for sales promotion expenses Other current liabilities Fixed Liabilities Asset retirement obligations Other fixed liabilities Statutory reserves Reserve for liability for commodities transactions  *2 160,174  85  85  84  85  84  85  84  85  84  87  84  84  84  86  87  88  88  88  88  88  89  80  80  81  81  81  82  83  84  84  84  86  87  88  88  88  88  88  88  88  88	Cash received on debt credit transactions of securities	169,244
Short term loans payable Advances received 85 Accounts payable - other 44 Accrued expenses 1,904 Income taxes payable Provision for employees' bonuses Provision for directors' bonuses Provision for sales promotion expenses Other current liabilities 84 Fixed Liabilities Asset retirement obligations Other fixed liabilities 179 Statutory reserves Reserve for financial products liabilities 118,814 85 85 85 85 86 87 88 89 89 80 80 80 80 80 80 80 80 80 80 80 80 80	Deposits received	302,239
Advances received Accounts payable - other Accrued expenses Income taxes payable Income taxes payable Provision for employees' bonuses Provision for directors' bonuses Provision for sales promotion expenses Other current liabilities Fixed Liabilities Asset retirement obligations Other fixed liabilities Statutory reserves Reserve for financial products liabilities Reserve for liability for commodities transactions  85  44  44  44  44  44  44  44  44  44	Guarantee deposits received	*2 160,174
Accounts payable - other  Accrued expenses  Income taxes payable  Provision for employees' bonuses  Provision for directors' bonuses  Provision for sales promotion expenses  Other current liabilities  Fixed Liabilities  Asset retirement obligations  Other fixed liabilities  Statutory reserves  Reserve for financial products liabilities  Reserve for liability for commodities transactions  1,904  2,133  248  Provision for employees' bonuses  20  Provision for sales promotion expenses  32  Other current liabilities  84  Fixed Liabilities  179  Statutory reserves  3,447  Reserve for financial products liabilities  3,406	Short term loans payable	118,814
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	Advances received	85
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	Accounts payable - other	44
Provision for employees' bonuses  Provision for directors' bonuses  Provision for sales promotion expenses Other current liabilities  Fixed Liabilities  Asset retirement obligations Other fixed liabilities  Statutory reserves Reserve for financial products liabilities  Reserve for liability for commodities transactions  348  348  200  321  322  332  343  3460  341  341	Accrued expenses	1,904
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	Income taxes payable	2,133
Provision for sales promotion expenses  Other current liabilities  Fixed Liabilities  Asset retirement obligations  Other fixed liabilities  Statutory reserves  Reserve for financial products liabilities  Reserve for liability for commodities transactions  32  84  84  84  85  86  87  88  88  89  80  80  80  80  80  80  80	Provision for employees' bonuses	348
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	Provision for directors' bonuses	20
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	Provision for sales promotion expenses	32
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	Other current liabilities	84
Other fixed liabilities 179 Statutory reserves 3,447 Reserve for financial products liabilities 3,406 Reserve for liability for commodities transactions 41	Fixed Liabilities	260
Statutory reserves 3,447 Reserve for financial products liabilities 3,406 Reserve for liability for commodities transactions 41	Asset retirement obligations	81
Reserve for financial products liabilities 3,406 Reserve for liability for commodities transactions 41	Other fixed liabilities	179
Reserve for liability for commodities transactions 41	Statutory reserves	3,447
	Reserve for financial products liabilities	3,406
Tatal Linkillian	Reserve for liability for commodities transactions	41
1 Otal Liabilities 829,455	Total Liabilities	829,455



	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

	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



	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

	<del>                                     </del>		Millions of yen)
	Three months	Three months	Six months
	ended	ended	ended
	June 30,	September 30,	September 30,
	2014 (April 1 –	2014 (July 1 –	2014 (April 1 –
	June 30,	September 30,	September 30,
	2014)	2014)	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



	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