

July 27, 2015

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: Setagaya-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 three months ended June 30, 2015.

Rakuten Group plans to announce consolidated financial reports for the six months ended June 30, 2015, on August 6, 2015 (Thursday).

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.



July 27, 2015

Financial Reports For the three months ended June 30, 2015

Rakuten Securities, Inc.

Rakuten Securities, Inc. (President: Yuji Kusunoki. Head Office: Setagaya-ku, Tokyo) non-consolidated financial reports for the first quarter ended June 30, 2015 (J-GAAP).

The 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 first quarter ended June 30, 2015

Operating Results

(Millions of yen, rounded down)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
Three months ended June 30, 2015	13,318	12,580	6,131	6,171	3,782
Three months ended June 30, 2014	9,237	8,994	3,754	3,761	2,134

※Operating results of FXCM Japan Securities Co., Ltd., which is acquired by Rakuten Securities Inc., as of April 1, 2015 is not included.



(1) Balance Sheet

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
(Assets)		
Current Assets	880,700	974,847
Cash and deposits	54,427	68,696
Cash segregated as deposits	453,729	501,847
Money held in trust	800	1,000
Trading products	14,288	15,104
Trading securities and others	774	1,286
Derivatives	13,513	13,818
Operating investment securities for sale and others	1,233	1,410
Trade date accrual	132	28
Margin transaction assets	316,260	343,925
Loans on margin transactions	298,033	326,633
Cash collateral pledged for securities borrowing on margin transactions	18,226	17,291
Advances paid	142	118
Cash paid for offering	5,523	6,076
Securities received as collateral *1	1,164	1,064
Short-term guarantee deposits	23,517	26,417
Variation margin paid	3,639	2,901
Short-term loan receivables	54	121
Advance payments	0	314
Prepaid expenses	231	399
Accounts receivable – other	636	832
Accrued revenues	4,764	4,573
Deferred tax assets	239	105
Other current assets	5	5
Allowance for doubtful accounts	(91)	(96)

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
Fixed Assets	16,699	24,383
Tangible fixed assets	1,310	1,376
Buildings	242	204
Furniture and fixtures	1,068	1,030
Construction in progress	—	141
Intangible fixed assets	14,086	14,270
Goodwill	3,025	2,972
Software	10,869	11,042
Software in progress	191	255
Investments and other assets	1,303	8,736
Investment securities	270	244
Stocks of subsidiaries and affiliates	—	7,474
Long-term loans receivable	183	175
Long-term guarantee deposits	755	758
Long-term prepaid expenses	23	20
Deferred tax assets	193	182
Others	1,040	1,020
Allowance for doubtful accounts	(1,163)	(1,141)
Total Assets	897,400	999,231

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
(Liabilities)		
Current Liabilities	827,193	924,891
Trading products	11,800	11,946
Trading securities and other	210	—
Derivatives	11,589	11,946
Margin transaction liabilities	64,908	68,783
Borrowings on margin transactions	4,460	5,861
Cash received for securities lending on margin transactions	60,447	62,922
Loans payable secured by securities	159,456	144,571
Cash received on debt credit transactions of securities	159,456	144,571
Deposits received	316,974	376,976
Guarantee deposits received *2	166,425	176,929
Accounts for non-received securities and others	104	71
Short term loans payable	102,184	140,295
Advances received	216	130
Accounts payable – other	236	263
Accrued expenses	2,160	2,563
Income taxes payable	2,212	2,029
Provision for employees' bonuses	432	248
Provision for directors' bonuses	—	10
Provision for sales promotion expenses	36	33
Other current liabilities	43	39
Fixed Liabilities	168	212
Asset retirement obligations	94	94
Other fixed liabilities	73	117
Statutory reserves	3,868	4,093
Reserve for financial products liabilities	3,833	4,057
Reserve for liability for commodities transactions	35	35
Total Liabilities	831,230	929,196

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
(Net Assets)		
Shareholders' equity		
Capital stock	7,495	7,495
Capital surplus	4,511	4,511
Retained earnings	53,524	57,306
Total shareholders' equity	65,531	69,313
Valuation, translation, and other adjustments		
Valuation difference on available-for-sale securities	638	759
Deferred gains or losses on hedges	—	(38)
Total valuation and translation adjustments	638	720
Total Net Assets	66,169	70,034
Total Liabilities and Net Assets	897,400	999,231

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 1,164 million securities in year ended March 31, 2015 and JPY 1,064 million securities in three months ended June 30, 2015 received as substitute for clearing margins etc. from consignors and others for commodity futures transactions.

(2) Income Statements

(Millions of yen)

	Three Months ended June 30, 2014 (April 1 – June 30, 2014)	Three Months ended June 30, 2015 (April 1 – June 30, 2015)
Operating revenue	9,237	13,318
Commission received	4,871	6,348
Commission to consignees	3,829	4,970
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	0	0
Commission for offerings, secondary distribution and solicitation for selling and others for professional investors	433	543
Other commissions received	608	834
Net trading income	1,184	2,425
Financial revenue	3,108	4,368
Other operating revenue	72	175
Financial expenses	243	737
Net operating revenue	8,994	12,580
Selling, General, and Administrative Expenses	5,239	6,449
Trading related expenses	2,045	2,824
Personnel expenses	718	877
Real estate expenses	450	370
Office expenses	1,145	1,146
Depreciation	747	1,004
Taxes and dues	83	140
Goodwill amortization	11	53
Provision for allowance for doubtful accounts	(21)	(3)
Others	58	34
Operating income	3,754	6,131
Non-operating income	7	45
Non-operating expenses	0	5
Ordinary income	3,761	6,171

(Millions of yen)

	Three Months ended June 30, 2014 (April 1 – June 30, 2014)	Three Months ended June 30, 2015 (April 1 – June 30, 2015)
Extraordinary losses	189	289
Income before income taxes and other adjustments	3,572	5,882
Income taxes - current	906	1,993
Income taxes - deferred	531	106
Total income taxes	1,437	2,100
Net income	2,134	3,782