

The following information was originally prepared and published by the Company in Japanese as it contains timely disclosure materials to be submitted to the Osaka Securities Exchange. This English summary translation is for your convenience only. To the extent there is any discrepancy between this English translation and the original Japanese version, please refer to the Japanese version. The following financial information was prepared in accordance with International Financial Reporting Standards ("IFRS").

Consolidated Financial Reports (IFRS) For the three months ended March 31, 2013

Rakuten, Inc.
May 9, 2013

Company name	Rakuten, Inc.	Listed	Osaka Securities Exchange
Code No	4755	URL	http://www.rakuten.co.jp/
Representative	(Title) Chairman and CEO	(Name)	Hiroshi Mikitani
Contact person	(Title) CFO	(Name)	Yoshihisa Yamada
Scheduled date of filing the securities report: May 9, 2013		Date of commencement of dividend payments: —	
Supplementary materials for quarterly financial results: Yes			
Quarterly financial results information meeting held: Yes (For institutional investors and analysts)			

1. Consolidated Results for the three months ended March 31 of Fiscal 2013 (January 1 – March 31, 2013)

(Yen amounts are rounded to the nearest million)

(1) Consolidated Operating Results

(%, YoY)

	Revenue		Operating income		Income before income tax		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2013	113,148	26.0	22,911	23.1	22,412	23.0	14,275	40.1
Three months ended March 31, 2012	89,798	—	18,612	—	18,218	—	10,192	—

	Net income attributable to owners of the parent company		Comprehensive income		Basic Earnings per Share attributable to owners of the parent company	Diluted Earnings per Share attributable to owners of the parent company
	Millions of yen	%	Millions of yen	%	Yen	Yen
Three months ended March 31, 2013	14,245	40.1	22,266	28.8	10.83	10.81
Three months ended March 31, 2012	10,167	—	17,284	—	7.74	7.72

(Note) 1. Rakuten, Inc. made a 100-for-1 stock split for shares of its common stock on July 1, 2012. Basic Earnings per Share and Diluted Earnings per Share were calculated under the assumption that the stock split took effect at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Total net assets	Total equity attributable to owners of the parent company	Ratio of total equity attributable to owners of the parent company to total assets
	Millions of yen	Millions of yen	Millions of yen	%
As of March 31, 2013	2,546,252	259,385	253,250	9.9
As of December 31, 2012	2,287,634	241,912	235,942	10.3

2. Dividend Distribution

	Annual dividend per share				
	1Q	2Q	3Q	Annual	Total
	Yen	Yen	Yen	Yen	Yen
FY2012	—	0.00	—	3.00	3.00
FY2013	—	—	—	—	—
FY2013 (Forecast)	—	—	—	—	—

3. Forecast of Consolidated Operating Results for Fiscal 2013 (January 1 to December 31, 2013)

Rakuten, Inc. and its subsidiaries do not disclose earnings forecasts as these business operations include an Internet service business characterized by high uncertainty and financial related businesses such as securities business whose results heavily depend on highly volatile markets. This precludes us from making earnings forecasts.

Notes

(1) Changes in significant subsidiaries during the current period

(Changes in specified subsidiaries resulting in change in scope of consolidation): No

New — (Company name —) Excluded — (Company name —)

(2) Changes in accounting policies and changes in accounting estimates

1. Changes in accounting policies as required under IFRS: Yes
2. Changes in accounting policies due to other reasons: No
3. Changes in accounting estimates: No

Note: For details, see page 6, 2. Matters regarding summary information (Others) (2) Outline of changes in accounting policies and accounting estimates.

(3) Number of shares issued (Common stock)

1. Total number of shares issued at the end of the period (including treasury stocks)
 - 1,321,216,600 shares (As of March 31, 2013)
 - 1,320,626,600 shares (As of December 31, 2012)
2. Number of treasury stocks at the end of the period
 - 6,086,996 shares (As of March 31, 2013)
 - 6,007,996 shares (As of December 31, 2012)
3. Average number of shares during the period (cumulative from the beginning of the period)
 - 1,314,686,838 shares (Three months ended March 31, 2013)
 - 1,313,537,775 shares (Three months ended March 31, 2012)

(Note) Rakuten, Inc. made a 100-for-1 stock split regarding shares of its common stock on July 1, 2012. Average number of shares during the three months ended March 31, 2012 is calculated under the assumption that the stock split took effect at the beginning of the previous fiscal year.

Indication regarding execution of quarterly review procedures

- This quarterly financial report is not intended for the quarterly review based on the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial results report, the review procedures for quarterly consolidated financial statements in accordance with the Financial Instruments and Exchange Act are not completed

Explanation about the appropriate use of earnings forecasts, and other special matters

- The Rakuten Group adopted IFRS for the first time in the consolidated accounting year which finished on December 31, 2012, and from this previous consolidated financial year (December 2012 period) we disclosed consolidated financial statements in conformity with IFRS.
- Rakuten, Inc. and its subsidiaries do not disclose earnings forecasts as these business operations include an Internet service business characterized by high uncertainty and financial related businesses such as securities business whose results heavily depend on highly volatile markets. This precludes us from making earnings forecasts.

Qualitative Information, Financial Statements, etc.

1. Qualitative Information Concerning Consolidated Business Results

(1) Business Results for the First Quarter of the Fiscal Year Ending December 31, 2013

In the world economy during the first quarter of the current fiscal year (January 1, 2013 to March 31, 2013), the European debt crisis and a slowdown in economic growth in newly developing regions continued to pose risks of an economic downturn. Meanwhile, in the Japanese economy, anticipation of economic expansion has spread, as consumer sentiment recovered and business confidence of companies improved with the background of a rise in stock prices, in response to monetary easing measures and other factors.

Under such an environment, the Rakuten Group sought to vigorously drive forward its growth strategy even further, by actively taking Rakuten Ichiba's B2B2C marketplace model to the world, in addition to enhancing services for smartphone and tablet devices. We also strove to improve delivery quality through measures such as providing logistics agency services to our corporate clients. In the Internet Finance business segment, we are aggressively promoting the business centering on Rakuten Card, which has notable synergies with Internet Services. The revitalization of the domestic stock market also contributed to the expansion of the finance business during the first quarter of the current fiscal year. Through these and other measures, the "Rakuten Eco-System" continues to show solid expansion and growth.

As a result of these efforts, the Rakuten Group achieved revenue of ¥113,148 million, a 26.0% year-on-year increase, in the first quarter of the current fiscal year. Operating income grew 23.1% year on year to ¥22,911 million, and net income attributable to owners of the company amounted to ¥14,245 million, up 40.1% compared to the same period in the previous year.

(Millions of yen)

	Three months ended March 31, 2012	Three months ended March 31, 2013	Amount Change YoY	% Change YoY
Revenue	89,798	113,148	23,350	26.0%
Operating income	18,612	22,911	4,299	23.1%
Net income (Attributable to owners of the parent company)	10,167	14,245	4,078	40.1%

(2) Segment Information

Business results for each segment are as follows:

Internet Services

In the Internet Services segment during the first quarter of the current fiscal year, Rakuten worked on strengthening services for smartphone and tablet devices, improving delivery services, and running large-scale sales events called 'Rakuten Super Sale', among other initiatives in its core 'Rakuten Ichiba' service. The expanding use of e-commerce in daily consumption saw the number of unique buyers and order numbers perform strongly, with the domestic e-commerce gross merchandise sales rising by 14.5% over the same period in the previous year, continuing to maintain a high level of growth. In Travel services, leisure travel sales were strong, and we pursued a more diversified earnings base through efforts such as the single payment service for corporate hotel reservations, resulting in an 11.2% year-on-year increase in gross transaction value.

In its overseas ventures, Rakuten focused on marketplace-model services while also actively implementing initiatives including points programs that have proven successful in Japan. As a result, gross merchandise sales for these services have grown, and are contributing to expansion of operations. Furthermore, revenue in the e-book business is expanding steadily.

As a result, revenue in the Internet Services segment climbed 15.3% year-on-year to ¥68,667 million. While we continue to make investments in future growth fields, mainly overseas, steady profit

expansion at existing businesses has resulted in segment profit of ¥15,727 million, up 6.8% year on year.

(Millions of yen)

	Three months ended March 31, 2012	Three months ended March 31, 2013	Amount Change YoY	% Change YoY
Segment Revenue	59,568	68,667	9,099	15.3%
Segment Profit	14,726	15,727	1,001	6.8%

Internet Finance

In the Internet Finance segment during the first quarter of the current fiscal year, the shopping transaction value for credit card and related services rose 35.6% over the same period in the previous year, accompanying an increase in Rakuten Card membership. Moreover, a solid rise in the revolving shopping balance resulted in a rise in commission income, continuing notable growth in profit. In securities services, revenue and income grew, mainly due to expansion in consignment trades for securities, backed by the revitalization of the domestic stock market. In banking services, solid growth in loan balances led to increased interest income from loans.

As a result of the above, the Internet Finance segment recorded ¥46,170 million in revenue, a 57.3% year-on-year increase, while segment profit grew 140.2% year on year to ¥10,088 million.

(Millions of yen)

	Three months ended March 31, 2012	Three months ended March 31, 2013	Amount Change YoY	% Change YoY
Segment Revenue	29,350	46,170	16,820	57.3%
Segment Profit	4,201	10,088	5,887	140.2%

Others

In the Others segment during the first quarter of the current fiscal year, although revenue declined in telecommunications services as a result of allocating management resources to cloud and other services where sustained growth is anticipated, operating income was robust. The professional sports division marked record high annual season ticket sales.

As a result, revenue in the segment was ¥6,717 million, a 5.5% year-on-year decrease, while segment loss was ¥205 million (compared to a segment loss of ¥278 million in the first quarter of the previous year).

(Millions of yen)

	Three months ended March 31, 2012	Three months ended March 31, 2013	Amount Change YoY	% Change YoY
Segment Revenue	7,110	6,717	(393)	(5.5)%
Segment Profit (Loss)	(278)	(205)	73	-

(2) Qualitative Information Concerning Consolidated Financial Position

i) Assets, Liabilities, and Net Assets

Assets

Total assets at the end of the first quarter of the current fiscal year amounted to ¥2,546,252 million, an increase of ¥258,618 million from ¥2,287,634 million at the end of the previous fiscal year. Primary factors were a ¥244,134 million increase in financial assets for securities business backed by lively trading in the capital markets, and a ¥14,102 million rise in intangible assets associated with the acquisition of Alpha Direct Services.

Liabilities

Total liabilities at the end of the first quarter of the current fiscal year were ¥2,286,867 million, an increase of ¥241,145 million from ¥2,045,722 million at the end of the previous fiscal year.

Major factors were a ¥208,108 million increase in financial liabilities for securities business due mainly to expansion in consignment trades for securities, an increase of ¥19,325 million in bonds and borrowings, and an increase of ¥18,249 million in deposits for banking business.

Net assets

Net assets at the end of the first quarter of the current fiscal year stood at ¥259,385 million, an increase of ¥17,473 million compared with the ¥241,912 million at the end of the previous fiscal year.

This was chiefly due to a ¥11,724 million increase in retained earnings, resulting from factors including ¥14,245 million in net income attributable to owners of the parent company for the first quarter of the current fiscal year, and cash dividends paid of ¥3,944 million. In addition, fluctuations in the foreign exchange market resulted in a ¥5,745 million rise in foreign currency translation adjustments.

ii) Cash Flows

Cash and cash equivalents at the end of the first quarter of the current fiscal year was ¥284,606 million, an increase of ¥14,492 million from the end of the previous fiscal year. Cash flow conditions and their major factors for the first quarter of the current fiscal year are as follows:

Net cash flows used in operating activities

Net cash flows used in operating activities for the first quarter of the current fiscal year resulted in a cash outflow of ¥35,460 million (compared with a cash inflow of ¥42,007 million for the first quarter of the previous year). Primary factors include: a net cash outflow of ¥36,027 million following changes in financial assets and financial liabilities for the securities business, due to the boom in the stock market (a cash outflow of ¥244,134 million for an increase in assets and a cash inflow of ¥208,107 million for an increase in liabilities); a cash outflow of ¥17,000 million for an increase in call loans for banking business; a cash outflow of ¥9,182 million for an increase in loans for credit card business; a cash inflow of ¥22,412 million for income before income tax; a cash inflow of ¥18,249 million for an increase in deposits for the banking business; and the recording of non-cash flow items including ¥5,888 million for depreciation and amortization.

Net cash flows from investing activities

Net cash flows from investing activities for the first quarter of the current fiscal year resulted in a cash inflow of ¥35,172 million (compared with a cash outflow of ¥316 million for the first quarter of the previous year). Primary factors include: a cash inflow of ¥76,640 million for proceeds from sales and redemption of investment securities for the banking business; a cash outflow of ¥25,131 million for purchase of investment securities for the banking business; and a cash outflow of ¥9,430 million for acquisition of subsidiaries.

Net cash flows from financing activities

Net cash flows from financing activities for the first quarter of the current fiscal year resulted in a cash inflow of ¥13,141 million (compared with a cash outflow of ¥40,127 million for the first quarter of the

previous year). Primary factors include: a cash outflow of ¥33,812 million for repayment of long-term debt; a cash inflow of ¥24,500 million for proceeds from long-term debt; and a cash inflow of ¥16,160 million for an increase in short-term borrowings.

(3) Qualitative Information about Consolidated Business Forecasts

In the fiscal year ending December 31, 2013, we anticipate further expansion in the use of our services in Japan including e-commerce and travel, resulting in continued high growth. In financial services, although there will be a certain degree of impact from financial conditions, we anticipate a continuous growth in revenue created from synergies within the Rakuten Group. Aiming for an early return in income, Rakuten will continue to make strategic allocations of corporate resources and active investments in high-growth areas such as e-books, in order to generate more mid-to-long-term revenue opportunities.

While making these forward-looking investments, Rakuten intends to surpass its current financial results in the fiscal year ending December 31, 2013.

Rakuten, Inc. and its subsidiaries do not disclose earnings forecasts as these business operations include an Internet service business characterized by high uncertainty and financial related businesses such as securities business whose results heavily depend on highly volatile markets. This precludes us from making earnings forecasts.

2. Matters regarding summary information (Others)

(1) Changes in significant subsidiaries during the current period

No items to report.

(2) Outline of changes in accounting policies and accounting estimates

(Changes in accounting policies as required under IFRS)

Apart from the cases stated as follows, significant accounting policies adopted by the Group in this summary of consolidated financial statements for the three months ended March 31, 2013 remain the same as those adopted in the consolidated financial statements for the previous fiscal year.

Impact from the adoption of the new accounting standards

The Group started to adopt following accounting standards from the first quarter of the current fiscal year.

IFRS		Newly established or revised contents
IFRS 13	Fair value measurement	Guidance of fair value measurements, which are required in other standards
IFRS 7	Financial instruments: disclosures (Amended Dec. 2011)	New disclosure for evaluation of the effect and potential effect of offsetting arrangements on an entity's financial position

These standards have been adopted in accordance with their respective transitional provisions, and the adoption of above standards has no significant impact on the three months ended March 31, 2013.

3. Quarterly Consolidated Financial Statements (Summary)
(1) Consolidated Statement of Financial Position (Summary)

(Millions of Yen)

	As of December 31, 2012	As of March 31, 2013
(Assets)		
Cash and cash equivalents	270,114	284,606
Accounts receivable - trade	65,493	61,590
Financial assets for securities business	615,703	859,837
Loans for credit card business	402,418	411,600
Investment securities for banking business	296,326	244,954
Loans for banking business	189,669	200,000
Investment securities for insurance business	13,623	15,125
Derivative assets	10,674	11,103
Investment securities	23,411	24,807
Other financial assets	123,132	134,335
Investments in associates and joint ventures	6,601	6,535
Property, plant and equipment	24,143	25,620
Intangible assets	188,014	202,116
Deferred tax assets	40,546	43,156
Other assets	17,767	20,868
Total assets	2,287,634	2,546,252

(Millions of Yen)

	As of December 31, 2012	As of March 31, 2013
Liabilities		
Accounts payable - trade	79,965	75,035
Deposits for banking business	809,531	827,780
Financial liabilities for securities business	558,055	766,163
Derivative liabilities	4,685	6,083
Bonds and borrowings	305,186	324,511
Other financial liabilities	210,048	193,507
Income taxes payable	2,873	12,668
Provisions	29,614	30,305
Policy reserves and others for insurance business	18,496	18,445
Deferred tax liabilities	6,416	6,510
Other liabilities	20,853	25,860
Total liabilities	2,045,722	2,286,867
Net assets		
Equity attributable to owners of the parent company		
Common stock	108,255	108,392
Capital surplus	116,599	115,891
Retained earnings	20,873	32,597
Treasury stock	(3,626)	(3,649)
Other components of equity	(6,159)	19
Total equity attributable to owners of the parent company	235,942	253,250
Non-controlling interests	5,970	6,135
Total net assets	241,912	259,385
Total liabilities and net assets	2,287,634	2,546,252

(2) Consolidated Statements of Income and Comprehensive Income (Summary)

Consolidated Statements of Income (Summary)

(For the three months ended March 31, 2012 and 2013)

(Millions of yen)

	Three months ended March 31, 2012 (January 1 to March 31, 2012)	Three months ended March 31, 2013 (January 1 to March 31, 2013)
Continuing Operations		
Revenue	89,798	113,148
Operating expenses	70,191	90,079
Other income	386	542
Other expenses	1,381	700
Operating income	18,612	22,911
Financial income	116	57
Financial expenses	569	505
Share of profit/(loss) of associates	59	(51)
Income before income tax	18,218	22,412
Income tax expense	8,026	8,137
Net income	10,192	14,275
Net income attributable to:		
Owners of the parent company	10,167	14,245
Non-controlling interests	25	30
Net income	10,192	14,275
Earnings per share attributable to owners of the parent company		
Basic (Yen)	7.74	10.83
Diluted (Yen)	7.72	10.81

Consolidated Statement of Comprehensive Income (Summary)
(For the three months ended March 31, 2012 and 2013)

(Millions of yen)

	Three months ended March 31, 2012 (January 1 to March 31, 2012)	Three months ended March 31, 2013 (January 1 to March 31, 2013)
Net income	10,192	14,275
Other comprehensive income		
Items that will not be reclassified to net income		
Gains and losses on financial assets measured at fair value through other comprehensive income	236	3,450
Income tax relating to gains and losses on financial assets measured at fair value through other comprehensive income	(35)	(1,198)
Share of other comprehensive income of associates	16	10
Total items that will not be reclassified to net income	217	2,262
Items that will be reclassified to net income		
Foreign currency translation adjustments	6,853	5,782
The portion of gains or losses on effective cash flow hedges recognized in other comprehensive income	(178)	(129)
Income tax relating to the portion of gains or losses on effective cash flow hedges recognized in other comprehensive income	78	46
The portion of gains or losses on effective cash flow hedges reclassified from other comprehensive income to net income	197	48
Income tax relating to the portion of gains or losses on effective cash flow hedges reclassified from other comprehensive income to net income	(75)	(18)
Total items that will be reclassified to net income	6,875	5,729
Other comprehensive income, net of tax	7,092	7,991
Comprehensive income	17,284	22,266
Total comprehensive income attributable to		
Owners of the parent company	17,229	22,198
Non-controlling interests	55	68
Comprehensive income	17,284	22,266

(3) Consolidated Statement of Changes in Equity (Summary)

(Millions of yen)

	Other components of equity								Total equity attributable to owners of the parent company	Non-controlling interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Foreign currency translation adjustments	Financial instruments measured at fair value through other comprehensive income	Cash flow hedges	Total other components of equity			
As of January 1, 2012	107,959	116,864	3,641	(3,626)	(18,123)	2,026	(374)	(16,471)	208,367	3,979	212,346
Comprehensive income											
Net income	—	—	10,167	—	—	—	—	—	10,167	25	10,192
Other comprehensive income, net of tax	—	—	—	—	6,823	217	22	7,062	7,062	30	7,092
Total comprehensive income	—	—	10,167	—	6,823	217	22	7,062	17,229	55	17,284
Transactions with owners											
Contributions by and distributions to owners of the Company											
Issuance of common stock	48	48	—	—	—	—	—	—	96	—	96
Cash dividends paid	—	—	(3,284)	—	—	—	—	—	(3,284)	—	(3,284)
Others	—	65	(22)	—	—	—	—	—	43	—	43
Total contributions by and distributions to owners of the Company	48	113	(3,306)	—	—	—	—	—	(3,145)	—	(3,145)
Others	—	(441)	—	—	—	—	—	—	(441)	(47)	(488)
Total changes in ownership interests in subsidiaries	—	(441)	—	—	—	—	—	—	(441)	(47)	(488)
Total transactions with owners	48	(328)	(3,306)	—	—	—	—	—	(3,586)	(47)	(3,633)
As of March 31, 2012	108,007	116,536	10,502	(3,626)	(11,300)	2,243	(352)	(9,409)	222,010	3,987	225,997
As of January 1, 2013	108,255	116,599	20,873	(3,626)	(7,782)	1,826	(203)	(6,159)	235,942	5,970	241,912
Comprehensive income											
Net income	—	—	14,245	—	—	—	—	—	14,245	30	14,275
Other comprehensive income net of tax	—	—	—	—	5,745	2,261	(53)	7,953	7,953	38	7,991
Total comprehensive income	—	—	14,245	—	5,745	2,261	(53)	7,953	22,198	68	22,266
Transactions with owners											
Contributions by and distributions to owners of the Company											
Issuance of common stock	137	137	—	—	—	—	—	—	274	—	274
Cash dividends paid	—	—	(3,944)	—	—	—	—	—	(3,944)	—	(3,944)
Transfer of other components of equity to retained earnings	—	—	1,775	—	—	(1,775)	—	(1,775)	—	—	—
Others	—	154	(352)	(23)	—	—	—	—	(221)	—	(221)
Total contributions by and distributions to owners of the parent company	137	291	(2,521)	(23)	—	(1,775)	—	(1,775)	(3,891)	—	(3,891)
Changes in ownership interests in subsidiaries											
Issuance of common stock	—	—	—	—	—	—	—	—	—	34	34
Acquisitions and disposals of non-controlling interests	—	(1,046)	—	—	—	—	—	—	(1,046)	83	(963)

Others	—	47	—	—	—	—	—	—	47	(20)	27
Total changes in ownership interests in subsidiaries	—	(999)	—	—	—	—	—	—	(999)	97	(902)
Total transactions with owners	137	(708)	(2,521)	(23)	—	(1,775)	—	(1,775)	(4,890)	97	(4,793)
As of March 31, 2013	108,392	115,891	32,597	(3,649)	(2,037)	2,312	(256)	19	253,250	6,135	259,385

(4) Consolidated Statement of Cash Flows (Summary)

(Millions of Yen)

	Three months ended March 31, 2012 (January 1 to March 31, 2012)	Three months ended March 31, 2013 (January 1 to March 31, 2013)
Net cash flows from operating activities		
Income before income tax	18,218	22,412
Depreciation and amortization	5,156	5,888
Other loss (profit)	(84)	(1,171)
Decrease (Increase) in operating receivables	4,553	6,668
Decrease (Increase) in loans for credit card business	(7,801)	(9,182)
Increase (Decrease) in deposits for banking business	9,379	18,249
Decrease (Increase) in call loans for banking business	38,000	(17,000)
Decrease (Increase) in loans for banking business	(8,541)	(10,332)
Increase (Decrease) in operating payables	(8,285)	(7,272)
Increase (Decrease) in accounts payable — other and accrued expenses	(885)	(4,580)
Decrease (Increase) in financial assets for securities business	(90,424)	(244,134)
Increase (Decrease) in financial liabilities for securities business	89,596	208,107
Others	(1,627)	(2,325)
Income tax paid	(5,248)	(788)
Net cash flows from (used in) operating activities	42,007	(35,460)
Net cash flows from investing activities		
Increase in time deposits	(2,848)	(1,587)
Decrease in time deposits	2,591	1,966
Purchase of property, plant and equipment	(1,220)	(1,096)
Purchase of intangible assets	(4,058)	(5,433)
Acquisition of subsidiaries	(22,198)	(9,430)
Purchase of investment securities for banking business	(83,731)	(25,131)
Proceeds from sales and redemption of investment securities for banking business	112,290	76,640
Purchase of investment securities for insurance business	—	(1,928)
Proceeds from sales and redemption of investment securities for insurance business	—	417
Purchase of investment securities	(872)	(800)
Proceeds from sales and redemption of investment securities	600	3,822
Other payments	(1,260)	(2,720)
Other proceeds	390	452
Net cash flows (used in) from investing activities	(316)	35,172
Net cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(17,213)	16,160
Increase (Decrease) in commercial papers	(5,000)	10,000
Proceeds from long-term debt	2,110	24,500
Repayment of long-term debt	(15,607)	(33,812)

(Millions of Yen)

	Three months ended March 31, 2012 (January 1 to March 31, 2012)	Three months ended March 31, 2013 (January 1 to March 31, 2013)
Cash dividends paid	(3,175)	(3,526)
Others	(1,242)	(181)
Net cash flows (used in) from financing activities	(40,127)	13,141
Effect of change in exchange rates on cash and cash equivalents	1,349	1,639
Net increase in cash and cash equivalents	2,913	14,492
Cash and cash equivalents at the beginning of the period	152,801	270,114
Cash and cash equivalents at the end of the period	155,714	284,606

(5) Assumptions for going concern

For the three months ended March 31, 2013 (January 1, 2013 – March 31, 2013)

No items to report

(6) Notes to the summary of consolidated financial results for the three months ended March 31, 2013

Basis of preparation

The Group’s summary of consolidated financial statements for the three months ended March 31, 2013 meets the requirements set out under Article 1-2, Paragraph 1, Item 2 of the Rules on Terminology, Formats and Compilation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No. 64 of 2007; hereinafter referred to as the “Rules on Quarterly Consolidated Financial Statements”) under which the Group is qualified as a “specified company” and duly prepares such summary in accordance with IAS 34 “Interim Financial Reporting”, under the provisions of Article 93 of the Rules on Quarterly Consolidated Financial Statements.

As this summary does not contain all the information required in annual consolidated financial statements, it ought to be used in combination with the consolidated financial statements for the fiscal year ended December 31, 2012.

Significant accounting policies

Apart from the cases stated as follows, significant accounting policies adopted by the Group in this summary of consolidated financial statements for the three months ended March 31, 2013 remain the same as those adopted in the consolidated financial statements for the previous fiscal year. For detail, please refer to the Voluntary Disclosure under IFRS for the fiscal year ended December 31, 2012, on our Website. Income tax expense for the three months ended March 31, 2013 is calculated based upon estimated annual effective tax rate.

Impact from the adoption of the new accounting standards

The Group started to adopt following accounting standards from the first quarter of the current fiscal year.

IFRS		Newly established or revised contents
IFRS 13	Fair value measurement	Guidance of fair value measurements, which are required in other standards
IFRS 7	Financial instruments: disclosures (Amended Dec. 2011)	New disclosure for evaluation of the effect and potential effect of offsetting arrangements on an entity’s financial position

These standards have been adopted in accordance with their respective transitional provisions, and the adoption of above standards has no significant impact on the three months ended March 31, 2013.

Voluntary Disclosure under IFRS can be found in the following URL.

(Rakuten Group home page) <http://global.rakuten.com/corp/investors/documents/results/>

Significant accounting estimates and judgment

Preparation of the summary of consolidated financial statements under IFRS for the three months ended March 31, 2013 involves accounting estimates in respect of certain significant matters. Meanwhile, in the process of adopting accounting policies, management of the Group is required to make own judgments. Result of accounting estimation by its nature could be different from the actual outcome.

Accounting estimates and accounting assumptions are subject to continuous review. Changes in accounting estimates are recognized in the fiscal year in which such changes take place as well as fiscal years that follow.

Judgments and estimates that have significant impact on the amounts in this summary of consolidated financial statements for the three months ended March 31, 2013 remain the same as those that had significant impact on the amounts in the consolidated financial statements for the previous fiscal year.

Segment Information

1. Reportable segment overview

The Rakuten Group, a provider of wide-range of internet related services, has aligned its businesses along two main axes, Internet services and Internet financial services, and reports its financial results by three reportable segments: Internet Services, Internet Finance, and Others.

The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and to assess performance.

Activities in the Internet Services segment consist of the operation of e-commerce sites, including the Rakuten Ichiba Internet shopping mall, travel booking sites, e-book business, portal sites and other sites, as well as services based on these sites, such as advertising and contents.

Activities in the Internet Finance segment involve internet banking and securities services via the Internet, credit card services, insurance business, e-money services and other financial services.

Activities in the Others segment mainly consists of IP telephony services and the management of a professional baseball team.

2. Measurement of Segment Revenue and Segment Profit (Loss) by Operating Segments

In the first three months of the current fiscal year, the reported operating segments were accounted for in accordance with IFRS as stated in the significant accounting policies, and the operating segment revenue and profit or loss are those before intersegment eliminations and other consolidation adjustments, except for certain consolidated subsidiaries. Thus the operating segment profit or loss is the amount based on operating income or loss in accordance with IFRS.

In the first three months of the previous fiscal year, the reported operating segments were accounted for in accordance with accounting standards generally accepted in Japan, but the operating segment information has been restated in accordance with IFRS as adopted from the first three months of the current fiscal year.

For the three months ended March 31, 2012 (January 1 to March 31, 2012)

(Millions of Yen)

	Internet Services	Internet Finance	Others	Total
Segment Revenue	59,568	29,350	7,110	96,028
Segment Profit (Loss)	14,726	4,201	(278)	18,649

For the three months ended March 31, 2013 (January 1 to March 31, 2013)

	Internet Services	Internet Finance	Others	Total
Segment Revenue	68,667	46,170	6,717	121,554
Segment Profit (Loss)	15,727	10,088	(205)	25,610

In addition, the Group does not allocate assets and liabilities to operating segments used by the chief operating decision maker.

Reconciliation from Segment Revenue to Consolidated Revenue

(Millions of Yen)

	Three months ended March 31, 2012 (January 1 to March 31, 2012)	Three months ended March 31, 2013 (January 1 to March 31, 2013)
Segment Revenue	96,028	121,554
Intercompany Transactions, etc.	(6,230)	(8,406)
Consolidated Revenue	89,798	113,148

Reconciliation from Segment Profit (Loss) to Income Before Income Tax

(Millions of Yen)

	Three months ended March 31, 2012 (January 1 to March 31, 2012)	Three months ended March 31, 2013 (January 1 to March 31, 2013)
Segment Profit	18,649	25,610
Intercompany Transactions, etc.	(37)	(2,699)
Operating Income	18,612	22,911
Financial Income and Expenses	(453)	(448)
Share of Profit (Loss) of Associates	59	(51)
Income Before Income Tax	18,218	22,412

Breakdown of Operating Expenses

(Millions of Yen)

	Three months ended March 31, 2012 (January 1 to March 31, 2012)	Three months ended March 31, 2013 (January 1 to March 31, 2013)
Advertising and promotion expenditures	9,600	15,096
Employee benefits expenses	16,637	20,730
Depreciation and amortization	5,156	5,888
Communication and maintenance expenses	3,722	4,232
Consignment and subcontract expenses	5,241	6,097
Allowance for doubtful accounts charged to expenses	2,488	3,205
Cost of sales of merchandise	8,929	10,283
Interest expense for finance business	1,673	1,201
Commission fee expense for finance business	1,311	1,227
Insurance claims and other payments, and provision of policy reserves and others for insurance business	—	2,806
Others	15,434	19,314
Total	70,191	90,079

Notes on significant subsequent events: No items to report