

The following information was originally prepared and published by the Company in Japanese as it contains timely disclosure materials to be submitted to the Tokyo Stock 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 nine months ended September 30, 2013

Rakuten, Inc.
November 7, 2013

Company name	Rakuten, Inc.	Listed	Tokyo Stock 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: November 7, 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 nine months ended September 30 of Fiscal 2013 (January 1 – September 30, 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	%
Nine months ended September 30, 2013	369,725	32.1	71,020	22.9	69,601	22.8	36,801	13.2
Nine months ended September 30, 2012	279,838	—	57,776	—	56,680	—	32,524	—

	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
Nine months ended September 30, 2013	36,339	13.0	51,443	55.2	27.62	27.49
Nine months ended September 30, 2012	32,168	—	33,155	—	24.48	24.42

(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 September 30, 2013	2,883,675	289,055	282,872	9.8
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	—	0.00	—		
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 7, 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)
 - 1,322,974,100 shares (As of September 30, 2013)
 - 1,320,626,600 shares (As of December 31, 2012)
2. Number of treasury stocks at the end of the period
 - 6,033,464 shares (As of September 30, 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)
 - 1,315,596,482 shares (Nine months ended September 30, 2013)
 - 1,313,854,321 shares (Nine months ended September 30, 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 period 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 year ended December 31, 2012, and from the previous 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 Third Quarter of the Fiscal Year Ending December 31, 2013

In the world economy during the first three quarters of the current fiscal year (January 1, 2013 to September 30, 2013), the European debt crisis and a slowdown in economic growth in newly developing regions posed risks of an economic downturn. Meanwhile, in the Japanese economy, the recovery trend has been strong, 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 enhanced its services for smartphones, tablet devices and other smart devices, whose users have been increasing in number at exponential rates, engaged in marketing utilizing big data, and promoted Rakuten Ichiba's B2B2C marketplace model to the world, mainly through large-scale sales events such as the "Rakuten Super Sale". We also worked on enhancing logistics services through "Rakuten Super Logistics", our logistics agency services for corporate clients. In the Internet Finance business segment, we aggressively expanded the business centering on Rakuten Card, which has notable synergies with Internet Services. The revitalization of the financial market also contributed to the growth in profits of the finance business during the first three quarters of the current fiscal year. Furthermore, we proactively developed the e-book service Kobo as well as video streaming services in Japan and abroad with the aim of strengthening the digital contents business which we position as one of the pillars of our future growth strategy. 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 ¥369,725 million, a 32.1% year-on-year increase, in the first three quarters of the current fiscal year. Operating income grew 22.9% year on year to ¥71,020 million, and net income attributable to owners of the parent company amounted to ¥36,339 million, up 13.0% compared to the same period in the previous year.

(Millions of yen)

	Nine months ended September 30, 2012	Nine months ended September 30, 2013	Amount Change YoY	% Change YoY
Revenue	279,838	369,725	89,887	32.1%
Operating income	57,776	71,020	13,244	22.9%
Net income (Attributable to owners of the parent company)	32,168	36,339	4,171	13.0%

(2) Segment Information

Business results for each segment are as follows:

Internet Services

In the Internet Services segment during the first three quarters of the current fiscal year, Rakuten actively worked on strengthening its services for smart devices, promoting personalized marketing utilizing Big Data, and running large-scale sales events such as the "Rakuten Super Sale" and the "Rakuten Victory Sale" to celebrate the first league title victory of the Tohoku Rakuten Eagles baseball team, among other initiatives in its core "Rakuten Ichiba" service. We also strove to enhance our logistics services in line with the B2B2C marketplace model through "Rakuten Super Logistics" among other services. As a result of these efforts, we saw strong performance in the number of unique buyers and orders. Domestic e-commerce gross merchandise sales rose by 18.3% over the same period in the previous year, and we continued 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 car rental and inbound services (services for reservations from foreign language websites), resulting in a 14.5% year-on-year increase in gross transaction value.

At its overseas ventures, Rakuten focused on marketplace-model services while also horizontally rolling out a range of strategic expertise including the points program and the “Rakuten Super Sale”, which have proven successful in Japan. Consequently, gross merchandise sales for these services have grown and are contributing to the expansion of operations.

In addition, we offered new products and services in the e-book business and video streaming services with a view to strengthening the digital content business.

As a result, revenue in the Internet Services segment climbed 18.3% year-on-year to ¥220,246 million. While profit from existing businesses continue to grow, segment profit declined 7.6% year-on-year to ¥39,477 million as a result of continued investments in future growth fields.

(Millions of yen)

	Nine months ended September 30, 2012	Nine months ended September 30, 2013	Amount Change YoY	% Change YoY
Segment Revenue	186,139	220,246	34,107	18.3%
Segment Profit	42,703	39,477	(3,226)	(7.6)%

Internet Finance

In the Internet Finance segment during the first three quarters of the current fiscal year, the shopping transaction value for credit card and related services rose 39.6% 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 profit grew substantially, including a 260.0% increase over the same period of the previous year in proceeds from domestic stock trading, supported by the revitalization of the financial 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 ¥147,747 million in revenue, a 66.2% year-on-year increase, while segment profit grew 143.4% year on year to ¥32,006 million.

(Millions of yen)

	Nine months ended September 30, 2012	Nine months ended September 30, 2013	Amount Change YoY	% Change YoY
Segment Revenue	88,921	147,747	58,826	66.2%
Segment Profit	13,151	32,006	18,855	143.4%

Others

In the Others segment during the first three quarters of the current fiscal year, operating income remained strong in telecommunications services due to the growth of cloud services and call services for smartphones, in addition to improvements in management efficiency. In the professional sports division, the first league title victory of the baseball team since its establishment contributed to record high attendance numbers as well as robust sales of related goods.

As a result, revenue in the segment was ¥25,984 million, a 0.6% year-on-year increase, while segment profit was ¥3,877 million, a 55.7% year-on-year increase.

(Millions of yen)

	Nine months ended September 30, 2012	Nine months ended September 30, 2013	Amount Change YoY	% Change YoY
Segment Revenue	25,818	25,984	166	0.6%
Segment Profit	2,491	3,877	1,386	55.7%

(2) Qualitative Information Concerning Consolidated Financial Position

i) Assets, Liabilities, and Net Assets

Assets

Total assets at the end of the first three quarters of the current fiscal year amounted to ¥2,883,675 million, an increase of ¥596,041 million from ¥2,287,634 million at the end of the previous fiscal year. Primary factors were a ¥73,751 million decline in investment securities for banking business, an amount offset by an increase of ¥401,323 million in financial assets for securities business backed by lively trading in the financial markets, an increase of ¥63,263 million in loans for credit card business in conjunction with an increase of credit card receivables, an increase of ¥43,426 million in intangible assets associated with factors such as the acquisition of Viki (USA) as well as exchange rate fluctuations, and an increase of ¥38,388 million in loans for banking business associated with an increase in personal loans.

Liabilities

Total liabilities at the end of the first three quarters of the current fiscal year were ¥2,594,620 million, an increase of ¥548,898 million from ¥2,045,722 million at the end of the previous fiscal year. Primary factors were a ¥362,531 million rise in financial liabilities for securities business due mainly to an expansion in consignment trades for securities, an increase of ¥99,764 million in deposits for banking business, a ¥52,399 million increase in bonds and borrowings mainly due to an increase in commercial papers and the borrowing of call loans in the securities business.

Net assets

Net assets at the end of the first three quarters of the current fiscal year stood at ¥289,055 million, an increase of ¥47,143 million compared with the ¥241,912 million at the end of the previous fiscal year. Primary factors were a ¥33,828 million increase in retained earnings resulting from factors including ¥36,339 million in net income attributable to owners of the parent company for the first three quarters of the current fiscal year and cash dividends paid of ¥3,944 million, and a ¥12,094 million rise in foreign currency translation adjustments resulting from fluctuations in the foreign exchange market.

ii) Cash Flows

Cash and cash equivalents at the end of the first three quarters of the current fiscal year was ¥345,177 million, an increase of ¥75,063 million from the end of the previous fiscal year. Cash flow conditions and their major factors for the first three quarters of the current fiscal year are as follows:

Net cash flows used in operating activities

Net cash flows from operating activities for the first three quarters of the current fiscal year resulted in a cash inflow of ¥14,314 million (compared with a cash inflow of ¥80,455 million for the same period of the previous year). Primary factors included a cash outflow of ¥63,262 million for an increase in loans for credit card business, a net cash outflow of ¥38,792 million following changes in financial assets and financial liabilities for securities business due to the revitalization of the financial market (a cash outflow of ¥401,323 million for an increase in financial assets and a cash inflow of ¥362,531 million for an increase in financial liabilities), a cash outflow of ¥38,389 million for an increase in loans for banking business, and a cash outflow of ¥32,000 million for an increase in call loans for banking business, a cash inflow of ¥99,764 million for an increase in deposits for banking business; a cash inflow of ¥69,601 million for income before income tax; and the recording of non-cash flow items including ¥18,866 million for depreciation and amortization.

Net cash flows from investing activities

Net cash flows from investing activities for the first three quarters of the current fiscal year resulted in a cash inflow of ¥13,529 million (compared with a cash inflow of ¥49,012 million for the same period of the previous year). Primary factors included: a cash outflow of ¥28,775 million for acquisition of subsidiaries; a cash outflow of ¥16,959 million for purchase of intangible assets including software; and a net cash inflow of ¥74,650 million for proceeds from sales and redemption of investment securities for

banking business (a cash outflow of ¥118,521 million for purchase of investment securities and a cash inflow of ¥193,171 million for proceeds from sales and redemption of investment securities).

Net cash flows from financing activities

Net cash flows from financing activities for the first three quarters of the current fiscal year resulted in a cash inflow of ¥43,395 million (compared with a cash outflow of ¥56,581 million for the same period of the previous year). Primary factors included a cash outflow of ¥56,987 million for repayment of long-term debt, a cash inflow of ¥54,000 million for proceeds from long-term debt, a cash inflow of ¥28,291 million for net increase in short-term borrowings, and a cash inflow of ¥24,500 million for an increase in commercial papers.

(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 previous fiscal year's 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 Rakuten Group in this summary of consolidated financial statements for the nine months ended September 30, 2013 basically remain the same as those adopted in the consolidated financial statements for the previous fiscal year. In addition, income tax expense for the nine months ended September 30, 2013 is calculated based upon estimated annual effective tax rate.

Impact from the adoption of the new accounting standards

The Rakuten Group started to adopt the 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 nine months ended September 30, 2013.

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

(Millions of Yen)

	As of December 31, 2012	As of September 30, 2013
(Assets)		
Cash and cash equivalents	270,114	345,177
Accounts receivable - trade	65,493	61,111
Financial assets for securities business	615,703	1,017,026
Loans for credit card business	402,418	465,681
Investment securities for banking business	296,326	222,575
Loans for banking business	189,669	228,057
Investment securities for insurance business	13,623	14,599
Derivative assets	10,674	13,048
Investment securities	23,411	27,696
Other financial assets	123,132	149,168
Investments in associates and joint ventures	6,601	7,970
Property, plant and equipment	24,143	28,482
Intangible assets	188,014	231,440
Deferred tax assets	40,546	43,416
Other assets	17,767	28,229
Total assets	2,287,634	2,883,675

(Millions of Yen)

	As of December 31, 2012	As of September 30, 2013
Liabilities		
Accounts payable - trade	79,965	78,518
Deposits for banking business	809,531	909,295
Financial liabilities for securities business	558,055	920,586
Derivative liabilities	4,685	8,189
Bonds and borrowings	305,186	357,585
Other financial liabilities	210,048	203,004
Income taxes payable	2,873	32,225
Provisions	29,614	34,819
Policy reserves and others for insurance business	18,496	18,757
Deferred tax liabilities	6,416	6,750
Other liabilities	20,853	24,892
Total liabilities	2,045,722	2,594,620
Net assets		
Equity attributable to owners of the parent company		
Common stock	108,255	109,151
Capital surplus	116,599	116,035
Retained earnings	20,873	54,701
Treasury stock	(3,626)	(3,649)
Other components of equity	(6,159)	6,634
Total equity attributable to owners of the parent company	235,942	282,872
Non-controlling interests	5,970	6,183
Total net assets	241,912	289,055
Total liabilities and net assets	2,287,634	2,883,675

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

Consolidated Statements of Income (Summary)

(For the nine months ended September 30, 2012 and 2013)

(Millions of yen)

	Nine months ended September 30, 2012 (January 1 to September 30, 2012)	Nine months ended September 30, 2013 (January 1 to September 30, 2013)
Continuing Operations		
Revenue	279,838	369,725
Operating expenses	220,062	297,817
Other income	509	1,022
Other expenses	2,509	1,910
Operating income	57,776	71,020
Financial income	169	159
Financial expenses	2,040	1,521
Share of profit/(loss) of associates	775	(57)
Income before income tax	56,680	69,601
Income tax expense	24,156	32,800
Net income	32,524	36,801
Net income attributable to:		
Owners of the parent company	32,168	36,339
Non-controlling interests	356	462
Net income	32,524	36,801
(Yen)		
Earnings per share attributable to owners of the parent company		
Basic	24.48	27.62
Diluted	24.42	27.49

Consolidated Statements of Income (Summary)
(For the three months ended September 30, 2012 and 2013)

(Millions of yen)

	Three months ended September 30, 2012 (July 1 to September 30, 2012)	Three months ended September 30, 2013 (July 1 to September 30, 2013)
Continuing Operations		
Revenue	98,589	128,845
Operating expenses	78,230	105,262
Other income	174	178
Other expenses	511	317
Operating income	20,022	23,444
Financial income	16	43
Financial expenses	637	433
Share of profit of associates	321	200
Income before income tax	19,722	23,254
Income tax expense	8,941	12,246
Net income	10,781	11,008
Net income attributable to:		
Owners of the parent company	10,621	10,723
Non-controlling interests	160	285
Net income	10,781	11,008
(Yen)		
Earnings per share attributable to owners of the parent company		
Basic	8.08	8.14
Diluted	8.07	8.09

Consolidated Statement of Comprehensive Income (Summary)
(For the nine months ended September 30, 2012 and 2013)

(Millions of yen)

	Nine months ended September 30, 2012 (January 1 to September 30, 2012)	Nine months ended September 30, 2013 (January 1 to September 30, 2013)
Net income	32,524	36,801
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	(836)	4,000
Income tax relating to gains and losses on financial assets measured at fair value through other comprehensive income	397	(1,442)
Share of other comprehensive income of associates	28	22
Total items that will not be reclassified to net income	(411)	2,580
Items that may be reclassified to net income		
Foreign currency translation adjustments	888	12,135
The portion of gains or losses on effective cash flow hedges recognized in other comprehensive income	(473)	(277)
Income tax relating to the portion of gains or losses on effective cash flow hedges recognized in other comprehensive income	186	99
The portion of gains or losses on effective cash flow hedges reclassified from other comprehensive income to net income	711	166
Income tax relating to the portion of gains or losses on effective cash flow hedges reclassified from other comprehensive income to net income	(270)	(61)
Total items that may be reclassified to net income	1,042	12,062
Other comprehensive income, net of tax	631	14,642
Comprehensive income	33,155	51,443
Total comprehensive income attributable to		
Owners of the parent company	32,823	50,942
Non-controlling interests	332	501
Comprehensive income	33,155	51,443

Consolidated Statement of Comprehensive Income (Summary)
(For the three months ended September 30, 2012 and 2013)

(Millions of yen)

	Three months ended September 30, 2012 (July 1 to September 30, 2012)	Three months ended September 30, 2013 (July 1 to September 30, 2013)
Net income	10,781	11,008
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	(945)	(456)
Income tax relating to gains and losses on financial assets measured at fair value through other comprehensive income	517	156
Share of other comprehensive income of associates	4	7
Total items that will not be reclassified to net income	(424)	(293)
Items that may be reclassified to net income		
Foreign currency translation adjustments	579	1,595
The portion of gains or losses on effective cash flow hedges recognized in other comprehensive income	(331)	(210)
Income tax relating to the portion of gains or losses on effective cash flow hedges recognized in other comprehensive income	121	75
The portion of gains or losses on effective cash flow hedges reclassified from other comprehensive income to net income	459	58
Income tax relating to the portion of gains or losses on effective cash flow hedges reclassified from other comprehensive income to net income	(174)	(21)
Total items that may be reclassified to net income	654	1,497
Other comprehensive income, net of tax	230	1,204
Comprehensive income	11,011	12,212
Total comprehensive income attributable to		
Owners of the parent company	10,856	11,932
Non-controlling interests	155	280
Comprehensive income	11,011	12,212

(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	—	—	32,168	—	—	—	—	—	32,168	356	32,524
Other comprehensive income, net of tax	—	—	—	—	912	(410)	153	655	655	(24)	631
Total comprehensive income	—	—	32,168	—	912	(410)	153	655	32,823	332	33,155
Transactions with owners											
Contributions by and distributions to owners of the Company											
Issuance of common stock	233	233	—	—	—	—	—	—	466	—	466
Cash dividends paid	—	—	(3,284)	—	—	—	—	—	(3,284)	—	(3,284)
Others	—	215	9	(0)	—	(63)	—	(63)	161	—	161
Total contributions by and distributions to owners of the Company	233	448	(3,275)	(0)	—	(63)	—	(63)	(2,657)	—	(2,657)
Changes in ownership interests in subsidiaries											
Issuance of common stock	—	—	—	—	—	—	—	—	—	30	30
Acquisitions and disposals of non-controlling interests	—	13	—	—	—	—	—	—	13	1,140	1,153
Others	—	(402)	—	—	—	—	—	—	(402)	(87)	(489)
Total changes in ownership interests in subsidiaries	—	(389)	—	—	—	—	—	—	(389)	1,083	694
Total transactions with owners	233	59	(3,275)	(0)	—	(63)	—	(63)	(3,046)	1,083	(1,963)
As of September 30, 2012	108,192	116,923	32,534	(3,626)	(17,211)	1,553	(221)	(15,879)	238,144	5,394	243,538
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	—	—	36,339	—	—	—	—	—	36,339	462	36,801
Other comprehensive income net of tax	—	—	—	—	12,094	2,582	(73)	14,603	14,603	39	14,642
Total comprehensive income	—	—	36,339	—	12,094	2,582	(73)	14,603	50,942	501	51,443
Transactions with owners											
Contributions by and distributions to owners of the Company											
Issuance of common stock	896	896	—	—	—	—	—	—	1,792	—	1,792
Cash dividends paid	—	—	(3,944)	—	—	—	—	—	(3,944)	—	(3,944)
Transfer of other components of equity to retained earnings	—	—	1,810	—	—	(1,810)	—	(1,810)	—	—	—
Others	—	572	(377)	(23)	—	—	—	—	172	—	172
Total contributions by and distributions to owners of the parent company	896	1,468	(2,511)	(23)	—	(1,810)	—	(1,810)	(1,980)	—	(1,980)

Changes in ownership interests in subsidiaries											
Issuance of common stock	—	—	—	—	—	—	—	—	—	48	48
Acquisitions and disposals of non-controlling interests	—	(2,084)	—	—	—	—	—	—	(2,084)	(208)	(2,292)
Others	—	52	—	—	—	—	—	—	52	(128)	(76)
Total changes in ownership interests in subsidiaries	—	(2,032)	—	—	—	—	—	—	(2,032)	(288)	(2,320)
Total transactions with owners	896	(564)	(2,511)	(23)	—	(1,810)	—	(1,810)	(4,012)	(288)	(4,300)
As of September 30, 2013	109,151	116,035	54,701	(3,649)	4,312	2,598	(276)	6,634	282,872	6,183	289,055

(4) Consolidated Statement of Cash Flows (Summary)

(Millions of Yen)

	Nine months ended September 30, 2012 (January 1 to September 30, 2012)	Nine months ended September 30, 2013 (January 1 to September 30, 2013)
Net cash flows from operating activities		
Income before income tax	56,680	69,601
Depreciation and amortization	15,545	18,866
Other loss (profit)	2,725	472
Decrease (Increase) in operating receivables	4,508	7,949
Decrease (Increase) in loans for credit card business	(40,298)	(63,262)
Increase (Decrease) in deposits for banking business	34,565	99,764
Decrease (Increase) in call loans for banking business	38,000	(32,000)
Decrease (Increase) in loans for banking business	(28,659)	(38,389)
Increase (Decrease) in operating payables	(6,482)	(4,836)
Increase (Decrease) in accounts payable — other and accrued expenses	(2,460)	(6,295)
Decrease (Increase) in financial assets for securities business	(45,516)	(401,323)
Increase (Decrease) in financial liabilities for securities business	46,195	362,531
Others	10,108	8,429
Income tax paid	(6,694)	(8,408)
Income tax refund	2,238	1,215
Net cash flows from operating activities	80,455	14,314
Net cash flows from investing activities		
Increase in time deposits	(6,021)	(5,892)
Decrease in time deposits	9,944	3,916
Purchase of property, plant and equipment	(3,869)	(6,199)
Purchase of intangible assets	(14,125)	(16,959)
Acquisition of subsidiaries	(26,664)	(28,775)
Purchase of investment securities for banking business	(213,180)	(118,521)
Proceeds from sales and redemption of investment securities for banking business	307,663	193,171
Purchase of investment securities for insurance business	—	(4,827)
Proceeds from sales and redemption of investment securities for insurance business	—	3,821
Purchase of investment securities	(9,280)	(4,178)
Proceeds from sales and redemption of investment securities	2,657	5,171
Other payments	(2,846)	(8,241)
Other proceeds	4,733	1,042
Net cash flows from investing activities	49,012	13,529
Net cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,110	28,291
Increase (Decrease) in commercial papers	18,500	24,500
Proceeds from long-term debt	18,210	54,000
Repayment of long-term debt	(81,963)	(56,987)

(Millions of Yen)

	Nine months ended September 30, 2012 (January 1 to September 30, 2012)	Nine months ended September 30, 2013 (January 1 to September 30, 2013)
Cash dividends paid	(3,284)	(3,962)
Others	(9,154)	(2,447)
Net cash flows (used in) from financing activities	(56,581)	43,395
Effect of change in exchange rates on cash and cash equivalents	180	3,825
Net increase in cash and cash equivalents	73,066	75,063
Cash and cash equivalents at the beginning of the period	152,801	270,114
Cash and cash equivalents at the end of the period	225,867	345,177

(5) Assumptions for going concern

For the nine months ended September 30, 2013 (January 1, 2013 – September 30, 2013)

No items to report

(6) Notes to the summary of consolidated financial statements for the nine months ended September 30, 2013

Basis of preparation

The Rakuten Group’s summary of consolidated financial statements for the nine months ended September 30, 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 Rakuten 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 Rakuten Group in this summary of consolidated financial statements for the nine months ended September 30, 2013 basically remain the same as those adopted in the consolidated financial statements for the previous fiscal year. Moreover, such accounting policies have been stated in the Voluntary Disclosure under IFRS for the fiscal year ended December 31, 2012, on our Website.

Income tax expense for the nine months ended September 30, 2013 is calculated based upon estimated annual effective tax rate.

Impact from the adoption of the new accounting standards

The Rakuten Group started to adopt the 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 nine months ended September 30, 2013.

Significant accounting estimates and judgments

Preparation of the summary of consolidated financial statements under IFRS for the nine months ended September 30, 2013 involves accounting estimates in respect of certain significant matters. Meanwhile, in the process of adopting accounting policies, management of the Rakuten 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.

Estimates and judgments that have significant impact on the amounts in this summary of consolidated financial statements for the nine months ended September 30, 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 Rakuten 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 consist 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 nine 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 nine 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 nine months of the current fiscal year.

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

For the nine months ended September 30, 2012 (January 1 to September 30, 2012)

(Millions of Yen)

	Internet Services	Internet Finance	Others	Total
Segment Revenue	186,139	88,921	25,818	300,878
Segment Profit	42,703	13,151	2,491	58,345

For the nine months ended September 30, 2013 (January 1 to September 30, 2013)

(Millions of Yen)

	Internet Services	Internet Finance	Others	Total
Segment Revenue	220,246	147,747	25,984	393,977
Segment Profit	39,477	32,006	3,877	75,360

For the three months ended September 30, 2012 (July 1 to September 30, 2012)

(Millions of Yen)

	Internet Services	Internet Finance	Others	Total
Segment Revenue	67,426	30,128	9,499	107,053
Segment Profit	13,754	4,893	1,452	20,099

For the three months ended September 30, 2013 (July 1 to September 30, 2013)

(Millions of Yen)

	Internet Services	Internet Finance	Others	Total
Segment Revenue	78,331	49,881	9,902	138,114
Segment Profit	11,930	10,424	2,247	24,601

Reconciliation from Segment Revenue to Consolidated Revenue

(Millions of Yen)

	Nine months ended September 30, 2012 (January 1 to September 30, 2012)	Nine months ended September 30, 2013 (January 1 to September 30, 2013)
Segment Revenue	300,878	393,977
Intercompany transactions, etc.	(21,040)	(24,252)
Consolidated Revenue	279,838	369,725

(Millions of Yen)

	Three months ended September 30, 2012 (July 1 to September 30, 2012)	Three months ended September 30, 2013 (July 1 to September 30, 2013)
Segment Revenue	107,053	138,114
Intercompany transactions, etc.	(8,464)	(9,269)
Consolidated Revenue	98,589	128,845

Reconciliation from Segment Profit to Income Before Income Tax

(Millions of Yen)

	Nine months ended September 30, 2012 (January 1 to September 30, 2012)	Nine months ended September 30, 2013 (January 1 to September 30, 2013)
Segment Profit	58,345	75,360
Intercompany transactions, etc.	(569)	(4,340)
Operating income	57,776	71,020
Financial income and expenses	(1,871)	(1,362)
Share of profit (loss) of associates	775	(57)
Income before income tax	56,680	69,601

(Millions of Yen)

	Three months ended September 30, 2012 (July 1 to September 30, 2012)	Three months ended September 30, 2013 (July 1 to September 30, 2013)
Segment Profit	20,099	24,601
Intercompany transactions, etc.	(77)	(1,157)
Operating income	20,022	23,444
Financial income and expenses	(621)	(390)
Share of profit of associates	321	200
Income before income tax	19,722	23,254

Breakdown of Operating Expenses

(Millions of Yen)

	Nine months ended September 30, 2012 (January 1 to September 30, 2012)	Nine months ended September 30, 2013 (January 1 to September 30, 2013)
Advertising and promotion expenditures	32,631	52,817
Employee benefits expenses	51,465	67,955
Depreciation and amortization	15,545	18,866
Communication and maintenance expenses	11,254	13,309
Consignment and subcontract expenses	16,341	20,109
Allowance for doubtful accounts charged to expenses	7,476	9,658
Cost of sales of merchandise	28,264	32,984
Interest expense for finance business	4,347	3,565
Commission expense for finance business	3,706	3,866
Insurance claims and other payments, and provision of policy reserves and others for insurance business	—	8,651
Others	49,033	66,037
Total	220,062	297,817

(Millions of Yen)

	Three months ended September 30, 2012 (July 1 to September 30, 2012)	Three months ended September 30, 2013 (July 1 to September 30, 2013)
Advertising and promotion expenditures	11,993	19,056
Employee benefits expenses	17,988	24,131
Depreciation and amortization	5,242	6,637
Communication and maintenance expenses	3,760	4,542
Consignment and subcontract expenses	5,562	7,360
Allowance for doubtful accounts charged to expenses	2,329	3,147
Cost of sales of merchandise	11,427	12,406
Interest expense for finance business	1,261	1,157
Commission expense for finance business	1,303	1,318
Insurance claims and other payments, and provision of policy reserves and others for insurance business	—	2,708
Others	17,365	22,800
Total	78,230	105,262

Notes on significant subsequent events: No items to report