

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 six months ended June 30, 2014

Rakuten, Inc.
August 4, 2014

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: August 4, 2014		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 six months ended June 30 of Fiscal 2014 (January 1 – June 30, 2014)

(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	%
Six months ended June 30, 2014	276,602	14.8	44,776	(5.9)	43,742	(5.6)	23,346	(9.5)
Six months ended June 30, 2013	240,880	32.9	47,576	26.0	46,347	25.4	25,793	18.6

	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
Six months ended June 30, 2014	23,086	(9.9)	18,398	(53.1)	17.49	17.39
Six months ended June 30, 2013	25,616	18.9	39,231	77.2	19.48	19.41

(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 June 30, 2014	3,219,426	321,185	314,814	9.8
As of December 31, 2013	3,209,808	306,454	300,063	9.3

2. Dividend Distribution

	Annual dividend per share				
	1Q	2Q	3Q	Annual	Total
	Yen	Yen	Yen	Yen	Yen
FY2013	—	0.00	—	4.00	4.00
FY2014	—	0.00	—	—	—
FY2014 (Forecast)	—	—	—	—	—

Note: Dividend per share for FY2014 is not yet decided, and there are no changes to this previously disclosed dividend forecast.

3. Forecast of Consolidated Operating Results for Fiscal 2014 (January 1 to December 31, 2014)

Consolidated revenue and operating income in Fiscal 2014, excluding the securities business whose results are heavily impacted by the stock market (and excluding additional line items, if any), are expected to surpass the levels of Fiscal 2013. For details, see page P. 7 Qualitative Information, Financial Statements, etc. (3) Qualitative Information about Consolidated Business Forecasts.

Note: There are no changes to this previously disclosed forecast of operating results.

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 8, 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)
 - 1,327,257,300 shares (As of June 30, 2014)
 - 1,323,863,100 shares (As of December 31, 2013)
2. Number of treasury stocks at the end of the period
 - 6,033,339 shares (As of June 30, 2014)
 - 6,033,466 shares (As of December 31, 2013)
3. Average number of shares during the period (cumulative from the beginning of the period)
 - 1,319,600,834 shares (Six months ended June 30, 2014)
 - 1,315,045,254 shares (Six months ended June 30, 2013)

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

- Consolidated forecasts for the year ending December 31, 2014 are based on information that is available at the time of writing, but a number of known and unknown factors could cause actual results to differ from the projections.

Qualitative Information, Financial Statements, etc.

1. Qualitative Information Concerning Consolidated Business Results

(1) Business Results for the Second Quarter of the Fiscal Year Ending December 31, 2014

In the world economy during the first half of the current fiscal year (January 1, 2014 to June 30, 2014), an improvement trend continued despite the impact of reduced monetary easing by the U.S. and signs of uncertainty regarding the economic outlook in emerging nations. The Japanese economy continued on a moderate recovery track, underpinned by the effect of monetary and financial measures, despite signs of weakening seen in some areas due to the rebound following last-minute demand associated with the consumption tax hike.

Meanwhile, according to the most recent White Paper on Information and Communications released by the Ministry of Internal Affairs and Communications (*), information and communications technology (ICT) such as Internet and mobile phones is spreading rapidly in emerging nations and newly developing regions as well. The number of Internet users worldwide continues to rise, climbing from 1.02 billion globally in 2005 to 2.92 billion in 2014. The expansion of the ICT market, which continues to show solid growth throughout the world, is considered to be a paradigm shift, and it is believed that this market will take on even greater importance in the future.

Under such an environment, the Rakuten Group further strengthened its promotion of its growth strategy. Specifically, in the first quarter of the current fiscal year, we acquired VIBER MEDIA LTD. (hereinafter "Viber"), which operates a mobile messaging service and VoIP service on a global scale, and made it a wholly owned subsidiary. We believe that Viber's wide customer base will complement the Group's digital strategy, while firming up our platform for global expansion of Internet Services and Internet Finance services. In addition, in Internet Services, the Rakuten Group enhanced its services for smart devices (smartphones and tablet devices), and promoted Rakuten Ichiba's B2B2C marketplace model to the world mainly through large-scale sales events such as the Rakuten Super Sale, while in Internet Finance, the membership base for Rakuten Card expanded further. Through these measures, the Rakuten ecosystem continues to show solid expansion and growth.

As a result of these efforts, the Rakuten Group achieved revenue of ¥276,602 million, a 14.8% year-on-year increase, in the first half of the current fiscal year. Operating income decreased 5.9% year on year to ¥44,776 million, due to continued advance investments in Internet Services and the impact of a slowdown in the stock market on the securities business, and net income attributable to owners of the parent company amounted to ¥23,086 million, down 9.9% compared to the same period of the previous year.

(Millions of yen)

	Six months ended June 30, 2013	Six months ended June 30, 2014	Amount Change YoY	% Change YoY
Revenue	240,880	276,602	35,722	14.8%
Operating income	47,576	44,776	(2,800)	(5.9)%
Net income (Attributable to owners of the parent company)	25,616	23,086	(2,530)	(9.9)%

(2) Segment Information

Business results for each segment are as follows:

Internet Services

In the Internet Services segment during the first half of the current fiscal year, Rakuten actively worked on strengthening its services for smart devices, promoting personalized marketing which utilizes big data, and executing large-scale sales events such as the Rakuten Super Sale among other initiatives in its core Rakuten Ichiba service. As a result of these initiatives, the number of unique buyers and number of orders performed strongly. Rakuten's domestic e-commerce gross merchandise sales

(transaction value) were favorable. In Travel services, demand was strong among corporate customers and for car rental and inbound services.

In its overseas ventures, Rakuten focused on developing its marketplace-model services. Consequently, gross merchandise sales for these services have grown and are contributing to the expansion of operations. With regard to advance investments in future growth fields, management focuses on ROI while strictly controlling costs.

As a result, revenue for the segment rose to ¥165,949 million, a 16.9% year-on-year increase. While profit from existing businesses continue to grow steadily, segment profit declined 17.5% year on year to ¥22,714 million, reflecting ongoing advance investments in future growth fields.

(Millions of yen)

	Six months ended June 30, 2013	Six months ended June 30, 2014	Amount Change YoY	% Change YoY
Segment Revenue	141,915	165,949	24,034	16.9%
Segment Profit	27,547	22,714	(4,833)	(17.5)%

Internet Finance

In the Internet Finance segment during the first half of the current fiscal year, in credit card and related services, shopping transaction value, accompanying an increase in Rakuten Card membership, rose 43.0% over the same period of the previous year. Moreover, solid growth in revolving balances resulted in a rise in income including commission income, and notable growth continues in profit. In securities services, revenue and profit declined compared to the same period of the previous fiscal year when extremely high domestic stock trading value was recorded due to the effect of stock market conditions. However, the balance of investment trusts, which provide stable income, grew steadily. 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 ¥111,143 million in revenue, a 13.6% year-on-year increase, while segment profit decreased 4.2% year on year to ¥20,675 million.

(Millions of yen)

	Six months ended June 30, 2013	Six months ended June 30, 2014	Amount Change YoY	% Change YoY
Segment Revenue	97,866	111,143	13,277	13.6%
Segment Profit	21,582	20,675	(907)	(4.2)%

Others

In the Others segment during the first half of the current fiscal year, operating profit remained strong in telecommunications services due to the growth of communication services for smartphones such as Rakuten Denwa, and cloud services. In the professional sports division, sponsor sales and sales of related goods were robust.

In addition, the Group acquired Viber, and made it a consolidated subsidiary at the end of the first quarter of the current fiscal year.

As a result, revenue for the segment was ¥21,451 million, a 33.4% year-on-year increase, while segment profit was ¥2,078 million, a 27.5% year-on-year increase.

(Millions of yen)

	Six months ended June 30, 2013	Six months ended June 30, 2014	Amount Change YoY	% Change YoY
Segment Revenue	16,082	21,451	5,369	33.4%
Segment Profit	1,630	2,078	448	27.5%

*Source: 2014 Report on the Current Status of Information and Communications (Ministry of Internal Affairs and Communications)

(2) Qualitative Information Concerning Consolidated Financial Position

i) Assets, Liabilities, and Net Assets

Assets

Total assets at the end of the first half of the current fiscal year amounted to ¥3,219,426 million, an increase of ¥9,618 million from ¥3,209,808 million at the end of the previous fiscal year. Primary factors were a ¥177,791 million decline in financial assets for securities business and a ¥9,392 million decrease in accounts receivable - trade, which were offset by an increase of ¥89,020 million in intangible assets associated with factors such as the acquisition of Viber, an increase of ¥39,104 million in loans for credit card business, an increase of ¥36,273 million in loans for banking business, an increase of ¥28,374 million in cash and cash equivalents, and an increase of ¥5,932 million in deferred tax assets.

Liabilities

Total liabilities at the end of the first half of the current fiscal year were ¥2,898,241 million, a decrease of ¥5,113 million from ¥2,903,354 million at the end of the previous fiscal year. Primary factors were an increase of ¥95,714 million in bonds and borrowings, and an increase of ¥53,879 million in deposits for banking business, which were offset by a ¥141,911 million decrease in financial liabilities for securities business and a decrease of ¥18,339 million in accounts payable - trade.

Equity

Equity at the end of the first half of the current fiscal year stood at ¥321,185 million, an increase of ¥14,731 million compared with the ¥306,454 million at the end of the previous fiscal year. Primary factors were a ¥4,948 million decrease in other components of equity resulting from fluctuations in the foreign exchange market, an amount offset by ¥17,780 million increase in retained earnings resulting from factors including ¥23,086 million in net income attributable to owners of the parent company for the first half of the current fiscal year.

ii) Cash Flows

Cash and cash equivalents at the end of the first half of the current fiscal year was ¥412,382 million, an increase of ¥28,374 million from the end of the previous fiscal year. Cash flow conditions and their major factors for the first half of the current fiscal year are as follows:

Net cash flows from operating activities

Net cash flows from operating activities for the first half of the current fiscal year resulted in a cash inflow of ¥45,100 million (compared with a cash outflow of ¥43,223 million for the same period of the previous year). Primary factors included a cash outflow of ¥39,104 million for an increase in loans for credit card business, a cash outflow of ¥36,273 million for an increase in loans for banking business, a cash inflow of ¥53,880 million for an increase of deposits for banking business, a net cash inflow of ¥35,880 million following changes in financial assets and financial liabilities for securities business (a cash inflow of ¥177,791 million for a decrease in financial assets and a cash outflow of ¥141,911 million for a decrease in financial liabilities), and a cash inflow of ¥43,742 million for income before income tax.

Net cash flows used in investing activities

Net cash flows used in investing activities for the first half of the current fiscal year resulted in a cash outflow of ¥101,395 million (compared with a cash inflow of ¥44,804 million for the same period of the previous year). Primary factors included a cash outflow of ¥76,635 million for acquisition of subsidiaries and a cash outflow of ¥12,187 million for purchase of intangible assets.

Net cash flows from financing activities

Net cash flows from financing activities for the first half of the current fiscal year resulted in a cash inflow of ¥86,382 million (compared with a cash inflow of ¥21,698 million for the same period of the previous year). Primary factors included a cash outflow of ¥37,470 million for repayment of long-term debt,

a cash outflow of ¥35,000 million for net decrease through repayment of commercial papers, a cash inflow of ¥145,767 million for proceeds from long-term debt and a cash inflow of ¥29,828 million for proceeds from issuance of bonds.

(3) Qualitative Information about Consolidated Business Forecasts

The outlook for each segment for the current fiscal year is as follows.

Internet Services

Strong growth in revenue is expected for Rakuten Ichiba and Travel services, and corresponding growth in profit is expected. Although it is possible that the growth rate in the second half of the fiscal year ending December 31, 2014 will be relatively moderate compared to the second half of the fiscal year ended December 31, 2013, where the first victory sale of the Tohoku Rakuten Golden Eagles baseball team in the Nippon Series had considerable effect, the upward trend in gross transaction value is expected to maintain its strong momentum amid market expansion, enhancements to Rakuten Group services, and other factors. Meanwhile, Rakuten plans to make strategic advance investments while emphasizing ROI in new businesses such as contents services and logistics services which are just emerging and where medium- to long-term profit growth is expected.

Internet Finance

In credit card and related services, revenue growth is expected to be high, on a level with that of the fiscal year ended December 31, 2013. Even taking into consideration the rise in marketing costs associated with capturing new members, profit is expected to surpass that of the fiscal year ended December 31, 2013. In banking services, robust profit is expected following an increase in assets. Meanwhile, it is difficult to make a forecast for securities services due to the substantial impact of stock market conditions.

Others

Stable profit growth is expected in telecommunications services. In the professional sports division, earnings such as ticket revenue and sponsor revenue may be affected by the performance of the Rakuten Eagles. As for Viber, the industry as a whole is in a period of notably high rapid growth, and it is difficult to estimate its future revenue as of this time.

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 six months ended June 30, 2014 basically remain the same as those adopted in the consolidated financial statements for the previous fiscal year. In addition, income tax expense for the six months ended June 30, 2014 is calculated based upon estimated annual effective tax rate.

Impact from the adoption of the new accounting standards

The Rakuten Group adopted the following accounting standards from the first quarter of the current fiscal year.

IFRS		Newly established or revised contents
IAS 32	Financial instruments: presentation (Amended Dec. 2011)	Clarification of the meaning of requirements of possession of current rights which are legally enforceable and clarification of offsetting criteria regarding settlement systems which apply gross settlement mechanisms that are not carried out simultaneously under existing IAS 32
IAS 36	Impairment of assets (Amended May 2013)	Clarification of the guidelines on disclosures of a recoverable amount of cash-generating units, which include important goodwill and intangible assets with indefinite useful lives

These standards have been adopted in accordance with their respective transitional provisions, and the adoption of above standards has no significant impact on the consolidated financial statements for the six months ended June 30, 2014.

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

(Millions of Yen)

	As of December 31, 2013	As of June 30, 2014
Assets		
Cash and cash equivalents	384,008	412,382
Accounts receivable - trade	73,443	64,051
Financial assets for securities business	1,218,987	1,041,196
Loans for credit card business	544,314	583,418
Investment securities for banking business	197,897	195,370
Loans for banking business	239,818	276,091
Investment securities for insurance business	10,233	13,054
Derivative assets	12,588	11,834
Investment securities	34,025	36,608
Other financial assets	159,058	153,050
Investments in associates and joint ventures	8,189	8,174
Property, plant and equipment	30,408	32,346
Intangible assets	235,881	324,901
Deferred tax assets	31,594	37,526
Other assets	29,365	29,425
Total assets	3,209,808	3,219,426

(Millions of Yen)

	As of December 31, 2013	As of June 30, 2014
Liabilities		
Accounts payable - trade	115,357	97,018
Deposits for banking business	959,960	1,013,839
Financial liabilities for securities business	1,077,971	936,060
Derivative liabilities	8,023	5,724
Bonds and borrowings	389,683	485,397
Other financial liabilities	226,771	237,410
Income taxes payable	30,191	24,585
Provisions	41,020	42,294
Policy reserves and others for insurance business	18,852	18,861
Deferred tax liabilities	9,123	9,161
Other liabilities	26,403	27,892
Total liabilities	2,903,354	2,898,241
Net assets		
Equity attributable to owners of the parent company		
Common stock	109,530	110,982
Capital surplus	116,555	117,022
Retained earnings	61,226	79,006
Treasury stock	(3,649)	(3,649)
Other components of equity	16,401	11,453
Total equity attributable to owners of the parent company	300,063	314,814
Non-controlling interests	6,391	6,371
Total net assets	306,454	321,185
Total liabilities and net assets	3,209,808	3,219,426

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

Consolidated Statements of Income (Summary)

(For the six months ended June 30, 2013 and 2014)

(Millions of yen)

	Six months ended June 30, 2013 (January 1 to June 30, 2013)	Six months ended June 30, 2014 (January 1 to June 30, 2014)
Continuing Operations		
Revenue	240,880	276,602
Operating expenses	192,555	226,175
Other income	844	905
Other expenses	1,593	6,556
Operating income	47,576	44,776
Financial income	116	145
Financial expenses	1,088	1,325
Share of profit/(loss) of associates	(257)	146
Income before income tax	46,347	43,742
Income tax expense	20,554	20,396
Net income	25,793	23,346
Net income attributable to:		
Owners of the parent company	25,616	23,086
Non-controlling interests	177	260
Net income	25,793	23,346
Earnings per share attributable to owners of the parent company (Yen)		
Basic	19.48	17.49
Diluted	19.41	17.39

(For the three months ended June 30, 2013 and 2014)

(Millions of yen)

	Three months ended June 30, 2013 (April 1 to June 30, 2013)	Three months ended June 30, 2014 (April 1 to June 30, 2014)
Continuing Operations		
Revenue	127,732	138,339
Operating expenses	102,476	114,800
Other income	302	629
Other expenses	893	1,955
Operating income	24,665	22,213
Financial income	59	74
Financial expenses	583	803
Share of profit/(loss) of associates	(206)	48
Income before income tax	23,935	21,532
Income tax expense	12,417	14,379
Net income	11,518	7,153
Net income attributable to:		
Owners of the parent company	11,371	6,973
Non-controlling interests	147	180
Net income	11,518	7,153
Earnings per share attributable to owners of the parent company (Yen)		
Basic	8.64	5.28
Diluted	8.60	5.25

Consolidated Statement of Comprehensive Income (Summary)
(For the six months ended June 30, 2013 and 2014)

(Millions of yen)

	Six months ended June 30, 2013 (January 1 to June 30, 2013)	Six months ended June 30, 2014 (January 1 to June 30, 2014)
Net income	25,793	23,346
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	4,456	2,487
Income tax relating to gains and losses on financial assets measured at fair value through other comprehensive income	(1,598)	(739)
Share of other comprehensive income of associates	15	(5)
Total items that will not be reclassified to net income	2,873	1,743
Items that will be reclassified to net income		
Foreign currency translation adjustments	10,540	(6,595)
Portion of gains or losses on effective cash flow hedges recognized in other comprehensive income	(67)	(295)
Income tax relating to the portion of gains or losses on effective cash flow hedges recognized in other comprehensive income	24	105
Portion of gains or losses on effective cash flow hedges reclassified from other comprehensive income to net income	108	147
Income tax relating to the portion of gains or losses on effective cash flow hedges reclassified from other comprehensive income to net income	(40)	(53)
Total items that will be reclassified to net income	10,565	(6,691)
Other comprehensive income, net of tax	13,438	(4,948)
Comprehensive income	39,231	18,398
Total comprehensive income attributable to		
Owners of the parent company	39,010	18,138
Non-controlling interests	221	260
Comprehensive income	39,231	18,398

(For the three months ended June 30, 2013 and 2014)

(Millions of yen)

	Three months ended June 30, 2013 (April 1 to June 30, 2013)	Three months ended June 30, 2014 (April 1 to June 30, 2014)
Net income	11,518	7,153
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	1,006	1,884
Income tax relating to gains and losses on financial assets measured at fair value through other comprehensive income	(400)	(478)
Share of other comprehensive income of associates	5	1
Total items that will not be reclassified to net income	611	1,407
Items that will be reclassified to net income		
Foreign currency translation adjustments	4,758	(2,422)
Portion of gains or losses on effective cash flow hedges recognized in other comprehensive income	62	(60)
Income tax relating to the portion of gains or losses on effective cash flow hedges recognized in other comprehensive income	(22)	21
Portion of gains or losses on effective cash flow hedges reclassified from other comprehensive income to net income	60	80
Income tax relating to the portion of gains or losses on effective cash flow hedges reclassified from other comprehensive income to net income	(22)	(29)
Total items that will be reclassified to net income	4,836	(2,410)
Other comprehensive income, net of tax	5,447	(1,003)
Comprehensive income	16,965	6,150
Total comprehensive income attributable to		
Owners of the parent company	16,812	5,970
Non-controlling interests	153	180
Comprehensive income	16,965	6,150

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

(Millions of yen)

	Common stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity				Total equity attributable to owners of the parent company	Non-controlling interests	Total net assets
					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, 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	—	—	25,616	—	—	—	—	—	25,616	177	25,793
Other comprehensive income, net of tax	—	—	—	—	10,494	2,875	25	13,394	13,394	44	13,438
Total comprehensive income	—	—	25,616	—	10,494	2,875	25	13,394	39,010	221	39,231
Transactions with owners											
Contributions by and distributions to owners of the Company											
Issuance of common stock	510	510	—	—	—	—	—	—	1,020	—	1,020
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	—	312	(374)	(23)	—	—	—	—	(85)	—	(85)
Total contributions by and distributions to owners of the Company	510	822	(2,543)	(23)	—	(1,775)	—	(1,775)	(3,009)	—	(3,009)
Changes in ownership interests in subsidiaries											
Issuance of common stock	—	—	—	—	—	—	—	—	—	45	45
Acquisitions and disposals of non-controlling interests	—	(1,806)	—	—	—	—	—	—	(1,806)	(34)	(1,840)
Others	—	51	—	—	—	—	—	—	51	(145)	(94)
Total changes in ownership interests in subsidiaries	—	(1,755)	—	—	—	—	—	—	(1,755)	(134)	(1,889)
Total transactions with owners	510	(933)	(2,543)	(23)	—	(1,775)	—	(1,775)	(4,764)	(134)	(4,898)
As of June 30, 2013	108,765	115,666	43,946	(3,649)	2,712	2,926	(178)	5,460	270,188	6,057	276,245
As of January 1, 2014	109,530	116,555	61,226	(3,649)	10,491	6,231	(321)	16,401	300,063	6,391	306,454
Comprehensive income											
Net income	—	—	23,086	—	—	—	—	—	23,086	260	23,346
Other comprehensive income net of tax	—	—	—	—	(6,595)	1,743	(96)	(4,948)	(4,948)	0	(4,948)
Total comprehensive income	—	—	23,086	—	(6,595)	1,743	(96)	(4,948)	18,138	260	18,398
Transactions with owners											
Contributions by and distributions to owners of the Company											
Issuance of common stock	1,452	1,451	—	—	—	—	—	—	2,903	—	2,903
Cash dividends paid	—	—	(5,271)	—	—	—	—	—	(5,271)	—	(5,271)
Transfer of other components of equity to retained earnings	—	—	—	—	—	—	—	—	—	—	—
Others	—	51	(35)	—	—	—	—	—	16	—	16

Total contributions by and distributions to owners of the parent company	1,452	1,502	(5,306)	—	—	—	—	—	(2,352)	—	(2,352)
Changes in ownership interests in subsidiaries											
Issuance of common stock	—	—	—	—	—	—	—	—	—	117	117
Acquisitions and disposals of non-controlling interests	—	(1,009)	—	—	—	—	—	—	(1,009)	(435)	(1,444)
Others	—	(26)	—	—	—	—	—	—	(26)	38	12
Total changes in ownership interests in subsidiaries	—	(1,035)	—	—	—	—	—	—	(1,035)	(280)	(1,315)
Total transactions with owners	1,452	467	(5,306)	—	—	—	—	—	(3,387)	(280)	(3,667)
As of June 30, 2014	110,982	117,022	79,006	(3,649)	3,896	7,974	(417)	11,453	314,814	6,371	321,185

(4) Consolidated Statement of Cash Flows (Summary)

(Millions of Yen)

	Six months ended June 30, 2013 (January 1 to June 30, 2013)	Six months ended June 30, 2014 (January 1 to June 30, 2014)
Net cash flows from operating activities		
Income before income tax	46,347	43,742
Depreciation and amortization	12,229	14,280
Other loss (profit)	(73)	5,140
Decrease in operating receivables	9,931	8,945
Increase in loans for credit card business	(43,647)	(39,104)
Increase in deposits for banking business	49,120	53,880
Decrease (increase) in call loans for banking business	(32,000)	15,000
Increase in loans for banking business	(24,649)	(36,273)
Decrease in operating payables	(368)	(17,947)
Decrease (increase) in financial assets for securities business	(379,759)	177,791
Increase (decrease) in financial liabilities for securities business	323,704	(141,911)
Others	2,098	(5,838)
Income tax paid	(6,156)	(32,605)
Net cash flows (used in) from operating activities	(43,223)	45,100
Net cash flows from investing activities		
Increase in restricted deposits	(6)	(7,890)
Increase in time deposits	(5,111)	(8,059)
Decrease in time deposits	3,415	6,257
Purchase of property, plant and equipment	(4,415)	(5,079)
Purchase of intangible assets	(11,799)	(12,187)
Acquisition of subsidiaries	(12,643)	(76,635)
Purchase of investment securities for banking business	(62,510)	(129,595)
Proceeds from sales and redemption of investment securities for banking business	139,796	140,647
Purchase of investment securities for insurance business	(4,228)	(5,315)
Proceeds from sales and redemption of investment securities for insurance business	2,903	2,497
Purchase of investment securities	(2,300)	(3,655)
Proceeds from sales and redemption of investment securities	4,337	3,105
Other payments	(3,466)	(8,560)
Other proceeds	831	3,074
Net cash flows from (used in) investing activities	44,804	(101,395)
Net cash flows from financing activities		
Net increase (decrease) in short-term borrowings	28,816	(10,283)
Increase (decrease) in commercial papers	7,000	(35,000)
Proceeds from long-term debt	33,000	145,767
Repayment of long-term debt	(41,929)	(37,470)
Proceeds from issuance of bonds	1,483	29,828
Cash dividends paid	(3,966)	(5,246)
Others	(2,706)	(1,214)
Net cash flows from financing activities	21,698	86,382
Effect of change in exchange rates on cash and cash equivalents	3,176	(1,713)

(Millions of Yen)

	Six months ended June 30, 2013 (January 1 to June 30, 2013)	Six months ended June 30, 2014 (January 1 to June 30, 2014)
Net increase in cash and cash equivalents	26,455	28,374
Cash and cash equivalents at the beginning of the period	270,114	384,008
Cash and cash equivalents at the end of the period	296,569	412,382

(5) Assumptions for going concern

For the six months ended June 30, 2014 (January 1, 2014 – June 30, 2014)

No items to report

(6) Notes to the summary of consolidated financial statements for the six months ended June 30, 2014

Basis of preparation

The Rakuten Group’s summary of consolidated financial statements for the six months ended June 30, 2014 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, 2013.

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 six months ended June 30, 2014 basically remain the same as those adopted in the consolidated financial statements for the previous fiscal year.

Income tax expense for the six months ended June 30, 2014 is calculated based upon estimated annual effective tax rate.

Impact from the adoption of the new accounting standards

The Rakuten Group adopted the following accounting standards from the first quarter of the current fiscal year.

IFRS		Newly established or revised contents
IAS 32	Financial instruments: presentation (Amended Dec. 2011)	Clarification of the meaning of requirements of possession of current rights which are legally enforceable and clarification of offsetting criteria regarding settlement systems which apply gross settlement mechanisms that are not carried out simultaneously under existing IAS 32
IAS 36	Impairment of assets (Amended May 2013)	Clarification of the guidelines on disclosures of a recoverable amount of cash-generating units, which include important goodwill and intangible assets with indefinite useful lives

These standards have been adopted in accordance with their respective transitional provisions, and the adoption of above standards has no significant impact on the consolidated financial statements for the six months ended June 30, 2014.

Significant accounting estimates and judgment

Preparation of the summary of consolidated financial statements under IFRS for the six months ended June 30, 2014 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. Effects of 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 six months ended June 30, 2014 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. General Information

As a comprehensive internet service provider engaged in the two main activities of Internet Services and Internet Finance, the Group Companies are organized into three reportable segments: "Internet Services," "Internet Finance" and "Others."

Discrete financial information for operating results of all operating segments is available, and is regularly reviewed by the Board of Directors of the Group Companies in order to determine the allocation of resources and assess performance.

The "Internet Services" segment comprises businesses running various EC (e-commerce) sites including an internet shopping mall Rakuten Ichiba, travel booking sites, portal sites and e-book business, along with business for advertising and sales of contents and similar on these sites.

The "Internet Finance" segment engages in businesses providing services over the Internet related to banking and securities, credit cards, life insurance and electronic money.

The "Others" segment comprises businesses involving provision of mobile messaging and communication services and management of a professional baseball team.

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

The reported operating segments were accounted for in accordance with IFRS as stated in the significant accounting policies in the previous fiscal year, and the operating segment revenue and profit or loss are those before intersegment eliminations without consideration of 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 which includes allocated corporate expenses.

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

For the six months ended June 30, 2013 (January 1 to June 30, 2013)

(Millions of Yen)

	Internet Services	Internet Finance	Others	Total
Segment Revenue	141,915	97,866	16,082	255,863
Segment Profit	27,547	21,582	1,630	50,759

For the six months ended June 30, 2014 (January 1 to June 30, 2014)

(Millions of Yen)

	Internet Services	Internet Finance	Others	Total
Segment Revenue	165,949	111,143	21,451	298,543
Segment Profit	22,714	20,675	2,078	45,467

For the three months ended June 30, 2013 (April 1 to June 30, 2013)

(Millions of Yen)

	Internet Services	Internet Finance	Others	Total
Segment Revenue	73,248	51,696	9,365	134,309
Segment Profit	11,820	11,494	1,835	25,149

For the three months ended June 30, 2014 (April 1 to June 30, 2014)

(Millions of Yen)

	Internet Services	Internet Finance	Others	Total
Segment Revenue	81,043	56,753	11,722	149,518
Segment Profit	12,636	9,468	435	22,539

Reconciliation from Segment Revenue to Consolidated Revenue

(Millions of Yen)

	Six months ended June 30, 2013 (January 1 to June 30, 2013)	Six months ended June 30, 2014 (January 1 to June 30, 2014)
Segment Revenue	255,863	298,543
Intercompany Transactions, etc.	(14,983)	(21,941)
Consolidated Revenue	240,880	276,602

Reconciliation from Segment Revenue to Consolidated Revenue

(Millions of Yen)

	Three months ended June 30, 2013 (April 1 to June 30, 2013)	Three months ended June 30, 2014 (April 1 to June 30, 2014)
Segment Revenue	134,309	149,518
Intercompany Transactions, etc.	(6,577)	(11,179)
Consolidated Revenue	127,732	138,339

Reconciliation from Segment Profit to Income Before Income Tax

(Millions of Yen)

	Six months ended June 30, 2013 (January 1 to June 30, 2013)	Six months ended June 30, 2014 (January 1 to June 30, 2014)
Segment Profit	50,759	45,467
Intercompany Transactions, etc.	(3,183)	(691)
Operating Income	47,576	44,776
Financial Income and Expenses	(972)	(1,180)
Share of Profit (Loss) of Associates	(257)	146
Income Before Income Tax	46,347	43,742

Reconciliation from Segment Profit to Income Before Income Tax

(Millions of Yen)

	Three months ended June 30, 2013 (April 1 to June 30, 2013)	Three months ended June 30, 2014 (April 1 to June 30, 2014)
Segment Profit	25,149	22,539
Intercompany Transactions, etc.	(484)	(326)
Operating Income	24,665	22,213
Financial Income and Expenses	(524)	(729)
Share of Profit (Loss) of Associates	(206)	48
Income Before Income Tax	23,935	21,532

Breakdown of Operating Expenses

(Millions of Yen)

	Six months ended June 30, 2013 (January 1 to June 30, 2013)	Six months ended June 30, 2014 (January 1 to June 30, 2014)
Advertising and promotion expenditures	33,761	38,841
Employee benefits expenses	43,824	52,314
Depreciation and amortization	12,229	14,280
Communication and maintenance expenses	8,767	9,539
Consignment and subcontract expenses	12,749	14,741
Allowance for doubtful accounts charged to expenses	6,511	7,957
Cost of sales of merchandise	20,578	23,491
Interest expense for finance business	2,408	2,609
Commission fee expense for finance business	2,548	3,032
Insurance claims and other payments, and provision of policy reserves and others for insurance business	5,943	6,943
Others	43,237	52,428
Total	192,555	226,175

Breakdown of Operating Expenses

(Millions of Yen)

	Three months ended June 30, 2013 (April 1 to June 30, 2013)	Three months ended June 30, 2014 (April 1 to June 30, 2014)
Advertising and promotion expenditures	18,665	20,178
Employee benefits expenses	23,094	26,134
Depreciation and amortization	6,341	7,332
Communication and maintenance expenses	4,535	4,707
Consignment and subcontract expenses	6,652	7,273
Allowance for doubtful accounts charged to expenses	3,306	4,177
Cost of sales of merchandise	10,295	10,690
Interest expense for finance business	1,207	1,300
Commission fee expense for finance business	1,321	1,580
Insurance claims and other payments, and provision of policy reserves and others for insurance business	3,137	4,198
Others	23,923	27,231
Total	102,476	114,800

Notes on significant subsequent events:

No items to report