

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, 2014

Rakuten, Inc.
November 5, 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: November 5, 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 nine months ended September 30 of Fiscal 2014 (January 1 – September 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	%
Nine months ended September 30, 2014	424,216	14.7	73,116	3.0	71,603	2.9	42,719	16.1
Nine months ended September 30, 2013	369,725	32.1	71,020	22.9	69,601	22.8	36,801	13.2

	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, 2014	42,323	16.5	51,599	0.3	32.06	31.88
Nine months ended September 30, 2013	36,339	13.0	51,443	55.2	27.62	27.49

(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, 2014	3,323,347	354,618	348,110	10.5
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

- Changes in accounting policies as required under IFRS: Yes
- Changes in accounting policies due to other reasons: No
- 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)

- Total number of shares issued at the end of the period (including treasury stocks)
 - 1,327,609,700 shares (As of September 30, 2014)
 - 1,323,863,100 shares (As of December 31, 2013)
- Number of treasury stocks at the end of the period
 - 6,033,034 shares (As of September 30, 2014)
 - 6,033,466 shares (As of December 31, 2013)
- Average number of shares during the period (cumulative from the beginning of the period)
 - 1,320,186,520 shares (Nine months ended September 30, 2014)
 - 1,315,596,482 shares (Nine months ended September 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 Third Quarter of the Fiscal Year Ending December 31, 2014

In the world economy during the three quarters of the current fiscal year (January 1, 2014 to September 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, reflecting the effects of various measures, although attention must be paid to downside risks on economy such as a prolonged rebound following last-minute demand and an economic downswing overseas.

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. In particular, the number of smartphone users, who are the customer base for mobile Internet, is said to reach 1.75 billion.

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, the Group decided in the third quarter of the current fiscal year to acquire Ebates Inc. (hereinafter “Ebates”), provider of the leading membership-based online cash-back site in the U.S., and made it a wholly owned subsidiary in October 2014. By integrating Ebates’ robust platform that drives e-commerce business for retailers with the business assets and technology of the Rakuten Group, we believe Rakuten Group can develop a unique and innovative e-commerce platform globally.

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 ¥424,216 million, a 14.7% year-on-year increase, in the three quarters of the current fiscal year. Operating income grew steadily, increasing 3.0% year-on-year to ¥73,116 million, despite strategic advance investments and a slowdown in the stock market. Net income attributable to owners of the parent company amounted to ¥42,323 million, up 16.5% compared to the same period of the previous year.

(Millions of yen)

	Nine months ended September 30, 2013	Nine months ended September 30, 2014	Amount Change YoY	% Change YoY
Revenue	369,725	424,216	54,491	14.7%
Operating income	71,020	73,116	2,096	3.0%
Net income (Attributable to owners of the parent company)	36,339	42,323	5,984	16.5%

(2) Segment Information

Business results for each segment are as follows:

Internet Services

In the Internet Services segment during the three quarters 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 growth rate for Rakuten's domestic e-commerce gross merchandise sales (transaction value) was favorable, rising 16.7% year-on-year, even though the Rakuten Victory Sale that gave last year's results a strong boost was not held this year. In Travel services, demand was strong among corporate customers and for car rental and inbound services.

With regard to overseas e-commerce services, Rakuten focused on developing marketplace-model services, including unification of systems. Consequently, gross merchandise sales for these services have grown and are contributing to the expansion of operations. As for strategic investments in future profit growth fields such as contents services, Rakuten is carrying out strict cost controls, and effects are beginning to appear which includes an increase in contents transaction value and reduction in fixed costs.

As a result, revenue for the segment rose to ¥252,705 million, a year-on-year increase of 14.7%, and segment profit declined 1.6% year on year to ¥38,852 million.

(Millions of yen)

	Nine months ended September 30, 2013	Nine months ended September 30, 2014	Amount Change YoY	% Change YoY
Segment Revenue	220,246	252,705	32,459	14.7%
Segment Profit	39,477	38,852	(625)	(1.6)%

Internet Finance

In the Internet Finance segment during the three quarters of the current fiscal year, in credit card and related services, shopping transaction value, accompanying an increase in Rakuten Card membership, rose significantly compared to 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 ¥171,810 million in revenue, a 16.3% year-on-year increase, while segment profit increased 4.4% year-on-year to ¥33,406 million.

(Millions of yen)

	Nine months ended September 30, 2013	Nine months ended September 30, 2014	Amount Change YoY	% Change YoY
Segment Revenue	147,747	171,810	24,063	16.3%
Segment Profit	32,006	33,406	1,400	4.4%

Others

In the Others segment during the three quarters of the current fiscal year, in the professional sports division, sponsor sales and related goods revenue were robust. Meanwhile, the Group is making strategic investments in Viber, which was made a consolidated subsidiary at the end of the first quarter of the current fiscal year.

As a result, revenue for the segment was ¥33,375 million, a 28.4% year-on-year increase, while segment profit was ¥1,887 million, a 51.3% year-on-year decrease.

(Millions of yen)

	Nine months ended September 30, 2013	Nine months ended September 30, 2014	Amount Change YoY	% Change YoY
Segment Revenue	25,984	33,375	7,391	28.4%
Segment Profit	3,877	1,887	(1,990)	(51.3)%

*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 three quarters of the current fiscal year amounted to ¥3,323,347 million, an increase of ¥113,539 million from ¥3,209,808 million at the end of the previous fiscal year. Primary factors were a ¥127,762 million decline in financial assets for securities business, which were offset by an increase of ¥115,595 million in intangible assets associated with factors such as the acquisition of Viber, an increase of ¥67,730 million in loans for credit card business, and an increase of ¥59,183 million in loans for banking business.

Liabilities

Total liabilities at the end of the three quarters of the current fiscal year were ¥2,968,729 million, an increase of ¥65,375 million from ¥2,903,354 million at the end of the previous fiscal year. Primary factors were a decrease of ¥75,243 million in financial liabilities for securities business, and a decrease of ¥33,650 million in other financial liabilities, which were offset by a ¥111,354 million increase in bonds and borrowings, and a ¥78,365 million in deposits for banking business.

Equity

Equity at the end of the three quarters of the current fiscal year were ¥354,618 million, an increase of ¥48,164 million compared with the ¥306,454 million at the end of the previous fiscal year. Primary factors were a ¥40,648 million increase in retained earnings resulting from factors including ¥42,323 million in net income attributable to owners of the parent company for the three quarters of the current fiscal year, and a ¥4,697 million increase in other components of equity resulting from fluctuations in the foreign exchange market.

ii) Cash Flows

Cash and cash equivalents at the end of the three quarters of the current fiscal year was ¥397,564 million, an increase of ¥13,556 million from the end of the previous fiscal year. Cash flow conditions and their major factors for the three quarters of the current fiscal year are as follows:

Net cash flows from operating activities

Net cash flows from operating activities, for the three quarters of the current fiscal year resulted in a cash inflow of ¥71,031 million (compared with a cash inflow of ¥14,314 million for the same period of the previous year). Primary factors included a cash outflow of ¥67,731 million for an increase in loans for credit card business, a cash inflow of ¥71,603 million for income before income tax, and a net cash inflow of ¥53,262 million following changes in financial assets and financial liabilities for securities business (a cash inflow of ¥152,526 million for a decrease in financial assets and a cash outflow of ¥99,264 million for a decrease in financial liabilities).

Net cash flows used in investing activities

Net cash flows from investing activities for the three quarters of the current fiscal year resulted in a cash outflow of ¥158,813 million (compared with a cash inflow of ¥13,529 million for the same period of the previous year). Primary factors included a cash outflow of ¥89,343 million for acquisition of subsidiaries, a net cash outflow of ¥31,027 million for purchase and sales of investment securities for banking business (a cash outflow of ¥269,785 million for the purchase of investment securities and a cash inflow of ¥238,758 million for proceeds from sales and redemption of investment securities), and a cash outflow of ¥18,725 million for purchase of intangible assets.

Net cash flows from financing activities

Net cash flows from financing activities for the three quarters of the current fiscal year resulted in a cash inflow of ¥101,106 million (compared with a cash inflow of ¥43,395 million for the same period of the previous year). Primary factors included a cash outflow of ¥68,509 million for repayment of

long-term debt, a cash outflow of ¥19,800 million for repayment of commercial papers, a cash inflow of ¥173,993 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 Rakuten Victory Sale of 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 in contents services and other businesses which are just emerging and where medium- to long-term profit growth is expected.

Internet Finance

In credit card and related services, high revenue growth is expected to accompany the capture of new members. Cost control measures have succeeded, and profits are expected to expand steadily. 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 sales and sponsor revenue are affected to a certain extent by the performance of the Rakuten Eagles. In mobile messaging services and VoIP services, 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 nine months ended September 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 nine months ended September 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 nine months ended September 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 September 30, 2014
Assets		
Cash and cash equivalents	384,008	397,564
Accounts receivable - trade	73,443	66,724
Financial assets for securities business	1,218,987	1,091,225
Loans for credit card business	544,314	612,044
Investment securities for banking business	197,897	229,149
Loans for banking business	239,818	299,001
Investment securities for insurance business	10,233	12,541
Derivative assets	12,588	15,817
Investment securities	34,025	31,138
Other financial assets	159,058	108,947
Investments in associates and joint ventures	8,189	7,029
Property, plant and equipment	30,408	33,101
Intangible assets	235,881	351,476
Deferred tax assets	31,594	39,061
Other assets	29,365	28,530
Total assets	3,209,808	3,323,347

(Millions of Yen)

	As of December 31, 2013	As of September 30, 2014
Liabilities		
Accounts payable - trade	115,357	97,239
Deposits for banking business	959,960	1,038,325
Financial liabilities for securities business	1,077,971	1,002,728
Derivative liabilities	8,023	8,348
Bonds and borrowings	389,683	501,037
Other financial liabilities	226,771	193,121
Income taxes payable	30,191	23,762
Provisions	41,020	44,280
Policy reserves and others for insurance business	18,852	19,611
Deferred tax liabilities	9,123	9,821
Other liabilities	26,403	30,457
Total liabilities	2,903,354	2,968,729
Net assets		
Equity attributable to owners of the parent company		
Common stock	109,530	111,145
Capital surplus	116,555	117,642
Retained earnings	61,226	101,874
Treasury stock	(3,649)	(3,649)
Other components of equity	16,401	21,098
Total equity attributable to owners of the parent company	300,063	348,110
Non-controlling interests	6,391	6,508
Total net assets	306,454	354,618
Total liabilities and net assets	3,209,808	3,323,347

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

Consolidated Statements of Income (Summary)

(For the nine months ended September 30, 2013 and 2014)

(Millions of yen)

	Nine months ended September 30, 2013 (January 1 to September 30, 2013)	Nine months ended September 30, 2014 (January 1 to September 30, 2014)
Continuing Operations		
Revenue	369,725	424,216
Operating expenses	297,817	347,245
Other income	1,022	3,535
Other expenses	1,910	7,390
Operating income	71,020	73,116
Financial income	159	225
Financial expenses	1,521	2,086
Share of profit/(loss) of associates	(57)	348
Income before income tax	69,601	71,603
Income tax expense	32,800	28,884
Net income	36,801	42,719
Net income attributable to:		
Owners of the parent company	36,339	42,323
Non-controlling interests	462	396
Net income	36,801	42,719
Earnings per share attributable to owners of the parent company (Yen)		
Basic	27.62	32.06
Diluted	27.49	31.88

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

(Millions of yen)

	Three months ended September 30, 2013 (July 1 to September 30, 2013)	Three months ended September 30, 2014 (July 1 to September 30, 2014)
Continuing Operations		
Revenue	128,845	147,614
Operating expenses	105,262	121,070
Other income	178	2,630
Other expenses	317	834
Operating income	23,444	28,340
Financial income	43	80
Financial expenses	433	761
Share of profit/(loss) of associates	200	202
Income before income tax	23,254	27,861
Income tax expense	12,246	8,488
Net income	11,008	19,373
Net income attributable to:		
Owners of the parent company	10,723	19,237
Non-controlling interests	285	136
Net income	11,008	19,373
Earnings per share attributable to owners of the parent company (Yen)		
Basic	8.14	14.56
Diluted	8.09	14.48

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

(Millions of yen)

	Nine months ended September 30, 2013 (January 1 to September 30, 2013)	Nine months ended September 30, 2014 (January 1 to September 30, 2014)
Net income	36,801	42,719
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	4,000	1,965
Income tax relating to gains and losses on financial assets measured at fair value through other comprehensive income	(1,442)	(776)
Share of other comprehensive income of associates	22	(5)
Total items that will not be reclassified to net income	2,580	1,184
Items that will be reclassified to net income		
Foreign currency translation adjustments	12,135	6,261
Portion of gains or losses on effective cash flow hedges recognized in other comprehensive income	(277)	2,106
Income tax relating to the portion of gains or losses on effective cash flow hedges recognized in other comprehensive income	99	(812)
Portion of gains or losses on effective cash flow hedges reclassified from other comprehensive income to net income	166	221
Income tax relating to the portion of gains or losses on effective cash flow hedges reclassified from other comprehensive income to net income	(61)	(80)
Total items that will be reclassified to net income	12,062	7,696
Other comprehensive income, net of tax	14,642	8,880
Comprehensive income	51,443	51,599
Total comprehensive income attributable to		
Owners of the parent company	50,942	51,206
Non-controlling interests	501	393
Comprehensive income	51,443	51,599

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

(Millions of yen)

	Three months ended September 30, 2013 (July 1 to September 30, 2013)	Three months ended September 30, 2014 (July 1 to September 30, 2014)
Net income	11,008	19,373
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	(456)	(522)
Income tax relating to gains and losses on financial assets measured at fair value through other comprehensive income	156	(37)
Share of other comprehensive income of associates	7	0
Total items that will not be reclassified to net income	(293)	(559)
Items that will be reclassified to net income		
Foreign currency translation adjustments	1,595	12,856
Portion of gains or losses on effective cash flow hedges recognized in other comprehensive income	(210)	2,401
Income tax relating to the portion of gains or losses on effective cash flow hedges recognized in other comprehensive income	75	(917)
Portion of gains or losses on effective cash flow hedges reclassified from other comprehensive income to net income	58	74
Income tax relating to the portion of gains or losses on effective cash flow hedges reclassified from other comprehensive income to net income	(21)	(27)
Total items that will be reclassified to net income	1,497	14,387
Other comprehensive income, net of tax	1,204	13,828
Comprehensive income	12,212	33,201
Total comprehensive income attributable to		
Owners of the parent company	11,932	33,068
Non-controlling interests	280	133
Comprehensive income	12,212	33,201

(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	—	—	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 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, 2013	109,151	116,035	54,701	(3,649)	4,312	2,598	(276)	6,634	282,872	6,183	289,055
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	—	—	42,323	—	—	—	—	—	42,323	396	42,719
Other comprehensive income net of tax	—	—	—	—	6,264	1,183	1,436	8,883	8,883	(3)	8,880
Total comprehensive income	—	—	42,323	—	6,264	1,183	1,436	8,883	51,206	393	51,599
Transactions with owners											
Contributions by and distributions to owners of the Company											
Issuance of common stock	1,615	1,615	—	—	—	—	—	—	3,230	—	3,230
Cash dividends paid	—	—	(5,271)	—	—	—	—	—	(5,271)	—	(5,271)
Transfer of other components of equity to retained earnings	—	—	4,186	—	—	(4,186)	—	(4,186)	—	—	—
Others	—	531	(590)	—	—	—	—	—	(59)	—	(59)

Total contributions by and distributions to owners of the parent company	1,615	2,146	(1,675)	—	—	(4,186)	—	(4,186)	(2,100)	—	(2,100)
Changes in ownership interests in subsidiaries											
Issuance of common stock	—	—	—	—	—	—	—	—	—	116	116
Acquisitions and disposals of non-controlling interests	—	(1,008)	—	—	—	—	—	—	(1,008)	(435)	(1,443)
Others	—	(51)	—	—	—	—	—	—	(51)	43	(8)
Total changes in ownership interests in subsidiaries	—	(1,059)	—	—	—	—	—	—	(1,059)	(276)	(1,335)
Total transactions with owners	1,615	1,087	(1,675)	—	—	(4,186)	—	(4,186)	(3,159)	(276)	(3,435)
As of September 30, 2014	111,145	117,642	101,874	(3,649)	16,755	3,228	1,115	21,098	348,110	6,508	354,618

(4) Consolidated Statement of Cash Flows (Summary)

(Millions of Yen)

	Nine months ended September 30, 2013 (January 1 to September 30, 2013)	Nine months ended September 30, 2014 (January 1 to September 30, 2014)
Net cash flows from operating activities		
Income before income tax	69,601	71,603
Depreciation and amortization	18,866	21,739
Other loss (profit)	472	3,302
Decrease in operating receivables	7,949	6,953
Increase in loans for credit card business	(63,262)	(67,731)
Increase in deposits for banking business	99,764	78,365
Decrease (increase) in call loans for banking business	(32,000)	26,000
Increase in loans for banking business	(38,389)	(59,183)
Decrease in operating payables	(4,836)	(18,454)
Decrease (increase) in financial assets for securities business	(401,323)	152,526
Increase (decrease) in financial liabilities for securities business	362,531	(99,264)
Others	2,134	(607)
Income tax paid	(7,193)	(44,218)
Net cash flows from operating activities	14,314	71,031
Net cash flows from investing activities		
Increase in restricted deposits	(3,131)	(8,733)
Increase in time deposits	(5,892)	(8,938)
Decrease in time deposits	3,916	7,141
Purchase of property, plant and equipment	(6,199)	(7,660)
Purchase of intangible assets	(16,959)	(18,725)
Acquisition of subsidiaries	(28,775)	(89,343)
Purchase of investment securities for banking business	(118,521)	(269,785)
Proceeds from sales and redemption of investment securities for banking business	193,171	238,758
Purchase of investment securities for insurance business	(4,827)	(6,666)
Proceeds from sales and redemption of investment securities for insurance business	3,821	4,380
Purchase of investment securities	(4,178)	(5,586)
Proceeds from sales and redemption of investment securities	5,171	9,568
Other payments	(5,110)	(10,450)
Other proceeds	1,042	7,226
Net cash flows from (used in) investing activities	13,529	(158,813)
Net cash flows from financing activities		
Net increase (decrease) in short-term borrowings	28,291	(7,362)
Increase (decrease) in commercial papers	24,500	(19,800)
Proceeds from long-term debt	54,000	173,993
Repayment of long-term debt	(56,987)	(68,509)
Proceeds from issuance of bonds	1,483	29,828
Cash dividends paid	(3,962)	(5,250)
Others	(3,930)	(1,794)
Net cash flows from financing activities	43,395	101,106
Effect of change in exchange rates on cash and	3,825	232

(Millions of Yen)

	Nine months ended September 30, 2013 (January 1 to September 30, 2013)	Nine months ended September 30, 2014 (January 1 to September 30, 2014)
cash equivalents		
Net increase in cash and cash equivalents	75,063	13,556
Cash and cash equivalents at the beginning of the period	270,114	384,008
Cash and cash equivalents at the end of the period	345,177	397,564

(5) Assumptions for going concern

For the nine months ended September 30, 2014 (January 1, 2014 – September 30, 2014)

No items to report

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

Basis of preparation

The Rakuten Group’s summary of consolidated financial statements for the nine months ended September 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 nine months ended September 30, 2014 basically remain the same as those adopted in the consolidated financial statements for the previous fiscal year.

Income tax expense for the nine months ended September 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 nine months ended September 30, 2014.

Significant accounting estimates and judgment

Preparation of the summary of consolidated financial statements under IFRS for the nine months ended September 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 nine months ended September 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 digital contents business, along with businesses 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 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 nine months ended September 30, 2014 (January 1 to September 30, 2014)

(Millions of Yen)

	Internet Services	Internet Finance	Others	Total
Segment Revenue	252,705	171,810	33,375	457,890
Segment Profit	38,852	33,406	1,887	74,145

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

For the three months ended September 30, 2014 (July 1 to September 30, 2014)

(Millions of Yen)

	Internet Services	Internet Finance	Others	Total
Segment Revenue	86,756	60,667	11,924	159,347
Segment Profit	16,138	12,731	(191)	28,678

Reconciliation from Segment Revenue to Consolidated Revenue

(Millions of Yen)

	Nine months ended September 30, 2013 (January 1 to September 30, 2013)	Nine months ended September 30, 2014 (January 1 to September 30, 2014)
Segment Revenue	393,977	457,890
Intercompany Transactions, etc.	(24,252)	(33,674)
Consolidated Revenue	369,725	424,216

Reconciliation from Segment Revenue to Consolidated Revenue

(Millions of Yen)

	Three months ended September 30, 2013 (July 1 to September 30, 2013)	Three months ended September 30, 2014 (July 1 to September 30, 2014)
Segment Revenue	138,114	159,347
Intercompany Transactions, etc.	(9,269)	(11,733)
Consolidated Revenue	128,845	147,614

Reconciliation from Segment Profit to Income Before Income Tax

(Millions of Yen)

	Nine months ended September 30, 2013 (January 1 to September 30, 2013)	Nine months ended September 30, 2014 (January 1 to September 30, 2014)
Segment Profit	75,360	74,145
Intercompany Transactions, etc.	(4,340)	(1,029)
Operating Income	71,020	73,116
Financial Income and Expenses	(1,362)	(1,861)
Share of Profit (Loss) of Associates	(57)	348
Income Before Income Tax	69,601	71,603

Reconciliation from Segment Profit to Income Before Income Tax

(Millions of Yen)

	Three months ended September 30, 2013 (July 1 to September 30, 2013)	Three months ended September 30, 2014 (July 1 to September 30, 2014)
Segment Profit	24,601	28,678
Intercompany Transactions, etc.	(1,157)	(338)
Operating Income	23,444	28,340
Financial Income and Expenses	(390)	(681)
Share of Profit (Loss) of Associates	200	202
Income Before Income Tax	23,254	27,861

Breakdown of Operating Expenses

(Millions of Yen)

	Nine months ended September 30, 2013 (January 1 to September 30, 2013)	Nine months ended September 30, 2014 (January 1 to September 30, 2014)
Advertising and promotion expenditures	52,817	59,063
Employee benefits expenses	67,955	79,277
Depreciation and amortization	18,866	21,739
Communication and maintenance expenses	13,309	14,122
Consignment and subcontract expenses	20,109	22,694
Allowance for doubtful accounts charged to expenses	9,658	12,345
Cost of sales of merchandise	32,984	36,010
Interest expense for finance business	3,565	4,157
Commission fee expense for finance business	3,866	4,624
Insurance claims and other payments, and provision of policy reserves and others for insurance business	8,651	11,903
Others	66,037	81,311
Total	297,817	347,245

Breakdown of Operating Expenses

(Millions of Yen)

	Three months ended September 30, 2013 (July 1 to September 30, 2013)	Three months ended September 30, 2014 (July 1 to September 30, 2014)
Advertising and promotion expenditures	19,056	20,222
Employee benefits expenses	24,131	26,963
Depreciation and amortization	6,637	7,459
Communication and maintenance expenses	4,542	4,583
Consignment and subcontract expenses	7,360	7,953
Allowance for doubtful accounts charged to expenses	3,147	4,388
Cost of sales of merchandise	12,406	12,519
Interest expense for finance business	1,157	1,548
Commission fee expense for finance business	1,318	1,592
Insurance claims and other payments, and provision of policy reserves and others for insurance business	2,708	4,960
Others	22,800	28,883
Total	105,262	121,070

Notes on significant subsequent events

Acquisition of Shares of Ebates Inc. and Borrowing of Substantial Amount of Funds

At an extraordinary board of directors meeting held on September 9, 2014, Rakuten, Inc. (hereinafter the “Company”) resolved to acquire all issued shares of Ebates Inc. (Head office: California, United States), a provider of the membership-based online cash-back site, for the purpose of acquiring Ebates Inc., and the Company and Ebates Inc. concluded a share purchase and sale agreement. Subsequently, effective October 9, 2014, the Company completed 100% acquisition of Ebates Inc.

(1) Name and main business, main reasons for acquisition, acquisition date, legal structure of acquisition, and company name after acquisition of the acquired company

i) Name and main business of the acquired company

Name	Ebates Inc.
Main business	Membership-based online cash-back site operator

ii) Main reasons for acquisition

Ebates Inc., founded in 1999, is a pioneer and major provider of a membership-based online cash-back site and offers a robust platform that serves as a driving force of e-commerce for retailers. Ebates Inc. has over 2,600 enterprises across a variety of retail formats and product genres in its network, including major e-commerce sites, other retailers committed to e-commerce operations, and online travel agencies. It also has 2.5 million loyal active members and is increasing the amount of per-member transactions. The Company believes in the affinity of a membership business between Ebates Inc. and Rakuten’s business model. Through the merger, the Company intends to create an attractive and innovative membership-based marketplace for consumers with the point program at the core. As a result of this acquisition, we aim to make rapid progress with our global e-commerce strategy and lead the global e-commerce industry.

iii) Acquisition date	October 9, 2014
iv) Legal structure of acquisition	Acquisition of shares
v) Company name after acquisition	The name will remain unchanged.
vi) Percentage of voting rights acquired	100.0%
vii) Reasons for the decision to acquire the acquiring company	

Due to the acquisition of shares for cash consideration.

(2) Acquisition cost of the acquired company and its breakdown

(Millions of yen)

Consideration for acquisition:	
Cash	99,401
Total consideration for acquisition	99,401

*Part of the consideration was financed through loans from banks. Details are set out below.

Lenders:	Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Development Bank of Japan Inc. and The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Amount of loans:	¥75,000 million
Interest rate:	Basic interest rate + spread
Effective date of loans:	October 8, 2014
Date of repayment:	October 31, 2022

Repayment method: Equal quarterly repayment of ¥3,750 million, commencing from January 31, 2018

(3) Amount of goodwill expected to be recognized and basis for recognition.

i) Amount of goodwill expected to be recognized: 899 million U.S. dollars

*The above amount of goodwill is a provisional figure, as the allocation of the acquisition cost has not been completed.

ii) Basis for recognition: The Company expects the goodwill to be recognized as a result of its rational estimate of excess earning power from the acquired company, which is expected from future business development.

(4) The value of assets and liabilities of Ebates Inc. to be transferred to the Company as of the acquisition date.

	Fair value
Assets	
Cash and cash equivalents	52 million U.S. dollars
Others	52 million U.S. dollars
Total Assets	104 million U.S. dollars
Liabilities	
Accounts payable-other	38 million U.S. dollars
Others	34 million U.S. dollars
Total liabilities	72 million U.S. dollars