

Financial Report (Consolidated) for the 1st Half of Fiscal 2009

(for the six month ended June 30, 2009)

Rakuten, Inc.
August 7, 2009

| | | | |
|---|------------------|---|---|
| Company name | Rakuten, Inc. | Listed | JASDAQ (Japan) |
| Code No | 4755 | URL | http://www.rakuten.co.jp/ |
| Representative (Position) | Chairman and CEO | (Name) | Hiroshi Mikitani |
| Contact person (Position) | CFO | (Name) | Ken Takayama |
| Scheduled date of filing the securities report: | August 12, 2009 | TEL | +813-6387-0555 |
| | | Date of commencement of dividend payments | — |

(Amounts less than one million yen have been rounded off)

1. Consolidated Results for the six months ended June 30 of Fiscal 2009 (January 1–June 30, 2009)

(1) Consolidated Operating Results (Total)

(Percentage figures are refer to comparisons with the previous fiscal year)

| | Net Sales | | Operating Income | | Ordinary Income | | Net Income | |
|--------------------------------|-----------------|------|------------------|------|-----------------|------|-----------------|------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Six-months ended June 30, 2009 | 139,793 | — | 23,428 | — | 22,418 | — | 38,117 | — |
| Six-months ended June 30, 2008 | 121,814 | 23.1 | 18,266 | 35.7 | 17,395 | 16.0 | 7,293 | 25.7 |

| | EPS (Earning per Share) | | EPS (Earning per Share Diluted) | |
|--------------------------------|----------------------------|--|------------------------------------|--|
| | Yen | | Yen | |
| Six months ended June 30, 2009 | 2,912.48 | | 2,902.59 | |
| Six months ended June 30, 2008 | 557.71 | | 555.01 | |

(2) Consolidated Financial Position

| | Total Assets | Net Assets | Equity Ratio | Book-value per Share |
|---------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of June 30, 2009 | 1,770,571 | 207,782 | 10.9 | 14,690.49 |
| As of June 30, 2008 | 1,086,937 | 158,727 | 13.8 | 11,439.86 |

(Reference) Shareholders' equity: 192,293 million yen (as of year ended June 30, 2009); 149,703 million yen (as of year ended December 31, 2008)

2. Dividend Distribution

| (Base Date) | Dividend per Share | | | | |
|-------------------|--------------------|-------------|-------------|--------|--------|
| | 1st Quarter | 2nd Quarter | 3rd Quarter | Annual | Year |
| | Yen | Yen | Yen | Yen | Yen |
| FY2008 | — | — | — | 100.00 | 100.00 |
| FY2009 | — | — | — | — | — |
| FY2009 (Forecast) | — | — | — | — | — |

3. Forecast of Consolidated Operating Results for Fiscal 2009 (January 1–December 31, 2009)

(Note) Revisions made to values in the quarterly consolidated earnings forecast: No
Rakuten, inc. and its group companies do not disclose earnings forecasts as its business operations include an Internet service business characterized by high uncertainty and financial related businesses whose results heavily depended on high volatile market. This precludes us from making earnings forecasts.

4. Other

(1) Significant changes in scope of consolidation: Yes, new subsidiary: 1 (eBANK Corporation)

(2) Adoption of simplified accounting procedures: No

(3) Changes to consolidated accounting rules and procedures concerning the preparation and presentation of the financial statements (major items that provide the basis for preparing financial statements)

Changes in accounting policy: Yes

Other changes: None

(4) Number of shares issued (Common stock)

1. Common stock (including treasury stock)

13,090,659 shares (As of June 30, 2009)

13,087,064 shares (As of December 31, 2008)

2. Treasury stock

979 shares (As of June 30, 2009)

979 shares (As of December 31, 2008)

3. Average number of shares issued for the six months ended December 31, 2009 (January 1– June 30, 2009)

13,087,623 shares (January 1– June 30, 2009)

13,076,961 shares (January 1– June 30, 2008)

5. Qualitative Information Related to Consolidated Business Results

Because the current fiscal year, the year ending December 31, 2009, is the first year in which we applied the quarterly financial reporting system, financial figures from the same period in the previous year were not subject to quarterly review by an outside auditor. Thus, comparisons with the same period of the previous year (both absolute and percentage changes) are for reference only.

(1) First Half Consolidated Business Results

For the first six months of the fiscal year (January 1—June 30, 2009) economic conditions in Japan remained severe due to the continuing global financial crisis that started in 2008. Nevertheless, some improvements are being seen, as signs of recovery in exports and other sectors are gradually appearing.

During this time, according to a survey of individual Internet usage trends¹ the Internet shopping rate rose 1.5 points to 82.4% among those surveyed. The trend to seek lower prices in these tough economic times is growing, and we attribute this to the increased time spent investigating products during longer hours of Internet access while shopping from home—“stay in the nest and shop.” In addition, we are forecasting that Internet shopping will continue to advance, based on the 52.4% of survey respondents who say they are increasingly willing to make purchases over the Internet.

In this environment, the Rakuten Group was able to maintain high growth in the E-Commerce Business and Travel Business segments by adding conveniences for users, including consulting services for merchants of new online stores and new contracted facilities, and by enhancing marketing activities to promote cross-utilization of services. In addition to these existing businesses, we added eBANK Corporation to the consolidation in the first quarter, helping to bring net sales for the six months ended June 30, 2009 to ¥139,793 million, a 14.8% increase year on year.

Meanwhile, operating income increased 28.3% year on year to ¥23,428 million and ordinary income grew 28.9% to ¥22,418 million, owing to the effects of our revised expense structure created by policies to reinforce our management organization. We also benefited from negative charges of ¥20,616 million in income taxes-deferred, resulting in part from recording deferred tax assets in connection with a loss on valuation of investment securities in a previous fiscal year. These deferred tax assets are recognized in our financial statements as a result of exercising our right to request a buy-back of our shareholdings in Tokyo Broadcasting System, Inc. (now Tokyo Broadcasting System Holdings, Inc.) on March 31, 2009. As a result of the above, net income came to ¥38,117 million, a 422.6% year-on-year increase.

(2) Business Segment Overview

Due to the addition of eBANK Corporation as a consolidated subsidiary, a new business segment was created starting with the first quarter financial results for the Banking Business Segment. We also transferred Rakuten Credit, Inc. and Rakuten Financial Solutions, Inc., which were part of the Credit and Payment Business in previous fiscal years, to the Banking Business as of the first quarter of this fiscal year, in consideration of these companies' similar activities. Also, the Credit and Payment Business became the Credit Card Business after reassessing the nature of its business. In light of the above, we

present the state of individual business segments below for the six months ended June 30, 2009.

E-Commerce Business Segment

The E-Commerce Business Segment continued its high growth during the period with a 20.9% increase in gross merchandise sales, including Rakuten Books (21.6% after leap-year adjustment). The segment turned in successful results in its core Rakuten Ichiba Internet shopping mall, boosted by the Internet user trends described above. Rakuten Ichiba's good results were further assisted by measures to promote new online stores in undeveloped genres and strengthen support for merchants, as well as marketing measures that reflect current user preferences for used goods. As a result, net sales for the E-Commerce Business for the six months ended June 30, 2009 showed healthy growth to ¥52,061 million, a 21.0% increase from the previous year. Operating income increased substantially to ¥16,215 million, up 68.0% year on year, as a result of increased earnings in Rakuten Ichiba and steps to thoroughly control costs in other areas of the E-Commerce Business.

Credit Card Business Segment (Previously Credit and Payment Business Segment)

The Credit Card Business Segment' results for the six months ended June 30, 2009 remained steady at ¥28,268 million in net sales, supported by firm growth in revenue from revolving credit for shopping transactions despite a decline in revenue due to reduction in the balance of outstanding loans. Despite the deteriorating business environment and increased marketing expenses related to steady growth in the number of Rakuten Card members, the Credit Card Business secured a profit with operating income of ¥1,500 million. However, comparisons with the previous fiscal year were not shown due to the change of the scope of this segment from the beginning of this fiscal year.

Banking Business Segment

The Banking Business Segment in the six months ended June 30, 2009 achieved net sales of ¥14,703 million, and the implementation of expense controls led operating income to turn around to a ¥177 million profit. The segment generated stable gain on valuation or sales of investment assets through reviews investment portfolio and interest received from loans at eBANK, whose operating results are consolidated from the beginning of the fiscal year. However, comparisons with the previous fiscal year are not available since this segment was newly established in this fiscal year.

Portal and Media Business Segment

Net sales for the Portal and Media Business Segment in six months ended June 30, 2009 grew 76.6% to ¥7,743 million, leading to operating income of ¥337 million (compared with a ¥100 million operating loss in the same period of the previous year). Major boosts came from newly consolidated subsidiaries, such as the wedding information service O-net Inc., which was included in the consolidated financial statements in the third quarter of the previous fiscal year, and Showtime Inc., which was included in the first quarter of this fiscal year.

Travel Business Segment

The Travel Business Segment had healthy 13.1% year-on-year growth (13.7% after leap-year adjustment) in the Gross Transaction Value of bookings. With good sales of travel products and services based on user needs, such as the eastern-Japan-area exclusive "Shinkansen and Eki Renta-car Raku Pack" package tours (combining bullet trains and car rentals at train stations), and the focus on strengthening publications such as launching the web magazine "Tabihiro Luxury Stays," the segment succeeded at bringing in leisure demand despite the recession. After adding in buoyant advertising sales, net sales grew 16.0% year on year to ¥8,412 million. Operating income also increased, by 29.3% year on year to ¥3,555 million, benefiting from successful measures to improve efficiency, particularly controls on operating expenses.

Securities Business Segment

The slump in the stock market stemming from the 2008 financial crisis began showing signs of a mild recovery in April, but financial revenues were down due to lower margin balances. As a result, segment net sales fell to ¥11,601 million (down 8.2% from the same period last year), while the effects of expense controls kept the fall in operating income to ¥2,037 million (down 1.8% year on year).

Professional Sports Business Segment

The Professional Sports Business experienced increased ticket sales following the Tohoku Rakuten Golden Eagles' successful home opener, but because there have been fewer home games than last year, year-on-year net sales were down 5.7% to ¥3,571 million in the six months ended June 30, 2009. The segment recorded an operating loss of ¥752 million (compared with a ¥685 million operating loss in the same period of the previous year).

Telecommunications Business Segment

Net sales fell due to a slowdown in the market for independent telecommunications operators, but restructuring centering on cutting fixed costs is continuing. Net sales for the six months ended June 30, 2009 fell 25.5% year on year to ¥13,429 million, while the segment posted an operating loss of ¥184 million after a ¥11 million profit in the same period last year.

*1 Source: Impress R&D, *2009 Internet White Paper*

6. Qualitative Information Pertaining to the Consolidated Financial Positions

Total assets at the end of the first half of fiscal 2009 amounted to ¥1,770,571 million. This represents an increase of ¥683,634 million from the figure of ¥1,086,937 million at the end of fiscal 2008. The growth resulted mainly from the inclusion of eBANK Corporation into the consolidation, an increase in cash and deposits, and assets including securities worth ¥572,010 million, to the Rakuten Group's assets.

Liabilities

Total liabilities amounted to ¥1,562,789 million as of June 30, 2009, compared with ¥928,210 million at end of fiscal year 2008, a ¥634,579 million increase. This increase resulted mainly from the inclusion of eBANK Corporation into the consolidation, and the addition of deposits and other liabilities relating to the Banking Business Segment to the Rakuten Group's liabilities. The total amount of short-term and long-term loans payable from financial institutions outside of the Rakuten Group was reduced by ¥104,408 million because of repayments, which were mostly made by Rakuten Credit, Inc. in preparation for its merger with eBANK Corporation.

Net Assets

Net assets amounted to ¥207,782 million as of June 30, 2009. This represents an increase of ¥49,054 million from the figure of ¥158,727 million at the end of fiscal 2008. Shareholders' equity increased by ¥36,869 million. This reflects the fact that quarterly net income reached ¥38,117 million due to factors that included ordinary income of 22,418 million, as well as recognition of deferred tax assets resulting from the exercise of our right to demand a buy-back of shares in Tokyo Broadcasting System Inc. (now Tokyo Broadcasting System Holdings, Inc.).

7. Cash Flows

For the period of six months ended June 30, 2009, net cash used for operating activities amounted to an outflow of ¥27,046 million. The strong performance of the E-Commerce Business Segment contributed ¥22,952 million in Income before income taxes and minority interests for the period, but this was more than offset by ¥34,139 million in margin trading and other activities at Rakuten Securities, Inc. (The figure of ¥34,139 million represents the result of deducting the increase in operating liabilities from the increase in operating receivables at securities business.)

Net cash provided by investing activities totaled ¥129,181 million in inflows for the six months ended June 30. This result reflects the restructuring of the investment portfolio of eBANK Corporation, as a result of which proceeds from sales and redemptions of securities substantially outweighed expenditures on the acquisition of securities.

Net cash used for financing activities amounted to a ¥110,599 million outflow in the period of six months ended June 30, 2009. This result was primarily attributable to repayment of outstanding borrowings by Rakuten Credit, Inc. for the consolidation with the personal loan business of eBANK Corporation and a reduction in borrowings at Rakuten KC Co., Ltd.

In addition to the above, changes to the scope of the consolidation, including the addition of eBANK Corporation, resulted in a net increase of ¥34,544 million in cash and cash equivalents. As a result, cash and cash equivalents at the end of the first half of fiscal 2009 amounted to ¥107,679 million, an increase of ¥26,395 million compared with the position at the end of the previous year.

First Half of Fiscal Year 2009 Financial Results

(1) Consolidated Balance Sheets

| | (Millions of yen) | |
|--|------------------------|----------------------------|
| | As of June 30, 2009 | As of December 31, 2008 |
| (Assets) | | |
| Current assets | | |
| Cash and deposits | 109,434 | 88,588 |
| Notes and accounts receivable-trade | 31,182 | 32,241 |
| Accounts receivable-installment | 105,256 | 93,631 |
| Accounts receivable-installment sales-credit guarantee | 3,129 | 3,550 |
| Beneficial interests in securitized assets | 52,106 | 101,572 |
| Cash segregated as deposits for Securities Business | 217,636 | 214,891 |
| Margin transaction assets for Securities Business | 126,715 | 81,153 |
| Operating loans | 154,758 | 188,695 |
| Short-term investment securities | 3,186 | 2,629 |
| Securities for Banking Business | 572,010 | — |
| Loans for Banking Business | 91,951 | — |
| Deferred tax assets | 12,710 | 12,829 |
| Other | 79,834 | 66,556 |
| Allowance for doubtful accounts | (45,620) | (36,073) |
| Current assets | 1,514,291 | 850,267 |
| Non-current assets | | |
| Property, plant and equipment | 21,042 | 21,114 |
| Intangible assets | | |
| Goodwill | 87,286 | 65,083 |
| Other | 33,731 | 28,229 |
| Intangible assets | 121,018 | 93,313 |
| Investments and other assets | | |
| Investment securities | 68,757 | 82,846 |
| Deferred tax assets | 25,526 | 15,510 |
| Other | 25,679 | 29,294 |
| Allowance for doubtful accounts | (5,743) | (5,407) |
| Investments and other assets | 114,219 | 122,242 |
| Non-current assets | 256,280 | 236,670 |
| Assets | 1,770,571 | 1,086,937 |
| (Liabilities) | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 19,197 | 20,209 |
| Accounts payable-credit guarantee | 3,129 | 3,550 |
| Commercial Paper | 21,500 | 14,000 |
| Short-term loans payable | 174,587 | 270,335 |
| Deposits for Banking Business | 708,149 | — |

| | As of June 30, 2009 | As of December 31, 2008 |
|--|------------------------|----------------------------|
| Income taxes payable | 5,934 | 10,697 |
| Deferred tax liabilities | 1,750 | 91 |
| Deposits received for Securities Business | 135,097 | 142,608 |
| Margin transaction liabilities for Securities Business | 74,561 | 53,538 |
| Guarantee deposits received for Securities Business | 88,051 | 88,749 |
| Provision | 10,289 | 13,452 |
| Other | 110,345 | 85,621 |
| Current liabilities | 1,352,593 | 702,855 |
| Non-current liabilities | | |
| Bonds payable | 20,000 | 13,020 |
| Long-term loans payable | 172,405 | 181,065 |
| Provision for loss on interest repayment | 12,532 | 15,364 |
| Other provisions | 353 | 374 |
| Deferred tax liabilities | 210 | 8,266 |
| Other | 1,954 | 4,046 |
| Non-current liabilities | 207,456 | 222,137 |
| Reserves under the special laws | | |
| Reserve for financial products transaction liabilities | 2,728 | 3,206 |
| Reserve for commodities transaction liabilities | 11 | 11 |
| Reserves under the special laws | 2,739 | 3,217 |
| Liabilities | 1,562,789 | 928,210 |
| (Net assets) | | |
| Shareholders' equity | | |
| Capital stock | 107,562 | 107,534 |
| Capital surplus | 115,856 | 119,565 |
| Retained earnings | (35,857) | (76,408) |
| Treasury stock | (11) | (11) |
| Shareholders' equity | 187,550 | 150,680 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 6,062 | 655 |
| Deferred gains or losses on hedges | (298) | (335) |
| Foreign currency translation adjustment | (1,020) | (1,297) |
| Valuation and translation adjustments | 4,743 | (977) |
| Subscription rights to shares | 429 | 243 |
| Minority interests | 15,058 | 8,781 |
| Net assets | 207,782 | 158,727 |
| Liabilities and net assets | 1,770,571 | 1,086,937 |

(2) Consolidated Income Statements

For the six months ended June 30,2009

| | (Millions of yen) |
|--|---|
| | Six months ended June 30 ,2009 (January 1 to June 30, 2009) |
| Net sales | 139,793 |
| Cost of sales | 33,994 |
| Gross profit | 105,798 |
| Selling, general and administrative expenses | 82,369 |
| Operating income | 23,428 |
| Non-operating income | |
| Interest income | 43 |
| Dividend income | 182 |
| Equity in income of affiliates | 216 |
| Other | 374 |
| Non-operating income | 816 |
| Non-operating expenses | |
| Interest expenses | 1,254 |
| Commission fee | 387 |
| Foreign exchange losses | 11 |
| Other | 173 |
| Non-operating expenses | 1,827 |
| Ordinary income | 22,418 |
| Extraordinary income | |
| Reversal of provision for loss on business liquidation | 354 |
| Reversal of reserve for financial products transaction liabilities | 478 |
| Gain on change in equity | 4,031 |
| Other | 47 |
| Extraordinary income | 4,912 |
| Extraordinary loss | |
| Loss on valuation of investment securities | 1,274 |
| Restructuring losses | 695 |
| Impairment loss | 1,130 |
| Other | 1,279 |
| Extraordinary loss | 4,379 |
| Income before income taxes and minority interests | 22,952 |
| Income taxes-current | 5,952 |
| Income taxes-deferred | (20,616) |
| Income taxes | (14,664) |
| Minority interests in income (loss) | (501) |
| Net income | 38,117 |

For the three months ended June 30, 2009

(Millions of yen)

| | Three months ended June 30, 2009 (April 1 to June 30, 2009) |
|--|---|
| Net sales | 73,428 |
| Cost of sales | 17,073 |
| Gross profit | 56,354 |
| Selling, general and administrative expenses | 42,750 |
| Operating income | 13,603 |
| Non-operating income | |
| Interest income | 15 |
| Dividend income | 171 |
| Equity in income of affiliates | 64 |
| Other | 303 |
| Non-operating income | 554 |
| Non-operating expenses | |
| Interest expenses | 606 |
| Commission fee | 172 |
| Foreign exchange losses | 26 |
| Other | 54 |
| Non-operating expenses | 860 |
| Ordinary income | 13,297 |
| Extraordinary income | |
| Reversal of reserve for financial products transaction liabilities | 485 |
| Gain on change in equity | 4,031 |
| Other | 7 |
| Extraordinary income | 4,525 |
| Extraordinary loss | |
| Loss on valuation of investment securities | 538 |
| Impairment loss | 259 |
| Other | 335 |
| Extraordinary loss | 1,133 |
| Income before income taxes and minority interests | 16,689 |
| Income taxes-current | 1,639 |
| Income taxes-deferred | 2,096 |
| Income taxes | 3,736 |
| Minority interests in income (loss) | 53 |
| Net income | 12,899 |

(3) Consolidated Statements of Cash Flows

| | (Millions of yen) |
|---|------------------------------|
| | Six months ended |
| | June 30, 2009 |
| | (January 1 to June 30, 2009) |
| Net cash provided by (used in) operating activities | |
| Income before income taxes and minority interests | 22,952 |
| Amortization of goodwill | 2,547 |
| Depreciation and amortization | 7,009 |
| Loss (gain) on valuation of securities for the Banking Business | 1,368 |
| Loss (gain) on sales of securities for the Banking Business | 395 |
| Increase (decrease) in allowance for doubtful accounts | (3,657) |
| Increase (decrease) in provision for loss on interest repayment | (2,831) |
| Other loss (gain) | (478) |
| Decrease (increase) in notes and accounts receivable-trade | 2,725 |
| Decrease (increase) in accounts receivable-installment | (11,624) |
| Decrease (increase) in beneficial interests in securitized assets | 49,466 |
| Decrease (increase) in operating loans receivable | (57,185) |
| Increase (decrease) in notes and accounts payable-trade | (1,203) |
| Increase (decrease) in accounts payable-other and accrued expensees | (3,484) |
| Increase (decrease) in advances received | 1,231 |
| Increase (decrease) in deposits for the Banking Business | (63,251) |
| Decrease (increase) in call loans for the Banking Business | 54,000 |
| Decrease (increase) in operating receivables for the Securities Business | (46,982) |
| Decrease (increase) in deposits for segregated accounts for the Securities Business | 4,700 |
| Increase (decrease) in operating payable for the Securities Business | 12,842 |
| Increase (decrease) in loans payable secured by securities for the Securities Business | 10,951 |
| Other, net | 4,747 |
| Subtotal | (15,765) |
| Income taxes paid | (11,041) |
| Other | (239) |
| Net cash provided by (used in) operating activities | (27,046) |
| Net cash provided by (used in) investment activities | |
| Acquisition of securities for Banking Business | (322,422) |
| Proceeds from sales and redemption of securities for the Banking Business | 457,980 |
| Purchase of investments in subsidiaries | (701) |
| Purchase of investments in subsidiaries resulting in change in the scope of consolidation | (1,170) |
| Purchase of property, plant and equipment | (1,769) |
| Purchase of intangible assets | (4,878) |
| Other payments | (4,646) |
| Other proceeds | 6,243 |
| Interest and dividends income received | 547 |
| Net cash provided by (used in) investment activities | 129,181 |
| Net cash provided by (used in) financing activities | |
| Net increase (decrease) in short-term loans payable | (46,012) |
| Increase (decrease) in commercial papers | 7,500 |
| Proceeds from long-term loans payable | 34,310 |
| Repayment of long-term loans payable | (92,708) |
| Redemption of bonds | (4,010) |
| Purchase of treasury stock of subsidiaries in consolidation | (4,113) |
| Interest expenses paid | (1,268) |
| Proceeds from stock issuance to minority shareholders | 388 |
| Cash dividends paid | (1,305) |
| Cash dividends paid to minority shareholders | (228) |
| Other | (3,150) |
| Net cash provided by (used in) financing activities | (110,599) |
| Effect of exchange rate change on cash and cash equivalents | 317 |
| Net increase (decrease) in cash and cash equivalents | (8,148) |
| Cash and cash equivalents | 81,283 |
| Increase in cash and cash equivalents from newly consolidated subsidiary | 34,713 |
| Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation | (169) |
| Cash and cash equivalents | 107,679 |

(4) Business Segment Information

For the six months ended June 30, 2009 (From January 1, 2009 to June 30, 2009)

(Millions of yen)

| | E-Commerc | Credit Card | Banking | Portal Media | Travel | Securities | Profession al Sports | Telecom municatio ns | Total | Elimination | Consolidat |
|-------------------------|-----------|-------------|---------|--------------|--------|------------|----------------------|----------------------|---------|-------------|------------|
| Sales to customers | 52,061 | 28,268 | 14,703 | 7,743 | 8,412 | 11,601 | 3,571 | 13,429 | 139,793 | — | 139,793 |
| Intersegment sales | 827 | 744 | 367 | 3,095 | 122 | 4 | 231 | 26 | 5,421 | (5,421) | — |
| Total Sales | 52,889 | 29,013 | 15,071 | 10,839 | 8,534 | 11,606 | 3,803 | 13,456 | 145,214 | (5,421) | 139,793 |
| Operating Income (loss) | 16,215 | 1,500 | 177 | 337 | 3,555 | 2,037 | (752) | 184 | 23,255 | 173 | 23,428 |

For the three months ended June 30, 2009 (From April 1, 2009 to June 30, 2009)

(Millions of yen)

| | E-Commerc | Credit Card | Banking | Portal Media | Travel | Securities | Profession al Sports | Telecom municatio ns | Total | Elimination | Consolidat |
|-------------------------|-----------|-------------|---------|--------------|--------|------------|----------------------|----------------------|--------|-------------|------------|
| Sales to customers | 26,853 | 14,296 | 7,989 | 4,318 | 4,264 | 6,313 | 2,860 | 6,531 | 73,428 | — | 73,428 |
| Intersegment sales | 424 | 410 | 231 | 1,678 | 46 | 2 | 114 | 18 | 2,926 | (2,926) | — |
| Total Sales | 27,277 | 14,706 | 8,220 | 5,997 | 4,310 | 6,316 | 2,974 | 6,549 | 76,354 | (2,926) | 73,428 |
| Operating Income (loss) | 8,500 | 598 | 681 | 45 | 1,742 | 1,589 | 432 | (41) | 13,548 | 54 | 13,603 |

(Note) Consolidated Financial Statements

(Millions of yen)

| For the six months ended June 30, 2009 (From January 1, 2009 to June 30, 2009) | For the three months ended June 30, 2009 (From April 1, 2009 to June 30, 2009) |
|---|---|
| The breakdown of selling with the sales, general and administrative expenses is as follows. | The breakdown of selling with the sales, general and administrative expenses is as follows. |
| Advertisement and promotion expenses 7,756 | Advertisement and promotion expenses 4,103 |
| Personnel expenses 18,138 | Personnel expenses 9,434 |
| Provision for bonuses 2,649 | Provision for bonuses 1,321 |
| Depreciation 6,255 | Depreciation 3,127 |
| Communications and Maintenance expenses 6,647 | Communications and Maintenance expenses 3,279 |
| Outsourcing expenses 10,365 | Outsourcing expenses 5,274 |
| Expenses for doubtful accounts 7,507 | Expenses for doubtful accounts 4,500 |
| Point Costs 2,919 | Point Costs 1,359 |

<<Reference>>

Consolidated Financial Statements

For the six-months and three-months ended June 30, 2008

(1) Consolidated Income Statements

(For the six months ended June 30, 2008)

(Million of Yen)

| | Six months ended June 30,2008 (January 1 to June 30, 2008) |
|--|---|
| I Net sales | 121,814 |
| II Cost of sales | 28,426 |
| Gross profit | 93,387 |
| III Selling, general and administrative expenses | |
| 1 Advertisement and promotion expenses | 7,570 |
| 2 Personnel expenses | 16,517 |
| 3 Depreciation | 5,395 |
| 4 Communications and Maintenance expenses | 6,988 |
| 5 Outsourcing expenses | 12,061 |
| 6 Expenses for doubtful accounts | 7,924 |
| 7 Other | 18,663 |
| Selling, general and administrative expenses | 75,121 |
| Operating income | 18,266 |
| IV Non-operating income | |
| 1 Interest income | 110 |
| 2 Dividend income | 564 |
| 3 Foreign exchange income | 40 |
| 4 Equity in income of affiliates | 53 |
| 5 Other | 401 |
| Non-operating income | 1,170 |
| V Non-operating expenses | |
| 1 Interest expenses | 829 |
| 2 Commission fee | 817 |
| 3 Other | 395 |
| Non-operating expenses | 2,041 |
| Ordinary income | 17,395 |

| | Six months ended June 30, 2008 (January 1 to June 30, 2008) |
|--|--|
| VI Extraordinary income | |
| 1 Gain on sales of noncurrent assets | 46 |
| 2 Gain on change in equity | 18 |
| 3 Gain on receipt of investment securities | 267 |
| 4 Reversal of reserve for financial products transaction liabilities | 714 |
| 5 Reversal of provision for loss on business liquidation | 184 |
| 6 Other | 43 |
| Extraordinary income | 1,274 |
| VII Extraordinary loss | |
| 1 Loss on retirement of noncurrent assets | 1,503 |
| 2 Impairment loss | 1,246 |
| 3 Loss on valuation of investment securities | 641 |
| 4 Other | 1,221 |
| Extraordinary loss | 4,612 |
| Income before income taxes and minority interests | 14,056 |
| Income taxes-current | 4,710 |
| Income taxes-deferred | 2,424 |
| Minority interests in income (loss) | (371) |
| Net income | 7,293 |
| | |

(For the three months ended June 30, 2008)

(Million of Yen)

| | Three months ended June 30, 2008 (April 1 to June 30, 2008) |
|--|---|
| I Net sales | 62,291 |
| II Cost of sales | 13,801 |
| Gross profit | 48,489 |
| III Selling, general and administrative expenses | |
| 1 Advertisement and promotion expenses | 3,580 |
| 2 Personnel expenses | 8,635 |
| 3 Depreciation | 2,783 |
| 4 Communications and Maintenance expenses | 3,411 |
| 5 Outsourcing expenses | 5,902 |
| 6 Expenses for doubtful accounts | 4,207 |
| 7 Other | 8,916 |
| Selling, general and administrative expenses | 37,436 |
| Operating income | 11,053 |
| IV Non-operating income | |
| 1 Interest income | 519 |
| 2 Foreign exchange income | 22 |
| 3 Other | 212 |
| Non-operating income | 754 |
| V Non-operating expenses | |
| 1 Interest expenses | 433 |
| 2 Commission fee | 802 |
| 3 Equity in loss of affiliates | 31 |
| 4 Other | 137 |
| Non-operating expenses | 1,404 |
| Ordinary income | 10,402 |

| | Three months ended June 30, 2008 (April 1 to June 30, 2008) |
|--|---|
| VI Extraordinary income | |
| 1 Gain on sales of noncurrent assets | 46 |
| 2 Gain on change in equity | 17 |
| 3 Gain on receipt of investment securities | 117 |
| 4 Reversal of reserve for financial products transaction liabilities | 890 |
| 5 Other | 33 |
| Extraordinary income | 1,104 |
| VII Extraordinary Loss | |
| 1 Loss on retirement of noncurrent assets | 727 |
| 2 Loss on valuation of investment securities | 155 |
| 3 Impairment loss | 45 |
| 4 Other | 683 |
| Extraordinary Loss | 1,611 |
| Income before income taxes and minority interests(loss) | 9,895 |
| Income taxes-current | 2,624 |
| Income taxes-deferred | 1,944 |
| Income taxes | 4,569 |
| Minority interests in income (Loss) | (77) |
| Net income | 5,403 |
| | |

(2) Consolidated Statements of Cash Flows

(Million of Yen)

| | Six months ended June 30, 2008 (January 1 to June 30, 2008) |
|---|--|
| I Net cash provided by (used in) operating activities | |
| Income before income taxes and minority interests | 14,056 |
| Amortization of goodwill | 1,926 |
| Equity in (earnings) losses of affiliates | (53) |
| Depreciation and amortization | 5,894 |
| Loss on retirement of noncurrent assets | 1,503 |
| Loss (gain) on valuation of investment securities | 641 |
| Interest and dividends income | (675) |
| Interest expenses | 829 |
| Other loss (gain) | 334 |
| Decrease (increase) in notes and accounts receivable-trade | 479 |
| Decrease (increase) in accounts receivable-installment | (5,700) |
| Decrease (increase) in accounts receivable-installment sales-credit guarantee | 459 |
| Decrease (increase) in beneficial interests in securitized assets | (16,531) |
| Decrease (increase) in accounts receivable-installment sales-credit guarantee | (459) |
| Increase (decrease) in accounts payable-other and accrued expenses | (5,043) |
| Increase (decrease) in advances received | 1,875 |
| Increase (decrease) in deferred installment income | (118) |
| Decrease (increase) in operating receivables for Security business | 32,289 |
| Increase (decrease) in operating payable for Security business | (13,234) |
| Increase (decrease) in reserve for financial products transaction liabilities | (714) |
| Decrease (increase) in advances received from borrowing for Securities business | (23,059) |
| Decrease (increase) in operating loans receivable | 1,423 |
| Other, net | (9,959) |
| Subtotal | (13,833) |
| Payments for guarantee deposits for business operation | (15,460) |
| Proceeds from guarantee deposits for business operation | 15,753 |
| Income taxes paid | (17,235) |
| Income taxes refund | 775 |
| Net cash provided by (used in) operating activities | (30,000) |

| | Six months ended June 30, 2008 (January 1 to June 30, 2008) |
|--|--|
| II Net cash provided by (used in) investment activities | |
| Purchase of investment securities | (945) |
| Proceeds from sales and redemption of investment securities | 186 |
| Purchase of investments in subsidiaries resulting in change in scope of consolidation | (268) |
| Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation | 184 |
| Purchase of investments in subsidiaries | (230) |
| Purchase of property, plant and equipment | (2,810) |
| Proceeds from sales of property, plant and equipment | 1,086 |
| Purchase of intangible assets | (9,718) |
| Payments for lease and guarantee deposits | (199) |
| Proceeds from collection of lease and guarantee deposits | 208 |
| Payments of loans receivable | (102) |
| Collection of loans receivable | 2 |
| Other, net | (915) |
| Interest and dividends income received | 737 |
| Net cash provided by (used in) investment activities | (12,782) |

| | Six months ended June 30, 2008 (January 1 to June 30, 2008) |
|---|--|
| III Net cash provided by (used in) investment activities | |
| Net increase (decrease) in short-term loans payable | (33,023) |
| Increase (decrease) in commercial papers | 19,100 |
| Proceeds from long-term loans payable | 93,380 |
| Repayment of long-term loans payable | (55,087) |
| Redemption of bonds | (2,495) |
| Proceeds from issuance of bonds | 9,863 |
| Proceeds from issuance of common stock | 66 |
| Proceeds from sales and leaseback | 778 |
| Repayments of lease obligations | (362) |
| Interest expenses paid | (847) |
| Proceeds from stock issuance to minority shareholders | 533 |
| Cash dividends paid | (1,287) |
| Cash dividends paid to minority shareholders | (292) |
| Net cash provided by (used in) financing activities | 30,326 |
| IV Effect of exchange rate change on cash and cash equivalents | (260) |
| V Net increase (decrease) in cash and cash equivalents | (12,716) |
| VI Cash and cash equivalents | 73,860 |
| VII Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation | (7) |
| VIII Cash and cash equivalents | 61,136 |

(3) Business segment information

For the six months ended June 30, 2008 (From January 1, 2008 to June 30, 2008)

(Million of Yen)

| | E-Commerce | Credit Payment | Portal Media | Travel | Securities | Professional Sports | Telecommunications | Total | Elimination | Consolidate |
|-------------------------|------------|----------------|--------------|--------|------------|---------------------|--------------------|---------|-------------|-------------|
| Sales to customers | 43,013 | 32,718 | 4,384 | 7,251 | 12,644 | 3,786 | 18,014 | 121,814 | — | 121,814 |
| Intersegment sales | 539 | 371 | 2,637 | 187 | 0 | 231 | 1 | 3,969 | (3,969) | — |
| Total Sales | 43,553 | 33,090 | 7,022 | 7,438 | 12,645 | 4,017 | 18,016 | 125,783 | (3,969) | 121,814 |
| operating expenses | 33,903 | 28,093 | 7,123 | 4,689 | 10,570 | 4,703 | 18,004 | 107,088 | (3,540) | 103,547 |
| Operating Income (loss) | 9,649 | 4,996 | (100) | 2,749 | 2,074 | (685) | 11 | 18,695 | (428) | 18,266 |

For the three months ended June 30, 2008 (From April 1, 2008 to June 30, 2008)

(Million of Yen)

| | E-Commerce | Credit and Payment | Portal Media | Travel | Securities | Professional Sports | Telecommunications | Total | Elimination | Consolidate |
|-------------------------|------------|--------------------|--------------|--------|------------|---------------------|--------------------|--------|-------------|-------------|
| Sales to customers | 22,192 | 16,237 | 2,047 | 3,659 | 6,325 | 2,827 | 9,000 | 62,291 | — | 62,291 |
| Intersegment sales | 247 | 216 | 1,338 | 73 | (0) | 112 | 1 | 1,988 | (1,988) | — |
| Total Sales | 22,439 | 16,454 | 3,385 | 3,733 | 6,324 | 2,940 | 9,001 | 64,280 | (1,988) | 62,291 |
| operating expenses | 16,828 | 13,986 | 3,538 | 2,311 | 5,115 | 2,537 | 8,819 | 53,137 | (1,899) | 51,238 |
| Operating Income (loss) | 5,611 | 2,467 | (152) | 1,421 | 1,209 | 402 | 182 | 11,142 | (89) | 11,053 |

8. Other Information

(Exercise of right to request buy-back of shares from Tokyo Broadcasting System Inc.)

On March 31, 2009, Rakuten exercised its right to request a buy-back of shares pursuant to Article 785, Paragraph 1 of the Corporate Law for its entire shareholding of 37,770,700 shares of common stock (recorded on the quarterly consolidated balance sheet at ¥57,260 million) of Tokyo Broadcasting System Inc. (now Tokyo Broadcasting System Holdings, Inc.).

Tokyo Broadcasting System Holdings, Inc. on May 1, 2009, and Rakuten, Inc. on May 14, 2009, submitted applications for determination of the acquisition price to the District Court of Tokyo. Currently, the procedures for determination of the acquisition price are pending at the District Court of Tokyo. Tokyo Broadcasting System Holdings, Inc. has proposed that it will pay ¥40,000 million in advance as part of the charges for the relevant shares. Rakuten, Inc. agrees to receive that amount.

Receipt of the ¥40,000 million was completed on July 31, 2009.