

Consolidated Financial Reports For the Nine Months Ended September 30, 2009

Rakuten, Inc.
November 12, 2009

Company name	Rakuten, Inc.	Listed	JASDAQ (Japan)
Code No	4755	URL	http://www.rakuten.co.jp/
Representative	(Title) Chairman and CEO	(Name)	Hiroshi Mikitani
Contact person	(Title) CFO	(Name)	Ken Takayama
Scheduled date of filing the securities report:	November 13, 2009	Date of commencement of dividend payments	—
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(Amounts less than one million yen have been rounded off)

1. Consolidated Results for the Nine Months Ended September 30 of Fiscal 2009 (January 1–September 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	%
Nine months ended September 30, 2009	217,049	—	38,619	—	37,364	—	47,436	—
Nine months ended September 30, 2008	184,185	22.0	30,815	56.2	29,064	37.5	13,468	(69.1)

	EPS (Earning per Share)		EPS (Fully Diluted EPS)	
	Yen		Yen	
Nine months ended September 30, 2009	3,624.29		3,611.28	
Nine months ended September 30, 2008	1,029.84		1,025.42	

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Book-value per Share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2009	1,760,311	217,153	11.5	15,428.82
As of September 30, 2008	1,086,937	158,727	13.8	11,439.86

(Reference) Shareholders' equity: 201,974 million yen (as of year ended September 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)	—	—	—	—	—

(Note) Revision of forecasts for dividends on the presentation date of this report : No

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

(Note) Revisions made to value 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 such as securities business 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: No

(4) Number of shares issued (Common stock)

1.Common stock (including treasury stock)

13,091,677shares (As of September 30, 2009)

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

2.Treasury stock

979 shares (As of September 30, 2009)

979 shares (As of December 31, 2008)

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

13,088,449 shares (January 1– September 30, 2009)

13,077,896 shares (January 1– September 30, 2008)

5. Qualitative Information Related to Consolidated Business Results

(1) The nine months ended September 30, 2009 of Consolidated Business Results

During the period, the Japanese economy achieved a partial recovery from the recession triggered by the global financial crisis. However, the employment situation has worsened, and the economic outlook remains uncertain.

This situation contrasts with the continuing growth of Internet shopping in recent years. The increasing popularity of this method of buying goods or making travel reservations reflects the ease with which consumers can find items and compare prices. The Japanese Internet-based B-to-C e-commerce market, including online travel reservations, is expected to expand by an average of 13.5% annually from 2008 to 2013. A key factor in this growth has been the popularity of mobile e-commerce *1.

The Rakuten Group worked hard to expand the use of its services in this business environment. In addition to expanded marketing activities targeted toward specific user profiles and product genres, we also implemented points campaigns and sales promotion initiatives. At the same time, we continued to recruit new online merchants and contracted accommodation facilities and provide support to merchants. These efforts were reflected in high growth rates in the E-Commerce Business and Travel Business Segments.

In addition to our existing business activities, we also added eBANK Corporation to the consolidation in the first quarter of the current fiscal year. This helped to lift our net sales for the nine months ended September 30, 2009 to ¥217,049 million, an increase of 17.8% compared with the result for the same period in the previous year.

Operating income increased by 25.3% year on year to a new record of ¥38,619 million. Factors contributing to this growth included the improvement of our cost structure under strengthened management and administration system. Ordinary income also set a new record with a 28.6% year-on-year increase to ¥37,364 million. There was an income tax adjustment of ¥21,607 million. This resulted mainly from deferred tax assets recorded in connection with a valuation loss on investment securities in the previous year, following the exercise of 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, net income increased by 252.2% year on year to a new record of ¥47,436 million.

(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 nine months ended September 30, 2009.

E-Commerce Business Segment

Our core activity in this segment is the operation of our Internet shopping mall, Rakuten Ichiba. In addition to continuing growth in e-commerce demand from Internet users, performance also accelerated by marketing campaigns focusing on user buying behavior in each product category, and from the improvement of recommendation and other functions. Other contributing factors included our efforts to attract new merchants in previously undeveloped categories and regions, and our continuing support for merchants. Sales promotion activities, including active points campaigns, also contributed. Gross Merchandise Sales for this business (including Rakuten Books) remained on a steep growth curve with an increase of 20.8% (21.2% after adjustment for the leap year effect) compared with the same period in the previous year. Segment net sales also showed healthy growth, increasing by 24.1% year on year to ¥80,683 million. At ¥24,507 million, operating income was 52.3% higher than the result for the same period in the previous year. This substantial increase reflects increased profits from Rakuten Ichiba, as well as savings achieved through improved cost management in other areas of the E-Commerce Business Segment.

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

In the nine months ended September 30, 2009, this segment produced net sales of ¥42,599 million. This result reflects growth in the number of cardholders, and a sustained increase in revenues from credit cards shopping. Operating income reached ¥2,336 million, despite the impact of worsening economic conditions and cost increases, including higher marketing expenditure to attract new cardholders. Year-on-year comparisons are not possible, since the scope of the segment was changed in the first quarter of the current fiscal year.

Banking Business Segment

In the nine months ended September 30, 2009, the Banking Business Segment recorded net sales of ¥22,515 million and operating income of ¥1,033 million. Contributing factors included sustained growth in fees and commissions resulting from the expansion of settlement services by eBANK Corporation, which became a consolidated subsidiary in the first quarter of the current year. At the same time, income from financial assets, specifically loans and investment assets increased. Year-on-year comparisons are not possible, since this segment was established in the first quarter of the current fiscal year.

Portal and Media Business Segment

Net sales for the Portal and Media Business Segment in nine months ended September 30, 2009 grew 96.0% to ¥12,425 million, leading to operating income of ¥661 million (compared with a ¥319 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 end of third quarter of the previous fiscal year, and pay-per-view video service provider SOWTIME, Inc. which was included in the end of first quarter of this fiscal year.

Travel Business Segment

The gross transaction value of bookings in the nine months ended September 30, 2009 was 17.4% higher than the result for the same period in the previous year (17.8% after adjustment for the leap year effect). This healthy growth reflects active marketing activities targeting travel during the summer holidays and extended public holiday periods. Other positive factors were the improvement of user convenience through enhancements to website functions, and increased support for contracting accommodation facilities. Advertising sales were also strong, and total net sales in this segment increased by 20.4% over the result for the same period in the previous year to ¥14,321 million. Operating income was 23.8% higher at ¥6,423 million.

Securities Business Segment

There were signs of a recovery in the stock market following the slump triggered by last year's financial crisis. However, a decline in margin transactions resulted in lower interest revenues. Net sales in this segment in the nine months ended September 30, 2009 amounted to ¥17,803 million, a decline of 5.5% compared with the result for the same period in the previous year. Operating income was 9.3% higher at ¥3,378 million, in part because of cost-cutting measures.

Professional Sports Business Segment

The Tohoku Rakuten golden Eagles fared better in the opening and closing months of the season, which resulted in increased media attention and increasing sales of tickets and goods. However, advertising revenues were lower. Net sales in the nine months ended September 30, 2009 were 0.9% higher than the

result for the same period in the previous year at ¥6,764 million. There was an operating loss of ¥41 million, compared with a ¥165 million operating loss in the same period in the previous year.

Telecommunications Business Segment

As IP telephony service providers faced difficult business conditions in the nine months ended September 30, 2009, net sales of this segment were lower. However, while net sales declined by 24.3% compared with the same period in the previous year to ¥19,936 million, operating income was 26.1% higher at ¥219 million, thanks to cost-cutting measures and other restructuring initiatives for existing business activities.

(Note)

*1:Source: Nomura Research Institute, Korekara Joho Tsushin Shijo de Nani ga Okoru no ka—IT Shijo Nabigeta 2009-Ban (What Will Happen in the IT Market?—IT Market Navigator 2009)

*2:The net sales figures shown in the segment overviews above represent sales to customers outside of the Rakuten Group and do not include intersegment sales.

*3:Year-on-year increases and decreases are provided for reference only, since there are differences in accounting standards.

6. Qualitative Information Pertaining to the Consolidated Financial Positions

Assets

Total assets as of September 30, 2009 amounted to ¥1,760,311 million. This represents an increase of ¥673,373 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 ¥526,617 million, to the Rakuten Group's assets.

Liabilities

Total liabilities amounted to ¥1,543,157 million as of September 30, 2009, compared with ¥928,210 million at end of fiscal year 2008, a ¥614,947 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 ¥132,675 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 ¥217,153 million as of September 30, 2009. This represents an increase of ¥58,426 million from the figure of ¥158,727 million at the end of fiscal 2008. Shareholders' equity increased by ¥46,203 million. This reflects the fact that quarterly net income reached ¥47,436 million due to factors that included ordinary income of ¥37,364 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

Net cash used for operating activities in the nine months ended September 30, 2009 amounted to ¥57,325 million. Cash inflows included net income before income taxes of ¥37,846 million, which resulted mainly from strong performance in the E-Commerce Business Segment. Outflows included a ¥90,642 million reduction in bank deposits owing to the maturity of time deposits held by eBANK Corporation.

Net cash provided by investment activities amounted to ¥210,414 million. Proceeds from sales and redemptions of marketable securities as part of the restructuring of eBANK's investment portfolios substantially outweighed expenditure on the acquisition of marketable securities. Another factor was a ¥40,000 million partial-payment resulting from a demand for the buy-back of investment securities.

Net cash used for financing activities totaled ¥144,449 million. The main items were the full repayment of outstanding borrowings of Rakuten Credit, Inc. in preparation for the consolidation of the personal loan business with eBANK Corporation, and the reduction of the borrowings of Rakuten KC Co., Ltd. and Rakuten, Inc.

In addition to the items outlined above, there was also a ¥34,592 million net increase in cash and cash equivalents resulting from changes in the scope of consolidation, notably the inclusion of eBANK Corporation. As a result, cash and cash equivalents at the end of the third quarter of the current fiscal year amounted to ¥124,480 million, an increase of ¥43,196 million from the position at the end of the previous fiscal year.

8. Qualitative Information Pertaining to Consolidated Performance Forecasts

Both net sales and income are expected to exceed the previous year's results in the year ending December 31, 2009. This prediction reflects continuing strong growth in the E-Commerce Business Segment and other areas, as well as measures to strengthen our management and administrative structures. Our business performance is seasonal. Net sales in the E-Commerce Business Segment tend to be higher in the fourth quarter because of demand for New Year gifts and Holiday gifts, while in the Travel Business Segment, net sales tend to be higher in the third quarter than in other quarters because of leisure-related demand in the summer season.

Therefore, 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 such as securities business whose results heavily depended on high volatile market. This precludes us from making earnings forecasts.

The 3rd Quarters of Fiscal Year 2009 Financial Results

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of September 30, 2009	As of December 31, 2008
(Assets)		
Current assets		
Cash and deposits	111,418	88,588
Notes and accounts receivable-trade	32,923	32,241
Accounts receivable-installment	77,537	93,631
Accounts receivable-installment sales-credit guarantee	2,980	3,550
Beneficial interests in securitized assets	36,269	101,572
Cash segregated as deposits for Securities Business	216,602	214,891
Margin transaction assets for Securities Business	132,499	81,153
Operating loans	179,045	188,695
Short-term investment securities	20,193	2,629
Securities for Banking Business	526,617	—
Loans for Banking Business	96,634	—
Deferred tax assets	13,904	12,829
Other	96,736	66,556
Allowance for doubtful accounts	(42,224)	(36,073)
Current assets	1,501,139	850,267
Noncurrent assets		
Property, plant and equipment	20,221	21,114
Intangible assets		
Goodwill	89,231	65,083
Other	33,881	28,229
Intangible assets	123,112	93,313
Investments and other assets		
Investment securities	67,890	82,846
Deferred tax assets	25,695	15,510
Other	27,641	29,294
Allowance for doubtful accounts	(5,390)	(5,407)
Investments and other assets	115,837	122,242
Noncurrent assets	259,171	236,670
Assets	1,760,311	1,086,937
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	19,081	20,209
Accounts payable-credit guarantee	2,980	3,550
Commercial Paper	17,000	14,000
Short-term loans payable	155,346	270,335
Deposits for Banking Business	680,758	—

	As of September 30, 2009	As of December 31, 2008
Income taxes payable	7,571	10,697
Deferred tax liabilities	2,816	91
Deposits received for Securities Business	139,293	142,608
Margin transaction liabilities for Securities Business	73,180	53,538
Guarantee deposits received for Securities Business	89,327	88,749
Provision	13,047	13,452
Other	141,419	85,621
Current liabilities	1,341,824	702,855
Noncurrent liabilities		
Bonds payable	20,987	13,020
Long-term loans payable	163,379	181,065
Provision for loss on interest repayment	11,180	15,364
Other provisions	359	374
Deferred tax liabilities	246	8,266
Other	2,441	4,046
Noncurrent liabilities	198,594	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	1,543,157	928,210
(Net assets)		
Shareholders' equity		
Capital stock	107,570	107,534
Capital surplus	115,863	119,565
Retained earnings	(26,538)	(76,408)
Treasury stock	(11)	(11)
Shareholders' equity	196,884	150,680
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	6,777	655
Deferred gains or losses on hedges	(279)	(335)
Foreign currency translation adjustment	(1,408)	(1,297)
Valuation and translation adjustments	5,089	(977)
Subscription rights to shares	525	243
Minority interests	14,653	8,781
Net assets	217,153	158,727
Liabilities and net assets	1,760,311	1,086,937

(2) Consolidated Income Statements
For the nine months ended September 30, 2009

	(Millions of yen)
	Nine months ended September 30, 2009
	(January 1 to September 30, 2009)
Net sales	217,049
Cost of sales	52,111
Gross profit	164,938
Selling, general and administrative expenses	126,318
Operating income	38,619
Non-operating income	
Interest income	140
Dividend income	185
Foreign exchange income	8
Equity in income of affiliates	374
Other	454
Non-operating income	1,163
Nonoperating expenses	
Interest expenses	1,754
Commission fee	403
Other	260
Non-operating expenses	2,417
Ordinary income	37,364
Extraordinary income	
Reversal of provision for loss on business liquidation	351
Reversal of reserve for financial products transaction liabilities	478
Gain on change in equity	4,034
Other	587
Extraordinary income	5,451
Extraordinary loss	
Loss on valuation of investment securities	1,387
Restructuring losses	695
Impairment loss	1,153
Other	1,733
Extraordinary loss	4,970
Income before income taxes and minority interests	37,846
Income taxes-current	12,511
Income taxes-deferred	(21,607)
Income taxes	(9,096)
Minority interests in income (loss)	(493)
Net income	47,436

For the three months ended September 30, 2009

	(Millions of yen)
	Three months ended
	September 30, 2009
	(July 1 to September 30, 2009)
Net sales	77,256
Cost of sales	18,116
Gross profit	59,139
Selling, general and administrative expenses	43,949
Operating income	15,190
Non-operating income	
Interest income	96
Dividend income	2
Foreign exchange income	19
Equity in income of affiliates	158
Other	79
Non-operating income	357
Non-operating expenses	
Interest expenses	499
Commission fee	15
Other	86
Non-operating expenses	601
Ordinary income	14,946
Extraordinary income	
Gain on step acquisitions	303
Gain on sales of subsidiaries shares	181
Other	56
Extraordinary income	541
Extraordinary loss	
Loss on retirement of noncurrent assets	203
Loss on valuation of investment securities	113
Other	276
Extraordinary loss	593
Income before income taxes and minority interests	14,894
Income taxes-current	6,559
Income taxes-deferred	(991)
Income taxes	5,567
Minority interests in income (loss)	7
Net income	9,318

(3) Consolidated Statements of Cash Flows

(Millions of yen)

**Nine months ended
September 30, 2009**
(January 1 to September 30,
2009)

Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	37,846
Amortization of goodwill	4,117
Depreciation and amortization	10,649
Loss (gain) on valuation of securities for the Banking Business	2,240
Loss (gain) on sales of securities for the Banking Business	159
Increase (decrease) in allowance for doubtful accounts	(5,763)
Increase (decrease) in provision for loss on interest repayment	(4,183)
Other loss (gain)	301
Decrease (increase) in notes and accounts receivable-trade	1,476
Decrease (increase) in accounts receivable-installment	16,093
Decrease (increase) in beneficial interests in securitized assets	45,302
Decrease (increase) in operating loans receivable	(82,673)
Increase (decrease) in notes and accounts payable-trade	(2,007)
Increase (decrease) in accounts payable-other and accrued expenses	(5,512)
Increase (decrease) in advances received	(58)
Increase (decrease) in deposits for the Banking Business	(90,642)
Decrease (increase) in call loans for the Banking Business	44,000
Decrease (increase) in operating receivables for the Securities Business	(57,073)
Decrease (increase) in deposits for segregated accounts for the Securities Business	4,700
Increase (decrease) in operating payable for the Securities Business	16,923
Increase (decrease) in loans payable secured by securities for the Securities Business	8,042
Other, net	13,963
Subtotal	(42,097)
Income taxes paid	(14,920)
Other	(307)
Net cash provided by (used in) operating activities	(57,325)
Net cash provided by (used in) investment activities	
Payments into time deposits	(9,285)
Proceeds from withdrawal of time deposits	4,909
Acquisition of securities for Banking Business	(458,608)
Proceeds from sales and redemption of securities for the Banking Business	646,441
Proceeds from partial payment due to share purchase demand	40,000
Purchase of investments in subsidiaries	(1,578)
Purchase of investments in subsidiaries resulting in change in	(3,292)
Purchase of property, plant and equipment	(2,392)
Purchase of intangible assets	(7,460)
Other payments	(862)
Other proceeds	1,891
Interest and dividends income received	652
Net cash provided by (used in) investment activities	210,414
Net cash provided by (used in) financing activities	
Net increase (decrease) in short-term loans payable	(63,606)
Increase (decrease) in commercial papers	3,000
Proceeds from long-term loans payable	46,150
Repayment of long-term loans payable	(115,041)
Proceeds from issuance of bonds	1,234
Redemption of bonds	(6,010)
Purchase of treasury stock of subsidiaries in consolidation	(4,114)
Interest expenses paid	(1,750)
Proceeds from issuance of shares to minority shareholders	452
Cash dividends paid	(1,307)
Cash dividends paid to minority shareholders	(228)

Nine months ended
September 30, 2009
(January 1 to September 30,
2009)

Other	(3,226)
Net cash provided by (used in) financing activities	(144,449)
Effect of exchange rate change on cash and cash equivalents	(36)
Net increase (decrease) in cash and cash equivalents	8,604
Cash and cash equivalents	81,283
Increase in cash and cash equivalents from newly consolidated subsidiary	34,751
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(158)
Cash and cash equivalents	124,480

(4) Business Segment Information

For the nine months ended September 30, 2009 (From January 1, 2009 to September 30, 2009)

(Millions of yen)

	E-Commerce	Credit Card	Banking	Portal Media	Travel	Securities	Professional Sports	Telecommunications	Total	Elimination	Consolidated
Sales to customers	80,683	42,599	22,515	12,425	14,321	17,803	6,764	19,936	217,049	—	217,049
Intersegment sales	1,194	1,558	736	5,043	202	14	352	41	9,143	(9,143)	—
Total Sales	81,878	44,158	23,252	17,468	14,524	17,817	7,116	19,977	226,193	(9,143)	217,049
Operating Income (loss)	24,507	2,336	1,033	661	6,423	3,378	(41)	219	38,519	100	38,619

For the three months ended September 30, 2009 (From July 1, 2009 to September 30, 2009)

(Millions of yen)

	E-Commerce	Credit Card	Banking	Portal Media	Travel	Securities	Professional Sports	Telecommunications	Total	Elimination	Consolidated
Sales to customers	28,621	14,330	7,811	4,681	5,908	6,201	3,193	6,506	77,256	—	77,256
Intersegment sales	367	813	369	1,947	80	9	120	14	3,722	(3,722)	—
Total Sales	28,989	15,144	8,180	6,629	5,989	6,210	3,313	6,521	80,978	(3,722)	77,256
Operating Income	8,291	836	855	323	2,868	1,341	710	35	15,263	(72)	15,190

(5) Significant Subsequent Events

The 3rd Quarter of the Current Fiscal Year (From July 1 to September 30, 2009)

1. Signing of Important Agreement

At its meeting on November 5, 2009, the Board of Directors resolved to sign a basic agreement concerning a capital alliance with bitWallet, Inc. (bitWallet).

(1) Purpose

The aim of the alliance is to use the customer base and marketing know-how of the Rakuten Group to strengthen the Edy electric money systems, which are planned and operated by bitWallet, by attracting new users and promoting the use of the system on the Internet, and to offer highly convenient payment tools to users by developing closer links between the services of the Rakuten Group and the Edy system.

(2) Name of Other Party to Agreement

bitWallet, Inc.

(3) Schedule

The basic agreement was signed as November 5, 2009.

The capital alliance agreement will be signed in mid-November, 2009.

(4) Nature of Agreement

Rakuten, Inc. will acquire a third-party allocation of new shares issued by bitWallet.

(Note) Consolidated Financial Statements

(Millions of yen)

For the nine months ended September 30, 2009 (From January 1 to September 30, 2009)	For the three months ended September 30, 2009 (From July 1 to September 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 12,091	Advertisement and promotion expenses 4,335
Personnel expenses 28,662	Personnel expenses 10,523
Provision for bonuses 3,330	Provision for bonuses 681
Depreciation 9,514	Depreciation 3,258
Communications and Maintenance expenses 9,893	Communications and Maintenance expenses 3,246
Outsourcing expenses 15,769	Outsourcing expenses 5,403
Expenses for doubtful accounts 11,550	Expenses for doubtful accounts 4,043
Point Costs 4,780	Point Costs 1,860

<<Reference>>

Consolidated Financial Statements

For the nine months and three months ended September 30, 2008

(1) Consolidated Income Statements

(For the nine months ended September 30, 2008)

(Million of Yen)

	Nine months ended September 30, 2008 (January 1 to September 30, 2008)
I Net sales	184,185
II Cost of sales	41,625
Gross profit	142,560
III Selling, general and administrative expenses	
1 Personnel expenses	25,458
2 Advertisement and promotion expenses	11,199
3 Depreciation	8,209
4 Communications and Maintenance expenses	10,280
5 Outsourcing expenses	16,892
6 Expenses for doubtful accounts	12,381
7 Other	27,323
Selling, general and administrative expenses	111,744
Operating income	30,815
IV Non-operating income	
1 Interest income	163
2 Dividend income	565
3 Equity in income of affiliates	122
4 Other	562
Non-operating income	1,412
V Non-operating expenses	
1 Interest expenses	1,483
2 Commission fee	1,183
3 Other	496
Non-operating expenses	3,163
Ordinary income	29,064

	Nine months ended September 30, 2008 (January 1 to September 30, 2008)
VI Extraordinary income	
1 Gain on sales of noncurrent assets	46
2 Gain on receipt of investment securities	267
3 Reversal of reserve for financial products transaction liabilities	714
4 Reversal of provision for loss on business liquidation	184
5 Gain on change in equity	33
6 Other	44
Extraordinary income	1,291
VII Extraordinary loss	
1 Loss on retirement of noncurrent assets	1,636
2 Loss on valuation of investment securities	999
3 Impairment loss	1,246
4 Other	1,252
Extraordinary loss	5,135
Income before income taxes and minority interests	25,220
Income taxes-current	9,743
Income taxes-deferred	2,505
Income taxes	12,248
Minority interests in income (loss)	(495)
Net income	13,468

(For the three months ended September 30, 2008)

(Million of Yen)

	Three months ended September 30, 2008 (July 1 to September 30, 2008)
I Net sales	62,371
II Cost of sales	13,198
Gross profit	49,172
III Selling, general and administrative expenses	
1 Personnel expenses	8,941
2 Advertisement and promotion expenses	3,628
3 Depreciation	2,813
4 Communications and Maintenance expenses	3,291
5 Outsourcing expenses	4,831
6 Expenses for doubtful accounts	4,457
7 Other	8,659
Selling, general and administrative expenses	36,623
Operating income	12,549
IV Non-operating income	
1 Interest income	52
2 Equity in income of affiliates	68
3 Other	121
Non-operating income	242
V Non-operating expenses	
1 Interest expenses	654
2 Commission fee	366
3 Other	101
Non-operating expenses	1,122
Ordinary income	11,669

	Three months ended September 30, 2008 (July 1 to September 30, 2008)
VI Extraordinary income	
1 Gain on change in equity	15
2 Other	1
Extraordinary income	16
VII Extraordinary Loss	
1 Loss on retirement of noncurrent assets	132
2 Loss on valuation of investment securities	357
4 Other	31
Extraordinary Loss	522
Income before income taxes and minority interests(loss)	11,164
Income taxes-current	5,032
Income taxes-deferred	81
Income taxes	5,113
Minority interests in income (Loss)	(124)
Net income	6,175

(3) Business segment information

For the nine months ended September 30, 2008 (From January 1 to September 30, 2008)

(Million of Yen)

	E-Commerce	Credit and Payment	Portal Media	Travel	Securities	Professional Sports	Telecommunications	Total	Elimination	Consolidate
Sales to customers	65,007	49,074	6,340	11,899	18,838	6,701	26,324	184,185	—	184,185
Intersegment sales	939	637	3,954	262	0	353	0	6,149	(6,149)	—
Total Sales	65,947	49,712	10,294	12,162	18,839	7,055	26,324	190,334	(6,149)	184,185
operating expenses	49,852	42,558	10,614	6,973	15,747	7,220	26,150	159,116	(5,746)	153,369
Operating Income (loss)	16,094	7,153	(319)	5,188	3,091	(165)	174	31,218	(402)	30,815

For the three months ended September 30, 2008 (From July 1 to September 30, 2008)

(Million of Yen)

	E-Commerce	Credit and Payment	Portal Media	Travel	Securities	Professional Sports	Telecommunications	Total	Elimination	Consolidate
Sales to customers	21,994	16,355	1,955	4,648	6,193	2,915	8,307	62,371	—	62,371
Intersegment sales	399	266	1,316	75	0	112	0	2,180	(2,180)	—
Total Sales	22,393	16,621	3,272	4,723	6,193	3,037	8,308	64,550	(2,180)	62,371
operating expenses	15,948	14,464	3,491	2,283	5,177	2,517	8,145	52,027	(2,205)	49,822
Operating Income (loss)	6,445	2,157	(219)	2,439	1,016	520	162	12,523	25	12,549

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 ¥57,675 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 Rakuten, Inc. received ¥40,000 million in advance as partial payment for the relevant share to Broadcasting System Holdings, Inc. on July 31, 2009.