The following information was originally prepared and published by the Company in Japanese as it contains timely disclosure materials to be submitted to the Osaka Securities 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 generally accepted accounting principles in Japan.

Annual Financial Report (Consolidated) for the First Quarter of Fiscal 2011

Rakuten, Inc.
May 12, 2011

Company Name	Rakuten, Inc.	Listed	Osaka Securities Exchange
Code No	4755	URL	http://www.rakuten.co.jp/
Representative	(Title) Chairman and CEO	(Name)	Hiroshi Mikitani
Contact person	(Title) Senior Executive Officer and CFO	(Name)	Ken Takayama TEL +81-3-6387-0555
Scheduled date of filing the securities report		May 13, 2011	
Scheduled date of commencement of dividend payment		—	
Quarterly results supplementary materials to be created		Yes	
Quarterly results investors meeting to be held		Yes	

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

1. Consolidated Results for the Three Months Ended Mar 31 of Fiscal 2011 (Jan 1 to Mar 31, 2011)

(1) Consolidated Operating Results

(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	%
Three months ended Mar 31, 2011	86,921	9.8	14,074	8.4	13,870	9.7	6,914	1.4
Three months ended Mar 31, 2010	79,192	19.3	12,986	32.2	12,640	38.6	6,820	(73.0)

	EPS (Earnings per Share)	EPS (Earnings per Share Diluted)
	Yen	Yen
Three months ended Mar 31, 2011	526.91	525.58
Three months ended Mar 31, 2010	520.73	518.71

(2) Consolidated Financial Position

	Total assets	Net Assets	Equity Ratio	Book-value per Share
	Millions of Yen	Millions of Yen	%	Yen
As of Mar 31, 2011	1,983,900	254,921	12.3	18,581.68
As of Dec 31, 2010	1,949,516	249,233	12.2	18,160.62

(Reference) Shareholders' equity: 243,916 million yen (as of Mar 31, 2011); 238,296 million yen (as of Dec 31, 2010)

2. Dividend Distribution

	Dividend per Share				
	1st Quarter	2nd Quarter	3rd Quarter	Annual	Year
	Yen	Yen	Yen	Yen	Yen
FY2010	—	—	—	200.00	200.00
FY2011	—				
FY2011 (Forecast)		—	—	—	—

(Note) Revision of forecasts on the Dividends: NO

3. Forecast of Consolidated Operating Results for Fiscal 2011 (Jan 1 to Dec 31, 2011)

(Note) Revision of forecasts on the Consolidated Operating Results: NO

Rakuten and its group businesses do not disclose earnings forecasts as its business operations include an Internet service business and a securities brokerage business, both of which are characterized by high volatility and uncertainty with regards to results. This precludes us from making earnings forecasts.

4. Others

(1) Significant changes in scope of consolidation: No
(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: Yes

(4) Number of shares issued (Common stock)

1. Common stock (including treasury stock)
   13,186,799 shares (Mar 31, 2011)
   13,181,697 shares (Dec 31, 2010)
2. Treasury stock
   60,079 shares (Mar 31, 2011)
   60,079 shares (Dec 31, 2010)
3. Average number of shares issued during the 1st Quarter Fiscal 2011 and the 1st Quarter Fiscal 2010
   13,123,168 shares (Jan 1 to Mar 31, 2011)
   13,097,625 shares (Jan 1 to Mar 31, 2010)

Qualitative Information, Financial Statements, etc.

1. Qualitative Information Concerning Consolidated Business Results

(1) Business Results for the First Quarter of the Fiscal Year Ending December 31, 2011

Strong exports to Asia helped to boost Japan's economic performance in the first quarter of the fiscal year ending December 31, 2011 (January 1 - March 31, 2011). However, the Great East Japan Earthquake that struck on March 11, 2011 inevitably caused a temporary slowing of the recovery. While there is a risk that economic performance in the months ahead will be weighed down by power shortages and other factors, the Japanese economy is likely to be buoyed up by the process of solving these problems. The recent disaster has brought renewed awareness of the importance of the Internet as a tool for information gathering and communication, and of the potential of Internet shopping as a method for the timely procurement of essential goods. The Rakuten Group is already observing a recovery in its gross transaction volume, and we expect the shift in consumer behavior from real-world shopping to Internet shopping to bring further strong growth in our Internet-related business activities.

In this environment, the Rakuten Group continued to focus on the improvement of user satisfaction and the realization of group-level synergies in the first quarter of the current fiscal year. We launched a range of initiatives, including the expansion of smartphone services and the implementation of marketing strategies linked to our points system. We began to accelerate our overseas expansion in the previous fiscal year, and in the first quarter of the current year we made good progress with our efforts to build strong foundations for the growth of our overseas subsidiaries. In particular, we applied growth strategies based on our accumulated expertise and past successes, and we continued to develop cross-border shopping.

These efforts were reflected in continued strong growth in the first quarter of the current fiscal year, despite the temporary effects of the earthquake. Consolidated net sales increased by 9.8% year on year to ¥86,921 million, operating income by 8.4% to ¥14,074 million, and ordinary income by 9.7% to ¥13,870 million. Despite extraordinary losses of ¥4,441 million, including losses caused by earthquake-related damage, quarterly net income was 1.4% higher at ¥6,914 million.

(2) Segment Information

The Rakuten Group is an integrated Internet service group with two core business areas: Internet Services and Internet Finance.

Since the first quarter of the fiscal year ending December 31, 2011, we have applied the Accounting Standard for Disclosures about Segments of an Enterprise and Related information (ASBJ Statement No.17, March 27, 2009) and the Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No.20, March 21, 2008). In accordance with this standard, we have identified three reporting segments: Internet Services, Internet Finance and Others. These segments represent the constituent units of the Rakuten Group for which we are able to obtain specific financial data. This segment information will be regularly reviewed as the basis for the assessment of business performance, and for decisions by the Board of Directors concerning the allocation of management resources. The composition of each segment is as described below.

Internet Services

Activities in this segment consist of the operation of e-commerce sites, including the Rakuten Ichiba Internet shopping mall, travel sites, portal sites and other sites, as well as activities based on these sites, such as advertising and content.

Internet Finance

Activities in this segment involve the provision banking and securities services via the Internet, credit card services, e-money services and other services.

Others

This segment consists of the provision of IP telephony services and the management of a professional baseball team.

Segment Results

Internet Services

Our core service in this segment is the Rakuten Ichiba Internet shopping mall. In the first quarter of the current fiscal year, we redesigned the top page layout to improve usability. We also actively developed smartphone-based services and services linked to social media. These strategic initiatives were very successful, and despite delays in deliveries to disaster-affected areas and self-imposed spending constraints by consumers, we maintained healthy trends in both the number of unique purchases and the number of orders. Gross transaction volume for e-commerce in Japan continued to show high growth with a 13.3% year on year increase. Similarly, while some areas of the travel service business were affected by cancellations resulting from the earthquake, our strategy of expanding our range of dynamic packages proved highly successful, and gross booking transactions increased by 13.8% year on year. We also made good progress with our international expansion. Initiatives relating to overseas e-commerce services included the launch of sales to Japan through our U.S. subsidiary, Buy.com Inc., and preparations for the establishment of a joint venture in Indonesia.

These efforts helped to maintain steady growth in sales in this segment, which amounted to ¥48,435 million. Segment operating income totaled ¥12,654 million.

Internet Finance

In the area of credit card services, there was a sustained increase in the number of new Rakuten Card applications via Rakuten Ichiba. This was reflected in a smooth increase in shopping transactions, growth in the revolving credit balance, and higher commission revenues. In the banking service category, effective marketing targeted toward Rakuten members resulted in strong growth in the balance of lending, leading to higher loan interest returns. In the area of securities services, we further enhanced the usability of trading tools. We also recorded substantial growth in both trading commissions and operating income because of the high level of trading payments resulting from the volatility of the Japanese stock market.

These factors were reflected in segment sales of ¥36,042 million. Segment operating income amounted to ¥3,661 million.

Others

Consolidated operating income for this segment set a new record in the first quarter of the current fiscal year. Contributing factors included the introduction of new IP telephony services, such as cloud telephony, the implementation of measures to reduce fixed costs, and retroactive adjustments to interconnection charges with other carriers. However, sales from our professional sports business were lower because of the delayed start of the professional baseball season, which meant that there were no games during the first quarter.

Segment sales amounted to ¥7,342 million, and there was a segment operating loss of ¥517 million.

2. Qualitative Information Pertaining to the Consolidated Financial Position

Assets

Consolidated total assets at the end of the first quarter of the current fiscal year (March 31, 2011) amounted to ¥1,983,900 million, compared with ¥1,949,516 million at the end of the previous fiscal year (December 31, 2010). The main changes were a ¥61,089 million increase in negotiable certificates of deposit and other short-term investment securities, a ¥17,883 million reduction in call loans and other current assets, and a ¥12,068 reduction in the balance of trading assets for the securities business.

Liabilities

Consolidated total liabilities at the end of the first quarter of the current fiscal year amounted to ¥1,728,978 million, an increase of ¥28,695 million compared with the position at the end of the previous fiscal year (¥1,700,282 million). The main changes were a ¥49,472 million increase in short-term loans payable, a ¥14,705 million decrease in guarantee deposits received for the securities business, and a ¥10,457 million decrease in income taxes payable.

Net Assets

From ¥249,233 million at the end of the previous fiscal year, consolidated net assets increased by ¥5,687 million to ¥254,921 million as of the end of the first quarter of the current fiscal year. The increase resulted mainly from quarterly net income of ¥6,914 million and a ¥4,375 million increase in shareholders' equity.

3. Cash Flows

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥7,278 million, compared with a ¥4,953 million outflow in the first quarter of the previous year. Inflows included quarterly income before income taxes and minority interests of ¥9,429 million, ¥8,222 million resulting from a decrease in accounts receivable-installment (The corresponding figures for the first quarter of the previous fiscal year were ¥12,028 million inflow and ¥12,338 million outflow respectively). There was a ¥9,554 million outflow resulting from a increase in cash loans and bills discounted for banking business, compared with ¥3,814 million outflow in the first quarter of the previous fiscal year.

Cash Flows from Investing Activities

There was a ¥77,474 million outflow resulting from the acquisition of securities for banking business, and an ¥89,573 million inflow resulting from proceeds from sales and redemption of securities for banking business (The corresponding figures for the first quarter of the previous fiscal year were ¥104,826 million and ¥92,696 million respectively). On this basis, net cash provided by investing activities in the first quarter of the current fiscal year amounted to ¥3,170 million, compared with a net outflow of ¥1,512 million in the first quarter of the previous fiscal year.

Cash Flows from Financing Activities

A net reduction in commercial paper resulted in an outflow of ¥5,800 million, and there was a ¥54,150 million inflow from proceeds from long-term payable (The corresponding figures for the first quarter of the previous fiscal year were inflows of ¥16,900 million and ¥15,800 million respectively). As a result, net cash provided by financing activities amounted to ¥69,951 million, compared with ¥48,243 million in the first quarter of the previous fiscal year.

These changes were reflected in cash and cash equivalents of ¥181,673 million at the end of the first quarter of the current fiscal year, an increase of ¥80,936 million from the position at the end of the previous fiscal year.

4. Qualitative Information about Consolidated Business Forecasts

In the year ending December 31, 2011, we expect the Great East Japan Earthquake to have a temporary impact, and we anticipate further expansion in the use of our services in Japan including e-commerce and travel, resulting in continued high growth. We will also actively develop our strategy to pursue growth in overseas markets, with the aim of expanding income streams in the medium- to long-term perspective. As for Internet Finance, many factors including financial markets and changes of business environments may affect its business performance, but we expect sustained growth in earnings generated by synergies within the Rakuten Group. We therefore aim to surpass our financial results for the year ended December 31, 2010 through continued efforts to improve existing services and create new ones.

In addition, Rakuten and its group businesses do not disclose earnings forecasts as its business operations include an Internet service business and a securities brokerage business, both of which are characterized by high volatility and uncertainty with regards to results. This precludes us from making earnings forecasts.

5. Other Information

Application of the Accounting Standard for Equity Accounting Method, etc

Since the first quarter of the fiscal year ending December 31, 2011, we have applied the Accounting Standard for Equity Accounting Method (ASBJ Statement No.16, March 10, 2008) and the Present Treatment of Accounting Method for Equity Accounting Method for Affiliated Companies (ASBJ practical report No.24, March 10, 2008).

There is no impact on operating income, ordinary income and net quarterly income before income taxes and minority interests by this application.

Application of the Accounting Standard for Asset Retirement Obligation, etc

Since the first quarter of the fiscal year ending December 31, 2011, we have applied the Accounting Standard for Asset Retirement Obligation (ASBJ Statement No.18, March 31, 2008) and the Guidance on the Accounting Standard for Asset Retirement Obligation (ASBJ Guidance No.21, March 31, 2008).

As a result of this application, although the impact on operating income and ordinarily income is small, extraordinary loss by this application amounted to ¥382 million. Also, changes of the amount of Asset Retirement Obligation by this application amounted to ¥1,384 million.

Change to Depreciation Method for Tangible Fixed Assets (Excluding Leased Assets)

In the past, Rakuten, Inc. and some of its consolidated subsidiaries applied the declining-balance method of depreciation to the tangible fixed assets (excluding leased assets) other than buildings (excluding ancillary facilities) acquired after April 1, 1998. Starting in the first quarter of the fiscal year ending December 31, 2011, we have switched to straight-line depreciation. The purpose of this change is to reflect the ways in which tangible fixed assets are used more appropriately in light of our overseas expansion, and to link the apportionment of costs more accurately to earnings.

As a result of this change, depreciation expenses has been reduced by ¥232 million while operating income, ordinary income and net quarterly income before income taxes and minority interests are all ¥232 million higher compared with the previous method.

6. Fiscal Results for three months ended March 31, 2011

(1) Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2011	As of December 31, 2010
(Assets)		
Current assets		
Cash and deposits	98,473	72,866
Notes and accounts receivable-trade	39,733	45,353
Accounts receivable-installment	92,686	100,908
Accounts receivable-installment sales credit guarantee	2,390	2,465
Beneficial interests in securitized assets	51,132	66,601
Cash segregated as deposits for securities business	226,578	223,113
Margin transaction assets for securities business	114,711	126,779
Operating loans	156,795	156,949
Short-term investment securities	96,600	35,510
Securities for banking business	526,279	535,087
Loans and bills discounted for banking business	135,435	125,880
Deferred tax assets	13,804	13,340
Other	133,702	151,586
Allowance for doubtful accounts	(27,399)	(27,011)
Current assets	1,660,925	1,629,432
Noncurrent assets		
Property, plant and equipment	23,473	21,890
Intangible assets		
Goodwill	127,473	127,455
Other	55,886	54,040
Intangible assets	183,359	181,496
Investments and other assets		
Investment securities	66,019	67,834
Deferred tax assets	26,839	25,458
Other	28,329	26,453
Allowance for doubtful accounts	(5,047)	(3,049)
Investments and other assets	116,141	116,697
Noncurrent assets	322,974	320,084
Assets	1,983,900	1,949,516
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	28,729	36,835
Accounts payable-credit guarantee	2,390	2,466
Commercial papers	44,200	50,000
Short-term loans payable	229,911	180,439
Deposits for banking business	707,521	713,272
Current portion of bonds	4,800	4,800
Income taxes payable	7,132	17,590
Deferred tax liabilities	453	2,716
Deposits received for securities business	152,906	145,973
Margin transaction liabilities for securities business	40,622	55,328
Guarantee deposits received for securities business	77,094	77,772
Borrowings secured by securities for securities business	28,092	32,775

	As of March 31, 2011	As of December 31, 2010
Provisions	17,744	15,685
Other	200,493	208,103
Current liabilities	1,542,094	1,543,759
Noncurrent liabilities		
Bonds payable	5,153	5,553
Long-term loans payable	157,446	127,482
Deferred tax liabilities	4,870	4,693
Provision for loss on interest repayment	8,874	10,175
Other provisions	400	393
Other	8,151	6,246
Noncurrent liabilities	184,896	154,545
Reserves under the special laws		
Reserve for financial products transaction liabilities	1,974	1,964
Reserve for commodities transaction liabilities	12	12
Total reserves under the special laws	1,987	1,977
Liabilities	1,728,978	1,700,282
（Net assets）		
Shareholders’ equity		
Capital stock	107,821	107,779
Capital surplus	119,893	119,850
Retained earnings	17,474	13,183
Treasury stock	(3,625)	(3,625)
Shareholders’ equity	241,563	237,187
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4,878	6,000
Deferred gains or losses on hedges	(156)	(198)
Foreign currency translation adjustment	(2,368)	(4,693)
Total valuation and translation adjustments	2,353	1,108
Subscription rights to shares	1,022	957
Minority interests	9,982	9,979
Net assets	254,921	249,233
Liabilities and net assets	1,983,900	1,949,516

(2) **Consolidated Income Statements**

(Millions of Yen)

	Three months ended Mar 31, 2010 (Jan 1 to Mar 31, 2010)	Three months ended Mar 31, 2011 (Jan 1 to Mar 31, 2011)
Net sales	79,192	86,921
Cost of sales	17,826	17,963
Gross profit	61,365	68,957
Selling, general and administrative expenses	*1 48,378	*1 54,882
Operating income	12,986	14,074
Non-operating income		
Interest income	31	11
Dividends income	14	15
Equity in earnings of affiliates	194	108
Other	174	209
Total non-operating income	414	344
Non-operating expenses		
Interest expenses	408	366
Commission fee	17	15
Foreign exchange loss	50	63
Other	283	102
Total non-operating expenses	760	548
Ordinary income	12,640	13,870
Extraordinary income		
Other	2	—
Total extraordinary income	2	—
Extraordinary loss		
Impairment loss	111	—
Loss on disaster	—	*2 1,260
Bad debts written off	—	*3 2,260
Expenses related to changing in business name	183	—
Other	319	921
Total Extraordinary loss	614	4,441
Income before income taxes and minority interests	12,028	9,429
Income taxes-current	5,272	5,930
Income taxes-deferred	(555)	(3,836)
Income taxes	4,716	2,093
Total income before minority interests	—	7,335
Minority interests in income	491	421
Net income	6,820	6,914

(3) **Consolidated Statements of Cash Flow**

(Millions of Yen)

	Three months ended Mar 31, 2010	Three months ended Mar 31, 2011
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	12,028	9,429
Depreciation and amortization	3,822	4,118
Amortization of goodwill	1,655	1,910
Increase (decrease) in allowance for doubtful accounts	(1,836)	2,379
Increase (decrease) in provision for loss on interest repayment	(996)	(1,301)
Loss (gain) on valuation of securities for banking business	920	584
Loss (gain) on sales of securities for banking business	(8)	—
Other loss (gain)	(104)	(196)
Decrease (increase) in notes and accounts receivable -trade	1,500	5,747
Decrease (increase) in accounts receivable-installment	(12,338)	8,222
Decrease (increase) in beneficial interests in securitized assets	14,023	15,468
Decrease (increase) in operating loans receivable	(6,627)	153
Increase (decrease) in notes and accounts payable-trade	(3,818)	(8,166)
Increase (decrease) in accounts payable-other and accrued expenses	(4,383)	—
Increase (decrease) in advances received	2,320	—
Increase (decrease) in deposits for banking business	(4,828)	(5,750)
Decrease (increase) increase in call loans for banking business	16,000	14,000
Decrease (increase) in cash loans and bills discounted for banking business	(3,814)	(9,554)
Decrease (increase) in operating receivables for Securities business	(11,947)	17,157
Increase (Decrease) in operating payable for securities business	(2,650)	(8,450)
Increase (decrease) in loans payable secured by securities for securities business	9,826	(4,682)
Other, net	(170)	(18,383)
Subtotal	8,571	22,684
Income taxes paid	(12,245)	(16,215)
Other, net	(1,279)	808
Net cash provided by (used in) operating activities	(4,953)	7,278
Net cash provided by (used in) investing activities		
Acquisition of securities for banking business	(104,826)	(77,474)
Proceeds from sales and redemption of securities for banking business	92,696	89,573
Proceeds from partial payment due to share purchase demand	8,875	—
Purchase of investments in subsidiaries	(588)	(273)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	7,038	—
Purchase of property, plant and equipment	(1,040)	(1,083)
Purchase of intangible assets	(3,484)	(3,672)
Other payments	(616)	(4,166)
Other proceeds	284	187
Interest and dividends income received	150	78
Net cash provided by (used in) investing activities	(1,512)	3,170
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	46,276	49,790
Increase (decrease) in commercial papers	16,900	(5,800)

(Millions of Yen)

	Three months ended Mar 31, 2010	Three months ended Mar 31, 2011
Proceeds from long-term loans payable	15,800	54,150
Repayment of long-term loans payable	(22,963)	(24,510)
Proceeds from issuance of bonds	200	—
Redemption of bonds	(6,000)	(400)
Interest expenses paid	(378)	(339)
Proceeds from stock issuance to minority shareholders	41	—
Interest expenses paid	(1,236)	(2,501)
Cash dividends paid to minority shareholders	(292)	—
Other, net	(102)	(436)
Net cash provided by (used in) financing activities	48,243	69,951
Effect of exchange rate change on cash and cash equivalents	81	532
Net increase (decrease) in cash and cash equivalents	41,858	80,933
Cash and cash equivalents at beginning of period	103,618	100,736
Increase in cash and cash equivalents from newly consolidated subsidiary	8	3
Cash and cash equivalents at end of period	145,485	181,673

7. Business segment information

For the Three Months Ended Mar 31 of Fiscal 2010（Jan 1 to Mar 31, 2010）

(Millions of Yen)

	E-Commerce	Credit Card	E-Money	Banking	Portal Media	Travel	Securities
Sales to customers	31,455	14,915	1,161	8,288	5,487	5,006	5,964
Intersegment sales	519	706	5	481	1,723	141	36
Total Sales	31,974	15,622	1,166	8,770	7,210	5,148	6,000
Operating Income (loss)	8,844	86	(191)	540	760	2,070	1,204

	Professional Sports	Telecommunications	Total	Eliminations	Consolidated
Sales to customers	883	6,029	79,192	—	79,192
Intersegment sales	120	26	3,761	(3,761)	—
Total Sales	1,003	6,056	82,954	(3,761)	79,192
Operating Income (loss)	(1,199)	530	12,646	340	12,986

For the Three Months Ended Mar 31 of Fiscal 2011（Jan 1 to Mar 31, 2011）

The Rakuten Group is an integrated Internet service group with two core business areas: Internet Services and Internet Finance.

Since the first quarter of the fiscal year ending December 31, 2011, we have applied the Accounting Standard for Disclosures about Segments of an Enterprise and Related information (ASBJ Statement No.17, March 27, 2009) and the Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No.20, March 21, 2008). In accordance with this standard, we have identified three reporting segments: Internet Services, Internet Finance and Others. These segments represent the constituent units of the Rakuten Group for which we are able to obtain specific financial data. This segment information will be regularly reviewed as the basis for the assessment of business performance, and for decisions by the Board of Directors concerning the allocation of management resources. The composition of each segment is as described below.

Internet Services

Activities in this segment consist of the operation of e-commerce sites, including the Rakuten Ichiba Internet shopping mall, travel sites, portal sites and other sites, as well as activities based on these sites, such as advertising and content.

Internet Finance

Activities in this segment involve the provision banking and securities services via the Internet, credit card services, e-money services and other services.

Others

This segment consists of the provision of IP telephony services and the management of a professional baseball team.

(Millions of Yen)

	Reporting Segment				Adjustment (Note 1)	Amount shown in quarterly consolidated statements of income (Note 2)
	Internet Services	Internet Finance	Others	Total		
Sales	48,435	36,042	7,342	91,820	(4,899)	86,921
Segment Operating Income (Loss)	12,654	3,661	(517)	15,798	(1,724)	14,074

Notes

1. The ¥1,724 million negative adjustment to segment income or losses consist mainly of a negative figure of ¥1,881 million for goodwill amortization that has not been allocated to the reporting segments, and a positive figure of ¥300 million for the elimination of internal transactions.
2. Segment income or losses are reconciled to operating income in the quarterly statements of income.

Rakuten

(Note) Consolidated Financial Statements

(Millions of yen)

Three months ended Mar 31, 2010 (Jan 1 to Mar 31, 2010)	Three months ended Mar 31, 2011 (Jan 1 to Mar 31, 2011)
*1:The breakdown of selling, general and administrative expenses is as follows; Point Costs 2,648 Advertisement and promotion expenses 6,170 Personnel expenses 9,922 Provision for bonuses 1,929 Depreciation 3,450 Communications and Maintenance expenses 3,539 Outsourcing expenses 5,766 Expenses for doubtful accounts 3,795	*1:The breakdown of selling, general and administrative expenses is as follows; Point Costs 3,204 Advertisement and promotion expenses 7,481 Personnel expenses 11,618 Provision for bonuses 1,875 Depreciation 3,814 Communications and Maintenance expenses 3,721 Outsourcing expenses 6,014 Expenses for doubtful accounts 5,034 *2 The effects of the Great East Japan Earthquake are shown as disaster-related losses. They consist of the following items. Provision for Doubtful accounts 825 Repair-related expenses 205 Other items 230 Total 1,260 *3: These figures include losses on doubtful accounts resulting from the payment of substantial advances to cover shortfalls in customers' settlement funds as a result of price movements after the Great East Japan Earthquake, and provision for doubtful accounts.

8. Other Information That May Help Investors to Understand the Quarterly Results Accurately

(Litigation, etc.)

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 ¥48,875 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. Rakuten, Inc. received ¥40,000 million in advance as partial payment for the relevant share to Broadcasting System Holdings, Inc. on July 31, 2009.

On March 12, 2010, Rakuten filed an immediate appeal in the Tokyo High Court following a decision by the Tokyo District Court on March 5, 2010 that the purchase price of shares in Tokyo Broadcasting System Holdings, Inc. should be ¥1,294 per share.

On March 25, 2010, Rakuten received ¥8,875 million from Tokyo Broadcasting System Holdings, Inc. as partial payment for the shares in question (excluding the ¥40,000 million already received), based on a purchase price of ¥1,294 per share.

On July 7, 2010, the Tokyo High Court issued a ruling that the purchase price should be ¥1,294, as stated in the ruling of the Tokyo District Court. On July 9, 2010, Rakuten responded to this ruling by filing a special appeal in the Supreme Court, and by applying to the Tokyo High Court for permission to file an appeal with permission.

On August 16, 2010, the Tokyo High Court decided to grant permission for this appeal, and on September 9, 2010 Rakuten accordingly withdrew its special appeal to the Supreme Court. After deliberating on this matter, the Supreme Court issued a verdict on April 19, 2011 in which it dismissed Rakuten’s appeal.

As a result of this verdict, Rakuten sold the shares in Tokyo Broadcasting System Holdings, Inc. to that company on May 10 2011 at a price of ¥1,294 per share, which was the amount stipulated in the rulings of the Tokyo District Court and the Tokyo High Court.