



Fiscal Year 2011 Second Quarter Financial Results

August 4, 2011
Rakuten, Inc.

This presentation includes forward-looking statements relating to our future plans, targets, objectives, expectations and intentions. The forward-looking statements reflect management's current assumptions and expectations of future events, and accordingly, they are inherently susceptible to uncertainties and changes in circumstances and are not guarantees of future performance. Actual results may differ materially, for a wide range of possible reasons, including general industry and market conditions and general international economic conditions. In light of the many risks and uncertainties, you are advised not to put undue reliance on these statements. The management targets included in this presentation are not projections, and do not represent management's current estimates of future performance. Rather, they represent targets that management strive to achieve through the successful implementation of the Company's business strategies. The Company may be unsuccessful in implementing its business strategies, and management may fail to achieve its targets. The Company is under no obligation – and expressly disclaims any such obligation – to update or alter its forward-looking statements.

1 **FY2011 Second Quarter Results**

2 **Internet Services**

3 **Internet Finance**

4 **Others**

Appendix

1 FY2011 Second Quarter Results

- **Record High Net Sales and Ordinary Profit despite One-off Cost**
- **Adjusted Operating Profit*: JPY 19.4bn, +27.1% YoY** *Excluding one-off Kabarai cost of JPY 4.2bn
- **Implemented Reorganization of Credit Card Business**
- **Domestic GTV Growth: +24.0% YoY**

(JPY bn)

	Q2/10 (Apr-Jun)	Q2/11 (Apr-Jun)	Margin	YoY
Sales	84.9	90.7	100.0%	+6.8%
Adjusted Operating Profit^{*1}	15.2	19.4	21.4%	+27.1%
Adjusted Ordinary Profit^{*1}	14.8	19.4	21.4%	+30.3%
Adjusted EBITDA^{*1,2}	20.7	25.6	28.2%	+23.4%

*1: Adjusted Profits: Profits excluding one-off cost of provision for loss on interest repayments (Kabarai) of JPY 4,264 mm

*2: EBITDA = Ordinary Profit + Interest expense + Depreciation + Amortization of goodwill - Effect of securitizing loan receivables

Q2/11 Results by Segment

(JPY bn)

		Q2/11 (Apr-Jun)							
		Sales	YoY	Operating Profit	YoY	Operating Profit Margin	EBITDA ^{*3}	YoY	EBITDA Margin
Internet Services	Net ^{*1}	44.9	+17.9%	15.8	+22.5%	35.3%	17.7	+21.0%	39.4%
	Gross (Accounting)	50.9	+15.8%			31.2%			34.7%
Internet Finance	Adjusted ^{*2}	35.8	+2.2%	4.9	+47.0%	13.7%	6.9	+28.4%	19.5%
	Accounting			0.6	-80.4%	1.8%	2.7	-49.8%	7.6%
Others		9.3	-8.4%	0.6	+37.4%	7.3%	1.1	+25.9%	12.6%
Adjustments		-5.4	-	-2.0	-	-	-0.2	-	-
Consolidated	Adjusted ^{*2}	90.7	+6.8%	19.4	+27.1%	21.4%	25.6	+23.4%	28.2%
	Accounting			15.1	-0.8%	16.7%	21.3	+2.9%	23.5%

*1: Calculated based on Gross Profit for Package Media (inventory-type business).

*2: Adjusted Profits: Profits excluding one-off cost of provision for loss on interest repayments (Kabarai) of JPY 4,264 mm

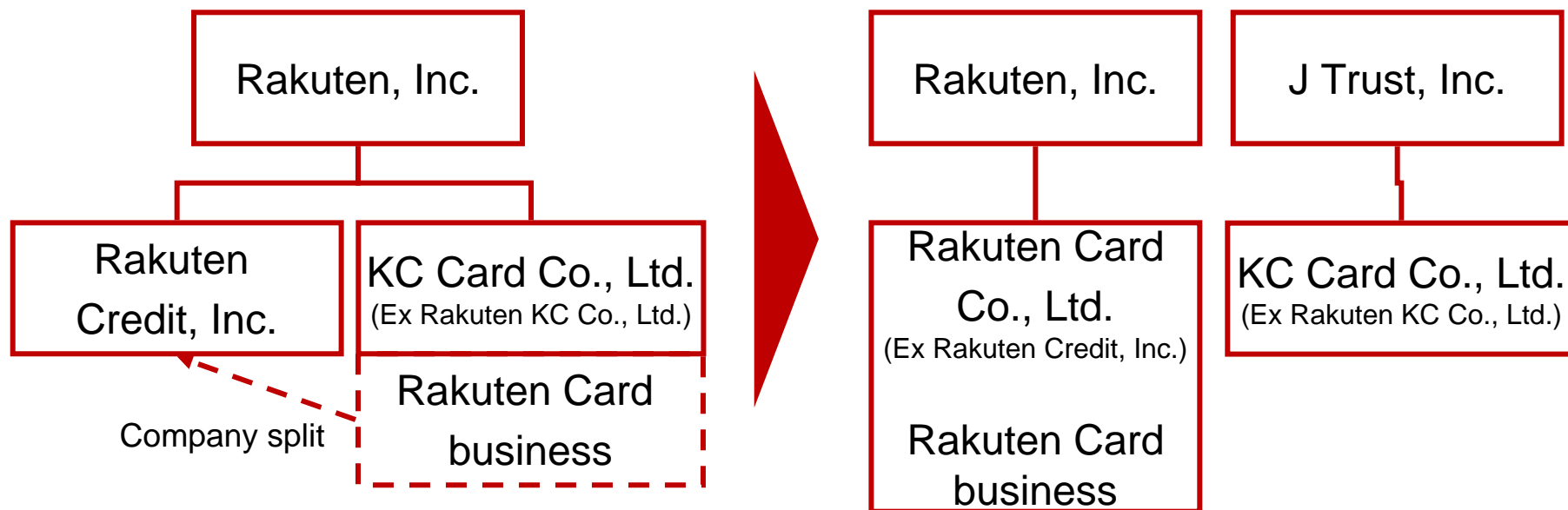
*3: EBITDA = Ordinary Profit + Interest expense + Depreciation + Amortization of goodwill - Effect of securitizing loan receivables

(JPY mm)

Internet Finance Segment	Q2/10	Q2/11	YoY
Sales	35,056	35,827	+2.2%
Rakuten KC Co., Ltd. (excl. securitization impacts)	16,479	18,004	+9.3%
Rakuten Bank Ltd, and its subsidiaries	9,058	9,371	+3.5%*
Rakuten Securities, Inc.	6,390	5,015	-21.5%
Others	3,127	3,435	+9.9%

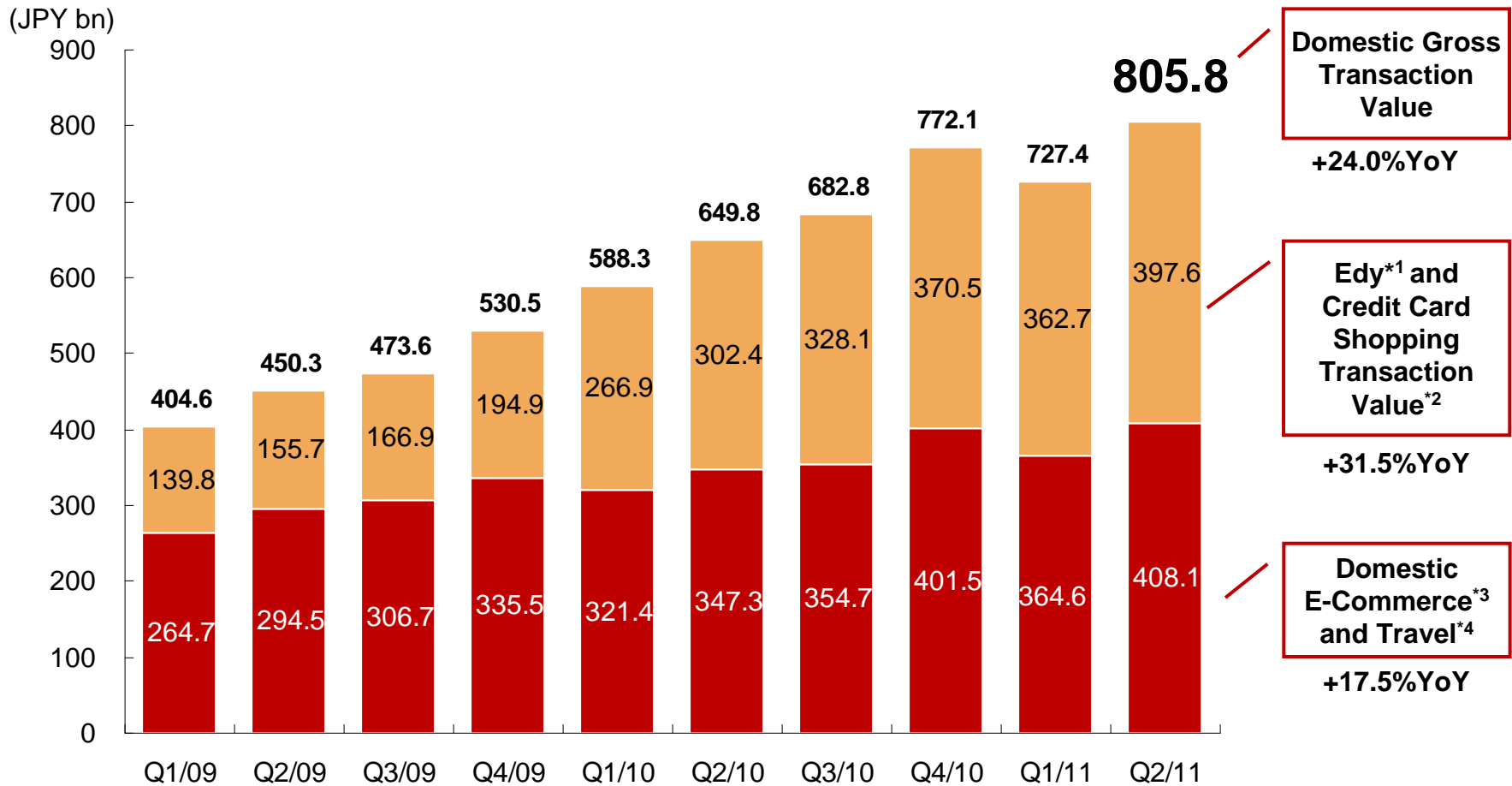
* Ordinary Profit of Rakuten Bank Ltd. and its subsidiaries : +78.9% YoY

- Focus management resources on the core Rakuten Card business



- Effective Date: August 1, 2011
- One-off operating expenses (Kabarai cost) : JPY 4.2bn
- Total one-off loss after tax benefits: JPY 67.8bn

Domestic Gross Transaction Value (Including Credit Cards and E-Money)



*1: Edy Transaction Value = Amount settled by E-Money "Edy" (including mobile and cards) (Q1/10-)

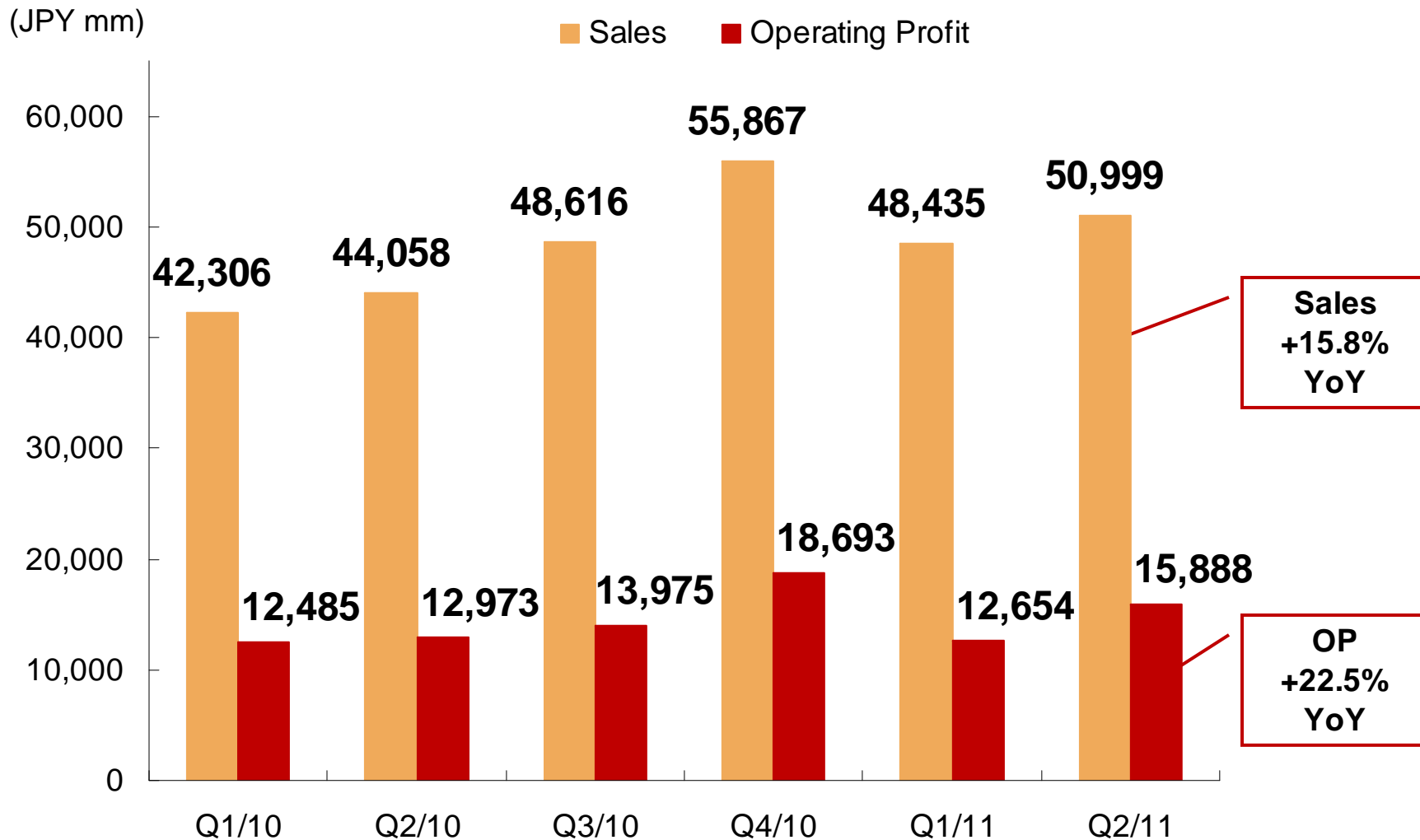
*2: Credit Card Shopping Transaction Value = Shopping Transaction Value of credit cards issued by Rakuten KC (including Rakuten group service use)

*3: Domestic E-Commerce = Mall (Fixed-price, Group purchase), Mobile, Business, Golf, Books, Auction (Flea market), download, tickets, Internet Supermarket, Check Out, Off-track betting, toto

*4: Travel (before cancellations, excluding tax) = Domestic/international accommodation bookings, International air tickets, Domestic/international dynamic packages, Domestic bus services, Rental car services

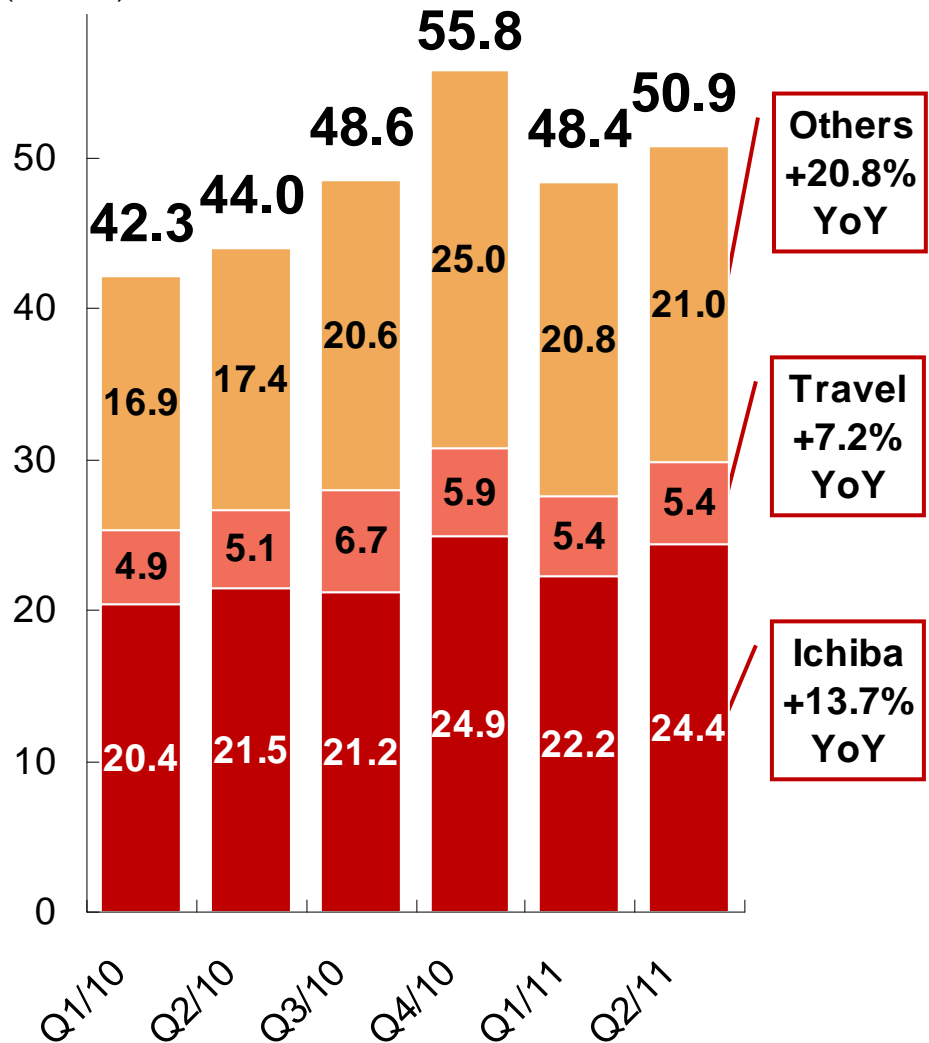
2 Internet Services

Internet Services Quarterly Results



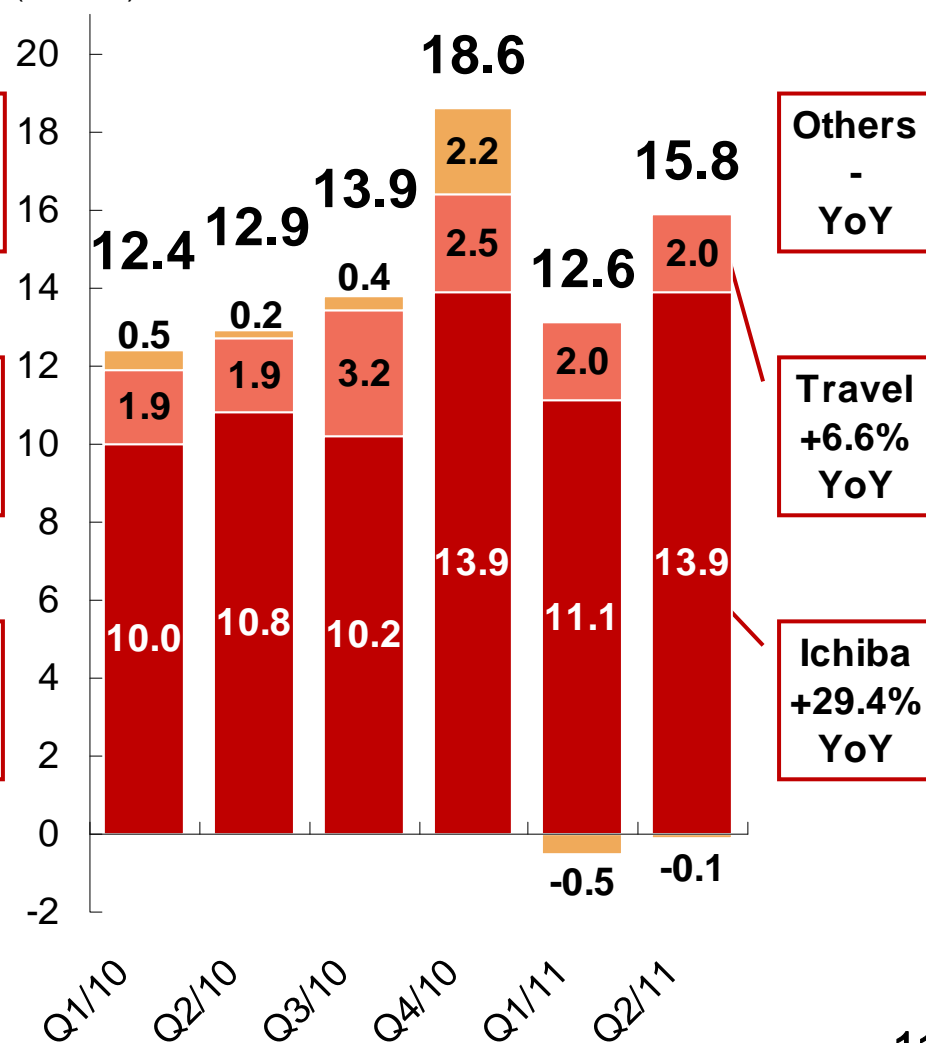
Sales

(JPY bn)



Operating Profit

(JPY bn)



■ Rakuten Ichiba



- Record high OP: JPY 13.9bn +29.4% YoY
- Accelerating GMS growth: +20.1% YoY (Ichiba & Books)
- New merchants and unique users steadily increased after the earthquake

■ Rakuten Travel



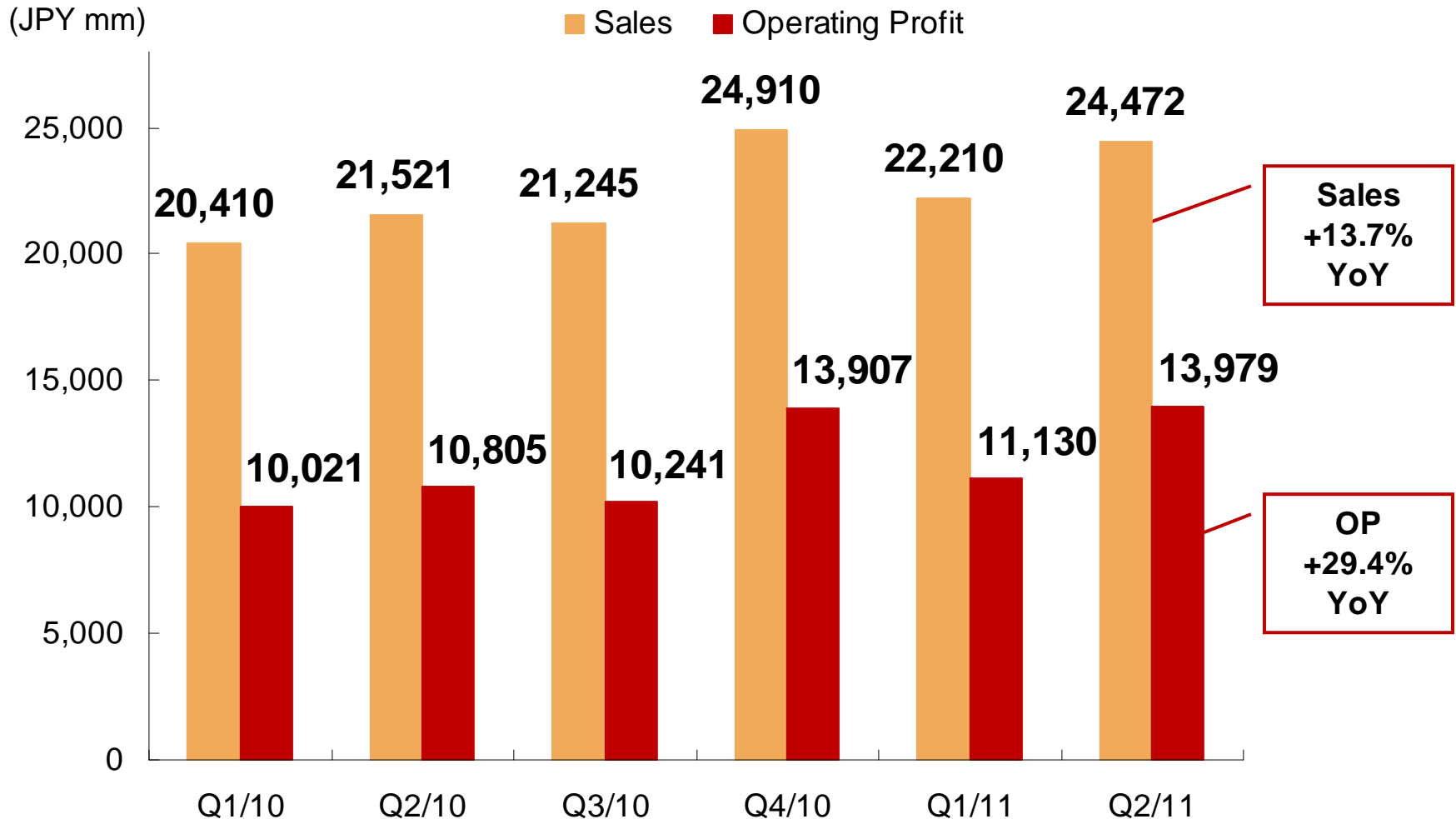
- High GTV growth maintained: +14.5% YoY
- Domestic GTV for summer bookings: +20.1% YoY
- Dynamic Packages (ANA, JAL) for smartphones

■ Overseas E-Commerce

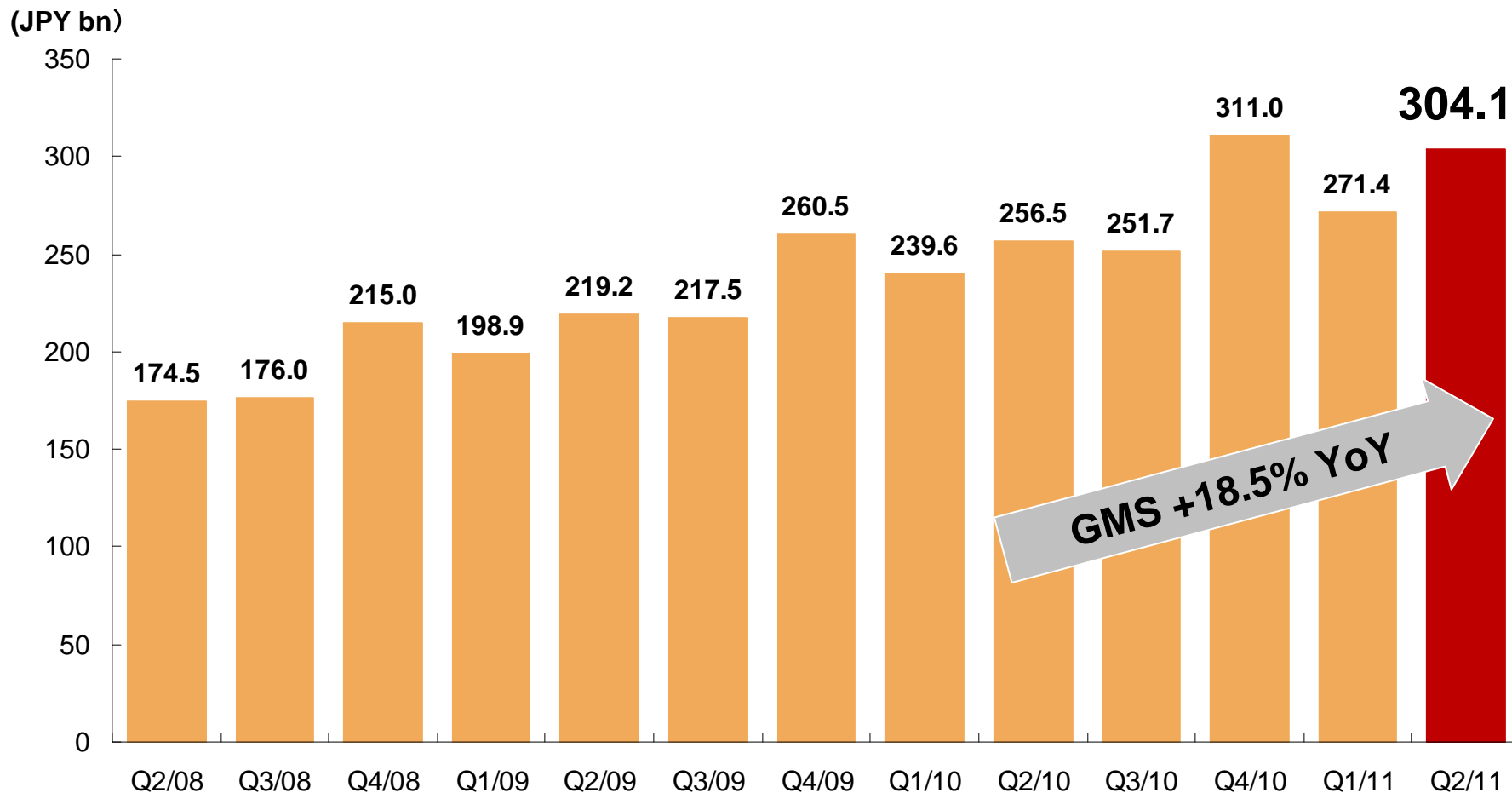


- Overseas GMS Growth: 20 times YoY
- Entry into Indonesia and Brazil

■ OP Growth +29.4% YoY, thanks to lower marketing costs

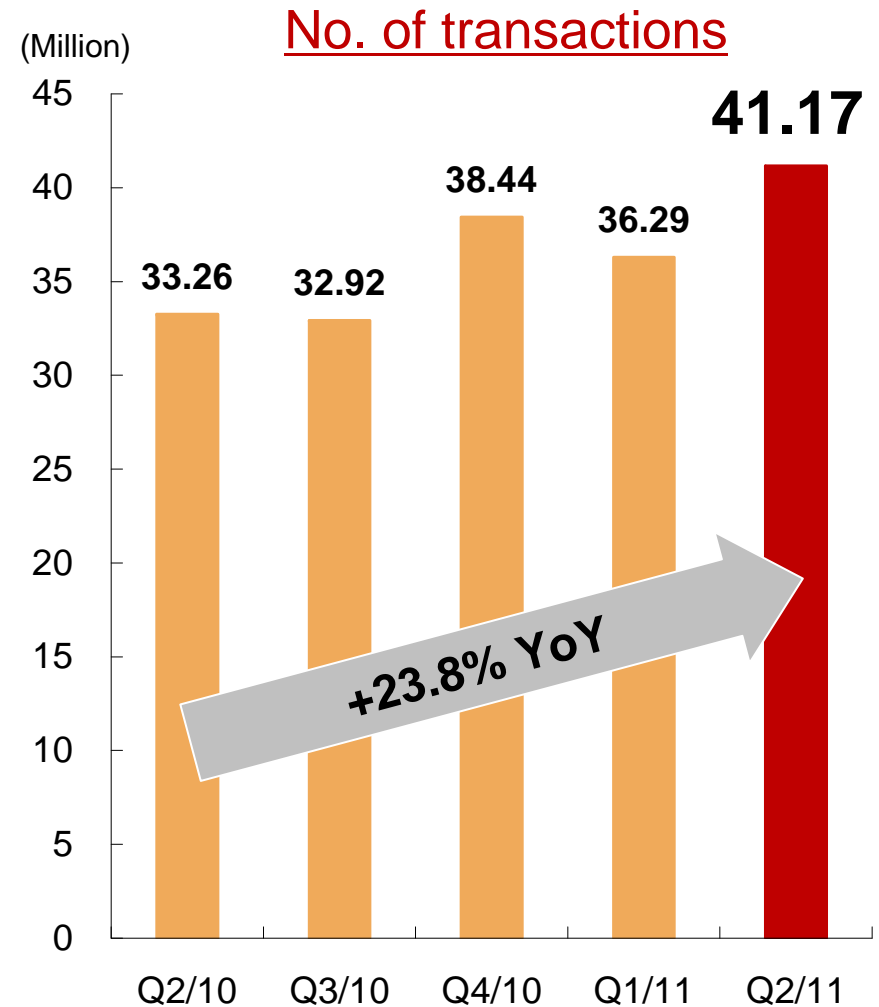
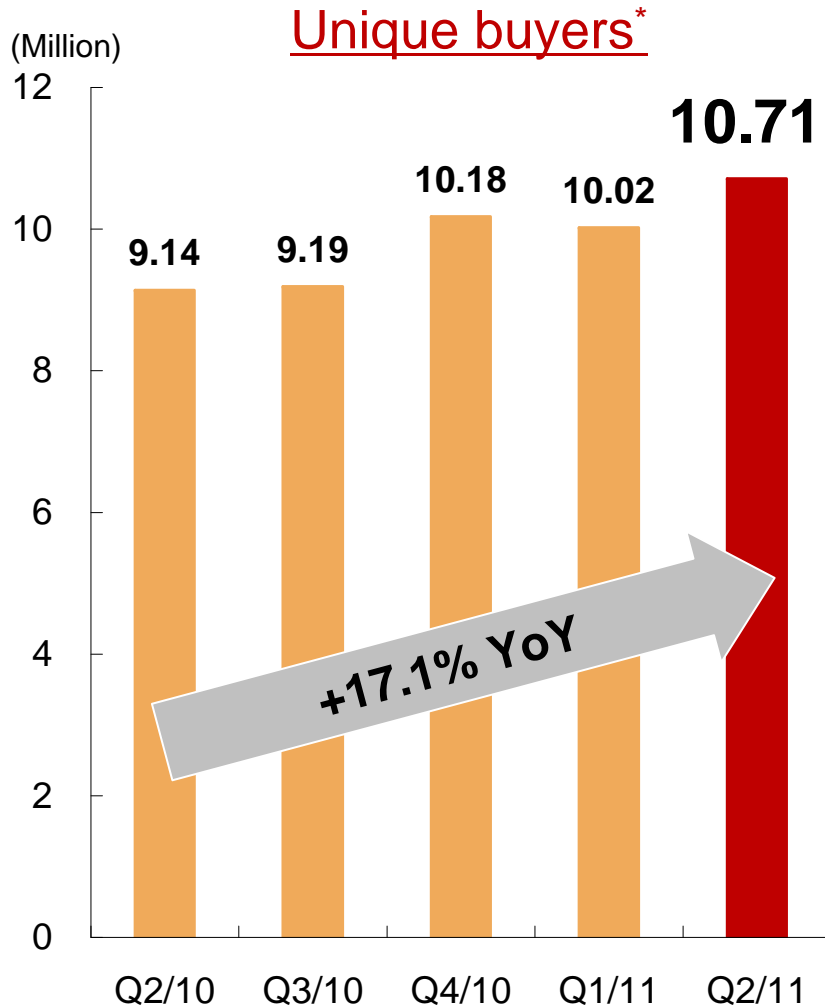


- Domestic E-Commerce GMS: +18.5% YoY
- GMS growth of Rakuten Ichiba and Books: +20.1% YoY, exceeding 20% for the first time since Q4/09

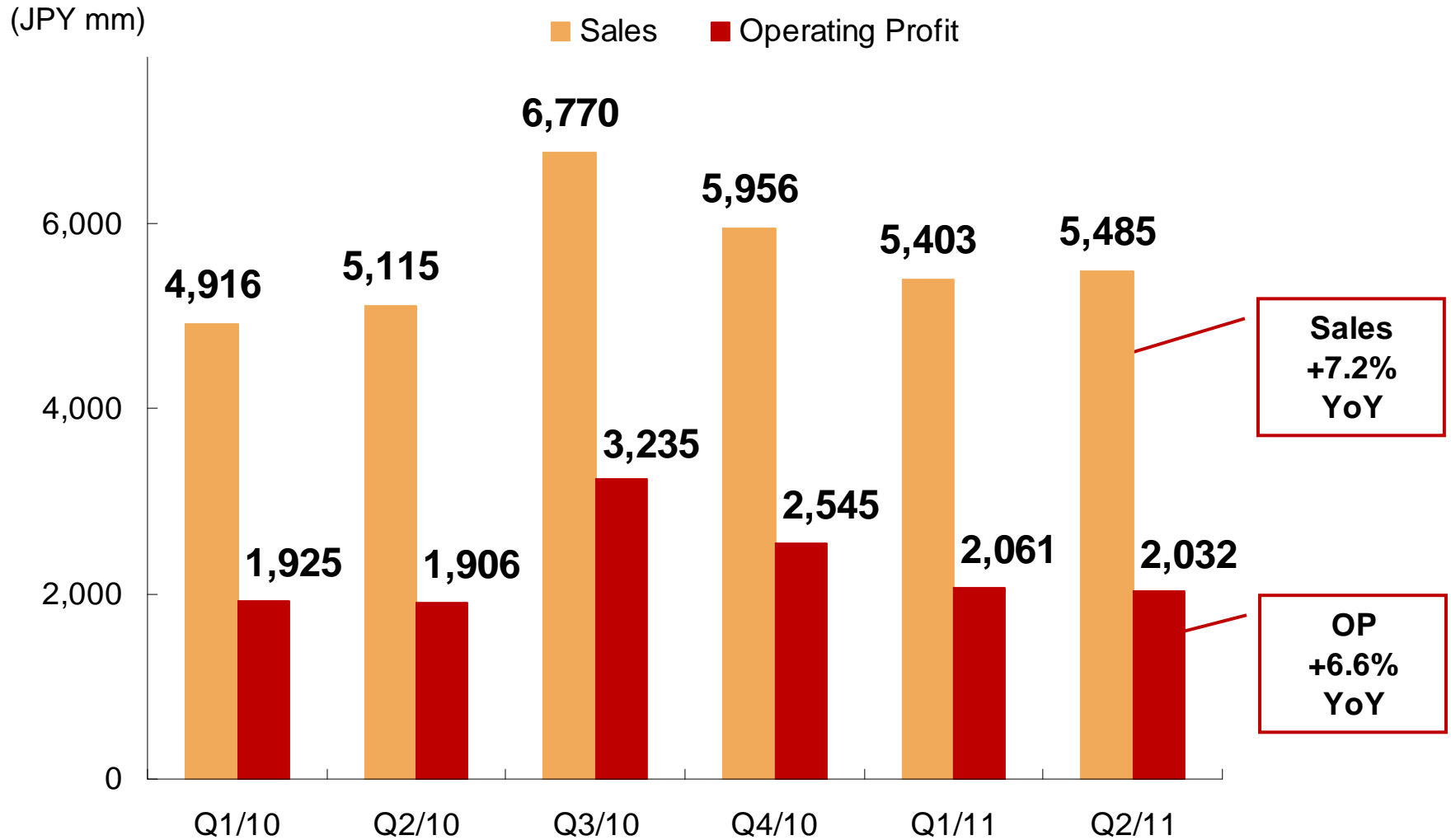


*Domestic E-Commerce = Mall (Fixed-price, Group purchase), Mobile, Business, Golf, Books, Auction (Flea market), download, tickets, Internet Supermarket, Check Out, Off-track betting, toto, ShowTime, Media rental

Rakuten Ichiba Unique Buyers* and Transactions Rakuten



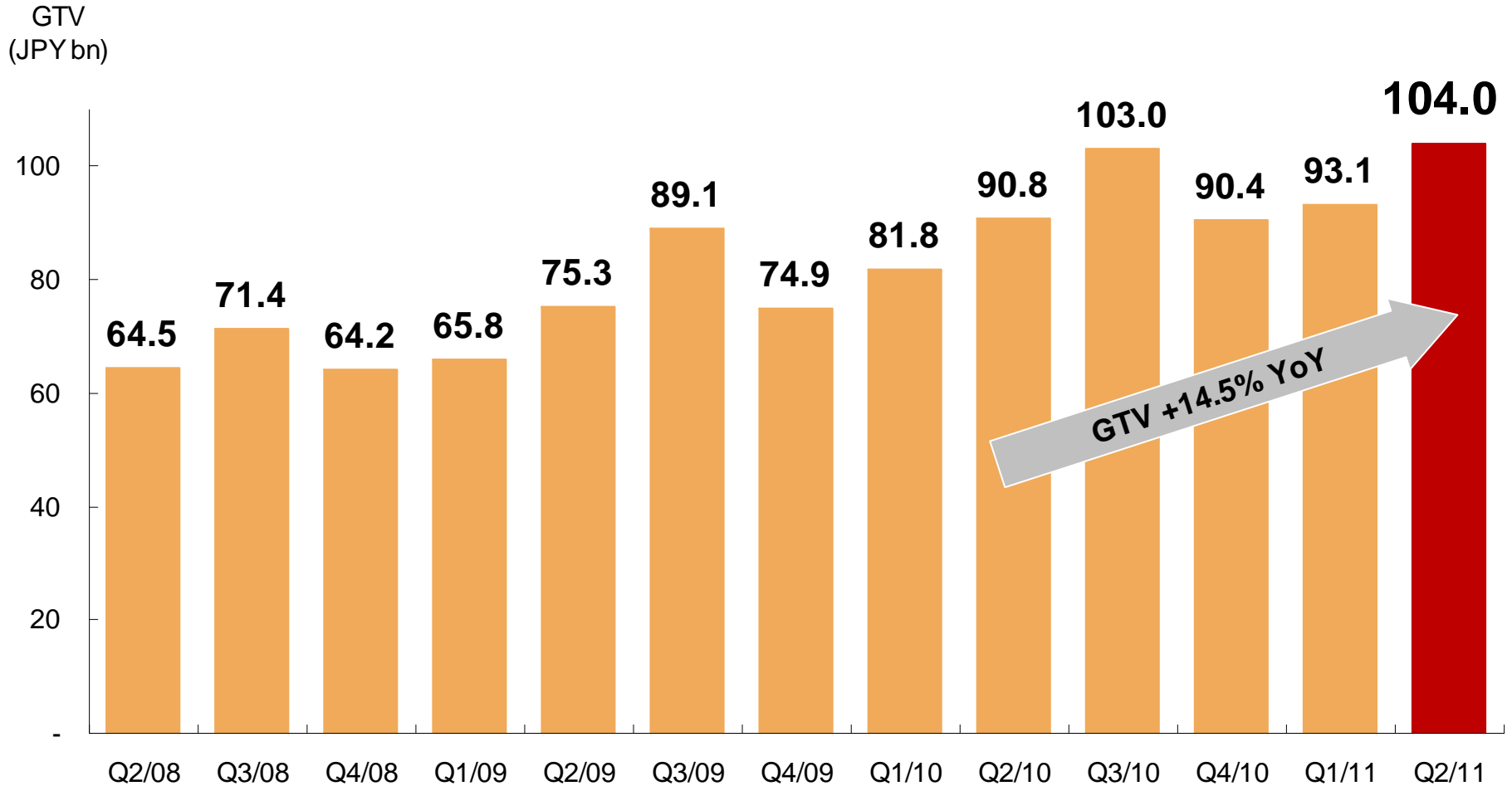
*Unique Buyers: Number of buyers sorted by e-mail address with purchasing records during the listed 3 month period.



*: Financial results of Rakuten Travel, Inc, excluding bus services and overseas branches

Travel Business Gross Booking Transaction Value

■ Travel GTV* growth: +14.5% YoY, rapidly recovered after April



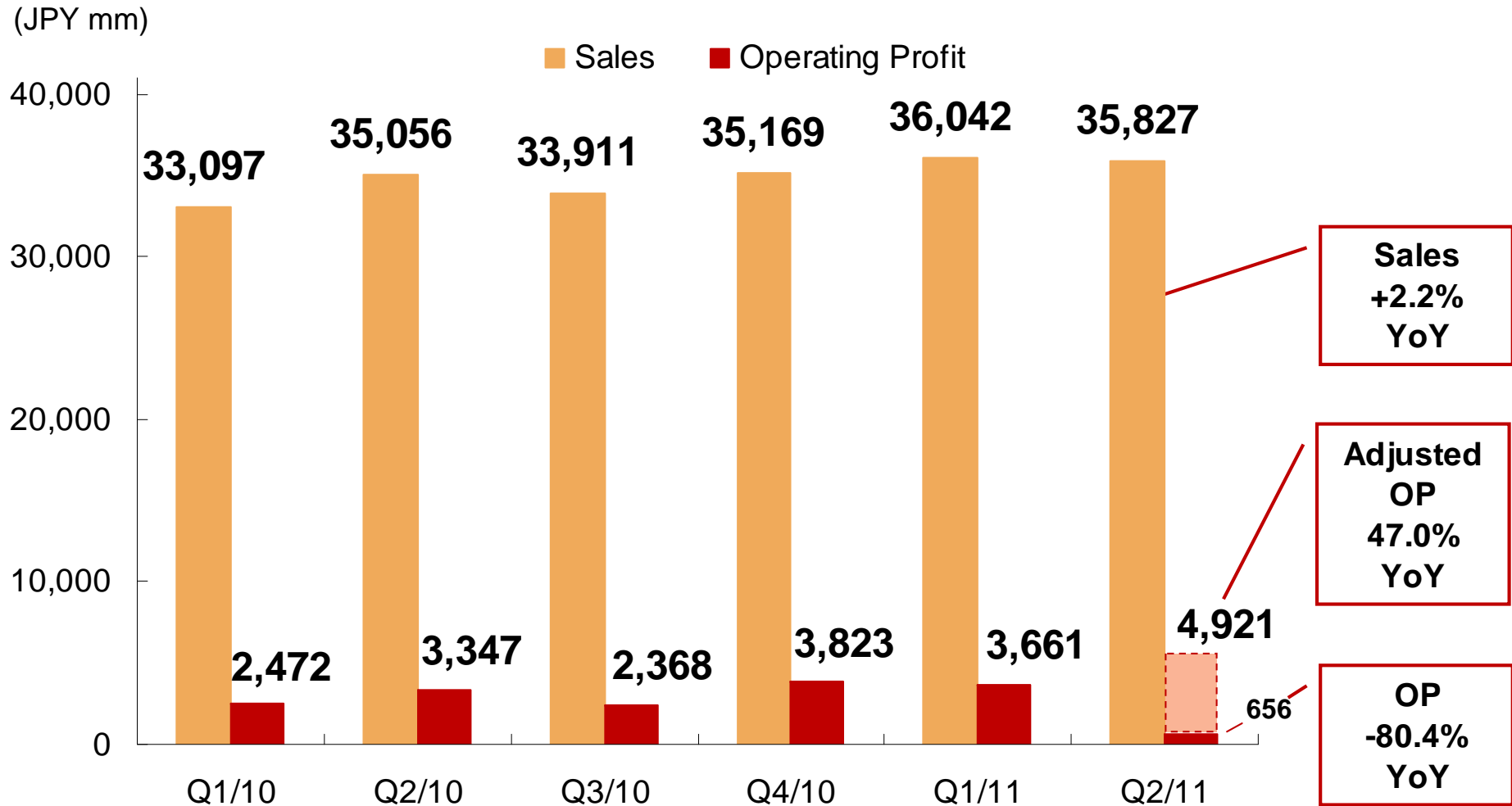
*: Travel GTV = Booking base (before cancellation, excl. tax)

= Domestic / International accommodation booking, International air tickets, Domestic / International DP, Domestic bus, Rental car service 17


3 Internet Finance


Internet Finance Quarterly Results


■ Adjusted Operating Profit* Growth: +47.0% YoY




*: Adjusted Operating Profit: Excluding one-off operating expense at Rakuten KC of JPY 4.2bn

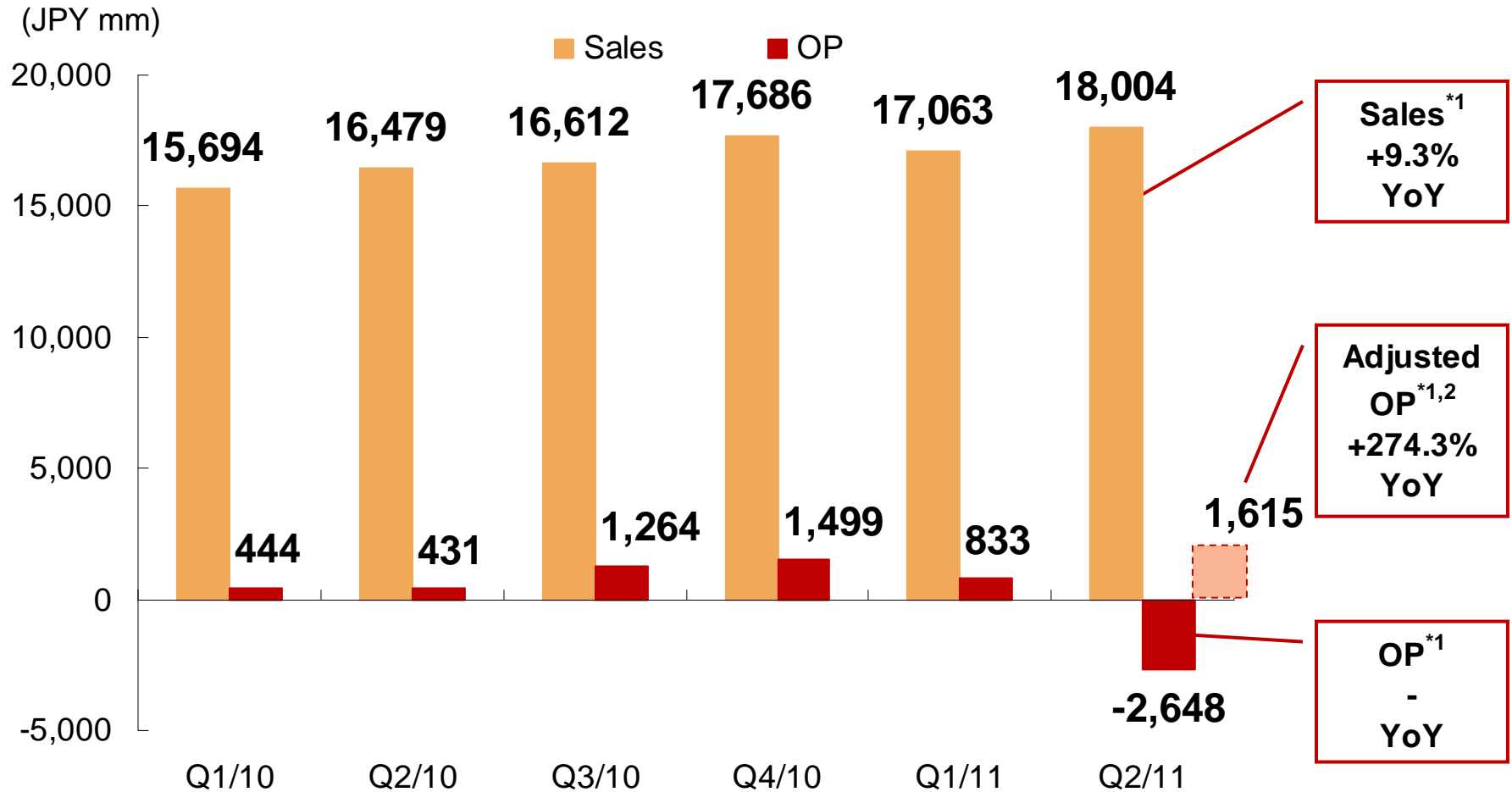
- **Rakuten KC** 
 - Reorganization was completed on August 1
 - Rakuten Card kept high growth

- **Rakuten Bank** 
 - Achieved high growth in basic profit: +35.1% YoY
 - “Money Bridge” service started with Rakuten Securities. Now surpassed 40,000 users

- **Rakuten Securities** 
 - Revenues decreased due to depressed domestic stock market
 - Money bridge service well received

- **bitWallet (E-Money)** 
 - Released new concept: “Edy | au”
Develop Edy Charge services by “au Simple Payment Service”

■ Operating profit adjusting for one-off cost and securitization impacts increased by 274.3% YoY



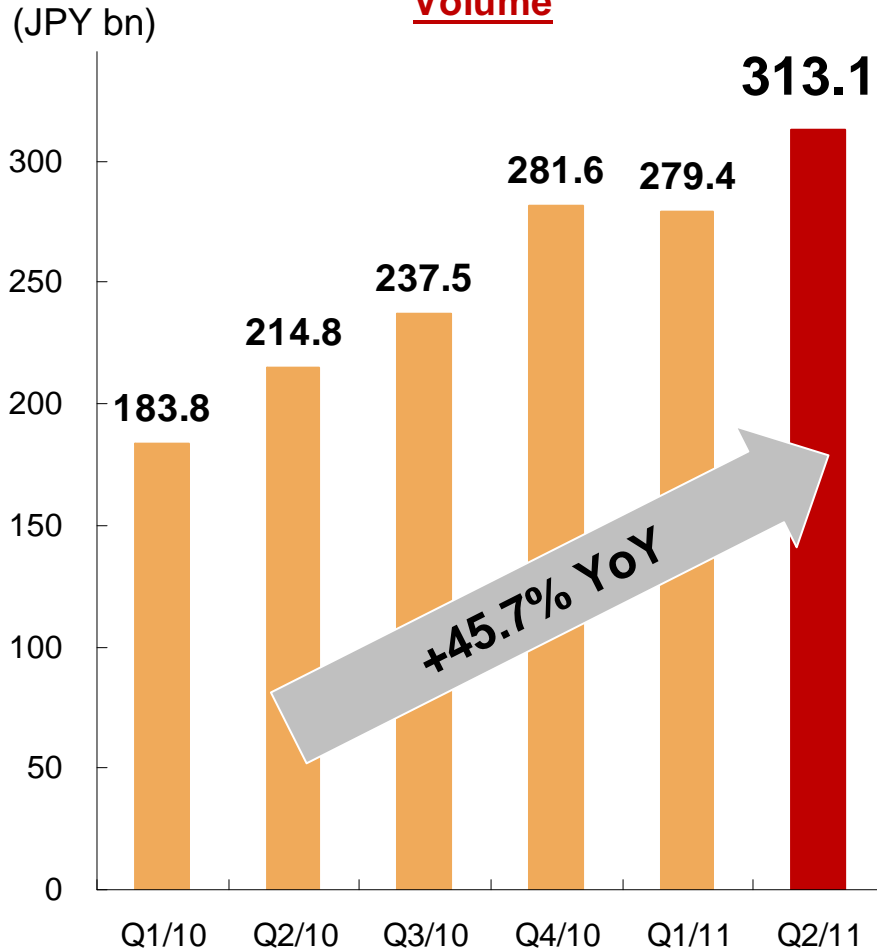
*1: Sales and operating profit are excluding impacts by securitization of loan receivables. For details, refer to Appendix.

*2: Adjusted one-off cost for provision for loss on interest repayments (Kabarai) in Q2/11

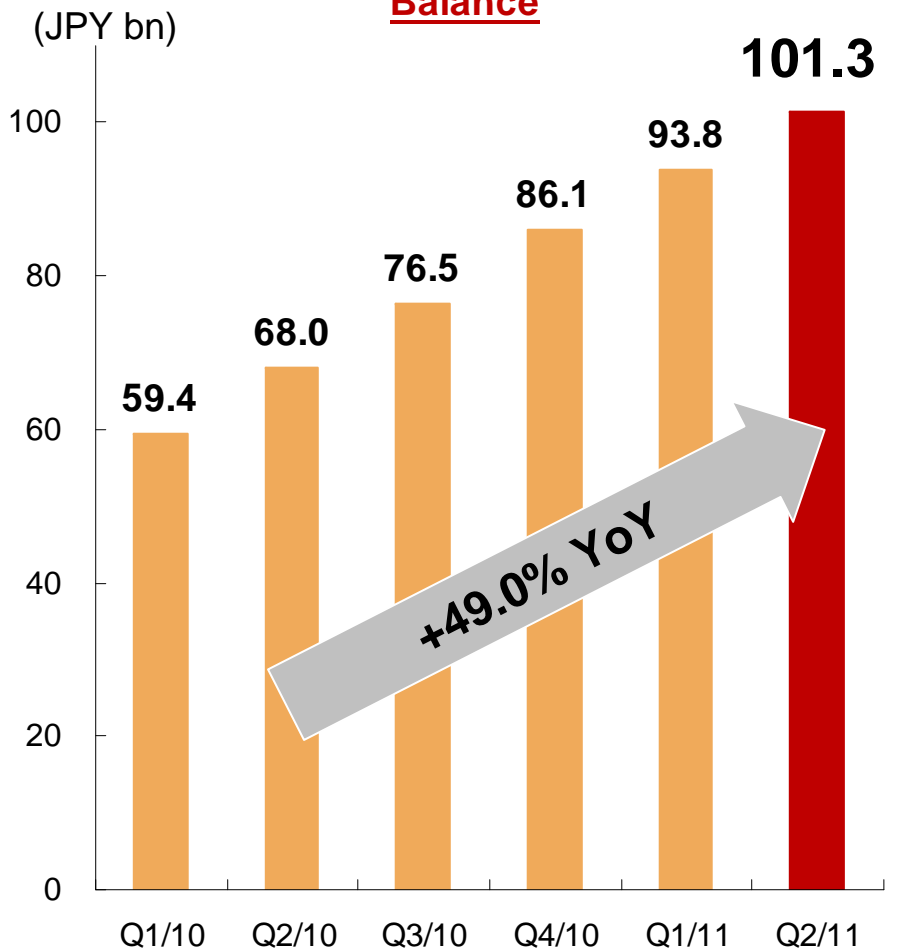
Rakuten Card Shopping Transaction Value and Shopping Revolving Balance



Rakuten Card Shopping Transaction Volume

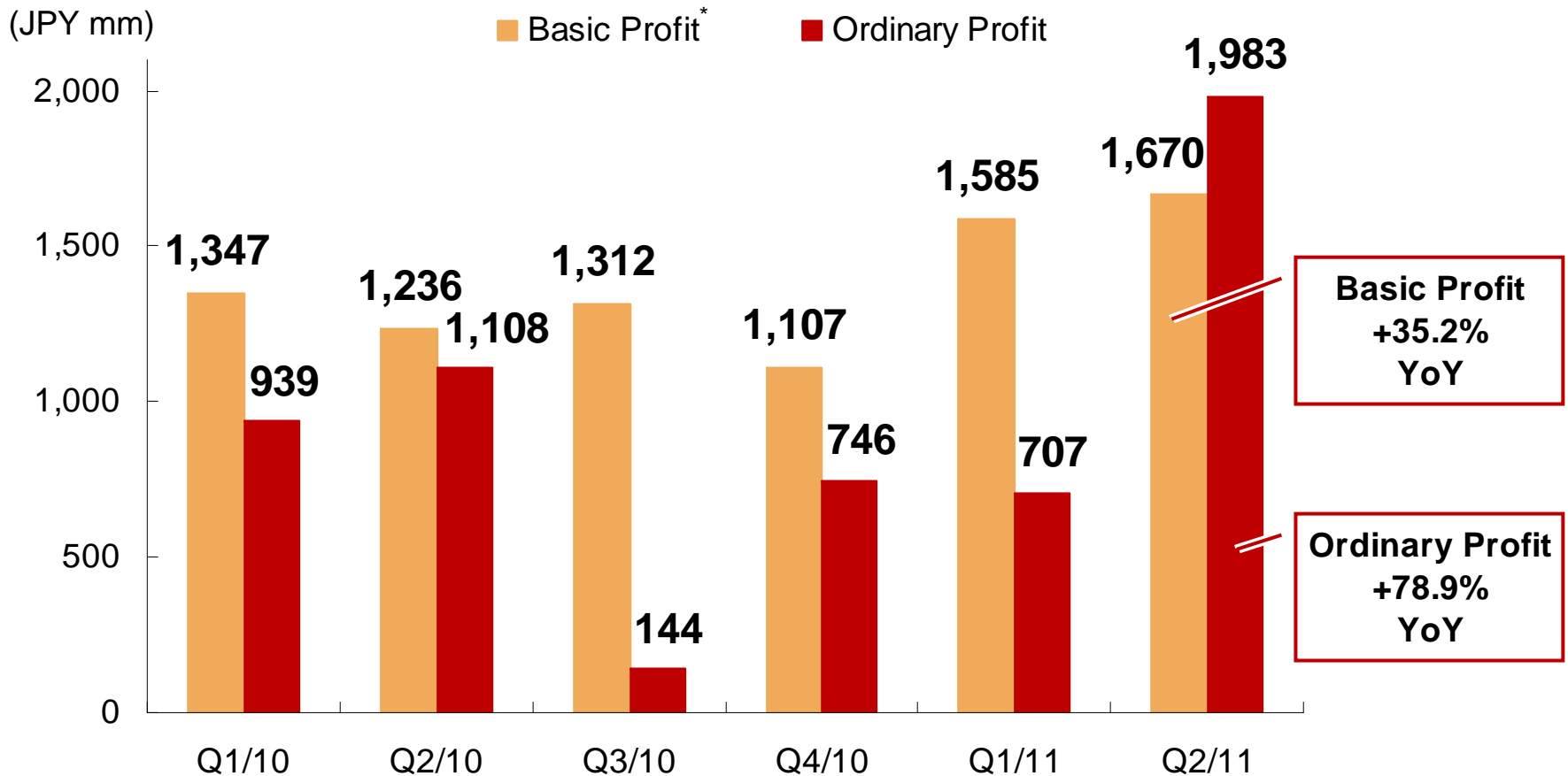


Rakuten Card Shopping Revolving Balance



For figures of total credit cards issued by Rakuten KC, please refer to the appendix

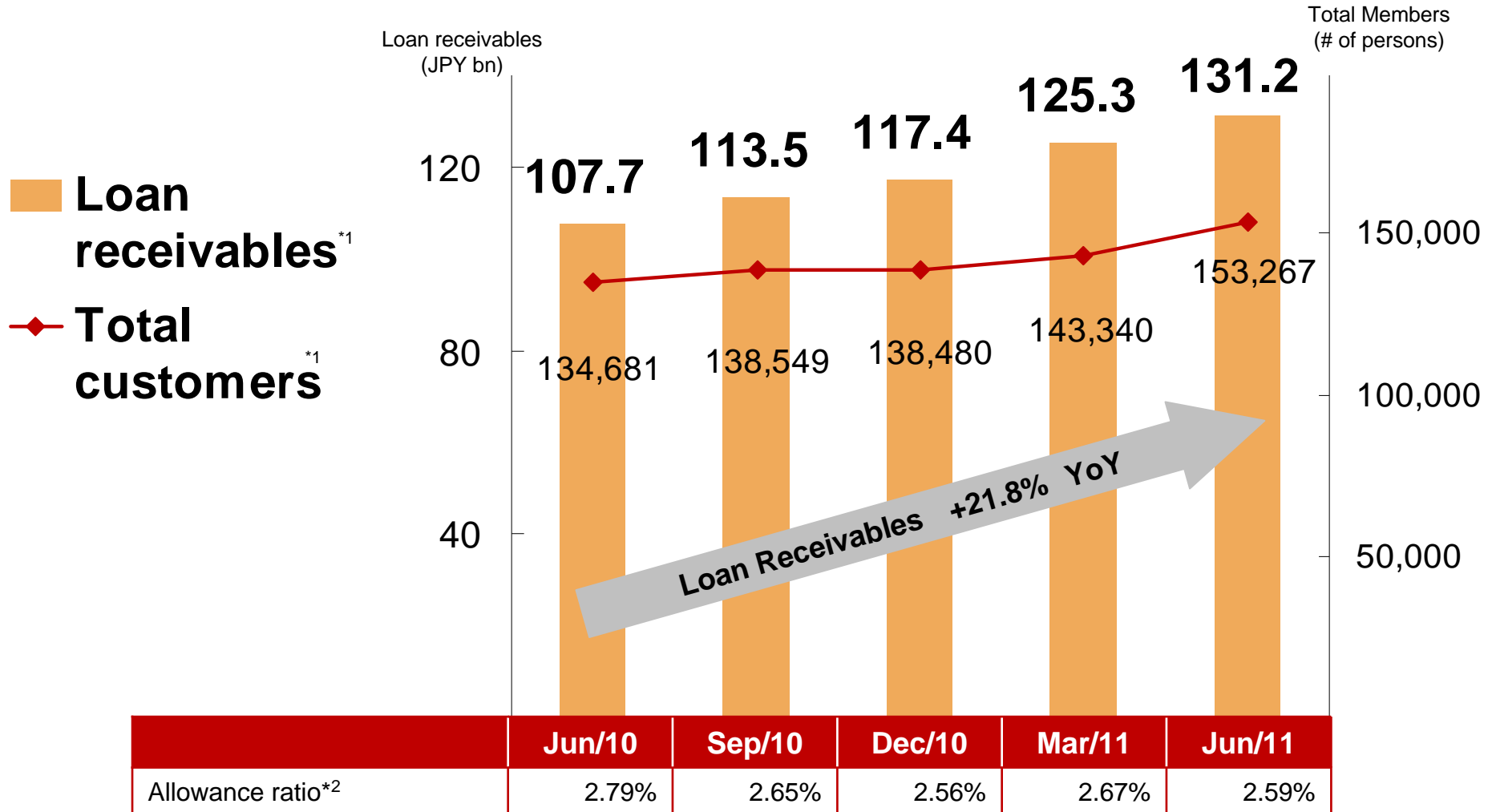
- OP grew +78.9% YoY, due to increase in basic profit and less impairment loss.



*Basic profit = Income or loss deducted Income (loss) due to changes in market price or sales of investment products. Income or loss due to main business of Rakuten Bank instead if temporary income (loss) such as investment

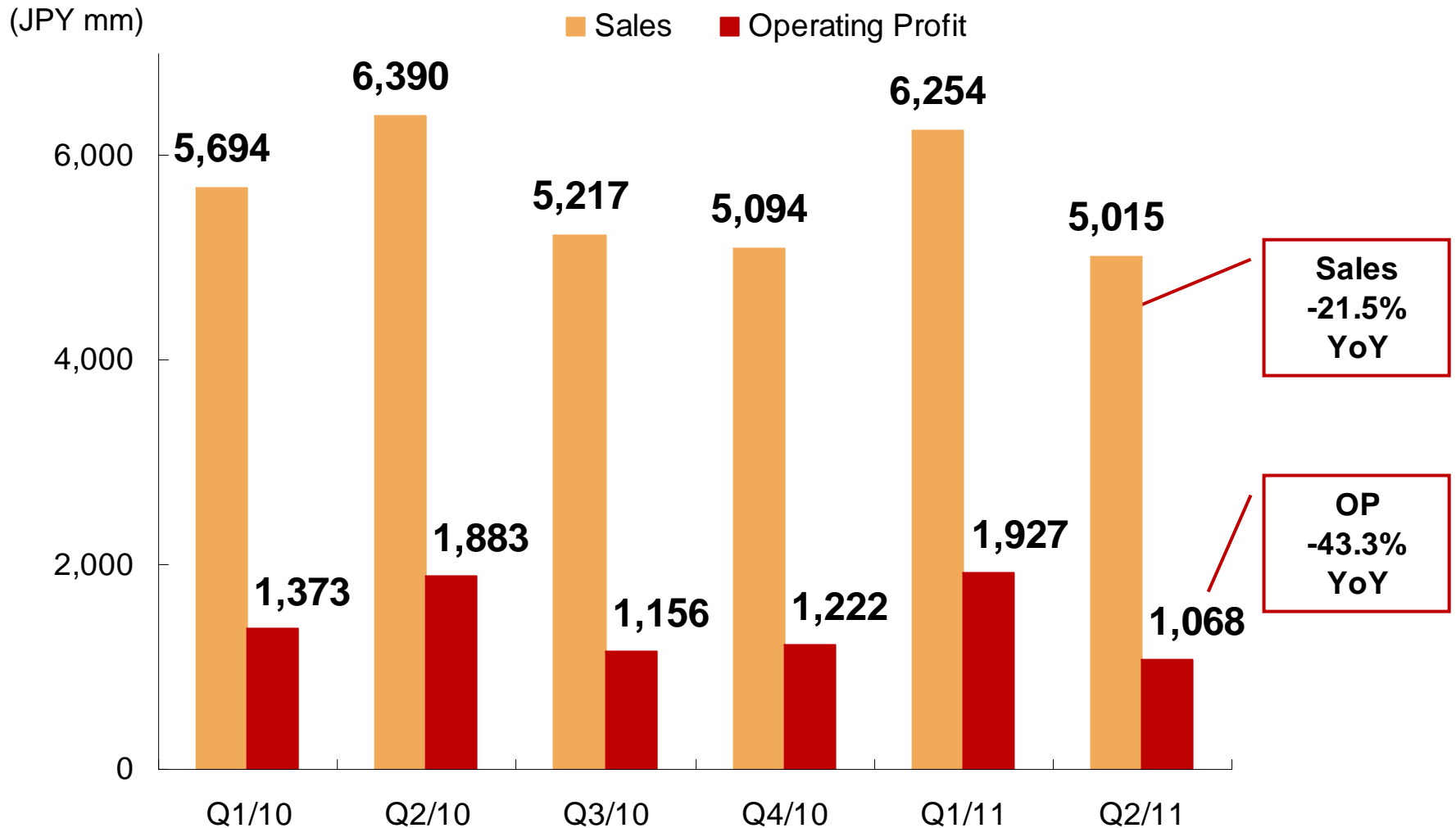
“Rakuten Bank Super Loan” Trends of Loan Receivables

■ Loan Receivables growth was maintained over 20% YoY



*1: Loan Receivables, Total Members and Allowance are total of Rakuten Bank and Rakuten Credit

*2: Allowance ratio = Balance of allowances for doubtful accounts ÷ Balance of loan receivables

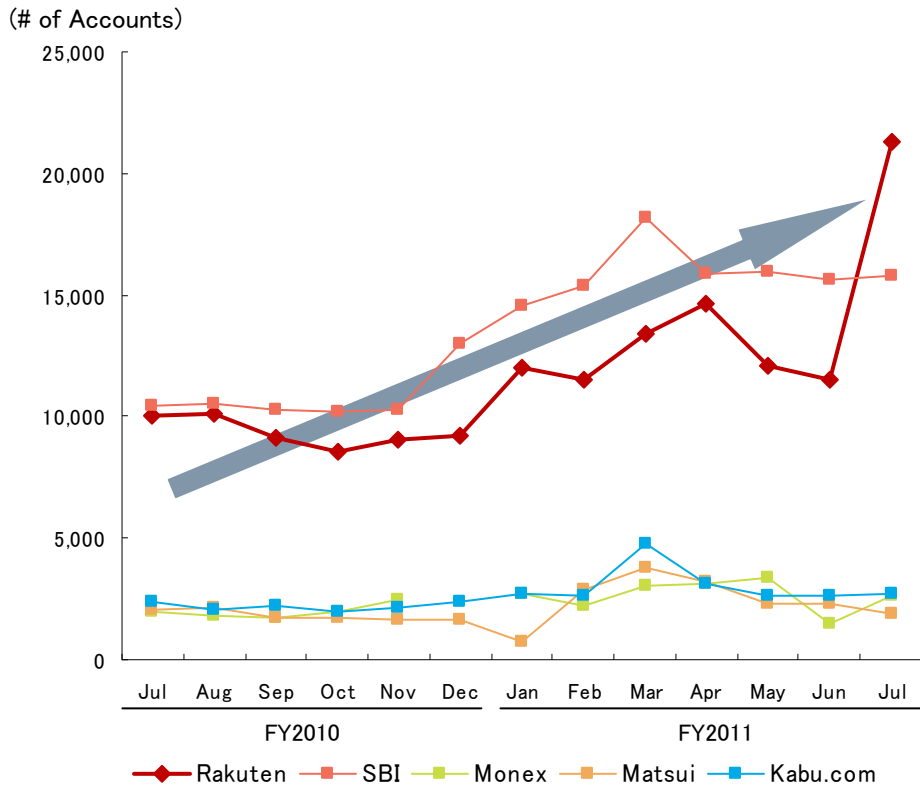


Rakuten Securities New Accounts / Ratio of Applications via Rakuten Group



- Became No. 1 among competitors for acquiring new accounts in July
- Acquisition of new accounts from Rakuten Group exceeded 50%

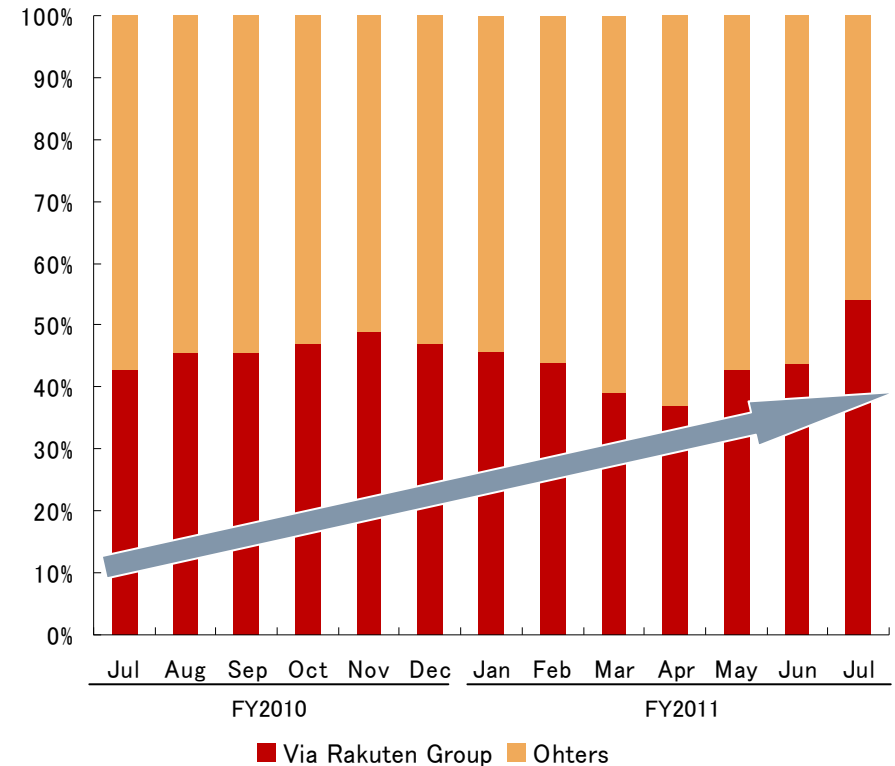
Monthly new accounts at Major Securities companies



Note : Monex did not disclose Dec 2010 figures due to the merger with Orix

Source: Data disclosed by each company

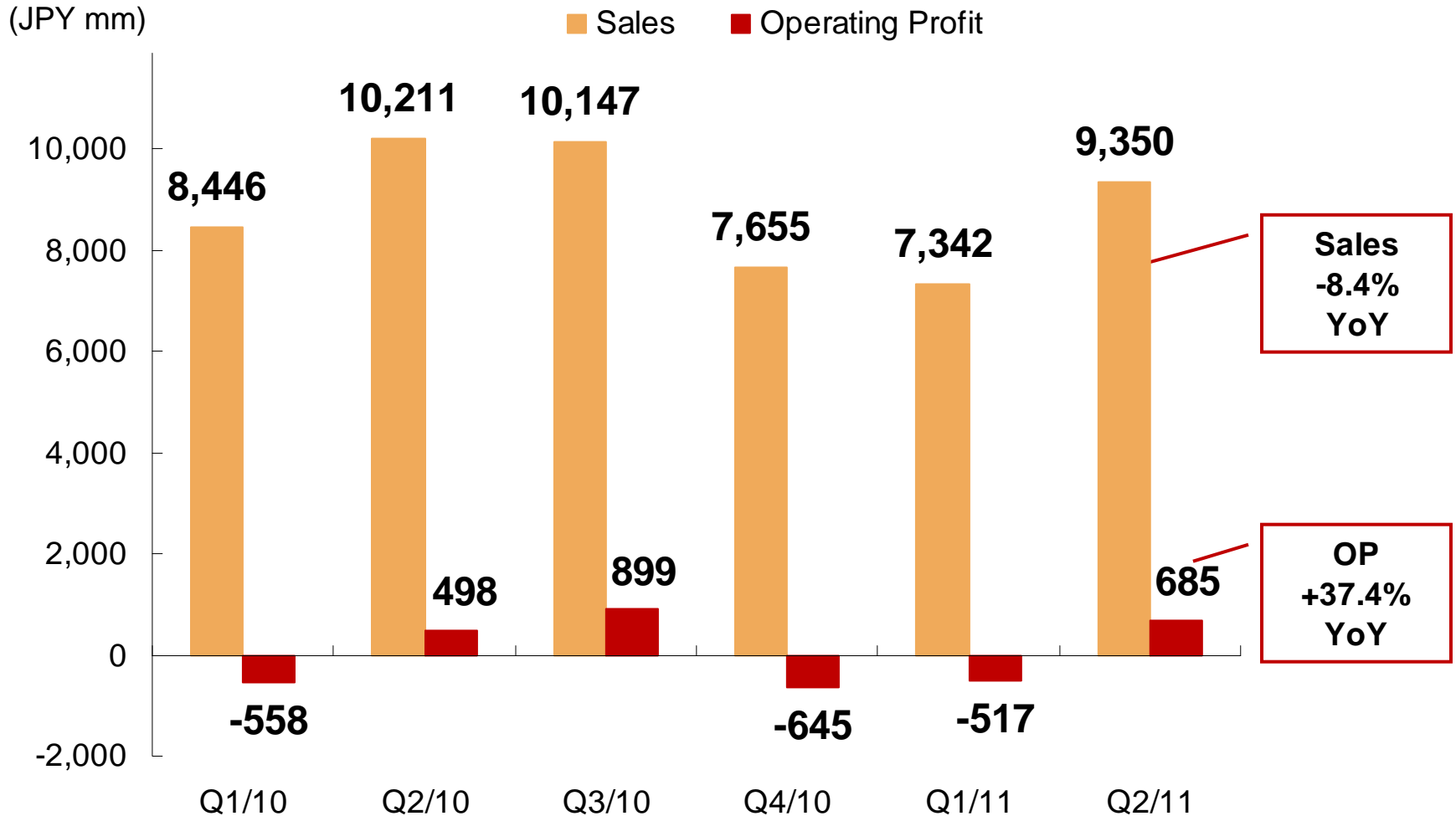
% of new accounts from Rakuten group



4 Others

Others Quarterly Results

■ Profit increase at IP telephony business offset negative quake impact



■ Fusion Communications (Telecom)



- Allocation of new shares to Marubeni. Rakuten's ownership changed from 75.25% to 50.03%
- OP JPY 310mm +525% YoY. Fusion made profitable by new businesses and sustained cost reductions

■ Rakuten Baseball

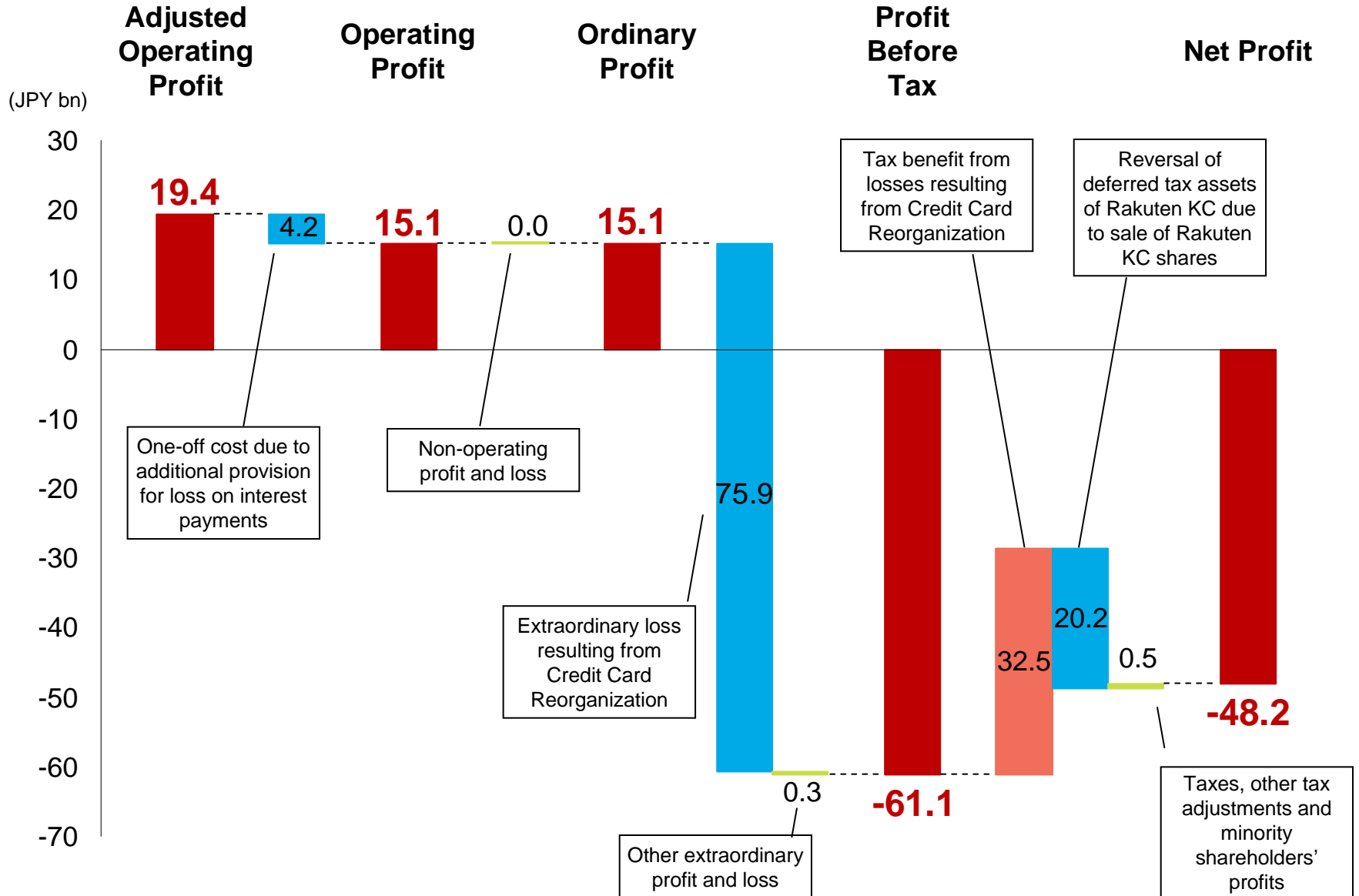


- Sales delayed to Q3 and after due to games postponed after the earthquake
- Completed repair and secured safety of stadium. Home games resumed smoothly

Appendix

- Breakdown of Loss relating to Reorganization of Credit Card business
- Financial Condition
- Other Information

Q2/11 Net Profit / Loss Analysis



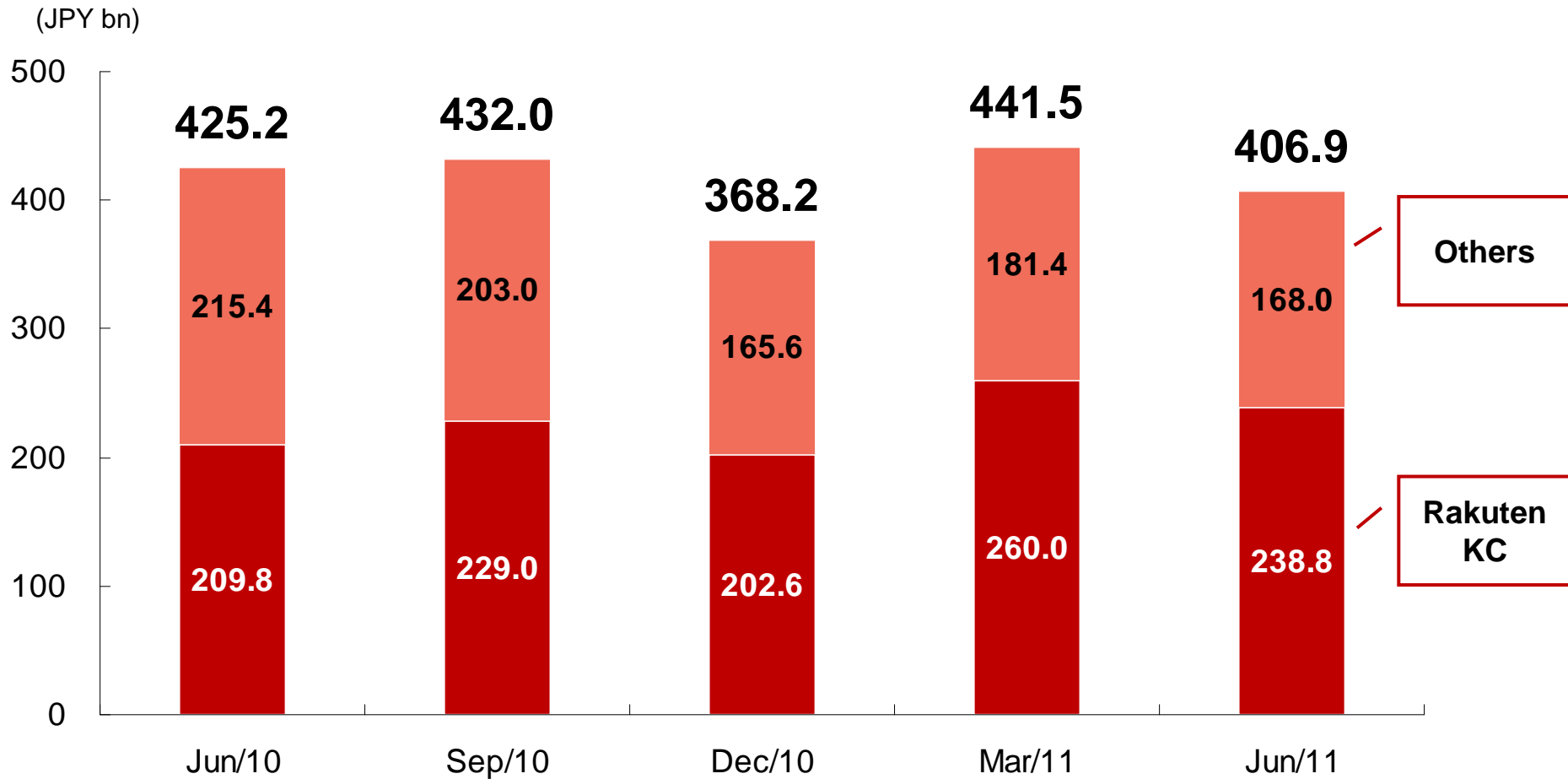
Losses Relating to Reorganization of Credit Card Business

Summary of losses incurred	Allocation of expenses in financial statements	(JPY bn)
1. Provision for loss on interest repayment at the former Rakuten KC	Operating loss (Provision for loss on interest repayment)	4.2
2. Total impact on operating loss		4.2
3. Additional provision of allowance for doubtful accounts at Rakuten Card, relating to the succession of loan receivables from the former Rakuten KC	Extraordinary loss (Provision of allowance for doubtful accounts)	11.7
4. Impairment of goodwill in the consolidated financial statements for the former Rakuten KC	Extraordinary loss (Impairment loss)	14.2
5. Losses related to sale of subsidiary shares, and related matters	Extraordinary loss (Allowance for business transfer loss)	50.0
6. Extraordinary loss total (Items 3, 4 and 5)		75.9
7. Total losses (Items 2 and 6)		80.2
8. Tax benefit from item 7	Income tax - deferred	32.5
9. Reversal of deferred tax assets at the former Rakuten KC	Income tax - deferred	-20.2
10. Corporate tax adjustment (Items 8 and 9)		12.3
11. Negative impact on net profit (Items 7 and 10)		67.8

* Quarterly net profit will increase by JPY 12.3bn for this transaction

Financial Condition

Financial Institutions Debt Trend



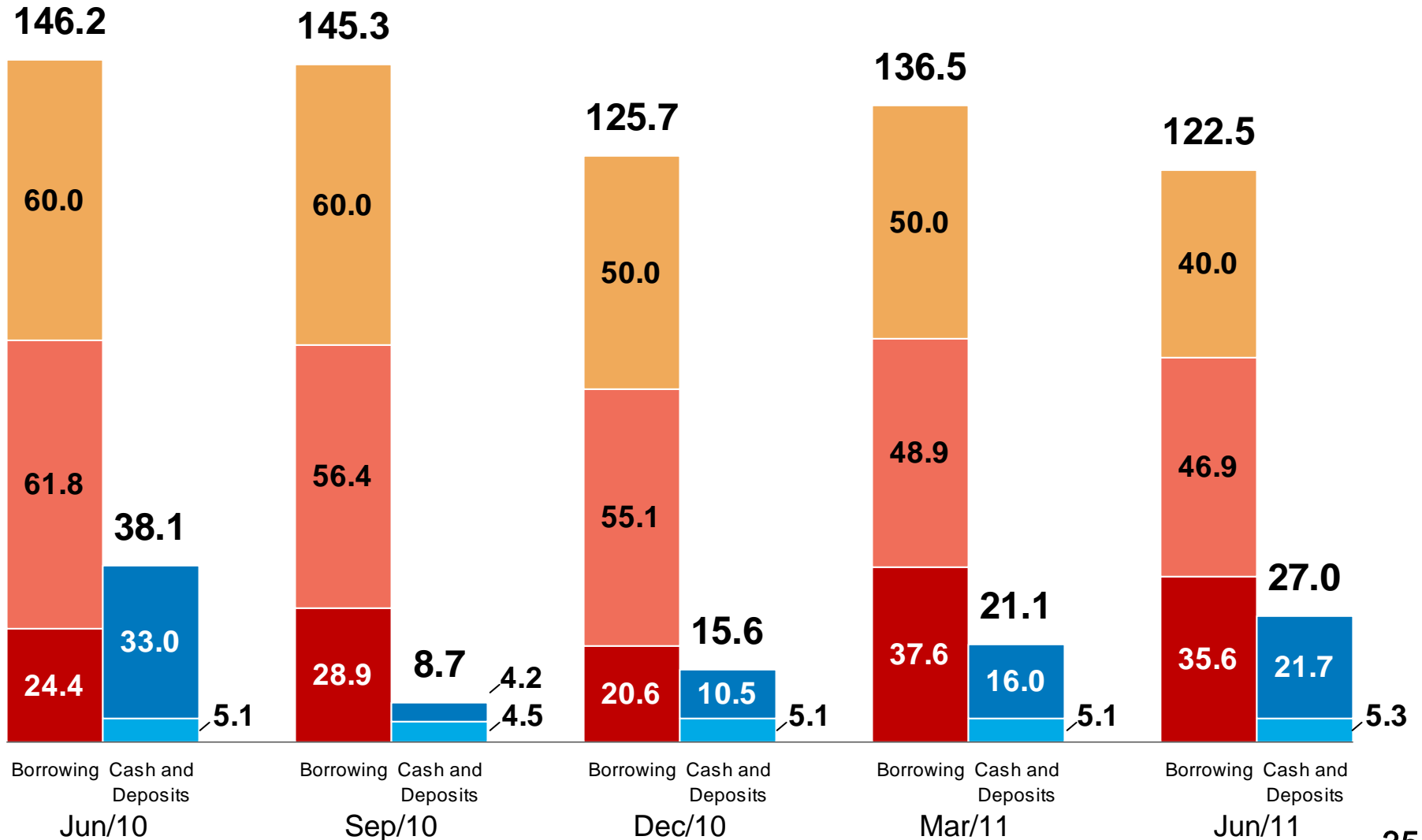
*: Debt from outside financial Institutions = Bonds + CP + short-term debt + long-term debt

Rakuten, Inc. (Non-consolidated) Debt and Cash



(JPY bn)

■ Working capital ■ M&A ■ Lending to KC ■ Cash and Deposits ■ NCD

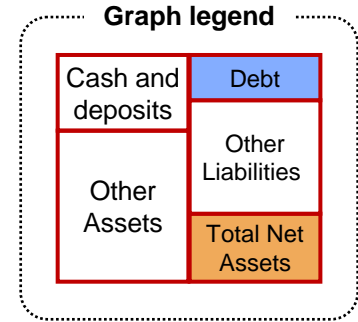
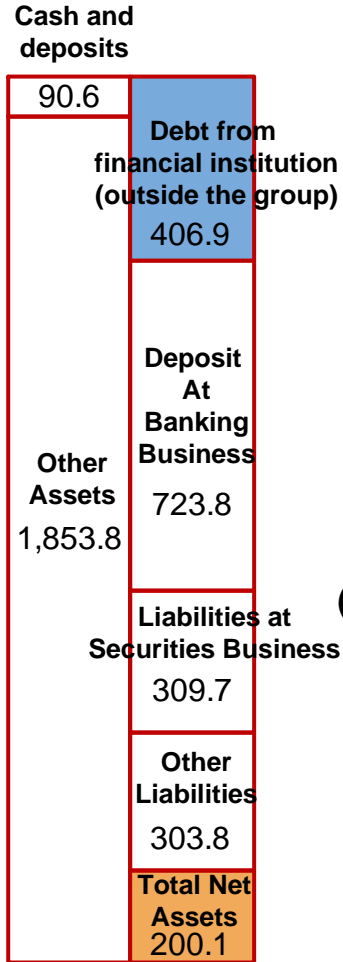


Rakuten Group : Balance Sheets (As of June 30, 2011)

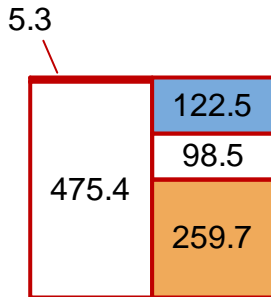


Rakuten Group (Consolidated)

(JPY bn)



Rakuten, Inc. (Non-Consolidated)

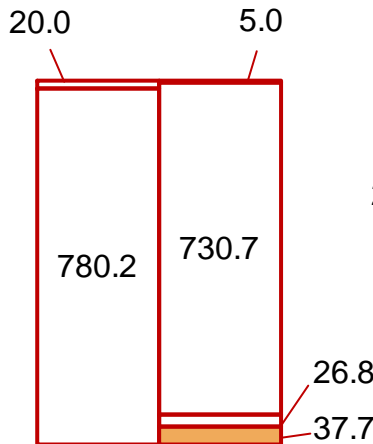


Total Assets
1,944.5

Total Assets
480.7

Rakuten Bank (Consolidated)

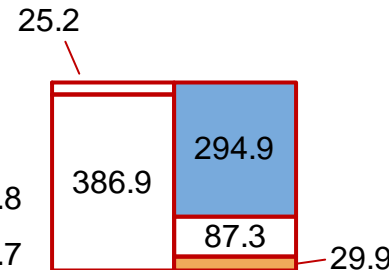
*JPY5.0bn of borrowing at Rakuten Bank is from Rakuten, Inc.



Total Assets
800.2

Rakuten KC

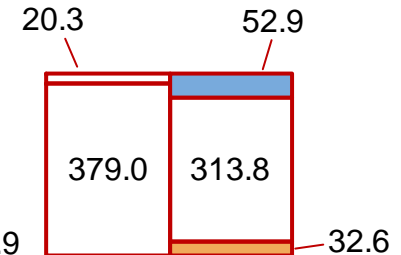
*JPY56.0bn of borrowing at Rakuten KC is from Rakuten Group



Total Assets
412.2

Rakuten Securities

*JPY12.0bn of borrowing at Rakuten Securities is from Rakuten Bank



Total Assets
399.4

*: Rakuten Securities, Rakuten KC, Rakuten, Inc. (non-consolidated) and Rakuten Bank also including internal elimination

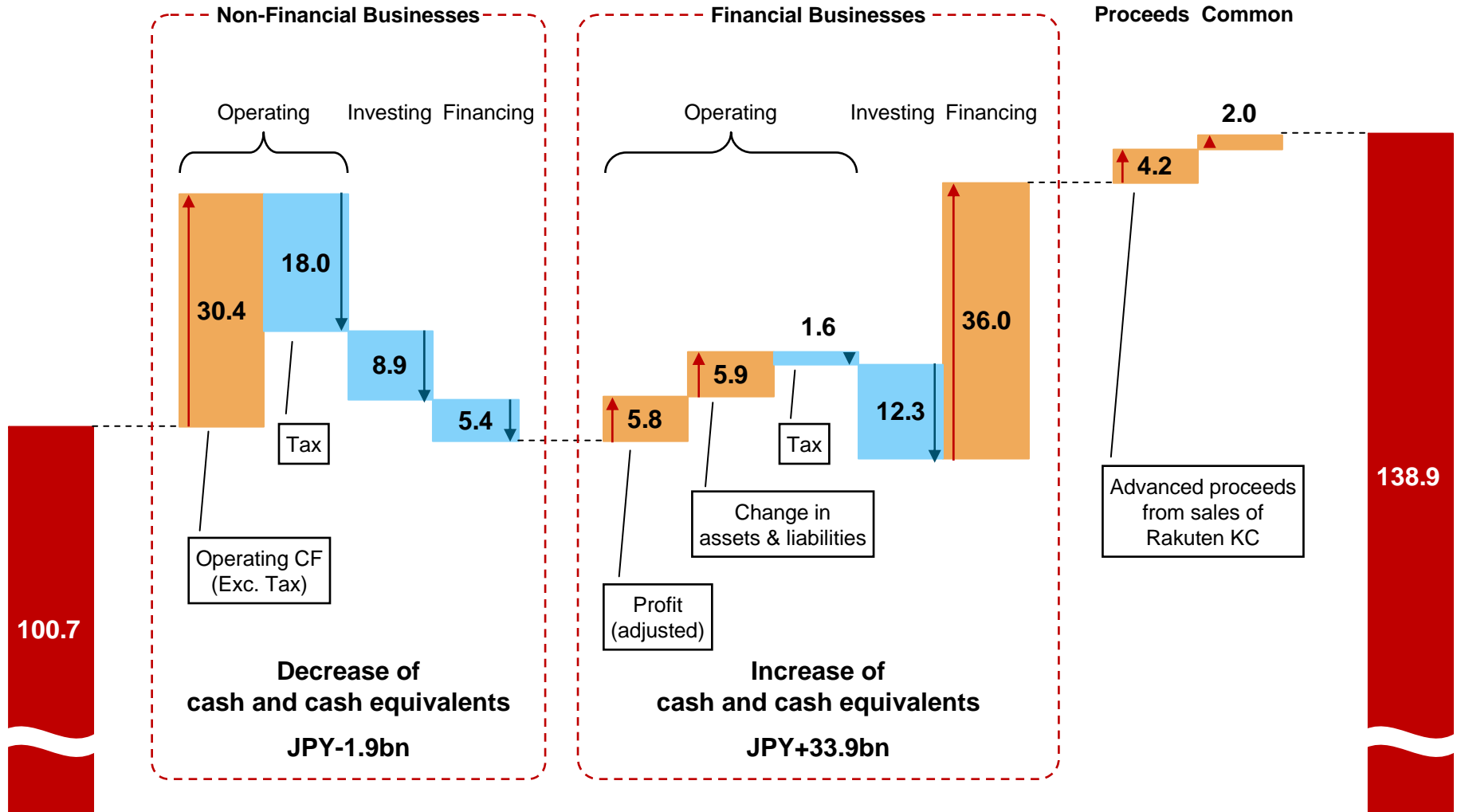
*: Debt = Corporate bonds + CP + Short-term borrowings + Long-term borrowings

Cash Flow Breakdown : Jan-Jun 2011

(JPY bn)

Beginning
(Dec 31, 2010)

End
(Jun 30, 2010)



100.7

138.9

Breakdown of Cash Flow by Financial Businesses and Non-financial Businesses : Jan-Jun, 2011 (1)

(JPY bn)

Overview of cash flow statements for six months ended June 30, 2011	Consolidated	Financial	Non-Financial	Common
I Net cash provided by (used in) operating activities				
Income (loss) before income taxes and minority interests	(51.7)	(77.1)	25.4	-
Depreciation and amortization	8.2	3.4	4.7	-
Amortization of goodwill	3.8	1.6	2.1	-
Increase (decrease) in allowance for doubtful accounts	0.1	0.0	0.1	-
Increase (decrease) in provision for loss on interest repayment	1.0	1.0	-	-
Loss (gain) on valuation of securities for banking business	0.8	0.8	-	-
Loss on business restructuring	75.9	75.9	0.0	-
Other loss (gain)	0.7	-	-	0.7
Decrease (increase) in notes and accounts receivable-trade	3.1	0.0	3.0	-
Decrease (increase) in accounts receivable-installment	(7.4)	(7.4)	-	-
Decrease (increase) in beneficial interests in securitized assets	7.8	7.8	-	-
Decrease (increase) in operating loans receivable	9.3	9.3	-	-
Increase (decrease) in notes and accounts payable-trade	(1.7)	0.8	(2.6)	-
Increase (decrease) in deposits for banking business	10.5	10.5	-	-
Decrease (increase) in call loans for banking business	(2.5)	(2.5)	-	-
Decrease (increase) in cash loans and bills discounted for banking business	(15.0)	(15.0)	-	-
Decrease (increase) in operating receivables for securities business	4.1	4.1	-	-
Increase (decrease) in operating payable for securities business	(6.9)	(6.9)	-	-
Increase (decrease) in loans payable secured by securities for securities business	4.9	4.9	-	-
Other, net	(3.9)	(1.5)	(2.4)	-
Subtotal	41.3	10.0	30.4	0.7
Payments for guarantee deposits for business operation	(0.3)	(0.3)	-	-
Proceeds from guarantee deposits for business operation	2.0	2.0	-	-
Income taxes paid	(19.6)	(1.6)	(18.0)	-
Net cash provided by (used in) operating activities	23.4	10.2	12.4	0.7

*: Breakdown by financial businesses and non-financial businesses are based on internal estimation and non-audited.

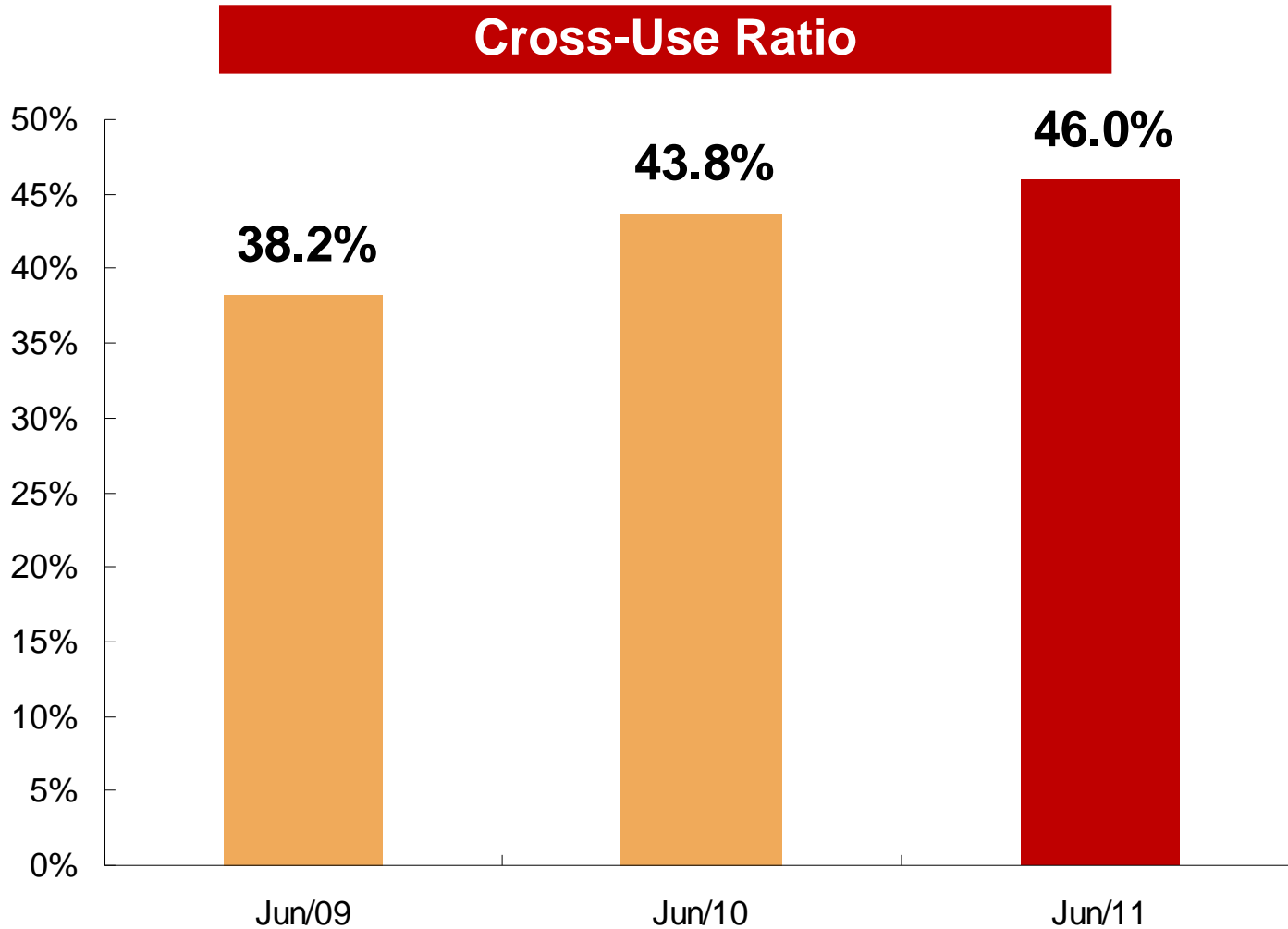
Breakdown of Cash Flow by Financial Businesses and Non-financial Businesses : Jan-Jun, 2011 (2)

(JPY bn)

Overview of cash flow statements for six months ended June 30, 2011	Consolidated	Financial	Non-Financial	Common
II Net cash provided by (used in) investing activities				
Acquisition of securities for banking business	(163.3)	(163.3)	-	-
Proceeds from sales and redemption of securities for banking business	157.6	157.6	-	-
Purchase of property, plant and equipment	(2.0)	(0.2)	(1.8)	-
Purchase of intangible assets	(7.5)	(3.1)	(4.4)	-
Purchase of investments in subsidiaries	(0.2)	(0.2)	(0.0)	-
Proceeds from partial payment due to transfer of business	4.2	-	4.2	-
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(1.6)	-	(1.6)	-
Other payments	(8.8)	(6.9)	(1.9)	-
Other proceeds	4.4	3.9	0.5	-
Interest and dividends income received	0.2	-	0.2	-
Net cash provided by (used in) investing activities	(17.1)	(12.3)	(4.7)	-
III Net cash provided by (used in) financing activities				
Net increase (decrease) in short-term loans payable	27.8	10.4	17.3	-
Increase (decrease) in commercial papers	10.1	10.1	-	-
Proceeds from long-term loans payable	55.3	55.0	0.3	-
Repayment of long-term loans payable	(52.2)	(33.7)	(18.4)	-
Redemption of bonds	(2.4)	-	(2.4)	-
Interest expenses paid	(0.7)	-	(0.7)	-
Payments for purchase to minority shareholders	(5.0)	(5.0)	-	-
Proceeds from stock issuance to minority shareholders	1.2	-	1.2	-
Cash dividends paid	(2.6)	-	(2.6)	-
Other, net	(0.8)	(0.7)	(0.0)	-
Net cash provided by (used in) financing activities	30.6	36.0	(5.4)	-
IV Effect of exchange rate change on cash and cash equivalents	0.3	-	-	0.3
V Net increase (Decrease) in cash and cash equivalents	37.3	33.9	2.2	1.1
VI Cash and cash equivalents (as of December 31, 2010)	100.7	-	-	-
VII Increase in cash and cash equivalents from newly consolidated subsidiary	0.8	-	-	-
VIII Cash and cash equivalents (as of June 30, 2011)	138.9	-	-	-

*: Breakdown by financial businesses and non-financial businesses are based on internal estimation and non-audited.

Other Information



*: Purchasing ratio of Rakuten members who have utilized other Rakuten services during the past 12 months of the listed month.

*: Applicable services are limited to those which can earn Rakuten Super Points (excl. Securities)

Amortization of Goodwill

(JPY mm)

New Segment	Old Segment	Q1/10	Q2/10	Q3/10	Q4/10	Q1/11	Q2/11
Internet Finance	Credit Card	246	246	246	246	829	825
	Banking	282	429	435	460		
	Securities	95	99	169	94		
	E-Money	30	58	15	15		
Internet Services	E-Commerce	832	581	1,055	936	1,007	1,023
	Travel	12	12	12	12		
	Portal and Media	36	16	16	16		
Others	Portal and Media (O-net, Inc.)	44	44	44	44	39	41
	Professional Sports	-0	-0	-20	-		
	Telecommunication	-5	-5	-5	-5		
Total		1,575	1,483	1,970	1,823	1,876	1,890

*: Amortization of positive goodwill is included in SG&A expenses Amortization of negative goodwill is included in non-operating revenue.

(JPY bn)

		2010				2011	
		Q1	Q2	Q3	Q4	Q1	Q2
Non Consolidated	Hardware ^{*2}	1.59	0.83	1.14	0.18	0.53	0.39
	Software	1.39	1.48	1.96	1.69	1.84	1.51
	Total	2.98	2.32	3.10	1.87	2.37	1.90
Consolidated	Hardware ^{*2}	2.81	1.26	1.71	1.44	1.63	1.09
	Software	3.47	3.10	4.12	3.97	4.44	3.23
	Total	6.29	4.37	5.83	5.42	6.07	4.32

*1 : Since 10/Q1: Acquisition Base (Including Professional Sports Business)

*2 : Depreciation of property, plant and equipment (excluding leased assets) was computed by the declining-balance method and switched to straight-line method since 2011. As a result of this change, depreciation was reduced by JPY 514mm during the six months ended June 30, 2011.

■ Balance Sheets

As of Jun 30, 2011

(JPY bn)

CURRENT ASSETS	119.4	CURRENT LIABILITIES	164.7
Cash and deposits	5.3	Account payable-trade	2.7
Accounts receivable-trade	30.4	Short-term debts	63.6
Other current assets	84.1	Accounts payable	15.9
Allowance for doubtful accounts	-0.4	Income taxes payable	0.0
		Advance receipt	9.1
		Reserve for point program	13.4
		Other current liabilities	59.6
		LONG-TERM LIABILITIES	56.3
		TOTAL LIABILITIES	221.0
NONCURRENT ASSETS	361.3	SHAREHOLDERS' EQUITY	257.7
Property, plant and equipment	6.5	Capital stock	107.8
Intangible assets	13.8	Capital surplus	116.6
Investment and other assets	340.9	Retained earnings	36.7
(Allowance for doubtful accounts)	-0.5	Treasury stock	-3.6
(Allowance for investment loss)	-1.9	VALUATION AND TRANSLATION ADJUSTMENTS	0.9
		Valuation difference on available-for-sale securities	0.9
		Subscription rights to shares	1.0
		TOTAL NET ASSETS	259.7
TOTAL ASSETS	480.7	TOTAL LIABILITIES AND NET ASSETS	480.7

■ Income Statements

Three months ended Jun 30, 2011

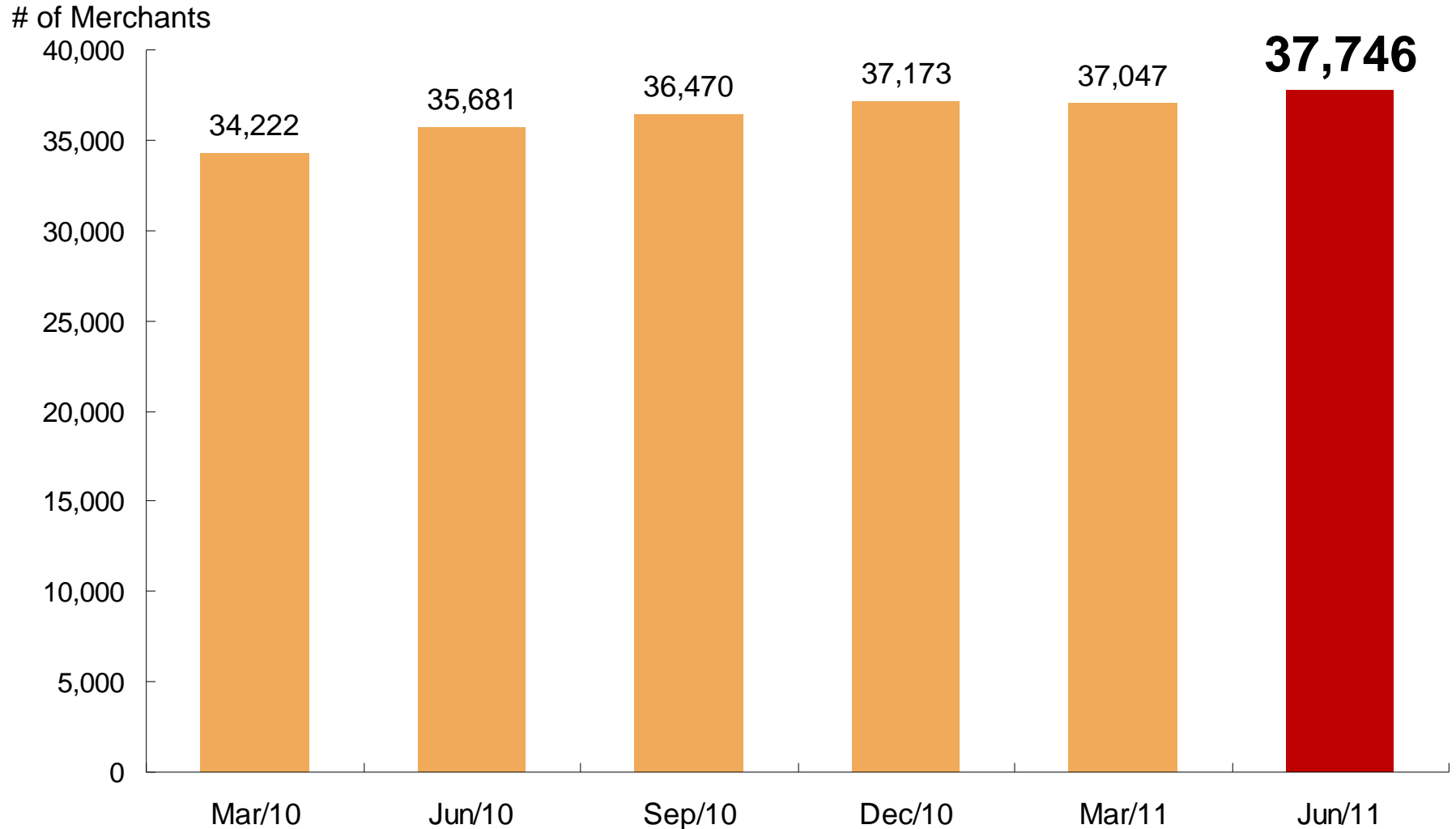
(JPY bn)

Sales	35.6
Cost of Sales	6.9
Gross Profit	28.7
Operating Expense	15.7
Personnel costs	6.8
Advertising and sales promotion	3.9
Depreciation	1.2
Communication and maintenance	1.0
Outsourcing	2.9
Others	-0.3
Operating Profit	12.9
Non-Operating Profit	0.5
Non-Operating Expense	0.4
Ordinary Profit	13.0
Extraordinary profit	0.0
Extraordinary loss	75.7
Net income before tax	-62.6
Income taxes-current	-4.0
Income taxes-deferred	-30.1
Net Income	-28.4

*: Amounts Less Than 0.1 Billion Omitted

Number of Merchants

■ Number of new merchants recovered rapidly since April, increasing steadily in Q2



Rakuten KC Composition of Revenues and Operating Expenses



(JPY mm)

	10/1Q	Q2/10	Q3/10	Q4/10	Q1/11	Q2/11	% of total	YoY
Revenues								
General services	6,205	6,995	7,708	8,813	8,978	9,834	54.6%	+40.6%
Card shopping	6,180	6,971	7,685	8,792	8,957	9,816	54.5%	+40.8%
Others	25	23	22	21	20	18	0.1%	-22.9%
Financing	6,347	6,056	5,569	5,049	4,505	4,166	23.1%	-31.2%
Card cash advances	3,949	3,804	3,536	3,250	2,919	2,738	15.2%	-28.0%
Loan card	2,371	2,228	2,012	1,779	1,569	1,411	7.8%	-36.7%
Others	26	23	20	18	16	15	0.1%	-33.1%
Others	3,140	3,427	3,335	3,824	3,579	4,004	22.2%	+16.8%
Total revenues	15,694	16,479	16,612	17,686	17,063	18,004	100.0%	+9.3%
(incl. effect of securitization GAAP)	(15,579)	(16,468)	(16,602)	(18,967)	(16,652)	(17,673)	-	-
Operating expenses								
Personnel costs	1,467	1,508	1,547	1,460	1,493	1,420	6.9%	-5.8%
General expenses	8,412	8,961	8,900	9,528	9,608	9,845	47.7%	+9.9%
Interest expenses	1,968	1,834	1,755	1,838	2,063	1,795	8.7%	-2.1%
Expenses related to doubtful accounts	3,402	3,743	3,143	3,230	3,064	3,328	16.1%	-11.1%
Interest repayment expenses	0	0	0	129	0	4,264	20.6%	+0.0%
Total operating expenses	15,250	16,048	15,348	16,187	16,229	20,653	100.0%	+28.7%
Operating profit	444	431	1,264	1,499	833	-2,648	-	-714.0%
(incl. effect of securitization GAAP)	(329)	(420)	(1,254)	(2,780)	(423)	(-2,980)	-	-808.4%
[For reference]Rakuten Card revenues	7,927	9,044	9,794	11,413	11,432	12,771	-	+41.2%

* : Amount of revenue in braket "(" includes effects of securitization.

Rakuten KC Transaction Volume and Number of Cardholders



■ Composition of Transaction Volume

(JPY mm)

	Q1/10	Q2/10	Q3/10	Q4/10	Q1/11	Q2/11	% of total	YoY
General services	208,422	238,919	260,236	304,331	299,778	332,863	95.9%	+39.3%
Card shopping	207,821	238,311	259,595	303,708	299,120	332,290	95.7%	+39.4%
Others	601	607	641	623	657	573	0.2%	-5.7%
Financing	18,613	17,410	11,134	9,463	9,442	10,190	2.9%	-41.5%
Card cash advances	13,837	13,569	9,732	8,484	8,536	9,354	2.7%	-31.1%
Loan card	4,775	3,841	1,401	979	905	835	0.2%	-78.2%
Others	4,587	4,280	4,403	4,074	4,097	4,093	1.2%	-4.4%
Total transaction volume	231,623	260,610	275,774	317,869	313,318	347,148	100.0%	+33.2%

■ Number of Valid Cardholders

(Million persons)

	Q1/10	Q2/10	Q3/10	Q4/10	Q1/11	Q2/11	YoY
Credit card	4.80	5.15	5.41	5.71	6.01	6.30	+22.3%

Rakuten KC Balance of Loan Receivables



(JPY mm)

	Q1/10	Q2/10	Q3/10	Q4/10	Q1/11	Q2/11	% of total	YoY
General services	143,922	160,499	172,945	201,897	197,753	223,167	56.7%	+39.0%
Card shopping	143,025	159,717	172,238	201,259	197,190	222,691	56.5%	+39.4%
Card shopping(Securitized)	72,969	87,961	97,477	137,361	141,364	150,781	38.3%	+71.4%
(Securitized, off-balance)	38,557	52,763	61,682	101,039	105,049	114,683	-	+117.4%
(Securitized, on-balance)	34,411	35,197	35,794	36,321	36,314	36,098	-	+2.6%
incl. Revolving balance (principal)	71,381	79,989	88,419	97,985	105,533	112,792	-	+41.0%
Others	896	781	706	638	563	475	0.1%	-39.1%
Financing	186,075	179,294	169,799	159,837	150,733	141,460	35.9%	-21.1%
Card cash advances	80,687	76,589	71,301	65,428	60,961	56,632	14.4%	-26.1%
Loan card	59,103	54,369	48,723	43,517	39,035	34,880	8.9%	-35.8%
(Securitized, off-balance)	9,048	9,775	8,667	9,035	100	100	-	-99.0%
(Securitized, on-balance)	23,838	22,337	21,641	17,930	16,024	14,406	-	-35.5%
Others	46,284	48,336	49,773	50,890	50,736	49,946	12.7%	+3.3%
Installment	947	887	854	802	708	659	0.2%	-25.7%
Others	35,975	34,121	32,770	31,266	30,013	28,510	7.2%	-16.4%
Credit guarantee	33,542	32,254	31,363	30,215	29,245	27,946	7.1%	-13.4%
(Off-balance guarantees)	30,822	29,618	28,828	27,749	26,855	25,636	-	-13.4%
Others(Off-balance)	2,433	1,866	1,406	1,051	767	564	0.1%	-69.8%
Total balance (incl. off-balance)	366,921	374,803	376,369	393,804	379,209	393,798	100.0%	+5.1%
Total balance(On balance)	(286,059)	(280,779)	(275,783)	(254,928)	(246,436)	(252,815)	-	-10.0%

Rakuten KC

NPL & Expenses for Doubtful Accounts

■ NPL

(JPY mm)

	Q1/10	Q2/10	Q3/10	Q4/10	Q1/11	Q2/11
Bankrupt	16	17	17	17	17	17
De facto bankrupt	31,388	28,639	27,148	25,677	24,100	22,417
Doubtful	6,005	5,438	5,607	5,720	6,091	6,222
Special attention	4,693	4,520	4,387	4,642	4,392	4,157
Normal	290,331	302,671	306,456	325,928	313,664	331,188
Subtotal	332,433	341,285	343,615	361,984	348,264	364,001
Secured	5,331	5,238	5,102	5,033	4,940	4,849
Total	337,764	346,523	348,717	367,017	353,204	368,850

■ Balance of Allowance for Doubtful Accounts

Allowance for doubtful accounts	30,228	28,996	27,578	*1 22,750	*2 21,255	19,255
excl. write-off	20,636	20,064	19,285	18,732	18,237	17,506
Allowance ratio	8.9%	8.4%	7.9%	6.2%	6.0%	5.2%
excl. write-off	6.1%	5.8%	5.5%	5.1%	5.2%	4.7%

■ Expenses for Doubtful Accounts

Write-off for bad debt (incl. interest repayment)	4,739	4,983	4,588	4,484	4,958	5,324
Reserve for allowance	-648	-572	-778	-553	-894	-731
Reserve for write-off	-684	-659	-639	-691	-999	-1,268
Reserve for loss on guarantee arrangement	-4	-8	-27	-9	0	4
Expenses for doubtful accounts	3,402	3,743	3,143	3,230	3,064	3,328

*1: JPY 3.5 bn allowance was transferred from "Write-off's" to "Cash-Out" to adjust for potential interest repayment claims

*2: JPY 400mm extraordinary loss due to provision to allowance for doubtful accounts related to the Great East Japan Earthquake

■ Allowance for Doubtful Accounts

(JPY bn)

		Q1/10	Q2/10	Q3/10	Q4/10	Q1/11	Q2/11
Allowance for loss on interest repayments	'Cash-out' amount associated with interest repayment claims	9.2	8.2	7.3	10.1	8.8	11.2
	Write-offs of principal triggered by interest repayment claims	9.5	8.9	8.2	4.0	3.0	1.7
	Other allowance for doubtful accounts	20.6	20.0	19.2	18.7	18.2	17.4
Allowance for doubtful accounts total		30.2	28.9	27.5	22.7	21.2	19.2

Allowances relating to interest repayment claims
JPY13.0bn

■ Payments and write-offs relating to interest repayment claims

(JPY bn)

		Q1/10	Q2/10	Q3/10	Q4/10	Q1/11	Q2/11
Cash-Out		0.9	0.9	0.9	0.8	1.3	1.8
Write-offs		0.6	0.6	0.6	0.6	0.9	1.2
Total losses relating to interest repayment claims (Rakuten Card Co., Ltd.)		1.6	1.6	1.5	1.5	2.3	3.1
		-	-	-	-	(0.1)	(0.1)

*: Allowances relating to interest repayment claims / (cash out and write-offs relating to interest repayment claims in the most recent quarter x 4)

- Company split and transfer of business are effective on August 1
- Additional allowance for doubtful accounts mainly for re-contract loans: JPY 11.7bn

	Former Rakuten KC
Q2/11 Revenues	JPY 18.0 bn
Employees	About 800
Loan receivable*1 (incl. off-balance)	JPY 368.8bn
Ratio of balance of four-months-and-over-delinquent loan	9.7%
Allowance for doubtful accounts	JPY 17.5 bn



Transfer to New Rakuten Card
JPY 12.7 bn
About 500
about JPY 267.0 bn *2
7.2%*2 (Only Rakuten Card 2.3%*2)
JPY 19.9 bn

*1: Please refer to P.49

*2: Calculation based on Jun. 11

Loan Receivable to be Split (Pro forma as of Mar. 31, 2011)

(JPY bn)

	Rakuten Card	KC Card (Transfer to JTrust)	Former Rakuten KC
General services	175.5	22.1	197.7
Card shopping	175.3	21.8	197.1
Card shopping(Securitized)	141.3	-	141.3
(Securitized, off-balance)	(105.0)	(-)	(105.0)
(Securitized, on-balance)	(36.3)	(-)	(36.3)
incl. Revolving balance (principal)	93.9	11.5	105.5
Others	0.2	0.3	0.5
Financing	68.2	82.4	150.7
Card cash advances	16.2	44.6	60.9
Loan card	1.2	37.7	39.0
(Securitized, off-balance)	(-)	(0.1)	(0.1)
(Securitized, on-balance)	(-)	(16.0)	(16.0)
Others (incl. re-contract)	50.7	-	50.7
Installment	0.7	-	0.7
Others	30.0	-	30.0
Credit guarantee	29.2	-	29.2
(Off-balance guarantees)	(26.8)	(-)	(26.8)
Others(Off-balance)	0.7	-	0.7
Total balance (incl. off-balance)	274.5	104.6	379.2
(Total balance(On balance))	(141.8)	(104.5)	(246.4)

Note: We do not calculate pro forma data of detailed loan receivable as of June 30, 2011

- Rakuten Credit, Inc. : guarantor of consumer loans at Rakuten Bank

- Sales and Operating Profit

(JPY mm)

	Q1/10	Q2/10	Q3/10	Q4/10	Q1/11	Q2/11	YoY
Revenues of Rakuten Credit, Inc.	1,264	1,377	1,441	1,503	1,508	1,613	+17.1%
Operating Profit of Rakuten Credit, Inc.	66	124	192	277	338	429	+244.6%

- Balance of Loan Receivables and Guarantee Obligation

(JPY mm)

	Dec/11	Mar/11	Jun/11
Loan receivables	7,630	7,497	7,482
Credit guarantee	108,054	116,132	122,201
Allowance	3,010	3,013	3,065

(JPY mm)

		Q2/10	Q3/10	Q4/10	Q1/11	Q2/11
	Settlement	1,554	1,430	1,465	1,111	1,461
	Card	400	309	243	296	322
	Financial products	632	503	487	535	537
	Others	148	266	375	444	372
	1. Income (loss) from commission	2,735	2,510	2,572	2,387	2,694
	2. Income (loss) from investment	1,519	1,369	1,289	1,613	1,521
	3. Operating expenses	3,206	3,004	3,165	2,902	3,091
Basic profit (exc. loan)		1,047	875	696	1,098	1,124
Basic profit (loan)		188	436	410	486	546
Total basic profit (A)*¹		1,236	1,312	1,107	1,585	1,670
Non-basic profit (B)*²		-127	-1,167	-360	-877	312
Ordinary profit (A+B)*³		1,108	144	746	707	1,983

*1: Basic profit = Income or loss deducted Income (loss) due to changes in market price or sales of investment products. Income or loss due to main business of Rakuten Bank instead if temporary income (loss) such as investment

*2: Non-basic profit = Income or loss due to changes in market price or sales of investment products

*3: Before accounting adjusting (amortization of goodwill included)

(JPY bn)

	Dec 31 2010 Market Value	Jun 30 2011 Market Value	Changes in Market Value from Dec 31 2010 to Jun 30 2011	Allowances (as of Jun 30 2011)	Unrealized gains and losses (Rakuten consolidated)
JGB, Local Government Bonds, Corporate Bonds	323.3	342.5	19.2	0.0	2.8
JGB(Japanese Government Bonds)	154.6	173.9	19.2	-	2.3
Others* ¹	168.6	168.6	-0.0	0.0	0.4
Loan Receivables	125.8	140.9	15.0	1.0	-
Stocks	0.5	0.5	0.0	-	0.0
ABS (securitized loan receivables)	211.3	190.7	-20.5	0.0	0.5
Funds	7.6	6.4	-1.2	-	0.1
Hedge Funds (FOF)	4.1	4.0	-0.0	-	-0.0
Others	3.5	2.3	-1.1	-	0.1
ABS (Real estate products)	16.7	12.9	-3.8	2.1	-0.4
Private Funds* ²	6.6	4.5	-2.1	2.1	-0.0
CMBS (with market value)	10.1	8.4	-1.6	-	-0.3
CDO	3.4	3.0	-0.4	-	0.0
Total	688.9	697.2	8.2	3.2	3.0

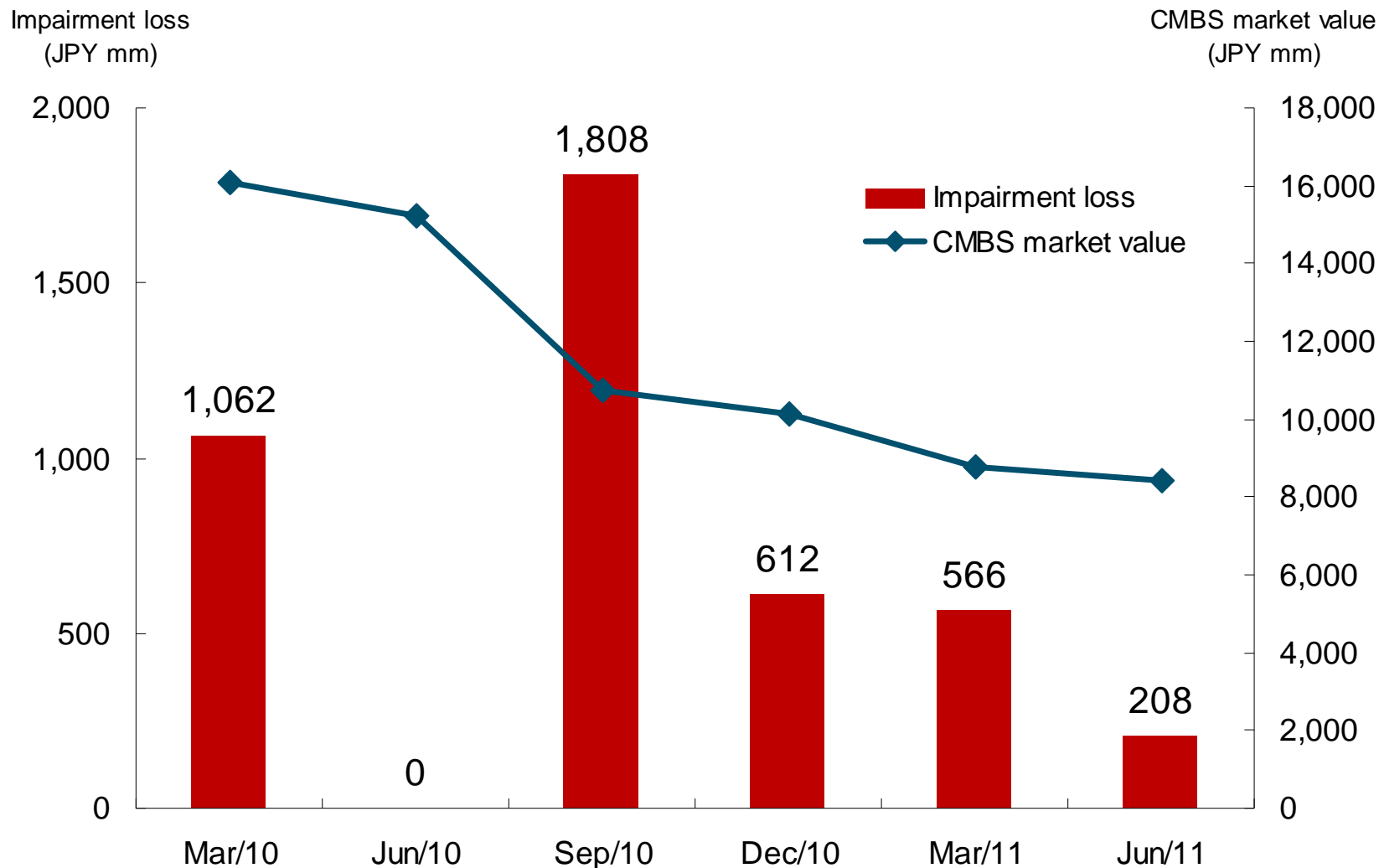
*1: JGB, Local government bonds, Corporate bonds include government-guaranteed bonds, etc

*2: Some funds have been valued at market value since April 1, 2010

	Dec 31 2010	Jun 30 2011	Changes
Deposit Balance	721.2	731.8	10.5
Ordinary Deposits	327.0	357.4	30.4
Time Deposits	323.4	301.2	-22.1
Other Deposits*	70.7	73.1	2.3

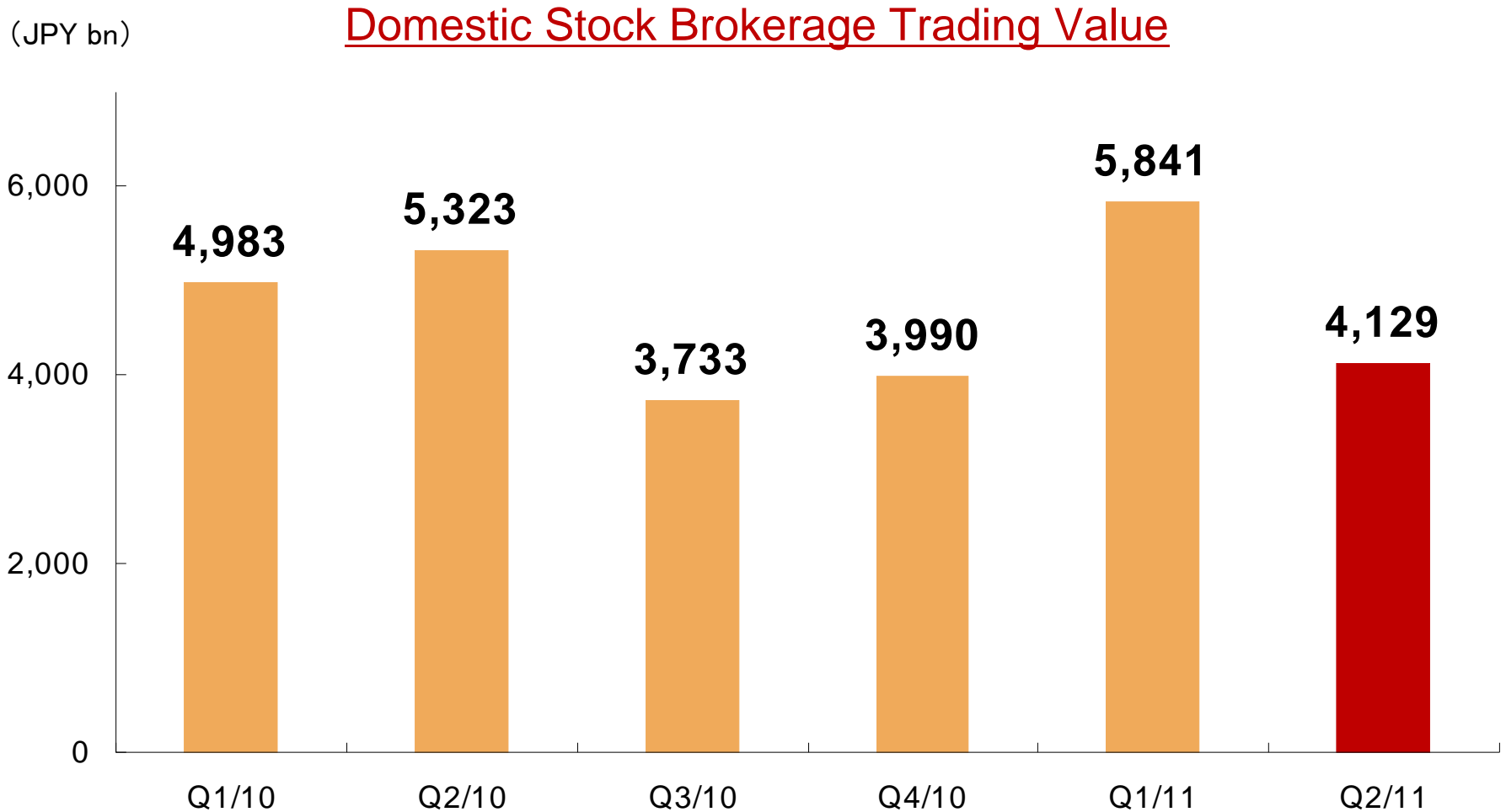
*: Other deposits include deposits in foreign currency and others

- Planning bold processing of CMBS in Q3, to avoid an impairment loss after Q4



Rakuten Securities Quarterly Change in Stock Brokerage Trading Value

■ Trading value decreased due to weak domestic stock markets



(Million persons)

	10/Jun	11/Mar	11/Jun	YoY
Rakuten Members^{*2}	65.82	70.54	72.13	+9.6%
Rakuten KC Credit Card	5.15	6.01	6.30	+22.3%
Rakuten Bank	3.54	3.72	3.79	+7.1%
Rakuten Securities (General Account)	0.99	1.08	1.12	+12.6%

*1: Figures include members using duplicate services

*2: Rakuten Members excluding non-active users who never use any Rakuten services, and excluding members who logged in during the period but later withdrew their membership: June 2010: 39.46mm, Mar 2011: 43.99mm, Jun 2011: 45.51mm. Definition changed from 2011. Jun 2010 has been retroactively adjusted.

Our Global Footprints

