



February 14, 2013

Company name Rakuten, Inc.
Representative Hiroshi Mikitani
Chairman and CEO
(JASDAQ Code: 4755)

**Notice concerning the differences in accounting practices
between Japanese Generally Accepted Accounting Principles
(J-GAAP) and International Financial Reporting Standards
(IFRS) on the Consolidated Financial Statements
for the fiscal year ended December 31, 2011**

Further to the announcement by Rakuten, Inc. on December 20, 2012 regarding “Notice of Voluntary Application of International Financial Reporting Standards (IFRS),” we have outlined in the attached Appendix the major differences in accounting practices between Japanese Generally Accepted Accounting Principles (J-GAAP) and International Financial Reporting Standards (IFRS) for the consolidated financial statements of fiscal 2011 (January 1, 2011 to December 31, 2011).

Application of IFRS

- From the first quarter of FY2013, Rakuten, Inc. will disclose its consolidated financial statements under IFRS
- The initial application date (the transition date to IFRS) is January 1, 2011

Major changes in items on Income Statements

- Some of Rakuten's business segments will present sales on a net basis
- Goodwill is no longer amortized
- Extraordinary items under J-GAAP are presented as operating profit and expenses under IFRS

Major changes in items on Balance Sheets

- Securitized loan assets are on-balanced
- Assets and liabilities for the securities business are presented on a gross basis

GAAP differences for FY2011

- Differences in net income between J-GAAP and IFRS is very limited, except for goodwill amortization
- Total net assets under IFRS is affected by the impact of impairment loss on goodwill for LinkShare Corporation on the transition date to IFRS (January 1, 2011). (Impairment loss: JPY 15.6bn, foreign currency transaction adjustments: JPY 9.6bn) (However, the loss has no impact on the P/L as it is an initial application)

J-GAAP	
(JPY mm)	
P/L*1	Jan 1 – Dec 31, 2011
Net sales	379,900
Operating profit	70,789
Ordinary profit	68,267
Net loss	-2,287
B/S	Jan 1, 2011
Total assets	1,951,440
Total net assets	246,422

- *1. After retrospective application of the revised accounting policy for loyalty points
 2. Amounts less than one million yen have been:
 J-GAAP: rounded down; IFRS: rounded

IFRS	
(JPY mm)	
P/L	Jan 1 – Dec 31, 2011
Revenue	346,425
Operating income before additional line items	76,136
Additional line items (Loss on business restructuring of Rakuten KC)	-75,492
Operating income	644
Loss before income tax	-1,185
Net income	9,631
Net income attributable to Owners of the Company	7,986
B/S	Jan 1, 2011
Total assets	2,052,571
Total net assets	217,459

GAAP differences in P/L structure

