

January 26, 2015

Company name Rakuten, Inc.

Representative Hiroshi Mikitani

Chairman and CEO

(Stock Code: 4755

Tokyo Stock Exchange First Section)

Announcement of Financial Results of Rakuten Securities, Inc., a Consolidated Subsidiary

Rakuten Securities, Inc. (President: Yuji Kusunoki. Head Office: Shinagawa-ku, Tokyo), a consolidated subsidiary of Rakuten, Inc., today issued the attached press release relating to its non-consolidated financial reports (based on J-GAAP) for the nine months ended December 31, 2014.

In addition, the merger of Dot Commodity Inc. (President: Jin Funada. Head Office: Shibuya-ku, Tokyo), a consolidated subsidiary of Rakuten Securities, Inc., was completed on July 1, 2014, and hence from the three months ended June 30, 2014, Rakuten Securities, Inc. is disclosing non-consolidated accounts.

Rakuten Group plans to announce consolidated financial reports for the fiscal year ended December 31, 2014, on February 12, 2015 (Thursday).

In addition, Rakuten Group announces financial results based on IFRS. The attached financial results of Rakuten Securities, Inc. are based on J-GAAP, which has different accounting processes for transactions from IFRS.



January 26, 2015

Financial Reports For the nine months ended December 31, 2014

Rakuten Securities, Inc.

Rakuten Securities, Inc. (President: Yuji Kusunoki. Head Office: Shinagawa-ku, Tokyo) non-consolidated financial reports for the nine months ended December 31, 2014 (J-GAAP).

The quarterly financial reports of Rakuten Securities, Inc. are based on “Uniform Accounting Standards for Securities Companies” (set by the Board of Directors of the Japan Securities Dealers Association, November 14, 1974). Commodity futures transactions are based on “Uniform Accounting Standards for Commodity Future Transactions” (set by the Board of Directors of the Commodity Futures Association of Japan, March 3, 1993).

Results for the nine months ended December 31, 2014

Operating Results

(Millions of yen, rounded down)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
Nine months ended December 31, 2014	33,027	31,995	14,522	14,675	9,336

(1) Balance Sheet

(Millions of yen)

	As of December 31, 2014
(Assets)	
Current Assets	896,055
Cash and deposits	72,350
Cash segregated as deposits	451,001
Money held in trust	800
Trading products	12,069
Trading securities and others	680
Derivatives	11,389
Operating investment securities for sale and others	1,437
Trade date accrual	236
Margin transaction assets	312,607
Loans on margin transactions	300,957
Cash collateral pledged for securities borrowing on margin transactions	11,650
Advances paid	226
Cash paid for offering	3,267
Securities received as collateral	*1 1,212
Short-term guarantee deposits	32,290
Variation margin paid	2,833
Short-term loan receivables	81
Advance payments	368
Prepaid expenses	390
Accounts receivable - other	690
Accrued corporate taxes and others	167
Accrued revenues	4,112
Other current assets	5
Allowance for doubtful accounts	(92)

(Millions of yen)

	As of December 31, 2014
Fixed Assets	16,615
Tangible fixed assets	1,368
Buildings	235
Furniture and fixtures	1,133
Intangible fixed assets	13,813
Goodwill	3,078
Software	10,032
Software in progress	701
Investments and other assets	1,434
Investment securities	309
Long-term loans receivable	183
Long-term guarantee deposits	742
Long-term prepaid expenses	23
Deferred tax assets	298
Others	982
Allowance for doubtful accounts	(1,105)
Total Assets	912,671

(Millions of yen)

	As of December 31, 2014
(Liabilities)	
Current liabilities	846,064
Trading products	13,565
Derivatives	13,565
Margin transaction liabilities	46,857
Borrowings on margin transactions	4,433
Cash received for securities lending on margin transactions	42,423
Loans payable secured by securities	136,298
Cash received on debt credit transactions of securities	136,298
Deposits received	343,572
Guarantee deposits received	*2 167,646
Short term loans payable	134,375
Advances received	99
Accrued revenues	0
Accounts payable - other	340
Accrued expenses	2,680
Income taxes payable	86
Deferred tax liabilities	73
Provision for employees' bonuses	336
Provision for directors' bonuses	30
Provision for sales promotion expenses	34
Other current liabilities	65
Fixed Liabilities	201
Asset retirement obligations	81
Other fixed liabilities	120
Statutory reserves	3,670
Reserve for financial products liabilities	3,629
Reserve for liability for commodities transactions	41
Total Liabilities	849,937

(Millions of yen)

	As of December 31, 2014
(Net Assets)	
Shareholders' equity	
Capital stock	7,495
Capital surplus	4,511
Retained earnings	49,980
Total shareholders' equity	61,987
Valuation, translation, and other adjustments	
Valuation difference on available-for-sale securities	746
Total valuation and translation adjustments	746
Total Net Assets	62,734
Total Liabilities and Net Assets	912,671

Notes:

1: Securities received as collateral for commodity futures transactions (Securities deposited with a Commodity Clearing Organization as clearing margins for transactions by consignors and others).

2: Includes JPY 1,212 million securities received as substitute for clearing margins etc from consignors and others for commodity futures transactions.

(2) Income Statements

(Millions of yen)

	Nine months ended December 31, 2014 (April 1 – December 31, 2014)
Operating revenue	33,027
Commission received	17,323
Commission to consignees	13,695
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	0
Commission for offerings, secondary distribution and solicitation for selling and others for professional investors	1,531
Other commissions received	2,096
Net trading income	4,511
Financial revenue	10,780
Other operating revenue	410
Financial expenses	1,031
Net Operating Revenue	31,995
Selling, General, and Administrative Expenses	17,473
Trading related expenses	7,209
Personnel expenses	2,537
Real estate expenses	1,172
Office expenses	3,605
Depreciation	2,483
Taxes and dues	273
Goodwill amortization	118
Provision for allowance for doubtful accounts	(38)
Others	111
Operating income	14,522
Non-operating income	163
Non-operating expenses	9
Ordinary income	14,675

(Millions of yen)

	Nine months ended December 31, 2014 (April 1 – December 31, 2014)
Extraordinary losses	885
Income before income taxes and other adjustments	13,790
Income taxes - current	4,005
Income taxes - deferred	447
Total income taxes	4,453
Net income	9,336

(3) Income Statements

(Millions of yen)

	Three months ended June 30, 2014 (April 1 – June 30, 2014)	Three months ended September 30, 2014 (July 1 - September 30, 2014)	Three months ended December 31, 2014 (October 1 - December 31, 2014)	Nine months ended December 31, 2014 (April 1 - December 31, 2014)
Operating revenue	9,237	11,273	12,516	33,027
Commission received	4,871	5,921	6,531	17,323
Net trading income	1,184	1,361	1,965	4,511
Financial revenue	3,108	3,826	3,845	10,780
Other operating revenue	72	164	172	410
Financial expenses	243	491	297	1,031
Net operating revenue	8,994	10,782	12,218	31,995
Selling, General, and Administrative Expenses	5,239	5,816	6,416	17,473
Trading related expenses	2,045	2,395	2,768	7,209
Personnel expenses	718	837	980	2,537
Real estate expenses	450	394	326	1,172
Office expenses	1,145	1,160	1,299	3,605
Depreciation	747	866	869	2,483
Taxes and dues	83	87	102	273
Goodwill amortization	11	53	53	118
Provision for allowance for doubtful accounts	(21)	(6)	(10)	(38)
Others	58	26	26	111
Operating income	3,754	4,965	5,802	14,522
Non-operating income	7	46	109	163
Non-operating expenses	0	6	2	9

	Three months ended June 30, 2014 (April 1 – June 30, 2014)	Three months ended September 30, 2014 (July 1 - September 30, 2014)	Three months ended December 31, 2014 (October 1 - December 31, 2014)	Nine months ended December 31, 2014 (April 1 - December 31, 2014)
Ordinary income	3,761	5,005	5,908	14,675
Extraordinary losses	189	472	223	885
Income before income taxes and other adjustments	3,572	4,533	5,685	13,790
Income taxes - current	906	1,231	1,868	4,005
Income taxes - deferred	531	(284)	200	447
Total income taxes	1,437	946	2,069	4,453
Net income	2,134	3,586	3,615	9,336