

January 27, 2016

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: Setagaya-ku, Tokyo), a consolidated subsidiary of Rakuten, Inc., today issued the attached press release relating to its consolidated financial reports (based on J-GAAP) for the nine months ended December 31, 2015.

Rakuten Group plans to announce consolidated financial reports for the twelve months ended December 31, 2015, on February 12, 2016 (Friday).

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 27, 2016

Financial Reports For the nine months ended December 31, 2015

Rakuten Securities, Inc.

Rakuten Securities, Inc. (President: Yuji Kusunoki. Head Office: Setagaya-ku, Tokyo) consolidated financial reports for the third quarter ended December 31, 2015 (J-GAAP).

The 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 Futures Transactions” (set by the Board of Directors of the Commodity Futures Association of Japan, March 3, 1993).

Results for the third quarter ended December 31, 2015 (From April 1, 2015 to December 31, 2015)

Consolidated Operating Results

(Millions of yen, rounded down)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
Nine months ended December 31, 2015	39,642	37,819	16,926	17,002	10,335

※ FXCM Japan Securities Co. Ltd. has been a consolidated subsidiary of Rakuten Securities, Inc. since April 1, 2015. As of August 1, 2015, Rakuten Securities, Inc. became the surviving company under an absorption-type merger, and therefore FXCM Japan Securities Co. Ltd. has been excluded from consolidation. However, the operating results from April 1 to July 31, 2015 have been consolidated in the statement of income. In addition, the acquisition of FXCM Asia Limited has been completed on September 11, 2015 and its financial statements have been consolidated since the second quarter ended September 30, 2015.

(1) Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2015
(Assets)	
Current assets	943,385
Cash and deposits	65,461
Cash segregated as deposits	484,882
Money held in trust	1,000
Trading products	21,467
Trading securities and others	1,381
Derivatives	20,085
Operating investment securities for sale and others	1,416
Trade date accrual	738
Margin transaction assets	327,319
Loans on margin transactions	321,838
Cash collateral pledged for securities borrowing on margin transactions	5,481
Loans secured by securities	10
Cash collateral pledged for securities borrowed	10
Advances paid	322
Cash paid for offering	3,335
Securities received as collateral *1	956
Short-term guarantee deposits	25,970
Variation margin paid	4,421
Short-term loan receivables	174
Advance payments	5
Prepaid expenses	342
Accounts receivable – other	859
Accrued corporate taxes and others	11
Accrued revenues	4,886
Deferred tax assets	60
Allowance for doubtful accounts	(259)

(Millions of yen)

	As of December 31, 2015
Fixed assets	24,068
Tangible fixed assets	1,628
Buildings	509
Furniture and fixtures	1,097
Construction in progress	20
Intangible fixed assets	21,284
Goodwill	7,929
Customer relationships	1,776
Software	10,762
Software in progress	815
Investments and other assets	1,156
Investment securities	168
Long-term loans receivable	213
Long-term guarantee deposits	864
Long-term prepaid expenses	19
Others	1,164
Allowance for doubtful accounts	(1,274)
Total assets	967,454

(Millions of yen)

	As of December 31, 2015
(Liabilities)	
Current liabilities	886,001
Trading products	10,658
Derivatives	10,658
Margin transaction liabilities	44,739
Borrowings on margin transactions	10,633
Cash received for securities lending on margin transactions	34,105
Loans payable secured by securities	140,866
Cash received on debt credit transactions of securities	140,866
Deposits received	339,230
Guarantee deposits received *2	208,259
Short term loans payable	136,241
Advances received	148
Accrued revenue	3
Accounts payable – other	217
Accrued expenses	2,555
Income taxes payable	2,551
Deferred tax liabilities	155
Provision for employees' bonuses	267
Provision for directors' bonuses	30
Provision for sales promotion expenses	44
Other current liabilities	32
Fixed liabilities	497
Asset retirement obligations	175
Deferred tax liabilities	147
Other fixed liabilities	173
Statutory reserves	4,445
Reserve for financial products liabilities	4,410
Reserve for liability for commodities transactions	35
Total liabilities	890,944

(Millions of yen)

	As of December 31, 2015
(Net assets)	
Shareholders' equity	
Capital stock	7,495
Capital surplus	4,511
Retained earnings	63,860
Total shareholders' equity	75,867
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	756
Foreign currency translation adjustment	(113)
Total accumulated other comprehensive income	642
Total net assets	76,510
Total liabilities and net assets	967,454

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 956 million securities in nine months ended December 31, 2015 received as substitute for clearing margins etc. from consignors and others for commodity futures transactions.

(2) Consolidated Statements of Income

(Millions of yen)

	Nine Months ended December 31, 2015 (April 1 – December 31, 2015)
Operating revenue	39,642
Commission received	19,182
Commission to consignees	14,368
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	1,540
Other commissions received	3,273
Net trading income	7,499
Net gain on trading of investment securities for sale	(0)
Financial revenue	12,533
Other operating revenue	426
Financial expenses	1,822
Net operating revenue	37,819
Selling, general, and administrative expenses	20,893
Trading related expenses	8,642
Personnel expenses	3,007
Real estate expenses	1,292
Office expenses	3,647
Depreciation	3,222
Taxes and dues	427
Goodwill amortization	360
Provision for allowance for doubtful accounts	200
Others	92
Operating income	16,926
Non-operating income	102
Non-operating expenses	26
Ordinary income	17,002

(Millions of yen)

	Nine Months ended December 31, 2015 (April 1 – December 31, 2015)
Extraordinary income	0
Extraordinary loss	938
Income before income taxes and other adjustments	16,064
Income taxes – current	5,608
Income taxes – deferred	119
Total income taxes	5,728
Net income	10,335
Profit (loss) attributable to owners of parent	10,335



(3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine Months ended December 31, 2015 (April 1 – December 31, 2015)
Net income	10,335
Other comprehensive income	
Valuation difference on available-for-sale securities	118
Foreign currency translation adjustment	(113)
Total other comprehensive income	4
Net comprehensive income	10,340
(Breakdown)	
Comprehensive income attributable to owners of parents	10,340
Comprehensive income attributable to non-controlling interests	-