

July 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 three months ended June 30, 2016.

Rakuten Group plans to announce consolidated financial reports for the six months ended June 30, 2016, on August 4, 2016 (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.



July 27, 2016

Financial Reports For the three months ended June 30, 2016

Rakuten Securities, Inc.

Rakuten Securities, Inc. (President: Yuji Kusunoki. Head Office: Setagaya-ku, Tokyo) consolidated financial reports for the first quarter ended June 30, 2016 (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 first quarter ended June 30, 2016 (From April 1, 2016 to June 30, 2016)

Consolidated Operating Results

(Millions of yen, rounded down)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
Three months ended June 30, 2016	12,405	11,919	5,155	5,022	4,610
Three months ended June 30, 2015	13,718	12,981	6,148	6,233	3,784

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
(Assets)		
Current assets	848,412	828,717
Cash and deposits	69,173	71,696
Cash segregated as deposits	445,926	447,126
Money held in trust	1,000	1,000
Trading products	22,945	25,901
Trading securities and others	1,301	1,261
Derivatives	21,643	24,640
Operating investment securities for sale and others	12	12
Trade date accrual	71	15
Margin transaction assets	270,469	242,732
Loans on margin transactions	259,419	236,242
Cash collateral pledged for securities borrowing on margin transactions	11,050	6,490
Advances paid	512	583
Cash paid for offering	2,469	3,186
Securities received as collateral *1	917	328
Short-term guarantee deposits	25,804	27,447
Variation margin paid	2,906	2,608
Short-term loan receivables	110	94
Advance payments	371	465
Prepaid expenses	243	430
Accounts receivable – other	822	995
Accrued corporate taxes and others	11	10
Accrued revenues	4,610	4,330
Deferred tax assets	528	254
Allowance for doubtful accounts	(495)	(501)

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Fixed assets	24,401	24,899
Tangible fixed assets	1,556	1,566
Buildings	499	495
Furniture and fixtures	1,036	1,049
Construction in progress	20	20
Intangible fixed assets	21,785	22,244
Goodwill	7,669	7,386
Customer relationships	1,728	1,680
Software	11,827	12,095
Software in progress	559	1,081
Investments and other assets	1,060	1,088
Investment securities	132	163
Long-term loans receivable	221	225
Long-term guarantee deposits	800	802
Long-term prepaid expenses	17	16
Others	1,153	1,125
Allowance for doubtful accounts	(1,265)	(1,244)
Total assets	872,814	853,617

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
(Liabilities)		
Current liabilities	787,381	770,046
Trading products	6,952	7,404
Derivatives	6,952	7,404
Margin transaction liabilities	50,482	37,127
Borrowings on margin transactions	6,149	5,985
Cash received for securities lending on margin transactions	44,332	31,141
Loans payable secured by securities	130,932	113,083
Cash received on debt credit transactions of securities	130,932	113,083
Deposits received	282,872	304,330
Guarantee deposits received *2	198,558	186,405
Accounts for non-received securities and others	13	18
Short term loans payable	108,921	117,681
Advances received	101	104
Accrued revenue	1	1
Accounts payable – other	206	119
Accrued expenses	2,458	2,214
Income taxes payable	5,397	1,242
Provision for employees' bonuses	419	238
Provision for directors' bonuses	-	10
Provision for sales promotion expenses	36	44
Other current liabilities	27	21
Fixed liabilities	536	479
Asset retirement obligations	175	175
Deferred tax liabilities	269	274
Other fixed liabilities	90	30
Statutory reserves	4,473	3,430
Reserve for financial products liabilities	4,445	3,402
Reserve for liability for commodities transactions	28	28
Total liabilities	792,391	773,956

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
(Net assets)		
Shareholders' equity		
Capital stock	7,495	7,495
Capital surplus	4,511	4,511
Retained earnings	68,824	68,434
Total shareholders' equity	80,831	80,441
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7	7
Foreign currency translation adjustment	(414)	(788)
Total accumulated other comprehensive income	(407)	(781)
Total net assets	80,423	79,660
Total liabilities and net assets	872,814	853,617

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 917 million securities in the fiscal year ended March 31, 2016 and JPY 328 million securities in three months ended June 30, 2016 received as substitute for clearing margins etc. from consignors and others for commodity futures transactions.

(2) Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2015 (April 1 – June 30, 2015)	Three months ended June 30, 2016 (April 1 – June 30, 2016)
Operating revenue	13,718	12,405
Commission received	6,563	5,618
Commission to consignees	4,970	4,270
Commission for offerings, secondary distribution and solicitation for selling and others for professional investors	543	340
Other commissions received	1,048	1,007
Net trading income	2,605	2,884
Financial revenue	4,369	3,821
Other operating revenue	180	81
Financial expenses	737	486
Net operating revenue	12,981	11,919
Selling, general, and administrative expenses	6,833	6,763
Trading related expenses	2,905	2,696
Personnel expenses	963	957
Real estate expenses	402	459
Office expenses	1,182	1,182
Depreciation	1,058	1,140
Taxes and dues	147	166
Goodwill amortization	137	137
Provision for allowance for doubtful accounts	(3)	(16)
Others	39	40
Operating income	6,148	5,155
Non-operating income	91	3
Non-operating expenses	5	136
Ordinary income	6,233	5,022

(Millions of yen)

	Three months ended June 30, 2015 (April 1 – June 30, 2015)	Three months ended June 30, 2016 (April 1 – June 30, 2016)
Extraordinary gains	0	1,042
Extraordinary losses	306	0
Income before income taxes and other adjustments	5,927	6,064
Income taxes – current	2,030	1,185
Income taxes – deferred	112	268
Total income taxes	2,142	1,454
Net income	3,784	4,610
Profit (loss) attributable to owners of parent	3,784	4,610

(3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2015 (April 1 – June 30, 2015)	Three months ended June 30, 2016 (April 1 – June 30, 2016)
Net income	3,784	4,610
Other comprehensive income		
Valuation difference on available-for-sale securities	120	0
Foreign currency translation adjustment	-	(373)
Total other comprehensive income	120	(374)
Net comprehensive income	3,905	4,236
(Breakdown)		
Comprehensive income attributable to owners of parents	3,905	4,236
Comprehensive income attributable to non-controlling interests	-	-