

Summary of Non-consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2014 (J-GAAP)

February 12, 2014

Listed Company Name: IR Japan, Inc.
 Securities Code: 6051
 Listing: Tokyo Stock Exchange URL: <http://www.irjapan.net/>
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 Scheduled Date to Submit Quarterly Securities Report: February 14, 2014
 Scheduled Date to Start Dividend Payment: —
 Preparation of Results Briefing Materials: Yes
 Holding of Financial Results Briefing: Yes (for institutional investors and analysts)

(Amounts less than one million yen have been truncated)

1. Financial Results of the Nine Months Ended December 31, 2013 (from April 1, 2013 to December 31, 2013)

(1) Operating Results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2013	2,742	7.3	707	6.4	640	-3.0	381	10.7
Nine months ended December 31, 2012	2,556	17.4	664	32.7	660	31.5	344	50.4

	Net income per share—basic	Net income per share—diluted
	Yen	Yen
Nine months ended December 31, 2013	41.82	—
Nine months ended December 31, 2012	40.84	—

Note: The Company conducted a 5-for-1 stock split of its common stock on November 27, 2013. Net income per share figures have been calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2013	3,195	2,719	85.1
As of March 31, 2013	2,069	1,481	71.6

Reference: Shareholders' equity As of December 31, 2013: 2,719 million yen As of March 31, 2013: 1,481 million yen

2. Dividends

	Full-year dividend				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2013	—	22.50	—	47.50	70.00
Fiscal year ending March 31, 2014	—	40.00	—		
Fiscal year ending March 31, 2014 (Forecast)				12.00	—

Note: Revision of dividend forecast since last announcement: Yes

The Company conducted a 5-for-1 stock split for the common stock held by shareholders registered or recorded in the shareholders' registry as at the closing of the record date for the stock split, i.e., November 26, 2013. Thus, while the dividend forecast at the end of the second quarter has been calculated by the figures on a pre-stock split basis, the year-end dividend forecast has been calculated by those on a post-stock split basis.

3. Results Forecast for the Fiscal Year Ending March 31, 2014 (from April 1, 2013 to March 31, 2014)

(Percentages indicate year-on-year changes)

Full year	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	3,360	9.9	813	32.7	742	22.0	423	31.8	46.33

Note: Revision of results forecast since last announcement: None

Forecasted value of the full-year net income per share in the results forecast for the fiscal year ending March 31, 2014 has been calculated on the basis that the stock split conducted on November 27, 2013 took place on the first day of the fiscal year ending March 31, 2014.

Notes

(1) Application of special accounting treatments in preparing quarterly financial statements: Yes

Note: Please refer to page 9 of the Attachment “(1) Application of Special Accounting Treatments in Preparing Quarterly Financial Statements” of “2. Summary Information (Notes)” for details.

(2) Change in accounting policies, accounting estimates and retrospective restatements

- 1) Change in accounting policies in accordance with revision of accounting standards: None
- 2) Change in accounting policies other than item 1) above: None
- 3) Change in accounting estimates: None
- 4) Retrospective restatements: None

(3) Number of shares issued (common stock)

- 1) Number of shares issued at the end of the period (including treasury stock)
 - As of December 31, 2013 9,279,010 shares
 - As of March 31, 2013 8,435,500 shares
- 2) Number of shares of treasury stock at the end of the period
 - As of December 31, 2013 1,405 shares
 - As of March 31, 2013 355 shares
- 3) Average number of shares during the period
 - April–December 2013 9,121,279 shares
 - April–December 2012 8,435,145 shares

Note: The Company conducted a 5-for-1 stock split of its common stock on November 27, 2013. The figures for the number of shares issued (common stock) have been calculated on the basis that the stock split was conducted at the beginning of the previous fiscal year.

Implementation status for quarterly review procedures

The quarterly review procedure based on the Financial Instruments and Exchange Act does not apply to these Non-consolidated Financial Results, and the quarterly review procedure based on the Financial Instruments and Exchange Act had not been completed as of the release of this document.

Explanation regarding appropriate use of results forecast and other special notes

The forward-looking statements, including the results forecast, contained in this document are based on information available to the Company and on certain assumptions deemed to be reasonable as of the date of release of this document. Actual business results may differ substantially due to a number of factors. For the basis of presumption of the results forecast and the notes on its use, please refer to page 7 of the Attachment “(3) Forward-looking Estimates Including Results Forecast” of “1. Qualitative Information on Financial Results of the Nine Months Ended December 31, 2013.”

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* The Company will hold a briefing for investors as follows. The materials distributed at the briefing will be posted on the Company’s website promptly after the briefing is held.
Financial results briefing for institutional investors and analysts: Wednesday, February 12, 2014

1. Qualitative Information on Financial Results of the Nine Months Ended December 31, 2013

(1) Operating Results

1) General overview

For the nine months ended December 31, 2013 (from April 1, 2013 to December 31, 2013), IR Japan, Inc. (the "Company") achieved its best results ever, thanks to a year-on-year increase in both net sales and operating income. Meanwhile, ordinary income declined year on year due to various factors including an outlay of ¥77 million for stock issuance cost (a non-operating expense) pertaining to a rights offering carried out in April 2013.

(Millions of yen)

	Nine months ended December 31, 2013 (April to December 2013)			Nine months ended December 31, 2012 (April to December 2012)	
	Amount	Amount change	YoY change (%)	Amount	YoY change (%)
Net sales	2,742	185	7.3	2,556	17.4
Operating income	707	42	6.4	664	32.7
Ordinary income	640	-19	-3.0	660	31.5
Net income	381	36	10.7	344	50.4

Main trends in the nine months ended December 31, 2013

- ✓ The number of shareholders under administration in the stock transfer agency business topped 100,000, due to:
 - More entrustments from companies with large numbers of shareholders, in recognition of our entrustment record in the stock transfer agency business;
 - 21 companies concluded entrustments; and
 - 111,159 shareholders under administration (as of February 12, 2014).
 - ✓ IR/SR Consulting, a core business of the Company, continued to drive revenue growth, characterized by:
 - Substantial increase in contracts for identification surveys of overseas institutional investors in conjunction with the increase in their shareholding;
 - Successive entrustments in cases arising from opposition to management policies and objections from major shareholders; and
 - Steady increase in sales of rights offering-related business.
 - ✓ Costs increased, which mainly included sales promotion expenses and advance investments, due primarily to:
 - Increase in labor costs primarily associated with recruiting consultants and administrative staff for the stock transfer agency business;
 - Increase in depreciation of the system for the stock transfer agency business; and
 - Increase in sales promotion expenses associated with holding seminars and placing newspaper advertisements.
- a. The number of shareholders under administration in the stock transfer agency business topped 100,000
 The number of shareholders under administration reached 111,159 (as of February 12, 2014) as a result of receiving more entrustments from companies with large numbers of shareholders, in recognition of our entrustment record in the stock transfer agency business. Moreover, the Company is steadily growing its client base and prospects, thanks to our increasing visibility nationwide through such measures as stock transfer agency seminars and newspaper advertisements, in addition to the reinforcement of our marketing through the development of an organization dedicated to the marketing of the stock transfer agency business, which has resulted in entrustments with 21 companies being decided. However, as the realization of net sales can take from several weeks up to about one year from the time entrustments are decided, net sales of the stock transfer agency business for the nine months ended December 31, 2013, were limited.
- b. IR/SR Consulting, a core business of the Company, continued to drive revenue growth
- i) Substantial increase in contracts for identification surveys of overseas institutional investors in conjunction with the increase in their shareholding
 The growing demand by listed companies for identification surveys of overseas institutional investors at each quarter and interim period has led to an increase in the number of contracts, reflecting signs of growing activism among shareholders, as well as the revision to the Companies Act and the introduction of the Japanese version of the Stewardship Code. Another factor is increased shareholding by overseas institutional investors, as overseas institutional investors actively invest in Japanese stock.

- ii) Successive entrustments in cases arising from opposition to management policies and objections exercised by major shareholders

During the nine months ended December 31, 2013, a succession of cases arose in Japan from opposition to management policies, and from objections exercised by major shareholders regarding incompetence in corporate governance and poor business performance, as well as cases associated with the risk of hostile takeovers, resulting in a large number of contracts and strong sales. We were also entrusted with new cases whose revenues will be recorded in the next fiscal year.

- iii) Steady increase in sales of rights offering-related business

As the first company in Japan to carry out a commitment-type rights offering, the Company has started to develop new businesses, such as advisory services related to rights offerings, the main method of raising capital in the European market, and information agent services. In recent years, amid concerns about large-scale dilution due to allocation of shares to third parties or public offerings, rights offerings are gradually spreading in Japan, as related institutions including Japan's Financial Services Agency and Financial Instruments Exchanges, in addition to market participants, have been preparing for the introduction of rights offerings in the Japanese market. (As of February 12, 2014, rights offerings have been implemented by 17 companies.) The Company's performance has been highly rated, and consequently in the nine months ended December 31, 2013, we were entrusted with the rights offering-related business, which is contributing to income growth.

Additionally, in January 2014 we launched the Investment Banking Department and commenced the marketing of rights offering-related businesses. We are engaged in a number of promising cases and expect to record sales from these cases in the next fiscal year.

- c. Costs increased, which mainly included sales promotion expenses and advance investments

- i) Increase in labor costs associated with recruitment primarily of consultants and administrative staff for the stock transfer agency business

Labor costs have been increasing due to a move to strengthen our consulting staff to minimize sales opportunity loss, along with the recruitment of administrative staff to address an increase in the number of entrustments in the stock transfer agency business. Hiring consultants in particular involves advance investment, as it takes from six months to one year to train a new recruit into a fully functional consultant.

- ii) Increase in depreciation of the system for the stock transfer agency business

Depreciation in the nine months ended December 31, 2013 increased ¥26 million compared with the same period of the previous fiscal year, as the Company began recording depreciation of the system for the stock transfer agency business in December 2012.

- iii) Increase in sales promotion expenses associated with holding seminars and placing newspaper advertisements

Sales promotion expenses have increased as a result of holding seminars and placing advertisements in newspapers on rights offerings and the stock transfer agency business. As these measures have had a substantial effect and a number of promising cases are already in the works, we will continue to actively undertake sales promotion measures going forward.

2) Net sales by type of service

The Company engages in the “consulting business specializing in IR/SR activities,” which constitutes a single business segment. An overview of net sales by service type is as follows.

(Millions of yen)

Service	Nine months ended December 31, 2013 (April to December 2013)			Nine months ended December 31, 2012 (April to December 2012)	
	Net sales	Component ratio (%)	YoY change (%)	Net sales	YoY change (%)
IR/SR Consulting	2,074	75.6	11.2	1,865	20.1
Disclosure Consulting	499	18.2	-3.7	518	13.3
Databases and Other	168	6.2	-2.2	172	3.4
Total	2,742	100.0	7.3	2,556	17.4

IR/SR Consulting

IR/SR Consulting is the Company’s core range of services, including shareholder identification surveys, proxy voting simulation, proxy advisory (comprehensive strategy planning for shareholders’ meetings), the stock transfer agency business, and the rights offering-related business.

Disclosure Consulting

Disclosure Consulting consists of IR tool consulting services (support for the planning and creation of various disclosure documents required for IR activities, including annual reports and shareholder newsletters), and legal documentation services (the creation of various disclosure documents in English, translation of such documents from Japanese to English, etc., in connection with business reorganization or M&A).

Databases and Other

Databases and Other provides the Web-based IR support services via IR-Pro, a comprehensive support system for corporate IR activities that provides information on shareholdings revealed through reports of possession of large volume and publicly offered domestic and overseas investment trusts, and the Analyst Network, which allows listed companies to accept reservations for IR explanatory meetings and manage attendee information in a single step. We also operate the *Kabunushi-Hiroba*, a survey system for individual investors.

3) Seasonal fluctuation

The Company’s quarterly net sales had shown a tendency of concentration in the first and second quarters because of the nature of our core business, IR/SR Consulting services, which usually are in great demand around June in which many Japanese companies organize shareholders’ meetings. Recently, however, net sales have also been recorded increasingly in the third and fourth quarters, offsetting the customary seasonal fluctuations, thanks to large-scale cases distributed evenly throughout the year, as well as the rights offering-related business and the stock transfer agency business, both of which are non-seasonal operations.

(2) Financial Position

1) Assets

Assets at the end of the third quarter of the fiscal year under review increased ¥1,126 million from the end of the previous fiscal year, to ¥3,195 million, due primarily to increases in cash and deposits of ¥891 million and in notes and accounts receivable–trade of ¥135 million.

2) Liabilities

Liabilities at the end of the third quarter of the fiscal year under review decreased ¥112 million from the end of the previous fiscal year, to ¥475 million, due primarily to decreases in accounts payable–trade of ¥28 million and in income taxes payable of ¥41 million.

3) Net assets

Net assets at the end of the third quarter of the fiscal year under review increased ¥1,238 million from the end of the previous fiscal year, to ¥2,719 million, due primarily to increases in capital stock and legal capital surplus of ¥506 million each through the exercise of stock acquisition rights in a rights offering (commitment-type/allotment of listing-type stock acquisition rights without contribution).

(3) Forward-looking Estimates Including Results Forecast

Forecast of operating results for the fiscal year ending March 31, 2014 (as of April 12, 2013)

(Millions of yen)

	Forecast of operating results for the fiscal year ending March 31, 2014 (as of April 12, 2013)			Actual results for the fiscal year ended March 31, 2013	
	Amount	Amount change	YoY change (%)	Amount	YoY change (%)
Net sales	3,360	301	9.9	3,058	13.0
Operating income	813	200	32.7	612	26.4
Ordinary income	742	133	22.0	608	24.6
Net income	423	102	31.8	320	49.2

As net sales from the stock transfer agency business, which commenced in April 2012, fluctuates largely depending on the number of shareholders of the client companies, the Company continues to find it difficult to make reasonable predictions of its results in the fiscal year under review. The forecast of operating results for the fiscal year ending March 31, 2014 above was based on reasonable grounds for calculation as of April 12, 2013.

Dividend forecast for the fiscal year ending March 31, 2014 (as of February 12, 2014)

Thanks to robust sales in the newly launched rights offering-related business, in addition to continuous growth of our core IR/SR Consulting business, we expect further growth of our businesses going forward. In line with this growth, we have revised our dividend forecast and **increased the year-end dividend by ¥2 per share to ¥12**, further reinforcing our policy on shareholder returns.

The Company conducted a stock split on November 27, 2013. If the stock split is not taken into account, the year-end dividend would **increase by ¥10 per share to ¥60** compared with the previously announced forecast. Additionally, the **full-year forecast would be ¥100**, which would represent an **increase of ¥30 per share (an increase of 42.9%)** compared with the previous fiscal year.

	Dividends per share		
	Interim	Year-end	Full-year
Previous forecast (announced on September 19, 2013)		¥10.00	—
Revised forecast		¥12.00	—
Dividend to be paid in the fiscal year ending March 31, 2014	¥40.00		
Dividend paid in the previous fiscal year ended March 2013	¥22.50	¥47.50	¥70.00

Note: The Company conducted a 5-for-1 stock split on November 27, 2013. The forecast for the year-end dividend has been restated to reflect this stock split. The previous and the revised forecasts of the year-end dividend that do not take this stock split into account are ¥50 and ¥60, respectively.

Reference: Dividends per share that do not take the stock split into account

	Dividends per share		
	Interim	Year-end	Full-year
Previous forecast (announced on September 19, 2013)		¥50.00	¥90.00
Revised forecast		¥60.00	¥100.00
Dividend to be paid in the fiscal year ending March 31, 2014	¥40.00		
Dividend paid in the previous fiscal year ended March 2013	¥22.50	¥47.50	¥70.00

For details of the dividend forecast, please see “Announcement of Revision of Dividend Forecast (Dividend Increase),” released on February 12, 2014.

Going forward, we intend to reinforce our policy on shareholder returns, including such measures as the **acquisition of treasury stock**.

2. Summary Information (Notes)

(1) Application of Special Accounting Treatments in Preparing Quarterly Financial Statements

Calculation of tax expenses

The Company reasonably estimates an effective tax rate after applying tax effect accounting to income before income taxes for the fiscal year under review, and adopts such a method to calculate tax expenses by multiplying quarterly income before income taxes by the estimated effective tax rate.

(2) Change in Accounting Policies, Change in Accounting Estimates and Retrospective Restatements

None applicable

3. Financial Statements
(1) Balance Sheets
As of December 31, 2013

(Thousands of yen)

	As of March 31, 2013	As of December 31, 2013
Assets		
Current assets		
Cash and deposits	1,142,135	2,033,795
Notes and accounts receivable—trade	308,100	443,427
Work in process	71,499	30,403
Supplies	2,944	2,073
Other	92,465	105,260
Allowance for doubtful accounts	(893)	(1,285)
Total current assets	1,616,250	2,613,675
Noncurrent assets		
Property, plant and equipment	45,970	90,456
Intangible assets	205,363	246,198
Investments and other assets		
Other	209,770	247,110
Allowance for doubtful accounts	(7,832)	(1,754)
Total investments and other assets	201,938	245,356
Total noncurrent assets	453,272	582,011
Total assets	2,069,523	3,195,686
Liabilities		
Current liabilities		
Accounts payable—trade	100,755	71,900
Income taxes payable	161,324	119,342
Provision for bonuses	71,473	35,772
Provision for directors' bonuses	13,932	—
Other	140,711	154,731
Total current liabilities	488,197	381,747
Noncurrent liabilities		
Provision for retirement benefits	1,498	1,928
Provision for directors' retirement benefits	98,146	92,128
Total noncurrent liabilities	99,644	94,056
Total liabilities	587,842	475,804
Net assets		
Shareholders' equity		
Capital stock	289,694	795,803
Capital surplus	278,496	784,605
Retained earnings	913,864	1,140,964
Treasury stock	(79)	(2,272)
Total shareholders' equity	1,481,976	2,719,100
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(295)	781
Total valuation and translation adjustments	(295)	781
Total net assets	1,481,680	2,719,882
Total liabilities and net assets	2,069,523	3,195,686

(2) Statements of Income
For the Nine Months Ended December 31, 2013

(Thousands of yen)

	Nine Months of FY2012 (from April 1, 2012 to December 31, 2012)	Nine Months of FY2013 (from April 1, 2013 to December 31, 2013)
Net sales	2,556,462	2,742,455
Cost of sales	946,513	1,165,546
Gross profit	1,609,948	1,576,909
Selling, general and administrative expenses	945,315	869,801
Operating income	664,633	707,107
Non-operating income		
Interest income	548	289
Gain on donation of noncurrent assets	—	7,923
Gain on disposal of treasury subscription rights to shares	—	3,157
Other	505	553
Total non-operating income	1,054	11,923
Non-operating expenses		
Interest expenses	948	112
Stock issuance cost	—	77,860
Other	4,363	646
Total non-operating expenses	5,312	78,619
Ordinary income	660,375	640,411
Income before income taxes	660,375	640,411
Income taxes	315,849	258,956
Net income	344,525	381,455

- (3) Notes Relating to the Quarterly Financial Statements
(Notes Relating to the “Going Concern” Assumption)
None applicable

(Notes Regarding Significant Changes in the Amount of Shareholders’ Equity)

The Company resolved at the Board of Directors’ meeting held on April 12, 2013 that a rights offering (commitment-type/allotment of listing-type stock acquisition rights without contribution) covering all the shareholders other than the Company be conducted and it was carried out as of April 23, 2013, which was set as the fixed date for allocation.

In addition, the stock acquisition rights were exercised until June 6, 2013. As a result, during the nine months ended December 31, 2013, capital stock and legal capital surplus each increased by ¥506,108 thousand. At the end of the third quarter of the fiscal year under review, capital stock amounted to ¥795,803 thousand and legal capital surplus was ¥784,605 thousand.