

Summary of Non-consolidated Financial Results for the Three Months Ended June 30, 2014 (J-GAAP)

August 5, 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: August 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 for the Three Months Ended June 30, 2014 (from April 1, 2014 to June 30, 2014)

(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	%
Three months ended June 30, 2014	872	-28.3	292	-28.5	293	-12.3	182	-8.0
Three months ended June 30, 2013	1,216	34.5	408	30.6	334	7.3	198	19.9

	Net income per share—basic	Net income per share—diluted
	Yen	Yen
Three months ended June 30, 2014	19.72	—
Three months ended June 30, 2013	22.58	—

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 June 30, 2014	3,439	2,746	79.8
As of March 31, 2014	3,174	2,674	84.3

Reference: Shareholders' equity
As of June 30, 2014: 2,746 million yen
As of March 31, 2014: 2,674 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, 2014	—	40.00	—	12.00	52.00
Fiscal year ending March 31, 2015	—				
Fiscal year ending March 31, 2015 (Forecast)		8.00	—	12.00	20.00

Note: Revision of dividends forecast since last announcement: None

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, the dividend at the end of the second quarter of the fiscal year ended March 31, 2014 has been calculated on a pre-stock split basis.

3. Results Forecast for the Fiscal Year Ending March 31, 2015 (from April 1, 2014 to March 31, 2015)

(Percentages indicate year-on-year changes)

	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
Full year	3,500	9.6	920	46.8	920	64.1	550	63.3	59.28

Note: Revision of results forecast since last announcement: None

Notes:

- (1) Application of special accounting treatments in preparing quarterly financial statements: Yes
 Note: For details, please refer to “(1) Application of Special Accounting Treatments in Preparing Quarterly Financial Statements” under “2. Summary Information (Notes)” on page 7 of the attachment.
- (2) Change in accounting policies and 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 shares)

As of June 30, 2014	9,279,010 shares
As of March 31, 2014	9,279,010 shares
 - 2) Number of treasury shares at the end of the period

As of June 30, 2014	1,455 shares
As of March 31, 2014	1,455 shares
 - 3) Average number of shares during the period

April – June, 2014	9,277,555 shares
April – June, 2013	8,805,190 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 of quarterly review procedures

The quarterly review procedure based on the Financial Instruments and Exchange Act does not apply to these 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 conditions prerequisite to the results forecast and the points to be noted in the use thereof, please refer to “(3) Forward-looking Statements Including Results Forecast” under “1. Qualitative Information on Financial Results of the Three Months Ended June 30, 2014” on page 6 of the attachment.

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Note: The Company will hold a briefing for investors, as indicated below. The materials distributed at the briefing will be posted on the Company’s website soon after the briefing.

Financial results briefing for institutional investors and analysts: Wednesday, August 6, 2014

1. Qualitative Information on Financial Results for the Three Months Ended June 30, 2014

(1) Operating Results

1) General overview

During the three months ended June 30, 2014, net sales of IR Japan, Inc. (“the Company”) fell 28.3% year on year, which led to a shrinking of operating income by 28.5% year on year. In addition, ordinary income decreased by 12.3% year on year due to various factors including the absence of stock issuance cost (a non-operating expense) pertaining to a rights offering carried out in April 2013. As a result, the decrease in net income was limited to 8.0% year on year.

(Millions of yen)

	Three months ended June 30, 2014 (April to June 2014)			Three months ended June 30, 2013 (April to June 2013)	
	Amount	Amount change (YoY)	Percentage change (YoY)	Amount	Percentage change (YoY)
Net sales	872	-344	-28.3	1,216	34.5
Operating income	292	-116	-28.5	408	30.6
Ordinary income	293	-41	-12.3	334	7.3
Net income	182	-15	-8.0	198	19.9

Main trends in the three months ended June 30, 2014

- ✓ A significant decrease in demand for large-scale services from IR/SR Consulting, characterized by:
 - An absence of large-scale demand related to opposition to management policies and objections from major shareholders; and
 - A decrease in demand for investment banking services, including rights offering-related services.
- ✓ Stable growth of core services in IR/SR Consulting, characterized by:
 - An increase in survey-related services including domestic and international shareholder identification surveys;
 - Entrustments with 27 companies have been concluded and the number of shareholders under administration reached 174,997 as of August 5, 2014 in the stock transfer agency business; and
 - Steady development of large-scale SR Consulting services.
- ✓ A steady increase in demand for Disclosure Consulting, featuring:
 - An increase in the number of entrustments with individual investors for IR tools.

I. A significant decrease in demand for large-scale services from IR/SR Consulting

i) An absence of large-scale demand related to opposition to management policies and objections from major shareholders

At this year’s shareholders’ meetings held in June, there was an absence of large-scale demand related to objections exercised by major shareholders regarding opposition to management policies, incompetence in corporate governance, or poor business performance, which became a major factor in the decrease in sales of the IR/SR Consulting business. This was despite certain proposals relating to takeover defense measures being rejected and certain shareholder proposals on management being adopted.

Meanwhile, more and more shareholders are expected to raise such issues with their companies in the future. The cases could take a variety of forms including greater instances of opposition to proposals for election of outside directors, or more frequent shareholder proposals relating to shareholder returns. The Company expects substantial increases in business opportunities accordingly.

ii) A decrease in demand for investment banking services, including rights offering-related services

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. The Company launched the Investment Banking Department in January 2014 in response to the rising need for a completely new type of support in finance from the perspective of an issuer that would be different from that offered by financial institutions, and began to provide rights offering-related services and financial advisory services such as those relating to M&As, management integration, and the acquisition of wholly owned subsidiaries. However, the number of entrustments with the Company also declined, as only three companies implemented such rights offerings during the three months ended June 30, 2014, compared to seven companies in the same period

of the previous fiscal year. As a result, investment banking services have made only limited contributions to income growth. From the next quarter onward, the Company intends to leverage its client base centered on over 500 listed companies to strengthen its wide range of financial advisory services.

II. Stable growth of core services in IR/SR Consulting

i) An increase in survey-related services including domestic and international shareholder identification surveys

The business environment in which companies find themselves is changing dramatically, with the Stewardship Code introduced by Japan's Financial Services Agency; an amendment to the Companies Act being enacted, which will, in effect, make the adoption of outside directors mandatory; and the necessity to respond to investor engagement and shareholder activists, both becoming more widespread, especially in the United States. In such a market environment, there was a high level of demand for shareholder identification surveys and countermeasures against activists. Accordingly, the number of new clients has increased during the three months ended June 30, 2014.

ii) Entrustments with 27 companies have been concluded and the number of shareholders under administration reached 174,997 as of August 5, 2014 in the stock transfer agency business

In the stock transfer agency business, entrustments with companies that have tens of thousands of shareholders have increased. Entrustments with 27 companies have been concluded, and the number of shareholders under administration reached 174,997 (compared with entrustments concluded with 14 companies and 52,009 shareholders under administration in the same period of the previous fiscal year). The Company is ready to receive entrustments from listed companies with some of the largest numbers of shareholders in Japan through the development of its stock transfer agency system, which equips the Company with the capacity to process more than one million pieces of shareholder data in a quick and stable manner, which, in turn, has materialized into a proposal offered at large-scale biddings.

iii) Steady development of large-scale SR Consulting services

System development is progressing smoothly for large-scale SR Consulting services. This effort has been planned as an additional service to the Company's core business of shareholder identification surveys. These services are expected to contribute to stable income growth going forward.

III. A steady increase in demand for Disclosure Consulting

i) An increase in the number of entrustments with individual investors for IR tools

During the three months ended June 30, 2014, sales of IR tools to individual investors increased due to new entrustments for shareholder newsletters and other documents, and also as a result of accelerated product delivery, from the standpoint of providing information to shareholders promptly.

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	Three months ended June 30, 2014 (April to June 2014)			Three months ended June 30, 2013 (April to June 2013)	
	Net sales	Percentage of net sales (%)	Percentage change (YoY)	Net sales	Percentage change (YoY)
IR/SR Consulting	690	79.1	-35.0	1,061	42.7
Disclosure Consulting	129	14.8	27.6	101	-3.8
Databases and Other	52	6.1	-1.9	53	-2.4
Total	872	100.0	-28.3	1,216	34.5

IR/SR Consulting

IR/SR Consulting is the Company's core lineup 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, shareholder newsletters, and integrated reports) 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&As).

Databases and Other

Databases and Other provides Web-based IR support services via IR-Pro, a comprehensive support system for corporate IR activities that provides information on shareholdings revealed through reports on the 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 tend to be concentrated in the first and second quarters because of the nature of our core business, IR/SR Consulting services. These services are usually in great demand around June, when many Japanese companies organize shareholders' meetings. Recently, however, opportunities for recording net sales also have grown in the third and fourth quarters, and the customary seasonal fluctuations are expected to flatten out, thanks to large-scale service demand distributed evenly throughout the year, as well as to the investment banking business and the stock transfer agency business, both of which are non-seasonal operations.

(2) Financial Position

1) Assets

Total assets at the end of the first quarter of the fiscal year under review increased ¥264 million from the end of the previous fiscal year, to ¥3,439 million, due primarily to an increase in notes and accounts receivable—trade of ¥386 million.

2) Liabilities

Liabilities at the end of the first quarter of the fiscal year under review increased ¥193 million from the end of the previous fiscal year, to ¥693 million, due primarily to an increase in income taxes payable of ¥42 million.

3) Net assets

Net assets at the end of the first quarter of the fiscal year under review increased ¥71 million from the end of the previous fiscal year, to ¥2,746 million, due primarily to an increase in retained earnings from net income of ¥182 million and a decrease in retained earnings of ¥111 million as a result of payment of dividends.

(3) Forward-Looking Statements Including Results Forecast

Forecast of operating results for the year ending March 31, 2015 (as of May 15, 2014)

(Millions of yen)

	Forecast (As of May 15, 2014) Year ending March 31, 2015			Actual Year ended March 31, 2014	
	Amount	Amount change (YoY)	Percentage change (YoY)	Amount	Percentage change (YoY)
Net sales	3,500	307	9.6	3,192	4.4
Operating income	920	293	46.8	626	2.3
Ordinary income	920	359	64.1	560	-7.8
Net income	550	213	63.3	336	4.9

The forecast for the fiscal year ending March 31, 2015 is based on reasonable grounds for calculation as of May 15, 2014.

The Company expects the investment banking business to perform below the initial forecast due mainly to the impact of regulations on non-commitment-type rights offerings. Nevertheless, the Company intends to fully promote its new business expansion measures, such as concluding entrustments for financial advisory services, including large-scale M&A advisory services, and increasing the number of

clients of shareholder identification surveys in its IR/SR Consulting business, in addition to the expansion of its stock transfer agency business and the commencement of its large-scale SR Consulting services.

As a result of the above, no changes shall be made to the forecast of operating results for the fiscal year ending March 31, 2015.

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 the 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 and Accounting Estimates, and Retrospective Restatements

None applicable

3. Financial Statements
(1) Balance Sheets

(Thousands of yen)

	As of March 31, 2014	As of June 30, 2014
Assets		
Current assets		
Cash and deposits	2,032,671	1,816,891
Notes and accounts receivable—trade	297,919	684,250
Work in process	19,580	94,577
Supplies	2,508	1,563
Other	113,366	114,368
Total current assets	2,466,047	2,711,651
Non-current assets		
Property, plant and equipment	121,643	121,060
Intangible assets	344,212	364,441
Investments and other assets		
Other	244,237	243,799
Allowance for doubtful accounts	(1,754)	(1,754)
Total investments and other assets	242,482	242,045
Total non-current assets	708,338	727,547
Total assets	3,174,386	3,439,198
Liabilities		
Current liabilities		
Accounts payable—trade	171,192	173,977
Income taxes payable	69,644	112,526
Provision for bonuses	65,020	32,510
Other	93,760	267,247
Total current liabilities	399,618	586,261
Non-current liabilities		
Provision for retirement benefits	1,956	2,067
Provision for directors' retirement benefits	98,290	104,720
Total non-current liabilities	100,246	106,788
Total liabilities	499,865	693,049
Net assets		
Shareholders' equity		
Capital stock	795,803	795,803
Capital surplus	784,605	784,605
Retained earnings	1,096,231	1,167,839
Treasury shares	(2,337)	(2,337)
Total shareholders' equity	2,674,302	2,745,910
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	218	238
Total valuation and translation adjustments	218	238
Total net assets	2,674,521	2,746,149
Total liabilities and net assets	3,174,386	3,439,198

(2) Statements of Income
For the Three Months Ended June 30, 2014

(Thousands of yen)

	Three Months of FY2013 (from April 1, 2013 to June 30, 2013)	Three Months of FY2014 (from April 1, 2014 to June 30, 2014)
Net sales	1,216,693	872,633
Cost of sales	543,738	244,956
Gross profit	672,954	627,677
Selling, general and administrative expenses	263,961	335,115
Operating income	408,992	292,562
Non-operating income		
Interest income	114	105
Gain on disposal of treasury subscription rights to shares	3,157	—
Gain on forfeiture of unclaimed dividends	—	502
Other	525	201
Total non-operating income	3,798	808
Non-operating expenses		
Interest expenses	93	—
Foreign exchange losses	596	146
Share issuance cost	77,692	—
Other	18	27
Total non-operating expenses	78,400	174
Ordinary income	334,390	293,197
Extraordinary income		
Gain on sales of non-current assets	—	902
Total extraordinary income	—	902
Income before income taxes	334,390	294,099
Income taxes	135,533	111,160
Net income	198,856	182,938

- (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
None applicable