

## Summary of Non-consolidated Financial Results for the Six Months Ended September 30, 2014 (J-GAAP)

November 13, 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: November 13, 2014

Scheduled Date to Start Dividend Payment: December 2, 2014

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 Six Months Ended September 30, 2014 (from April 1, 2014 to September 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	%
Six months ended September 30, 2014	1,741	-16.8	445	-22.7	445	-12.3	277	-8.5
Six months ended September 30, 2013	2,093	10.9	575	5.9	508	-6.1	303	5.6

	Net income per share—basic	Net income per share—diluted
	Yen	Yen
Six months ended September 30, 2014	29.90	—
Six months ended September 30, 2013	33.53	—

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 September 30, 2014	3,520	2,840	80.7
As of March 31, 2014	3,174	2,674	84.3

Reference: Shareholders' equity      As of September 30, 2014: 2,840 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	—	8.00			
Fiscal year ending March 31, 2015 (Forecast)			—	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 8 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 September 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 September 30, 2014	1,455 shares
As of March 31, 2014	1,455 shares
  - 3) Average number of shares during the period
 

April – September, 2014	9,277,555 shares
April – September, 2013	9,042,688 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, while the quarterly review for the financial statements based on the Financial Instruments and Exchange Act was 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 Six Months Ended September 30, 2014” on page 7 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: Thursday, November 13, 2014

# 1. Qualitative Information on Financial Results for the Six Months Ended September 30, 2014

## (1) Operating Results

### 1) General overview

During the second quarter of the fiscal year ending March 31, 2015, IR Japan, Inc. (“the Company”) witnessed a recovery trend in its performance, primarily in the core services of IR/SR Consulting, due to a number of factors including the growing interest among the Company’s clients, i.e., the listed companies, in shareholder management and relations services (SR services) in conjunction with the introduction of the Stewardship Code by Japan’s Financial Services Agency, as well as the Company’s victory in a large-scale proxy fight in which the Company served as an advisor to the shareholders. However, the six-month period ended September 30, 2014 saw a fall in net sales by 16.8% year on year, due to a reduction in entrustments for advisory services related to large-scale M&As and large-scale rights offerings, which were undertaken in the same period of the previous fiscal year. In addition, operating income decreased by 22.7% year on year, as a result of increases in personnel and depreciation expenses including investments in systems for the Company’s SR Consulting services. Furthermore, ordinary income decreased by 12.3% year on year due to various factors including the absence of a share issuance cost (a non-operating expense) pertaining to a rights offering carried out by the Company in April 2013; however, the decrease in net income was limited to 8.5% year on year.

(Millions of yen)

	Six months ended September 30, 2014 (April to September 2014)			Six months ended September 30, 2013 (April to September 2013)		
	First half	First quarter	Second quarter	First half	First quarter	Second quarter
Net sales	1,741 -16.8	872 -28.3	869 -0.9	2,093 10.9	1,216 34.5	876 -10.8
Operating income	445 -22.7	292 -28.5	152 -8.6	575 5.9	408 30.6	166 -27.6
Ordinary income	445 -12.3	293 -12.3	152 -12.4	508 -6.1	334 7.3	174 -24.3
Net income	277 -8.5	182 -8.0	94 -9.5	303 5.6	198 19.9	104 -14.0

Note: The bottom figure for each item in the table is the year-on-year percentage change.

### Main trends in the six months ended September 30, 2014

- ✓ Status of large-scale advisory entrustments: Advisory services related to large-scale M&As and large-scale rights offerings decreased compared with the same period of the previous fiscal year, despite the Company’s victory as an advisor in a large-scale proxy fight.
- ✓ A shift from IR services to SR services: In existing shareholder identification surveys, while the entrustment of IR-related surveys plateaued, a substantial increase in demand was reported for shareholder management and relations services (SR services).
- ✓ Commenced receiving entrustments for systems-based, large-scale SR Consulting services: Contributions to net sales is limited.
- ✓ Steady progress in stock transfer agency business: Steady growth was reported as entrustments were concluded with 31 companies and the number of shareholders under administration reached 195,455.
- ✓ Slowdown in the growth of Disclosure Consulting: Entrustments for the creation of disclosure documents in English, such as annual reports, hit a temporary lull, due partly to the shift towards integrated reports.

### Status of large-scale advisory entrustments

Large-scale advisory services in the Company’s IR/SR Consulting business consist primarily of those related to large-scale M&As and proxy fights, as well as to rights offerings in the field of finance. During the six months ended September 30, 2014, only a few large-scale M&As took place, while the number of rights offerings issued plummeted due to the impact of the regulations on non-commitment-type rights offerings imposed by the Tokyo Stock Exchange. As a result, the contributions made to net sales by large-scale advisory services were only limited during the period under review.

During the second quarter of the period under review, a proxy fight broke out over management rights between shareholders and management of a listed company with one of the largest number of

shareholders, and the Company, as an advisor to the shareholders, managed to lead the shareholders to victory at an extraordinary shareholders' meeting. The Company, by scoring this rare victory for the shareholders, has earned its place in the history of proxy fights in Japan, and has caught the attention of the legal community as well as the capital markets. This achievement has underscored the Company's overwhelming superiority in integrated services related to shareholder management (SR Consulting, stock transfer agency, and disclosure) both at home and abroad. Future entrustments resulting from this achievement are expected to contribute significantly to the Company's performance.

Meanwhile, in terms of non-commitment-type rights offerings, which had come to a standstill due to the new regulations, companies are gradually coming around to considering the possibility of such issues, which will entail new procedures including resolutions at shareholders' meetings. It is this very requirement of having to go through a resolution at shareholders' meetings that will give the Company the opportunity to demonstrate its strengths as a provider of advisory services; and the Company has, in fact, already received inquiries to this effect. The Company intends to take advantage of this business opportunity to market its advisory services that draw on its unique strengths.

#### **A shift from IR services to SR services**

In the core service of shareholder identification surveys, while the entrustment of IR-related surveys plateaued due primarily to the lull in the trading trends of foreign investors during the second quarter of the period under review, a substantial increase in demand was reported for shareholder management and relations services (SR services). While the Company gave in to discount demands by certain clients for surveys as part of its IR services, it has shifted its major surveys to SR services and added new types of surveys and services that are compatible with new SR services in the wake of an amendment to the Companies Act, the introduction of the Japanese version of the Stewardship Code, and especially the surge in opposition to the management of companies that have not achieved their ROE targets. Going forward, the Company is confident it will overcome the current plateau in IR-related services and transform its core services to new SR Consulting-related surveys.

#### **Commenced receiving entrustments for systems-based, large-scale SR Consulting services**

The Company commenced receiving entrustments for systems-based, large-scale SR Consulting services in the second quarter of the period under review. The service has been highly recognized by its client companies and its sales are expected to increase in the future as an innovative system of shareholder management in shareholder policy that sets the elimination of cross-shareholding as a prerequisite. However, the number of entrustments and its contribution to net sales during the second quarter of the period under review were limited.

#### **Steady progress in stock transfer agency business**

In the stock transfer agency business, as of November 12, 2014, entrustments with 31 companies have been concluded, and the number of shareholders under administration reached 195,455 (compared with entrustments concluded with 18 companies and 56,800 shareholders under administration in the same period of the previous fiscal year). In large-scale proxy fights, it is essential for the proxy advisor (PA), such as the Company, to coordinate its actions with the stock transfer agency, and we are the only company capable of single-handedly providing both PA and stock transfer agency services. The Company's stock transfer agency business is beginning to receive recognition for its strength in integrated shareholder management, as well as the price-competitiveness that has been its advantage until now, and sales opportunities have accordingly increased dramatically. Going forward, the Company is confident that the business will steadily contribute to sales.

#### **Slowdown in the growth of Disclosure Consulting**

In Disclosure Consulting, entrustments for the creation of disclosure documents in English, such as annual reports, hit a temporary lull, due partly to the shift towards integrated reports. Meanwhile, entrustments for the creation of shareholder newsletters have increased, as an appropriate and timely information provision tool for individual investors.

## 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	Six months ended September 30, 2014 (April to September 2014)			Six months ended September 30, 2013 (April to September 2013)	
	Net sales	Percentage of net sales	Percentage change (YoY)	Net sales	Percentage change (YoY)
IR/SR Consulting	1,237	71.0	-20.9	1,563	14.3
Disclosure Consulting	396	22.7	-5.7	420	2.3
Databases and Other	108	6.3	-1.2	109	1.2
Total net sales	1,741	100.0	-16.8	2,093	10.9

### 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 and the 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 as of September 30, 2014 increased ¥345 million from the end of the previous fiscal year, to ¥3,520 million, due primarily to an increase in notes and accounts receivable—trade of ¥201 million and an increase in intangible assets of ¥103 million.

### 2) Liabilities

Liabilities as of September 30, 2014 increased ¥179 million from the end of the previous fiscal year, to ¥679 million, due primarily to an increase in income taxes payable of ¥103 million.

3) Net assets

Net assets as of September 30, 2014 increased ¥166 million from the end of the previous fiscal year, to ¥2,840 million, due primarily to an increase in retained earnings from net income of ¥277 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 business expansion measures, such as capturing large-scale demand in its IR/SR Consulting business, and deepening shareholder identification surveys in its SR services with higher added value, in addition to the expansion of its stock transfer agency business and diffusion of the use of 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.

The interim dividend for the fiscal year ending March 31, 2015 will be ¥8 per share as initially forecasted. The year-end dividend will be ¥12 per share, also as initially forecasted (the full-year dividend will be ¥20 per share, including the interim dividend). This dividend takes into account the stock split conducted on November 27, 2013.

	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2014	Year ending March 31, 2015
Dividend per share	9 yen	14 yen	20 yen	20 yen
Interim dividend	—	4.5 yen	8 yen	8 yen
Year-end dividend	9 yen	9.5 yen	12 yen	12 yen
Dividend payout ratio	35.3%	36.8%	54.4%	—

Effective February 2, 2015, the Company will transition to a pure holding company structure, subject to approval at the Company's extraordinary shareholders' meeting scheduled for November 25, 2014. The Company will become a wholly owned subsidiary of IR Japan Holdings, Ltd., a new holding company to be established through a sole-share transfer. The holding company, as a parent, will engage in the formulation of management plans for the whole group and the drafting of overall strategies including the appropriate allocation of management resources. The Company, as a subsidiary, will strive to improve the management efficiency of the entire group and enhance corporate value by dedicating itself to its business in a new structure where responsibilities are clearly defined.

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 ending March 31, 2015, 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 September 30, 2014
<b>Assets</b>		
Current assets		
Cash and deposits	2,032,671	1,996,004
Notes and accounts receivable—trade	297,919	499,161
Work in process	19,580	26,288
Supplies	2,508	1,367
Other	113,366	104,166
Total current assets	2,466,047	2,626,988
Non-current assets		
Property, plant and equipment	121,643	133,155
Intangible assets	344,212	447,652
Investments and other assets		
Other	244,237	314,256
Allowance for doubtful accounts	(1,754)	(1,754)
Total investments and other assets	242,482	312,502
Total non-current assets	708,338	893,311
Total assets	3,174,386	3,520,299
<b>Liabilities</b>		
Current liabilities		
Accounts payable—trade	171,192	158,192
Income taxes payable	69,644	172,717
Provision for bonuses	65,020	65,020
Other	93,760	169,880
Total current liabilities	399,618	565,810
Non-current liabilities		
Provision for retirement benefits	1,956	2,325
Provision for directors' retirement benefits	98,290	111,301
Total non-current liabilities	100,246	113,627
Total liabilities	499,865	679,437
<b>Net assets</b>		
Shareholders' equity		
Capital stock	795,803	795,803
Capital surplus	784,605	784,605
Retained earnings	1,096,231	1,262,291
Treasury shares	(2,337)	(2,337)
Total shareholders' equity	2,674,302	2,840,363
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	218	498
Total valuation and translation adjustments	218	498
Total net assets	2,674,521	2,840,862
Total liabilities and net assets	3,174,386	3,520,299

(2) Statements of Income  
For the Six Months Ended September 30, 2014

(Thousands of yen)

	Six Months of FY2013 (from April 1, 2013 to September 30, 2013)	Six Months of FY2014 (from April 1, 2014 to September 30, 2014)
Net sales	2,093,522	1,741,951
Cost of sales	955,576	606,536
Gross profit	1,137,945	1,135,415
Selling, general and administrative expenses	562,054	690,359
Operating income	575,891	445,055
Non-operating income		
Interest income	242	303
Gain on donation of non-current assets	7,923	—
Gain on disposal of treasury subscription rights to shares	3,157	—
Gain on forfeiture of unclaimed dividends	—	502
Other	538	204
Total non-operating income	11,861	1,009
Non-operating expenses		
Interest expenses	109	—
Loss on sales of notes payable	25	38
Foreign exchange losses	948	60
Share issuance cost	77,860	—
Other	6	—
Total non-operating expenses	78,950	99
Ordinary income	508,802	445,965
Extraordinary income		
Gain on sales of non-current assets	—	902
Total extraordinary income	—	902
Income before income taxes	508,802	446,868
Income taxes	205,564	169,477
Net income	303,238	277,391

## (3) Statements of Cash Flows

(Thousands of yen)

	FY2013 (from April 1, 2013 to September 30, 2013)	FY2014 (from April 1, 2014 to September 30, 2014)
<b>Cash flows from operating activities</b>		
Income before income taxes	508,802	446,868
Depreciation	38,487	48,066
Gain on disposal of treasury subscription rights to shares	(3,157)	—
Share issuance cost	77,860	—
Gain on donation of non-current assets	(7,923)	—
Increase (decrease) in provision for bonuses	(6,473)	—
Increase (decrease) in provision for directors' bonuses	(13,932)	—
Increase (decrease) in provision for retirement benefits	219	369
Increase (decrease) in provision for directors' retirement benefits	(12,179)	13,011
Increase (decrease) in allowance for doubtful accounts	(6,377)	—
Loss (gain) on sales of property, plant and equipment	—	(902)
Foreign exchange losses (gains)	263	(54)
Interest income	(242)	(303)
Interest expenses	109	—
Decrease (increase) in notes and accounts receivable—trade	(95,902)	(201,241)
Decrease (increase) in inventories	56,660	(5,567)
Increase (decrease) in notes and accounts payable—trade	(13,596)	16,065
Increase (decrease) in accounts payable—other	(1,885)	(2,067)
Increase (decrease) in accrued expenses	(36,139)	(561)
Increase (decrease) in accrued consumption taxes	(11,147)	57,011
Increase (decrease) in advances received	11,820	19,496
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	6,680	—
Other, net	7,103	14,826
Subtotal	499,051	405,017
Interest and dividend income received	628	388
Interest expenses paid	(109)	—
Income taxes paid	(158,717)	(66,128)
Net cash provided by (used in) operating activities	340,853	339,278
<b>Cash flows from investing activities</b>		
Net decrease (increase) in time deposits	350,000	—
Purchase of property, plant and equipment	(4,379)	(27,132)
Proceeds from sales of property, plant and equipment	—	902
Purchase of intangible assets	(42,006)	(164,951)
Payments for lease and guarantee deposits	(27,120)	(72,908)
Purchase of golf club memberships	(18,000)	—
Net cash provided by (used in) investing activities	258,493	(264,089)

	FY2013 (from April 1, 2013 to September 30, 2013)	FY2014 (from April 1, 2014 to September 30, 2014)
<b>Cash flows from financing activities</b>		
Repayments of lease obligations	(5,498)	—
Cash dividends paid	(80,061)	(111,814)
Purchase of treasury shares	(2,193)	—
Purchase of treasury subscription rights to shares	(10,402)	—
Proceeds from disposal of treasury subscription rights to shares	14,239	—
Proceeds from issuance of common shares	1,012,217	—
Payments for issuance of common shares	(77,860)	—
Net cash provided by (used in) financing activities	850,441	(111,814)
Effect of exchange rate change on cash and cash equivalents	(300)	(41)
Net increase (decrease) in cash and cash equivalents	1,449,487	(36,666)
Cash and cash equivalents at beginning of period	307,135	1,247,671
Cash and cash equivalents at end of period	1,756,623	1,211,004

(4) 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