

# Semiannual Report 2014

April 1, 2013–September 30, 2013



Your Capital Market Intelligence

**IR Japan**

**IR Japan, Inc.**  
Securities code: 6051

# To Our Shareholders



Representative Director,  
President and  
Chief Executive Officer

寺下史郎

View of the National Stadium (the planned main site of the 2020 Tokyo Olympic Games) from the Company's head office in Aoyama, Tokyo

I would like to express my heartfelt gratitude to our shareholders for their unwavering support. Thanks to the effects of “Abenomics,” as well as the impact of the decision to hold the 2020 Olympic Games in Tokyo, Japan has entered a new path of economic growth. The mindset of foreign investors toward investing in Japanese stocks has been completely transformed into one of greater focus. In the exercise of Japan’s first commitment-type rights offering of IR Japan, the depth of support from our shareholders really hits home with us. In the firm belief that Japanese capital markets are destined to experience dramatic evolution toward further globalization, we are committed to managing the Company with unflinching resolve so that it becomes the most innovative company by turning such radical change into business opportunities. On behalf of IR Japan, I would like to once again thank our shareholders for their continued commitment and support.

- The best results on record in net sales, operating income and net income  
For the first half of fiscal 2013, ended September 30, 2013, the Company achieved its best results on record in net sales, operating income and net income. Meanwhile, ordinary income declined year on year due to various factors including an outlay of ¥77 million attributed to stock issuance cost (a non-operating expense) for a rights offering carried out in April 2013.
- IR & SR Consulting, a core business of the Company, is driving revenue growth  
Marketing of the new stock transfer agency business has been providing opportunities for steady growth in new clients for IR & SR Consulting. In addition, there were successive contracts for cases arising from opposition to management policies and objections exercised by major shareholders. One remarkable development is that income has been bolstered by a newly launched rights offering-related business.
- The stock transfer agency business is operating at a steady pace (with limited net sales for the period under review)  
As the first new entrant to the stock transfer agency business in roughly 40 years, the Company is seeing the number of contracts steadily increasing, thanks to the development of an organization dedicated to the marketing of this business. Thus far, contracts with 18 companies have been decided with 56,800 shareholders under management (as of November 8, 2013).
- ¥40 per share interim dividend paid, as scheduled (an increase of ¥17.5 year on year)  
Despite a temporary setback in profitability experienced in the second quarter of the period under review, a favorable profit trend is forecasted on a full-year basis, thanks to the Company’s mainstay businesses, including IR & SR Consulting, and the new rights offering advisory business. As a result, a ¥40 per share interim dividend, an increase of ¥17.5 year on year, was paid, as originally scheduled.
- Implementation of a stock split (with a record date of November 26, 2013)  
A stock split was carried out with the aim of creating a more investor-friendly environment and enhancing the liquidity of the Company’s stock by reducing the per share price. The move was part of an effort to facilitate trading by individual investors after the launch of the Nippon Individual Savings Account (NISA) in January 2014. Specifically, the Company implemented a 5-for-1 stock split of its common stock held by shareholders registered or recorded in the shareholders’ registry as at the closing of the record date for the stock split.

# Topics

## Development to extend the comprehensive shareholders' database system (jointly developed with IBM Japan)

The Company has become the first new entrant to the stock transfer agency business in roughly 40 years. The number of clients is continuing to grow, thanks to the Company's cutting-edge services that fully leverage the merits of the paperless stock transfer system. In preparation for a further increase in the number of clients, as well as a growing number of shareholders, the Company will embark on system development involving a ¥500 million joint investment with IBM Japan.

## Implementation of a stock split

The Company implemented a 5-for-1 stock split of its common stock with a record date of November 26, 2013, with a view to actively engaging the market after the launch of NISA by reducing the per share price. As a result, the Company's total number of shares issued increased from 1,855,802 shares to 9,279,010 shares.

## Placing an advertisement with the aim of further expanding contracts in the stock transfer agency business

To directors of listed companies:

### As the paperless stock transfer system is becoming increasingly popular, have you ever asked yourself the following questions?

- Why is our cost for remaining listed so high?
- Why is there no review on the reappointment of our stock transfer agent (administrator of shareholder registry)?
- Why is our shareholder registry not prepared every month?
- Why is our shareholder registry unable to identify actual foreign shareholders and institutional shareholders?
- Why can we not identify institutional shareholders who objected to our proposals at the shareholders' meetings?
- Why can we not identify actual stable shareholders?
- Why can we not implement the new type of financing (rights offerings) that honors the interests of existing shareholders?

1. Approved by supervising authorities and stock exchanges across Japan, etc.



Registered with Japan's Financial Services Agency as a Financial Instruments Business Operator

Approved as a stock transfer agent by Tokyo Stock Exchange

2. Access to a state-of-the-art system and factory for printing and mail insertion



Joint development with the largest global system provider\*

Printing and mail insertion at the largest printing company in Japan\*

3. Backed by established legal advisors



Backed by the largest domestic and overseas law firms\*

4. Fully utilizing our own global research capabilities



In-house research framework to survey actual institutional shareholders (Kyoto office, Tokyo and New York offices, Midtown Manhattan)

\* These photos are for illustrative purposes only.

**Being a new type of stock transfer agent (administrator of shareholder registry), IR Japan is happy to answer any questions you might have.**

"A Seminar on the Stock Transfer Agency Business" is scheduled to be held on Friday, November 29, 2013. Venue: The Ritz-Carlton, Tokyo; Entrance fee: Free; Contact: Transfer Agency and Proxy Consulting Unit, IR Japan, Inc.; Tel: 0120-103-436

Published in the morning edition of the *Nihon Keizai Shimbun*, page 14 of the Friday, October 18, 2013 issue and page 25 of the Tuesday, October 29, 2013 issue

Note: Above is an English translation of the original advertisement in Japanese provided for your reference only.

# Topics

## In addition to the 16th IR & SR Consulting Seminar, the 1st Rights Offering Seminar was held, attracting a large number of participants

The Company held its 16th IR & SR Consulting Seminar on Tuesday, September 10, 2013. The seminar was held in light of the increasing number of dissenting votes against companies' proposals at shareholders' meetings, together with the reinvigoration of activist investors who had cooled off since the Lehman Shock, amid the current influx of large overseas capital into the Japanese stock market. The seminar, entitled "Growing Objections Exercised by Shareholders and the Latest Trend of Activists in Action—How Japanese Companies Should Manage Their Shareholders," provided a platform for institutional investors and other experts to engage in an active exchange of opinions.

The Company held another seminar on Wednesday, October 9, 2013, "Verification of Rights Offerings—A Study into the Achievements and Problems of This New Method of Financing," at which a panel discussion took place with experts from the Tokyo Stock Exchange, law firms, and other organizations.



A rights offering is a new method of financing that characteristically focuses on raising capital from existing shareholders. The method is spreading in Japan, as indicated by the fact that 14 rights offerings have already been implemented (as of November 8, 2013).

The Company is promoting rights offering-related advisory business in order to establish a new revenue base, through fully utilizing its greatest advantage: well-established communication with its existing shareholders.

### Our business domains at a glance

#### Rights Offering-related Business

- Rights offering advisory
- Information agent services, etc.

#### IR & SR Consulting

- Institutional investor identification survey
- Proxy advisory, etc.
- Proxy solicitation

#### Disclosure Consulting

- Shareholder newsletters
- Survey for shareholders
- Annual reports
- IR website construction services, etc.

#### Stock Transfer Agency Business

- Shareholder register management
- Shareholder services, etc.

# Financial Statements

## Balance Sheets

(Millions of yen)

|   | As of<br>March 31,<br>2013 | As of<br>September 30,<br>2013 | Change<br>(Amount) |   | As of<br>March 31,<br>2013 | As of<br>September 30,<br>2013 | Change<br>(Amount) |
|---|----------------------------|--------------------------------|--------------------|---|----------------------------|--------------------------------|--------------------|
| <b>Assets</b>                             |                            |                                |                    | <b>Liabilities</b>                                    |                            |                                |                    |
| <b>Current assets</b>                     |                            |                                |                    | <b>Current liabilities</b>                            |                            |                                |                    |
| Cash and deposits                         | 1,142                      | 2,241                          | 1,099              | Accounts payable—trade                                | 100                        | 80                             | -19                |
| Notes and accounts receivable—trade       | 308                        | 404                            | 95                 | Income taxes payable                                  | 161                        | 207                            | 46                 |
| Work in process                           | 71                         | 16                             | -55                | Provision for bonuses                                 | 71                         | 65                             | -6                 |
| Supplies                                  | 2                          | 1                              | -1                 | Provision for directors' bonuses                      | 13                         | —                              | -13                |
| Other                                     | 92                         | 105                            | 12                 | Other   | 140                        | 117                            | -23                |
| Allowance for doubtful accounts           | (0)                        | (1)                            | -0                 | <b>Total current liabilities</b>                      | 488                        | 471                            | -16                |
| <b>Total current assets</b>               | 1,616                      | 2,767                          | 1,151              | <b>Noncurrent liabilities</b>                         |                            |                                |                    |
| <b>Noncurrent assets</b>                  |                            |                                |                    | Provision for retirement benefits                     | 1                          | 1                              | 0                  |
| Property, plant and equipment             | 45                         | 50                             | 4                  | Provision for directors' retirement benefits          | 98                         | 85                             | -12                |
| Intangible assets                         | 205                        | 210                            | 5                  | <b>Total noncurrent liabilities</b>                   | 99                         | 87                             | -11                |
| Investments and other assets              |                            |                                |                    | <b>Total liabilities</b>                              | 587                        | 558                            | -28                |
| Other                                     | 209                        | 246                            | 37                 |   |                            |                                |                    |
| Allowance for doubtful accounts           | (7)                        | (1)                            | 6                  | <b>Net assets</b>                                     |                            |                                |                    |
| <b>Total investments and other assets</b> | 201                        | 245                            | 43                 | <b>Shareholders' equity</b>                           |                            |                                |                    |
| <b>Total noncurrent assets</b>            | 453                        | 506                            | 53                 | Capital stock   | 289                        | 795                            | 506                |
|   |                            |                                |                    | Capital surplus                                       | 278                        | 784                            | 506                |
|   |                            |                                |                    | Retained earnings                                     | 913                        | 1,136                          | 223                |
|   |                            |                                |                    | Treasury stock  | (0)                        | (2)                            | -2                 |
|   |                            |                                |                    | <b>Total shareholders' equity</b>                     | 1,481                      | 2,715                          | 1,233              |
|   |                            |                                |                    | <b>Valuation and translation adjustments</b>          |                            |                                |                    |
|   |                            |                                |                    | Valuation difference on available-for-sale securities | (0)                        | —                              | 0                  |
|   |                            |                                |                    | <b>Total valuation and translation adjustments</b>    | (0)                        | —                              | 0                  |
|   |                            |                                |                    | <b>Total net assets</b>                               | 1,481                      | 2,715                          | 1,233              |
| <b>Total assets</b>                       | 2,069                      | 3,274                          | 1,204              | <b>Total liabilities and net assets</b>               | 2,069                      | 3,274                          | 1,204              |

## Statements of Income

(Millions of yen)

|  | FY2012<br>1st Half | FY2013<br>1st Half | Change<br>(%) |
|--|--------------------|--------------------|---------------|
| Net sales  | 1,887              | 2,093              | 10.9          |
| Cost of sales  | 704                | 955                | 35.6          |
| Gross profit   | 1,183              | 1,137              | -3.8          |
| Selling, general and administrative expenses               | 639                | 562                | -12.1         |
| Operating income   | 543                | 575                | 5.9           |
| Non-operating income                                       |                    |                    |               |
| Interest income  | 0                  | 0                  |               |
| Gain on donation of noncurrent assets                      | —                  | 7                  |               |
| Gain on disposal of treasury subscription rights to shares | —                  | 3                  |               |
| Other  | 0                  | 0                  |               |
| Total non-operating income                                 | 0                  | 11                 | 1,923.0       |
| Non-operating expenses                                     |                    |                    |               |
| Interest expenses  | 0                  | 0                  |               |
| Stock issuance cost  | —                  | 77                 |               |
| Other  | 1                  | 0                  |               |
| Total non-operating expenses                               | 2                  | 78                 | 3,144.9       |
| Ordinary income  | 541                | 508                | -6.1          |
| Income before income taxes                                 | 541                | 508                | -6.1          |
| Income taxes   | 254                | 205                | -19.3         |
| Net income   | 287                | 303                | 5.6           |

## Statements of Cash Flows

(Millions of yen)

|   | FY2012<br>1st Half | FY2013<br>1st Half |
|---|--------------------|--------------------|
| Net cash provided by (used in) operating activities   |                    |                    |
| Income before income taxes  | 541                | 508                |
| Depreciation and amortization   | 17                 | 38                 |
| Gain on disposal of treasury subscription rights to shares  | —                  | (3)                |
| Stock issuance cost   | —                  | 77                 |
| Gain on donation of noncurrent assets   | —                  | (7)                |
| Amortization of goodwill  | 42                 | —                  |
| Increase (decrease) in provision for bonuses  | (6)                | (6)                |
| Increase (decrease) in provision for directors' bonuses   | (19)               | (13)               |
| Increase (decrease) in provision for retirement benefits  | 0                  | 0                  |
| Increase (decrease) in provision for directors' retirement benefits                               | 9                  | (12)               |
| Increase (decrease) in allowance for doubtful accounts  | 0                  | (6)                |
| Foreign exchange losses (gains)   | 2                  | 0                  |
| Interest income   | (0)                | (0)                |
| Interest expenses   | 0                  | 0                  |
| Decrease (increase) in notes and accounts receivable—trade  | (28)               | (95)               |
| Decrease (increase) in inventories  | 13                 | 56                 |
| Increase (decrease) in notes and accounts payable—trade   | 30                 | (13)               |
| Increase (decrease) in accounts payable—other   | (1)                | (1)                |
| Increase (decrease) in accrued expenses   | (4)                | (36)               |
| Increase (decrease) in accrued consumption taxes  | 7                  | (11)               |
| Increase (decrease) in advances received  | 8                  | 11                 |
| Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation and other | —                  | 6                  |
| Other, net  | (5)                | 7                  |
| Subtotal  | 608                | 499                |
| Interest and dividend income received   | 0                  | 0                  |
| Interest expenses paid  | (0)                | (0)                |
| Income taxes paid   | (160)              | (158)              |
| Net cash provided by (used in) operating activities   | 448                | 340                |
| Net cash provided by (used in) investing activities   |                    |                    |
| Net decrease (increase) in time deposits  | (150)              | 350                |
| Purchase of property, plant and equipment   | (12)               | (4)                |
| Purchase of intangible assets   | (42)               | (42)               |
| Payment for lease and guarantee deposits  | (0)                | (27)               |
| Purchase of golf club memberships   | —                  | (18)               |
| Net cash provided by (used in) investing activities   | (205)              | 258                |
| Net cash provided by (used in) financing activities   |                    |                    |
| Repayments of lease obligations   | (7)                | (5)                |
| Cash dividends paid   | (75)               | (80)               |
| Purchase of treasury stock  | —                  | (2)                |
| Purchase of treasury subscription rights to shares  | —                  | (10)               |
| Proceeds from disposal of treasury subscription rights to shares                                  | —                  | 14                 |
| Proceeds from issuance of common stock  | —                  | 1,012              |
| Payments for issuance of common stock   | —                  | (77)               |
| Net cash provided by (used in) financing activities   | (83)               | 850                |
| Effect of exchange rate change on cash and cash equivalents                                       | (2)                | (0)                |
| Net increase (decrease) in cash and cash equivalents  | 157                | 1,449              |
| Cash and cash equivalents at beginning of period  | 413                | 307                |
| Cash and cash equivalents at end of period  | 570                | 1,756              |

# Status of the Company's Shares (as of September 30, 2013)

## ● Status of the Company's Shares

Total number of shares authorized to be issued: 5,800,000 shares  
 Total number of shares issued: 1,855,802 shares  
 (including 281 shares of treasury stock)  
 Number of shareholders: 644

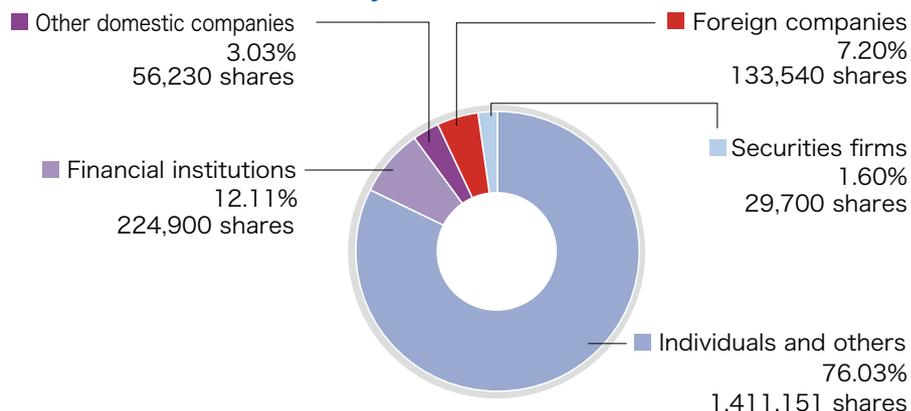
## ● Major Shareholders

| Shareholder name   | Number of shares held | Shareholding ratio (%) |
|--|-----------------------|------------------------|
| Shirou Terashita   | 1,159,400             | 62.47                  |
| The Master Trust Bank of Japan, Ltd. (Trust account)*                          | 121,800               | 6.56                   |
| Japan Trustee Services Bank, Ltd. (Trust account)*                             | 45,300                | 2.44                   |
| THE BANK OF NEW YORK MELLON AS AGENT BNYM AS EA DUTCH PENSION OMNIBUS 140016** | 44,250                | 2.38                   |
| 45 Corporation Co., Ltd.   | 35,200                | 1.89                   |
| THE BANK OF NEW YORK MELLON (INTERNATIONAL) LIMITED 131800**                   | 33,200                | 1.78                   |
| Keisuke Tomimatsu  | 24,700                | 1.33                   |
| The Nomura Trust and Banking Co., Ltd. (Trust account)*                        | 22,000                | 1.18                   |
| Trust & Custody Services Bank, Ltd. (Securities investment trust account)*     | 21,800                | 1.17                   |
| Asset Management Co., Ltd.   | 19,000                | 1.02                   |

\*Domestic institutional investor

\*\*Overseas institutional investor

## ● Breakdown of Shares by Owner



Note: Excluding 281 shares of treasury stock



Be sure to visit IR Japan's website to view the video "Briefing for Analysts and Institutional Investors."

アイ・アール ジャパン IR・SR 情報 検索

Statements in this report that are not historical facts are forward-looking statements based on the assumptions and beliefs of the Company's management in light of the information currently available to it and involve risks and uncertainties, including economic trends, market demand, and revisions to the tax system or regulatory systems. These factors could affect the Company's business and financial results in future periods, and the Company assumes no responsibility for any damages that may occur due to the use of information in this report. The Company assumes no obligation to revise forward-looking statements contained herein, whether as a result of new information or future events.

## Information for Shareholders

|   |   |
|---|---|
| <b>Business year</b>                                  | From April 1 to March 31 of the following year  |
| <b>Record date of dividend payment</b>                | Year-end dividend: March 31<br>Interim dividend: September 30<br>Other information is announced in advance when necessary.  |
| <b>Record date of general meeting of shareholders</b> | The record date for the ordinary general meeting of shareholders is March 31.<br>Other information is announced in advance when necessary.  |
| <b>Ordinary general meeting of shareholders</b>       | June  |
| <b>Method of public announcements</b>                 | Electronic notification ( <a href="http://www.irjapan.net/koukoku/">http://www.irjapan.net/koukoku/</a> )<br>However, in the event that electronic notification of public announcements is impossible owing to an accident or other unavoidable reason, public announcements will be published in the <i>Nihon Keizai Shimbun</i> . |
| <b>Administrator of shareholder registry</b>          | IR Japan, Inc.  |
| <b>Contact information</b>                            | 2-3, Kita-Aoyama 1-chome, Minato-ku, Tokyo 107-8666<br>Tel: 0120-975-960  |

**Please make requests for change of address or the purchase or sale of shares in a number less than one share unit at the securities firm where you have your account.**

**Please contact the administrator of shareholder registry at the address shown above to request payment of unpaid dividends.**

## Company Profile

|                    |  |
|--------------------|--|
| <b>Name</b>        | IR Japan, Inc.<br><input type="radio"/> Type I Financial Instruments Business Operator:<br>Kanto Local Finance Bureau (Kinsho) No. 2624<br><input type="radio"/> Stock transfer agent<br><input type="radio"/> Designated administrator of shareholder registry, etc.<br><input type="radio"/> Member, Japan Securities Dealers Association<br><input type="radio"/> Honorary international participant, Council of Institutional Investors (U.S.)<br><input type="radio"/> Certified investment evaluation institute<br><input type="radio"/> Supporting member, The Securities Analysts Association of Japan<br><input type="radio"/> Member, The IR Planners Association of Japan<br><input type="radio"/> Member, Japan Investor Relations Association |
| <b>Address</b>     | Aoyama Building, 11th floor, 2-3, Kita-Aoyama 1-chome, Minato-ku,<br>Tokyo 107-0061<br>URL: <a href="http://www.irjapan.net/">http://www.irjapan.net/</a>  |
| <b>Established</b> | October 2007   |
| <b>Capital</b>     | ¥795,803 thousand (as of September 30, 2013)   |