

# Annual Report 2015

April 1, 2014—March 31, 2015



Your Capital Market Intelligence  
IR Japan Holdings, Ltd.

IR Japan Holdings, Ltd.  
Securities code: 6035

# To Our Shareholders










Shirou Terashita  
Representative Director,  
President and Chief Executive Officer

寺下史郎

Since the start of 2015, the Group has been keenly aware of the rapid changes taking place at an unprecedented rate in Japan's capital markets. The key word that will take center stage in the change is "shareholders." We are faced with a surge in the power and borderless presence of shareholders, in concert with government-led reforms such as the introduction of the Corporate Governance Code, which is increasing the pressure on Japan's core listed companies, our clients, to urgently conduct capital policy reforms. The Group, as a leading expert in responding to these changes, is achieving success in consulting services for new capital policies (SR [shareholder relations] Consulting), by fully utilizing its cutting-age intelligence functions unfettered by conventional ideas. Looking to the future, the Group will consistently provide consulting, investment banking, disclosure and stock transfer agency services based on its unique SR Consulting, the main pillar of its business. We deeply appreciate our shareholders for their support over the years and will endeavor to further enhance our rate of growth. We, therefore, ask our shareholders for their continued support in these efforts.

# Highlights of Fiscal 2014 and Key Initiatives for the Future

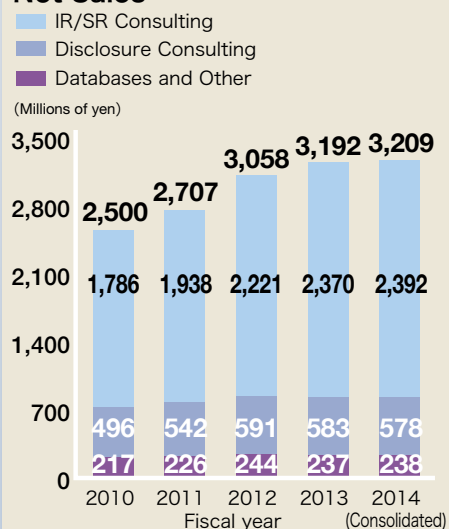
-  1. We have achieved our highest levels in net sales and net income since our stock listing.
-  2. IR/SR Consulting services have continued to perform favorably, supported by the introduction of the Stewardship Code and the Corporate Governance Code. SR services in particular are attracting more and more attention.
-  3. Large-scale advisory services related to proxy fights grew significantly.
-  4. Inquiries regarding the appointment of highly independent outside directors are increasing alongside the introduction of the Corporate Governance Code.
-  5. In the stock transfer agency business, the number of shareholders under administration topped 170,000. In addition, entrustments with 36 companies have been agreed upon.
-  6. We have made the transition to a Company with an Audit and Supervisory Committee in our efforts to further reinforce our management system.
-  7. We will further reinforce and flexibly provide shareholder returns going forward.

## 1. We have achieved our highest levels in net sales and net income since our stock listing.

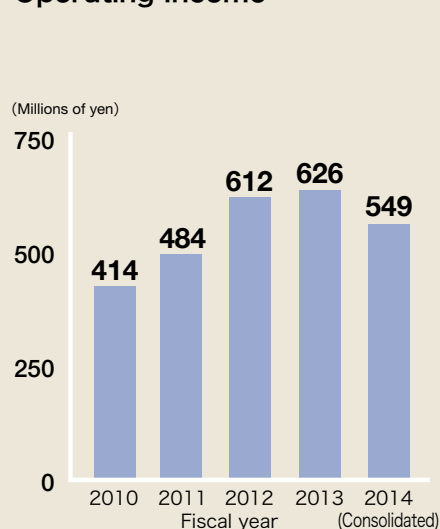
As IR Consulting services, including shareholder identification surveys for large companies, have plateaued, they lacked the momentum to drive overall sales, despite steady growth in entrustments in fiscal 2014, particularly with companies with medium or small market capitalization, and the number of client companies reaching 530. Meanwhile, shareholder management and relations services (SR services) have drawn considerable attention, mainly due to a large-scale proxy fight and the establishment of an SR department at one of the largest listed companies.

As a result of the above factors, for fiscal 2014, the Company recorded its highest net sales and net income since its listing. Net sales increased 0.5% year on year, to ¥3,209 million, operating income decreased 12.3%, to ¥549 million, and net income increased 8.6%, to ¥365 million.

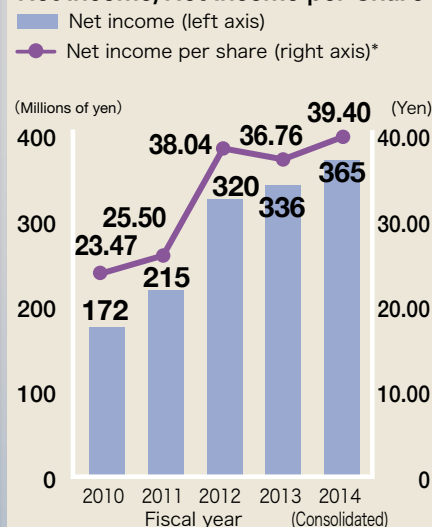
### Net Sales



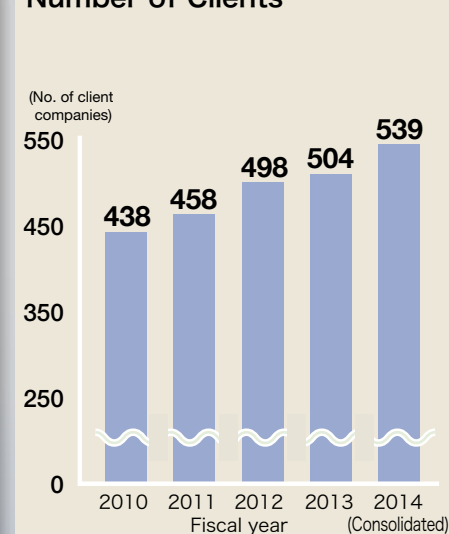
### Operating Income



### Net Income/Net Income per Share



### Number of Clients



\*Net income per share takes into account the stock split conducted on November 27, 2013.

Note: The year-on-year analysis of operating results and financial position is based on a comparison of the current fiscal year of the Group with the previous fiscal year of IR Japan, Inc.

## **2. IR/SR Consulting services have continued to perform favorably, supported by the introduction of the Stewardship Code and the Corporate Governance Code. SR services in particular are attracting more and more attention.**

In the year under review, we saw growing interest in SR (shareholder relations), which requires companies to have constructive dialogue with shareholders. This trend is related to the introduction of the Corporate Governance Code, which came into effect in June 2015.

The news that one of the largest listed companies in Japan has established an SR department instead of an IR department and received outstanding recognition both in Japan and abroad, spread among listed companies, which led to even greater interest in SR services during the fourth quarter of fiscal 2014. Accordingly, in fiscal 2015, the Group expects to see rapid expansion in the number of entrustments for SR Consulting services, as the Group's core business builds on its unique know-how.

### **1. Establishment of SR division**

- Formulation of purposes, responsibilities and content of business
- Preparation of the draft of operational rules for the SR department

### **2. Outsourcing daily operations**

- Operation of the service desk for dialogue with shareholders  
(Foreign institutional investors, domestic institutional investors and individual investors)
- Timely disclosure of materials to the above shareholders
- Filings of institutional shareholders  
(Information gathering on institutional investors and database construction)

### **3. Outsourcing strategic business activities**

- Implementation of institutional shareholder identification surveys and proxy voting simulation
- Selection of targets for engagement
- Arranging engagements and accompanying clients on road shows
- Feedback from investors and shareholders to top management
- Advice on the formulation of capital policies and shareholder returns policies
- Proxy voting results analysis

### **4. Large-scale SR Consulting utilizing our administrative system**

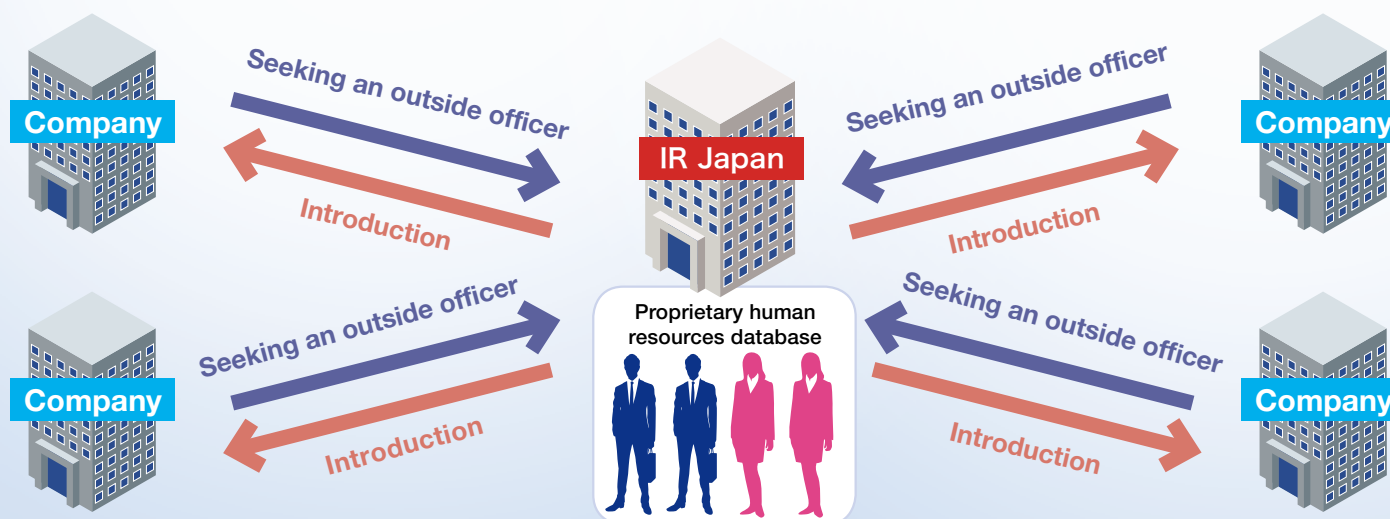


### 3. Large-scale advisory services related to proxy fights grew significantly.

Large-scale advisory services related to proxy fights grew significantly compared with the previous fiscal year. The greatest strength of the Company, given its independent status, is that it can serve as an adviser to both the companies and the proposers and provide a differentiated and high level of services in collaboration with the Company's stock transfer agency business division and the investment banking department.

### 4. Inquiries regarding the appointment of highly independent outside directors are increasing alongside the introduction of the Corporate Governance Code.

The Company has a human resources database where individuals with a wealth of knowledge and experience are registered. For companies seeking outside officers, we select candidates who meet their requirements from among those in the database through independence testing and multifaceted screening.

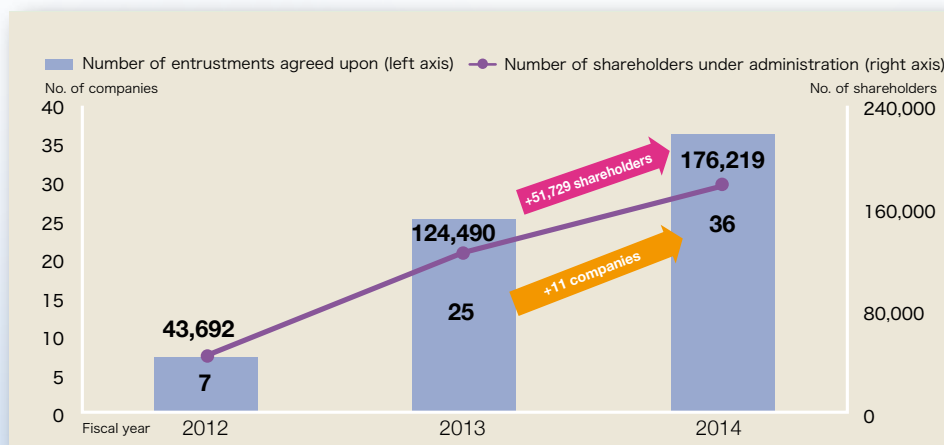


## 5. Large-scale advisory services related to proxy fights grew significantly.

In the stock transfer agency business, the number of shareholders under administration reached 176,219 and entrustments with 36 companies have been agreed upon as of May 12, 2015, an entrustment record worthy of recognition.

As foreign investors are showing a greater presence and hostile shareholder proposals by activists, etc., are on the increase, the role of stock transfer agents is transforming. Stock transfer agents are increasingly being required to provide strategic and effective responses to shareholders from a global perspective, instead of merely carrying out shareholder administration services. The Company is confident that the superiority of its stock transfer agency business in terms of cost-competitiveness, the added value of the information it provides, delivery speed, flexibility in meeting the needs of its clients and in its adherence to compliance in terms of its independent means of obtaining and managing information sets it apart from its competitors. The Company finds it highly significant that despite being the first new entrant into the stock transfer agency business in 40 years, it has been able to achieve a certain level of entrustments in its early stages. Furthermore, in an effort to promptly expand the number of entrustments to over 50 companies and to offer innovative, high-value-added stock transfer agency services that meet the diverse capital policies and finance needs of companies, the Company will effectively promote its stock transfer agency business in concert with its SR Consulting services.

### Number of Entrustments with Companies and Number of Managed Shareholders



## 6. We have made the transition to a Company with an Audit & Supervisory Committee in our efforts to further reinforce our management system.

The Company has made the transition to a Company with an Audit & Supervisory Committee, which was approved at the 1st Annual General Meeting of Shareholders held on June 24, 2015.

### IR Japan Holdings, Ltd.

President and CEO	Shirou Terashita
Executive Vice President and COO	Takuji Kurio
Director/Audit and Supervisory Committee Member	Keisuke Tomimatsu
*Outside Director/Audit and Supervisory Committee Member	Koichiro Kimura
*Outside Director/Audit and Supervisory Committee Member	Nobuyoshi Yamori

\*Koichiro Kimura and Nobuyoshi Yamori are outside directors pursuant to Item 15, Article 2, of the Companies Act.

### IR Japan, Inc.

President and CEO	Shirou Terashita
Executive Vice President and COO	Takuji Kurio
Executive Director	Yukihiko Aoyama
*Outside Director/Audit and Supervisory Committee Member	Hiroshi Inaba
*Outside Director/Audit and Supervisory Committee Member	Taro Yamada
*Outside Director/Audit and Supervisory Committee Member	Kazufumi Onishi

\*Hiroshi Inaba, Taro Yamada and Kazufumi Onishi are outside directors pursuant to Item 15, Article 2, of the Companies Act.

## 7. We will further reinforce and flexibly provide shareholder returns going forward.

For fiscal 2014, the year-end dividend is ¥12 per share. As a result, the full-year dividend is ¥20 per share, including the interim dividend of ¥8 per share. The Company would like to appropriate internal reserves for strategic investments in the reinforcement of existing businesses and for future growth business areas to increase its corporate value.

For fiscal 2015, the Company is currently scheduled to pay ¥8 per share as an interim dividend and ¥12 per share as a year-end dividend. However, the Company intends to remain flexible, including in the acquisition of treasury shares, in light of performance trends and other factors.

### Trend in Dividends per Share

	1H-end	Year-end	Annual	Dividend payout ratio
FY2015 Forecast (Announced on May 15, 2015)	¥8	¥12	¥20	—
FY2014 Actual	¥8	¥12	¥20	50.8%
FY2013 Actual	¥8	¥12	¥20	54.4%
FY2012 Actual	¥4.5	¥9.5	¥14	36.8%

Notes 1: The Company conducted a 5-for-1 stock split on November 27, 2013. The dividends shown above take into account the stock split.

2: The dividends for FY2014 1H-end and before are actual dividends paid by IR Japan, Inc. and dividends for FY2014 year-end and later are actual dividends paid and dividend forecasts of the Company (IR Japan Holdings, Ltd.).



## Board of Directors and Audit and Supervisory Committee Members (as of June 24, 2015)



# Consolidated Financial Statements

## Consolidated Balance Sheet

As of March 31

(Millions of yen)

	2015		2015
<b>Assets</b>		<b>Liabilities</b>	
<b>Current assets</b>		<b>Current liabilities</b>	
Cash and deposits	1,607	Accounts payable—trade	29
Notes and accounts receivable—trade	607	Accounts payable—other	335
Work in process	15	Accrued expenses	19
Prepaid expenses	75	Income taxes payable	113
Deferred tax assets	76	Advances received	43
Other	193	Deposits received	68
Total current assets	2,575	Provision for bonuses	67
<b>Non-current assets</b>		Other	72
Property, plant and equipment		Total current liabilities	750
Facilities attached to buildings	281	<b>Non-current liabilities</b>	
Accumulated depreciation	(78)	Net defined benefit liability	2
Facilities attached to buildings, net	203	Provision for directors' retirement benefits	124
Tools, furniture and fixtures	205	Total non-current liabilities	127
Accumulated depreciation	(65)	Total liabilities	877
Tools, furniture and fixtures, net	140		
Total property, plant and equipment	343		
Intangible assets			
Software	440		
Other	18		
Total intangible assets	459		
Investments and other assets		<b>Net assets</b>	
Investment securities	45	<b>Shareholders' equity</b>	
Lease and guarantee deposits	238	Capital stock	795
Deferred tax assets	44	Capital surplus	784
Other	19	Retained earnings	1,273
Allowance for doubtful accounts	(1)	Treasury shares	(0)
Total investments and other assets	347	Total shareholders' equity	2,854
Total non-current assets	1,149	Accumulated other comprehensive income	
Deferred assets		Valuation difference on available-for-sale securities	(0)
Deferred organization expenses	5	Total accumulated other comprehensive income	(0)
Total deferred assets	5	Total net assets	2,853
Total assets	3,730	Total liabilities and net assets	3,730

## Consolidated Statement of Income

For the year ended March 31

(Millions of yen)

	2015
Net sales	3,209
Cost of sales	1,190
Gross profit	2,018
Selling, general and administrative expenses	1,469
Operating income	549
Non-operating income	
Interest income	0
Gain on forfeiture of unclaimed dividends	0
Other	1
Total non-operating income	2
Non-operating expenses	
Loss on sales of notes payable	0
Amortization of deferred organization expenses	0
Total non-operating expenses	0
Ordinary income	551
Extraordinary income	
Gain on sales of non-current assets	6
Total extraordinary income	6
Income before income taxes and minority interests	558
Income taxes—current	210
Income taxes—deferred	(17)
Total income taxes	192
Income before minority interests	365
Net income	365

## Consolidated Statement of Comprehensive Income

For the year ended March 31

(Millions of yen)

	2015
Income before minority interests	365
Other comprehensive income	
Valuation difference on available-for-sale securities	(0)
Total other comprehensive income	(0)
Comprehensive income	364
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	364
Comprehensive income attributable to minority interests	—

## Status of the Company's Shares as of March 31, 2015

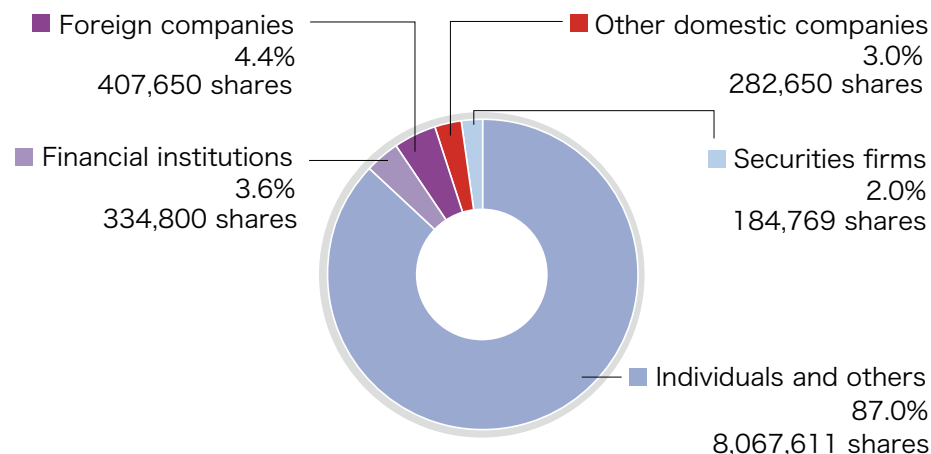
### ● Status of Shares

Total number of shares	
authorized to be issued:	35,000,000 shares
Total number of shares issued:	9,277,555 shares (including 75 treasury shares)
Number of shareholders:	2,397

### ● Major Shareholders

Name of shareholder	No. of shares	Percentage of ownership (%)
Shirou Terashita	5,797,000	62.48
THE BANK OF NEW YORK MELLON 140030	233,050	2.51
45 Corporation Co., Ltd.	176,000	1.89
The Master Trust Bank of Japan, Ltd. (Trust account)	171,000	1.84
Japan Securities Finance Co., Ltd	137,600	1.48
Keisuke Tomimatsu	131,700	1.41
MLI EFG NON TREATY CUSTODY ACCOUNT	96,100	1.03
Asset Management Co., Ltd.	95,000	1.02
Hiroshi Inaba	57,900	0.62
Yutaka Minagawa	55,900	0.60

### ● Breakdown of Shares by Owner



Note: Excluding 75 treasury shares

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 Interim dividend: September 30 Other information is announced in advance when necessary.
<b>Record date of general meeting of shareholders</b>	March 31 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> )(Japanese only) 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>	26th floor, Kasumigaseki Building, 2-5, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo 100-6026, JAPAN 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 Holdings, Ltd.
<b>Address</b>	26th floor, Kasumigaseki Building, 2-5, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo 100-6026, JAPAN URL : <a href="http://www.irjapan.net/">http://www.irjapan.net/</a>
<b>Established</b>	February 2015
<b>Capital</b>	795,803 thousand yen (As of March 31, 2015)
<b>Major subsidiary</b>	IR Japan, Inc. <ul style="list-style-type: none"><li><input type="radio"/> Type I Financial Instruments Business Operator “Kanto Local Finance Bureau (Kinsho) No.2624”</li><li><input type="radio"/> Stock transfer agent</li><li><input type="radio"/> Designated administrator of shareholder registry, etc.</li><li><input type="radio"/> Member of the Japan Securities Dealers Association</li><li><input type="radio"/> Honorary international participant, Council of Institutional Investors (U.S.A.)</li><li><input type="radio"/> Certified investment evaluation institute</li><li><input type="radio"/> Supporting member, The Securities Analysts Association of Japan</li><li><input type="radio"/> Member, The IR Planners Association of Japan</li><li><input type="radio"/> Member, Japan Investor Relations Association</li></ul>