

# Summary of Consolidated Financial Results for the Year Ended March 31, 2016 (J-GAAP)

May 13, 2016

Listed Company Name: IR Japan Holdings, Ltd.  
 Securities Code: 6035  
 Listing: Tokyo Stock Exchange URL: <http://www.irjapan.jp/>  
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 Scheduled Annual General Meeting of Shareholders: June 24, 2016  
 Scheduled Date to Start Dividend Payment: June 27, 2016  
 Scheduled Date to Submit Securities Report: June 27, 2016  
 Preparation of Results Briefing Materials: Yes  
 Holding of Financial Results Briefing: Yes (for institutional investors and analysts)

(Amounts of less than one million yen have been truncated)

## 1. Consolidated Financial Results (from April 1, 2015 to March 31, 2016)

### (1) Consolidated Operating Results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2016	3,469	8.1	780	42.0	779	41.4	445	21.8
Year ended March 31, 2015	3,209	—	549	—	551	—	365	—

Note: Comprehensive income Year ended March 31, 2016: 445 million yen (22.2%)  
 Year ended March 31, 2015: 364 million yen (—%)

	Profit per share—basic	Profit per share—diluted	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2016	47.98	—	15.0	20.2	22.5
Year ended March 31, 2015	39.40	—	13.2	16.0	17.1

Reference: Equity in earnings (losses) of affiliates Year ended March 31, 2016: — million yen  
 Year ended March 31, 2015: — million yen

Note: As IR Japan Holdings, Ltd. (hereinafter “the Company”) was established on February 2, 2015 through a sole-share transfer, year-on-year changes compared with the year ended March 31, 2014 are not disclosed.

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2016	3,986	3,095	77.6	333.62
As of March 31, 2015	3,730	2,853	76.5	307.58

Reference: Shareholders' equity Year ended March 31, 2016: 3,095 million yen  
 Year ended March 31, 2015: 2,853 million yen

### (3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2016	542	3	(103)	1,464
Year ended March 31, 2015	411	(451)	(186)	1,022

### 2. Dividends

	Full-year dividend					Total dividend amount (Annual)	Dividend payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	First quarter- end	Second quarter- end	Third quarter- end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2015	—	—	—	12.00	12.00	185	50.8	6.7
Fiscal year ended March 31, 2016	—	10.00	—	18.00	28.00	259	58.4	8.7
Fiscal year ending March 31, 2017 (Forecast)	—	10.00	—	18.00	28.00		50.5	

Notes:

1. As the Company was established on February 2, 2015 through a sole-share transfer, there are no actual dividends paid for the period up to and including the third quarter of the fiscal year ended March 31, 2015.
2. The total dividend amount for the fiscal year ended March 31, 2015 includes the interim dividend of ¥74 million paid by IR Japan, Inc., which became a wholly owned subsidiary of the Company through a sole-share transfer.
3. The dividend payout ratio and dividends to net assets for the fiscal year ended March 31, 2015 have been calculated based on the total dividend of ¥20 per share, including the interim dividend of ¥8 paid by IR Japan, Inc. and the year-end dividend of ¥12 paid by the Company.
4. The dividend sources for the fiscal year ended March 31, 2015 and the fiscal year ended March 31, 2016 include other capital surplus. For details, please refer to “Details of dividends paid from other capital surplus” described below.

### 3. Consolidated Results Forecast for the Fiscal Year Ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	—	—	—	—	—	—	—	—	—
Full year	3,800	9.5	900	15.3	900	15.4	514	15.5	55.40

Notes:

- (1) Changes in significant subsidiaries during the period  
(changes in specified subsidiaries resulting in changes in the scope of consolidation): None  
Newly included: —  
Excluded: —
- (2) Change in accounting policies, accounting estimates, and retrospective restatements  
1) Change in accounting policies in accordance with revision of accounting standards: Yes  
2) Change in accounting policies other than item 1) above: Yes  
3) Change in accounting estimates: Yes  
4) Retrospective restatements: None  
Note: For details, please refer to “5. Consolidated Financial Statements (5) Notes Relating to the Consolidated Financial Statements” on page 20 of the attachment.

- (3) Number of shares issued (common stock)  
1) Number of shares issued at the end of the period (including treasury shares)  
As of March 31, 2016 9,277,555 shares  
As of March 31, 2015 9,277,555 shares  
2) Number of treasury shares at the end of the period  
As of March 31, 2016 182 shares  
As of March 31, 2015 75 shares  
3) Average number of shares during the fiscal year  
Year ended March 31, 2016 9,277,469 shares  
Year ended March 31, 2015 9,277,552 shares  
Note: The average number of shares during the previous fiscal year has been calculated for the period from February 2, 2015, when the Company was established, to March 31, 2015.

(Reference) Summary of Non-Consolidated Financial Results

Non-Consolidated Financial Results (from April 1, 2015 to March 31, 2016)

(1) Non-Consolidated Operating Results

(Percentages indicate year-on-year changes)

	Operating revenue		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2016	159	500.0	40	147.6	38	140.9	7	-22.6
Year ended March 31, 2015	26	—	16	—	16	—	10	—

	Profit per share—basic	Profit per share—diluted
	Yen	Yen
Year ended March 31, 2016	0.86	—
Year ended March 31, 2015	1.11	—

Notes:

- As the Company was established on February 2, 2015 through a sole-share transfer, year-on-year changes compared with the year ended March 31, 2014 are not disclosed.
- Non-consolidated operating results for the fiscal year ended March 31, 2015 consist of operating results for the period from February 2, 2015, when the Company was established, to March 31, 2015.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2016	2,901	2,630	90.7	283.54
As of March 31, 2015	2,871	2,825	98.4	304.53

Reference: Shareholders' equity  
Year ended March 31, 2016: 2,630 million yen  
Year ended March 31, 2015: 2,825 million yen

#### Implementation status for auditing procedure

The auditing procedure based on the Financial Instruments and Exchange Act does not apply to these Financial Results, and the auditing 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 additional notes

The forward-looking statements, including the results forecast, contained in this document are based on information available to the Group 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 “(1) Analysis of Operating Results” under “1. Analysis of Operating Results and Financial Position” on page 6 of the attachment.

#### Additional notes

The consolidated financial statements for the fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015) have been prepared by adopting the financial statements of IR Japan, Inc., which became a wholly owned subsidiary of the Company through a sole-share transfer.

#### Details of dividends paid from other capital surplus

Of the dividends for the fiscal year ended March 31, 2015, those paid from other capital surplus are set out as follows.

Record Date	Year-end	Total
Dividend per share	12.00 yen	12.00 yen
Total dividends	111 million yen	111 million yen

Note: Percentage decrease in net assets 0.037

Of the dividends for the fiscal year ended March 31, 2016, those paid from other capital surplus are set out as follows.

Record Date	Second quarter-end	Year-end	Total
Dividend per share	10.00 yen	18.00 yen	28.00 yen
Total dividends	92 million yen	166 million yen	259 million yen

Note: Percentage decrease in net assets      As of second quarter-end: 0.032  
As of year-end: 0.060

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Note: The Company held a briefing for investors, as indicated below.

Financial results briefing for institutional investors and analysts: Friday, May 13, 2016

## 1. Analysis of Operating Results and Financial Position

### (1) Analysis of Operating Results

#### 1) General overview

During the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016), the Group achieved its best-ever results, thanks to an increase in net sales by 8.1% year on year. Operating income and ordinary income reached record highs, registering significant year-on-year increases of 42.0% and 41.4%, respectively. This was attributable to the steady growth of profitable projects such as those related to the investment banking business from the fourth quarter of the fiscal year under review, as well as the enhanced average profitability of all projects in the core IR/SR Consulting, supported by a limited increase of 8.6% in selling, general and administrative expenses as part of fixed expenses. Meanwhile, profit attributable to owners of parent increased 21.8% year on year due primarily to the impact of posting a loss on valuation of investment securities.

(Millions of yen)

	Fiscal 2015 (April 2015 to March 2016)		Fiscal 2014 (April 2014 to March 2015)	
	Amount	Percentage change (YoY)	Amount	Percentage change (YoY)
Net sales	3,469	8.1	3,209	0.5
Operating income	780	42.0	549	-12.3
Ordinary income	779	41.4	551	-1.6
Profit*	445	21.8	365	8.6

\* "Profit" for the fiscal year ended March 31, 2016 indicates the value of the "profit attributable to owners of parent."

#### 2) Net sales by type of service

The Group is engaged 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	Fiscal 2015 (April 2015 to March 2016)			Fiscal 2014 (April 2014 to March 2015)	
	Net sales	Percentage of net sales	Percentage change (YoY)	Net sales	Percentage of net sales
IR/SR Consulting	2,665	76.8	11.4	2,392	74.6
Disclosure Consulting sales	571	16.5	-1.3	578	18.0
Databases and Other sales	232	6.7	-2.6	238	7.4
Total net sales	3,469	100.0	8.1	3,209	100.0

#### IR/SR Consulting

IR/SR Consulting is the Group's core lineup of services, including shareholder identification surveys, proxy voting simulation, proxy advisory (comprehensive strategy planning for shareholder meetings), the investment banking business, and the stock transfer agency business.

During the fiscal year under review, net sales from IR/SR Consulting increased 11.4% year on year. As the Corporate Governance Code is being fully implemented at listed companies, the Group's clients, our core business of IR/SR Consulting remained strong. The SR-related business, including shareholder identification surveys and arranging SR visits in Japan and abroad, grew remarkably, as an increasing number of companies conduct SR visits to promote dialogue with shareholders holding voting rights, in addition to conventional IR activities. Additionally, as ISS, a proxy advisory firm, announced a 5% ROE threshold along with intensifying actions by activists, we saw increases in requests for proxy voting simulation, promotion of exercise of voting rights and proxy voting results analysis from companies concerned with the risks of having proposals rejected at the general meeting of shareholders.

During the fourth quarter of the fiscal year under review, we saw favorable sales of DSMS (Digital Shareholder Management System) providing centralized management of institutional and individual shareholders by using cloud data base, which is constantly gaining popularity primarily among large companies with greater market capitalization and higher ratio of foreign investors.

The business of evaluating boards of directors which got into full swing in the third quarter of the

fiscal year under review, has further accelerated in the fourth quarter, and we expect to continue accumulating a favorable track record and know-how in this business, capitalizing on the Group's special advantage of having in-depth insight into the needs of overseas institutional shareholders. As for executive compensation, now that companies in Japan will be able to introduce share-based compensation including restricted stock and performance shares, we have started to provide cutting edge consulting that meets client needs. Such corporate governance-related consulting is a new business to the Group, and we believe we have excellent chance to develop professional personnel and streamlined operations by organizing a project team aiming at an earlier start-up for centralized accumulation of experience and know-how.

In the investment banking business, the enhancement of our organization and services has captured business opportunities on a timely basis, resulting in a significant increase in the entrustments for the profitable projects involving businesses, such as M&As and proxy fights, from the fourth quarter of the fiscal year under review. Amid intensifying activities by activists in Japan as well as overseas, we expect further expansion of the investment banking business. The Group will further reinforce our investment banking professionals and accelerate the expansion of entrustments through providing full-package services by capitalizing on its track record and performance unparalleled among its peers.

In the stock transfer agency business, as of May 13, 2016, entrustments with 40 companies have been completed, and the number of shareholders under administration reached 197,453 (compared with entrustments concluded with 36 companies and 176,219 shareholders under administration in the previous fiscal year). As a way of capturing new clients, we have been diversifying our sales methods, including acting as an IPO advisor to companies that are planning to go public by providing integrated comprehensive services both before and after the IPO, in addition to the stock transfer agency services. Recently, we experienced a reassuring case in which we successfully gained entrustments in the stock transfer agency services, drawing on the client's appreciation of the Group's strength in critical situations such as proxy fights, capable of accurate and speedy shareholder identification survey. Encouraged by this example, we will strive to utilize the Group's integrated capabilities towards achieving the expansion of the number of entrustments to over 50 companies at the earliest possible time.

#### 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, integrated reports, and shareholder newsletters) and legal documentation services (the creation of a variety of disclosure documents in English and the translation of such documents from Japanese to English in connection with business reorganization and M&As).

Sales from Disclosure Consulting for the fiscal year under review declined 1.3% from the previous fiscal year, but profitability has improved due to the policy to accept cases by rigorously sorting profitable entrustments and those less profitable due to higher outsourcing ratio. Although there was a decline in the entrustments for English translation services for notice of convocation, etc., we saw an increase in SR-related services such as entrustments for the creation of annual reports and shareholder newsletters, etc.

#### 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. IR Japan also operates the *Kabunushi-Hiroba*, a survey system for individual investors.

Sales from Databases and Other for the fiscal year under review decreased 2.6% from the previous fiscal year. Analyst Network services, which utilize analyst databases held by the Group to distribute corporate information, information from explanatory meetings, among others, performed strongly, while sales from shareholder survey services, etc. declined.

### 3) Forecast for fiscal 2016

Forecast for consolidated operating results for the fiscal year ending March 31, 2017  
(as of May 13, 2016)

(Millions of yen)

	Forecast Year ending March 31, 2017			Actual Year ended March 31, 2016	
	Amount	Amount change (YoY)	Percentage change (YoY)	Amount	Percentage change (YoY)
Net sales	3,800	330	9.5	3,469	8.1
Operating income	900	119	15.3	780	42.0
Ordinary income	900	120	15.4	779	41.4
Profit attributable to owners of parent	514	68	15.5	445	21.8

The forecast for the fiscal year ending March 31, 2017 is based on reasonable grounds for calculation as of May 13, 2016.

Net sales are expected to increase primarily in the core business, IR/SR Consulting services, in which, among other services, SR-related services concerning compliance with the Corporate Governance Code, shareholder identification surveys, evaluation of boards of directors, executive compensation consulting, and the investment banking business related to proxy fights and M&As are all expected to contribute to further growth of revenue. Operating income is also predicted to increase thanks to the improvement in profit margin anticipated to be realized through streamlined business operations.

### 4) Seasonal fluctuations

The Group's quarterly net sales tend to be concentrated in the first and second quarters because of the nature of the core business, IR/SR Consulting services. These services are usually in great demand around June, when many Japanese companies organize shareholder meetings. Recently, however, net sales in the third and fourth quarters have been steadily increasing, and the customary seasonal fluctuations are tending toward flattening 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) Analysis of Financial Position

### 1) Assets, Liabilities and Net assets

Total assets of the Group as of March 31, 2016 increased ¥256 million from the end of the previous fiscal year, to ¥3,986 million. This is due primarily to increases in cash and deposits of ¥241 million and notes and accounts receivable—trade of ¥253 million, offsetting a decrease in other under current assets of ¥150 million as a result of the refund of guarantee deposits associated with the office relocation.

Liabilities of the Group as of March 31, 2016 increased ¥14 million from the end of the previous fiscal year to ¥891 million, due primarily to an increase in short-term loans payable of ¥100 million, a decrease in accounts payable—other of ¥251 million and an increase in income taxes payable of ¥101 million.

Net assets of the Group as of March 31, 2016 increased ¥241 million from the end of the previous fiscal year, to ¥3,095 million, due primarily to an increase in retained earnings of ¥445 million from profit attributable to owners of parent and a decrease in retained earnings of ¥204 million as a result of payment of dividends.

### 2) Cash flows

Cash and cash equivalents of the Group as of March 31, 2016 increased ¥441 million from the end of the previous fiscal year, to ¥1,464 million.

Cash flows from respective activities during the fiscal year under review are as follows.

#### Cash flows from operating activities

Net cash provided by operating activities in the fiscal year under review was ¥542 million, which is attributable primarily to income before income taxes and minority interests of ¥754 million, depreciation of ¥179 million, and an increase in notes and accounts receivable—trade of ¥253 million.

#### Cash flows from investing activities

Net cash provided by investing activities in the fiscal year under review was ¥3 million, which is attributable primarily to proceeds from withdrawal of time deposits of ¥200 million, purchase of property,

plant and equipment of ¥213 million, purchase of intangible assets of ¥132 million, and proceeds from collection of lease and guarantee deposits of ¥152 million.

#### Cash flows from financing activities

Net cash used in financing activities in the fiscal year under review was ¥103 million, which is attributable primarily to increase in short-term loans payable of ¥100 million and cash dividends paid of ¥203 million.

#### (Reference) Cash flow indicators

	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Equity ratio (%)	84.3	76.5	77.6
Equity ratio based on market capitalization (%)	374.1	256.1	164.5
Cash flows/interest-bearing debt ratio (%)	—	—	18.4
Interest coverage ratio (times)	3,139.1	—	866.8

Equity ratio: shareholders' equity/total assets

Equity ratio based on market capitalization: market capitalization/total assets

Cash flows/interest-bearing debt ratio: interest-bearing debt/cash flows from operating activities

Interest coverage ratio: cash flows from operating activities/interest payment

\* Interest-bearing debt represents all of the debt that bears interest of the entire debt recorded in the Balance Sheet.

#### (3) Basic Policy Concerning the Distribution of Profits and Dividend Distributions for the Fiscal Year Ended March 31, 2016 and the Following Fiscal Year

The Company makes it a basic policy to distribute profits to its shareholders in line with its business results, while maintaining its financial strength by securing sufficient internal reserves to carry out sound business operations. The Company's Articles of Incorporation stipulate that a decision on the distribution of surplus and other matters as specified in each item of Paragraph 1, Article 459, of the Companies Act can be made by a resolution of the Board of Directors, unless otherwise specified by laws and regulations, while a decision on year-end dividends is to be made at the General Meeting of Shareholders. The Company's Articles of Incorporation also stipulate that an interim dividend can be provided with the date of record being September 30 of each year.

For the fiscal year ended March 31, 2016, the year-end dividend is ¥18 per share. As a result, the full-year dividend is ¥28 per share, including the interim dividend of ¥10 per share.

Moreover, the Company would like to appropriate the internal reserves for strategic investments for the reinforcement of existing businesses and for future growth business areas to increase its corporate value.

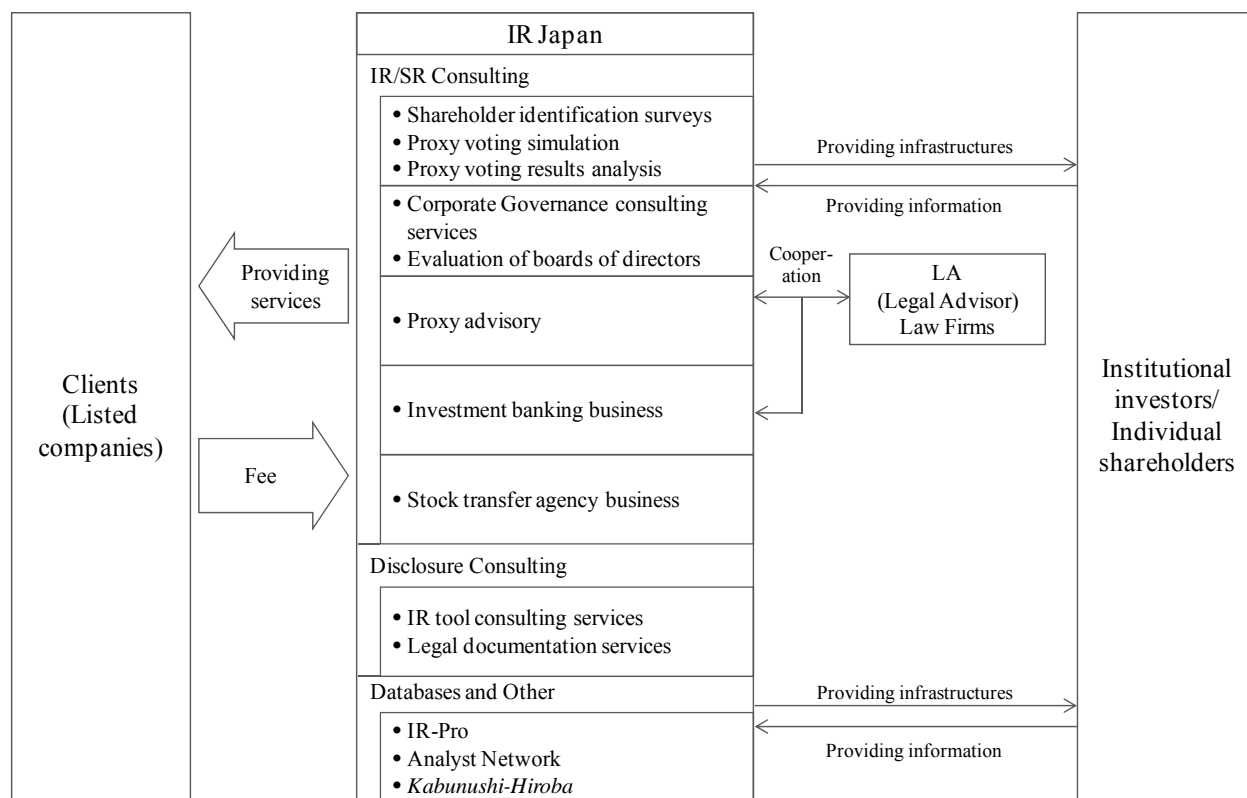
For the fiscal year ending March 31, 2017, the Company is currently scheduled to pay ¥10 per share as an interim dividend and ¥18 per share as a year-end dividend. However, the Company intends to remain flexible, including in the acquisition of treasury shares, in light of performance trends and other factors.

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ending March 31, 2017 (Forecast)
Dividend per share	20 yen	20 yen	28 yen	28 yen
Interim dividend	8 yen	8 yen	10 yen	10 yen
Year-end dividend	12 yen	12 yen	18 yen	18 yen
Dividend payout ratio	54.4%	50.8%	58.4%	50.5%

Note: Dividends up to and including the interim dividend for the fiscal year ended March 31, 2015 are actual dividends paid by IR Japan, while the dividends including and after the year-end dividend for the fiscal year ended March 31, 2015 are dividends to be paid by the Company and dividend forecasts.

## 2. Corporate Group

The Group consists of the Company and a consolidated subsidiary (IR Japan), and is developing businesses. The structure of the Group's businesses is as follows.



IR Japan engages in consulting business specializing in IR/SR activities, which constitutes a single business segment. IR Japan regards IR (investor relations) activities as the activities of listed companies in relation to general investors, while SR (shareholder relations) activities as the activities of listed companies to strengthen relations with their shareholders.

IR Japan offers IR/SR Consulting, Disclosure Consulting, and Databases and Other services as comprehensive support for the IR/SR activities of listed companies, among others.

In order to provide these services, IR Japan uses its network of institutional investors encompassing fund managers, analysts, and voting-rights agents from 600 domestic companies and 7,001 companies overseas, as well as a network of 51,805 individual shareholders registered with the *Kabunushi-Hiroba*, a web-based questionnaire system (as of March 31, 2016), to collect daily information essential for providing consulting services in Japan and overseas. Furthermore, IR Japan not only collects information but also plays an intermediary role that links listed companies to investors and shareholders by communicating the views and needs of institutional investors and individual shareholders to the listed companies.

Furthermore, IR Japan offers assistance as a PA (proxy advisor) or a FA (financial advisor: investment banks) in cooperation with the LA (legal advisor: law firms) for critical situations such as proxy fights.

The Investment Banking Department launched in January 2014 is fully prepared through the enhancement of its organizational and operational structure, including recruitment of experienced personnel, to provide comprehensive financial solutions to listed companies, including financial advisory services such as those relating to M&As, management integration, and the acquisition of wholly owned subsidiaries.

### 3. Management Policies

#### (1) Basic Management Policies

Underpinning the motto “Reliability, Confidence, Optimism,” is the Group’s corporate philosophy “the enhancement of clients’ capital competitiveness and the growth of the global capital economy.” We dedicate ourselves to the mission of serving as the perfect bridge linking listed companies and investors (both institutions and individuals). Recognizing that fairness is of utmost importance in fulfilling such mission, the Group has preserved its independence since its founding, and does not belong to any particular financial grouping.

Furthermore, we have set the following management policies to guide our day-to-day activities in order to realize our corporate mission: “to be the first to recognize any difficulties that clients (listed companies, investors, and market players) are experiencing with their IR/SR activities, and to propose and carry out concrete action plans,” and “to be constantly on the lookout for potential issues ourselves, maintaining a steadfast commitment to take concrete action so that improvements are never overlooked, with the assumption that maintaining the status quo means an immediate downfall.”

#### (2) Targeted Management Indicators

The Group considers the expansion of market share and increase in operating income and earnings per share (EPS) as important management indicators.

#### (3) Medium- to Long-term Management Strategy and Issues to Be Addressed

The Group will continue its concerted efforts to achieve the long-term goal of “being an advanced provider of comprehensive solutions in the capital markets,” under the corporate philosophy of “enhancing clients’ capital competitiveness and the growth of the global capital economy.” With regard to future business development, the revision of related laws and regulations and growing awareness of IR/SR activities among listed companies are expected to increase demand for the services provided by the Group. To accommodate such demand, the Group is continuing its efforts to build a solid business foundation with particular focus on the following four areas.

##### 1) Raising awareness of SR Consulting

The needs of publicly listed companies—clients of the Group—for SR services are growing significantly while also becoming increasingly sophisticated and diversified. The demand for SR Consulting services has been growing even among regional companies and companies with relatively small market capitalization. This trend is due to the introduction of the Japanese version of the Stewardship Code and the Corporate Governance Code, in addition to an increase in shareholding by overseas institutional investors. As an increasing number of companies establish an SR (shareholder relations) department and engage in SR visits, the Group expects to see further expansion of SR Consulting, the Group’s core business built on unique know-how. Moreover, the Group will continue to bolster its proposal-based marketing efforts carried out by consultants, to achieve greater exposure for its SR Consulting services, by drawing on its strength of having in-depth insight into the needs of institutional shareholders in the areas of evaluation of boards of directors in compliance with the Corporate Governance Code, as well as executive compensation consulting.

##### 2) Expanding of the investment banking business

As the first company in Japan to carry out a commitment-type rights offering (the Company was awarded the “Innovative Equity Deal of the Year” in the DEALWATCH AWARDS of Thomson Reuters), the Group 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. Furthermore, the proposals made by the stock transfer agency to listed companies contributed to growing demand from their CEOs and CFOs, recognizing the Group as an innovator in capital markets, for a completely new type of support in finance from the perspective of an issuer and different from that offered by financial institutions. Consequently, the Investment Banking Department was launched in January 2014 and has provided rights offering-related services and financial advisory services such as those relating to M&As, management integration, and the acquisition of wholly owned subsidiaries. In addition, the Group is committed to enhancing its organizational structure, including the recruitment of experienced personnel, and strives to further expand its investment banking business by utilizing the Group-wide management resources and know-how in an integrated way based on its client base centered on over 500 listed companies.

##### 3) Promoting the stock transfer agency business

In April 2012, the Group commenced its stock transfer agency services for listed companies, acting as an

administrator of the shareholders' register. This service constitutes an entry point to other SR consulting services—the core business of the Group. In fact, the decision to start the stock transfer agency business came about as a result of growing demand among clients for services such as finalizing shareholders' registers. As foreign investors become a greater presence and hostile shareholder proposals by activists, among others, 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 Group 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 Group 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 varied capital policies and finance needs of companies, the Group will effectively promote its stock transfer agency business in concert with its SR Consulting services.

4) Enhancing human resources

To expand future business, it is vital that the Group secures human resources capable of originating new services that contribute to the development of the capital market, in addition to our existing services. We must thus recruit widely, hiring people with expertise in such fields as law, finance, accounting, and management. An aggressive hiring campaign is currently under way for both new graduates and mid-career recruits.

An additional challenge is to quickly bring human resources up to performance levels once they are hired. By enhancing our in-house training whereby employees can acquire practical knowledge, as well as other training programs led by the management team and on-the-job training (OJT), we expect to quickly develop recruits into real assets.

**4. Basic Approach to the Selection of Accounting Standards**

The Group currently applies Japanese accounting standards in the preparation of its consolidated financial statements. In light of the progress being made in converging different accounting standards, the Group intends to continue to apply Japanese accounting standards for the time being.

With respect to the application of International Financial Reporting Standards (IFRS), the Group will give due consideration to this matter, taking into account our business circumstances both in Japan and overseas.

## 5. Consolidated Financial Statements

### (1) Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2015	As of March 31, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	1,607,471	1,849,252
Notes and accounts receivable—trade	607,063	860,517
Work in process	15,777	24,954
Prepaid expenses	75,120	61,791
Deferred tax assets	76,887	62,638
Other	193,219	15,647
Allowance for doubtful accounts	—	(3,733)
Total current assets	2,575,540	2,871,069
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	281,088	196,342
Accumulated depreciation	(78,058)	(15,917)
Facilities attached to buildings, net	203,030	180,424
Tools, furniture and fixtures	205,297	208,040
Accumulated depreciation	(65,074)	(76,787)
Tools, furniture and fixtures, net	140,222	131,252
Total property, plant and equipment	343,253	311,677
Intangible assets		
Software	440,550	457,781
Other	18,577	21,351
Total intangible assets	459,127	479,132
Investments and other assets		
Investment securities	45,994	23,302
Lease and guarantee deposits	238,375	213,446
Deferred tax assets	44,833	65,745
Other	19,754	19,152
Allowance for doubtful accounts	(1,754)	(1,152)
Total investments and other assets	347,203	320,494
Total non-current assets	1,149,584	1,111,304
Deferred assets		
Deferred organization expenses	5,683	4,507
Total deferred assets	5,683	4,507
<b>Total assets</b>	<b>3,730,808</b>	<b>3,986,881</b>

(Thousands of yen)

	As of March 31, 2015	As of March 31, 2016
<b>Liabilities</b>		
Current liabilities		
Accounts payable—trade	29,372	32,593
Short-term loans payable	—	100,000
Accounts payable—other	335,320	84,173
Accrued expenses	19,087	88,707
Income taxes payable	113,404	214,707
Advances received	43,575	37,855
Deposits received	68,944	33,016
Provision for bonuses	67,925	76,032
Provision for directors' bonuses	—	3,000
Other	72,569	71,140
Total current liabilities	750,199	741,225
Non-current liabilities		
Net defined benefit liability	2,758	3,169
Provision for directors' retirement benefits	124,246	147,365
Total non-current liabilities	127,004	150,534
Total liabilities	877,204	891,760
<b>Net assets</b>		
Shareholders' equity		
Capital stock	795,803	795,803
Capital surplus	784,605	784,605
Retained earnings	1,273,896	1,514,926
Treasury shares	(55)	(125)
Total shareholders' equity	2,854,249	3,095,209
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(645)	(88)
Total accumulated other comprehensive income	(645)	(88)
Total net assets	2,853,604	3,095,121
Total liabilities and net assets	3,730,808	3,986,881

(2) Consolidated Statements of Income and Comprehensive Income  
Consolidated Statement of Income

(Thousands of yen)

	FY2014 (from April 1, 2014 to March 31, 2015)	FY2015 (from April 1, 2015 to March 31, 2016)
Net sales	3,209,679	3,469,512
Cost of sales	1,190,697	1,092,970
Gross profit	2,018,981	2,376,541
Selling, general and administrative expenses	1,469,220	1,595,913
Operating income	549,761	780,628
Non-operating income		
Interest income	544	329
Gain on forfeiture of unclaimed dividends	502	235
Referral fee	—	238
Other	1,129	802
Total non-operating income	2,176	1,606
Non-operating expenses		
Interest expenses	—	581
Loss on sales of notes payable	102	92
Foreign exchange losses	—	514
Amortization of deferred organization expenses	195	1,175
Total non-operating expenses	298	2,364
Ordinary income	551,639	779,870
Extraordinary income		
Gain on sales of non-current assets	6,625	—
Total extraordinary income	6,625	—
Extraordinary losses		
Loss on retirement of non-current assets	—	1,574
Loss on valuation of investment securities	—	23,518
Total extraordinary losses	—	25,092
Income before income taxes and minority interests	558,265	754,777
Income taxes—current	210,338	316,315
Income taxes—deferred	(17,626)	(6,671)
Total income taxes	192,711	309,643
Profit	365,553	445,134
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	365,553	445,134

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY2014 (from April 1, 2014 to March 31, 2015)	FY2015 (from April 1, 2015 to March 31, 2016)
Profit	365,553	445,134
Other comprehensive income		
Valuation difference on available-for-sale securities	(864)	556
Total other comprehensive income	(864)	556
Comprehensive income	364,689	445,691
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	364,689	445,691
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Changes in Equity  
FY2014 (from April 1, 2014 to March 31, 2015)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	795,803	784,605	1,096,231	(2,337)	2,674,302
Changes of items during period					
Dividends of surplus			(185,551)		(185,551)
Profit attributable to owners of parent			365,553		365,553
Purchase of treasury shares				(55)	(55)
Retirement of treasury shares			(2,337)	2,337	—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	177,665	2,282	179,947
Balance at end of current period	795,803	784,605	1,273,896	(55)	2,854,249

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of current period	218	218	2,674,521
Changes of items during period			
Dividends of surplus			(185,551)
Profit attributable to owners of parent			365,553
Purchase of treasury shares			(55)
Retirement of treasury shares			—
Net changes of items other than shareholders' equity	(864)	(864)	(864)
Total changes of items during period	(864)	(864)	179,083
Balance at end of current period	(645)	(645)	2,853,604

FY2015 (from April 1, 2015 to March 31, 2016)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	795,803	784,605	1,273,896	(55)	2,854,249
Changes of items during period					
Dividends of surplus			(204,104)		(204,104)
Profit attributable to owners of parent			445,134		445,134
Purchase of treasury shares				(70)	(70)
Retirement of treasury shares					
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	241,029	(70)	240,959
Balance at end of current period	795,803	784,605	1,514,926	(125)	3,095,209

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of current period	(645)	(645)	2,853,604
Changes of items during period			
Dividends of surplus			(204,104)
Profit attributable to owners of parent			445,134
Purchase of treasury shares			(70)
Retirement of treasury shares			—
Net changes of items other than shareholders' equity	556	556	556
Total changes of items during period	556	556	241,516
Balance at end of current period	(88)	(88)	3,095,121

## (4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY2014 (from April 1, 2014 to March 31, 2015)	FY2015 (from April 1, 2015 to March 31, 2016)
Cash flows from operating activities		
Income before income taxes and minority interests	558,265	754,777
Depreciation	149,740	179,519
Loss (gain) on sales of property, plant and equipment	(6,625)	—
Increase (decrease) in allowance for doubtful accounts	—	3,131
Increase (decrease) in provision for bonuses	2,905	8,107
Increase (decrease) in provision for directors' bonuses	—	3,000
Increase (decrease) in net defined benefit liability	801	410
Increase (decrease) in provision for directors' retirement benefits	25,956	23,119
Foreign exchange losses (gains)	(958)	673
Interest income	(544)	(329)
Interest expenses	—	581
Decrease (increase) in notes and accounts receivable—trade	(309,143)	(253,454)
Increase (decrease) in notes and accounts payable—trade	(42,100)	3,220
Increase (decrease) in accounts payable—other	109,798	(75,317)
Loss (gain) on valuation of investment securities	—	23,518
Other, net	124,015	55,336
Subtotal	612,108	726,292
Interest and dividend income received	637	367
Interest expenses paid	—	(625)
Income taxes paid	(201,027)	(217,539)
Income taxes refund	—	33,681
Net cash provided by (used in) operating activities	411,718	542,176
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	200,000	200,000
Purchase of investment securities	(41,688)	—
Purchase of property, plant and equipment	(89,821)	(213,347)
Proceeds from sales of property, plant and equipment	7,159	—
Purchase of intangible assets	(287,471)	(132,004)
Payments for lease and guarantee deposits	(241,232)	(2,926)
Proceeds from collection of lease and guarantee deposits	1,480	152,263
Net cash provided by (used in) investing activities	(451,574)	3,985
Cash flows from financing activities		
Increase in short-term loans payable	—	100,000
Cash dividends paid	(185,994)	(203,828)
Purchase of treasury shares	(55)	(70)
Net cash provided by (used in) financing activities	(186,050)	(103,898)
Effect of exchange rate change on cash and cash equivalents	706	(482)
Net increase (decrease) in cash and cash equivalents	(225,200)	441,780
Cash and cash equivalents at beginning of period	1,247,671	1,022,471
Cash and cash equivalents at end of period	※ <sup>1</sup> 1,022,471	※ <sup>1</sup> 1,464,252

(5) Notes Relating to the Consolidated Financial Statements

Notes Relating to the Going Concern Assumption

None applicable

Significant Matters for the Basis of Preparation of the Consolidated Financial Statements

1. Scope of consolidation

Number of consolidated subsidiaries and names of consolidated subsidiaries

Number of consolidated subsidiaries: 1

Name of consolidated subsidiary: IR Japan, Inc.

2. Fiscal year, etc., of consolidated subsidiaries

The closing date for the fiscal year of the consolidated subsidiary is the same as the consolidated closing date.

Changes in Accounting Policies

[Application of the Accounting Standard for Business Combinations, etc.]

Effective from the fiscal year ended March 31, 2016, the Company has adopted the Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013), and the Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013) and others, and has changed the presentation of net income and other related items.

Changes in Accounting Policies That are Difficult to Distinguish from Changes in Accounting Estimates

[Change in the depreciation method for property, plant and equipment]

Effective from the fiscal year ended March 31, 2016, the Company's consolidated subsidiary has changed the depreciation method for property, plant and equipment from the declining-balance method to the straight-line method.

This change was due to the fact that, in conjunction with the relocation of offices, the Company and its subsidiary reviewed the actual conditions concerning the utilization of their property, plant and equipment and identified that these assets were utilized evenly over long periods. Therefore it was deemed that the straight-line method for the depreciation of property, plant and equipment was a rational and appropriate way to present the true value of these assets.

As a result of this change, operating income, ordinary income, and income before income taxes and minority interests for the fiscal year ended March 31, 2016 were uniformly ¥7,455 thousand higher than they would have been under the conventional method.

The above change has a minimal impact on per share information.

Additional Information

[Application of consolidated taxation system]

Effective from the fiscal year ended March 31, 2016, the Company and its consolidated subsidiary have adopted the consolidated taxation system, with the Company being a consolidated parent company under such system.

Consolidated Statement of Cash Flows

\*1 Relationship between the balance of cash and cash equivalents at the end of the fiscal year and amount of items posted in the Consolidated Balance Sheet is as follows.

	(Thousands of yen)	
	Previous fiscal year (April 1, 2014 to March 31, 2015)	Current fiscal year (April 1, 2015 to March 31, 2016)
Cash and deposits	1,607,471	1,849,252
Time deposits with a maturity longer than three months	(585,000)	(385,000)
Cash and cash equivalents	1,022,471	1,464,252

### Segment Information and Others

This is not applicable as the Group engages in consulting business specializing in IR/SR activities, which constitutes a single business segment.

### Per Share Information

	Previous fiscal year (April 1, 2014 to March 31, 2015)	Current fiscal year (April 1, 2015 to March 31, 2016)
Net assets per share	¥307.58	¥333.62
Profit per share—basic	¥39.40	¥47.98

Notes: 1. Profit per share—diluted is not stated as there were no residual shares.

2. As stated in “Changes in Accounting Policies That are Difficult to Distinguish from Changes in Accounting Estimates,” the depreciation method for property, plant and equipment has been changed from the declining-balance method to the straight-line method from the fiscal year ended March 31, 2016. This change has a minimal impact on net assets per share and profit per share—basic for the fiscal year ended March 31, 2016.

3. The basis for the calculation of profit per share—basic is as follows.

Item	Previous fiscal year (April 1, 2014 to March 31, 2015)	Current fiscal year (April 1, 2015 to March 31, 2016)
Profit attributable to owners of parent (Thousands of yen)	365,553	445,134
Profit not available to common shareholders (Thousands of yen)	—	—
Profit attributable to owners of parent related to shares of common stock (Thousands of yen)	365,553	445,134
Weighted average number of shares of common stock during the fiscal year (Shares)	9,277,552	9,277,469

Note: The average number of shares during the previous fiscal year has been calculated for the period from February 2, 2015, when the Company was established, to March 31, 2015.

### Significant Subsequent Events

None applicable