

# Summary of Consolidated Financial Results for the Three Months Ended June 30, 2016 (J-GAAP)

July 29, 2016

Listed Company Name: IR Japan Holdings, Ltd.  
 Securities Code: 6035  
 Listing: Tokyo Stock Exchange URL: <http://www.irjapan.jp/>  
 Representative: Shirou Terashita, President and Chief Executive Officer  
 Contact: Atsuko Furuta, Section Chief, Corporate Planning Section Tel.: +81-3-3519-6750  
 Scheduled Date to Submit Quarterly Securities Report: August 10, 2016  
 Scheduled Date to Start Dividend Payment: —  
 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 for the Three Months Ended June 30, 2016 (from April 1, 2016 to June 30, 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	%
Three months ended June 30, 2016	1,222	20.4	579	80.6	579	80.7	354	68.7
Three months ended June 30, 2015	1,015	—	320	—	320	—	209	—

Note: Comprehensive income Three months ended June 30, 2016: 351 million yen (67.1%)  
 Three months ended June 30, 2015: 210 million yen (— %)

	Profit per share—basic	Profit per share—diluted
	Yen	Yen
Three months ended June 30, 2016	39.00	—
Three months ended June 30, 2015	22.63	—

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
	Millions of yen	Millions of yen	%
As of June 30, 2016	3,838	2,978	77.6
As of March 31, 2016	3,986	3,095	77.6

Reference: Shareholders' equity As of June 30, 2016: 2,978 million yen  
 As of March 31, 2016: 3,095 million yen

## 2. Dividends

	Full-year dividend				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
Fiscal year ended March 31, 2016	Yen —	Yen 10.00	Yen —	Yen 18.00	Yen 28.00
Fiscal year ending March 31, 2017	—				
Fiscal year ending March 31, 2017 (Forecast)		10.00	—	18.00	28.00

Note: Revision of dividends forecast since last announcement: None

Note 1: The dividend sources for 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	57.50

Note: Revision of consolidated results forecast since last announcement: None

Note 1: At the Board of Directors’ meeting held on May 13, 2016, the Company passed a resolution on the acquisition of treasury shares. The consolidated results forecast of profit per share takes into account the impact of such acquisition of treasury shares. For details of such acquisition of treasury shares, please refer to the “Announcement of Results and Completion of Acquisition of Treasury Shares through Off-Auction Own Share Repurchase Trading (ToSTNeT-3),” which was separately disclosed on May 16, 2016.

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) Application of special accounting treatments in preparing quarterly consolidated financial statements: Yes  
Note: For details, please refer to “2. Summary Information (Notes) (2) Application of Special Accounting Treatments in Preparing Quarterly Consolidated Financial Statements” on page 10 of the attachment.
- (3) Change in accounting policies, accounting estimates, and retrospective restatements
  - 1) Change in accounting policies in accordance with revision of accounting standards: None
  - 2) Change in accounting policies other than item 1) above: None
  - 3) Change in accounting estimates: None
  - 4) Retrospective restatements: None
- (4) Number of shares issued (common stock)
  - 1) Number of shares issued at the end of the period (including treasury shares)

As of June 30, 2016	9,277,555 shares
As of March 31, 2016	9,277,555 shares
  - 2) Number of treasury shares at the end of the period

As of June 30, 2016	386,182 shares
As of March 31, 2016	182 shares
  - 3) Average number of shares during the period

April – June, 2016	9,082,252 shares
April – June, 2015	9,277,480 shares

Implementation of quarterly review procedure

The quarterly review procedure based on the Financial Instruments and Exchange Act does not apply to these Financial Results, and the quarterly review procedure based on the Financial Instruments and Exchange Act had not been completed as of the release of this document.

Explanation regarding appropriate use of results forecast and additional notes

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 “(3) Forward-looking Statements Including Consolidated Results Forecast” under “1. Qualitative Information on Financial Results for the Three Months Ended June 30, 2016” on page 8 of the attachment.

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

Of the dividends for the fiscal year ended March 31, 2016, with the effective date falling within the first quarter of the fiscal year ending March 31, 2017, those paid from other capital surplus are set out as follows:

Record Date	Year-end	Total
Dividend per share	18.00 yen	18.00 yen
Total dividends	166 million yen	166 million yen

Note: Percentage decrease in net assets 0.065

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Note: The Company will hold a briefing for investors, as indicated below. Materials distributed at this briefing are set to be posted on the Company's website immediately after the briefing.

Financial results briefing for institutional investors and analysts: Friday, July 29, 2016

# 1. Qualitative Information on Financial Results for the Three Months Ended June 30, 2016

## (1) Operating Results

### 1) General overview

During the three months ended June 30, 2016, net sales for the Group achieved a significant year-on-year increase of 20.4% as a result of a steady increase in various SR consulting services mainly focused on supporting listed companies, clients of the Group, as they fully comply with the Corporate Governance Code, in addition to an increase in large-scale investment banking projects for stably securing voting rights arising from disputes involving activists and corporate control as well as for promptly supporting capital policies and M&As. In terms of profits, too, operating income jumped 80.6% year on year due to a decrease in outsourcing and other expenses, in addition to an increase in large-scale, profitable projects. Ordinary income and profit attributable to owners of parent registered significant year-on-year growth of 80.7% and 68.7%, respectively. During the period under review, net sales and profits achieved their best-ever results for a quarter.

(Millions of yen)

	Three months ended June 30, 2016 (April to June 2016)			Three months ended June 30, 2015 (April to June 2015)	
	Amount	Change	Percentage change (YoY)	Amount	Percentage change (YoY)
Net sales	1,222	207	20.4	1,015	16.3
Operating income	579	258	80.6	320	9.6
Ordinary income	579	258	80.7	320	9.4
Profit attributable to owners of parent	354	144	68.7	209	14.7

### 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	Three months ended June 30, 2016 (April to June 2016)			Three months ended June 30, 2015 (April to June 2015)	
	Amount	Percentage of net sales	Percentage change (YoY)	Amount	Percentage change (YoY)
IR/SR Consulting	1,048	85.7	26.3	830	20.3
Disclosure Consulting sales	118	9.7	-6.8	126	-2.0
Databases and Other sales	55	4.6	-3.3	57	10.2
Total net sales	1,222	100.0	20.4	1,015	16.3

### 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 period under review, net sales from IR/SR Consulting increased 26.3% year on year. In IR/SR Consulting, the Company's services were able to appropriately capture business opportunities through engagement in corporate shareholder relations and initiatives related to corporate governance as listed companies started fully implementing the Corporate Governance Code which came into effect last year. Specifically, an increasing number of companies are pursuing dialogue with institutional investors and obtaining an understanding of the share ownership structure, and domestic and overseas shareholder identification surveys and engagement arrangements, and the utilization of the engagement platform for the timely disclosure of SR information have increased. Also, there were 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. Furthermore, we saw favorable sales of DSMS (Digital Shareholder Management System) providing centralized management of institutional and individual shareholders by using a cloud database. In addition, evaluation of the board of directors, which we are newly operating, has accumulated a track

record mainly among leading Japanese companies, and it is growing gradually as a stock business for which ongoing implementation is expected every year due to the impact and effectiveness of such evaluation. Moreover, with regard to executive compensation, the focus of corporate governance reform, an environment is being developed for the introduction of share-based compensation including restricted stock, and in response to this move, we have started offering a new executive compensation consulting service. We are confident that such corporate governance-related consulting including the introduction of outside directors will grow as a pillar of our services in the future.

In the investment banking business, business opportunities increased due to the enhancement of our organization and services, resulting in an increase in requests for financial advisory (FA) services including M&A and finance projects, in addition to requests for securing voting rights (proxy). Using our trust as a proxy advisor (PA) boasting an overwhelming track record in securing voting rights of companies as our strength, an expanded team of professional consultants strives to expand revenue by appropriately providing FA services.

In the stock transfer agency business, as of July 29, 2016, entrustments with 40 companies have been completed, and the number of shareholders under administration reached 212,504 (compared with entrustments concluded with 36 companies and 171,876 shareholders under administration in the same period of the previous fiscal year). With the successful sales to companies that are planning to go public and development of legal aspects for the transfer of special accounts, an increasing number of companies are starting to review stock transfer agency business in earnest. In an effort to further step up the presence of transfer agency entrustment as the first new entrant into this business in 40 years, we will further strive to achieve the expansion of the number of entrustments to over 50 companies at the earliest possible time. Meanwhile, we will thoroughly enhance risk management of the stock transfer agency business. At present, we have established a backup center in Toyama with a view to strengthening the backup system and plan to commence operation of the center this summer.

#### 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 period under review declined 6.8% compared to the same period of the previous fiscal year. However, as a result of continuing to rigorously sort profitable entrustments, profitability has been stable. Although there was a decline in the entrustments for the creation of annual reports, etc., we saw an increase in SR-related services such as the creation of business reports and shareholder newsletters, and English translation of corporate governance reports, 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 period under review decreased 3.3% compared with the same period of the previous fiscal year. Although sales from shareholder survey services, etc., increased as a result of rising needs for individual shareholder management aimed at establishing a stable shareholder base, sales from Analyst Network services, etc., declined.

### 3) 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 Japanese companies organize shareholder meetings. Recently, however, opportunities for recording net sales have grown also in the third and fourth quarters, 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) Financial Position

### 1) Assets

Total assets as of June 30, 2016 decreased ¥148 million from the end of the previous fiscal year, to ¥3,838 million, due primarily to a decrease in cash and deposits of ¥433 million and increases in notes and accounts receivable—trade of ¥226 million and work in process of ¥51 million.

### 2) Liabilities

Liabilities as of June 30, 2016 decreased ¥32 million from the end of the previous fiscal year, to ¥859 million, due primarily to an increase in accounts payable—trade of ¥55 million and a decrease in income taxes payable of ¥127 million.

### 3) Net assets

Net assets as of June 30, 2016 decreased ¥116 million from the end of the previous fiscal year, to ¥2,978 million, due primarily to a decrease of ¥300 million as a result of the purchase of treasury shares, an increase in retained earnings of ¥354 million from profit attributable to owners of parent and a decrease in retained earnings of ¥166 million as a result of payment of dividends.

## (3) Forward-looking Statements Including Consolidated Results Forecast

### 1) Forecast for the fiscal year ending March 31, 2017

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

(Millions of yen)

	Forecast Fiscal year ending March 31, 2017			Actual Fiscal 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.

### 2) Basic policy concerning the distribution of profits and dividend distributions for the fiscal year ending March 31, 2017

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 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. The Company would like to appropriate internal reserves for strategic investments for the reinforcement of existing businesses and for future growth business areas to increase its corporate value. In addition, the Company acquired its treasury shares on May 16, 2016 (386,000 shares of common stock of the Company, amounting to ¥300,694 thousand). As a result of this acquisition of treasury shares, EPS (earnings per share) based on the forecast for consolidated operating results for the fiscal year ending March 31, 2017, increased ¥2.1 from ¥55.4 before the acquisition, to ¥57.5. The Company intends to remain flexible 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%	48.7%

Note: Dividends up to and including the interim dividend for the fiscal year ended March 31, 2015 are the actual dividends paid by IR Japan, the Company's subsidiary, 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. Summary Information (Notes)**

### **(1) Changes in Significant Subsidiaries during the Period**

None applicable

### **(2) Application of Special Accounting Treatments in Preparing Quarterly Consolidated Financial Statements**

#### Calculation of tax expenses

The Company reasonably estimates an effective tax rate after applying tax effect accounting to income before income taxes for the fiscal year in which the first quarter of the fiscal year ending March 31, 2017 is included, and calculates tax expenses by multiplying quarterly income before income taxes by the estimated effective tax rate.

### **(3) Change in Accounting Policies, Accounting Estimates, and Retrospective Restatements**

None applicable

### **(4) Additional Information**

#### Application of Revised Implementation Guidance on Recoverability of Deferred Tax Assets

Effective from the first quarter of the fiscal year ending March 31, 2017, the Company has adopted the “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016).

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2016	As of June 30, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	1,849,252	1,416,243
Notes and accounts receivable—trade	860,517	1,087,314
Work in process	24,954	76,333
Other	140,077	160,663
Allowance for doubtful accounts	(3,733)	(4,058)
Total current assets	2,871,069	2,736,497
Non-current assets		
Property, plant and equipment	311,677	303,278
Intangible assets		
Software	457,781	427,368
Other	21,351	63,773
Total intangible assets	479,132	491,142
Investments and other assets		
Other	321,646	304,220
Allowance for doubtful accounts	(1,152)	(1,152)
Total investments and other assets	320,494	303,068
Total non-current assets	1,111,304	1,097,488
Deferred assets		
Deferred organization expenses	4,507	4,213
Total deferred assets	4,507	4,213
Total assets	3,986,881	3,838,200
<b>Liabilities</b>		
Current liabilities		
Accounts payable—trade	32,593	87,765
Short-term loans payable	100,000	100,000
Accounts payable—other	84,173	86,478
Income taxes payable	214,707	87,646
Provision for bonuses	76,032	34,935
Provision for directors' bonuses	3,000	—
Other	230,719	304,814
Total current liabilities	741,225	701,638
Non-current liabilities		
Net defined benefit liability	3,169	3,140
Provision for directors' retirement benefits	147,365	154,706
Total non-current liabilities	150,534	157,846
Total liabilities	891,760	859,485
<b>Net assets</b>		
Shareholders' equity		
Capital stock	795,803	795,803
Capital surplus	784,605	784,605
Retained earnings	1,514,926	1,702,162
Treasury shares	(125)	(300,819)
Total shareholders' equity	3,095,209	2,981,752
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(88)	(3,037)
Total accumulated other comprehensive income	(88)	(3,037)
Total net assets	3,095,121	2,978,714
Total liabilities and net assets	3,986,881	3,838,200

(2) Consolidated Statements of Income and Comprehensive Income  
Consolidated Statements of Income  
For the Three Months Ended June 30, 2016

	(Thousands of yen)	
	Three Months of FY2015 (from April 1, 2015 to June 30, 2015)	Three Months of FY2016 (from April 1, 2016 to June 30, 2016)
Net sales	1,015,253	1,222,843
Cost of sales	257,102	232,806
Gross profit	758,151	990,037
Selling, general and administrative expenses	437,397	410,862
Operating income	320,754	579,174
Non-operating income		
Interest income	178	43
Foreign exchange gains	—	515
Referral fee	238	189
Other	231	245
Total non-operating income	648	995
Non-operating expenses		
Interest expenses	162	136
Loss on sales of notes payable	25	43
Foreign exchange losses	176	—
Amortization of deferred organization expenses	293	293
Commission for purchase of treasury shares	—	165
Total non-operating expenses	658	639
Ordinary income	320,744	579,530
Extraordinary losses		
Loss on retirement of non-current assets	1,574	—
Loss on valuation of golf club membership	—	7,800
Total extraordinary losses	1,574	7,800
Income before income taxes and minority interests	319,170	571,730
Income taxes	109,249	217,500
Profit	209,921	354,229
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	209,921	354,229

Consolidated Statements of Comprehensive Income  
For the Three Months Ended June 30, 2016

	(Thousands of yen)	
	Three Months of FY2015 (from April 1, 2015 to June 30, 2015)	Three Months of FY2016 (from April 1, 2016 to June 30, 2016)
Profit	209,921	354,229
Other comprehensive income		
Valuation difference on available-for-sale securities	275	(2,949)
Total other comprehensive income	275	(2,949)
Comprehensive income	210,196	351,280
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	210,196	351,280
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes Relating to the Quarterly Consolidated Financial Statements

Notes relating to the going concern assumption

None applicable

Notes regarding significant changes in the amount of shareholders' equity

By the resolution at the Board of Directors' meeting held on May 13, 2016, the Company decided to acquire treasury shares, based on Paragraph 1, Article 459, of the Companies Act, as well as the provisions of the Company's Articles of Incorporation, and carried out such acquisition on May 16, 2016.

As a result, treasury shares increased ¥300 million in the three months ended June 30, 2016, to ¥300 million as of June 30, 2016.

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.