

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2016 (J-GAAP)

November 4, 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 Date to Submit Quarterly Securities Report: November 14, 2016
 Scheduled Date to Start Dividend Payment: December 2, 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 for the Six Months Ended September 30, 2016

(from April 1, 2016 to September 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	%
Six months ended September 30, 2016	2,084	17.0	699	101.4	699	101.5	427	88.1
Six months ended September 30, 2015	1,781	—	347	—	346	—	227	—

Note: Comprehensive income Six months ended September 30, 2016: 426 million yen (95.0%)
 Six months ended September 30, 2015: 218 million yen (— %)

	Profit per share—basic	Profit per share—diluted
	Yen	Yen
Six months ended September 30, 2016	47.59	—
Six months ended September 30, 2015	24.50	—

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 six months ended September 30, 2014 are not disclosed.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2016	3,867	3,053	79.0
As of March 31, 2016	3,986	3,095	77.6

Reference: Shareholders' equity As of September 30, 2016: 3,053 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
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2016	—	10.00	—	18.00	28.00
Fiscal year ending March 31, 2017	—	15.00			
Fiscal year ending March 31, 2017 (Forecast)			—	18.00	33.00

Note: Revision of dividends forecast since last announcement: Yes

Notes:

1. The dividend sources for the fiscal year ended March 31, 2016 and at the end of the second quarter of the fiscal year ending March 31, 2017 include other capital surplus. For details, please refer to “Details of dividends paid from other capital surplus” described below.
2. For details, please refer to “1. Qualitative Information on Financial Results for the Six Months Ended September 30, 2016 (3) Forward-looking Statements Including Consolidated Results Forecast” on page 8 of the attachment.

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
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: For details, please refer to “1. Qualitative Information on Financial Results for the Six Months Ended September 30, 2016 (3) Forward-looking Statements Including Consolidated Results Forecast” on page 8 of the attachment.

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

April – September, 2016	8,986,291 shares
April – September, 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 Six Months Ended September 30, 2016” on page 8 of the attachment.

Details of dividends paid from other capital surplus

Of the dividends for the fiscal year ending March 31, 2017, with the record date falling within the six months ended September 30, 2016, those paid from other capital surplus are set out as follows:

Record date	Second quarter-end	Total
Dividend per share	15.00 yen	15.00 yen
Total dividends	133 million yen	133 million yen

Note: Percentage decrease in net assets 0.055

Contents of the Attachment

1. Qualitative Information on Financial Results for the Six Months Ended September 30, 2016	6
(1) Operating Results	6
(2) Financial Position	8
(3) Forward-looking Statements Including Consolidated Results Forecast	8
2. Summary Information (Notes).....	10
(1) Changes in Significant Subsidiaries during the Period.....	10
(2) Application of Special Accounting Treatments in Preparing Consolidated Financial Statements.....	10
(3) Change in Accounting Policies, Accounting Estimates, and Retrospective Restatements	10
(4) Additional Information.....	10
3. Consolidated Financial Statements	11
(1) Consolidated Balance Sheets.....	11
(2) Consolidated Statements of Income and Comprehensive Income.....	12
(3) Consolidated Statements of Cash Flows	14
(4) Notes Relating to the Consolidated Financial Statements	15
Notes relating to the going concern assumption.....	15
Notes regarding significant changes in the amount of shareholders' equity	15
Segment information and others.....	15

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. The materials are available in Japanese only.

Financial results briefing for institutional investors and analysts: Friday, November 4, 2016

1. Qualitative Information on Financial Results for the Six Months Ended September 30, 2016

(1) Operating Results

1) General overview

During the six months ended September 30, 2016, net sales for the Group achieved a significant year-on-year increase of 17.0% as a result of a steady increase in the number of projects in the investment banking business, which have been the focus of our efforts, in addition to a continuing stability of our core business of SR Consulting. In terms of profits, overall profitability improved on more effective utilization of companywide consultants. We have been strengthening the promotion of new projects including evaluation of the board of directors and share-based executive compensation in an effort to increase corporate governance-related consulting entrustments in IR/SR Consulting. In addition, operating income jumped 101.4% year on year. This was attributable to a steady increase in the number of profitable projects such as those related to the investment banking business, supported by a decrease in expenses that included outsourcing expenses and rents paid, which had temporarily increased in the previous fiscal year due to the relocation of head office. Ordinary income and profit attributable to owners of parent registered significant year-on-year growth of 101.5% and 88.1%, respectively.

(Millions of yen)

	Six months ended September 30, 2016 (April to September 2016)			Six months ended September 30, 2015 (April to September 2015)	
	Amount	Change	Percentage change (YoY)	Amount	Percentage change (YoY)
Net sales	2,084	303	17.0	1,781	2.3
Operating income	699	352	101.4	347	-22.0
Ordinary income	699	352	101.5	346	-22.2
Profit attributable to owners of parent	427	200	88.1	227	-18.1

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	Six months ended September 30, 2016 (April to September 2016)			Six months ended September 30, 2015 (April to September 2015)	
	Amount	Percentage of net sales	Percentage change (YoY)	Amount	Percentage change (YoY)
IR/SR Consulting	1,617	77.6	26.9	1,274	3.0
Disclosure Consulting sales	361	17.3	-8.1	393	-0.8
Databases and Other sales	106	5.1	-6.6	113	4.8
Total net sales	2,084	100.0	17.0	1,781	2.3

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 26.9% year on year. In IR/SR Consulting, there was a further increase in the number of inquiries regarding the Group's voting rights-related consulting services in corporate shareholder relations and corporate governance. The rise was due to listed companies starting to implement concrete measures in response to the Corporate Governance Code which came into effect last year. Evaluation of the board of directors, which we began operating from the previous fiscal year, has steadily accumulated a track record beyond leading Japanese companies. Additionally, we have fully commenced our executive compensation consulting services, in response to a surge in interest in executive compensation utilizing restricted stock among companies. Furthermore, we are confident that such corporate governance-related consulting including the introduction of independent outside directors, which continues to have strong demand from companies, will grow as a pillar of the Group's services.

In the investment banking business, financial advisory (FA) services including M&A and finance projects increased, resulting in a steady increase in the number of projects that reached closing. We have certainly captured business opportunities unique to the Group such as conventional requests for securing voting rights (proxy), as well as M&A and finance projects thereof through the enhancement of our organization. Using our trust as a proxy advisor (PA) boasting an overwhelming track record in securing voting rights of companies as our strength, a team of professional consultants strives to expand revenue by appropriately providing FA services.

In the stock transfer agency business, as of November 4, 2016, entrustments with 41 companies have been completed, and the number of shareholders under administration significantly increased to 263,641 (compared with entrustments concluded with 36 companies and 195,054 shareholders under administration in the same period of the previous fiscal year). We will further strive to achieve the expansion of the number of entrustments to over 50 companies at the earliest possible time, with enhanced sales structures at both listed and unlisted companies and a gradual rise in the effects of the synergy with the Group's core business of SR Consulting. Meanwhile, we will thoroughly enhance risk management of the stock transfer agency business. In July, we fully commenced operation of a backup center in Toyama, which was established to strengthen the Group's backup system.

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 8.1% compared with the same period of the previous fiscal year. However, as a result of continuing to rigorously sort profitable entrustments, profitability has been stable.

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 6.6% compared with the same period of the previous fiscal year.

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 September 30, 2016 decreased ¥119 million from the end of the previous fiscal year, to ¥3,867 million, due primarily to an increase in cash and deposits of ¥175 million and a decrease in notes and accounts receivable–trade of ¥298 million.

2) Liabilities

Liabilities as of September 30, 2016 decreased ¥77 million from the end of the previous fiscal year, to ¥813 million, due primarily to an increase in accounts payable–trade of ¥27 million and decreases in accounts payable–other of ¥26 million and income taxes payable of ¥76 million.

3) Net assets

Net assets as of September 30, 2016 decreased ¥41 million from the end of the previous fiscal year, to ¥3,053 million, due primarily to a decrease of ¥300 million as a result of the purchase of treasury shares, an increase in retained earnings of ¥427 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 was initially scheduled to pay ¥10 per share as an interim dividend. However, the Company has increased the amount by ¥5 to ¥15 per share, in light of an increase in both revenues and profits during the six months ended September 30, 2016. The Company is currently scheduled to pay ¥18 per share as a year-end dividend. As a result, the full-year dividend including the interim dividend will be ¥33 per share, an increase of ¥5 compared with the previous fiscal year. 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. 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	33 yen
Interim dividend	8 yen	8 yen	10 yen	15 yen
Year-end dividend	12 yen	12 yen	18 yen	18 yen
Dividend payout ratio	54.4%	50.8%	58.4%	57.4%

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 Consolidated Financial Statements

Calculation of tax expenses

The Company reasonably estimates an effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year in which the second quarter of the fiscal year ending March 31, 2017 is included, and calculates tax expenses by multiplying quarterly profit 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 September 30, 2016
Assets		
Current assets		
Cash and deposits	1,849,252	2,024,994
Notes and accounts receivable—trade	860,517	562,182
Work in process	24,954	56,612
Other	140,077	135,085
Allowance for doubtful accounts	(3,733)	(800)
Total current assets	2,871,069	2,778,073
Non-current assets		
Property, plant and equipment	311,677	303,017
Intangible assets		
Software	457,781	473,611
Other	21,351	11,486
Total intangible assets	479,132	485,097
Investments and other assets		
Other	321,646	300,250
Allowance for doubtful accounts	(1,152)	(2,519)
Total investments and other assets	320,494	297,730
Total non-current assets	1,111,304	1,085,846
Deferred assets		
Deferred organization expenses	4,507	3,919
Total deferred assets	4,507	3,919
Total assets	3,986,881	3,867,839
Liabilities		
Current liabilities		
Accounts payable—trade	32,593	59,654
Short-term loans payable	100,000	100,000
Accounts payable—other	84,173	57,979
Income taxes payable	214,707	138,027
Provision for bonuses	76,032	69,870
Provision for directors' bonuses	3,000	—
Other	230,719	223,094
Total current liabilities	741,225	648,626
Non-current liabilities		
Net defined benefit liability	3,169	3,179
Provision for directors' retirement benefits	147,365	162,046
Total non-current liabilities	150,534	165,225
Total liabilities	891,760	813,852
Net assets		
Shareholders' equity		
Capital stock	795,803	795,803
Capital surplus	784,605	784,605
Retained earnings	1,514,926	1,775,582
Treasury shares	(125)	(300,819)
Total shareholders' equity	3,095,209	3,055,171
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(88)	(1,184)
Total accumulated other comprehensive income	(88)	(1,184)
Total net assets	3,095,121	3,053,987
Total liabilities and net assets	3,986,881	3,867,839

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

(Thousands of yen)

	Six Months of FY2015 (from April 1, 2015 to September 30, 2015)	Six Months of FY2016 (from April 1, 2016 to September 30, 2016)
Net sales	1,781,323	2,084,698
Cost of sales	612,721	556,871
Gross profit	1,168,602	1,527,827
Selling, general and administrative expenses	821,253	828,268
Operating income	347,348	699,559
Non-operating income		
Interest income	272	79
Foreign exchange gains	—	79
Referral fee	238	189
Other	266	355
Total non-operating income	777	704
Non-operating expenses		
Interest expenses	267	270
Loss on sales of notes payable	59	50
Foreign exchange losses	225	—
Amortization of deferred organization expenses	587	587
Commission for purchase of treasury shares	—	165
Total non-operating expenses	1,140	1,074
Ordinary income	346,984	699,189
Extraordinary losses		
Loss on retirement of non-current assets	1,574	—
Loss on valuation of golf club membership	—	8,500
Total extraordinary losses	1,574	8,500
Profit before income taxes	345,410	690,689
Income taxes	118,100	263,040
Profit	227,309	427,648
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	227,309	427,648

Consolidated Statements of Comprehensive Income
For the Six Months Ended September 30, 2016

(Thousands of yen)

	Six Months of FY2015 (from April 1, 2015 to September 30, 2015)	Six Months of FY2016 (from April 1, 2016 to September 30, 2016)
Profit	227,309	427,648
Other comprehensive income		
Valuation difference on available-for-sale securities	(8,540)	(1,095)
Total other comprehensive income	(8,540)	(1,095)
Comprehensive income	218,769	426,553
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	218,769	426,553
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Cash Flows

(Thousands of yen)

	Six Months of FY2015 (from April 1, 2015 to September 30, 2015)	Six Months of FY2016 (from April 1, 2016 to September 30, 2016)
Cash flows from operating activities		
Profit before income taxes	345,410	690,689
Depreciation	92,159	100,556
Loss on retirement of property, plant and equipment	1,574	—
Loss on valuation of golf club memberships	—	8,500
Increase (decrease) in allowance for doubtful accounts	2,519	(1,564)
Increase (decrease) in provision for directors' bonuses	—	(3,000)
Increase (decrease) in provision for bonuses	(530)	(6,162)
Increase (decrease) in net defined benefit liability	397	9
Increase (decrease) in provision for directors' retirement benefits	9,850	14,681
Foreign exchange losses (gains)	234	274
Interest income	(272)	(79)
Interest expenses	267	270
Decrease (increase) in notes and accounts receivable—trade	23,335	298,335
Increase (decrease) in notes and accounts payable—trade	19,801	27,061
Increase (decrease) in accounts payable—other	(63,775)	(2,521)
Other, net	13,696	(25,533)
Subtotal	444,670	1,101,518
Interest and dividend income received	324	260
Interest expenses paid	(326)	(270)
Income taxes paid	(125,057)	(336,767)
Income taxes refund	33,681	—
Net cash provided by (used in) operating activities	353,293	764,740
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	—	350,000
Purchase of property, plant and equipment	(193,773)	(16,305)
Purchase of intangible assets	(57,536)	(105,229)
Payments for lease and guarantee deposits	(2,926)	—
Proceeds from collection of lease and guarantee deposits	154,484	—
Net cash provided by (used in) investing activities	(99,752)	228,465
Cash flows from financing activities		
Increase in short-term loans payable	100,000	—
Cash dividends paid	(110,998)	(166,772)
Purchase of treasury shares	—	(300,694)
Net cash provided by (used in) financing activities	(10,998)	(467,466)
Effect of exchange rate change on cash and cash equivalents	(218)	2
Net increase (decrease) in cash and cash equivalents	242,323	525,742
Cash and cash equivalents at beginning of period	1,022,471	1,464,252
Cash and cash equivalents at end of period	1,264,795	1,989,994

(4) Notes Relating to the 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 the acquisition of treasury shares along with specific procedures thereof, 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 six months ended September 30, 2016, to ¥300 million as of September 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.