

# Summary of Consolidated Financial Results for the Year Ended March 31, 2017 (J-GAAP)

May 15, 2017

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  
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 Scheduled Annual General Meeting of Shareholders: June 26, 2017  
 Scheduled Date to Start Dividend Payment: June 27, 2017  
 Scheduled Date to Submit Securities Report: June 27, 2017  
 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, 2016 to March 31, 2017)

### (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, 2017	3,836	10.6	1,009	29.4	1,008	29.4	694	56.1
Year ended March 31, 2016	3,469	8.1	780	42.0	779	41.4	445	21.8

Note: Comprehensive income Year ended March 31, 2017: 696 million yen (56.2%)  
 Year ended March 31, 2016: 445 million yen (22.2%)

	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, 2017	77.73	—	22.1	25.8	26.3
Year ended March 31, 2016	47.98	—	15.0	20.2	22.5

Reference: Equity in earnings (losses) of affiliates Year ended March 31, 2017: — million yen  
 Year ended March 31, 2016: — million yen

### (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, 2017	3,847	3,190	82.9	358.78
As of March 31, 2016	3,986	3,095	77.6	333.62

Reference: Shareholders' equity As of March 31, 2017: 3,190 million yen  
 As of March 31, 2016: 3,095 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, 2017	825	183	(600)	1,872
Year ended March 31, 2016	542	3	(103)	1,464

## 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, 2016	—	10.00	—	18.00	28.00	259	58.4	8.7
Fiscal year ended March 31, 2017	—	15.00	—	25.00	40.00	355	51.5	11.6
Fiscal year ending March 31, 2018 (Forecast)	—	15.00	—	25.00	40.00		49.1	

Note: The dividend sources for the fiscal year ended March 31, 2016 and at the end of the second quarter of the fiscal year ended March 31, 2017 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, 2018 (from April 1, 2017 to March 31, 2018)

(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	4,100	6.9	1,100	8.9	1,100	9.0	725	4.3	81.54

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: None

2) Change in accounting policies other than item 1) above: None

3) Change in accounting estimates: Yes

4) Retrospective restatements: None

Note: For details, please refer to “4. Consolidated Financial Statements and Primary Notes (5) Notes Relating to the Consolidated Financial Statements” on page 19 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, 2017 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 March 31, 2017 386,232 shares

As of March 31, 2016 182 shares

3) Average number of shares during the fiscal year

Year ended March 31, 2017 8,938,953 shares

Year ended March 31, 2016 9,277,469 shares

(Reference) Summary of Non-Consolidated Financial Results

Non-Consolidated Financial Results (from April 1, 2016 to March 31, 2017)

(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, 2017	651	308.0	514	1,170.4	513	1,219.2	476	5,876.4
Year ended March 31, 2016	159	500.0	40	147.6	38	140.9	7	-22.6

	Profit per share—basic	Profit per share—diluted
	Yen	Yen
Year ended March 31, 2017	53.33	—
Year ended March 31, 2016	0.86	—

(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, 2017	2,643	2,505	94.8	281.82
As of March 31, 2016	2,901	2,630	90.7	283.54

Reference: Shareholders' equity

As of March 31, 2017: 2,505 million yen

As of March 31, 2016: 2,630 million yen

The auditing procedure does not apply to these Financial Results

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 “(4) Business Forecast for the Future” under “1. Overview of Operating Results, etc.” on page 9 of the attachment.

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

Of the dividends for the fiscal year ended March 31, 2017, 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

Regarding the year-end dividend for the fiscal year ended March 31, 2017, the Company plans to pay dividends from retained earnings.

## Contents of the Attachment

<b>1. Overview of Operating Results, etc.</b> .....	6
(1) Overview of Operating Results for the Fiscal Year Ended March 31, 2017.....	6
(2) Overview of Financial Position for the Fiscal Year Ended March 31, 2017 .....	8
(3) Overview of Cash Flows for the Fiscal Year Ended March 31, 2017.....	8
(4) Business Forecast for the Future .....	9
(5) Basic Policy Concerning the Distribution of Profits and Dividend Distributions for the Fiscal Year Ended March 31, 2017 and the Following Fiscal Year .....	9
<b>2. Corporate Group</b> .....	10
<b>3. Basic Approach to the Selection of Accounting Standards</b> .....	11
<b>4. Consolidated Financial Statements and Primary Notes</b> .....	12
(1) Consolidated Balance Sheets.....	12
(2) Consolidated Statements of Income and Comprehensive Income.....	14
(3) Consolidated Statement of Changes in Equity .....	16
(4) Consolidated Statement of Cash Flows.....	18
(5) Notes Relating to the Consolidated Financial Statements .....	19
Notes Relating to the Going Concern Assumption.....	19
Significant Matters for the Basis of Preparation of the Consolidated Financial Statements .....	19
Additional Information.....	19
Changes in Accounting Estimates .....	19
Consolidated Statement of Cash Flows.....	19
Segment Information.....	19
Per Share Information .....	20
Significant Subsequent Events .....	20

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

Financial results briefing for institutional investors and analysts: Monday, May 15, 2017

## 1. Overview of Operating Results, etc.

### (1) Overview of Operating Results for the Fiscal Year Ended March 31, 2017

#### 1) General overview

During the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017), net sales for the Group achieved a year-on-year increase of 10.6% as a result of sales growth in our core business of SR Consulting, due to growing needs for consulting services related to the implementation of the Corporate Governance Code by companies, as well as business reorganization and corporate control (voting rights), in addition to the start of full-scale operation of the investment banking business. In terms of profits, operating income and ordinary income each registered year-on-year growth of 29.4%, respectively. This was attributable to our efforts to improve added value and efficiency in SR Consulting and an increase in the number of profitable projects in the investment banking business. Profit attributable to owners of parent increased 56.1% year on year to ¥694 million, due to the posting of ¥96 million in reversal of provision for directors' retirement benefits under extraordinary income and ¥80 million in provision of allowance for doubtful accounts and other items under extraordinary losses.

(Millions of yen)

	Fiscal 2016 (April 2016 to March 2017)			Fiscal 2015 (April 2015 to March 2016)	
	Amount	Change	Percentage change (YoY)	Amount	Percentage change (YoY)
Net sales	3,836	367	10.6	3,469	8.1
Operating income	1,009	229	29.4	780	42.0
Ordinary income	1,008	229	29.4	779	41.4
Profit attributable to owners of parent	694	249	56.1	445	21.8

#### 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 2016 (April 2016 to March 2017)			Fiscal 2015 (April 2015 to March 2016)	
	Net sales	Percentage of net sales	Percentage change (YoY)	Net sales	Percentage change (YoY)
IR/SR Consulting	3,043	79.3	14.2	2,665	11.4
Disclosure Consulting sales	556	14.5	-2.5	571	-1.3
Databases and Other sales	236	6.2	1.7	232	-2.6
Total net sales	3,836	100.0	10.6	3,469	8.1

#### 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 14.2% year on year. In the business environment in which IR/SR Consulting operates, the implementation of the Corporate Governance Code by listed companies has been completed, and a growing number of companies are looking into ways to improve issues from the first year and to strengthen their compliance with the Code. In addition to the rise of domestic activists, overseas activists have begun full-scale activities in Japan. More companies are working to understand risk by conducting shareholder identification surveys more frequently and carry out approval/disapproval simulations of proposals prior to general meetings of shareholders. Furthermore, the seminars we held on evaluating the effectiveness of the board of directors and on executive compensation systems utilizing stock (Restricted Stock, Performance Share), which are the topics of greatest interest to companies implementing the Corporate Governance Code, have been attended in full. Response has also been strong for the "ID (Independent Director) – Search" website we set up as part of our services to address the growing need for referral of independent outside director candidates. We are receiving an increasing number of inquiries from both existing and new clients for unique consulting services offered by the Group with its advanced expertise.

The investment banking business has expanded both in terms of organization and operation during the fiscal year under review. M&A advisory services, which are the Group's focus, have steadily accumulated a track record including the conclusion of numerous entrustments. The Group is also seeing expansion of its distinctive project pipeline, including an increase in consultations and project referrals from existing clients, legal offices and major financial institutions due to gradual growing recognition of the Group's investment banking business. The Group provides a wide range of solutions, including behind-the-scenes resolutions that avoid proxy fights, in its traditional proxy advisory (PA) services, which continue to receive many consultations based on the trust we have built through our overwhelming track record. The Group's investment banking business will continue to enhance its presence as the external environment sees greater changes in the future.

In the stock transfer agency business, as of May 15, 2017, entrustments with 46 companies have been completed, and the number of shareholders under administration reached 252,314 (compared with entrustments concluded with 40 companies and 197,453 shareholders under administration in the same period of the previous fiscal year). The Group has steadily increased its number of entrustments by concentrating its approach on growth companies that have large fluctuations in the number of shareholders, where the strengths of the Group's stock transfer agency business can be leveraged, and by promoting the Group's flexibility. Synergies have steadily emerged among IR/SR Consulting services such as in proxy fights and in securing a quorum and affirmative votes at general meetings of shareholders, where the Group has an overwhelming track record. The Group aims to utilize its unique strengths to further expand the stock transfer agency business in the future. Meanwhile, we will continue to thoroughly enhance risk management of the stock transfer agency business.

#### 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 2.5% from 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 fiscal year under review increased 1.7% from 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) Overview of Financial Position for the Fiscal Year Ended March 31, 2017

### (Assets)

Total assets of the Group as of March 31, 2017 decreased ¥138 million from the end of the previous fiscal year, to ¥3,847 million, due primarily to an increase in cash and deposits of ¥58 million and a decrease in notes and accounts receivable—trade of ¥250 million.

### (Liabilities)

Liabilities of the Group as of March 31, 2017 decreased ¥233 million from the end of the previous fiscal year, to ¥657 million, due primarily to decreases in income taxes payable of ¥157 million and provision for directors' retirement benefits of ¥96 million.

### (Net assets)

Net assets of the Group as of March 31, 2017 increased ¥94 million from the end of the previous fiscal year, to ¥3,190 million, due primarily to a decrease of ¥300 million as a result of the purchase of treasury shares, an increase in retained earnings of ¥694 million from profit and a decrease in retained earnings of ¥300 million as a result of payment of dividends.

## (3) Overview of Cash Flows for the Fiscal Year Ended March 31, 2017

Cash and cash equivalents of the Group as of March 31, 2017 increased ¥408 million from the end of the previous fiscal year, to ¥1,872 million.

### Cash flows from operating activities

Net cash provided by operating activities in the fiscal year under review was ¥825 million, which is attributable primarily to profit before income taxes of ¥1,024 million, depreciation of ¥207 million, and decreases in notes and accounts receivable—trade of ¥107 million and income taxes paid of ¥523 million.

### Cash flows from investing activities

Net cash provided by investing activities in the fiscal year under review was ¥183 million, which is attributable primarily to proceeds from withdrawal of time deposits of ¥350 million and purchase of intangible assets of ¥147 million.

### Cash flows from financing activities

Net cash used in financing activities in the fiscal year under review was ¥600 million, which is attributable primarily to purchase of treasury shares of ¥300 million and cash dividends paid of ¥299 million.

## (Reference) Cash flow indicators

	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016	As of March 31, 2017
Equity ratio (%)	84.3	76.5	77.6	82.9
Equity ratio based on market capitalization (%)	374.1	256.1	164.5	298.3
Cash flows/interest-bearing debt ratio (%)	—	—	18.4	12.1
Interest coverage ratio (times)	3,139.1	—	866.8	1,542.8

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.



(4) Business Forecast for the Future

Forecast for consolidated operating results for the fiscal year ending March 31, 2018  
(as of May 15, 2017)

(Millions of yen)

	Forecast Year ending March 31, 2018			Actual Year ended March 31, 2017	
	Amount	Amount change (YoY)	Percentage change (YoY)	Amount	Percentage change (YoY)
Net sales	4,100	263	6.9	3,836	10.6
Operating income	1,100	90	8.9	1,009	29.4
Ordinary income	1,100	91	9.0	1,008	29.4
Profit attributable to owners of parent	725	30	4.3	694	56.1

The forecast for the fiscal year ending March 31, 2018 is based on reasonable grounds for calculation as of May 15, 2017.

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.

(5) Basic Policy Concerning the Distribution of Profits and Dividend Distributions for the Fiscal Year Ended March 31, 2017 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, 2017, the year-end dividend is ¥25 per share. As a result, the full-year dividend is ¥40 per share, including the interim dividend of ¥15 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.

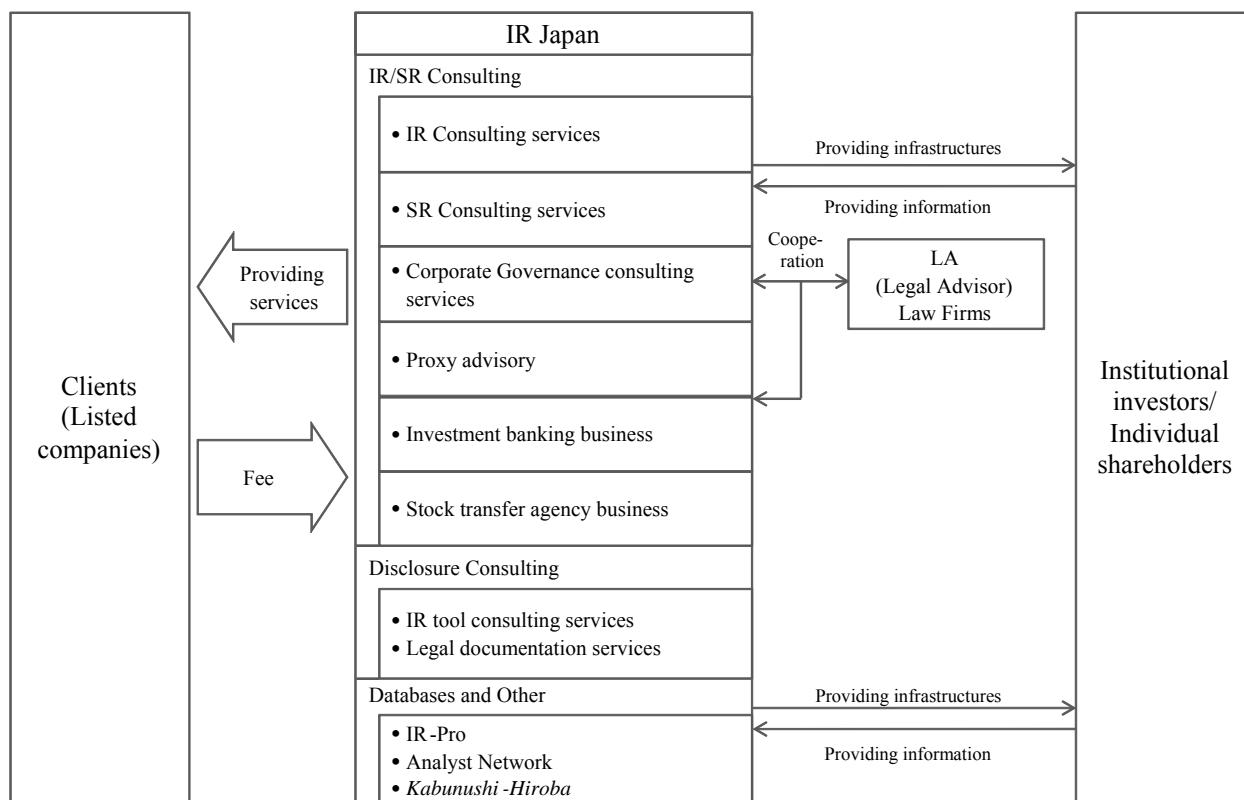
For the fiscal year ending March 31, 2018, the Company is currently scheduled to pay ¥15 per share as an interim dividend and ¥25 per share as a year-end dividend. However, the Company intends to remain flexible, including in the acquisition of treasury shares, in light of performance trends and other factors.

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ending March 31, 2018 (Forecast)
Dividend per share	20 yen	28 yen	40 yen	40 yen
Interim dividend	8 yen	10 yen	15 yen	15 yen
Year-end dividend	12 yen	18 yen	25 yen	25 yen
Dividend payout ratio	50.8%	58.4%	51.5%	49.1%

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, while the dividends including and after the year-end dividend for the fiscal year ended March 31, 2015 are actual dividends 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 785 domestic companies and 7,100 companies overseas, as well as a network of 53,188 individual shareholders registered with the *Kabunushi-Hiroba*, a web-based questionnaire system (as of March 31, 2017), 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. Basic Approach to the Selection of Accounting Standards**

The Group applies Japanese accounting standards, taking into account the comparability of consolidated financial statements among fiscal periods and among companies. With respect to the application of International Financial Reporting Standards (IFRS) and its application date, etc., the Group will give due consideration to this matter, taking into account our business circumstances both in Japan and overseas.

#### 4. Consolidated Financial Statements and Primary Notes

##### (1) Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2016	As of March 31, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	1,849,252	1,907,420
Notes and accounts receivable—trade	860,517	610,149
Work in process	24,954	11,873
Prepaid expenses	61,791	75,260
Deferred tax assets	62,638	59,602
Other	15,647	93,294
Allowance for doubtful accounts	(3,733)	(807)
Total current assets	2,871,069	2,756,793
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	196,342	196,342
Accumulated depreciation	(15,917)	(29,645)
Facilities attached to buildings, net	180,424	166,696
Tools, furniture and fixtures	208,040	226,040
Accumulated depreciation	(76,787)	(111,197)
Tools, furniture and fixtures, net	131,252	114,843
Total property, plant and equipment	311,677	281,540
Intangible assets		
Software	457,781	428,193
Other	21,351	21,357
Total intangible assets	479,132	449,550
Investments and other assets		
Investment securities	23,302	24,998
Lease and guarantee deposits	213,446	187,656
Long term accounts receivable—trade	—	142,560
Deferred tax assets	65,745	64,128
Other	19,152	14,459
Allowance for doubtful accounts	(1,152)	(77,039)
Total investments and other assets	320,494	356,763
Total non-current assets	1,111,304	1,087,853
Deferred assets		
Deferred organization expenses	4,507	3,331
Total deferred assets	4,507	3,331
Total assets	3,986,881	3,847,978

(Thousands of yen)

	As of March 31, 2016	As of March 31, 2017
<b>Liabilities</b>		
Current liabilities		
Accounts payable—trade	32,593	40,995
Short-term loans payable	100,000	100,000
Accounts payable—other	84,173	71,611
Accrued expenses	88,707	55,715
Income taxes payable	214,707	56,771
Advances received	37,855	27,472
Deposits received	33,016	110,182
Provision for bonuses	76,032	79,624
Provision for directors' bonuses	3,000	8,100
Other	71,140	52,466
Total current liabilities	741,225	602,938
Non-current liabilities		
Net defined benefit liability	3,169	3,743
Provision for directors' retirement benefits	147,365	51,294
Total non-current liabilities	150,534	55,037
Total liabilities	891,760	657,976
<b>Net assets</b>		
Shareholders' equity		
Capital stock	795,803	795,803
Capital surplus	784,605	784,605
Retained earnings	1,514,926	1,909,386
Treasury shares	(125)	(300,881)
Total shareholders' equity	3,095,209	3,188,914
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(88)	1,087
Total accumulated other comprehensive income	(88)	1,087
Total net assets	3,095,121	3,190,001
Total liabilities and net assets	3,986,881	3,847,978

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

(Thousands of yen)

	FY2015 (from April 1, 2015 to March 31, 2016)	FY2016 (from April 1, 2016 to March 31, 2017)
Net sales	3,469,512	3,836,904
Cost of sales	1,092,970	1,104,058
Gross profit	2,376,541	2,732,845
Selling, general and administrative expenses	1,595,913	1,722,940
Operating income	780,628	1,009,905
Non-operating income		
Interest income	329	84
Dividend income	97	121
Gain on forfeiture of unclaimed dividends	235	76
Referral fee	238	189
Other	704	674
Total non-operating income	1,606	1,145
Non-operating expenses		
Interest expenses	581	534
Loss on sales of notes payable	92	75
Foreign exchange losses	514	181
Amortization of deferred organization expenses	1,175	1,175
Other	—	165
Total non-operating expenses	2,364	2,133
Ordinary income	779,870	1,008,918
Extraordinary income		
Reversal of provision for directors' retirement benefits	—	96,071
Total extraordinary income	—	96,071
Extraordinary losses		
Loss on retirement of non-current assets	1,574	—
Loss on valuation of investment securities	23,518	—
Loss on valuation of golf club membership	—	9,300
Provision of allowance for doubtful accounts	—	71,280
Total extraordinary losses	25,092	80,580
Profit before income taxes	754,777	1,024,409
Income taxes—current	316,315	325,712
Income taxes—deferred	(6,671)	3,873
Total income taxes	309,643	329,585
Profit	445,134	694,823
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	445,134	694,823

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	FY2015 (from April 1, 2015 to March 31, 2016)	FY2016 (from April 1, 2016 to March 31, 2017)
Profit	445,134	694,823
Other comprehensive income		
Valuation difference on available-for-sale securities	556	1,176
Total other comprehensive income	556	1,176
Comprehensive income	445,691	696,000
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	445,691	696,000
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Changes in Equity  
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



FY2016 (from April 1, 2016 to March 31, 2017)

(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	1,514,926	(125)	3,095,209
Changes of items during period					
Dividends of surplus			(300,363)		(300,363)
Profit attributable to owners of parent			694,823		694,823
Purchase of treasury shares				(300,756)	(300,756)
Retirement of treasury shares					
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	394,460	(300,756)	93,704
Balance at end of current period	795,803	784,605	1,909,386	(300,881)	3,188,914

	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	(88)	(88)	3,095,121
Changes of items during period			
Dividends of surplus			(300,363)
Profit attributable to owners of parent			694,823
Purchase of treasury shares			(300,756)
Retirement of treasury shares			—
Net changes of items other than shareholders' equity	1,176	1,176	1,176
Total changes of items during period	1,176	1,176	94,880
Balance at end of current period	1,087	1,087	3,190,001

## (4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY2015 (from April 1, 2015 to March 31, 2016)	FY2016 (from April 1, 2016 to March 31, 2017)
Cash flows from operating activities		
Profit before income taxes	754,777	1,024,409
Depreciation	179,519	207,748
Increase (decrease) in allowance for doubtful accounts	3,131	72,961
Increase (decrease) in provision for bonuses	8,107	3,592
Increase (decrease) in provision for directors' bonuses	3,000	5,100
Increase (decrease) in net defined benefit liability	410	574
Increase (decrease) in provision for directors' retirement benefits	23,119	(96,071)
Foreign exchange losses (gains)	673	71
Interest income	(329)	(84)
Interest expenses	581	534
Decrease (increase) in notes and accounts receivable—trade	(253,454)	107,808
Increase (decrease) in notes and accounts payable—trade	3,220	8,402
Increase (decrease) in accounts payable—other	(75,317)	5,441
Loss (gain) on valuation of investment securities	23,518	—
Other, net	55,336	7,854
Subtotal	726,292	1,348,343
Interest and dividend income received	367	262
Interest expenses paid	(625)	(530)
Income taxes paid	(217,539)	(523,063)
Income taxes refund	33,681	—
Net cash provided by (used in) operating activities	542,176	825,012
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	200,000	350,000
Purchase of property, plant and equipment	(213,347)	(18,481)
Purchase of intangible assets	(132,004)	(147,551)
Payments for lease and guarantee deposits	(2,926)	—
Proceeds from collection of lease and guarantee deposits	152,263	—
Net cash provided by (used in) investing activities	3,985	183,967
Cash flows from financing activities		
Increase in short-term loans payable	100,000	—
Cash dividends paid	(203,828)	(299,995)
Purchase of treasury shares	(70)	(300,756)
Net cash provided by (used in) financing activities	(103,898)	(600,751)
Effect of exchange rate change on cash and cash equivalents	(482)	(60)
Net increase (decrease) in cash and cash equivalents	441,780	408,167
Cash and cash equivalents at beginning of period	1,022,471	1,464,252
Cash and cash equivalents at end of period	*1 1,464,252	*1 1,872,420

(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.

Additional Information

[Application of Revised Implementation Guidance on Recoverability of Deferred Tax Assets]

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

Changes in Accounting Estimates

Discontinuance of Directors’ Retirement Benefits System

Although the Company has accumulated a reserve to provide for payment of directors’ retirement benefits based on the regulations regarding provision for directors’ retirement benefits, the Board of Directors resolved at a meeting on March 16, 2017 to discontinue the directors’ retirement benefits system. The Company plans to propose the payment of termination benefits in conjunction with the discontinuance of the system at the Annual General Meeting of Shareholders scheduled to be held on June 26, 2017.

As a result, the difference between the initially estimated amount and the actual amount has been recorded under extraordinary income as “reversal of provision for directors’ retirement benefits.” Accordingly, profit before income taxes for the fiscal year under review increased by ¥96,071 thousand.

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, 2015 to March 31, 2016)	Current fiscal year (April 1, 2016 to March 31, 2017)
Cash and deposits	1,849,252	1,907,420
Time deposits with a maturity longer than three months	(385,000)	(35,000)
Cash and cash equivalents	1,464,252	1,872,420

Segment Information

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, 2015 to March 31, 2016)	Current fiscal year (April 1, 2016 to March 31, 2017)
Net assets per share	¥333.62	¥358.78
Profit per share—basic	¥47.98	¥77.73

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

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

Item	Previous fiscal year (April 1, 2015 to March 31, 2016)	Current fiscal year (April 1, 2016 to March 31, 2017)
Profit attributable to owners of parent (Thousands of yen)	445,134	694,823
Profit not available to common shareholders (Thousands of yen)	—	—
Profit attributable to owners of parent related to shares of common stock (Thousands of yen)	445,134	694,823
Weighted average number of shares of common stock during the fiscal year (Shares)	9,277,469	8,938,953

Significant Subsequent Events

None applicable