

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2017 (J-GAAP)

November 2, 2017

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, 2017
 Scheduled Date to Start Dividend Payment: December 4, 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 for the Six Months Ended September 30, 2017

(from April 1, 2017 to September 30, 2017)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2017	2,262	8.5	800	14.4	801	14.6	540	26.4
Six months ended September 30, 2016	2,084	17.0	699	101.4	699	101.5	427	88.1

Note: Comprehensive income Six months ended September 30, 2017: 543 million yen (27.4%)
 Six months ended September 30, 2016: 426 million yen (95.0%)

	Profit per share—basic	Profit per share—diluted
	Yen	Yen
Six months ended September 30, 2017	60.77	—
Six months ended September 30, 2016	47.59	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2017	4,491	3,531	78.6
As of March 31, 2017	3,847	3,190	82.9

Reference: Shareholders' equity As of September 30, 2017: 3,531 million yen
 As of March 31, 2017: 3,190 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, 2017	—	15.00	—	25.00	40.00
Fiscal year ending March 31, 2018	—	25.00			
Fiscal year ending March 31, 2018 (Forecast)			—	25.00	50.00

Note: Revision of dividends forecast since last announcement: Yes

Notes:

1. The dividend sources 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.
2. For details, please refer to “1. Qualitative Information on Financial Results for the Six Months Ended September 30, 2017 (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, 2018 (from April 1, 2017 to March 31, 2018)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	4,100	6.9	1,100	8.9	1,100	9.0	725	4.3	81.45

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

Notes:

- (1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) Application of special accounting treatments in preparing quarterly consolidated financial statements: Yes
Note: For details, please refer to “2. Consolidated Financial Statements and Primary Notes (4) Notes Relating to the Consolidated Financial Statements” on page 14 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, 2017	9,291,955 shares
As of March 31, 2017	9,277,555 shares
 - 2) Number of treasury shares at the end of the period

As of September 30, 2017	386,232 shares
As of March 31, 2017	386,232 shares
 - 3) Average number of shares during the period

April – September 2017	8,896,202 shares
April – September 2016	8,986,291 shares

The quarterly review procedure does not apply to these Consolidated 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 “1. Qualitative Information on Financial Results for the Six Months Ended September 30, 2017 (3) Forward-looking Statements Including Consolidated Results Forecast” on page 8 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

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Note: The Company held 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: Thursday, November 2, 2017

1. Qualitative Information on Financial Results for the Six Months Ended September 30, 2017

(1) Operating Results

1) General overview

During the six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017), net sales for the Group increased 8.5% year on year, due to an increase in inquiries for SR Consulting reflecting growing awareness among companies toward voting rights risks, in addition to solid progress in entrusted projects in the investment banking business. Accordingly, operating profit and ordinary profit increased 14.4% and 14.6% year on year, respectively. As a result, profit attributable to owners of parent increased significantly by 26.4% year on year. Consequently, both net sales and profits reached record highs for the six-month period.

(Millions of yen)

	Six months ended September 30, 2017 (April to September 2017)			Six months ended September 30, 2016 (April to September 2016)	
	Amount	Change	Percentage change (YoY)	Amount	Percentage change (YoY)
Net sales	2,262	177	8.5	2,084	17.0
Operating profit	800	100	14.4	699	101.4
Ordinary profit	801	101	14.6	699	101.5
Profit attributable to owners of parent	540	112	26.4	427	88.1

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, 2017 (April to September 2017)			Six months ended September 30, 2016 (April to September 2016)	
	Amount	Percentage of net sales	Percentage change (YoY)	Amount	Percentage change (YoY)
IR/SR Consulting	1,837	81.3	13.6	1,617	26.9
Disclosure Consulting sales	322	14.2	-10.6	361	-8.1
Databases and Other sales	102	4.5	-3.8	106	-6.6
Total net sales	2,262	100.0	8.5	2,084	17.0

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 period under review, net sales from IR/SR Consulting increased 13.6% year on year, due mainly to steadily capturing the needs of companies responding to rising capital risk in our core business of SR Consulting, as well as reporting sales from M&A advisory services of the investment banking business. The market environment during the period under review witnessed the start of individual disclosures of results of the exercise of voting rights at general meetings of shareholders by Japanese institutional investors, which has resulted in more rigorous exercise of voting rights, including an increase in the number of opposing votes against proposals at general meetings of shareholders of listed companies. In addition, more and more companies are revising their capital policies, becoming aware of their own voting rights risks and rediscovering the importance of dialogues with shareholders, as activist fund activities gain momentum both in Japan and overseas and funds exert greater influence on Japanese companies. Under such circumstances, the Group's core service of shareholder identification surveys has gained greater recognition for their precision and speed, while the number of inquiries for our various IR/SR Consulting services backed by our overwhelming track record for securing voting rights have further increased. Accordingly, the Group's value in this area has been reaffirmed. At the same time, this has allowed us to expand our customer base including growing companies of market capitalization of ¥50.0 billion or less.

Moreover, we have further reinforced our governance-related consulting services, which have led to a steady increase in entrustments for evaluations as we enter our third year as a third-party organization for evaluating the effectiveness of the board of directors. At the same time, inquiries for our consulting services relating to the adoption of stock-based executive compensation systems and referrals of outside directors have also increased.

In the investment banking business, in conjunction with changes to the market environment, proxy advisory services relating to corporate defense policies and voting rights have increased significantly, and our efforts to develop entrustments of services in the capacity of financial advisor has led to the completion of a deal on certain large-scale M&A projects and contributed to an increase in revenues. In addition to our conventional project pipeline, the number of new projects has increased as a result of augmenting the number of personnel from the previous fiscal year, and a system has been put in place that allows us to fully function as an integrated organization. Furthermore, we have formulated new solutions, as an increasing number of companies is becoming intensely aware of their inherent risks with the rising external pressures of the market.

In the stock transfer agency business, as of November 2, 2017, entrustments with 49 companies have been completed, and the number of shareholders under administration reached 265,807 (compared with entrustments concluded with 41 companies and 263,641 shareholders under administration in the same period of the previous fiscal year). During the second quarter under review, the synergy was being further generated with IR/SR Consulting and the investment banking business, and by conducting strategic marketing, we were able to steadily capture the needs of our clients. 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 period under review declined 10.6% from the same period of the previous fiscal year, due to the effects of intensified competition.

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 3.8% from the same period of the previous fiscal year, due to certain clients switching to IR/SR Consulting services from database usage.

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 of the Group as of September 30, 2017 increased ¥643 million from the end of the previous fiscal year, to ¥4,491 million, due primarily to increases in cash and deposits of ¥402 million and notes and accounts receivable—trade of ¥105 million.

2) Liabilities

Total liabilities of the Group as of September 30, 2017 increased ¥302 million from the end of the previous fiscal year, to ¥960 million, due primarily to increases in short-term loans payable of ¥100 million and income taxes payable of ¥214 million.

3) Net assets

Net assets of the Group as of September 30, 2017 increased ¥341 million from the end of the previous fiscal year, to ¥3,531 million, due primarily to an increase in retained earnings of ¥540 million from profit attributable to owners of parent and a decrease in retained earnings of ¥222 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, 2018

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

	Forecast			Actual	
	Year ending March 31, 2018			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 profit	1,100	90	8.9	1,009	29.4
Ordinary profit	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.

2) Basic policy concerning the distribution of profits and dividend distributions for the fiscal year ending March 31, 2018

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, 2018, the Company was initially scheduled to pay ¥15 per share as an interim dividend. However, the Company has increased the amount by ¥10 to ¥25 per share, in light of higher revenues and profits during the six months ended September 30, 2017. The Company is currently scheduled to pay ¥25 per share as a year-end dividend. As a result, the full-year dividend including the interim dividend will be ¥50 per share, an increase of ¥10 compared with the previous fiscal year. 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.

	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	50 yen
Interim dividend	8 yen	10 yen	15 yen	25 yen
Year-end dividend	12 yen	18 yen	25 yen	25 yen
Dividend payout ratio	50.8%	58.4%	51.5%	61.4%

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. 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. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

	(Thousands of yen)	
	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	1,907,420	2,310,148
Notes and accounts receivable—trade	610,149	715,779
Work in process	11,873	36,517
Other	228,157	168,509
Allowance for doubtful accounts	(807)	(946)
Total current assets	2,756,793	3,230,007
Non-current assets		
Property, plant and equipment	281,540	271,378
Intangible assets		
Software	428,193	492,135
Other	21,357	22,053
Total intangible assets	449,550	514,189
Investments and other assets		
Other	433,803	550,313
Allowance for doubtful accounts	(77,039)	(77,039)
Total investments and other assets	356,763	473,274
Total non-current assets	1,087,853	1,258,841
Deferred assets		
Deferred organization expenses	3,331	2,743
Total deferred assets	3,331	2,743
Total assets	3,847,978	4,491,593
Liabilities		
Current liabilities		
Accounts payable—trade	40,995	45,230
Short-term loans payable	100,000	200,000
Accounts payable—other	71,611	85,805
Income taxes payable	56,771	271,141
Provision for bonuses	79,624	80,200
Provision for directors' bonuses	8,100	—
Other	245,836	221,045
Total current liabilities	602,938	903,422
Non-current liabilities		
Long-term accounts payable—other	—	51,294
Net defined benefit liability	3,743	5,786
Provision for directors' retirement benefits	51,294	—
Total non-current liabilities	55,037	57,080
Total liabilities	657,976	960,502
Net assets		
Shareholders' equity		
Capital stock	795,803	805,797
Capital surplus	784,605	794,599
Retained earnings	1,909,386	2,227,721
Treasury shares	(300,881)	(300,881)
Total shareholders' equity	3,188,914	3,527,236
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,087	3,853
Total accumulated other comprehensive income	1,087	3,853
Total net assets	3,190,001	3,531,090
Total liabilities and net assets	3,847,978	4,491,593

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income
For the Six Months Ended September 30, 2017

(Thousands of yen)

	Six Months of FY2016 (from April 1, 2016 to September 30, 2016)	Six Months of FY2017 (from April 1, 2017 to September 30, 2017)
Net sales	2,084,698	2,262,232
Cost of sales	556,871	543,297
Gross profit	1,527,827	1,718,935
Selling, general and administrative expenses	828,268	918,821
Operating profit	699,559	800,113
Non-operating income		
Interest income	79	5
Foreign exchange gains	79	—
Commission fee	—	1,325
Referral fee	189	—
Miscellaneous income	—	1,146
Other	355	164
Total non-operating income	704	2,640
Non-operating expenses		
Interest expenses	270	357
Loss on sales of notes payable	50	186
Foreign exchange losses	—	464
Amortization of deferred organization expenses	587	587
Commission for purchase of treasury shares	165	—
Total non-operating expenses	1,074	1,596
Ordinary profit	699,189	801,158
Extraordinary losses		
Loss on valuation of golf club membership	8,500	—
Total extraordinary losses	8,500	—
Profit before income taxes	690,689	801,158
Income taxes	263,040	260,540
Profit	427,648	540,618
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	427,648	540,618

Consolidated Statements of Comprehensive Income
For the Six Months Ended September 30, 2017

	(Thousands of yen)	
	Six Months of FY2016 (from April 1, 2016 to September 30, 2016)	Six Months of FY2017 (from April 1, 2017 to September 30, 2017)
Profit	427,648	540,618
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,095)	2,765
Total other comprehensive income	(1,095)	2,765
Comprehensive income	426,553	543,384
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	426,553	543,384
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Cash Flows

(Thousands of yen)

	Six Months of FY2016 (from April 1, 2016 to September 30, 2016)	Six Months of FY2017 (from April 1, 2017 to September 30, 2017)
Cash flows from operating activities		
Profit before income taxes	690,689	801,158
Depreciation	100,556	113,038
Share-based compensation expenses	—	5,451
Loss on valuation of golf club membership	8,500	—
Increase (decrease) in allowance for doubtful accounts	(1,564)	139
Increase (decrease) in provision for directors' bonuses	(3,000)	(8,100)
Increase (decrease) in provision for bonuses	(6,162)	575
Increase (decrease) in net defined benefit liability	9	2,042
Increase (decrease) in provision for directors' retirement benefits	14,681	—
Foreign exchange losses (gains)	274	433
Interest income	(79)	(5)
Interest expenses	270	357
Decrease (increase) in notes and accounts receivable—trade	298,335	(105,630)
Increase (decrease) in notes and accounts payable—trade	27,061	4,234
Increase (decrease) in accounts payable—other	(2,521)	(2,330)
Other, net	(25,533)	12,395
Subtotal	1,101,518	823,760
Interest and dividend income received	260	155
Interest expenses paid	(270)	(409)
Income taxes paid	(336,767)	(104,785)
Income taxes refund	—	83,974
Net cash provided by (used in) operating activities	764,740	802,695
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	350,000	—
Purchase of property, plant and equipment	(16,305)	(13,536)
Purchase of intangible assets	(105,229)	(137,378)
Payments for lease and guarantee deposits	—	(126,621)
Net cash provided by (used in) investing activities	228,465	(277,535)
Cash flows from financing activities		
Increase in short-term loans payable	—	100,000
Cash dividends paid	(166,772)	(221,985)
Purchase of treasury shares	(300,694)	—
Net cash provided by (used in) financing activities	(467,466)	(121,985)
Effect of exchange rate change on cash and cash equivalents	2	(446)
Net increase (decrease) in cash and cash equivalents	525,742	402,727
Cash and cash equivalents at beginning of period	1,464,252	1,872,420
Cash and cash equivalents at end of period	1,989,994	2,275,148

(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

None applicable

Application of special accounting treatments in preparing consolidated financial statements

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, 2018 is included, and calculates tax expenses by multiplying quarterly profit before income taxes by the estimated effective tax rate.

Additional information

Discontinuance of Directors' Retirement Benefits System

The Company had 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, and the proposal regarding payment of termination benefits in conjunction with the discontinuance of directors' retirement benefits system was approved, as proposed, at the Annual General Meeting of Shareholders held on June 26, 2017.

As a result, the entire amount of "provision for directors' retirement benefits" has been reversed and the outstanding portion of the termination benefits has been posted as "long-term accounts payable—other" under non-current liabilities in the six months ended September 30, 2017.

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.