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Securities code: 6098
December 11, 2017

To All Shareholders:

Masumi Minegishi
President and
Representative Director
Recruit Holdings Co., Ltd.
8-4-17 Ginza, Chuo-ku,
Tokyo, Japan

CONVOCATION NOTICE OF THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

You are cordially invited to attend the Extraordinary General Meeting of Shareholders (hereinafter referred to as the “Meeting”) of Recruit Holdings Co., Ltd. (hereinafter referred to as the “Company”) to be held as indicated below.

If you are unable to attend the Meeting, you can exercise your voting rights either in writing or via the Internet. Please review the “Reference Documents for the General Meeting of Shareholders” described later and exercise your voting rights by 5:30 p.m., January 16, 2018 (Tuesday).

Thank you very much for your cooperation.

1. **Date and Time:** January 17, 2018 (Wednesday) at 10:00 a.m.
(Reception for attendees opens at 9:00 a.m.)
2. **Place:** Bellesalle Iidabashi First
B1 floor, Iidabashi First Tower 2-6-1 Koraku, Bunkyo-ku, Tokyo, Japan
(Please note that the venue has changed from that of previous Ordinary General Meeting of Shareholders, so please be sure to attend the correct venue.)
3. **Meeting Agenda:**
Resolution matter:
Proposal: Approval of Absorption-Type Split Agreement
4. **Instructions for Exercising Voting Rights**
 - (1) To vote in writing, please indicate your approval or disapproval of the proposals on the enclosed Voting Form and return the Form to the Company by post to reach us by 5:30 p.m. on January 16, 2018 (Tuesday).
 - (2) To vote via the Internet, please review the “Exercise of Voting Rights via the Internet” (Japanese only) and register your approval or disapproval of the proposals by 5:30 p.m. on January 16, 2018 (Tuesday).
 - (3) If you vote more than once via the Internet, we will treat only the most recent vote as valid.
 - (4) If you vote both in writing and via the Internet, we will treat only the vote submitted via the Internet as valid.

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- ⊙ When attending on the day, please present the enclosed Voting Form to the reception.
 - ⊙ In the case of attendance by proxy, a power of attorney is required in addition to the Voting Form. Please note the proxy must be one other shareholder having voting rights in the Company.
 - ⊙ Any amendments to the Reference Documents for the General Meeting of Shareholders will be posted on the Company’s website (<http://www.recruit.jp/ir/>).
 - ⊙ **Please note that no gift will be provided for attendees at the Meeting.**

Reference Documents for the General Meeting of Shareholders

Proposal: Approval of Absorption-Type Split Agreement

1. Reasons for executing absorption-type split

The Recruit Group has been working to implement its business strategy and increase its business value based on the three Strategic Business Units (SBUs) of the Global Online HR (currently HR Technology), Media & Solutions, and Global Staffing (currently Staffing) segments since April 2016. Now, in order to further promote such aims, we have decided to carry out organizational restructuring that will involve establishing consolidated groups on the basis of the respective SBUs.

As part of these initiatives, we intend to establish a consolidated group with respect to the Media & Solutions segment, encompassing its business operations as well as its subsidiaries and associates under the Company's wholly-owned subsidiary Recruit Administration Co., Ltd. (the successor company in the absorption-type split, hereinafter, the "Successor Company"). To such ends, the Company will carry out the absorption-type split (the "Company Split") whereby the rights and obligations regarding the Media & Solutions segment operated by the Company will be succeeded by the Successor Company as of the effective date April 1, 2018. Accordingly, the Company and the Successor Company executed an absorption-type split agreement pertaining to the Company Split (the "Absorption-Type Split Agreement") on November 14, 2017.

Under this proposal, the Company seeks approval with respect to the Absorption-Type Split Agreement.

2. Contents of the Absorption-Type Split Agreement

The contents of the Absorption-Type Split Agreement are as follows:

Absorption-Type Split Agreement

Recruit Holdings Co., Ltd. (“Party A”) and Recruit Administration Co., Ltd. (“Party B”) shall execute the absorption-type split agreement (the “Agreement”) as follows, with respect to the absorption-type split (the “Company Split”) whereby some of the rights and obligations held by Party A regarding such business are to be succeeded by Party B.

Article 1 (Method of split)

Party B shall succeed to the rights and obligations held by Party A, including assets, liabilities and contracts held in relation to Party A’s Media & Solutions segment (the “Business”), by means of absorption-type split, as stipulated under the Agreement.

Article 2 (Trade names and legal addresses of the parties)

The trade names and legal addresses of Party A and Party B are as follows:

- (1) Company being split in the Company Split
Party A: Recruit Holdings Co., Ltd.
8-4-17 Ginza, Chuo-ku, Tokyo
- (2) Successor Company
Party B: Recruit Administration Co., Ltd. (Company name to be changed to Recruit Co., Ltd. on April 1, 2018)
8-4-17 Ginza, Chuo-ku, Tokyo

Article 3 (Effective date of the Company Split)

The effective date of the Company Split shall be April 1, 2018 (the “effective date”), provided, however, that the effective date may be changed based on mutual consultation between Party A and Party B, if deemed necessary depending on progress made in carrying out the Company Split procedures.

Article 4 (Rights and obligations such as assets, liabilities, and contracts to be succeeded)

1. The rights and obligations such as assets, liabilities, and contracts to be succeeded by Party B from Party A through the Company Split are listed in the attached document, “Itemized Statement of Rights and Obligations to Be Succeeded.”
2. The “cumulative assumption of obligations (*chojo-teki saimu hikiuke*)” method shall apply to the succession of obligations by Party B from Party A, provided, however, that when Party A has performed or otherwise incurred any charges with respect to the liabilities to be succeeded, Party A is entitled to claim reimbursement of the full amount of each such performance or charge from Party B.

Article 5 (Delivery of consideration for the Company Split)

Upon execution of the Company Split, Party B shall newly issue 2,000 shares of common stock to Party A as consideration for the rights and obligations succeeded by Party B on the basis of the preceding Article, and Party B shall deliver the entire amount thereof to Party A.

Article 6 (Amount of Party B’s common stock and legally required reserves)

Party B shall increase the amount of its common stock, legal capital surplus, and legal retained earnings through the Company Split as below.

- | | |
|--|--------------|
| (1) Amount of common stock: | ¥250,000,000 |
| (2) Amount of legal capital surplus: | ¥0 |
| (3) Amount of legal retained earnings: | ¥0 |

Article 7 (Approval at general meeting of shareholders)

Party A and Party B shall hold respective general meetings of shareholders on or before the date immediately prior to the effective date, and shall accordingly obtain approval regarding the Agreement and regarding matters necessary for carrying out the Company Split.

Article 8 (Duty of due care of a prudent manager)

During the period between the execution of the Agreement and the effective date, Party A and Party B shall execute their respective businesses and manage and operate their respective properties with the due care of a prudent manager. Any acts which may have a material impact on the property and rights and obligations shall only be performed based on prior mutual consultation between Party A and Party B.

Article 9 (Duty not to compete)

Even after the effective date, Party A shall not be subject to the duty not to compete with respect to the Business, regardless of laws and regulations.

Article 10 (Modification and cancellation of the Agreement)

During the period between the execution of the Agreement and the effective date, Party A and Party B may modify or cancel the Agreement upon mutual consultation between Party A and Party B in the event of any material change in the status of assets or management of Party A or Party B due to a natural disaster or other event, a major obstacle to the execution of the Company Split, or if it becomes difficult to achieve the aims of the Agreement for other reasons.

Article 11 (Validity of the Agreement)

The Agreement shall cease to be valid in the event that, on or before the date immediately prior to the effective date, approval has not been granted at a general meeting of shareholders as stipulated in Article 7, or in the event that licensing, permission, registration, approval or otherwise as necessary for carrying out the Company Split has not been granted.

Article 12 (Matters not stipulated in the Agreement)

Party A and Party B will, upon mutual consultation between Party A and Party B, set forth any matter provided in the Agreement or any other matter that is required to effect the Company Split in accordance with the spirit of the Agreement.

IN WITNESS WHEREOF, two originals of the Agreement are hereby executed and, upon the inscription and seal of Party A and Party B, each party shall retain one original thereof.

November 14, 2017

Party A: 8-4-17 Ginza, Chuo-ku, Tokyo
Recruit Holdings Co., Ltd.
Masumi Minegishi, President and Representative Director

Party B: 8-4-17 Ginza, Chuo-ku, Tokyo
Recruit Administration Co., Ltd.
Kentaro Mori, President and Representative Director

Attached document

Itemized Statement of Rights and Obligations to Be Succeeded

Of the rights and obligations held by Party A, including the assets, liabilities and contracts listed below, such that belong to the Business of Party A on the effective date of the Company Split, all those that may be legally succeeded by Party B from Party A shall be succeeded from Party A in their entirety. Assets and liabilities included in rights and obligations to be succeeded shall be determined based on the balance sheets and other figures as of March 31, 2017, along with any additions or deductions that occur up until the effective date of the Company Split.

1. Assets to Be Succeeded

(1) Current assets

All of the current assets including the cash, deposits, accounts receivable - trade, inventories, such that belong to the Business on the effective date, as well as accounts receivable - other belonging to Party A, provided, however, that the items listed below shall be excluded.

- The contractual status not succeeded by Party B from Party A, and the current assets related to the rights and obligations thereof, as stipulated under Section 3, "Contractual Status to Be Succeeded, and Rights and Obligations Based on Such Contracts," herein
- Other current assets as separately agreed upon between Party A and Party B

(2) Noncurrent assets

Assets including intangible assets and investments and other assets, such that belong to the Business on the effective date, as well as the property, plant and equipment, and the water facility rights, the telephone subscription rights and the software from among the intangible assets belonging to Party A, provided, however, that the items listed below shall be excluded.

- The contractual status not succeeded by Party B from Party A, and the noncurrent assets related to the rights and obligations thereof, as stipulated under Section 3, "Contractual Status to Be Succeeded, and Rights and Obligations Based on Such Contracts," herein
- Equity and stocks pertaining to companies scheduled for disposal or liquidation, and undergoing liquidation
- Long-term guarantee deposits pertaining to rental contracts concerning housing of expatriates overseas
- Long-term guarantee deposits pertaining to licenses acquired
- Other noncurrent assets as separately agreed upon between Party A and Party B

2. Obligations and Liabilities to Be Succeeded

(1) Current liabilities

All of the current liabilities including accounts payable - trade, such that belong to the Business on the effective date, and accounts payable - other and accrued expenses belonging to Party A, provided, however, that the items listed below shall be excluded.

- The contractual status not succeeded by Party B from Party A, and the current liabilities related to the rights and obligations thereof, as stipulated under Section 3, "Contractual Status to Be Succeeded, and Rights and Obligations Based on Such Contracts," herein
- Other current liabilities as separately agreed upon between Party A and Party B

(2) Long-term liabilities

All of the long-term liabilities belonging to the Business on the effective date, provided, however, that the items listed below shall be excluded.

- The contractual status not succeeded by Party B from Party A, and the long-term liabilities related to the rights and obligations thereof, as stipulated under Section 3, "Contractual Status to Be Succeeded, and Rights and Obligations Based on Such Contracts," herein
- Other long-term liabilities as separately agreed upon between Party A and Party B

3. Contractual Status to Be Succeeded, and Rights and Obligations Based on Such Contracts

The contractual status as well as rights and obligations arising on the basis of such contracts as executed by Party A on the effective date that remain in effect, including basic transaction contracts belonging to the Business, purchasing contracts, outsourcing contracts, service contracts, contracts pertaining to deposits, lease contracts, and other contracts pertaining to the Business, and also contracts executed by Party A on the effective date that remain in effect, including rental contracts, contracts pertaining to information security, insurance contracts pertaining to leakage of personal information, contracts pertaining to services used by Party A on a group-wide basis under the control of the purchasing group of Recruit Technologies Co., Ltd., and also license contracts pertaining to trademarks related to Recruit Holdings Co., Ltd. entered into with subsidiaries of Party A, and other contracts as separately agreed upon between Party A and Party B, provided, however, that the items listed below shall be excluded.

- Rental contracts concerning housing of expatriates overseas
- Rental contracts executed on the basis of Party A's BCP
- Guarantee contracts executed by Party A
- Consulting contracts entered into with various advisors
- Contracts for which consent could not be obtained, irrespective of the need to gain such consent from the counterparties to the contracts upon succession
- Contracts as separately agreed upon between Party A and Party B

4. Employment Contracts, etc. to Be Succeeded

The contractual status under employment contracts and all rights and obligations that arise on the basis of such contracts, such that pertain to all employees primarily engaged in the Business who are current employees of Party A (irrespective of form of employment, including seconded employees, employees on leave and prospective employees), and all employees who belong to the Tech HR Office of the Global Online HR Company of the Global Online HR segment (irrespective of form of employment, including seconded employees, employees on leave and prospective employees), on the effective date.

5. Intellectual Property

Intellectual property rights including patent rights, utility model rights, trademarks, designs and copyrights, such that are held by Party A on the effective date, provided, however, that the items listed below shall be excluded.

- Trademarks pertaining to registration numbers 4529795 and 5159386
- Trademarks relating to the Staffing segment

3. Overview of the contents of the items set forth in Article 183 of the Ordinance for Enforcement of the Companies Act

(1) Appropriateness of matters related to the number of shares to be delivered by the Successor Company to the Company in connection with the Company Split

Upon execution of the Company Split, the Successor Company shall newly issue 2,000 shares of common stock and shall deliver the entire amount by allotment to the Company, which is the company being split in the Company Split. The Successor Company is a wholly-owned subsidiary of the Company, and it shall deliver by allotment to the Company the shares newly issued by the Successor Company in their entirety upon execution of the Company Split. Accordingly, the number of shares of the Successor Company to be delivered to the Company has been determined based on consultation between the Company and the Successor Company, and as such the number of shares to be issued by the Successor Company is considered fair.

(2) Appropriateness of matters related to the amounts of the Successor Company's common stock and legally required reserves

The amounts of common stock and legally required reserves in the Successor Company to be increased by the Company Split are as below. The amounts are considered fair in light of business activities following the Company Split and rights and obligations, etc. to be succeeded from the Company.

Common stock:	¥250,000,000
Legal capital surplus:	¥0
Legal retained earnings:	¥0

- (3) Financial statements, etc. pertaining to the Successor Company's most recent fiscal year
This is as set forth in the attached document, "Financial Statements, etc. Pertaining to the Successor Company's Most Recent Fiscal Year (April 1, 2016 to March 31, 2017)."
- (4) Events after the last day of the Successor Company's most recent fiscal year such as the disposal of material assets, assumption of material liabilities that would have a material impact on the status of company property
Not applicable.
- (5) Events after the last day of the most recent fiscal year of the company being split in the Company Split, such as the disposal of material assets, assumption of material liabilities that would have a material impact on the status of company property
The Company received dividends from its consolidated subsidiaries on October 31, 2017, as below.

Name of business units and companies	Amount of dividends
HR Technology segment (RGF OHR USA, Inc.)	US\$89 million (approx. ¥10.0 billion)
Media & Solutions segment (Recruit Career Co., Ltd.; Recruit Jobs Co., Ltd.; Recruit Lifestyle Co., Ltd.; Recruit Marketing Partners Co., Ltd.; Recruit Sumai Company Ltd.; Recruit Management Solutions Co., Ltd.; and Recruit Communications Co., Ltd.)	¥164.5 billion
Staffing segment (domestic) (STAFF SERVICE HOLDINGS CO., LTD.; Recruit Staffing Co., Ltd.)	¥152.1 billion
Staffing segment (overseas) (USG People B.V.)	€106 million (approx. ¥14.2 billion)
Total	Approx. ¥340.8 billion*

* The total (estimated amount) of dividends is the sum of the above estimated values converted at rates of ¥111.81 per U.S. dollar and ¥133.64 per euro.

Business Report

1. Overview of Recruit Administration Co., Ltd. (hereinafter referred to as the "Company")

1-1 Business progress and results

During the year ended March 31, 2017, the Japanese economy was on a moderate recovery track, with the employment situation being stabilized at a high level. The economies in Europe and the United States continued to grow moderately centered on personal consumption, despite the prevailing uncertainty over the economic outlook due to the 'Brexit' decision and the new administration of the United States. The Australian economy also remained solid, supported by growth in personal consumption.

Under this environment, the Recruit Group continued to focus on strengthening operations in Japan as well as moving forward with further global expansion. In the Marketing Media segment, we made efforts to improve convenience to our users through measures such as increasing our client base and expanding our reservation services through the utilization of information technologies, mainly in the dining and beauty businesses. In the HR Media segment, we focused on further strengthening the competitiveness of our Domestic Recruiting operations, where employment demand has stabilized at a favorable level.

In our Overseas Recruiting operations, we undertook initiatives to increase the number of users and clients, mainly through efforts to promote brand awareness and develop our salesforce. In the Staffing segment, we focused on improving the efficiency of our business operations, and made efforts to expand our global operational footprint through measures such as mergers and acquisitions.

The Company is developing the following three services for the Recruit Group.

<Business support services>

- Support for new initiatives in the domestic operations such as risk assessment and business process architecture from the perspectives of accounting, legal affairs, labor management, general affairs, and information security
- Support for performance of due diligence in mergers and acquisitions and promotion of PMI (post-merger integration)

<Outsourcing services>

- Provision of services for the Recruit Group's domestic companies, such as payroll, account closing, and office administration

<Support services for the Recruit Group's corporate management>

- Provision of services related to corporate governance of the Recruit Group, such as design of group-wide rules.

As a result of the above, net sales were ¥5,275 million, operating income was ¥202 million, ordinary income was ¥199 million, and net income was ¥136 million in the fiscal year under review.

Looking forward to the future, the Company wishes to thank its shareholders for the continued support and encouragement it receives.

1-2 Financing and capital investments

(1) Financing

Not applicable.

(2) Capital investments

Capital investments primarily consisted of software-related investments made to streamline operations.

1-3 Trends in assets and income

Item	2nd Fiscal Year	3rd Fiscal Year	4th Fiscal Year	5th Fiscal Year (current fiscal year)
Net sales (millions of yen)	3,948	3,804	5,822	5,275
Operating income (loss) (millions of yen)	17	19	223	202
Net income (loss) (millions of yen)	(3)	(1)	136	136
Net income (loss) per share (yen)	(1,683)	(640)	68,105	68,226
Total assets (millions of yen)	1,841	1,784	2,064	2,273
Equity (millions of yen)	102	50	186	323
Equity per share (yen)	51,491	25,234	93,340	161,566

1-4 Description of main business (as of March 31, 2017)

- Drafting and promotion of functions and strategies relating to the Recruit Group's operations in the areas of finance, accounting, investment management, legal affairs, general affairs, information security and human resources, and provision of expert services.

1-5 Main offices (as of March 31, 2017)

Head office	1-9-2 Marunouchi, Chiyoda-ku, Tokyo
Sales office	1-13-1 Kachidoki, Chuo-ku, Tokyo
Sales office	2-1-1 Sakae, Naka-ku, Nagoya-shi, Aichi
Sales office	8-1 Kakuda-cho, Kita-ku, Osaka-shi, Osaka

1-6 Employees (Figures indicate respective period-end status)

	Unit	2nd Fiscal Year	3rd Fiscal Year	4th Fiscal Year	5th Fiscal Year (current fiscal year)
Total number of employees	persons	254	265	319	317
(Male)	persons	129	139	176	162
(Female)	persons	125	126	143	155
Average age	years of age	36.6	35.6	37.1	37.4
(Male)	years of age	37.0	36.0	38.5	38.6
(Female)	years of age	36.3	35.2	36.3	36.1

2. Matters Relating to Shares (as of March 31, 2017)**2-1 Important matters relating to shares**

- 1) Total Number of Shares Authorized to be Issued: 8,000 shares
- 2) Total Number of Shares Issued and Common Stock
 - Total Number of Shares Issued: 2,000 shares
 - Common Stock: ¥100,000,000
- 3) Number of Shareholders at the End of the Current Fiscal Year: 1

2-2 Status of major shareholders

Shareholder name	Number of shares	Shareholding ratio
Recruit Holdings Co., Ltd.	2,000	100.00%

3. Matters Relating to Company Officers

3-1 Name, etc. of Board Directors and Audit & Supervisory Board Member (as of March 31, 2017)

Position	Name	Representation of other organizations
Representative Director	Suguru Tomizuka	Representative Director of Recruit Office Support Co., Ltd.
Board Director	Yasuto Tachi	
Audit & Supervisory Board Member	Tatsuya Muto	Audit & Supervisory Board Member of Recruit Office Support Co., Ltd., etc.

(Note) Changes in Board Director and Audit & Supervisory Board Member during the fiscal year under review were as follows:

- 1) On April 1, 2016, Mr. Toshio Inoue retired from office as Representative Director.
- 2) On April 1, 2016, Mr. Suguru Tomizuka assumed office as Representative Director.
- 3) On April 1, 2016, Mr. Yuya Koshigoe retired from office as Board Director.
- 4) On April 1, 2016, Mr. Yasuto Tachi assumed office as Board Director.

Balance Sheets
(As of March 31, 2017)

(Yen)

Description	Amount	Description	Amount
Assets		Liabilities	
Current assets	2,031,699,586	Current liabilities	879,983,331
Cash and deposits	20,000	Accrued expenses	509,550,637
Accounts receivable - trade	187,693,200	Income taxes payable	56,857,815
Prepaid expenses	12,471,727	Accrued business office taxes	6,346,900
Accounts receivable - other	63,467,870	Accrued consumption taxes	48,253,300
Deferred tax assets	115,820,141	Accrued employees' bonuses	238,690,000
Short-term loans receivable	1,651,012,297	Suspense receipt	1,446,736
Short-term loans receivable from employees	784,351	Deposits received	18,837,943
Suspense payments	430,000	Long-term liabilities	1,070,528,457
Noncurrent assets	241,944,718	Liability for employees' retirement benefits	1,070,528,457
Property, plant and equipment	4,536,324	Total liabilities	1,950,511,788
Buildings	1,506,978	Equity	
Tools, furniture and fixtures	3,029,346	Shareholders' equity	323,132,516
Intangible assets	5,327,919	Common stock	100,000,000
Software	5,327,919	Retained earnings	223,132,516
Investments and other assets	232,080,475	Other retained earnings	223,132,516
Long-term loans receivable from employees	6,919,175	Retained earnings brought forward	223,132,516
Long-term prepaid expenses	3,442,604	Total equity	323,132,516
Deferred tax assets	221,718,696	Total liabilities and equity	2,273,644,304
Total assets	2,273,644,304		

Statements of Income
(April 1, 2016 to March 31, 2017)

(Yen)

Description	Amount	
Net sales		5,275,110,000
Gross profit		5,275,110,000
Selling, general and administrative expenses		5,072,340,283
Operating income		202,769,717
Non-operating income		
Interest and dividend income	2,681,685	
Dividend income of insurance	1,819,506	
Other	60,000	4,561,191
Non-operating expenses		
Foreign exchange losses	276,763	
Costs for acquisition of credit rating	7,150,000	
Other	142,811	7,569,574
Ordinary income		199,761,334
Income before income taxes		199,761,334
Income taxes: Current	128,379,615	
Income taxes: Deferred	(65,070,670)	63,308,945
Net income		136,452,389

Statements of Changes in Equity

(April 1, 2016 to March 31, 2017)

(Yen)

	Shareholders' equity				Total equity
	Common stock	Retained earnings		Total shareholders' equity	
		Other retained earnings	Total retained earnings		
		Retained earnings brought forward			
Balance at beginning of current period	100,000,000	86,680,127	86,680,127	186,680,127	186,680,127
Changes of items during period					
Net income		136,452,389	136,452,389	136,452,389	136,452,389
Total changes of items during period	-	136,452,389	136,452,389	136,452,389	136,452,389
Balance at end of current period	100,000,000	223,132,516	223,132,516	323,132,516	323,132,516

Notes to Non-consolidated Financial Statements

1. Notes on Matters Related to Significant Accounting Policies

I. Depreciation and amortization methods of noncurrent assets

- (1) Property, plant and equipment: Declining balance method
However, the straight-line method is applied for accompanying facilities and structures acquired on or after April 1, 2016.
- (2) Intangible assets: Straight-line method

II. Accounting standards for allowances and provisions

- (1) Accrued employees' bonuses: In order to provide the bonuses to be paid to employees, an estimated bonus amount based on the attributable period for payment is recorded for employees listed in the employment roll at the end of the fiscal year under review.
- (2) Liability for employees' retirement benefits: In order to provide for payment of retirement benefits to employees, an amount deemed accrued at the end of the fiscal year under review is recorded based on an estimated amount of liability for employees' retirement benefits at the end of the fiscal year under review.
- Actuarial differences are amortized by the straight-line method over 5 years starting from the fiscal year following the year of incurrence.

III. Other important matters that form the basis for preparing non-consolidated financial statements

Accounting method for consumption taxes

Consumption taxes and local consumption taxes are accounted for by the tax exclusion method.

IV. Changes in significant accounting policies

Effective from the year ended March 31, 2017, the Company adopted "Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016" (PITF No. 32, issued June 17, 2016) following the revision to the Corporation Tax Act. Accordingly, the depreciation method of facilities attached to buildings and structures acquired on and after April 1, 2016 was changed from the declining-balance method to the straight-line method.

The effect of this change in the non-consolidated financial statements for the year ended March 31, 2017 is immaterial.

2. Notes to Statements of Changes in Equity

Class and total number of shares issued at the end of the year ended March 31, 2017

Common stock: 2,000 shares

Audit Report

The Audit & Supervisory Board Member prepared this Audit Report concerning the execution of duties by Board Directors during the 5th Fiscal Year from April 1, 2016 through March 31, 2017, as follows:

1. Procedures and Details of the Audits

Aiming to facilitate communication with Board Directors, employees, and the parent company's Audit & Supervisory Board Members, etc., I have carried out the following activities. While collecting information and maintaining and improving the audit environment, I attended the relevant important meetings to receive reports on the status of the execution of duties by Board Directors and employees, etc., requested explanations as necessary, inspected the important approval documents, etc., and examined the status of operations and conditions of assets at the Company's head office and principal offices. Based on the procedures mentioned above, I reviewed the Business Report and the related supplementary schedules for the year ended March 31, 2017.

In addition, I examined the accounting books and the materials related thereto, and reviewed the Financial Statements, which comprise the Balance Sheets, Statements of Income, Statements of Changes in Equity, Notes to Non-consolidated Financial Statements, and the related supplementary schedules, for the year ended March 31, 2017.

2. Results of Audit

(1) Results of the audit of Business Report, etc.

I acknowledge that:

- 1) The Business Report and supplementary schedules present fairly the financial condition of the Company in conformity with related laws, regulations, and the Articles of Incorporation of the Company; and
- 2) Regarding the execution of duties by Board Directors, there were no instances of misconduct or material matters concerning violation of laws, regulations, or the Articles of Incorporation of the Company.

(2) Results of the audit of Financial Statements and supplementary schedules

In my opinion, the Financial Statements and the related supplementary schedules present fairly, in all material respects, the financial position and results of operations of the Company.

May 22, 2017

Recruit Administration Co., Ltd.

Audit & Supervisory Board Member

Tatsuya Muto