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Items Disclosed on Internet Concerning
Convocation Notice of
the 55th Ordinary General Meeting of Shareholders

Notes to Consolidated Financial Statements
Notes to Non-consolidated Financial Statements
(April 1, 2014 - March 31, 2015)

Recruit Holdings Co., Ltd.

In accordance with the laws and regulations and the Company's Articles of Incorporation, "Notes to Consolidated Financial Statements" in the Consolidated Financial Statements and "Notes to Non-consolidated Financial Statements" in the Non-consolidated Financial Statements are deemed to be provided to the shareholders by being available on the Company's website (<http://www.recruit.jp/ir/>).

Notes to Consolidated Financial Statements

(Notes on Important Matters that Form the Basis for Preparing Consolidated Financial Statements)

1. Matters Related to the Scope of Consolidation

(1) Status of consolidated subsidiaries

Number of consolidated subsidiaries: 162

Names of the major consolidated subsidiaries

Recruit Sumai Company Ltd.

Recruit Marketing Partners Co., Ltd.

Recruit Lifestyle Co., Ltd.

Recruit Career Co., Ltd.

Recruit Jobs Co., Ltd.

Indeed, Inc.

Recruit Staffing Co., Ltd.

STAFF SERVICE HOLDINGS CO., LTD.

STAFFMARK HOLDINGS, INC.

Advantage Resourcing America, Inc.

Advantage Resourcing Europe B.V.

Recruit Administration Co., Ltd.

Recruit Communications Co., Ltd.

Recruit Technologies Co., Ltd.

During the year ended March 31, 2015, RGF Staffing Melbourne One Pty Ltd and 9 other companies have become consolidated subsidiaries due to new establishment, while Peoplebank Holdings Pty Ltd and 35 other companies have become consolidated subsidiaries due to acquisition of their shares during the year ended March 31, 2015, etc.

Meanwhile, Taofang Corporation and 6 other companies, which were consolidated subsidiaries of the Company, have been excluded from the scope of consolidation from the year ended March 31, 2015 due to sales of their shares, etc.

(2) Status of non-consolidated subsidiaries

Name of major non-consolidated subsidiaries

RECRUIT Treefarm Australia Pty. Ltd.

Non-consolidated subsidiaries are excluded from the scope of consolidation as the total amounts of their total assets, net sales, net income or loss (amount corresponding to equity interest), and retained earnings (amount corresponding to equity interest), etc. have no significant impacts on the consolidated financial statements.

2. Matters Related to the Application of Equity Method

(1) Status of equity-method associates

Number of equity-method associates: 9

Name of the major company, etc.

51job, Inc.

During the year ended March 31, 2015, Loyalty Marketing, Inc. has become an equity-method associate due to third-party allotment.

Meanwhile, All About, Inc. and 2 other companies have been excluded from the scope of application of the equity method from the year ended March 31, 2015 due to sale of their shares.

(2) Status of non-consolidated subsidiaries and associates to which the equity method is not applied

Name of the major non-consolidated subsidiary and associate to which the equity method is not applied
RECRUIT Treefarm Australia Pty. Ltd.

Non-consolidated subsidiaries and associates to which the equity method is not applied are excluded from the scope of application of the equity method since their exclusion has an insignificant impact on the consolidated financial statements in terms of net income or loss (amount corresponding to equity interest) and retained earnings (amount corresponding to equity interest), etc., individually and in aggregate.

3. Matters Related to the Fiscal Year of Consolidated Subsidiaries

The balance sheet date of STAFFMARK HOLDINGS, INC. and 85 other consolidated subsidiaries is December 31.

The consolidated financial statements are prepared using the consolidated subsidiaries' financial statements as of December 31, and necessary adjustments are made to reflect important transactions that occurred between their balance sheet date and the consolidated balance sheet date.

The Company acquired shares of Peoplebank Holdings Pty Ltd and 16 other companies as of January 30, 2015 with the deemed acquisition date of January 31, 2015. Financial statements of these companies as of the deemed acquisition date are used and necessary consolidation adjustments are made to reflect important transactions that occurred between this date and the consolidated balance sheet date.

4. Matters Related to Accounting Standards

(1) Valuation standards and valuation methods of significant assets

1) Securities

Available-for-sale securities

Available-for-sale securities with market value: Market value method based on the market price at the end of the period, etc.

(Valuation differences are directly recorded as equity and cost of securities sold is calculated by the moving-average method.)

Available-for-sale securities without market value: Stated at cost using the moving-average method

2) Receivables and payables arising from derivative transactions:

Market value method

(2) Depreciation and amortization methods of significant depreciable assets

1) Property, plant and equipment:

Declining balance method

However, the straight-line method is applied for buildings (excluding accompanying facilities) acquired on or subsequent to April 1, 1998.

Overseas consolidated subsidiaries adopt the straight-line method based on the accounting standards of the countries where they are located.

The principal useful lives are as follows:

Buildings and structures: 2 to 50 years

2) Intangible assets:

Straight-line method

The principal years of amortization periods are as follows:

Software (for internal use): 5 years (period

available for internal use)

(3) Accounting standards for significant allowances and provisions

- 1) Allowance for doubtful accounts: In order to provide for losses due to bad debt, for general receivables, an estimated uncollectible amount is principally recorded according to the historical bad debt ratio. For specific receivables from companies in financial difficulty, an estimated uncollectible amount is recorded by assessing the collectability of each receivable individually.
- 2) Accrued employees' bonuses: In order to provide for payment of bonuses to employees, an estimated amount of bonuses to be paid is recorded.
- 3) Workers' compensation liability: In order to provide for payments of medical fees and compensation for absence from work in relation to accidents and injuries of dispatched staff, etc., certain overseas consolidated subsidiaries record an estimated amount of payment based on the probability of occurrence.

(4) Significant hedge accounting

1) Hedge accounting

Deferred hedge accounting is applied in principle

Appropriation treatment is applied to foreign exchange forward contracts that meet the requirements for appropriation treatment.

2) Hedging instruments and hedged items

<u>Hedging instruments</u>	<u>Hedged items</u>
Interest rate swap	Borrowing interest
Foreign exchange forward contracts	Foreign currency-denominated monetary receivables and payables, etc.

3) Hedging policy

Interest rate swap transactions are limited to the range of actual demand, and are carried out for the purpose of hedging fluctuation risks of interest rates for borrowings.

Foreign exchange forward contracts are carried out for the purpose of hedging fluctuation risks of exchange rates for foreign currency transactions, and hedged items are distinguished on an individual contract basis.

4) Methods for evaluating the effectiveness of hedges

Hedge effectiveness of interest rate swap transactions is evaluated semi-annually, by comparing the accumulated fluctuations in cash flow of the underlying hedged item with that of the hedging instrument.

When a foreign exchange forward contract is entered into, it is allocated to a particular transaction in the same amount denominated in foreign currencies and due on the same date in accordance with the risk management policy. Therefore, the correlation with subsequent fluctuations in the exchange rates is completely ensured, and thus the evaluation of effectiveness on the balance sheet date is omitted.

(5) Accounting methods for retirement benefits

1) Method of attributing expected retirement benefit to periods

In calculating retirement benefit obligations, the method of attributing the expected retirement benefits to periods before the end of the current fiscal year is based on the straight-line method.

2) Method of amortizing actuarial differences and prior service cost

Prior service cost is amortized over a fixed period (mainly 5 years) within the average remaining service period of employees at the time of incurrence.

Actuarial differences are amortized over a fixed period (mainly 5 years) within the average remaining service period of employees at the time of incurrence in each fiscal year, starting from the fiscal year following the year of incurrence.

3) Adoption of the simplified method for small-sized companies, etc.

Certain consolidated subsidiaries adopt the simplified method where retirement benefit obligations are measured at the amount of retirement benefits to be required for voluntary termination at the end of the fiscal year for the calculation of net defined benefit liability and retirement benefit expenses.

(6) Other important matters that form the basis for preparing consolidated financial statements

1) Amortization method and amortization period of goodwill

For amortization of goodwill, the duration of its effect is estimated and it is amortized over the estimated years to recover its investment within the limit of ten years on a straight line basis.

In the case where its amount is immaterial, the entire amount is amortized in the fiscal year of incurrence.

2) Translation of significant assets and liabilities denominated in foreign currencies into Japanese yen

Monetary receivables and payables denominated in foreign currencies have been translated into Japanese yen at the spot exchange rate at the consolidated balance sheet date, and translation adjustments are treated as gains or losses.

Assets and liabilities of overseas consolidated subsidiaries, etc. are translated into Japanese yen using the spot exchange rate at the consolidated balance sheet date, revenues and expenses are translated into Japanese yen using the average exchange rate for the period, and translation adjustments are included in foreign currency translation adjustments and minority interests under equity.

3) Accounting method for consumption taxes

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

(Notes to Changes in Representation Methods)

From the year ended March 31, 2015, the presentation method of consolidated balance sheets and consolidated statements of income is changed as follows to correspond with the method for presenting annual securities report (Presentation methods based on “Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ordinance of the Ministry of Finance No. 28 of 1976)).

(Matters Related to Consolidated Balance Sheets)

“Tools, furniture and fixtures” under “Property, plant and equipment,” which was presented separately in the previous fiscal year, is included in “Other” from the year ended March 31, 2015. “Tools, furniture and fixtures” for the year ended March 31, 2015 amounted to ¥9,484 million.

“Trademark rights,” “Customer-related assets” and “Technology-related assets” under “Intangible assets,” which were presented separately in the previous fiscal year, are included in “Other” from the year ended March 31, 2015. “Trademark rights” amounted to ¥21,397 million, “Customer-related assets” were ¥24,990 million, and “Technology-related assets” were ¥12,819 million for the year ended March 31, 2015.

“Net defined benefit assets,” which was included in “Other assets” under “Investments and other assets” in the previous fiscal year, is presented separately from the year ended March 31, 2015.

“Guarantee deposits” under “Investments and other assets,” which was presented separately in the previous fiscal year, is included in “Other assets” from the year ended March 31, 2015. “Guarantee deposits” for the year ended March 31, 2015 amounted to ¥14,908 million.

“Electronically recorded obligations - operating,” which was included in “Other current liabilities” under “Current liabilities” in the previous fiscal year, is presented separately from the year ended March 31, 2015.

“Current portion of long-term debt,” which was included in “Short-term borrowings” under “Current liabilities” in the previous fiscal year, is presented separately from the year ended March 31, 2015. “Short-term borrowings” is included in “Other current liabilities” under “Current liabilities.” “Short-term borrowings” for the year ended March 31, 2015 amounted to ¥132 million.

“Accounts payable - other” and “Workers’ compensation liability” under “Current liabilities,” which were presented separately in the previous fiscal year, are included in “Other current liabilities” from the year ended March 31, 2015. “Accounts payable - other” amounted to ¥25,378 million and “Workers’ compensation liability” was ¥3,475 million for the year ended March 31, 2015.

“Provision for retirement benefits” under “Long-term liabilities,” which was presented separately in the previous fiscal year, is included in “Other long-term liabilities” from the year ended March 31, 2015. “Provision for retirement benefits” for the year ended March 31, 2015 amounted to ¥1,561 million.

(Matters Related to Consolidated Statements of Income)

“Operating revenue” as stated in the previous fiscal year is presented as “Net sales” from the year ended March 31, 2015.

“Operating expenses” as stated in the previous fiscal year is classified into “Costs of sales” and “Selling, general and administrative expenses” from the year ended March 31, 2015.

“Interest and dividend income” under “Non-operating income,” which was presented in the previous fiscal year, is classified into “Interest income” and “Dividend income” from the year ended March 31, 2015.

“Reversal of allowance for doubtful accounts” under “Non-operating income,” which was presented separately in the previous fiscal year, is included in “Other” from the year ended March 31, 2015. “Reversal of allowance for doubtful accounts” for the year ended March 31, 2015 amounted to ¥55 million.

“Gain on sales of shares of subsidiaries and associates,” which was included in “Other” under “Extraordinary income” in the previous fiscal year, is presented separately from the year ended March 31, 2015.

“Loss on disposal of noncurrent assets” under “Extraordinary losses,” which was presented in the previous

fiscal year, is classified into “Loss on sales of noncurrent assets” and “Loss on disposal of noncurrent assets” from the year ended March 31, 2015.

“Loss on valuation of investment securities” under “Extraordinary losses,” which was presented separately in the previous fiscal year, is included in “Other” from the year ended March 31, 2015. “Loss on valuation of investment securities” for the year ended March 31, 2015 amounted to ¥147 million.

(Notes to Consolidated Balance Sheets)

Accumulated depreciation of property, plant and equipment: ¥36,718 million

(Notes to Consolidated Statements of Changes in Equity)

1. Class and total number of shares issued at the end of the year ended March 31, 2015

Common stock: 565,320,010 shares

2. Class and number of treasury stock at the end of the year ended March 31, 2015

Common stock: 626,000 shares

3. Matters related to dividends

(1) Dividend payout amounts

At the Ordinary General Meeting of Shareholders held on June 26, 2014, the amount of dividends was resolved as follows:

Total amount of dividends	¥13,774 million
Source of dividends	Retained earnings
Dividend per share	¥260
Record date	March 31, 2014
Effective date	June 27, 2014

(2) Dividends whose record dates are within the year ended March 31, 2015 but effective dates are in the following fiscal year

At the Meeting of the Board of Directors to be held on May 13, 2015, the following proposal will be discussed and resolved.

Total amount of dividends	¥26,540 million
Source of dividends	Retained earnings
Dividend per share	¥47
Record date	March 31, 2015
Effective date	June 18, 2015

4. Class and the number of shares to be issued upon the exercise of stock acquisition rights at the end of the year ended March 31, 2015 (excluding those whose beginning dates of exercise periods had not commenced)

Common stock: 626,000 shares

(Notes on Financial Instruments)

1. Matters Related to Status of Financial Instruments

The Group uses financial instruments, mainly short-term cash deposits, as fund management and bank loans as fund-raising.

The Group mitigates customer credit risk associated with notes and accounts receivable - trade in accordance with the sales management rules. Investment securities are mainly composed of shares, and the Group monitors market values of listed shares on a quarterly basis.

Loan payables are used for operating funds (primarily short-term borrowings) and capital investment funds (primarily long-term debt). Derivative transactions are conducted within the range of actual demand in accordance with the internal management policies.

2. Matters Related to Fair Value, etc. of Financial Instruments

The amounts recorded in the consolidated balance sheets, fair value and the difference between the two as of March 31, 2015 are as follows.

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
Investment securities			
Shares of subsidiaries and associates	29,985	90,671	60,685

Notes: Calculation method of market value of financial instruments

- 1) Market value of investment securities is measured at the market price of stock exchanges.
- 2) Fair values of cash and deposits, notes and accounts receivable - trade, securities, investment securities (available-for-sale securities), notes and accounts payable - trade, electronically recorded obligations - operating, current portion of long-term debt, and derivative transactions approximate their carrying amounts, and thus notes are omitted.
- 3) Notes for unlisted shares (consolidated balance sheet amount is ¥9,651 million) are omitted, as the market price for those is not available and the market value is deemed extremely difficult to determine.
- 4) The carrying amounts of long-term debt approximate the fair values because long-term debt contracts are based on floating rates, which reflect market rates in the short term, and thus notes are omitted.

(Notes on Per Share Information)

Equity per share: ¥1,327.49

Net income per share: ¥127.79

Note: The Company implemented a 10-for-1 stock split on July 31, 2014.

Net assets per share and net income per share are computed assuming the stock split was implemented at the beginning of the year ended March 31, 2015.

(Notes on Business Combinations, etc.)

Business combination by acquisition

(1) Summary of the business combination

1) Name and line of business of the acquired entity

Name of the acquired company: Peoplebank Holdings Pty Ltd

Line of business: Management and administration of staffing companies

In addition, the Company acquired 16 subsidiaries of Peoplebank Holdings Pty Ltd at the same time.

2) Primary reasons for the business combination

The Company aims to achieve stable and sustainable growth by enhancing existing domestic businesses as well as promoting the establishment and expansion of a global business platform.

In the Staffing segment, through the acquisition of The CSI Companies, Inc., a U.S. staffing company, in 2010, we determined that the management techniques that we have established in Domestic Staffing operations are applicable overseas. As such, in 2011, we have acquired STAFFMARK HOLDINGS, INC. a U.S. staffing provider, as well as Advantage Resourcing America, Inc. and Advantage Resourcing Europe B.V., staffing companies that operate in the U.S. and Europe. In order to further accelerate and expand these efforts, we have acquired the shares of Peoplebank Holdings Pty Ltd, which provides staffing services in Australia, Hong Kong and Singapore, etc.

3) Date of the business combination

January 30, 2015

4) Legal form of the business combination

Share acquisition with cash as consideration

- 5) Name of the entity after the business combination
No changes are made to the name of the entity after the business combination.
- 6) Ratio of voting rights acquired
Ratio of voting rights held before the acquisition of shares: 0%
Ratio of voting rights after the acquisition: 100%
- 7) Primary ground for determining the acquiring entity
Due to the share acquisition with cash as consideration

(2) Period of business performance of the acquired entity which is included in the consolidated financial statements

The business performance of the acquired entity is not included in the consolidated financial statements for the year ended March 31, 2015, because the acquisition was deemed to be implemented on January 31, 2015.

(3) Acquisition cost of the acquired entity and its breakdown

Consideration for acquisition

Cash	¥9,705 million
Expenses directly required for the acquisition	
Advisory fees, etc.	¥492 million
Acquisition cost	¥10,197 million

(4) Amount of goodwill generated, reasons for the goodwill, and amortization method and amortization period of goodwill

1) Amount of goodwill generated

¥5,916 million

The amount of goodwill is calculated tentatively because the allocation of acquisition cost has not been completed.

2) Reasons for the goodwill

Goodwill was generated due to forecasted excess profitability contributed by the future business expansion.

3) Amortization method and amortization period of goodwill

Goodwill is amortized using the straight-line method over the effective period. Amortization period will be determined based on the result of the allocation of acquisition cost.

(5) Amounts of assets acquired and liabilities assumed on the date of the business combination and breakdown by major items

Current assets	¥9,843 million
Noncurrent assets	¥1,277 million
Total assets	¥11,120 million
Current liabilities	¥6,621 million
Long-term liabilities	¥218 million
Total liabilities	¥6,839 million

(6) Estimated amounts of impact on consolidated statements of income for the year ended March 31, 2015 assuming that the business combination was completed on the beginning date of the current fiscal year, and the method of calculating such amounts

Net sales	¥51,959 million
EBITDA (Operating income + depreciation and amortization + amortization of goodwill)	¥1,299 million

(Method of calculation of the estimated amounts of impact)

The estimated amounts of impact are differences between net sales and income and loss calculated assuming the business combination was completed on the beginning date of the fiscal year, and net sales and income and loss on the consolidated statements of income. Amortization of intangible assets including goodwill newly recognized at the time of business combinations is not taken into account for the calculation.

The estimated amounts of impact have not been audited.

(Notes on Significant Subsequent Events)

Acquisition of companies, etc. through share acquisition

The Company has agreed on January 14, 2015 to acquire 100% of outstanding shares of Chandler Macleod Group Limited (“Chandler Macleod”), an Australian staffing company that provides a range of staffing services particularly in Australia, through an Australian subsidiary of the Company. Chandler Macleod became a subsidiary of the Company as of April 16, 2015.

(1) Purpose of the acquisition

The Company aims to achieve stable and sustainable growth by enhancing existing domestic businesses as well as promoting the establishment and expansion of a global business platform.

In the Staffing segment, through the acquisition of The CSI Companies, Inc., a U.S. staffing company, in 2010, we determined that the management techniques that we have established in Domestic Staffing operations are applicable overseas. As such, in 2011, we have acquired STAFFMARK HOLDINGS, INC. a U.S. staffing provider, as well as Advantage Resourcing America, Inc. and Advantage Resourcing Europe B.V., staffing companies that operate in the U.S. and Europe. In order to further accelerate and expand these efforts, we have acquired the shares of Chandler Macleod, which provides a wide range of staffing services in Australia, etc.

(2) Name of the counterparties of the share acquisition

All shareholders of Chandler Macleod

(3) Name of the company acquired, description of business and its scale

Name:	Chandler Macleod Group Limited
Description of business:	Management and administration of staffing companies
Scale:	(Fiscal year ended June 30, 2014)
Common stock:	AUD 182 million
Consolidated equity:	AUD 190 million
Consolidated total assets:	AUD 389 million
Consolidated net sales:	AUD 1,413 million
Consolidated EBITDA:	AUD 38 million

(4) Date of share acquisition

April 16, 2015

(5) Number of shares to be acquired, acquisition cost, and equity ratio after the acquisition

Number of shares to be acquired:	547,985,086 shares
Acquisition cost:	Common stock of Chandler Macleod AUD 290 million (Approximately ¥26.7 billion)
	Advisory fees, etc. (Estimated amount) ¥0.6 billion
Equity ratio after the acquisition:	100%

(6) Financing of payment fund

A part of funds procured through listing of the Company’s shares is used for payment.

(Additional Information)

Revision of the amounts of deferred tax assets and deferred tax liabilities due to changes in income tax rate Pursuant to “Act on Partial Revision of the Income Tax Act” and “Act on Partial Revision of the Local Tax Act” issued on March 31, 2015, the effective tax rate applied to the calculation of deferred tax assets and deferred tax liabilities for the year ended March 31, 2015 (provided that, it is limited to those to be settled on and after April 1, 2015) was changed from 35.6% in the previous fiscal year to 33.1% for those which are anticipated to be recovered or paid during the period between April 1, 2015 and March 31, 2016, or 32.3% for those which will be recovered or paid from April 1, 2016 onward.

As a result, deferred tax liabilities (after offsetting deferred tax assets) decreased by ¥1,862 million, income taxes: deferred recorded for the year ended March 31, 2015 decreased by ¥907 million, and remeasurements of defined benefit plans decreased by ¥148 million, while unrealized gain (loss) on available-for-sale securities increased by ¥1,103 million.

Notes to Non-consolidated Financial Statements

(Notes on Matters Related to Significant Accounting Policies)

1. Valuation Standards and Valuation Methods of Assets

(1) Valuation standards and valuation methods of securities

- 1) Shares of subsidiaries and associates: Stated at cost using the moving-average method
- 2) Available-for-sale securities
Available-for-sale securities with market value: Market value method based on the market price at the end of the period, etc.
(Valuation differences are directly recorded as equity and cost of securities sold is calculated by the moving-average method.)
Available-for-sale securities without market value: Stated at cost using the moving-average method

(2) Receivables and payables arising from derivative transactions: Market value method

(3) Valuation standards and valuation methods of inventories

- Work in process: Mainly stated at cost based on the specific identification method (amount presented on the balance sheets is calculated using the method of reducing book value due to a decline in profitability)
- Merchandise and supplies: Mainly stated at cost based on the specific identification method (amount presented on the balance sheets is calculated using the method of reducing book value due to a decline in profitability)

2. Depreciation and Amortization Methods of Noncurrent Assets

- (1) Property, plant and equipment: Declining balance method
However, the straight-line method is applied for buildings (excluding accompanying facilities) acquired on or subsequent to April 1, 1998.
The principal useful lives are as follows:
Buildings: 3 to 50 years
Tools, furniture and fixtures: 2 to 20 years
- (2) Intangible assets: Straight-line method
The principal years of amortization are as follows:
Software (for internal use): 5 years (period available for internal use)

3. Accounting Standards for Allowances and Provisions

- Allowance for doubtful accounts: In order to provide for losses due to bad debt, for general receivables, an estimated uncollectible amount is principally recorded according to the historical bad debt ratio. For specific receivables from companies in financial difficulty, an estimated uncollectible amount is recorded by

assessing the collectability of each receivable individually.

4. Significant Hedge Accounting

(1) Hedge accounting

Deferred hedge accounting is applied in principle.

Appropriation treatment is applied to foreign exchange forward contracts that meet the requirements for appropriation treatment.

(2) Hedging instruments and hedged items

<u>Hedging instruments</u>	<u>Hedged items</u>
Interest rate swap	Borrowing interest
Foreign exchange forward contracts	Foreign currency-denominated monetary receivables and payables, etc.

(3) Hedging policy

Interest rate swap transactions are limited to the range of actual demand, and are carried out for the purpose of hedging fluctuation risks of interest rates for borrowings.

Foreign exchange forward contracts are carried out for the purpose of hedging fluctuation risks of exchange rates for foreign currency transactions, and hedged items are distinguished on an individual contract basis.

(4) Methods for evaluating the effectiveness of hedges

Hedging effectiveness of interest rate swap transactions is evaluated semi-annually, by comparing the accumulated fluctuations in cash flow of the underlying hedged item with that of the hedging instrument.

When a foreign exchange forward contract is entered into, it is allocated to a particular transaction in the same amount denominated in foreign currencies and due on the same date in accordance with the risk management policy. Therefore, the correlation with subsequent fluctuations in the exchange rates is completely ensured, and thus the evaluation of effectiveness on the balance sheet date is omitted.

5. Other Important Matters That Form the Basis for Preparing Non-consolidated Financial Statements

(1) Amortization method and amortization period of goodwill

For amortization of goodwill, the duration of its effect is estimated and it is amortized over the estimated years to recover its investment within the limit of ten years on a straight line basis.

In the case where its amount is immaterial, the entire amount is amortized in the fiscal year of incurrence.

(2) Translation of significant assets or liabilities denominated in foreign currencies into Japanese yen

Monetary receivables and payables denominated in foreign currencies have been translated into Japanese yen at the spot exchange rate at the consolidated balance sheet date, and translation adjustments are treated as gains or losses.

(3) Accounting method for consumption taxes

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

(Notes to Changes in Representation Methods)

From the year ended March 31, 2015, the presentation of balance sheets and statements of income is changed as follow to correspond with the method for presenting annual securities report (Presentation methods based on “Ordinance on the Terminology, Forms, and Preparation Methods of Financial Statements, etc.” (Ordinance of the Ministry of Finance No.59 of 1963)).

(Matters Related to Balance Sheets)

“Uncompleted production expenses,” which has been used until the previous fiscal year, is changed to “Work in process” from the year ended March 31, 2015.

“Advance payments - trade,” which was included in “Other current assets” under “Current assets” in the previous fiscal year, is presented separately from the year ended March 31, 2015.

“Accounts receivable - other” under “Current assets,” which was presented separately in the previous fiscal year, is included in “Other current assets” from the year ended March 31, 2015. “Accounts receivable - other” for the year ended March 31, 2015 amounted to ¥8,760 million.

“Trademark rights,” which was included in “Other” under “Intangible assets” in the previous fiscal year, is presented separately from the year ended March 31, 2015.

“Investments in capital” and “Claims provable in bankruptcy, claims provable in rehabilitation and other,” which were included in “Other assets” under “Investments and other assets” in the previous fiscal year, are presented separately from the year ended March 31, 2015.

“Guarantee deposits,” which was presented separately in the previous fiscal year, is included in “Other assets” under “Investments and other assets” from the year ended March 31, 2015. “Guarantee deposits” for the year ended March 31, 2015 amounted to ¥10,218 million.

“Accrued business office taxes” and “Accrued employees’ bonuses” under “Current liabilities,” which were presented separately in the previous fiscal year, are included in “Other current liabilities” from the year ended March 31, 2015. “Accrued business office taxes” for the year ended March 31, 2015 amounted to ¥39 million, and “Accrued employees’ bonuses” for the year ended March 31, 2015 amounted to ¥640 million.

“Liabilities for employees’ retirement benefits” and “Provision for retirement benefits” under “Long-term liabilities,” which were presented separately in the previous fiscal year, are included in “Other long-term liabilities” from the year ended March 31, 2015. “Liabilities for employees’ retirement benefits” for the year ended March 31, 2015 amounted to ¥395 million, and “Provision for retirement benefits” for the year ended March 31, 2015 amounted to ¥1,542 million.

(Matters Related to Statements of Income)

“Operating revenue” as stated in the previous fiscal year is presented as “Net sales” from the year ended March 31, 2015.

“Operating expenses” as stated in the previous fiscal year is classified into “Costs of sales” and “Selling, general and administrative expenses” from the year ended March 31, 2015.

“Interest and dividend income” under “Non-operating income,” which was presented in the previous fiscal year, is classified into “Interest income” and “Dividend income” from the year ended March 31, 2015.

“Reversal of allowance for doubtful accounts” under “Non-operating income,” which was presented separately in the previous fiscal year, is included in “Other” from the year ended March 31, 2015. “Reversal of allowance for doubtful accounts” for the year ended March 31, 2015 amounted to ¥291 million.

“Gain on disposal of noncurrent assets” under “Extraordinary income,” which was presented in the previous fiscal year, is presented as “Gain on sales of noncurrent assets” for the year ended March 31, 2015.

“Loss on disposal of noncurrent assets” under “Extraordinary losses,” which was presented in the previous fiscal year, is classified into “Loss on sales of noncurrent assets” and “Loss on disposal of noncurrent assets” from the year ended March 31, 2015.

(Notes to Balance Sheets)

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|---|-----------------|
| 1. Accumulated depreciation of property, plant and equipment: | ¥23,341 million |
| 2. Guarantee obligation | |

The Company guarantees the following associates' borrowings from financial institutions as stated below:

STAFFMARK HOLDINGS, INC.	¥12,989 million
Advantage Resourcing America, Inc.	¥2,224 million
Advantage XPO Limited	¥356 million
Recruit USA, Inc.	¥42 million
Total	<u>¥15,612 million</u>

The Company provides a bank guarantee for the following associate as stated below:

RGF HR AGENT SINGAPORE PTE. LTD.	¥44 million
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3. Monetary receivables and payables in relation to subsidiaries and associates

Short-term monetary receivables:	¥34,630 million
Short-term monetary payables:	¥366,769 million
Long-term monetary receivables:	¥137 million

(Notes to Statements of Income)

Transaction volume with subsidiaries and associates

Transaction volume of operating transactions (revenue):	¥34,841 million
Transaction volume of operating transactions (expenses):	¥203,978 million
Transaction volume of non-operating transactions (revenue):	¥180 million
Transaction volume of non-operating transactions (expenses):	¥609 million

(Notes to Statements of Changes in Equity)

Class and the number of treasury stock at the end of the year ended March 31, 2015

Common stock:	626,000 shares
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(Notes on Tax Effect Accounting)

Breakdown by cause of deferred tax assets and deferred tax liabilities

(Deferred tax assets)

Allowance for doubtful accounts	¥333 million
Loss on valuation of investment securities	¥3,936 million
Loss on valuation of shares of subsidiaries and associates	¥18,367 million
Accrued employees' bonuses	¥211 million
Liability for employees' retirement benefits	¥130 million
Provision for retirement benefits	¥498 million
Loss carried forward	¥10,091 million
Other	¥4,725 million
Subtotal of deferred tax assets	¥38,295 million
Valuation allowance	¥(22,217) million
Total deferred tax assets	¥16,077 million

(Deferred tax liabilities)

Refund of capital surplus of subsidiaries	¥(31,164) million
Unrealized gain (loss) on available-for-sale securities	¥(10,480) million
Other	¥(1,537) million
Total deferred tax liabilities	¥(43,182) million
Net deferred tax assets	¥(27,104) million

(Additional Information)

Revision of the amounts of deferred tax assets and deferred tax liabilities due to changes in income tax rate Pursuant to "Act on Partial Revision of the Income Tax Act" and "Act on Partial Revision of the Local Tax Act" issued on March 31, 2015, the effective tax rate applied to the calculation of deferred tax assets and deferred tax liabilities for the year ended March 31, 2015 (provided that, it is limited to those to be settled on and after April 1, 2015) was changed from 35.6% in the previous fiscal year to 33.1% for those which are anticipated to be recovered or paid during the period between April 1, 2015 and March 31, 2016, or 32.3% for those which will be recovered or paid from April 1, 2016 onward.

As a result, deferred tax liabilities (after offsetting deferred tax assets) decreased by ¥3,153 million, income taxes: deferred recorded for the year ended March 31, 2015 decreased by ¥2,072 million and unrealized gain (loss) on available-for-sale securities increased by ¥1,082 million.

(Notes on Transactions with Related Parties)
Subsidiaries and associates, etc.

(Millions of yen)

Attribute	Name of company, etc.	Ownership percentage of voting rights, etc.	Description of transactions	Transaction amount	Account item	Balance at end of the fiscal year
Subsidiary	Recruit Career Co., Ltd.	Ownership Direct 100%	Borrowing of funds (Note)	—	Short-term borrowings [Interest expense]	48,282 [88]
Subsidiary	Recruit Jobs Co., Ltd.	Ownership Direct 100%	Borrowing of funds (Note)	—	Short-term borrowings [Interest expense]	18,008 [32]
Subsidiary	Recruit Staffing Co., Ltd.	Ownership Direct 100%	Borrowing of funds (Note)	—	Short-term borrowings [Interest expense]	64,931 [123]
Subsidiary	STAFF SERVICE HOLDINGS CO., LTD.	Ownership Direct 100%	Borrowing of funds (Note)	—	Short-term borrowings [Interest expense]	49,634 [101]
Subsidiary	STAFFMARK HOLDINGS, INC.	Ownership Direct 100%	Borrowing of funds (Note)	—	Short-term borrowings [Interest expense]	11,115 [10]
Subsidiary	Recruit Lifestyle Co., Ltd.	Ownership Direct 100%	Borrowing of funds (Note)	—	Short-term borrowings [Interest expense]	15,508 [26]
Subsidiary	Recruit Management Solutions Co., Ltd.	Ownership Direct 100%	Borrowing of funds (Note)	—	Short-term borrowings [Interest expense]	26,705 [58]
Subsidiary	Recruit Communications Co., Ltd.	Ownership Direct 100%	Borrowing of funds (Note)	—	Short-term borrowings [Interest expense]	28,678 [63]

Transaction terms and policies for determining transaction terms, etc.

Note: The Company centrally manages the Group's funds, and lending and borrowing among group companies are settled on a daily basis. Thus, transaction amount is not stated. The interest rate is reasonably determined based on market rates.

(Notes on Per Share Information)

Equity per share: ¥954.12

Net income per share: ¥92.14

Note: The Company implemented a 10-for-1 stock split on July 31, 2014.

Net assets per share and net income per share are computed assuming the stock split was implemented at the beginning of the year ended March 31, 2015.

(Notes on Significant Subsequent Events)

Omitted as the same notes are presented in the consolidated financial statements.

(Notes on Company Subject to Regulation on Consolidated Dividends)

The Company is subject to regulation on consolidated dividends.