Consolidated Financial Results for the Nine Months Ended December 31, 2015 [Japanese GAAP]

February 10, 2016

Company name: Recruit Holdings Co., Ltd.
Listed stock exchange: Tokyo Stock Exchange
Securities code: 6098
URL: http://www.recruit.jp
Representative: Masumi Minegishi, President, CEO, and Representative Director
Contact: Keiichi Sagawa, Board Director, Managing Corporate Executive Officer
(Tel: +81-3-6835-1111)
Scheduled submission date of quarterly securities report: February 10, 2016
Scheduled commencement date of dividend distribution: —
Preparation of briefing materials to the quarterly financial results: Yes
Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2015 (from April 1, 2015 to December 31, 2015)

(1) Consolidated Operating Results (Percentage indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2015	1,139,425	21.8	81,937	(7.3)	86,987	(5.3)	47,701	(1.8)
Nine months ended December 31, 2014	935,523	-	88,404	-	91,867	-	48,578	-

Note: Comprehensive income Nine months ended December 31, 2015 ¥43,792 million [(35.2)%]
Nine months ended December 31, 2014 ¥67,604 million [-%]

	Basic net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2015	84.47	84.36
Nine months ended December 31, 2014	90.09	90.03

The Company implemented a 10-for-1 stock split on July 31, 2014. Basic and diluted net income per share are computed assuming the stock split was implemented on April 1, 2014.

Reference: EBITDA (Operating income + Depreciation and amortization + Amortization of goodwill)
Nine months ended December 31, 2015 ¥146,693 million [5.4%]
Nine months ended December 31, 2014 ¥139,125 million [-%]

Net income attributable to owners of the parent before amortization of goodwill
(Net income attributable to owners of the parent + Amortization of goodwill)
Nine months ended December 31, 2015 ¥83,195 million [8.7%]
Nine months ended December 31, 2014 ¥76,564 million [-%]

(2) Consolidated Financial Position

	Total assets	Equity	Own capital ratio
	Millions of yen	Millions of yen	%
As of December 31, 2015	1,106,424	773,192	69.3
As of March 31, 2015	1,100,782	754,157	68.1

Reference: Own capital As of December 31, 2015 ¥766,556 million
As of March 31, 2015 ¥749,628 million

Note: Own capital ratio = [(Equity – Stock acquisition rights – Non-controlling interests) / Total assets] x 100

2. Dividends

	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2015	-	0.00	-	47.00	47.00
Year ending March 31, 2016	-	0.00	-		
Year ending March 31, 2016 (forecast)				50.00	50.00

Note: Revision of dividends forecast from recently announced figures: None

3. Consolidated Financial Results Forecast for the Year Ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

(Percentage indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	1,550,000	19.2	112,000	(8.6)	117,000	(6.9)	65,000	(6.7)	115.10

Note: Revision of results forecast from recently announced figures: None

Reference: EBITDA Year ending March 31, 2016 ¥201,000 million [5.0%]
Net income attributable to owners of the parent before amortization of goodwill
Year ending March 31, 2016 ¥112,500 million [4.6%]

Note: Net income attributable to owners of the parent before amortization of goodwill (Net income attributable to owners of the parent + Amortization of goodwill)

* Notes

(1) Changes in significant subsidiaries during the nine months ended December 31, 2015: Yes

(Changes in specified subsidiaries accompanying change in scope of consolidation)

Newly included:	9 companies
(Company name)	Atterro, Inc.
	Chandler Macleod Group Limited
	AHS Services Group Pty Limited
	Chandler Macleod Services Pty Limited
	Ross Human Directions Group Limited
	Ross Human Directions Limited (Australia)
	SPHN (ACT) Pty Limited
	SPHN Australia Pty Limited
	RGF TRAVEL MARKETING ASIA PACIFIC PTE. LTD.
Excluded:	1 company
(Company name)	Biz-IQ Co., Ltd.

(2) Application of accounting methods specific to quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates and restatements

1) Changes in accounting policies in accordance with revision of accounting standards: Yes
2) Changes in accounting policies other than item 1) above: None
3) Changes in accounting estimates: None
4) Restatements: None

(4) Number of shares issued (common stock)

1) Number of shares issued at the end of the period (including treasury stock)

As of December 31, 2015	565,320,010 shares	As of March 31, 2015	565,320,010 shares

2) Number of treasury stock at the end of the period

As of December 31, 2015	584,200 shares	As of March 31, 2015	626,000 shares

3) Average number of shares during the period (cumulative)

Nine months ended December 31, 2015	564,726,895 shares	Nine months ended December 31, 2014	539,160,370 shares

Note: The Company implemented a 10-for-1 stock split on July 31, 2014. The number of shares issued (common stock) is computed assuming the stock split was implemented on April 1, 2014.

* Implementation status for quarterly review procedures

The quarterly review procedures based on the Financial Instruments and Exchange Act do not apply to this document, and quarterly review procedures for quarterly securities report based on the Financial Instruments and Exchange Act have been completed at the time of disclosure of this document.

* Explanation regarding appropriate use of financial results forecast and other special notes

The consolidated financial results forecast mentioned above includes future assumptions and projections as well as forecasts based on plans as of the disclosure date of this document. There are possibilities that actual results may differ significantly from this forecast due to various factors in the future. For the matters concerning the financial results forecast, please refer to page 5 of the Attached Materials.

Contents of the Attached Materials

1. Qualitative Information on Financial Results for the Nine Months Ended December 31, 2015

(1) Operating Results

During the nine months ended December 31, 2015, the Japanese economy was on a moderate recovery track amid factors such as continuing improvement in corporate business results and the employment situation against a backdrop of the government’s economic measures and monetary easing by the Bank of Japan, etc. At the same time, the outlook is uncertain due to factors including concerns about the risk of a downswing in the world economy resulting from the economic slowdown in China.

Under this environment, the Group continued to strengthen existing operations in Japan as well as driving forward with global expansion. In the Marketing Media segment, the Group made efforts to further enhance contact with clients by promoting implementation of operational support services for clients mainly through the utilization of IT including “Air Series” and “SALON BOARD.” In the HR Media segment, the Group moved ahead with reinforcement of its brand strength and sales operations in response to trends in recruitment demand in the Domestic Recruiting operations, while the Overseas Recruiting operations saw continuing steady growth in utilization of our services by small- and medium-sized clients. In the Staffing segment, business results of Peoplebank Holdings Pty Ltd, which engages in the staffing business in Australia, etc., contributed to business results of the segment from the first quarter ended June 30, 2015, and business results of Chandler Macleod Group Limited, which engages in the staffing business in Australia, etc., and Atterro, Inc., which engages in the staffing business in the U.S., contributed to business results of the segment from the second quarter ended September 30, 2015, and the Group promoted efficient business operations both in Japan and overseas.

As a result, net sales amounted to ¥1,139.4 billion (a year-on-year increase of 21.8%), and operating income was ¥81.9 billion (a year-on-year decrease of 7.3%), ordinary income was ¥86.9 billion (a year-on-year decrease of 5.3%) and net income attributable to owners of the parent amounted to ¥47.7 billion (a year-on-year decrease of 1.8%) due primarily to increases in certain operating expenses such as depreciation and amortization as well as amortization of goodwill.

EBITDA (the sum of operating income, depreciation and amortization, and amortization of goodwill) amounted to ¥146.6 billion (a year-on-year increase of 5.4%), and net income attributable to owners of the parent before amortization of goodwill (the sum of net income attributable to owners of the parent and amortization of goodwill) was ¥83.1 billion (a year-on-year increase of 8.7%).

The Group has a management target to grow EBITDA in existing businesses at middle to high single-digit growth rates, excluding financial results forecasts of the subsidiaries newly included in the scope of consolidation due to M&As, etc. Taking this into consideration, net sales and EBITDA in existing businesses for the nine months ended December 31, 2015 amounted to ¥1,026.9 billion (a year-on-year increase of 9.8%) and ¥147.4 billion (a year-on-year increase of 5.9%), respectively.

The Group aggressively seeks to strengthen and expand its business bases utilizing M&As and other means. In this context, it has adopted EBITDA as a management index, since it enables the Group and the users of its financial information to make a comparison with other companies without being affected by the differences between accounting standards in various countries.

Overview of major segments is as follows.

1) Marketing Media segment

In the nine months ended December 31, 2015, the Marketing Media segment recorded net sales of ¥250.6 billion (a year-on-year increase of 4.6%). Segment income (segment EBITDA) was ¥68.2 billion (a year-on-year decrease of 5.8%) due to factors such as the impact of including the business results of two subsidiaries: Quandoo GmbH, Germany, an online restaurant reservation service provider that operates mainly in Europe, which was newly included from the first quarter ended June 30, 2015; Hotspring Ventures Limited, an online beauty reservation service provider that operates in Europe, which was newly included from the third quarter ended December 31, 2015.

Overview of main operations is as follows.

I. Life Event operations

In the housing and real estate business, although condominium apartment division recorded sluggish net sales, independent housing division and leasing division recorded solid net sales due to efforts such as continuing to enhance the provision of solutions to clients and attracting users.

In the bridal business, net sales remained stable, backed by needs for attracting customers of major wedding venue operator clients.

As a result, net sales in the Life Event operations were ¥126.7 billion (a year-on-year increase of 1.1%). The breakdown of net sales by major businesses was ¥64.7 billion (a year-on-year increase of 4.8%) in the housing and real estate business and ¥40.7 billion (a year-on-year decrease of 0.6%) in the bridal business.

II. Lifestyle operations

In the travel business, net sales were favorable as a result of a rise in rate per person per night as well as an increase in the total number of guests using the Group’s services.

In the dining business, net sales were favorable due to an increase in the number of clients as a result of continuous efforts such as enhanced contact with clients mainly featuring the “Air Series,” which is provided as operation support services for small- to medium-sized companies.

In the beauty business, although business results were temporarily affected by measures taken in response to a system failure that occurred in the third quarter ended December 31, 2015, transaction volume with existing clients and acquisition of new clients increased due to factors including the steady increase of online reservations at a continuous pace, which resulted in favorable net sales.

As a result, net sales in the Lifestyle operations were ¥122.3 billion (a year-on-year increase of 7.3%). The breakdown of net sales by major businesses was ¥44.5 billion (a year-on-year increase of 14.7%) in the travel business, ¥26.8 billion (a year-on-year increase of 5.5%) in the dining business and ¥33.0 billion (a year-on-year increase of 13.1%) in the beauty business.

2) HR Media segment

In the nine months ended December 31, 2015, the HR Media segment recorded net sales of ¥246.4 billion (a year-on-year increase of 19.1%) and segment income (segment EBITDA) of ¥59.0 billion (a year-on-year increase of 16.9%).

Overview of main operations is as follows.

I. Domestic Recruiting operations

In the Domestic Recruiting operations, the employment environment continues to be solid with the recovery in the Japanese economy, reflecting stabilization of the ratio of job-offers to job-seekers at high levels and the continued increase in the number of Recruitment Advertisements. Under this environment, the Group continued to carry out measures such as enhancing brand strength and attracting users as well as reinforcing the sales operations. As a result, net sales were favorable mainly in the regular employee recruitment division for job advertisements for mid-career recruitment and in the recruiting division for job advertisements for part-time and temporary workers.

As a result, net sales in the Domestic Recruiting operations were ¥173.5 billion (a year-on-year increase of 6.7%).

II. Overseas Recruiting operations

Net sales were favorable in the Overseas Recruiting operations, reflecting continued growth in utilization of the Group’s services by small- and medium-sized clients.

As a result, net sales in the Overseas Recruiting operations were ¥58.7 billion (a year-on-year increase of 82.9%).

3) Staffing segment

In the nine months ended December 31, 2015, the Staffing segment recorded net sales of ¥649.4 billion (a year-on-year increase of 30.6%) and segment income (segment EBITDA) of ¥36.3 billion (a year-on-year increase of 18.9%).

Overview of main operations is as follows.

I. Domestic Staffing operations

In the Domestic Staffing operations, the staffing market continues to enjoy a moderate expansion trend as evidenced by the number of active agency workers for the current and previous eight consecutive quarters being higher than that for the same periods of the previous fiscal year.

Under this environment, net sales were favorable at Recruit Staffing Co., Ltd. due to continuous strengthening of the sales operations in the administrative and IT divisions in the Tokyo metropolitan area. At STAFF SERVICE HOLDINGS CO., LTD., net sales were solid mainly in the administrative and engineering divisions, as a result of factors such as focusing on continuation of existing staffing contracts and an increase in the number of new staffing contracts.

As a result, net sales in the Domestic Staffing operations were ¥304.6 billion (a year-on-year increase of 5.5%).

II. Overseas Staffing operations

In Overseas Staffing operations, the staffing market in North America, Europe and Australia continues to enjoy a moderate expansion trend.

Under this environment, net sales were favorable, reflecting the impact of yen depreciation and other factors, while business results of Peoplebank Holdings Pty Ltd, which engages in the staffing business in Australia, etc., contributed to business results of the segment from the first quarter ended June 30, 2015, and business results of Chandler Macleod Group Limited, which engages in the staffing business in Australia, etc., and Atterro, Inc., which engages in the staffing business in the U.S., contributed to business results of the segment from the second quarter ended September 30, 2015.

As a result, net sales in the Overseas Staffing operations were ¥344.7 billion (a year-on-year increase of 65.6%).

4) Other segment

In the nine months ended December 31, 2015, net sales of Other segment amounted to ¥3.9 billion (a year-on-year increase of 214.2%). Segment income (segment EBITDA) was ¥(5.9) billion (¥(5.5) billion for the nine months ended December 31, 2014) due to factors including the strengthening of initiatives related to "RECRUIT ID." In addition, the Company carried out initiatives to enhance the convenience of its point programs, including the conversion from the universal reward program "RECRUIT POINT" to the coalition loyalty program "Ponta" in the third quarter ended December 31, 2015.

(2) Financial Position

Assets, liabilities and equity

(Assets)

Current assets decreased by ¥41.4 billion (7.3%) from the end of the previous fiscal year to ¥525.2 billion. This was mainly due to a decrease in cash and deposits, an increase in securities and a decrease in other current assets such as deferred tax assets.

Noncurrent assets increased by ¥47.0 billion (8.8%) from the end of the previous fiscal year to ¥581.2 billion. This was mainly due to increases in goodwill and other intangible assets such as software.

As a result, total assets as of December 31, 2015 increased by ¥5.6 billion (0.5%) from the end of the previous fiscal year to ¥1,106.4 billion.

(Liabilities)

Current liabilities decreased by ¥9.2 billion (3.8%) from the end of the previous fiscal year to ¥231.0 billion. This was mainly due to a decrease in notes and accounts payable - trade, an increase in income taxes payable, and decreases in accrued employees' bonuses and other current liabilities such as accounts payable - other.

Long-term liabilities decreased by ¥4.1 billion (3.9%) from the end of the previous fiscal year to ¥102.2 billion. This was mainly due to a decrease in long-term debt and an increase in other long-term liabilities such as deferred tax liabilities.

As a result, total liabilities as of December 31, 2015 decreased by ¥13.3 billion (3.9%) from the end of the previous fiscal year to ¥333.2 billion.

(Equity)

Total equity as of December 31, 2015 increased by ¥19.0 billion (2.5%) from the end of the previous fiscal year to ¥773.1 billion due to payment of dividends, recording of net income, an increase in unrealized gain (loss) on available-for-sale securities and a decrease in foreign currency translation adjustments.

(3) Consolidated Financial Results Forecast and Other Forward-looking Statements

The consolidated financial results forecast for the year ending March 31, 2016 has not changed from the forecast announced on May 13, 2015.

In the Staffing segment, the Company has commenced procedures to make USG People N.V., a staffing company which operates in Europe mainly in the Netherlands, into a subsidiary. The deal has no material impact on the consolidated financial results for the year ending March 31, 2016. The contribution to the consolidated financial results is expected to start in the year ending March 31, 2017, if the deal is successfully completed.

For details, please refer to (Additional Information) under (3) Notes to Quarterly Consolidated Financial Statements of 3. Quarterly Consolidated Financial Statements on page 13, and the "Announcement of Agreement for Acquisition of Shares in USG People N.V., a Staffing Company in the Netherlands" announced on December 22, 2015.

2. Matters Concerning Notes to Summary Information

(1) Changes in Significant Subsidiaries During the Nine Months Ended December 31, 2015

Atterro, Inc., Chandler Macleod Group Limited, AHS Services Group Pty Limited, Chandler Macleod Services Pty Limited, Ross Human Directions Group Limited, Ross Human Directions Limited (Australia), SPHN (ACT) Pty Limited and SPHN Australia Pty Limited have become consolidated subsidiaries due to acquisition of their shares during the first quarter ended June 30, 2015.

RGF TRAVEL MARKETING ASIA PACIFIC PTE. LTD. has become a consolidated subsidiary due to acquisition of its shares during the second quarter ended September 30, 2015.

Meanwhile, during the first quarter ended June 30, 2015, Biz-IQ Co., Ltd., which was a consolidated subsidiary of the Company, has been excluded from the scope of consolidation since it began its liquidation procedures and its impact on the consolidated financial statements as of June 30, 2015 became insignificant.

(2) Application of Accounting Methods Specific to Quarterly Consolidated Financial Statements

Not applicable.

(3) Changes in Accounting Policies, Changes in Accounting Estimates and Restatements

(Changes in Accounting Policies)

Effective from the first quarter ended June 30, 2015, the Company adopted the Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013, hereinafter, “Business Combinations Standard”), Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013, hereinafter, “Consolidated Financial Statements Standard”) and the Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013, hereinafter, “Business Divestitures Standard”) and other related pronouncements. Accordingly, the Company’s accounting policies have been changed, whereby the differences arising from changes in the Company’s equity in a subsidiary over which the Company retains control is recorded as capital surplus and acquisition-related costs are expensed in the consolidated fiscal year of incurrence. In addition, for business combinations to be performed from the beginning of the first quarter ended June 30, 2015 onward, changes have been made whereby adjustments to the provisional amount arising from the finalization of the tentative accounting treatment relating to the allocation of acquisition cost are recognized in the quarterly consolidated financial statements during which the business combination occurred. In addition, the Company has changed the presentation of net income and other related items, and the presentation of “minority interests” to “non-controlling interests.” To reflect this change in presentation, a reclassification of accounts has been made to the consolidated financial statements for the nine months ended December 31, 2014 and the fiscal year ended March 31, 2015.

The Business Combinations Standard and other related pronouncements were adopted in accordance with transitional treatments stipulated in Paragraph 58-2(4) of the Business Combinations Standard, Paragraph 44-5(4) of the Consolidated Financial Statements Standard and Paragraph 57-4(4) of the Business Divestitures Standard, and they have been prospectively adopted from the beginning of the first quarter ended June 30, 2015.

As a result, each of operating income, ordinary income and income before income taxes for the nine months ended December 31, 2015 decreased by ¥1,676 million. In addition, goodwill as of December 31, 2015 decreased by ¥1,593 million and capital surplus increased by ¥16 million.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2015	As of December 31, 2015
Assets		
Current assets		
Cash and deposits	307,161	262,416
Notes and accounts receivable - trade	195,709	192,942
Securities	6,178	25,250
Other current assets	62,946	49,071
Allowance for doubtful accounts	(5,355)	(4,479)
Total current assets	566,639	525,201
Noncurrent assets		
Property, plant and equipment	25,754	29,263
Intangible assets		
Goodwill	216,394	225,366
Other	118,824	147,911
Total intangible assets	335,218	373,278
Investments and other assets		
Investment securities	133,836	135,035
Other assets	39,616	43,922
Allowance for doubtful accounts	(282)	(276)
Total investments and other assets	173,169	178,681
Total noncurrent assets	534,143	581,223
Total assets	1,100,782	1,106,424

(Millions of yen)

	As of March 31, 2015	As of December 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	49,017	44,302
Electronically recorded obligations - operating	8,978	9,817
Current portion of long-term debt	15,000	15,000
Income taxes payable	15,110	16,497
Accrued employees' bonuses	19,806	14,948
Other current liabilities	132,324	130,461
Total current liabilities	240,236	231,027
Long-term liabilities		
Long-term debt	15,000	3,749
Net defined benefit liability	28,232	28,096
Other long-term liabilities	63,155	70,359
Total long-term liabilities	106,387	102,205
Total liabilities	346,624	333,232
Equity		
Shareholders' equity		
Common stock	10,000	10,000
Capital surplus	53,679	53,756
Retained earnings	558,310	579,471
Treasury stock	(531)	(495)
Total shareholders' equity	621,459	642,732
Accumulated other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	34,177	38,246
Deferred gain (loss) on derivatives under hedge accounting	(75)	(9)
Foreign currency translation adjustments	97,006	87,507
Remeasurements of defined benefit plans	(2,939)	(1,919)
Total accumulated other comprehensive income	128,169	123,824
Stock acquisition rights	1,206	2,137
Non-controlling interests	3,322	4,497
Total equity	754,157	773,192
Total liabilities and equity	1,100,782	1,106,424

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

Quarterly Consolidated Statements of Income

Nine Months Ended December 31

(Millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Net sales	935,523	1,139,425
Cost of sales	472,746	604,777
Gross profit	462,776	534,648
Selling, general and administrative expenses	374,372	452,710
Operating income	88,404	81,937
Non-operating income		
Interest income	213	517
Dividend income	1,555	1,757
Share of profit of entities accounted for using equity method	2,559	3,787
Other	876	708
Total non-operating income	5,204	6,770
Non-operating expenses		
Interest expense	456	813
Foreign exchange losses	531	627
Other	753	280
Total non-operating expenses	1,742	1,721
Ordinary income	91,867	86,987
Extraordinary income		
Gain on sales of investment securities	552	5,534
Gain on sales of shares of subsidiaries and associates	339	-
Gain on step acquisitions	110	1,810
Other	77	406
Total extraordinary income	1,079	7,751
Extraordinary losses		
Loss on disposal of noncurrent assets	185	311
Loss on sales of shares of subsidiaries and associates	254	306
Loss on liquidation of subsidiaries and associates	9	325
Impairment loss	83	234
Other	54	768
Total extraordinary losses	586	1,946
Income before income taxes	92,360	92,791
Income taxes: Current	22,180	35,023
Income taxes: Deferred	21,401	9,596
Total income taxes	43,581	44,620
Net income	48,778	48,171
Net income attributable to non-controlling interests	200	469
Net income attributable to owners of the parent	48,578	47,701

Quarterly Consolidated Statements of Comprehensive Income
Nine Months Ended December 31

(Millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Net income	48,778	48,171
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	6,323	4,068
Deferred gain (loss) on derivatives under hedge accounting	(725)	65
Foreign currency translation adjustments	12,926	(8,900)
Remeasurements of defined benefit plans, net of tax	(153)	1,019
Share of other comprehensive income in affiliated companies	455	(633)
Total other comprehensive income	18,826	(4,379)
Comprehensive income	67,604	43,792
Total comprehensive income attributable to:		
Owners of the parent	67,356	43,357
Non-controlling interests	247	435

(3) Notes to Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Segment Information, etc.)

[Segment Information]

Nine Months Ended December 31, 2014 (from April 1, 2014 to December 31, 2014)

1. Net Sales and Income (Loss) by Reportable Segment

(Millions of yen)

	Reportable Segment				Total	Reconciliations (Notes 1, 2)	Consolidated (Note 3)
	Marketing Media	HR Media	Staffing	Other			
Net sales							
Sales to third parties	239,186	203,971	489,792	1,238	934,189	1,334	935,523
Intersegment sales or transfers	458	2,964	7,318	11	10,753	(10,753)	-
Total	239,645	206,936	497,111	1,249	944,942	(9,419)	935,523
Segment income (loss) (Note 4)	72,404	50,532	30,532	(5,500)	147,969	(59,564)	88,404

Notes:
1. Reconciliations of sales to third parties primarily include revenue from research, development, and investments in new technologies, which are not undertaken for profit-making purposes.
2. Reconciliations of segment income (loss) of ¥(59,564) million include depreciation and amortization of ¥(22,734) million; amortization of goodwill of ¥(27,986) million; and corporate expenses not allocated to any reportable segments of ¥(8,843) million. Corporate expenses consist primarily of general and administrative expenses that are not allocable to the reportable segments.
3. Segment income (loss) is adjusted to operating income in the quarterly consolidated statements of income.
4. Segment income (loss) is the amount based on operating income excluding depreciation and amortization and amortization of goodwill (EBITDA).

2. Impairment Loss on Noncurrent Assets or Goodwill by Reportable Segment

This information is omitted because it is immaterial.

Nine Months Ended December 31, 2015 (from April 1, 2015 to December 31, 2015)

1. Net Sales and Income (Loss) by Reportable Segment

(Millions of yen)

	Reportable Segment				Total	Reconciliations (Notes 1, 2)	Consolidated (Note 3)
	Marketing Media	HR Media	Staffing	Other			
Net sales							
Sales to third parties	250,075	243,391	641,400	3,775	1,138,642	782	1,139,425
Intersegment sales or transfers	549	3,022	8,031	151	11,755	(11,755)	-
Total	250,625	246,414	649,431	3,926	1,150,398	(10,972)	1,139,425
Segment income (loss) (Note 4)	68,229	59,073	36,303	(5,935)	157,671	(75,734)	81,937

Notes:
1. Reconciliations of sales to third parties primarily include revenue from research, development, and investments in new technologies, which are not undertaken for profit-making purposes.
2. Reconciliations of segment income (loss) of ¥(75,734) million include depreciation and amortization of ¥(29,261) million; amortization of goodwill of ¥(35,493) million; and corporate expenses not allocated to any reportable segments of ¥(10,978) million. Corporate expenses consist primarily of general and administrative expenses that are not allocable to the reportable segments.
3. Segment income (loss) is adjusted to operating income in the quarterly consolidated statements of income.
4. Segment income (loss) is the amount based on operating income excluding depreciation and amortization and amortization of goodwill (EBITDA).

2. Impairment Loss on Noncurrent Assets or Goodwill by Reportable Segment

This information is omitted because it is immaterial.

(Additional Information)

Acquisition of companies, etc. through share acquisition

The Company has decided at the Meeting of the Board of Directors held on December 22, 2015 that the Company will launch tender offer (hereinafter the "Tender Offer") for all issued common stock of USG People N.V. (hereinafter "USG," whose shares are listed on the Euronext Amsterdam Stock Exchange), a staffing company which operates in Europe mainly in the Netherlands. The Company and USG have reached conditional agreement (the "Merger Protocol") on the Tender Offer. With this Tender Offer, the Company plans to make USG into its consolidated subsidiary by acquiring 100% of the issued common stock in USG.

The Tender Offer does not fall under the tender offer set forth in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan.

(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, and in 2015, we acquired companies including Chandler Macleod Group Limited, an Australian staffing company. In order to further accelerate and expand these efforts, we have decided on the Tender Offer of USG, which provides comprehensive staffing business in Europe mainly in the Netherlands.

(2) Name of the counterparties of the share acquisition

All shareholders of USG

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

Name:	USG People N.V.	
Description of business:	Comprehensive staffing business	
Scale of operation:	(Year ended December 31, 2014)	
	Common stock:	€40 million
	Consolidated equity:	€478 million
	Consolidated total assets:	€1,221 million
	Consolidated net sales:	€2,355 million
	Consolidated EBITDA:	€92 million

(4) Timing of the share acquisition

Between April and June 2016 (scheduled)

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

Number of shares to be acquired: 81,118,761 shares

Acquisition cost:	Common stock of USG:	Approximately €1,420 million (Approximately ¥188.5 billion)
	Advisory fees, etc. (Estimated amount):	¥1.2 billion

Equity ratio after the acquisition: 100%

(6) Financing

Through cash on its balance sheet and partially through debt financing (scheduled)