Consolidated Financial Results
for the Six Months Ended September 30, 2016
[Japanese GAAP]

November 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, Senior Managing Corporate Executive Officer
(Tel: +81-3-6835-1111)
Scheduled submission date of quarterly securities report: November 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 Six Months Ended September 30, 2016 (from April 1, 2016 to September 30, 2016)

(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	%
Six months ended September 30, 2016	814,505	10.6	58,402	11.7	60,624	9.8	47,848	47.3
Six months ended September 30, 2015	736,478	19.3	52,283	(2.1)	55,192	(0.2)	32,482	14.0

Note: Comprehensive income Six months ended September 30, 2016 ¥(27,078) million [-%]
Six months ended September 30, 2015 ¥38,315 million [68.1%]

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2016	84.95	84.82
Six months ended September 30, 2015	57.52	57.46

Note: The provisional accounting treatment for business combinations was finalized on March 31, 2016. The quarterly consolidated financial statements for the six months ended September 30, 2015 have been revised to reflect the finalization of said accounting.

Reference: EBITDA (operating income + depreciation and amortization + amortization of goodwill)
Six months ended September 30, 2016 ¥104,256 million [11.2%]
Six months ended September 30, 2015 ¥93,763 million [9.3%]
Net income before amortization of goodwill
(Net income attributable to owners of the parent + amortization of goodwill)
Six months ended September 30, 2016 ¥71,892 million [29.7%]
Six months ended September 30, 2015 ¥55,412 million [19.5%]
Adjusted EPS Six months ended September 30, 2016 ¥108.77 [12.1%]
Six months ended September 30, 2015 ¥97.07

Notes:
Adjusted EPS: adjusted net income / (number of shares issued at the end of the period – number of treasury stock at the end of the period)
Adjusted net income: net income attributable to owners of the parent ± adjustment items (excluding non-controlling interests) ± tax reconciliation related to adjustment items
Adjustment items: amortization of goodwill and other intangible assets arising due to business combinations ± extraordinary income/losses

(2) Consolidated Financial Position

	Total assets	Total equity	Ratio of equity attributable to owners of the parent to total asset
	Millions of yen	Millions of yen	%
As of September 30, 2016	1,282,095	690,220	53.4
As of March 31, 2016	1,150,681	777,000	66.9

Reference: Equity attributable to owners of the parent

As of September 30, 2016 ¥684,121 million

As of March 31, 2016 ¥770,277 million

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, 2016	-	0.00	-	50.00	50.00
Year ending March 31, 2017	-	0.00			
Year ending March 31, 2017 (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, 2017 (from April 1, 2016 to March 31, 2017)

(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	1,830,000	15.2	117,000	2.6	122,000	2.2	74,000	14.7	132.82

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

The Company, at the board of directors meeting held on August 24, 2016, resolved on matters concerning the repurchase of its shares, pursuant to the provisions of Article 156 of the Companies Act as applied by replacing certain terms under the provisions of Article 165, Paragraph 3 of the same Act. Accordingly, net income per share in the consolidated financial results forecast for the year ending March 31, 2017 factors in the effect of said repurchase of its shares.

Reference:	EBITDA	Year ending March 31, 2017	¥223,000 million	[10.3%]
	Net income before amortization of goodwill			
		Year ending March 31, 2017	¥128,500 million	[14.2%]
	Adjusted EPS	Year ending March 31, 2017	¥223.47	[6.6%]

* Notes

(1) Changes in significant subsidiaries during the six months ended September 30, 2016: Yes
(Changes in specified subsidiaries accompanying change in scope of consolidation)

Newly included: 7 companies
USG People B.V.
Start Holding B.V.
Start People B.V.
Start People NV
Unique NV
USG People France SAS
USG People Interservices NV

Excluded: 3 companies
A.C.N 139 871 560 Pty Ltd
P.B. Recruitment Pty Ltd
Peoplebank Holdings Pty 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 September 30, 2016	565,320,010 shares	As of March 31, 2016	565,320,010 shares

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

As of September 30, 2016	8,185,821 shares	As of March 31, 2016	584,200 shares

3) Average number of shares during the period

Six months ended September 30, 2016	563,273,037 shares	Six months ended September 30, 2015	564,722,693 shares

* 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 Six Months Ended September 30, 2016

(1) Operating Results

During the six months ended September 30, 2016, the 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, while in our Overseas Recruiting operations, we undertook initiatives to increase the number of users and clients, mainly through efforts to promote brand awareness. 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.

As a result of the above, net sales were ¥814.5 billion, an increase of 10.6% year on year. Operating income was ¥58.4 billion, an increase of 11.7% year on year, and ordinary income was ¥60.6 billion, an increase of 9.8% year on year. Net income attributable to owners of the parent was ¥47.8 billion, an increase of 47.3% year on year, due primarily to the recording of ¥22.0 billion of gain on sales of shares of subsidiaries and associates as extraordinary income.

EBITDA (i.e. the sum of operating income, depreciation and amortization, and amortization of goodwill) increased by 11.2% year on year to ¥104.2 billion. Net income before amortization of goodwill (i.e. the sum of net income attributable to owners of the parent and amortization of goodwill) was ¥71.8 billion, a 29.7% increase year on year, and adjusted EPS (*1) was ¥108.77, a 12.1% increase year on year.

Net sales and EBITDA of existing businesses, excluding financial results of subsidiaries newly included in the scope of consolidation due to mergers and acquisitions, etc., amounted to ¥814.5 billion, an increase of 10.6% year on year, and ¥104.2 billion, an increase of 11.2% year on year, respectively. Since there were no items to be excluded for the six months ended September 30, 2016, these figures correspond to net sales and EBITDA, respectively.

The Group aggressively seeks to strengthen and expand its business foundation by utilizing mergers and acquisitions, etc. In this context, the Group has adopted EBITDA as a performance index, as it enables comparison of the Group and other companies without it being affected by the differences in accounting standards.

The Company is aiming for the voluntary adoption of IFRS (International Financial Reporting Standards) during the year ending March 31, 2018.

*1 Adjusted EPS (adjusted net income per share): adjusted net income (*2) / (number of shares issued at the end of the period – number of treasury stock at the end of the period)

*2 Adjusted net income: net income attributable to owners of the parent ± adjustment items (*3) (excluding non-controlling interests) ± tax reconciliation related to adjustment items

*3 Adjustment items: amortization of goodwill and other intangible assets arising due to business combinations ± extraordinary income/losses

Overview of major segments is as follows.

1) Marketing Media segment

Net sales in our Marketing Media segment were ¥182.2 billion, a 9.2% increase year on year, and segment income (segment EBITDA) was ¥50.5 billion, a 14.7% increase year on year, for the six months ended September 30, 2016.

Overview of main operations is as follows.

I. Life Event operations

In the housing and real estate business, net sales were strong in our key divisions, namely the condominium apartment, independent housing and leasing divisions, supported by factors such as the increased clients' demand for attracting users, in addition to our efforts to strengthen user attractiveness.

In the bridal business, despite a declining number of marrying couples in Japan due to the lowering birth rate, net sales were solid mainly due to increased demand for major wedding venue operator clients to attract users.

As a result of the above, net sales in our Life Event operations were ¥94.4 billion, an increase of 11.7% year on year. Sales by business were ¥49.6 billion for the housing and real estate business, an increase of 15.9% year on year, and ¥27.3 billion for the bridal business, an increase of 1.5% year on year.

II. Lifestyle operations

In the travel business, despite the impact of the transfer of a subsidiary during the second quarter ended September 30, 2016, net sales were flat due to factors such as an increase in the total number of hotel guests within the Group.

In the dining business, net sales were favorable due to an increased number of stores in transaction as a result of strengthening client development efforts through *Air Series*, as well as continued solid growth in online seat reservation numbers.

In the beauty business, net sales were favorable due to expanded transaction with existing clients and the acquisition of new clients as a result of factors including efforts to improve the usability of *SALON BOARD* and the further increase of online reservations.

As a result of the above, net sales in our Lifestyle operations were ¥84.5 billion, an increase of 3.4% year on year. This includes ¥30.1 billion in the travel business, an increase of 0.3% year on year, ¥17.8 billion in the dining business, an increase of 5.6% year on year, and ¥28.2 billion in the beauty business, an increase of 24.8% year on year.

2) HR Media segment

For the six months ended September 30, 2016, net sales in our HR Media segment were ¥188.8 billion, an increase of 16.5% year on year. Segment income (segment EBITDA) was ¥38.8 billion, a decrease of 0.1% year on year, since we enhanced user attractiveness and reinforced our salesforce in our Domestic Recruiting operations in order to respond to robust employment demand in Japan.

Overview of main operations is as follows.

I. Domestic Recruiting operations

In the Domestic Recruiting operations, a favorable employment condition continued as evidenced by the high ratio of job-offers to job-seekers, as well as by the increased number of recruitment advertisements.

Under this environment, net sales were favorable mainly in employment placements and job advertisements for part-time and temporary workers.

As a result, net sales in our Domestic Recruiting operations were ¥123.2 billion, an increase of 5.2% year on year.

II. Overseas Recruiting operations

In the Overseas Recruiting operations, the number of users steadily increased through measures such as the promotion of *Indeed.com*’s brand awareness in the United States, the current focus of our business, as well as in other countries. In addition, net sales were favorable due to the continuous growth in the usage of our services by small- and medium-sized clients.

As a result, net sales in our Overseas Recruiting operations were ¥56.4 billion, an increase of 56.5% year on year.

3) Staffing segment

Net sales in our Staffing segment were ¥448.8 billion, an increase of 8.9% year on year, and segment income (segment EBITDA) was ¥25.8 billion, an increase of 13.4% year on year, for the six months ended September 30, 2016.

Overview of main operations is as follows.

I. Domestic Staffing operations

In the Domestic Staffing operations, the market continues to expand moderately as evidenced by the continued increase in the number of active agency workers.

Under this environment, net sales were favorable mainly in the administrative, engineering and IT divisions due to the strengthening of our salesforce as well as our efforts in extending existing staffing contracts and increasing the number of new staffing contracts.

As a result, net sales in our Domestic Staffing operations were ¥223.9 billion, an increase of 11.5% year on year.

II. Overseas Staffing operations

In the Overseas Staffing operations, the staffing markets in North America, Europe and Australia, where the Group mainly operates its businesses, continue to expand steadily.

Net sales in our Overseas Staffing operations were favorable due mainly to earnings contributions from the beginning of the six months ended September 30, 2016 of Chandler Macleod Group Limited and Atterro, Inc., etc., whose shares we acquired in the previous fiscal year.

As a result, net sales in our Overseas Staffing operations were ¥224.9 billion, an increase of 6.4% year on year.

The financial results of USG People B.V. (renamed from USG People N.V. in July 2016), whose shares we acquired during the first quarter ended June 30, 2016, will be consolidated from the third quarter ending December 31, 2016.

4) Other segment

Net sales in our Other segment were ¥2.1 billion, a decrease of 23.7% year on year, and segment income (segment EBITDA) was negative ¥4.3 billion (negative ¥3.4 billion in the same period in the previous fiscal year), for the six months ended September 30, 2016.

(2) Financial Position

Assets, liabilities and equity

(Assets)

Current assets were ¥584.2 billion, a decrease of ¥5.4 billion or 0.9%, from the end of the previous fiscal year. This was mainly due to a decrease in cash and deposits and increases in notes and accounts receivable - trade and securities.

Noncurrent assets were ¥697.8 billion, an increase of ¥136.9 billion or 24.4%, from the end of the previous fiscal year. This was mainly due to an increase in goodwill, following mergers and acquisitions in the Staffing segment.

As a result, total assets as of September 30, 2016 was ¥1,282.0 billion, an increase of ¥131.4 billion or 11.4%, from the end of the previous fiscal year.

(Liabilities)

Current liabilities were ¥328.2 billion, an increase of ¥46.2 billion or 16.4%, from the end of the previous fiscal year. This was mainly due to increases in current portion of long-term debt and other current liabilities such as deposits received and a decrease in income taxes payable.

Long-term liabilities were ¥263.5 billion, an increase of ¥171.9 billion or 187.5%, from the end of the previous fiscal year. This was mainly due to an increase in long-term debt.

As a result, total liabilities as of September 30, 2016 were ¥591.8 billion, an increase of ¥218.1 billion or 58.4%, from the end of the previous fiscal year.

(Equity)

Total equity as of September 30, 2016 were ¥690.2 billion, a decrease of ¥86.7 billion or 11.2%, from the end of the previous fiscal year. This was mainly due to an increase in treasury stock, a decrease in foreign currency translation adjustments and an increase in retained earnings.

Cash flows

Cash and cash equivalents (hereinafter "cash") as of September 30, 2016 were ¥275.1 billion, a decrease of ¥35.1 billion from the end of the previous fiscal year, because cash outflows from investing activities exceeded cash inflows from operating and financing activities.

(Cash flows from operating activities)

Cash flows from operating activities for the six months ended September 30, 2016 resulted in a cash inflow of ¥61.0 billion, a decrease of ¥16.5 billion or 21.4%, year on year. This was due to adding depreciation and amortization of ¥21.8 billion and amortization of goodwill of ¥24.0 billion and other items to, and subtracting gain on sales of shares of subsidiaries and associates of ¥22.0 billion and income taxes - paid of ¥44.5 billion and other items from income before income taxes of ¥78.6 billion.

(Cash flows from investing activities)

Cash flows from investing activities for the six months ended September 30, 2016 resulted in a cash outflow of ¥196.7 billion, an increase of ¥118.2 billion or 150.6%, year on year. This was mainly due to the recording of payments for purchase of intangible assets of ¥29.6 billion, and payments for purchase of investments in subsidiaries resulting in change in scope of consolidation of ¥176.6 billion, following mergers and acquisitions in the Staffing segment.

(Cash flows from financing activities)

Cash flows from financing activities for the six months ended September 30, 2016 resulted in a cash inflow of ¥107.0 billion, compared with a cash outflow of ¥37.1 billion in the same period in the previous fiscal year. This was mainly due to the recording of increase in long-term debt of ¥174.7 billion, against payments for purchase of treasury stock of ¥30.0 billion and dividends paid of ¥28.5 billion.

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

The consolidated financial results forecast for the year ending March 31, 2017 has not been changed from the forecast in the "Announcement of Revision of the Financial Forecasts" announced on July 27, 2016.

2. Matters Concerning Notes to Summary Information

(1) Changes in Significant Subsidiaries During the Six Months Ended September 30, 2016

USG People B.V. (renamed from USG People N.V. in July 2016), Start Holding B.V., Start People B.V., Start People NV, Unique NV, USG People France SAS, and USG People Interservices NV have become consolidated subsidiaries due to acquisition of their shares during the first quarter ended June 30, 2016.

A.C.N 139 871 560 Pty Ltd, P.B. Recruitment Pty Ltd and Peoplebank Holdings Pty Ltd have been excluded from the scope of consolidation since the liquidation procedures of them were completed during the second quarter ended September 30, 2016.

The change in the scope of consolidation during the first quarter ended June 30, 2016 is expected to have a significant impact on the consolidated financial statements for the year ending March 31, 2017. The impact includes an increase in total assets in the consolidated balance sheets and an increase in net sales, etc., in the consolidated statements of income.

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

Not applicable.

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

Effective from the first quarter ended June 30, 2016, 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 quarterly consolidated financial statements for the six months ended September 30, 2016 was immaterial.

(4) Additional Information

Effective from the first quarter ended June 30, 2016, the Company adopted “Revised Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, issued March 28, 2016).

3. Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	257,741	195,637
Notes and accounts receivable - trade	222,288	247,273
Securities	53,176	80,000
Other current assets	60,789	65,585
Allowance for doubtful accounts	(4,256)	(4,251)
Total current assets	589,739	584,245
Noncurrent assets		
Property, plant and equipment	32,432	39,750
Intangible assets		
Goodwill	213,051	346,828
Other	148,543	148,543
Total intangible assets	361,594	495,371
Investments and other assets		
Investment securities	120,854	111,518
Other assets	46,349	51,469
Allowance for doubtful accounts	(288)	(259)
Total investments and other assets	166,914	162,727
Total noncurrent assets	560,942	697,850
Total assets	1,150,681	1,282,095

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	60,104	57,419
Current portion of long-term debt	15,000	32,457
Income taxes payable	40,050	28,275
Accrued employees' bonuses	24,728	27,186
Other current liabilities	142,113	182,949
Total current liabilities	281,997	328,288
Long-term liabilities		
Long-term debt	-	173,705
Net defined benefit liability	28,750	29,847
Other long-term liabilities	62,932	60,033
Total long-term liabilities	91,683	263,585
Total liabilities	373,680	591,874
Equity		
Shareholders' equity		
Common stock	10,000	10,000
Capital surplus	53,756	52,804
Retained earnings	596,305	615,917
Treasury stock	(495)	(30,460)
Total shareholders' equity	659,565	648,260
Accumulated other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	29,016	24,730
Deferred gain (loss) on derivatives under hedge accounting	(2,157)	-
Foreign currency translation adjustments	86,274	13,166
Remeasurements of defined benefit plans	(2,421)	(2,035)
Total accumulated other comprehensive income	110,712	35,861
Stock acquisition rights	2,137	2,042
Non-controlling interests	4,585	4,056
Total equity	777,000	690,220
Total liabilities and equity	1,150,681	1,282,095

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

Quarterly Consolidated Statements of Income

Six Months Ended September 30, 2016

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net sales	736,478	814,505
Cost of sales	386,271	419,208
Gross profit	350,207	395,297
Selling, general and administrative expenses	297,923	336,894
Operating income	52,283	58,402
Non-operating income		
Interest income	380	123
Dividend income	1,212	680
Share of profit of entities accounted for using equity method	2,441	1,701
Other	635	554
Total non-operating income	4,670	3,059
Non-operating expenses		
Interest expense	584	192
Foreign exchange losses	970	213
Other	207	431
Total non-operating expenses	1,761	837
Ordinary income	55,192	60,624
Extraordinary income		
Gain on sales of investment securities	5,515	90
Gain on sales of shares of subsidiaries and associates	-	22,054
Gain on step acquisitions	1,807	-
Other	404	170
Total extraordinary income	7,727	22,315
Extraordinary losses		
Loss on disposal of noncurrent assets	276	807
Loss on valuation of investment securities	226	1,135
Loss on liquidation of subsidiaries and associates	312	24
Impairment loss	181	1,965
Other	243	386
Total extraordinary losses	1,240	4,319
Income before income taxes	61,679	78,619
Income taxes: Current	23,030	31,410
Income taxes: Deferred	5,773	(1,001)
Total income taxes	28,804	30,408
Net income	32,875	48,210
Net income attributable to non-controlling interests	393	362
Net income attributable to owners of the parent	32,482	47,848

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended September 30, 2016

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net income	32,875	48,210
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	(1,520)	(4,286)
Deferred gain (loss) on derivatives under hedge accounting	72	2,157
Foreign currency translation adjustments	5,445	(68,273)
Remeasurements of defined benefit plans, net of tax	883	386
Share of other comprehensive income (loss) in affiliated companies	559	(5,273)
Total other comprehensive income (loss)	5,440	(75,289)
Comprehensive income	38,315	(27,078)
Total comprehensive income (loss) attributable to:		
Owners of the parent	37,896	(27,002)
Non-controlling interests	419	(76)

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from operating activities		
Income before income taxes	61,679	78,619
Depreciation and amortization	18,549	21,809
Impairment loss	181	1,965
Amortization of goodwill	22,930	24,044
Retirement benefit expenses	469	604
Increase (decrease) in allowance for doubtful accounts	(962)	(288)
Increase (decrease) in accrued employees' bonuses	1,970	1,029
Interest and dividend income	(1,593)	(803)
Interest expense	584	192
Foreign exchange (gain) loss	349	1,402
Share of (profit) loss of entities accounted for using equity method	(2,441)	(1,701)
Loss on disposal of noncurrent assets	276	807
(Gain) loss on sales of investment securities	(5,515)	(90)
(Gain) loss on sales of shares of subsidiaries and associates	-	(22,054)
(Gain) loss on valuation of investment securities	226	1,135
(Gain) loss on step acquisitions	(1,807)	-
Loss on liquidation of subsidiaries and associates	312	24
(Increase) decrease in trade receivables	21,393	9,544
Increase (decrease) in trade payables	(27,079)	(4,867)
Other-net	(451)	(6,464)
Subtotal	89,071	104,910
Interest and dividend income received	1,636	854
Interest expense paid	(586)	(197)
Income taxes-paid	(12,470)	(44,504)
Net cash provided by operating activities	77,651	61,063
Cash flows from investing activities		
Payments into time deposits	(242)	(40)
Proceeds from withdrawal of time deposits	106	35
Payments for purchase of property, plant and equipment	(5,247)	(11,794)
Payments for purchase of intangible assets	(16,608)	(29,666)
Payments for purchase of investment securities	(5,023)	(1,729)
Proceeds from sales and redemption of investment securities	18,265	428
Payments for investments in capital	(1,213)	(618)
Collection of investments in capital	-	453
Payments for purchase of investments in subsidiaries resulting in change in scope of consolidation	(65,842)	(176,635)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	168	-
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	-	23,082
Proceeds from liquidation of subsidiaries	156	-
Payments for transfer of business	-	(312)
Proceeds from transfer of business	435	-
Payments of short-term loans receivable	(123)	-
Other-net	(3,341)	58
Net cash used in investing activities	(78,511)	(196,736)

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from financing activities		
Increase (decrease) in short-term borrowings - net	(3,258)	(8)
Increase in long-term debt	-	174,702
Repayments of long-term debt	(7,671)	(7,500)
Proceeds from share issuance to non-controlling shareholders	111	-
Payments for purchase of treasury stock	-	(30,015)
Dividends paid	(26,312)	(28,568)
Payments for purchase of investments in subsidiaries not resulting in change in scope of consolidation	-	(1,393)
Other-net	(33)	(140)
Net cash provided by (used in) financing activities	(37,164)	107,077
Foreign currency translation adjustments on cash and cash equivalents	1,694	(6,594)
Net increase (decrease) in cash and cash equivalents	(36,330)	(35,190)
Cash and cash equivalents at beginning of period	313,197	310,322
Cash and cash equivalents at end of period	276,867	275,132

(4) Notes to Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Significant Changes in the Amount of Shareholders' Equity)

The Company, at the board of directors meeting held on August 24, 2016, resolved to repurchase its shares, and repurchased 7,643,300 shares of treasury stock on August 26, 2016. As a result, treasury stock increased by ¥29,999 million during the six months ended September 30, 2016, and totaled ¥30,460 million as of September 30, 2016.

(Segment Information, etc.)

[Segment Information]

Six Months Ended September 30, 2015 (from April 1, 2015 to September 30, 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	166,603	159,881	407,007	2,685	736,176	301	736,478
Intersegment sales or transfers	361	2,295	5,336	118	8,111	(8,111)	-
Total	166,964	162,176	412,343	2,803	744,288	(7,809)	736,478
Segment income (loss) (Note 4)	44,106	38,853	22,823	(3,411)	102,371	(50,088)	52,283

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 ¥(50,088) million include depreciation and amortization of ¥(18,549) million; amortization of goodwill of ¥(22,930) million; and corporate expenses not allocated to any reportable segments of ¥(8,608) 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.

Six Months Ended September 30, 2016 (from April 1, 2016 to September 30, 2016)

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	182,055	187,042	442,698	2,016	813,813	692	814,505
Intersegment sales or transfers	198	1,815	6,160	122	8,296	(8,296)	-
Total	182,253	188,857	448,858	2,139	822,109	(7,604)	814,505
Segment income (loss) (Note 4)	50,573	38,828	25,886	(4,331)	110,957	(52,554)	58,402

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 ¥(52,554) million include depreciation and amortization of ¥(21,809) million; amortization of goodwill of ¥(24,044) million; and corporate expenses not allocated to any reportable segments of ¥(6,700) 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

(Significant Changes in the Amount of Goodwill)

During the three months ended June 30, 2016, the Company recognized goodwill of ¥183,069 million in connection with the inclusion of USG People B.V. (renamed from USG People N.V. in July 2016) in the scope of consolidation due to the acquisition of its shares. The amount of goodwill was calculated on a provisional basis since the allocation of acquisition costs was not completed as of September 30, 2016. The goodwill is not allocated to the reportable segments.

(Business Combinations)

1 Business Combination by Acquisition

Significant revision to the initial allocation of the acquisition cost in the comparative information

During the first quarter ended June 30, 2015, the Company applied provisional accounting treatment for the business combination on April 16, 2015 with Chandler Macleod Group Limited, and finalized said accounting on March 31, 2016.

In line with the finalization of the provisional accounting treatment, the comparative information included in the quarterly consolidated financial statements for the six months ended September 30, 2016 have been revised to reflect a significant change to the initial allocation of the acquisition cost. Primarily due to allocating ¥13,554 million to customer-related assets classified as intangible assets, the amount of goodwill calculated on a provisional basis totaled ¥16,010 million, a decrease of ¥11,683 million from ¥27,694 million.

As a result, due mainly to a decrease in amortization of goodwill and an increase in amortization of intangible assets, each of operating income, ordinary income and income before income taxes decreased by ¥3 million, and net income and net income attributable to owners of the parent each decreased by ¥15 million in the quarterly consolidated statements for the six months ended September 30, 2015.

2 Business Divestitures

Sales of Investments in Subsidiaries

(1) Overview of the Business Divestiture

1) Name of the divested company

Yuko Yuko Holdings Inc.

2) Overview of the divested business

Consolidated subsidiary: Yuko Yuko Corporation

Description of business: Publisher and operator of domestic hotel information magazine “Yuko Yuko” and domestic hotel booking website “yukoyuko.net.”

3) Reason for the business divestiture

In order to acquire business in the senior demographic of the accommodation booking market in the travel business of the Marketing Media segment, the Group acquired Yuko Yuko Corporation in 2006 and has since promoted a growth strategy. At the same time, as a result of the Group’s efforts to grow its existing travel information magazine “Jalan” and travel information search and booking website “Jalan.net,” and rising internet usage rates, the number of active users has steadily increased regardless of age, including the senior demographic. In light of this situation, the Company has concluded that it will be beneficial to cooperate with partner companies other than those of the Group for the further growth of Yuko Yuko Corporation and, accordingly, has transferred the shares of Yuko Yuko Corporation.

4) Date of the business divestiture

July 27, 2016

5) Other matters concerning the transaction including its legal form

Share transfer in which consideration is limited to cash or other properties

(2) Overview of the Accounting Treatment

1) Amount of gain on transfer of business divestitures

¥19,845 million

2) Appropriate carrying amounts of the assets and liabilities of the transferred business

	(Millions of yen)
Current assets	311
Noncurrent assets	826
Total assets	1,137
Current liabilities	709
Long-term liabilities	114
Total liabilities	823

3) Accounting treatment

The difference between the consolidated carrying amount and the sales value of Yuko Yuko Corporation is recorded as extraordinary income under gain on sales of shares of subsidiaries and associates.

(3) Reportable Segment to which the Divested Business Belonged

Marketing Media segment

(4) Estimated Amount of Gains and Losses of the Divested Business Recorded on the Quarterly Consolidated Statements of Income for the Quarterly Cumulative Accounting Period

(Millions of yen)

	Cumulative period
Net sales	2,610
Operating income	443