

# Consolidated Financial Results for the Year Ended March 31, 2016 [Japanese GAAP]

May 13, 2016

Company name: Recruit Holdings Co., Ltd.

Listed stock exchange: Tokyo Stock Exchange

Securities code: 6098

URL: <http://www.recruit.jp>

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Scheduled date of Ordinary General Meeting of Shareholders: June 21, 2016

Scheduled commencement date of dividend distribution: June 22, 2016

Scheduled submission date of securities report: June 22, 2016

Preparation of briefing materials to the financial results: Yes

Holding of financial results briefing: Yes (for institutional investors and analysts)

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

**1. Consolidated Financial Results for the Year Ended March 31, 2016 (from April 1, 2015 to March 31, 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	%
Year ended March 31, 2016	1,588,623	22.2	114,032	(6.9)	119,336	(5.0)	64,535	(7.4)
Year ended March 31, 2015	1,299,930	9.1	122,499	4.3	125,617	2.9	69,702	6.5

Note: Comprehensive income Year ended March 31, 2016 ¥47,598 million [(59.6)%]

Year ended March 31, 2015 ¥117,875 million [3.1%]

	Net income per share	Diluted net income per share	Net income to shareholders' equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2016	114.28	114.12	8.5	10.6	7.2
Year ended March 31, 2015	127.79	127.68	10.8	12.8	9.4

Reference: Share of profit of entities accounted for using equity method: Year ended March 31, 2016: ¥4,961 million

Year ended March 31, 2015: ¥3,215 million

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)

Year ended March 31, 2016 ¥202,250 million [5.7%]

Year ended March 31, 2015 ¥191,404 million [6.0%]

Net income before amortization of goodwill

(Net income attributable to owners of the parent + amortization of goodwill)

Year ended March 31, 2016 ¥112,477 million [4.5%]

Year ended March 31, 2015 ¥107,584 million [6.0%]

## (2) Consolidated Financial Position

	Total assets	Equity	Ownership equity ratio	Equity per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2016	1,150,681	777,000	66.9	1,363.96
As of March 31, 2015	1,100,782	754,157	68.1	1,327.49

Reference: Ownership equity As of March 31, 2016 ¥770,277 million

As of March 31, 2015 ¥749,628 million

Note: Ownership equity ratio = [(equity – stock acquisition rights – non-controlling interests) / total assets] x 100

## (3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2016	162,511	(109,613)	(53,546)	310,322
Year ended March 31, 2015	137,497	(80,358)	62,580	313,197

## 2. Dividends

	Dividends per share					Total dividends paid (annual)	Payout ratio (consolidated)	Dividends to equity (consolidated)
	First quarter- end	Second quarter- end	Third quarter- end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2015	-	0.00	-	47.00	47.00	26,540	36.8	4.0
Year ended March 31, 2016	-	0.00	-	50.00	50.00	28,236	43.8	3.7
Year ending March 31, 2017 (forecast)	-	0.00	-	50.00	50.00		45.9	

## 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	1,690,000	6.4	121,500	6.5	126,500	6.0	61,500	(4.7)	108.90

Reference: EBITDA Year ending March 31, 2017 ¥217,000 million [7.3%]

Adjusted EPS Year ending March 31, 2017 ¥215.14 [2.7%]

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 regarding the adjustment items

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

## \* Notes

## (1) Changes in significant subsidiaries during the current fiscal year

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

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) 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

## (3) Number of shares issued (common stock)

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

As of March 31, 2016	565,320,010 shares	As of March 31, 2015	565,320,010 shares
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2) Number of treasury stock at the end of the period

As of March 31, 2016	584,200 shares	As of March 31, 2015	626,000 shares
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3) Average number of shares during the period

Year ended March 31, 2016	564,729,112 shares	Year ended March 31, 2015	545,456,336 shares
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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.

## (Reference) Summary of Non-consolidated Financial Results

**Non-consolidated Financial Results for the Year Ended March 31, 2016 (from April 1, 2015 to March 31, 2016)**

(1) Non-consolidated Operating Results (Percentage indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2016	538,417	5.0	75,884	(0.6)	76,850	(0.4)	54,956	9.4
Year ended March 31, 2015	512,928	4.2	76,361	1.6	77,133	0.0	50,256	8.9

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended March 31, 2016	97.31	97.18
Year ended March 31, 2015	92.14	92.07

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.

## (2) Non-consolidated Financial Position

	Total assets	Equity	Ownership equity ratio	Equity per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2016	1,128,936	562,751	49.7	992.70
As of March 31, 2015	1,044,796	539,990	51.6	954.12

Reference: Ownership equity As of March 31, 2016 ¥560,613 million

As of March 31, 2015 ¥538,783 million

## \* Implementation status for audit procedures

The audit procedures based on the Financial Instruments and Exchange Act do not apply to this document, and audit procedures for securities report based on the Financial Instruments and Exchange Act have not 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 4 of the Attached Materials.

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## 1. Analysis of Operating Results and Financial Position

### (1) Analysis of Operating Results

(Operating results for the year ended March 31, 2016)

During the year ended March 31, 2016, the Japanese economy was on a moderate recovery track with the employment situation being stabilized at a high level. This was despite the impact from the global economy such as the economic slowdown in China and the fall in crude oil prices.

Under this environment, the Group continued to strengthen operations in Japan as well as driving forward with global expansion. In the Marketing Media segment, the Group made efforts to improve user convenience through such means as strengthening our client base and expanding our reservation services through the utilization of digital technologies, mainly in the dining and beauty businesses. In the HR Media segment, the Group focused on further strengthening the competitiveness of the Domestic Recruiting operations where the employment situation is stabilized at a high level, while in the Overseas Recruiting operations, it took initiative in order to increase the number of users and clients, mainly through efforts to promote brand awareness. In the Staffing segment, the Group promoted efficient business operations, and made efforts to expand its area of operations through such means as M&As.

As a result, net sales amounted to ¥1,588.6 billion (a year-on-year increase of 22.2%), operating income was ¥114.0 billion (a year-on-year decrease of 6.9%), ordinary income was ¥119.3 billion (a year-on-year decrease of 5.0%), and net income attributable to owners of the parent amounted to ¥64.5 billion (a year-on-year decrease of 7.4%) due primarily to increases in certain operating expenses such as depreciation and amortization as well as amortization of goodwill.

EBITDA (operating income + depreciation and amortization + amortization of goodwill) amounted to ¥202.2 billion (a year-on-year increase of 5.7%), and net income before amortization of goodwill (net income attributable to owners of the parent + amortization of goodwill) was ¥112.4 billion (a year-on-year increase of 4.5%).

Net sales and EBITDA in the existing businesses excluding financial results of the subsidiaries newly included in the scope of consolidation due to M&As, etc. amounted to ¥1,422.7 billion (a year-on-year increase of 9.4%) and ¥203.3 billion (a year-on-year increase of 6.3%), 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 performance 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 year ended March 31, 2016, the Marketing Media segment recorded net sales of ¥349.3 billion (a year-on-year increase of 4.8%). Segment income (segment EBITDA) was ¥93.2 billion (a year-on-year decrease of 3.1%) mainly due to the impact of including the business results of two subsidiaries: Quandoo GmbH, Germany, an online restaurant reservation service provider that operates mainly in Europe; and Hotspring Ventures Limited, an online beauty reservation service provider that operates in Europe, both of which were included from the year ended March 31, 2016.

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, despite a declining trend in the number of marrying couples in Japan due to low childbirth rates, net sales remained stable mainly due to increased needs for attracting customers of major wedding venue operator clients especially in major urban areas.

As a result, net sales in the Life Event operations were ¥179.0 billion (a year-on-year increase of 0.8%). The breakdown of net sales by major businesses was ¥88.0 billion (a year-on-year increase of 4.9%) in the housing

and real estate business and ¥53.6 billion (a year-on-year decrease of 0.0%) in the bridal business.

## II. Lifestyle operations

In the travel business, net sales were favorable as a result of a rise in room rates as well as an increase in the total number of guest nights purchased for 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 factors including enhanced contact with clients featuring the "Air Series" and continued strong growth in numbers of online reservations.

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

As a result, net sales in the Lifestyle operations were ¥167.2 billion (a year-on-year increase of 7.6%). The breakdown of net sales by major businesses was ¥60.8 billion (a year-on-year increase of 13.8%) in the travel business, ¥36.3 billion (a year-on-year increase of 6.0%) in the dining business and ¥46.1 billion (a year-on-year increase of 15.4%) in the beauty business.

## 2) HR Media segment

In the year ended March 31, 2016, the HR Media segment recorded net sales of ¥359.2 billion (a year-on-year increase of 18.7%) and segment income (segment EBITDA) of ¥88.0 billion (a year-on-year increase of 12.8%).

Overview of main operations is as follows.

### I. Domestic Recruiting operations

In the Domestic Recruiting operations, the employment environment continues to be robust reflecting the continued high-level ratio of available jobs to job applicants and the increased number of recruitment advertisements. Under this environment, the Group carried out measures such as attracting users and reinforcing the sales operations. As a result, net sales were favorable mainly in the job advertisements for mid-career recruitment and part-time and temporary workers.

As a result, net sales in the Domestic Recruiting operations were ¥255.9 billion (a year-on-year increase of 6.7%).

### II. Overseas Recruiting operations

In the Overseas Recruiting operations, the number of users increased steadily due mainly to efforts to promote brand awareness of "Indeed.com" not only in the United States, which is currently the center of the business, but in other countries as well. In addition, net sales were favorable due mainly to continued growth in utilization of the Group's services by small- and medium-sized clients in the United States.

As a result, net sales in the Overseas Recruiting operations were ¥84.3 billion (a year-on-year increase of 83.1%).

## 3) Staffing segment

In the year ended March 31, 2016, the Staffing segment recorded net sales of ¥890.0 billion (a year-on-year increase of 31.8%) and segment income (segment EBITDA) of ¥49.6 billion (a year-on-year increase of 21.9%).

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 continued increase in the number of active agency workers.

Under this environment, net sales were favorable mainly in the administrative and IT divisions in the Tokyo metropolitan area and engineering division, due to factors including strengthening of the sales operations in the Tokyo metropolitan area as well as focusing on the extension 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 ¥414.1 billion (a year-on-year increase of 6.3%).

## II. Overseas Staffing operations

In Overseas Staffing operations, the staffing markets in North America, Europe and Australia, where the Group mainly operates its businesses, continue 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 and Chandler Macleod Group Limited, both of which operate its business in Australia, etc. and Atterro, Inc., which operates its business in the United States, newly contributed to business results of the segment from the year ended March 31, 2016.

As a result, net sales in the Overseas Staffing operations were ¥475.8 billion (a year-on-year increase of 66.6%).

## 4) Other segment

During the year ended March 31, 2016, net sales of the Other segment amounted to ¥5.1 billion (a year-on-year increase of 156.4%). Segment income (segment EBITDA) was ¥(11.8) billion (¥(11.2) billion for the year ended March 31, 2015) due to factors including the strengthening of initiatives related to “RECRUIT ID.”

## (Consolidated Financial Results Forecast for the Year Ending March 31, 2017)

In our domestic business, we will continue to strengthen our existing businesses and work to strengthen our client and user bases through such offerings as the “Air Series,” which is provided as operation support services for small-to medium-sized companies and “Study Sapuri,” which is provided as educational services.

In our overseas business, we will continue to invest for growth focusing on Indeed, Inc. for which strong growth is expected over the medium to long term, and at the same time, we will reinforce our business base through the utilization of M&As and improve the profitability of acquired subsidiaries.

Assuming a solid growth in each business segment, as for consolidated financial results forecast for the next fiscal year, net sales is forecast at ¥1,690 billion (a year-on-year increase of 6.4%), operating income at ¥121.5 billion (a year-on-year increase of 6.5%), ordinary income at ¥126.5 billion (a year-on-year increase of 6.0%), and due mainly to differences in extraordinary income and losses, net income attributable to owners of the parent is forecast at ¥61.5 billion (a year-on-year decrease of 4.7%) .

EBITDA and net income before amortization of goodwill are forecast at ¥217.0 billion (a year-on-year increase of 7.3%) and ¥110.5 billion (a year-on-year decrease of 1.8%), respectively, and adjusted EPS is forecast at ¥215.14 (a year-on-year increase of 2.7%).

Net sales and EBITDA in existing businesses for the year ending March 31, 2017 are expected to be ¥1,690.0 billion (a year-on-year increase of 6.4%) and ¥217.0 billion (a year-on-year increase of 7.3%), respectively. Although this forecast excludes the financial results of subsidiaries that will be included in the scope of consolidation from the next fiscal year through M&As, etc., there are currently no difference between the consolidated financial results forecast and the financial results forecast for existing businesses.

Note that the Group has set new management targets for the next fiscal year. For details, see 3. Management Policy (2) Target Management Index on page 13.



## (2) Analysis of Financial Position

### (Assets, liabilities and equity)

#### 1) Assets

Current assets increased by ¥23.0 billion (4.1%) from the end of the previous fiscal year to ¥589.7 billion. This was mainly due to a decrease in cash and deposits and increases in notes and accounts receivable - trade and securities.

Noncurrent assets increased by ¥26.7 billion (5.0%) from the end of the previous fiscal year to ¥560.9 billion. This was mainly due to increases in software and other intangible assets such as customer-related assets.

As a result, total assets as of March 31, 2016 increased by ¥49.8 billion (4.5%) from the end of the previous fiscal year to ¥1,150.6 billion.

#### 2) Liabilities

Current liabilities increased by ¥41.7 billion (17.4%) from the end of the previous fiscal year to ¥281.9 billion. This was mainly due to increases in accrued expenses and income taxes payable.

Long-term liabilities decreased by ¥14.7 billion (13.8%) from the end of the previous fiscal year to ¥91.6 billion. This was mainly due to decreases in long-term debt and deferred tax liabilities.

As a result, total liabilities as of March 31, 2016 increased by ¥27.0 billion (7.8%) from the end of the previous fiscal year to ¥373.6 billion.

#### 3) Equity

Total equity increased by ¥22.8 billion (3.0%) from the end of the previous fiscal year to ¥777.0 billion. This was mainly due to payment of dividends, recording of net income attributable to owners of the parent, and decreases in unrealized gain (loss) on available-for-sale securities and foreign currency translation adjustments.

### (Cash flows)

Cash and cash equivalents as of March 31, 2016 decreased by ¥2.8 billion from the end of the previous fiscal year to ¥310.3 billion, due to the fact that cash outflows from investing activities and financing activities exceeded cash inflows from operating activities.

#### 1) Cash flows from operating activities

Cash flows from operating activities resulted in a cash inflow of ¥162.5 billion, a year-on-year increase of ¥25.0 billion (18.2%). This was mainly due to recording of depreciation and amortization of ¥40.2 billion, amortization of goodwill of ¥47.9 billion, against an increase in trade receivables of ¥13.6 billion, a decrease in trade payables of ¥1.0 billion, and income taxes-paid of ¥32.5 billion.

#### 2) Cash flows from investing activities

Cash flows from investing activities resulted in a cash outflow of ¥109.6 billion, a year-on-year increase of ¥29.2 billion (36.4%). This was mainly due to payments for purchase of property, plant and equipment of ¥13.0 billion, payments for purchase of intangible assets of ¥35.2 billion, and payments for purchase of investments in subsidiaries resulting in change in scope of consolidation of ¥67.1 billion, against proceeds from sales and redemption of investment securities of ¥18.8 billion.

#### 3) Cash flows from financing activities

Cash flows from financing activities resulted in a cash outflow of ¥53.5 billion (a cash inflow of ¥62.5 billion in the previous fiscal year). This was mainly due to repayments of long-term debt of ¥22.8 billion and dividends paid of ¥26.4 billion.

## (Reference) Indicators related to cash flows

	Year ended March 31, 2015	Year ended March 31, 2016
Ownership equity ratio (%)	68.1	66.9
Ownership equity ratio on a market value basis (%)	192.4	168.6
Interest-bearing debt/cash flow ratio (years)	0.3	0.1
Interest coverage ratio (multiple)	225.4	167.7

Ownership equity ratio:  $[(\text{total equity} - \text{stock acquisition rights} - \text{non-controlling interests}) / \text{total assets}] \times 100$

Ownership equity ratio on a market value basis:  $[\text{total market capitalization} / \text{total assets}] \times 100$

Interest-bearing debt/cash flow ratio: interest-bearing debt/cash flows

Interest coverage ratio: cash flows / interest expenses paid

- (Notes)
1. All indicators are calculated using financial figures on a consolidated basis.
  2. Total market capitalization is calculated based on the total number of shares issued at the end of the fiscal year excluding treasury stock.
  3. Cash flows refer to cash flows from operating activities.
  4. Interest-bearing debt refers to all liabilities on the consolidated balance sheets for which interest is paid.

(3) Basic Policy on Profit Distribution and Dividend for Current Fiscal Year and Next Fiscal Year

The Company believes that placing priority on the implementation of strategic investments to attain sustainable profit growth and improve corporate value will in turn contribute to profits shared with our shareholders. In addition, we recognize returning profits to our shareholders as one of our key management policies and have the principle of paying consistent and sustainable dividends. In line with this, our basic policy is to return profits, comprehensively taking into account trends of business results and ensuring sufficient internal reserves, which are necessary for investment in future growth, and the reinforcement of our financial base.

In addition, we set a consolidated payout ratio of approximately 25% of net income before amortization of goodwill (Note).

In accordance with this basic policy, we have decided to pay a dividend of ¥50 per share for the 56th fiscal year.

We will improve corporate value by allocating internal reserves to strategic investments for growth.

As for cash dividends, the Company sets a basic policy of paying a year-end dividend once a year.

Matters stipulated by Article 459, Paragraph 1 of the Companies Act, including cash dividends, are resolved not by General Meetings of Shareholders, but rather by Meetings of the Board of Directors, unless otherwise provided by laws and regulations.

Dividends for the next fiscal year (year ending March 31, 2017) are planned to be ¥50 per share.

(Note) Net income before amortization of goodwill is calculated by adding amortization of goodwill to net income attributable to owners of the parent.

## 2. Overview of the Group

The Company is responsible for formulating the Group's management policy and managing the business as a holding company. The Group consists of the Company, 287 subsidiaries and 13 associates (as of March 31, 2016).

The Group traces its origins to placing job advertisements of companies in university newspapers and providing job information to students in 1960. Since its establishment, the Group has created and operated platforms that connect enterprises (our "clients" ) and people (our "users"). Currently, the Group engages in various businesses, possesses a wide range of business operations, and also has gained a certain level of market share in each operation.

The Group's reportable segments are components for which separate financial information is available and whose operating results are regularly reviewed by the Board of Directors to decide on the allocation of operating resources and assess business performance.

The Group has four reportable segments, namely, (1) Marketing Media segment, (2) HR Media segment, (3) Staffing segment, and (4) Other segment by type of business.

The Marketing Media segment consists of Life Event operations such as marriage and housing, which are major events in life, as well as Lifestyle operations such as travel, dining, and beauty, and provides information services relating to life events and everyday consumer activities.

The HR Media segment consists of Domestic Recruiting operations and Overseas Recruiting operations, and provides services such as recruitment advertisements and employment placement.

The Staffing segment consists of Domestic Staffing operations and Overseas Staffing operations, and offers temporary staffing for administrative positions, manufacturing positions, light industrial positions, and specialist positions, etc.

The Other segment conducts planning, operation, and outsourcing, etc., of digital content services.

The details of services of the Marketing Media, the HR Media and the Staffing are as follows.

### (1) Marketing Media segment

In Life Event operations and Lifestyle operations, the Group provides services to support clients' promotional activities and users' action utilizing our media.

In Life Event operations, the Group provides information services related to housing, bridal, post-secondary education for high school students and automobiles, etc.

In the housing and real estate business, the Group publishes information magazines and operates websites on buying, selling, renting and renovation of housing through the "SUUMO" informational magazine and website. Also, the Group offers in-person consultation services for purchasing newly built condominiums and custom homes.

In the bridal business, the Group proposes a new form of wedding through "Zexy," a bridal information magazine and website, for couples to realize their own unique wedding. Also, the Group offers in-person consultation services on the selection of wedding venues.

In addition, the Group publishes the free information magazine, "Rikunabi Shingaku Book," and operates the website "Rikunabi Shingaku" that supports high school students in choosing their future educational path. The Group also publishes and operates "Car Sensor" which provides relevant information to users looking to purchase pre-owned automobiles.

In Lifestyle operations, the Group provides services to support the actions of users in various everyday situations such as travel, dining and beauty.

In the travel business, the Group publishes "Jalan," information magazine covering domestic lodging and accommodation information, tours and nearby sightseeing destinations, and also operates "Jalan" website for hotel searching and booking. The website not only provides lodging information, but also supports booking of accommodation. Furthermore, our salesforce stationed all over Japan gather information on inns and hotels and provides unique lodging plans.

In addition, the Group publishes free magazines featuring dining information and discount coupons and operates websites for searching and booking restaurants through "Hot Pepper Gourmet." The Group also provides information for hair salons, relaxation services and beauty salons and an online reservation service through the "Hot Pepper Beauty" magazine and websites.

(2) HR Media segment

In the Domestic Recruiting operations and Overseas Recruiting operations, the Group offers services to support clients' recruitment activities and users' job search utilizing our own media.

In the Domestic Recruiting operations, the Group provides information to job-seeking students through "Rikunabi," a job search website for new graduates, "Rikunabi NEXT," a job search website for professionals, and "RECRUIT AGENT," a placement service that offers face-to-face consultation. The Group also provides "From A navi," a part-time job listing website, and "TOWNWORK," an information magazine and website that offers job listing information about both part-time and full-time jobs.

In the Overseas Recruiting operations, the Group operates "Indeed.com," a job aggregator search engine.

(3) Staffing segment

In the Domestic Staffing operations and the Overseas Staffing operations, the Group provides temporary staffing services for administrative positions, manufacturing positions, light industrial positions, and various specialist positions. When the Group dispatches workers, it recruits and registers staff to be dispatched in advance, selects the staff to be dispatched who meets the requirements of the client company from the registered staff, and dispatches them to the client company upon entering into an employment contract with them.

In the Domestic Staffing operations, the Group conducts registration-type general worker dispatching undertakings by recruiting, registering and dispatching staff to companies after obtaining a license from the Minister of Health, Labour and Welfare in accordance with the provisions of the Act for Securing the Proper Operation of Worker Dispatching Undertakings and Ensuring the Protection of Dispatched Workers, and provides services through Recruit Staffing Co., Ltd., STAFF SERVICE HOLDINGS CO., LTD. and others.

In the Overseas Staffing operations, the Group provides services through STAFFMARK HOLDINGS, INC., Advantage Resourcing America, Inc., Advantage Resourcing Europe B.V., Chandler Macleod Group Limited and others.

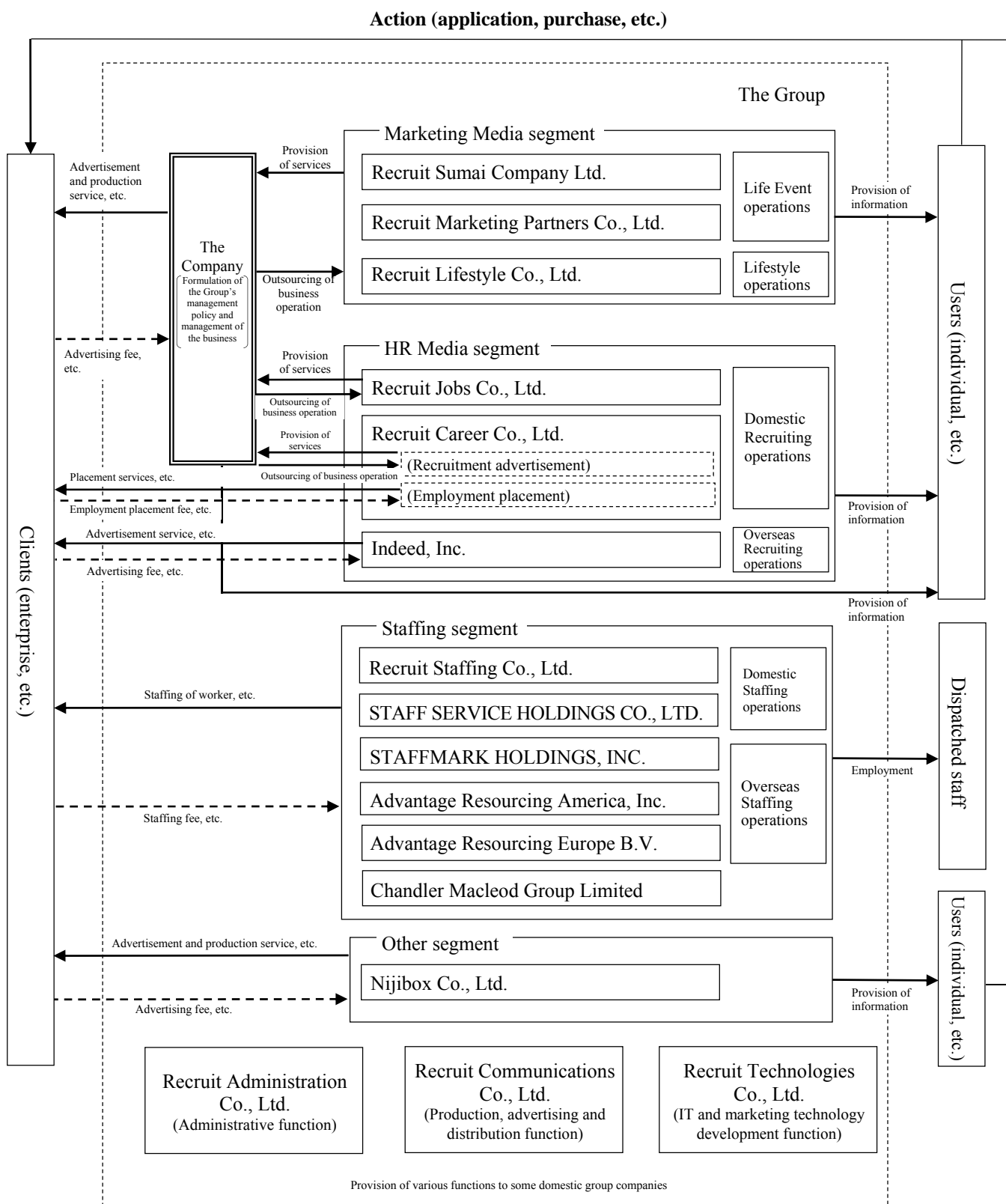
The descriptions of the Group's main business, the position of the Company or major subsidiaries and associates in the relevant businesses, and the relationship with the segments are as follows.

Name of segment	Operation	Major companies	Major business	Major service
Marketing Media segment	Life Event	The Company  Recruit Sumai Company, Ltd.  Recruit Marketing Partners Co., Ltd.	Provide information related to housing rentals, purchases, construction, and renovation services that meet various housing needs	"SUUMO" Website and magazine providing information on buying, selling, renting, and renovation of homes; and service counter providing in-person consultation on purchasing newly build condominiums and custom homes
			Provide bridal information services, higher education information services for high school students, automobile-related information services, and online advertising services, etc.	"Zexy" Magazine, website, and consultation service counter providing comprehensive information on bridal from preparation to marriage life
				"Rikunabi Shingaku Book" "Rikunabi Shingaku" Free magazine and website providing information that support high school students in choosing their future educational path
	Lifestyle	The Company  Recruit Lifestyle Co., Ltd.	Provide services to support the activities of users in everyday consumption, such as travel, dining, and beauty	"Car Sensor" Magazine and website providing information on purchasing or replacing pre-owned automobiles
				"Jalan" Information magazine and website for searching and booking that provide information on travel accommodations, tours and tourism mainly for domestic travel
				"Hot Pepper Gourmet" Magazine and website for searching and booking that provide information on restaurants and discount coupons
				"Hot Pepper Beauty" Magazine and website for searching and booking that provide information on hair salons as well as relaxation and beauty salons

Name of segment	Operation	Major companies	Major business	Major service
HR Media segment	Domestic Recruiting	The Company Recruit Career Co., Ltd. Recruit Jobs Co., Ltd.	Provide recruitment advertisement, employment placement and assessment services in the regular employee recruitment  Provide various recruitment-related information including temporary jobs, part-time jobs, staffing, and full-time jobs	“Rikunabi” Job search websites for new graduates
				“Rikunabi NEXT” Job portal site for mid-career jobseekers
				“RECRUIT AGENT” Employment placement service for jobseekers
				“From A navi” Temporary job information website
	Overseas Recruiting	Indeed, Inc.	Operates job information search site overseas	“Indeed.com” Job aggregator search engine website
Staffing segment	Domestic Staffing	Recruit Staffing Co., Ltd. STAFF SERVICE HOLDINGS CO., LTD.	Provide staffing services in Japan	-
	Overseas Staffing	STAFFMARK HOLDINGS, INC. Advantage Resourcing America, Inc. Advantage Resourcing Europe B.V. Chandler Macleod Group Limited	Provide staffing services in North America, Europe and Australia, etc.	-
Other segment		Nijibox Co., Ltd.	Conducts planning, operation, outsourcing, etc. of digital content services	-

## Operational Chart

An overview of the main transactions and major consolidated subsidiaries is as follows.





### 3. Management Policy

#### (1) Basic Management Policy of the Group

The Group defines its Mission; “We are focused on responding to the needs of society by creating new value, thereby contributing to a brighter and more fulfilling world in which all individuals can live life to the fullest” and “Creation of new value,” “Contribution to society,” and “Respect for all individuals” as The Recruit Way in our group management philosophy.

Under this management philosophy, we endeavor to become a company that supports positive actions of each individual by producing as many “No. 1 Matching Services” as possible that connects the industry and people, and conduct business operations focusing mainly on Marketing Media, HR Media and Staffing business.

We will work on maximizing shareholder and corporate value through these business activities.

#### (2) Target Management Index

The Group will carry out various growth investments, including M&As, ever more flexibly and aggressively to maximize profit growth over the long-term. In line with this, we will also focus on increasing shareholder value, and have therefore set a new management target—a high single-digit compound annual growth rate for “adjusted EPS”<sup>\*1</sup> over the three years ending March 31, 2019.

In addition, in seeking to achieve our management target, we will set a single-year growth rate of “EBITDA of existing businesses” for each fiscal year, taking into account an appropriate balance of investments and earnings growth.

- \*1 Adjusted EPS: adjusted net income<sup>\*2</sup> / (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<sup>\*3</sup> (excluding non-controlling interests) ± tax reconciliation regarding the adjustment items
- \*3 Adjustment items: amortization of goodwill and intangible assets arising due to business combinations ± extraordinary income/losses

#### (3) Issues to be Addressed and Management Strategy of the Group

Our domestic business is committed to stable and sustainable growth by strengthening existing businesses and advancing the development of new businesses and services. Our overseas business, which continues to expand through the utilization of M&As, will continue to improve the profitability of acquired subsidiaries. At Indeed Inc. where continued high growth is notable, the Group aims to expand the scope of its business and realize long-term profit growth through further active investment for growth.

The Group’s business environment has significantly changed mainly due to the rapid spread of the Internet and smartphones as well as new entries of competitors into the Group’s business domains. In order to realize long-term growth in this environment, we will proactively work to train managerial personnel from a long-term perspective, train IT personnel to create and realize new added value, and strengthen the governance system which is the foundation for accelerating our growth strategy.

### 4. Basic Rationale for Selection of Accounting Standards

To prepare for the future application of International Financial Reporting Standards (IFRS), we have established an IFRS adoption project, and are developing accounting policy and examining the timing of an adoption.

## 5. Consolidated Financial Statements

## (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	307,161	257,741
Notes and accounts receivable - trade	195,709	222,288
Securities	6,178	53,176
Deferred tax assets	24,599	23,264
Other current assets	38,346	37,524
Allowance for doubtful accounts	(5,355)	(4,256)
Total current assets	566,639	589,739
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	8,313	9,767
Land	7,763	7,743
Other, net	9,677	14,921
Total property, plant and equipment	25,754	32,432
Intangible assets		
Goodwill	216,394	213,051
Software	54,685	70,938
Other	64,139	77,604
Total intangible assets	335,218	361,594
Investments and other assets		
Investment securities	133,836	120,854
Net defined benefit asset	143	3
Deferred tax assets	11,949	11,757
Other assets	27,523	34,588
Allowance for doubtful accounts	(282)	(288)
Total investments and other assets	173,169	166,914
Total noncurrent assets	534,143	560,942
Total assets	1,100,782	1,150,681

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	57,996	60,104
Current portion of long-term debt	15,000	15,000
Accrued expenses	76,620	85,354
Income taxes payable	15,110	40,050
Accrued employees' bonuses	19,806	24,728
Other current liabilities	55,703	56,758
Total current liabilities	240,236	281,997
Long-term liabilities		
Long-term debt	15,000	-
Deferred tax liabilities	52,817	49,693
Workers' compensation liability	8,069	8,671
Net defined benefit liability	28,232	28,750
Other long-term liabilities	2,267	4,568
Total long-term liabilities	106,387	91,683
Total liabilities	346,624	373,680
Equity		
Shareholders' equity		
Common stock	10,000	10,000
Capital surplus	53,679	53,756
Retained earnings	558,310	596,305
Treasury stock	(531)	(495)
Total shareholders' equity	621,459	659,565
Accumulated other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	34,177	29,016
Deferred gain (loss) on derivatives under hedge accounting	(75)	(2,157)
Foreign currency translation adjustments	97,006	86,274
Remeasurements of defined benefit plans	(2,939)	(2,421)
Total accumulated other comprehensive income	128,169	110,712
Stock acquisition rights	1,206	2,137
Non-controlling interests	3,322	4,585
Total equity	754,157	777,000
Total liabilities and equity	1,100,782	1,150,681

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

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales	1,299,930	1,588,623
Cost of sales	644,737	832,330
Gross profit	655,192	756,293
Selling, general and administrative expenses	532,693	642,260
Operating income	122,499	114,032
Non-operating income		
Interest income	375	605
Dividend income	1,557	1,960
Share of profit of entities accounted for using equity method	3,215	4,961
Other	996	1,184
Total non-operating income	6,144	8,712
Non-operating expenses		
Interest expense	599	970
Foreign exchange losses	1,392	2,087
Going public expenses	395	-
Other	637	350
Total non-operating expenses	3,025	3,408
Ordinary income	125,617	119,336
Extraordinary income		
Gain on sales of investment securities	1,859	5,948
Gain on sales of shares of subsidiaries and associates	339	-
Gain on step acquisitions	920	1,815
Other	77	539
Total extraordinary income	3,196	8,303
Extraordinary losses		
Loss on disposal of noncurrent assets	817	1,175
Loss on valuation of investment securities	147	1,122
Loss on sales of shares of subsidiaries and associates	254	308
Impairment loss	481	857
Other	180	918
Total extraordinary losses	1,881	4,383
Income before income taxes	126,932	123,256
Income taxes: Current	32,190	61,900
Income taxes: Deferred	24,886	(3,700)
Total income taxes	57,076	58,199
Net income	69,856	65,057
Net income attributable to non-controlling interests	153	521
Net income attributable to owners of the parent	69,702	64,535

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net income	69,856	65,057
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	10,748	(5,160)
Deferred gain (loss) on derivatives under hedge accounting	(787)	(2,082)
Foreign currency translation adjustments	36,225	(9,056)
Remeasurements of defined benefit plans, net of tax	(1,008)	517
Share of other comprehensive income in affiliated companies	2,841	(1,677)
Total other comprehensive income	48,019	(17,458)
Comprehensive income	117,875	47,598
Total comprehensive income attributable to:		
Owners of the parent	117,516	47,078
Non-controlling interests	358	520

## (3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	3,002	17,632	503,006	(60,815)	462,826
Cumulative effects of changes in accounting policies			(950)		(950)
Restated balance	3,002	17,632	502,056	(60,815)	461,876
Changes of items during period					
Issuance of new shares	6,997	3,852			10,850
Cash dividends			(13,774)		(13,774)
Net income attributable to owners of the parent			69,702		69,702
Purchase of treasury stock				(4)	(4)
Disposal of treasury stock		65,928		26,554	92,483
Retirement of treasury stock		(33,734)		33,734	-
Change in scope of equity method			326		326
Changes in equity of the parent arising from transactions with non-controlling interests					-
Other changes during the period					
Total changes of items during period	6,997	36,047	56,253	60,284	159,582
Balance at end of current period	10,000	53,679	558,310	(531)	621,459

(Millions of yen)

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total equity
	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	23,429	712	58,318	(1,929)	80,530	321	2,943	546,621
Cumulative effects of changes in accounting policies					-			(950)
Restated balance	23,429	712	58,318	(1,929)	80,530	321	2,943	545,671
Changes of items during period								
Issuance of new shares								10,850
Cash dividends								(13,774)
Net income attributable to owners of the parent								69,702
Purchase of treasury stock								(4)
Disposal of treasury stock								92,483
Retirement of treasury stock								-
Change in scope of equity method								326
Changes in equity of the parent arising from transactions with non-controlling interests								-
Other changes during the period	10,748	(787)	38,688	(1,010)	47,638	885	379	48,903
Total changes of items during period	10,748	(787)	38,688	(1,010)	47,638	885	379	208,486
Balance at end of current period	34,177	(75)	97,006	(2,939)	128,169	1,206	3,322	754,157

Fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	10,000	53,679	558,310	(531)	621,459
Cumulative effects of changes in accounting policies					-
Restated balance	10,000	53,679	558,310	(531)	621,459
Changes of items during period					
Issuance of new shares					-
Cash dividends			(26,540)		(26,540)
Net income attributable to owners of the parent			64,535		64,535
Purchase of treasury stock					-
Disposal of treasury stock		60		35	95
Retirement of treasury stock					-
Changes in equity of the parent arising from transactions with non-controlling interests		16			16
Other changes during the period					
Total changes of items during period	-	76	37,994	35	38,106
Balance at end of current period	10,000	53,756	596,305	(495)	659,565



(Millions of yen)

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total equity
	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	34,177	(75)	97,006	(2,939)	128,169	1,206	3,322	754,157
Cumulative effects of changes in accounting policies					-			-
Restated balance	34,177	(75)	97,006	(2,939)	128,169	1,206	3,322	754,157
Changes of items during period								
Issuance of new shares								-
Cash dividends								(26,540)
Net income attributable to owners of the parent								64,535
Purchase of treasury stock								-
Disposal of treasury stock								95
Retirement of treasury stock								-
Changes in equity of the parent arising from transactions with non-controlling interests								16
Other changes during the period	(5,160)	(2,082)	(10,731)	517	(17,457)	930	1,262	(15,263)
Total changes of items during period	(5,160)	(2,082)	(10,731)	517	(17,457)	930	1,262	22,842
Balance at end of current period	29,016	(2,157)	86,274	(2,421)	110,712	2,137	4,585	777,000

## (4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from operating activities		
Income before income taxes	126,932	123,256
Depreciation and amortization	31,023	40,275
Impairment loss	481	857
Amortization of goodwill	37,882	47,942
Retirement benefit expenses	393	946
Increase (decrease) in allowance for doubtful accounts	(1,368)	(1,198)
Increase (decrease) in accrued employees' bonuses	2,095	4,688
Increase (decrease) in provision for workers' compensation liability	250	599
Increase (decrease) in net defined benefit liability	(252)	347
Interest and dividend income	(1,932)	(2,566)
Interest expense	599	970
Foreign exchange (gains) losses	592	(380)
Share of (profit) loss of entities accounted for using equity method	(3,215)	(4,961)
Going public expenses	395	-
Loss on disposal of noncurrent assets	817	1,175
(Gain) loss on sales of investment securities-net	(1,847)	(5,944)
(Gain) loss on sales of shares of subsidiaries and associates	(84)	308
(Gain) loss on valuation of investment securities	147	1,122
(Gain) loss on step acquisitions	(920)	(1,815)
(Increase) decrease in trade receivables	(25,140)	(13,615)
Increase (decrease) in trade payables	24,148	(1,024)
Other-net	1,435	2,304
Subtotal	192,434	193,290
Interest and dividend income received	2,232	2,785
Interest expense paid	(610)	(968)
Income taxes-paid	(56,559)	(32,595)
Net cash provided by operating activities	137,497	162,511
Cash flows from investing activities		
Payments into time deposits	(4,126)	(1,108)
Proceeds from withdrawal of time deposits	4,000	1,101
Payments for purchase of property, plant and equipment	(6,695)	(13,030)
Payments for purchase of intangible assets	(28,527)	(35,290)
Payments for purchase of investment securities	(7,480)	(6,038)
Proceeds from sales and redemption of investment securities	4,492	18,878
Payments for purchase of shares of subsidiaries and associates	(1,573)	(99)
Proceeds from sales of shares of subsidiaries and associates	703	-
Payments for investments in capital	(1,822)	(2,912)
Collection of investments in capital	-	133
Payments for purchase of investments in subsidiaries resulting in change in scope of consolidation	(33,520)	(67,131)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	105	306
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(121)	(270)
Payments for purchase of investments in subsidiaries	(1,570)	-
Proceeds from liquidation of subsidiaries	41	218
Payments for transfer of business	(125)	(469)
Proceeds from transfer of business	-	435
Payments of short-term loans receivable	(292)	(125)

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Proceeds from collection of short-term loans	10	314
Collection of long-term loans receivable	169	86
Other-net	(4,025)	(4,611)
Net cash used in investing activities	(80,358)	(109,613)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings-net	(2)	(4,049)
Repayments of long-term debt	(26,719)	(22,801)
Payments for issuance of common shares	(395)	-
Proceeds from issuance of common shares	10,850	-
Proceeds from share issuance to non-controlling shareholders	412	111
Proceeds from sales of treasury stock	92,483	-
Dividends paid	(13,670)	(26,422)
Dividends paid to non-controlling interests	(292)	-
Payments for purchase of investments in subsidiaries not resulting in change in scope of consolidation	-	(291)
Other-net	(85)	(94)
Net cash provided by (used in) financing activities	62,580	(53,546)
Foreign currency translation adjustments on cash and cash equivalents	6,324	(2,225)
Net increase (decrease) in cash and cash equivalents	126,044	(2,875)
Cash and cash equivalents at beginning of period	187,153	313,197
Cash and cash equivalents at end of period	313,197	310,322

- (5) Notes to Consolidated Financial Statements  
(Going Concern Assumption)  
Not applicable.

(Changes in Accounting Policies)

Effective from the year ended March 31, 2016, 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 year ended March 31, 2016 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 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 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 year ended March 31, 2016.

As a result, each of operating income, ordinary income and income before income taxes for the year ended March 31, 2016 decreased by ¥1,798 million. In addition, goodwill as of March 31, 2016 decreased by ¥1,731 million and capital surplus increased by ¥16 million.

In the consolidated statements of cash flows for the year ended March 31, 2016, cash flows relating to purchase or sales of investments in subsidiaries not resulting in change in scope of consolidation have been reclassified under “cash flows from financing activities,” and cash flows relating to expenses incurred in connection with purchase of investments in subsidiaries resulting in change in scope of consolidation or expenses incurred in connection with purchase or sales of investments in subsidiaries not resulting in change in scope of consolidation have been reclassified under “cash flows from operating activities.”

The impact on per share information is stated in the relevant section.

(Segment Information, etc.)

[Segment Information]

## 1. Overview of Reportable Segments

The Group's reportable segments are components for which separate financial information is available and whose operating results are regularly reviewed by the Board of Directors to decide on the allocation of operating resources and assess business performance.

The Group has four reportable segments, namely, (1) Marketing Media segment, (2) HR Media segment, (3) Staffing segment, and (4) Other segment by type of business.

The Marketing Media segment consists of Life Event operations such as marriage and housing, which are major events in life, as well as Lifestyle operations such as travel, dining, and beauty, and provides information services relating to life events and everyday consumer activities.

The HR Media segment consists of Domestic Recruiting operations and Overseas Recruiting operations, and provides services such as recruitment advertisements and employment placement.

The Staffing segment consists of Domestic Staffing operations and Overseas Staffing operations, and offers temporary staffing for administrative positions, manufacturing positions, light industrial positions, and specialist positions, etc.

The Other segment conducts planning, operation, and outsourcing, etc., of digital content services.

## 2. Calculation Method of Net Sales and Income (Loss) by Reportable Segment

Income of reportable segments is the amount based on operating income (EBITDA), excluding depreciation and amortization and amortization of goodwill. Intersegment sales or transfers are calculated based on a price used in transactions with third parties.

## 3. Net Sales and Income (Loss) by Reportable Segment

Fiscal Year Ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

(Millions of yen)

	Reportable Segment				Total	Reconciliations (Note 1, 2)	Consolidated (Note 3)
	Marketing Media	HR Media	Staffing	Other			
Net sales							
Sales to third parties	332,731	298,075	665,285	1,917	1,298,010	1,919	1,299,930
Intersegment sales or transfers	679	4,658	9,919	87	15,345	(15,345)	-
Total	333,411	302,734	675,204	2,005	1,313,356	(13,426)	1,299,930
Segment income (loss)	96,245	78,049	40,703	(11,231)	203,767	(81,268)	122,499

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 ¥(81,268) million include depreciation and amortization of ¥(31,023) million; amortization of goodwill of ¥(37,882) million; and corporate expenses not allocated to any reportable segments of ¥(12,362) 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 consolidated statements of income.

4. Segment assets are not stated as they are not calculated.

Fiscal Year Ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(Millions of yen)

	Reportable Segment				Total	Reconciliations (Note 1, 2)	Consolidated (Note 3)
	Marketing Media	HR Media	Staffing	Other			
Net sales							
Sales to third parties	348,632	355,079	879,044	4,867	1,587,623	1,000	1,588,623
Intersegment sales or transfers	753	4,211	10,966	275	16,206	(16,206)	-
Total	349,385	359,291	890,010	5,142	1,603,829	(15,205)	1,588,623
Segment income (loss)	93,265	88,002	49,615	(11,858)	219,024	(104,992)	114,032

- 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 ¥(104,922) million include depreciation and amortization of ¥(40,275) million; amortization of goodwill of ¥(47,942) million; and corporate expenses not allocated to any reportable segments of ¥(16,774) 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 consolidated statements of income.
4. Segment assets are not stated as they are not calculated.

## [Related Information]

Fiscal Year Ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

## 1. Information by Product or Service

This information is omitted because the same information is disclosed in the segment information.

## 2. Information by Region

## (1) Net sales

(Millions of yen)

Japan	North America	Others	Total
965,351	264,764	69,814	1,299,930

Note: Net sales are classified into country or region based on locations where services were provided.

## (2) Property, plant and equipment

(Millions of yen)

Japan	North America	Others	Total
23,950	1,188	615	25,754

Note: Property, plant and equipment are classified into country or region based on its locations.

## 3. Information by Major Customer

This information is omitted because among the sales to third parties there are no counterparties to whom the sales account for 10% or more of net sales in the consolidated statements of income.

Fiscal Year Ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

## 1. Information by Product or Service

This information is omitted because the same information is disclosed in the segment information.

## 2. Information by Region

## (1) Net sales

(Millions of yen)

Japan	North America	Others	Total
1,022,906	336,027	229,689	1,588,623

Note: Net sales are classified into country or region based on locations where services were provided.

## (2) Property, plant and equipment

(Millions of yen)

Japan	North America	Others	Total
25,452	5,556	1,423	32,432

Note: Property, plant and equipment are classified into country or region based on its locations.

## (Changes in presentation)

Above information is included from the current fiscal year as the total amount of property, plant and equipment in North America amounted to 10% or more of the property, plant and equipment in the consolidated balance sheets.

To reflect this change in presentation, the presentation of “2. Information by Region, (2) Property, plant and equipment” of the previous fiscal year has been changed.

## 3. Information by Major Customer

This information is omitted because among the sales to third parties there are no counterparties to whom the sales account for 10% or more of net sales in the consolidated statements of income.

## [Information Regarding Impairment Loss on Noncurrent Assets by Reportable Segment]

Fiscal Year Ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

(Millions of yen)

	Reportable Segment				Corporate / Elimination	Total
	Marketing Media	HR Media	Staffing	Other		
Impairment loss	-	-	-	-	481	481

Note: Impairment loss is not allocated to reporting segments, and main components consist of loss associated with business assets.

Fiscal Year Ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(Millions of yen)

	Reportable Segment				Corporate / Elimination	Total
	Marketing Media	HR Media	Staffing	Other		
Impairment loss	-	-	-	-	857	857

Note: Impairment loss is not allocated to reporting segments, and main components consist of loss associated with business assets.



[Information Regarding Amortization of Goodwill and the Balance of Unamortized Goodwill by Reportable Segment]  
Fiscal Year Ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

(Millions of yen)

	Reportable Segment				Corporate / Elimination	Total
	Marketing Media	HR Media	Staffing	Other		
Amortization for the year	-	-	-	-	37,882	37,882
Balance at the end of the year	-	-	-	-	216,394	216,394

Note: Amortization of goodwill and the balance of unamortized goodwill are not allocated to reporting segments.  
Goodwill is generated from business combinations, etc.

## Fiscal Year Ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(Millions of yen)

	Reportable Segment				Corporate / Elimination	Total
	Marketing Media	HR Media	Staffing	Other		
Amortization for the year	-	-	-	-	47,942	47,942
Balance at the end of the year	-	-	-	-	213,051	213,051

Note: Amortization of goodwill and the balance of unamortized goodwill are not allocated to reporting segments.  
Goodwill is generated from business combinations, etc.

## [Information Regarding Negative Goodwill by Reportable Segment]

Not applicable.

## (Business Combinations)

## Business combination by acquisition

## 1. Acquisition of the shares of Peoplebank Holdings Pty Ltd

## (1) Details and amounts of revision in case of significant changes to the initial allocation amounts of acquisition cost

The allocation of acquisition cost was not finalized in the previous fiscal year, as the identification of distinguishable assets and liabilities and the fair value measurement of Peoplebank Holdings Pty Ltd as of the business combination date had yet to be completed. Accordingly, tentative accounting treatment had been performed based on the reasonable information available at the time of preparation of the consolidated financial statements.

The amounts of goodwill to be revised as a result of the revision of the allocation of acquisition cost in the current fiscal year are as follows.

	(Millions of yen)
Revised items	Amount of revision
Goodwill (Prior to revision)	5,916
Customer-related assets	(2,714)
Trademark rights	(708)
Intangible assets (Other)	(362)
Deferred tax liabilities	738
Other adjustments of acquisition cost	519
Total amount of revision	(2,528)
Goodwill (Revised)	3,388

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

## 1) Amount of goodwill generated

¥3,388 million

## 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 a period of 5 years.

## 2. Acquisition of the shares of Chandler Macleod Group Limited

## (1) Overview of the business combination

## 1) Name and description of business of the acquired company

Name of the acquired company: Chandler Macleod Group Limited

Description of business: Business management of HR service business

In addition, the Company acquired 112 subsidiaries of Chandler Macleod Group Limited 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 order to further accelerate and expand overseas business development in the Staffing segment, we have acquired the shares of Chandler Macleod Group Limited, which provides staffing services in Australia, etc.

## 3) Date of the business combination

April 16, 2015

## 4) Legal form of the business combination

Share acquisition with cash as consideration.

## 5) Name of the company after the business combination

No changes are made to the name of the company 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 company

Due to the share acquisition with cash as consideration

- (2) Period of business performance of the acquired company which is included in the consolidated financial Statements

From April 1, 2015 to December 31, 2015

- (3) Acquisition cost of the acquired company and its breakdown

Compensation for acquisition Cash	¥26,713 million
Acquisition cost	¥26,713 million

- (4) Details and amounts of major acquisition-related expenses:

Advisory fees, etc.: ¥596 million

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

- 1) Amount of goodwill generated

¥16,010 million

- 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 a period of 7 years.

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

Current assets	¥12,637 million
Noncurrent assets	¥18,246 million
Total assets	¥30,883 million
Current liabilities	¥12,561 million
Long-term liabilities	¥7,620 million
Total liabilities	¥20,181 million

- (7) Amounts and amortization period of acquisition costs allocated to intangible assets excluding goodwill

Main components	Amount	Amortization period
Customer-related assets	¥14,885 million	8 to 15 years
Trademark rights	¥1,987 million	10 years
Software	¥764 million	5 to 7 years

- (8) Estimated amounts of impact on consolidated statements of income for the year ended March 31, 2016 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	¥27,747 million
EBITDA (operating income + depreciation and amortization + amortization of goodwill)	¥(446) million

(Computation method of the estimated amounts)

The amounts of the estimated impact is the difference between (a) net sales and operating results assuming the business combination was completed on the beginning date of the fiscal year, adjusting for amortization of intangible assets and goodwill, and (b) net sales and operating results of the acquisition company's consolidated statements of income adjusting for amortization of intangible assets and goodwill.

The estimated amounts of impact have not been audited.

## (Per Share Information)

(Yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Equity per share	1,327.49	1,363.96
Net income per share	127.79	114.28
Diluted net income per share	127.68	114.12

- Notes: 1. The Business Combinations Standard and other standards are applied as stated in “Changes in Accounting Policies.” As a result, in the year ended March 31, 2016, the amount of equity per share, net income per share, and diluted net income per share decreased by ¥3.16, ¥3.18, and ¥3.18, respectively.
2. The Company implemented a 10-for-1 stock split for its common stock on July 31, 2014. Equity per share, net income per share and diluted net income per share have been calculated assuming the stock split was implemented on April 1, 2014.
3. Basis for calculating net income per share and diluted net income per share are as follows:

(Millions of yen, unless otherwise stated)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net income per share		
Net income attributable to owners of the parent	69,702	64,535
Amount not attributable to common shareholders	-	-
Net income attributable to owners of the parent related to common stock	69,702	64,535
Average number of shares of common stock outstanding during the year (shares)	545,456,336	564,729,112
Diluted net income per share		
Adjustment on net income attributable to owners of the parent	(3)	-
Change in equity related to stock acquisition rights issued by consolidated subsidiaries	[(3)]	[-]
Increase in the number of common stock (shares)	409,968	756,774
Stock acquisition rights (shares)	[409,968]	[756,774]
Summary of diluted shares that were not included in the calculation of diluted net income per share due to lack of dilutive effect	Associate 51job, Inc. Common stock 15,412,860 shares (Stock acquisition rights 11,377,188 shares Convertible bonds 4,035,672 shares)	Associate 51job, Inc. Common stock 16,271,782 shares (Stock acquisition rights 12,236,110 shares Convertible bonds 4,035,672 shares)

## 3. Basis for calculating equity per share are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Total equity	754,157	777,000
Amount deducted from total equity	4,529	6,722
Stock acquisition rights	[1,206]	[2,137]
Non-controlling interests	[3,322]	[4,585]
Equity at the end of the fiscal year related to common stock	749,628	770,277
Number of common stock at the end of the year used in the calculation of equity per share (shares)	564,694,010	564,735,810

## (Additional Information)

## 1. 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. The Company’s Offer Memorandum regarding the Tender Offer was approved by the Netherlands Authority for the Financial Markets on March 29, 2016, and the Tender Offer commenced on April 1, 2016. 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, 2015)
	Common stock: €40 million
	Consolidated equity: €487 million
	Consolidated total assets: €1,281 million
	Consolidated net sales: €2,550 million
	Consolidated EBITDA: €90 million

## (4) Timing of the share acquisition

Between May 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)
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	Advisory fees, etc. (Estimated amount):	¥1.2 billion
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Equity ratio after the acquisition: 100%

## (6) Financing

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

2. 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,” which passed the Diet on March 29, 2016, the effective tax rate applied to the calculation of deferred tax assets and deferred tax liabilities for the year ended March 31, 2016 (provided that, it is limited to those to be settled on and after April 1, 2016) was changed from 32.3% in the previous fiscal year to 30.9% for those which are anticipated to be recovered or paid during the period between April 1, 2016 and March 31, 2018, or 30.6% for those which will be recovered or paid from April 1, 2018 onward.

As a result, deferred tax liabilities (after offsetting deferred tax assets) decreased by ¥650 million, income taxes: deferred recorded for the year ended March 31, 2016 decreased by ¥299 million, deferred gain (loss) on derivatives under hedge accounting decreased by ¥43 million, remeasurements of defined benefit plans decreased by ¥53 million, while unrealized gain (loss) on available-for-sale securities increased by ¥448 million.