

## Consolidated Financial Results for the Six Months Ended September 30, 2014 [Japanese GAAP]

November 13, 2014

Company name: Recruit Holdings Co., Ltd.

Listed stock exchange: Tokyo Stock Exchange

Securities code: 6098

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

Representative: Masumi Minegishi, President and CEO, &amp; Representative Director

Contact: Keiichi Sagawa, Senior Corporate Executive Officer, Board of Director

(Tel: +81-3-6835-1111)

Scheduled submission date of quarterly securities report: November 13, 2014

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, 2014 (from April 1, 2014 to September 30, 2014)

(1) 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	%
Six months ended September 30, 2014	617,302	-	53,406	-	55,314	-	28,483	-
Six months ended September 30, 2013	-	-	-	-	-	-	-	-

Note: Comprehensive income Six months ended September 30, 2014 ¥22,796 million [-%]  
Six months ended September 30, 2013 ¥- million [-%]

	Basic net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2014	53.76	53.75
Six months ended September 30, 2013	-	-

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)

Six months ended September 30, 2014 ¥85,820 million [-%]

Six months ended September 30, 2013 ¥- million [-%]

Net income before amortization of goodwill (Net income + Amortization of goodwill)

Six months ended September 30, 2014 ¥46,356 million [-%]

Six months ended September 30, 2013 ¥- million [-%]

### (2) Consolidated Financial Position

	Total assets	Equity	Own capital ratio
	Millions of yen	Millions of yen	%
As of September 30, 2014	829,885	554,658	66.4
As of March 31, 2014	860,381	546,621	63.2

Reference: Own capital As of September 30, 2014 ¥551,444 million

As of March 31, 2014 ¥543,356 million

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

**2. Dividends**

	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2014	-	-	-	260.00	260.00
Year ending March 31, 2015	-	0.00			

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

The Company implemented a 10-for-1 stock split on July 31, 2014. The amount of annual dividend for the year ended March 31, 2014, assuming the stock split was implemented on April 1, 2013, is ¥26.00 per share.

**\* Notes**

(1) Changes in significant subsidiaries during the six months ended September 30, 2014: Yes

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

Newly included: 1 company (Company name) Travel Book Philippines, Inc.

Taofang Corporation

Excluded: 3 companies (Company name) Taofang Hong Kong Corporation Limited

Beijing Lexin Chuanglian Information Technology

(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: None

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 shares)

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

As of September 30, 2014	570,365,910 shares	As of March 31, 2014	601,399,740 shares
--------------------------	--------------------	----------------------	--------------------

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

As of September 30, 2014	40,576,000 shares	As of March 31, 2014	71,604,830 shares
--------------------------	-------------------	----------------------	-------------------

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

The six months ended September 30, 2014	529,790,456 shares	The six months ended September 30, 2013	—
--	--------------------	--	---

Note: The Company implemented a 10-for-1 stock split on July 31, 2014. The number of shares issued (common shares) is computed assuming the stock split was implemented on April 1, 2013.

As of the date of release of this document, the number of shares issued (including common shares) is 574,030,910 shares, and the number of treasury stock is 9,336,900 shares.

In addition, at the meeting of the Board of Directors held on November 13, 2014, the Company resolved to cancel 8,710,900 shares of its treasury stock. As a result, effective as of the scheduled date of cancellation on November 21, 2014, the number of shares issued (including treasury stock) will be 565,320,010 shares, and the number of treasury stock will be 626,000 shares.

**\* Implementation status for quarterly review procedures**

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

Contents of the Attached Materials

1. Qualitative Information on Financial Results for the Six Months Ended September 30, 2014.....	2
(1) Operating Results.....	2
(2) Financial Position.....	4
2. Matters Concerning Notes to Summary Information .....	5
(1) Changes in Significant Subsidiaries During the Six Months Ended September 30, 2014 .....	5
(2) Application of Accounting Methods Specific to Quarterly Consolidated Financial Statements.....	5
(3) Changes in Accounting Policies, Changes in Accounting Estimates and Restatements .....	5
3. Quarterly Consolidated Financial Statements .....	6
(1) Quarterly Consolidated Balance Sheets .....	6
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income.....	8
(3) Quarterly Consolidated Statements of Cash Flows.....	10
(4) Notes to Quarterly Consolidated Financial Statements.....	12
(Going Concern Assumption) .....	12
(Significant Changes in the Amount of Shareholders' Equity) .....	12
(Segment Information, etc.) .....	12

## 1. Qualitative Information on Financial Results for the Six Months Ended September 30, 2014

As the Company has not prepared its quarterly consolidated financial statements according to the Financial Instruments and Exchange Act for the six months ended September 30, 2013, comparison with the six months ended September 30, 2013 has not been made.

### (1) Operating Results

During the six months ended September 30, 2014, despite the impact of the consumption tax increase seen in some areas, signs of a moderate recovery were seen in the Japanese economy such as the trend toward yen depreciation and higher stock prices, and an upward trend in corporate business results against a backdrop that included the government's economic measures and monetary easing by the Bank of Japan.

Under this environment, the Group continued to strengthen existing segments in Japan as well as driving forward with global expansion. In Japan, the Group worked to improve convenience for users through measures such as promoting single sign-on (SSO) and enhancing the points system. In the Marketing Media segment, the Group made efforts to further increase contact with clients by promoting implementation of operational support services for clients mainly through the utilization of IT including "Air REGI" in the dining business and "SALON BOARD" in the beauty business. In the HR Media segment, the Group carried out reinforcement of its sales operations in response to increased recruitment demand in the domestic recruiting operations, while the overseas recruiting operations saw steady growth in utilization of services by medium- and small-sized clients amid ongoing introduction of marketing know-how cultivated in Japan. In the Staffing segment, the Group continues to promote efficient business operations in Japan and overseas.

As a result, net sales amounted to ¥617.3 billion, operating income was ¥53.4 billion, ordinary income was ¥55.3 billion, and net income was ¥28.4 billion.

Furthermore, EBITDA (the sum of operating income, depreciation and amortization, and amortization of goodwill) amounted to ¥85.8 billion, and net income before amortization of goodwill (the sum of net income and amortization of goodwill) was ¥46.3 billion. The Group aggressively seeks to strengthen and expand its business bases utilizing M&As and other means. In this context, it has adopted EBITDA as a management index, since it enables the Group to compare companies without being affected by the differences between accounting standards in various countries.

Overview of the situation by main segments is as follows.

#### 1) Marketing Media segment

In the six months ended September 30, 2014, the Marketing Media segment recorded net sales of ¥157.9 billion and segment income (segment EBITDA) of ¥43.8 billion.

Overview of the situation by main operations is as follows.

#### I. Life Event operations

In the housing and real estate business, the market environment was subdued amid factors including a decrease in the number of new housing starts, reflecting the impact of the consumption tax increase along with soaring construction costs and costs of acquiring building lots. Under this environment, net sales were sluggish in the condominium apartment division. On the other hand, independent housing division recorded favorable net sales due to efforts such as enhancing the provision of solutions to clients.

The bridal business posted solid net sales. This reflects increased use of the Group's services by a major wedding venue operator client when opening new branches, in addition to the contribution of sales at new branches opened during the previous fiscal year of "Zexy Wedding Consulting Counter," a face-to-face consultation service.

The breakdown of net sales by major businesses was ¥40.4 billion in the housing and real estate business and ¥26.9 billion in the bridal business.

As a result of these efforts, net sales in the life events operations amounted to ¥83.0 billion.

## II. Lifestyle operations

In the travel business, sales were favorable due to factors including a rise in unit price of accommodations as well as ongoing promotion to expand sales of “Jalan Pack” which enables the users to select and book a combination of transportation and accommodation of their choice.

Due mainly to the promotion of introduction of “Air REGI” in the dining business and “SALON BOARD” in the beauty business, new clients were captured and transactions with existing clients were expanded, leading to solid net sales.

The breakdown of net sales by major businesses was ¥25.8 billion in the travel business, ¥16.1 billion in the dining business, and ¥19.0 billion in the beauty business.

As a result of these efforts, net sales in the lifestyle operations were ¥74.7 billion.

## 2) HR Media segment

In the six months ended September 30, 2014, the HR Media segment recorded net sales of ¥136.8 billion and segment income (segment EBITDA) of ¥32.2 billion.

Overview of the situation by main operations is as follows.

### I. Domestic Recruiting operations

In the domestic recruiting operations, net sales were robust mainly for job advertisements for mid-career recruitment and permanent placement in the regular employee recruitment division, and job advertisements for part-time and temporary workers in the recruiting division. This was the result of enhancement of the sales structure and other measures amid continued improvement in the ratio of job-offers to job-seekers and continued increase in the number of Recruitment Advertisements with the recovery in the Japanese economy.

As a result of these efforts, net sales in the domestic recruiting operations were ¥109.2 billion.

### II. Overseas Recruiting operations

Net sales were robust in the overseas recruiting operations, reflecting steady growth in utilization of the Group’s services by small- and medium-sized clients.

As a result of these efforts, net sales in the overseas recruiting operations were ¥19.9 billion.

## 3) Staffing segment

In the six months ended September 30, 2014, the Staffing segment recorded net sales of ¥328.1 billion and segment income (segment EBITDA) of ¥18.9 billion.

Overview of the situation by 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 the number of active agency workers remains on an upward track among other factors.

Net sales were favorable at Recruit Staffing Co., Ltd. due to strengthening of the sales capability in administrative and IT division in the Tokyo metropolitan area. At STAFF SERVICE HOLDINGS CO., LTD., net sales were strong mainly in the administration, medical, and manufacturing division, as a result of continuation of existing staffing contracts and an increase in the number of new staffing contracts.

As a result of these efforts, net sales in the domestic staffing operations were ¥191.5 billion.

### II. Overseas Staffing operations

In the overseas staffing operations, the staffing market in North America and Europe continues to enjoy a moderate expansion trend. Under this environment, net sales were favorable, reflecting steady growth in business performance mainly of the outsourcing services at Advantage Resourcing Europe B.V., as well as the impact of yen depreciation and other factors at STAFFMARK HOLDINGS, INC.

As a result of these efforts, net sales in the overseas staffing operations were ¥136.5 billion.

4) Other segment

In the six months ended September 30, 2014, the Other segment recorded net sales of ¥0.8 billion and segment income (segment EBITDA) of ¥(3.6) billion.

(2) Financial Position

1) Assets, liabilities and equity

(Assets)

Current assets decreased by ¥11.7 billion (3.0%) from the end of the previous fiscal year to ¥378.5 billion. This was mainly due to a decrease in securities.

Noncurrent assets decreased by ¥18.7 billion (4.0%) from the end of the previous fiscal year to ¥451.3 billion. This was mainly due to a decrease in goodwill by amortization of goodwill.

As a result, total assets as of September 30, 2014 decreased by ¥30.4 billion (3.5%) from the end of the previous fiscal year to ¥829.8 billion.

(Liabilities)

Current liabilities decreased by ¥33.4 billion (14.3%) from the end of the previous fiscal year to ¥199.6 billion. This was mainly due to decreases in income taxes payable and current portion of long-term debt.

Long-term liabilities decreased by ¥5.1 billion (6.4%) from the end of the previous fiscal year to ¥75.5 billion. This was mainly due to a decrease in long-term debt.

As a result, total liabilities as of September 30, 2014 decreased by ¥38.5 billion (12.3%) from the end of the previous fiscal year to ¥275.2 billion.

(Equity)

Total equity increased by ¥8.0 billion (1.5%) from the end of the previous fiscal year to ¥554.6 billion. This was mainly due to decreases in treasury stock, capital surplus and foreign currency translation adjustments.

2) Cash flows

Cash and cash equivalents at the end of the six months ended September 30, 2014 decreased by ¥7.1 billion from the end of the previous fiscal year to ¥180.0 billion, due to the fact that cash outflows from investing activities and financing activities exceeded cash inflows from operating activities.

(Cash flows from operating activities)

Net cash from operating activities increased due primarily to income before income taxes and minority interests of ¥55.3 billion, depreciation and amortization of ¥14.5 billion and amortization of goodwill of ¥17.8 billion as well as a decrease in trade payables of ¥6.5 billion and income taxes-paid of ¥34.5 billion despite a decrease in trade receivables of ¥4.4 billion. As a result, cash flows from operating activities resulted in a cash inflow of ¥47.5 billion.

(Cash flows from investing activities)

Net cash from investing activities decreased due primarily to payments for purchase of intangible assets such as software of ¥12.3 billion, payments into time deposits of ¥4.0 billion, payments for purchase of investment securities of ¥3.2 billion, and payments for purchase of property and equipment of ¥3.1 billion. As a result, cash flows from investing activities resulted in a cash outflow of ¥23.6 billion.

(Cash flows from financing activities)

Net cash from financing activities decreased due primarily to repayments of long-term debt of ¥18.4 billion and dividends paid of ¥13.6 billion. As a result, cash flows from financing activities resulted in a cash outflow of ¥31.9 billion.

2. Matters Concerning Notes to Summary Information

(1) Changes in Significant Subsidiaries During the Six Months Ended September 30, 2014

Taofang Corporation, Taofang Hong Kong Corporation Limited, and Beijing Lexin Chuanglian Information Technology were excluded from the scope of consolidation due to sales of their shares during the first quarter ended June 30, 2014.

Travel Book Philippines, Inc., which was previously included in the scope of application of equity method, has been included in the scope of consolidation due to acquisition of additional shares during the second quarter ended September 30, 2014.

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

Not applicable.

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

Not applicable.

## 3. Quarterly Consolidated Financial Statements

## (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2014	As of September 30, 2014
<b>Assets</b>		
Current assets		
Cash and deposits	161,153	174,840
Notes and accounts receivable – trade	162,418	155,927
Securities	26,030	9,204
Other current assets	47,265	44,544
Allowance for doubtful accounts	(6,555)	(5,967)
Total current assets	390,312	378,548
Noncurrent assets		
Property, plant and equipment	23,543	23,854
Intangible assets		
Goodwill	193,713	171,079
Other	108,503	106,200
Total intangible assets	302,216	277,280
Investments and other assets		
Investment securities	106,526	111,062
Other assets	38,180	39,495
Allowance for doubtful accounts	(398)	(356)
Total investments and other assets	144,308	150,201
Total noncurrent assets	470,069	451,336
Total assets	860,381	829,885

(Millions of yen)

	As of March 31, 2014	As of September 30, 2014
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable – trade	42,313	40,653
Electronically recorded obligations – operating	9,594	8,862
Current portion of long-term debt	26,719	15,750
Income taxes payable	34,096	22,204
Accrued employees' bonuses	17,223	17,636
Other current liabilities	103,161	94,589
<b>Total current liabilities</b>	<b>233,108</b>	<b>199,696</b>
<b>Long-term liabilities</b>		
Long-term debt	30,000	22,500
Net defined benefit liability	25,182	26,421
Other long-term liabilities	25,469	26,608
<b>Total long-term liabilities</b>	<b>80,652</b>	<b>75,530</b>
<b>Total liabilities</b>	<b>313,760</b>	<b>275,226</b>
<b>Equity</b>		
<b>Shareholders' equity</b>		
Common stock	3,002	3,002
Capital surplus	17,632	2,863
Retained earnings	503,006	505,187
Treasury stock	(60,815)	(34,472)
<b>Total shareholders' equity</b>	<b>462,826</b>	<b>476,580</b>
<b>Accumulated other comprehensive income</b>		
Unrealized gain (loss) on available-for-sale securities	23,429	24,617
Deferred gain (loss) on derivatives under hedge accounting	712	1,000
Foreign currency translation adjustments	58,318	51,043
Remeasurements of defined benefit plans	(1,929)	(1,797)
<b>Total accumulated other comprehensive income</b>	<b>80,530</b>	<b>74,864</b>
Stock acquisition rights	321	317
Minority interests	2,943	2,896
<b>Total equity</b>	<b>546,621</b>	<b>554,658</b>
<b>Total liabilities and equity</b>	<b>860,381</b>	<b>829,885</b>

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income  
 Quarterly Consolidated Statements of Income  
 Six Months Ended September 30

(Millions of yen)

	Six months ended September 30, 2014
Net sales	617,302
Cost of sales	313,293
Gross profit	304,008
Selling, general and administrative expenses	250,601
Operating income	53,406
Non-operating income	
Interest income	123
Dividend income	865
Equity in earnings of affiliated companies	1,218
Other	437
Total non-operating income	2,645
Non-operating expenses	
Interest expense	326
Other	411
Total non-operating expenses	737
Ordinary income	55,314
Extraordinary income	
Gain on sales of investment securities	278
Gain on sales of shares of subsidiaries and associates	136
Other	187
Total extraordinary income	602
Extraordinary losses	
Loss on disposal of noncurrent assets	132
Loss on sales of shares of subsidiaries and associates	254
Impairment loss	79
Other	54
Total extraordinary losses	520
Income before income taxes and minority interests	55,395
Income taxes: Current	23,052
Income taxes: Deferred	3,821
Total income taxes	26,874
Net income before minority interests	28,521
Minority interests in net income	37
Net income	28,483

Quarterly Consolidated Statements of Comprehensive Income  
Six Months Ended September 30

(Millions of yen)

	Six months ended September 30, 2014
Net income before minority interests	28,521
Other comprehensive income	
Unrealized gain (loss) on available-for-sale securities	1,188
Deferred gain (loss) on derivatives under hedge accounting	287
Foreign currency translation adjustments	(5,906)
Remeasurements of defined benefit plans, net of tax	132
Share of other comprehensive income in affiliated companies	(1,427)
Total other comprehensive income	(5,724)
Comprehensive income	22,796
Total comprehensive income attributable to:	
Owners of the parent	22,817
Minority interests	(20)

## (3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2014
<b>Operating activities</b>	
Income before income taxes and minority interests	55,395
Depreciation and amortization	14,541
Amortization of goodwill	17,872
Retirement benefit expenses	195
Increase (decrease) in allowance for doubtful accounts	(608)
Increase (decrease) in accrued employees' bonuses	483
Increase (decrease) in net defined benefit liability	(245)
Interest and dividend income	(988)
Interest expense	326
Share of (profit) loss of entities accounted for using equity method	(1,218)
Loss on disposal of noncurrent assets	132
(Gain) loss on sales of investment securities-net	(278)
(Gain) loss on sales of shares of subsidiaries and associates	117
(Increase) decrease in trade receivables	4,492
Increase (decrease) in trade payables	(6,580)
Other-net	(2,276)
Subtotal	81,361
Interest and dividend income received	1,034
Interest expense paid	(337)
Income taxes-paid	(34,528)
Net cash provided (used in) by operating activities	47,529
<b>Investing activities</b>	
Payments into time deposits	(4,000)
Payments for purchase of property and equipment	(3,127)
Payments for purchase of intangible assets	(12,341)
Payments for purchase of investment securities	(3,292)
Proceeds from sales of investment securities	328
Payments for purchase of shares of subsidiaries and associates	(152)
Proceeds from sales of shares of subsidiaries and associates	328
Payments for investments in capital	(756)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	106
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(121)
Payments for purchase of investments in subsidiaries	(312)
Payments for transfer of business	(125)
Other-net	(162)
Net cash provided by (used in) investing activities	(23,627)

(Millions of yen)

	Six months ended September 30, 2014
Financing activities	
Increase (decrease) in short-term borrowings-net	101
Repayments of long-term debt	(18,469)
Proceeds from minority shareholders	412
Dividends paid	(13,670)
Cash dividends paid to minority shareholders	(282)
Other-net	(8)
Net cash provided by (used in) financing activities	(31,916)
Foreign currency translation adjustments on cash and cash equivalents	872
Net increase (decrease) in cash and cash equivalents	(7,141)
Cash and cash equivalents at beginning of period	187,153
Cash and cash equivalents at end of the period	180,011

## (4) Notes to Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Significant Changes in the Amount of Shareholders' Equity)

At the meeting of the Board of Directors held on August 8, 2014, the Company resolved to cancel 31,033,830 shares of its treasury stock, which were cancelled on the same day. As a result, during the six months ended September 30, 2014, capital surplus decreased by ¥14,769 million, retained earnings decreased by ¥11,578 million, and treasury stock decreased by ¥26,347 million. As of September 30, 2014, capital surplus was ¥2,863 million, retained earnings were ¥505,187 million, and treasury stock amounted to ¥34,472 million.

(Segment Information, etc.)

[Segment Information]

Six Months Ended September 30, 2014 (from April 1, 2014 to September 30, 2014)

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

(Millions of yen)

	Reportable Segment				Total	Reconciliations (Notes 1, 2)	Consolidated (Note 3)
	Marketing Media	HR Media	Staffing	Other			
Net sales							
Sales to third parties	157,617	134,784	323,292	796	616,490	811	617,302
Intersegment sales or transfers	334	2,073	4,857	6	7,271	(7,271)	-
Total	157,952	136,858	328,149	802	623,762	(6,460)	617,302
Segment income (loss) (Note 4)	43,875	32,202	18,973	(3,610)	91,441	(38,034)	53,406

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 ¥(38,034) million include depreciation and amortization of ¥(14,541) million; amortization of goodwill of ¥(17,872) million; and corporate expenses not allocated to any reportable segments of ¥(5,620) 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 calculated as operating income plus 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.