Consolidated Financial Results for the Six Months Ended September 30, 2015 [Japanese GAAP]

November 10, 2015

Company name: Recruit Holdings Co., Ltd.
Listed stock exchange: Tokyo Stock Exchange
Securities code: 6098
URL: http://www.recruit.jp
Representative: Masumi Minegishi, President, CEO, and Representative Director
Contact: Keiichi Sagawa, Board Director, Managing Corporate Executive Officer
(Tel: +81-3-6835-1111)
Scheduled submission date of quarterly securities report: November 10, 2015
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, 2015 (from April 1, 2015 to September 30, 2015)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2015	736,478	19.3	52,286	(2.1)	55,195	(0.2)	32,497	14.1
Six months ended September 30, 2014	617,302	-	53,406	-	55,314	-	28,483	-

Note: Comprehensive income Six months ended September 30, 2015 ¥38,330 million [68.1%]
Six months ended September 30, 2014 ¥22,796 million [-%]

	Basic net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2015	57.55	57.48
Six months ended September 30, 2014	53.76	53.75

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, 2015 ¥93,763 million [9.3%]
Six months ended September 30, 2014 ¥85,820 million [-%]
Net income attributable to owners of the parent before amortization of goodwill
(Net income attributable to owners of the parent + Amortization of goodwill)
Six months ended September 30, 2015 ¥55,428 million [19.6%]
Six months ended September 30, 2014 ¥46,356 million [-%]

(2) Consolidated Financial Position

	Total assets	Equity	Own capital ratio
	Millions of yen	Millions of yen	%
As of September 30, 2015	1,111,308	767,827	68.5
As of March 31, 2015	1,100,782	754,157	68.1

Reference: Own capital As of September 30, 2015 ¥761,051 million
As of March 31, 2015 ¥749,628 million

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

2. Dividends

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

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

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

(Percentage indicates changes from the previous corresponding period.)

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

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

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

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

* Notes

(1) Changes in significant subsidiaries during the six months ended September 30, 2015: Yes

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

Newly included:	8 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
Excluded:	1 company	(Company name)	Biz-IQ Co., Ltd.

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

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

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

(4) Number of shares issued (common stock)

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

As of September 30, 2015	565,320,010 shares	As of March 31, 2015	565,320,010 shares

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

As of September 30, 2015	597,000 shares	As of March 31, 2015	626,000 shares

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

Six months ended September 30, 2015	564,722,693 shares	Six months ended September 30, 2014	529,790,456 shares

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

* Implementation status for quarterly review procedures

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

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

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

Contents of the Attached Materials

1. Qualitative Information on Financial Results for the Six Months Ended September 30, 2015

(1) Operating Results

During the six months ended September 30, 2015, the Japanese economy was on a moderate recovery track amid factors such as continuing improvement in corporate business results and the employment situation against a backdrop of the government's economic measures and monetary easing by the Bank of Japan, etc. At the same time, the outlook is uncertain due to factors including concerns about the risk of a downswing in the world economy resulting from the economic slowdown in China.

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

As a result, net sales amounted to ¥736.4 billion (a year-on-year increase of 19.3%), and operating income was ¥52.2 billion (a year-on-year decrease of 2.1%) and ordinary income was ¥55.1 billion (a year-on-year decrease of 0.2%) due primarily to increases in certain operating expenses such as depreciation and amortization as well as amortization of goodwill. In addition, net income attributable to owners of the parent amounted to ¥32.4 billion (a year-on-year increase of 14.1%) due to the recording of ¥7.7 billion of extraordinary income including gain on sales of investment securities.

EBITDA (the sum of operating income, depreciation and amortization, and amortization of goodwill) amounted to ¥93.7 billion (a year-on-year increase of 9.3%), and net income attributable to owners of the parent before amortization of goodwill (the sum of net income attributable to owners of the parent and amortization of goodwill) was ¥55.4 billion (a year-on-year increase of 19.6%).

The Group has a management target to grow EBITDA in existing businesses at middle to high single-digit growth rates, excluding financial results forecasts of the subsidiaries newly included in the scope of consolidation due to share acquisitions, etc. Taking this into consideration, net sales and EBITDA in existing businesses for the six months ended September 30, 2015 amounted to ¥677.0 billion (a year-on-year increase of 9.7%) and ¥93.5 billion (a year-on-year increase of 9.0%), respectively.

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

Overview of major segments is as follows.

1) Marketing Media segment

In the six months ended September 30, 2015, the Marketing Media segment recorded net sales of ¥166.9 billion (a year-on-year increase of 5.7%) and segment income (segment EBITDA) of ¥44.1 billion (a year-on-year increase of 0.5%).

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 favorable net sales due to efforts such as continuing to enhance the provision of solutions to clients and attracting users.

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

As a result, net sales in the Life Event operations were ¥84.5 billion (a year-on-year increase of 1.8%). The breakdown of net sales by major businesses was ¥42.8 billion (a year-on-year increase of 5.8%) in the housing and real estate business and ¥26.8 billion (a year-on-year decrease of 0.2%) in the bridal business.

II. Lifestyle operations

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

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

In the beauty business, the number of online reservations made through our services continued to rise at a steady pace due to measures including the introduction of “SALON BOARD” and improved convenience, which resulted in an increase in the number of clients and favorable net sales.

As a result, net sales in the Lifestyle operations were ¥81.8 billion (a year-on-year increase of 9.5%). The breakdown of net sales by major businesses was ¥30.0 billion (a year-on-year increase of 16.4%) in the travel business, ¥16.9 billion (a year-on-year increase of 5.0%) in the dining business and ¥22.6 billion (a year-on-year increase of 18.7%) in the beauty business.

2) HR Media segment

In the six months ended September 30, 2015, the HR Media segment recorded net sales of ¥162.1 billion (a year-on-year increase of 18.5%) and segment income (segment EBITDA) of ¥38.8 billion (a year-on-year increase of 20.7%).

Overview of main operations is as follows.

I. Domestic Recruiting operations

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

As a result, net sales in the Domestic Recruiting operations were ¥117.1 billion (a year-on-year increase of 7.2%).

II. Overseas Recruiting operations

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

As a result, net sales in the Overseas Recruiting operations were ¥36.0 billion (a year-on-year increase of 81.0%).

3) Staffing segment

In the six months ended September 30, 2015, the Staffing segment recorded net sales of ¥412.3 billion (a year-on-year increase of 25.7%) and segment income (segment EBITDA) of ¥22.8 billion (a year-on-year increase of 20.3%).

Overview of main operations is as follows.

I. Domestic Staffing operations

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

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

As a result, net sales in the Domestic Staffing operations were ¥200.9 billion (a year-on-year increase of 4.9%).

II. Overseas Staffing operations

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

As a result, net sales in the Overseas Staffing operations were ¥211.4 billion (a year-on-year increase of 54.8%).

4) Other segment

In the six months ended September 30, 2015, net sales of Other segment amounted to ¥2.8 billion (a year-on-year increase of 249.4%). Segment income (segment EBITDA) was ¥(3.4) billion (¥(3.6) billion for the six months ended September 30, 2014) due to factors including continuation of strengthening initiatives related to user IDs and point programs.

(2) Financial Position

1) Assets, liabilities and equity

(Assets)

Current assets decreased by ¥49.2 billion (8.7%) from the end of the previous fiscal year to ¥517.3 billion. This was mainly due to a decrease in cash and deposits, an increase in securities and a decrease in other current assets such as deferred tax assets.

Noncurrent assets increased by ¥59.7 billion (11.2%) from the end of the previous fiscal year to ¥593.9 billion. This was mainly due to increases in goodwill and other intangible assets such as customer-related assets.

As a result, total assets as of September 30, 2015 increased by ¥10.5 billion (1.0%) from the end of the previous fiscal year to ¥1,111.3 billion.

(Liabilities)

Current liabilities decreased by ¥6.9 billion (2.9%) from the end of the previous fiscal year to ¥233.2 billion. This was mainly due to a decrease in notes and accounts payable – trade, increases in income taxes payable and accrued employees’ bonuses, and a decrease in other current liabilities such as accounts payable - other.

Long-term liabilities increased by ¥3.8 billion (3.6%) from the end of the previous fiscal year to ¥110.2 billion. This was mainly due to a decrease in net defined benefit liability and an increase in other long-term liabilities such as deferred tax liabilities.

As a result, total liabilities as of September 30, 2015 decreased by ¥3.1 billion (0.9%) from the end of the previous fiscal year to ¥343.4 billion.

(Equity)

Total equity as of September 30, 2015 increased by ¥13.6 billion (1.8%) from the end of the previous fiscal year to ¥767.8 billion due to payment of dividends, recording of net income and an increase in foreign currency translation adjustments.

2) Cash flows

Cash and cash equivalents as of September 30, 2015 decreased by ¥36.3 billion from the end of the previous fiscal year to ¥276.8 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)

Cash flows from operating activities resulted in a cash inflow of ¥77.6 billion, a year-on-year increase of ¥30.1 billion (63.4%). This was mainly due to recording of income before income taxes of ¥61.6 billion, depreciation and amortization of ¥18.5 billion, amortization of goodwill of ¥22.9 billion, a decrease in trade receivables of ¥21.3 billion, a decrease in trade payables of ¥27.0 billion and income taxes-paid of ¥12.4 billion.

(Cash flows from investing activities)

Cash flows from investing activities resulted in a cash outflow of ¥78.5 billion, a year-on-year increase of ¥54.8 billion (232.3%). This was mainly due to payments for purchase of property, plant and equipment of ¥5.2 billion, payments for purchase of intangible assets of ¥16.6 billion, payments for purchase of investment securities of ¥5.0 billion and payments for purchase of investments in subsidiaries resulting in change in scope of consolidation of ¥65.8 billion, as well as proceeds from sales and redemption of investment securities of ¥18.2 billion.

(Cash flows from financing activities)

Cash flows from financing activities resulted in a cash outflow of ¥37.1 billion, a year-on-year increase of ¥5.2 billion (16.4%). This was mainly due to decrease in short-term borrowings-net of ¥3.2 billion, repayments of long-term debt of ¥7.6 billion and dividends paid of ¥26.3 billion.

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

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

2. Matters Concerning Notes to Summary Information

(1) Changes in Significant Subsidiaries During the Six Months Ended September 30, 2015

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

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

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

Not applicable.

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

(Changes in Accounting Policies)

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

In the quarterly consolidated statements of cash flows for the six months ended September 30, 2015, cash flows relating to the 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 the purchase of investments in subsidiaries resulting in change in scope of consolidation and cash flows relating to expenses incurred in connection with the 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 Business Combinations Standard and other related pronouncements were adopted in accordance with transitional treatments stipulated in Paragraph 58-2(4) of the Business Combinations Standard, Paragraph 44-5(4) of the Consolidated Financial Statements Standard and Paragraph 57-4(4) of the Business Divestitures Standard, and they have been prospectively adopted from the beginning of the first quarter ended June 30, 2015.

As a result, each of operating income, ordinary income and income before income taxes for the six months ended September 30, 2015 decreased by ¥1,413 million. In addition, goodwill as of September 30, 2015 decreased by ¥1,440 million.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Assets		
Current assets		
Cash and deposits	307,161	207,626
Notes and accounts receivable - trade	195,709	191,797
Securities	6,178	70,000
Other current assets	62,946	52,458
Allowance for doubtful accounts	(5,355)	(4,505)
Total current assets	566,639	517,377
Noncurrent assets		
Property, plant and equipment	25,754	28,649
Intangible assets		
Goodwill	216,394	244,692
Other	118,824	151,037
Total intangible assets	335,218	395,730
Investments and other assets		
Investment securities	133,836	126,299
Other assets	39,616	43,564
Allowance for doubtful accounts	(282)	(312)
Total investments and other assets	173,169	169,551
Total noncurrent assets	534,143	593,930
Total assets	1,100,782	1,111,308

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	49,017	41,714
Electronically recorded obligations - operating	8,978	9,084
Current portion of long-term debt	15,000	15,687
Income taxes payable	15,110	19,906
Accrued employees' bonuses	19,806	22,183
Other current liabilities	132,324	124,680
Total current liabilities	240,236	233,255
Long-term liabilities		
Long-term debt	15,000	14,688
Net defined benefit liability	28,232	27,627
Other long-term liabilities	63,155	67,910
Total long-term liabilities	106,387	110,225
Total liabilities	346,624	343,480
Equity		
Shareholders' equity		
Common stock	10,000	10,000
Capital surplus	53,679	53,706
Retained earnings	558,310	564,267
Treasury stock	(531)	(506)
Total shareholders' equity	621,459	627,467
Accumulated other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	34,177	32,657
Deferred gain (loss) on derivatives under hedge accounting	(75)	(3)
Foreign currency translation adjustments	97,006	102,985
Remeasurements of defined benefit plans	(2,939)	(2,055)
Total accumulated other comprehensive income	128,169	133,583
Stock acquisition rights	1,206	2,178
Non-controlling interests	3,322	4,597
Total equity	754,157	767,827
Total liabilities and equity	1,100,782	1,111,308

(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	Six months ended September 30, 2015
Net sales	617,302	736,478
Cost of sales	313,293	386,271
Gross profit	304,008	350,207
Selling, general and administrative expenses	250,601	297,920
Operating income	53,406	52,286
Non-operating income		
Interest income	123	380
Dividend income	865	1,212
Share of profit of entities accounted for using equity method	1,218	2,441
Other	437	635
Total non-operating income	2,645	4,670
Non-operating expenses		
Interest expense	326	584
Foreign exchange losses	85	970
Other	325	207
Total non-operating expenses	737	1,761
Ordinary income	55,314	55,195
Extraordinary income		
Gain on sales of investment securities	278	5,515
Gain on sales of shares of subsidiaries and associates	136	-
Gain on step acquisitions	109	1,807
Other	77	404
Total extraordinary income	602	7,727
Extraordinary losses		
Loss on disposal of noncurrent assets	132	276
Loss on sales of shares of subsidiaries and associates	254	-
Loss on liquidation of subsidiaries and associates	9	312
Impairment loss	79	181
Other	44	470
Total extraordinary losses	520	1,240
Income before income taxes	55,395	61,682
Income taxes: Current	23,052	23,030
Income taxes: Deferred	3,821	5,761
Total income taxes	26,874	28,792
Net income	28,521	32,890
Net income attributable to non-controlling interests	37	393
Net income attributable to owners of the parent	28,483	32,497

Quarterly Consolidated Statements of Comprehensive Income
Six Months Ended September 30

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net income	28,521	32,890
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	1,188	(1,520)
Deferred gain (loss) on derivatives under hedge accounting	287	72
Foreign currency translation adjustments	(5,906)	5,445
Remeasurements of defined benefit plans, net of tax	132	883
Share of other comprehensive income in affiliated companies	(1,427)	559
Total other comprehensive income	(5,724)	5,440
Comprehensive income	22,796	38,330
Total comprehensive income attributable to:		
Owners of the parent	22,817	37,911
Non-controlling interests	(20)	419

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from operating activities		
Income before income taxes	55,395	61,682
Depreciation and amortization	14,541	18,545
Impairment loss	79	181
Amortization of goodwill	17,872	22,930
Retirement benefit expenses	195	469
Increase (decrease) in allowance for doubtful accounts	(608)	(962)
Increase (decrease) in accrued employees' bonuses	483	1,970
Increase (decrease) in net defined benefit liability	(245)	23
Interest and dividend income	(988)	(1,593)
Interest expense	326	584
Foreign exchange (gains) losses	116	349
Share of (profit) loss of entities accounted for using equity method	(1,218)	(2,441)
Loss on disposal of noncurrent assets	132	276
(Gain) loss on sales of investment securities-net	(278)	(5,515)
(Gain) loss on sales of shares of subsidiaries and associates	117	-
(Gain) loss on step acquisitions	(109)	(1,807)
Loss on liquidation of subsidiaries and associates	9	312
(Increase) decrease in trade receivables	4,492	21,393
Increase (decrease) in trade payables	(6,580)	(27,079)
Other-net	(2,372)	(248)
Subtotal	81,361	89,071
Interest and dividend income received	1,034	1,636
Interest expense paid	(337)	(586)
Income taxes-paid	(34,528)	(12,470)
Net cash provided by operating activities	47,529	77,651
Cash flows from investing activities		
Payments into time deposits	(4,000)	(242)
Proceeds from withdrawal of time deposits	-	106
Payments for purchase of property, plant and equipment	(3,127)	(5,247)
Payments for purchase of intangible assets	(12,341)	(16,608)
Payments for purchase of investment securities	(3,292)	(5,023)
Proceeds from sales and redemption of investment securities	438	18,265
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)	(1,213)
Payments for purchase of investments in subsidiaries resulting in change in scope of consolidation	-	(65,842)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	106	168
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(121)	-
Payments for purchase of investments in subsidiaries	(312)	-
Proceeds from liquidation of subsidiaries	-	156
Payments for transfer of business	(125)	-
Proceeds from transfer of business	-	435
Payments of short-term loans receivable	(39)	(123)
Other-net	(232)	(3,341)
Net cash used in investing activities	(23,627)	(78,511)

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from financing activities		
Increase (decrease) in short-term borrowings-net	101	(3,258)
Repayments of long-term debt	(18,469)	(7,671)
Proceeds from share issuance to non-controlling shareholders	412	111
Dividends paid	(13,670)	(26,312)
Dividends paid to non-controlling interests	(282)	-
Other-net	(8)	(33)
Net cash used in financing activities	(31,916)	(37,164)
Foreign currency translation adjustments on cash and cash equivalents	872	1,694
Net increase (decrease) in cash and cash equivalents	(7,141)	(36,330)
Cash and cash equivalents at beginning of period	187,153	313,197
Cash and cash equivalents at end of period	180,011	276,867

(4) Notes to Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Segment Information, etc.)

[Segment Information]

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 the amount based on operating income excluding depreciation and amortization and amortization of goodwill (EBITDA).

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

This information is omitted because it is immaterial.

Six Months Ended September 30, 2015 (from April 1, 2015 to September 30, 2015)

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

(Millions of yen)

	Reportable Segment				Total	Reconciliations (Notes 1, 2)	Consolidated (Note 3)
	Marketing Media	HR Media	Staffing	Other			
Net sales							
Sales to third parties	166,603	159,881	407,007	2,685	736,176	301	736,478
Intersegment sales or transfers	361	2,295	5,336	118	8,111	(8,111)	-
Total	166,964	162,176	412,343	2,803	744,288	(7,809)	736,478
Segment income (loss) (Note 4)	44,106	38,853	22,823	(3,411)	102,371	(50,084)	52,286

Notes: 1. Reconciliations of sales to third parties primarily include revenue from research, development, and investments in new technologies, which are not undertaken for profit-making purposes.

2. Reconciliations of segment income (loss) of ¥(50,084) million include depreciation and amortization of ¥(18,545) million; amortization of goodwill of ¥(22,930) million; and corporate expenses not allocated to any reportable segments of ¥(8,608) million. Corporate expenses consist primarily of general and administrative expenses that are not allocable to the reportable segments.

3. Segment income (loss) is adjusted to operating income in the quarterly consolidated statements of income.

4. Segment income (loss) is the amount based on operating income excluding depreciation and amortization and amortization of goodwill (EBITDA).

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

This information is omitted because it is immaterial.