

# Summary of Business Results for the First Quarter Ended December 31, 2017 [Japan GAAP] (Consolidated)

February 8, 2018

Company Yumeshin Holdings Co., Ltd.  
 Stock Code 2362 URL <http://www.yumeshin.co.jp>  
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 Expected date of filing of quarterly report: February 14, 2018  
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 Preparation of quarterly supplementary financial document: Yes  
 Quarterly results briefing: None

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(Rounded down to million yen)

## 1. Consolidated business results for the three months ended December 2017 (October 1, 2017 through December 31, 2017)

### (1) Consolidated results of operations

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Dec. 2017	9,411	34.5	1,232	90.8	1,204	66.3	957	124.5
Three months ended Dec. 2016	6,998	30.5	645	44.4	724	56.3	426	57.3

(Note) Comprehensive income

Three months ended December 2017: 1,005 million yen (28.1%)

Three months ended December 2016: 785 million yen (148.5%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Three months ended Dec. 2017	12.84		12.67	
Three months ended Dec. 2016	5.72		5.72	

### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of Dec. 2017	20,474	12,428	55.7
As of Sept. 2017	20,461	13,080	58.6

(Reference) Shareholders' equity

As of December 2017: 11,398 million yen

As of September 2017: 11,981 million yen

## 2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
Year ended Sept. 2017	-	15.00	-	20.00	35.00
Year ending Sept. 2018	-	-	-	-	-
Year ending Sept. 2018 (forecast)	-	15.00	-	20.00	35.00

(Note) Revisions to dividend forecast for the current quarter: None

## 3. Forecast of consolidated business results for the fiscal year ending September 2018 (October 1, 2017 through September 30, 2018)

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending Sept. 2018	39,000	27.8	4,500	90.5	4,500	85.7	2,900	103.4	38.89

(Note) Revisions to business forecast for the current quarter: None

**\*Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): Yes

Excluded: 1 (Company name) Keepdata Ltd.

(2) Application of accounting procedures specific to preparation of the quarterly financial statements: None

(3) Changes in accounting policies, accounting estimates and restatement

① Changes in accounting policies associated with revision of accounting standards: : None

② Changes in accounting policies other than ① : None

③ Changes in accounting estimates : None

④ Restatement : None

(4) Shares outstanding (common stock)

① Number of shares outstanding at the end of period (treasury stock included)

As of December 2017 74,573,440 shares

As of September 2017 74,573,440 shares

② Treasury stock at the end of period

As of December 2017 86 shares

As of September 2017 86 shares

③ Average number of stock during period (quarterly cumulative period)

Three months ended December 2017 74,573,354 shares

Three months ended December 2016 74,573,354 shares

**\*Quarterly financial summary is not subject to the quarterly review procedures**

**\*Explanation regarding appropriate use of business forecasts and other special instructions**

Forecasts regarding future performance in this material are based on information currently available to the company and certain assumptions that the company deems to be reasonable at the time this report was prepared. The company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors.

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## 1. Qualitative Information on Results for the Current Quarter

### (1) Results of Operations

#### ① Overview of Consolidated Business Results

During the three months ended December 31, 2018 (October 1, 2017 to December 31, 2017), the engineer temporary staffing industry to which the Group belongs was strong due to a decline in the overall workforce in Japan associated with a shortage of human resources in many industries. In particular, there is a serious shortage of human resources in the construction industry, where the aging of the population and the shortage of young people are conspicuous, and in the IT industry, where technological innovation is remarkable. In these circumstances, the Group has focused on securing and developing human resources in order to supply "high value-added human resources" to the construction and IT industries.

As a result, net sales increased by 2,412 million yen (34.5%) year-on-year to 9,411 million yen due to growth in the Construction Engineer Temporary Staffing and Engineer Temporary Staffing businesses thanks to an increase in the number of engineers.

Operating income increased by 586 million yen (90.8%) year-on-year to 1,232 million yen due to an increase in the unit price of temporary staffing in the Construction Engineer Temporary Staffing business and thorough cost control, including hiring costs.

Net income attributable to owners of parent increased by 531 million yen (124.5%) year-on-year to 957 million yen.

The following table shows the results for the second quarter of the current fiscal year.

(Millions of yen)

	FY9/17 1Q	FY9/18 1Q	Change	Percentage change
Net sales	6,998	9,411	2,412	34.5%
Operating income	645	1,232	586	90.8%
Ordinary income	724	1,204	479	66.3%
Net income attributable to owners of parent	426	957	531	124.5%

#### ② Results by Segment

The reportable segments of the Group are the Construction Engineer Temporary Staffing business and the Engineer Temporary Staffing business.

Refer to the table below for the main businesses and operating companies of each segment.

(As of December 31, 2017)

Segment name	Business Line	Company Name
Construction Engineer Temporary Staffing business	<ul style="list-style-type: none"> <li>• Dispatch of construction management engineers to construction sites</li> <li>• Dispatch of CAD operators</li> </ul>	Yumeshin Holdings Co., Ltd.
Engineer Temporary Staffing business	<ul style="list-style-type: none"> <li>• Dispatch of engineers to the manufacturing and IT industries</li> </ul>	Yume Technology Co., Ltd. Krung thep Co., Ltd.
Other businesses	<ul style="list-style-type: none"> <li>• Recruitment consultancy service for the construction and manufacturing industries</li> <li>• Japanese language education for local Philippine personnel</li> <li>• Support for recruitment of local Vietnamese personnel</li> <li>• Development of high-class IT engineers</li> <li>• Course on Measures to Acquire National Construction-Related Qualifications</li> <li>• Offshore development in Vietnam</li> </ul>	Yume Agent Co., Ltd. YUMEAGENT PHILIPPINES Corp. YUMEAGENT VIETNAM Co., Ltd. Yume Education Co., Ltd. Construction Qualification Promotion Center Co., Ltd. Yume Solutions Co., Ltd.

(Note 1) From the first quarter of the current fiscal year, segments previously reported as "Education-Related Businesses" and "IT-Related Businesses" have been changed to "Others" due to lack of significance.

(Note 2) Krung thep Co., Ltd., which the Group acquired its shares on December 22, 2017, has been included in the Engineer Temporary Staffing business from the first quarter of the current fiscal year.

(Note 3) Keepdata Co., Ltd., formerly categorized as an IT-related business, was excluded from the scope of consolidation due to the sale of its shares on December 13, 2017.

(Note 4) Galaxy Co., Ltd., which had been categorized as an IT-related business, was liquidated in the first quarter of the current fiscal year and is therefore excluded from the scope of consolidation.

Results by business segment are as follows. Segment income (loss) is adjusted with operating income.

In addition, the Company has changed the classification of its reportable segments from the first quarter of the current fiscal year, and for comparison with the same period of the previous fiscal year, the figures for the same period of the previous fiscal year have been reclassified to the segment classification after the change.

(a) Construction Engineer Temporary Staffing business

(Millions of yen)

	FY9/17 1Q	FY9/18 1Q	Change	Percentage change
Net sales	5,278	7,017	1,739	33.0%
Segment profit	676	1,176	500	74.0%
Number of engineers at end of period (end of December)	3,578	4,629	1,051	29.4%
Average number of engineers during the period (October-December average)	3,503	4,575	1,072	30.6%

Overview of the Business

In the Construction Engineer Temporary Staffing Business, the core business of the Group, demand for temporary staffing services remained strong due to the aging of engineers and a shortage of young workers at general contractors. In addition, as large-scale construction projects related to the 2020 Tokyo Olympics and Paralympics and the Linear Chuo Shinkansen have begun in earnest, the Company has focused on recruitment activities with an annual hiring plan of 2,500 people. As a result, the Company hired 695 employees in the first quarter of the current fiscal year (553 in the same period of the previous fiscal year). As a result, the number of engineers enrolled increased by 1,051 year-on-year to 4,629 at the end of December 2017.

<Business Results>

Net sales increased by 1,739 million yen (33.0%) year-on-year to 7,017 million yen due to an increase in the number of staffs at work resulting from an increase in the number of engineers and an increase in the unit price of temporary staffing.

Segment profit increased by 500 million yen (74.0%) year-on-year to 1,176 million yen due to the increase in the gross profit margin by 2 percentage points year-on-year thanks to the solid performance of the unit price of temporary staffing and the operating rate, as well as the progress in controlling recruiting and other expenses.

## (b) Engineer Temporary Staffing business

(Millions of yen)

	FY9/17 1Q	FY9/18 1Q	Change	Percentage change
Net sales	1,659	2,281	622	37.5%
Segment profit	123	182	59	48.1%
Number of engineers at end of period (End of December)	1,195	1,761	566	47.4%
Average number of engineers at end of period (October-December average)	1,171	1,727	556	47.5%

## Overview of the Business

In the Engineer Temporary Staffing business, manufacturers in the automotive, electrical equipment, semiconductors, etc., which are the Company's main customers enjoyed favorable exports due to the recovery of overseas economies, and their business results trended upward. In the IT industry, where IT engineers are dispatched, demand for investment in infrastructure development and information security remains high. Against this backdrop, the Company has set an annual hiring plan of 1,200 engineers to meet the growing demand for engineers and focused on recruiting activities.

As a result, the number of employees in the first quarter of the current consolidated cumulative period was 159 (107 in the same period of the previous year). As a result, the number of registered engineers as of the end of December 2017 was 1,761, an increase of 566 from the same period of the previous year.

As a result, net sales for the first quarter of the current fiscal year increased by 622 million yen, or 37.5%, to 2,281 million yen, due to an increase in the number of engineers. Segment income increased by 59 million yen (48.1%) year-on-year to 182 million yen due to the contribution of improved efficiency in recruiting activities.

## (c) Other businesses

(Millions of yen)

	FY9/17 1Q	FY9/17 1Q	Change	Percentage change
Net sales	81	129	47	58.4%
Segment loss	-104	-81	23	—

## Overview of the Business

In the Other Business segment, the Group mainly provided recruitment agency services for construction and manufacturing companies and employment support services for Japanese companies seeking local human resources in Vietnam.

As a result, in the first quarter of the current fiscal year, net sales were 129 million yen (up 58.4% year-on-year) and segment loss was 81 million yen (compared with a loss of 104 million yen in the same period of the previous year).

## 2. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	Previous fiscal year (September 30, 2017)	Current First quarter (December 31, 2017)
<b>Assets</b>		
Current assets		
Cash and deposits	8,555,544	8,645,751
Notes and accounts receivable	4,853,765	5,015,722
Electronically recorded monetary claims	8,925	9,439
Inventories	628	885
Other	1,450,458	1,320,916
Allowance for doubtful accounts	-30,010	-37,554
<b>Total current assets</b>	<b>14,839,313</b>	<b>14,955,160</b>
Fixed assets		
Property, plant and equipment	1,080,498	1,049,883
Intangible assets		
Goodwill	898,984	971,211
Other	160,848	56,936
<b>Total intangible assets</b>	<b>1,059,833</b>	<b>1,028,148</b>
Investments and other assets		
Investment securities	2,601,736	2,604,956
Other	881,264	857,308
Allowance for doubtful accounts	-35,298	-37,390
<b>Total investments and other assets</b>	<b>3,447,702</b>	<b>3,424,874</b>
<b>Total noncurrent assets</b>	<b>5,588,033</b>	<b>5,502,905</b>
Deferred assets		
Stock issuance	33,687	16,763
<b>Total deferred assets</b>	<b>33,687</b>	<b>16,763</b>
<b>Total assets</b>	<b>20,461,033</b>	<b>20,474,830</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	25,079	9,052
Short-term borrowings	915,835	2,100,000
Current portion of long-term loans payable	817,598	760,600
Income taxes payable	653,875	340,225
Provision for bonuses	458,620	209,999
Other	2,977,169	3,229,972
<b>Total current liabilities</b>	<b>5,848,177</b>	<b>6,649,848</b>
Long-term liabilities		
Long-term debt	1,045,418	897,801
Obligations for retirement pay	278,767	291,416
Asset retirement obligations	66,289	66,344
Other	142,007	140,658
<b>Total long-term liabilities</b>	<b>1,532,482</b>	<b>1,396,220</b>
<b>Total liabilities</b>	<b>7,380,659</b>	<b>8,046,069</b>

(Thousands of yen)

	Previous fiscal year (September 30, 2017)	Current First quarter (December 31, 2017)
Net assets		
Shareholders' equity		
Capital stock	805,147	805,147
Capital surplus	9,700,676	9,700,352
Retained earnings	1,317,188	707,572
Treasury stock	-9	-9
Total shareholders' equity	11,823,002	11,213,062
Other accumulated comprehensive income		
Valuation difference on securities	164,657	191,230
Foreign currency translation adjustments	-3,428	-2,908
Remeasurements of defined benefit plans	-2,664	-2,418
Total other accumulated comprehensive income	158,564	185,903
Share subscription rights	72,396	73,434
Non-controlling shareholders' equity	1,026,410	956,360
Total net assets	13,080,374	12,428,761
Total liabilities and net assets	20,461,033	20,474,830



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

Quarterly consolidated statement of income

First Quarter of FY9/18

(Thousands of yen)

	Previous First Quarter (October 1, 2016 - December 31, 2016)	Current First Quarter (October 1, 2017 - December 31, 2017)
Net sales	6,998,269	9,411,084
Cost of sales	4,980,765	6,531,411
Gross profit	2,017,504	2,879,673
Selling, general and administrative expenses	1,371,904	1,647,611
Operating income	645,600	1,232,062
Non-operating income		
Interest income	683	430
Dividends income	26	36
Gain on sales of investment securities	10,884	4,649
Foreign exchange gain	65,030	-
Rent income	27,147	15,810
Other	5,715	11,732
Total non-operating income	109,487	32,659
Non-operating expenses		
Interest expenses	6,059	4,446
Cost of rental revenue	14,424	7,816
Equity in losses of affiliates	-	15,919
Commission paid	-	18,743
Other	10,295	13,532
Total non-operating expenses	30,779	60,457
Ordinary income	724,308	1,204,264
Extraordinary income		
Gain on sales of stock of affiliates	-	255,933
Gain on reversal of subscription rights to shares	17,031	762
Other	-	1,767
Total extraordinary income	17,031	258,463
Extraordinary loss		
Loss on sales of noncurrent assets	-	123
Loss on retirement of noncurrent assets	-	15,813
Loss on valuation of investment securities	-	50,649
Total extraordinary loss	-	66,587
Current net income for the quarter before income taxes and minority interests	741,340	1,396,140
Income taxes	205,459	314,199
Income taxes-deferred	80,462	106,767
Total income taxes	285,922	420,967
Net income	455,418	975,173
Net income attributable to non-controlling interests	28,714	17,399
Net income attributable to owners of parent	426,703	957,773

Consolidated Statements of Comprehensive Income

First Quarter of FY9/18

(Thousands of yen)

	Previous First Quarter (October 1, 2016 - December 31, 2016)	Current First Quarter (October 1, 2017 - December 31, 2017)
Net income	455,418	975,173
Other comprehensive income		
Valuation difference on securities	327,168	29,766
Foreign currency translation adjustments	2,099	520
Remeasurements of defined benefit plans, net of tax	651	397
Total other comprehensive income	329,919	30,685
Comprehensive income	785,338	1,005,858
Breakdown		
Comprehensive income attributable to owners of parent	747,294	985,112
Comprehensive income attributable to non-controlling interests	38,043	20,745

### (3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumptions)

Not applicable.

(Notes on significant changes in shareholders' equity)

From the first quarter of the current fiscal year, Dazzle Co., Ltd. has been included in the scope of application of the equity method because of increased materiality of the business. As a result, in the first quarter of the current fiscal year, retained earnings decreased by 75,922 thousand yen to 707,572 thousand yen.