

# Summary of Business Results for the Third Quarter Ended June 30, 2018 [Japan GAAP] (Consolidated)

August 10, 2018

Company **Yumeshin Holdings Co., Ltd.** Listed on the TSE  
 Stock Code 2362 URL <https://www.yumeshin.co.jp>  
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 Expected date of filing of quarterly report: August 14, 2018  
 Expected starting date of dividend payment: -  
 Preparation of quarterly supplementary financial document: Yes  
 Quarterly results briefing: None

(Rounded down to million yen)

## 1. Consolidated business results for the nine months ended June 2018 (October 1, 2017 through June 30, 2018)

(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	%
Nine months ended Jun. 2018	29,662	34.1	3,898	119.3	3,639	96.8	2,715	151.1
Nine months ended Jun. 2017	22,113	30.5	1,777	-1.3	1,849	1.9	1,081	-7.7

(Note) Comprehensive income

Nine months ended June 2018: 2,665 million yen (87.4%)

Nine months ended June 2017: 1,422 million yen (19.6%)

	Net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
Nine months ended Jun. 2018	36.42		35.93	
Nine months ended Jun. 2017	14.50		14.30	

## (2) Consolidated financial position

	Total assets		Net assets		Shareholders' equity ratio	
	Million yen	Million yen	Million yen	Million yen	ratio	%
As of Jun. 2018	22,766		12,927		52.4	
As of Sept. 2017	20,461		13,080		58.6	

(Reference) Shareholders' equity

As of June 2018: 11,933 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	-	15.00	-		
Year ending Sept. 2018 (forecast)				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 (Keepdata Co., 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 June 2018	74,573,440 shares
As of September 2017	74,573,440 shares

② Treasury stock at the end of period

As of June 2018	86 shares
As of September 2017	86 shares

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

Nine months ended June 2018	74,573,354 shares
Nine months ended June 2017	74,573,354 shares

**\*Quarterly financial summary is not subject to the quarterly review procedures by certified public accountants or auditing firms.**

**\*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 nine months ended June 30, 2018 (from October 1, 2017 to June 30, 2018), 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 7,548 million yen (34.1%) year-on-year to 29,662 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 2,120 million yen (119.3%) year-on-year to 3,898 million yen due to a rise in the unit price and operating rate of temporary staffing in the Construction Engineer Temporary Staffing business, as well as strict cost control, including hiring costs, which limited the increase in expenses.

Net income attributable to owners of parent increased by 1,634 million yen (151.1%) year-on-year to 2,715 million yen.

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

(Millions of yen)

	FY9/17 3Q	FY9/18 3Q	Change	Percentage change
Net sales	22,113	29,662	7,548	34.1%
Operating income	1,777	3,898	2,120	119.3%
Ordinary income	1,849	3,639	1,790	96.8%
Net income attributable to owners of parent	1,081	2,715	1,634	151.1%

#### 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 June 30, 2018)

Segment name	Business Line	Company Name
Construction Engineer Temporary Staffing (Note 5)	<ul style="list-style-type: none"> <li>• Dispatch of construction management specialist 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 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 Qualifications 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 Business" and "IT-Related Business" 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 Ltd., which had been classified 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 classified as an IT-related business, was excluded from the scope of consolidation as the Group liquidated its business in the first quarter of the current fiscal year.

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 3Q	FY9/18 3Q	Change	Percentage change
Net sales	16,442	21,861	5,419	33.0%
Segment profit	2,114	3,755	1,641	77.6%
Number of engineers at end of period (end of June)	3,992	4,978	986	24.7%
Average number of engineers during the period (October-June average)	3,748	4,767	1,019	27.2%

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, a total of 2,087 employees (1,865 in the same period last year) were hired during the cumulative period of the current third quarter. As a result, the number of engineers on the register increased by 986 year-on-year to 4,978 at the end of June 2018.

<Business Results>

Net sales increased by 5,419 million yen (33.0%) year-on-year to 21,861 million yen due to an increase in the number of staffs at work and an increase in the average hourly wage.

Segment profit increased by 1,641 million yen (77.6%) year-on-year to 3,755 million yen due to the increase in the gross profit margin by 2.5 percentage points year-on-year due 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 3Q	FY9/18 3Q	Change	Percentage change
Net sales	5,331	7,507	2,175	40.8%
Segment profit	173	415	241	138.9%
Number of engineers at end of period (End of June)	1,559	2,158	599	38.4%
Average number of engineers at end of period (October-June average)	1,330	1,959	629	47.3%

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 engineers hired during the nine months ended June 30, 2018 was 732 (77 in the same period of the previous year), and accordingly, the number of engineers hired at the end of June 2018 was 2,158, an increase of 599 compared with the same period of the previous year.

As a result, net sales for the nine months ended June 30, 2018 increased by 2,175 million yen (40.8%) year-on-year to 7,507 million yen due to an increase in the number of engineers. Segment income increased by 241 million yen (138.9%) year-on-year to 415 million yen due to the contribution of improved efficiency in recruiting activities.

(c) Other businesses

(Millions of yen)

	FY9/17 3Q	FY9/17 3Q	Change	Percentage change
Net sales	438	351	-86	-19.7%
Segment loss	-413	-206	207	—

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, the segment recorded sales of 351 million yen (down 19.7% year-on-year) and segment loss of 206 million yen (compared with segment loss of 413 million yen in the same period of the previous fiscal year) for the nine months ended June 30, 2018

## 2. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	Previous fiscal year (September 30, 2017)	Current Third quarter (June 30, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	8,555,544	10,689,965
Notes and accounts receivable	4,853,765	5,937,533
Electronically Recorded Monetary Claims	8,925	10,346
Inventories	628	727
Other	1,450,458	1,352,413
Allowance for doubtful accounts	-30,010	-28,271
<b>Total current assets</b>	<b>14,839,313</b>	<b>17,962,715</b>
Fixed assets		
Property, plant and equipment	1,080,498	951,623
Intangible assets		
Goodwill	898,984	812,511
Other	160,848	123,924
<b>Total intangible assets</b>	<b>1,059,833</b>	<b>936,435</b>
Investments and other assets		
Investment securities	2,601,736	2,017,030
Other	881,264	925,184
Allowance for doubtful accounts	-35,298	-36,779
<b>Total investments and other assets</b>	<b>3,447,702</b>	<b>2,905,434</b>
<b>Total noncurrent assets</b>	<b>5,588,033</b>	<b>4,793,494</b>
Deferred assets		
Stock issuance	33,687	10,477
<b>Total deferred assets</b>	<b>33,687</b>	<b>10,477</b>
<b>Total assets</b>	<b>20,461,033</b>	<b>22,766,687</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	25,079	10,476
Short-term borrowings	915,835	100,000
Current portion of long-term loans payable	817,598	1,248,100
Income taxes payable	653,875	929,560
Provision for bonuses	458,620	735,026
Other	2,977,169	3,540,641
<b>Total current liabilities</b>	<b>5,848,177</b>	<b>6,563,805</b>
Long-term liabilities		
Long-term debt	1,045,418	2,849,150
Obligations for retirement pay	278,767	302,768
Asset retirement obligations	66,289	66,128
Other	142,007	57,473
<b>Total long-term liabilities</b>	<b>1,532,482</b>	<b>3,275,519</b>
<b>Total liabilities</b>	<b>7,380,659</b>	<b>9,839,325</b>

(Thousands of yen)

	Previous fiscal year (September 30, 2017)	Current Third quarter (June 30, 2018)
Net assets		
Shareholders' equity		
Capital stock	805,147	805,147
Capital surplus	9,700,676	9,703,384
Retained earnings	1,317,188	1,346,900
Treasury stock	-9	-9
Total shareholders' equity	11,823,002	11,855,423
Other accumulated comprehensive income		
Valuation difference on securities	164,657	85,207
Foreign currency translation adjustments	-3,428	-5,203
Remeasurements of defined benefit plans	-2,664	-1,924
Total other accumulated comprehensive income	158,564	78,079
Share subscription rights	72,396	72,545
Non-controlling shareholders' equity	1,026,410	921,313
Total net assets	13,080,374	12,927,362
Total liabilities and net assets	20,461,033	22,766,687



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

Quarterly consolidated statement of income

Third Quarter of FY9/18

(Thousands of yen)

	Previous Third Quarter (October 1, 2016 - June 30, 2017)	Current Third Quarter (October 1, 2017 - June 30, 2018)
Net sales	22,113,773	29,662,416
Cost of sales	15,734,524	20,553,530
Gross profit	6,379,248	9,108,885
Selling, general and administrative expenses	4,601,788	5,210,657
Operating income	1,777,460	3,898,228
Non-operating income		
Interest income	2,256	1,434
Dividends income	6,690	13,358
Gain on sales of investment securities	11,015	5,245
Gain on investments in partnership	-	28,825
Foreign exchange gain	56,327	-
Rent income	81,082	39,826
Other	23,674	37,102
Total non-operating income	181,047	125,792
Non-operating expenses		
Interest expenses	18,216	17,888
Cost of rental revenue	49,733	24,466
Equity in losses of affiliates	-	275,187
Other	40,999	66,907
Total non-operating expenses	108,948	384,450
Ordinary income	1,849,558	3,639,570
Extraordinary income		
Gain on sales of noncurrent assets	1,125	-
Gain on sales of stock of affiliates	-	440,997
Gain on reversal of subscription rights to shares	18,229	1,612
The gain from negative goodwill	28,276	-
Other	-	4,177
Total extraordinary income	47,632	446,787
Extraordinary loss		
Loss on sales of noncurrent assets	-	4,035
Loss on retirement of noncurrent assets	1,661	19,189
Loss on sales of shares of associated company	17,999	-
Loss on valuation of investment securities	-	55,190
Impairment loss	68,839	70,842
Total extraordinary loss	88,500	149,258
Current net income for the quarter before income taxes and minority interests	1,808,690	3,937,099
Income taxes	834,945	1,357,914
Income taxes-deferred	-63,699	-163,120
Total income taxes	771,246	1,194,793
Net income	1,037,444	2,742,305
Net income (loss) attributable to non-controlling interests	-44,049	26,603
Net income attributable to owners of parent	1,081,493	2,715,702

Consolidated Statements of Comprehensive Income

Third Quarter of FY9/18

(Thousands of yen)

	Previous Third Quarter (October 1, 2016 - June 30, 2017)	Current Third Quarter (October 1, 2017 - June 30, 2018)
Net income	1,037,444	2,742,305
Other comprehensive income		
Valuation difference on securities	382,072	-76,294
Foreign currency translation adjustments	1,054	-1,774
Remeasurements of defined benefit plans, net of tax	1,954	1,193
Total other comprehensive income	385,081	-76,875
Comprehensive income	1,422,525	2,665,430
Breakdown		
Comprehensive income attributable to owners of parent	1,455,844	2,635,211
Comprehensive income attributable to non-controlling interests	-33,319	30,219

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

(Notes on going concern assumptions)

Not applicable.

(Notes on significant changes in shareholders' equity)

Not applicable.

(Significant subsequent events)

Acquisition of companies, etc. by acquisition of shares

At the meeting of the Board of Directors held on July 30, 2018, the Company resolved to acquire the share of a special-purpose company (Centurion Capital Pacific Limited, hereinafter referred to as "P4U Company" for convenience) that holds 100% shares of P3OPLE4U, Inc., and make it a subsidiary, and concluded a share transfer agreement on the same date.

1. Purpose of share acquisition

The Company is currently in the process of implementing the Medium-Term Management Plan, which sees the temporary staffing of engineers to the construction, manufacturing and IT industries as growth drivers, all of which are seriously lacking human resources. Regarding the shortage of human resources, in particular, the shortage of IT personnel is expected to accelerate worldwide, and it is estimated that there will be a shortage of approximately 790,000 people in Japan alone by 2030(\*).

Therefore, the Company recognizes that acquiring IT personnel in Japan and overseas is a significant growth opportunity for the Group. P4U Co., Ltd., which the Company acquired this time, dispatches IT engineers mainly to the Philippines. In the Philippines, the BPO (Business Process Outsourcing) market continues to expand due to low-price labor. In addition, P4U is also expected to grow significantly in the future as a result of the national government's efforts to train IT engineers. In light of this, the Company has decided to acquire shares of P4U as they have a strong affinity with the Group, which considers securing IT personnel in Japan and overseas to be an important management strategy over the medium to long term.

(\*) Source: Ministry of Economy, Trade and Industry, Survey Results of the Latest Trends and Future Estimates of IT Human Resources (June 10, 2016).

2. Name of the counterparty to the share acquisition

Centurion Capital Pacific Limited Three individual shareholders

3. Name, business and size of the acquired company

Name: P3OPLE4U, Inc.

Address of Head Office: 17 th Floor Philam Life Tower, Paseo de Roxas, Makati City, Philippines

Representative: Robert Joseph Montes De Claro, CEO

Business: Engineer temporary staffing business

Capital: 8,689 thousand PHP (18,246 thousand yen)

Established: 2011

\*Centurion Capital Pacific Limited is a company formed for the purpose of holding shares of P3OPLE4U, Inc.

4. Period of stock acquisition

Board of Directors resolution: July 30, 2018

Contract date: July 30, 2018

Effective date of share transfer: October 1, 2018 (planned)

5. Number of shares to be acquired and ownership ratio after acquisition

Number of shares to be acquired: 30 shares

Ownership ratio after acquisition: 75%

6. Method of procuring funds for payment

Own funds