



株式会社夢真ホールディングス
YUMESHIN HOLDINGS CO.,LTD.

Financial Results

for the Fiscal Year

Ending **September** 2016

-1st Quarter-

February 24, 2016

FY9/16
Securities code
2362

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Consolidated Financial Overview

Reorganization of Business Portfolio

**Business diversification,
Stable profitability from stock
business
[Risk-distributed]**

1. Construction technician temporary staffing

Building technology support

- Temporary staffing of construction management specialist
- Temporary staffing of CAD operators

Outsourced production of constructing drawings

2. Engineer temporary staffing

Temporary staffing of engineers for manufacturing industry
Temporary staffing of system engineers

3. Childcare support

Operation of childcare center
Temporary staffing of childcare worker

4. Nursing care

Operation of day-service facility

5. Comprehensive construction

Construction of high-grade custom house

**Focus on own field and strengths,
Specialized in high added-value human
resource business
[Highly profitable]**

1. Construction technician temporary staffing

Building technology support

- Temporary staffing of construction management specialist
- Temporary staffing of CAD operators

Outsourced production of constructing drawings

2. Engineer temporary staffing

Temporary staffing of engineers for manufacturing industry
Temporary staffing of system engineers

3. Staff agency (Started from June 2015)

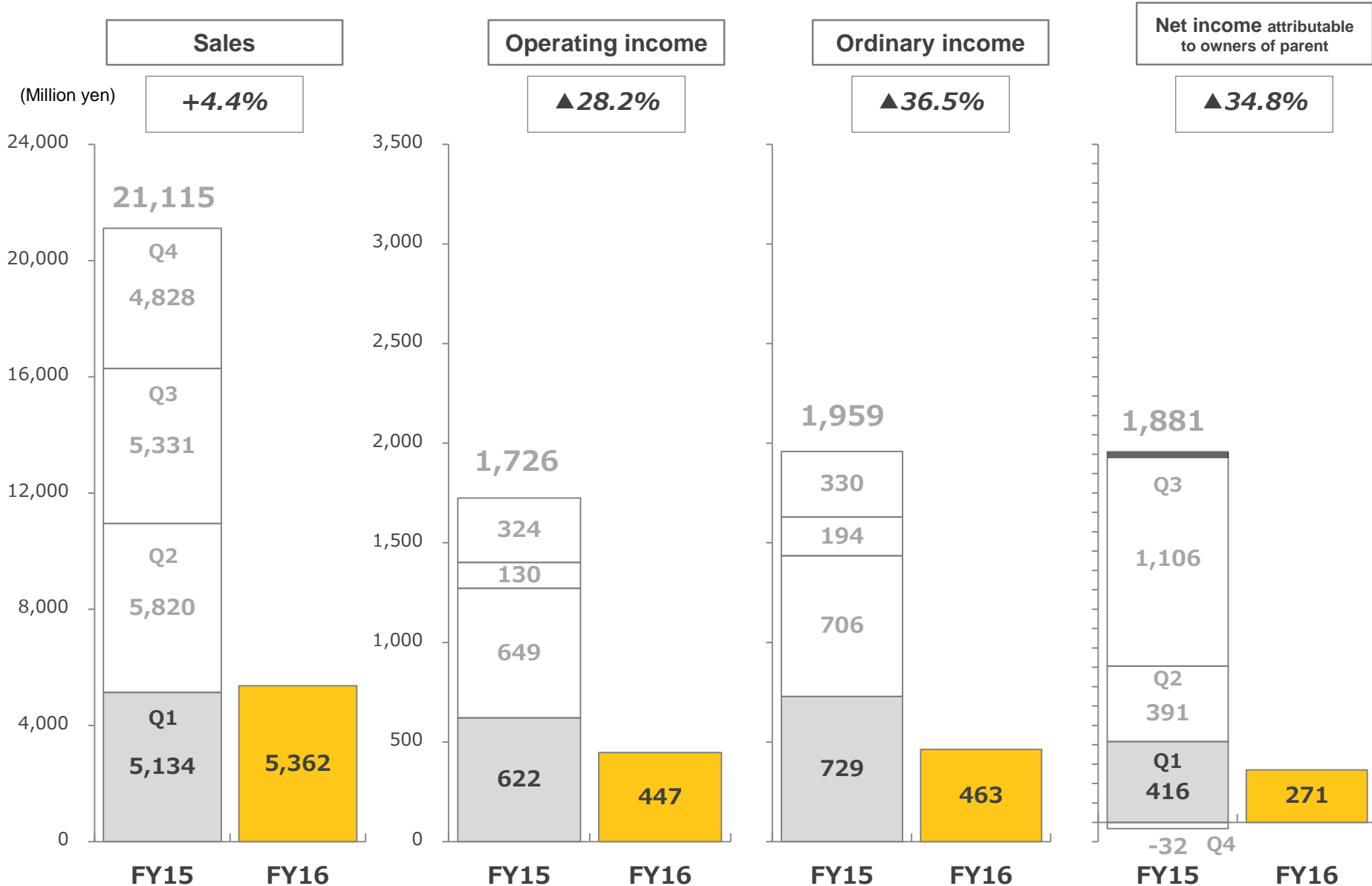
Staff agency

Utilization and support of foreign engineers

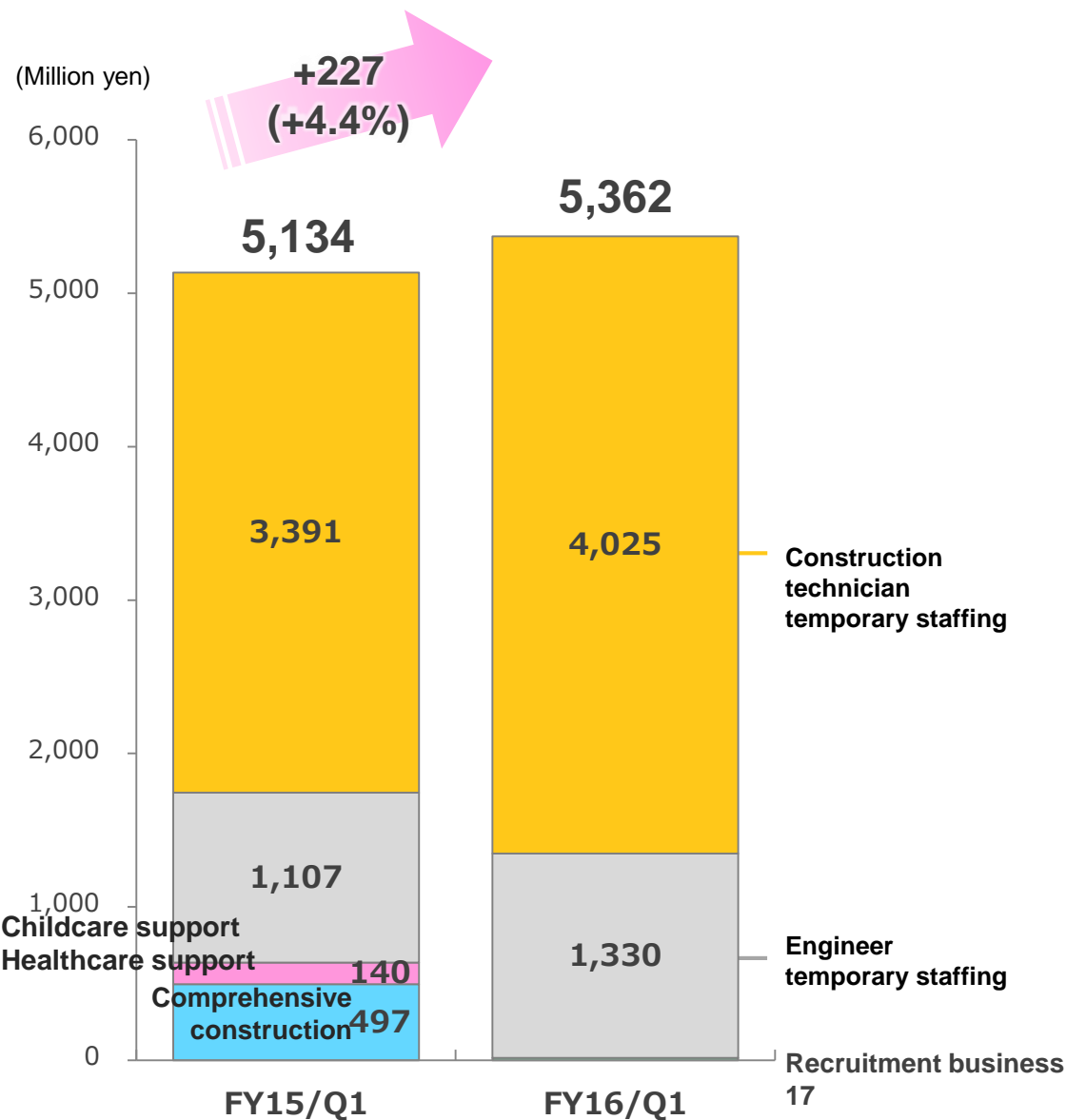
*From the fourth quarter of FY9/15

Consolidated P/L Statement

Consolidated P/L



Consolidated P/L (1) Sales



【Major factors for increase/decrease】

Construction technician temporary staffing **+¥633m (+18.7%)**

□ Sales up due to increase in staff at work

Engineer temporary staffing **+¥223m (+20.1%)**

□ Sales up due to increase in staff at work

Recruitment **¥17m**

□ Introducing human resources to construction/manufacturing industries

* Recruitment business has been consolidated from FY15/Q4.

* Figures of childcare support/healthcare support business and comprehensive construction business are not included in FY16/Q1 results, because the company conducted share transfer in FY15/Q3.

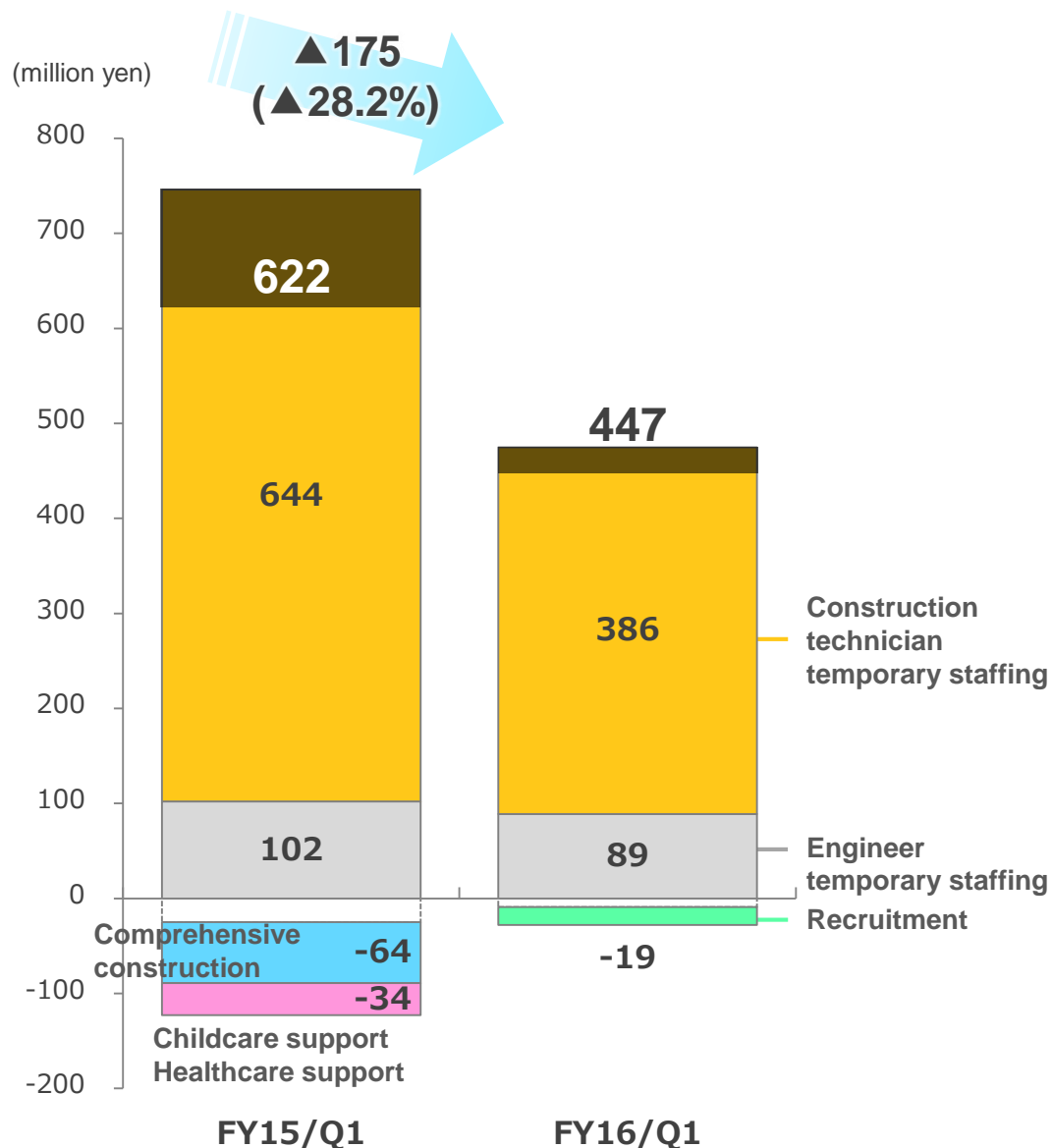
Consolidated P/L (2)

Selling, General and Administrative Expenses

(million yen)

	FY15/Q1	FY16/Q1	Change	Remarks
Cost of sales	3,735	3,968	+232	· Increased due to increase in engineers
Cost of sales ratio	72.8%	74.0%	+1.2pt.	
Gross profit	1,399	1,394	▲4	
Gross profit	27.3%	26.0%	+1.3pt.	
SG&A expenses	776	947	+170	
Executive compensation	32	31	▲1	
Personnel expenses	395	439	+43	· Increased due to increase in sales staffs
Ad expenses	26	6	▲20	
Recruiting cost	103	217	+114	· Increase in advertising cost
Rent	51	72	+21	· Increased due to transfer of headquarter
Outsourcing expenses	38	57	+19	· Increased due to consolidation of Iwamotogumi (+¥9 million)
Amortization of goodwill	30	13	▲16	
SG&A expenses ratio	15.1%	17.7%	+2.6pt.	

Consolidated P/L Statement (3) Operating Income



【Major factors for increase/decrease】

Construction technician temporary staffing ▲ ¥257m (▲ 40.0%)

□ Income down due to decrease in unit price of temporary staffing and operating rate

Engineer temporary staffing ▲ ¥12m (▲ 12.5%)

□ Income down due to increase in recruiting cost

Recruitment ▲ ¥19m

□ Introducing human resources to construction/manufacturing industries

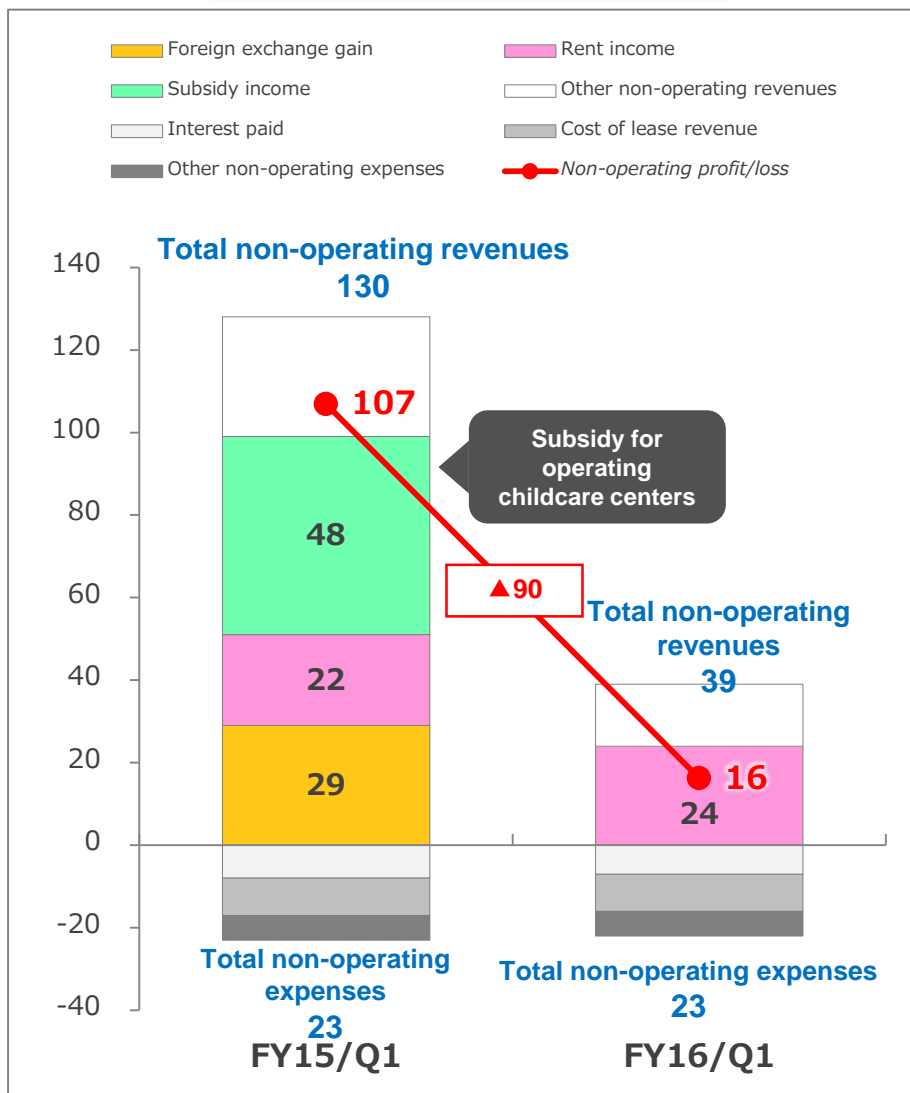
* Recruitment business has been consolidated from FY15/Q4.
* Figures of childcare support/healthcare support business and comprehensive construction business are not included in FY16/Q1 results, because the company conducted share transfer in FY15/Q3.

Consolidated P/L (4)

Non-operating Profit/Loss and Ordinary Income

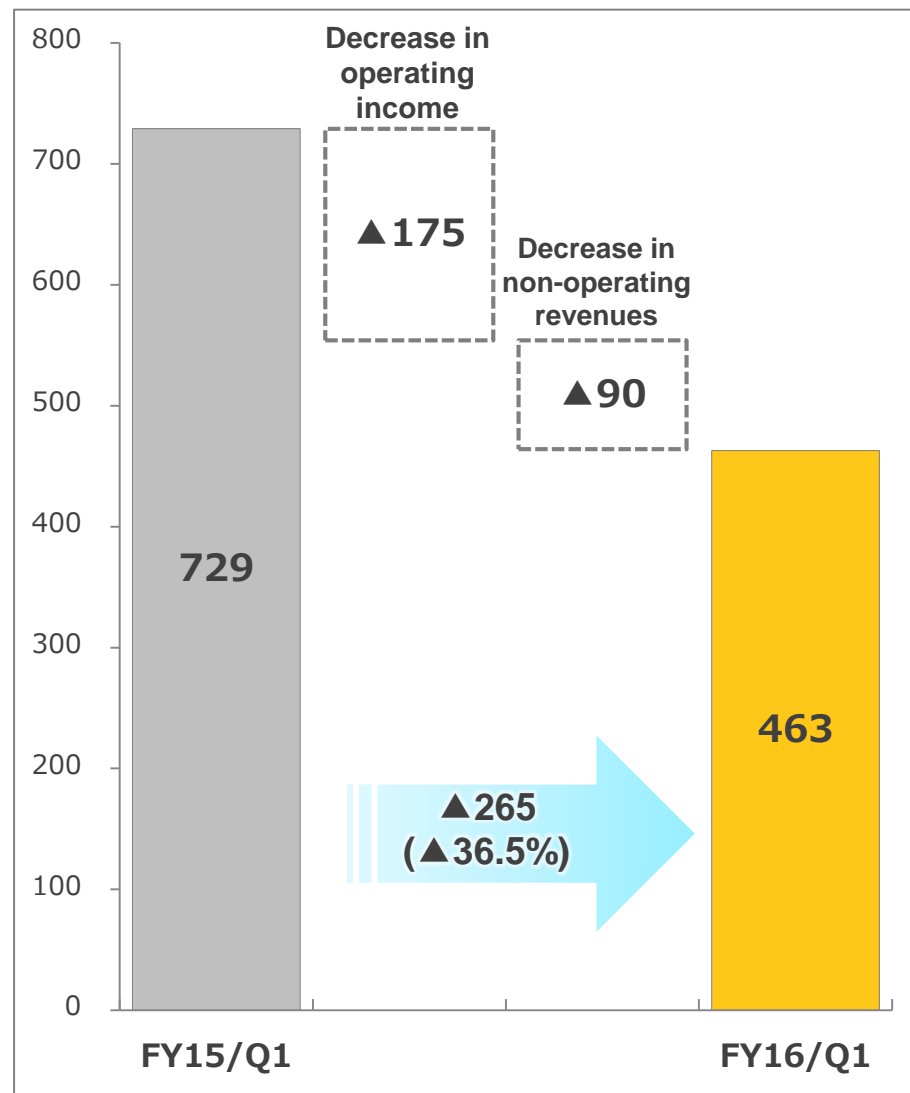
(million yen)

Non-operating profit/loss



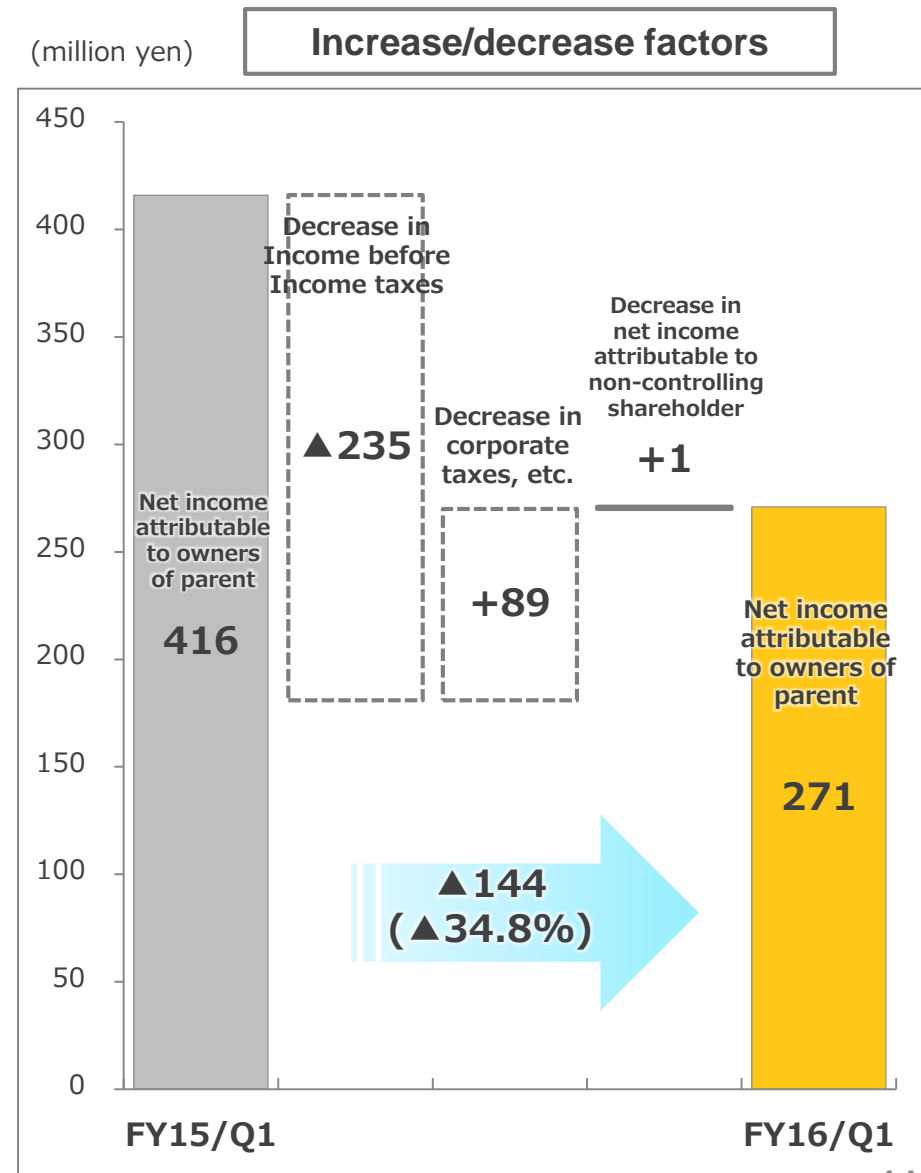
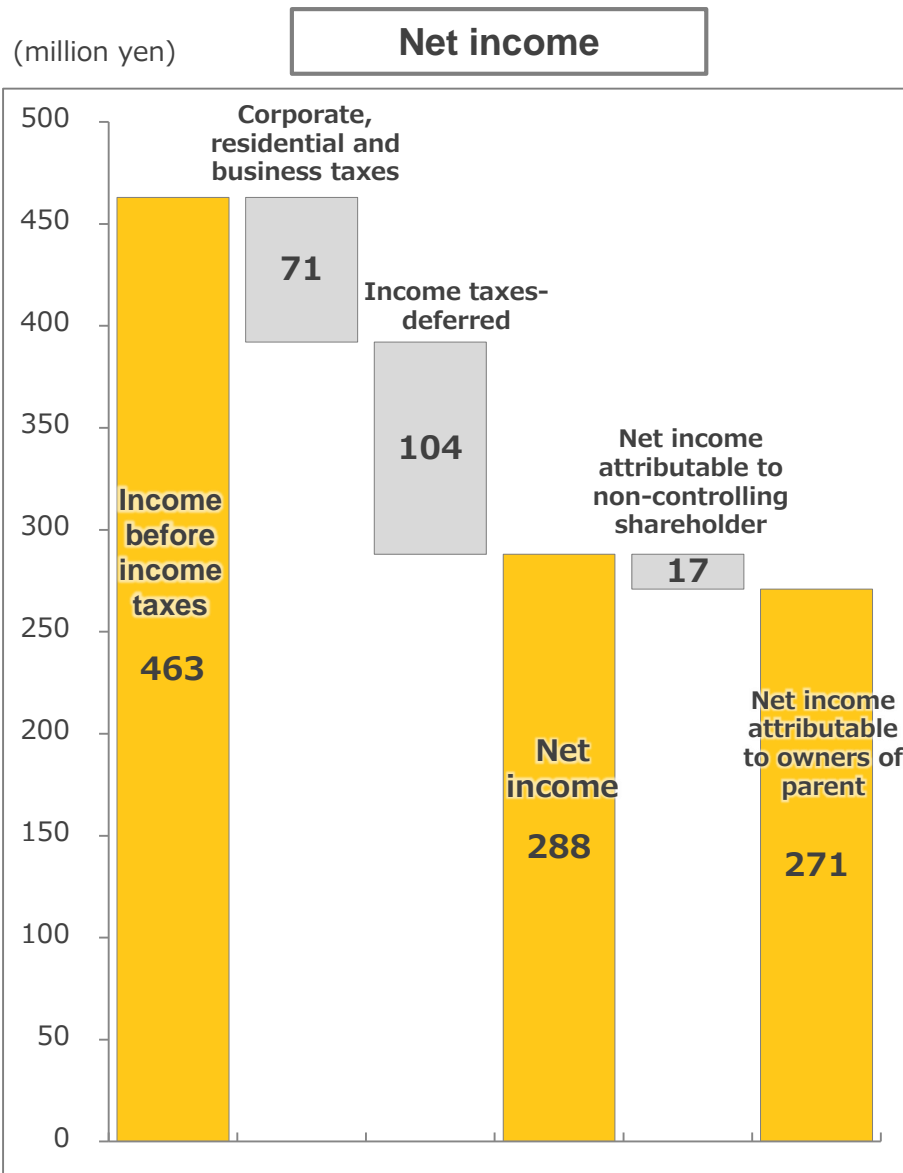
(million yen)

Ordinary income



Consolidated P/L (5)

Net income attributable to owners of parent



Summary of Consolidated P/L Statement

(million yen)

	FY15/Q1	FY16/Q1	Change	Pct. change
Sales	5,134	5,362	+227	4.4%
<i>Gross profit</i>	1,399 (27.3%)	1,394 (26.0%)	▲4	▲0.4%
<i>SG&A expenses</i>	776 (15.1%)	947 (17.7%)	+170	21.9%
Operating income	622 (12.1%)	447 (8.3%)	▲175	▲28.2%
Ordinary income	729 (14.2%)	463 (8.6%)	▲265	▲36.5%
Net income attributable to owners of parent	416 (8.1%)	271 (5.1%)	▲144	▲34.8%

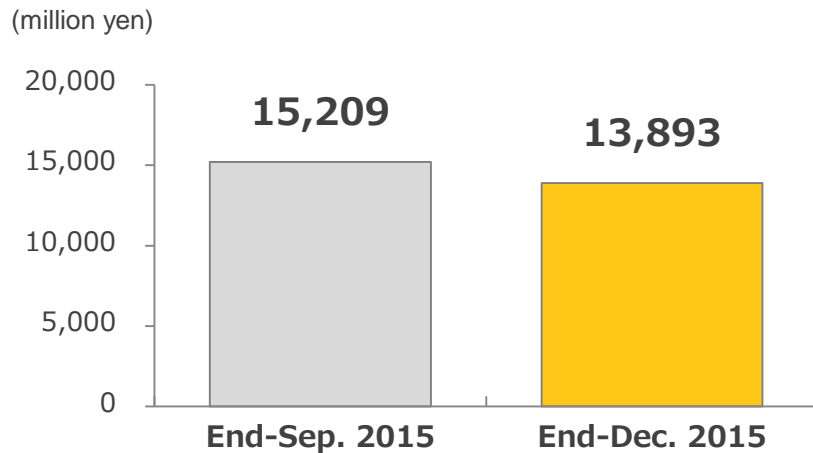
* () = Ratio to sales

Consolidated Financial Overview

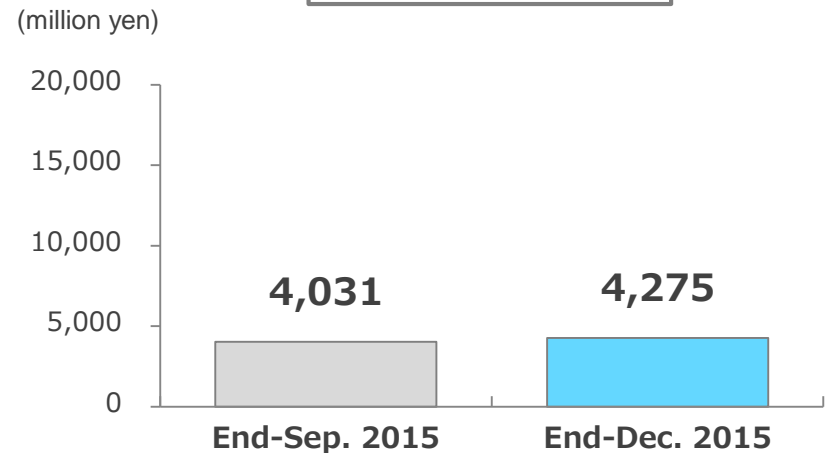
Consolidated B/S

Consolidated B/S

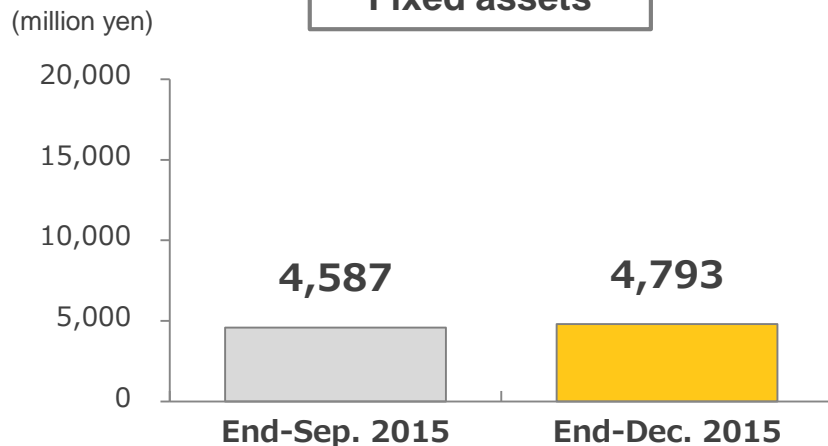
Current assets



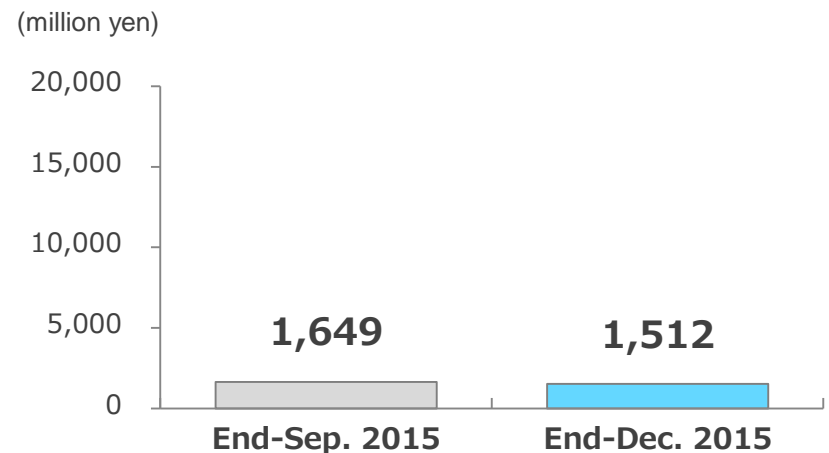
Current liabilities



Fixed assets



Fixed liabilities



Consolidated B/S (1) Assets

(million yen)

	End-Sep. 2015	End-Dec. 2015	Change	Remarks
Assets	19,797	18,686	+1,111	
Current assets	15,209	13,893	▲1,316	
Cash and deposits	11,460	10,258	▲1,201	<i>Decreased due to payment of dividend</i>
Notes and accounts receivable-trade	2,747	2,784	+36	
Deferred tax assets	185	80	▲104	
Allowance for doubtful accounts	▲21	▲21	+0	
Fixed assets	4,587	4,793	+205	
Tangible fixed assets	940	1,112	+172	
Buildings and structures	461	468	+46	
Machinery, delivery equipment	6	6	▲0	
Land	408	518	+110	<i>Decreased due to purchase of company housing</i>
Lease asset	37	34	▲2	
Intangible fixed assets	348	331	▲16	
Goodwill	309	295	▲13	
Software	29	27	▲2	
Lease asset	4	3	▲0	
Investments and other assets	3,299	3,348	+49	
Investment securities	1,771	1,829	+57	<i>Increased due to investment</i>
Long-term debt	21	23	+2	
Deferred tax assets	23	18	▲4	
Investment properties	1,118	1,113	▲4	
Allowance for doubtful accounts	▲52	▲52	▲0	

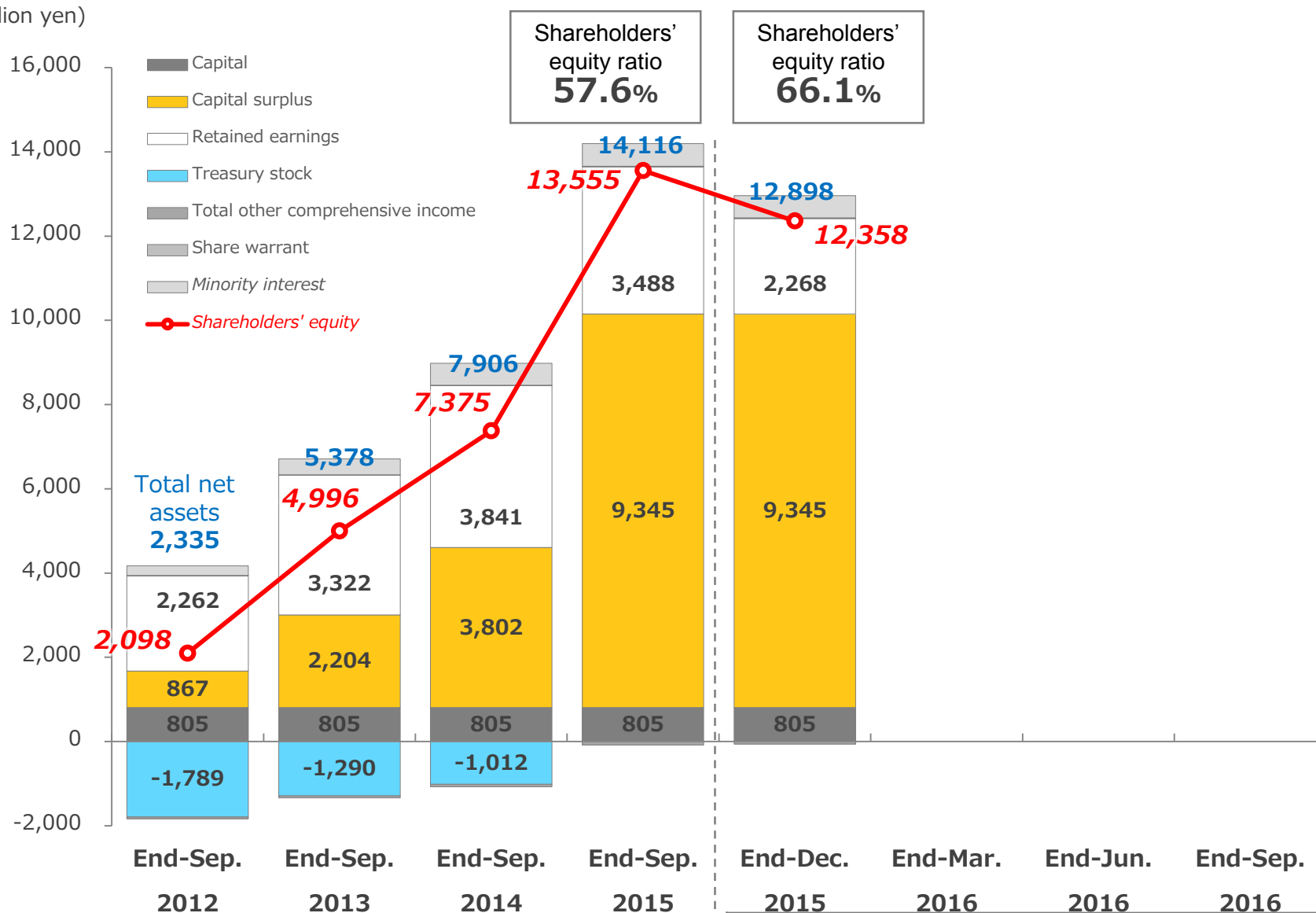
Consolidated B/S (2) Liabilities and Net Assets

(million yen)

	End-Sep. 2015	End-Dec. 2015	Change	Remarks
Liabilities	5,680	5,788	+108	
Current liabilities	4,031	4,275	+244	
Account payable-trade	8	7	▲0	
Short-term debt	100	800	+700	Increased due to borrowing of working capital
Current portion of long-term debt	1,005	901	▲104	
Accounts payable	210	271	+61	
Income taxes payable	652	68	▲584	Decreased due to payment of corporate taxes
Accrued expenses	1,068	1,193	+125	
Reserve for bonuses	299	140	▲158	
Fixed liabilities	1,649	1,512	▲136	
Long-term debt	1,218	1,085	▲133	
Lease obligations	31	28	▲2	
Loss on retirement benefit	231	239	+7	
Net assets	14,116	12,898	▲1,218	
Shareholders' equity	13,638	12,418	▲1,220	
Capital	805	805	—	
Capital surplus	9,345	9,345	—	
Retained earnings	3,488	2,268	▲1,220	Net income for FY16/Q1 - Year-end dividend for FY15
Treasury stock	▲0	▲0	—	
Accumulated other comprehensive income	▲83	▲60	+22	
Valuation difference on available-for-sale	▲73	▲51	+21	
Share warrant	19	18	▲0	
Minority interest	542	521	▲20	

Consolidated B/S (3) Shareholders' Equity

(million yen)



*Shareholders' equity= Net assets – Minority interest – Share warrant

FY2016

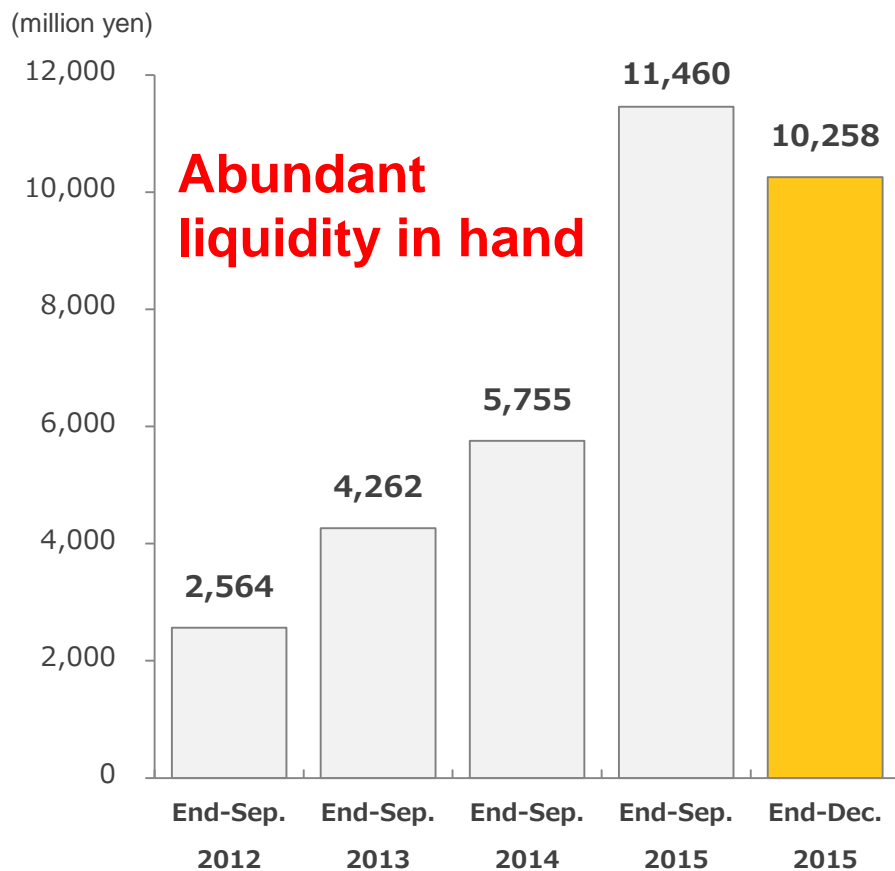
Consolidated Financial Overview

Financial Index

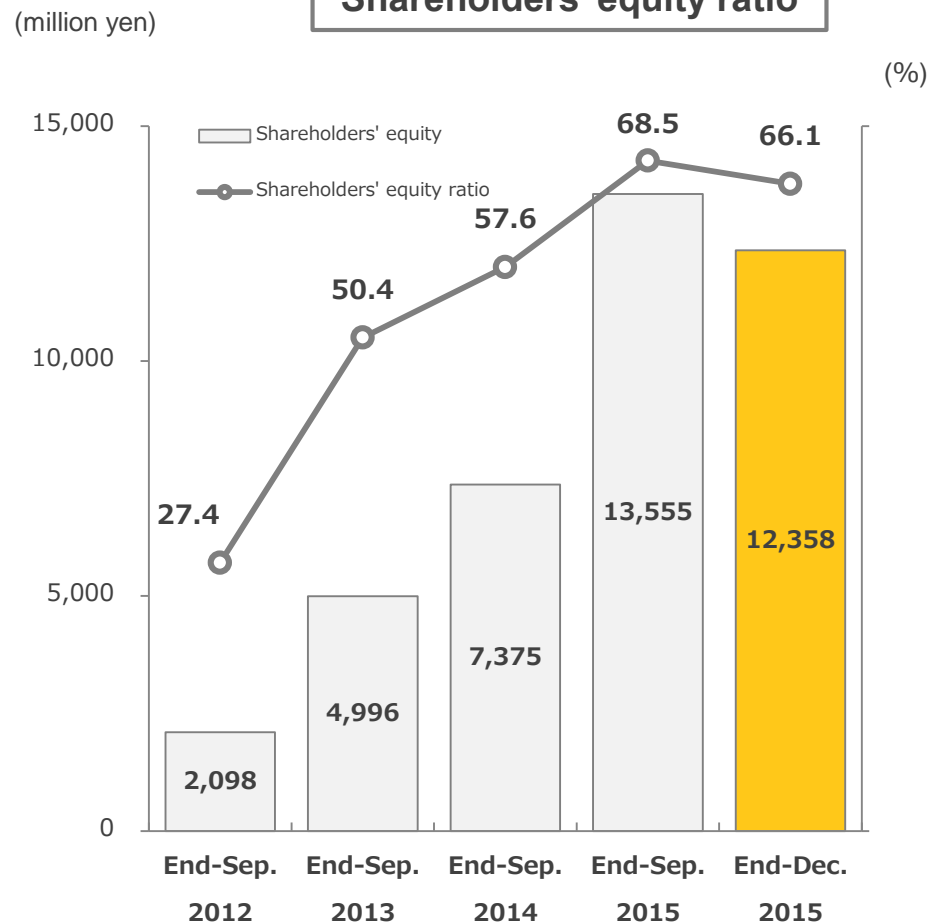
Financial Index (1)

Liquidity in Hand and Shareholders' Equity

Liquidity in hand



Shareholders' equity ratio



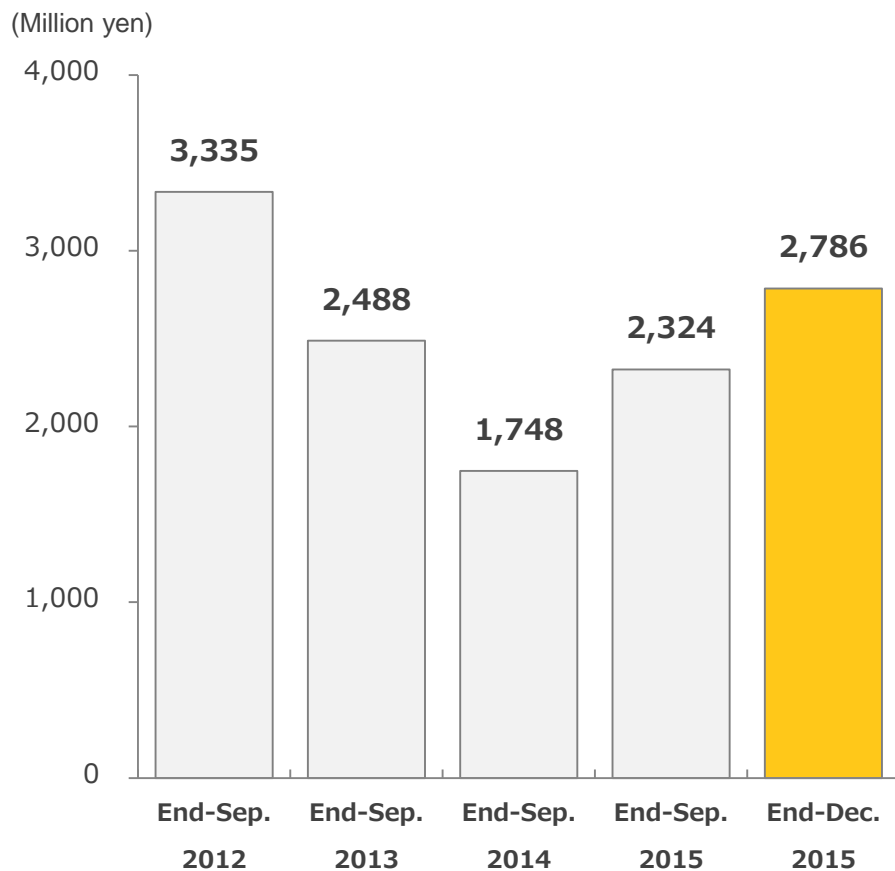
*1. Liquidity in hand = Cash and deposits+ Securities included in current assets

*2. Shareholders' equity = Net assets - Minority interest - Share warrant

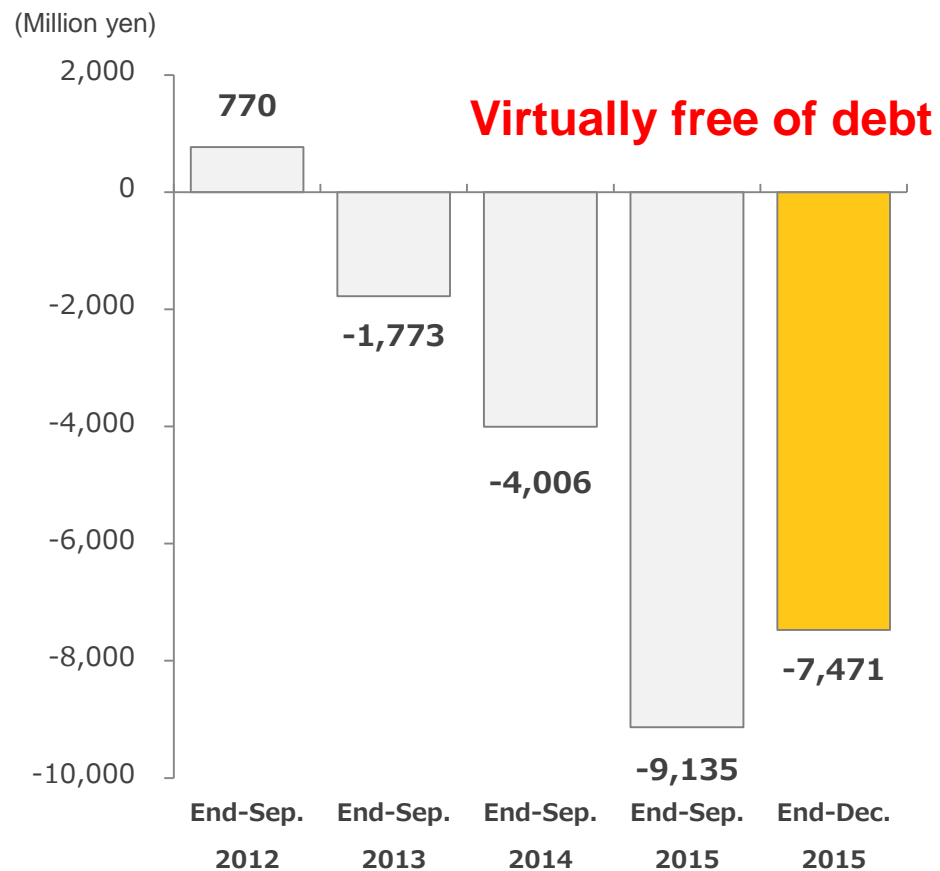
*3. Shareholders' equity ratio = Shareholders' equity ÷ Total assets

Financial Index (2) Interest-Bearing Debt

Interest-bearing debt



Net interest-bearing debt



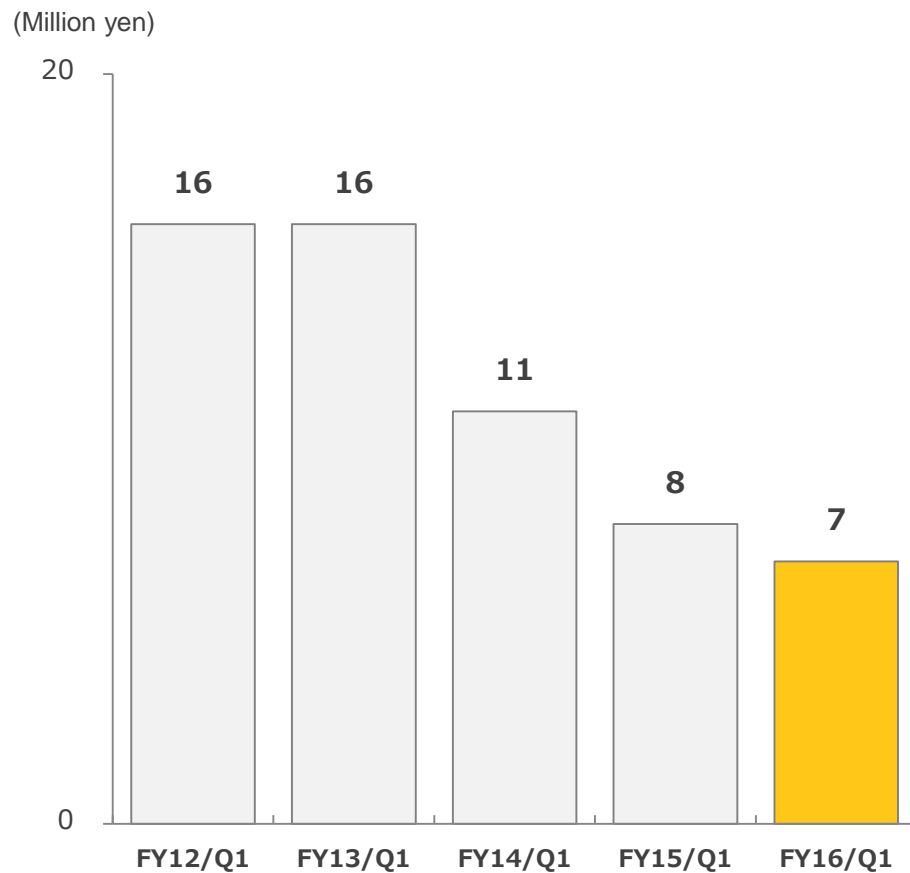
*1. Interest-bearing debt = Short-term debt+ Long-term debt+ Current portion of long-term debt+ Bond (lease liability not included)

*2. Net interest-bearing debt = Interest-bearing debt - Liquidity in hand

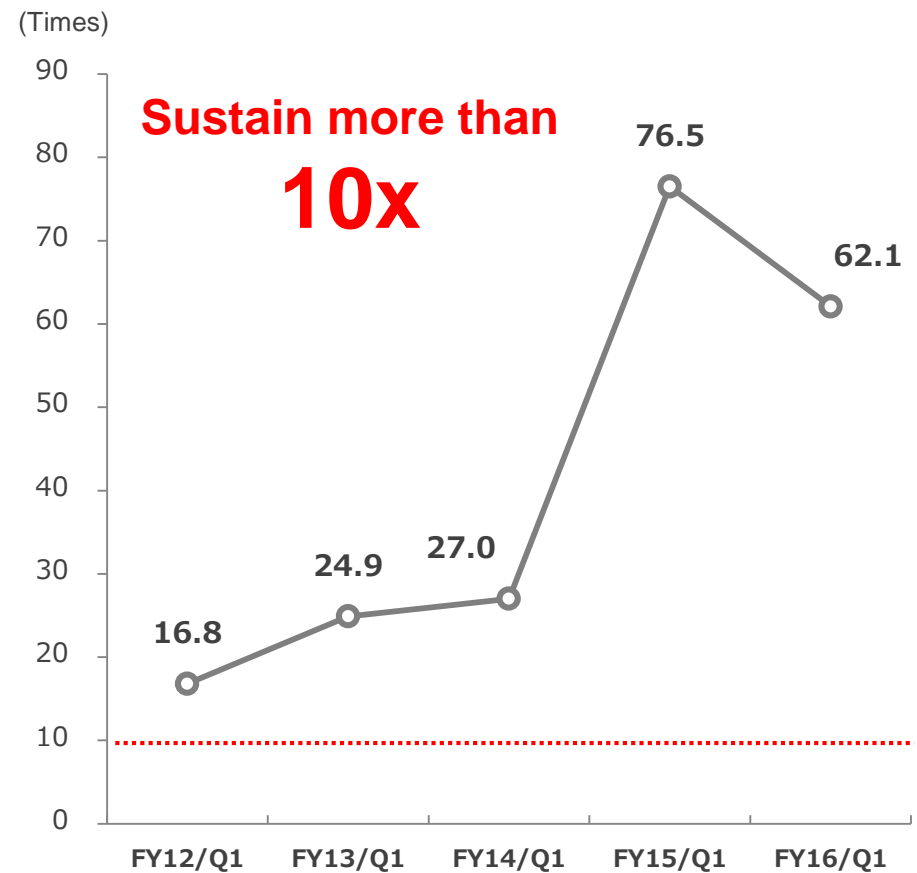
*3. Liquidity in hand = Cash and deposits+ Securities included current assets

Financial Index (3) Interest Paid and ICR

Interest paid



ICR

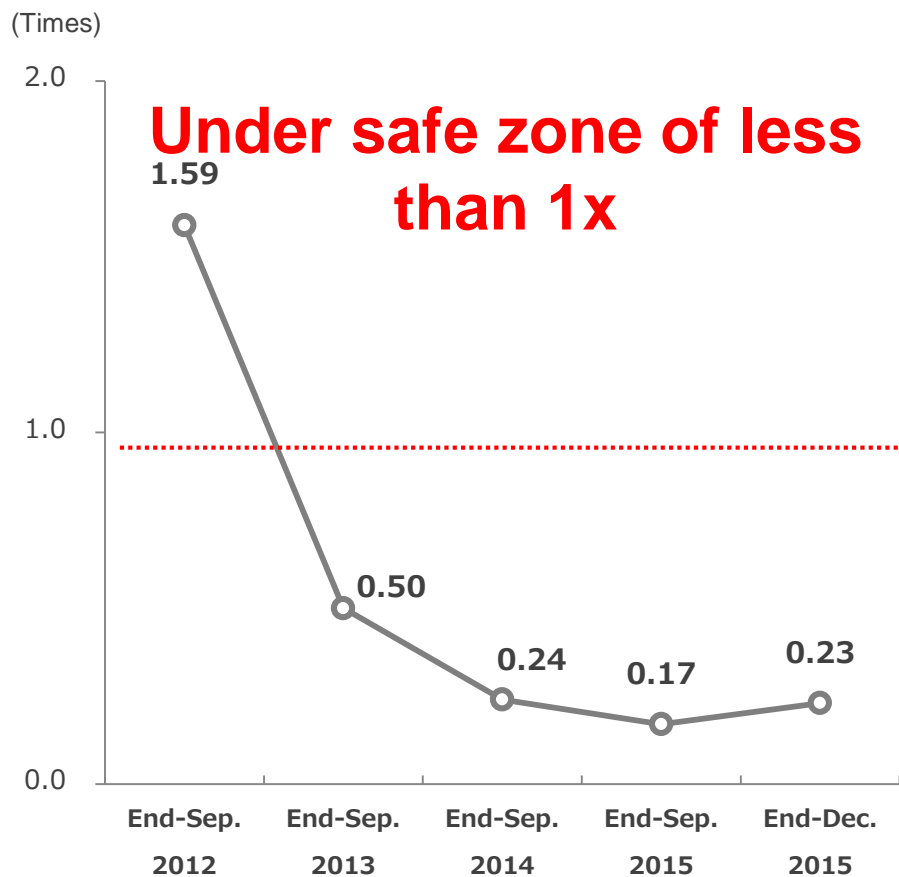


*1. Instant coverage ratio (ICR) = Net operating profit ÷ Interest paid

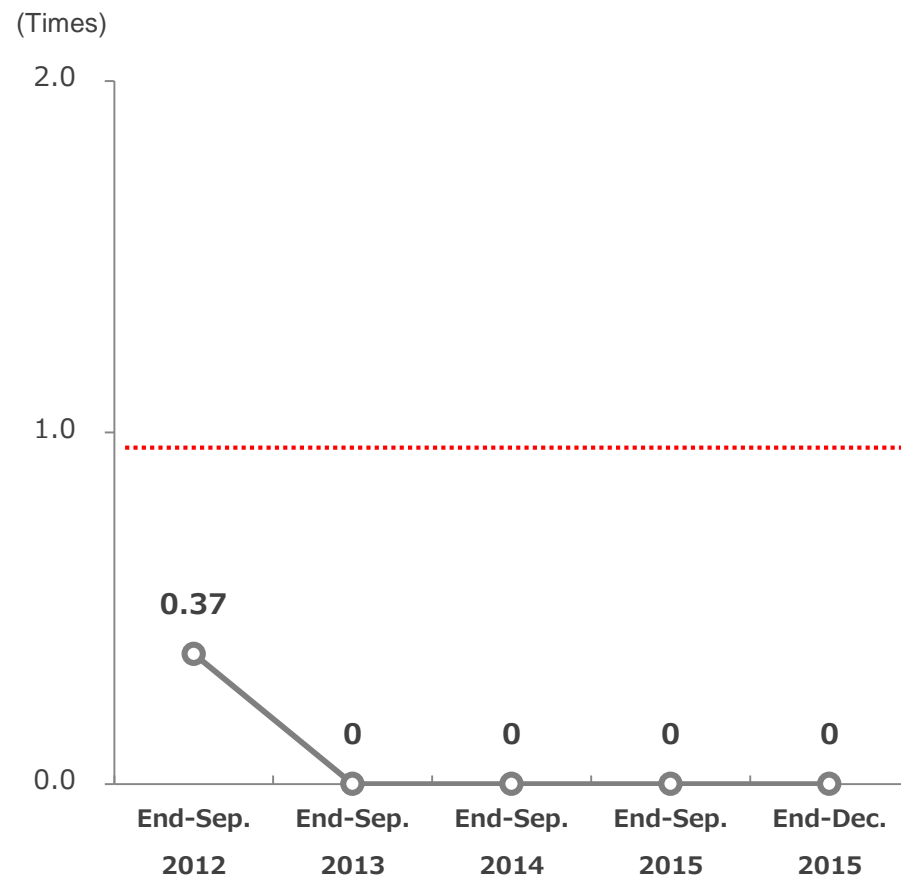
*2. Net operating profit = Operating income + Interest received + Investment gain/loss on equity method

Financial Index (4) D/E Ratio

D/E ratio



Net D/E ratio



- ※ 1. D/E ratio = Interest-bearing debt ÷ Shareholders' equity
- 2. Net D/E ratio = Net interest-bearing debt ÷ Shareholders' equity
- 3. Net interest-bearing debt = Interest-bearing debt - Liquidity in hand
- 4. Interest-bearing debt = Short-term debt + Long-term debt + Current portion of long-term debt + Bond (lease liability not included)
- 5. Liquidity in hand = Cash and deposits + Securities included current assets

Summary of Financial Index

(million yen)

	End-Sep. '15	End-Dec. '15	Change
Shareholders' equity	13,555	12,358	▲1,197
Shareholders' equity ratio	68.5%	66.1%	▲2.4pt.
Liquidity in hand	11,460	10,258	▲1,201
Interest-bearing debt	2,324	2,786	+462
D/E ratio	0.17x	0.23x	+0.06pt.

Segment Overview

Segment Overview

**Construction Technician
Temporary Staffing**

Four Indicators of Sales

No. of engineers

×

Operating rate

×

Operating time

×

Unit price of
temporary staffing



Sales

Number of engineers (1)

Recruitment

- Increased by 1.7x YoY, although the result did not reach the plan

(Unit: Persons)

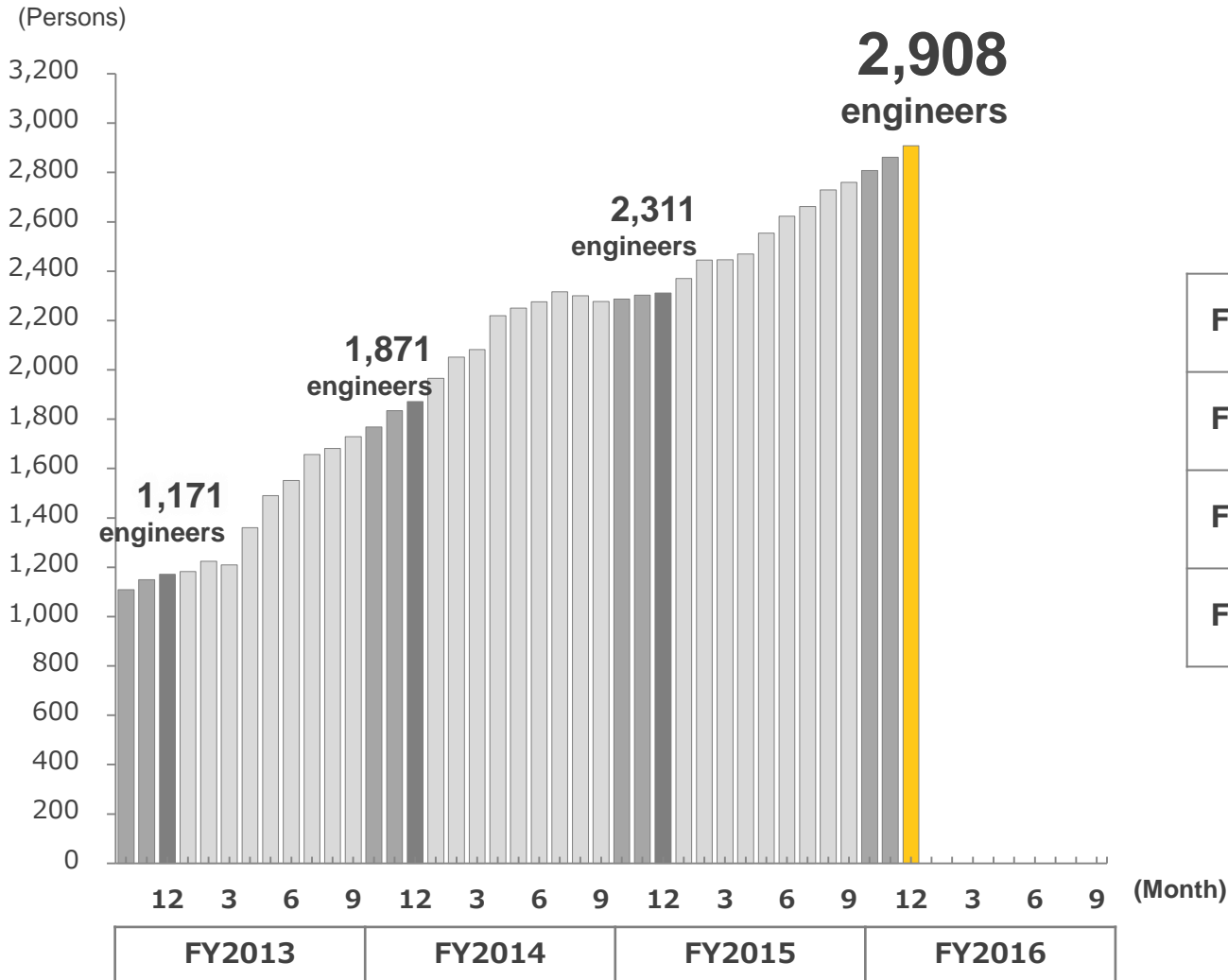
	Oct	Nov	Dec	Jan	Feb	Mar	Oct – Mar total
FY16 Planned recruitment	500			500			1,000
FY16 recruitment	458						
Difference	▲42						
FY15 Planned recruitment	269			436			705

	Apr	May	Jun	Jul	Aug	Sep	Apr – Sep total	Oct – Sep total
FY16 Planned recruitment	530			470			1,000	2,000
FY16 recruitment								
Difference								
FY15 Planned recruitment	534			463			997	1,702

Number of engineers (2)

Changes in the Number of Engineers

■ Increased by 597 engineers YoY (+25.8%)



Number of engineers
3-month avg. (Oct.- Dec.)

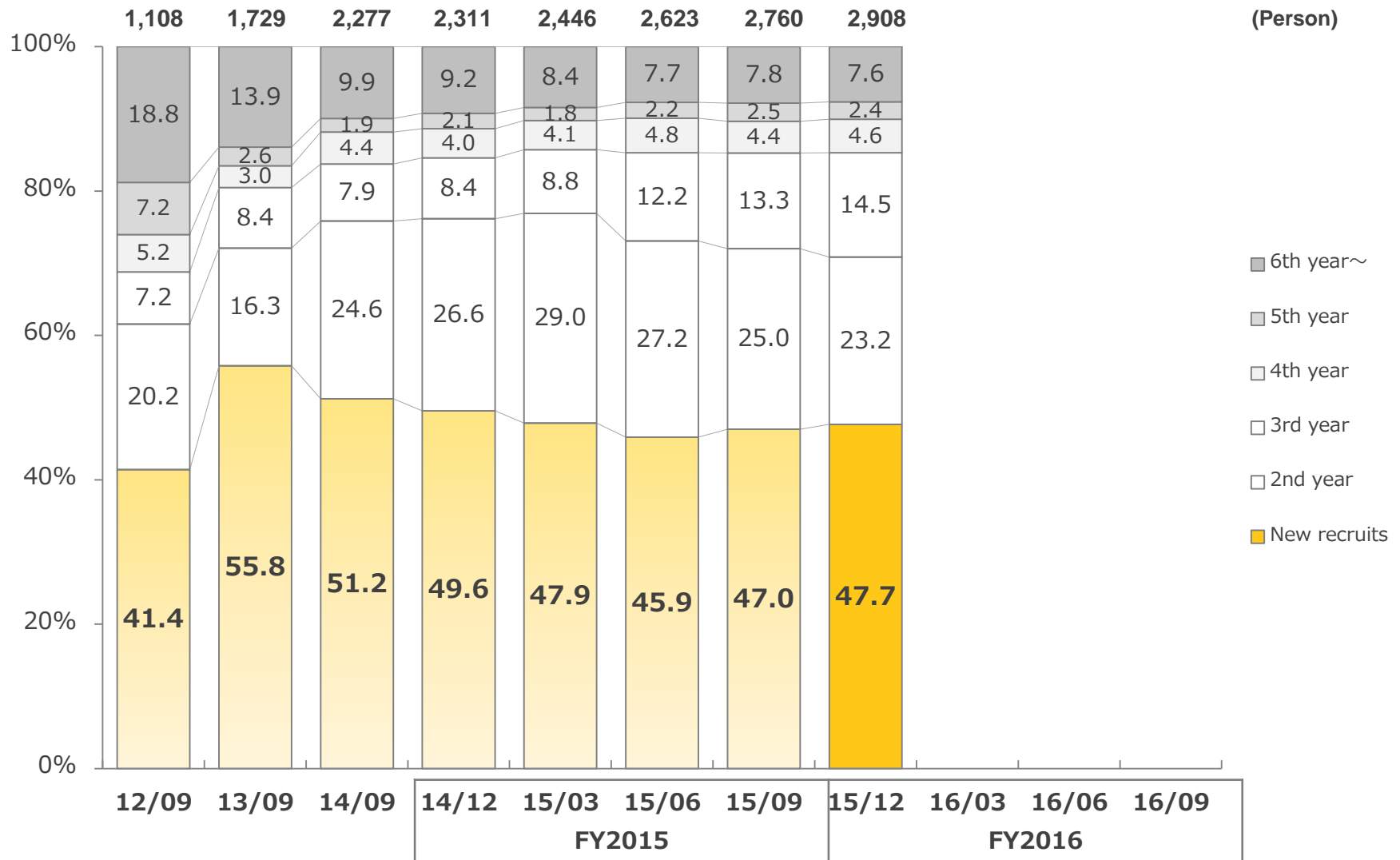
FY	Number of engineers	YoY
FY13/Q1	1,143 engineers	
FY14/Q1	1,825 engineers	59.6%
FY15/Q1	2,300 engineers	26.1%
FY16/Q1	2,859 engineers	24.3%

*Number of engineers at the end of month

Number of engineers (3)

Ratio by Length of Service

■ The new employee ratio slightly increased owing to increase in the number of recruitment and improvement in retention rate

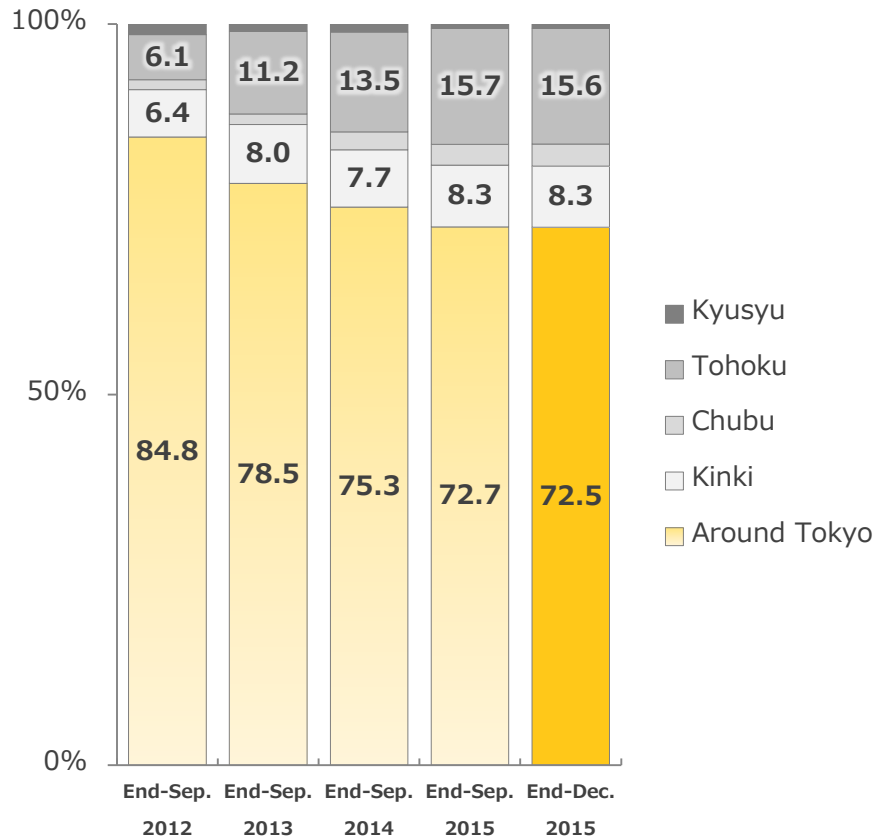


Number of engineers (4)

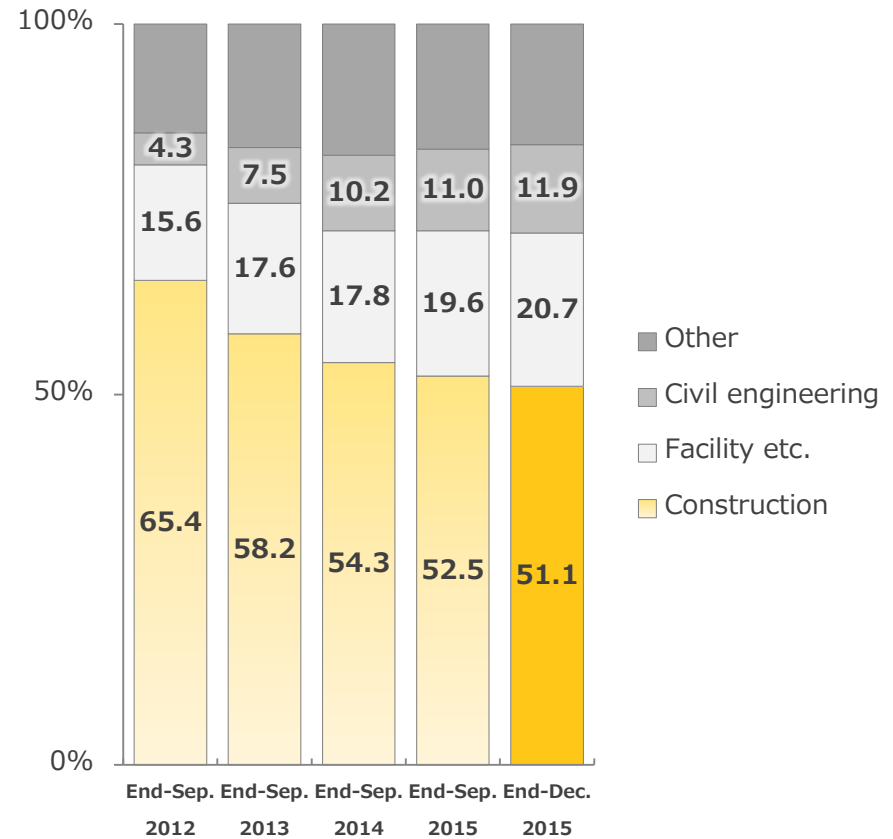
Ratio by area and industry of temporary staffing

- Business in Tohoku and civil engineering industry grew, although four years have passed since the Great East Earthquake

Ratio by area of temporary staffing

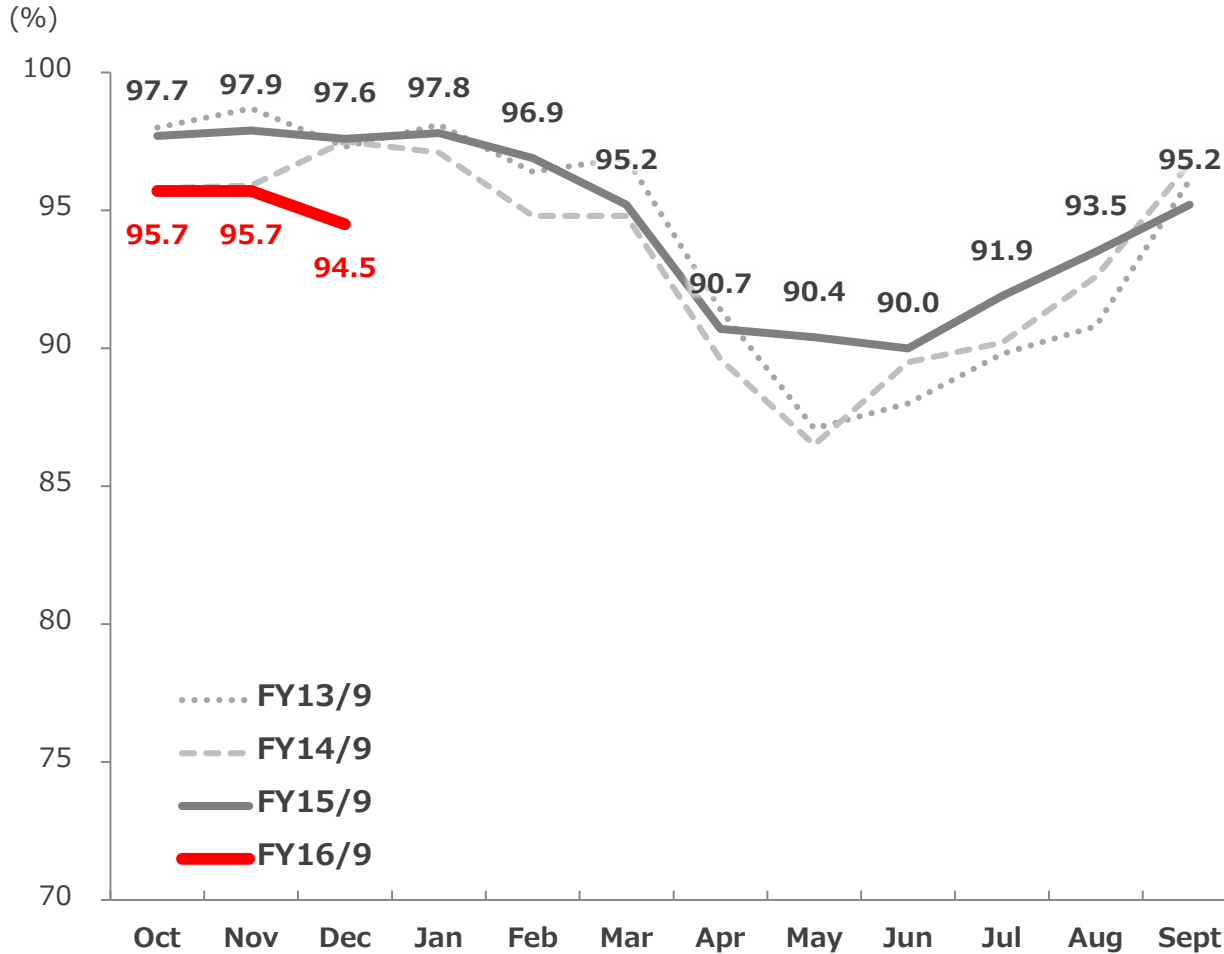


Ratio by industry of temporary staffing



Operating Rate

■ Operating rate decreased as the number of recruitment favorably increased by 1.7x YoY



Operating rate
3-month avg. (Oct.- Dec.)

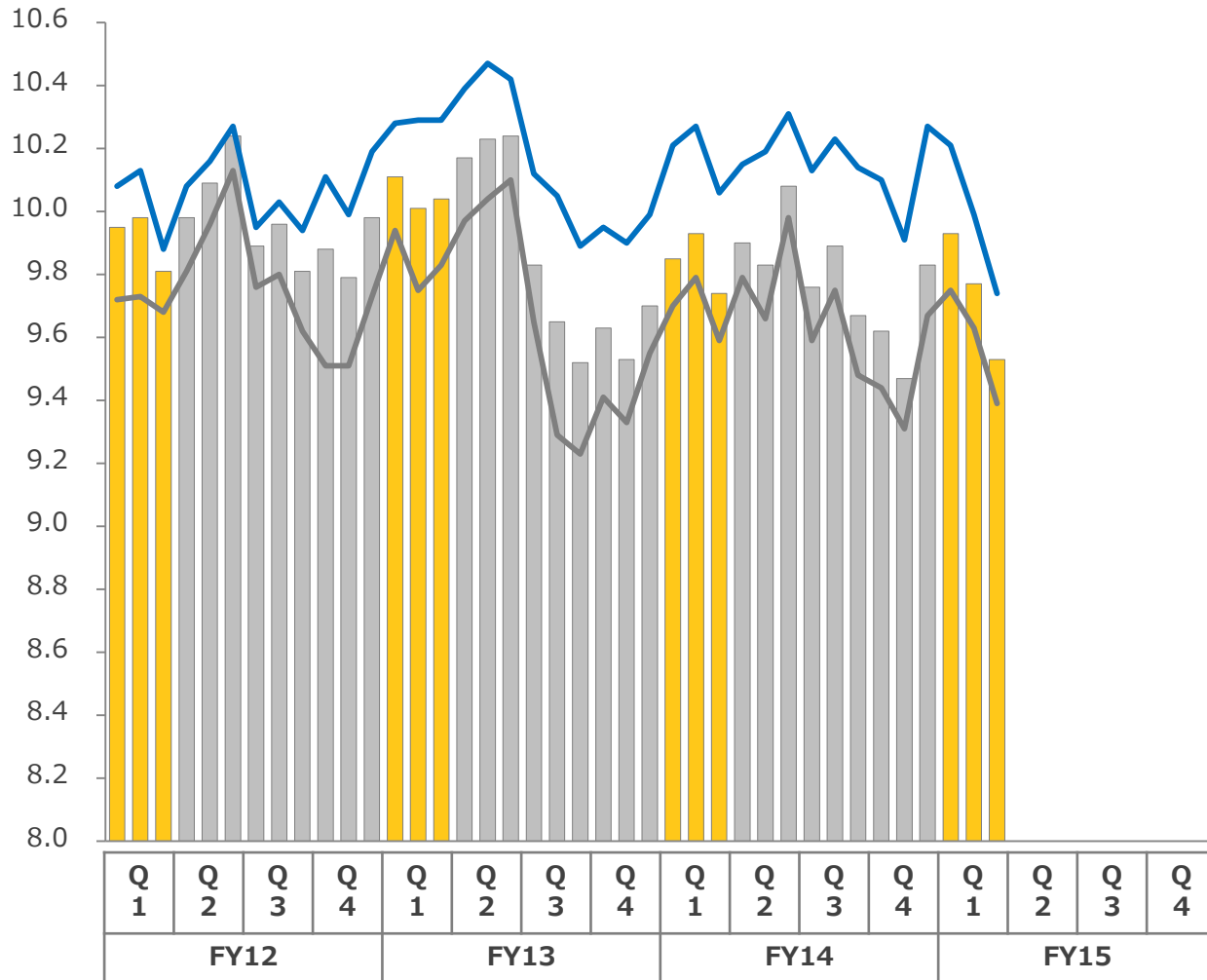
FY	Operating rate (%)	YoY Change
FY13/Q1	98.0%	YoY
FY14/Q1	96.4%	▲ 1.6pt.
FY15/Q1	97.7%	1.3pt.
FY16/Q1	95.3%	▲ 2.4pt.

Q1	Q2	Q3	Q4
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Operating Time

Settled at 10h/day due to labor control

(h/day) ■ All engineers — From the 2nd year — New recruits only

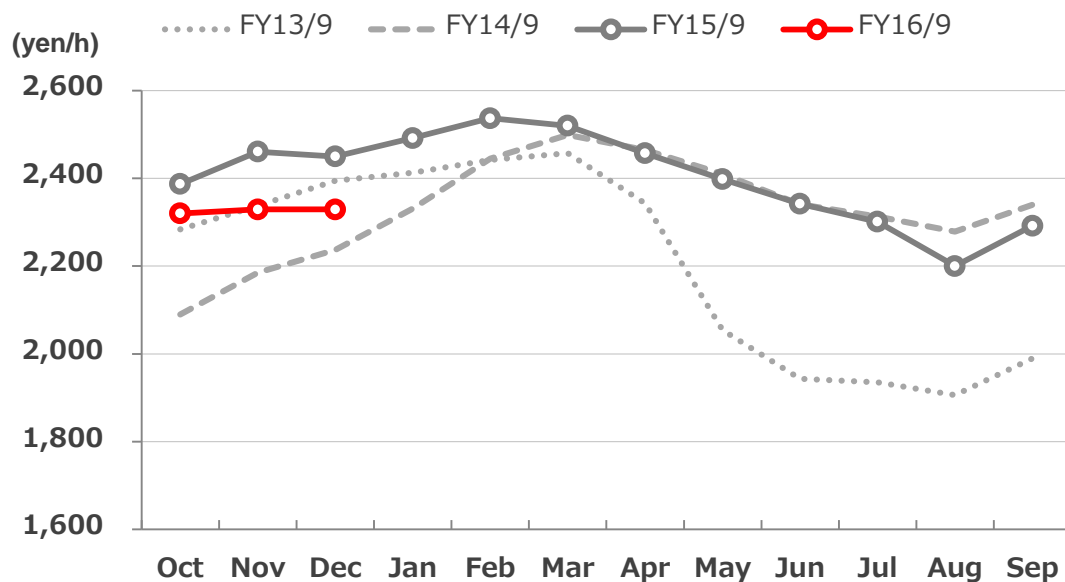


Average of all engineers
3-month avg. (Oct.- Dec.)

FY13/Q1	9.91h	YoY
FY14/Q1	10.05h	1.4%
FY15/Q1	9.84h	▲2.1%
FY16/Q1	9.74h	▲1.0%

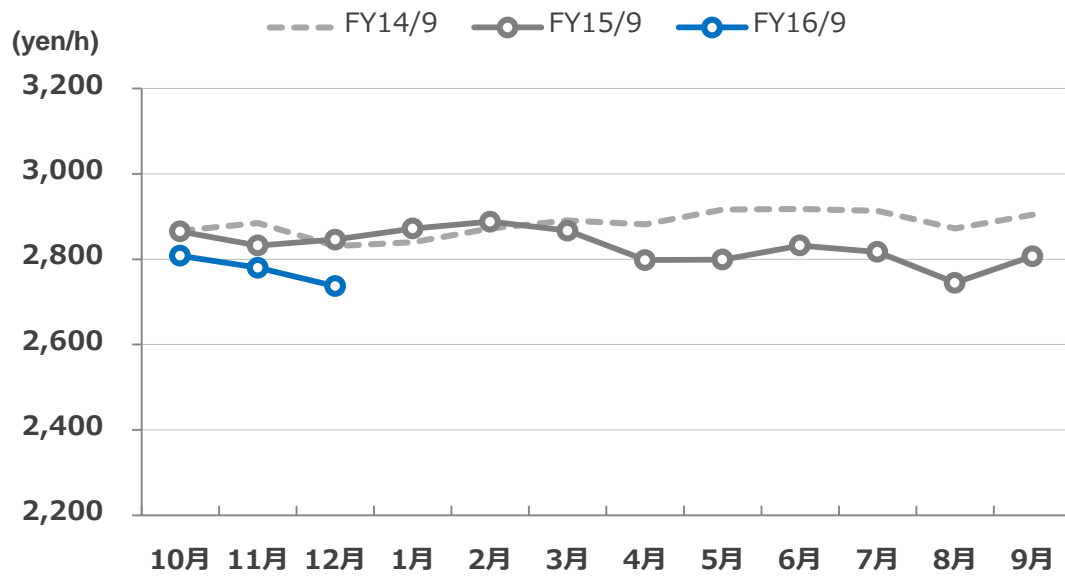
Unit Price of Temporary Staffing (1)

Changes in New Recruits and 2nd Year



New recruits only

Fiscal Year	Recruits	YoY Change
FY13/Q1	2,339	YoY
FY14/Q1	2,171	▲7.2%
FY15/Q1	2,433	+12.1%
FY16/Q1	2,326	▲4.4%

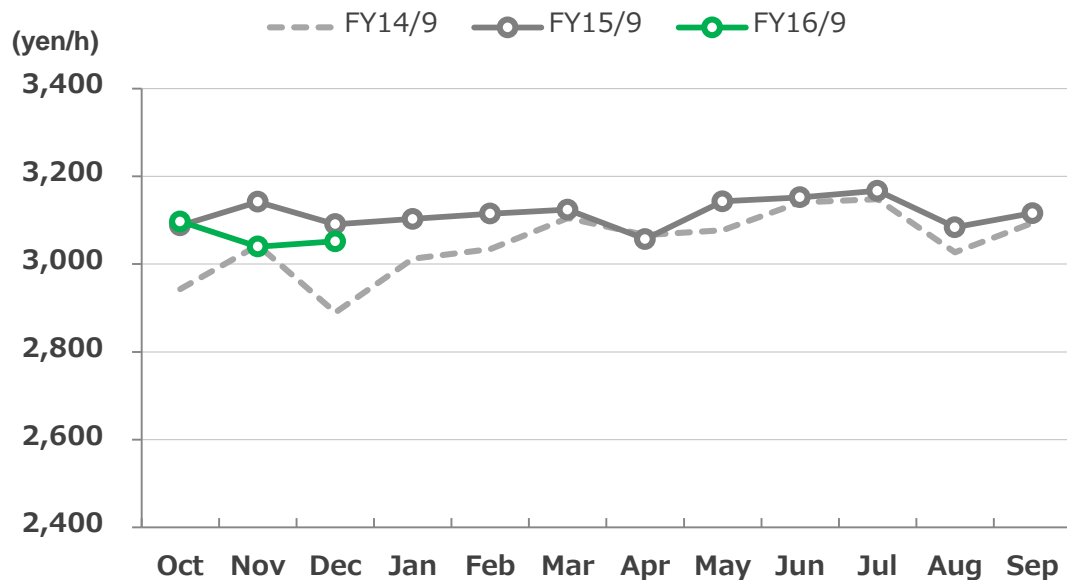


2nd year only

Fiscal Year	Recruits	YoY Change
FY14/Q1	2,861	YoY
FY15/Q1	2,848	▲0.5%
FY16/Q1	2,775	▲2.6%

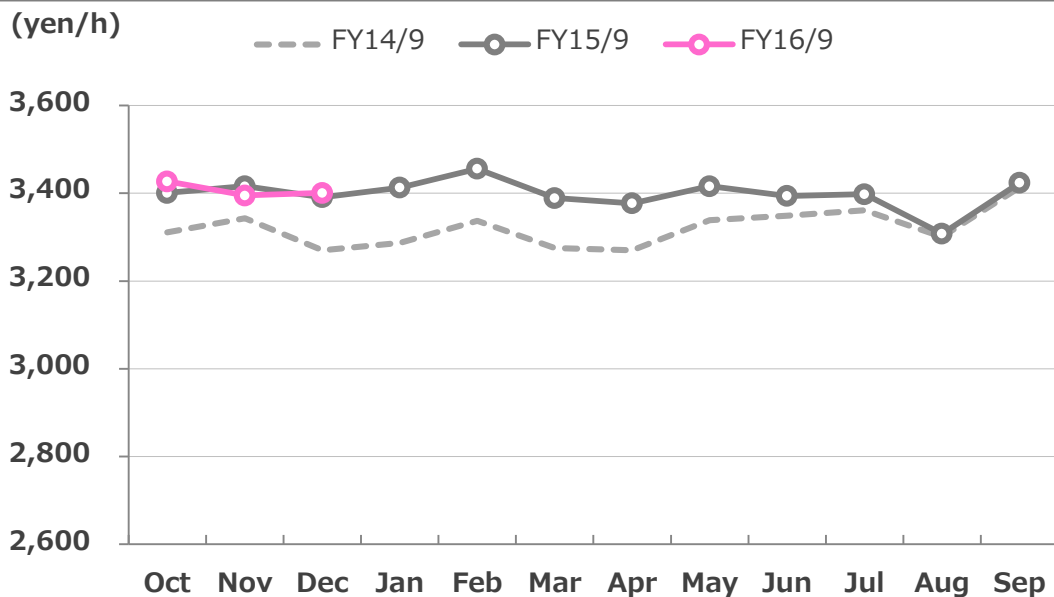
Unit Price of Temporary Staffing (2)

Changes from the 3rd and 4th Year and Over



3rd year only

FY14/Q1	2,959	YoY
FY15/Q1	3,107	+5.0%
FY16/Q1	3,063	▲1.4%

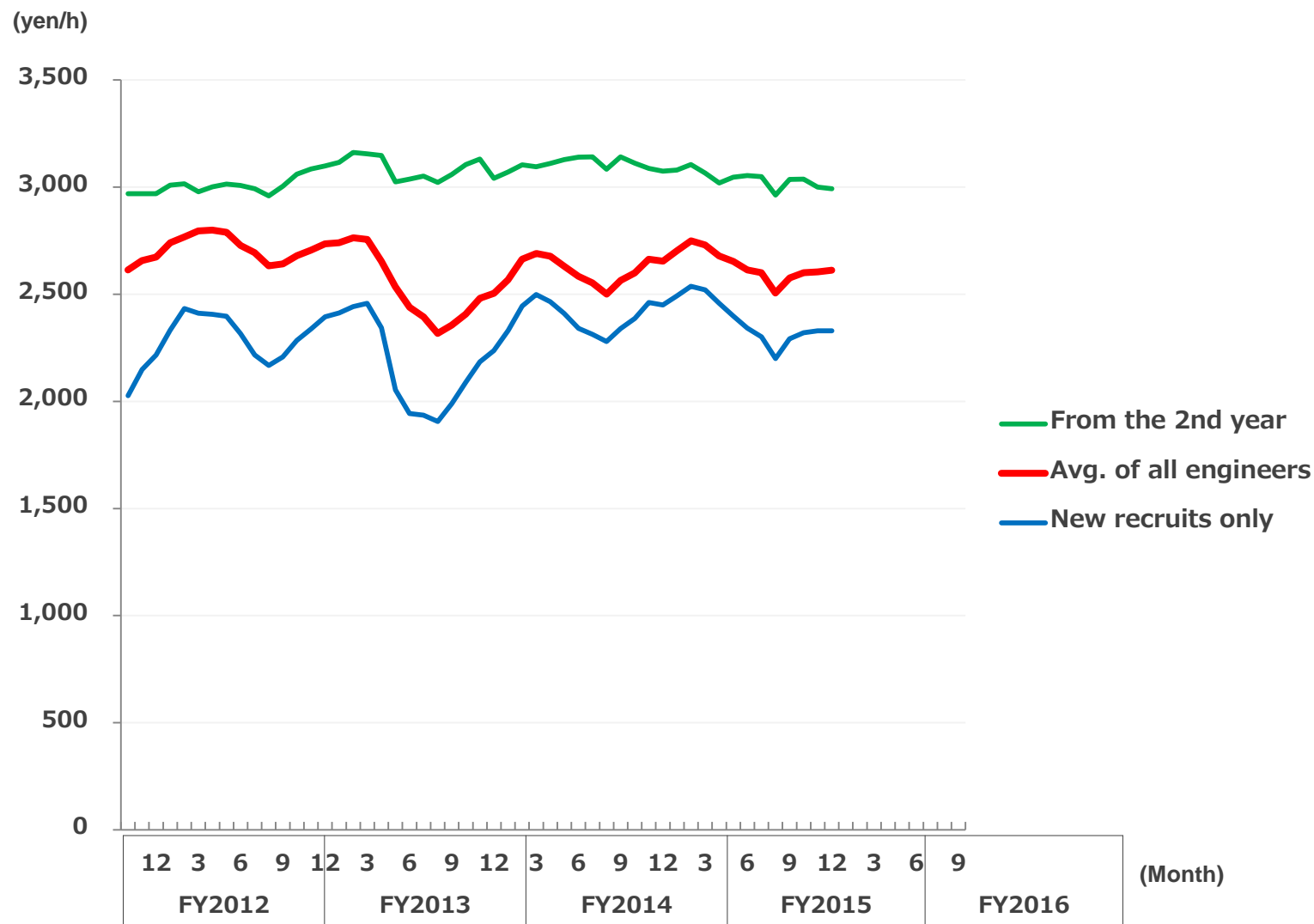


From the 4th year

FY14/Q1	3,308	YoY
FY15/Q1	3,403	+2.9%
FY16/Q1	3,408	+0.1%

Unit Price of Temporary Staffing (3)

Interim Changes



All engineers /Q1	2,648	2,707	2,464	2,639	2,606
YoY		2.2%	▲9.0%	7.1%	▲1.3%

Summary of Four Indicators of Sales

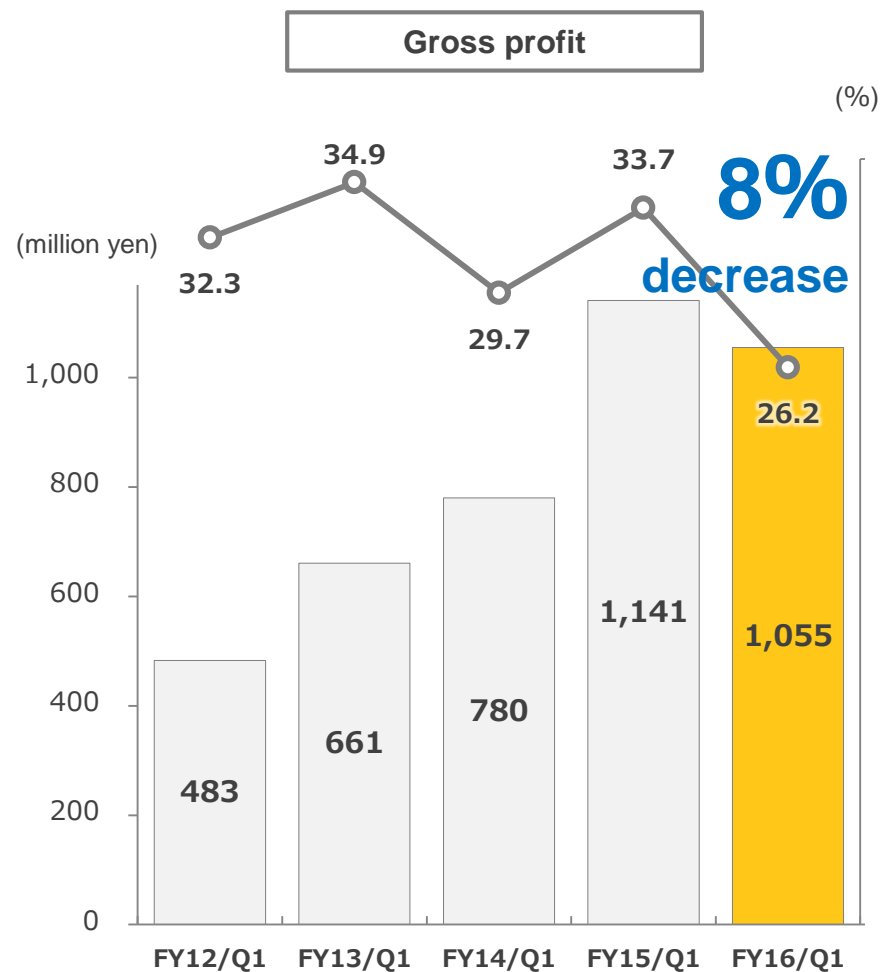
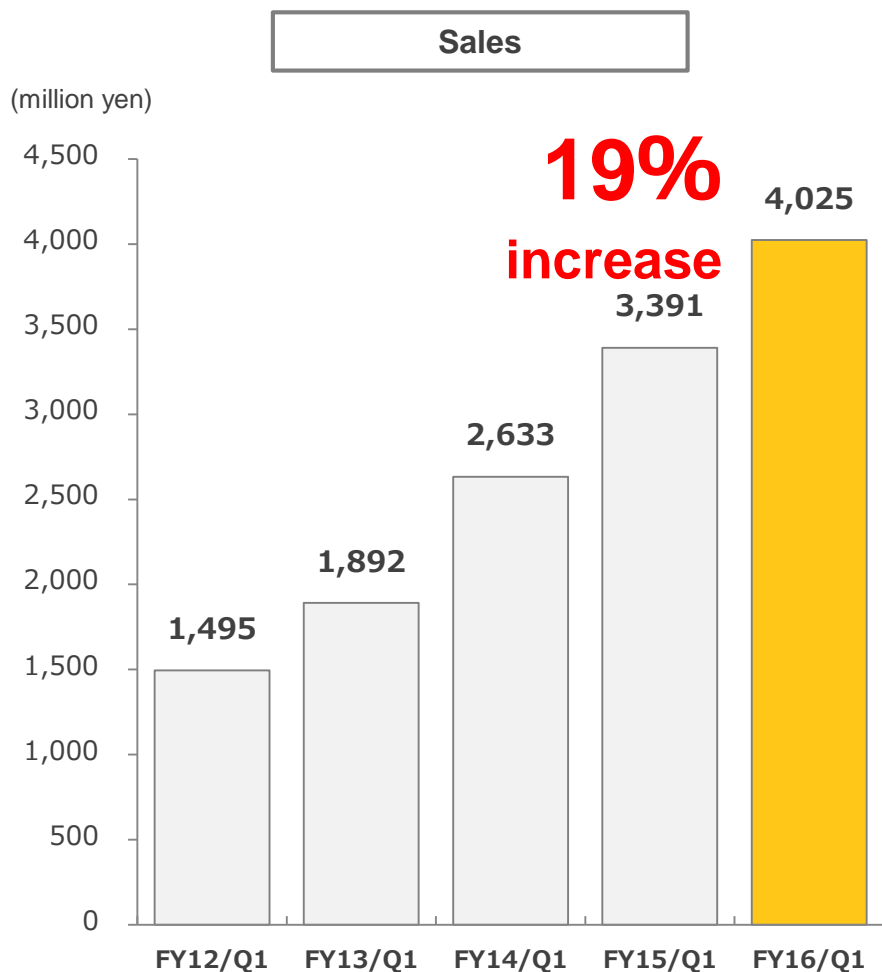
3 months average of all engineers (Oct. – Dec.)

	FY15/Q1	FY16/Q1	Change	Percentage change
No. of engineers	2,300 engineers	2,859 engineers	+559 engineers	+24.3%
Operating rate	97.7%	95.3%	▲2.4pt.	—
Operating time	9.84h	9.74h	▲0.10h	▲1.0%
Unit price of temporary staffing	2,639yen	2,606yen	▲33yen	▲1.3%

Non-consolidated P/L Statement (1)

Sales and Gross Profit (Total)

- Sales ⇒ No. of staffs at work increased by 19% through aggressive recruiting activity
- Gross profit ⇒ gross profit margin decreased due to limited-time low unit price staffing



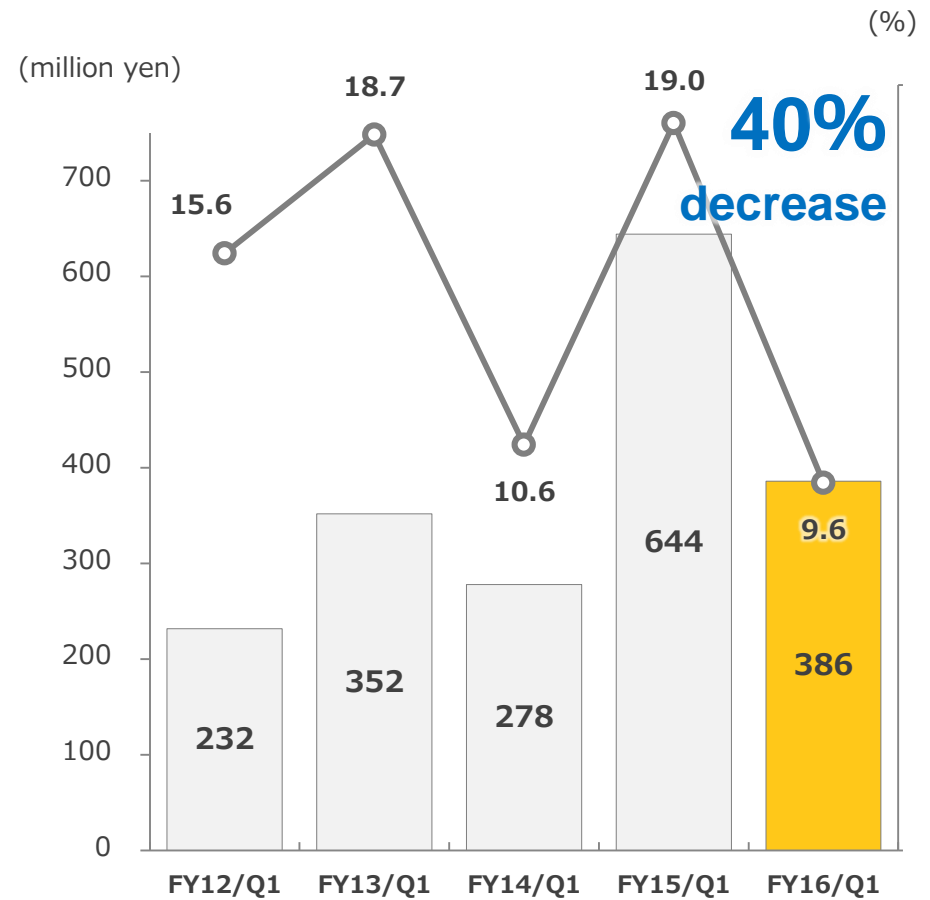
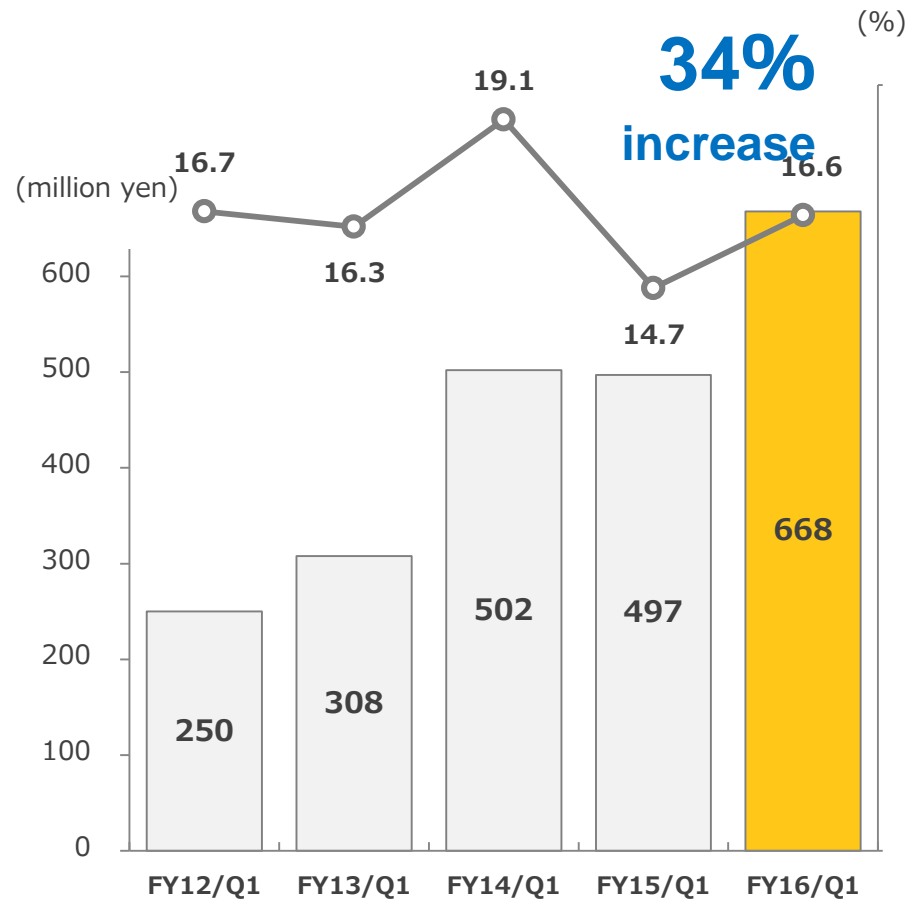
Non-consolidated P/L Statement (2)

SG&A Expenses and Operating Income (Total)

- Operating income ⇒ decreased by 40% due to decrease in gross profit margin and increase in recruiting cost

SG&A expenses

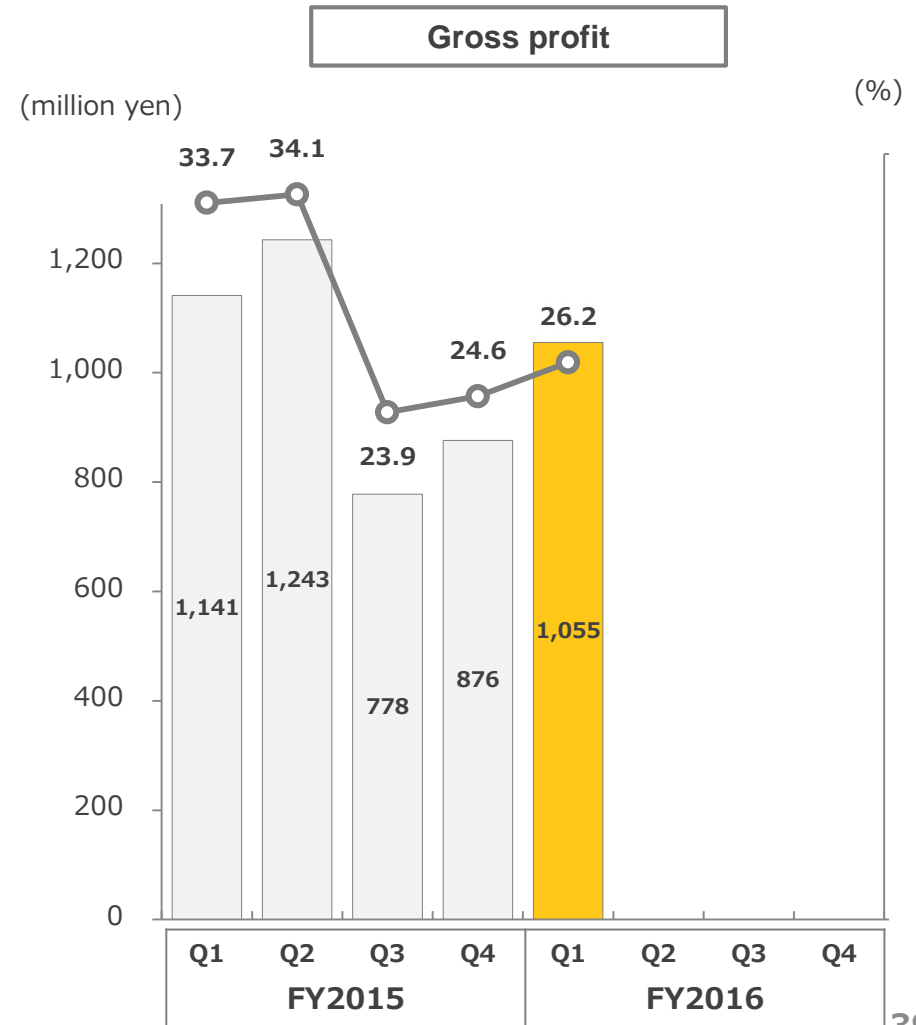
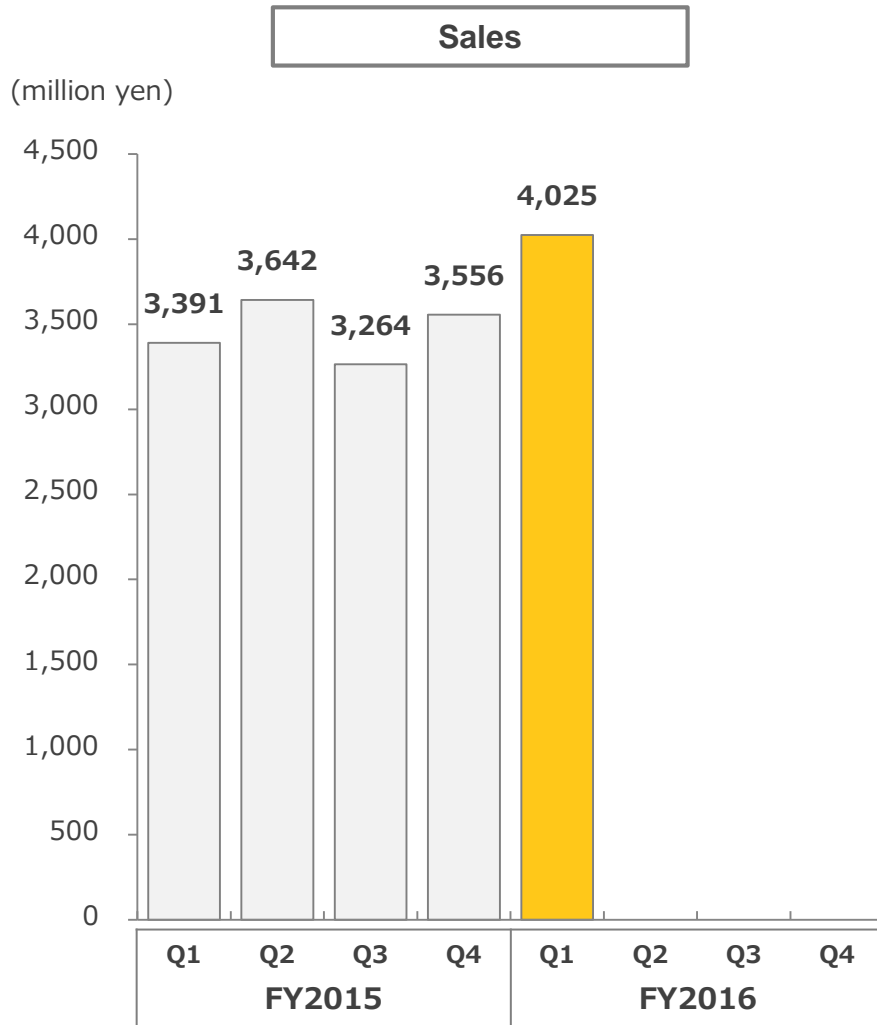
Operating income



Non-consolidated P/L Statement (3)

Sales and Gross Profit (Quarter)

- Gross profit ⇒ gross profit has been steadily recovered from the fall in profit rate due to decrease in unit price in FY15/Q3



Non-consolidated P/L Statement (4)

SG&A Expenses and Operating Income (Quarter)

- Operating income ⇒ operating income has been steadily recovered from the fall in profit rate due to decrease in unit price in FY15/Q3

SG&A expenses

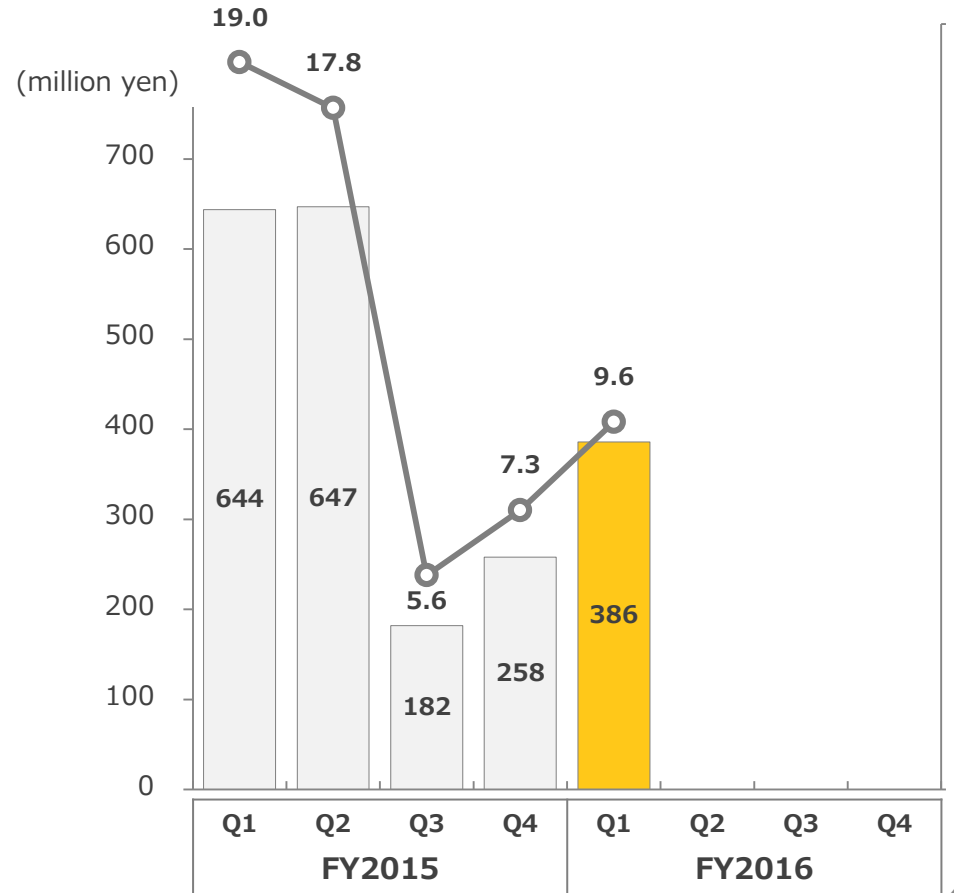
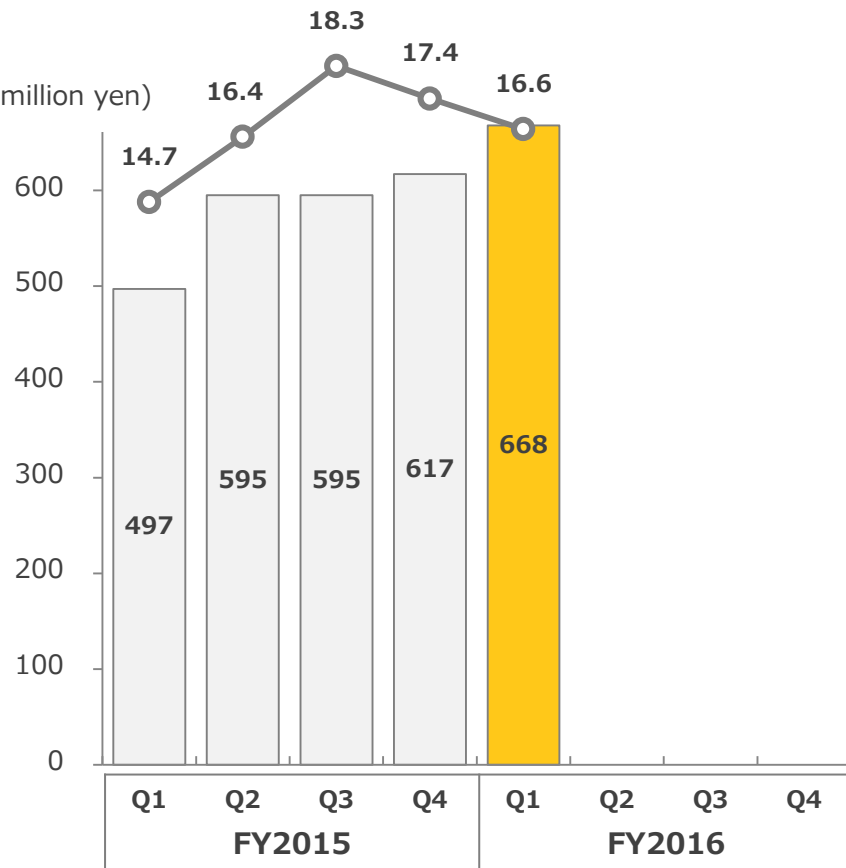
(%)

Operating income

(%)

(million yen)

(million yen)



Summary of Non-consolidated P/L Statement

(million yen)

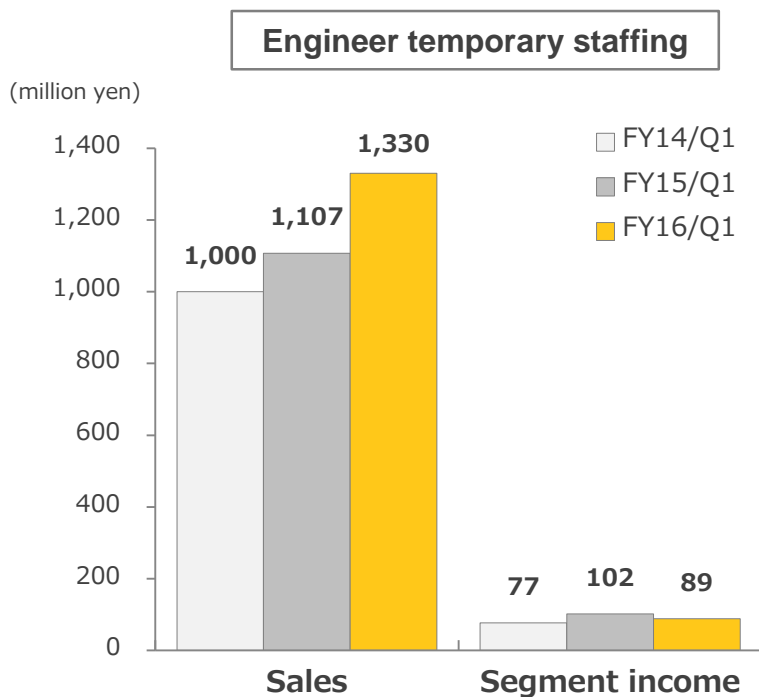
	FY15/Q1	FY16/Q1	Change	Pct. change
Sales	3,391	4,025	+633	18.7%
Gross profit	1,141 (33.7%)	1,055 (26.2%)	▲86	▲7.6%
SG&A expenses	497 (14.7%)	668 (16.6%)	+170	34.3%
Operating income	644 (19.0%)	386 (9.6%)	▲257	▲40.0%
Ordinary income	685 (20.2%)	406 (10.1%)	▲279	▲40.7%
Net income	373 (11.0%)	266 (6.6%)	▲106	▲28.6%

* () = Percentage of sales

Other Segments

Other Segments

- Sales of engineer temporary staffing increased through aggressive recruiting activity, although recruiting cost increased
- Started recruitment business for construction and manufacturing industry from June 2015
→ make prior investment in FY16



Engineer temporary staffing for manufacturing industry
Sales increased thanks to increase in engineers
but incomes decreased due to increase in recruiting cost



Recruitment business for construction and
manufacturing industry
Established recruitment base in Vietnam and Philippines

FY9/16

FY9/16

FY9/16 Consolidated Business Forecasts

(Million yen)

	FY2015 actual	FY2016 forecast	Pct. change
Sales	21,115	23,000	8.9%
Net income	1,881	2,000	6.3%
Net income per share	27.84 yen	26.82 yen	▲3.7%

Summary of Management Strategies

1. No. of staffs at work

- Recruit 2,000 people
- Improve retention rate through continuous monitoring strategies
- Proactively use female engineers

2. Operating rate

- Minimize downturn by reducing recruiting in April-June, a quiet period
- Reduce office work ⇒ Maintain high utilization rate by increasing sales efficiency
- Further increase activities of sales offices outside major cities
⇒ Expand sales channels

3. Operating time

- Shift workers to jobs with good prospects for overtime hours when updating contract

4. Unit price of temporary staffing

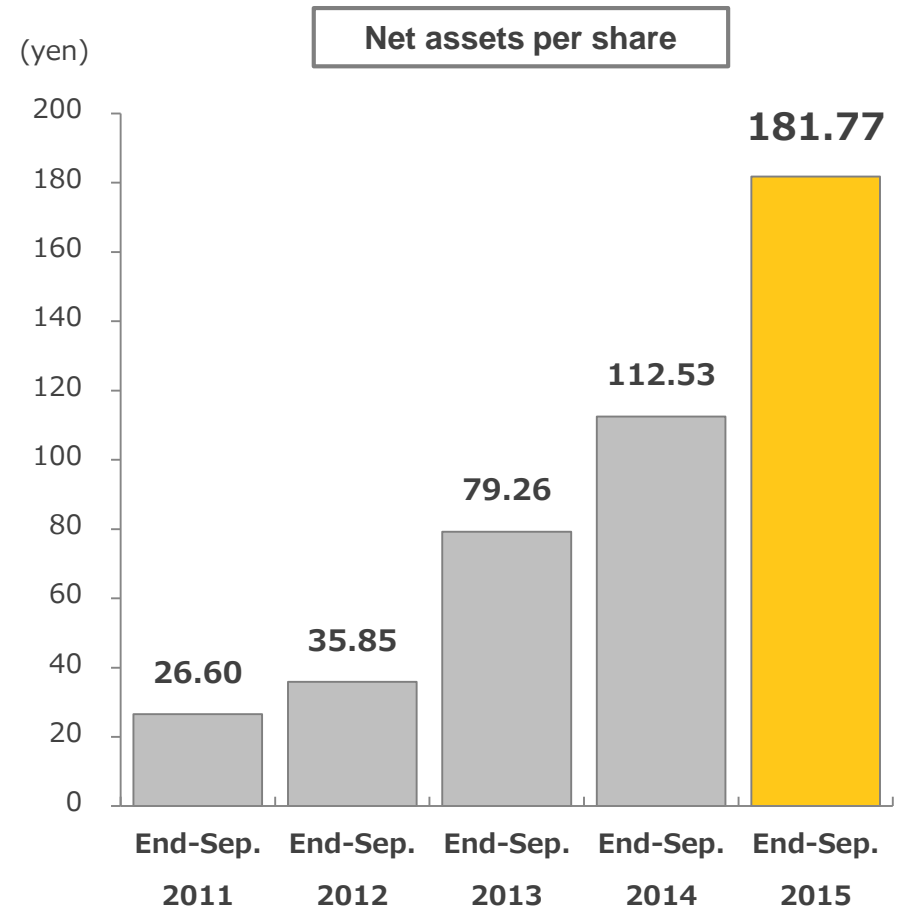
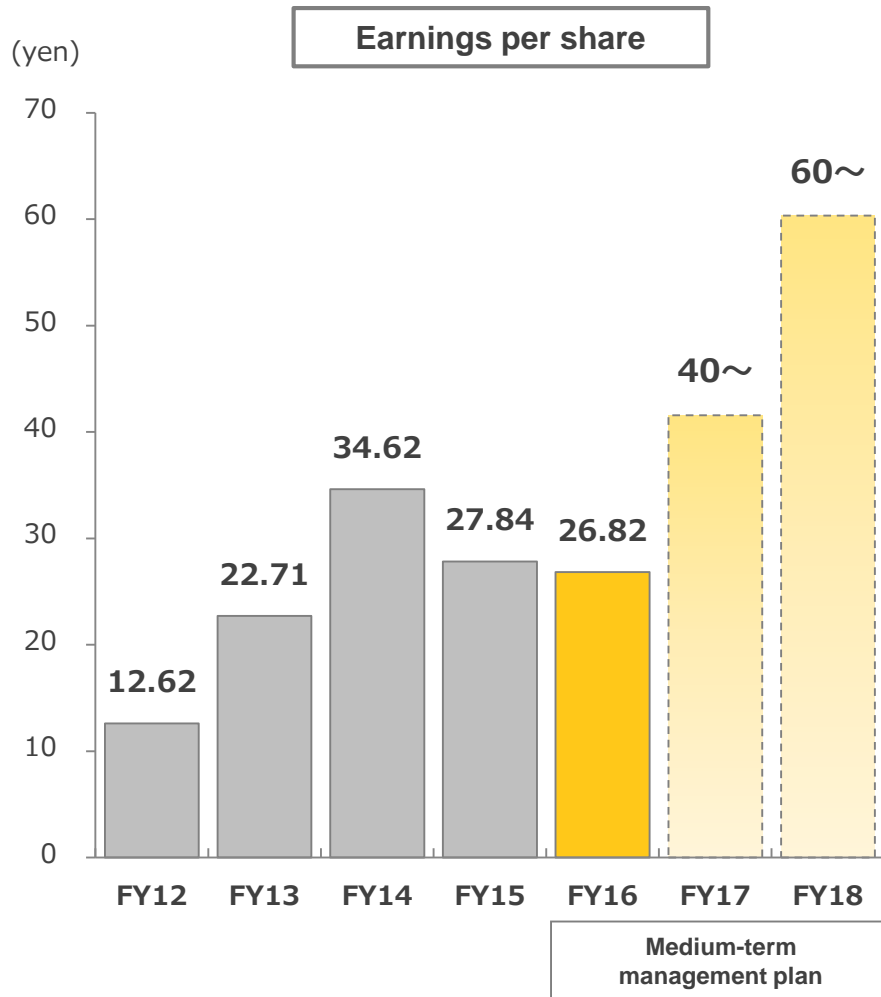
- Increase added value by using constant follow-up training
- Increase price negotiating power by capturing more market share

Shareholder Return

Shareholder Return (1)

Earnings/Net Assets Per Share

- Net income per share ⇒ Increased from FY2017 owing to improvement in income ratio through business reorganization, although it was temporary decreased due to increase in the No. of shares by disposition of treasury stock



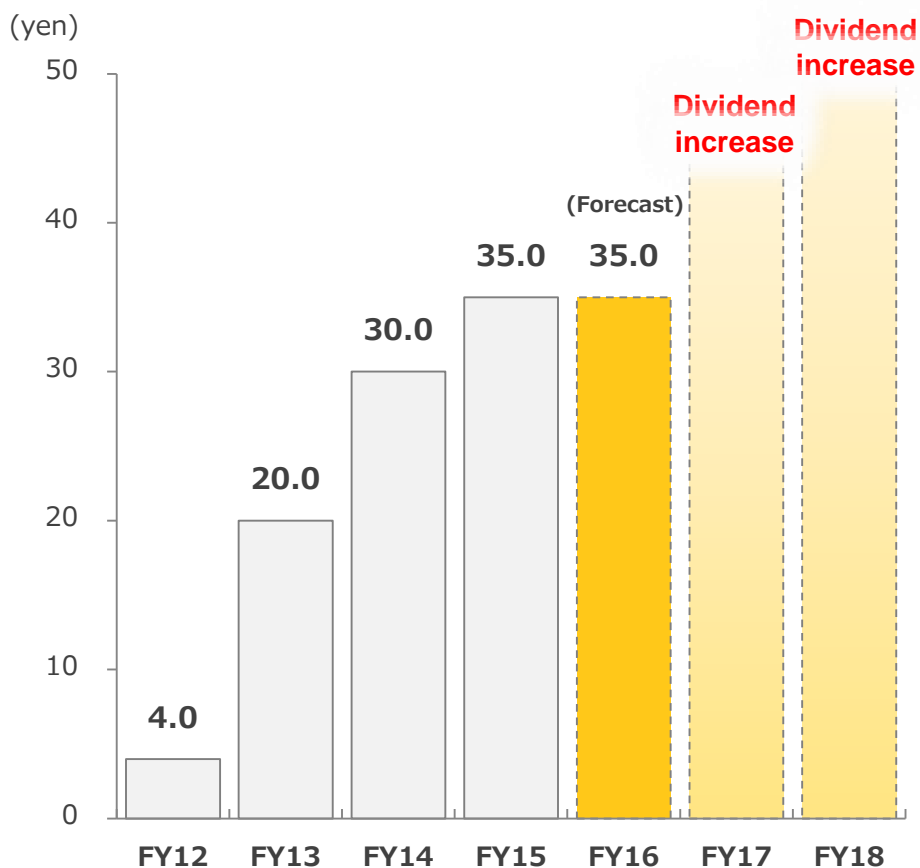
* 1. Earnings per share = Net income ÷ Average no. of shares during period × 100

* 2. Net assets per share = Shareholders' equity ÷ (Shares outstanding – No. of treasury stock at end of year) × 100

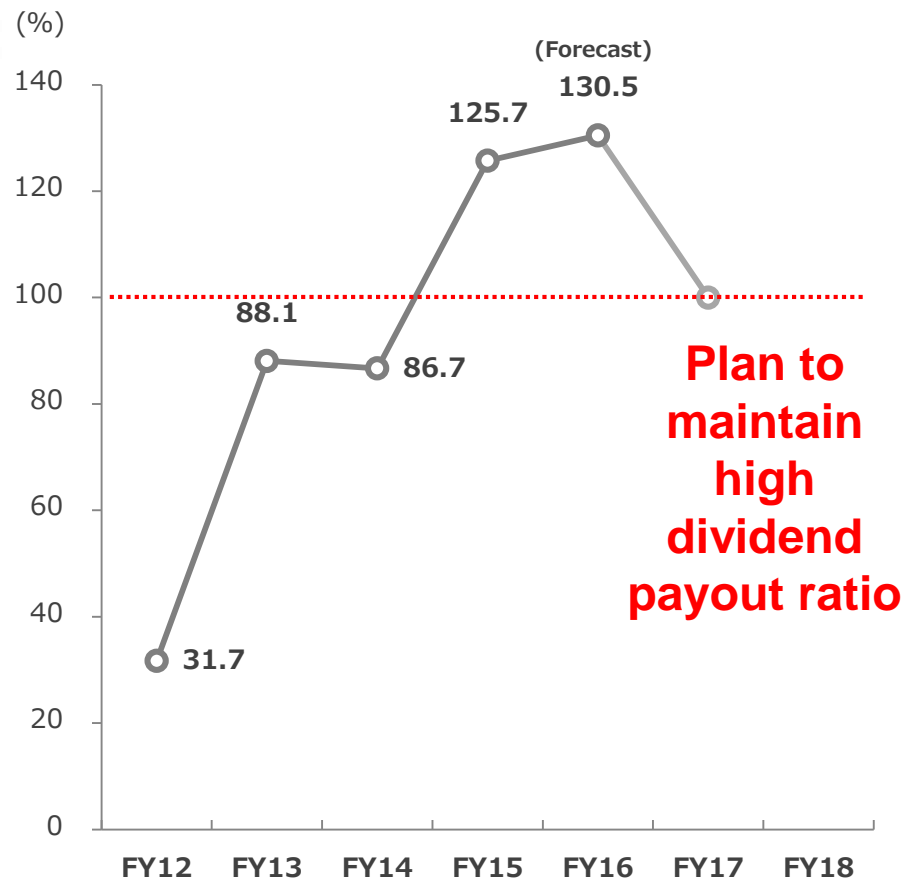
Shareholder Return (2) Dividend Policy

- Plan to increase dividend every year → Expect over 100% of payout ratio until FY2017, and plan to maintain high payout ratio onward

Dividend per share

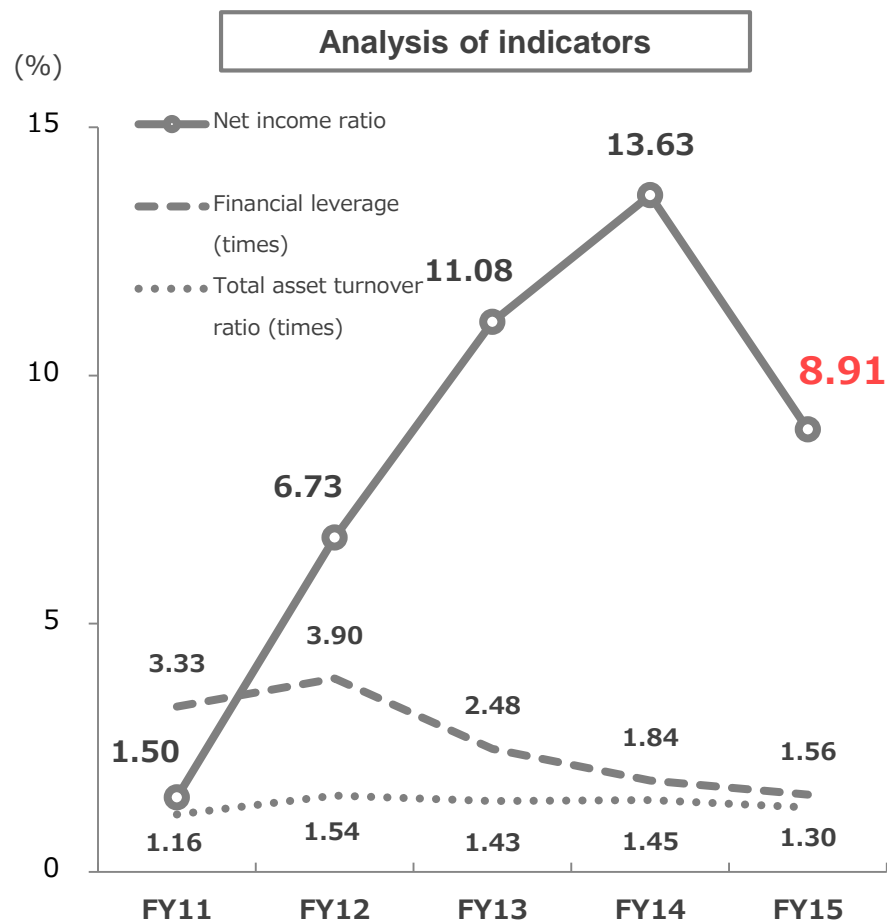
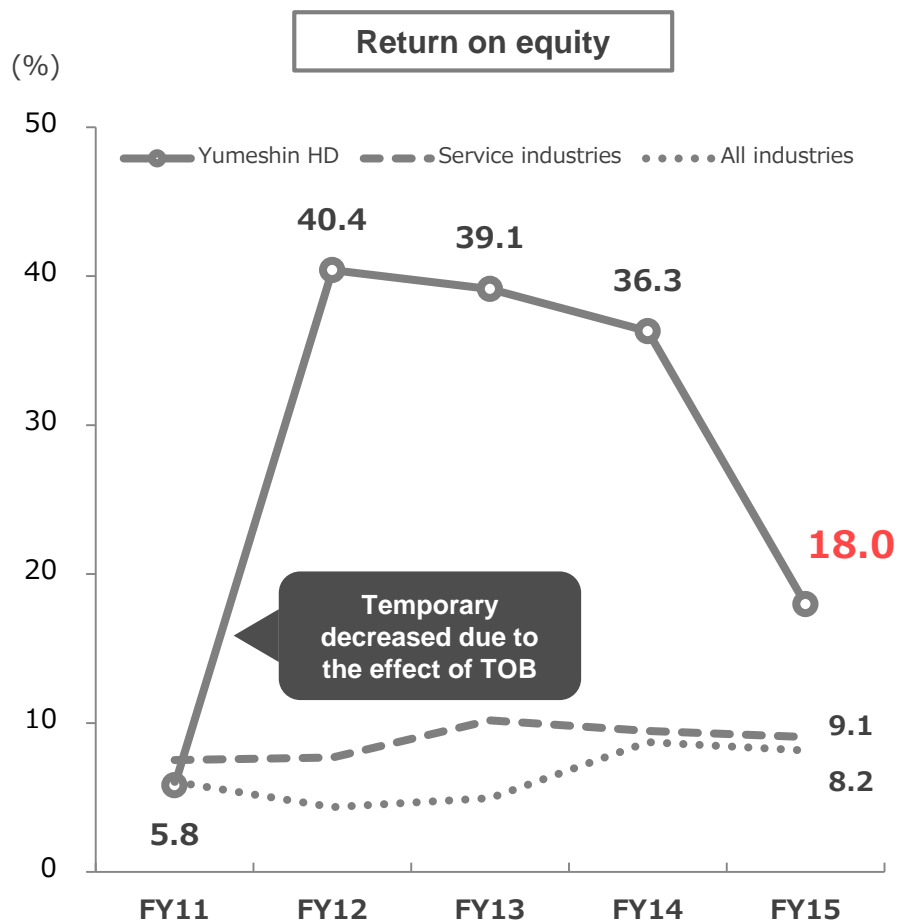


Dividend payout ratio



Shareholder Return (3) Return on Equity

- ROE decreased because of lower profitability and the sale of treasury stock to procure funds
- Goal is ROE of 30%+ by improving profitability and using acquisitions and other investments to hold down equity



- * 1. Return on equity = $\text{Net income} \div \text{Shareholders' equity (avg. during period)} \times 100$
- * 2. Financial leverage = $\text{Total assets (avg. during period)} \div \text{Shareholders' equity (avg. during period)}$
- * 3. Total asset turnover ratio = $\text{Sales} \times \text{Total assets (avg. during period)}$
- * 4. All industries and service industry belong to the TSE 1st section

Reference



Reference (1) Medium-Term Management Plan

- Plan to hire more than 2,000 engineers every year
- Aim to maintain both high growth rate and high dividend

(Million yen)

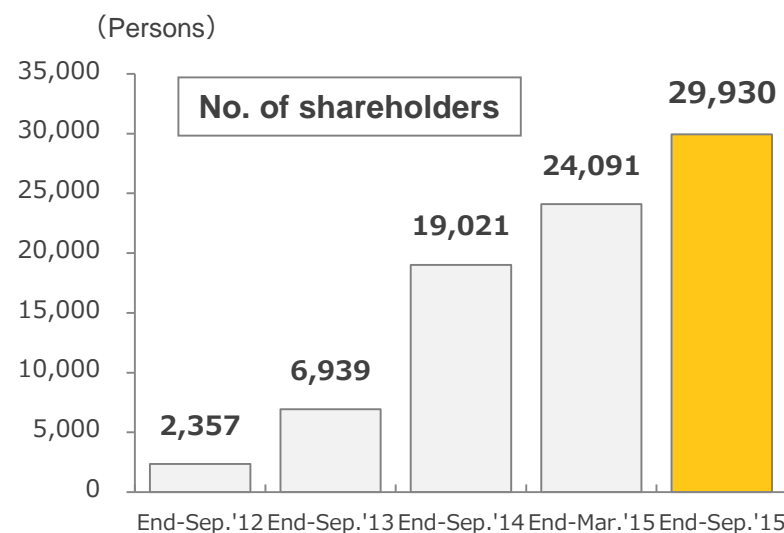
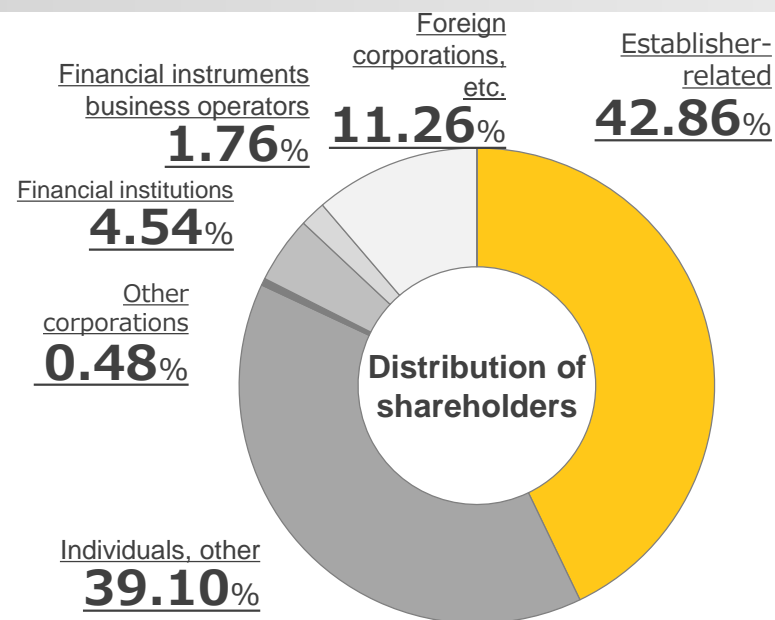
	Results	Medium-Term Management Plan		
	FY2015	FY2016	FY2017	FY2018
Sales	21,115	23,000	31,000	40,000
Net income	1,881	2,000	3,100	4,500
No. of recruits	1,702 engineers	2,000 engineers	2,300 engineers	2,600 engineers
No. of engineers at end-FY	2,760 engineers	3,500 engineers	4,250 engineers	5,000 engineers
Dividend per share	35.0yen	35.0yen	—	—
Dividend payout ratio	125.7%	130.5%	100% (target)	High payout ratio

* Consolidated-basis

Reference (2) Shareholders Situation

As of Sep. 30, 2015

	Name of shareholders	No. of shares held (in thousands)	Ownership ratio (%)
1	Shingo Sato	22,385	30.02
2	Sato Sogo Kikaku	7,344	9.85
3	Japan Trustee Services Bank, Ltd.	2,549	3.42
4	Yoshiko Sato	2,228	2.99
5	NORTHERN TRUST CO.	1,363	1.83
6	BANQUE PICTET AND CIE SA	900	1.21
7	Hideki Fukai	880	1.18
8	STATE STREET BANK AND TRUST COMPANY	676	0.91
9	Trust & Custody Services Bank, Ltd.	650	0.87
10	THE BANK OF NEW YORK	543	0.73
Total of top 10 largest shareholders		39,520	53.00



※ Number of shares outstanding=74,573,440 shares

Reference (3) Executives

Director	Auditor	Total
7(Outside:2)	3 (Outside:2)	10

Chairman and Representative Director

Shingo Sato

Born on Mar. 14, 1947 18,425,440shares

President and Representative Director

Daio Sato

Born on Nov. 25, 1983 3,700shares

Director

Sadanobu Ono

Born on Apr. 25, 1955 5,000shares

Director

Masato Kusahara

Born on Jan. 2, 1950 17,000shares

Director

Toyohiko Suzuki

Born on Jan. 16, 1947

Outside Director

(Independent executive)

Tomohiro Sakamoto

Born on Dec. 17, 1962 Sakatomo Law Office (Present post)

Outside Director

(Independent executive)

Miki Oda

Born on Jan. 15, 1973 FinanTec Co., Ltd. (Director)

Outside Auditor

(Independent executive)

Hirobumi Takahashi

Born on Sep.1, 1939 4,000shares

Outside Auditor

(Independent executive)

Hiroaki Rokugawa

Born on Jun. 10, 1963

OGASAWARA KONNO & ROKUGAWA (Present post)

Auditor

Yukio Matsumoto

Born on Mar. 7, 1948

(As of Jan 4, 2016)



YUMESHIN

Disclaimer

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JASDAQ

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