May 11, 2018

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 [Japanese GAAP]

Company name: WILL GROUP, INC.
Listing: Tokyo Stock Exchange, First Section
Stock code: 6089
URL: https://willgroup.co.jp/
Representative: Ryosuke Ikeda, Chairman and Representative Director
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Scheduled date of Annual General Meeting of Shareholders: June 20, 2018
Scheduled date of payment of dividend: June 21, 2018
Scheduled date of filing of Annual Securities Report: June 20, 2018
Preparation of supplementary materials for financial results: Yes
Holding of financial results meeting: Yes (for institutional investors and securities analysts)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 (April 1, 2017 – March 31, 2018)

(1) Consolidated operating results (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2018	79,197	30.7	2,417	23.1	2,437	23.1	1,210	19.6
Fiscal year ended Mar. 31, 2017	60,599	34.6	1,963	37.3	1,980	34.9	1,011	46.1

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2018: 1,392 (up 26.4 %)
Fiscal year ended Mar. 31, 2017: 1,101 (up 49.1%)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2018	57.44	55.04	19.7	10.9	3.1
Fiscal year ended Mar. 31, 2017	54.23	53.85	26.5	13.4	3.2

Note: WILL GROUP, INC. (the "Company") conducted a two-for-one common stock split effective on December 1, 2016. Basic earnings per share and diluted earnings per share are calculated as if this stock split had taken place at the beginning of the fiscal year ended March 31, 2017.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2018	27,496	9,517	30.0	373.52
As of Mar. 31, 2017	17,300	5,018	23.3	219.56

Reference: Shareholders' equity (million yen) As of Mar. 31, 2018: 8,261 As of Mar. 31, 2017: 4,033
Note: The Company conducted a two-for-one common stock split effective on December 1, 2016. Net assets per share are calculated as if this stock split had taken place at the beginning of the fiscal year ended March 31, 2017.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2018	3,503	(2,095)	3,971	9,159
Fiscal year ended Mar. 31, 2017	38	(1,576)	2,446	3,627

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2017	-	0.00	-	14.00	14.00	257	25.8	6.4
Fiscal year ended Mar. 31, 2018	-	0.00	-	18.00	18.00	398	31.3	6.5
Fiscal year ending Mar. 31, 2019 (forecast)	-	0.00	-	18.00	18.00		29.5	

Note: The Company conducted a two-for-one common stock split effective on December 1, 2016. Dividend per share for the fiscal year ended March 31, 2017 is the actual amount before the stock split.

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	48,000	31.4	850	(34.6)	850	(34.6)	420	(35.6)	18.99
Full year	100,000	26.3	2,600	7.5	2,600	6.6	1,350	11.6	61.04

*** Notes**

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

Newly added: 2 Name: DFP Recruitment Holdings Pty Ltd and its consolidated subsidiary
Excluded: -

(2) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of outstanding shares (common stock)

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

As of Mar. 31, 2018:	22,124,000 shares	As of Mar. 31, 2017:	19,065,600 shares

2) Number of treasury shares at the end of period

As of Mar. 31, 2018:	6,168 shares	As of Mar. 31, 2017:	695,568 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2018:	21,066,893 shares	Fiscal year ended Mar. 31, 2017:	18,649,482 shares

Note: The Company conducted a two-for-one common stock split effective on December 1, 2016. Number of outstanding shares (common stock) is calculated as if this stock split had taken place at the beginning of the fiscal year ended March 31, 2017.

* This financial report is not subject to audit by certified public accountants or auditing firms.

* Explanation of appropriate use of earnings forecasts and other special items

Forecasts of future performance in this report are based on assumptions judged to be valid and information available to the Company’s management at the time the materials were prepared, but are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to “1. Overview of Results of Operations, (5) Outlook” on page 5 for forecast assumptions and notes of caution for usage.

Contents of Attachments

1. Overview of Results of Operations

(1) Results of Operations

In the fiscal year that ended on March 31, 2018, the Japanese economy recovered slowly along with improvements in corporate earnings and the labor market while there were concerns about the uncertainty in overseas economies. Japan’s human resources service market continued to grow as the persistent labor shortage created substantial demand for these services.

The Company and its group companies (the “Group”) are guided by the mission of serving as an agent of change to bring about positive changes for individuals and organizations. By upgrading specialized skills in all our businesses, we worked on improving customer satisfaction and further differentiating our services. One goal is raising our in-store share, which is our temporary staffing and consignment workers as a percentage of all these workers at a client company. Another goal is expanding our operations to more areas of Japan and other countries. We also focused on expanding temporary staffing and permanent placement services in medical and nursing care field, permanent placement services in the Internet and IoT field, and these services in other new business fields. In the Factory Outsourcing Business, we provided temporary staffing and consignment services that are closely linked to the regions where operations take place. One step was making Little Seeds Service Corporation a consolidated subsidiary in September 2017. This company is one of the largest in Fukushima prefecture in the number of companies served and the number of people registered for assignments. In Australia, DFP Recruitment Holdings Pty Ltd became a consolidated subsidiary in January 2018. This company provides permanent placement and temporary staffing services for office work and call center operations. These two companies illustrate how we are using M&A for our business growth. For the fiscal year that ended on March 31, 2018, the Company reported consolidated net sales of 79,197 million yen (up 30.7% year on year), operating profit of 2,417 million yen (up 23.1%), ordinary profit of 2,437 million yen (up 23.1%) and profit attributable to owners of parent of 1,210 million yen (up 19.6%). EBITDA (Operating profit + depreciation + amortization of goodwill) was 3,044 million yen (up 28.2%).

Results by business segment were as follows.

Categories used internally for managing performance were reexamined due to the increasing materiality of overseas operations. As a result, starting in the fiscal year that ended on March 31, 2018, the overseas human resources service business that was previously included in Others is a separate reportable segment called the “Overseas Human Resources Business.” Prior-year segment information has been revised to reflect the new segment classification to permit comparisons.

Sales Outsourcing Business

SAINT MEDIA, INC. provides store sales personnel and other categories of workers. The demand for human resources services involving sales was strong in part because of the large volume of demand for inexpensive SIM cards and smartphones resulting from requests by consumers for reductions in their monthly communication charges. This company concentrated on raising its in-store share at current client companies and capturing orders for consignment work. There was also a large volume of orders from companies in the apparel industry. CreativeBank Inc. operates a sales promotion service. Orders were strong from large companies in the IT field for retail support and marketing campaigns as well as for private seminars and exhibitions for companies. In addition, orders increased for joint activities with a large distributor (a trading company specializing in IT).

Segment profit increased because of revisions to contract terms with current client companies and the growth in orders for consignment projects.

As a result, the segment recorded sales of 21,654 million yen (up 7.9% year on year) and segment profit of 1,749 million yen (up 17.5%).

Call Center Outsourcing Business

The call center staffing service of Saint Media continued to perform well. Due to the rapid growth of the smartphone market in Japan in recent years, demand is very strong for call center operators who can provide after-sales services such as explanations of smartphone operations and services and other items. Saint Media also focused on capturing orders in the business process outsourcing market, financial services sector and other market sectors.

Although the gross profit margin declined, segment profit was higher because of sales growth.

As a result, the segment recorded sales of 13,178 million yen (up 6.7% year on year) and segment profit of 704 million yen (up 0.7%).

Factory Outsourcing Business

FAJ, Inc. provides human resources services primarily to manufacturers. Food companies were the main source of growth in the volume of business. This was mainly a reflection of the solid demand for the production of prepared food items and for desserts and bento lunch boxes sold at convenience stores. FAJ worked on expanding to more areas of Japan and receiving orders from new customers during the fiscal year. Little Seeds Service, which became a consolidated subsidiary in September 2017, was another reason for the growth in sales and earnings.

Although the expansion of operations to more areas of Japan raised personnel and other expenses, segment profit was higher because of sales growth and an improvement in the gross profit margin.

As a result, the segment recorded sales of 16,994 million yen (up 24.1% year on year) and segment profit of 891 million yen (up 24.0%).

Care Support Business

Saint Media added more locations and established more relationships with nursing care facilities in order to enlarge its nursing care temporary staffing and permanent placement services. Increasing the number of people on assignments was a priority. Saint Media performed follow-up activities to support its nursing care staff, offered ideas to client companies about more formats for using workers and took other actions. The main objective is to make greater use of people with little or no experience and people who do not want a full-time job. In addition, the Will Care Academy started operations in November 2017 for the training of people sent to nursing care facilities as well as other assignments for the Company.

This segment was not profitable because of expenses for opening new sales and service bases and for personnel, recruiting and other items to build a stronger sales infrastructure.

As a result, the segment recorded sales of 7,140 million yen (up 36.1% year on year) and segment loss of 16 million yen (compared with segment profit of 80 million yen one year earlier).

Overseas Human Resources Business

Operations outside Japan are in the ASEAN regions and Oceania. In this segment, Asia Recruit Holdings Sdn. Bhd., which became a consolidated subsidiary in June 2016, and Ethos Corporation Pty Ltd, which became a consolidated subsidiary in January 2017, made their contributions to consolidated sales and earnings from the beginning of the fiscal year ended March 31, 2018. DFP Recruitment Holdings Pty Ltd, which became a consolidated subsidiary in January 2018, also performed well. This company is engaged in temporary staffing and permanent placement services for office work and call center operations in Australia.

As a result, the segment recorded sales of 13,170 million yen (up 220.6% year on year) and segment profit of 352 million yen (up 354.5%).

Others

Demand for the permanent placement of executives at venture capital-backed companies in the Internet and IoT fields is growing because of the large number of IPOs by these companies in recent years. For temporary staffing for office work, we strengthened activities involving sales operations and assistance for finding work for older job seekers. We received many orders from current and new customers for the provision of assistant language teachers. Many local governments have a strong interest in upgrading their English language education programs. The performance of this segment also benefited from temporary and permanent placements of nursery school personnel due to the severe shortage of childcare workers in Japan.

As a result, the segment recorded sales of 7,059 million yen (up 37.7% year on year) and segment profit of 246 million yen (up 76.5%).

(2) Financial Position

Assets

Current assets at the end of the current fiscal year was 22,797 million yen, up 8,436 million yen from the end of the previous fiscal year. This was mainly due to increases of 5,579 million yen in cash and deposits, and 2,201 million yen in notes and accounts receivable-trade.

Non-current assets was 4,699 million yen at the end of the current fiscal year, up 1,760 million yen from the end of the previous fiscal year. This was mainly due to increases of 896 million yen in intangible assets, 512 million yen in property, plant and equipment, and 351 million yen in investments and other assets.

As a result, total assets increased 10,196 million yen from the end of the previous fiscal year to 27,496 million yen.

Liabilities

Current liabilities at the end of the current fiscal year was 15,542 million yen, up 5,591 million yen from the end of the previous fiscal year. This was mainly due to increases of 1,802 million yen in short-term loans payable, 1,567 million yen in accounts payable-other, 526 million yen in accrued expenses, and 847 million yen in other.

Non-current liabilities was 2,437 million yen at the end of the current fiscal year, up 106 million yen from the end of the previous fiscal year. This was mainly due to a 94 million yen increase in long-term loans payable.

As a result, total liabilities increased 5,697 million yen from the end of the previous fiscal year to 17,979 million yen.

Net assets

Net assets at the end of the current fiscal year was 9,517 million yen, up 4,498 million yen from the end of the previous fiscal year. This was mainly because of increases of 1,384 million yen in capital stock, 1,671 million yen in capital surplus, 952 million yen in retained earnings due to the booking of profit attributable to owners of parent, and 222 million yen in non-controlling interests mainly due to consolidation of subsidiaries, and a decrease of 314 million yen in treasury shares.

Consequently, the equity ratio was 30.0% compared with 23.3% at the end of the previous fiscal year.

(3) Cash Flows

Cash flows from operating activities

Net cash provided by operating activities was 3,503 million yen, compared with 38 million yen provided in the previous fiscal year. This was mainly due to profit before income taxes of 2,412 million yen, an increase in accounts payable-other of 907 million yen, an increase in deposits received of 562 million yen, and an increase of accrued expenses of 479 million yen, and amortization of goodwill of 388 million yen, while there were income taxes paid of 1,024 million yen and an increase in notes and accounts receivable-trade of 640 million yen.

Cash flows from investing activities

Net cash used in investing activities was 2,095 million yen compared with 1,576 million yen used in the previous fiscal year. This was mainly due to purchase of shares of subsidiaries resulting in change in scope of consolidation of 1,403 million yen, purchase of property, plant and equipment of 298 million yen, purchase of intangible assets of 196 million yen, and purchase of investment securities of 159 million yen.

Cash flows from financing activities

Net cash provided by financing activities was 3,971 million yen compared with 2,446 million yen provided in the previous fiscal year. This was mainly due to proceeds from issuance of shares resulting from exercise of share acquisition rights of 2,740 million yen, proceeds from long-term loans payable of 1,870 million yen, and net increase in short-term loans payable of 1,157 million yen, while there were repayments of long-term loans payable of 2,014 million yen.

Reference: Cash flow indicators

	FY3/15	FY3/16	FY3/17	FY3/18
Shareholders' equity ratio (%)	38.0	29.2	23.3	30.0
Shareholders' equity ratio based on market value (%)	79.0	78.3	100.34	120.09
Ratio of interest-bearing debt to cash flows (%)	0.0	3.3	114.44	1.81
Interest coverage ratio (times)	214.7	31.1	1.89	146.22

Shareholders' equity ratio: Shareholders' equity / Total assets
Shareholders' equity ratio based on market value: Market capitalization / Total assets
Ratio of interest-bearing debt to cash flows: Interest-bearing debt / Cash flows
Interest coverage ratio: Cash flows / Interest payments
Notes: 1. All indicators are calculated based on consolidated figures.
2. Market capitalization is calculated based on the number of shares outstanding excluding treasury shares.
3. Cash flows are calculated using the figures for operating cash flows.
4. Interest-bearing debt includes all debt on the consolidated balance sheet that incur interest.

(4) Basic Policy for Profit Distribution and Dividends in the Current and Next Fiscal Years

The basic policy for dividends is to distribute earnings to shareholders while increasing internal reserves as needed to maintain the stability of business activities. Specifically, based on results of operations in each fiscal year and other factors, we plan to distribute earnings to shareholders with a goal of a 30% total return ratio (sum of dividends and stock repurchases divided by profit) in 2020.

While the Company has a fundamental policy of paying a dividend once a year, the Company's Articles of Incorporation include a provision for the payment of an interim dividend as provided for in Article 454, Paragraph 5 of the Companies Act. The interim dividend is determined by the Board of Directors and the year-end dividend is determined at the general meeting of shareholders.

As was announced today in the press release "Notice Regarding Dividends of Surplus (Dividend Increase)" (Japanese version only), the Company plans to pay a year-end ordinary dividend of 18 yen per share for the fiscal year that ended on March 31, 2018 and plans to pay the same dividend for the fiscal year ending on March 31, 2019.

(5) Outlook

In Japan's human resources service industry, amendments to laws, changes in employment formats and other external developments are likely to have a significant influence on market conditions. The September 2015 enactment of amendments to the Worker Dispatching Act led to the realignment of the human resources service industry. Furthermore, measures by the Japanese government to promote working style reforms have raised expectations and demand for temporary staffing. As a result, the roles performed by the Group are likely to become increasingly important.

We are dedicated to upgrading our specialized skills in the business fields of the support of Working, Interesting, Learning and Living ("WILL"). We will also work on differentiating our services from those of competitors and further improving customer satisfaction. To provide guidelines for mid-term, we announced a medium-term management plan in May 10, 2016 that has three strategic goals. First is continuing the growth of our current three major businesses to make them the leaders in their respective fields. Second is adding three more major businesses. Third is starting businesses outside the human resources service sector that can grow to a significant scale. We will continue to conduct activities for accomplishing these three goals.

In the Sales Outsourcing Business, we anticipate a continuation of strong demand among consumers for contracts with inexpensive SIM cards and smartphones due to the need for a reduction in monthly communication charges. We therefore expect an increase in the demand for workers to process these requests. By providing services that are better than those of competitors, we want to increase our in-store share. In addition, we plan to increase temporary staffing and consignment operations in the apparel industry as one step to grow in sectors other than telecommunications.

In the Call Center Outsourcing Business, we expect higher demand mainly for two reasons. One is the increasing number of operators needed for explanations of smartphone operations and services and other after-sales services as the smartphone market continues to grow. The other reason is the outlook for higher demand for people for business process outsourcing projects as Japan's working age population declines and working style reforms are enacted. This business is also working on capturing orders involving financial services and other business fields. We want to maintain long-term stability in this business by supplying high-quality services and raising customer satisfaction. Also, the office worker temporary staffing and permanent placement business, which was included in the Others segment, has been moved to this business and the existing sales and service network will be used to reinforce the sales infrastructure.

In the Factory Outsourcing Business, the job openings-to-applicants ratio will probably remain high in Japan. We will concentrate on hiring more foreign workers to meet this demand. We plan to use our sales and service network to increase the volume of business with companies in the food sector, where the demand for prepared items and desserts and bento lunch boxes sold at convenience stores is rising. Receiving more orders in new business fields other than food is another goal.

In the Care Support Business, more growth in the nursing care human resources market is expected in Japan because of the shortage of nursing care workers, which has become a social problem. As in the previous fiscal year, we plan to expand our sales and service network, offer customers a larger number of services and improve the quality of our services. By using these measures to become more competitive, we plan to make Care Support another one of our core businesses.

The Overseas Human Resources Business operates in the ASEAN region and Oceania, where there are many countries with strong economic growth. We plan to proactively continue our M&A strategy in order to expand overseas operations into another one of our core businesses.

In the Others segment, numerous activities are under way for growth and entering new business fields. We provide permanent placement services specifically for the rapidly growing Internet and IoT field and supply foreign part-time workers to client companies in Japan. To create and establish a new source of earnings, we will provide investments and other support to start-up companies with excellent growth prospects. For these activities, we will use Will Group Fund Limited Liability Partnership, a corporate venture capital fund, and Will Group HR Tech Fund Limited Liability Partnership, which will make investments exclusively in the human resources domain.

Based on this outlook, in the fiscal year ending on March 31, 2019, we forecast a 26.3% increase in sales to 100,000 million yen, a 7.5% increase in operating profit to 2,600 million yen, a 6.6% increase in ordinary profit to 2,600 million yen, an 11.6% increase in profit attributable to owners of parent to 1,350 million yen, and a 13.0% increase in EBITDA to 3,440 million yen.

2. Management Policies

(1) Basic Management Policy

The Group is dedicated to the mission of serving as an agent of change to bring about positive changes for individuals and organizations. The primary feature of our operations is the use of “hybrid staffing teams” consisting of field supporters (full-time employees stationed at the project site) and temporary staffing personnel. Our objectives are to increase our in-store share and expand our geographic coverage in Japan and overseas. Due to these policies and activities, we have achieved rapid growth even as Japan’s temporary staffing market remained generally flat since the global financial crisis. Currently, Japan’s human resources service market continues to grow steadily. As the number of job openings rises because of the gradual economic recovery, there is very strong demand at Japanese companies for more workers.

To continue growing, the Group is expanding operations to more business fields and more geographic areas. New business fields include temporary staffing and permanent placement services for nursing care personnel in the medical and nursing care field, which is expected to continue growing, and temporary staffing and permanent placement services for engineers. We will also seek opportunities in other business fields in order to create more core business units. For growth outside Japan, we are focusing on ASEAN regions and Oceania, chiefly Singapore and Australia. We will continue to aim for growth overseas chiefly in these areas because of the outlook for continued economic expansion.

(2) Performance Targets

We place priority on sales and operating profit as indicators of our performance. Our medium-term targets are sales of 100 billion yen and operating profit of 4 billion yen in the fiscal year ending in March 2020.

(3) Medium- to Long-term Business Strategy

The Group announced its “Will Vision 2020” medium-term management plan on May 10, 2016. Based on this plan, we are taking various actions in order to achieve the following strategic goals. The plan has the slogan of “becoming number one in human resources services for specific job categories.” Next, we envision transforming ourselves into a conglomerate centered on a comprehensive human resources service company. The Will Vision for the fiscal year ending in March 2020 is a roadmap for accomplishing these goals. In this vision, as in our company name, Will stands for business fields for the support of working, interesting, learning and living. The vision states our determination to create strong brands with high expected value and become the leader in each of these four fields.

1) Develop the current three core businesses into the leaders of their respective markets

Our goal is the growth of the Sales Outsourcing Business, Call Center Outsourcing Business and Factory Outsourcing Business in order to make each business the leader in its market sector. We plan to accomplish this by using the following three initiatives. First, use hybrid staffing teams, the distinguishing feature of the Group and its strength, in order to raise our in-store share. Second, expand operations to more geographic areas by starting to provide services in locations where we are not currently active. Third, use mergers and acquisitions that can produce synergies in order to diversify operations by entering peripheral business sectors.

2) Establish three more core businesses

We plan to develop three of our new businesses that have excellent growth prospects into future core businesses. The businesses are medical and nursing care human resources services, permanent placement services in the Internet and IoT field, and human resources services outside Japan. We plan to make substantial investments and take various actions to accomplish this goal.

The Care Support Business became a new reportable segment in the fiscal year that ended in March 2017. The Overseas Human Resources Business, which is making steady progress toward becoming a core business, became a reportable segment in the fiscal year that ended in March 2018 because of the increasing significant scale of this business.

3) Create other new businesses into operations with a significant size

We want to build a foundation for a virtuous business creation and growth cycle that will continue to function even after the end of the current medium-term management plan. To accomplish this goal, we plan to use Will Group Fund Limited Liability Partnership a corporate venture capital fund for investments in promising start-up companies. Our plans also include alliances, M&A and other activities, all with the goal of expanding our presence in business fields other than "working." Furthermore, we will use Will Group HR Tech Fund Limited Liability Partnership, a corporate venture capital fund provides support to start-up companies in Japan and other countries that have innovative technologies associated with the human resources business. By driving innovation in existing sectors of the human resources service field as well, we aim to achieve more growth in the "working" business field, too.

(4) Challenges

This section explains important issues of the Group.

1) Improve customer satisfaction

Customers' needs are becoming more diverse and advanced as market conditions change. Meeting these needs will require working closely with customers in order to build a more powerful framework for accurately identifying their requirements. To meet more advanced and exacting needs, we will reinforce our organizational structure and framework for business operations in order to provide an even higher level of professional skills. By taking these actions, we will heighten the satisfaction of our client companies in order to be the company that they choose over others.

2) Recruit people with advanced professional skills

In the human resources service business, recruiting outstanding people is vital to achieving growth. Hiring people is difficult in Japan because of the country's labor shortage. In this environment, there is an increasing need for people who can immediately make a contribution and people who have advanced professional skills.

To recruit people for our own operations, we must make our own recruiting channels even stronger. This includes recruiting activities using our website and using introductions of prospective workers from our current workforce. We also plan to make selection standards for new employees even stricter.

We operate a training program for people prior to their assignments that gives them the necessary skills and mindset. We will further upgrade this program and perform follow-up training periodically for people who are working on projects. These activities will give our workforce even more advanced professional skills.

3) Enlarge business domains

Over the years, our objective has been to establish a stable foundation for business operations by making temporary staffing services for sales personnel, call center operators and manufacturing sector personnel and consignment services our primary activities. Now our plan is to conduct extensive sales activities to increase our market share in all of these business sectors.

Meanwhile, the Group is expanding operations to more business fields and more geographic areas to continue growing. New business fields include temporary staffing and permanent placement services for nursing care personnel in the medical and nursing care field, which is expected to continue growing, and temporary staffing and permanent placement services for engineers. We will also seek opportunities in other business fields in order to create more core business units.

For growth outside Japan, we are focusing mainly on ASEAN regions and Oceania, chiefly Singapore and Australia. We will continue to aim for growth overseas chiefly in these areas because of the outlook for continued economic expansion.

3. Basic Approach to the Selection of Accounting Standards

The Group will continue to prepare consolidated financial statements using the generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will take suitable actions with regard to the application of International Financial Reporting Standards by taking into account associated factors in Japan and other countries.

4. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	FY3/17 (As of Mar. 31, 2017)	FY3/18 (As of Mar. 31, 2018)
Assets		
Current assets		
Cash and deposits	3,656	9,236
Notes and accounts receivable-trade	9,460	11,661
Real estate for sale	310	305
Work in process	153	190
Real estate for sale in process	311	551
Deferred tax assets	253	451
Other	226	410
Allowance for doubtful accounts	(10)	(10)
Total current assets	14,361	22,797
Non-current assets		
Property, plant and equipment		
Buildings and structures	320	694
Accumulated depreciation	(111)	(183)
Buildings and structures, net	208	510
Leased assets	26	45
Accumulated depreciation	(17)	(35)
Leased assets, net	8	10
Other	477	893
Accumulated depreciation	(250)	(456)
Other, net	227	437
Total property, plant and equipment	445	958
Intangible assets		
Goodwill	1,414	2,234
Other	343	419
Total intangible assets	1,758	2,654
Investments and other assets		
Investment securities	242	333
Deferred tax assets	79	189
Other	414	566
Allowance for doubtful accounts	(0)	(2)
Total investments and other assets	735	1,086
Total non-current assets	2,939	4,699
Total assets	17,300	27,496

(Millions of yen)

	FY3/17 (As of Mar. 31, 2017)	FY3/18 (As of Mar. 31, 2018)
Liabilities		
Current liabilities		
Accounts payable - trade	499	628
Short-term loans payable	1,300	3,102
Current portion of long-term loans payable	739	828
Accounts payable-other	4,773	6,341
Accrued expenses	604	1,130
Income taxes payable	344	451
Accrued consumption taxes	943	1,356
Provision for bonuses	435	564
Provision for refund of permanent placement income	51	30
Provision for office transfer loss	-	0
Other	259	1,106
Total current liabilities	9,950	15,542
Non-current liabilities		
Long-term loans payable	2,322	2,417
Lease obligations	3	7
Net defined benefit liability	-	4
Other	4	8
Total non-current liabilities	2,331	2,437
Total liabilities	12,282	17,979
Net assets		
Shareholders’ equity		
Capital stock	609	1,993
Capital surplus	773	2,445
Retained earnings	3,007	3,960
Treasury shares	(317)	(2)
Total shareholders’ equity	4,073	8,396
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-	0
Foreign currency translation adjustment	(39)	(135)
Total accumulated other comprehensive income	(39)	(134)
Share acquisition rights	108	157
Non-controlling interests	875	1,098
Total net assets	5,018	9,517
Total liabilities and net assets	17,300	27,496

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)
Net sales	60,599	79,197
Cost of sales	48,825	63,138
Gross profit	11,774	16,058
Selling, general and administrative expenses	9,811	13,640
Operating profit	1,963	2,417
Non-operating income		
Interest income	2	2
Subsidy income	50	76
Other	6	16
Total non-operating income	59	95
Non-operating expenses		
Interest expenses	20	23
Financial commission fee	9	23
Foreign exchange losses	5	12
Other	7	16
Total non-operating expenses	42	75
Ordinary profit	1,980	2,437
Extraordinary income		
Gain on sales of investment securities	4	37
Compensation income	46	-
Other	-	0
Total extraordinary income	51	37
Extraordinary losses		
Loss on sales of non-current assets	-	0
Loss on retirement of non-current assets	18	2
Impairment loss	154	-
Loss on valuation of investment securities	-	56
Office transfer loss	6	3
Provision of allowance for office transfer loss	-	0
Other	2	-
Total extraordinary losses	181	62
Profit before income taxes	1,850	2,412
Income taxes - current	737	1,026
Income taxes - deferred	(42)	(101)
Total income taxes	695	925
Profit	1,154	1,487
Profit attributable to non-controlling interests	143	277
Profit attributable to owners of parent	1,011	1,210

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)
Profit	1,154	1,487
Other comprehensive income		
Valuation difference on available-for-sale securities	-	0
Foreign currency translation adjustment	(53)	(96)
Total other comprehensive income	(53)	(95)
Comprehensive income	1,101	1,392
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	964	1,114
Comprehensive income attributable to non-controlling interests	136	277

(3) Consolidated Statement of Changes in Equity

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	609	801	2,186	(0)	3,597
Changes of items during period					
Issuance of new shares - exercise of share acquisition rights					-
Dividends of surplus			(190)		(190)
Purchase of shares of consolidated subsidiaries		(27)			(27)
Sales of shares of consolidated subsidiaries					-
Profit attributable to owners of parent			1,011		1,011
Purchase of treasury shares				(317)	(317)
Disposal of treasury shares					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(27)	820	(317)	476
Balance at end of current period	609	773	3,007	(317)	4,073

(Millions of yen)

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	-	6	6	40	606	4,250
Changes of items during period						
Issuance of new shares - exercise of share acquisition rights						-
Dividends of surplus						(190)
Purchase of shares of consolidated subsidiaries						(27)
Sales of shares of consolidated subsidiaries						-
Profit attributable to owners of parent						1,011
Purchase of treasury shares						(317)
Disposal of treasury shares						-
Net changes of items other than shareholders' equity	-	(46)	(46)	68	269	291
Total changes of items during period	-	(46)	(46)	68	269	767
Balance at end of current period	-	(39)	(39)	108	875	5,018

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	609	773	3,007	(317)	4,073
Changes of items during period					
Issuance of new shares - exercise of share acquisition rights	1,384	1,384			2,768
Dividends of surplus			(257)		(257)
Purchase of shares of consolidated subsidiaries		(28)			(28)
Sales of shares of consolidated subsidiaries		55			55
Profit attributable to owners of parent			1,210		1,210
Purchase of treasury shares					-
Disposal of treasury shares		259		314	573
Net changes of items other than shareholders' equity					
Total changes of items during period	1,384	1,671	952	314	4,323
Balance at end of current period	1,993	2,445	3,960	(2)	8,396

(Millions of yen)

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	-	(39)	(39)	108	875	5,018
Changes of items during period						
Issuance of new shares - exercise of share acquisition rights						2,768
Dividends of surplus						(257)
Purchase of shares of consolidated subsidiaries						(28)
Sales of shares of consolidated subsidiaries						55
Profit attributable to owners of parent						1,210
Purchase of treasury shares						-
Disposal of treasury shares						573
Net changes of items other than shareholders' equity	0	(96)	(95)	48	222	175
Total changes of items during period	0	(96)	(95)	48	222	4,498
Balance at end of current period	0	(135)	(134)	157	1,098	9,517

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)
Cash flows from operating activities		
Profit before income taxes	1,850	2,412
Depreciation	168	237
Amortization of goodwill	243	388
Impairment loss	154	-
Share-based compensation expenses	51	51
Increase (decrease) in provision for bonuses	91	100
Increase (decrease) in allowance for doubtful accounts	(3)	0
Increase (decrease) in provision for refund of permanent placement income	36	(22)
Increase (decrease) in provision for office transfer loss	(2)	0
Increase (decrease) in net defined benefit liability	-	4
Interest and dividend income	(2)	(2)
Interest expenses	20	23
Office transfer loss	6	3
Loss (gain) on sales of non-current assets	-	0
Loss (gain) on sales of investment securities	(2)	(37)
Loss on retirement of non-current assets	18	2
Loss (gain) on valuation of investment securities	-	56
Decrease (increase) in notes and accounts receivable - trade	(1,538)	(640)
Decrease (increase) in inventories	(42)	(38)
Decrease(increase)in real estate for sale in process	(311)	(240)
Decrease (increase) in real estate for sale	(310)	5
Increase (decrease) in notes and accounts payable - trade	(50)	28
Increase (decrease) in accounts payable - other	891	907
Increase (decrease) in accrued expenses	(172)	479
Increase (decrease) in deposits received	(56)	562
Increase (decrease) in accrued consumption taxes	(148)	271
Other, net	59	(7)
Subtotal	951	4,549
Interest and dividend income received	2	2
Interest expenses paid	(20)	(23)
Income taxes paid	(896)	(1,024)
Net cash provided by (used in) operating activities	38	3,503
Cash flows from investing activities		
Purchase of property, plant and equipment	(161)	(298)
Proceeds from sales of property, plant and equipment	0	26
Purchase of intangible assets	(145)	(196)
Purchase of investment securities	(164)	(159)
Proceeds from sales of investment securities	5	40
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(951)	(1,403)
Other, net	(159)	(104)
Net cash provided by (used in) investing activities	(1,576)	(2,095)

(Millions of yen)

	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,312	1,157
Proceeds from long-term loans payable	2,288	1,870
Repayments of long-term loans payable	(502)	(2,014)
Proceeds from issuance of share acquisition rights	17	5
Proceeds from issuance of shares resulting from exercise of share acquisition rights	-	2,740
Proceeds from disposal of treasury shares	-	571
Purchase of treasury shares	(317)	-
Cash dividends paid	(190)	(257)
Dividends paid to non-controlling interests	(81)	(84)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(76)	(101)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	86
Other, net	(2)	(3)
Net cash provided by (used in) financing activities	2,446	3,971
Effect of exchange rate change on cash and cash equivalents	(30)	153
Net increase (decrease) in cash and cash equivalents	877	5,532
Cash and cash equivalents at beginning of period	2,749	3,627
Cash and cash equivalents at end of period	3,627	9,159

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Reclassifications

Consolidated Statements of Income

“Foreign exchange losses” that was included in “Other” under non-operating expenses in the previous fiscal year is presented separately for the current fiscal year because it constitutes more than 10% of total non-operating expenses. In order to reflect changes in this presentation method, the consolidated financial statements for the previous fiscal year have been restated.

As a result, 12 million yen in “Other” under non-operating expenses shown in the prior-period consolidated statement of income is reclassified as 5 million yen in “Foreign exchange losses” and 7 million yen in “Other.”

Business Combinations

Business combination through acquisition

The Company purchased shares of Little Seeds Service Corporation, making this company a consolidated subsidiary.

(1) Summary of business combination

1) Acquired company and its business activities
Acquired company: Little Seeds Service Corporation
Business activities: Temporary staffing and consignment services

2) Reasons for acquisition
The Company believes that the acquisition of Little Seeds Service Corporation will enhance profitability due to more efficient and effective business operations with the consolidated subsidiary FAJ, Inc.

3) Acquisition date
September 30, 2017 (assumed acquisition date)

4) Legal form of acquisition
Acquisition of shares with cash

5) Name of the acquired company after acquisition
There is no change in the company’s name.

6) Percentage of voting rights acquired
100%

7) Basis for choosing the acquiring company
Because FAJ, Inc., a consolidated subsidiary of the Company, purchased shares of Little Seeds Service Corporation with cash, and acquired 100% of its voting rights.

(2) Period of the acquired company’s performance included in the consolidated financial statements

From October 1, 2017 to March 31, 2018

(3) Acquisition cost of the acquired company and breakdown by type of consideration

Payment for the acquisition (Cash)	540 million yen
Acquisition cost	540 million yen

(4) Details of major acquisition-related costs

Advisory fees, etc.: 31 million yen

(5) Goodwill resulting from the acquisition

1) Value of goodwill

290 million yen

The value of goodwill is calculated provisionally.

2) Source of goodwill

The source is primarily the expectation for Little Seeds Service Corporation to generate even higher earnings from upcoming business activities.

3) Amortization method and amortization period

Goodwill is amortized over five years by the straight-line method.

(6) Breakdown of assets acquired and liabilities assumed on the acquisition date

	(Millions of yen)
Current assets	510
Non-current assets	403
Total assets	913
Current liabilities	419
Non-current liabilities	243
Total liabilities	663

The Company purchased shares of DFP Recruitment Holdings Pty Ltd, making this company a consolidated subsidiary.

(1) Summary of business combination

1) Acquired company and its business activities

Acquired company: DFP Recruitment Holdings Pty Ltd

Business activities: Permanent placement and temporary staffing

2) Reasons for acquisition

The Company believes that the acquisition of DFP Recruitment Holdings Pty Ltd will make it possible to strengthen and expand the Group's position in the human resources service domain in Oceania.

3) Acquisition date

January 1, 2018 (assumed acquisition date)

4) Legal form of acquisition

Acquisition of shares with cash

5) Name of the acquired company after acquisition

There is no change in the company's name.

6) Percentage of voting rights acquired

60%

7) Basis for choosing the acquiring company

Because WILL GROUP Asia Pacific Pte. Ltd., a consolidated subsidiary of the Company, purchased shares of DFP Recruitment Holdings Pty Ltd. with cash, and acquired 60% of its voting rights.

(2) Period of the acquired company's performance included in the consolidated financial statements

From January 1, 2018 to March 25, 2018

(3) Acquisition cost of the acquired company and breakdown by type of consideration

Payment for the acquisition (Cash)	1,167 million yen
Acquisition cost	1,167 million yen

Note: The payment for the acquisition does not include the acquisition cost with conditions. The acquisition cost with conditions is a contractual obligation to make an additional payment if certain milestones are achieved after the acquisition. At this time, it is not possible to determine if this milestone payment is made. If this additional payment is made, the acquisition cost will be revised as if this additional payment had been made at the same time as the original acquisition payment. Goodwill and goodwill amortization will also be revised.

(4) Details of major acquisition-related costs

Advisory fees, etc.: 36 million yen

(5) Goodwill resulting from the acquisition

1) Value of goodwill
950 million yen

2) Source of goodwill
The source is primarily the expectation for DFP Recruitment Holdings Pty Ltd to generate even higher earnings from upcoming business activities.

3) Amortization method and amortization period
Goodwill is amortized over seven years by the straight-line method.

(6) Breakdown of assets acquired and liabilities assumed on the acquisition date

	(Millions of yen)
Current assets	1,753
Non-current assets	71
Total assets	1,825
Current liabilities	1,419
Non-current liabilities	1
Total liabilities	1,421

(7) Allocation of acquisition cost

As of March 31, 2018, work was still under way to determine identifiable assets and liabilities and their fair values as of the acquisition date. As the allocation of the acquisition cost has not been completed, a provisional accounting procedure was used that is based on information believed to be trustworthy available on this date.

Segment and Other Information

Segment information

1. Overview of reportable segments

Segments used for financial reporting are the Group's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Group has five reportable segments: Sales Outsourcing Business, Call Center Outsourcing Business, Factory Outsourcing Business, Care Support Business, and Overseas Human Resources Business.

The Sales Outsourcing Business is primarily the temporary staffing and permanent placement and consignment services for sales operations at consumer electronics and other stores in Japan.

The Call Center Outsourcing Business is primarily the temporary staffing and permanent placement of skilled personnel and consignment services for companies that operate call centers in Japan.

The Factory Outsourcing Business is primarily consignment services and temporary staffing and permanent placement of workers mainly for light work at factories and other sites in Japan.

The Care Support Business is primarily the temporary staffing and permanent placement of nursing care personnel at nursing care and other facilities in Japan.

The Overseas Human Resources Business is primarily temporary staffing, permanent placement and other human resources service business in the ASEAN and Oceania regions.

2. Calculation methods for net sales, profit/loss, assets, liabilities and other items for each reportable segment

The accounting treatment methods for reportable segments are generally the same as those listed in "Significant Accounting Policies in the Preparation of Consolidated Financial Statements" presented in the Company's annual securities report (Yuka Shoken Hokokusho), which was submitted on June 21, 2017.

3. Revisions for reportable segments

Categories used internally for managing performance were reexamined due to the increasing materiality of overseas operations. As a result, starting in the fiscal year that ended on March 31, 2018, the overseas human resources service business that was previously included in Others is a separate reportable segment called the Overseas Human Resources Business.

The segment information for the fiscal year that ended on March 31, 2017 has been revised to reflect the new segment classification.

4. Reconciliation of amounts shown in the consolidated financial statements with total for reportable segments

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017) (Millions of yen)

	Reportable segment						Others (Note 1)	Total	Adjustment (Note 2)	Amounts recorded in consolidated financial statements (Note 3)
	Sales Outsourcing	Call Center Outsourcing	Factory Outsourcing	Care Support	Overseas Human Resources	Total				
Net sales										
External sales	20,071	12,352	13,697	5,244	4,108	55,474	5,125	60,599	-	60,599
Inter-segment sales and transfers	0	-	-	-	-	0	33	33	(33)	-
Total	20,071	12,352	13,697	5,244	4,108	55,474	5,159	60,633	(33)	60,599
Segment profit	1,489	699	719	80	77	3,067	139	3,207	(1,243)	1,963
Segment assets	4,830	1,754	2,288	724	3,319	12,917	3,272	16,189	1,110	17,300
Other items										
Depreciation	22	14	10	12	12	72	22	95	72	168
Amortization of goodwill	77	-	-	-	159	237	5	243	-	243
Increase in property, plant and equipment and intangible assets	59	10	11	15	48	145	58	203	159	362

Notes: 1. Others is a business segment not included in any of the reportable segments and mainly temporary staffing and permanent placement to offices, contract staffing of ALTs, and permanent placement in the Internet and IoT fields.

2. Contents of adjustments are as follows.

(1) The negative adjustment of 1,243 million yen to segment profit includes elimination of -3 million yen for inter-segment transactions and corporate expenses of minus 1,240 million yen that are not allocated to any of the reportable segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the reportable segments.

(2) The 1,110 million yen adjustment to segment assets includes corporate assets that are not allocated to any of the reportable segments, which mainly consist of assets owned by the Company.

(3) The 72 million yen adjustment to depreciation includes depreciation of corporate assets that are not allocated to any of the reportable segments.

(4) The 159 million yen adjustment to increase in property, plant and equipment and intangible assets includes expenses for a core IT system (front-office system) (55 million yen) and expenses for the relocation of a data center (45 million yen).

3. Segment profit is adjusted to be consistent with operating profit recorded in the consolidated statement of income.

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018) (Millions of yen)

	Reportable segment						Others (Note 1)	Total	Adjustment (Note 2)	Amounts recorded in consolidated financial statements (Note 3)
	Sales Outsourcing	Call Center Outsourcing	Factory Outsourcing	Care Support	Overseas Human Resources	Total				
Net sales										
External sales	21,654	13,178	16,994	7,140	13,170	72,137	7,059	79,197	-	79,197
Inter-segment sales and transfers	1	-	1	-	-	2	5	7	(7)	-
Total	21,656	13,178	16,995	7,140	13,170	72,140	7,064	79,204	(7)	79,197
Segment profit (loss)	1,749	704	891	(16)	352	3,682	246	3,929	(1,511)	2,417
Segment assets	6,154	3,148	4,048	1,705	6,303	21,359	2,784	24,144	3,352	27,496
Other items										
Depreciation	30	15	14	17	34	112	29	141	96	237
Amortization of goodwill	77	-	29	-	262	368	19	388	-	388
Increase in property, plant and equipment and intangible assets	92	63	34	34	41	266	154	421	55	476

Notes: 1. Others is a business segment not included in any of the reportable segments and mainly temporary staffing and permanent placement to offices, contract staffing of ALTs, and permanent placement in the Internet and IoT fields.

2. Contents of adjustments are as follows.

(1) The negative adjustment of 1,511 million yen to segment profit (loss) includes elimination of 7 million yen for inter-segment transactions and corporate expenses of minus 1,518 million yen that are not allocated to any of the reportable segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the reportable segments.

(2) The 3,352 million yen adjustment to segment assets includes corporate assets that are not allocated to any of the reportable segments, which mainly consist of assets owned by the Company.

(3) The 96 million yen adjustment to depreciation includes depreciation of corporate assets that are not allocated to any of the reportable segments.

(4) The 55 million yen adjustment to increase in property, plant and equipment and intangible assets includes expenses for acquisitions involving additional development work for a core IT system (50 million yen).

3. Segment profit is adjusted to be consistent with operating profit recorded in the consolidated statement of income.

Related information

1. Information by product and service

This information is omitted since the same information is presented in segment information for the fiscal years ended March 31, 2017 and 2018.

2. Information by region

(1) Net sales

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

This information is omitted because external sales in Japan exceeded 90% of net sales on the consolidated statement of income.

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(Millions of yen)

Japan	Asia	Australia	Total
66,026	4,534	8,635	79,197

Note: Classification of net sales is based on the location of customers and categorized by country or region.

(2) Property, plant and equipment

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

This information is omitted since property, plant and equipment in Japan exceeded 90% of property, plant and equipment on the consolidated balance sheet.

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(Millions of yen)

Japan	Asia	Australia	Total
816	75	65	958

3. Information by major customer

Not applicable.

Information related to impairment of non-current assets for each reportable segment

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017) (Millions of yen)

	Sales Outsourcing	Call Center Outsourcing	Factory Outsourcing	Care Support	Overseas Human Resources	Other (Note)	Elimination or corporate	Total
Impairment loss	-	-	-	-	136	18	-	154

Note: Other includes an impairment loss on software intended for internal use.

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

Not applicable.

Information related to goodwill amortization and the unamortized balance for each reportable segment

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017) (Millions of yen)

	Sales Outsourcing	Call Center Outsourcing	Factory Outsourcing	Care Support	Overseas Human Resources	Other (Note)	Elimination or corporate	Total
Amortization for the period	77	-	-	-	159	5	-	243
Balance at the end of period	253	-	-	-	1,067	93	-	1,414

Note: Other mainly includes goodwill related to video creation business.

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018) (Millions of yen)

	Sales Outsourcing	Call Center Outsourcing	Factory Outsourcing	Care Support	Overseas Human Resources	Other (Note)	Elimination or corporate	Total
Amortization for the period	77	-	29	-	262	19	-	388
Balance at the end of period	192	-	261	-	1,707	73	-	2,234

Note: Other mainly includes goodwill related to video creation business.

Information related to gain on bargain purchase for each reportable segment

Not applicable.

Per Share Information

(Yen)

	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)
Net assets per share	219.56	373.52
Basic earnings per share	54.23	57.44
Diluted earnings per share	53.85	55.04

Notes: 1. The Company conducted a two-for-one common stock split effective on December 1, 2016. Net assets per share, basic earnings per share and diluted earnings per share are calculated as if this stock split had taken place at the beginning of the fiscal year ended March 31, 2017.

2. The basis of calculating basic earnings per share and diluted earnings per share is as follows:

(Millions of yen)

	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)
Basic earnings per share		
Profit attributable to owners of parent	1,011	1,210
Amounts not available to common shareholders	-	-
Profit attributable to owners of parent available to common stock	1,011	1,210
Average number of common stock outstanding during the period (Shares)	18,649,482	21,066,893
Diluted earnings per share		
Adjusted profit attributable to owners of parent	-	-
Increase in the number of common stock (Shares)	132,959	918,373
[of which share acquisition rights (Shares)]	[132,959]	[918,373]
Summary of potential stock not included in the calculation of "Diluted earnings per share" since there was no dilutive effect	Share acquisition rights issued pursuant to the Board of Directors' resolution on July 2016 Share acquisition rights: 1,184 units Common stock: 118,400 shares	Share acquisition rights issued pursuant to the Board of Directors' resolution on February 2018 Share acquisition rights: 5,420 units Common stock: 542,000 shares

Subsequent Events

Not applicable.

This financial report is solely a translation of the Company's Kessan Tanshin (including attachments) in Japanese, which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.