QUICK CO.,LTD.

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2018

[Japanese GAAP]

April 27, 2018

Company name: QUICK CO.,LTD. Listing: First Section, Tokyo Stock Exchange
Stock code: 4318 URL: https://919.jp/
Representative: Tsutomu Wano, President
Contact: Yasuhiko Hirata, Director, Executive Officer, General Manager of Administration and Accounting Division
Tel: +81-6-6366-0919
Scheduled date of Annual General Meeting of Shareholders: June 21, 2018
Scheduled date of filing of Annual Securities Report: June 21, 2018
Scheduled date of payment of dividend: June 22, 2018
Preparation of supplementary materials for financial results: Yes
Holding of financial results meeting: Yes

(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 results of operations (Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Mar. 31, 2018	16,775	15.1	2,198	10.0	2,300	10.9	1,627	17.0
Fiscal year ended Mar. 31, 2017	14,578	16.6	1,998	18.4	2,073	19.4	1,391	18.8

Note: Comprehensive income (millions of yen) Fiscal year ended Mar. 31, 2018: 1,802 (up 14.4%)
Fiscal year ended Mar. 31, 2017: 1,575 (up 36.2%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2018	86.62	-	25.5	23.1	13.1
Fiscal year ended Mar. 31, 2017	74.04	-	26.5	24.9	13.7

Reference: Equity in earnings of affiliates (millions of yen): Fiscal year ended Mar. 31, 2018: - Fiscal year ended Mar. 31, 2017: -

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2018	10,587	6,977	65.8	370.72
As of Mar. 31, 2017	9,300	5,796	62.3	308.51

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2018: 6,964 As of Mar. 31, 2017: 5,796

(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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended Mar. 31, 2018	1,432	(490)	(634)	5,014
Fiscal year ended Mar. 31, 2017	2,000	(255)	(504)	4,639

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2017	-	14.00	-	16.00	30.00	563	40.5	10.7
Fiscal year ended Mar. 31, 2018	-	17.00	-	18.00	35.00	657	40.4	10.3
Fiscal year ending Mar. 31, 2019 (forecasts)	-	19.00	-	19.00	38.00		40.7	

3. Consolidated Earnings Forecast 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		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	9,695	15.4	1,929	13.9	1,951	11.8	1,351	10.0	71.95
Full year	18,500	10.3	2,300	4.6	2,530	10.0	1,753	7.8	93.34

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(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 shares outstanding (common shares)

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

As of Mar. 31, 2018:	19,098,576 shares	As of Mar. 31, 2017:	19,098,576 shares

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

As of Mar. 31, 2018:	311,127 shares	As of Mar. 31, 2017:	311,017 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2018:	18,787,518 shares	Fiscal year ended Mar. 31, 2017:	18,787,591 shares

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2018 (April 1, 2017 – March 31, 2018)

(1) Non-consolidated results of operations (Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Mar. 31, 2018	10,989	11.8	1,802	15.2	2,077	15.4	1,549	23.4
Fiscal year ended Mar. 31, 2017	9,833	17.6	1,565	11.5	1,800	10.9	1,255	11.8

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2018	82.50	-
Fiscal year ended Mar. 31, 2017	66.84	-

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders’ equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2018	9,084	6,391	70.4	340.22
As of Mar. 31, 2017	7,931	5,295	66.8	281.88

Reference: Shareholders’ equity (millions of yen): As of Mar. 31, 2018: 6,391 As of Mar. 31, 2017: 5,295

* The current quarterly financial report is not subject to audits by certified public accountants or accounting firms.

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

Cautionary statement with respect to forward-looking statements

Forecasts and forward-looking statements in these materials are based on assumptions judged to be valid and information available to the Company’s management at the time the materials were prepared. These materials are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. For discussion of the assumptions and other factors considered by the Company in preparing the above projections, please refer to page 4 of the attachments “1. Overview of Results of Operations (4) Outlook.”

1. Overview of Results of Operations

(1) Results of Operations

During the fiscal year ended March 31, 2018, the Japanese economy continued to recover at a moderate pace as it saw an improvement in income and a pick-up in personal spending amid an ongoing improvement in corporate earnings backed by a recovery in exports and an increase in production. However, we need to be cautious about the future of the Japanese economy, given the negative factors such as the spread of protectionist sentiment spurred primarily by an increase in the U.S. imposed tariffs, appreciation of yen, rising resource prices, and geopolitical risks in neighboring countries as well as the increasing severity of the labor shortage in Japan.

In Japan’s labor market, a shortage of workers is becoming more severe in such sectors as transportation and construction besides manufacturing and service. In February 2018, the seasonally adjusted job openings-to-applicants ratio was 1.58, and the seasonally adjusted job openings-to-applicants ratio for full-time employees also remained high at 1.07. Against this backdrop, an increasing number of companies have taken actions to overcome this situation by strengthening recruiting activities to secure talented people, making greater use of female and elder workers, and implementing a pay raise. However, a fundamental solution for the labor shortage problem is yet to be found.

During the fiscal year ended March 31, 2018, the QUICK Group reinforced existing services, expanded operations in new strategic market sectors and developed new services. All activities are aimed at differentiating the QUICK Group from competitors and increasing customer satisfaction by helping solve recruiting and other labor-related problems at client companies. In addition, the Group used numerous measures to build a stronger foundation for business operations by increasing investments in human resources. Group companies aggressively recruited new graduates and other people with outstanding skills, improved compensation for group personnel and took other actions.

Centre People Appointments Ltd., which was acquired in August 2017, is included in the consolidated financial statements beginning with the third quarter.

As a result, both sales and earnings were higher for the eighth consecutive year, reaching all-time highs. Net sales increased 15.1% year-on-year to 16,775 million yen, operating profit increased 10.0% year-on-year to 2,198 million yen, ordinary profit increased 10.9% year-on-year to 2,300 million yen and profit attributable to owners of parent increased 17.0% year-on-year to 1,627 million yen.

Business segment performance (reportable segments and others) is as follows.

(Human Resources Services Business)

1) Personnel Placement

In the personnel placement category of this segment, recruiting needs remained high in the construction, civil engineering, manufacturing and other business sectors, as well as at hospitals, nursing care facilities and other health care facilities. To help meet these needs, the QUICK expanded the operation of websites and services in each business category. Also, in response to the increasing competition with other companies to register people for job placements, it further strengthened promotions to sign up people looking for jobs and took steps aimed at differentiating services and improving customer satisfaction. As a result of these measures, operations expanded steadily in the placements of professionals and technical staff to the business sectors as well as nurses to health care facilities.

2) Temporary Staffing, Temporary-to-Permanent Staffing and Business Contracting

In the temporary staffing, temporary-to-permanent staffing and business contracting category, corporate needs of using temporary staffing remained steady due to the increasing difficulty of directly recruiting full-time employees and others due to a declining unemployment rate in Japan. Under such circumstances, there was increased demand for the provision of temporary part-time workers in the IT and Internet sectors as well as for clerical jobs. Demand also remained strong for the temporary placement of workers in the medical and welfare sectors and of childcare workers.

Overall, Human Resources Services segment sales increased 21.6% year-on-year to 9,915 million yen and operating profit increased 16.3% year-on-year to 1,735 million yen.

(Recruiting Business)

In the Recruiting Business, there is growing demand in the mid-year hiring category because of Japan's labor shortage and a resulting increase in recruiting needs. As a result, the volume of recruiting advertisements handled by this business for client companies increased for registering people for temporary placements, hiring part-time workers and other purposes. The volume of recruiting advertisements for full-time employees also remained firm.

In the new college graduate category, with the background of the student-dominant seller's market, corporate activities for recruiting new graduates were aggressive and diversified. As a result, there was a larger volume of business from client companies for recruiting advertisements that target students expected to graduate in March 2019 and for services involving joint information meetings, exhibits and other recruiting events, which we started marketing from March 2018.

Sales from services other than recruiting advertising also steadily increased thanks to an increase in handling of recruitment tools including recruitment websites and company brochures. On the other hand, personnel and other related expenses in this segment increased because of investments in human resources in the form of improved compensation and strengthened recruiting activities.

Overall, Recruiting segment sales increased 3.3% year-on-year to 3,693 million yen and operating profit decreased 2.4% year-on-year to 881 million yen.

(Information Publishing Business)

In the Information Publishing Business, services in the housing field such as advertisements in "Iezukuri Navi," a housing information magazine in Hokuriku and "Cococolor Iezukuri" housing concierge services performed well. The posting service business using flyers inserted in newspapers and other publications also posted a solid performance. Further, in the mainstream lifestyle information magazines category, the performance in the Ishikawa area began to improve since the volume of town advertising of restaurants and shops for attracting customers was strong. However, the performance in the Toyama and Niigata areas remained weak.

Under these circumstances, in addition to opening the Takaoka Office in Takaoka city, Toyama prefecture in February 2018, QUICK actively made its moves into developing new markets such as releasing Web media "Shumatsu, Kanazawa." in March for delivering every day the latest information on Kanazawa carefully selected by the local editors.

Overall, Information Publishing segment sales decreased 1.8% year-on-year to 1,762 million yen and operating profit decreased 95.0% year-on-year to 3 million yen.

(Other Businesses)

1) Internet-Related Business

In the Internet-Related Business, with the background of shortage of workers due to the declining birthrate and aging population as well as the movement toward "work-style reform," there was an increased interest in HR solution businesses that support personnel strategies such as recruiting, development of employees' skills, enhanced welfare, and improvement in productivity. As a result, demand continued to be strong for promotional activities by human resources service companies resulting in a steady increase in advertising revenues at "Nihon no Jinjibu" (Japan's Human Resources Department), an information portal site for human resources and labor relations.

In response to the strong demand for this type of information, at the same time as HR Conference, which is Japan's largest human resources event, in November 2017 we organized HR Technology Conference 2017, an event focused on human resource technologies. Further, we provided new services and opportunities tailored to the market needs and interest and worked on further penetration of the "Nihon no Jinjibu" brand by holding in February 2018 HR Consortium with the theme of career and education in the age of 100-year life, in which persons in charge of human resources learned from each other beyond the framework of their company.

2) Overseas Business

In the United States, where the solid economy has continued to help improve employment conditions, QUICK USA, Inc. is continuing to deal with a seller's market for legal foreign workers because of stricter rules for granting working visas. Competition for the registration of people who speak English and Japanese is becoming increasingly heated. Despite this challenging environment, QUICK USA,Inc. continued its steady growth in both the personnel placement and temporary staffing categories by encouraging more people to get registered by making its registration website smartphone compatible and renewing the design to be more user friendly.

In China, where the recruiting sentiment has shown no sign of improvement as the economy is getting more stagnant, Shanghai QUICK CO., LTD. has posted a solid performance in its personnel and labor consulting business that provides services such as analysis for appropriate employee compensation and development of a personnel system to help strengthen the management of a client company, and implementation of training sessions for human resource development.

QUICK GLOBAL MEXICO, S.A. DE C.V., has steadily expanded its business through the placement of interpreters, salespeople, production controllers, accountants and other workers at Japanese companies in Mexico against a backdrop of continued expansion in Japanese automakers' operations in this country.

At Centre People Appointments LTD., both the personnel placement and temporary staffing businesses performed well.

Overall, sales in other businesses increased 33.4% year-on-year to 1,404 million yen and operating profit increased 9.0% year-on-year to 198 million yen.

(2) Financial Position

Assets

Total assets at the end of the fiscal year under review increased 13.8%, or 1,286 million yen, year-on-year to 10,587 million yen. This was mainly the result of increases in cash and deposits, notes and accounts receivable-trade, and investment securities.

Liabilities

Total liabilities at the end of the fiscal year under review increased 3.0%, or 105 million yen, year-on-year to 3,610 million yen. This was mainly the result of increases in accounts payable-other and accrued expenses despite a decrease in income taxes payable.

Net assets

Total net assets at the end of the fiscal year under review increased 20.4%, or 1,180 million yen, year-on-year to 6,977 million yen. This was mainly the result of an increase in retained earnings due to the booking of profit attributable to owners of parent.

Consequently, the shareholders' equity ratio increased 3.5 percentage points from the end of the previous fiscal year to 65.8%.

(3) Cash Flows

Cash and cash equivalents (hereinafter referred to as "net cash") increased 375 million yen from the end of the previous fiscal year to 5,014 million yen at the end of the current fiscal year. Outflows included income taxes paid and cash dividends paid, while inflows included profit before income taxes.

Cash flows by category are as follows.

Cash flows from operating activities

Net cash provided by operating activities decreased 28.4% year-on-year to 1,432 million yen. Negative factors include income taxes paid of 817 million yen and an increase of 135 million yen in notes and accounts receivable-trade. Positive factors include profit before income taxes of 2,275 million yen.

Cash flows from investing activities

Net cash used in investing activities increased 91.8% year-on-year to 490 million yen. Negative factors include purchase of non-current assets of 288 million yen and purchase of shares of subsidiaries resulting in change in scope of consolidation of 142 million yen.

Cash flows from financing activities

Net cash used in financing activities increased 25.8% year-on-year to 634 million yen. Negative factors include cash dividends paid of 618 million yen and repayments of lease obligations of 14 million yen.

Reference: Cash flow indicators

	FY3/14	FY3/15	FY3/16	FY3/17	FY3/18
Shareholders’ equity ratio (%)	60.1	58.4	64.2	62.3	65.8
Shareholders’ equity ratio based on market value (%)	211.2	228.1	226.0	238.4	337.7
Ratio of interest-bearing debt to cash flows (years)	0.4	0.2	0.2	0.1	0.1
Interest coverage ratio (times)	179.3	344.7	316.2	736.5	623.8

- 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 by the number of shares outstanding at the end of the period, excluding treasury shares.
3. Cash flows are based on “Net cash provided by (used in) operating activities.”
4. Interest-bearing debt includes all debts on the consolidated balance sheet that incur interest.

(4) Outlook

The Japanese economy continues to recover slowly with the support of healthy corporate earnings and improved income environment. However, we need to be cautious about the future of the Japanese economy, given the political confusion at home, uncertainty of overseas economies such as the trade friction between the U.S. and China, and rising geopolitical risks in the neighboring countries.

Whereas the Japanese government is pursuing “work-style reform” in order to raise productivity by using IT and ensure a sufficient supply of workers by hiring female and elder workers, we do not anticipate that the reform will bring a significant progress with solving Japan’s labor shortage.

In the Human Resources Services Business, we will strengthen operations in the existing domains of personnel placement market and also cultivate the new category of job placements for specialists. We aim to increase the number of registrant for personnel placements by expanding and enriching contents on the websites we operate in each business domain, renewing them and increasing other promotional activities. At the same time, we will focus on strengthening our organization by actively hiring competent new graduates and mid-year professionals and providing an extensive training program.

In the temporary staffing, temporary-to-permanent staffing and business contracting category, Japan’s improved employment situation has created a growing tendency of job seekers to look for a full-time employee status. As a result, companies find it more difficult to hire temporary staff who wish to work full-time. As we expect that more Japanese companies will proactively hire part-time staff in the future, we will leverage the dedicated website named “Haken de Part” to attract registrants for part-time staff and step up our sales efforts. In the medical and welfare sectors we plan to meet demands for personnel in home nursing and health care fields. In the childcare temporary staffing business, we will expand the content of the dedicated website named “Hoitomo Osaka” for placement of childcare professionals to attract registrants and raise the awareness of this website brand.

In the Recruiting Business, we will strive to strengthen our sales structure as the whole of our organization by implementing position-specific trainings. We also aim to enhance customer development through using our own sites and holding various seminars to introduce our products and services. Further, in response to recruiting challenges our client companies are facing, we will pursue client companies’ success in recruiting activities and their satisfaction by providing multi-perspective, one-stop services ranging from proposing on recruitment plans to addressing follow-up issues after employees joining a company.

In the Information Publishing Business, we will work on making our business more appealing for customers through increasing the volume of information of infrastructure type media including lifestyle information and home information magazines and cultivating new markets. In concierge (face-to-face consultation) services, we aim to provide services that are supported by both client companies and users through reorganization in the career change domain and delivery of more sophisticated services in the housing domain. In the posting business, we newly opened the Takaoka Office in February 2018 aiming to enlarge our service network and to augment operating performance through an early stabilization of its flyer distribution organization.

In the Internet-Related Business, we aim to achieve a further growth of our core “Nihon no Jinjibu” website by increasing the number of the website members and its access frequency. At the same time, we will leverage the “Nihon no Jinjibu” brand to strengthen peripheral services in the human resources service industry and hold new types of events in order to assist client companies with activities to promote sales of their products and services and attract more customers.

In the Overseas Business, we will continue to further strengthen personnel placement and temporary staffing and personnel and labor consulting. We also aim to establish ourselves as a partner that helps resolve human resources issues at client companies and to reinforce our earnings base.

As a result, we expect consolidated net sales of 18,500 million yen (up 10.3% year-on-year), operating profit of 2,300 million yen (up 4.6%), ordinary profit of 2,530 million yen (up 10.0%), and profit attributable to owners of parent of 1,753 million yen (up 7.8%) for the fiscal year ending March 31, 2019.

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

Quick positions the return of profits to shareholders as a priority management issue, and endeavors to achieve sustainable growth and increase corporate value.

With regard to the dividends of surplus, we aim to enhance our return of profits and augment shareholders’ value with a basic policy that adopts 40% of profit attributable to owners of parent as our target dividend payout ratio, taking into consideration such factors as strengthening our financial base and future business developments.

Based on this dividend policy, for the fiscal year under review we plan to pay a fiscal year-end dividend of 18 yen per share, an increase of one yen per share compared with the initial forecast. Accordingly, we forecast an annual dividend of 35 yen per share, consisting of a dividend of 17 yen at the end of the second quarter and 18 yen at fiscal year-end.

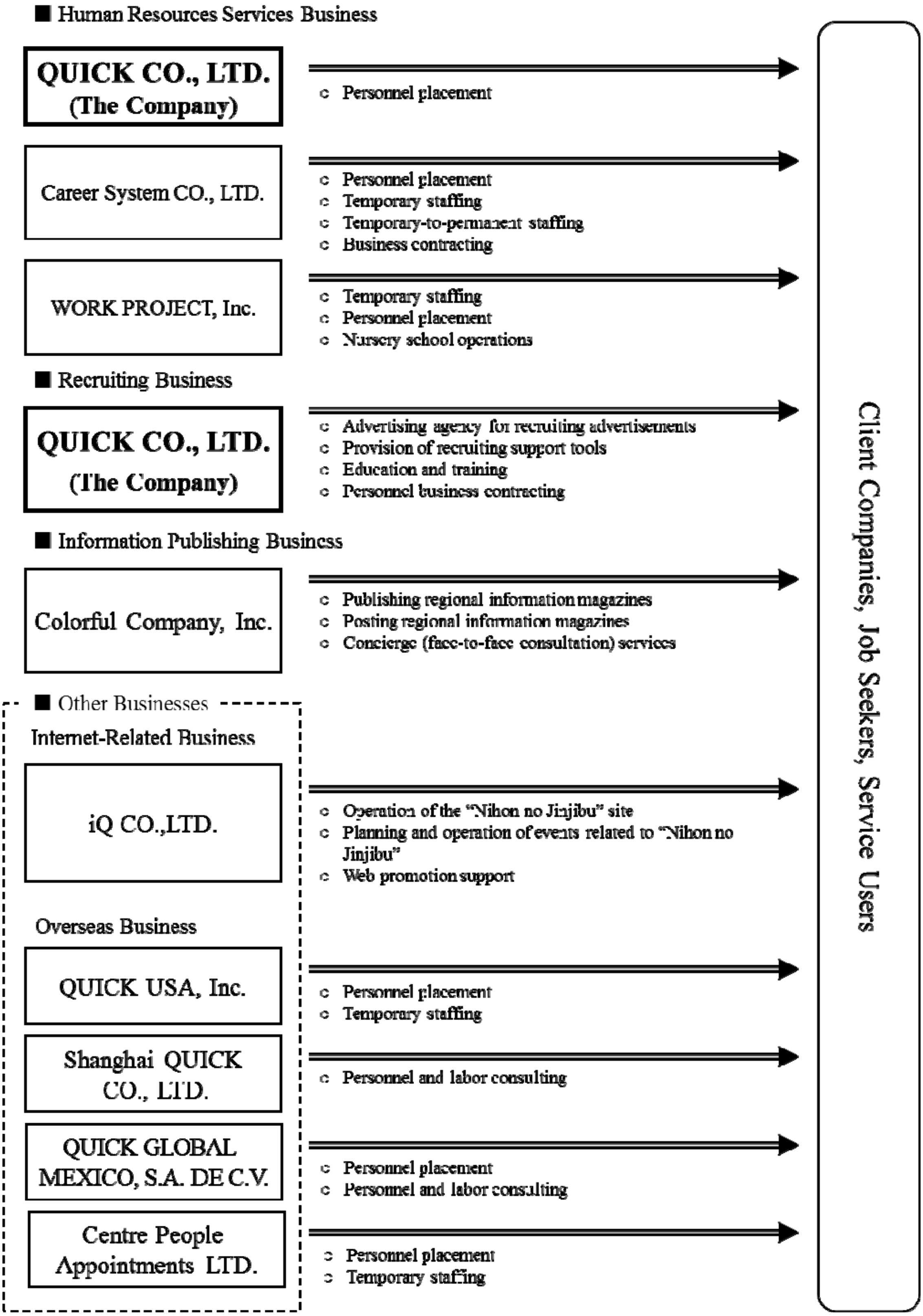
For the fiscal year ending March 31, 2019, we forecast an annual dividend of 38 yen per share, consisting of a dividend of 19 yen each at the end of the second quarter and fiscal year-end.

At present, we do not expect to award quarterly or other dividends other than at the end of the second quarter and fiscal year-end.

2. Corporate Group

The QUICK Group (the Company and its affiliated companies) consists of QUICK CO.,LTD. (the Company), eight consolidated subsidiaries and two non-consolidated subsidiaries. Business operations are 1) Human Resources Services Business, 2) Recruiting Business, 3) Information Publishing Business and 4) Other Businesses (Internet-Related Business and Overseas Business).

A flowchart of the Group's business operations is as follows.



Notes: 1. Above eight affiliated companies are all consolidated.
2. Two non-consolidated subsidiaries are not shown because the effect on the consolidated results is negligible.

3. Management Policies

(1) Basic Management Policy

Since the time of its establishment, the QUICK Group has provided comprehensive human resources services that link people and companies. Themed on human resources, we develop business that contributes to society. Going forward, we will continue to grow as a company that “contributes to society through the human resources and information businesses.”

The QUICK Group conducts personnel placement business, temporary staffing, temporary-to-permanent staffing, business contracting and nursery school operation (Human Resources Services Business); advertising agency business for recruiting advertisements, education and training, personnel business contracting and provision of recruiting support tools (Recruiting Business); publication and posting of regional information magazines and concierge (face-to-face consultation) services (Information Publishing Business); operation of the “Nihon no Jinjibu” site, planning and operation of events related to the “Nihon no Jinjibu” and supports for Web promotions (Internet-Related Business); and personnel placement business, temporary staffing and personnel and labor consulting in the United States, China, Mexico and the United Kingdom (Overseas Business).

Taking advantage of the synergistic effects of these businesses, the Group will strengthen its businesses in order to respond swiftly to market needs, including those of client companies and job seekers. We will also build up our sales structure and strive to enhance management efficiencies.

(2) Performance Targets

In addition to expanding the scale of its operations, the QUICK Group’s policy is to build a profit-oriented organization that makes effective use of such business assets as its proprietary sales network and expertise in attracting registrants who wish to change careers. To achieve these goals and in order to attain stable growth and build a robust financial foundation, the Group aims to increase its ordinary profit margin and return on equity (ROE) over the medium to long-term.

(3) Medium- and Long-term Management Strategy

The QUICK Group aims to expand its areas of business as a comprehensive human resources services and information services company.

To this end, we intend to further strengthen our Human Resources Services Business. We also plan to achieve the medium- to long-term growth of the Recruiting Business, Information Publishing Business, Internet-Related Business and Overseas Business.

In each business, we will engage in cultivation of new service domains and development of new products, services and business models. We will strive to build a sales structure to swiftly meet changing market needs and pursue synergies by strengthening cooperation between businesses.

Furthermore, we will proactively develop our businesses overseas. Through collaboration between our overseas companies and businesses in Japan, we will develop global human resources services aimed at realizing the concept of the “Sekai no Jinjibu (Human Resources Department for the world).”

(4) Issues to Address

Based on its management philosophy of “making everyone involved happy” and its business philosophy of “contributing to society through human resources and information businesses,” the QUICK Group aims to revamp existing businesses and propose new services. At the same time, we will continue to invest in strategic fields and grow in these fields with the goal of becoming the leader in these targeted markets. In the global human resources business, there are a growing number of Japanese companies that must deal with recruiting and personnel and labor issues at their overseas operations. In Japan, companies are facing an increasingly severe labor shortage caused by the country’s falling birthrate and aging population. We will use numerous activities in order to accomplish our goal of becoming a “Sekai no Jinjibu” that can help solve the labor issues of companies in Japan and other countries.

Furthermore, we will enhance education and training programs for our workforce in order to give our people the skills needed to accomplish these goals, thereby enabling the QUICK Group to grow even faster.

The issues in individual businesses are outlined below.

(Human Resources Services Business)

In the personnel placement business, human resources companies are competing ever more intensely in order primarily to attract registrants for specialized jobs in the construction and civil engineering, pharmaceutical, manufacturing, and other business sectors and also for nursing jobs in the health care and other facilities. To succeed, we are renewing our website with more contents available online to make them more useful and conducting effective promotional activities. By using a variety of actions, we will make the brands of all our websites more powerful and attract more people to register for job placements. In other moves to become more competitive as an organization, this business will aggressively recruit talented people and strengthen personnel development.

In the temporary staffing, temporary-to-permanent staffing, business contracting and other businesses, there is a growing tendency for companies to hire job seekers and temporary staffing workers as full-time employees because of Japan's falling unemployment rate. Furthermore, as we continue to see a strong demand for human resources from the medical and welfare sector, it is our challenge to attract new registrants who wish to work as temporary staff. In order to attract more people to register for temporary staffing placements, we will strive to strengthen promotional activities on and add more contents to our Group's websites consisting of "Haken de Part" targeting temporary part-time workers, "Medicare Career" targeting temporary workers in the medical and welfare sectors, and "Hoitomo Osaka" targeting temporary childcare workers so that each website can draw more people to it with enhanced brand power.

(Recruiting Business)

In the Recruiting Business, demand for recruiting services at client companies remains very strong, but it is expected that Japan's labor shortage will hinder companies more from hiring workers they need. Under such circumstances, diversified recruiting techniques as well as competition among recruiting media companies are accelerating the stringent competition in the recruiting business. To address this situation, we will pursue to strengthen consulting-based sales approach in which we propose multi-perspective, one-stop services to assist client companies in order for them to succeed in their recruiting activities, thereby enhancing their satisfaction. The approach includes not only proposing on recruiting advertisement, but also helping them produce recruiting tools such as recruiting websites and design a recruiting process. We will also strive to cultivate new customers by creating more connections with potential customers through seminars and the website named "Sai Katsu Ryoku" (company's ability to hire the right types of people), which introduces our products and services.

(Information Publishing Business)

The Information Publishing Business is seeing a further diversification of advertising techniques affected by the market entry of new competitors and development of website advertisement using SNS. In response to the change, we will strive to enhance the value of our media by increasing the volume of information in our major media and cultivating the new category of job placements. In general, web media had been positioned as a complementary contents of existing media. However, we will create an independent content of web media to deal with various needs of client companies sending information in the form of advertisement and of users receiving those information.

(Other Businesses)

1) Internet-Related Business

We expect continued growth in the need for promotional activities at human resources service companies because of the movement toward "work-style reform." We at the same time should expect that "Nihon no Jinjibu"—our main business platform to face more intensified competition with other competing websites going forward. As a countermeasure to that, we will aim to increase the number of registered members of the "Nihon no Jinjibu" website and enhance its competitiveness through enriching contents and making it more mobile-friendly. We will also take initiative to build a new business model by leveraging the brand power and membership network of the abovementioned website. Through these measures, we want to establish a sound base for consistent medium- to long-term growth of the Internet-Related Business.

2) Overseas Business

In the United States, there is a strong demand for human resources services at client companies, but we expect that the country will continue to be a seller's market for legal foreign workers because of the stricter rules by the government for granting and renewing working visas. To address this situation, we will strive to improve matching accuracy by capturing a wide range of job to meet what job seekers are looking for and reinforcing follow-up activities after hiring for both job seekers and client companies to make sure a stable employment for the both sides. We also aim to increase profitability by price revisions. Recruiting and training activities for QUICK's own workforce are another priority in order to strengthen sales activities and the entire U.S. business organization.

In China, there are an increasing number of issues involving labor relations at the local companies. As a result, there is still a steadily growing need for personnel and labor consulting services. In response to this need, we will build up sales and service structure by recruiting and training QUICK's own workforce to provide more companies with comprehensive support extending from solving client companies' recruiting and personnel and labor issues to employee training programs. Consequently, we will successfully manage opportunity loss risks and, at the same time, enhance our credibility and competitiveness as a company providing a personnel and labor consulting service.

We expect that Mexico will continue to see a consistent strong demand for human resources services in the domestic automobile industry. We will respond to the demand by reinforcing sales activities through recruiting and training for QUICK's own workforce. We also aim to increase the number of registrants by upgrading contents of the website we operate, improving usability of the website and holding seminars and events both in Japan and Mexico.

In the United Kingdom, uncertainty over employment prospects is growing with the upcoming country's withdrawal from the European Union. To address this situation, we will build infrastructure to capture registrants on the website and also enhance personnel placement for Japanese companies in European countries other than the United Kingdom, thereby establishing a sound foundation for business looking to a consistent medium to long-term growth.

4. Basic Approach to the Selection of Accounting Standards

The Group will continue to prepare its consolidated financial statements in accordance with 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 (IFRS) by taking into account associated factors in Japan and other countries.

5. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	FY3/17 (As of Mar. 31, 2017)	FY3/18 (As of Mar. 31, 2018)
Assets		
Current assets		
Cash and deposits	4,669,428	5,044,883
Notes and accounts receivable-trade	1,784,605	1,997,915
Deferred tax assets	201,772	172,903
Other	334,404	380,119
Allowance for doubtful accounts	(1,845)	(1,443)
Total current assets	6,988,364	7,594,377
Non-current assets		
Property, plant and equipment		
Buildings and structures	992,752	1,177,384
Accumulated depreciation	(601,190)	(645,675)
Buildings and structures, net	391,561	531,709
Vehicles	3,436	8,796
Accumulated depreciation	(687)	(1,958)
Vehicles, net	2,749	6,838
Tools, furniture and fixtures	156,133	202,964
Accumulated depreciation	(91,255)	(112,951)
Tools, furniture and fixtures, net	64,877	90,012
Land	276,869	276,869
Leased assets	44,063	12,626
Accumulated depreciation	(36,147)	(4,603)
Leased assets, net	7,915	8,022
Construction in progress	-	70,811
Total property, plant and equipment	743,973	984,264
Intangible assets		
Goodwill	-	143,708
Leased assets	16,514	6,224
Other	203,055	192,428
Total intangible assets	219,569	342,361
Investments and other assets		
Investment securities	882,788	1,100,759
Lease deposits	410,030	510,491
Deferred tax assets	3,479	3,805
Other	70,996	62,250
Allowance for doubtful accounts	(18,527)	(11,105)
Total investments and other assets	1,348,767	1,666,200
Total non-current assets	2,312,310	2,992,825
Total assets	9,300,675	10,587,203

(Thousands of yen)

	FY3/17 (As of Mar. 31, 2017)	FY3/18 (As of Mar. 31, 2018)
Liabilities		
Current liabilities		
Accounts payable-trade	653,118	655,473
Short-term loans payable	189,902	188,300
Accounts payable-other	713,656	889,392
Accrued expenses	376,407	442,178
Lease obligations	13,895	8,652
Income taxes payable	522,873	342,450
Accrued consumption taxes	226,340	235,419
Provision for bonuses	406,918	359,642
Provision for directors' bonuses	52,450	-
Provision for repayment	15,000	17,100
Asset retirement obligations	1,465	-
Other	129,242	181,397
Total current liabilities	3,301,271	3,320,007
Non-current liabilities		
Lease obligations	10,959	5,915
Deferred tax liabilities	153,568	226,908
Asset retirement obligations	37,965	55,310
Other	746	1,970
Total non-current liabilities	203,239	290,105
Total liabilities	3,504,510	3,610,113
Net assets		
Shareholders' equity		
Capital stock	351,317	351,317
Capital surplus	307,998	307,998
Retained earnings	4,728,581	5,723,382
Treasury shares	(19,019)	(19,223)
Total shareholders' equity	5,368,878	6,363,475
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	420,525	586,784
Foreign currency translation adjustment	6,760	14,629
Total accumulated other comprehensive income	427,285	601,413
Non-controlling interests	-	12,201
Total net assets	5,796,164	6,977,090
Total liabilities and net assets	9,300,675	10,587,203

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Thousands of yen)

	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)
Net sales	14,578,829	16,775,078
Cost of sales	5,904,003	7,026,983
Gross profit	8,674,825	9,748,094
Selling, general and administrative expenses	6,676,660	7,549,332
Operating profit	1,998,165	2,198,762
Non-operating income		
Interest income	355	114
Dividend income	8,830	14,379
Sale cooperation fee	26,000	-
Book sales commission	20,682	22,562
Subsidy income	-	30,921
Other	22,853	39,565
Total non-operating income	78,721	107,543
Non-operating expenses		
Interest expenses	2,728	2,351
Foreign exchange losses	-	2,326
Other	387	1,077
Total non-operating expenses	3,115	5,755
Ordinary profit	2,073,770	2,300,551
Extraordinary income		
Gain on sales of investment securities	-	507
Total extraordinary income	-	507
Extraordinary losses		
Loss on sales of non-current assets	517	51
Loss on retirement of non-current assets	1,399	26,004
Total extraordinary losses	1,916	26,055
Profit before income taxes	2,071,853	2,275,004
Income taxes-current	766,970	617,699
Income taxes-deferred	(86,221)	28,967
Total income taxes	680,748	646,667
Profit	1,391,104	1,628,337
Profit attributable to non-controlling interests	-	1,044
Profit attributable to owners of parent	1,391,104	1,627,292

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)
Profit	1,391,104	1,628,337
Other comprehensive income		
Valuation difference on available-for-sale securities	189,018	166,259
Foreign currency translation adjustment	(4,291)	7,922
Total other comprehensive income	184,726	174,181
Comprehensive income	1,575,831	1,802,518
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,575,831	1,801,420
Comprehensive income attributable to non-controlling interests	-	1,097

(3) Consolidated Statement of Changes in Equity

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	351,317	307,998	3,825,954	(18,975)	4,466,294
Changes of items during period					
Dividends of surplus			(488,477)		(488,477)
Profit attributable to owners of parent			1,391,104		1,391,104
Purchase of treasury shares				(43)	(43)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	902,627	(43)	902,584
Balance at end of current period	351,317	307,998	4,728,581	(19,019)	5,368,878

	Accumulated other comprehensive income			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	231,507	11,051	242,558	4,708,853
Changes of items during period				
Dividends of surplus				(488,477)
Profit attributable to owners of parent				1,391,104
Purchase of treasury shares				(43)
Net changes of items other than shareholders' equity	189,018	(4,291)	184,726	184,726
Total changes of items during period	189,018	(4,291)	184,726	1,087,310
Balance at end of current period	420,525	6,760	427,285	5,796,164

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	351,317	307,998	4,728,581	(19,019)	5,368,878
Changes of items during period					
Dividends of surplus			(619,989)		(619,989)
Profit attributable to owners of parent			1,627,292		1,627,292
Purchase of treasury shares				(204)	(204)
Change of scope of consolidation			(12,503)		(12,503)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	994,800	(204)	994,596
Balance at end of current period	351,317	307,998	5,723,382	(19,223)	6,363,475

	Accumulated other comprehensive income			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	420,525	6,760	427,285	-	5,796,164
Changes of items during period					
Dividends of surplus					(619,989)
Profit attributable to owners of parent					1,627,292
Purchase of treasury shares					(204)
Change of scope of consolidation					(12,503)
Net changes of items other than shareholders' equity	166,259	7,868	174,127	12,201	186,329
Total changes of items during period	166,259	7,868	174,127	12,201	1,180,925
Balance at end of current period	586,784	14,629	601,413	12,201	6,977,090

(4) Consolidated Statement of Cash Flows

(Thousands 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	2,071,853	2,275,004
Depreciation	125,157	152,886
Amortization of goodwill	-	7,389
Increase (decrease) in allowance for doubtful accounts	7,586	(7,943)
Increase (decrease) in provision for bonuses	164,461	(51,529)
Increase (decrease) in provision for directors' bonuses	52,450	(52,450)
Increase (decrease) in provision for repayment	(600)	2,100
Interest and dividend income	(9,185)	(14,494)
Interest expenses	2,728	2,351
Loss (gain) on sales of non-current assets	517	51
Loss on retirement of non-current assets	1,399	26,004
Loss (gain) on sales of investment securities	-	(507)
Decrease (increase) in notes and accounts receivable-trade	(155,211)	(135,948)
Increase (decrease) in notes and accounts payable-trade	49,021	(25,974)
Decrease (increase) in lease and guarantee deposits	(47,431)	(86,218)
Increase (decrease) in accrued consumption taxes	93,791	(10,996)
Other, net	226,655	158,419
Subtotal	2,583,193	2,238,143
Interest and dividend income received	9,186	14,494
Interest expenses paid	(2,716)	(2,296)
Income taxes paid	(589,123)	(817,773)
Net cash provided by (used in) operating activities	2,000,540	1,432,567
Cash flows from investing activities		
Purchase of property, plant and equipment	(20,966)	(198,452)
Proceeds from sales of property, plant and equipment	330	-
Purchase of intangible assets	(103,853)	(89,803)
Purchase of investment securities	(80,469)	(65,538)
Proceeds from sales of investment securities	-	840
Payments of loans receivable	(50,000)	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(142,499)
Other, net	(800)	4,803
Net cash provided by (used in) investing activities	(255,758)	(490,650)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,500)	(1,602)
Repayments of lease obligations	(14,686)	(14,133)
Purchase of treasury shares	(43)	(204)
Cash dividends paid	(488,013)	(618,271)
Net cash provided by (used in) financing activities	(504,243)	(634,210)
Effect of exchange rate change on cash and cash equivalents	(1,897)	2,407
Net increase (decrease) in cash and cash equivalents	1,238,640	310,113
Cash and cash equivalents at beginning of period	3,400,787	4,639,428
Increase in cash and cash equivalents from newly consolidated subsidiary	-	65,341
Cash and cash equivalents at end of period	4,639,428	5,014,883

(5) Notes to Consolidated Financial Statements

Going-concern Assumption

Not applicable.

Segment Information

1. Outline of reportable segments

The reportable segments of the Company are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and to assess performance.

The QUICK Group engages in a diverse range of businesses, including personnel placement and temporary staffing, providing services related to recruiting advertisement, and publishing regional information magazines. The Company and its consolidated subsidiaries (hereinafter "business operation companies") are independent management units that independently draft comprehensive business strategies and develop business activities for each business.

Accordingly, the QUICK Group is composed of business-specific segments based on the Company's business operating structure and business operation companies. The Group has three reportable segments: Human Resources Services Business, Recruiting Business and Information Publishing Business. Businesses not included in these reportable segments are categorized as Other Businesses.

Main activities of the Human Resources Services Business include personnel placement, temporary staffing, temporary-to-permanent staffing, business contracting and nursery school operations. Main activities of the Recruiting Business include an advertising agency business for recruiting advertisements, provision of recruiting support tools, education and training, and personnel business contracting. Main activities of the Information Publishing Business include publication and posting of regional information magazines, and concierge (face-to-face consultation) services. The Other Businesses operates the "Nihon no Jinjibu" site, plans and operates events related to the "Nihon no Jinjibu," supports Web promotions (Internet-Related Business) and engages in personnel placement, temporary staffing, and personnel and labor consulting in the United States, China, Mexico and the United Kingdom (Overseas Business).

2. Calculation method of net sales, profit/loss, assets and other items in each reportable segment

The method of accounting for the reported operating segments is in accordance with the accounting policy adopted to prepare the consolidated financial statements.

Profits for reportable segments are generally operating profit.

Inter-segment sales and transfers are based on prevailing market prices.

3. Information pertaining to net sales, profit/loss, assets and other items in reportable segments

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

	Reportable Segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount in the consolidated financial statements (Note 3)
	Human Resources Services Business	Recruiting Business	Information Publishing Business	Subtotal				
Net sales								
Sales to external customers	8,155,566	3,575,889	1,794,595	13,526,050	1,052,778	14,578,829	—	14,578,829
Inter-segment sales and transfers	3,206	6,978	10,476	20,661	61,016	81,677	(81,677)	—
Total	8,158,772	3,582,867	1,805,071	13,546,711	1,113,794	14,660,506	(81,677)	14,578,829
Segment profit	1,491,492	903,235	68,557	2,463,284	182,112	2,645,396	(647,231)	1,998,165
Segment assets	3,643,056	2,196,184	1,071,235	6,910,476	775,585	7,686,062	1,614,613	9,300,675
Other items								
Depreciation	63,661	3,527	19,394	86,583	6,651	93,235	31,922	125,157
Increase in property, plant and equipment and intangible assets	81,139	1,640	45,933	128,713	36,650	165,363	5,495	170,858

Notes: 1. Other represents the businesses which are not included in any of the reportable segments and mainly consists of Internet-Related Business and Overseas Business.

2. Contents of adjustments are as follows.

(1) The (647,231) thousand yen adjustment to segment profit includes elimination for inter-segment transactions of 126,147 thousand yen, and (773,378) thousand yen in company-wide costs that cannot be allocated to any specific reportable segments. Company-wide costs consist primarily of expenses related to the administration division, which are not attributable to any reportable segments, including general affairs and accounting at the Company.

(2) The 1,614,613 thousand yen adjustment to segment assets includes elimination for inter-segment transactions of (171,119) thousand yen, and 1,785,732 thousand yen in company-wide assets that cannot be allocated to any specific reportable segments. Company-wide assets consist primarily of the Company's excess funds (cash and deposits), long-term investments (investment securities), and assets which belong to the administration division.

(3) The 31,922 thousand yen adjustment to depreciation is the sum of assets which belong to the administration division that cannot be allocated to reportable segments.

(4) The 5,495 thousand yen adjustment to an increase in property, plant and equipment and intangible assets is the sum of assets which are not attributable to any reportable segments and belong to the administration division.

3. Segment profit is adjusted with operating profit shown on the consolidated statement of income.

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

	Reportable Segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount in the consolidated financial statements (Note 3)
	Human Resources Services Business	Recruiting Business	Information Publishing Business	Subtotal				
Net sales								
Sales to external customers	9,915,233	3,693,440	1,762,265	15,370,939	1,404,138	16,775,078	—	16,775,078
Inter-segment sales and transfers	2,143	25,990	11,859	39,994	46,614	86,608	(86,608)	—
Total	9,917,377	3,719,431	1,774,125	15,410,933	1,450,753	16,861,687	(86,608)	16,775,078
Segment profit	1,735,060	881,467	3,407	2,619,935	198,416	2,818,351	(619,588)	2,198,762
Segment assets	4,426,126	2,224,995	971,462	7,622,583	1,051,704	8,674,288	1,912,914	10,587,203
Other items								
Depreciation	73,383	3,262	27,451	104,097	14,339	118,437	34,449	152,886
Increase in property, plant and equipment and intangible assets	170,583	31,497	36,152	238,233	9,961	248,194	35,177	283,371

Notes: 1. Other represents the businesses which are not included in any of the reportable segments and mainly consists of Internet-Related Business and Overseas Business.

2. Contents of adjustments are as follows.

(1) The (619,588) thousand yen adjustment to segment profit includes elimination for inter-segment transactions of 137,338 thousand yen, and (756,926) thousand yen in company-wide costs that cannot be allocated to any specific reportable segments. Company-wide costs consist primarily of expenses related to the administration division, which are not attributable to any reportable segments, including general affairs and accounting at the Company.

(2) The 1,912,914 thousand yen adjustment to segment assets includes elimination for inter-segment transactions of (174,262) thousand yen, and 2,087,177 thousand yen in company-wide assets that cannot be allocated to any specific reportable segments. Company-wide assets consist primarily of the Company's excess funds (cash and deposits), long-term investments (investment securities), and assets which belong to the administration division.

(3) The 34,449 thousand yen adjustment to depreciation is the sum of assets which belong to the administration division that cannot be allocated to reportable segments.

(4) The 35,177 thousand yen adjustment to an increase in property, plant and equipment and intangible assets is the sum of assets which are not attributable to any reportable segments and belong to the administration division that cannot be allocated to reportable segments.

3. Segment profit is adjusted with operating profit shown on the consolidated statement of income.