

Yumeshin Holdings Co Ltd (2362)

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Income Statement (Million Yen)	FY09/07 Cons.	FY09/08 Cons.	FY09/09 Par.	FY09/10 Cons.	FY09/11 Cons.	FY09/12 Est.
Total Sales	38,831	7,080	5,483	4,862	6,817	11,000
YoY	-6.6%	-81.8%	-22.6%	-11.3%	40.2%	61.4%
Gross Profit	4,562	2,037	1,759	1,490	1,899	
YoY	-26.7%	-55.3%	-13.7%	-15.3%	27.4%	
GPM	11.7%	28.8%	32.1%	30.7%	27.9%	
Operating Profit	288	489	756	520	543	1,250
YoY	-65.6%	69.7%	54.5%	-31.2%	4.4%	130.3%
OPM	0.7%	6.9%	13.8%	10.7%	8.0%	11.4%
Recurring Profit	245	372	807	552	451	1,350
YoY	-81.0%	51.9%	117.1%	-31.6%	-18.3%	199.1%
RPM	0.6%	5.3%	14.7%	11.4%	6.6%	12.3%
Net Income	-42	349	679	431	102	700
YoY	-	-	94.5%	-36.5%	-76.3%	584.7%
Net Margin	-	4.9%	12.4%	8.9%	1.5%	6.4%
Per Share Data						
Number of Shares	74,573	74,573	74,573	74,573	74,573	
EPS	-0.6	4.9	9.9	6.7	1.4	11.7
Dividend Per Share	-	2.0	3.0	2.0	2.0	3.0
Book Value Per Share	23.1	26.8	32.3	31.3	26.6	
Balance Sheet (Million Yen)						
Cash and Equivalents	3,080	2,105	1,710	2,020	2,304	
Total Current Assets	7,261	3,713	2,816	3,027	3,917	
Tangible Fixed Assets, net	1,129	1,360	1,405	1,230	1,388	
Other Fixed Assets	907	542	641	788	566	
Intangible Assets	14	2	40	36	759	
Total Assets	9,311	5,618	4,902	5,082	6,630	
Accounts Payable	26	14	10	8	10	
Short Term Debt	4,096	1,195	1,119	702	2,195	
Total Current Liabilities	5,333	1,764	1,538	1,102	3,400	
Long Term Debt	2,078	1,922	1,198	2,020	1,088	
Total Fixed Liabilities	2,088	1,929	1,203	2,024	1,472	
Total Liabilities	7,421	3,692	2,740	3,126	4,872	
Net Assets	1,891	1,925	2,161	1,956	1,757	
Interest bearing debt (total)	6,174	3,117	2,317	2,722	3,284	
Cash Flow Statement (Million Yen)						
Operating Cash Flow	-1,392	504	941	558	528	
Investment Cash Flow	5,900	1,670	82	-498	-409	
Financing Cash Flow	-13,071	-3,105	-1,237	-178	4	
Financial Ratios						
ROA	-0.1%	4.7%	12.9%	8.6%	1.7%	
ROE	-1.6%	18.3%	33.2%	20.9%	5.5%	
Equity Ratio	17.8%	34.3%	44.1%	38.5%	23.6%	

Source: Company Data Processed by SR Inc.

Figures may differ from company materials due to differences in rounding methods.

Recent Updates

Highlights

On **December 12, 2011**, Yumeshin Holdings announced it had opened a recruitment office in Tokyo's Shibuya ward.

(For original Japanese-language only PDF announcement [please click here \(http://www.yumeshin.co.jp/ir/pdf/ir2011121202.pdf\)](http://www.yumeshin.co.jp/ir/pdf/ir2011121202.pdf).)

The company also released monthly sales data for November 2011: click here to go directly to the Monthly Trends section.

(For original Japanese-language only PDF announcement [please click here \(http://www.yumeshin.co.jp/ir/pdf/ir20111212.pdf\)](http://www.yumeshin.co.jp/ir/pdf/ir20111212.pdf).)

On **November 11, 2011**, the company released monthly sales data for October 2011.

On **October 31, 2011**, the company released FY09/11 results: click here to go directly to the FY09/11 results section.

(For original Japanese-language only PDF announcement [please click here \(https://www.release.tdnet.info/inbs/140120111031036224.pdf\)](https://www.release.tdnet.info/inbs/140120111031036224.pdf).)

On **October 14, 2011**, the company released monthly sales data for September 2011.

For corporate releases and developments more than three months old please refer to the News & Topics section.

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Trends & Outlook

Monthly Trends

Monthly Sales (Million Yen)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
FY09/12													
Sales	495	508											
(YoY)	18.6%	15.6%											
Construction Staffing	475	488											
(YoY)	18.8%	16.9%											
Drawing	20	20											
(YoY)	14.3%	-7.6%											
FY09/11													
Sales	417	440	443	430	448	453	409	407	426	451	459	478	5,261
(YoY)	7.5%	11.4%	12.4%	12.6%	9.1%	7.6%	17.4%	29.7%	27.4%	22.8%	20.4%	18.0%	15.9%
Construction Staffing	400	418	423	413	435	434	392	390	407	432	440	460	5,044
(YoY)	8.1%	10.1%	11.7%	11.2%	9.0%	7.6%	17.2%	30.1%	28.6%	23.6%	20.4%	18.4%	15.8%
Drawing	18	22	20	17	13	19	17	17	19	18	19	18	217
(YoY)	-4.2%	40.7%	32.2%	62.2%	10.2%	9.2%	23.2%	22.0%	7.1%	7.0%	18.7%	8.1%	17.9%

Source: Company Data Processed by SR Inc. Figures may differ from company materials due to differences in rounding methods.

New Condominium Starts in Tokyo Metropolitan Area

	2011	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Total
Housing Starts		16,783	19,744	17,021		
(YoY)		57.2%	74.2%	33.9%		
	2010	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Total
Housing Starts		10,673	11,333	12,707	16,659	51,372
(YoY)		-34.1%	24.4%	65.1%	137.1%	28.3%
	2009	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Total
Housing Starts		16,208	9,113	7,695	7,025	40,041
(YoY)		-42.8%	-66.3%	-71.6%	-61.4%	-60.2%

Source: MLIT "Statistics on Building Construction Starts" Data Processed by SR Inc.

Quarterly Trends

(Million Yen)	FY09/10				FY09/11				FY09/11	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	1,249	1,333	1,050	1,229	1,369	1,500	1,404	2,544	131.1%	5,200
YoY	-26.0%	-12.3%	-3.3%	3.4%	9.6%	12.6%	33.7%	106.9%		7.0%
GP	376	453	283	378	424	482	395	598		
YoY	-32.3%	-6.6%	-20.8%	4.6%	12.9%	6.4%	39.7%	58.0%		
GPM	30.1%	34.0%	26.9%	30.8%	31.0%	32.2%	28.1%	23.5%		
SG&A	231	241	219	280	261	282	288	526		
YoY	-29.0%	-2.9%	1.8%	30.4%	13.1%	16.9%	31.6%	87.9%		
SG&A / Sales	18.5%	18.1%	20.8%	22.8%	19.1%	18.8%	20.5%	20.7%		
OP	145	213	64	98	163	201	107	72	87.5%	620
YoY	-36.8%	-10.4%	-55.0%	-33.1%	12.5%	-5.6%	67.5%	-27.1%		19.2%
OPM	11.6%	15.9%	6.1%	8.0%	11.9%	13.4%	7.6%	2.8%		11.9%
RP	170	201	81	100	186	179	110	-24	72.8%	620
YoY	-25.2%	-10.7%	-41.5%	-53.7%	9.9%	-11.0%	35.9%	-		12.3%
RPM	13.6%	15.1%	7.7%	8.2%	13.6%	11.9%	7.8%	-		11.9%
NI	110	180	-16	157	102	58	36	-94	29.2%	350
YoY	-3.3%	27.2%	-	-48.9%	-6.5%	-67.9%	-	-		-18.8%
NPM	8.8%	13.5%	-	12.8%	7.5%	3.9%	2.5%	-		6.7%

Source: Company Data Processed by SR Inc.

Figures may differ from company materials due to differences in rounding methods.

Full-Year FY09/11 Results (Announced on October 31, 2011; please refer to tables above)

Sales increased 40.2% YoY to 6.8 billion yen while at the parent level, sales rose 12.6% YoY to 5.5 billion yen. The consolidation of Unitech Soft Inc. in January 2011 and Fullcast Technology Co. (now Yumeshin Technology Co.) in May 2011 both contributed to the higher top-line figure.

At the parent level, the general-contractor temporary staffing business performed as follows:

- Average overtime: 36.4 hours (FY09/10: 33.3 hours)
- Staff utilization rate: 97.2% (FY09/10: 92.5%)
- Number of staff (supervisors provided to clients): average of 818 staff for FY09/11; 893 staff as of end-FY09/11 (FY09/10; average of 737 staff; 745 staff as of end-FY09/10)

Operating profit came in at 543 million yen, up 4.4% YoY. At the parent level operating profit rose 19.7% YoY to 728 million yen, however, operating losses at Gakidaisyo Co., which runs the Daycare segment, and Yumeshin Medical Support, which runs the Medical and Nursing Support segment, capped a broader increase in operating profit figures.

Recurring profit fell 18.3% YoY to 451 million yen owing to 121 million yen in syndicated loan fees and 29 million yen in fees related to bond issuance being booked at the parent level as non-operating expenses, which resulted in a 16.9% YoY decline in recurring profit to 644 million yen at the parent.

Net income dropped 76.3% YoY to 102 million yen due to a 51.7% decline in net income at the parent level to 244 million yen as lower recurring profit and an increase in corporate taxes weighed on the bottom line, in addition Yumeshin Technology posted an extraordinary loss.

Recurring profit came in 27.3% below the company's forecast, while net income was off 70.9% from FY09/11's forecast. As outlined above, recurring profit was below plan due to non-operating expenses related to syndicated loan fees at the parent. As for net income, a higher corporate tax rate and an extraordinary loss at Yumeshin Technology were the main causes for the lower than expected figures.

For details on previous quarterly and annual results please refer to the Historical Financial Statements section.

Full Year (FY09/12) Outlook

FY09/12 Forecast (Million Yen)	FY09/11 Actual			Company Estimates		
	1H	2H	Full-Year	1H	2H	Full-Year
Sales	2,869	3,948	6,817	5,300	5,700	11,000
YoY	11.1%	73.2%	40.2%	84.7%	44.4%	61.4%
CoGS	1,962	31,449	33,412			
Gross Profit	906	993	1,899			
YoY	9.3%	50.2%	27.4%			
GPM	31.6%	25.2%	27.9%			
SG&A	542	814	1,357			
SG&A / Sales	18.9%	20.6%	19.9%			
Operating Profit	364	179	543	600	650	1,250
YoY	1.8%	10.2%	4.4%	64.8%	263.8%	130.3%
OPM	12.7%	4.5%	8.0%	11.3%	11.4%	11.4%
Recurring Profit	365	86	451	600	750	1,350
YoY	-1.5%	-52.6%	-18.3%	64.2%	773.7%	199.1%
RPM	12.7%	2.2%	6.6%	11.3%	13.2%	12.3%
Net Income	160	-58	102	300	400	700
YoY	-	-	-76.3%	87.1%	-	584.7%

Source: Company Data Processed by SR Inc.

Figures may differ from company materials due to differences in rounding methods.

For FY09/12, the company is forecasting sales of 11 billion yen, a 61.4% increase YoY, and operating profit of 1.3 billion yen, up 130.3% YoY.

FY09/12 forecasts by segment

Yumeshin Holdings (Construction Technician Temporary Staffing)

- Sales: 6.3 billion yen (+15.4% YoY)
- Operating profit: 1.1 billion yen (+51.1% YoY)
- Recurring profit: 1.0 billion yen (+86.6% YoY)
- Net income: 550 million yen (+125.4% YoY)

Yumeshin Technology

- Sales: 3.8 billion yen (-9.4% YoY)
- Operating profit: 200 million yen (+59.8% YoY)
- Recurring profit: 200 million yen (+58.7% YoY)
- Net income: 180 million yen (vs. 178 million yen net loss in FY09/11)

Other consolidated subsidiaries

- Sales: 900 million yen
- Operating loss: 20 million yen
- Recurring profit: 85 million yen
- Net income: 85 million yen

At first glance these forecasts appear aggressive, but the company anticipates achieving them mainly through Yumeshin Holdings (the Construction Technician Temporary Staffing business). It expects there to be a high level of demand for construction industry personnel due to:

- A gradual recovery in new condominium starts
- A decline in construction industry personnel
- Anticipated demand for reconstruction work following March 2011's earthquake in Tohoku

Against this backdrop, the company anticipates realizing its forecasts via increased staff numbers, higher staff utilization rates (the number of staff sent out to a construction site divided by the number of total dispatch staff), and reviewing its pricing.

Average staff headcount during FY09/11 was 818 people (and 893 as of end-FY09/11). For FY09/12 the company intends to raise average headcount to 930 people (1,048 people by the end of FY09/12.) To secure the necessary headcount, the company plans to employ students who did not major in architecture and also to establish additional regional employment centers as well as centers in the Tokyo metropolitan area. Finally, it is aiming to raise staff utilization rates to 98.7% in FY09/12 from FY09/11's average of 97.2%.

These forecasts do not incorporate any expected demand increase from reconstruction projects following March 2011's quake. If reconstruction project demand materializes, the company remarked it would employ extra staff in addition to its forecast and would also dispatch some of them to its Sendai office, which has been established as a base to support reconstruction efforts.

Yumeshin Technology is aiming to secure new clients and increase its headcount with an eye to operations in FY09/13 and beyond, although for FY09/12, hitting its forecast will be driven by implementation of low-cost performance measures.

Other group subsidiaries include Gakidaisyo Co., Yumeshin Medical Support Co., and Unitech Soft Inc. During FY09/11, Gakidaisyo recorded an extraordinary loss of 6 million yen, but is targeting recurring profit of 44 million yen in FY09/12. Gakidaisyo appeared to have achieved profitability on a monthly basis during FY09/11 and intends to meet its FY09/12 forecasts through the three childcare facilities it now operates. In July 2011, Yumeshin Medical Support opened two day-service facilities and has stated it plans to make them profitable.

Finally, in addition to these core businesses, the company is looking for M&A opportunities targeting businesses that match its ethos of 'providing temporary staff with high value add.'

Long Term Outlook

The company does not publish a medium-term business plan, but has set such management targets as 15% annual sales growth, gross profit margins of at least 30%, SG&A costs of no more than 15% of sales, and recurring profit margin of at least 15%.

Assuming that the company achieves the above goals (gross profit margins of 30%, and SG&A of 15% of sales), based on its FY09/10 performance, sales in FY09/13 could reach approximately 9.0 billion yen, with operating profit and recurring profit of about 1.4 billion yen. The company already achieved a gross profit margin of more than 30% in both FY09/09 and FY09/10. On the other hand, Yumeshin is probably going to need sales growth and cost controls in order to achieve the goal of 15% SG&A to sales ratio. SR Inc. thinks that the company's SG&A costs are of a "semi-fixed" nature (see "Business Model" section), i.e. they can be lowered if absolutely necessary. However, restricting costs may lower the motivation of the sales staff. Therefore, it is probably fair to say that achieving sales growth of at least 15% is by far the preferred way of getting SG&A expenses below 15%. In order for the company to achieve these rates of sales growth, SR Inc. thinks that the following assumptions must hold: condominium housing starts in the greater Tokyo area recover from low levels in 2009 and 2010, and the company increases its market share. As of November 2011, the Tokyo condominium market has been recovering so the first assumption supports the growth thesis. It is now up to the company to grow market share.

The discussion above focuses on Temporary Staffing, the company's main business. Yumeshin is trying to build a second earnings

pillar, experimenting with new businesses. As of November 2011, it is hard to judge whether or not the new initiatives are going to be successful, but the company has been planting seeds of future growth in such areas as child daycare, digital signage, and medical care.

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Business

Business Description

The company operates four business segments; Construction Technician Temporary Staffing, Engineer Temporary Staffing, Daycare Services, and Medical and Nursing Support. Up until FY09/10, the company had only had two segments, Construction Technician Temporary Staffing and Daycare; the other two segments were added during FY09/11 through M&A.

Segment Sales, Recurring Profit (Million Yen)	FY09/10 Cons.	FY09/11 Cons.
Sales	4,862	6,817
(YoY)	-11.3%	40.2%
Construction Technician Temporary Staffing (YoY)	4,552	5,268
	-10.9%	15.7%
Engineer Temporary Staffing, (YoY)	-	1,210
	-	-
Daycare Services (YoY)	309	318
	-	2.9%
Medical and Nursing Support (YoY)	-	21
	-	-
Recurring Profit	552	451
(YoY)	-31.6%	-18.3%
RPM	11.4%	6.6%
Construction Technician Temporary Staffing (YoY)	693	773
	-	11.5%
RPM	15.2%	14.7%
Engineer Temporary Staffing, (YoY)	-	-1
	-	-
RPM	-	-
Daycare Services (YoY)	-73	8
	-	-
RPM	-	-
Medical and Nursing Support (YoY)	-	-47
	-	-
RPM	-	-

Source: Company Data Processed by SR Inc.

Figures may differ from company materials due to differences in rounding methods.

Construction Technician Temporary Staffing

The parent company, Yumeshin, runs this core business. Construction Technician Temporary Staffing can be further subdivided into Construction and Technical Support Services, Drawing and Blueprint Production, and General Personnel Services.

The company is engaged in so-called "specific temporary staffing". It signs a "worker staffing agreement" with a client and dispatches its own full-time employees to perform the job on client sites. The client directly manages the staff and can utilize them for the duration of an assignment. This form of employment relationship is legally different from so-called "general temporary staffing" when workers register as "temporary staff" with the service provider.

In construction, timing of orders is uncertain, site locations change with each project, duration of projects varies and is comparatively short, and the work is labor intensive. According to the company, this makes outsourcing perfectly suited for the needs of the industry. While many of its peers provide outsourcing services in different fields, Yumeshin focuses on construction supervisory staffing.

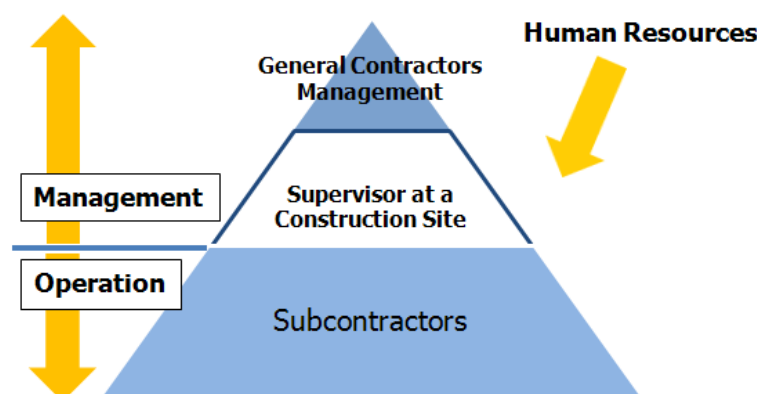
Construction Technology Support Services

This is the company's core business, it has been offering this service since March 1991. The company provides construction companies with construction supervisors and CAD operators, providing support for technical personnel at construction sites. Yumeshin's full-time employees are about 80% of staff; the remaining 20% are contract employees.

Before talking about the company's Temporary Staffing segment, some features of the Japanese construction industry warrant an explanation. Japan's construction industry has a unique multilayered subcontracting structure. General contractors mostly handle project supervision, subcontracting out work from the original project to subcontractors. Employees of the general contractor do not take part in production. Workers employed by subcontractors handle actual construction work. General contractors are usually companies that can manage the construction project directly for the end customer. Typical examples of general contractors include Taisei Corporation (TSE 1801), Obayashi Corporation (TSE 1802), Shimizu Corporation (TSE 1803), Kajima Corporation Inc. (TSE 1812), Takenaka Corporation (privately held), Nishimatsu Construction Co., Ltd. (TSE 1820), Maeda Corporation (TSE 1824), and Tokyu Construction Co., Ltd. (TSE 1720). Large subcontracting firms would typically include major facility construction companies like Kanden Co., Ltd. (TSE 1942), Kinden Corporation (TSE 1944), or Takasago Thermal Engineering Co., Ltd., Inc. (TSE 1969). Occasionally, these major facility construction companies might themselves serve as primary contractors. In addition to these firms there are companies engaged in various specialized areas such as carpentry work, structural steel, interiors, etc. These are also referred to as "subcontractors". While there are some subcontractors that hire their own workers, most will further "sub-subcontract" the work out to smaller operations. This sort of secondary and tertiary subcontracting is what gives the industry its multilayered subcontracting structure.

Construction supervision services provided by the company staff include such general supervision tasks as coordinating work of various specialist workers on the construction site, preparing and making corrections in construction drawings, etc. In the multilayer subcontracting structure of a typical Japanese construction site, Yumeshin provides construction site supervisors who

assist in communication between the prime contractor employees (managers and supervisors) and subcontractors (workers who actually do construction).



Source: Company Data Processed by SR Inc.

Looking at the segment sales breakdown by client, General Contractors made up 67.9% of sales in FY09/10. Peripheral Construction (electrical/facilities) was 15.8%, with Other (Civil Engineering, Interiors, and Detached Home Construction) the remaining 16.3%. The proportion of General Contracting has been falling, but for the past several years, the contribution of Peripheral Construction and Other has remained relatively high.

Sales Composition Rank	FY09/09 (Of Total)	FY09/10 (Of Total)	FY09/11 (Of Total)
1 Tokyu Construction Co., Ltd.	6.0%	Tokyu Construction Co., Ltd. 7.3%	Tokyu Construction Co., Ltd. 7.1%
2 Kajima Corporation	4.3%	Kajima Corporation 3.8%	Konoike Construction Co.,Ltd. 4.2%
3 Maeda Corporation	3.8%	Konoike Construction Co.,Ltd. 3.5%	Kajima Corporation 3.5%
4 Keio Construction Co., Ltd.	3.7%	Takenaka Corporation 3.5%	Takenaka Corporation 2.9%
5 Konoike Construction Co.,Ltd.	3.5%	Daiwa Odakyu Construction Co., 3.0%	Daiwa Odakyu Construction Co., Ltd. 2.7%
Top 5 Companies	21.3%	Top 5 Companies 21.1%	Top 5 Companies 20.4%

Source: Company Data Processed by SR Inc.

The company had 750 client firms in FY09/11, the top five clients representing 20% of all sales, and the top 20 clients representing about 30% of sales, illustrating relatively low client concentration. Condo construction is the largest part of the business. Looking at the breakdown of types of projects Yumeshin is involved with for its general contractor clients, about 60% has been condominiums, 10% offices, and 10% commercial facilities (Source: Company data, as of FY09/11).

Employees Age Distribution	Yumeshin	Construction Industry	All Industries
20s	62.1%	14.4%	19.1%
30s	17.5%	22.7%	24.0%
40s	9.3%	22.4%	21.6%
50s	11.1%	40.5%	35.3%

Source: Minister of Economy, Trade and Industry Data Processed by SR Inc.

Another characteristic trait differentiating Yumeshin from competition is the fact that its employees are relatively young. The Japanese construction industry as a whole is aging as shown in the table above – over 40% of all employees are in their fifties and less than 40% are in their twenties and thirties. This is because the construction industry held back on new hiring when the asset price bubble burst in Japan in the early 90s. By contrast, almost 80% of Yumeshin's staff are in their twenties and thirties. Construction sites are typically harsh environments exposed to the elements. Wages tend to be low and employees must be physically fit. Therefore, young staff fit the bill better. The company responds to this client need by mainly employing young people for its Temporary Staffing services. Remarkably, of the company's 20-year-old employees, around 80% have been with the firm for at least three years. Employees typically go through two weeks of initial training in-house, and are then sent to gain real experience at client sites. The company emphasizes this sort of sink-or-swim on-the-job training (OJT) and believes that while new employees may lack knowledge and experience during their first year with the company, communication skills are more important for clients than technical skills.

Employees by Regions (Number of Employees)	Tokyo	Osaka	Nagoya	Total
New Employees	72	0	0	72
Female Employees	123	16	1	140
Male Employees	289	18	7	314
Temporary Employees	139	30	2	171
Total	623	64	10	697
Temporary Employee Composition	89.4%	9.2%	1.4%	100.0%

Source: Company Data Processed by SR Inc.

The majority of Yumeshin's business is focused on the greater Tokyo area. Tokyo comprises almost 90% of all sites served by the company because there is more work in Tokyo than in other areas. For instance, approximately 51.2% of the nationwide condo starts in 2009 were in the greater Tokyo area (source: MLIT). The company also had Temporary Staffing operations in other areas such as Sapporo, Sendai, and Fukuoka, but these offices were eventually closed as they failed to achieve satisfactory profitability.

As of FY09/11, the company had 893 staff (supervisors that it provides to clients). The number of staff it sends to any particular

site depends on the project; from 1-2 people for a typical small one up to 10 for a large project. Contracts are monthly, with eight-hour workdays and two days off per week. Any other work is treated as overtime.

There were about 40 sales personnel as of FY09/11. The emphasis is on individual performance rather than teamwork. While the salespeople work to develop new clients, given that it has been in the business for long time, the majority of effort is concentrated on working with existing accounts.

Construction Drawing Services

The company started out as an architectural design firm but changed its business model and emphasized construction drawing services once it realized that working drawings were as important as master plans in making sure construction can be performed at a high quality level. Working drawings are also known as "production design drawings" and cover not only basic construction plans but also such areas as durability, weatherability, appearance, project scheduling, costing, etc. The clients for drawing services are general contractors and other construction related firms. In order to respond to the demand for lower cost construction drawings, the company began outsourcing drawing production to affiliates in China (Shanghai, Dalian) and Vietnam.

According to the company, drawing services have gross profit margins of about 70% and operating profit margins of up to 40%.

General Personnel Services

Provided by the parent company, these services focus on daycare center staffing.

The potential impact of the proposed bill to revise the Worker Dispatch Law on the company's business

The company says that if the proposed bill to revise the Worker Dispatch Law passes, the impact on Yumeshin's performance should be minimal. The main points of the proposal include banning registration-type temporary staffing, temporary staffing in the manufacturing industry (excluding cases of regular employment over one year), temporary staffing of day laborers (ban on day laborers and similar), and equalizing wages and work conditions for temporary workers with full-time employees. There should be no impact on Yumeshin's permanent staff, about 80% of the total. Furthermore, there is likely to be a grace period of three years during which the company can change the status of the remaining staff into permanent.

Daycare Services

Through their subsidiary Gaki Daisho (started in October 2009), the company operates licensed/certified daycare facilities. The segment also is involved in dispatching nursery care workers and general staff, although predominantly the focus is on nursery care workers. As of November 2011, it had two certified (please see the Market and Value Chain section for more details on Certified Daycare Facilities) daycare facilities (in Tokyo and Yokohama) and one unlicensed daycare facility. The company is looking to grow the number of certified facilities, while the unlicensed facility management (substantially less profitable) can be seen as an experience-building exercise.

Engineer Temporary Staffing

Operations in this segment are carried out by Yumeshin Technology Co. (formerly, Fullcast Technology Co.) and Unitech Soft, which were both acquired during FY09/11. Yumeshin Technology provides temporary engineers to auto, electronics, and semiconductor manufacturers, while Unitech Soft handles system engineers.

Medical and Nursing Support

Yumeshin Medical Support handles this business. On July 1, 2011, it opened daycare facilities at two locations, in Tokyo's Bunkyo ward and Itabashi ward. In addition, it is also starting-up support services for doctors and dentists in this segment.

Business Model

Construction Technician Temporary Staffing

The company's sales are driven by the number of staff (for construction sites or CAD operators) that it dispatches and the price charged for the duration of assignment. According to the company, clients typically seek discounts, but because no other companies can supply the numbers of young (which means relatively lower cost) staff that Yumeshin can, Yumeshin unit prices remain mostly stable.

The majority of the cost of sales is labor. However, an important point to keep in mind when looking the company's Temporary Staffing segment is that it still has to pay employees even when there is no work and employees aren't on clients' sites. It is hard to adjust the wages rapidly. Given that the unit prices are basically stable, as mentioned above, the spread between the price charged and wage paid also must be stable. Therefore, changes in gross profit margins are driven by staff utilization rates (number of staff sent out to a construction site divided by the number of total dispatch staff). SR Inc. would consider the labor costs incurred by the company to be long-term variable. Because of the difficult working conditions of the construction sites and other reasons causing staff to quit, the average tenure of the Yumeshin employees is about 3-5 years (as of FY09/10). This means that the company can adjust the headcount by restricting new hiring and reducing the size of its staff through natural attrition.

The majority of SG&A is in personnel costs. Judging from past performance, these costs can also be considered long-term variable as the company had been adjusting them with fluctuations in sales levels.

Daycare Services

According to the company, the initial cost of opening a daycare facility is approximately 50 million yen. Broken down, about half is remodeling costs, with the remainder for equipment, supplies, agency fees, and advertising.

At a certified daycare facility, the facility (business operator) has direct contracts with the guardians of the children. At a licensed daycare facility, guardians contract with the local administration (e.g. town, ward, etc.). Daycare fees paid by guardians vary depending upon the area, but as a rule, the fees are fixed for all of the daycare facilities in the same area. Also, the local governments pay the operator subsidies based on the age of children in care. In the case of Yumeshin, typical subsidies in Tokyo are in the area of about 20 million yen per facility.

The largest single expense is for salaries of the daycare providers, followed by rent and administrative expenses. With respect to the balance of payments, the company expects to be operating in the black by FY09/12, but on a monthly basis, it had achieved profitability during FY09/11.

According to a survey of 220 certified daycare facilities in Tokyo, the average operating profit margins was 6% at certified daycare facilities, and about 17.4% were operating in the red ("Survey of Business Climate of Certified Daycare Facilities," by Professor Wataru Suzuki of Gakushuin University, 2008). The proportion of subsidies to sales averaged 67.4%. While the business is dependent on subsidies, it seems clear that it can be run profitably (assuming subsidies are not reduced). Personnel costs were 68.6% of sales according to the study, a significant factor impacting profitability.

Profitability/Financial Indicators

Because there are no other listed staffing providers catering to the construction industry, it is difficult to make relative performance comparisons. Additionally, the company tried to diversify into areas other than Temporary Staffing from FY09/06- FY09/07. However, to the extent that one can evaluate the period from FY09/08 to FY09/11, when the company refocused on Temporary Staffing, it seems that return on equity (ROE) and return on assets (ROA) were high. (Note: net income was admittedly low for this segment during FY09/11 as a result of the company's business acquisitions and start-ups during the period.)

Profit Margins (Million Yen)	FY09/07	FY09/08	FY09/09	FY09/10	FY09/11
	Cons.	Cons.	Par.	Cons.	Cons.
Gross Profit	4,562	2,037	1,759	1,490	1,899
Gross Profit Margin	11.7%	28.8%	32.1%	30.7%	27.9%
Operating Profit	288	489	756	520	543
OP Margin	0.7%	6.9%	13.8%	10.7%	8.0%
EBITDA	326	516	782	554	627
EBITDA Margin	0.8%	7.3%	14.3%	11.4%	9.2%
Net Profit Margin	-0.1%	4.9%	12.4%	8.9%	1.5%
Financial Ratios					
ROA	-0.1%	4.7%	12.9%	8.6%	1.7%
ROE	-1.6%	18.3%	33.2%	20.9%	5.5%
Total Asset Turnover	1.36	0.95	1.04	0.97	1.16
Working Capital Requirement	2,206.2	1,094.4	735.4	714.1	1,417.0
Current Ratio	136.2%	210.5%	183.1%	274.8%	115.2%
Quick Ratio	96.8%	172.6%	158.5%	245.5%	107.5%
OCF / Current Liabilities	-0.09	0.14	0.57	0.42	0.23
Net Debt / Equity	163.7%	52.6%	28.1%	35.9%	55.7%
OCF / Total Liabilities	-0.2	0.1	0.3	0.2	0.1
Changes in Working Capital	-10,304	-1,112	-359	-21	703

Source: Company Data Processed by SR Inc.

Figures may differ from company materials due to differences in rounding methods.

Comparing the financial indicators of Pasona Group (TSE 2168), a provider of general temporary staff, their ROA in FY05/10 was 0.4% and their ROE was 1.0%. In FY03/10, Temp Holdings Co., Ltd. (TSE 2181), also a provider of general temporary staff, had an ROA of 3.9% and an ROE of 6.2%. Using the DuPont method to compare Yumeshin, Pasona Group, and Temp Holdings, we can see that Yumeshin's high ROA and ROE is mostly due to their high net profit margins. Furthermore, looking into the factors that keep Yumeshin's net profit margins relatively higher, higher gross profit margins seem to be the answer. A three-way comparison reveals how high Yumeshin's relative gross profit margins are: in FY09/10 they were 30.7%, while those of the Pasona Group were 20.0% (FY05/10) and those of Temp Holdings were 16.8% (FY03/10). SR Inc. thinks that the following factors help explain the company's gross profit margins. First, a focus on the construction sector and higher unit prices than the Pasona Group or other general temp staffing companies. Second, Yumeshin's employees tend to be young, which allows the company to limit their payable unit costs to a fixed level.

Conversely, unlike general temporary staffing companies, those that focus on providing specialized staff like Yumeshin assume the risk of a short assignment period. For example, it is not especially unusual for a general business staffing agency to have employees work at the same firm for three or more years, but specialized assignments that the company is involved with can end after a period of just three to six months. This sort of timing risk is reflected in variations in their capacity utilization. However, even in FY09/08 and FY09/09, when the business environment was difficult, the company was still able to maintain reasonably high gross profit margins (despite staff utilization rates of 89.9% and 92.5% respectively).

Group Companies

Group companies as of January 31, 2011 included:

- Gaki Daisho Co. (86.4% owned by Yumeshin): Daycare Services
- Unitech Soft Co. (90%): handles temporary staffing of system engineers
- Yumeshin Technology Co. (84.6%): handles temporary staffing of engineers to manufacturing businesses
- Medical Support Co.(100.0%): consulting related to the medical treatment and medical facility business

Strengths, Weaknesses

Strengths:

- **Reputation based on experience and stock market listing:** In the construction industry, credibility and trust are important factors in securing future work. Yumeshin has been building its performance reputation over many years, and has the added prestige of being a listed company – a combination not shared by many competitors. Yumeshin's clients are mainly top-tier firms, so when the company delivers reliably for these clients, it seems reasonable to conclude that other potential clients would take notice. As its relationships with blue-chip clients grow, so does Yumeshin's reputation, creating a virtuous cycle leading to more business opportunities. SR Inc. thinks that this cycle is likely to continue and strengthen with time. Because the company is publicly traded, it has a certain degree of reliability and recognition that its unlisted competitors lack. A side effect of being publicly traded is enhanced disclosure about business performance, financial condition, etc. This available information means the company is more transparent, which could make clients more confident in doing business with Yumeshin.
- **Top management has significant experience:** Chairman and CEO Sato has been in control of the company since it was founded in 1970. Even considering all listed companies in Japan, there are probably very few where top management has over 40 years of business experience. Sato has seen both the good and bad while running the firm, adding depth to his tenure. Chairman Sato commented that the company's vigorous expansion during 2005-2007 was a significant set-back (perhaps the first such instance since the company's founding). However, he honestly admits the mistake and SR Inc. thinks that his quick and decisive action to get the company back in a shape similar to when it listed in 2003 should be fully appreciated. Mr. Sato's many years of experience as a businessman and the conviction with which he makes decisions (like using mostly younger employees), are strengths unique to Yumeshin.
- **Effective use of younger employees:** While the average employee in the construction industry has aged, the company has been actively hiring younger employees to work on client sites. Industry competitors have placed more emphasis on experience and skill in hiring decisions, resulting in a mainly older workforce. Yumeshin has favored energetic and well-rounded younger employees, and given them a lot of practical on-site experience shortly after joining the firm. As a result, the company's employees bring both youth (and energy) to job sites, along with the much-needed hands-on experience. Considering the company's financial performance, it could be an indicator that the company's sink-or-swim approach is effective.

Weaknesses:

- **Uncertain long-term growth prospects in the core market.** The company's main business, Temporary Staffing, is strongly affected by trends in the construction market in Japan (especially greater Tokyo). Although population growth appears likely for the Tokyo area (as mentioned in the Market and Value Chain section), it's tough to say that it will be a smooth trend. So for the company to continue growing, it must either continuously increase its market share or to set up new areas of business that can provide other avenues of growth.
- **Reliance on the Chairman:** SR Inc. thinks that the company's overall management direction centers on Chairman and CEO Sato. Given Sato's intimate day-to-day involvement, it's fair to say that his input is vital to running the company. It therefore seems reasonable to conclude that the company's operating strategies and business performance would be affected if he was unable to execute his duties. This could be particularly relevant if the company was in a period of transition (before starting a new business line, for example). The "key man" risk will remain a relative weakness until the company is able to develop its next pillars of long-term growth and groom the next generation of leadership.
- **Performance in favorable economic periods:** SR Inc. wonders if the company will be able to maintain its strength, using younger employees, during good economic times. This is tough to measure, but if the economy improves, some of the company's younger employees may look for greener pastures elsewhere (either with competitors or higher-paying and less-demanding jobs). Job opportunities for older employees tend to be fewer, so competitors with older employees are less exposed to this potential risk. Additionally, as the aging population trend in Japan continues, hiring new graduates during boom times will likely be even more difficult than in the past. Naturally, a shortage of staff would mean lost opportunities for the company. When discussing this point, Chairman and CEO Sato feels that other things being equal, his business might fare better during a somewhat down economy.

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Market & Value Chain

Condominium Market in Tokyo Metropolitan Area

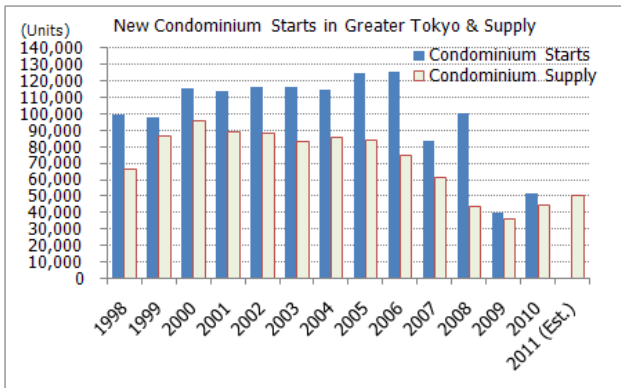
The Tokyo area condominium market is the focus of the market discussion because it represents a significant portion of the company's sales

Condominiums in Greater Tokyo (Units)	2005	2006	2007	2008	2009	2010	2011 (Est.)
Housing Construction	124,991	125,271	83,502	100,726	40,041	51,372	-
New Housing Supply							
Supply	84,148	74,463	61,021	43,733	36,376	44,535	50,000
Sales	78,703	66,769	51,155	34,242	30,780	40,467	-
Sales/Supply	93.5%	89.7%	83.8%	78.3%	84.6%	90.9%	-
Sales/Supply (First Month)	82.5%	78.3%	69.7%	62.7%	69.7%	78.4%	-
House and Lot for Sale	5,987	8,173	10,763	12,427	7,389	5,600	-
Price (Ten Thousand Yen)	4,108	4,200	4,644	4,775	4,535	4,716	-
Price Per Square Meter	54.5	55.5	61.4	65.0	64.2	66.4	-

Source: MLIT, Real Estate Economic Institute Co.,Ltd and Haseko Corporation Data Processed by SR Inc.

There were 51,372 condominium housing starts in the greater Tokyo area in 2010. This is approximately 40% of the all-time high

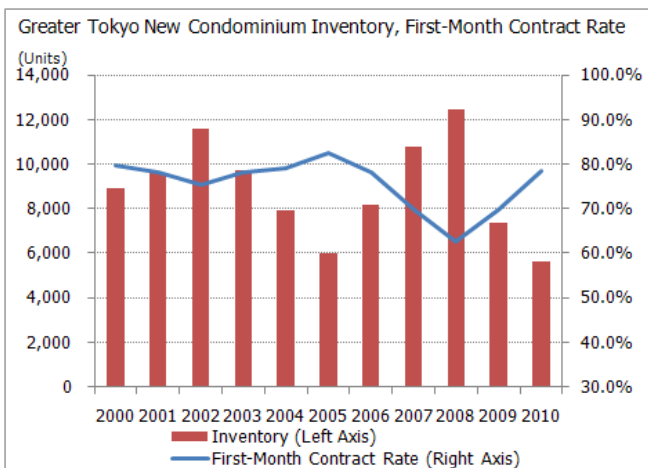
in 2006, 125,271 units, but represents a YoY recovery of 28.3% vs. 2009.



Source:MLIT and Real Estate Economic Institute Co., Ltd. Data Processed by SR Inc.

Since the year 2000, condominium housing starts in the greater Tokyo area have hovered between 100,000 and 130,000 units. In 2007, the effect of the Revised Building Standard Law (enacted June 2007) and rising prices caused condominium sales to fall rapidly to 83,502 units. Although they sprang back briefly in 2008, there was a drop in demand for condominiums (sellers had higher condominium inventories) related to the poor hiring and earnings environments created by the fall of Lehman Brothers and the global credit crunch. This resulted in a bad year for the real estate industry and a subsequent decline to 40,041 units.

2010 saw a recovery in demand for new condos, helped by the combination of low interest rates, more affordable prices, and government policies to support home buyers. The first-month contract rate (percentage of units sold during the first month of sales for a particular property) had been declining since 2005 but bottomed out in 2008. In 2010, 78.4% of new condos were sold in the first month after being put on sale, comfortably exceeding 70% typically considered "positive" in the industry practice. Meanwhile, the inventory of condos available for sale has been declining steadily.



Source:Real Estate Economic Institute Co., Ltd. Data Processed by SR Inc.

The Real Estate Economic Institute, a publisher, predicts that greater Tokyo area condominium supply will increase 12.3% YoY to 50,000 units in 2011. The actual supply figures (condos for sale) typically lag housing starts by about six months (as condos typically go on sale six months after start of construction). As such, this forecast is not necessarily a predictor of housing starts, a generally accepted leading indicator of construction industry performance. However, looking at the declining inventory trend it is probably fair to infer that, from a normal cyclical perspective, the condo developers are indeed likely to increase the number of projects. Therefore, SR Inc. estimates that 2011 will be another year of growing condo starts in the greater Tokyo area. Incidentally, Haseko Research Institute, a think tank, projects the structural annual demand for condos in the area at around 60,000 units for the period of 2011-2015.

The rate of population growth is the main long-term demand driver for Tokyo area condominium market. Japan's total population started to decline after peaking in 2004. By contrast, the population of the greater Tokyo area has been growing as more economic activity concentrated in the area, leading to increasing job opportunities and higher standards of living, which in turn is attracting more residents, a self-perpetuating loop. Between 1995 and 2000, the population grew by 849,000 people; between 2000 and 2005 – by 973,000 people. On average, the population increased by over 150,000 people per year. Since 2006, the pace has slowed, but continues at a rate of more than 100,000 people per year. This migration has been causing regional housing demand to shrink, while sustaining high levels of housing demand in and around Tokyo, a trend partially responsible for making the greater Tokyo area the largest megapolis in the world.

Greater Tokyo Area Population (Thousand)	1995	2000	2005	2006	2007	2008	2009
Tokyo	11,543	11,850	12,325	12,405	12,488	12,552	12,596
(YoY)				0.6%	0.7%	0.5%	0.4%
Kanagawa	8,152	8,391	8,676	8,710	8,754	8,784	8,815
(YoY)				0.4%	0.5%	0.3%	0.4%
Saitama	6,696	6,875	6,974	6,989	7,003	7,019	7,041
(YoY)				0.2%	0.2%	0.2%	0.3%
Chiba	5,744	5,869	5,983	5,999	6,019	6,039	6,060
(YoY)				0.3%	0.3%	0.3%	0.3%
Greater Tokyo Area	32,136	32,985	33,958	34,103	34,264	34,394	34,512
(YoY)				0.4%	0.5%	0.4%	0.3%
(Change in Population)		849	973	145	161	130	118

Source: Ministry of Internal Affairs and Communications. Data Processed by SR Inc.

According to forecasts from the National Institute of Population and Social Security Research, the Tokyo area population will continue to grow through 2015. This point is consistent with the forecasts of the Haseko Research Institute mentioned above.

Long-term Expected Population in Greater Tokyo Area (Thousand)	2009	2015	2020	2025
Tokyo	12,596	13,059	13,104	13,047
(Change in Population)		463	45	-57
Kanagawa	8,815	9,018	8,993	8,896
(Change in Population)		203	-25	-97
Saitama	7,041	7,035	6,923	6,752
(Change in Population)		-6	-111	-171
Chiba	6,060	6,087	6,008	5,879
(Change in Population)		27	-78	-129
Greater Tokyo Area	34,512	35,198	35,029	34,574
(Change in Population)		686	-169	-455

Source: National Institute of Population and Social Security Research. Data Processed by SR Inc.

However, when viewed over a longer time span, say 2020 or 2025, the Tokyo area population is likely to decline. Additionally, according to MLIT's "Survey of Market Mechanisms of the Housing Market," first-time buyers make up approximately 80% of those who own condominiums. Assuming that consumer tastes don't change, then the condominium market will be affected by the decline in the 20-30 year-old population that are typically first-time buyers. This is supported by forecasts issued by the Population Institute that suggest that the decline in the 20 and 30-year-old populations will fall faster than that of the general population of the Tokyo area. So over the longer term, it is hard to be overly optimistic about the market. It seems likely that condominium developers and housing builders will be increasingly competing for the 40-plus age group.

Daycare Market Environment

The great number of "waitlisted children" in Japan provided the opportunity and the reason that the company entered the daycare business. The term "waitlisted children" refers to children that have applied to get into a daycare facility (licensed daycare facility) but are unable to do so because the facility has too many children or is otherwise unable to accommodate them. According to the Ministry of Health, as of April 2010, there were 26,275 waitlisted children. Of these, the majority are concentrated in urban areas (Tokyo, Saitama Chiba, Kanagawa, Kyoto, Osaka and Hyogo).

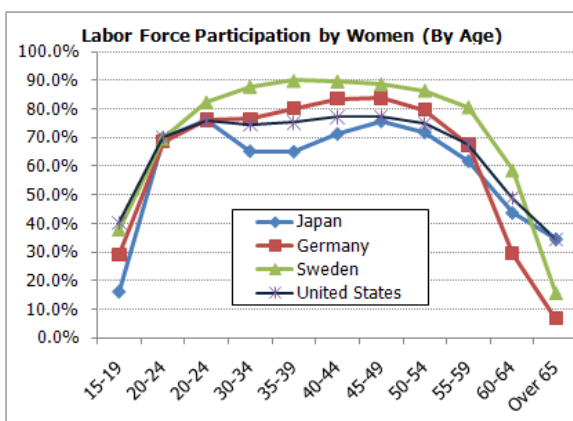
Among daycare facilities, there are "licensed facilities," which have local government subsidies and "unlicensed facilities," which have no subsidies. As of April 2010, there were approximately 23,000 licensed daycare facilities throughout Japan. The ones with subsidies have lower fees. At the same time, the standards are quite stringent, including having kitchen facilities, outdoor play areas, and at least one daycare provider per three children under the age of one. Of these "licensed daycare facilities," some are run by the local administrations and some are private. Revisions to the Child Welfare Act in 2000 made it possible for regular corporations to enter the daycare market in addition to the more traditional social welfare corporations.

Note also that in addition to some local governments offering their own subsidies to unlicensed daycare facilities, the City of Tokyo pays subsidies to daycare facilities that have satisfied the city's own standards as a "certified daycare facility." Compared with a licensed daycare facility, a "certified daycare facility" gets such concessions as more relaxed "standard area per child" requirements, but even so, the hurdles are not easy to clear. The majority of "certified daycare facilities" are run by private operators.

Childcare Centers, Number of "Waitlisted Children" (Year)	2002	2003	2004	2005	2006	2007	2008	2009	2010
Childcare Centers	22,272	22,355	22,490	22,570	22,699	22,848	22,909	22,925	23,068
Capacity (Children) (Thousand)	1,958	1,990	2,028	2,053	2,079	2,105	2,121	2,132	2,158
Number of Waitlisted Children (Thousand)	25	26	24	23	20	18	20	25	26

Source: Ministry of Health, Labour and Welfare "The Current Situation of Childcare Centers" Data Processed by SR Inc.

Factors increasing the number of waitlisted children and higher demand for daycare centers include the growing number of dual-income households and the increasing trend towards "nuclearization" of the family (fewer family members living together and hence grandmas to look after the kids). Meanwhile, the businesses were slow to enter the market, worried about large initial capital outlays and operating challenges (full responsibility for the well-being of children and dire consequences of any incidents, safety and otherwise), a situation leading to an imbalance of supply and demand.



Looking at the status of working women in Japan compared with the percent of the working population in other countries (all figures for 2008) reveals that the rate of Japanese women working (the proportion of women 15 or older in the working population) has been increasing but remains low for women in their 30s. The lower proportion of women in their 30s produced a peculiar and pronounced "M-curve." There is a difference of approximately 20% between the number of women in their 30s working in Japan, and those in Sweden, the country with the highest proportion of women in the working population. While the public debate in Japan highlights various issues, such as underdeveloped maternity leave system, the lack of daycare facilities is an oft-mentioned culprit.

There appear to be three solutions that to tackle the problem of the declining working-age population (that part of the population between 15 and 65 that forms the core of the labor force) facing Japan's economy. The first is to raise the birth rate, the second is to increase the acceptance of immigrants, and the third is to increase the participation rate of the labor force. The government (both under the LDP and the DPJ control) has been trying to address all three. In terms of boosting the participation rate, increasing the number of working women and elders has been the main focus of the political initiatives. Subsidies to licensed daycare facilities are an example of such initiatives.

The discussion above suggests that there is a lot of potential demand for daycare facilities and the government is working to help increasing their number. Even if the current demographic trends in Japan (aging population and low birth rate) persist into the future, SR Inc. believes that as long as female workforce participation increases, primarily in metropolitan areas, the demand for new daycare facilities should remain strong.

Barriers to Entry

Temporary Staffing Services

As the great number of staffing companies serving the construction industry suggests, the barriers to entry are low. However, it is a business where the track record and reputation matter and growing into a large business is challenging. The construction industry is order driven. This creates uncertainty for the client who cannot know whether construction is going to be completed with high quality and according to specification until the work is done. This means that past performance and the existing relationship of trust with clients are very important.

Daycare Services

Barriers to entry into daycare services include obtaining licensing or certification. For example, unlicensed daycare facilities would have trouble attracting children and wouldn't be able to receive subsidies, both of which would affect profitability. Also, one would need to have a certain initial investment to receive a license or certification.

Competition

Temporary Staffing

There are many of competing firms providing temporary staff to the construction industry, about 100 firms according to the company. However, the industry has seen increasing concentration, with the top five firms responsible for approximately 50% of the market and the top 10 making up about 75%. In descending order, the major players by revenues are: N&C Co., Ltd. (privately held), Obayashi Facilities Co., Ltd. (subsidiary of Obayashi Corporation (TSE 1802)), Tekken Kosan Co., Ltd. (subsidiary of Tekken Corporation (TSE 1815)), JGC Product Services Co., Ltd. (subsidiary of JGC corporation (TSE 1963)), and Ikeshita Design Co., Ltd. (privately held). The company estimates its share at fifth place, at over 7% share of the market.

The company is independent, a relatively unique trait in the industry populated with general contractor subsidiaries, such as Act Technical Support Co., Ltd. (Kajima Corporation (TSE 1812) subsidiary) and Taisei Staff Services Co., Ltd. (Taisei Construction (TSE 1801) subsidiary). Such firms tend to provide staffing services primarily to their parent company and would not (or cannot) service their parent's competitors. This gives an independent firm like Yumeshin, neutral in its dealings with various general contractors, an important role. Also, as mentioned in the Business Description section, one important aspect of the company is that it hires young people and pro-actively sends them out to work at construction sites. According to the company, the competition tends to use veteran employees who used to work at general contractors (older and more expensive staff).

Daycare Center Services

At the top of the private sector companies that are developing daycare services is JP Holding (Jasdaq 2749), followed by Pigeon

Co. (TSE 7956), Combi Co. (TSE 7935), Benesse Corp. (TSE 9783), Art Corp. (TSE 9030), and Kodomonomori (privately held). It is probably fair to say that while the market is seeing plenty of competition, there is also room to grow for new entrants before it matures.

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Strategy

The company has been pursuing a differentiation strategy, focusing on younger employees and the Tokyo metropolitan area. While the profitability tends to be visibly affected by the level of staff utilization, such focus helped the company to earn high margins and establish itself as a major player in the field. During 2005-2007 Yumeshin attempted to grow through acquisitions and become a general contractor, but later reversed the course and concentrated managerial resources on the core business.

In FY09/12, amid tough job market in the construction industry, the company concentrated on increased hiring, improving its staff skills, and strengthening sales efforts. In particular, Yumeshin saw the poor job market as an opportunity to hire high quality people at low cost.

The company also realizes that achieving long-term growth in its core business might be difficult and has been looking for opportunities in new business areas. Specifically, Yumeshin has been growing the number of its child daycare facilities, a small but already established new business. The company has also set up Yumeshin Medical Support in October 2010, offering management consulting in the medical field. In January 2011, the company acquired Unitech Soft, aiming to build a digital signage business, a rapidly growing market. According to the company, the digital signage market was 60 billion yen in 2010 and could reach 150 billion yen by 2015. The company wants to position these newer lines of business as engines of growth and create synergies with existing areas. The company said that they are going to experiment with a number of new lines of business and work to convert the most successful ones into additional earnings pillars.

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Historical Financial Statements

Note: the company only provided non-consolidated results for FY09/09.

Earnings Results Discussion for the Year Preceding Current Fiscal Year (For Reference Purposes)

Q3 FY09/11 Results

The company released Q3 FY09/11 results on July 29, 2011 (see table above).

Cumulative sales for Q3 FY09/11 were 17.6% higher YoY at 4.3 billion yen. The staff utilization rate came in at 96.6% for the period vs. 91.2% YoY, and there was an increase in the number of technicians (823 technicians at end-June 2011 vs. 699 at end-June 2010). Sales at the parent level increased 12.4% YoY to 4.1 billion with the consolidation of Unitech Soft Inc. also contributing.

The company cited four factors that drove the improving utilization rate at the parent level:

- Increased construction activity.
- A decrease in skilled general-contractor employees in the Tokyo metropolitan area as many of these employees were redeployed to the quake-afflicted Tohoku area.
- An aggressive company sales push paying off.
- Improving cost-consciousness within the construction industry (which favors external contractors, such as the company, that can provide younger construction site foremen).

Operating profit increased 11.7% YoY to 471 million yen. At the parent level operating profit rose 23.6% YoY to 608 million yen. Gakidaisyo Co., which runs the Daycare segment, posted a cumulative operating loss of 85 million yen. Yumeshin Medical Support, which since July 2011 has run the Medical and Nursing Support segment, posted a cumulative operating loss of 33 million yen. Investments related to new businesses weighed down the company's results.

Recurring profit rose 5.2% YoY to 475 million yen due to non-operating expenses of 30 million yen related to bond issuance costs (total non-operating expenses were 155 million yen for the period).

Net income fell 28.4% YoY to 196 million yen, due to the company's tax rate recovering to normal levels following large declines in valuation allowances (write downs on deferred tax assets).

The company maintained its forecast for FY09/11.

Q2 (1H) FY09/11 Results

The company released Q2 (1H) results on **April 27, 2011**(see table above).

Q2 (1H) FY09/11 sales were up 11.1% YoY at 2.9 billion yen. Specifically, sales at the parent level increased 7.9% YoY to 2.8 billion yen thanks to improvement in the staff utilization rate and an increase in overtime. The average staff utilization rate for the period was 97.7%, compared to 94.6% in 1H FY09/10. Other factors that contributed to the increase included the consolidation of Unitech Soft Inc.

On the other hand, operating profit rose just 1.8% YoY to 364 million yen. While Yumeshin's parent-level operating profit was 450 million yen (+12.0% YoY), Gakidaisyo Co., which runs the Daycare segment, recorded an operating loss of 56 million yen and the Yumeshin Medical Support, which will run the Medical and Nursing Support segment from July 2011, posted an operating loss of 20 million yen. Essentially, investments related to new businesses weighed down the company's results.

Recurring profit was down 1.5% YoY at 365 million yen, as the company recorded a non-operating expense of 30 million yen relating to corporate bonds issuance (out of total non-operating expenses of 104 million yen). Finally, net income was off 44.6% YoY at 160 million yen mainly owing to its tax rate having recovered to normal levels following large declines in valuation allowances (deferred tax assets that could no longer be booked on the company's balance sheet).

Consolidation of Fullcast Technology Co.

The company made Fullcast Technology Co. (Jasdaq 2458) a fully owned subsidiary on 31 May, 2011, after acquiring Fullcast Technology through a tender offer. The acquisition cost was 1.7 billion yen and the company now owns 83.6% of its shares. Fullcast Technology's main area of business is engineering outsourcing. The company said the move was part of investing in its future growth plan to strengthen its temporary staff operations in areas other than construction.

Fullcast Technology's results in FY09/10 were as follows:

- Sales - 4.3billion yen
- Operating profit - 257 million yen
- Recurring profit - 256 million yen
- Net income- 220 million yen

In addition, it had total assets of 2.3 billion yen, net assets of 1.4 billion yen, interest bearing debt of 50 million yen, and cash & equivalents of 1.2 billion yen. The company estimates that there was room for improvement at Fullcast Technology and by increasing customers and other measures the unit will achieve recurring profit of between 300 million yen to 400 million yen.

Impact of the Tohoku Earthquake

The March 2011 Tohoku earthquake effect on the company was limited. Conversely, the company believed the post-quake reconstruction process will have positive effects on its results. On May 16, 2011, the company opened a Sendai office to serve as a reconstruction support hub that would provide support activities in four main phases:

1. Volunteer construction and civil engineering experts to be dispatched to support disaster victims.
2. The company will step up recruitment and employment support in the Tohoku area of north-eastern Japan.
3. Civil engineers to be dispatched to support infrastructure rebuilding.
4. Construction managers/foremen to be sent to support construction work on everything from temporary housing to apartment buildings.

As of end-May 2011, the Sendai office had reached phase two of its support operations and was in the process of recruiting 150 to 200 personnel in the Tohoku region. Going forward, the company expects that these operations will have a positive impact on financial performance as it moves into stages three and four outlined above. The company was aiming to begin construction of temporary housing around end-2011 and when combined with its other infrastructure rebuilding and apartment building construction efforts it expects its operations to expand over 2013 to 2014.

Q1 FY09/11 Results

The company released Q1 FY09/11 results on **January 31, 2011** (see table above).

The company only disclosed YoY parent results for Q1 FY09/10 and parent results for Q1 FY09/11 follow below.

- Sales: 1.4 billion yen (+9.0% YoY)
- Gross profit: 438 million yen (+16.4% YoY, gross profit margin was 32.1%, +2.0% YoY)
- Operating profit: 203 million yen (+39.5% YoY, operating profit margin was 14.9%, +3.3% YoY)
- Recurring profit: 204 million yen (+20.1% YoY, recurring profit margin was 15.0%, +2.4% YoY)
- Net income: 121 million yen (+10.3% YoY)

The company said that the YoY increase in parent earnings was due to a recovery in housing starts for condominiums in the Tokyo Metropolitan Area, the company's core market, following tax cuts on mortgage loans. The company also reviewed its cost management and improved operating profit by cutting SG&A to sales ratio by 1.2% YoY to 17.3%.

Parent performance exceeded the company plan by 2.4% for sales, 8.3% for gross profit, and 11.3% for operating profit. The company indicated that staff utilization rate was over 95% in every month of Q1 (October–December 2010). Additionally, the company saw some opportunity losses when the supply of its construction supervisors could not keep pace with rising demand. The company expects demand to continue growing and therefore focuses on staff hiring and retention.

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Income Statement

Income Statement (Million Yen)	FY09/07 Cons.	FY09/08 Cons.	FY09/09 Par.	FY09/10 Cons.	FY09/11 Cons.	FY09/12 CE
Total Sales	38,831	7,080	5,483	4,862	6,817	11,000
YoY	-6.6%	-81.8%	-22.6%	-11.3%	40.2%	61.4%
CoGS	34,269	5,043	3,723	3,371	4,918	
Gross Profit	4,562	2,037	1,759	1,490	1,899	
GPM	11.7%	28.8%	32.1%	30.7%	27.9%	
SG&A	4,273	1,548	1,003	970	1,357	
SG&A / Sales	11.0%	21.9%	18.3%	20.0%	19.9%	
Operating Profit	288	489	756	520	543	1,250
YoY	-65.6%	69.7%	54.5%	-31.2%	4.4%	130.3%
OPM	0.7%	6.9%	13.8%	10.7%	8.0%	11.4%
Non-Operating Income	579	125	199	185	232	
Non-Operating Expenses	623	243	147	152	324	
Recurring Profit	245	372	807	552	451	1,350
YoY	-81.0%	51.9%	117.1%	-31.6%	-18.3%	199.1%
RPM	0.6%	5.3%	14.7%	11.4%	6.6%	12.3%
Extraordinary Gains	4,090	265	25	84	7	
Extraordinary Losses	3,863	261	164	150	145	
Tax Charges	668	38	-11	78	219	
Implied Tax Rate	141.3%	10.0%	-1.7%	16.0%	69.7%	
Net Income	-42	349	679	431	102	700
YoY	-160.5%	-927.5%	94.5%	-36.5%	-76.3%	584.7%
Net Margin	-0.1%	4.9%	12.4%	8.9%	1.5%	6.4%

Source: Company Data Processed by SR Inc.

Figures may differ from company materials due to differences in rounding methods.

FY09/06

Sales grew roughly 6.4x from FY06/05 to 41.6 billion yen. In addition to aggressive M&A activity in the areas of real estate and construction started in FY06/05, sales increased significantly due to the creation of new subsidiaries. Operating profit rose 139.5% YoY to 837 million yen. In addition to increased earnings from Temporary Staffing, newly established real estate and construction operations also contributed to operating profit.

FY09/07

Sales fell 6.6% YoY to 38.8 billion yen. The main causes were subsidiary divestitures during the year, including Equipment Operations (Yumeshin General Equipment), General Construction (Katsumura Construction), Real Estate Services (Yumeshin Urban Frontier), and Securities (Yumeshin Securities). Operating profit fell 65.6% YoY to 288 million yen. The Real Estate and Construction segment had operating losses of about 519 million yen (vs. 159 million yen of operating profit in FY09/06).

FY09/08

Sales fell 81.8% YoY to 7.1 billion yen. The main cause of the decline was divesting of consolidated subsidiaries in FY09/07 (when the company decided to focus on Temporary Staffing services). At the same time, profits rebounded 69.7% YoY to 489 million yen (operating profit was low in FY09/07 due to losses in the Real Estate, Construction segment, which was subsequently sold off).

FY09/09

Sales fell 22.6% YoY to 5.5 billion yen as new condo sales stalled and revisions to the Building Standard Law led to stricter inspections. All this led to a steep decline in the number of new housing starts and a decline in demand for outsourced personnel at construction sites. Operating profit actually rose 54.5% YoY to 756 million yen due to the company's efforts to trim SG&A expenses by limiting overtime and introducing a flex-time system.

FY09/10

Sales fell 11.3% YoY to 4.9 billion yen. Construction companies, the main clients for the company's Temporary Staffing services, faced a very harsh business environment, so demand was low. With the budgets for construction drying up, the company attempted to find demand in other construction-related areas, such as electrical, equipment, and civil engineering projects. Despite these efforts, there was a YoY decline in performance, and operating profit fell 31.2% YoY to 520 million yen.

Historical Results vs. Estimates

Initial CE vs. Results (Million Yen)	FY09/07 Cons.	FY09/08 Cons.	FY09/09 Par.	FY09/10 Cons.	FY09/11 Cons.
Sales (Initial CE)	78,500	8,100	6,250	5,120	5,200
Sales (Results)	38,831	7,080	5,483	4,862	6,817
Initial CE vs. Results	-50.5%	-12.6%	-12.3%	-5.0%	31.1%
Operating Profit (Initial CE)	-	1,050	680	710	620
Operating Profit (Results)	288	489	756	520	543
Initial CE vs. Results	-	-53.4%	11.2%	-26.8%	-12.5%
Recurring Profit (Initial CE)	3,800	900	652	750	620
Recurring Profit (Results)	245	372	807	552	451
Initial CE vs. Results	-93.6%	-58.7%	23.8%	-26.4%	-27.2%
Net Profit (Initial CE)	2,000	510	603	560	350
Net Profit (Results)	-42	349	679	431	102
Initial CE vs. Results	-	-31.5%	12.6%	-23.0%	-70.8%

Source: Company Data Processed by SR Inc.

Figures may differ from company materials due to differences in rounding methods.

The company tended to undershoot initial forecasts since FY09/06, a trend likely impacted by the harsh operating environment in the construction industry.

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Balance Sheet

Balance Sheet (Million yen)	FY09/07 Cons.	FY09/08 Cons.	FY09/09 Par.	FY09/10 Cons.	FY09/11 Cons.
ASSETS					
Cash and Equivalents	3,080	2,105	1,710	2,020	2,304
Accounts Receivable	2,142	1,107	744	721	1,425
Allowance for Doubtful	-59	-167	-17	-37	-74
Inventories	90	2	1	1	1
Other Current Assets	2,008	666	354	322	260
Total Current Assets	7,261	3,713	2,816	3,027	3,917
Buildings	535	746	792	703	864
Acc. Depreciation	23	37	57	69	103
Land	593	642	664	578	578
Total Tangible Fixed Assets	1,129	1,360	1,405	1,230	1,388
Total Other Fixed Assets	907	542	641	788	566
Total Intangible Assets	14	2	40	36	759
Total Fixed Assets	2,050	1,905	2,086	2,055	2,713
Total Assets	9,311	5,618	4,902	5,082	6,630
LIABILITIES					
Accounts Payable	26	14	10	8	10
Short Term Debt	4,096	1,195	1,119	702	2,195
Accrued Expenses	428	299	225	262	521
Other Current Liabilities	782	255	184	130	674
Total Current Liabilities	5,333	1,764	1,538	1,102	3,400
Long Term Debt	2,078	1,922	1,198	2,020	1,088
Other Fixed Liabilities	10	7	5	4	384
Total Long Term Liabilities	2,088	1,929	1,203	2,024	1,472
Total Liabilities	7,421	3,692	2,740	3,126	4,872
SHAREHOLDER EQUITY (NET ASSETS)					
Issued Capital	805	805	805	805	805
Reserves	868	868	868	868	868
Retained Earnings	650	927	1,460	1,693	1,670
Treasury Shares	-678	-678	-975	-1,375	-1,770
Minority Interest	236	0	0	2	193
Total Shareholder Equity (Net Assets)	1,891	1,925	2,161	1,956	1,757
Working Capital	2,206	1,094	735	714	1,417
Interest Bearing Debt	6,174	3,117	2,317	2,722	3,284
Net Debt	3,095	1,012	606	702	979

Source: Company Data Processed by SR Inc.

Figures may differ from company materials due to differences in rounding methods.

Assets

The company's assets have varied considerably due to the addition and removal of subsidiaries.

At the end of FY09/04, total assets were 5.3 billion yen, but by FY09/05 total assets grew to 21.9 billion yen following the takeovers of Asahi Engineering Co., Ltd. (environmental plant operation, maintenance, and management services), Housing Inspection Co., Ltd. (housing inspection services), and Kinki Industries Co., Ltd. (electrical construction project services). Total assets grew to 47.9 billion yen in FY09/06 with the addition of the following subsidiaries: Yumeshin Securities, Yumeshin General Equipment (formerly "Kinki Industries" and "Marubeni Equipment Co., Ltd."), Yumeshin Communications Co., Ltd. (formerly "Braintrust Co., Ltd."), and Katsumura Construction.

Starting in FY09/07, the company reversed the acquisition trend and began focusing on its main operations. The company sold Yumeshin General Equipment, Katsumura Construction, Yumeshin Urban Frontier, and Yumeshin Securities during FY09/07, and total assets fell to 9.3 billion yen for the year. The company sold Yumeshin Capital the following year, and total assets fell to 5.6 billion yen for FY09/08.

Liabilities

The company had 2.6 billion yen of interest-bearing debt in FY09/04, which grew to 11.0 billion yen in FY09/05 and again to 23.7 billion yen in FY09/06. The increase was to support aggressive M&A and creation of subsidiaries. The company subsequently refocused on its main operations which included a significant reduction of interest-bearing debt.

Net Assets

Vary in response to acquisitions of treasury stock or changes in retained earnings as net profits or losses are realized each term. The equity ratio fell to 7.1% in FY09/06 (vs. 55.6% in FY09/03) and recovered to 26.5% in FY09/11 following financial and other restructuring.

Per Share Data

Per Share Data (Yen)	FY09/07 Cons.	FY09/08 Cons.	FY09/09 Par.	FY09/10 Cons.	FY09/11 Cons.
No. of shares (thousands)	74,573	74,573	74,573	74,573	74,573
Earnings Per Share	-0.6	4.9	9.9	6.7	1.4
EPS (Fully Diluted)	-	-	-	-	-
Dividend Per Share	-	2.0	3.0	2.0	2.0
Book Value Per Share	23.1	26.8	32.3	31.3	26.6

Source: Company Data Processed by SR Inc.

Figures may differ from company materials due to differences in rounding methods.

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Cash Flow Statement

Cash Flow Statement (Million Yen)	FY09/07 Cons.	FY09/08 Cons.	FY09/09 Par.	FY09/10 Cons.	FY09/11 Cons.
Operating Cash Flow (1)	-1,392	504	941	558	528
Investment Cash Flow (2)	5,900	1,670	82	-498	-409
Free Cash Flow (1+2)	4,507	2,174	1,024	60	119
Financial Cash Flow	-13,071	-3,105	-1,237	-178	4
Depreciation & Amortization (A)	38	27	26	35	84
Capital Expenditures (B)	2,036	22	-49	135	-80
Working Capital Changes (C)	-10,304	-1,112	-359	-21	703
Simple FCF (NI + A + B - C)	12,336	1,509	1,015	621	-596

Source: Company Data Processed by SR Inc.

Figures may differ from company materials due to differences in rounding methods.

Operating Cash Flow

OCF trends are typical, varying with net profits or losses and changes in working capital. In FY09/06 and FY09/07 OCF was negative. The principle causes were a sudden increase in working capital FY09/06, and net losses in FY09/07.

Investment Cash Flow

ICF varies mainly with acquisition or sale of investment securities.

Financial Cash Flow

Through FY09/06, the financial cash flows tended to be positive due to the issue of corporate bonds or borrowings accompanying the expansion of operations. Since FY09/07 the trends reversed as the company repaid bank debt and redeemed corporate bonds.

Simple Free Cash Flow

The main sources of change have come from changes in the net income and working capital.

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Other Information

History

- 10/1990: The company incorporated and changed its name to Yumeshin Co., Ltd.
- 04/1997: Founded Yumeno Techno Co., Ltd. (liquidated in 2000) and entered the staffing business.
- 06/2001: Began prototyping color drawings.
- 09/2003: Shares listed on the Osaka Stock Exchange (Hercules).
- 04/2005: Transitioned to a pure holding company and changed name to Yumeshin Holdings Co., Ltd. Newly established Yumeshin Co., Ltd. took over the Drawing Preparation and Construction Project Management Subcontracting.
- 05/2005: Acquired Asahi Engineering Co., Ltd. (later renamed Yumeshin Engineering Co., Ltd.).
- 07/2005: Acquired Housing Inspection Co., Ltd. (later renamed Housing Inspection Yumeshin Co., Ltd.) through a third-party private placement.
- 09/2005: Acquired Kinki Kogyo Co., Ltd. (merged with Yumeshin General Equipment in March 2006).
- 10/2005: Founded Yumeshin Securities Co., Ltd.
- 11/2005: Acquired Marubeni Equipment Co., Ltd. (later Yumeshin General Equipment).
- 11/2005: Made Yumeshin Techno Staff Services Co., Ltd. a subsidiary.
- 11/2005: Acquired Braintrust Co., Ltd. (later changing name to Yumeshin Communications Co., Ltd.)
- 03/2006: Acquired Yumeshin Capital Co., Ltd.
- 03/2006: Acquired stock of Miwa House Co., Ltd. and made it a subsidiary (later changing name to Yumeshin Urban Frontier Co., Ltd.).
- 07/2006: Acquired stock of Katsumura Construction Co., Ltd. and made it a subsidiary.
- 02/2007: Acquired stock of Yumeshin Real Estate Sales Co., Ltd. and made it a subsidiary.
- 03/2007: Transferred all shares of Yumeshin General Equipment to Futrum Capital Co., Ltd.
- 04/2007: Transferred all shares of Katsumura Construction Co., Ltd. to Sakura Global Management Co., Ltd.
- 05/2007: Merged Yumeshin Communications with Yumeshin Techno Staff Services.
- 06/2007: Transferred all shares of Yumeshin Securities to Harvest Futures Co., Ltd.
- 09/2007: Transferred all shares of Yumeshin Urban Frontier to Tama Home Co., Ltd.
- 09/2007: Transferred all shares of Yumeshin Engineering to Jafco Co., Ltd. (TSE 8595).
- 02/2008: Transferred Yumeshin Capital to BBH Co., Ltd. (Jasdaq Standard 3719).
- 10/2008: Merged Yumeshin Communications.
- 10/2009: Founded Gaki Daishou Co., Ltd.
- 07/2010: Founded Yumeshin Medical Support Co., Ltd.
- 01/2011: Acquired Unitech Soft Co., Ltd.
- 05/2011: Fullcast Technology Co. (now Yumeshin Technology Co.) became a fully consolidated subsidiary

The company was founded in 1970 as a construction design office by Shingo Sato, current Chairman and CEO. Subsequently, it became Sato Construction Design Ltd., and in October 1990, in order to expand the size of the business, the company was incorporated, (and changed its name to Yumeshin Co., Ltd.). The company started a staffing business in 1997. The company launched an M&A-based expansion program in 2005, with the goal of becoming a general construction company, but with the harsh business environment and worsening business efficiency, all of the acquired firms were sold off. Since that time, the company has focused on developing its core staffing business in the construction industry.

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News & Topics

Company News and Topics

July 2011

On **July 29, 2011**, the company released Q3 FY09/11 results: [click here to go directly to the Q3 FY09/11 results section.](#)

May 2011

On **May 27, 2011**, the company announced its tender offer for Fullcast Technology Co. (Jasdaq 2458) was successful and it would make Fullcast a fully consolidated subsidiary of the company as of 31 May, 2011.

(For original Japanese-language only PDF announcement [please click here](http://www.yumeshin.co.jp/ir/newsrelease/pdf/ir20110527.pdf) (<http://www.yumeshin.co.jp/ir/newsrelease/pdf/ir20110527.pdf>)).

April 2011

On **April 27, 2011**, the company released Q2 FY09/11 results: [click here](#) to go directly to the Q2 FY09/11 results section.

On **April 8, 2011**, the company announced a friendly tender offer for Fullcast Technology.

(For original Japanese-language only PDF announcement [please click here](http://www.yumeshin.co.jp/ir/newsrelease/pdf/ir2011040802.pdf) (<http://www.yumeshin.co.jp/ir/newsrelease/pdf/ir2011040802.pdf>)).

Reasons for the Tender Offer

Fullcast Technology has developed a contract staff business focused on providing skilled staff and engineers for the semiconductor, electronics and automobile industries. Acquiring Fullcast Technology represents an important step in the company's strategy to become a diversified human resources and contract staffing firm.

Tender Offer Conditions

- Purchase price: At least 35,320 yen per share.
- Number of shares to be purchased: 38,864 shares (68.6% of outstanding shares).
- Start of Tender Offer: By May 2, 2011.

March 2011

On **March 25, 2011**, the company announced that in a board of directors' meeting earlier that day, it decided to open an office in Sendai office as a reconstruction support hub from early April 2011. According the company, the details are as follows:

Reason for the opening:

Provide support for those affected by the March 11 Tohoku earthquake.

Support Information:

Specific support activities are provided below:

- Experts with experience in construction and public works would be dispatched as volunteers to support disaster victims.
- The company would step up recruitment and offer help finding work in Tohoku (north-eastern Japan).
- Civil engineers would be dispatched to support rebuilding infrastructure.
- Construction management experts would be dispatched to support construction work on everything from temporary housing to apartment buildings.

Future Outlook:

The company will release details in a timely manner when the impact on FY09/11 earnings becomes clear.

On **March 14, 2011**, the company made the following announcement regarding the effects of March 11 Tohoku earthquake on its operations: "No injuries or damages to facilities have been reported, and operations remain unaffected."

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Top Management

Chairman and CEO, Shingo Sato, founded Sato Construction Design (now Yumeshin) at the age of 23. He is the top executive of the firm, formulating strategies and management policies.

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Dividends and Shareholder Benefits

The company dividend policy links dividends to the level of profitability, targeting a 30% payout ratio.

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Employees

Yumeshin employed 1,000 employees at the consolidated level as of FY09/10 (982 at the parent). Parent company employees' average age of 32.4, earning an average salary of 3.4 million yen, and have been working with the company 3.5 years.

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Major Shareholders

The number two shareholder, DRCI Investment Limited Partnership, is an investment fund managed by DRC Capital Co., Ltd. Hideo Aomatsu, DRC Capital founder and Representative Director, has worked at McKinsey & Company, JP Morgan, and Rothschild

Japan before starting the firm. He is a personal acquaintance of Yumeshin's Chairman and CEO, Shingo Sato.

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Investor Relations

The company holds semiannual financial results meetings and publishes IR information in Japanese.

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By the Way

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Shared Research Coverage List

As of December 21, 2011

Able Chintai Holdings Inc (3272) <i>(Last Update: 12/19/11)</i>	Japan Best Rescue System Co Ltd (2453) <i>(Last Update: 11/25/11)</i>
Ai Holdings Corp (3076) <i>(Last Update: 11/18/11)</i>	MEGANE TOP Co Ltd (7541) <i>(Last Update: 12/15/11)</i>
Anritsu Corp (6754) <i>(Last Update: 12/15/11)</i>	Medinet Co Ltd (2370) <i>(Last Update: 11/08/11)</i>
Bals Corp (2738) <i>(Last Update: 10/03/11)</i>	NanoCarrier Ltd (4571) <i>(Last Update: 12/12/11)</i>
Bell-Park Co Ltd (9441) <i>(Last Update: 12/06/11)</i>	Nippon Parking Development (2353) <i>(Last Update: 12/19/11)</i>
Creek & River Co Ltd (4763) <i>(Last Update: 10/26/11)</i>	Onward Holdings Co Ltd (8016) <i>(Last Update: 11/04/11)</i>
Daiseki Co Ltd (9793) <i>(Last Update: 10/18/11)</i>	PARIS MIKI HOLDINGS INC (7455) <i>(Last Update: 12/15/11)</i>
Digital Garage Inc (4819) <i>(Last Update: 12/15/11)</i>	Panasonic Elec Works IS (4283) <i>(Last Update: 10/31/11)</i>
Don Quijote Co Ltd (7532) <i>(Last Update: 12/09/11)</i>	Round One Corp (4680) <i>(Last Update: 12/08/11)</i>
Elecom Co Ltd (6750) <i>(Last Update: 12/01/11)</i>	Ship Healthcare Holdings (3360) <i>(Last Update: 12/09/11)</i>
Ferrotec Corp (6890) <i>(Last Update: 12/15/11)</i>	Start Today Co Ltd (3092) <i>(Last Update: 12/06/11)</i>
Fidec Corp (8423) <i>(Last Update: 11/28/11)</i>	Ubiquitous Corp (3858) <i>(Last Update: 11/28/11)</i>
Fields Corp (2767) <i>(Last Update: 12/15/11)</i>	Verite Co Ltd (9904) <i>(Last Update: 12/08/11)</i>
Gamecard-Joyco Holdings Inc (6249) <i>(Last Update: 12/16/11)</i>	Village Vanguard (2769) <i>(Last Update: 12/15/11)</i>
Grandy House (8999) <i>(Last Update: 12/06/11)</i>	Yellow Hat Ltd (9882) <i>(Last Update: 12/02/11)</i>
Intelligent Wave Inc (4847) <i>(Last Update: 12/14/11)</i>	Yumeshin Holdings Co Ltd (2362) <i>(Last Update: 12/12/11)</i>
JIN Co Ltd (3046) <i>(Last Update: 12/16/11)</i>	en-japan Inc (4849) <i>(Last Update: 11/24/11)</i>

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