



Summary of Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2019 [Japanese GAAP]

November 5, 2018

Company Name NISSO CORPORATION Stock Exchange Listing: Tokyo
 Securities Code 6569 URL <https://www.nisso.co.jp/>
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 Managing Director,
 Administration Department,
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 Director
 Scheduled date of filing November 9, 2018 Scheduled date of
 Quarterly Report payment of dividend —
 Preparation of supplementary materials
 for quarterly financial results: Yes
 Holding of quarterly financial results (for institutional investors and analysts)
 meeting: Yes

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

1. Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2019 (April 1, 2018 – September 30, 2018)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First six months ended September 30, 2018	32,783	—	915	—	930	—	588	—
September 30, 2017	—	—	—	—	—	—	—	—

(Note) Comprehensive income For the first six months ended September 30, 2018: 597 Million yen (- %)
 For the first six months ended September 30, 2017: - Million yen (- %)

	Net income per share	Diluted net income per share
First six months ended	Yen	Yen
September 30, 2018	35.26	34.29
September 30, 2017	—	—

- (Note) 1. Since the Company did not prepare quarterly consolidated financial statements for the first six months of FY 3/2018, those figures and the ratio of year-on-year changes to the first six months of FY 3/2019 are not listed.
 2. As of August 22, 2018, the Company's common stock was split at a ratio of 2 shares for 1 share. "Net income per share" and "diluted net income per share" are calculated assuming that the shares were split at the beginning of the current consolidated fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
September 30, 2018	20,115	9,582	47.6
March 31, 2018	19,870	9,317	46.9

(Reference) Equity capital As of September 30, 2018: 9,582 Million yen
 As of March 31, 2018: 9,317 Million yen

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ended March 31, 2018	Yen	Yen	Yen	Yen	Yen
	—	0.00	—	42.00	42.00
Fiscal year ending March 31, 2019	—	0.00			
Fiscal year ending March 31, 2019 (Forecast)			—	—	—

(Note) 1. Revisions to the most recently announced dividend forecast: None

2. As of August 22, 2018, the Company's common stock was split at a ratio of 2 shares for 1 share. However, the actual dividend amount before the stock split is listed for FY 3/2018.
3. The dividend forecast for FY 3/2019 is undecided at this time.

3. Consolidated 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
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	65,686	10.9	2,099	16.6	2,144	20.4	1,376	35.7	82.40

(Note) 1. Revisions to the most recently announced consolidated earnings forecast: None

2. As of August 22, 2018, the Company's common stock was split at a ratio of 2 shares for 1 share. Net income per share listed in the Consolidated Forecast for FY 3/2019 is calculated taking into consideration the impact of the stock split.

※ Notes

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

Newly added: (Co. name) , Excluded: (Co. name)

(2) Application of special accounting methods for the presentation of quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting estimates, and restatements

- ① Changes in accounting policies due to revisions in accounting standards, etc.: None
- ② Changes in accounting policies other than ① above: None
- ③ Changes in accounting estimates: None
- ④ Restatements: None

(4) Number of outstanding shares (Common stock)

① Number of shares outstanding at the end of the period (including treasury shares)	As of Sep. 30, 2018	16,734,680 Shares	As of Mar. 31, 2018	16,582,400 Shares
② Number of treasury shares at the end of the period	As of Sep. 30, 2018	64 Shares	As of Mar. 31, 2018	— Shares
③ Average number of shares outstanding during the period	First six months ended Sep. 30, 2018	16,682,643 Shares	First six months ended Sep. 30, 2017	— Shares

(Note) 1. Since the Company did not prepare quarterly consolidated financial statements for the first six months of FY 3/2018, the "average number of shares outstanding during the period" is not listed.

2. As of August 22, 2018, the Company's common stock was split at a ratio of 2 shares for 1 share. "Number of outstanding shares at the end of the period", "number of treasury shares at the end of the period" and "average number of shares outstanding during the period" are calculated assuming that the shares were split at the beginning of the previous consolidated fiscal year.

※ The quarterly financial statement is not subject to the quarterly review procedures of certified public accountants or auditing corporations

※ Cautionary statement on the appropriate use of earning forecasts, and other special items

(Notes on forward-looking statements, etc.)

- Earnings forecasts regarding future performance and other forward-looking statements in this material are based on certain assumptions judged to be valid and on information that is currently available to the Company, and do not represent promises by the Company that these figures will be achieved. In addition, actual results may differ significantly due to a variety of factors. For prerequisite conditions, etc. regarding the earnings forecasts, please refer to "1. Qualitative Information on Quarterly Financial Results, (3) Description of Future Forecast Information such as Consolidated Forecasts, etc." on P.4 of the attachments.
- The average number of shares outstanding during the period, which is the basis for the calculation of "net income per share" listed under the FY 3/2019 consolidated forecast, is calculated by reflecting the number of increase in shares due to the exercising of share acquisition rights up until the second quarter of the current fiscal year.

(Supplementary materials for quarterly financial results and method of obtaining content for quarterly financial results meeting)

The Company is planning to hold a briefing session for institutional investors and analysts on Thursday, November 8, 2018.

Quarterly financial results materials to be used on that day will be posted on the Company's website promptly after the meeting.

(Regarding the changing of the date display format)

From the first quarter of the current consolidated accounting period, the display format of dates (on Japanese-language financial results materials) have been changed from the Japanese calendar to the Western calendar, and have been simplified, on occasion, on English-language materials.

(Reference) Summary of Non-consolidated Financial Results

**Non-consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2019
(April 1, 2018 - September 30, 2018)**

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Quarterly net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First six months ended September 30, 2018	29,969	—	977	—	983	—	629	—
September 30, 2017	—	—	—	—	—	—	—	—

	Net income per share	Diluted net income per share
	Yen	Yen
First six months ended September 30, 2018	37.71	36.67
September 30, 2017	—	—

(Note) 1. Since the Company did not prepare quarterly financial statements for the first six months of FY 3/2018, those figures and the ratio of year-on-year changes to the first six months of FY 3/2019 are not listed.

2. As of August 22, 2018, the Company's common stock was split at a ratio of 2 shares for 1 share. "Net income per share" and "diluted net income per share" are calculated assuming that the shares were split at the beginning of the current fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2018	17,340	8,686	50.1
March 31, 2018	17,257	8,380	48.6

(Reference) Equity capital As of September 30, 2018: 8,686 Million yen
As of March 31, 2018: 8,380 Million yen

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1. Qualitative Information on Quarterly Financial Results

(1) Description of Results of Operations

Japan's economy during the current consolidated cumulative second quarter (hereinafter, the "period under review") has remained on a modest recovery trend despite the impact of natural disasters such as the torrential rain in western Japan in July and the Hokkaido Eastern Iburi earthquake in September, and due to the effects of various policies amid the continued improvement in the employment and income environments.

Also, in the world economy, although it was necessary to take heed to matters such as the trends of trade issues, the uncertainty of overseas economies, and the effects of fluctuations in financial and capital markets, an overall gradual recovery has continued.

Amid such circumstances, the production of domestic manufacturers, who are NISSO CORPORATION's (hereinafter, the "Company") important clients, has remained steady, and the need to utilize external human resources has remained strong.

On the other hand, with regards to the employment situation, amid the stringency of labor market conditions, it has been continuously difficult to secure human resources.

In this environment, the Nisso Group (hereinafter, the "Group") has formulated a mid-term management plan for the fiscal year ending March 31, 2019 to the fiscal year ending March 31, 2021 under the founding philosophy of "Nurturing and Bringing Out the Best in People", and along with reinforcing sales, recruiting and educational activities, the Group has striven to improve customer and employee evaluations.

As a result, the results of operations for the period under review are as follows.

It is to be noted that since quarterly consolidated financial statements based on the Financial Instruments and Exchange Act were not prepared for the first six months of the fiscal year ending March 31, 2018, the figures for comparisons with the corresponding period of the previous year are presented for reference purposes.

① Net sales

Net sales for the period under review increased by 16.8% compared to the corresponding period of the previous year (28,073 million yen), to 32,783 million yen.

This was mainly due to the increase in revenue from the General Human Resources Services Business (Note) that contributed to the overall performance of the Group.

In the General Human Resources Services Business, with regards to the manufacturing-related human resources services which accounts for 91.5% of net sales, under the strategy of prioritizing the assignment of "skilled staff" to key account companies, who are the Company's important clients, the Company has been actively investing in the development of human resources, and has striven to improve the skills and increase the retention rate of manufacturing staff. By utilizing its training facilities such as the "Nisso Technical Center Naka-Nihon (Okaya City, Nagano)", which was opened on May 1, 2018, the Company has nurtured human resources who are capable of actively working in fields such as automobiles, electronic components and precision equipment, in order to provide high value-added services to its clients. As a result, in the client environment, incoming orders were expanded mainly by transportation equipment and electronic components manufacturers. In addition, the Company has achieved low-cost hiring by utilizing its own recruitment sites, and has made strides to increase retention rates through the improvement of treatment and the enhancement of educational opportunities in order to heighten the motivation of manufacturing staff. As a result, the number of enrolled staff grew steadily (up by 1,102 staff compared to the end of the previous consolidated fiscal year). Furthermore, as a result of the favorable conditions of proposals to assign "skilled staff", who are indefinite-term employees with high retention rates, to our important clients, the average monthly per capita sales increased by 14 thousand yen during the period under review.

As a result, net sales for the General Human Resources Services Business increased by 17.2% compared to the corresponding period of the previous year (26,937 million yen), to 31,580 million yen.

Furthermore, with regards to Other Businesses (Note), there was an increase in the number of residents at the nursing care facility, "Sweetpea Higashi Totsuka (Totsuka-ku, Yokohama)", which was opened on March 1, 2018.

As a result, net sales for Other Businesses increased by 5.7% compared to the corresponding period of the previous year (1,143 million yen), to 1,208 million yen.

(Note) Within the General Human Resources Services Business, the Company carries out manufacturing dispatching and contracting for its manufacturing-related human resources services, and general

office work dispatching and BPO (Business Process Outsourcing: the outsourcing of operations and processes of specific business-related tasks to a [third-party] specialized company) for its administrative human resources services. Also, the Company operates nursing care and welfare businesses for its Other Businesses.

② Operating profit

Operating profit for the period under review increased by 33.4% compared to the corresponding period of the previous year (686 million yen), to 915 million yen.

With regards to the General Human Resources Services Business, as a result of the effect of the substantial increase in revenue and the efforts to reduce the ratio of selling and administrative expenses, the rise in costs for the improvement of treatment of manufacturing staff and the investment in education were absorbed, and the operating profit increased by 47.4% compared to the corresponding period of the previous year (719 million yen), to 1,060 million yen.

Meanwhile, with regards to Other Businesses, although the number of residents of "Sweetpea Higashi Totsuka" increased, because it has not been long since the facility opened, the costs of sales such as personnel and operating expenses could not be absorbed, and operating loss increased by 112 million yen compared to the corresponding period of the previous year (30 million yen operating loss), to 143 million yen.

③ Ordinary profit

Non-operating income for the period under review increased by 14.5% compared to the corresponding period of the previous year (63 million yen), to 72 million yen. In addition, non-operating expenses decreased by 23.9% compared to the corresponding period of the previous year (75 million yen), to 57 million yen, due to a decrease in interest expenses accompanying a decrease in loans payable.

As a result, ordinary profit for the period under review increased by 38.0% compared to the corresponding period of the previous year (674 million yen), to 930 million yen.

④ Profit attributable to owners of parent

Income taxes for the period under review increased by 49.7% compared to the corresponding period of the previous year (228 million yen), and was posted at 342 million yen.

As a result, profit attributable to owners of parent increased by 32.0% compared to the corresponding period of the previous year (445 million yen), to 588 million yen.

(2) Description of Financial Position

(Assets)

Current assets at the end of the period under review amounted to 12,939 million yen, which was an increase of 186 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 362 million yen in notes and accounts receivable (trade), while cash and deposits decreased by 165 million yen.

Non-current assets at the end of the period under review amounted to 7,176 million yen, which was an increase of 59 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 62 million in "other" under the investment and other assets category.

As a result, total assets amounted to 20,115 million yen, which was an increase of 245 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

Current liabilities at the end of the period under review amounted to 8,183 million yen, which was a decrease of 23 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 174 million yen in income taxes payable, while provision for bonuses increased by 147 million yen.

Non-current liabilities at the end of the period under review amounted to 2,350 million yen, which was an increase of 4 million yen from the end of the previous consolidated fiscal year. This was mainly due to a 28 million yen increase in net defined benefit liability.

As a result, total liabilities amounted to 10,533 million yen, which was a decrease of 18 million yen from the end of the previous consolidated fiscal year.

(Net assets)

Total net assets at the end of the period under review amounted to 9,582 million yen, which was an increase of 264 million yen from the end of the previous consolidated fiscal year. This was mainly due to the 588 million yen of profit attributable to owners of parent and the 348 million yen of dividends of surplus.

As a result, the equity ratio was at 47.6% (which was at 46.9% at the end of the previous consolidated fiscal year).

(3) Description of Future Forecast Information such as Consolidated Forecasts, etc.

There are no changes to the Consolidated Forecast for the full year disclosed in the "Summary of Consolidated Financial Results for Fiscal Year Ended March 31, 2018" which was released on May 10, 2018.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: Thousand yen)

	FY 3/18 (As of Mar. 31, 2018)	2Q of FY 3/19 (As of Sep. 30, 2018)
Assets		
Current assets		
Cash and deposits	5,283,739	5,117,861
Notes and accounts receivable - trade	6,791,691	7,153,936
Other	684,061	673,233
Allowance for doubtful accounts	(6,444)	(5,727)
Total current assets	12,753,048	12,939,304
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,113,842	2,088,882
Land	2,771,384	2,771,384
Other, net	109,108	155,093
Total property, plant and equipment	4,994,335	5,015,360
Intangible assets	380,215	356,562
Investments and other assets		
Other	1,744,344	1,806,365
Allowance for doubtful accounts	(1,742)	(1,726)
Total investments and other assets	1,742,601	1,804,639
Total non-current assets	7,117,152	7,176,562
Total assets	19,870,200	20,115,866
Liabilities		
Current liabilities		
Current portion of long-term loans payable	501,889	518,724
Accrued expenses	4,331,212	4,451,717
Income taxes payable	632,856	458,029
Provision for bonuses	528,328	675,992
Other	2,212,673	2,078,957
Total current liabilities	8,206,960	8,183,421
Non-current liabilities		
Long-term loans payable	1,883,221	1,832,090
Net defined benefit liability	36,418	64,560
Other	425,978	453,530
Total non-current liabilities	2,345,618	2,350,181
Total liabilities	10,552,579	10,533,602
Net assets		
Shareholders' equity		
Capital stock	1,985,364	1,993,359
Capital surplus	2,336,314	2,344,309
Retained earnings	4,808,584	5,048,626
Treasury shares	-	(156)
Total shareholders' equity	9,130,263	9,386,138
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	160,525	170,110
Foreign currency translation adjustment	1,529	1,364
Remeasurements of defined benefit plans	25,302	24,650
Total accumulated other comprehensive income	187,357	196,125
Total net assets	9,317,621	9,582,264
Total liabilities and net assets	19,870,200	20,115,866

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statement of Income)
(For the First Six Months ended September 30, 2018)

(Unit: Thousand yen)

	First six months of FY 3/19 (Apr. 1, 2018 – Sep. 30, 2018)
Net sales	32,783,827
Cost of sales	27,275,027
Gross profit	5,508,800
Selling, general and administrative expenses	4,593,429
Operating profit	915,371
Non-operating income	
Interest income	917
Dividend income	6,987
Subsidy income	20,990
House rent income	22,789
Other	20,718
Total non-operating income	72,402
Non-operating expenses	
Interest expenses	18,051
Share of loss of entities accounted for using equity method	1,335
Rent expenses	10,848
Other	27,084
Total non-operating expenses	57,319
Ordinary profit	930,454
Profit before income taxes	930,454
Income taxes – current	360,673
Income taxes – deferred	(18,490)
Total income taxes	342,182
Profit	588,272
Profit attributable to non-controlling interests	–
Profit attributable to owners of parent	588,272

(Quarterly Consolidated Statement of Comprehensive Income)
(For the First Six Months ended September 30, 2018)

(Unit: Thousand yen)

	First six months of FY 3/19 (Apr. 1, 2018 – Sep. 30, 2018)
Profit	588,272
Other comprehensive income	
Valuation difference on available-for-sale securities	9,585
Remeasurements of defined benefit plans, net of tax	(652)
Share of other comprehensive income of entities accounted for using equity method	(165)
Total other comprehensive income	8,767
Comprehensive income	597,040
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	597,040
Comprehensive income attributable to non-controlling interests	-

(3) Notes regarding Quarterly Consolidated Financial Statements

(Notes regarding the Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Additional Information)

(Application of "Partial Revisions to 'Accounting Standards for Tax Effect Accounting' ")

"Partial Revisions to 'Accounting Standards for Tax Effect Accounting' "(ASBJ [Accounting Standards Board of Japan] Statement No. 28, February 16, 2018) have been applied from the beginning of the first quarter, and deferred tax assets have been included in the investment and other assets category.