

Consolidated Financial Results Announcement for the First Quarter of the Term Ending December 2012 [Japanese Standards] (Consolidated)

Company name: Fullcast Holdings Co., Ltd.
 Stock exchange listing: First Section of the Tokyo Stock Exchange
 Stock code: 4848
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 Briefing for quarterly results: No

1. Consolidated Financial Results for the first Quarter of the Fiscal Year Ending December 31, 2012 (October 1, 2011 – December 31, 2011)

(Figures are rounded to the nearest million yen.)

(1) Consolidated business results (cumulative)

(Figures in percentages denote the year-on-year change.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the first quarter ended December 31, 2011	8,480	-14.8	470	-28.3	475	-27.3	453	-22.3
December 31, 2010	9,949	8.3	656	135.1	653	157.2	582	—

Note: Comprehensive income

As of December 31, 2011: 454 million yen (69.4%) As of December 31, 2010: 654 million yen (-%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
For the first quarter ended December 31, 2011	1,176.40		-	
December 31, 2010	1,513.32		-	

(2) Consolidated financial conditions

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2011	9,072	4,385	48.3
September 30, 2011	8,747	3,931	44.9

(Reference) Equity:

As of December 31, 2011: 4,385 million yen As of September 30, 2011: 3,931 million yen

2. Dividend Status

(Base date)	Dividend per share (yen)					
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	End of FY	Annual
Fiscal year ended September 2011	-	0.00	-	-	0.00	0.00
Fiscal year ending December 2012	-	-	-	-	-	-
Fiscal year ending December 2012 (forecast)	-	-	0.00	-	0.00	0.00

(Note) 1. Revision of the expected dividends in the first quarter under review: No

2. The company changed its accounting period to the year through December 31 every year from the year through September 30 every year. As a result, the transitional term ending December 31, 2012 irregularly has 15 months.

3. Forecast for Consolidated Financial Results for the Year Ending December 31, 2012

(October 1, 2011 – December 31, 2012)

(Percentage figures for the fourth quarter (cumulative) denote the increase or decrease from the previous term. Percentage figures for the second quarter (cumulative) period denote the increase or decrease from the previous interim period.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Second quarter (cumulative)	16,458	-11.8	925	5.0	939	7.2	864	15.5	2,244.95
Fourth quarter (cumulative)	32,874	-4.2	1,803	17.1	1,822	23.1	1,534	-28.4	3,985.82
Full year	41,576	—	2,335	—	2,357	—	1,945	—	5,053.73

(Note) 1. Revision of the consolidated forecast in the first quarter under review: No

2. The fiscal year ending December 2012 is a transitional one for the change of accounting period. As a result, the forecast of its full year is for 15 months (September 30, 2011 – December 31, 2012); therefore, change from the previous period is not shown above.

4. Others (For details, please see “2. Summary information (other information)” on page 4 of “appendix.”)

(1) Important changes of subsidiaries during the current quarterly consolidated cumulative period: No

(Changes in specific subsidiaries involving changes in the scope of consolidation)

(2) Application of special accounting treatment to the production of quarter consolidated financial statements: No

(3) Changes in accounting principles, accounting estimation, and re-presentation of changes

1) Changes in accounting policy associated with the revision of accounting principles, etc.: No.

2) Change in accounting policy other than 1) above: No

3) Changes in accounting estimation: No

4) Re-presentation of changes: No

(4) Number of shares issued (common stock)

1) Number of shares issued at the end of the term (including treasury stock)

As of December 31, 2011: 395,964

As of September 30, 2011: 395,964

2) Number of treasury stock at the end of the term

As of December 31, 2011: 11,100

As of September 30, 2011: 11,100

3) Average number of shares outstanding during the term (quarter consolidated cumulative period)

For the first quarter of term ended December 31, 2012: 384,864 For the first quarter of term ended September 30, 2011: 384,864

* Presentation concerning implementation status of quarterly review procedures

These quarterly financial results are not the subject of a quarterly review procedure based upon the Financial Instruments and Exchange Act, and at the point in time when these financial quarterly results were disclosed, review procedures for quarterly financial statements based on the Financial Instruments and Exchange Act were not yet completed.

* Explanation about the proper use of financial forecasts and other important notes

Of all plans, forecasts, strategies and other information provided within this document, those which are not historical facts are future outlooks based upon certain conditions and our management’s judgment based upon currently available data.

Therefore, we warn against relying solely on these outlooks in assessing our business results, corporate value and other factors. Please also be informed that actual financial results may vary widely from our forecasts due to various factors.

Important factors that may have an impact upon our actual financial results include: (1) The economic and the financial conditions surrounding our Company and changes in the employment situation, (2) Damage to infrastructure arising from disasters including earthquakes, and (3) Changes in the relevant laws, including the Labor standards law and the Worker dispatching law, and in interpretations of thereof. However, these factors that affect our financial results are not limited to only these.

Furthermore, please bear in mind that notwithstanding new data, future events or any other results whatsoever, we may choose not to reexamine our forecasts.

For the assumptions underlying business forecasts and related issues, please see Page 3, “1-(3) Qualitative Information Concerning Consolidated Forecast” of “appendix.”

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1. Qualitative Information Concerning Performance for the Current Quarter

(1) Qualitative Information Concerning Consolidated Operating Results

During this first consolidated cumulative quarter, the Japanese economy is leveling off as a whole with business investment and housing investment showing movements of picking up, while difficulties persist, due to the Great East Japan Earthquake. Going forward, the economic outlook remains unclear as there is a downside risk from financial instability caused by the European debt crisis and the impact of the strong yen, although moderate economic recovery can be expected as overseas economic growth is expected to reignite led by emerging economies and resource-rich countries as well as the gradually increasing impact of the demand from reconstruction after the Earthquake. In the environment surrounding the human resource service, although the jobs-to-applicants ratio has improved, the overall unemployment rate is on a declining trend with monthly fluctuations; the overall situation remained severe with improvement in some sectors.

Under such conditions, our Group strove to further improve productivity during the first consolidated cumulative quarter by carrying out Group operations centered on our “short-term operational support business,” which is our original business, in order to strengthen our business base.

Consolidated net sales of 8,480 million yen (a 14.8% decrease compared to the same quarter in the previous year) were recorded, due mainly to the performances of some subsidiaries which were removed from the scope of consolidation in the previous consolidated fiscal year.

In terms of profits, as with consolidated net sales, consolidated operating income of 470 million yen (a 28.3% decrease compared to the same quarter in the previous year) and consolidated ordinary income of 475 million yen (a 27.3% decrease compared to the same quarter in the previous year) were recorded, due to the removal of subsidiaries compare to the scope of consolidation in the previous consolidated fiscal year as well as the declining asking unit price in the short term operational support business.

We recorded a consolidated quarterly net income of 453 million yen (a 22.3% decrease compared to the same quarter in the previous year), with the extraordinary profit from a gain on change in equity of 26 million yen.

Results for each segment were as follows.

1) Short-term operational support business

Net sales of 7,905 million yen, or an 11.5% increase compared to the same period in the previous year, due to an increase in the number of personnel dispatched to main customers, and to the success of measures taken to develop business by increasing the number of client companies.

In terms of profits, an operating income of 584 million yen (an 8.1% decrease over the same period in the previous year) was recorded as the drop in asking unit prices caused by the above sales offensives were not fully offset by the efforts to control selling and general administrative expenses.

2) Security business

While net sales for the security business were down to 575 million yen (a 2.7% decrease from the same period in the previous year), in terms of profits, operating income increased to 28 million yen (an

8.8% increase over the same period in the previous year) due to the restructuring efforts at the end of the fiscal year ended September 2011, including revision of marketing strategy, consolidation and closing of offices, and personnel reduction.

(2) Qualitative Information Concerning Consolidated Financial Position

1) Assets, Liabilities and Net Assets

At the end of this consolidated first quarter, total assets stood at 9,072 million yen, representing an increase of 325 million yen from the end of the previous fiscal year. Equity increased by 454 million yen to 4,385 million yen (the equity ratio was 48.3%), and net assets increased by 454 million yen to 4,385 million yen.

Major fluctuations in the assets and liabilities sections were as follows.

In the assets section, current assets increased 321 million yen from the end of the previous fiscal year, to 7,821 million yen. This was mainly due to notes and accounts receivable-trade increasing by 582 million yen to 4,161 million yen with December being busy month as the last month of the first quarterly consolidated accounting period, and other items in current assets increased by 204 million yen to 813 million yen, although cash and deposits were down by 458 million yen to 2,870 million yen.

Noncurrent assets increased by 4 million yen from the end of the previous fiscal year, to 1,251 million yen. This was mainly due to intangible noncurrent assets increasing by 25 million yen to 212 million yen while guarantee deposits decreased by 11 million yen to 220 million yen, as well as a result of a drop of 4 million yen (net) in tools, furniture and fixtures, to 150 million yen.

In the liabilities section, current liabilities decreased by 129 million yen from the end of the previous fiscal year, to 4,415 million yen. This was mainly due to the decrease by 340 million yen of long-term loans payable within one year to 330 million yen, while accounts payable increased by 67 million yen to 1,286 million yen and accrued expenses increasing by 113 million yen to 615 million yen.

Noncurrent liabilities increased by less than one million yen from the end of the previous fiscal year, to 272 million yen.

(3) Qualitative Information Concerning Consolidated Forecast

Regarding full-year consolidated earnings forecasts for the year to December 2012, while there is some contrast in each segment in the current quarter, because progress is generally within the range of plans on the level of overall consolidation, no changes have been made from the consolidated earnings forecasts for the year ending December 2012 (for the first half and the full year) that were announced on November 11, 2011.

2. Summary and Other Information

(1) Significant Changes in Subsidiaries in this quarterly consolidated cumulative accounting period

Not applicable.

(2) Application of Special Accounting Treatment to the Production of Quarterly Consolidated Financial Statements

Not applicable.

(3) Changes in Accounting Principles, Accounting Estimation, and Re-presentation of Changes

Not applicable.

(4) Additional Information

Application of accounting standards and the like to accounting changes and error corrections

For accounting changes and error corrections in the past to take place, since the start of this first quarterly consolidated accounting period, we have been applying the "Accounting Standard for Accounting Changes and Error Corrections (Accounting Standards Board of Japan Statement No.24, December 4, 2009)" and the "Guidance on Accounting Standards for Accounting Changes and Error Corrections (ASBJ Guidance No.24, December 4, 2009)".

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

	(Million yen)	
	End of consolidated accounting period for the previous fiscal year (September 30, 2011)	End of consolidated accounting period for the current first quarter under review (December 31, 2011)
ASSETS		
Current assets		
Cash and deposits	3,328	2,870
Notes and accounts receivable-trade	3,579	4,161
Merchandise	10	3
Supplies	7	8
Other	610	813
Allowance for doubtful accounts	-32	-32
Total current assets	7,501	7,821
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	158	163
Tools, furniture and fixtures, net	155	150
Other, net	16	17
Total property, plant and equipment	329	331
Intangible assets	187	212
Investments and other assets		
Guarantee deposits	230	220
Other	551	543
Allowance for doubtful accounts	-52	-55
Total investments and other assets	730	708
Total noncurrent assets	1,247	1,251
Total assets	8,747	9,072

(Million yen)

	End of consolidated accounting period for the previous fiscal year (September 30, 2011)	End of consolidated accounting period for the current first quarter under review (December 31, 2011)
<u>LIABILITIES</u>		
Current liabilities		
Notes and accounts payable-trade	46	9
Short-term loans payable	1,781	1,781
Current portion of long-term loans payable	670	330
Accounts payable-other	1,219	1,286
Accrued expenses	502	615
Income taxes payable	127	29
Provision for bonuses	93	57
Other	106	308
Total current liabilities	4,544	4,415
Noncurrent liabilities		
Provision for retirement benefits	213	210
Other	59	62
Total noncurrent liabilities	272	272
Total liabilities	4,816	4,687
<u>NET ASSETS</u>		
Shareholders' equity		
Capital stock	2,780	2,780
Capital surplus	2,013	2,013
Retained earnings	1,921	2,374
Treasury stock	-2,747	-2,747
Total shareholders' equity	3,968	4,421
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-36	-35
Total accumulated other comprehensive income	-36	-35
Total net assets	3,931	4,385
Total liabilities and net assets	8,747	9,072

(2) Quarterly Consolidated Profit and Loss Statement and Consolidated Statement of Comprehensive Income**Quarterly Consolidated Profit and Loss Statement****[First Quarter Cumulative Period of the Current Consolidated Fiscal Year]**

(Million yen)

	First quarter cumulative period of the previous consolidated fiscal year (From October 1, 2010 To December 31, 2010)	First quarter cumulative period of the current consolidated fiscal year (From October 1, 2011 To December 31, 2011)
Net sales	9,949	8,480
Cost of sales	7,470	6,634
Gross profit	2,478	1,845
Selling, general and administrative expenses	1,822	1,375
Operating income	656	470
Non-operating income		
Dividends income	0	0
Real estate rent	—	3
Equity in earnings of affiliates	—	4
Reversal of accounts payable	6	6
Trademark fee income	—	7
Other	22	12
Total non-operating income	28	32
Non-operating expenses		
Interest expenses	23	8
Rent cost of real estate	—	3
Other	8	16
Total non-operating expenses	31	27
Ordinary income	653	475
Extraordinary income		
Gain on sales of investment securities	22	—
Reversal of allowance for doubtful accounts	2	—
Gain on change in equity	—	26
Government subsidy received	14	—
Reversal of costs for business structure improvement expenses	37	—
Other	0	0
Total extraordinary income	74	26
Extraordinary loss		
Allowance for employment adjustment	19	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	15	—
Loss on abolishment of retirement benefit plan	—	2
Other	0	1
Total extraordinary losses	35	3
Income (loss) before income taxes and minority interests	693	498
Income taxes-current	39	26
Income taxes-deferred	38	19
Total income taxes	77	45
Income before minority interests	616	453
Minority interests in income (loss)	34	—
Net loss (loss)	582	453

Quarterly Consolidated Statement of Comprehensive Income**[First Quarter Cumulative Period of the Current Consolidated Fiscal Year]**

(Million yen)

	First quarter cumulative period of the previous consolidated fiscal year (From October 1, 2010 To December 31, 2010)	First quarter cumulative period of the current consolidated fiscal year (From October 1, 2011 To December 31, 2011)
Income before minority interests	616	453
Other comprehensive income		
Valuation difference on available-for-sale securities	38	-0
Share of other comprehensive income of associates accounted for using equity method	—	1
Total other comprehensive income	38	1
Comprehensive income	654	454
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	603	454
Comprehensive income attributable to minority interests	50	—

(3) Concerning Notes About Going Concern Assumption

Not applicable.

(4) Segment Information and Others

1. Information Concerning Sales, Profits and Losses for Each Reporting Segment

First quarterly cumulative period of the previous consolidated fiscal year

(from October 1, 2010 to December 31, 2010)

(Million yen)

	Reporting Segment				Total	Adjustment amount *1	Consolidated quarterly income statement amount *2
	Short-term operational support business	Sales support business	Technician dispatch business	Security business			
Net sales							
Sales to external customers	7,086	1,179	1,093	591	9,949	—	9,949
Inter-segment sales or transfers	1	17	4	1	22	-22	—
Total	7,087	1,196	1,096	592	9,971	-22	9,949
Segment income	636	69	26	26	757	-101	656

Notes: 1. 18 million yen in intersegment eliminations and -118 million yen in corporate expenses not allocated to any reporting segment are included in the -101 million yen segment income adjustment amount. Corporate expenses are mainly general administrative expenses that do not belong to any reporting segment.

2. Segment income is adjusted with operating income as listed in consolidated quarterly statements of income.

First quarterly cumulative period of the current consolidated fiscal year

(from October 1, 2011 to December 31, 2011)

(Million yen)

	Reporting Segment		Total	Adjustment amount *1	Consolidated quarterly income statement amount *2
	Short-term operational support business	Security business			
Net sales					
Sales to external customers	7,905	575	8,480	—	8,480
Inter-segment sales or transfers	2	0	2	-2	—
Total	7,907	575	8,482	-2	8,480
Segment income	584	28	612	-142	470

Notes: 1. 5 million yen in intersegment eliminations and -147 million yen in corporate expenses not allocated to any reporting segment are included in the -142 million yen segment income adjustment amount. Corporate expenses are mainly general administrative expenses that do not belong to any reporting segment.

2. Segment income is adjusted with operating income as listed in consolidated quarterly statements of income.

2. Changes in Reporting Segments, etc.

During the previous third quarter consolidated accounting period, partial stocks of Fullcast Marketing Co., Ltd., which was a consolidated subsidiary engaged in sales support business segment, were assigned to a third party, and they also allocated new stocks to a third party. As a result, Fullcast Marketing Co., Ltd. became an equity method

affiliate. In addition, Telecom Marketing Co., Ltd., East Communication Inc., and EKO-SYSTEM Inc., which are subsidiaries of Fullcast Marketing Co., Ltd., were eliminated from the consolidation scope.

All stocks of Fullcast Technology Co., Ltd.(currently YUME TECHNOLOGY CO., LTD.) were assigned to a third party, so it was eliminated from the consolidation scope, and we withdrew from the technician dispatch business.

As a result, the reporting segments for the current first quarterly cumulative period of the current consolidated fiscal year consist of the short-term operational support business and the security business, while the reporting segments for the current first quarterly cumulative period of the previous consolidated fiscal year consisted of the short-term operational support business, the sales support business, the technician dispatch business, and the security business.

(5) Concerning Significant Change of Shareholders' Equity

Not applicable.