

Consolidated Financial Results Announcement for the Fourth 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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 Preparation of supplementary references regarding quarterly results: Yes (Shown on our homepage)
 Briefing for quarterly results: No

(Figures are rounded to the nearest million yen.)

1. Consolidated Financial Results for the Fourth Quarter of the Fiscal Year Ending December 31, 2012 (October 1, 2011 – September 30, 2012)

(1) Consolidated business results (aggregate)

(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 fourth quarter ended September 30, 2012	32,363	-5.7	1,920	24.7	1,883	27.3	1,541	-28.1
Fiscal year ended September 2011	34,316	-4.9	1,539	15.7	1,480	21.0	2,143	296.2

Note: 1. Comprehensive income:

- As of September 30, 2012: 1,578 million yen (-21.3%) As of September 30, 2011: 2,006 million yen (263.2%)
- 2. As the Company changed its fiscal year end (from September 30 to December 31), the current fiscal year covers an unusual 15 months from October 1, 2011 to December 31, 2012. Therefore, the comparison to the same quarter in the previous year is just for reference.
- 3. Net income for the fourth quarter of the fiscal year ended September 30, 2011 is that for the full year.

	Net income per share		Diluted net income per share	
	Yen		Yen	
For the fourth quarter ended September 30, 2012	4,004.26		-	
Fiscal year ended September 2011	5,567.70		-	

(2) Consolidated financial conditions

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2012	8,998	5,510	61.2
September 30, 2011	8,747	3,931	44.9

(Reference) Equity:

As of September 30, 2012: 5,510 million yen As of September 30, 2011: 3,931 million yen

2. Dividend Status

	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	-	-	0.00	-		
Fiscal year ending December 2012 (forecast)					0.00	0.00

(Note) 1. Revision of the expected dividends in the third 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 denote the increase or decrease from the previous period.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
Full year	41,576	—	2,335	—	2,357	—	1,945	—	5,053.73

(Note) 1. Revision of the consolidated forecast in the third 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 (October 1, 2011 – December 31, 2012); therefore, change from the previous period is not shown above.

*Noted items

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

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

(2) Application of special accounting treatment to the production of quarterly 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.: Yes

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

3) Changes in accounting estimation: Yes

4) Re-presentation of changes: No

(Note) The Company has changed its depreciation method since the third quarter, which falls under “cases where changes in accounting principles are difficult to distinguish from those in accounting estimation.” For details, please refer to “(3) Changes in Accounting Principles, Accounting Estimation, and Re-Presentation of Changes” in “2. Summary Information (Noted items)” in the “Appendix” on page 5.

(4) Number of shares issued (common stock)

- 1) Number of shares issued at the end of the term (including treasury stock)
- 2) Number of treasury stock at the end of the term
- 3) Average number of shares outstanding during the term (consolidated aggregate quarter period)

As of September 30, 2012:	395,964	As of September 30, 2011:	395,964
As of September 30, 2012:	11,100	As of September 30, 2011:	11,100
For the fourth quarter of term ending December 31, 2012:	384,864	Fiscal year ended September 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.

We therefore 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 acts, including the Labor Standards Act and the Worker Dispatching Act, and in interpretations thereof. However, the 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 our business forecasts and related issues, please see Page 4, “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 the fourth consolidated aggregate quarter, the Japanese economy came to a temporary standstill due to the slowdown of the world economy and other related factors, although domestic demand remained firm owing to reconstruction demand after the Great East Japan Earthquake. Going forward, downside risks will continue to plague the Japanese economy due to concerns over the slowing of global economic activity stemming from the European sovereign debt crisis, and other factors. Nonetheless, the economy is expected to undergo a moderate recovery against the backdrop of continued reconstruction-related demand after the Earthquake, as well as improvement in overseas economic activities. In the environment surrounding human resource services, the overall situation remained severe as companies were still seeing an employment surplus, although gradual improvement has been seen in some sectors. For example, economic indicators such as the jobs-to-applicants ratio improved, and the overall unemployment rate gradually improved.

Under such conditions, the Fullcast Group strove to strengthen our business base by carrying out Group operations with the goal of further improving productivity focused upon our “short-term operational support business,” which is our original business, during the consolidated aggregate fourth quarter.

We recorded consolidated net sales of 32,363 million yen (a 5.7% decrease compared to the same period in the previous year), due to the loss of earnings of the subsidiary which were removed from the scope of consolidation in the previous consolidated fiscal year and despite favorable results in our short-term operational support business.

In terms of profits, we recorded a consolidated operating income of 1,920 million yen (a 24.7% increase compared to the same period in the previous year) and consolidated ordinary income of 1,883 million yen (a 27.3% increase compared to the same period in the previous year). These favorable results are attributed to earnings growth in the short term operational support business and restraint of selling, general and administrative expenses despite the growth in sales.

In the fourth consolidated aggregated quarter, we recorded a consolidated quarterly net income of 1,541 million yen (a 28.1% decrease compared to the same period in the previous year), mainly due to income taxes-current of 160 million yen and income taxes-deferred of 196 million yen, and despite an extraordinary profit from a gain on the change in equity of 26 million yen.

As we changed our accounting period (from September 30 to December 31), the fiscal year ending December 31, 2012 covers 15 months and therefore comparisons to the same period in the previous year are made only for reference purposes.

Results for each segment were as follows.

1) Short-term operational support business

Net sales of 30,306 million yen (a 12.8% increase compared to the same period in the previous year) were recorded in the consolidated aggregate fourth quarter, due to the successes of the sales strategy in increasing the number of active client companies during the period under review as well as efforts to raise unit pricing which started in November 2011.

In terms of profits, an operating income of 2,322 million yen (a 23.5% increase over the same period in the previous year) was recorded in the consolidated aggregate fourth quarter, due to restraint of selling, general and administrative expenses against the growth in sales.

2) Security business

In the consolidated aggregate fourth quarter, while net sales for the security business declined to 2,057 million yen (a 8.6% decrease from the same period in the previous year), operating income increased to 124 million yen (a 1,140.4% increase over the same period in the previous year) due to successful restructuring efforts at the end of the fiscal year ended September 2011, including revision of our sales 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 fourth quarter, total assets stood at 8,998 million yen, representing an increase of 251 million yen from the end of the previous fiscal year. Equity increased by 1,578 million yen to 5,510 million yen (the equity ratio was 61.2%), and net assets increased by 1,578 million yen to 5,510 million yen.

Major changes in assets and liabilities are described as follows.

With regards to assets, current assets decreased by 11 million yen from the end of the previous consolidated fiscal year, to 7,490 million yen. This was mainly because cash and deposits fell by 455 million yen to 2,873 million yen and other items in current assets decreased by 156 million yen to 453 million yen, while notes and accounts receivable-trade increased by 600 million yen to 4,179 million yen.

Noncurrent assets increased by 262 million yen from the end of the previous fiscal year, to 1,508 million yen. This was mainly due to intangible assets increasing by 281 million yen to 468 million yen, with property, plant and equipment decreasing by 30 million yen to 300 million yen.

With regards to liabilities, current liabilities decreased by 1,340 million yen from the end of the previous fiscal year, to 3,204 million yen. This was mainly due to decreases of 1,081 million yen in short-term loans payable to 700 million yen and of 670 million yen in long-term loans payable within one year to 0 yen, while accounts payable increased by 279 million yen to 1,498 million yen and accrued expenses increasing by 74 million yen to 576 million yen.

Noncurrent liabilities increased by 13 million yen from the end of the previous fiscal year, to 285 million yen. This was mainly due to provision for retirement benefits increasing by 18 million yen to 231 million yen.

2) Cash Flows

At the end of the consolidated aggregate fourth quarter, outstanding cash and cash equivalents (hereinafter referred to as "funds") decreased by 455 million yen from the end of the previous fiscal year to 2,873 million yen.

(Net cash provided by (used in) operating activities)

Funds provided by operating activities were 1,603 million yen (1,585 million yen was provided in the previous full fiscal year), due to income before income taxes and minority interests in the fourth quarter of 1,897 million yen,

depreciation and amortization charges of 206 million yen and an increase in accrued consumption taxes of 127 million yen, with an increase in notes and accounts receivable-trade of 566 million yen.

(Net cash provided by (used in) investing activities)

Funds used by investing activities were 297 million yen (173 million yen was used in the previous full fiscal year), mainly due to expenditure on acquisition of intangible assets of 140 million yen, expenditure on acquisition of property, plant and equipment of 101 million yen, and purchase of investment securities of 100 million yen.

(Net cash provided by (used in) financing activities)

Funds used by financing activities were 1,761 million yen (2,952 million yen was used in the previous full fiscal year), mainly due to a net decrease in short-term loans payable of 1,081 million yen, and an expenditure on repayment of long-term debt of 680 million yen.

(3) Qualitative Information Concerning Consolidated Forecasts

Along with the implementation of the Revised Worker Dispatching Act from the fifth quarter of the year ending December 2012, Fullcast started new services (part-time worker placement and part-time worker payroll management service). The implementation of the Revised Worker Dispatching Act is expected to influence our earnings results. However at this point in time what impact this change will have upon our operating environment and our business is uncertain. Amidst this uncertainty, we have not changed our previous forecast because we seek to carefully determine, analyze and judge the progress of our business in the fifth quarter of this fiscal year.

2. Summary (Noted items) and Other Information

(1) Significant Changes in Subsidiaries in this quarterly consolidated aggregate 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

(Changes in accounting principles which are difficult to distinguish from those in accounting estimation)

Following the revision of the Corporation Tax Act, the Company changed its depreciation method to one based on the revised Corporation Tax Act for property, plant and equipment acquired on and after April 1, 2012, starting from the third consolidated quarter.

The impact of the above change on the financial statements of the consolidated aggregate fourth quarter is minimal.

(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 applied 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 fourth quarter under review (September 30, 2012)
ASSETS		
Current assets		
Cash and deposits	3,328	2,873
Notes and accounts receivable-trade	3,579	4,179
Merchandise	10	10
Supplies	7	11
Other	610	453
Allowance for doubtful accounts	-32	-35
Total current assets	7,501	7,490
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	158	139
Tools, furniture and fixtures, net	155	160
Other, net	16	1
Total property, plant and equipment	329	300
Intangible assets		
Goodwill	—	51
Other	187	416
Total intangible assets	187	468
Investments and other assets		
Guarantee deposits	230	230
Other	551	535
Allowance for doubtful accounts	-52	-24
Total investments and other assets	730	741
Total noncurrent assets	1,247	1,508
Total assets	8,747	8,998

	(Million yen)	
	End of consolidated accounting period for the previous fiscal year (September 30, 2011)	End of consolidated accounting period for the current fourth quarter under review (September 30, 2012)
<u>LIABILITIES</u>		
Current liabilities		
Notes and accounts payable-trade	46	36
Short-term loans payable	1,781	700
Current portion of long-term loans payable	670	—
Accounts payable-other	1,219	1,498
Accrued expenses	502	576
Income taxes payable	127	122
Provision for bonuses	93	70
Other	106	201
Total current liabilities	4,544	3,204
Noncurrent liabilities		
Provision for retirement benefits	213	231
Other	59	54
Total noncurrent liabilities	272	285
Total liabilities	4,816	3,489
<u>NET ASSETS</u>		
Shareholders' equity		
Capital stock	2,780	2,780
Capital surplus	2,013	2,013
Retained earnings	1,921	3,462
Treasury stock	-2,747	-2,747
Total shareholders' equity	3,968	5,509
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-36	1
Total accumulated other comprehensive income	-36	1
Total net assets	3,931	5,510
Total liabilities and net assets	8,747	8,998

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

	(Million yen)
	Aggregate fourth quarter period of the current consolidated fiscal year (From October 1, 2011 To September 30, 2012)
Net sales	32,363
Cost of sales	25,040
Gross profit	7,324
Selling, general and administrative expenses	5,404
Operating income	1,920
Non-operating income	
Dividends income	1
Real estate rent	11
Reversal of accounts payable	30
Trademark fee income	22
Other	46
Total non-operating income	110
Non-operating expenses	
Interest expenses	18
Rent cost of real estate	11
Equity in losses of affiliates	69
Other	48
Total non-operating expenses	147
Ordinary income	1,883
Extraordinary income	
Gain on change in equity	26
Other	0
Total extraordinary income	26
Extraordinary loss	
Loss on retirement of noncurrent assets	9
Loss on abolishment of retirement benefit plan	2
Other	0
Total extraordinary losses	12
Income before income taxes and minority interests	1,897
Income taxes-current	160
Income taxes-deferred	196
Total income taxes	356
Income before minority interests	1,541
Net income	1,541

Quarterly Consolidated Comprehensive Income Statement**[Aggregate Fourth Quarter Period of the Current Consolidated Fiscal Year]**

	(Million yen)
	Aggregate fourth quarter period of the current consolidated fiscal year (From October 1, 2011 To September 30, 2012)
Income before minority interests	1,541
Other comprehensive income	
Valuation difference on available-for-sale securities	1
Share of other comprehensive income of associates accounted for using equity method	36
Total other comprehensive income	<u>37</u>
Comprehensive income	<u>1,578</u>
Comprehensive income attributable to	
Comprehensive income attributable to owners of the parent	1,578
Comprehensive income attributable to minority interests	—

(3) Quarterly Consolidated Cash Flow Statements

(Million yen)

Aggregate fourth quarter period
of the current consolidated
fiscal year
(From October 1, 2011
To September 30, 2012)

Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	1,897
Depreciation and amortization	206
Amortization of goodwill	6
Increase (decrease -) in allowance for doubtful accounts	-26
Increase (decrease -) in provision for bonuses	-22
Increase (decrease -) in provision for retirement benefits	20
Interest and dividends income	-6
Interest expenses	18
Equity in losses (earnings -) of affiliates	69
Loss (gain -) on change in equity	-26
Loss on retirement of noncurrent assets	9
Decrease (increase -) in notes and accounts receivable-trade	-566
Decrease (increase -) in inventories	-4
Increase (decrease -) in notes and accounts payable-trade	-1
Decrease (increase -) in accounts receivable-other	-17
Increase (decrease -) in accrued expenses	73
Increase (decrease -) in accrued consumption taxes	127
Other, net	86
Subtotal	1,844
Interests and dividends received	7
Interest expenses paid	-14
Income taxes paid	-300
Income taxes refund	66
Net cash provided by (used in) operating activities	1,603
Net cash provided by (used in) investing activities	
Purchase of property, plant and equipment	-101
Purchase of intangible assets	-140
Purchase of investment securities	-100
Payments of loans receivable	-100
Collection of loans receivable	220
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-76
Other, net	0
Net cash provided by (used in) investing activities	-297
Net cash provided by (used in) financing activities	
Net increase (decrease -) in short-term loans payable	-1081
Repayment of long-term loans payable	-680
Net cash provided by (used in) financing activities	-1,761
Net increase (decrease -) in cash and cash equivalents	-455
Cash and cash equivalents at beginning of period	3,328
Cash and cash equivalents, end of period	2,873

(4) Concerning Notes About Going Concern Assumption

Not applicable.

(5) Segment Information and Others

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

Fourth quarter aggregate period of the current consolidated fiscal year

(from October 1, 2011 to September 30, 2012)

(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	30,306	2,057	32,363	—	32,363
Inter-segment sales or transfers	—	0	0	-0	—
Total	30,306	2,057	32,363	-0	32,363
Segment income or loss (-)	2,322	124	2,446	-526	1,920

Notes: 1. 12 million yen in intersegment eliminations and -537 million yen in corporate expenses not allocated to any reporting segment are included in the -526 million yen segment income adjustment amount. Corporate expenses are mainly general administrative expenses that do not belong to any reporting segment.

2. Segment income or loss (-) is adjusted with operating income as listed in consolidated quarterly statements of income.

2. Changes in Reporting Segments, etc

As indicated in “Changes in accounting principles which are difficult to distinguish from those in accounting estimation,” following the revision of the Corporation Tax Act, the company changed its depreciation method to one based on the revised Corporation Tax Act for property, plant and equipment acquired on and after April 1, 2012, starting from the consolidated aggregate third quarter. Accordingly, the depreciation method of the reporting segments was changed to the one based on the revised Corporation Tax Act.

The impact of the above change on the segment information for the consolidated aggregate fourth quarter is minimal.

3. Information by Reporting Segment on Impairment Loss on Noncurrent Assets and on Goodwill, etc.

(Important change in the amount of goodwill)

In the short-term operational support business segment, the Company acquired all the stocks of the Otetsudai Networks Inc. and included it in the consolidation scope. Due to this event, the amount of goodwill increased by 57 million yen in the consolidated aggregate fourth quarter.

(6) Concerning Significant Change of Shareholders' Equity

Not applicable.